

Venture Capital Report

Europe | 3Q | 2018

VENTURE CAPITAL REPORT

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 3Q18 include:

- In terms of capital raised, European venture capital fundraising activity increased during the quarter.
- Venture capital investment in European companies showed a notable decline in deal flow activity and investment levels.
- There were fewer M&As than in the previous quarter and the aggregate value of the deals was significantly lower as well.
- IPOs for VC-backed companies also experienced decreases this quarter, in terms of both number of listings and capital raised.

EUROPEAN VENTURE CAPITAL FUNDRAISING DECREASES IN 3Q18

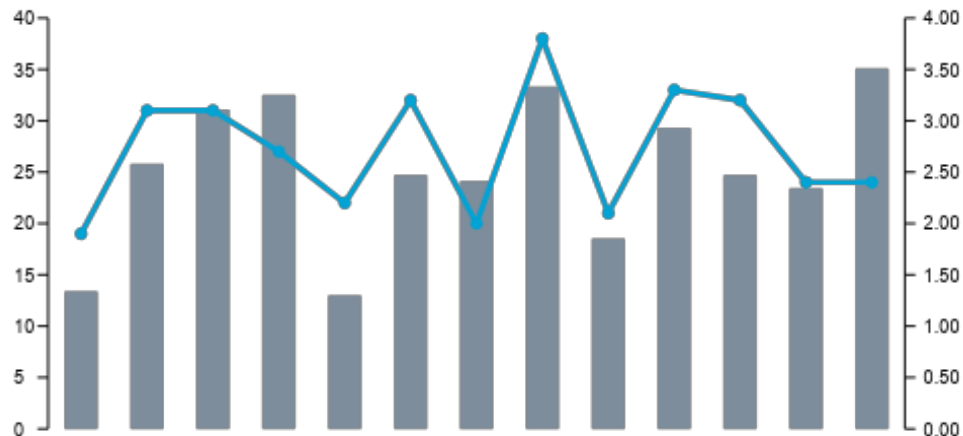
FUNDRAISING

Investment for the quarter amounted to €3.51 billion across 24 European venture capital funds. Compared with last quarter, this represents a 50% increase in capital raised, while the number of funds was the same.

Compared with the same quarter last year, both capital raised and fund closings increased, by 90% and 14%, respectively, in 3Q18.

The largest fund closing of the quarter was Forbion Capital Fund IV, which raised €270 million in its first closing and collected a total of €360 million in commitments.

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



LARGEST EUROPEAN VC FUND CLOSINGS IN 3Q18

FUNDRAISING

Firm Name	Fund Name	Amount (€M)	Location	Offering Status	Fund Type	Fund Category	Closing Type
Forbion Capital Partners	Forbion Capital Fund IV	€270	Naarden, The Netherlands	Closed	Multi-stage venture capital	Venture Capital	First
Earlybird Venture Capital GmbH & Co. KG	Earlybird Digital West Fund	€175	Berlin, Germany	Closed	Early-stage venture capital	Venture Capital	Final
IMEC Incubation Fund	Imec.xpand Fund I	€117	Leuven, Belgium	Closed	Multi-stage venture capital	Venture Capital	Final
Seaya Ventures	Seaya Ventures II	€102	Madrid, Spain	Closed	Early-stage venture capital	Venture Capital	Final
Target Global	Target Global Early Stage Fund I LP	€83	Berlin, Germany	Open	Early-stage venture capital	Venture Capital	First

