

MoneyTree™ Report

Q1 2015 results

IL Report

VC investment up 34% compared to the parallel quarter last year

Some \$311 million invested in VC-backed hi-tech companies in the first quarter of 2015

Up from \$232 million in the corresponding quarter

*The PwC Israel
MoneyTree™ Report for the
first quarter of 2015*

Tel Aviv, Israel -- June 30, 2015 -- Venture capital-backed hi-tech companies (in which at least one investor in a funding round is a venture capital fund) raised \$311 million in Israel during the first quarter of 2015, up from \$232 million in the corresponding quarter last year and a 28% decrease from \$433 million in the previous quarter, according to the latest PwC Israel MoneyTree™ Report.

The report also indicates that 31 Israeli high-tech companies raised VC funding in the first quarter of 2015, compared to 40 in the preceding quarter and 38 in the corresponding quarter of last year. The average investment per company in the quarter under review was \$10 million, down from \$10.8 million in the preceding quarter and up from \$6.1 million in the corresponding quarter of last year.

During the current quarter, \$260 million, 84% of the total quarterly investment, was invested in 13 deals of over \$10M, compared with \$330 million (76%) invested in 10 deals in the previous quarter and \$121 million (52%) in 7 deals in the first quarter of 2014.

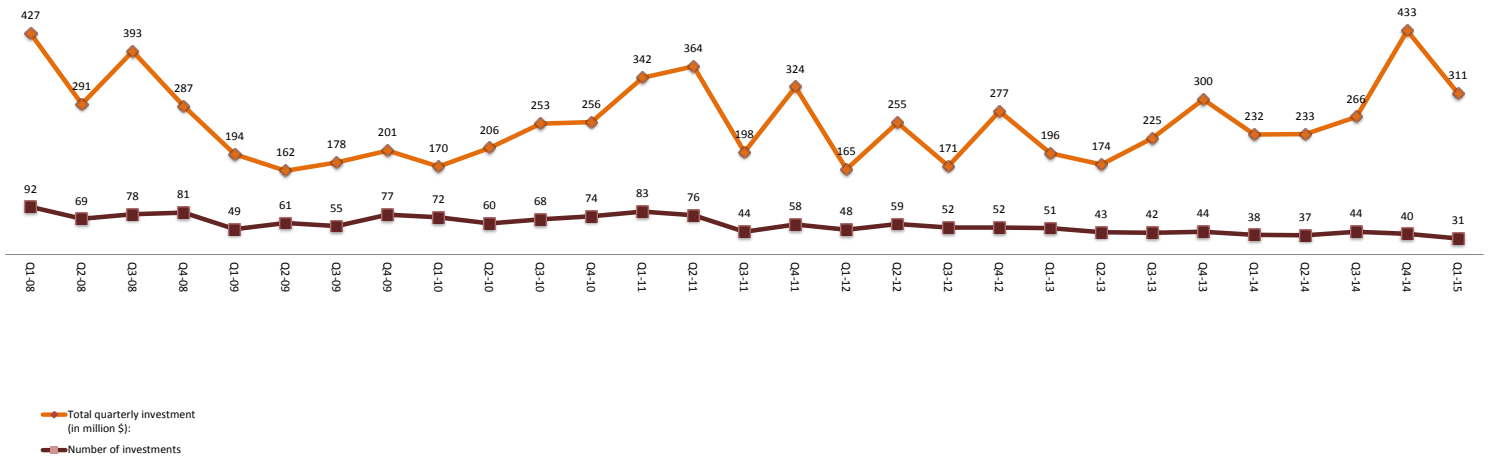


Rubi Suliman, PwC
Israel's high-tech
practice leader

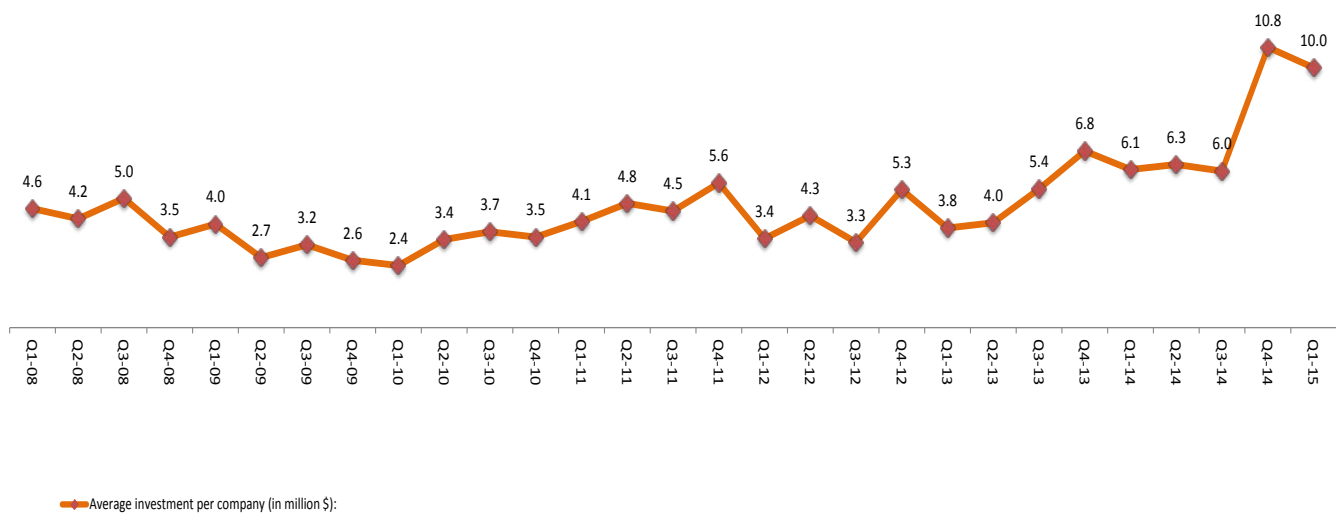
Rubi Suliman, Partner, co-leader of PwC Israel's high-tech practice, *One of the most noticeable data in this report is the fact that 84% of the money invested goes to rounds of \$10m or more. This directly continues Q4 2014 in which 76% was invested in over-\$10M rounds. That result is a bulge in average investment per company in those two quarters.*

