

DIGITAL STARTUP ECOSYSTEM OVERVIEW 2016



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Spanish Startup Ecosystem

- Ecosystem
- European Tech Hubs
- Top sectors
- Attracting talent

Investment in Spain

- Overview
- Average investment Tickets
- Top Rounds
- Top invested sectors
- Types of investor
- M&A Activity

Barcelona Digital Hub

- Overview
- Top Sectors
- Investment figures
- Top invested sectors
- M&A Activity

Conclusions

Spanish Startup Ecosystem



2.663

Startups in Spain in 2016

+0,94% YoY

***Digital sector to
account for 5,2% of
Spain's GDP in 2016;
€42,3 billion (+2% YoY)***

3 main hubs



***Barcelona: 28,4% of all startups
Madrid: 27,1%
Valencia: 5,2%***

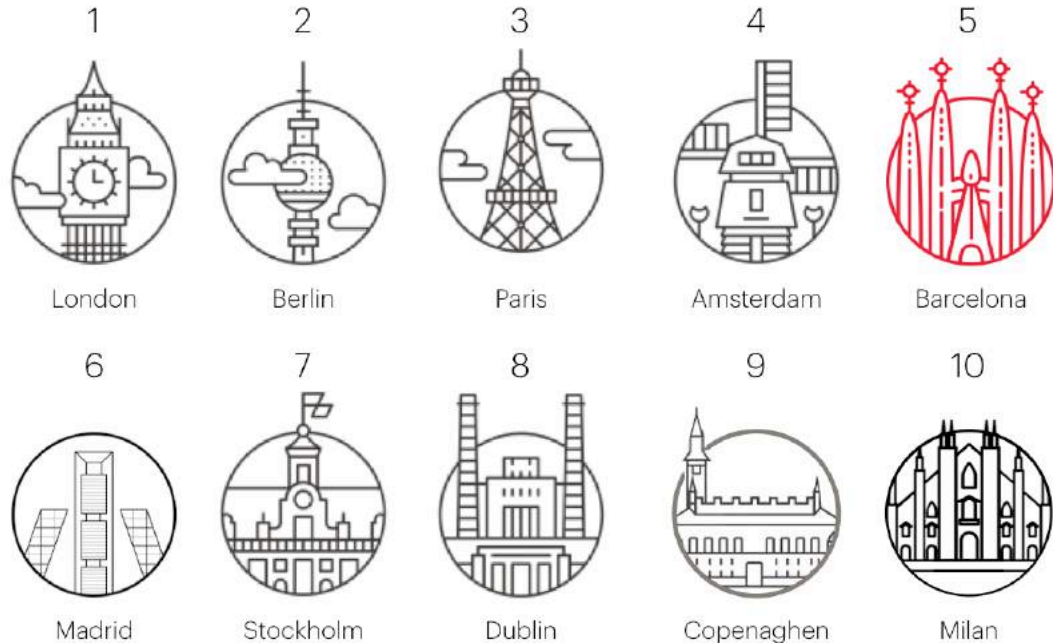
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SPANISH STARTUP ECOSYSTEM: EUROPEAN TECH HUBS

Around 60 tech hubs in Europe

+1/3 of European startups concentrated in the 10 biggest hubs

Barcelona and Madrid ranked in the European top 10 in Europe by number of startups

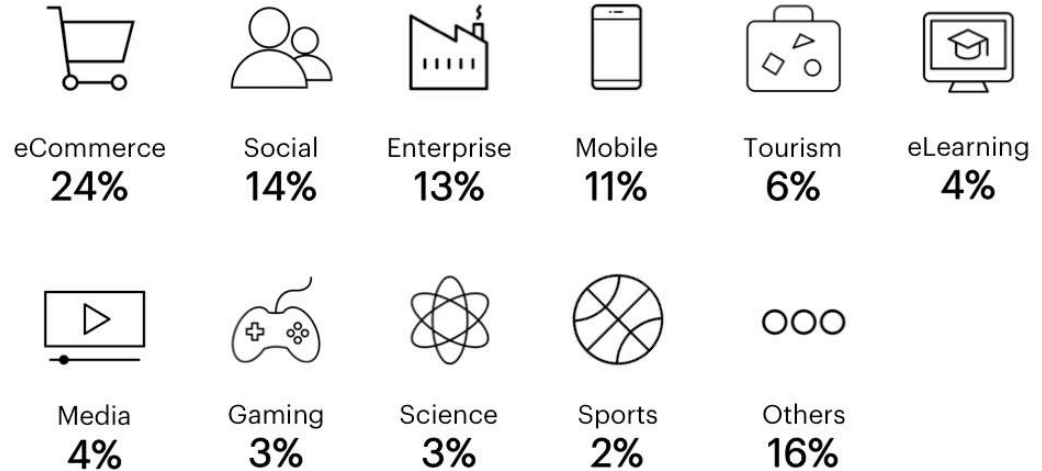


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SPANISH STARTUP ECOSYSTEM: TOP SECTORS

