

Backing visionary entrepreneurs

The European Innovation Council
EIC Fund

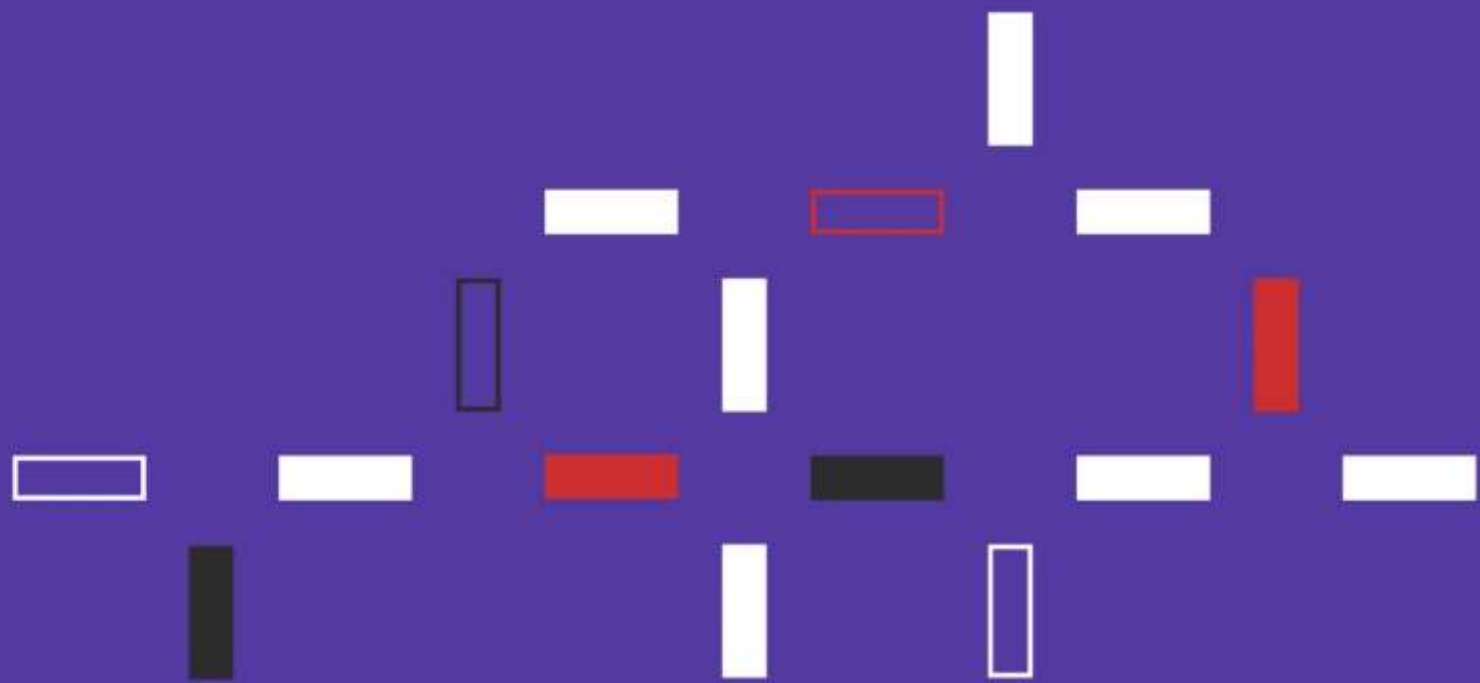
Applicants Day -19 March 2021
Stéphane Ouaki

