



PRIVATE EQUITY FUNDS IN NORWAY

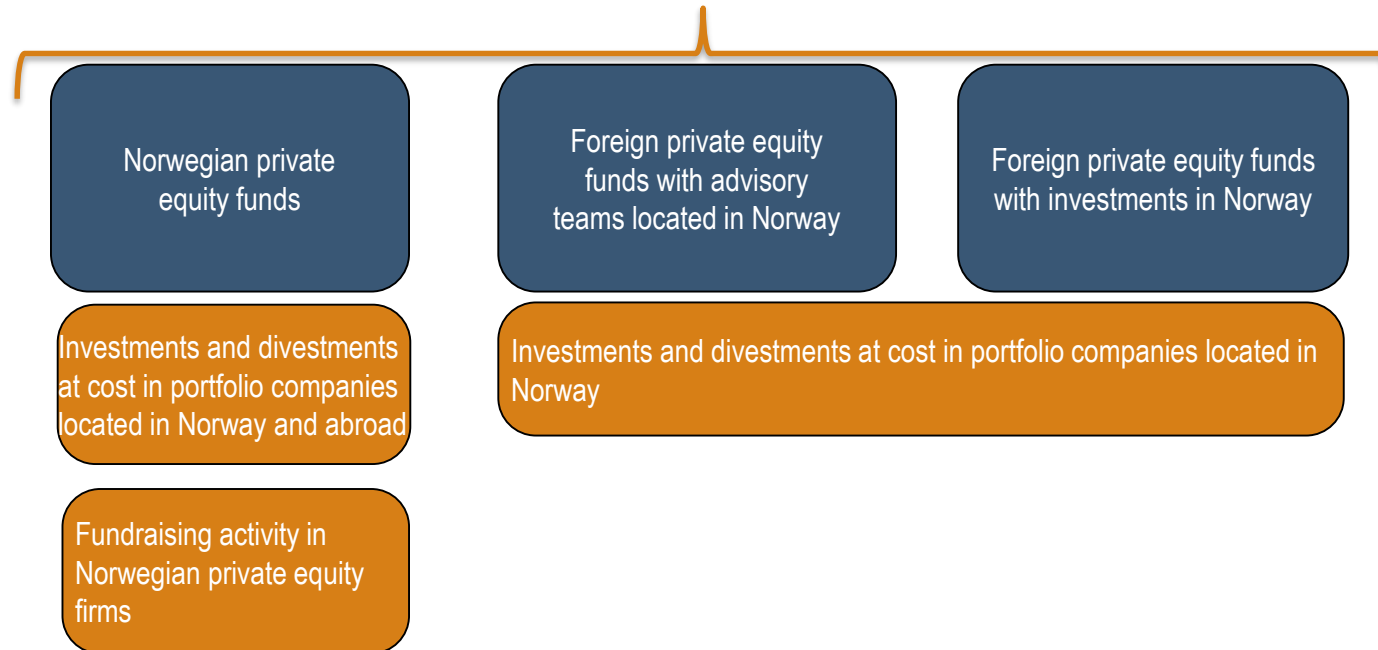
Activity report

2017

(Seed – Venture – Buyout)

The Activity Report 2017 is developed for the Norwegian Venture Capital & Private Equity Association (NVCA) by Menon Economics and PEREP Analytics during the spring 2017. The figures are collected quarterly and directly from the private equity firm.

The survey covers activities in



This report gives an overview over all PE-activity related to Norway

NVCA uses a different definition of private equity firms than EVCA.

This definition differs from the EVCA definition, which defines a private equity firm on the basis of where the advisory team responsible for the investment and divestment is located.

Two examples of how the NVCA's definition applies to the statistics:

1. Investments made from the Swedish office of a Norwegian headquartered PE firm would be defined as Norwegian
2. Investments made from the Norwegian office of a Swedish headquartered PE firm would be regarded as an investment made by a foreign private equity fund.

NVCA defines a «Norwegian private equity firm» as a firm with headquarters located in Norway.

In addition all investments and divestments from the early stage funds backed with 50/50 public funding are categorized as seed activity.

The advantage of the NVCA definition is that the investment and divestment activity is compatible with the fundraising statistics. In addition, the NVCA definition is in line with what is commonly perceived as the Norwegian private equity industry.

Due to the discrepancy in definition the EVCA and NVCA statistics are not completely compatible.

Industry statistics

- Norwegian PE funds invested a total of NOK 8.5 billion in 2017. This is significantly lower than the record investment in 2016 of almost NOK 12 billion, and somewhat lower than in 2015.
- Large single deals characterize the statistics from year to year, measured in number of investments the level is relatively stable.
- PE funds invested for almost NOK 6 billion in Norwegian companies, which is on the same level as last year. Investment by Norwegian venture funds invested NOK 1.7 billion, the highest level since the financial crisis years of 2008/09. Much of these investments were made in foreign portfolio companies.

Market statistics

- Investments in the Norwegian venture market continues the falling trend. Investments reached 544 million in this segment last year, divided by 47 transactions. Investments in the seed segment have increased back to the 2012 level, at NOK 174 million.
- Foreign buyout funds conducted many large acquisitions in Norway in 2017. There were four transactions of more than NOK 2 bn. (214 EUR) and 3 above 1 bn. NOK (107 EUR).
- Investments in the Norwegian market are mainly channeled to the IT industry, business services and the oil and gas industry. In particular, there is an increasing trend in the IT industry. Investments in the petroleum industry and life science continues to fall.

Total fundraising 2017 – NOK 899 mill. (96 mill EUR)

Seed
301 mill. NOK
(32 mill EUR)

Venture
498 mill. NOK
(53 mill. EUR)

Buyout
100 mill NOK
(11 mill. EUR)

Sarsia Seed II

Viking Venture
Northzone VIII

Norvestor VII

Overall:

- Norwegian PE firms invested 8 535 mill. NOK (EUR 915 mill.) in Norwegian and foreign portfolio companies
 - 5 690 mill. NOK (EUR 610 mill.) in Norwegian enterprises
 - 2 846 mill. NOK (EUR 305 mill.) in foreign enterprises
- Seed:
 - 203 mill. NOK (EUR 22 mill.) invested. Up from 117 mill. NOK (EUR 13 mill.) in 2016.
- Venture:
 - 1 745 mill. NOK (EUR 187 mill.) invested. Up from 1 414 mill. NOK (EUR 152 mill.) in 2016.
- Buyout:
 - 6 587 mill. NOK (EUR 706 mill.) invested. Down from 10 363 mill. NOK (EUR 1 115 mill.) in 2016.

Overall:

- 21 249 mill. NOK (EUR 2 278 mill.) invested in Norwegian enterprises by both Norwegian and foreign PE firms
 - Norwegian PE firms invested 5 690 mill. NOK (EUR 610 mill.)
 - Foreign PE firms invested 15 560 mill. NOK (EUR 1 668 mill.)
- Seed:
 - 174 mill. NOK (EUR 19 mill.) invested. Up from mill. 86 NOK (EUR 9 mill) in 2016.
- Venture:
 - 544 mill. NOK (EUR 58 mill.) invested. Down from 747 mill. NOK (EUR 80 mill) in 2016.
- Buyout:
 - 20 532 mill. NOK (EUR 2 201 mill.) invested. Up from 8 187 mill. NOK (EUR 881 mill.) in 2016

- **Divestments in Norwegian and foreign enterprises by Norwegian PE firms**
 - 39 divestments by Norwegian PE firms. Down from 43 in 2016.
 - 5 divestments within the seed stage. Down from 6 in 2016.
 - 15 divestments within the venture stage. Down from 25 in 2016.
 - 19 divestments within the buyout stage. Up from 12 in 2016.
 - 18 out of 39 divestments were sales to trade buyers.

- **Divestments in Norwegian enterprises by Norwegian and foreign PE firms**
 - 40 divestments in Norwegian enterprises. Up from 34 in 2016.
 - 5 divestments within the seed stage. Down from 6 in 2016.
 - 8 divestments within the venture stage. Down from 11 in 2016.
 - 27 divestments within the buyout stage. Up from 17 in 2016.

Appendix

Graphs and charts:

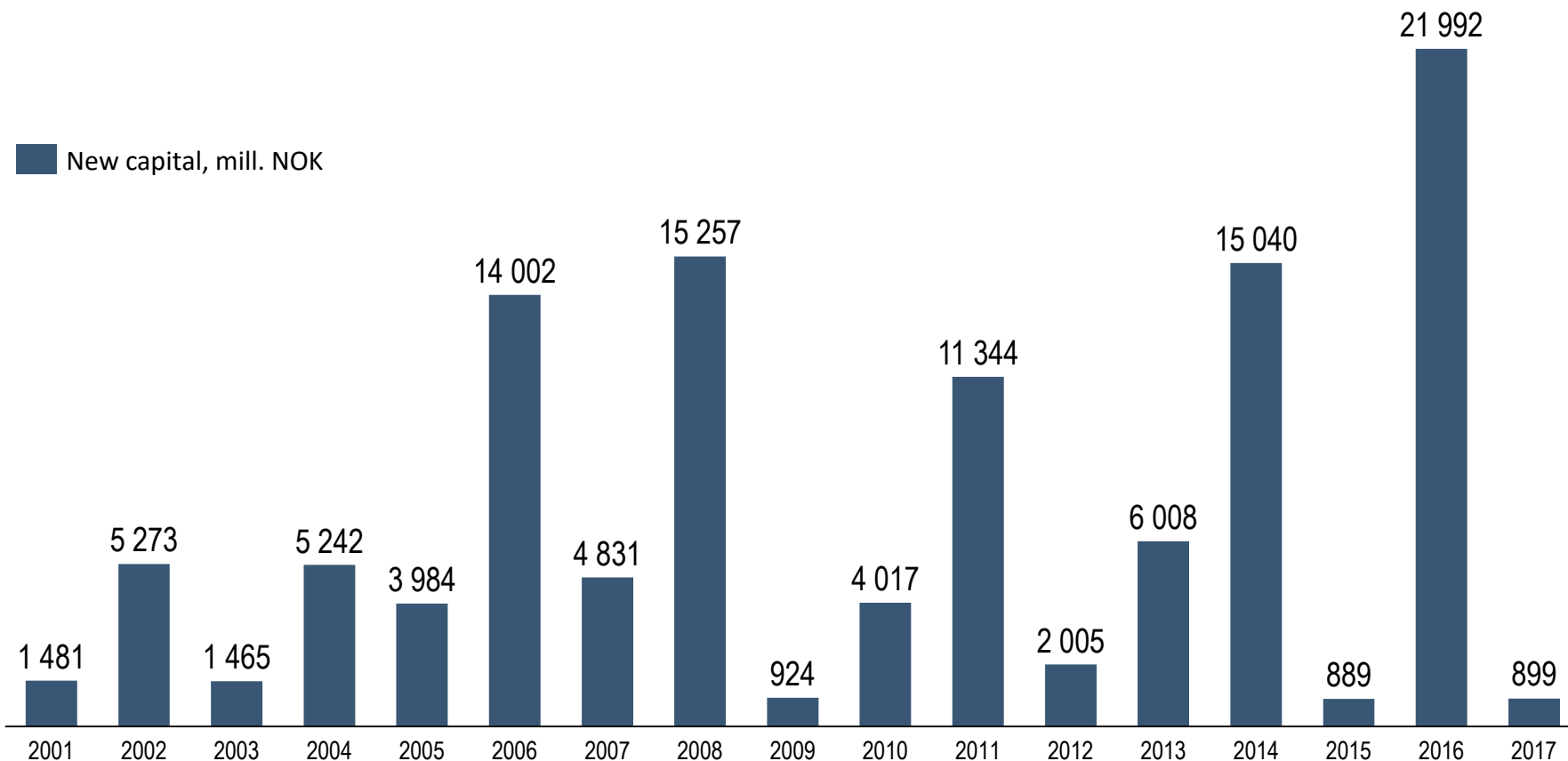
Fundraising

Investments

Divestments

FUNDRAISING

COMMITTED CAPITAL PER YEAR FROM 2001-2017



INVESTMENTS

Norwegian PE firms' investments in Norwegian and foreign enterprises (Industry statistics)

Figure 2: Total amount invested by Norwegian PE firms (million NOK)