Those data are very characteristic of markets with very high liquidity levels, which allow growing companies to have much more significant capital rounds than previously and the preference of large funds to make more significant investment rounds in those companies in attempt to create unicorns. While it is clear that different times dictate different investment strategies, it seems that this strategy is in fact a return to the way in which venture capital funds.

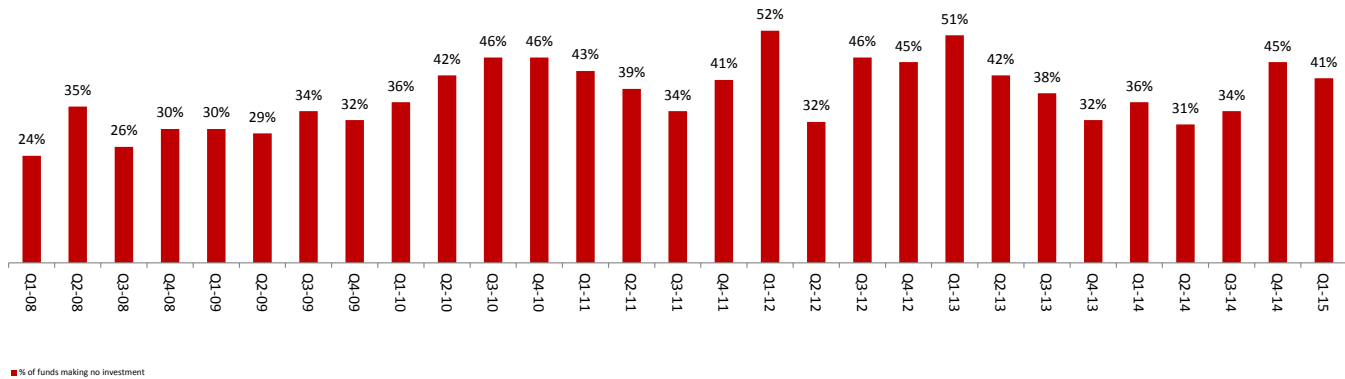
Total annual investment 2008 - 2015 (in millions \$)



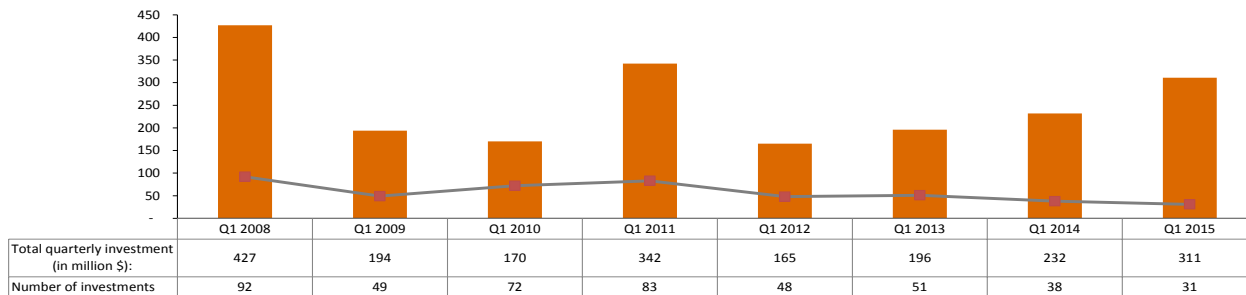
Average investment per company (in millions \$)



% of funds making no investment



Investments made during corresponding quarter (in millions \$)



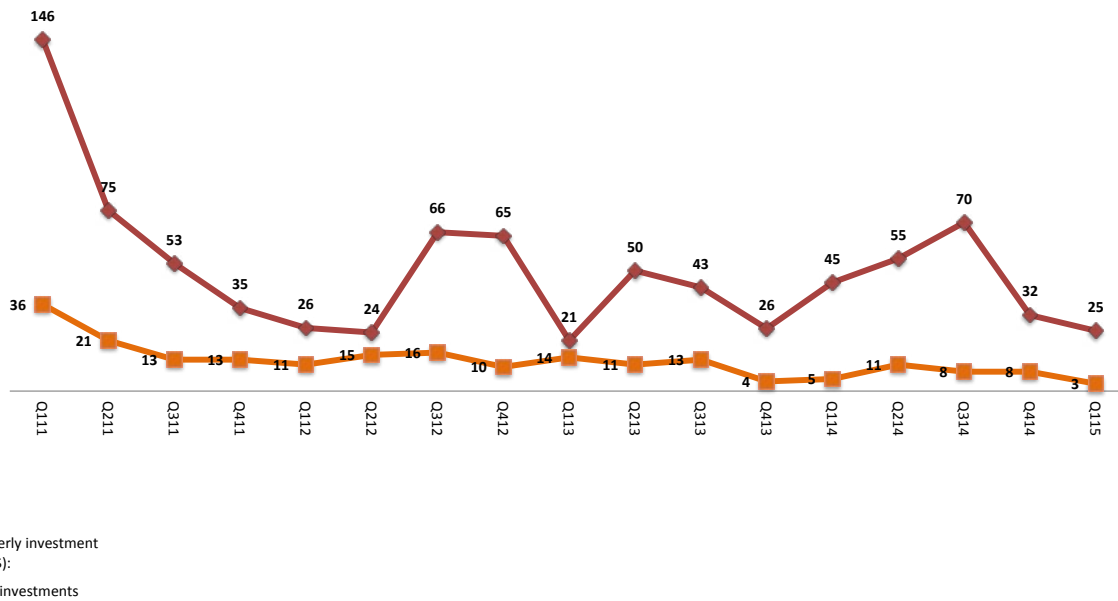
Analysis by Geographic Location of Company Registration

