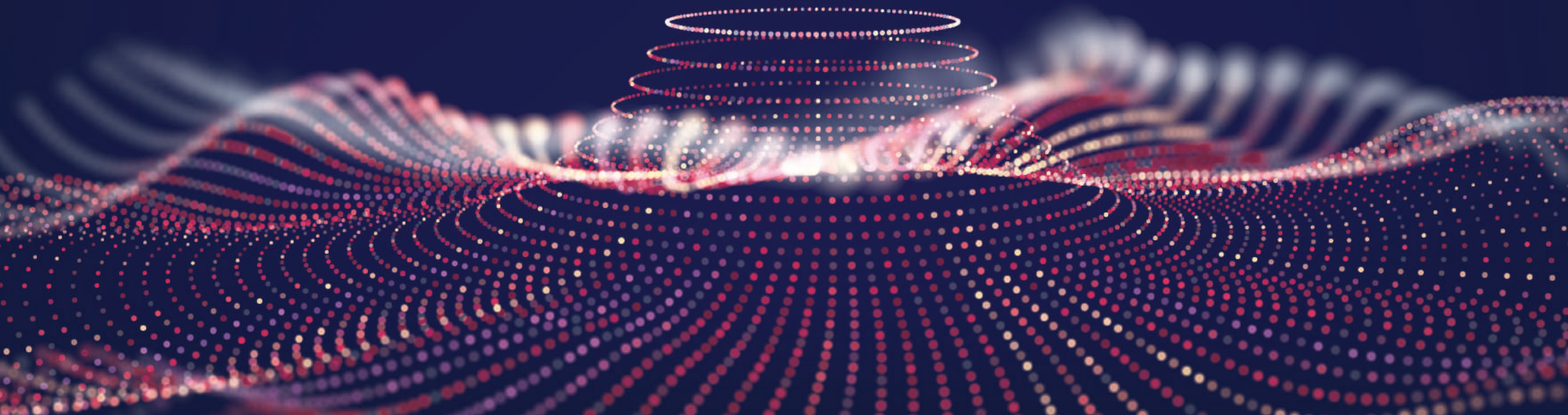


MAGNITT

2019

MENA VENTURE

INVESTMENT SUMMARY



FOREWORD: A RECORD YEAR FOR MENA STARTUPS

It has been fascinating being part of the MENA startup ecosystem over the last four years. As we move into the new decade, **the landscape has changed at such an accelerated pace** - almost making it hard to keep up. At MAGNITT, we aim to provide up-to-date insights, news and research to keep you and the community informed about what is happening in this ever-increasing ecosystem. As we compare the numbers, 2019 did not disappoint.

FUNDING LANDSCAPE

With the decade coming to an end, MENA-based startups are seeing more investment capital being deployed than ever before. **2019 marked another record year when tracking the number of investments**, now up to 564, higher than any previous year. Moreover, now that Careem has also been acquired, we have seen more investment capital in the region than ever before if we strip out previous investments in both Souq & Careem. Both of these have led to an increase year-over-year of 7% in the average ticket size of startups in the region. Just to put it into perspective: 2009 saw \$15M funding in 5 venture deals, which means that total funding has increased by a CAGR of 47% and deals increased by a CAGR of 60% over the last decade. This is encouraging news, as startup founders grow in confidence to raise larger rounds than previously witnessed.

SUPPLY VS DEMAND

I have often been asked “where is the funding gap for startups in the MENA region?” My response remains: all stages. **While it is encouraging to see the increase in funding amounts, there still remains a disconnect in the demand and supply for capital in the region across all stages.** As startups grow and we hear more success stories, founders are inspired to start ventures of their own. This will culminate into two trends: seeing more startups raising early-stage funding and more startups successfully graduating to later rounds. The supply of capital needs to match this demand. A few interesting statistics: we are seeing more startups raise later rounds – 64 in 2019 compared to 57 in 2018 – as well as more founders reaching out to international investors to fill the gap.

EMERGING HUBS

Innovation remains top of the agenda for many governments from across the region. In many cases, we are seeing them put money where their mouth is. Hub71 in Abu Dhabi was created to spur innovation in the capital of the UAE with \$250M in funds to support regional and international startups scale in the region. Moreover, also Saudi Arabia has seen a shift in policy. Multiple initiatives have eased the ability of startups to

enter the country, access education and scale within the Kingdom. Only recently, the PIF announced a \$1B Fund of Funds (FoF) to spur venture investments. Egypt, given its scale and educational system, remains a key hotbed of innovation, with many early-stage companies and founders solving big market issues that are local to them. Dubai, with a first-mover advantage, continues to assess how best to encourage and foster the startup ecosystem with new legislation and support, including golden visas for founders to help develop its ever-evolving ecosystem.

MATURING ECOSYSTEM

Maturity is key. 2019 saw clear signs that can act as a catalyst for further growth. I'd like to congratulate the founders and all those connected to Careem, the startup that became the first unicorn exit for the region. This acts as an inspiration for many founders who look for the light at the end of the tunnel. It also highlights another key characteristic for all founders to take note of: **scale is the name of the game.** Mindset matters. It is important when growing your company to look at capturing as big a pie as possible. Careem led the way, but we are seeing more examples of this as the ecosystem matures. We have also seen more investors, over 200, making investments in MENA-based startups than ever before, as well as more exits than any previous year. Moreover, Mergers and Acquisitions (M&A) acquisitions has led to a consolidation of industries as well as a growing international appetite for MENA-based startups as they increase their footprint.

We hope you enjoy our 2019 MENA Venture Investment Summary. If you want more in-depth analysis, there is the full 2019 MENA Venture Investment Report available to purchase on our website.

We are excited about what 2020 has to hold, we hope you are too.

Philip Bahoshy
CEO and Founder at MAGNITT

2019 MENA STARTUP ECOSYSTEM IN STATS:

VENTURE FUNDING

Another record year! With 564 deals, 2019 saw the highest number of investments on record for the MENA region. As we move into the post-Careem & Souq era in terms of funding, more money was invested in startups than ever before.

\$704M TOTAL FUNDING

564 TOTAL # OF DEALS

\$1.9M AVERAGE INVESTMENT SIZE

GEOGRAPHIC TRENDS

The landscape continues to evolve. The UAE maintains its dominance as the highest recipient of venture funding, but Egypt now surpasses all countries in terms of number of deals. Saudi Arabia has seen the fastest growth year-over-year, as it drives towards Vision 2030.

UAE RANKED 1ST BY \$ OF FUNDING

EGYPT RANKED 1ST BY # OF DEALS

KSA FASTEST GROWING BY # AND \$ FUNDING

SECTOR TRENDS

Infrastructure plays in the transport space remain the highest recipient of venture funding, with key investments in TruKker & Swvl to name a few. FinTech, however, remains the sector with the most investment deals.

TRANSPORT RANKED 1ST BY \$ OF FUNDING

FINTECH RANKED 1ST BY # OF DEALS

IT SOLUTIONS FASTEST GROWING BY # OF DEALS

FUNDING INSTITUTIONS

2019 saw more investment institutions invest in MENA-based startups than ever before. 500 Startups remains the most active investor by number of deals while Flat6Labs, with over 6 accelerator programs, remains the most active accelerator program for early-stage startups.

212 # OF INVESTORS IN
MENA -BASED STARTUPS

500

RANKED 1ST
BY # OF DEALS

FLAT **6** LABS | TOP ACCELERATOR
BY # OF DEALS

EXIT EVOLUTION

2019 was the year for exits. A key sign for maturity of the ecosystem, 2019 marked more exits than any previous year, as well as the birth of MENA's first unicorn in Careem and 2 IPO listings.

