Technology / Medtech / Internet / Digital Media / Telecoms / Cleantech

Monthly European TMT Private Investments and M&A Transactions Bulletin – October 2012

Published by Go4Venture Research, the Equity Research unit of Go4Venture Advisers LLP.

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About this Bulletin

The Go4Venture Monthly European TMT Private Investments and M&A Transactions Bulletin provides a summary of corporate finance activity among emerging European TMT companies:

- **Private Investments**, i.e. Venture Capital (VC) and Private Equity (PE) financings, including growth equity, financing rounds with single secondaries components (recapitalisations); and
- **M&A Transactions** where the sellers are VC and PE-backed European companies, including all majority transactions with no new investment going into the business (e.g. acquisitions, MBOs and other buyouts).

Investment activity is measured using **Go4Venture's European Tech Headline Transactions Index (HTI)**, which is based on the number and value of transactions reported in professional publications.

M&A activity is measured using data from a combination of external sources, primarily Capital IQ, with complementary reporting from 451 Group and VentureSource.

Europe is defined as Western, Central and Eastern Europe, excluding Israel.

For more details, please refer to the Methodology Note available at www.go4venture.com/research/hti.htm.

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This Month in Brief

Dear Clients and Friends,

Welcome to the latest edition of the Go4Venture Monthly European TMT Bulletin, featuring our proprietary Headline Transaction Index (HTI) of investment activity, as well as a quick summary of VC & PE-backed TMT M&A exits of $50 million or more.

Ending the Year on a Bang

Something quite remarkable seems to be happening in European venture financing since August: this is now the third month in a row where 2012 data is well ahead of 2011. It is all the more remarkable that the exit market remains pretty lifeless, with the same paucity of good news as before.

Investments

On the investment front October proved to be a record month, with investment figures nearly double that of the same month last year by value. This follows a similar achievement, with September and August 2012 60% ahead compared to the year before. **As a result, 2012 through to October is nearly 25% higher by comparison to the same period the year before.**

Interestingly the October performance is driven by **an unusually high number of Landmark deals (> €20mn)**. In fact we have 7 such transactions (if we include a couple just shy of the €20mn mark) out of a total of 13 Large Headline Transactions (> £5mn, €7.5mn or $10mn - depending on the reporting currency), the largest proportion ever.

This is yet another demonstration point of European venture landscape's growing maturity: venture investors have realised that large absolute returns are required to attract Limited Partners. In short VCs are trying to remain relevant to their own investors, who are reducing their exposure to private equity and venture capital under regulatory and financial performance pressures. However as we have mentioned in previous issues of our Bulletin **it is intriguing to note that most of these large European venture transactions are led by US VCs** (Accel Partners, Canaan Partners, Redpoint Ventures, Stripes Group), and the rest by non-European investors from private equity (Access Industries), investment management (Sofina) or industry (Sasol Energy). Clearly indigenous players are lacking the financial firepower even if **it is heartening to see that all these companies were initially funded by some of Europe's best early-stage players** (for example in October: A Plus Finance, Balderton, CM-CIC, Creathor Venture, Eden Ventures, Idinvest and Index Ventures).

As in previous months **the majority of Large HTI transactions meet the following, rather narrow criteria:**

- C or Late Stage companies (11 out of 13 – 85%!)
- Internet services and digital media (8 out of 13 – 60%), with the rest in cleantech (3) or software (2)
- UK-based (7 out of 13 – 55%), with Germany (3), France (2) and rest of Europe (Denmark this month) trailing well behind

Against this rather specialised investment focus **existing European VCs, even those with a decent track record, are struggling to raise funds, and much of the action is with new funds.**

- <u>New Funds</u> – In October four of the six funds making announcement were either new funds (e.g.: €45mn Kibo Ventures for Spain) or funds focusing on new economies such as Russia (e.g.: Elberus, and Baring Vostok) or Turkey (e.g.: Maditerra Capital).
- <u>Existing Funds</u> – Creathor Venture, an early-stage specialist focusing on German-speaking Europe finally raised its third fund, after nearly two years effort, even though management provided over 20% of the €80mn fund. Atomico Ventures did a first close on its second fund at $280mn (€215mn), but with a more resolute focus on larger transactions and investments outside Europe (including Brazil). Iris Capital, an established Paris-based player with a 20+ year track record, completed its total transformation (started in March 2012 with a major €150mn investment by telecom operator France Telecom and advertising agency Publicis) by opening up a series of offices spanning North America (Canada, California), Asia (Beijing, Tokyo) and the Middle East (Dubai, Riyadh) in addition to its traditional presence in Europe (Paris, Dusseldorf). Even mighty Index Ventures is not standing still, and is probably becoming the first European VC to cross over to the US to become one of the Valley's insiders. This is the effort required to remain relevant. **This is how significantly the VC game has changed.**

Hence the **complete disconnect between dejected European VCs struggling to raise new funds, and record venture investment levels in Europe**, except much of the action is growth equity rather than strictly venture, and much of it is led by new players moving into Europe targeting late-stage in the rather specific niche of internet companies (including ecommerce, disintermediation plays, digital media and SaaS) and accessorily cleantech. In practice this **also means that the bar for truly new startups has gone up tremendously** in terms of expected levels of ambition and demonstration points before venture investors are prepared to get involved, and **some sectors have become near-no-go areas** (e.g. semiconductors). Future entrepreneurs should take notice.

<u>Exits</u>

The exit market continues to remain depressed, both globally and for European venture and private equity TMT exits.

Among the Top 5 TMT exits, only two featured as billion dollar transactions, in semiconductors and internet services, the other three being smaller plays in a variety of fields such as software, IT consulting and payment processing. Only the two largest plays were private equity backed, with a third one supported by a family office.

The list of PE and VC-backed European TMT transactions was also equally unexciting, with German quoted Xing (originally baked by Wellington Partners), a professional social network akin to LinkedIn, finally acquired by traditional media house Hubert Burda, and Italy-based Screen Service, a provider of broadcasting equipment, taken private by French private equity firm HLD Associés.

The outlier was VC-backed Qype, a German-headquartered European provider of local business reviews, taken over by its much larger US competitor Yelp. The result was a €38mn exit for a total funding of €15mn. Not bad by European standards, still far from the 10x baggers which the market needs to convince

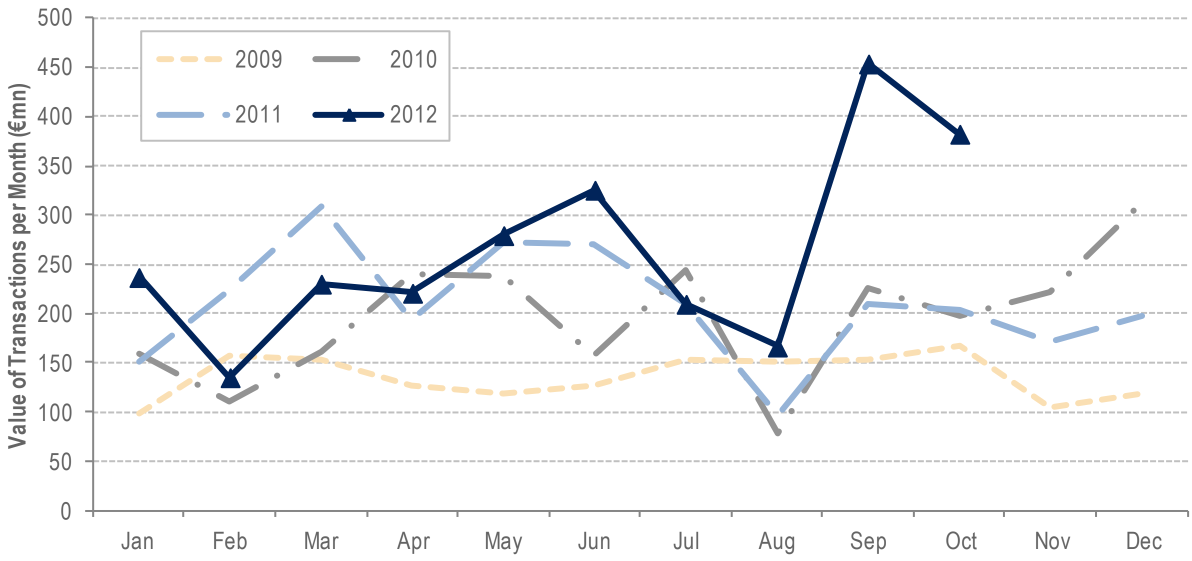
Limited Partners that European venture is worth the trouble. What is interesting in this transaction though is that Yelp and Qype competed in the European market and Qype managed to get ahead of its much bigger challenger. **Only by building a true European lead was Qype able to attract the bid from its US buyer. Probably a lesson to keep in mind for all European entrepreneurs dreaming of a US buyer.**

Enjoy the reading. Please direct any questions or comments to g4vbulletin@go4venture.com. If you do not wish to receive future HTI updates from us, please send an email with the title “unsubscribe” to g4vbulletin@go4venture.com.