eCommerce is still the most representative sector

eCommerce, Social and Enterprise software are the fastest growing sectors (+4% YoY on average)

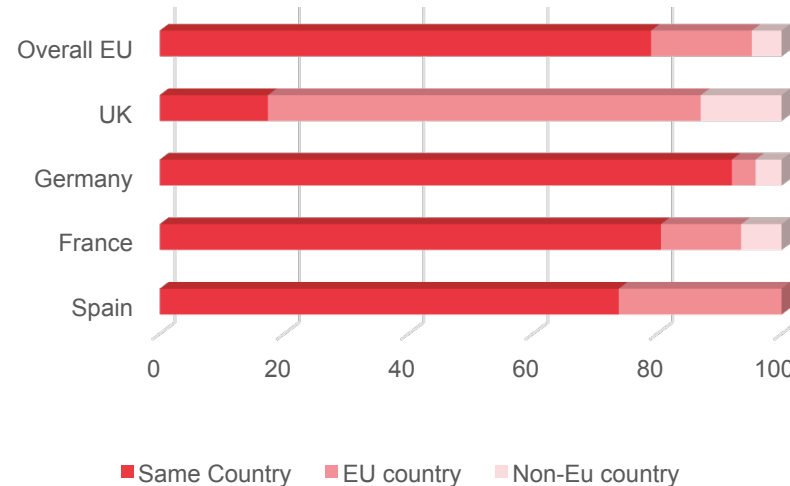


Spain is a destination for European founders

Second country in the EU attracting international talent to start their businesses

UK and Germany are the biggest ecosystems with totally different models: capture vs. culture

Citizenship of founders



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SPANISH STARTUP ECOSYSTEM: ATTRACTING TALENT

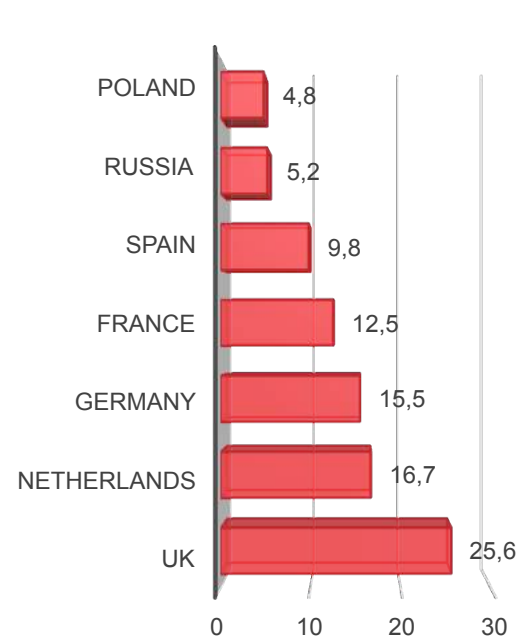
Healthy developers density

Spain is the 5th country with more qualified developers (Europe)

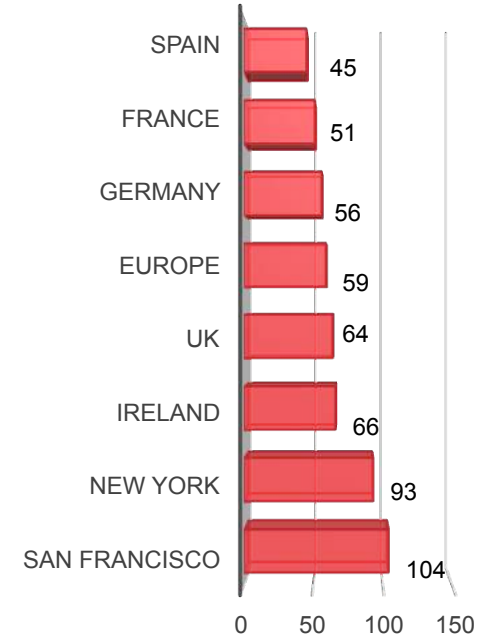
... and also shows a really competitive cost compared to other countries (worldwide)

