

# Venture Capital Report

Europe | 1Q | 2018

# VENTURE CAPITAL REPORT

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The following report presents Dow Jones VentureSource's quarterly findings for European venture capital fundraising, investment, valuation, and liquidity. The included charts and graphs offer a comprehensive view of the trends currently affecting the venture capital market.

## Highlights for 1Q 2018 include:

- European venture capital funds dropped during the quarter, both in the number of fund closings and in capital raised.
- Venture capital investment into European companies showed a moderate decrease in deal flow activity and investment levels.
- M&As registered fewer transactions than the previous quarter and the aggregate deal amounts were significantly lower.
- IPO exits for VC-backed companies also declined during the quarter, both in terms of number of listings and capital raised.

# GROWTH EQUITY

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Starting this quarter, we are reporting on Growth Equity. VentureSource has always tracked this space, but until now they were excluded from the quarterly statistics. Please note that Growth Deals will be included in the Later Stage category, a subsection of Venture Capital Investment. We define Growth Equity as a minority stake investment in privately owned, mature companies that meet the following criteria:

- No prior equity investment within the first 3 years of business operations; and
- A proven business model -- generating revenue or profitable; and
- No VC-type round series is used by the company to label the transaction; and
- At least one institutional investor participated in the deal.

We recently reviewed our entire database to ensure that all companies and transactions are classified consistent with the above criteria. As a result of this review, we re-characterized thousands of historical deals from VC to Growth, or from Growth to VC.

As with our Venture Capital statistics, we exclude companies formed for the sole purpose of acquiring other companies, properties, natural resources, or interests. We also exclude companies formed or owned by private equity firms.

# EUROPEAN VENTURE CAPITAL FUNDRAISING DROPS IN 1Q 2018

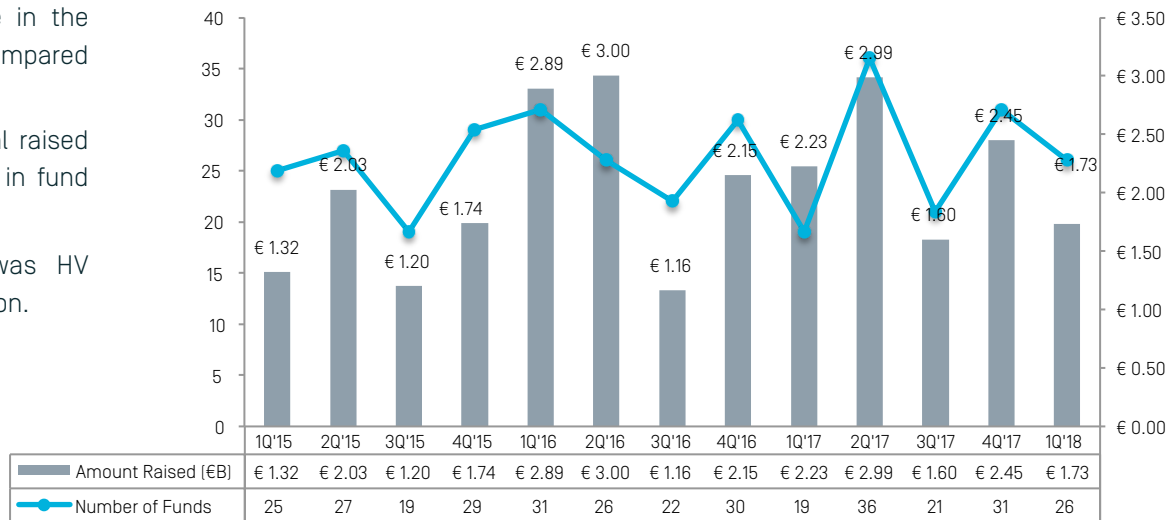
## FUNDRAISING

Investors poured €1.73 billion into 26 European venture capital funds in 1Q 2018. This represents a 16% decrease in the number of funds and a 29% drop in capital raised compared to last quarter.

In comparison to the same quarter last year, capital raised decreased by 22% in 1Q 2018, despite a 37% surge in fund closings.

