



SERVING THE FUTURE

The scale-up challenge

Tech Innovation Platform - Supply of capital policies and initiatives

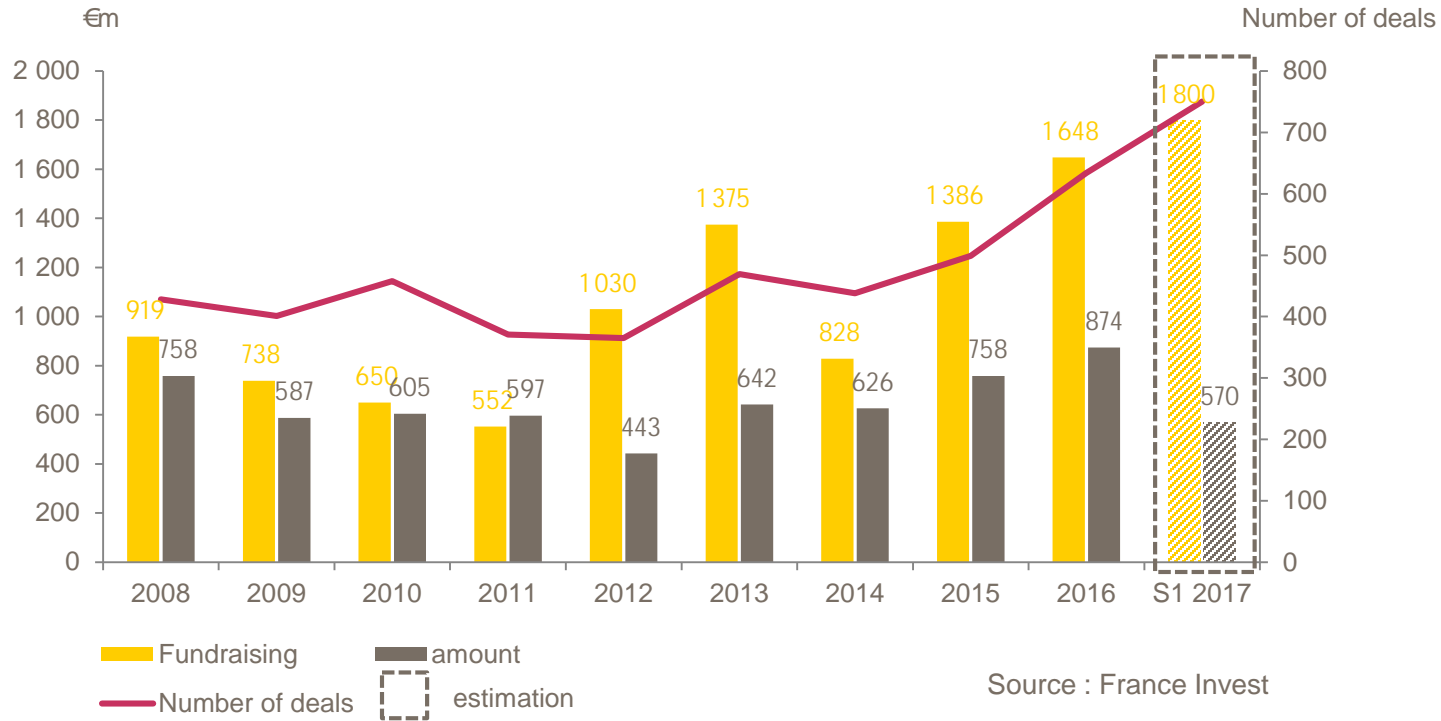
01.

French venture capital market overview

- a. 2017: a historical level for the French VC market
- b. Growth capital is critical to address scale-up challenges

1.a 2017: a historical level for the french VC market

Funds raised and invested in the **French venture capital market** (€m - #nb)



- Following the global crisis of 2008-2009, funds raised by VC firms declined by 40 % between 2008 and 2011, amount invested in French companies decreased by 20 % over the same period
- Since 2013, the French VC market has been dynamic and has shown a progression of 20 % per year

1.b Growth capital is critical to address scale-up challenges

- There are several hurdles to companies' scale-up in the French / European market:
 - ❑ Lack of growth capital funds ;
 - ❑ Adequate IPO market ;
 - ❑ European corporate firms' acquisition culture ;
 - ❑ ...

- On the growth capital provision side, challenge is :
 - ❑ To help structure and consolidate pan-European growth capital funds to provide for multiple rounds of funding for high growth companies ;
 - ❑ To help GPs achieve significant fundraisings, triggering:
 - ❑ Increased intervention capacities to meet the needs of fast growing companies, and;
 - ❑ Support the development of their investee companies thanks to beefed-up investment teams

- The above should derive in supporting companies' further development in Europe

02.

