

MoneyTree™ Report

Q 3 2014 results

IL Report

VC investment up 18% compared to the parallel quarter last year

Some \$266 million invested in VC-backed hi-tech companies in the third quarter of 2014

Up from \$225 million in the corresponding quarter

*The PwC Israel
MoneyTree™ Report for the
third quarter of 2014*

Tel Aviv, Israel -- October 30, 2014 -- Venture capital-backed hi-tech companies (in which at least one investor in a funding round is a venture capital fund) raised \$266 million in Israel during the third quarter of 2014, up 14% from \$233 million in the second quarter of 2014 and a 18% increase from \$225 million in the corresponding quarter last year, according to the latest PwC Israel MoneyTree™ Report.

The report also indicates that 44 Israeli high-tech companies raised VC funding in the second quarter of 2014, compared to 37 in the preceding quarter and 42 in the corresponding quarter of last year. The average investment per company in the quarter under review was \$6 million, down from \$6.3 million in the preceding quarter and up from \$5.4 million in the corresponding quarter of last year.

During the current quarter, \$201 million, 76% of the total quarterly investment, was invested in 12 deals of over \$10M, compared with \$160 million (69%) invested in 6 deals in the previous quarter and \$137 million (61%) in 5 deals in the third quarter of 2013.

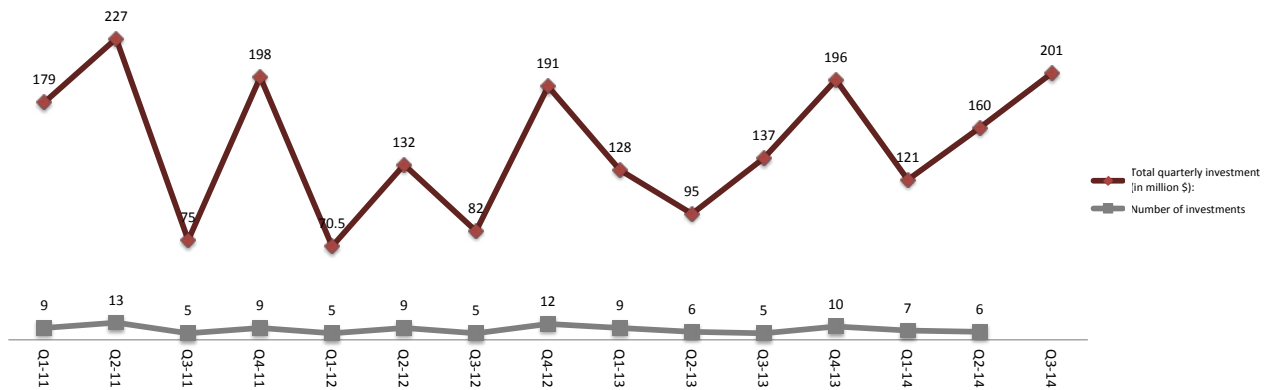


Rubi Suliman, PwC
Israel's high-tech
practice leader

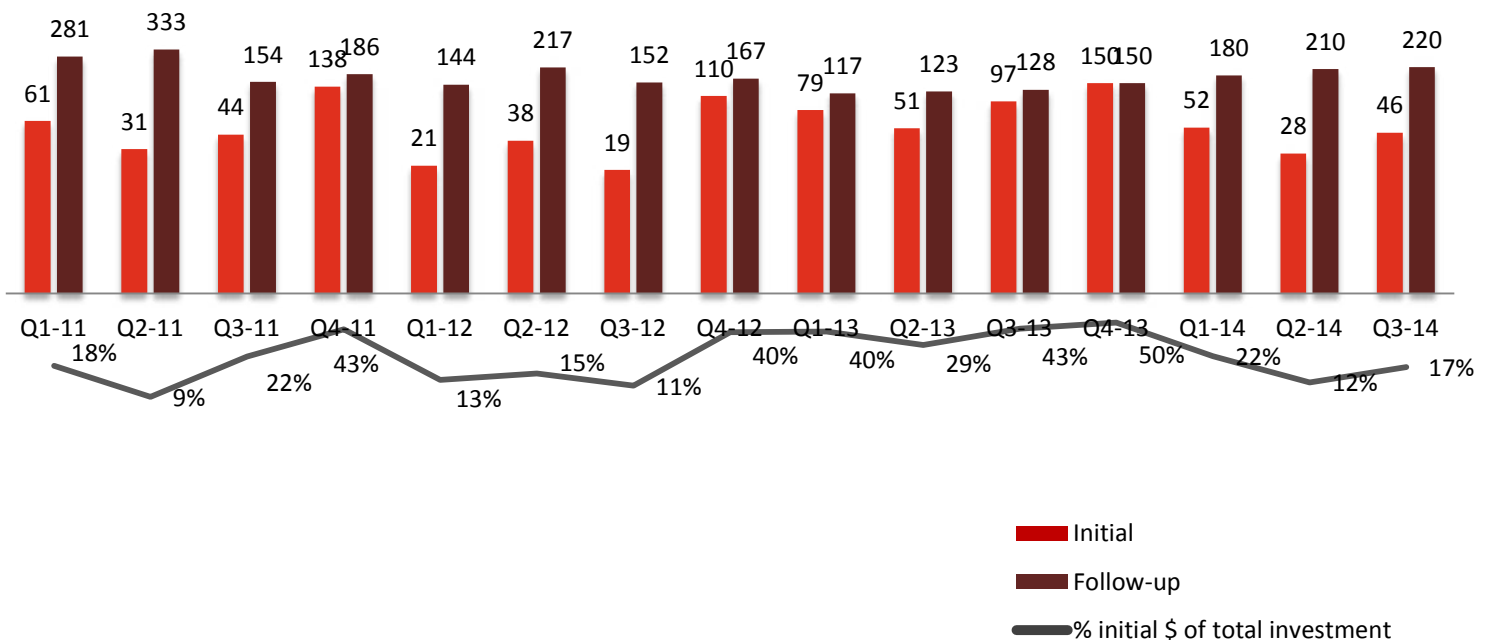
Rubi Suliman, Partner, co-leader of PwC Israel's high-tech practice, *This quarter, we witnessed a moderate increase in amounts raised by VCs as compared to the corresponding quarter last year. We expect this to continue over the next few quarters, supported by the many exits of Israeli companies in the last two years, successful raises this year by VC funds and the low interest environment that drives more global institutions to move to riskier investments.*

The software and web sectors continue to be ahead in terms of investment amounts, but on the flip side, we continue to experience a trend that has run for several years now of declining investments in communications and networks.

Companies Receiving Grants from the office of the Israel Chief Scientist 2011-Q3 2014 (in millions \$)

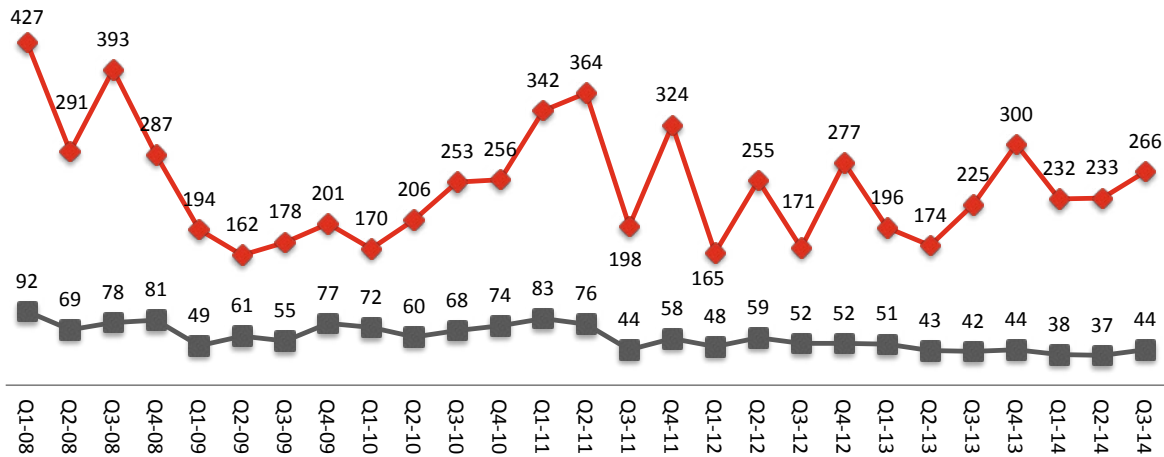


Comparison of Initial and Follow-on investment rates: (number of investments)

