



2020 Q3 Global and Asia Tech Venture Trends

Irene Chu

3rd November 2020

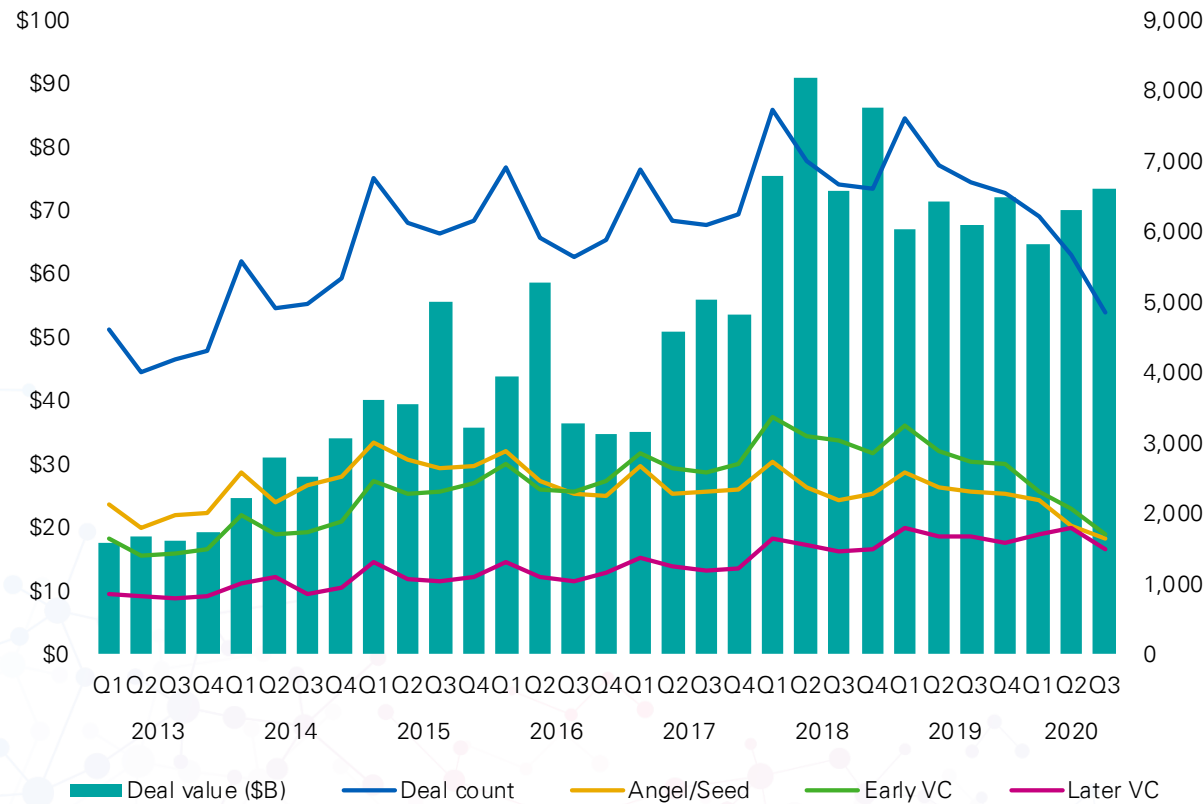


Global VC Investments Remain Steady



Global venture financing

2013–Q3'20



- Globally, in Q3'20 VC-backed companies raised **\$73.2B** across 4,861 deals
- All regions see increase in VC investment
- Early-stage companies feeling the pressure
- Investors focused on companies able to adapt and respond to the 'new normal'
- IPO market surges in Q3'20

Source: Venture Pulse, Q3'20. Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by Pitchbook, 10/21/2020.

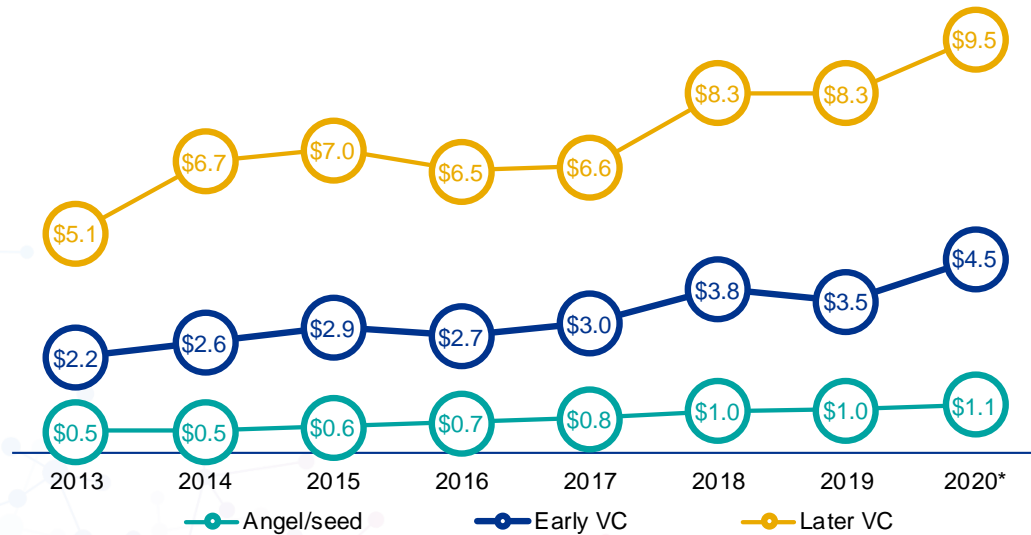


© 2020 KPMG, a Hong Kong partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited ("KPMG International"), a private English company limited by guarantee. All rights reserved. Printed in Hong Kong, China.

