



 **Turkey**
Destination for
Early Stage
Investments



PRESIDENCY OF THE
REPUBLIC OF TURKEY
**INVESTMENT
OFFICE**

March 2021

What makes a country attractive for early stage investments?

- A supportive ecosystem
- Investments and successful exits
- New investment opportunities

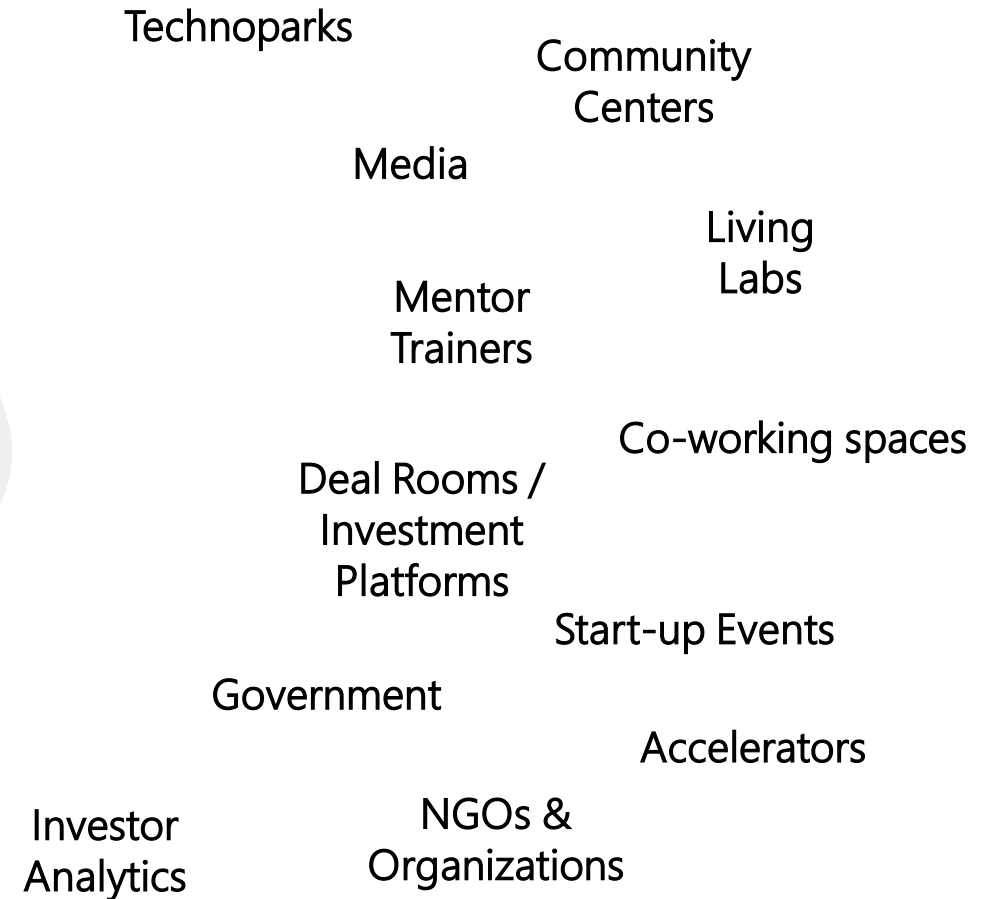
Supportive Ecosystem

A Supportive Startup Ecosystem

FUNDING



SUPPORTING



Turkish Startup Ecosystem in 2021



FUNDING

BUSINESS ANGEL NETWORKS



BUSINESS ANGELS

463 Accredited Business Angels
(As of September 30, 2018)

CROWDFUNDING



FFs/GRANTS



LOCAL GE & PEs



ACCELERATOR FUNDS



TECH ACCLTR FUNDS



LOCAL INVESTORS & VCs



CORPORATE INVESTORS



FOREIGN VCs



FI/DFI



CORPORATE INVESTORS & GE & PE



SUPPORTING

ACCELERATORS (RUN BY UNIVERSITIES, TTO, TECHNOPARKS, NGOs)



ACCELERATORS (RUN BY BANKS)



LIVING LABS



ACCELERATORS (PRIVATELY HELD)



MENTOR TRAINERS



MEDIA (ENGLISH)



