

AXON



# NEXT STATION: EUROPE

## How Europe's tech startup ecosystems are evolving



tech.eu





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## EUROPE'S EVOLVING TECH ECOSYSTEM

Europe's tech scene is rapidly maturing, as evidenced by a steady increase in equity funding in tech startups, an amount reaching €25 billion in 2017. The continent is also now home to 57 unicorns, according to a report by GP Bullhound. Europe's great diversity - an amalgamation of over 40 countries with their own languages, cultures, and regulations - has created both challenges and advantages for its startup ecosystem. On the one hand, language and legal barriers can make it harder for European startups to expand and scale into neighbouring countries. Yet the continent's diversity also contributes to its creative potential and innovation. Europe is embracing entrepreneurship and its many strengths - a talented workforce (Europe's tech workforce increased three-fold in 2017, and is home to more programmers than the US), top academic and research institutions, and increasing government support, with a lot of new investment coming from the EU and state-backed investment banks. The digital economy in Europe is growing 7x as quickly as the rest of the economy, and creating 3x as many jobs as any other industry.

European governments and the EU are acknowledging tech as an economic driver and taking steps to facilitate the growth of the tech industry. Examples of this are the establishment of tech visas in many countries to attract foreign talent and entrepreneurs, tax incentives for tech startups, the establishment of a pan-European VC fund-of-funds, and the creation of the Digital Single Market, which will streamline regulations and make cross-border investment easier.

The European tech startup ecosystem is growing rapidly - raising a record €25 billion in 2017, an almost 500% increase from a mere €4.3 billion raised in 2012. If tech startup funding keeps increasing at this rate, in another five years funding levels will reach almost €150 billion. A major reason for the funding increase has been a corresponding increase in the number of deals, however in 2017 it was due to deal sizes across Europe rising, indicating that European startups are maturing and scaling. The most significant growth has been seen in the UK, but also in Germany, France, Israel, and Sweden. We'll take a closer look at the growth of startup ecosystems in each of these countries in this report.

The activity of a tech ecosystem is determined by many fac-

tors, including education and talent, government support, and a culture of innovation. However basic demographics play a large part - the size of a country and its overall wealth. For example, one wouldn't expect a small country like Norway to have the same activity as its neighbour the UK, which has 12x the population. Though Silicon Valley remains the mecca for tech startups, it wouldn't be correct to say that Europe lags behind other ecosystems such as Asia in tech funding. China may have raised €47.7 billion in tech funding in 2017, almost twice that of Europe - but the country also has almost twice the population of the European continent. Therefore tech startup funding per capita is about the same in these two ecosystems, at around €34 per capita. In this report, we'll analyse countries not only based on their overall amount of funding but their funding per capita.

In 2017 the UK and Germany led the way in tech funding volumes of over €7 billion and €4 billion, respectively - 100% increases over 2016. The UK in particular had a nearly €4 billion increase in funding over 2016, despite the widespread threat that Brexit would negatively affect the country's ecosystem. Meanwhile, France has more than tripled the number of investments in its technology startups since 2014, with 722 deals recorded in 2017, far more than any other European country, showing an increasingly active ecosystem, even though its deal sizes are lower than its UK and German counterparts. Startup investment activity in France has been bolstered with the creation of Bpifrance, a state investment bank created in 2013, which has since become by far the most active investor in Europe, backing 86 deals in 2017 alone. The optimism of French entrepreneurs has also soared with the election of Emmanuel Macron, a tech enthusiast who has stated that he wants "France to be a startup nation", and sees innovation as the way to move the economy forward. Tech in France, and particularly Paris, has further been reinforced with the opening of the world's biggest startup campus, Station F, in 2017.

# FOREWORD FROM AXON PARTNERS



“Next Station: Europe” reflects our view about the current state of the European tech ecosystem as well as the great potential we still foresee for the upcoming years.

Our optimism is supported by the data and analysis presented throughout the report along with the insights provided by key players of the tech European industry regarding different relevant topics covered in this document.

Europe is the largest developed and integrated market and its society has shifted towards entrepreneurship. Entrepreneurs have reached about 8% of the working age population. There is a huge engineering and science talent pool and currently five of the world’s top computer science institutions are European. There are several consolidated tech hubs all around the continent, but more importantly, there are emerging hubs gaining relevance in cities such as Amsterdam, Munich or Barcelona.

In 2017 Europe’s tech startups obtained an unprecedented level of funding, reaching a record of €25 billion up from just €4 billion in 2012. The reason behind this record level of funding lies on the abundant number of deals closed and the increased size of the transactions (average deal rose from €5.7 million in 2016 to €8.4 million in 2017). All these figures flag that European startups are maturing, growing bigger, faster, and becoming global leaders in their respective markets. Companies such as Spotify, Deliveroo, Soundcloud or Funding Circle are good examples of this new generation of European startups.

These successful innovative businesses and the ecosystem as whole, are attracting not only an increasing amount of capital from local investors, but also from international sources that are taking a more important role in backing European startups. In Europe the venture capital industry has

matured over the past 10 years. GPs have developed a solid experience and have been able to select and back the best opportunities. European VC funds have performed well, and the returns obtained are outperforming the returns in US since the financial crisis. However, the VC ecosystem offers significant room for growth. The economies of the US and Europe are similar in size, but the amount invested in VC in US in 2017 was more than 4 times that of Europe.

Corporate investors have also been an important source of capital for European tech companies and at present there are more than 550 corporate investors active in the market.

In the coming years we expect increasing participation of European private institutional and corporate investors backing venture capital funds and tech companies. Initiatives such as VentureEU, launched by the European Commission in 2017, will play a key role in the development of the VC industry, allowing more institutional investors to access the asset class in a diversified and efficient manner through Funds of Funds.

We hope you enjoy reading the report and find the data and analysis presented enlightening.



FRANCISCO VELAZQUEZ  
PARTNER AND PRESIDENT, AXON  
PARTNERS GROUP



# Axon Partners Group at a Glance



A global independent Investment, Corporate Development and Consulting firm specialized in emerging markets

**7**  
Offices Around the World

**70+**  
Employees Around the World

**17**  
Nationalities

**25+**  
Experience years of Board Members

**3**  
Incubated Businesses

## Main Divisions

### PE & VC

- Local teams investing across Southern Europe, LatAm and India
- Focus on technology , from seed to growth stage
- Solid Track Record of **21.3% IRR**
- Portfolio of **30 companies**

### Corporate Finance

- Leading M&A boutique focused on **tech and innovation**
- Executed some of the most successful transactions in Spain (i.e. the sale of La Nevera Roja to Rocket Internet)

### Strategy Consulting

- Strategy advisory & digital marketing services in the broad **technology** sector
- Reputation as **world-class leader** in state-of-the-art analytical modelling techniques and conceptual frameworks

**€250m**  
AuM

**+150**  
Investors in our Network

**+200**  
Projects executed

**5**  
Funds Across the World

**+€1bn**  
In executed Transactions

**+50**  
Recurrent Clients

**3.0x**  
Average Multiple on Exits

**+30**  
Cumulated years of M&A experience of the team

**+35**  
Governmental Relationships

## Broad and recurrent investor & client base

### Axon's Awards

**Deal of the Year for Akamon 2016**

**Best Fund for FondoAmerigo 2013**

**Best Company in Spain 2013**

**Deal of the Year for Wuaki 2012**

BOGOTÁ / DELHI / ISTANBUL / MADRID (HQ) / MEXICO DF / MIAMI / SEVILLE

# FOREWORD FROM TECH.EU

Since we started, one of the key aims of the team at Tech.eu has been to track all of the funding rounds and exits in Europe, providing the most comprehensive and accurate record and analysis of the European technology scene.

We do this by meticulously monitoring hundreds of sources, across multiple languages and regions.

During the last 12 months we've published multiple reports focused on the funding and M&A markets at a Europe-wide level, as well as country and vertical specific reports.

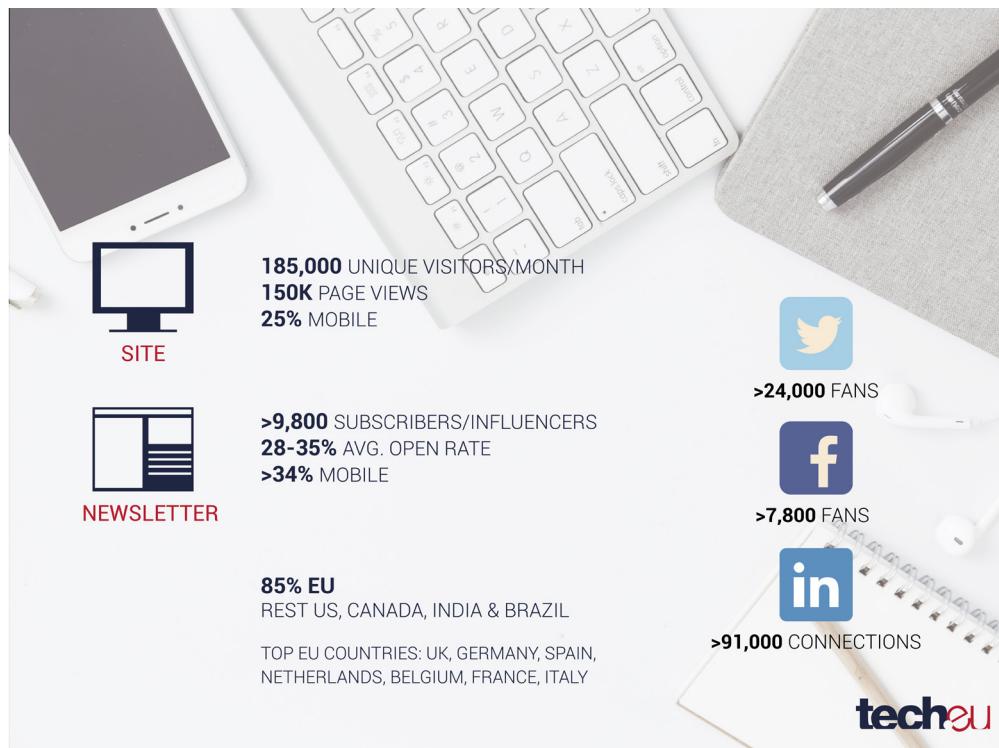
This report focuses on the European, Israeli and Turkish funding markets from 2014 through 2017, and in 2017 in particular.

We've worked to make this report as comprehensive and valuable as possible. For any questions or comments regarding the report we invite you to email [reports@tech.eu](mailto:reports@tech.eu).

In addition to our data and market intelligence we also offer communication, promotion and event services, an online magazine and a weekly newsletter with a premium subscription where all weekly deal activity is listed. Visit our site [Tech.eu](http://Tech.eu) to learn more.

## TECH.EU DATA & MEDIA COMPANY

The premier source of European technology news, data, analysis and market intelligence



## OUR AUDIENCE

Entrepreneurs

Analysts

Journalists

Venture Capital & Private Equity Firms

Government Representatives & Policy Makers

Early Stage Investors

# CONNECTING INTERNATIONAL ECOSYSTEMS



The 4th edition of Startup Olé will take place in Salamanca, Spain on 17th-19th April.