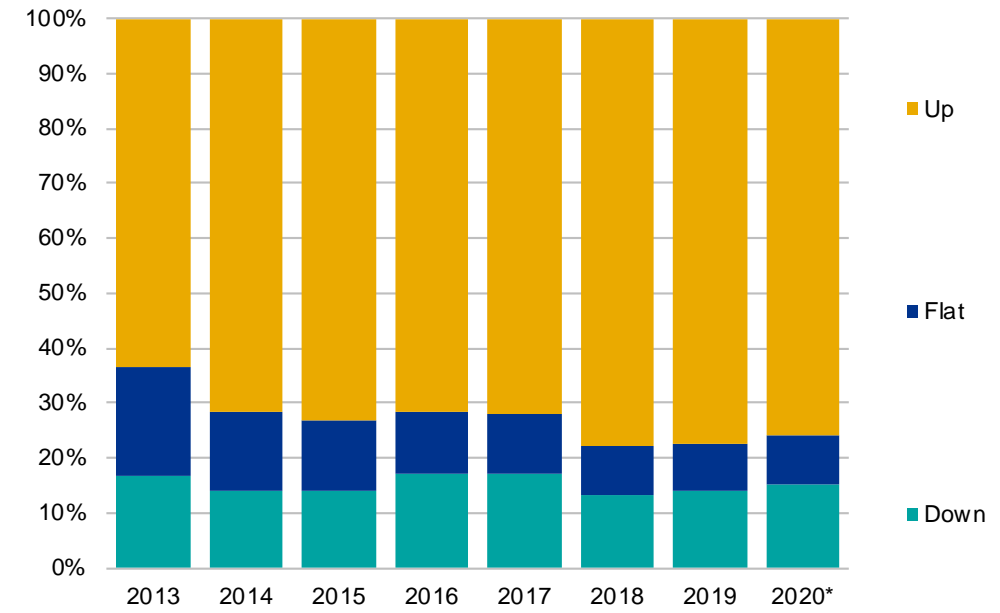
Global VC Trends - (1) Dry powder keeps figures elevated



Global median deal size (\$M) by stage 2013–2020*



Global up, flat or down rounds 2013–2020*



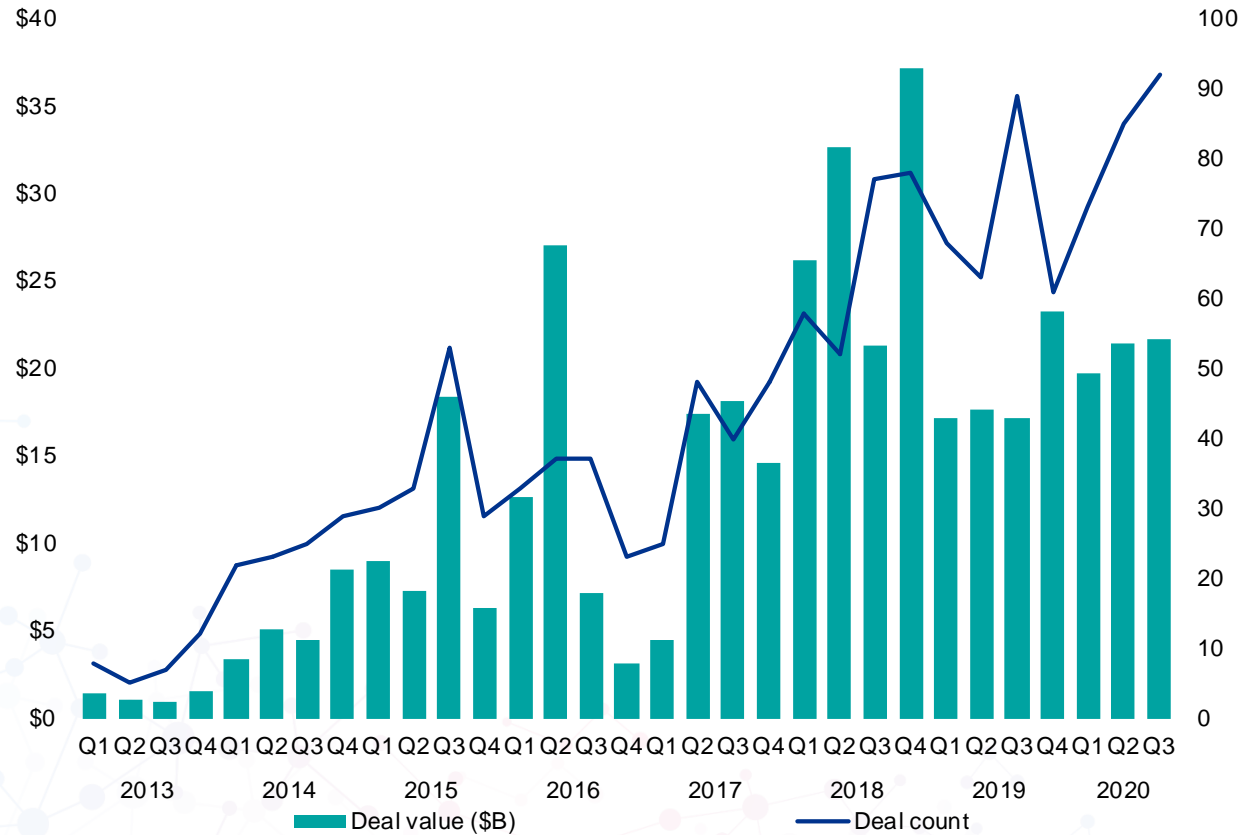
Source: Venture Pulse, Q3'20. Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 9/30/2020. Data provided by Pitchbook, 10/21/2020.



© 2020 KPMG, a Hong Kong partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited ("KPMG International"), a private English company limited by guarantee. All rights reserved. Printed in Hong Kong, China.