TECHNOPARKS



INVESTOR ANALYTICS



COMMUNITY CENTERS



MENTOR MOVEMENT



TOP 3 STARTUP FRIENDLY COMPANIES



NGOs & ORGANIZATIONS



GOVERNMENT



DEAL ROOMS / INVESTMENT PLATFORMS



Source: Startups.Watch

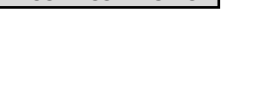
Turkish Startup Ecosystem in 2010

FUNDING

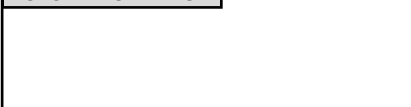
BUSINESS ANGEL NETWORKS



BUSINESS ANGELS



CROWDFUNDING



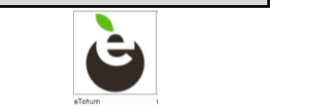
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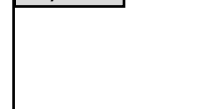
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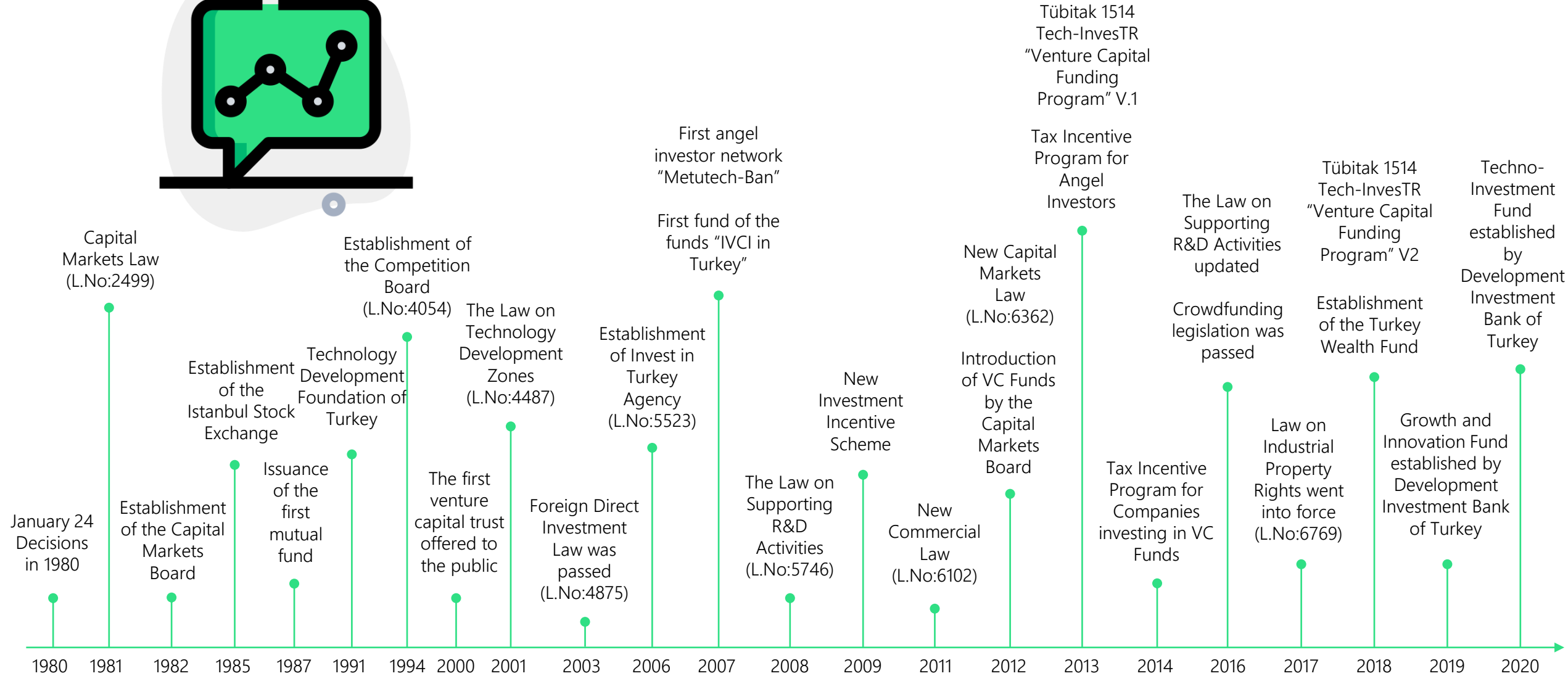
GOVERNMENT



DEAL ROOMS / INVESTMENT PLATFORMS



Ongoing Reform Process in Turkey



Government Supports the Early Stage Investments

Government grants were the most active financing solution in the idea stage in 2020. The share of government grants was; %88 in idea stage and %32 in seed & early VC stage.



Idea Stage

531 Startups received \$7M government grants in 2020 through Tubitak Teydeb Programs



Seed & Early VC Stage

1218 Startups received \$47M government grants in 2020 through Tubitak Teydeb Programs

158 Startups raised \$101M through Angels & Venture Capital Funds

Government Supports the Early Stage Investors

When invested through
venture capital and
private equity funds in
Turkey, instead of
investing directly into the
companies

%0

- Withholding tax for the distributed dividends
- Withholding tax on exit

When invested in the
Turkish Venture Capital
Investment Trusts and
Funds by corporations

The investment amount
can be deducted from
the corporate income tax
base¹

When invested in
startups by individuals
with a Business Angel
Certificate²

75% of the investment
amount can be deducted
from the angel investor's
personal tax base³

