

Finance 4 Growth – Sources of Finance

Donnchadh Cullinan
13th June 2012

The Funding Journey

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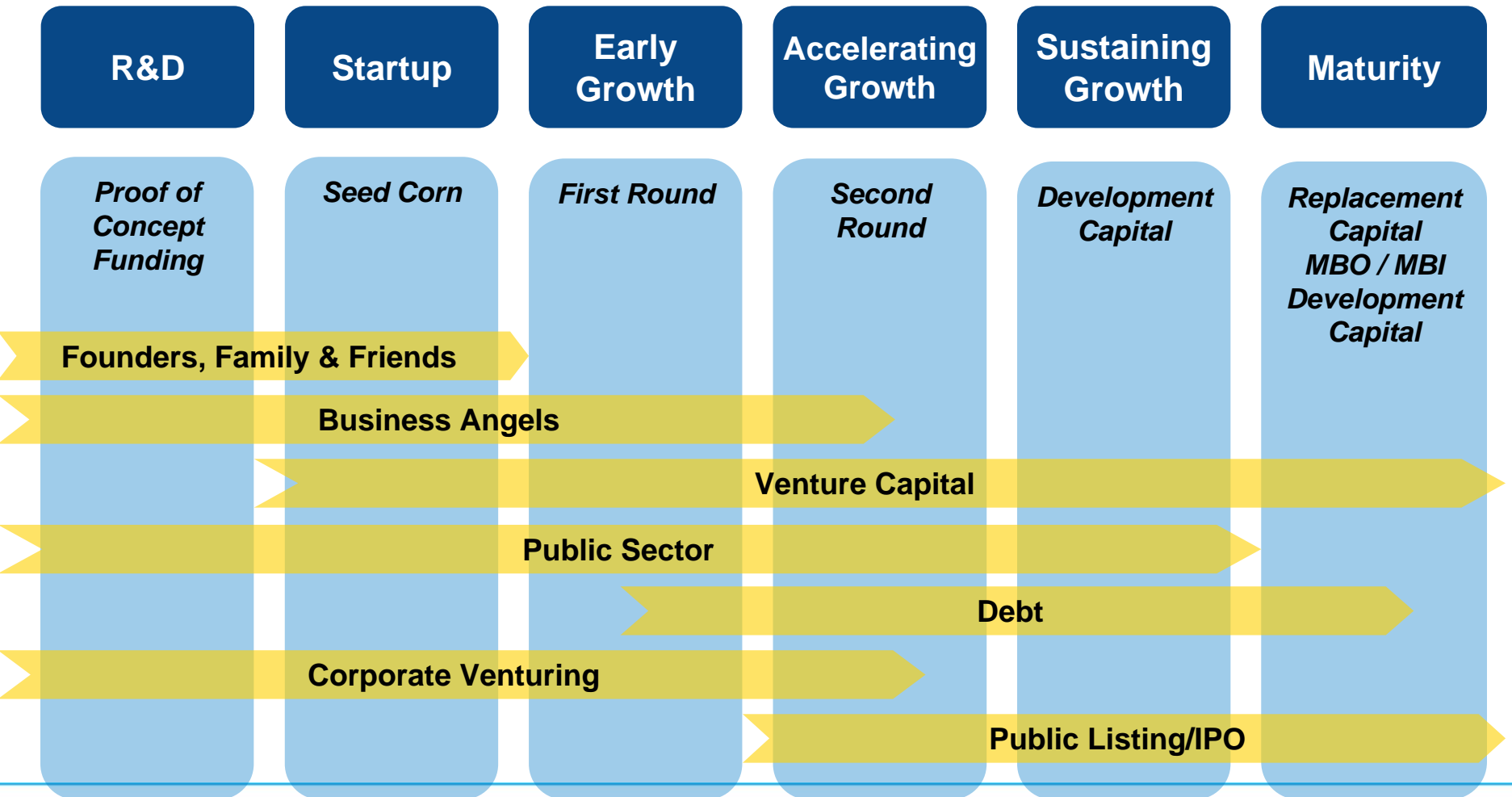
The Funding Journey

- The Foundations:
 - A well prepared business plan with milestones
 - Financial projections
 - A credible management team
 - A unique product or service
 - Financing strategy