27 # OF
EXITS

Careem | 1ST MENA
UNICORN EXIT

2 IPOs OF MENA-BASED
STARTUPS



**CAPITAL IS JUST A COMMODITY – SMART CAPITAL IS NOT.
EMPOWER YOUR DECISIONS WITH DATA!**

This is a summary of our full 100+ page analytics report with detailed insights and analysis on the MENA startup ecosystem.

UNLOCK THE
FULL REPORT

CLICK
HERE



WHAT WE EXPECT IN 2020

We see 5 key trends emerging in 2020 as the MENA ecosystem grows.



01. MORE THAN \$1B TO BE INVESTED IN MENA-BASED STARTUPS

While this was predicted for 2019, the funding gap left by the Careem acquisition was too big to cover by other, earlier-stage startups. Moving into 2020, we expect this gap to be filled, as more startups look to raise growth capital, and government initiatives such as Funds of Funds and matching programs come into effect.



02. ANOTHER RECORD YEAR FOR EXITS IN 2020

Several industries in the region, including e-commerce and transport, are heavily fragmented, and investors and startups will look to consolidate to gain a competitive edge. We will also see international interest in more established startups, as we have seen with the likes of Careem, Souq, Harmonica, and others.



03. MORE VENTURE-BACKED INTERNATIONAL STARTUPS WILL SET UP SHOP IN MENA

International startups will capitalise on the increased government initiatives to support startups in the region. With the emergence of flexible co-working spaces across MENA and initiatives to help reduce the cost of setting up and moving, the barriers to entry are reducing, making the MENA region more accessible than ever.



04. MORE FAILURES OF VENTURE-BACKED STARTUPS

Bassel Idriss, founder of Generics, shared his [5 learning lessons from the failure of his startup](#) with MAGNiTT. As the ecosystem matures, it is statistically inevitable that a higher number of startups will fail. This is not a bad thing, as long as we collectively learn from these experiences and encourage founders to become serial entrepreneurs.



05. MORE INTERNATIONAL INVESTORS AND ACQUIRERS OF MENA-BASED STARTUPS

The success story of Careem and the increased media attention for venture-backed companies is a positive. Consequently, many will start looking to scale out of the region for continued growth – international startups and investors alike will look for opportunities as they become more familiar with the MENA landscape and as they seek arbitrage opportunities. Look out for more Asian venture capital and corporate investors with experience in South-East Asia and China to start developing an interest in the region.

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01

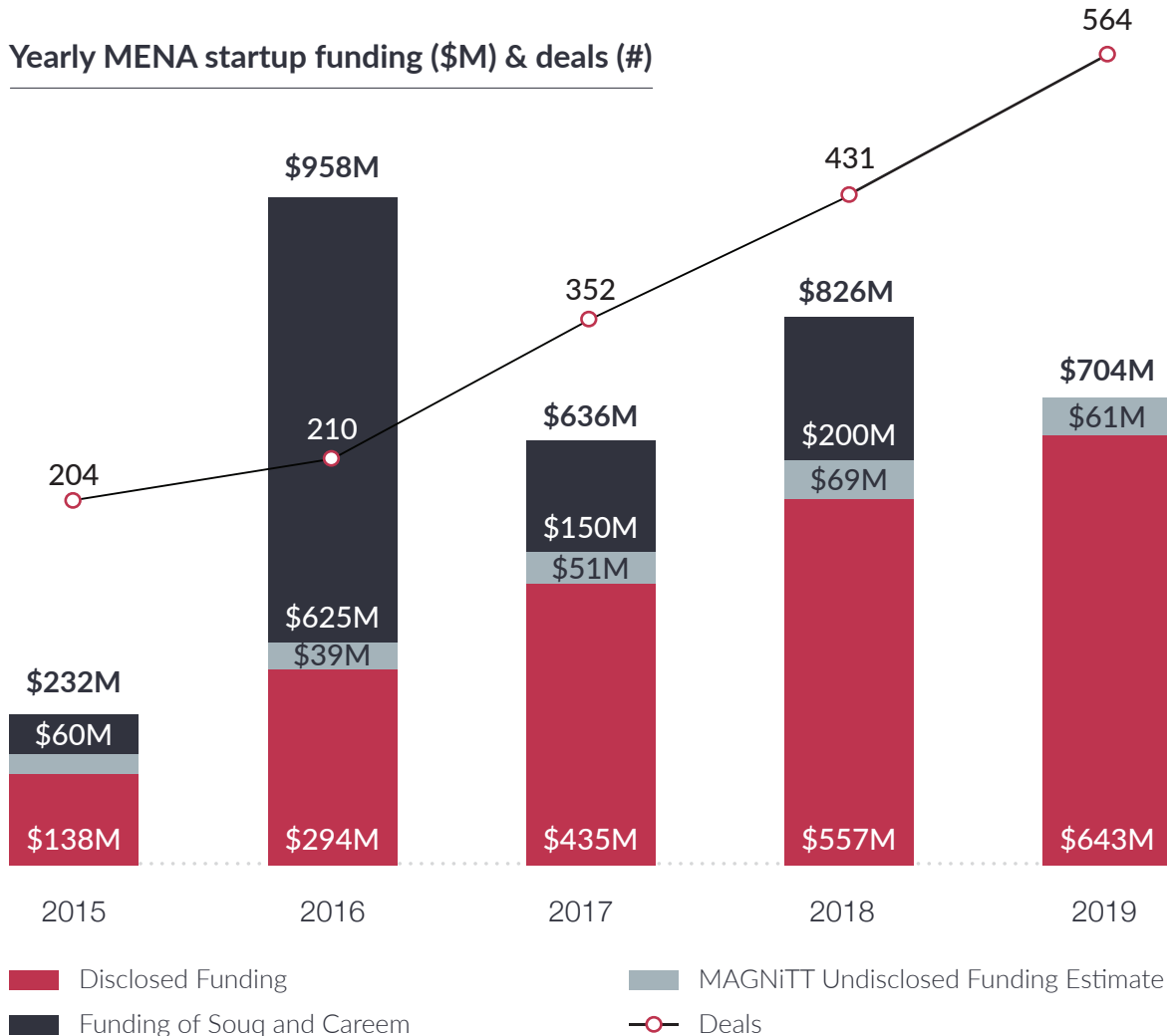
MENA FUNDING EVOLUTION

MENA FUNDING EVOLUTION

2019 was a record year by number of deals in MENA-based startups

- The MENA region surpassed **550** deals for the first time ever
- The number of deals increased by **31%** from 2018 to 2019

Yearly MENA startup funding (\$M) & deals (#)



Source: MAGNiTT



MENA had a record number of deals in 2019, following a pattern of exponential growth in a number of countries. Many governments in the region have been playing an active role in growing ecosystems conducive to entrepreneurs, including technical and financial support programs and policy reforms – there is a direct correlation between a business-friendly environment and increased entrepreneurial activity.