The largest fund closing during the quarter was HV Holtzbrinck Ventures Fund VII, which raised €306 million.

**European VC Fundraising**  
Based on multiple closings (2015–2018)



# LARGEST EUROPEAN VC FUNDS RAISED IN 1Q 2018

## FUNDRAISING

Firm Name	Fund Name	Amount (€M)	Location	Offering Status	Fund Type	Fund Category	Closing Type
HV Holtzbrinck Ventures Adviser GmbH	HV Holtzbrinck Ventures Fund VII	€306.00	Munich, Germany	Closed	Multi-stage Venture Capital	Venture Capital	Final
DN Capital	Global Venture Capital IV LP	€200.00	London, United Kingdom	Closed	Early-stage Venture Capital	Venture Capital	Final
Edmond de Rothschild Investment Partners	BioDiscovery V	€175.00	Paris, France	Closed	Multi-stage Venture Capital	Venture Capital	Final
Ventech SA	Ventech Capital V LP	€140.00	Paris, France	Open	Early-stage Venture Capital	Venture Capital	First
Ring Capital	Ring Capital fund I	€140.00	Paris, France	Open	Early-stage Venture Capital	Venture Capital	First

# INVESTMENT INTO EUROPEAN VENTURE-BACKED COMPANIES FALLS IN 1Q 2018

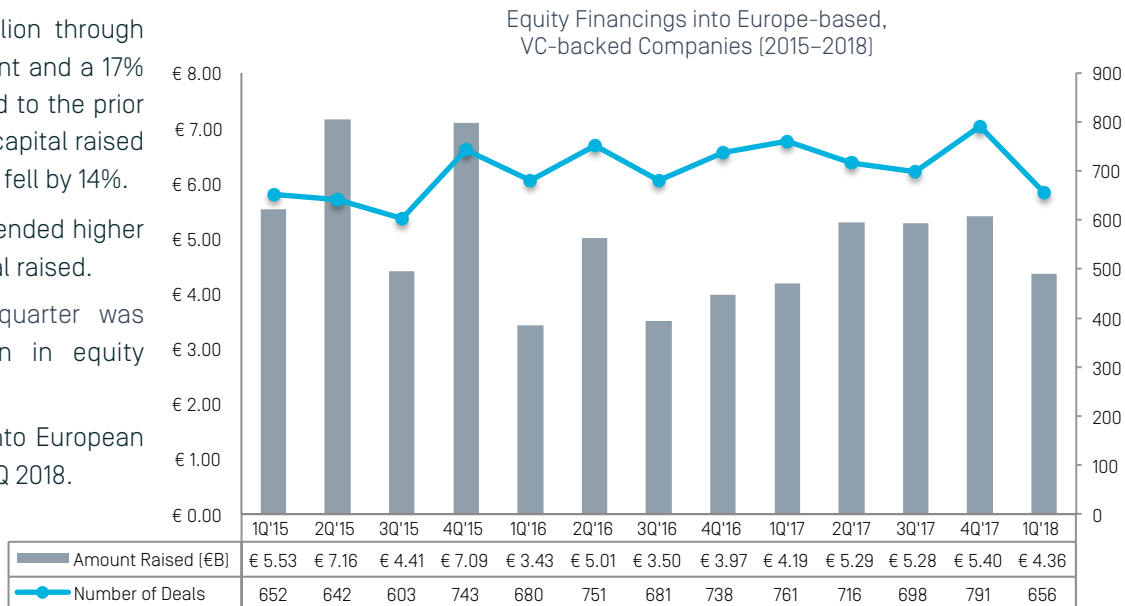
## FINANCING

European VC-backed companies garnered €4.36 billion through 656 deals in 1Q 2018, showing a 19% drop in investment and a 17% decrease in the number of financings when compared to the prior quarter. In comparison to the same quarter last year, capital raised came in 4% higher, however, the number of financings fell by 14%.

Among round classes, later stage financing rounds trended higher both in terms of number of rounds closed and in capital raised.

