

European Innovation Financing Annual Update - 2014



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About Clipperton Finance

Clipperton is a leading European corporate finance boutique exclusively dedicated to the High Tech and Media industries. Clipperton advises high growth companies on financial transactions, fund raisings, or Mergers and Acquisitions. With teams based in London, Berlin and Paris and an international reach, Clipperton is a recognized leader in the sector.

About Digimind and WhoGotFunded.com

Digimind is a SaaS intelligence software company based in Paris, Boston and Singapore, providing advanced information management platforms and technologies that perform massive data collection, automatic intelligence extraction and visualisation. Using its unique web mining expertise, Digimind developed WhoGotFunded.com, the world's most comprehensive funding database, discovering over 100 fresh funding deals every day in real time all across the world.

2014 marks a landmark year for European innovation financing with almost \$8b invested in European technology companies. As we enter 2015, this year promises to shed some light on whether last year will be remembered as a record year at the peak of a cycle or the beginning of long-lasting momentum.

There is an unquestionable acceleration in the volume and size of large financings in the European landscape, still far from current US standards but displaying a few interesting trends.

- Recent large rounds suggest the new generation of potential European unicorns¹, aiming to become the successors to Spotify, Criteo or Zalando: fast growth companies such as BlaBlaCar (car sharing), Adyen (online payment) or Delivery Hero (food delivery)
- The new stars in the making stem mainly from a few specific segments: new online payment solutions, fintech marketplaces such as Funding Circle and most notably from vertical consumer marketplaces
- Following the steps of Rocket Internet companies, European entrepreneurs in the consumer marketplace arena are showing well executed and rapid global expansion, often by targeting large markets in emerging countries. This is the example of BlaBlaCar and the online food delivery players such as Delivery Hero or Food Panda. In these segments, European champions are more aggressive in the race to globalization than their US counterparts. For once, the small size of each local market in Europe could prove to be an asset in pushing national leaders to expand quickly abroad into ever more far reaching market whilst adopting the right local approach within each region.

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¹ Unicorns – companies with equity value above \$1b

HEADLINES

- Great traction for investments in innovative companies in 2014: +37% in value vs. 2013 at \$7.8B. H2 figures confirmed the trend observed in the six first months: \$4B invested, +9% vs. H1
- Continuing strong momentum for Internet and New Media companies which account for half the value of innovation financing
- Confirmed trend towards large funding rounds: 16 deals above \$50m in H2 (13 in H1) including a handful of mega fundings: Delivery Hero, Adyen, Ozon, to name a few
- Record investment value in H2 in the UK at \$1.3B. France and DACH also on a positive trend (resp. +14% and +26% vs. H1 2014)

An exceptional year for innovation financing in Europe, highlighted by large deals

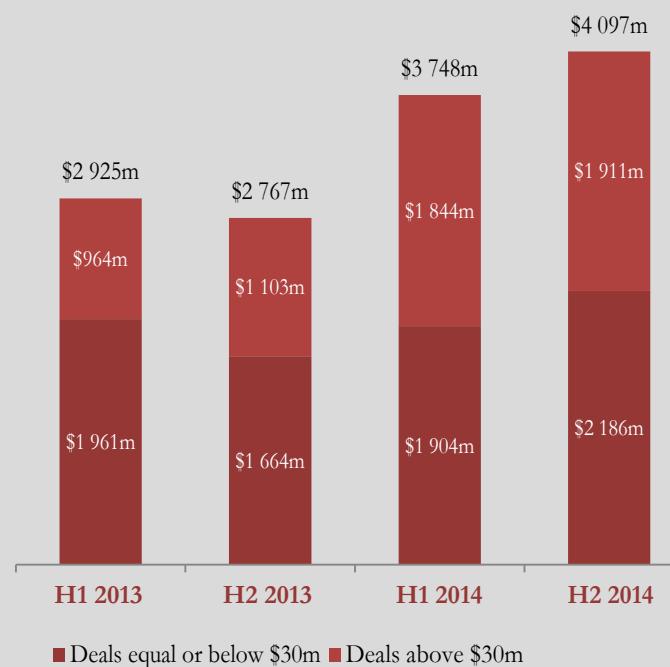
Last year emerged as a remarkable vintage for technology funding across the globe. In Europe, investors have continued investing heavily in H2-2014 after a record first semester. Overall, a whopping \$8 billion has been poured into European start-ups in 2014, a level that hasn't been seen since the heady days of the dot-com bubble. The total amount raised is showing a hefty 37% increase from the previous year. The European tech scene has also seen a proliferation of large financing rounds this year for new players with the potential to join the "unicorn-club" such as Germany's *Delivery Hero* or Dutch global payment company *Adyen*.

