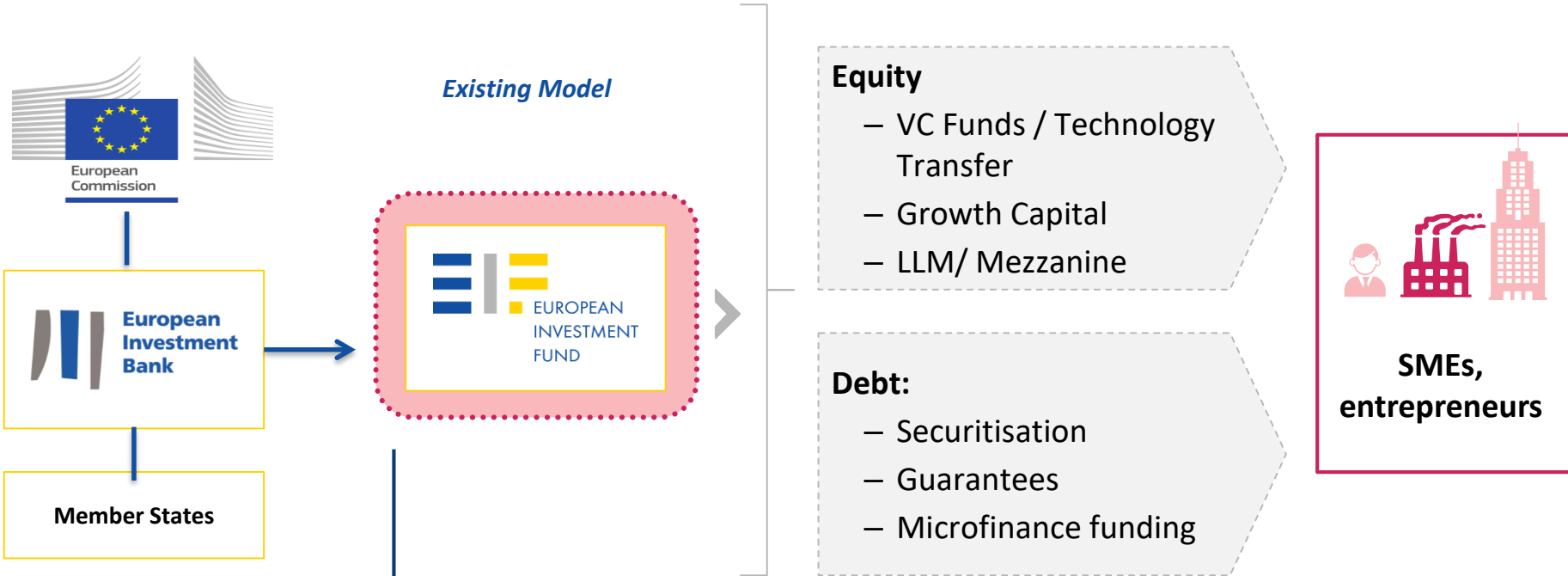
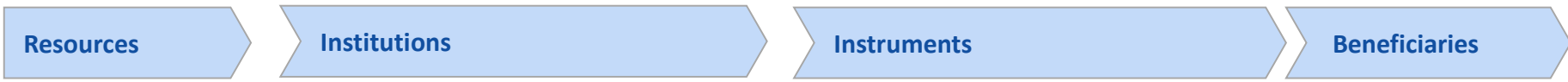