INVESTMENT IN EUROPEAN VENTURE-BACKED COMPANIES GROWS IN 3Q18

FINANCING

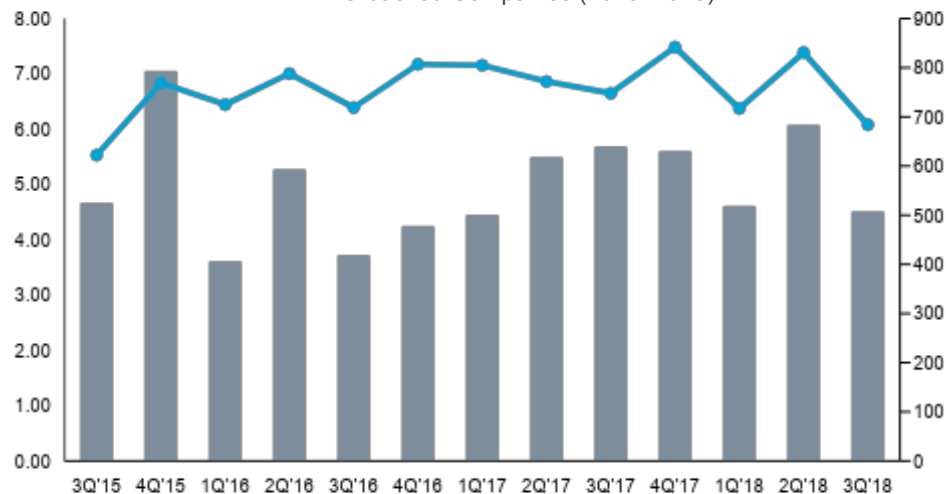
European VC-backed companies received €4.51 billion through 684 deals in 3Q18, a decrease of 26% in investment and 18% in the number of financings relative to the prior quarter. Compared with the same quarter last year, capital raised came in 21% lower and the number of financings fell by 9%.

In terms of round classes, later stage financing rounds remain in the top position in terms of both the number of rounds closed and the capital raised.

The most invested-in industry sector for the quarter was Information Technology (IT), which attracted €1.14 billion in equity investment.

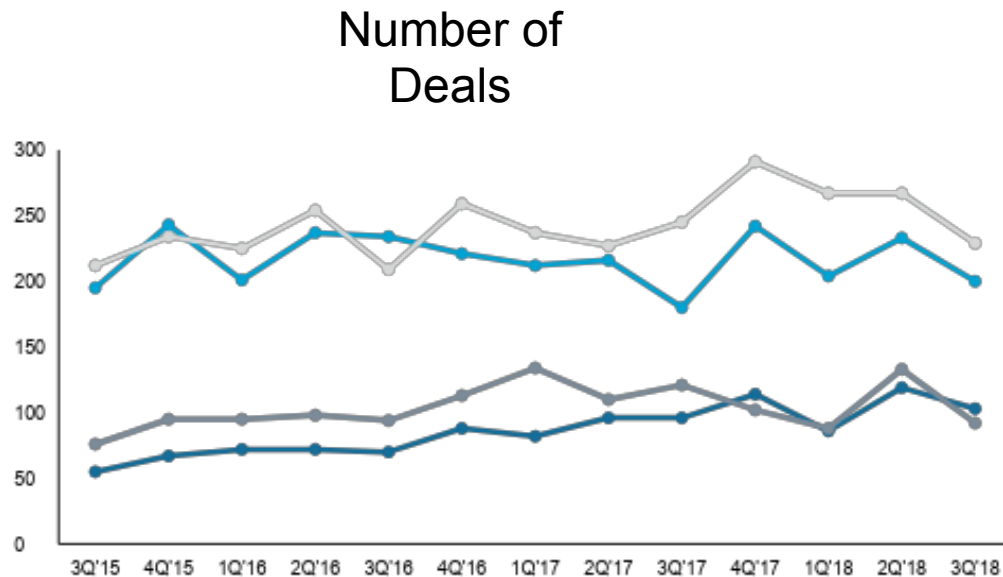
The United Kingdom was the top destination for equity financing in European VC-backed companies, bringing in €1.97 billion during 3Q18.