The average salary in Spain has increased 33% in the last 4 years

% of developers with +6 years of experience



Salary \$k



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SPANISH STARTUP ECOSYSTEM: ATTRACTING TALENT

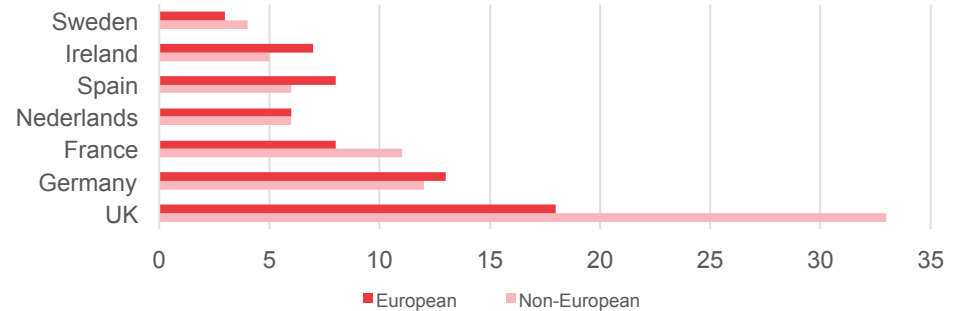
Talent is moving fast

Spain is the 4th destination for international tech talent...

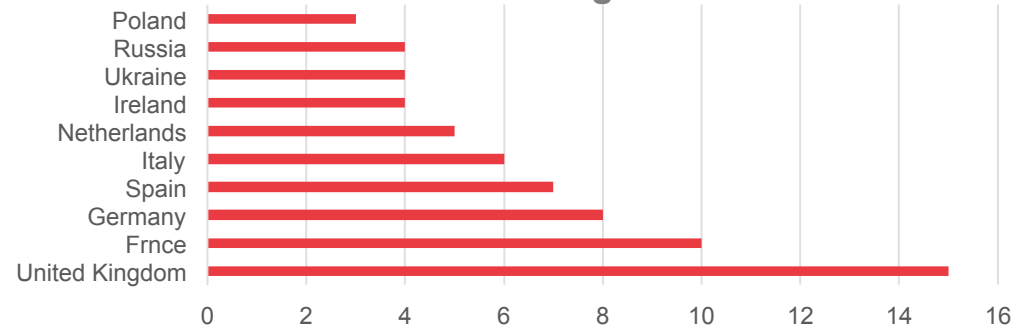
... attracting 14%

...and exporting 7% to other European countries

Destination Tech talent / country



% of Migrants



Investment in Spain



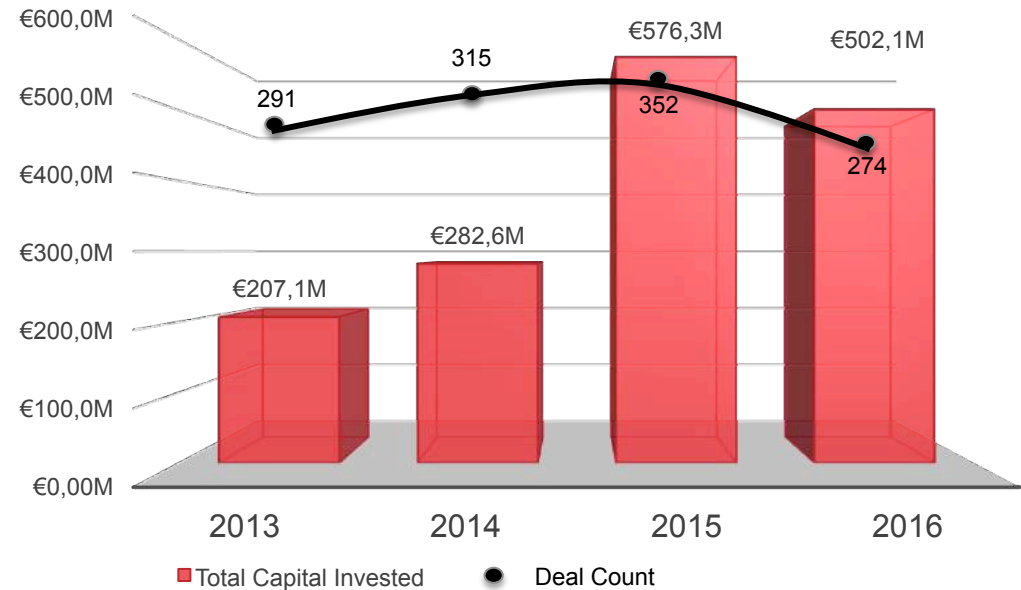
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INVESTMENT IN SPAIN: OVERVIEW

