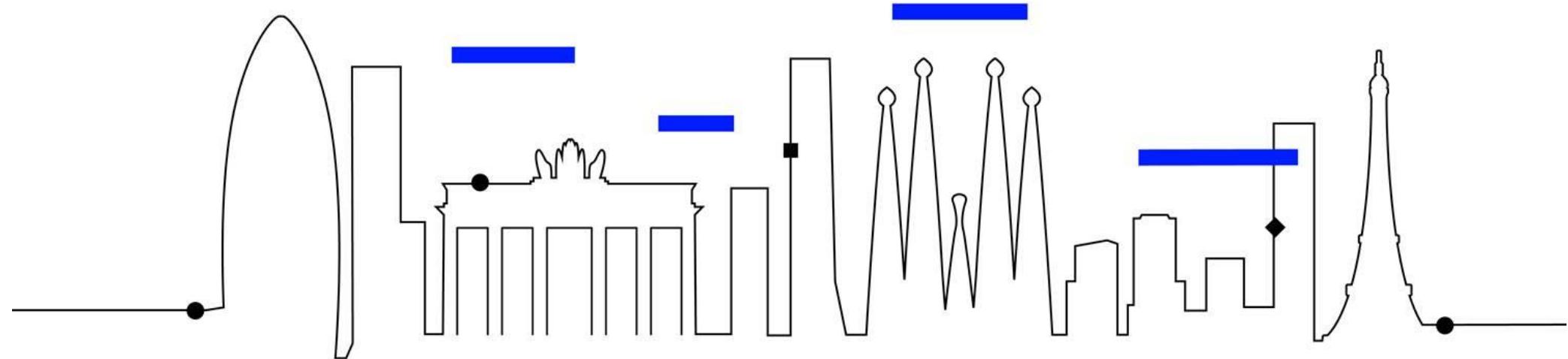


# European Venture Capital Review

FIRST HALF 2019



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# European Venture Capital Market Activity in H1 2019

## ***European VC Market Trends***

European venture capital funding continued its rapid pace through the end of the first half of 2019, with €10.6 billion invested across 683 rounds of financing. In dollar terms, this marked the strongest first half ever recorded, and investment sums were up 61% year-over-year. However, despite the continued strength in funding values, volumes were down 7% year-over-year, resulting in the slowest H1 since 2009. Perhaps explaining part of this was the fact that companies continued to receive financings later on in their lifecycle, as early stage rounds were down to 37% of all deals, the lowest share since 2010, and later stage rounds were up to 26%, a portion higher than any annual share ever recorded.

Leading the Top Rounds list for the first half remained the €1.1 billion funding round into OneWeb from Q1, a London-based satellite communications company, led by SoftBank with support by Qualcomm and Grupo Salinas. Other top deals newly added during the second quarter included food delivery service Deliveroo's €515 million investment led by Amazon with support from existing backers Greenoaks Capital, Fidelity Investments, and T. Rowe Price, as well as online tourism platform GetYourGuide, which secured a €433 million investment by an investor group including SoftBank's Vision Fund, Temasek, Lakestar, Korelya Capital, Heartcore Capital, and Swisscanto Invest.

The two most active investment firms during the half were both based in Paris. These were Bpifrance with 37 investments and Idinvest Partners with 23. Rounding out the remainder of the top five were three funds all based in the UK. These were Mercia Fund Managers with 16, Balderton Capital with 15, and Index Ventures with 14.

## ***European VC Investment Abroad***

European investment into non-European companies reached new heights in H1 2019, with local funds investing €8.3 billion across 459 rounds. This immense outlay was mainly thanks to the London-headquartered SoftBank Vision Fund, which dominated the Top Dealmaking Abroad list, participating in all five of the top rounds during the period. SoftBank alone invested €4.5 billion across 18 deals, including a €1.3 billion investment into China-based car selling marketplace Chehaoduo, as well as €1.3 billion into Singapore ride-sharing platform, Grab.

## ***European VC Fundraising Trends***

European venture capital funds raised a total of €4.8 billion across 40 fundraises during the half, down 4% from H1 2018 despite the €3.1 billion raised in Q2 alone marking the strongest individual quarter since 2001. The largest close in the period was Generation Investment Management's third Sustainable Solutions Fund, which raised €896 million.

# European Venture Capital Market Activity in H1 2019

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## ***European VC Trends by Region***

Companies based within the UK received €4.3 billion of VC investment between January and June, a 100% increase from the same period a year ago. This increase in value mostly came as a result of companies based within London, which made up 150 of these rounds valued at €3.4 billion, or an 80% share of the nation's total volume.

France ranked second during the half, with 178 rounds completed during the period. This was down 15% from H1 2018, however total round values of €2.2 billion were up 58%. Companies based in Paris were involved in 73 of those, or 41% of the national volume.

Rounding out the top three, Germany saw 70 rounds valued €1.2 billion, which equates to volumes being down 35%, and values remaining relatively flat, just up 2%. Berlin's 35 deals valued at €910 million represented a 79% share of the nation's total investment.

## ***European VC Trends by Sector***

Driving the bulk of the increase in investment values, European IT companies raised €8.4 billion across 496 rounds during the half, up 86% from H1 2018 and just 11% shy of the total investment made during all twelve months of 2018.

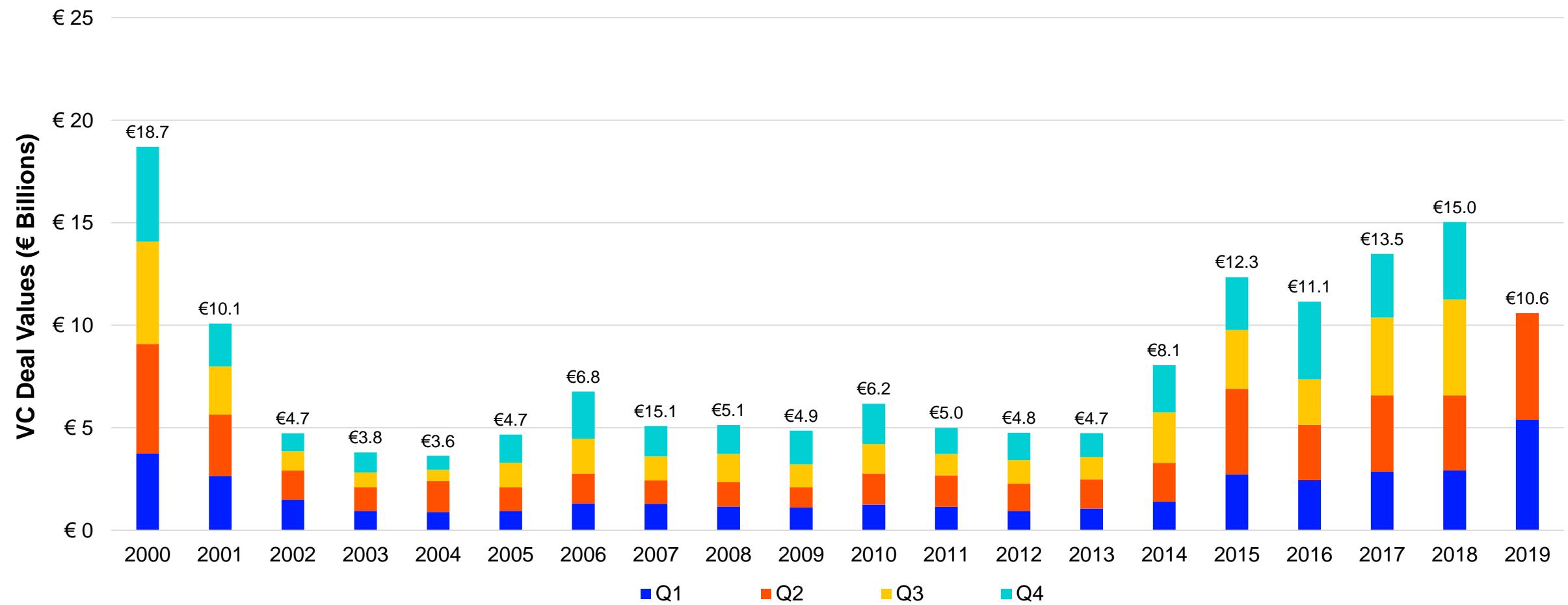
Life Science and other healthcare-related companies received just €1.1 billion of financing during H1 across 91 rounds, representing a 11% share of all dollar flows during the period, down from their 21% in H1 2018 and 16% in H1 2017.