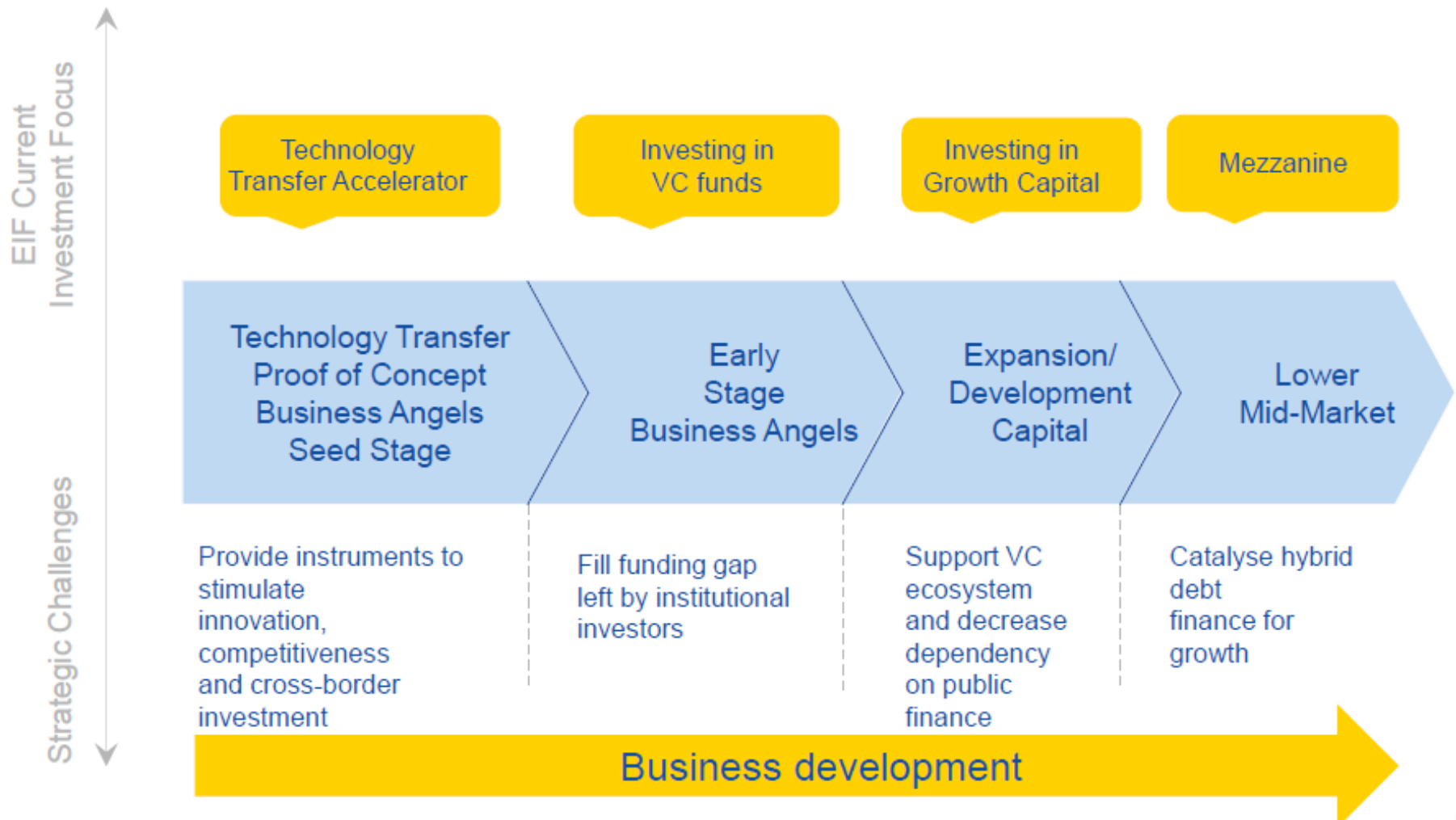
European Investment Fund: Venture Capital Financing in Bulgaria

