



Trading Places: Global Opportunities For UK Entrepreneurship

AUGUST 2021

 **BARCLAYS**

Beauhurst

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Foreword

Katherine Morgan

Head of High Growth and Entrepreneurs, Barclays

“The entrepreneurs and leaders I have worked with are nothing if not pragmatic; they will harness talent, capital and markets wherever they may be.”

As I write this, vaccines developed by scientists at the University of Oxford are being produced at more than 20 international sites to help alleviate the suffering and economic damage that the pandemic has inflicted on the world.

This is an important reminder that the UK’s creativity and innovation continue to be in international demand. Creating and distributing a vaccine is both a scientific and commercial challenge and doing so successfully reflects the acumen and skill that we rightfully associate with the innovators, entrepreneurs and leaders that do business from the UK.

This report investigates how the UK’s high-growth companies have historically utilised the opportunities and resources afforded to them by skilfully accessing international markets. It explores the contribution of founders from outside the UK to the ecosystem of high-growth companies. And it also asks the entrepreneurs and leaders in charge of these businesses where they are looking to next for growth opportunities.

The entrepreneurs and leaders I have worked with are nothing if not pragmatic; they will harness talent, capital and markets wherever they may be. This is borne out in the data.

“

It is exciting to see that the UK continues to be attractive for innovators seeking to access talent, investors and the benefit of the UK ecosystem.”

The UK’s high-growth companies are increasingly accessing capital from overseas investors. They raised a record £8.5b in 2019 in deals involving at least one international investor. While this figure dropped to £6.1b in 2020, the last four years have seen £25b raised via deals involving international investors.

Over the last 10 years, 1,661 high-growth companies have received equity investment from a foreign backer.

Business leaders are also tapping into talent from around the world. Of course, Europe is a key recruitment market but leaders are also looking further east and also to the west. Our survey of high-growth leaders showed that 55% are looking to hire new employees from Europe, 35% are looking to the US and over 26% are considering hiring from Asia. The continued attractiveness of the UK as a place to live and do business for the international community is shown by the 17% of high-growth company founders that come from outside the UK.

The UK's strong regulatory framework, rule of law and the ability to access capital and talent make it an attractive place to start and grow companies. At Barclays, we're keen to support business leaders and companies to scale and to make the most of opportunities for international expansion. We have a team of high growth relationship managers that are helping businesses to scale and thrive across the UK. We want to make this one of the best places in the world to be an entrepreneur.

We know last year was a difficult and uncertain time to do business, wherever one happened to be based. We rapidly mobilised support to see businesses in the UK through the uncertainty and disruption, for example, by helping customers access three years' worth of funding in the first 12 weeks of the Government lending schemes going live. We've now facilitated more than £29b of lending to over 350,000 businesses. With vaccination efforts going well and social distancing restrictions easing, the remainder of 2021 will hopefully prove to be a period of growth and opportunity for companies across the UK.

It is exciting to see that the UK continues to be attractive for innovators seeking to access talent, investors and the benefit of the UK ecosystem. New trade deals such as the deal with Australia will only make the UK more attractive. The high-growth companies that underpin the data in this report are exemplars of how to take advantage of opportunities in a dynamic environment, whether the opportunities are in the Asia-Pacific, North America or a little closer to home.

“

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Comment

Henry Whorwood

Head of Research and Consultancy, Beauhurst

“The businesses that underlie the data in this report have harnessed the strengths of the UK ecosystem and the best of what is available internationally—capital, talent and ideas—to drive their growth.”

Innovation does not occur in a vacuum and neither does the creation and operation of innovative and high-growth British businesses. The businesses that underlie the data in this report have harnessed the strengths of the UK ecosystem and the best of what is available internationally—capital, talent and ideas—to drive their growth. The UK is geographically and ideologically situated to derive benefit from, and do business with, partners in Europe and North America. Over time the relationships between British firms and partners and customers in these geographies have waxed and waned.

“

...many firms are looking to where there may be new opportunities, showing the determination and flexibility that has earned them a place among the ambitious companies that Beauhurst tracks.”

This report sets out the current state of play for high-growth companies doing business internationally and looks to where the growth opportunities are for UK businesses in the future.

Naturally Brexit has had an impact on how UK high-growth firms are thinking about and receiving support from partners and funders in the European Union. However, the EU plays less of a role in funding high-growth businesses than one might imagine. Over the last 10 years, investors headquartered in the EU have been involved in 997 equity deals worth £10.1b—not insignificant. However, contrast this with the 1,240 transactions and £20.4b worth of equity investment that US investors were involved with.

Similarly, EU grant funding as a proportion of the grant funding available for UK high-growth businesses has been in decline for the last 10 years. While the absolute value of EU grants received by UK high-growth firms has been reasonably stable, the increasing value of grants provided by Innovate UK has seen the significance of EU grant money diminish.

The EU is an important source of talent for the UK's high-growth companies. An impressive 10% of all founders of UK high-growth firms are from the EU. Equally impressive, 55% of all foreign founders of UK high-growth firms are from EU nations. Going forward, it seems that many business leaders will continue to tap into the talent Europe has to offer with over half of the survey respondents highlighting the EU as an area for sourcing new employees.

While Europe will continue to play a vital role in the high-growth economy, many firms are looking to where there may be new opportunities, showing the determination and flexibility that has earned them a place among the ambitious companies that Beauhurst tracks. A staggering 79% of the companies surveyed are looking to make sales in the US going forward and 59% were excited by the prospect of a trade deal with companies in North America. Given the number of North American investors with interests in UK high-growth businesses, a shared language and a similar business culture, this is a natural pivot. For the time being, it seems that an increasing number of UK entrepreneurs and business leaders will

be looking across the Atlantic for capital, trading opportunities and ideas. One US favourite already seems to have made the crossing: the IPO. While in recent history, British high-growth businesses have eschewed stock market flotations in favour of increasingly larger private raises, the pendulum seems to have reached its apogee and may now be reversing. The public market rally driven by central bank stimulus and a lockdown-driven retail investor frenzy has made public markets too good a deal to refuse for many companies and their investors. The Hill review, which was published in March alongside the Chancellor's Spring Budget, recommended the UK adoption of dual-class share structures that have helped drive the popularity of listing on US public markets. These structures assist founders in retaining a level of control over the listed company and will help incentivise more founders to consider the UK public markets. As this report shows, the founders and leaders of UK high-growth firms are pragmatic people; we have no doubt they will continue to seek out the best resources and innovations—whether from the UK, EU, US or beyond.

“

A staggering 79% of the companies surveyed are looking to make sales in the US going forward and 59% were excited by the prospect of a trade deal with companies in North America.”

Introduction

Rather than existing in a vacuum, the companies that make up the UK's high-growth ecosystem interact widely beyond the nation's borders.

With large sums of equity investment flowing into the UK from abroad, it is vital to examine the relationship between Britain's most ambitious companies and the wider world. We have explored this relationship through four key lenses: equity investment from abroad, international founders, grant money awarded to businesses from the European Union, and international exits either through acquisitions or UK firms undergoing IPOs on stock exchanges outside the UK. Chapter 1 establishes these flows by looking at a decade of data collected by Beauhurst from 2011 to 2020.

Chapter 2 explores our changing relationship with the EU using Beauhurst data and a survey of 112 executives at high-growth and ambitious British companies. The amount of equity investment involving EU investors and the number of exits to EU acquirers suggests that there will continue to be opportunities for UK companies on the continent. EU nationals account for around one in 10 founders of the UK's high growth businesses.

The survey of high-growth companies also revealed a significant interest in the US, which is the focus of Chapter 3. A notable 78.5% of respondents chose the US as a location they would like to make sales in going forward, and it was also being considered by many businesses as a place to raise investment and hire new employees. In 2020, investors from the US were involved in 191 equity deals worth £4.5b—this accounts for around 8% of all announced deals for the year.

This report shows that there are significant opportunities for British businesses prepared to look both east and west to access capital, people and ideas, and to secure exits that release equity to kick start another generation of entrepreneurs.

We hope you enjoy the report.



Executive summary

Beauhurst data and the survey of executives at high-growth companies both demonstrate the importance of capital, customers and talent from outside the nation to the UK's high-growth ecosystem. Below are some of the key findings from the research, suggesting that UK entrepreneurs and business leaders are taking advantage of the country's position at the crossroads between Europe and North America.

