

European Venture Capital **A view from EIF**



EIF Venture Capital Activity

“ One of Europe's **largest investors** in European Venture Capital ”

INVESTED IN
300+
VC
FUNDS

4000+
PORTFOLIO
COMPANIES

MORE THAN
170+
VC FUND MANAGER
RELATIONSHIPS

99%
VISIBILITY ON
EUROPEAN
MARKETS

20 yrs
EXPERIENCE
IN VC

OVER
€5bn
OUTSTANDING
EQUITY INVESTMENTS
IN EUROPEAN
VC FUNDS

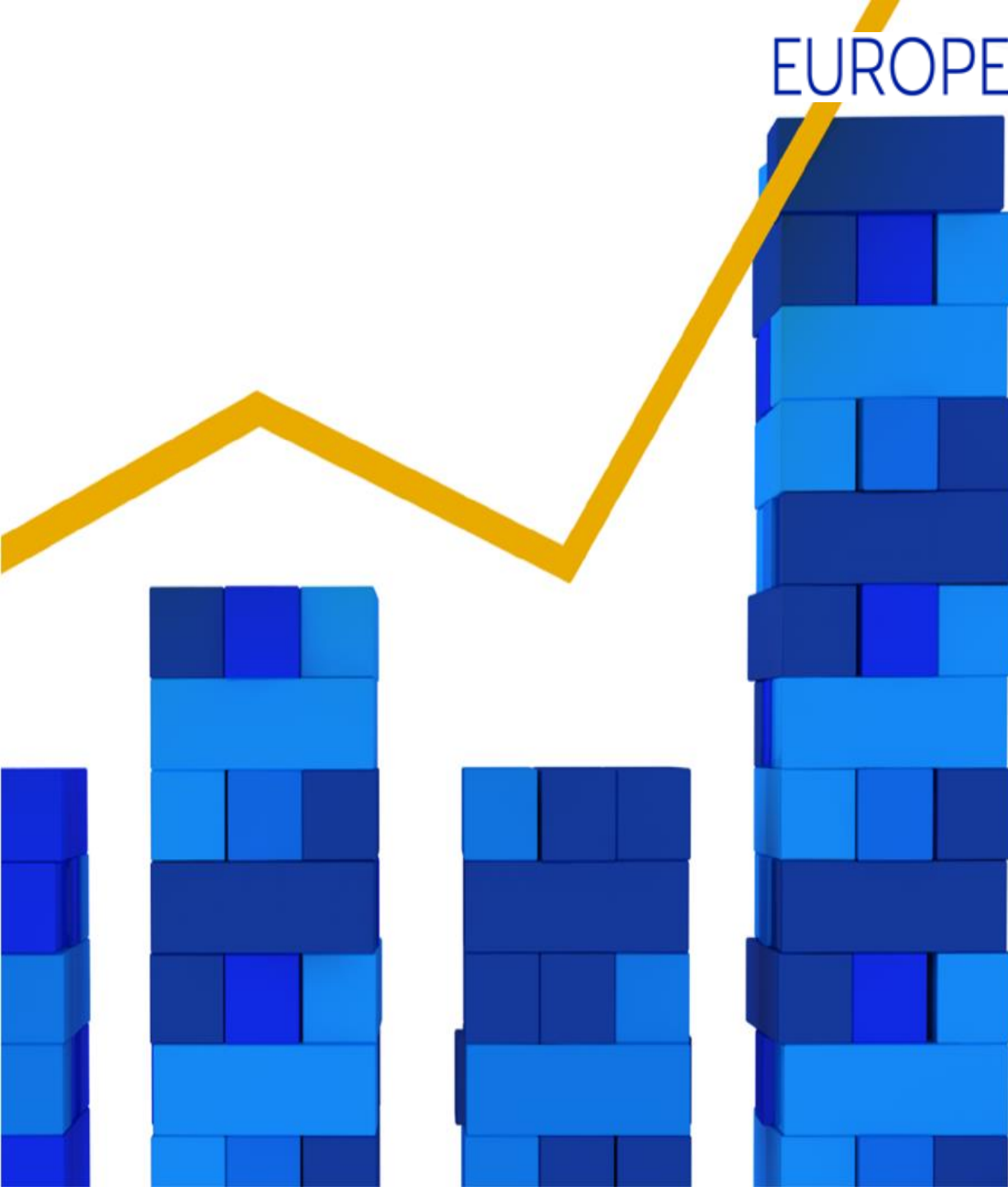
75
DEDICATED INVESTMENT
PROFESSIONALS
SCOUTING OUT
ESTABLISHED AND
NEW TEAMS

FIRST MOVER
IN EUROPE'S
EMERGING
MARKETS AND
TECHNOLOGY
SECTORS

