



MAGNITT

H1 2020

MENA VENTURE

INVESTMENT REPORT

FOREWORD

When we published our 2019 end of year report, I predicted that, short of a natural disaster or war, we would see **\$1BN** of venture investment in MENA-based startups in 2020 - then COVID-19 came and flipped the world upside down. The big question, of course, is “How has COVID-19 actually impacted startup investments in MENA?”

2020 HAS SEEN MORE INVESTMENT IN FEWER STARTUPS

In H1 2020, **\$659M** was invested in MENA-based startups - for reference, this is already **95%** of the total venture investments in the full year of 2019. This amount is up **35%** from H1 2019 and was invested across **251** investments. The total number of deals in H1 2020 is down **8%** from H1 2019 and is only **45%** of last year's total deals.

HOW HAS THIS HAPPENED? AND WHAT DOES IT MEAN?

To say that COVID-19 has impacted startups and investors in the region would be an understatement. The world has changed, and MENA's entrepreneurship space is seeing new opportunities and challenges as a result.

In some ways, COVID-19 has been a hard slap in the face for many founders in MENA. In fact, **72%** of founders reported a monthly revenue drop of **25% or more** in our recently published joint [MAGNITT & INSEAD Startup & Investor Sentiment Report](#) - which, suffice it to say, has serious implications for their fundraising plans, as well as decisions to let people go.

In other ways, COVID-19 has been a much-needed and rapid accelerant of digital transformation and tech-adoption in the region. This has been reflected in the funding trends, particularly for startups in industries that have been ‘positively’ impacted by the current pandemic climate - EdTech, FinTech, and HealthTech.

Unsurprisingly, the outbreak has resulted in a shift in investor appetite as well. With respect to industry, **27%** of investors have indicated that they had shifted to focus on industries that are more ‘positively impacted’. With respect to funding stage, investors have been increasingly looking at later-stage deals, either through new investments or as follow-on rounds in their existing portfolio companies. This has highlighted an approach towards larger investments on more established startups as opposed to smaller deals in “riskier” earlier stage startups. For those startups that do receive investments, we have also seen an increase in average ticket size across all stages, reflecting the appetite for longer runway to weather the challenging times ahead.

We have seen this most clearly in the UAE, which has the highest concentration of later-stage startups across MENA. The **UAE** continued to receive the lion's share of total funding in H1 2020 (**59%**) with multiple large-ticket

deals such as EMPG (**\$150M**), Kitopi (**\$60M**), and SellAnyCar (**\$35M**). In contrast, the more nascent ecosystems of Egypt and Saudi Arabia both saw **over a 100% increase** in funding YoY. **Egypt** maintained its first rank by number of deals, accounting for **25%** of all transactions in MENA in H1 2020. **Saudi Arabia** saw the largest percentage increase in total funding. The continued growth of these two ecosystems, despite the crisis, considerably contributed to a strong start to 2020.

[Our latest research](#), surveying investors from across the region, revealed that the capital available to deploy in startup investments in 2020 across MENA remains at a respectable level of **\$560M** in dry powder.

WE'RE NOT OUT OF THE WOODS YET

The numbers reported to date of both investments and disclosed dry powder availability, paint an optimistic picture of the future - for now. Early indicators show that we may well be on-track to achieve the **\$1BN** prediction. Unfortunately, it is more likely that the full impact of COVID-19 will hit venture figures later in the year. We know that it takes on average **9-12 months** to fundraise in MENA, and we expect that we will feel the effects of this soon. **75%** of investors expect that the MENA region is heading towards an economic recession. Startups remain more pessimistic with **24%** expecting that the region is heading towards a depression. Our research also highlighted that **77%** of surveyed startups have yet to benefit from government initiatives to support their operations.

Over the last 10 years, a lot of energy and investment has been put into building the ecosystem across the region. In spite of this complex backdrop, technology and startup solutions have never been more relevant to solve for society's pain points. We have seen that there remains a clear appetite for venture capital as an asset class in the region. Policy decisions and initiatives are required now to support startups and their employees during this time, and help them navigate this crisis.

A healthy and flourishing entrepreneurial ecosystem takes years, if not decades, to build and develop. Supporting founders and encouraging investors now will benefit the ecosystem for many years to come.

