



**European  
Investment  
Bank**

*The EU bank*

A circle of twelve blue stars, similar to the European Union flag, positioned around the text "The EU bank".

**EIB supporting the EU space sector**

NEREUS General Assembly | May 05, 2021

Maria Lundqvist, Innovation Finance Advisory, EIB

# EIB IN THE SPACE ECONOMY



1. Introduction
2. A new approach to space > *new space*
3. Innovation Finance Advisory – our role in the EU space sector
4. EIB financing of space companies
5. Financing space: options for SMEs and midcaps in Europe
6. Q&A

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# The EIB: The bank of the European Union

*Improving quality of life in Europe and beyond*



- ▶ The world's largest multilateral lender
- ▶ The EIB Group: EIB + EIF
- ▶ Established in 1958; since then EUR 1.5 trillion invested



- ▶ Financing in 2020: EUR 66 bn + EUR 13 bn
- ▶ Leading provider of climate finance
- ▶ Green investments: € 26 billion in 2020



- ▶ Governed by the EU Member States
- ▶ Around 3,500 staff; HQ in Luxembourg



- ▶ Priority areas: Innovation, Environment, Infrastructure, SMEs
- ▶ Space activities > Innovation



# EIB products catalyse investment



- Each transaction is tailored to the needs of the project



- Our products are generally classified into loans, guarantees, equity investments, and advisory services



- The products can be combined or blended with other sources of public financing

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# (new) EU space policy



- ▶ CASSINI initiative
- ▶ European Launcher alliance



- ▶ The new EU space programme
- ▶ Action Plan on Synergies between civil, defence and space industries



- ▶ “New space”



