

European - US Angel Investor Groups Mini-Summit

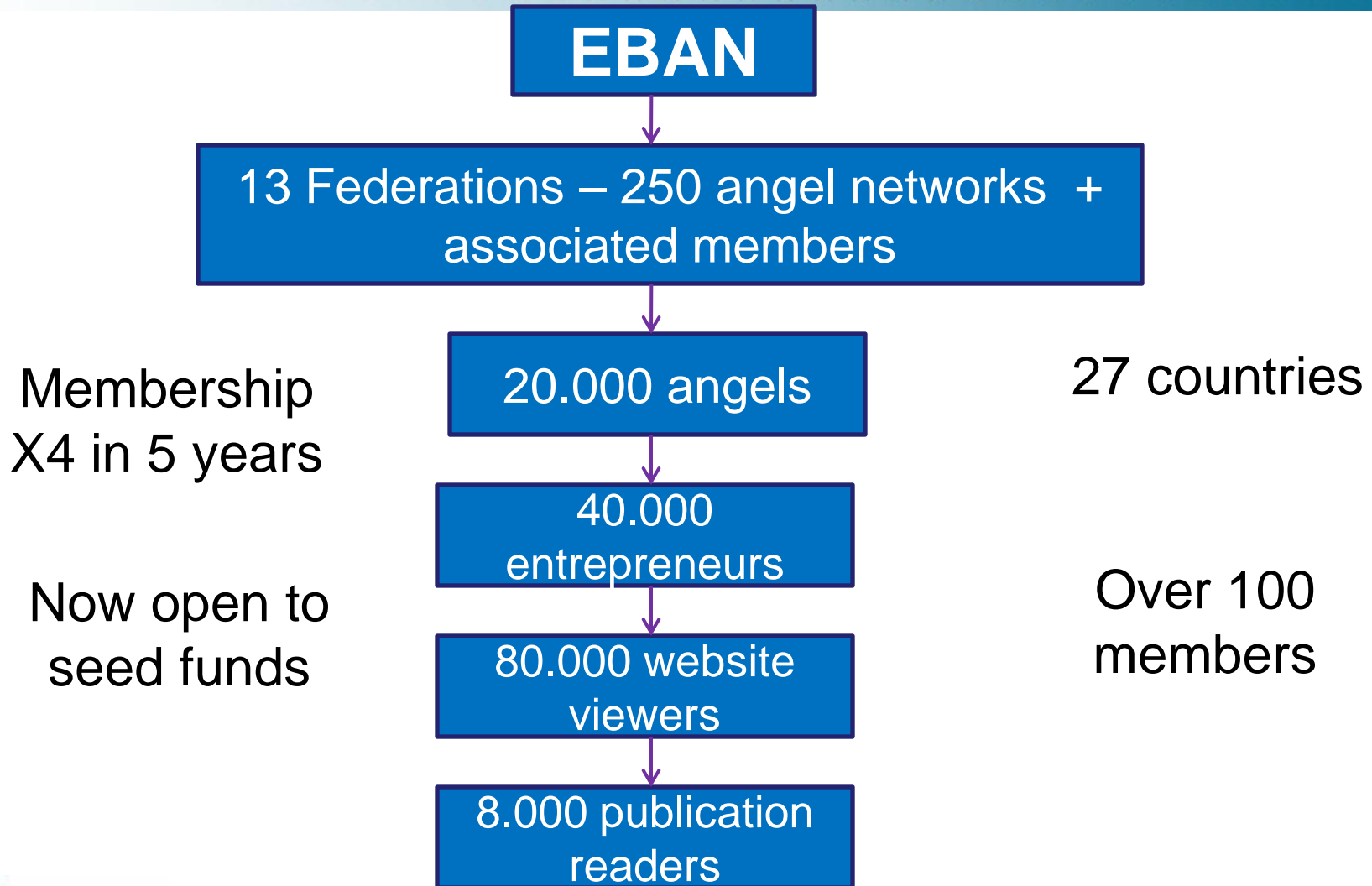
Facts and Figures on the European Angel Market

Stanford School of Engineering
May 18th 2009

Claire Munck, Managing Director

EBAN – European Trade Association for
Business Angels, Seed funds and other Early
Stage Market Players

About EBAN



Why members join?