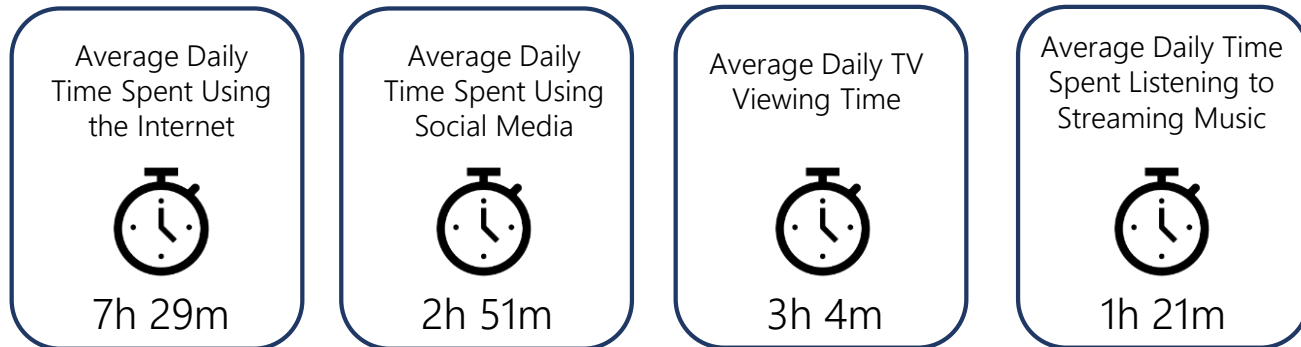
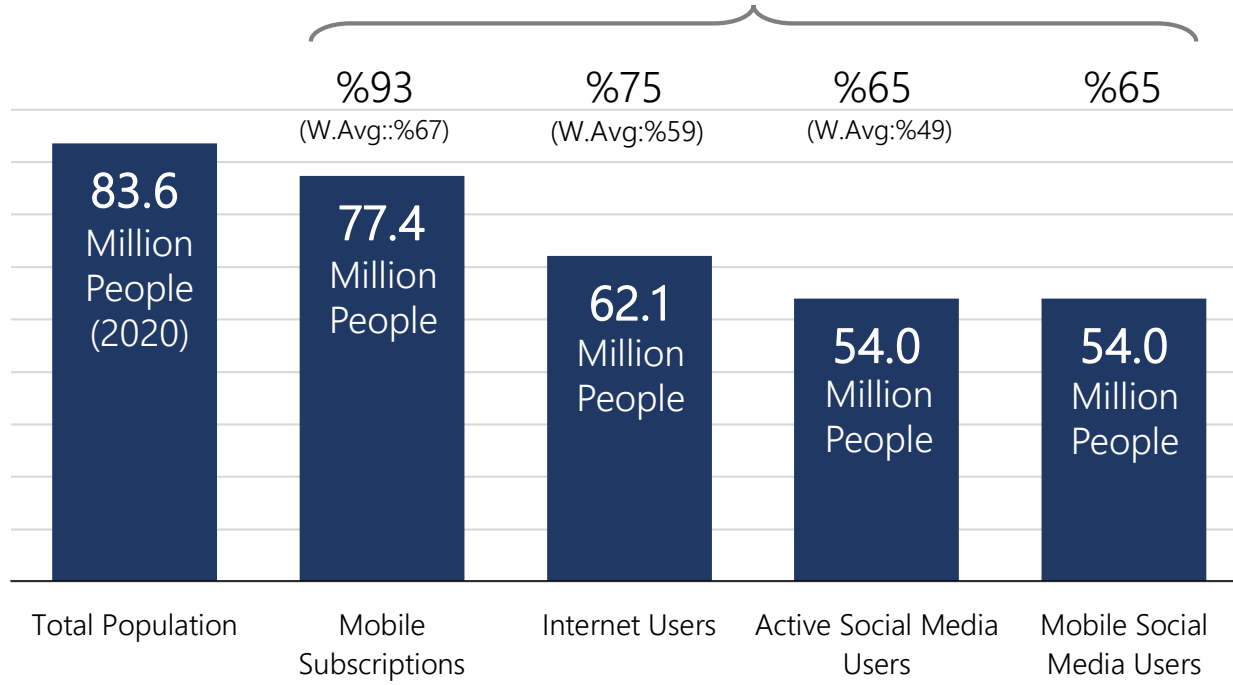
¹: Turkish Tax Law, Article:325/A - Up to %10 of the total corporate income tax base. - On exit from the fund, same amount must be invested in similar venture capital funds within maximum 6 months after exit, otherwise exempted tax amount will be paid. Even in this case, it can be considered as a tax postponing.

²: Can be obtained from the Turkish Treasury

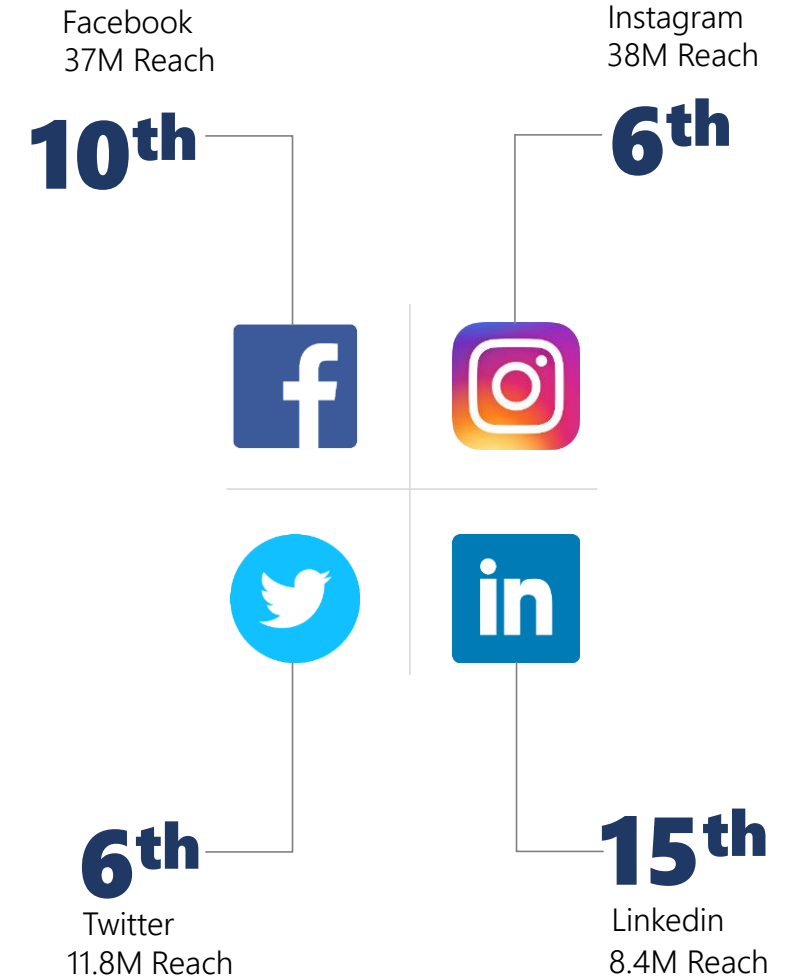
³: Shares must be held by the angel investor for at least 2 years. - In cases where the angel investment is made in companies that have research, development, and innovations projects that are supported by the Ministry of Industry and Technology, Scientific and Technological Research Council of Turkey (TUBITAK) and Small and Medium Industry Development and Support Organization (KOSGEB) within the last 5 years, deduction amount will be %100 instead of %75.