## ***European Fund Performance***

As overall investment activity continued to reach new heights, the performance of European venture capital funds improved alongside it. Published data provided by Cambridge Associates shows European venture capital funds with vintage years of 2000 or greater returned a since inception IRR of 7.8% as of the end of Q1 2019, up from a since-inception IRR of only 3.3% back in 2014. These latest figures still lag slightly their U.S. VC counterparts, however European funds show a much wider performance margin separating them and their public market equivalents.

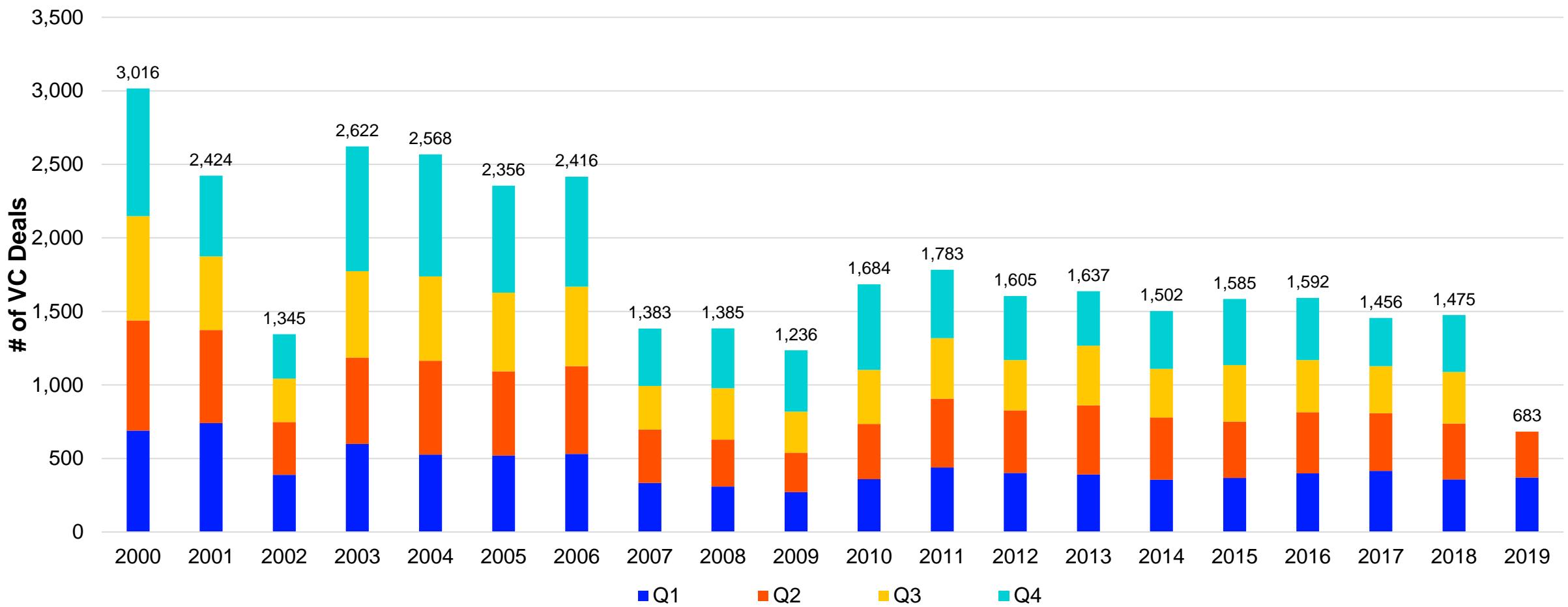
# Historical Investment in European Companies: Venture Capital Round Values

Continuing on the strength of the first quarter, European companies raised €10.6 billion of venture capital funding during the first six months of 2019, an increase of 61% year-over-year, and marking the strongest first half ever recorded.



# Historical Investment in European Companies: Venture Capital Deal Volumes

Despite the record-breaking deal values in the period, deal volumes continued to decline in 2019 as only 683 rounds were completed in the first half. This was down 7% from H1 2018 and marked the slowest start to a year since 2009.



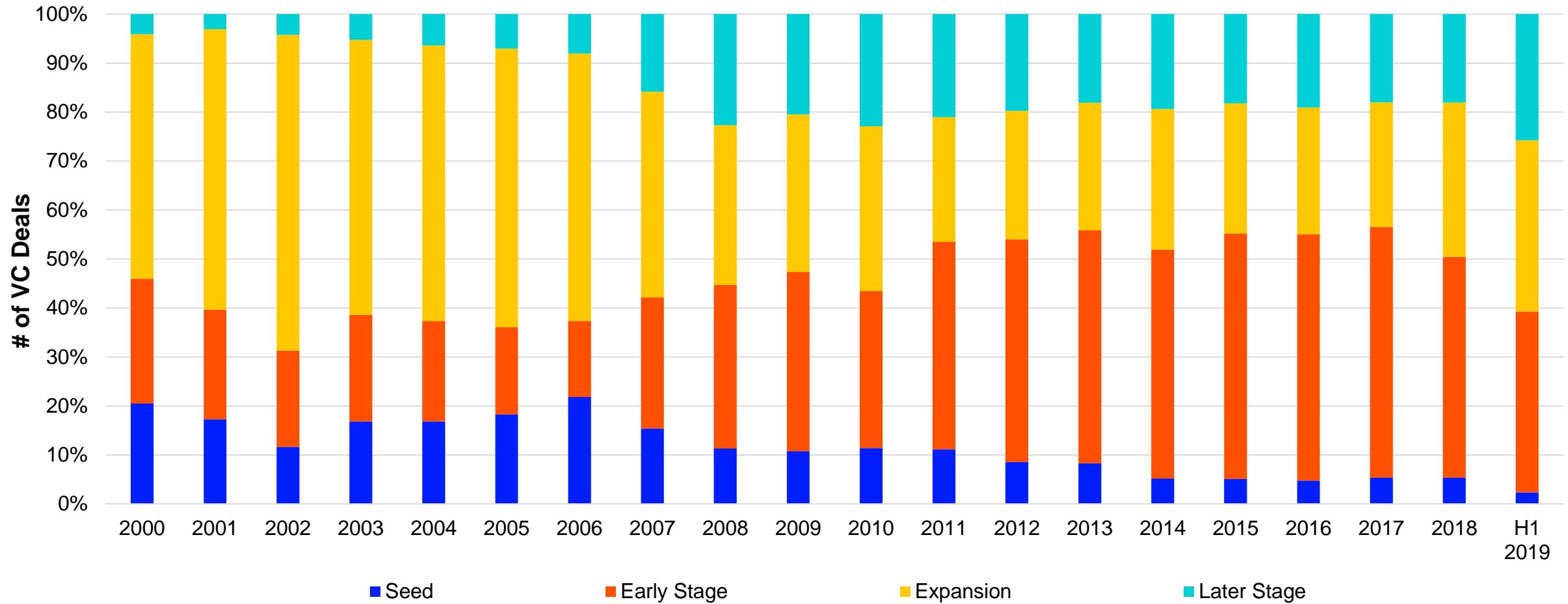
# Top European Venture Capital Deals

## First Half 2019

| Portfolio Company |                         |                            |                        | Investors            |   |
|-------------------|-------------------------|----------------------------|------------------------|----------------------|---|
| Rank              | Company Name            | Deal Value<br>(€ Millions) | Location               | Sector               | Investing Firms (Disclosed)   |
| 1                 | <b>OneWeb</b>           | €1,102.7                   | London, United Kingdom | Satellite Internet   | SoftBank Investment Advisers, Qualcomm Technologies, Grupo Salinas  |
| 2                 | <b>Deliveroo</b>        | €515.4                     | London, United Kingdom | Food Delivery        | Amazon, Greencoaks Capital, Fidelity Investments, T. Rowe Price   |
| 3                 | <b>GetYourGuide</b>     | €433.2                     | Zurich, Switzerland    | Tourism Platform     | SoftBank Vision Fund, Temasek, Lakestar, Korelya Capital, Heartcore Capital, Swisscanto Invest  |
| 4                 | <b>TransferWise</b>     | €261.8                     | London, United Kingdom | Money Transfers      | Lead Edge Capital, Lone Pine Capital, Vitruvian Partners, BlackRock, Andreessen Horowitz, Baillie Gifford                                     |
| 5                 | <b>N26</b>              | €259.9                     | Berlin, Germany        | Financial Technology | Insight Partners, GIC, Allianz X, Earlybird Venture Capital   |
| 6                 | <b>Checkout</b>         | €205.8                     | London, United Kingdom | Payment Processing   | Insight Partners, Mail.Ru Group, GIC, Blossom Capital, Endeavor Global  |
| 7                 | <b>Doctolib</b>         | €150.0                     | Paris, France          | Healthcare Booking   | General Atlantic, Accel, Bpifrance, Eurazeo, Kernel   |
| 8                 | <b>Glovo</b>            | €150.0                     | Barcelona, Spain       | Delivery Services    | Lakestar, Drake QSR, Korelya Capital, Idinvest Partners   |
| 9                 | <b>Monzo Bank</b>       | €126.2                     | London, United Kingdom | Digital Banking      | Y Combinator, Accel Partners, General Catalyst, Goodwater Capital, Orange Digital Ventures, Passion Capital, Latitude, Thrive Capital, Stripe |
| 10                | <b>Wolt Enterprises</b> | €116.0                     | Helsinki, Finland      | Food Delivery        | ICONIQ Capital, 83North, EQT, Highland Capital Partners, Lifeline Ventures  |

# Venture Capital Deal Volumes by Stage

There were 252 early stage deals in H1 2019 which represented a 37% share of overall deal volumes, down from a 45% share seen throughout all twelve months of 2018 and a portion lower than any annual share since 2010.

