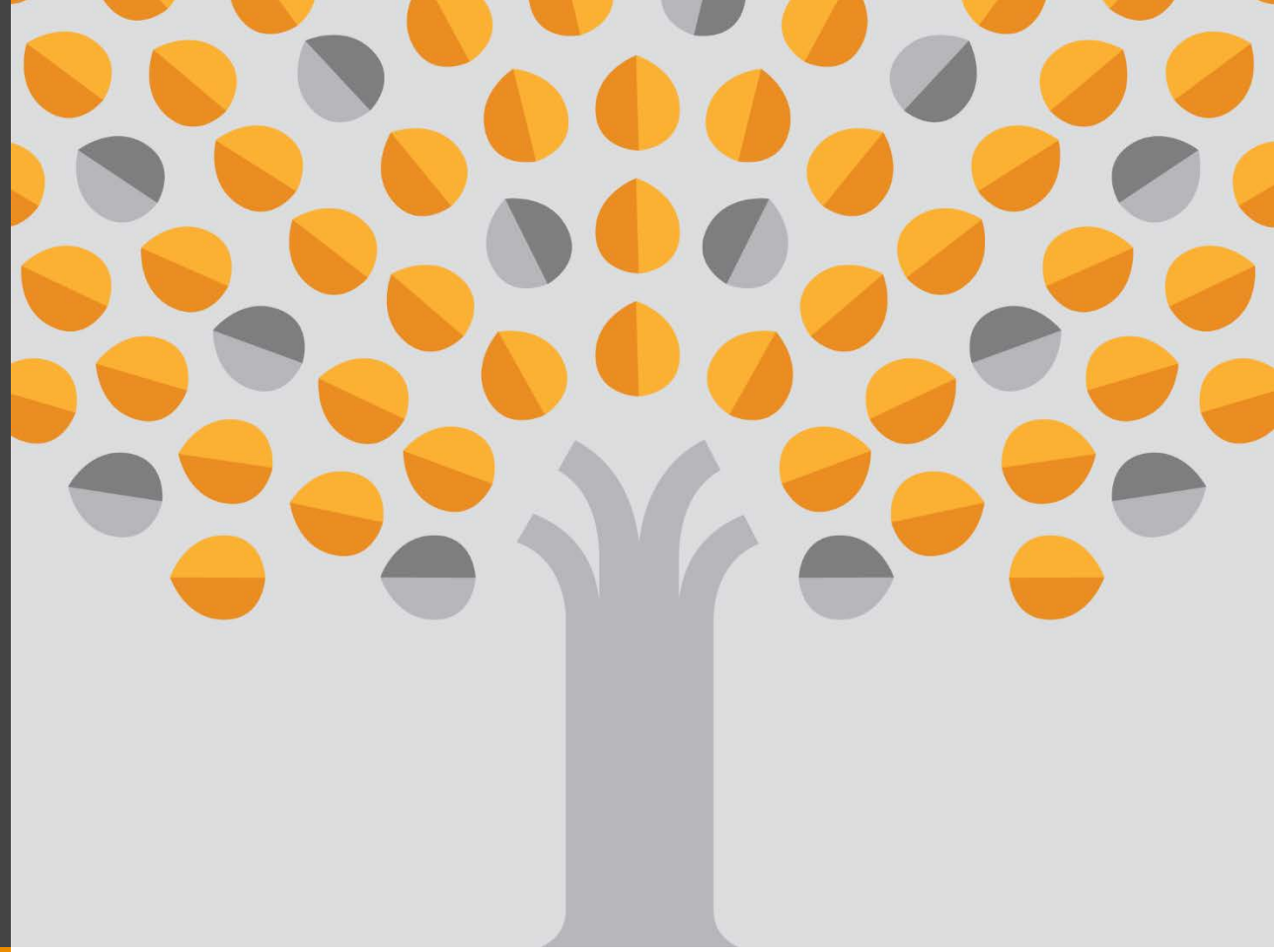
Healthcare MoneyTree™ Report

Q1 2020



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CBINSIGHTS

Executive Summary

01 US Healthcare trends

- Funding for VC-backed Healthcare companies in US raised $6.0B in 190 deals.
- Compared to Q4'19, the number of deals closed in Q1'20 decreased by 3% from 195 to 190.
- A total of $2.8B was raised this quarter through 19 mega-rounds*, making up 55% of total deal dollars raised in Q1'20.

* deals of $100M or more in value.

02 US Healthcare industries

- Of the $6.0B raised in Q1'20, $2.7B was invested in the Biotechnology subsector while $996M was invested in the Medical Devices & Equipment industry.
- Compared to the prior quarter, the Biotechnology subsector saw a 13% increase in funding.
- Medical Devices & Equipment industries outperformed Drug Development, raising a total of $996M in 45 deals.

03 US Healthcare places

- The top five Healthcare regions in terms of dollars raised were Silicon Valley, New England, New York Metro, LA/Orange County, and San Diego.
- In Q1'20, Silicon Valley raised $2.5B through 45 deals and is the leading region this quarter in terms of dollars raised. There were 9 mega-rounds in Silicon Valley.
- New England followed in second place, raising $1.5B across 41 deals.

04 US Healthcare movers and shakers

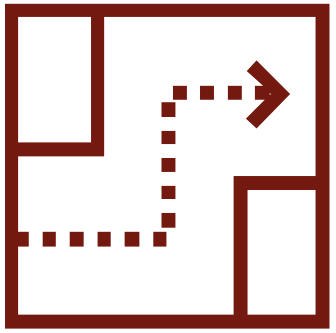
- Polaris Partners and Cormorant Asset Management were the most active investors this quarter, investing in 8 deals each.
- There were 9 Healthcare IPOs in Q1'20 raising approximately $1.4B.

05 Global healthcare trends

- Globally, dollars invested increased to $8.4B in Q1'20, while the number of deals decreased from 441 in Q4'19 to 4399 in Q1'20.
- In Q1'20, 219 deals closed in North America, followed by 100 deals in Asia, and 80 deals in Europe.
- North America raised $6.2B this quarter, while Europe raised $866M and finally Asia raised $1.3B.