European
Innovation
Council



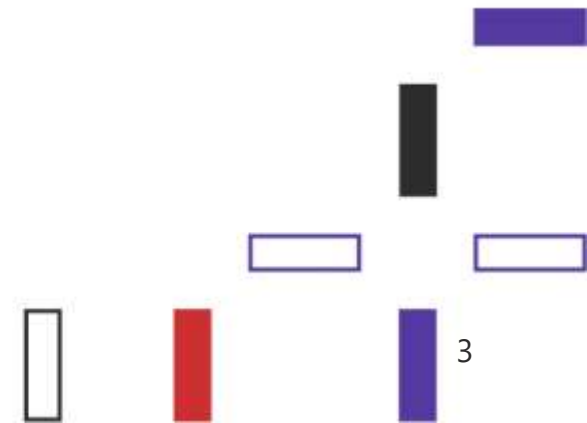


EIC Fund



The Fund

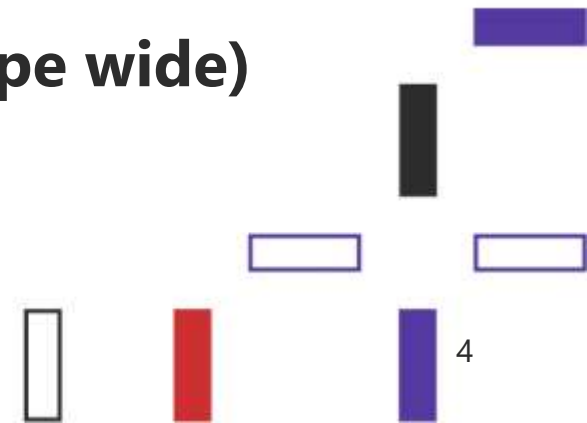
- The EIC Fund **is a venture capital fund.**
- **The European Commission is the shareholder.**
- It is a **flexible** instrument (Reserved Alternative Investment Fund, RAIF): multiple compartments (umbrella), different assets.
- It was **established in June 2020.**
- The EIC Fund is an open-ended fund.





Mission

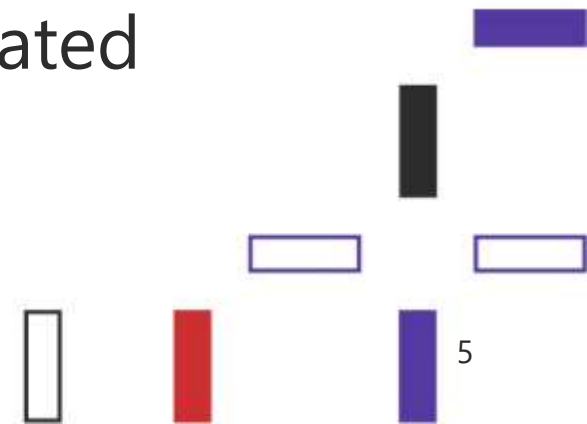
- To **bridge the critical financing gap** faced by innovative science and engineering based companies when bringing their technologies to the market.
- To scale up breakthrough European innovations.
- To crowd in other investors, further sharing risks.
 - To build a **large network of capital providers and strategic partners** suitable for co-investments and follow on funding.
 - To provide a single point of access to an **aggregated (Europe wide) deal flow of relevant investment opportunities.**





Investment component

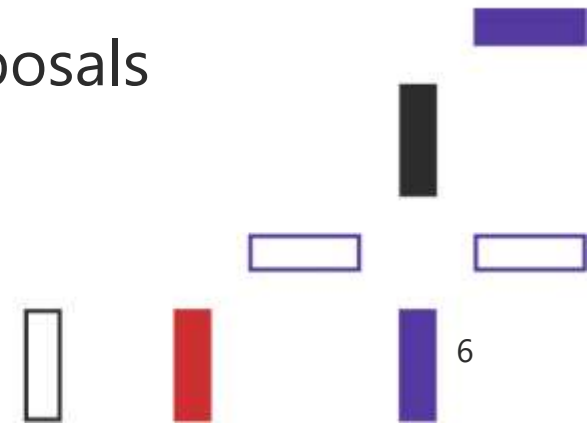
- The EIC Fund provides **patient capital** in the form of equity or quasi-equity.
- The Fund invest in **start-ups** with potentially market-creating innovations, whether based on **breakthrough disruptive technologies** originating from research (deep-tech) or on social innovation.
- From **any sector**, across **all EU countries** (and associated countries).