Global VC Trends - (2) Capital keeps stampeding toward unicorns

Global unicorn rounds 2013–Q3'20



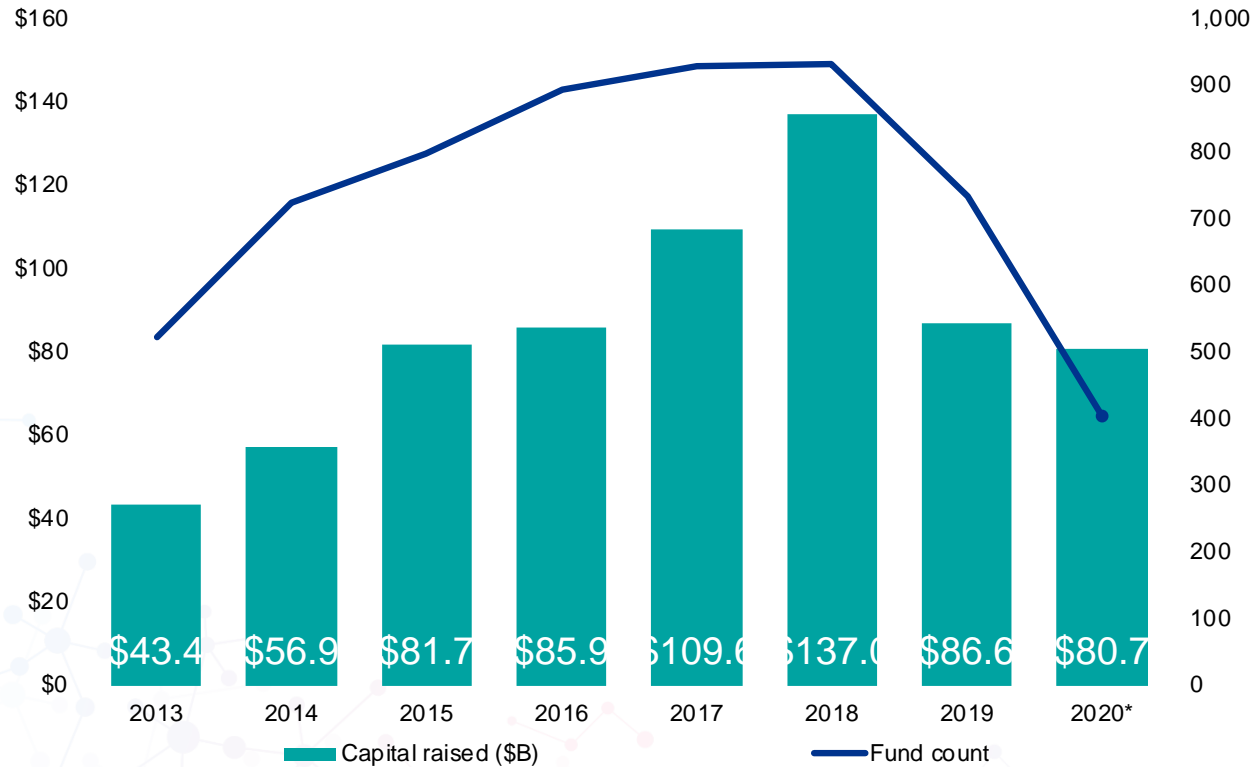
- **Robinhood** is listed twice in the top 10 financing globally for a single quarter as it raised a combined total of \$1.2 billion+ in a matter of months
- **Fintech** has benefited considerably from the changes wrought by COVID-19
- **SpaceX, Revolut** and **Weltmeister** all closed on new funding

Source: Venture Pulse, Q3'20. Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by Pitchbook, 10/21/2020.

Global VC Trends - (3) Fundraising surges further



Global venture fundraising 2013–2020*



- Another **\$20 billion** committed to the asset class amid various venture fund strategies by the end of Q3
- Shift toward alternative assets by institutional investors fuels ongoing strong fundraising efforts by venture fund managers

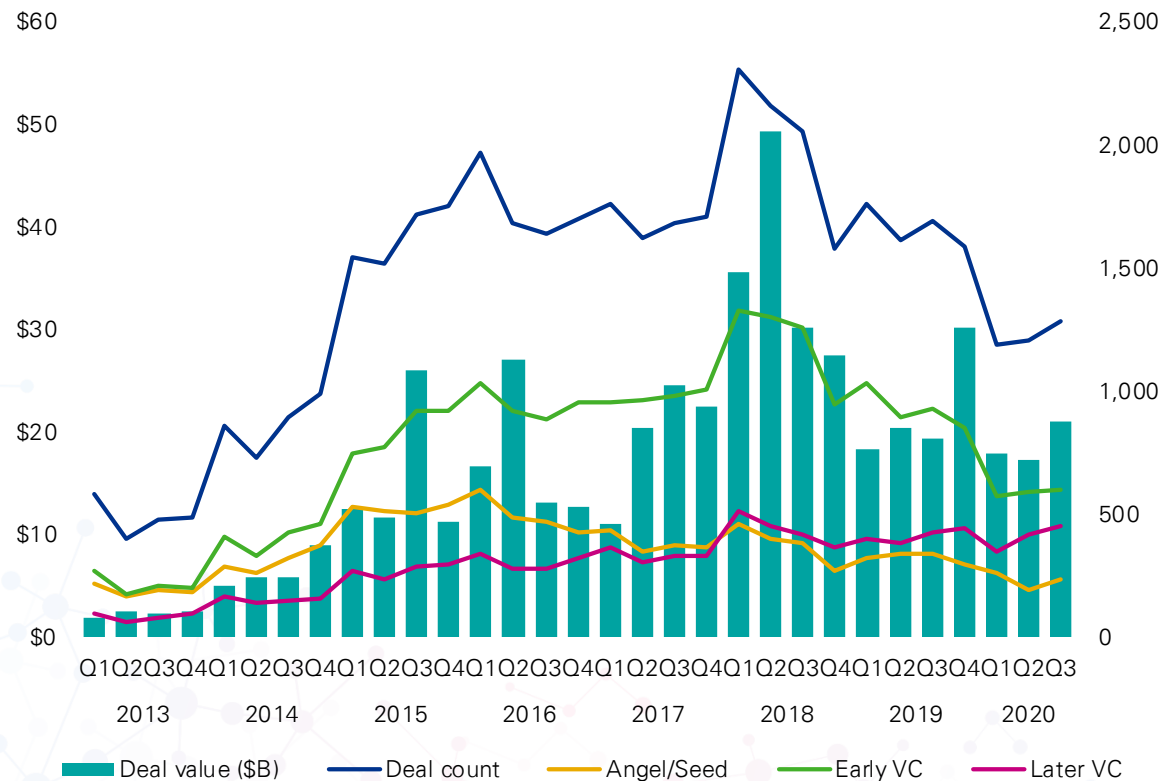
Source: Venture Pulse, Q3'20. Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 9/30/2020. Data provided by Pitchbook, 10/21/2020.

