

## **UK tech leads Europe with almost \$8bn of VC investment and exits worth \$40bn during 2018**

- **UK achieves more tech exits than any other European country, with IPOs and acquisitions worth \$40bn**
- **Another bumper year for VC investment in UK tech with \$7.9bn raised in 2018, ahead of Germany (\$4.6bn), France (\$4.4bn) and Israel (\$3.4bn)**
- **Europe closes gap on US in terms of sales and IPOs in 2018**
- **Landmark UK flotations include Farfetch, Funding Circle, Orchard Therapeutics**

London, 20th December 2018

The UK again topped European league tables for venture capital investment in 2018, attracting £6.3bn (\$7.9bn) in funding from investors, [according to new figures from Dealroom and Tech Nation](#). Over the same period the UK also had a landmark year for exits: achieving sales, IPOs and mergers worth \$40bn, ahead of every other country in Europe including Sweden, the source of Europe's single biggest IPO in 2018.

Over the last five years, the UK has emerged as the biggest source of successful company exits in Europe with sales and IPOs worth \$119bn since 2013. During 2018, landmark exits included online luxury retailer Farfetch and gene therapy company Orchard Therapeutics, which both floated in New York. Funding Circle, a peer-to-peer lending marketplace, floated in London and there were significant tech sales including property portal Zoopla's \$3bn sale to US venture capital group Silver Lake.

Sweden ran the UK close during 2018 achieving sales and exits worth \$34bn, but the figure was largely down to the \$29bn landmark floatation of Spotify. iZettle, the fast-growing Swedish payments business, also agreed a sale to Paypal for \$2.2bn.

The rate of successful exits of venture capital backed companies is one measure used by investors and commentators to calculate the success of a tech sector. Over a five year period, Sweden has achieved \$55bn of sales and IPOs, while Germany has achieved \$44bn.

During 2018, Europe also closed the gap on the US in terms of exits of venture-backed companies. The US achieved \$136bn of deals and IPOs in 2018, while European sales and IPOs added up to \$107bn. Three of Europe's 10 biggest exits were of companies based in the UK: Farfetch, Sky Betting & Gaming and Zoopla.

End of year figures from analytics company Dealroom for [Tech Nation](#) and the Government's [Digital Economy Council](#) show that the UK continues to be the most attractive destination in Europe for venture capital, with UK firms attracting 1.8 times more venture capital investment in 2018 than France and 1.6 times more than Germany.

Figures from Tech Nation confirm the UK's tech sector continued to make a strong

contribution to the economy in 2018, with 75% higher productivity in UK tech compared to the whole of the UK economy and people working in jobs requiring digital skills are on average paid £10,000 more than non-digital roles.

**Digital Secretary Jeremy Wright** said: “These brilliant statistics round off another bumper year of investment in our digital economy and show the UK is Europe's undisputed tech hub. The success is thanks to our unique combination of talent, location and language, alongside our business friendly environment, unrivalled access to capital and world-leading universities. We are determined to make the UK the best place to start and grow a business, and through our Digital and Industrial Strategies we want to see the power of technology change people’s lives for the better.”

**Gerard Grech, chief executive, Tech Nation**, said: “This has been another great year for the UK digital tech sector which continues to show that this nation is a digital tech powerhouse, attracting more money from venture capital than any other country in Europe. Businesses that were started here are scaling to become global success stories, as the level of large funding rounds and successful IPOs demonstrates. Connecting great scaling companies across the country, so that they can learn from each other as they grow, is a key part of Tech Nation’s role because this in turn brings higher innovation and productivity, creating more jobs and economic growth.”

Analysis conducted by Dealroom for [Tech Nation](#) and the Government’s [Digital Economy Council](#) this autumn has shown that the UK now has six cities, which have produced at least two unicorns. Outside London, Manchester, Leeds, Edinburgh, Oxford and Cambridge have all produced tech companies of growing significance. Analysis of cross-border capital flows in Europe, by Dealroom, has also revealed that the UK is the second biggest investor into startups in Europe, after the US. industries will champion the UK’s tech sector and its desire to maintain strong links with Europe.

Of the \$26 billion invested in tech startups from Europe and Israel in 2017, roughly 21% (\$4.8 billion) came from UK investors. Roughly 25% of total UK venture capital investment went to non-domestic startups across Europe.

Research also showed that the UK produced more unicorns (\$1bn private companies) than any other in Europe, with 16 current UK unicorns, including Monzo, the mobile-only digital bank and Darktrace, the cybersecurity software company.