In addition to investment in high-tech companies with operations in Israel, local venture capital funds also invested approximately \$80 million in 2 overseas high-tech companies that are not engaged in operations in Israel.

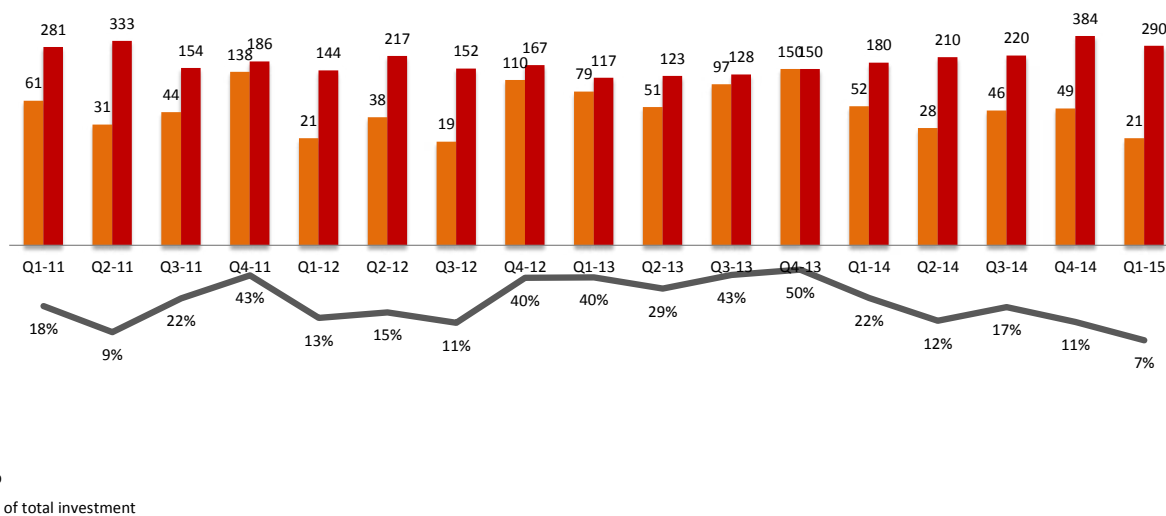
Companies Receiving Grants from the Office of the Israel Chief Scientist

3 companies, representing 7% of all companies raising VC capital in the first quarter of 2015, are supported by the Office of the Israel Chief Scientist. Some \$25 million (8%) of total investment funds went to these companies.

Companies Receiving Grants from the office of the Israel Chief Scientist 2011-2015 (in millions \$)

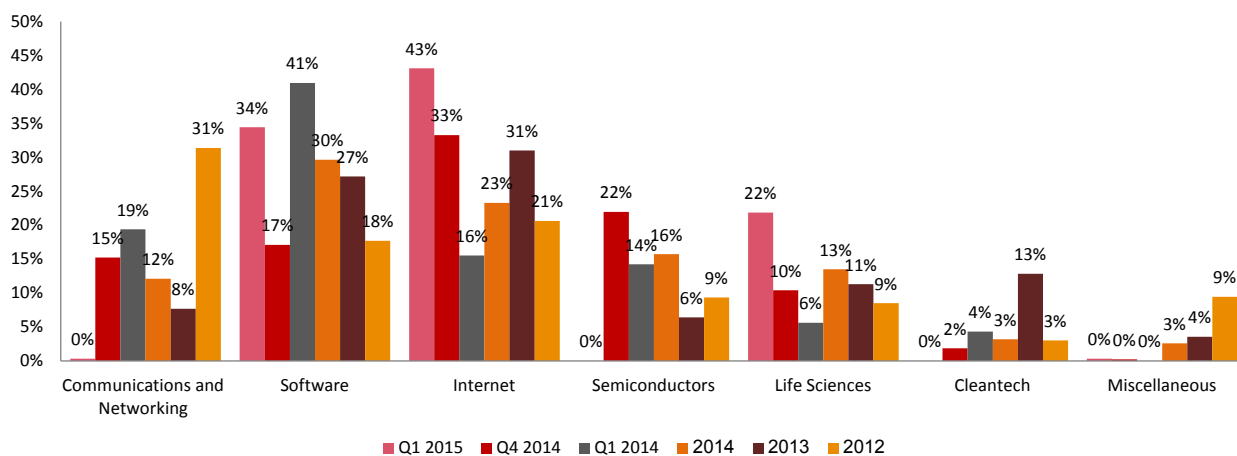


Investments made during corresponding quarters:



