Goldman Sachs

INVESTMENT BANKING DIVISION

Monetization of Tech Start-ups in EMEA & CIS

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Co-head of GS Russia & CIS

May 2017

Global vs. Local

Historically, tech companies focused to distinct development strategies: developing unique tech and taking it global, or using and adjusting existing tech to become local leaders

Global Leaders

amazon

UBER

airbnb

Alibaba.com

Local Leaders

Global Business Model

Avito

hh.ru HeadHunter

instamart

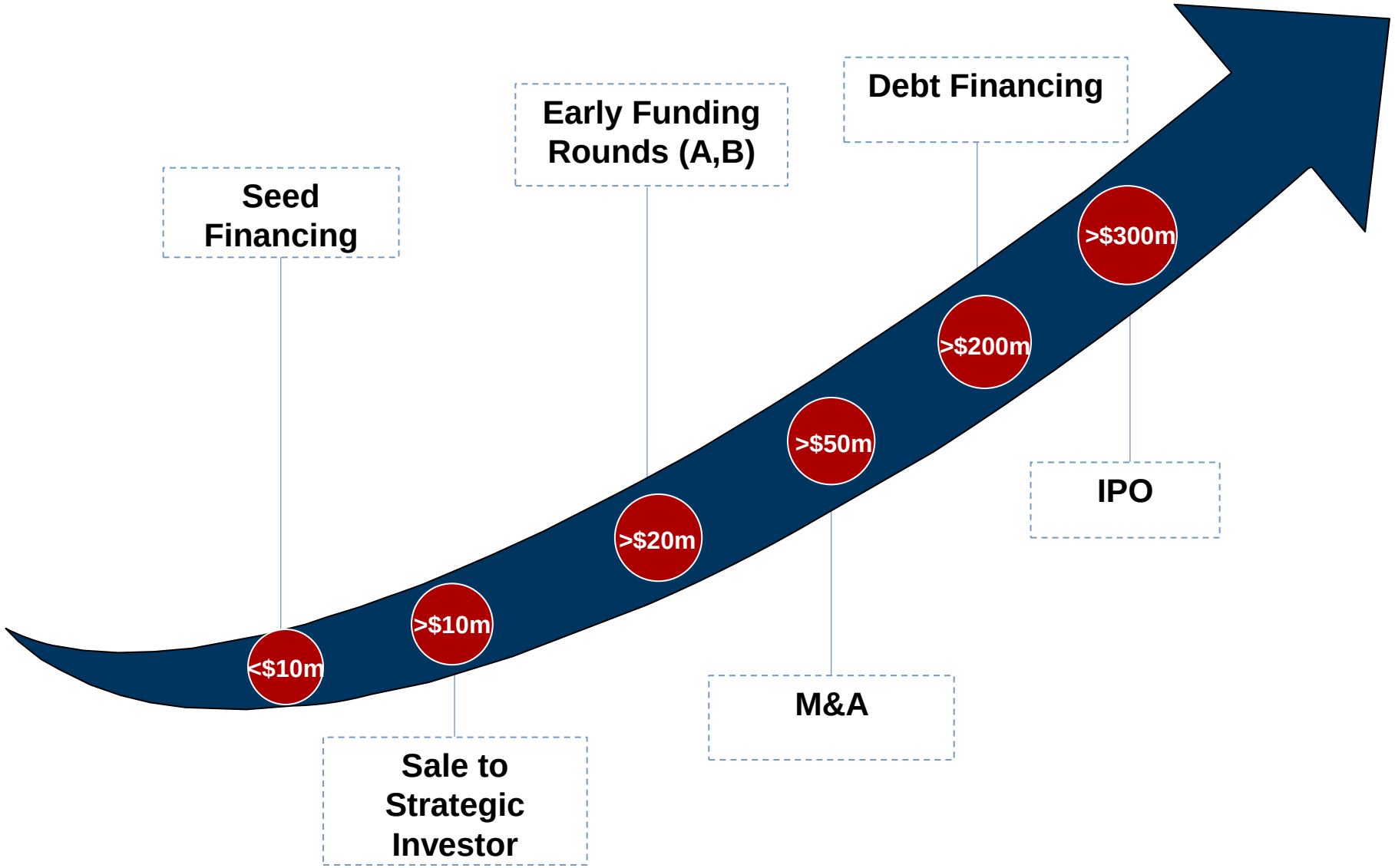
Original Technologies/Content

Yandex

KASPERSKY lab

WARGAMING.NET

Different Growth Stages Offer Different Funding / Monetization Opportunities



The Development of Tinkoff Bank

Company Overview

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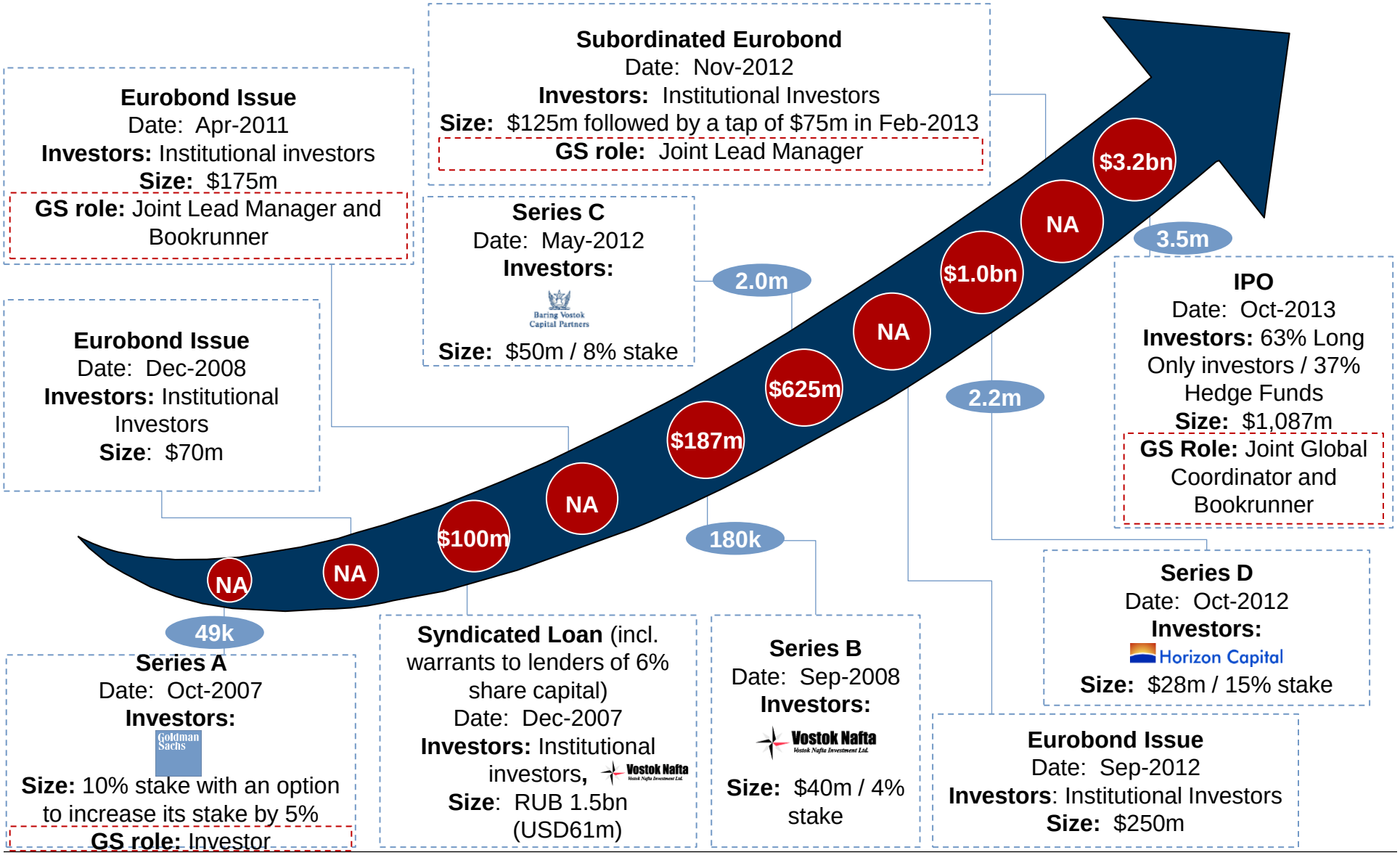
Tinkoff Credit Systems



Total Credit Cards Issued, #

The Development of Uber

Company Overview

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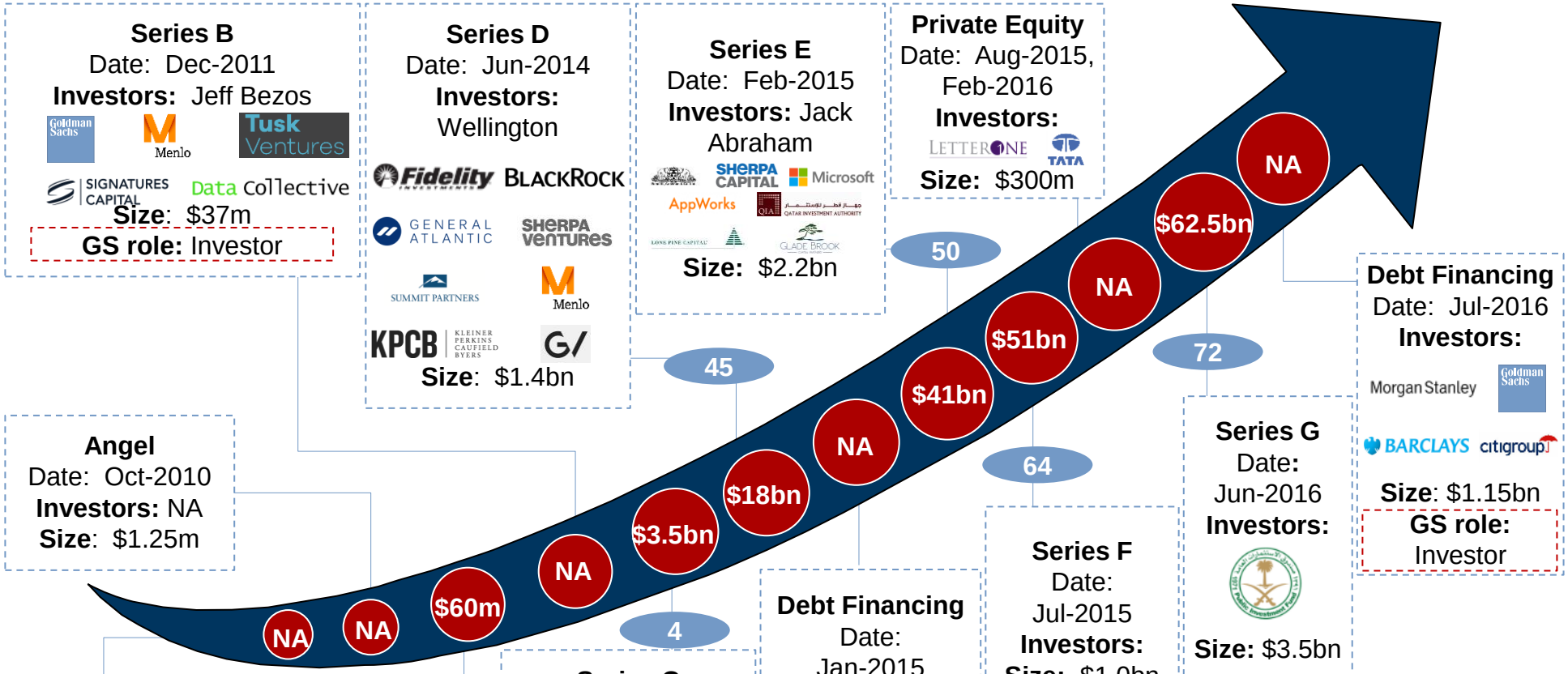
UBER