Ali AbuKumail

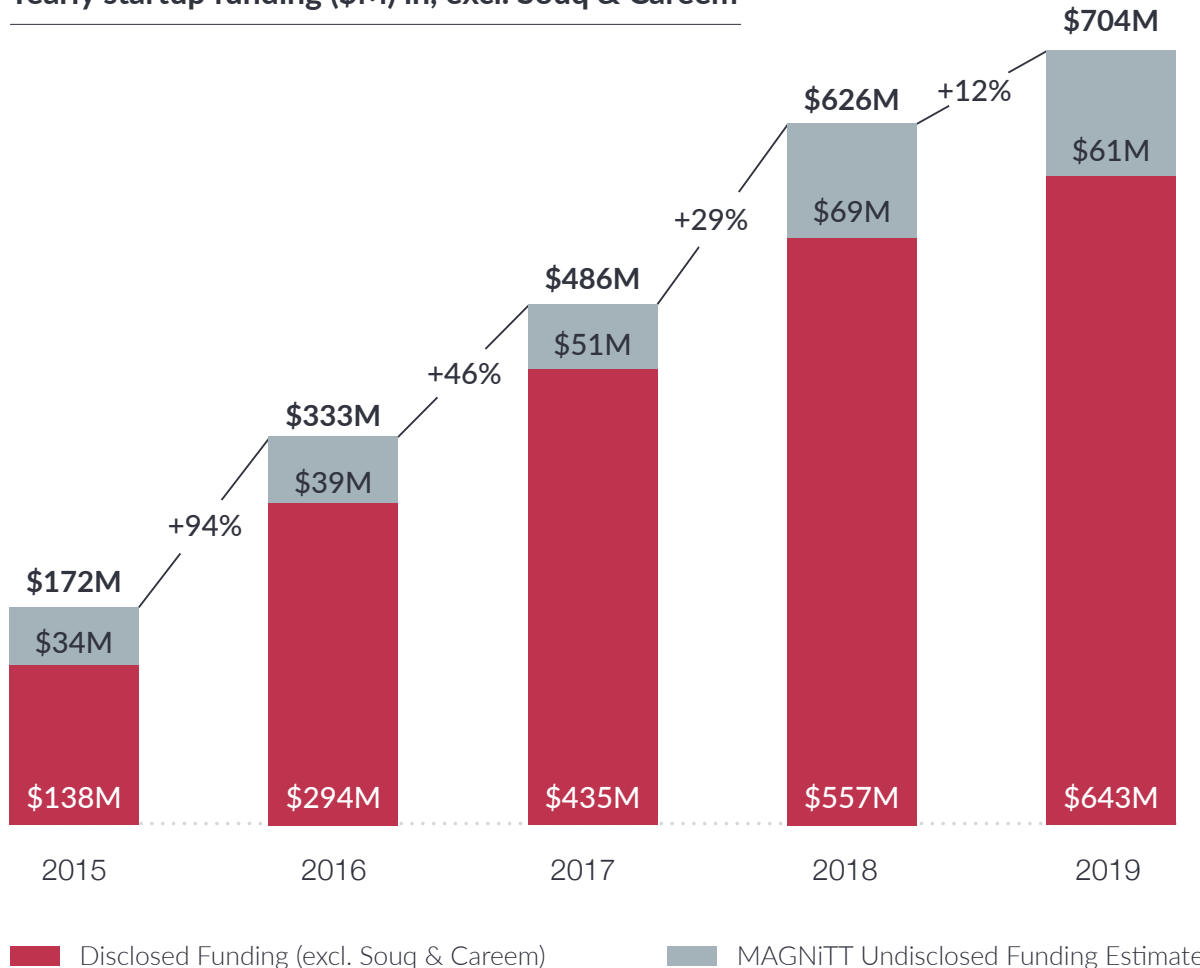
Senior Private Sector Specialist MENA,
World Bank

UNDERLYING FUNDING EVOLUTION

Another record year for total funding when excluding the investments of Souq & Careem

- 2019 saw an increase of **12%** in total underlying funding
- This reflects a **33%** 5-year CAGR as the ecosystem grows and matures

Yearly startup funding (\$M) in, excl. Souq & Careem



Source: MAGNiTT



Early-stage investments are the bedrock of any startup ecosystem. These investments are the top of the funnel, and cascade down over time into more deals at Series A and B. I believe that this trend will continue - most investments in the MENA region, by necessity, will be at the early stages. However, I expect there to be an increase in later-stage deals as larger and later-stage funds are established in the MENA region.

500

Hasan Haider

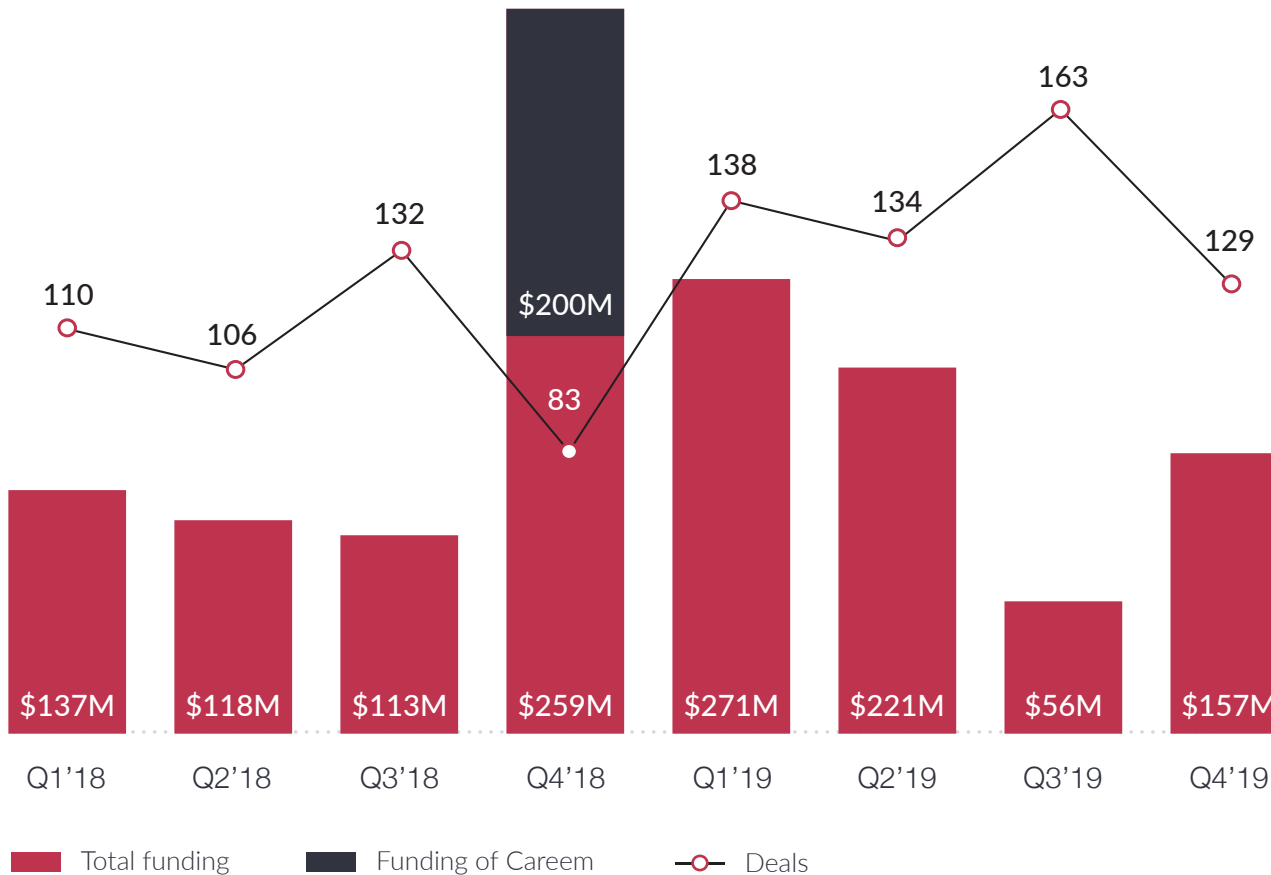
Managing Partner MENA,
500 Startups

8-QUARTER MENA FUNDING EVOLUTION

MENA deal flow hit a record of 163 investments in Q3 2019

- 2019 saw a **higher** number of deals in each quarter compared to 2018
- Q1 2019 was a **record quarter** for MENA investments when exc. Careem's \$200M funding in Q4 2018

Quarterly MENA startup funding (\$M) & deals (#)



The MAGNiTT report accentuates the thriving startup ecosystem in the MENA region and specifically in the UAE, with investments growing year-over-year. As Mubadala, we are contributing to this regional transformation by deploying capital and leveraging our unique access to a network of global investors and experts.



