

FOODTECH IN GERMANY

STARTUP & INVESTMENT ACTIVITY - 2019



DigitalFoodLab

GERMANY: LAND OF OPPORTUNITIES FOR FOODTECH ENTREPRENEURS

Germany's tech ecosystem has been booming for years and FoodTech isn't apart. Delivery Hero and HelloFresh have risen to the status of unicorns and global players. With them, Germany has 2 of the 4 European (the others are UK based Deliveroo and Netherlands born TakeAway) startups that accounts for more than 60% of the private investments made since 2014 in European FoodTech startups. This has made Germany an easy number 1 in terms of money invested in FoodTech startups.

Reading the German scene behind these two leaders is not as easy as in other countries due to a more scattered ecosystem (even if Berlin is leading). With enough care, we can see the emergence of new startups following the hottest FoodTech trends such as cloud kitchens (Keatz, eatClever), Urban Farming (InFarm) or product innovation (Yfood).

German entrepreneurs can rely on a network of 5 accelerators & incubators dedicated to FoodTech (among the best globally, notably in meat alternatives) and its well-known *mittelstand* (medium sized companies) that invest in startups. The success of its unicorns attracts global investors. Due to its population, economy and position at the center of Europe, Germany has the potential to become a hub for world class FoodTech innovations.

FOODTECH IN GERMANY: 2011-2018

Germany is home to 225 FoodTech startups.

FoodScience is leading with 121 active startups in 2019, followed by Delivery with 47, AgTech with 25, FoodService with 18, Coaching with 11 and Retail with 3.

However in terms of funding, Delivery is well ahead thanks to its unicorns Delivery Hero and HelloFresh with €2.8B invested between 2004 and 2018.

€2.8B

Investments in the German FoodTech
between 2004 and 2018

BERLIN

The only "FoodTech hub" in Germany

10.5%

Share of German investments in
Europe in 2018

0.6%

Share of German investments in the
world in 2018



DigitalFoodLab

*DigitalFoodLab helps agribusinesses
to identify and act on FoodTech
opportunities.*

*DigitalFoodLab operates as
consultancy and provides
conferences, mapping and consulting.*

DIGITALFOODLAB

“ DigitalFoodLab is born from the experience of the founders as FoodTech entrepreneurs. They witnessed the growing interest of large corporations, investors and media in food innovation. With DigitalFoodLab they are building a global FoodTech intelligence platform to help grow Europe's ecosystem. This platform is used to help corporates and startups identify and act on FoodTech opportunities.

Why Germany ? Germany is leading the European FoodTech ecosystem with its giants and we wanted to look what was behind and more important if it had the potential to create new world class unicorns. Another motivation was to understand which lessons could be taken from this success and which could be applied to other European ecosystems.

You will find on this free (more insight has been gathered than what possible to realised here) report data on the investments in German FoodTech startups between 2016 and 2019 with category, investment type and geographic insights.



Mathilde Houben
DigitalFoodLab



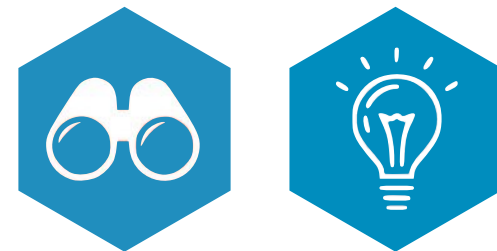
Global mission

We identify the best FoodTech opportunities worldwide and help you act on it.

We work with you on “what will happen” and on “what you should do”.

SERVICES

Our mission is to provide you with actionable data, insights and recommendations.



Expert Intelligence

What **will** happen?

Identify

Top startups, investments, M&A, ecosystem and technology mappings

Predict

Threats, technology adoption and trends



On-demand intelligence

What should I do?

Identify and Predict

+

Recommendations applied to
your needs

*On-demand consulting missions to build
recommendations fitted to your needs*

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Startup creation & distribution by domain

Top startups overview

4. Top exits

FOODTECH DEFINITION

*DigitalFoodLab divides FoodTech into
six domains (AgTech, FoodScience,
Foodservice, Delivery and Retail).*

DEFINITION

FoodTech is an ecosystem made up of all the agrifood entrepreneurs and startups (from production to distribution) innovating on the products, distribution, marketing or business model.



AGTECH

Startups disrupting agriculture. They come up with solutions to improve farming output and quality using drones, sensors and farm management software. AgTech is also about urban and novel farms, Agbiotech and agriculture marketplace.



FOODSCIENCE

Startups developing new food products answering the need for more transparency, health and environmental concerns. Products range from market innovations to radical disruptions using revolutionary ingredients.



DELIVERY

Startups answering e-commerce challenges in the food industry. The scope is broad, from the vending machines to change the way customers buy their products to the home delivery of groceries or restaurant meals.

FOODTECH DEFINITION



COACHING

Startups answering the questions “is my food good for me?” and “what should I eat?”. These services target the final customer and help him to have a better view of his food purchases and intakes to reach his personal goals. It includes healthy recipes and nutritional applications as well as recommendations and nutrigenomics approaches.



FOODSERVICE

Startups reinventing the restaurant industry. It means improving the management of restaurants and institutional catering thanks to new database, connecting customers and businesses directly through platforms reservations, and discovering a new way of cooking with robots.



RETAIL

Startups reinventing the shopper experience through robots to assist or replace a waiter for example or startups offering omnichannels services to mobilize all the actors of the business.



METHOD & SOURCES

WHERE DOES THE DATA COME FROM?

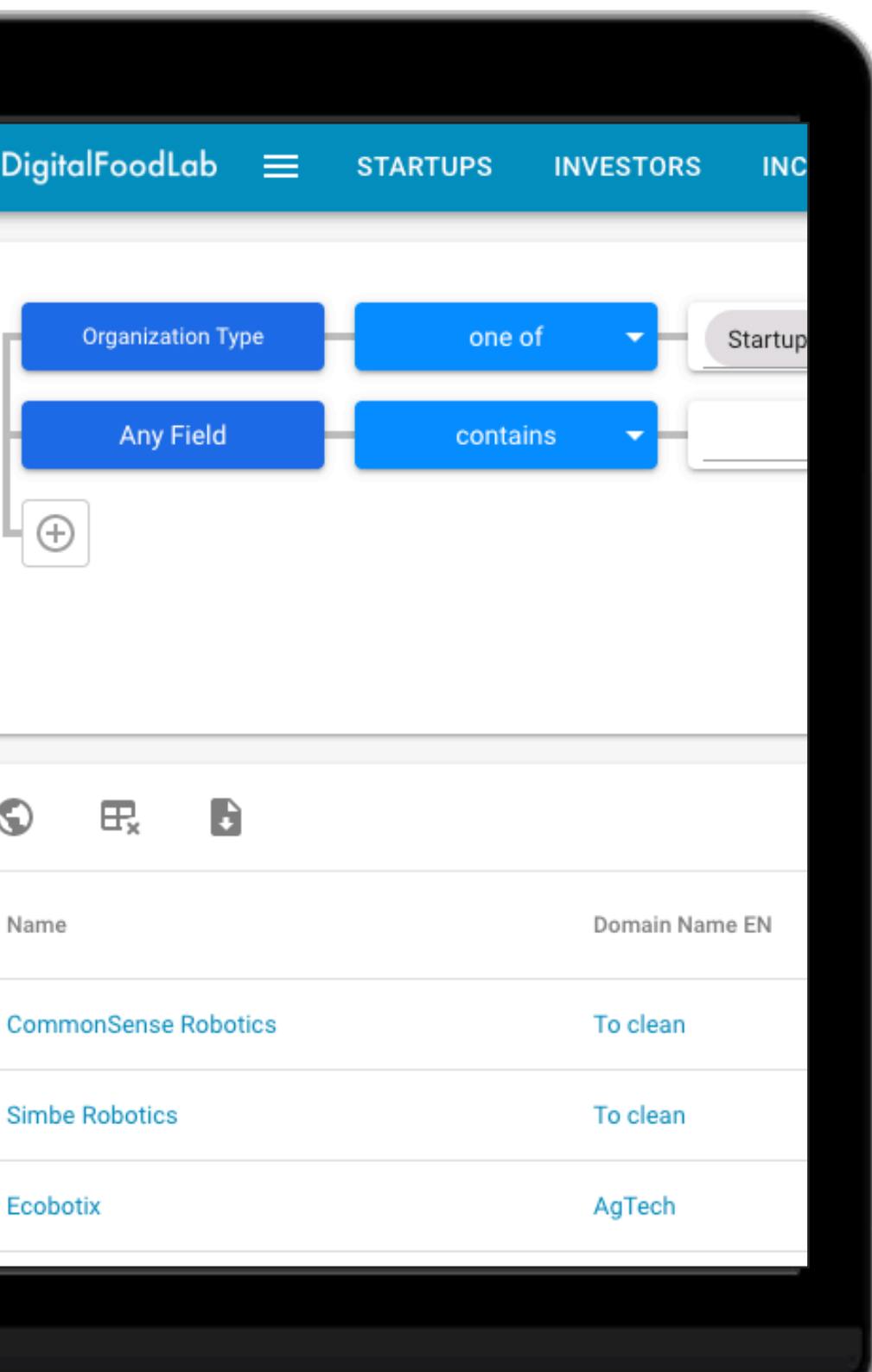
The information used to make this report comes from data collected directly from data base such as DigitalFoodLab's database, Crunchbase and from the media (press and articles).

