



 PitchBook®

# Venture Ecosystem FactBook: Benelux

2019



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# Introduction

The venture ecosystem in the Benelux region is thriving so far in 2019. Concentrated in the hubs of Amsterdam and Brussels, venture financing is flowing at what could be a record rate, even as volume holds relatively steady. Although this is broadly in line with continent-wide investment trends, the Benelux region in particular enjoys a passel of inputs key to any venture ecosystem, including favorable domestic policies encouraging startup activity, significant access to talent given its geographic location and a diversified, larger economy overall to ensure healthy demand for goods and services. Moreover, all these inputs look set to intensify. For example, in July 2019, the Dutch government released plans to relax the conditions required to obtain visas for non-EU nationals, specifically for startups, which had former difficulty in the region given high salary thresholds.<sup>1</sup> The only potential cloud on the horizon is the knock-on effects from a slowdown in neighboring Germany. Although trade disputes are detracting from regional exports, the magnitude of the impact does not yet seem significant. All in all, the Benelux venture ecosystem looks primed to experience continued strong investment.



**GARRETT JAMES BLACK**

Senior Manager, Custom Research & Publishing

1: "Relaxation of Dutch Visa and Wage Tax Rules for Start-Ups," Baker McKenzie, July 10, 2019

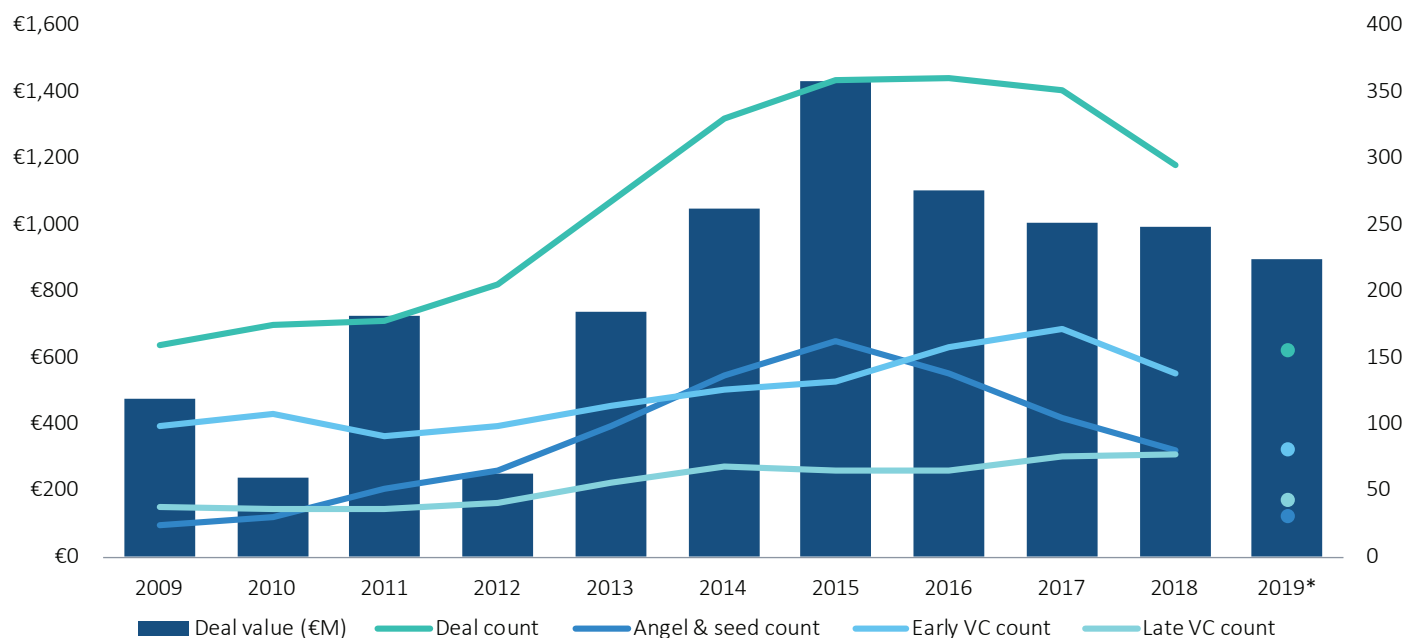
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# Deals

## VC deal activity

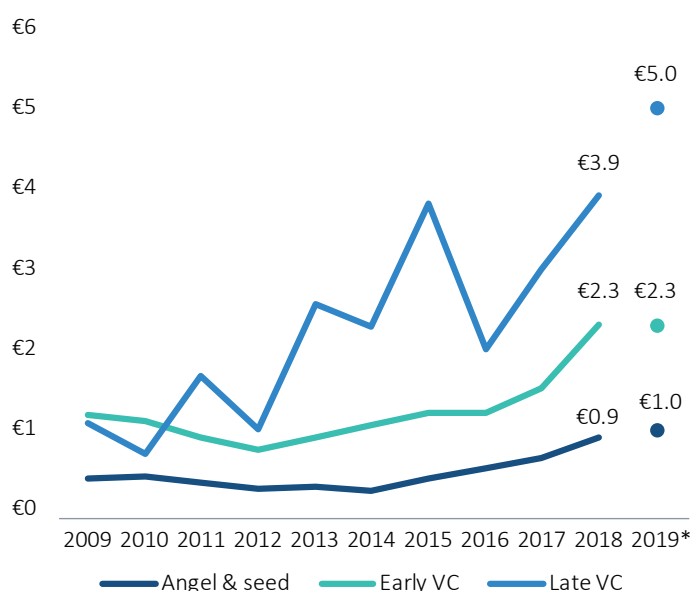


Source: PitchBook | Geography: Benelux  
\*As of August 1, 2019

Benelux venture financing has flowed with consistent strength in 2019 to date. With nearly €894 million invested through the start of August, this year may see a record in VC invested overall, eclipsing even the €1.4 billion recorded in 2015. Moreover, this tally hit even with a slight diminution in the volume of financings relative to prior highs. Broadening scope, 2019 could potentially cap off the strongest run yet in the VC cycle across the Benelux region. Every year since 2013 has seen close to or more than €1 billion invested. The volume of financing averages out to a clip of nearly one deal per day across the same time period.