Investment from the EU and US

- From 2017 to 2020, the UK's high-growth companies raised £25b in equity investment in deals involving at least one foreign investor; a figure that accounts for 45% of total equity investment by value over the period
- US investors seemed relatively undeterred by the events of 2020 and were involved in £4.5b worth of deals, falling just shy of the record £4.6b that US investors were involved with in 2019
- Deals involving EU investors amounted to £1.9b in 2020, down slightly from the £2.4b worth of investment involving EU investors in 2019

The changing role of EU grant funding

- Increased spending by the UK government on research and innovation via Innovate UK means that British businesses are able to access significant amounts of domestic grant funding; Innovate UK grants accounted for 95% of the value of grants awarded in 2020, compared to 5% for EU grants
- EU grant funding has played a small but important historical role in supporting UK high-growth companies with a total of £872m worth of grants received by British business over the last 10 years

International founders and employee

- Of the high-growth firms surveyed, 80% were looking to hire new employees from the UK, 55% were looking to hire from Europe and 36% were looking to hire from the US
- 17% of the founders of active high-growth UK companies have a nationality other than British; these international founders are predominantly from Europe, North America and Asia
- Irish founders are the largest group single group by nationality, accounting for 12% of the international founders, followed by US founders (9%) and French founders (8%)

International exits

- Since 2011, 3,031 high-growth companies have exited via an acquisition or IPO; 1,071 or 35% of these exits were to international acquirers or via international stock exchanges
- The number of acquisitions of UK high-growth companies declined in 2020 with deals by UK acquirers falling from the 2019 all-time high of 270 deals to 188 and with deals involving international acquirers dropping less steeply from 188 deals in 2019 to 157 in 2020
- US acquirers account for eight (40%) of the top 20 acquisitions with a known valuation over the last 10 years

Key recommendations

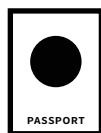
UK entrepreneurs and business leaders should take advantage of the UK's unique geographic, cultural and regulatory environment to tap flows of capital and talent. Here are three key recommendations based on the Beauhurst data and the survey of 112 high-growth companies.



EXPLORE FOREIGN INVESTMENT

As the investment breakdown on page 15 shows, investors from overseas are involved in an increasing number of equity finance deals involving UK growth companies. The total value of the deals that foreign investors are involved in has also been increasing.

These investors are looking to the UK to diversify their portfolios both geographically and sectorally. British entrepreneurs and business leaders should consider the funds and expertise that foreign investors can bring to the table.



TAP INTERNATIONAL TALENT

International founders make up 17% of all founders of UK high-growth businesses. Those looking to start a new venture should consider the connections and experience that an international co-founder can bring.

Similarly, many employers are benefitting from international workers; 69% of the businesses surveyed employ EU citizens.

Businesses are also weighing additional hires from overseas, with the EU and the US tipped as the most likely sources for future international hires.



CONSIDER FOREIGN ACQUIRERS

US acquirers make up 40% of the top 20 acquired companies by valuation over the last 10 years (page 33).

The diversity of international acquirers and their access to deep pools of capital means that entrepreneurs and business leaders should consider adding some overseas buyers to long lists when weighing potential exits.

However, this is not to dismiss the strength of the UK's domestic market; 65% of high-growth exits over the last 10 years have been to UK buyers or via UK-based stock exchanges.

“

Wandera's aspiration from the outset was to create a global cybersecurity leader, and building market leadership in North America was critical for this aim. Getting US based investors early in Bessemer Venture Partners and then Sapphire helped us grow awareness among customers, recruit top talent and execute. Ultimately revenue contribution from the US grew to 50% and was an important factor in our recent acquisition by a US public company.”



Roy Tuvey
Co-founder and President
Wandera (*cloud security provider*)

Introduction to the data

Beauhurst has been tracking equity investment into UK high-growth businesses since 2011. This report draws on Beauhurst's data on the 36,730 high-growth business in the UK, including the investment and grants these businesses have received and the nationalities of their founders.



Chapter 1:

International

Overview

Founders

International founders account for 17% of the founders of UK high-growth companies. European founders account for 64% of international founders in the UK, while 12% have a North American nationality. The United States, Australia and India rank highest among non-British founders that come from outside the EU.

FOREIGN FOUNDERS BY CONTINENT (2021)

Europe	3,091
North America	588
Asia	495
Oceania	341
Africa	132
Middle East	99
South America	43

FOREIGN FOUNDERS BY COUNTRY (2021)

Ireland	565
United States	417
France	410
Italy	375
Germany	314
Australia	252
India	242
Canada	139
Netherlands	128
Spain	126
Greece	124
Poland	105
Sweden	101
New Zealand	89
Denmark	88
China	79

“

Streetbees has always been internationally minded, with teams in the UK, US, France, Switzerland and China, but our Series B funding last year provided us with the resources we needed to really step up our global expansion. We've made huge increases to our US-based team, recruiting the best in the industry to join our New York office which has enabled us to make our mark on the North American market.”



Tugce Bulut
Founder and CEO
Streetbees
(AI-driven consumer insights platform)

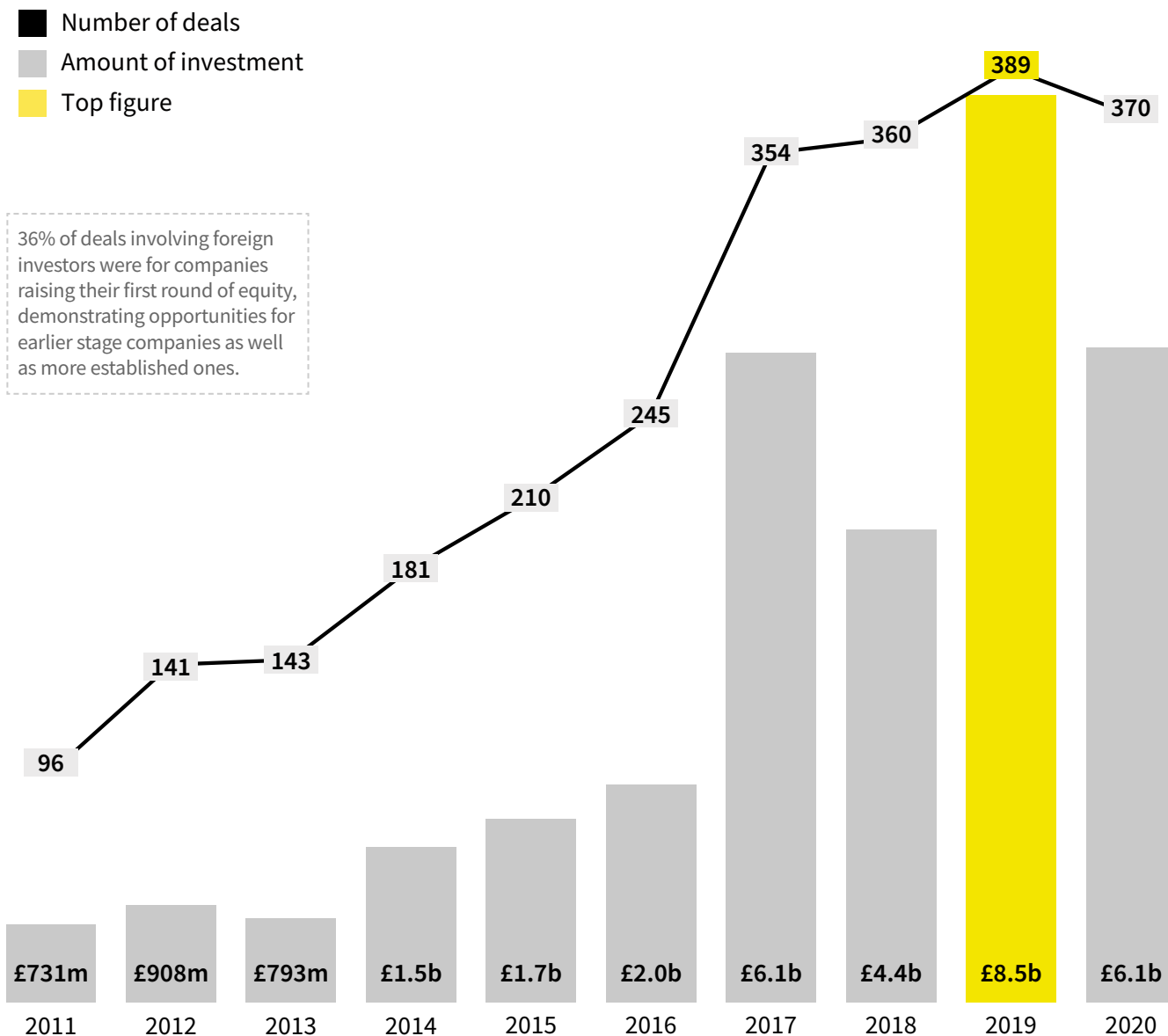
Investment

Investment deals with at least one investor from outside the UK have been most significant in the last four years with £25b raised from 2017 to 2020, a figure that amounts to 45% of total equity investment by value over the period via unannounced and unannounced deals.