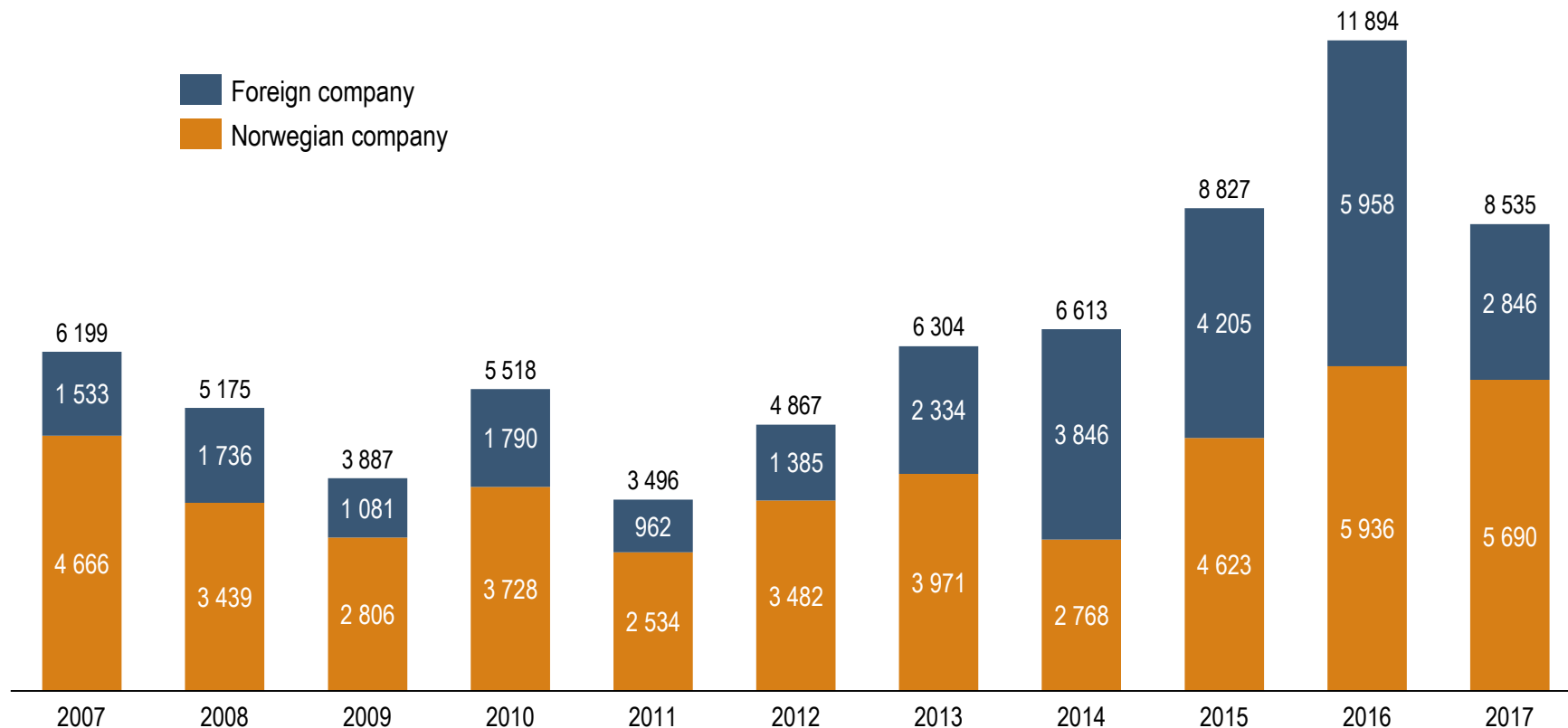


Figure 3: Number of investments by Norwegian PE firms

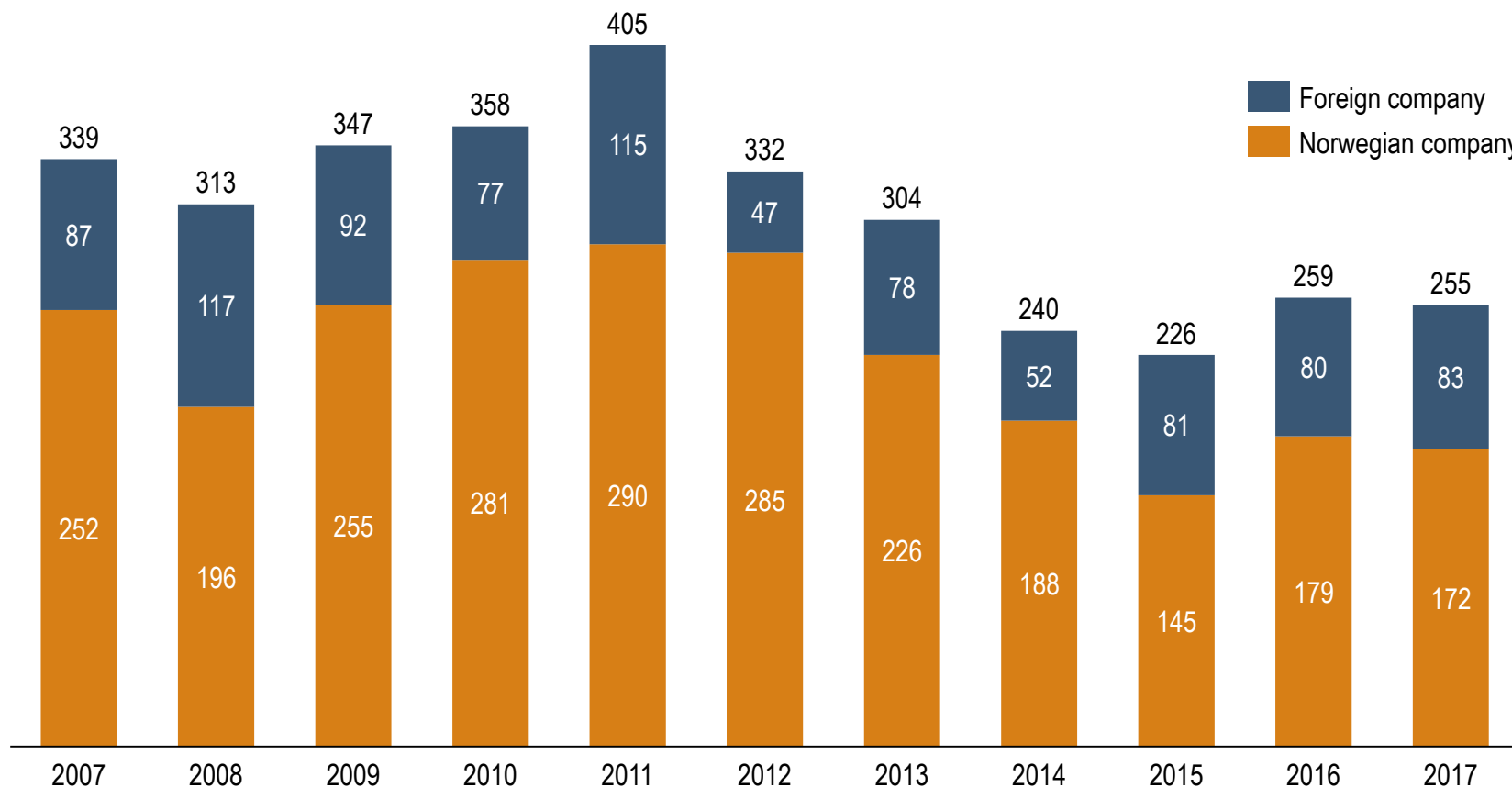


Figure 4: Amount invested by phase (million NOK)

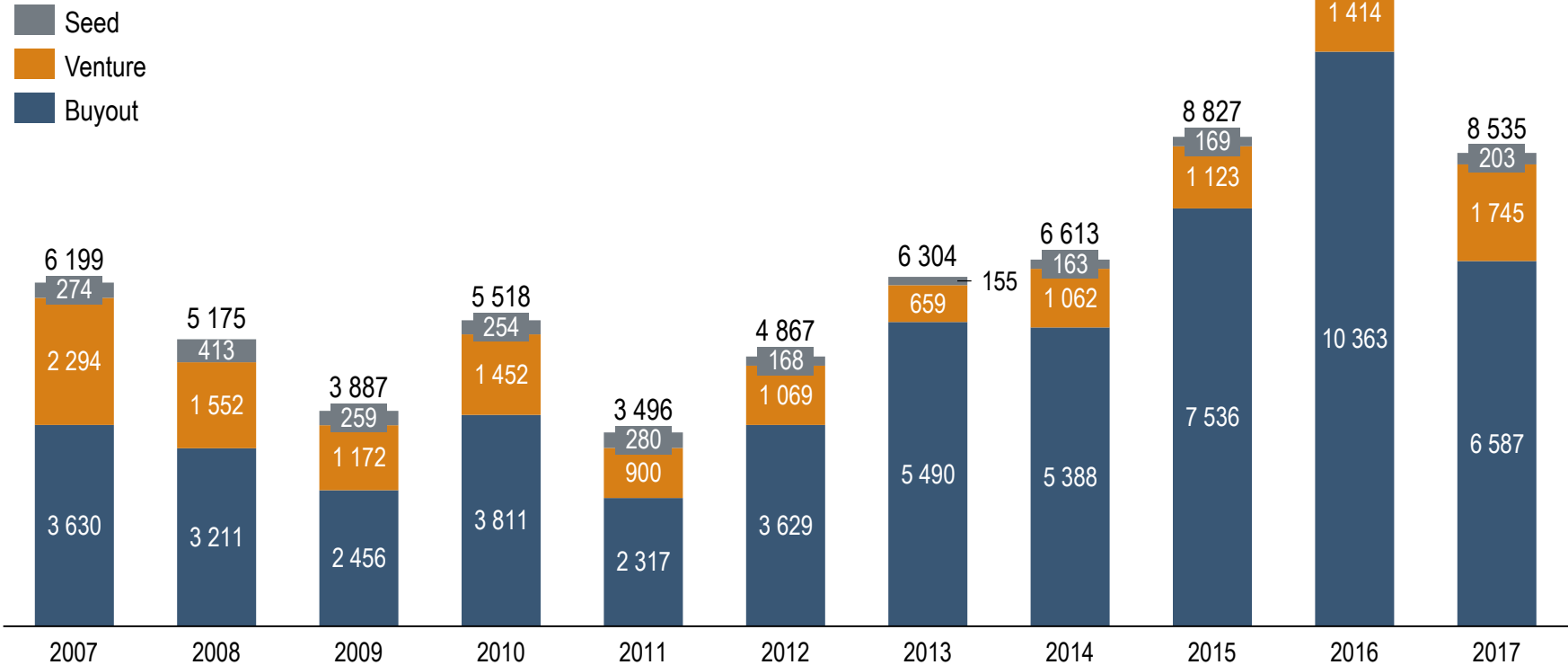


Figure 5: Number of investments by phase

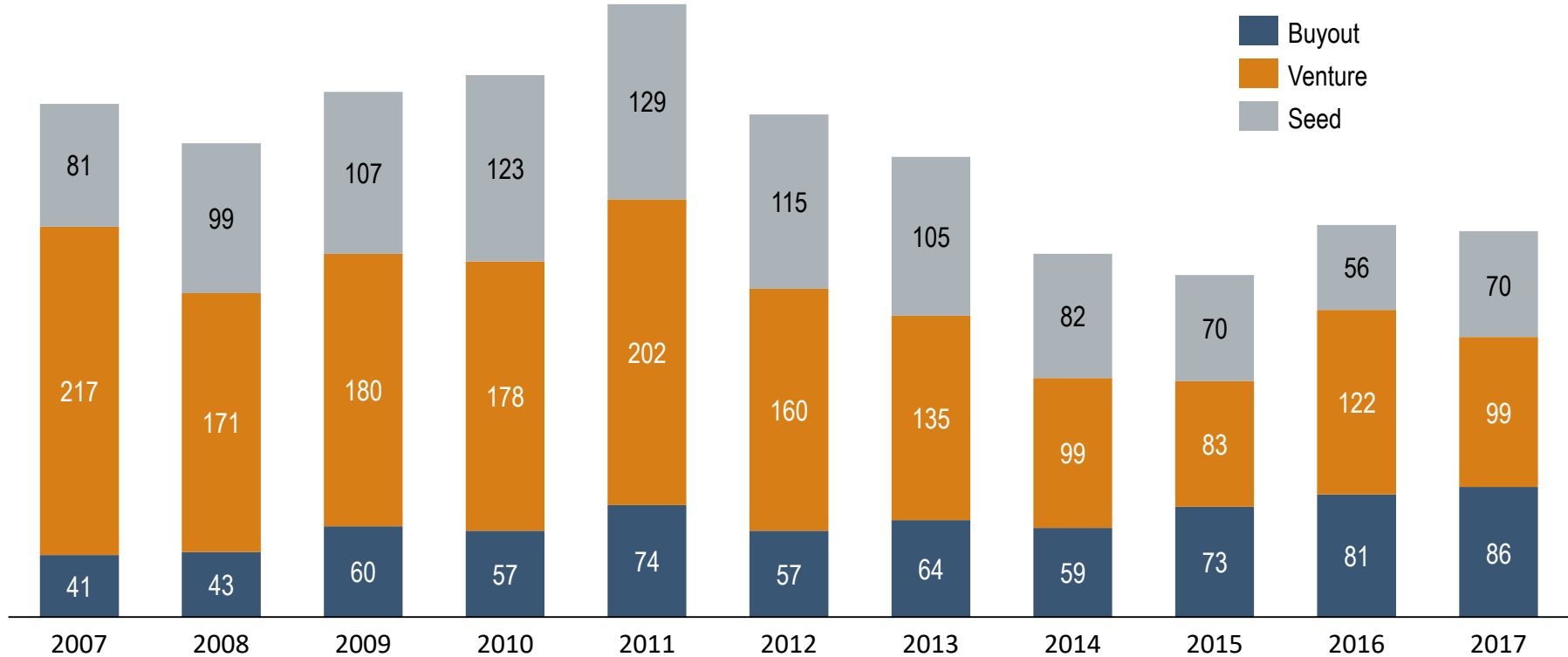


Figure 6: Buyout - initial and follow up investments (million NOK)