Mobile, Internet, and Social Media Use in Turkey

Penetration Rate



Turkey's Global Rankings in Social Media Use



One of the Largest Talent Pools in Europe and MENA Region

Number of graduates from
universities during the 2018-
2019 academic year in Turkey

891,458

41,040

*university
graduates from
Engineering and
Engineering
Trades*

14,351

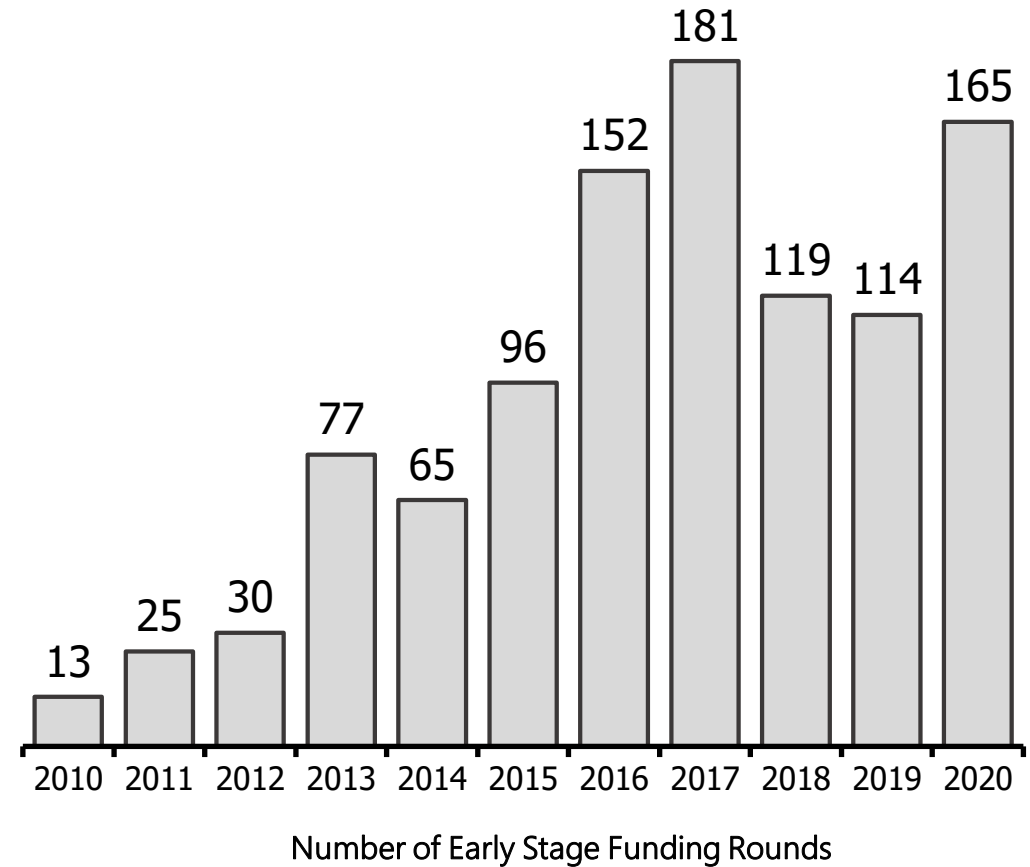
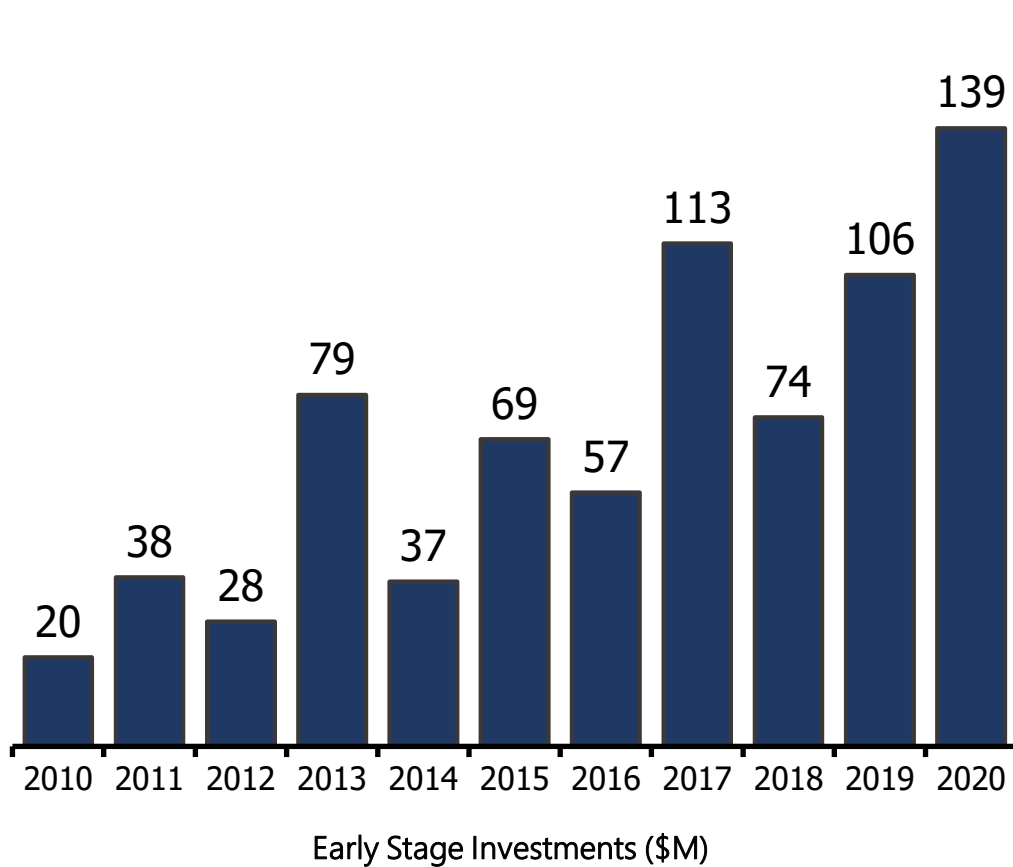
*university
graduates from
Information and
Communication
Technologies
(ICT)*



Investments and Successful Exits

Early Stage Investments in Turkey since 2010

In 2020, 165 startups raised a total of \$139M from angels and VCs, setting a new record for the ecosystem.














