

Large-Cap Deals Drive Venture Capital Investment Growth in Q2 2016

Aggregate deal value rises to \$40bn despite the number of deals falling from first quarter

The second quarter of 2016 saw 2,244 venture capital deals announced globally worth a combined \$40bn*. This represents a 9% increase in the aggregate deal value compared to the \$37bn seen Q1 2016, but a 12% decrease from the 2,541 deals seen in that period. Five deals worth \$1bn or more were announced in the quarter, pushing the average size of Q2 equity deals** to \$23mn, up from \$18mn in the opening quarter of the year. Although Q2 2016 marks an increase from the same quarter last year, which concluded \$38bn worth of deals, overall activity does not match the peak of \$43bn accumulated by venture capital deals in Q3 2015.

Despite reports that the opening quarter of the year saw a dearth of exits for venture capital-backed companies, 285 exits were announced globally worth a combined \$18bn. In Q2 2016, the number of exits was lower at 244, but the aggregate exit value increased to \$26bn. Notably, there were 29 IPOs in the quarter, with a combined exit value of just \$1.1bn. The vast majority of exit value (\$23bn) was achieved through trade sales of venture capital-backed enterprises to other companies.

Other Q2 2016 Venture Capital Deal and Exit Facts:

- **Deals by Region:** North America saw the most venture capital deal activity in Q2, with 900 deals worth a combined \$18bn. Greater China accounted for the second largest proportion of aggregate deal value, at \$17bn, and was the location of seven of the 10 largest deals in the period.
- **Deals by Industry:** The internet sector remains the most attractive industry in terms of deal flow, representing 27% of all deals. However, **for the first time in ten consecutive quarters the internet did not account for the highest proportion of aggregate deal value (21%),** with telecoms representing almost a third (31%).
- **Deals by Stage:** The average size of series D financings rose 15% from 2015 to reach \$111mn in H1 2016. Venture debt deals, meanwhile, have also been worth an average of \$111mn in the first half of the year.
- **Largest Deals:** The largest venture capital deal in the quarter was the **\$4.5bn series B financing of Ant Financial in April**, which gained investment from CCB Trust, China Development Bank Capital, China Investment Corporation, China Life Insurance Company, China Post Capital, and Primavera Capital.
- **Exits by Region:** North America accounted for the vast majority of exit activity in Q2 announcing **138 exits worth a combined \$14bn.** Europe saw 55 venture capital-backed exits worth \$11bn, but no other region generated more than \$1bn in exit value.
- **Largest Exit:** The biggest exit announced in Q2 was the **trade sale of gaming developer Supercell to Tencent for \$8.6bn.**

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

Comment:

“Venture capital deal activity saw a quarter of contrasts, with falling deal numbers and a rise in aggregate deal value. A small group of the largest venture capital-backed companies continue to raise ever-larger financing rounds, a key driver of growth especially in the Chinese venture capital industry. The region is now beginning to edge past North America as the most valuable start-up industry in the world.

The small number of venture capital-backed companies making exits may be some cause for concern, and certainly the value of IPOs in Q2 is very low compared to recent quarters. However, the total value of exits has risen, perhaps reflecting an easing of the cautious atmosphere that permeated the first quarter of 2016.”

Felice Egidio – Head of Venture Capital Products, Preqin

New York: One Grand Central Place, 60 E 42nd Street, Suite 630, New York NY 10165 Tel: +1 212 350 0100

London: 3rd Floor, Vintners' Place, 68 Upper Thames Street, London, EC4V 3BJ Tel: +44 (0)20 3207 0200

Singapore: One Finlayson Green, #11-02, Singapore, 049246 Tel: +65 6305 2200

San Francisco: One Embarcadero Center, Suite 2850, San Francisco, CA 94111 Tel: +1 415 316 0580

Hong Kong: Level 9, Central Building, 1-3 Pedder Street, Central, Hong Kong Tel: +852 3958 2819

Manila: Pascor Drive, Sto. Niño, Parañaque City, Metro Manila 1700

Web: www.preqin.com / info@preqin.com

***All data correct as at time of going to press 1st July; figures subject to upwards revision as further information becomes available.**

**** This excludes add-ons, grants, mergers, secondary stock purchases and venture debt financings.**

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.