Much of this activity has been concentrated at the early stage, even when analyzing trends in VC invested. Given the maturity of the regional venture ecosystem, this is hardly unexpected. The density of early-stage volume also bodes well for the overall funding pipeline, given the large population of young, growing startups. However, late-stage funding in terms of both volume and value is slowly catching up, having held steady over the past two years and well into 2019—in fact, late-stage VC invested is on pace for a record sum this year, as well.

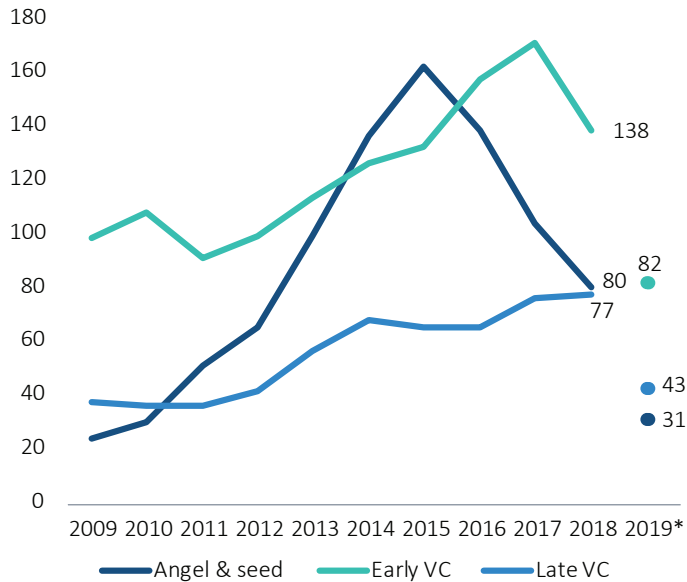
## Median VC deal size (€M)



Source: PitchBook | Geography: Benelux  
\*As of August 1, 2019

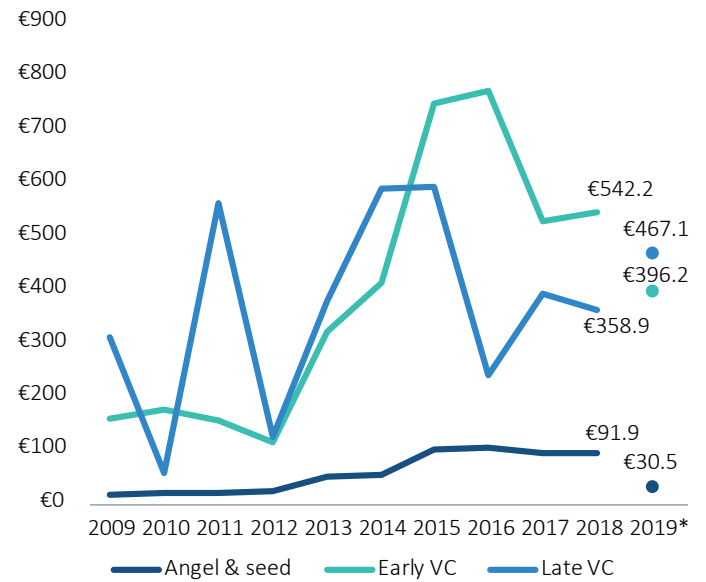
## Deals

### VC deals (#) by stage



Source: PitchBook | Geography: Benelux  
\*As of August 1, 2019

### VC deals (€M) by stage



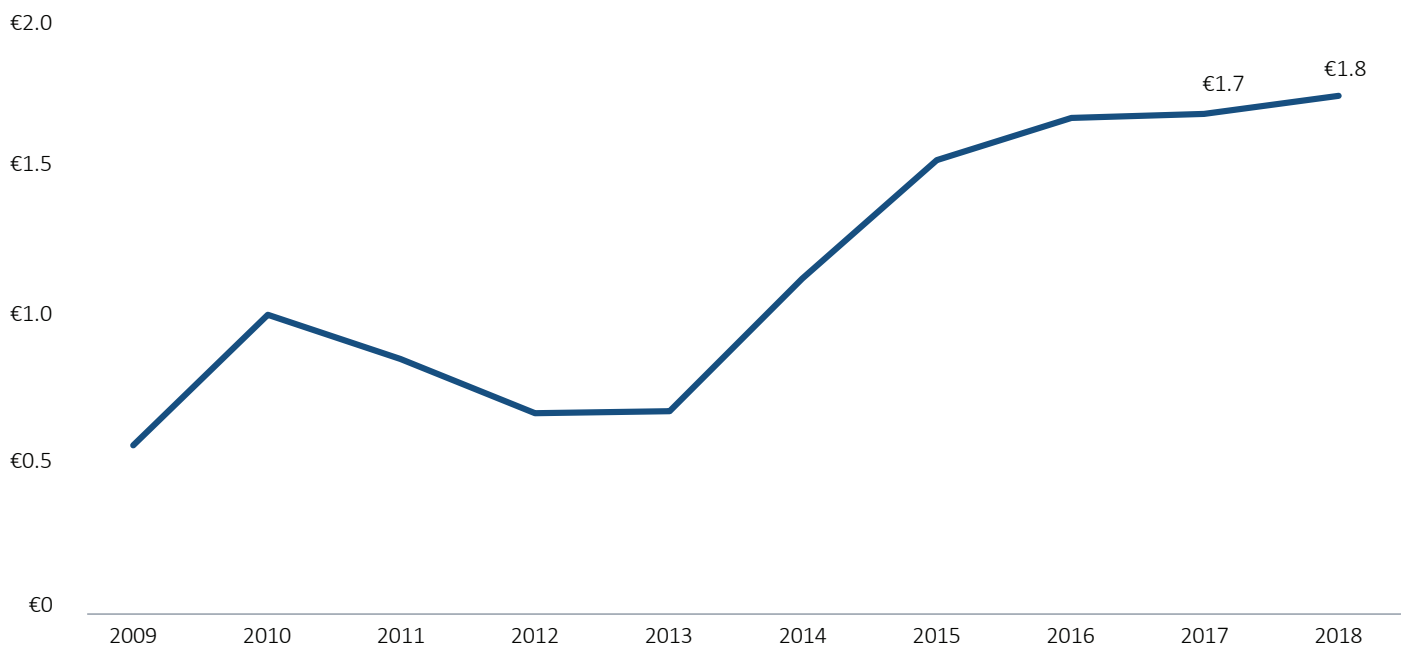
Source: PitchBook | Geography: Benelux  
\*As of August 1, 2019

The global venture landscape is awash in capital, which has led to record highs for median deal sizes and valuations; Benelux is no exception. While the angel & seed financing size metric has insufficient underlying data points to assess its current trajectory, the late-stage financing size has peaked at €5 million, while the early-

stage median has held steady. In other words, Benelux is heating up by nearly every metric.