KEY FIGURES FOR DEALS INVOLVING AT LEAST ONE FOREIGN INVESTOR (2011-2020)



DEAL NUMBERS AND VALUE OF INVESTMENT WITH AT LEAST ONE FOREIGN INVESTOR (2011-2020)



Sectors

Equity investment into software companies was the most popular among international investors between 2011 and 2020, with the top three sectors by number of deals falling under this umbrella. Professional services, including analytics and banking and financial services for both businesses and consumers, also received notable attention from investors outside the UK.

TOP SECTORS WITH AT LEAST ONE FOREIGN INVESTOR BY NUMBER OF EQUITY DEALS (2011-2020)

Software-as-a-service (SaaS)	555
Internet platform	472
Mobile apps	422
Analytics, insight, tools	364
Business banking and financial services	256
Consumer banking and financial services	188
Pharmaceuticals	156
E-commerce	149
Payment processing	101
Research tools/reagents	98
Marketing services	96
Security services (physical and virtual)	88
Advertising and branding services	78
B2C websites	63
Educational services	61

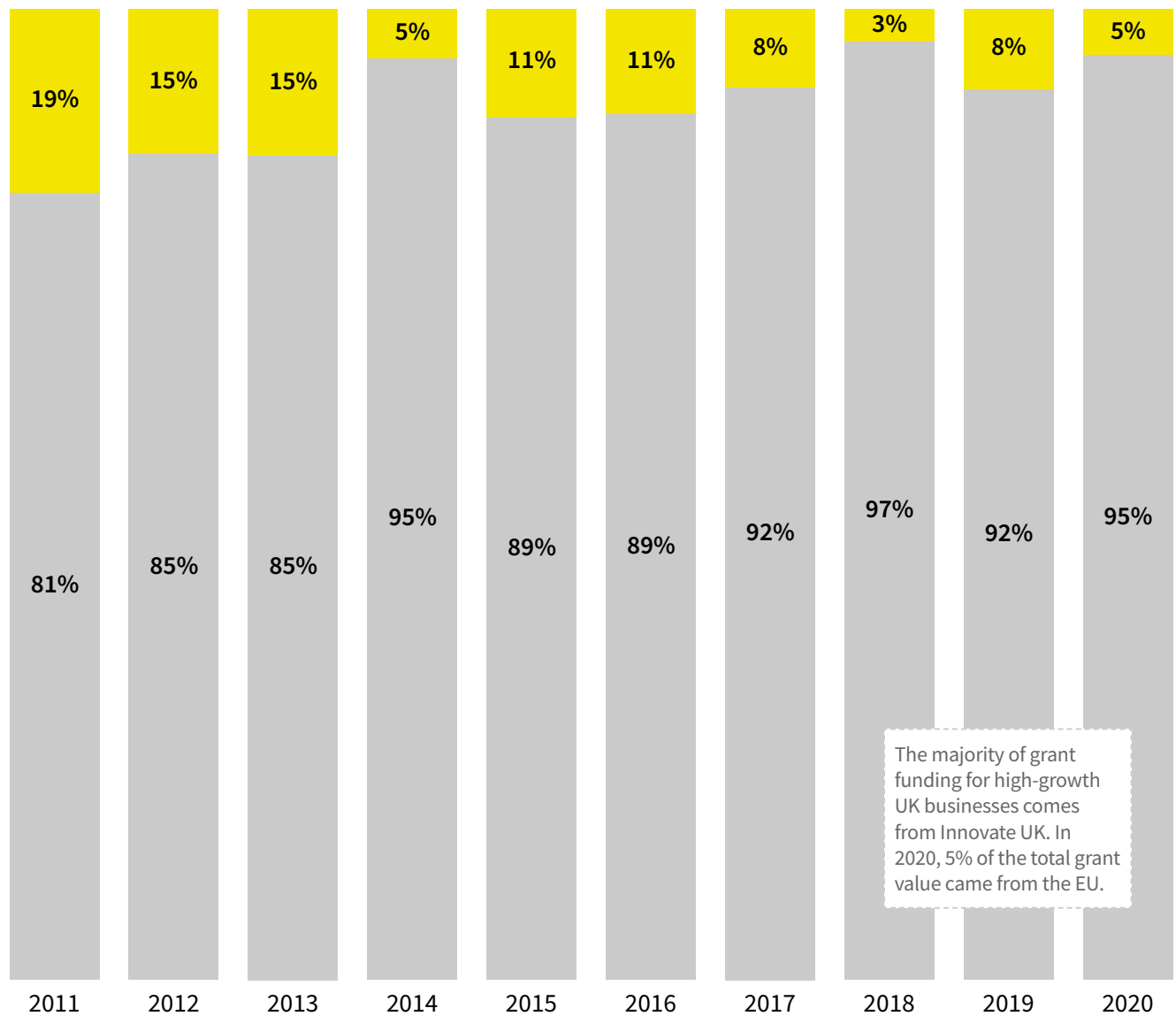
Grants

Innovate UK has significantly increased the grant funding it provides to UK high-growth companies over the last 10 years. As a result, the relatively stable amount of grant funding provided to UK high-growth companies via EU grant programmes has declined proportionately.

KEY FIGURES FOR EU AND INNOVATE UK GRANTS TO HIGH-GROWTH UK COMPANIES (2020)



PROPORTIONAL VALUE OF INNOVATE UK GRANTS VS EU GRANTS (2011-2020)



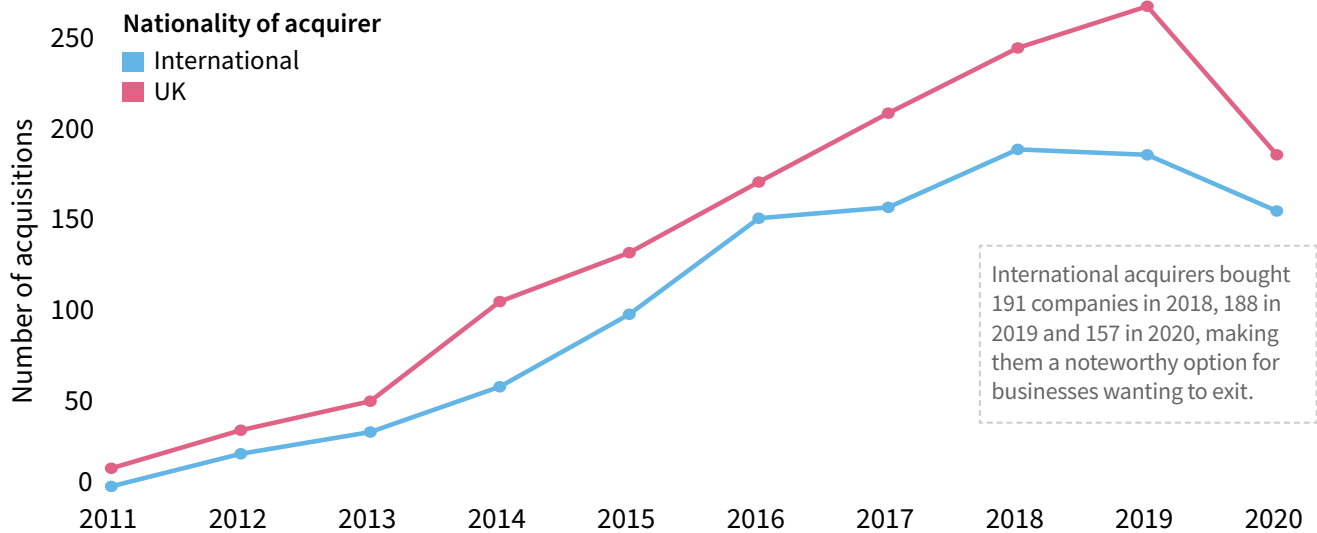
Exits

Acquisition numbers dropped in 2020, likely due to the economic uncertainty related to the pandemic and the difficulty of doing due diligence remotely. International acquirers play a significant role in providing exits for UK founders and investors. While foreign acquisition of UK companies can sometimes be cause for concern, these transactions also help to release money back into the UK ecosystem.