Source: PwC/CB Insights MoneyTree™ Report Q1 2020

US Healthcare trends – Q1 2020

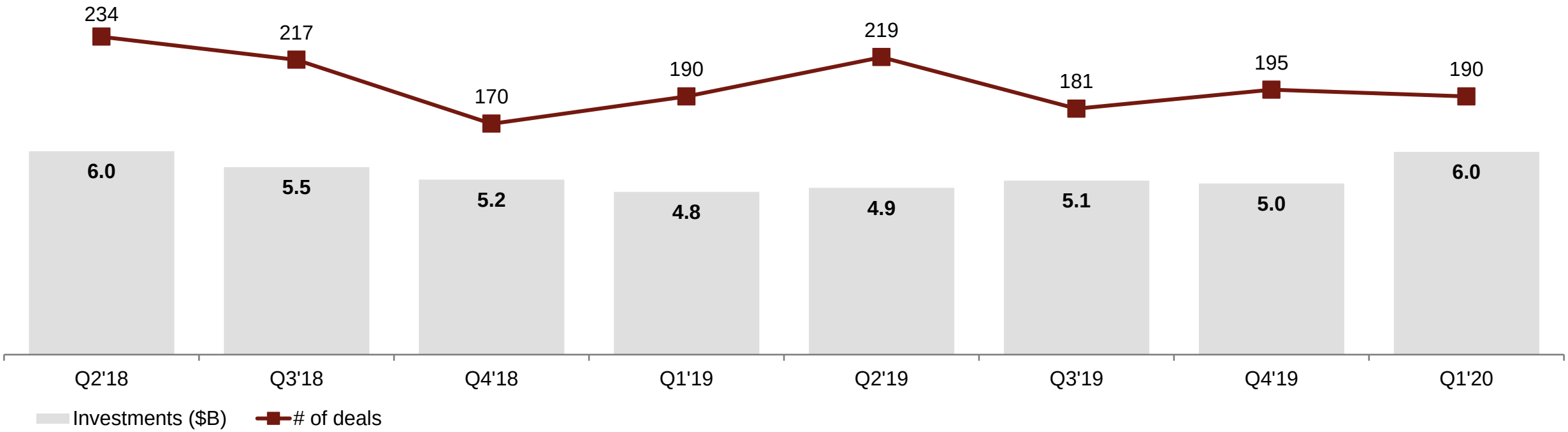


01

8-quarter Healthcare financing trends

Healthcare deal activity saw a decrease in Q1’20, but deal value increased

- Dollars invested in US Healthcare **increased** quarter to quarter from **$5.0B** in Q4’19 to **$6.0B** in Q1’20.
- Deal numbers have **decreased by 3%** from the prior quarter, with **190 deals** closing in Q1’20. The average deal value **increased** from $25.9M in Q4’19 to **$31.4M in Q1’20.**
- Compared to the same quarter in FY’19, dollars invested decreased **25%** and the number of deals remained constant at **190 deals** in Q1’20.

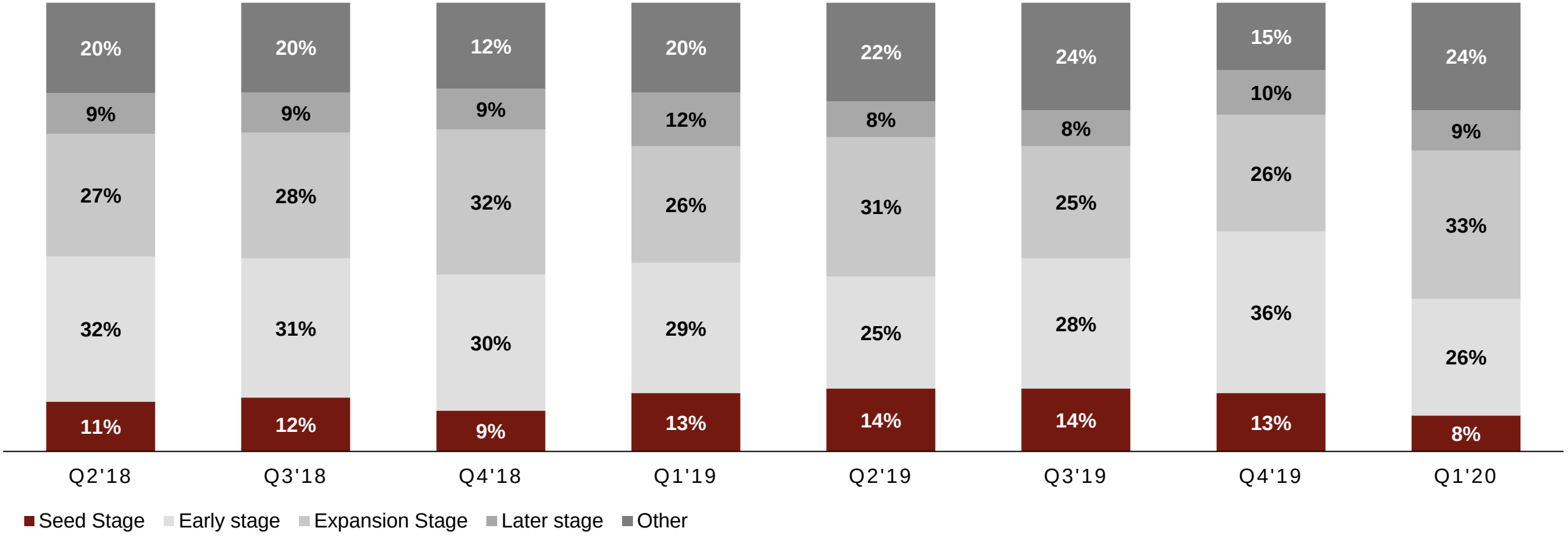


Source: PwC/CB Insights MoneyTree™ Report Q1 2020

US Healthcare deal share by stage

Early and Expansion stage companies concentrated majority of the deals

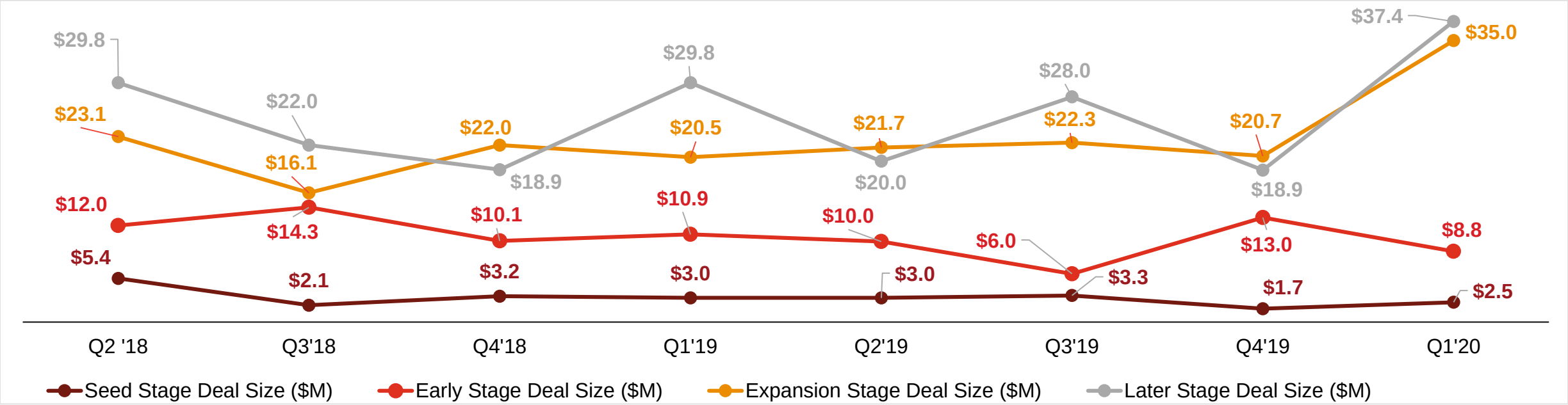
- **Early and expansion stage** deals continue to make up **more than half** of the dollars raised this quarter, for a total of **59%.**
- **Seed stage** deals had the lowest share by stage in Q1'20, making up **8%** of total dollars raised.



