

Venture Capital Investment Maintains Record Pace in 2016

Aggregate VC deal value surpasses \$100bn for second consecutive year as growing number of \$1bn+ transactions offset decline in deal volume

2016 was another strong year for the venture capital-backed deal market, as 9,717 deals were announced globally, worth an aggregate \$134bn. Preqin expects these figures to rise by up to a further 5% as more information becomes available. This is the second consecutive year in which total deal value has exceeded \$100bn, and maintains the momentum that saw 2015 accumulate a record \$143bn in deal value. However, the total number of VC deals in 2016 does not look likely to match the volume seen the previous year: 9,717 deals were concluded through 2016, down from the 11,115 transactions recorded in 2015. While 2016 seems likely to surpass 10,000 deals, it may yet mark the lowest number of annual deals seen since 2012.

The annual deal value was driven by an increasing number of larger transactions; there were 15 financings larger than \$1bn concluded in 2016, an uptick from nine and four seen in 2015 and 2014 respectively. Moreover, average transaction values have increased across the majority of investment stages; angel/seed deals have grown from \$1.5mn in 2015 to \$1.7mn the following year, and the average value of series B stage transactions reached \$33mn in 2016, up from \$23bn the previous year. Conversely, the average size of Series D and later financings decreased, from \$96mn in 2015 to \$87mn in 2016.

Other Key Venture Capital Deals and Exits Facts:

- **Deals by Region:** North America attracted the greatest level of investment in 2016, with 3,793 deals totalling \$61bn. **Greater China witnessed a landmark year with 2,045 financings worth \$48bn, 36% of the global deal value**, while Europe and India saw \$12bn and \$4bn of VC investment respectively.
- **Deals by Industry:** The majority of VC financing continues to be directed into technology; **internet-focused deals accounted for a quarter of all transactions and 27% of the total deal value**. Software (22%), telecoms (16%) and healthcare assets (12%) also accounted for notable proportions of VC deals in 2016.
- **Largest Deals:** **The Series B financing of Chinese fintech firm Ant Financial (\$4.5bn) in April was the largest venture capital-backed deal ever**, and there were six further China-based portfolio companies in the ten largest VC acquisitions of 2016.
- **VC Exits Market:** Global VC exit activity saw a second consecutive annual slowdown in 2016, down from record volumes seen in 2014. **The number of exits dropped from 1,339 in 2015 to 1,135 through 2016**, while the aggregate exit value dropped from \$80bn to \$63bn over the same period.
- **Exits by Region:** The US dominated the VC exit market in 2016; **656 exits generated \$46bn, which represents 58% of all exits and 72% of the total exit value**. Eight of the top 10 largest exits in 2016 were in the US, including the trade sale of Stemcentrx to AbbVie for \$5.8bn, the largest exit of the year.

To access further information and analysis, please see the factsheet below:

Comment:

“2016 was another year of intense activity in the venture capital deal marketplace. Long-term factors in other markets, as well as the increasing influence of start-ups on established consumer industries, mean that investors of all kinds are becoming increasingly interested in the opportunities that have historically been the preserve of venture capital firms. This increase in competition has driven up deal pricing, and at the same time, some of the largest venture capital-backed companies have opted to raise multi-billion dollar late-stage funding rounds, rather than go public or sell themselves.

This has culminated in the trend we are currently seeing, of fewer deals being transacted for a higher average value. While this can broadly be viewed as positive for the industry as a whole, it also presents a set of challenges for venture capital firms and their investors. GPs will be looking to leverage their experience and sector-specific knowledge in order to find attractive deal opportunities, and investors will have to scrutinize funds in order to find managers that can bring that knowledge to bear in search of returns.”

