



**EIF Market Assessment
and Research**

With the support of **INVEST
EUROPE**

Venture Capital Survey 2024

Key takeaways from recent EIF VC and PE Mid-Market Survey
Focus on VC – market sentiment



Summary



The EIF VC & PE Mid-Market Survey 2024

The EIF Equity Survey, targeting GPs active in the European VC and/or PE Mid-Market space, was conducted between 11 July and 26 August 2024.

624 GPs (398 VC; 226 PE) contributed to the survey, making it the largest of its kind in Europe.

A common pattern across all survey results is that even though current market conditions have slightly improved compared to a year ago, they are still perceived difficult. Expectations going forward, however, are now much more optimistic.

The following slides show some key highlights from the *EIF VC Survey 2024* and focus on selected market sentiment indicators illustrating the aforementioned pattern of results.

A full-scale report is in preparation and will be made available at www.eif.org/news_centre/markets-and-impact

Summary



VC fund managers see challenges and opportunities

The difficult macroeconomic environment is still weighing on the VC market and on VC-backed companies.

In 2024, the exit environment has surpassed fundraising as the no. 1 concern for fund managers' VC business.

Securing financing has remained the key challenge for VCs' portfolio companies.

Despite the difficult current situation, VC fund managers have optimistic expectations for the next 12 months and see promising investment opportunities in several sectors, particularly in the areas of AI and energy/climate.

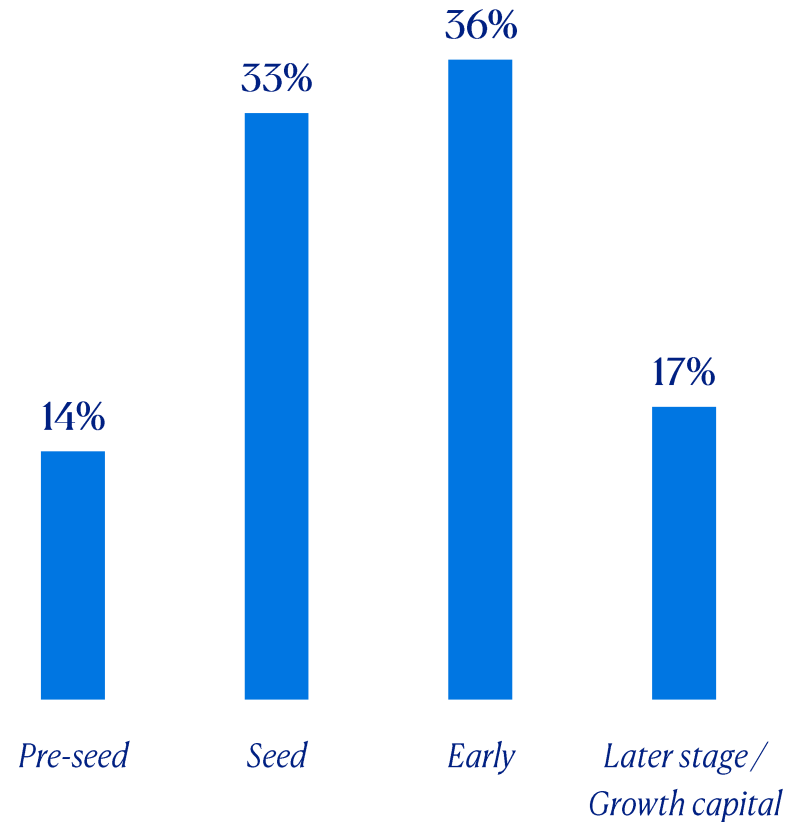
EIF#Research: The EIF VC Survey 2024



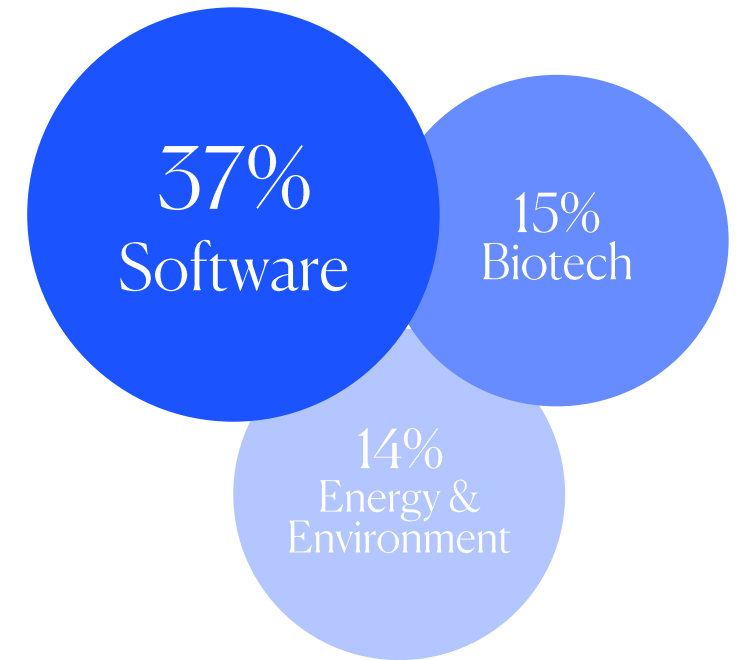
Number of respondents

398

Most important stage



Most important sectors



VCs' challenges

Fund managers' key challenges: Exits and fundraising

The exit environment has surpassed fundraising as VC fund managers' biggest challenge – also reflected in the increasing occurrence of insolvencies.