Early Stage Investments in 2020 in Europe

Angel and VC funding for Turkish startups grew by 31% and reached to \$139M in 165 deals last year.

Super League

	United Kingdom	\$13.6B (1898)
	France	\$5.3B (478)
	Germany	\$5.1B (590)
	Sweden	\$2.3B (238)
	Switzerland	\$1.8B (280)
	The Netherlands	\$1.5B (228)
	Finland	\$1.1B (126)







1. League

	Belgium	\$800M (109)
	Spain	\$773M (286)
	Denmark	\$649M (121)
	Italy	\$580M (156)
	Ireland	\$578M (123)
	Estonia	\$306M (83)
	Austria	\$257M (73)
	Russian Fed.	\$202M (86)
	Norway	\$202M (70)
	Poland	\$178M (86)
	Turkey	\$139M (165)

2. League

	Luxembourg	\$88M (28)
	Portugal	\$85M (46)
	Hungary	\$75M (98)
	Iceland	\$57M (13)
	Greece	\$35M (18)
	Ukraine	\$34M (32)
	Latvia	\$32M (26)
	Czechia	\$32M (33)
	Lithuania	\$28M (32)
	Bulgaria	\$12M (10)

3. League

	Croatia	\$9.6M (39)
	Romania	\$8.3M (25)
	Malta	\$8.1M (7)
	Slovenia	\$8.0M (8)
	Belarus	\$4.1M (6)
	Serbia	\$2.8M (8)

Early Stage Investments in 2020 in MENA Region




Angel and VC funding for Turkish startups grew by 31% and reached to \$139M in 165 deals last year.

When compared to MENA countries, Turkey ranks as the 3rd country in early stage investments.





Super League

	Israel	\$4.2B (414)
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1. League

	United Arap E.	\$491M (108)
	Turkey	\$139M (165)
	Saudi Arabia	\$7.1M (38)

2. League

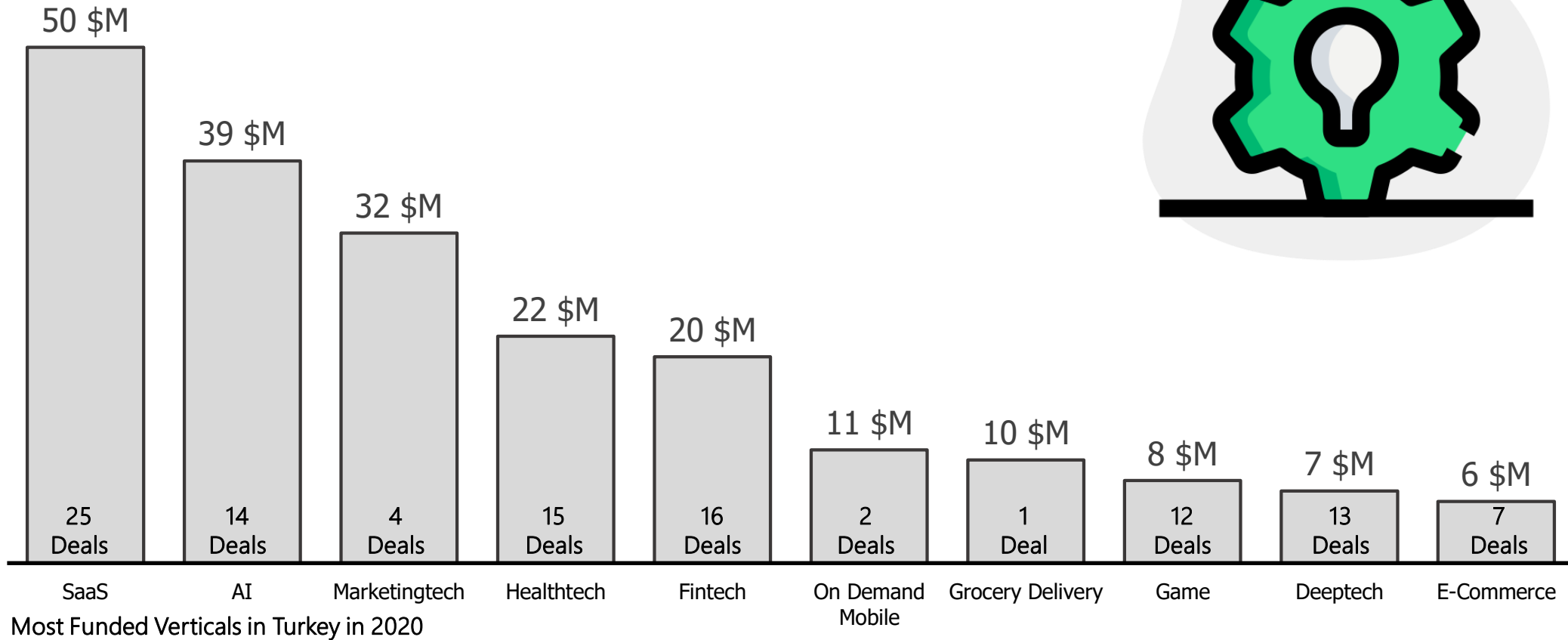
	Egypt	\$72.7M (97)
	Morocco	\$10.8M (8)
	Jordan	\$10.4M (16)
	Bahrain	\$10.2 (7)