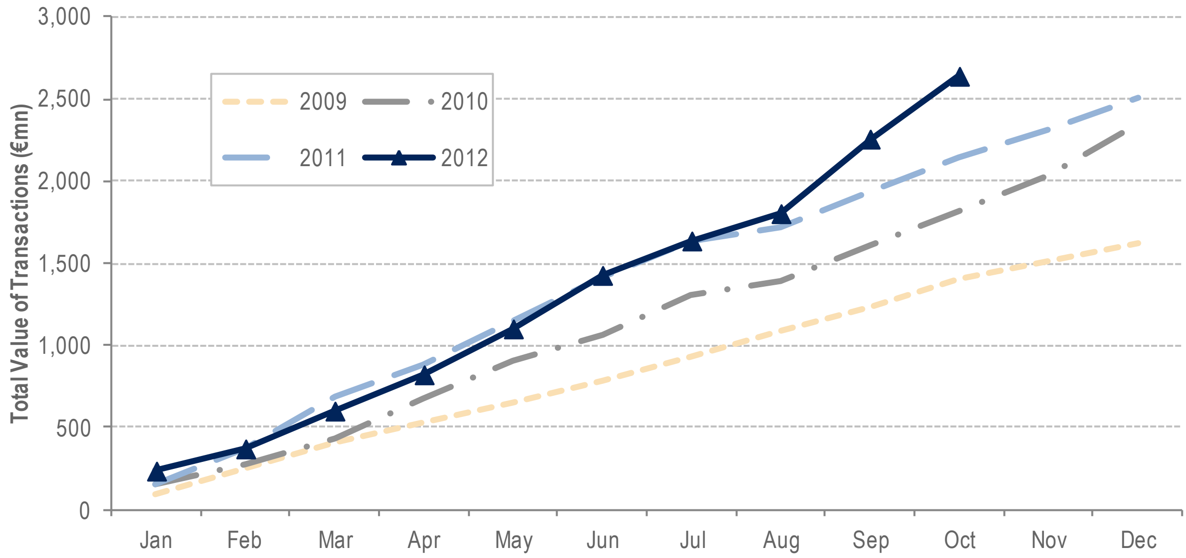
The Go4Venture Team

1.1 - Headline Investment Index (HTI)

Go4Venture HTI Index by Deal Value



Go4Venture HTI Index by Cumulative Deal Value



October		2011	2012
Landmark Deals	#	1	5
	€m	68.9	211.5
Headline Deals	#	6	7
	€m	61.3	87.1
Small Deals	#	21	34
	€m	74.0	83.7
All Deals	#	28	46
	€m	204.2	382.4

Year-to-Date		2011	2012
Landmark Deals	#	22	31
	€m	965.3	1,140.0
Headline Deals	#	51	66
	€m	572.9	779.9
Small Deals	#	203	249
	€m	600.6	712.9
All Deals	#	276	346
	€m	2,138.8	2,632.7

1.2 - Large Headline Investment Summary

(>£5mn / €7.5mn / $10mn)

	Company	Sector	Round	€mn	Description	Investors
1	Deezer (France) www.deezer.com	Digital Media	C	100.2	Provider of music streaming and discovery services.	**Access Industries**, Idinvest Partners.
2	Zendesk (Denmark) www.zendesk.com	Software	Late Stage	34.7	Online customer support service company.	Benchmark Capital, Charles River Ventures, GGV Capital, Goldman Sachs, Index Ventures, Matrix Partners, **Redpoint Ventures**.
3	HouseTrip (UK) www.housetrip.com	Internet Services	C	30.8	Holiday lettings marketplace.	**Accel Partners**, Balderton Capital Management, Index Ventures.
4	Spartoo (French) www.spartoo.com	Internet Services	Late Stage	25.0	Online retailer of footwear and bags.	A Plus Finance, CM-CIC Capital Privé, Endeavour Vision, Highland Capital Partners, **Sofina.**
5	Netbiscuits (Germany) www.netbiscuits.com	Internet Services	C	20.8	Provider of mobile content publishing solutions.	Creathor**, Stripes Group**, T-Venture Holding.
6	Borro (UK) www.borro.com	Internet Services	Late Stage	19.8	Provider of online pawnbroking services.	Augmentum Capital, **Canaan Partners**, Eden Ventures, Ribbit Capital, RockRidge Capital Partners.
7	Oxis Energy (UK) www.oxisenergy.com	Cleantech	Late Stage	19.8	Developer of next-generation battery technology.	**Sasol New Energy.**
8	Broadbandchoices.co.uk (UK) www.broadbandchoices.co.uk	Internet Services	Late Stage	12.4	Provider of home communications price comparison and switching services.	**Business Growth Fund.**
9	Definiens (Germany) www.definiens.com	Software	Late Stage	10.0	Provider of image analysis and data mining solutions for the life sciences information industry.	Cipio Partners, **Gilde Healthcare Partners**, TVM Capital.
10	Secret Escapes (UK) www.secretescapes.com	Internet Services	C	9.9	Provider of luxury travel offers at discounted prices.	Atlas Ventures, **Index Ventures**, Octopus Ventures.
11	7digital (UK) www.7digital.com	Digital Media	B	7.7	Provider of an open Application Programming Interface (API) enabling other companies to build a customized music offering.	Undisclosed.
12	SolarFuel (Germany) www.solar-fuel.net	Cleantech	A	7.5	Provider of carbon-neutral electricity-to-synthetic-gas conversion systems.	**Aster Capital**, Ventrex Automotive.
13	Open Energi (UK) www.openenergi.com	Cleantech	Late Stage	6.2	Provider of electricity efficiency solutions.	**Ombu Group.**

Source: Go4Venture

Key
Bold indicates lead investor(s)
* Internal round
** Led by existing investors

Company	Sector	Round	€mn	Description	Investors
Deezer (France) www.deezer.com	Digital Media	C	100.2	Provider of music streaming and discovery services.	**Access Industries**, Idinvest Partners.

Deezer (Blogmusik) (**France**), a provider of music streaming and discovery services, raised **$130.0mn** (**€100.2mn**) in a **Series C** round led by **Access Industries** with support from existing investor **Idinvest Partners**. The money will be used to support the firm's continuing international expansion.

Founded in 2006, Deezer (originally known as Blogmusik) provides a subscription music streaming service. Similar to other music services such as Spotify in Europe and MOG in the US, Deezer operates on a freemium basis both on the web and on mobile devices, and has a social aspect through a partnership with Facebook. The company generates revenues primarily from subscriptions but also from sales of songs on Amazon or iTunes.

Operating initially in France, Deezer grew its subscriber base through a bundling arrangement with France Télécom (Orange) signed in summer 2010. Under the terms of the deal, whose details were not disclosed, France Télécom took a 10% stake in Deezer. Bundling makes it cheaper to acquire paying customers rather than to do so by enticing them with free content (for which royalties still have to be paid).

The France Télécom deal allowed the company to become profitable in 2010 – extremely unusual in the €4bn digital music industry – and start expanding internationally in 2011. Deezer has stated that it wants to take 5% of the global digital music market by 2016. To support this expansion, Deezer has again partnered with telecoms operators such as Belgacom, Deutsche Telekom, Millicom, Orange and Telenor. The firm plans to expand globally, except in the US and Japan; this decision is due to market saturation and low growth forecasts in these two countries, as well as the fact that combined they represent only 25% of global music consumption.

Deezer now has 26mn users, 2mn of which pay subscriptions. For comparison, British rival and market leader Spotify, whose €69mn Series D round was featured in our July 2011 issue, has 15mn users and 4mn paying subscribers. While Spotify's revenues were almost €190mn in 2011, the firm still made a loss of €45mn.

This round dramatically increases the amount raised by Deezer. The firm's two previous rounds were only €5.7mn in 2008 and €6.5mn in 2009. We have, however, seen some sizeable music investments as the industry seeks to replace the profits it used to make from selling CDs. Recent deals include simfy, Shazam and Spotify in May, June and July 2011 respectively.

Rival Spotify is also widely reported as seeking substantial additional investment. According to the Financial Times, the firm has closed a c.€80mn round from blue chip investors at a valuation in excess of c.€2.3bn.

Lead investor Access Industries, which also featured in last month's bulletin in support of Lamoda, targets three industries – natural resources, TMT and real estate. In particular it owns Warner Music, as well as having stakes in Top Up TV and the digital sports rights company Perform.

According to Le Figaro, existing investor Idinvest Partners (€275mn (2011); AUM €3bn) contributed about €25mn of the total and this will be used to buy out other previous investors. Idinvest last appeared in our June issue leading a €17.5mn round for Sensee.

Company	Sector	Round	€mn	Description	Investors
Zendesk (Denmark) www.zendesk.com	Software	Late Stage	34.7	Online customer support service company.	Benchmark Capital, Charles River Ventures, GGV Capital, Goldman Sachs, Index Ventures, Matrix Partners, **Redpoint Ventures**.

Zendesk (**Denmark**), a provider of cloud-based customer service software, raised **$45mn** (**€34.7mn**) in a Series **D** round led by **Redpoint Ventures** with support from new investors **GGV Capital**, **Goldman Sachs** and **Index Ventures**, together with existing investors **Benchmark Capital**, **Charles River Ventures** and **Matrix Partners**. In addition, the firm has agreed a $15mn (€11.6mn) debt facility from Silicon Valley Bank.

As with so much enterprise software, customer service support is migrating to a Software as a Service (SaaS) model. Zendesk was founded in 2007 by a small Danish team with experience of implementing on-site customer service software but adopted the SaaS model from the start.

Integrating their product with market leading CRM firm Salesforce in 2008, Zendesk had acquired over 1,000 customers by 2009. To finance the company's further development, Zendesk sought venture funding in 2009. Unusually for a European startup, both of Zendesk's early investors were from the West Coast – Charles River Ventures and Benchmark Capital.

Unsurprisingly, following two closely spaced funding rounds from these investors in May and July 2009, the firm moved its headquarters to San Francisco. Since then the firm has launched mobile and tablet versions of its software and expanded its user base to 20,000 customers. This growth seems to be accelerating with Zendesk opening offices in London, Copenhagen, Melbourne and Tokyo over the last year and a half.

Like Zendesk's early investors, Redpoint Ventures (€310mn (2011); AUM €2.3bn) is headquartered on the West Coast but has been investing in Europe since 2010. As is increasingly common for large investors, Redpoint is global in outlook. It has a particular interest in China and South America with offices in Shanghai and Sao Paulo. Focussing on the digital media, enterprise, internet and mobile sectors, Redpoint is stage agnostic. The firm last featured in our bulletin in April with an investment in Just-Eat.

Fellow Silicon Valley investor, GGV Capital (€470mn (2008); AUM €780mn) operates as a single team across the US and China providing growth capital rounds of €4-20mn. This is only the second time we have featured a deal by GGV, the first being a €39mn round for SoundCloud in January. Whilst in China GGV invests in consumer businesses, elsewhere it concentrates on digital media, the internet and the cloud.