Felice Egidio – Head of Venture Capital Products, Preqin

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

For more information, please contact: Felice Egidio +646 751 3467 or fegidio@preqin.com

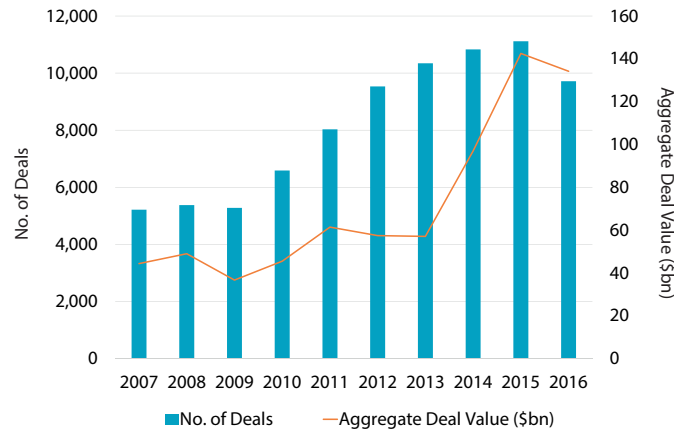
For general press enquiries, please contact: William Clarke +44 (0)20 3207 0265 or press@preqin.com



2016 VENTURE CAPITAL DEALS AND EXITS

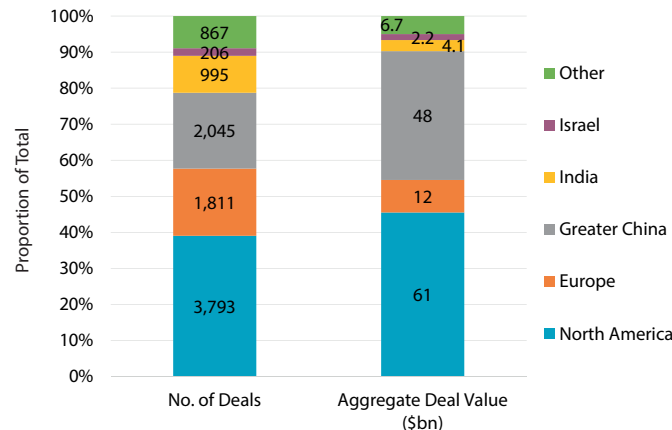
4 JANUARY 2017

Fig. 1: Global Annual Venture Capital Deals*, 2007 - 2016



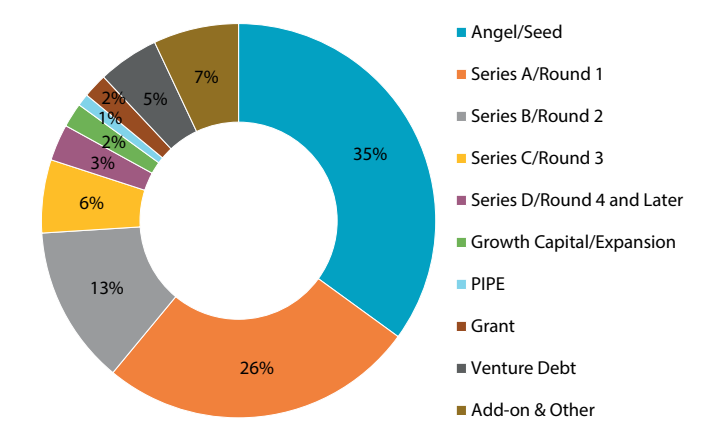
Source: Preqin Private Equity Online

Fig. 2: Venture Capital Deals* in 2016 by Region



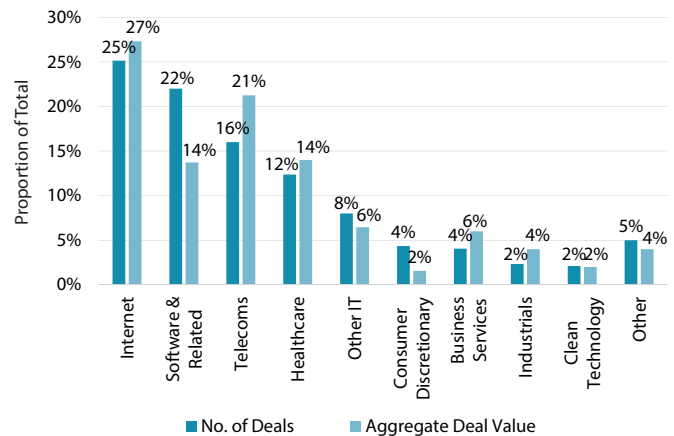
Source: Preqin Private Equity Online

