

The road to IPO and beyond

Private and public growth companies in DACH

January 2021

Key takeaways



The DACH's tech ecosystem is worth a combined €264 billion, half publicly listed.

This includes only startups & scaleups founded since 2000, and has seen combined value grow 4.4x since 2015. Valuations on public markets have grown by 7.5x. This includes not only large caps like Delivery Hero but also publicly listed SMEs.



DACH is home to promising exit potential (IPO and M&A), both tech unicorns and SMEs.

Positive snowball effects are building in DACH's maturing tech ecosystem. A larger than ever new cohort of rising stars is emerging, run by more experienced operators, backed by more experienced VC firms, with access to more sophisticated capital markets.



European public markets offer deep pools of liquidity, largely untapped potential.

There is still largely untapped potential in public markets. This route has become much more accessible to tech companies, and not just unicorns. The historically siloed private and public markets are starting to converge.

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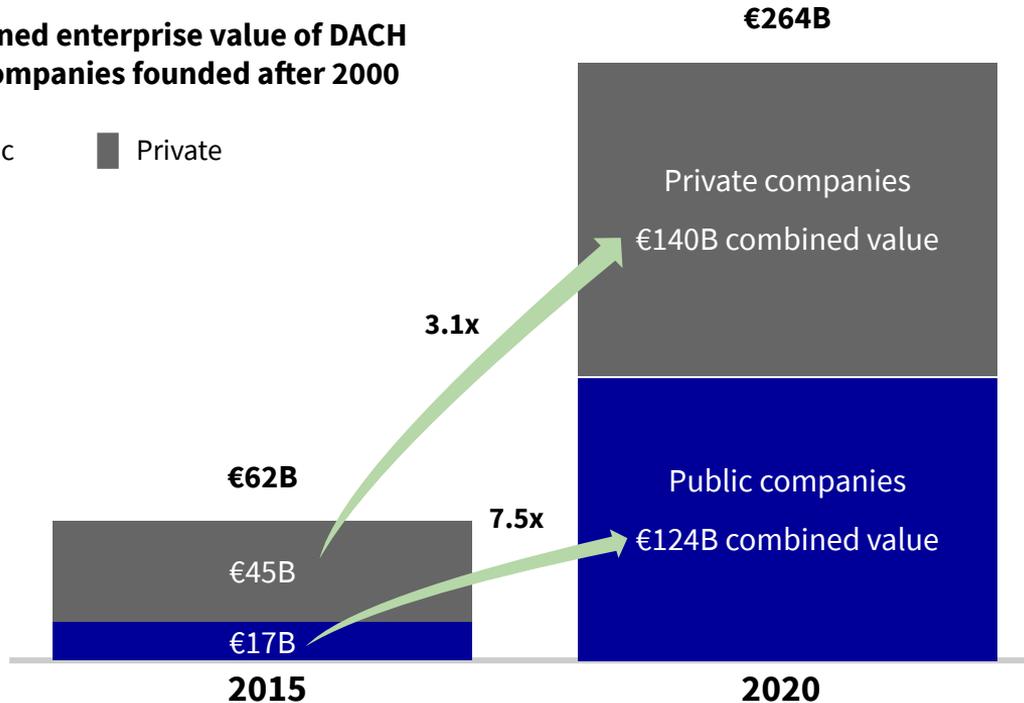
Funding landscape DACH

The DACH tech ecosystem is now worth a combined €264 billion, fuelled by venture capital and an accumulation of tech talent.

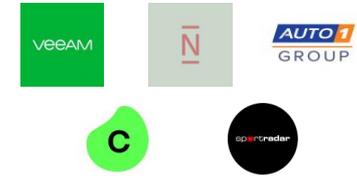
Combined enterprise value of DACH tech companies founded after 2000

Public

Private



Top 5 private companies: €15B



Top 5 public companies: €89B



Positive snowball effect: a much larger new cohort of rising stars is emerging, fuelled by past ecosystem success, and with access to larger public capital markets.

New pools of experienced operator talent and angels building new companies

Rising stars

limehome holidu inform SIGNAVIO
 finn.auto CLUNO MISTER SPEX FCC
 usercentrics ALASCO McMakler solarisBank
 Blickfeld NAVVIS ada scoutbee
 eGYM IDnow tado scalable
 raisin SONO MOTORS SIMSCALE
 ottonova enforce

Current unicorns

N26 sum up NUCOM GROUP AUTO1 GROUP
 FLIXBUS celonis
 omio wefox
 TIER CHECK24
 Personio LILIUM

Important early exits for the ecosystem

zooplus WESTWING
 SAP Hybris UNIFY
 Stylight CityDeal MYTHERESA

Stronger public and private capital markets

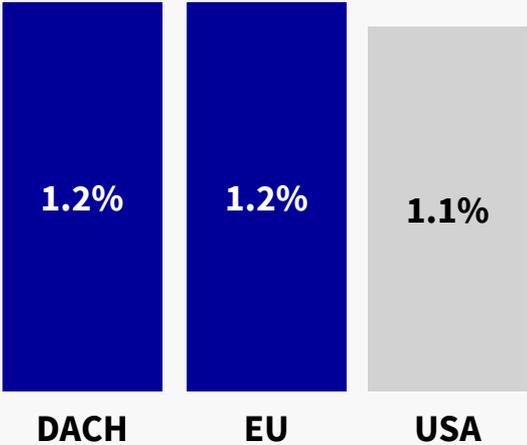
Delivery Hero fashionette Hello Fresh zalando
 SHOP APOTHEKE EUROPE N FON Cloud Telephone System

New pools of venture capital with access to more late-stage capital and IPO market

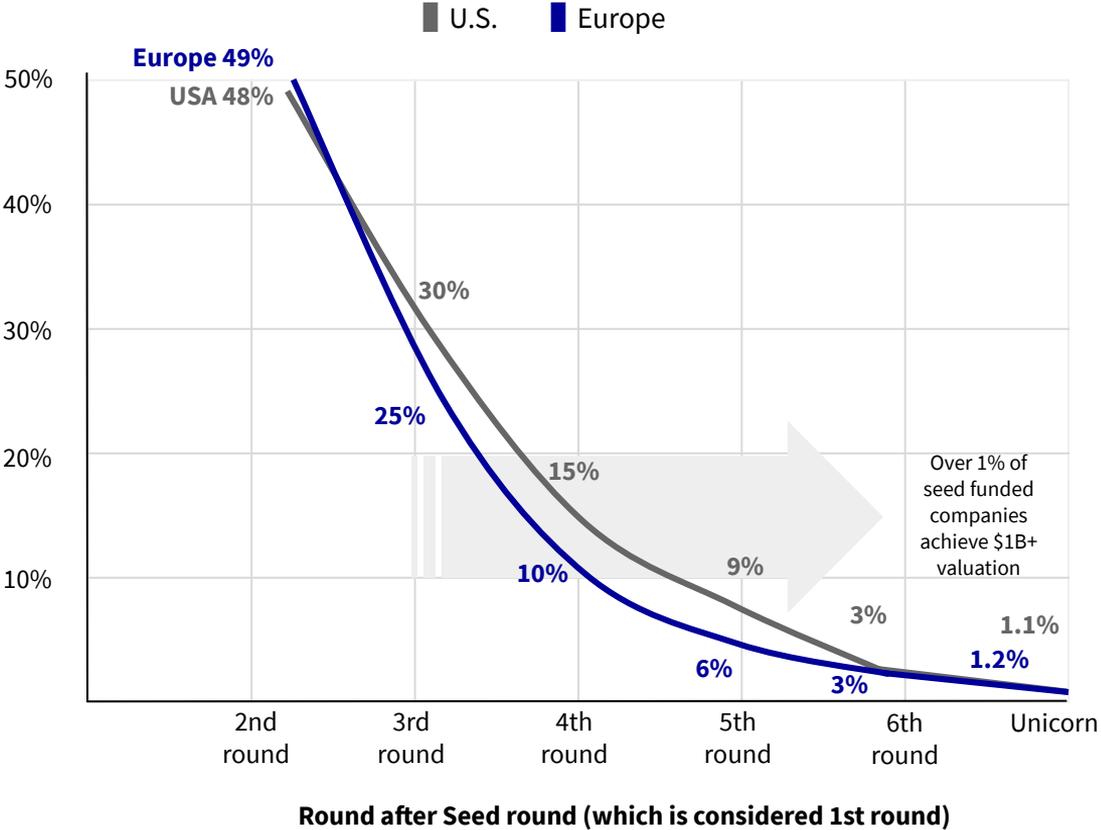
LAKE STAR ROCKET EARLYBIRD
 HV CAPITAL Si Speedinvest TARGET GLOBAL
 High-Tech Gründerfonds Project A ACTON TEV

Seed-funded European startups are just as likely to reach a billion dollar status as their US peers.

Seed to unicorn conversion rate

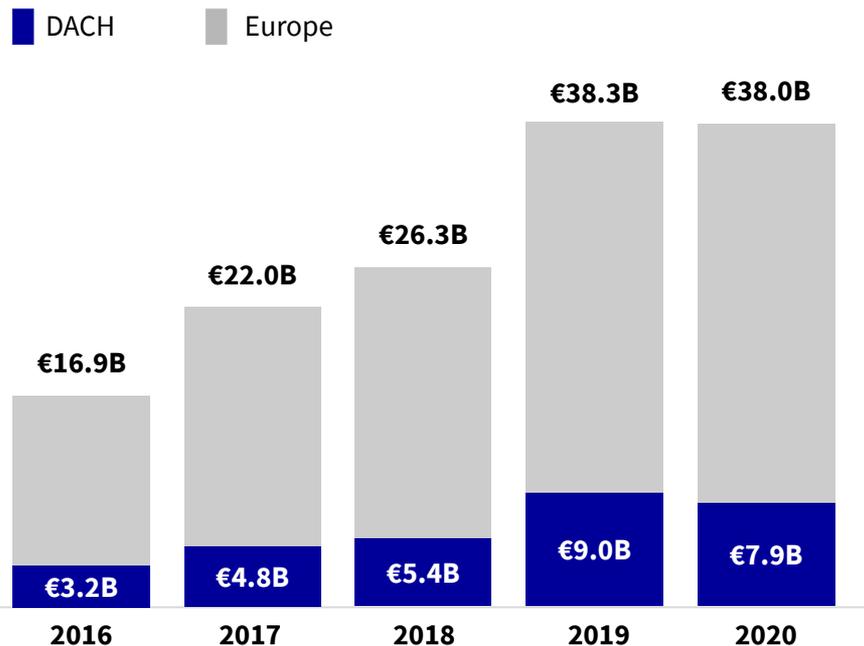


Graduation rates between rounds

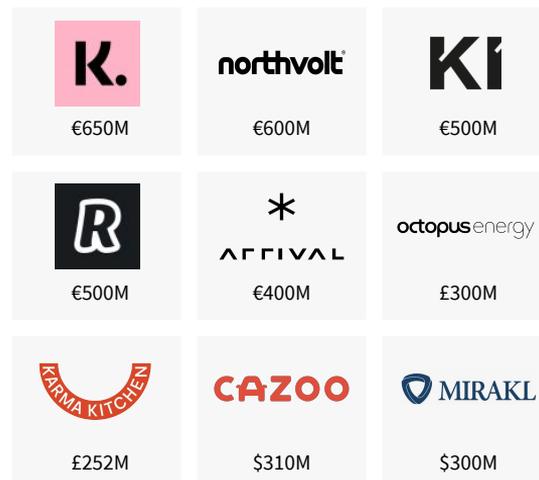


European VC investment reached near record levels in 2020 despite challenging macro conditions, as investors bet on pandemic-accelerated digital adoption.