Unsurprisingly, the bulk of that surge in funding has been concentrated in software. Especially in Europe, software producers have a significant amount of niche end markets

### Median VC pre-money valuation (€M)



Source: PitchBook | Geography: Benelux

## Deals

in which to sell. The penetration of software into multiple other industries, acting effectively as a “horizontal” rather than a dedicated vertical, has also enabled startups to develop specific solutions. A popular narrative this year has been the growing prevalence of dollars attracted by enterprise-focused startups given the unique challenges within the consumer market. However, within the Benelux region, that is not yet the case given the market opportunities unique to the European market.

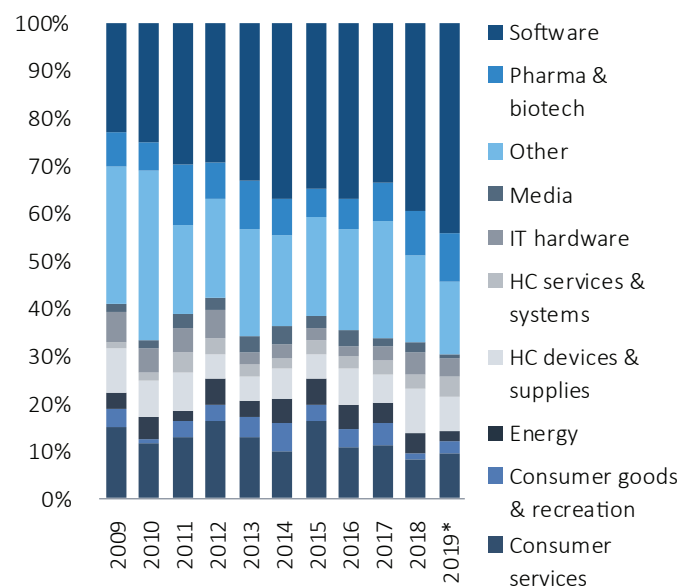
Software is not the only booming market within the Benelux region; pharma and biotech companies have already raked in more VC so far in 2019 than in all of 2018, with €334.2 million by the start of August relative to €328.0 million in 2018. Benelux is an industry powerhouse, benefiting from past mammoth deals and exits—the largest financing in Belgium in all of 2018, for example, was that of iTeos Therapeutics, which garnered €64 million in Series B funds. These financing trends look set to continue, especially with ongoing efforts by regional governments to aid further biotech startup incubation and to support entrepreneurs in general. Plus, given prominent and increasingly dominant macro trends in the broader industries of healthcare and tech, the end markets for innovative drugs and the digitization of traditional business processes will likely increase in allure for investors.

## Benelux top 10 VC deals in 1H 2019\*

Company name	Date	Deal size (€M)
AM-Pharma	July 16	€114.2
Showpad	June 25	€60.1
Promethera Biosciences	May 7	€39.7
FRIDAY Insurance	March 7	€39.0
AgroSavfe	July 30	€35.0
Confo Therapeutics	May 7	€30.0
ImCyse	June 18	€30.0
dott	July 4	€30.0
GeoPhy	January 24	€28.3
EyeD Pharma	May 22	€28.0

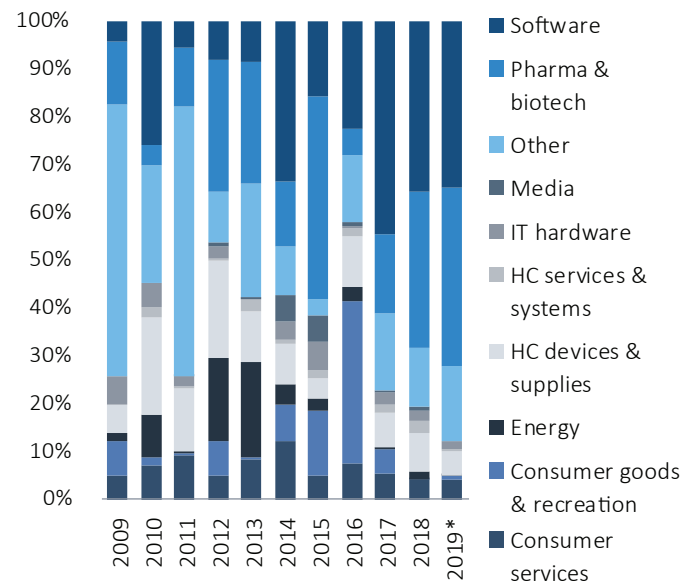
Source: PitchBook | Geography: Benelux  
\*As of August 1, 2019