21st June 2017

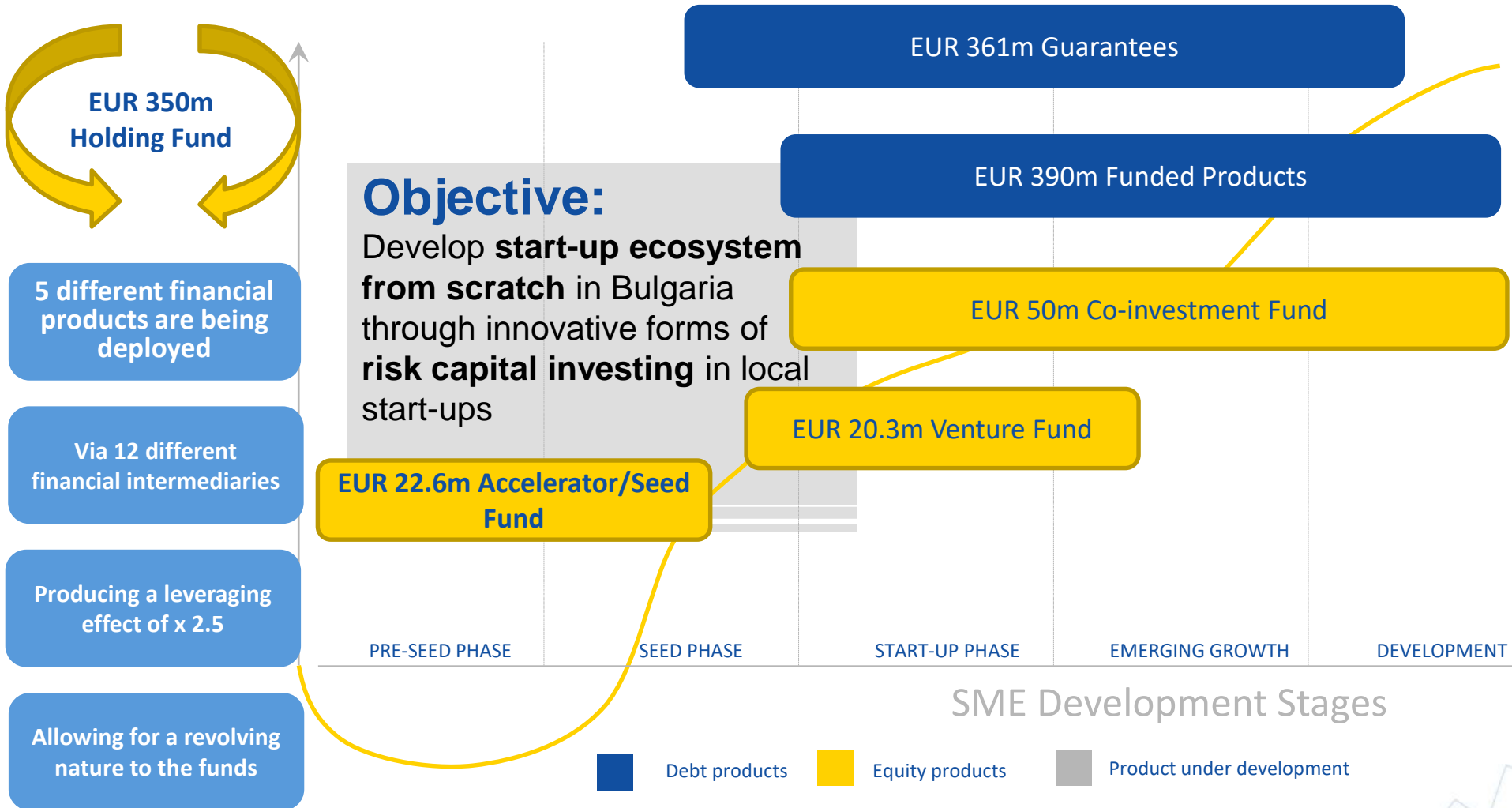
EIF with crucial role in supporting SMEs across Europe



Equity: Involved throughout the business cycle



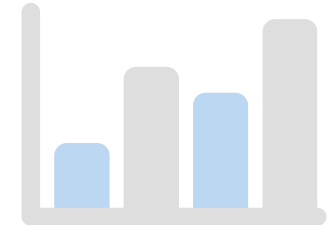
JEREMIE Bulgaria: A portfolio approach



Financing Start-ups in Bulgaria:



“ The key goal of developing **private equity instruments** was to kick-start the development of unique entrepreneurial ecosystem in Bulgaria ”



Start-up funds

No existence of private equity funds for start-up capital in Bulgaria prior to 2010

Business angels

The paradigm of angel investing was developing, but in embryonic stage

Structured mentorship

First-time entrepreneurs had limited access to **mentorship from industry captains**