Philip Bahoshy
CEO and Founder at MAGNITT

H1 2020 VENTURE REPORT - EXECUTIVE SUMMARY

VENTURE FUNDING

H1 2020 saw a 8% drop in number of deals compared to H1 2019. Nonetheless, due to a few sizable investments such as EMPG (\$150M), Kitopi (\$60M), and Vezeeta (\$40M), total funding is up 35%.

\$659M TOTAL FUNDING

251 TOTAL # OF DEALS

\$4.1M AVERAGE INVESTMENT SIZE

GEOGRAPHIC TRENDS

The UAE maintained the largest share of total funding as a result of several later-stage investments. Egypt still ranks first by number of deals. Saudi Arabia saw the largest percentage increase of 101% in their total funding year over year.

UAE RANKED 1ST BY \$ OF FUNDING

EGYPT RANKED 1ST BY # OF DEALS

KSA LARGEST INCREASE % OF FUNDING

SECTOR TRENDS

Due to EMPG's \$150M mega round, Real Estate ranked first by total funding. FinTech continued to account for the largest share of investment deals in H1 2020. Food & Beverage saw the largest jump in total funding due to Kitopi's \$60M fundraising.

REAL ESTATE RANKED 1ST BY \$ OF FUNDING

FINTECH RANKED 1ST BY # OF DEALS

F&B LARGEST INCREASE % OF FUNDING

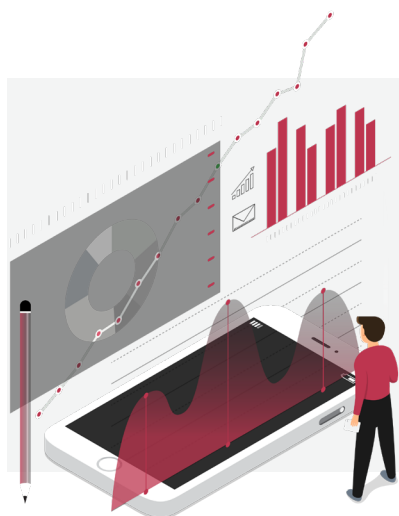
PURCHASE OUR FULL H1 2020 MENA VENTURE REPORT

This is just a teaser of the full report. Below is a list of the additional insights you will be able to gain access to.

Why purchase the full report?

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

- **70+ PAGES** of additional detailed analysis not captured in this summary
- **INVESTOR RANK** A detailed ranking of all investors by investment stage
- **FUNDING STAGE ANALYSIS** A deep-dive of investments over the years broken down by 5 different stages
- **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 H1 2020, as well as a historical comparison



