Executive Summary

01 US Healthcare trends

- Funding for VC-backed Healthcare companies in US raised $4.6B in 195 deals.
- Compared to Q1’19, the number of deals closed in Q2’19 increased by 12% from 174 to 195.
- A total of $1.5B was raised this quarter through 11 mega-rounds*, making up 32% of total deal dollars raised in Q2’19, relatively consistent with prior quarter.

* deals of $100M or more in value.

02 US Healthcare industries

- Of the $4.6B raised in Q2’19, $1.9B was invested in Biotechnology related industries while $948M was invested in Drug Development.
- Compared to the prior quarter, Biotechnology related industries saw a 44% increase in funding.
- Drug Development industries saw a 1% decrease in funding from Q1’19 to Q2’19.

03 US Healthcare places

- The top five Healthcare regions in the US were Silicon Valley, New England, San Diego, Midwest, and Southeast.
- In Q2’19, Silicon Valley raised $1.1B through 44 deals and is the leading region this quarter in terms of dollars raised. Out of the eleven mega-rounds in Q2’19, one was closed in New England.
- New England follows in second place, raising $944M across 36 deals.

04 US Healthcare movers and shakers

- New Enterprise Associates and SOSV were the most active venture capital firms, each investing in greater than 6 deals this quarter.
- There were 21 Healthcare IPOs in Q2’19 raising approximately $2.6B.

05 Global healthcare trends

- Globally, dollars invested remained constant at $6.8B in Q2’19 and Q1’19. The number of deals increased from 385 in Q1’19 to 393 deals in Q2’19.
- In Q2’19, 233 deals closed in North America, followed by 98 deals in Asia, and 62 deals in Europe.
- North America raised $4.8B this quarter, while Europe raised $585M and finally Asia raised $1.4B.
US Healthcare trends – Q2 2019
8-quarter Healthcare financing trends
Healthcare deals increased in Q2’19

- Dollars invested in US Healthcare increased quarter to quarter at $4.4B in Q1’19 to $4.4B in Q2’19.
- Deal numbers have increased by 12% from the prior quarter, with 195 deals closing in Q2’19. The average deal value decreased from $25.2M in Q1’19 to $23.5M in Q2’19.
- Compared to the same quarter in FY’18, dollars invested decreased 21% and the number of deals decreased 11% in Q2’19.
US Healthcare deal share by stage
Early and expansion stage deals made up of the majority of deals

- **Early and expansion stage** deals continue to make up more than half of the dollars raised this quarter.
- **Later stage activity** was the lowest share by stage in Q2’19.

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
Median US deal size by stage

- Median deal size for expansion companies increased this quarter, hitting $21.7M.
- Seed stage companies median deal size remained consistent this quarter, staying at $3M.
- Early stage companies median deal size saw a decrease this quarter, going from $10.9M in Q1’19 to $10.0M in Q2’19.
- Later stage companies median deal size saw a decrease this quarter, going from $29.8M in Q1’19 from $20.0M in Q2’19.
- With an active IPO market, many later stage companies are opting for the IPO route vs raise private dollars.

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
Healthcare sector trends

Biotechnology related industries raised $3.5 billion

- A total of $3.5B invested into Biotechnology related industries in Q2’19, which represents an 21% increase from Q1’19, and deals increased quarter over quarter from 107 deals in Q1’19 to 123 deals in Q2’19.
- The Medical Devices & Equipment related industries increased quarter over quarter to $709M in funding and a 2% decrease in deals from Q1’19.
- Other Healthcare related industries decreased quarter over quarter to $229M in funding and a 24% increase in deals from Q1’19.

Percentage change in dollars invested Q2’19/Q1’19

- Biotechnology Related Industries: 21%
- Medical Devices & Equipment Related Industries: 13%
- Other Healthcare: 69%

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
Regional Healthcare trends
Silicon Valley leads above New England in dollars invested in Q2’19

- **Silicon Valley** is above **New England** in terms of dollars invested in Q2’19, with $1,119M raised this quarter through 44 deals. Of the 44 deals closed in Silicon Valley, 2 were mega-rounds, which raised a total of $205M.
- **New England** followed behind and saw a 20% decrease in funding to $944M when compared to the prior quarter. Additionally, they experienced a decrease in number of deals closed from 42 in Q1’19 to 36 in Q2’19.
- **Silicon Valley** held 24% of the US Healthcare market share for total deal dollars invested in Q2’19, while **Silicon Valley** accounted for 21% of total deal dollars. Together, both regions accounted for 45% total deal dollars in the country this quarter.

