

## Venture Capital Liquidity Booms, Reaching \$52.9 Billion in 2007; M&A Amounts Double in 4Q'07

by PR-NewsWire

SAN FRANCISCO, Jan. 4 /PRNewswire/ -- U.S. venture capitalists ended 2007 on a very high note, garnering nearly \$16.2 billion in liquidity from the sale of 106 venture-backed companies and more than \$2 billion from the initial public offerings (IPOs) of 26 others during the fourth quarter, according to today's Quarterly U.S. Liquidity Report from Dow Jones VentureSource. The strong quarter pushed the annual total for venture-backed liquidity to roughly \$52.9 billion, the highest yearly total since 2000.

The totals raised via mergers and acquisitions (M&As) in the fourth quarter of 2007 were more than double the amounts raised over the same period last year. Likewise, IPOs saw a 65% jump in amounts raised compared to the same quarter in 2006.

"Without question, 2007 was a banner year for venture-backed liquidity," said Jessica Canning, Director of Global Research for Dow Jones VentureSource. "Not only did the industry have the largest number of completed public offerings since 2000 with 74, but it also saw the annual median amount raised at IPO break \$75 million for the first time on record. Likewise, the median post-valuation for companies completing M&As in 2007 reached \$97.5 million, just under the \$100 million record set in 2000."

### By the Numbers: M&As

The report showed that information technology (IT) companies accounted for the bulk of the capital raised via M&A in the fourth quarter with 61 transactions generating more than \$7.9 billion in liquidity, a near-40% increase for the segment over the fourth quarter of 2006. Software companies proved to be an acquirer favorite, as 28 of these companies garnered more than \$3.2 billion through M&A transactions in the fourth quarter, nearly double the \$1.7 billion the segment produced in the same time last year. Overall for 2007, 270 IT companies raised more than \$26.1 billion in M&A transactions, a 30% increase over 2006.

According to the data, 22 venture-backed health care companies participated in M&As in the fourth quarter and raised over \$4.8 billion, a new quarterly record for the industry. For the whole of 2007, 60 venture-backed health care companies garnered a record \$11.2 billion in M&A liquidity.

Notably, six biopharmaceutical companies were sold for \$2.4 billion in the quarter, the most on record for the segment. The largest M&A of the year belonged to this segment: The \$1.65 billion paid by GlaxoSmithKline for Liberty Corner, N.J. drug-maker Reliant Pharmaceuticals.

Nineteen companies in the business, consumer and retail sector completed M&As in the fourth quarter of 2007, accounting for more than \$3.2 billion in liquidity, the highest quarterly amount since 2000. The data showed that 58 business, consumer and retail companies raised more than \$8.2 billion in liquidity from M&A transactions in 2007.

"While venture-backed companies raised huge amounts from M&As in 2007, it also took a great deal of time and capital to steer these companies to liquidity," said Ms. Canning. "While the median amount of venture capital raised prior to liquidity held steady with 2006 at \$21.5 million, the median number of years to reach liquidity stretched to a record 6.7 years in 2007."

### By the Numbers: IPOs

The quarterly report found that, of the 26 venture-backed IPOs in the fourth quarter, 12 were for health care companies and raised a collective \$869 million, more than twice the amount from the last year. The data also showed that, for 2007 overall, 31 venture-backed health care companies raised \$2.3 billion at IPO, second only to 2000. One of the largest health care IPOs of the quarter belonged to Alpharetta, Ga.-based MedAssets, which raised nearly \$213 million.

Ten venture-backed IT companies went public in the fourth quarter, raising close to \$819 million. In all 2007, 34 VC-financed IT companies went public, raising \$3.7 billion. The largest IPO of the year belonged to Dallas, Tex.-based MetroPCS, which raised more than \$1.1 billion in April 2007.

Three business, consumer and retail companies raised \$265 million from IPOs in the fourth quarter of 2007. Overall, 2007 saw seven of these companies garner nearly \$539 million in liquidity from public offerings.

"Even though the fourth quarter of 2007 saw the most VC-backed IPOs since 2000, there's still more to come," said Ms. Canning. "According to our data, there are 13 companies currently in IPO registration that are likely to hit the exchanges some time in the first quarter of 2008. And this number could climb as VCs jockey to take advantage of this exit window."

The amount raised at IPO wasn't the only record set in 2007, the data found. The median amount of venture capital raised prior to IPO passed \$66 million, up 14% from last year's record of \$58 million. Likewise, the median time to IPO lengthened to a new record of nearly 7.1 years, also up 14% over last year.

The investment figures included in this release are based on aggregate findings of Dow Jones VentureSource's proprietary U.S. research. This data was collected by surveying professional venture capital firms, through in-depth interviews with company CEOs and CFOs, and from secondary sources. These venture capital statistics are for equity investments into early-stage, innovative companies and do not include companies receiving funding solely from corporate, individual, and/or government investors. No statement herein is to be construed as a recommendation to buy or sell securities or to provide investment advice.

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