# PERSEGUIRE OBIETTIVI INTERNAZIONALI:

# UNA DIMENSIONE EUROPEA AL PE E VC

# Itinerari Previdenziali

Alessio Conforti – Institutional Client Relationship

Ragusa 28.09.2019



### EIF's Role in providing SME risk financing across Europe

#### 20 YEARS EXPERIENCE PROVIDING SMART MONEY & GENERATING RETURNS

#### **RESOURCES**

## **EC** EIB **MEMBER STATES** INSTITUTIONAL **INVESTORS**

#### THE EUROPEAN INVESTMENT FUND



#### **SOLUTIONS**





<sup>\*</sup> AAA-RATED by three major rating agencies. EIF has a preferred creditor status ("Multilateral Development Bank") allowing a 0% risk weighting to assets guaranteed by EIF.

<sup>\*\* 20%</sup> paid in.



### EIF's Venture and Growth Capital Activity in Europe

### ONE OF EUROPE's LARGEST INVESTORS IN EUROPEAN PRIVATE EQUITY

**INVESTED IN OVER FUNDS** 

8800+ **PORTFOLIO COMPANIES** 

**FUND MANAGER RELATIONSHIPS** 

VISIBILITY ON **EUROPEAN VENTURE MARKETS** 

**MORE THAN** TRACK RECORD

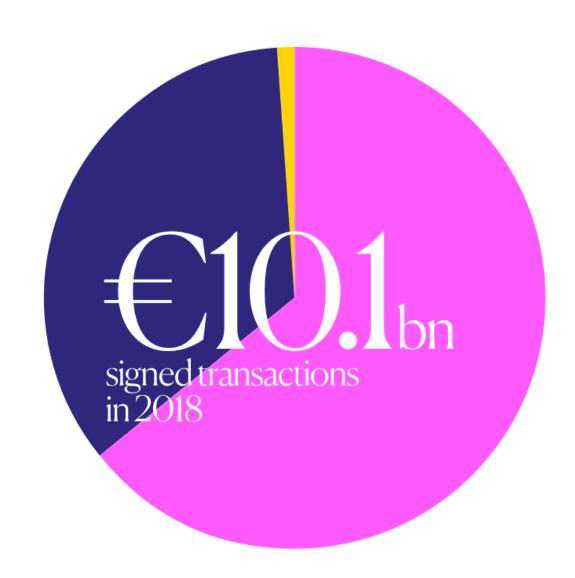
HISTORICAL SIGNATURES OF TO MEET **POLICY AND RETURN OBJECTIVES** 

**MORE THAN DEDICATED INVESTMENT PROFESSIONALS SCOUTING OUT ESTABLISHED AND NEW TEAMS** 

**EUROPEAN SECONDARIES PIPELINE 50 SHORTLISTED AS MAIN TARGET** 

<sup>\*</sup> All data as at 30.06.2019. All figures relate to EIF's VC ICT, VC Life Sciences and Growth Capital activity and is not a reflection of the EIF's other equity investments in the areas of Social Impact, Technology Transfer and Business Angels with the exception of number of investment professionals. \*\* Number of primary deals reach the end of their investment period 2017-2021.

### **EIF IN 2018**



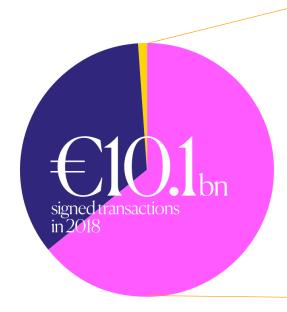
In 2018, the EIF put to work EUR 10.1bn of additional EU finance for SMEs, signing more than 340 transactions with its diverse banking, fund and micro finance partners across Europe.

- EUR 6.5bn loan guarantees of which EUR 2.4bn securitisation volume
- EUR 3.5bn equity commitments
- EUR 94,9m inclusive finance investments



280,000 SMEs benefitted.

2.8m jobs were supported in 2018.

