

Another Record Quarter for Venture Capital Deals in Q2

Record quarter is driven by unprecedented deal-making by China-based companies

Venture capital-backed deal-making has continued at a record-setting pace in the second quarter of 2018, as 3,686 deals were announced globally with a combined value of \$74bn. This is a record high for aggregate deal value – the fourth quarterly total to break records since Q1 2017, and the fourth consecutive quarter to exceed \$50bn. In fact, deal value is more than \$20bn higher than the previous record of \$53bn seen in Q4 2017, driven by unprecedented deal-making for China-based companies. Venture capital-backed exits also saw a record quarter: although the number of exits (236) was on par with Q1, total exit value hit \$70bn – far surpassing the previous record of \$46bn set in Q3 2014. While the \$16bn sale of Flipkart led exit activity, IPOs in the quarter accounted for \$21bn – the second-highest quarterly total on record.

For more information, see the full *Q2 2018 Venture Capital-Backed Deals & Exits* factsheet here:

<http://docs.preqin.com/reports/Preqin-Venture-Capital-Deals-and-Exits-Q2-2018.pdf>

Key Venture Capital-Backed Deals and Exits Facts:

- There were **3,686 venture capital deals announced in Q2 2018, worth \$74bn**. This is a record high – the fourth since Q1 2017 – and marks the fourth consecutive quarter with deal values exceeding \$50bn.
- Deals in **Greater China drove deal-making, seeing \$40bn in aggregate value** across 1,155 deals. This accounts for 54% and 31% of global totals respectively.
- North America, meanwhile, saw 1,374 deals announced for a total of \$23bn, while Europe saw 636 deals worth a combined \$5.7bn.
- **Software deals were most common, accounting for 24% of the number of financings**. However, funding for internet companies represented the largest proportion (37%) of deal value.
- The **average value of deals at almost all stages in H1 2018 rose** compared to 2017. Only venture debt financings were smaller.
- Series C deals in particular jumped from an average of \$49mn in 2017 to \$104mn in H1 2018. This is in large part due to the **largest deal in Q2 – the \$14bn funding of Ant Financial Services Group**.
- **Exit activity marked a record quarter** as well, with 236 exits made worth a total of \$70bn. The largest of these was the \$16bn acquisition of Flipkart by Walmart.
- IPO activity in particular surged: 46 IPOs were announced in Q2, worth a combined \$21bn. This is the **second-highest quarterly value for IPOs on record**, following Q3 2014 (when Alibaba became public).

Christopher Elvin, Head of Private Equity Products:

“2018 has so far surpassed 2017’s breakneck pace for venture capital investment, with over \$125bn in investments made in the first half of the year. Q2 in particular has seen unprecedented levels of financing, surpassing the previous record for quarterly deal value by a margin of more than \$20bn. This has primarily been driven by deal-making in China, which accounted for the majority of capital deployed in the quarter and nine of the 10 largest deals.

Venture capital-backed exit activity, meanwhile, has been limited in number – Q2 continues a long-term decline seen since Q4 2015 – but what exits have occurred have been large. The sale of Flipkart to Walmart is the largest by some distance in Q2, but the standout story is the resurgence of IPO activity. Public offerings of venture capital-backed companies made \$21bn, the third-highest quarterly total on record. This is only surpassed by the quarter in which Alibaba went public, which accounted for almost all exit value in the quarter. The Spotify listing accounted for \$7.4bn in Q2 2018, indicating that activity was driven by multiple transactions much more than before.”