**Eileen Burbidge, Co-founder and Partner at Passion Capital, Fintech Envoy to HM Treasury, Chair of Tech Nation**, said:

“The UK tech sector has continued to attract hefty venture capital investment during 2018, reflecting its success and strengths. The fact that the UK is leading in Europe on exits will come as no surprise to those who have been watching UK companies grow in stature over the last few years, and particularly in fintech which the UK does genuinely lead the world.

**Tom Blomfield, co-founder and CEO of Monzo**, said: “The UK’s fintech sector is really gaining momentum with millions of people finding technology can improve their financial

lives. Monzo's growth this year to more than 1.2 million customers is just one example of the talent, ambition and tech knowledge that we have here in the UK that's helping to build brilliant customer-focussed companies capable of being truly global businesses."

**Wendy Tan White, Digital Economy Council member and adviser to BGF, Tech Nation board member and trustee of Alan Turing Institute**, said: "The UK's tech sector is creating jobs for the future and deep tech and artificial intelligence will play an increasing role in those jobs. We need to think clearly and strategically about the value these jobs bring so that people realise that innovation should be embraced and is not something to be scared of. The UK is well positioned globally to help balance the ethics and policies on AI between nations."

**Sabby Gill, Managing director, UK & Ireland, Sage**, said: "The UK's tech sector is a vital source of jobs and incomes for thousands of people and these figures show it continues to attract investment from around the world. As one of the UK's biggest software businesses, we are delighted to see a host of ambitious young technology companies being formed in this country, which is a melting pot of tech talent. I'm certain the UK has the knowledge and expertise to build one of Europe's biggest tech successes, a real challenger that could become the next FTSE 100 tech company."

**Dr Kris Naudts, founder and CEO of Culture Trip**, said: "I can't imagine founding a startup anywhere else. The combination of international creative talent and access to global finance is unparalleled."

**Suzanne Ashman, partner, LocalGlobe**, said: "We know the UK is a great place to start and scale global tech businesses. The data shows how investments made 10 years ago - companies like Zoopla founded in 2008 and acquired by Silver Lake for £2.2bn this year - have emerged into category winners. This is great news for both the tech sector and for the whole European economy."

**Suranga Chandratillake, partner at Balderton Capital**, said: "2018 has been a great year for the European technology ecosystem with the UK continuing to lead the pack. Software now pervades almost every aspect of life and work - from healthcare to manufacturing and food to entertainment. While the positive change that it brings to us all is to be welcomed, it also highlights the continued need for our industry to think carefully about their growing social and environmental impact."

**Marcus Stuttard, Head of AIM & UK Primary Markets, London Stock Exchange**, said: "The fact that Europe is closing the gap in exits and sales for venture-backed companies is exciting news and reflects a very successful year for tech companies and their investors. Indeed, when tech IPOs alone are counted Europe actually saw more than the US in 2018. There is every reason to believe that there is a bright future for global technology companies from Britain and that they will be able to raise significant capital here. London IPOs this year, including businesses like Avast and Funding Circle, have shown that investors are certainly keen to access the growth offered by the tech sector."

**Mayor of Greater Manchester, Andy Burnham, said:** “Manchester and the North West are leading the nation’s ambitions for a digital future and investors from around the world are waking up to what is happening here. People are moving North to take up well remunerated jobs in the digital tech sector and we are building innovative businesses of world renown that benefit all our communities. Overall, our ambition is for Greater Manchester to become a financially self-sustaining city, sitting at the heart of a Northern Powerhouse with the size, the assets, the skilled population and political and economic influence to rival any global city. We are hugely optimistic about our future as a place to invest.”

**International Trade Secretary Dr Liam Fox MP said:** “These figures reinforce the UK’s position as is Europe’s top destination for venture capital investment in technology and an unrivalled tech hub. Our country is home to world leading research and development capability, with London the second most connected place for tech on the planet. My international economic department has a network of Trade Commissioners operating across the world, seeking investment opportunities that will help create jobs and improve the lives of people in the UK. And next month I will attend the Consumer Electronics Show to further promote the broad range of capability from the UK technology sectors to a global audience.”

**Business Secretary Greg Clark said:** “Today’s figures show international confidence in the talent and expertise of firms across the country, which are attracting more venture capital investment than anywhere else in Europe. UK innovators are dominating ‘future sectors’ – building on our reputation as a great place to start and grow a business. Our modern Industrial Strategy gives research and development the biggest boost in UK history, as we continue to put new industries and technologies at the heart of our plan to create the high-skilled jobs of the future.”