

FIRST HALF OF 2019 ACTIVITY

Sustained strong momentum in credit activity, both in France and for export. The French Energy and Environmental Transition (TEE) is now a growth driver for the Group.

A very busy half year for the investment division, with a high turnover of portfolio holdings.

- Bank loan guarantee activity was brisk – in spite of a slight downturn - a total of €4.2 billion in guaranteed bank loans compared with €4.3 billion in the first half of 2018.
- Great momentum for the credit activity - with €8.75 billion of direct financing (excluding competitive and employment tax credit - CICE) fed into French companies in the first half of 2019, through the entire range of Bpifrance financing products
 - Medium- and long-term loans to companies were up sharply, supporting ongoing sustained corporate investment. Loans to facilitate the energy and environmental transition are experiencing strong growth. Strong momentum for loans to VSEs [Very Small Enterprises], which continue to enjoy rapid expansion
 - A significant increase in traditional short-term loans, in line with the cashflow financing needs of companies powered-up by increased activity
- High level of activity for investments and disposals in Venture Capital, reflecting the exceptional intensity of fund-raising by French Tech start-ups in the first half of 2019
- Very brisk portfolio turnover with high volumes of investments and disposals, all sizes of companies combined (Large Caps, Mid-Caps or SMEs)
- Excellent performance over the entire range of insurance, financing and export aid solutions, in particular with confirmation of the success of Business Development Insurance and the expansion of SME/Mid Cap beneficiaries
- Strong growth in the Coaching business, driven by the momentum of businesses accelerator programmes

Nicolas Dufourcq, CEO of Bpifrance, commented: *"The first half of 2019 confirms the robustness of French economic activity and the exceptional dynamism of our innovation ecosystem. More than ever, Bpifrance is fulfilling its role as a catalyst for the growth of French start-ups, SMEs and Mid Caps, by mobilising a record volume of financing to support them in their development projects, while maintaining strict financial discipline."*



Guarantee

**Total:
€4.2bn***

	H1 2018		H1 2019		Change (€)
	Amount (€bn)	No. of businesses	Amount (€bn)	No. of businesses	
Loans from French banks guaranteed by Bpifrance*	4.3	31,877	4.2	30,228	-3%

*a single business may benefit from more than one transaction

Credit (of which financing of innovation)

**Total:
€9bn**

	H1 2018		H1 2019		Change (€)
	Amount (€bn)	No. of businesses	Amount (€bn)	No. of businesses	
Medium and long-term loans	3.4	3,439	3.9	3,433	+14%
<i>of which unsecured loans</i>	1.16	1,966	1.11	1,927	-5%
<i>of which loans to VSEs (in €m)</i>	18	415	24	534	+33%
Short-term loans	4.7	11,800	4.7	8,500	=
<i>of which traditional advances</i>	4.0	6,900	4.4	7,000	+10%
<i>of which competitiveness and employment tax credit (CICE) advances</i>	0.7	4,900	0.3	1,500	-60%
Total loans to businesses	8.1		8.6		+5%
Innovation aid and loans	0.56	2,947	0.45	2,615	-20%
TOTAL	8.7		9.0		+4%

Investment

Total: €1.3bn in investments

Investments

Disposals

	H1 2018		H1 2019		Change (€)
	Amount (€m)	No. of funds/businesses	Amount (€m)	No. of funds/businesses	
Funds of funds - Subscriptions to partner funds	441	26	354	29	-20%
Investments in Venture Capital	176	56	170	48	-3%
Direct investments in SMEs	82	46	75	45	-8%
Investments Mid & Large Caps	169	18	665	26	+293%
Venture Capital disposals	30	8	149	12	+391%
SME disposals	55	42	71	46	+29%
Disposals Mid & Large Caps	181	14	954	21	+427%