- ▶ Space as a *strategic* sector

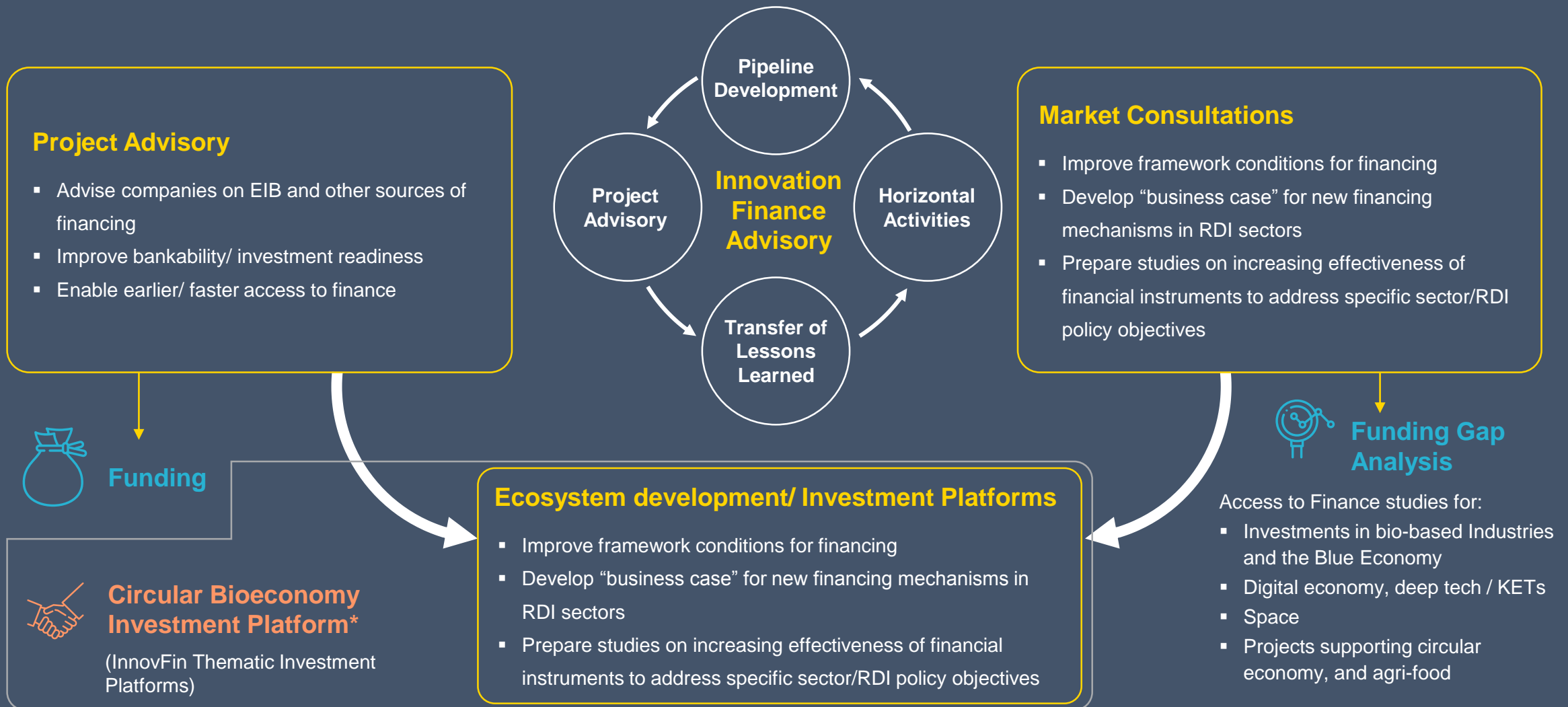


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# INNOVATION FINANCE ADVISORY – What we do: project advisory, market consultations and ecosystem development



# Key Findings from EIB/IFA Space Study on Access to Finance

## DEMAND FOR FINANCING



High capital intensity



Long development lead-times



High technology risk



High market risk



Complex ecosystems

Significant demand for capital hampered by challenging investment characteristics



## SUPPLY FOR FINANCING



Insufficient risk appetite and limited investor patience



Fragmented supply of capital



Lack of complementarity across sources of capital



Public instruments too prescriptive



Information asymmetries

Multiple factors limiting or preventing full exploitation of financing supply



# How to support the European Space industry?

## *Recommendations from the EIB/IFA Space study*

### SUPPORT FOR THE ECOSYSTEM

- 1 Strengthen the ecosystem of public support mechanisms by introducing more flexibility and more commercial orientation

### INNOVATIVE PULL MECHANISMS FROM THE PUBLIC SECTOR

- 2 Develop and deploy innovative pull mechanisms from the public sector (e.g. innovative procurement and industrial policies) to stimulate technology development and its commercial uptake
- 3 Adopt a strengthened European defence policy as a driver for market development across all space business segments

### ACCESS TO FINANCE

- 4 Increase the volume of risk capital and catalyse additional private investment into the sector

### ADVISORY AND SOFT MEASURES

- 5 Establish a “Space Finance Lab” with representatives from the finance community, academia, policymakers and industry to bridge the information gap and develop innovative financing solutions for the space sector



#### OBJECTIVE

- A discussion forum aiming to shape new financing instruments and policies.
- It provides opportunities to showcase the **latest thinking and developments in the financing of space** ventures, to raise awareness of existing funding programs and identify projects that could benefit from them.

#### ATTENDEES

- SFL convenes relevant stakeholders from the **space community**, including representatives of the **industry, finance, academia, policymaking and regulatory bodies**.

#### TOPICS

- Equity and debt for space companies, insurance solutions, supply-chain finance, project and structured finance, legal and regulatory matters, etc.