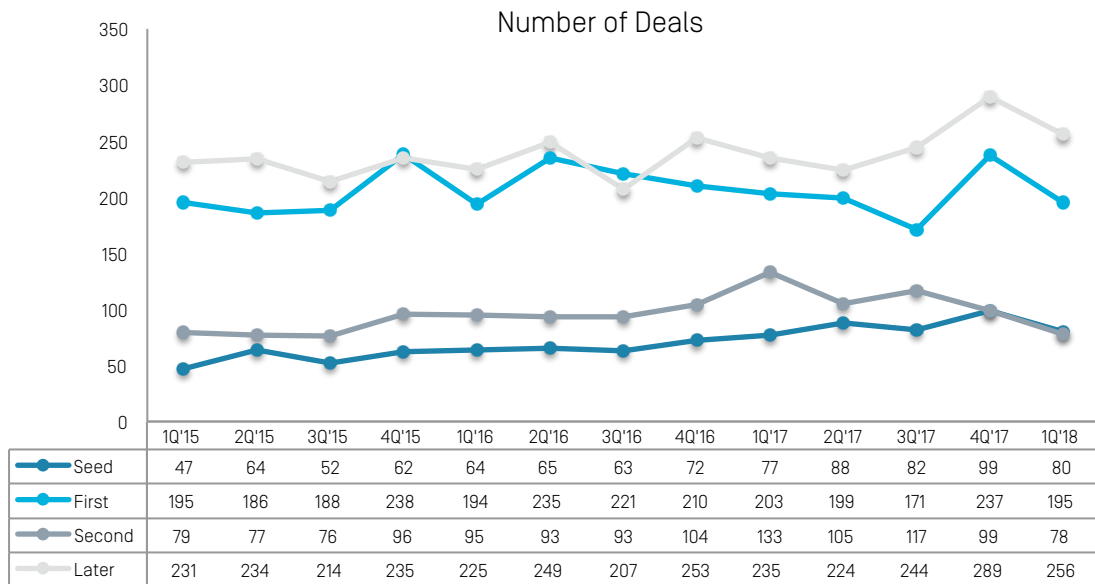
The most favoured industry section during the quarter was Consumer Services, which attracted €1.25 billion in equity investment.

Germany is the top destination for equity financing into European VC-backed companies, attracting €1.24 billion during 1Q 2018.



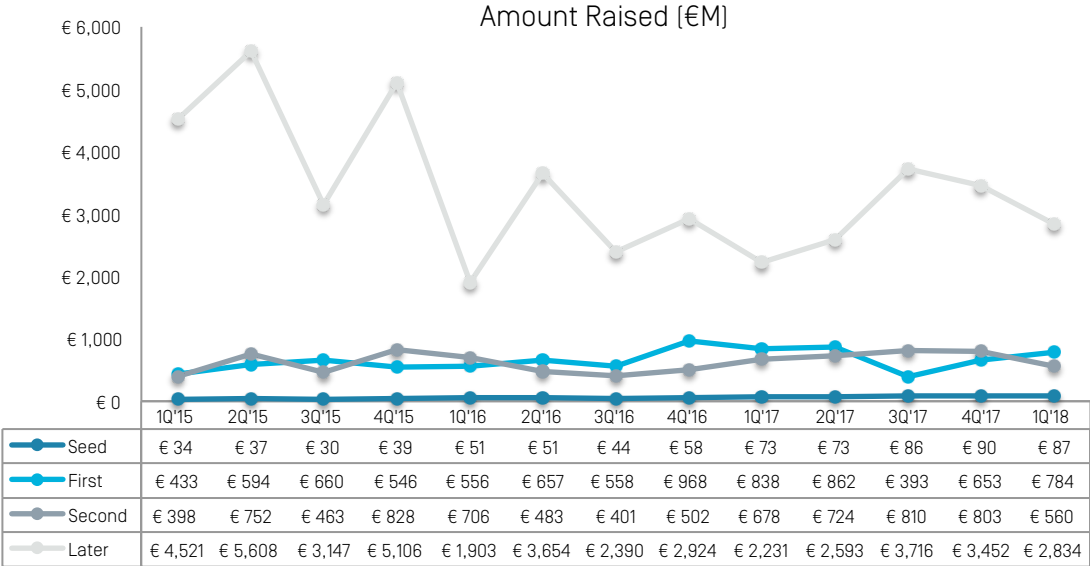
# EQUITY FINANCINGS INTO EUROPE-BASED, VC-BACKED COMPANIES, BY ROUND CLASS (2015–2018)