VC Investment in Asia on the Rebound



Venture financing in Asia

2013–Q3'20



- In Q3'20 VC-backed companies in the Asia region raised **\$21.1B** across 1,285 deals
- Rebound led by two \$1B+ mega-deals
- Surging focus on healthtech and edtech
- China sees renewed VC investment in Q3'20
- Tension with the US driving some Chinese companies to shift their IPO focus

Source: Venture Pulse, Q3'20. Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by Pitchbook, 10/21/2020.

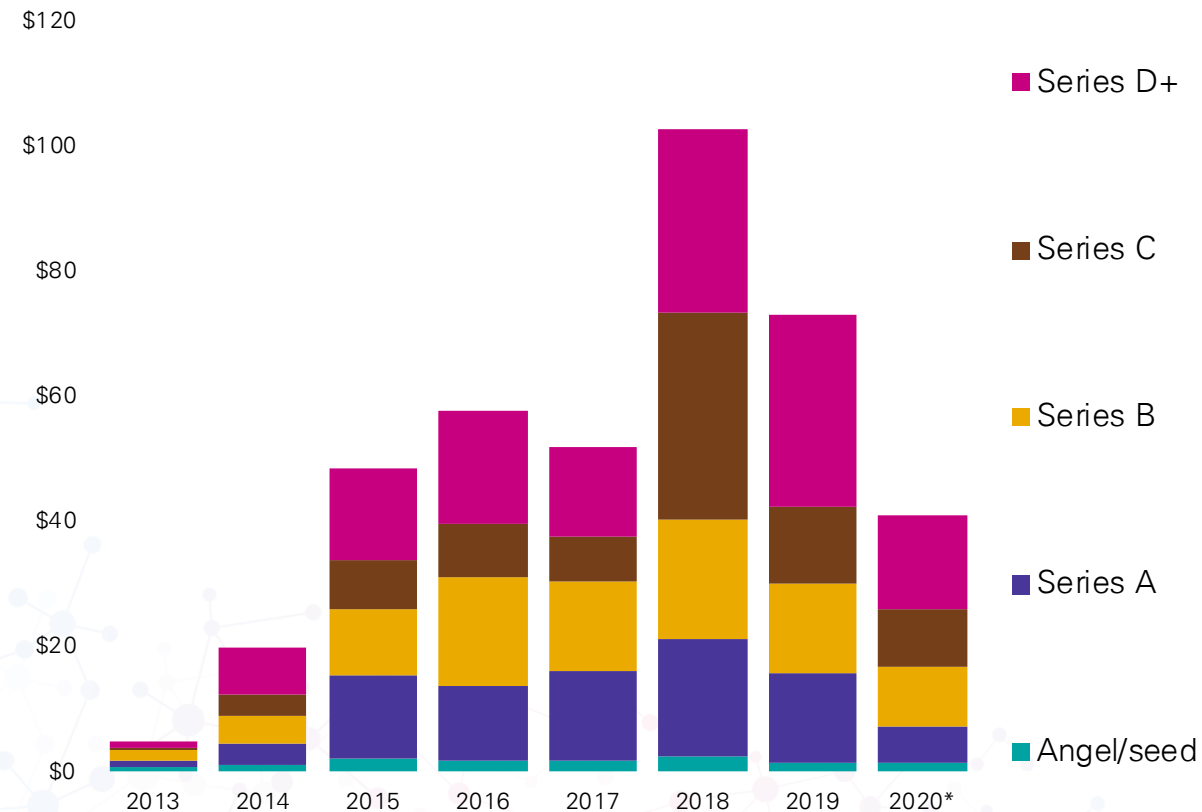


© 2020 KPMG, a Hong Kong partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited ("KPMG International"), a private English company limited by guarantee. All rights reserved. Printed in Hong Kong, China.