WHAT TIME FRAME IS THIS REPORT FOCUSING ON?

This report covers the period between 2004 and May 2019. This time frame will enable comparisons with other reports (notably DigitalFoodLab's report on European FoodTech). It is also a long-enough time frame to observe trends.

WHAT IS THE CLASSIFICATION OF FOODTECH AND FUNDING DEALS?

To make FoodTech more accessible, we have divided it into six domains and thirty-five subdomains. As for our other reports, this document doesn't take into account public grants and funds raised through IPOs.





KEY FINDINGS

225

Number of FoodTech active startups in Germany in June 2019

54%

Of Germany's active FoodTech startups are working on Foodscience

1

KEY INSIGHTS

GERMAN FOODTECH ECOSYSTEM

Germany is home to 225 active FoodTech startups in June 2019, 121 FoodScience startups, 47 Delivery startups, 25 AgTech startups, 18 FoodService startups, 11 in Coaching and 3 in Retail.

3 startups have become public, all in the Delivery sector: Delivery Hero in 2017, HelloFresh in 2017 and Marley Spoon in 2018. Delivery Hero and HelloFresh are the two German FoodTech unicorns, among 36 worldwide Foodtech unicorns (look at our Global Unicorns report). With €2.1B of private funding, Delivery Hero represents 73% of all the cash invested in Germany..

FoodScience

The product innovation subdomain contains 67 startup in the 121, with 9 startups having raised money. We can see:

- many entrepreneurs that are looking for more ecofriendly ways to eat, notably with new packagings such as <https://www.xolution.com/>, a reclosable beverage container solution which raised €45M in 2016, or Bio-lutions a creator of biodegradable materials and products which raised €8.3M in 2019.



Xolution

1

KEY INSIGHTS

Sources: Report on the eating habits of Germans



Northern Monk Brew

- sports and health related food startups, such as FoodSpring (which raised €28M since 2017 and is a premium fitness foods) and Goodlife company (proteins bars).
- other healthy and trendy food startups such as Kukimi, KoRo, Fresh Five* Premiumfood, Die Frischemanufaktur, Pumperlgsund, or TeaTox.
- Beer (Germany is the 3rd largest beer consumer in Europe after the Czech Republic and Austria with 106.1 litres of beer consumed per person per year) with startups such as Norther Monk Brew

Delivery - the clear leader

Delivery startups have raised €2.6B since 2004 (with €2.1B raised by Delivery Hero).

Top startups in terms of many raised are (descending order):

- Delivery Hero (restaurant delivery)
- HelloFresh (mealkits)
- Flaschenpost GmbH (beverage delivery)
- Marley Spoon (mealkits)
- Keatz (cloud kitchens)

1

KEY INSIGHTS

Germany's delivery market is much more concentrated than others in Europe and clearly showing the signs of a monopole under construction:

- In 2017, 43% of German delivery orders have been made by Lieferando (acquired in 2014 by Takeaway), 28% by Lieferheld (acquired in 2012 by Delivery Hero), 25% by Pizza DE, 2% by Deliveroo and 2% by Foodora, according to Statista's study.
- In late 2018, Delivery Hero sold its German shares to its competitor Takeaway for €930M. Takeaway's CEO declared that this "allows us to operate on a significantly larger scale, essential in building a profitable online food delivery business". Indeed, the company is profitable in its home market but lost €21M in Germany in the first half of 2018.

This ironically makes Germany, the European home of 2 delivery unicorns, a market dominated by the Netherlands-based Takeaway. It also show how restaurant delivery can only be profitable in monopolistic situations where a leader can raise prices.



1

KEY INSIGHTS

GERMANY LEADERS' MAPPING



1

KEY INSIGHTS

What to expect of Germany's FoodTech in the incoming years?

If you are an entrepreneur (and want to launch a startup)

- Look beyond delivering meals :
 - The restaurant delivery market is almost mature and so it could be hard for new players to compete with giants such as Takeaway and Delivery Hero.
 - This, in contrast leads to many opportunities related to foodservice and cloud kitchens. Indeed, current restaurants will need help to stay relevant and there is a huge market of consumers that is getting used to being delivered meals.
 - Retail and food products opportunities related to a high environmental conscience.
- Great places to start:
 - Rocket internet startup studio gave birth to both HelloFresh and Delivery Hero
 - Proveg, an incubator dedicated to meat alternatives is a global leader in its domain
- Great investors: more than 200 investors have put money in German FoodTech startups in the last 4 years with more than half of them coming from other countries.

1

KEY INSIGHTS

For an investor:

- you won't be alone: 207 investors have invested in the German FoodTech startups (>50% coming from other countries)
- Germany is becoming one of the hottest places in Europe for innovation and is attracting talent
- If you have a focus on impact investing, many startups looking for more durable foods and processes can be interesting
- Exits are real: 9 foodtech startups have been acquired there since 2004

For a corporate looking for partnerships:

- you can find in Germany's FoodTech many high tech solutions (as Infarm for retailers) and inspirations for what more environmentally conscious consumers would want