European annual venture capital investment



Largest European deals in 2020 (round size)



Excluding mega-rounds, DACH venture capital reached another record in 2020, more than doubling investment in five years.

DACH venture capital investment

■ Rounds <€250M
 ■ Rounds >€250M



Notable DACH deals in 2020 (round size)



DACH is home to some of Europe's most prominent VC investors for early and growth capital. 60% of rounds by these investors back DACH startups.

Most prominent DACH VCs by typical investment entry point, and top 5 DACH companies in portfolio by valuation

Seed

Series A



Delivery Hero, Mambu, TIER, Marley Spoons, Contentful



Zalando, HelloFresh, Personio, Citydeal, Westwing



Delivery Hero, Zalando, HelloFresh, Rocket Internet, FlixBus



XING, GetYourGuide, Sennder, Omio, Marley Spoon



AUTO1 Group, FlixBus, Flaschenpost, Spryker, Infarm



wefox, TIER, Bitpanda, TourRadar, Billie



Delivery Hero, AUTO1 Group, wefox, Omio, Clark



Mytheresa, Mambu, Zooplus, Finanzcheck, HomeToGo



Sennder, Lampenwelt, Spryker Systems, Trade Republic, Homeday



Commercetools, Rigontec, Amal Therapeutics, nfon, Mister Spex



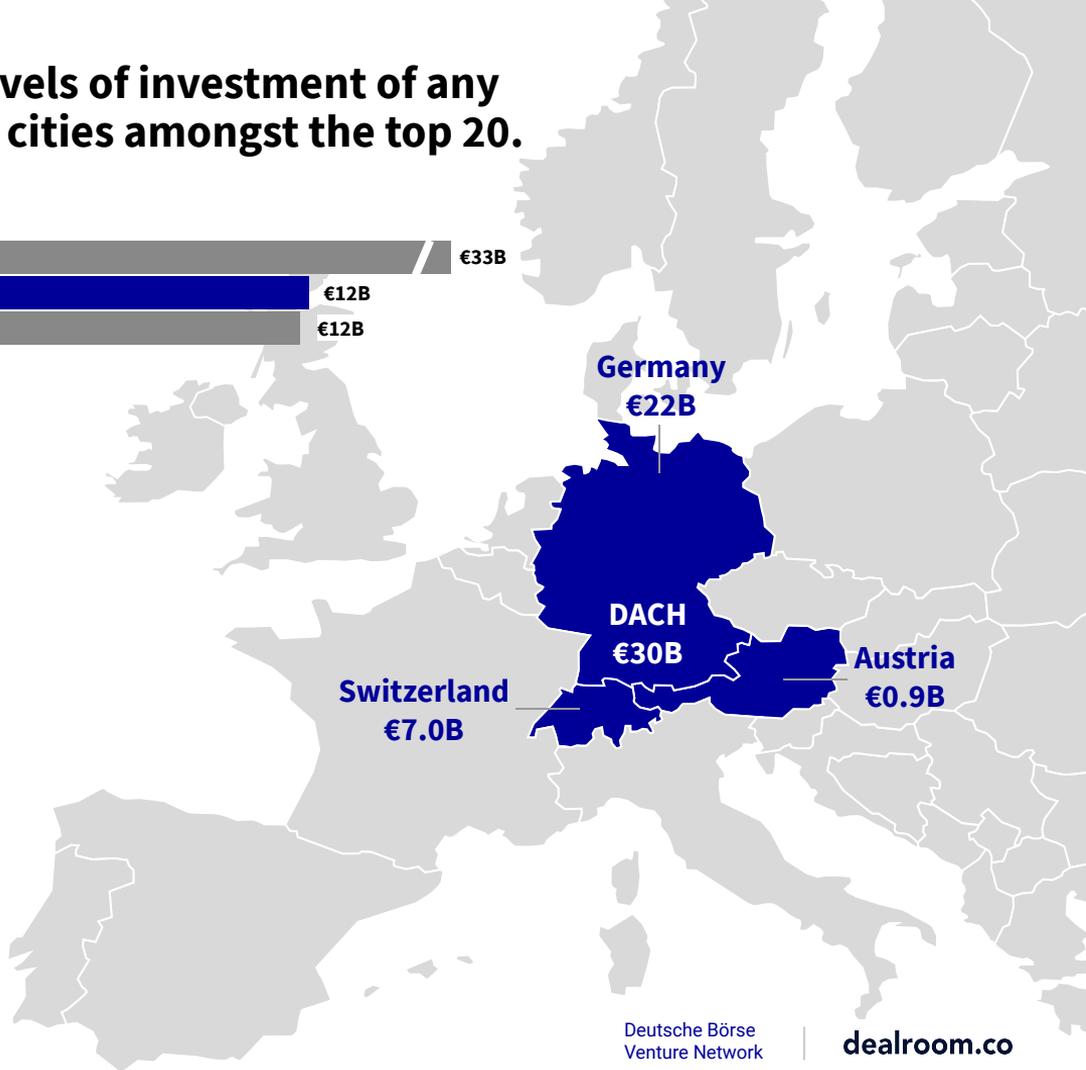
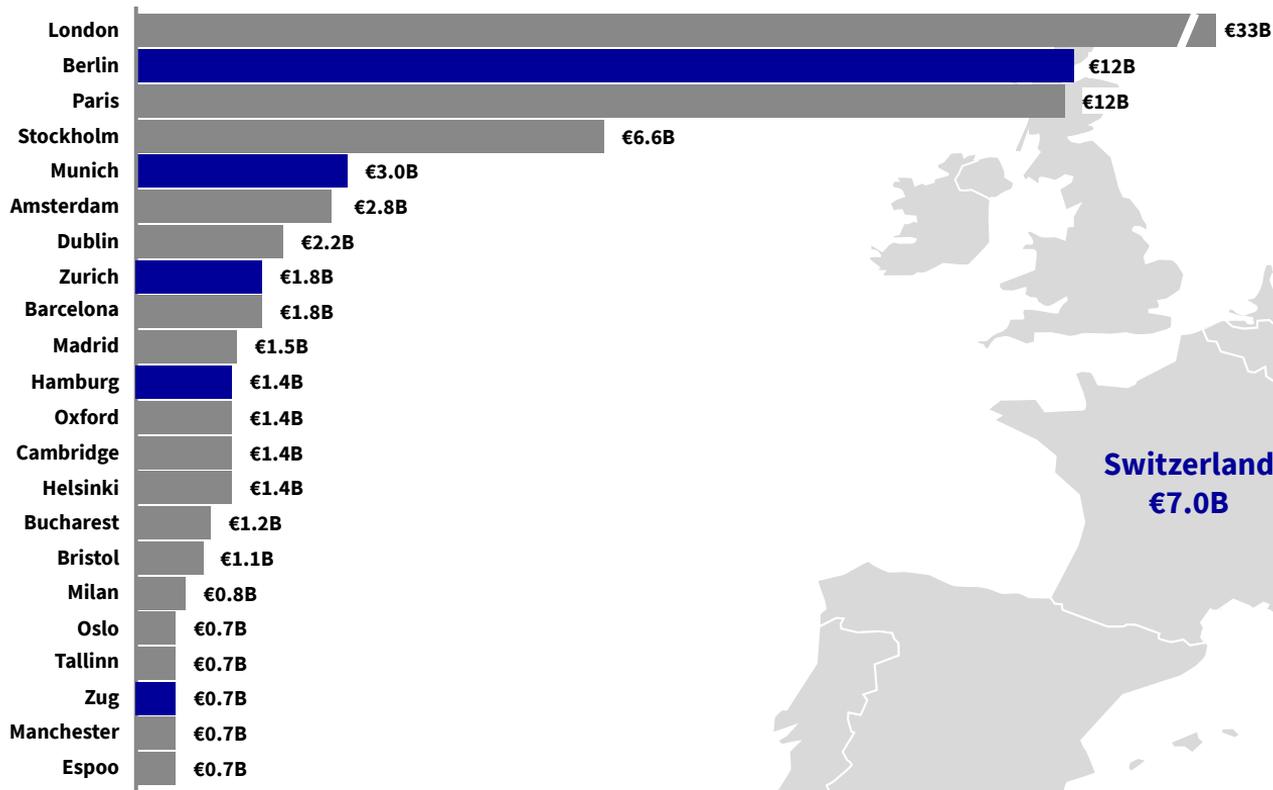
N26 group, Interhyp, nfon, Isar Aerospace, Forto



Delivery Hero, Zalando, Westwing, Scalable Capital, Ottonova

Berlin has raised the second highest levels of investment of any European city since 2016, with 5 DACH cities amongst the top 20.

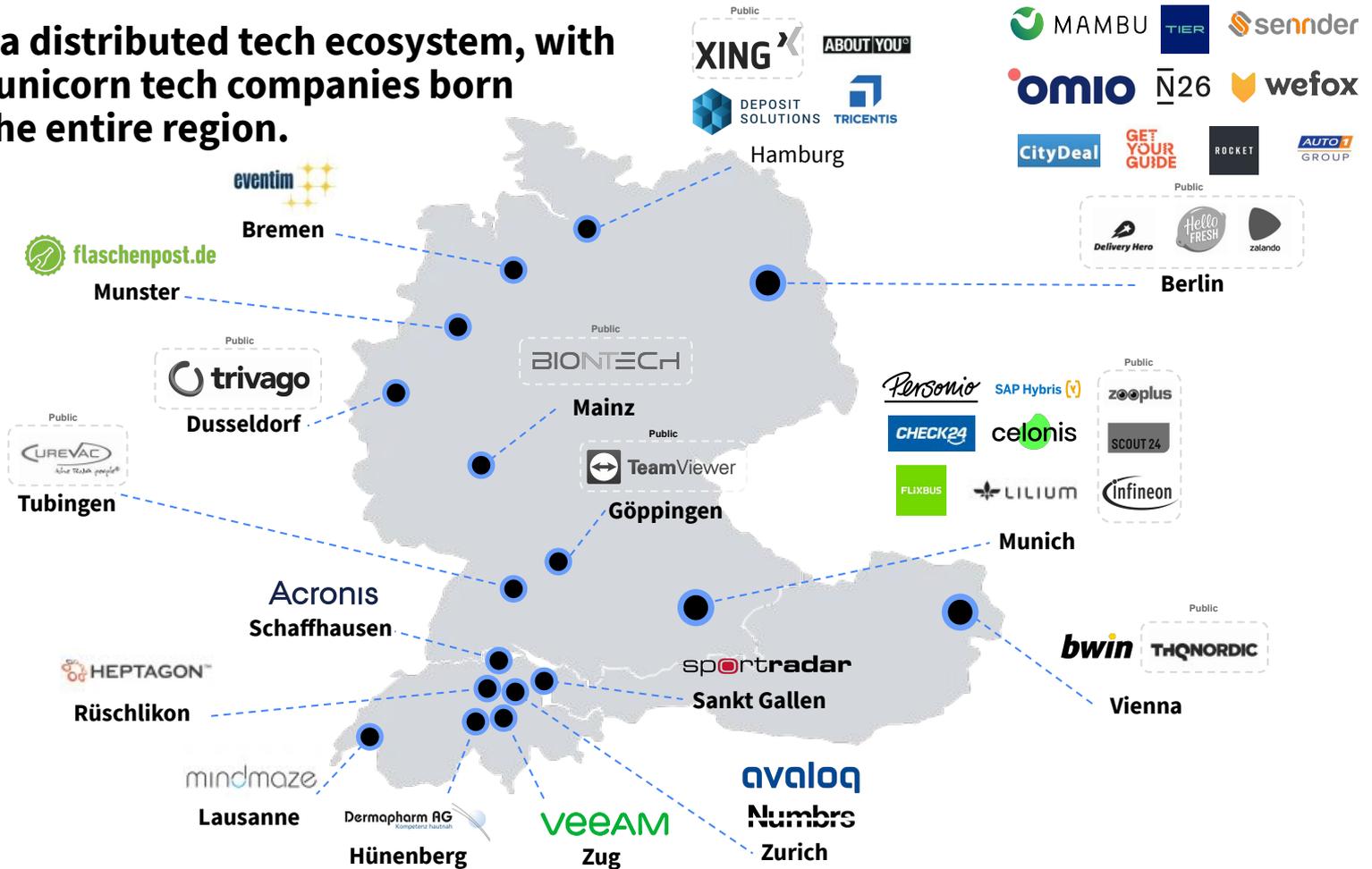
VC investment since 2016 per European city