VC Trends in Asia - (1) Capital still concentrates at late stage

Deal share by series in Asia

2013–2020*, VC invested (\$B)



- VC investors continue to focus on late-stage companies
- Two \$1 billion+ mega-deals helped to propel the VC investment in Asia in Q3'20, including:
 - \$1.5 billion raise by Shanghai-based automotive company Weltmeister
 - \$1.3 billion raise by India-based internet retailer Flipkart

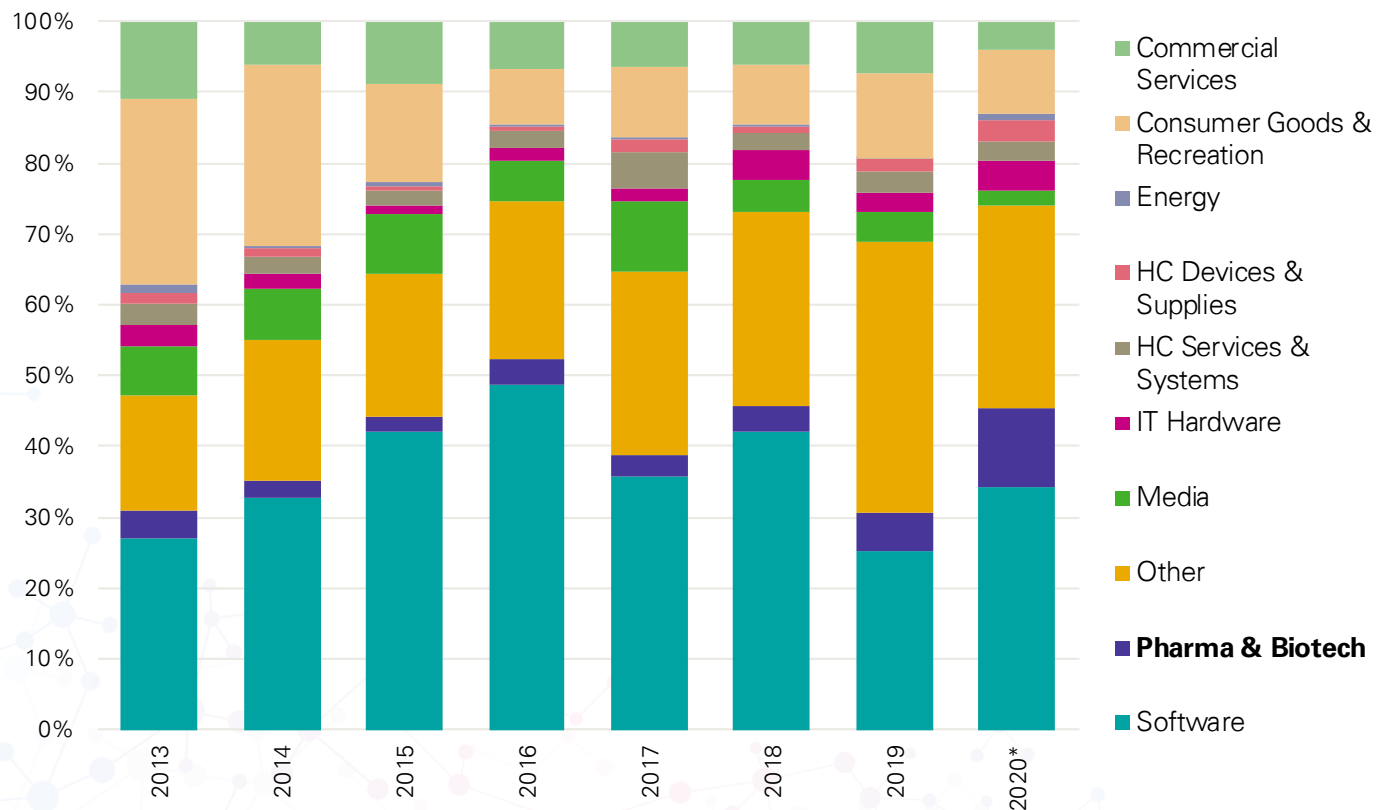
Source: Venture Pulse, Q3'20. Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 9/30/2020. Data provided by Pitchbook, 10/21/2020.

VC Trends in Asia - (2) Biotech persists in its record pace



Asia venture financings by sector

2013–2020*, VC invested (\$B)



- Health and biotech were big bets for VC investors in Q3'20
- Startups focused on COVID-19 related mitigation or management
- Companies addressing broader health issues such as cancer screening and access to care.

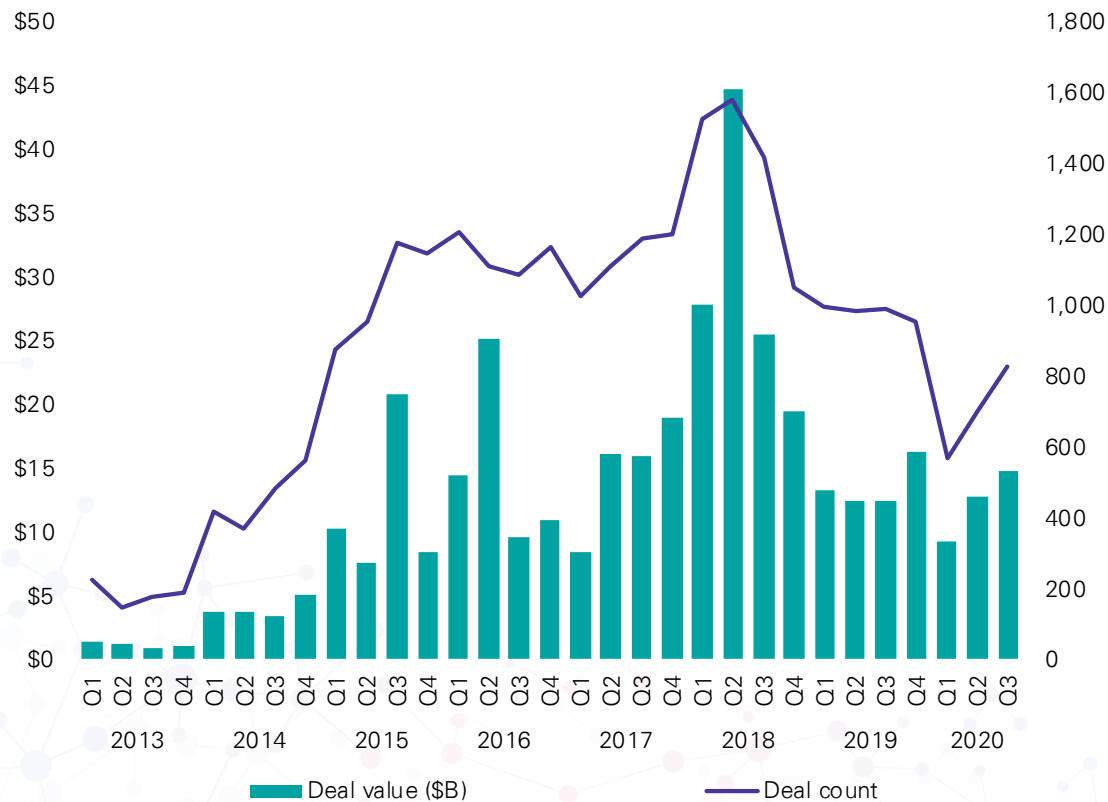
Source: Venture Pulse, Q3'20. Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 9/30/2020. Data provided by Pitchbook, 10/21/2020.

