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## NEWS RELEASE

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### **Venture-backed ipo exit activity keeps momentum with best full year for new listings since 2000**

#### **Led by Biotechnology, Seventh Consecutive Quarter for 20+ Public Offerings**

**New York, New York, January 7, 2015** – Twenty-seven venture-backed initial public offerings (IPOs) raised \$4.4 billion during the fourth quarter of 2014, an 18 percent increase, by number of offerings, from the third quarter of this year and a 68 percent increase, by dollars, compared to the previous quarter, according to the Exit Poll report by Thomson Reuters and the National Venture Capital Association (NVCA). This quarter also marked the seventh consecutive quarter to see 20 or more venture-backed IPOs, levels not seen since the fourth quarter of 2000. During full year 2014, 115 venture-backed companies went public in the United States. For the fourth quarter of 2014, 95 venture-backed M&A deals were reported, 29 of which had an aggregate deal value of \$26.4 billion. Bolstered by Facebook's \$19.5 billion purchase of Whatsapp Inc, the fourth quarter of 2014 marks the second strongest quarter for venture-backed M&A, by disclosed value, since records began in 1994. With 455 acquisitions of venture-backed companies during the year, full year 2014 ranks as the strongest year for venture-backed M&A deals since 2012.

"2014 was an exceptionally strong year for the public markets, creating favorable conditions for venture-backed companies to make that long-awaited IPO. With the technology sector grabbing all the headlines, it's worth noting that for the second year in a row biotechnology companies accounted for more than half of all venture-backed IPOs," said Bobby Franklin, President & CEO of NVCA. "With the economy continuing to gain steam and the appetite for high-growth companies on the cutting edge of innovation at a high, we hope that the public markets continue to provide opportunities for the next batch of companies coming up through the venture pipeline."



| Quarter/Year | Total M&A Deals | M&A Deals with Disclosed Values | *Total Disclosed M&A Value (\$M) | *Average M&A Deal Size (\$M) | **Number of IPO's | Total Offer Amount (\$M) | Average IPO Offer Amount (\$M) |
|--------------|-----------------|---------------------------------|----------------------------------|------------------------------|-------------------|--------------------------|--------------------------------|
| <b>2009</b>  | <b>361</b>      | <b>109</b>                      | <b>12,364.9</b>                  | <b>113.4</b>                 | <b>13</b>         | <b>1,979.8</b>           | <b>152.3</b>                   |
| 2010-1       | 149             | 36                              | 4,945.1                          | 137.4                        | 8                 | 921.9                    | 115.2                          |
| 2010-2       | 109             | 31                              | 2,687.6                          | 86.7                         | 18                | 1,548.4                  | 86.0                           |
| 2010-3       | 142             | 36                              | 4,140.9                          | 115.0                        | 16                | 1,852.6                  | 115.8                          |
| 2010-4       | 145             | 48                              | 5,939.8                          | 123.7                        | 24                | 3,086.6                  | 128.6                          |
| <b>2010</b>  | <b>545</b>      | <b>151</b>                      | <b>17,713.5</b>                  | <b>117.3</b>                 | <b>66</b>         | <b>7,409.5</b>           | <b>112.3</b>                   |
| 2011-1       | 138             | 51                              | 5,966.8                          | 117.0                        | 14                | 1,526.9                  | 109.1                          |
| 2011-2       | 96              | 37                              | 6,202.3                          | 167.6                        | 20                | 5,635.1                  | 281.8                          |
| 2011-3       | 142             | 43                              | 6,934.5                          | 161.3                        | 5                 | 475.9                    | 95.2                           |
| 2011-4       | 124             | 38                              | 4,989.6                          | 131.3                        | 11                | 2,803.2                  | 254.8                          |
| <b>2011</b>  | <b>500</b>      | <b>169</b>                      | <b>24,093.2</b>                  | <b>142.6</b>                 | <b>50</b>         | <b>10,441.1</b>          | <b>208.8</b>                   |
| 2012-1       | 114             | 28                              | 3,671.0                          | 131.1                        | 19                | 1,682.8                  | 88.6                           |
| 2012-2       | 124             | 34                              | 6,304.4                          | 185.4                        | 12                | 17,227.9                 | 1,435.7                        |
| 2012-3       | 123             | 38                              | 8,687.6                          | 228.6                        | 10                | 1,140.7                  | 114.1                          |
| 2012-4       | 129             | 32                              | 4,031.1                          | 126.0                        | 8                 | 1,408.4                  | 176.1                          |
| <b>2012</b>  | <b>490</b>      | <b>132</b>                      | <b>22,694.2</b>                  | <b>171.9</b>                 | <b>49</b>         | <b>21,459.9</b>          | <b>438.0</b>                   |
| 2013-1       | 86              | 11                              | 1,019.3                          | 92.7                         | 8                 | 716.9                    | 89.6                           |
| 2013-2       | 98              | 20                              | 4,371.3                          | 218.6                        | 22                | 2,249.9                  | 102.3                          |
| 2013-3       | 116             | 30                              | 4,856.7                          | 161.9                        | 27                | 2,781.4                  | 103.0                          |
| 2013-4       | 93              | 34                              | 6,662.5                          | 196.0                        | 24                | 5,320.1                  | 221.7                          |
| <b>2013</b>  | <b>393</b>      | <b>95</b>                       | <b>16,909.8</b>                  | <b>178.0</b>                 | <b>81</b>         | <b>11,068.2</b>          | <b>136.6</b>                   |
| 2014-1       | 113             | 31                              | 7,620.0                          | 245.8                        | 37                | 3,404.5                  | 92.0                           |
| 2014-2       | 114             | 37                              | 3,467.5                          | 93.7                         | 28                | 4,938.9                  | 176.4                          |
| 2014-3       | 133             | 35                              | 8,575.2                          | 245.0                        | 23                | 2,592.2                  | 112.7                          |
| 2014-4       | 95              | 29                              | 26,361.5                         | 909.0                        | 27                | 4,363.5                  | 161.6                          |
| <b>2014</b>  | <b>455</b>      | <b>132</b>                      | <b>46,024.1</b>                  | <b>348.7</b>                 | <b>115</b>        | <b>15,299.1</b>          | <b>133.0</b>                   |