The overall surge in VC funding is fuelled by the strong performance of technology stocks in 2014 IPOs (*Alibaba, Zendesk, GoPro, Grubhub, ...*) as well as record-low interest rates worldwide. While these figures emphasize a nagging concern that VCs may be investing money into some tech companies at inflated values, they also show that investors recognize the ability of new technology to disrupt and replace old industries.

Top 10 European Fundings 2014

<i>Delivery Hero</i>	DE	\$88m	\$85m	\$350m	Food Delivery
<i>Adyen</i>	NL	\$250m			Online Payment
<i>Ozon</i>	RU	\$150m			E-commerce
<i>Kobalt Music Group</i>	UK	\$140m			Online Music
<i>Klarna</i>	NO	\$119m			Online Payment
<i>Adaptimmune</i>	UK	\$104m			Biotechnology
<i>Takeaway</i>	NL	\$103m			Food Delivery
<i>Blablacar</i>	FR	\$100m			Car Sharing
<i>Sarenza</i>	FR	\$98m			E-commerce
<i>Biocartis</i>	CH	\$85m			Biotechnology

TOTAL AMOUNT INVESTED IN EUROPE H1 2013 to H2 2014



Sources: WhoGotFunded / Clipperton Finance Analysis

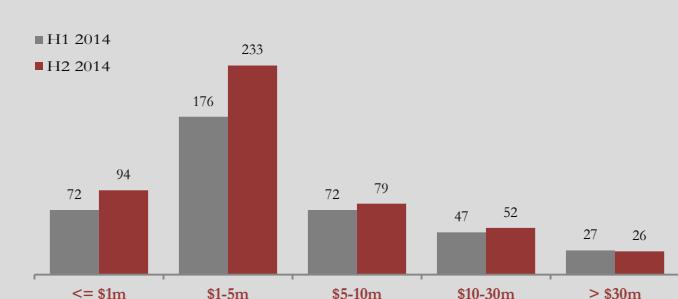
Figures presented in the previous newsletter have been updated to include a few H1 deals announced in H2.

Notable increase of deal volume for Seed and Series-A rounds

Close to 500 VC deals were announced in Europe in 2014, about 100 more than in 2013. While the number of deals above \$5 million remains stable, the growth in volume is largely driven by "Series-A" transactions that accounted for two-thirds of all technology deals in Europe in 2014. This trend runs counter the widely exposed "Series-A - crunch" phenomenon, suggesting that investors are actively filling the financing gap between Seed rounds and \$5m+ acceleration rounds. It also shows the growing appetite of investors for high-risk assets with strong return potential.

The median deal size ticked up from \$2.5 million in 2013 to \$3 million in 2014 – progressively catching up with the US (\$4.4 million in 2013). The modest increase in median deal size (+17%) compared to the steep surge of total VC funding in Europe can be partly explained by the reduced cash requirements among startups that are more selectively utilizing technological advances as well as the desire of founders to minimize dilution.