Investments still over 500M€

Although it decreases following the European tendency

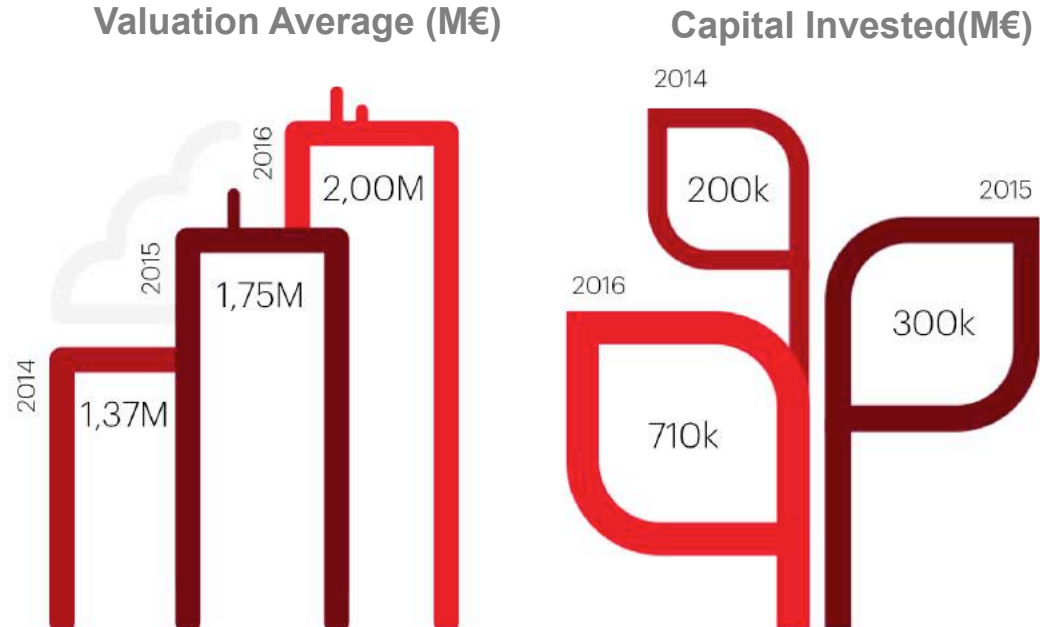
Total Capital Invested and Deal Count



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INVESTMENT IN SPAIN: AVERAGE INVESTMENT TICKETS

But the average investment ticket has grown significantly, reflecting the more mature stage of the ecosystem



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INVESTMENT IN SPAIN: TOP ROUNDS

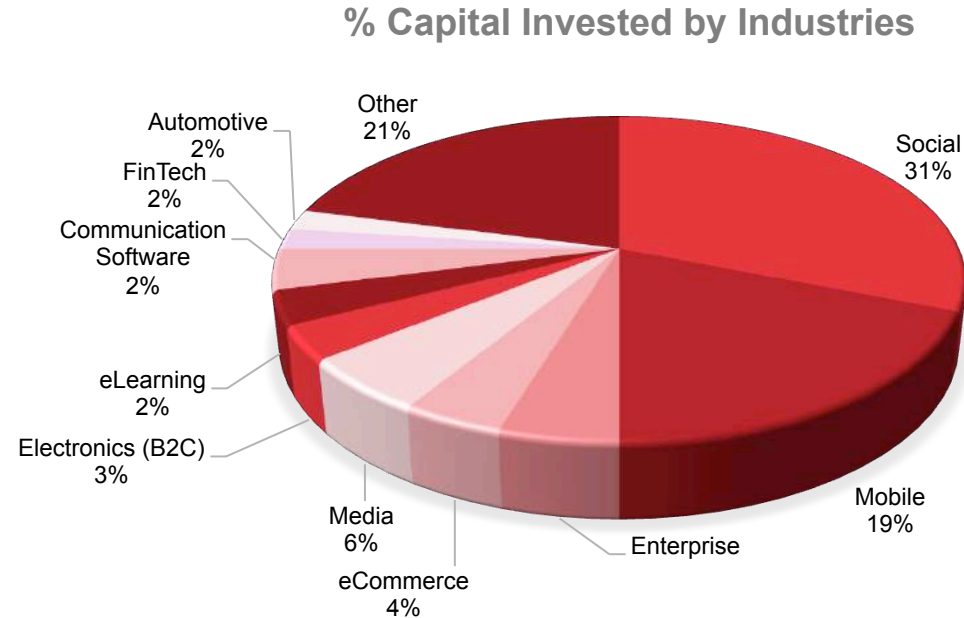
Rounds bigger than €10M



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INVESTMENT IN SPAIN: TOP INVESTED SECTORS

