Sector Snapshot

Key Trends in Dealmaking

Mobility

Data provided by

PitchBook

citi

Commercial Bank

I have the privilege to introduce the 2024 Citi Commercial Bank Sector Snapshot Report on Mobility.

Rich with data from PitchBook, the report looks beyond the headlines and takes a closer look at the mobility sector, with a focus on EV, autonomous vehicles, mobility tech and the micro mobility sector, and assesses market conditions, industry shifts, and key trends in investment.

This raises a number of interesting questions: Will we see a rise in venture dealmaking after the peak in 2021? Can mobility businesses turn technical promise into sustainable profit and attract investment? And will pre-seed financing sizes, at their highest to date, continue to rise?

These are some of the areas covered in the report which delivers valuable insights and will unlock opportunities.

Huaijin Bao

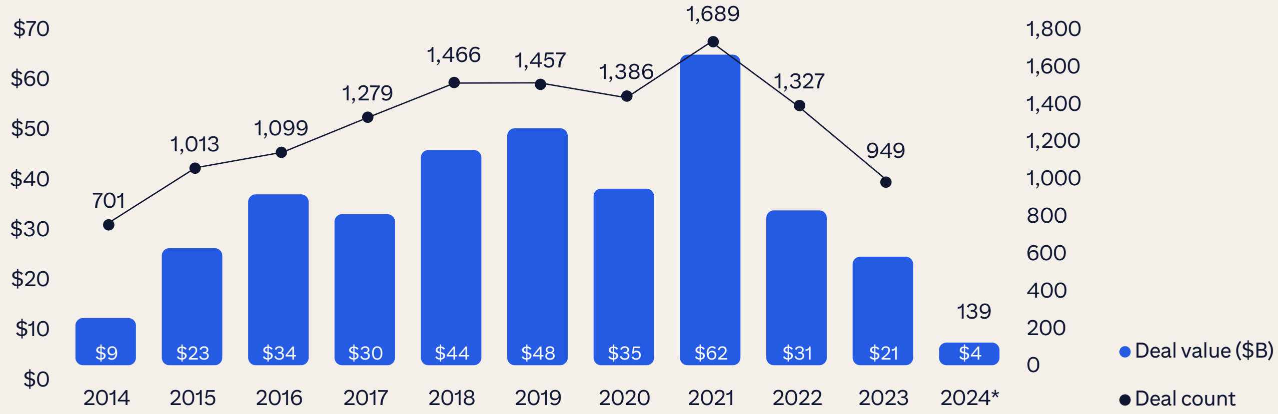
Global Head of Industrials
Citi Commercial Bank

Introduction

The mobility ecosystem was one of the primary innovation and venture hotbeds that dominated headlines and funding trends throughout the 2010s. From ride-sharing to autonomous vehicles to last-mile delivery, the sector saw some of the most prominent unicorns of the era – including Uber and Rivian – and some large controversies, such as Tesla's Autopilot combining with human error. But in the early 2020s, trajectories changed. Much like many other sectors, 2021 saw a peak in venture dealmaking and a surge in potential liquidity as a spate of electric vehicle (EV) makers went public via Special Purpose Acquisition Companies (SPACs). Since then, venture dealmaking has slid steadily to just $3.9 billion across 139 transactions worldwide through mid-March 2024, putting the year on pace for the lowest volume in a decade. However, that does not mean the pace of innovation in technical frontiers has slowed; rather, caution is paramount as business models and foundational tech evolve.