Export

Total: €5.1bn

	H1 2018		H1 2019		Change (€)
	Amount (€m)	No. of businesses	Amount (€m)	No. of businesses	
Medium/long-term credit insurance	5,342	53	4,082	70	-24%
Business development insurance (excl. A3P)	91	691	167	711	+84%
Surety and pre- financing guarantees	259	172	295	214	+14%
Foreign exchange risk insurance	475	44	497	44	+5%
Export Credits	75	4	85	4	+13%

	H1 2018	H1 2019	
Accelerators			Change
New companies in accelerator programmes	123	241	+96%
Companies currently and previously in accelerator programmes	448	840	+88%
Accelerator Advisory Services	230	423	+84%
Training sessions	20	48	x 2.4
One-off support			Change
SME / Mid Cap advisory services excluding businesses in accelerator programmes	168	145	-13%
Innovation Advisory Services	346	440	+27%
International support actions	13	16	+23%
	155 businesses	177 businesses	+16%
e-learning sessions	28,393	35,779	+26%
Self-assessments	na	810	-

1- GUARANTEE: A SLIGHT DOWNTURN THAT MASKS A CONTRASTING REALITY DEPENDING ON THE PURPOSE OF THE GUARANTEED BANK LOANS

The Guarantee business, a key tool for supporting VSEs, particularly during the sensitive phases of business start-up and transfer, fell slightly, with a total of €4.2 billion for guaranteed loans agreed in H1 2019 (-3% compared with H1 2018). 30,000 businesses benefited from the Bpifrance Guarantee through their commercial banks.

This slight downturn masks contrasted trends, with on the flip side, a decrease in the Guarantee on investment loans, due to reduced recourse by banks to Bpifrance in this business segment. But on the positive side, the Bpifrance Guarantee is more in demand for bank loans for business start-ups, reflecting a high level of confidence among entrepreneurs and the banks' highly active role in financing business start-ups.



2- FINANCING: EXTREMELY BRISK BUSINESS WITH €8.75 BILLION IN FINANCING (EXCLUDING COMPETITIVENESS AND EMPLOYMENT TAX CREDIT - CICE) FED INTO FRENCH COMPANIES IN THE FIRST HALF OF 2019

With nearly €3.9 billion in medium- and long-term loans granted over the period, representing an increase of more than 14%, the first half of 2019 reflects the notably brisk activity of the Financing business line.

This performance is rooted in the investment financing business, which was particularly successful, with a commitment of €2.8 billion. This level of production is driven by the financing of the French Environmental and Energy Transition (TEE), which more than ever represents a Bpifrance strategic priority. €800 million of financing was committed in the first half of 2019 for Environmental and Energy Transition (TEE) projects - up 16% compared to H1 2018. Credit authorisations for Environmental and Energy Transition (TEE) projects amounted to €1.2 billion in the first half of 2019, up 50% compared to H1 2018.

The financing of Intangibles (Unsecured Loans), which totals more than €1.1 billion in commitments, is particularly robust in the industry, as evidenced by the vigour of the French Fab Loan. This funding for projects to increase industrial capacity for new product market placements or to set up new processes for the Industries of the Future doubled in volume compared to June 2018, with more than €170 million committed.

On the VSE side, the micro-business Growth Loans set up with the Regions, which facilitate access to credit for small businesses, continue to grow to €24 million (+35% compared to the first half of 2019).

Bpifrance also fed in €4.4 billion in advances (excluding competitiveness and employment tax credit - CICE) into companies' cashflow. This level of activity, which records a 10% increase compared to June 2018, reflects the increase in companies' financing needs, driven by their growth, particularly in the construction sector.