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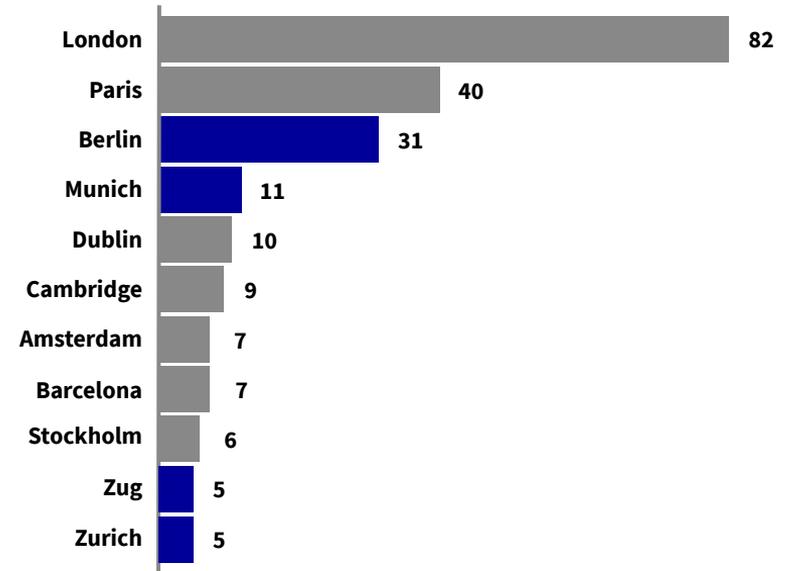
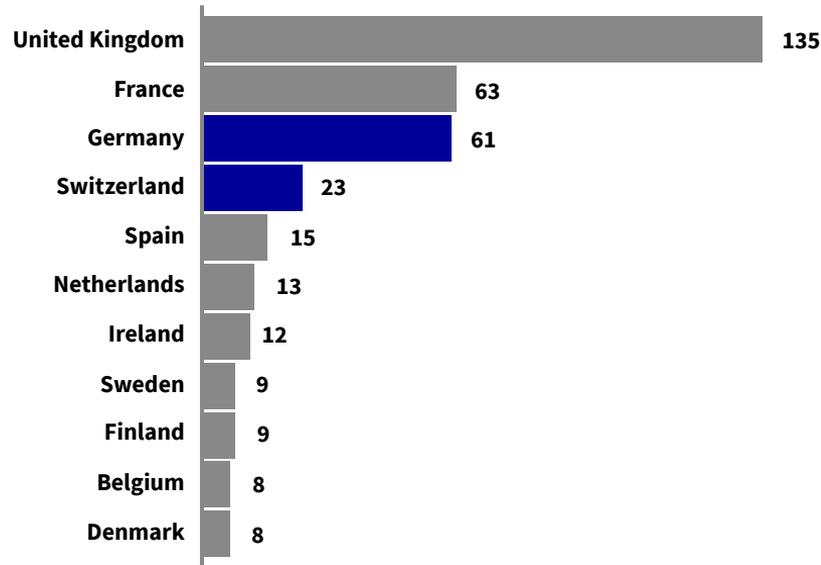
Private high-growth companies

DACH is a distributed tech ecosystem, with over 40 unicorn tech companies born across the entire region.



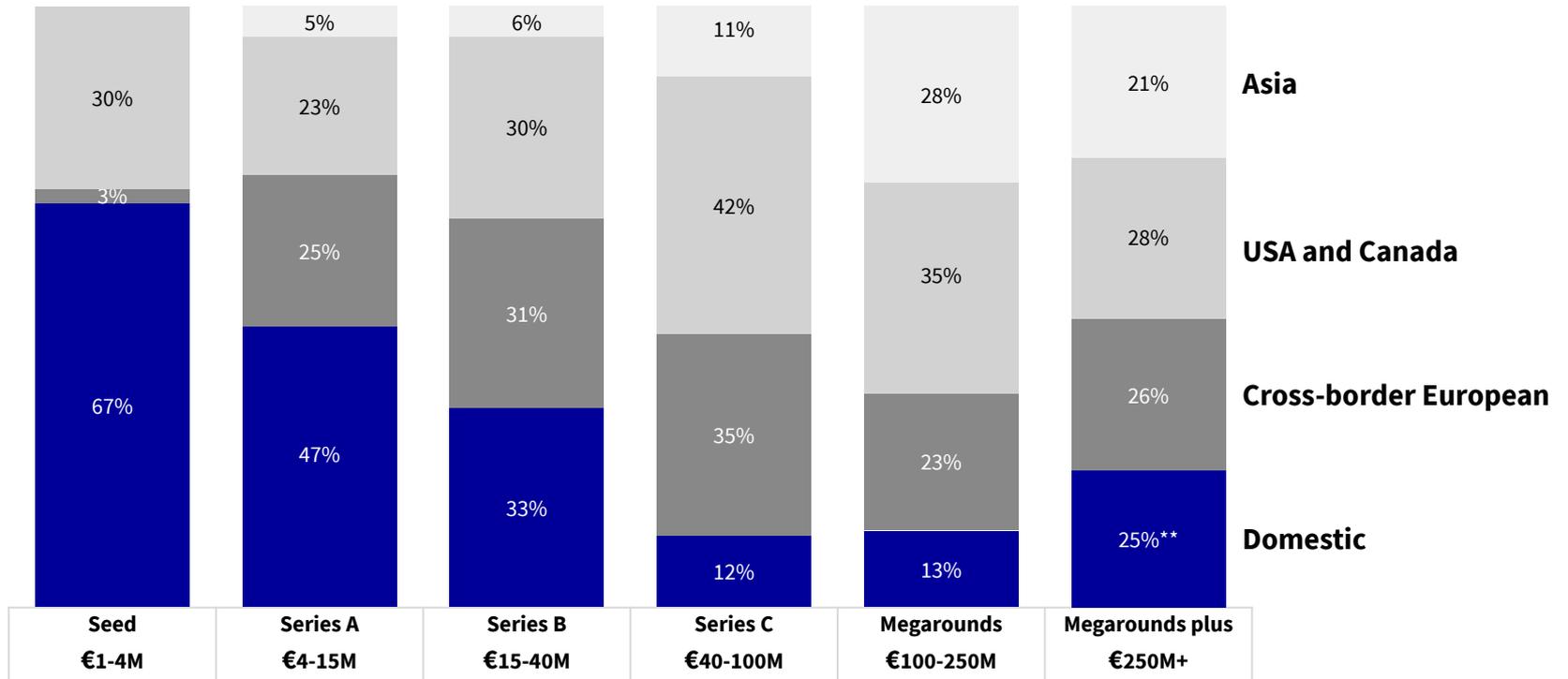
Four DACH cities rank in the European top 10 hubs for creating potential future unicorns, and Switzerland ranks fourth in Europe.

Number of potential future unicorns
(company valued €200M-€800M) per country and city



Late-stage capital is still a challenge in DACH and in Europe. Unicorns are highly dependent on international investors as they scale.

Investor split for DACH unicorns by private round (2000-2020)*

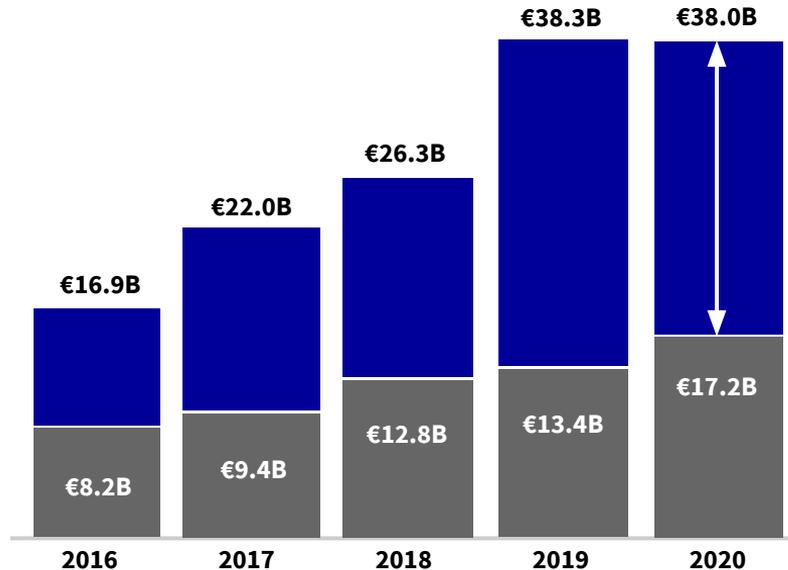


Source: Dealroom.co. Rest of the world negligible - 1% for megarounds. * >75% invested in 2015-2020, timeframe extended to capture seed rounds
 **Flixbus Series F, About You Growth Equity, N26 Series C, BioNtech Series B, Tricentis Series B

European VCs continue to raise record levels of new funds, but still cannot keep up with demand. Startups have to look beyond Europe to raise growth capital.