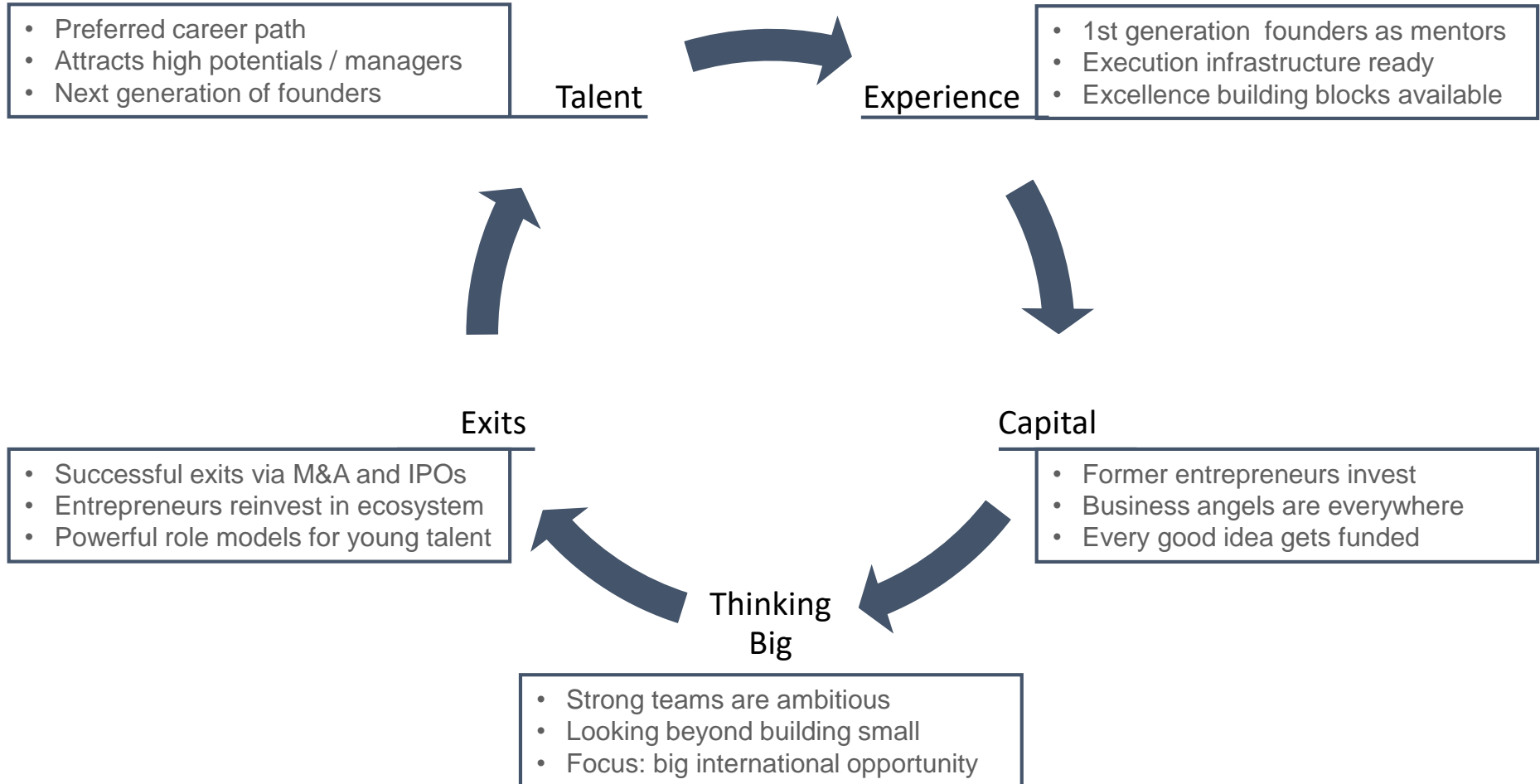
EUROPEAN VENTURE CAPITAL

INDUSTRY TRENDS

Accelerating Positive
Momentum



European VC ecosystem is maturing



Thinking Big: Global category leaders born in Europe 5

Software

 criteo

 AVG

 UiPath
Robotic Process Automation

Marketplace

 cabify

 Delivery Hero

 BlaBlaCar

eCommerce

 zalando

 vente-privee.com

 YOOX

Biotech

 CRISPR
THERAPEUTICS

 EZIMA
pharma

 FORWARD
PHARMA

 AcertaPharma
INNOVATE DEVELOP CURE

Fintech

 adyen

 klarna

 TransferWise

Gaming

 King

 SUP
ERC
ELL

 ROVIO

Music

 Spotify

 shazam