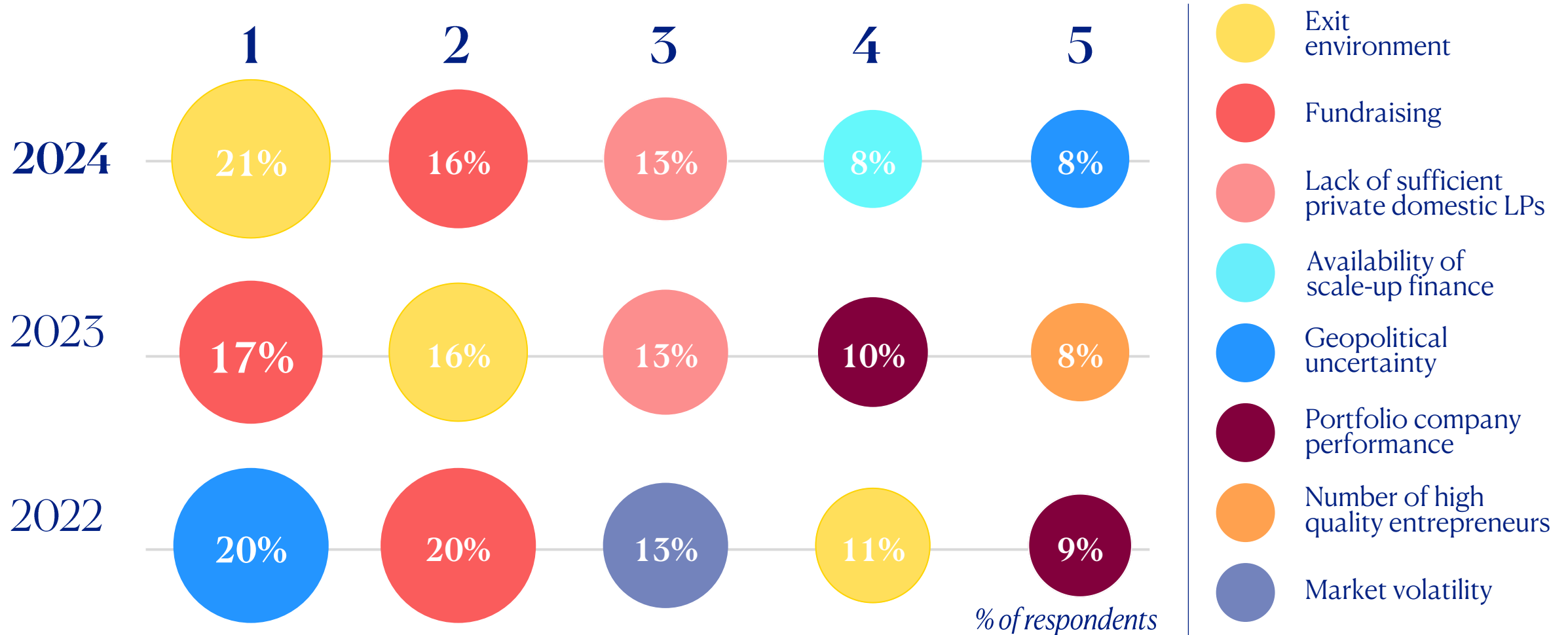
For both fundraising and exits, the current environment is still assessed as very negative. However, fund managers' expectations for the next 12 months are more optimistic.

Insufficient IPO market liquidity and a thin M&A market are key challenges for exits.

EIF#Research: Challenges for VC business



Exit environment has become no.1 challenge for VC fund managers' business

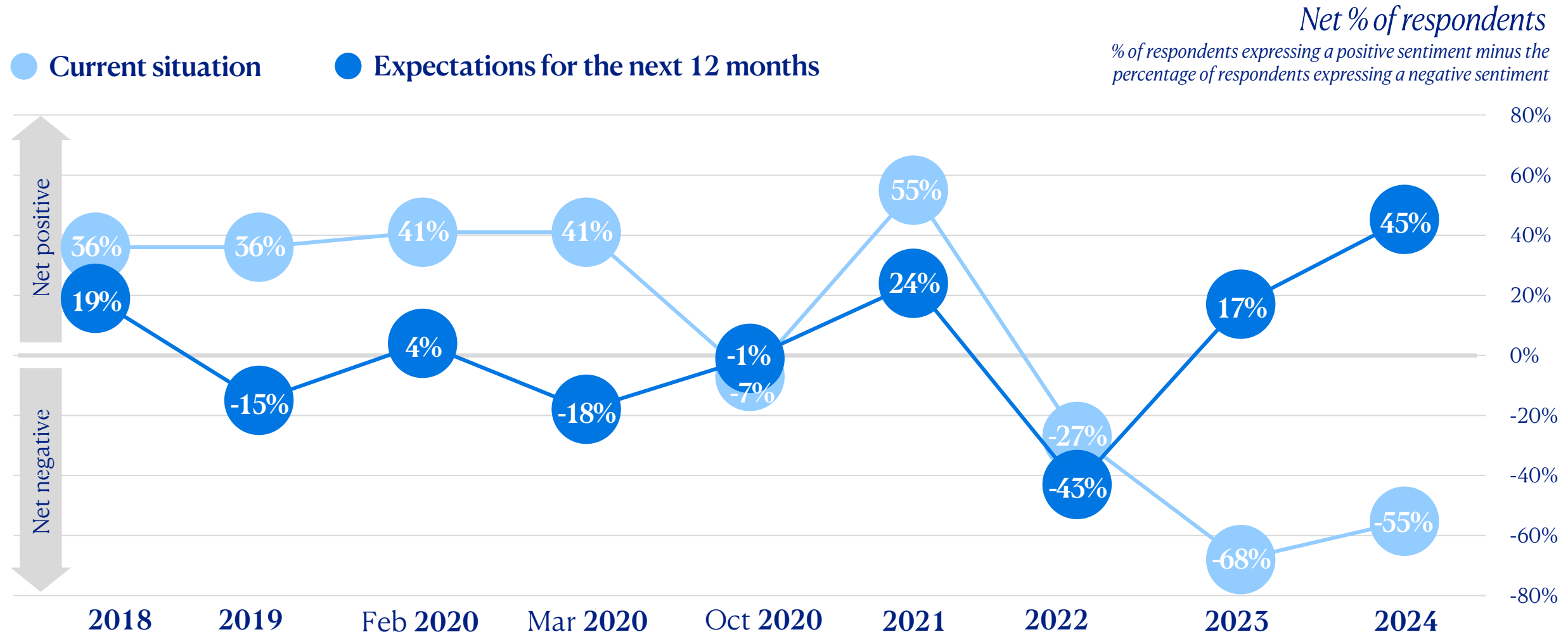


Q: "Please select the biggest challenges you currently see in your venture capital business." Note: The graph shows the percentage of respondents that selected the respective challenge as the first most important in each survey wave. The response categories "Availability of scale-up finance" and "Lack of sufficient private domestic LPs" were introduced in 2023.

