

NORWEGIAN VENTURE CAPITAL & PRIVATE EQUITY ASSOCIATION (NVCA)

PRIVATE EQUITY FUNDS IN NORWAY

ACTIVITY REPORT 2016

(SEED – VENTURE – BUYOUT)

ABOUT THE ACTIVITY REPORT 2016

The Activity Report 2016 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.

MAIN OBSERVATIONS 2016

- Record high fundraising level by Norwegian firms in 2016, totaling 17 billion NOK split on nine new funds.

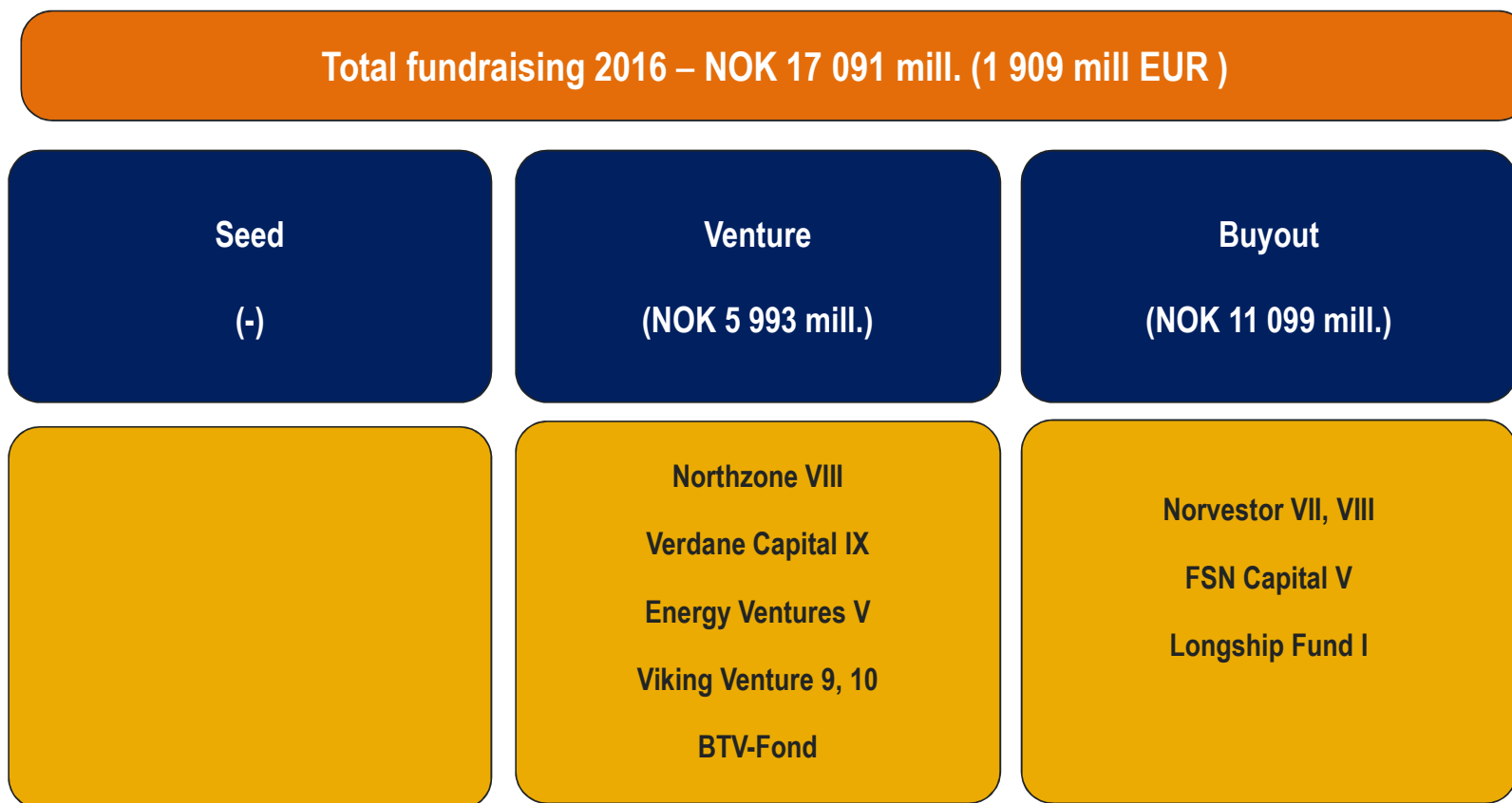
Industry statistics:

- Norwegian PE firms invested more in 2016 than in any preceding year, continuing the steady investment growth over the past five years led by increasing investment volumes within the buyout segment.
- Due to an increased number of venture investment, the number of investments are up slightly from 2015. Compared to previous years (2007-2012) the number of PE investment in the seed and venture segments is still at a low level.

Market statistics:

- Total investments in Norwegian portfolio companies had a sharp drop in 2016 compared to 2015 and 2014. The drop is due to smaller and fewer buyouts by foreign PE-firms in Norwegian portfolio companies compared to previous years.
- Venture investments have increased since 2015, although still lower than in the years 2007-2014.
- The falling trend in seed investments continues, reaching a record low in 2016.

FUNDRAISING IN 2016 – NORWEGIAN PRIVATE EQUITY FUNDS



INVESTMENTS (INITIAL AND FOLLOW UP) BY NORWEGIAN PE FIRMS 2016 (INDUSTRY STATISTICS)

■ Overall:

- Norwegian PE firms invested 11 855 mill. NOK (EUR 1 276 mill.) in Norwegian and foreign portfolio companies
 - 5 916 mill. NOK (EUR 637 mill.) in Norwegian enterprises
 - 5 939 mill. NOK (EUR 639 mill.) in foreign enterprises

■ Seed:

- 113 mill. NOK (EUR 12 mill.) invested. Down from 169 mill. NOK (EUR 19 mill.) in 2015.

■ Venture:

- 2 992 mill. NOK (EUR 322 mill.) invested. Up from 1512 mill. NOK (EUR 169 mill.) in 2015.

■ Buyout:

- 8 751 mill. NOK (EUR 942 mill.) invested. Up from 7 147 million NOK (EUR 798 mill.) in 2015.

INVESTMENTS (INITIAL AND FOLLOW UP) IN NORWEGIAN PORTFOLIO COMPANIES BY NORWEGIAN AND FOREIGN PE FIRMS 2016 (MARKET STATISTICS)

- **Overall:**
- 8 712 mill. NOK (EUR 938 mill.) invested in Norwegian enterprises by both Norwegian and foreign PE firms
 - Norwegian PE firms invested 5 916 mill. NOK (EUR 637 mill.)
 - Foreign PE firms invested 2 795 mill. NOK (EUR 301 mill.)

- **Seed:**
 - 112 mill. NOK (EUR 12 mill.) invested. Down from mill. 134 NOK (EUR 15 mill) in 2015.
- **Venture:**
 - 915 mill. NOK (EUR 99 mill.) invested. Up from 444 mill. NOK (EUR 50 mill) in 2015.
- **Buyout:**
 - 7 685 mill. NOK (EUR 827 mill.) invested. Down from 13 436 mill. NOK (EUR 1 500 mill.) in 2015

DIVESTMENTS (EXITS) 2016

■ Divestments in Norwegian and foreign enterprises by Norwegian PE firms

- 35 divestments by Norwegian PE firms. Down from 47 in 2015.
- 3 divestments within the seed stage. Down from 7 in 2015.
- 23 divestments within the venture stage. Up from 18 in 2015.
- 9 divestments within the buyout stage. Down from 22 in 2015.
- 21 out of 35 divestments were sales to trade buyers.

■ Divestments in Norwegian enterprises by Norwegian and foreign PE firms

- 26 divestments in Norwegian enterprises. Down from 50 in 2015.
- 3 divestments within the seed stage. Down from 18 in 2015.
- 9 divestments within the venture stage. Down from 10 in 2015.
- 14 divestments within the buyout stage. Down from 22 in 2015.

APPENDIX

Graphs and charts:

Fundraising

Investments

Divestments

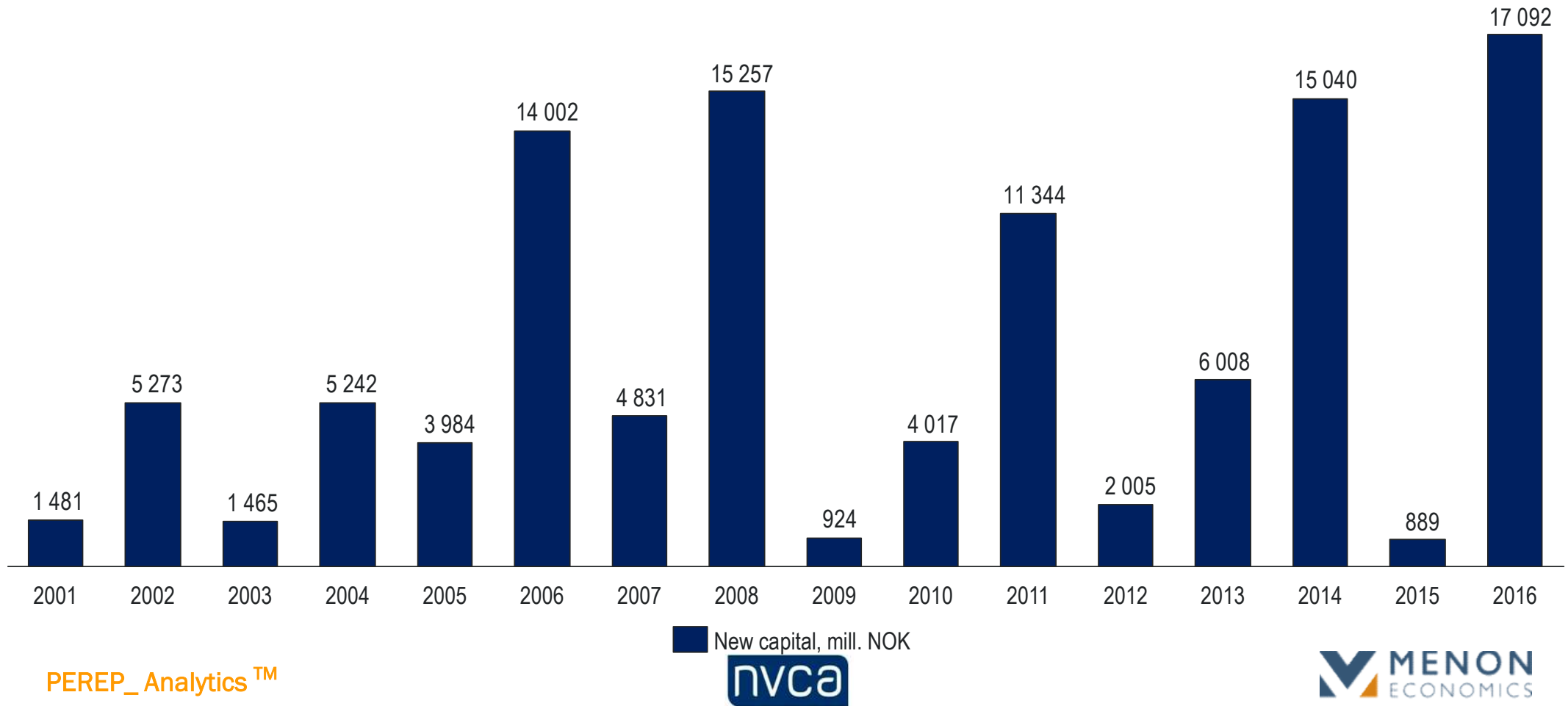
FUNDRAISING

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COMMITTED CAPITAL PER YEAR FROM 2001-2016

