

Fast growth beyond borders: Tech start-ups reshaping the economy

Venture Capital and start-ups in Germany 2018

welcome

Introduction

Fast growth beyond borders: Tech start-ups reshaping the economy

After years of strong growth, 2018 has set again a new milestone in the development of the German Tech start-up ecosystem. The scene has grown up and is attracting investor's interest from all over the world.

Funding of German Tech start-ups becomes more and more sustainable and diversified. The pipeline of top-funded ventures is no longer driven by a few large-size companies in e-commerce and marketplaces but shows a well balanced mix of innovative ideas in FinTech, Mobility, Smart Logistic, PropTech and HR related solutions. Berlin is the main hub in Germany, driven by its internationality and diversity. Despite some players exiting the market, the overall start-up ecosystem in the capital has strengthened after selected companies were taken public.

Top fundings are driven by international investors with only a few German funds able to participate in Series B+ rounds. Among the traditional global VC funds investing in Germany, we increasingly see sovereign wealth funds and private equity players competing for investment opportunities in the German Tech market. After years of incubator and accelerator initiatives with mixed results, corporate investors have gained further significance in the funding market due to the continued lack of local growth VC funds.

In terms of M&A, corporates remain the most relevant exit channel for start-up founders and their VC investors. German ventures are sold in rather early stages, whereby the majority of corporate investors are headquartered outside Germany. Apart from corporate buy-outs, market consolidation evolves as a key M&A driver in various verticals. Sub-scale ventures are acquired by market leaders to accelerate growth, reduce competition and realize synergies, primarily in marketing. Besides a few large-size IPOs especially in e-commerce, the stock exchange has not been a relevant exit channel for the majority of German Tech ventures despite favorable macroeconomic conditions.

The German Tech ecosystem is well positioned, relevant to the economy, and sufficiently strong to absorb potential setbacks as a result of political uncertainty and a changing macroeconomic environment. We consider technological expertise and talent as key competitive factors in developed economies and look forward to the next growth level.



Dr. Thomas Prüver

Partner | EY
Transaction Advisory Services



Thomas Nowatzky

EY
Transaction Advisory Services



Max Turner

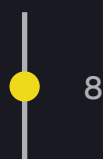
EY
Transaction Advisory Services



Content

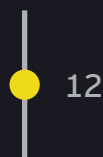
Executive summary

1
Trends



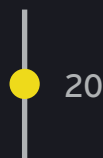
German start-ups are full of innovative ideas seen in such areas as FinTech, Mobility, Smart Logistics, PropTech and HR related solutions.

2
Funding



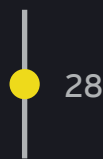
As at December 2018, Top 100 German start-ups account for an accumulated funding of USD8.1b, which is 43% more than in the year before (on a like-for-like basis). Berlin accounts for 58 out of top 100 start-ups in terms of funding and represents the leading Tech hub in Germany.

3
Exits



Trade sales to international corporations still provide the most common exit channel for German Tech start-ups. Since the stock exchange works only for a few large-size ventures, it is not yet a relevant exit channel for the majority of German Tech start-ups.

4
Investors



Still underserved by global standards, early stage funding has impressively developed in Germany with well balanced liquidity supplies in Seed and Series A rounds. We observe a clear trend towards growth stage investors, including corporates and financial investors.



Dashboard

Trending
business
models

FinTech, Mobility, Smart
Logistics, PropTech and HR

Outlook for
future trends

AI seen as key disruptive
technology applied in all industry
verticals

Top 100
start-ups'
accumulated
fundings until
2018

USD8.1b

Top 10
start-ups'
new funding
volume
2018

USD1.7b

Exits 2018

Cross-border transactions still
provide the main exit channel
for German start-ups

Outlook for
future IPOs

We do not expect a significantly
increasing IPO market in Germany
for ventures valued below
USD500m

New funds
in 2018

USD6.4b
(disclosed)

Biggest
fund raise of
a German VC
fund in
2018

USD0.4b

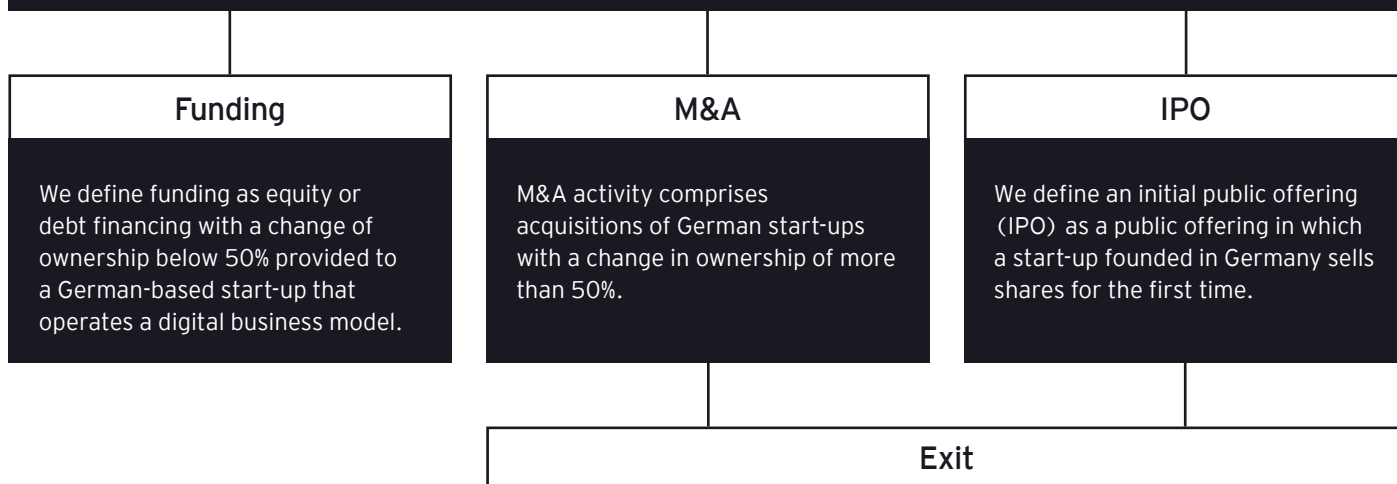


Breakdown of key terms

1

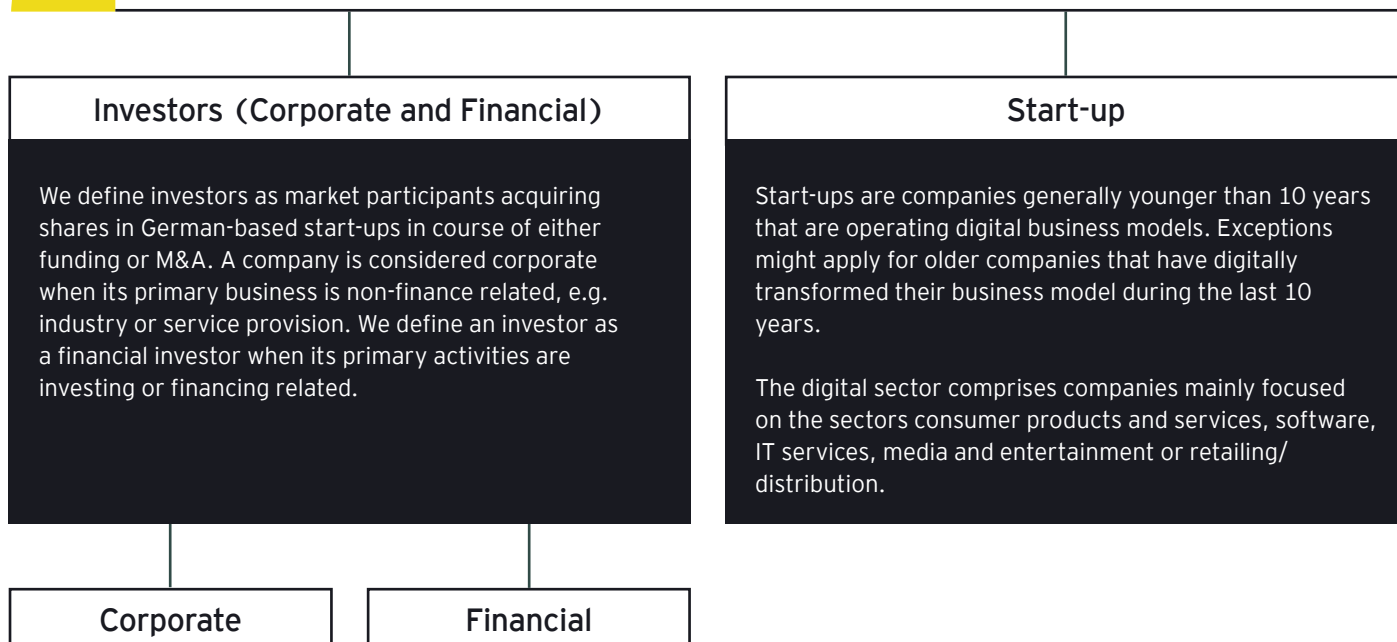
Investments

With investments we refer to fundings, M&A deals and IPOs, which involve German start-ups, operating a digital business model. Investments in life science, BioTech or non-digital start-ups have not been considered in this study. For this reason, investments presented in the 2018 EY Start-up Barometer (619) and in this study (594) are different.



2

Key player





Trends

Trending industry clusters appear similar to prior year, now even more accelerated by ML/AI technology

FinTech

FinTech start-ups have been evolving to offer a comprehensive set of services, ranging from tax and accounting to B2B online banking services and Blockchain-enabled solutions. Foreign competitors start to expand into the German market, which will drive consolidation.

The InsurTech segment exhibits the need to come up with innovative B2C products as different Tech trends converge (e.g. IoT and HealthTech).

Mobility

Business models offering last mile transportation, mobility-as-a-service and smart parking attracted the attention of early-stage venture capital investors in 2018.

Key disruptive trends such as autonomous driving, electrification and smart mobility are ready to kick-off. German digital and mobile infrastructure, which lag behind other leading countries, has slowed the development of these trends.

Smart Logistics

Smart logistics are gaining attention, ranging from digitalization of supply chains to the introduction of new technologies. Drones and smart sensors are being implemented into processes like inventory management and shipment tracking.

In the future, an even more pronounced focus on further implementation of machine learning is expected to lead to innovations in risk management solutions along with a further streamlining of the supply chain process.

PropTech

A growing number of start-ups is keen to improve the transparency in the real estate sector by managing property availabilities and prices. Online platforms are putting old-school real estate brokerages to the test by providing similar services for free. In addition, co-living and co-working solutions have continued to be in the public spotlight and gained significant VC attention.

Human Resources

Start-ups have tackled diverse segments of the recruiting process - acting either as a platform (broker model), or offering selected services, such as applicant sorting services or providing proofed referrals.

Especially, recruiting platforms engaging in specific occupational fields such as medical, IT, legal and logistics received significant VC funding in 2018.

Artificial Intelligence

Machine Learning (ML)/Artificial Intelligence (AI) remains the driving force behind more and more start-ups, aiming to facilitate innovations or optimize processes.

The German government is showing interest in establishing the country as a hub for ML/AI. A joint master plan is driven by renowned research institutes such as the German Research Center for AI and the AI arm of the Fraunhofer Institute (IAIS).

