

# MoneyTree™ Report

## Q 1 2013 results

IL Report

### **Venture Capital Investments Plunge**

Some \$ 196 million VC financing invested in hi-tech companies in Q1 2013 compared with \$ 277 million (-29%) in previous quarter

*The PwC Israel  
MoneyTree™ Report for the  
first quarter of 2013*

Tel Aviv, Israel - May 19, 2013 - Venture capital-backed tech companies (in which at least one investor in a funding round is a venture capital fund) raised \$196 million in Israel during the first quarter of 2013, down with 29% from \$277 million in the previous quarter and a 19% increase from \$165 million in the corresponding quarter last year, according to the latest PwC Israel MoneyTree™ Report.

The report also indicates that 51 Israeli high-tech companies raised VC funding in the first quarter of 2013, compared to 52 in the preceding quarter and 48 in the corresponding quarter of last year. The average investment per company in the quarter under review was \$3.6 million, down from \$5.3 million in the preceding quarter and \$3.4 million in the corresponding quarter of last year.

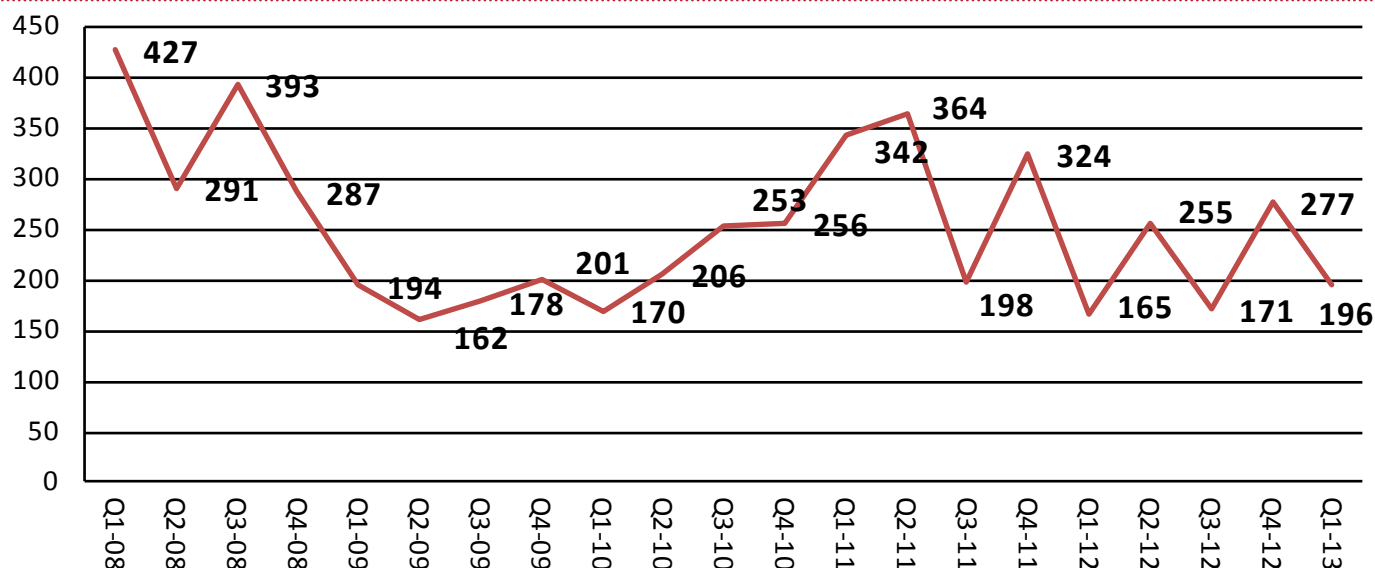
During the current quarter, \$128 million were invested in 9 deals of over \$10 million, compared with \$191 million invested in 12 deals in the previous quarter and \$70.5 million in 5 deals in Q1 of 2012.