MUBADALA

Ibrahim Ajami

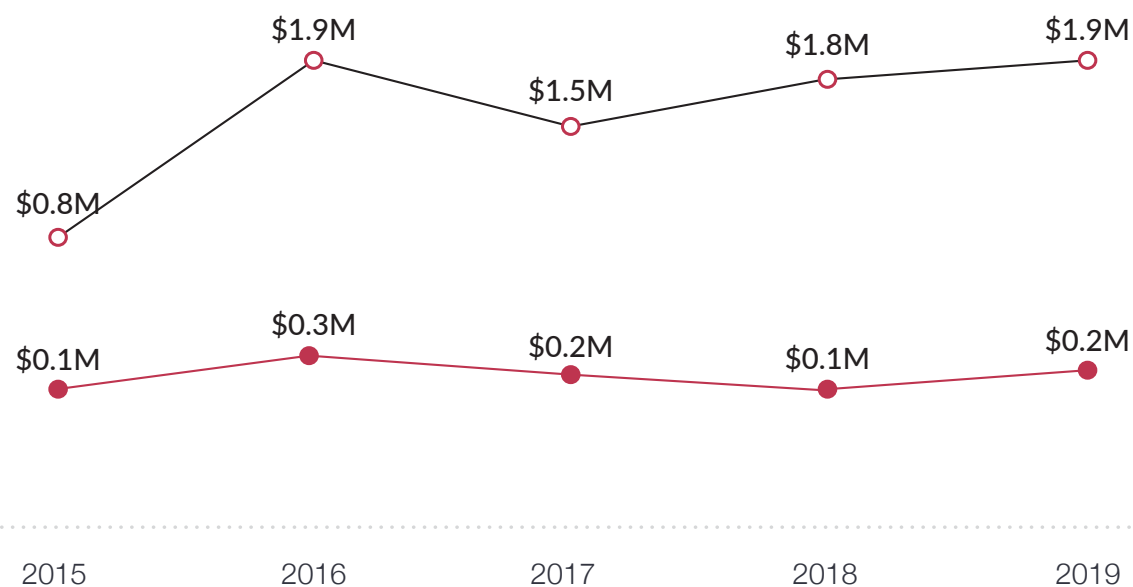
Head of Ventures,
Mubadala Investment Company

AVERAGE & MEDIAN MENA FUNDING

Average funding is at an all-time high in MENA

- The average funding amount, excluding Souq & Careem, is **\$1.9M**
- This average funding increased by **7%** in 2019

Yearly average & median funding amount (\$) in MENA (excl. Souq & Careem)



—●— Average Funding (\$)

—○— Median Funding (\$)

Source: MAGNiTT



As the VC industry develops, a higher number of ventures will qualify for later-stage investments. The share of later-stage investments versus early-stage investments is still 80% in MENA, compared to 90% in Europe, 93% in the USA and 95% in China. Such benchmarks indicate that in MENA, a natural rebalance toward later-stage investments is possible as the VC industry will align to the mature market ratios.

STV

Luca Barbi

Chief Operating Officer (COO),
STV

02

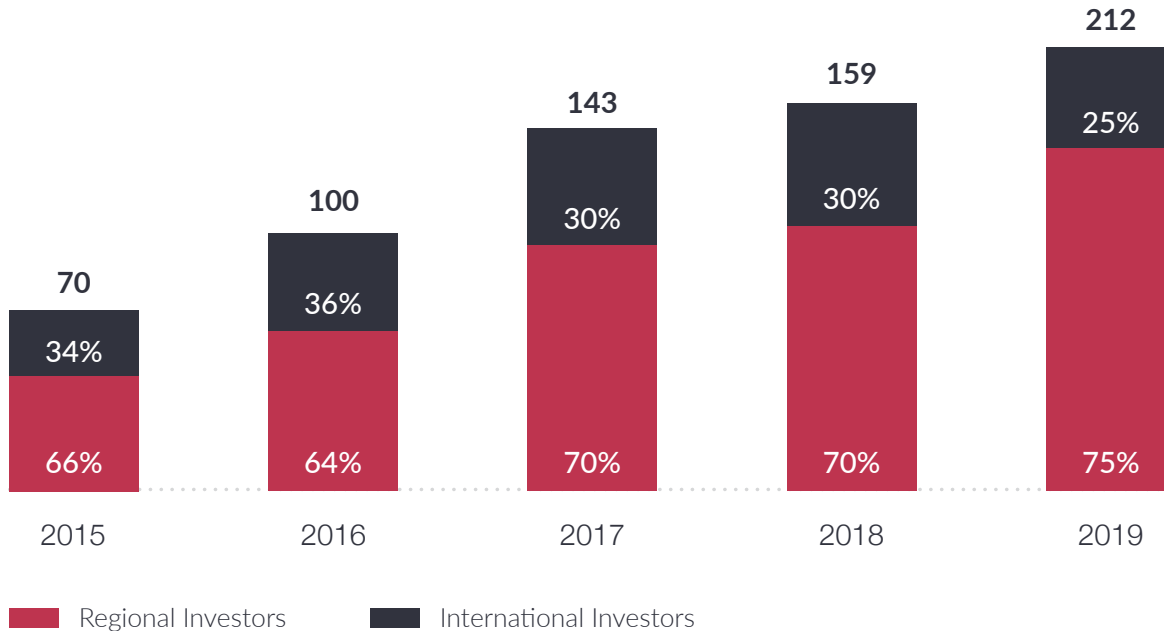
FUNDING INSTITUTIONS

INVESTOR EVOLUTION

More institutions have invested in MENA-based startups than ever before

- In total, **212** institutions have made investments in 2019
- This is an increase of **33%** compared to 2018

Number of investors in MENA-based startups



Source: MAGNiTT

Select international investors in MENA-based startups



The MENA region has long had the right “metrics” to be attractive: a large, growing, and youthful population. Moreover, you now also have success stories, such as Careem, and sovereign wealth funds deploying capital. This is great “signal” to US-based investors. The more comfortable they become with their MENA-based counterparts, the more likely they will give the portfolio companies a serious look.



Christopher Rogers

Partner,
Lumia Capital

THE INVESTORS' PERSPECTIVE



The establishment of new venture capital firms, as well as VCs launching follow-on funds, is a very positive step for the region – it increases the ability for regional funds to lead larger rounds as their portfolio companies grow, furthering self-reliance for the ecosystem. That said, the gap to global benchmarks of capital deployed into ventures is still significant.

global.ventures

Noor Sweid

Managing Partner,
Global Ventures



The rise in accelerators is a reflection of the increased maturity of entrepreneurs and startups, but also the concentration of funding in later stages, creating a bigger need for the steady pipeline of high-potential entrepreneurs coming out of the accelerators, making them essential for the growth of the whole industry.

FLAT  LABS

Dina El-Shenoufy

Chief Investment Officer (CIO),
Flat6Labs

INVESTOR LANDSCAPE

2019 saw the highest number of institutions invest in MENA-based startups

- 500 Startups remain the most active MENA-based investment firm by number of deals
- Saudi Arabia accounts for the highest number of investors in MENA-based startups

Investor rank by number of disclosed investments in MENA-based startups in 2019



ACCELERATOR LANDSCAPE

Accelerators remain key to help solve for early-stage funding in the region

- 2019 saw **more accelerator programs** cohorts take place than any previous year
- Flat6Labs was the most active accelerator institution by number of deals

Accelerator rank by number of disclosed investments in MENA-based startups in 2019

10+
DEALS



5-9
DEALS



2-4
DEALS



THE CORPORATES' PERSPECTIVE



Many corporates in MENA are risk-averse and still hesitant to explore the entrepreneurial landscape, as they prefer to focus on improving their core business. In the age of digitization, it is imperative for corporates to shift their mindset to accommodate for new technologies, rapidly changing consumer behaviors and new channels. Working with startups can be the most agile approach for corporates to execute faster, outsource R&D and change their internal culture.