DISTRIBUTION BY ROUND SIZE - VOLUME H1 2014 and H2 2014



MEDIAN DEAL VALUE Q4 2012 to Q4 2014



Sources: WhoGotFunded / Clipperton Finance Analysis

Clipperton European Innovation Financing Update - January 2015

Momentum felt in all geographies, with the UK still topping the ranking

The positive trend observed in H1 in the UK has continued over H2. After surpassing the \$1B mark in H1, the country's start-ups attracted more than \$1.3B during the second part of the year (+27% vs. the same period last year) spread across 141 transactions (+16%). The increase is particularly strong in Q4, with \$740m invested (+35% vs. Q4 2013). Landmark deals include the rounds closed by fintech start-ups *Funding Circle* (\$65m with Accel, Index, USV and Ribbit Capital) and *Powa* (\$80m round which follows a the \$96.7m Series A funding secured in 2013), or the \$100m Series-A of T-cell therapies developer *Adaptimmune*. Whilst the UK maintained a strong lead in Europe on a full year basis with \$2.3b invested in the country's start-ups (+33% vs. 2013), DACH and France posted a solid year attracting respectively \$1.8b (+45%) and \$1.4B (+35%) of VC money. Q3 has been particularly strong in the DACH region with \$769m of deal value, a performance which is largely accountable to *Delivery Hero's* 'mega funding' (\$350m) with US-based Insight Ventures among other investors.

As for France, H2 figures exhibit limited increase in value (\$635m; +14%), at the same level as DACH with *Delivery Hero* excluded. The number of deals is the same as in the UK, at a record-high level of 141 transactions (+36% vs H1 2013). The last quarter in particular saw several high profile deals being announced such as *Intersec* (\$20m with US investor Highland Capital leading the round. Interestingly, Bpifrance's participation in three \$20m+ private placements (*Neoen*, *Finsecur* and *MenInvest*) clearly demonstrates the French sovereign fund's strategy to build digital champions.

In other geographies, worth noticing is the solid performance of the Nordic nations where investment value approached the \$1B mark (\$933m in 2014; +32%) and of Benelux (\$714m) driven by Netherland-based *Adyen* which raised an enormous \$250 in December.

Half the dollars invested went to Internet & New Media companies

Investment in IT start-ups showed significant increase in H2 in value (69% vs. H2 2013) as well as in volume (+24%), confirming the trend observed in the first part of the year. On a full-year basis, the amount poured in IT companies increased by 55% and accounted for 73% of the total investment value.

Within this sector, Internet and New Media companies attracted almost \$2B in H2, twice as much as in H1. In 2014, the segment received great interest from investors receiving 1 in 2 dollars of innovation financing (\$4B out of \$8B) and made 42% of the total number of deals closed. Business Cloud and Software startups posted a solid H2, with 134 transactions announced (+31% vs. H2 2013) for a total value of \$811m (+29% vs. H2 2013), in line with H1 figures. Worth mentioning is the rebound of Consumer Electronics in H2 with \$108m invested, spread over 17 transactions (vs. less than 10 in the three previous semesters), while the Hardware & Telecom segment decreased slightly after a good H1.

Besides the IT segment, Life Science and Cleantech start-ups also contributed to the growth observed in H2. The first ones topped \$1B in value (+30% vs. H1 as well as vs. H2 last year) with 80 transactions announced, an increase by 27% vs. H1. As for Cleantech deals, they still account for a limited portion of innovation financing (4% of the overall value invested in 2014), despite encouraging figures in H2 (+31% in volume vs. 2013, +25% in value).

INVESTMENT AREAS

2014

H1 2014 | H2 2014



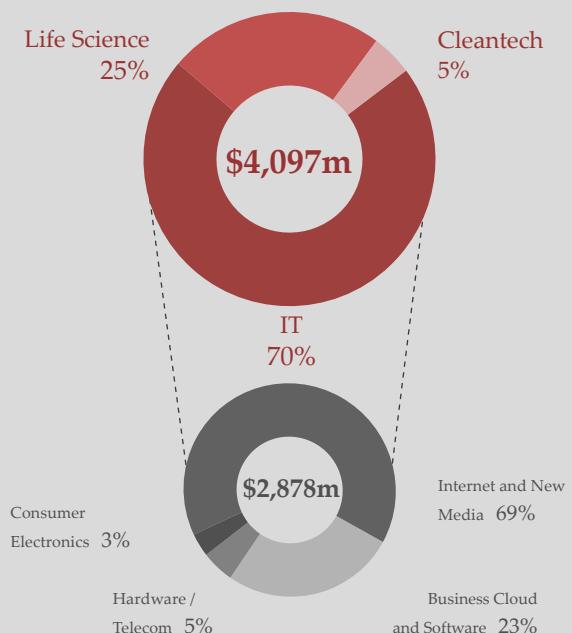
Sources: WhoGotFunded / Clipperton Finance Analysis