German start-ups draw attention with a pipeline full of innovative digital ideas and new business models

Selected national ventures¹

FinTech	Mobility	Smart Logistics
<ul style="list-style-type: none">▶ Coya▶ FinCompare▶ Grover▶ omni:us▶ Penta	<ul style="list-style-type: none">▶ Ceverciti▶ Cluno▶ Tier Mobility▶ Wind Mobility▶ Wirelane	<ul style="list-style-type: none">▶ Blik▶ Cargo.one▶ doks.innovation▶ ParcelLab▶ Sennder
PropTech	Human Resources	
<ul style="list-style-type: none">▶ Casavi▶ Inreal Technologies▶ PROJECTS▶ Store2Be	<ul style="list-style-type: none">▶ Bunch▶ HeavenHR▶ Loopline Systems▶ Talentry	

¹Selection for illustrative purpose only

“

The founders' main focus is expected to shift towards the implementation of AI/ML in all areas of business and social life. We do not see AI/ML as an own industry cluster but consider it as the key technology driver behind all disruptive business models.

2

Funding

Top 100 German start-ups have accumulated USD8.1b funding as at December 2018

Top 100 start-ups by maturity, 2018

Variable	Top 100 - Founding year				Total
	0-3 years	4-6 years	7-10 years	10+ years	
#Firms	19	40	25	16	100
Funding	926	4,069	1,672	1,468	8,135
Average	51	102	67	92	81

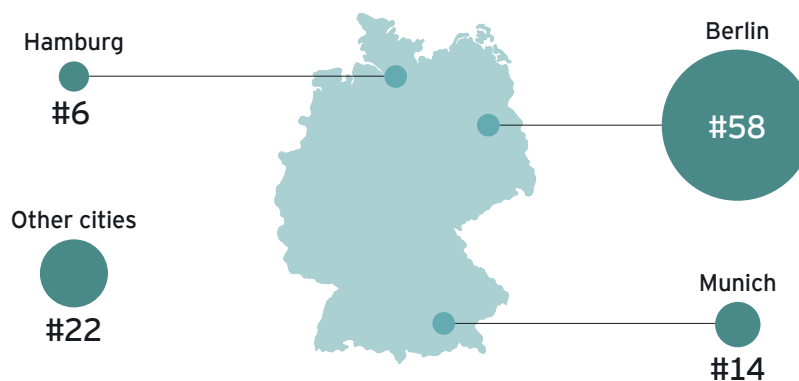
Top 100 start-ups by business model, 2018

Variable	Top 100 - Business model						Total
	FinTech	Software	Retail/e-commerce	Mobility	Media/Entertainment	Other	
#Firms	21	19	14	8	4	34	100
Funding	1,763	886	2,246	800	619	1,821	8,135
Average	84	47	160	100	155	54	81

Remark: Outlined funding volumes and averages are in USDm.

Note: Fundings announced after 31.12.2018 are not considered throughout the complete study (e.g. the USD300m funding for N26 announced in January 2019).

Number of top 100 start-ups by city, 2018



Source: Crunchbase, Mergermarket, Deutsche Start-ups, Gründerszene, Deutsche Börse Venture Network, Press Releases, December 2018

In recent years, the German start-up funding was skewed by considerable investments in a few large-size ventures, such as HelloFresh, Delivery Hero and Auto1. This development has rather tended towards a much more diversified and balanced funding ecosystem in 2018. We have analyzed the top 100 start-ups in terms of funding and classified these companies by maturity and business model.

Top 100 German start-ups account for USD8.1b accumulated funding as at December 2018.

However, the composition of the top 100 list has significantly changed. The Rocket Internet backed companies Delivery Hero, HelloFresh, Westwing and Home24, which previously received considerable funding, went public in recent years and are, therefore, not considered as start-ups within our 2018 top 100 list. For comparison purposes, we adjusted previous year accumulated funding figures for these cases (a so called like-for-like analysis). On this basis we observed an increase of total accumulated funding by significant 43% comparing to 2017.

In addition, a large number of new rising stars gained investors' attention and attracted fresh money. Similar to previous years, innovative German companies still operate a wide variety of business models, albeit an investment focus on mature FinTech and e-commerce start-ups can be observed. Later stage FinTechs received fundings that exceeded USD60m per entity in 2018.

Berlin is still Germany's start-up hotspot, albeit other cities, such as Munich, are gaining attractiveness, especially with regard to Deep Tech.

The composition of top 10 start-ups shows a lower concentration compared to last year's list

In comparison to last year's top 10 list, funding is less concentrated as at December 2018 after Delivery Hero, HelloFresh, Westwing and Home24 went public and, thus, are not included in the 2018 list.

The 2018 top 10 list is characterized by a wide group of companies, mainly operating in FinTech, e-commerce, or online travel business models. For the first time of this study series (since 2015), none of the top 10 companies is primarily funded by Rocket Internet.

Growth and later-stage financing rounds are still led by international investors, (e.g. Softbank, Sequoia, Accel, New Enterprise Associates, Kleiner Perkins, Vitruvian Partners or Temasek). However, we observe a trend that a growing number of corporate investors participate in larger German funding rounds (e.g. Tencent, Allianz, Otto or Shell).

Funding of rising stars continues to soar, albeit it seems questionable whether this development will persist in the light of increasing interest rates and political uncertainty.

Auto1 Group

Established in 2012, Auto1 operates Europe's leading marketplace for pre-owned vehicles today. With a funding round of USD128m in April 2015, Auto1 gained the attention of the start-up scene. Further investments in 2017 (EUR396m equity and debt financing lead by Princeville Global) and 2018 (USD560m from Softbank, valuing the firm at EUR2.9b) followed. As of today, Auto1 is one of the highest valued unlisted start-ups in Europe.

SoundCloud

Founded in 2007, the firm operates a music network platform. Over the last several years, the venture has raised USD468m funding. In Q3/2017, the cash injection of USD170m was led by Temasek and The Raine Group.

About You

The e-commerce fashion retailer is part of the German Otto Group and was founded in 2014. In 2018, the company received USD300m funding, which was led by the strategic investor Bestseller Fashion Group. With a valuation of USD1b, the company became the first start-up unicorn in Hamburg.

Kreditech

Established in 2012, the FinTech company operates as an online platform offering financial products to consumers by using machine-learning technologies and online data. Kreditech received a total funding of USD299m, excluding a debt injection (EUR200m in 2015, led by Victory Park) and including an equity funding (EUR110m in 2017, led by PayU).

GoEuro

Founded in 2012, the Berlin-based venture acts as a meta search tool to compare and book travels by train, bus, plane and car in Europe. In 2018, the company raised a funding of USD150m, led by Kinnevik, Temasek and Hillhouse. With a total funding of about USD300m, GoEuro is now one of the highest funded travel start-ups in Europe.

N26

The Berlin-based online banking provider received an investment of USD160m from Tencent and Allianz X in 2018.

N26 announced to reach break even short or mid term, depending on how much the company wants to invest into growth. It is driving the international expansion with focus on the UK and US market.

Auxmoney

Established in 2007, the company acts as an online peer-to-peer loan marketplace, assessing the creditworthiness of borrowers by using machine learning algorithms. Auxmoney received an accumulated funding of USD198m as at December 2018. The competitor landscape comprises the German start-up Smava and the Lending Club (US).

GetYourGuide

Established in 2009, the tourism and travel booking platform offers a variety of travel experiences through its global supplier network. In 2017, the company received a funding of USD75m led by Boston-based Battery Ventures. With a total funding of USD171m, GetYourGuide is considered as a potential IPO candidate in the near future.

Sonnen

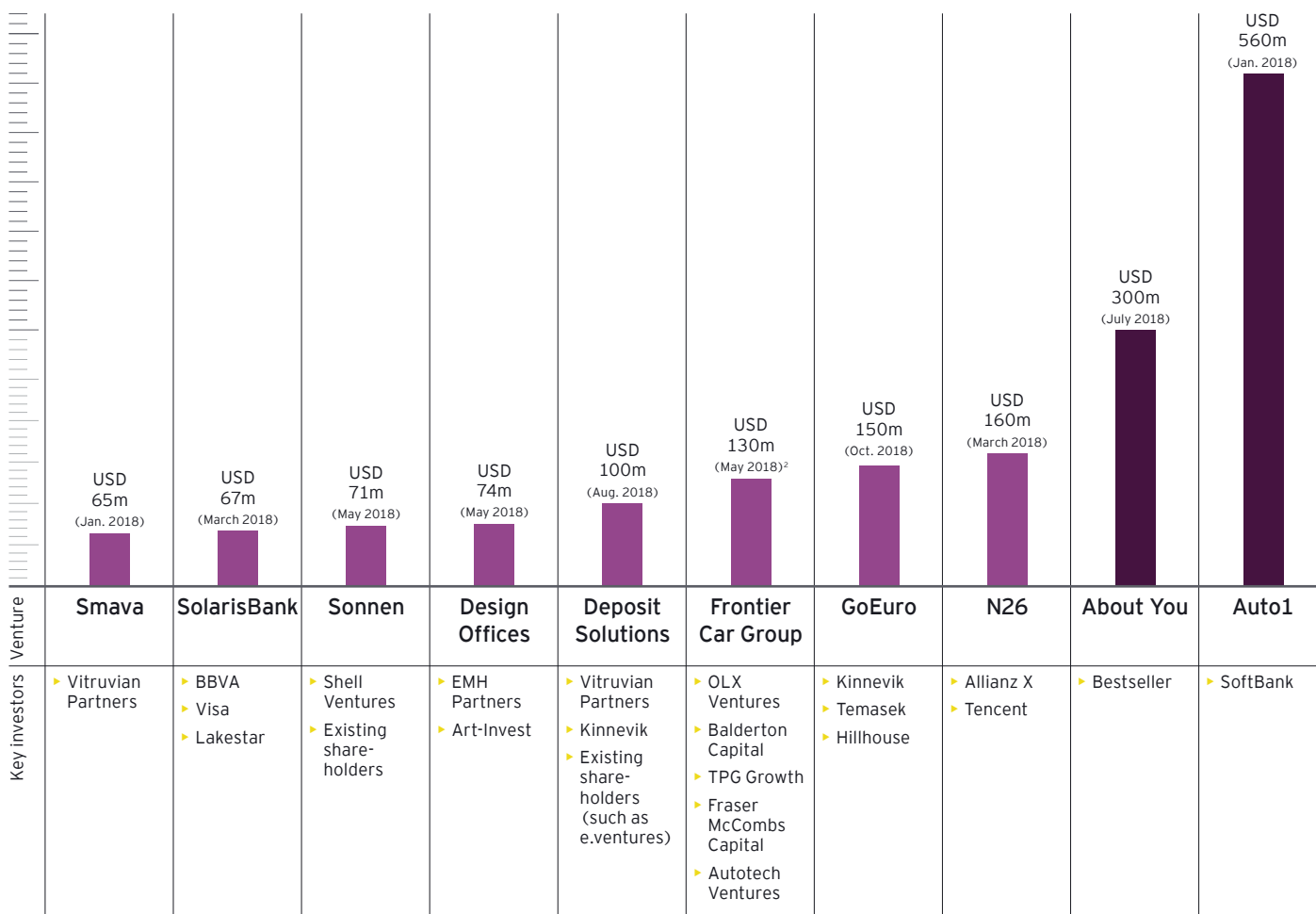
Founded in 2008, the lithium based energy storage start-up received a Series E funding of USD71m from Shell Ventures and existing shareholders in 2018. The total funding accounts for USD168m.

Frontier Car Group

Founded in 2016, the Berlin-based company received a funding of USD130m in 2018. The venture develops, launches, and operates pre-owned vehicles marketplaces within emerging market economies such as Nigeria, Mexico, Chile, Pakistan, and Indonesia. Amongst others, investors are Balderton Capital, Partech Ventures, Naspers, TPG Growth.