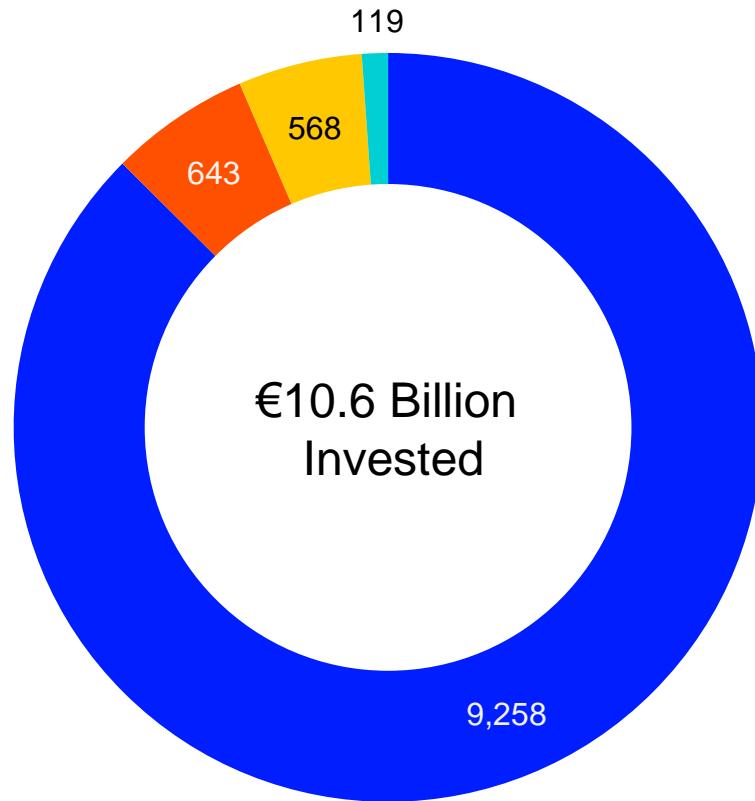


# Most Active Venture Capital Investors in European Companies First Half 2019

| Rank | Firm Name              | # of Rounds | Estimated Investment<br>(€ Millions) | Location                        |
|------|------------------------|-------------|--------------------------------------|---------------------------------|
| 1    | Bpifrance              | 37          | €141.1                               | Paris, France                   |
| 2    | Idinvest Partners      | 23          | €184.0                               | Paris, France                   |
| 3    | Mercia Fund Managers   | 16          | €16.3                                | Henley-in-Arden, United Kingdom |
| 4    | Balderton Capital      | 15          | €97.1                                | London, United Kingdom          |
| 5    | Index Ventures         | 14          | €128.9                               | London, United Kingdom          |
| 6    | High-Tech Gründerfonds | 14          | €5.7                                 | Bonn, Germany                   |
| 7    | LocalGlobe             | 13          | €45.6                                | London, United Kingdom          |
| 8    | Accel                  | 11          | €88.6                                | Palo Alto, United States        |
| 9    | M Capital Partners     | 10          | €124.5                               | Toulouse, France                |
| 10   | Kima Ventures          | 10          | €17.6                                | Paris, France                   |

# European Venture Capital Investment by Region

Western Europe secured 87% of all VC funding and 87% of all deals in the first six months of 2019. Companies located within Southern and Eastern Europe together received 11% of total funding during the period, down from 15% in H1 2018.



- Western Europe
- Northern Europe
- Southern Europe
- Eastern Europe



# European Venture Capital Rankings, by Nation

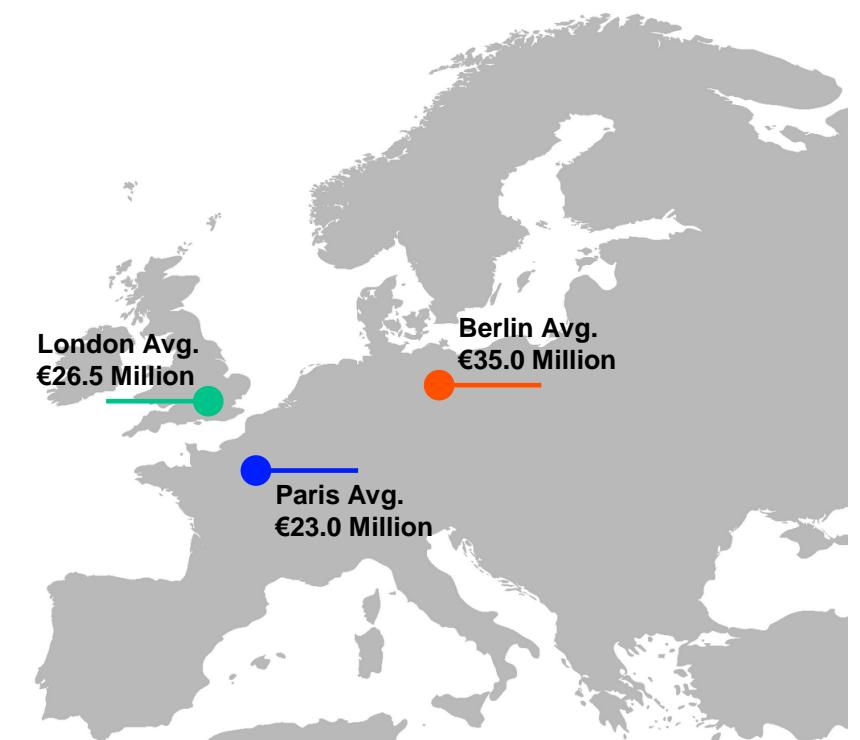
## European Rankings – First Half 2019

| Rank | Nation         | # of Deals<br>H1 2019 | # of Deals<br>H1 2018 | % Change | Round Values<br>(€ Millions)<br>H1 2019 | Round Values<br>(€ Millions)<br>H1 2018 | % Change   |
|------|----------------|-----------------------|-----------------------|----------|---|---|------------|
| 1    | United Kingdom | 268                   | 258                   | ▲ 3.9%   | 4,256.1                                 | 2,130.3                                 | ▲ 99.8%    |
| 2    | France         | 178                   | 209                   | ▼ -14.8% | 2,243.2                                 | 1,418.4                                 | ▲ 58.2%    |
| 3    | Germany        | 70                    | 108                   | ▼ -35.2% | 1,153.9                                 | 1,132.6                                 | ▲ 1.9%     |
| 4    | Switzerland    | 20                    | 24                    | ▼ -16.7% | 906.9                                   | 292.8                                   | ▲ 209.7%   |
| 5    | Spain          | 15                    | 13                    | ▲ 15.4%  | 390.7                                   | 294.8                                   | ▲ 32.6%    |
| 6    | Belgium        | 19                    | 17                    | ▲ 11.8%  | 363.9                                   | 229.9                                   | ▲ 58.3%    |
| 7    | Sweden         | 14                    | 14                    | -        | 239.4                                   | 130.6                                   | ▲ 83.4%    |
| 8    | Denmark        | 13                    | 13                    | -        | 184.4                                   | 125.1                                   | ▲ 47.4%    |
| 9    | Finland        | 9                     | 14                    | ▼ -35.7% | 149.6                                   | 187.3                                   | ▼ -20.1%   |
| 10   | Ireland        | 20                    | 15                    | ▲ 33.3%  | 148.0                                   | 218.0                                   | ▼ -32.1%   |
| 11   | Italy          | 17                    | 12                    | ▲ 41.7%  | 145.7                                   | 104.1                                   | ▲ 40.0%    |
| 12   | Netherlands    | 11                    | 17                    | ▼ -35.3% | 105.1                                   | 77.4                                    | ▲ 35.8%    |
| 13   | Poland         | 4                     | 6                     | ▼ -33.3% | 92.9                                    | 11.0                                    | ▲ 746.0%   |
| 14   | Luxembourg     | 1                     | 1                     | -        | 55.0                                    | 1.5                                     | ▲ 3,566.7% |
| 15   | Norway         | 4                     | 4                     | -        | 51.1                                    | 42.6                                    | ▲ 20.2%    |