(1) Includes the \$350m investment in *Delivery Hero*

(2) Includes the \$250m investment in *Adyen*

SECTORIAL BREAKDOWN - VALUE

H2 2014



DEAL SIZES (IT Sector)

	Internet and New Media	Business Cloud and Software	Hardware Telecom	Consumer Electronics
Median Value	\$3.0m	\$2.6m	\$2.6m	N/S

Sources: WhoGotFunded / Clipperton Finance Analysis

Clipperton European Innovation Financing Update - January 2015

TOP DEALS BY GEOGRAPHY - H2 2014

Funds in bold are reported to be lead investors

UNITED - KINGDOM

COMPANY	AMOUNT	INVESTORS
<i>Adaptimmune</i>	\$104m	New Enterprise Associates, OrbiMed, Wellington
<i>Powa</i>	\$80m	Wellington Management
<i>Cell Medica</i>	\$79m	Imperial Innovations, Invesco Perpetual, Woodford Investment
<i>Funding Circle Ltd</i>	\$65m	Index Ventures, Accel Partners, Union Square Ventures, Ribbit
<i>Nanopore Tech.</i>	\$55m	Woodford Investments Management, + hist.
<i>Huddle</i>	\$51m	Zouk Capital, Hermes GPE, Matrix, Jafco, DAG, Eden Ventures
<i>New Voice Media</i>	\$50m	Technology Crossover Ventures, Bessemer Venture, Highland
<i>Quanta Fluids Solutions</i>	\$43m	ALIAD, Seventrue, Wellington, Seroba, NBGI, B-to-v Partners, IMI
<i>Ziarco</i>	\$33m	New Enterprise Associates, Lundbeckfond Ventures
<i>Bicycle Therapeutics</i>	\$32m	Atlas Ventures, Novartis Ventures, SR One, SV LiveSciences, Astella

FRANCE

COMPANY	AMOUNT	INVESTORS
<i>Blablacar</i>	\$100m	Index Ventures, Accel Partners, ISAI, Lead Edge Capital
<i>Neoen</i>	\$53m	Bpifrance, Omnes Capital, Impala
<i>Finsecur</i>	\$33m	Edrip, Bpifrance
<i>MenInvest</i>	\$30m	Namsorg, Bpifrance, Idinvest
<i>Poxel</i>	\$24m	Edrip, Bpifrance, Omnes Capital
<i>Vi Technology</i>	\$20m	Bpifrance, CM-CIC Capital Innovation, Neptune Technology
<i>Intersec</i>	\$20m	Highland Capital Partners, + hist
<i>Melijoe</i>	\$12m	Gimv, + hist.
<i>Lucibel</i>	\$10m	Undisc.
<i>Lendix</i>	\$9m	Partech Ventures, Weber Investments, 123 Ventures, Marc Ménasé

Sources: WhoGotFunded / Clipperton Finance Analysis

DACH

COMPANY	AMOUNT	INVESTORS
<i>Delivery Hero</i>	\$350m	Insight Ventures Partners, Kite Ventures, Vostok Nafta
<i>Biocartis SA</i>	\$85m	Johnson & Johnson Development, Hitachi Chemical, PMV Tina Fund
<i>Foodpanda</i>	\$60m	Falcon Edge Capital, Rocket Internet AG
<i>Xeltis</i>	\$34m	Life Science Partners, Kurma Partner, VI Partners, + hist.
<i>Myriad Group Ag</i>	\$30m	Undisc.
<i>Brandmaker</i>	\$30m	PINOVA Capital, L-Bank
<i>GoEuro</i>	\$27m	New Enterprise Associates, Battery Ventures, HPV, Lakestar
<i>DreamLines</i>	\$25m	Altpoint, Target Ventures, + hist.
<i>Getyourguide</i>	\$25m	Highland Capital, Spark Capital
<i>Quandoo</i>	\$25m	Piton Capital

