



Financing the Satellite Sector

*EIB's program for Research, Development
and Innovation*



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EIB Financing for Innovation

1. The European Investment Bank
2. The EIB's Finance Facilities and Programs
3. Hightech Case Studies



European Investment Bank

Long-term Finance Promoting European Objectives



1

EU's long-term lending bank since 1958

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Shareholders: 27 EU Member States

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Capital: EUR 164 bn; balance sheet total: EUR 300 bn

4

New loans & guarantees 2007: EUR 48 bn
Capitals markets 2007: EUR 55 bn funds

5

Objectives: convergence, SMEs, sustainable environment & energy; innovation, trans-European networks

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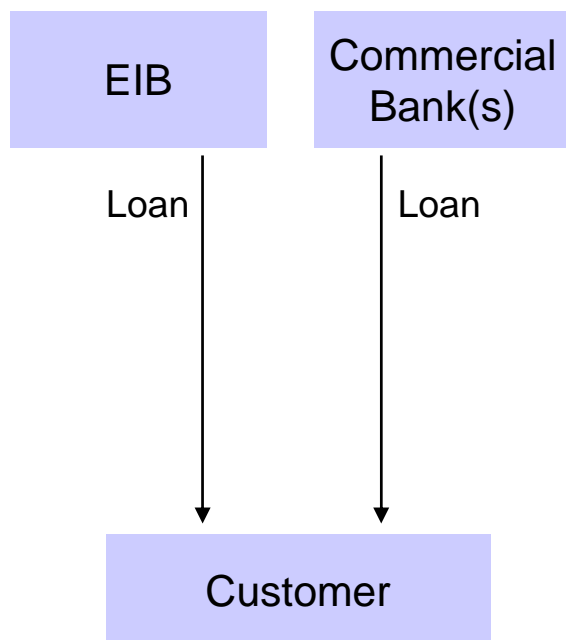
EIB Financing Solutions

Typical EIB financing modes



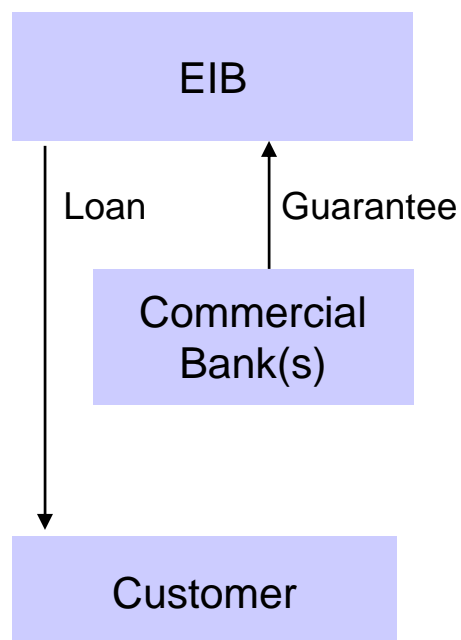
Direct Loan

EIB provides financing directly to the customer alongside other lenders as appropriate. Credit risk is shared on an equal basis with other bank(s).



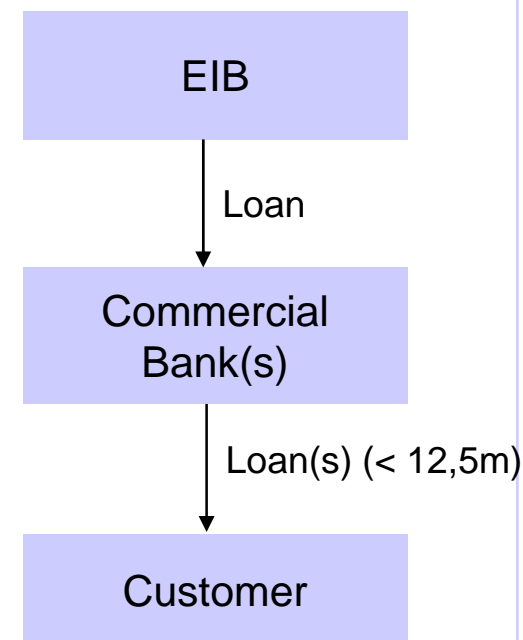
Bank Guaranteed Loan

EIB provides financing directly to the customer alongside other lenders as appropriate. Credit risk is born by the guarantor.