# European Venture Capital Rankings, by City

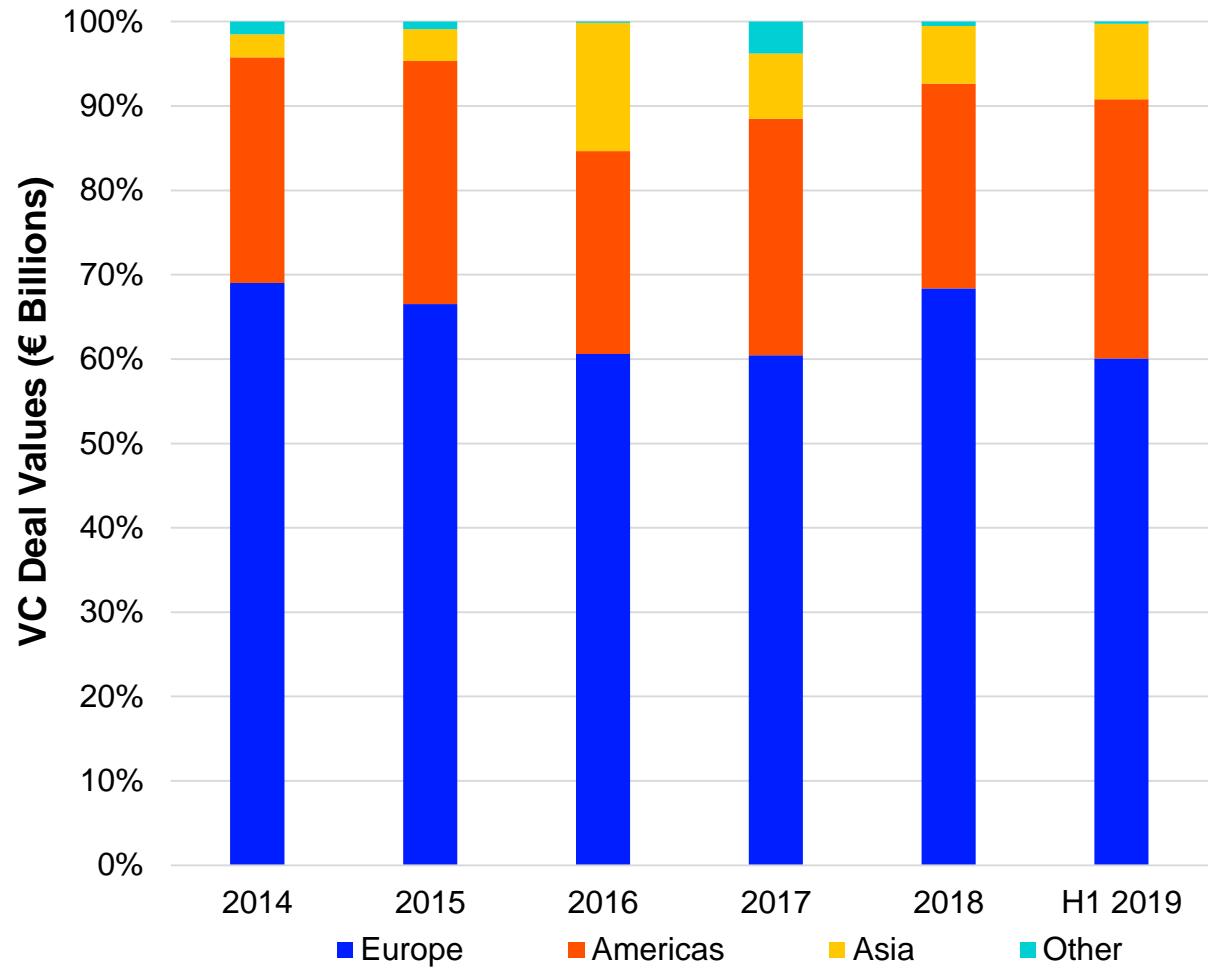
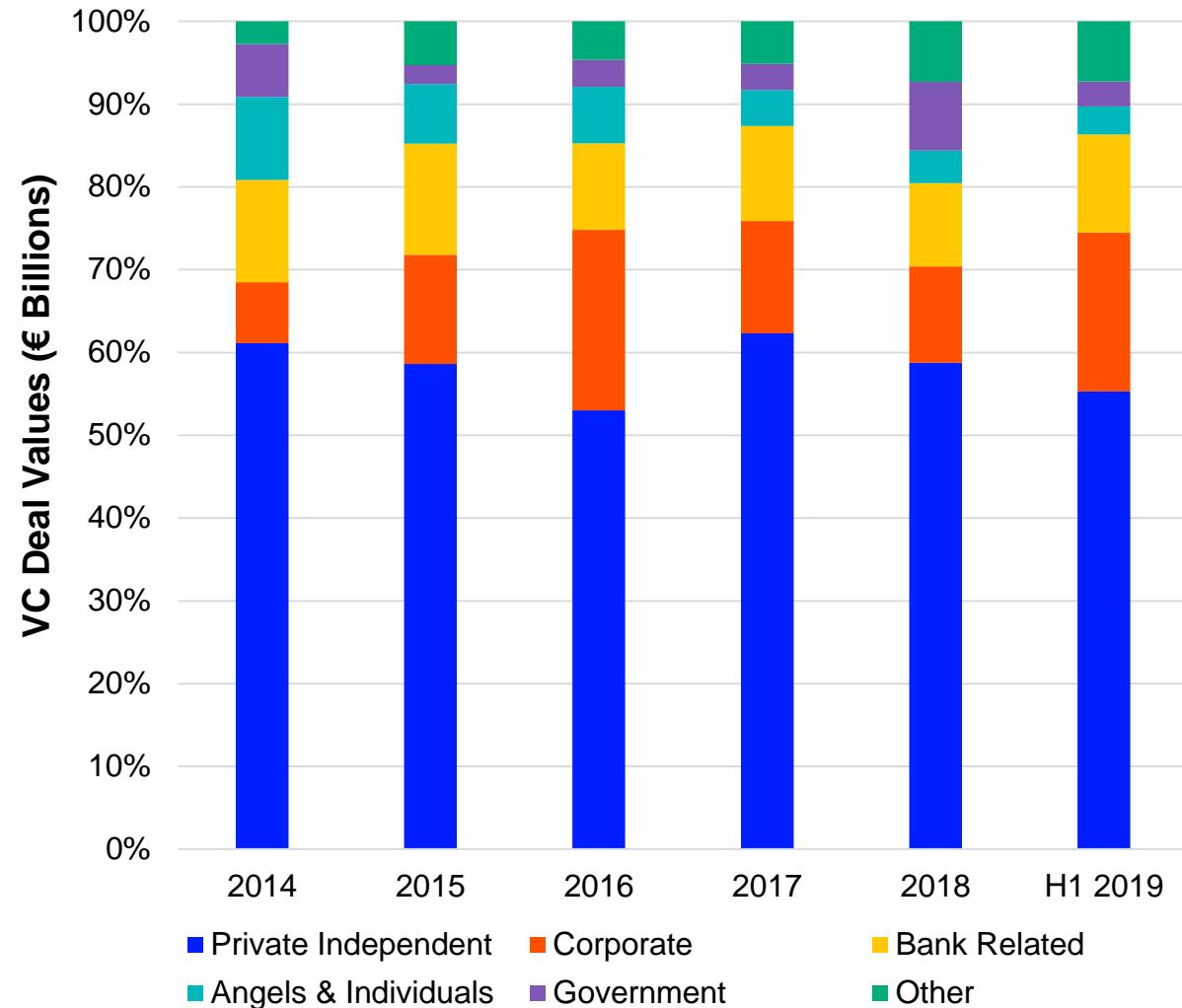
## European Rankings – First Half 2019