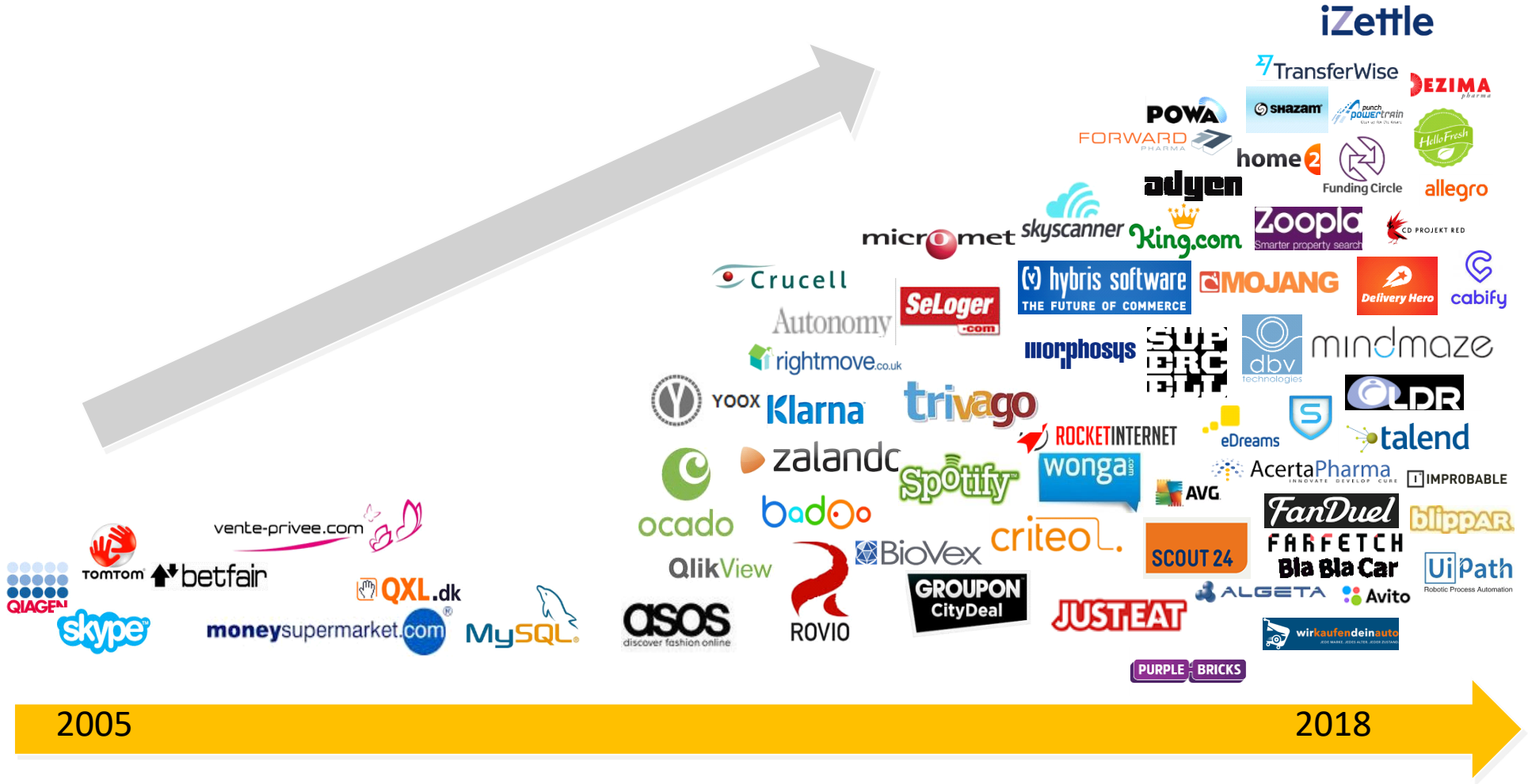
Medtech

 neuravi

 Sapiens

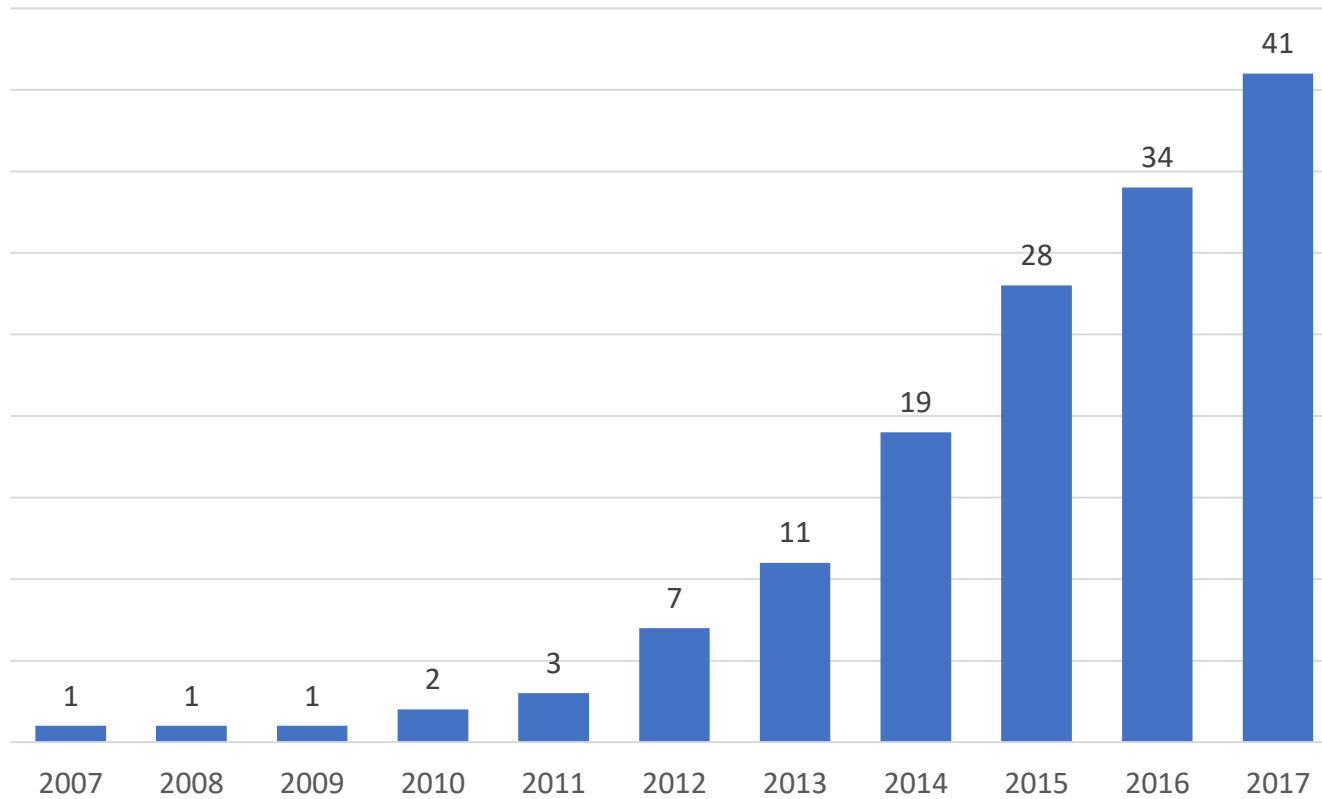
The rise of the European Unicorn

European tech companies reaching ~USD 1bn valuations



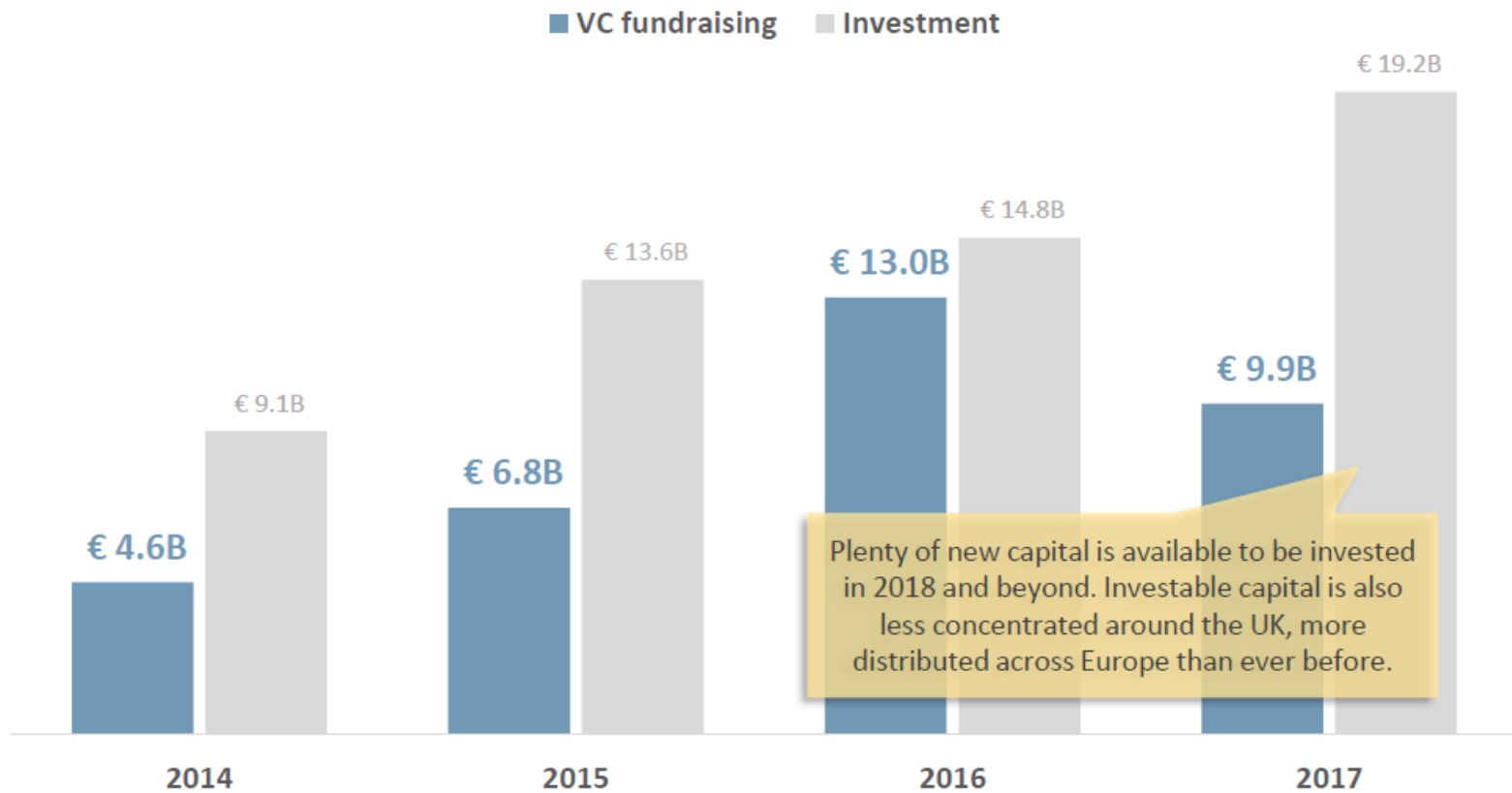
Europe generates an increasing number of ICT giants 7

Number of European \$B+ companies



Source: Atomico State of European Tech 2017

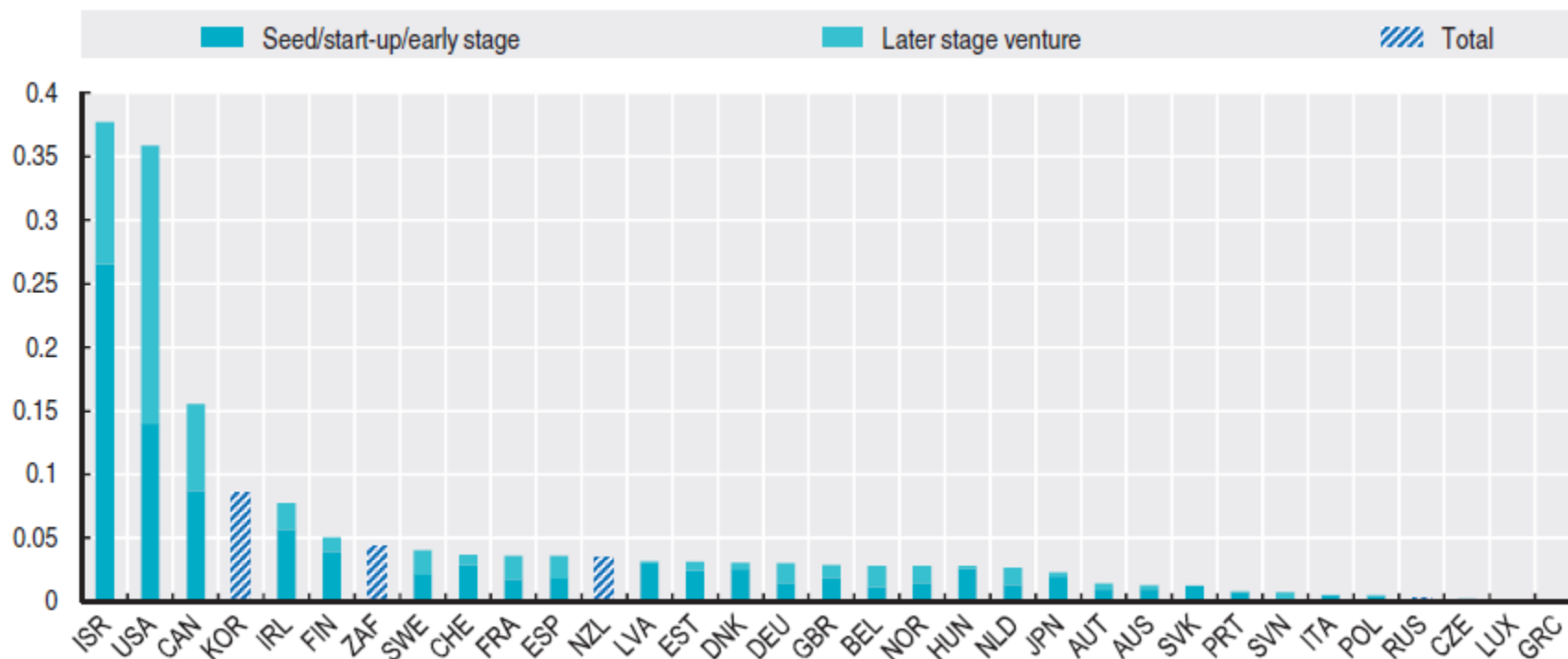
Fundraising has more than doubled since 2014





...but still room to grow

VC investments as % of GDP (2016)



Top 3 by industry (€ bn)

1. Deep tech (4.1)
2. Fintech (4.1)
3. Healthcare (3.8)

Top 3 by # rounds

1. Deep tech (557)
2. Fintech (556)
3. Healthcare (423)

Top 3 by # rounds top 30 VCs

1. Fintech (75)
2. Deep tech (71)
3. Marketplaces (69)

1

VC funding trends:

- Fundraising more than doubled in last 3 years
- The number of new VC funds tripled to 100 new funds per annum
- Average fund size is fairly constant at around EUR 110m
- 2016: continental European VC fundraising surged, especially in France, Sweden, Netherlands.
- 2017: France led with EUR 2.7 billion funds raised vs. EUR 2.3 billion in the UK

