



Financial Instruments 2014-2020 under European Structural and Investment Funds (ESIF)

Brussels, 19-20 January 2015

*Financial Instruments under the JEREMIE
Initiative in Languedoc-Roussillon (FR)*

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- Introduction
- What were the needs / reasons behind setting up the instrument?
- How was the instruments set up and how does it interact with the local banking system?
- What are the main impacts? Tell one story of how a business, person or community was transformed.
- What were the key lessons that other MAs could take from your experience in 2014-2020?

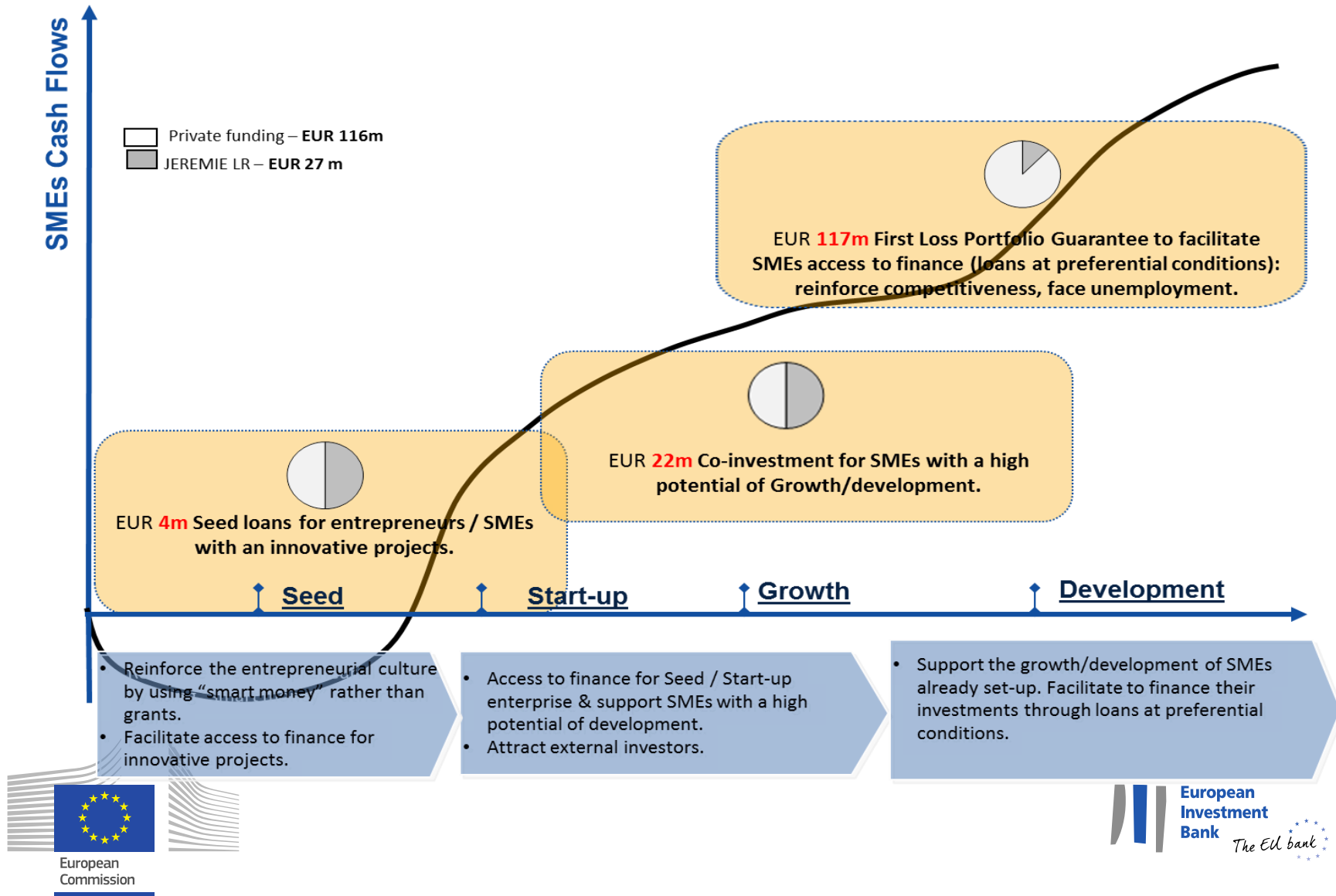
Introduction:

Languedoc-Roussillon Region

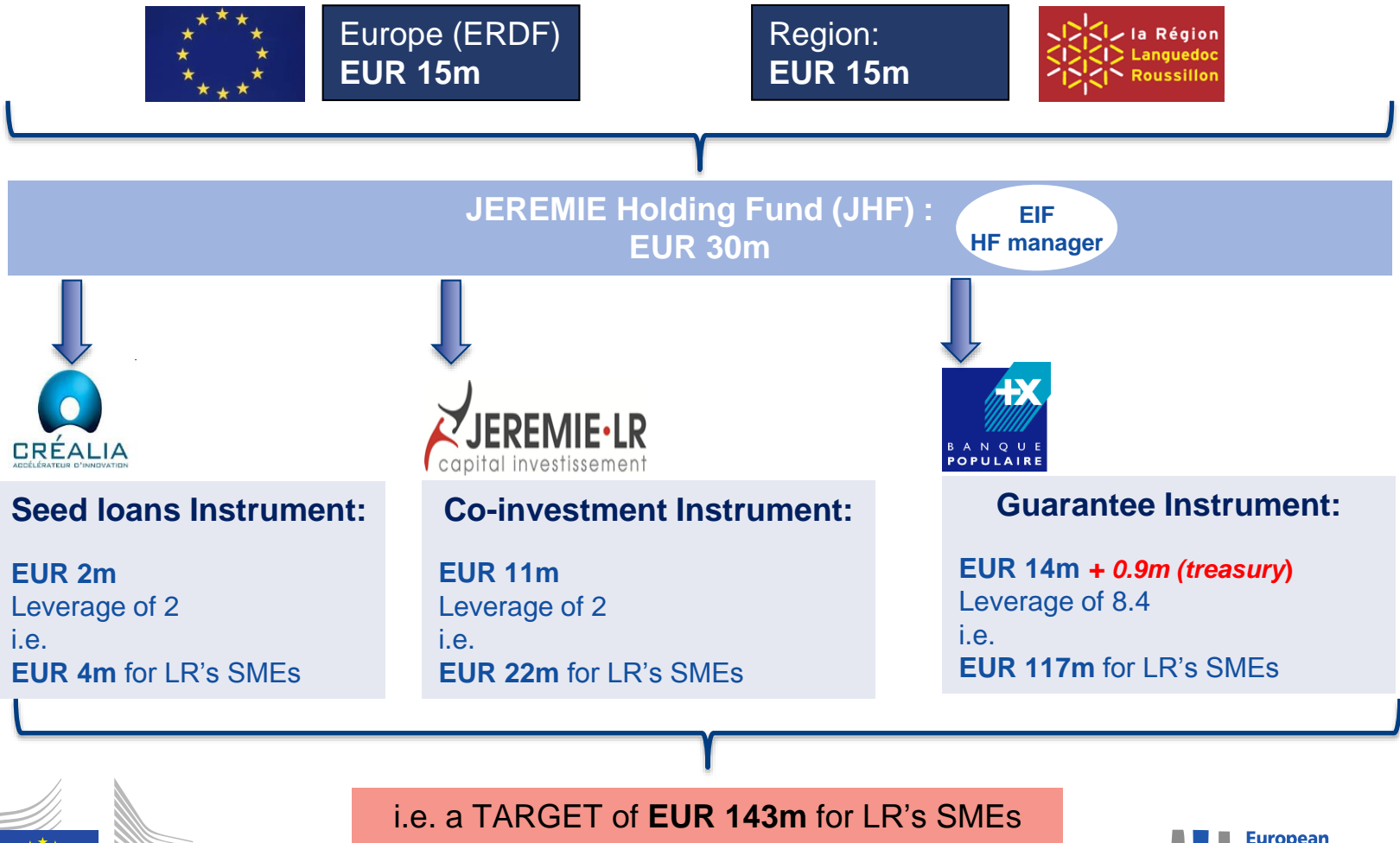


- **Key figures:**
- *2,5 million inhabitants in 2007*
- *One challenge: +30,000 inhabitants/year*
- *GDP/inhab. (2007) : 23,500 €/inhab.*
- *220,000 SMEs (with 97% micro-entreprises)*