| Rank | Metro Region | # of Rounds | Year-Over-Year Change in # of Rounds | Round Values (€ Millions) | Year-Over-Year Change in € Invested |
|------|--------------|-------------|--------------------------------------|---------------------------|-------------------------------------|
| 1    | London       | 150         | ▲ 23.0%                              | 3,385.7                   | ▲ 210.3%                            |
| 2    | Paris        | 73          | ▼ -19.8%                             | 1,473.8                   | ▲ 82.4%                             |
| 3    | Berlin       | 35          | ▼ -32.7%                             | 910.2                     | ▲ 34.8%                             |
| 4    | Cambridge    | 20          | ▲ 33.3%                              | 188.0                     | ▼ -15.7%                            |
| 5    | Dublin       | 13          | ▲ 44.4%                              | 64.9                      | ▼ -67.3%                            |
| 6    | Stockholm    | 11          | ▲ 10.0%                              | 228.9                     | ▲ 210.2%                            |
| 7    | Munich       | 10          | ▼ -50.0%                             | 76.9                      | ▼ -46.9%                            |
| 8    | Barcelona    | 9           | -                                    | 293.8                     | ▲ 347.0%                            |
| 9    | Manchester   | 7           | ▼ -22.2%                             | 25.3                      | ▲ 201.1%                            |
| 10   | Copenhagen   | 5           | ▼ -50.0%                             | 168.2                     | ▲ 73.9%                             |
| 11   | Helsinki     | 5           | ▲ 25.0%                              | 130.2                     | ▲ 207.8%                            |
| 12   | Belfast      | 5           | ▲ 66.7%                              | 16.9                      | ▲ 154.2%                            |
| 13   | Bristol      | 5           | ▲ 400.0%                             | 16.2                      | ▲ 223.4%                            |
| 14   | Zurich       | 4           | ▼ -55.6%                             | 557.0                     | ▲ 907.1%                            |
| 15   | Amsterdam    | 4           | ▼ -55.6%                             | 44.1                      | ▲ 61.8%                             |



# Venture Capital Investment by Origin of Capital

Corporate VC funds were responsible for 19% of total investment in H1 2019, up from a share of 12% throughout the entirety of 2018. Funds based within the Americas supplied 31% of all equity during the half, a share not seen since 2001.



# Venture Capital to European Companies from Non-European Investors

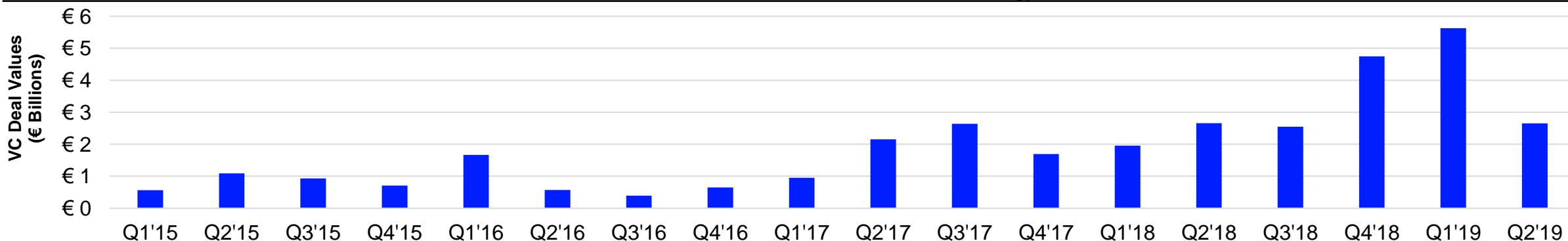
Investment by United States-based funds accounted for 27% of all disclosed VC investment in European companies, the highest share of any nation including those within Europe. Other non-European investors accounted for 40% of all activity.



# European Dealmaking Abroad

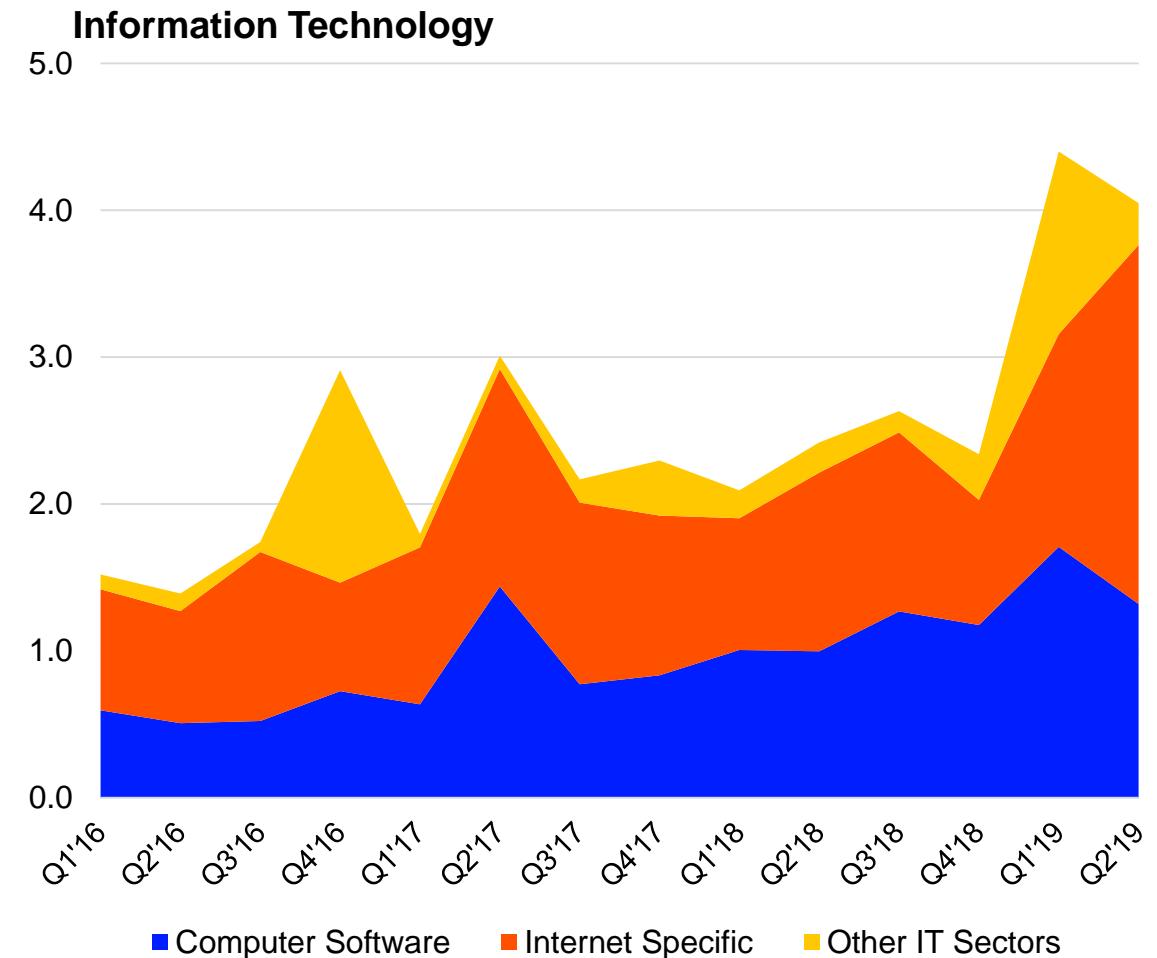
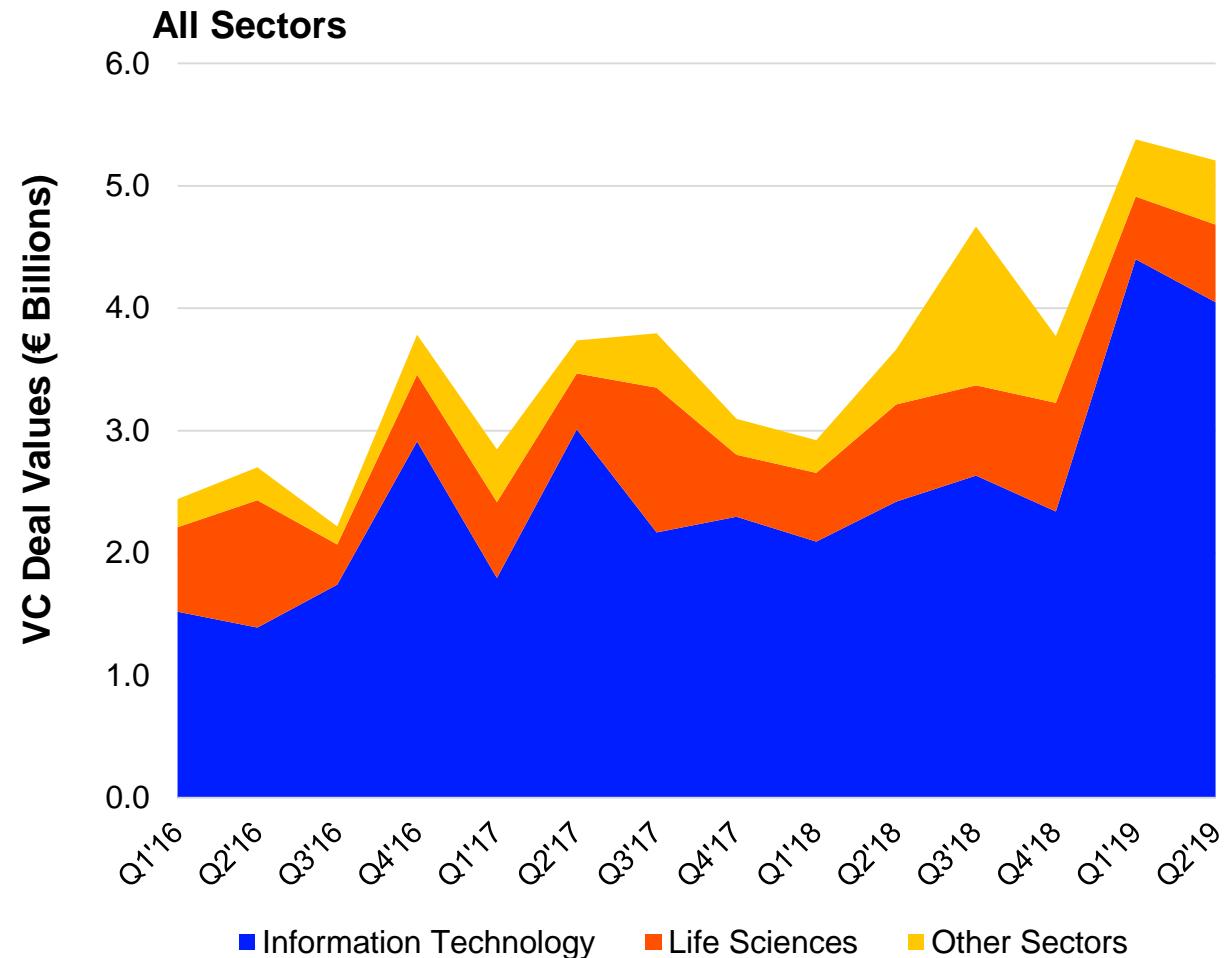
European funds invested €8.3 billion in 459 non-European companies during the first six months of the year, up 79% from the amount invested during the same period a year ago.