EIF#Research: Fundraising environment



Current fundraising environment still difficult, but outlook much more positive

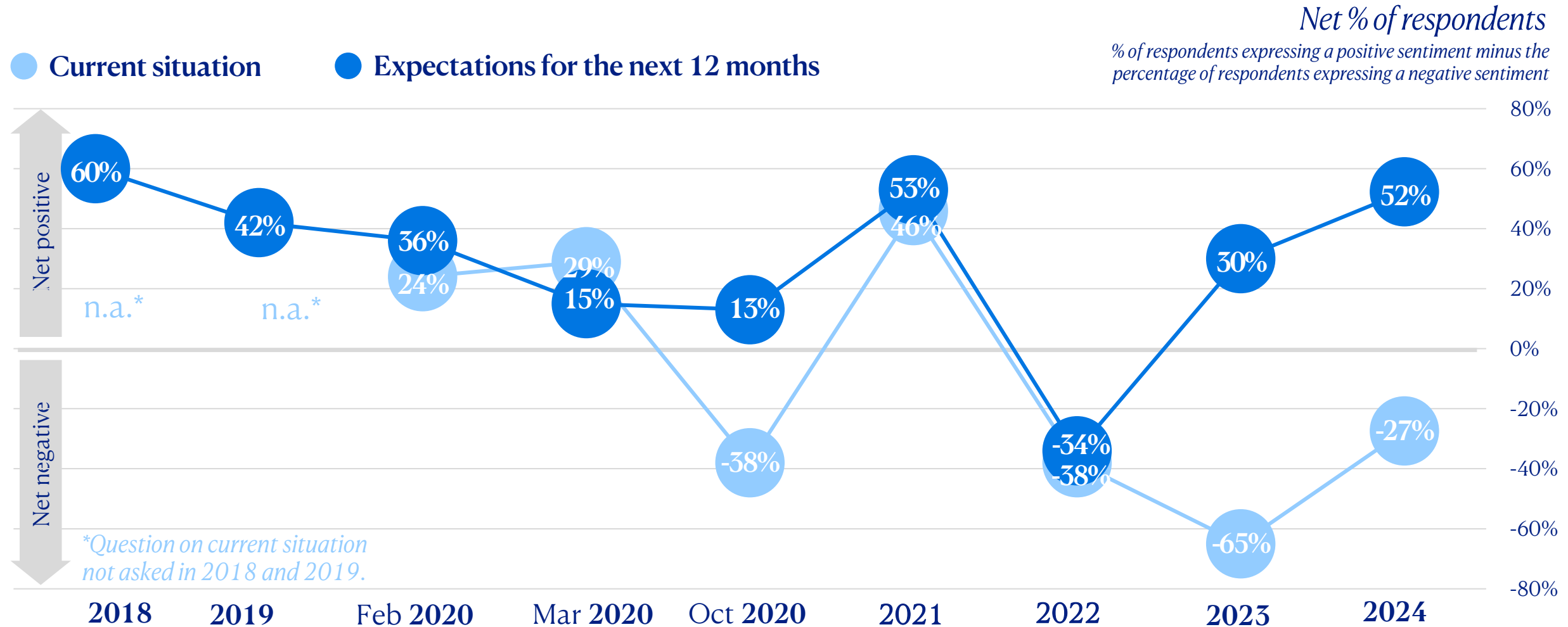


Q: "How would you rate the current fundraising environment?" / "Over the next 12 months, how do you expect the fundraising environment to develop?"