Percentage change in dollars invested Q2’19/Q1’19

![Map showing percentage change](source)

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
Regional Healthcare trends (continued)

Changes in other US regions:

- **San Diego** ended in third place, raising $499M through 16 deals in Q4’18, a **103% increase** from the prior quarter.
- **The Midwest** raised $424M in fourth place through 13 deals in Q4’18, a **926% increase** from the prior quarter. The number of deals also increased from 9 in Q1’19 to 13 in Q2’18.

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
US Healthcare mega-rounds

Mega-round financing saw another strong quarter, reaching a record number of deals

- US Healthcare mega-round financing raised $1.5B in Q2’19, which was a 7% decrease from the mega-round funding in the prior quarter. Mega-round activity increased with 8 deals closing in Q2’19.
- Dollars raised from mega-round deals made up 32% of the total dollars raised in Q2’19, an increase of 7% change from Q1’19.
- The average size of a mega-round deal was $135.2M in Q2’19, which is 26% less than the $183M average mega-round deal size in the past 8 quarters.

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
US Healthcare Industries – Q2 2019
Top five US Healthcare industries over the last five quarters

**Trends:**

- The **Biotechnology** subsector lead the Healthcare industry in Q2’19 in terms of dollars invested, raising $1,854M, a 44% increase from Q1’19 raising $1,291M. Out of the 63 deals closed, 6 were a mega-round deals which contributed $931M of the dollars invested in this quarter.

- The **Drug Development** sub sector maintained its second place this quarter with $948M dollars invested, a 1% decrease from Q1’19. Out of the 29 deals closed, 2 were a mega-round deals.

- The **Medical Devices & Equipment** industry raised $800M, an increase of 13% from Q2’19, in terms of dollars invested. Out of the 48 deals closed, 1 was a mega-round deal which contributed $101M of the dollars invested in this quarter.

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
Q2’19 Deep dive
Biotechnology related industries

“The biotech industry remains vibrant with an active IPO market and six mega-round deals, confirming the continued investor confidence in gene-based drugs, immunotherapies and other patient-tailored treatments.”

– Ousmane Caba, Life Science Partner at PwC

44%
Increase in funding compared to Q1’19

Largest Biotechnology and related industries deals in Q2’19:

- $235M AskBio
- $200M Tempus
- $150M ElevateBio

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
US Healthcare – Top five regions by deal value in Q2’19

- **Silicon Valley**: 44 Deals, Avg. Deal Size: $24.5M, Total Deal Value: $1,119M
- **New England**: 36 Deals, Avg. Deal Size: $26.2M, Total Deal Value: $944M
- **San Diego**: 16 Deals, Avg. Deal Size: $31.2M, Total Deal Value: $499M
- **Midwest**: 13 Deals, Avg. Deal Size: $32.7M, Total Deal Value: $424M
- **Southeast**: 6 Deals, Avg. Deal Size: $57.5M, Total Deal Value: $345M

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
8-quarter financing trend – Silicon Valley

Number of deals in Silicon Valley increased in Q2’19, coming off a strong Q1

- US Healthcare mega-round financing raised $1.5B in Q2’19, which was a 7% decrease from the mega-round funding in the prior quarter. Mega-round activity increased with 8 deals closing in Q2’19.
- Dollars raised from mega-round deals made up 32% of the total dollars raised in Q2’19, an increase of 7% change from Q1’19.
- The average size of a mega-round deal was $135.2M in Q2’19, which is 26% less than the $183M average mega-round deal size in the past 8 quarters.