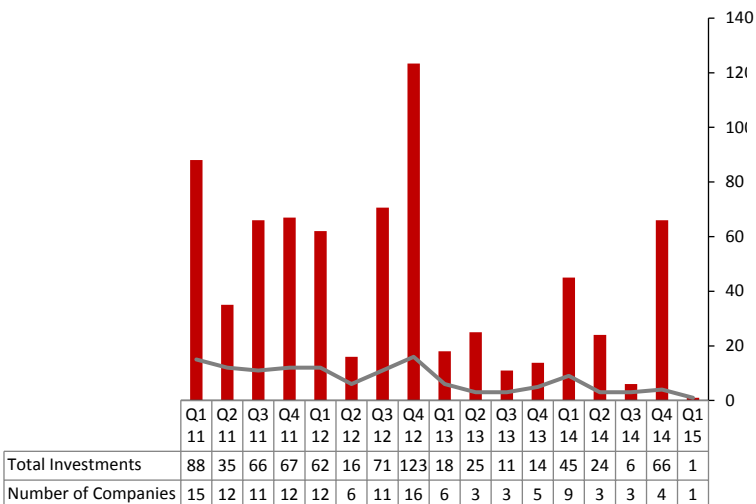
Analysis by Leading Technological Sector

Total annual Investment by sector 2011 - 2015 (% of total \$ invested)



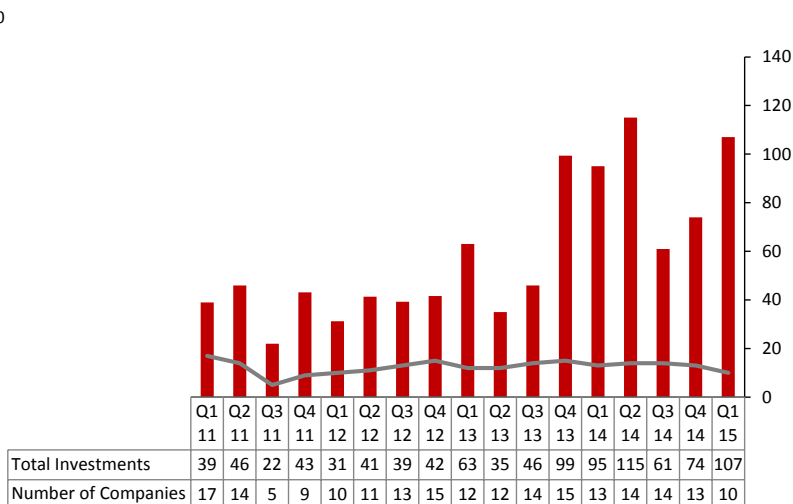
Communications and Networking sector

Number of Companies and Total Quarterly investments 2011- 2015 (in millions \$)



Software sector

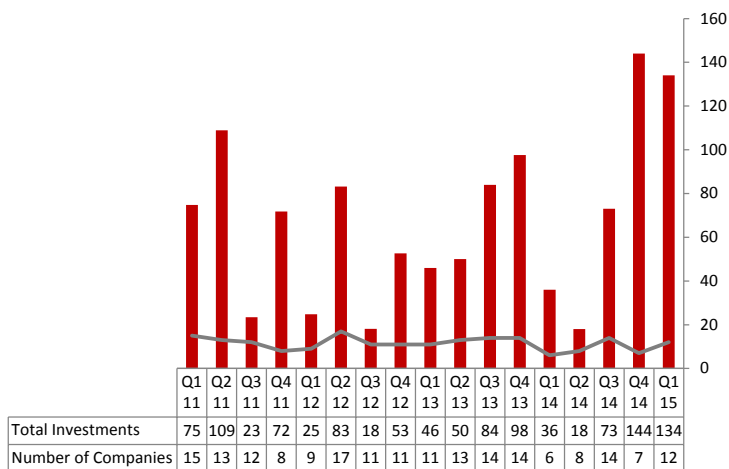
Number of Companies and Total Quarterly investments 2011- 2014 (in millions \$)



Analysis by Leading Technological Sector

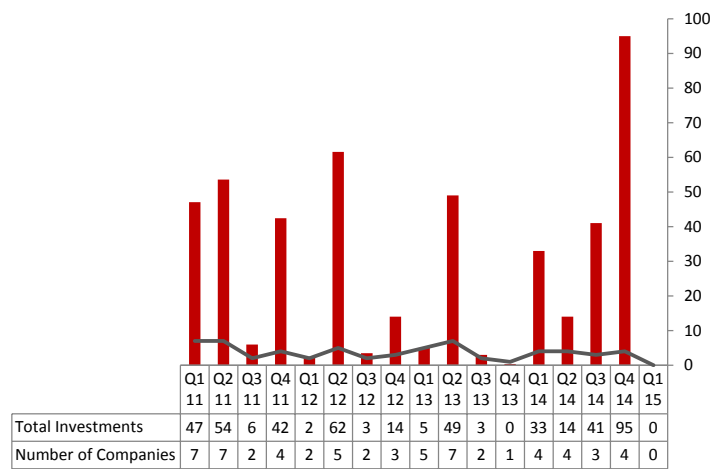
Internet Sector

Number of Companies and Total Quarterly investments
2011- 2015 (in millions \$)



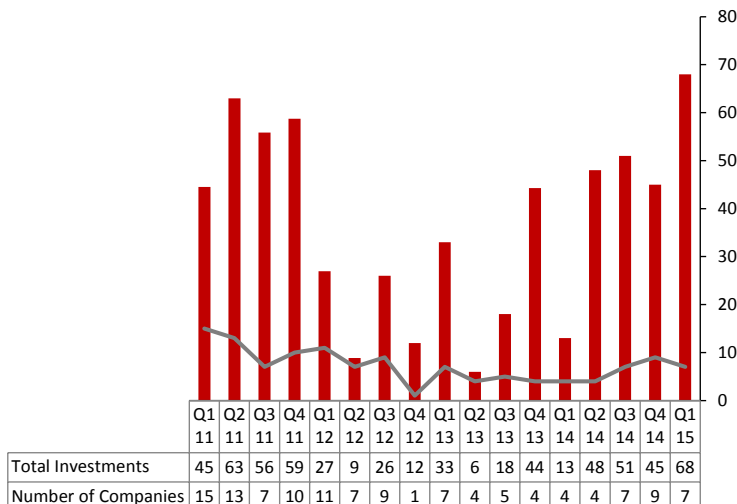
Semiconductors Sector

Number of Companies and Total Quarterly investments
2011- 2015 (in millions \$)