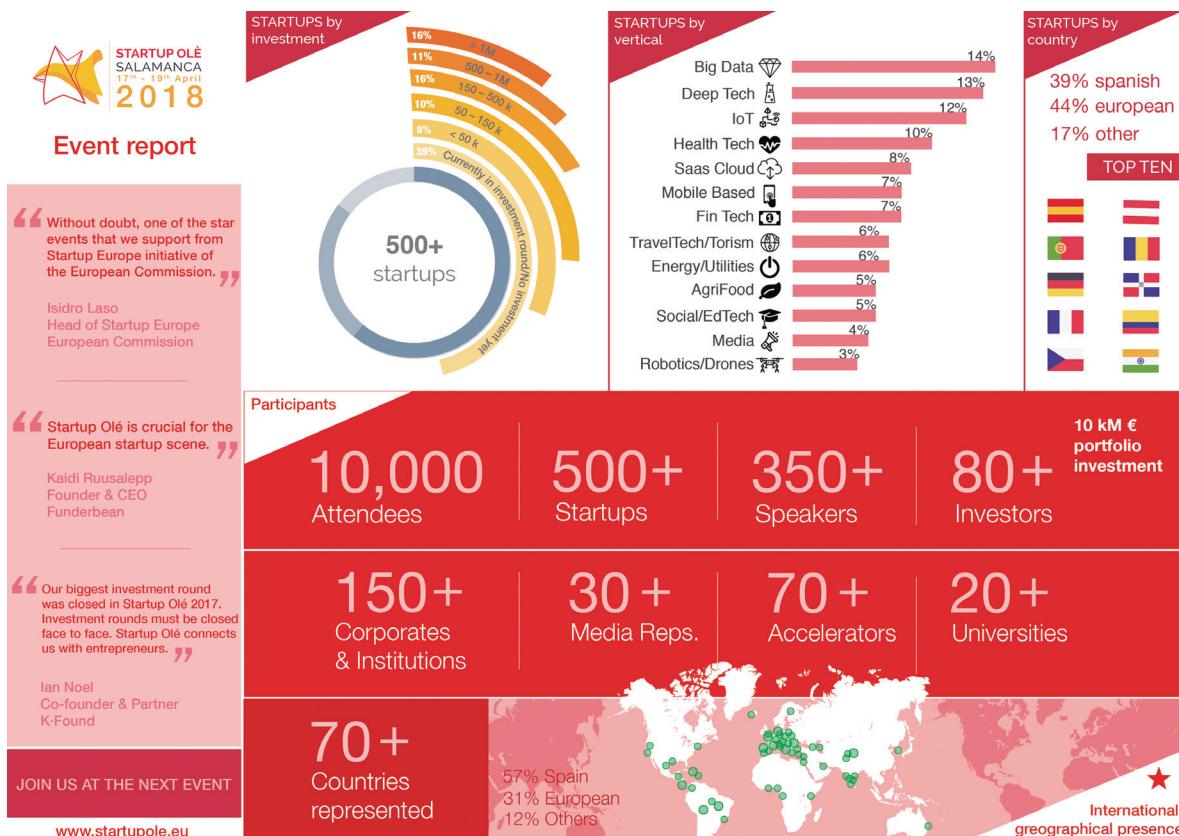
Startup Olé has become a benchmark event for the European tech entrepreneurial ecosystem. It is organized by Startup Olé Accelerator and supported by the European Commission-Startup Europe, University of Salamanca and Marca España.

The 2018 edition will gather over 10,000 participants from over 70 countries, 500 startups (70% of them international/European), 100 corporates and institutions, 70 accelerators, 20+ universities, 30+ media reps, and 80+ investors with an international portfolio of over €10 billion. This edition will be even more international thanks to the strong participation of regions such as India, Latin America, Korea, Brazil, Georgia, Belarus, etc.

During previous editions, Startup Olé has supported hundreds of startups and scaleups, helping them to grow and become international. Some Startup Olé success cases are Canard Drones, which got €1 million after winning the Startup Olé pitching competition in 2016, and BeOnPrice, which got €1.6 million from the venture capital K-Fund in 2017. Relevant verticals in this edition are Energy & Sustainability, Deep Tech/IoT, Travel Tech/Tourism, Agri Food, E-health, Media, and Social/Ed Tech.

The next edition of Startup Olé will be the biggest one so far, not only gathering the whole EU tech entrepreneurial ecosystem but also having invited regions such as India and Panama to boost investment and digital transformation, and of course to do some meaningful networking in the Spanish way by sharing tapas and wine.

EMILIO CORCHADO - CEO STARTUP OLÉ ACCELERATOR



## KEY TAKEAWAYS 2017

### 2017 funding total



+52.4% compared to 2016

### 2017 number of deals



-1.7% compared to 2016



ROBIN WAUTERS  
FOUNDING EDITOR TECH.EU

"When you look at the capital flowing to European tech startups and scale-ups, the total investment volume undoubtedly still pales in comparison to countries like the US and China. However, to dismiss Europe because of this gap would be a grave mistake; a much better way to evaluate whether the European tech industry is on the right track is to look at the trend from the past few years.

This shows that the amount of financing has gone up every year since Tech.eu started meticulously tracking funding going to startups across Europe, leading to a record 2017 with more than €25 billion being invested in the region's most innovative companies. Some of these startups and scale-ups are growing up to become global leaders in their

respective categories, particularly in the fields of medtech and biotech, fintech, food tech, transportation/mobility and security, and perhaps even more importantly there is an enormous pipeline for even bigger European technology companies to emerge in the coming years.

Five to ten years from now, we will look back at the period 2014-2018 as the time when the European tech scene started to mature, something that really shows when you look at the number of deals steadily declining but the round sizes going up significantly at the same time, resulting in more capital flowing to late-stage companies with a proven business model and the capacity to impact entire industries, and even the world.

The data that Tech.eu collects and analyses only tells part of the story; it's by often traveling across the continent to talk to entrepreneurs, investors and other industry stakeholders that one really gets the feeling that the journey in these parts is only just beginning."

## KEY TRENDS

### A RECORD YEAR FOR TECH FUNDING IN EUROPE

European and Israeli startups raised a record of €25 billion - a 52.4% YoY increase, and €8.6 billion more than was raised in 2016, which was also a record year. Though European tech funding has been steadily rising since Tech.eu began collecting data in 2012, this is the largest increase in investment volume in one year.

### DEAL SIZE IS ON THE RISE

Even though investment volume drastically increased, the number of deals fell by 1.7% from 2016 to 3,398.

The dramatic increase in funding without a corresponding increase in number of deals means that 2017 saw significantly larger deals.

2017 had 26 deals worth €100 million or more, a 108% increase over 2016, which had only 13 such deals. There was a 51.6% increase in the number of deals between €20 million - €100 million, a 30% increase in deals between €5 million - €20 million, and a 7% increase in deals worth €1 million - €5 million. However there was a 22% decrease in smaller, seed deals under €1 million – the only group that saw a decline.

### IMPRESSIVE GROWTH FOR THE UK, GERMANY

The UK continued to lead the region in terms of investment volume, with startling growth. British tech firms raised a total of €7.1 billion, a 115% increase over 2016. This is due to several mega-rounds – six UK-based startups raised over €200 million in 2017.

Germany also saw a major increase in investment volume, almost doubling from €2.1 billion in 2016 to €4 billion in 2017. Two major rounds for Delivery Hero amounted to almost €1.1 billion, accounting for a significant portion of the increase. Five startups in Germany raised over €100 million in funding over the year.

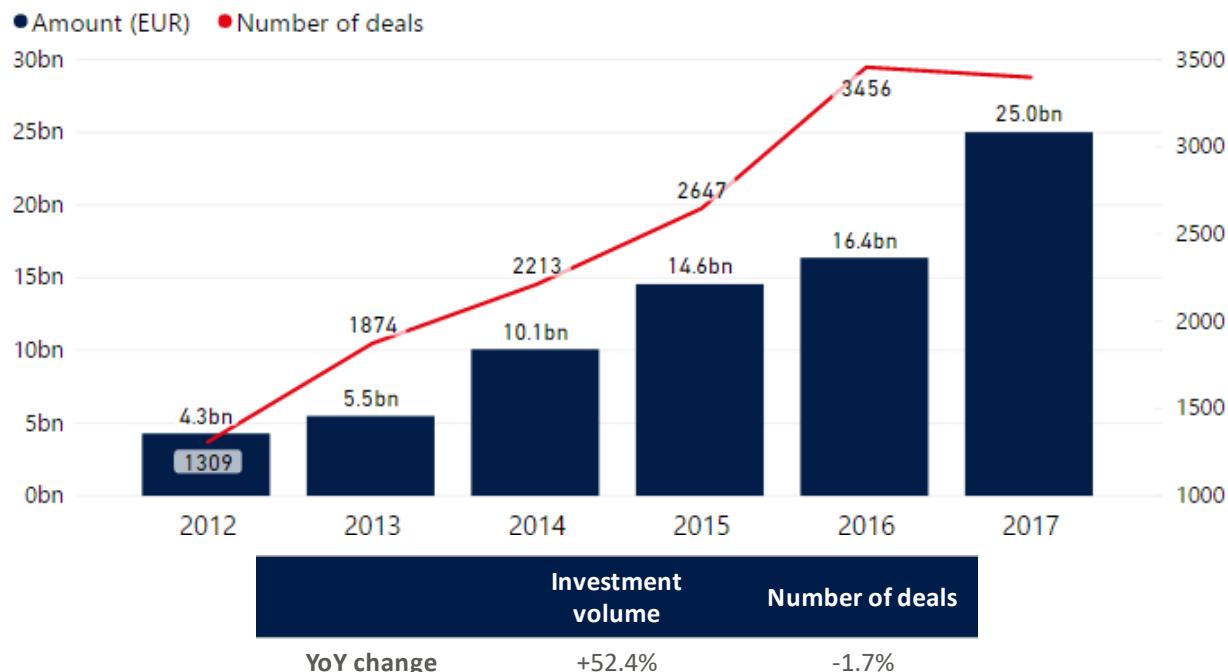
### LARGER INVESTMENTS COMING FROM INTERNATIONAL FIRMS

Though the majority of rounds in European tech startups are led by European VC funds, international investors are taking an increasing role in backing late-stage rounds for European startups, leading five of the seven largest rounds in 2017.

Japan's SoftBank led two mega-rounds for Swiss Roivant Sciences and the UK's Improbable. South African Naspers invested in two mega-rounds for Delivery Hero, and China's e-commerce giant JD.com backed the luxury fashion retailer Farfetch. Singapore's GIC also led a major round for OakNorth Bank, and Temasek participated in major rounds for SoundCloud, Funding Circle, and Secret Escapes.

## FUNDING BY YEAR

Investment volume and number of deals in Europe, Israel and Turkey by year



Funding for European tech startups in 2017 reached a record €25 billion, up from just €4.3 billion in 2012. The past five years have shown a steady, exponential growth pattern in tech startup funding, which has grown by an average 42% every year. This pattern was also mirrored by the number of deals in tech startups, which grew from 1,309 in 2012 to 3,456 in 2016, until it dropped slightly in 2017 despite a vast increase in funding. This tells us that the increase in funding in 2017 was due to a substantial increase in deal size, not least due to several mega-deals of over €100 million.

ALBERTO ONETTI  
MIND THE BRIDGE  
CHAIRMAN  
COORDINATOR  
STARTUP EUROPE PARTNERSHIP

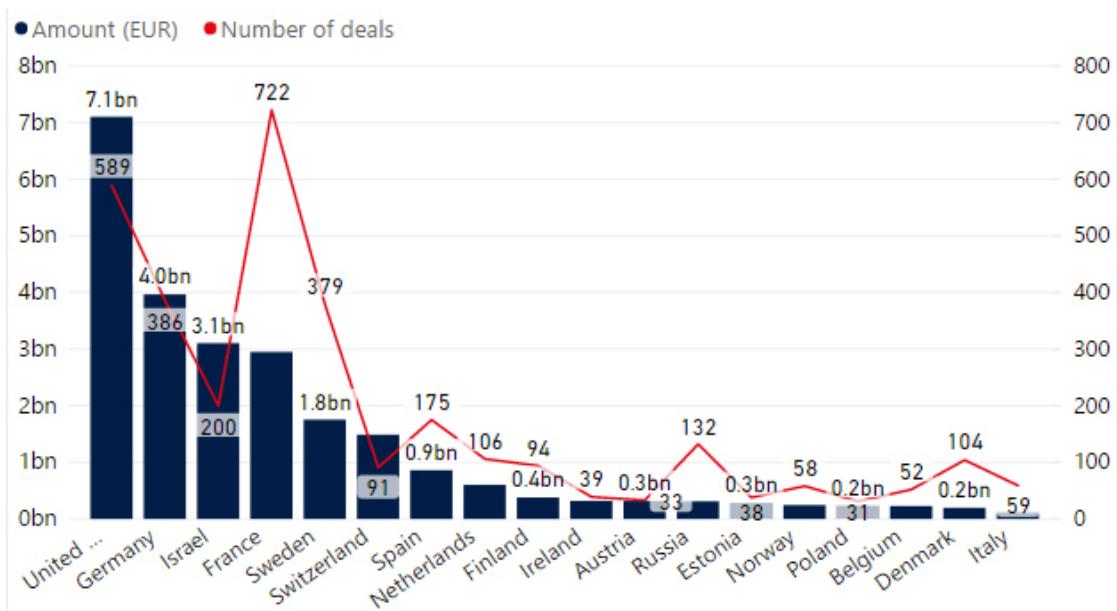


"I expect an increasing growth trend in capital raised in Europe by startups, though the gap with US will remain huge. ICOs will play a larger role in startup funding. In this way, Europe might have a competitive advantage versus the US."