Goldman Sachs and Index Ventures (€350mn (2012); AUM €2bn) are both well known, the latter having last featured in our June bulletin with a €9mn investment in Lifealike. Index is clearly stepping up its involvement in the US, being the first European venture fund to become part of the Silicon Valley elite with recent US investments such as Datadog and Pentaho.

Benchmark Capital (€320mn (2008); AUM €2.3bn) and Charles River Ventures (€300mn (2012); AUM €1.2bn), which led Zendesk's first and second rounds back in May and July 2009, are both based in the Silicon Valley and both have a long track record. Founded in 1970, Charles River is one of America's oldest VC funds. The firm has made 70 IPOs and over 90 trade sales. A relatively young firm by comparison, Benchmark has made 6 IPOs and 13 sales. This is the first time that either firm has appeared in our bulletin. Another industry veteran, Matrix Partners (€500mn (2011); AUM €3.4bn) is slightly better known in Europe and last featured in our May bulletin with a €19mn investment in Huddle.

Company	Sector	Round	€mn	Description	Investors
HouseTrip (UK) www.housetrip.com	Internet Services	C	30.8	Holiday lettings marketplace.	**Accel Partners**, Balderton Capital Management, Index Ventures.

HouseTrip (**Switzerland**), a provider of peer-to-peer online holiday apartment bookings, raised **$40.0mn** (**€30.8mn**) in a **Series C** round led by **Accel Partners** with support from existing investors **Balderton Capital** and **Index Ventures**. The money will be used primarily to support expansion into new territories.

We last featured HouseTrip in our November 2011 issue. The company focuses primarily on renting out complete houses and apartments as holiday homes rather than on short stays in single rooms. It also concentrates on the main European holiday destinations which account for over €15bn of the €80bn global vacation rental market. Not only is this market bigger in Europe than it is in the US but only three countries – France, Germany and the UK – account for over three quarters of the market. Moreover, the market is highly fragmented making it suitable for the now well-treaded peer-to-peer internet disintermediation play.

This has been a hot sector for some time as shown in the table of competitors and investments below.

Ranked by # of Properties in descending order

Company	Founded	HQ Country	# of Properties	Total Investment	Latest Round	Focus and Notes	See Bulletin
Homeaway	2005	USA	720,000	€330mn	IPO	Vacation rentals and B&B. €167mn Nasdaq IPO in June 2011 at a valuation of €1.5bn.	N/A
Airbnb	2008	USA	230,000	€90mn	Jul-12 €1.3mn	Known as a B&B platform actually rents entire homes 57% of the time and single rooms 41% of the time.	N/A
HouseTrip	2009	Switzerland	130,000	€46mn	Oct-12 €30.8mn	Complete homes and apartments for the European holiday rental market.	Nov-11
9flats	2011	Germany	82,000	€7mn+	Jan-12 Undisclosed	Airbnb clone. Additional undisclosed funding round in January 2012.	May-11
LuxuryRetreats	1999	Canada	2,000	€4mn	Sep-12 €4.2mn	Upscale vacation rental of villas.	N/A
Wimdu	2010	Germany	Unknown	€60mn	Jun-2011 €63mn	Airbnb clone	Jun-11

Sources: Trade Press, Techcrunch, Venture Source, Go4Venture Research, Companies, WSJ

HouseTrip, which has more than doubled the number of properties on its books in the last year from 55,000 to 130,000, is now profitable in some of the cities in which it operates. In other cities it has yet to achieve critical mass, but through hiring additional engineers is looking to develop new services such as tourism assistance, property dashboards, etc.

This latest round brings total investment in HouseTrip to about €46mn. This is far short of the amount raised by Homeaway before its IPO and only half of the amount raised by Airbnb, although Airbnb is already valued at about €1bn. Moreover, according to the Wall Street Journal, Airbnb is believed to be raising an additional €115mn which would bring its valuation up to €2bn. With these funds it will almost certainly try to build scale in Europe before one of the incumbents achieves dominance.

Transaction leader Accel Partners (€80mn (2011); AUM €5bn), existing investors Balderton Capital (€390mn (2008); AUM €1.5bn) and Index Ventures (€350mn (2012); AUM €2bn) are all well known and feature frequently in our bulletin. While there are numerous examples of two of these big names acting in concert – for example, within the last three years or so, investments include KupiVIP, Stylistpick and Wonga – this is the first time we have seen all three act together on an investment.

Company	Sector	Round	€mn	Description	Investors
Spartoo (French) www.spartoo.com	Internet Services	Late Stage	25.0	Online retailer of footwear and bags.	A Plus Finance, CM-CIC Capital Privé, Endeavour Vision, Highland Capital Partners, **Sofina.**

Spartoo (**France**), a footwear e-tailer, raised **€25.0mn** in a **Series D** round led by new investor **Sofina** with support from existing investors **A Plus Finance**, **CM-CIC Capital Privé**, **Endeavour Vision** and **Highland Capital Partners**. The money will be used for further expansion across Europe.

Despite the recent plethora of e-tailing investments, we have not seen Spartoo in our bulletin for quite some time – since January 2010 in fact. At that time, Spartoo had just acquired Sacby.com which allowed it to expand horizontally into bags and accessories. Unlike many e-tailers which have started off in shoes, however, this has been Spartoo's only diversification.

The company has, however, grown with its turnover quadrupling from €25mn to €100mn between 2009 and 2011. Profitable in its core French market since 2006, the company has been expanding across Europe. Now operating in some 20 different European countries, the firm claims that its international turnover has grown 20-fold since its last investment. This corresponds with its number of unique monthly visitors having increased from four million to twelve million.

This round brings total investment in Spartoo to a little over €40mn. This should be viewed in the context of the unusually high number of e-tailing investments since the beginning of the year – Farfetch in January, Zalando, Stylistpick and SecretSales in February, KupiVIP in June, Zalando in August and Lamoda and Matches in September. Some of these firms also started out with shoes but have since diversified into general fashion. It will be interesting to see how the market develops. Spartoo estimates that the shoe market alone is worth €50bn in Europe.

Transaction leader Sofina (Euronext:SOF) is a listed holding company based in Brussels which approached Spartoo directly. Sofina is by no means a technology specialist but counts a number of highly relevant consumer goods and retail investments. Its portfolio encompasses the energy, biotech, financial and industrial sectors, as well as alternative assets such as private equity and hedge funds. Sofina's participation is therefore another indicator of the increasing maturity of the e-tailing market.

Last featuring in our bulletin in June 2011 in support of Ercom, A Plus Finance (€35mn (2007); AUM €55mn) manages several funds. In technology the firm concentrates on cleantech, e-commerce, healthcare, media and software deals. As is typical of the firm, it first backed Spartoo at a relatively early stage when it led the €4.3mn second round in 2007.

Fellow existing investor CM-CIC Capital Privé (€120mn (2006); AUM €400mn) has not featured in one of our bulletins since Spartoo's previous round. Preferring to take minority stakes, the firm targets SMEs with a turnover of less than €50mn, fewer than 250 employees and a base in France. Fellow long-term investor Endeavour Vision (€100mn (2007)) is a venture and growth capital firm which covers technology and the life sciences. Endeavour invests in both Europe and the US.

Highland Capital Partners (€330mn (2009); AUM €2.8bn) last featured in our May 2011 bulletin with a €17mn round for Wooga. No stranger to fashion e-tailing, the firm's other shopping investments include Beyond the Rack, OpenSky, Privalia and Style Feeder. The firm is reported to have completed the first closing of its first Europe-dedicated fund targeted at €250mn.

Company	Sector	Round	€mn	Description	Investors
Netbiscuits (Germany) www.netbiscuits.com	Internet Services	C	20.8	Provider of mobile content publishing solutions.	Creathor , **Stripes Group**, T-Venture Holding.

Netbiscuits (**Germany**), a provider of a development and publishing platform for mobile apps, raised **$27.0mn** (**€20.8mn**) in a **Series C** round led by new investor **Stripes Group** with participation by existing investors **Creathor** and **T-Venture Holding**. The money will be used for sales, marketing and Research and Development (R&D).

According to KPCB's Internet Trends 2012, smartphones now account for 16% of mobile phone subscriptions and by Q2 2012 mobile traffic had exceeded 10% of total internet traffic. In other words smartphone usage is way past the early adopter phase and a commercially interesting number of people are now browsing the web on smartphones.

E-commerce incumbents therefore have to deal with this new channel for marketing and selling to their customers. Unfortunately, there is a wide variety of devices with different screen resolutions and input capabilities which makes migration of existing websites non-trivial. Moreover Cost-per-thousand Impressions (CPMs) – an online advertising term used to calculate the advertising cost per 1000 "impressions" (times that the advertisement is shown) – are around five times lower on mobile than on the more readily monetised desktop web which means that development budgets are limited.

Founded in Germany in 2000 at a time when Wireless Application Protocol (WAP) was the state of the art, Netbiscuits provides a publishing platform, mobile website development tools, XML integration with corporate back ends and, underpinning it all, an HTML5-based 'Tactile' development framework. This is key as, while there is evidence that people prefer native applications (apps) to access mobile content rather than mobile web, many of these apps are just HTML5 wrappers. The reason for this is that, at least for the most common functionality, HTML5 now renders very well on all mainstream devices – even those which do not claim to support the standard, such as iOS devices. The fact that the Netbiscuits framework combines HTML5 wrapping with a JavaScript replacement (BiscuitML), a style-sheet pre-processor and device information services makes it possible to write truly multi-browser, cross platform web apps with minimal development.

Profitable since 2002, Netbiscuits has a number of high-profile blue chip clients including Coca-Cola, eBay, Google, PayPal and Universal Music Group. Despite being based in Germany, with offices in the UK and the Asia Pacific Region, over 50% of the firm's business is in North America where it has three offices.

US-based growth capital investor the Stripes Group (€250mn (2011); AUM €500mn) seeks to invest in profitable companies (EBITDA>€2.5mn), with revenues over €12mn growing at 20% per annum. Sectors targeted are internet, SaaS and branded consumer products. This investment is unusual for Stripes Group as the firm usually prefers to be the first institutional investor.