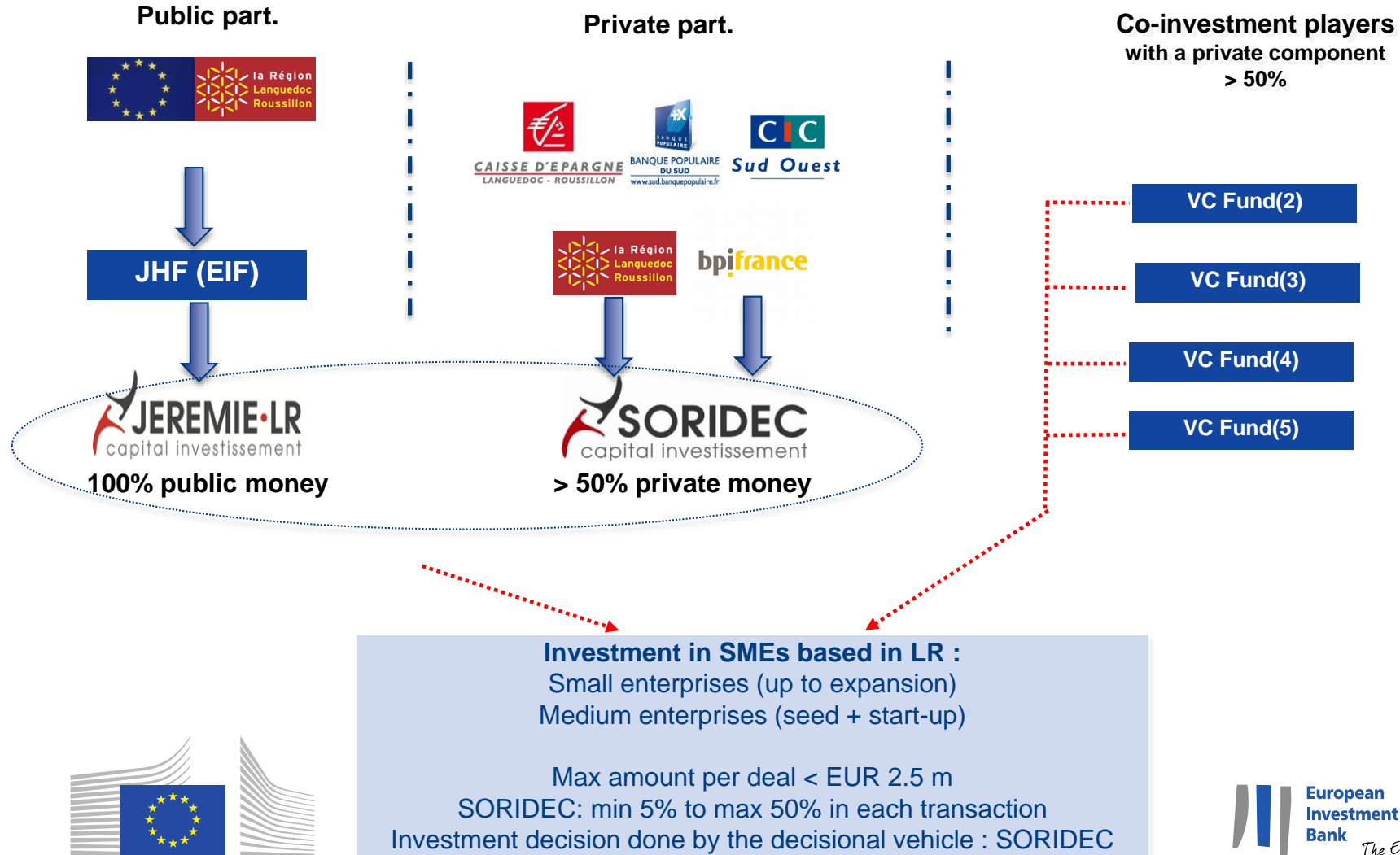
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