***Social and Mobile
are the main sectors
leading the
investment***



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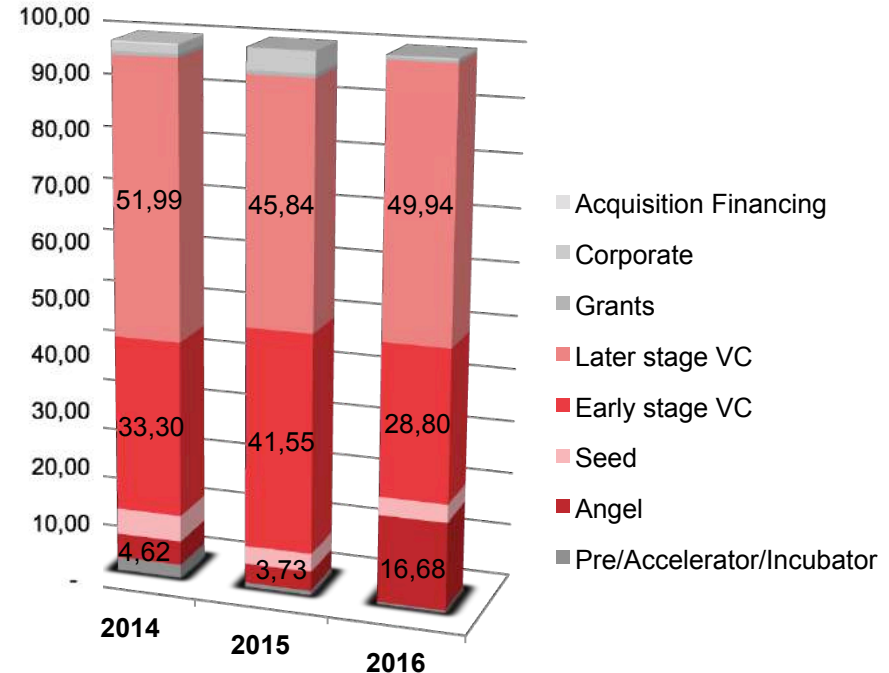
INVESTMENT IN SPAIN: TYPES OF INVESTOR

The mix of investors' types is healthy

Early stage VC investments have significantly turned into later stage, which reflects the maturity of the ecosystem

While the increasement of Business Angels reinforces the *continuity of the ecosystem*

Capital Invested by Investor Type



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INVESTMENT IN SPAIN: TYPES OF INVESTOR

***Foreign investors bet
for the Spanish
ecosystem***

59% of the investment in
Spanish Startups comes
from 43 international
investors

Capital Invested by Source

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INVESTMENT IN SPAIN: M&A ACTIVITY

Record year in Exits: +1 Billion

Top Exits:

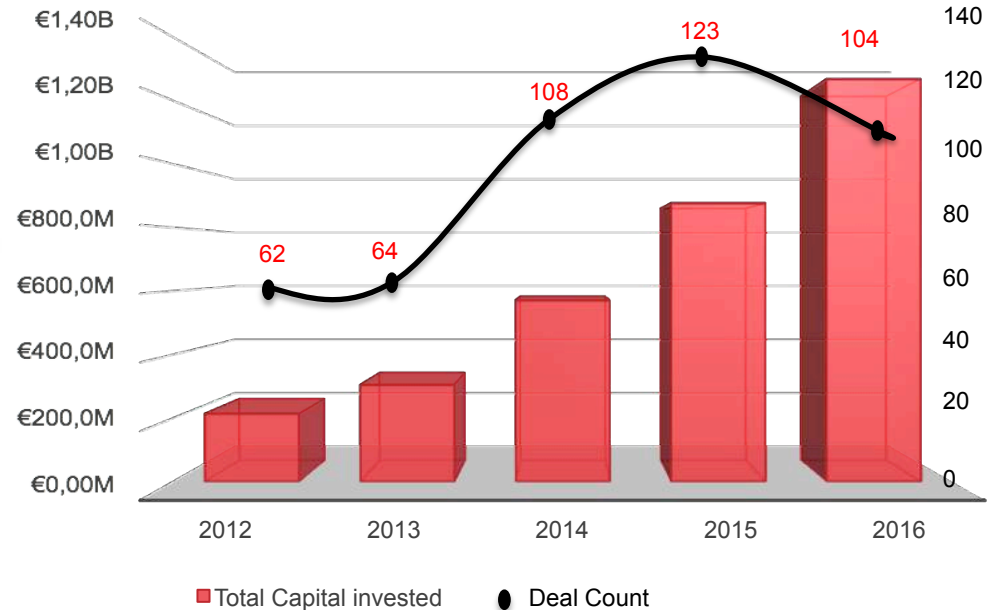
- Privalia – Vente Privée: 500M€
- Pepemobile – Másmovil Ibercom: 158M€
- Ticketbis – eBay: 147,27M€
- Olapic – Monotype Imaging: 116,03M€

Barcelona is the city with more deals

- Barcelona: 36 deals (+3 vs. 2015)
- Madrid: 28 deals (-7 vs. 2015)
- Valencia: 2 deals (-2 vs. 2015)

*Excluding Jazztel 2015

Mergers & Acquisitions



Barcelona Digital Hub



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BARCELONA DIGITAL HUB: OVERVIEW

**28,4% of all Spanish
Startups**

Market

43% B2B

23% B2C

34% B2B2C

**Barcelona's startups
revenue: 1,3B€**

**Sectors**

- E-commerce 21% (+7,6% YOY)
- Mobile 10% (-2% YOY)
- Enterprise 10% (-1% YOY)
- Social 9% (nd 2015)
- Tourism 9% (+4,1% YOY)

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BARCELONA DIGITAL HUB: TOP SECTORS

eCommerce is still “The” sector for Barcelona startups

eCommerce was the #1 sector in 2015 (13,2%) and has increased its presence

Tourism startups have growth from a 5,9% to a 10%, showing the city's economic reality



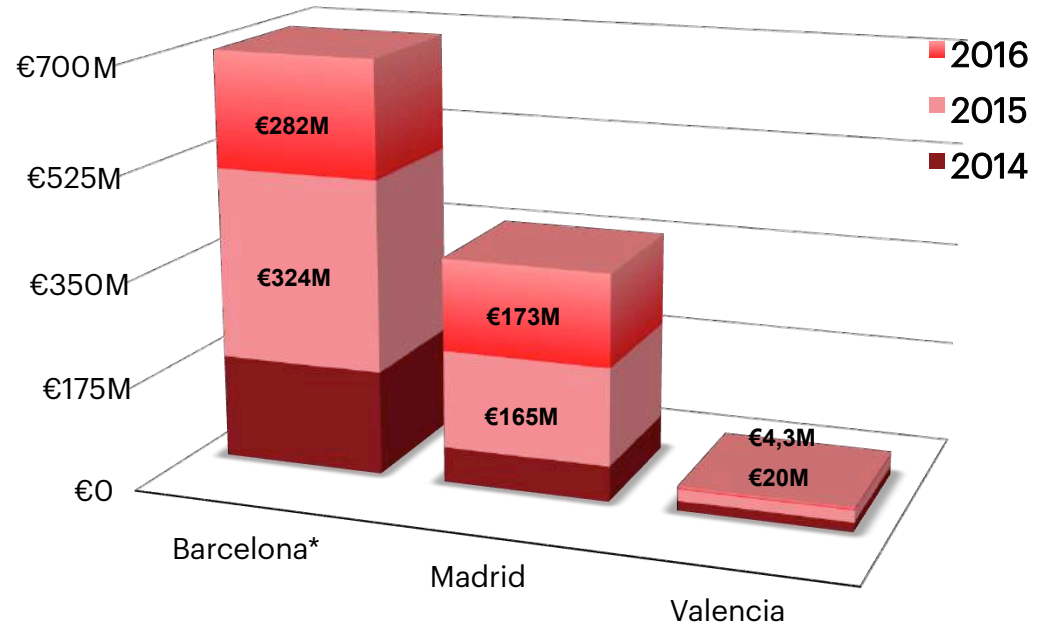
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BARCELONA DIGITAL HUB: INVESTMENT FIGURES