OTHER COUNTRIES

COMPANY	AMOUNT	INVESTORS
<i>Adyen (NL)</i>	\$250m	General Atlantic LLC, Felicis Ventures Llc, Index Ventures, Temasek
<i>Truecaller (SE)</i>	\$60m	Atomico, Kleiner Perkins Caufield & Byers, Sequoia Capital
<i>Ascendis Pharma (DK)</i>	\$60m	Vivo Capital, Janus Capital, Venrock, Rock Springs, Orbimed, Sofinnova
<i>Prezi (E-EUR)</i>	\$57m	Spectrum Equity
<i>Scytl (ES)</i>	\$44m	Adams Street Partners, Industry Ventures Llc, Vy Capital
<i>Sumup (IE)</i>	\$40m	Life.SREDA, Groupon, BBVA Ventures, + VCs
<i>Promethera Bioscience (BE)</i>	\$27m	Belgian Federal Holding & Invest. Company, SMS Invest.
<i>Social Point (ES)</i>	\$30m	Highland Capital Partners, + hist
<i>Fyndiq (SE)</i>	\$20m	Northzone, Industrifonden
<i>Zvooq (RU)</i>	\$20m	Ulmen, Essedel Capital

MOST ACTIVE FUNDS

Confirming the trend observed in H1, US investors continued to have a growing interest in European tech companies. Examples include NEA who participated in 3 large financings (*Adaptimmune*, *GoEuro* and *Ziarco*), Insight Venture Partners who co-led *Delivery Hero*'s \$350m private placement or more recently Andreessen Horowitz who led *TransferWise*'s \$58m round in January 2015 (not accounted for in this report). Leveraging its London presence, Accel Partners also showed great appetite for European start-ups with 9 transactions closed.

As for European funds, Index Ventures notably participated in 2 landmark transactions: *Blablacar*'s \$100m Series-C and *Funding Circle*'s Series-D round.

Already particularly active in 2013, the French sovereign investment fund, Bpifrance, participated in several large transactions in France (e.g. *Neoen*, *Finsecur*, *MenInvest*), demonstrating its strategy to accompany and empower high-potential start-ups with global ambitions.

TOP DEALS BY SECTOR

Funds in bold are reported to be lead investors

IT

LIFE SCIENCES

CLEANTECH

Q3 2014

COMPANY	AMOUNT	INVESTORS
<i>Delivery Hero</i>	\$350m	Insight Ventures Partners, Kite Ventures, Vostok Nafka
<i>Blablacar</i>	\$100m	Index Ventures, Accel Partners, ISAI, Lead Edge Capital
<i>Funding Circle</i>	\$65m	Index Ventures, Accel Partners, Union Square Ventures, Ribbit
<i>Foodpanda</i>	\$60m	Falcon Edge Capital, Rocket Internet
<i>New Voice Media</i>	\$50m	Technology Crossover, Bessemer, Highland Capital

COMPANY	AMOUNT	INVESTORS
<i>Adaptimmune</i>	\$104m	New Enterprise Associates, Orbimed, Wellington, Foresite
<i>Biocartis</i>	\$85m	Johnson & Johnson, Hitachi Chemical, PMV Tina
<i>Poxel</i>	\$24m	Edrip, Bpifrance, Kreos Capital, Omnes
<i>Am-Pharma</i>	\$19m	Gilde Healthcare, AbbVie, Idinvest, Kurma, BB Biotech
<i>Affimed Therapeutics</i>	\$16m	Aeris, BioMedInvest, LSP, Novo Nordisk, Orbimed

Q4 2014

COMPANY	AMOUNT	INVESTORS
<i>Adyen</i>	\$250m	General Atlantic, Felicis Ventures, Index, Temasek
<i>Powa</i>	\$80m	Wellington Management
<i>Truecaller</i>	\$60m	Kleiner Perkins Caufield & Byers, Atomico, Sequoia Capital
<i>Prezi</i>	\$57m	Spectrum Equity
<i>Huddle</i>	\$51m	Zouk Capital, Hermes, Matrix Partners, Jafco, DAG, Eden

