

## Active Ownership in Norway

# Activity Survey for Private Equity, Venture Capital and Seed Funds in Norway

2007, 1. Half

“A shift in focus from raising capital  
to active investment”



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# Brief notes on the H1(07) survey

- **Produced for the Norwegian Venture Capital Association (NVCA)**
- **Covers activities in existing PE, VC and Seed funds in Norway in H1 2007. Terminated funds and their portfolio companies are excluded.**
- **Survey conducted in Sept. and Oct.(07) among members and non-members of NVCA**
- **Maps activities in 43 out of 54 management companies and 84 of 95 funds/portfolios in Norway**
  - **New definitions:**
    - We have dropped foreign funds with offices in Norway since their funds cannot be split between Norway and other countries. These funds tend to enlarge the figures strongly.
    - We have excluded the following funds from the survey due to out definition of funds: Norfund, Norsk Vekst, Glastad Invest, Bergen Venture.
    - All together we have excluded fund capital amounting to NOK 10.5bn in the 2006 survey, bringing total capital raised (06) down to NOK 34,5bn
- **We have added information on capital under management in the majority of non-responding companies**
- **Covers selected information on portfolio companies. A full company database will be presented in spring 2008**



# Snapshot PE, VC and Seed in Norway H1 (07) :

- **54 management companies administrating 95 funds**
  - 9 new funds established in H1 (07), raising NOK 2.1bn
  - 25 new funds were established in 2006
- **NOK 37.5bn in total capital under management**
  - Up 2.9bn (+8.4%) from year end (06)
- **NOK 16.7bn in total investments**
  - Up 3.3bn (+25%) from year end (06). 2.3bn in initial investment. 1bn in follow-up
  - 86 initial investments and 164 follow-up investments in H1 (07).
- **Norwegian funds have invested in 547 portfolio companies**
  - 397 are Norwegian companies, 150 are foreign
  - Foreign funds alone have now investments in 33 Norwegian companies.
- **Oil & Energy and ICT are the dominant sectors receiving investments:**
  - 339 portfolio companies sort under these sectors
- The buyout segment is gaining in relative importance, but the number of investments is still low
- The Norwegian venture segment is large compared to other countries
- The seed segment is dominated by funds that receive government support.



# Management Companies located in Norway

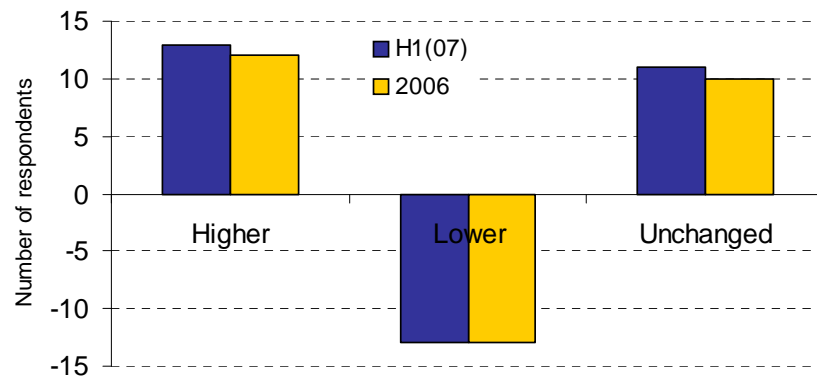
Seed	Region	Venture / Start up	Region	Buyout /Expansion	Region
Campus Kjeller	Eastern Norway	Alliance Venture	Oslo	Altaria	Western Norway
Fjord Invest	Western Norway	BTV Invest	Eastern Norway	Borea Oportunities	Western Norway
IT Fornebu Inkubator	Oslo	Convexa	Oslo	Ferd Private Equity	Oslo
KapNord	Northern Norway	Creo Capital	Oslo	FSN Capital Partners	Oslo
Kongsberg innovasjon	Eastern Norway	Energy Future	Oslo	Hitecvision	Western Norway
Leiv Eiriksson Nyskaping	Mid Norway	Energy Ventures	Western Norway	Marin Forvaltning	Western Norway
Midvestor	Mid Norway	Ferd Venture	Oslo	Norgesinvestor	Oslo
Møre og Romsdal Invest	Western Norway	Hafslund Venture	Oslo	Norvestor Equity	Oslo
Norinnova	Northern Norway	Hydro Technology Ventures	Oslo	Progressus	Western Norway
Proventus Seed	Mid Norway	ICON capital group	Oslo	Reiten	Oslo
SåkorninVest	Western Norway	Incitia	Oslo		
Sarsia Seed	Western Norway	Kistefos Venture	Oslo		
Sinas	Northern Norway	Neomed	Oslo		
Sinvent / SINTEF	Mid Norway	Northzone	Oslo	<b>Foreign funds located in Norway</b>	
Spring-fondet	Oslo	O. N. Sunde Venture AS	Oslo	Capman Norway	Oslo
Statoil Innovation	Western Norway	Procom Venture	Western Norway	EQT	Oslo
Sydvestor	Southern Norway	Sarsia Life Science	Western Norway	Industri Kapital	Oslo
		Skagerak Venture	Southern Norway		
		Teknoinvest	Oslo		
		Telenor / Televentures	Oslo		
		True North	Oslo		
		Venturos	Oslo		
		Verdane Capital	Oslo		
<b>Number of</b>		Viking Venture	Mid Norway		
<b>Management companies</b>	<b>17</b>		<b>24</b>		<b>13</b>