Roberto Croci

Managing Director,
Microsoft for Startups MEA



The bottom line for any business is that it must keep pace with the rate of change in its industry, while trying to achieve a competitive advantage at the same time. Being actively involved in the region's start-up ecosystem is one way to ensure this. In many cases, it allows us to provide services much more quickly than if we had to develop them ourselves. We deal with entrepreneurs who bring fresh approaches and ideas, and by interacting with start-ups our own teams gain new skills and insights.



Joe Abi Akl

Chief Corporate Development Officer,
Majid Al Futtaim



03

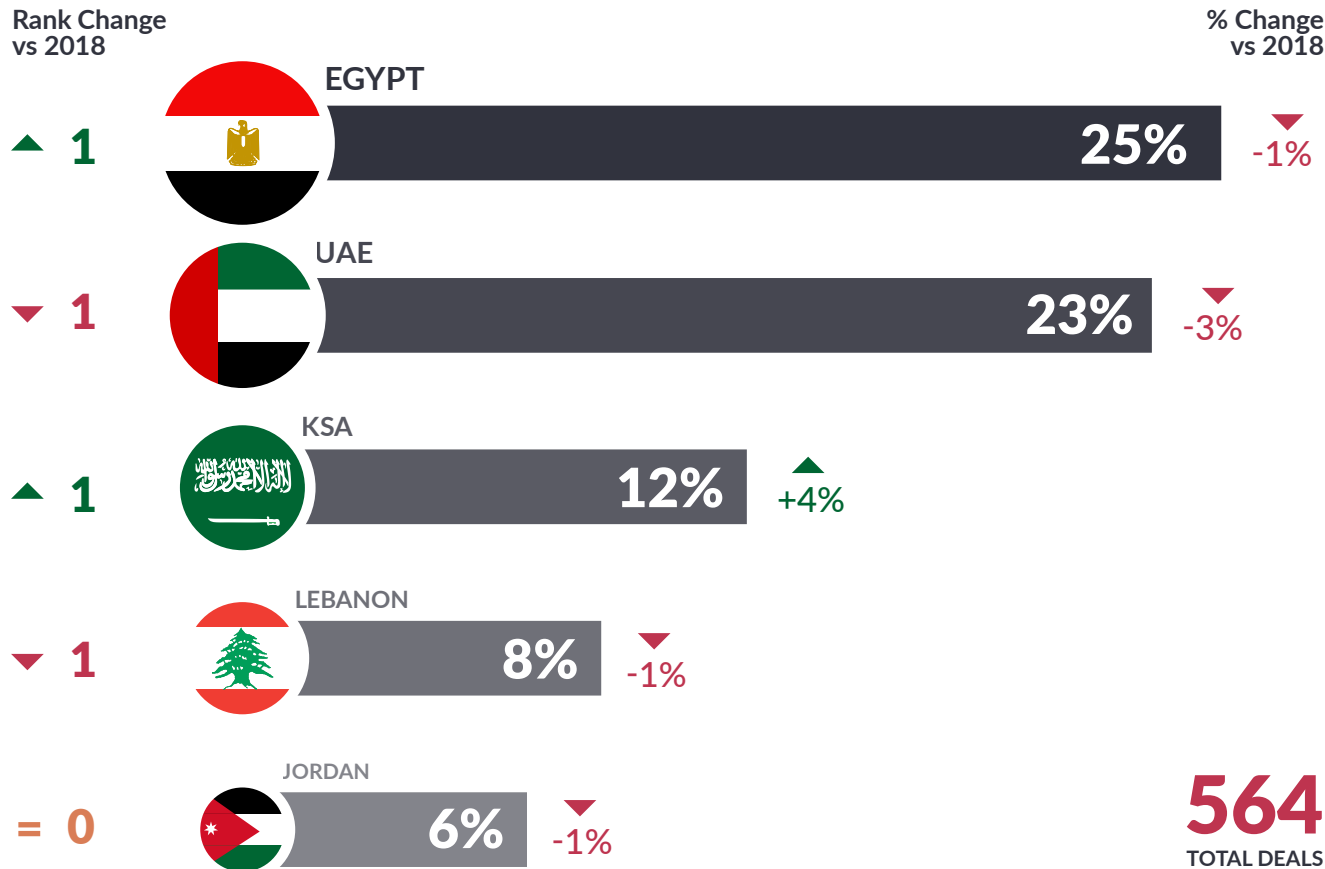
COUNTRY BREAKDOWN

COUNTRY COMPARISON BY DEALS

Egypt ranks first by number of deals for the first time

- Egypt accounted for **25%** of all deals in MENA in 2019
- Saudi Arabia's share of total deals increased by **4%**

MENA's top 5 countries by number of deals (#) in 2019



Source: MAGNiTT



Money goes where opportunity exists. In Egypt, we have seen an increase in deals – not only because we have more local capital investing, but we are also seeing capital inflows from investors in the GCC and elsewhere. Local entrepreneurs are becoming more mature and they are solving larger scale problems in the country and beyond.