| Portfolio Company |                   |                             |                              | Investors                      |  |
|-------------------|-------------------|-----------------------------|------------------------------|--------------------------------|--|
| Rank              | Company Name      | Round Value<br>(€ Millions) | Location                     | Sector                         | European Investors (Disclosed)                             |
| 1                 | Guazi (Chehaoduo) | €1,319                      | Beijing, China               | Used Car Marketplace           | SoftBank Vision Fund                                       |
| 2                 | Grab Holdings     | €1,291                      | Singapore                    | Ride Sharing                   | SoftBank Vision Fund                                       |
| 3                 | Cruise            | €1,028                      | San Francisco, United States | Self-Driving Vehicles          | SoftBank Vision Fund, General Motors, T. Rowe Price, Honda |
| 4                 | Nuro              | €834                        | Mountain View, United States | Self-Driving Vehicles          | SoftBank Vision Fund                                       |
| 5                 | Flexport          | €540                        | San Francisco, United States | Freight & Brokerage Technology | SoftBank Vision Fund, Mail.Ru Group                        |



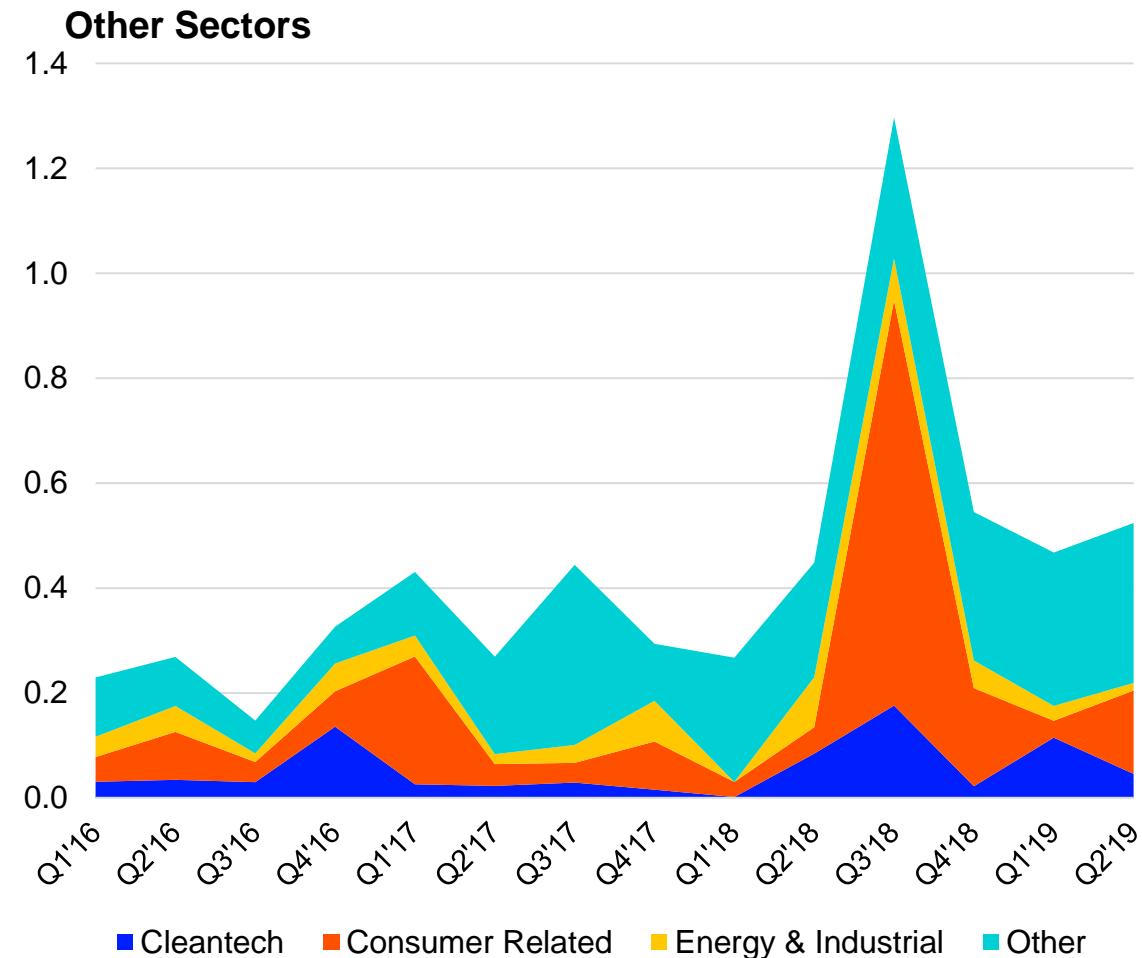
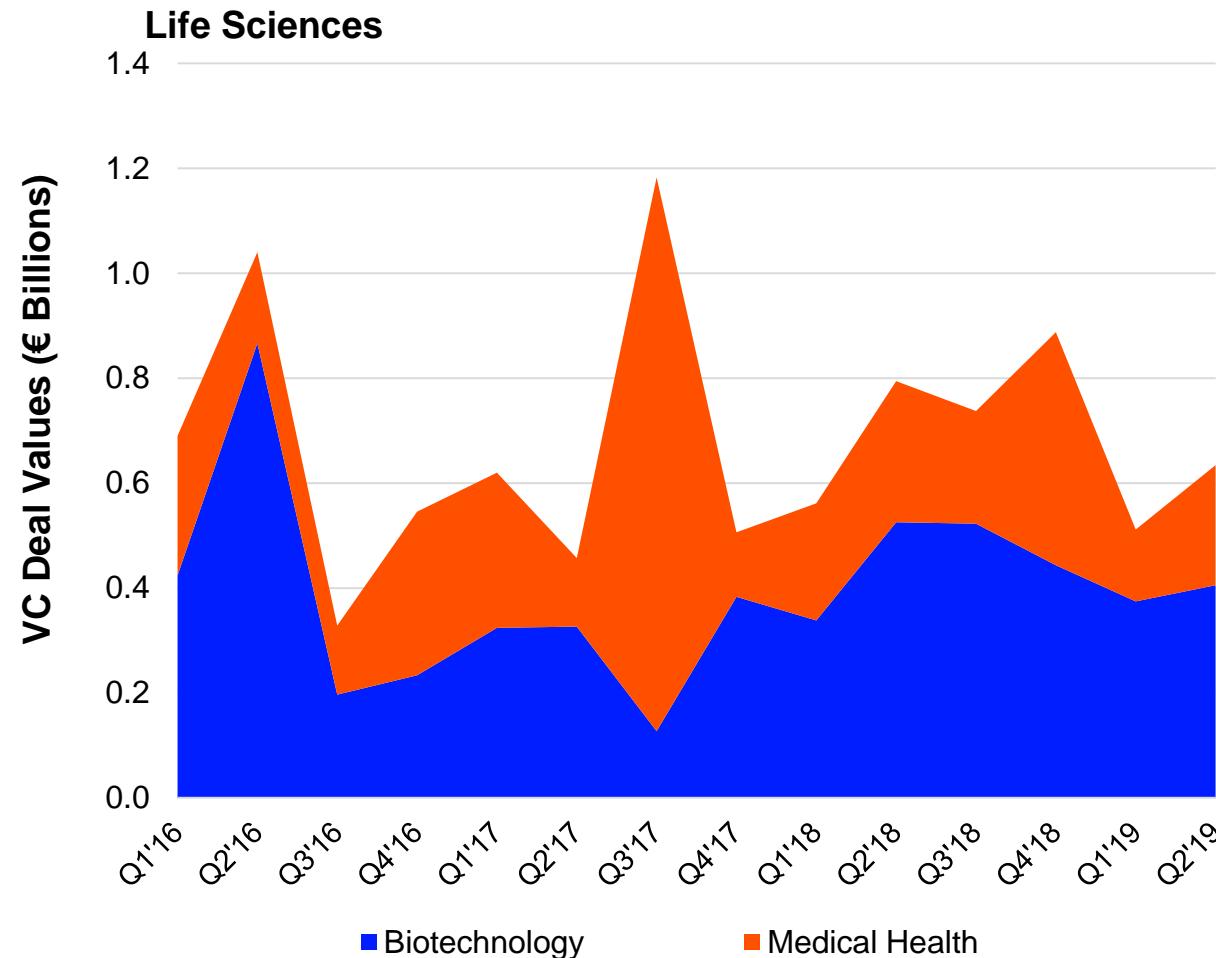
# Venture Capital by Sector