3- INNOVATION FINANCING AND AID: SLIGHT DOWNTURN IN THE FIRST HALF THAT SHOULD BE OFFSET IN THE SECOND HALF BY AN INCREASE IN THE NUMBER OF PROJECTS AND THE HIGH MOMENTUM FOR LOANS

The decline observed in innovation grants and aid can be explained by various factors: firstly, the reduction in the State's financial resources for Bpifrance (end of the Single Inter-Ministerial Fund announced in 2019, end of the PIAVE programme), and secondly, the increased selectivity of national programmes (whether competitions, collaborative or sector-specific programmes) with stringent requirements in terms of project design, governance, degree of innovation and industrial challenges. Nevertheless, the second half of the year will see an increase in the number of collaborative programmes, which should generally offset their decline in the first half of the year. Lending to innovative businesses should also benefit from brisker activity in the second half of the year.

Launched in early 2019, the Deeptech plan, which aims to double the number of Deeptech start-ups by 2023 by creating a financing and support continuum, is currently being deployed. More than 200 start-ups have already benefited from one-off financing, through several dedicated tools: French Tech Emergence Scholarships, Deeptech Development Aid, i-Lab and i-Nov Competitions, French Tech Seed Funds, etc.

4- PRIVATE EQUITY: A HALF YEAR OF INTENSE ACTIVITY, BOTH IN TERMS OF INVESTMENTS AND DISPOSALS, TESTAMENT TO BPIFRANCE'S DETERMINATION TO ACHIEVE DYNAMIC SECURITIES PORTFOLIO TURNOVER

Venture Capital:

The first half of 2019 confirmed the exceptional momentum of French Tech start-ups. Direct investment stabilised at a very high level, totalling €170 million in the first half, close to the amounts invested in H1 2018. This



exceptional level of activity is directly linked to the record amounts raised by French Tech start-ups during the first half of 2019, which amounted to nearly €3 billion.

Nearly €115 million has been invested by the **Large Venture** fund, through around ten transactions, with a good balance between new investments (€60 million) and reinvestments (€55 million). This dynamic confirms Bpifrance's determination to support start-ups undergoing exponential growth, in the context of significant fundraising initiatives - a fundamental trend in the market. Among the new investments made by the Large Venture fund in the first half of the year were Payfit, Vestiaire Collective, 360Learning and Ornikar. The main reinvestments were: Younited Credit, DBV Technologies and Doctolib.

The **Life Sciences and Ecotechnologies** division's business remained buoyant in the first half of 2019 with around fifteen transactions completed for €30 million (including €24 million in reinvestments). The main transactions were as follows: Cubyn and NH Theraguix for new investments and Braineever and Dynacure for the main reinvestments made.

The **Digital division** funds completed around ten transactions for €6 million, including two new investments (Mindee and Wattsense) and nearly ten reinvestments (including Balyo, Livestorm and Captain Contrat).

The **PSIM** fund, managed by Bpifrance on behalf of the French government as part of the Future Investment Programme, invested nearly €17 million through 5 transactions (including Ergosup, Dreem and Bioserenity).

Disposals in Venture Capital generated €149 million of revenue, five times the level achieved in 2018 at mid-year. They focused on the Large Venture fund (notably the sale of Kyriba), the Life Sciences and Ecotechnologies division (sale of Therachon and Adverum Biotechnologies).

SMEs, Mid and Large Caps:

Growth capital business recorded a level of investment almost three times higher than for 2018 mid-year. At the same time, with nearly 80 transactions completed since the beginning of 2019 for €1,174 million, there was also a high level of disposals, confirming the dynamic turnover of Bpifrance's portfolio in place for the past two years.

French Mid and Large Caps accounted for most of the direct investment business in Growth Capital in the first half of 2019, with 26 transactions for €665 million, including the acquisition of more than 5% of Valeo's share capital. Investments in equity and private/mezzanine debt in French mid caps grew sharply to €182 million, more than twice the level achieved in 2018 at mid-year, and focused on the following transactions: Sabena Technics, Bastide, Sagesse Retraite Santé, Hardis, Efeso, Addev, Redspher, Sphera and Passman for new investments and Eren Renewable Energy, GPS and INSEEC U for reinvestments made.