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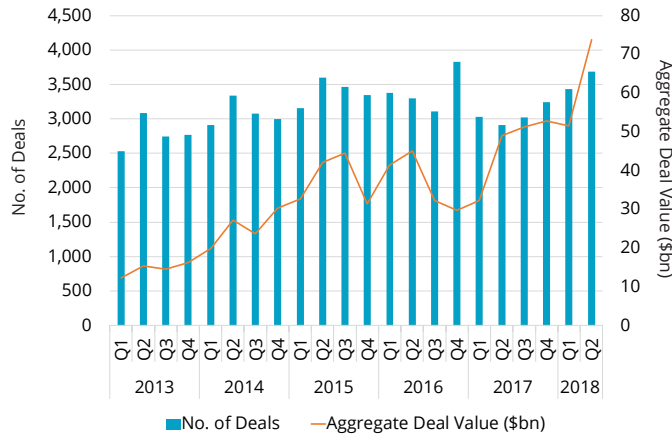
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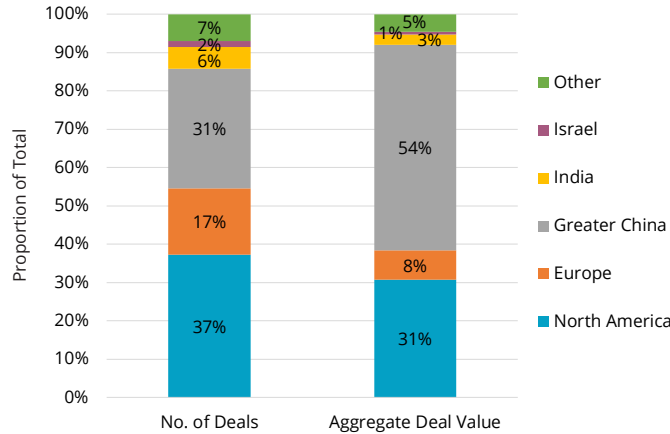
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Fig. 1: Global Quarterly Venture Capital Deals*, Q1 2013 - Q2 2018



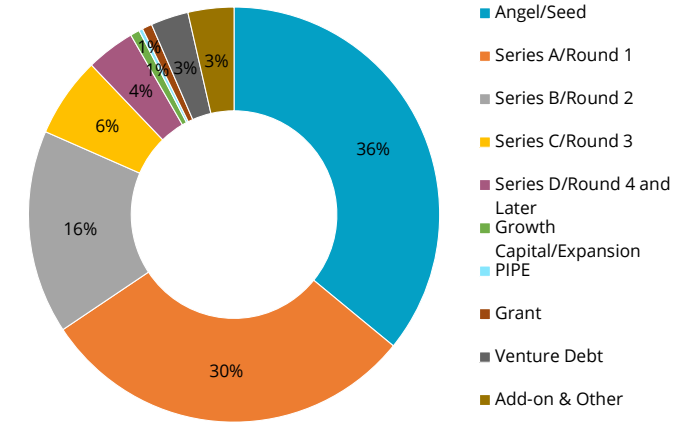
Source: Preqin

Fig. 2: Venture Capital Deals* in Q2 2018 by Region



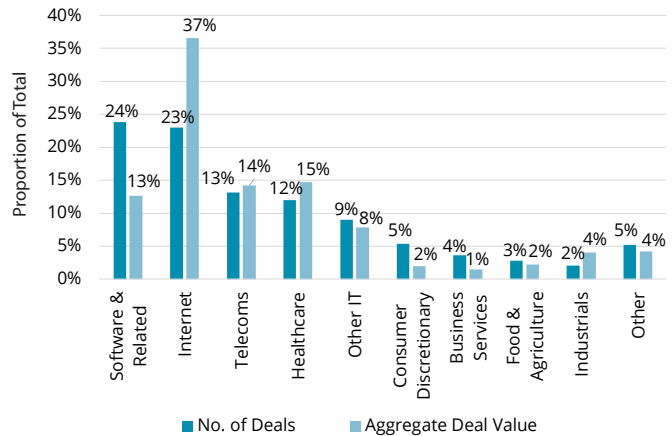
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Fig. 3: Number of Venture Capital Deals in Q2 2018 by Investment Stage



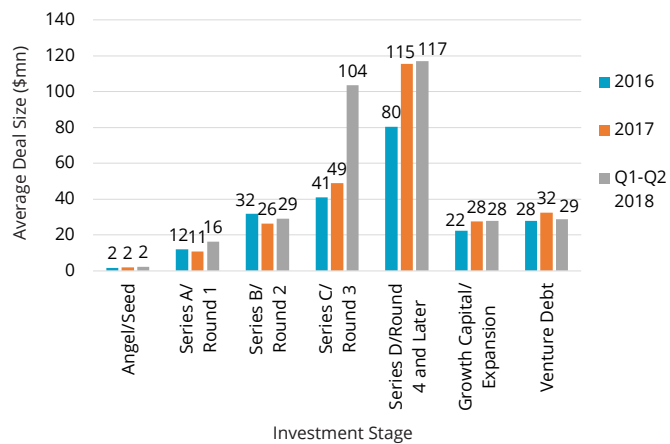
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Fig. 4: Venture Capital Deals* in Q2 2018 by Industry