Dealmaking has slid as caution & *cost of capital rise*

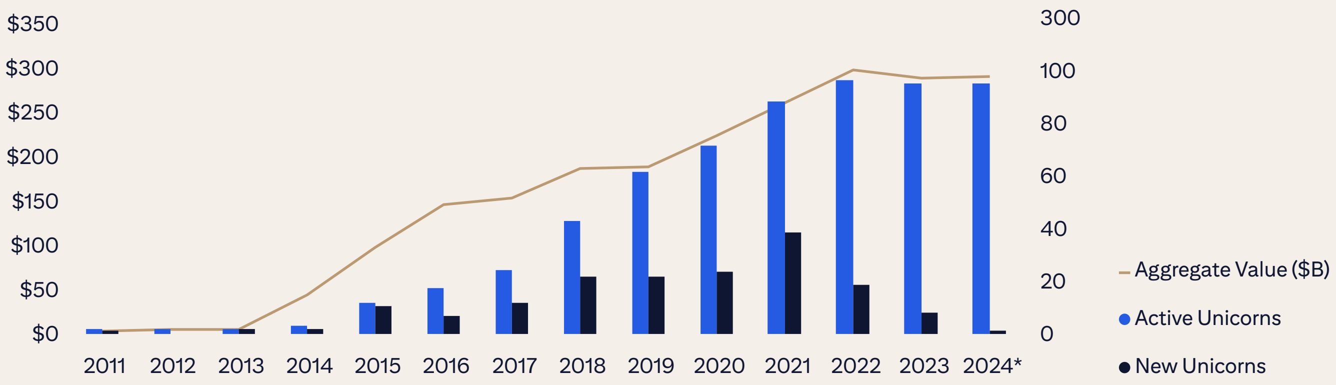
Global VC deal activity – Mobility



*As of 03/18/2024. Source: PitchBook.

Nearly 100 *extant mobility unicorns* pose significant pent-up liquidity

Global unicorn aggregate flow - Mobility



*As of 03/18/2024. Source: PitchBook.

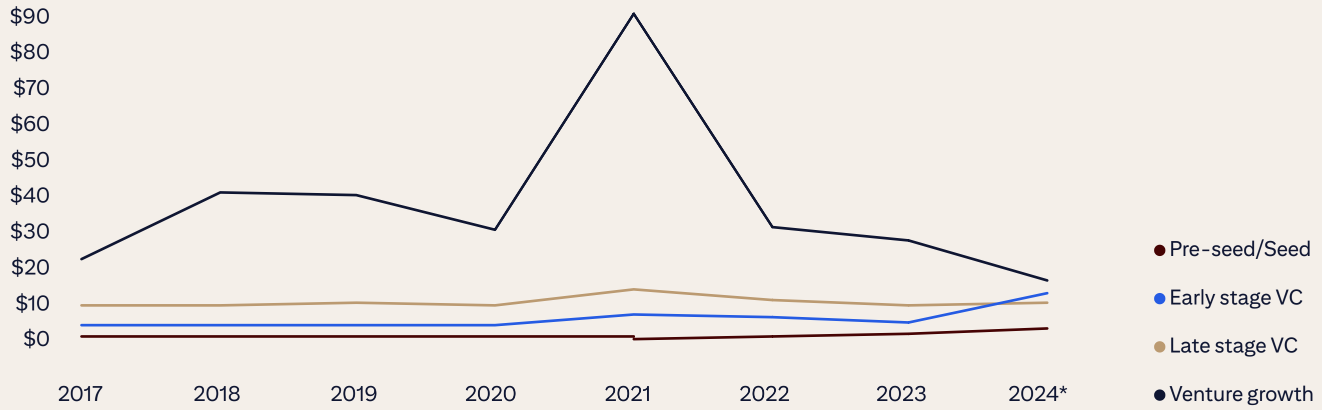
Market trends

Financing metrics reveal that at the latest, most expensive stage – growth – dealmakers have pulled back in check sizes, with the median declining to the lowest level since 2013. However, pre-seed/seed median financing sizes are at the highest on record (albeit on a small sample size) as is the early stage.

Post-valuations are tracking similarly, although 2024 data is inconclusive based on small sample sizes. This suggests that investors have not retreated wholesale but are hyper-fixated on the handful of mobility companies that pose extreme technical promise and/or sustainable pathways to sound financial footings.