Fig. 3: Number of Venture Capital Deals in 2016 by Investment Stage



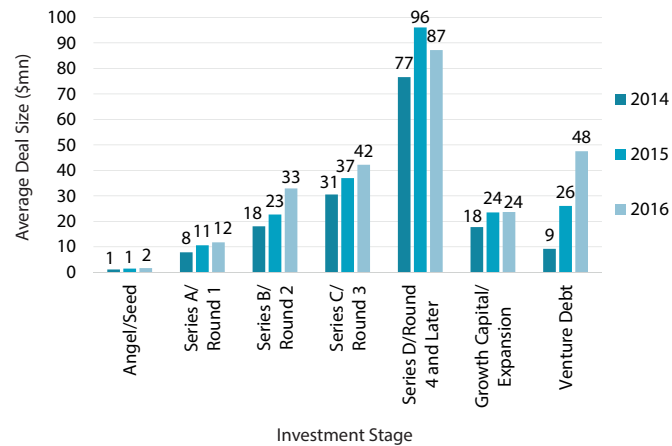
Source: Preqin Private Equity Online

Fig. 4: Venture Capital Deals* in 2016 by Industry



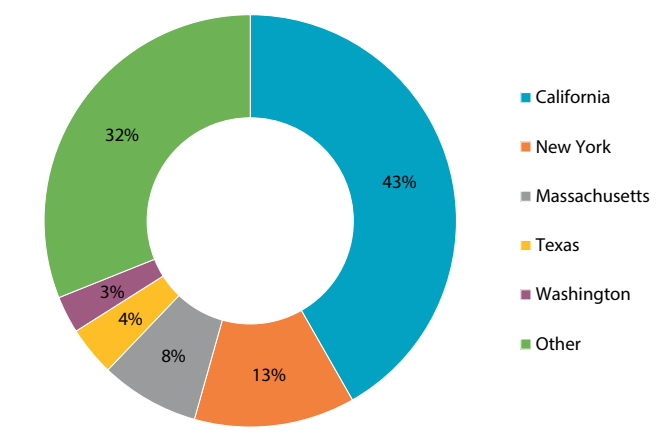
Source: Preqin Private Equity Online

Fig. 5: Average Value of Venture Capital Deals by Investment Stage, 2014 - 2016



Source: Preqin Private Equity Online

Fig. 6: Number of US Venture Capital Deals* in 2016 by State



Source: Preqin Private Equity Online

*Figures exclude add-ons, grants, mergers venture debt and secondary stock purchases.



2016 VENTURE CAPITAL DEALS AND EXITS

4 JANUARY 2017

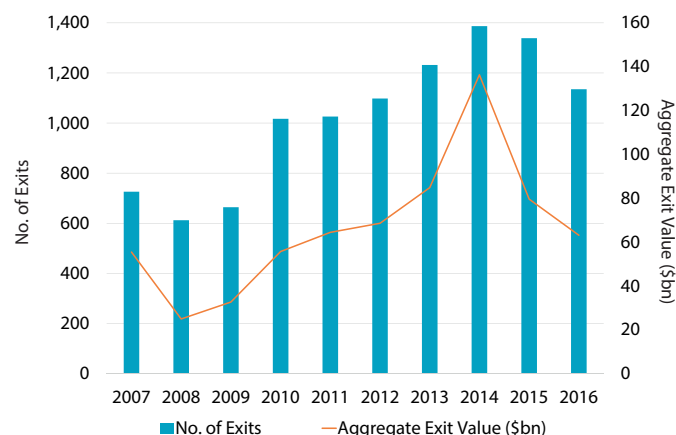
Fig. 7: 10 Largest Venture Capital Deals* Announced Globally in 2016