Equity Financings into Europe-based, VC-backed Companies (2015–2018)



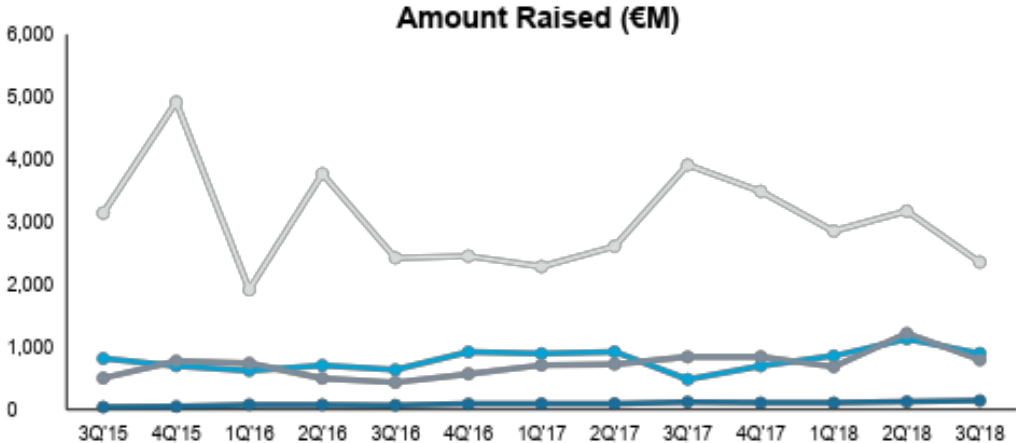
EQUITY DEALS BY ROUND CLASS FOR EUROPEAN VC-BACKED COMPANIES (2015–2018)

FINANCING



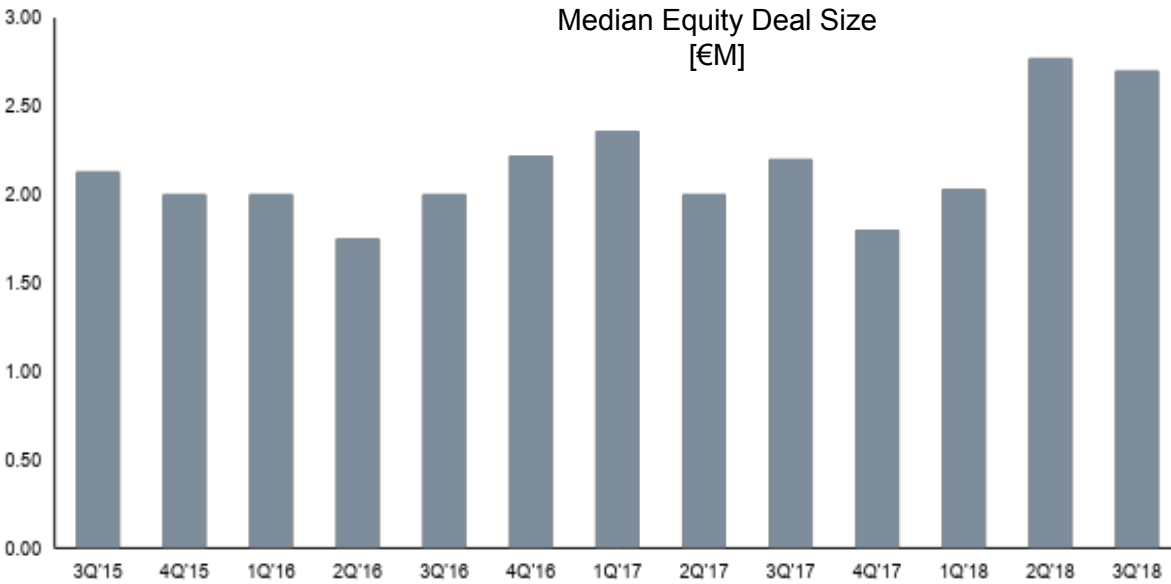
EQUITY INVESTMENT IN EUROPEAN VC-BACKED COMPANIES BY ROUND CLASS (2015–2018)