Bank Intermediated Loans

EIB lends to client's house bank(s) passing through its low funding cost. Credit risk is born by the com. bank.



e.g. Global Loan, Framework Loan

Risk Sharing Finance Facility

Scope



Eligibility

- Commission: R&D
- EIB: R&D + I

Beneficiaries

- Large Corporates, Mid-caps (turn around situations), SMEs, Universities and PPPs
- EU 27 and associated some countries

EIB Products

- Corporate loans, project finance
- Risk sharing bank facilities, funds that meet the RSFF credit profile

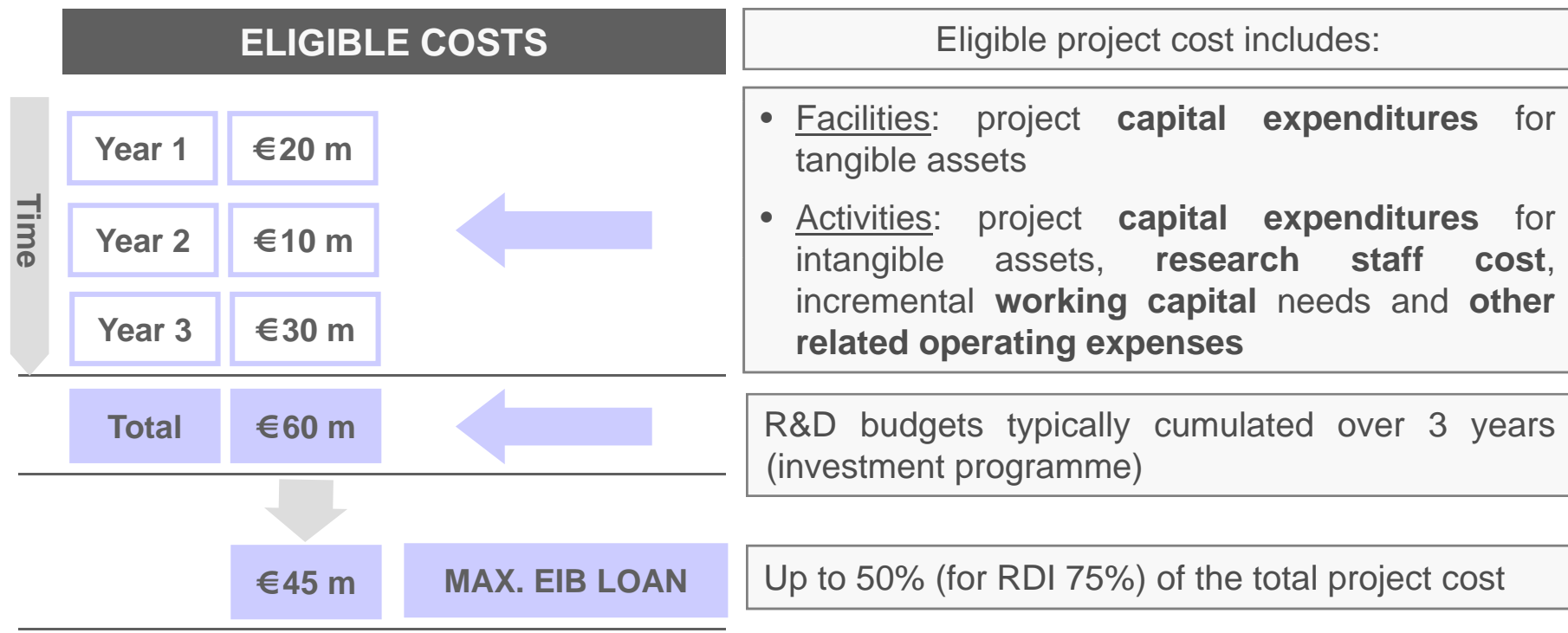
Size of Loans

- Reduced to min. EUR 7.5 m for direct loans/guarantees

EUR 10 bn in Financing Capacity

The EIB Project Approach

What can be financed? An example



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Case study: Hispasat Amazonas

Satellites

Hispasat Amazonas

Hispasat & Brazilian telco Telemar (Brasil)

Description: Hispasat Amazonas-1 geosynchronous satellite over Brazil. Multi-mission spacecraft operating in Ku band (covering partly Europe, N- and W-Africa and the Americas° and C band (covering Latin America). Ku-band reduces Direct-To-Home TV dishes in Latin America (from 1.7 m diameter to as small as 40-50 cm).