EIF#Research: Exit environment



Exit challenges currently persist, but more positive expectations for the future

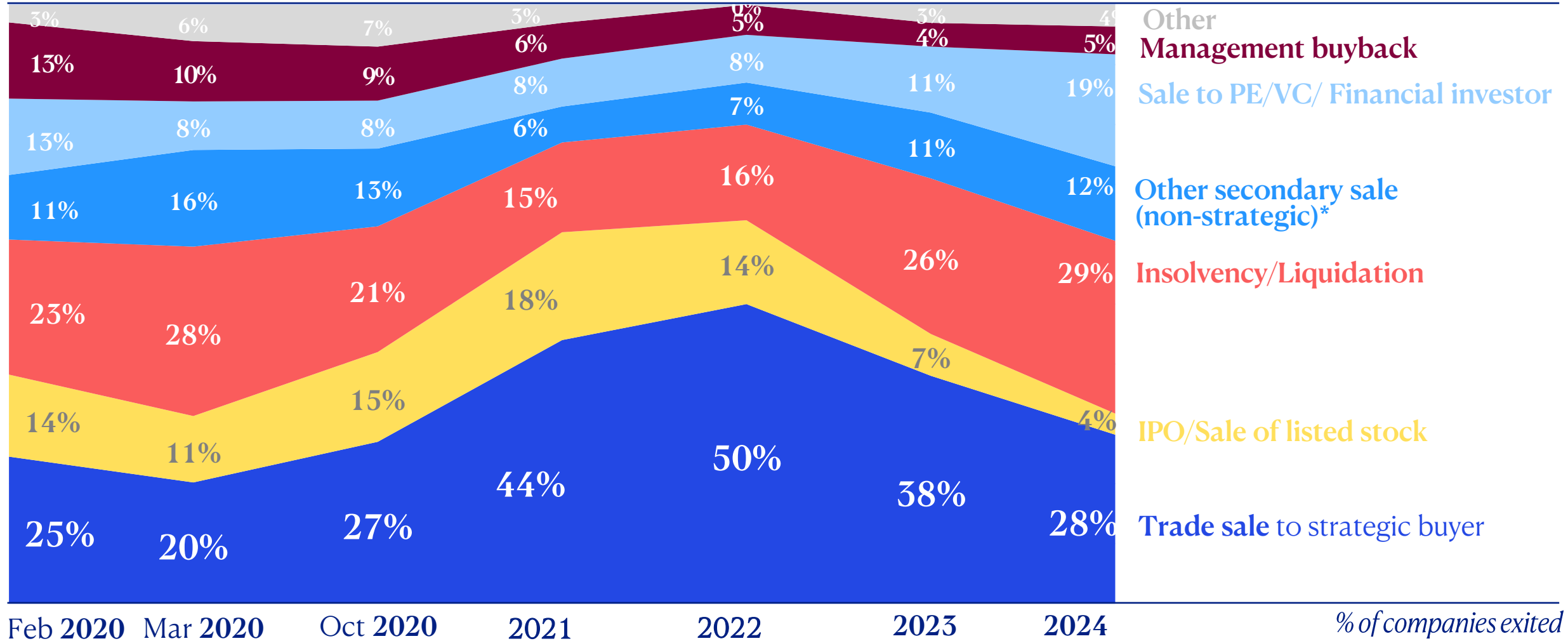


Q: "Over the last 12 months, how has the exit environment for your portfolio companies developed?" / "Over the next 12 months, how do you expect the exit opportunities of your portfolio companies to develop?"

EIF#Research: Exit routes



Insolvencies keep increasing; trade sales & IPOs have significantly decreased



Q: "Over the last 12 months, how many of your portfolio companies exited via the following exit routes?"

* Note: Includes continuation funds; Percentages may not add up to 100% due to rounding.

EIF#Research: In focus – Trades sales & IPO



(More than) half of trade sales & IPOs were to non-EU buyers

● EU buyers ● Non-EU buyers

% of companies exited



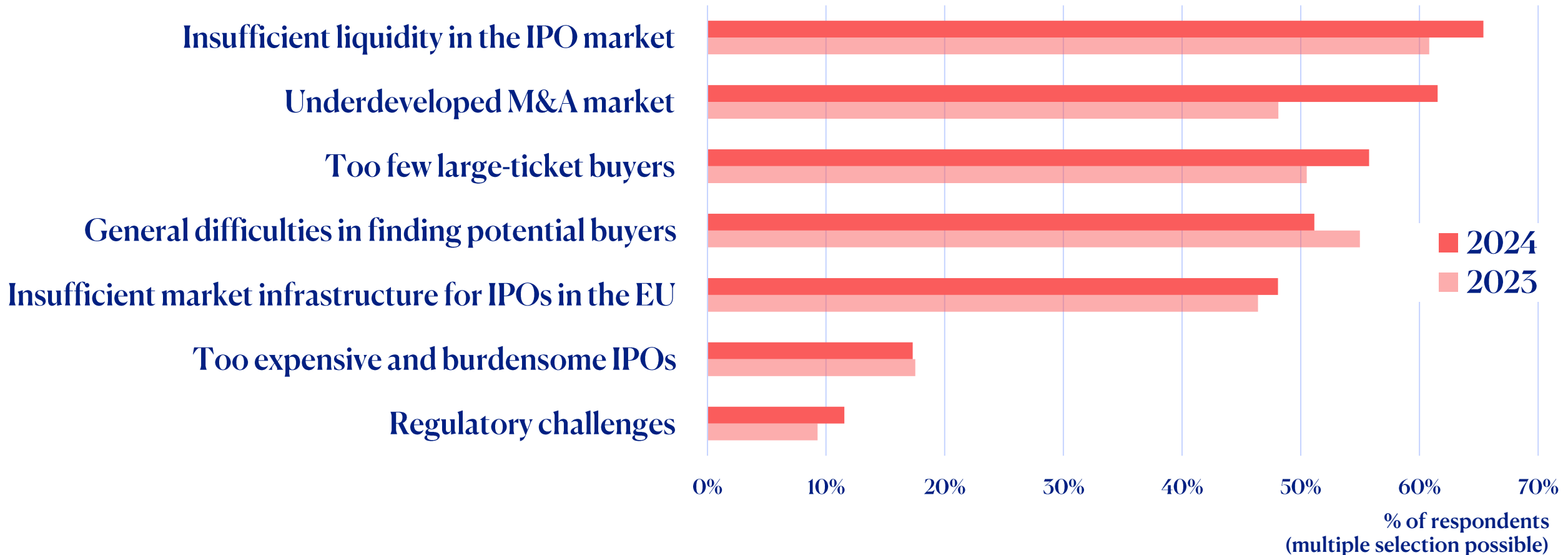
Q: "Please tell us, if your sales to trade buyers have been to strategic buyers headquartered within or outside the EU." / "Please tell us, if your IPOs / sales of listed stocks have been with primary listing within or outside the EU."

EIF#Research: Challenges regarding exits



Insufficient IPO market liquidity and thin M&A market key challenges for exits

Challenges regarding the exit environment



Q: "What are the current main challenges regarding the exit environment?"

Portfolio companies in a difficult financing environment

Despite a challenging current market environment, VC fund managers are optimistic in terms of their future investment activity and portfolio development.

Nevertheless, securing financing has remained the key challenge for VCs' portfolio companies.

Financing companies to scale up in Europe is perceived as particularly difficult. A lack of private domestic LPs and large institutional investors contributes to this structural market weakness.