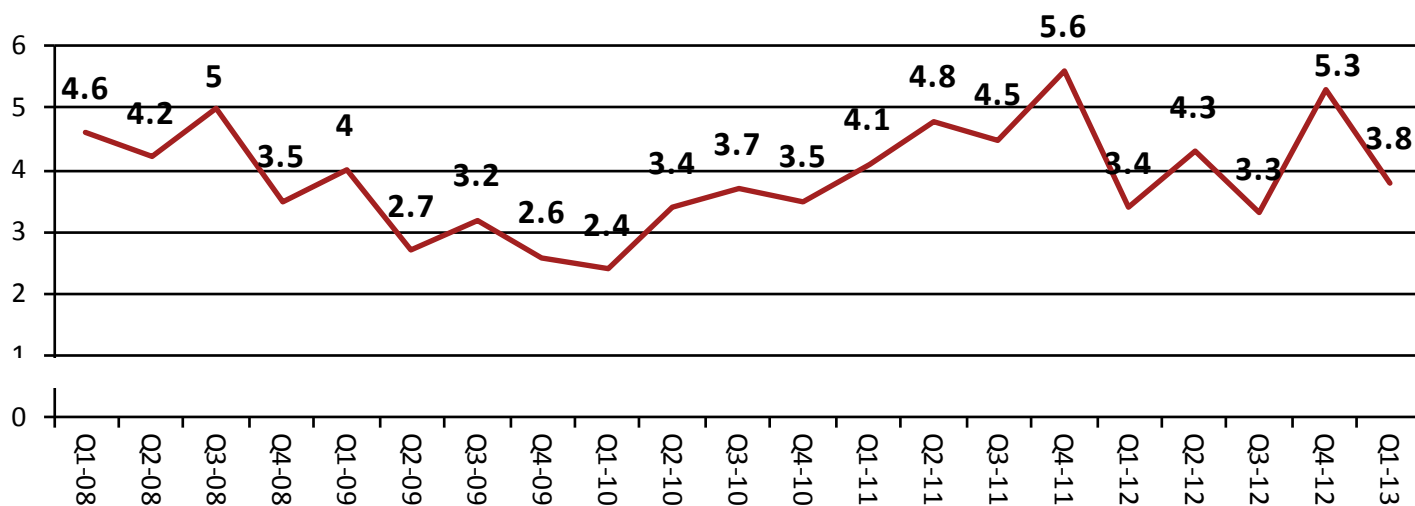
Rubi Suliman, PwC  
Israel's high-tech  
practice leader

**Rubi Suliman, PwC Israel's high-tech practice leader** pointed out that, "we witnessed a relatively lower VC investment levels in companies during Q1 2013. This is also the trend in the US, where VC investment levels this quarter reached a two-year low. As we see a more prominent presence in the marketplace of other investment players such as angels, private funds, incubators, and accelerators, increasingly more companies raise investments early on from non-VC sources. This leads to a situation where early, small investments are available to companies, allowing many new startups. In later, more significant raising rounds, those companies face difficulties and limited options in the Israeli market, driving increasingly more startups to seek funding overseas".