INVESTOR ACTIVITY

€2.8B

Investments in the German
FoodTech between 2004 and 2018

154

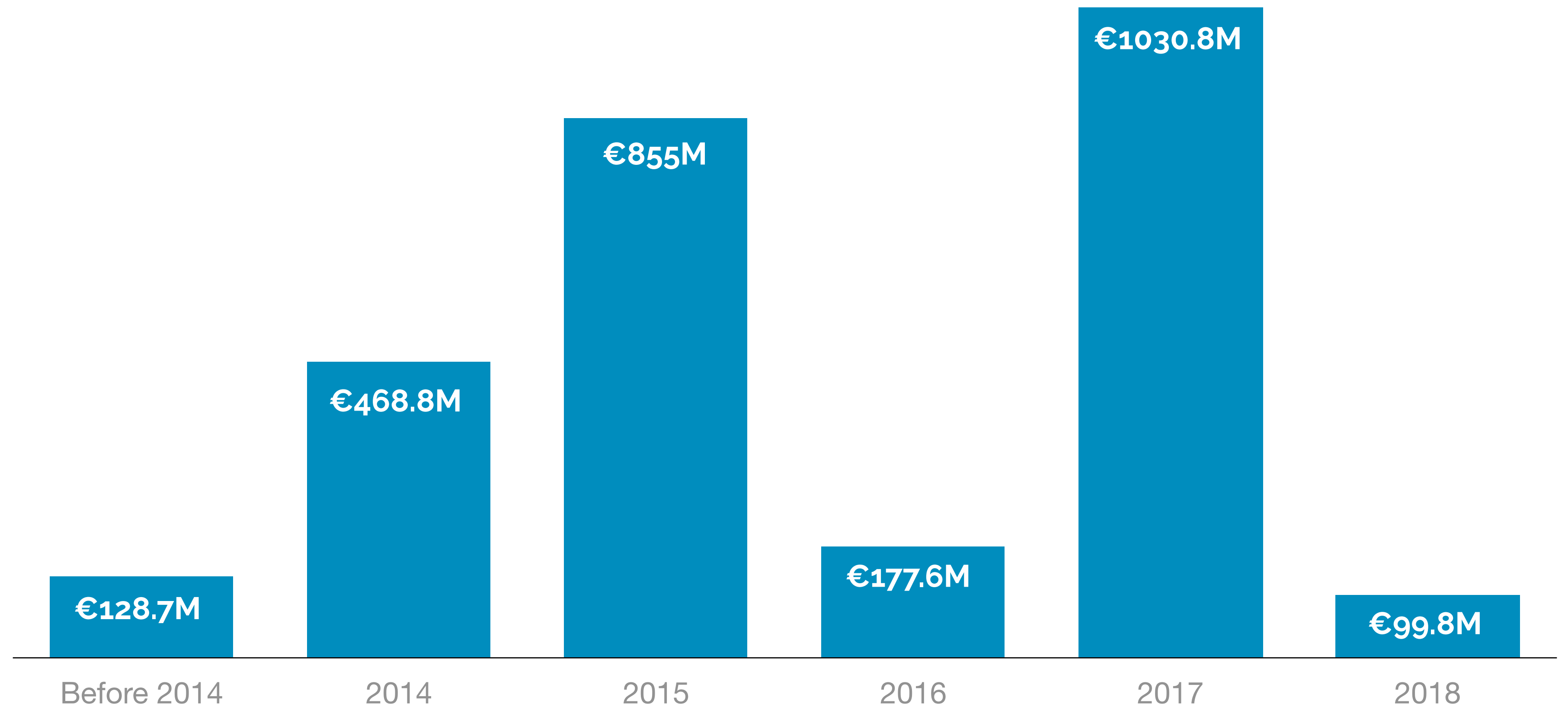
Deals in German FoodTech
between 2004 and 2018

2

INVESTOR ACTIVITY

FOODTECH INVESTMENTS IN GERMANY SINCE 2011

INVESTMENTS IN GERMAN FOODTECH STARTUPS (€ MILLIONS)

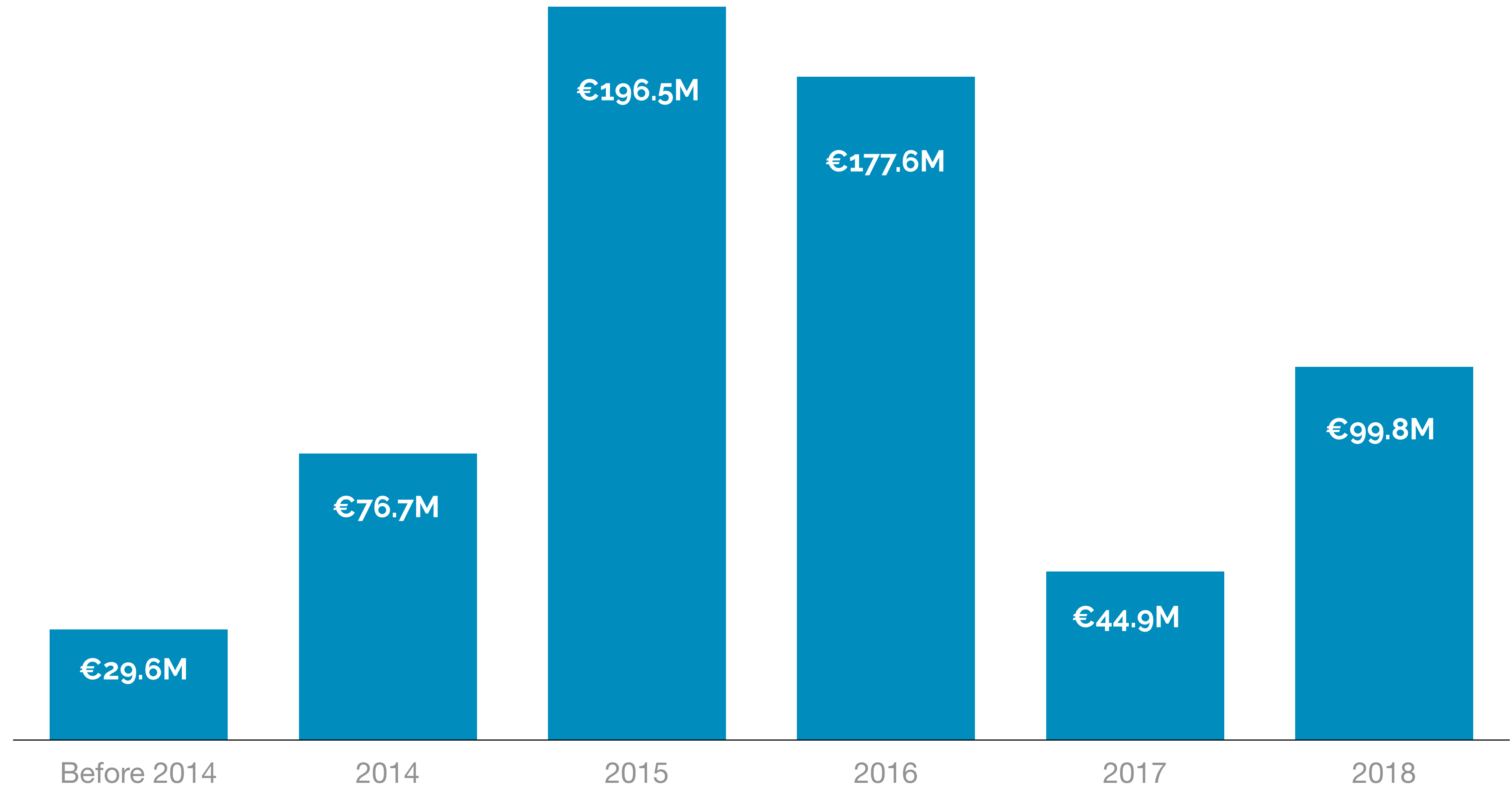


This data comes from DigitalFoodLabs's database and cover the investments in Germany's FoodTech startups.