## VC deals (#) by sector



Source: PitchBook | Geography: Benelux  
\*As of August 1, 2019

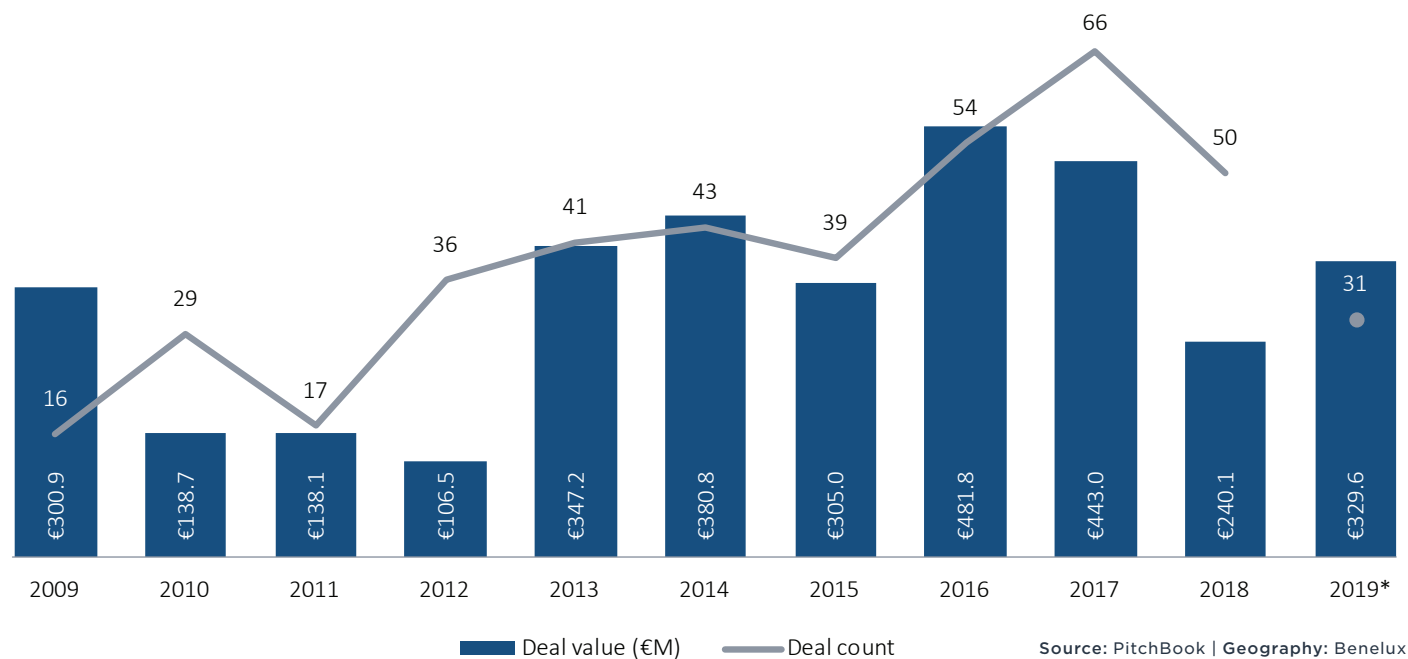
## VC deals (€M) by sector



Source: PitchBook | Geography: Benelux  
\*As of August 1, 2019

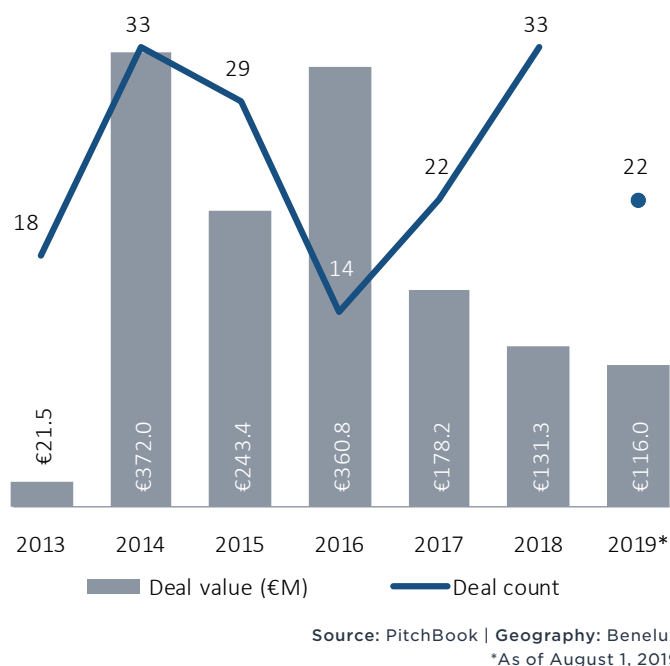
# CVC and cross-border deals

## VC deal activity with CVC participation



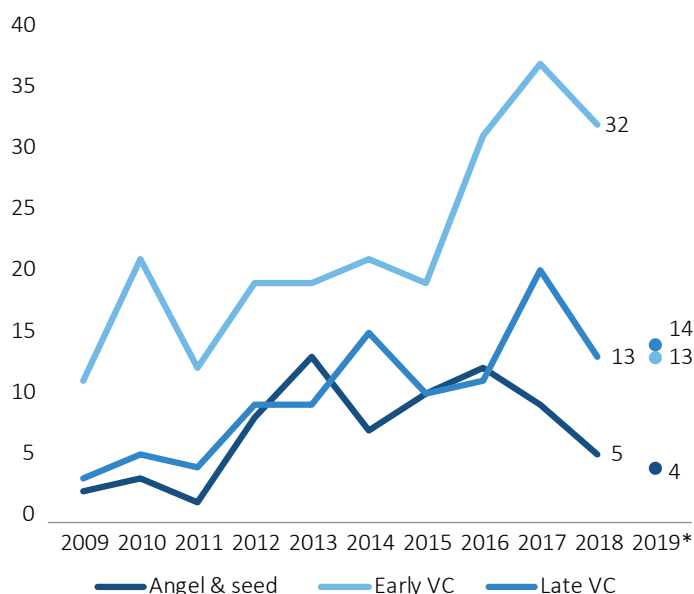
So far in 2019, corporate players have participated in a record proportion of overall Benelux venture activity, taking part in nearly 20% of all closed rounds. Although associated deal value can vary considerably, its concentration in late-stage rounds aligns with the typical investment rationale and economics of corporate venture players. The broader European venture scene has recorded a notable uptick in corporate VC activity over the past decade. Publicly traded corporations saw stock prices appreciate significantly even as technological disruption affects many highly traded, incumbent public companies. Armed with richer balance sheets and facing the imperative to stave off budding competition, some corporate players have turned to investing to gain exposure to new technologies, in what can be viewed as a blend of outsourced research and development and strategic positioning. Not all corporations are engaging in this activity, of course, given the financial capacity and size typically required; larger conglomerates or multinational corporations are often the players participating in these venture rounds. This trend aligns and often overlaps with another factor in Benelux's recent healthy venture activity: increased cross-border investment.