2

Additional funding sources:

- The number of unique active investors has tripled in five years to ca. 2,484
- Corporates and angel investors recording the highest growth in activity
- Private equity and growth equity have started to participate in venture rounds
- Corporate Venture Capital arms providing complementary capital and expertise
- Entrepreneurs and VCs are returning from other parts of the world to Europe

≡ ...and it's here to stay

1

Europe

- The world's largest single market with a highly educated workforce, stable rules-based economy and commitment for global free trade
- New EU initiatives are set to boost VC fund sizes and attract larger investors

2

Geographical Split & Cross Border Intensity

- Fragmented European VC market (and capital markets in general) with relatively low cross-border investment activity (see A1)

3

Thriving European Tech Cities & Clusters

- It is not just about one region
- Multiple well established tech hubs such as London, Berlin, Paris, Stockholm, with other hubs such as Amsterdam, Barcelona, Copenhagen, Helsinki, catching-up

4

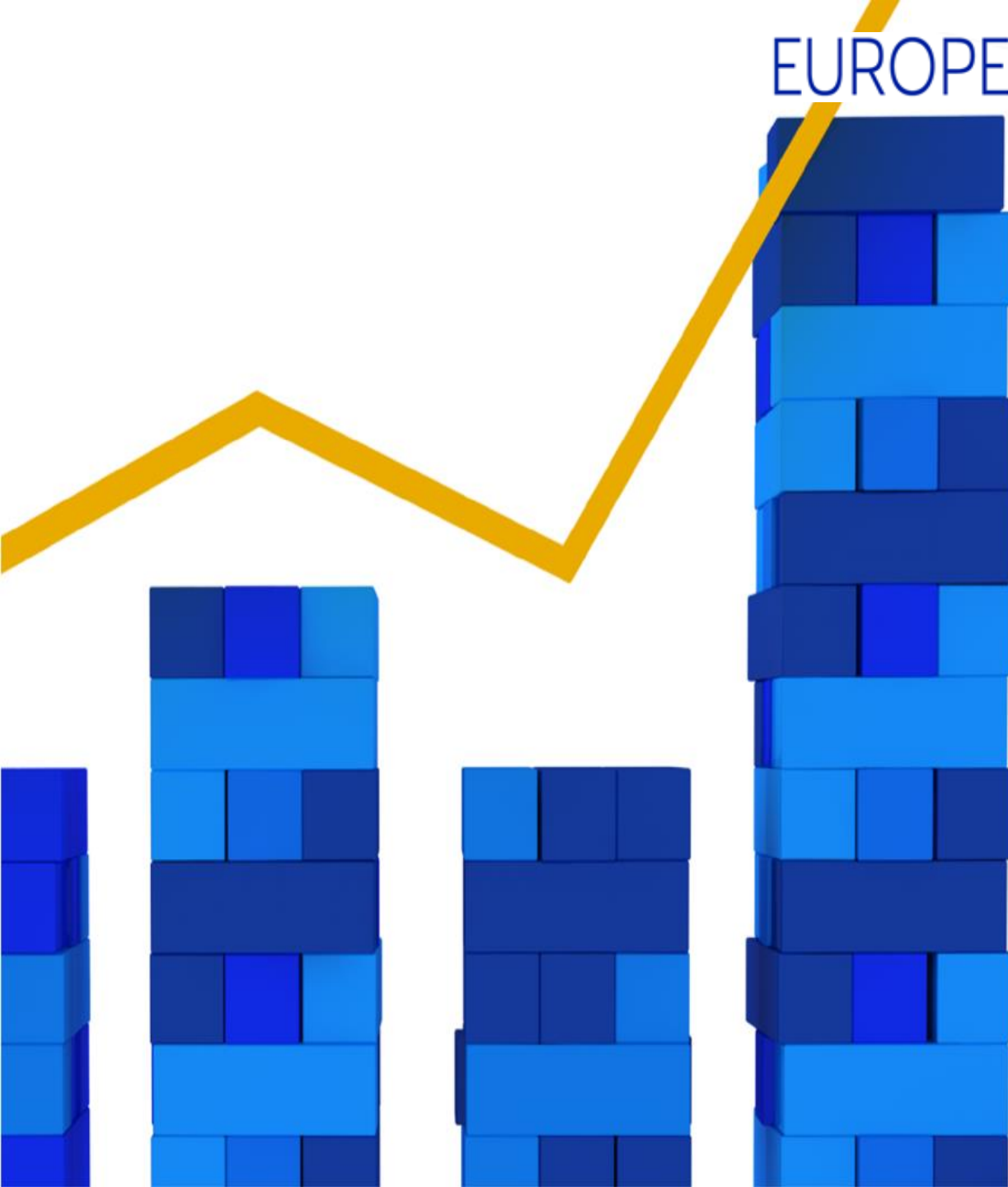
Some Challenges Remain

- Limited amount of late-stage funding compared to US and Asia
- On average small fund sizes not allowing for sufficient diversification, follow-on reserves and infrastructure
- Still GPs are calling for additional investments from pension funds and other government-backed institutions