Portfolio Company	Deal Date	Investment Stage	Deal Size (mn)	Investor(s)	Industry	Location
Ant Financial	Apr-16	Series B/Round 2	4,500 USD	CCB Trust, China Development Bank Capital, China Investment Corporation, China Life Insurance Company, China Post Capital, Primavera Capital	Internet	China
Uber Technologies, Inc.	Jun-16	Series G/Round 7	3,500 USD	Public Investment Fund, SBT Venture Capital	Telecoms	US
Meituan-Dianping	Jan-16	Unspecified Round	3,300 USD	Baillie Gifford, Capital Today, China Development Bank Capital, CPP Investment Board, DST Global, Hillhouse Capital Management, Sequoia Capital, Temasek Holdings, Tencent, Trustbridge Partners	Internet	China
Didi Chuxing	Jun-16	Unspecified Round	2,800 USD	Alibaba Group, Ant Financial Service Group, BlackRock, Oppenheimer Alternative Investment Management, Softbank, Tencent	Telecoms	China
Uber China	Jan-16	Series B/Round 2	2,000 USD	Baidu, CBC Capital, China Life Insurance Company, China Minsheng Banking Corp, China Taiping Insurance, China Vanke Co. Ltd., CITIC Securities, Guangzhou Automobile Co. Ltd., HNA Group, Uber Technologies, Inc.	Telecoms	China
Cainiao	Mar-16	Unspecified Round	1,540 USD	GIC, Khazanah Nasional Berhad, Primavera Capital, Temasek Holdings	Logistics	China
Letv Sports Culture Develop (Beijing) Co.	Mar-16	Series B/Round 2	8,000 CNY	HNA Group	Media	China
Shanghai Lujiazui International Financial Asset Exchange	Jan-16	Series B/Round 2	1,216 USD	Bank of China Group Investment, China Minsheng Banking Corp, COFCO Limited, Guotai Junan Securities	Financial Services	China
OneWeb Ltd.	Dec-16	Unspecified Round	1,200 USD	Softbank Capital	Internet	US
Snap Inc.	May-16	Series F/Round 6	1,087 USD	Coatue Management, Fidelity Investments, General Atlantic, Glade Brook Capital Partners, Institutional Venture Partners, Lone Pine Capital, Sequoia Capital, T Rowe Price	Telecoms	US

*Figures exclude add-ons, grants, mergers venture debt & secondary stock purchases.