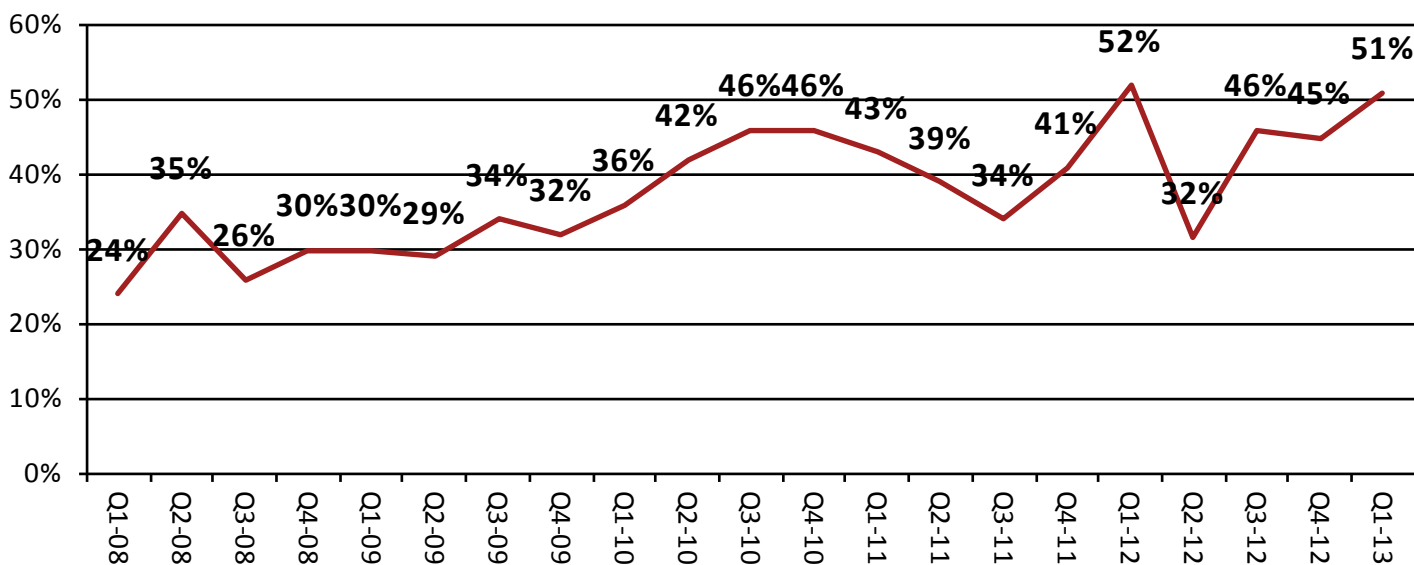
#### Total annual investment 2008- Q1 2013 (in million \$)



#### Average investment per company (in millions \$)



#### Percentage of funds making no investment



#### Analysis by Geographic Location of Company Registration

Besides the \$196 million VC investments in Israeli companies, 12 additional investments in foreign companies were reported to us totaling \$180 million. Most of these investments were made in companies in the USA.

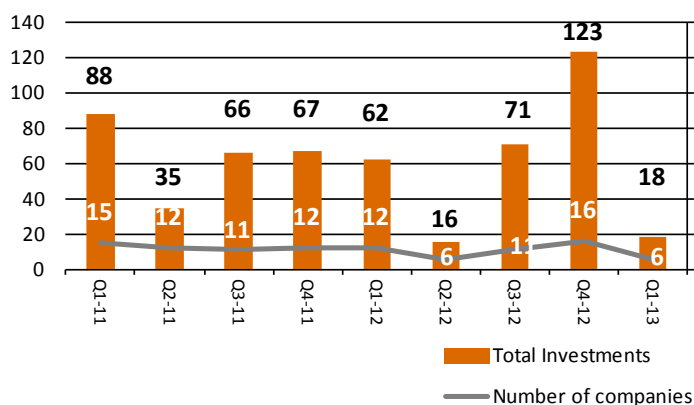
#### Companies Receiving Grants from the Office of the Israel Chief Scientist

14 companies, representing 27% of all companies raising VC capital in the first Quarter of 2013, are supported by the Office of the Israel Chief Scientist. Some 21\$ million of total investment funds went to these companies.