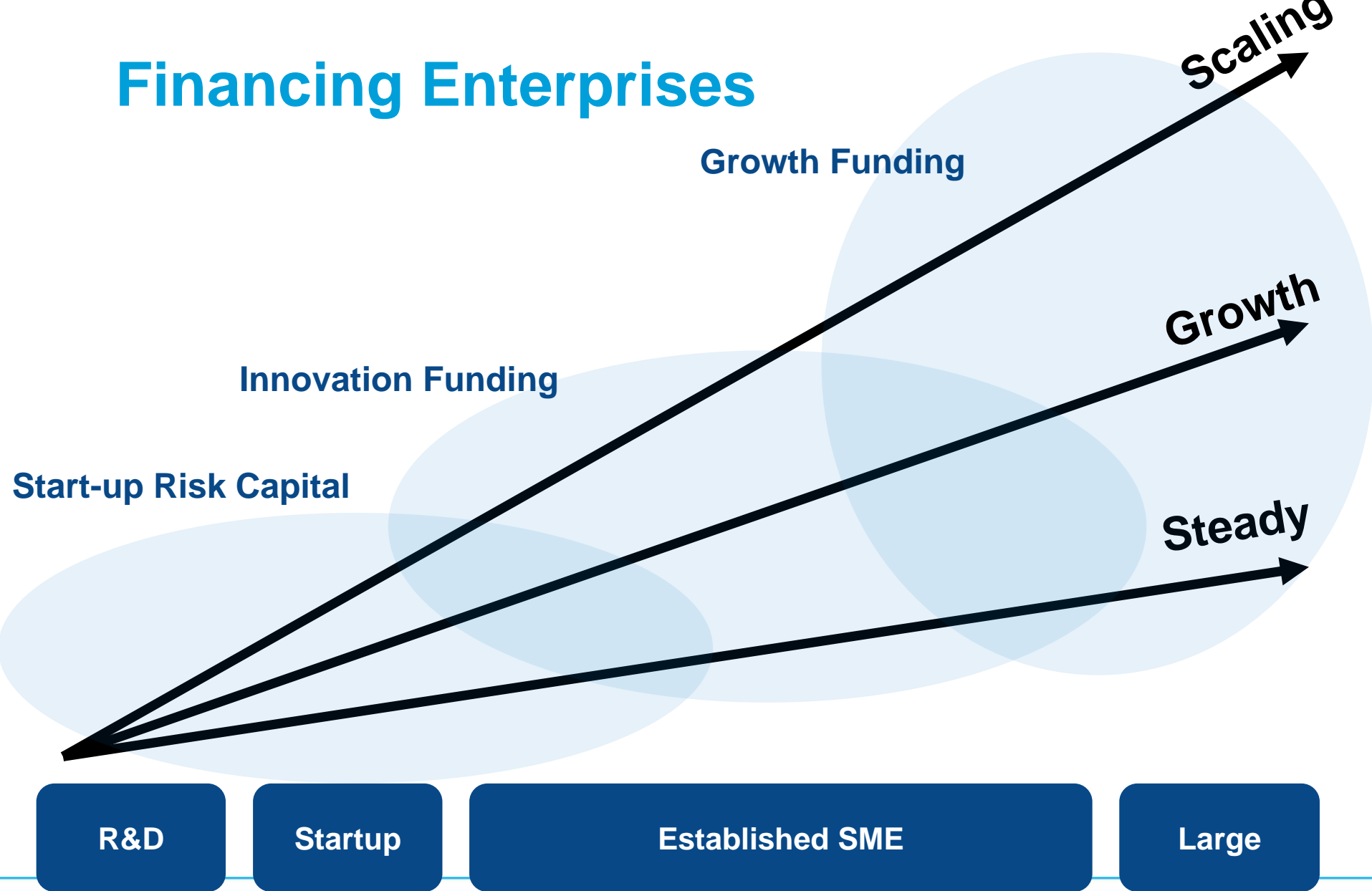
Things to Consider

- What funding is most appropriate for my stage of development?
- What type of investor would be interested?
- Am I investor ready?
- What is the opportunity cost? i.e. releasing equity or interest payments
- What returns drive investors?
- Is the money smart?
- What is the exit mechanism?
- What source of funding suits my projected cashflow?