Top fundings in 2018 were once again driven by foreign investors

Top 10 accumulated funding volumes (disclosed funding volumes in 2018; before Exit)

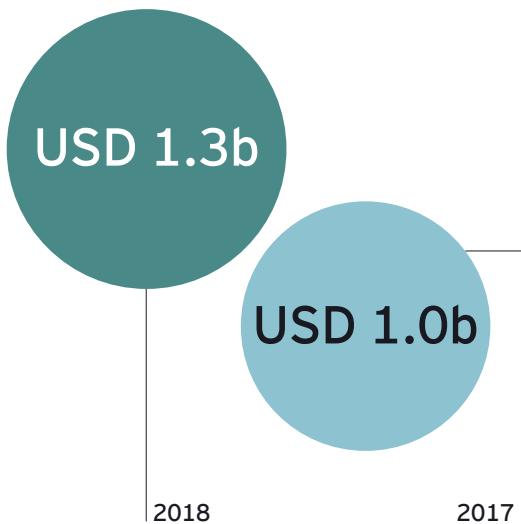


Source: Crunchbase, Mergermarket, Deutsche Start-ups, Gründerszene, Deutsche Börse Venture Network, Press Releases, December 2018

² Includes two funding rounds

Top 5 fundings in 2018 account for USD1.3b, up by 30%

Top 5 funding volumes³ 2018 vs. 2017 (disclosed funding volumes; before Exit; on a like-for-like basis)



	2017	2018	
Auto 1	396	560	Auto1
Soundcloud	239	300	About You
Lampenwelt	132	160	N26
Kreditech	121	150	GoEuro
Lilium Aviation	90	130	Frontier Car Group

In USDm

Source: Crunchbase, Mergermarket, Deutsche Start-ups, Gründerszene, Deutsche Börse Venture Network, Press Releases, December 2018

³Based on publicly available information; could include secondary market transactions



Total accumulated funding increased by USD2.5b to USD8.1b as at December 2018⁴

Top 100 start-ups located in Germany (based on total accumulated funding until December 2018, excluding IPOs)

#	Target name	Location	Target profile	Founding year	Total funding value USDm ⁵
1	AUTO1 Group	Berlin	Car retailing platform	2012	1.084
2	SoundCloud	Berlin	Music streaming	2007	468
3	About You	Hamburg	E-commerce (fashion)	2014	300
4	Kreditech Holding ⁶	Hamburg	Big data credit scoring	2012	299
5	GoEuro	Berlin	Travel search engine	2012	296
6	N26 ⁷	Berlin	Banking technology	2013	213
7	Auxmoney	Dusseldorf	Peer-to-peer lending	2007	198
8	GetYourGuide	Berlin	Travel recommendations	2009	171
9	Sonnen	Wildpoldsried	Lithium based energy storage	2008	168
10	Frontier Car Group	Berlin	Used-automotive marketplace	2016	152
11	Deposit Solutions	Hamburg	Open Banking platform	2011	144
12	Smava	Berlin	Lending platform	2007	133
13	Lampenwelt ⁸	Schlitz	E-commerce (lamps)	2004	132
14	Dreamlines	Hamburg	Platform for ship cruises	2012	126
15	Spotcap	Berlin	Lender for SME enterprises	2014	113
16	SolarisBank	Berlin	Banking platform	2016	111
17	eGym	Munich	Fitness products	2011	109
18	Tado	Munich	Heating application	2011	109
19	Lilium Aviation	Gilching	Electric vertical take-off and landing jet	2014	101
20	Lesara	Berlin	Online retailer	2013	100
21	Movinga	Berlin	Moving services	2015	93
22	ResearchGate	Berlin	Knowledge network	2008	88
23	Blacklane	Berlin	Driver services	2011	82
24	Contentful	Berlin	Content publishing technology	2013	78
25	Celonis	Munich	Process Mining Software	2014	78
26	Blue Yonder	Karlsruhe	Big data technology	2008	75
27	Design Offices	Nuremberg	Working spaces solutions	2008	74
28	Helpling	Berlin	Household services	2014	73
29	Thermondo	Berlin	Heat and power technology	2012	72
30	Mister Spex	Berlin	E-commerce (glasses)	2007	70
31	Ada Health	Berlin	Personalized health technology	2011	69
32	Hoccer	Berlin	Messenger app	2009	69

Source: Crunchbase, Mergermarket, Deutsche Start-ups, Gründerszene, Deutsche Börse Venture Network, Press Releases, December 2018

⁴ Comparison to previous year on a like-for-like basis

⁵ Based on publicly available information; could include secondary market transactions and venture debt

⁶ Adjusted for USD215m debt payments in comparison to last year's list

⁷ Excluding USD300m funding in January 2019

⁸ Adjusted for USD59m debt payments in comparison to last year's list

Median funding size among top 100 start-ups increased from USD34m to USD46m

Top 100 start-ups located in Germany (based on total accumulated funding until December 2018, excluding IPOs)

#	Target name	Location	Target profile	Founding year	Total funding value USDm ⁹
33	Simplesurance	Berlin	Insurance platform	2012	68
34	Raisin (Weltsparen)	Berlin	Deposit brokerage platform	2013	68
35	Open-Xchange	Nuremberg	Communication software	2005	68
36	Outfittery	Berlin	Personal shopping service	2012	60
37	Native Instruments	Berlin	Audio production and DJing	1996	59
38	Huuuge Games	Berlin	Mobile games	2014	57
39	Instana	Solingen	Performance management software	2015	57
40	Lamudi (Now Jumia House)	Berlin	Real estate platform	2013	56
41	Arago	Frankfurt	Automation of IT operations	1996	55
42	Market Logic Software	Berlin	Market research software	2006	55
43	Überall	Berlin	Marketing cloud services	2012	55
44	XOLUTION	Munich	Reclosable beverage container solution	2011	53
45	Signavio	Berlin	E-Business process mgmt.	2009	53
46	WeQ	Berlin	Mobile AdTech	2018	50
47	Brillen.de	Wildau	E-commerce (glasses)	2012	50
48	Navabi	Aachen	E-commerce (plus-size fashion)	2009	46
49	Scalable Capital	Munich	Digital investment service	2014	46
50	NavVis	Munich	Visualization software	2013	46
51	Carmudi	Berlin	Car classifieds platform	2013	45
52	Freeletics	Munich	Digital fitness company	2013	45
53	LIQID Investments	Berlin	Digital wealth management	2015	44
54	Clark	Berlin	Insurance platform	2015	44
55	Dedrone	Kassel	Drone detection technology	2014	43
56	Global Savings Group	Munich	Commerce platform	2012	41
57	Coya	Berlin	Digital insurances	2016	40
58	LeanIX	Bonn	SaaS for IT Portfolio Management	2012	40
59	Searchmetrics	Berlin	Online marketing	2007	39
60	KONUX	Munich	Sensor solutions	2014	39
61	Enfore (NumberFour)	Berlin	SaaS services	2009	38
62	Orderbird AG	Berlin	iPad POS system	2011	37
63	Volocopter	Bruchsal	Manned electric & air taxis	2012	37
64	Price f(x)	Pfaffenhofen	Price management and optimization	2011	37
65	EnOcean	Oberhaching	Sensor solutions provider	2001	36
66	reBuy	Berlin	Online reselling platform	2009	36

Source: Crunchbase, Mergermarket, Deutsche Start-ups, Gründerszene, Deutsche Börse Venture Network, Press Releases, December 2018

⁹Based on publicly available information; could include secondary market transactions and venture debt

62% of top 100 start-up's funding volume is related to Berlin

Top 100 start-ups located in Germany (based on total accumulated funding until December 2018, excluding IPOs)

#	Target name	Location	Target profile	Founding year	Total funding value USDm ¹⁰
67	B2X Care Solutions	Munich	Customer care solutions	2007	35
68	AEVI International	Paderborn	Cross-border payments	2015	35
69	Cynora	Bruchsal	High-efficiency OLED technology	2008	35
70	Blinkist	Berlin	E-books technology	2012	35
71	Infarm	Berlin	Farm equipment supplier	2012	34
72	Tourlane	Berlin	Personalized travel	2016	34
73	EyeEm	Berlin	Photography community	2011	34
74	Wefox (FinanceFox)	Berlin	Insurance brokerage	2014	34
75	CupoNation	Munich	Coupons	1912	33
76	Babbel	Berlin	Language learning application	2007	33
77	Foodspring	Berlin	Fitness and sports nutrition	2009	33
78	Watchmaster	Berlin	Luxury watches	2015	32
79	Stocard	Mannheim	Digital wallet provider	2012	31
80	Tier Mobility	Berlin	E-scooter sharing platform	2018	31
81	Finiaata	Berlin	Automated micro-factoring	2016	31
82	Webtrekk	Berlin	Data intelligence solutions	2003	31
83	BrandMaker	Karlsruhe	Marketing resource management	2008	30
84	Wunder Mobility	Hamburg	Mobility services	2014	30
85	Cleverciti Systems	Munich	Intelligent parking management	2012	30
86	Clue	Berlin	Female health app	2013	30
87	Grover	Berlin	Consumer electronics rental	2015	30
88	Geld-für-Flug	Dusseldorf	LegalTech	2016	30
89	ottonova Holding AG	Munich	Private health insurance	2015	30
90	McMakler GmbH	Berlin	Real estate agency	2015	29
91	Adjust	Berlin	Analytics and BI platform	2012	29
92	Camunda	Berlin	Workflow automation	2008	28
93	Shopwings	Berlin	Groceries delivery services	2014	28
94	Jimdo	Hamburg	Website creation platform	2007	28
95	xBav	Munich	Digitizing private pensions	2008	27
96	Element	Berlin	Insurance products	2017	27
97	Netbiscuits	Kaiserslautern	Platform for app development	2000	27
98	Omni:us	Berlin	AI-powered insurance technology	2015	27
99	HomeToGo GmbH	Berlin	Vacation rental platform	2014	27
100	Bettermarks	Berlin	Online mathematics platform	2008	27

Source: Crunchbase, Mergermarket, Deutsche Start-ups, Gründerszene, Deutsche Börse Venture Network, Press Releases, December 2018

¹⁰Based on publicly available information; could include secondary market transactions and venture debt



3

Startups

We identified three key developments, which describe the 2018 M&A start-up environment in Germany

Highlights in German M&A start-up market in 2018

1

Foreign investors are predominantly from other European countries, while investors from Asia and the Middle East are increasingly emerging from the shadow of US investors.

2

Acquisitions by corporates remain by far the most important exit channel for innovative and young companies.

3

Market consolidation evolves as a key driver for M&A activities in Germany.

Outlook

Numerous large-size exits can be expected in 2019 due to the commercial success of ventures that have attracted the interest of incumbent market participants, and the strong pipeline of start-ups with material funding.

We expect another year of continued M&A activity, however, still at a lower level compared to the US and the UK. Early stage money increasingly helps German start-ups to gain scale before being sold to corporates in rather early stages.

Despite favourable macroeconomic conditions, we do not expect an increasing IPO market in Germany for ventures valued below USD500m.