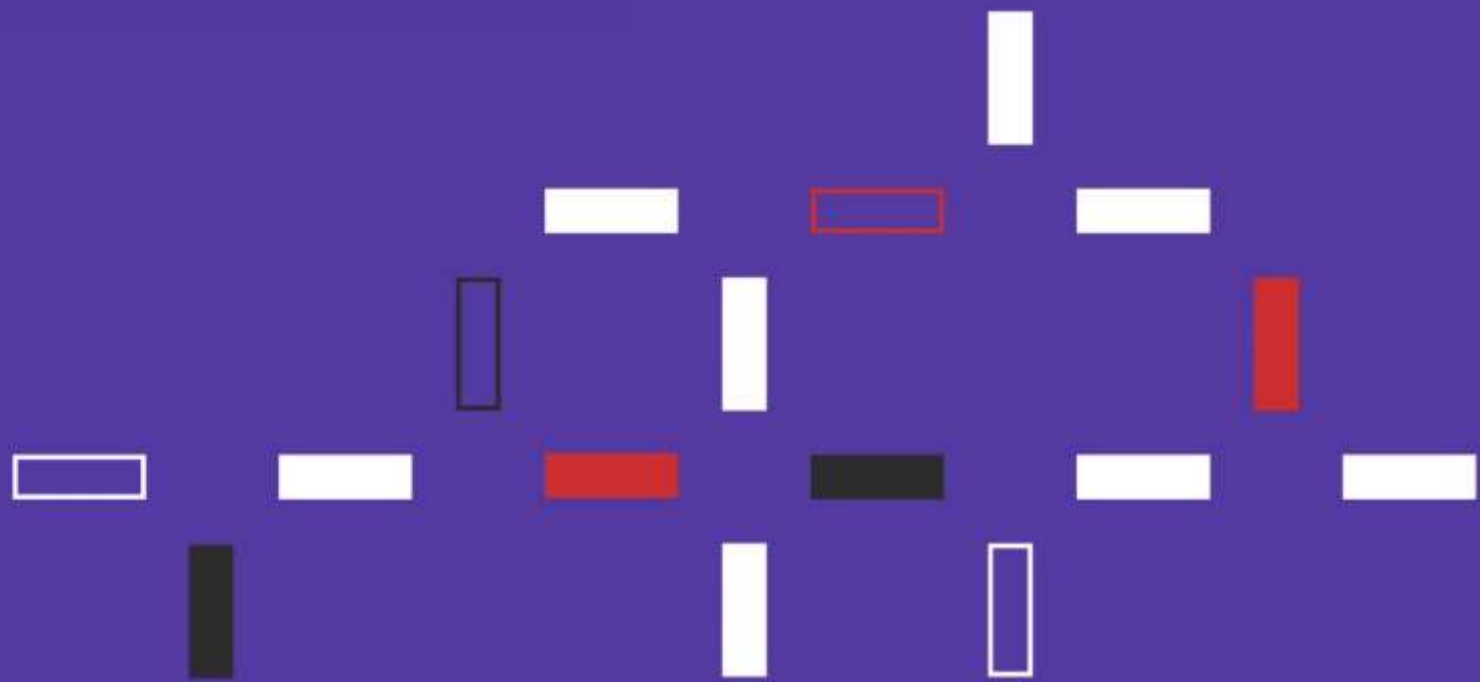
Investment component

- The EIC Fund invests at **early stage** (seed, start-up, scale-up) from €0.5 to 15 million.
- The Fund may reserve **follow-on capital** to invest in subsequent series.
- The Fund usually targets **minority ownership** stakes (from 10 to 25%), and up to a blocking minority in cases identified by the EC as of strategic interest for the EU.
- Investments will normally be made with a long average perspective (7-10 years) with a maximum of 15 years.
- The EIC Fund will manage the investment component for proposals retained for either blended or investment-only support.