## FINANCING



# EQUITY FINANCINGS INTO EUROPE-BASED, VC-BACKED COMPANIES, BY ROUND CLASS [2015–2018]

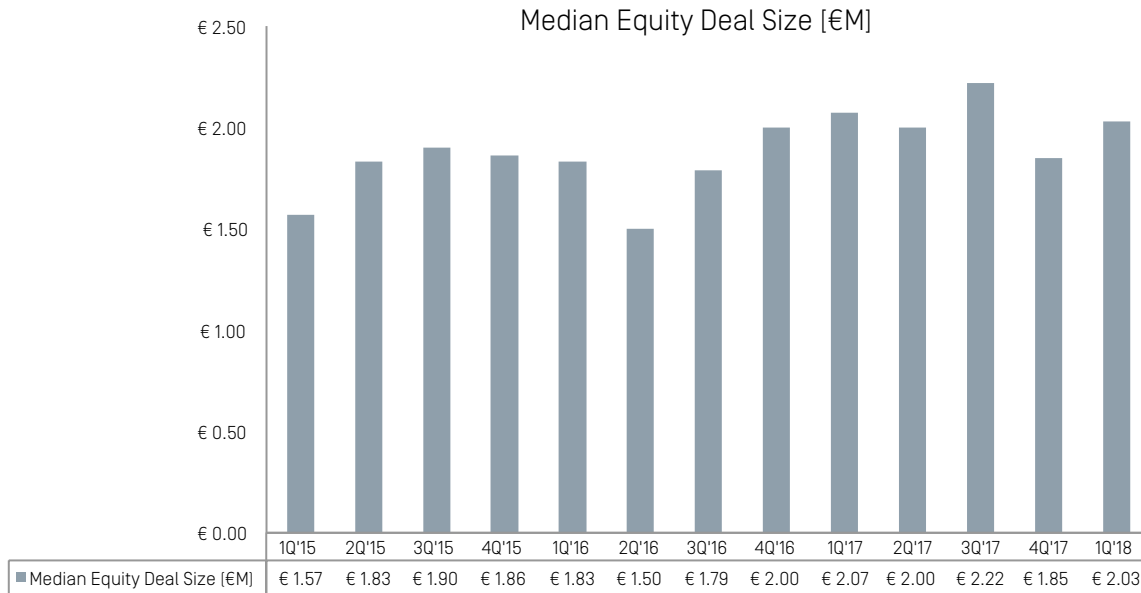
## FINANCING





# EQUITY FINANCINGS INTO EUROPE-BASED, VC-BACKED COMPANIES (1Q 2015–1Q 2018)

## FINANCING



# EQUITY FINANCINGS INTO EUROPE-BASED, VC-BACKED COMPANIES, BY INDUSTRY GROUP (1Q 2018)

## FINANCING

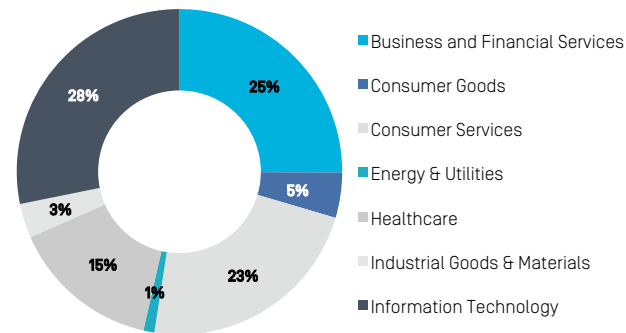
During 1Q 2018, 28% of the equity financing raised by European VC-backed companies went into Consumer Services. The sector attracted €1.25 billion through 148 deals.