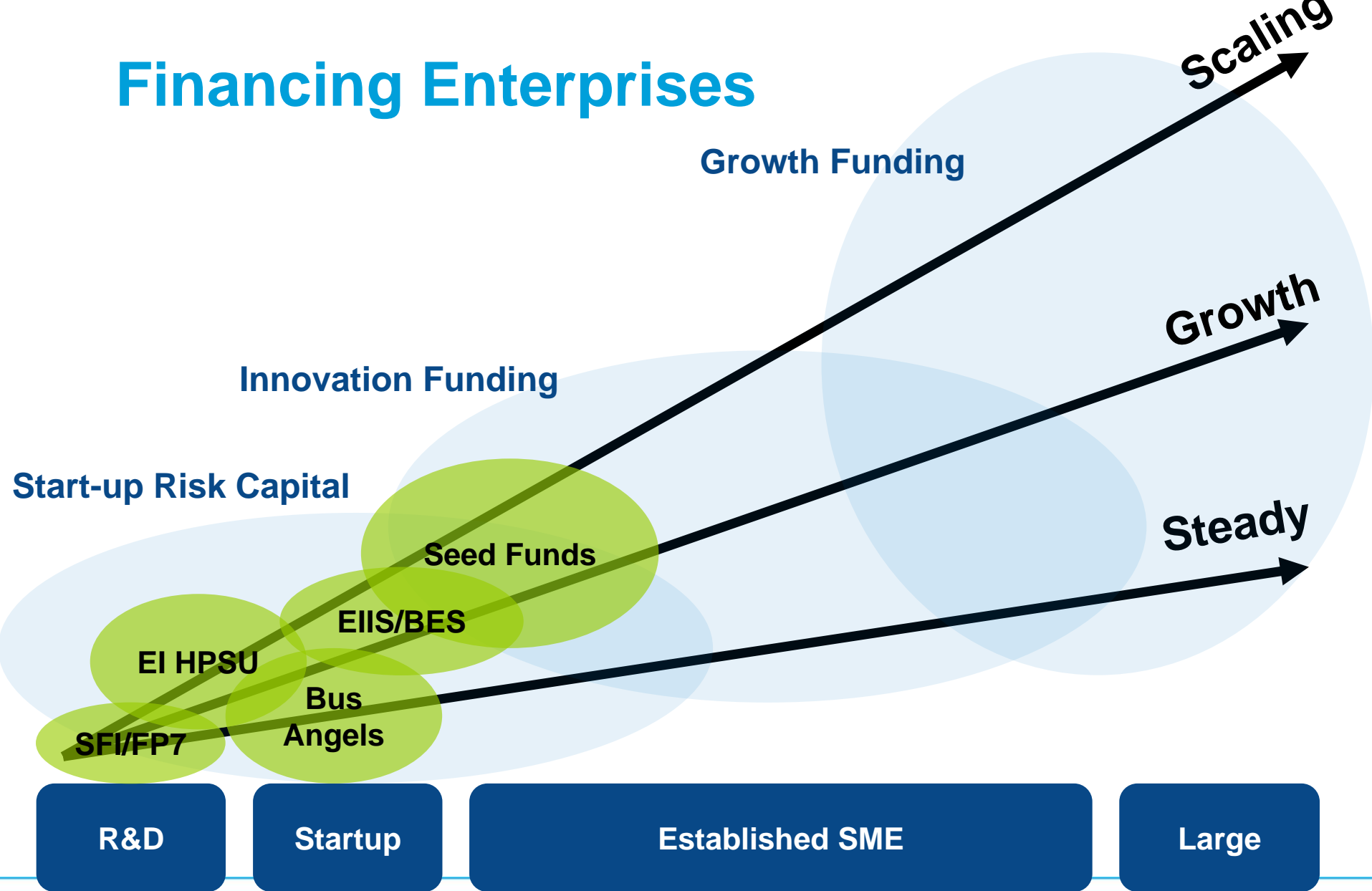
The Funding Journey



Financing Enterprises

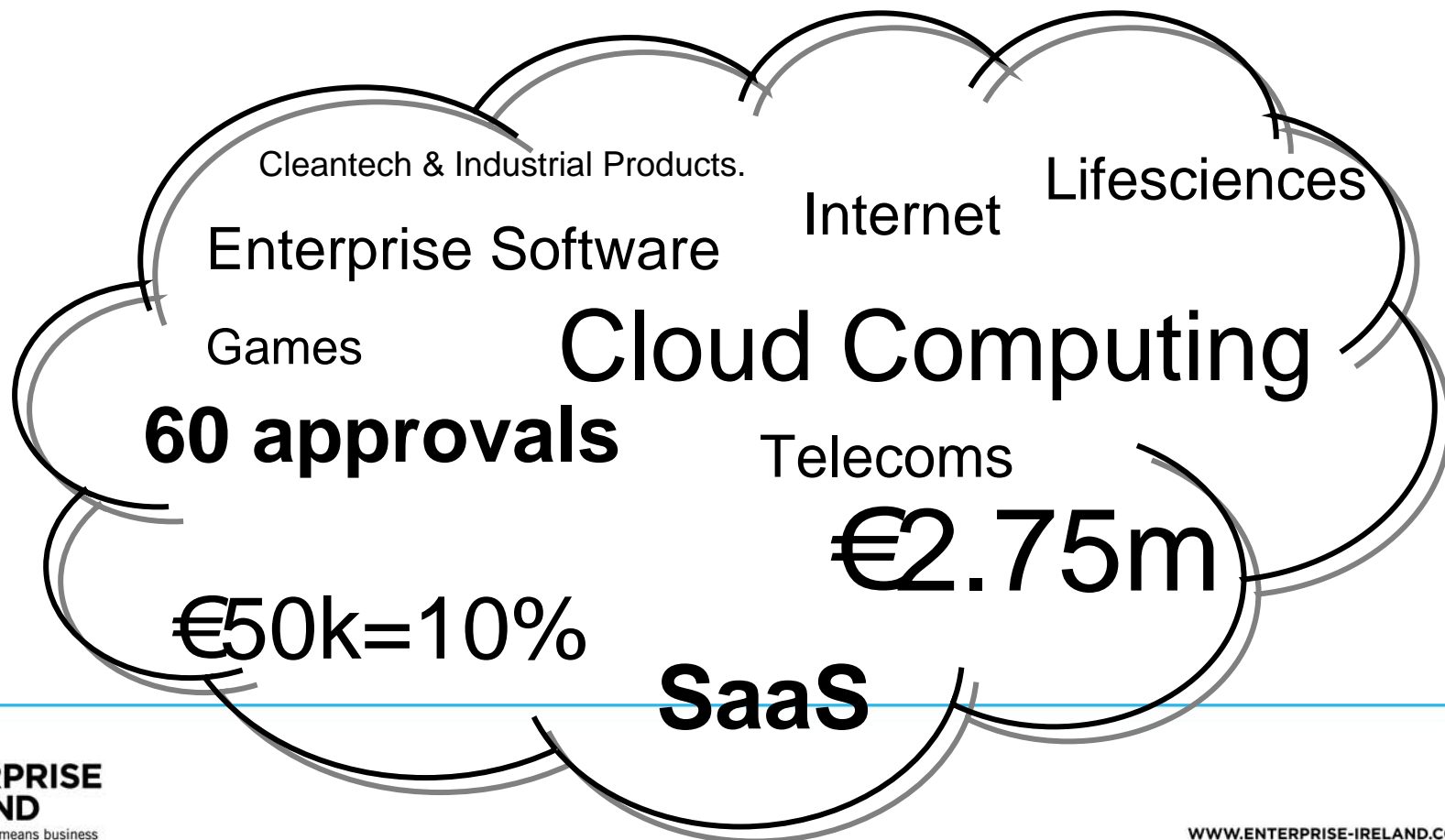


Financing Enterprises



Competitive Start Fund

“Objective of the Fund is to accelerate the growth of start-up companies that have the capability to succeed in global markets”