2

INVESTOR ACTIVITY

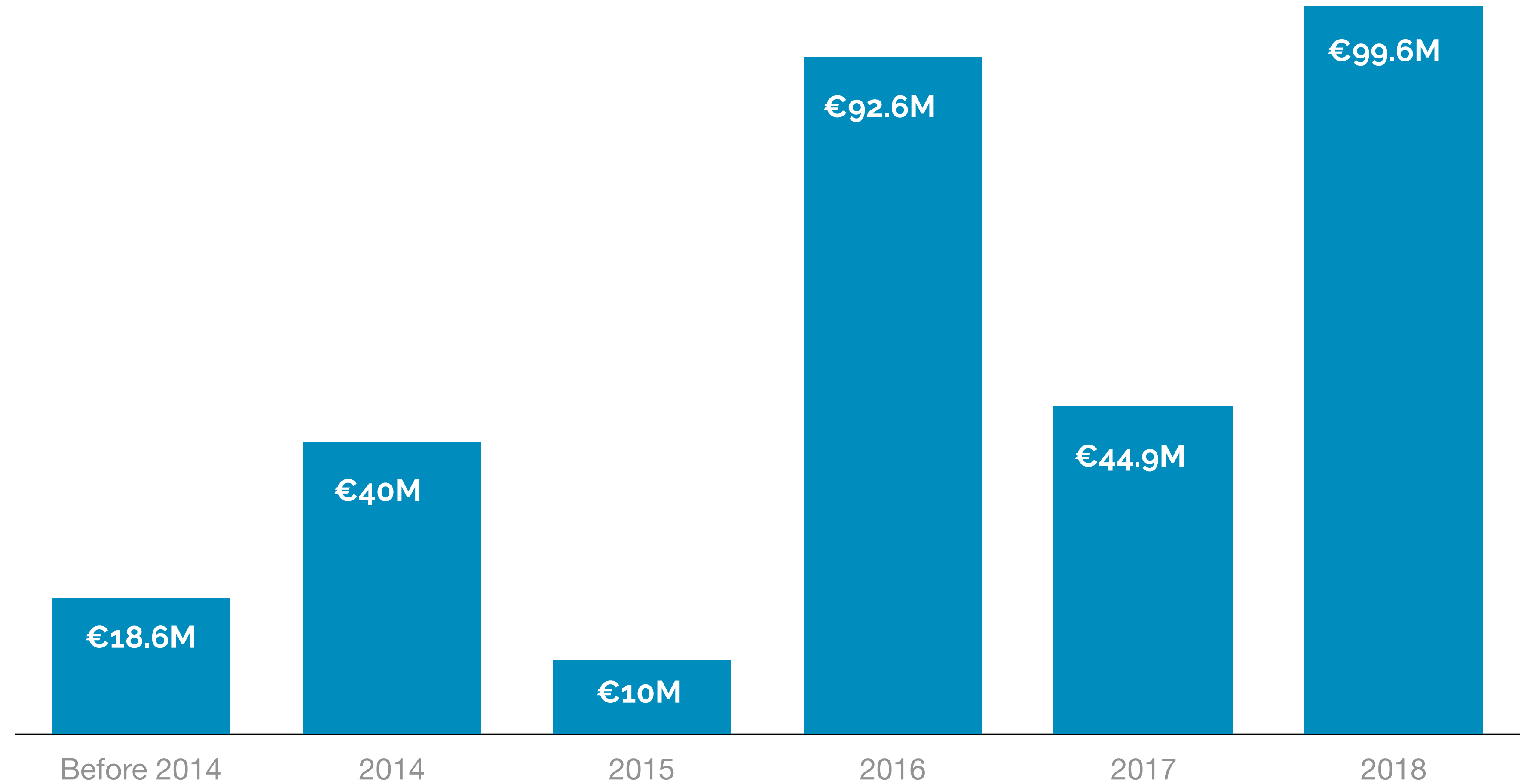
INVESTMENTS IN GERMAN FOODTECH STARTUPS (\$ MILLIONS) WITHOUT DELIVERY HERO



2

INVESTOR ACTIVITY

INVESTMENTS IN GERMAN FOODTECH STARTUPS (\$ MILLIONS) WITHOUT DELIVERY HERO AND HELLOFRESH



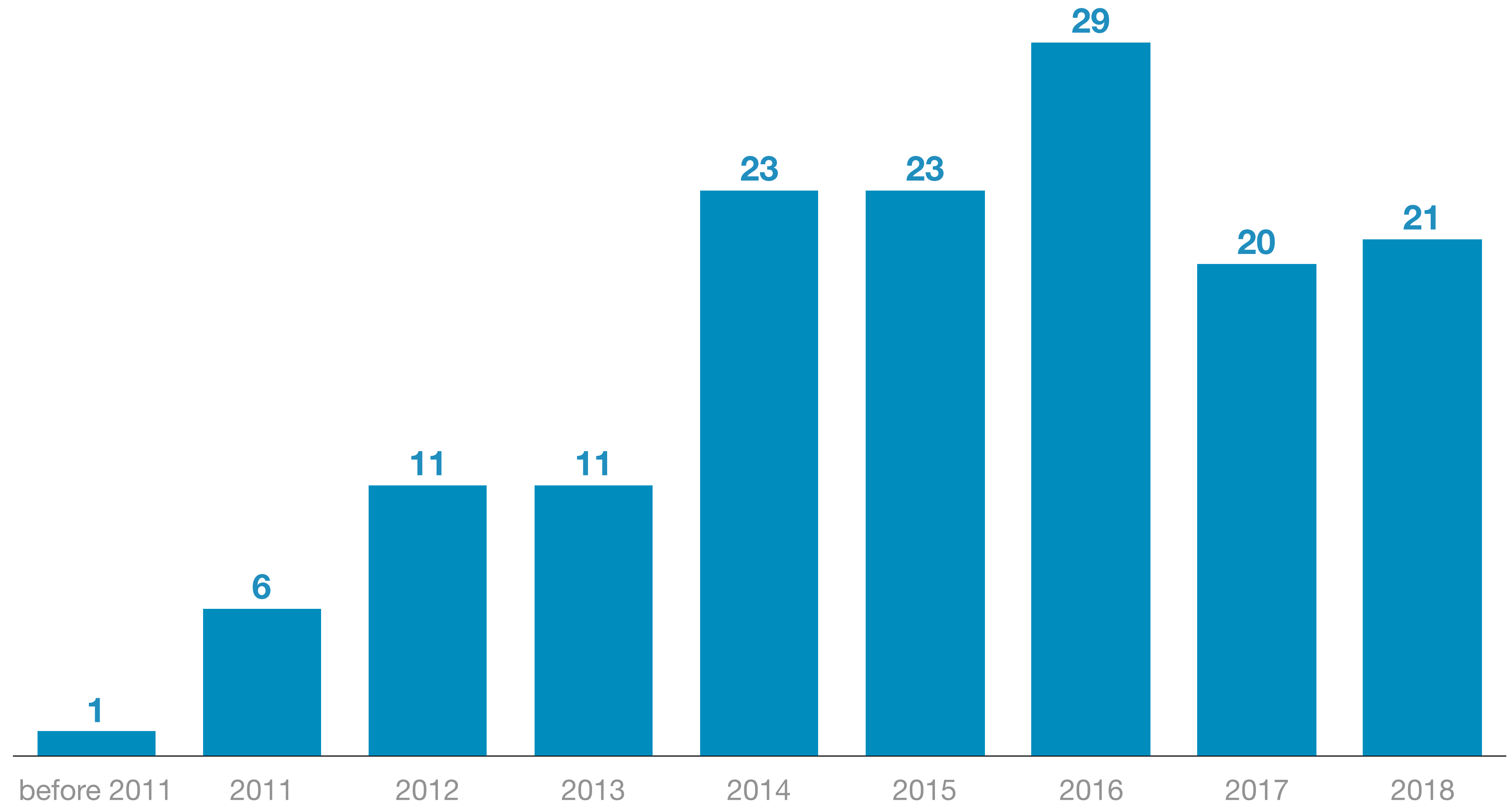
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INVESTOR ACTIVITY