VC Trends in Asia - (3) China sees renewed VC investment



Venture financing in China

2013–Q3'20



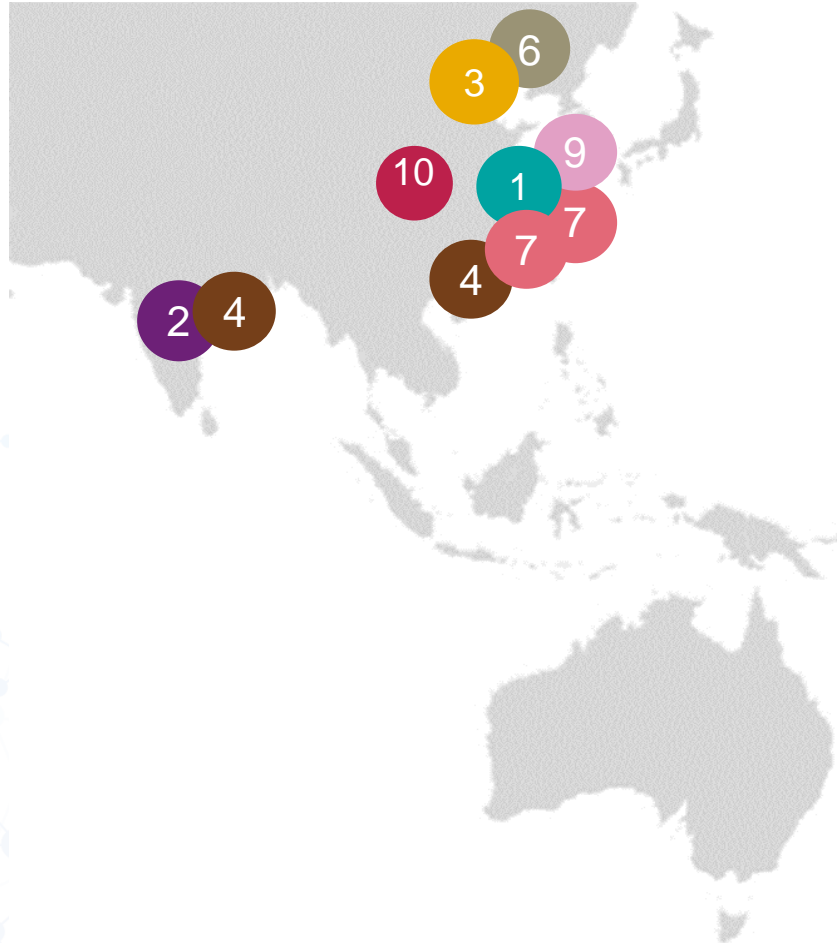
- A modest but steady increase in venture funding volume along with a rise in VC invested
- China accounted for seven of Asia's top 10 deals during Q3'20
- Digital business models were a hot area of investment in China during Q3'20
- Less proven new economy companies will likely face significant downward valuation pressure

Source: Venture Pulse, Q3'20. Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by Pitchbook, 10/21/2020.

China Top Deals Predominates Asia VC Market



Top 10 financings in Q3'20 in Asia-Pacific



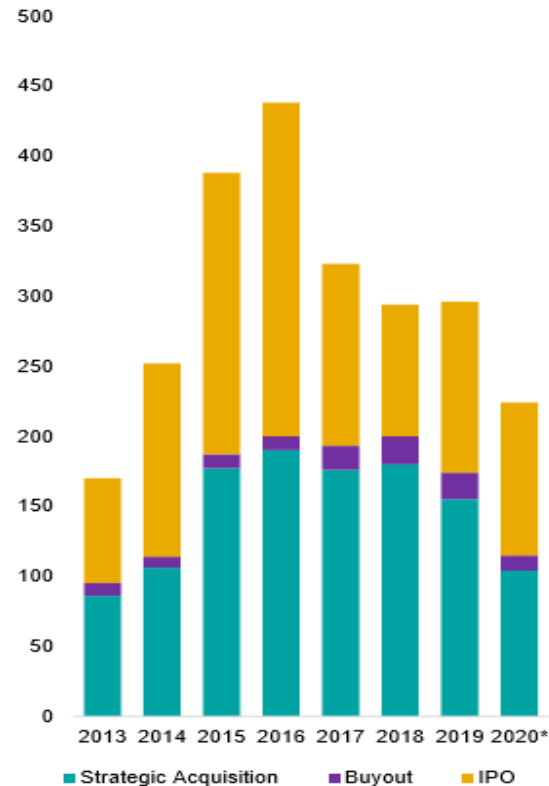
- 1 **Weltmeister** — \$1.5B, Shanghai
Automotive
Series D
- 2 **Flipkart** — \$1.3B, Bengaluru
Internet retail
Corporate
- 3 **JD Health** — \$830M, Beijing
Internet retail
Series B
- 4 **Xpeng** — \$500M, Guangzhou
Automotive
Series C1
- 4 **BYJU'S** — \$500M, Bengaluru
Edtech
Late-stage VC
- 6 **Miss Fresh** — \$495M, Beijing
E-commerce
Late-stage VC
- 7 **Zhangmen.com** — \$450M, Shenzhen
Edtech
Late-stage VC
- 7 **Xiaohongshu** — \$450M, Shanghai
Internet retail
Late-stage VC
- 9 **MicroPort Medical Robots** — \$432.6M, Shanghai
Surgical devices
Late-stage VC
- 10 **Yipin Shengxian** — \$353M, Chongqing
Food products
Series C