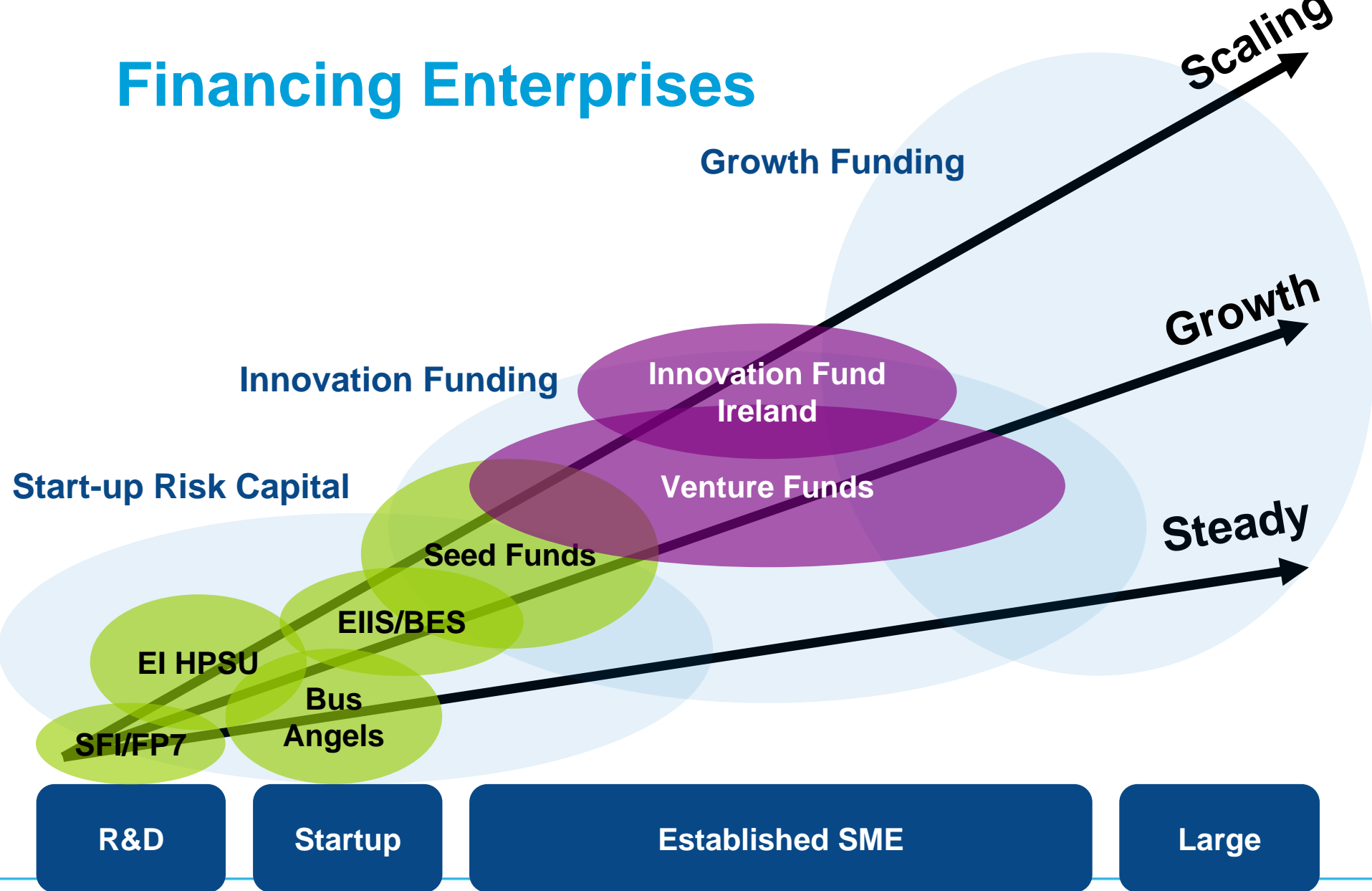
The Enterprise Ireland Funding Offer

- Innovative HPSU Offer (iHPSU)
 - EI can provide funding towards a business plan
 - Companies are classified as an iHPSU for **3** years
 - Max iHPSU funding; **€1m or €1.25m**
 - Funding will be tranching against set milestones
 - Funding primarily in the form of equity
 - Matching money principle
 - This funding is most appropriate for early stage Enterprise Ireland companies with growth potential

EIIS

- Replaced BES Scheme 2011
- The Employment Investment Incentive (EII) is a tax relief incentive scheme
 - tax relief for investment in certain corporate trades.
 - replaces the Business Expansion Scheme (BES)
- Company can receive up to €10m in EIIS investment
 - €2.5m in any one year
- All trades except those on the exclusion list
- Contact Revenue directly