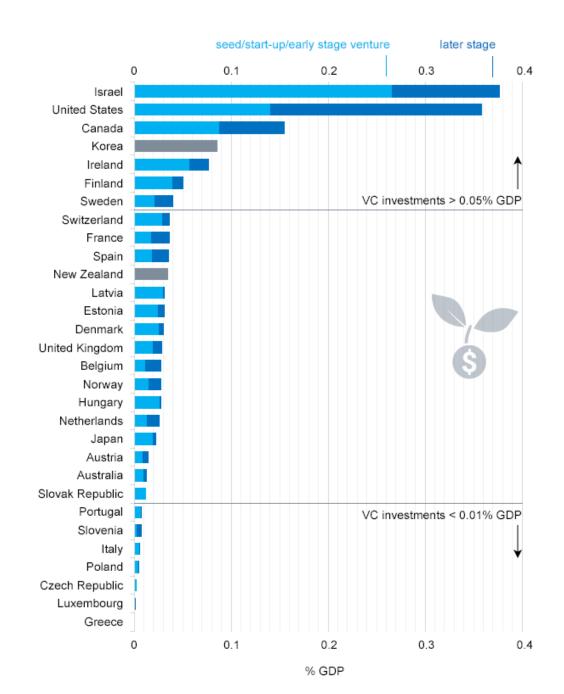


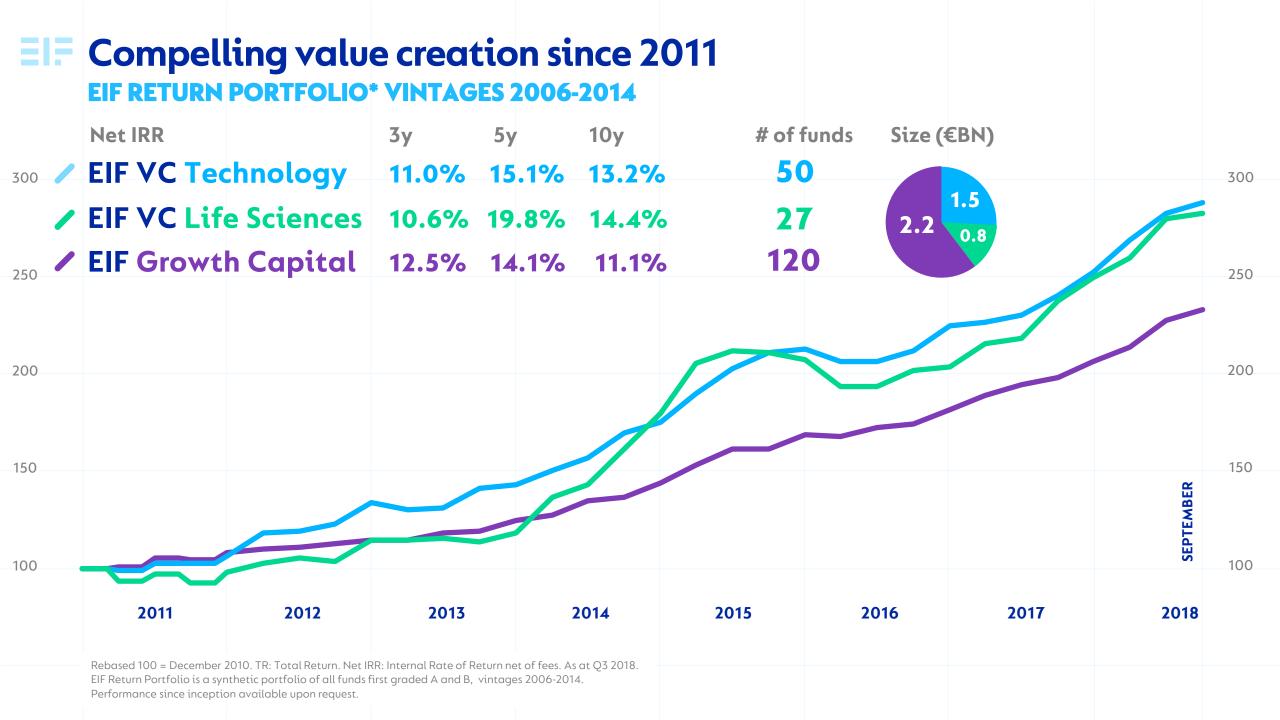




Venture capital investments as a percentage of GDP

Excluding IRL, FIN, SWE, the rest of Europe is investing in VC less than 0.05% of country's GDP





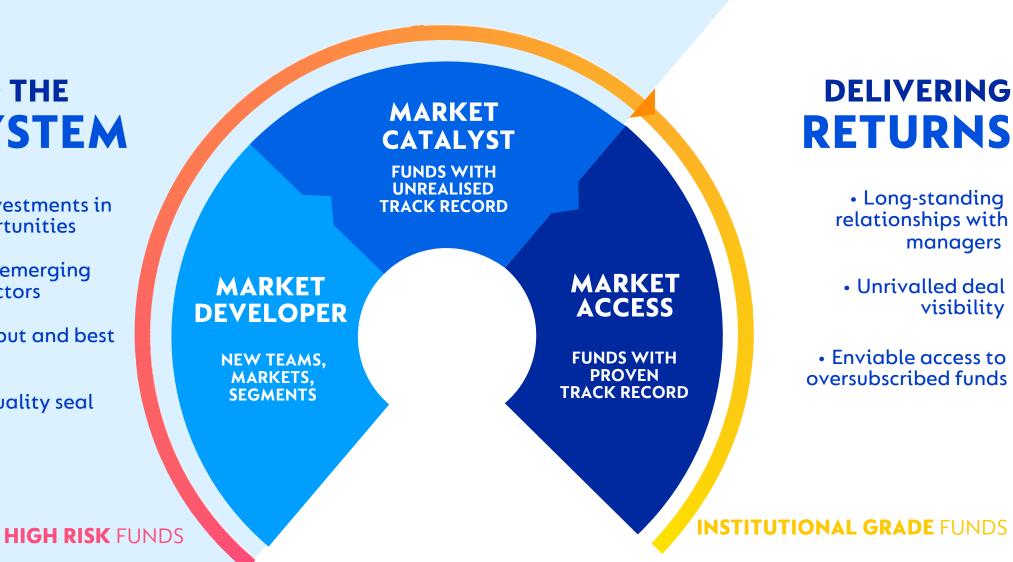
### ΞŒ

### EIF's unique approach unlocks investment-grade opportunities

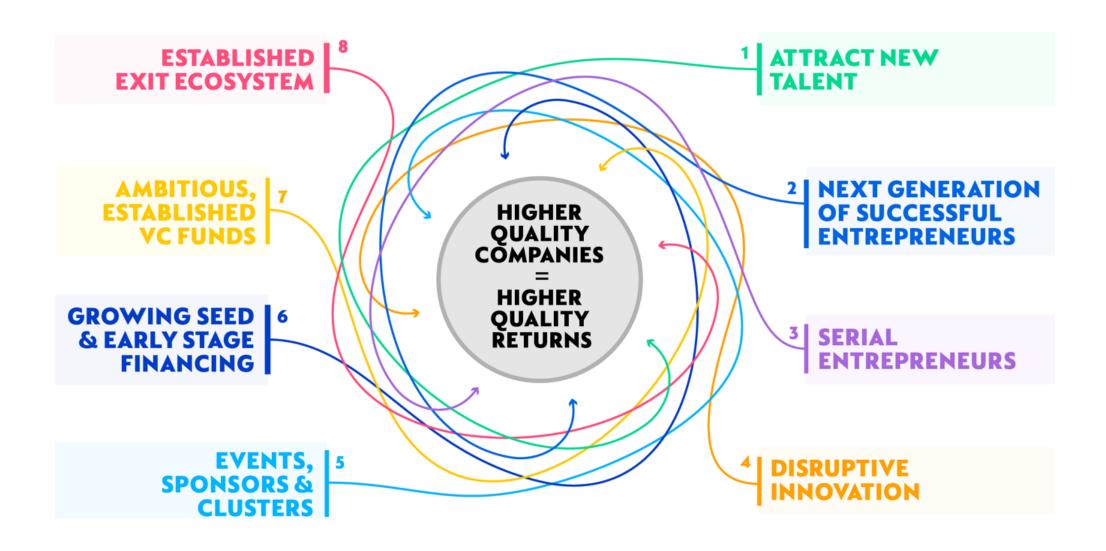
**NURTURING THE ECOSYSTEM AND DELIVERING RETURNS** 

# BUILDING THE ECOSYSTEM

- Higher risk investments in unproven opportunities
- First mover in emerging markets and sectors
- Structuring input and best practice
- Providing a quality seal



