

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	WACHSTUMSFONDS BAYERN 2
<u>Promoter and financial intermediary</u>	LFA FOERDERBANK BAYERN
<u>Country of implementation</u>	Germany
<u>Summary project description</u>	The proposal is to invest in Wachstumsfonds Bayern 2 GmbH & Co. KG ("WFB2"), a Venture Capital ("VC") fund set up on the initiative of the Free State of Bavaria. WFB2 is a wholly-owned subsidiary of the LfA Förderbank Bayern managed by Bayern Kapital GmbH ("Fund Manager"). This provides innovative Bavarian technology companies with the opportunity to have access to larger VC financing. It is noteworthy that usually the Fund Manager does not raise external funding.

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
EFSI	
Contribution to EFSI	100.00%
EFSI: Financial support through the EIF and the EIB to entities having up to 3 000 employees	100.00%
Provision of risk financing from seed to expansion stages for SMEs, start ups, small mid cap companies and mid cap companies, to ensure technological leadership in innovative and sustainable sectors	100.00%

Pillar 2

Quality and soundness of the project	Acceptable
1. Growth	[...]
2. Promoter capabilities	[...]
3. Sustainability	[...]
4. Employment	[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to four indicators, as relevant, among which:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;
- (iii) "Sustainability" i.e. environmental and social sustainability²;
- (iv) "Employment" i.e. the project's direct employment effect;
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".

Pillar 3

EIB Technical and financial contribution to the project	High
1. Financial contribution	[...]
2. Financial facilitation	[...]
3. Advice	[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through up to three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor);
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments;
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer - provided in-house by the EIB or in the form of assignments to external consultants - to facilitate the preparation or implementation of a project.

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 - Complementary indicators

Additionality

In line with the EFSI objective of supporting SMEs and Midcaps, the operation aims to improve access to growth finance for SMEs that are based in or have links to Bavaria. The equity-type investments to be made by the Fund will target innovative, technology and growth-oriented companies in all industries with life science, medical technology and diagnostics, software/IT and hardware-related expected to be the key target sectors. The Fund aims to support companies who already completed their seed and first follow-up financing or achieved comparable company status from own cash flow/own funds.

The operation addresses market failures and sub-optimal investment situation linked to difficulties experienced by SMEs when looking for equity financing to cover their growth capital expenses. This market gap is the result of information asymmetries and higher uncertainty related to SME financing resulting in very few venture capital investors focusing on the late-stage segment of the venture capital market. The fund will unlock the unmet financing for SMEs that are too large to be financed by pre-seed or seed investors or the entrepreneurs themselves out of their own savings, and still too small to draw the attention of most private equity funds active in the region and too early stage to benefit from debt financing solutions.

The operation is expected to fall under EIB Special Activities, in particular because of the equity-type nature of the financing provided by the Fund and the additional risk related to SME financing. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The EIB's investment under EFSI will help the Fund to reach critical mass. EIB's involvement will expand considerably the investment capacity of the Fund by catalysing further public resources to the benefit of SMEs. Due to the co-investment nature of the Fund, the Fund is expected to mobilize private finance at the level of the investee companies.

The Fund Manager, Bayern Kapital, is fully owned by LfA Förderbank Bayern (LfA), the National Promotional Bank (NPB) of the State of Bayern and LfA is expected to provide the majority of the Fund's commitments. Given the strong involvement of LfA, the operation is expected to be supported under the Equity NPB sub-window.

The operation is proposed as an EFSI Investment Platform.

Set of indicators related to the macroeconomic environment

Germany - Economic environment

Economic Performance

	DE 2018	EU 2018	US 2018	DE 2001-2007
GDP per capita (EUR, PPS)	37,956.14	30,935.11	43,569.11	33,490.42
GDP growth (%)	1.43	1.97	2.86	1.40
Potential GDP growth (%)	1.63	1.60	2.24	1.32
Output gap (% of potential GDP)	0.69	0.62	0.74	-0.17
Unemployment Rate (%)	3.30	6.60	3.90	9.43
Unemployment Rate (%) - Y/Y change (% points)	-0.30	-0.60	-0.20	0.06
Bank-interest rates to non-financial corporations (%)	1.02	1.26	--	4.11
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.13	-0.06	--	-0.04
Investment rate (GFCF as % of GDP) - Total	20.77	20.54	20.84	19.91
Investment rate (GFCF as % of GDP) - Public	2.33	2.86	3.31	2.05
Investment rate (GFCF as % of GDP) - Private	18.44	17.68	17.53	17.87

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Financial service activities, except insurance and pension funding (% of total VA)	2.67	2.53	2.45	--	3.22
Employment in Financial service activities, except insurance and pension funding (% of total employment)	1.57	1.55	1.49	--	1.46

Research, development and innovation

	2014	2015	2016	2017	EU (latest available)
Gross domestic expenditure on R&D (GERD) (% of GDP)	2.87	2.91	2.92	3.02	2.06
Gross domestic expenditure on R&D (GERD) distance to EU 2020 target (% of GDP)	0.13	0.09	0.08	-0.02	0.94
Research and development expenditure - Government (% of GDP)	0.42	0.41	0.40	0.41	0.23
Research and development expenditure - Higher education (% of GDP)	0.51	0.50	0.53	0.52	0.45
Research and development expenditure - Business (% of GDP)	1.94	2.00	1.99	2.09	1.36
Research and development expenditure - Private non-profit sector (% of GDP)	--	--	--	--	0.02
Eco-innovation index (EU =100)	135.00	132.00	135.00	139.00	100.00

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial cooperations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics	Expected value at PCR
Start of works	01.07.2020
End of works	30.06.2027
Project investment cost [MEUR]	165.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	385.55 MEUR
External EFSI multiplier	7.71
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	0.00 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	112.13 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	
Energy efficiencies realised [MWh/a]	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs [person years]	0 person years
Employment during operation - new permanent jobs [FTE]	0 FTE

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.