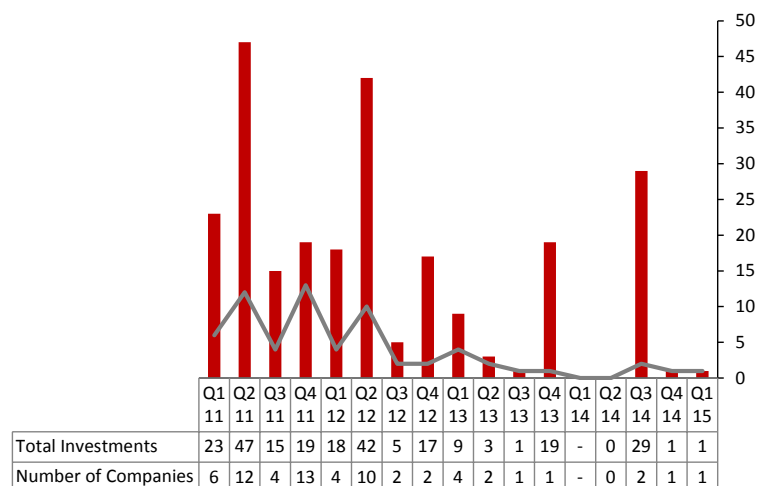
Life Sciences Sector

Number of Companies and Total Quarterly investments
2011- 2015 (in millions \$)



Miscellaneous Sector

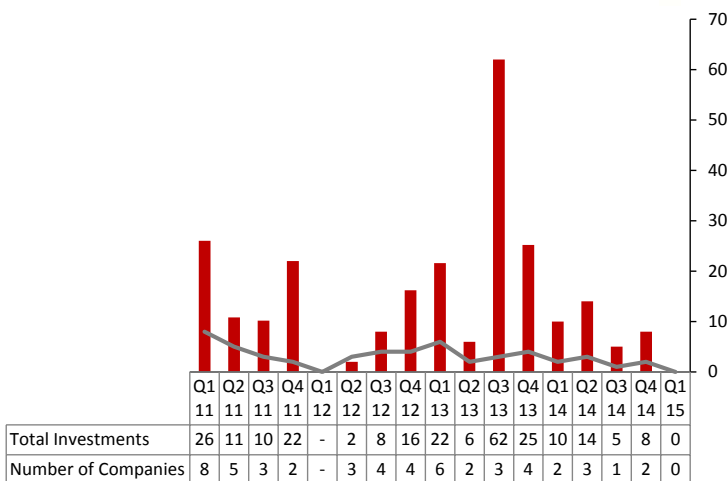
Number of Companies and Total Quarterly investments
2011- 2015 (in millions \$)



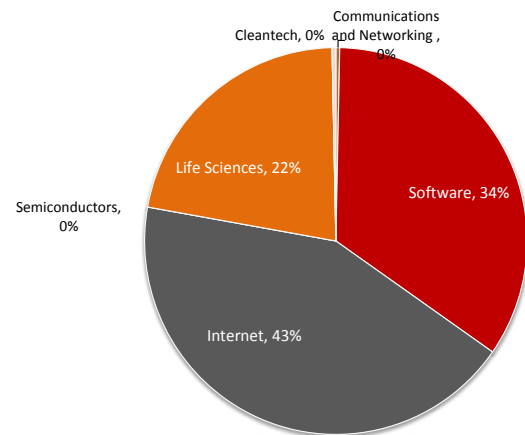
Analysis by Leading Technological Sector

Cleantech sector

Number of Companies and Total Quarterly investments 2011- 2015 (in millions \$)