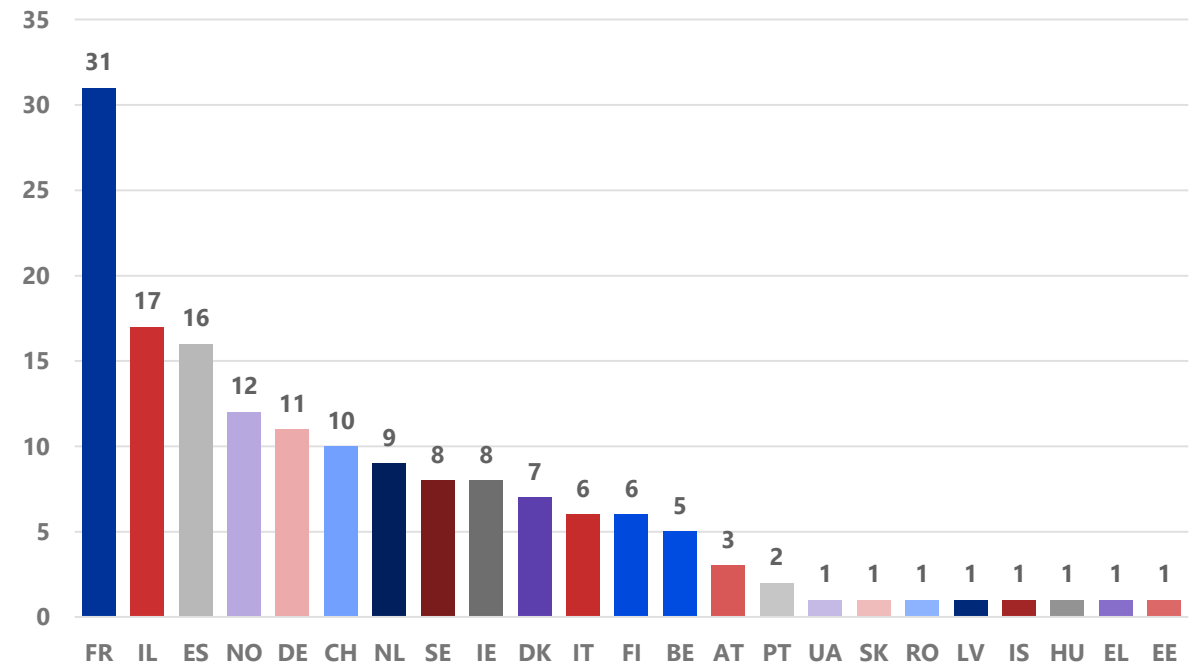
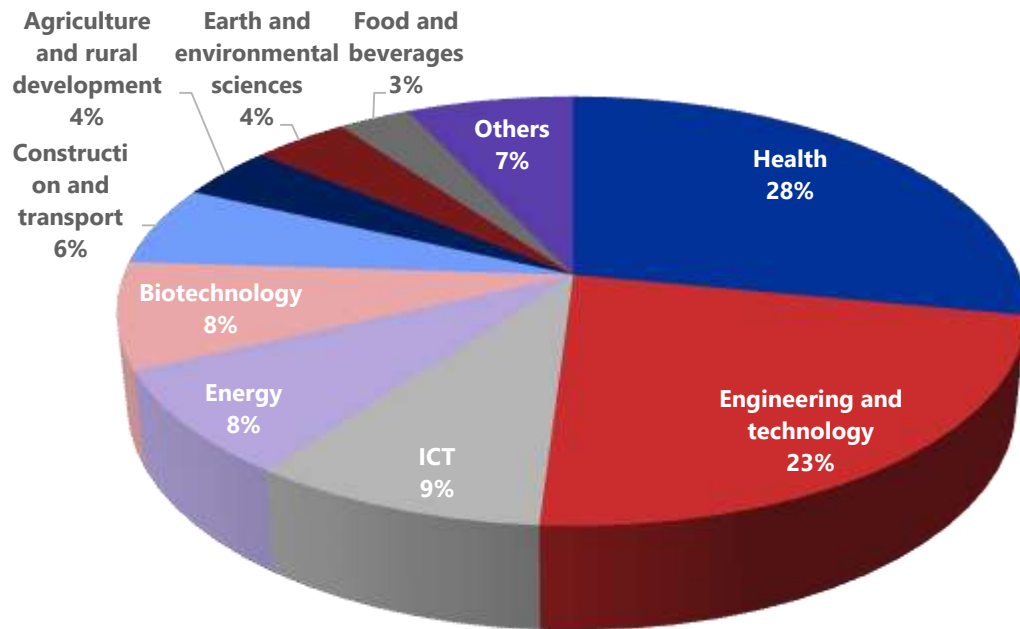