VC Trends in Asia - (4) IPOs lead exits to roar back



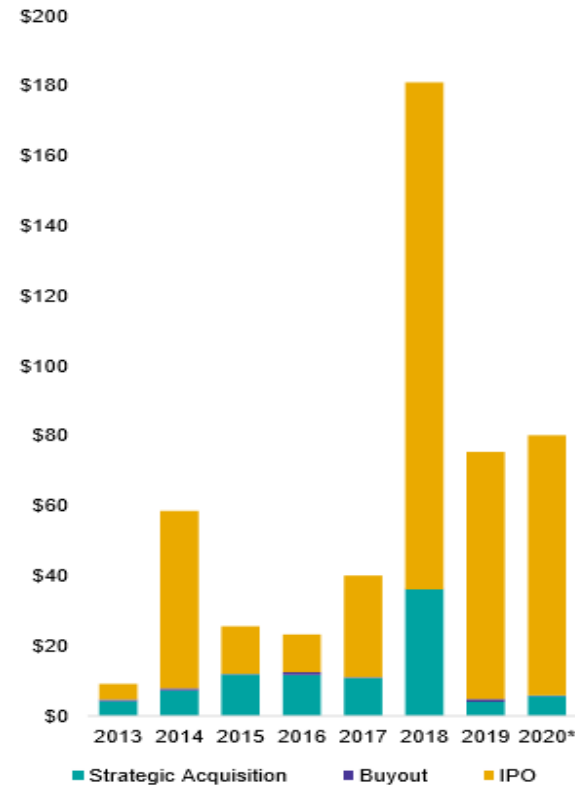
Venture-backed exit activity (#) by type in Asia

2013–2020*



Venture-backed exit activity (\$B) by type in Asia

2013–2020*



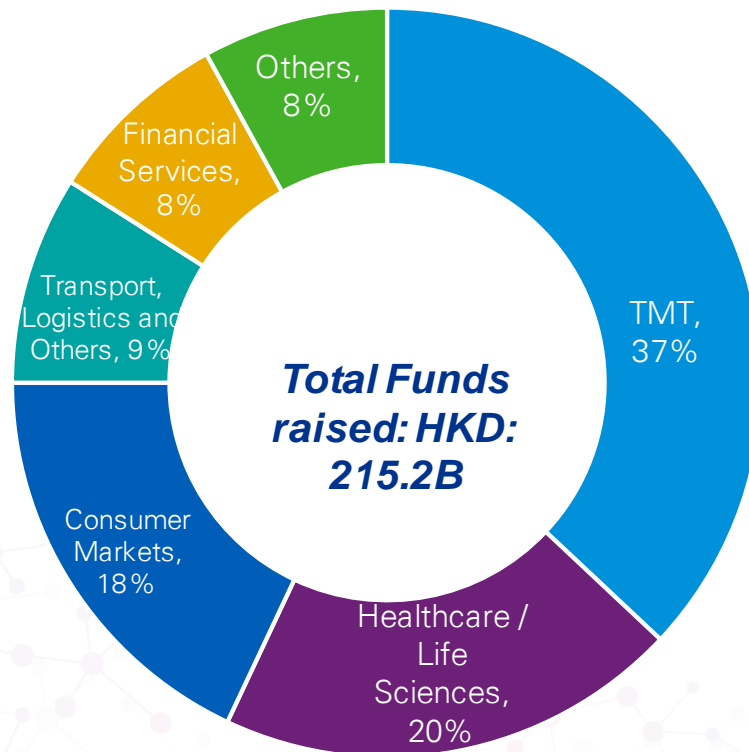
- A surge of tech IPOs across exchanges in Asia led to a new record for exit value
- M&A powers exit volume while IPOs power exit value
- Chinese companies have been shifting their attention to public markets closer to home, including the Hong Kong Stock Exchange
- Ant Financials IPO with HKEx and STAR in Q3'20 – poised to be largest tech IPO ever

Source: Venture Pulse, Q3'20. Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 9/30/2020. Data provided by Pitchbook, 10/21/2020.