Source: Thomson Reuters & National Venture Capital Association

\* Only accounts for deals with disclosed values

\*\*Includes all companies with at least one U.S. VC investor that trade on U.S. exchanges, regardless of domicile



**IPO Activity Overview**

There were 27 venture-backed IPOs valued at \$4.4 billion in the fourth quarter of 2014. By number of deals, quarterly volume increased 17 percent from the third quarter of the year and registered a 68 percent increase, by dollars, compared to the previous quarter. Venture-backed listings raised \$15.3 billion during full year 2014, a 38 percent increase compared to full year 2013 and strongest annual period, by dollars, since 2012.

Led by the biotechnology sector, 16 of the 27 offerings during the quarter were life sciences IPOs representing 59 percent of total listings in the fourth quarter. With 59 biotechnology offerings during full year 2014, this marks the strongest annual period for US-listed venture-backed offerings in the sector since records began in 1994.

By location, 23 of the quarter's 27 IPOs were from U.S.-based companies. Two offerings came from China-based companies during the fourth quarter including Beijing Momo Technology Co (MOMO) which raised \$216.0 million on the NASDAQ stock exchange on December 10<sup>th</sup>, the largest non-US offering of the quarter.

In the largest IPO of the quarter, LendingClub Corp (LC), a San Francisco, California-based online marketplace connecting borrowers and investors, raised \$1.0 billion and began trading on the New York Stock Exchange on December 10<sup>th</sup>. The company is currently trading 58 percent above its \$15 offering price.

|                        |                                | Q4 2014                                     |  |
|------------------------|--------------------------------|---|--|
| Industry               |                                | *Number of Venture-Backed IPO's in the U.S. | Total Venture-Backed Offering Size (\$M) |
| Information Technology | Internet Specific              | 5   | 1,771.1                                  |
|                        | Computer Software and Services | 4   | 575.6                                    |
|                        | Computer Hardware              | 1   | 75.0                                     |
|                        | <b>Total</b>                   | <b>10</b>                                   | <b>2,421.7</b>                           |
| Life Sciences          | Biotechnology                  | 11  | 1,234.4                                  |
|                        | Medical/Health                 | 5   | 477.4                                    |
| <b>Total</b>           | <b>Total</b>                   | <b>16</b>                                   | <b>1,711.8</b>                           |
| Non-High Technology    | Other Products                 | 1   | 230.0                                    |
|                        | <b>Total</b>                   | <b>1</b>                                    | <b>230.0</b>                             |
| <b>TOTAL</b>           |                                | <b>27</b>                                   | <b>4,363.5</b>                           |

**Source: Thomson Reuters & National Venture Capital Association**

\*Includes all companies with at least one U.S. VC investor that trade on U.S. exchanges, regardless of domicile

Eighteen companies listed on the NASDAQ stock exchange during the quarter, nine companies listed on the New York Stock Exchange. Just over three-quarters of the 115 venture-backed IPOs during full year 2014 listed on NASDAQ, the highest percentage since full year 2007.