Countries of operations, #

The Development of Spotify

Company Overview

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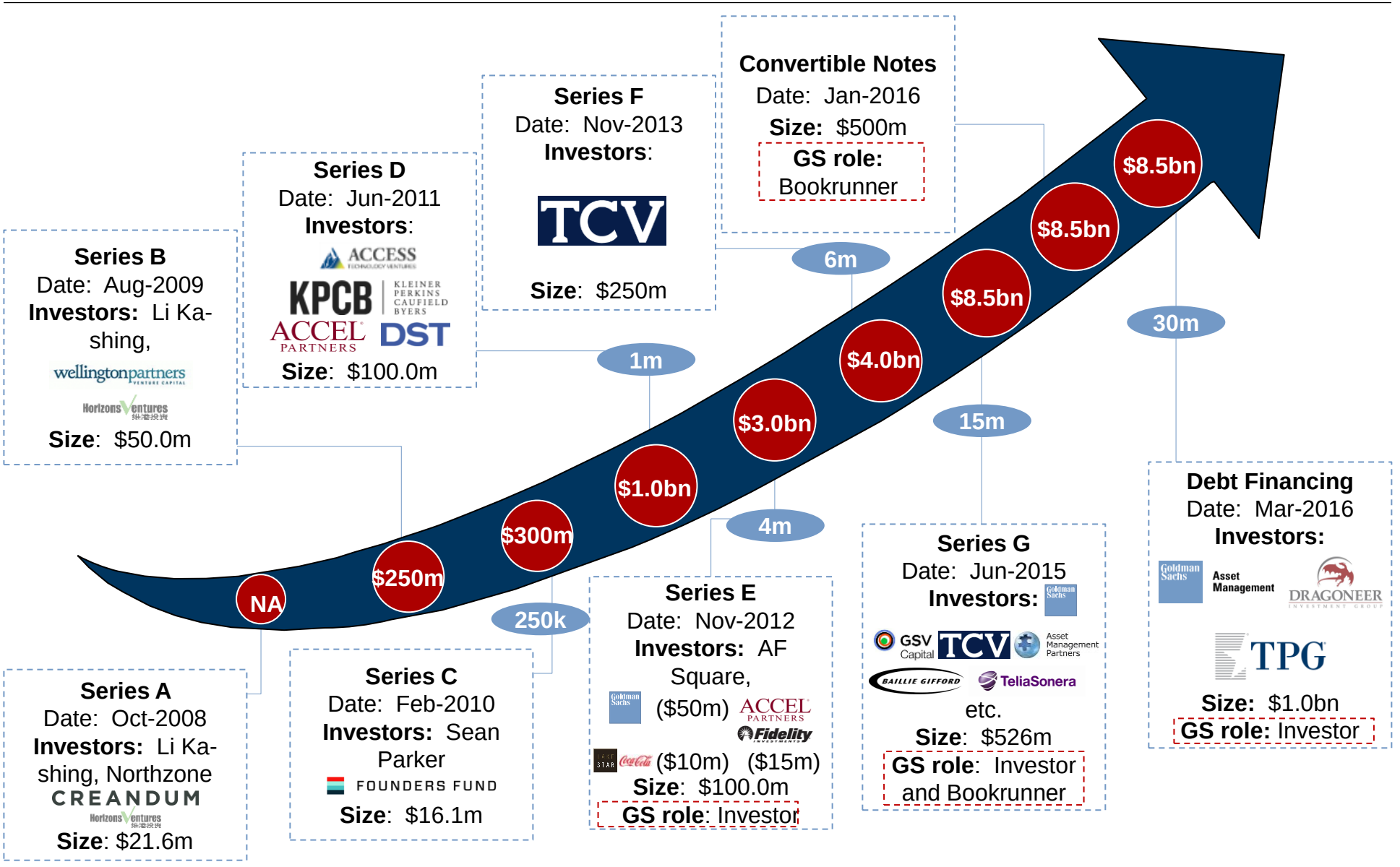
Spotify