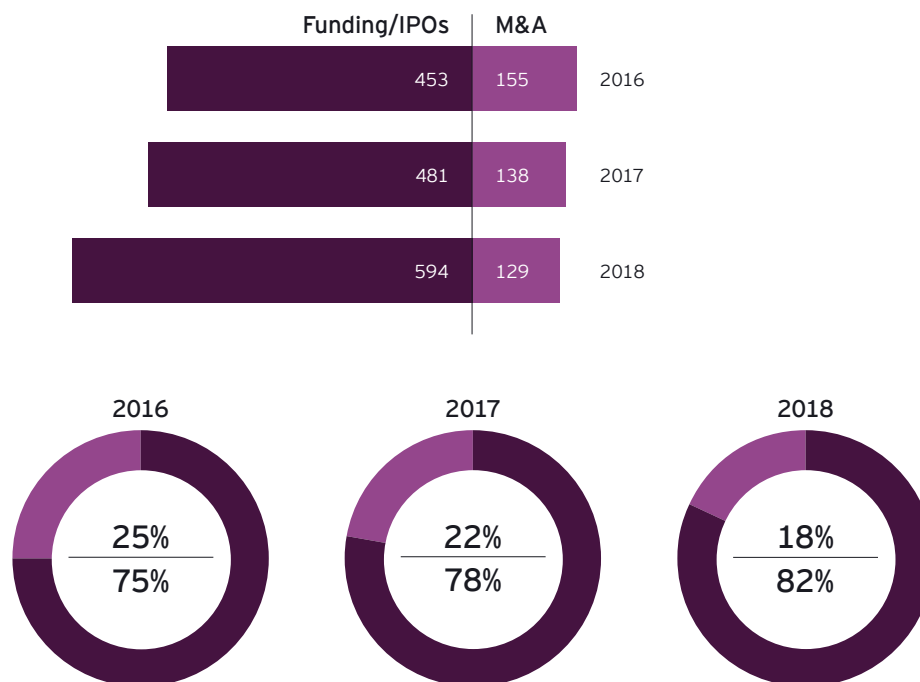
Selected M&A deals in Germany (2018)

Target name	Target location	Target description	Buyer name	Buyer country	Buyer description
Delivery Hero (German business incl. Foodora, Pizza de and other)	Berlin	Food delivery services	Takeaway.com	The Netherlands	Food delivery services
FINANZCHECK.de	Hamburg	Credit comparison	Scout24	Germany	Comparison portal
Relayr	Berlin	IoT middleware	Munich Reinsurance	Germany	Reinsurance
Parfumdreams	Miltenberg	Parfum e-commerce	Douglas Holding	Germany	Parfum retail
Priori Data	Berlin	Mobile data intelligence	appScatter	UK	SaaS app platform
Brainloop	Munich	Corporate collaborations	Diligent	US	Enterprise governance
Softgarden	Berlin	E-recruiting	Investcorp	Bahrain	Investor
Blue Yonder	Karlsruhe	Data science	JDA Software	US	ERP/SC software

Source: Crunchbase, Deutsche Start-ups, Gründerszene, Press Releases

Recent trends indicate that M&A activities are diminishing comparing to VC funding

Number of investment activities (German-based start-ups, based on disclosed data)



Source: Crunchbase, Deutsche Start-ups, Gründerszene, Press Releases

In recent years, **investment** activities in the start-up scene have increased steadily, reaching an all-time high in 2018. Both financial investors and corporates consider investments in German start-ups to be an effective vehicle to lever growth potentials and gain rapid access to disruptive technologies in order to keep up with the global competition in the technology sector.

The trend of declining numbers of **M&A deals** continued in 2018. Furthermore, it becomes apparent that M&A deals are diminishing relative to new fundings, which indicates that start-ups are more keen to fuel their burn rate with VC funds instead of striving for strategic investors.

Acquisitions by corporates remain by far the most important exit channel for start-ups. Approximately 87% of all exits (non-IPO) in 2018 are related to corporates, which represents a similarly high level as in the previous year (88% corporate exits in 2017). We see that corporate acquisitions continue to target young companies from the technology sector, particularly FinTech and Software solution start-ups.

Two examples which underpin this trend are Lendico and Blue Yonder.

Lendico, a Berlin-based Rocket Internet backed peer-to-peer lending platform, was acquired by ING Diba. The deal received wide media coverage and has been referred to as a triggering event regarding the market consolidation between the banking industry and rising FinTechs.

Blue Yonder, a Karlsruhe based specialist in AI SaaS solutions for the retail sector, was acquired by JDA Software for an undisclosed amount. The media landscape often refers to the deal as a landmark event and an indicator showing AI's progress in the retail industry.

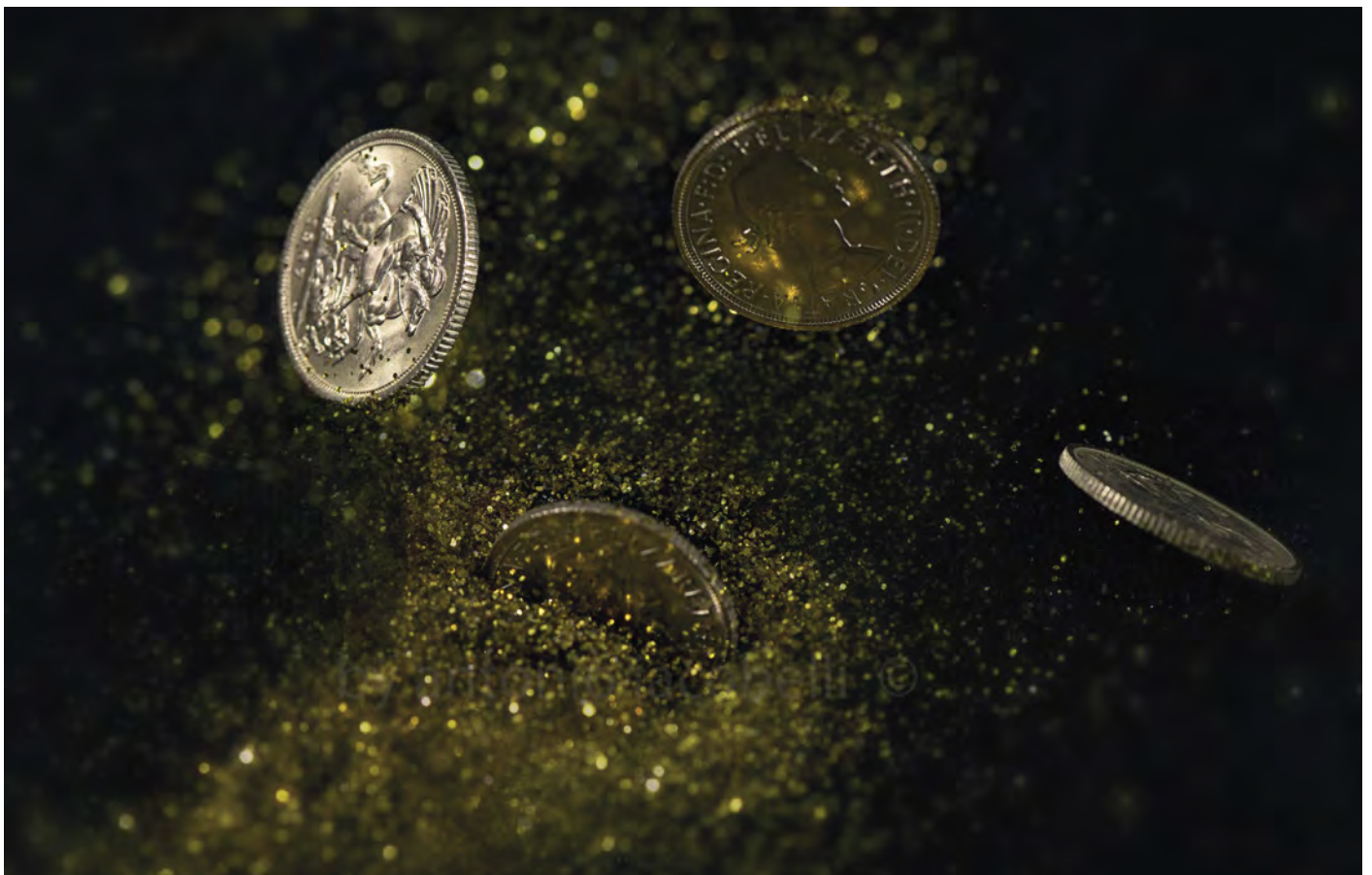
7 out of 129 disclosed M&A deals in 2018 related to insolvency cases

There are again a number of prominent examples of start-up exits which related to insolvency cases of young businesses. Based on public information, 7 out of 129 M&A deals in Germany in 2018 can be attributed to an event of insolvency. However, in our view this number can be even higher as a lot of M&A deals in fact likely relate to an insolvency and start-ups are not as successful as it is published. It can be observed that in spite of business failures, employees or intangible assets (e.g. trademark rights or customer bases) often represent a value added for investors, which can be acquired at a relatively low price.

The following examples substantiate this trend:

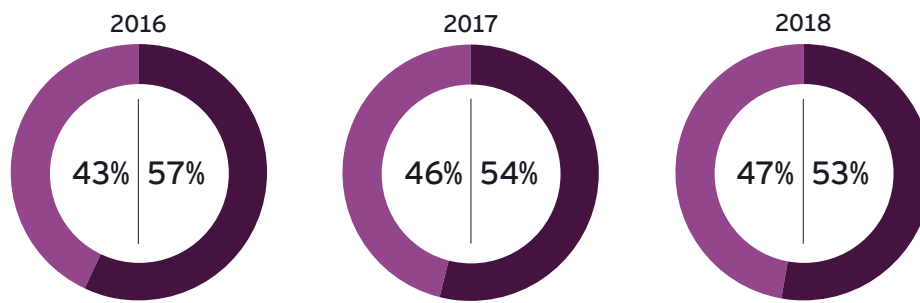
Movinga acquired major parts of the Move24 business. After Move24 (established in 2015) had to announce its insolvency in February 2018, Movinga took over trademark rights, domains and a part of the 200 employees. With the takeover, Movinga primarily aimed to push ahead with its international expansion by benefiting from existing employees and structures.

Epay acquired the insolvent payment start-up Lendstar. The company had to file for insolvency in August 2018. Subsequently, Lendstar was acquired by Epay, a provider of voucher systems, corporate incentives and payment solutions. Epay took over the company's assets, such as Lendstar's platform, which will continue to be operated.



Cross-border transactions still provide the main exit channel for German start-ups

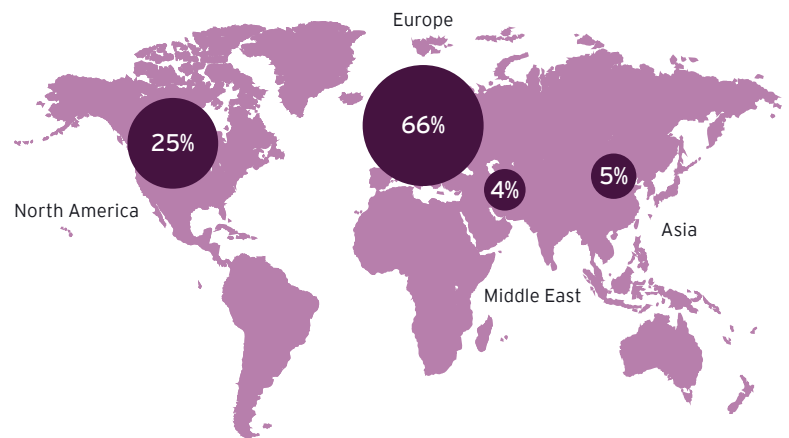
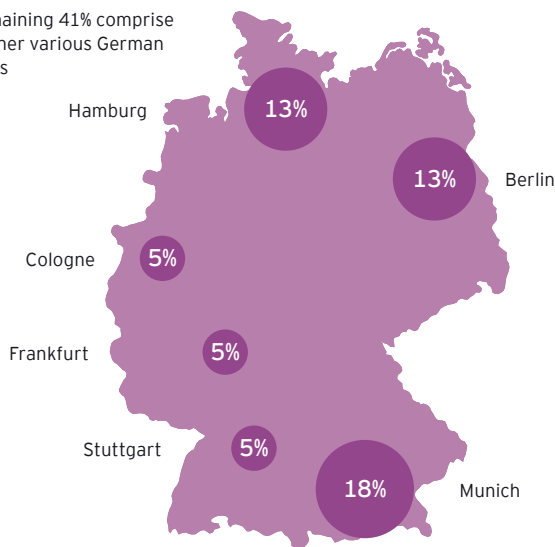
Percentage of exits by origin of investor (Germany and rest of the world; based on disclosed data)



