

MoneyTree™ Report

Q 4 2013 results IL Report

Stability in venture capital investments

Some \$ 895 million invested in VC-backed hi-tech companies in 2013 up from \$ 868 million in previous year

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

Tel Aviv, Israel -- March 23rd, 2014 -- Venture capital-backed tech companies (in which at least one investor in a funding round is a venture capital fund) raised \$895 million in Israel during 2013, an increase of 3% from \$868 million in 2012 and a decrease of 27% from \$1,228 million raised in 2011. The average investment per company in 2013 amounted to \$5 million, compared with \$4.1 million in 2012 and \$4.7 million in 2011, according the latest PwC Israel's MoneyTree™ Report.

In the fourth quarter of 2013, venture capital-backed tech companies in Israel raised \$300 million – an increase of 33% compared with the previous quarter, during which companies raised \$225 million and an increase of 8% compared with the corresponding quarter last year, during which companies raised \$277 million.

The report also indicates that 44 Israeli high-tech companies raised VC funding in the fourth quarter of 2013, compared to 42 in the preceding quarter and 52 in the corresponding quarter of last year. The average investment per company in the quarter under review was \$6.8 million, up from \$5.4 million in the preceding quarter and from \$5.3 million in the corresponding quarter of last year.

During the current quarter, \$196 million was invested in 10 deals of over \$10M, compared with \$137 million invested in 5 deals in the previous quarter and \$191 million in 12 deals in the fourth quarter of 2012.



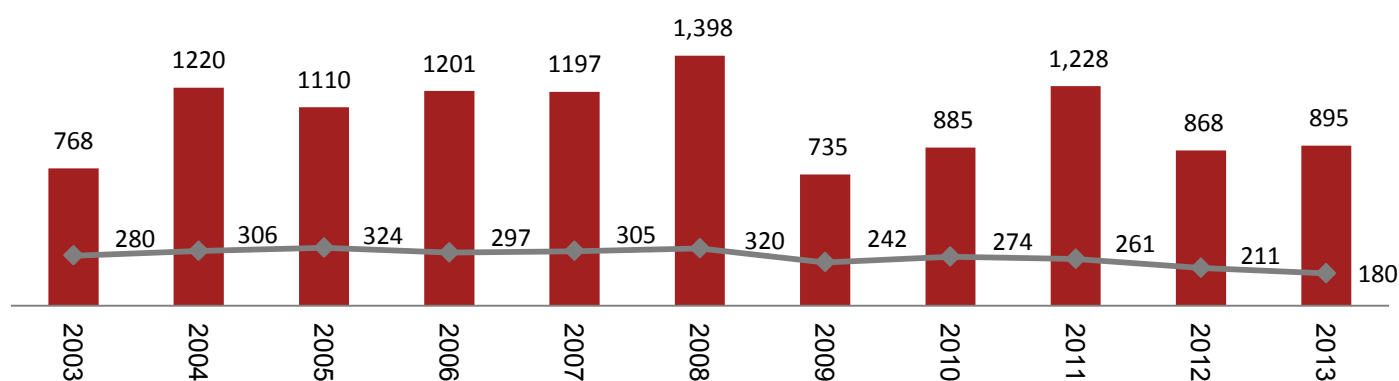
Rubi Suliman, PwC
Israel's high-tech
practice leader

Rubi Suliman, Partner, co-leader of PwC Israel's high-tech practice, pointed out that "The flow of new investments has remained stable over the last two years. But, though we have seen a slight rise in VC investments in 2013 year-over-year, this is still a far cry from the amounts invested in 2011.

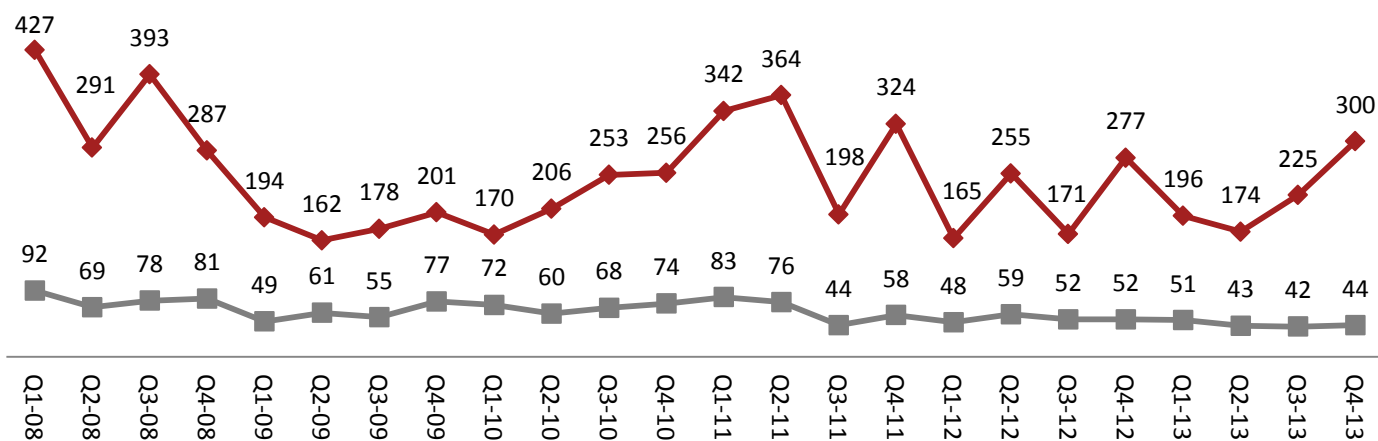
The software and internet sectors continue to lead, with a new high in investments compared to the last three years. On the flip side, we see investments in the communications and network sectors significantly declining.