Source: PwC/CB Insights MoneyTree™ Report Q1 2020

Median US deal size by stage

- Median deal size for **later stage** companies **saw a significant increase this quarter to $37.4M**.
- **Seed stage** companies median deal size saw an **increase this quarter,** going from $1.7M in Q4'19 to $2.5M in Q1'20.
- **Early stage** companies median deal size saw a **decrease this quarter,** going from $13.0M in Q4'19 to $8.8M in Q1'20.
- **Expansion stage** companies median deal size saw an **increase this quarter,** going from $20.7M in Q4'19 from $35.0M in Q1'20.



Source: PwC/CB Insights MoneyTree™ Report Q1 2020

Healthcare sector trends

Biotechnology related industries raised $4.5 billion

- A total of **$4.5B** invested into **Biotechnology related industries** in Q1’20, which represents a **27% increase** from Q4’19, and deals **increased** quarter over quarter from 112 deals in Q4’19 to 124 deals in Q1’20.
- The **Medical Devices & Equipment related industries** increased quarter over quarter to **$996M** in funding, but saw a **25% decrease** in number of deals from Q4’19.
- **Other Healthcare related industries** decreased quarter over quarter to **$429M** in funding and number of deals **decreased by 9%** from Q4’19.

Percentage change in dollars invested Q1’20/Q4’19

27%

Biotechnology Related Industries

87%

Medical Devices & Equipment Related Industries

54%

Other Healthcare

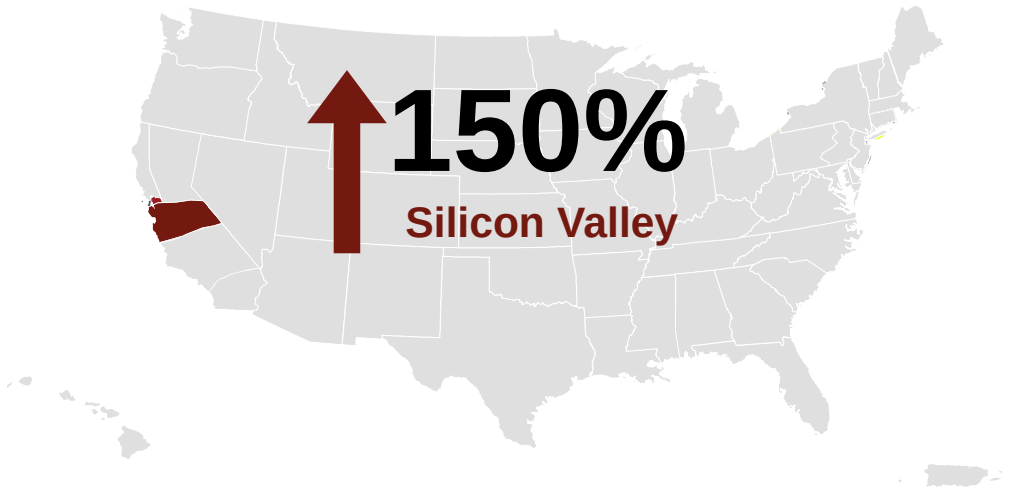
Source: PwC/CB Insights MoneyTree™ Report Q1 2020

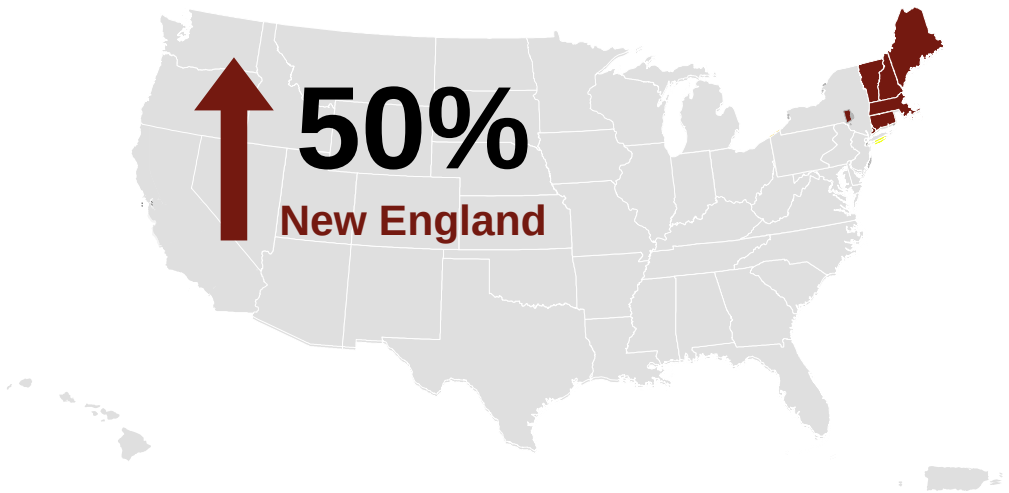
Regional Healthcare trends

Silicon Valley continues to lead in dollars invested and deal activity in Q1’20

- **Silicon Valley** led in terms of dollars invested in Q1’20, with **$2.5B** raised this quarter through **45** deals. Of the 45 deals closed in Silicon Valley, **9 were mega-rounds,** raising a total of **$1.5B**.
- **New England** followed behind and saw a **50%** increase in funding to **$1.5B** when compared to the prior quarter. Number of deals closed also increased, with **41** deals closing in Q1’20 compared to 36 deals in Q4’19.
- **Silicon Valley** held **43% of the US Healthcare market share** for total deal dollars invested in Q1’20, while **New England** accounted for **25%** of total deal dollars. Together, both regions accounted for **68%** total deal dollars in the country this quarter.

Percentage change in dollars invested Q1’20/Q4’19





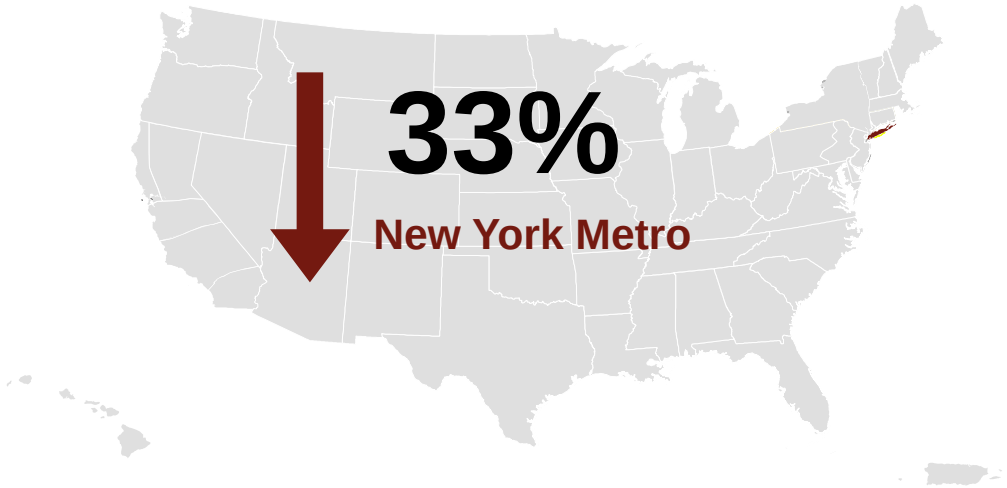
Source: PwC/CB Insights MoneyTree™ Report Q1 2020

Regional Healthcare trends (continued)

Changes in other US regions:

- **New York Metro** ended in third place in terms of number of deals, raising **$362M** through **15 deals** in Q1’20, a **33% decrease** in dollars raised from the prior quarter.
- Of the 15 deals closed in New York Metro, **1 was a mega-round,** which raised a total of **$112M**.
- **New York Metro** held **6% of the US Healthcare market share** for total deal dollars invested in Q1’20.