Earlier stages *remain resilient*

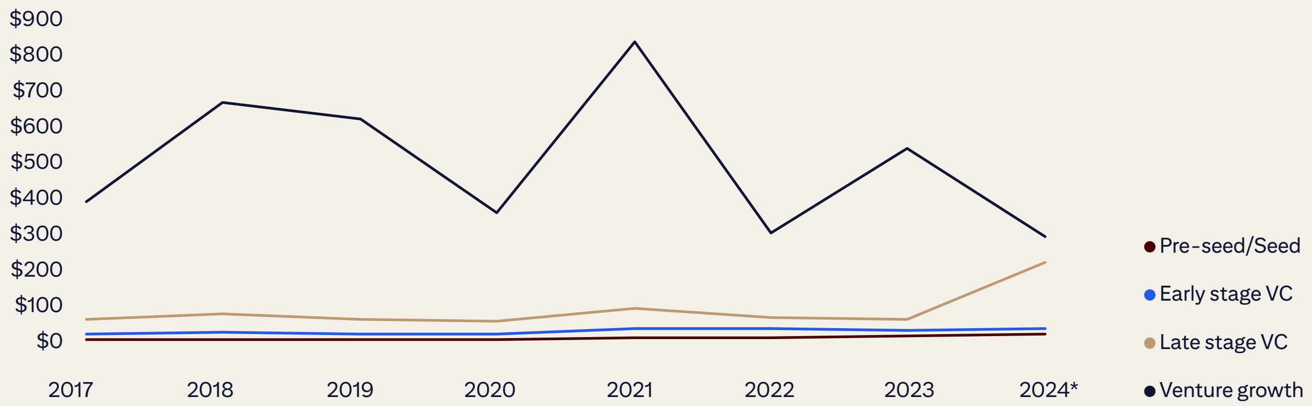
Global median VC deal size by type ($M) – Mobility



As of 03/18/2024. Note: the 2024 figures for pre-seed/seed, early and growth stages were based on population sizes below 30.
Source: PitchBook.

Amid a paucity of data, valuations *remain resilient* as well

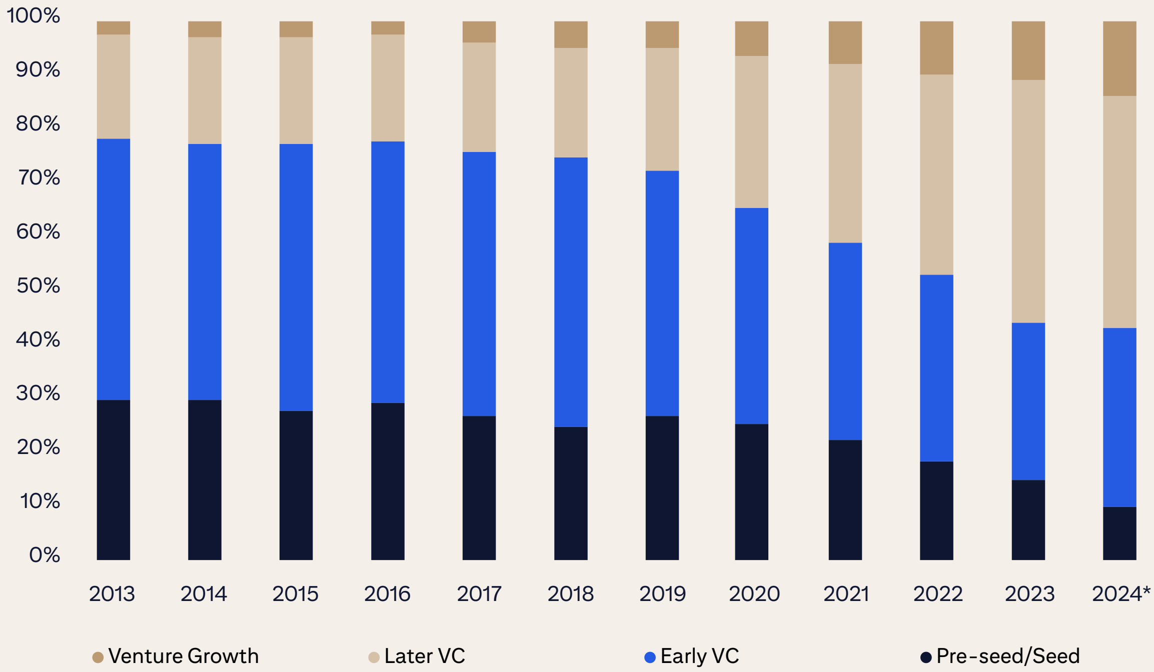
Global median VC post value by type ($M) – Mobility



As of 03/18/2024. Note: the 2024 figures for all stages and the venture growth figure for 2023 were based on population sizes below 30.
Source: PitchBook.