Ahmed El Alfi

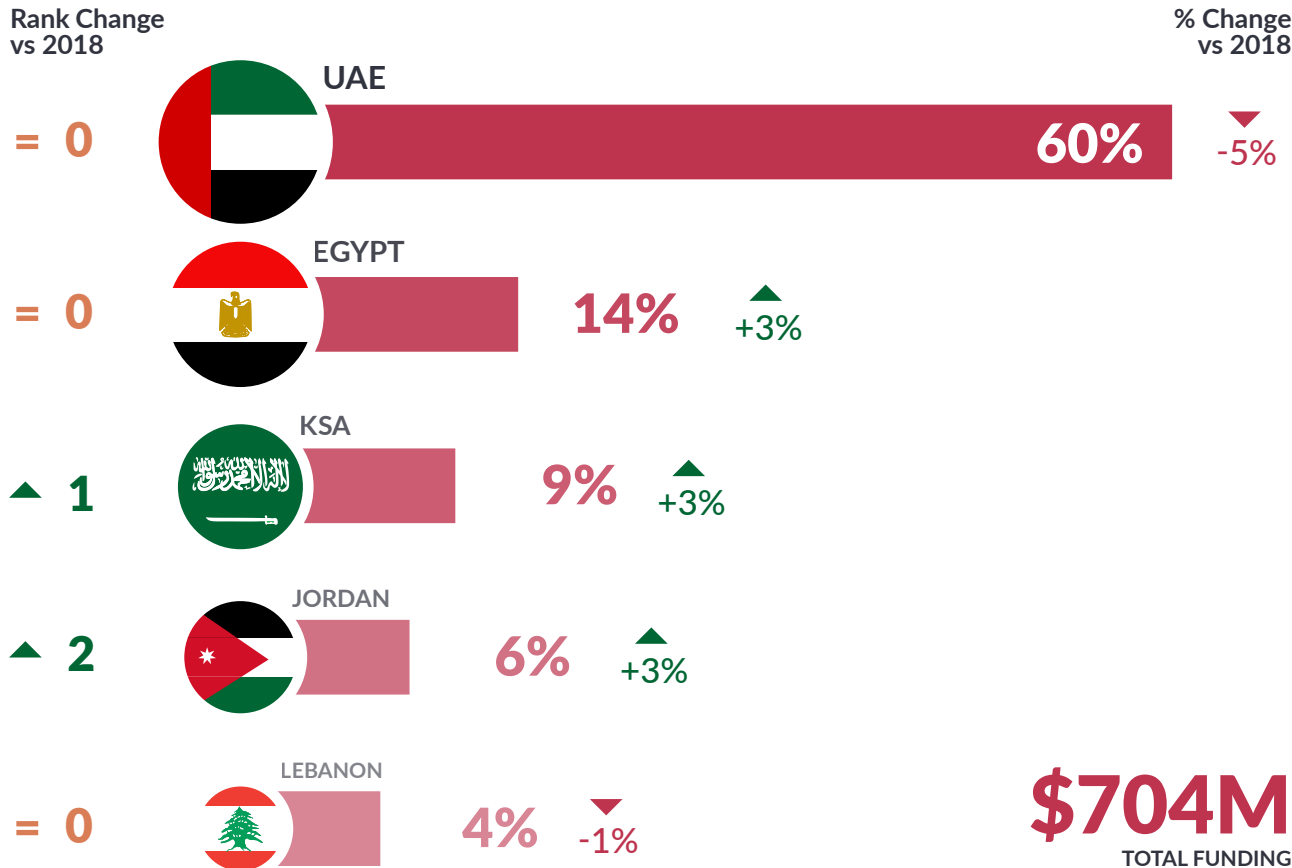
Chairman,
Sawari Ventures

MENA FUNDING SHARE BY COUNTRY

The UAE still accounts for the lion's share of total funding

- The United Arab Emirates (UAE) accounted for **60%** of total funding
- Saudi Arabia's share of total funding increased by **3%**, moving to 3rd place

MENA's top 5 countries by total funding (\$) in 2019



Source: MAGNiTT



Saudi Arabia has shifted up in the GCC and MENA ranking by both number of deals and total funding. There are three main reasons – first, the realization of the importance of SME investment; second, the availability of risk capital, resulting in creation of new or larger VC funds and third, embracing entrepreneurship as a respectable career path. We expect the invested capital to increase very significantly in the next five years.

RTF

Ivo Detelinov

Head of Private Equity Funds,
RTF

An aerial night photograph of a city, likely Dubai, showing a dense cluster of illuminated skyscrapers and buildings along a waterfront. The city lights are reflected in the dark water of the sea. The sky is a deep twilight blue.

04

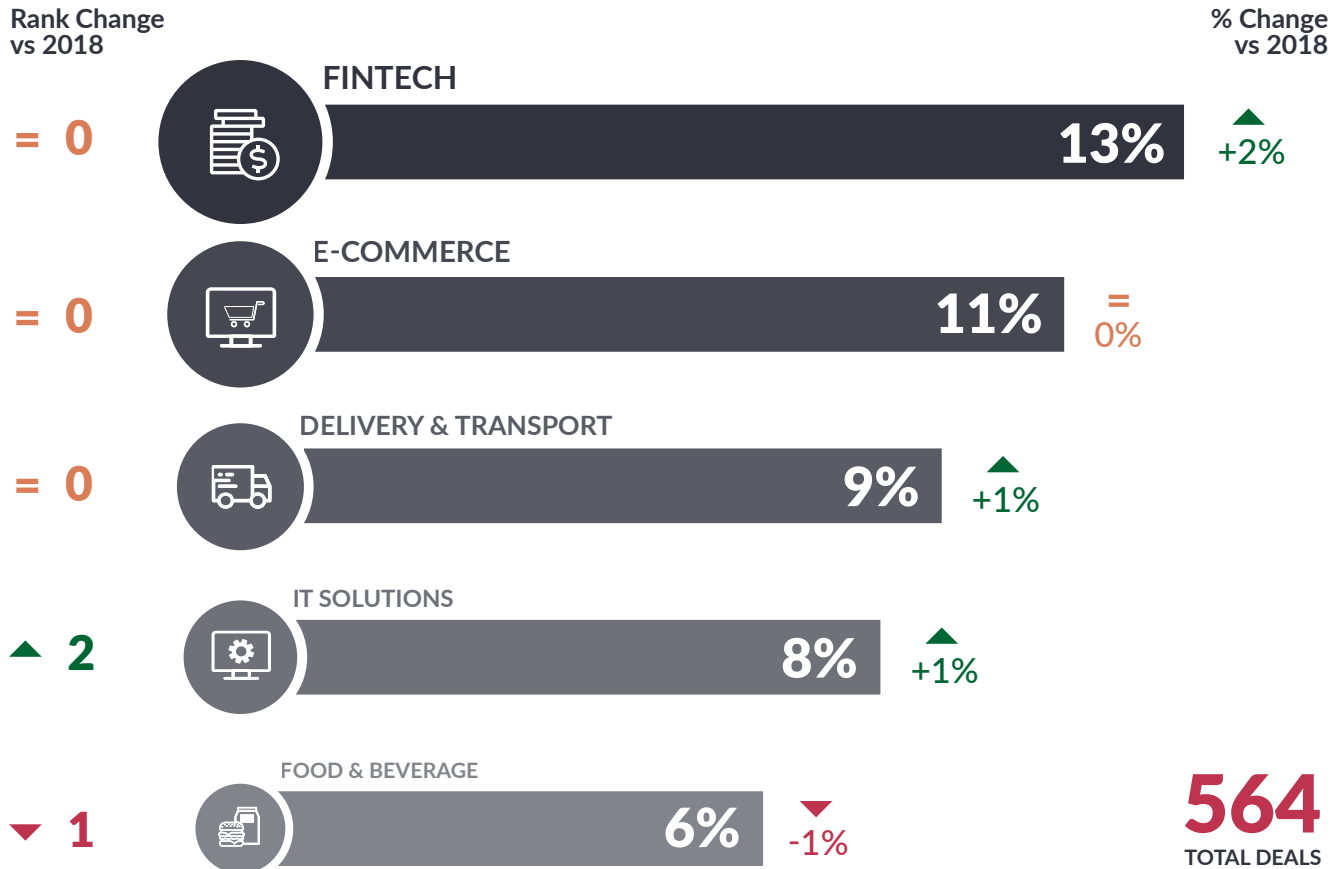
INDUSTRY BREAKDOWN

MENA DEAL SHARE BY SECTOR

FinTech ranks first by number of deals for the second year in a row

- FinTech accounted for **13%** of all deals in 2019
- **Accelerators and governments** play a key role in supporting FinTech startups

MENA's top 5 industries by number of deals (#) in 2019



“

FinTech will continue to be a popular industry for investors and entrepreneurs as new FinTech startups emerge to enable financial services across the value chain. We'll also see mature ones raise larger rounds as they look to become fully regulated, since there has been no traction in partnerships with traditional players.