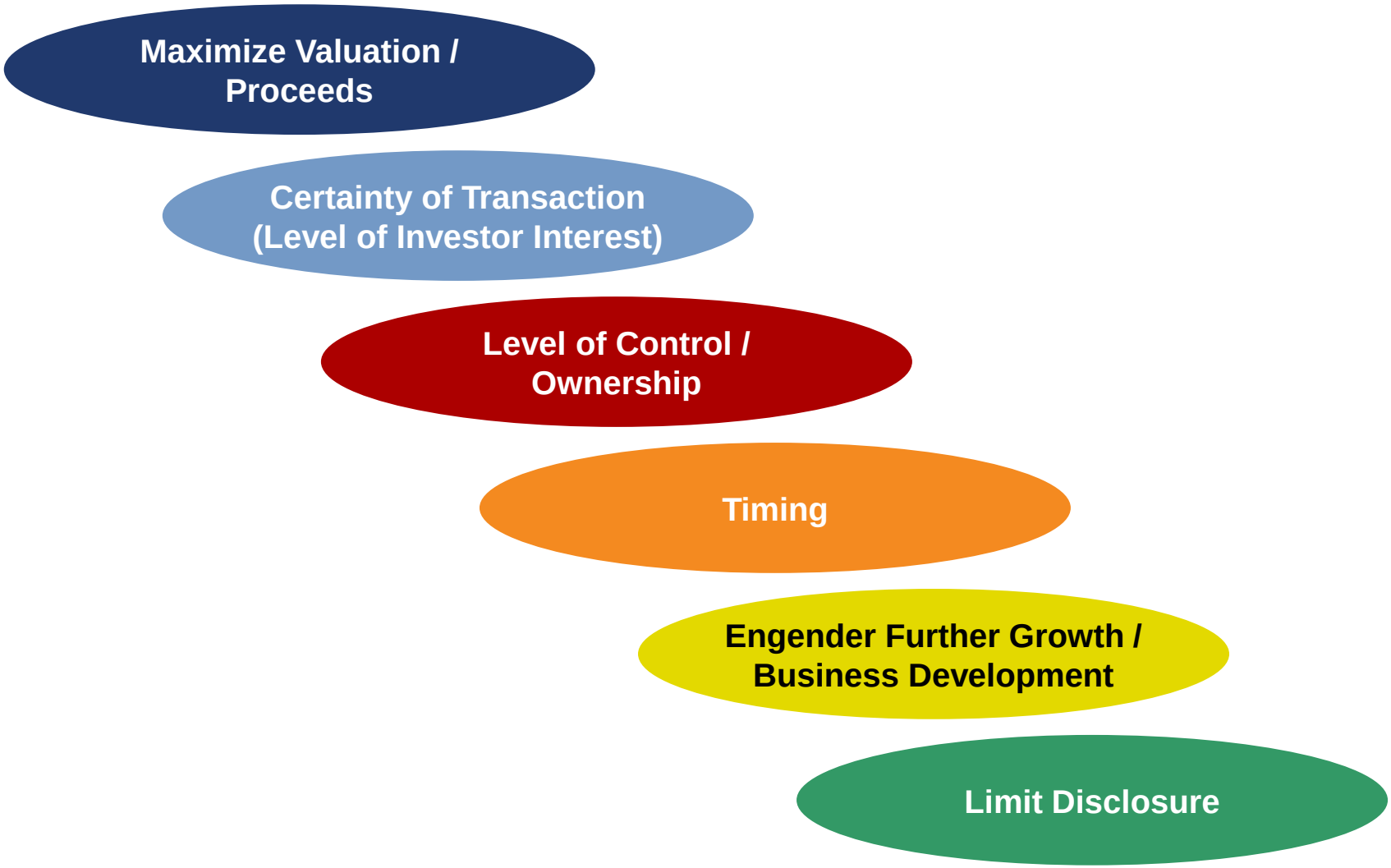


Paying Subscribers, #

Comparison of Monetization Strategies

Sale or IPO?

Key Considerations



Recent Success Stories in EMEA

Spotify
Current valuation: $8,530m
Latest Funding (Mar-16): $1,000m

Delivery Hero
Current valuation: $3,110m
Latest Funding (May-17): $421m

HelloFresh
Current valuation: $2,090m
Latest Funding (Dec-16): $89m

vente-privee
Current valuation: $3,000m
Latest Funding (May-07): NA

adyen
Current valuation: $2,300m
Latest Funding (Sep-15): NA

Klarna
Current valuation: $2,250m
Latest Funding (Mar-17): $5m

skyscanner
Sale to Ctrip (Nov-16): $1,740m

Bla Bla Car
Current valuation: $1,600m
Latest Funding (Sep-16): $24m

FARFETCH
Current valuation: $1,500m
Latest Funding (May-16): $110m

SOUQ.com
Sale to Amazon (Mar-17): $650m

AUTO1.com
Current valuation: $2,800 m
Latest Funding (May-17): $403m

TransferWise
Current valuation: $1,100m
Latest Funding (May-16): $26m

Funding Circle
Current valuation: $1,050m
Latest Funding (Jan-17): $100m

SHAZAM
Current valuation: $1,030m
Latest Funding (Feb-15): $30m

Africa Internet Group
Current valuation: $1,000m
Latest Funding (Jul-16): $56m

Source: Based on publicly disclosed / publicly reported news sources

Recent Success Stories in EMEA

Avito

Current valuation : $2,700m
Sale to Naspers (Oct-15): $1,200m

Gett

Current valuation : $2,000m
Latest Funding (Nov-16): $100m

WARGAMING.NET

Current valuation: $1,500m
Latest Funding: NA

OZON.