Dealmaking retrenches in more mature stages due to caution

Global VC deal activity ($B) by type – Mobility

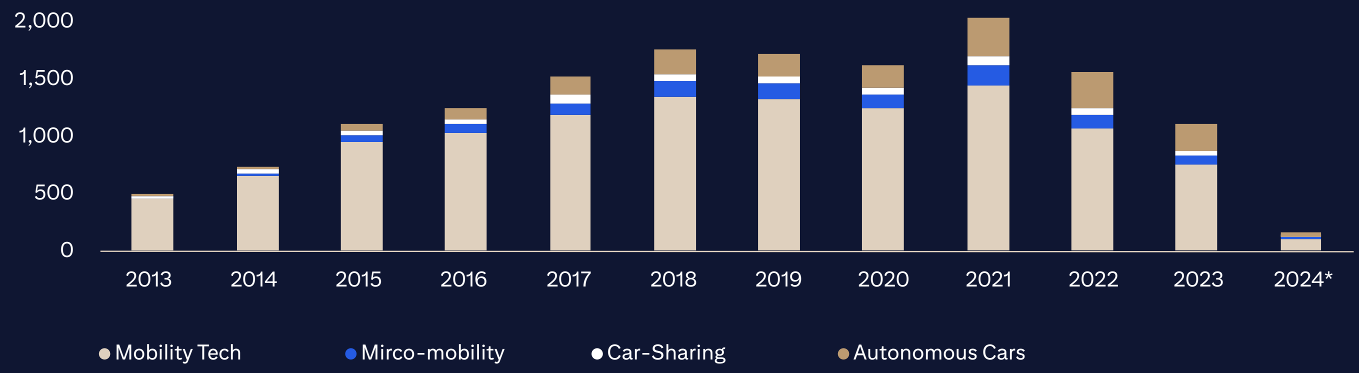


*As of 03/18/2024. Source: PitchBook.

As outlined in extensive research and headlines, much of the technical pivot in mobility tech has now shifted to either overall platforms or foundational tech. Chief among the former are platforms that address multiple mobility needs on the part of companies; much like how ride-sharing or ride-hailing apps, like Uber, eventually had to incorporate a wider variety of functions to become de facto outsourced delivery/transport options. The latter types of companies in foundational tech are dominated by the electric-everything trend – for example, battery efficacy and longevity, and other modes of electrified transport such as boats, planes, and trains. Despite the decline in financing of autonomy cases, they have not disappeared yet are in more nascent stages where it may be more swiftly realistic to deploy self-operating solutions such as rail or trucking.

Overall *mobility tech* remains most popular

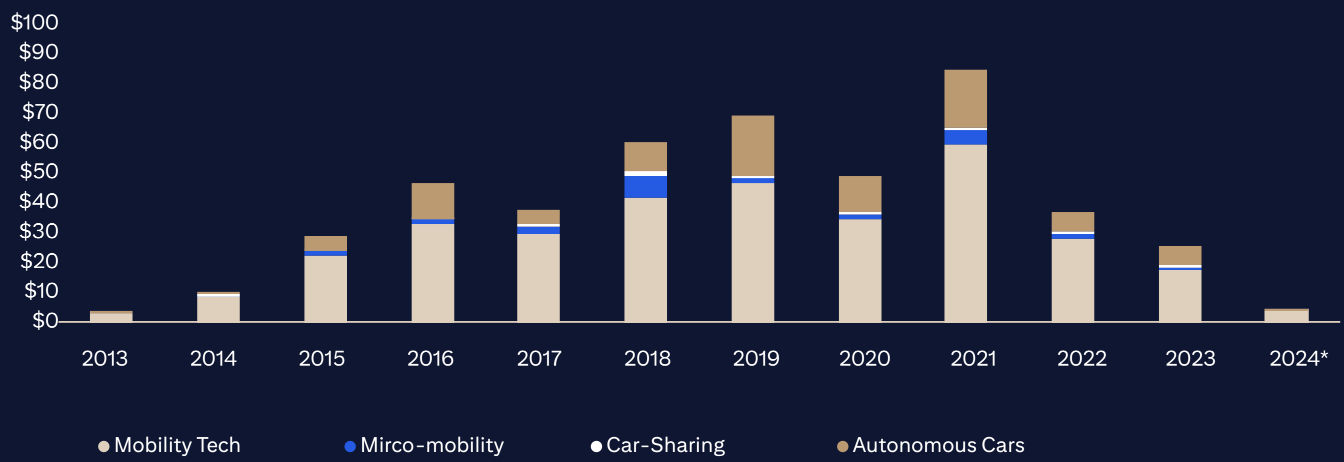
Global VC deal count by vertical – Mobility



*As of 03/18/2024. Source: PitchBook.