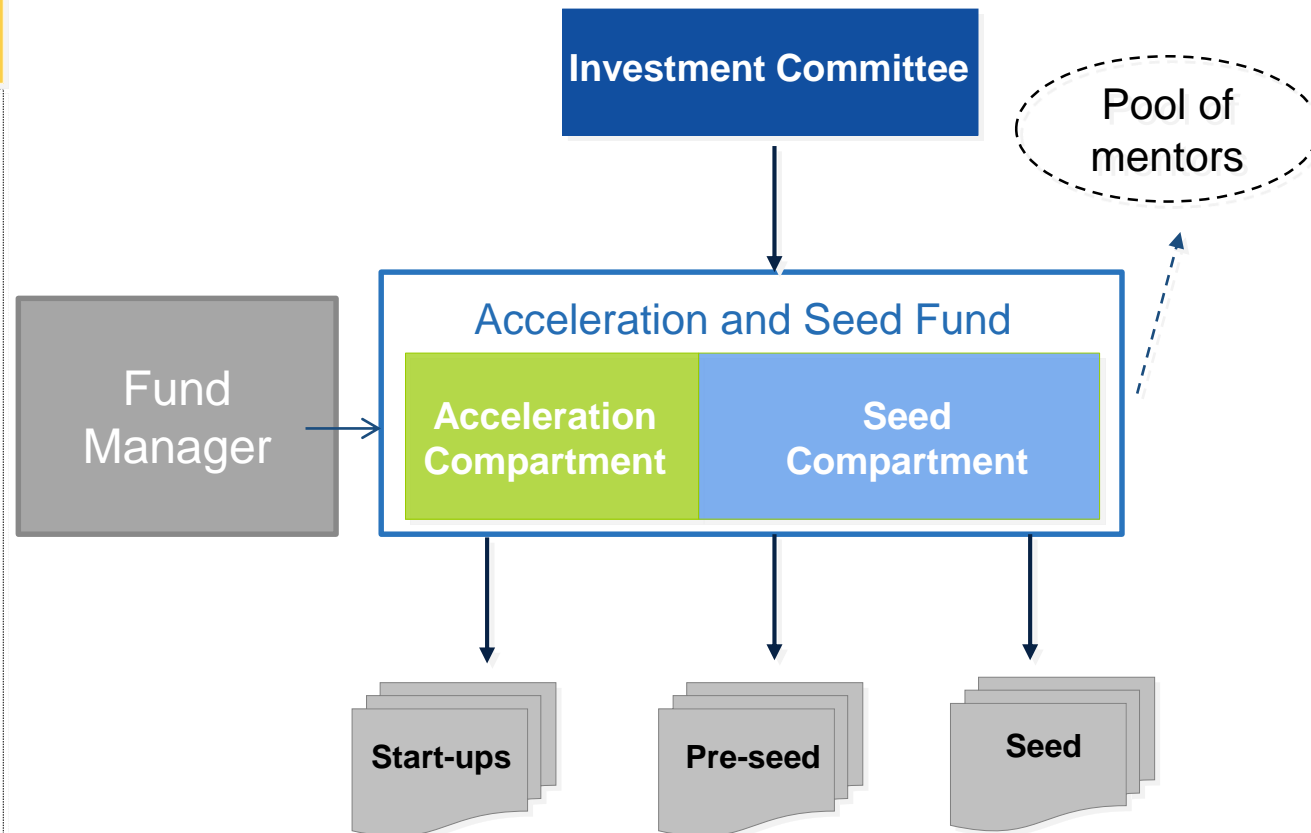
Limited VC capital

Only one ‘classic’ **Venture Capital fund** operating domestically

Acceleration & Seed Funds

Key Highlights

- A dedicated facility two-compartment structure: quasi-commercial accelerator and fully-commercial seed;
- Due to the very high risk no private support could be expected at the facility level;
- Investment limit capped at EUR 200k to allow private investor contribution in follow-on rounds
- Opened to entrepreneurs from the region to create competition and collaboration across the Balkans



Creating start-up ecosystem from scratch

- Two acceleration & seed funds and three growth capital VC funds were created in Bulgaria in 2012-2014 with a total budget of >EUR 90m. The developments are as follows:

The Numbers

- More than 5,000 applications for funding mainly from BG but also from the entire Balkans;
- Investments in 210 young Bulgarian companies, including 180 startups;
- 20-30% of start-ups are set-up by non-BG;
- Over EUR 20m invested as follow-on in successful companies by business angel, VC and other private investors;
- More than 50 entrepreneurial conferences and workshops were held in BG for three years

The Details

- The majority of start-ups are in the ICT, digital, engineering and med-tech sectors;
- More than 50 of the companies are already revenue-generating;
- Follow-on investors in the companies include Earlybird, TechStars, Y-combinator, Tim Draper;
- Regional VCs are now looking onto Bulgaria much more opportunistically;
- Sofia is declared an emerging global start-up destination by **Wall Street Journal**, **Forbes Magazine**, **New York Times**, **TechCrunch** and other global media