## VC deal activity with Europe-based investors (sans Benelux)



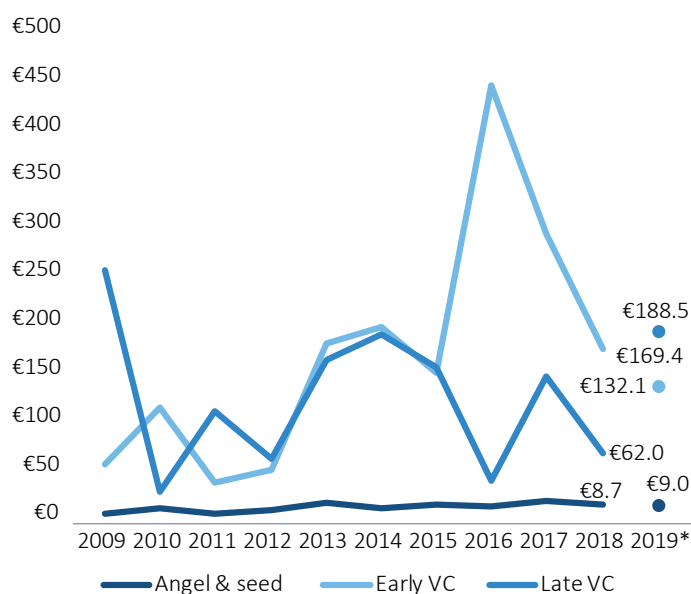
CVC and cross-border deals

## VC deals (#) with CVC participation by stage



Source: PitchBook | Geography: Benelux  
\*As of August 1, 2019

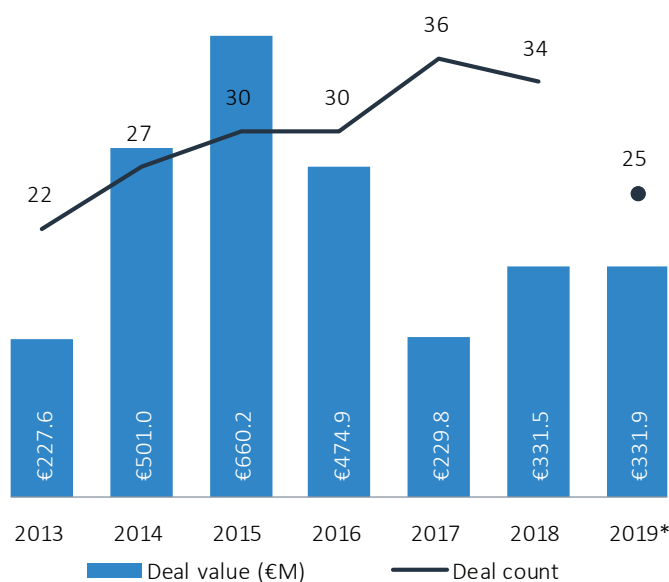
## VC deals (€M) with CVC participation by stage



Source: PitchBook | Geography: Benelux  
\*As of August 1, 2019

The bulk of current venture activity has been domestic (based in the Benelux region); however, in the past five and half years, there has been a surge in outside investors' interest—apart from a probable outlier in 2016—in both Europe and the US. Last year saw a peak of 33 transactions with Europe-based investors (sans domestic), a tally matched only in 2014. Although associated deal values are relatively lower than in the past, 2019 is on track to be one of the higher years on record for overall VC invested. Moreover, US investors may notch a new high in terms of participation, with 25 transactions amounting to €331.9 million by the start of August. More Silicon Valley and US East Coast-based VC firms are branching out both geographically and strategically as VC worldwide grows increasingly competitive. In addition, given the successes enjoyed by a handful of VCs over the past decade, as fund sizes and firms' resources have swelled, investing across oceans is now a popular option and may be more palatable overall given prices of nearly everything in the Bay Area. Benelux is benefiting from this increasing globalization of VC as much as other European hotbeds of entrepreneurial activity.

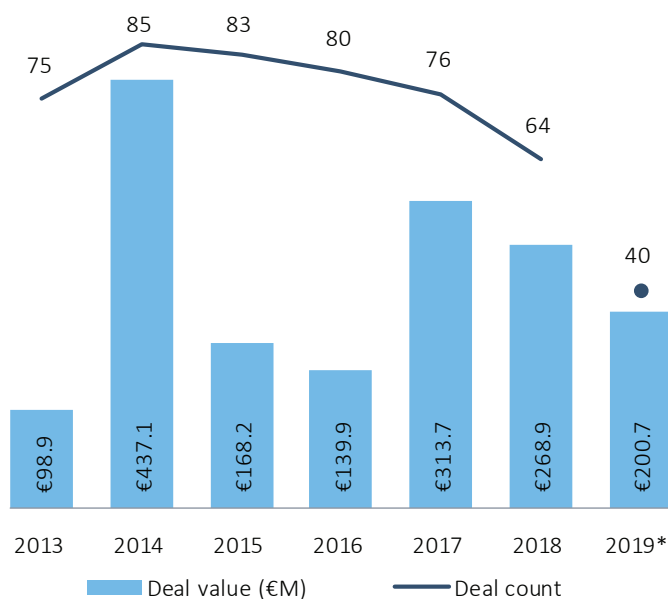
## VC deal activity with US investor participation



Source: PitchBook | Geography: Benelux  
\*As of August 1, 2019

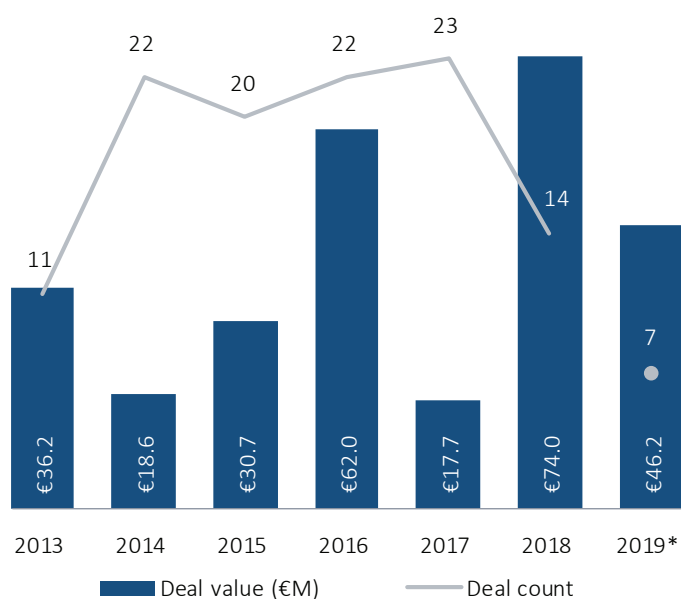
# Spotlight: Amsterdam and Brussels

## Amsterdam VC deal activity



Source: PitchBook | Geography: Amsterdam  
\*As of August 1, 2019

## Brussels VC deal activity



Source: PitchBook | Geography: Brussels  
\*As of August 1, 2019

After a slower year for volume, Amsterdam has seen venture investment rebound significantly in 1H 2019, already clocking 40 transactions completed for just over €200 million. That total stands out even more when compared to how much money has been flowing into the city from deals in the past three years: €783.2 million since 2017 began. As the epicenter of the Dutch entrepreneurial ecosystem, Amsterdam has enjoyed as much of a domestic push to be a thriving startup hub as other cities across Europe, but benefits from a strong extant tech scene with over 1,650 tech companies.<sup>2</sup> The lower cost of living and operating relative to other cities also helps—the euro’s relative weakness to the dollar is still boosting not just Amsterdam but multiple other domiciles.