Barcelona dominates startup investments

56% of € invested in Spain went to Barcelona-based startups

Capital Invested by Hub

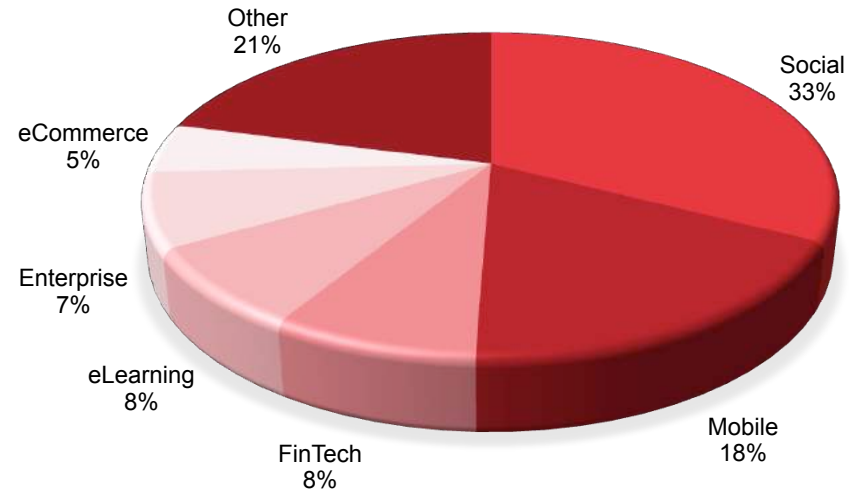


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BARCELONA DIGITAL HUB: TOP INVESTED SECTORS

Social Software, Mobile and FinTech and eLearning sectors are leading investments

% Capital Invested by Industries



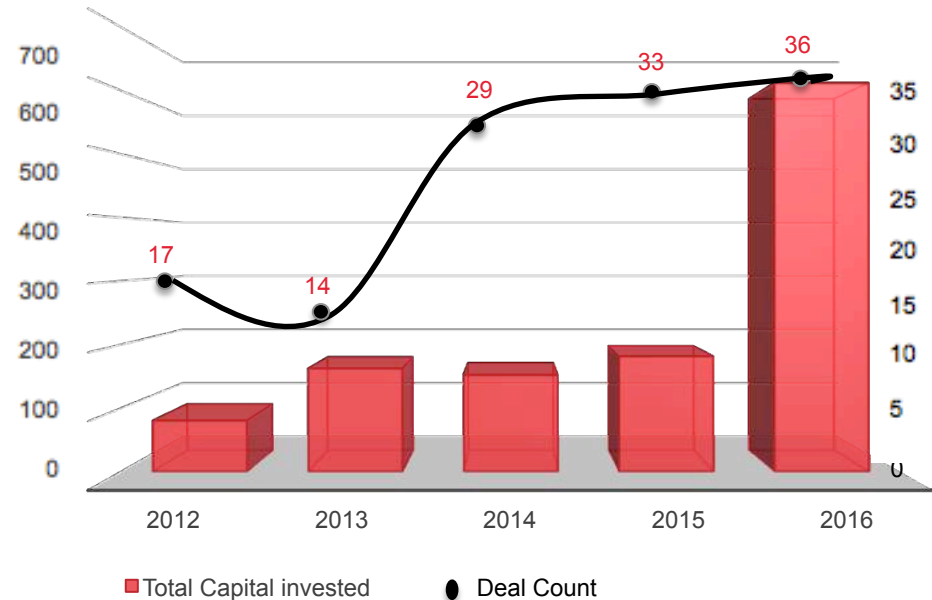
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BARCELONA DIGITAL HUB: M&A ACTIVITY