It is key to mobilize the IPO channel for tech scaleups. On the M&A front, I expect more growth in Europe, mostly driven either by US companies and, looking forward, by Chinese players. I also foresee a growing role for European corporations that – though with a certain delay – are becoming more active on the open innovation front.

Brexit will hurt the Europe ecosystem by triggering reallocation of capital and startups, and increasing transaction costs. In other words, Brexit will slow down the European startup machine, that is by itself not fast enough."

## FUNDING BY COUNTRY



The UK once again held top place for funding in 2017, with a record €7.1 billion raised, a 115% YoY increase. Six startups in the UK raised over €200 million throughout the year.

The UK, Germany, Israel, France, and Sweden continue to be in the top five for both investment volume and number of deals. Germany doubled its funding, from €2 billion in 2016 to €4 billion in 2017. This is also likely a modest figure, as the value of many German deals is undisclosed. Israel, France, Sweden, Switzerland, Spain, the Netherlands, and Finland also saw increases in funding over 2016.



GERARD GRECH  
CHIEF EXECUTIVE  
TECH CITY UK  
SOON TO BE TECH NATION

"Right across Europe, many countries are jockeying to steal the UK's crown as Europe's leading digital tech nation. This is good for the European tech sector as a whole, as it will attract even more international investors overall. There continues to be record investments in UK Tech companies for many reasons, from its adaptive regulatory environment

to its growing mass of tech expertise, from blockchain to machine Learning.

Several initiatives have also been announced by the Prime Minister and the Chancellor of the Exchequer with increased investment in the launch of Tech Nation, artificial intelligence, driverless vehicles, green energy and its recently announced digital and industrial strategies and doubling of tech visas.

Our focus as we shift to Tech Nation will be on building a national network of ambitious tech founders across the UK through our growth programmes to assist businesses to start and grow at every stage of their lifecycle - arguably through some of Europe's most successful programmes like Future Fifty, where companies have collectively raised over \$5.5 billion over the last 5 years."

## FUNDING BY YEAR - TOP 5 COUNTRIES

The top 5 countries (the UK, Germany, Israel, France, and Sweden) have seen tremendous growth in the past four years. The UK in particular saw its funding skyrocket in 2017, more than doubling from 2016. The UK has been bolstered by mega-rounds, especially for the country's fintech startups. Germany also saw its investment volume almost double in 2017.

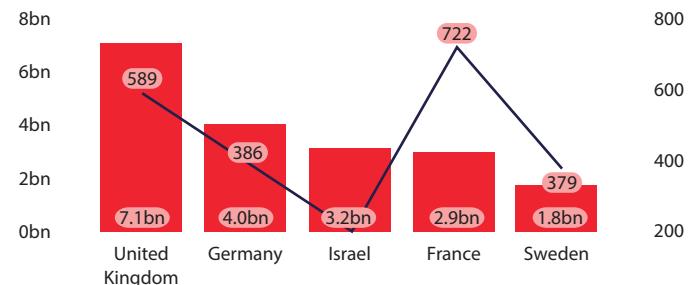
Meanwhile, France saw a jump in activity in 2016, when the number of funding rounds in the country more than doubled to 591, and continued to grow in 2017 to 722, leading Europe with an increasingly active ecosystem. Paris is home to Station F, the world's largest startup campus, as well as several of Europe's most active VCs including Bpifrance, Kima Ventures, Partech Ventures, IDInvest, and Sevenure Partners. Sweden, too, has seen steady growth. The country has almost doubled its funding and number of rounds since 2015.

ROXANNE VARZA  
DIRECTOR  
STATION F

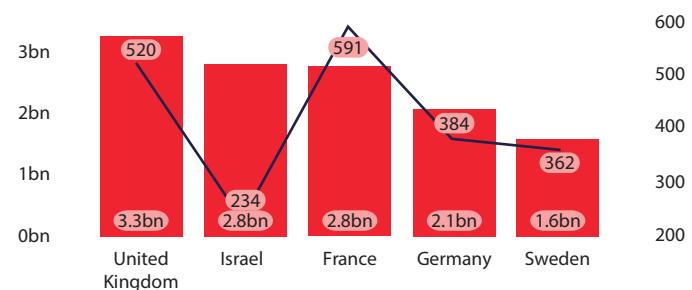


"France has definitely been strong in terms of early-stage funding, which explains why the country is doing so well with regards to the number of deals closed. When it comes to investment volume, it's often a few hefty-size deals that really tip the scales. For the moment, deals over \$50 million are still relatively limited. Numbers from around September 2017 show that France had actually overtaken the UK and Germany (although this was no longer the case towards the end of the year)."

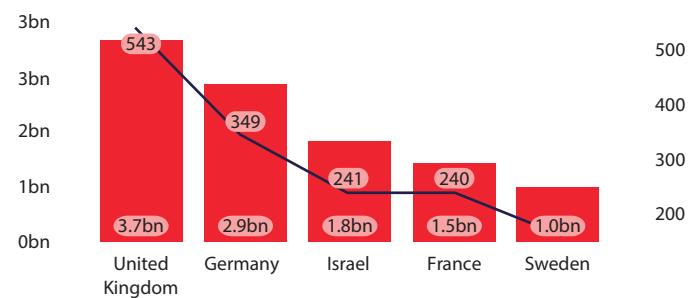
Therefore I think it's entirely possible for France to become a leader in investment volume but naturally the country needs a few more large-size deals to really tip the scales."



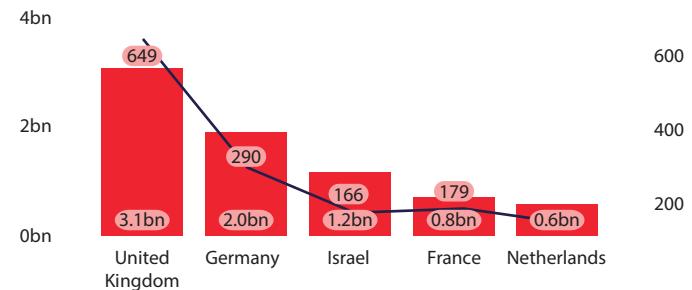
2017



2016



2015



2014

# FUNDING BY COUNTRY IN DEVELOPING ECOSYSTEMS



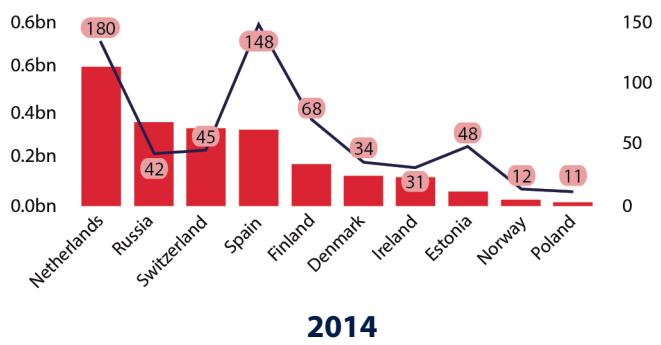
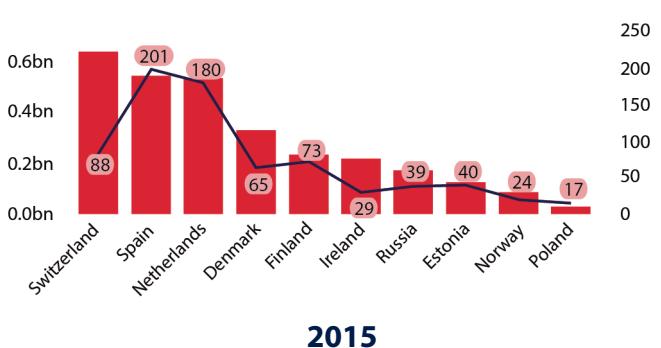
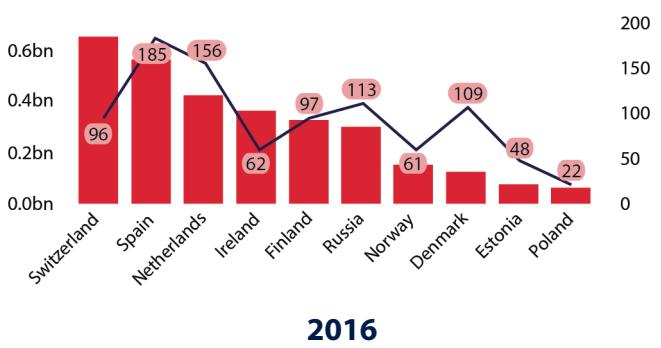
Smaller, developing tech ecosystems in Europe show clear signs of maturation since 2014, though they don't show the same growth trends as the top 5 countries. In part, this is because the countries are smaller or less wealthy, and have less resources and VC funding available, but can also be attributed to brain drain - or entrepreneurs and startups migrating to stronger ecosystems where there are more opportunities for raising capital and networking, especially the UK.

In most cases, overall funding is correlated with a country's population and wealth. For example, the UK, France, and Germany have the highest populations in Europe, excluding Russia and Turkey, which have very low per capita GDPs. Switzerland, on the other hand, which has a growing startup ecosystem, has among the highest GDPs per capita in Europe, compensating for its small size and putting it sixth in terms of investment volume.

Spain has seen steady increases in funding over the past four years, reaching over €800 million in 2017. The country has also consistently had more deals than its counterparts.

Countries such as the Netherlands, Ireland, Finland, Norway, and Denmark also have high GDPs per capita despite smaller populations, though they tend to have smaller deal sizes, for example with Denmark raising only €200 million in funding across 104 deals in 2017.

There are some deviations to the relationship between GDP and investment volume - for example, Estonia is competitive with countries like Norway and Ireland, despite a much lower GDP per capita, indicating other factors contributing to a strong tech startup ecosystem.



## FUNDING PER CAPITA 2014 - 2017

Country	Total funding 2014-2017	Population	Funding per capita
Sweden	€4.85 billion	10 million	€485
Estonia	€545 million	1.3 million	€419
Switzerland	€3.1 billion	8.4 million	€369
United Kingdom	€17 billion	65 million	€262
Finland	€1.1 billion	5.5 million	€200
Germany	€10.9 billion	81.5 million	€134
Netherlands	€2.2 billion	17 million	€129
Denmark	€781 million	5.7 million	€137
France	€7.9 billion	67 million	€118
Belgium	€744 million	11.4 million	€65
Austria	€516 million	8.7 million	€59
Latvia	€93 million	2 million	€50
Spain	€2.3 billion	46 million	€50
Lithuania	€92 million	3 million	€31
Italy	€536 million	50.5 million	€9
Poland	€355 million	38 million	€9
Russia	€1.14 billion	144 million	€8
Czech Republic	€38 million	10.5 million	€4

## FUNDING PER CAPITA 2014 - 2017

Though the UK tops the charts for overall funding, Sweden and Estonia come out first in terms of funding per capita, with €485 and €419 raised per capita, respectively, during 2014-2017. This shows that these countries have very active ecosystems despite their small populations.