EIF#Research: New investments



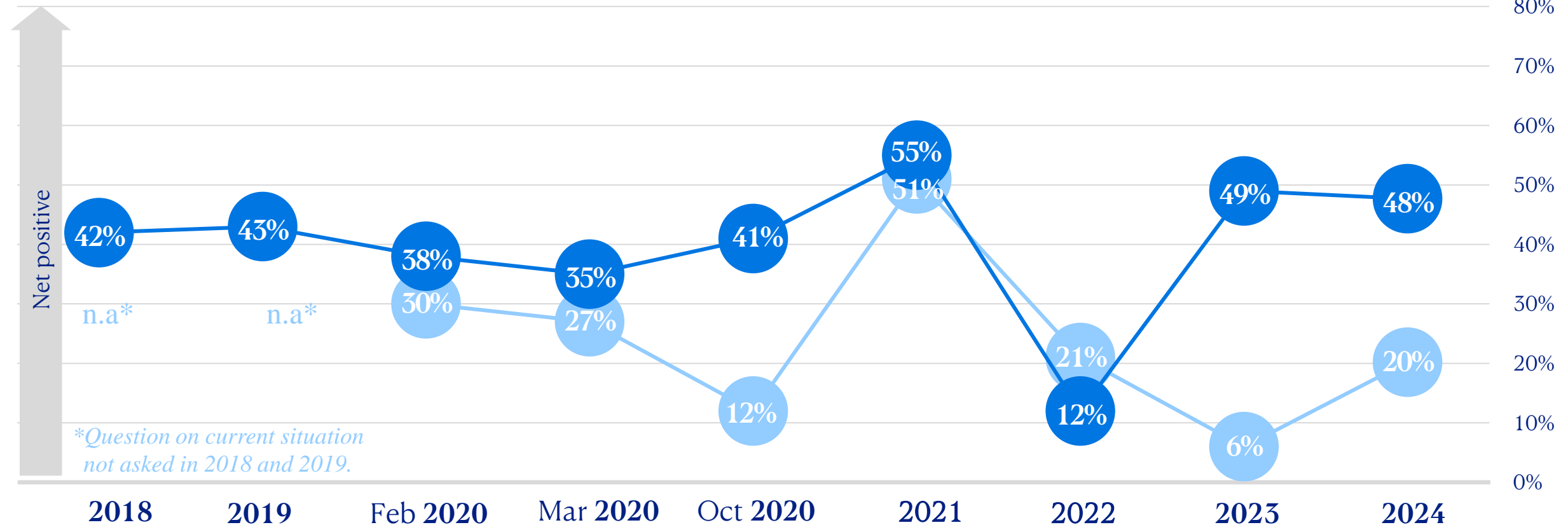
Improved current investment activity and stable expected growth for the future

Number of new investments

● Current situation ● Expectations for the next 12 months

Net % of respondents

% of respondents expressing a positive sentiment minus the percentage of respondents expressing a negative sentiment

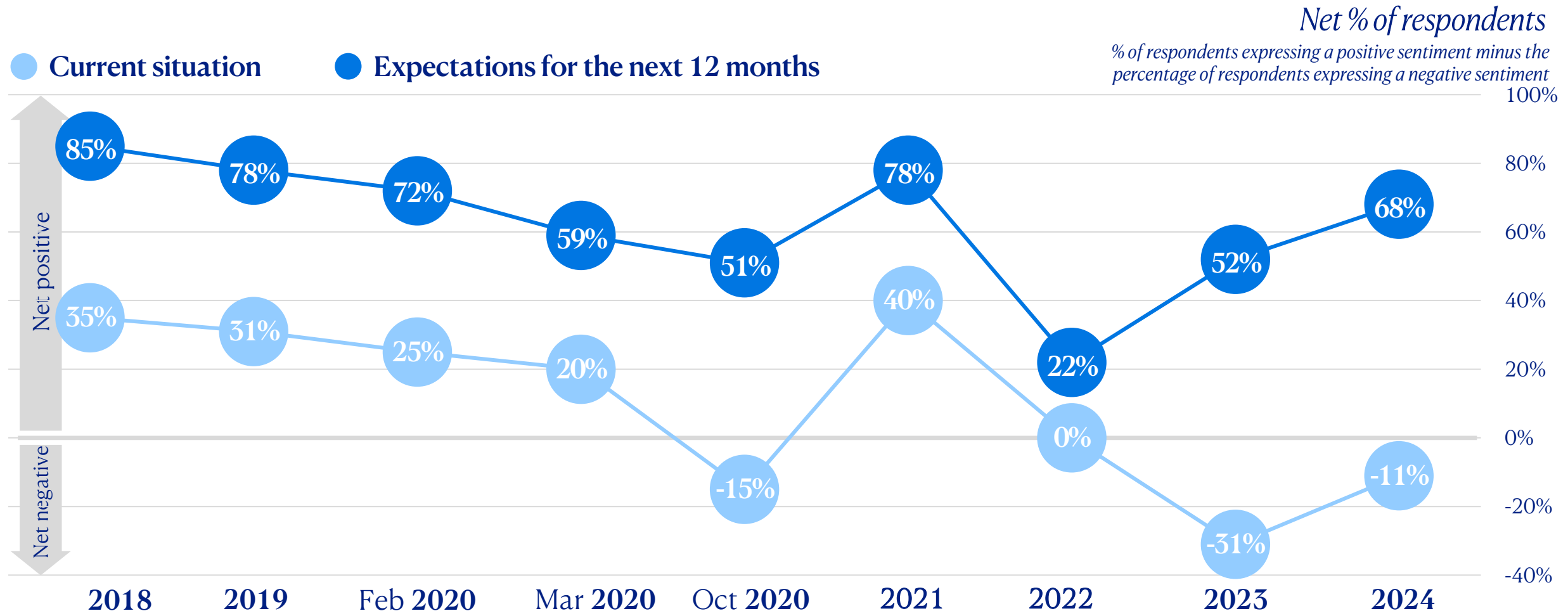


Q: "Over the last 12 months, how has the number of your new investments developed?" / "Over the next 12 months, how do you expect the number of your new investments to develop?"

