Media Release

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# 2017 global venture capital investment hits decade high of US$155 billion following a strong Q4: KPMG *Venture Pulse*

*Q4'17 saw the third strongest quarter of VC investment of the decade, despite plummeting deal volume.*

*Q4'17 saw Asia registering a 6-quarter high of VC investment reaching $15.6 billion, contributed by two $4 billion mega-deals and strong corporate VC participation*

*Singapore closed 2017 with VCs investing $205 million in Q4, bringing full-year investment to $1.2 billion across 112 deals. In Q4'17, the exit value of investment hit $984.4 million.*

**SINGAPORE, 18 January 2018 -** The final quarter of 2017 saw US$46 billion[1] in venture capital (VC) investment globally, propelling the VC market to a new annual high of $155 billion of investment according to the Q4'17 edition of *Venture Pulse* – a quarterly report on global VC trends published by KPMG Enterprise.

While VC investment was up dramatically, the VC market saw a continued decline in the volume of deals – with just 2,662 global VC deals in Q4'17, the lowest quarter of deal volume since Q4'11.

The decline in deal volume only emphasised the increasing importance of mega-deals in the health of the global VC market. Q4'17 saw a record six $1 billion+ mega-deals, including $4 billion funding rounds to China-based companies Didi-Chuxing and online retail services provider Meituan-Dianping. Automotive-focused companies were big winners this quarter, with ride hailing company Lyft, and electric car manufacturers Nio and Faraday Future joining Didi-Chuxing in raising $1 billion+ rounds.

Companies in China raised the largest deals this quarter, however, the Americas continued to see the largest amount of quarterly investment, with $24.5 billion raised across 1,858 deals. The US accounted for $23.75 billion of the Americas' total. Meanwhile, Asia saw $15.6 billion in VC investment, while Europe saw a new quarterly high of $5.7 billion in investment.

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[1] *All dollar values cited are US$

**Key Q4'17 highlights**

- Global VC investment rose from $40.8 billion in Q3'17 to $46 billion in Q4'17, a solid increase buoyed by six $1 billion+ mega-deals globally and numerous $100 million+ deals in all major markets.
- Artificial intelligence and machine learning saw a massive $4.1 billion in investment in Q4'17, compared to $3.1 billion in Q3'17.
- Corporate participation in global VC deals reached a record high of 18.7 percent in Q4'17, with $26.5 billion invested in associated deals – the second highest quarter of Corporate Venture Capital (CVC) ever.
- Companies in China and the US dominated the quarter's list of top 10 deals, with each country accounting for five of the largest deals.
- Singapore closed 17 deals in Q4'17. Deals this quarter totalled $205 million, a 39.6 percent increase from Q3'17. Compared to Q4'16, capital invested in Q4'17 surged 57.2 percent year-over-year.
- Q4'17 exits reached $984.4 million, the highest valuation seen since 2Q'16 ($1 billion).
- 2 VC-led funds closed and raised $440 million in Q4'17, reaching a 4-quarter high in 2017.

**Key 2017 annual highlights**

- Global median deal size rose for every deal stage in 2017, with the median deal size of angel and seed deals rising to $1 million from $800,000, early stage deals rising to $5 million from $3.7 million, and later stage deals rising to $10.8 million from $9.5 million.
- Pharmaceuticals and biotechnology saw a massive year-over-year increase in VC investment, from $12.2 billion in 2016 to $16.6 billion in 2017.
- VC investment in artificial intelligence and machine learning doubled from $6 billion in 2016 to $12 billion in 2017.
- Global first-time VC financing fell for the third straight year – to $13 billion across 3,813 deals.
- Singapore closed 2017 with $1.2 billion invested across 112 deals. Q2'17 remains the strongest performing quarter, with $724.3 million invested across 33 deals. The tech sector still produces quite a few peaks in VC investments. Barring Q4'17's lower volume, Singapore had maintained historically healthy tallies by and large.

- Singapore: in 2017, there were 8 exits. Exit value of investments reached $1.6 billion while 7 funds raised a total of $732.9 million.

"Global venture capital investment surged, powered by mega funding rounds in Asia and new quarterly investment highs in the US and Europe," said Chia Tek Yew, Head of Financial Services Advisory, KPMG in Singapore. "Globally, investors continued to plow money into late stage rounds as part of a broader trend for the year that saw 70 percent of VC investment concentrated in rounds of $25 million or more. For Singapore, although deal volumes in Q4'17 have declined by 41.4 percent from the previous quarter, the capital committed by VCs in this quarter has swung up by 39.6 percent quarter-on-quarter to $205 million, and up 57.2% year-over-year. Overall, VC investment for 2017 hit $1.2 billion, with exits reaching $1.6 billion, reflecting strong investment appetite and good return-on-investments that continue to fuel the growth of the Singapore ecosystem."