Last year was a very opportune year for funds, with many success stories and exits, as well as fresh capital raised to follow-up and new funds. Though this is not yet evident in the 2013 investment figures, we believe that this will have a marked impact in the years to come. To be sure, this report already shows that funds invest more in early-stage companies and rebuild their portfolio with a long-term view."

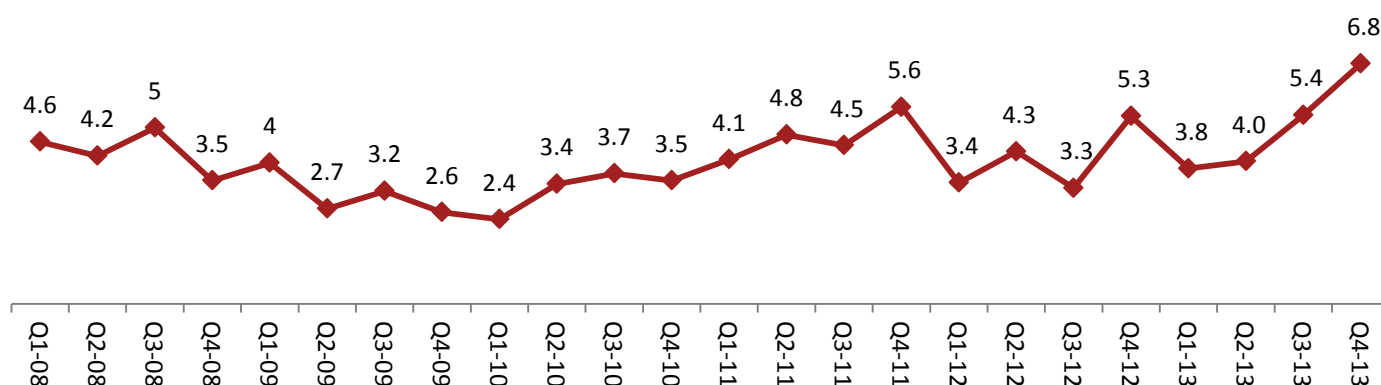
Total annual investment 2008- 2013 (in millions \$)



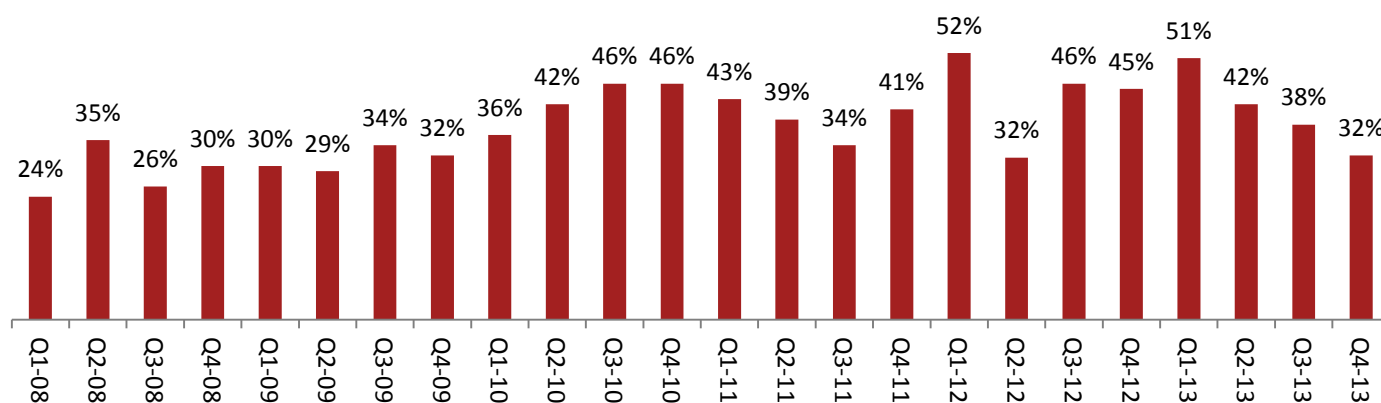
Total quarterly investment 2008- 2013 (in millions \$)