FINANCING



EQUITY FINANCINGS IN EUROPEAN VC-BACKED COMPANIES, MEDIAN DEAL SIZE (3Q15–3Q18)

FINANCING



EQUITY INVESTMENT IN EUROPEAN VC-BACKED COMPANIES BY INDUSTRY GROUP (3Q18)

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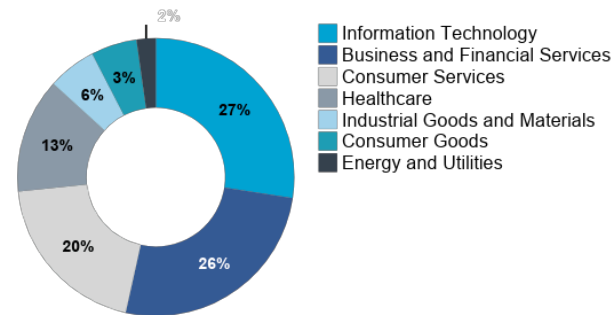
In 3Q18, 28% of the equity financing raised by European VC-backed companies went into Information Technology (IT). The sector attracted €1.14 billion through 184 deals.

Business and Financial Services came in second, raising €1.13 billion through 175 deals. This represents 22% of total capital raised and 26% of the total number of deals for the quarter.

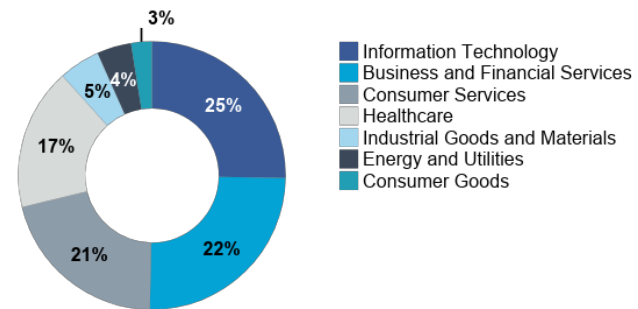
Consumer Services brought in €946.24 million through 133 deals, or 21% of total capital raised and 20% of the total number of deals in the quarter.

The last of the four major industry sectors, Healthcare, received €773.61 million via 90 deals, which represents 17% of total equity financing and 13% of total deal activity.

3Q18 Industry Breakdown by Number of Deals



3Q18 Industry Breakdown by Amount Raised



TOP 5 EUROPEAN VC DEALS (3Q18)