Autonomous driving takes a deal value hit amid caution

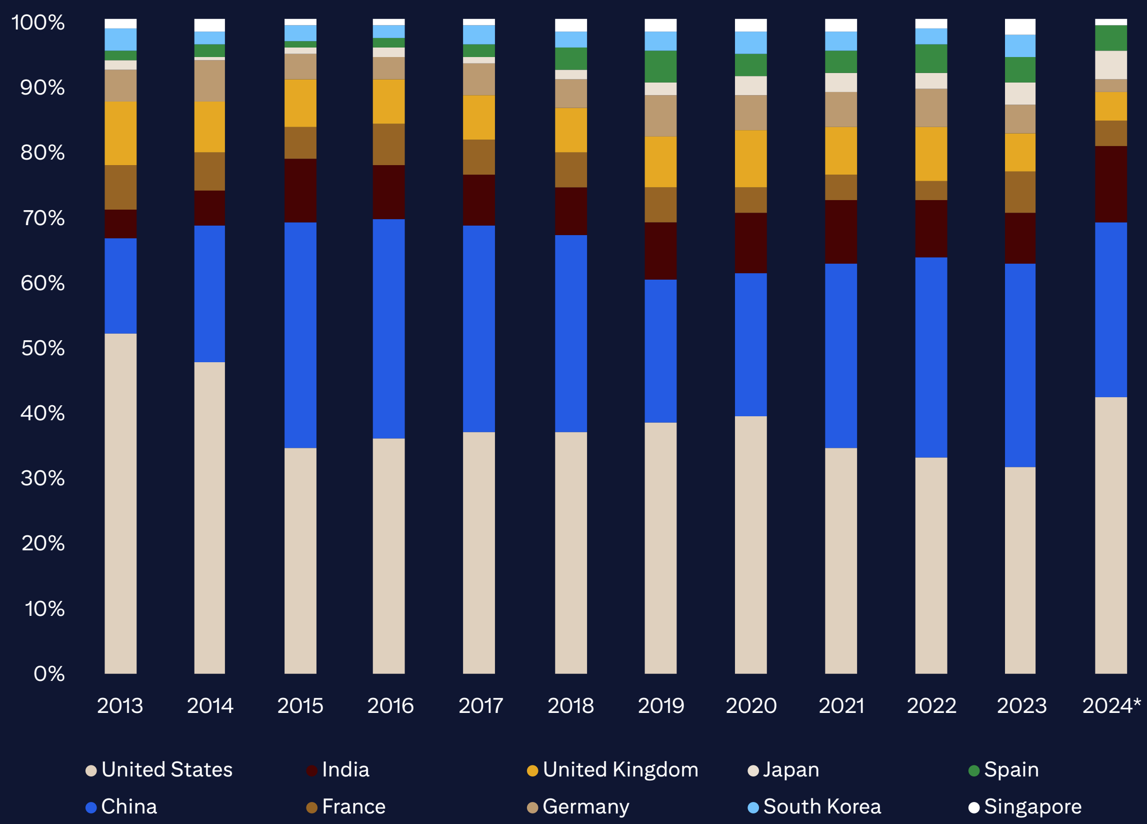
Global VC deal flow by vertical ($B) – Mobility



*As of 03/18/2024. Source: PitchBook.

