PitchBook

Q3 2024

EUROPEAN Venture Report

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Introduction

Deal value is pacing below last year. The 10 largest deals in Q3 spanned various verticals, and several were up rounds. Artificial intelligence (AI) was expectedly more prevalent among the deals. A female technology (femtech) startup, Flo Health, made the top five deals for the first time, becoming the first femtech unicorn in Europe. Vertical-specific data shows AI investment pacing above last year, alongside software as a service (SaaS) and life sciences, where oncology and healthtech funding has been prominent. Among the venture stages, venture growth showed resilience after its trailing performance last year. In this report, we also discuss regional trends and spotlight the UK, exploring macroeconomic and political implications for the country's private markets.

Venture debt continues to grow in Europe as high-growth companies look for cheaper financing. Venture debt has provided €13.2 billion of capital year to date (YTD), already at the full-year total for 2023. As noted in our recently published analyst note, venture debt has been popular with venture-growth players, which have been raising large amounts without needing to revisit their valuations. 10 of the venture debt deals over the past 10 years have been above €1 billion, dominated by cleantech and fintech players. However, such companies are still not immune to capital constraints and pressures. The most prolific venture debt user over the past few years has been Northvolt, which recently announced that it is cutting 20% of its workforce and suspending the expansion of its main factory.[1] It is evident that unicorns are still facing internal cost and cash pressures.

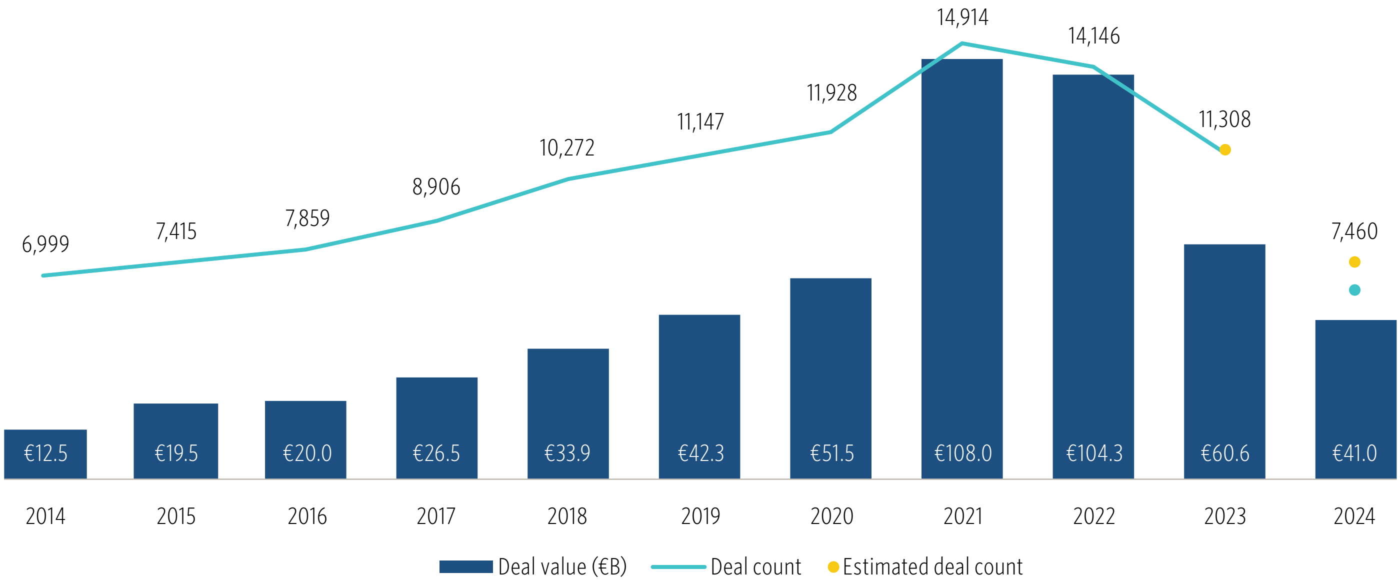
Recovery is finally in sight for exit markets. Exit value sits at €26.2 billion YTD, a significant year-over-year (YoY) step-up. Puig's initial public offering (IPO) exit of €12.7 billion still represents half of this total, resulting in Southern Europe gaining significant share of European exit value. However, other regions such as France & Benelux and the UK & Ireland are also pacing significantly above 2023 levels. Furthermore, excluding Puig from the total exit value and applying the run rate of activity to the rest of the year implies that exit value in 2024 will still increase 6.6% YoY, showing a wider recovery in Europe opposed to the more concentrated uptick seen previously. Acquisitions and buyouts continue to dominate the exit market, but there seems to be some recovery in listings, as their share of exit value (excluding the Puig exit) is now on par with that of buyouts.

Fundraising is resilient, in line with our outlook. Venture capital (VC) fundraising sits at €17.6 billion YTD, a run rate that implies 2024 will end 4.8% higher YoY. The largest closes have been dominated by the UK, with the top six vehicles headquartered in London. Half of these funds are over €1 billion. YTD, the median fund size in Europe has increased from the 2023 median. However, the average time to close and the time between funds continue to tick higher. London/the UK remains the major hub of general partner (GP) capital in Europe, with capital raised YTD eclipsing that of other European regions. However, unlike trends seen in the UK, European GP capital is still skewed to experienced firms despite more emerging firms in the ecosystem. As stated in our outlook earlier this year, we expect European fundraising to show resilience in 2024, at least matching last year's level. The YTD run rate evidences that this is taking place.

1: "Northvolt to Cut More Than 20% of Jobs in Battle for Survival," Financial Times, Richard Milne, 23 September 2024.

Deals

VC deal activity



Source: PitchBook • Geography: Europe • As of 30 September 2024

A milestone for femtech

YTD deal value comes in at €41 billion, a run rate that implies 2024 will pace 9.7% below last year. Positive sequential trends have somewhat slowed but could show more resilience through the end of the year as the macroeconomic data exhibits signs of recovery and disclosure improves. In Q3, the 10 largest deals spanned various verticals, and several were up rounds. AI was expectedly more prevalent; three of the top 10 deals were from AI firms. The largest deal was a €450 million round from AI player Helsing. This was followed by French gaming startup Voodoo with a €358 million deal and space tech company Isar Aerospace raising €259 million. A femtech startup, Flo Health, made the top five deals for the first time, raising €184.4 million in July. Alongside the round, the period-tracking app became the first femtech unicorn in Europe,[2] with a post-money valuation that we estimate to be €1.1 billion. Whilst Flo would not qualify as female founded due to its male management, this is a significant milestone for the femtech industry, where deal value and volume have lagged those of other sectors. Furthermore, female-focused startup Endomag, which develops technology for breast cancer surgery, made the top 10 exits in Q3. The firm was acquired by Hologic, a global leader in women's health, for €288.9 million. Whilst Endomag is not strictly femtech, this represents a sizeable exit for female-focused tech and the ability for such companies to progress to the other end of the VC funnel. Demand for such technologies is critical for investment and exit activity in the space.

2: "Flo Health Raises Over $200M, Becomes First Femtech Unicorn," Tech.eu, Cate Lawrence, 30 July 2024.