Figure 1: Committed capital per year, million NOK



INVESTMENTS

PEREP_Analytics™



Norwegian PE firms' investments in Norwegian and foreign enterprises

(Industry statistics)

INDUSTRY STATISTICS: NORWEGIAN PE FIRMS' INVESTMENTS (INITIAL AND FOLLOW UP) IN NORWEGIAN AND FOREIGN COMPANIES

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

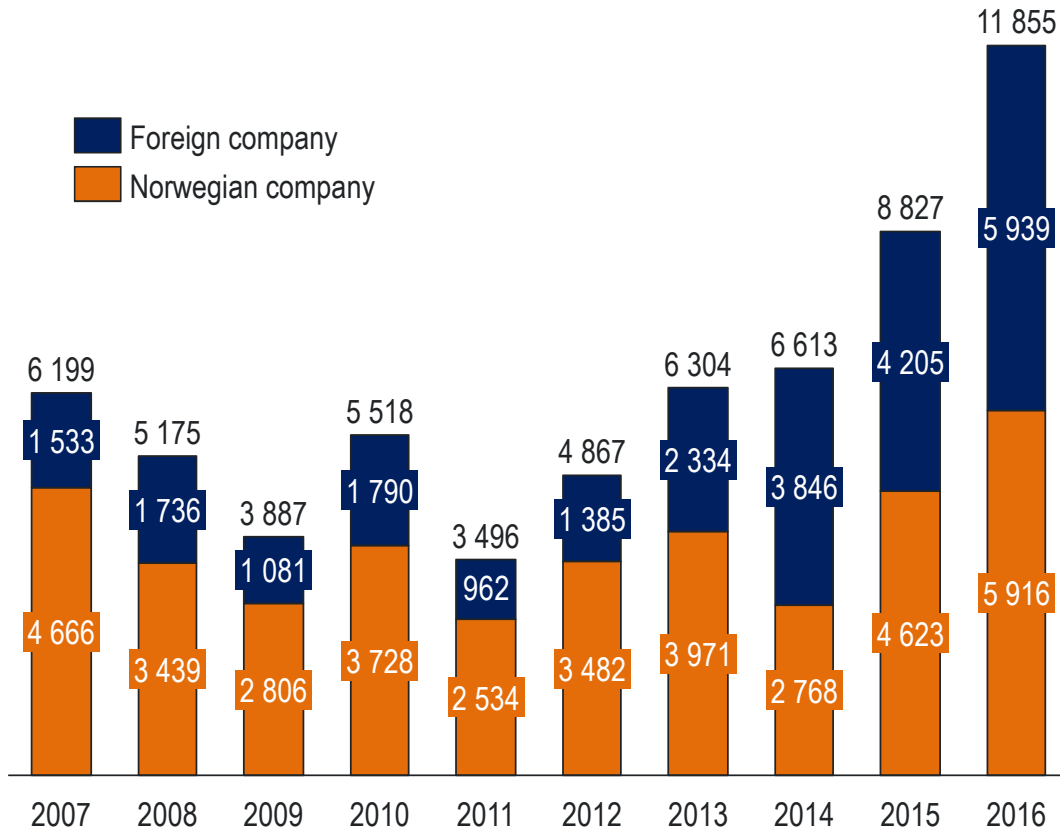
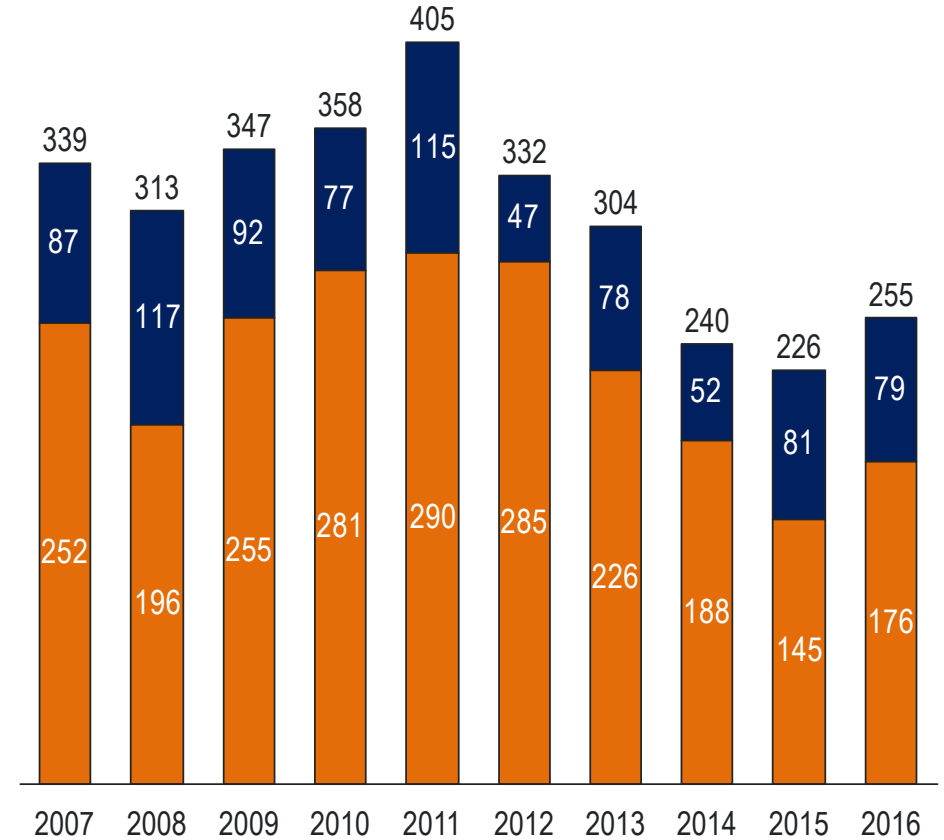


Figure 3: Number of investments by Norwegian PE firms



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

Figure 4: Amount invested by phase (million NOK)

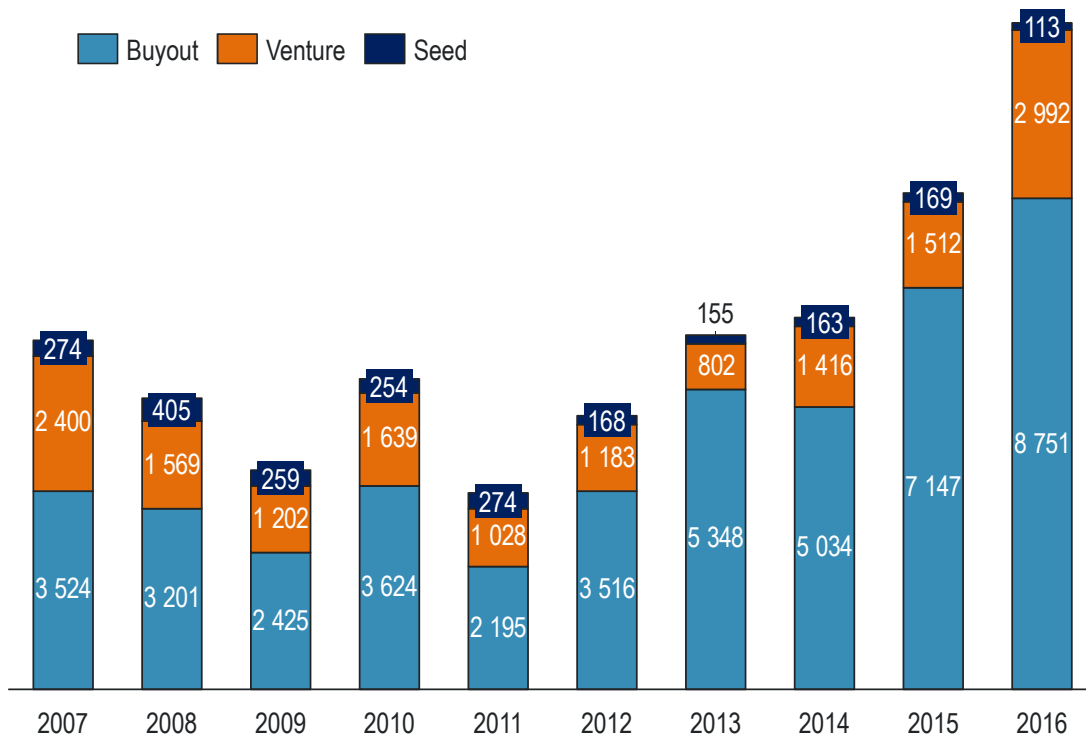
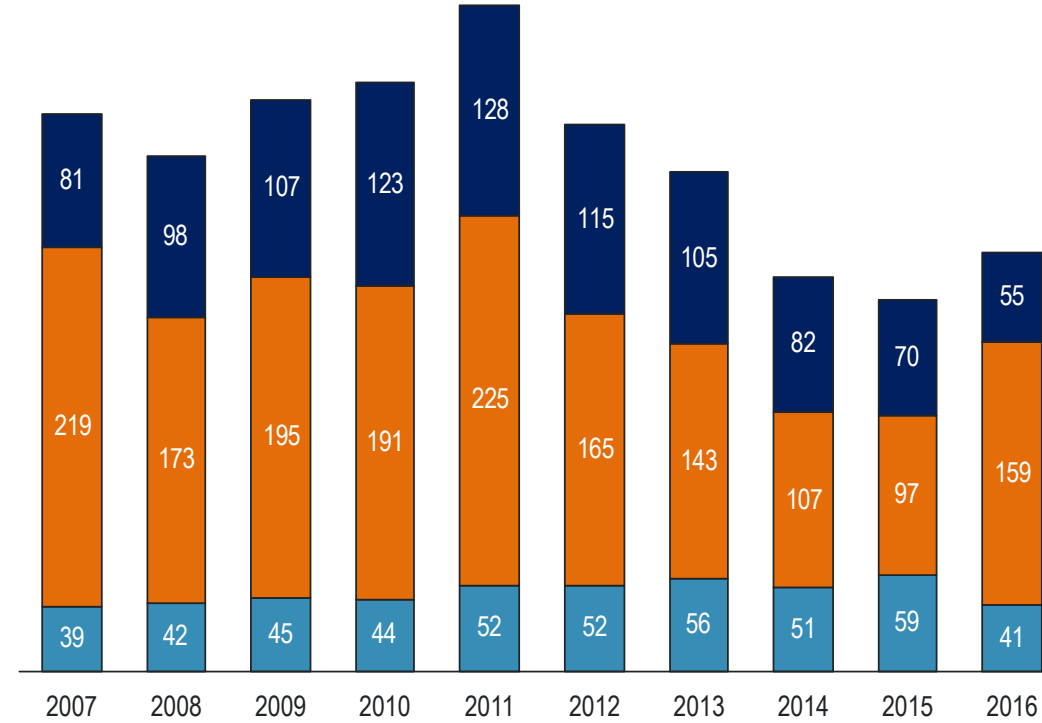


Figure 5: Number of investments by phase



INITIAL AND FOLLOW UP BUYOUT INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS

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

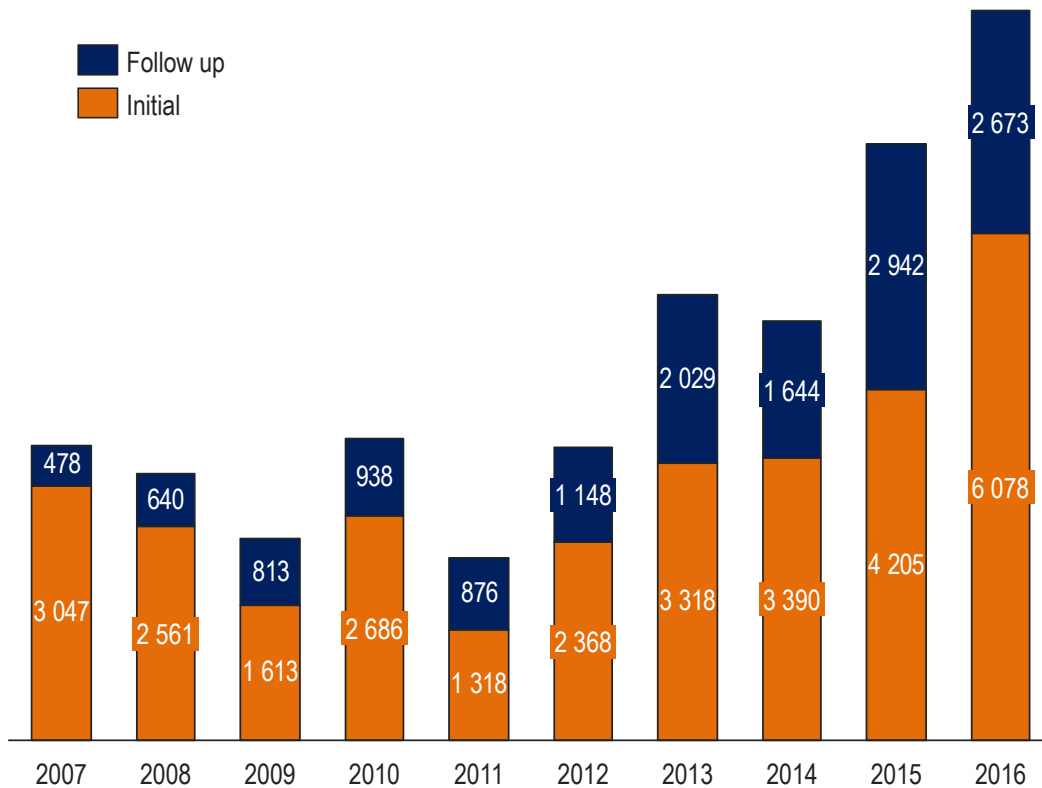
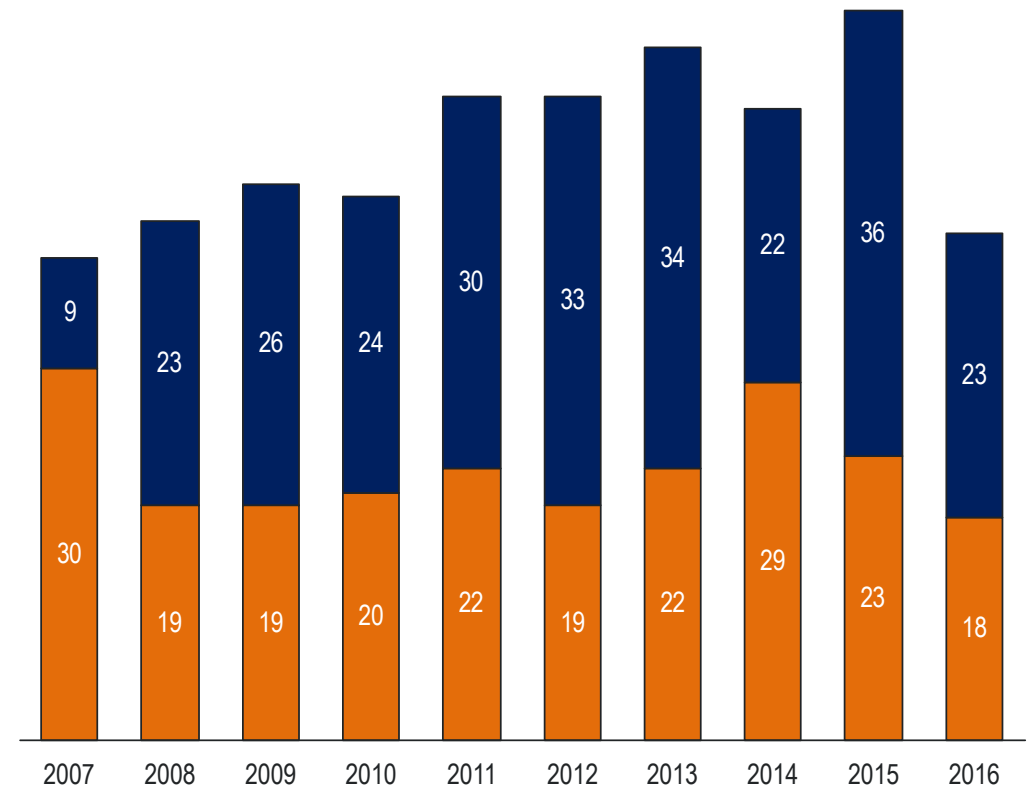


Figure 7: Number of initial and follow up buyout investments



INITIAL AND FOLLOW UP VENTURE INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS

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

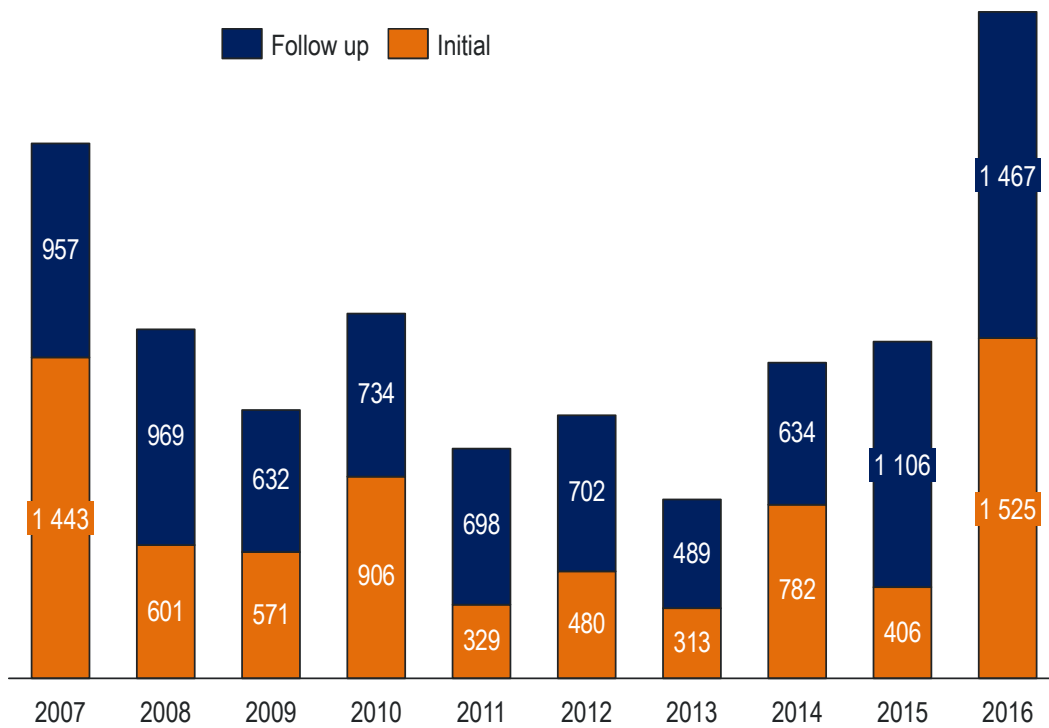
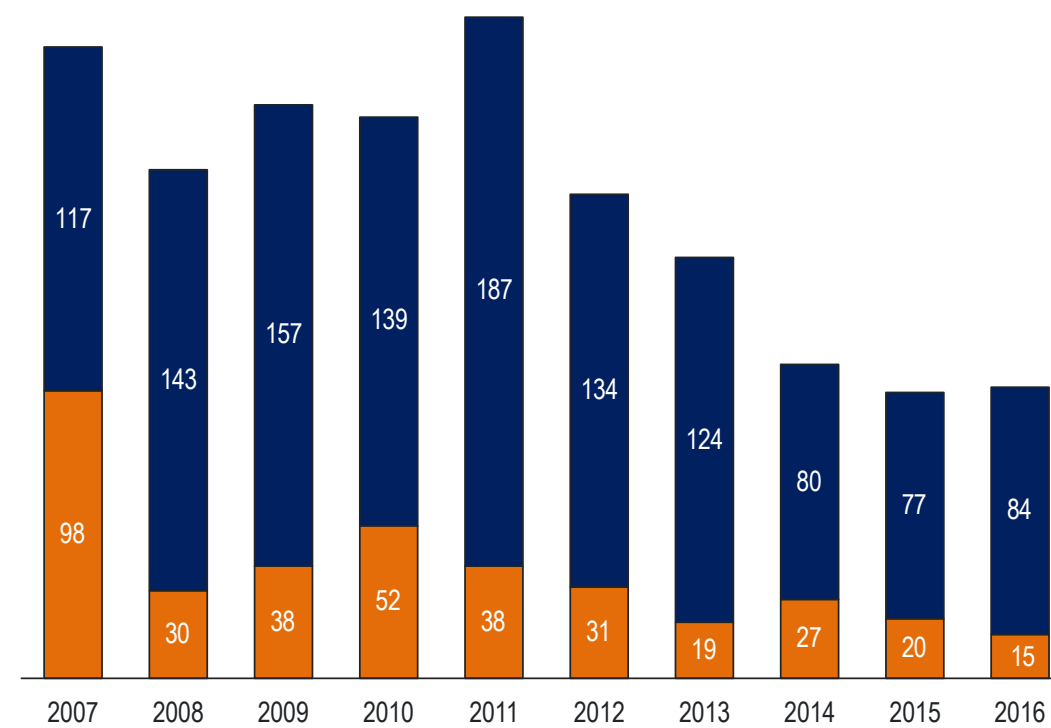


Figure 9: Number of initial and follow up venture investments



INITIAL AND FOLLOW UP SEED INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS

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

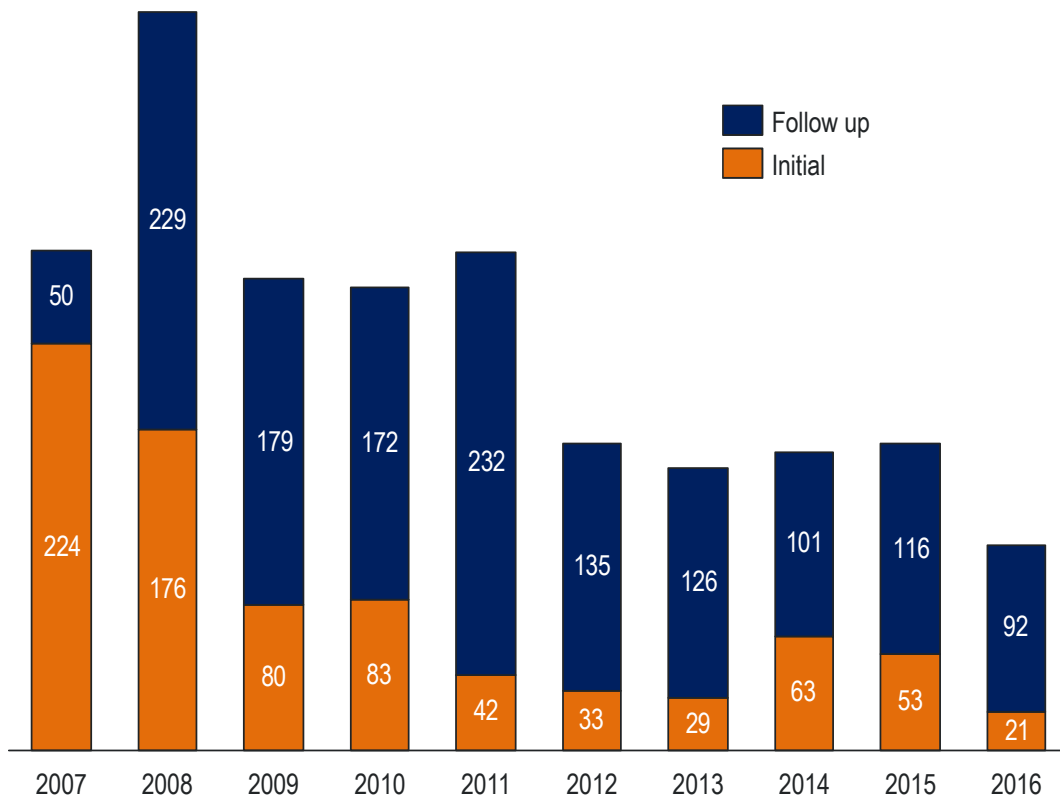
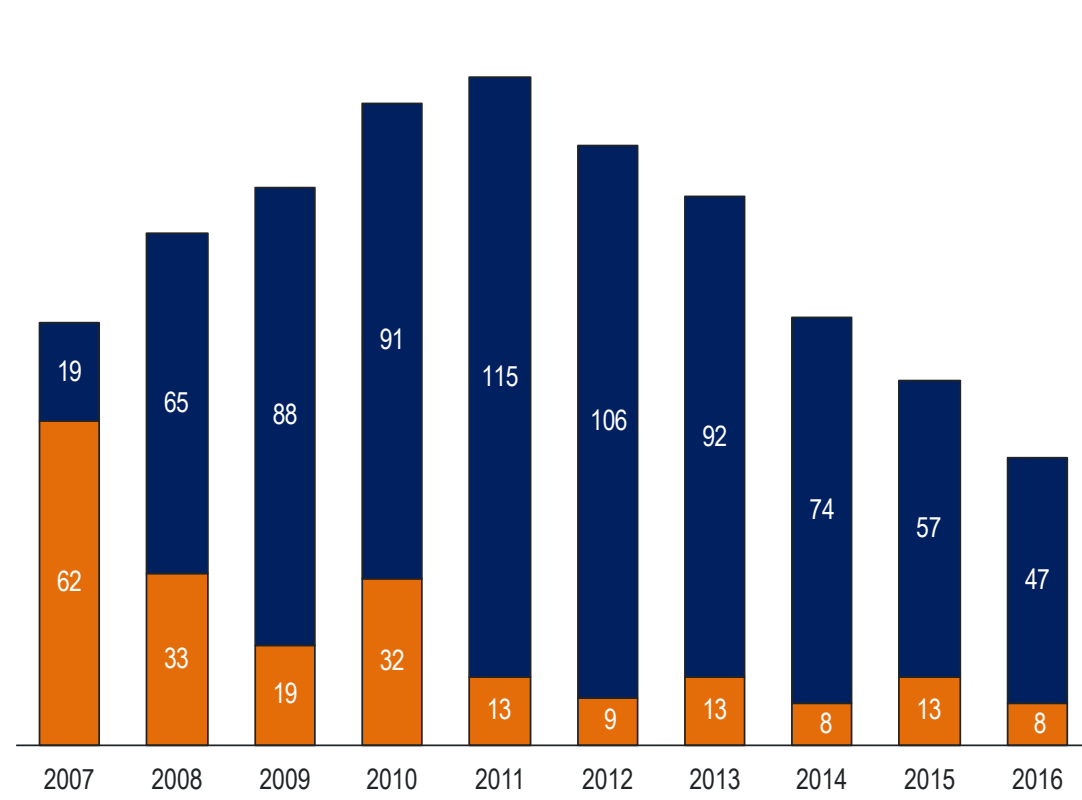
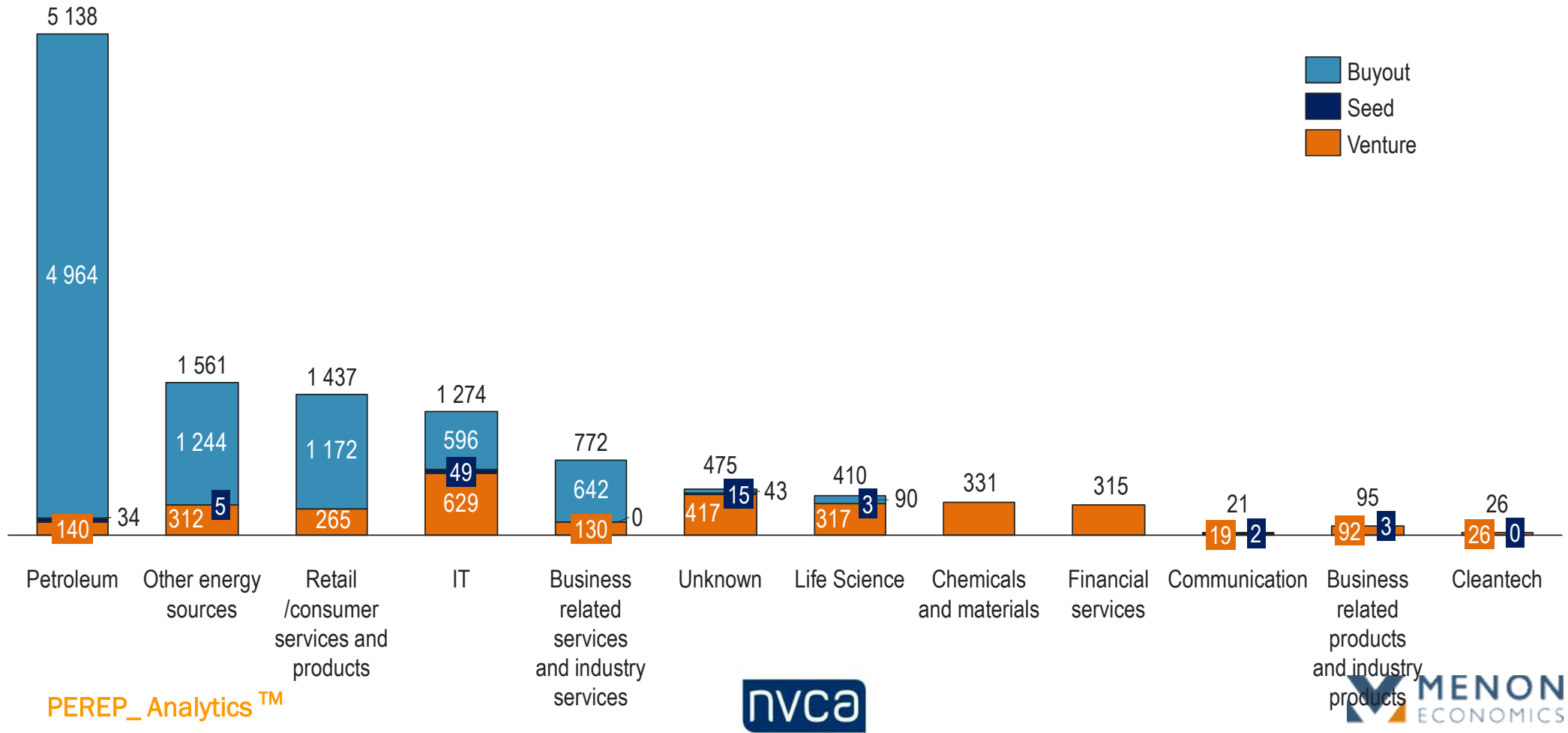


Figure 11: Number of initial and follow up seed investments



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 2016 (million NOK)

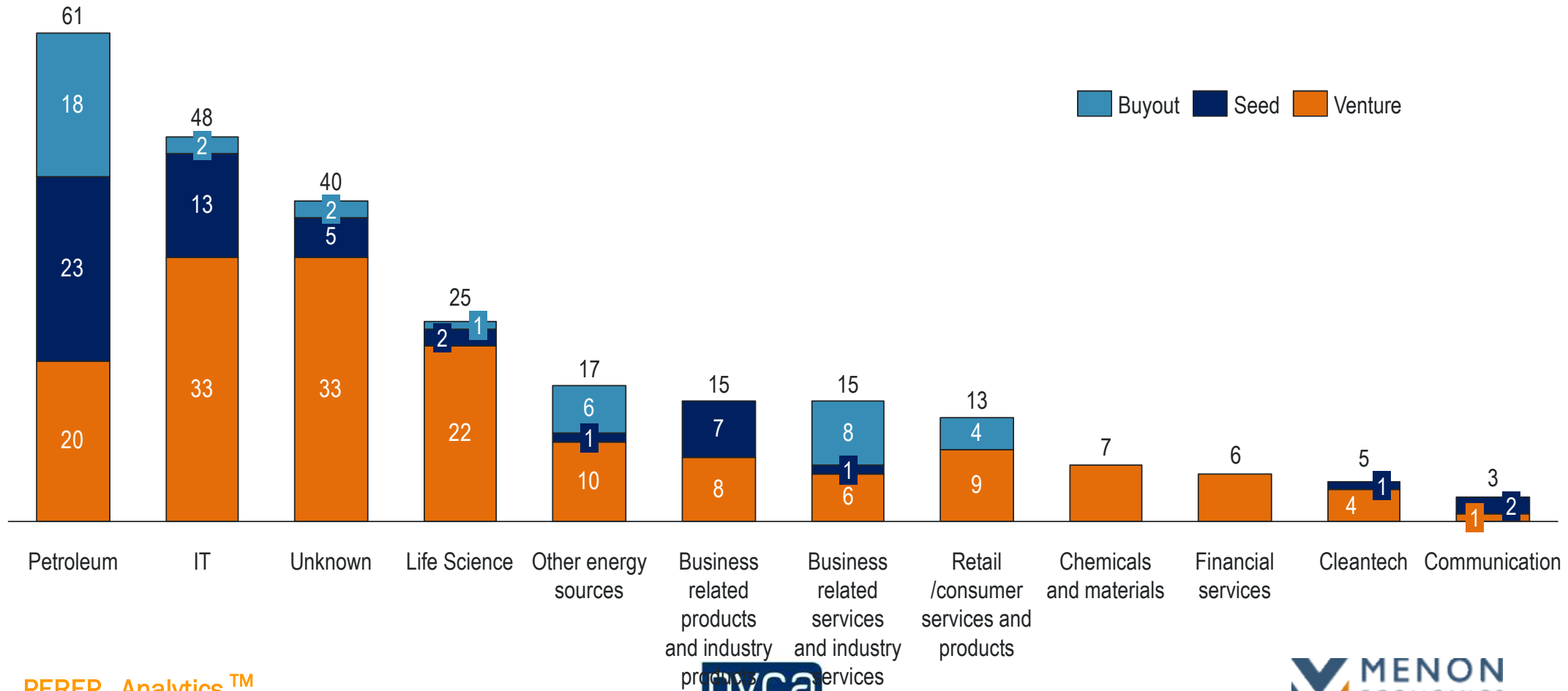


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NUMBER OF INVESTMENTS BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS

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)

MARKET STATISTICS: INVESTMENTS (INITIAL AND FOLLOW UP) IN NORWEGIAN COMPANIES

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

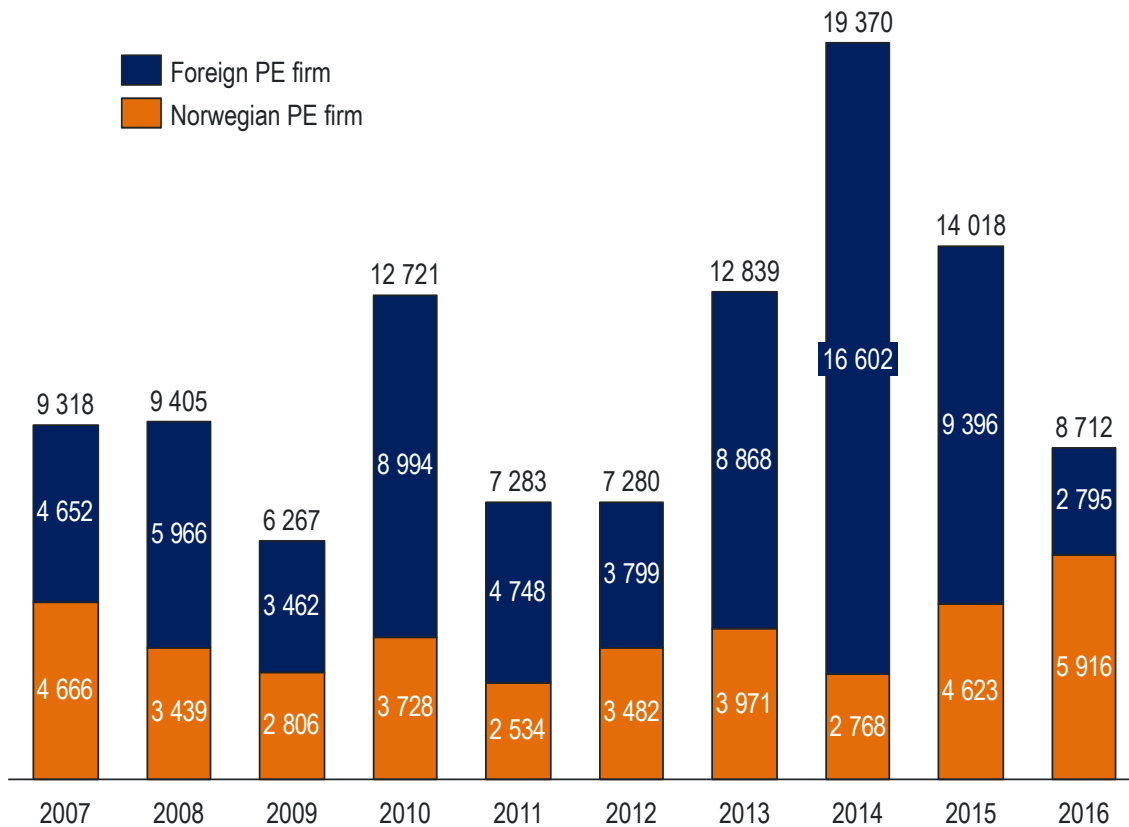
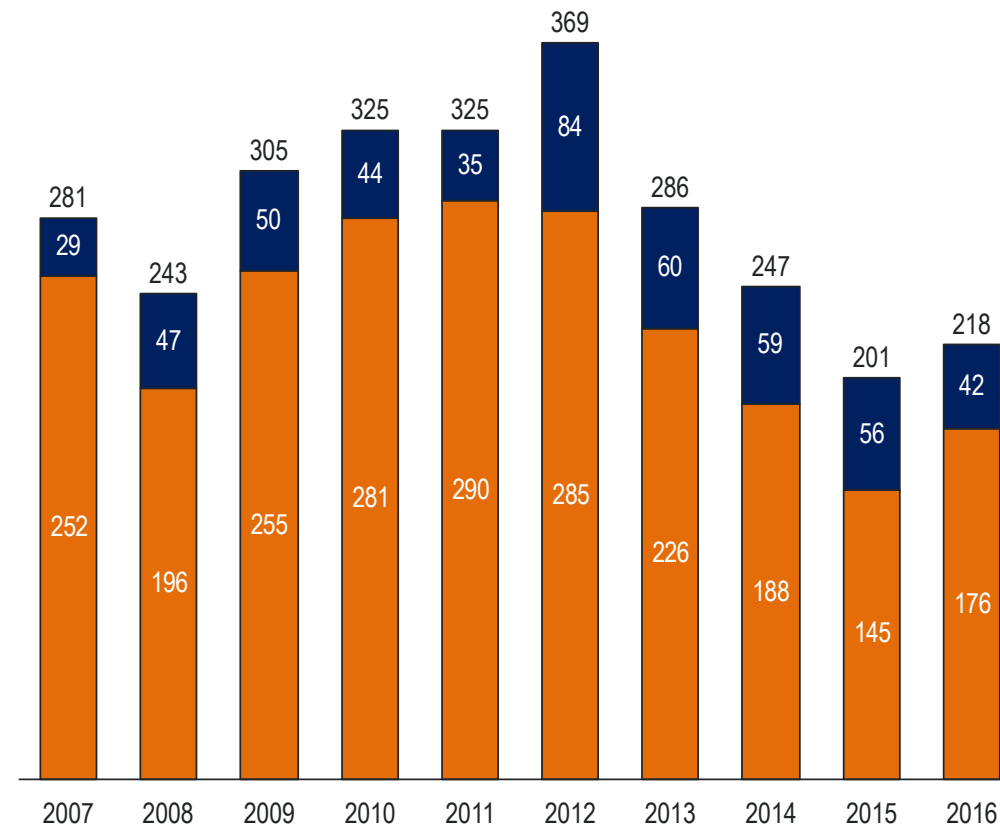


Figure 14: Total number of investments in Norwegian companies



INVESTMENTS (INITIAL AND FOLLOW UP) IN NORWEGIAN ENTERPRISES BY PHASE

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

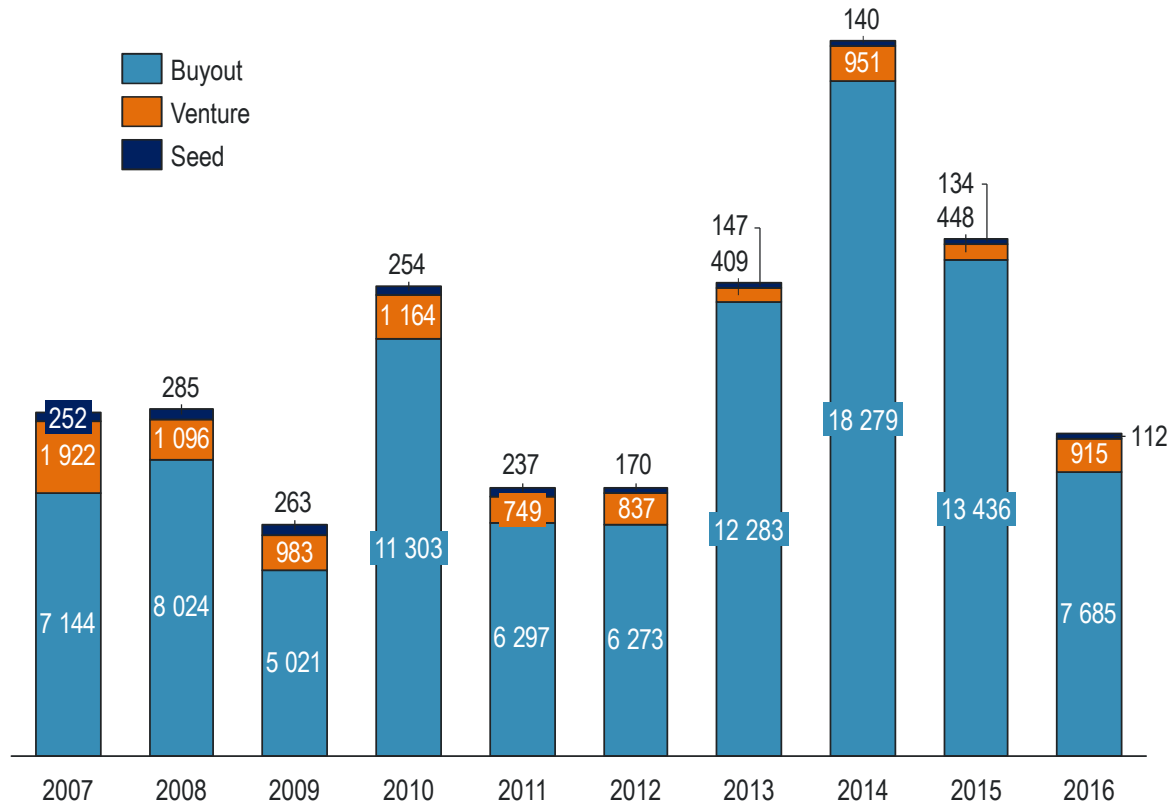
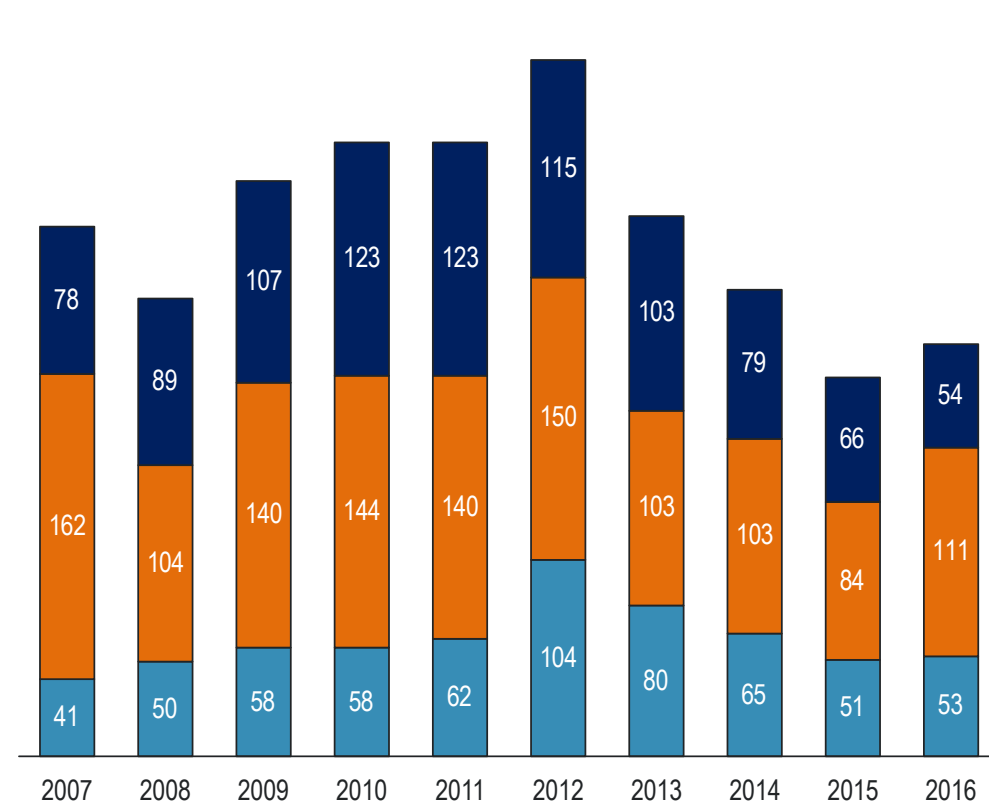