Spain & the US see a *proportional surge* amid downturn

Global VC deal activity (#) by top 10 countries – Mobility

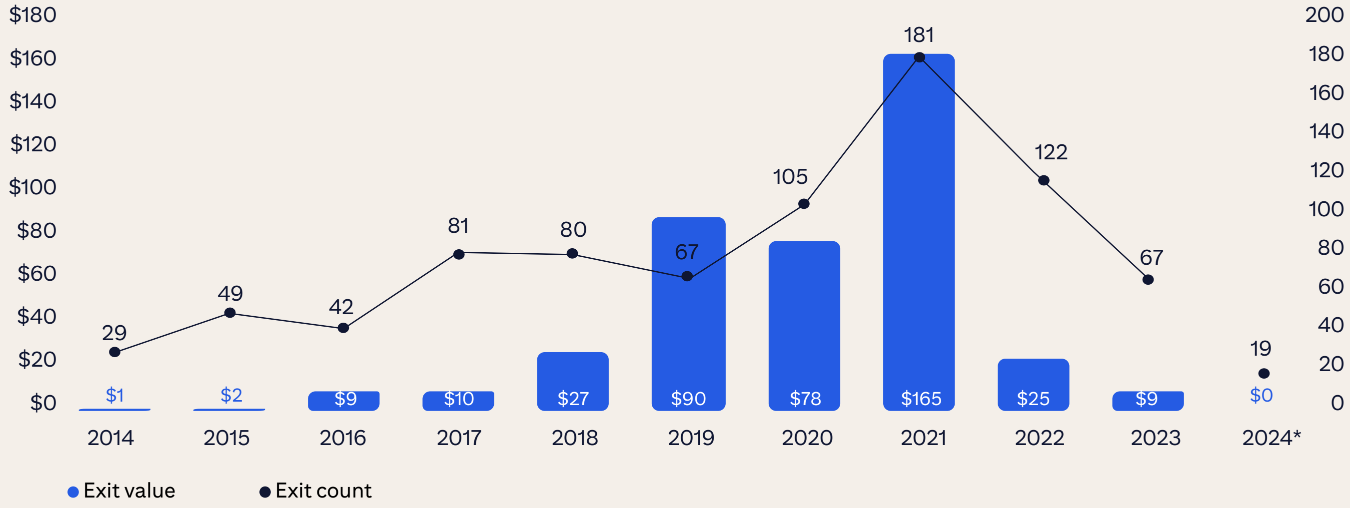


*As of 03/18/2024. Source: PitchBook.

As the cost of capital has risen, investors have pulled back from speculative bets simply due to the timeline of returns that are sufficiently high being more protracted now. Plus, given often disappointing results on the part of many SPACs, ultimately, even retail investors are not enthused enough to justify such reverse mergers into public markets. Hence, amid high-profile bankruptcies in prominent EV makers – as the economics of challenging established incumbents grows more difficult – exits via public listing have dwindled. Only opportunistic M&A remains an exit avenue thus far, while major corporates remain open to acquiring better-priced mobility tech startups as valuations for some contract significantly.

After a *Special Purpose Acquisition Companies surge* in 2021, liquidity has dried up

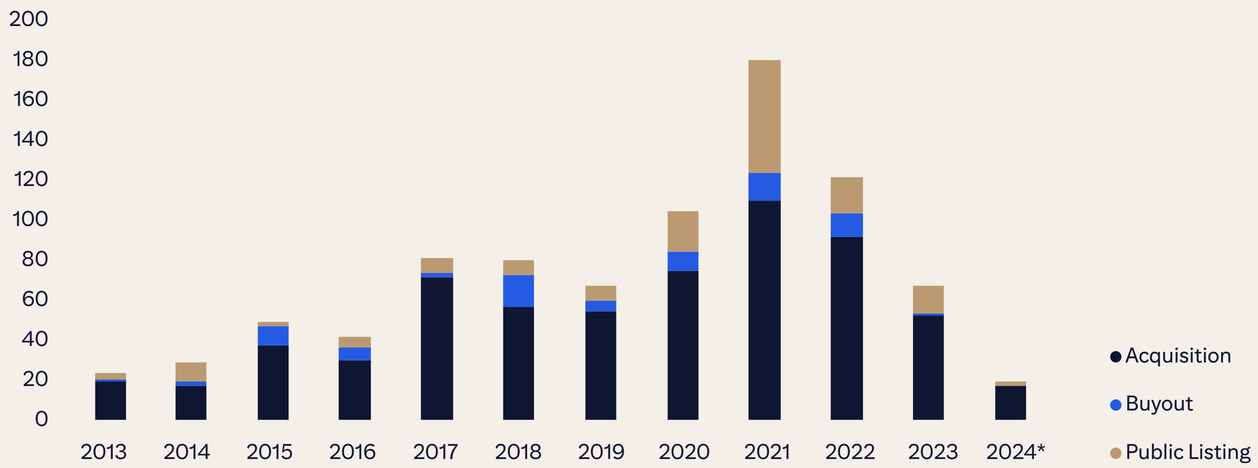
Global VC exit activity – Mobility



*As of 03/18/2024. Source: PitchBook.