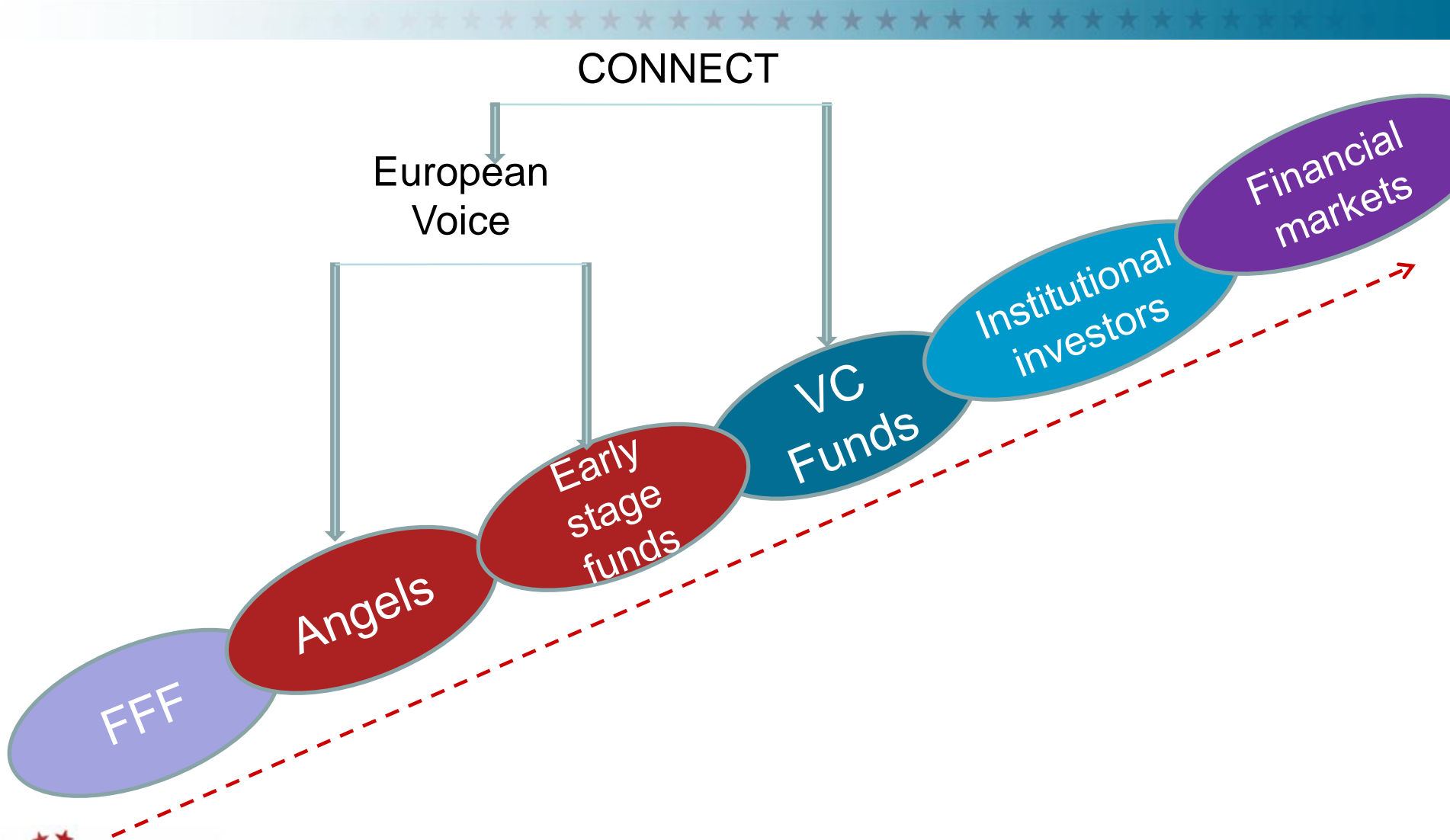
Business angel networks/Federations

- European Voice for the market
- Resource Center
- Capacity building
- Community of peers