#### UPCOMING

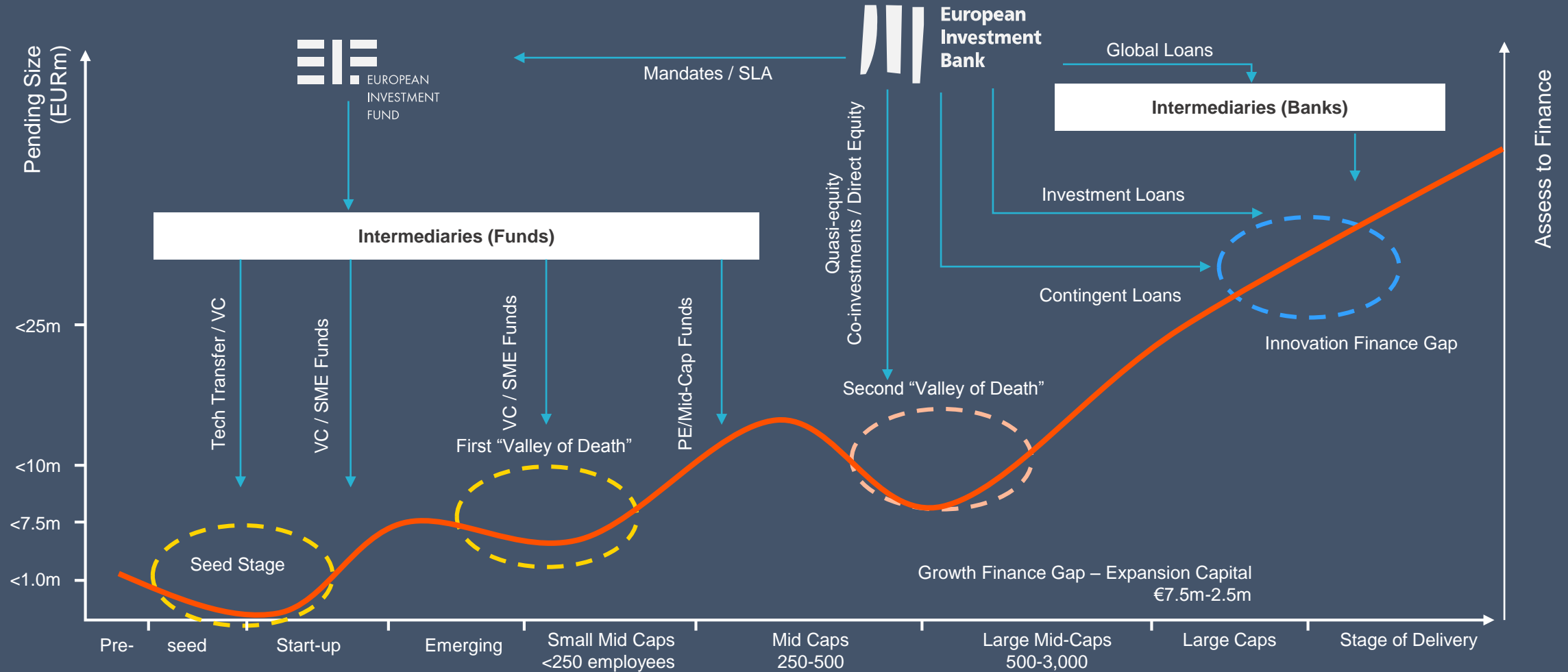
- 4<sup>th</sup> edition of SFL > devoted to the EU Launcher sector
- End May/beginning June

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# EIB Group Products – covering the entire cycle of a company's development





# Project example: Spire Global – Advisory + Financial support

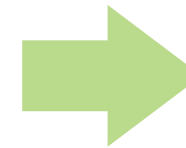
*Spire Global: small satellite constellation for Earth Observation services*



- Private company which designs, builds and manages a constellation of nano satellites
- Maritime, aviation and weather forecasting businesses
- One of the largest constellations - 76 satellites operating in low Earth orbit and 30 ground stations
- Data analytics and processing capabilities
- Nice story of European innovation: company and management moved to Luxembourg from the US
- [Spire goes public via SPAC](#) [March 2021]

## InnovFin Advisory support

- Sourced the project from advisory assignment with the Luxembourg Ministry of economy / space agency
- Review and analytics of business plan, financial and business model
- Early identification of critical risk factors and eligibility concerns
- Advised the company of most efficient way forward, considering the immediate financing needs of Spire
- Accelerated assessment of the technical merit of the project
- Continued engagement with lending and technical teams to address risk, structuring and eligibility concerns



EIB financing –  
venture debt  
**EUR 20m**



### Luxembourg: EIB Announces First Direct financing for a start-up in the European “New Space” sector - €20 million venture loan for Spire Global

3 DECEMBER 2020



©SPIRE

- The financing supports Spire Global's nanosatellite development and launches, space infrastructure, data analytics, and high-skilled job creation in Luxembourg and the EU.
- This represents the First-ever direct EIB financing for the emerging European “New Space” industry

Today at Web Summit 2020, the European Investment Bank (EIB), the long-term lending institution of the European Union and [Spire Global](#), a company with the world's largest multi-purpose constellation of satellites announced a [venture debt](#) financing agreement of up to €20 million. The financing will back capital expenditure and research and development activities to further develop Spire's constellation of small satellites and high-quality aviation and weather space data and analytics. It will also back the development of new applications for customers and create high-skilled jobs in Luxembourg. The