## Analysis by Leading Technological Sector

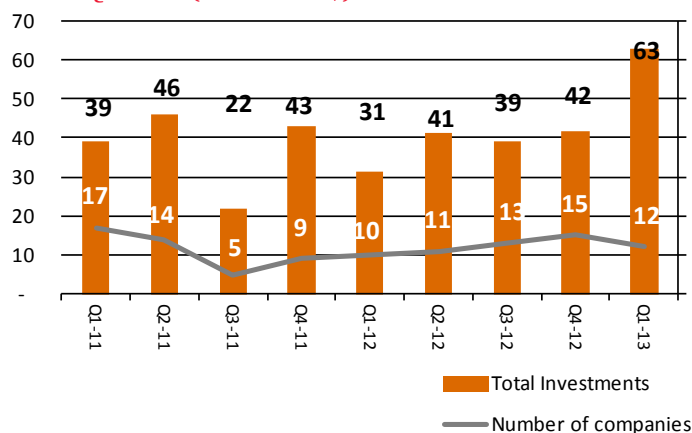
### Communications and Networking sector

Number of Companies and Total Quarterly investments  
2011- Q1 2013 (in millions \$)



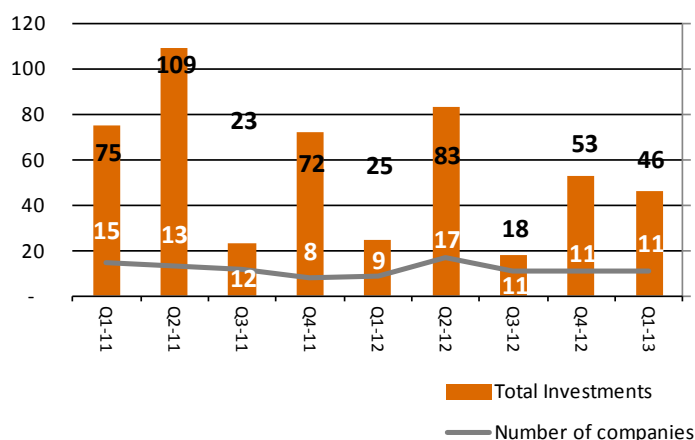
### Software sector

Number of Companies and Total Quarterly investments  
2011- Q1 2013 (in millions \$)



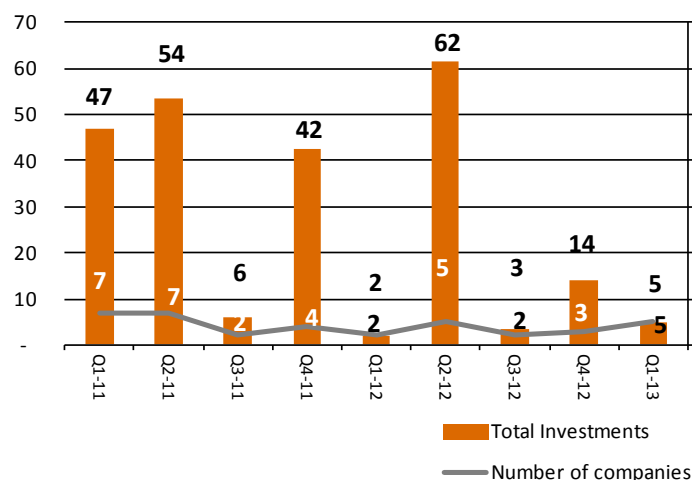
### Internet Sector

Number of Companies and Total Quarterly investments  
2011- Q1 2013 (in millions \$)



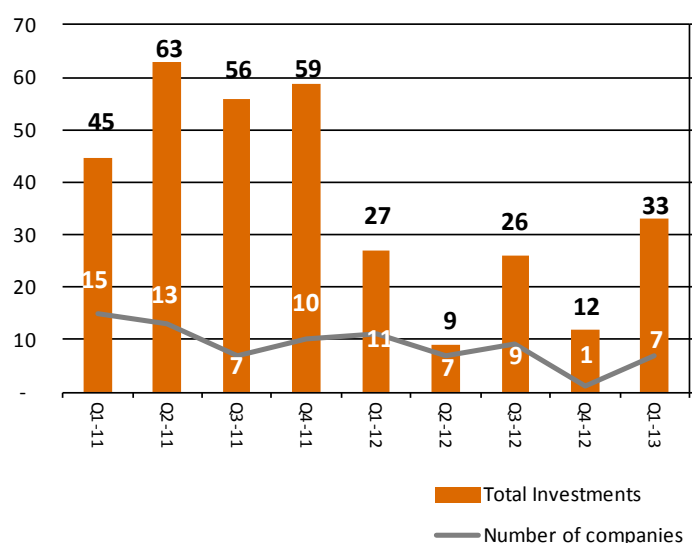
### Semiconductors Sector

Number of Companies and Total Quarterly investments  
2011- Q1 2013 (in millions \$)