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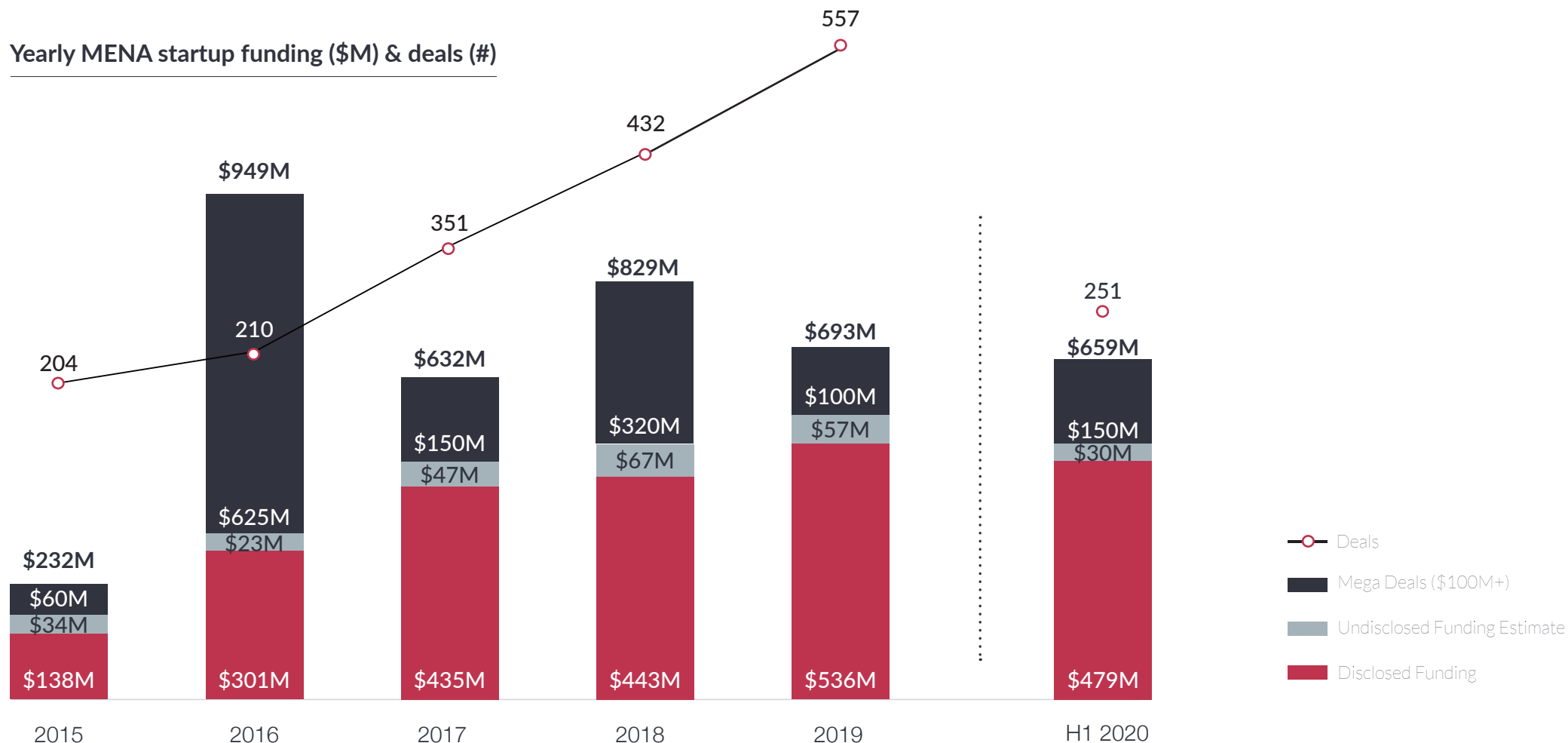
01

FUNDING EVOLUTION

MENA FUNDING - YEARLY COMPARISON

2020 has seen \$659M of total funding in MENA-based startups. This is 95% of 2019's full year funding

- The MENA region saw **251** investments in H1 2020, a **8% decrease** from H1 2019
- Total MENA funding saw a **35% increase** from H1 2019 to H1 2020