Healthcare was the second most favoured industry sector, raising €979.52 million through 96 deals. This represents 22% of total raised capital and 15% of the total number of deals.

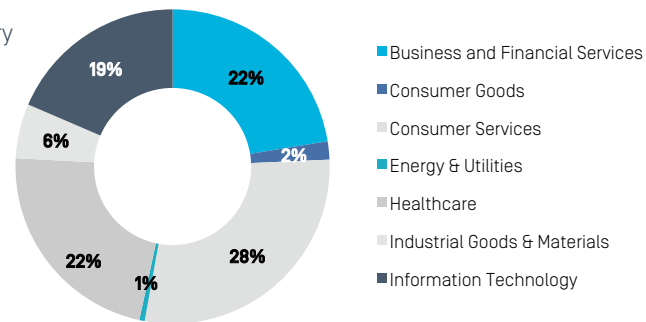
Business and Financial Services attracted €978.90 million through 162 deals, or 22% of capital raised and 25% of the total number of deals in the quarter.

The last of the four major industry sectors, Information Technology (IT), received €809.34 million in 182 deals, which represents 19% of total equity financing and 28% of total deal activity.

1Q 2018 Industry Breakdown By Number of Deals



1Q 2018 Industry Breakdown By Amount Raised



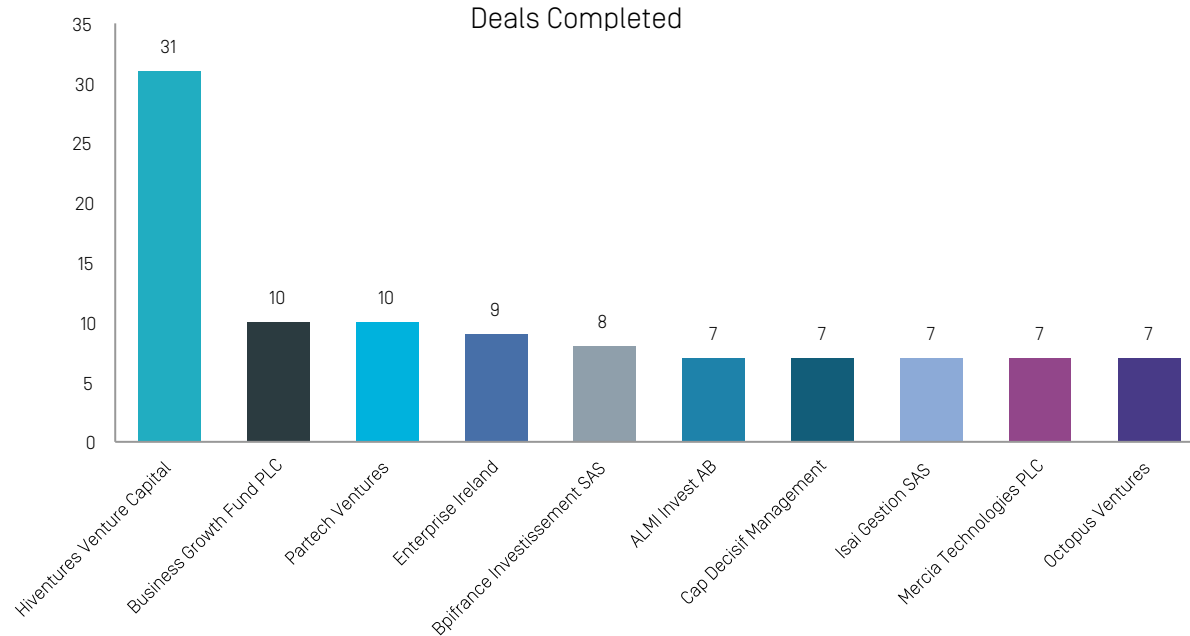
# TOP 5 DEALS INTO EUROPEAN VC-BACKED COMPANIES (1Q 2018)