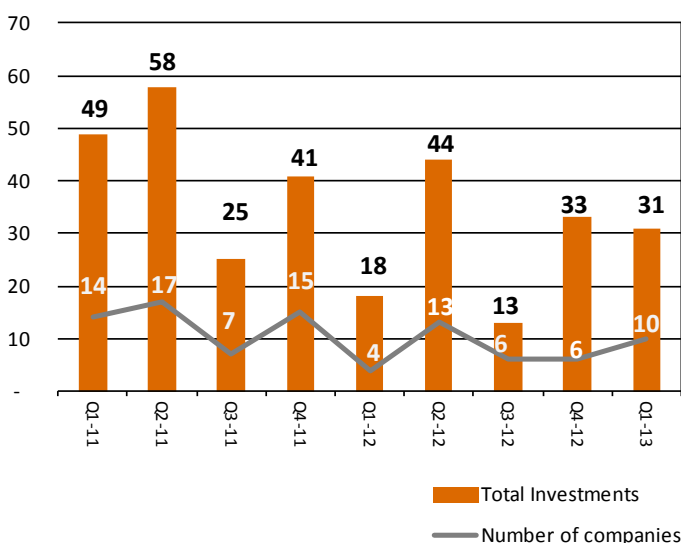
### Life Sciences Sector

Number of Companies and Total Quarterly investments  
2011- Q1 2013 (in millions \$)



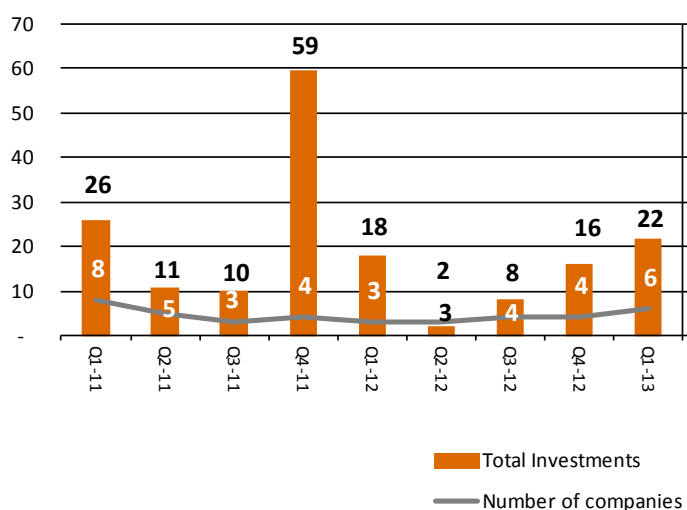
### Miscellaneous Sector

Number of Companies and Total Quarterly investments  
2011- Q1 2013 (in millions \$)

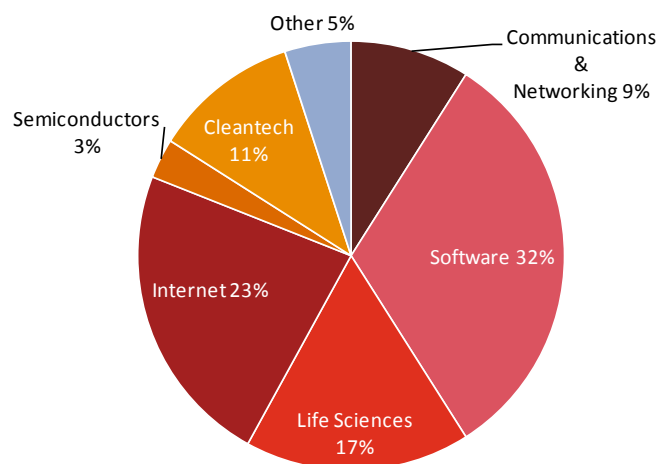


### Cleantech sector (Cross sectoral)

Number of Companies and Total Quarterly investments  
2011- Q1 2013 (in millions \$)