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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

New York: One Grand Central Place, 60 E 42nd Street, Suite 630, New York NY 10165 Tel: +1 212 350 0100

London: 3rd Floor, Vintners' Place, 68 Upper Thames Street, London, EC4V 3BJ Tel: +44 (0)20 3207 0200

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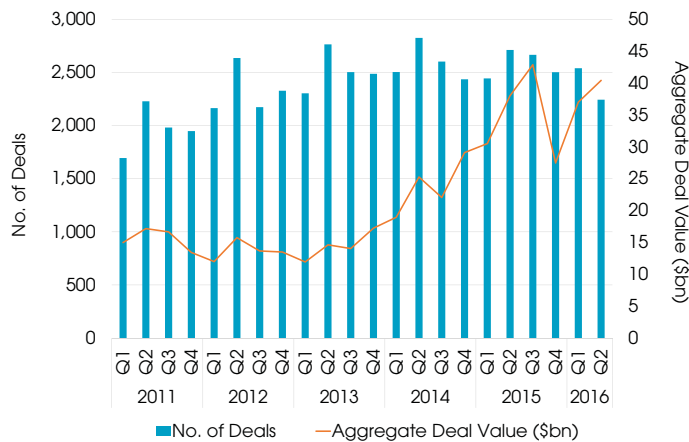
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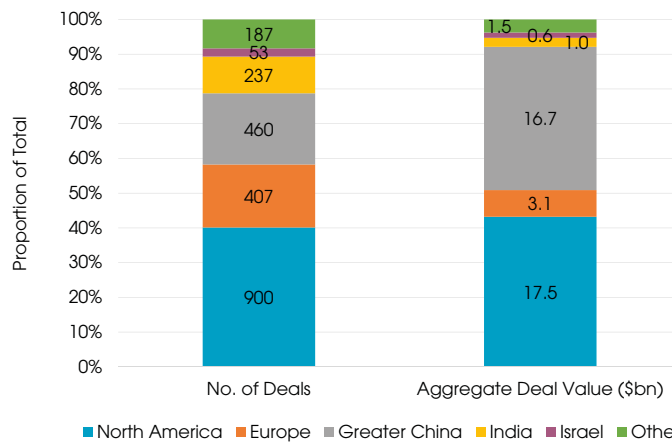