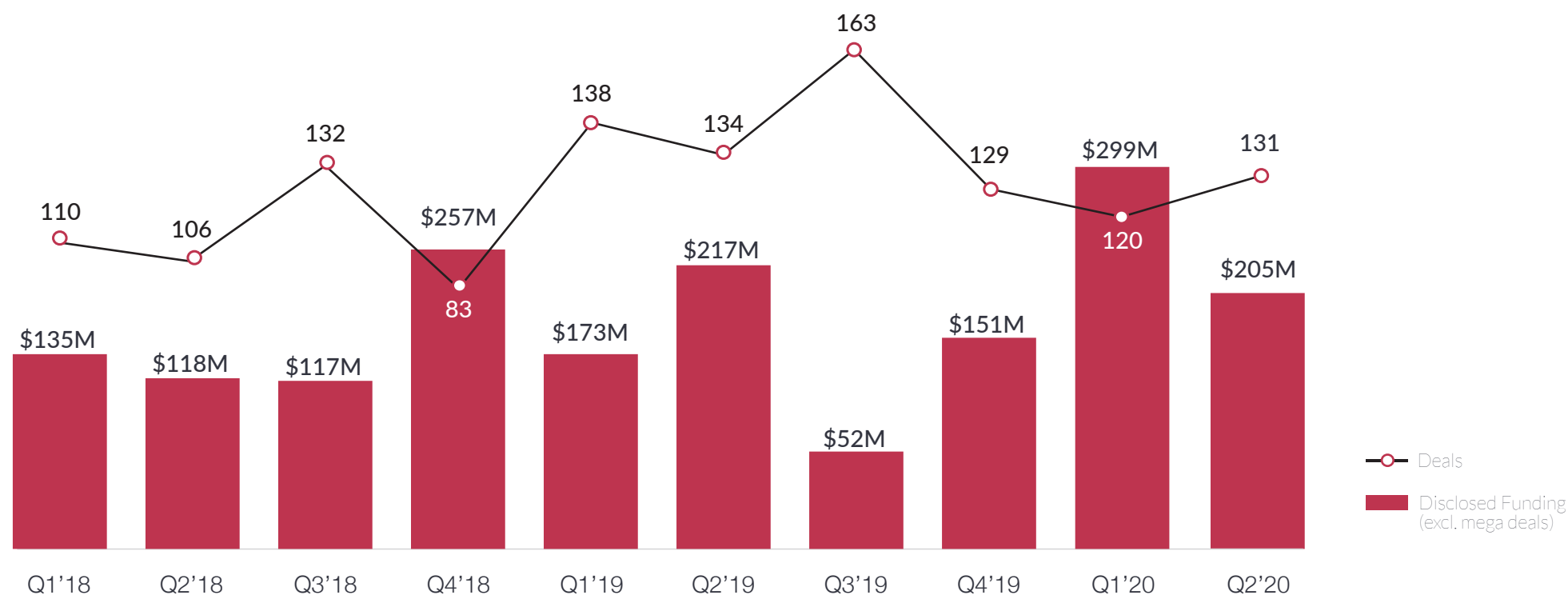


MENA FUNDING - QUARTERLY COMPARISON

2020 saw a strong start with a record amount of funding for any Q1 historically, thanks to larger investment deals prior to COVID-19's impact

- Q2 '20 saw a **32% drop** in total funding versus Q1 '20, compared to a **25% increase** last year from Q1 '19 to Q2 '19
- The number of deals in both Q1 and Q2 2020 was lower than their respective quarters in 2019

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



02

FUNDING INSTITUTIONS

INVESTOR & ACCELERATOR RANK

H1 2020 saw a total of 144 institutions invest in MENA-based startups

- 33% of these investors had not previously invested in the region
- 31% of investors in H1 2020 came from outside of the MENA region

Investor & accelerator rank by number of disclosed investments in MENA-based startups in H1 2020

10+
DEALS

500



otf الصندوق العماني للتكنولوجيا
Oman Technology Fund



500

FLAT 6 LABS

5-9
DEALS

global.ventures



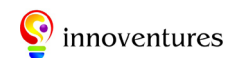
VISION
VENTURES



wamda
capital



SHOROOQ
PARTNERS



3-4
DEALS



DERAYAH
VENTURES

HALA
ventures



techstars
ACCELERATOR HUB71

iSME Programme
by KAFALAT SAL



EFG
EV Fintech
EMPOWERING INNOVATORS

Startupbootcamp



PHOENICIAN
FUNDS

JABBAR

Y Combinator

2
DEALS



BECO
CAPITAL

CHERRY PISTACHIO
VENTURES



EGYPT
VENTURES



techstars
ACCELERATOR HUB71



VENTURESOUQ



C5



Dubai International
Financial Centre



RA'ED
VENTURES



MODUS
CAPITAL



VO NE VE
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03

COUNTRY BREAKDOWN

COUNTRY RANK BY SHARE OF DEALS

Egypt continued to rank first by number of deals, maintaining its position obtained in 2019

- **Oman** saw the largest increase in number of deals from H1 2019 to H1 2020, largely due to local accelerator programs
- **Lebanon** dropped out of the top 5 ranking for the first time with a **78% decrease** in number of deals compared to H1 2019