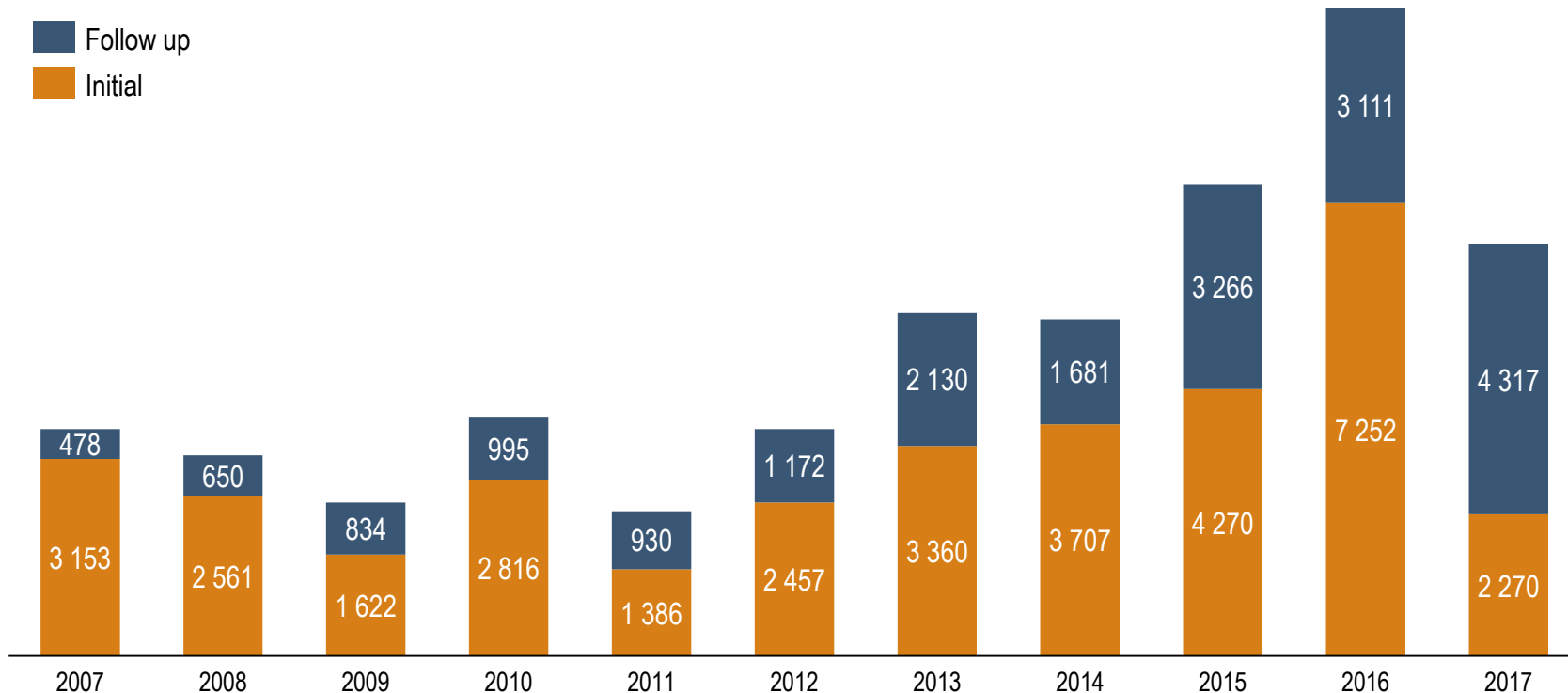


Figure 7: Number of initial and follow up buyout investments

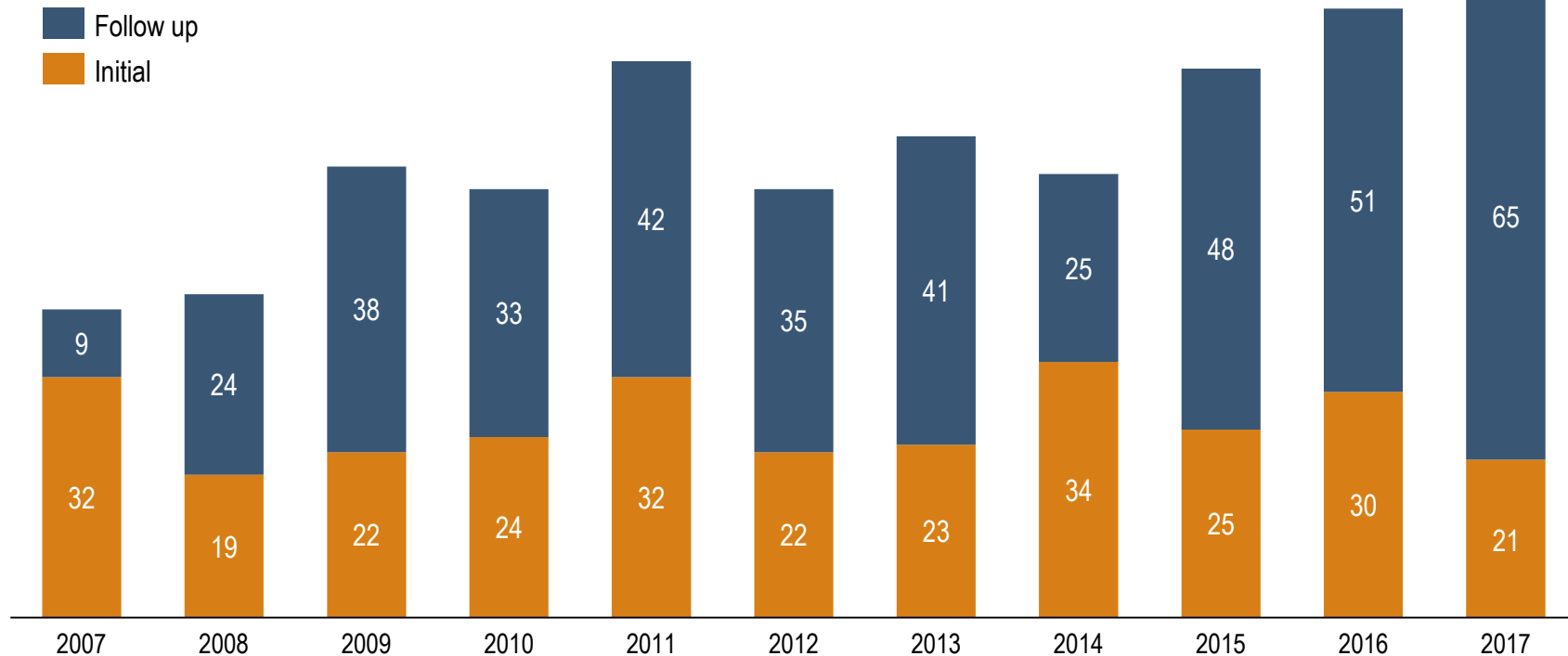


Figure 8: Venture - initial and follow up investments (million NOK)

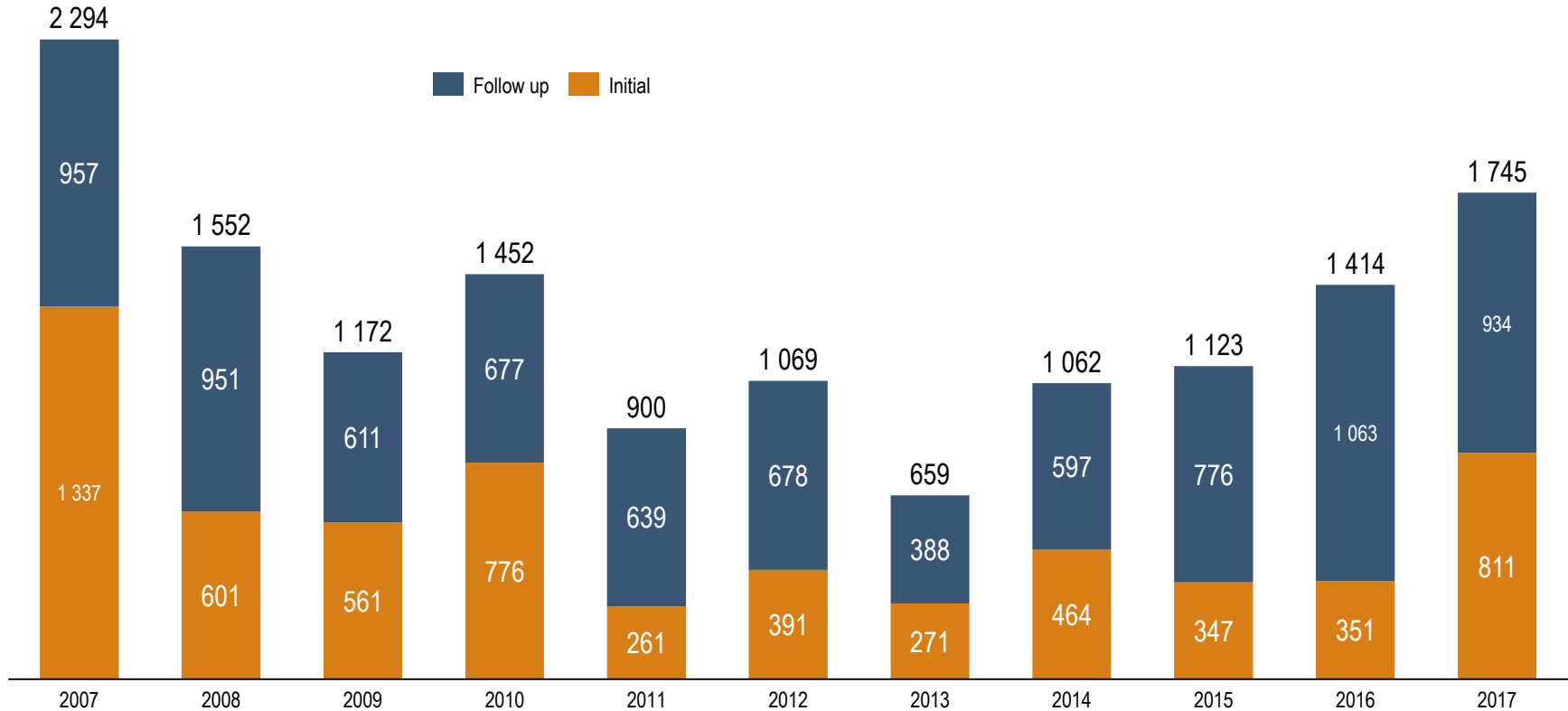


Figure 9: Number of initial and follow up venture investments

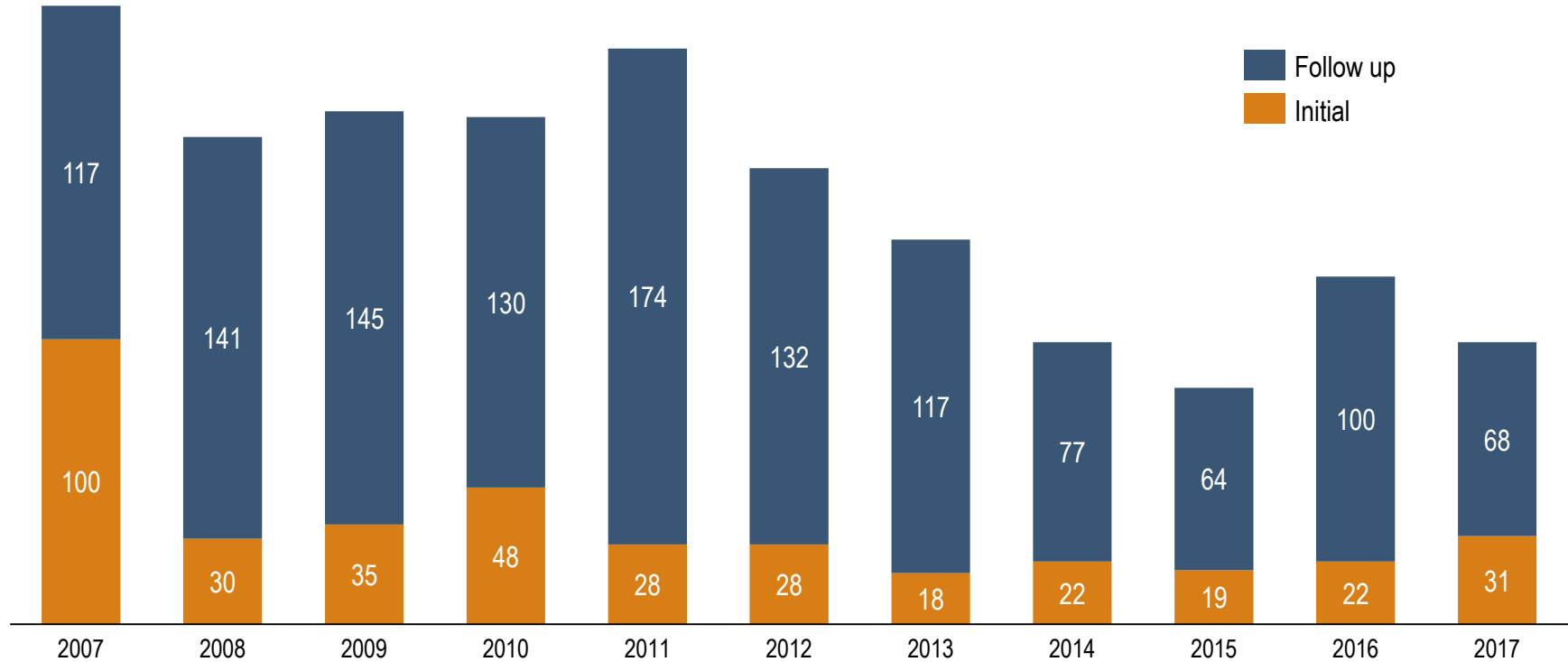


Figure 10: Seed - initial and follow up investments (million NOK)

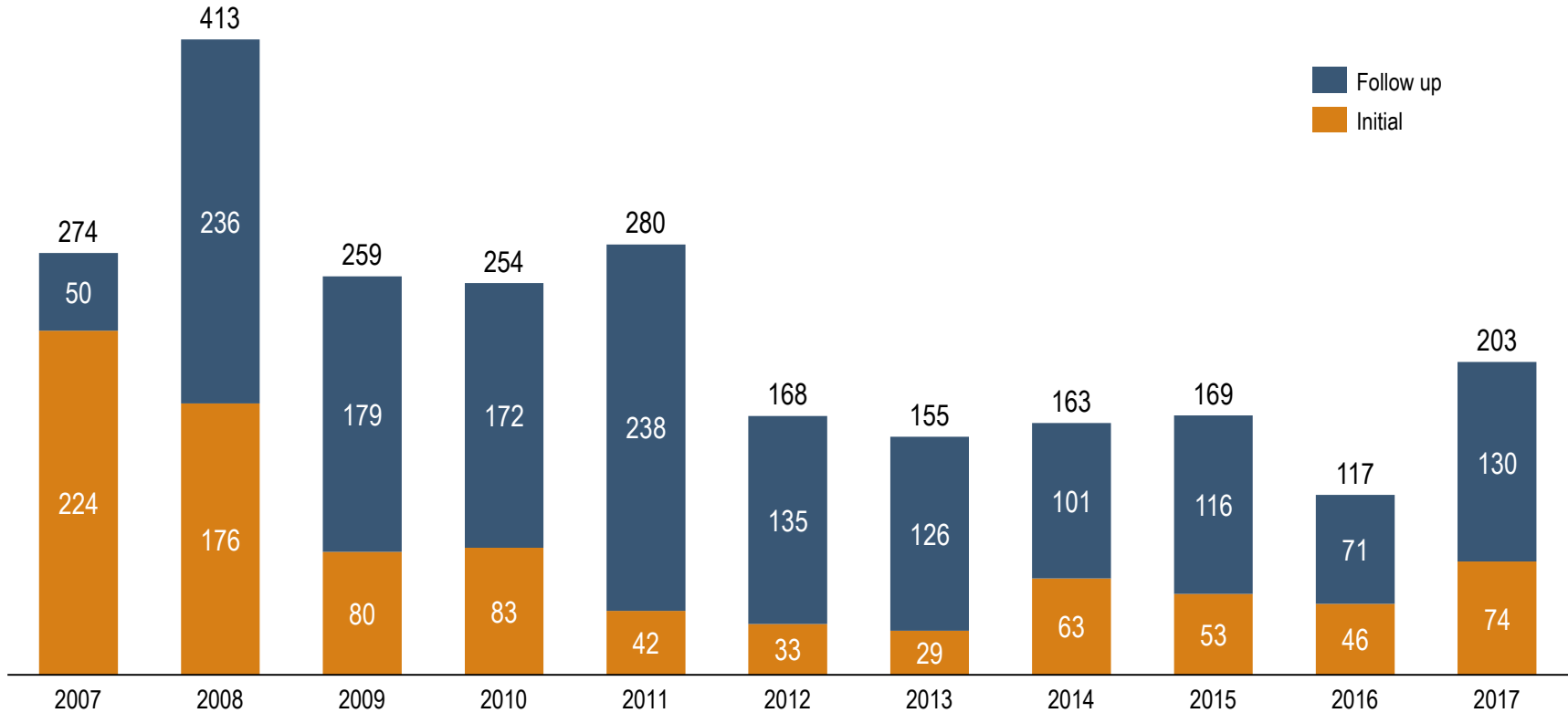
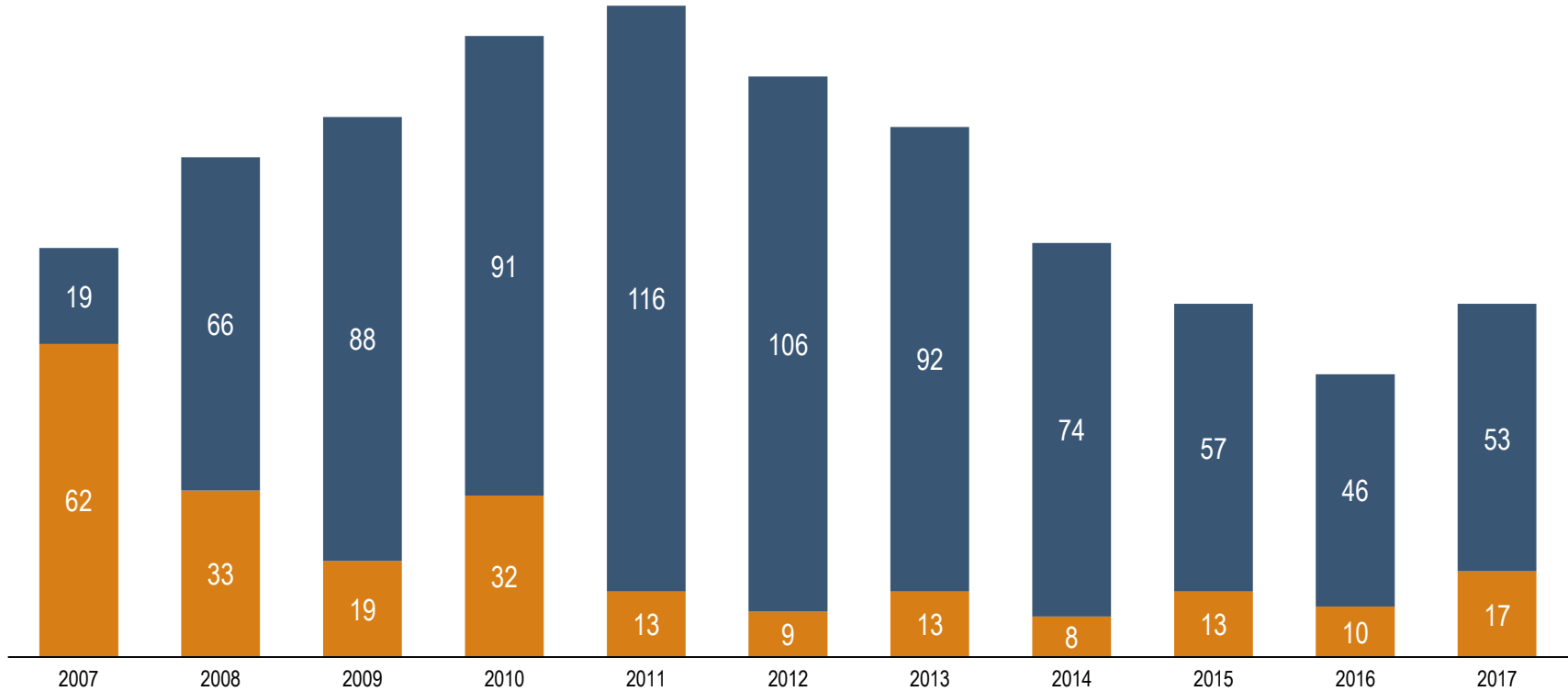