EUROPEAN VENTURE CAPITAL

THE VC ASSET CLASS

Returns and Profile



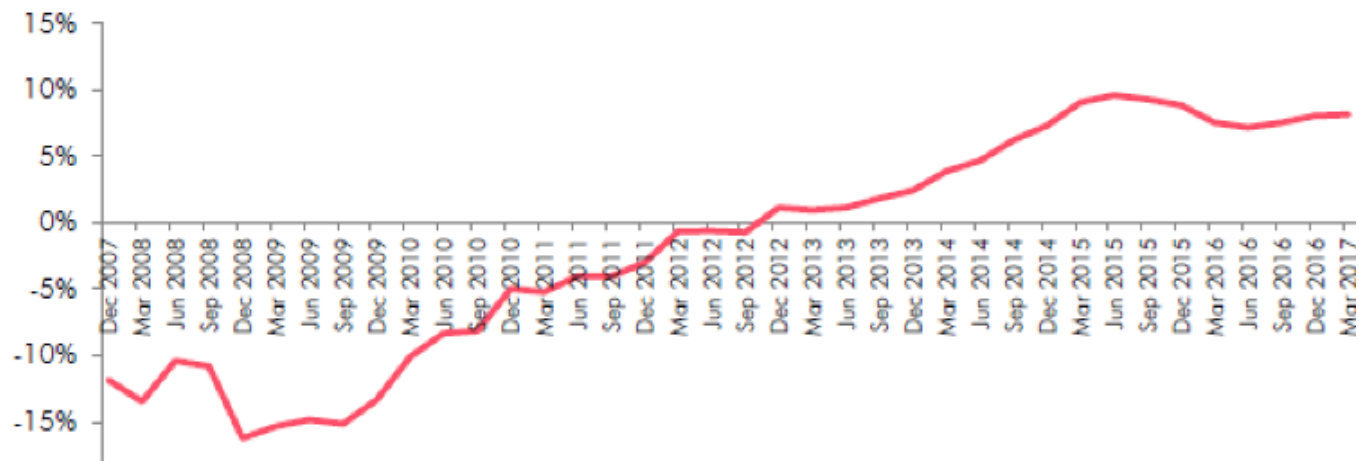
European VC showing compelling returns

Date	31/03/2017
IRR	8.19%
TVPI	1.32
DPI	0.38
RVPI	0.94
Nb of Funds	191

(*) Portfolio of vintages 2006-2014

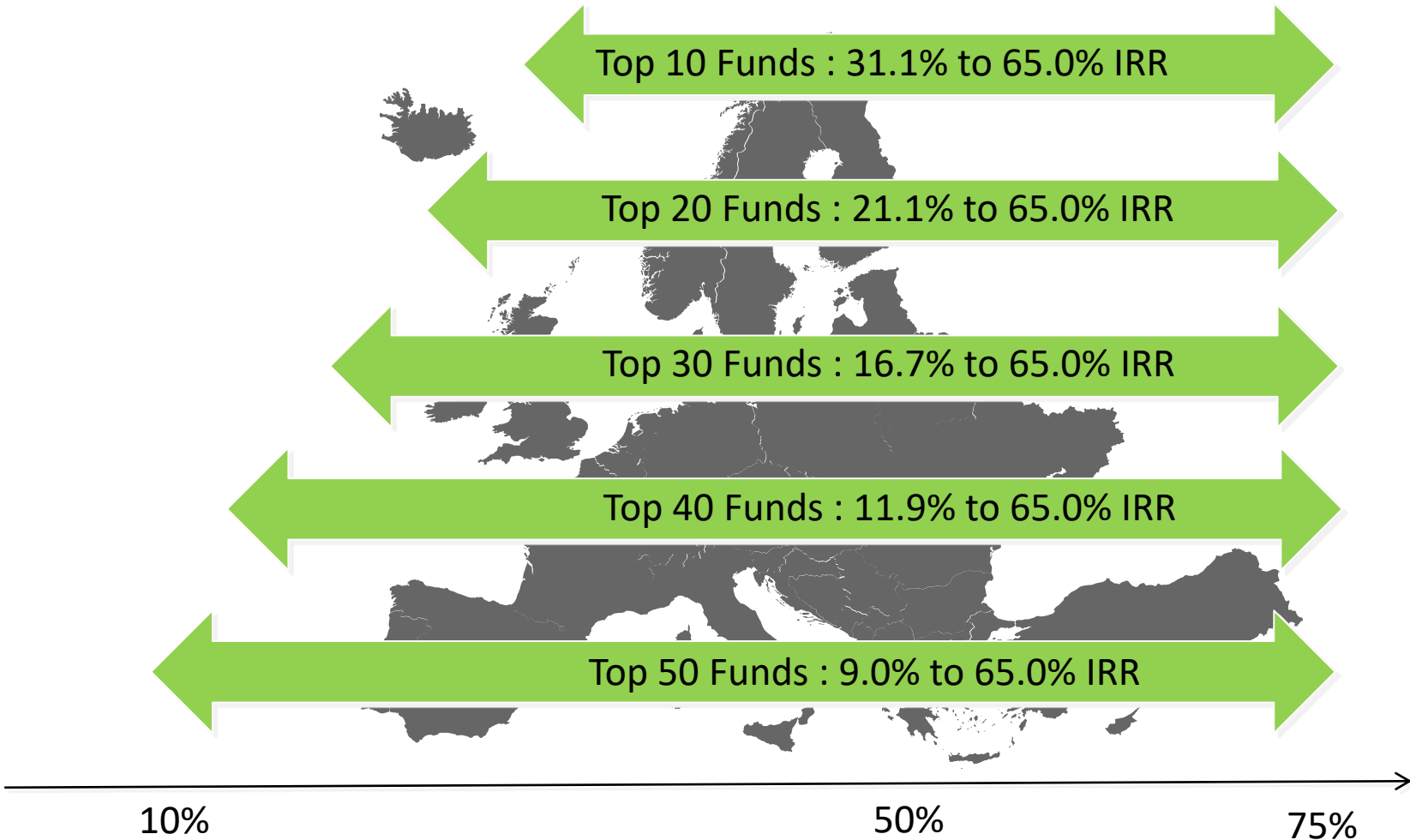
	EIF	MSCI	S&P 500	Benchmark
1 year horizon IRR	11.43%	14.87%	17.17%	9.90%
3 years horizon IRR	13.55%	10.55%	10.37%	12.09%
5 years horizon IRR	12.58%	16.19%	13.30%	10.52%
10 years horizon IRR	8.52%	5.97%	7.51%	5.54%
PE Index volatility	4.61%			
MSCI volatility	11.43%			
Sharpe Ratio				1.07