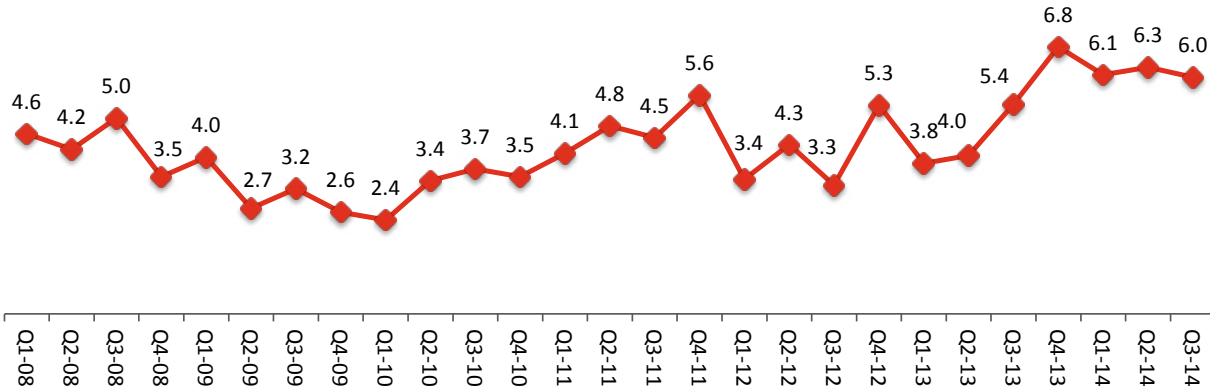


MoneyTree™ Q 3 2014 Report results II

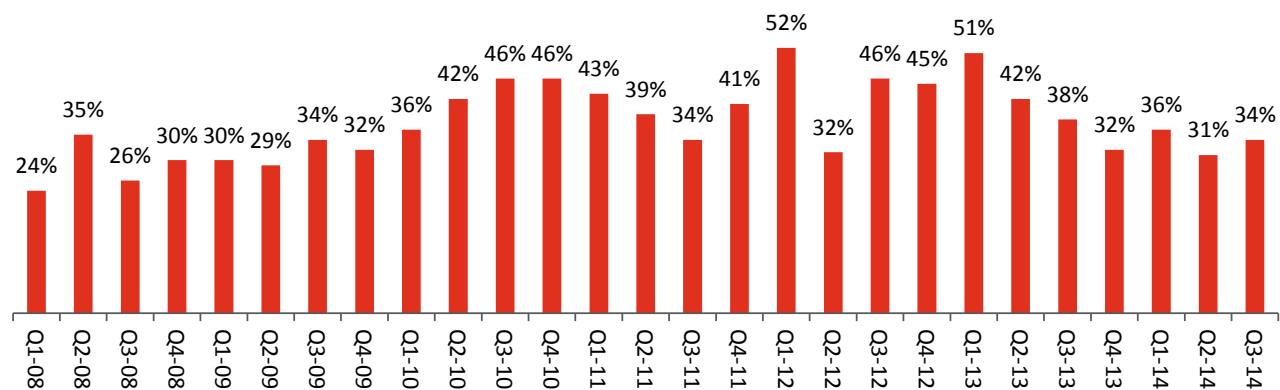
Total quarterly investment 2008- Q3 2014 (in millions \$)



Average investment per company (in millions \$)

