

## Venture Capital Deals Activity Falls to Lowest Level for Over Two Years

### \$8.5bn worth of venture capital deals were announced in Q1 2013, the lowest quarterly value since the \$8.1bn seen in Q3 2010

Preqin's quarterly venture capital deal-flow data shows that venture capital deal flow continued a slide that began in Q2 2012, with the aggregate value of deals in the quarter reaching a low of \$8.5bn from 1,206 venture capital financings; this represents an 8% drop in number and 15% drop in value on the previous quarter, as well as a 5% and 13% fall on the number and aggregate value of deals in Q1 2012 respectively.

#### Other Key Facts:

- India was the only region to see an increase in the number of deals in comparison to the previous quarter, from 57 in Q4 2012 to 64 in Q1 2013.
- North America continues to dominate the industry, with 762 deals in Q1, but witnessed a 10% drop in number from Q4 2012 to Q1 2013, compared to just a 5% fall in Europe, which saw 269 deals in Q1.
- The number of deals in China continues to fall, with 33 in the most recent quarter compared to 41 in Q4 2012.
- Deals in the internet sector accounted for a quarter of all venture capital deals globally in Q1 and 26% of the aggregate value of deals occurred in this industry.
- Healthcare deals accounted for 19% of the aggregate value of deals in Q1, compared to 28% in Q4 2012.
- Software and related deals accounted for 21% the total value of deals in Q1 2013, up from 14% in the previous quarter.
- Angel/seed deals comprised the largest proportion of deals by stage (19%); however, this is a slight decrease on the Q4 2012 proportion of 22%.
- Series A deals accounted for 13% of all deals, with Series B, C, D and later accounting for a cumulative 16% of global venture capital deals in Q1 2013.

**For more information, please see the factsheet that follows.**

#### Comment:

"The first quarter of 2013 represented a slow start to the year in the global venture capital industry, with the number of deals falling to the lowest level since Q4 2011 and the aggregate value reaching its lowest point since Q3 2010. Internet, software and related, and healthcare industries accounted for two-thirds of the aggregate value of venture capital deals in Q1 2013. The proportion of the total value of deals represented by software and related industries has increased by seven percentage points in the last quarter, with these deals accounting for 21% of the total value. Interestingly however, healthcare investment has decreased, with these deals accounting for 19% of the total value in Q1 2013, compared to 28% in Q4 2012."

#### Anna Strumillo, Manager – Buyout and Venture Capital Deals

**For more information and analysis, please see the PDF factsheet that follows.**

#### 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:

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# Q1 2013 Private Equity-Backed Venture Capital Deals

April 2013

Fig. 1: Number and Aggregate Value of Venture Capital Deals Globally: Q1 2008 – Q1 2013