Current valuation: $700m
Latest Funding (Apr-14): $150m

hh.ru HeadHunter

Current valuation: $210m
Latest Funding: NA

CIAN.RU

Current valuation: $101m
Latest Funding: NA

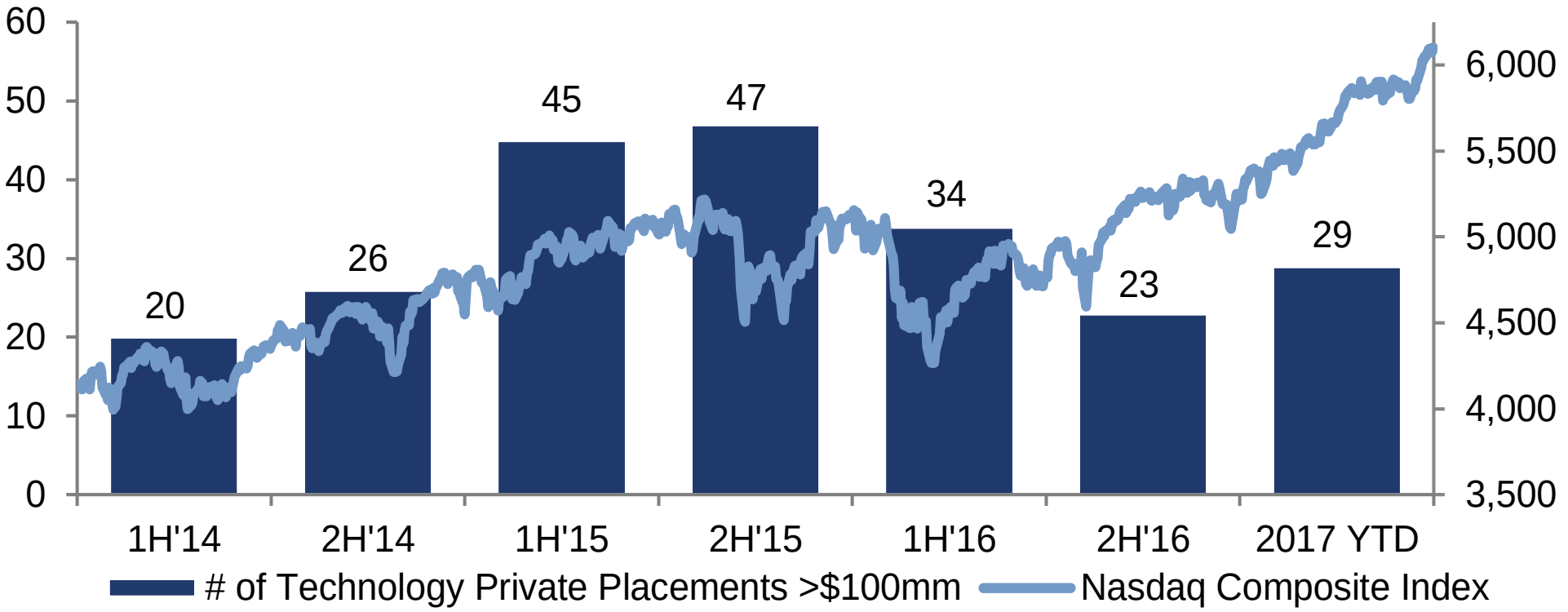
KUPIVIP.RU

Current valuation: $97m
Latest Funding (Oct-12): $16m

Source: Based on publicly disclosed / publicly reported news sources
[1] Forbes estimation [2] It was rumored that total funding would be up to $200m [3] Financials converted at 57 RUB/USD exchange rate

Private Market Update

- **Private market sentiment has improved dramatically since the volatility seen throughout late 2015 and 2016**



Note: Includes US and European technology and technology-related private placements >$100mm except where otherwise noted. Data as of 12-May-2017.

Current Fundraising Trends for Private Technology Companies

While private market volumes slowed in 2016, we have seen activity in recent months fall into the following categories:

1 Market Leaders Still Attracting Capital

Spotify
airbnb
slack
Uber
蚂蚁金服 ANT FINANCIAL
oscar
qualtrics
instacart
magic leap
lyft
stripe
wework

2 High Quality Transactions for Next Wave of Emerging Companies

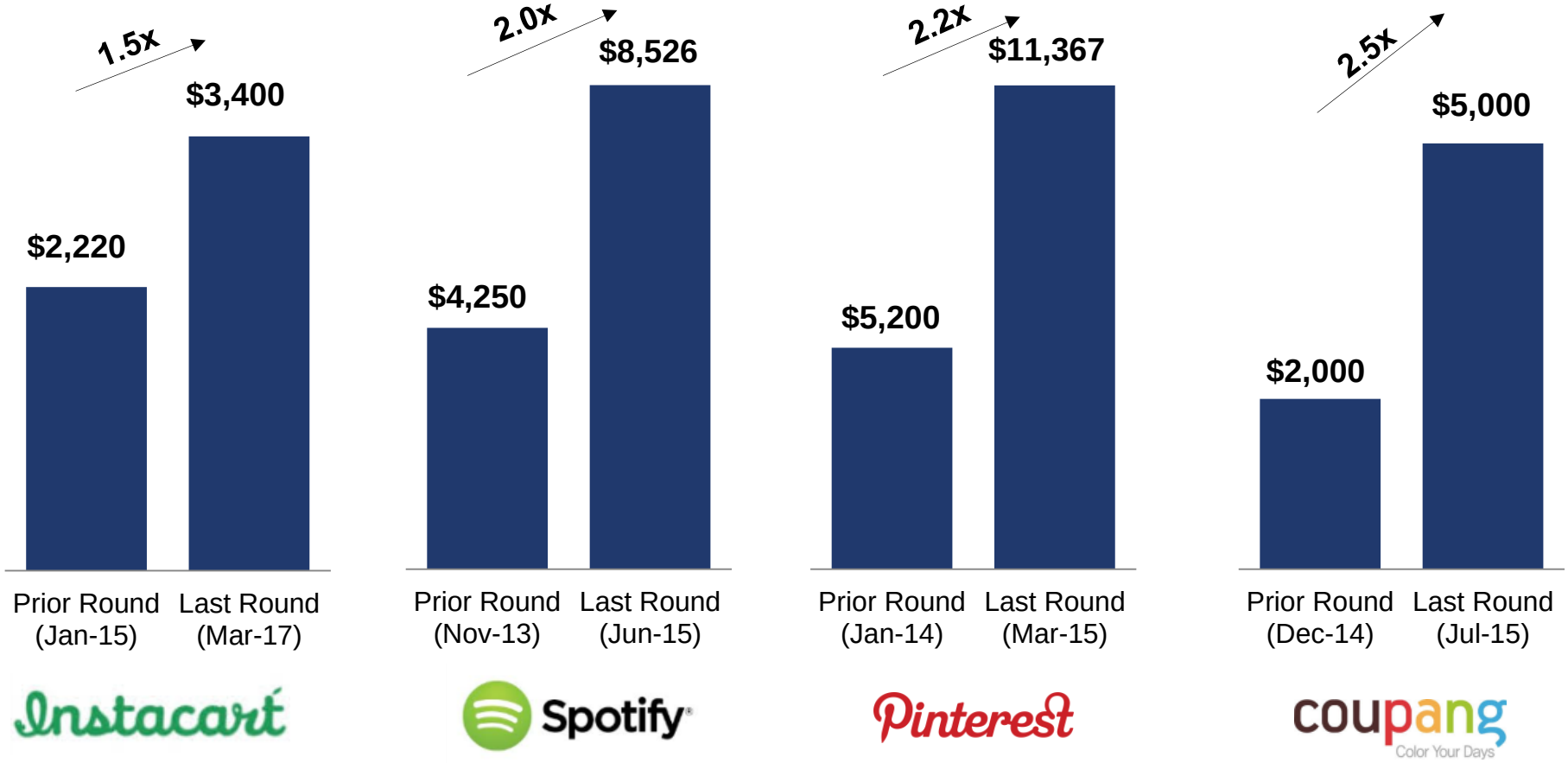
affirm
glassdoor
FARFETCH
fuze
COMPASS
GIPHY
Betterment
unity
sprinklr turn it on.