<table>
<thead>
<tr>
<th>Quarter</th>
<th># of Deals</th>
<th>Amount Invested ($B)</th>
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<td>Q3’17</td>
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<td>$1.5</td>
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<tr>
<td>Q4’17</td>
<td>38</td>
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<tr>
<td>Q1’18</td>
<td>36</td>
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<tr>
<td>Q2’18</td>
<td>55</td>
<td>$1.9</td>
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<tr>
<td>Q3’18</td>
<td>48</td>
<td>$2.3</td>
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<tr>
<td>Q4’18</td>
<td>33</td>
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<tr>
<td>Q1’19</td>
<td>33</td>
<td>$1.9</td>
</tr>
<tr>
<td>Q2’19</td>
<td>44</td>
<td>$1.1</td>
</tr>
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Source: PwC/CB Insights MoneyTree™ Report Q2 2019
8-quarter financing trend – New England

Dollars and deals invested in New England decreased this quarter

- New England, in Q2’19, raised $944M in 36 deals. Average deal size has decreased 6%, with deals in Q2’19 closing at an average size of $26.2M compared to an average size of $28M in Q1’19.

- The region raised $260M through two mega-rounds. The dollars invested in mega-round deals made up more than 28% of the total dollars raised in the region this quarter.

![Graph showing 8-quarter financing trend](source: PwC/CB Insights MoneyTree™ Report Q2 2019)
### US – Top 10 states by deal value in Q2’19

<table>
<thead>
<tr>
<th>Rank</th>
<th>State/States</th>
<th>Deal Value</th>
<th>Deals</th>
<th>Avg. Deal Size</th>
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<tbody>
<tr>
<td>1</td>
<td>CA</td>
<td>$1,764M</td>
<td>73</td>
<td>$24M</td>
</tr>
<tr>
<td>2</td>
<td>MA</td>
<td>$931M</td>
<td>35</td>
<td>$27M</td>
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<tr>
<td>3</td>
<td>NC</td>
<td>$241M</td>
<td>2</td>
<td>$120M</td>
</tr>
<tr>
<td>4</td>
<td>TX</td>
<td>$205M</td>
<td>10</td>
<td>$21M</td>
</tr>
<tr>
<td>5</td>
<td>IL</td>
<td>$203M</td>
<td>3</td>
<td>$68M</td>
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<tr>
<td>6</td>
<td>NY</td>
<td>$151M</td>
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<td>$14M</td>
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<td>7</td>
<td>CT</td>
<td>$139M</td>
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<td>8</td>
<td>MD</td>
<td>$118M</td>
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<td>$17M</td>
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<td>9</td>
<td>PA</td>
<td>$116M</td>
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<td>$13M</td>
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<tr>
<td>10</td>
<td>CO</td>
<td>$108M</td>
<td>5</td>
<td>$22M</td>
</tr>
</tbody>
</table>

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
## Largest Healthcare deals in Q2’19

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Industry</th>
<th>Stage of funding</th>
<th>$ Value of deal</th>
<th>Select investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>AskBio</td>
<td>Chapel Hill, NC</td>
<td>Biotechnology</td>
<td>Early Stage</td>
<td>$235M</td>
<td>Columbus Venture Partners; EW Healthcare Partners; TPG Capital; Vida Ventures</td>
</tr>
<tr>
<td>Tempus</td>
<td>Chicago, IL</td>
<td>Biotechnology</td>
<td>Expansion Stage</td>
<td>$200M</td>
<td>Baillie Gifford &amp; Co.; Franklin Templeton Investments; New Enterprise Associates; Novo Holdings; Revolution; T. Rowe Price</td>
</tr>
<tr>
<td>Elevate Bio</td>
<td>Cambridge, MA</td>
<td>Biotechnology</td>
<td>Later Stage</td>
<td>$150M</td>
<td>EcoR1 Capital; F2 Ventures; MPM Capital; Redmile Group; Samsara BioCapital</td>
</tr>
<tr>
<td>Poseida Therapeutics</td>
<td>San Diego, CA</td>
<td>Biotechnology</td>
<td>Expansion Stage</td>
<td>$142M</td>
<td>Aisling Capital; Boxer Capital; Longitude Capital; Malin Corporation; Novartis; Pentwater Capital Management; Perceptive Advisors</td>
</tr>
<tr>
<td>SpringWorks Therapeutics</td>
<td>Stamford, CT</td>
<td>Drug Development</td>
<td>Expansion Stage</td>
<td>$125M</td>
<td>ArrowMark Partners; Bain Capital; Boxer Capital; BVF Partners; GlaxoSmithKline; HBM Healthcare Investments; Laurion Capital Management</td>
</tr>
<tr>
<td>Allovir</td>
<td>Houston, TX</td>
<td>Drug Development</td>
<td>Expansion Stage</td>
<td>$120M</td>
<td>EcoR1 Capital; F2 Ventures; Fidelity Investments; Gilead Sciences; Invus Group; Leerink Partners; Redmile Group; Samsara BioCapital</td>
</tr>
<tr>
<td>Thrive Earlier Detection</td>
<td>Cambridge, MA</td>
<td>Disease Diagnosis</td>
<td>Later Stage</td>
<td>$110M</td>
<td>Biomatics Capital Partners; BlueCross BlueShield Venture Partners; Camden Partners; Casdin Capital; Cowin Venture; Exact Sciences; Gamma 3; Invus Group; Section 32; Third Rock Ventures</td>
</tr>
</tbody>
</table>