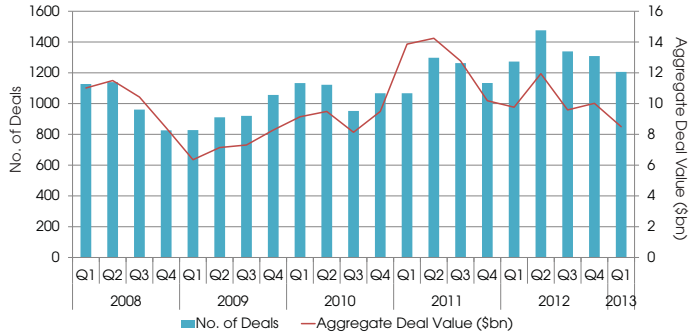


Fig. 3: Proportion of Number of Venture Capital Deals by Stage in Q1 2013

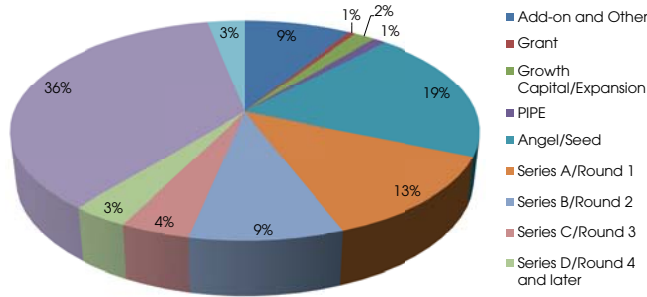


Fig. 5: Average Value of Venture Capital Deals (\$mn): 2008 – Q1 2013

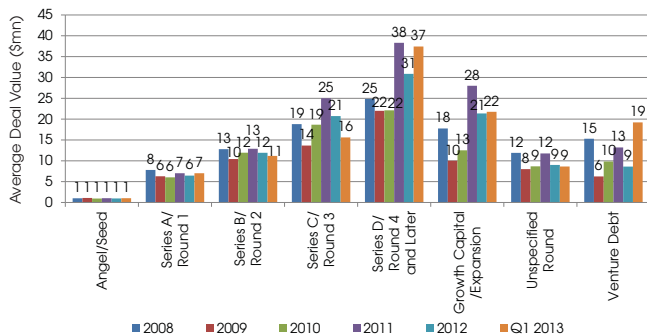


Fig. 2: Number of Venture Capital Deals by Region: Q1 2008 – Q1 2013

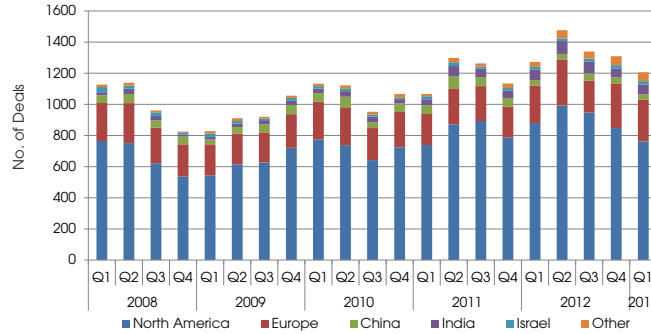
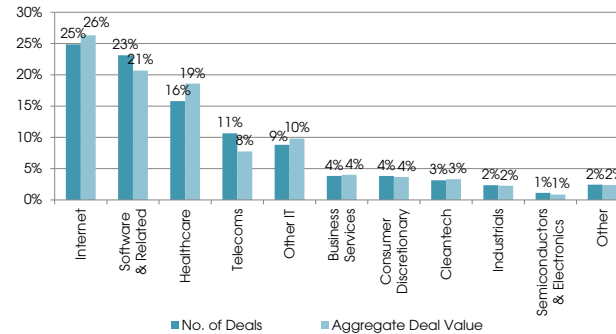


Fig. 4: Proportion of Number and Aggregate Value of Venture Capital Deals by Industry in Q1 2013



Venture capital deal flow decreased in Q1 2013, with the aggregate value of deals in the quarter reaching a low of \$8.5bn from 1,206 venture capital financings; this represents an 8% drop in number and 15% drop in value on the previous quarter, as well as a 5% and 13% fall on the number and aggregate value of deals in Q1 2012 respectively.

The largest venture capital deal completed in Q1 2013 was the Series D financing of internet company 360Buy by Kingdom Holding Company for \$400mn in February 2013.

North America was the most prominent region regarding the number of completed venture capital deals, with 762 deals in Q1 2013, however this was a 10% drop on the number of deals completed in Q4 2012. In Europe, 269 venture capital deals were completed in Q1 2013, a 5% decrease from the previous quarter. India was the only region to see an increase in the number of deals in comparison to the previous quarter, from 57 in Q4 2012 to 64 in Q1 2013.

Deals in the internet sector accounted for a quarter of all venture capital deals globally in Q1 and 26% of the aggregate value of deals occurred in this industry.

Healthcare deals accounted for 19% of the aggregate value of deals in Q1, compared to 28% in Q4 2012. Software and related deals accounted 21% of all deals in Q1 2013, up from 14% in the previous quarter.