Cost included: Satellite, launch, insurance, ground control

Services: TV broadcasting, broadband interactive communications system, Telecom trunking.

Status: In full operation since end 2004 but propellant leak is expected to reduce its life to about 12-13 years

Cost: EUR 300 m

Loan: EUR 100 m

Loan Tenor: 10 years



Case study: Soyuz-Guyane

Satellite launch pad

Soyuz-Guyane

Arianespace SA (France)

Description: The project will enable the European Space Agency (ESA) and Arianespace to operate an improved version of the Russian Soyuz launcher from the European Space Agency's Guiana Space Centre (GSC) at Kourou, French Guiana. The main components are:

- Construction of new launch site in Guiana
- Soyuz rocket adoption to handle different environment in Guiana
- New improved version of Soyuz rocket

Status: First launch of a Russian Soyuz rocket planned for spring 2009.

Cost: EUR 370 m

Loan: EUR 120 m

Loan Tenor: 10 years



Case study: Research Development Innovation

Satellite and telecom suppliers, semiconductor manufacturer

RDI

Large corporate - SME

Description: The program should concern:

- basic research
- applied research, or
- pre-commercial prototyping.

Acceptable investments or expenditure would be:

- research staff cost
- expenditure for e.g. laboratories, measurement equipment, computers, ..

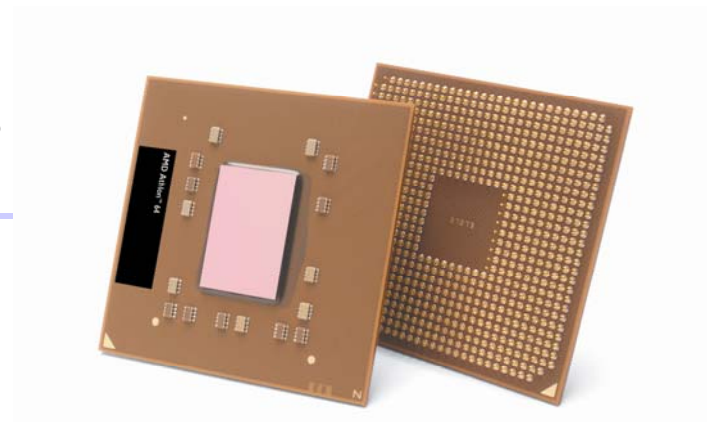
Examples:

- New chips series or chip manufacturing technology
- New Telecom equipment, network designs or services
- New software solutions

Cost:


Loan: up to 75 % of cost

Loan Tenor: 5 to 7 years



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Summary

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- **RDI and innovative infrastructures are key lending priority of EIB**
 - Attractive terms and conditions (AAA funding)
 - Up to a maximum loan amount equal to 50% (RDI even 75%) of investment costs – **military usage excluded**
 - Duration: depends on the economic lifetime and risk structure
 - Interest rates: fixed and variable possible
 - **The EIB credit risk has to be first class (investment grade) for traditional EIB financing products**
 - **New products allow for lending to less favourably rated companies (SFF / RSFF products)**

Project should:

... satisfy EIB lending priorities

... comply to current (EU) law

... be technically viable

... be financially self sustainable



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Thank You !



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RSFF implementation

Risk categories

Corporate Ratings	
Moody's	S&P and Fitch
...	...
A1	A+
A2	A
A3	A-
Baa1	BBB+
Baa2	BBB
Baa3	BBB-
Ba1	BB+
Ba2	BB
Ba3	BB-
B1	B+
...	...