IRR since inception

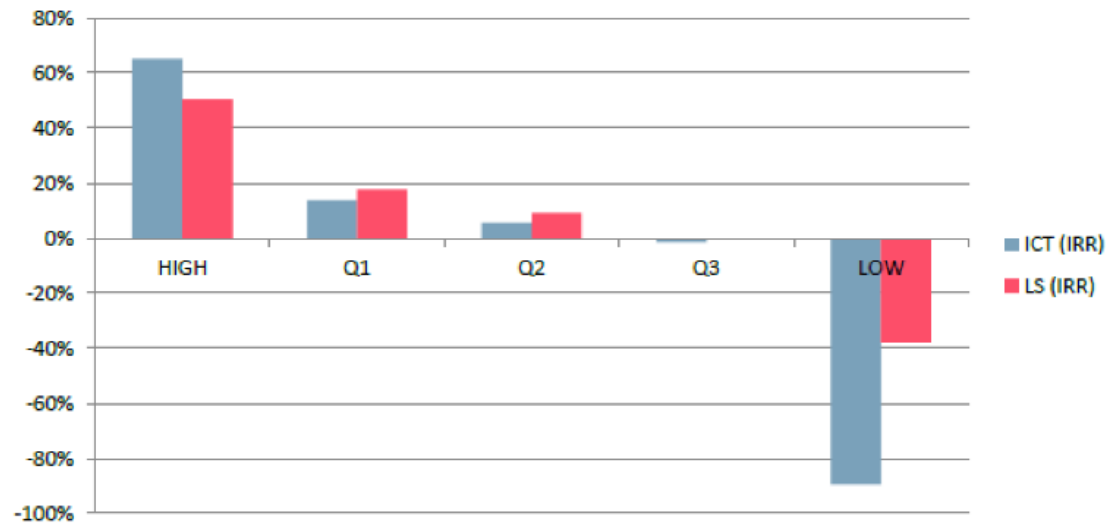


And performance is well spread across funds

Performance Distribution 2006-2014



- **5 out of 10** best performing funds are Life Sciences
- Life Sciences funds outperform ICT funds **in all quartiles**
- Yet, Life Sciences funds continue to face the **biggest challenges in fundraising**



- Emerging teams able to **rival with top performers** in portfolio in terms of IRR
- **3 out of top 10** best performing funds are run by emerging managers
- Slightly higher risk profile evidenced by wider return distribution across quartiles



EUROPEAN VENTURE CAPITAL

A CLOSER LOOK AT SPAIN

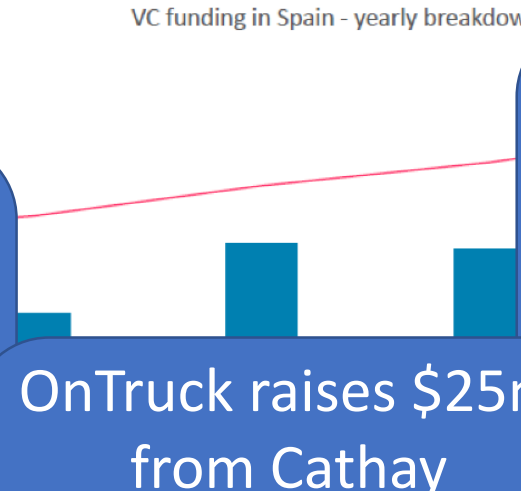
A booming ecosystem



Financing rounds: more international money

VC funding in Spain - yearly breakdown

1.200.000.000 €
1.000.000.000 €



Cabify raises \$160m at \$1.4bn valuation led by Rakuten
(FT, January 2018)

Spotahome raises \$40m in an international round led by KPCB
(Tech.eu, June 2018)

OnTruck raises \$25m from Cathay Innovation, Atomico, Idinvest, Point9 Capital, ...
(Techcrunch, May 2018)

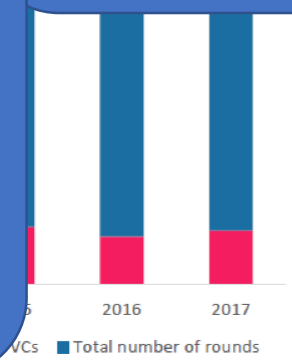
Investment volume



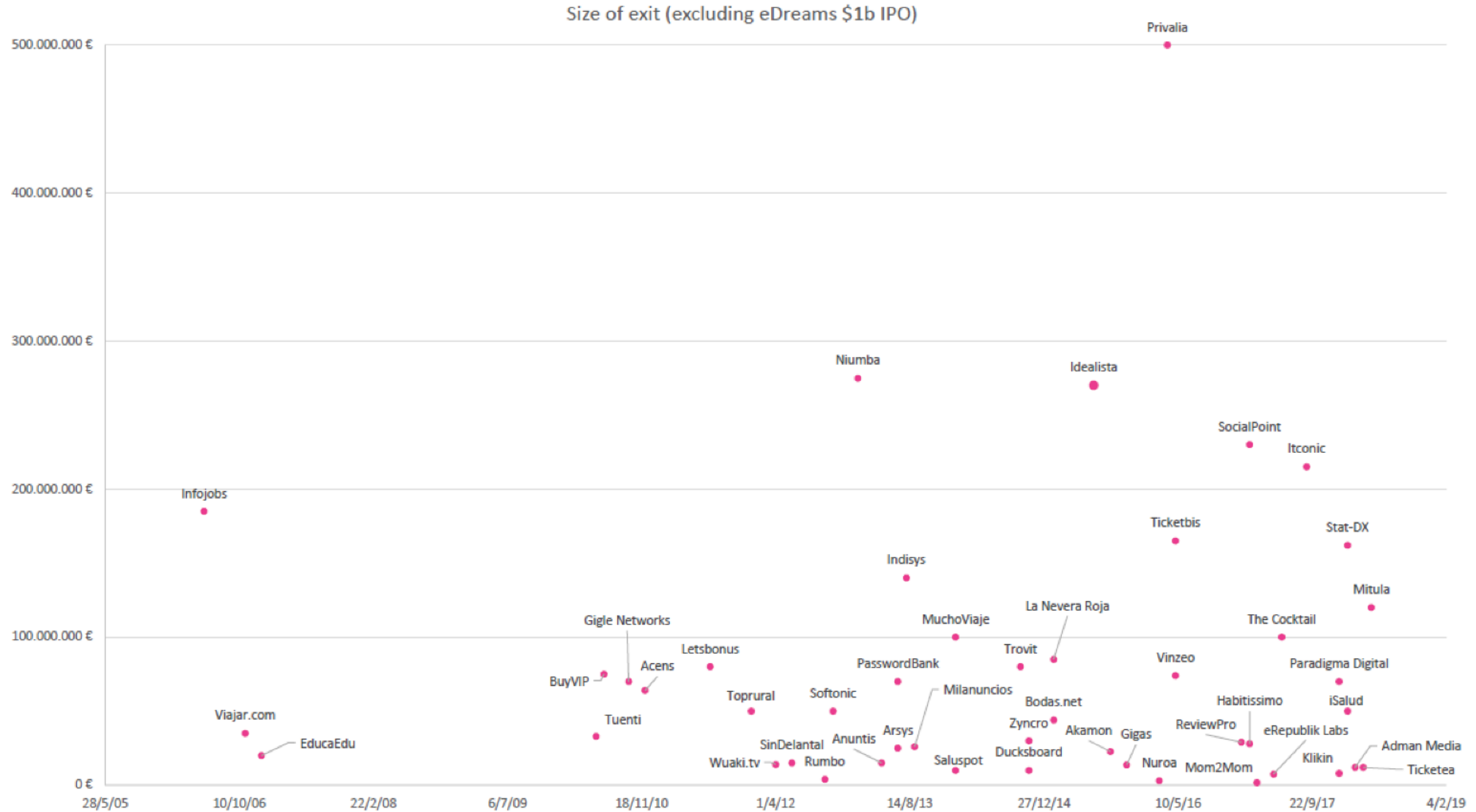
TravelPerk raises \$21m from Berlin-based Target Global and London-based Felix Capital
(Techcrunch, April 2018)