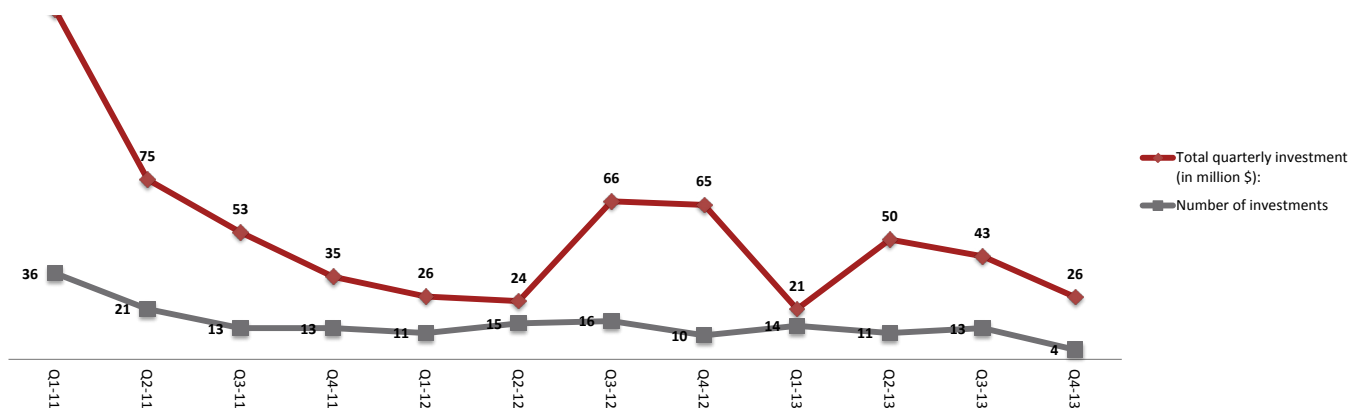
Average investment per company (in millions \$)



% of funds making no investment



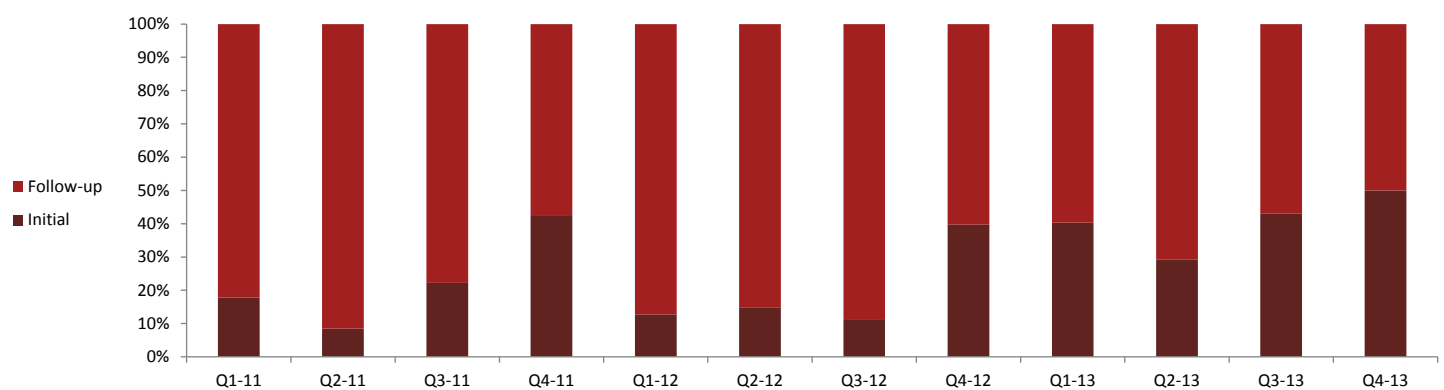
Companies Receiving Grants from the office of the Israel Chief Scientist 2011- 2013 (in millions \$)



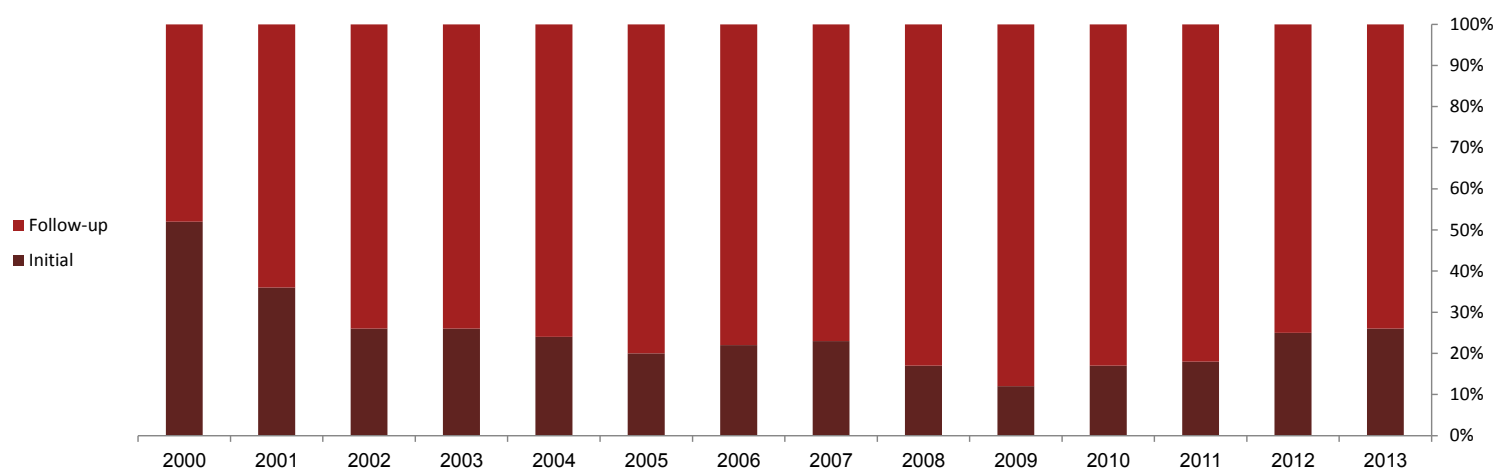
Companies Receiving Grants from the Office of the Israel Chief Scientist