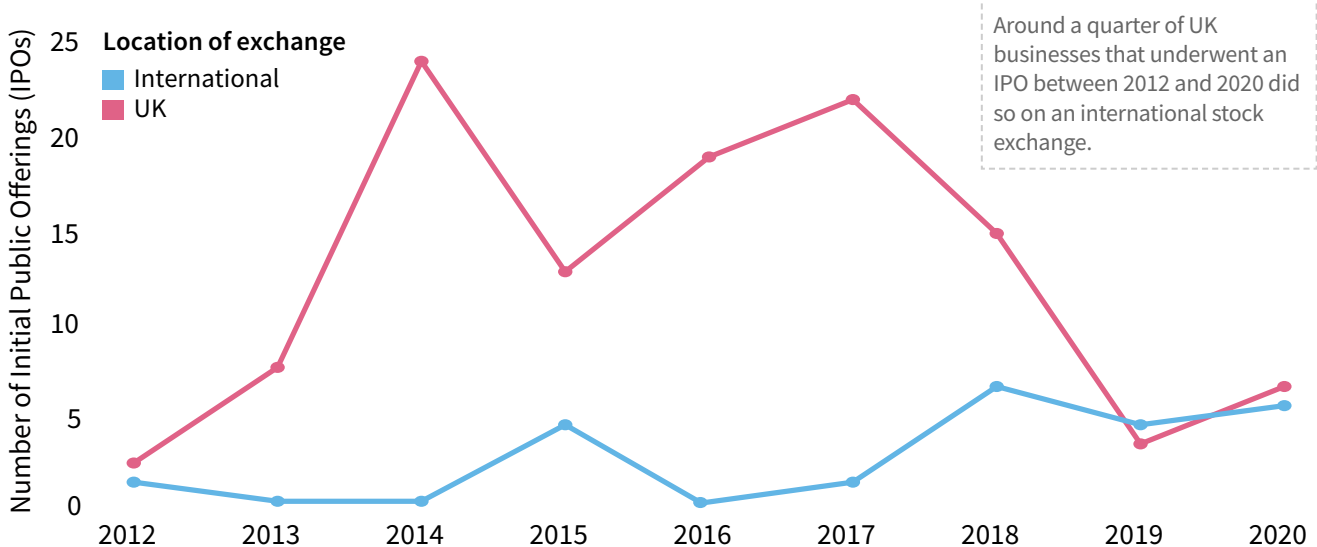
KEY FIGURES (2011-2020)



ACQUISITIONS BY NATIONALITY OF ACQUIRING COMPANY/FUND (2011-2020)



IPOs BY LOCATION OF STOCK EXCHANGE (2012-2020)



Chapter 2:

The UK and the EU

Founders

Founders from Ireland rank highest among EU countries, making up 20%. The country's proximity to the UK and shared use of English likely explain this finding. Ireland is followed by France with 14% of EU founders and Italy placing third with 13%. This may be explained by the relative strength of the UK ecosystem compared to those of Italy and France, making it an attractive proposition for founders.

KEY FIGURES FOR ACTIVE HIGH-GROWTH UK COMPANIES (2021)

2,869

founders from the EU

10%

UK founders from the EU

59%

foreign founders from the EU

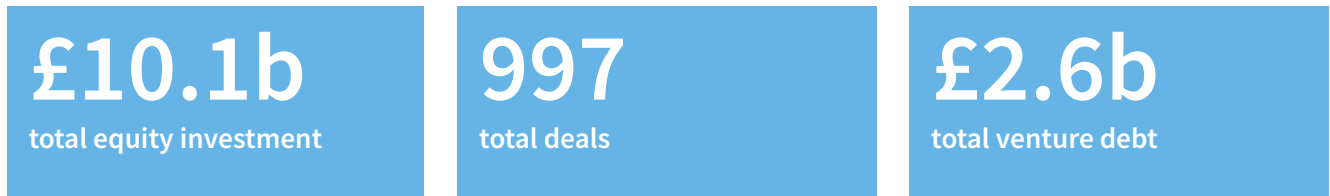
NUMBER OF FOUNDERS FROM THE EU OF ACTIVE UK COMPANIES RANKED BY NATION (2021)

Ireland	565
France	410
Italy	375
Germany	314
Netherlands	128
Spain	126
Greece	124
Poland	105
Sweden	101
Denmark	88
Romania	78
Belgium	63
Portugal	58
Austria	52
Bulgaria	42

Investment from EU

In the last 10 years, investors from current member countries of the EU were involved in almost a thousand equity deals into UK companies totalling over £10b. Deals in 2019 make up 24% of the total equity investment value of the last decade and 16% of the total number of deals.

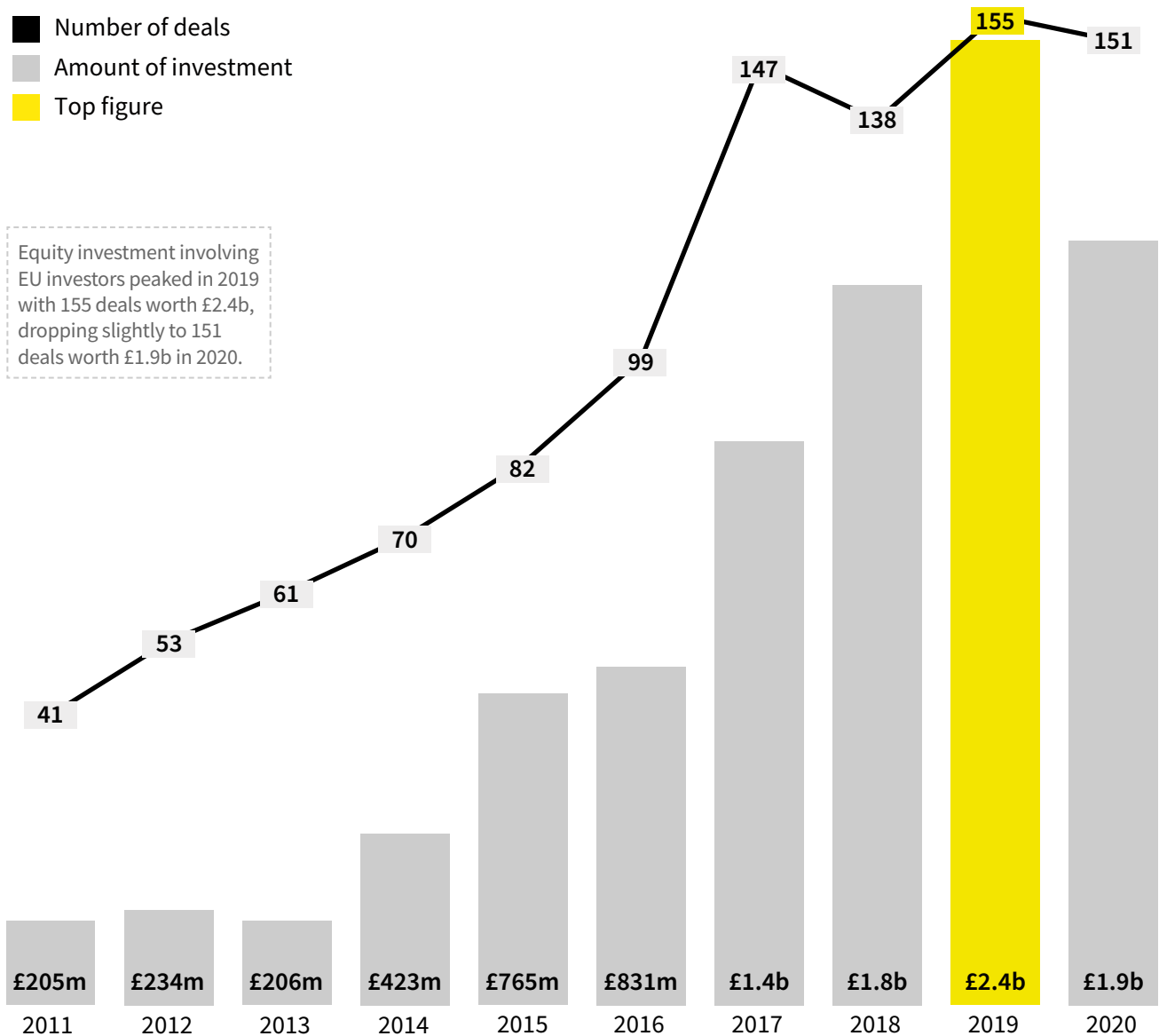
KEY FIGURES (2011-2020)



DEAL NUMBERS AND VALUE OF INVESTMENT FROM EU (2011-2020)

- Number of deals
- Amount of investment
- Top figure

Equity investment involving EU investors peaked in 2019 with 155 deals worth £2.4b, dropping slightly to 151 deals worth £1.9b in 2020.