Financing Enterprises

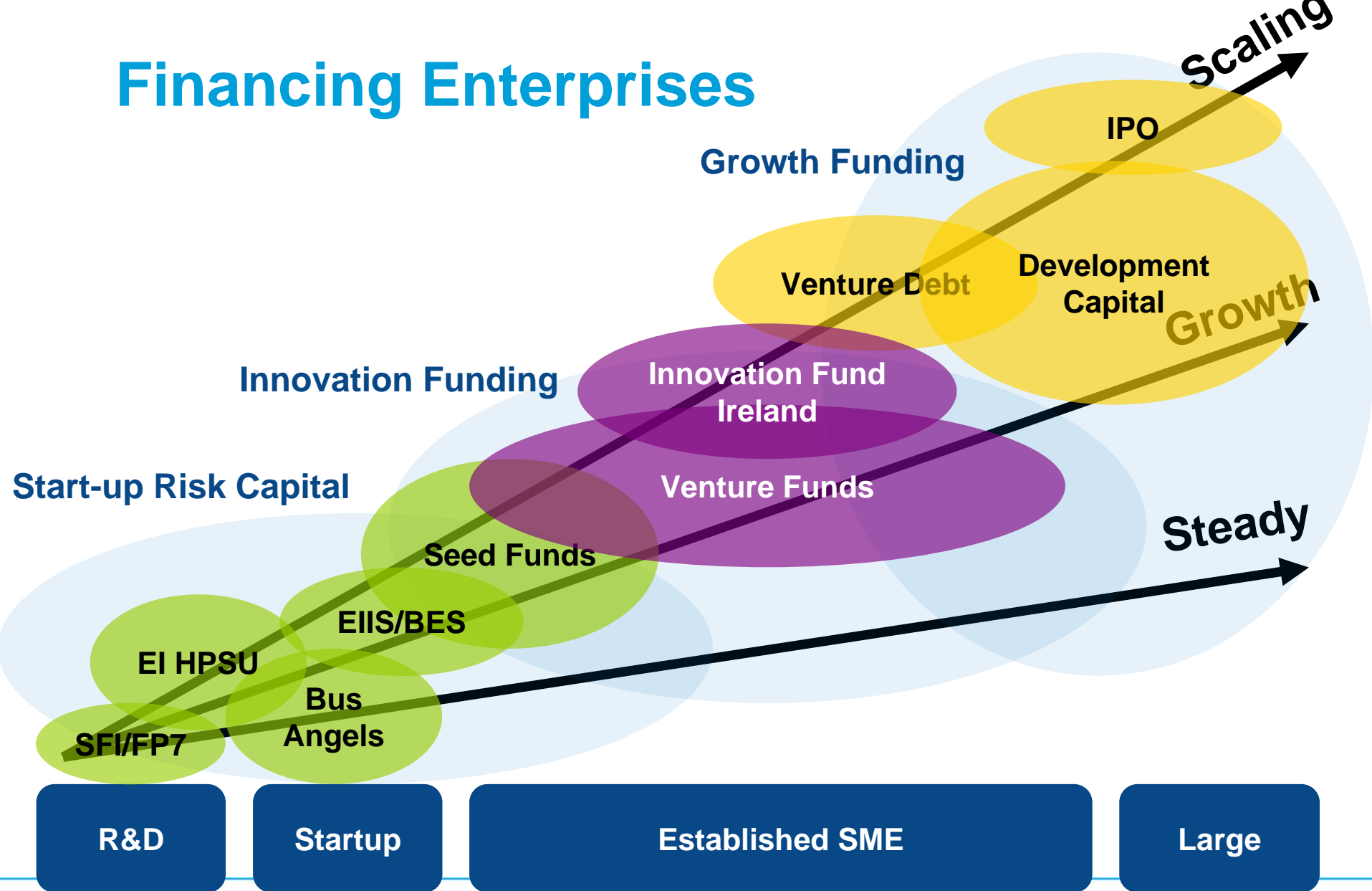


Innovation Fund Ireland



- Larger End of funding spectrum
- Attract large international VC
- Joint Initiative with NPRF
- NPRF 2 Investments
 - DFJ Esprit
 - Polaris/Dog Patch Labs
- NPRF/EI – Joint investment in Sofinnova Ventures
- Current Call open