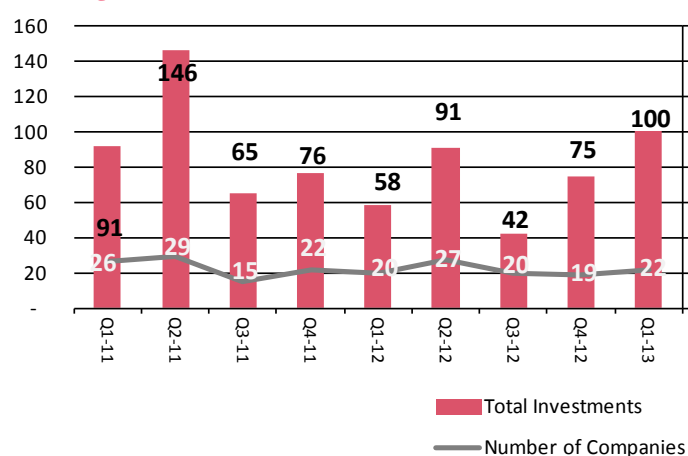
### Total investment by sectors – first quarter 2013



## Analysis by Investment Round

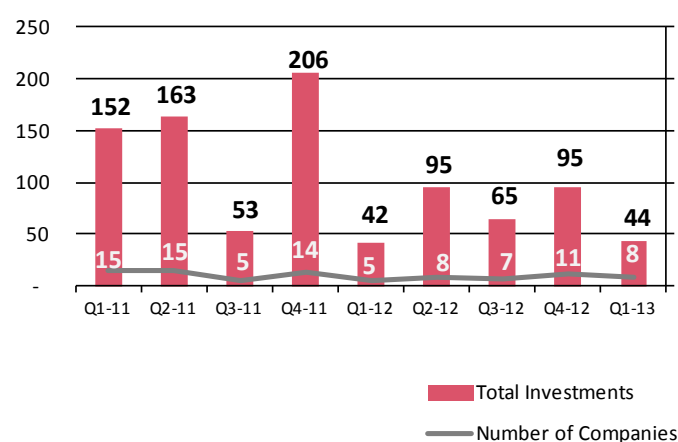
### Early round

Number of Companies and total quarterly investments  
2011- Q1 2013 (in millions \$)



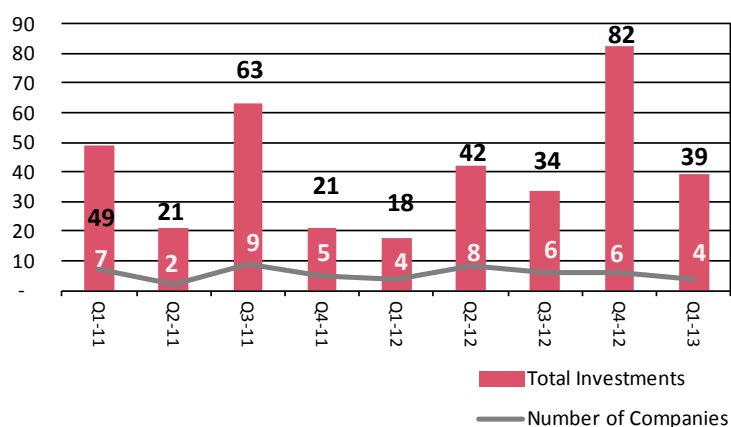
### Later Round

Number of Companies and total quarterly investments  
2011- Q1 2013 (in millions \$)