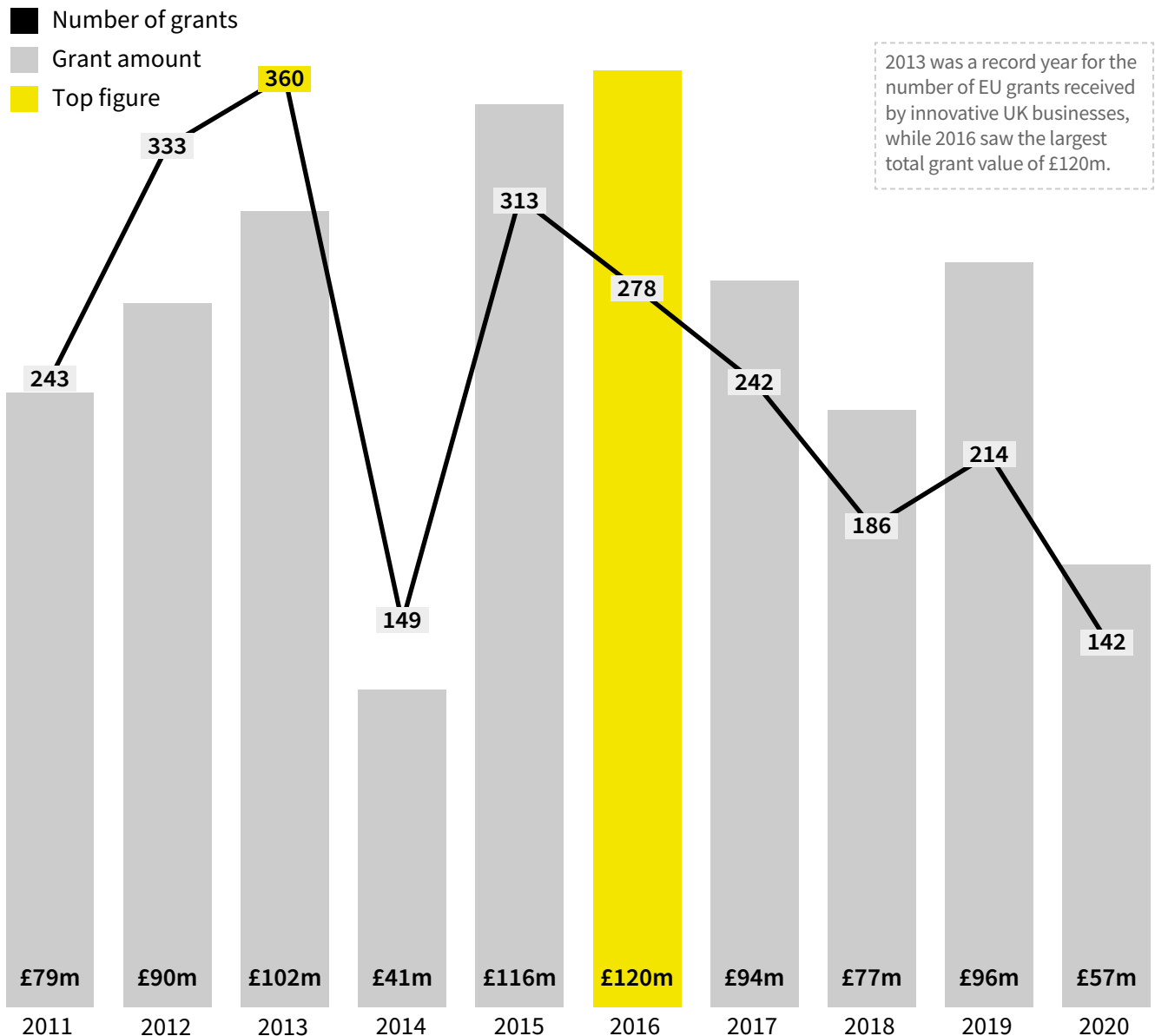
Grants

EU grant programmes have contributed £872m of funding to UK high-growth businesses over the last 10 years. While some EU grant schemes are closed to the UK post-Brexit, the replacement for the Horizon 2020 research and innovation funding programme, Horizon Europe, will be open to UK companies and universities.

KEY EU GRANT FIGURES (2011-2020)



NUMBER AND VALUE OF GRANTS FROM EU (2011-2020)

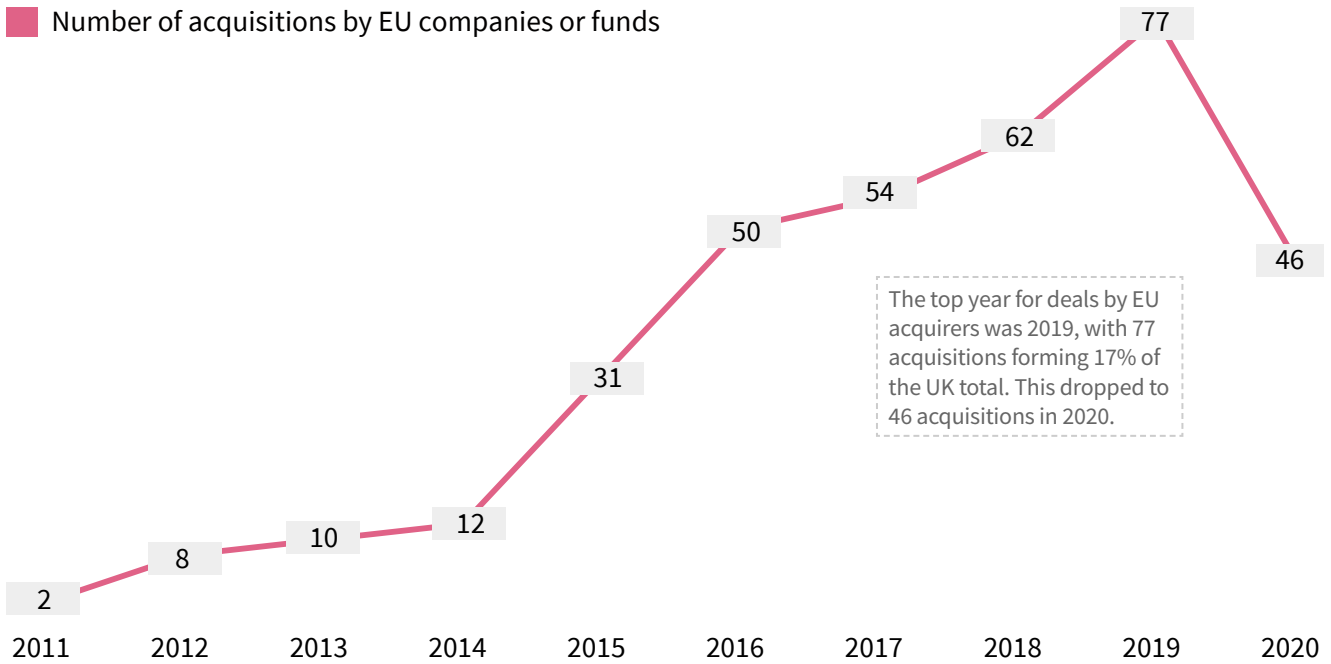


Exits

While acquisitions of high-growth companies by EU-headquartered buyers have been on the rise since 2011, 2020 saw a significant decline in acquisition activity, likely due to pandemic related uncertainty and the difficulty of remote due diligence. Fortunately, EU acquisitions in 2020 remained similar proportionally, suggesting that the decline was part of an overall reduction in activity due to COVID-19.

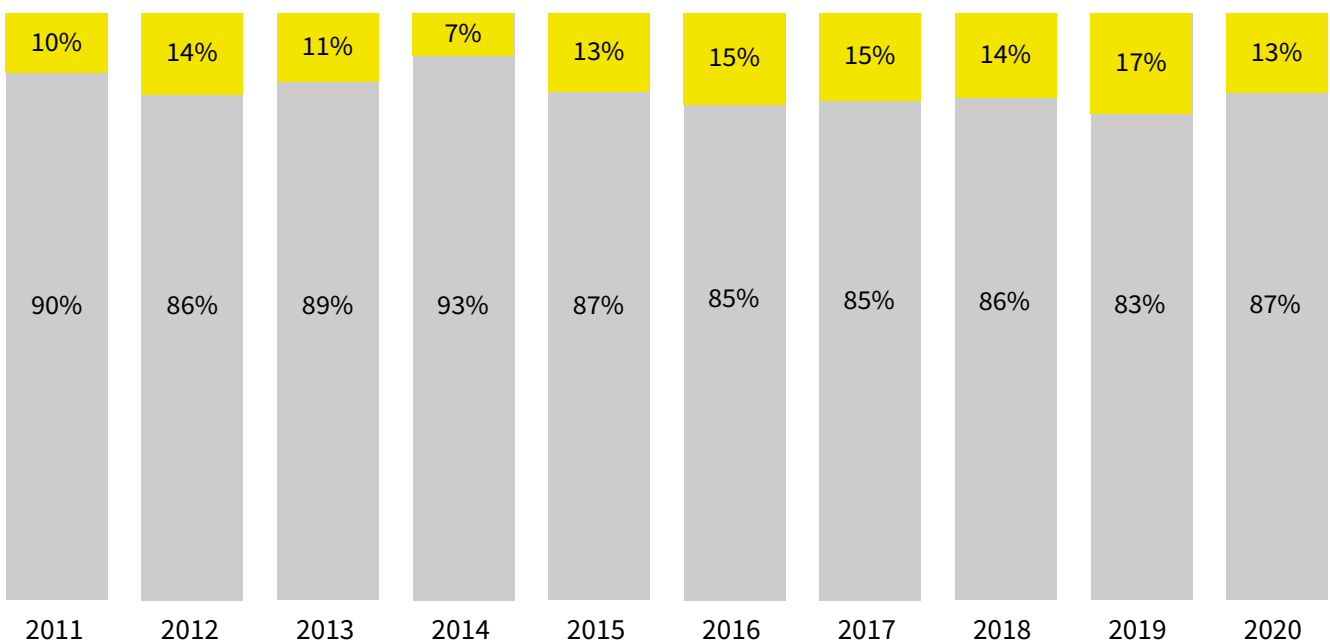
ACQUISITIONS INVOLVING EU ACQUIRERS (2011-2020)