Finland and Denmark also ranked highly, above France and Germany, testifying to the strength of the Nordic ecosystems, which tend to have many rounds but smaller round sizes.

France, surprisingly, only raised €118 per capita, despite its high number of rounds, due to lower round sizes and a large population.

Latvia and Lithuania are competitive with Spain on a per capita basis, showing the competitiveness and growth of these small Baltic countries.

Yet overall CEE lags behind, with Poland, Russia, and the Czech Republic raising less than €10 per capita.

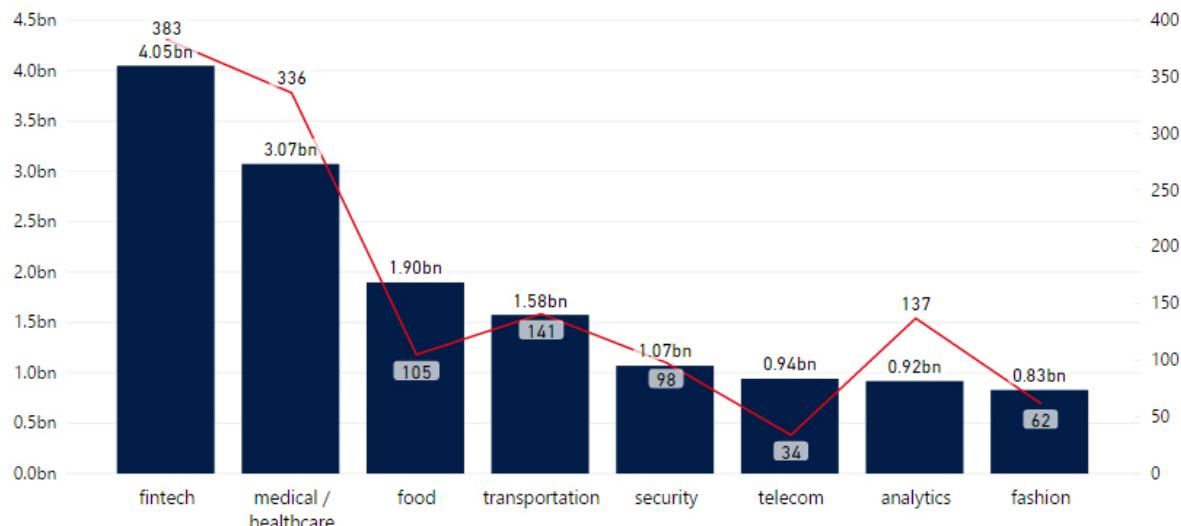


ISIDRO LASO BALLESTEROS  
HEAD OF STARTUPS AND SCALEUPS,  
STARTUP EUROPE  
EUROPEAN COMMISSION  
CONTINUING FELLOW AT CAMBRIDGE  
UNIVERSITY CENTER FOR SCIENCE AND  
POLICY  
THOUGHT LEADER AT  
UNITED NATIONS - ITU AGENCY

"From now to 2023 we will see an explosion of successful tech companies in Central and Eastern Europe. In the whole of Europe we expect an increase in the number of institutional investors in the venture capital asset class, which will contribute to bridge the gap in terms of investments in Europe versus the US or China."

There will be a democratisation of the startup phenomenon all across mid-size cities in Europe, which will contribute to solving social imbalances and ensuring that any talented European will have a chance to set up a high-growth innovative business anywhere in Europe."

## FUNDING BY VERTICAL IN 2017



Fintech again topped the chart for both number of deals and investment volume. Investment volume increased from €2 billion to €4.05 billion. The largest deal in this category was for TransferWise, which raised €255 million.

The total volume of health sector deals increased from €1.7 billion in 2016 to €3.07 billion in 2017. The largest in the category was for Swiss biotech company Roivant Sciences which raised a round of over €1 billion. Food came in third place, with almost €2 billion raised, due to a few mega-deals by Delivery Hero and Deliveroo. €1.58 billion was raised by transportation startups, a 16% increase compared to 2016.

Top rounds in this sector were for the German Auto1 Group, Spain's Cabify, and France's Lilium Aviation, the electric vertical take-off and landing jet. Security startups raised over €1 billion, up from €.9 billion in 2016, many hailing from Israel, which has an especially strong cybersecurity industry.



EILEEN BURBIDGE  
PASSION CAPITAL  
PARTNER

"In my opinion, fintech will continue to attract strong investor interest because technology-enabled or-disrupted financial services innovation is so obviously a massive market opportunity (look at the addressable market for financial services overall), comprised of typically very sound business models (as is the transactional nature of financial services) and characterised by strong founders (who have gigantic ambitions)."

The combination of those three factors makes it an extremely compelling sector for investors.

In addition, I believe investor appetite for fintech will continue to grow because we're still only at the earliest stages of innovation for financial services. We've seen a lot of fintech services so far targeting B2C (consumer propositions), from lending to payments and remittances and even retail banking from challenger banks, but we're only just starting to see "enterprise" or B2B propositions emerge, ie fintechs offering products and services to existing financial services institutions.

On top of all of that, we're going to see the emergence of very big sub sectors come into their own. For example, cybersecurity was once considered a sub sector of fintech, but is now its own considerable sector. Similarly, I think we'll see insurtech, regtech, compliance, identity/verification, proptech and so many other subsectors develop as well."

## FUNDING BY VERTICAL IN 2017

EUGENE BORUKHOVICH  
GLOBAL HEAD  
DIGITAL HEALTH



"The global race to re-invent our healthcare system is on! Europe has a great track record in both med and health tech and there are certainly some early wins even around a still relatively nascent digital health space."

In the last 7 years living in Europe, I personally have witnessed investors move from the risk-averse sidelines "watching the space" to a more aggressive stance as the valuations in EU, in general, are lower than in US. There are talented and brilliant entrepreneurs in EU, but local country-specific solutions, unique differences in the healthcare systems from Belgium to Poland are hindering the scalability.

Interestingly, I am also seeing many EU & US companies raising money in US, but quickly expanding or even re-locating to Asia, where the sense of urgency, speed of decision making plus sheer scale of population are the catalysts."

NICOLAS BRUSSON  
BLABLACAR  
CO-FOUNDER & CEO



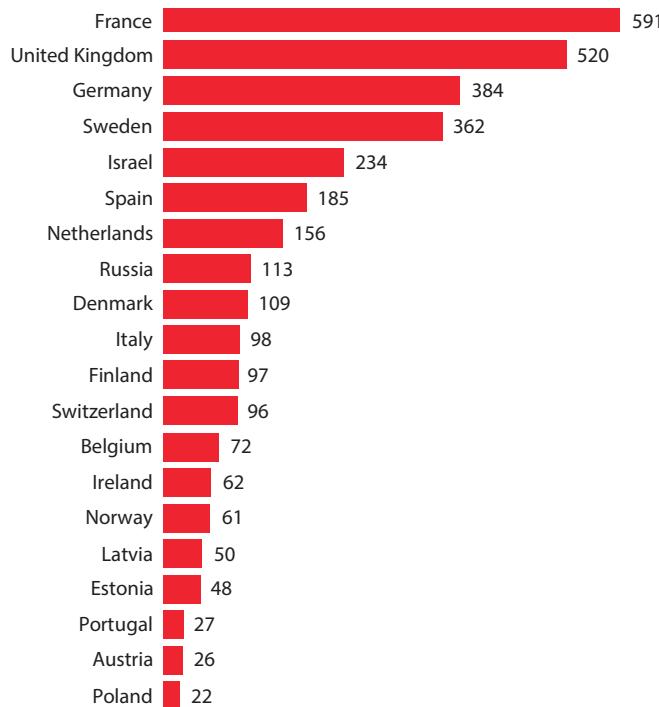
"The European transport landscape is profoundly evolving. From the privatisation of traditional transport on the one hand, to technology companies (OTAs, ride-hailing and shared-mobility apps, etc.) entering the game and changing behaviours, the entire transport system is being reinvented."

Europe's mature tech ecosystem, with a dense network of startups, iconic unicorns, and strong financing, coupled with strong transport engineering expertise, is also a promising ground for the development of autonomous vehicle technology.

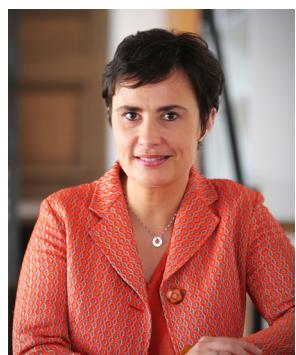
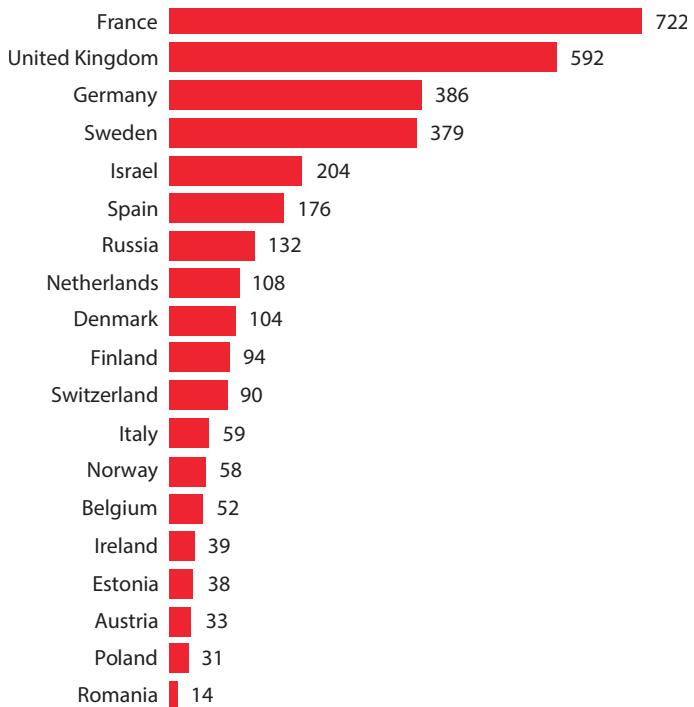
Overall, Europe is very well placed to play a defining role in shaping the future of mobility."

## ROUNDS BY COUNTRY

2016



2017



STEPHANIE HOSPITAL  
FOUNDER & CEO  
ONERAGTIME

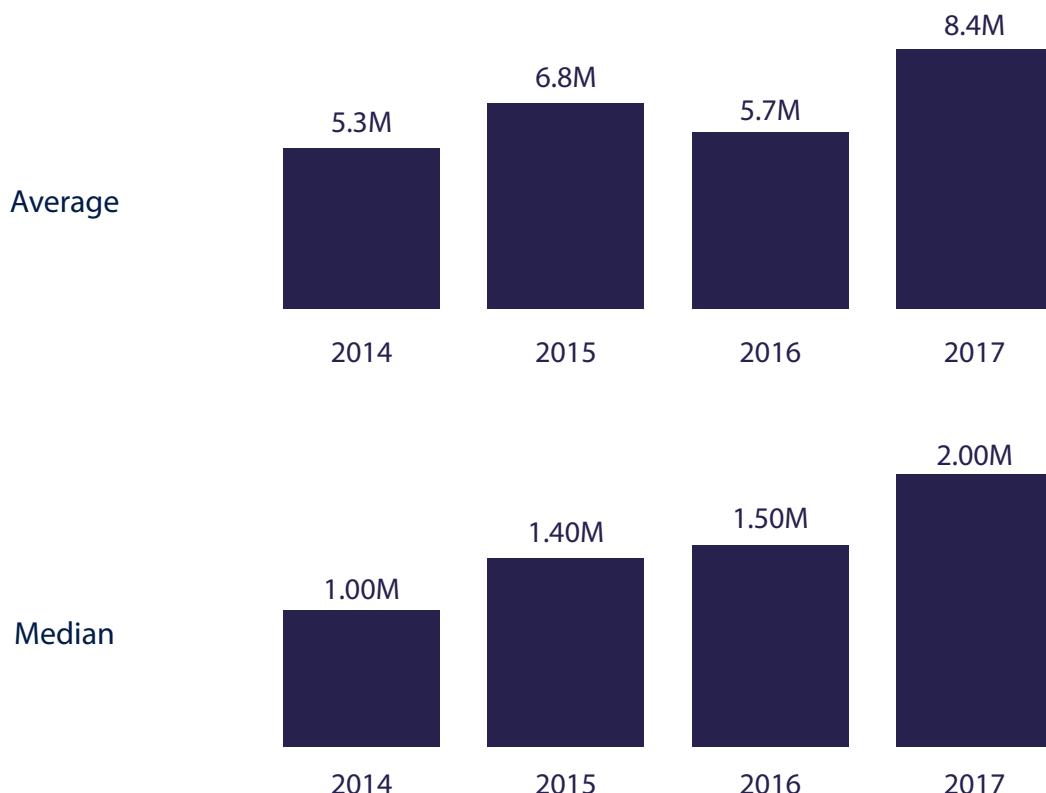
"We see bright times ahead for French startups. Business in France is being nurtured by our current government, making for once key transformative changes for the country (labours law, taxation, etc). Within France, there is now a culture of trust in the future and an incredible appetite for success. Yes, 'France is back!' And it's with this spirit that we are attractive. We are welcoming talent, investors and big corporations from all over the world. "Choose France!"