Figure 16: Number of investments in Norwegian companies by phase



INITIAL AND FOLLOW UP BUYOUT INVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS

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

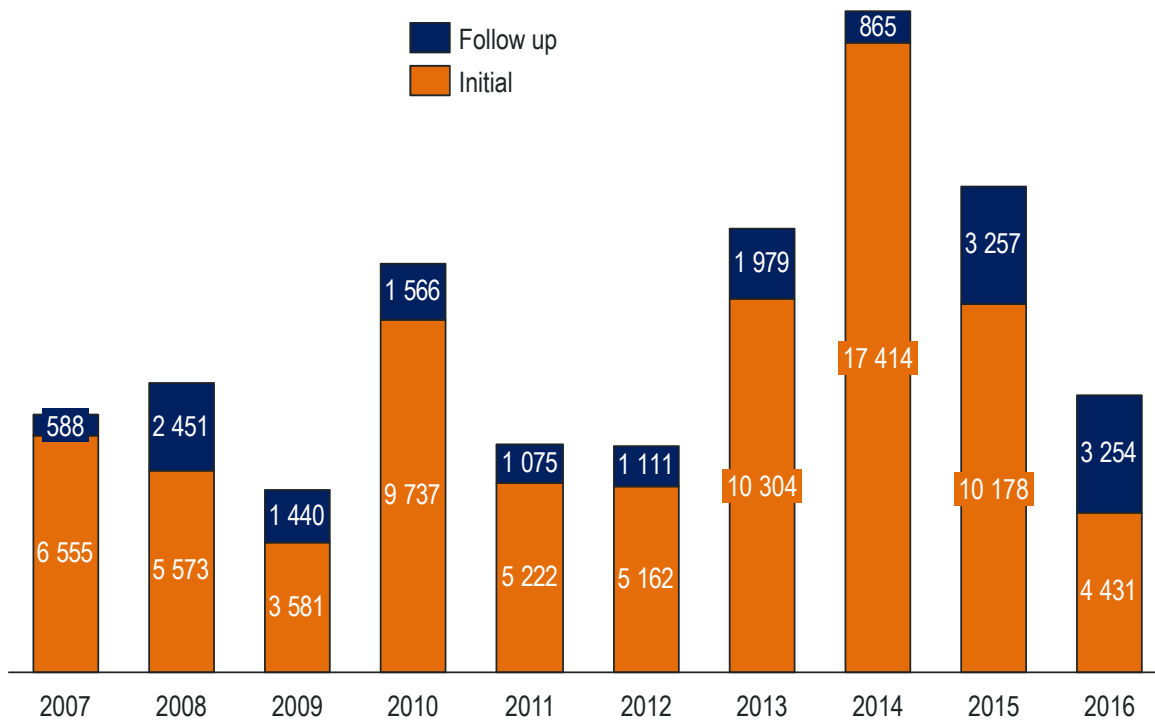
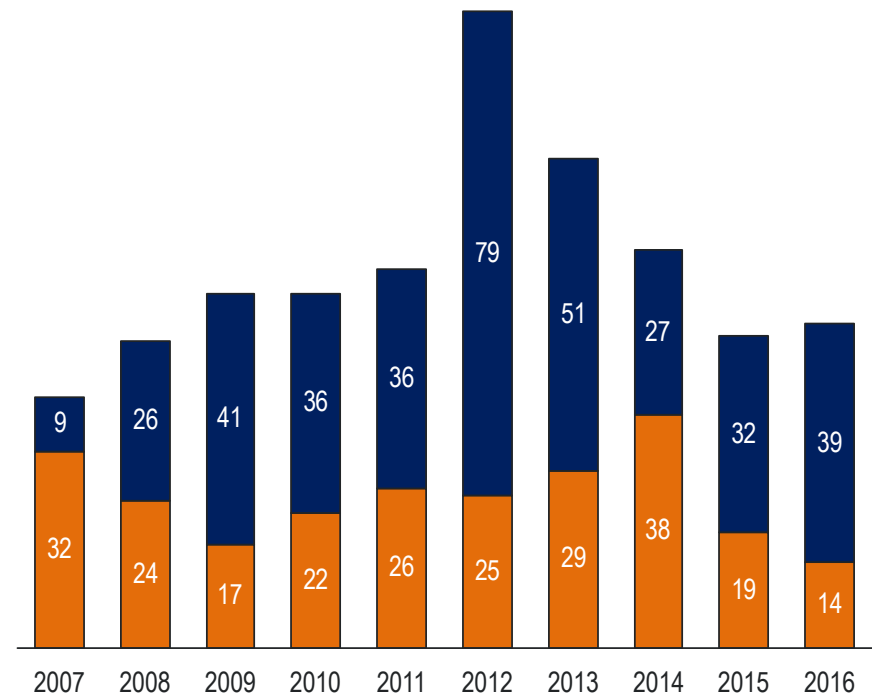


Figure 18: Number of initial and follow up buyout investments



INITIAL AND FOLLOW UP VENTURE INVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS

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

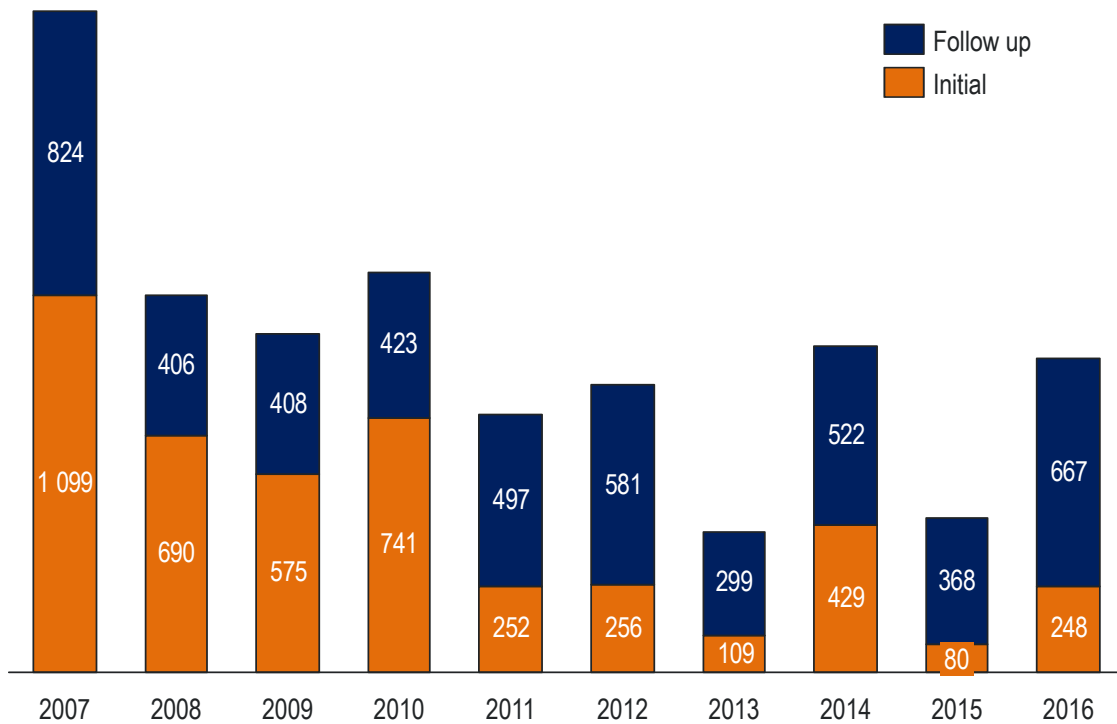
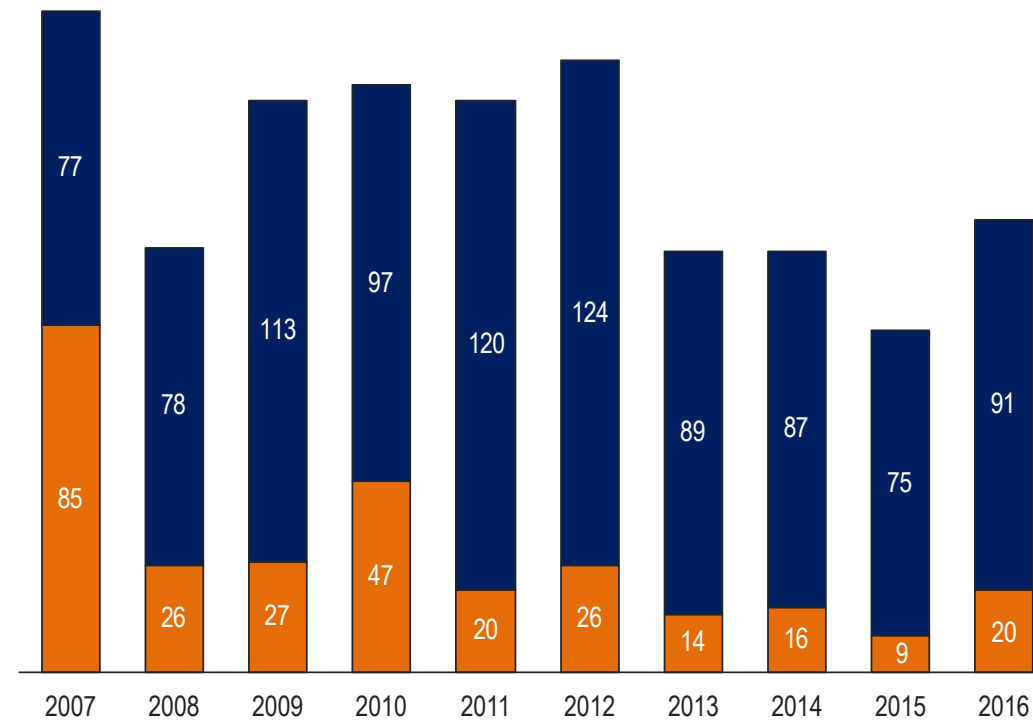


Figure 20: Number of initial and follow up venture investments



INITIAL AND FOLLOW UP SEED INVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS

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

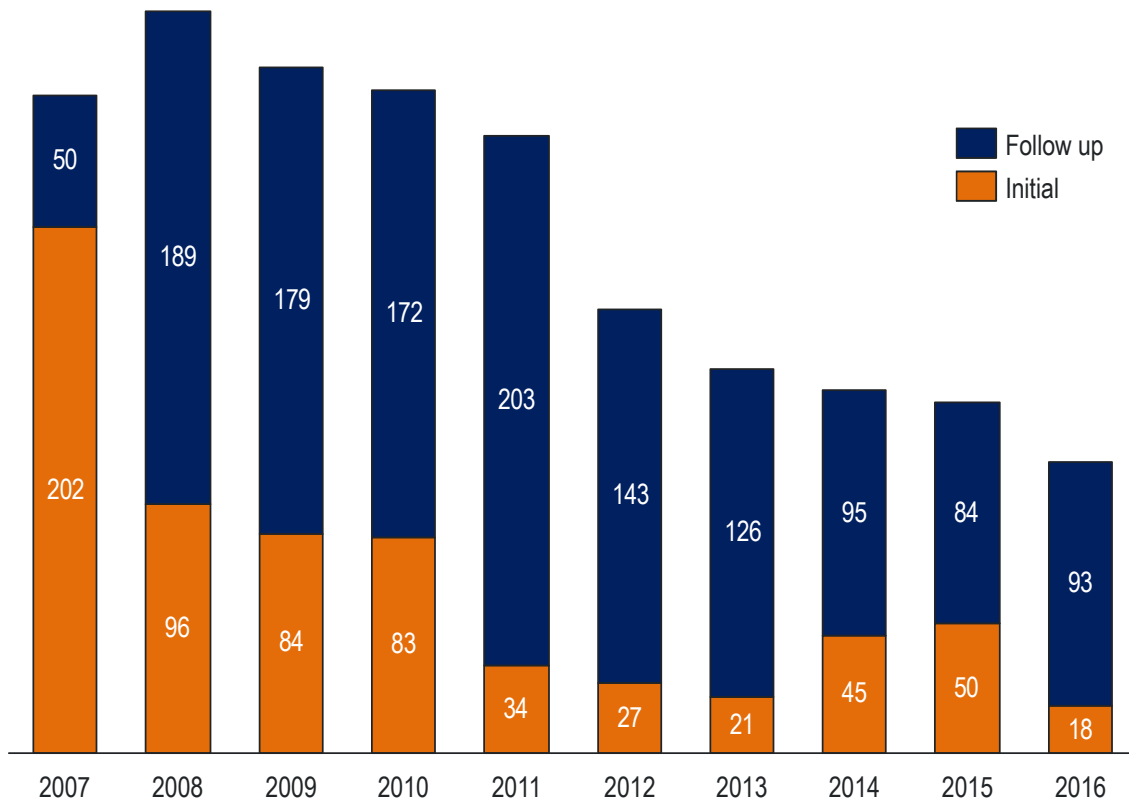
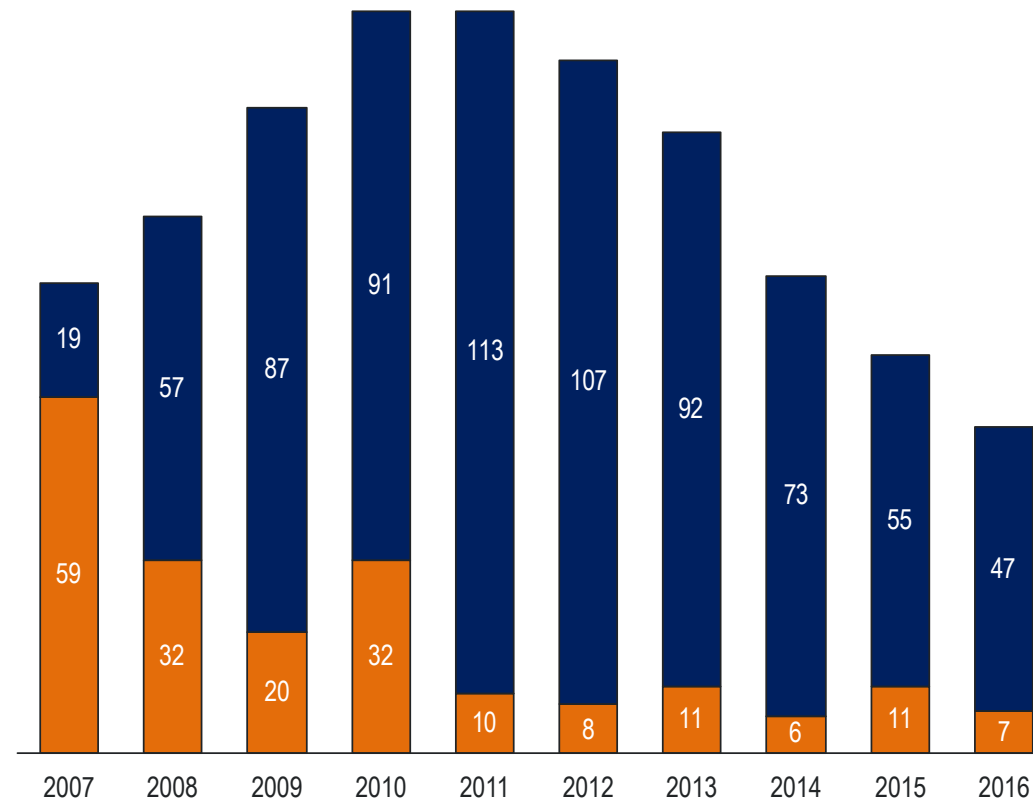


Figure 22: Number of initial and follow up seed investments



NUMBER OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR AND PHASE IN 2016

	Buyout			Venture			Seed			Totalsum
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Business related products and industry products	2		2	6	2	8	7		7	17
Business related services and industry services	6	1	7		3	3		1	1	11
Chemicals and materials				5		5				5
Cleantech				1	2	3	1		1	4
Communication	10		10	1		1	2		2	13
Financial services				1	1	2				2
Fishery and aquaculture					1	1				1
IT		2	2	20	3	23	11	2	13	38
Life Science	1	1	2	8	3	11	1	1	2	15
Other energy sources	7	1	8	5	1	6	1		1	15
Petroleum	11	7	18	13		13	21	2	23	54
Retail /consumer services and products		2	2	4	3	7				9
Unknown	2		2	27	1	28	3	1	4	34
Total	39	14	53	91	20	111	47	7	54	218

INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR AND PHASE IN 2016 (MILLION NOK)

	Buyout			Venture			Seed			Totalsum
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Business related products and industry products	9		9	80	10	89	3		3	102
Business related services and industry services	330	253	583		26	26		0	0	610
Chemicals and materials				28		28				28
Cleantech				13	12	24	0		0	25
Communication	433		433	19		19	2		2	454
Financial services				1	1	2				2
Fishery and aquaculture					36	36				36
IT		673	673	229	83	312	53	5	58	1043
Life Science	212	90	302	46	9	56	3	0	3	361
Other energy sources	872	406	1278	27	0	27	5		5	1310
Petroleum	1356	1715	3071	93		93	24	10	34	3198
Retail /consumer services and products		1293	1293	29	26	55				1348
Unknown	43		43	102	45	147	3	3	6	196
Totalsum	3254	4431	7685	667	248	915	93	18	112	8712

DIVESTMENTS

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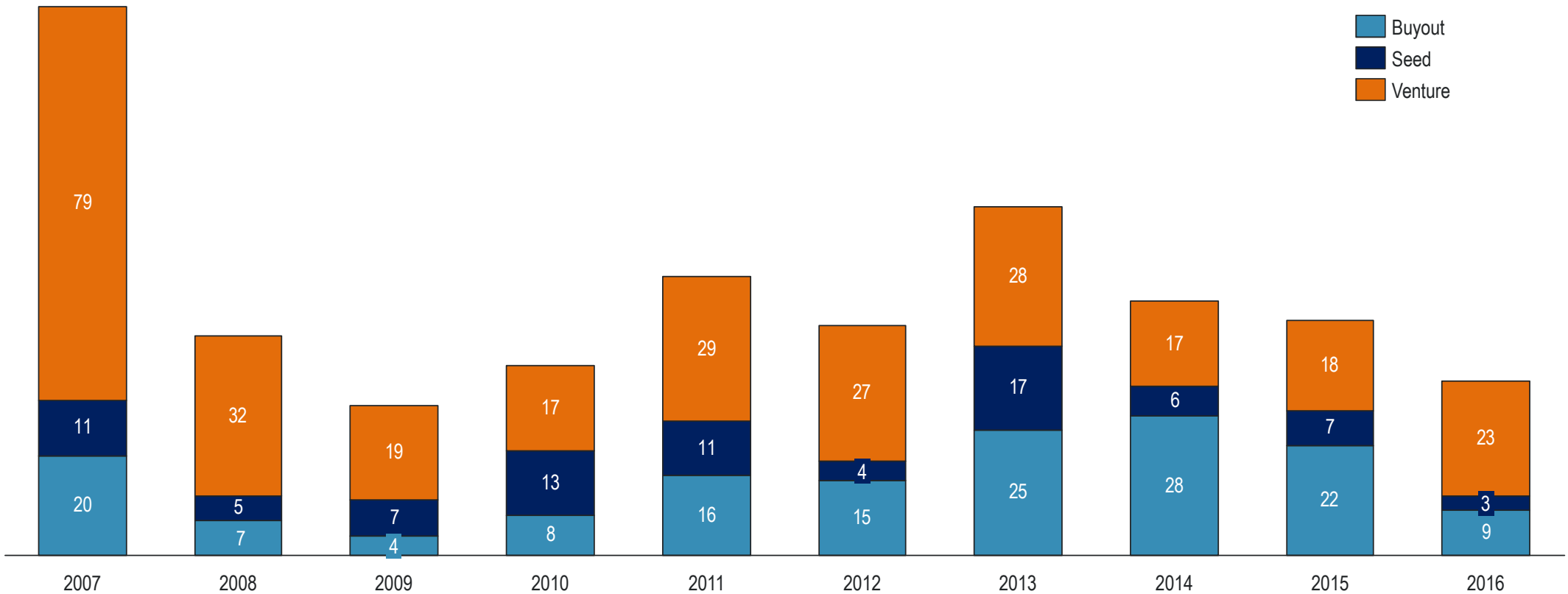


Norwegian PE firms' divestments in Norwegian and foreign enterprises

(Industry statistics)

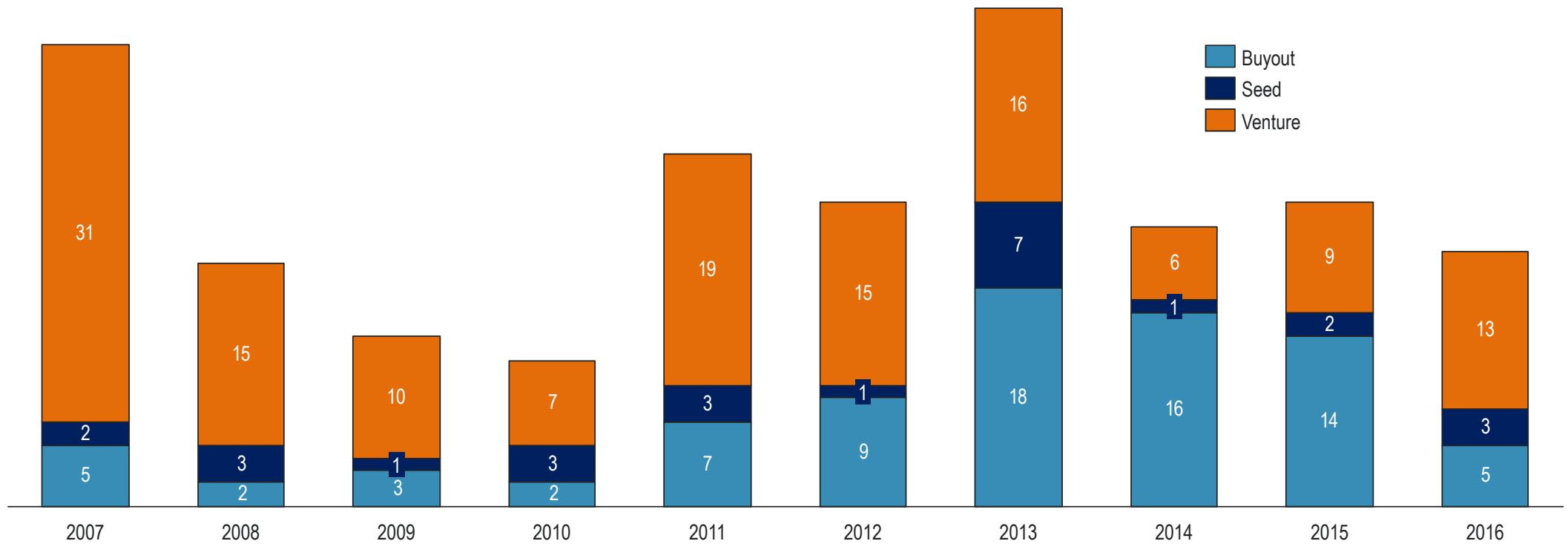
NUMBER OF DIVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES (EXCL. WRITE OFFS) BY NORWEGIAN PE FIRMS