154

number of deals between 2010
and 2018

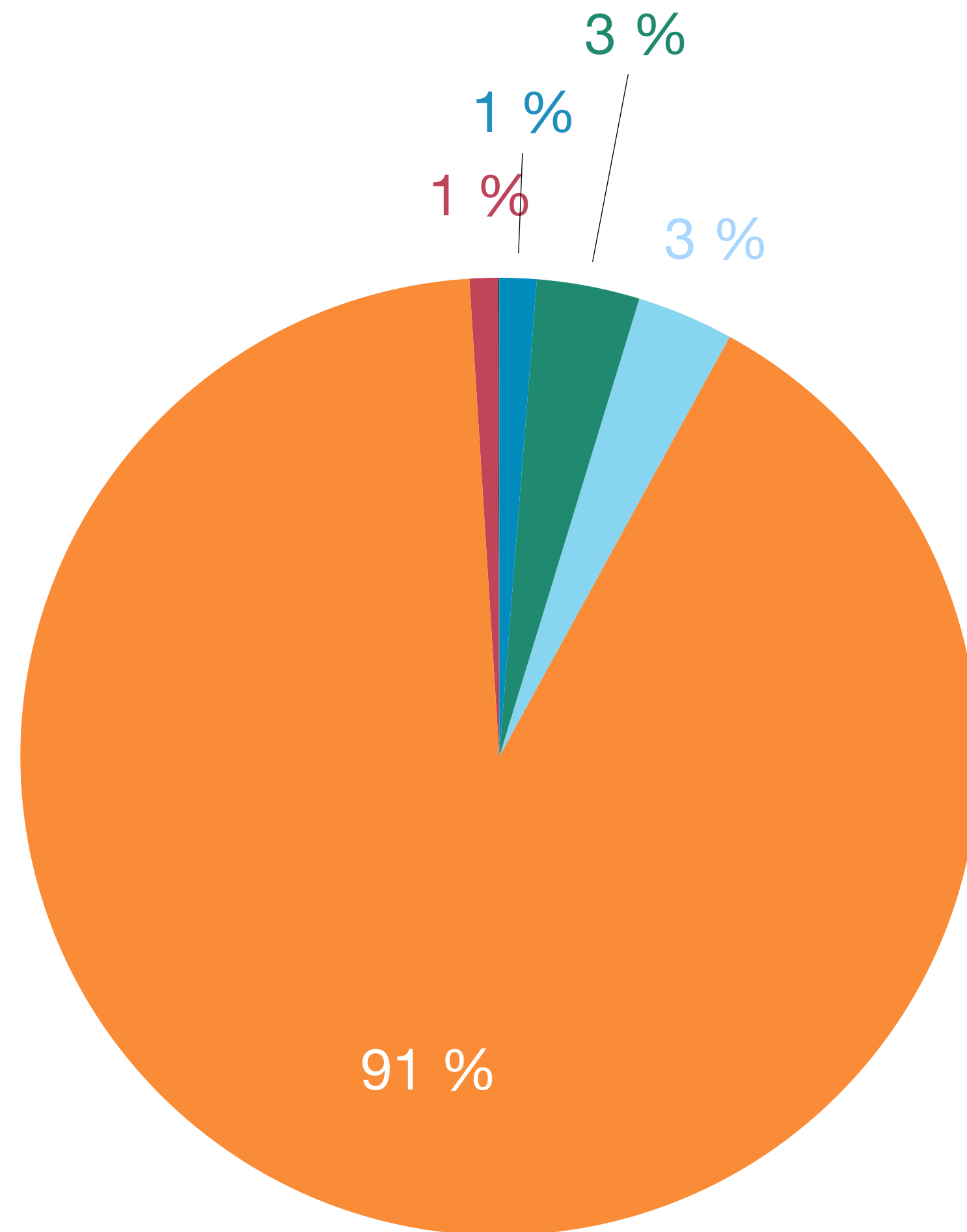
NUMBER OF DEALS IN GERMAN FOODTECH STARTUPS



2

INVESTOR ACTIVITY

WHERE IS THE MONEY GOING? (DISTRIBUTION OF THE CASH INVESTED SINCE 2010)

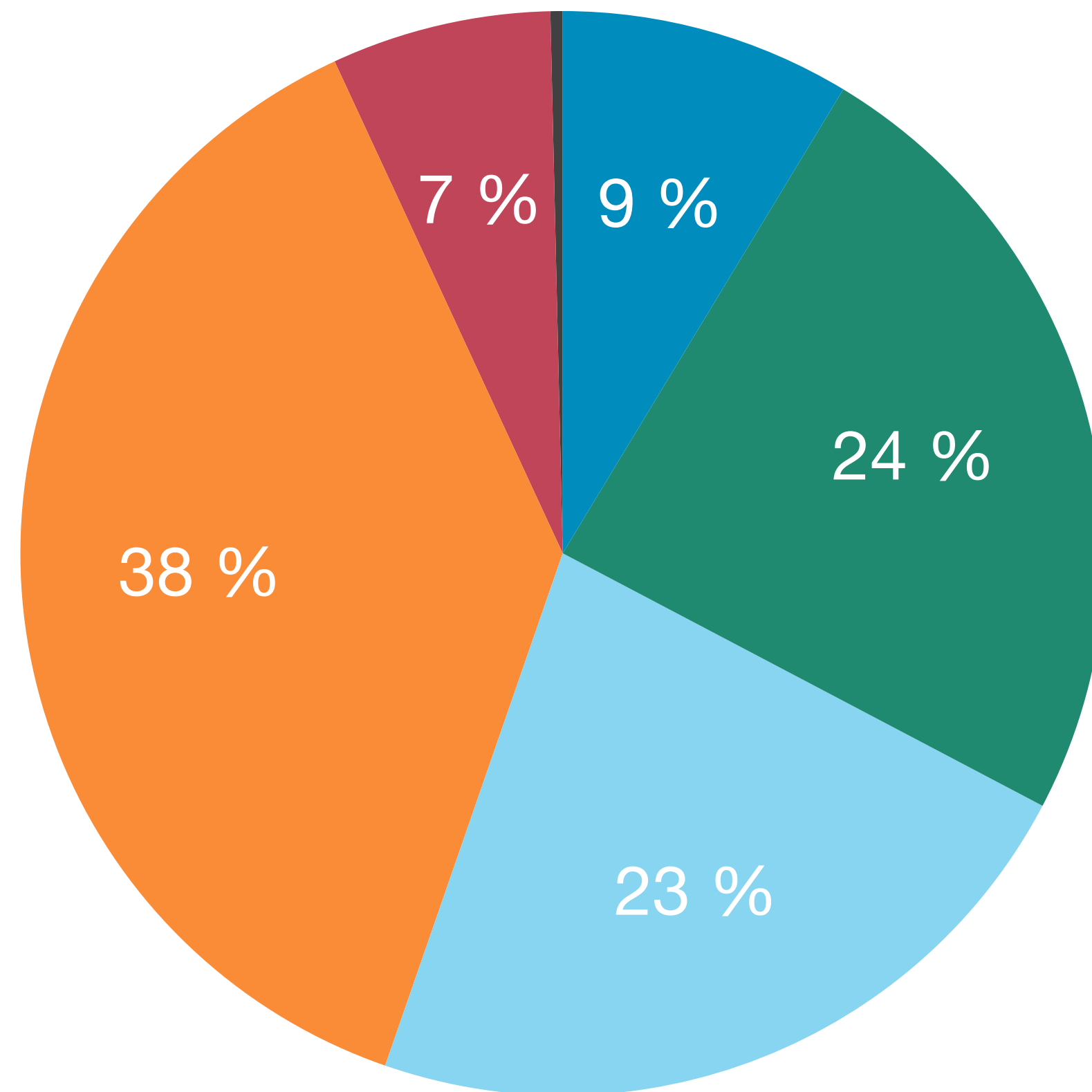


Investments have clearly been targeted toward Delivery startups in Germany.