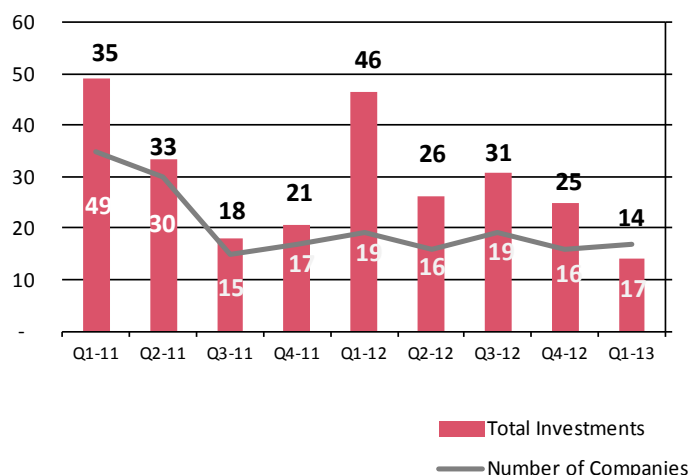
### Third round

Number of Companies and total quarterly investments  
2011- Q1 2013 (in millions \$)



### Bridge Loan

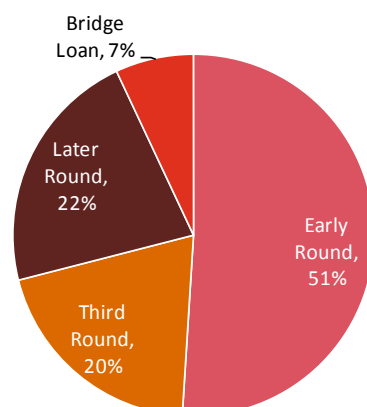
Number of Companies and total quarterly investments  
2011- Q1 2013 (in millions \$)







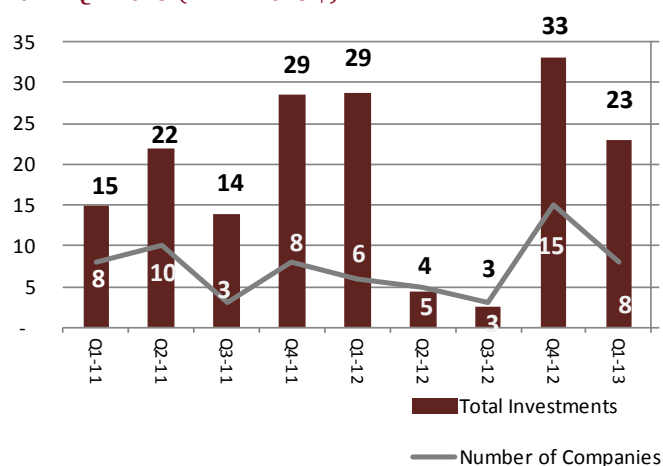
*Total investment by investment round*



## Analysis by Company Development Stage

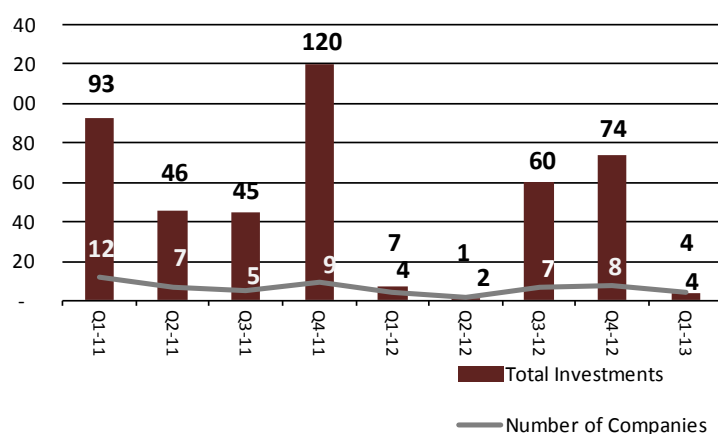
### Seed/Start Up Stage

Number of Companies and total quarterly investments  
 2011- Q1 2013 (in millions \$)