German investors

International investors¹¹

Remaining 41% comprise further various German cities



● German investors ● International investors

Source: Crunchbase, Deutsche Start-ups, Gründerszene, Press Releases

¹¹ Europe excl. German investors

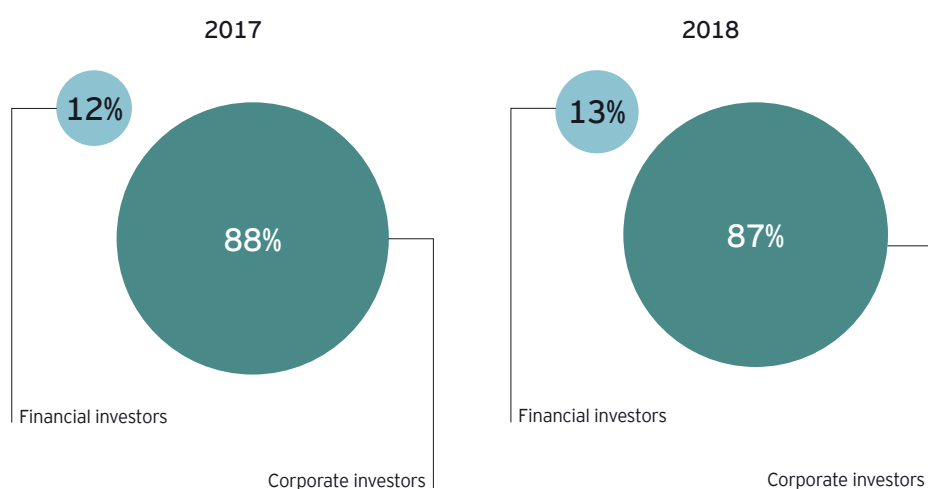
Similar to previous years, the share of international investors (corporates and financial investors) remains slightly higher compared to national investors. This implies that cross-border transactions at European or worldwide level still provide the most common exit channel for German start-ups.

The multitude of investors are domiciled in European countries, although investors from Asia and the Middle East are stepping into the spotlight with increasing frequency. We expect that this trend will continue over the next few years and both Asia and Middle East may act as key players in the start-up M&A market.

So far, the investor landscape has been led by Berlin as the main location for German investors (21% of German investors were located in Berlin in 2017). In 2018, further major German cities such as Munich and Hamburg have caught up strongly.

Acquisitions by corporates remain by far the most important exit channel

Share of corporates and financial investors 2017 versus 2018
(based on disclosed data)



Exemplary transactions of corporate investors

	Corporate investors	Target
Industrial	Munich Re	→ relayr
FinTech	Scout24	→ Finanzcheck
E-commerce	Douglas	→ Parfum-dreams

Source: Crunchbase, Deutsche Start-ups, Gründerszene, Press Releases

The M&A market is still dominated by corporate exits. Many of these corporates expect innovative start-ups to be the driving force of their digitalization and related growth potentials. At the same time, there is no evidence of a material increase in M&A activities by financial investors. Only a handful of financial investors such as Arcus Capital, Capital D or Equistone Partners Europe were involved in start-up exits this year.

There is still a lack of late stage VC funding in Germany, albeit we see increasingly sovereign wealth funds and private equity players competing for investment opportunities in the German Tech market.

We still see the trend that a material share of young businesses is sold to corporates at an early-stage, rather than leveraging the business with the financial power of a private equity partner. We also observe that the consolidation of Tech businesses through a well defined buy and build strategy is not a common practice in Germany at the moment.

German entrepreneurs still appear to be discouraged by the involvement of a private equity investor and might not see the potential or scaling opportunities a consolidation of businesses may provide.



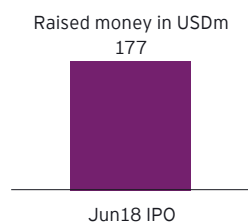
In 2018, 5 start-ups raised USD0.4b through IPOs

Overview of two biggest IPOs in Germany in 2018

Home24

Valuation at IPO: c. USD705m

Profile: Furniture e-commerce
Foundation: 2009



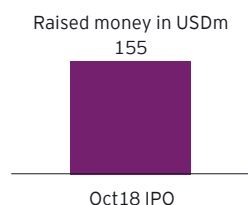
In 2018, five start-ups raised USD0.4b through IPOs. The following profiles provide some details on the companies that went public:

Home24 (money raised: USD177m), the IPO of this Rocket Internet backed company intended to obtain the required capital to expand the marketing approach and foster the company's business growth.

Westwing

Valuation at IPO: c. USD618m

Profile: Furniture e-commerce
Foundation: 2011



Westwing (money raised: USD155m), the Rocket Internet backed furniture and interior design online platform planned to repay debt and to further invest in technology and marketing with its IPO proceeds.

Marley Spoon (money raised: USD52m) offers a cook-at-home meal kit service. The company went public at the Sydney Stock Exchange, supported by the fact that Australia is one of its strongest markets.

Capsensixx (money raised: USD15.5m) is a Frankfurt based small cap. Through various subsidiaries the company offers risk management, reporting, monitoring, and administration services in the financial sector.

Creditshelf (money raised: USD18.8m) provides an online credit marketplace lending platform for German small- and medium-sized companies.

“

A number of German start-ups are currently considered as next IPO candidates. However, we do not anticipate an increasing IPO market in Germany for ventures valued below USD500m.



Startups Investment

New investment funds focused on the German market have been set-up by national and international players

A number of new funds have been announced by both, German and international VCs, which are targeting German technology companies. The volumes of new funds remained at a ten-digit but slightly lower level compared to the all-time high in 2017.

Among other German players with new nine-digit funds, Earlybird, Digital + Partners, Holtzbrinck or Lea partners demonstrated a successful track record over the past years.

Selected national VC players

Rocket Internet, a Berlin-based investor, has been developing and investing in market leading businesses that satisfy basic consumer needs across sectors such as marketplaces, e-commerce, travel and FinTech. The latest venture fund "Rocket Internet Capital Partners Fund" raised USD1b in 2016. Moreover, the firm intends to raise a new fund with a total amount between USD1-2b.

Digital + Partners, a venture capital firm with offices in Frankfurt and Munich, has closed its "Digital Growth Fund I" with a total volume of USD413m. The fund is directed on established business models in the FinTech and Industrial sector.

High-Tech Gründerfonds (HTGF), a German-based venture capital firm, is investing in early-stage business-models with a focus on high-potential Tech start-ups. The latest fund "HTGF III" totaled to USD374m.

Holtzbrinck, one of the largest independent early-stage venture funds in Europe, has closed its fund "HV Holtzbrinck VII" with a total amount of USD361m. Investments are usually made in both early and seed-stage companies.

Lea Partners, a venture capital and private equity firm based in Germany, has a broad investment profile in terms of venture maturity stage. The firm has raised a single fund of USD236m which is primarily targeting B2B Tech companies in German-speaking countries.

Earlybird is a Berlin-based venture capital investor, prioritizing European early-stage technology companies. With its fund "Earlybird Digital West (Fund VI)" the company has built-up an investment vehicle of USD207m. Target industries comprise Deep Tech start-ups in German-speaking countries as well as Western- and Southern-Europe.

UVC Partners, a Munich-based early-stage venture capital firm, has launched its second fund with USD97m for European technology-based B2B start-ups.

Selected international VC players

Index Ventures, an international venture capital fund with offices in London and San Francisco, invests in companies with a focus on FinTech, e-commerce, mobility and AI. In 2018, the firm has raised more than USD1.6b with two funds: USD650m will be invested in early-stage companies; USD1b will be invested in growth-stage start-ups.

Lakestar, a Zurich based venture capital firm, invests in early and growth-stage business models. Founded by Klaus Hommels, the fund has been involved in company exits, such as Spotify, Facebook or Skype.

Mosaic Ventures, a venture capital firm based in London, mainly participates in Series A rounds. In 2018, the VC closed a USD150m fund.

Lead Edge Capital, a New York based investment fund, raised USD520m. The investments will be focused on software and consumer-facing internet products in the US and Europe. The start-up portfolio includes the carpooling platform BlaBlaCar and the food delivery start-up Delivery Hero.

Corviglia Capital Fund is a global FinTech fund, which currently strives to close a USD500m fund. The fund aims on ticket sizes up to USD50m, focusing on RegTech, AI, cybersecurity and FinTech business models.

DN Capital, a global early-stage venture capital firm, focuses on both seed and Series A investments in Europe and North America. The firm has closed its latest fund "Global Venture Capital IV" with a total amount of c. USD236m.

SoftBank Investment Advisers, a London-based venture capital firm, specializing in growth and late-stage start-up investments. SoftBank holds USD100b at its disposal to lever investments in business models such as AI, IOT, robotics, BioTech or FinTech industry. SoftBank's vision funds is currently the largest VC funds on a global level.

The table below covers new venture capital and public funds active in the German start-up market¹²

New institutional funds identified from Q1 2018 to Q4 2018					
#	Investor	Fund name	Location	Volume (USDm) ¹³	Announced
1	Index Ventures	Index Ventures Growth IV	London, Geneva	1000	Jul 2018
2	Lakestar	European VC Fund	Zurich	800	Jul 2018
3	Index Ventures	Index Ventures IX	London, Geneva	650	Jul 2018
4	Lead Edge Capital	Lead Edge Capital IV	New York	520	Aug 2018
5	EU	VentureEU	n/a	484	Apr 2018
6	Digital + Partners	Digital Growth Fund I	Frankfurt, Munich	413	Jul 2018
7	HTGF	HTGF III	Bonn	374	May 2018
8	Holtzbrinck	HV Holtzbrinck Ventures Fund VII	Munich, Berlin	361	Jan 2018
9	Corviglia Capital Fund	n/a	Luxembourg	250	Oct 2018
10	KfW Capital	KfW Capital	Berlin	236	Oct 2018
11	LEA Partners	LEA Mittelstandspartner	Karlsruhe	236	May 2018
12	DN Capital	Global Venture Capital IV	London	236	Jan 2018
13	Early Bird	Earlybird Digital West (Fund VI)	Berlin	207	Jul 2018
14	Mosaic Ventures	Mosaic Ventures II	London	150	Oct 2018
15	Target Global	Target Global Transportation Fund	Berlin	100	Jun 2018
16	UVC Partners	UVC Partners Fund II	Munich	97	Apr 2018
17	Five Seasons Ventures	Five Seasons Ventures Fund I	Paris	71	Mar 2018
18	Ananda Impact Ventures	Ananda Impact Fund III	Munich	59	Oct 2018
19	Speedinvest	Speedinvest x, Speedinvest f, Speedinvest i	Wien	59	Jun 2018
20	ABN Amro Bank	ABN AMRO Digital Impact Fund	Amsterdam	47	Mar 2018
21	42Cap	42CAP II	Munich	35	Jul 2018
22	NRW Förderbank	Seed Fund III Aachen	Aachen	24	Apr 2018
23	Hessische Landesregierung	Futury Venture Fonds	Wiesbaden	19	June 2018
24	ERF Schleswig-Holstein	ERF-SH	Kiel	5	Feb 2018
25	PropTech1 Ventures	n/a	Berlin	undisclosed	Mar 2018
26	Wilo	Wincubator	Berlin	undisclosed	Jul 2018