3. League

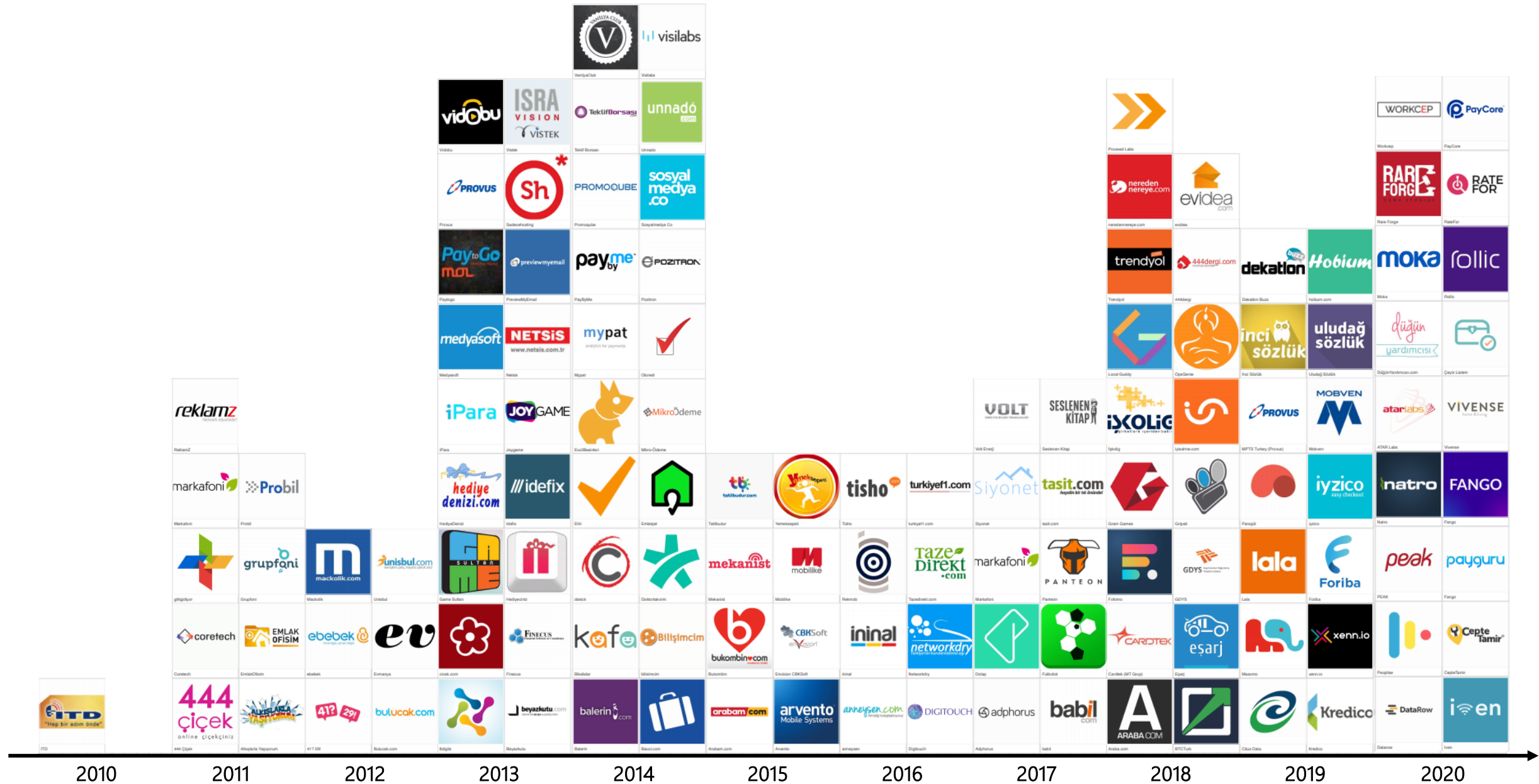
	Lebanon	\$6.5M (12)
	Armenia	\$2M (4)

Most Funded Verticals in 2020

In terms of funding raised, SaaS, AI, Marketingtech, Healthtech, Fintech and Deeptech were the most popular verticals in Turkey, in 2020.



Turkish Startups' Exit Activities in the last decade



Source: Startups.Watch

Turkish Startups' largest deals in the last decade

2011

ebay

gittigidiyor
by ebay

Global marketplace
Ebay acquired Turkish
leading marketplace:
Gittigidiyor

2015

Delivery Hero



German takeout food
company Delivery Hero
bought Turkish
yemeksepeti.com for
\$589M

2018

zynga



GRAM GAMES

Zynga bought Turkish
game developer Gram
Games for \$250M

2018

ATLASSIAN

OpsGenie

Australia based
software developer paid
\$295M for Turkish
OpsGenie

2018

Alibaba
com

trendyol

Chinese Alibaba paid
\$728M for the %82
stake of the Turkish e-
commerce company:
Trendyol

2019

PayU
iyzico

Naspers's PayU bought
fintech startup Iyzico
for \$165M

2019

Microsoft

citusdata

Microsoft acquired
Turkish open-source
firm Citus Data

2019

SOVOS
SOLVE TAX FOR GOOD®



Foriba

Sovos acquired Turkish
e-invoice startup Foriba

2020

team.blue

natro

Team Blue acquired
Turkish web hosting
firm Natro

2020

yabb
yabb together!

FANGO

Social networking and
instant messaging
company Yabb
acquired influencer
marketplace Fango

2020

TPAY
MOBILE
payguru

UAE-based FinTech firm
TPAY Mobile acquired
Turkish mobile payment
platform Payguru

2020

zynga
peak

Zynga bought Turkish
mobile game maker
Peak for \$1.8bn

2020

zynga
rollic

Zynga paid \$168M for
the %80 stake of the
Turkish mobile game
maker Rollic

Peak Games has become Turkey's first Unicorn

- The US-based interactive entertainment giant Zynga acquired a Turkish mobile game developer Peak Games for \$1.8 billion
- Peak's investors had included European VCs Earlybird and Hummingbird Ventures and Endeavor Global.
- Zynga had also bought Peak Games' mobile card game for \$100 million back in 2017. And also bought %80 stake of Rollic Games for \$168 million in 2020 (after Peak deal).