■ Number of acquisitions by EU companies or funds



PROPORTION OF TOTAL ACQUISITIONS (2011-2020)

■ EU acquisition ■ Non-EU acquisition



High-growth survey: Brexit

Our survey investigates the way in which high-growth UK businesses interact with the EU and the rest of the world. The results help to illuminate the impact of Brexit on sales, hiring and raising equity investment for 112 of these companies, the majority of which are seed-stage.

KEY FIGURES ON SURVEY RESPONDENTS

112 high-growth company respondents

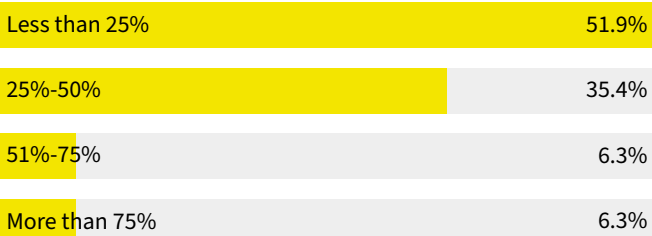
38.1%
technology companies

23.9%
business and professional
services companies

60.4%
seed stage companies



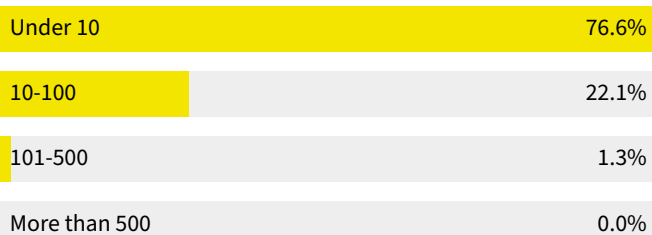
Do you sell your company's product or service in the EU?



Approximately what percentage of your sales are within the EU annually?



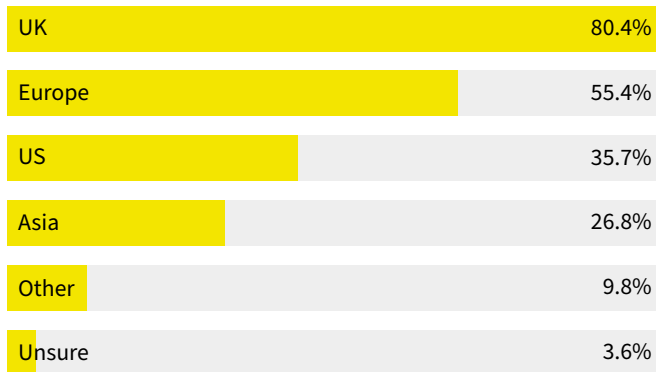
Do you have EU citizens in your company's workforce?



How many EU citizens are in your company's workforce?

High-growth survey: Brexit

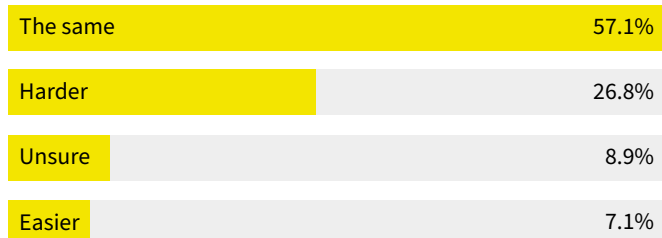
The survey results also suggest growing interest in the US going forward. US-inflected responses are on page 28.



Where will you look to hire new employees?



Would you consider merging or acquiring a business in your target market to realise your export ambition?



How easy would you find raising equity now, post the transition period, in comparison to previously?



Have you relocated areas of your business as a result of Brexit?

“

We would not be where we are today without the help and support and investment from the UK and the overseas community.”



Ky Nicol
CEO
Cutover

(work orchestration platform)

Conclusion

The relationship between the UK's high-growth ecosystem and the EU is changing. Founders and leaders of high-growth British businesses have had to adapt to the new trading rules with the EU but the nations that make up the union will continue to be key places to do business and to source capital and employees.

Since the Brexit referendum in 2016, investments into UK high-growth companies involving EU investors have increased in frequency. There were 99 deals struck in 2016 and a record 151 in 2019. While the pandemic curtailed growth in deal numbers in 2020, the overall figure remained relatively stable with 151 transactions completed. Given Britain's vaccine rollout, it seems likely that 2021 will go on to be a record year for deals involving EU investors. This fits with the overall surge in equity investment that UK growth firms are seeing; Q1 2021 was a record quarter with £6.2b invested via nearly 1,600 deals. UK high-growth businesses are likely to benefit from the pragmatism of EU funds looking for a safer environment to deploy capital.

UK high-growth businesses have already benefitted from the appetite of EU buyers. A record 77 companies were acquired by EU buyers in 2019—a continuation of the growth in acquisitions involving EU buyers since 2011. Unfortunately, 2020 bucked this almost decade-long trend, though this decline is understandable; it is hard to kick the tyres properly over a video call. Still, the 46 acquisitions completed in 2020 speak to the continued attractiveness of UK companies to EU buyers, despite the changing relationship between the areas. As the uncertainty that the pandemic has cast over Europe starts to diminish deal-making will likely return in force. Indeed, the UK now offers EU buyers a convenient way to diversify into a familiar business landscape but with a different regulatory agenda.

Above all, what will continue to be very important are the founders from the EU, making up more than half of international founders at high-growth UK companies. Interestingly, founders from Ireland

account for around a fifth of the founders in the UK with an EU nationality, likely due to both its geographical proximity and commonality of the English language. Other high-ranking countries in terms of founder numbers include France, Italy and Germany—founders which were perhaps attracted to the notable strength of the UK ecosystem within Europe.

A particularly important facet of the UK ecosystem is the amount of grant funding available to innovative companies. Historically UK's innovative businesses have benefited from EU grant funding, receiving 2,460 grants with a total value of £872m, resulting in an average of £354k. However, the overall significance of EU grants has been fading over this period—in 2011, EU grants proportionally accounted for 19% against Innovate UK grants. In 2020, this figure was just 5%. This change is a result of increases in Innovate UK funding relative to EU grant funding. In 2020, Innovate UK awarded £1.1b of grants compared to £57m worth of EU grant funding. In the future, Innovate UK will continue to be the primary source of grant funding for innovation in the UK ecosystem; however, UK companies and universities will also be eligible for the new Horizon Europe programme which is replacing Horizon 2020.

While the EU is set to provide an ongoing and important market and source of resources for UK entrepreneurs and business leaders, many are also looking at other overseas markets to grow and secure new resources. Our survey of high-growth businesses pointed to North America and the US in particular as locations of increasing importance and opportunity. This is the focus of the next chapter.

Chapter 3:

The UK and the US

High-growth survey: US and World

The survey fielded to high-growth companies and described on page 24 yielded a number of responses that pointed to the increasing importance of the US as place for innovative UK firms to do business, raise investment and hire new employees. The responses to the survey that highlight an increasing interest in the US are set out on pages 28 and 29.