COMPANY	AMOUNT	INVESTORS
<i>Cell Medica</i>	\$79m	Imperial Innovation, Invesco Perpetual, Woodford Investment
<i>Ascendis Pharma</i>	\$60m	Vivo Capital, Janus Capital, Venrock, Orbimed, Sofinnova
<i>Quanta Fluid Solutions</i>	\$43m	ALIAD, Sevenure, Wellington, Seroba, NBGI, IMI, b-to-v Partners
<i>Xeltis</i>	\$34m	Life Science Partners, Kurma, VI Partners
<i>Ziarco Group</i>	\$33m	New Enterprise Associates, Lundbeckfond, Amgen, Pfizer

COMPANY	AMOUNT	INVESTORS
<i>Neoen</i>	\$53m	Bpifrance, Omnes Capital, Impala
<i>I2o Water</i>	\$13m	Naxos Capital Partners, Nemadi Advisers, Ombu Group
<i>J&b Recycling</i>	\$12m	Business Growth Fund
<i>Sunna Design</i>	\$7m	Expanso Capital, Galia, Demeter, Aquiti, Comptoir de l'innovation
<i>Electrochaea</i>	\$5m	Munich Ventures, b-to-v, Caliza, Focus First, KfW, Sirius Venture

Sources: WhoGotFunded / Clipperton Finance Analysis

FOCUS ON: FOOD DELIVERY

Last year saw significant funding activity in the field of online food delivery. German-based *Delivery Hero* alone received more than half a billion dollars in VC-money in three rounds with several tier-one investors including Insight Venture, Luxor Capital and Vostok Nafta, while competitor *FoodPanda/Hellofood* (backed by Rocket Internet) closed two transactions in H1 for a sum total of \$80m. At the same time, these two giants kicked-off an aggressive and global consolidation wave, closing a handful of acquisitions in Europe include the landmark acquisition of *Pizza.de* for a price said to be around \$400m. Interestingly, in November 2014, *Delivery Hero* and *Foodpanda* swapped acquisitions in India, Mexico and South America: the latter took over its competitor's *TastyKhana* in India as well as three start-ups from in Mexico. As for *Delivery Hero*, it snapped up several businesses in Argentina, Columbia, Chile, Ecuador and Peru which were operating under the Hellofood brand.

While US leader *Grubhub* achieved a \$2.6B valuation upon IPO in April, the European food-delivery landscape now also includes its own billion-dollar start-ups. UK-based *Just-Eat* went public in April at \$2.4B valuation before increasing its stake in France-based *Alloresto* to 80% and merging its Brazilian subsidiary with local player *iFood*. As for *Delivery Hero*, it reportedly topped the \$1B valuation mark in August. In this buoyant financing context, Netherland-based *Takeaway.com* received backing from Prime Ventures and Macquarie Capital who collectively invested \$73m on the back of the acquisition of German based *Liferando*.

METHODOLOGY

This report is based on collaborative work and research performed by Digimind and Clipperton Finance. Based on Digimind's WhoGotFunded comprehensive financing deals database which is built in real-time through text-mining technologies, the analysis is focused on European deals with the following characteristics:

- Investments completed in a European company (Russia included/ Israel excluded)
- The company is considered innovative i.e. with a clear technology or business model innovation – which excludes companies who operate technologies that they have not developed (e.g. wind turbine operators are “out”, while wind turbine equipment designers are “in”)
- Investments higher than \$500k, in order to exclude “friends & family” seed rounds
- Secondary deals (i.e. minority sales of shares to private funds) are included, majority deals are excluded.
- Fundraisings through public markets (IPO or public equity financing) are excluded

This represents a list of about 200-300 deals per quarter, which are then allocated to an innovation universe (IT / Life Science / Cleantech) and to a sub-segment (e.g. Consumer Internet within IT).

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