The experience of the pilot



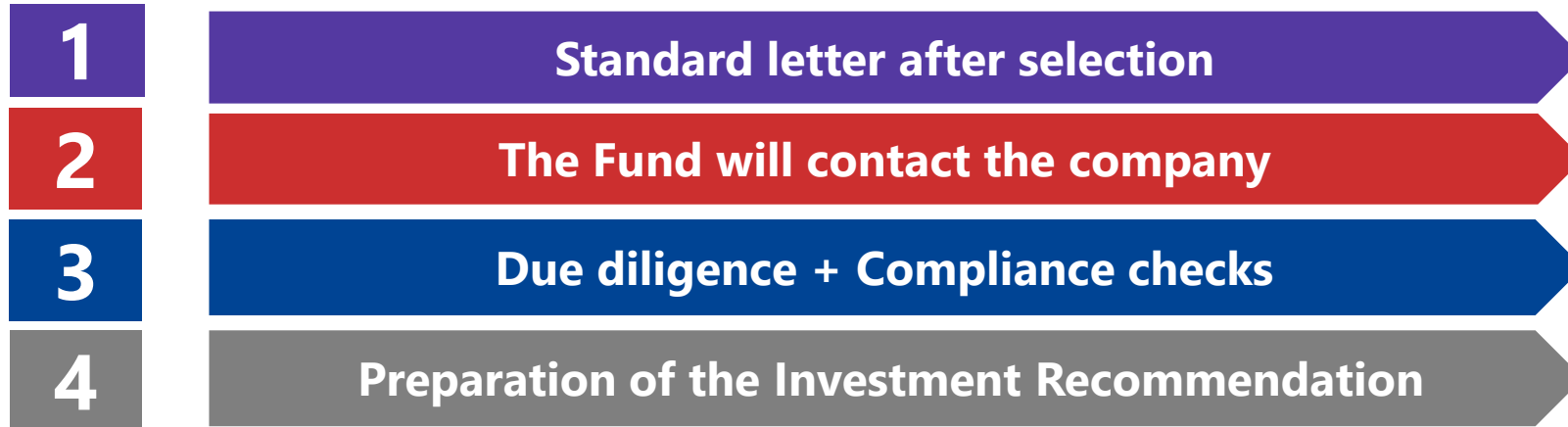
EIC Fund deal flow from pilot phase (2019-20)

- The EIC Fund is building a portfolio of 159 early-stage technology companies (€680 million investment, €4.3 million average)





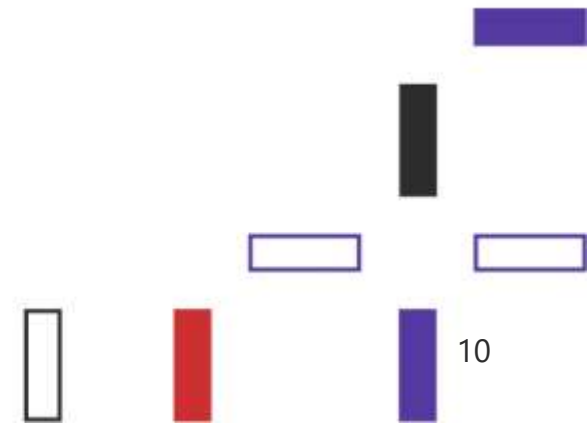
EIC Fund: Investment Process





Due diligence

- The European Investment Bank (EIB) performs exhaustive due diligence prepares the investment recommendations:
 - Risk assessment, compliance and KYC
 - Product and technology
 - Market and competition
 - Commercialization strategy
 - Business plan and financial projections
 - Management
 - Board and governance
 - Ownership and capital structure
 - Optimal investment structure





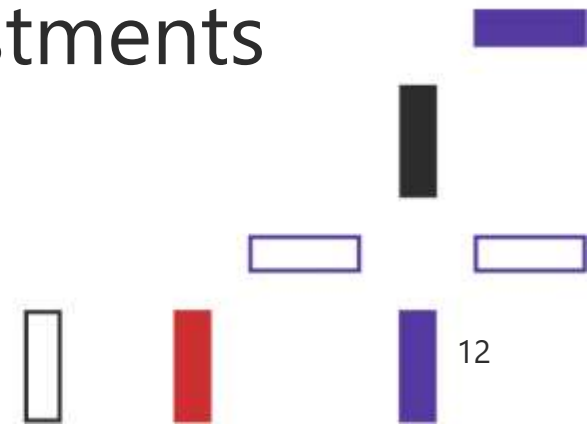
EIC Fund: Investment Process





The EIC Fund Investment Committee

- For the current compartment, the Investment Committee consists of seven independent experts and seasoned investors and practitioners + European Commission representative as chairperson.
- **Makes recommendations** to the EIC Fund Board on investments, follow-on investments and divestments