Top 10 VC deals by deal value in Q3 2024

Company	Close date	Deal value (€M)	Deal type	Verticals	Country
Helsing	July 11	€450.0	Late-stage VC	AI & machine learning (ML); technology, media & telecommunications (TMT)	Germany
Voodoo	July 17	€358.0	Venture growth	Gaming, mobile, TMT	France
Isar Aerospace	July 3	€259.0	Late-VC	Space tech	Germany
Form3	September 10	€198.6	Venture growth	Fintech, SaaS	UK
Flo Health	July 30	€184.4	Late-stage VC	AI & ML, digital health, femtech, mobile, SaaS	UK
EGYM	September 24	€180.2	Venture growth	Healthtech, LOHAS & wellness, mobile, TMT, wearables & quantified self	Germany
Alan	September 20	€173.0	Venture growth	Fintech, insurtech	France
Exohood Labs	September 17	€169.5	Early-stage VC	AI & ML, cryptocurrency/blockchain	UK
D-Orbit	September 27	€150.0	Venture growth	Cleantech, industrials, robotics & drones, space tech	Italy
CatalYm	July 16	€139.2	Venture growth	Life sciences, oncology	Germany

Source: PitchBook • Geography: Europe • As of 30 September 2024

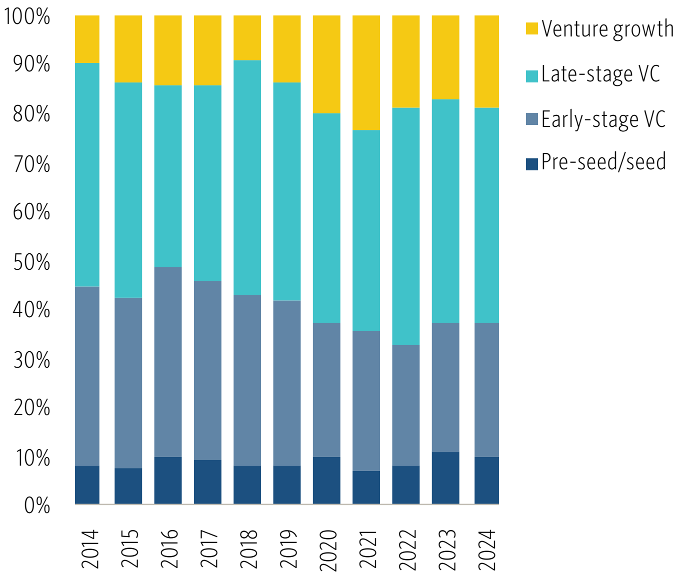
A recovery in venture growth

Over half of the top 10 deals in Q3 were from venture-growth players, as the stage has shown the most resilience through the year. The current run rate of venture-growth deal value, €7.6 billion, implies that activity will be broadly flat YoY, in contrast with the declines seen in other stages. The resilience shows continued recovery as conditions improve for more mature companies in an area of the market that lagged last year. On the other hand, pre-seed/seed deal value is pacing the most below last year, with the €4.1 billion run rate implying a 17.4% YoY decline.

AI continues to outgrow other verticals

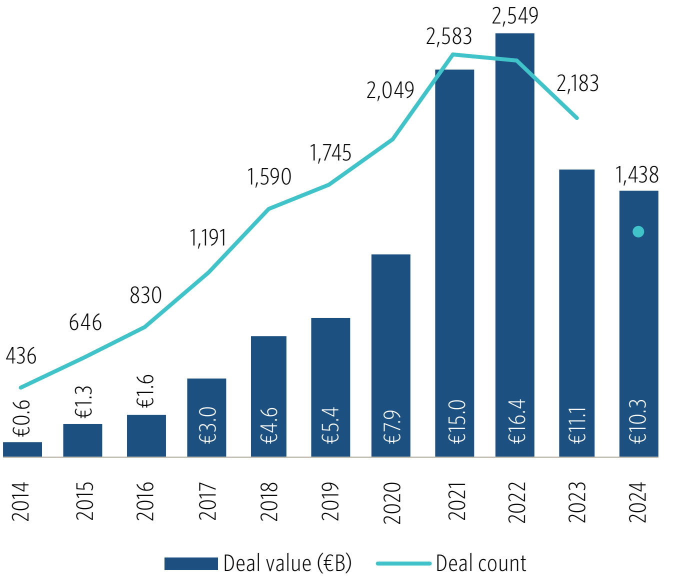
In Europe, €10.3 billion of investment has gone into AI YTD, pacing 24% above last year. Other verticals pacing above last year include SaaS and life sciences, with the latter at €5.6 billion YTD, a run rate that implies a 14.8% increase YoY. 13.6% of European deal value YTD sits in life sciences, where oncology and healthtech funding has been prominent. The sector remains structurally growing and noncyclical, which drives its resilience amid a tougher funding environment in venture markets. However, other verticals with the same structural drivers, such as cleantech and fintech, are not pacing in line with last year. Recovery in cleantech has remained muted YTD, sitting at €6.2 billion—a run rate that implies a 27.7% decline YoY. Cleantech had maintained its level of investment since the peaks of 2021, including the trough levels of 2023, as structural solutions alongside a favourable regulatory backdrop support investment in the sector. Cleantech is still among the top three verticals by YTD deal value, ahead of fintech and mobile. We believe the vertical should remain fairly resilient, especially with new government initiatives such as the National Wealth Fund in the UK. However, cleantech exits have lagged the wider market, which could weigh on investment in the sector as we are seeing increasing signs of GPs prioritising liquidity after more than a year of depressed exit markets.

Share of VC deal value by stage



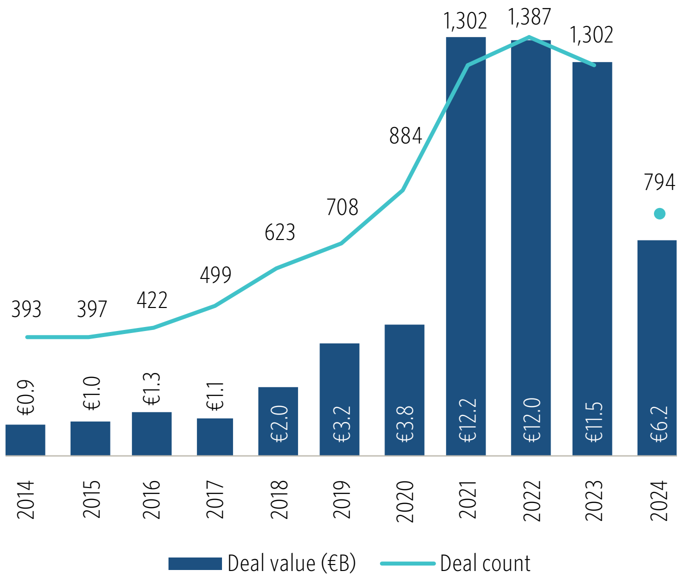
Source: PitchBook • Geography: Europe • As of 30 September 2024