**Stage of funding:**
- Seed Stage
- Early Stage
- Expansion Stage
- Later Stage
- Other
# Most active venture capital firms in Healthcare in Q2’19

<table>
<thead>
<tr>
<th>Investor</th>
<th>Deals</th>
<th>Select investments</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 New Enterprise Associates</td>
<td>10</td>
<td>Intrinsic Therapeutics; Intact Vascular; Complexa; Radiology Partners; SkinJect</td>
<td>Menlo Park, CA</td>
</tr>
<tr>
<td>2 SOSV</td>
<td>7</td>
<td>Quantumcyte; Bold Diagnostics; Dahlia Biosciences; Vitrix Health; Chronus Health</td>
<td>Princeton, NJ</td>
</tr>
<tr>
<td>3 ARCH Venture Partners</td>
<td>6</td>
<td>Blackthorn Therapeutics; Ultivue; Encoded Therapeutics</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>4 Alexandria Venture Investments</td>
<td>6</td>
<td>Blackthorn Therapeutics; Encoded Therapeutics; Vividion Therapeutics</td>
<td>Pasadena, CA</td>
</tr>
<tr>
<td>5 OrbiMed Advisors</td>
<td>5</td>
<td>Acutus Medical; Cleave Biosciences; Prelude Therapeutics; SpringWorks Therapeutics</td>
<td>New York, NY</td>
</tr>
</tbody>
</table>

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
## Healthcare IPOs in Q2’19

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
<th>Location</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BridgeBio Pharma</td>
<td>$340M</td>
<td>Palo Alto, CA</td>
<td>Drug Development</td>
</tr>
<tr>
<td>2 Adaptive Biotechnologies</td>
<td>$300M</td>
<td>Seattle, WA</td>
<td>Medical Devices &amp; Equipment</td>
</tr>
<tr>
<td>3 Frontage Laboratories</td>
<td>$200M</td>
<td>Exton, PA</td>
<td>Medical Facilities &amp; Services</td>
</tr>
<tr>
<td>4 TP Therapeutics</td>
<td>$167M</td>
<td>San Diego, CA</td>
<td>Drug Development</td>
</tr>
<tr>
<td>5 Stoke Therapeutics</td>
<td>$142M</td>
<td>Bedford, MA</td>
<td>Drug Development</td>
</tr>
<tr>
<td>6 Personalis</td>
<td>$135M</td>
<td>Menlo Park, CA</td>
<td>Medical Facilities &amp; Services</td>
</tr>
<tr>
<td>7 Silk Road Medical</td>
<td>$120M</td>
<td>Sunnyvale, CA</td>
<td>Medical Devices &amp; Equipment</td>
</tr>
<tr>
<td>8 Cortextyme</td>
<td>$75M</td>
<td>South San Francisco, CA</td>
<td>Biotechnology</td>
</tr>
<tr>
<td>9 IDEAYA Biosciences</td>
<td>$50M</td>
<td>South San Francisco, CA</td>
<td>Biotechnology</td>
</tr>
</tbody>
</table>

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
Global Healthcare comparisons for Q2’19

Global Total
$6,810M
393 Deals

$4,830M
233 Deals

$1,395M
98 Deals

$858M
62 Deals

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
Europe received decline in funding in Q2’19, with $585M in total funding in the quarter

- Dollars invested in Europe decreased quarter to quarter from $943M in Q1’19 to $585M in Q2’19, a 38% decline.
- Deal numbers have decreased by 26% from the prior quarter, with 62 deals closing in Q2’19. The average deal value decreased from $11.2M in Q1’19 to $9.4M in Q2’19.

