

Venture Capital Report

Europe | 1Q | 2019

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 1Q19 include:

- Equity investment in Europe was the second-highest amount on record, but with a decline in the number of deals.
- Median round amounts set a new all-time record, at €3 million.
- Despite the chaos surrounding Brexit, the UK continued to lead in equity rounds, VC fundraising, and acquisitions.
- VC fundraising remained on an overall low level, although it ticked up slightly from 4Q 2018.
- While the M&A market appeared relatively stable, the amount raised in IPOs nose-dived 88% from the previous quarter.

EUROPEAN STARTUPS SEE SURGE OF FUNDING, BUT WITH FEWER DEALS

FINANCING

European startups faced a contradictory funding environment in 1Q. The total amount raised surged 22% in the second-best quarter on record, with $\[\in \]$ 6.79 billion deployed in 743 rounds of equity funding. 4Q 2015 still narrowly holds the all-time record on this score, with $\[\in \]$ 7.06 billion. On the other hand, deal flow declined 9% from 4Q 2018, and 17% from the 2Q 2018 high, which makes it the lowest such figure since 3Q 2015. In light of this mixed picture, it's too early to draw conclusions about longer term trends.

Veeam Software, a Swiss provider of virtual infrastructure management and data protection solutions, raised the top deal of the quarter with a \leq 441 million 2^{nd} round.

Equity Financings in European VC-Backed Companies (2016–2019)



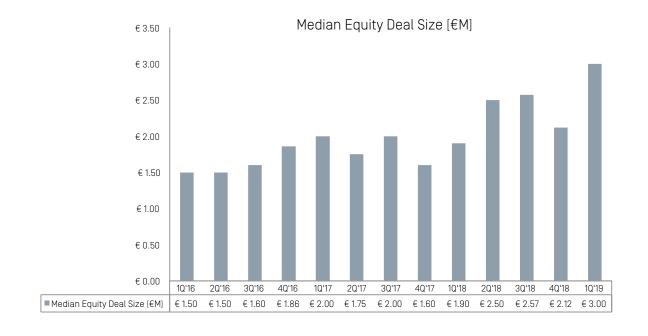
EQUITY DEALS BY ROUND CLASS FOR EUROPEAN VC-BACKED COMPANIES (2016–2019)



EQUITY INVESTMENT IN EUROPEAN VC-BACKED COMPANIES BY ROUND CLASS (2016–2019)



EQUITY FINANCINGS IN EUROPEAN VC-BACKED COMPANIES, MEDIAN DEAL SIZE (2016–2019)



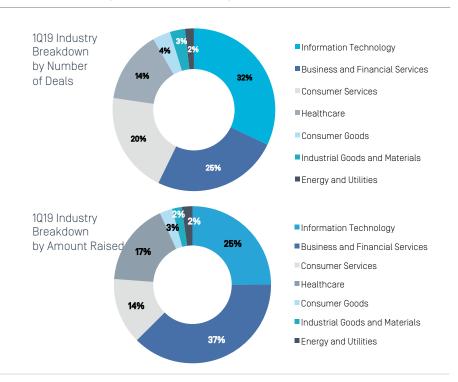
EQUITY INVESTMENT IN EUROPEAN VC-BACKED COMPANIES BY INDUSTRY GROUP (1Q 2019)

FINANCING

Three industry groups dominated VC funding in 1Q. Companies in the Business & Financial Services sector took the first place, drawing $\[\in \] 2.55 \]$ billion in 185 rounds. The top deal in this space was a $\[\in \] 384 \]$ million $\[3^{rd} \]$ round for OakNorth Holdings, a provider of customized loans and banking services to SMEs.

IT companies came next, securing \in 1.69 billion across 236 rounds. Veeam Software had the largest deal in this sector (and also the quarter overall), with a \in 441 million 2^{nd} round.

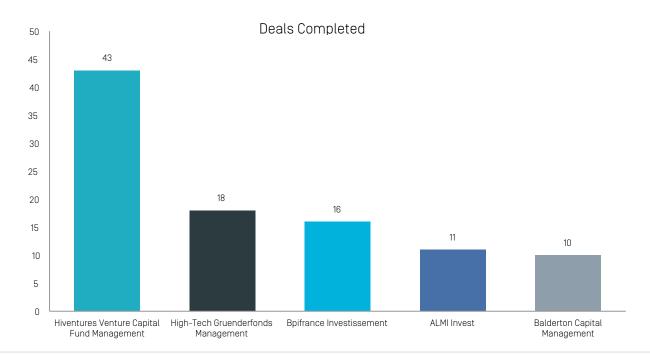
Healthcare came in third in the amount raised, but fourth in the number of deals. Arvelle Therapeutics received the top deal within this space, garnering €157 million for its 1st round. The company develops treatments for central nervous system disorders.