4 companies, representing 9% of all companies raising VC capital in the forth Quarter of 2013, are supported by the Office of the Israel Chief Scientist. Some \$26 million of total investment funds went to these companies.

Comparison of quarterly Initial and Follow-on investment rates 2011 - 2013: (% of total \$ invested)



Comparison of annual Initial and Follow-on investment rates 2000 - 2013: (% of total \$ invested)

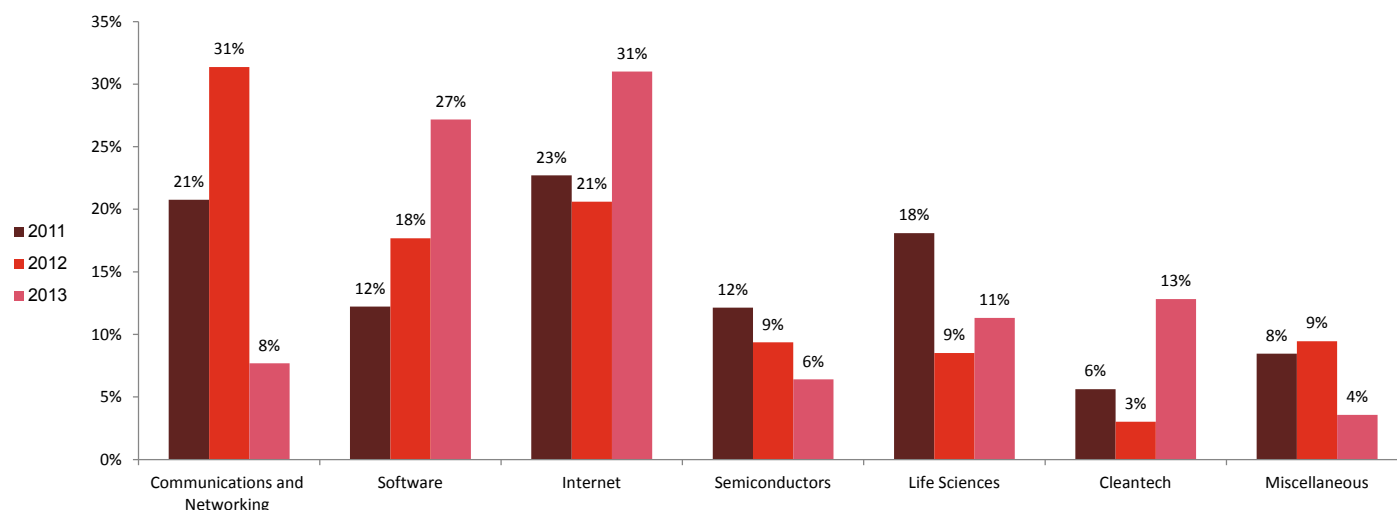


Analysis by Geographic Location of Company Registration

In addition to investment in high-tech companies with operations in Israel, local venture capital funds also invested approximately \$13 million in 2 overseas high-tech companies that are not engaged in operations in Israel.

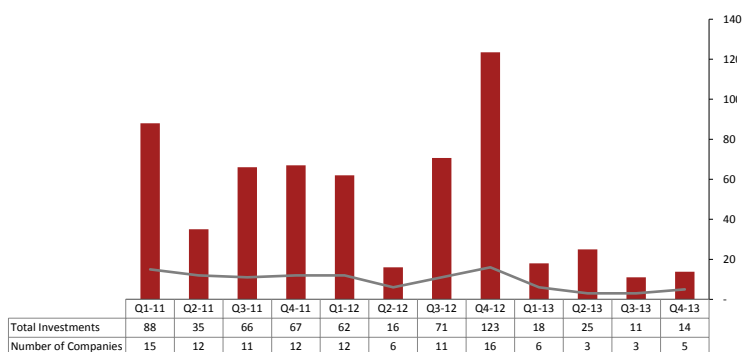
Analysis by Leading Technological Sector

Total annual Investment by sector 2011 - 2013 (% of total \$ invested)