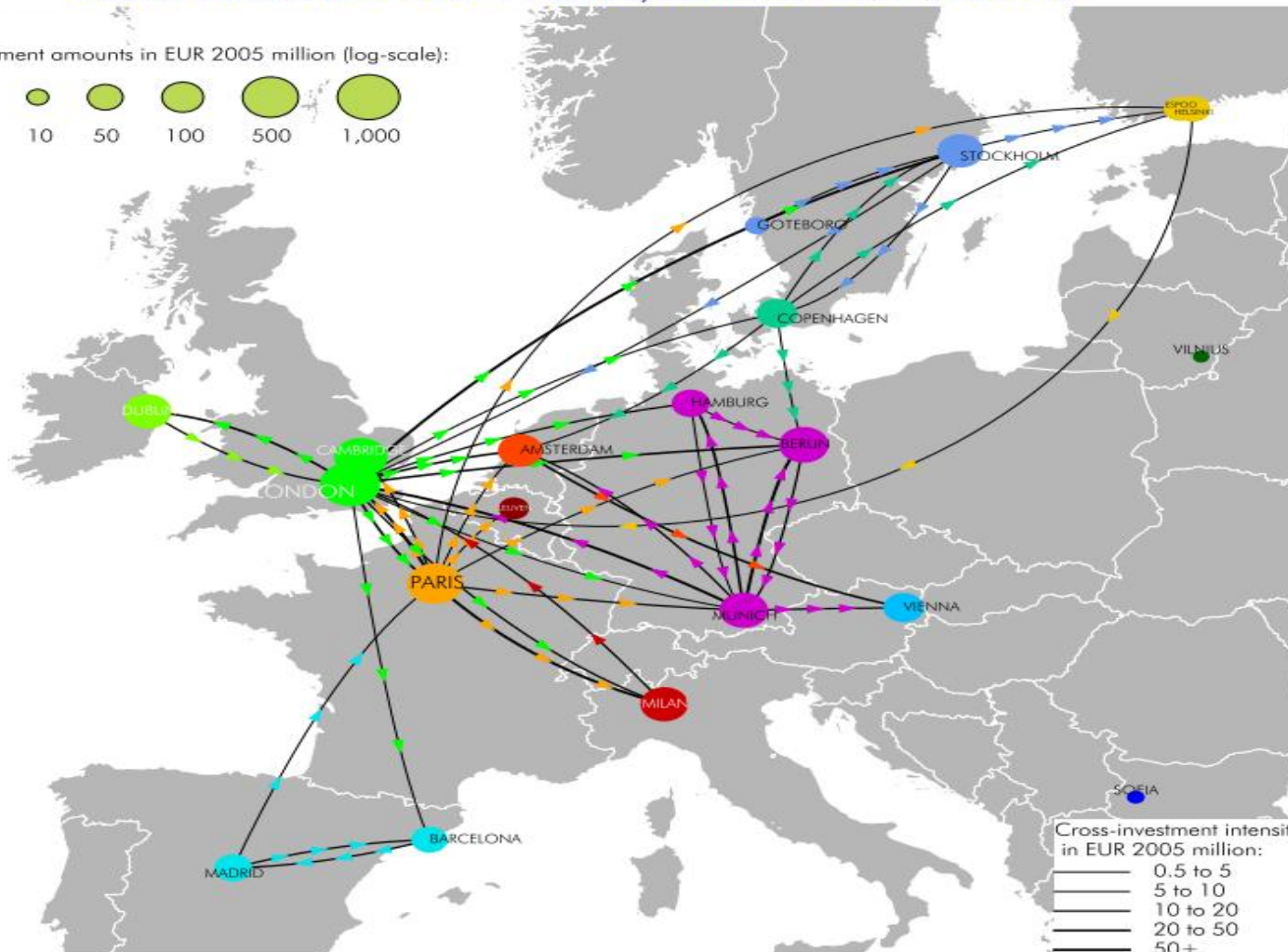
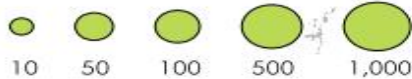


EIF – What's next in Bulgaria

European EIF- backed VC Investment heatmap

Cross-investments of EIF-backed VC hubs, cumulated values 1996-2014

Investment amounts in EUR 2005 million (log-scale):



What's next...

2016

- **JEREMIE completion:**
 - 100% utilization, 2.6x leverage;
 - Impact on ~10,000 SMEs;
 - Created the VC & PE market.
- **Reflows Investment Strategy development & approval**
- **Top-ups to equity funds:**
 - Mostly follow-on capacity;
 - Selective new investments;
 - Higher alignment with market.

Overall allocation: ~EUR 50mn



2017

- **Venture Capital Fund/s:**
 - Accelerator component;
 - Ability to invest outside BG;
 - EUR 40mn allocation;
 - Tender launch imminent.
- **R&D Fund/s:**
 - Targets the hardcore R&D businesses;
 - EUR 40mn allocation;
 - Tender launch Q1/2017.
- **Regional Equity Platform:**
 - Blending of funds BG,RO&EIF;
 - Investment in VC/Growth funds.

Overall allocation: ~EUR 110mn

EIF coverage in Bulgaria