TOP EUROPEAN EQUITY DEALS [1Q 2019]

Company Name	Location	Industry Code	Industry Segment	Industry Group	Brief Description	Close Date	Round Type	Raised [€M]	Round Investors (* denotes lead)	
Veeam Software GmbH	Baar, Switzerland	Network/Systems Management Software	Software	Information Technology	Provider of virtual infrastructure management and data protection solutions.	1/16/2019	VC 2nd	€440.59	Kaseya International Ltd.; Insight Venture Partners LLC; Canada Pension Plan Investment Board	
OakNorth Holdings Ltd.	London, UK	Lending	Financial Institutions and Services	Business and Financial Services	Provider of customized loans and banking services to small and medium sized enterprises [SMEs].	2/8/2019	VC 3rd	€383.99	SoftBank Vision Fund*; Clermont Group	
N26 GmbH	Berlin, Germany	Personal/ Commercial Banking	Financial Institutions and Services	Business and Financial Services	Provider of mobile banking products.	1/10/2019	VC 4th	€264.35	Insight Venture Partners LLC*; Greyhound Capital; GIC Private Ltd.	
Relex Oy	Helsinki, Finland	Business Applications Software	Software	Information Technology	Provider of supply chain management software.	2/6/2019	Growth Equity	€175.00	Technology Crossover Ventures*	
Arvelle Therapeutics GmbH	Basel, Switzerland	Biotechnology Therapeutics	Biopharmaceuticals	Healthcare	Developer of treatments for central nervous system [CNS] disorders.	2/14/2019	VC 1st	€157.09	NovaQuest Capital Management LLC; Life Sciences Partners BV*; H.I.G. Capital LLC; BRV Capital Management; Andera Partners	

MOST ACTIVE INVESTORS IN EUROPEAN VC-BACKED COMPANIES (1Q 2019)

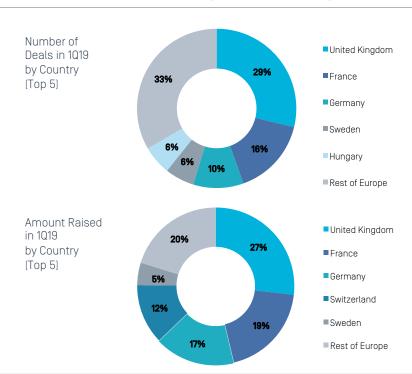


EQUITY FINANCING ROUNDS FOR EUROPEAN VC-BACKED COMPANIES BY COUNTRY [1Q 2019]

FINANCING

Despite the turmoil surrounding Brexit, the United Kingdom retained its position as the leading destination of VC capital and deal flow in 1Q. While the UK's share of deals was an average of 29% compared to the quarterly figures of the past three years, its share of the total amount invested [26%] was down considerably from the 3-year average of 35%. As recently as 3Q 2018, its share of European funding was 43%. With such fluctuating data points, it remains to be seen what impact Brexit will have, if any, on UK startups.

Meanwhile, France and Germany kept their usual stakes to second and third place, respectively.



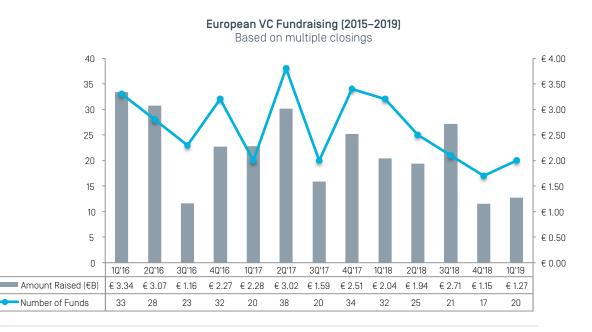
SLIGHT IMPROVEMENT FOR VC FUNDRAISING, BUT DOWNTREND STILL IN PLACE OVERALL

FUNDRAISING

European VC fundraising has remained on an overall low level, although the number of funds and amount raised did increase slightly compared with 4Q 2018.

The top fund of the quarter was AXA Venture Partners' €132 million AVP Early Stage II. The Paris fund focuses on early stage VC and is still open.

UK firms had the largest share of fund closings, with 6 funds raising €410 million.