Capital raised by European startups vs. European VCs

■ New European VC funds ■ Gap funded by additional investor groups



Gap funded by additional investor groups, international venture capital, corporates, private equity such as:

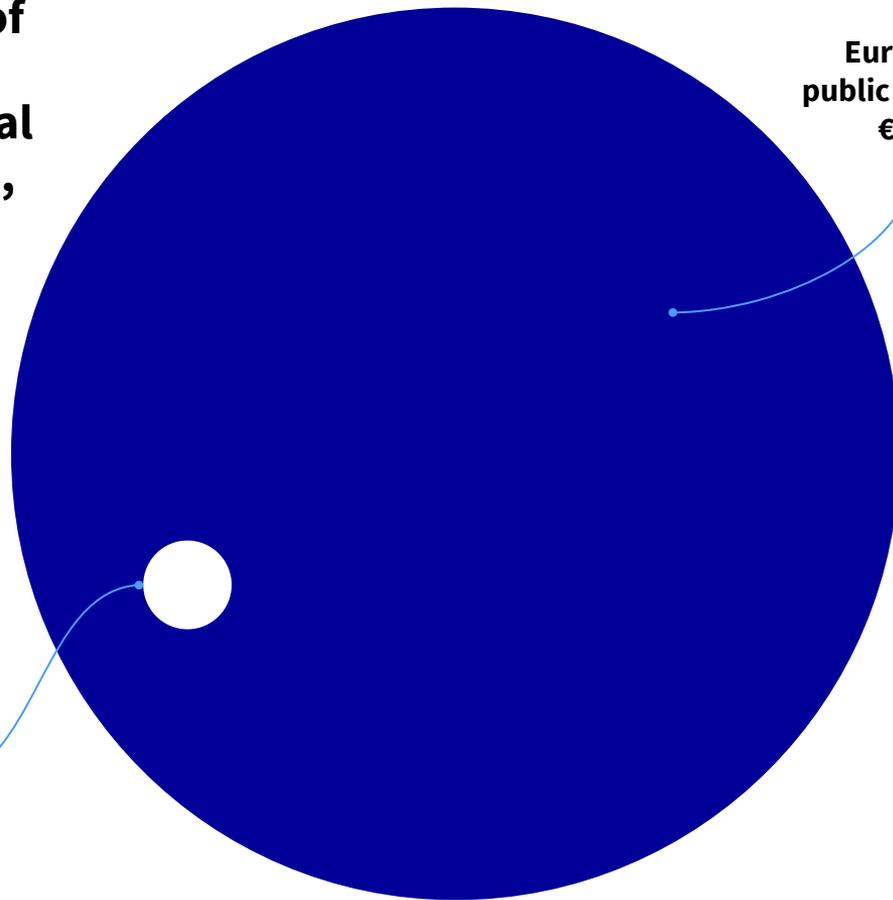


New funds raised by European venture capital firms in 2019-2020



Public markets offer a deep pool of capital to draw from. European public markets outweigh all capital raised by European venture funds, by over 130:1.

**Funds raised by
European VCs:
€0.1T**



**European
public markets:
€13T**

3

Tech exit landscape DACH

Realising returns - IPO and M&A are the main exit routes for venture-backed startups (and their investors).

Biggest European VC-backed tech IPOs 2015-2020*

An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a new stock issuance.



Market cap at IPO:
€26.9B



Market cap at IPO:
€10.2B



Market cap at IPO:
€7.1B



Market cap at IPO:
€5.1B



Market cap at IPO:
€5.3B



Market cap at IPO:
€5.3B



Market cap at IPO:
€4.4B



Market cap at IPO:
€3.1B

Biggest European VC-backed M&A 2015-2020*

Mergers and acquisitions (M&A) describe the consolidation of companies or assets, through financial transactions.



Transaction value:
€7.8B (corporate)



Transaction value:
€5.9B (corporate)



Transaction value:
€4.5B (PE)



Transaction value:
€4.3B (corporate)



Transaction value:
€3.9B (PE)



Transaction value:
€3.9B (Corporate)



Transaction value:
€3.6B (Corporate)

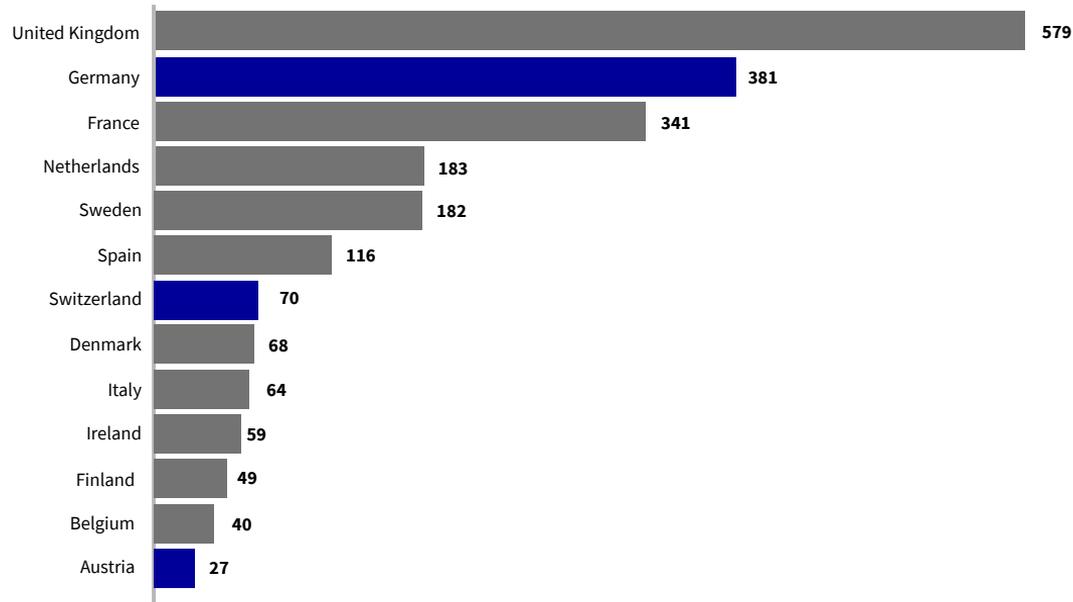


Transaction value:
€2.7B (Corporate)

- An abundance of global Venture Capital since the financial crisis has enabled startups to reach greater scale before going public.
- But private investors will always need to realise their returns. M&A and IPO are the typical routes for startup founders and investors to exit their positions.
- Despite a challenging and uncertain start to 2020, European tech companies, like fashionette and flaschenpost continued to successfully exit in 2020.

Germany ranks second in Europe for realising returns from venture-backed startups and scaleups.

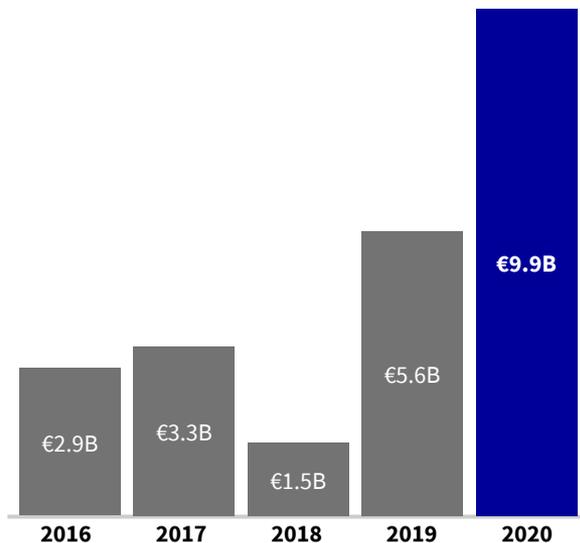
Number of venture-backed exits (IPOs and M&A) since 2016



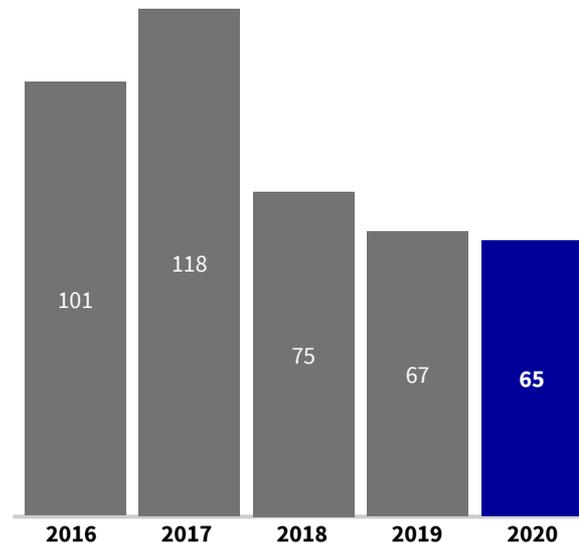
- The UK, Germany and France attract the most investment in Europe, and realise the most venture-backed exits.
- Successful exits fuel further local entrepreneurial activity as talent, expertise and capital are recycled into the ecosystem.
- Founder, employee and investor exit returns will fund the next generation of European startups.
- IPO and M&A are also not mutually exclusive. In particular, companies that exit to a Private Equity acquisition, remain on a potential IPO track .

2020 was a record year for venture-backed DACH exit value, led by Zug-based Veeam's €4.5B acquisition.

Value realised from venture-backed exits (IPOs and M&A) in DACH

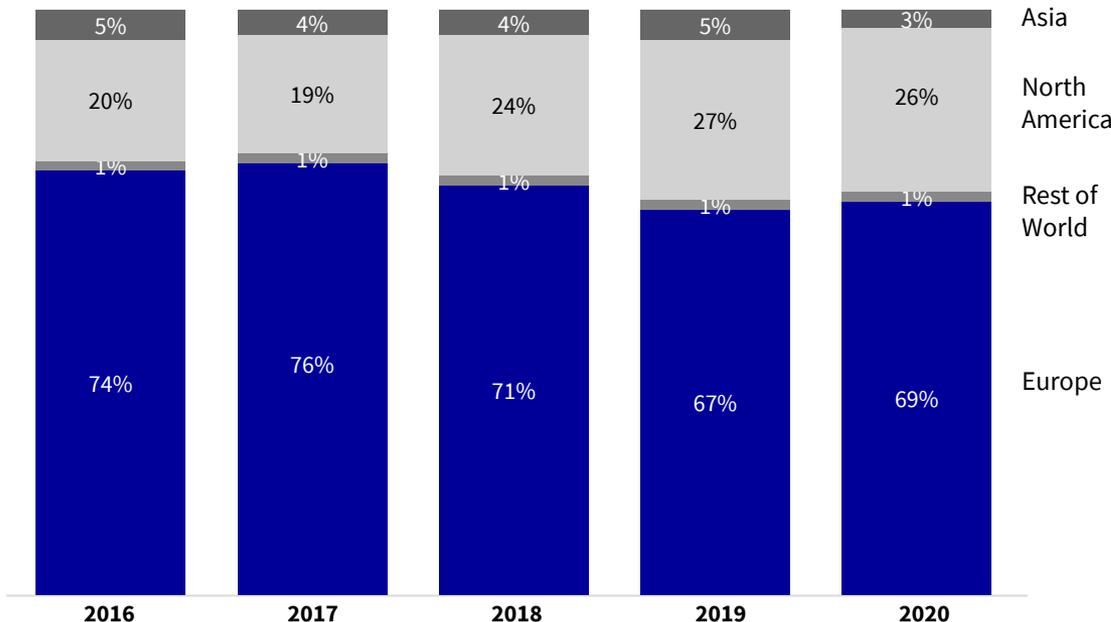


Number of venture-backed exits (IPOs and M&A) in DACH



Contrary to popular belief, European startups are most likely to be acquired by European buyers, both by strategic acquirers as well as Private Equity firms.