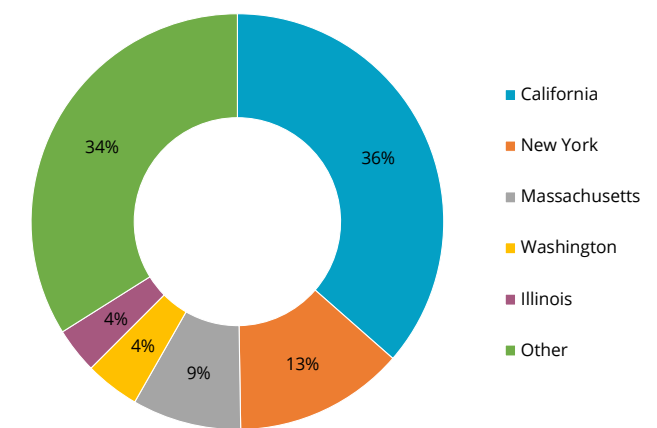
Source: Preqin

Fig. 5: Average Value of Venture Capital Deals by Investment Stage, 2016 - H1 2018



Source: Preqin

Fig. 6: Number of US Venture Capital Deals* in Q2 2018 by State



Source: Preqin

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



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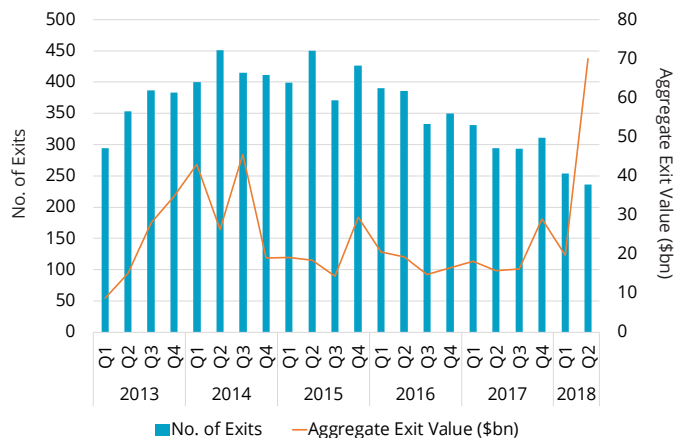
Fig. 7: Largest Venture Capital Deals* Announced Globally in Q2 2018

Portfolio Company	Deal Date	Investment Stage	Deal Size (mn)	Investor(s)	Industry	Location
Ant Financial Services Group	Jun-18	Series C/Round 3	14,000 USD	Baillie Gifford, Carlyle Group, CPP Investment Board, Discovery Capital Management, General Atlantic, GIC, Janchor Partners, Khazanah Nasional, Primavera Capital, Sequoia Capital, Silver Lake, T Rowe Price, Temasek Holdings, Warburg Pincus	Internet	China
Pinduoduo	Apr-18	Unspecified Round	3,000 USD	Sequoia Capital, Tencent	Telecoms	China
Manbang Group	Apr-18	Unspecified Round	1,900 USD	Baillie Gifford, CapitalG, China Reform Fund Management, Farallon Capital Management, Hillhouse Capital Management, IDG Capital, SB Investment Advisers, Sequoia Capital, Tencent	Internet	China
SenseTime Group Limited**	May-18	Series C/Round 3	1,220 USD	Fidelity, Hopu Investment Management, Qualcomm Ventures, Silver Lake, Tiger Global Management, Alibaba Group, Suning Commerce Group Co, Temasek Holdings	High-Tech	China
Grab Holdings***	Jun-18	Unspecified Round	1,000 USD	Toyota Motor Corporation	Telecoms	Singapore
UBTECH Robotics, Inc.	May-18	Series C/Round 3	820 USD	CDH Investments, Chia Tai Group, China General Nuclear Power Group, China Minsheng Bank, CreditEase Wealth Management (Beijing), easyhome, Green Pine Capital Partners, ICBC International, Minsheng Securities, Qingdao Haier Co., Ltd., Telstra Ventures, Tencent	High-Tech	China
Shanghai YouXia Motors Co., Ltd	Apr-18	Series B/Round 2	5,000 CNY	China Environmental Protection Industry, China Fortune Ocean, Huzhou Wuxing South Taihu Lake Construction Investment, Qianhai Wutong Mergers and Acquisitions Funds	Cleantech	China
Shanghai Junzheng Network Technology Co., Ltd	Apr-18	Series E/Round 5	700 USD	Ant Financial Service Group, Fosun Capital	Telecoms	China
Lyft, Inc.	Jun-18	Series I/Round 9	600 USD	Fidelity Management & Research Company, Senator Investment Group	High-Tech	China
VIPKID	Jun-18	Series D/Round 4	500 USD	Coatue Management, Sequoia Capital, Tencent, YF Capital	Internet	China