Percentage change in dollars invested Q1’20/Q4’19

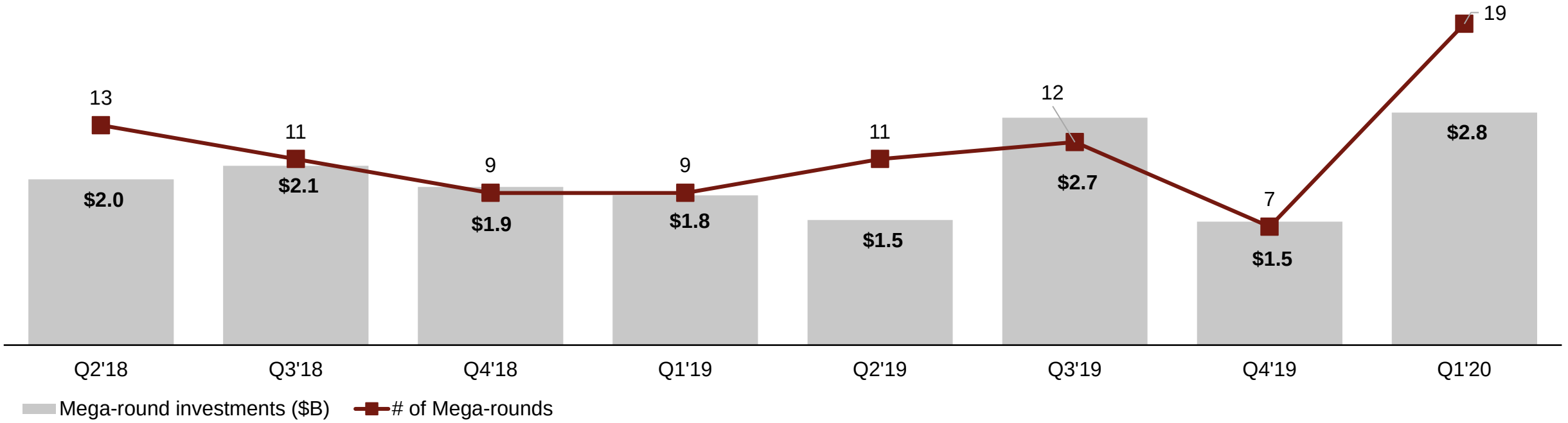


Source: PwC/CB Insights MoneyTree™ Report Q1 2020

US Healthcare mega-rounds

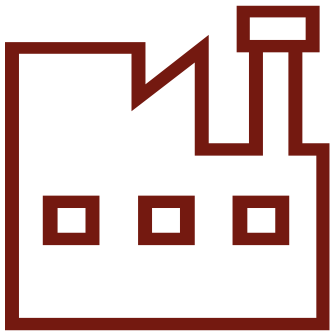
Mega-round financing increased this quarter, in both dollars invested and number of deals

- US Healthcare mega-round financing raised **$2.8B** in Q1’20, which was an **88% increase** from the mega-round funding in the prior quarter. Mega-round activity increased significantly, with 19 deals closing in Q1’20 compared to 7 deals closing in Q4’19.
- Dollars raised from mega-round deals made up **55%** of the total dollars raised in Q1’20.
- The average size of a mega-round deal was **$145M** in Q1’20, which is 7**%** less than the **$208M** average mega-round deal size from the past quarter.