M&A remains key avenue in *volatile markets*

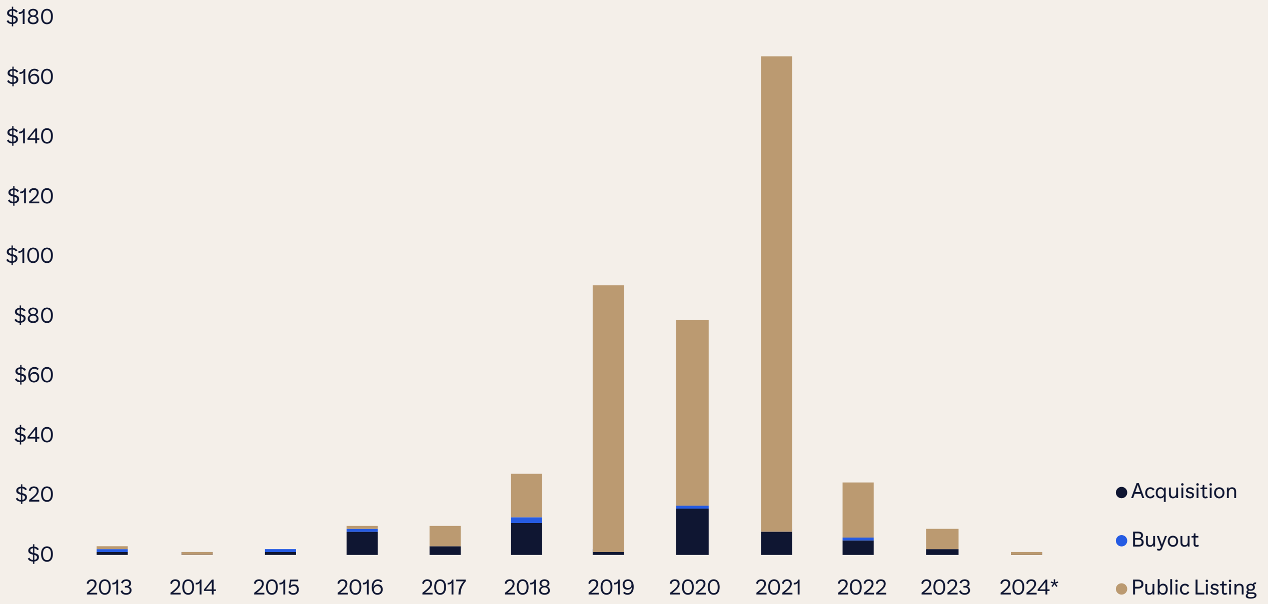
Global VC exits by type (Count) – Mobility



*As of 03/18/2024. Source: PitchBook.

2024 exits remain small or unconfirmed in value

Global VC exits by type ($B) – Mobility



*As of 03/18/2024. Source: PitchBook.

About Citi Commercial Bank

Citi Commercial Bank provides global banking solutions to emerging and mid-sized companies that are looking to grow rapidly and expand internationally. With Citi's global network, comprehensive solutions, and industry expertise, we help these businesses succeed across a wide variety of industries and at most stages of their growth.

https://citi.com/commercialbank

Further Reading:

Supply Chain Technology
Improving Efficiency, Resilience, and Transparency
October 2023

The Mobility Ecosystem - Trends and Impact
Citi Commercial Bank Podcast Series
February 2024

Methodology:
PitchBook's standard report methodology was utilized for classifying deal types, statuses, and geographies. For classifying mobility, the PitchBook verticals of mobility tech, car-sharing, autonomous vehicles and micro-mobility were utilized. Venture deals and VC-backed exits methodologies were then applied to capture the emerging companies within these segments, while M&A methodologies were utilized to review general dealmaking conditions within the industry.

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