EIF#Research: Portfolio company development



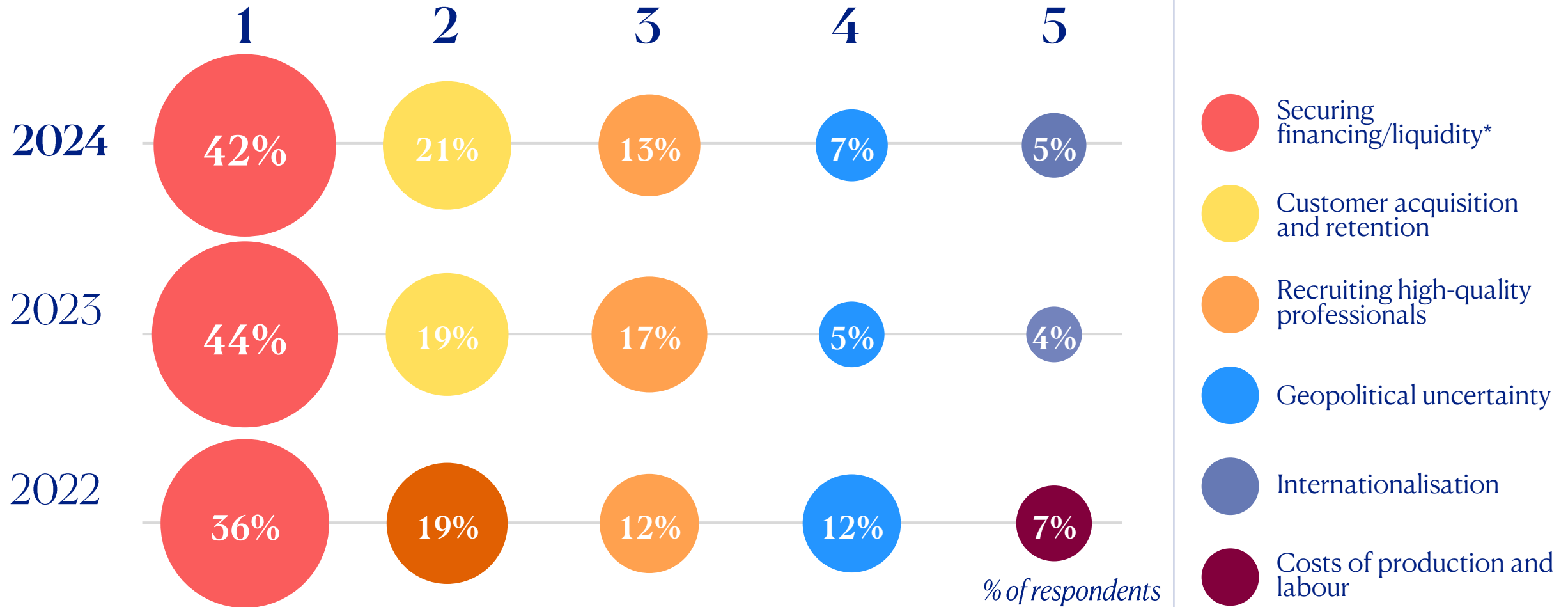
Portfolio companies developed slightly below expectations, still more optimistic outlook



Q: "Over the last 12 months, how did your portfolio companies develop?" / "Over the next 12 months, how do you expect your overall portfolio to develop?"

EIF#Research: Portfolio company challenges

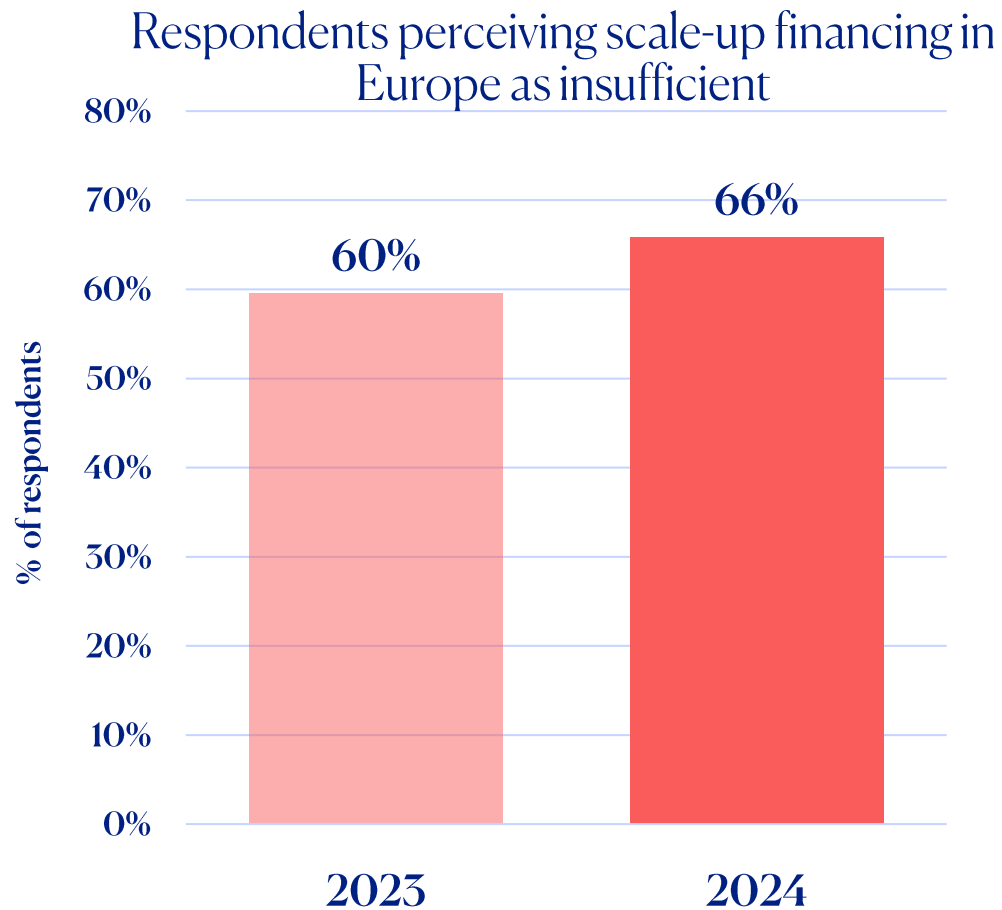
Securing financing has remained the main challenge for portfolio companies