- Established in San Francisco, USA in 2007.
- The leading global social game developer running social video game services.


















- Founded by Mr.Sidar Sahin in Istanbul, Turkey, in 2010.
- The owner of Toon Blast and Toy Blast games, which have over 12 million average mobile daily active users.



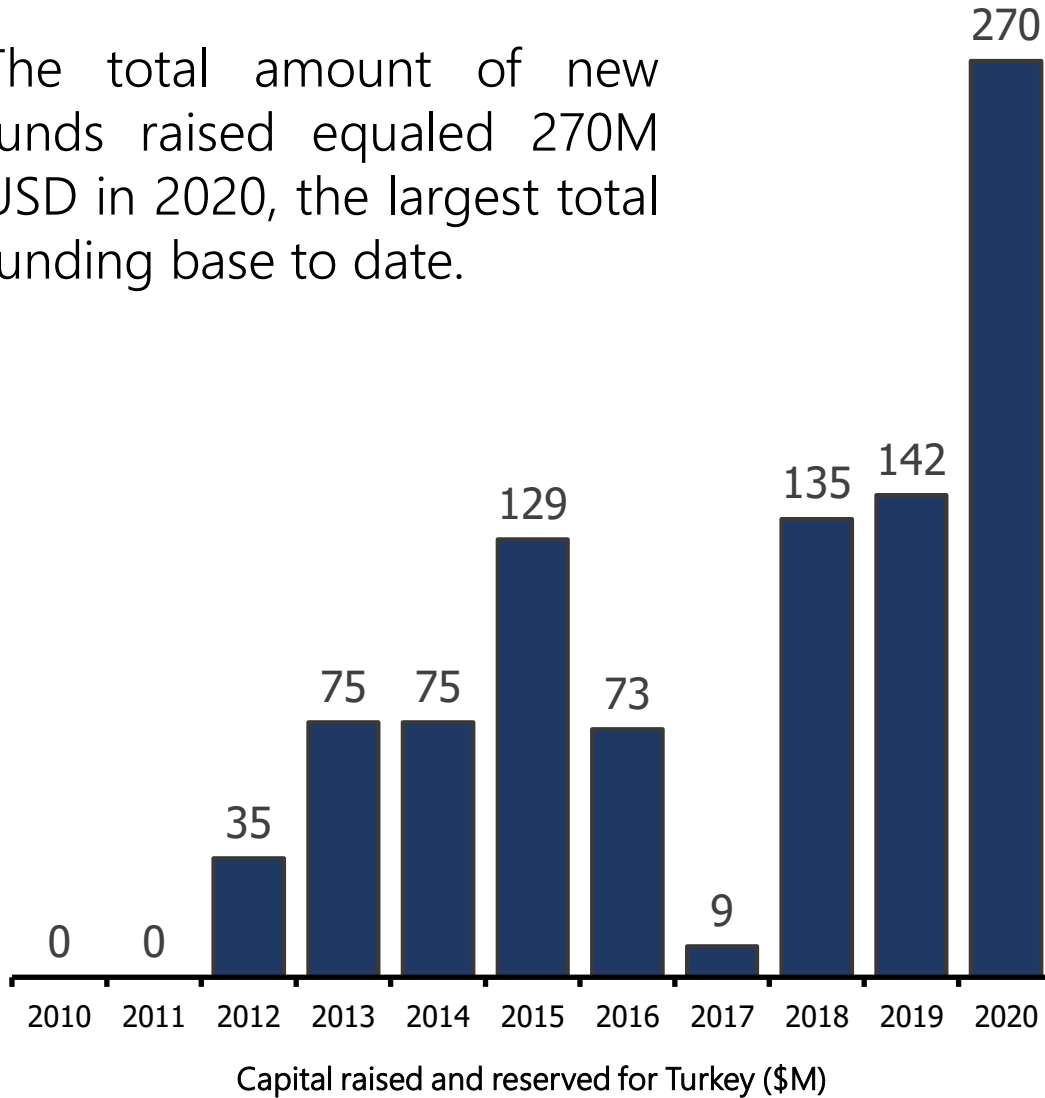
New Investment Opportunities

State Supported VC Funds in Turkey

Investor (Limited Partner)	Fund Manager (General Partner)	Fund Size	Investment Model
 Ministry of Treasury and Finance  Scientific and Technological Research Council of Turkey	  ARZ PORTFÖY   dcp  BOĞAZIÇI VENTURES  DIFFUSION CAPITAL PARTNERS  Gedik portföy	Total Size: ~ TL 1 Billion	Direct Investment in technology startups
 Ministry of Industry and Technology	 KALKINMA YATIRIM BANKASI	TL 350 Million	Investment in VC funds who invests in technology startups + Co-Investment in >Serie C level technology startups
 ISTANBUL DEVELOPMENT AGENCY	General partners to be to be included in the program will be announced in June 2021	TL 250 Million	Investment in VC funds who invests in technology startups
 VAKIF KATILIM  alBaraka	 BİLİŞİM VADİSİ Technology Development Zone	TL 100 Million	Direct Investment in technology startups

VC Fundraising Activity in Turkey

The total amount of new funds raised equaled 270M USD in 2020, the largest total funding base to date.