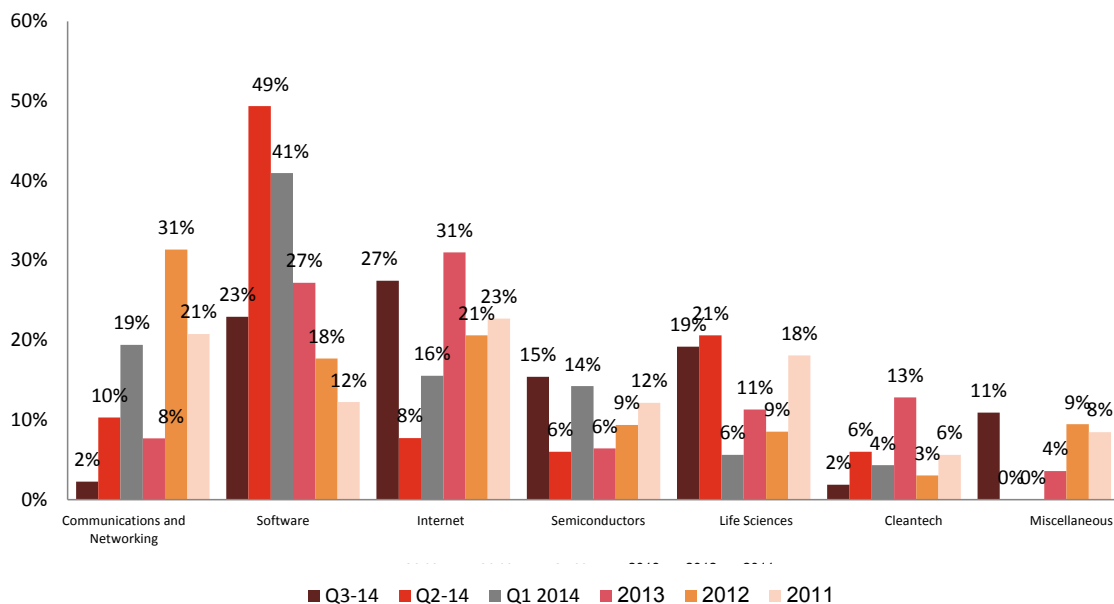


% of funds making no investment



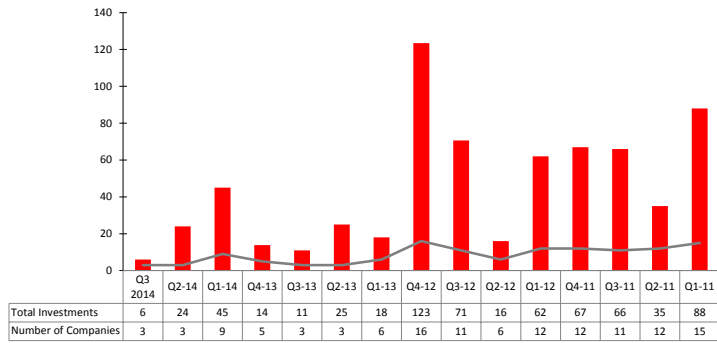
Analysis by Leading Technological Sector