Twenty of the 27 companies brought to market this quarter are currently trading at or above their offering price. There are 52 venture-backed companies currently filed publicly for IPO with the SEC. This figure does not include confidential registrations filed under the JOBS Act, where many observers believe the majority of venture-backed companies now file.

**Mergers and Acquisitions Overview**

As of December 31<sup>st</sup>, 95 venture-backed M&A deals were reported for the fourth quarter of 2014, 29 of which had an aggregate deal value of \$26.4 billion, the strongest quarter by disclosed deal value since the second quarter of 2000. Excluding Facebook’s record-breaking \$19.5 billion acquisition of Whatsapp Inc, full year 2014 disclosed M&A deal size totaled \$26.5 billion, a 57 percent increase compared to full year 2013 and the strongest annual period for US venture-backed M&A exits since 2007.

The information technology sector led the venture-backed M&A landscape with 80 of the 95 deals of the quarter and had a disclosed total dollar value of \$23.7 billion. Within this sector, Computer Software and Services and Internet Specific deals accounted for the bulk of the targets with 45 and 24 transactions, respectively, across these sector subsets.

|                        |                                | Q4 2014                            |   |   |
|------------------------|--------------------------------|------------------------------------|---|---|
| Industry               |                                | Number of Venture-Backed M&A deals | Number of Venture-Backed M&A deals with a disclosed value | Total Disclosed Venture-Backed Deal Value (\$M) |
| Information Technology | Computer Software and Services | 45                                 | 7   | 20,701.0  |
|                        | Internet Specific              | 24                                 | 6   | 2,275.0   |
|                        | Communications and Media       | 4                                  | 3   | 185.9   |
|                        | Semiconductors/Other Elect.    | 4                                  | 3   | 480.0   |
|                        | Computer Hardware              | 3                                  | 1   | 10.0  |
|                        | <b>Information Technology</b>  |                                    | <b>80</b>   | <b>20</b>                                       |
| Life Sciences          | Biotechnology                  | 7                                  | 5   | 2,408.9   |
|                        | Medical/Health                 | 3                                  | 2   | 260.1   |
|                        | <b>Life Sciences</b>           | <b>3</b>                           | <b>2</b>  | <b>260.1</b>                                    |
| Non-High Technology    | Industrial/Energy              | 3                                  | 1   | 3.0   |
|                        | Other Products                 | 2                                  | 1   | 37.7  |
|                        | <b>Non-High Technology</b>     | <b>2</b>                           | <b>1</b>  | <b>37.7</b>                                     |
| <b>TOTAL</b>           |                                | <b>85</b>                          | <b>23</b>   | <b>23,949.7</b>                                 |

Source: Thomson Reuters & National Venture Capital Association



The largest venture-backed M&A transaction during the fourth quarter was Facebook’s \$19.5 billion purchase of Whatsapp Inc which, combined with its \$1.9 billion acquisition of Oculus VR Inc in July, marked the company’s second multi-billion dollar deal completed this year. Johnson & Johnson’s \$1.8 billion acquisition of South San Francisco, California-based Alios BioPharma ranked as the second largest venture-backed M&A deal during the quarter.

Deals bringing in the top returns, those with disclosed values greater than four times the venture investment, accounted for 62 percent of the total disclosed transactions during the fourth quarter of 2014, significantly higher than the 47 percent seen during the third quarter of the year. Venture-backed M&A deals returning less than the amount invested accounted for 19 percent of the quarterly total.

| Relationship between transaction value and investment                | Q4 14 M&A** |
|--|-------------|
| Deals where transaction value is less than total venture investment  | 5           |
| Deals where transaction value is 1-4x total venture investment       | 6           |
| Deals where transaction value is 4x-10x total venture investment     | 11          |
| Deals where transaction value is greater than 10x venture investment | 7           |
| <b>Total Disclosed Deals</b>   | <b>29</b>   |

Source: Thomson Reuters & National Venture Capital Association

\*\* Disclosed deals that do not have a disclosed total investment amount are not included

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