 bayzat

Talal Bayaa

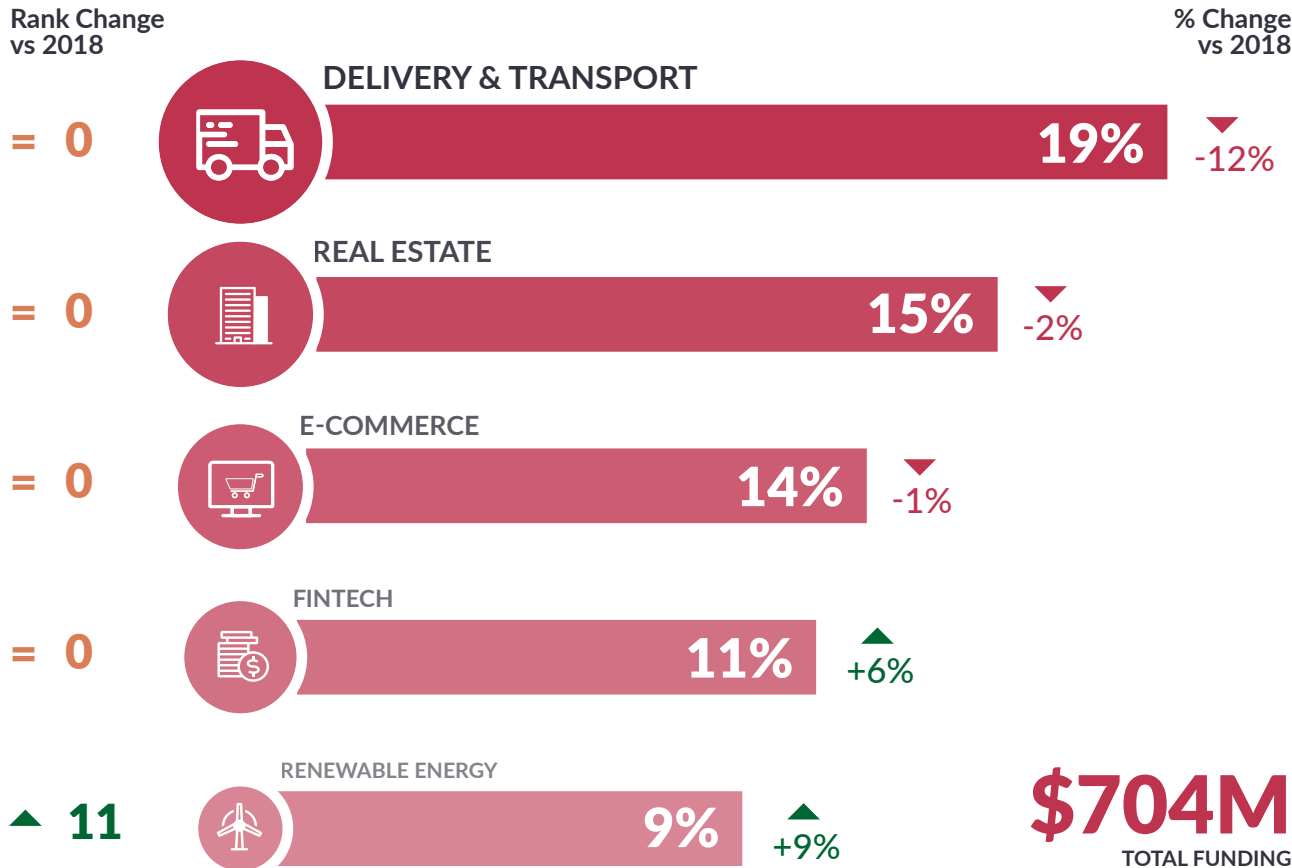
Chief Executive Officers (CEO),
Bayzat

MENA FUNDING SHARE BY SECTOR

Delivery & Transport still accounts for the highest amount of funding

- Delivery & Transport accounted for **19%** of total funding in 2019
- EMPG's **\$100M** fundraise largely contributed to Real Estate's ranking

MENA's top 5 industries by total funding (\$) in 2019



Source: MAGNITT

“

The logistics and mobility sector offers a lot of opportunities for technology-based efficiencies and innovation. I am confident that the sector will continue to attract significant investor attention given its fundamental value in the real economy and industry in general.



Gaurav Biswas

Founder and Chief Executive Officer (CEO),
TruKer



05

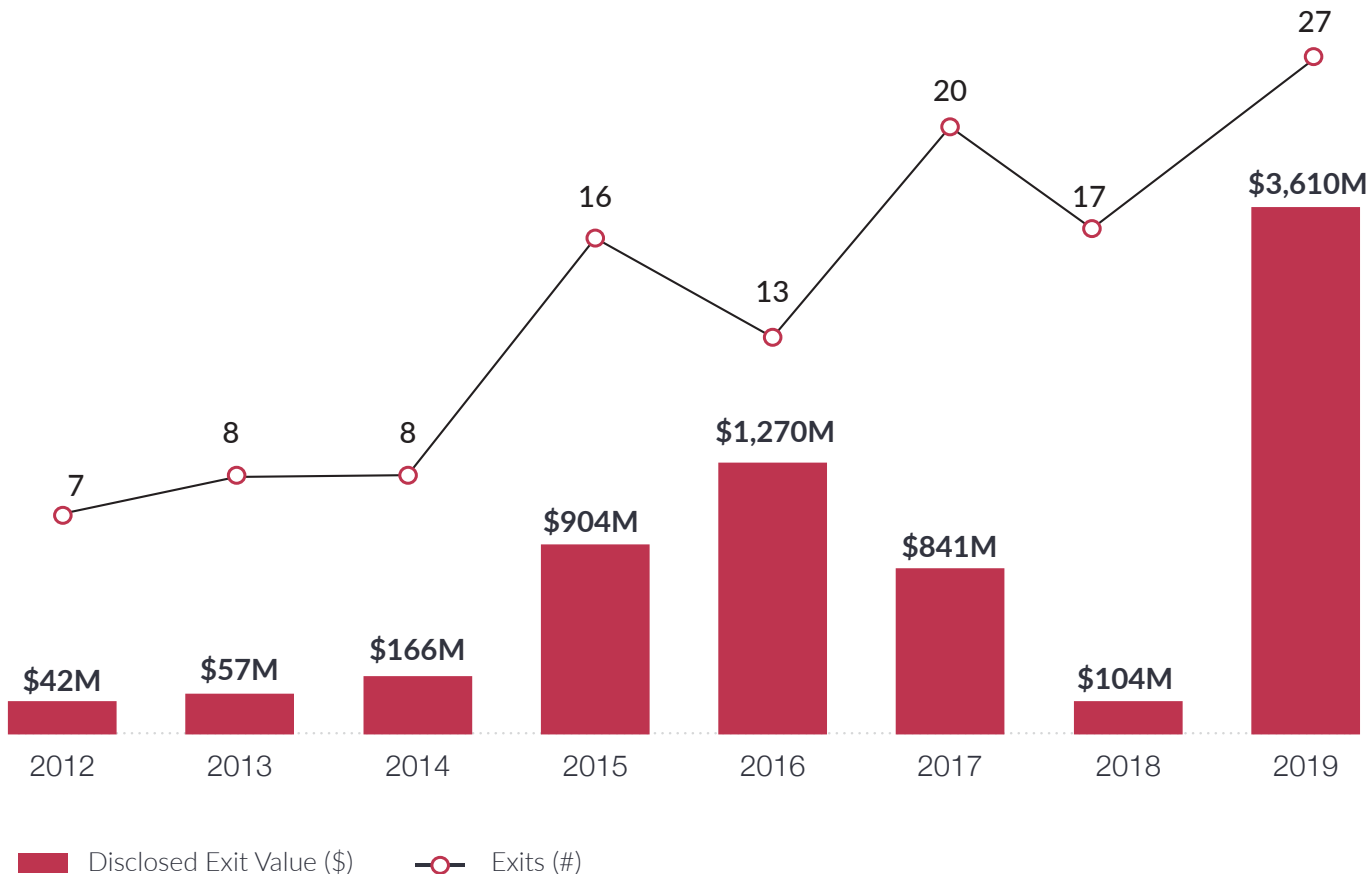
EXITS AND TOP FUNDING ROUNDS

EXIT EVOLUTION

The MENA region saw its first unicorn exit with Careem's \$3.1B acquisition

- 27 startup exits take place in MENA, the highest on record
- Total disclosed exit value amounted to \$3.6B, another all-time high

Yearly number of exits (#) and exit value (\$) of MENA-based startups



Source: MAGNiTT

“

The primary reason for the acceleration in exits is that tech companies in the region are starting to have scale, becoming attractive for global strategic players. Secondly, the Gulf countries offer emerging market growth rates without the currency risk, as they're mostly pegged to the Dollar. Finally, the average ticket size in the region has significantly increased in the last year, which allowed local players to make acquisitions.