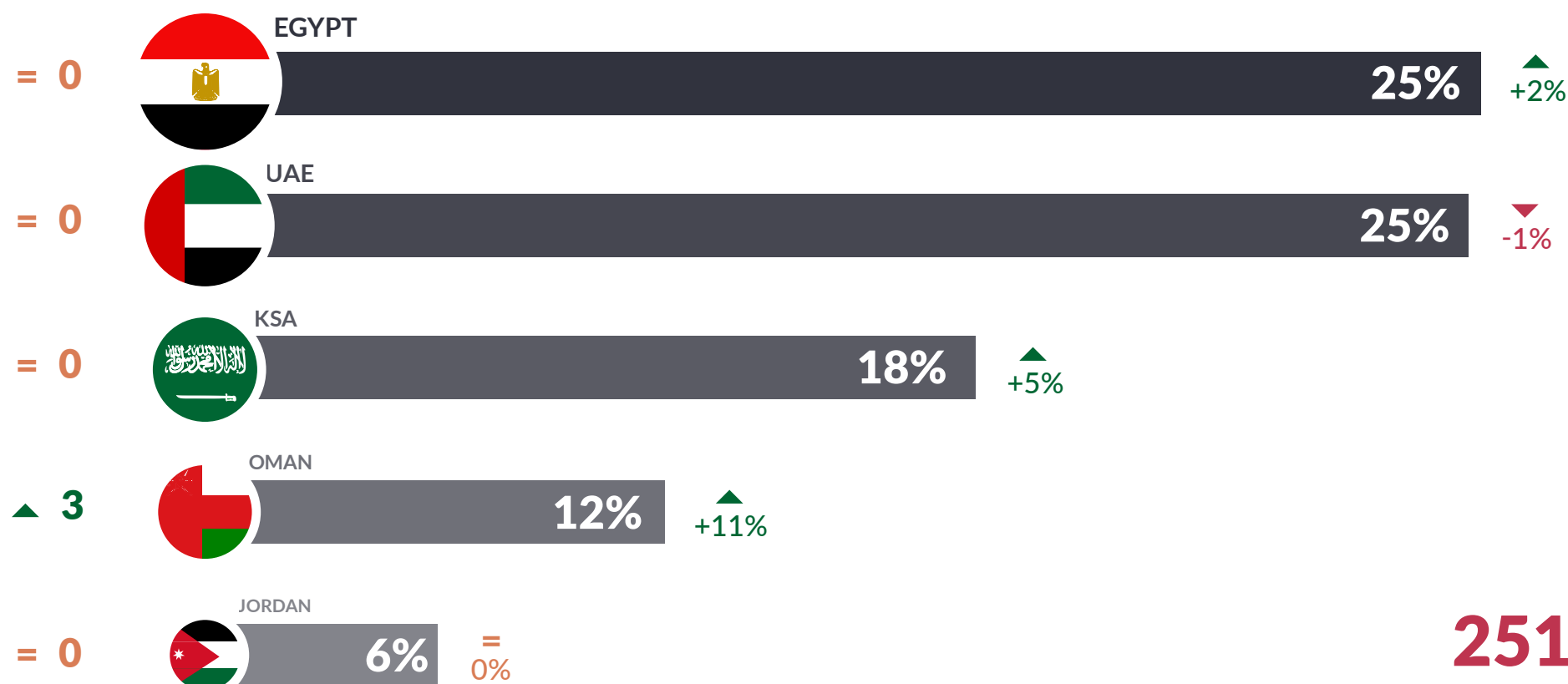
MENA's top 5 countries by % share of total number of deals (#) in H1 2020

Rank Change

H1 '20 vs H1 '19

% Share Change

H1 '20 vs H1 '19



251 TOTAL DEALS

COUNTRY RANK BY SHARE OF FUNDING

Thanks to a number of later-stage investments, UAE-based startups saw the highest share of total funding in H1 2020

- Egypt and Saudi Arabia were the only 2 MENA countries to see an increase in their share of total funding
- Jordan saw the largest decline in share of total funding from H1 2019 to H1 2020