Figure 11: Number of initial and follow up seed investments



INVESTMENTS (INITIAL AND FOLLOW UP) BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS

Figure 12 a): Norwegian PE firms investments by sector and phase in 2017 (million NOK)

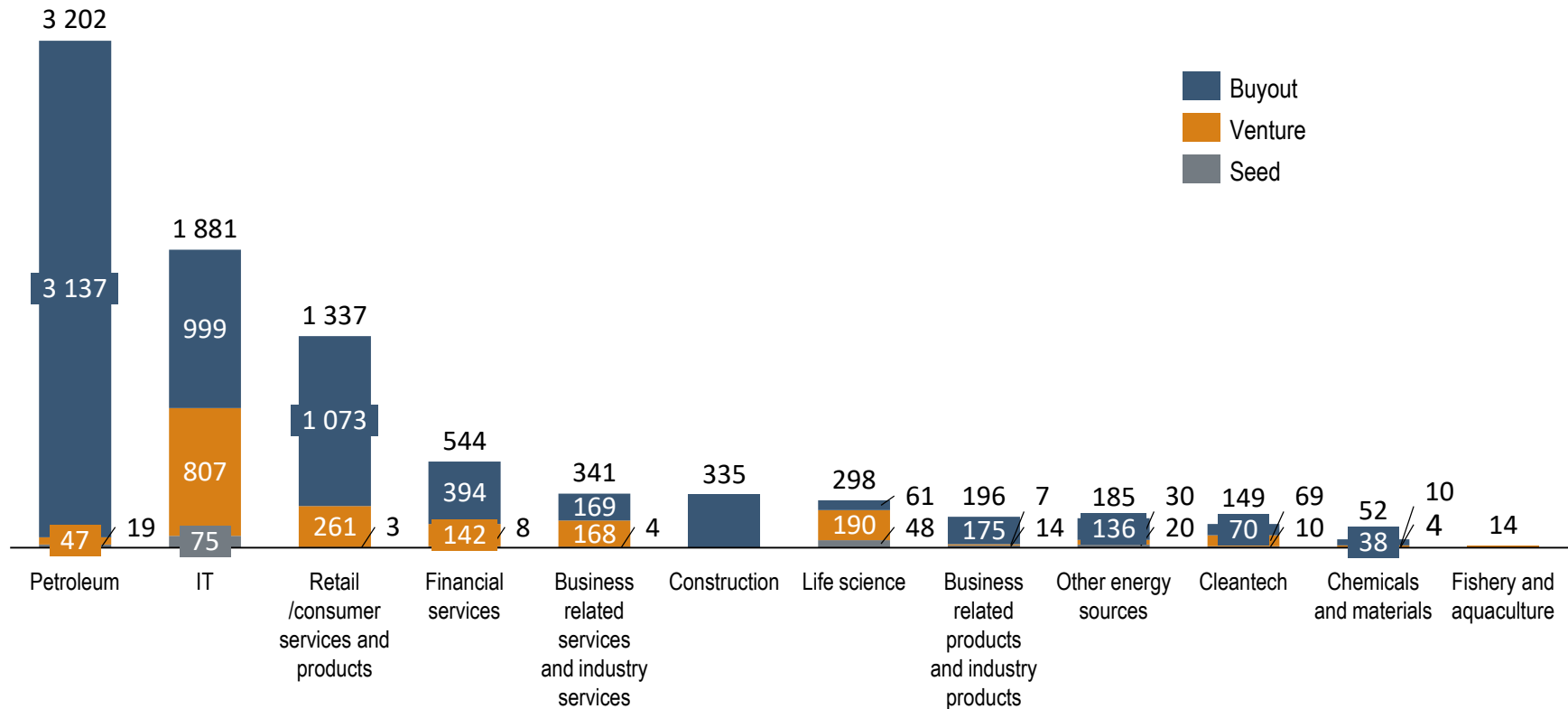
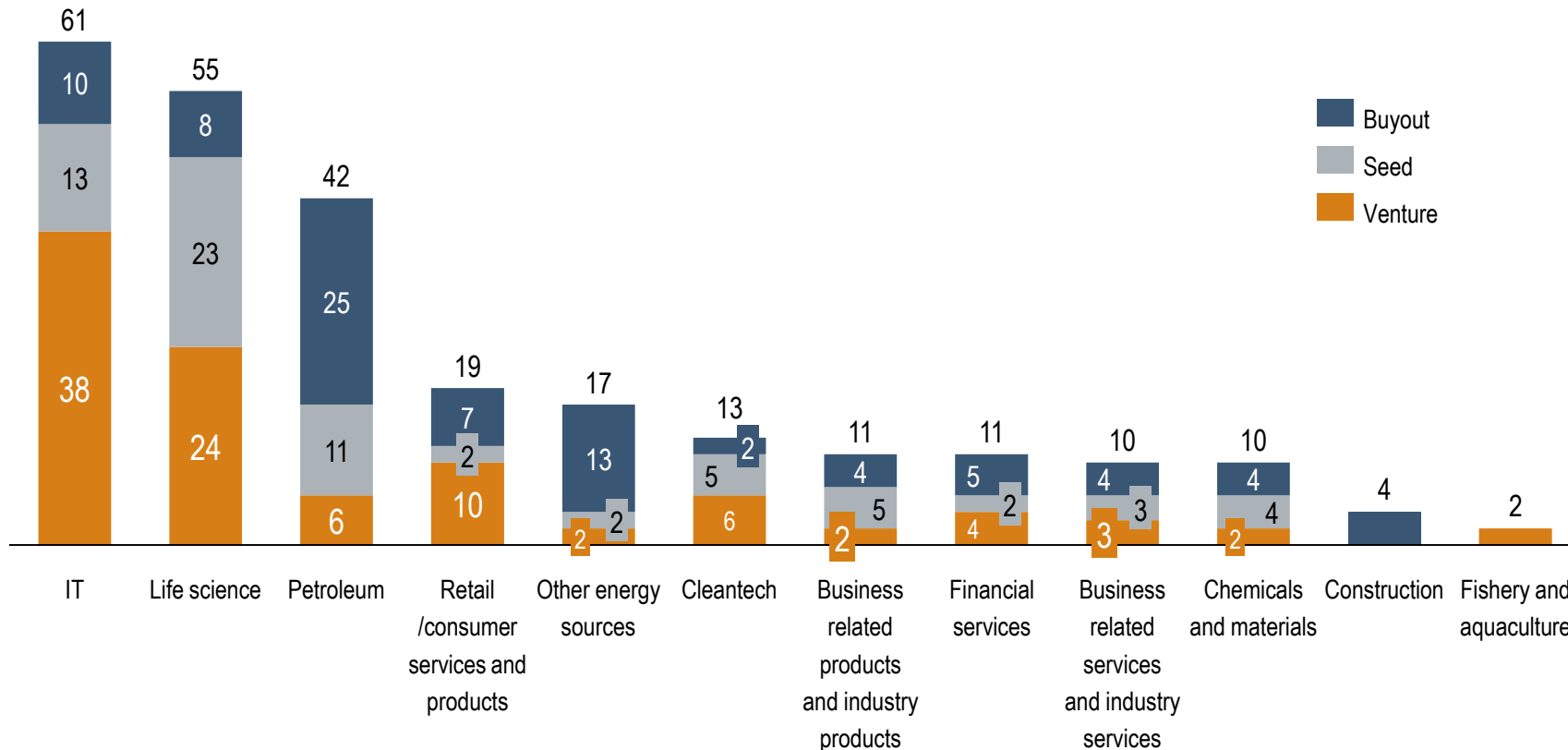


Figure 12 b): Number of investments by sector and phase in 2016 (million NOK)



Investments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

Figure 13: Total amount invested in Norwegian companies (million NOK)

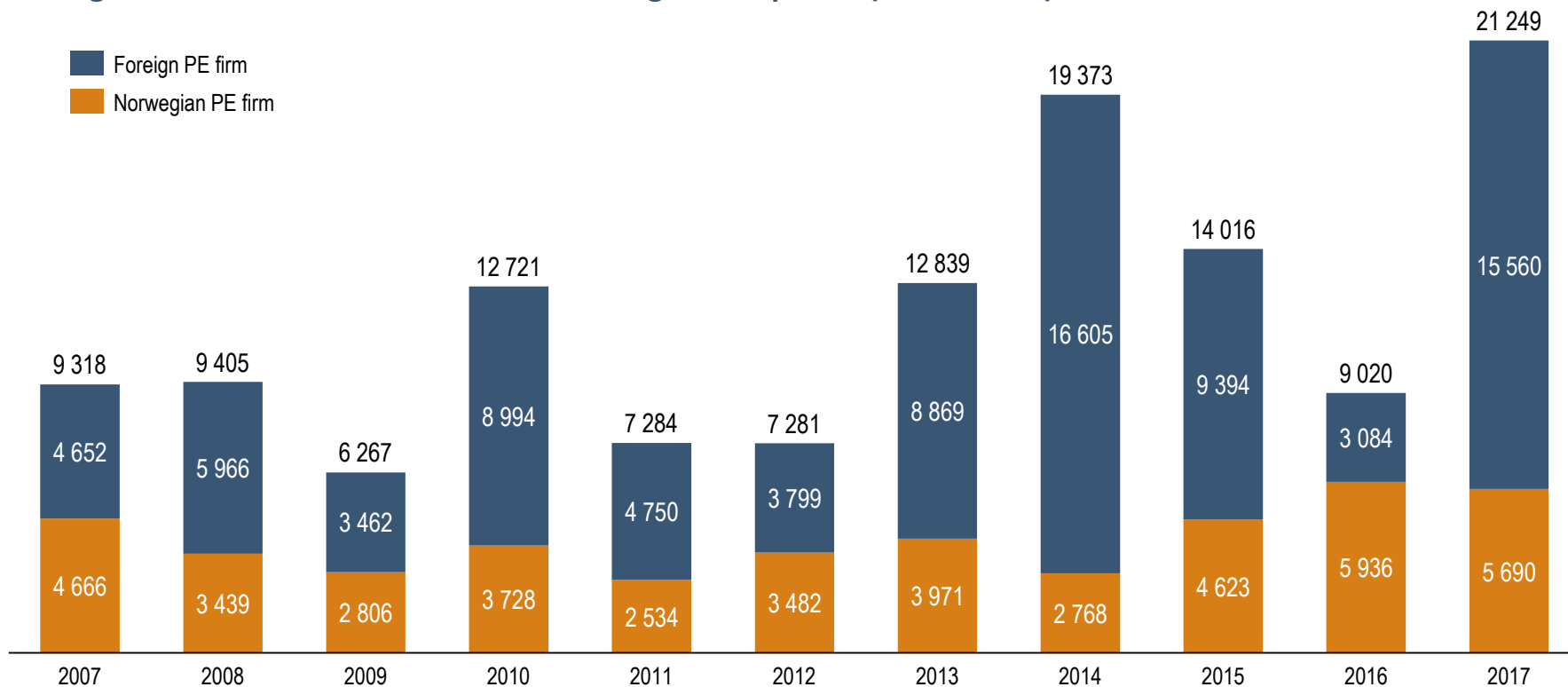


Figure 14: Total number of investments in Norwegian companies

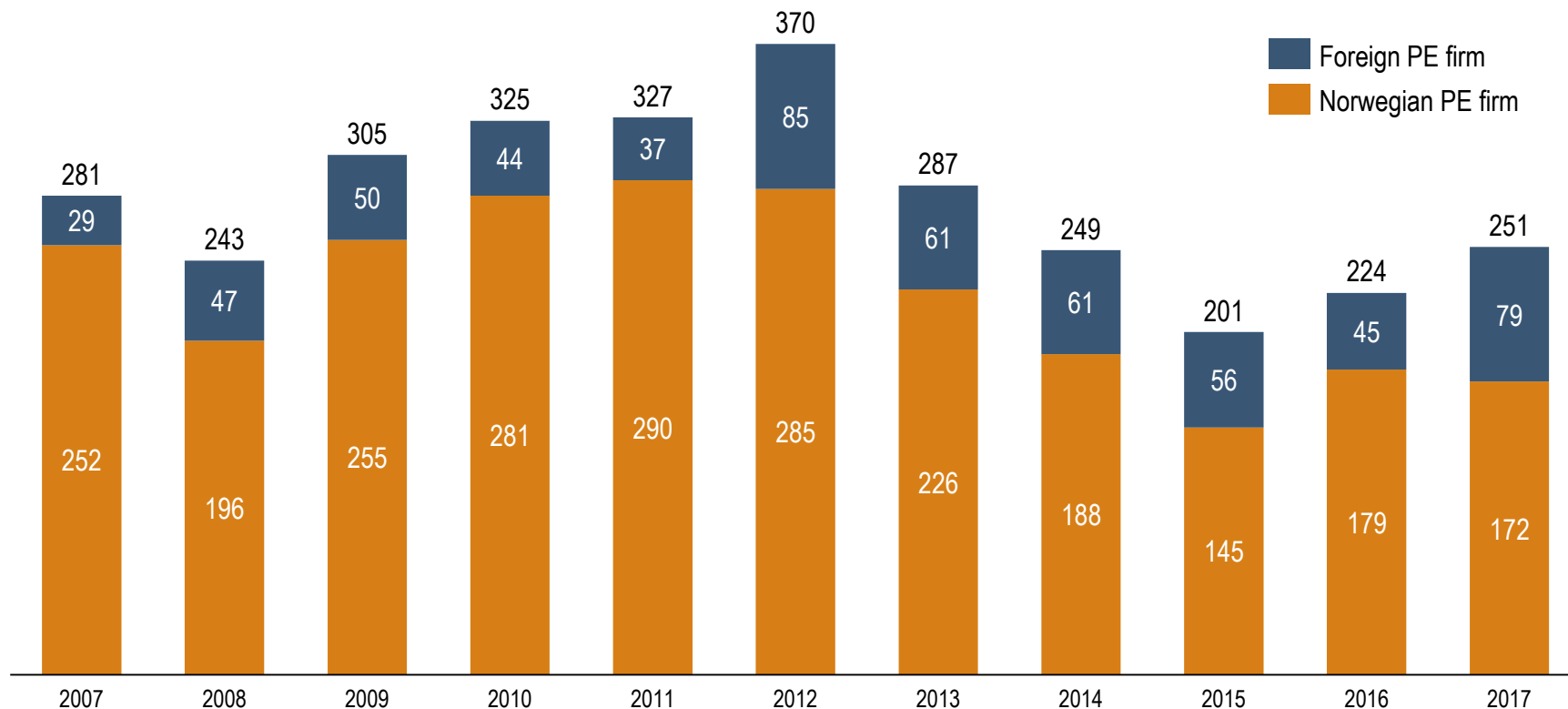


Figure 15: Amount invested in Norwegian companies by phase (million NOK)