Based in both Switzerland and Germany, early stage investor Creathor (€80mn (2011); AUM €140mn) has a broad Technology, Media and Telecommunications (TMT) remit which even extends as far as nanotechnology and the life sciences. Founded over a quarter of a century ago, Creathor has led investments in over 200 countries, has participated in over 20 IPOs and has around 24 active investments.

This is the first time that the Stripes Group or Creathor feature in our bulletin. Better known is T-Venture Holding (€50mn (2004); AUM €620mn) which last featured in our March bulletin through investing in MyThings.

Company	Sector	Round	€mn	Description	Investors
Borro (UK) www.borro.com	Internet Services	Late Stage	19.8	Provider of online pawnbroking services.	**Canaan Partners**, Eden Ventures, RockRidge Capital Partners, Augmentum Capital, Ribbit Capital.

Borro (**UK**), an online pawnbroker, raised **£16.0mn** (**€19.8mn**) in a **late stage** round led by **Canaan Partners** with support from **Augmentum Capital**, **Eden Ventures**, **Ribbit Capital** and **RockRidge Capital Partners**. The money will be used to continue UK and US expansion, as well as to add new features to its lending service.

London-based Borro has featured in our bulletin twice before – in March 2010 and April 2011. Targeting asset rich but cash poor customers at the premium end of the market enables Borro to support a team of valuation experts and hence underwrite much higher Loan-To-Value (LTV) ratios than its competitors. Typical loan values are €6,000 rather than the €150 average advanced by high street pawnbrokers but can go as high as €0.7mn depending on the collateral available. Current interest rates are around 2.99-3.99% per month (approximately 40% to 54% Annual Percentage Rate (APR)).

Since we first covered Borro, the firm has made over 15,000 loans – roughly €100mn of business – and has shown triple digit revenue growth year-on-year. In February 2012, the firm launched in the US targeting New York residents and commuters from the Tri-state region (New York, New Jersey and Connecticut). Interestingly, US loan values are averaging about €7,000 compared with only €5,000 in the UK.

Transaction leader Canaan Partners (€470mn (2012); AUM €2.7bn) has US offices in New York and Silicon Valley as well as offices in India and Israel. Its investment remit is broad, encompassing both technology and healthcare, although the exact emphasis depends on the country of investment. Founded in 1987, the firm has raised nine funds and made almost 150 successful exits including over 50 IPOs. Previous appearances in our bulletin include SilverRail Technologies in March and Lifealike in June.

Of particular importance to Borro given its recent US expansion, Canaan led the €8.5mn first round of investment in US peer-to-peer lending market LendingClub. With SEC-registered securities stratified by credit grade and over €700mn of loans written, Canaan's experience with Lending Club will be invaluable to Borro. Most interestingly, Paul Aitken (CEO) talked about offering 'guidance to Borro as it expands worldwide', strongly suggesting that the firm's expansion plans extend beyond the US.

British investor Augmentum Capital (€60mn (2012); AUM €60mn) – last seen in our bulletin leading a €9mn round for Bathrooms.com in April – was started in 2009 by entrepreneur Tim Levene (of juice bar, flutter.com and Betfair fame) and VC and private equity executive Richard Mathews. The firm is still investing its first fund which is backed solely by the Rothschild family's FTSE listed RIT Capital Partners.

Fellow British investor Eden Ventures (€130mn (2007); AUM €250mn) has offices in London and Bath. With the current vogue for larger, later stage investment rounds, Eden is that rare commodity – a seed investor. Typically investing between €0.2-1.25mn but able to follow its money by co-investing in subsequent rounds up to €6mn per company, Eden describes its target areas in terms of themes. Apart from finance, its current themes are education, gaming, healthcare, location-based services, IPTV, video ads and services for the virtual world. Its preference for small seed investments means that Eden has featured only rarely in our bulletin but it has contributed over 30 different investments to our HTI since 2003.

At the time of going to press Borro, announced that it had been granted a €25mn loan facility from Octopus Investments (€18mn (2010); AUM €310mn).

Company	Sector	Round	€mn	Description	Investors
Oxis Energy (UK) www.oxisenergy.com	Cleantech	Late Stage	19.8	Developer of next-generation battery technology.	**Sasol New Energy**.

Oxis Energy (**UK**), a developer of next-generation battery technology, raised **£15.0mn** (**€18.6mn**) in a **Late Stage round** from **Sasol New Energy**. The money will be used for further R&D and to scale up production of the materials used for the electrolyte and cathode. Applications envisaged for Oxis' technology include electric vehicles and Uninterruptible Power Supplies (UPS) for office and industrial use.

Most of the energy storage related investments we have covered in our bulletin have been for various forms of fuel cells (€10mn for P21 in May 2009, €21mn for Intelligent Energy in July 2009, €26mn for Powercell in October 2009) rather than for rechargeable batteries (€11mn for Nexeon in February 2009). The difference is that batteries need to be recharged when depleted whereas fuel cells rely on being refuelled (e.g. with hydrogen) once they run out of fuel.

Commercially fuel cells have gained more traction in the vehicle sector, with portable electronic device applications for fuel cells being less well developed and with the incumbent technology being some form of rechargeable battery. Most of these are currently of the Lithium-ion (Li-ion) type. These are better than their predecessors in that they do not suffer from 'memory effects' (so they won't degrade when only partially recharged) and hold their charge much better. Their capacity does diminish over time, however, owing to the build up of deposits in the electrolyte.

Established in 2004 by a spin-out from the University of Southampton and the Academy of Science Ufa in Russia, Oxis has developed patented Intellectual Property (IP) relating to Lithium-Sulphur (Li-S) batteries, which have a greater energy storage density than Li-ion batteries. Theoretically they can store five times as much energy per kilogram as current Li-ion batteries. Moreover, they can be stored for over a year with no perceptible loss of charge compared to current Li-Ion batteries which lose charge at 5-10% per month.

Importantly, Oxis emphasises the safety of its batteries. Under certain unusual circumstances – usually involving overheating or physical damage, Li-ion batteries can suffer from thermal runaway. This is why certain laptop manufacturers were forced to recall about nine million machines with Li-Ion batteries in 2006. In Oxis' batteries, the Lithium is protected by the formation of a Lithium Sulphur (Li_2S) film which has a melting point of 938°C. Damage to Oxis' cells tends to result in loss of capacity rather than thermal runaway.

Strategic investor Sasol (NYSE:SSL) is an international energy and chemicals company headquartered in South Africa. This investment was made by Sasol New Energy, one of Sasol's Strategic Business Units (SBUs) which is dedicated to developing and commercialising new technologies, implementing and operating facilities based on these technologies and pursuing opportunities in energy-related clean technology. Of key importance to Oxis and previous investors will be Sasol's experience in the scaling up and commercialisation of chemical processes similar to those required to make the electrolyte and cathode in Oxis' batteries.

Company	Sector	Round	€mn	Description	Investors
Broadbandchoices.co.uk (UK) www.broadbandchoices.co.uk	Internet Services	Late Stage	12.4	Provider of home communications price comparison and switching services.	**Business Growth Fund.**

Decision Technologies Limited (DTL) (trading as **Broadbandchoices**) (**UK**), an operator of a price comparison site for home broadband, raised **£10.0mn** (**€12.4mn**) in a **Late Stage** round from the **Business Growth Fund**. The money will be used to further promote the company in the UK through a nationwide television campaign and for developing the company's price and performance comparison tools and apps, as well as for expansion elsewhere in Europe.

Founded in 2005, DTL operates a price comparison website for consumer broadband, mobile broadband and packages, which include broadband bundled with some other service such as a landline telephone or digital TV. The firm also publishes a number of guides. Unsurprisingly, the firm's sites are closely integrated with the usual range of social media channels.

Broadbandchoices makes its money primarily through advertising to its 1.8mn monthly visitors. Last year the firm reported a turnover of almost €14mn. The firm is accredited by Ofcom – the UK's independent regulator and competition authority for the telecommunications industry.

DTL also operates a number of other price comparison sites such as Digitalchoices.co.uk (for digital TV), homephonechoices.co.uk (for landline telephones), mobilechoices.co.uk (for mobile and smartphones) and energychoices.co.uk (for domestic energy suppliers). In addition to such horizontal diversification, the firm has also recently expanded its broadband price comparison service to other European countries with Comparaiso.es in Spain, Letamis.fr in France and Schlaubi.de in Germany.

In addition to providing comparison services under its own name, DTL also offers a partnership platform through which its information is syndicated to over forty white label partners. These partners even include sites with high brand awareness such as CompareTheMarket.com, Confused.com and GoCompare.com.

Although this is DTL's first venture investment it is clearly growth capital rather than an early stage VC round. In line with the Business Growth Fund's (BGF) normal modus operandi, this transaction gives the BGF a minority stake and a seat on the board.

Acting as an independent company, BGF is backed by Barclays, HSBC, Lloyds, RBS and Standard Chartered. With committed funds of €3bn BGF makes equity investments of €2.5-12mn in SMEs with turnovers of €6-12mn with a view of supporting the UK economy.

It took the BGF quite some time to get going – despite being envisioned as a response to the depressed economic conditions in 2008, the firm did not actually become operational until 2011. Now, however, it is one of the most active investors in the UK.

In addition to a €25mn investment in SkyDox which we covered in last month's bulletin, the firm made two other investments in September – €3.7mn for specialist footcare provider Shuropody and €6.7mn in Swanbridge Hire and Sales (SHS). It has made around 20 investments to date totalling just under €120mn. While not technology focussed, the BGF is making enough investments that is already a significant player in the British tech investment scene. Other technology investments include Unruly Media, M Squared Lasers, Cennox and AFG Media.

Company	Sector	Round	€mn	Description	Investors
Definiens (Germany) www.definiens.com	Software	Late Stage	10.0	Provider of image analysis and data mining solutions for the life sciences information industry.	Cipio Partners, **Gilde Healthcare Partners**, TVM Capital.