### = A well functioning VC ecosystem now exists in Europe







### **EIF's Growth Capital investments**

DIFFERENT STRATEGIES AIMING AT GROWING PORTFOLIO COMPANIES



### **STRATEGIES**

**INVESTMENT STRATEGIES** 

Minority equity

Scale-up expansion capital

Buy-outs for growth Controlling stakes Hybrid debt-equity

**INVESTMENT FOCUS** 

Generalist funds Sector-focused funds Strategy-focused funds **TARGET COMPANIES** 

**ESTABLISHED** 

Proven business model Leading market positioning

**HIGH GROWTH POTENTIAL** 

Growing domestic markets Internationalization opportunity

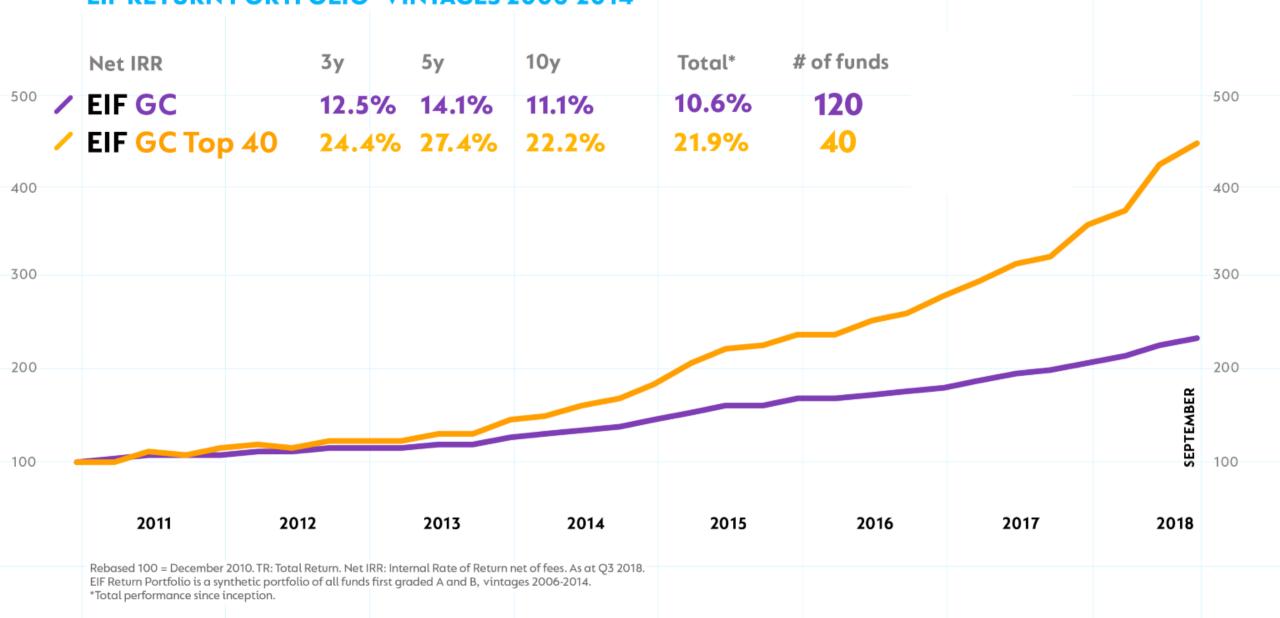
Add-on acquisitions

Global niche leader potential

**SMALL & MID-CAPS** 

EVs: EUR 10-500M





### EIF's Growth Capital portfolio – Top 40 funds

#### A SELECTION OF TOP-MANAGERS COVERING THE ENTIRE EUROPEAN UNIVERSE

#### **Including UK-focused funds:**



**TVPI** 1.86x

#### **Excluding UK-focused funds (#10):**



**TVPI 1.86x** 



### ElF Landscape of the European Growth Capital

#### A HIGHLY FRAGMENTED MARKET WITH NICHE OPPORTUNITIES





#### UK & IRELAND (1st)

- Largest PE market in EU; uncertainties due to **Brexit: hub for Pan-EU GPs**
- Very dynamic and competitive PE market with many top-performing managers
- Business services, Healthcare, Educati Inflexion

#### **BENELUX**

Large number of family-owned businesses looking for succession / growth partners

VENDIS CAPITAL

- Top-performing managers are often heavily overs-subscribed
- Retail & Consumer, healthcare

BLACKFIN

#### NORDICS (4th)

Litorina

- **Dominated by local GPs**
- High liquidity, driving competition and valuations at high levels; top-performing managers need to have clear added-value strategies
- New economies / IT, leveraging on robust VC landscape

#### DACH (3<sup>rd</sup>)

- Resilient economy
- Entrepreneurs are still somehow closed toward PE, but the trend is inverting and the PE industry growing
- German Mittelstand, succession, digitalization of manufacturing businesses

INNOVA

MIDEUROPA

### FRANCE (2<sup>nd</sup>)

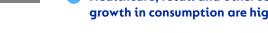


- 2nd largest PE market in EU
- Robust PE investment activity, generating high level of competition especially on the LMM ARDIAN
  - Business/financial services, consumer goods