Source: PwC/CB Insights MoneyTree™ Report Q2 2019
Deals and dollars remained relatively constant in Asia

Asia maintained over the $1B mark in Q2’19 and saw $1.4B invested across 98 healthcare deals in Q2’19. This represents a 3% decrease in both dollars and in deals compared to Q1’19.
Appendix
PwC/CB Insights
MoneyTree™ Report Q2 2019
### US States – Full listing of Q2 2019 deals and investments

<table>
<thead>
<tr>
<th>State</th>
<th>$M</th>
<th>#Deals</th>
<th>State</th>
<th>$M</th>
<th>#Deals</th>
<th>State</th>
<th>$M</th>
<th>#Deals</th>
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<tbody>
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<td>Arizona</td>
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<td>Massachusetts</td>
<td>931</td>
<td>35</td>
<td>Oregon</td>
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<td>1</td>
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<td>California</td>
<td>1,764</td>
<td>73</td>
<td>Michigan</td>
<td>63</td>
<td>3</td>
<td>Pennsylvania</td>
<td>116</td>
<td>9</td>
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<tr>
<td>Colorado</td>
<td>108</td>
<td>139</td>
<td>Minnesota</td>
<td>7</td>
<td>1</td>
<td>South Carolina</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Connecticut</td>
<td>139</td>
<td>3</td>
<td>Missouri</td>
<td>5</td>
<td>1</td>
<td>Texas</td>
<td>205</td>
<td>10</td>
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<tr>
<td>Delaware</td>
<td>90</td>
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<td>New Jersey</td>
<td>11</td>
<td>2</td>
<td>Utah</td>
<td>21</td>
<td>2</td>
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<td>Florida</td>
<td>101</td>
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<td>New Mexico</td>
<td>25</td>
<td>1</td>
<td>Virginia</td>
<td>18</td>
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<td>New York</td>
<td>151</td>
<td>11</td>
<td>Washington</td>
<td>39</td>
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<td>Oklahoma</td>
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Source: PwC/CB Insights MoneyTree™ Report Q2 2019
Methodology

What is included:

• Equity financings into emerging companies. Fundings must be to VC-backed companies, which are defined as companies that have received funding at any point from either: venture capital firms, corporate venture arms, or super angel investors.

• Fundings of private companies only. Funding rounds raised by public companies of any kind on any exchange (including Pink Sheets) are excluded from our numbers, even if they received investment by a venture firm(s).

• Only includes the investment made in the quarter for tranched investments. If a company does a second closing of its Series B round for $5M and previously had closed $2M in a prior quarter, only the $5M is reflected in our results.

• Round numbers reflect what has closed, not what is intended. If a company indicates the closing of $5M out of a desired raise of $15M, our numbers reflect only the amount which has closed.

• Only verifiable fundings are included. Fundings are verified via (1) various federal and state regulatory filings; (2) direct confirmation with firm or investor; (3) press release; or (4) credible media sources.

• Equity fundings to joint ventures and spinoffs/spinouts are included, given that they meet the VC-backed criteria.

• Geography note: Israel funding figures are classified in Asia.

What is excluded:

• No contingent funding. If a company receives a commitment for $20M subject to hitting certain milestones but first gets $8M, only the $8M is included in our data.

• No business development/R&D arrangements, whether transferable into equity now, later or never. If a company signs a $300M R&D partnership with a larger corporation, this is not equity financing nor is it from venture capital firms. As a result, it is not included.

• No buyouts, consolidations or recapitalizations. All three of these transaction types are commonly employed by private equity firms and are tracked by CB Insights. However, they are excluded for the purposes of this report.

• No private placements. These investments, also known as PIPEs (Private Investment in Public Equities), are not included even if made by a venture capital firm(s).

• No debt/loans of any kind (except convertible notes). Venture debt or any kind of debt/loan issued to emerging, startup companies, even if included as an additional part of an equity financing, is not included. If a company receives $3M with $2M from venture investors and $1M in debt, only the $2M is included in these statistics.

• No non-equity government funding. Grants or loans by the federal government, state agencies, or public-private partnerships to emerging, startup companies are not included.

• No fundings to subsidiaries of a larger parent corporation.
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