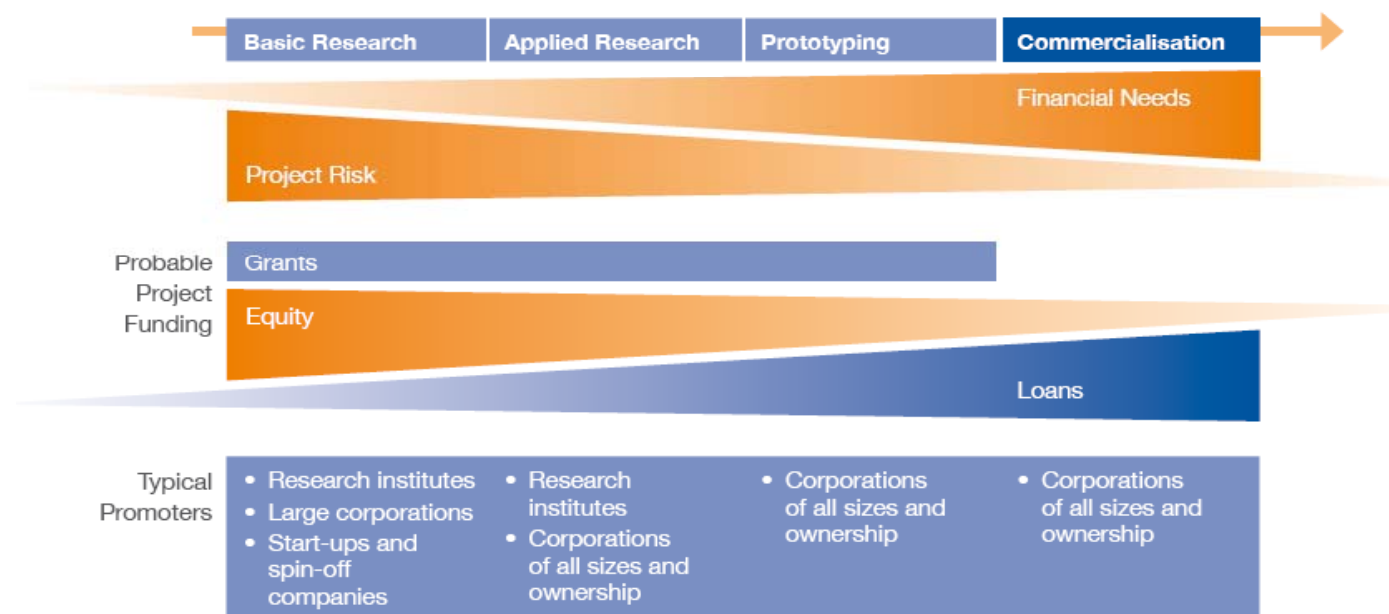
- RSFF is a debt based instrument not a grant
- Financing does not involve a subsidy element
- The facility does not concern risk capital such as venture capital



- RSFF concerns companies or projects mature enough to demonstrate capacity to repay and service debt on the basis of a credible business plan.
- An external rating is not required.

Financing RDI Projects

How can RDI projects be financed?



- As a project evolves, the **project risk** will generally decrease against an increase in **financial needs**.
- Consequently, loan financing is generally more appropriate as the project matures.
- Different generic stages of an RDI project usually involve different types of project promoters ranging from research institutes to corporations.

European Investment Bank

Who we are



The **European Investment Bank** is the European Union's long-term financing institution. The Bank **acts as an autonomous body** set up to finance capital investment furthering European integration by **promoting EU policies**.

- The EIB has been created by the Rome Treaty 1958
- The EIB is owned by the 27 EU member states
- The EIB is a policy driven institution
- The EIB has a subscribed capital EUR 163.7 bn
- The EIB collects its funds on the capital markets (2007: EUR 55 bn)
- The EIB signed loans amounting to EUR 48 bn in 2007



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- The EIB provides investment loans, which satisfy at least one of the below criteria:
 - Economic and social cohesion (Cohesion and Convergence)
 - Innovation-2010-Initiative (i2i)
 - Trans-European Networks (TENs)
 - Support of small and medium sized companies
 - Ecological sustainability
 - Sustainable, competitive and secure energy supply