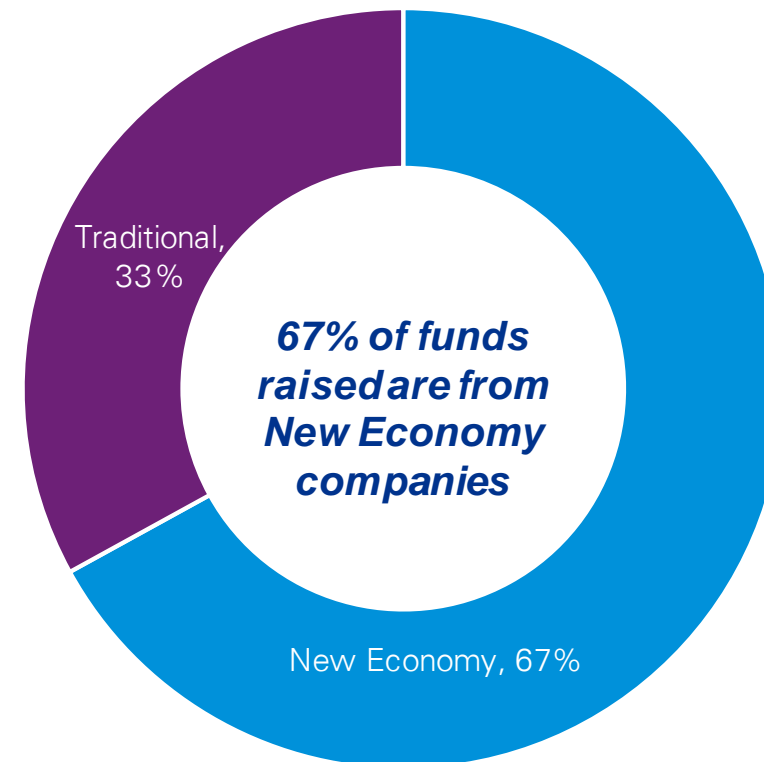
A Close Look - Hong Kong IPO Market Statistics



***IPO Proceeds for the 9 months ended
30 Sep 2020
(By Sector, Main Board only)***



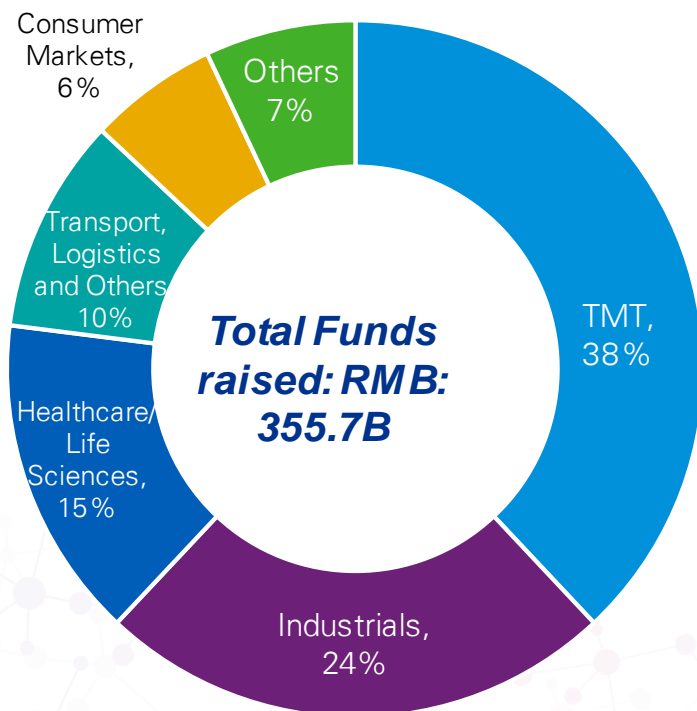
***IPO Proceeds for the 9 months ended
30 Sep 2020 (Main Board)***



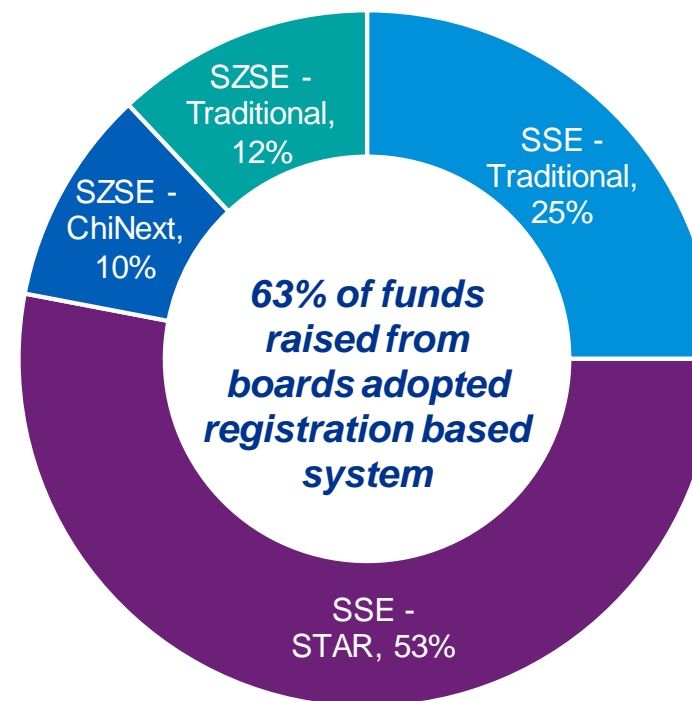
A Close Look - A-share IPO Market Statistics



***IPO Proceeds for the 9 months ended 30 Sep 2020
(By Sector)***



***IPO Proceeds for the 9 months ended 30 Sep 2020
(By Listing Board)***



Key Trends to Watch Out



- COVID-19 is expected to remain a key driver of both investor caution and investment heading into Q4'20
- Digital solutions aimed at addressing needs of businesses and consumers will continue to be favored by investors
- Key sectors in Asia: healthtech, eCommerce, AI, edtech, autotech, digital enablement and fintech in SME financing solutions
- More focus on regionalization and localized investments in Asia/China
- Corporation and their venture arms continue to be a mainstay of the ecosystem
- First-time funds resurge in promising sign

Contact



Irene Chu

Partner, Head of New Economy & Life Sciences, Hong Kong
KPMG China

Email: irene.chu@kpmg.com

Phone: +852 2978 8151



KPMG Venture Pulse



Mainland China and Hong Kong
2020 Q3 review: IPOs and other market trends





kpmg.com/cn/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG, a Hong Kong partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited (“KPMG International”), a private English company limited by guarantee. All rights reserved. Printed in Hong Kong, China.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.