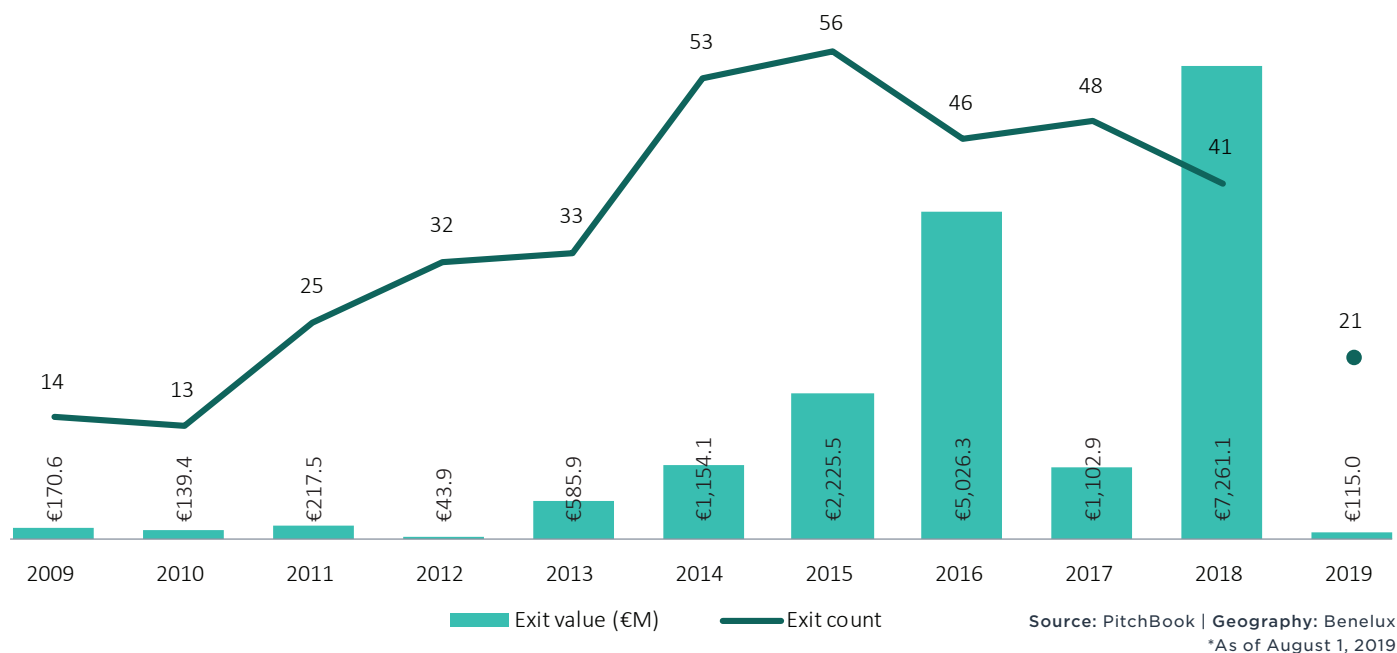
Brussels, one of the other more active cities within the Benelux region, is a different story. After peaking at 23 completed transactions in 2017, capping off an active four years of venture volume, 2019 has seen only seven completed VC deals for less than €50 million. It is likely that, similar to 2018, there aren’t many domestic venture funds overall. In addition, pricier rounds (due to the general overheated venture market worldwide) aren’t encouraging volume. With that said, in June, the Belgian Growth Fund—a fund-of-funds that will back funds active within the country—announced its first close on €213 million, with an eventual goal of €300 million to €400 million, in a promising sign for the supply of domestic capital.<sup>3</sup>

2: “Tech Industry in Amsterdam,” I Amsterdam, n.d.

3: “Belgian Growth Fund Starts Up with Initial Capital of €213 Million,” BNP Paribas Fortis, June 26, 2019