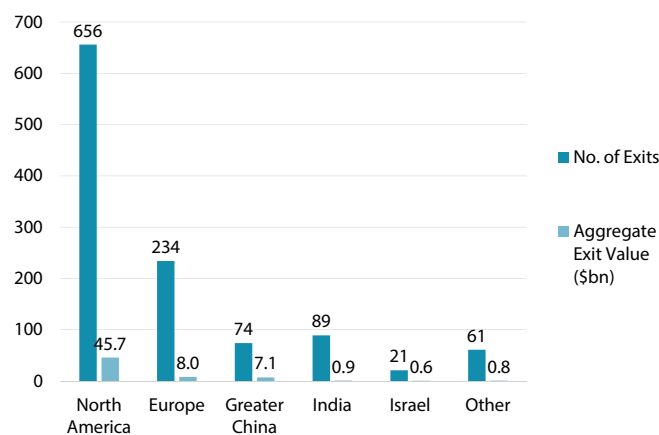
Source: Preqin Private Equity Online

Fig. 8: Global Annual Venture Capital-Backed Exits, 2007 - 2016



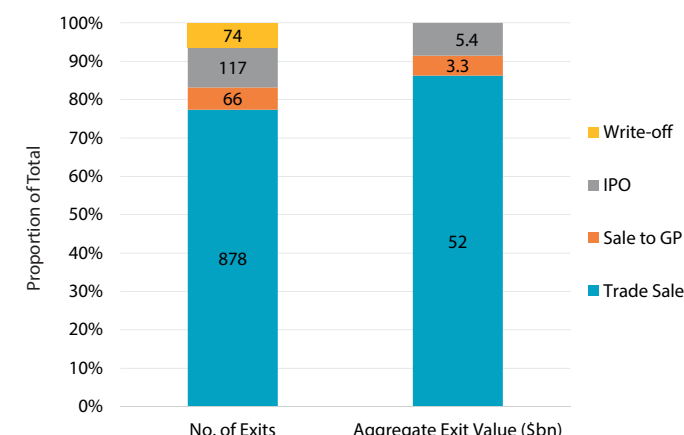
Source: Preqin Private Equity Online

Fig. 9: Venture Capital-Backed Exits in 2016 by Region



Source: Preqin Private Equity Online

Fig. 10: Venture Capital-Backed Exits in 2016 by Type



Source: Preqin Private Equity Online



2016 VENTURE CAPITAL DEALS AND EXITS

4 JANUARY 2017

Fig. 11: 10 Largest Venture Capital-Backed Exits Announced Globally in 2016

Portfolio Company	Date of First Investment	Investor(s)	Total Known Funding (\$mn)	Exit Type	Exit Date	Acquiror (Exit)	Exit Value (mn)	Industry	Location
Stemcentrx	Mar-11	Artis Ventures, Capital Group, Fidelity Investments, Founders Fund, Sequoia Capital, Silicon Valley Bank	474	Trade Sale	Apr-16	AbbVie	5,800 USD	Healthcare	US
Legend Pictures, LLC	Jul-05	Accel Partners, Bank of America, Breyer Capital, Goldman Sachs, IDG Capital Partners, J.P. Morgan, Morgan Stanley Alternative Investment Partners, Royal Bank of Canada, Softbank Capital, TomorrowVentures, UBS, Valar Ventures, Waddell & Reed	1,130	Trade Sale	Jan-16	Dalian Wanda Group	3,500 USD	Media	US
Jet.com	Jul-14	Accel Partners, Alibaba Group, Bain Capital Ventures, Coatue Management, Fidelity Investments, General Catalyst Partners, Goldman Sachs, GV, MentorTech Ventures, New Enterprise Associates, Norwest Venture Partners, Silicon Valley Bank, Temasek Holdings, Thrive Capital, Western Technology Investment	570	Trade Sale	Aug-16	Wal-Mart	3,300 USD	Internet	US
YTO Express*	May-15	Alibaba Group, YF Capital	-	Merger	Mar-16	Dayang Group	17,500 CNY	Business Services	China
Skyscanner Ltd.	Nov-07	Artemis Ventures, Baidu, Baillie Gifford, Ctrip / Qunar, Khazanah Nasional Berhad, Scottish Equity Partners, Sequoia Capital, Silver Lake, Vitruvian Partners, Yahoo Japan Corporation	189	Trade Sale	Nov-16	Ctrip / Qunar	1,400 GBP	Internet	UK
Cvent Inc.	Jul-11	Greenspring Associates, Insight Venture Partners, New Enterprise Associates	137	Sale to GP	Apr-16	Vista Equity Partners	1,650 USD	Software	US
Celator Pharmaceuticals, Inc.	Jan-03	BDC Venture Capital, Domain Associates, GrowthWorks Capital, Hearthstone Investments Ltd., National Securities Corporation, Quaker Partners Management, Roth Capital Partners, Thomas, McNerney & Partners, TL Ventures, Valence Life Sciences, Ventures West Capital	137	Trade Sale	May-16	Jazz Pharmaceuticals	1,500 USD	Pharmaceuticals	US
Jasper, Inc.	Jun-05	AB, Bench, Benchmark, Benchmark Capital, Bridgescale Partners, Crescendo Ventures, DAG Ventures, Integral Capital Partners, Sequoia Capital, Temasek Holdings	257	Trade Sale	Feb-16	Cisco Systems, Inc.	1,400 USD	IT	US
SquareTrade, Inc.	Oct-99	Argus Capital Partners, Bain Capital Ventures, Clayton Dubilier & Rice, Draper Richards, Global Investment Partners, JPMorgan Chase, Staenberg Venture Partners, Weston Presidio Capital	248	Trade Sale	Nov-16	The Allstate Corporation	1,400 USD	Insurance	US
Dollar Shave	Mar-12	Andreessen Horowitz, Battery Ventures, Comcast Ventures, Dragoneer Investment Group, Felicis Ventures, Forerunner Ventures, Kleiner Perkins Caufield & Byers, Pritzker Group Venture Capital, Shasta Ventures, Technology Crossover Ventures, Venrock, White Star Capital	148	Trade Sale	Jul-16	Unilever	1,000 USD	Internet	US

*Denotes a partial exit.

Source: Preqin Private Equity Online