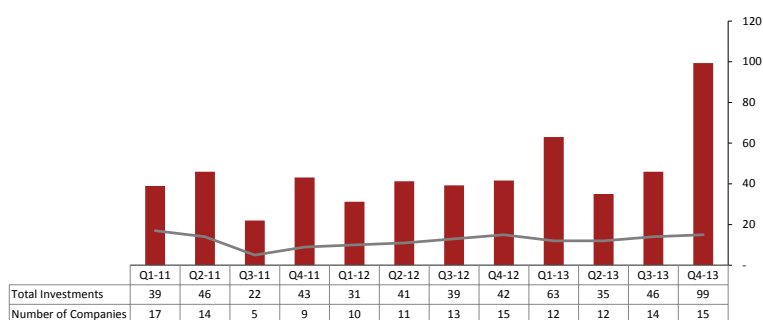
Communications and Networking sector

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



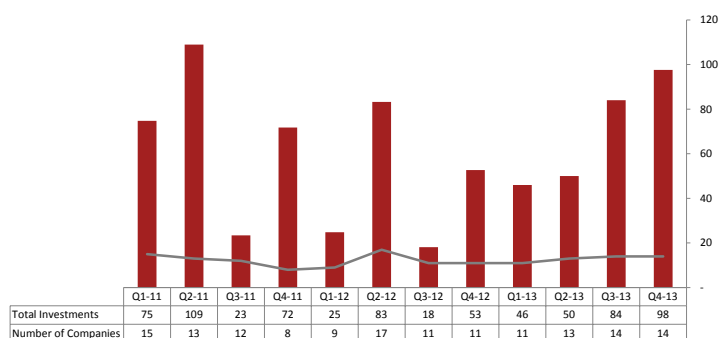
Software sector

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



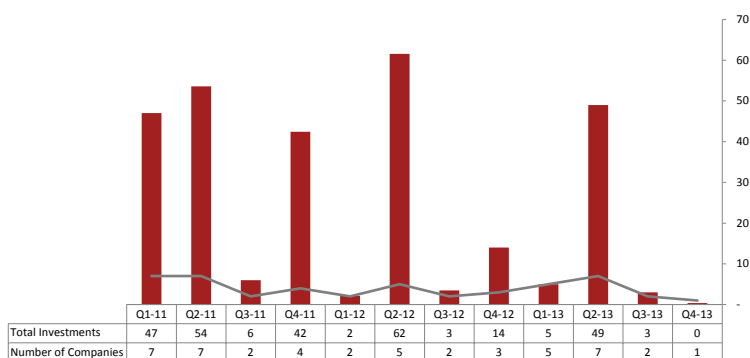
Internet Sector

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



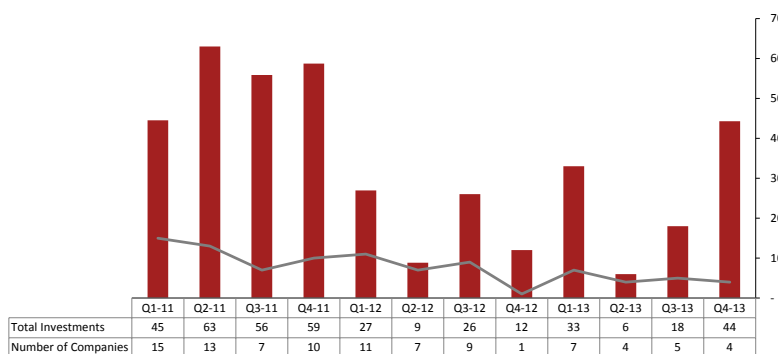
Semiconductors Sector

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



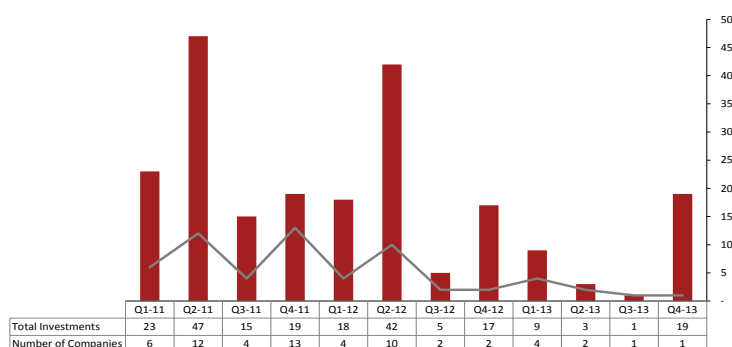