3 Down Rounds / Increased Investor-Friendly Structure

JAWBONE
OLA
Couchbase
DOORDASH delightful delivery
FOURSQUARE

The Value of Success is Tremendous …

Despite increasing period between funding rounds, investors demonstrate solid demand and ability to pay premium for high growing tech companies



Source: Venture Source

[1] *Excludes Rocket Internet follow-on investment at undisclosed valuation.*

… However Sustaining Growth Is Becoming Increasingly Difficult

Latest High Profile Down Rounds, Sales and Bankruptcies

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Sale

GILT

Previous valuation (May-11): $1.15bn
Latest valuation (Jan-16): $250m

yodle success simplified.

Previous valuation (Feb-13): $431m
Latest valuation (Feb-16): $342m

Fab.

Previous valuation (Aug-13): $1,150m
Latest valuation (Mar-15): $15m

Down Round

livingsocial

Previous valuation (Dec-11): $5.37bn
Latest valuation (Feb-13): $1.51bn

FOURSQUARE

Previous valuation (Feb-14): $650m
Latest valuation (Feb-16): $325m

JAWBONE

Previous valuation (Sep-14): $3.20bn
Latest valuation (Jan-16): $1.67bn

DOORDASH delightful delivery

Previous valuation (Sep-14): $3.20bn
Latest valuation (Jan-16): $1.67bn

GFG GLOBAL FASHION GROUP

Previous valuation (Jul-15): $3.43bn
Latest valuation (Apr-16): $1.13bn

Bankruptcies

better place

Previous valuation (Nov-11): $2.25bn
Latest valuation (Jun-13): $12m

JUMIA

Previous valuation (May-12): $189m
Latest valuation (May-16): $0m

Quirky

Previous valuation (Nov-13): $452m
Latest valuation (Sep-15): $15m

HOMEJOY

Previous valuation (Dec-13): $150m
Latest valuation (Dec-15): $0m

POWA TECHNOLOGIES

Previous valuation (Nov-14): $2.78bn
Latest valuation (Feb-16): $0m

Source: CrunchBase, Tech Crunch, CBInsights, Pitch Book and Wall Street Journal estimates; based on publicly disclosed information only
Note: Only includes Internet companies with a previous private valuation of $100mm or greater. Valuations are listed as post-money.

2016 Internet Unicorn Themes

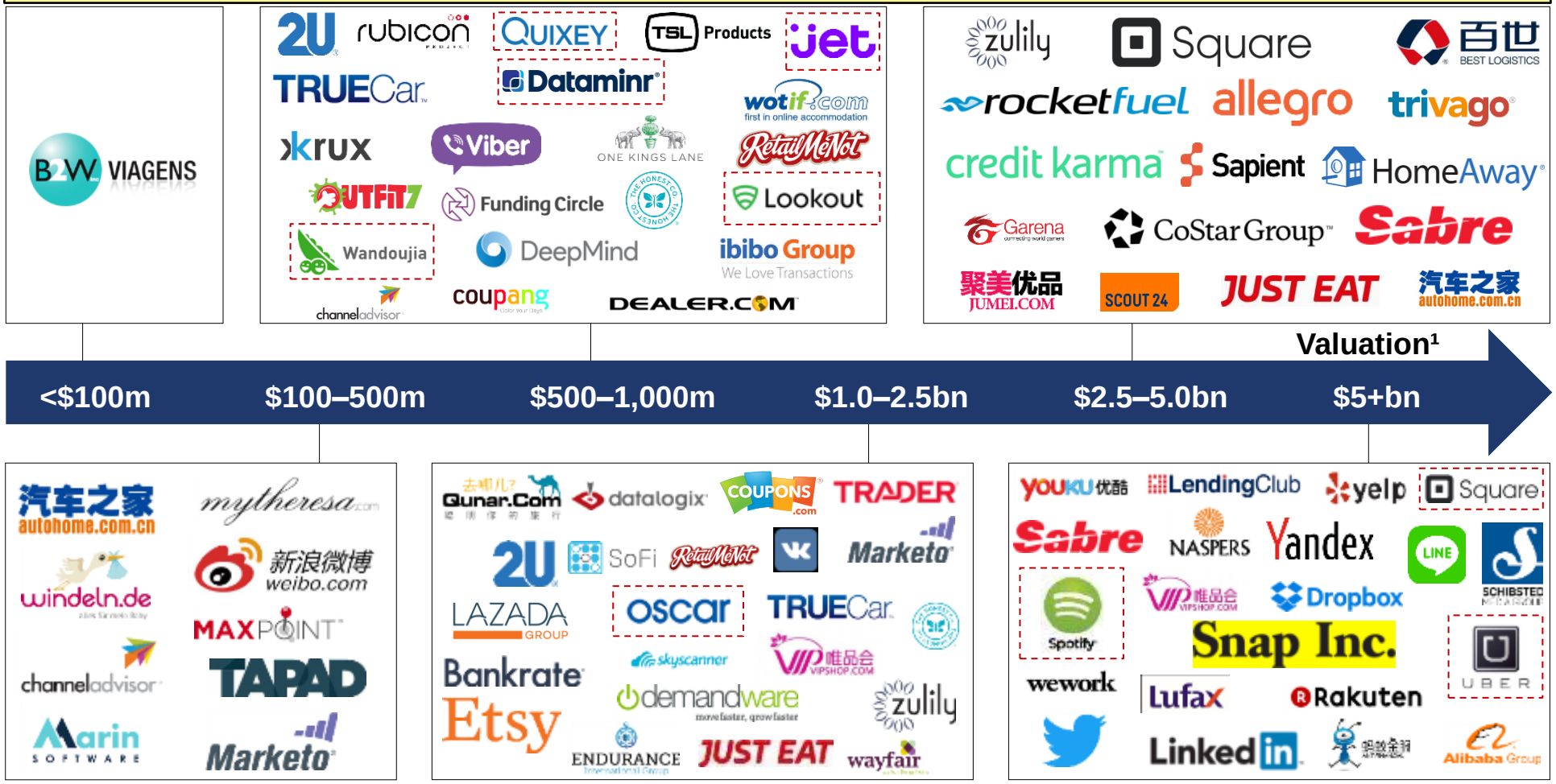
More Unicorns Fewer Exits

1. **Funding Environment Robust despite lack of mega deals**
2. **Declining pace of Unicorn Additions**
3. **The Pace of Unicorn Exits Remains Slow**
4. **Interesting Capital Raising Opportunities**