Figure 23: Number of divestments by phase



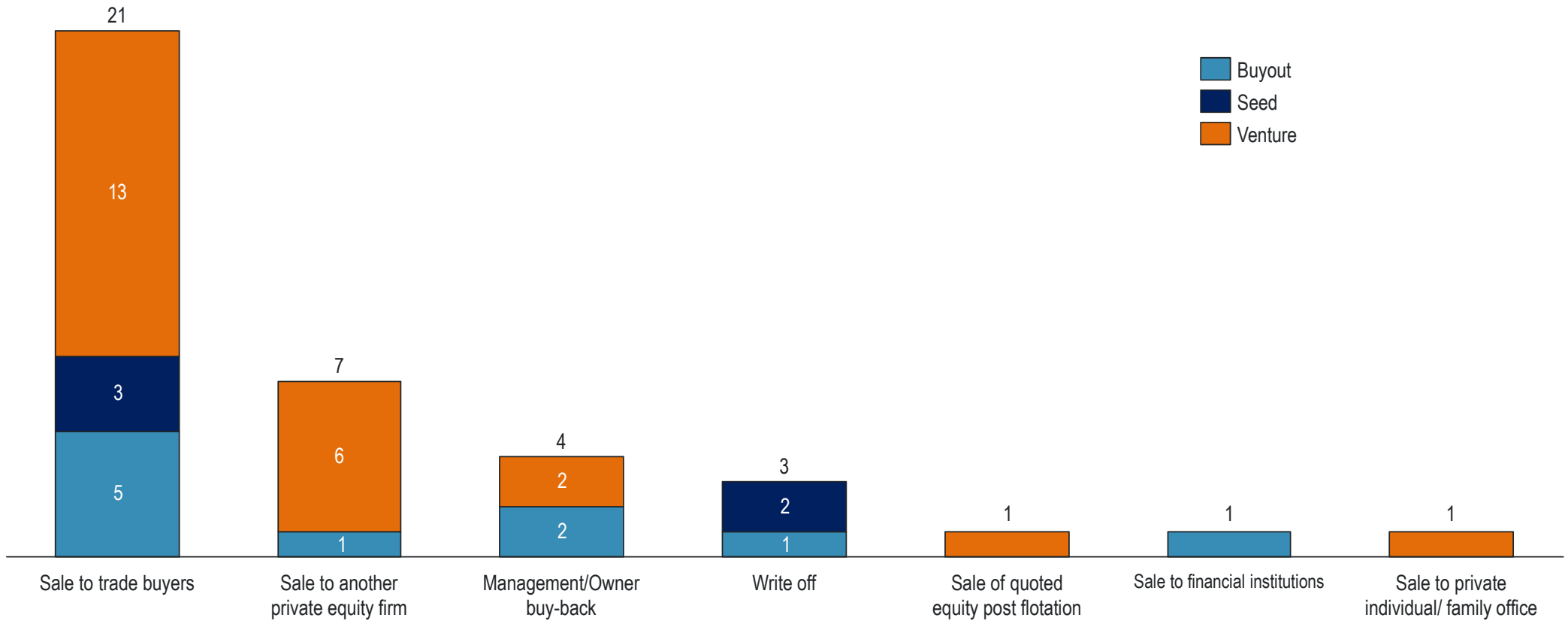
NUMBER OF INDUSTRIAL SALES OF NORWEGIAN AND FOREIGN ENTERPRISES (EXCL. WRITE OFFS) BY NORWEGIAN PE FIRMS

Figure 24: Number of industrial sales by phase



TYPE OF DIVESTMENT METHOD BY NORWEGIAN PE FIRMS - NUMBER OF DIVESTMENTS

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

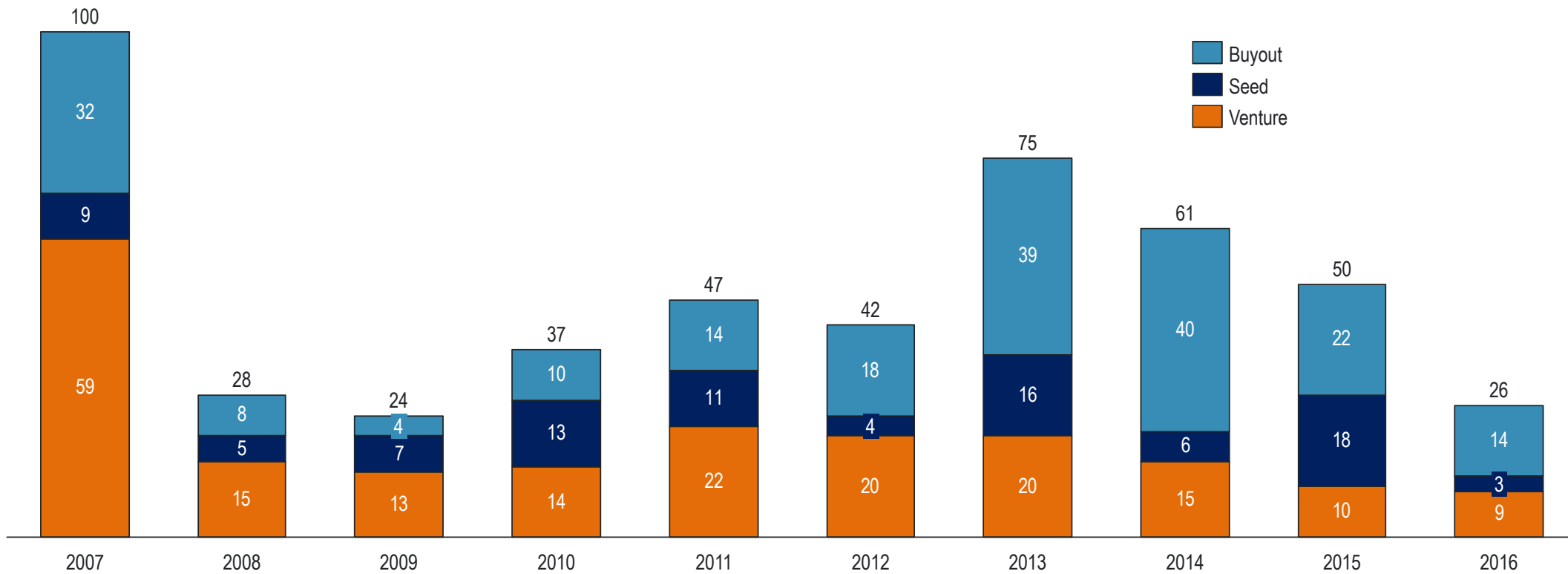


Divestments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

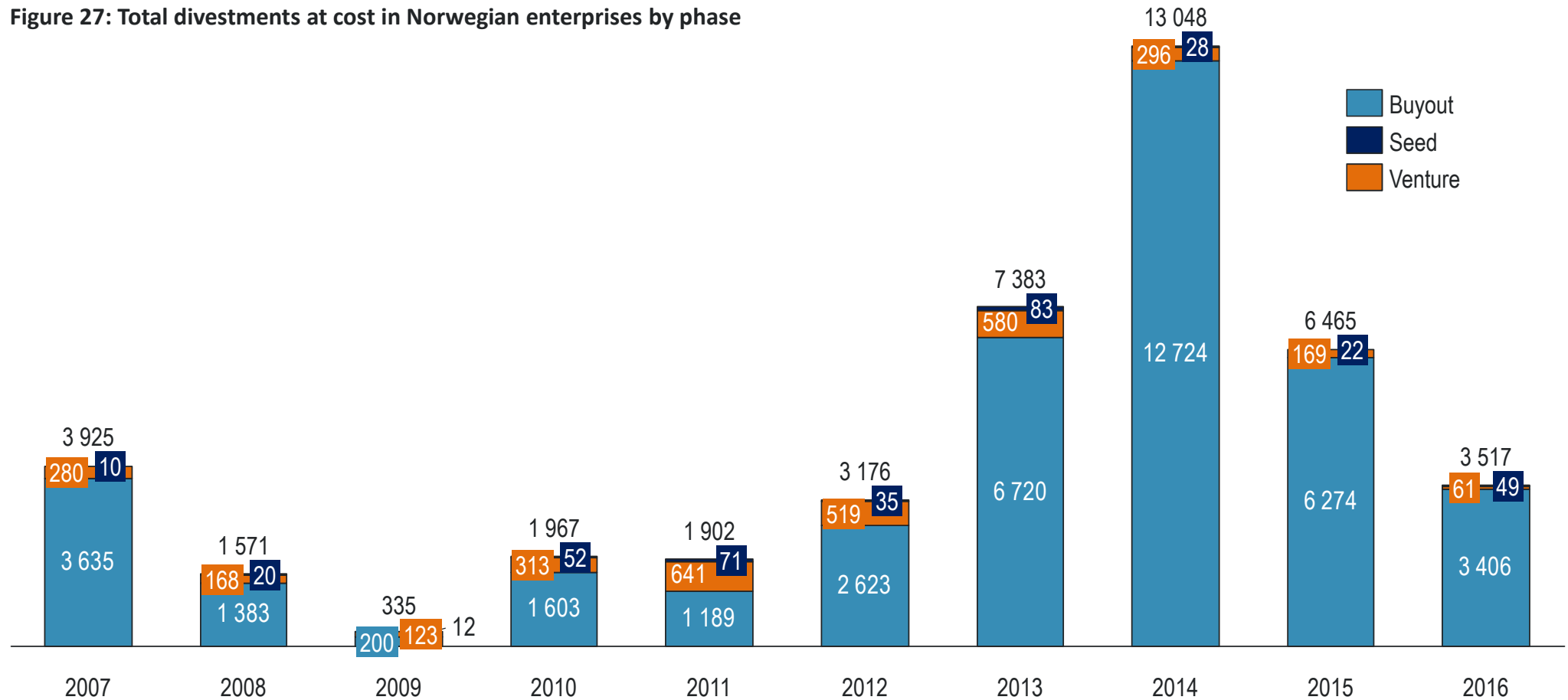
NUMBER OF DIVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS (EXCL. WRITE OFFS)

Figure 26: Number of divestments in Norwegian enterprises by phase



DIVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS (EXCL. WRITE OFFS)

Figure 27: Total divestments at cost in Norwegian enterprises by phase



TYPE OF DIVESTMENT - NUMBER OF NORWEGIAN COMPANIES DIVESTED

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