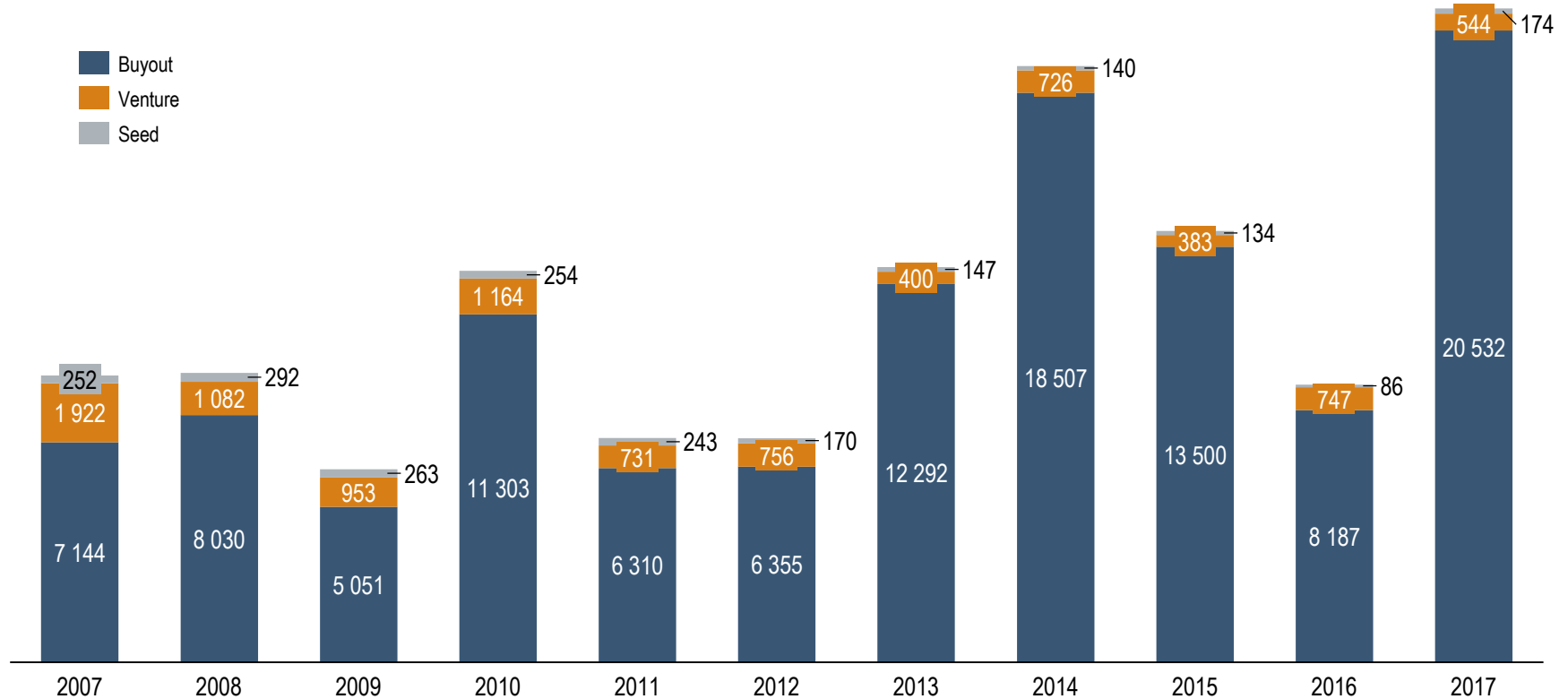


Figure 16: Number of investments in Norwegian companies by phase

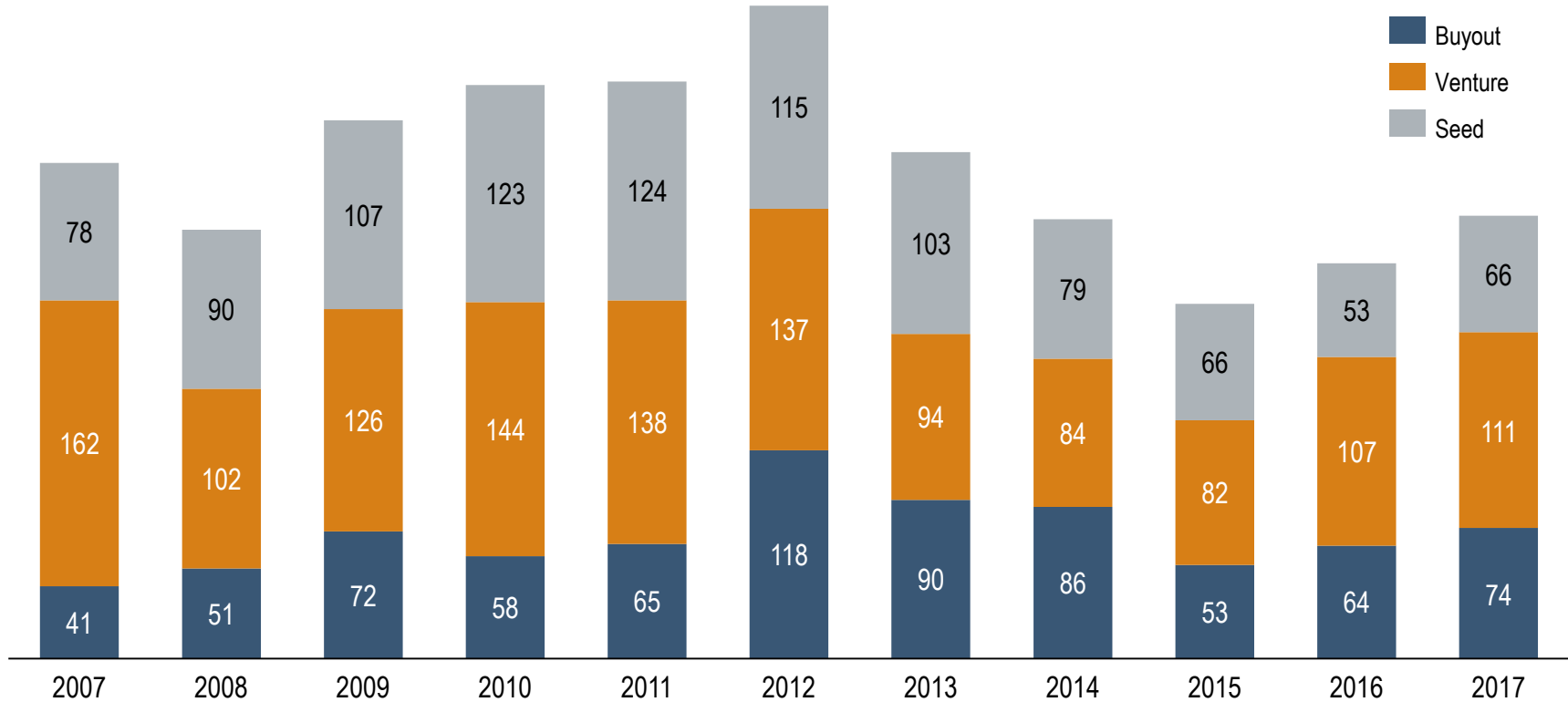


Figure 17: Buyout - initial and follow up investments (million NOK)

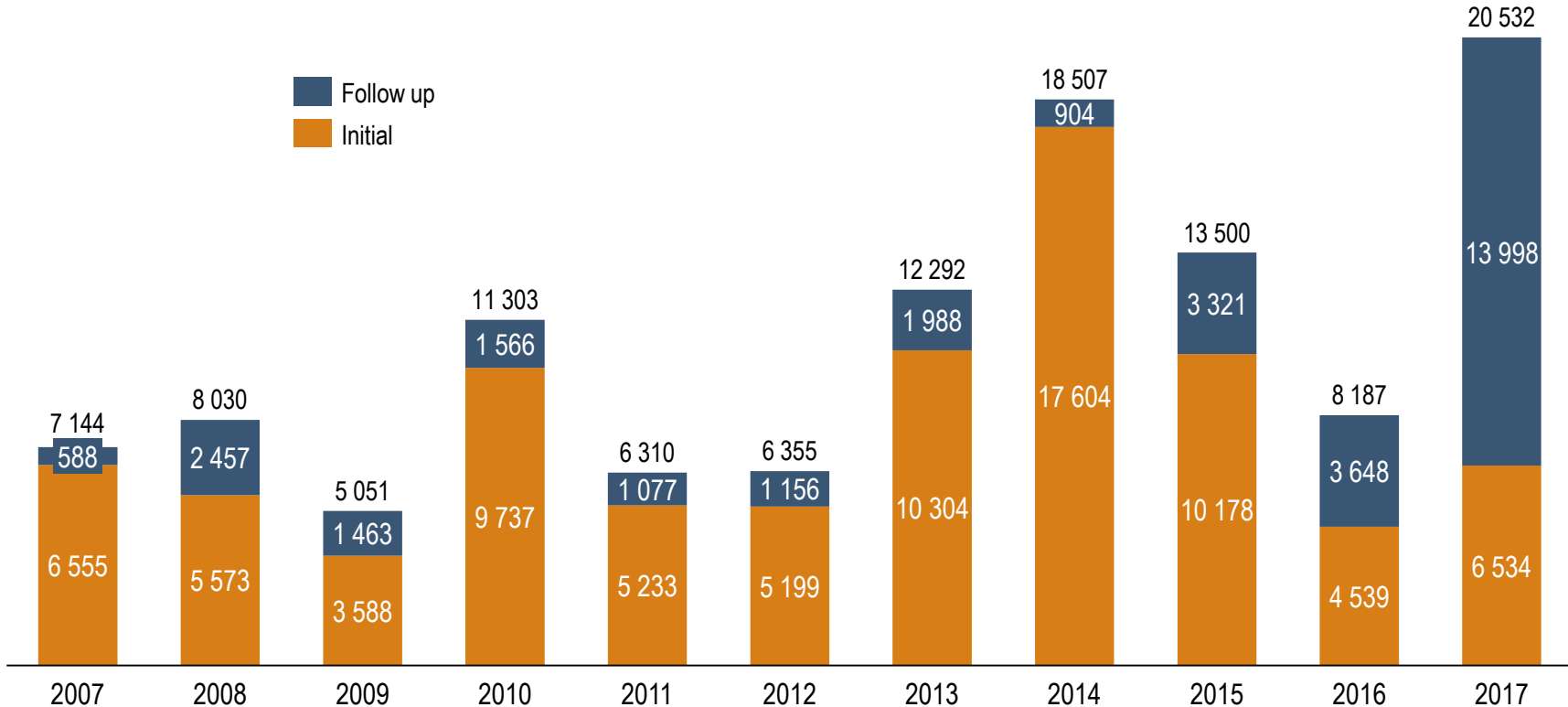


Figure 18: Number of initial and follow up buyout investments

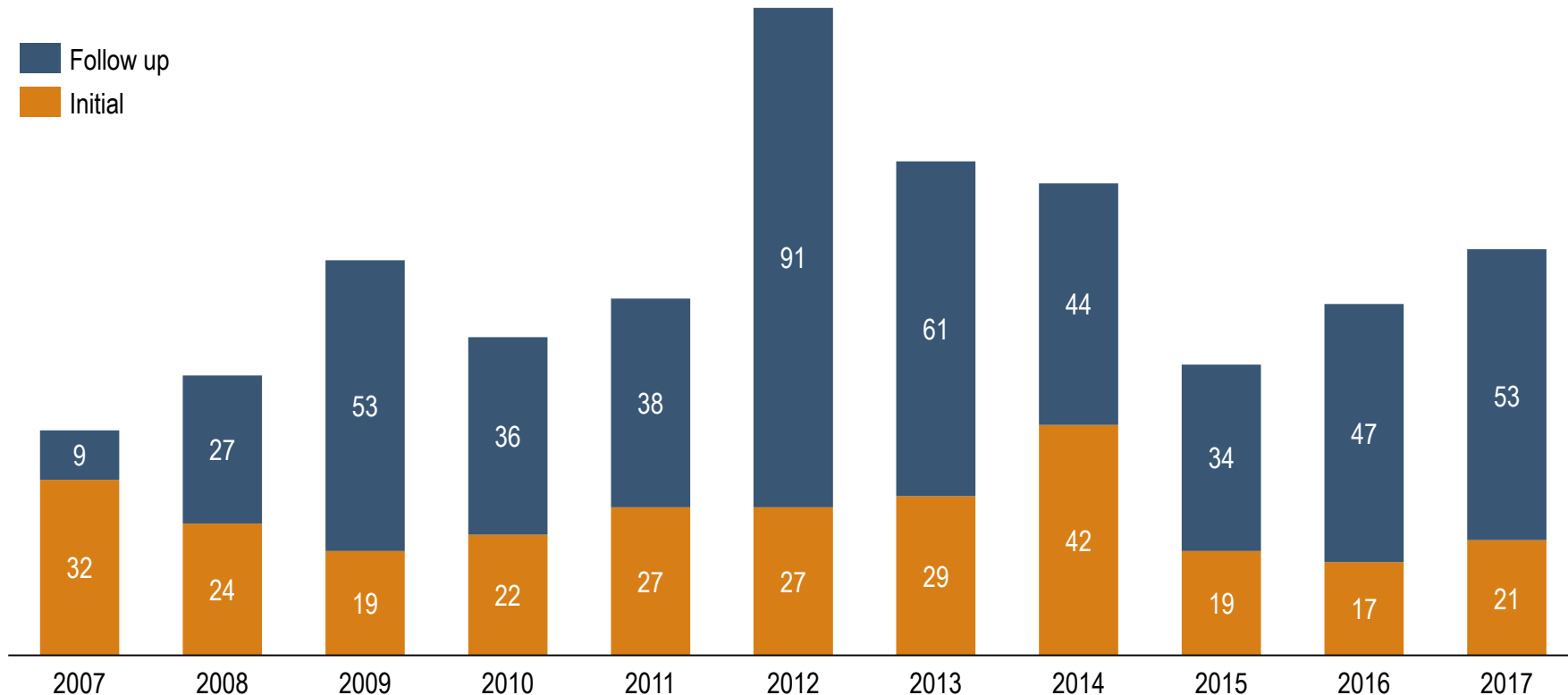


Figure 19: Venture - initial and follow up investments (million NOK)