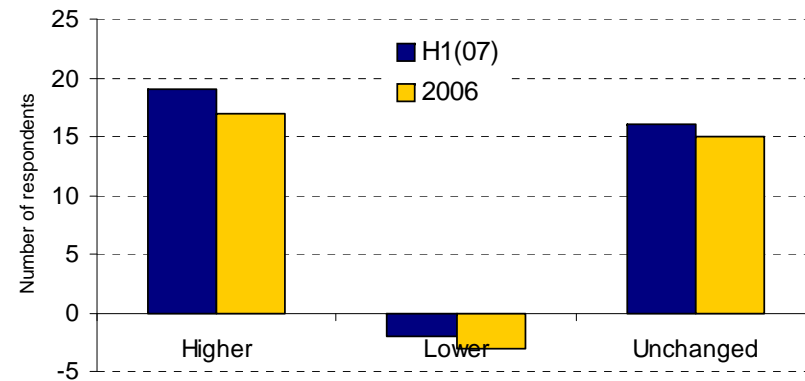
# Strong expectations on future investment activity

- Dampened focus on fund raising continues
- No significant changes from 2006 in expectations

Fund raising next 12 months



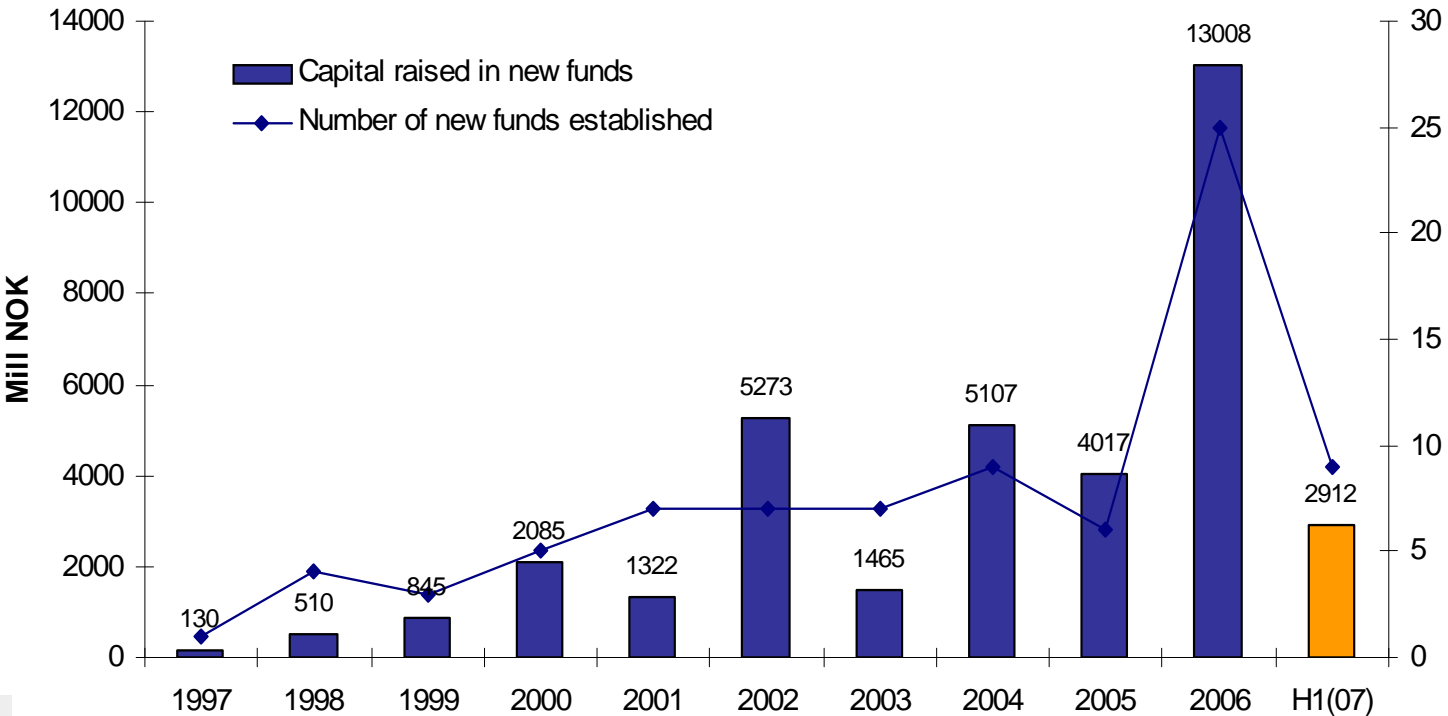