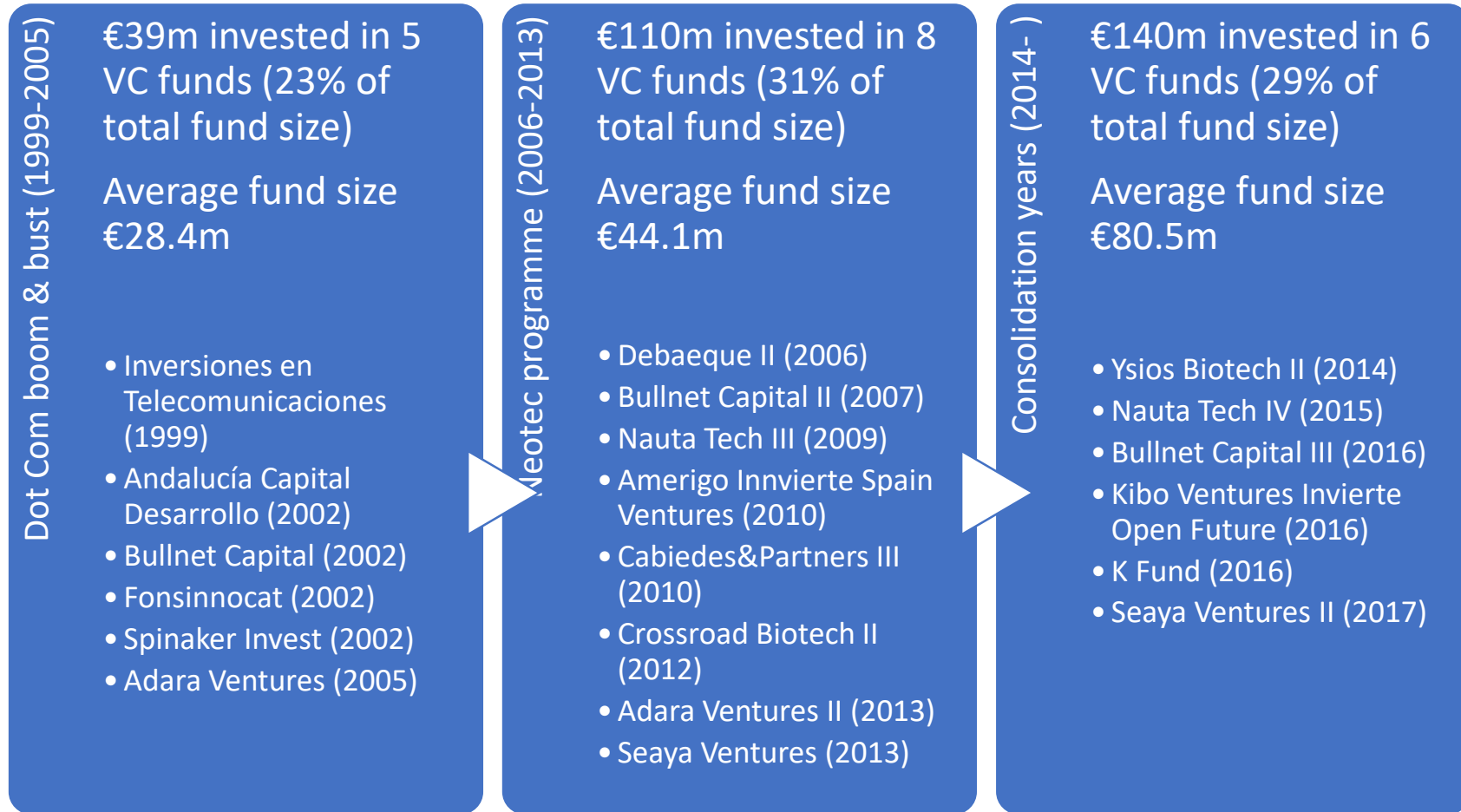
RedPoints raises \$12m in funding from Eight Road Ventures, Mangrove, Northzone
(Tech.eu, May 2018)

200



Exits: from national champions to global players





European Investment Fund

For more information please contact:

Oscar Farres

Head of Unit – Investments in Technology and Innovation

37 C, avenue J.F. Kennedy, L-2968 Luxembourg
Email: o.farres@eif.org

Josep Duran

Investment Manager – Investments in Technology and Innovation

37 C, avenue J.F. Kennedy, L-2968 Luxembourg
Email: j.duran@eif.org



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It carries out its activities using either its own resources or those provided by the European Investment Bank, the European Commission, by EU Member States or other third parties.

It enhances SME access to finance by developing and offering targeted financial products to intermediaries, such as banks, guarantee and leasing companies, micro-credit providers and private equity funds. In doing so it supports the implementation of European Union policies, notably in the field of entrepreneurship, technology, innovation and regional development.

As at the end of 2016, EIF manages EUR 12.1bn in equity assets, a guarantee exposure of EUR 13.7bn and EUR 297m in microfinance.

For further information please visit www.eif.org

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