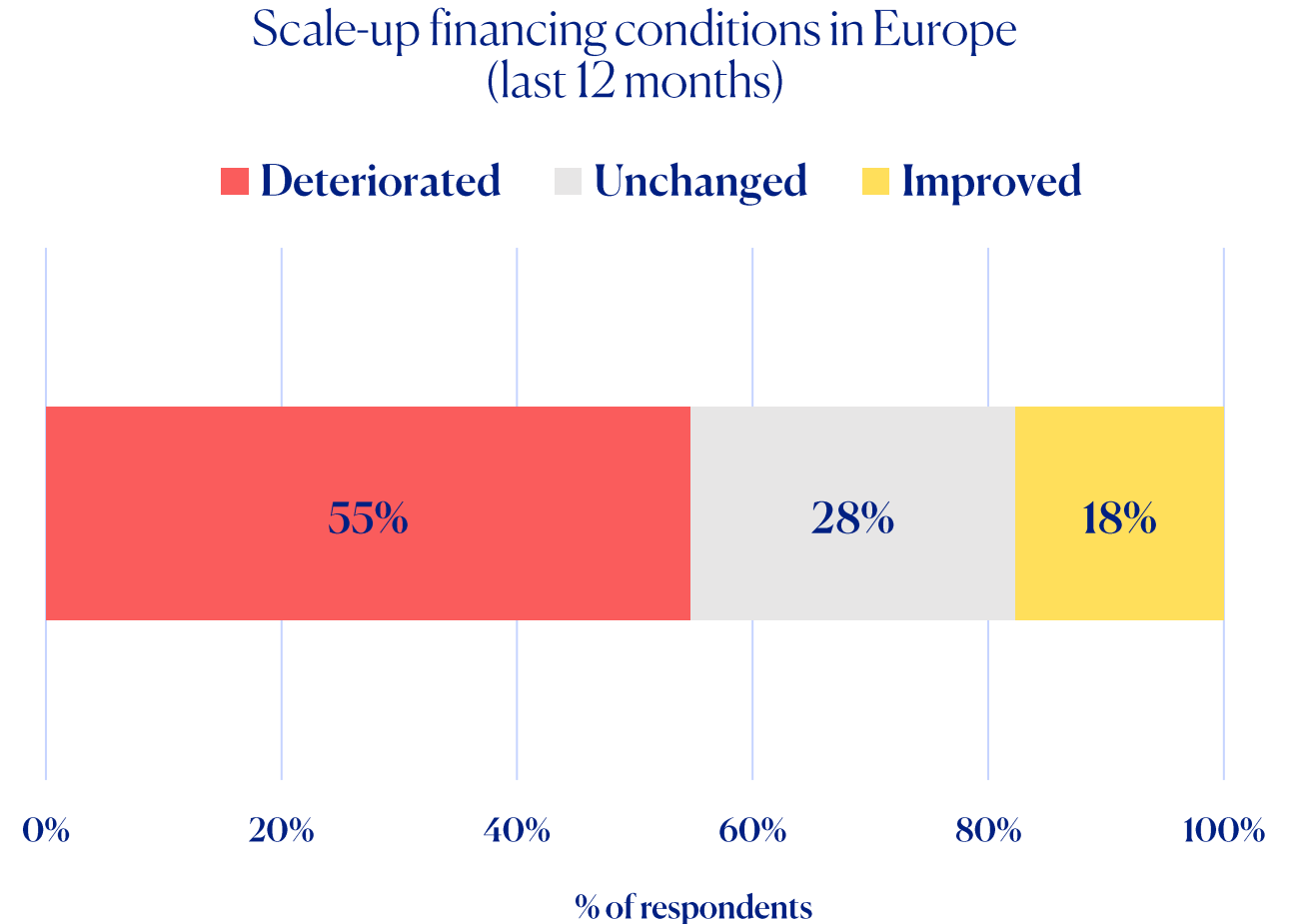
Q: "Please select the biggest challenges you currently see for your portfolio companies." Note: The graph shows the percentage of respondents that selected the respective challenge as their first most important in each survey wave. *Securing financing/liquidity encompasses the response options "Securing equity financing", "Securing debt financing", "Securing liquidity", "Accessing public funding measures" and "Accessing research infrastructures".

EIF#Research: Scale-up financing

Scale-up financing in Europe deteriorated further



Q: "Do you think that there are sufficient financing opportunities for companies to scale up in Europe?" Diagram shows share of respondents who selected the response option "No".



Q: "How have the conditions for financing companies to scale up in Europe evolved over the last 12 months?"

Opportunities



Despite challenges, VC fund managers see opportunities

A large share of VC fund managers confirm to have companies active in AI, Deeptech, and Cleantech in their portfolio; these investment themes are expected to remain important in VCs' future portfolios.