#### CENTRAL EASTERN EUROPE

- Converging economies with higher growth than EUaverage; challenging fundraising environment
- Opportunity for national champions to become regional players (Buy & Build)
- Healthcare, retail and other sectors driven by growth in consumption are highly attractive



#### **IBERIA**



- **Attractive macroeconomic** horizon
- Fundraising boomed since 2014; high level of liquidity in the market creating competition
- Opportunity to be sought on niches: eq. family owned businesses







Investment Partners



- Uncertainties on macroeconomic growth are compensated by the high number of export oriented companies and market leaders focused on specific niches AMBIENTA
- Attractive entry valuations and appetite of trade buyers result in a promising exit scenario
- Niche manufacturing, Food, Fashion, Design (Made in Italy)

**ITALY & SOUTHERN EUROPE** 









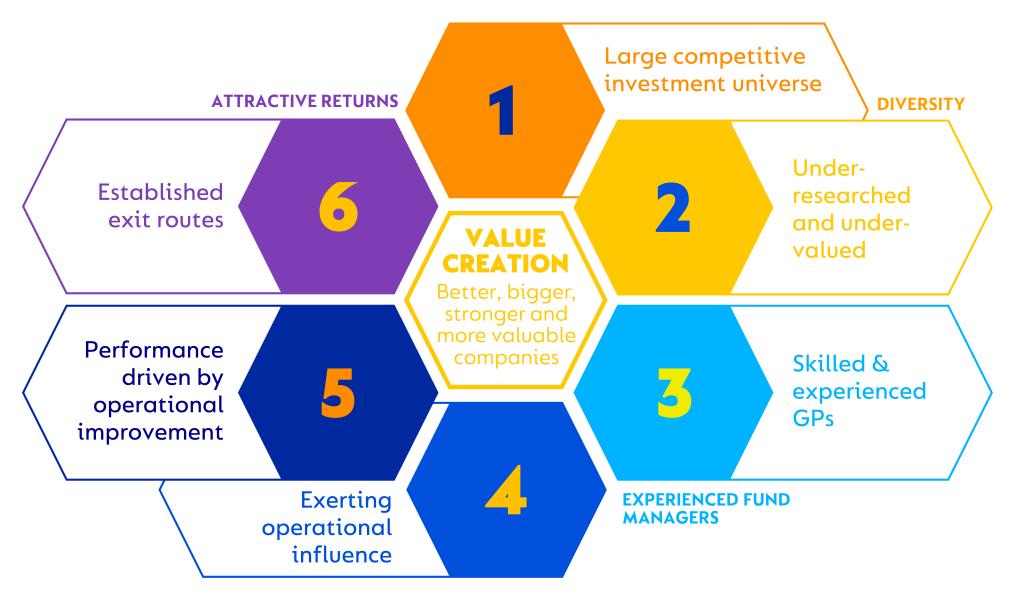






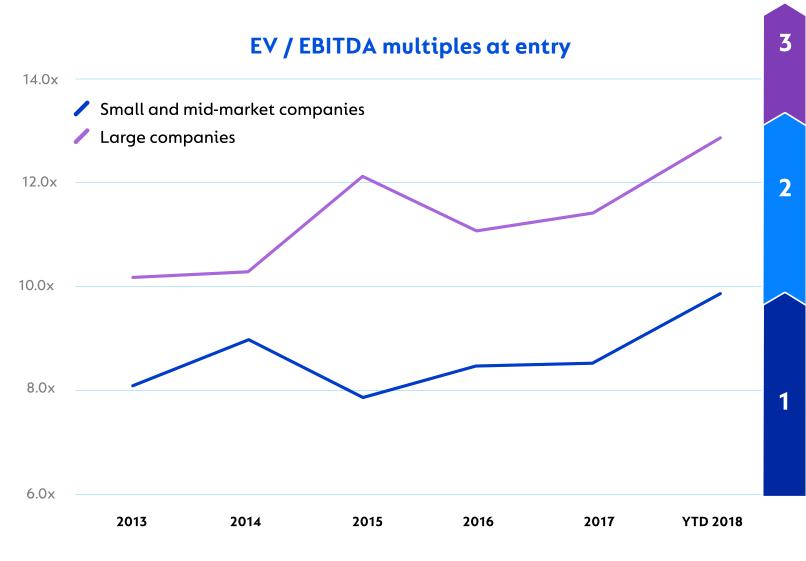
### **The European Growth Capital opportunity**

#### **A COMPELLING INVESTMENT THESIS**



### Focus on Small Caps

#### ATTRACTIVE VALUATIONS AND POTENTIAL TO UNLOCK VALUE



#### SUSTAINED EXIT MARKET

- Easier exits to trade buyers
- Better target for financial investors

## HIGHER POTENTIAL TO UNLOCK VALUE

- Higher share of primary investments
- Organic growth and Buy & Build opportunities
- Internationalization / Expansion to new markets
- Potential for strategic and structural change

#### **LOWER ENTRY MULTIPLES**

- Entry multiple historically lower than larger companies
- Possibility to further reduce entry multiple through add-on acquisitions

Source: Pitchbook. Data as at July 2018.