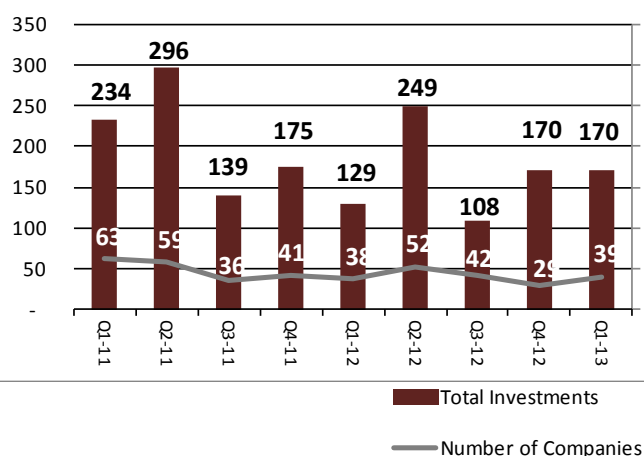
### Later Stage

Number of Companies and total quarterly investments  
 2011- Q1 2013 (in millions \$)



### Intermediate stage

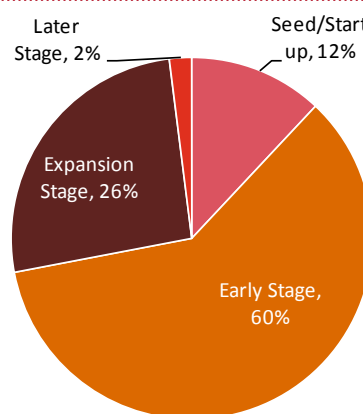
Number of Companies and total quarterly investments  
 2011- Q1 2013 (in millions \$)



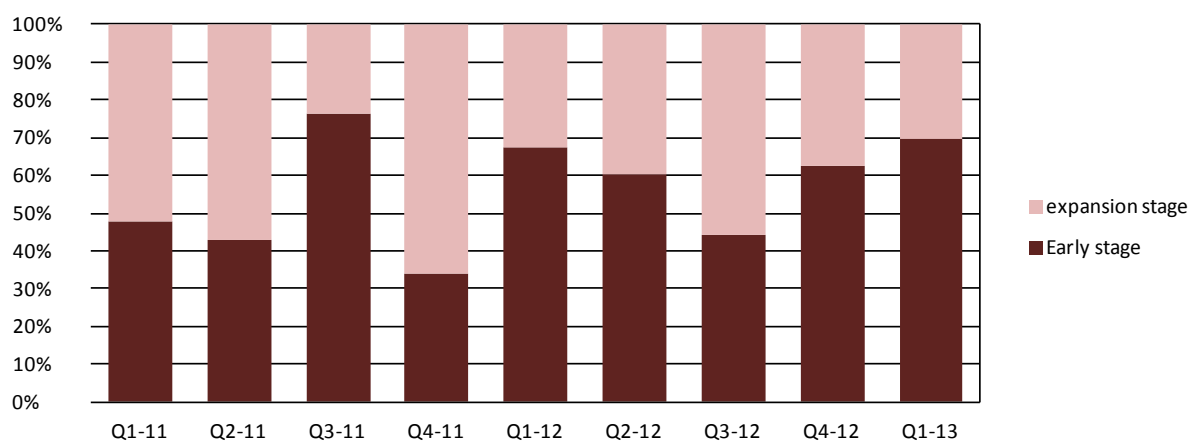




## Total investment by company development stage



## Split of the Intermediate stage between early and expansion stage



The MoneyTree<sup>TM</sup> Report is published quarterly by PwC Israel, in conjunction with the reports published in the United States and Europe by the global financial services network, PwC. This quarter, 35 Israeli venture capital fund or funds with an Israeli representative 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.

## ***For further information***

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