2

INVESTOR ACTIVITY

DISTRIBUTION OF THE INVESTMENTS (€MILLIONS) IN GERMAN FOODTECH STARTUPS (IN CASH) WITHOUT DELIVERY HERO & HELLOFRESH



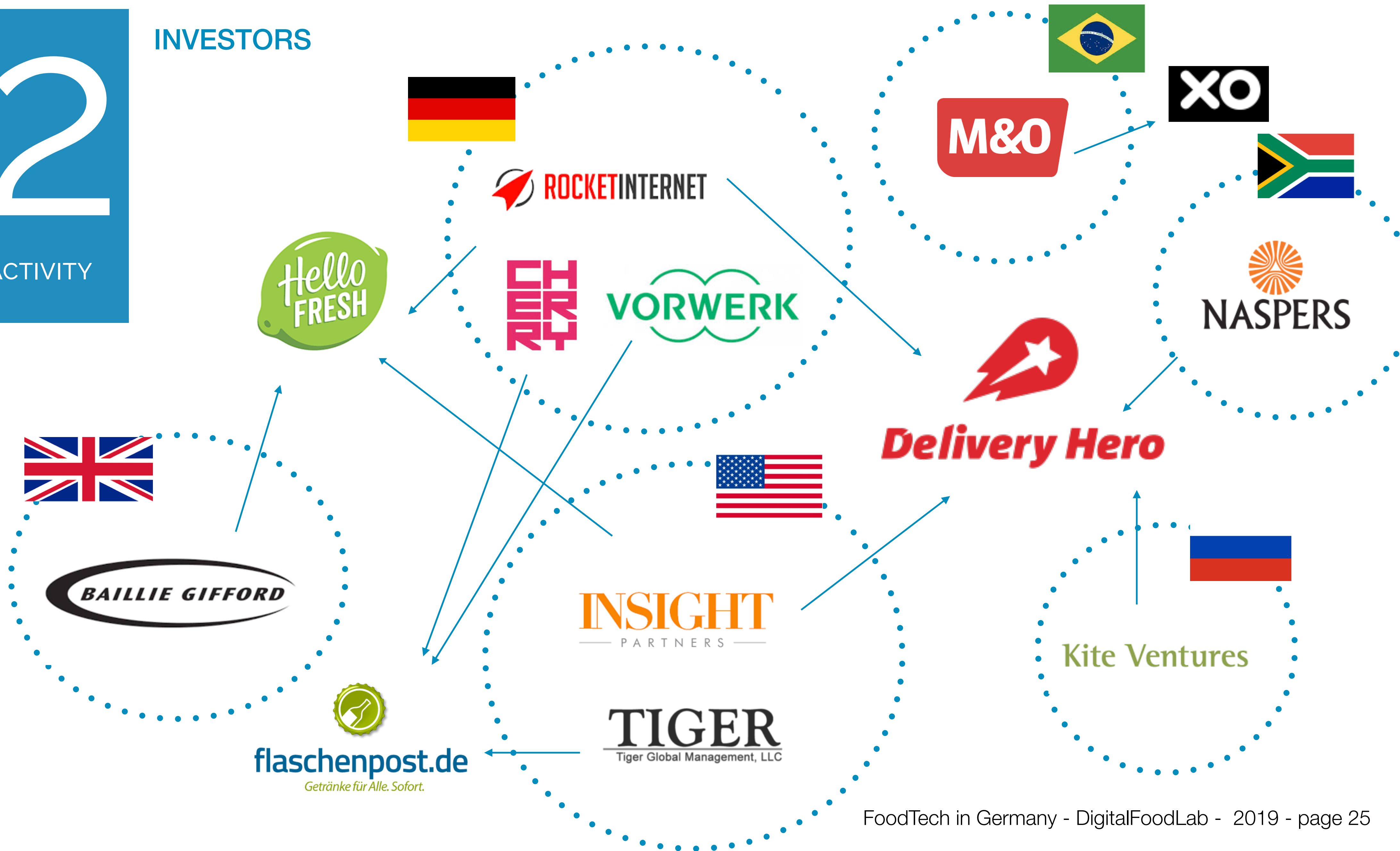
Without the 2 unicorns, we have a much more balanced ecosystem to consider.



2

INVESTOR ACTIVITY

INVESTORS



This map shows the global investors involved in the biggest deals in German FoodTech

2

INVESTOR ACTIVITY

Beyond delivery

Germany's FoodTech startup scene can be overshadowed by HelloFresh (€319M raised) and Delivery Hero (€2.1B). However, even without these two unicorns, FoodTech have been increasing since 2014 but are still irregular.

Indeed, the number of deal is almost constant around 25 deals per year which is really low for a country and an ecosystem of the size of Germany.

Big deals yes, but a lack of smaller ones

Germany's FoodTech can be compared to France as it is almost an opposite:

- Few investments are made in Germans FoodTech startups but they account for the biggest European deals. Foreign investors are betting huge amounts of money there while it seems that smaller startups have a hard time to raise seed rounds.
- On the contrary, France is home of many small startups (often funded at the seed stage) but doesn't have built any unicorn in FoodTech which can be explained by the almost absence of any foreign VC investment.

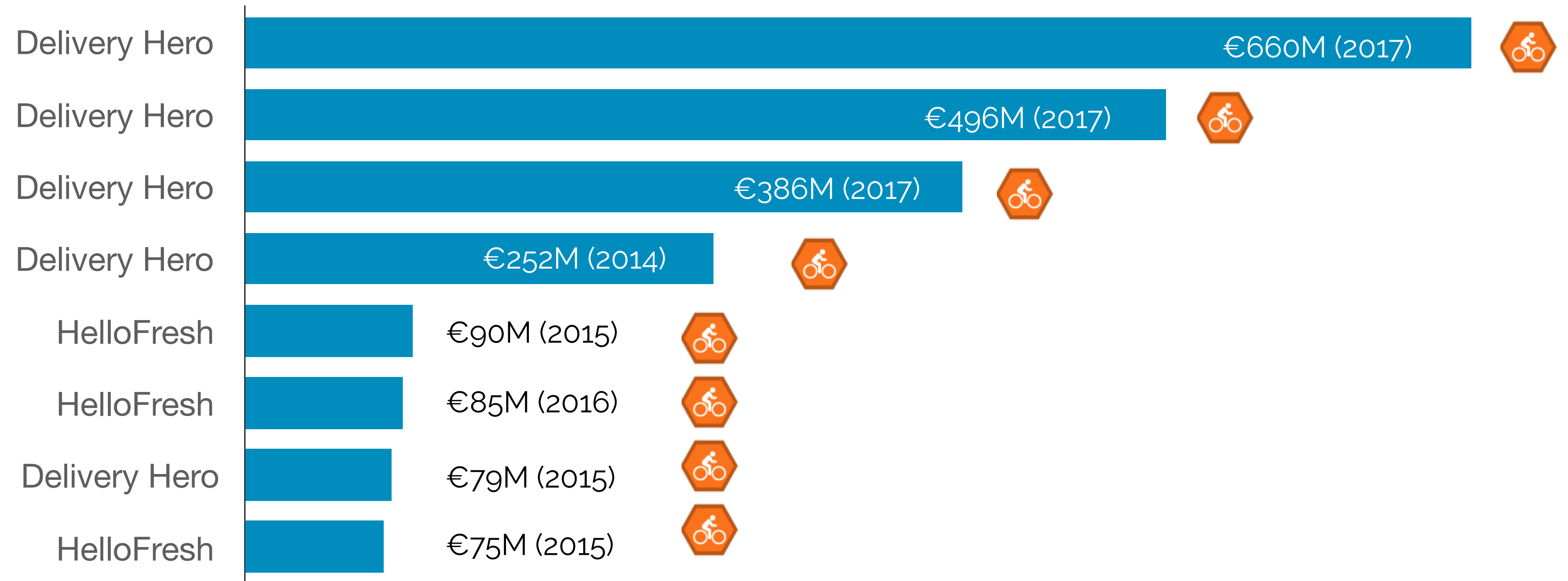
2

INVESTOR ACTIVITY

TOP DEALS (between 2014 and 2018)

Looking at the top deals in Germany is quite simple, the ranking is made of only 2 startups, again Delivery Hero and HelloFresh.

These 8 deals account for 73% of the total amount of money raised by the German FoodTech startups between 2010 and May 2019