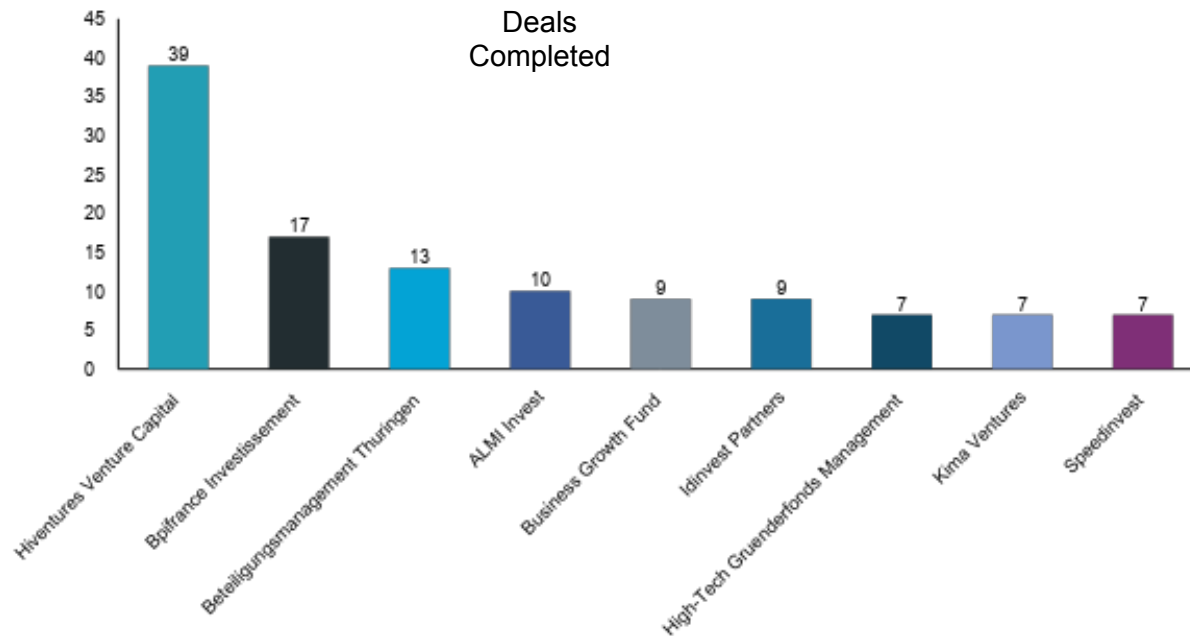
FINANCING

Company Name	Location	Industry Code	Industry Segment	Industry Group	Brief Description	Close Date	Round Type	Raised (€M)	Round Investors (* denotes lead)
Orchard Therapeutics Ltd.	London, United Kingdom	Biotechnology Therapeutics	Biopharmaceuticals	Healthcare	Developer of gene therapies to treat orphan diseases.	13/08/2018	Later Stage	€129.47	Deerfield Management*, additional investors listed in the footnote
Glovoapp23 SL	Barcelona, Spain	Shopping Facilitators	Consumer Information Services	Consumer Services	Provider of on-demand delivery services.	19/07/2018	Later Stage	€115.00	Seaya Ventures, Rakuten Inc., Ildinvest Partners, GR Capital, Cathay Capital*, AmRest*
Seba Crypto AG	Zug, Switzerland	Vertical Market Applications Software	Software	Information Technology	Developer of a banking service designed to facilitate movement of assets between the crypto and traditional financial markets.	27/09/2018	First Round	€88.96	Summer Capital, Black River Asset Management
Acorn Machine (UK) Ltd.	London, United Kingdom	Lending	Financial Institutions and Services	Business and Financial Services	Provider of a credit analysis platform.	06/09/2018	Second Round	€86.18	NIBC Bank NV*, GIC Private Ltd., EDB Investments*, Coltrane Asset Management, Clermont Group
Deposit Solutions GmbH	Hamburg, Germany	Vertical Market Applications Software	Software	Information Technology	Provider of an open banking platform.	15/08/2018	Later Stage	€86.31	Vitruvian Partners LLP*, Kinnevik AB, Greycroft Partners, e.ventures

¹ Venrock, Temasek Holdings Pvt. Ltd., Sphera Global Healthcare, RTW Investments LLC, RA Capital Management LLC, Perceptive Advisors LLC, Medison Ventures, Ghost Tree Capital Group, Foresite Capital Management LLC, Driehaus Capital Management LLC, Cowen Capital Partners LLC, Cormorant Asset Management LLC, Baillie Gifford & Co. Ltd., ArrowMark Partners, Agent Capital LLC

MOST ACTIVE INVESTORS IN EUROPEAN VC-BACKED COMPANIES (3Q18)

FINANCING



EQUITY FINANCING ROUNDS FOR EUROPEAN VC-BACKED COMPANIES BY COUNTRY (3Q18)

FINANCING

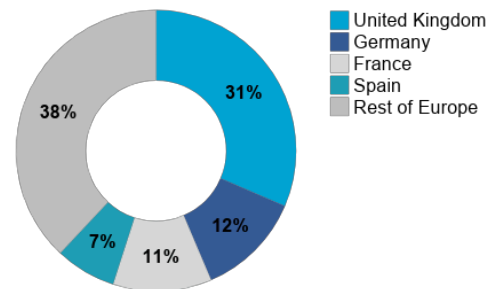
The United Kingdom came in first with respect to equity financing in European VC-backed companies in 3Q18, attracting 43% of the total capital raised and 32% of the number of deals. The country brought in €1.97 billion via 215 deals, representing a 11% decrease in capital and a 16% decline in the number of deals when compared with the previous quarter.

