

Investissement Québec – Financial Solutions to Expand SMEs' Market Share Internationally

**International Trade and Investment Centre
The Conference Board of Canada**

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Our Mission

To promote the growth of investment in Québec and thereby contribute to economic development and job creation.

Tools

- Loan guarantees
- Loans

Our Expertise

- Offering complementary financing solutions, specifically by sharing risk with financial institutions, the different lenders and businesses' shareholders
- Managing economic development tools on behalf of the government
- Offering expertise in
 - financing
 - international prospecting
 - tax measures

...Our Expertise

- In partnership with financial institutions
- Projects that exceed the risk-taking capacity of financial institutions
- We seek financial solutions specifically tailored to businesses' needs
- By sharing risk, we enable businesses to carry out projects that would otherwise not get off the ground
 - 64% of our clients would have implemented a smaller project
 - 19% would not have completed their project

Our Market Presence

Investissement Québec, a key player

- Investissement Québec's natural market—SMEs
- Investissement Québec authorized 1,580 financing operations during the 2007-2008 fiscal year
- The Corporation's portfolio under management stands at \$7.2 billion

...Our Market Presence

In addition to our 16 regional offices in Québec, IQ has 9 offices abroad, i.e., in:

- Atlanta
- New York
- Chicago
- Los Angeles
- Munich
- Paris
- London
- Tokyo
- Beijing

Situation of Businesses

- Lower productivity
- Exchange rate volatility
- Strong Canadian dollar
- Fierce competition, including that of emerging countries
- Rising energy costs
- Risk of a recession
- Aging of the entrepreneurial population
- Growth based primarily on international activity
- Need to adapt more quickly
- Global markets

⇒ **Financial needs**

...Situation of Businesses

4 areas where businesses can set themselves apart from the fierce competition

- **Manufacturing**
- **Supply**
- **Innovation and R&D**
- **Marketing and sales**

⇒ **IQ can meet all these financial needs at every stage in the life of a business**

Our Financial Products

Financing of Various Projects

1. Manufacturing / To increase productivity
 - Layout – fixed assets
 - Working capital
2. Supply / To increase productivity
 - Working capital

...Our Financial Products

Financing of Various Projects

3. Innovation and R&D / To become a creative, learning business
 - Intangibles – new sophisticated products
 - Working capital
4. Marketing and sales / To increase growth
 - Working capital
 - Commercialization – market development – brand – image
 - Strategic alliances
 - “YOU HAVE TO TAKE ADVANTAGE OF THE STRONG CANADIAN DOLLAR”



**...To increase the growth of sales
through export activities**

Investissement Québec has tailored solutions for exporters

- Target export clientele
 - Québec SMEs that sell goods or services directly or indirectly to customers outside Québec



...To increase the growth of sales through export activities

Financial Solutions for Exporters

- Export line of credit
- Contract financing
- Bank security
- Market development
- Acquisition of a business outside Québec
- Product development / adaptation for export
- Currency exchange risk protection

...To increase the growth of sales through export activities

Financing of Export Activities

Sustained Growth... A Few Results

	2005/2006		2006/2007		2007/2008		2008/2009 Action Plan	
	#	\$M	#	\$M	#	\$M	#	\$M
Line of credit	126	50.0	154	47.2	142	45.9	123	42.5
Commercialization	39	12.4	55	24.4	65	24.4	56	22.0

Source: Nine-year review, annual report and corporate action plan

Examples

Financing of a Business Set-up Outside Québec (term loan)

Project		Financing	
Commerialization expense: (inventory, salaries certification, shows, travel)	\$480,000	Loan guaranteed by IQ:	\$360,000
		Working capital:	\$120,000
	Total: \$480,000		Total: \$480,000

Guarantee rate: up to 80% of the net loan

Term: up to 10 years from the 1st disbursement

...Examples

Financing of an Export Contract

- Contract value: \$2.5 M
- Contract period: 12 months
- Maximum amount required in liquidities to carry out the contract: \$880,000 (max. \$1.5 M)

Project

- Amount required: \$880,000

TOTAL: \$880,000

Financing

- Demand loan: \$880,000

TOTAL: \$880,000

- IQ can guarantee up to 80% of the lender's net loss on a demand loan.

Conclusion

- We offer innovative financial solutions.
- We enable SMEs to increase their volume of business for export and their foreign market shares.
- We allow SMEs to carry out more ambitious projects.
- We offer financing that is complementary to that of financial institutions.

Investissement Québec

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