Source: PwC/CB Insights MoneyTree™ Report Q1 2020

US Healthcare Industries – Q1 2020

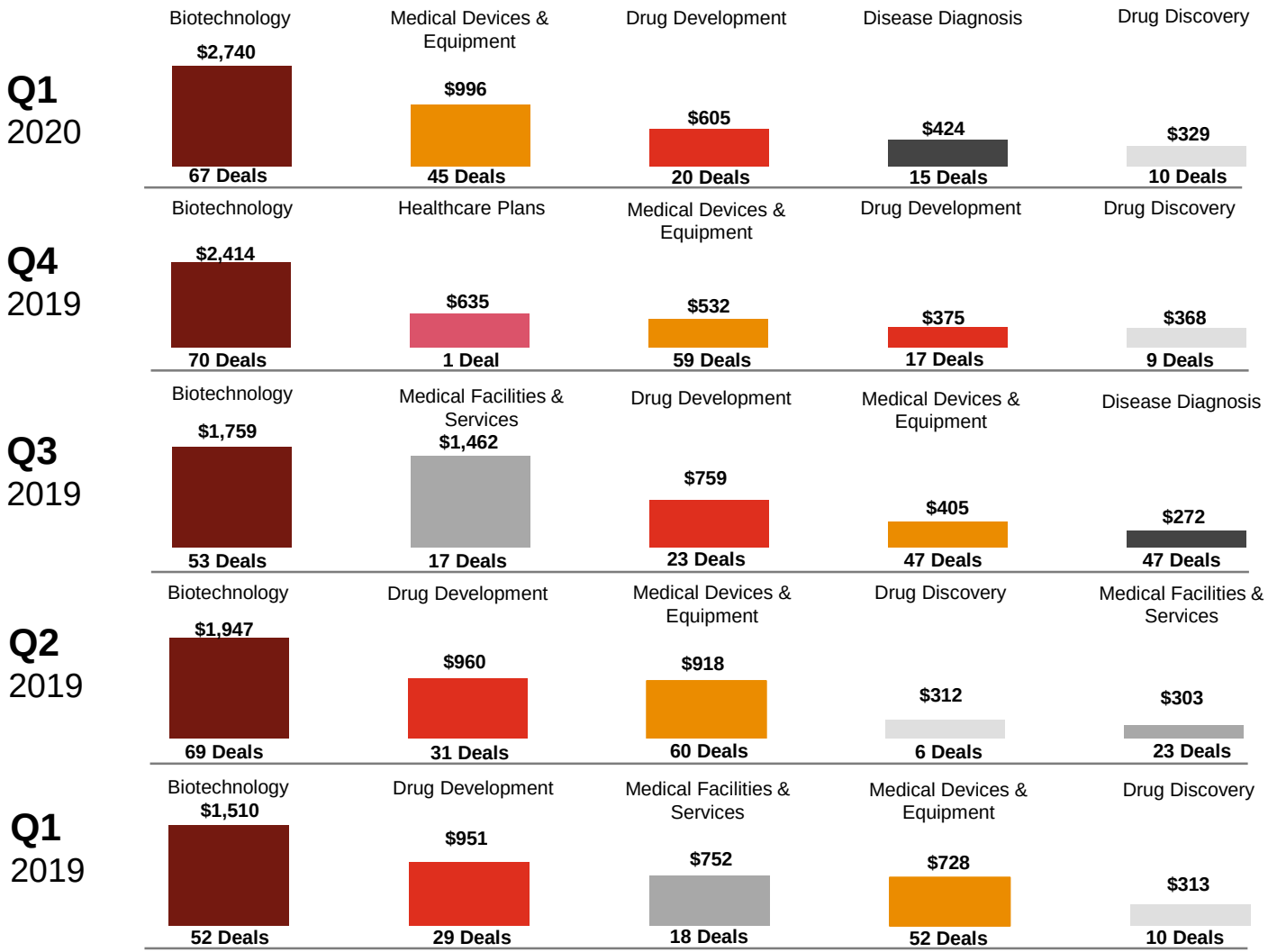


02

Top five US Healthcare industries over the last five quarters

Trends:

- The **Biotechnology subsector** lead the Healthcare industry in Q1'20 in terms of dollars invested, raising $2.7B, a 13% increase from Q4'19 raising $2.4B. Out of the 67 deals, closed, 9 were a mega-round deals which contributed $1.5B of the dollars invested in this quarter.
- Similar to the prior quarter, the **Medical Devices & Equipment** industry outperformed the **Drug Development** industry this quarter, with $996M dollars invested. $375M of the total $996M invested came from 3 mega-round deals.
- The **Drug Development** industry raised $605M, an increase of 61% from Q4'19, in terms of dollars invested. There was 1 mega-round deal in this industry, contributing $100M of the dollars invested.



Source: PwC/CB Insights MoneyTree™ Report Q1 2020

Q1’20 Deep dive

Biotechnology related industries

“The pandemic has not significantly impacted the healthcare financings trend. The number of deals remained stable compared to the past couple of quarters and the dollars invested have not been this high since Q2’2018. The COVID-19 effects will probably not be visible until Q2 and Q3 2020 and we expect the immunotherapy companies to keep the lion share of dollars invested.”

– Ousmane Caba, Life Science Partner at PwC

13%

Increase in funding for **Biotechnology subsector** compared to Q4’19

Largest Biotechnology and related industries deals in Q1’20:

$493M	**Lyell Immunopharma**
$200M	**EQRx**
$170M	**ElevateBio**
$165M	**Karius**
$125M	**Aligos Therapeutics**
$120M	**Nurix Therapeutics**