AI & ML VC deal activity



Source: PitchBook • Geography: Europe • As of 30 September 2024

Cleantech VC deal activity



Source: PitchBook • Geography: Europe • As of 30 September 2024

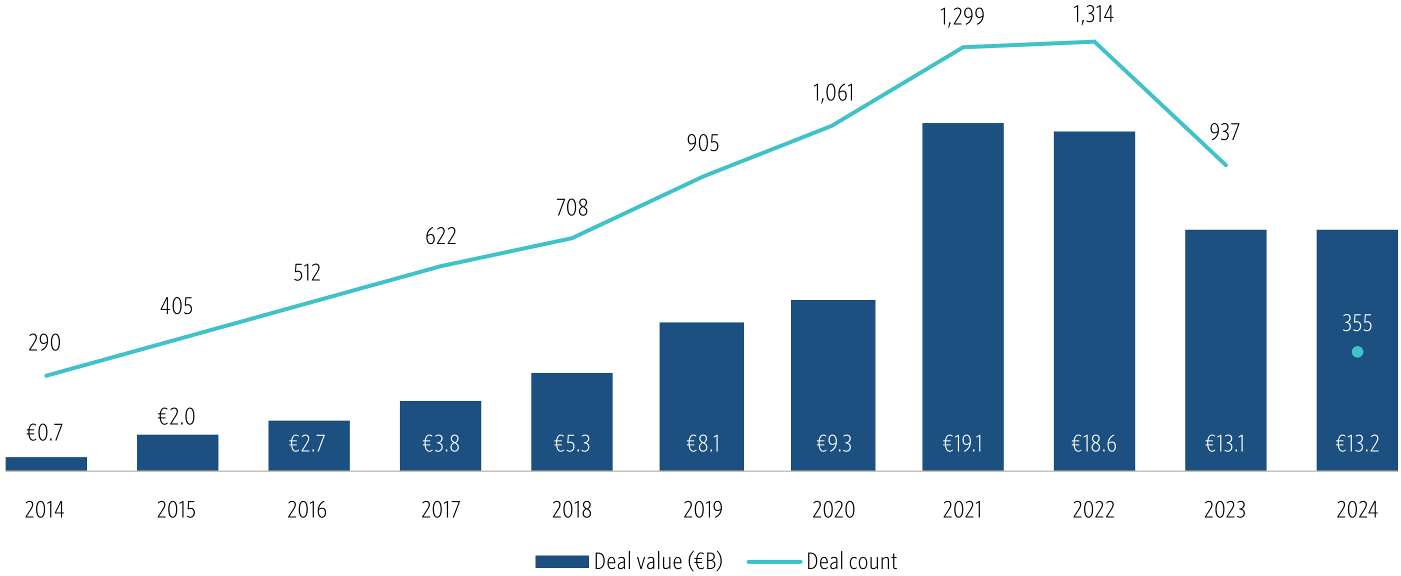
Top 20 verticals by VC deal value

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
SaaS	4	2	2	2	2	1	1	1	1	1	1
AI & ML	13	11	8	5	6	5	5	5	5	4	2
Cleantech	10	14	11	15	13	11	12	6	7	3	3
Fintech	6	6	5	4	5	4	3	3	2	5	4
Mobile	2	3	3	3	3	2	4	2	3	6	5
Life sciences	3	5	4	6	4	6	6	8	12	8	6
Climate tech	18	18	12	16	14	10	8	9	6	2	7
Manufacturing	8	10	7	10	11	12	11	15	8	7	8
TMT	1	1	1	1	1	3	2	4	4	9	9
Healthtech	15	13	14	12	8	8	7	10	10	11	10
LOHAS & wellness	16	17	16	13	16	15	14	16	9	10	11
Oncology	9	9	13	17	15	14	16	20	20	18	12
Big Data	17	16	15	9	10	13	9	13	11	13	13
Mobility tech	7	7	9	8	9	9	13	14	13	15	14
Crypto/blockchain	20	20	20	20	17	20	20	17	16	16	15
E-commerce	5	4	6	7	7	7	10	7	14	12	16
Industrials	11	8	10	11	12	18	15	18	17	14	17
Supply chain tech	14	15	19	18	18	16	18	11	15	19	18
Cybersecurity	19	19	17	19	19	19	17	19	18	17	19
Foodtech	12	12	18	14	20	17	19	12	19	20	20

Source: PitchBook • Geography: Europe • As of 30 September 2024
Note: Verticals are ordered by 2024 deal value.

Venture debt

Venture debt deal activity

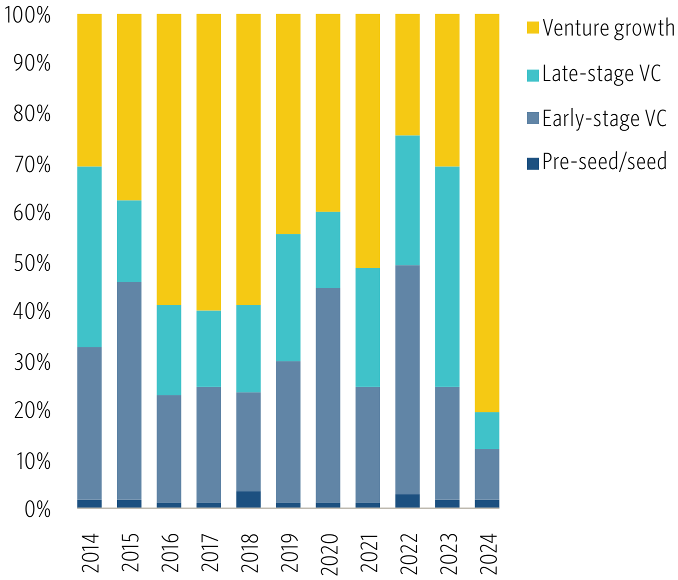


Source: PitchBook • Geography: Europe • As of 30 September 2024

Continued growth in venture debt, but risks emerge

We introduced venture debt data last quarter, noting the sharp uptick in deal activity.[3] With the cost of debt lower than the cost of equity, the venture debt asset class continues to grow in Europe as high-growth companies look for cheaper financing. Venture debt has provided €13.2 billion of capital across 355 deals YTD, already sitting at the full-year total for 2023. As noted in our recently published analyst note, venture debt has been popular with venture-growth players, which have been raising large amounts without needing to revisit their valuations. 10 of the venture debt deals over the past 10 years have been above €1 billion, dominated by cleantech and fintech players. However, such companies are still not immune to capital constraints and pressures. The most prolific venture debt user over the past few years has been Northvolt, amassing more than €7 billion of debt. However, the company recently announced that it is cutting 20% of its workforce and suspending the expansion of its main factory,[4] evidencing the internal cost and cash pressures that unicorns still face.

Share of venture debt deal value by stage



Source: PitchBook • Geography: Europe • As of 30 September 2024

3: We now exclude "project financing" and "capital spending" deal types from our venture debt data.
4: "Northvolt to Cut More Than 20% of Jobs in Battle for Survival," Financial Times, Richard Milne, 23 September 2024.

Top 10 venture debt deals by deal value (2014-2024)

Company	Close date	Deal value (€M)	Deal type	Industry	Country
Northvolt	January 16, 2024	€4,551.8	Debt refinancing	Business products & services (B2B)	Sweden
Biogroup (Levallois-Perret)	January 29, 2021	€2,500.0	Debt refinancing	Healthcare	France
Britishvolt	January 21, 2022	€2,028.3	Debt - general	Information technology (IT)	UK
SumUp	May 2, 2024	€1,500.0	Debt refinancing	IT	UK
Northvolt	July 27, 2020	€1,402.7	Debt - general	B2B	Sweden
Gen H	January 31, 2022	€1,148.1	Debt - general	Financial services	UK
Advanced Power	August 23, 2018	€1,126.5	Debt - general	Energy	Switzerland
Enpal	March 20, 2024	€1,100.0	Debt - general	Energy	Germany
Landbay	July 8, 2019	€1,100.0	Debt - general	IT	UK
Northvolt	August 22, 2023	€1,093.5	Late-stage VC	B2B	Sweden

Source: PitchBook • Geography: Europe • As of 30 September 2024

A wider issue for the venture debt asset class therefore emerges, as repayment and avoidance of default will be paramount. Northvolt's news also highlights challenges in the green transition in Europe, with the company having been a bellwether for private market investment into decarbonising technologies, such as the electric vehicle supply chain. Such players are critical to Europe developing self-sufficiency in the space to compete with lower-priced Chinese rivals. However, the landscape for green technologies continues to be a chicken-and-egg story where demand needs to be sufficient for an uptick but supply also needs to be sufficient for such demand. A delay in production caused key stakeholder BMW to cancel its contract with Northvolt in June this year.[5] Given that Northvolt was reportedly looking to publicly list just a year ago, the change in its narrative shows the volatility in the unicorn part of the market, which we expand on in our analyst note European Unicorns—Modelling Myth or Magic?