Total Investment by Investment Round



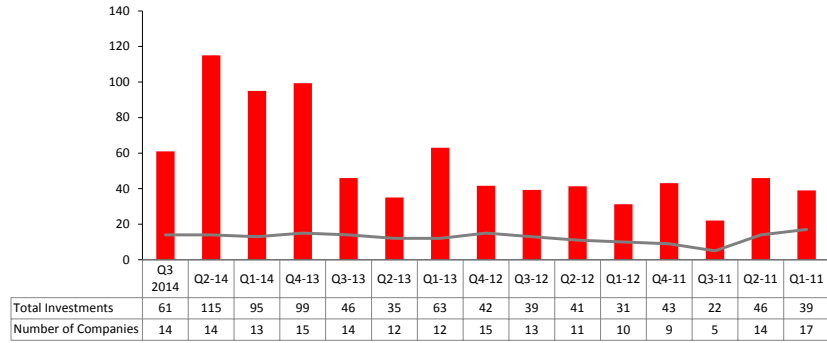
Communications and Networking sector

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



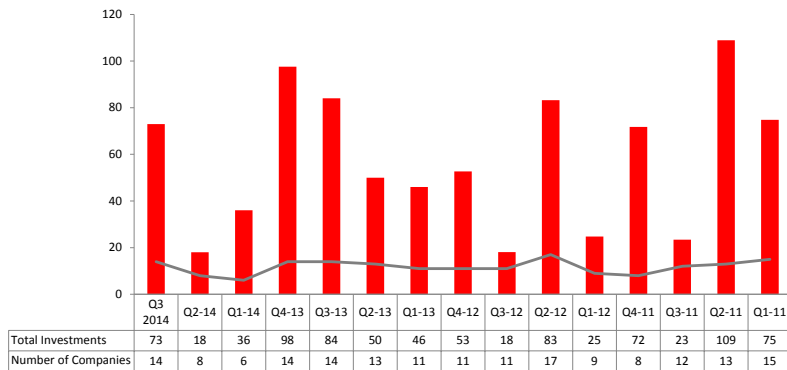
Software sector

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



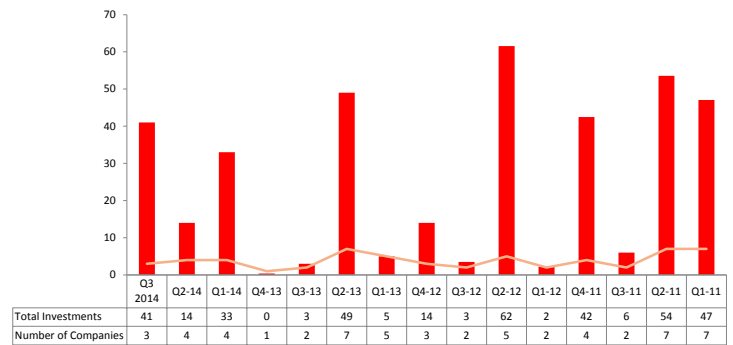
Internet Sector

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



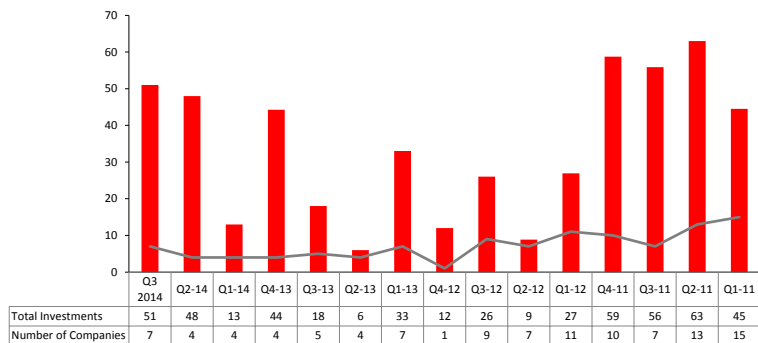
Semiconductors Sector

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



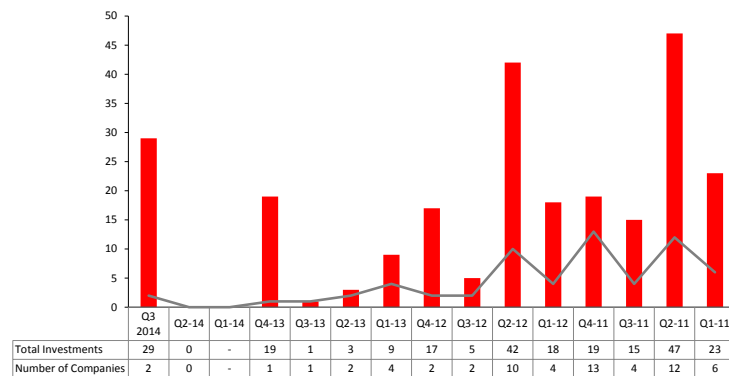
Life Sciences Sector

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



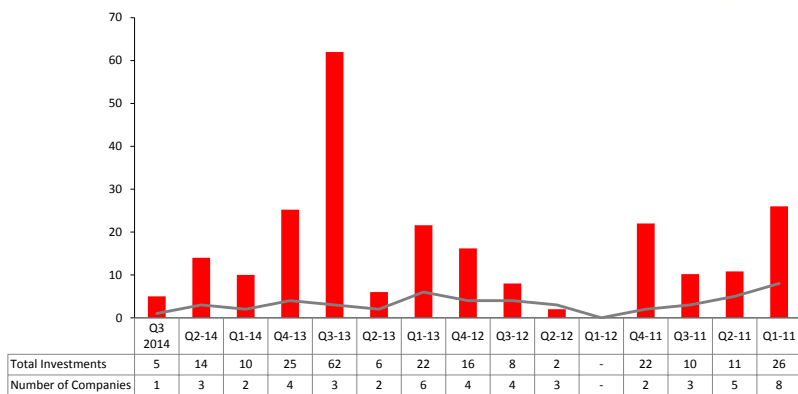
Miscellaneous Sector

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