Goldman Sachs Experience in the Sector

2013-2017YTD

GS acts as an active counterparty for Technology Companies at different levels of development and at different valuations



GS Acted as an Investor

¹ *2013-2017YTD deals (Private Placement, Convertible Debt Offering, IPO, FO, ABO, Block Trade, Common Stock Sale, Sale of Controlling Stake). Valuation as at the date of the deal announcement.*

Select Long-Term Relationships With Technology Majors

GS maintains long-term relationship with its clients in the tech space through their growth and development stages

UBER

GS Involvement:

- Jul-16: Leveraged loan financing from GS
- Jan-15: Convertible Notes financing from GS clients
- Dec-11: Investor for Series B funding

Spotify

GS Involvement:

- Mar-16: Investor and Placement Agent for Convertible Notes issue
- Jun-15: Investor and Placement Agent for Series G funding
- Nov-12: Investor for Series E funding

Square

GS Involvement:

- Feb-17: Convertible Debt Bookrunner
- Nov-15: IPO Bookrunner
- Oct-14: Placement Agent and Investor for Series E funding
- Apr-14: Debt financing from GS

Sabre

GS Involvement:

- Aug-15: SPO Bookrunner
- May-15: SPO Bookrunner
- Feb-15: SPO Bookrunner
- Apr-14: IPO Bookrunner

LAZADA .COM.MY

GS Involvement:

- Apr-16: Advised on sale of controlling stake to Alibaba
- Dec-14: Placement Agent for series F funding

THE HONEST CO.

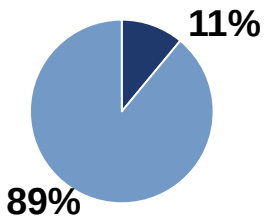
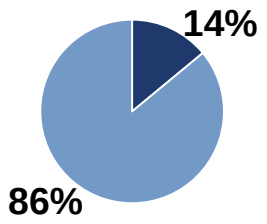
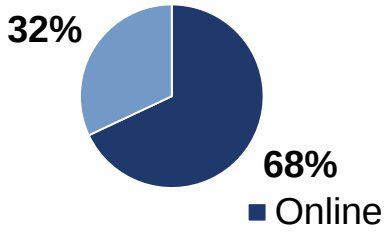
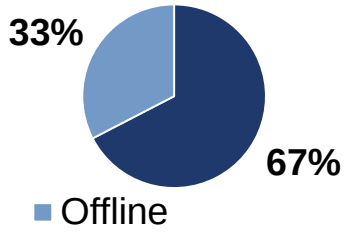
GS Involvement:

- Aug-15: Placement Agent for Series D funding
- Aug-14: Placement Agent for Series C funding

[1] Latest valuation for public companies – Market Cap, for non-public companies – latest rumored valuation. [2] Rounds where GS participated as an investor or bookrunner, financial advisor, placement agent.[3] Accumulated amount of funds being raised through the rounds GS participated.

Strategies for Digital Transformation

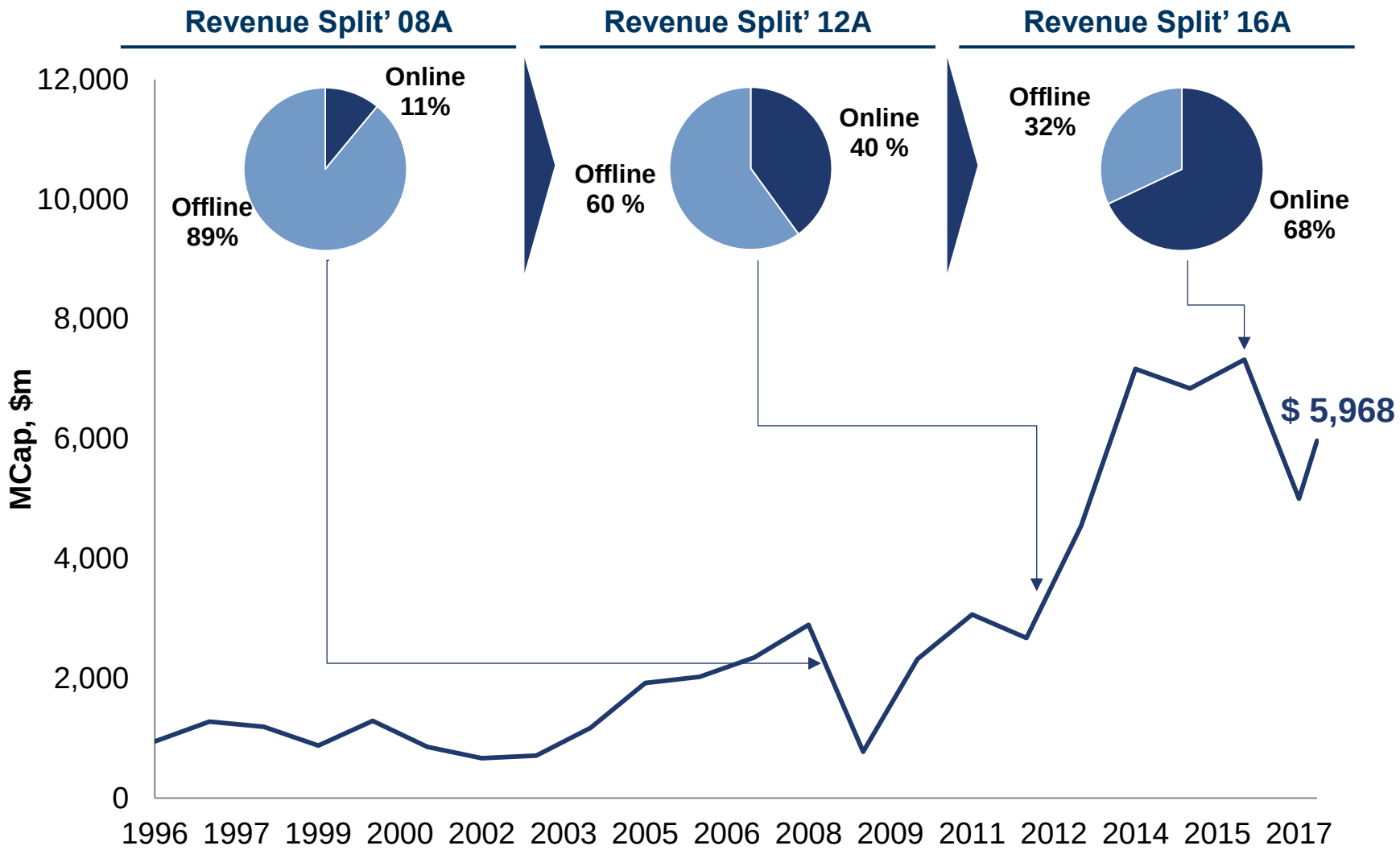
Unlocking Value for Traditional Print Media