Angel/seed deals comprised the largest proportion of deals by stage (19%); Series A deals accounted for 13% of all deals, with Series B, C, D and later accounting for a cumulative 16% of global venture capital deals in Q1 2013.

In the first quarter, the average value of venture capital financings at angel/seed stage remained around \$1.0mn, although Series A deals averaged \$7.0mn, slightly above the \$6.4mn seen in 2012. Series B rounds averaged \$11.2mn in Q1 compared to \$11.9mn in 2012, while Series C deals have, at \$15.6mn, had a significantly lower average value than the 2012 figure of \$20.7mn. Series D and later rounds averaged \$37.4mn in Q1 2013, up from \$30.9mn for 2012 as a whole.

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Fig. 6: 10 Largest Venture Capital Deals in Q1 2013

Portfolio Company Name	Deal Date	Stage	Deal Size (mn)	Investors	Primary Industry	Location
360Buy	Feb-13	Series D/Round 4	400 USD	Kingdom Holding Company	Internet	China
AirWatch	Feb-13	Series A/Round 1	200 USD	Insight Venture Partners	Software	US
Pinterest	Feb-13	Series D/Round 4	200 USD	Andreessen Horowitz, Bessemer Venture Partners, FirstMark Capital, Valiant Capital Partners	Internet	US
SevOne	Jan-13	Growth Capital/Expansion	150 USD	Bain Capital	Software	US
Truphone	Feb-13	Unspecified Round	75 GBP	-	Telecoms	UK
LivingSocial	Feb-13	Unspecified Round	110 USD	Amazon, Grotech Ventures, J.P. Morgan, Lightspeed Venture Partners, Revolution, T Rowe Price, US Venture Partners	Internet	US
Lynda.com, Inc.	Jan-13	Growth Capital/Expansion	103 USD	Accel Partners, Meritech Capital Partners, Spectrum Equity Investors	Internet	US
Supercell	Mar-13	Unspecified Round	100 USD	Atomico, Index Ventures, Institutional Venture Partners	Gaming	Finland
New Relic, Inc.	Feb-13	Unspecified Round	80 USD	Allen & Company, Benchmark Capital, Dragoneer Investment Group, Insight Venture Partners, T Rowe Price, Tenaya Capital, Trinity Ventures	Software	US
Nest Labs	Jan-13	Unspecified Round	80 USD	Google Ventures, Venrock	Energy	US

Fig. 7: Five Notable Venture Capital Exits in Q1 2013

Name	Date of First Investment	Investors (Entry)	Total Known Funding (\$mn)	Exit Type	Exit Date	Acquiror (Exit)	Exit Value (\$mn)	Industry	Location
MAP Pharmaceuticals	Sep-04	Alexandria Real Estate Equities, Bay City Capital, Brookside Group, FirstMark Capital, Oxford Finance Corporation, Perseus, Silicon Valley Bank, Skyline Ventures, The D. E. Shaw Group	125	Trade Sale	Jan-13	Allergan Inc.	958	Pharmaceuticals	US
Zipcar, Inc.	May-00	Balderton Capital, Benchmark Capital, Globespan Capital Partners, Greylock Partners, Meritech Capital Partners, Pinnacle Ventures	61	Trade Sale	Jan-13	Avis Budget Group	500	Transportation	US
Intucell	Mar-10	Bessemer Venture Partners, Genesis Partners	9	Trade Sale	Jan-13	Cisco	475	Telecoms	Israel
Tensilica, Inc.	Jun-09	DOCOMO Capital, Foundation Capital, Fujitsu, Meritech Capital Partners, Oak Investment Partners, Worldview Technology Partners	-	Trade Sale	Mar-13	Cadence Design Systems	380	Semiconductors	US
Verinata Health, Inc.	Aug-11	Alloy Ventures, Mohr Davidow Ventures, Sutter Hill Ventures	49	Trade Sale	Jan-13	Illumina, Inc.	350	Medical Technologies	US