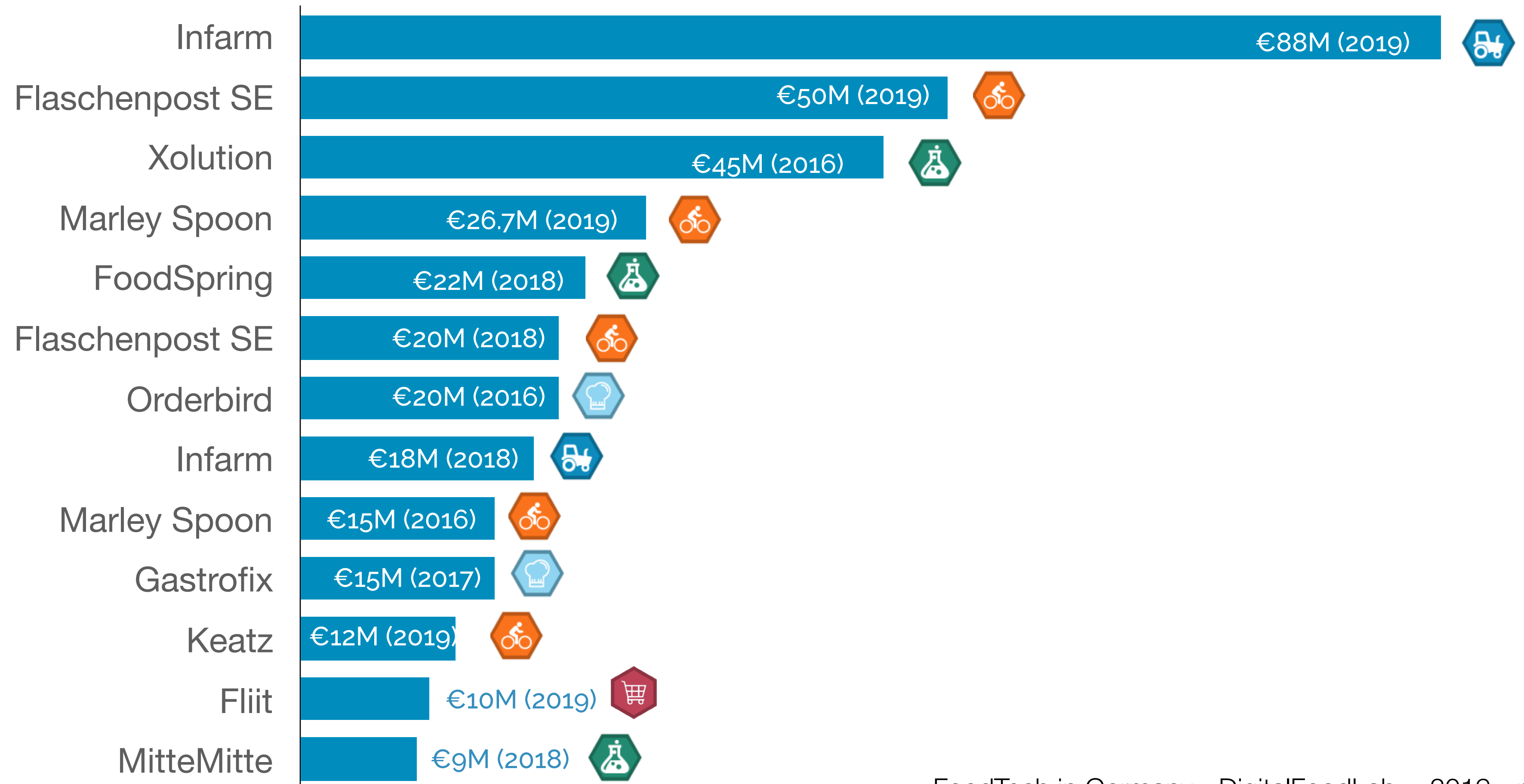


2

INVESTOR ACTIVITY

TOP DEALS IN GERMANY BETWEEN 2016 AND MAY 2019 WITHOUT DELIVERY HERO AND HELLOFRESH

Again, looking at Germany's FoodTech ecosystem requires to look deeper than the top 2 delivery startups.



These 13 deals account for 9.3% of the total amount of money raised by the German FoodTech startups between 2010 and May 2019