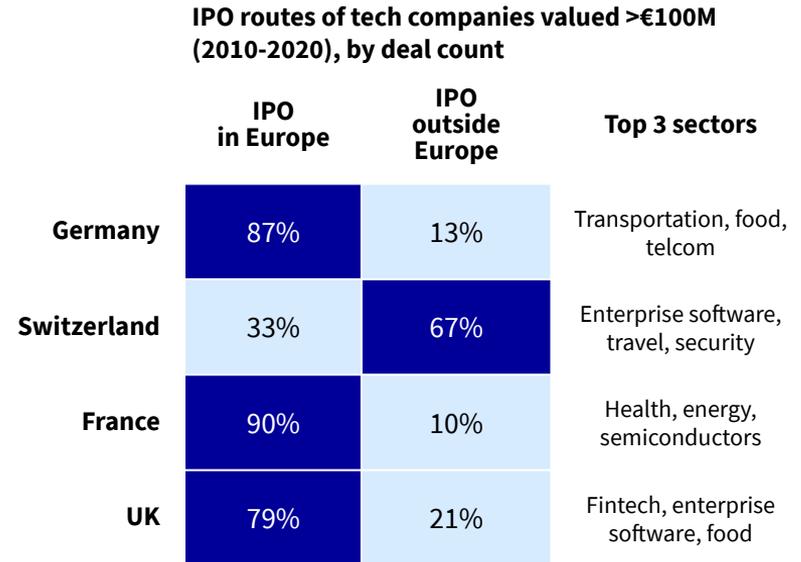
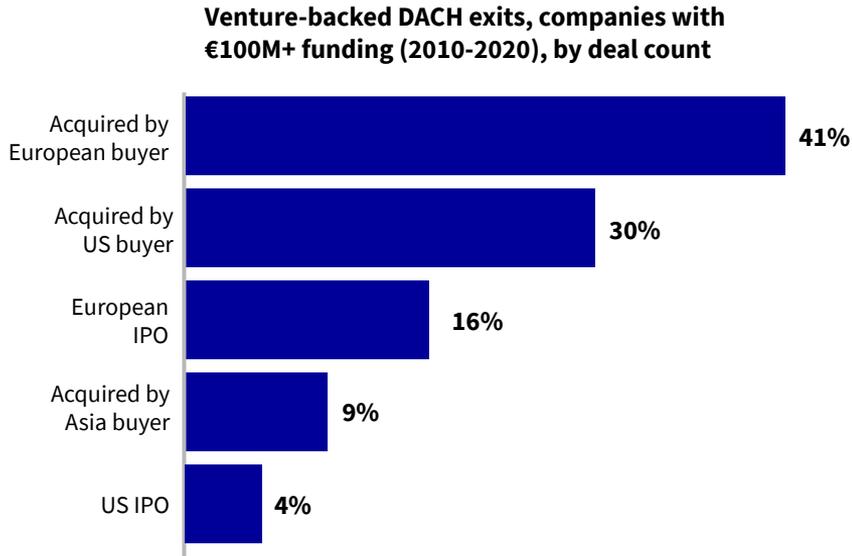
Share of M&A exits by buyer region



Most valuable European acquisitions 2020

Target company	HQ	Amount	Acquirer Type
veeam	Switzerland	€4.5B	PE
avalog	Switzerland	€2.0B	Corporate
idealista	Spain	€1.4B	PE
pipedrive	Estonia	€1.4B	PE
Charlotte Tilbury	UK	€1.1B	Corporate
flaschenpost.de	Germany	€1.1B	Corporate
JAGEX	UK	€0.5B	PE
voxbone	Belgium	€0.5B	Corporate
Polskie ePłatności	Poland	€0.4B	Corporate
Decawave	Ireland	€0.4B	Corporate

DACH startup value is among the most likely to stay in Europe on exit, and German tech companies are much more likely to choose a domestic IPO.



Despite London's lead in VC investment, Amsterdam and Frankfurt are ahead for hosting public European tech. European exchanges in general are the favoured venues for European tech listings.

Listing venue for European tech companies by market cap

Exchange	Market cap	% total
Euronext Amsterdam (ENXTAM)	€251B	27%
Deutsche Börse Group, Frankfurt (XETRA)	€239B	26%
Euronext Paris (ENXTPA)	€119B	13%
London Stock Exchange (LSE)	€101B	11%
Nasdaq Global Select (NasdaqGS)	€67B	7%
New York Stock Exchange (NYSE)	€49B	5%
Warsaw Stock Exchange (WSE)	€29B	3%
OMX Nordic Exchange Stockholm (OM)	€27B	3%
SIX Swiss Exchange (SWX)	€25B	3%
Bolsas y Mercados Españoles (BME)	€19B	2%

“There's a lot of room in the economy for Zebras, not just unicorns.”

Yaron Valler, General Partner at Target Global

How have things changed relating to public and private funding of tech companies in the last few years ?

The main difference is the maturity of the sector. If you look at the first tech bubble in 2000, there was no connection between strict financial parameters and how these companies were valued. Eyeballs were used as a measure of a company's value. Now the business models have been validated. The argument today is about the multiples. The question is whether these companies can continue to grow at the same rate or will they peter out? The market will answer that question, but I don't see a bubble.

Why are investors now taking more interest in European tech?

We have moved from picks and shovels, to making things that interest real people. Why can retail investors invest in tech? Because they understand it now. If you want to invest in Cisco you need to understand what Cisco does. But everyone understands what Delivery Hero does. We see in the last 10-15 years, tech went from something quaint, applicable to a small fraction of the population to something so widely disseminated that is interesting to everyone. Tech is not something only enabling, but something servicing. It's becoming a legitimate industry.

It's also one of the most resilient sectors. Just look at the last year. If you're home, you still shop, you just shop on Amazon. You still eat, you just use Wolt. Tech is a hedge to a crisis.

And for ultra-high-net-worths, they obviously have an interest in making money, but they also want to be involved in things that drive the world, things that are intellectually interesting, and things that are cool. It's the ultimate luxury item to say you invested in the Seed round of Uber or Delivery Hero. In the end everyone wants to build a monument to be remembered by.

What about European public markets?

I think Frankfurt is becoming a very important market. London has always been an import market. You're seeing markets like Frankfurt not only driving very significant capital, but they're also very innovative. There's so much openness to exploring new ideas, like SPACs. The fact you can dual list is making the markets more efficient and driving a lot of capital into the market.

How do you see IPOs of small caps as a viable exit strategy for non-unicorns?

Micro caps are a cool idea. The question is when does a company transcend the barrier of the market being able to responsibly analyse it? We need to be careful not to do away entirely with the barrier between public and private markets, particularly lower down the value chain. But in principle I think it's a very good idea. There's a lot of room in the economy for Zebras, not just unicorns.



Yaron Valler
General Partner



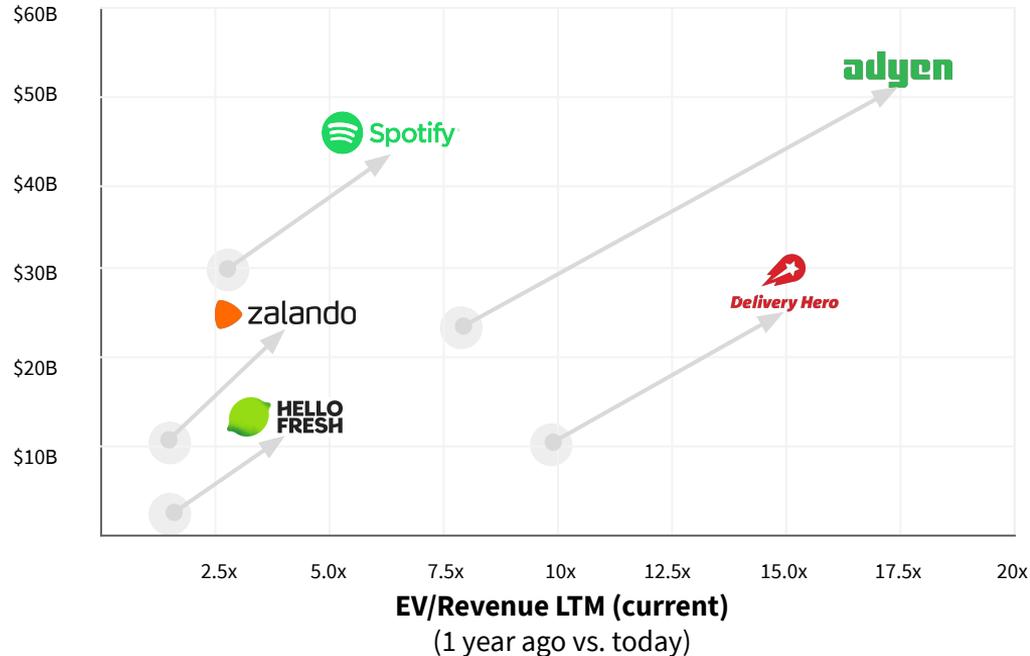
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VC-backed public companies

Europe's public investors have become more tech savvy and sophisticated, and are willing to take a longer term view on profits. Tech has become an established asset.

Market cap
(1 year ago vs. today)



Digital acceleration

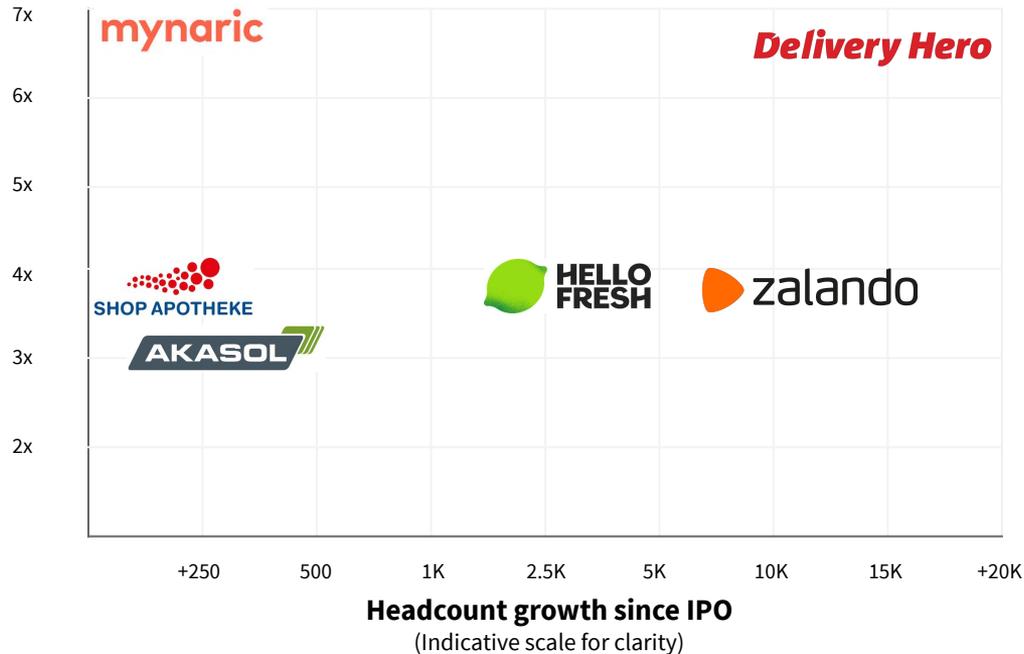
Meeting or beating estimates, driven by accelerated digital adoption among households, small businesses and large enterprises

