

Scottish Investment Bank - Overview

2015



Scottish Enterprise

- Scotland's main **economic development agency**
- Increase Scotland's **global competitiveness**
- Support for:
 - Growth **markets**
 - Growth **sectors**
 - Growth **companies**

Scotland and the Circular Economy

- Strong links between the Circular Economy and the aims of the Material Brokerage Service
- Huge opportunities to drive economic growth by transitioning to a Circular Economy
- Approach been developing over the last 2 years:
 - Team Scotland Approach
 - Circular Economy Consultation
 - A Circular Economy Strategy for Scotland

SE and the Circular Economy

1. Developing an Action Plan to drive forward the Circular Economy
2. Developing the evidence – identifying areas of opportunity
 - Potential to identify alternative uses for reprocessed materials and build new supply chains
3. Engaging & influencing stakeholders – considering potential projects and driving industry leadership
4. Continuing to support business to deliver solutions – through opportunity identification and a range of advice and funding



Who are we?

- The **investment arm** of Scottish Enterprise
- Established in 2010 as an expansion of Scottish Enterprise's investment team
- Our remit is to grow Scotland's private sector funding market for **early stage and established SMEs with growth and export potential** to ensure their access to growth capital

SIB
Scottish
Investment
Bank

Delivered by
Scottish Enterprise

Areas we cover

- The **whole of Scotland**, including the Highlands and Islands

SIB Current Interventions- What we do

- Financial Readiness Advice
- Growing the Investor Base
- Operates a suite of Equity Investment Funds
- Scottish Loan Fund
- Delivery of the Scottish Recycling Fund
- Delivery of the Renewable Energy Investment Fund
- Investment into a Scottish Life Sciences Venture Fund
- Portfolio Management

Financial Readiness Support

Helping companies get ready to fund raise

Our **Financial Readiness team** works with companies to:

- **Guide them** through complexities of various finance options
- Identify most **appropriate funding package**
- Support them in **securing finance**
- Provide **export finance** advice and support
- Provide them access to relevant **public sector support**

Get information

Get ready

Get funding

Business Plan

- Business Plan is essential
- Clear, concise and robust
- Content- what to include
- Executive Summary- mission statement/teaser
- The Business- key facts/location/advisors/shareholding
- Products/services- usp/price/patents
- Market analysis-plan/promotion/pricing/competition/suppliers/customers
- Management team
- Financial projections- forecasts/sensitivities
- Finance required and exit opportunities
- Appendices

Key Messages when seeking funding

- **Establish your funding need and build proposition around that**
- **Think about target audience and their known or perceived requirements**
- **Your proposition must be viable**
- **Think about the questions you will be asked**
 - **Why do you seek funding ?**
 - **What's in it for the funder ?**
 - **When and how do they get their money back ?**

SIB Investment approach

- Co-investment with private sector partners
- Gap investors
- Fully Commercial terms – equal rights to the private sector
- Economic benefit to Scotland
- Restricted sectors
- Public sector contribution $\leq 50\%$
- Voting shareholding $< 30\%$
- Annual investment c. £30m+

Funding

New fund characteristics

Fund	SCF III	SVF III
Deal sizes	£20k - £10m	£20k - £10m
SE Investment	£10k - £1.5m (cum)	£10k - £2.0m p.a.
Key Features	Partners are vetted, the SCF will match all qualifying investments from registered partners subject to eligibility.	Non partner fund (but private sector led – investors introduce deals to SIB, to be matched subject to diligence and negotiation).

Scottish Loan Fund –(SLF)

- Established March 2011
- Investors – Lloyds, RBS, Santander, Clydesdale, Strathclyde Pension Fund, Aberdeen City Council Pension Fund
- Independent fund managers – Maven Capital Partners
 - niche product
 - targeted at growth and export companies
 - mezzanine loans £250k - £5m
 - SMEs annual turnover of £1m+
 - investment to date c.£50m in 23 companies

Scottish Recycling Fund

- Launched April 2014
- In conjunction with Zero Waste Scotland
- Response to address the current shortage of sorting, repair and reprocessing of waste materials
- Recycling plastics, glass, food waste, tyres etc
- Current fund capital value - £3.8m
- Loans for capital investment £50k to £1.9m

Portfolio Management

- Work closely with management teams, co-investors and SE & HIE colleagues
- Support development of growth companies
 - agree and deliver strategy
 - shape and enhance management and board composition
 - appoint Non Executive Directors
 - access to networks and contacts
- Seek to optimise economic and commercial returns

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