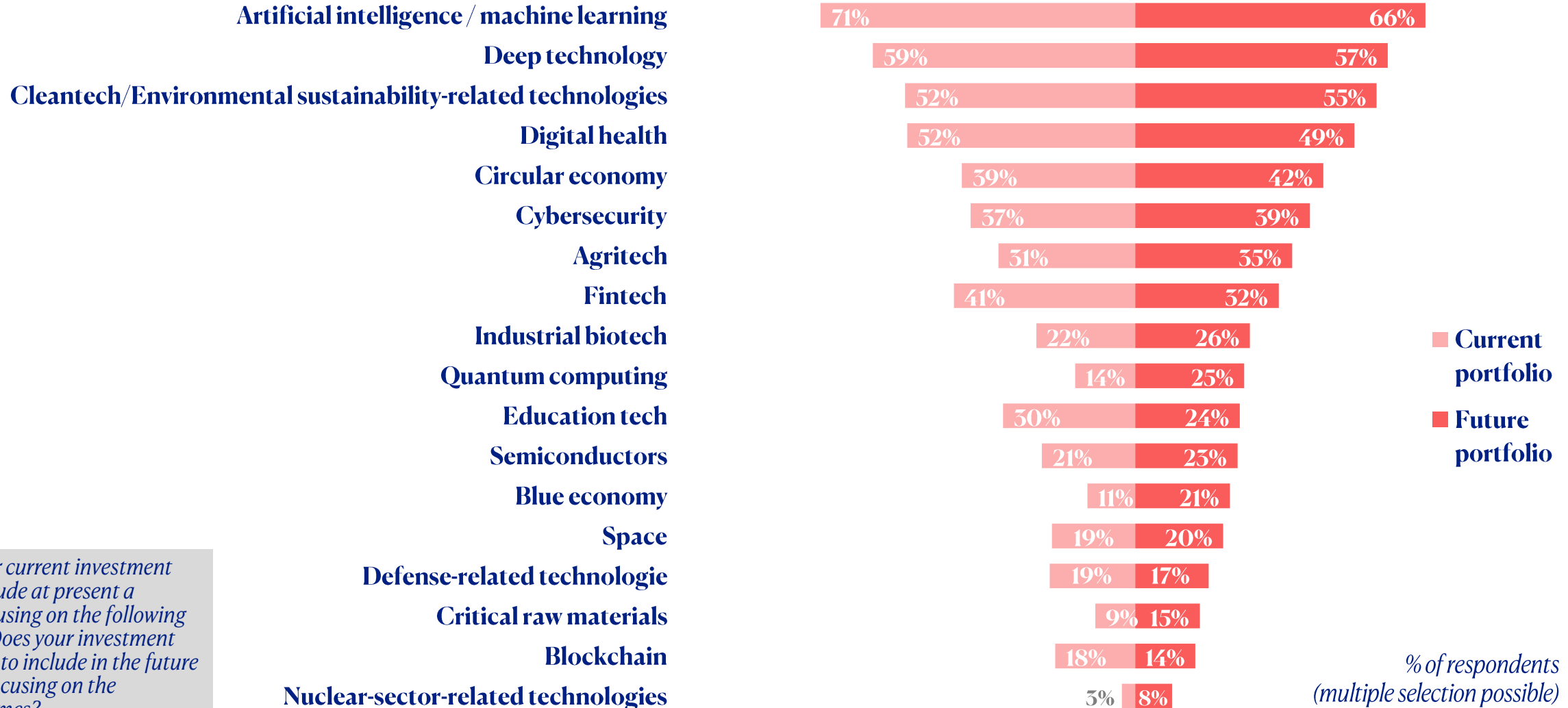
AI, Biotech, and Energy/Climate are perceived as the most promising sectors for investment over the next 3-5 years.

Female representation in investment decision bodies is still low. Improving diversity to bring in new and different perspectives could catalyse investment opportunities and innovation.

EIF#Research: Investment themes



AI, Deeptech and Cleantech most prevalent current and future investment themes



Q: "Does your current investment portfolio include at present a company focusing on the following themes?" / "Does your investment portfolio aim to include in the future a company focusing on the following themes?"

EIF#Research: Promising sectors

AI, Biotech, Energy/Climate perceived as the areas with the greatest investment potential



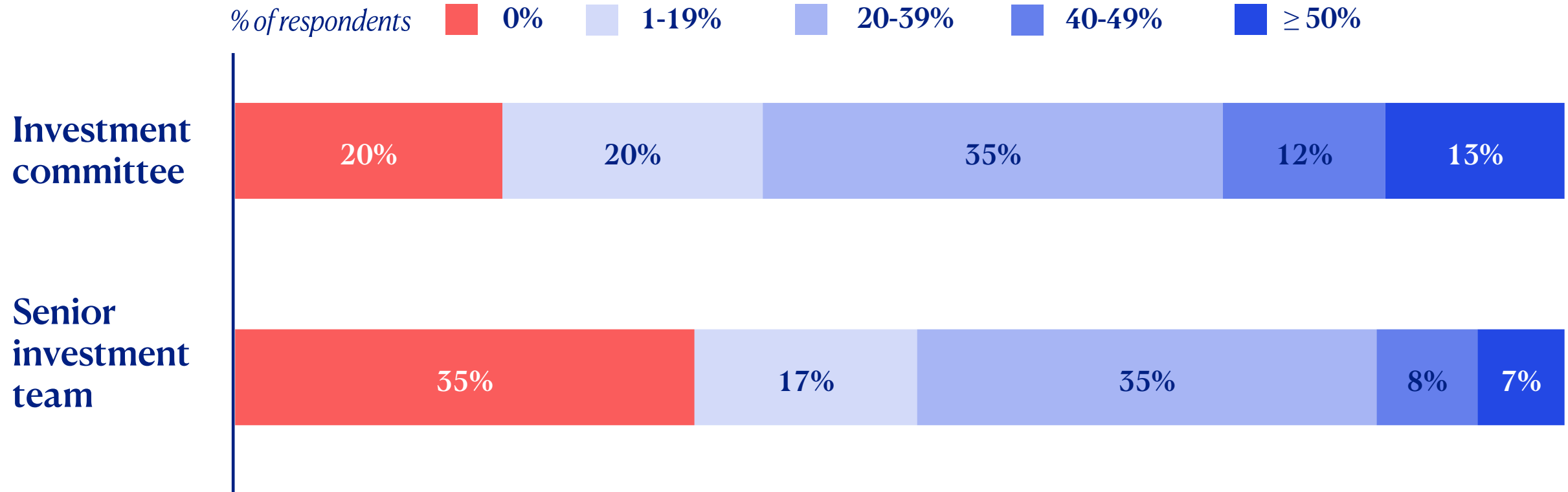
Q: "Which sector/industry would you consider as the most promising for investments in the near future (3-5 years)?" Note: The graph was generated using Wordcloud whereby the bigger the font size the more frequently the respective answer was mentioned in the free-text field. The graph depicts the 40 most frequently mentioned sectors/industries.

Source: EIF VC Survey 2024 - Market Sentiment. EIF Market Assessment & Research. October 2024. Forthcoming. www.eif.org/news_centre/markets-and-impact

EIF#Research: Gender diversity



Female representation in VC firms' investment decision bodies still lagging



Note: Percentages may not add up to 100% due to rounding.

Q: "Please indicate the percentage of female representation in your firm's (i) Senior investment team; (ii) Investment committee."

Source: EIF VC Survey 2024 - Market Sentiment. EIF Market Assessment & Research. October 2024. Forthcoming. www.eif.org/news_centre/markets-and-impact

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