



Semiannual IPO and M&A Outlook Webcast

Survey Findings

August 2018

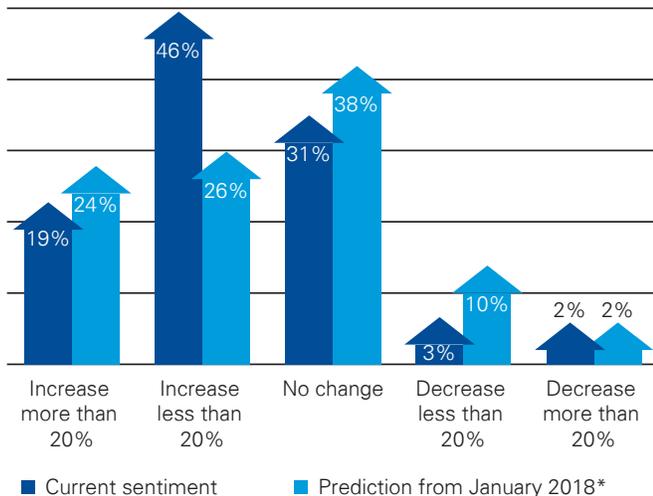


A replay of the Webcast can be found at www.kpmg-institutes.com/institutes/global-enterprise-institute

Venture capital (VC) investment in the United States remained strong at \$27.3 billion in the second quarter of 2018, buoyed by investors' focus on late-stage deals and a resurgence of the initial public offering (IPO) market. The IPO market gained even more momentum in the second quarter with 60 IPOs raising \$13.1 billion—more than any quarter in the last three years. Merger and acquisition (M&A) activity was also robust, led by a large transaction culminating in the acquisition of a Web-based hosting service by a major software company.

Against this backdrop, during a recent Webcast hosted by KPMG's Venture Capital practice, we surveyed over 300 investors, startup executives, and industry professionals to gain their perspectives on VC market activity. The outlook for the remainder of 2018 remains positive according to the industry professionals we surveyed. As exit activity continues to gain steam, the results from our poll reflect a community that anticipates this healthy pipeline of exits to continue through the rest of 2018.

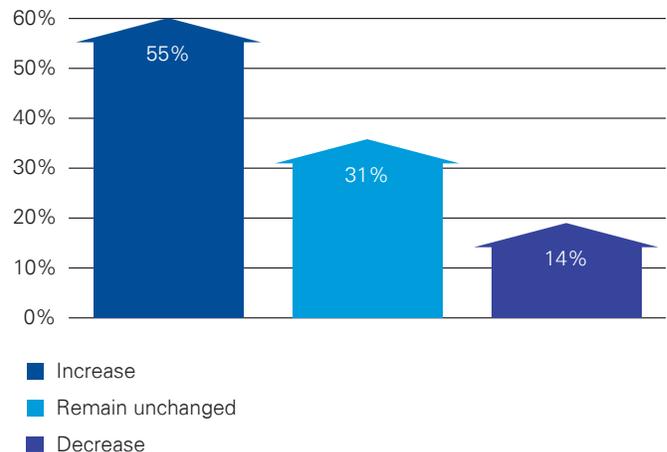
With a resurgence in VC IPOs in 2018, do you anticipate more or less IPO activity for the remainder of the year?



The sentiment with regards to IPO activity continues on a positive trajectory. Sixty five percent of respondents anticipate an uptick in IPO activity for the remainder of 2018, while earlier this year, 50 percent of respondents predicted an increase in IPOs.

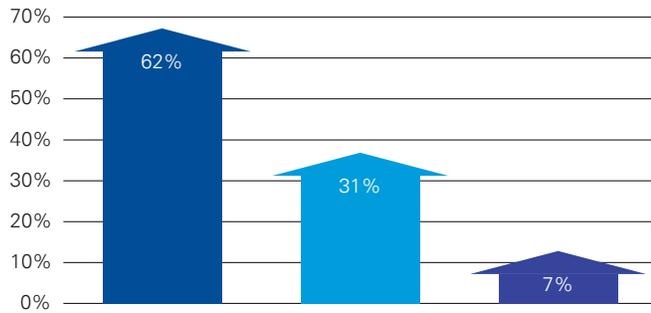
*Results from KPMG's Semiannual IPO and M&A Outlook Webcast survey conducted in January 2018.

For the remainder of 2018, do you anticipate the number of late-stage deals to:



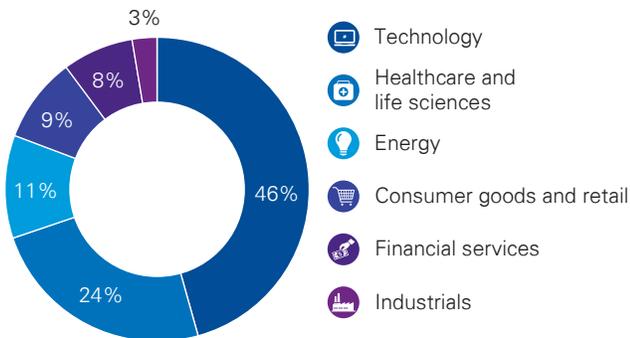
In addition to the successful IPO activity in the first half of 2018, VC investments in late-stage deals have also been very strong. Industry professionals expect this activity to not only continue but to increase in the second half of 2018, with more than half of the respondents anticipating an increase in late-stage deals.

In the next six months, do you anticipate M&A valuations for companies to:



- Increase
- Remain unchanged
- Decrease

The bullish case for M&A as a source of liquidity for venture-backed companies in the United States in 2018 is still strong. With that in mind, we asked industry professionals their outlook on M&A valuations for the next six months, and over 60 percent expect an increase in M&A valuations.



We also asked respondents which sector would likely have the largest increase in venture-backed IPO and M&A exits in 2018. Consistent with exit activity we saw in the first half of 2018, respondents believe that the technology sector will close out 2018 with the largest increase in exits.

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As 2018 to date has seen a healthy resurgence in IPOs plus alternate exit options such as buyouts, the forecast for investors and founders looking to sell appears bright for the remainder of the year. Macro trends also are relatively promising, as exit values have been steady and on the higher end, historically speaking. The industry professionals we surveyed seemed to be aligned with this overall market outlook, anticipating these positive trends to continue throughout 2018.

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