Investor risk appetite

Technology increasingly seen as a prudent long-term investment, instead of risky

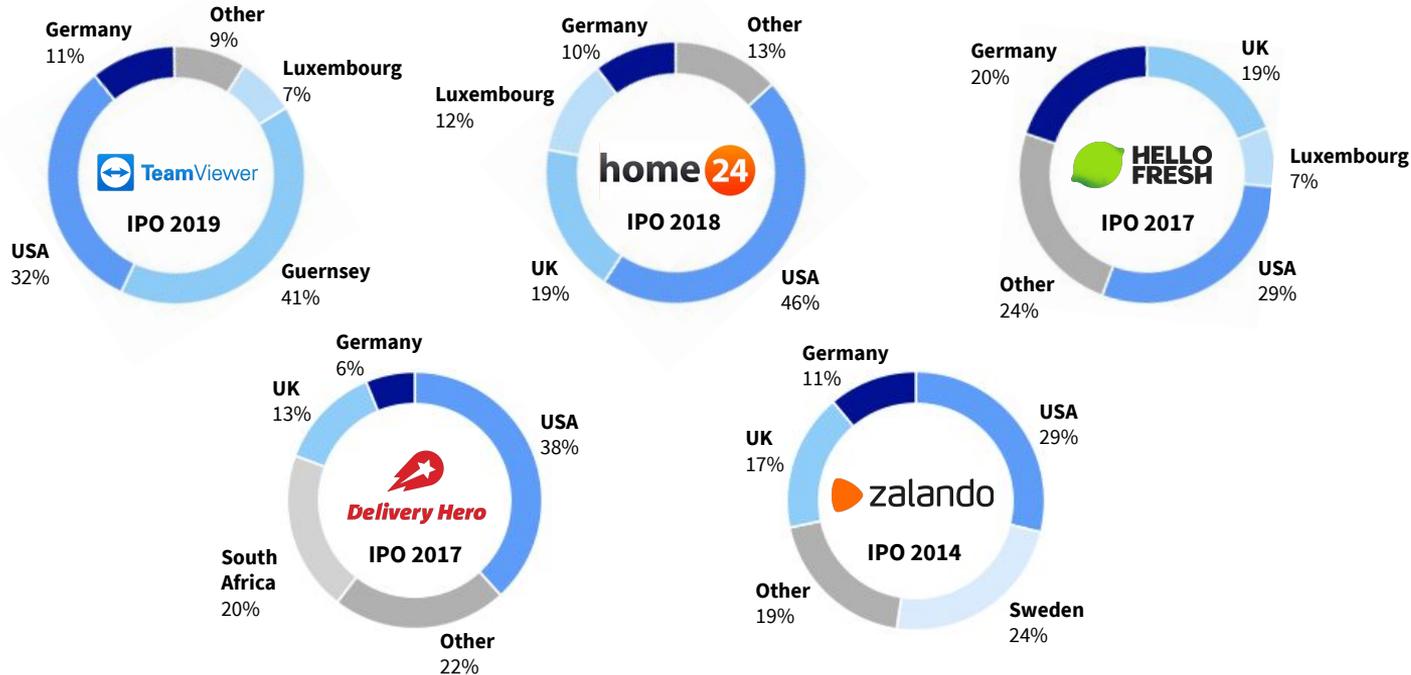
More than just value creation: IPOs are a platform for revenue growth and job creation.

Revenue growth since IPO

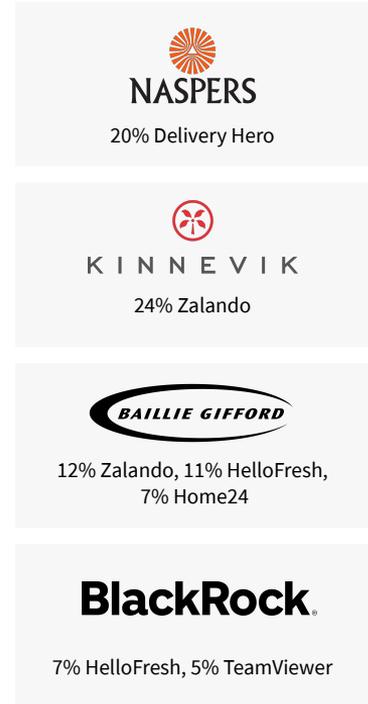


- An IPO can provide a platform to continue and accelerate growth.
- The largest digital companies in Europe have boosted revenue and headcount since going public.
- Public market capital is used to fuel continued organic high-growth and inorganic growth through strategic acquisitions.
- Delivery Hero and Zalando have each created more than 10k new jobs since IPO.

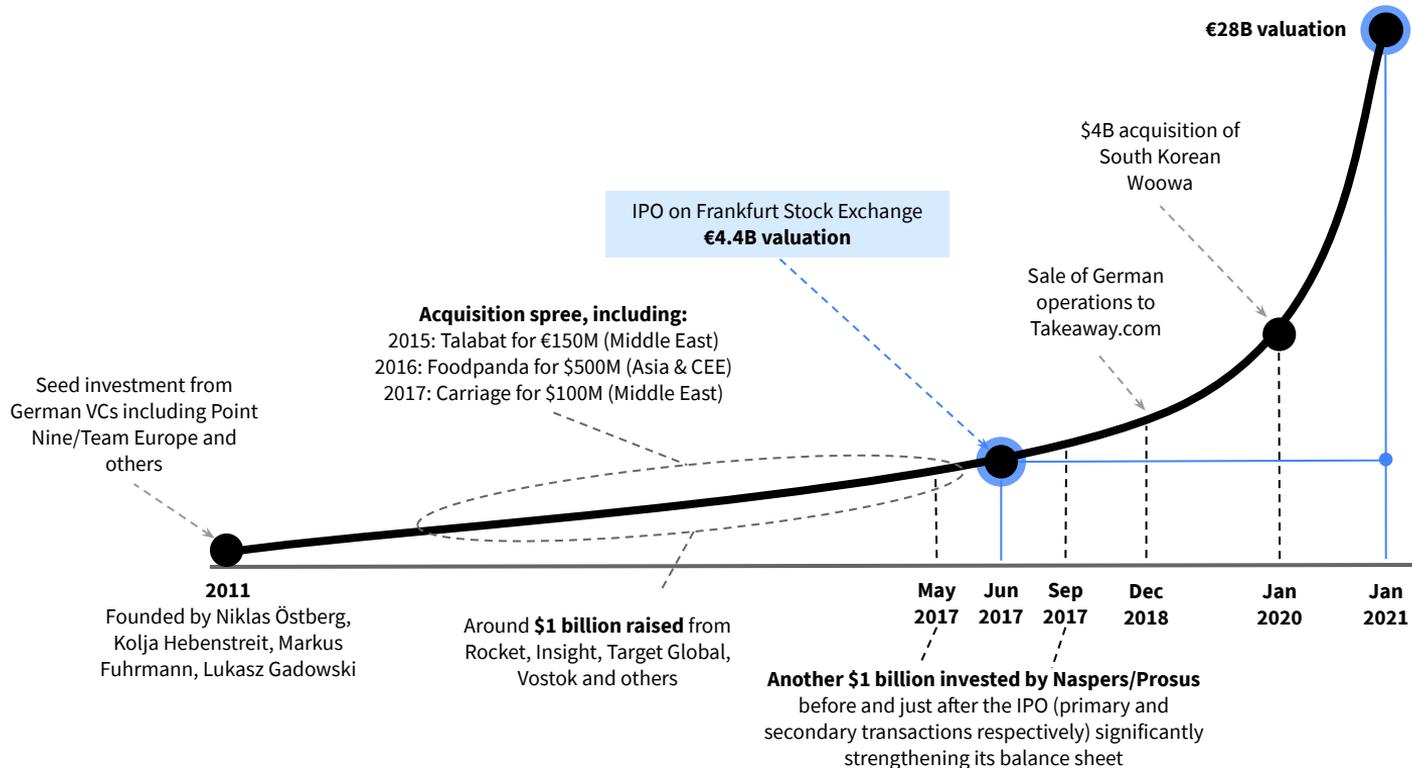
Public tech companies gain geographically diverse shareholder structures, and attract capital from around the world.



Major global shareholders



Case Study: Delivery Hero demonstrated the power of being a public company. It was able to execute a complex restructuring, pursue a robust M&A strategy, while raising from deep (private and public) pockets.



Delivery Hero

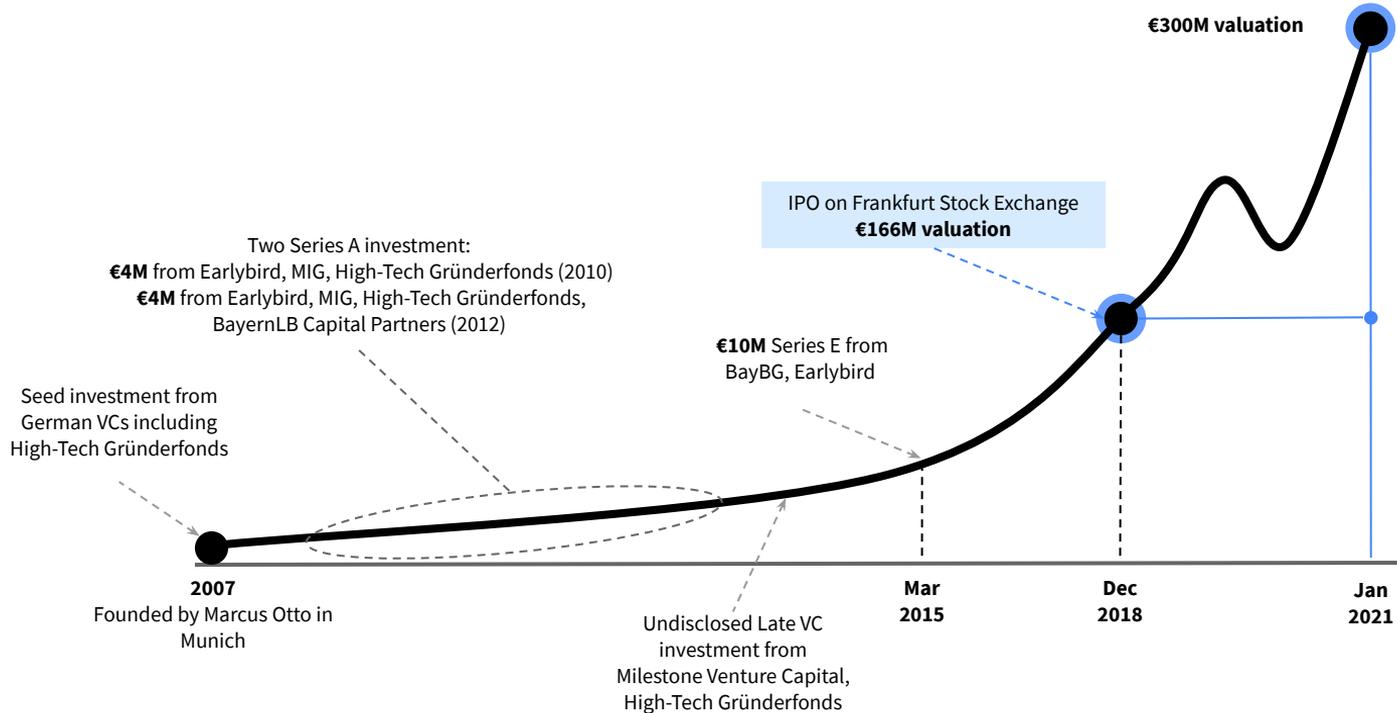
Post IPO, additional value creation of over €23B

Before, during and after the IPO, Delivery Hero was pursuing expansion via global acquisitions.