Michael Lahyani

CEO and Founder,
PropertyFinder

EXIT HIGHLIGHT:

UAE-based ride-hailing startup Careem was acquired by Uber for \$3.1B, becoming the first-ever unicorn exit in the MENA region. The acquisition marks another instance where an international entity enters the MENA region through an acquisition, following well-known examples such as Maktoob's acquisition by Yahoo, Zawya's acquisition by Thomson Reuters and Souq's acquisition by Amazon.

2012 FOUNDED

\$771.7M TOTAL DISCLOSED FUNDING

\$3.1B EXIT VALUE



Our region is one of enormous opportunity - half of the population is under 25 years and people are connected and receptive to new technologies. When we launched Careem back in 2012, we quickly realised that in order to succeed in scaling across the region, we would need to develop deep knowledge for each and every city we operate in. Every market has its nuances - from the regulatory framework it operates under, through to the physical infrastructure, through to the way customers prefer to interact and pay for our products and services. We hope that our efforts have set the way forward for other tech startups to approach expansion across the greater Middle East and that our deal with Uber will act as a catalyst for further investment into the ecosystem.

Magnus Olsson

Co-Founder and Chief Experience Officer,

Careem

TOP FUNDING ROUNDS 1/2

The top 11 funded startups accounted for 48% of total funding in 2019

- The UAE accounts for 7 of the top 11 funded startups in MENA
- Egypt and Jordan completed the top 11, both accounting for 2 deals

Top funding rounds (\$) by MENA-based startups in 2019 - #1 to #5































		HQ LOCATION	FUNDING ROUND	STAGE	SELECT INVESTORS
1	 EMERGING MARKETS PROPERTY GROUP		\$100M	Series D	 
2	 YELLOW DOOR ENERGY		\$65M	Series A	    
3	 SWVL		\$42M	Series C	        
4	 awok.com		\$30M	Series A	  
5	 TRUKKER		\$23M	Series A	      

TOP FUNDING ROUNDS 2/2

3 startups raised \$10M funding rounds in 2019

- Endeavor Catalyst invested in 6 out of the top 11 funding rounds
- Mawdoo3's \$10M funding was the second part of its total \$23.5M Series B funding round

Top funding rounds (\$) by MENA-based startups in 2019 - #6 to #11

		HQ LOCATION	FUNDING ROUND	STAGE	SELECT INVESTORS
6			\$17.5M	Series B	  
7			\$16.0M	Series B	    
8			\$12.2M	Undisclosed	
9			\$10.0M	Series B	    
10			\$10.0M	Series B - II	   
11			\$10.0M	Bridge	Iyad Malas, Hussein Hachem

PURCHASE THE 2019 MENA VENTURE INVESTMENT REPORT

This was just a teaser of our full report. Below are some of the additional insights you will be able to benefit from.

Why purchase the full report?

Because without accurate and comprehensive data, how are you meant to make informed decisions?

- **100+ PAGES** of additional detailed analysis not captured in this summary
- **FUNDING STAGE ANALYSIS** A deep-dive of investments over the years broken down by 5 different stages.
- **INVESTOR RANKINGS** Detailed analysis and ranking of investors based on investment stage
- **17 GEOGRAPHIES** A deep-dive and ranking of all reviewed geographies vs. only an overview of the top 5 in this summary
- **28 INDUSTRIES** A deep-dive and ranking of all reviewed industries vs. only an overview of the top 5 in this summary
- **EXIT ANALYSIS** A listing and analysis of all the exits in MENA in 2019, as well as a historical comparison



EMPOWER YOUR DECISIONS WITH DATA!

Discover more about the full report and click the button on the right.

READ MORE



06

ABOUT MAGNiTT

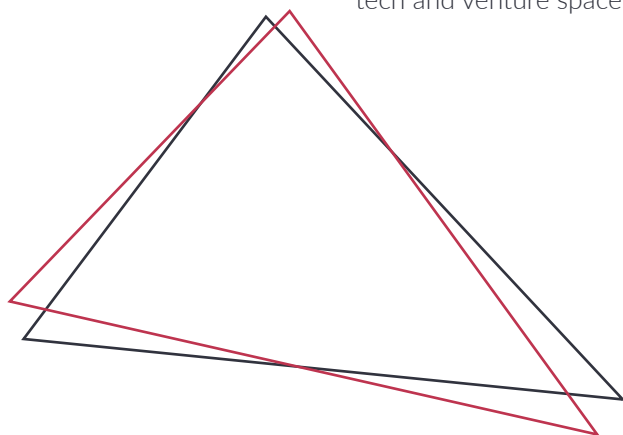
ABOUT MAGNiTT

MAGNiTT IS STRUCTURED AROUND 3 CORE PILLARS

Our mission is to empower, inform and connect the MENA startup ecosystem.

01. COMMUNITY

Don't miss out! Join MENA's most engaged community for startups, investors and enablers in the tech and venture space across the region.



02. DATA

Use data to drive decisions! Access the most in-depth and comprehensive database of startups, investors, funding rounds, and more, in MENA.

03. RESEARCH

The reference point! Empower your team with data-driven research reports on trends and insights on the tech ecosystem, as referenced by TechCrunch, Bloomberg and the FT.

“

We are excited as MAGNiTT continues to grow! Transparency of information and value creation is at the core of our proposition. As we strive to become the reference for the region, in 2020 we look further afield to support all startup ecosystems in emerging markets.

MAGNiTT

Philip Bahoshy

CEO and Founder,
MAGNiTT

ABOUT MAGNiTT

MENA'S MOST POWERFUL STARTUP PLATFORM

MAGNiTT'S KEY STATS

12,700+
startups

500+
investors

40+
research reports

300+
jobs



COMMUNITY

Ecosystem News: Never miss out! Stay on the pulse, subscribe to our newsletters and follow us on social and WhatsApp for breaking news.

Funding Applications: Looking to raise capital? Use your MAGNiTT profile to apply directly to 60+ of MENA's leading investors.

Startup Jobs: Want to join a startup? Apply to MENA's leading startup roles directly through MAGNiTT.



DATA

Comprehensive Database: Empower your decisions with data. Access over 40,000 data points directly through the platform.

Startup Sourcing: Find your match! Identify the companies that match your criteria and connect with the founders. You can even discover your competitors!

Sell Yourself: Have an innovation initiative to share? We make sure it gets in front of the audience that matters to you.



RESEARCH

Data-driven Reports: We do the analysis, so you don't have to! Access our industry, geography and insights-driven reports from across MENA.

Insights & Analytics Tools: Want to customize our charts? Use our analytics tool to create charts and access data that matters to you.

Subscription Plans: Unlock the full potential of the platform! Check out our Enterprise solution that supports you with bespoke requests.

MAGNiTT METHODOLOGY

MAGNiTT collects & aggregates data on the MENA startup ecosystem, through multiple channels:



DIRECT

Quarterly follow-up with 100+ funding institutions, requesting details on all their investments, including stage, amount, date, and other co-investors. These include all the region's VCs, angel groups, accelerators, university funds and family offices.



PUBLIC

Daily gathering of public announcements and press releases focused on the MENA venture funding landscape. All features are followed up with announcements, for which we liaise with the founders.



PROPRIETARY

As a platform, startups and institutions on MAGNiTT list their proprietary information on funding amount, stage, date, and investors.

MAGNiTT's focus is the MENA region, which includes data on 17 MENA countries:

Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen.

For all questions on the accuracy of data or improvements on data quality please contact us at support@magnitt.com

For questions related to innovation support for your institution, contact us at support@magnitt.com

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