We're already seeing the fruits of this blossoming ecosystem. Initiatives like La French Tech are a reality, building an

incredible army of French startups worldwide – a foundation of innovation that will be realized in exits in the coming years and attracting foreign entrepreneurs and scientists who believe France is the best place to start their business. We have the key ingredients: exceptional talents thanks to our world-class education system, a thriving financing ecosystem thanks to BPI and other extensive private and institutional funding, and ample role models and inspirational success stories and symbols from the likes of Criteo, Zenly and Station F to name a few.

However, this is not enough. We need to do more to create extraordinary scale ups and to sustain the creation of global leaders. M&A is the new R&D for large corporations but also for our ambitious entrepreneurs. French corporates and large companies, it's time to really embrace tech and disruption. Entrepreneurs, it's time to dream big and execute your vision. Be bold, expand! In France, in China, and in the US ... Dream of Nasdaq and of Euronext! The environment has never been so good in France. The situation is good for all Europe but one of the keys for France is to accelerate the creation of scale ups. Approach the 2020s in a spirit of conquest and build empires!"

## AVERAGE AND MEDIAN DEAL SIZE



The average deals size rose from €5.7 million in 2016 to €8.55 million in 2017, a 50% increase. Average deal size reached a peak in Q2 2017 at €10.6 million, boosted by several major deals.

Average median deal size grew from €1.5 million in 2016 to €2 million in 2017, showing that investment volume was not only pulled up by a few large deals, but that deal size has increased across the board.

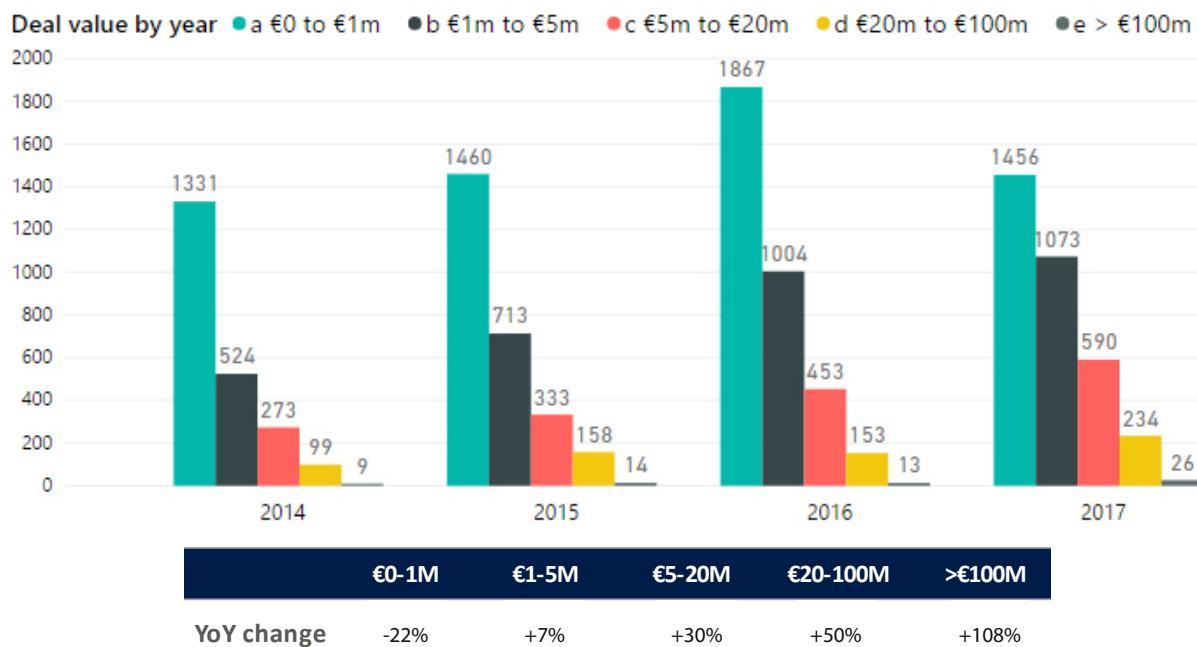


CARLOS EDUARDO ESPINAL  
MANAGING PARTNER  
SEEDCAMP

"In 2017, we likely witnessed two things happening: the first a minor reduction in early-stage investing, and secondly more of an evolution of financing deals with more companies raising larger rounds rather than just an increase in sheer volume of deals for the year. With the maturation of any ecosystem, what you want to see is growth across all parts of the investment value chain."

An increase in round sizes in Europe means a renewed confidence in the ability of European companies to scale globally, and not just regionally. I expect this to follow an upward trend with continued and renewed growth across all stages."

## ROUND SIZES BY YEAR



Every year since 2014 there has been clear growth in the number of larger deals across the board. The number of deals worth €100 million and above doubled YoY from 13 to 26. Of these, there were 14 investments of €200 million or above.

There were 234 rounds between €20 and €100 million in 2017, a 50% YoY increase. There were 590 rounds between €5 million and €20 million, a 30% increase from 2016. The number of deals between €1 and €5 million also increased slightly by 7% to 1,073 from 1,004 in 2016.

The only group that did not see an increase was for deals worth €1 million or less, of which there were 1,456, down from 1,867 in 2016, a 22% decrease.



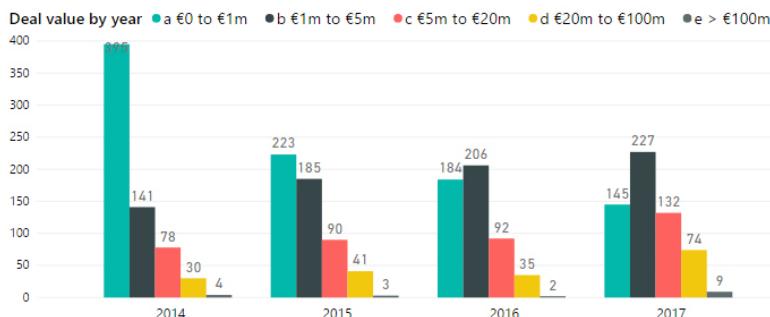
DANIEL WATERHOUSE  
GENERAL PARTNER  
BALDERTON CAPITAL

"We see an increase in deal sizes in Europe, a trend we attribute to the vision, scope and opportunity size European founded tech startups are now taking on. European startups are growing bigger, faster, and need capital to fuel that growth. Plus, there are more successful technology companies coming out of Europe, and that has led to higher demand for later-stage funding."

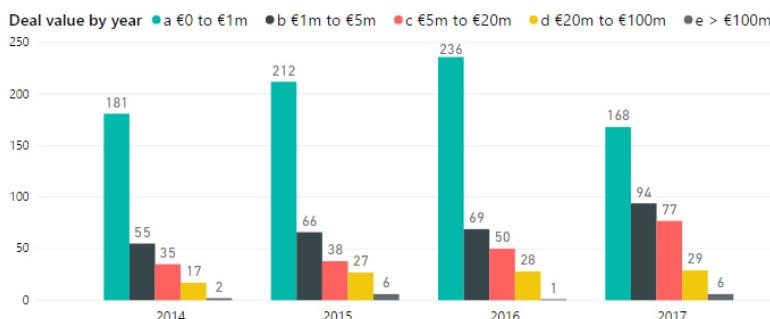
"Our portfolio raised a record number of growth rounds totalling over \$2 billion in follow-on financing in last year. We see this trend continuing, and it's a positive signal overall for the growth of European tech."

# ROUND SIZES IN MOST ACTIVE COUNTRIES

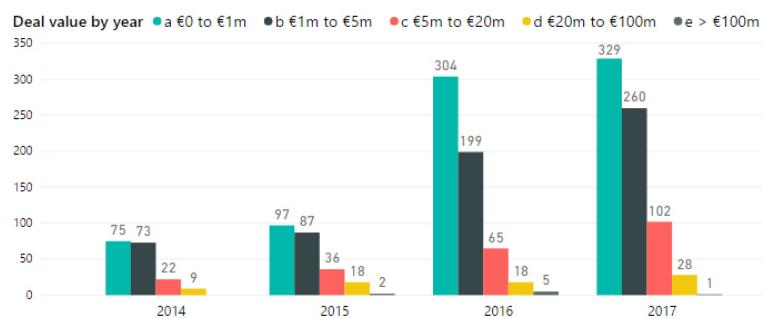
## UK



## Germany



## France



## Sweden



The UK has seen a clear shift in round sizes since 2014, when the great majority were for under €1 million. In 2016 and 2017, rounds between €1-€5 million became the most common. Rounds between €20-€100 million more than doubled YoY from 2016 to 2017, and the country saw 9 deals over €100 million in 2017 - versus just 2 in 2016. This clear shift in round sizes for the UK means that its startups are quickly scaling up.

In Germany, the number of small seed rounds declined in 2017, while other categories have seen a small but stable increase.

France has seen a massive increase in deals since 2015. All round sizes grew steadily in 2017, except for rounds over 100€ million, of which there was only one. Overall, increasing numbers of larger deals means that more startups in the country are scaling, though not as quickly as in the UK.

As in France, the number of deals in Sweden jumped in 2016. While the largest category was for deals under 1€ million, this number slightly decreased YoY in 2017, while the number of deals in all other categories has risen, showing that Sweden, too, is seeing its startups mature.

## TOP INVESTORS 2017



Government-backed funds Bpifrance and High-Tech Gründerfonds (HTGF) continued to be among the most active investors in European tech companies in 2017, in terms of number of deals. However, both funds invested in fewer deals than they did in 2016. Also, the number of deals and amount invested are not correlated, as Bpifrance only invested approximately €530 million throughout the year, significantly less than SoftBank, Naspers, Index Ventures, or Insight Ventures Partners.



TOM WILSON  
PARTNER  
SEEDCAMP

"As is clearly evidenced from the data, publicly funded investment vehicles play an important part in the seed stage funding market. We've found this to particularly be the case in European areas less well served by private capital where such public

investment can be catalytic for startups in helping them hit key milestones ahead of future funding rounds. Provided such investment is made on standard market terms and the incentives and goals of investors and founders are clear and aligned, we see such funding as positive for the market."