5: "Northvolt's €2bn deal With BMW Cancelled," Sifted, Freya Pratty and Mimi Billing, 20 June 2024.

A WORD FROM J.P. MORGAN

Our views on venture

Ginger Chambless
Head of Research, Commercial Banking

Ginger Chambless is a Managing Director and Head of Research for JPMorgan Chase Commercial Banking. In this role, she produces curated thought leadership content for commercial banking clients and internal teams. Her content focuses on economic and market insights, industry trends, and the capital markets.

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Europe has avoided a recession this year, and there is cautious optimism for an economic soft landing.

Most macroeconomic indicators across Europe suggest activity levels that are modestly better than expected. Even though recessionary conditions have not developed, momentum has not necessarily been regained, leaving the preservation of a soft landing uncertain. The region has navigated several political developments and spells of market volatility. Regionally, the underperformance of Europe's largest economy—Germany—stands out as higher interest rates and shifting global trade flows have weighed on its manufacturing sector.

The easing cycle is underway, providing some optimism around the outlook. Following the European Central Bank's (ECB's) quarter-point cut to policy rates in June, and the Bank of England's (BOE's) cut of 25 basis points in August, the long-awaited easing cycle officially started in the US as well with a decisive cut of 50 basis points in September. Even though inflation could remain above target into next year, central banks in developed markets are dialing back the restrictiveness of monetary policy. Looking ahead, we expect both the ECB and BOE to end the year 25 basis points below current levels with policy rates of 3.50% and 4.75%, respectively. We think the US Federal Reserve could move at an orderly pace to bring rates to a neutral, nonrestrictive stance. We will watch for another 50 to 75 basis points of cuts before year-end and a Federal Funds target rate around 3% by mid-2025.

In addition to putting less restraint on the demand side of the economy, sustained lower interest rates should benefit company valuations, with high-growth profiles receiving the most lift. There is some early evidence of this playing out across the US and Europe's public equity markets, with smaller caps outperforming large caps by over 550 basis points since July. Given expected lag between public and private markets of nine months to 12 months, lower interest rates could filter through the venture capital ecosystem over the course of 2025.

There are signs of recovery across Europe's venture ecosystem, while some challenges linger.

Across early-stage startups, deal activity has been stable to improving, and there is less pressure on valuations. Valuation overhangs generally remain a headwind for later-stage companies that previously raised rounds in 2021-2022. While hype around the AI sector has been less pronounced in Europe than in the US, it has been an important theme, and we have seen a number of regional winners emerge across Europe.

Where deals are successful, there is a clear focus on product, ability to prove scalability, and the creation of intellectual property. With those attributes, raising outside capital becomes an easier lift, but founders must also think strategically about which investors are the best fit over the long run. This decision is often based on the founder's strategy, such as preparing to go to market or preparing to build the technology further.

Some situations have been complicated by having multiple investors with varying portfolio mixes and board seat involvement.

Despite some public market turbulence, private capital markets have been resilient.

It has been an eventful year, with an evolving economic outlook and elevated geopolitical tensions. Public markets have experienced a few bouts of volatility driven by technical market factors and investor positioning, like the yen carry trade, more so than fundamentals. Despite some noise, global private capital markets activity has been robust, with volumes up roughly 30% YTD compared with the same period in 2023.

According to Udit Mohta, executive director in J.P. Morgan's EMEA Private Capital Markets group, Europe has seen an increasing number of growth companies evaluating primary and secondary transactions, with many others starting preparation for a 2025 capital raise. Within technology, sectors such as software, consumer, and fintech have been increasingly active. While there is the usual focus on primary activity in high-growth companies, secondary transactions that provide liquidity to early investors and monetization to financial sponsors for more mature businesses have become more prominent with the quiet IPO market. Beyond tech, valuation expectations continue to normalize in sectors such as healthcare and energy transition.

It is important for founders to fully appreciate the tradeoffs between valuation and structure when raising late-stage capital. In the current market, investors remain highly selective, and we are seeing increased levels of both down rounds and structured rounds as investors seek stronger protections and returns in exchange for their participation. One example is that transactions with a liquidation preference multiplier greater than 1x have reached a multiyear high. Liquidation preferences determine the payout order and amount investors receive in a liquidation event, such as an exit, sale, or bankruptcy. In the case where preferred shares do not convert to common shares upon exit, the liquidation preference multiplier stipulates how much the fund's initial investment will pay out ahead of common shareholders, such as founders or employees.

A 1x liquidation preference is considered typical in venture. In the case of a 1x liquidation preference, a fund is entitled to the amount equal to its initial investment before the remaining exit value is distributed to common shareholders. Liquidation preferences greater than 1x entitle investors to a multiple of their initial investment, ahead of common shareholders.

Further recovery in US IPO markets in 2025 may set the tone for global venture-backed capital markets activity.

According to Matt Gehl, head of EMEA technology investment banking, many European tech startups view the US market as strategic, and if an IPO is a realistic exit path, they will seek to list in the US. Driving this dynamic is the significant depth of US capital markets, including a broad investor base that international companies can benefit from. Greater liquidity often leads to lower trading costs and better valuations.

However, founders should appreciate that it is not as simple as cultivating a business presence in the US. Startups will be well served to distinguish themselves from a size and growth perspective, as well as demonstrate a differentiated business model to attract focus and support from US investors. From a scale perspective, Gehl adds that European companies listing in the US may need to have at least a valuation of $5 billion to $10 billion to start the process, at least in the early stages of this next IPO cycle.

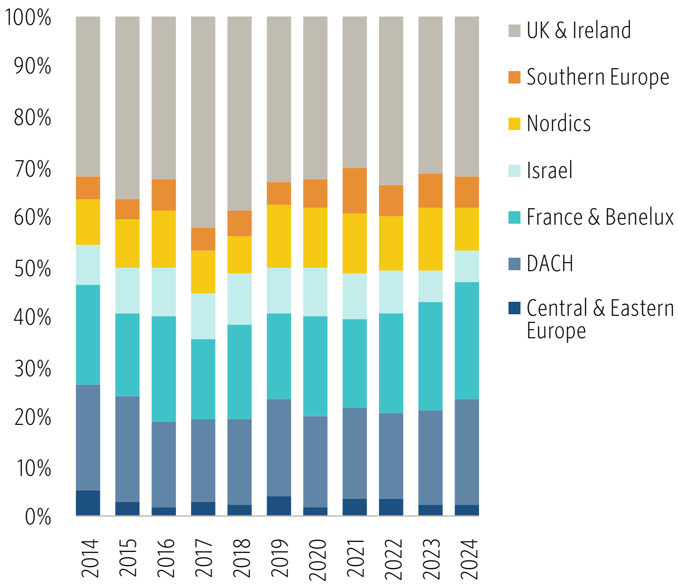
The timing of an IPO, regardless of listing domicile, is also key. That is why preparing well in advance of a market window will improve opportunities for success. Along these lines, there has been elevated dialogue around the composition of cap tables. This includes evaluating potential opportunities to provide capital to early investors through a pre-IPO round. This can help alleviate some of the timing pressure on an IPO while also bringing in new investors for the pre-IPO round who can also then invest in the IPO.

With regards to trends in M&A in the startup ecosystem, overall activity levels remain subdued but are ramping. While strategics have been sidelined due to a disconnect on buyer-versus-seller value expectation, we are starting to see an increase in strategic interest in many transactions. Private equity M&A activity remains elevated and is expected to remain so going forward. Some corporates are doing larger deeptech rounds, an indication that they might look to acquire those companies down the road. Surrounding early-stage transactions, there is increased dialogue about mergers, which can increase scale and improve attractiveness to potential buyers and/or provide a faster path to an M&A exit.