Source: PwC/CB Insights MoneyTree™ Report Q1 2020

US Places – Q1 2020

03

US Healthcare – Top five regions by deal value in Q1’20

45 Deals
Avg. Deal
Size: **$56M**

Silicon Valley $2,537M

41 Deals
Avg. Deal
Size: **$37M**

New England $1,519M

15 Deals
Avg. Deal
Size: **$24M**

New York Metro $362M

11 Deals
Avg. Deal
Size: **$32M**

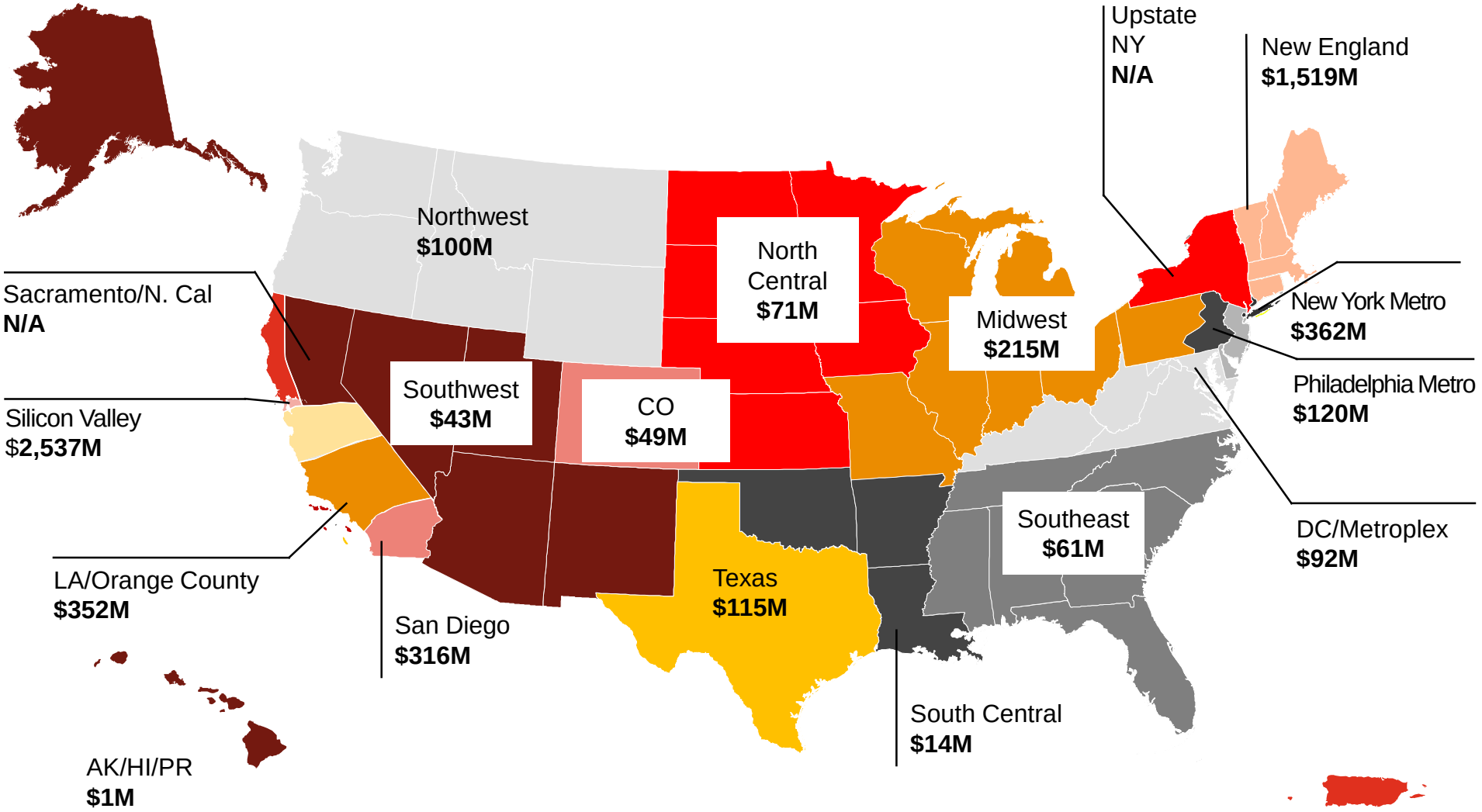
LA/Orange County $352M

13 Deals
Avg. Deal
Size: **$24M**

San Diego $316M

Source: PwC/CB Insights MoneyTree™ Report Q1 2020

US Healthcare – All US regions in Q1’20

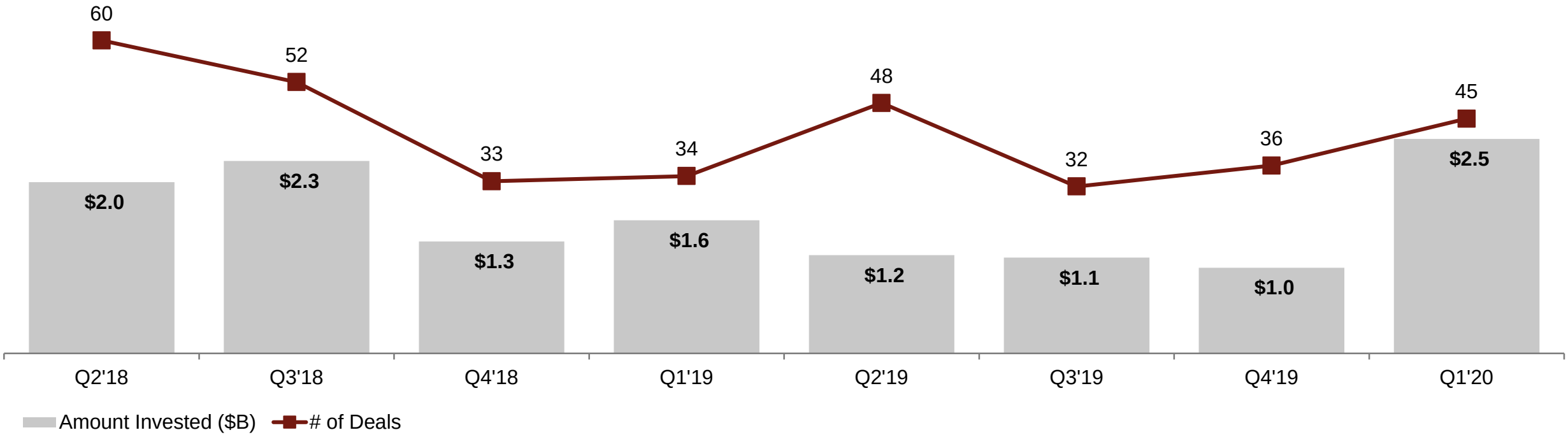


Source: PwC/CB Insights MoneyTree™ Report Q1 2020

8-quarter financing trend – Silicon Valley

Dollars invested in Silicon Valley increased this quarter to **$2.5B**

- In Silicon Valley, Healthcare mega-round financing raised **$1.5B** in Q1’20, which was a **91% increase** from the mega-round funding in the prior quarter. Mega-round activity increased with 9 deals closing in Q1’20, compared to 1 deal in Q4’19.
- The average size of a mega-round deal was **$165M** in Q1’20, compared to the $**125M** average mega-round deal size in Q4’19.

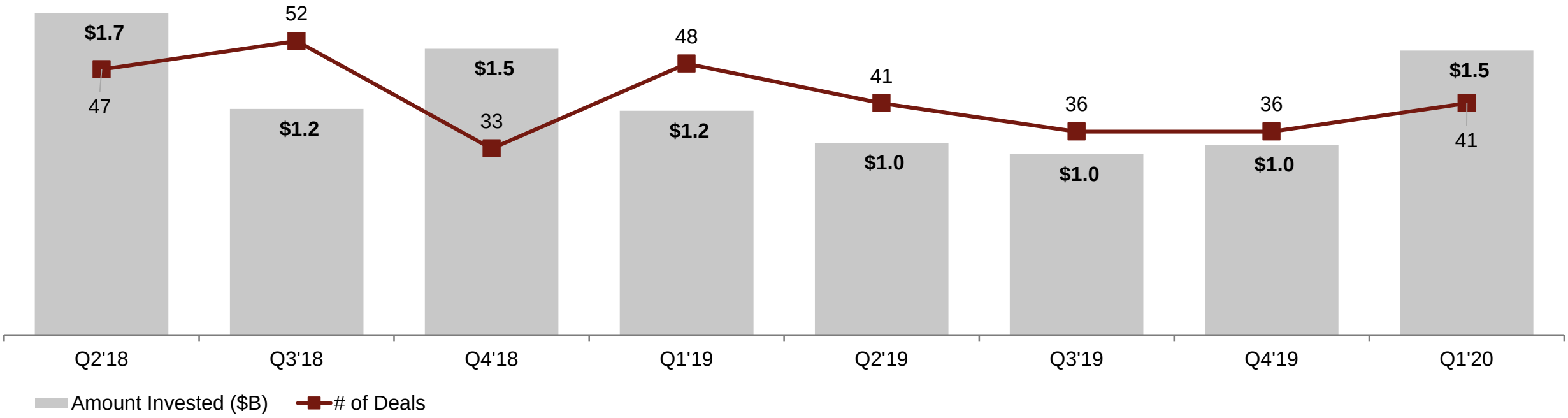


Source: PwC/CB Insights MoneyTree™ Report Q1 2020

8-quarter financing trend – New England

Dollars raised and number of deals increased Q1’20

- **New England, in Q1’20, raised $1.5B in 41 deals,** compared to $**1.0B in 36 deals in Q4’19.**
- Compared to the same quarter in FY’19, dollars invested increased **25%** and the number of deals **decreased 16%** in Q1’20.
- The region raised **$914M through 7 mega-rounds**. The dollars invested in mega-round deals made up 61% of the total dollars raised in the region this quarter.



Source: PwC/CB Insights MoneyTree™ Report Q1 2020

US – Top 10 states by deal value in Q1’20

1.

$3,205M
69 Deals,
Avg. Deal Size: **$46M**

2.

$1,489M
35 Deals,
Avg. Deal Size:**$43M**

3.

$332M
12 Deals,
Avg. Deal Size:**$28M**

4.

$137M
7 Deals,
Avg. Deal Size:**$20M**

5.

$115M
9 Deals,
Avg. Deal Size:**$13M**

6.

$100M
4 Deals,
Avg. Deal Size:**$25M**

7.

$100M
2 Deals,
Avg. Deal Size:**$50M**

8.

$66M
2 Deals,
Avg. Deal Size:**$33M**

9.

$50M
8 Deals,
Avg. Deal Size:**$8M**

10.