During the IPO the company was still -20% EBITDA negative and finding its footing in some markets. Public markets showed willingness to take long-term view.

With permanent access to capital market (equity and debt) the company is able to continue to pursue bold acquisitions (Woowa) and investments (Rappi, Glovo).

Case Study: IPOs aren't just for unicorns, but increasingly for scaling SMEs - NFON doubled its valuation in two years after going public.



Post IPO, additional value creation of over €140M

Revenue growth around 25% annually.

NFON now has more 30,000 company clients in 15 European countries.

Issue proceeds were invested in the extension of NFON's international business and R&D.

Scale 30 (SMEs) outperformed the DAX in 2020, with a faster and steeper pandemic recovery, driven by tech companies.

Scale 30 (SMEs) vs. DAX (large cap) indices since March 2020 pandemic low

+117%



Scale 30

+40%

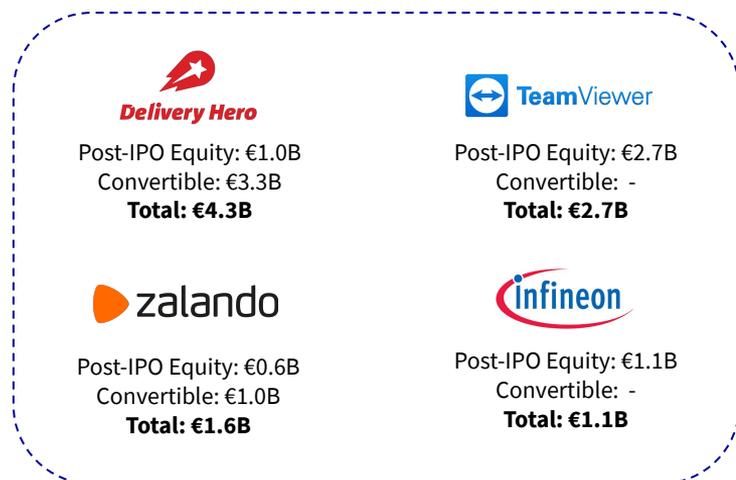


DAX

- Not all tech companies go public with billion dollar status - small caps have been proving successful, and popular.
- The Scale 30 Index of small and medium-sized enterprises outperformed the DAX® Index in the last year.
- Post-Covid shock recovery was faster and steeper for scaling small caps in Scale 30 than the major German stock index.
- Since the Covid-low in Spring, Scale 30 has recovered +117% compared to +40% for the DAX®.

Going public offers ongoing access to equity and debt capital - four German public tech companies raised €9.7B in post-IPO funding in 2020 alone.

Significant Post-IPO tech capital raise by German tech companies, in 2020



Combined capital raised in 2020

Post-IPO Equity: €5.4B
Convertible: €4.3B
Total: €9.7B

- Tech companies have been accessing public markets in scale, to raise post-IPO equity funding.
- Cost-effective deep international capital markets enable accelerated organic and inorganic growth.
- Post-IPO funding tends to be closely tied to specific strategic opportunities such as company acquisitions or infrastructure expansion.

“With the successful stock market debut in 2020, our goal of becoming the leading online platform for premium and luxury fashion accessories in Europe has come a whole lot closer.”

Daniel Raab, CEO of fashionette

Fashionette went public in October 2020, what were your main reasons for going public despite the COVID pandemic?

The key element of our strategy is to continue to focus on this profitable growth path at above-market rates. With the proceeds of the IPO, we now have the financial flexibility to accelerate the scaling of our business model to further European countries. The timing of the IPO was perfect despite the COVID pandemic, especially given the momentum we are currently seeing in the retail shift from offline to online. By expanding our market position in our existing markets and penetrating other European markets. Fashionette has a wealth of experience and is pursuing a targeted process with focus on high-opportunity European acquisition targets.

What is it like being a public company, and how did you experience the IPO ceremony at the Frankfurt Stock Exchange?

Going Public in the European SME growth segment "Scale" and the inclusion in trading of fashionette shares was definitely an unforgettable highlight in our Company's history. It was exciting to follow the first price determination of our shares live on the trading floor of the Frankfurt Stock Exchange. Our IPO has given an enormous boost to brand awareness and the fashionette platform. As a result, we were able to increase our new customer growth by 93% in the month after the IPO - far above the industry average. In addition, the perception by potential partners, suppliers and service providers has also increased significantly.

How did the investor structure of fashionette change pre- and post-IPO?

While pre-IPO the main shareholder GENUI and the Management held together 100% of the shares, Post-IPO the shareholding of GENUI amounts to around 36.6%, the Management Board (Daniel Raab and Thomas Buhl) are now holding 5.2% of the shares and 58.2% of the shares are attributable to the free float.

What is the difference in raising capital in the private market?

Despite the greater awareness in general, the main difference is definitely the number of investors. This is much greater in the case of a public listing. In addition, you also get input from investors from very different perspectives. A public listing enables companies an independent and long-term orientation to drive a sustainable organic and inorganic growth strategy.

What advice can you give to founders thinking about an IPO?

Contact Deutsche Börse Venture Network and Deutsche Börse at an early stage! The entire Deutsche Börse team is a reliable partner in the process, from the selection of suitable IPO sponsors to the start of trading. In addition, seek early contact with the management boards of companies that have recently completed an IPO.



Daniel Raab
CEO of fashionette

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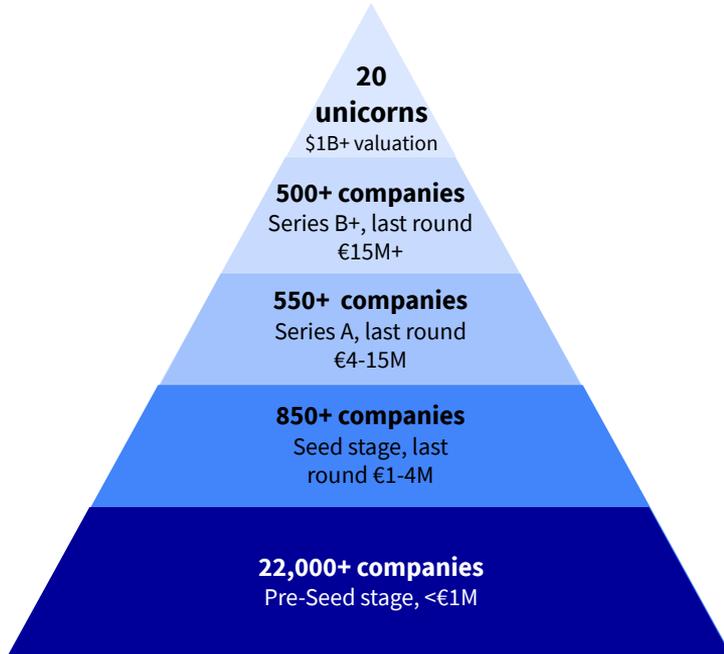
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Tech IPO potentials

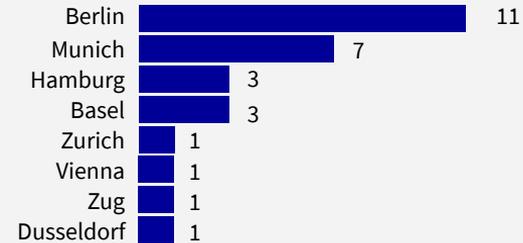
There are 20 private tech startups in the DACH unicorn club and 90+ potentials.

 <p>HQ: Berlin Valuation: €6.5B Total funding: €1B Founded: 2012</p>	 <p>HQ: Berlin Valuation: €3.2B Total funding: €0.7B Founded: 2013</p>	 <p>HQ: Munich Valuation: €2.3B Total funding: €0.3B Founded: 2011</p>	 <p>HQ: Sankt Gallen Valuation: €2.2B Total funding: €0.1B Founded: 2001</p>	 <p>HQ: Munich Valuation: €1.8B Total funding: €0.5B Founded: 2011</p>	 <p>HQ: Berlin Valuation: €1.7B Total funding: €0.2B Founded: 2011</p>	 <p>HQ: Berlin Valuation: €1.5B Total funding: €0.2B Founded: 2015</p>
 <p>HQ: Munich Valuation: €1.5B Total funding: €0.2B Founded: 2015</p>	 <p>HQ: Munich Valuation: €1.5B Total funding: N/A* Founded: 1999</p>	 <p>HQ: Berlin Valuation: €1.1B Total funding: €0.7B Founded: 2009</p>	 <p>HQ: Berlin Valuation: €1.1B Total funding: €0.2B Founded: 2015</p>	 <p>HQ: Hamburg Valuation: €1.0B Total funding: €0.2B Founded: 2011</p>	 <p>HQ: Hamburg Valuation: €0.9B Total funding: €0.3B Founded: 2014</p>	 <p>HQ: Munich Valuation: €0.9B Total funding: €0.3B Founded: 2015</p>
 <p>HQ: Lausanne Valuation: €0.9B Total funding: €0.1B Founded: 2012</p>	 <p>HQ: Berlin Valuation: €0.9B Total funding: €0.4B Founded: 2012</p>	 <p>HQ: Schaffhausen Valuation: €0.9B Total funding: €0.1B Founded: 2002</p>	 <p>HQ: Berlin Valuation: €0.9B Total funding: €0.4B Founded: 2018</p>	 <p>HQ: Zurich Valuation: €0.8B Total funding: €0.2B Founded: 1999</p>	 <p>HQ: Hamburg Valuation: €0.8B Total funding: €0.2B Founded: 2007</p>	<p>+90 potential future unicorns valued at €200M-€800M</p>

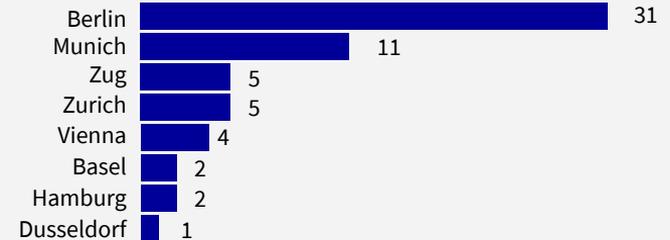
But DACH is also currently building the larger than ever pipeline of private scaling companies, and tech IPOs can come from several hubs in DACH.



DACH hubs by number of unicorns (€800M+ valuation)



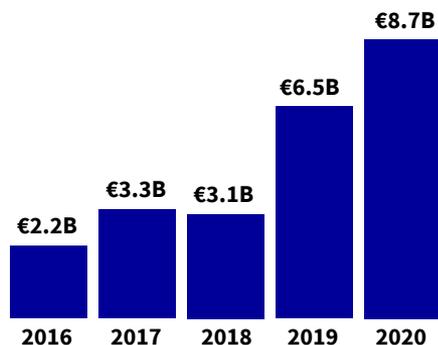
DACH hubs by number of potential future unicorns (€250M+ valuation)



As investors seek exposure to early stage tech companies, silos break down. Private and public investor groups are becoming more interlinked.