SPOTLIGHT

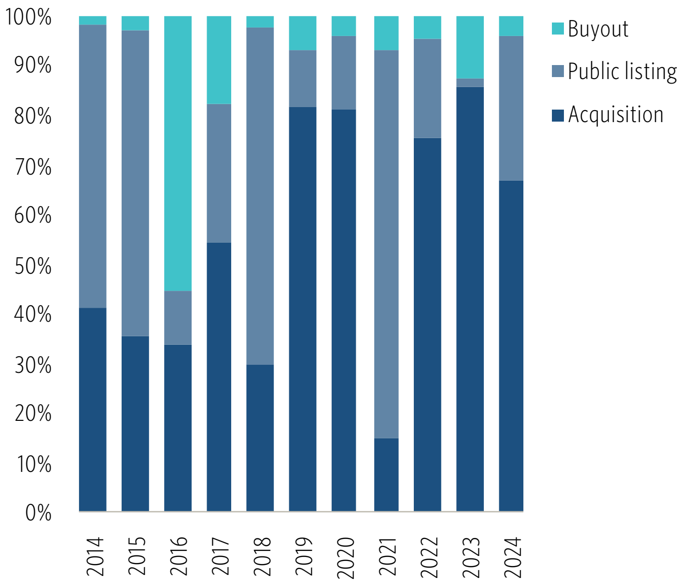
UK market update

Share of VC deal value by region



Source: PitchBook • Geography: Europe • As of 30 September 2024

Share of VC exit value by type



Source: PitchBook • Geography: UK & Ireland • As of 30 September 2024

Note: This section is abridged from our 2024 UK Private Capital Breakdown and Q2 2024 UK Market Snapshot.

A year of change in the UK

Macroeconomics and politics have taken centre stage in UK private markets this year. The first half of 2024 included the introduction of a new government regime. This brought with it several implications for private markets, such as potential changes to the capital gains tax, the removal of previously outlined AI funding, and the launch of a £7.3 billion investment in clean technologies via a new National Wealth Fund. More clarity is anticipated in the budget at the end of October, but the new regime's impact on the economy and private assets will be evident only in the longer term. Nevertheless, UK macroeconomic data points indicated a more constructive picture in Q2, with gross domestic product continuing to grow quarter over quarter and inflation at the Bank of England's 2% target. Since then, the central bank made its first rate cut, and despite its decision to hold rates in September, "the path down" should continue to be supportive of valuations over the next few months.

Economic recovery seems to be impacting private market activity in the region, with both VC and private equity deal value in H1 2024 pacing above deal value in H1 2023. Venture deal activity in the UK & Ireland has plateaued since then, with YTD deal value pacing 8.8% below last year. Other regions are showing more resilience, as seen with DACH (Germany, Austria, and Switzerland) pacing 4.3% above last year and France & Benelux pacing 4.7% lower. On an industry level, recovery in UK venture is being driven by large deals in AI and fintech. Historically, the UK has been a notable fintech hub, and industry bellwethers Revolut and Monzo recently saw increased implied valuations. AI saw £1.8 billion of investment across 282 deals in H1 2024. The UK is the largest hub for AI companies in Europe, ahead of France.

Exits are more muted in the region

VC exit activity in the UK declined more than it did in greater Europe but is still showing signs of recovery. UK listings continued to lag, although improvement is evident there as well. €1.7 billion of public listing value has been

Private market activity heatmap (2014-2024)

	VC deal value (£B)	VC deal count	VC exit value (£B)	PE deal value (£B)	PE deal count	PE exit value (£B)	PE and VC capital raised (£B)	Median VC valuation (£M)	VC first-time financing count
London	£92.8	16,866	£58.4	£284.2	3,579	£224.7	£115.3	£10.4	4,695
Cambridge	£7.0	1,079	£5.3	£26.3	99	£38.6	£1.2	£11.2	192
Manchester	£1.6	619	£0.4	£7.0	315	£6.1	£0.9	£5.5	142
Edinburgh	£1.4	787	£1.4	£6.2	145	£5.7	£0.3	£4.7	135
Bristol	£2.3	499	£1.4	£3.1	216	£3.0	£0.3	£7.5	95
Oxford	£4.5	504	£7.3	£2.3	64	£2.8	£1.5	£15.1	60
Glasgow	£0.8	378	£0.1	£2.7	173	£1.1	£0.3	£4.2	89
Birmingham	£0.3	276	£0.0	£11.8	199	£10.4	£0.2	£3.7	62
Leeds	£0.5	238	£0.1	£13.2	235	£8.0	£0.0	£5.6	69
Cardiff	£0.8	265	£0.1	£0.6	110	£0.5	£0.0	£5.3	64
Belfast	£0.6	291	£0.1	£0.3	68	£0.1	£0.1	£2.6	58
Reading	£0.5	191	£0.2	£3.2	128	£2.5	£0.0	£6.5	34
Nottingham	£0.4	151	£0.1	£2.3	153	£4.4	£0.0	£5.0	30
Sheffield	£0.4	189	£0.1	£0.8	104	£2.5	£0.3	£4.9	45
Liverpool	£0.2	193	£0.1	£1.3	94	£0.5	£0.0	£2.8	79

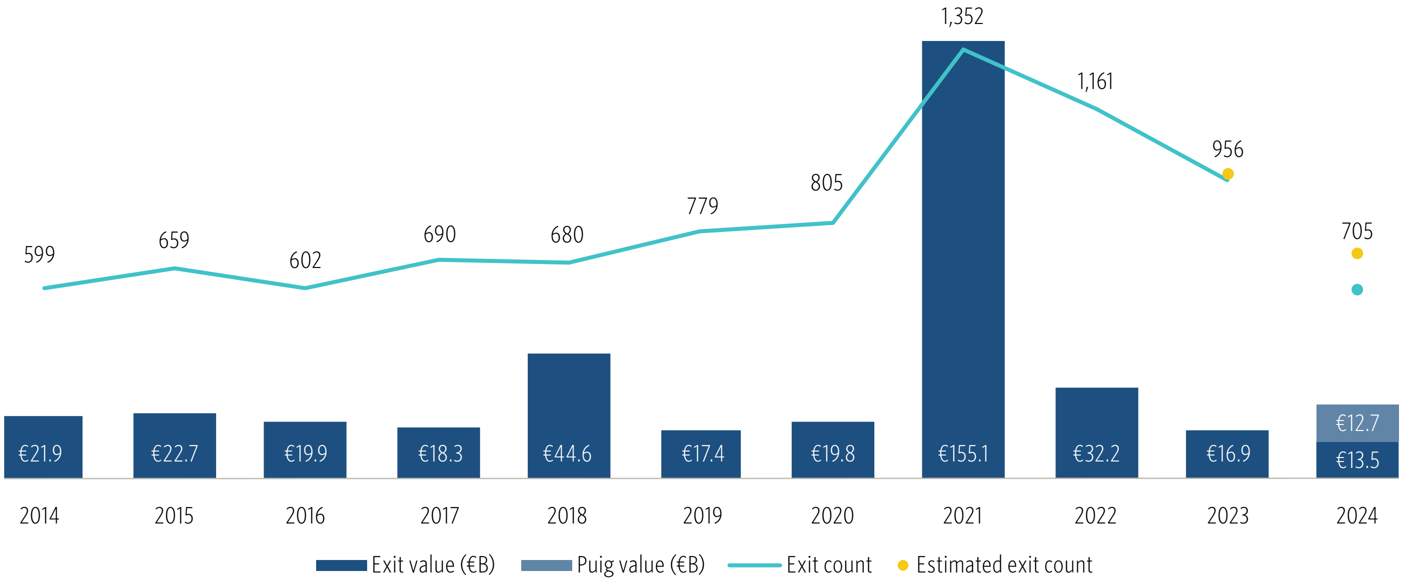
Source: PitchBook • Geography: UK • As of 30 June 2024
Note: Cities are ranked by total VC and PE deal count.

generated YTD, a significant YoY step-up. However, this value is from UK-headquartered companies, not listings on the London Stock Exchange, which continues to struggle. Markedly discounted public companies are causing a surge in take-private activity on the London Stock Exchange this year. Listings concerns are trying to be addressed, with the Financial Conduct Authority finalising its listings reforms on 11 July. However, we are sceptical about the impact of these reforms, with tech firms continuing to list in the US, as seen with UK-based Rezolve AI listing on the Nasdaq in Q3.