$50M
3 Deals,
Avg. Deal Size:**$17M**

Source: PwC/CB Insights MoneyTree™ Report Q1 2020

US Healthcare movers and shakers – Q1 2020

04

Largest Healthcare deals in Q1’20

	Company	Location	Industry	Stage of funding	$ Value of deal	Select investors
1	**Lyell Immunopharma**	South San Francisco, CA	Biotechnology		$493M	Undisclosed investors
2	**EQRx**	Cambridge, MA	Biotechnology		$200M	Andreessen Horowitz; Arboretum Ventures; ARCH Venture Partners; Casdin Capital; Google Ventures
3	**ElevateBio**	Cambridge, MA	Biotechnology		$170M	EcoR1 Capital; EDBI; F2 Ventures; Invus Group; MPM Capital; Redmile Group; Samsara BioCapital
4	**Karius**	Redwood City, CA	Disease Diagnosis		$165M	General Catalyst; HBM Healthcare Investments; Khosla Ventures; Lightspeed Venture Partners; SoftBank Group
5	**Element Science**	San Francisco, CA	Medical Devices & Equipment		$146M	Cormorant Asset Management; Deerfield Management; Google Ventures; Invus Group; Qiming Venture Partners; Third Rock Ventures
6	**Alignment Healthcare**	Orange, CA	Healthcare Plans		$135M	Durable Capital Partners; Fidelity Investments; T. Rowe Price
7	**Iora Health**	Boston, MA	Medical Facilities & Services		$126M	.406 Ventures; Cox Enterprises; Devonshire Investors; F-Prime Capital; Flare Capital Partners

Seed Stage Early Stage Expansion Stage Later Stage Other

Source: PwC/CB Insights MoneyTree™ Report Q1 2020

Most active venture capital firms in Healthcare in Q1’20

	Investor	Deals	Select investments	Location
1	Polaris Partners	8	Lyra Therapeutics; Iora Health; Fractyl Laboratories; Kallyope; Pandion Therapeutics; Volastra Therapeutics	Boston, MA
2	Cormorant Asset Management	8	Element Science; Bigfoot Biomedical; ALX Oncology; Pliant Therapeutics; Akouos; Supira Medical	Boston, MA
3	RA Capital Management	7	Lyra Therapeutics; SutroVax; Akouos; Cerebral Therapeutics; Pandion Therapeutics	Boston, MA
4	OrbiMed Advisors	6	Silverback Therapeutics; Keros Therapeutics; Recode Therapeutics; Pandion Therapeutics	New York, NY
5	Foresite Capital	6	Nurix Therapeutics; ALX Oncology; SutroVax; Keros Therapeutics; Generation Bio; Element Biosciences	San Francisco, CA

Source: PwC/CB Insights MoneyTree™ Report Q1 2020

Healthcare IPOs in Q1’20

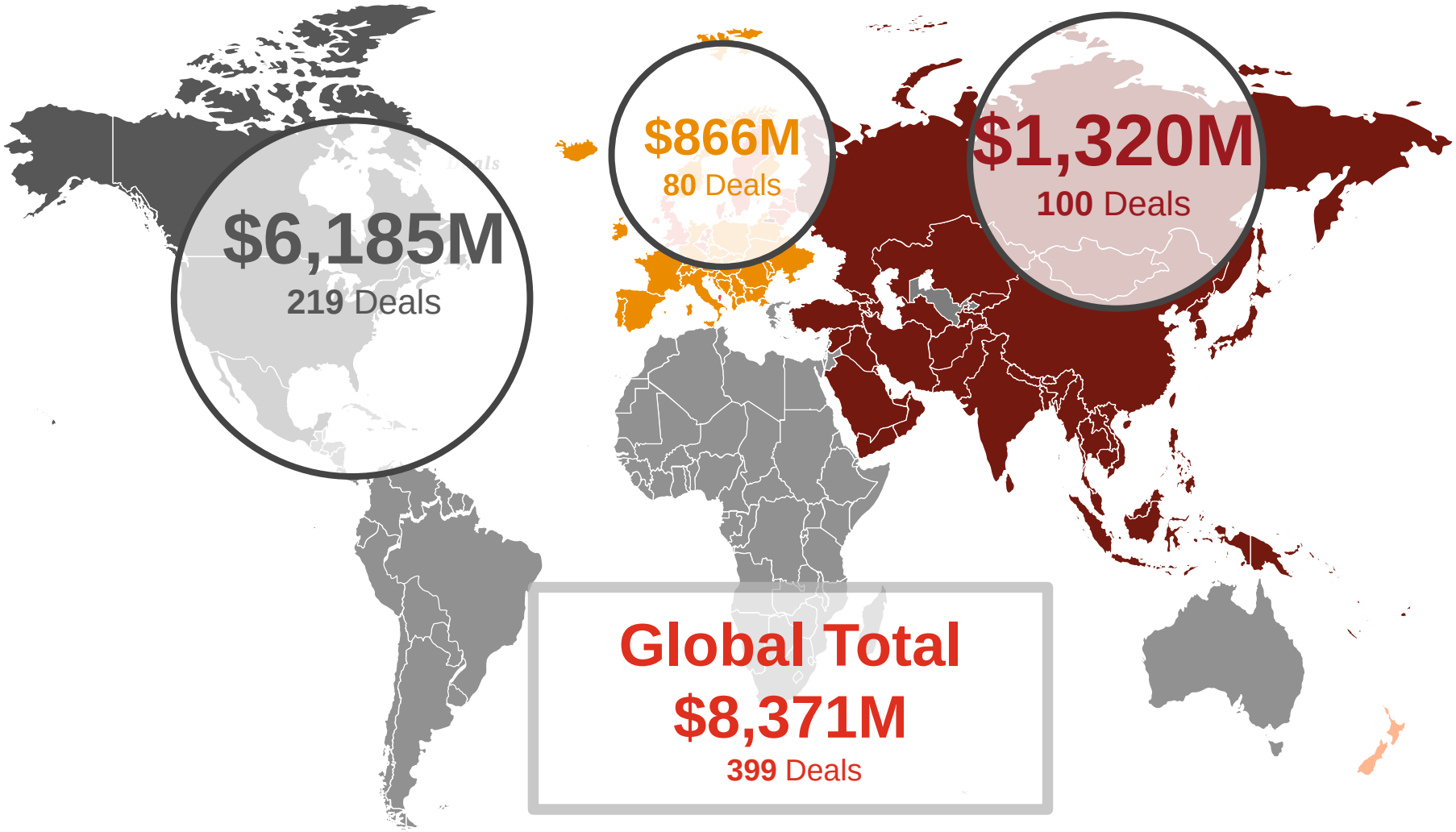
	Company	Amount	Location	Industry
1	One Medical Group	$263M	San Francisco, CA	Medical Facilities & Services
2	Revolution Medicines	$238M	Redwood City, CA	Drug Development
3	Passage Bio	$216M	Philadelphia, PA	Biotechnology
4	Black Diamond Therapeutics	$201M	Cambridge, MA	Drug Development
5	Beam Therapeutics	$180M	Cambridge, MA	Biotechnology
6	Arcutis Biotherapeutics	$159M	Westlake Village, CA	Biotechnology
7	Imara	$75M	Boston, MA	Drug Development
8	Anpac Bio	$16M	San Jose, CA	Biotechnology
9	Annovis Bio	$12M	Berwyn, PA	Drug Development