ENTREPRENEURIAL ACTIVITY

225

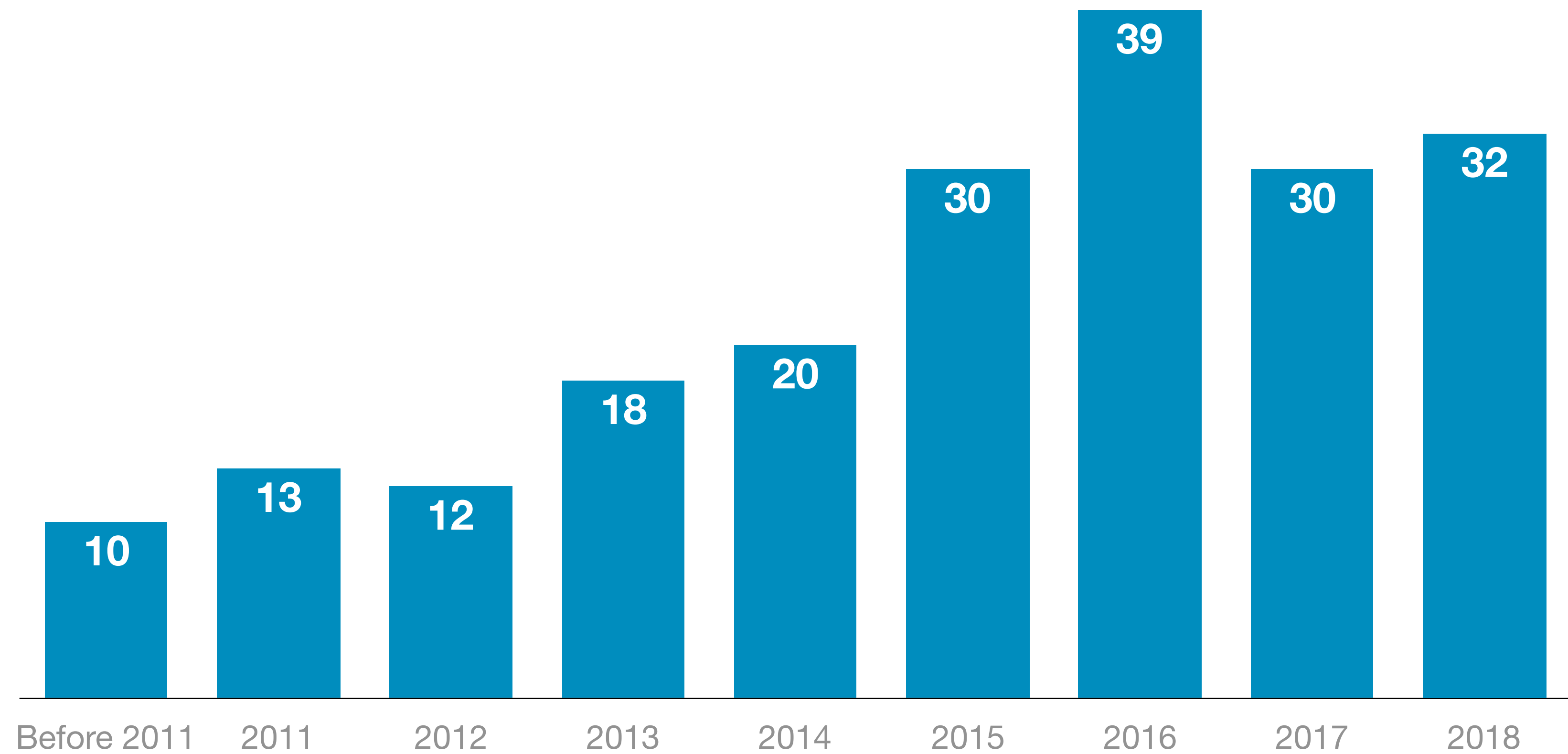
Active
startups

30

Startups created in
2015

GERMAN FOODTECH ECOSYSTEM

Startup creation each year



3

ENTREPRENEUR ACTIVITY

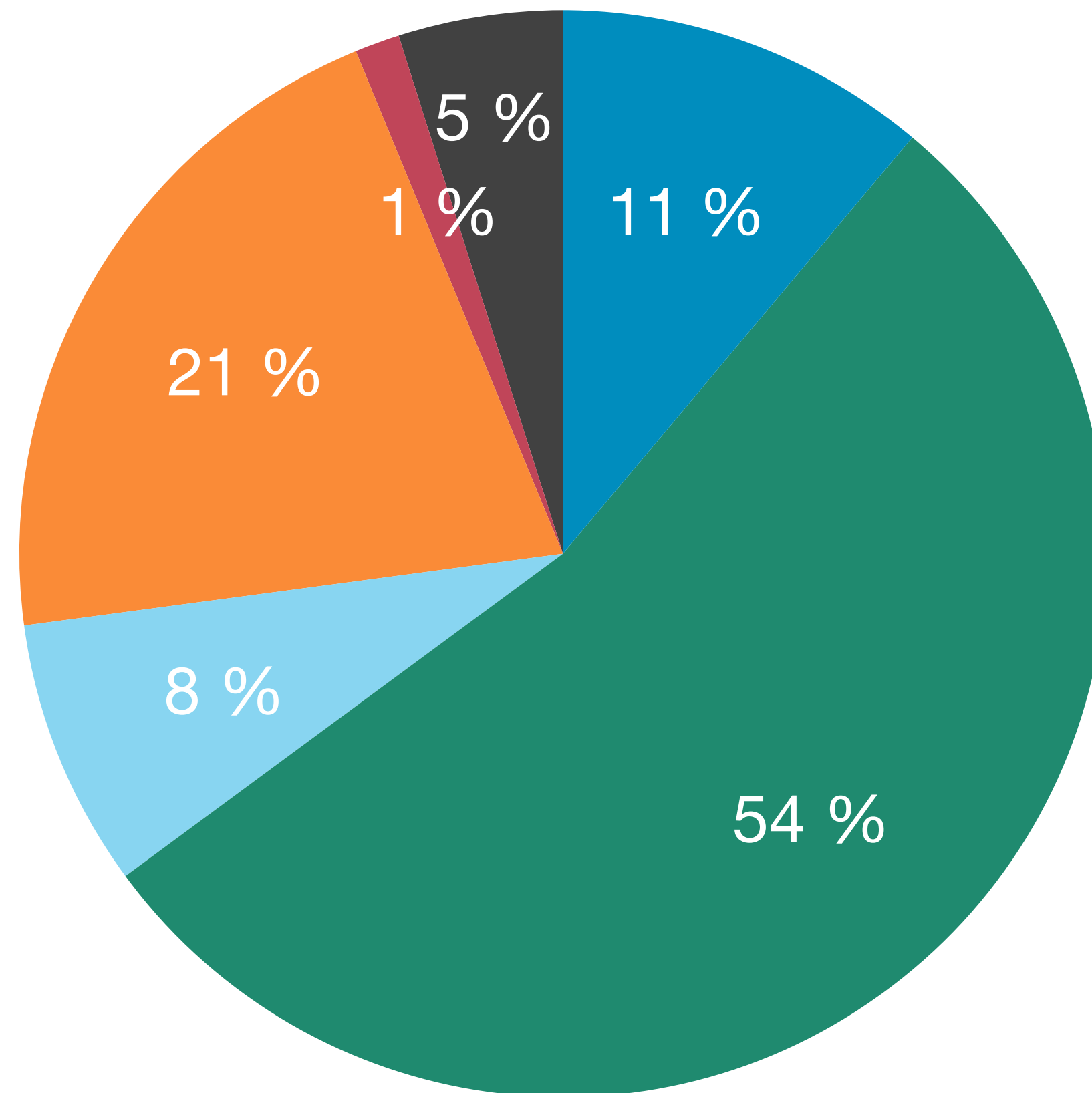
225

Startups active startups in
Germany

3

ENTREPRENEUR ACTIVITY

DISTRIBUTION OF GERMANY'S ACTIVE STARTUPS



54% of the startups are FoodScience startups, while 91% of the investments are made in delivery startups.

3

ENTREPRENEUR ACTIVITY

FOODTECH HUBS IN GERMANY: BERLIN IS THE PLACE TO BE



Berlin is home of more than half of German Food startups (and more than 90% of the investments are made in Berlin-based startups).

3

ENTREPRENEUR ACTIVITY

GERMAN ACCELERATORS & INCUBATORS



The ProVeg Incubator supports startups which aim to transform the meat-oriented food system by replacing traditional animal-based foods with plant-based and cultured animal products.

Based in Berlin, it incubates startups such as:



The FoodTech Campus provides an academy (mentors, industry experts), a food space (with room for events) and a network of several actors.

Based in Berlin, it is home of startups such as:



3

ENTREPRENEUR ACTIVITY



Atlantic Food Labs is a launchpad for startups that shapes the future of nutrition and health. They invest at a (pre-)seed stage and build companies within the food industry from scratch. Established in 2016 in Berlin, Germany, they have supported startups such as:



Startplatz is an accelerator with a 3 to 6 months program. It offers a network of more than 100 mentors, investors and companies.

Based in Rheinland, it supports startups such as:



Foodstarter is a platform that helps startups put their products in commerce. They offer the platform to quickly and easily connect emerging products and food retailers.

Startups on tis platform:





TOP EXITS

9

Exits between 2012
and May 2019

3

IPOs since
2014

4 EXITS

GERMAN FOODTECH EXITS

3 IPO



IPO on the June 30, 2017

€996M raised at IPO

IPO share price: €26.90

Stock price (21/06/19): 41.4€



IPO the November 02, 2017

€320M raised at IPO

IPO share price: €10.25

Stock price (21/06/19): 8.47€



IPO on the July 02, 2018

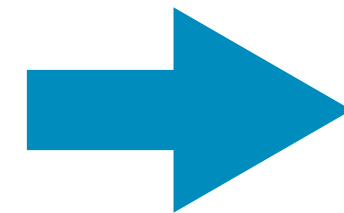
€320M raised at IPO

IPO share price: €10.25

Stock price (21/06/19): 0.46€

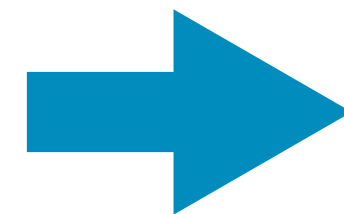
4 EXITS

9 exists



Avocado provides grocery shopping integrations

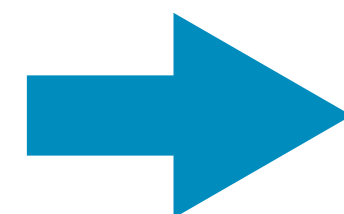
Created in 2014, it was acquired by Whisk in May 21, 2018



Quandoo is an app to reserve restaurants

Created in 2012, it has raised €13M

Acquired by Recruit Co in March 5, 2015 for €196M

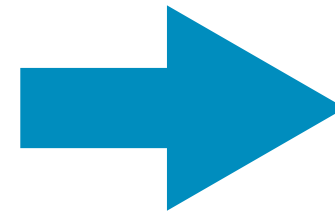


Kitchen Stories is a recipe

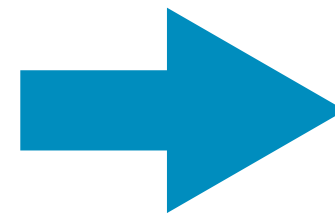
Created in 2013, it has raised €1.6M

Acquired by BSH Home Appliance Group in November, 21 2017

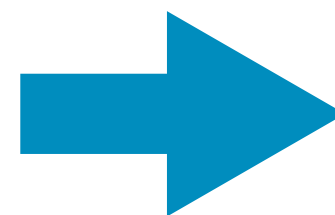
4 EXITS



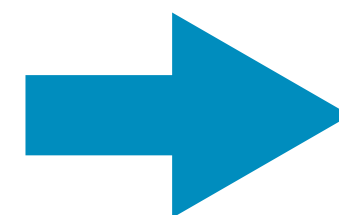
Wine in Black is a wine marketplace,
Created in 2011,
Acquired by Viva Group in January 25,
2019



Foodist, a monthly subscription service,
Created in 2012,
Acquired by Metacrew in April 3, 2019

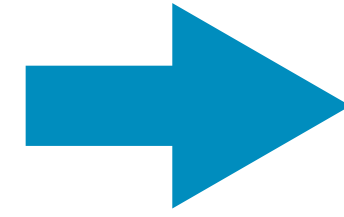


Trecker is a SaaS-based platform for the
agriculture industry,
Created in 2012,
Acquired by Yara in July 2., 2018

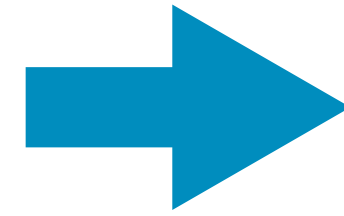


Foodora delivers food from restaurants
Created in 2014, it was acquired by
Delivery Hero in September 15, 2015

4 EXITS



Lieferheld delivers food from restaurants
Created in 2010, it has raised €8M
Acquired by Delivery Hero in February 28, 2012



Lieferheld delivers pizza from restaurants
Created in 2007
Acquired by Delivery Hero in August 14, 2014

Are you ready for the disruption?

We identify the best FoodTech opportunities worldwide and help you act on it.

We work with you on “what will happen” and on “what you should do”.

Contact DigitalFoodLab

WANT TO KNOW MORE ?
HAVE A QUESTION ?
CONTACT-US!



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