### **EIF Value creation drivers**

### FOCUS ON GROWING BUSINESSES, NOT FINANCIAL ENGINEERING

|                                 |             | EBITDA<br>GROWTH | MULTIPLE EXPANSION 52% | DE-LEVERAGE 2% | EQUITY GROWTH |
|---------------------------------|-------------|------------------|------------------------|----------------|---------------|
| DIGITALISATION                  | <b>&gt;</b> | 4070             |                        |                |               |
| OPERATIONAL IMPROVEMENT         | >           |                  |                        |                |               |
| PROFESSIONALIZATION             | <b>&gt;</b> |                  |                        |                |               |
| INTERNATIONAL<br>EXPANSION      | >           |                  |                        |                |               |
| ACCELERATING<br>TOP-LINE GROWTH | <b>&gt;</b> |                  |                        |                |               |
| ACQUISITIONS<br>(BUY & BUILD)   | >           |                  |                        |                |               |

EIF Crystallizing value creation: A favorable exit landscape

PAGERET

| The state of the s |       | The second secon | the same and the s |           |
|--|-------|--|--|-----------|
| ATTRACTIVE   | EVITE | ACDOCC CE  | CTODE AN   | DAAADVETC |
| ALIKACIIVE   | EAIIS | ACKUSS SE  | CIURSAN  | DMAKKEIS  |

|       |            |                           | TEN TO THE TEN TO THE TEN THE | D. Committee of the com |
|-------|------------|---------------------------|---|--|
| EXITS | COUNTRY    | AVERAGE EXIT<br>MULTIPLES | SECTORS   | COMPANIES  |
| 4     | LUXEMBOUR  | G 4.7x                    | 0000  |  |
| 9     | FINLAND    | 3.7×                      |   |  |
| 14    | NETHERLAND | 3.7x                      |   | VVESTMENT  |
| 98    | UK         | 3.1x                      | 00000000000000000000000000000000000000  | BUSINESS & INDUSTRIAL PRODUCTS   |
| 6     | IRELAND    | 2.8x                      |   | CHEMICALS & MATERIALS  |
| 36    | SWEDEN     | 2.6x                      | 000000000000000000000000000000000000000   |  |
| 3     | ESTONIA    | 2.6x                      | 000   |  |
| 8     | DENMARK    | 2.6x                      |   | COMPUTER & CONSUMER ELECTRONICS  |
| 22    | GERMANY    | 2.5x                      | <b>⊕⊕⊕⊕⊕⊕⊗⊗⊗⊗⊗⊘⊘⊘⊗</b> ♥♥♥♥   | CONSTRUCTION   |
| 34    | ITALY      | 2.5×                      | 000000000000000000000000000000000000000   | CONSUMER GOODS & RETAIL  |
| 76    | FRANCE     | 2.2x                      | 00000000000000000000000000000000000000  | OOOOOO OTHER CONSUMER SERVICES (2)  ENERGY & ENVIRONMENT (2)   |
| 4     | BELGIUM    | 2.2x                      | 0000  |  |
| 12    | AUSTRIA    | 2.1x                      | <b>⊖⊕⊕⊕⊕⊗⊗⊗⊗</b> 9 <b>○⊚</b>  |  |
| 34    | SPAIN      | 2.1x                      | 000000000000000000000000000000000000000   | LIFE SCIENCES U  |
| 6     | NORWAY     | 1.8x                      |   | TRANSPORTATION   |
|       |            |                           |   | OTHER  |

### **El** Unique European outreach

#### SCALE AND STRUCTURE TO MATCH THE DIFFERENT MARKET OPPORTUNITIES

- Pan-EU / UK EUR 116.9bn\*
  - ~ 75 players tracked (37 in portfolio)
  - ~1% EIF share
- France EUR 41.7bn\*
  - ~ 75 players tracked (31 in portfolio)
    2-5% EIF share
- Nordics EUR 22.9bn\*
  - ~ 75 players tracked (17 in portfolio)
    2-3% EIF share
- DACH EUR 14.8bn\*

  100+ players tracked (11 in portfolio)

  2-3% EIF share

**ACTIVE IN** ALL **EUROPEAN MARKETS** 

Number of players\*\*

**●** 75-100 **●** 50-60 **●** 30 **●** .

- Benelux EUR 16.3bn\*
  - ~ 50 players tracked (18 in portfolio)
    1-3% EIF share
  - Italy EUR 6.5bn\*
    - ~ 60 players tracked (11 in portfolio)
      5-8% EIF share
      - CEE EUR 2.5bn\*
        - ~ 50 players tracked (33 in portfolio) 15-20% EIF share
    - Iberia EUR 6.7bn\*
      - ~ 30 players tracked (22 in portfolio) 7-10% EIF share
- W.Balkans / Greece <EUR 1bn\*</p>
  - ~ 15 players tracked (4 in portfolio) 30-50% EIF share

 $<sup>^{\</sup>ast}\,$  Fundraising activity in the 3-y period 2015-17. Source: Invest Europe

<sup>\*\*</sup> Fund managers tracked by EIF

## **Proven investment expertise**

### **IDENTIFYING FUTURE TOP-PERFORMERS AMONGST EMERGING MANAGERS**

| NORTH<br>EDGE      | 2012 | UK      | EIF early identified an emerging manager                                       | Christy ANDOR       | thelaustin       |
|--------------------|------|---------|--|---------------------|------------------|
| Litorina           | 2001 | NORDICS | EIF early identified an emerging manager                                       | Semantix Coromatic  | GROLLS® Textilia |
| PINOVA<br>CAPITAL  | 2008 | DACH    | EIF helped the team to spin-out from 3i  | фетотео WEB.DE      | heiler           |
| Alcedosgr          | 2007 | ITALY   | EIF supported emerging managers  | <b>O</b> LAFERT     | pixartprinting   |
| wise sgr           | 2010 | ITALY   | becoming <b>fully independent</b>  | EURODIFARM          |                  |
| PORTOBELLO capital | 2010 | SPAIN   | EIF early identified an emerging manager becoming <b>fully independent</b>     | ma×am<br><b>○</b> ○ | omnilogic        |
| AVALLON            | 2007 | CEE     | EIF early identified an emerging manager in an <b>underdeveloped PE market</b> | GOOD FOODS ®        |                  |

### IF Unparalleled market access

#### **OVER 570 GROWTH CAPITAL PROPOSALS SCREENED IN THE PERIOD 2016-2018**

# LEADING MARKET POSITIONING IN THE EUROEPAN LOWER MID-MARKET

16 years investment experience and market developmental role



## CONTINOUS MARKET MONITORING

Proactive origination / Market intelligence



## PROVEN DUE DILIGENCE & NEGOTIATION PROCESS

Recognized as best-in-class
Reference for other co-investing LPs
Thorough risk assessment



<sup>\*</sup> Primary fund investments signed as of 31.12.2018, out of deals sourced in the period 2016-2018 (excluding co-investments). At the same date, 29 funds were still at various stages of the assessment process (i.e. screening or due diligence).