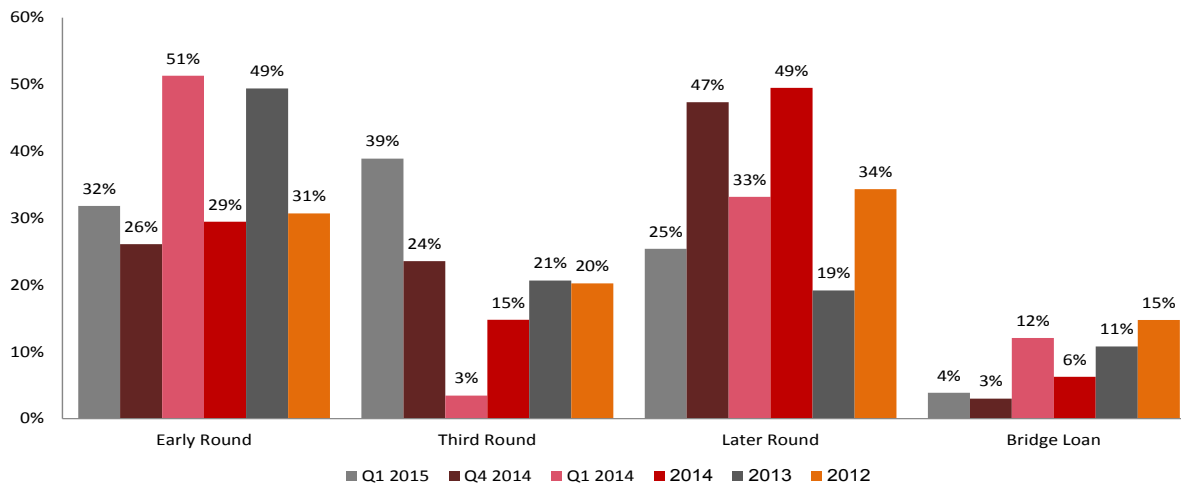


Total Investment by sector



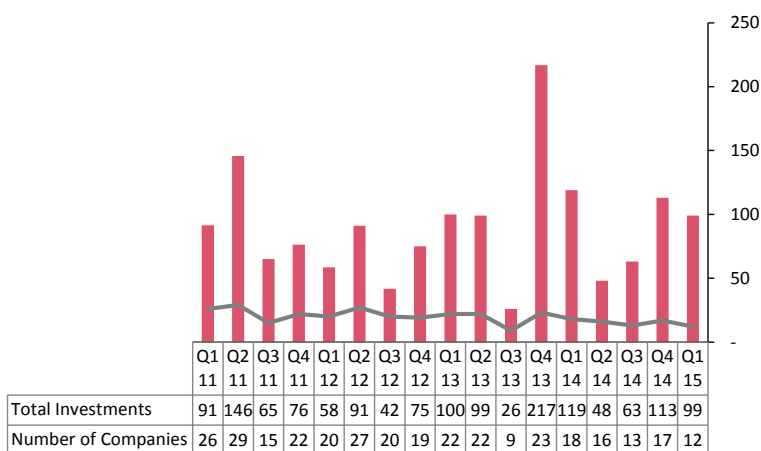
Analysis by Investment Round

Total annual Investment by Investment Round
2011 - 2015 (% of total \$ invested)



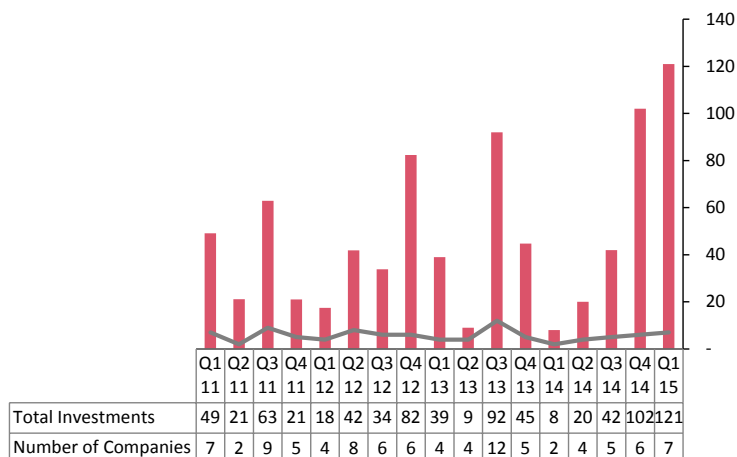
Early round

Number of Companies and total quarterly investments
2011- 2015 (in millions \$)



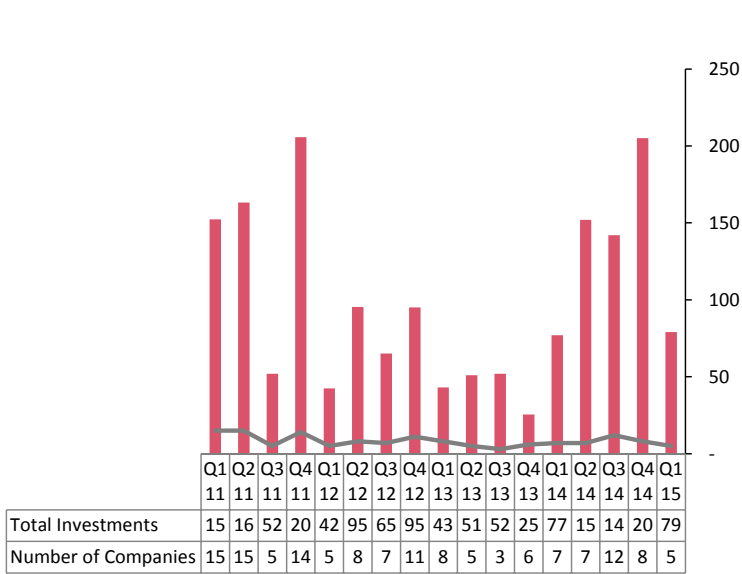
Third round

Number of Companies and total quarterly investments
2011- 2015 (in millions \$)



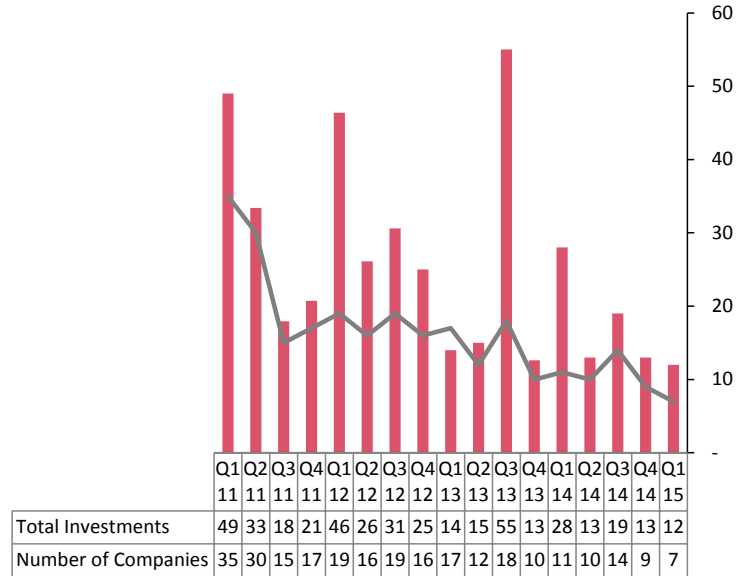
Later Round

Number of Companies and total quarterly investments 2011- 2015 (in millions \$)