Early stage and seed VC funds

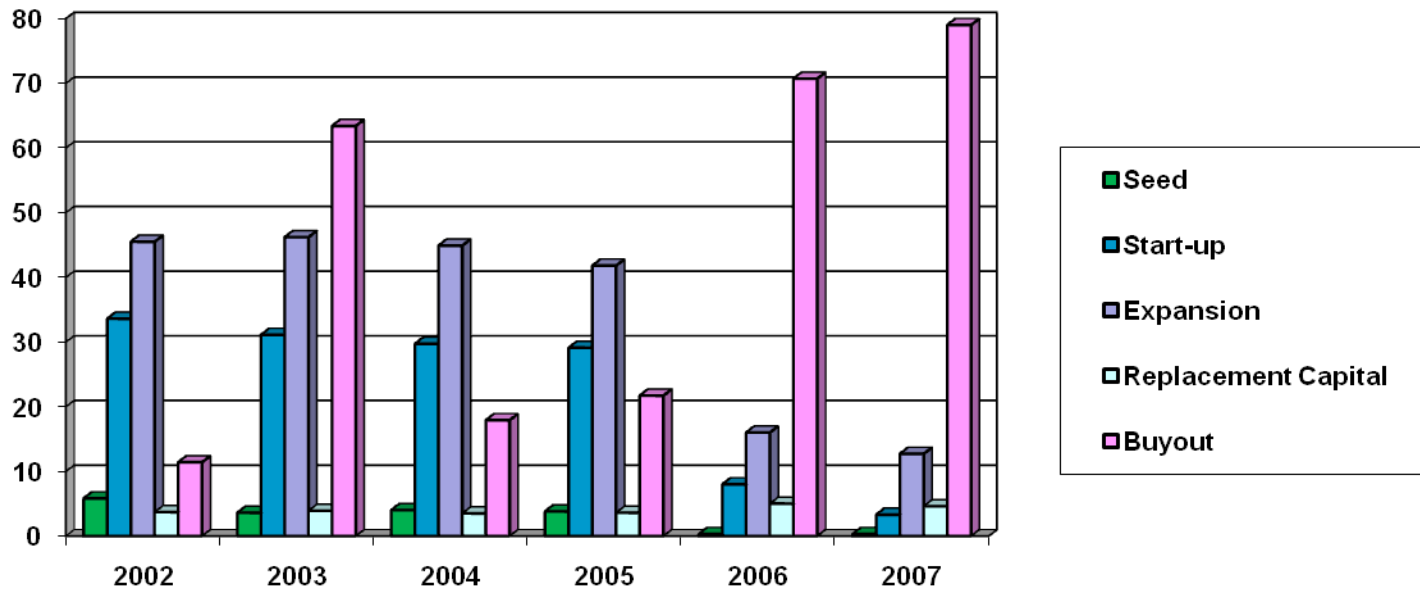
- Gain local knowledge, expertise and networks
- Meet potential co-investors
- Access sources of potential deal flow

EBAN focus in the next 12 months



The importance of BA investing in Europe

In 2007, seed investments represented 0,3% of recorded VC investments in Europe



>Different amounts invested
>Complementary roles

Source: EVCA Year Book 2008
Stage distribution of investments per year

« European » Definitions

- Business angels: experienced individuals investing their own money in the form of equity into unquoted high growth enterprises where there have no previous family connection, as well as providing their time, network and competences.
- Business angel network: organised entities matching angels and entrepreneurs
- Business angel group: loose association of business angels
- Syndicate: group of angels investing together in a deal
- Federation of business angel networks: associations gathering angel networks/groups at national level
- Deal: Investment made in a company (vs.round)

Summary of industry statistics

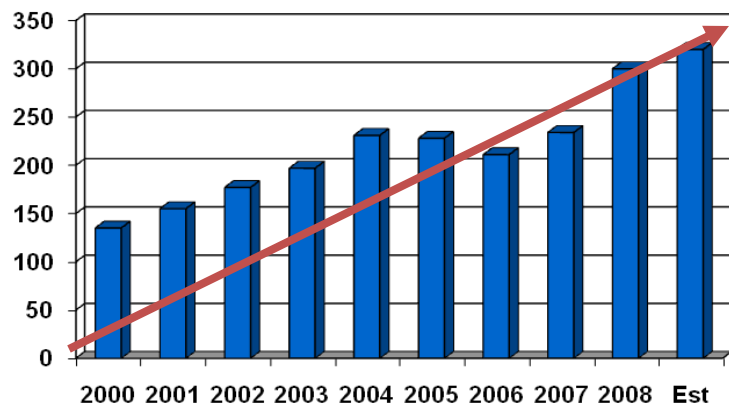
2007		EU	US
Networks	↑	297	270
Estimate n of angels	↑	75.000	250.000
Investment per round	↑	165.000€	210.500€
Total estimate invested annually	↑	3-5 billion€	20 billion€
Total invested by VC annually in seed (EVCA data)	-	4 billion €	20 billion €