Investment next 12 months



# Fund raising peaked last year but... many new funds were established in H1 2007

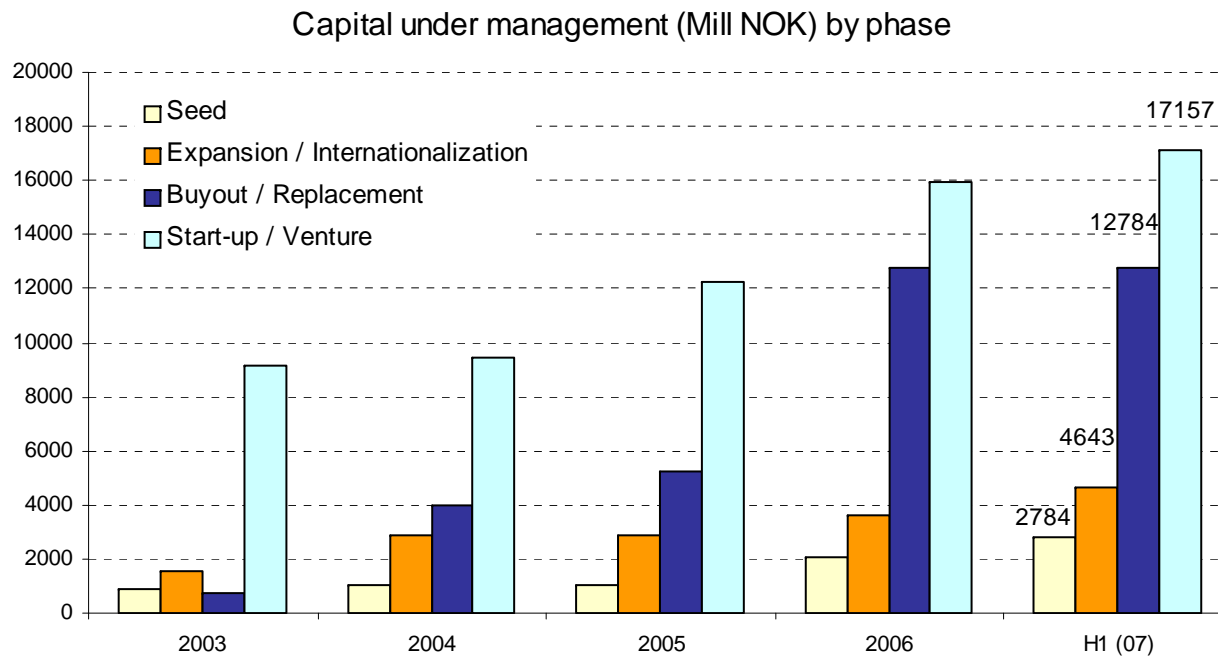
- 9 new funds in H1(07)
- 2 seed funds, 3 expansion, 4 venture funds
- Close to NOK3bn in new fund raising so far this year