KEY FIGURES ON SURVEY RESPONDENTS

112 high-growth company respondents

£573m

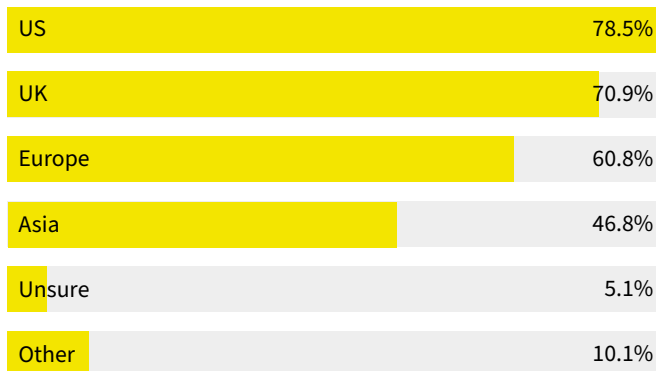
total equity investment

£1.66m

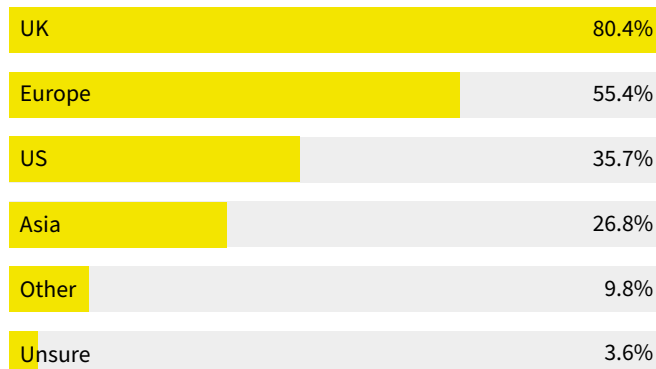
average deal value

£7.14m

average pre-money valuation



Where will you look to make sales going forward?



Where will you look to hire new employees?

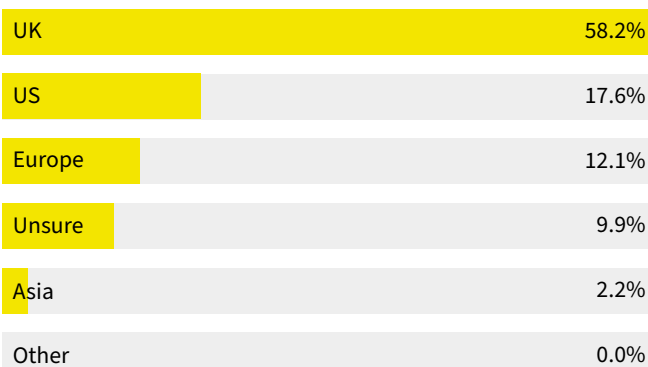
High-growth survey: US and World

More than half of survey respondents are excited to see the UK announce a trade deal with countries in North America.

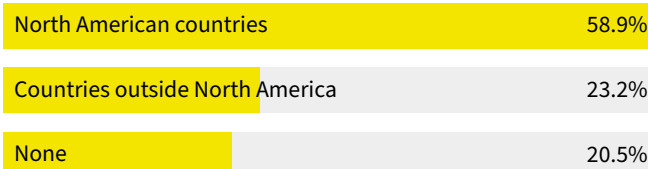
Are you planning to raise external investment in the next 12 months?



Where are you planning to raise this investment from?



Which country outside the EU will you be most excited to see the UK announce a new trade deal with?



Some respondents listed countries both in and outside of North America. These responses have been double counted.

“

Project Blu is a hybrid between a European and American style business. We have taken our sustainable design expertise from the UK & Italy and super-charged our growth by taking on investment and strategic partnerships with major players in the US pet and retail markets.

Traditionally the US has been over dependent on high volume, low cost products from Asia. Today's consumer is now demanding more from brands and retailers in terms of sustainability, traceability and circularity. British and European firms have a competitive advantage in these markets which is opening up huge opportunities for rapid growth in the US.”



Geryn Evans
Founder and CEO
Project Blu
(eco-friendly pet products)

US founder sectors

Technology is the most common sector among UK companies with at least one US founder, including Software-as-a-service, Internet platform and Mobile app businesses. There are 48 companies with a US founder operating in the emerging sector of Artificial intelligence and 43 companies in FinTech.

KEY FIGURES HIGH-GROWTH UK COMPANIES WITH A US FOUNDER (2021)



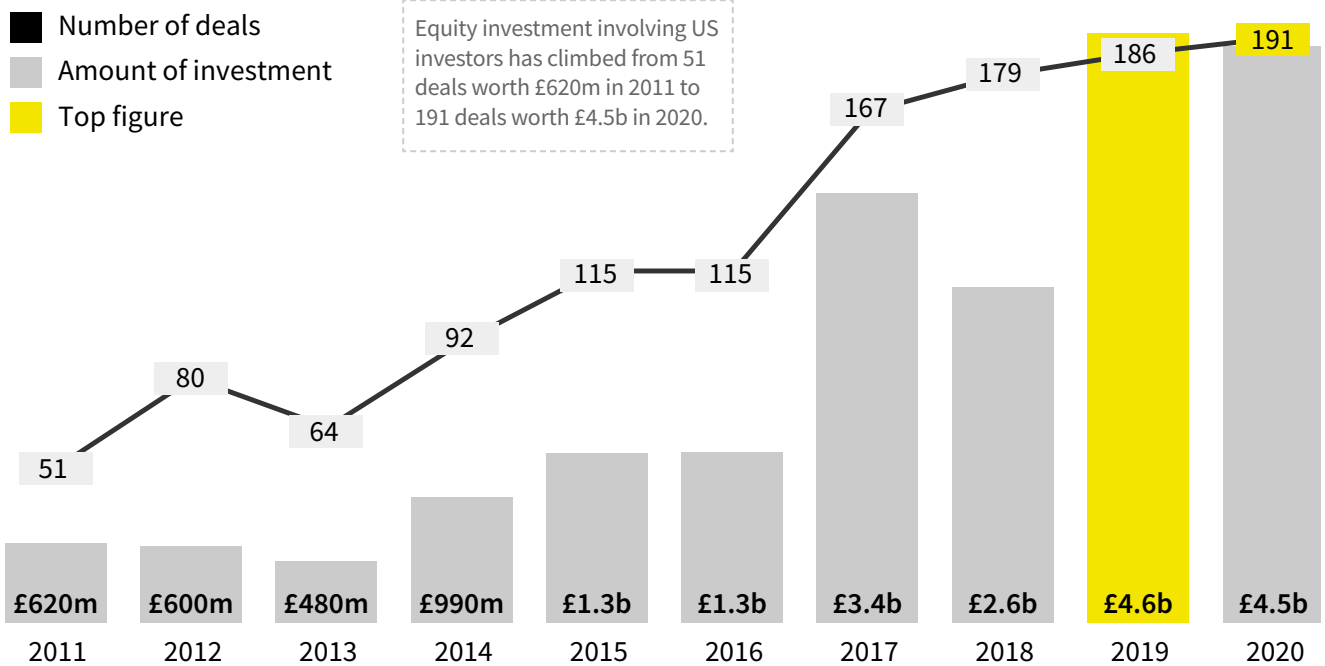
NUMBER OF COMPANIES WITH A US FOUNDER BY SECTOR (2021)

Software-as-a-service (SaaS)	82
Analytics, insight, tools	61
Internet platform	56
Mobile apps	53
Artificial intelligence	48
FinTech	43
Business banking and financial services	37
Marketing services	22
Consumer banking and financial services	22
Food and drink processors	21
Advertising and branding services	17
E-commerce	16
Security services (physical and virtual)	15
Pharmaceuticals	15
Educational services	15