We are encouraged by continued signs of growth in other UK cities. Manchester is now the third-highest city by private activity volume over the past 10 years, overtaking Edinburgh in Q2. Birmingham also overtook Leeds, with both sitting in the middle of the pack. Oxford remains the city with the highest median valuation at £15.1 million compared with £10.4 million for London, which sits behind Cambridge.

Exits

VC exit activity



Source: PitchBook • Geography: Europe • As of 30 September 2024

Recovery finally in sight

For venture exit markets, the days have been darkest before the dawn. This area of the ecosystem has lagged, weighing on liquidity in the industry. In H1, we noted that exits were happening but at distressed valuations, with the IPO of Puig buoying what seemed like a recovery. In Q3, valuations seemed to be recovering, and more exits—outside of a couple of anomalously large transactions—seemed to be occurring. This is a significant change in tone in venture markets as we approach the end of 2024 and provides a much-needed silver lining to activity that impacts the future of fundraising and investment in the ecosystem. Exit value sits at €26.2 billion YTD, a significant YoY step-up. Puig's IPO exit of €12.7 billion still represents half of this, resulting in Southern Europe gaining significant share of European exit value. However, other regions such as France & Benelux and the UK & Ireland are also pacing significantly above 2023 levels. Furthermore, excluding Puig from the total exit value and applying the current run rate of activity to the rest of the year implies that exit value in 2024 will still increase 6.6% YoY, showing a wider recovery in Europe opposed to the more concentrated uptick seen previously.

On a quarterly basis, Q3 has shown resilience with €9.1 billion in exit value. The largest exits in the quarter were the acquisition of EyeBio for €2.8 billion by Merck, the reverse merger of Rezolve AI for €1.6 billion, and the acquisition of Amolyt Pharma for €968.3 million by AstraZeneca. Both acquisitions are prime examples of bolt-on strategies where larger corporations acquire new, higher-growth players to expand their portfolios. Outside of the three largest exits, several exits larger than €100 million occurred, with a couple of public listings also making the top 20. Exit sizes had been much smaller throughout the year, with a limited listings presence. Outside of SaaS, healthcare was the dominant sector in the top 20 exits, further evidencing the demand and resilience of a more defensive industry. This is synonymous with the specific trends in life sciences noted previously in the "Deals" section. Among the verticals, life sciences exit value sits at €5.6 billion YTD, a run rate that puts 2024 on pace to double 2023 levels. Other verticals with implied YoY growth in exit value include AI & ML with €2.7 billion, already nearly double last year's exit value, and fintech with €2.1 billion, which implies a 15.6% increase YoY.

Top 10 VC exits by exit value in Q3 2024

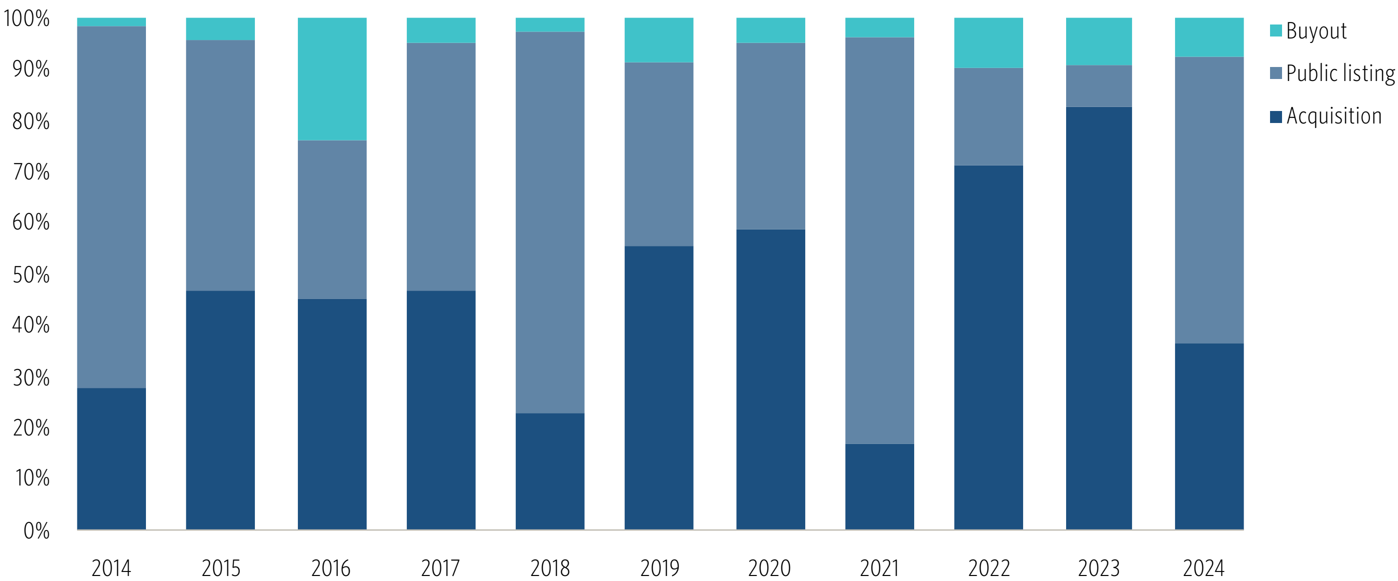
Company	Close date	Exit value (€M)	Exit type	Vertical(s)
EyeBio	July 12	€2,776.6	Acquisition	Life sciences
Rezolve AI	August 15	€1,661.3	Public listing	AI & ML, fintech, mobile, mobile commerce, SaaS
Amolyt Pharma	July 15	€968.3	Acquisition	Healthtech, life sciences, oncology
WeTransfer	July 31	€700.0	Buyout	SaaS
BioCatch	August 29	€670.5	Buyout	Cybersecurity, SaaS
Landvault	July 9	€418.7	Acquisition	Augmented reality, real estate tech, SaaS, virtual reality
Innovalve	July 11	€302.4	Acquisition	Healthtech
Endomag	July 24	€288.9	Acquisition	Life sciences, oncology
Preligens	September 2	€220.0	Acquisition	AI & ML, Big Data, industrials, SaaS, TMT
Cobee	September 26	€173.4	Acquisition	Fintech

Source: PitchBook • Geography: Europe • As of 30 September 2024

Listings' share of exit value now on par with buyouts' share

Acquisitions and buyouts continue to dominate the exit market, but there seems to be some recovery in listings. Including the Puig IPO, public listings have represented 3.7% of exit count YTD and 55.9% of exit value, with both shares increasing YoY. Even excluding the Puig IPO, the share of exit value was 14.4%, a similar level to that of buyouts and a significant increase from 8.3% in 2023. Whilst the share of volume increased, it remains significantly below historical levels, which have sat close to 10% on average. Therefore, fewer listings are taking place, but the ones that are, are doing so at higher valuations. The recovery in Q3 aligns with our view earlier this year that most of 2024 will appear to be an IPO vent, with more favourable macroeconomics in the second half of the year setting the stage for a warming of IPOs and a window next year. In the meantime, strategies to alleviate liquidity concerns, such as secondaries, continue to gain momentum in both the US and Europe, with the asset class gaining share of fundraising through 2024.