New VC Funds Established in 2020



Revo Capital (II)
\$60M



DCP (II)
\$36,4M



Eczacıbaşı
Momentum
\$30M-CVC



Sabancı ventures
\$30M-CVC



TechOne
\$30M



ScaleX ventures
\$25M



WePlay Ventures
\$15M



Teknoloji Yatırım
\$24M



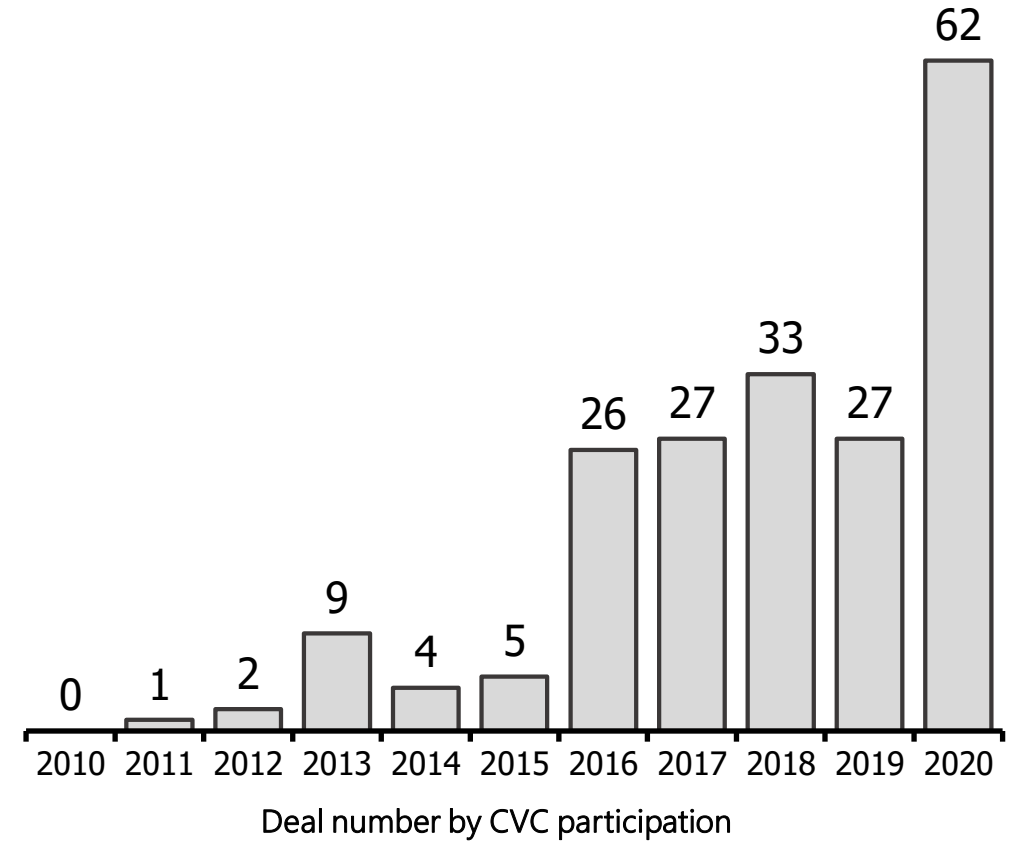
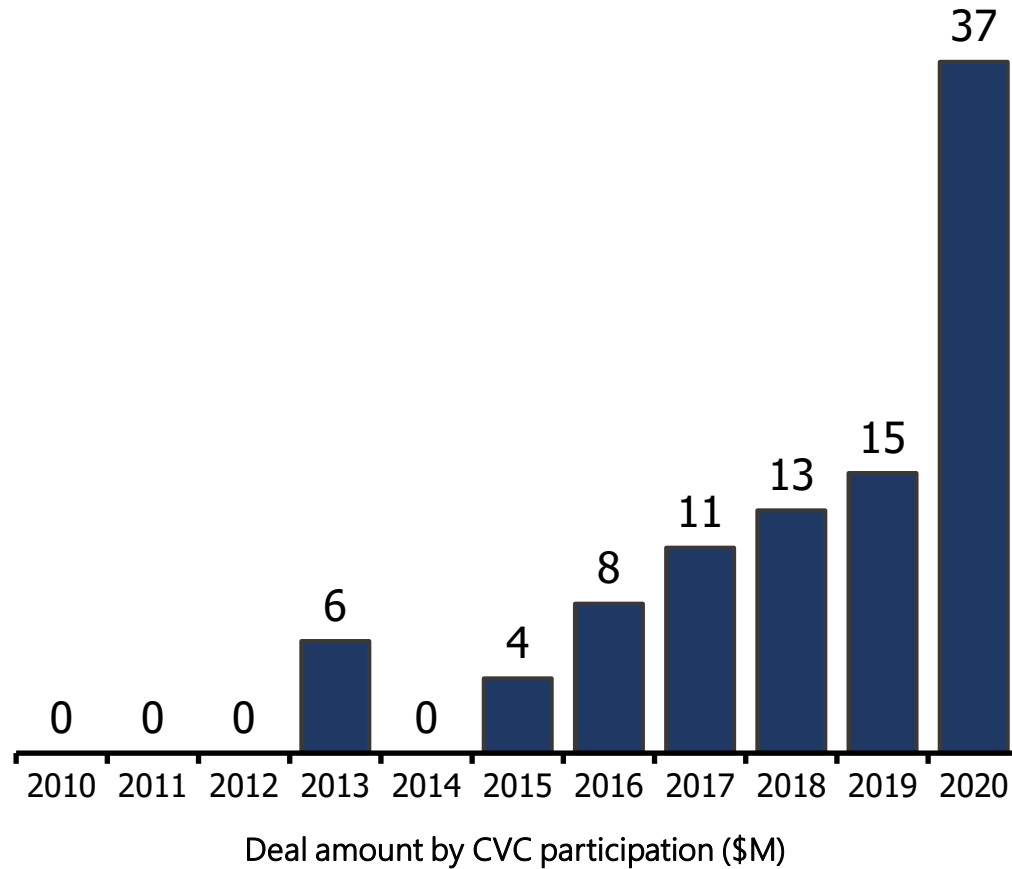
Twozero Ventures
\$15M



APY Ventures
CVC

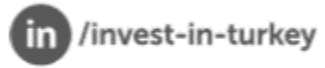
Corporate Venture Capital (CVC) Participation

CVC participation in early stage investments has been on the rise in the last 4 years.





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