## TOP INVESTORS 2017

ROBIN WAUTERS  
FOUNDING EDITOR  
TECH.EU

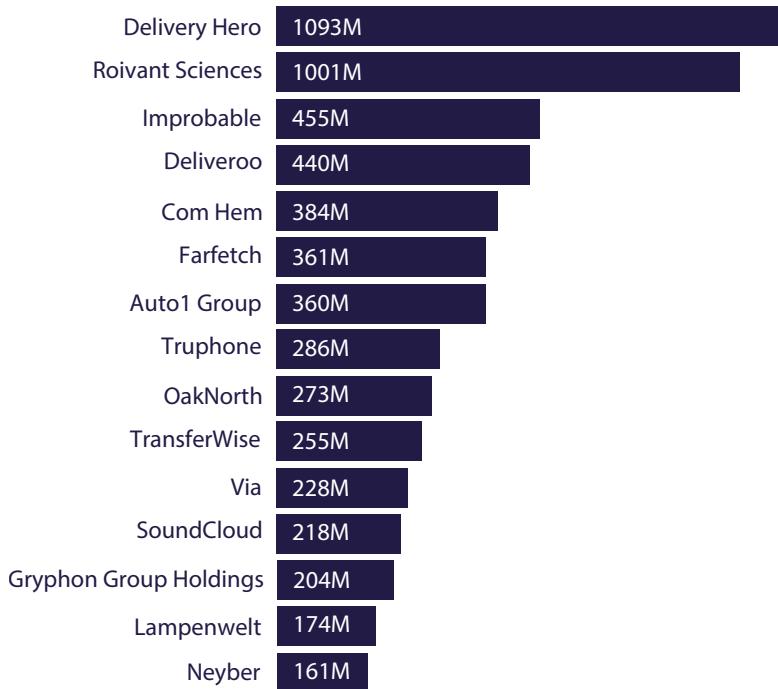


"The fact that two government-backed (and often region-bound) investment funds are consistently the most active backers of European tech companies is not necessarily a bad thing, although it says a lot about the way early-startups have historically been funded in these parts. It's important to note that both HTGF and Bpifrance have however been less active than previous years, and that of course the biggest checks are written by less prolific but bigger-name investors such as SoftBank, Naspers and Index Ventures.

Ultimately, what matters for an ecosystem is not that there are a lot of investments, but that the right companies can find the right investors at the right time to be able to scale their businesses and create great outcomes for everyone involved (which in turn tends to be a catalyst for the creation of new companies that can have that effect).

Prolific investors writing small checks thus serve an important part of the market, particularly mature markets with a high density of entrepreneurs (or wantrepreneurs), but it's also important that there is a healthy balance between them and the right amount of later-stage investors and even private equity firms to pick up where the seed backers can't follow."

## TOP STARTUPS BY FUNDING



Rocket Internet-backed food delivery service Delivery Hero raised the most funding in 2017, with almost €1.1 billion across two rounds from South African media group Naspers. UK-based food delivery service Deliveroo also raised a massive €440 million round from several investors.

Swiss biotech company Roviant Sciences also raised over €1 billion from the SoftBank Vision Fund. UK-based game developer Improbable also raised €455 million from SoftBank. Com Hem, Sweden's largest cable provider, raised €384 million in post-IPO equity from Kennevik, while UK-based mobile network provider Truphone raised €286 million. Fintech startups in the top 15 include Estonian TransferWise, and UK-based OakNorth Bank, and insurtech startup Gryphon Group Holdings.



EMILIO CORCHADO  
CEO STARTUP OLÉ  
ACCELERATOR

"Nowadays international tech-entrepreneurial events such as Startup Olé are relevant platforms connecting investors and corporates with entrepreneurs and talent, where investment rounds can be closed face to face. These tech-events also help to connect international ecosystems where players such as Startup Europe-European Commission are playing an impressive role democratizing the startup phenomenon, not only in large cities but also in mid-sized cities in Europe."

For example, in 2018, Startup Olé will help to connect Europe with emerging regions such as India and LatAm, having both as invited regions."

## KEY M&A TAKEAWAYS

All transactions in 2017



-7.2% compared to 2016

Total VC-backed exits



-27% compared to 2016

Types of deals in 2017



555  
Acquisitions



36 IPOs



16 Mergers



3 Buyouts

Total capital involved in 2017



-47.8% compared to 2016

Capital involved in VC exits



-27.5% compared to 2016

Top countries by number of acquisitions

USA	133
Germany	81
Sweden	64
UK	48
France	38



Top VC-backed exits



Acquired by Intel  
€13.4 billion



IPO  
€4.5 billion



Acquired by Hellman & Friedman  
€1.8 billion



IPO  
€1.7 billion



Acquired by Ingenico  
€1.5 billion

Top countries by number of exits

Sweden	121
Germany	112
UK	77
France	47
Israel	45



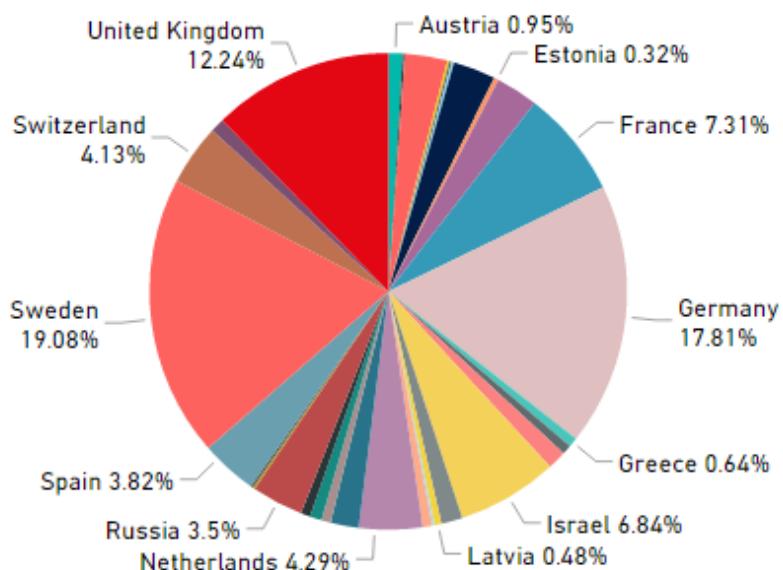
# KEY M&A TAKEAWAYS

KAREN BOERS  
EUROPEAN STARTUP NETWORK  
PRESIDENT



"We currently expect that both Asian and African companies will increasingly acquire European startups, as these startup regions are fast developing and much more open to non-domestic M&A activities, while the cross-Atlantic startup M&A market will further develop as the value of European exits is on the rise. Across Europe, those countries that have been consciously engineering a startup ecosystem, such as Portugal, the Netherlands and Poland, will most likely take a spot in the top 10 of exits by country."

### Percentage of total exits by country



### Top verticals by transaction size



# KEY TRENDS

## DROP IN OVERALL NUMBER OF M&A TRANSACTIONS, EXIT VOLUME

Compared to previous years, M&A activity was slow in 2017. The number of exit transactions during the year fell to 610, down from 657 in 2016 and 717 in 2015. Overall transaction value took an even greater dip. The total tracked transaction value of European and Israeli tech acquisitions, mergers, and IPOs in 2017 totaled €61 billion, down 47.8% from €117 billion in 2016. The decrease is mainly due to few large deals being disclosed.

When only considering venture-backed companies, overall exit volume was €29 billion in 2017, a 27.5% decrease from €40 billion in 2016. The number of VC-backed exits decreased by 27% from 296 to 218. Though 2016 was an especially strong year for exits, 2017 also had less exits than 2015.

Yet, a slow year for exits is no cause for concern. The number of deals fell by only 7% in 2017, but remained far above 2014, when only 181 exit transactions were recorded in Europe and Israel. As for the drop in exit volume, in the majority of cases, the price tag of acquisitions is undisclosed. The disclosure rate for exits in 2017 was just 26%, a slight decline from previous years. Because of this very low disclosure rate, the data for exit volume can really only provide an approximation of the European M&A landscape.

Furthermore, one or two large deals can have a huge impact on overall exit volume. For example, the acquisition of the UK's ARM Group by SoftBank in 2016 for €28.8 billion accounted for 25% of total exit volume that year. 2016 also had other large transactions for Alcatel-Lucent (€15.6 billion) and Supercell (€9.27 billion), while the largest deal for 2017 was Intel's acquisition of Mobileye for €13.4 billion, followed by Delivery Hero's IPO for €4.5 billion.

## A RECORD YEAR FOR IPOs

Despite low recorded exit volume, 2017 was a strong year for IPOs. There were 36 IPOs in 2017, up from 26 in 2016 and 32 in 2015. IPOs comprised over €8 billion of total exit volume in 2017.

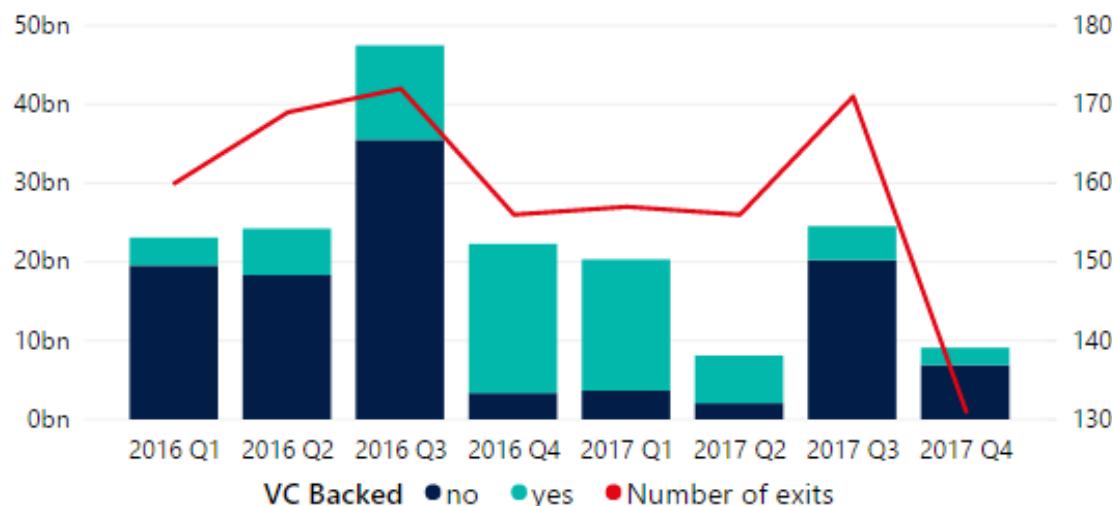
## SWEDEN AND GERMANY LEAD IN NUMBER OF EXITS

Sweden showed the most exit activity in 2017 with 120 deals - up from just 55 in 2016. Germany came in second for number of exits with 112, up from 108 in 2016, with 45 VC-backed deals. Germany also had the greatest exit volume with the acquisition of telecom company Drillisch, and major IPOs for Delivery Hero and HelloFresh. Most other countries saw a slight decline in the number of exits.

## THE US REMAINS TOP ACQUIRER

US-based companies continued to be the main acquirers of their overseas counterparts, accounting for 28.23% of the region's total acquisitions. However, in most countries, the majority of acquisitions are by other companies within the same country.

## M&A DEALS AND VOLUME BY QUARTER



2017 was a slow year for European tech M&A transactions and IPOs. Overall exit volume took a dive from 2016, with especially slow quarters in Q2 and Q4. Only €8 billion was raised in Q2 2017 despite Delivery Hero's IPO with a market capitalization of €4.5 billion.

The number of deals held steady compared to 2016, ranging between 160-170, with the exception of Q4, which had only 133 exits. In Q4 2017, liquidity events from European technology companies reached just €9.1 billion, versus €22.3 billion during the same quarter of 2016.

These numbers take into account all activity of European and Israeli companies in the technology industry, including those that have never raised venture capital.