French companies raised €586.03 million through 78 deals, placing second in terms of capital raised and third in number of transactions.

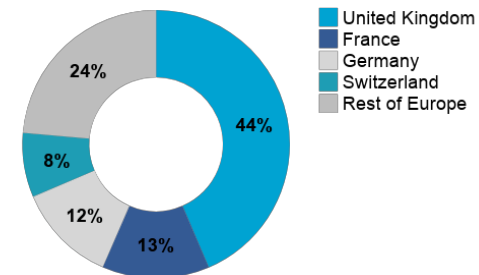
Germany ranked third in terms of capital raised, with investment totalling €544.81 million, and second in terms of number of deals, with 83.

Switzerland finished fourth in terms of capital raised, with €350.21 million through 21 deals, while Spain captured fourth place in terms of number of deals, closing 48 and collecting €276.24 million.

Number of Deals in 3Q18 by Country (Top 4)



Amount Raised in 3Q18 by Country (Top 4)



EUROPE 3Q18 VENTURE CAPITAL EXIT ACTIVITY

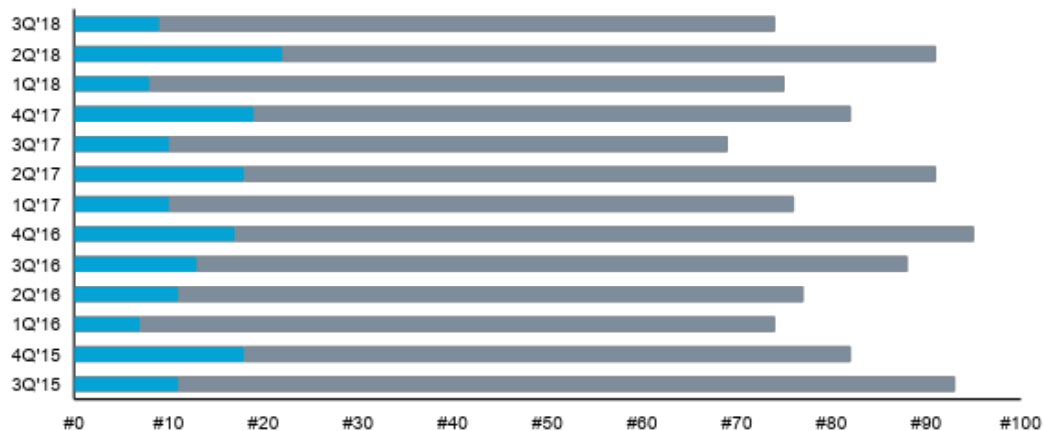
LIQUIDITY

In 3Q18 there were 74 exits via M&A or IPO for European VC-backed companies, representing a 19% decrease compared with last quarter's activity.

M&As represented the largest portion of the quarter's exits with 65 deals; disclosed deal sums amounted to €5.19 billion. This translates into 6% fewer deals and 27% less capital than last quarter. However, both deal and capital flow increased by 10% and 95%, respectively, when compared with 3Q17.

The quarter's 9 IPOs raised a total of €695.97 million, representing 12% of exits and 12% of capital raised.