During the first half of 2019, the **SPI fund** (Société de Projets Industriels) also invested in Mycrophyt, a company specialising in the development, production and marketing of active ingredients derived from microalgae, in Forsee Power, the French expert in intelligent battery systems for urban mobility, and in Vallourec Umbilicals.

In terms of disposals, two major transactions were carried out: first, the total sale of Bpifrance's stake in Gemalto, carried out as part of the public takeover bid launched by Thalès at the end of 2017, and secondly, the partial sale of 6.7% of Eutelsat Communications' capital.

In the mid caps segment, the first half was marked in particular by the partial sale of Talend and the total sale of Moving's mezzanine debt.

The **international Private Equity** business, conducted in partnership with foreign sovereign wealth funds, also enjoyed high momentum in the first half of the year with three transactions totalling €64 million, the main one being the investment in Moving fitness centres for €56 million.



The momentum in terms of disposals was also strong with 3 total disposals, for total income of €106 million (Neovia, PlaYce and Lumière Holdings).

Direct investments in SMEs fell slightly in value to €75 million (-8%) after an exceptional year in 2018, but remain buoyant in volume with 45 transactions completed (compared to 46 in 2018 at mid-year). 27 new investments were made for nearly €66 million.

Of the total portfolio of equity holdings in SMEs, 62% represent first-time capital openings.

33 of the 45 transactions were carried out in the regions for a total amount of €63 million, including 22 new investments for nearly €58 million (including Camerus, Sofrilog, Tournus Equipement, ALPINA, Geosat, Académie des Neiges, CTP Environnement and Merling Roaster Group for the most significant new investments).

SMEs accounted for more than half of direct growth Capital disposals since the beginning of 2019 and posted record total sales revenue of €71 million (+29%).

The majority of total disposals were carried out in the regions with some 30 transactions for more than €60 million of revenue (including Aerolima, Aerospace Distribution Service, ARD, Explore, Financière Maconnaise, Groupe CET, Groupe Sereliance, MTC Maisons Individuelles, Socafna, SOFIMS).

Funds of Funds:

With activity moving in the right direction, this business line is consolidating its key role in the development of French investment funds.

With €354 million subscribed to in 29 funds, including €113 million on behalf of the Future Investment Programme (PIA), Fund of Funds business has maintained its high profile.

During the first half of 2019, the most significant subscriptions concerned Venture Capital (e.g. Sino-French Innovation Fund II, Future Positive Fund I, Digital Health 2, Sumeru Equity Partners Fund III). Subscriptions to seed funds have been sustained since the beginning of 2019 (e.g. Digital Health 2, Partech Entrepreneur Fund III, Brienne III, Sofinnova MD Start III, Breega Capital Venture III, Agrinnovation, Technocom III) with the ramp-up of the FNA 2 fund managed by Bpifrance on behalf of the public Programme d'investissement d'avenir.

Distributions received by funds of funds reached a historically high level of €232 million in mid-2019 (+€55 million in distributions received, or +31% compared to the first half of 2018).

5- EXPORT: A UNIFIED OFFER FOR A GROWING NUMBER OF SMES / MID CAPS

Bpifrance's range has continued to expand and now offers integrated insurance, financing and support solutions, responding to the challenges of globalisation faced by our customers of all sizes.

Export products were up overall compared to the first half of the previous year.

The amounts granted for **Business Development Insurance** are rising sharply due to the success of the new, simpler and more attractive version of the product, which immediately provides companies with the resources they need to deploy their marketing drives.

The beginning of the year also looks promising for **Foreign Exchange Risk Insurance**, with an offer extended to more than 40 currencies, and for the **Export Surety Insurance and Pre-financing Guarantee**, thanks to the buoyancy of the Bpifrance network and the customer-centred digitalisation initiatives resolutely prioritising MID CAPS/SME.

Only **Credit Insurance** posted a decline in the amounts granted, in the context of an expansion of its customer base, particularly with increased demand from SMEs.