## FINANCING

Co. Name	Location	Industry Code	Industry Segment	Industry Group	Brief Description	Close Date	Round Type	Raised (€M)	Round Investors (* denotes lead)
Auto1 Group GmbH	Berlin, Germany	Shopping Facilitators	Consumer Information Services	Consumer Services	Provider of a marketplace that connects buyers and sellers of used cars.	14/01/2018	Later Stage	€380.00	SoftBank Vision Fund*
BioNTech AG	Mainz, Germany	Biotechnology Therapeutics	Biopharmaceuticals	Healthcare	Developer of individualized therapies for cancer and other diseases.	04/01/2018	First Round	€223.93	Struengmann Family Office, Redmile Group LLC*, Janus Henderson Investors, Invus Group, Fidelity Management & Research Co.
Maxi Mobility Spain SL (Cabify)	Madrid, Spain	Transportation Services	Travel and Leisure	Consumer Services	Provider of an on-demand service to book cabs with chauffeurs.	22/01/2018	Later Stage	€132.70	Western Technology Investment LLC, TheVentureCity, Rakuten Ventures, Lilil Ventures, GAT Investments, Endeavor Capital Management
N26 GmbH	Berlin, Germany	Personal/Commercial Banking	Financial Institutions and Services	Business and Financial Services	Provider of mobile banking products.	20/03/2018	Later Stage	€129.86	Tencent Holdings Ltd.*, Allianz X GmbH*
Oxford Nanopore Technologies Ltd.	Oxford, United Kingdom	Diagnostic Equipment (Not Imaging)	Medical Devices and Equipment	Healthcare	Provider of a nanopore DNA sequencer.	20/03/2018	Later Stage	€112.02	Host-Plus Pty Ltd., GIC Private Ltd., CCB International Holdings Ltd.

# MOST ACTIVE INVESTORS FOR EUROPE-BASED, VC-BACKED COMPANIES [1Q 2018]

## FINANCING



# EQUITY FINANCINGS INTO EUROPE-BASED, VC-BACKED COMPANIES BY COUNTRY (1Q 2018)

## FINANCING

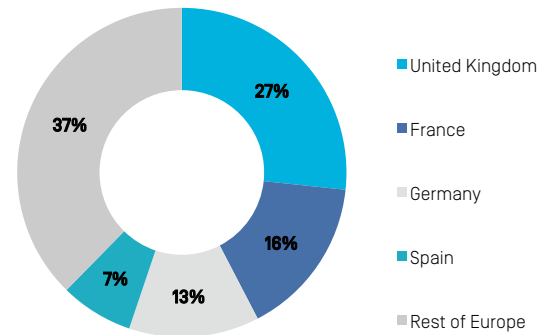
Germany ranked first for equity financing into European VC-backed companies in 1Q 2018, attracting 28% of total raised capital and 13% of the number of deals. The country attracted €1.24 billion via 84 deals, representing an 82% increase in capital and a 4% raise in the number of deals when compared with the previous quarter.

The United Kingdom raised €1,06 billion through 175 deals, ranking second in terms of capital raised but first in number of transactions.

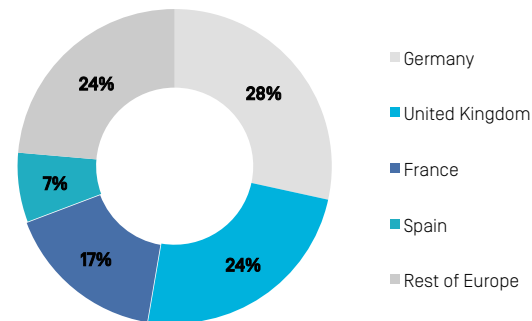
While France ranked third in capital raised with €722.60 million, it took the second place in number of transactions, with 103 deals closed in 1Q18.

Spain came fourth both in terms of capital raised and by number of deals. It garnered €310.85 million through 47 deals.