	1 SCHIBSTED	2 axel springer
Current Market Cap	$5,977m	$6,430m
Market Cap 2014	$7,165m	$6,365m
Total Revenue 2016	$1,888m	$3,640m
Total Revenue 2014	$2,383m	$4,036m
2008 Revenue Mix		
2016 Revenue Mix		

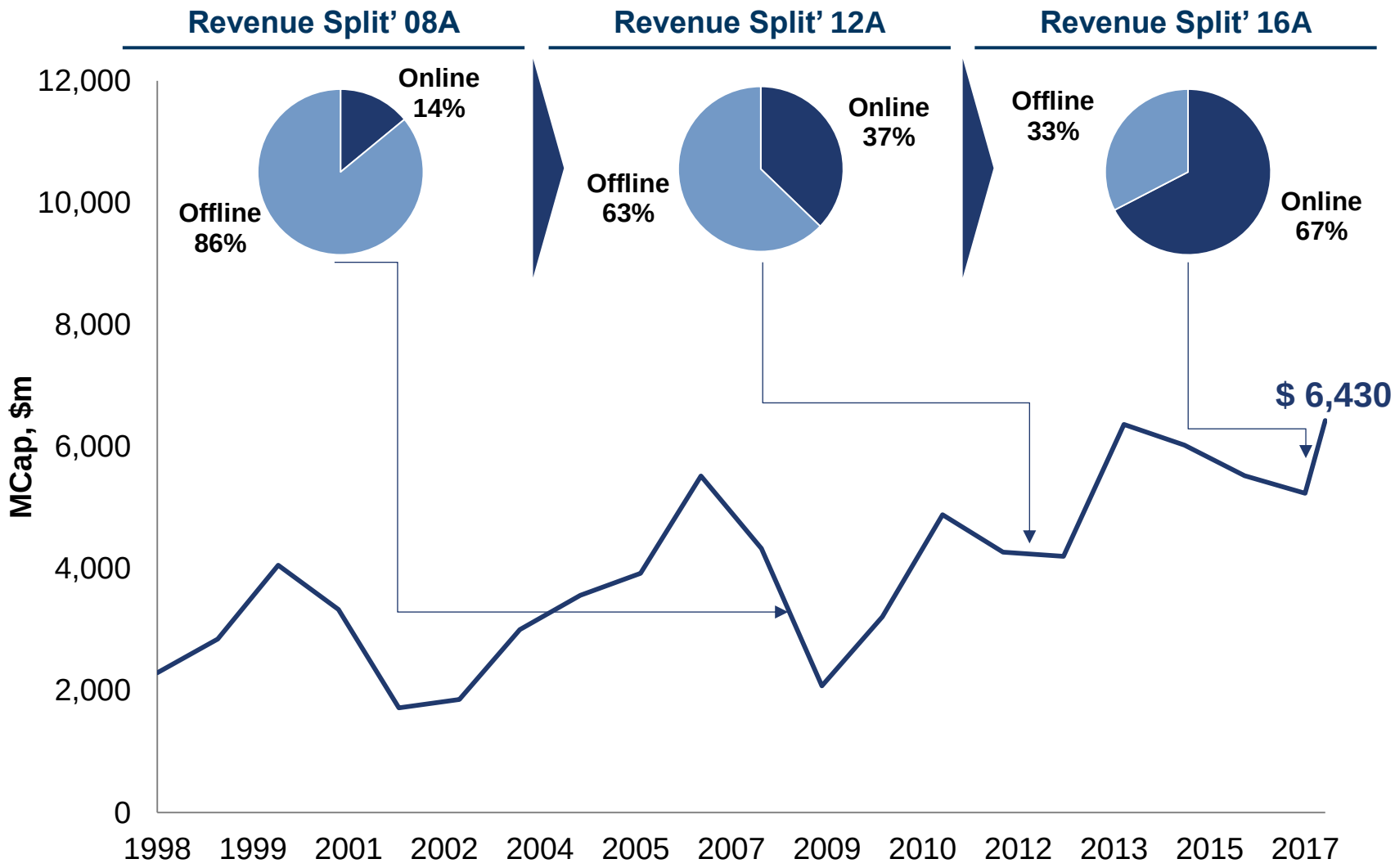
Source: Company Filings, GS IBD Estimates

Note: GMG assumes that digital revenue in 2008 grows at the same rate as Trader Digital revenue in Trader Media Group

The Transformation of Schibsted



The Transformation of Axel Springer



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