Source: Crunchbase, Deutsche Start-ups, Gründerszene, Press Releases

¹² Accelerator programs are not included

¹³ Represents approximate amounts converted from Euro

The investor landscape has become more mature, resulting in even lower barriers for early-stage funding

Key players active in the German start-up scene categorized by predominant funding stage (selected examples)

Incubators and Accelerators	Seed and Series A	Series B and later
<ul style="list-style-type: none"> ▶ BASF New Business ▶ Deutsche Bahn Mindbox ▶ HitFox Group ▶ Hub:Raum ▶ Lufthansa Innovation Hub ▶ METRO Accelerator ▶ Microsoft ScaleUp ▶ Next Big Thing ▶ Next Media ▶ Project A Ventures ▶ Rheingau Ventures ▶ ProSiebenSat.1 Accelerator ▶ SAP.IO Foundry ▶ Startplatz ▶ TechBoost (Deutsche Telekom) ▶ TechFounders Accelerator 	<ul style="list-style-type: none"> ▶ Atlantic Labs ▶ BlueYard Capital ▶ b-to-v Partners ▶ Capnamic Ventures ▶ Cavalry Ventures ▶ Cherry Ventures ▶ Creathor Venture ▶ Earlybird Venture Capital ▶ Fly Ventures ▶ Freigeist Capital ▶ German Startups Group ▶ HTGF ▶ HV Holtzbrinck Ventures 	<ul style="list-style-type: none"> ▶ IBB ▶ IMK Venture Capital GmbH ▶ Partech Ventures ▶ Paaia Ventures ▶ Point Nine Capital ▶ Project A Ventures (Otto Group) ▶ Redstone Digital ▶ Rheingau Ventures ▶ Seven Ventures (ProSiebenSat.1) ▶ Starstrike Ventures ▶ Target Partners ▶ TA Ventures ▶ UnternehmerTUM VC Partners
		<ul style="list-style-type: none"> ▶ Acton Capital Partners ▶ Ananda Impact Ventures ▶ D. Telekom Capital Partners ▶ Digital+ Partners ▶ Global Founders Capital ▶ HCS Beteiligungsges. ▶ HW Capital ▶ Mountain Partners ▶ Neuhaus Partners ▶ Target Global ▶ Tengelmann Ventures

Source: Crunchbase, Deutsche Start-ups, Gründerszene, Press Releases

In comparison to previous years, the investor landscape has reached a certain maturity. Investments in Tech start-ups have evolved from a pure VC territory to a market segment in which investment banks and corporates are engaged to an increasing extent.

Seed-stage investments have not solely been driven by business angels or governmental-backed VC companies, but also by a number of incubators and newly institutionalized VC companies from successful former entrepreneurs.

US investors still dominate growth and later-stage funding rounds due to their superior financial power. As a result, the sweet spot for German investors remains the investment area below EUR10m. In this segment, German investors with the largest funds are the vehicles of Rocket Internet as well as Earlybird or Holtzbrinck.

Corporate accelerator programs: Market observations

The vast majority of the largest German corporations aim to institutionalize innovations in their companies with in-house accelerator programs. The total number of accelerators in Germany almost doubled in the past two years since almost all leading German corporates launched new programs.

Activities of large corporations in the start-up scene are mostly driven by the search for business ideas which could add value to their core business. However, there are certain differences between corporate cultures of start-ups and large enterprises. In addition, high risk aversion and long decision-making processes of corporates represent obstacles to cooperations between both.

Selected accelerator programs launched in 2018

Accelerator	Target industry
Axel Springer & Porsche Accelerator (APX)	Life style, mobility, travel, FinTech, media, health
Next Logistics	Logistics
Universal Home	Smart home & living, intelligent buildings
Wayra (re-launch)	IoT, Data analytics, Cyber security, AI

Key players active in the German start-up scene (1/5)

Corporate Ventures

- ▶ Allianz Ventures
- ▶ Axa Innovation Campus
- ▶ Bauer Venture Partner
- ▶ BCG Digital Ventures
- ▶ Bertelsmann Investments
- ▶ Bilfinger Venture Capital
- ▶ BMW i Ventures
- ▶ Boehringer Ingelheim Venture Fund
- ▶ Burda Digital Ventures (by Acton)
- ▶ Burda Principal Investments
- ▶ CommerzVentures
- ▶ Co-pace Continental
- ▶ DB1 Ventures - Deutsche Börse
- ▶ Deutsche Bahn Digital Ventures
- ▶ Deutsche Telekom Capital Partners
- ▶ Diehl Ventures
- ▶ EnBW New Ventures
- ▶ Evonik VC
- ▶ Fielmann Ventures
- ▶ FLUXUNIT - Osram Ventures
- ▶ Forum Media Ventures
- ▶ Freudenberg Venture
- ▶ Gruner + Jahr AG
- ▶ Haas New Media
- ▶ Hasso Plattner Ventures
- ▶ Henkel Ventures
- ▶ HR Ventures
- ▶ Hydra ventures - Adidas
- ▶ Innogy Ventures
- ▶ K - New Media (K-Invest)
- ▶ K-Invest Beteiligungs GmbH
- ▶ Lidl Stiftung & Co. KG
- ▶ Lufthansa Digital Fund
- ▶ Media + more venture
- ▶ Mediengruppe Klambt
- ▶ Mobile Ventures
- ▶ MS Ventures
- ▶ Next 47 (Siemens)
- ▶ NWZ Digital
- ▶ Oetker Digital
- ▶ Peppermint Venture Partners
- ▶ Porsche
- ▶ ProSiebenSat.1 Media
- ▶ Robert Bosch Venture Capital
- ▶ SAP Startup Focus

- ▶ SAP.IO
- ▶ Scouting & Coinvestments - E.ON

Incubators and Accelerators

- ▶ Accelerator Frankfurt
- ▶ agile Accelerator - E.ON
- ▶ Allgeier Innovation Lab
- ▶ Allianz X Accelerator
- ▶ APX
- ▶ Atlantic Food Labs
- ▶ Atlantic Ventures
- ▶ Axel Springer Plug and Play
- ▶ BASF New Business
- ▶ Berlin Hardware.Co Accelerator
- ▶ Betafabrik
- ▶ Black Forest Accelerator
- ▶ BMW Startup Garage Incubator
- ▶ Breakthrough-Accelerator
- ▶ CoLaborator (Bayer)
- ▶ Co-pace Incubator - Continental
- ▶ DB Accelerator
- ▶ Deutsche Bahn Mindbox
- ▶ Deutsche Bank Innovation Lab
- ▶ Digitalfabrik - Deutsche Bank
- ▶ EuropeanPioneers Accelerator
- ▶ Fantastic Mr. Fox Ventures
- ▶ Finconomy
- ▶ FinLeap
- ▶ FinTech Hub - Deutsche Börse
- ▶ Fraunhofer Venture
- ▶ Grants4Apps - Bayer
- ▶ Hanse Ventures
- ▶ Heartbeat labs
- ▶ helios.hub
- ▶ hub:raum Incubator - Telekom
- ▶ Ideation Hub - Volkswagen
- ▶ Incubator Investments GmbH
- ▶ InnoWerft
- ▶ leAD Sports Accelerator - Adidas
- ▶ Liquidlabs
- ▶ Lufthansa Innovation Hub
- ▶ Magmatic Ventures
- ▶ Main Incubator
- ▶ Merck Accelerator
- ▶ METRO Accelerator
- ▶ Microsoft Ventures Accelerator
- ▶ MundiLAB Accelerator - Munich RE
- ▶ Next Big thing
- ▶ Next Commerce Accelerator
- ▶ Next Logistics
- ▶ Next Media Accelerator
- ▶ NFQ Capital
- ▶ Pando Ventures (Taunusstein)
- ▶ ProSiebenSat.1 Accelerator
- ▶ RainMaking
- ▶ Retailtech-Hub (MediaMarktSaturn)
- ▶ Rocket Internet
- ▶ SAP.IO Foundry
- ▶ Siemens Technology Accelerator
- ▶ ScaleUp (Microsoft)
- ▶ SpinLab - The HHL Accelerator
- ▶ Startplatz
- ▶ Startup Autobahn Accelerator
- ▶ Startupbootcamp Berlin
- ▶ StartupDock
- ▶ TechFounders Accelerator
- ▶ Universal Home
- ▶ Venture Stars
- ▶ VentureVilla Accelerator
- ▶ W1 Forward InsurTech Accelerator
- ▶ Wattx
- ▶ Wayra Accelerator (Telefonica)
- ▶ Xantera Venture Capital

Investors

- ▶ 2 Welten Investment
- ▶ 20 Scoops Venture Capital
- ▶ 32nd Floor
- ▶ 42CAP
- ▶ Alstin
- ▶ AM Ventures
- ▶ Ananda Ventures
- ▶ Asgard Capital
- ▶ Astutia Ventures
- ▶ Atlantic Labs
- ▶ Aurelius AG
- ▶ Avala Capital
- ▶ b10 Venture Capital
- ▶ Bamboo Ventures
- ▶ BASF Venture Capital

(2/5)

- ▶ BayBG
- ▶ Berlin Metropolitan Ventures
- ▶ Berlin Technologie Holding
- ▶ Berlin Venture Partners
- ▶ Berlin Ventures
- ▶ Bitkraft eSports Ventures
- ▶ BlueYard Capital
- ▶ bmp media investors
- ▶ BonVenture Management
- ▶ Born2grow
- ▶ Brockhaus Private Equity
- ▶ b-to-v Partners
- ▶ building10 Servicegesellschaft
- ▶ Burgey Business Group
- ▶ Caesar Business Angels
- ▶ capiton
- ▶ Capnamic Ventures
- ▶ Catagonia Capital
- ▶ Cavalry Ventures
- ▶ CD-Venture
- ▶ CFH Beteiligungsgesellschaft mbH
- ▶ Cherry Ventures
- ▶ CologneInvest
- ▶ Colonia Private Equity
- ▶ Coparion
- ▶ Creathor Venture
- ▶ Crossventures
- ▶ Cumberland VC
- ▶ Curious Capital
- ▶ Deutsche Balaton
- ▶ Deutsche Beteiligungs AG
- ▶ Deutsche Handelsbank
- ▶ Deutsche Invest Capital Partners
- ▶ Digital + Partners
- ▶ Digital Health Ventures
- ▶ Digital Pioneers Germany
- ▶ Don Ventures
- ▶ DS Invest
- ▶ Earlybird Venture Capital
- ▶ eCAPITAL Partners AG
- ▶ ECM Equity Capital Mgmt.
- ▶ Econnoa
- ▶ Egora Holding
- ▶ Elite Startups
- ▶ EMBL Ventures
- ▶ Emeram Private Equity
- ▶ Engage Ventures
- ▶ Engelhardt Kaupp Kiefer
- ▶ EnjoyVenture
- ▶ Enxium
- ▶ Equistone Partners
- ▶ Equity Seven
- ▶ eVentures Capital Partners
- ▶ Extorel GmbH
- ▶ Finlab
- ▶ Finparx
- ▶ Fly Ventures
- ▶ Follow the Rabbit Ventures
- ▶ Found Fair Ventures
- ▶ Freigeist Capital



Key players active in the German start-up scene (3/5)

Investors (continued)