DEFINIENS Understanding Images

Definiens (**Germany**), a provider of a software-based image analysis and data mining platform, raised **€10.0mn** in a **Late Stage** round led by **Gilde Healthcare Partners** with support from existing investors **TVM Capital** and **Cipio Partners.**

Definiens was founded in 1994 by physicist Gerd Binnig who won the 1986 Nobel prize for co-developing the Scanning Tunnelling Microscope (STM). Unusually for a firm founded by a Nobel laureate, Definiens is not based on Binnig's research. Instead the firm has developed Cognition Network Technology® – patented segmentation and classification algorithms that mimic how the human mind is thought to extract information from a sea of data.

Focussing on image data, by interpreting pixels in context, Definiens' technology can identify objects in both 2D and 3D images. This is of particular use in the context of biomedical images which normally require interpretation by humans. The obvious application is radiology where X-ray, Computer Tomography (CT), Positron Emission Tomography (PET) and Magnetic Resonance Imaging (MRI) scans produce image data in standard formats, but Definiens' technology is equally applicable to digital pathology from microscopy and other areas where imaging needs interpretation by highly trained clinical staff.

Definiens' product range has a variety of applications in the healthcare sector and includes a software development kit, as well as training and consulting. Commercially, the firm is initially targeting digital pathology in the oncology market.

A subsidiary of Dutch investment firm Gilde, we last saw transaction leader Gilde Healthcare Partners (€50mn (2009); AUM €450mn) in July 2011 with a €13mn investment in Prosonix, a developer of ultrasonic particle engineering technologies which can be used in drug delivery systems. One of Europe's oldest technology venture capital investors, Gilde started in the 1980s and refocussed on healthcare funds in 2000.

Operating from offices in the Netherlands and the US, Gilde Healthcare can commit up to €10mn per round. Not only is the total investment per company capped at €15mn, but the firm manages its risk by explicitly diversifying across stages, geographies and businesses. In practice this makes the firm stage agnostic with a portfolio equally split between the US and Europe.

Well known investor TVM Capital (€240mn (2004); AUM €1.3bn) has been a long term supporter of Definiens. Having identified the potential in the firm's technology early on, TVM led the first (€1.6mn, April 2000) and the two subsequent rounds and participated in three others. In its 25 year history, the TVM Capital Group has financed over 250 companies across technology and the life sciences. Despite being an early entrant in European venture capital in the mid 1980s, it has struggled to raise another European fund and instead it started a Shariah compliant fund (follows Shariah law and is suitable for Islamic investors) in 2010, focussing on private equity investments in healthcare services in the Middle Eastern region out of Dubai.

Founded in 2003, Cipio Partners (€140mn (2011); AUM €300mn) is a specialist secondary investor targeting both portfolios and individual companies. Stage agnostic, the firm manages several funds totalling about €580mn and comprised of roughly 50 companies.

Company	Sector	Round	€mn	Description	Investors
Secret Escapes (UK) www.secretescapes.com	Internet Services	C	9.9	Provider of luxury travel offers at discounted prices.	Atlas Ventures, **Index Ventures**, Octopus Ventures.

Secret Escapes (**UK**), a luxury travel club offering discounted hotels and holidays, raised **£8.0mn** (**€9.9mn**) in a **Series C** round led by **Index Ventures** with support from **Atlas Ventures** and **Octopus Ventures**. The money will be used to support international expansion and fund additional publicity in the UK, most likely in the form of TV advertising which has already proved successful.

Secret Escapes has a very similar business model to France's Voyage Privé which was launched in 2006. The firm allows users to sign up for free and provides its members with access to flash sales of holidays and hotel rooms. This allows hotels to maintain high occupancy rates and holiday operators to meet their commitments to both airlines and hoteliers. By being available at short notice, members get access to discounts of up to 70%.

Incorporated in September 2009, Secret Escapes took just over a year to build its website and infrastructure, as well as to build relationships with hotel operators and holiday providers. Its initial growth was slow but sped up significantly following funding from Atlas and Octopus in April and October 2011, which allowed the firm to run TV commercials that helped in generating 1.3mn additional members. The firm now has over 2mn members.

Secret Escapes plans to double membership to over 4mn by the end of 2013. Other plans include the launch of a product for last-minute offers called Secret Escapes Impulse which will target customers who can travel the same day. The firm also has plans for expansion outside the UK. Its competitor Voyage Privé is already operational in Brazil, France, Italy and the UK and has roughly 8mn members.

Just as in the fashion industry, where the last few years have seen a number of copy-cat investments many of which also started out with flash sales, we have seen a number of travel-related investments in the recent past. The most obvious examples are the Airbnb clones (see our earlier coverage of HouseTrip). The travel industry is another global industry with the opportunity to build a major business.

While the Samwer brothers generally cite only three opportunities to build billion dollar businesses – Amazon, Zappos and furniture – travel and tourism is probably another. According to industry market research specialist PhoCusWright, the online travel and tourism industry is worth well over €200bn with Europe and the USA accounting for 75% of this.

Interestingly, the last time we saw well known transaction leader Index Ventures (€350mn (2012); AUM €2bn) was in June with another travel investment; €9mn for upscale peer-to-peer home rental service Onefinestay. Early stage life science and technology fund Atlas Ventures (€180mn (2008); AUM €1.7bn) is headquartered in Massachusets but invests in both Europe and the US. The firm is very active in Europe – we have tracked an average of seven investments a year by Atlas ever since 2003. Fellow returning investor Octopus Ventures (€18mn (2010); AUM €380mn) focusses purely on the UK and invests from €125k to €6mn.

Company	Sector	Round	€mn	Description	Investors
7digital (UK) www.7digital.com	Digital Media	B	7.7	Provider of an open API enabling other companies to build a customized music offering.	Undisclosed.

7digital (**UK**), a provider of a Business to Business (B2B) open API licensed music delivery platform and Business to Consumer (B2C) music e-tailer, raised **$10.0mn** (**€7.7mn**) in a **Series B** round from two unidentified listed technology companies. The money will be used for further development of the firm's B2B platform as well as expansion into new markets.

One of the oldest players in the c. €4bn digital music industry, 7digital was founded in 2004 as a 'distributor of all forms of digital media from the written word to music and video'. Initially they sold music content from the likes of EMI and Warner both online and via mobile. Payment was made via SMS, credit card, direct debit or BT phone bill.

Since that time, however, the digital music industry has changed drastically. For example the number of legal music services available worldwide has grown from about 50 to around 600, new revenue models such as paid music streaming have emerged and consumers now expect Bring Your Own Device (BYOD) functionality and availability of their music in the cloud etc.

Rather than remain as a vendor of digital content, 7digital has morphed into a platform for the distribution of digital content. In other words it has changed the emphasis from B2C to B2B. The firm still sells music to retail customers through dedicated online stores in almost 40 countries, but its emphasis is now on an open API which allows companies such as Dell, last.fm, O2 and Samsung to give their customers access to a catalogue of over 22mn tracks while leaving all of the licensing negotiations to 7digital.

Such a platform strategy means that licensing deals can be negotiated centrally, offering clients instant access to music from all of the major labels at a volume discount they can't obtain on their own.

Roughly 250 music services are now using 7digital's API – up from about 180 in 2011. 7digital's service is embedded on roughly 60mn web and mobile devices and is also available through Songbird and Last.fm. 7digital is also moving into streaming but its B2B model shifts the licensing risks to its partners. One of 7digital's key partnerships is with Samsung, which uses 7digital to provide a €8 per month streaming service in the US and five European countries.

Recent agreements include an arrangement with RIM for 7digital to power the BB10 music store and a deal with Toshiba to provide music through web-connected TVs. Initially the service will be available in the UK, France, Italy, Germany and Spain.

2011 revenues were just under €10mn, roughly half of which came from B2B sales, with losses of only €140k after tax. In an industry where even the major players are losing money this is potentially significant. For the same period Spotify made losses of €45mn on revenues of €190mn. In other words 7digital's losses were only 1% of turnover compared with 25% of turnover for Spotify. This is in part attributable to 7digital's emphasis on B2B distribution where it does not suffer from potentially uncapped royalty charges.

Althought the investors were not disclosed, they are known to be listed technology companies. HMV remains a key strategic shareholder.

Company	Sector	Round	€mn	Description	Investors
SolarFuel (Germany) www.solar-fuel.net	Cleantech	A	7.5	Provider of carbon-neutral electricity-to-synthetic-gas conversion systems.	**Aster Capital**, Ventrex Automotive.

Solar Fuel (**Germany**), a provider of energy storage systems based on the electrolytic conversion of hydrogen and carbon dioxide into methane, raised **€7.5mn** in a **Series A** round led by **Aster Capital** with support from **Ventrex Automotive** and other undisclosed investors. The money will be used to further develop the company's proprietary electrolysis and gasification technologies.

One of the key problems with the large scale deployment of clean power generation technologies is that power can only be generated at certain times. There is no guarantee that the times when power can be generated will match the times when there is a demand for it. With wind farms or tidal turbines, for example, power can only be generated when the wind is blowing or the tide is flowing.

One solution is to store surplus energy generated during times of low demand until it is needed, for example through using batteries. Unfortunately, such storage mechanisms often require significant and costly new infrastructure, or have only limited capacity. Pumped hydroelectric storage systems typically only have capacity for a few hours of energy storage and do not have the scale required to store the energy generated from the large-scale rollout of renewable energy generation.

Founded in 2007 and working in collaboration with the not for profit Centre for Solar Energy and Hydrogen Research (ZSW) in Baden-Württemberg, Solar Fuel has developed an alternative method for storing energy. This is based on using electrical power from carbon-neutral power generation systems, during times of low demand, to turn carbon dioxide and water into methane which is the primary component of natural gas.

Other systems have been developed for storing energy in the form of gaseous fuels but these normally produce hydrogen. The key advantage of solar fuel's technology is that the methane produced can go directly into the existing natural gas infrastructure where it can be stored for months and released at times of high demand, in order to generate electricity in gas fired power stations. The theoretical limit on the efficiency of Solar Fuel's technology is about 60%, which compares well to other energy storage technologies.