Financing Enterprises

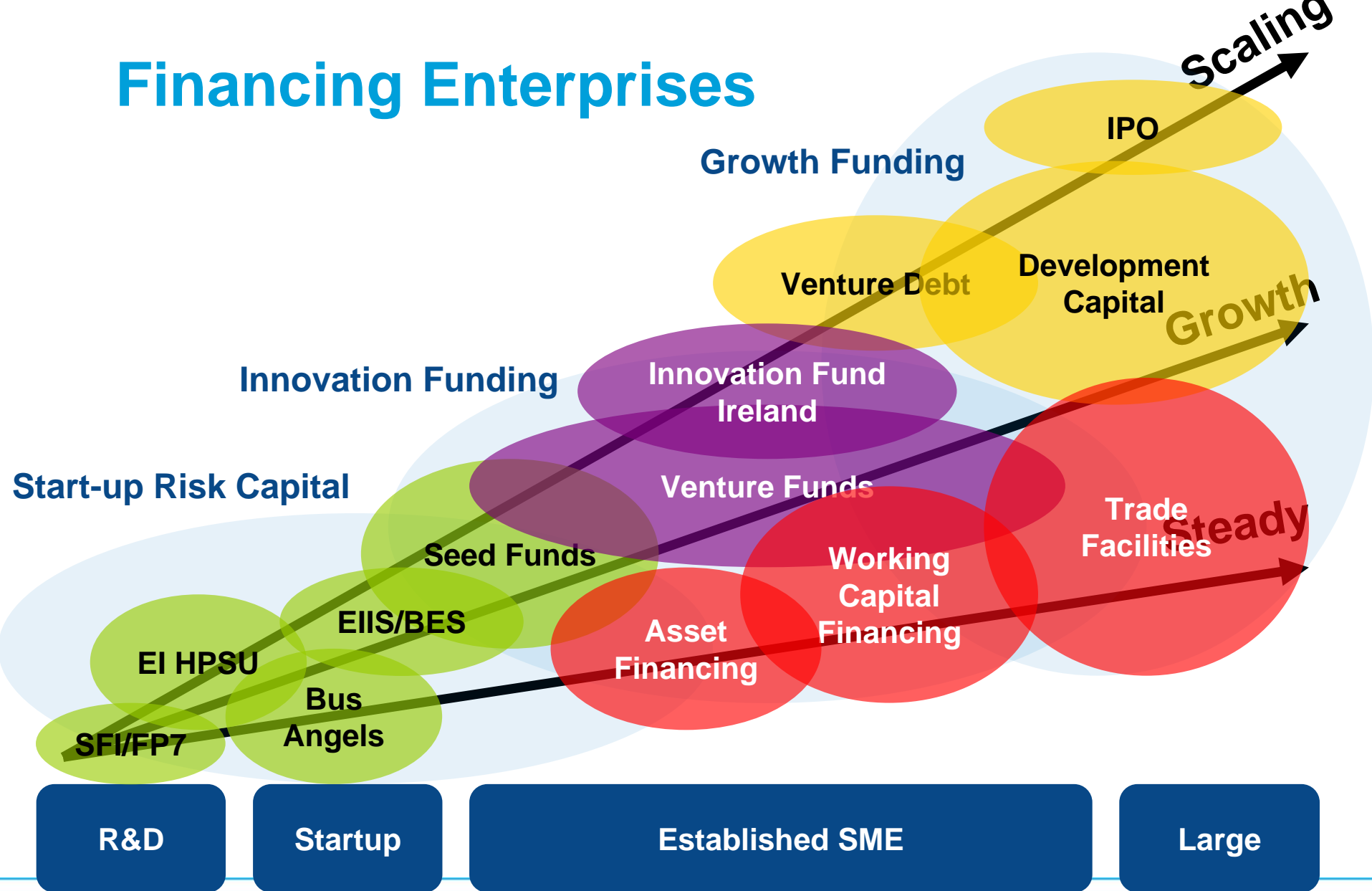


Development Capital Fund

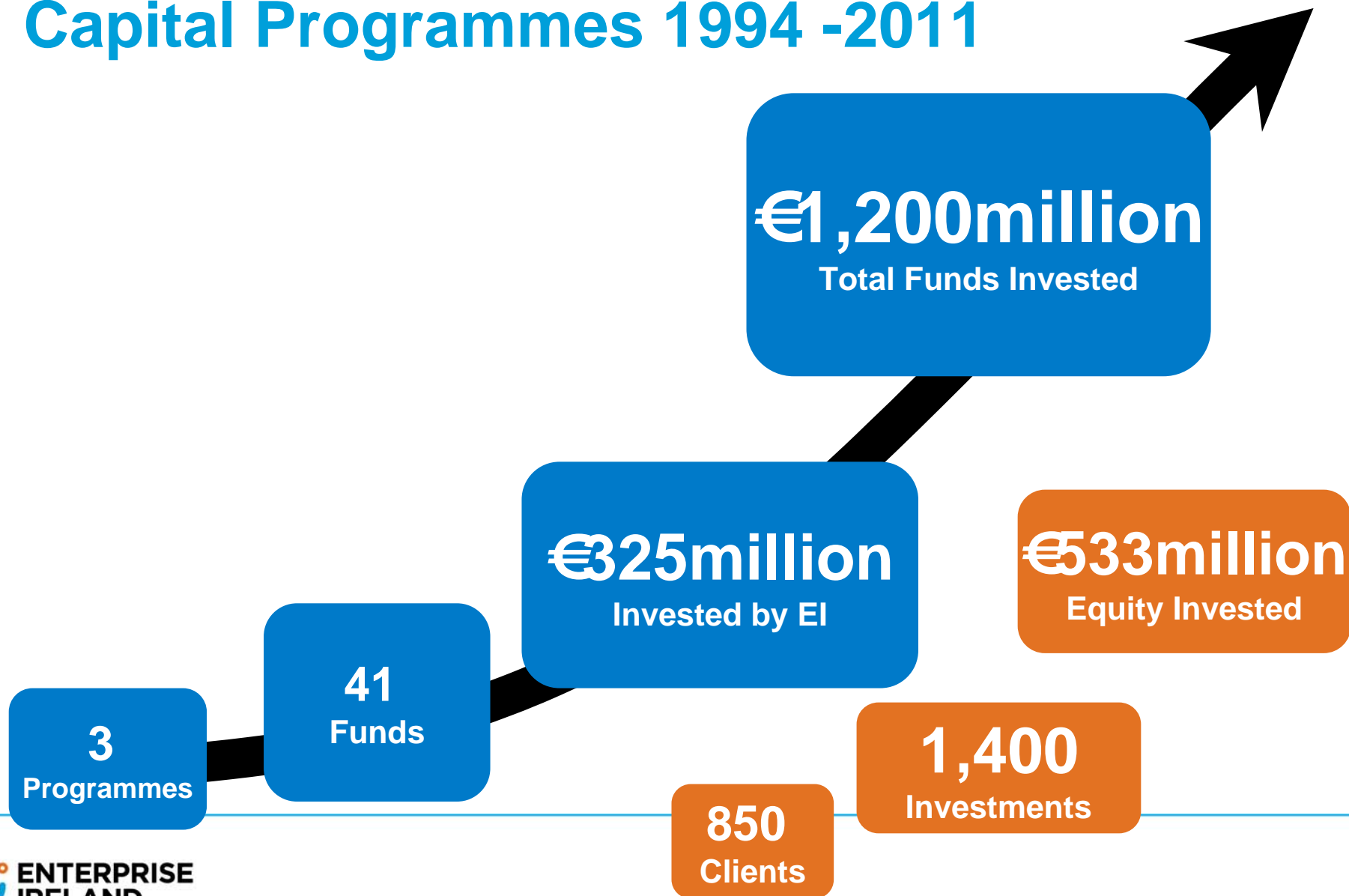


- Part of Action Plan for Jobs 2012
- Enterprise Ireland to commit a total €50m to two Funds/Fund managers
- Investments of €2-10m in companies seeking to develop and expand
- Different cohort of companies than are the traditional focus of the VCs
- Quasi Equity & Equity investments
- Cross Sectoral

Financing Enterprises



Enterprise Ireland Seed & Venture Capital Programmes 1994 -2011



SVC Programme 3 (2007-2012)

Objectives

Further development of the Irish VC Sector

- Provision of risk capital to SMEs in the seed, start-up and development stages
- Funding for sectors difficult to finance
- Development of internationally oriented Irish companies
- Developing commercially viable Funds
- To leverage Private Sector investment in VC Funds to create a €1bn pool
- Tier 1 & Tier 2 Funds and minimum sizes

SVC Programme 3 (2007-2012) - Seed Funds

| Name | Size | Manager | Start-up Date |
|--|--------------|--------------------------|---------------|
| AIB Seed Funds 1 & 2 | €53m | Enterprise Equity / DBIC | Apr 07/Nov 09 |
| BOI Seed Fund (incl. €10m Medtech Seed Fund) | €32m | Kernel Capital | Nov 09/Dec 10 |
| BOI Start-up & Emerging Sectors Fund | €17m | Delta Partners | Dec 10 |
| AIB Start-up Accelerator Fund | €22m | ACT Venture Capital | Mar 11 |
| Total | €124m | | |



SVC Programme 3 (2007-2012) - Venture Funds

| VC Funds | Size | Start-up Date |
|--------------------|--------------|---------------|
| Atlantic Bridge 1 | €67m | Nov 06 |
| Atlantic Bridge 2 | €75m | Oct 10 |
| BOI Kernel 2 | €51m | July 07 |
| Delta Fund 3 | €105m | July 07 |
| Fountain Fund 1 | €73m | Mar 08 |