## **Proven investment process**

### INVOLVING EIF RISK, COMPLIANCE, LEGAL DEPARTMENTS

#### **Investment Selection**

Sourcing

Market intelligence; Proactive sourcing via existing network and placement agents: Active participation to conferences. **DEAL PIPELINE** 

**TEAM MEMBERS** 

**Screening** 

First Screening (desk analysis); Second screening (physical meetings). **DECISION TO MOVE** TO FULL DUE **DILIGENCE** 

**TEAM MEETING** 

Due Diligence

**Full Due Diligence** exercise on strategy, market opportunity, team, track record, structure, T&Cs; site visit(s); one-on-one interviews: maximization of alignment of interests **INVESTMENT RECOMMENDATION** 

**DD TEAM** 

**RISK DEPARTMENT** 

Investment **Decision** 

#### **EIFIC**

Investment Team, Risk, Compliance, Legal services, **CEO** office

#### **AMUFIC**

**Head of Equity Investments** 

2 independent members

### Investment Management

Regular (quarterly review, regular GP meetings) and ad-hoc (investor Advisory Boards, AGMs etc.) monitoring **QUARTERLY REVIEW** 

**Active portfolio** management, as necessary **AD HOC ACTIONS** (RESTRUCTURINGS, GP **CHANGES, SECONDARY** SALES. ETC.)





### Thorough Due Diligence analysis

**RECOGNISED AS BEST-IN CLASS** 

WHO

### Team & track record

• Fund model:

Fund size/diversification/reserve policy/investment pace

- Terms & conditions
- Management company budget
  - Legal structure/compliance

**Fund parameters** 

WHY

HOW

### Strategy

- Focus
- Value creation/ Unique Selling Point
- Coherence with the market opportunity, the team and fund managers

- Adequate skill set
  - Track record
    - Cohesion/Stability/Succession
      - Carry split
        - Team commitment
          - Governance structure: independence/conflict of interests
            - Reputation (referencing)

**WHAT** 

Trends

- Competition
- Demand-side economics
  - Deal flow & pipeline

Market opportunity

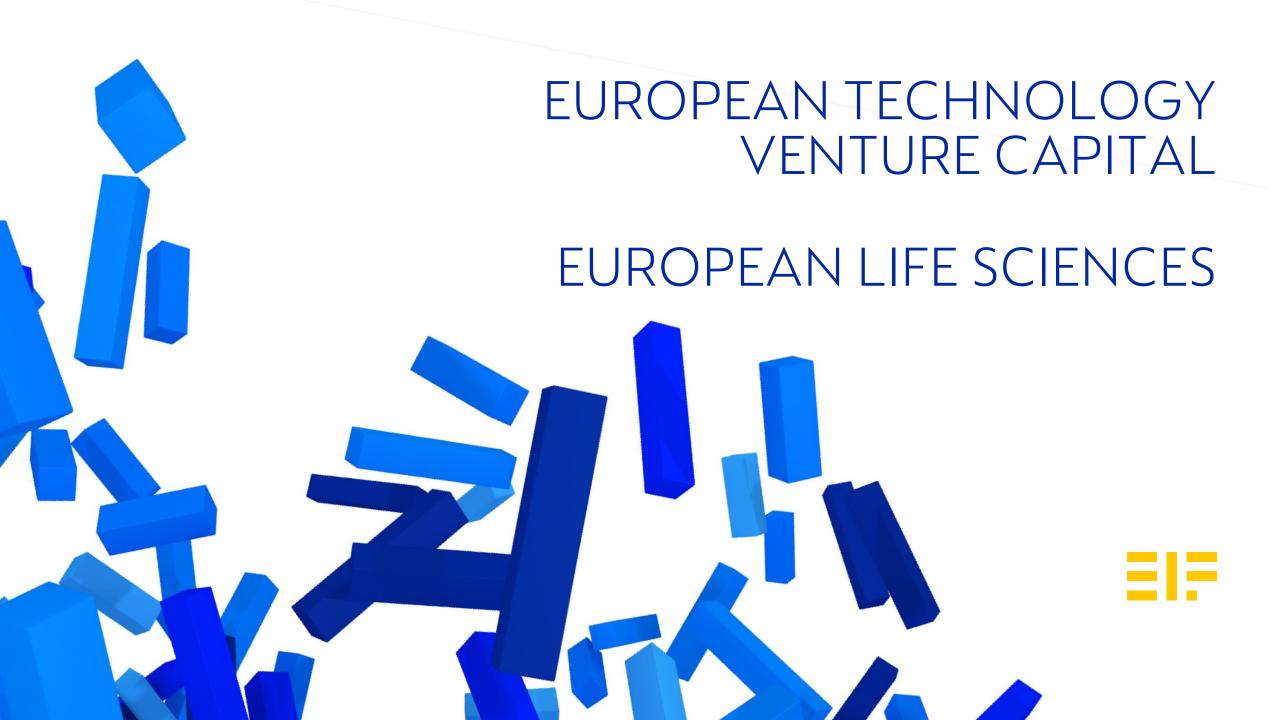
#### EIF Case Study: Selection of PE investments since 2018 **STRONG PIPELINE PUTTING INVESTORS' MONEY TO WORK UNDERLYING INVESTMENTS Zertø ORTHOSPACE** localz Tigets **CREDIFI** nicox 🔘 **ARACHNYS** eyevieW $\mathscr{M}$ Reco**cash** (A)arbe Net Co **FBST** PHOENIX AromataGroup URGENT CARGUS **□** FUNNEL eet 🕗 BAHR Carspect\* AMU TEC omlinar .or:go. gemak **FUND** Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019 Q2 2019 Q3-Q4 Q3 2019 INVESTMENT **5M GILDE** IK SMALL 10M **ARMADA AMBIENTA CAPITON HEALTHCARE** CAPII **FUND SERVICES III MENTHA ACTERA** MID 15M **CAPITAL PARTNERS WISEQUITY V CORPFIN V EUROPA GILDE IK FUND KREOS** 20M EMZ 9 **BUYOUT CAPITAL VI**