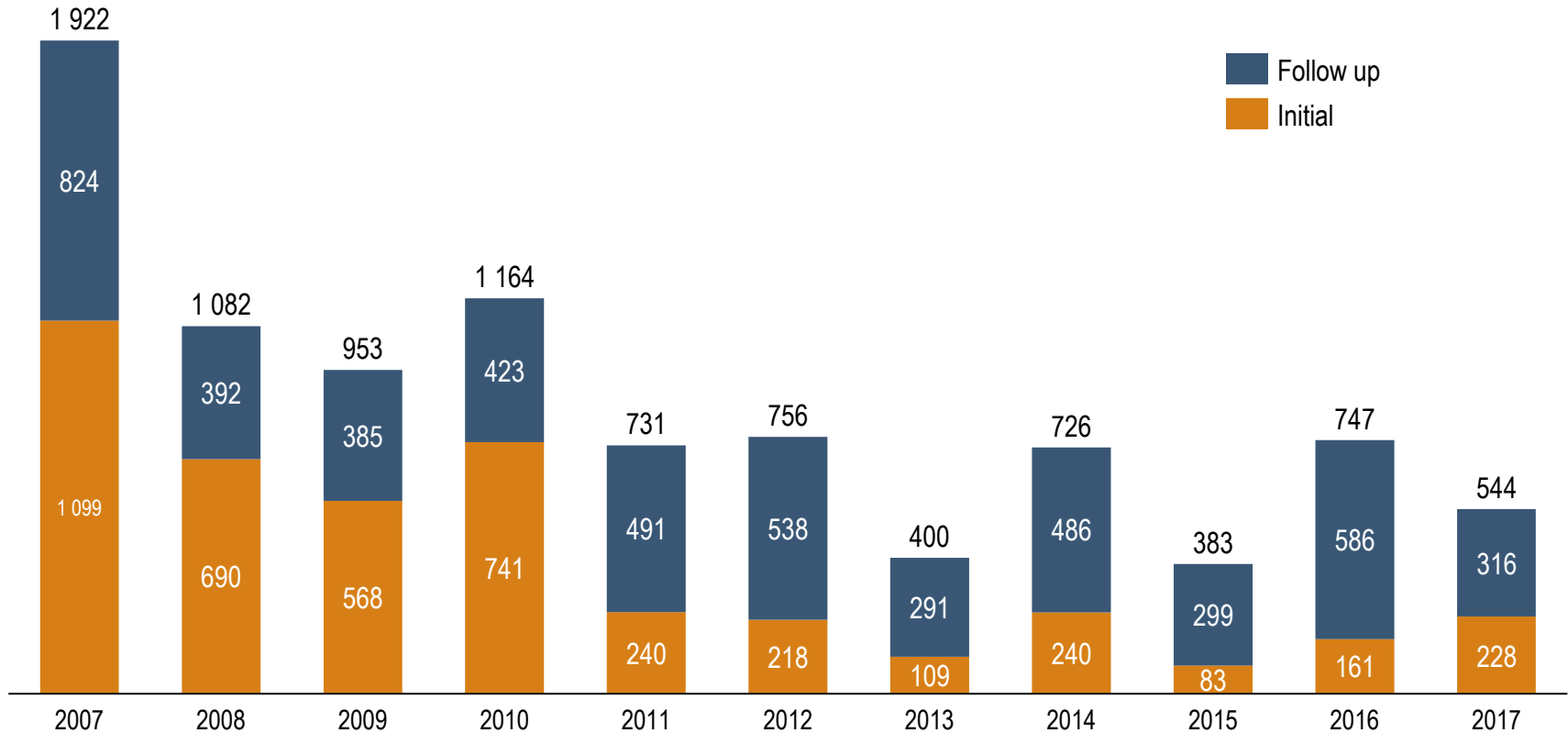


Figure 20: Number of initial and follow up venture investments

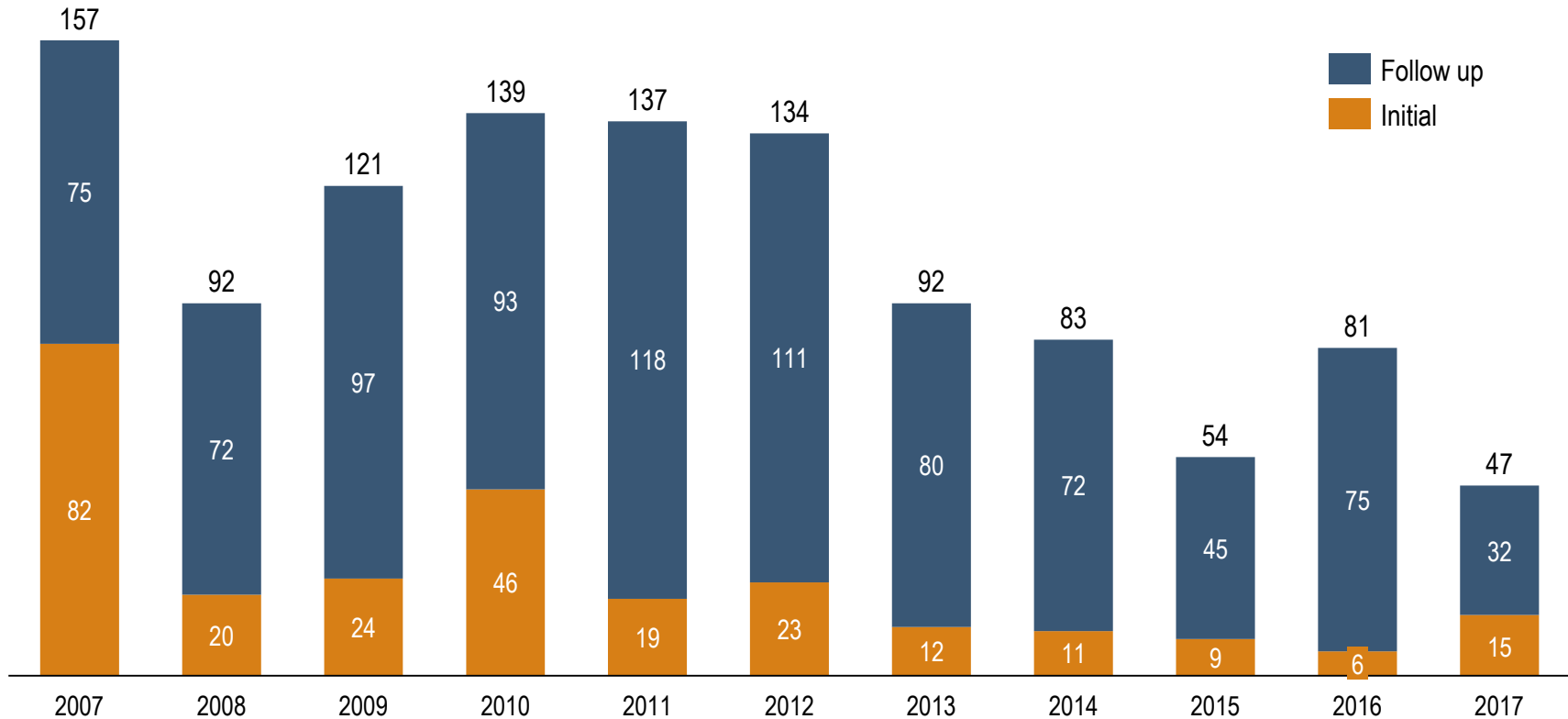


Figure 21: Seed - initial and follow up investments (million NOK)

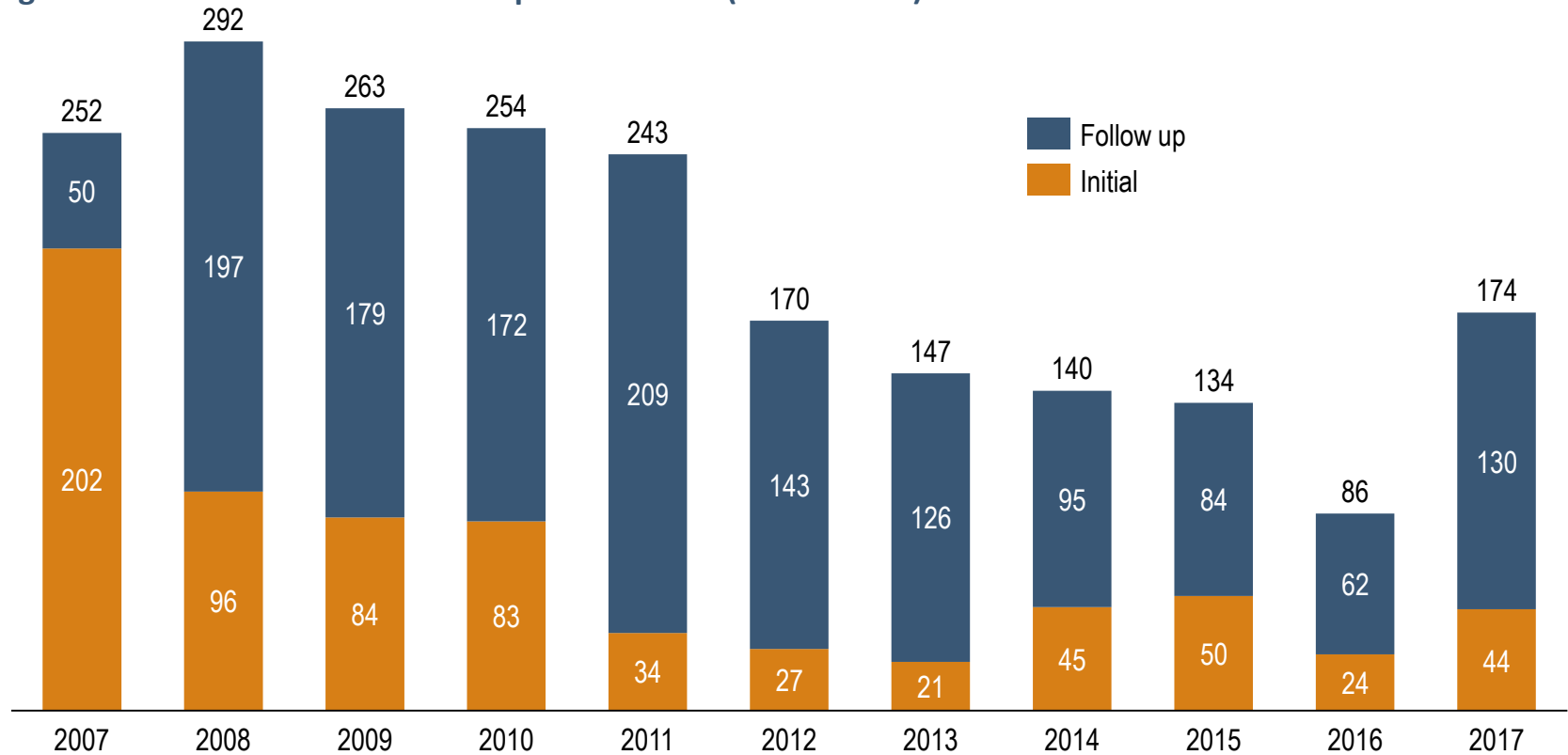
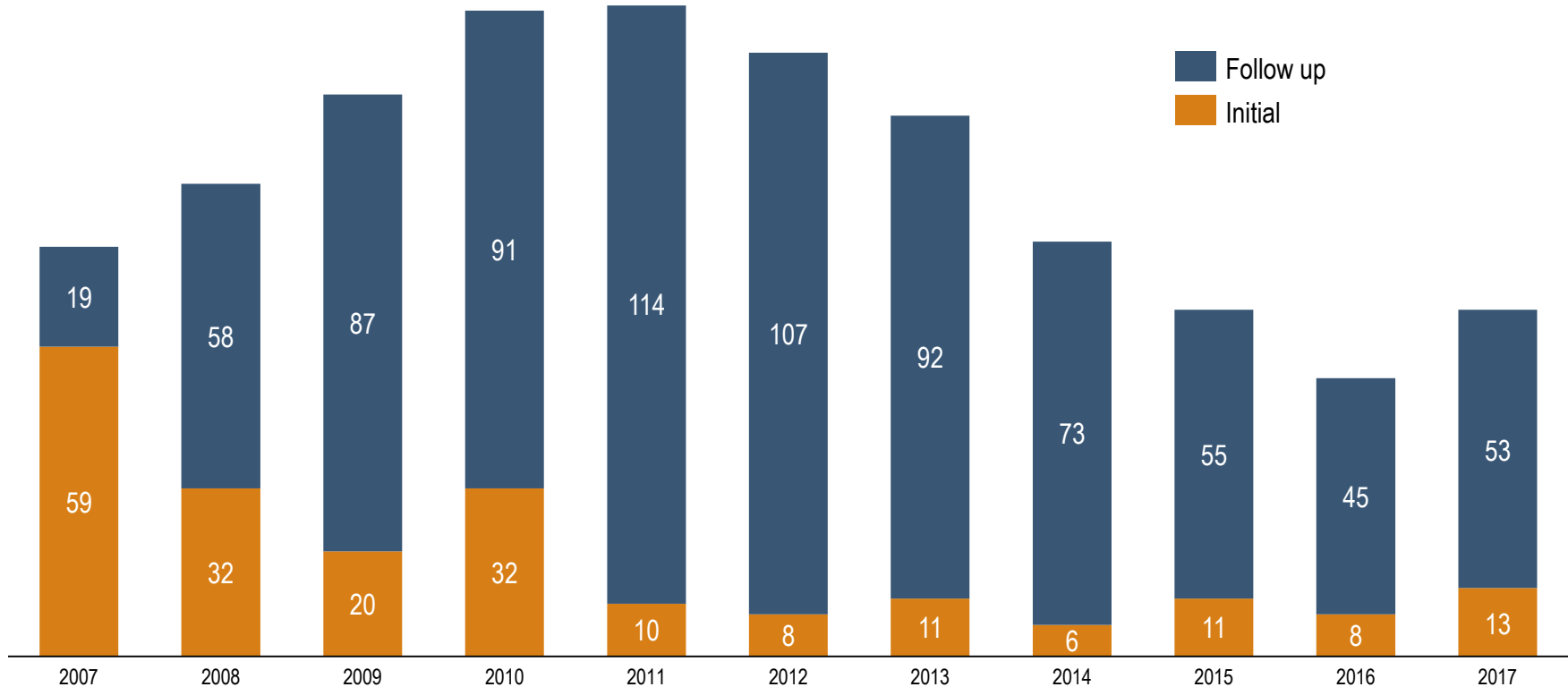