IT investment grew 87% year-over-year with €8.4 billion of financings during H1, representing an 80% share of all VC. This was up from the 63% seen throughout the twelve months of 2018 and 69% seen in 2017.



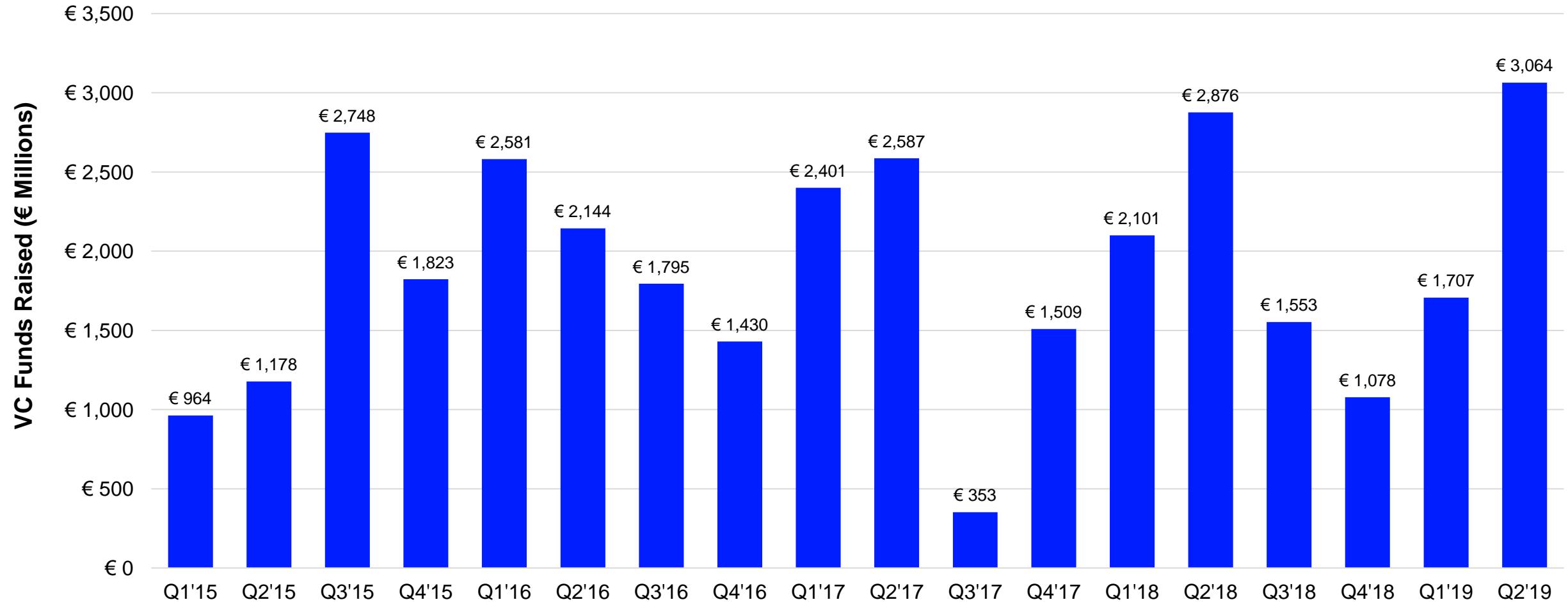
# Venture Capital by Sector

Life sciences companies received €1.1 billion throughout the first six months of the year, down 15% from H1 2018. Cleantech companies received €160 million in the period, up 86% from 2018.



# European Venture Capital Fundraising

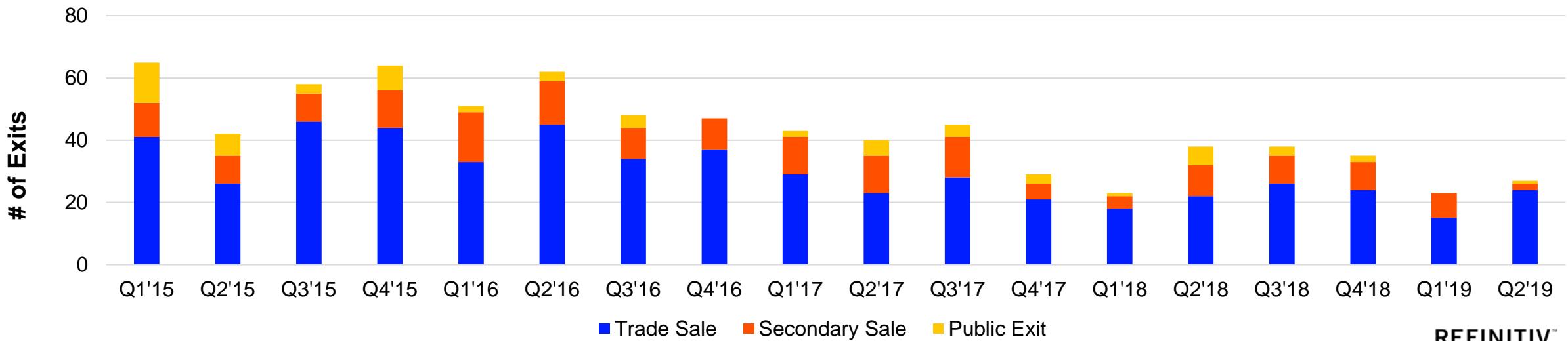
A total of €4.8 billion was raised by 40 European VC funds in H1 2019. The second quarter alone saw €3.1 billion raised, the most in an individual quarter since 2001.