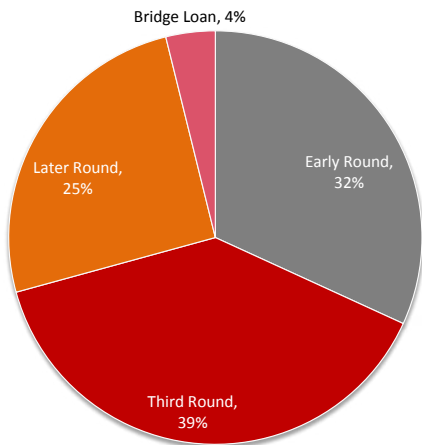


Bridge Loan

Number of Companies and total quarterly investments 2011- 2015 (in millions \$)

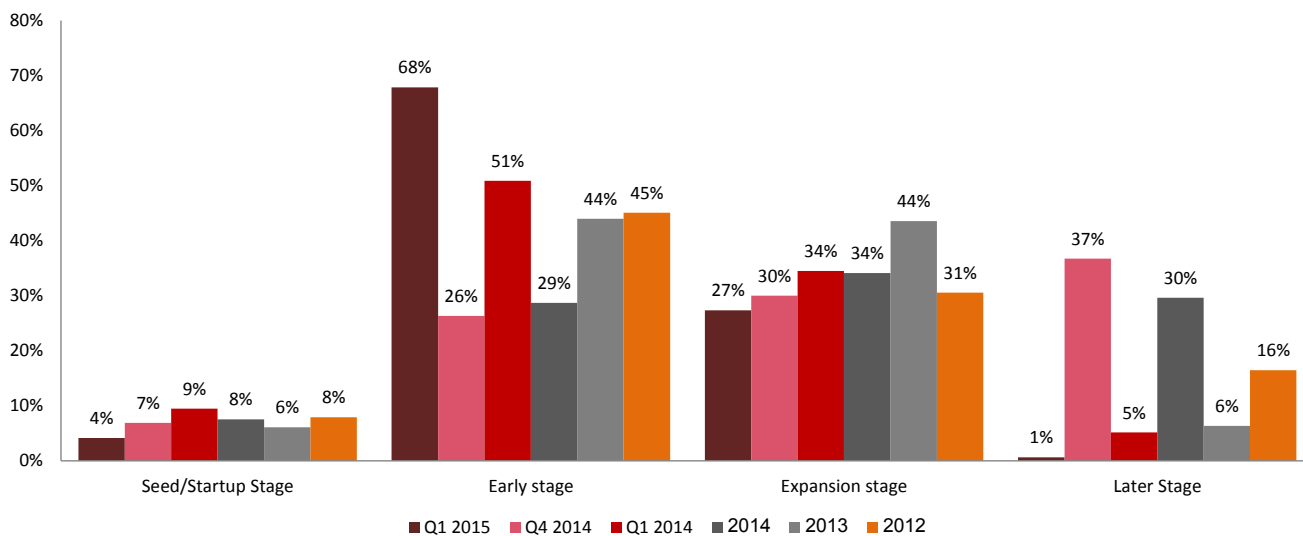


Total Investment by Investment Round



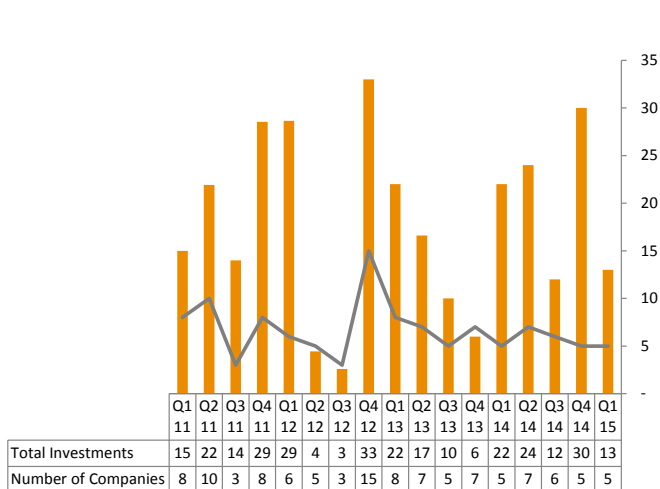
Analysis by Company Development Stage

Total annual Investment by Development Stage
2011 - 2015 (% of total \$ invested)



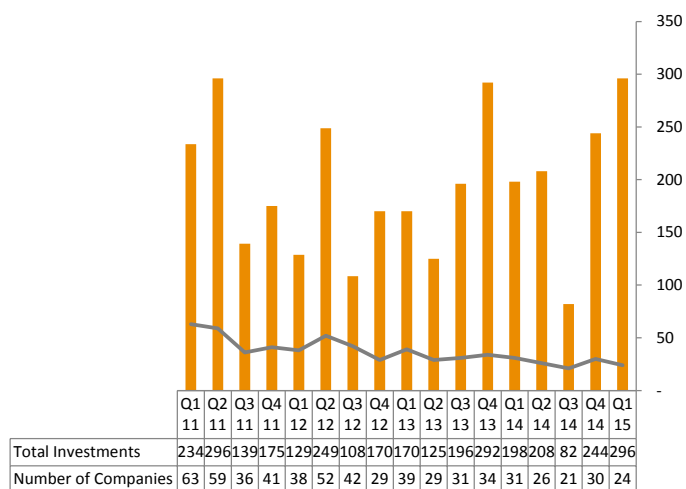
Seed Stage

Number of Companies and total quarterly investments
2011- 2015 (in millions \$)