***Regional highlights***

**Asia-based VC investment increases slightly while deals fall**

Asia-based VC investment reached an annual high of more than $48 billion in 2017, propelled by 3 $1 billion+ deals in China during Q4'17, including $1 billion to electric car company Nio in addition to the $4 billion raised by Didi Chuxing and Meituan-Dianping. Q4'17 saw a strong increase over the previous quarter, with $15.6 billion invested. CVC participation in Asia reached a whopping 32.2 percent in Q4'17 – a new high by a significant margin. CVC-affiliated investment was the third-highest quarter on record at $12.5 billion.

China dominated the Asian VC market during the quarter, accounting for $13.9 billion in investment during Q4'17. India saw a quarter-over-quarter drop to $523 million, however, 2017 as a whole was reasonably robust in the country with seven $100 million mega-deals over the course of the year.

**Record level of VC investment in Americas led by US deals**

VC investment in the Americas reached a record high of $24.5 billion in Q4'17, with the US accounting for the vast majority of investment: $23.75 billion. The US saw a strong increase in mega-deals, led by three $1 billion+ deals – to Lyft ($1.5 billion), Grail Biotechnology ($1.2 billion) and Faraday Future ($1 billion). The last three quarters of 2017 were particularly strong in the US, with more than $20 billion raised each quarter. Investment with CVC participation in the US reached $11 billion during Q4'17, in the country's second highest quarter of CVC funding.

In the Americas more broadly, VC investment in Canada was down quarter-over-quarter, yet annual investment total remained positive, reaching the second highest level of VC investment ever. After a multi-year quarterly low in Q3’17, Brazil saw a massive increase in investment with $233 million raised including $82 million raised by Movile.

**Europe sets quarterly and annual records of VC investment**

Q4’17 saw a new high of VC investment in Europe, with $5.7 billion raised across 535 deals. This high helped propel the region to a new annual high of $19.1 billion for 2017, compared to the previous record of $18.7 billion in 2015. Growing deal sizes in Europe were readily apparent this quarter, with 10 $100 million+ mega-deals, including $482 million to Deliveroo, $336 million to Truphone and $280 million to TransferWise. The UK accounted for the majority of Europe’s largest deals: Switzerland-based ADC Therapeutics ($200 million); Sweden-based Bima ($107 million) and Germany-based CureVac ($100 million) represented the only non-UK based companies in the region’s biggest deals in Q4’17. France showed the strength of its rapidly growing innovation ecosystem, with median deal size doubling year-over-year – from $1.3 million in 2016 to $2.6 million in 2017.

**The VC future looks bright in 2018**

Looking ahead to Q1’18 and beyond, there are many positive signs that the global VC market will continue to be strong in terms of investment, although the declining number of deals could create some challenges down the road.

VC fundraising could see an uptick in 2018 as VC firms globally look to create larger global funds than they have in the past in order to compete with the $100 billion Softbank Vision Fund.

Areas like healthtech, biotech and autotech are expected to continue to grow at a rapid pace, while artificial intelligence across industries will likely help drive significant investment rounds. Newer areas like foodtech and agtech are also expected to gain traction heading into 2018.

“Globally and in Singapore, we can expect to see cross-industry solutions being a key focus of VC investors heading into the next few quarters,” said Mr Chia. “The applicability of innovative technologies, whether AI and machine learning or blockchain, to different sectors will likely keep investors focused and investment high regardless of any pauses among specific industries. The tech sector will also continue to take a lion's share of overall investments.

"Additionally, more private and seed / Series A corporate VC funds are on the rise in Singapore and many are now ready to make their bets. Along with VCs that are regrouping to focus on Series B to D deals, we can expect deal activity in Singapore to remain robust in 2018. Late-stage transactions will also continue, with investors placing larger but safer bets on companies with proven business models and the strongest path to profitability. Looking ahead, Singapore companies are also likely to be more aggressive in seeking earlier and larger rounds of funding from the local, US, China and overseas markets. All these developments will continue to drive global and local VC investment and momentum to the next level."

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Note to editors

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In the ASEAN region, KPMG member firms operate across all 10 countries. Our industry focus helps KPMG firms' professionals develop a rich understanding of clients' businesses and the insight, skills and resources required to address industry-specific issues and opportunities.

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