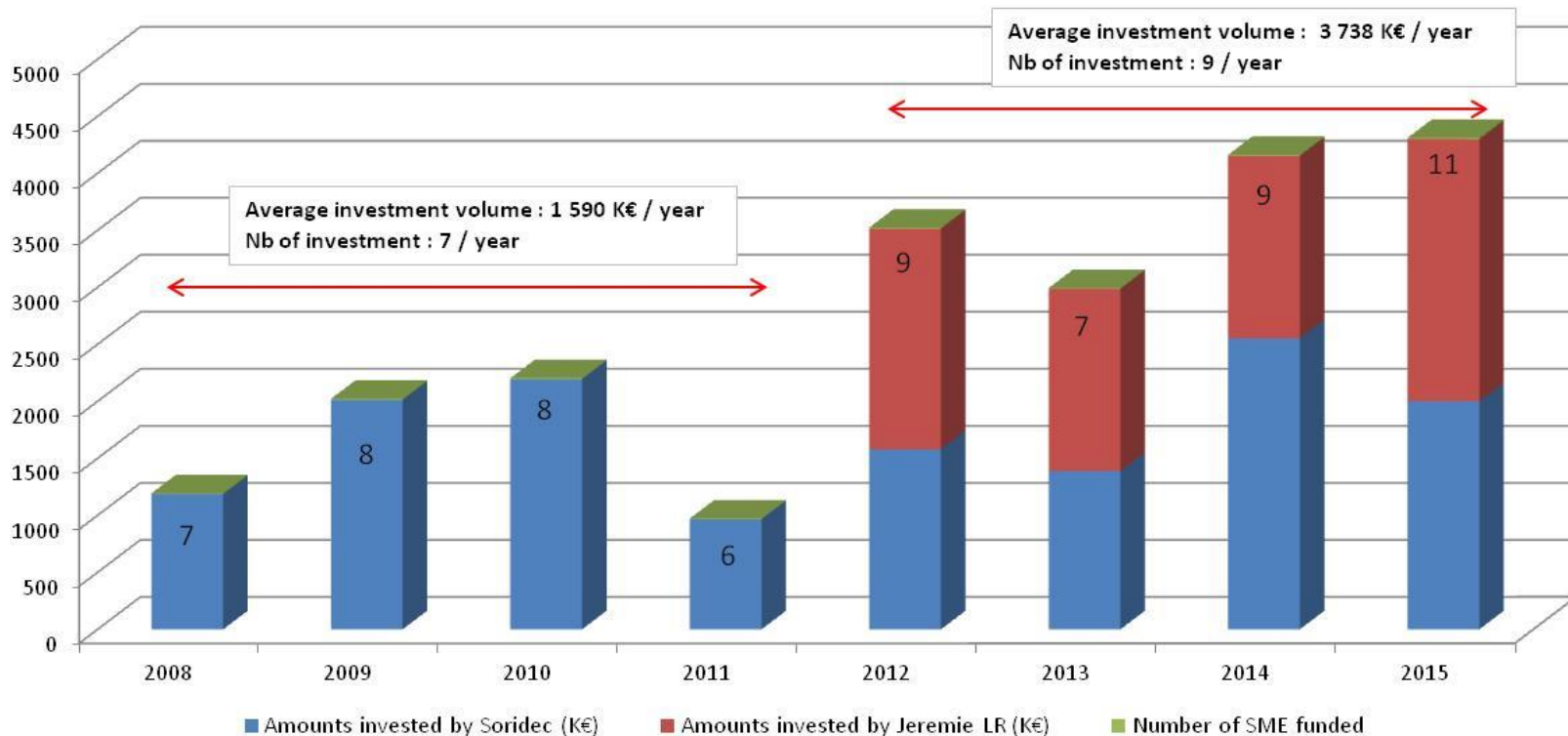