14 FUND INVESTMENTS

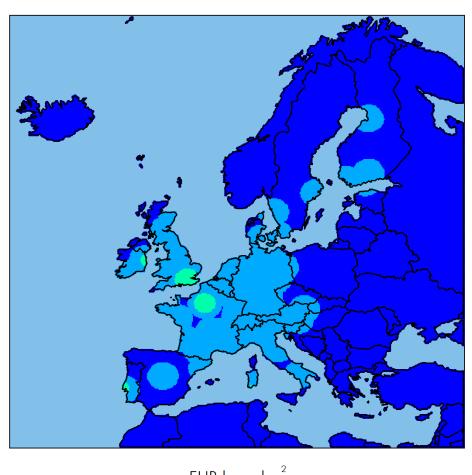
207M TOTAL COMMITTED

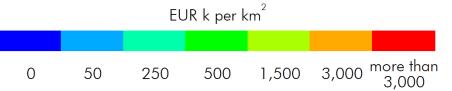
**NEW FUNDS** 



### EIFContributing to the EU VC ecosystem



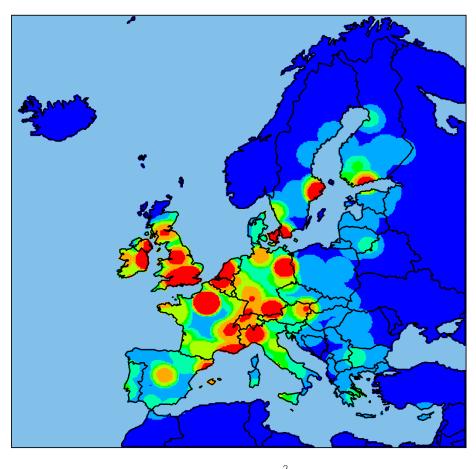


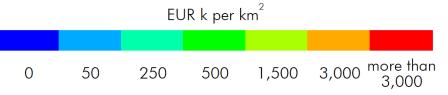


Based on EIF Working Paper 2016/34 – "The impact of EIF on the Venture Capital ecosystem", updated with 2018 data

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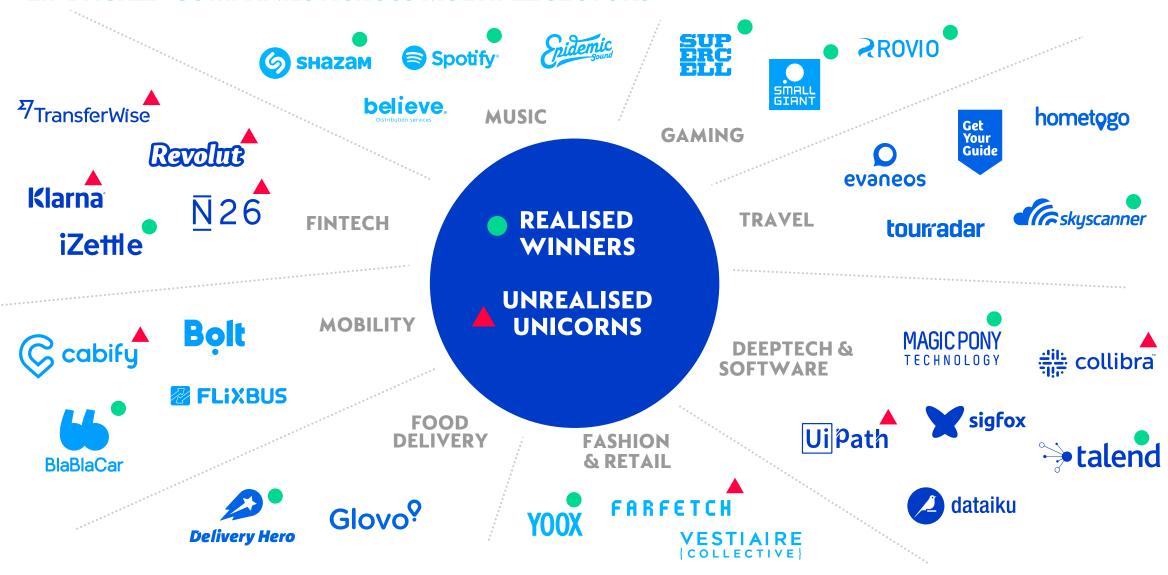