Figure 22: Number of initial and follow up seed investments



INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR AND PHASE IN 2017 (MILLION NOK)

	Buyout			Venture			Seed			Total
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Business related products and industry products	136	337	473	2	5	7	6	7	14	494
Business related services and industry services	3138	118	3256				4		4	3260
Chemicals and materials	41		41	27		27	4		4	72
Cleantech		1390	1390	29	14	44	10		10	1443
Construction	283	53	335							335
Financial services	394		394	1		1		2	2	396
Fishery and aquaculture	130		130	11	4	14				144
IT	7154	4002	11156	129	155	284	35	26	61	11501
Life science	5		5	65	37	103	31	7	39	147
Other energy sources	93	30	122				20		20	142
Petroleum	2542		2542	51		51	17	2	19	2612
Retail /consumer services and products	83	605	688		12	12	3		3	702
Total	13998	6534	20532	316	228	544	130	44	174	21249

NUMBER OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR AND PHASE IN 2017

	Buyout			Venture			Seed			Total
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Business related products and industry products	3		3	5	2	7	7		7	17
Business related services and industry services	6	1	7		3	3		1	1	11
Chemicals and materials				5		5				5
Cleantech	2		2	7	2	9	3		3	14
Construction	1		1							1
Financial services				1	1	2				2
Fishery and aquaculture		1	1							1
IT	11	4	15	25	3	28	10	3	13	56
Life science	2	1	3	26	3	29	2	1	3	35
Other energy sources	11	1	12	3	1	4	1		1	17
Petroleum	11	7	18	13		13	21	3	24	55
Retail /consumer services and products		2	2	4	3	7	1		1	10
Total	47	17	64	89	18	107	45	8	53	224

Figure 23 Investments in the IT sector

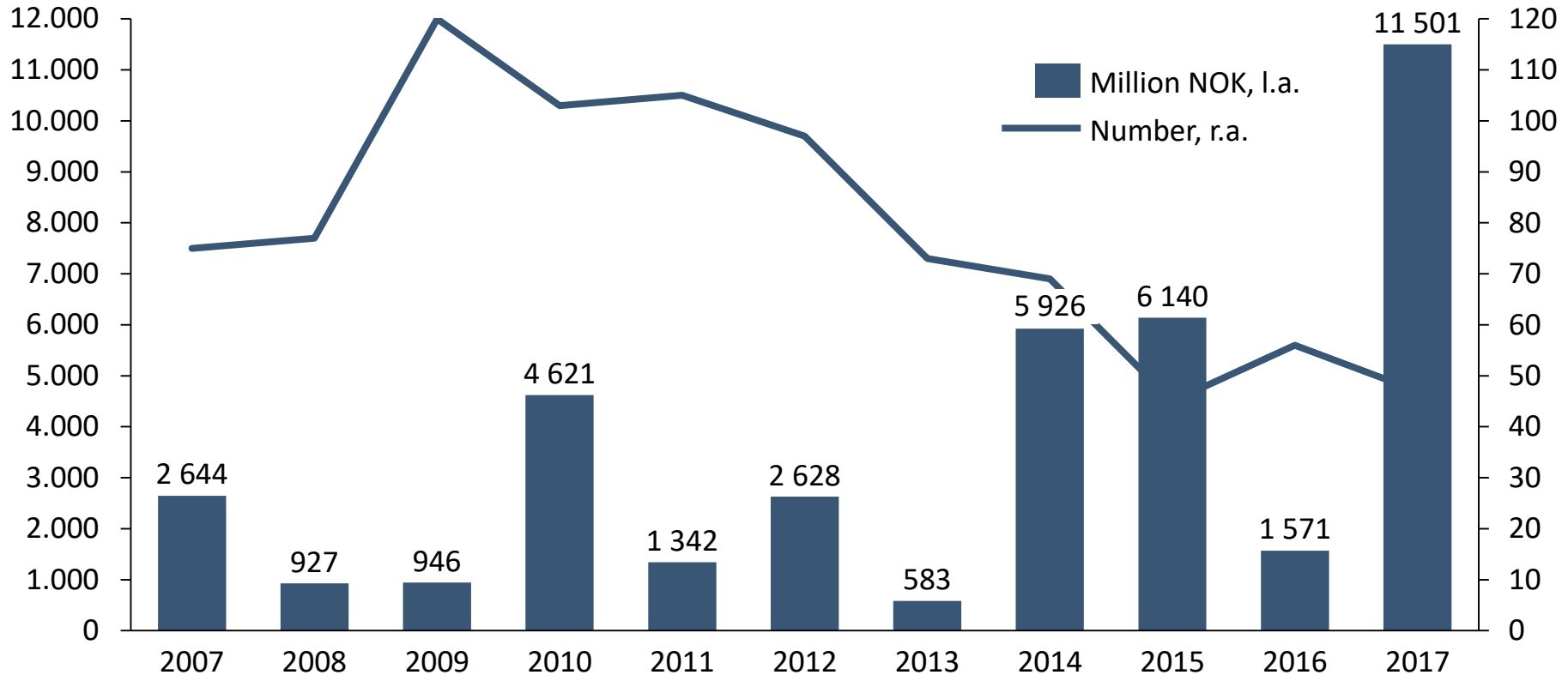


Figure 24 Initial and follow up investments in petroleum

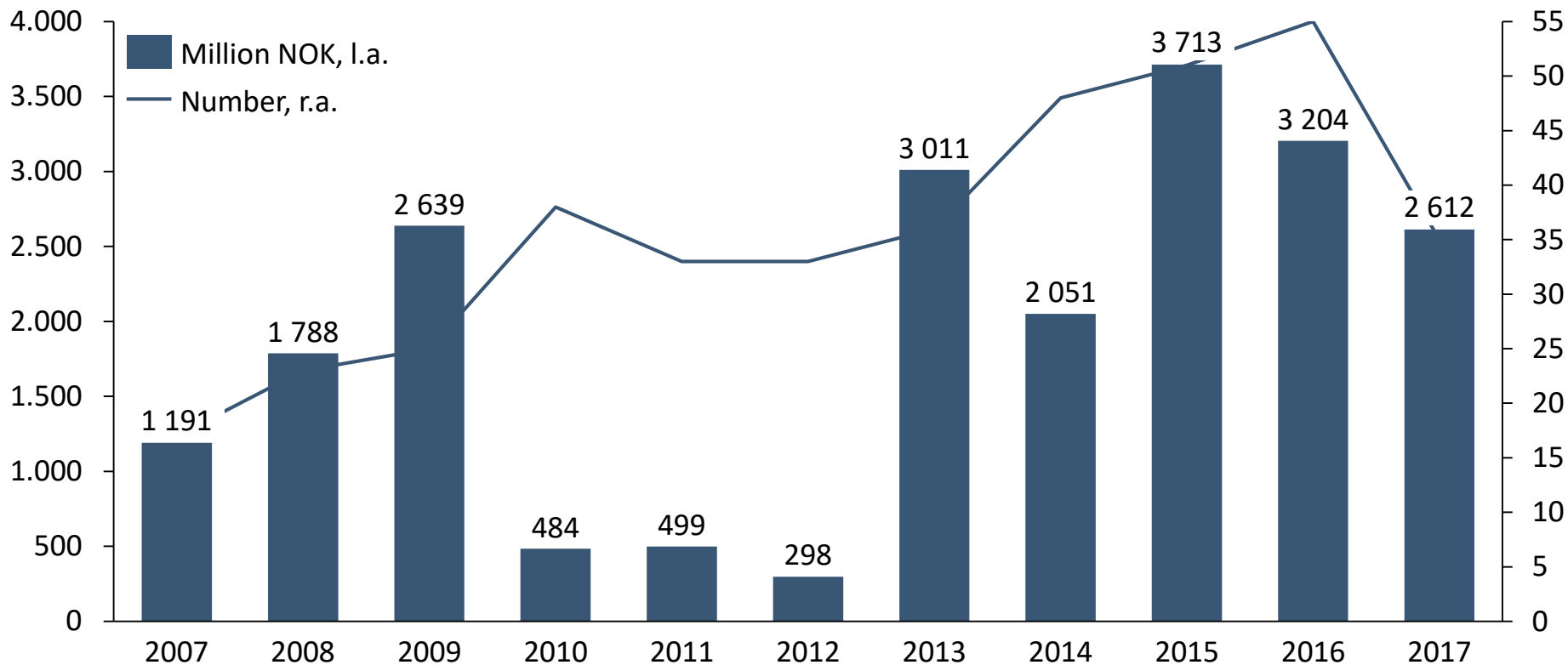


Figure 25 Initial and follow up investments in business related services

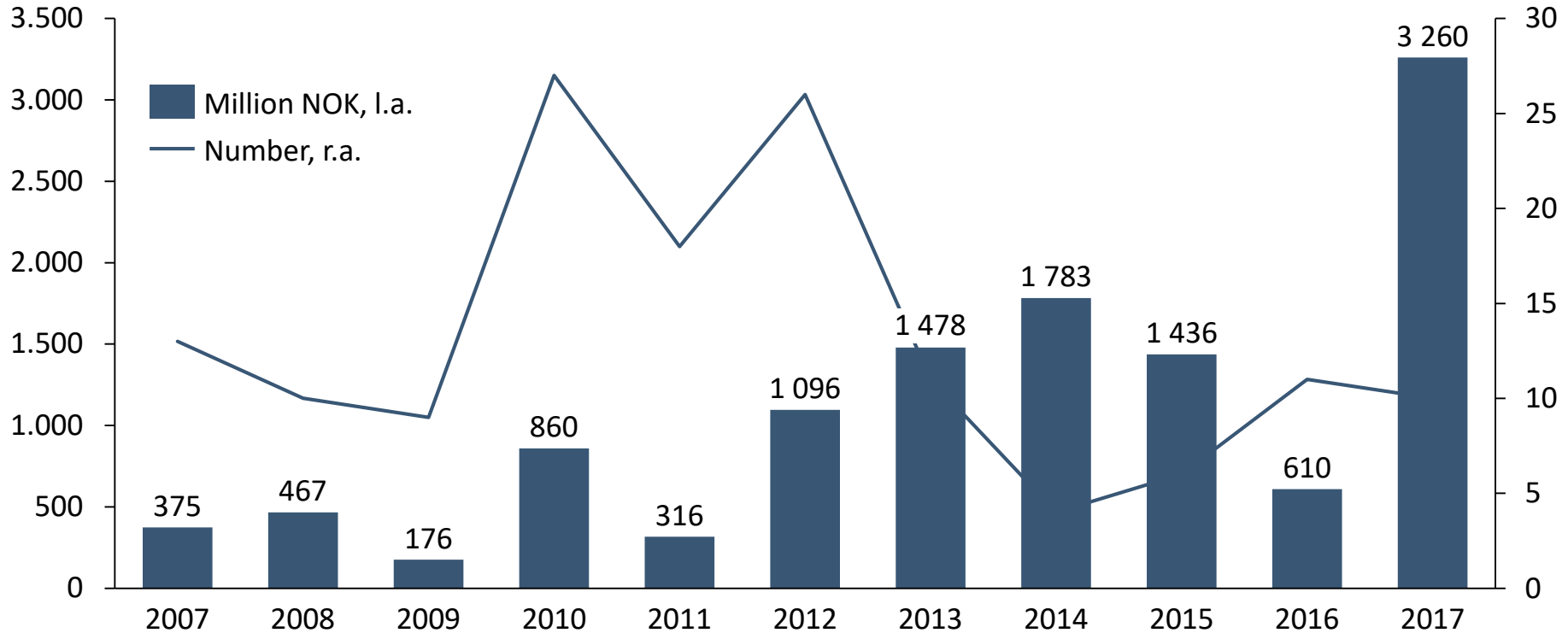
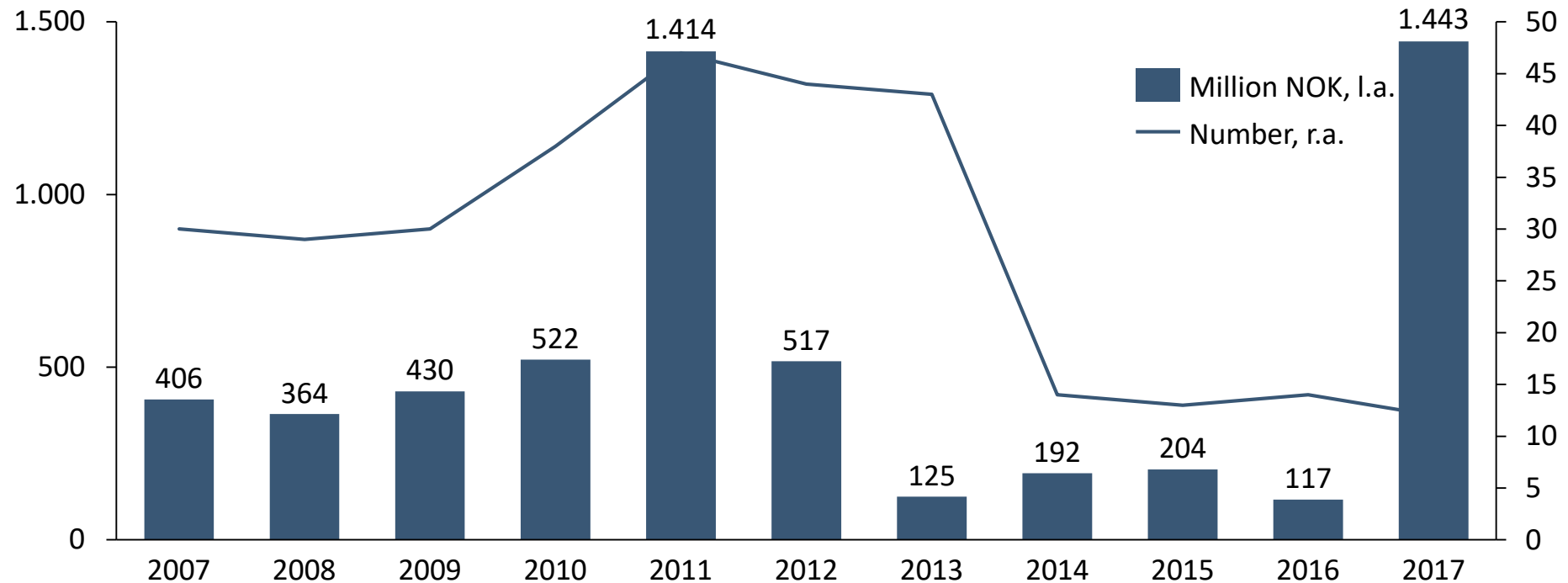