Introduction: *the overall concept used in Languedoc-Roussillon*



How was the instruments set up and how does it interact with the local banking system?





- Total Amount Invested by JEREMIE LR in SMEs: **6 045 K€**
- Total Amount of fund raised by SME invested by JEREMIE LR : **25 328 K€**
- Leverage ratio: **4,2 times**



Medtech : Success-story

Company specialised in Surgical Robotics

BEFORE INVESTMENT (2012)

Specialised in Neurosurgical

Staff around **15 employees**

Sales in **France and USA**

Renting Small offices

Performed a **seed round**

EUR 1.9m turnover



AFTER INVESTMENT (until now)

Extend to spine Surgery (huge market)

Staff around **40 employees**

Sales **all around the world**

Built new building

Raised EUR 20m - Listed on Euronext (EUR **65m** market cap)

EUR 20 m turnover expected in 2016



From a Small start-up to a promising intermediate-sized enterprise !



Quantitative impacts :

Seed loans

- 77 SMEs financed (for projects with a significant component of innovation)
- EUR 1 878 000 disbursed (JEREMIE part)
- EUR **3 756 000** total amount disbursed
- Leverage (direct): **x2**
- To be noted: EUR 700 000 reimbursed to the JEREMIE HF from the FIs

Co-investment Instrument

- 24 investments into SMEs with a high potential of development
- EUR 6 045 000 invested directly by JEREMIE
- EUR **26 212 000**: total amount invested JEREMIE + Private co-investors
- Leverage: **x4.2**
- To be noted: Significant interest from the private market (included VC firms based outside LR) + 2 IPO

Guarantee Instrument

- 1 184 SMEs financed
- EUR **119 796 000**: total loan amount disbursed to SMEs (covered by JEREMIE)
- Direct leverage : **x8.4**
- To be noted : Significant advantage passed onto LR's SMEs (interest rate reduction + reduction of personal collateral requirement)

TOTAL:

- 1 285 SMEs/entrepreneurs financed.**
- EUR 150m disbursed to SMEs out of an initial expected amount of EUR 143m.**
- Overall leverage of 5x.**

What are the main impacts?



Economic impacts :

Meet SMEs' financing needs

- ☐ Strengthen the financial chain financing SMEs ----->

- ✓ 1 285 SMEs
- ✓ EUR 150m

Leverage

- ☐ Financing more SMEs with less public resources
- ☐ Attract private money into LR Region ----->

- ✓ Leverage > 5 x

Alignment of interest

- ☐ Both Public and Private financial involvement ----->

- ✓ Many applications received (18)
- ✓ **Risk is shared** between Public - Private

Revolving concept & flexibility

- ☐ Entailing further SMEs to be financed ----->

- ✓ **Money already paid back** to the Holding Fund
- ✓ **Treasury** management

Benefit pass onto SMEs

- ☐ Clear advantage passed, prompting SMEs -----> into investing

- ✓ Interest Rate reduction,
- ✓ Collateral requirements reduction,
- ✓ Strengthen the Capital of SMEs

Knowledge transfer

- ☐ EIF – MA - FI



What were the key lessons that other MAs could take from your experience in 2014-2020?



Political impacts & key lessons :

Setting up revolving and sustainable vehicles for SMEs

- ☐ Strengthen the financial chain financing SMEs
- ☐ Seek critical mass and economies of scale (avoid scattering effect)
- ☐ A mid to long term strategy with a fund of funds structure
- ☐ Financial instruments should result in a win-win situation

Partnership : leverage and flexibility by the EIF

- ☐ EIF experiences in terms of design, selection, negotiation, monitoring & reporting
- ☐ Triple A rating of EIB's group
- ☐ Transparent and competitive selection intermediaries (difficult choice)

Fostering competitiveness for SMEs' benefits

- ☐ Transparent and competitive selection intermediaries (difficult choice)
- ☐ Innovative schemes with the very first objective: passing benefits onto SMEs

A first partnership with the EIB

- ☐ A first step of partnership followed by others: such as a vehicle for renewable energy





Thanks for your attention !

For further information on the use of Financial Instruments under the JEREMIE initiative in Languedoc-Roussillon, please contact:

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