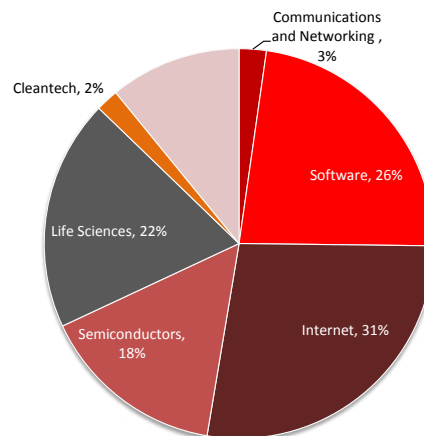


Cleantech sector

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

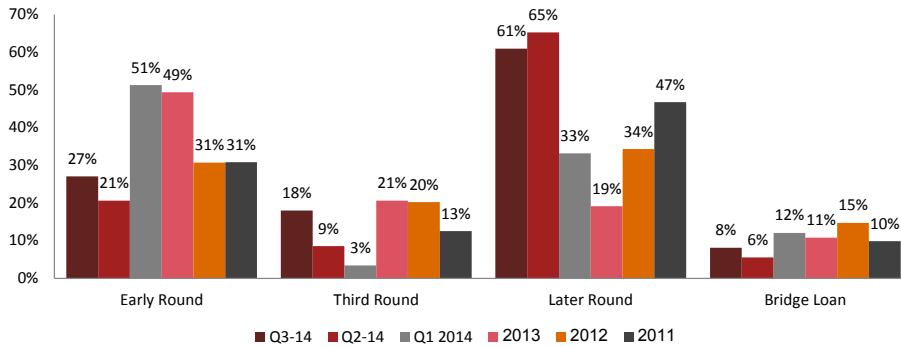


Total Investment by sector



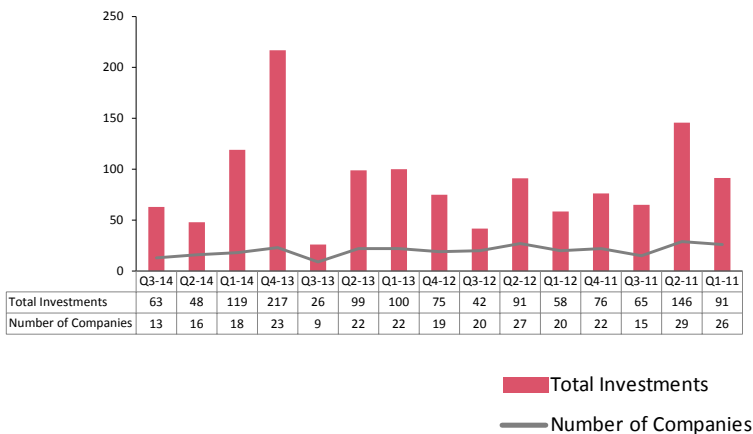
Analysis by Investment Round

Total Investment by Investment Round 2011 - 2014



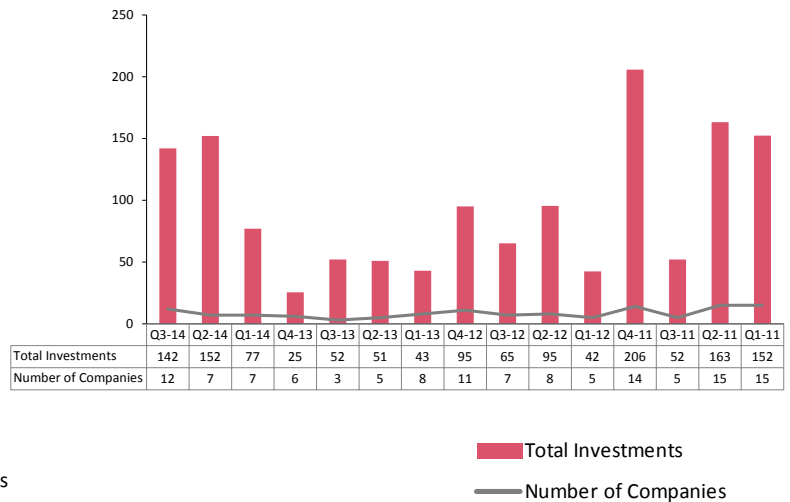
Early round

Number of Companies and total quarterly investments 2011- 2014 (in millions \$)



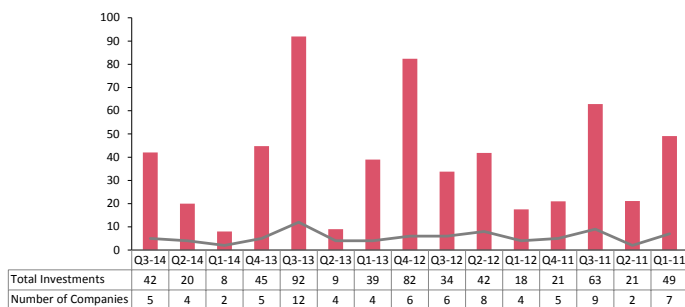
Later Round

Number of Companies and total quarterly investments 2011- 2014 (in millions \$)



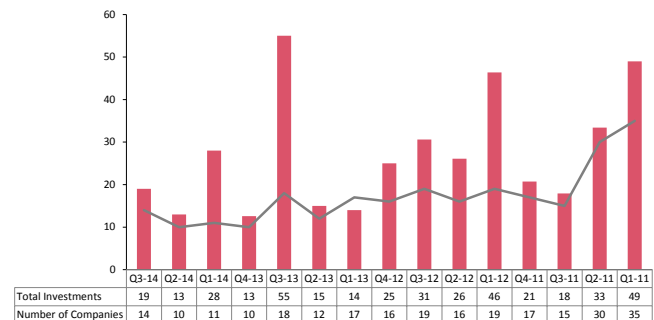
Third round

Number of Companies and total quarterly investments 2011- 2014 (in millions \$)