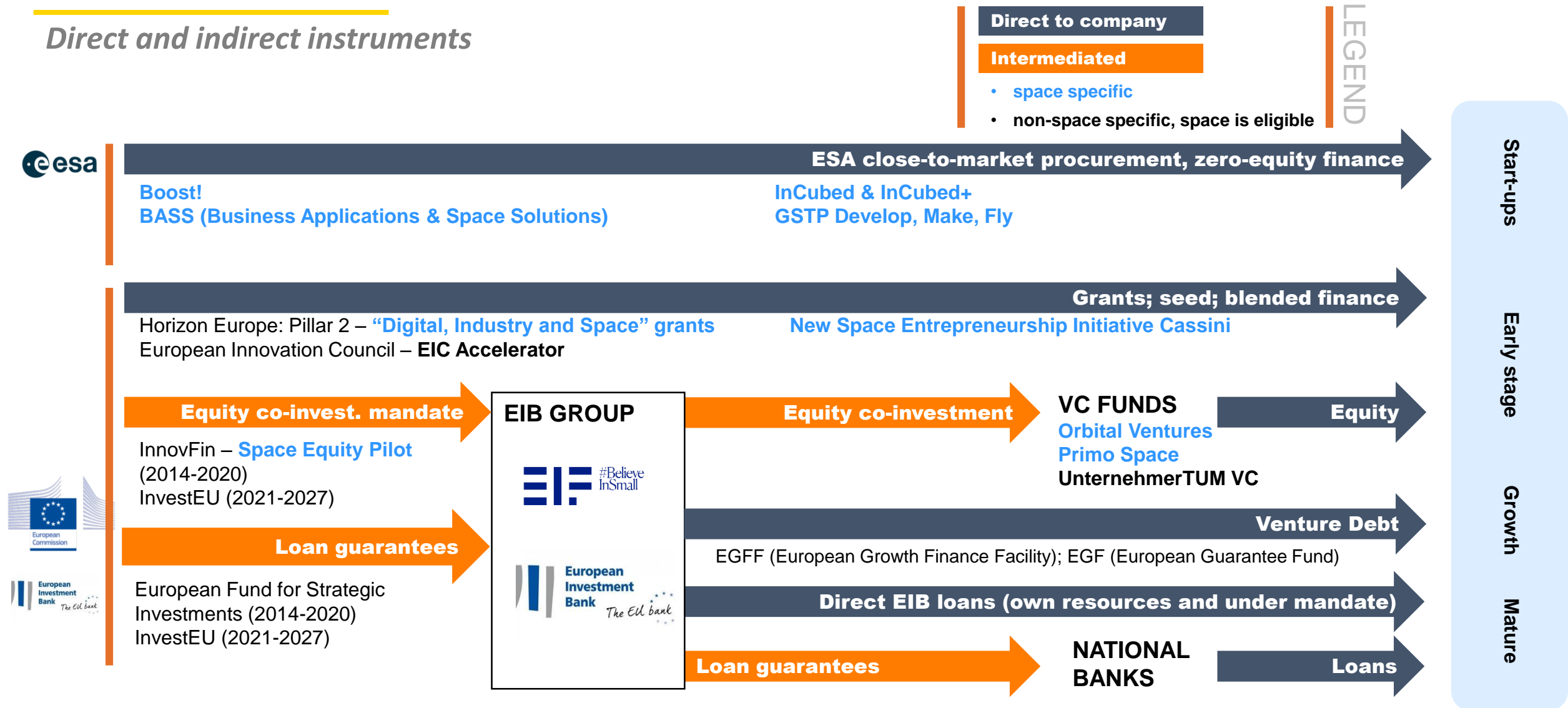
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# Financing space: options for SMEs and midcaps in Europe