Number of Deals in 1Q 2018 by Country (Top 4)



Amount Raised in 1Q 2018 by Country (Top 4)



# EUROPE 1Q 2018 VENTURE CAPITAL EXIT ACTIVITY

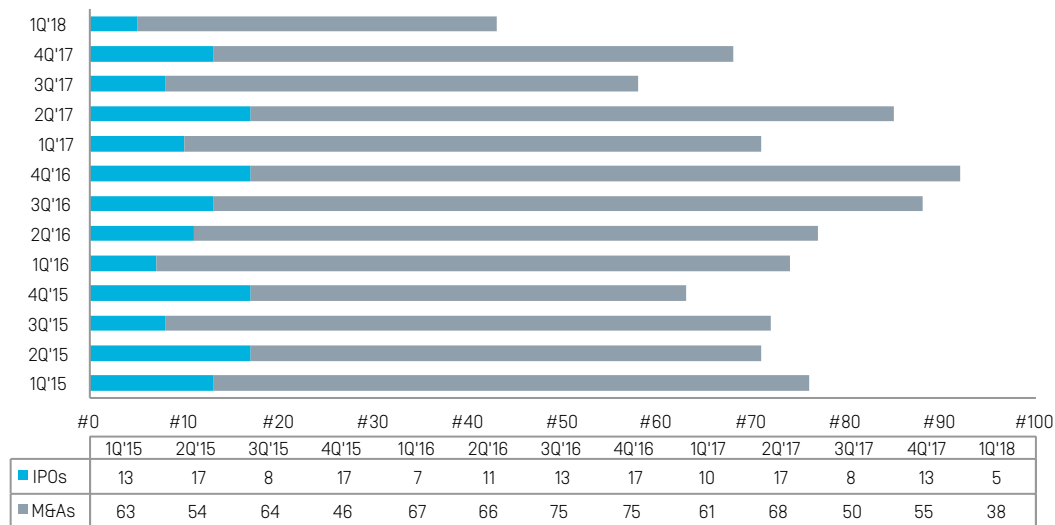
## LIQUIDITY

There were 43 exits through M&As and IPOs for European VC-backed companies during 1Q 2018, representing a 37% decrease on last quarter's activity.

M&As represented the largest portion of the quarter's exits with 38 deals and disclosed deal sums amounting to some €864.26 million. That translates into 31% less deals and 77% less capital than last quarter, as well as 38% less deals and 70% less capital than during 1Q 2017.

The quarter's five IPOs raised a total of €54.75 million, representing 12% of exits and 6% of raised capital.

Exits for European VC-backed Companies (2015-2018)



# TOP 3 M&As IN EUROPE (1Q 2018)

## LIQUIDITY

Company Name	Location	Brief Description	Industry Code	Industry Segment	Industry Group	Close Date	Round Type	Amount Paid (€M)	Acquirer
Ticketland Ltd.	Moscow, Russia	Provider of a retail network and online channels for tickets distribution.	Shopping Facilitators	Consumer Information Services	Consumer Services	12/02/2018	Acquisition	€46.14	Mobile TeleSystems OJSC
Pharmacy2u Ltd.	Leeds, United Kingdom	Provider of online and traditional prescription pharmacy services.	Specialty Retailers	Retailers	Consumer Services	26/03/2018	Buyout	€44.81	G Square Capital
Stardust Media and Communication SAS (Cheerz)	Paris, France	Provider of a photo printing service for users of social networks.	Photography	Retailers	Consumer Services	09/02/2018	Acquisition	€36.00	CEWE Stiftung & Co. KGaA

