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 $23mn 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

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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

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2016 VENTURE CAPITAL DEALS AND EXITS

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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.
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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     
| 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

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

<table>
<thead>
<tr>
<th>Portfolio Company</th>
<th>Date of First Investment</th>
<th>Investor(s)</th>
<th>Total Known Funding ($mn)</th>
<th>Exit Type</th>
<th>Exit Date</th>
<th>Acquiror (Exit)</th>
<th>Exit Value (mn)</th>
<th>Industry</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stemcentrx</td>
<td>Mar-11</td>
<td>Artis Ventures, Capital Group, Fidelity Investments, Founders Fund, Sequoia Capital, Silicon Valley Bank</td>
<td>474</td>
<td>Trade Sale</td>
<td>Apr-16</td>
<td>AbbVie</td>
<td>5,800 USD</td>
<td>Healthcare</td>
<td>US</td>
</tr>
<tr>
<td>YTO Express*</td>
<td>May-15</td>
<td>Alibaba Group, YF Capital</td>
<td>-</td>
<td>Merger</td>
<td>Mar-16</td>
<td>Dayang Group</td>
<td>17,500 CNY</td>
<td>Business Services</td>
<td>China</td>
</tr>
<tr>
<td>Skyscanner Ltd.</td>
<td>Nov-07</td>
<td>Artemis Ventures, Baidu, Baillie Gifford, Ctrip / Qunar, Khazanah Nasional Berhad, Scottish Equity Partners, Sequoia Capital, Silver Lake, Vitruvian Partners, Yahoo Japan Corporation</td>
<td>189</td>
<td>Trade Sale</td>
<td>Nov-16</td>
<td>Ctrip / Qunar</td>
<td>1,400 GBP</td>
<td>Internet</td>
<td>UK</td>
</tr>
<tr>
<td>Celator Pharmaceuticals, Inc.</td>
<td>Jan-03</td>
<td>BDC Venture Capital, Domain Associates, GrowthWorks Capital, Heathstone Investments Ltd., National Securities Corporation, Quaker Partners Management, Roth Capital Partners, Thomas, McInerney &amp; Partners, TL Ventures, Valence Life Sciences, Ventures West Capital</td>
<td>137</td>
<td>Trade Sale</td>
<td>May-16</td>
<td>Jazz Pharmaceuticals</td>
<td>1,500 USD</td>
<td>Pharmaceuticals</td>
<td>US</td>
</tr>
<tr>
<td>Jasper, Inc.</td>
<td>Jun-05</td>
<td>AB, Bench, Benchmark, Benchmark Capital, Bridgescap Partners, Crescendo Ventures, DAG Ventures, Integral Capital Partners, Sequoia Capital, Temasek Holdings</td>
<td>257</td>
<td>Trade Sale</td>
<td>Feb-16</td>
<td>Cisco Systems, Inc.</td>
<td>1,400 USD</td>
<td>IT</td>
<td>US</td>
</tr>
<tr>
<td>Dollar Shave</td>
<td>Mar-12</td>
<td>Andreessen Horowitz, Battery Ventures, Comcast Ventures, Dragoneer Investment Group, Felicis Ventures, Forerunner Ventures, Kleiner Perkins Caufield &amp; Byers, Pritzker Group Venture Capital, Shasta Ventures, Technology Crossover Ventures, Venrock, White Star Capital</td>
<td>148</td>
<td>Trade Sale</td>
<td>Jul-16</td>
<td>Unilever</td>
<td>1,000 USD</td>
<td>Internet</td>
<td>US</td>
</tr>
</tbody>
</table>

*Denotes a partial exit.

Source: Preqin Private Equity Online