- ▶ Fresenius Medical Care Ventures
- ▶ FTR Ventures
- ▶ FundersClub
- ▶ German Ventures
- ▶ GLG Green Lifestyle
- ▶ Global Founders Capital
- ▶ GMPVC German Media Pool
- ▶ GoBeyond
- ▶ Grazia Equity
- ▶ Guano
- ▶ HCS Beteiligungsgesellschaft
- ▶ HeidelbergCapital
- ▶ Heilemann Ventures
- ▶ Heliad Equity Partners
- ▶ HitFox Group
- ▶ HR Alpha Venture Partners
- ▶ HV Holtzbrinck Ventures
- ▶ HW Capital
- ▶ Ideenschaff Invest
- ▶ Ilmenau Business Angels
- ▶ InsurTech.vc
- ▶ iVentureCapital
- ▶ J.C.M.B. Beteiligungs GmbH
- ▶ J.F. Müller & Sohn AG
- ▶ Jaja Investment
- ▶ June Fund
- ▶ Kamran Capital
- ▶ Katjesgreenfood
- ▶ KIZOO (Karlsruhe)
- ▶ Kraut Capital
- ▶ La Famiglia
- ▶ LAFAM Holding
- ▶ Lakestar
- ▶ LBBW Venture Capital
- ▶ LEA Partners
- ▶ Leonardo Venture
- ▶ Linden Capital
- ▶ Littlerock
- ▶ MairDuMont Ventures
- ▶ Maxburg Capital Partners
- ▶ Media Ventures
- ▶ Menden Ventures
- ▶ Mercura Capital
- ▶ Metacrew Ventures
- ▶ MGO Digital Ventures
- ▶ MIG AG
- ▶ MK Venture Capital GmbH
- ▶ Moacon Ventures
- ▶ Möller Ventures
- ▶ MoTu Ventures
- ▶ Mountain Alliance
- ▶ Müller Medien
- ▶ Munich Venture Partners
- ▶ Mutschler Ventures AG
- ▶ Muzungu Capital
- ▶ NABRU Ventures
- ▶ Neuhaus Partners
- ▶ Newton Ventures
- ▶ Nextfatbusiness
- ▶ Nordwind Capital
- ▶ OHB Venture Capital
- ▶ Omnis Mundi
- ▶ Paua Ventures
- ▶ Perpetual Ventures
- ▶ PINOVA Capital
- ▶ Plutos Group
- ▶ Point Nine Capital
- ▶ Priority AG
- ▶ Project A Ventures
- ▶ Project Flying Elephant
- ▶ PropTech1 Ventures
- ▶ Redstone Digital
- ▶ Reimann Investors
- ▶ Rheingau Founders
- ▶ RI Digital Ventures
- ▶ Richmond View Ventures
- ▶ Saarbruecker21
- ▶ SABIC Ventures
- ▶ Santo Venture Capital
- ▶ SBG Sachsen-Anhalt
- ▶ Schlegel & Friends
- ▶ Seed & Speed
- ▶ Seed Fonds Aachen
- ▶ Senovo Capital Mgmt.
- ▶ Seven Miles
- ▶ Shortcut Ventures
- ▶ SHS
- ▶ Signals VC
- ▶ Sirius Venture Partners
- ▶ Smac partners
- ▶ S-REFIT
- ▶ Star Ventures Management
- ▶ Starstrike Ventures
- ▶ Start 2 Ventures
- ▶ Statkraft Ventures
- ▶ Steadfast Capital
- ▶ S-UBG
- ▶ S-VentureCapital Dortmund
- ▶ TA Ventures
- ▶ Target Global
- ▶ Target Partners
- ▶ Team Europe
- ▶ TechnologieContor
- ▶ Tengelmann Ventures
- ▶ THI Investments
- ▶ Think.Health Ventures
- ▶ Tiburon Unternehmensaufbau
- ▶ Triangle Venture Capital Group
- ▶ Triginta Capital
- ▶ TruVenturo
- ▶ TVM Capital
- ▶ Unternehmertum VC Partners
- ▶ UVC Partners
- ▶ VCDE Venture Partners
- ▶ Venista Ventures
- ▶ Vito One
- ▶ Vito Ventures
- ▶ Vogel Ventures
- ▶ Vorndran Mannheims Capital
- ▶ VR Equitypartner
- ▶ Wawayaro GmbH
- ▶ WeFund
- ▶ Wellington Partners
- ▶ WestTech Ventures
- ▶ Whitestone Communication Networks
- ▶ WOLFMAN.ONE
- ▶ XAnge
- ▶ Yesss CAPITAL
- ▶ ZFHN

Public institutions, platforms, communities

- ▶ Bayern Kapital
- ▶ BC Brandenburg Capital
- ▶ Bergfürst AG
- ▶ Berlin Partner für Wirtschaft & Tech.
- ▶ Berlin Startup Academy
- ▶ BetaHaus
- ▶ Beteiligungsmanagement Thüringen
- ▶ Black Chili

(4/5)

- ▶ bm|t Beteiligungsmanagement
- ▶ BridgeMaker
- ▶ BTG Hamburg
- ▶ Business Angels Agentur Ruhr
- ▶ Business Angels Club Berlin
- ▶ Companisto
- ▶ Enpact
- ▶ ERF Schleswig-Holstein
- ▶ EY Wavespace
- ▶ Factor10
- ▶ FIB Fonds
- ▶ Fundsters
- ▶ Genius Venture Capital
- ▶ German Startups Group
- ▶ Green Alley Investment
- ▶ Grow - Bosch
- ▶ GTEC
- ▶ Hannover Beteiligungs-f.
- ▶ Hessische Landesregierung
- ▶ High-Tech Gründerfonds
- ▶ Humboldt Innovation
- ▶ IBB Beteiligungsgesellschaft
- ▶ IBG Beteiligungsgesellschaft
- ▶ IFB Innovationsstarter
- ▶ Initiativekreis Ruhr
- ▶ Invest. Bank Rheinl.Pfalz
- ▶ Invest. Bank Brandenburg
- ▶ ISB Rheinland-Pfalz
- ▶ Kapilendo
- ▶ KfW Bankengruppe
- ▶ LemonBlood
- ▶ Makers
- ▶ Mantro
- ▶ MBG Baden-Württemberg
- ▶ Mittelständische BTG Berlin-B.
- ▶ Neufund
- ▶ NRW Bank Kreativ Fonds
- ▶ Saarländische Wagnisfinanz.
- ▶ Seedcamp Berlin
- ▶ Seedmatch
- ▶ SIB Innov.-Beteilig.
- ▶ SVS Capital Partners
- ▶ TakeOff VC Management
- ▶ The Angel Club
- ▶ VC Fonds BW
- ▶ Wirtschaftsbank Hessen

International

- ▶ ABN Amro Bank (NL)
- ▶ 360 Capital Partners (FR)
- ▶ 3M New Ventures (US)
- ▶ 500 Startups (US)
- ▶ 83North (IL)
- ▶ ABC Accelerator (SI)
- ▶ ACCEL (US)
- ▶ Advancit Capital (US)
- ▶ Advent Venture Partners (UK)
- ▶ A-Grade Investment (US)
- ▶ Allen & Company (US)
- ▶ Altos Ventures (US)
- ▶ Altpoint Capital (US)
- ▶ Alven Capital (FR)
- ▶ AME Cloud Ventures (US)
- ▶ Arkley (PL)
- ▶ Asia Pacific internet Group (SG)
- ▶ Atlantic Bridge (IE)
- ▶ Atlas Venture (US)
- ▶ Atomico (UK)
- ▶ aws Gründerfonds (AT)
- ▶ Axivate Capital (NL)
- ▶ Baillie Gifford (UK)
- ▶ Balderton Capital (UK)
- ▶ Battery Ventures (US)
- ▶ Benchmark Ventures (US)
- ▶ Bessemer Venture Partners (US)
- ▶ BIP Investment Partners (LU)
- ▶ BlackRock (US)
- ▶ Blumberg Capital (US)
- ▶ Boost Heroes (IT)
- ▶ Boundary Holding (LU)
- ▶ Breed Reply (UK)
- ▶ Bridgepoint (UK)
- ▶ Bright Capital Digital (RU)
- ▶ CareVentures (LU)
- ▶ Cascara Ventures (BE)
- ▶ Chernin Group (US)
- ▶ Cipio Partners (LU)
- ▶ Corviglia Capital Fund (LU)
- ▶ CME Ventures (US)
- ▶ Coller Capital (UK)
- ▶ Columbia Lake Partners (UK)
- ▶ Connect Ventures (UK)
- ▶ Creandum (SE)
- ▶ Dawn Capital (UK)
- ▶ Demeter Partners (FR)
- ▶ DeNA (JP)
- ▶ Digital Currency Group (US)
- ▶ Dima Ventures (US)
- ▶ DN Capital (UK)
- ▶ Dragoneer Investment Group (US)
- ▶ Draper Esprit (UK)
- ▶ DST Global (HK)
- ▶ e.ventures (US)
- ▶ EchoVC Partners (NI)
- ▶ Ecomobility Ventures (FR)
- ▶ Eight Roads Ventures (UK)
- ▶ Emerald Technology Ventures (CH)
- ▶ enchant.vc (SG)
- ▶ Endeit Capital (NL)
- ▶ ENIAC Ventures (US)
- ▶ Entrée Capital (UK)
- ▶ EQT Ventures (SE)
- ▶ ESO Capital Group (UK)
- ▶ Felix Capital (UK)
- ▶ Finstar Financial Group (RU)
- ▶ Five Seasons Ventures (FR)
- ▶ FJ Labs (US)
- ▶ FLOODGATE (US)
- ▶ Fosun Group (CN)
- ▶ Four Rivers Group (US)
- ▶ Frog Capital (UK)
- ▶ Frontline Ventures (UK)
- ▶ GE Ventures (US)
- ▶ General Atlantic (US)
- ▶ General Catalyst (US)
- ▶ Generis Capital Partners (FR)
- ▶ German Accelerator Tech (US)
- ▶ Gettylab (US)
- ▶ Gimv (BE)
- ▶ Global Growth Capital (UK)
- ▶ GMT Capital (US)
- ▶ Goldman Sachs (US)
- ▶ Google Ventures (US)
- ▶ Greycroft Partners (US)
- ▶ Greylock Partners (US)
- ▶ Groupe Arnault (FR)
- ▶ Harbert Europ. Growth Capital (UK)
- ▶ Hartford Steam Boiler (US)
- ▶ Helvetia Venture Fund (CH)
- ▶ Highland Capital Partners (US)
- ▶ Hiventures Investment Fund (HU)
- ▶ HOWZAT Partners (UK)

Key players active in the German start-up scene (5/5)

International (continued)