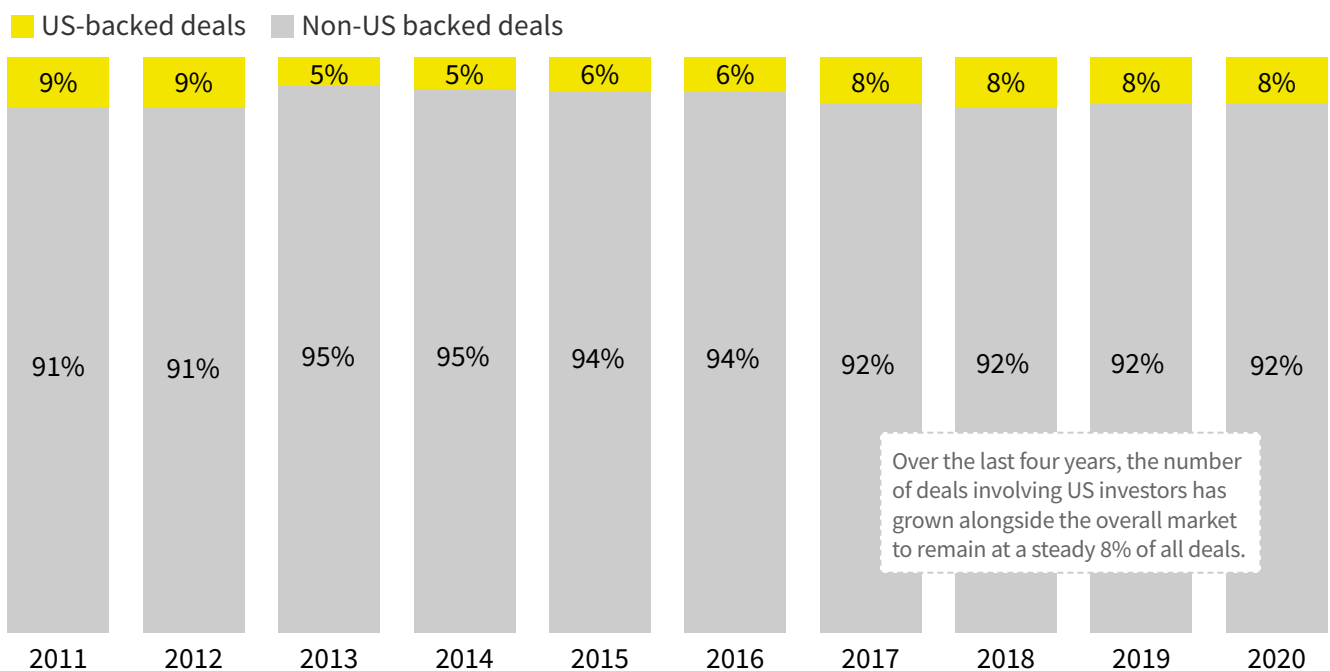
Investment from US

There was an unprecedented number of deals backed by funds headquartered in the United States in 2020. These deals were worth £4.5b in total, the second largest total value on record. US funds have been consistently involved in 8% of announced UK equity deals since 2017.

EQUITY DEALS INVOLVING US INVESTORS (ANNOUNCED DEALS, 2011-2020)



DEALS INVOLVING US INVESTORS AS A PROPORTION OF DEALS (ANNOUNCED DEALS, 2011-2020)



Largest exits: IPOs

Three-quarters of the top 20 UK companies undergoing an IPO in the last decade listed in London. Four companies in this ranking listed in the US, with the largest being FarFetch with a market capitalisation of £4.44b.





















TOP TWENTY IPOs OF UK COMPANIES BY MARKET CAPITALISATION AND NATIONALITY OF EXCHANGE (2011-2020)

The Hut Group		£4.85b	LSE	
FarFetch		£4.44b	NYSE	
ConvaTec		£4.39b	LSE	
Markit		£2.52b	NASDAQ	
Metro Bank		£1.61b	LSE	
Funding Circle		£1.50b	LSE	
Just Eat		£1.47b	LSE	
ao.com		£1.20b	LSE	
Alfa		£0.98b	LSE	
McCarthy & Stone		£0.97b	LSE	
Orchard Therapeutics		£0.95b	NASDAQ	
Ninety One		£0.94b	JSE/LSE	
ZPG		£0.92b	LSE	
Adaptimmune		£0.77b	NASDAQ	
AJ Bell		£0.65b	LSE	
Intelligent Energy		£0.64b	LSE	
Circassia		£0.58b	LSE	
Eddie Stobart		£0.57b	AIM	
Boohoo		£0.56b	AIM	
Charter Court		£0.55b	LSE	

Largest exits: acquisitions

Accounting for 40% of the top 20 acquisitions by valuation, US acquirers bought more valuable companies than any other nationality. Companies and funds from the EU involved in major UK company acquisitions include those from Spain, France, Belgium and Finland.

TOP TWENTY ACQUISITIONS OF UK COMPANIES BY VALUATION AND NATIONALITY OF THE ACQUIRER (2011-2020)

Argus Media		£967m	General Atlantic	
Matches Fashion		£768m	Apax Partners	
Ebury		£700m	Santander	
PA Consulting Group		£660m	The Carlyle Group	
The Office Group		£500m	The Blackstone Group	
Kelway IT Solutions		£425m	CDW	
Integral		£330m	JLL	
Reiss		£230m	Warburg Pincus	
Framestore		£150m	Cultural Investment Holdings	
Zinc Ahead		£130m	Veeva Systems	
Jellyfish Group		£130m	FIMALAC	
Thomsons Online Benefits		£100m	Abry Partners	
Great Rail Journeys		£100m	Duke Street	
Imtech UK		£99m	EDF Energy	
Capital Economics		£95m	Phoenix Equity Partners	
Camden Town Brewery		£85m	AB InBev	
MWR InfoSecurity		£82m	F-Secure	
Interfloor		£65m	Victoria Carpets	
Microgard		£59m	Ansell	
Foster Property Maintenance		£50m	Sureserve Group	

Conclusion

In the post-Brexit future, the US is likely to only grow in relevance and value to the UK's high-growth companies.

The attractiveness of the region is clear from the 78.5% of respondents who selected the US as a place to do business in the future. Possible trade deals between the US and UK will certainly be watched closely by high-growth entrepreneurs with more than half of firms surveyed indicating North American countries as highly desirable areas for new trade deals.

UK entrepreneurs may be increasingly seeking out US investors to help them gain a foothold in the country; 2020 saw US investors involved in a record 191 deals, worth £4.5b. Since 2017, funds headquartered in the US have consistently been involved in 8% of all announced equity deals for UK companies, suggesting that the relationship between UK firms and US investors is symbiotic and here to stay. Investor activity is increasing in lockstep with the growth of the ecosystem and UK entrepreneurs should not be shying away from conversations with US investors.

US founders of high-growth companies headquartered in the UK may also be on the rise. There are currently 476 high-growth companies founded by US citizens with the vast majority being technology companies, including software-as-a-service, mobile apps and internet platform businesses. US founders have also launched 48 artificial intelligence (AI) and 43 fintech companies, demonstrating their potential in rapidly developing sectors. The UK ecosystem is a beneficiary of US tech expertise.

The ecosystem also benefits from US buyers which are responsible for several of the top exits over the last 10 years. While it can be conflicting to see UK firms exit to overseas buyers, such deals also release capital back into the ecosystem to drive a new cycle of entrepreneurial activity and investment.

“

From the outset our investors recognised the challenges that AccessPay were able to solve in the corporate payments space. The VC team agreed that this sector had not seen the same level of innovation as consumer payments, it was ripe for disruption, and presented a potential global market opportunity.

We are delighted with how the international funding round transpired and the transformational impact it has had on the business. It's been a catalyst for growth and enabled AccessPay to invest in new technology, talent, and an ambitious product roadmap.”

The involvement of our VC investors on the board has also been invaluable for strategic guidance and a more global outlook.”



Anish Kapoor
Founder and CEO
AccessPay
(payment automation platform)

Appendices

Methodology

Beauhurst identifies ambitious businesses using eight triggers (outlined at the bottom of this page) that we believe suggests a company has high-growth potential. More detail on Beauhurst's tracking triggers is available [via our website](#).

EQUITY INVESTMENT

To be included in our analysis, any investment must be:

- Some form of equity investment
- Secured by a non-listed UK company
- Issued between 1 January 2011 and 31 December 2020

ANNOUNCED AND UNANNOUNCED FUNDRAISINGS

An unannounced fundraising is an investment made into a private company that is completed without press coverage or a statement from the recipient company or funds that made the investment. These transactions are an integral part of the UK's high-growth economy, accounting for around 70% of all equity transactions.

Unfortunately, where deals are unannounced, we cannot identify the nationality of the investors involved in the transactions. For this reason we have only included announced deals in any of the analysis that includes investor nationalities.

HIGH-GROWTH TRIGGERS



Equity investment



Academic spinouts



Scaleups



High-growth lists



Accelerator attendance



Major grant recipients



MBO/MBI



Venture debt

About

Beauhurst

Beauhurst is a searchable database of the UK's high-growth companies.

Our platform is trusted by thousands of business professionals to help them find, research and monitor the most ambitious businesses in Britain. We collect data on every company that meets our unique criteria of high-growth; from equity-backed startups to accelerator attendees, academic spinouts and fast-growing scaleups.

Our data is also used by journalists and researchers who seek to understand the high-growth economy, and powering studies by major organisations – including the British Business Bank, HM Treasury and Innovate UK – to help them develop effective policy.

For more information and a free demonstration, visit beauhurst.com

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Barclays is a British universal bank. We are diversified by business, by different types of customer and client, and geography. Our businesses include consumer banking and payments operations around the world, as well as a top-tier, full service, global corporate and investment bank, all of which are supported by our service company, which provides technology, operations and functional services across the Group.

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