Bpifrance's action

- a. Since 2013, Bpifrance has been expanding its scope of action to address scale-up challenges
- b. Main results and key achievements

2.a Since 2013, Bpifrance has been expanding its scope of action to address scale-up challenges

- Below is a sample of Bpifrance's programs set up, or about to be so, addressing scale-up challenges

Program	Setting-up	Target	Instrument	Capacity (€M)	Ticket size
Large venture Fund	2013	<ul style="list-style-type: none"> Late stage companies High potential technological companies with high level of capital needs Sector targeted : Health, biotechnologies, digital and cleantech 	Private Equity (as listed equities)	1 000	In excess of €10m per companies
Funds of funds	2013	<ul style="list-style-type: none"> Investment in large VC & growth capital funds Funds targeted : Biotech, robotics, IoT, Medtech, cleantech 	Funds of funds		
EIF Innovation loans (EIF backing)	2014	<ul style="list-style-type: none"> Intangible assets necessary to pre-industrial and commercial developemnt of innovative products 	Non collateralized loans	1 400	Between 50 K€ and 3M€
Agreement Bpifrance & Kfw	To be launched in 2018	<ul style="list-style-type: none"> Co-investment in French German VC funds Emergence of pan-european funds Sector targeted : Health, biotechnologies, digital 	Funds of funds	Up to Bn1€ mobilized together with private partners	In excess of €10m

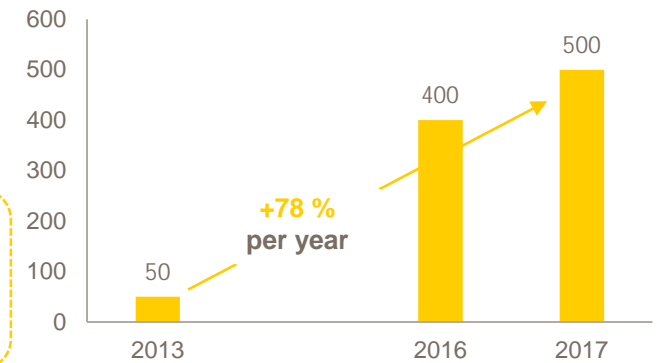
2.b Main results and key achievements

Large venture fund

- ✓ Between 2013 and 2016, Large venture invested €m400 into 30 high potential companies
- ✓ In 2017 Large Venture invested €122m into 20 companies including 5 new deals

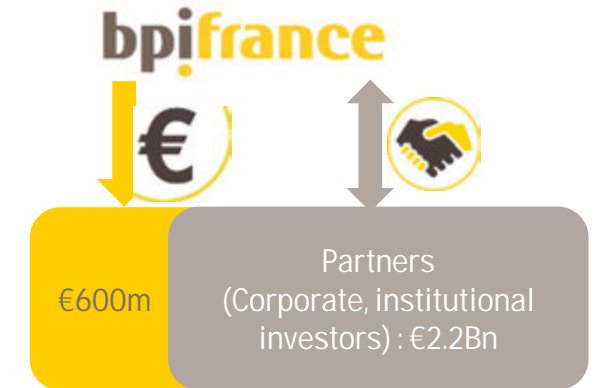


Large Venture investment since 2013 (€m)



Funds of funds' activity

- ✓ Since 2013, Bpifrance has invested €600m in 13 growth capital funds.
- ✓ 11 new growth funds has been created since 2013
- ✓ Implication of non-financial partners e.g Corporate which represent 10 % of our co-LPs in VC funds
- ✓ Global amount raised by theses funds reach more than €2.8Bn

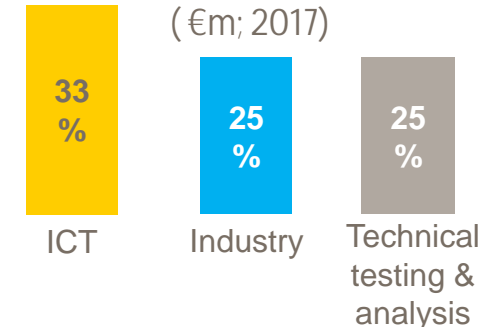


EIF Innovation loans (EIF backing)

- ✓ Bpifrance has granted €1.2bn of EIF backed innovation loans since 2013
- ✓ In 2017, the volume of innovation loan has shown a sharp increase of 20 %



Innovation loans' portfolio split (€m; 2017)



03.

Going further on the
scale-up challenge

- a. Go further on the scale-up challenge :
Feedback & lessons

- b. Going further on the scale-up challenge : what
needs to be done

3.a Go further on the **scale-up challenge** : Feedback & lessons

- Public policies tend to focus primarily on early stage
 - ✓ This is absolutely justified at the beginning, but action should be rolled-over to later stages

- In addition to growth funding, proper ecosystem should be put in place
 - ✓ Stock market is the perfect example
 - ✓ For high growth companies, IPO might be the next expansion leverage after the growth capital stage.
 - ✓ One would retain that Europe (including the UK) has seen 348 IPOs in 2017, for a total amount of €44Bn*, and that there is a strong momentum in 2018 (cross-boarder IPO activity, low volatility levels,...), but tech companies' IPOs remain an exception...
 - ✓ There is little liquidity for Tech equities in Europe
 - ✓ Listing processes for tech companies should be improved (vs. NASDAQ for instance) and proper analysts' coverage should be insured

3.b Go further on the **scale-up challenge** : what needs to be done

➤ Channeling more capital towards French Tech funds

- ✓ Marketing the depth and breadth of this asset class is key : some major international players have shown an increasing interest in Tech (e.g. sovereign funds)
- ✓ Reassign a part of the household saving towards French tech funds should also be considered

➤ Because in Europe Tech should not be considered at local level, create more pan-European funds...

- ✓ Things are changing in the French PE industry : within the following two years, 45 % of French PE companies will open offices abroad (instead of 22 % in 2017) and 41 % of them will have partnerships with foreign GPs (instead of 8 % as of today)*

➤ Venture loans

- ✓ To complement the action being taken on the equity side, one should not neglect a venture loan offer
- ✓ For instance, the success of the venture loan program of the Silicon Valley Bank should be taken into account