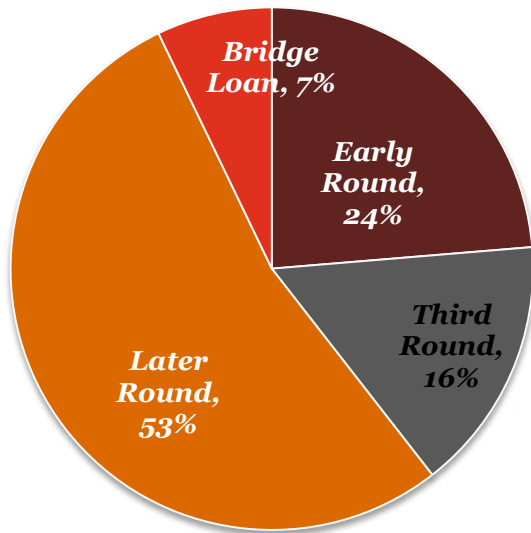


Bridge Loan

Number of Companies and total quarterly investments 2011- 2014 (in millions \$)

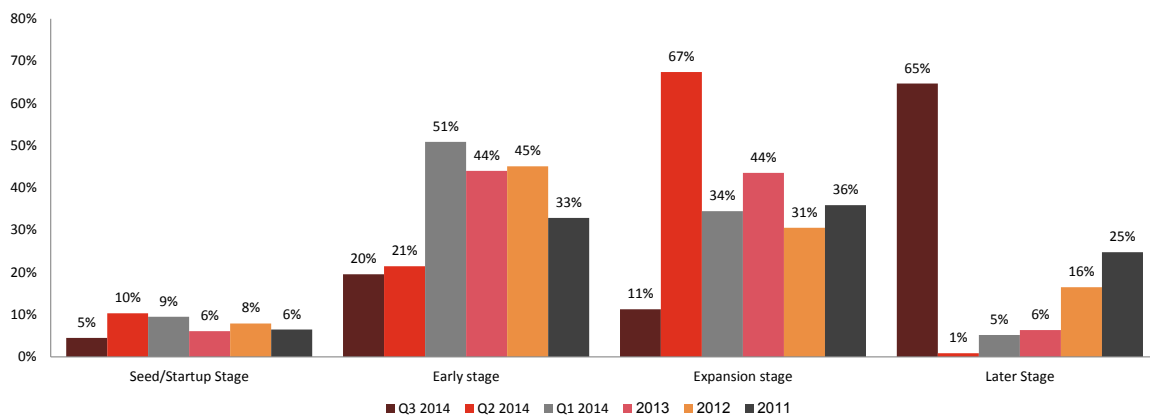


Total Investment by Investment Round



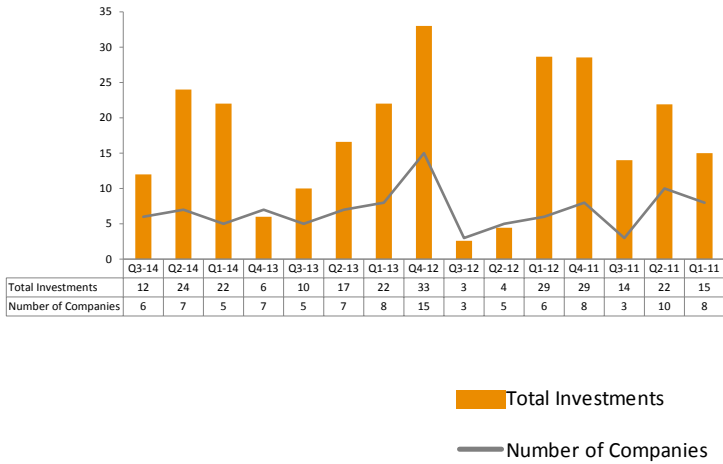
Analysis by Company Development Stage

Total Investment by Development Stage 2011 - 2014 (% of total \$ invested)