Solar Fuel is currently constructing a full scale 6.3MW electricity-to-methane pilot plant for Audi at Welte in Germany. Due to start operating in Q3 2013, this will use wind power and CO2 from a biogas plant, and will be the world's largest plant of its kind. This pilot is a key element in AUDI's Balanced Mobility concept.

Transaction leader Aster Capital (€106mn (2009); AUM €150mn), which provided €4mn of this round, is a specialist cleantech investor based in Paris but with offices on the West Coast, in China and in Israel and will invest anywhere in Europe, North America or Asia. The firm invests in cleantech in the broadest possible sense but targets the early institutional rounds and has made an average of two investments a year.

Aster's second fund of €106mn which closed in 2009 was backed by energy and chemical industry firms Alstom, Schneider Electric and Solvay Rhodia. Aster is able to leverage the expertise of these firms on behalf of its portfolio companies.

Strategic investor Ventrex Automotive supplies valve technology and compressors to the automotive industry. In particular, Ventrex is the market leader for electronic pressure regulators in natural gas vehicles.

Company	Sector	Round	€mn	Description	Investors
Open Energi (UK) www.openenergi.com	Cleantech	Late Stage	6.2	Provider of electricity efficiency solutions.	**Ombu Group.**

Open Energi (**UK**), a developer of a system for managing electrical power consumption by devices such as refrigeration units, air conditioning systems and water heaters, raised **£5mn** (**€6.2mn**) in a **Late Stage** round from the **Ombu Group**. The money will be used for expansion both inside and outside the UK.

Founded in 1999 and originally known as Responsive Load or RLtec, the firm has developed technology to help balance supply and demand on the National Grid, as part of the development of the 'smart grid'.

Demand for power can be quite unpredictable. Notwithstanding emerging technologies such as that of Solar Fuel described above, there is as yet no cost-effective way of storing power on a large scale. Power generation must therefore be matched to power demand on very short time-scales and the only way to do this is to run power stations at excess capacity. As more power is generated by less flexible means such as wind, solar and nuclear this problem only gets worse. For this reason the National Grid gives a rebate to users who are able to moderate their demand in line with supply.

Open Energi has developed a patented system called Open Dynamic Demand™ which can alter the timing of an appliance's electrical consumption in response to the availability of power from the National Grid. For some devices – fridges, freezers, HVAC (Heating, Ventilation and Air-Conditioning) systems, water heaters and certain industrial equipment it doesn't matter exactly when power is available as long as there is enough to keep the device operating within certain operational limits. Open Energi provides both hardware for Original Equipment Manufacturers (OEMs) and systems that can be retrofitted to existing equipment, as well as software that enables users to claim their rebates from the National Grid. As an illustration of scale, according to a study by Defra and IBM, total UK data centre electricity consumption is around 8,500GWh per annum which is equivalent to a total potential rebate of around €12mn.

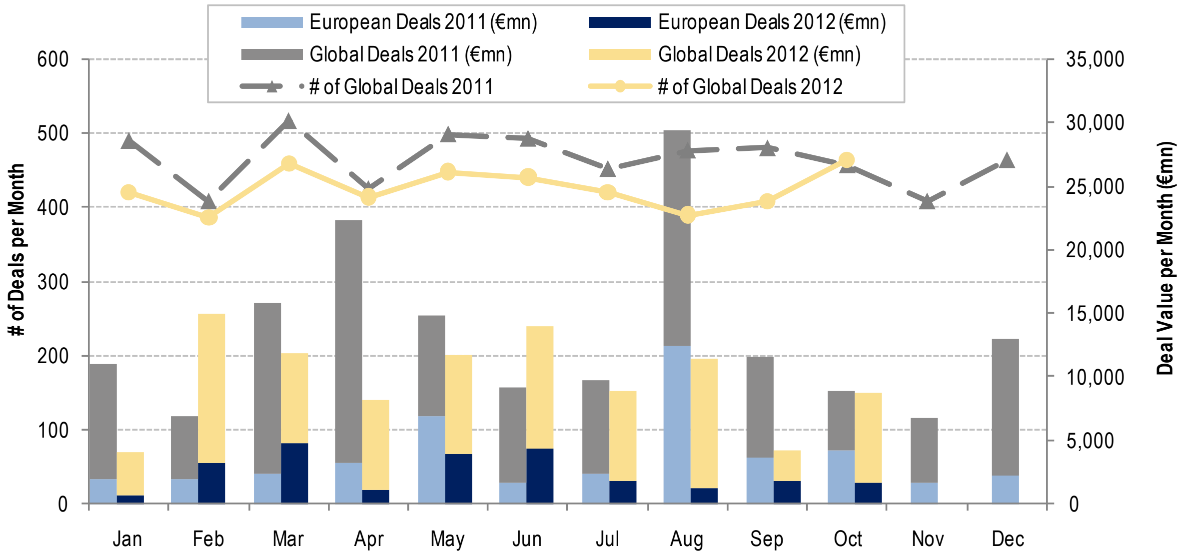
Obvious customers include the operators of data centres with large scale HVAC systems, landlords of commercial property such as office blocks and shopping centres and supermarkets which operate large numbers of cold storage units. Although Open Energi does not yet have many customers, notable customers so far include Sainsbury's and Defra. 2011 turnover was only €1.8mn with post tax losses of €4.5mn. However, turnover has been growing rapidly over the last two years from €0.7mn in 2009 to €1.5mn in 2010.

Based in London, the Ombu Group (€125mn (2011); AUM €125mn) is a technology investor focussing on industrial technologies (nanotechnology, materials science, etc.), energy businesses and water businesses. It concentrates its efforts on trying to identify fast-growing businesses when they are still small and then acquiring a significant stake in them.

This is exactly the approach Ombu has taken with Open Energi. The Ombu group has had a controlling interest in Open Energi since it made a secondary investment of €5mn in June 2011. This latest primary round consolidates the earlier secondary investment and increases Ombu's total commitment of growth capital into the company to about €11mn. Ombu last appeared in our bulletin in April participating in a €15mn round for nanotechnology company P2i.

2.1 - M&A Activity Index

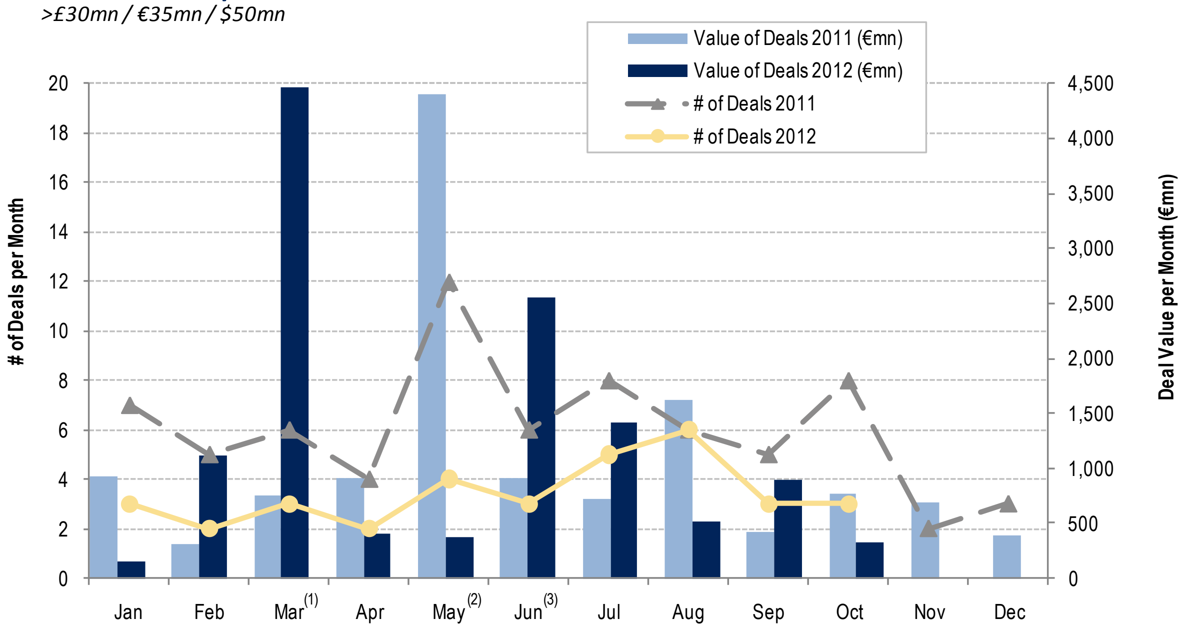
Disclosed Global & European TMT M&A Transactions



Source: Capital IQ; Go4Venture Analysis

Disclosed European VC & PE-Backed TMT M&A Transactions

>£30mn / €35mn / $50mn



Source: Capital IQ, The 451 Group, VentureSource (including transaction value estimates); Go4Venture Analysis
(1) Includes NDS acquisition by Cisco Systems for €3.8bn
(2) Excludes Skype acquisition by Microsoft, but includes Landis+Gyr acquisition by Toshiba for €1.8bn
(3) Includes Elster acquisition by Melrose for €2.3bn

Disclosed European VC & PE-Backed TMT M&A Transactions (2012)

> £30mn / €35mn / $50mn

			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly	Number	#	3	2	3	2	4	3	5	6	3	3		
	Value	€mn	159	1,117	4,459	398	372	2,553	1,412	511	895	319		
	Median	€mn	54	558	623	199	89	210	150	65	322	69		
Cum.	Number	#	3	5	8	10	14	17	22	28	31	34		
	Value	€mn	159	1,275	5,734	6,133	6,505	9,058	10,469	10,980	11,875	12,194		
	Median	€mn	54	60	205	199	135	153	152	127	121	118		

2.2 - Top 5 Global TMT M&A Transactions Summary

Ranked by Price (€mn) in descending order (includes announced and/or completed deals)