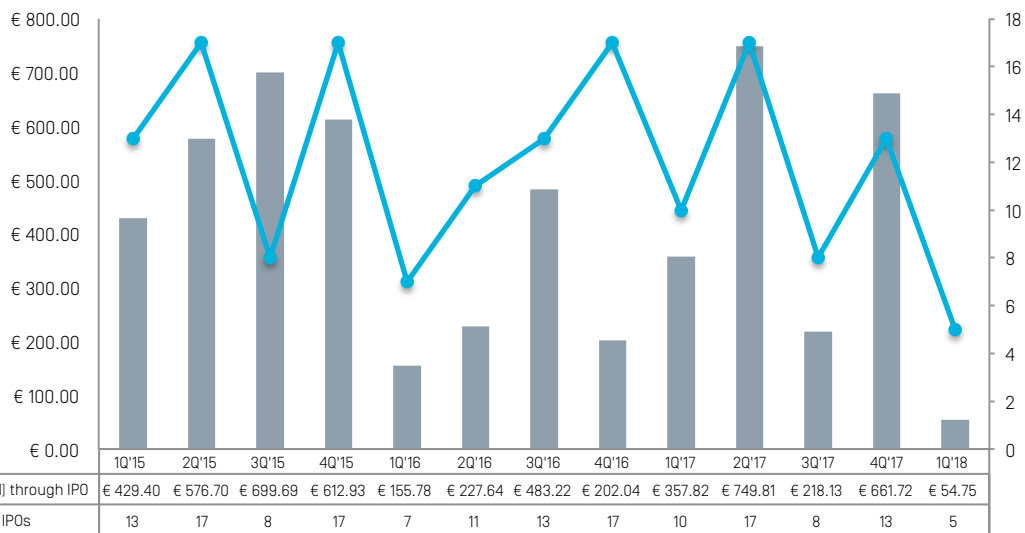
# EUROPEAN VC-BACKED IPOs [1Q 2015-1Q 2018]

## LIQUIDITY

European IPO activity decreased drastically this quarter. 5 VC-backed companies went public, raising an aggregate €54.75 million. That is a 62% decrease in the number of IPOs and a 92% drop in capital raised, compared to last quarter. With respect to 1Q 2017, when 10 VC-backed companies went public, IPO activity in 1Q 2018 came in 50% lower.

The five VC-backed companies that did go public during this quarter gathered 85% less capital than the 10 companies that had their listing in 1Q 2017.

The largest European VC-backed IPO during the quarter was Acacia Pharma Group PLC, which raised €40.00 million at a valuation of €190.51 million for its offering on the Euronext Brussels Stock Exchange.





# TOP 3 IPOs IN EUROPE (1Q 2018)

## LIQUIDITY

Company Name	Location	Brief Description	Industry Code	Industry Segment	Industry Group	Close Date	Raised through IPO (€M)	Exchange: Ticker
Acacia Pharma Group PLC	United Kingdom	Developer of pharmaceutical solutions aimed at providing supportive care for cancer patients.	Biotechnology Therapeutics	Biopharmaceuticals	Healthcare	05/03/2018	€40.00	EBR: ACPH
Immersive VR Education Ltd.	Ireland	Provider of educational software utilizing virtual reality (VR).	Educational / Training Media and Services	Media and Content	Consumer Services	12/03/2018	€6.72	LON:VRED
Agilic ApS	Denmark	Provider of integrated marketing solutions to communications service providers (CSPs).	Communications Software	Software	Information Technology	22/03/2018	€4.97	NASDAQ:AGILC

# ABOUT US & METHODOLOGY

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Dow Jones VentureSource helps venture capitalists, corporate development executives, investment bankers and service providers find deal and partnership opportunities, perform comprehensive due diligence and examine trends in venture capital investment, fund-raising and liquidity. It provides accurate, comprehensive data on venture-backed companies – including their investors and executives – in every region, industry and stage of development throughout the world.

The investment figures included in this report cover venture backed companies headquartered in Europe, and are based on aggregate findings of Dow Jones' proprietary research for VentureSource.

This data was collected through surveys of professional firms, interviews with company executives, and from secondary sources. To be included, companies have to receive financing from a venture capital or private equity firm. Our figures do not include companies that have received funding solely from individual, corporate and/or government investors. The data in this report only accounts for equity funding, not convertible debt deals.

Figures contained throughout the report are current at time of editorial but subject to change without notice. No statement herein is to be construed as a recommendation to buy or sell securities, or to provide investment advice.

# ABOUT DOW JONES

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Dow Jones is a global provider of news and business information, delivering content to consumers and organizations around the world across multiple formats, including print, digital, mobile and live events. Dow Jones has produced unrivaled quality content for more than 125 years and today has one of the world's largest newsgathering operations globally. It produces leading publications and products including the flagship Wall Street Journal, America's largest newspaper by paid circulation; Factiva, Barron's, MarketWatch, Financial News, DJX, Dow Jones Risk & Compliance, Dow Jones Newswires, and Dow Jones VentureSource.

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