Life Sciences Sector

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



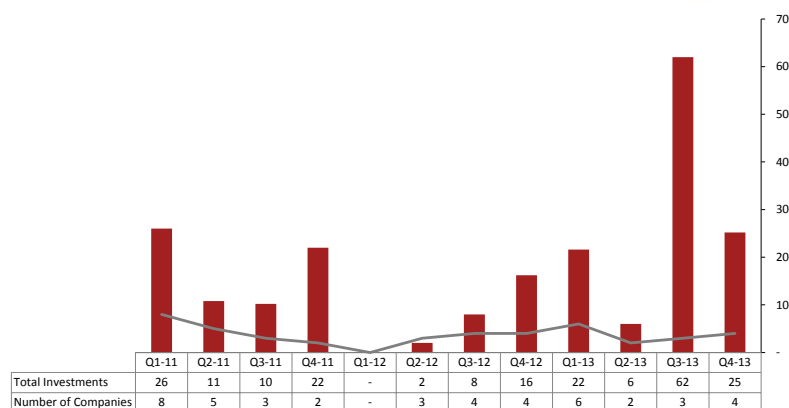
Miscellaneous Sector

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

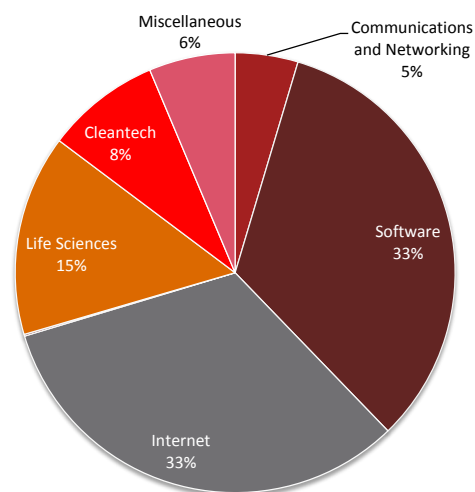


Cleantech sector

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

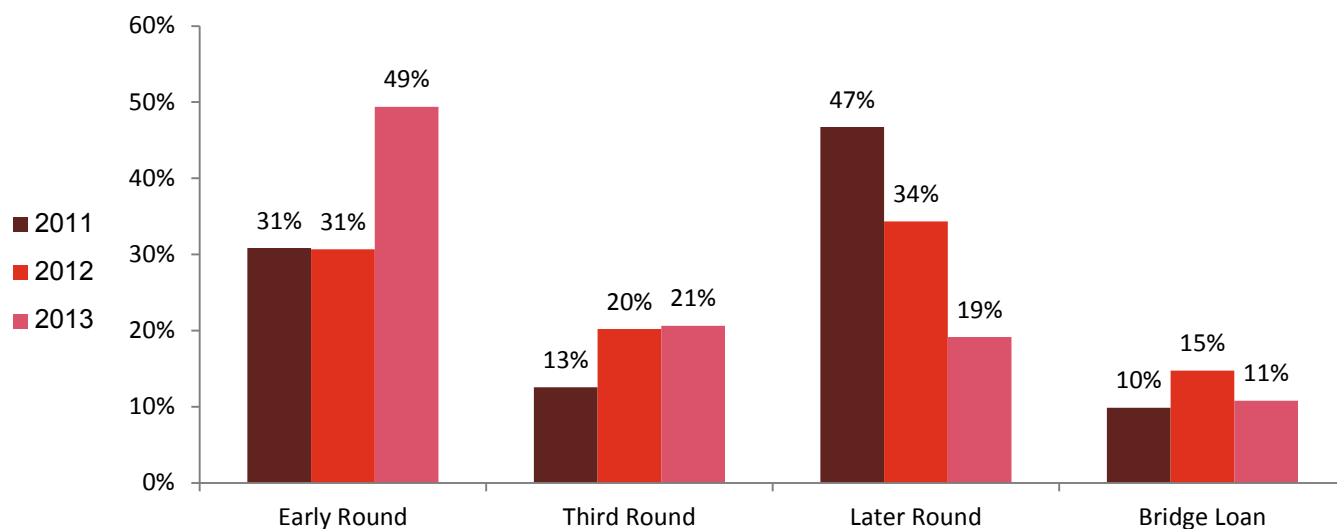


Total Investment by sector



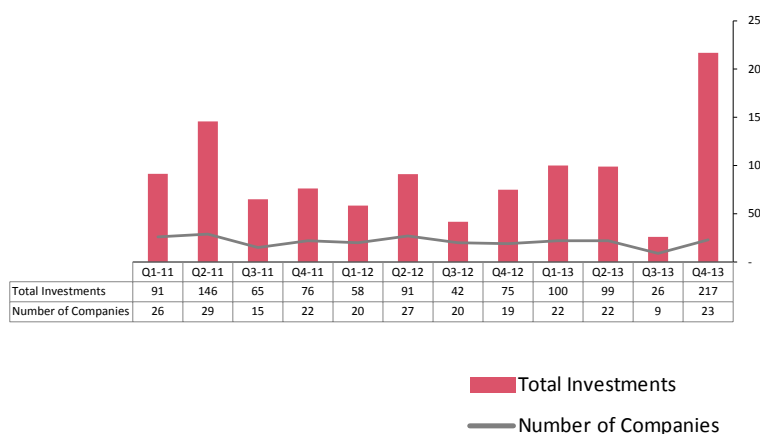
Analysis by Investment Round

Total annual Investment by Investment Round
2011 - 2013 (% of total \$ invested)