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



TOP 3 M&As IN EUROPE (3Q18)

LIQUIDITY

Company Name	Location	Brief Description	Industry Code	Industry Segment	Industry Group	Close Date	Round Type	Amount Paid (€M)	Acquirer
NewVoiceMedia Ltd.*	Basingstoke, United Kingdom	Provider of a contact center telephony solution using cloud-based technology.	Customer Relationship Management	Business Support Services	Business and Financial Services	20/09/2018	Acquisition	€301.63	Vonage Holdings Corp. (NYSE: VG)
FFG Finanzcheck Finanzportale GmbH*	Hamburg, Germany	Provider of an online comparison tool for private financial products.	Financial Data / Information	Financial Institutions and Services	Business and Financial Services	18/07/2018	Acquisition	€285.00	Scout24 AG (ETR: G24)
Relayr GmbH*	Berlin, Germany	Provider of enterprise middleware and Internet of Things (IoT) solutions for the digital transformation of industries.	Software Development Tools	Software	Information Technology	04/09/2018	Acquisition	€258.54	Munich Re (ETR: MUV2)

*Deal pending regulatory approval

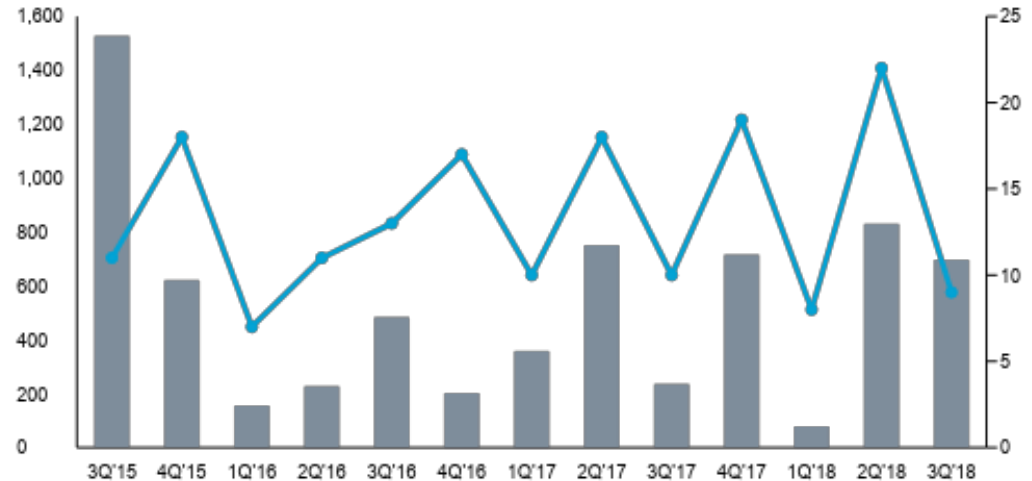
EUROPEAN VC-BACKED IPOs (3Q15-3Q18)

LIQUIDITY

European IPO activity experienced a significant decline this quarter. 9 VC-backed companies went public, raising an aggregate of €695.97 million. This is a 59% drop in the number of IPOs and a 16% decrease in capital raised compared with last quarter. The number of listings in 3Q18 came in 10% lower than in 3Q17, when 10 VC-backed companies went public.

The 9 VC-backed companies that went public this quarter received 195% more capital than the 10 companies that listed in 3Q17.

The largest European VC-backed IPO of the quarter was Farfetch Ltd., which raised €579.31 million at a valuation of €5.55 billion when it listed on the New York Stock Exchange.



TOP 3 IPOs IN EUROPE (3Q18)

LIQUIDITY

Company Name	Location	Brief Description	Industry Code	Industry Segment	Industry Group	Close Date	Raised through IPO (€M)	Exchange: Ticker
Farfetch Ltd.	United Kingdom	Provider of a global e-commerce site for independent fashion boutiques.	Clothing / Accessory Retailers	Retailer	Consumer Services	21/09/2018	€579.31	NYSE: FTCH
Marley Spoon AG	Germany	Provider of a curated recipe kit service.	Shopping Facilitators	Consumer Information Services	Consumer Services	02/07/2018	€44.13	ASX: MMM
Navya SAS	France	Manufacturer of driverless vehicles.	Automobiles	Vehicles and Parts	Consumer Goods	24/07/2018	€37.64	EPA: NAVYA

ABOUT US & METHODOLOGY

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

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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