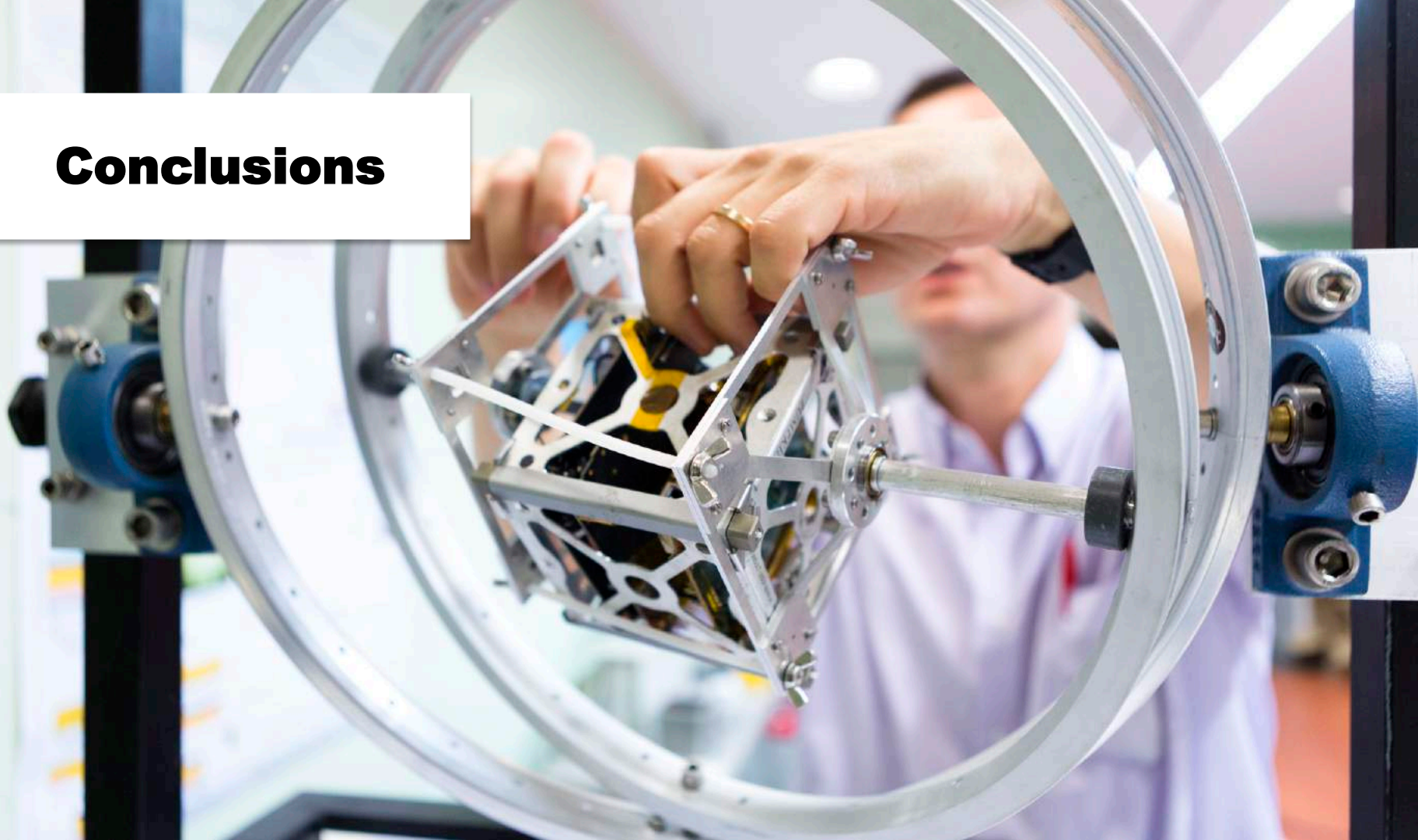
Barcelona deals represent 48,2% of the capital from Spanish Exits, and have increased in 2016

In contrast with the global amount of Spanish Exits, that have decreased from 123 in 2015 to 104 in 2016

Mergers & Acquisitions



Conclusions



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CONCLUSIONS

It is all about hubs

Spain and its main hubs remain important players at European level, which demonstrates the maturity of its startups through: investments –increasing in advanced stages-, exits, as well as the power to attract talent. Facing the future, we must take advantage of these variables to expand the Spanish ecosystem and bring it closer to other hubs such as the UK, France or Germany.

Open to new markets

Success of Spanish startups relies on new markets opening. Today, 54,8% of the startup economy remains inside the country and this tendency should change in the future if startups want to gain more international recognition. If they want to compete with other countries then they should be able to demonstrate established business models can work in other countries. This will make international investors believe more in the Spanish startup ecosystem.

Favorable Regulations required

As we mentioned last year there is a lack of impact within the Spanish entrepreneurial law. At this point we should work to make the creation of new businesses and the investment in Spain more attractive. Limitations, bureaucracy and tax friendly policies need to be designed and implemented if we want to take advantage of Spain's momentum and take the ecosystem to the next level keeping investors interested in Spanish startups.

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METHODOLOGY

All of the charts, tables and figures that are included in this report come from publicly available sources.



THANK YOU