

Q3 2018 - Deal Environment Remains Strong as Later Stage Valuations Rise

Commentary from Bruce Booth of Atlas Venture

On deal terms: The pendulum is definitely favoring entrepreneurs and founders, which in life sciences also typically includes venture creation-focused investors.



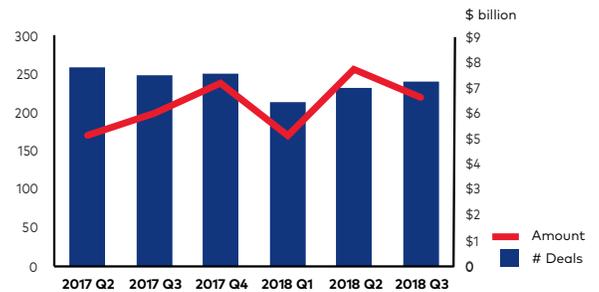
On shifting dynamics: These trends bring life sciences terms closer to where technology terms have been in recent years – where companies and entrepreneurs have many options to play off each other.

On pharma deal flow: There's been a real disconnect between pharma partnering and the equity capital markets recently, in particular around M&A. ... If the equity markets cool considerably, I would anticipate an increase in pharma dealmaking.

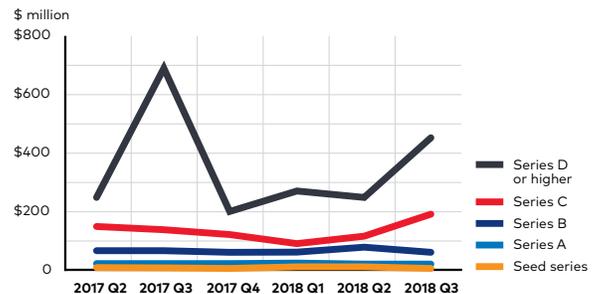
On market outlook: I think we'll see a cooling of venture financing and public offerings through the end of 2018 with a likely resurgence in early 2019 as markets stabilize and IPO activity picks up again.

Read Cooley's full interview with Bruce Booth on Cooley GO. cooleygo.com

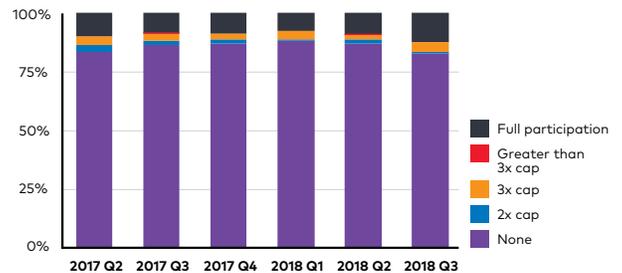
Total Deal Volume and Aggregate Dollars Raised



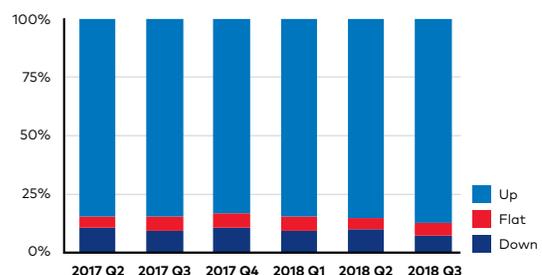
Median Pre-Money Valuation



Liquidation Preference: Participation Features



Up, Down and Flat Rounds



In the third quarter of 2018, both deal volumes and aggregate dollars raised remained extremely high. In Q3 2018, Cooley handled 243 disclosable deals, representing more than \$6.6 billion of invested capital. Up rounds represented 87% of deals during the quarter. Our data points to a notable increase in median pre-money valuations in later stage deals relative to prior quarters, with Series C median pre-money valuations rising from \$115 million to \$190 million and Series D and later median pre-money valuations rising from \$245 million to \$450 million. In Q3, Cooley handled six disclosable deals having pre-money valuations greater than \$1 billion, one of which had a valuation greater than \$6 billion.

Other than late-stage median valuations, deal terms during the quarter trended modestly toward the investors. For example, the percentage of deals with no participation feature decreased from 87% in Q2 to 83% in Q3.

About the Cooley Venture Financing Report

This quarterly summary provides data reflecting Cooley's experience in venture capital financing terms and trends. Information is taken from a subset of the transactions in which Cooley served as counsel to either the issuing company or investors. For more information regarding this report, please contact one of our Cooley lawyers.

About Cooley

Cooley's lawyers solve legal issues for entrepreneurs, investors, financial institutions and established companies. Clients partner with Cooley on transformative deals, complex IP and regulatory matters, and bet-the-company litigation, often where innovation meets the law.

Cooley has 900+ lawyers across 13 offices in the United States, China and Europe.

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