CARLOS MOEDAS  
EUROPEAN COMMISSIONER FOR  
RESEARCH, SCIENCE AND  
INNOVATION

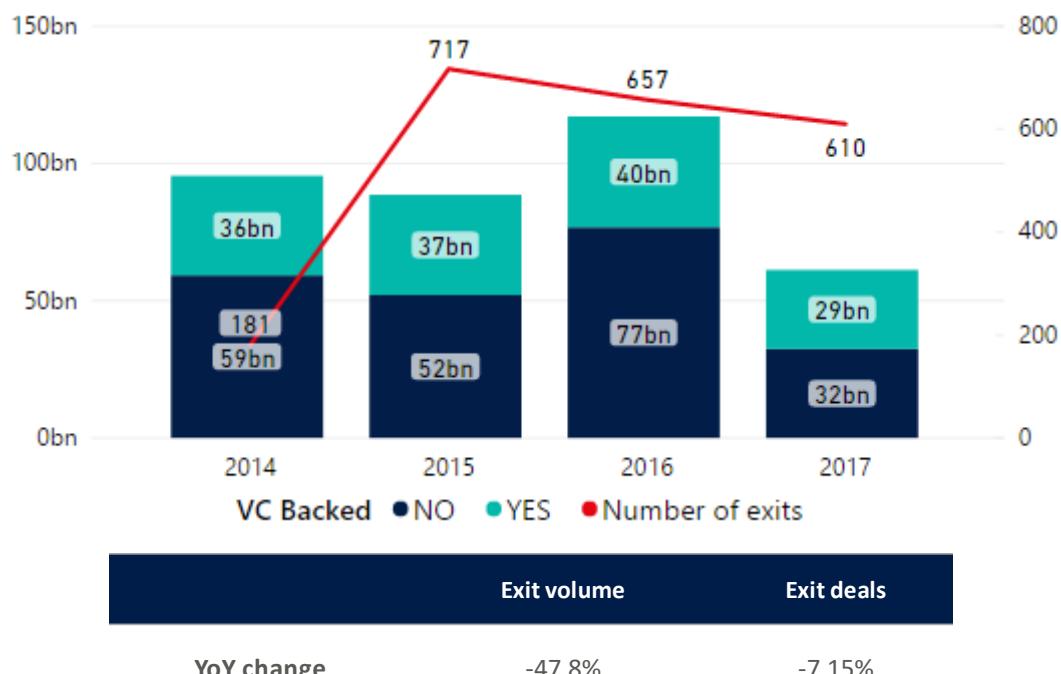
"The EU as a whole clearly outperforms the US in terms of acquisitions of tech companies. In fact, the two top EU members in this ranking, Germany and Sweden, together outperform the US before other high-performing EU countries are even considered. But we certainly need to do more to nurture such positive trends in Europe.

First, we have to make sure that we identify and support breakthrough ideas and solutions of high-flying entrepreneurs with a clear ability to create new markets. That's why

we are developing a European Innovation Council (EIC). The EIC started in autumn 2017 with a €2.7 billion pilot phase under Horizon 2020, our research and innovation programme. First investments were announced mid-March: a total of 57 small and medium-sized EU companies will receive a total amount of €94.25 million to develop their innovative ideas, with a second series of selections ongoing. These projects have a clear European added value and market-creating potential.

We also need to boost levels of private investment and venture capital to support new generations of highly innovative European firms and help them achieve their global ambitions. That's why the European Commission has developed the pan-European funds of funds initiative (VentureEU). The EU plans to provide up to €410 million in a number of independently managed Funds-of-Funds, and, as each EU investment is capped at 25%, selected promoters must then raise the remainder from other sources. The result? A major increase in VC availability across Europe. More news on VentureEU will be coming very soon!"

# M&A DEALS AND VOLUME BY YEAR



European tech M&A and IPO volume dropped significantly in 2017, to its lowest level in four years. Only €61 billion in transactions were reported over the year compared to €117 billion in 2016, a 47.8% decline.

These numbers take into account all activity of European and Israeli companies in the technology industry, including those that have never raised venture capital. There was less of a difference when looking at exits of VC-backed companies, which saw €29 billion in transactions in 2017, down from €40 billion in 2016 (a 27.5% decrease) and €37 billion in 2015.

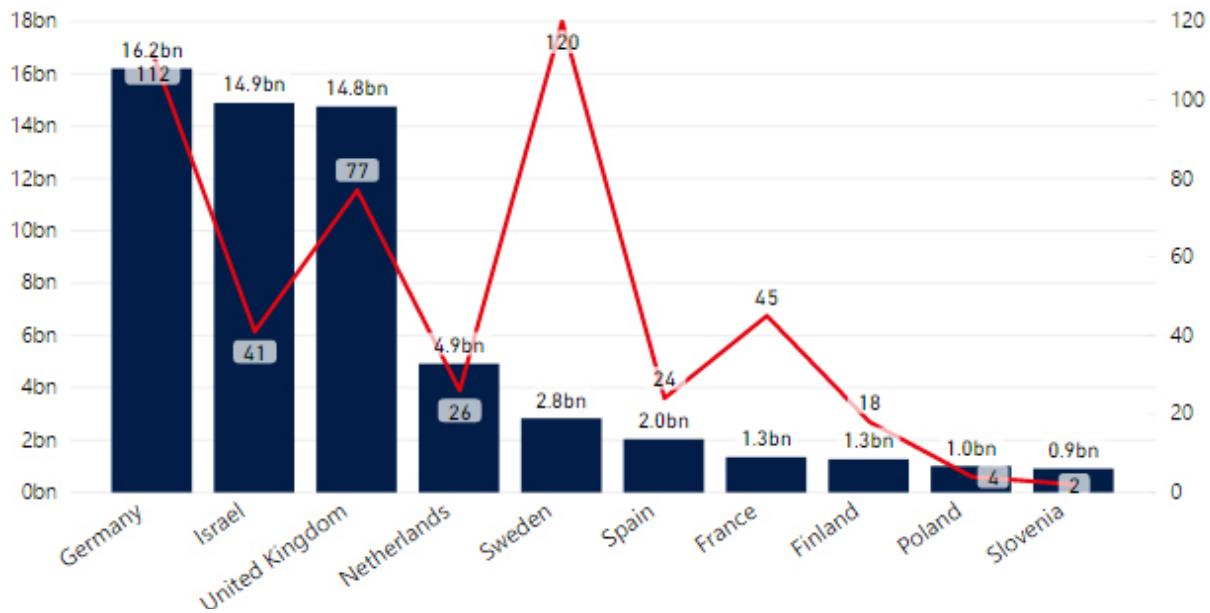
2017 saw 610 M&A transactions and IPOs, a drop from 2015 and 2016, which had 717 and 657 deals, respectively, but many more than 2014, with only 181 deals.



PER ROMAN  
MANAGING PARTNER  
GP BULLHOUND

"We see a good deal of activity in the market at the moment. In our view the period 2015-2017 has been very strong overall and we see this continuing throughout this year also. The activity level over the last three years have been robust. A few large transactions will distort the € value so that is less relevant (such as Supercell previously and now Spotify IPO this year) of a statistic."

# TOP COUNTRIES BY M&A VOLUME



Germany had the most exit volume due to the acquisition of the telecom Drillisch by United Internet, and IPOs for Delivery Hero and Hello Fresh. Israel was second in M&A volume due to the acquisition of Mobileye, followed by the UK with €14.8 billion, due in large part to the acquisition of Worldpay by the US payments processor Vantiv for €9.5 billion. The Netherlands with €4.9 billion.

Though Sweden had the most exit activity in Europe, with 120 deals, its overall exit volume only amounted to €2.5 billion.

Slovenia surprisingly made the top ten list in terms of exit volume, due to one major €910 million acquisition of game developer Outfit7, bought by the Chinese chemical firm Zhejiang Jinke Entertainment Culture.

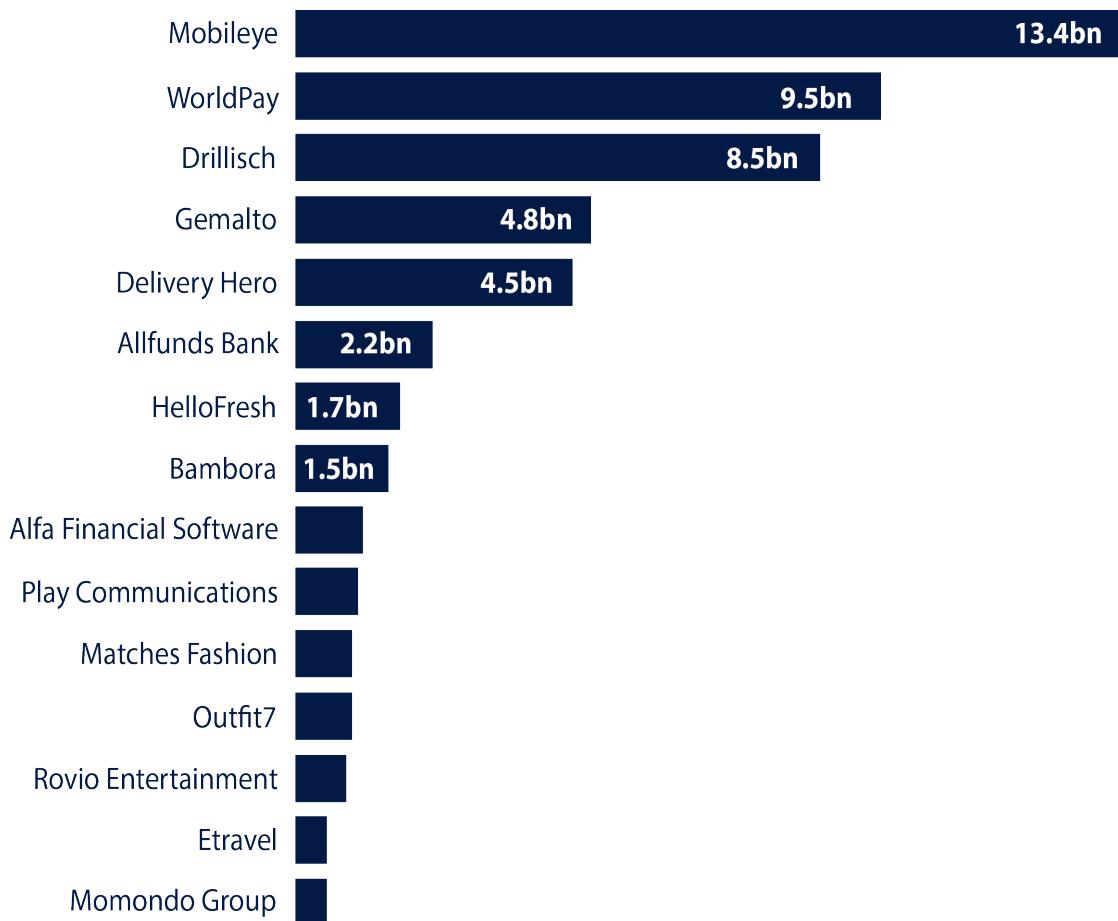
FLORIAN HEINEMANN  
PROJECT A  
FOUNDING PARTNER



"Over the last years, we've seen an increase in the amount and size of funding rounds in Germany. It's great that the number of exits is also picking up because this is the requirement for a functioning venture capital ecosystem.