# European VC Backed Exits, First Half 2019

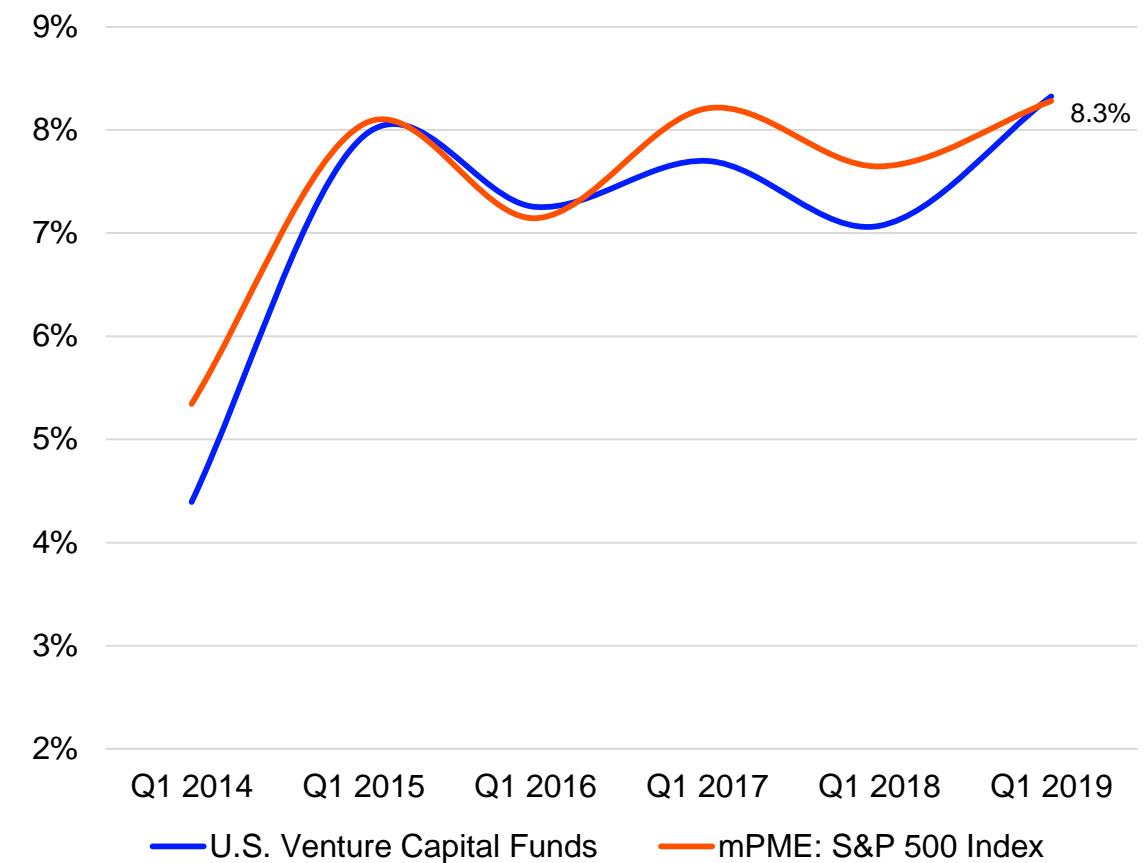
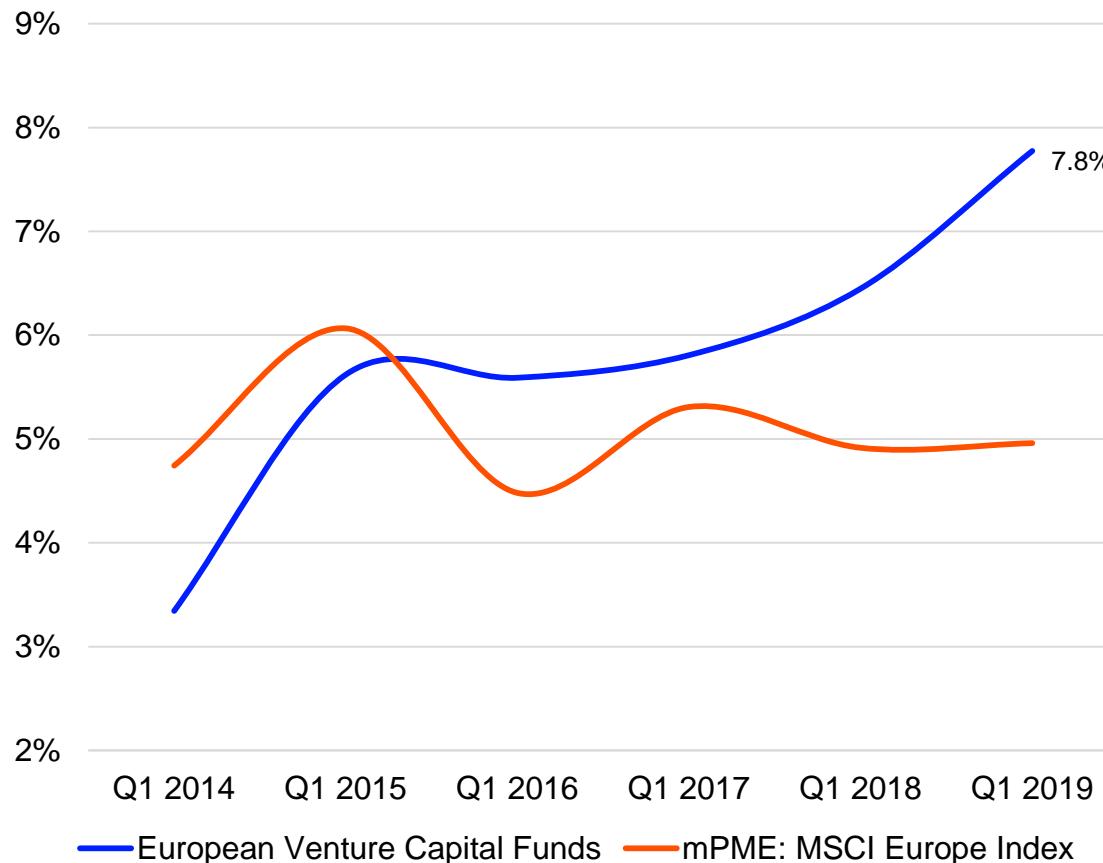
European VC-backed company exit volumes continued to trend downwards, with just 50 completed exits during the first six months of 2019, down 18% from activity levels a year prior.

| Portfolio Company |                     |                            |                        |                                  | Investors  |
|-------------------|---------------------|----------------------------|------------------------|----------------------------------|--|
| Rank              | Company Name        | Deal Value<br>(€ Millions) | Location               | Sector                           | Exiting Investors (Disclosed)  |
| 1                 | <b>Eaton Towers</b> | €1,662.2                   | London, United Kingdom | Telecom                          | Development Partners International, Capital Group, Ethos Private Equity, Hamilton Lane, HarbourVest Partners, Affirma Capital                          |
| 2                 | <b>eFront</b>       | €1,149.1                   | Paris, France          | Alternative Investments Software | Bridgepoint  |
| 3                 | <b>Therachon</b>    | €723.8                     | Basel, Switzerland     | Biotechnology                    | Bpifrance, New Enterprise Associates, Novo Holdings, OrbiMed, Pfizer Ventures, Inserm Transfert Initiative, Tekla Capital Management, Versant Ventures |



# Cambridge Associates: Venture Capital Fund Performance

European private independent funds continued their trend of increasing performance in the beginning of 2019. While returns still lagged slightly behind those of U.S. VC funds, they showed greater outperformance of local public markets.



# Explanatory Notes

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1. Data collected and analyzed by Refinitiv for this statistical report were drawn from a variety of sources including Refinitiv M&A databases, regulatory filings, press releases, and proprietary reports from European and non-resident venture capital firms, private equity firms, law firms, and other service providers.
2. The Refinitiv European venture capital report measures cash for equity and quasi-equity investments by the professional venture capital community in emerging companies in Europe.
3. The report includes the investment activity of professional venture capital firms, whether European-based or not, including private independent funds, venture arms of corporations, institutions, government funds, angel funds, and similar entities whose primary activity is financial investing. Where there are additional participants such as angels, corporations, governments, or company officers in a qualified and verified financing round, the entire amount of the round is included.
4. The report excludes venture debt, buyouts, recapitalizations, secondary purchases, IPO exits, and other forms of private equity that do not involve cash such as services-in-kind. Investments in capital pool companies (CPCs & JCPs) are not eligible. Companies whose primary activity is the extraction of natural resources (agriculture, forestry, mining, and oil & gas exploration) without a specific focus on technology are not eligible.
5. Rounds are tracked based on investment headquarter location.
6. Rankings of top VC investors include only investment activity made in European portfolio companies. Estimated investment activity is based on the actual syndicate breakdown, where available, and is split equally among disclosed investors where actual breakdowns are not available. Rankings capture the six-month period from January 1<sup>st</sup>, 2019 to June 30<sup>th</sup>, 2019.
7. Fund performance data and public market equivalents are produced via the Cambridge Associates Benchmark Calculator, available through Refinitiv Eikon. Returns are for European and U.S. venture capital funds with vintage years of 2000 or greater, on a first cash flow basis, in Euros, from inception to the end of the indicated quarter, under published data mode Q1 2019. Pooled internal rates of return are net of fees, expenses and carried interest. CA Modified Public Market Equivalent (mPME) replicates private investment performance under public market conditions. The public index's shares are purchased and sold according to the private fund cash flow schedule, with distributions calculated in the same proportion as the private fund, and mPME NAV is a function of mPME cash flows and public index returns.
8. All current and previous years data is as of Tuesday, August 20<sup>th</sup>, 2019. Data is continuously updated and is therefore subject to change. All figures are in Euros unless otherwise noted.

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Contributors to this analysis are provided with additional packages of data. If you would like to participate in the submission process, receive quarterly press releases, or have questions about our venture capital criteria, please contact us at:

Greg Beaman  
E-mail: [greg.beaman@refinitiv.com](mailto:greg.beaman@refinitiv.com)  
Tel: 416-687-7510