Share of VC exit value by type



Source: PitchBook • Geography: Europe • As of 30 September 2024

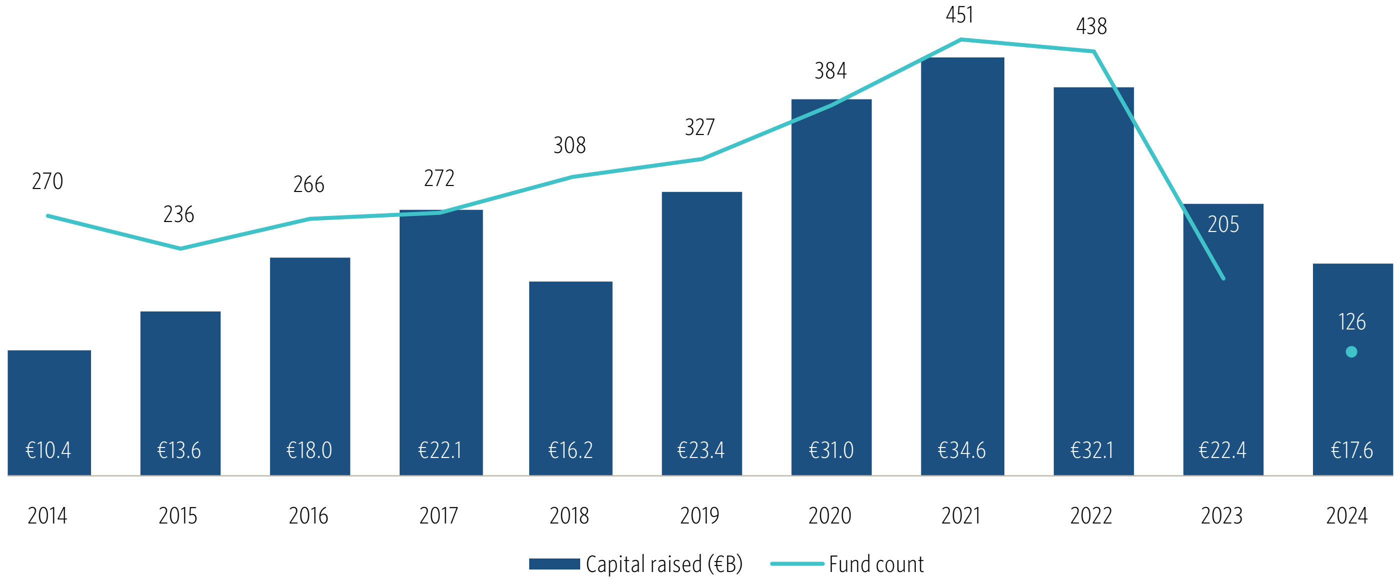
Top 20 verticals by VC exit value

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Beauty	19	18	17	18	20	19	10	20	19	17	1
Life sciences	3	2	2	5	7	1	1	5	3	2	2
SaaS	4	3	7	9	6	7	9	2	6	1	3
AI & ML	9	14	4	15	13	5	12	13	7	5	4
Mobile	6	7	13	1	4	6	4	6	2	11	5
Fintech	12	10	15	14	3	13	14	8	8	3	6
Oncology	5	4	3	11	10	3	3	17	17	8	7
Mobile commerce	16	20	16	18	9	18	17	12	11	18	8
Big Data	10	12	5	16	8	14	16	15	12	6	9
TMT	2	1	1	2	1	2	2	1	1	4	10
Cleantech	8	9	14	13	15	8	11	10	16	10	11
Industrials	11	8	10	12	11	11	7	9	18	16	12
Climate tech	17	17	17	18	17	9	13	11	15	14	13
Mobility tech	14	19	11	4	14	12	8	4	14	13	14
Supply chain tech	15	15	8	8	16	16	15	19	4	15	15
Manufacturing	7	6	6	10	12	4	5	7	9	7	16
Foodtech	13	13	12	6	19	15	18	14	5	12	17
E-commerce	1	5	9	3	5	10	6	3	13	9	18
Audiotech	18	16	17	17	2	19	20	18	20	18	19
Restaurant tech	19	11	17	6	18	17	19	16	10	18	20

Source: PitchBook • Geography: Europe • As of 30 September 2024
Note: Verticals are sorted by 2024 exit value.

Fundraising

VC fundraising activity



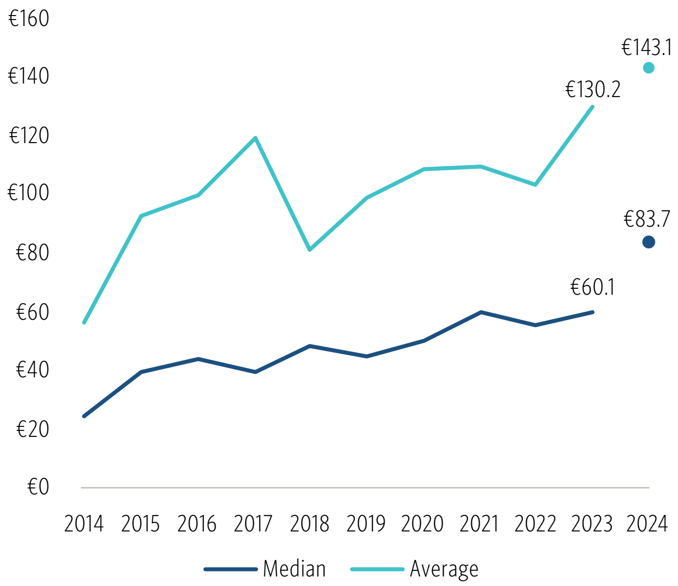
Source: PitchBook • Geography: Europe • As of 30 September 2024

Fundraising resilient, in line with outlook

VC fundraising sits at €17.6 billion YTD, a run rate that implies 2024 will end 4.8% higher YoY. The largest closes have been dominated by the UK, with the top six vehicles headquartered in London. Half of these funds are over €1 billion, evidencing a higher prevalence of megafunds in venture, where vehicles tend to be much smaller. Several of the top 20 closes YTD occurred in Q3, including Index Ventures Growth VII in July at €1.4 billion, Atomico VI at €1.1 billion (also a late-stage fund), and Index Ventures XII at €744.4 million. Of the venture stages, early-stage vehicles were the most prevalent among the largest closes this year.

The median fund size in Europe has increased to €83.7 million YTD, compared with €60.1 million in 2023. However, the median time to close and the time between funds continue to tick higher to 20.7 months (22.9% higher than in 2023) and 3.2 years (14.6% higher YoY), respectively. Conditions therefore continue to be tough as venture returns recover but still lag other asset classes. However, as exit markets continue to improve and secondary strategies emerge, allocations to venture show signs of an uptick. The ratio of capital invested to capital raised has decreased as fundraising growth has outpaced growth in deal activity. The ratio sits at 2.3x YTD, down from 2.7x in 2023 and closer to its historical average of 2x.