Source: PwC/CB Insights MoneyTree™ Report Q1 2020

Global Healthcare trends – Q1 2020

05

Global Healthcare comparisons for Q1’20

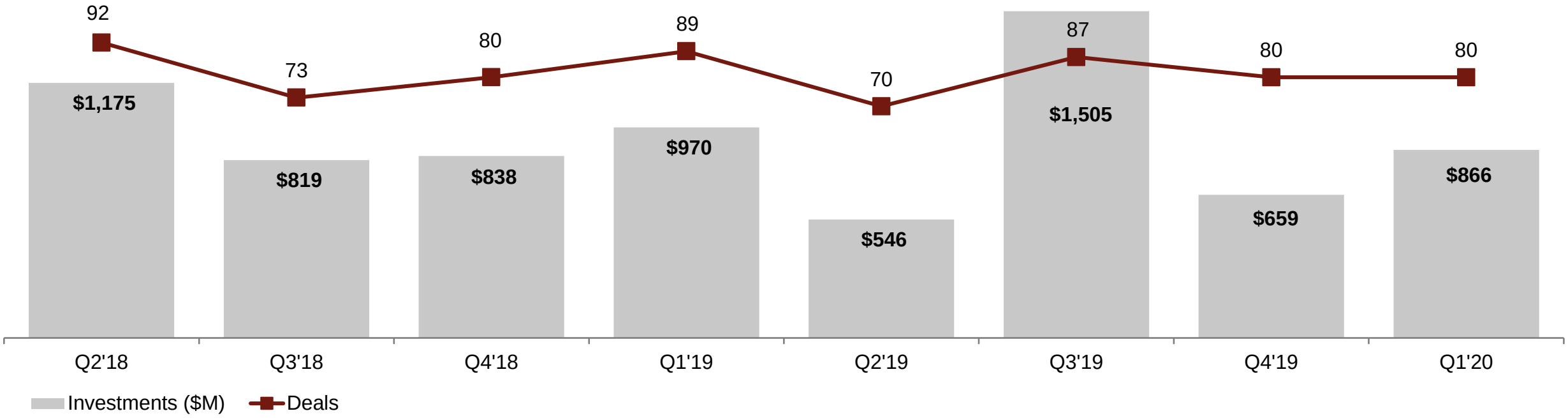


Source: PwC/CB Insights MoneyTree™ Report Q1 2020

8-quarter financing trend – Europe

Europe received an increase in funding in Q1’20, with $866M in total deal value this quarter.

- Dollars invested in Europe **increased** quarter to quarter from **$659M** in Q4’19 to **$866M** in Q1’20, a **31% increase.**
- Deal numbers have remained consistent with the prior quarter, with **80 deals** closing in both Q4’19 and Q1’20. The average deal value was **$10.8M** in Q1’20.

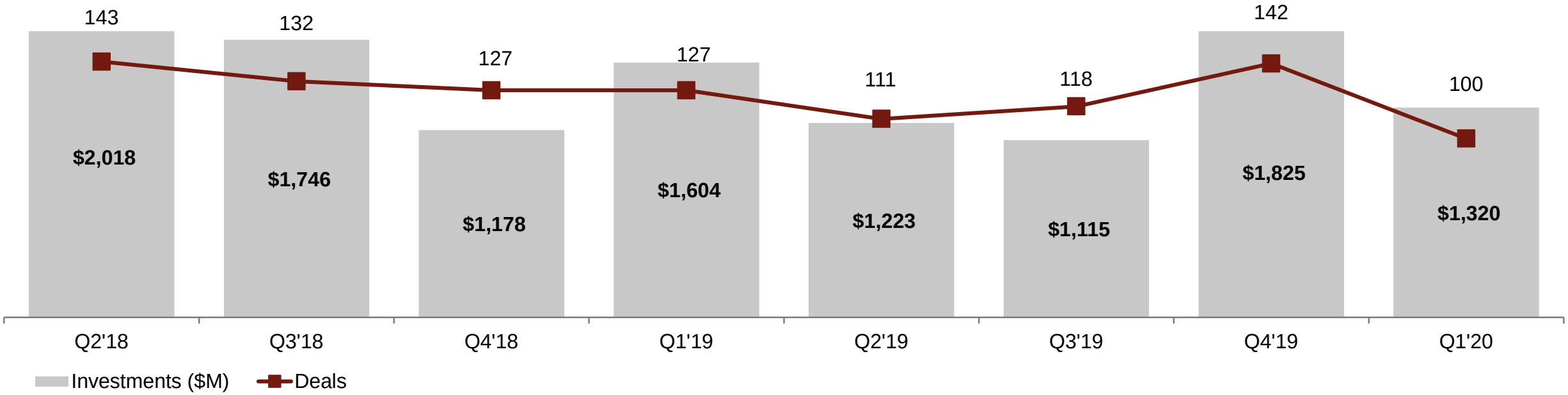


Source: PwC/CB Insights MoneyTree™ Report Q1 2020

8-quarter financing trend – Asia

Number of deals and dollars invested decreased in Asia

- Asia saw $1,320M invested across 100 healthcare deals in Q1’20.
- Dollars invested in Asia **decreased** quarter to quarter from a 2019 peak of **$1,825M** in Q4’19 to **$1,320M** in Q1’20, a 28**% increase.**
- Deal numbers have **decreased by 30%** from the prior quarter, with **100 deals** closing in Q1’20.



Source: PwC/CB Insights MoneyTree™ Report Q1 2020

Appendix

PwC/CB Insights
MoneyTree™ Report Q1 2020

US States – Full listing of Q1 2020 deals and investments

State	$M	#Deals	State	$M	#Deals	State	$M	#Deals
Arizona	2	1	Maryland	39	5	Ohio	23	2
California	3,205	69	Massachusetts	1,489	35	Oklahoma	5	1
Colorado	49	5	Michigan	2	1	Pennsylvania	137	7
Connecticut	50	8	Minnesota	50	3	Puerto Rico	0.56	1
DC	4	1	Missouri	66	2	Texas	115	9
Florida	25	4	Nebraska	20	1	Utah	22	2
Georgia	2	1	New Jersey	10	1	Virginia	49	3
Illinois	100	2	New Mexico	19	3	Washington	100	4
Indiana	5	1	New York	332	12	Wisconsin	0.4	1
Kansas	9	1	North Carolina	34	2			
Kentucky	2	1	North Dakota	0.24	1			

Source: PwC/CB Insights MoneyTree™ Report Q1 2020

Methodology

PwC (pwc.com/moneytree) and CB Insights (cbinsights.com) encourage you to review the methodology and definitions employed to better understand the numbers presented in this report. If you have any questions about the definitions or methodological principles used, we encourage you to reach out to CB Insights directly. Additionally, if you feel your firm has been underrepresented, please send an email to info@cbinsights.com and we can work together to ensure your firm's investment data is up-to-date.

Rankings, e.g. top states and top sectors, are done by quarterly deal activity (that is, deal count for the given quarter).

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.

Disclaimer

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