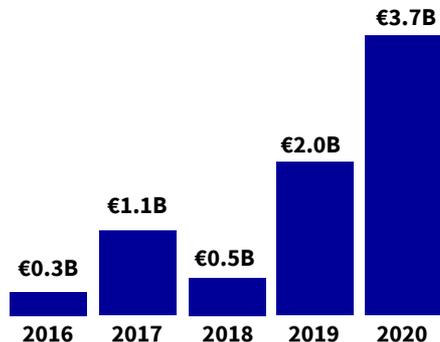
Private equity investing in venture capital rounds

European VC rounds with Private Equity participation by volume



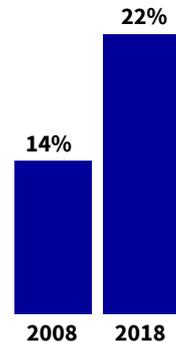
Crossover funds* increasingly involved VC

Investment in European VC rounds* by selected crossover investors



Family Offices want to do more direct private investing

Family Office VC & PE asset allocation



Family Offices have nearly doubled their asset allocation to PE & VC: from 14% in 2008 to 22% in 2018. This includes both direct and fund (LP) investments. Surveys among family offices indicate a keenness for more direct investing, but often lack access to quality deal-flow.

“An IPO is not the end of the journey, but rather the beginning.”

Peter Fricke, Head of Deutsche Börse Venture Network

What's the biggest myth about going public?

An IPO is not the end of the journey, but rather the beginning of a new growth track. Venture capital or private equity financing, for example to enable growth for start-ups or company restructuring, is typically limited to a certain period, usually with terms of three to ten years. The next major step is an IPO as an attractive option for private divestments and a long-term, independent source of equity and debt financing that is orientated towards the future. Thus, a public listing provides a platform to continue and accelerate economic growth.

Why should a founder choose to take their company public?

An IPO boosts public awareness of a company, thus also increasing its appeal to potential employees who are interested in participating directly in their employer's business success or in working for a listed company. Going public also attracts considerable attention, both from the media and from investors, which in turn increases the company's brand and product awareness both in the domestic market and internationally. A stronger equity base and more transparency in communication and financial reporting can also improve creditworthiness and even serve as a competitive advantage, as it strengthens the trust of customers, business partners and banks in the long term.

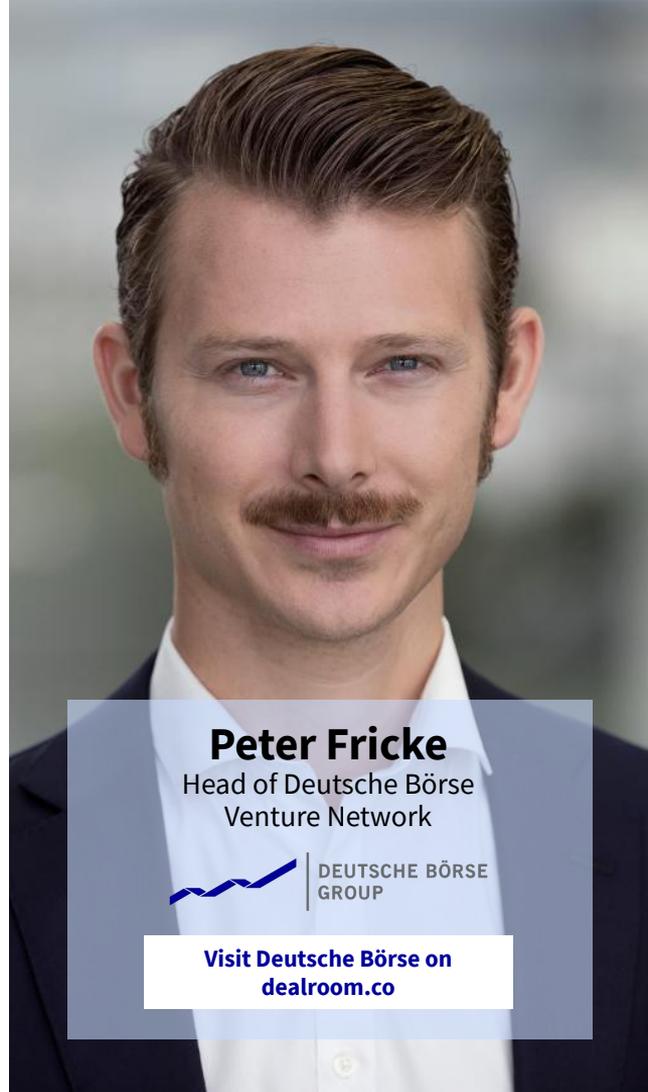
Has investor appetite towards tech listings changed in the last few years?

We see a tech momentum that is led by an appetite for strong equity stories. Public market investors look for growing and resilient tech companies and are comfortable with backing founders on the next stage of their growth journey. Companies like Zalando, Delivery Hero and other supported this development and fostered understanding of the specifics of fast-growing listed tech companies on the investor side.

How can Deutsche Börse support founders on their road to IPO?

Deutsche Börse supports companies on their journey towards the capital market – long before an IPO, as this significant step requires careful consideration and preparation. Since an IPO is an exit that founders can actively plan, structure and work towards in a long term perspective it is not only possible but highly beneficial to start preparations early.

With the Deutsche Börse Venture Network we support private growth companies from the early stage to the later stage along three pillars: capital, network and skill – including capital market expertise.



Peter Fricke

Head of Deutsche Börse
Venture Network



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GROUP

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Deutsche Börse Venture Network

We empower ambitious founders to achieve their visions.

Deutsche Börse is making a large effort to strengthen and expand financing options for growth companies in Germany and Europe. At Deutsche Börse Venture Network it has been our mission to create a strong ecosystem of growth - Supporting ambitious founders on their road to IPO and beyond.

Since 2015 we have been connecting striving start-ups and investors, aiming to improve the overall funding situation. Our growth network currently encompasses over 200 start-ups, more than 450 investors and multiple partners.

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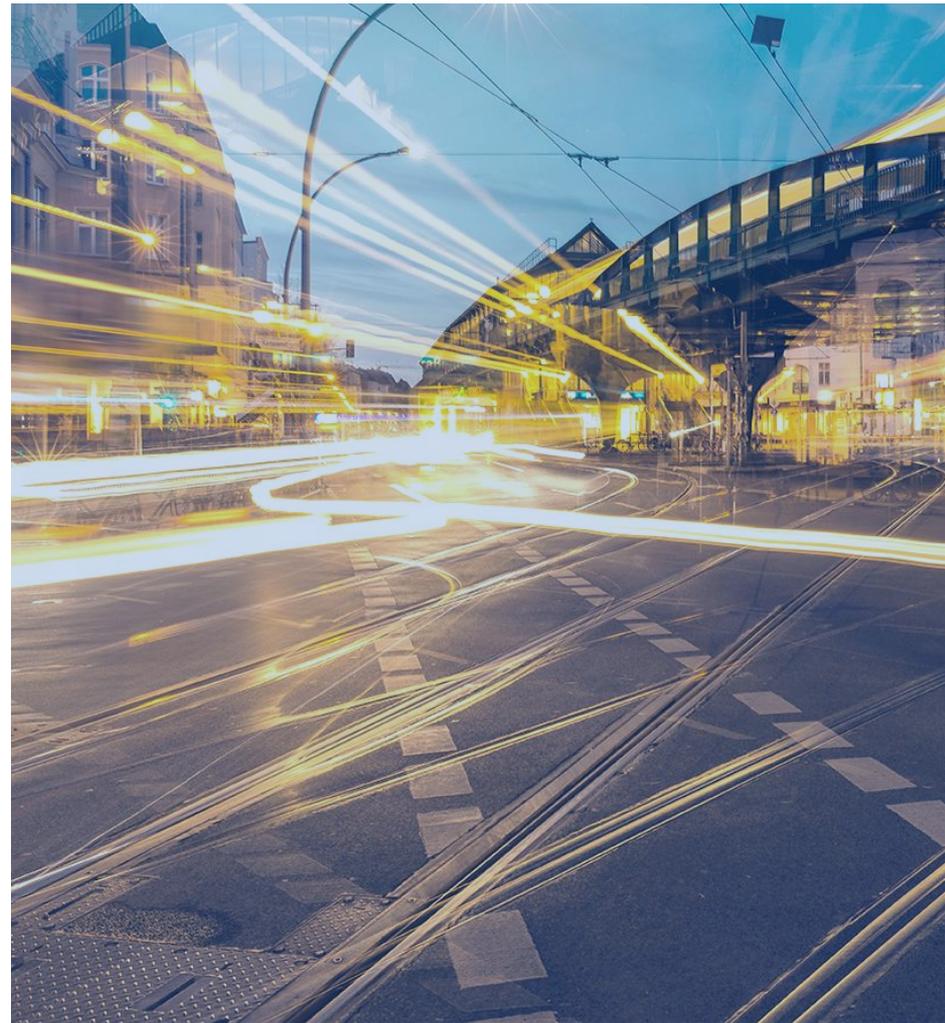


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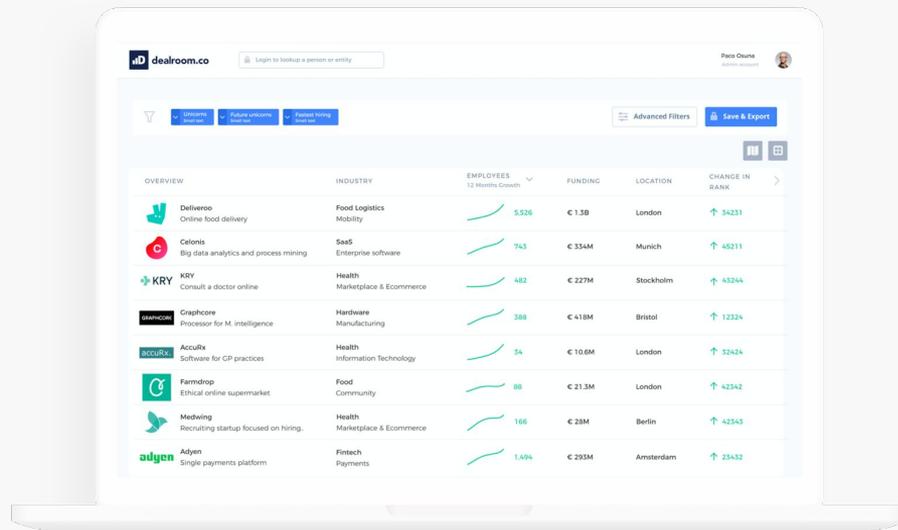


Global intelligence about promising companies, from startups to unicorns.

Dealroom.co is the foremost data provider on startup, early-stage and growth company ecosystems in Europe and around the globe.

Founded in Amsterdam in 2013, we now work with many of the world's most prominent investors, entrepreneurs and government organizations to provide transparency, analysis and insights on venture capital activity.

Our offerings include data sets via SaaS and API as well as custom reports and bespoke ecosystem platforms.



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