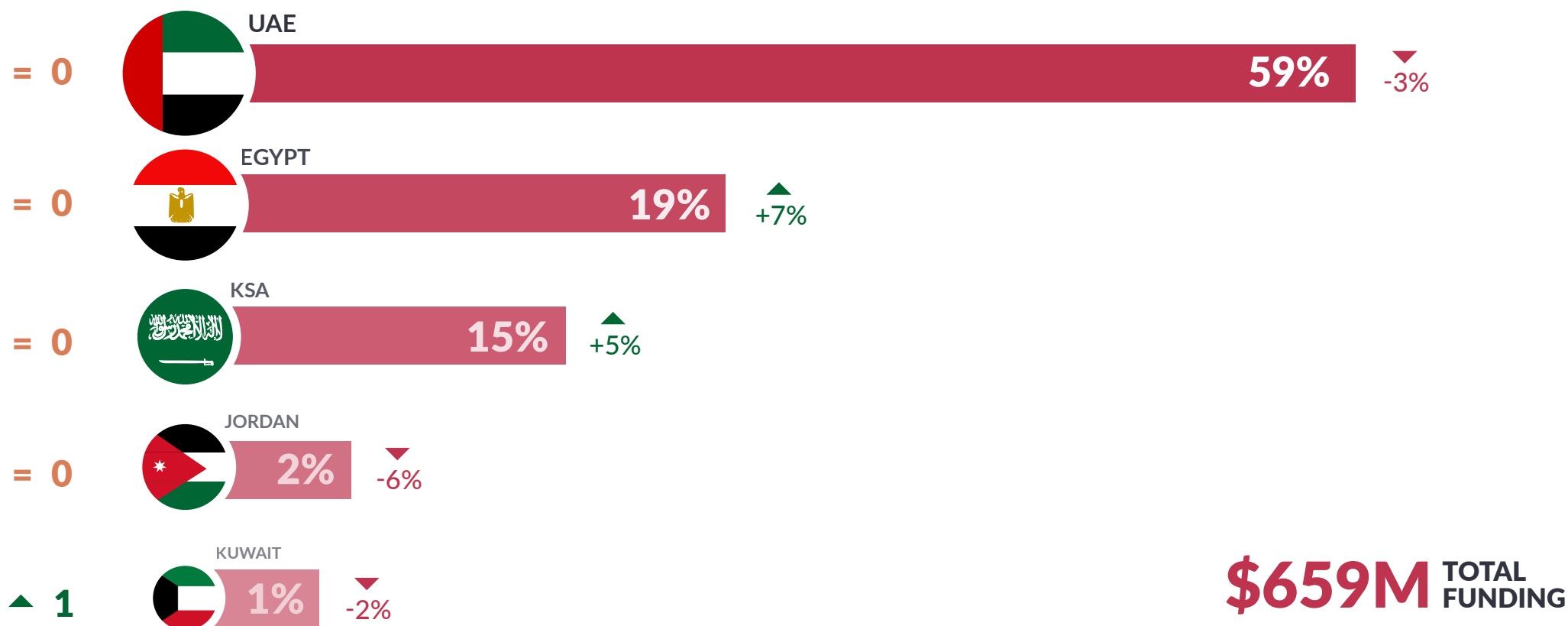
MENA's top 5 countries by % share of total funding (\$) in H1 2020

Rank Change

H1 '20 vs H1 '19

% Share Change

H1 '20 vs H1 '19



04

INDUSTRY BREAKDOWN

INDUSTRY RANK BY SHARE OF DEALS

Fintech continued to rank first by number of deals, ranking first for over two consecutive years

- **Delivery & Transport** saw the largest increase in its share of deals across MENA, **up 4%** from H1 2019 to H1 2020
- **Consumer Services** witnessed the biggest **decline of 4%** in its share of deals