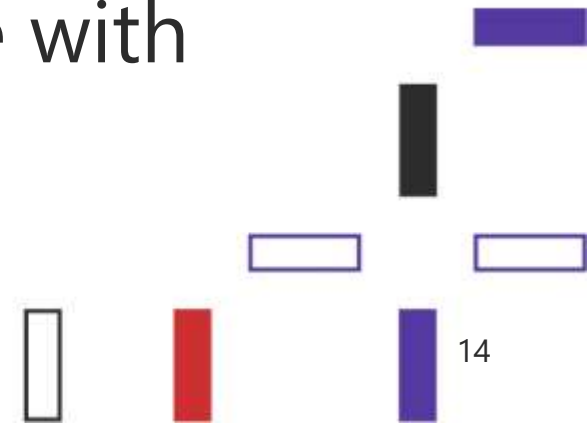
EIC Fund: Investment Process





EIC Fund Board of Directors

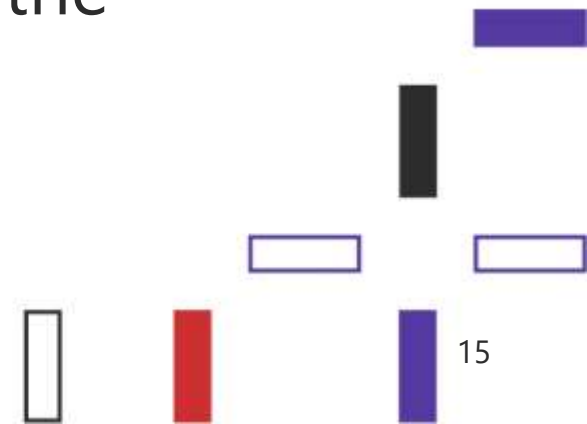
- Broadest powers.
- Currently, five members appointed by the EC
- Sets the investment guidelines
- Makes investment decisions (the amount and the terms) on the basis of the recommendations made by the Investment Committee and in compliance with the Investment Guidelines





EIC Fund Board of Directors

- As an outcome of the due diligence, following a proposal made by the EIC Fund Board, the Commission may reject the investment and may also request amendments or, in the cases of misrepresentation, terminate the contract.
- If the outcome of the due diligence concludes that the innovation or the company is not yet mature for equity investment, the EIC Fund Board may recommend to the Commission that the company starts with the grant component first.





EIC Fund: Investment Process





Crowding in: why so important?

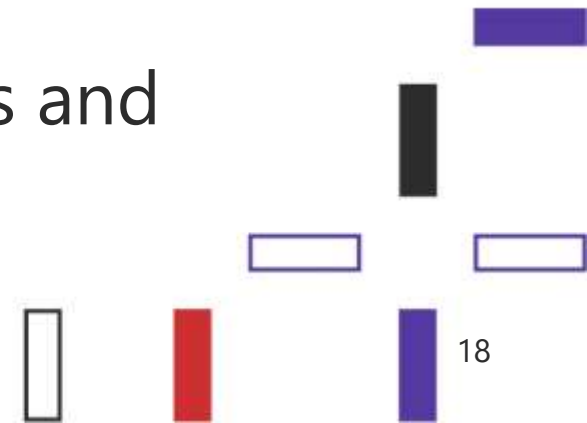
- The EIC **does not aim to replace/displace the market** but to de-risk the projects and attract other investors.
- Strategic investors **dramatically increase the chances of the companies to succeed**: provide expertise, mentoring and networking in specific industries and markets, key enabling technologies and business models:
- The EC Fund strives for larger rounds, thereby **multiplying the value of taxpayers' money** (EIC Advisory Board, Vision Paper: goal is to generate a **leverage effect** equal to 3 to 5 times).





Crowding in

- In the application, companies will be offered the opportunity to share certain data and information with investors.
- The Fund will start looking for other investors during the due diligence.
- The EIC Fund will support the companies through a dedicated matching platform.
- When looking for co-investors, the EIC Fund will also incentivise other investors to provide mentoring tasks and independent advice to the company.





The EIC Fund under Horizon Europe

- The EIC Fund is preparing a **new compartment for Horizon Europe** (the first compartment is the EIC Pilot).
- The new compartment implies **new Investment Guidelines** building on the experience gained during the EIC Pilot (including feedback provided by stakeholders, market professionals and Programme Committee).
- Publication on-line of the draft Investment Guidelines pending official adoption (tbc) end of March/early April.





Thank you!

@EUeic

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