Fig. 1: Global Quarterly Venture Capital Deals*, Q1 2011 - Q2 2016



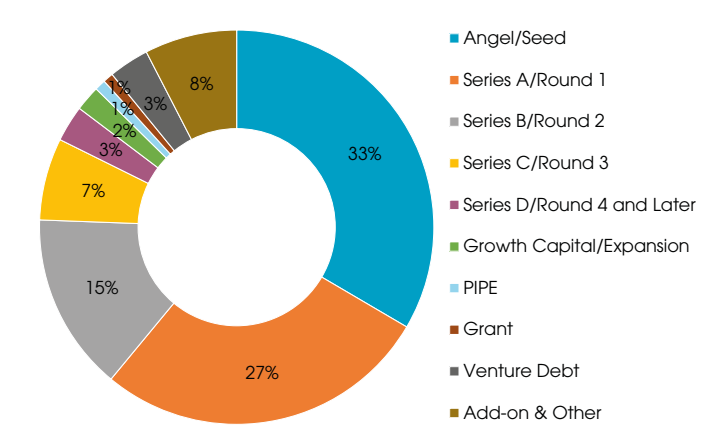
Source: Preqin Private Equity Online

Fig. 2: Venture Capital Deals* in Q2 2016 by Region



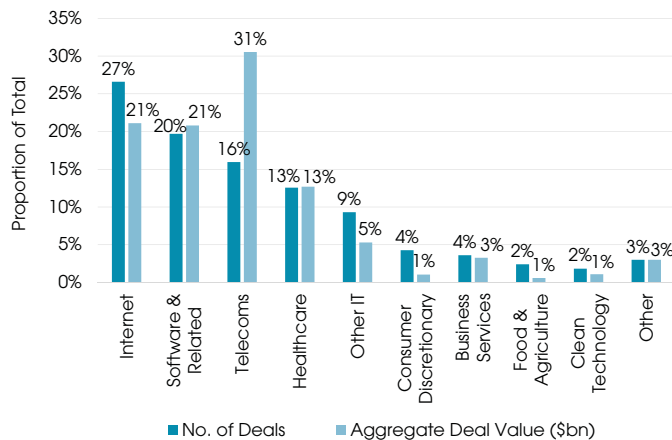
Source: Preqin Private Equity Online

Fig. 3: Number of Venture Capital Deals in Q2 2016 by Investment Stage



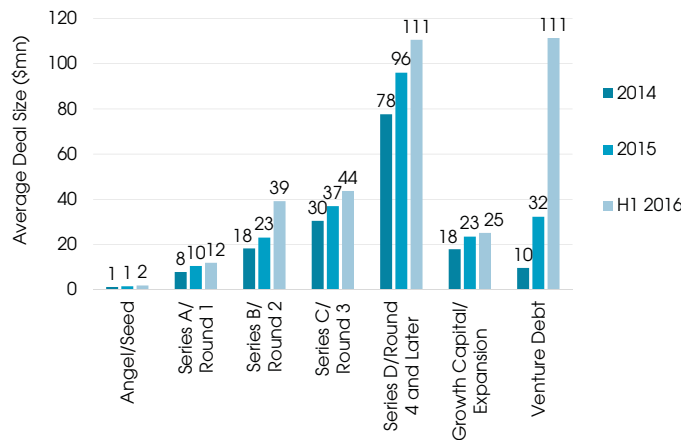
Source: Preqin Private Equity Online

Fig. 4: Venture Capital Deals* in Q2 2016 by Industry



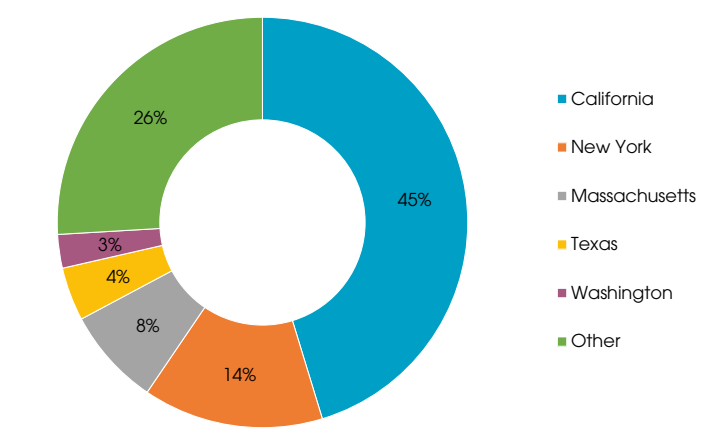
Source: Preqin Private Equity Online

Fig. 5: Average Value of Venture Capital Deals, 2014 - H1 2016



Source: Preqin Private Equity Online

Fig. 6: Number of US Venture Capital Deals* in Q2 2016 by State



Source: Preqin Private Equity Online

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Fig. 7: 10 Largest Venture Capital Deals* Announced Globally in Q2 2016