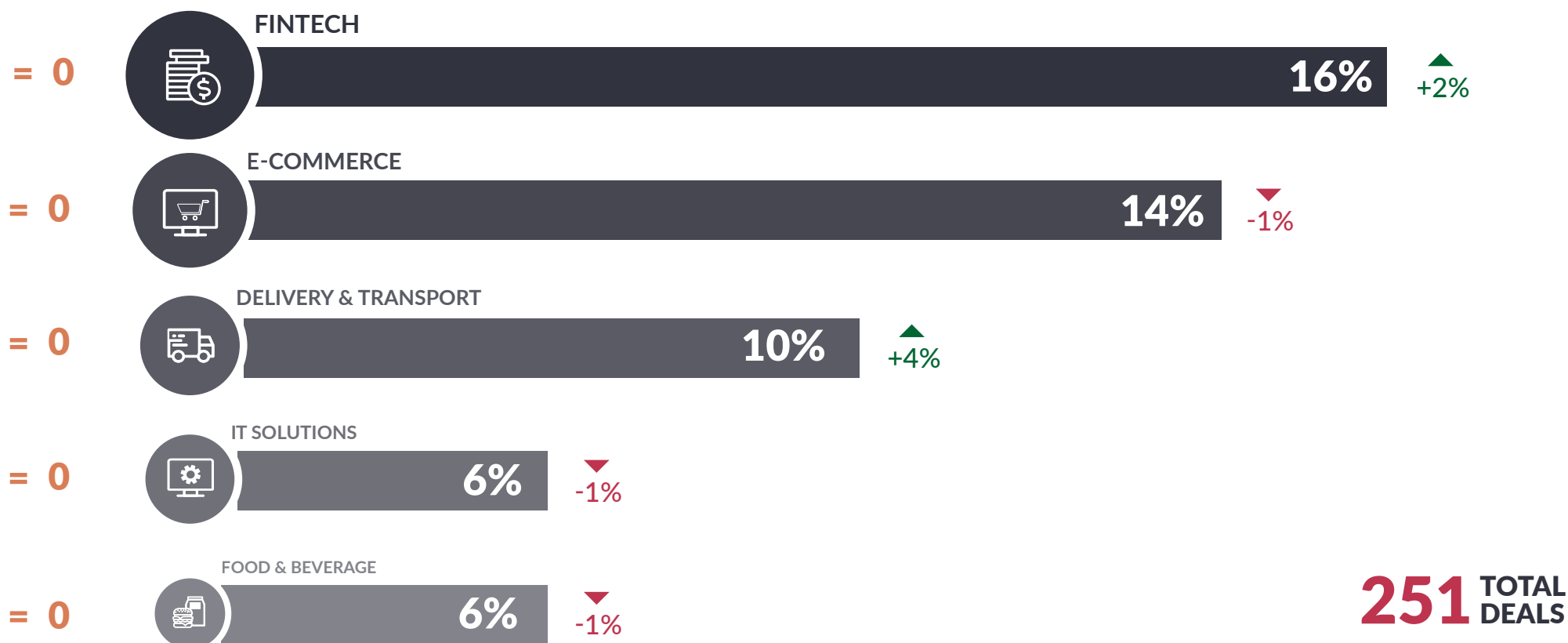
MENA's top 5 industries by % share of total number of deals (#) in H1 2020

Rank Change

H1 '20 vs H1 '19

% Share Change

H1 '20 vs H1 '19



INDUSTRY RANK BY SHARE OF FUNDING

Real Estate accounted for the highest amount of funding in H1 2020, 25% of total

- **Delivery & Transport** dropped from first place in full-year 2019 to fourth in H1 2020, accounting for **10%** of total funding
- EMPG's **\$150M** fundraise largely contributed to Real Estate's ranking

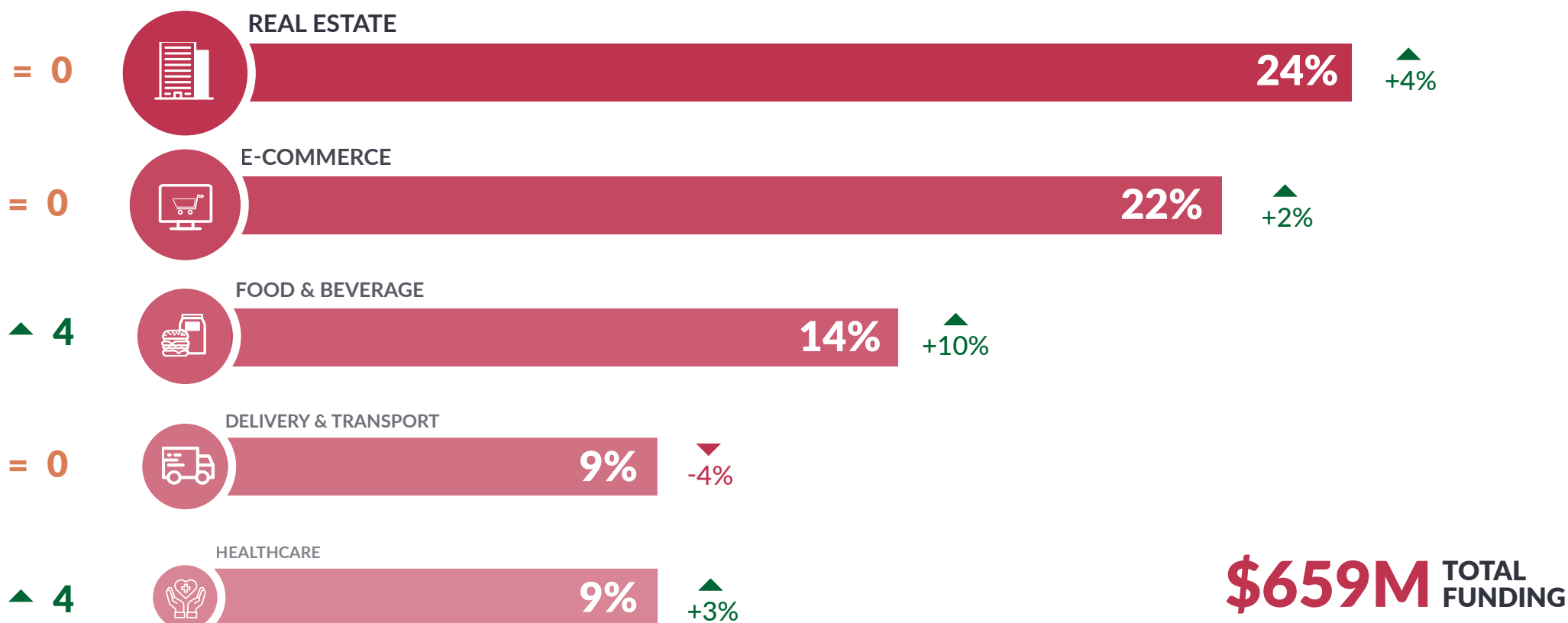
MENA's top 5 industries by % share of total funding (\$) in H1 2020