#	Target & Acquirer	Target Sector	Price (€mn)	Rev. (€mn)	P/R	Noteworthy Sellers
1	**Cymer** (US Nasdaq:CYMI) www.cymer.com *ASML (Netherlands ENXTAM:ASML)* www.asml.com	Semiconductors	2,056	455	4.5x	Tinicum Capital Partners.
	ASML, a provider of lithography systems to the semiconductor industry, will acquire Cymer, a supplier of lithography light sources used for the manufacture of semiconductor devices. Cymer was founded in 1986 and since the mid 90's it has been a dominant supplier of ultraviolet light sources, including extreme ultraviolet (EUV) light sources. In addition to this it develops silicon crystallization technology for manufacturing electronic displays through its subsidiary TMZ, which was jointly formed with Carl Zeiss in 2005 and wholly acquired in 2010. Cymer represents an upstream acquisition by ASML, which was previously buying deep ultraviolet light sources from Cymer. The ultimate purpose of the acquisition is to accelerate the development and commercialisation of EUV lithography technology for the semiconductors industry.					
2	**Ancestry.com** (US Nasdaq:ACOM) www.ancestry.com *Permira (UK)* www.permira.com	Internet Services	1,241	358	3.5x	Adams Street Partners, Crosslink Capital, Intel Capital, Spectrum Equity, Time Warner Investments, Utah Angels.
	Permira will acquire Ancestry.com, a subscription internet service that provides users with detailed genealogical mapping and associated services (e.g. DNA test, family-tree creation service etc.). Founded in 1983 as a publishing company and online since 1996, Ancestry.com has collected over 10 billion digitised, indexed records for its 2mn subscriber base, paying upwards of €10 per month each. Since 2000 it has executed around 10 acquisitions, including online photo album service 1000memories.com (undisclosed, October 2012) and Archives.com, an online personal record aggregator (€76mn, April 2012). Permira is acquiring Ancestry.com on the basis of growing revenues (c.€310mn in 2011, up from c.€230mn in 2010 and c.€175mn in 2009) and on the expectation that family-history research will expand beyond a niche market as archives deepen and technology advances. However, following a lawsuit by shareholders who claimed that the Board of Directors passed over a better offer ($35 per share vs. Permira's $32 per share offer), the deal must overcome potential litigation before being completed.					
3	**OPNET** (US Nasdaq:OPNT) www.opnet.com *Riverbed (US Nasdaq:RVBD)* www.riverbed.com	Application Software	766	141	5.4x	-
	Riverbed, a provider of networking infrastructure and supporting software, will acquire OPNET, a provider of Application Performance Management (APM) and Network Performance Management (NPM) software. Founded in 1986, OPNET has expanded predominantly through organic growth and acquisitions of less than €10mn each, including DSAuditor, a database auditing software product line (€2mn, August 2010) and voice-over-IP management software company Clarus Systems (€9mn, May 2012). Riverbed sees this acquisition as a route to gaining a technological advantage over competitors that have been lagging in their R&D spending and plans to combine OPNET with Cascade, its NPM software product line, to strengthen its offering and expand its presence in the multi-billion APM market.					

Ranked by Price (€mn) in descending order (includes announced and/or completed deals)

#	Target & Acquirer	Target Sector	Price (€mn)	Rev. (€mn)	P/R	Noteworthy Sellers
4	**Epsilon** (Sweden) www.epsilon.nu *ÅF (Norway OM:AF B)* www.af.se	IT Services & Distribution	333	229	1.5x	Danir.

ÅF, a consulting company that provides technical expertise for industrial processes, infrastructure projects and development of IT products and systems, will merge with Epsilon, a technology consultant. Epsilon provides technology consultancy related to a wide range of fields, including product simulation, industrial design, medical device development and robotics. Epsilon was formed in 2001 during the restructuring of IT Consultant Sigma, and since a €21mn take-private in January 2003 it has operated as a subsidiary of Danir, the investment vehicle of the Olofsson family. During 2012, ÅF acquired the project management company Advansia (c. €42mn, September), the engineering services provider Kaarle Engineering (undisclosed, June) and the construction consultancy company Bygganalys (c. €1mn, April). Its fourth acquisition, Epsilon, complements ÅF in terms of services offered, customer base and geographic coverage and stands to improve ÅF's market position in industrial and engineering-related services, thus creating a leading technology consultant in Northern Europe. A similar deal was also profiled in last month's newsletter, when the IT consultant Infosys acquired the SAP-focused consultant Lodestone for €272mn, aiming to emerge as a global leader in SAP consulting.

#	Target & Acquirer	Target Sector	Price (€mn)	Rev. (€mn)	P/R	Noteworthy Sellers
5	**Litle & Co.** (US) www.litle.com *Vantiv (US NYSE:VNTV)* www.vantiv.com	Payment	278	219	1.3x	-

Vantiv, a provider of payment processing services and related technology for merchants and financial institutions, will acquire Litle & Co., an independent card-not-present (CNP) payment processing technology company. Litle & Co. was founded in 2001 and has grown 100% organically, now serving major ecommerce companies (e.g. ancestry.com, godaddy.com etc.). The acquisition stands to expand Vantiv's offering into the growing CNP payment processing business, broaden its customer base and enhance its presence in the ecommerce industry, considered as one of the fastest growing segments of payments.

Source: Capital IQ, The 451 Group; Go4Venture Analysis

Key
Bold indicates name of Target
Italic indicates name of Acquirer
P/R – Price / Last 12 Months Revenues

2.3 - Headline European VC & PE-Backed M&A Transactions

Where transaction value is available (>£30mn / €35mn / $50mn), includes announced and/or completed deals

Sorted by Price (€mn) when available descending order (includes announced and/or completed deals)

#	Target & Acquirer	Target Sector	Price (€mn)	LTM Rev. (€mn)	P/R	Funding (€mn)	P/F	Noteworthy Sellers
1	**XING** (Germany XTRA:O1BC) www.xing.com *Hubert Burda Media (Germany)* www.burdadigital.de	Internet Services	212*	71	3.0x	N/A	N/A	Cinco Capital, Wellington Partners Venture Capital.
	* Hubert Burda Media acquired 25% of XING for €48mn in 2009 and since then it has built its stake to 39%. This transaction refers to the acquisition of the remaining 61% of XING for €166mn and implies an enterprise value of €212mn.							
2	**Screen Service** (Italy BIT:SSB) www.screen.it *HLD Associés (France)*	Hardware	69	58	1.2x	N/A	N/A	Opera.
3	**Qype** (Germany) www.qype.com *Yelp (US NYSE:YELP)* www.yelp.com	Internet Services	38	N/A	N/A	15	2.6x	Advent Venture Partners, dw capital, I-Source, Partech International, Vodafone Ventures, Wellington Partners.

Source: Capital IQ, The 451 Group, VentureSource; Go4Venture Analysis

Key

Bold indicates name of Target

Italic indicates name of Acquirer

P/R – Price / Last 12 Months Revenues

P/F – Price / Total Funding

P/F>1x indicates an investment where all investors have made a positive return on their investment.

P/F<1x indicates poor returns for some, but early or late investor entrants may still show a positive return on their investment.

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Source: Capital IQ, The 451 Group, VentureSource; Go4Venture Analysis

XING (XTRA:O1BC), a professional social network operator, will be acquired by **Hubert Burda Media (Germany)**. Hubert Burda Media (Burda) acquired 25% of XING for €48mn in 2009 and since then has built its stake to 39%. In order to acquire the remaining 61%, Burda paid €166mn in cash. Previously exited sellers include the private equity firm **Cinco Capital** and the venture capital firm **Wellington Partners**.

XING operates XING.com, a social network targeting business professionals predominately in the German-speaking region (90% of its traffic). It advertises itself as a "small-world" social network emphasising the low degrees of separation between its members. Xing has both paid and free memberships that allow users to make profiles, view groups and forums, as well as coordinate events. Paid memberships of €5.55 per month (representing 70% of 2011 revenues) allow subscribers to search for users based on their qualifications and to message users not in their immediate circle of contacts. XING.com also hosts job listings, adverts and event listings (18%, 8% and 4% of 2011 revenues respectively). The company was launched in August 2003, half a year after LinkedIn, its direct competitor. Xing has a smaller user base than LinkedIn globally (12mn and 175mn users respectively), but is dominant in the German-speaking region (6mn and 3mn users respectively). The benefits of LinkedIn's larger user base and faster growth is also demonstrated in its much higher P/E ratio of 13 versus Xing's P/E ratio of 3; in other words, scale and growth pays. Quickly achieving profitability after launch, XING only required one financing round before its IPO; Wellington Partners Venture Capital led this round, providing XING with €5.7mn in September 2005. After its introduction to the public market, private equity firm Cinco Capital built a 25% stake in XING, which was sold to Burda for €48mn in November 2009.

Founded in 1898, Hubert Burda Media is a family owned German publishing house. With over 8,000 employees and 2011 revenues of c. €2.2bn, it is one of the largest media companies in Germany. Its main business is divided into the magazine publishing, printing and digital divisions (48%, 9% and 43% of 2011 revenues respectively). Burda publishes 311 magazines worldwide, has three printing facilities across Europe and holds stakes in over 15 digital media companies. Other businesses include call centres, business services and broadcasting.

After acquiring an initial 25% stake in November 2009 for €48.3mn, Burda built a shareholding of 39% in XING on the public market triggering a mandatory takeover offer by regulators. The deal is in line with Burda's diversification away from traditional printing and publishing into digital businesses. Burda's digital division, which drove growth in 2011 and accounted for 43% of revenues, has been the key focus for the company. The strengthening of digital operations has recently been the focus of most major publishing houses, as demonstrated through featured acquisitions in previous newsletters; e.g. Jobs.ch by Ringier and Tamedia for €322 (last month's issue) and LeGuide.com by Lagardere for €99mn (August 2012 issue).

Wellington Partners Venture Capital (€265mn (2005); €800mn AUM), is a venture capital firm specialising in seed stage, early stage and growth capital investments. Wellington focuses on two main industries: Technology (digital media, software and resource efficiency) and Life Sciences (diagnostic, therapeutic and bio-technologies). It prefers to lead funding rounds and invests up to €25mn in rounds of between €5-50mn. Founded in 1991, Wellington is based in Munich, Germany with offices worldwide.