## Direct and indirect instruments



\*EC instruments & synergies are pending MFF 2021-2027 negotiations



# Financing space: options for SMEs and midcaps in Europe

Company Stage	Type of finance	Other support	Instrument	Provider	Direct YES/NO	Space-specific?	Conditions	More info/apply
<ul style="list-style-type: none"> <li>Start-ups</li> <li>Early stage</li> </ul>	Close-to-market procurement (co-funding)	<ul style="list-style-type: none"> <li>Incubation</li> <li>Tech transfer</li> <li>BIC</li> </ul>	<ul style="list-style-type: none"> <li>Boost!</li> <li>BASS</li> <li>InCubed+</li> <li>GSTP Develop, Make, Fly</li> <li>Navisp</li> </ul>	ESA	YES	YES	<ul style="list-style-type: none"> <li>Co-funding%</li> <li>Viable business plan</li> <li>SMEs from participating countries</li> </ul>	All calls on <a href="https://emits.sso.esa.int">emits.sso.esa.int</a> ; <a href="#">Boost!</a> <a href="#">BASS</a> <a href="#">GSTP</a> <a href="#">Navisp</a>
<ul style="list-style-type: none"> <li>Start-ups</li> <li>Early stage</li> <li>Mature</li> </ul>	Grants		Horizon Europe: “Digital, Industry and Space”	EC	YES	PARTLY		
<ul style="list-style-type: none"> <li>Start-ups</li> <li>Early stage</li> </ul>	Grants, blended finance, equity		European Innovation Council: EIC Accelerator	EC	YES	NO	<ul style="list-style-type: none"> <li>SMEs from participating countries</li> <li>Non-bankable</li> <li>High-potential, market creating</li> <li>TRL 6 and above</li> </ul>	<a href="#">EIC Accelerator</a>
<ul style="list-style-type: none"> <li>Start-ups</li> <li>Early stage</li> <li>Growth</li> </ul>	Equity		Various instruments InnovFin Equity Space pilot	EC > EIF > VCs	NO	NO		<a href="#">Orbital Ventures</a> <a href="#">UnternehmerTUM VC</a> <a href="#">Primo Space</a>
<ul style="list-style-type: none"> <li>Scale-ups</li> <li>Growth</li> </ul>	Venture debt		European Guarantee Fund (EGF); European Growth Finance Facility (EGFF)	EC > EIB	YES	NO	<ul style="list-style-type: none"> <li>SMEs (&amp; mid-caps) in participating Member States / EU-27;</li> <li>Innovation driven</li> <li>Proven technology</li> <li>Investment plan ~ 3-4y</li> <li>Ticket size: EURm 3-35 / 7.5-50</li> <li>EIB co-financing: 50%*</li> </ul>	<a href="#">EIB Venture debt</a> <a href="#">EGF</a> <a href="#">EIB Advisory Services</a> <a href="#">Innovation Finance Advisory</a>
<ul style="list-style-type: none"> <li>Mature</li> <li>SME and mid-caps</li> </ul>	Debt	<ul style="list-style-type: none"> <li>Advisory via the InvestEU Advisory Hub</li> </ul>	InvestEU; EIB own instruments	EC > EIB; EIB	YES	NO	<ul style="list-style-type: none"> <li>Bankable</li> <li>Ticket size: min EUR 25m</li> <li>Investment plan: 3-4 years</li> <li>EIB co-financing: 50%</li> </ul>	<a href="#">EIB mandates</a> <a href="#">EIB loans for the private sector</a> <a href="#">EIB support to SMEs and midcaps</a> <i>InvestEU available as of summer 2021</i>
<ul style="list-style-type: none"> <li>Mature</li> <li>SME and mid-caps</li> </ul>	Debt		InvestEU; EGF; EIB own instruments	EIB > NPBs; commercial banks; other financial intermediaries	NO	NO	<ul style="list-style-type: none"> <li>Bankable</li> <li>Depending on requirements from the financial intermediary</li> </ul>	<a href="#">EIB intermediated lending</a> <i>InvestEU available as of summer 2021</i>

# Investor pitch key take-away: Learning three languages

How do I want to finance my business activities?

First, figure out:

1) How much money do I need?

2) Where do I plan to get it from?

Be aware:  
Fundraising is **not** a trial and error process

What "language" should I speak?

**Equity and equity-like**

TTs / VCs / BAs /  
Venture Debt

**UPSIDE**

**Debt**

Commercial  
banks

**DOWNSIDE**

**Grants**

Public institutions /  
philanthropies

**POLICY AND IMPACT**

**Impact financing / blended capital**  
where return and impact go hand-in-hand

Depending on above:  
Your **business narrative** needs  
to be adjusted accordingly

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