TOP EUROPEAN VC FUND CLOSINGS IN 1Q 2019

FUNDRAISING

Firm Name	Firm Name Fund Name		Location	Offering Status	Fund Type	Closing Type	
AXA Venture Partners	AVP Early Stage II	€132.18	Paris, France	Open	Early-Stage Venture Capital	First	
BY Capital Management	BY Capital 2	€111.00	Berlin, Germany	Closed	Early-Stage Venture Capital	Final	
Dawn Capital	Dawn Capital Opportunities Fund	€108.01	London, UK	Open	Early-Stage Venture Capital	First	
Project A Ventures	Project A Ventures III	€106.00	Berlin, Germany	Open	Early-Stage Venture Capital	First	
Entrepreneur First Investment Manager	Entrepreneur First (Global)	€100.36	London, UK	Open	Early-Stage Venture Capital	First	

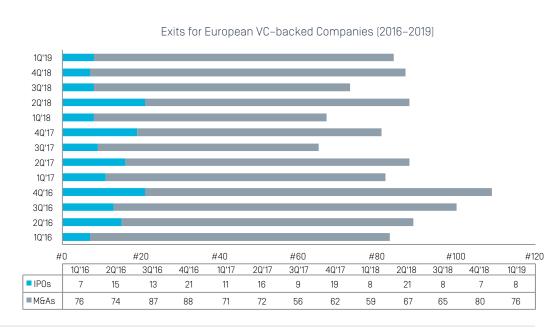
EUROPE 1Q 2019 VENTURE CAPITAL EXIT ACTIVITY

LIQUIDITY

The European liquidity market remained fairly stable in 1Q 2019, with slightly higher than average M&A activity and lower than average IPO activity compared to the past three years. The overall number of exits dropped slightly from 4Q 2018, with 84 in all. Following the trend of the last three years the number of M&A deals exceeded the sluggish activity on the IPO front.

The UK had 20 M&A transactions this quarter, the most of any country. Germany came in second place, with 14.

The last time IPOs exceeded M&A's as a route to liquidity was in 2000, during the dot-com bubble.



TOP M&As IN EUROPE (1Q 2019)

LIQUIDITY

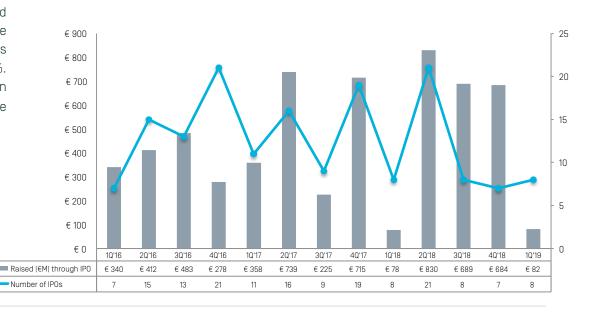
Company Name	Location	Brief Description	Industry Code	Industry Segment	Industry Group	Close Date	Round Type	Amount Paid [€M]	Acquirer
National Electric Vehicle Sweden AB	Trollhättan, Sweden	Manufacturer of electric vehicles.	Automobiles	Vehicles and Parts	Consumer Goods	1/15/2019	Acquisition	€819.49	Evergrande Group
World First UK Ltd.	London, UK	Provider of foreign exchange and international payment services.	Payment/ Transactional Processing	Financial Institutions and Services	Business and Financial Services	2/14/2019	Acquisition	€570.84	Ant Financial Services Group
Newtec Group NV	Sint-Niklaas, Belgium	Provider of satellite technology.	Wireless Telecommunications Service Providers	Communications and Networking	Information Technology	3/27/2019*	Acquisition	€250.00	Singapore Technologies Engineering Ltd.

^{*}Deal pending regulatory approval

EUROPEAN VC-BACKED IPOs (2016-2019)

LIQUIDITY

By any measure, the IPO market for European VC-backed companies began 2019 in feeble shape. Though the number of offerings inched up by one from the previous quarter, the total amount raised at IPO plunged 88%. Perhaps the only consolation is that 1Q 2018 had even worse results, yet recovered in spectacular fashion the following quarter.



TOP IPOs IN EUROPE [1Q 2019]

LIQUIDITY

Company Name	Location	Brief Description	Industry Code	Industry Segment	Industry Group	Close Date	Raised through IPO (€M)	Exchange: Ticker
Sequana Medical NV	Ghent, Belgium	Provider of medical devices to manage fluid balance within the body.	Therapeutic Devices [Invasive]	Medical Devices and Equipment	Healthcare	2/11/2019	€27.50	EBR: SEQUA
Marinomed Biotech AG	Vienna, Austria	Developer of biopharmaceutical products in the field of respiratory and ophthalmological diseases.	Pharmaceuticals	Biopharmaceuticals	Healthcare	2/1/2019	€19.50	VIE: MARI
Ascelia Pharma AB	Malmo, Sweden	Developer of contrast agents for use in magnetic resonance imaging [MRI].	Biotechnology Therapeutics	Biopharmaceuticals	Healthcare	3/13/2019	€18.98	STO: ACE

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.

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