Intermediate stage

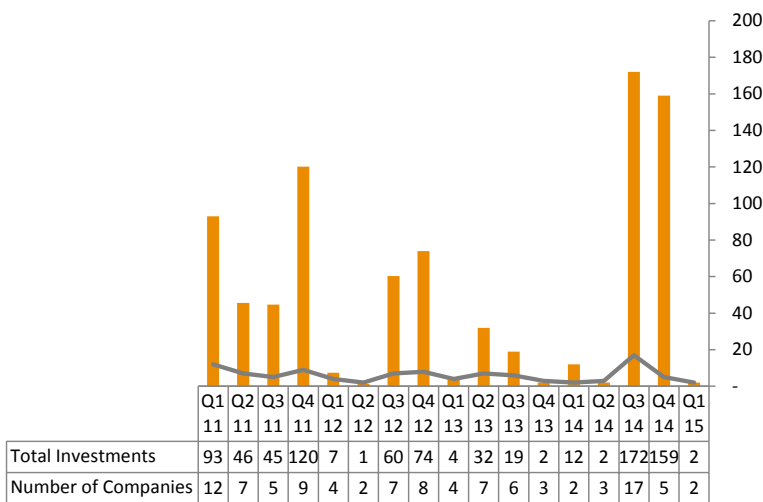
Number of Companies and total quarterly investments
2011- 2015 (in millions \$)



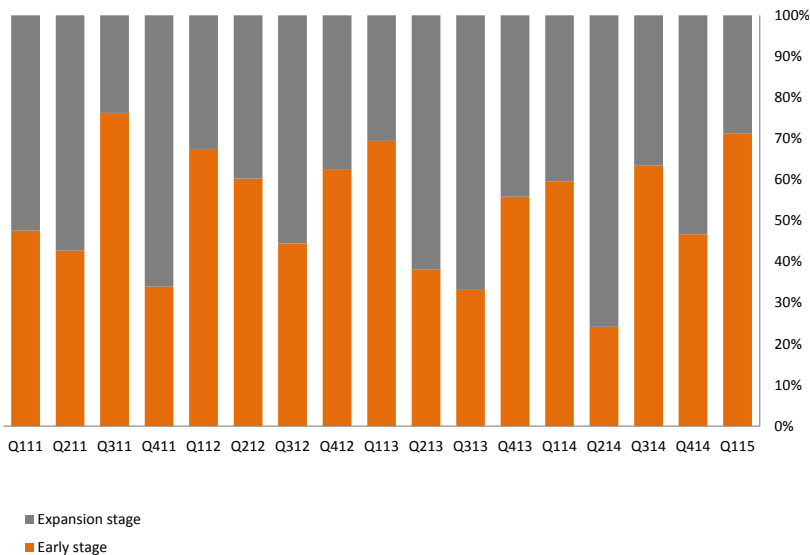
Analysis by Company Development Stage

Later Stage

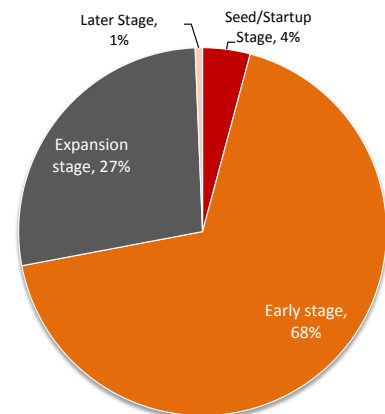
Number of Companies and total quarterly investments
2011- 2015 (in millions \$)



Split of the Intermediate stage between early and expansion stage



Total Investment by company development stage



The MoneyTreeTM Report is published quarterly by Kesselman & Kesselman PwC Israel, in conjunction with the reports published in the United States and Europe by the global accounting, tax and consulting firm, PricewaterhouseCoopers. This quarter, 33 venture capital firms participated in the production of the Report. The findings of the Report are widely used each quarter by Israeli and foreign venture capital funds, commercial banks, investment banks and other financial institutions both in Israel and abroad, high-tech companies, government departments, the Office of the Chief Scientist and others.

The MoneyTreeTM Report measures investments by the professional venture capital community in private emerging hi-tech companies in Israel. The information presented in the MoneyTree report includes investment rounds in Israeli hi-tech companies or Israeli related (companies that are incorporated outside of Israel, but were founded by Israeli founders with R&D subsidiary in Israel), with at least one VC participating in the financing round. The VC's that are included are all Israeli VC's or foreign VC's that have at least one partner in Israel. The information is mostly reported to us by the VC's and other reliable sources and is verified prior to its inclusion in the report.

For further information

Rubi Suliman

Partner, Hi-tech leader, PwC Israel
Office: +972-37954780
Email: rubi.suliman@il.pwc.com

Rotem Geslevich

Head of Hi Tech Business Development ,PwC Israel
Office: 03-7955092
Email: rotem.geslevich@il.pwc.com

Tamar Yaron-Moldovan

Manager, Hi Tech Business Development,PwC Israel
Office: 03-7954572
Email: tamar.yaron-moldovan@il.pwc.com

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