It enables the funds to achieve decent returns for the investors and strengthens the trust in this asset class. It would be great to see, however, that in the case of larger exits, more of the buyers came from Europe – that would be another "

## TOP EXITS OF 2017



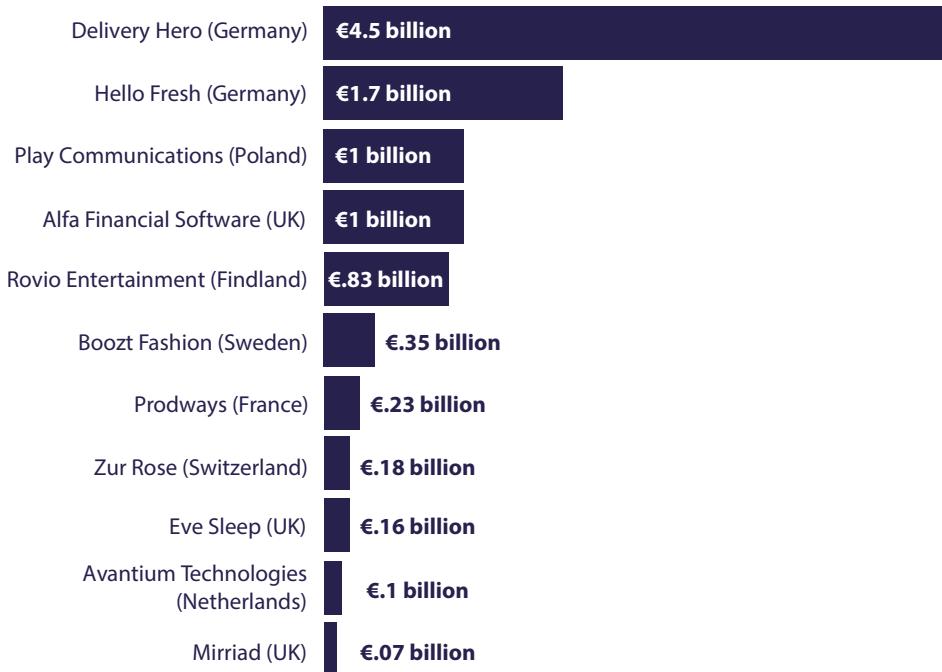
2017's top disclosed exit was for Mobileye, an Israeli developer of vision technology for driving assistance and autonomous driving, selling for €13.4 billion to Intel in Q1 2017. Intel reportedly seeks to establish itself as a leader in autonomous driving tech with the acquisition.

In Q3 2017 the UK-based payments processor WorldPay was bought by similar US-based company Vantiv for \$10 billion, to create one giant transatlantic payments processing company. German mobile services provider Drillisch was acquired by United Internet in Q3 2017 for \$9.33 billion.

Dutch digital security company Gemalto, which produces smart cards and is the world's largest producer of SIM cards, was acquired by the French Thales Group for €4.8 billion.

Rocket Internet-backed Delivery Hero delivered Europe's biggest IPO since Worldpay went public in 2015, for €4.5 billion.

# TOP IPOS OF 2017



The largest VC-backed European tech company to go public in 2017 was German food delivery unicorn Delivery Hero, with a market capitalization of €4.5 million.

German foodtech startup HelloFresh, which delivers ingredients and recipes to homes, went public at a valuation of €1.7 billion. Polish telecoms company Play Communications traded for €1 billion on the Warsaw Stock Exchange.

Finnish video game developer Rovio Entertainment, famous for its Angry Birds game series, went public for €8.3 million. The remainder of the deals took place on markets for smaller, growth companies such as the First North.



ANTHONY ATTIA  
CEO OF EURONEXT PARIS  
GLOBAL HEAD OF LISTING

"In 2017, Euronext domestic markets welcomed 26 companies raising a total of €3.4 billion. The tech sector is at the heart of Euronext value proposition: among the 118 SMEs listed since 2015, 60 are tech companies, of which 28 life sciences, 22 TMT and 10 cleantech, joining a large franchise of 330+ innovative small cap issuers.

The IPO enables companies to finance their growth but it also provides to VC funds and historical shareholders an attractive tool to exit. There was a significant increase in European VC activity last year with €16.9 billion invested in 3000+ deals across the continent, showing the maturity of the EU innovation ecosystem. In the coming years, we expect even more European tech companies to go public."

## NOTABLE EXITS



Mobileye develops vision safety technology to assist driving and prevent accidents, and eventually autonomous driving. Its sensor based technology has been used by 25 auto-makers across the world.

The company was co-founded in 1999 by Amnon Shashua and Ziv Aviram, and was bought by Intel in March 2017.

<b>Company</b>	Mobileye
<b>Country</b>	Israel
<b>Vertical</b>	Transportation, analytics
<b>Founded in</b>	1999
<b>Employees</b>	250-500
<b>VC-backed</b>	Yes
<b>Acquired by</b>	Intel
<b>Valuation</b>	\$15.3 billion
<b>Investors</b>	Goldman Sachs



The popular UK-based music app Shazam was purchased by Apple in Q4 2017 for \$400 million.

Shazam can recognise songs playing around the user from their smartphone, and has been said to be one of the most popular apps in the world. It has been downloaded over 1 billion times and used to recognize over 30 billion songs.

<b>Company</b>	Shazam
<b>Country</b>	UK
<b>Vertical</b>	Music
<b>Founded in</b>	2000
<b>Employees</b>	101-250
<b>VC-backed</b>	Yes
<b>Acquired by</b>	Apple
<b>Valuation</b>	\$400 million
<b>Investors</b>	Buran Venture Capital, America Movil, IVP

## NOTABLE EXITS



Berlin-based food delivery giant Delivery Hero went public in June 2017, with a valuation of \$5 billion. The company works with a network of restaurants in 40 countries to allow users to order food online. The unicorn had previously acquired several smaller delivery startups.

In September 2017, South African Naspers invested \$775 million in the company, increasing its stake to 26.3%

<b>Company Vertical</b>	Delivery Hero Food, transportation
<b>Founded in</b>	2011
<b>Employees</b>	5000-10000
<b>VC-backed</b>	Yes
<b>Acquired by</b>	IPO
<b>Valuation</b>	\$5 billion
<b>Investors</b>	Naspers, Rocket Internet, Insight, Venture Partners



HelloFresh is another Berlin-based food delivery startup that went public in 2017. Instead of delivering premade food, HelloFresh delivers ingredients and recipes, based on your dietary preferences, to your doorstep each week. The company had raised \$364 million before going for its IPO in Q4 2017 with a valuation of \$1.7 billion.

<b>Company Vertical</b>	HelloFresh Food, transportation
<b>Founded in</b>	2012
<b>Employees</b>	51-100
<b>VC-backed</b>	Yes
<b>Acquired by</b>	IPO
<b>Valuation</b>	\$1.7 billion
<b>Investors</b>	Baillie Gifford, Rocket Internet, Insight Venture Partners, Phenomenon



## OTHER NOTABLE EXITS

### (→) Soundtrap®

<b>Soundtrap</b> (Sweden)	
<b>Valuation</b>	€30 million (estimated)
<b>Acquired by</b> <b>Vertical</b>	Spotify Music



**NewMotion**  
(Netherlands)

<b>Valuation</b>	Unknown
<b>Acquired by</b>	Shell
<b>Vertical</b>	Transportation

LOVE  
HOME  
SWAP

<b>Love Home Swap</b> (UK)	
<b>Valuation</b>	€44.8 million
<b>Acquired by</b> <b>Vertical</b>	Wyndham Worldwide Travel, real estate



**mySugr**  
(Austria)

<b>Valuation</b>	\$29 million (estimated)
<b>Acquired by</b>	Roche
<b>Vertical</b>	Healthtech



<b>Chauffeur Privé</b> (France)	
<b>Valuation</b>	€30 million (estimated)
<b>Acquired by</b> <b>Vertical</b>	Daimler Transportation

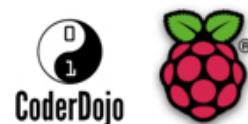


**Argus Cyber Security**  
(Israel)

<b>Valuation</b>	\$430 million
<b>Acquired by</b>	Continental AG
<b>Vertical</b>	Security, transportation

beddit

<b>Beddit</b> (Finland)	
<b>Valuation</b>	\$48 million (estimated)
<b>Acquired by</b> <b>Vertical</b>	Apple Healthtech



**CoderDojo**  
(Ireland)

<b>Valuation</b>	Unknown
<b>Acquired by</b>	Raspberry Pi
<b>Vertical</b>	Education



# CONCLUSIONS

## SPECTACULAR GROWTH, MEGA-DEALS LIKELY TO CONTINUE INTO 2018

2017 saw incredible, record growth in European and Israeli tech funding during 2017, growing by €8.6 billion or 52.4% YoY to €25 billion. European tech funding has showed a steady exponential growth pattern since Tech.eu began keeping records in 2013 – a sign of the maturation of the European tech ecosystem – and we expect this growth to continue through 2018.

## RISING DEAL SIZES A SIGN OF MATURING STARTUPS AND ECOSYSTEMS

What accounted for much of 2017's success was an increase in deal size across the board, particularly mega-deals – with 26 deals recorded worth €100 million or more, while 76 deals were over €50 million. We expect there to be a continuation of this growth in deal size and late-stage rounds, an indication that European tech startups are scaling and in many cases ready to exit.

## ASIAN AND INTERNATIONAL INVESTMENT RISING

Many of Europe's mega-deals were backed by foreign investors, including Japanese SoftBank, South African Naspers, Chinese JD.com, and Singapore-based Temasek Holdings. In 2018 we expect to see this trend continue, with just as many or more mega-deals and an increase in backing by Asian and other international investors.

## A SURPRISINGLY SLOW YEAR FOR M&A TRANSACTIONS

The European tech industry saw a dip in exit activity in 2017, with the number of deals and transaction volume of M&A transactions down from 2015 and 2016. However, exit volume is likely to rebound in 2018, as Europe saw record funding in 2018 and more companies are getting ready to exit. And though number of exits dropped in 2017, it has stayed above 600 since 2015, versus less than 200 in 2014. Meanwhile, transaction volume is an unreliable measure by which to judge trends in the ecosystem, because the value of most M&A deals (around 70%) are undisclosed, so exit volume is heavily skewed by a few major transactions. For example, the acquisition of the UK's ARM Group by SoftBank for €29 million accounted for 25% of total recorded transaction volume in 2016.



# METHODOLOGY & DISCLAIMERS

From November 2013 onwards, Tech.eu has continuously monitored approximately 120+ sources of news and information across multiple European regions and languages. In our reports we opt to include non-European Union member states such as Russia, Turkey, Israel, Norway, Switzerland in the analysis, as we consider them an integral part of the European technology industry as such. This is in line with Tech.eu's overall editorial policy.

Considering the vastness and fragmentation of different languages that defines Europe, it is possible that certain transactions were not included in our analysis. Additionally, in less developed ecosystems we see that some deals may go unreported, whereas more active ecosystems in the UK and France have very comprehensive reporting systems through various websites and organisations dedicated to tech startups.

Furthermore, in many cases the deal size was not disclosed. This is particularly true for Germany, which traditionally has a low disclosure rate. Without knowing the value of each deal it is impossible to know the exact investment volume, however our extensive database gives as accurate a portrayal as possible of funding levels in the European and Israeli tech ecosystem.

In many cases, startups that are scaling move their headquarters to a different country, especially the UK or the US. This is especially true for startups in small ecosystems such as in the Baltics or Eastern Europe, and for Israeli startups, which tend to move their headquarters to the US. In these cases, to determine whether and where to report these deals, we try to assess where the company keeps the majority of their operations.

Additionally, when a deal size was disclosed but in a currency different from the euro, we've converted the amounts around the date the transaction was first announced or reported – we cannot guarantee that the converted amount exactly mirrors the price at the time of closing of an agreement (mainly because that date is rarely shared).

We believe, however, that this is as comprehensive a report as possible for 2017. The date of each transaction is recorded on the date it was initially reported by an authoritative source, not necessarily the inking of the agreements or listings in question. Hence, transactions closed at the end of 2016 may be included in the data for 2017.

We've included transactions involving small and large technology corporations, and everything in between. 'Technology' in this case encompasses digital, Web, mobile, infrastructure and hardware. In a departure from past reports and at the request of our readers, we now also include deals in 'biotech' and 'cleantech' when they have a clear IT component.

The data used for this report does not only include transactions for startups or digital-only tech companies, but also more 'legacy' corporations such as telcos, Internet service providers, as well as infrastructure, hardware and 'high tech' firms because we consider them European technology companies as much as a European-founded mobile app development startup.

We welcome any feedback you may have on our report and methodology. If you'd like to report inaccuracies, flag possible omissions or additions to the data set, or have any other comment to share or questions to ask, please reach out to [reports@tech.eu](mailto:reports@tech.eu) and we will respond as soon as possible.

Thank you for reading our analysis.

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