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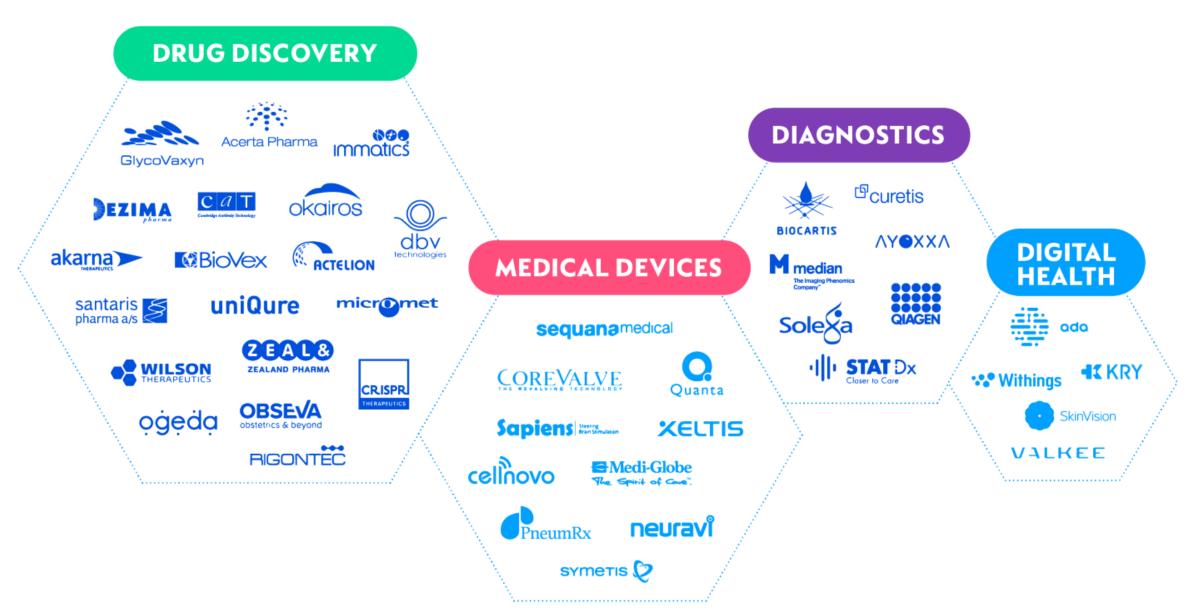
### **Growing number of European tech winners**

#### **EIF-BACKED COMPANIES ACROSS MULTIPLE SECTORS**

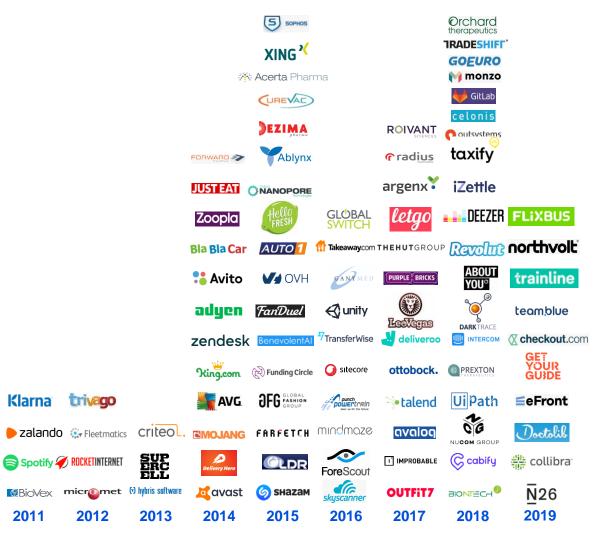


### ΞŒ

# High quality European research is developing groundbreaking innovation



### **European Unicorns**





2005



◆ betfair

2006











### European \$100m+ exits in 2018



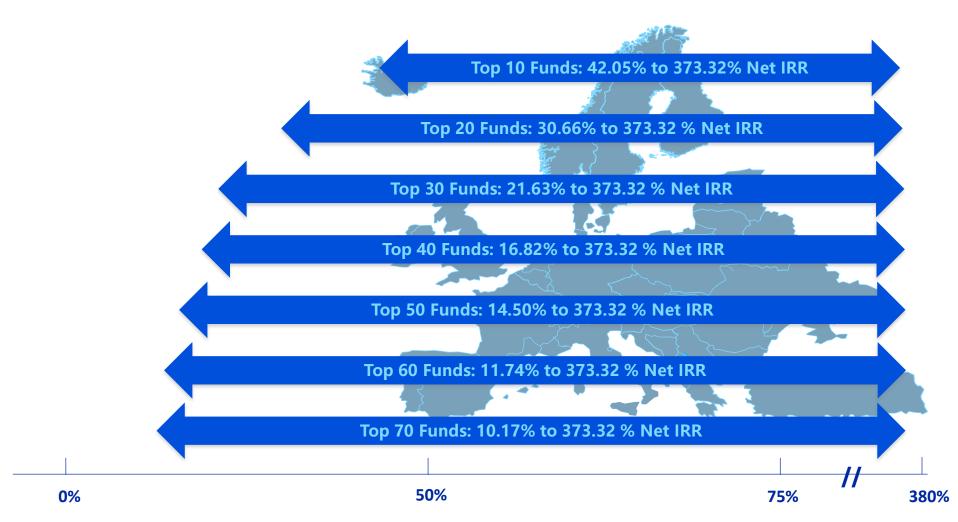


# European \$100m+ exits continuing in 2019





### Double digit returns: more than just outliers



### Europe beating US in largest IPOs in 2018

### Largest European and US VC backed companies by value at IPO in 2018



















\$ 25.0bn



\$ 8.3bn



\$ 8.2bn



\$ 6.2bn



\$ 4.4bn



\$ 3.2bn



\$ 2.5bn



\$ 2.4bn



### **THE EIF PROPOSITION**

### **ACCESS INNOVATION, TOP PERFORMING MANAGERS & RETURNS**

Access to latest disruptive technologies

AI / MOBILITY / SaaS CYBER SECURITY / FINTECH

**TOP 20\* VC ICT FUNDS: NET IRR RANGE** 

**Delivering** higher returns



Via a portfolio of leading, proven, added-value investors



FARFETCH \$6.2BN\*\*



13.3%

38.1%

<sup>\*</sup> Top 20 Funds from EIF Return Portfolio, a synthetic portfolio of all funds first graded A and B, vintages 2006-2014, data as at Q3 2018.

<sup>\*\*</sup> Current market capitalisation



The European Investment Fund (EIF) was established in 1994 and has become a leading provider of risk financing for SMEs and mid cap companies across Europe.

It carries out its activities using either its own resources or those provided by the European Investment Bank, the European Commission, by EU Member States or other third parties.

It enhances SME access to finance by developing and offering targeted financial products to intermediaries, such as banks, guarantee and leasing companies, micro-credit providers and private equity funds. In doing so it supports the implementation of European Union policies, notably in the field of entrepreneurship, technology, innovation and regional development.

For further information please visit www.eif.org

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