# Exits

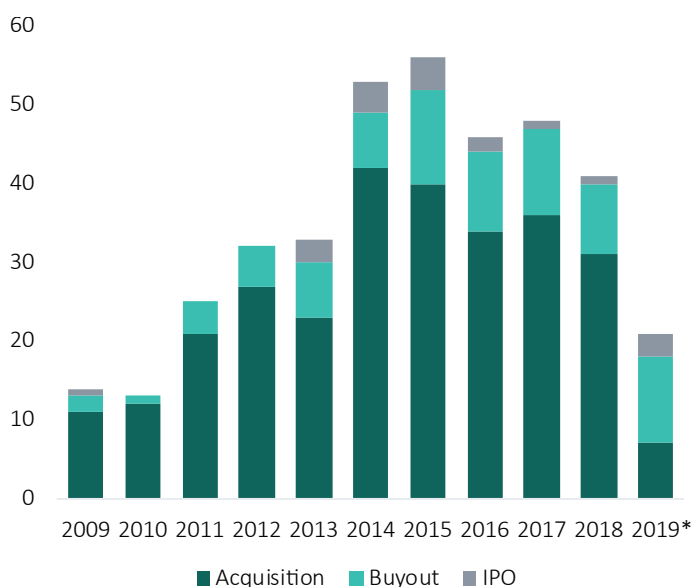
## VC exit activity



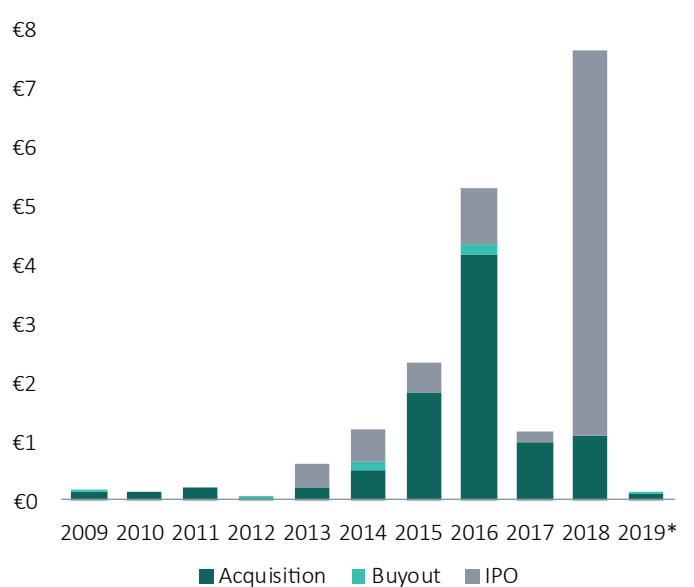
The recent upsurge in investment activity is further reinforced when analyzing exits for Benelux. Somewhat like 2016, skewed by the \$4 billion acquisition of Acerta Pharma by AstraZeneca (LSE: AZN), 2018 saw a slightly healthier distribution of exit value across multiple exits,

but still benefited from Adyen's (AMS: ADYEN) massive €7.1 billion IPO. However, even one company's significant success bodes well for the recycling of capital and talent. More importantly, the past five and a half years have recorded a healthy clip of exits relative to historical levels.