Rank Change

H1 '20 vs H1 '19

% Share Change

H1 '20 vs H1 '19



05






























TOP FUNDING ROUNDS

TOP 5 FUNDING ROUNDS

The top 5 funded startups accounted for 49% of the \$659M total funding in H1 2020

- The UAE accounts for 3 of the top 5 funded startups in MENA
- 3 out of the top 5 deals were in Q1 2020, prior to the outbreak of COVID-19

Top disclosed funding rounds (\$) by MENA-based startups in H1 2020

		HQ LOCATION	FUNDING ROUND	STAGE	MONTH	SELECT INVESTORS
1	 EMPG EMERGING MARKETS PROPERTY GROUP		\$150.0M	Corporate	April	 OLX GROUP
2	 KITOPI		\$60.0M	Series B	February	 CRESCENT ENTERPRISES  BECO CAPITAL  LUMIACAPITAL  Wilshire Lane Partners  مؤسسة الخليج للاستثمار  global.ventures  Knollwood  RISE CAPITAL
3	 Vezeeta.com		\$40.0M	Series D	February	 CRESCENT ENTERPRISES  BECO CAPITAL  endeavor CATALYST  Silicon Badia  GulfCapital  STV
4	 jahez		\$36.5M	Series A	June	 4i6
5	 SellAnyCar.com Sell Your Car in 30 min.		\$35.0M	Undisclosed	February	 مؤسسة الخليج للاستثمار  OLAYAN  سانابل للاستثمار SANABIL INVESTMENTS

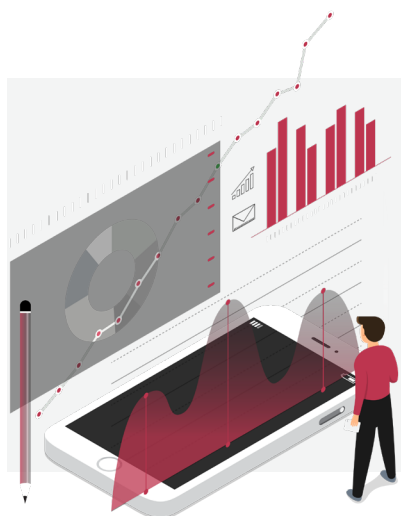
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ABOUT MAGNiTT

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MENA'S MOST COMPREHENSIVE STARTUP DATA PLATFORM

14,000+
startups

2,000+
investors & enbalers

120+
research reports

100K+
engaged audience

OUR FOUR CORE PRODUCTS

1. 

CONNECT

- Apply to investors
- Connect with founders
- Curate deal flow

2. 

DATA

- Source your next investment
- Track your competitors
- Do due diligence on your prospect investors

3. 

RESEARCH

- 3 dedicated monthly research reports
- Industry experts advice on venture investments
- Industries and geographical trends

4. 

NEWS

- Your reference for MENA startup news
- 3 dedicated newsletters
- Curated thought leadership

MAGNiTT METHODOLOGY

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



DIRECT

Quarterly follow-up with 200+ 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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