Cinco Capital is an independent investment company seeking to invest in a range of industries from financial services, to technology and telecommunications, to marketing and media. It seeks to use its wide professional and business network to enhance the value of its investments through helping with international expansion, identification of new customers, etc. Founded in 2005, Cinco is based in Hamburg, Germany. Notable investments include second-hand e-tailer flip4new.de, flash sale site Fab.com and encrypted cloud storage company CloudSafe.com.

#	Target & Acquirer	Target Sector	Price (€mn)	LTM Rev. (€mn)	P/R	Funding (€mn)	P/F	Noteworthy Sellers
2	**Screen Service** (Italy BIT:SSB) www.screen.it *HLD Associés (France)*	Hardware	69	58	1.2x	N/A	N/A	Opera.

Source: Capital IQ, The 451 Group, VentureSource; Go4Venture Analysis

Screen Service (BIT:SSB), a provider of broadcasting equipment, will be acquired by Monte Bianco, a vehicle controlled by the French investment company **HLD Associés (France)**, for €69mn in cash. The primary seller is the private equity firm **Opera**.

Screen Service supplies transmission, processing and encoding hardware to companies in Europe and the US. It serves multiple industries, including broadcasting, defence and telecoms and its clients include Mediaset (Italy-based mass media company), Rai Way (owner of Italy's RAI signal transmission and broadcasting network), 3 Group (global provider of mobile telecommunications and internet access) and Sentech (South-African state-owned operator in broadcasting and telecommunications). Founded in 1988, Screen Service has subsidiaries in Europe, the US and Brazil. Screen Service has grown both organically and through acquisitions, including the acquisition of Reti Radiotelevisive Digitali, a media service company (€20mn, January 2009), and Skylinks, a radio engineering company (undisclosed, September 2010). Cape Natixis, which is now in liquidation, had originally acquired a 23% stake of Screen Service for €1.3mn in June 2004. Opera became involved in April 2011, when it took over management of Cape Natixis's two funds. At the time of Monte Bianco's offer, Opera had increased its ownership to c. 30% of Screen Service.

HLD Associés

HLD Associés (HLD) is an investment holding company investing in European companies with a focus on the healthcare and services sectors. The firm does not raise funds and instead invests personal funds from its founders, with occasional investments from third party co-investors. The firm seeks to invest between €5-100mn in its portfolio companies and typically exits its investments within 10-15 years. Founded in May 2010, HLD currently employs a team of seven people based in Paris. Its most recent acquisition was that of Interflora France for €148mn in May 2011 along with the industrial investment firm Chevrillon & Associés.

The target's shares were trading at a two-year low at the time of announcement following the group's loss of €3.67mn for the half year ended 31st March 2012. HLD plans to increase Screen Service's competitiveness and take action to ensure its long-term growth.

Opera (€205mn (2011); €400mn AUM), is a Milan-based private equity firm focused on growth and later stage investments. The firm seeks to invest in middle market mature companies in Italy. It focuses on the manufacturing, leisure, services and distribution industries. It typically invests between €10-20mn per transaction in companies with sales between €10-100mn and enterprise value between €10-150mn. In addition to managing funds it has raised, it also manages two funds raised by Cape Natixis, which has been in liquidation since April 2011. Founded in 2000, Opera is based in Milan, Italy.*

**Fund taken over from Cape Natixis*

#	Target & Acquirer	Target Sector	Price (€mn)	LTM Rev. (€mn)	P/R	Funding (€mn)	P/F	Noteworthy Sellers
3	**Qype** (Germany) www.qype.com *Yelp (US NYSE:YELP)* www.yelp.com	Internet Services	38	N/A	N/A	15	2.6x	Advent Venture Partners, dw capital, I-Source, Partech International, Vodafone Ventures, Wellington Partners.

Source: Capital IQ, The 451 Group, VentureSource; Go4Venture Analysis

Qype (Germany), a user-generated local review website operator, was acquired by **Yelp (NYSE:YELP)** for €38mn in cash and equity. The primary sellers are the private equity firms **Advent Venture Partners, dw capital, I-Source, Partech International, Vodafone Ventures** and **Wellington Partners.**

Qype operates a user-generated local business review website in Europe, qype.com. With 15mn unique monthly visitors and 2mn reviews across the German speaking region and 10 other European countries, Qype is considered Europe's largest website for user-generated business reviews, having overtaken Yelp in May 2012. Qype.com allows users to create profiles and review local businesses, as well as to create and comment on lists of favourite businesses. Users can use Qype.com to discover new venues by following prolific reviewers or by exploring their local area through an interactive map annotated with reviews. Users benefit from 'personal' recommendations when choosing restaurants or service providers, while businesses can track public opinion toward their venue and respond quickly. Qype has diversified its model by adding daily deals (through the acquisition of Cooldeals.de in March 2011 for an undisclosed amount) and through providing a mobile application. Further, by allowing businesses to pay for preferred search ranking and direct advertising, Qype's total advertising revenues have grown by 500% year-to-date. Founded in 2006, Qype is based in Hamburg, Germany. Advent Venture Partners and Partech International became involved during Qype's first round of funding (undisclosed, August 2006), while Wellington Partners was the lead investor for the €8mn second round (September 2008) with Advent Venture Partners and Partech International also participating. Vodafone Ventures led the €7mn third round (November 2010) with a €4mn investment and participation from existing investors. dw Capital and I-Source became involved through undisclosed investments.

Yelp is an international competitor to Qype, also operating a user-generated local business review website (Yelp.com). With a similar offering to Qype, Yelp.com has a global user base of 78mn and over 30mn reviews. In addition to user-generated local reviews, Yelp.com has a significant social network component. This fosters trusted, localised online communities of review-writing users, used to attract more users. Certain users gain 'Elite' status for writing frequent and well-rated reviews and for consistently engaging online with other Yelp members. Founded in 2004, Yelp is headquartered in San Francisco, US and has around 1,000 employees.

Whilst Yelp has expanded its offering to 19 countries, it is considered to be strongly positioned only in the US in comparison to Qype which has a strong footprint across Europe. By acquiring Qype, Yelp can consolidate both websites' respective European user bases into a coherent community rather than competing for a market share in European countries that Yelp entered much later than Qype, for example the UK and Germany. Further, the acquisition creates a larger user base (of more than 100mn) and review database, positioning Yelp better against its competitors, which include Place Pages of Google Maps and Foursquare.

Advent Venture Partners (€93mn (2010); €734mn AUM), founded in 1981, is a London-based venture and growth equity firm investing in early-to-late stage, growth equity and buyouts in the technology and life sciences sectors. Its geographic focus is Europe. Typical investments range between €7-22mn in companies with sales over €4mn.

dw Capital is a venture capital firm that invests in seed, early stage and expansion stage companies. Previously the corporate venturing arm of Denwerk (a provider of digital media marketing services), dw Capital prefers to invest in the e-commerce, social media, software, and media sectors. It relies on a large angel and venture capital co-investor network. Founded in 1999, dw Capital is based in Cologne, Germany.

I-Source (€60mn (2007); €185mn AUM) is a venture capital firm specialising in seed stage, early stage and growth capital investments. It focuses on the online, software, media and telecommunications sectors. It typically invests up to €2mn per company in the first round of financing and can increase its overall investment to €6mn in subsequent rounds. It typically invests in companies with revenues up to €5mn. Founded in 1999, I-source is based in Paris, France.

Partech International (€140mn (2012); €661mn AUM), is a venture capital and private equity firm investing at all stages ranging from seed to buyout. The firm seeks to invest in the electronics, software, internet commerce and financial services sectors. Its geographic focus is Europe, the US, Africa and the Middle East. It typically invests between €1-10mn per transaction in companies with sales up to €50mn. For seed-stage companies, it typically invests up to €1mn. Founded in 1982, Partech is based in Paris and San Francisco.

Vodafone Ventures (€83mn AUM), is the corporate venturing arm of Vodafone, investing in seed, early stage and mid stage companies. Targeted companies receive support to complete their solutions which are then integrated with Vodafone's commercial markets and rolled-out over Vodafone's global networks. The firm typically invests between €2-12mn per portfolio company. Vodafone Ventures was formed in 2000 and is based in California, where Vodafone's incubator, xone, is also located.

This is Wellington Partners' (€265mn (2005); €800mn AUM) second apperance in this month's newsletter (see XING deal above).

List of Acronyms

Financial Terms:

AUM: Assets Under Management

FYE: Fiscal Year-End

LTM: Last 12 months

mn: million

P/E: Price to Earnings ratio

P/F: Price to Funding ratio

PIPE: Private Investment in Public Equity

Business Terms:

API: Application Programming Interface

EUV: Extreme ultraviolet

EUVL: Extreme ultraviolet lithography

APM: Application Performance Management

NPM: Network Performance Management

IP: Intellectual Property

R&D: Research and Development

IT: Information Technology

CNP: card-not-present

M2M: Machine to Machine

SaaS: Software as a Service

CPM: Cost-per-thousand Impressions

WAP: Wireless Application Protocol

TMT: Technology, Media and Telecommunications

LTV: Loan-to-Value

APR: Annual Percentage Rate

UPS: Uninterruptible Power Supply

SBU: Strategic Business Unit

Apps: Applications

STM: Scanning Tunnelling Microscope

PET: Positron Emission Tomography

CT: Computer Tomography Scan

MRI: Magnetic Resonance Imaging Scan

B2C: Business to Consumer

B2B: Business to Business

List of Acronyms

BYOD: Bring Your Own Device

OEM: Original Equipment Manufacturer

HVAC: Heating, Ventilation and Air Conditioning

Li-ion: Lithium-ion

Li-S: Lithium-Sulphur

Go4Venture Advisers LLP

48 Charles Street
Berkeley Square
London
W1J 5EN

+44 (0)20 7529 5400
g4vbulletin@go4venture.com

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This report has been compiled by Jean-Michel Deligny, Managing Director – for and on behalf of Go4Venture.