Portfolio Company	Deal Date	Investment Stage	Deal Size (mn)	Investor(s)	Industry	Location
Ant Financial	26-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	Software	China
Uber Technologies, Inc.	01-Jun-16	Series G/Round 7	3,500 USD	Public Investment Fund	Telecoms	US
Didi Chuxing**	15-Jun-16	Unspecified Round	2,800 USD	Alibaba Group, Ant Financial, BlackRock, Oppenheimer Alternative Investment Management, Softbank, Tencent	Telecoms	China
Snapchat, Inc.***	25-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
Didi Chuxing**	13-May-16	Unspecified Round	1,000 USD	Apple Inc.	Telecoms	China
Lianjia	07-Apr-16	Series B/Round 2	6,000 CNY	Baidu, China Renaissance Partners, Hillhouse Capital Management, Matrix Partners, Source Code Capital, Tencent	Internet	China
Lazada****	11-Apr-16	Unspecified Round	500 USD	Alibaba Group	Internet	Singapore
Ping An Good Doctor	20-May-16	Series A/Round 1	500 USD	IDG Capital Partners	Healthcare IT	China
Weiyang	27-Apr-16	Series C/Round 3	3,000 CNY	China Media Capital, Dalian Zeus Entertainment, Everbright Financial Holding Asset Management, iDreamSky Technology, Sino Ocean Land Holding Limited, Tencent	Internet	China
Didi Chuxing**	27-May-16	Unspecified Round	400 USD	Alibaba Group, Ant Financial	Telecoms	China

Source: Preqin Private Equity Online

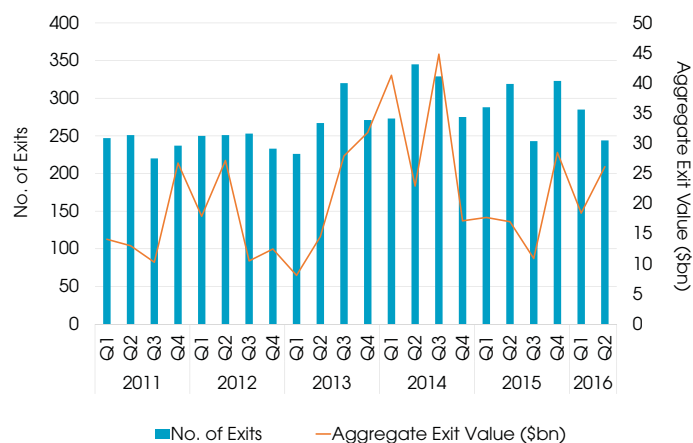
*Figures exclude add-ons, grants, mergers, venture debt & secondary stock purchases

** As part of a \$7.3bn round completed in Q2 2016 including \$2.8bn debt and \$4.5bn equity

*** As part of a \$1.8bn round started in 2015

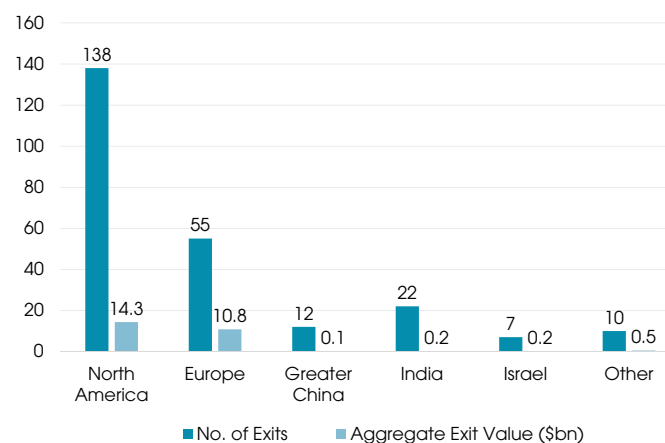
**** As part of a \$1bn round which included a \$500mn secondary stock purchase