EU INVESTMENT ACTIVITY 25% of US LEVELS

Source: Compiled information from EBAN, ACA and Center for Venture Research

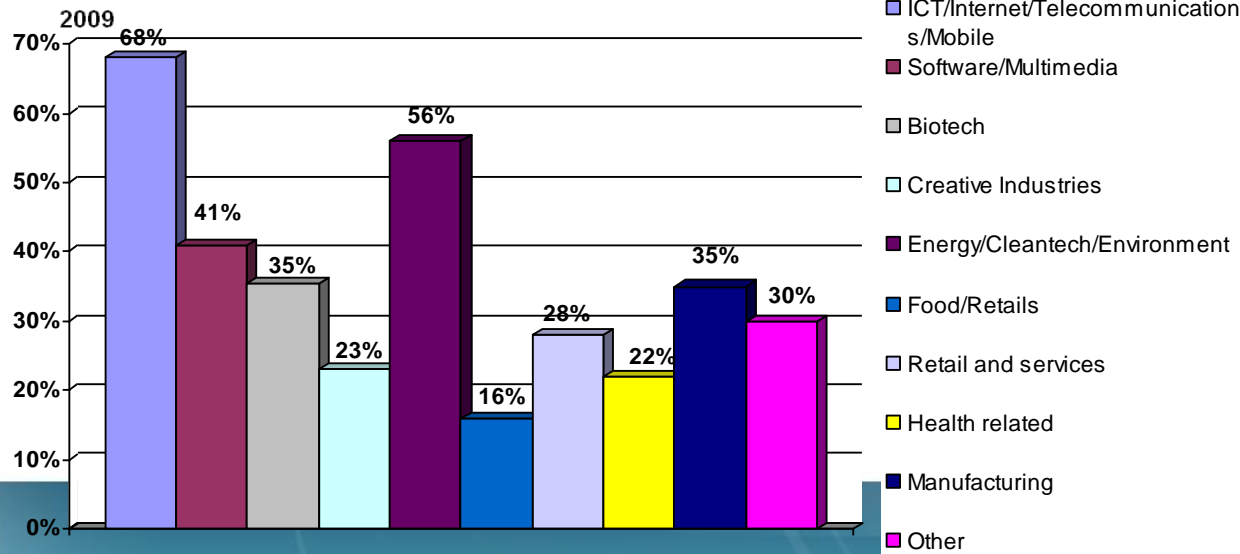
Angel network investment statistics

- Angels still invest very much locally/at regional level
- Majority of angel groups have between 25 and 75 members



Steady growth of the angel market (consolidation vs. Development)

ICT still dominating sector – cleantech on the rise



Current market feedback

Q1 2009	EU	North America
Networks	↑	↑
N business plans received	↑	↑
N new members in groups	↑	→
Current active angel members	↓	↑
Members leaving	↑	↑
Investment per round	↓	→
Total volume invested	↓	↓
N Co-investments	↑	↑

Counter-cyclical investment behaviour of angels
Great business opportunities- no exit opportunities

Source: EBAN, Angel Capital Association

Trends since beginning of crisis mid-08

- Quality of projects received much improved
- Increasing co-investments with early stage funds and other investors
- Increasing provision of training services for investors and entrepreneurs
- Majority of investments still made at regional level
- Diversification of investment sectors



Benchmarking EU/US angel market

Similarities	Differences
Growth of the market	Size of market
Size and stage of investment	
Syndication/co-investment/Capacity building	Role of public support (Entrepreneurial mindset)
Sector specific networks	
Growing interest in cross-state/Cross border activities	Issues with single market
Difficulty to collect data on the market	Lack of European support to data collection vs. Kauffman Foundation

Role of government in Europe

- **Fiscal incentives**
 - >2 countries have up-front tax incentives
 - >8/27 provide some form of support
- **Co-investment funds**
- Support to BANs
- Capacity building schemes
- Equity guarantees
- Business angel loans
- Support to awareness raising: role models, media, BA week
- Support contact between investor groups: BA/VC
- Support fluidity of market and exit routes

Contact details

EBAN – Brussels Secretariat

Claire.munck@eban.org

info@eban.org

www.eban.org