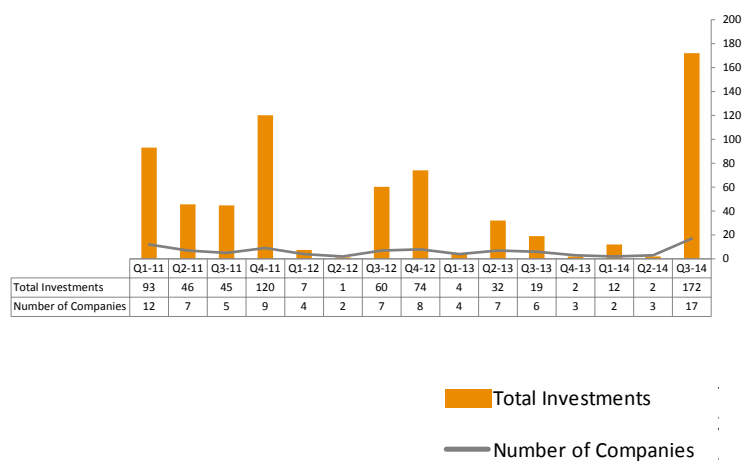
Seed/Start Up Stage

Number of Companies and total quarterly investments 2011- Q2 2013 (in millions \$)



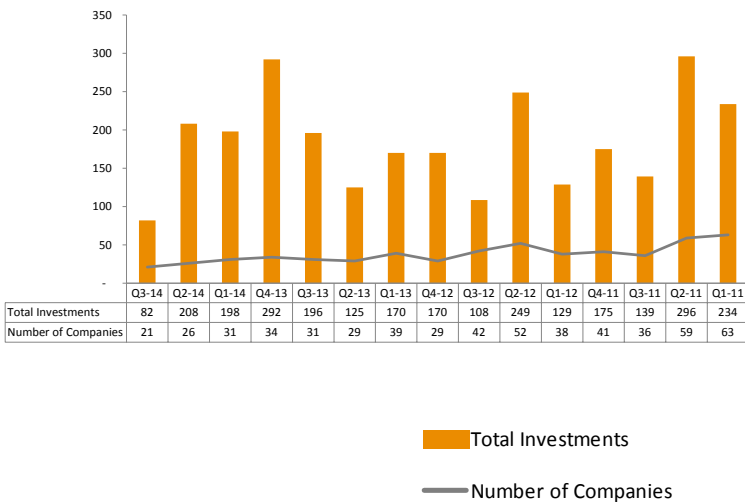
Later Stage

Number of Companies and total quarterly investments 2011- Q2 2013 (in millions \$)

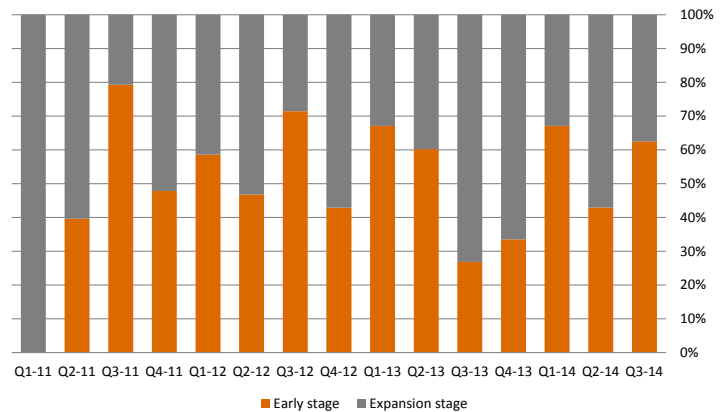


Intermediate stage

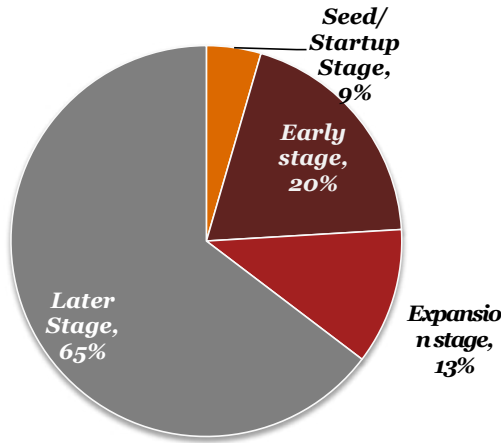
Number of Companies and total quarterly investments 2011- Q2 2013 (in millions \$)



Split of the Intermediate stage between early and expansion stage



Total Investment by company development stage



The MoneyTreeTM Report is published quarterly by PwC Israel, in conjunction with the reports published in the United States and Europe by the global financial services network, PwC. This quarter, 36 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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