## VC exits (#) by type

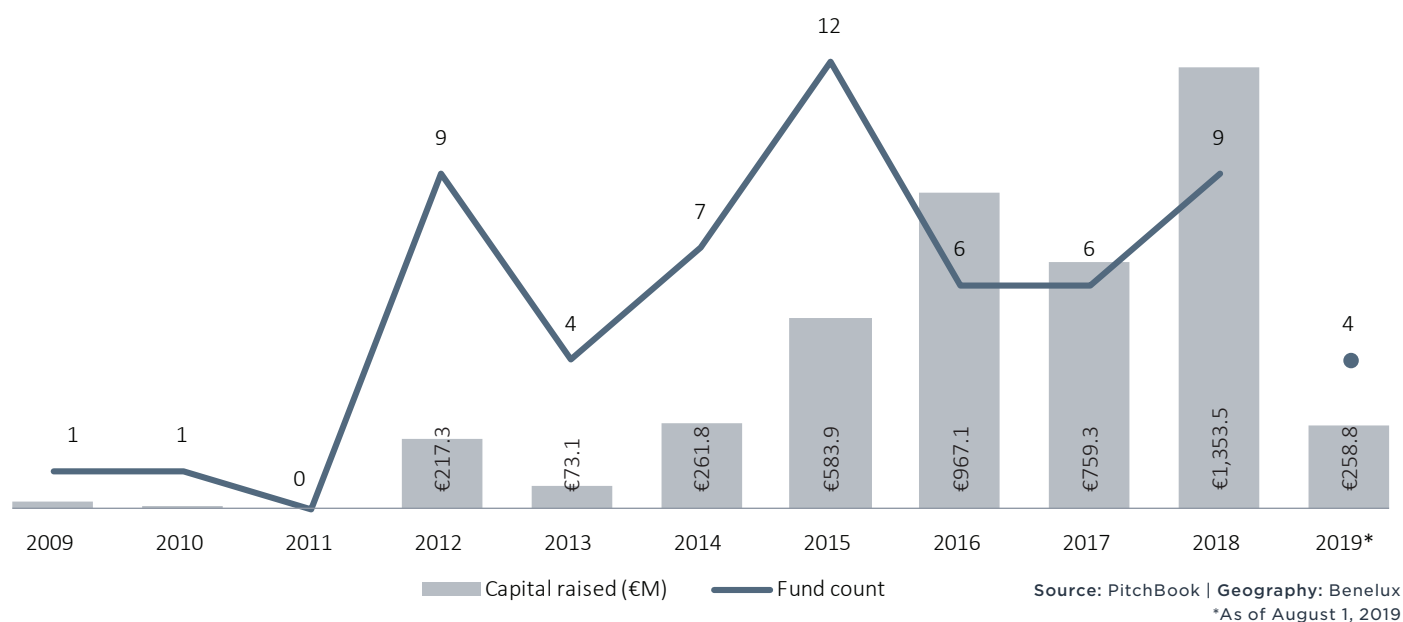


## VC exits (€B) by type



# Fundraising

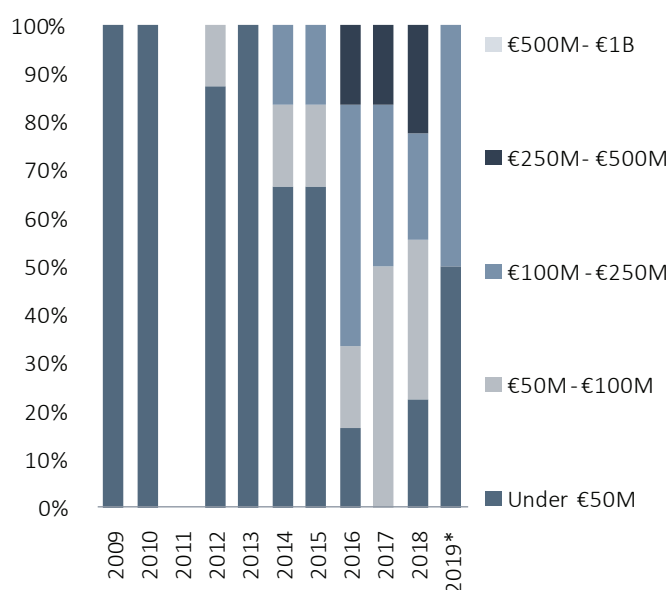
## VC fundraising activity



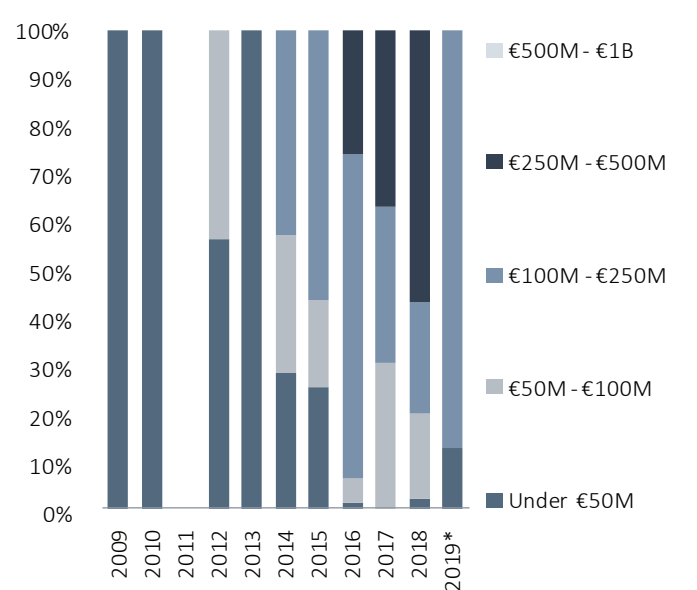
Amid the other promising signs for the Benelux venture ecosystem, the uptick in fundraising in 2018 and the sum of funds closed are some of the most significant for the region. The nine funds closed in 2018 were spread across

the size range of the fundraising market, allowing for the entire regional capital stack to gain a steadier supply. This partially explains the increase in dealmaking and illustrates a likeliness for this trend to continue.

## VC fundraising (#) by size

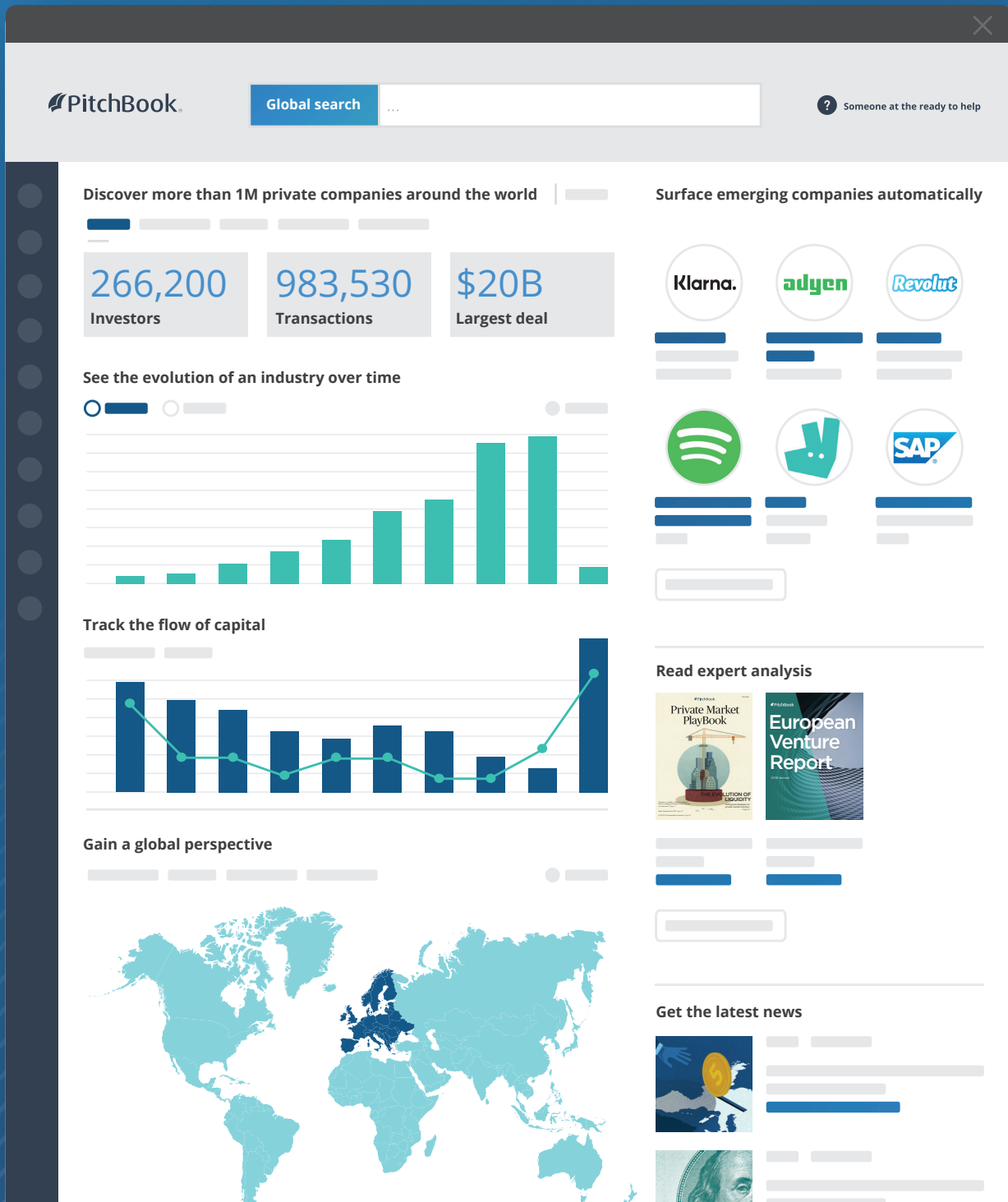


## VC fundraising (€M) by size



# The global venture capital ecosystem at your fingertips

PitchBook is a financial data provider that tracks every aspect of the global venture capital ecosystem, including companies, valuations, transactions, industry trends and investors.



The screenshot displays the PitchBook dashboard interface, which is organized into several key sections:

- Header:** Features the PitchBook logo, a "Global search" bar, and a help icon with the text "Someone at the ready to help".
- Discover more than 1M private companies around the world:** This section includes three prominent statistics:
  - 266,200 Investors**
  - 983,530 Transactions**
  - \$20B Largest deal**
- See the evolution of an industry over time:** A bar chart showing growth over time, with a legend indicating two data series (one in blue, one in grey).
- Track the flow of capital:** A combined bar and line chart illustrating capital flow trends.
- Gain a global perspective:** A world map highlighting various global regions.
- Surface emerging companies automatically:** A grid of company logos including Klarna, adyen, Revolut, Spotify, and SAP.
- Read expert analysis:** Two featured reports are shown: "Private Market PlayBook" and "European Venture Report".
- Get the latest news:** A section for news articles, featuring a Bitcoin graphic and a US dollar bill.