*Figures exclude add-ons, grants, mergers venture debt and secondary stock purchases.
 **Round was raised in two tranches, \$600mn raised in April and \$620mn in May 2018.
 ***Round still ongoing, may increase in value.

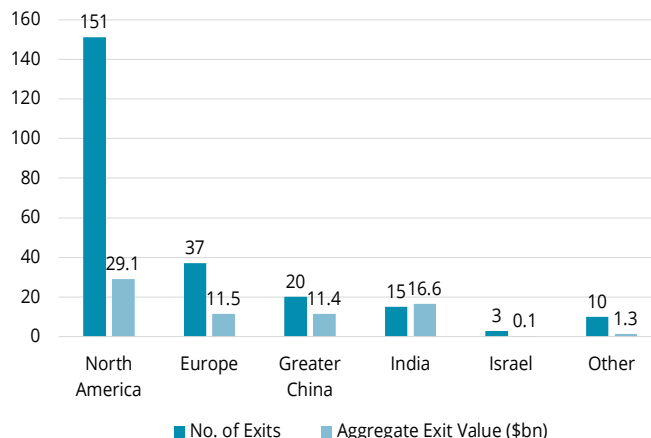
Source: Preqin

Fig. 8: Global Venture Capital-Backed Exits, Q1 2013 - Q2 2018



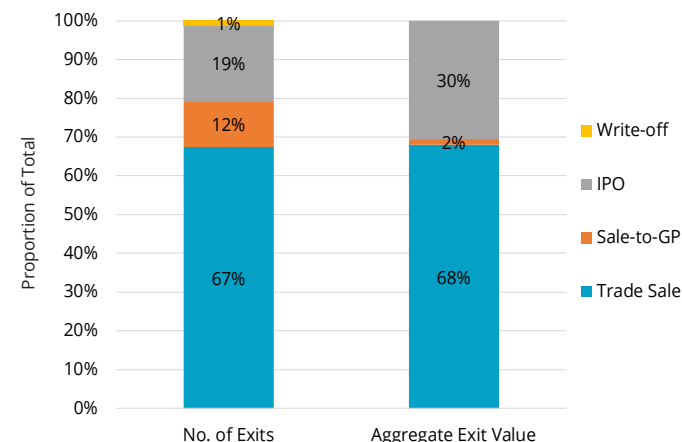
Source: Preqin

Fig. 9: Venture Capital-Backed Exits in Q2 2018 by Region



Source: Preqin

Fig. 10: Venture Capital-Backed Exits in Q2 2018 by Type



Source: Preqin



Q2 2018 VENTURE CAPITAL DEALS AND EXITS

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Fig. 11: Largest Venture Capital-Backed Exits Announced Globally in Q2 2018