Median and average VC fund value (€M)



Source: PitchBook • Geography: Europe • As of 30 September 2024

Top 10 closed VC funds by fund value YTD

Fund	Close date	Fund value (€M)	Fund type	City	Country
Index Ventures Growth VII	July 10	€1,395.7	Late-stage VC	London	UK
Atomico VI	September 25	€1,117.1	Late-stage VC	London	UK
Evolution Technology Fund III	April 16	€1,018.1	VC	London	UK
Index Ventures XII	July 10	€744.4	Early-stage VC	London	UK
Accel London VIII	May 14	€625.2	Early-stage VC	London	UK
Balderton Capital Early Stage Fund IX	August 12	€564.9	Early-stage VC	London	UK
Innovation Industries Fund III	May 15	€500.0	Early-stage VC	Amsterdam	Netherlands
Creandum VII	June 3	€500.0	VC	Stockholm	Sweden
National Seed Fund 3	February 29	€400.0	Early-stage VC	Paris	France
Partech Venture Fund	January 9	€360.0	Early-stage VC	Paris	France

Source: PitchBook • Geography: Europe • As of 30 September 2024

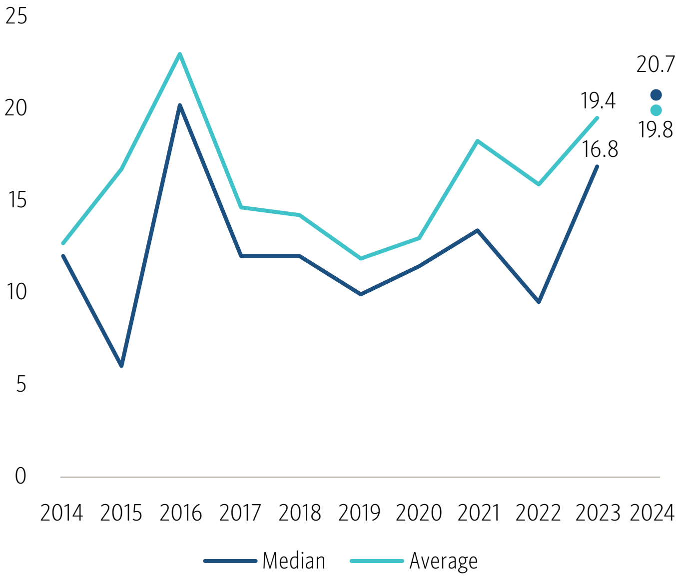
London/the UK remains the major hub of GP capital in Europe, with capital raised in the UK & Ireland at €7.4 billion YTD. This eclipses the capital raised in other European regions; it is more than double the next-highest region, France & Benelux, and represents 41.8% of European capital raised. This run rate implies that UK & Ireland fundraising will end 25% above last year. Other regions that are also tracking higher YoY include the Nordics, Southern Europe, and Central & Eastern Europe.

Experienced firms continue to gain share of LP capital

Unlike trends seen in the UK, European GP capital is still skewed toward experienced firms despite more emerging firms in the ecosystem. 64.8% of capital raised YTD has come from experienced managers; however, 66.7% of funds in Europe were from emerging firms. Clearly, there is a correlation between fund size and experience, with the emergence of larger vehicles meaning more capital goes to experienced managers. First-time VC funds are therefore showing less resilience, with €1.8 billion of capital going into such funds YTD, a run rate that puts the funds on pace to fall 30.8% below their 2023 total. This occurred over 40 first-time vehicles, showing more resilience compared with 57 first-time funds in 2023.

As stated in our outlook earlier this year, we expected European fundraising to show resilience in 2024, at least matching last year's level. The YTD run rate evidences that this is already taking place. Furthermore, looking at the top 20 open vehicles, there is at least €13.2 billion of potential closed capital in the ecosystem, which would further boost totals through the end of the year if these vehicles were to close. Given trough valuations in 2023, we expect returns and improved exit markets to be supportive for fundraising in the asset class.

Median and average time (months) to close a VC fund



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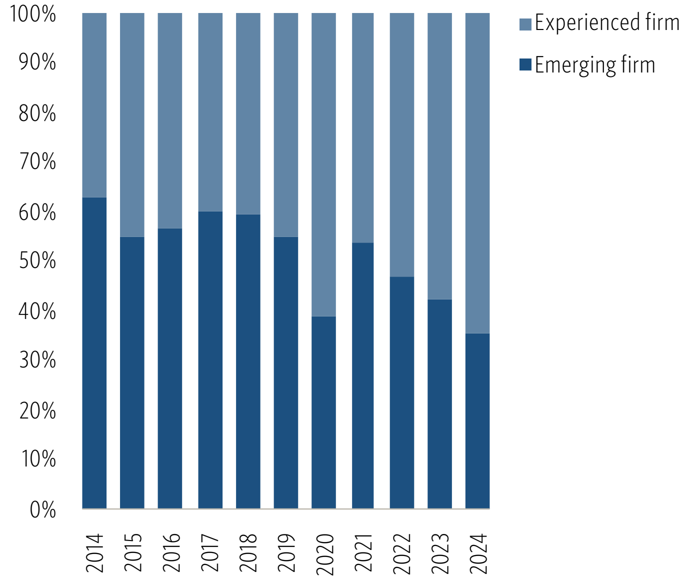
Share of VC capital raised by manager type



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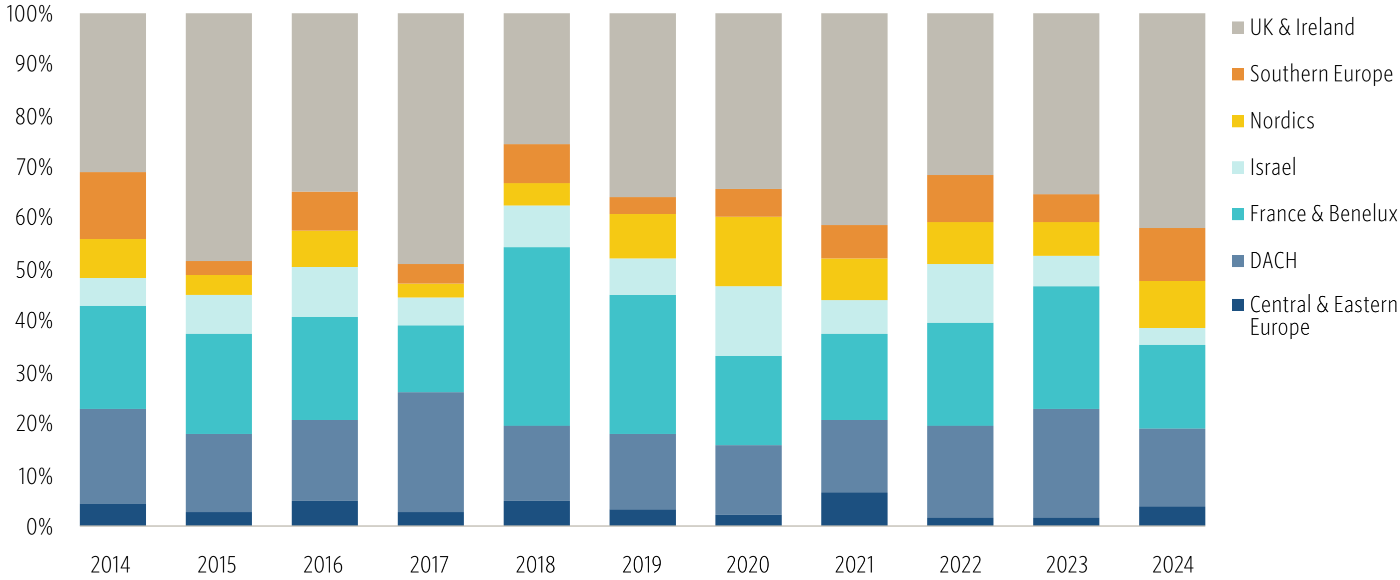
Share of VC capital raised by region



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Additional research

Private markets

Q4 2024 Analyst Note: European Unicorns—Modelling Myth or Magic?

Download the report here

2024 European Private Capital Outlook: Midyear Update

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Q2 2024 UK Market Snapshot

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2024 UK Private Capital Breakdown

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Q2 2024 France Market Snapshot

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Q3 2023 Global Fund Performance Report (with preliminary Q4 2023 data)

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