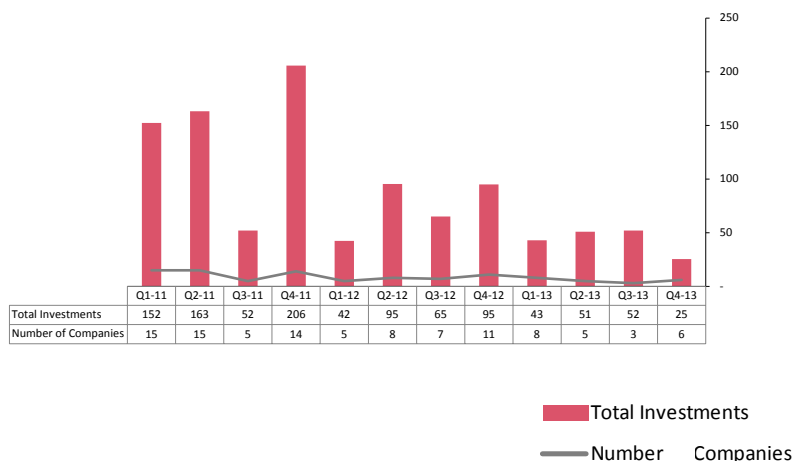
Early round

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



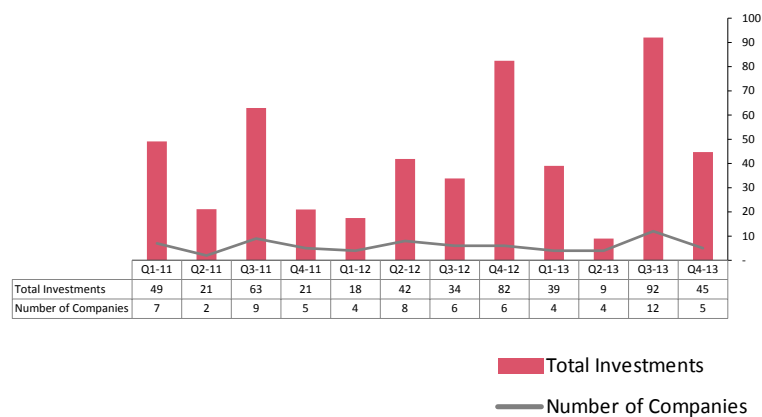
Later Round

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



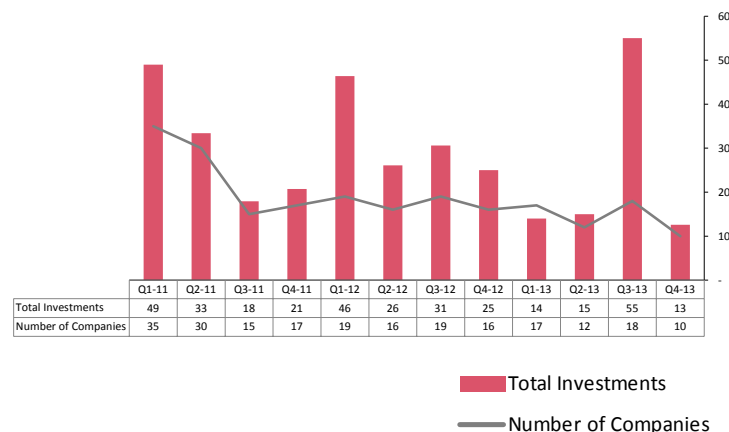
Third round

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

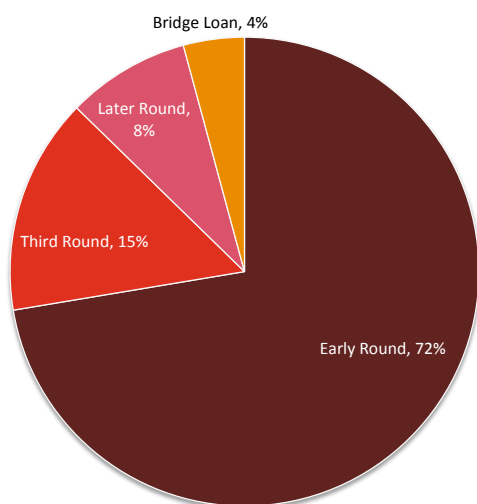


Bridge Loan

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

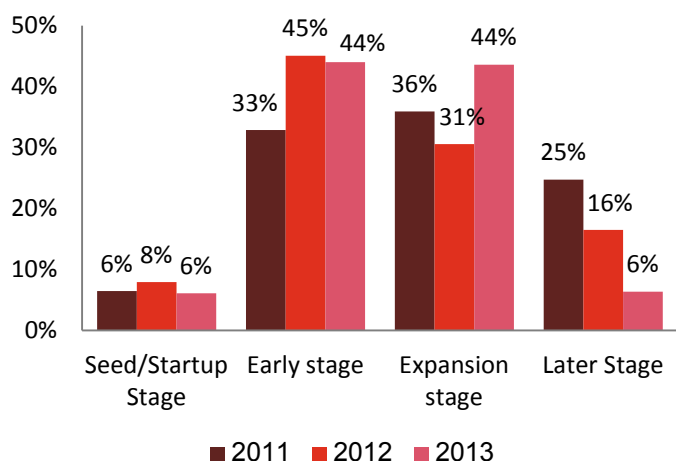


Total Investment by Investment Round



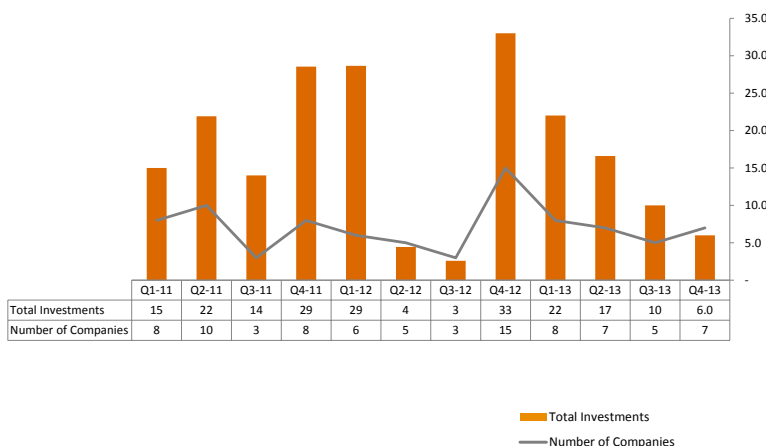
Analysis by Company Development Stage

Total annual Investment by Development Stage 2011 - 2013 (% of total \$ invested)



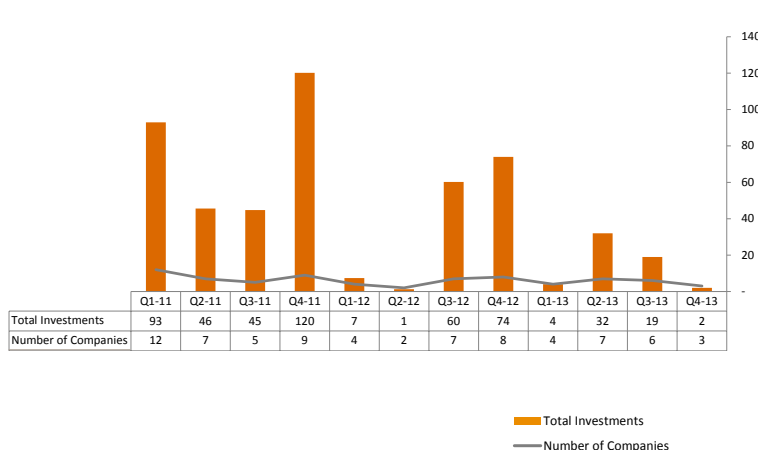