Portfolio Company	Date of First Investment	Investor(s)	Total Known Funding (\$mn)	Exit Type	Exit Date	Acquiror (Exit)	Exit Value (mn)	Industry	Location
Flipkart Internet Private Limited*	Oct-09	Accel, Axis Bank, Baillie Gifford, Dragoner Investment Group, DST Global, eBay Inc., GIC, Greenoaks Capital, HDFC Bank, Helion Venture Partners, Iconiq Capital, IDG Ventures India, Kalaari Capital, Microsoft, Morgan Stanley, Morgan Stanley Alternative Investment Partners, Naspers, Qatar Investment Authority, SB Investment Advisers, Schroder Adveq, Sofina, Steadview Capital Management, T Rowe Price, Tencent, Tiger Global Management, TR Capital, Vulcan Capital	6,454	Trade Sale	May-18	Walmart	16,000 USD	Internet	India
AveXis, Inc.	Jan-15	Adage Capital Management, Boxer Capital, Deerfield Management, Foresite Capital, Janus Capital Group, QVT funds, RA Capital, Roche Venture Fund, Rock Springs Capital, RTW Investments, T Rowe Price, Venrock	75	Trade Sale	Apr-18	Novartis International AG	8,700 USD	Biotechnology	US
GitHub, Inc.	Jul-12	Andreessen Horowitz, Institutional Venture Partners, Sequoia Capital, SV Angel, Thrive Capital	350	Trade Sale	Jun-18	Microsoft	7,500 USD	Software	US
Spotify AB*	Oct-08	137 Ventures, Abu Dhabi Investment Council, Accel, Baillie Gifford, Blisce, Coca-Cola Company, Creandum, D.E. Shaw & Co, Digital Sky Capital, Discovery Capital Management, Dragoner Investment Group, DST Global, EquityZen, Inc., Fidelity Investments, Founders Fund, Goldman Sachs, Groupe Arnault, GSV Asset Management, Halcyon, Kleiner Perkins Caufield & Byers, Lansdowne Partners, Li Ka Shing Foundation, Northzone Ventures, Rinkelberg Capital, Schoenfeld, Senvest Capital, SharesPost, Technology Crossover Ventures, TeliaSonera, TPG, Wellington Partners	2,573	IPO	Apr-18	-	7,356 USD	Internet	Sweden
Xiaomi Inc.*	Jun-09	All-Stars Investment, Bank of China (Hong Kong), Deutsche Bank, DST Global, GIC, Hopu Investment Management, IDG Capital, Morgan Stanley, Morningside Venture Capital, Qiming Venture Partners, Qualcomm Ventures, Shunwei Capital Partners, Temasek Holdings, Wing Lung Bank, YF Capital	2,457	IPO	Jun-18	-	4,720 USD	Retail	China
Mobike Ltd.	Oct-15	BAI Fund, BOCOM International Asset Management, Ctrip / Qunar, Farallon Capital Management, Foxconn Technology Group, Hanqing Hotels, Hillhouse Capital Management, ICBC International, Joy Capital, Line Corporation, Panda Capital, Qiming Venture Partners, Qualcomm, Sequoia Capital, Sinovention Ventures, Temasek Holdings, Tencent, TPG, Vertex Ventures China, Warburg Pincus, Yung Park Capital	1,980	Trade Sale	Apr-18	Meituan-Dianping	2,700 USD	Telecoms	China
iZettle AB	Oct-11	83 North, American Express, AP-Fonden 4, Banco Santander, Creandum, Dawn Capital, European Investment Bank, Hasso Plattner Ventures, Index Ventures, Intel Capital, MasterCard Worldwide, MCI Capital, Northzone Ventures, SEB Venture Capital, Victory Park Capital, Zouk Capital	288	Trade Sale	May-18	Paypal	2,200 USD	Hardware	Sweden
AppNexus Inc.	Dec-07	Coriolis Ventures, Deutsche Telekom Capital Partners, Fidelity Investments, First Round Capital, Khosla Ventures, Kodiak Venture Partners, Microsoft, News Corporation, SV Angel, Technology Crossover Ventures, Tribeca Venture Partners, Venrock, WPP Group plc, Yahoo Japan Corporation	404	Trade Sale	Jun-18	AT&T	1,600 USD	Software	US
ARMO BioSciences Inc.	Nov-13	Celgene, Clough Capital Partners, DAG Ventures, Decheng Capital, GV, HBM Partners, Industrial Investors, Kleiner Perkins Caufield & Byers, NanoDimension, OrbiMed Advisors, Qiming Venture Partners, Quan Capital, RTW Investments, Sequoia Capital	167	Trade Sale	May-18	Eli Lilly & Company	1,600 USD	Pharmaceuticals	US
Adaptive Insights Inc.	Jan-04	Bessemer Venture Partners, Bezos Expeditions, Cardinal Venture Capital, Information Venture Partners, JMI Equity, Monitor Ventures, New Enterprise Associates, Norwest Venture Partners, ONSET Ventures, Relay Ventures, Salesforce.com, T Rowe Price, Workday, Inc.	169	Trade Sale	Jun-18	Workday, Inc.	1,550 USD	Software	US

*Denotes a partial exit.

Source: Preqin