The **Export Credit** activity posted an increase in the first half of 2019, with many new projects still to be completed by the end of the year.

6- COACHING: STRONG GROWTH IN THE FIRST HALF OF THE YEAR, DRIVEN BY THE MOMENTUM OF BUSINESSES IN ACCELERATORS

The business coaching activity continued its growth in the first half of the year with 1,008 advisory services assignments completed, an increase of +35% compared to the first half of 2018. Face-to-face training activity doubled in H1 2019, while online support was provided through more than 35,700 training sessions (+26%) and 810 self-assessments.

The increase was founded on satisfaction maintained at very high levels (97% of satisfied customers) in a context of strong business growth. The range of advisory services assignments has been enhanced with 5 new modules for small SMEs, a complete course on the Industry of the Future combining Strategy and Technology and a module entitled "Growing through the crisis".

The growth of companies in accelerator programmes was a real driving force for the support business, with the number of new accelerators almost doubling at mid-year compared to H1 2018: 241 new businesses in accelerator programmes at the end of June (compared to 123 in H1 2018), notably via the launch of 3 new regional accelerators and 5 sector-specific accelerators (Automotive, Plastics, Food Processing, Engineering, Energy Transition).

Since the launch of its first Accelerator programme in 2015, Bpifrance has supported 840 companies by deploying its made-to-measure specific programmes for SMEs/MID CAPS in 33 national, regional and sector-specific Accelerator promotions.

The first half of the year also saw Bpifrance deploy the French Fab Tour, a major roadshow in 60 French cities, to promote the industry, recruit talent and bring together ecosystem players contributing to its economic growth. In its summer version, a total of nearly 480,000 French people took part in the French Fab Tour in 18 major French seaside resorts, from the North to the South of France.

7- CREATION: A ROBUST ACTION PROGRAMME FOLLOWING THE INTEGRATION OF AGENCE FRANCE ENTREPRENEUR (AFE) AND AID FOR NETWORKS SUPPORTING BUSINESS CREATION

In a context of marked momentum of business creation in France (a new record set in 2018 with more than 600,000 new businesses created), since 1 January 2019 Bpifrance has been taking on new missions to support business creation, previously carried out by Caisse des Dépôts and Agence France Entrepreneur.

To support the success of these initiatives, Bpifrance assists the players involved in the business creation process in order to better:

- prepare and guide project owners (in particular via the Bpifrance-cr ation.fr website opened last February)
- finance the projects
- support business creators through a range of accelerators deployed throughout France

To conduct these actions, Bpifrance relies on networks supporting business creation and provides more than €50 million of financing to support and finance business creation.



Bpifrance is committed to promoting the vision of **Entrepreneurship for All** throughout the country by supporting the creation and development of businesses in vulnerable regions. A 40-date tour is being rolled-out to present the range of support and financing solutions, promote networks and meet entrepreneurs.

8- REGIONAL PARTNERSHIPS: AN ONGOING AND DYNAMIC PARTNERSHIP

Partnerships with the Regions and territories were buoyant in the first half of the year. In addition to the traditional support mechanisms in terms of guarantees, innovation, financing and aid set up with our regional partners to support local companies in the field, new initiatives were launched in the first half of the year.

For example, the Regions have mobilised alongside Bpifrance and its partners in the French Fab Tour and the deployment of the Volontariat Territorial en Entreprise (VTE) scheme. New accelerators, particularly targeted at small businesses, were launched with our regional partners in the Centre-Val de Loire region, Seine Saint-Denis, Nice and Marseilles. These schemes are complementary to the VSE Growth Loans financed by the Regions.

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About Bpifrance

Bpifrance is the French national investment bank: it finances businesses – at every stage of their development – through loans, guarantees, equity investments and export insurances. Bpifrance also provides extrafinancial services (training, consultancy.) to help entrepreneurs meet their challenges (innovation, export...).

For more information, please visit: www.bpifrance.fr

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