Seed/Start Up Stage

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



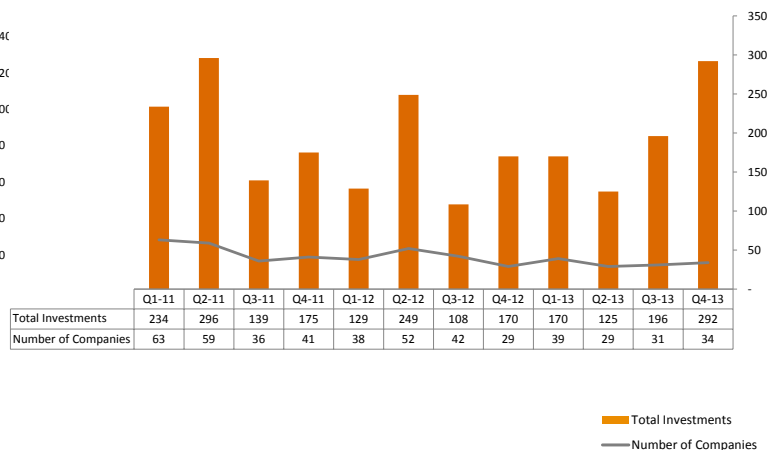
Later Stage

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

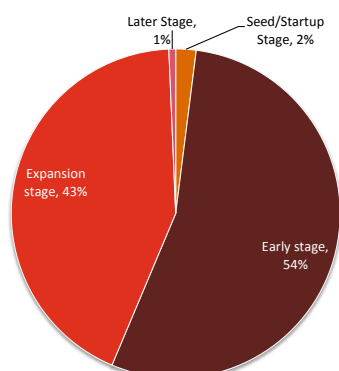


Intermediate stage

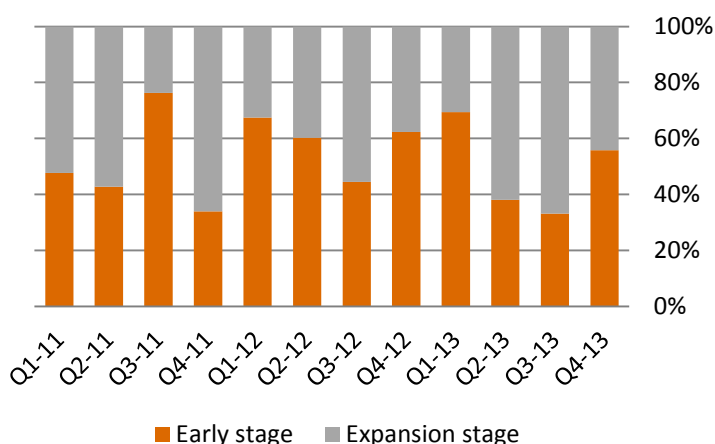
Number of Companies and total quarterly investments 2011- 2013 (in millions \$)



Total Investment by company development stage



Split of the Intermediate stage between early and expansion stage



The MoneyTree™ 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, 28 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 MoneyTree™ 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.

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