- ▶ Hoxton Venture (UK)
- ▶ HPE Growth Capital (NL)
- ▶ Hummingbird Ventures (UK)
- ▶ iEurope Capital (HU)
- ▶ IFJ AG (CH)
- ▶ Index Ventures (US)
- ▶ Innova Memphis (US)
- ▶ Insight Venture Partners (US)
- ▶ Institutional Venture Partners (US)
- ▶ Intel Capital (US)
- ▶ Inven Capital (CZ)
- ▶ InVenture Partners (RU)
- ▶ J.P. Morgan Digital Growth (US)
- ▶ Jadeberg Partners (CH)
- ▶ K5 Ventures (US)
- ▶ Kennet Partners (UK)
- ▶ Kickstarter (US)
- ▶ Kima Ventures (FR)
- ▶ Kinnevik (SE)
- ▶ Kite Ventures (RU)
- ▶ KKR (US)
- ▶ Kleiner Perk. Caufield & Byers (US)
- ▶ KPN Ventures (NL)
- ▶ Kreos Capital (UK)
- ▶ Larnabel Ventures (RU)
- ▶ Lead Edge Capital (US)
- ▶ leAD Int. Sports Accelerator (BF)
- ▶ Life.SREDA (SG)
- ▶ LifeScience iHUB - Bayer (US)
- ▶ Lightspeed Venture Partners (US)
- ▶ Lilly Ventures (US)
- ▶ London Venture Partners (UK)
- ▶ LOWERCASE Ventures (US)
- ▶ Mangrove Capital Partners (LU)
- ▶ March Capital Partners (US)
- ▶ Marlin Equity Partners (UK)
- ▶ MCI Capital SA (PL)
- ▶ Menlo Ventures (US)
- ▶ Merck Ventures (NL)
- ▶ Merus Capital (US)
- ▶ Morgan Stanley Exp. Capital (US)
- ▶ Mosaic Ventures (UK)
- ▶ Mountain Partners AG (CH)
- ▶ MPGI (UK)
- ▶ M-VC Europe Ltd. (UK)
- ▶ Naspers (SA)
- ▶ New Enterprise Associates (US)
- ▶ NGP (FI)
- ▶ Nordic Alpha Partners (DK)
- ▶ North-East Venture (DK)
- ▶ Northzone (UK)
- ▶ Numa (FR)
- ▶ Octopus Ventures (UK)
- ▶ Omnes Capital (FR)
- ▶ OnePeak Partners (UK)
- ▶ OpenOcean (FI)
- ▶ Otium Venture (FR)
- ▶ Partech Ventures (FR)
- ▶ Permira (UK)
- ▶ Pine Hill Capital (US)
- ▶ Plug and Play (US)
- ▶ PMatX Incubator - Merck (IL)
- ▶ PostFinance (CH)
- ▶ Princeville Global (US)
- ▶ PROfounders Capital (UK)
- ▶ Promus Ventures (US)
- ▶ Q Capital Ventures (AT)
- ▶ Radical Ventures (UK)
- ▶ Randstad Innovation Fund (NL)
- ▶ Redalpine Venture Partners (CH)
- ▶ Redpoint Ventures (US)
- ▶ Ringier Digital AG (CH)
- ▶ Route66 Ventures (US)
- ▶ RTA Ventures (PL)
- ▶ Runa Capital (RU)
- ▶ ru-Net (RU)
- ▶ Russmedia (AT)
- ▶ Salesforce Ventures (US)
- ▶ SamsungNext Ventures (US)
- ▶ Sapinda Group (NL)
- ▶ Scottish Equity Partners (UK)
- ▶ Sequoia Capital (US)
- ▶ SET Ventures (NL)
- ▶ Seventure Partners (FR)
- ▶ Shell Tech Ventures (NL)
- ▶ Sherpa Capital (US)
- ▶ Silver Lake Kraftwerk (US)
- ▶ Softbank (JP)
- ▶ Spark Capital (US)
- ▶ Speedinvest (AT)
- ▶ St.Galler Swiss Founders Fund (CH)
- ▶ startup300 (AT)
- ▶ Summit Partners (US)
- ▶ Sycamore Partners (US)
- ▶ Tech. Crossover Ventures (US)
- ▶ Techstars (US)
- ▶ Tenaya Capital (US)
- ▶ Tenderloin Ventures (CH)
- ▶ Texas Atlantic Capital (US)
- ▶ The Macquarie VC Studio (AU)
- ▶ Thrive Capital (US)
- ▶ Tiller Partners (US)
- ▶ Time for Growth (FR)
- ▶ Transamerica Ventures (US)
- ▶ Trinity Ventures (US)
- ▶ Troy Capital Partners (US)
- ▶ Twitter Ventures (US)
- ▶ Uncork Capital (US)
- ▶ Unilever Ventures (UK)
- ▶ Union Square Ventures (US)
- ▶ UNIQA Ventures (AT)
- ▶ Up to Eleven (AT)
- ▶ Värde Partners (US)
- ▶ Ventech (FR)
- ▶ VentureEU (EU)
- ▶ Version One Ventures (CA)
- ▶ Victory Park Capital (US)
- ▶ Vitruvian Partners
- ▶ Vostok New Ventures (SE)
- ▶ VP Capital (RU)
- ▶ Warburg Pincus (US)
- ▶ Warsaw Equity Group (PL)
- ▶ Westcott LLC (US)
- ▶ Y Combinator (US)
- ▶ Yuan Capital (HK)
- ▶ ZKB Start-up Finance (CH)



CS

Appendix

Methodology and Disclaimer

This study has been prepared by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft ("EY") with the purpose of providing the public with information about developments in the venture capital and start-up sector.

EY points out that the study does not represent an adequate basis for a final decision about the information shown in the study. The study is not comprehensive or complete in the sense of containing all the facts which might be of interest in connection with the information described.

The study has been prepared with the usual care required for such studies. Unless referring to EY itself, the information presented has not been reviewed by EY with regard to its accuracy or completeness. The information has been gathered by desktop research (incl. public sources, disclosed information and acknowledged databases) and complemented by our own market knowledge (but includes no confidential information in any sense), as well as qualitative and quantitative research.

EY is not responsible for incomplete or false information. Thus, readers are recommended to examine all information prior to making any decision. EY is not liable for any missing or false information and statements in this study or other oral or written remarks made in connection with the study.

The information in the study has been prepared for a certain target date, prior to the presentation. The main cut-off point for the research is 31 December 2018, with some exceptions relating to research and deals mentioned. Thus, the accuracy at the date of the presentation cannot be guaranteed. Any statement regarding future developments is not

binding and merely represents an expectation. Stating a value does not constitute a valuation as defined by the Institute of Public Auditors in Germany ("IDW") in the generally accepted standards for valuation engagements.

We define fundings as equity or debt financing provided to a German-based start-up (with a change in ownership below 50%) that operates in one of the digital sectors (e.g. consumer products and services, software, IT services, media and entertainment or retailing/distribution). Investments (including M&A deals and IPOs) in start-ups falling into the life science sector or non-digital business models have been excluded. This explains the difference between the number of deals presented in the EY start-up Barometer in 2018 (619) compared to the number of investments presented in this study (594).

M&A activity comprises acquisitions of German start-ups with a change in ownership of more than 50%. Specifically, values and volumes used throughout this report are based on completion dates for transactions with a disclosed deal value and supplemented by additional independent research – sometimes based on rumors stated in public sources. We have used a standard exchange rate for EUR to USD of 1:1.18 for all conversions in this document if performed.

We define initial public offering (IPO) as a public offering in which a German-based start-up sells stocks for the first time.

We define investors as entities that are acquiring the majority of shares in a German-based start-up in course of either funding or M&A. A company is considered a corporate when its primary

business is non-financing related, e.g. industry or service provision. We define an investor as a financial investor when its primary activities are investing or financing related.

Start-ups are companies generally younger than 10 years old. Exceptions might apply for older companies that have digitally transformed their business model during the last 10 years.

Information related to previous periods is updated periodically, based on new data collected for deals closed during previous periods but not reflected in previous data sets.

Information for start-ups, financing, funds and M&A activity includes information for companies belonging to one of the digital sectors. Certain adjustments have been made to the information to exclude transactions that are not specific to digital.

Accordingly, the digital sector comprises companies and information mainly focused on consumer products and services, computer software, IT services, media and entertainment, and retailing/distribution.

The activities according to which we sector-clustered the start-ups and investors are as follows:

- ▶ **Media:** (digital) marketing; (online) television; (online) advertising; (electronic) entertainment.
- ▶ **Technology:** software; (mobile) applications; new (digital) technologies for industries or services.
- ▶ **CPR:** (online) B2C retailers; e-commerce.
- ▶ **Other:** any (Tech-related) business activity not covered by the above classifications.

Insights



EY Start-up-Barometer (2018)

EY and a market research institute ran a survey with a large number of start-up companies to gain representative insights into the current state of the German founders' scene. The publication includes insights on funding volumes as well as regional distribution and focus areas of investments.



Global IPO trends: Q1-Q4 (2018)

EY Global IPO trends report is released every quarter and looks at the IPO markets, trends and outlook for the Americas, Asia-Pacific, Japan and EMEIA regions. The report provides insights, facts and figures on the 2018 IPO market year-to-date and analyzes the implications for companies planning to go public in the short and medium term.



EY FinTech Adoption Index (2018)

The EY Germany FinTech study (Germany FinTech Landscape) is a flagship annual publication that gives insights into the key developments, trends and perspectives in the German FinTech market. The report covers topics such as investment flows, largest FinTech deals, banks' response to FinTech activity, inter-FinTech cooperations and development of FinTech-based ecosystems.



Creating value throughout the private equity investment life cycle in the digital era (2018)

Based on market research and interviews with executives in the European private equity sector, this study addresses key opportunities, challenges and pitfalls throughout the end-to-end private equity investment life cycle, identifies industry best practices and pinpoints the capabilities that support the efforts of private equity firms to achieve the maximum possible return from their portfolio companies.

Events



EY Start-up Academy (Germany)

The EY Start-up Academy is an 8-week program in which selected start-ups are given the unique opportunity to improve their business model and its main components through structured help and advice from EY experts. The program is aimed at Tech or FinTech start-ups that have already completed the alpha phase, already have a Minimum Viable Product or a proof of concept and are looking for financing within the next 12 months.



EY Entrepreneur of the Year (Global)

The EY Entrepreneur Of The Year awards are a global competition that encourages entrepreneurship and brings together EY EOY country winners, game changers and government leaders. The program helps and supports entrepreneurs in building successful and sustainable businesses in over 60 countries.



EY Start-Up-Initiative/ EYnovation™ (Germany)

Meet EYnovation™ is a partnership program to guide founders from the foundation of a business to market leadership. EYnovation™ is a tailor-made subscription, with all EY services a founder needs to grow his or her business. And it offers direct access to EY's worldwide network.



NKF Summit

The NKF Summit is one of the leading events in Germany on the subject of inspirations for digital transformation. The conference is a bridge that connects both worlds with an inspiring program, best practices, and matching sessions: Category leaders or outstanding start-ups that you can get to know on stage, in the Expo or in a 1:1 matchmaking session.



Contacts

Editor

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft
Friedrichstrasse 140
10117 Berlin | Germany

Dr. Thomas Prüver | Partner
Transaction Advisory Services

www.de.ey.com

Editorial responsibility

Dr. Thomas Prüver
Thomas Nowatzky
Max Turner

Overall study team (alphabetically)

Lasse Berens
Danail Delchev
Bernhard Ernst
Artyom Nikifarau
Karolina Yalamova

About the global EY organization

The global EY organization is a leader in assurance, tax, transaction and advisory services. We leverage our experience, knowledge and services to help build trust and confidence in the capital markets and in economies the world over. We are ideally equipped for this task - with well trained employees, strong teams, excellent services and outstanding client relations. Our global purpose is to drive progress and make a difference by building a better working world - for our people, for our clients and for our communities.

The global EY organization refers to all member firms of Ernst & Young Global Limited (EYG). Each EYG member firm is a separate legal entity and has no liability for another such entity's acts or omissions. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information, please visit www.ey.com.

In Germany, EY has 20 locations. In this publication, "EY" and "we" refer to all German member firms of Ernst & Young Global Limited.

© 2019 Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft
All Rights Reserved.

GSA Agency
BKR 1902-184
ED None



In line with EY's commitment to minimize its environmental impact this document has been printed CO₂neutral and on FSC®-certified paper that consists of 60% recycled fibers.

This publication contains information in summary form and is therefore intended for general guidance only. Although prepared with utmost care this publication is not intended to be a substitute for detailed research or the exercise of professional judgment. Therefore no liability for correctness, completeness and/or currentness will be assumed. It is solely the responsibility of the readers to decide whether and in what form the information made available is relevant for their purposes. Neither Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft nor any other member of the global EY organization can accept any responsibility. On any specific matter, reference should be made to the appropriate advisor.

www.de.ey.com