| Seroba/Kernel | €75m | Jan 09 |
| Ulster Bank/Diageo | €75m | Oct 08 |
| Total | €521m | |



ATLANTIC BRIDGE



DELTA PARTNERS

Seroba Kernel.
Life Sciences

FOUNTAIN
Healthcare Partners

NCB

Growth Capital Department

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Growth Capital Department - Goal

“To maximise the access of EI clients to growth capital so that they are able to sustain and accelerate their growth”

Growth Capital Team Objectives/Roles

- Manage Seed & Venture Capital Programme
 - SVC III (2007-2012)
 - €175m approved
 - €153 committed/7 VC Funds/4 Seed
- Stimulate International Investment
- Business Angels – HALO
- Private Investor List
- Policy Inputs
 - BES & Taxation for Finance

Business Angel/Private Investor Networks

- Business Angel Networks/Syndicates



- HALO Business Angel Network

- matches pre-screened investment opportunities with Business Angels
- Total investment of €6m in 29 companies in 2011

Growth Capital Services

- Private Investor List
 - Growth Capital Department also facilitates investor/investee matching
 - Total investment of €3.9m in 4 companies in 2011
- Investor Pitch Training
 - Investment focused Mentors
 - Selling Company vs Selling the Product
 - **10:15:15**

International Investor Forum



- An annual Enterprise Ireland event in London that has run for 4 years
- November 2011, 25 clients 'pitched' for investment and over 90 investors were in attendance
- The objective of the event is to
 - present specific investment opportunities
 - Showcase of Irish talent to International community
- Pitch training is provided to the companies in advance of the event
- **Currently Recruiting for 2012**

Growth Capital

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