Figure 25 Initial and follow up investments in cleantech

Divestments

Norwegian PE firms' divestments in Norwegian and foreign enterprises (Industry statistics)

Figure 23: Number of divestments by phase

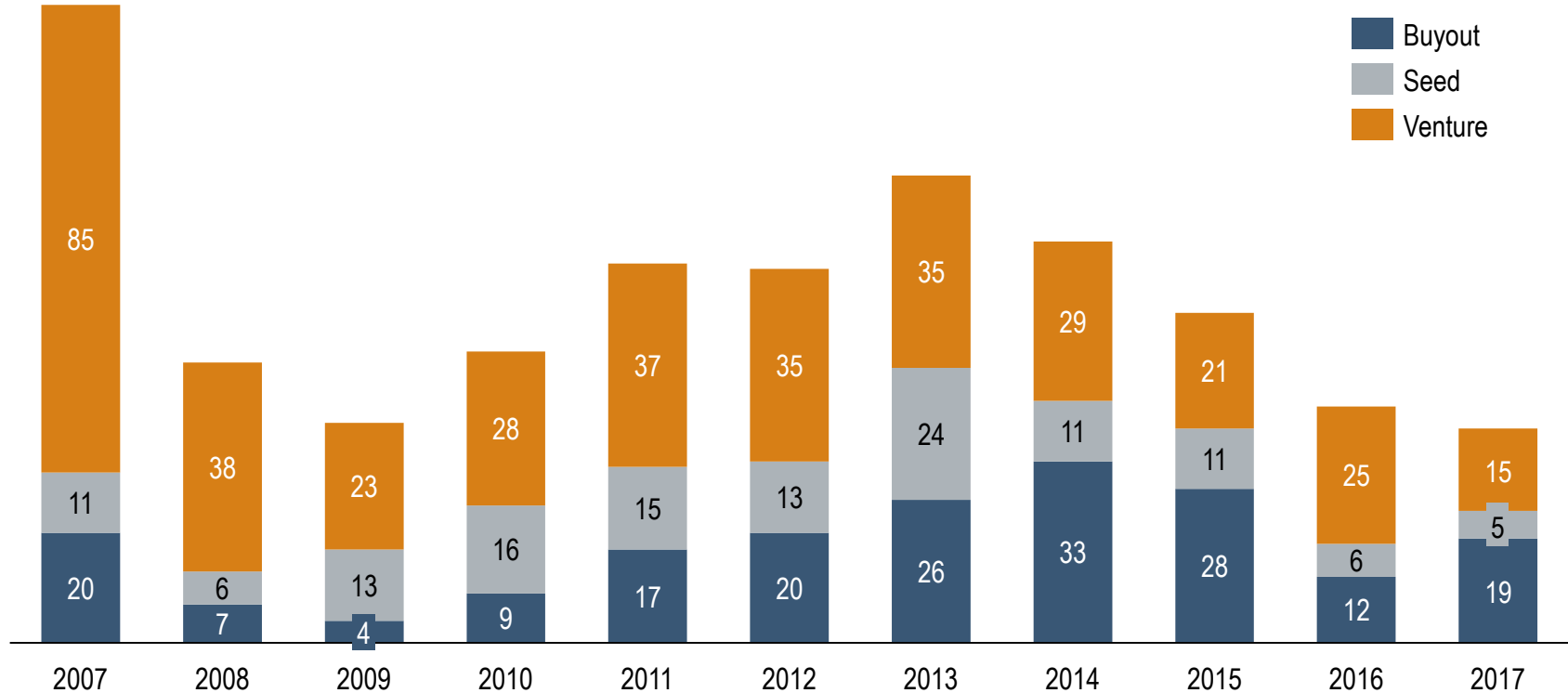


Figure 24: Number of industrial sales by phase

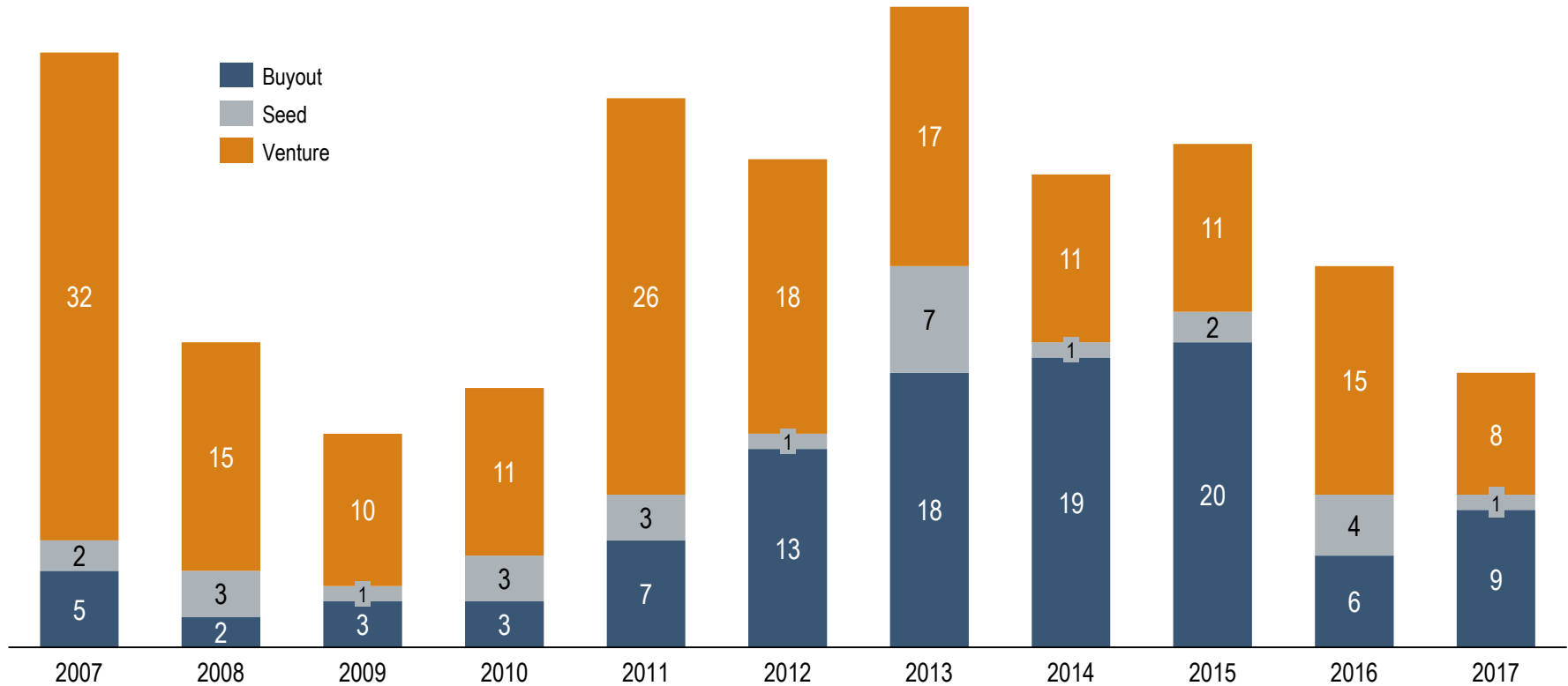
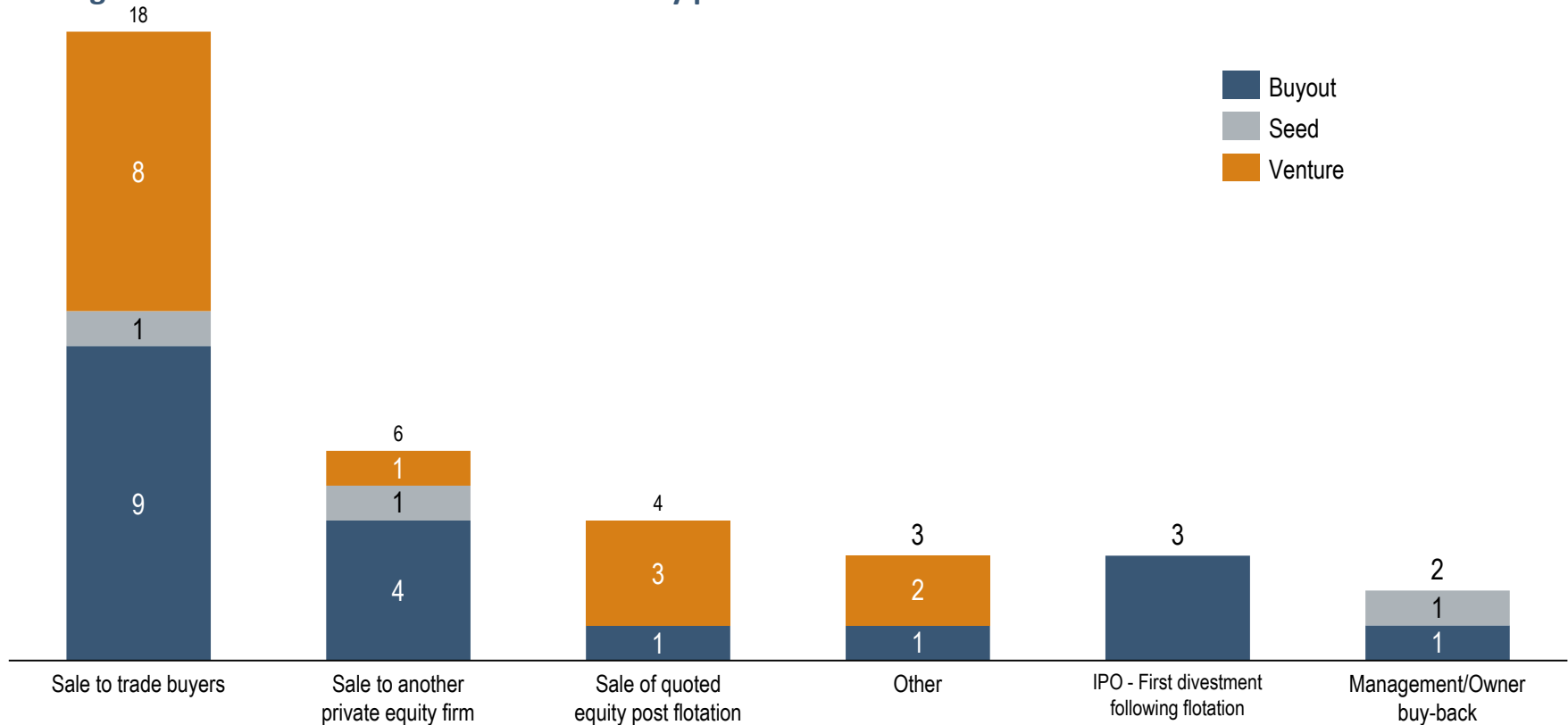


Figure 25: Number of divestments in 2016 by phase and divestment method



Divestments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

Figure 26: Number of divestments in Norwegian enterprises by phase

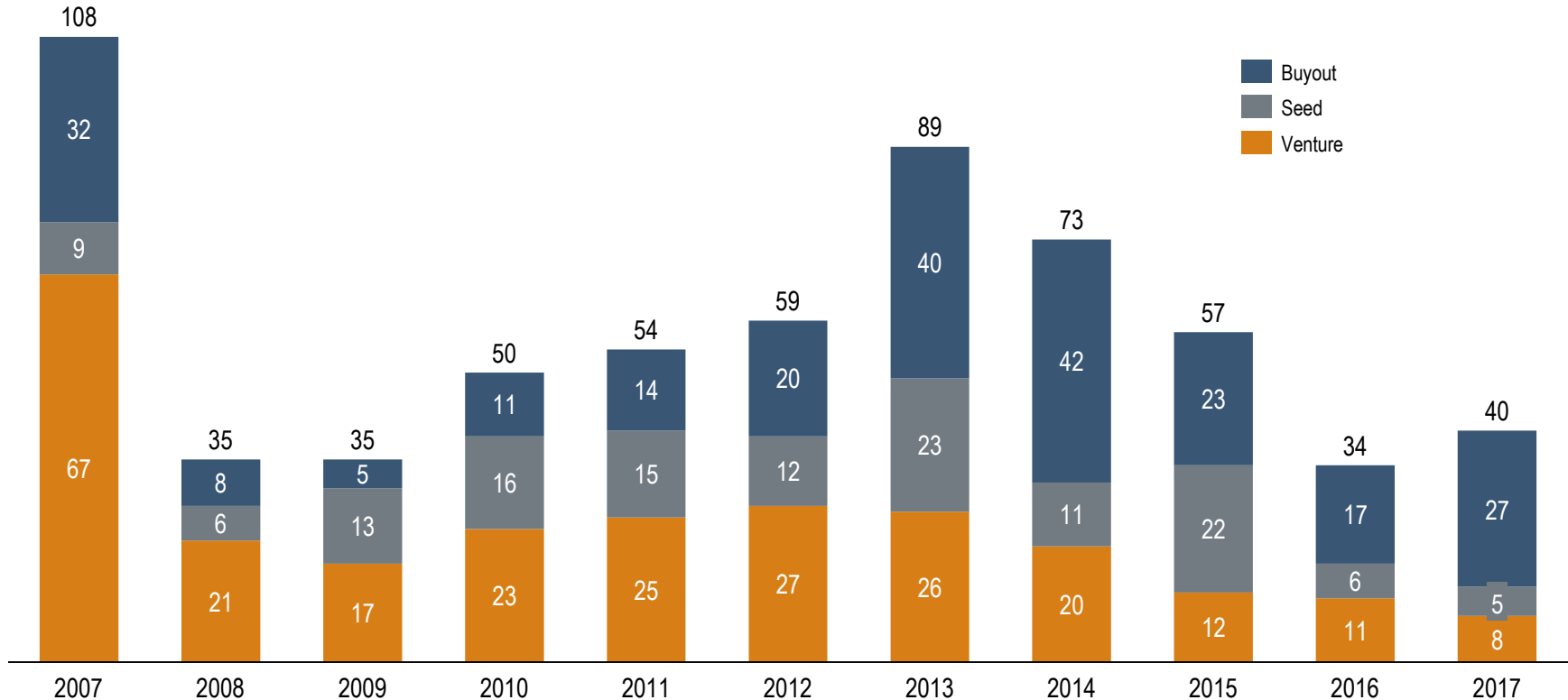


Figure 28: Number of divestments in Norwegian enterprises in 2016 by phase and divestment method