Fig. 8: Venture Capital-Backed Exits, Q1 2011 - Q2 2016



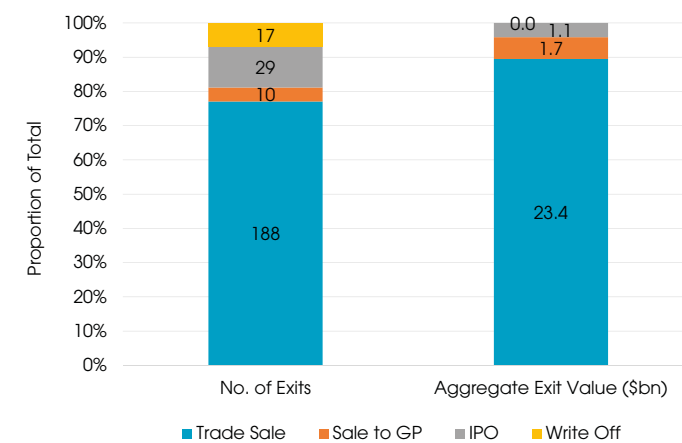
Source: Preqin Private Equity Online

Fig. 9: Venture Capital-Backed Exits in Q2 2016 by Region



Source: Preqin Private Equity Online

Fig. 10: Venture Capital-Backed Exits in Q2 2016 by Exit Type



Source: Preqin Private Equity Online

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Fig. 11: 10 Largest Venture Capital-Backed Exits Announced Globally in Q2 2016

Portfolio Company	Date of First Investment	Investor(s)	Total Known Funding (mn)	Exit Type	Exit Date	Acquiror (Exit)	Exit Value (mn)	Industry	Location
Supercell	25-May-11	Accel Partners, Atomico, Gungho Online Entertainment, Index Ventures, Institutional Venture Partners, London Venture Partners, Softbank	1,,672 USD	Trade Sale	21-Jun-16	Tencent	8,600 USD	Gaming	Finland
Stemcentrx	11-Mar-11	Artis Ventures, Capital Group, Fidelity Investments, Founders Fund, Sequoia Capital, Silicon Valley Bank	474 USD	Trade Sale	28-Apr-16	AbbVie	5,800 USD	Healthcare	US
Cvent Inc.	20-Jul-11	Greenspring Associates, Insight Venture Partners, New Enterprise Associates	137 USD	Sale to GP	18-Apr-16	Vista Equity Partners	1,650 USD	Software	US
Celator Pharmaceuticals, Inc.	28-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 USD	Trade Sale	31-May-16	Jazz Pharmaceuticals	1,500 USD	Pharmaceuticals	US
TiVo Inc.	01-Jun-97	Crosslink Capital, New Enterprise Associates, TriplePoint Capital	25 USD	Trade Sale	29-Apr-16	Rovi Corporation	1,100 USD	Media	US
O3b Networks Limited	16-Nov-09	African Development Bank, Allen & Company, Crédit Agricole, Credit Agricole Corporate and Investment Bank, Development Bank of Southern Africa, Dexia, Dexia PE, German Development Financial Institution, GV, HSBC - North America, HSBC Bank, HSBC Principal Investments, ING Bank, ING Group, Liberty Global Capital, Luxempart, North Bridge Venture Partners, Proparco, Satya Capital, SES, Sofina	2,205 USD	Trade Sale	27-May-16	SES	730 USD	IT Infrastructure	UK
Privalia Venta Directa	26-Nov-07	Cabiedes & Partners, Caixa Capital Risc, General Atlantic, Highland Capital Partners, Index Ventures, Insight Venture Partners, La Caixa Group, Nauta Capital, Sofina	274 USD	Trade Sale	13-Apr-16	Vente-Privee.com	500 EUR	Internet	Spain
Opower	01-Aug-07	Accel Partners, Kleiner Perkins Caufield & Byers, MHS Capital Partners, New Cycle Capital, New Enterprise Associates	66 USD	Trade Sale	02-May-16	Oracle Corporation	532 USD	Software	US
Afferent Pharmaceuticals, Inc.	30-Oct-09	Domain Associates, Fidelity Management & Research Company, Jennison Associates, New Leaf Venture Partners, Pappas Ventures, Partner Fund Management, Redmile Group, Tekla Capital Management, Third Rock Ventures	88 USD	Trade Sale	09-Jun-16	Merck	500 USD	Pharmaceuticals	US
Lazada	12-Nov-12	Access Industries, Alibaba Group, HV Holtzbrinck Ventures Adviser GmbH, Kinnevik, Rocket Internet, Summit Partners, Temasek Holdings, Tengelmann Group, Tesco plc, Verinvest	1,185 USD	Trade Sale	11-Apr-16	Alibaba Group	500 USD	Internet	Singapore

*Denotes partial exit

Source: Preqin Private Equity Online

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☎: +44 (0)20 3207 0265
 🌐: www.preqin.com
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