Establishment of new funds in Norway



# PE in Norway is dominated by Venture and Buyout

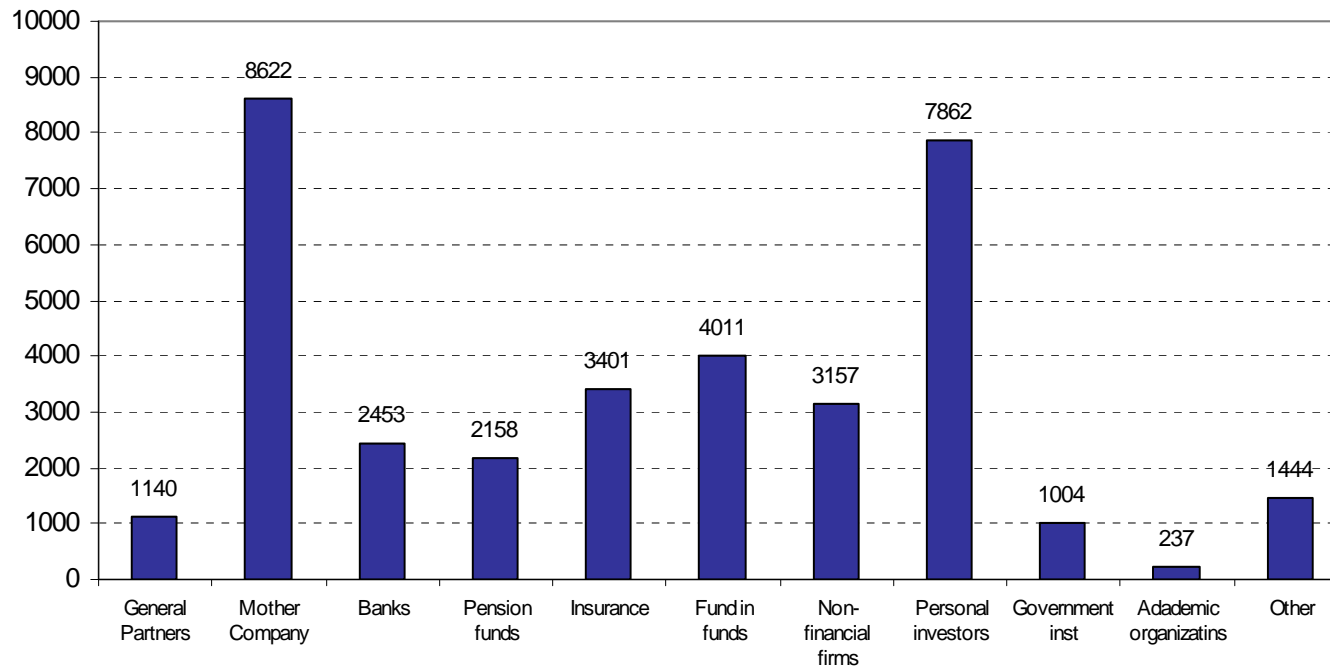
- Funds under management amounts to NOK37.5bn
- 8.4% increase form year end 2006 (NOK2.9bn)
- Strong capital growth in expansion/internationalization in H1(07)
- No new buyout capital so far this year (but the definitions are floating)
- Seed is fuelled by recent public funds established in 2006/07
- New Government seed/venture fund in 2008 will manage NOK2.2bn.



# Corporate and personal investors dominate funding:

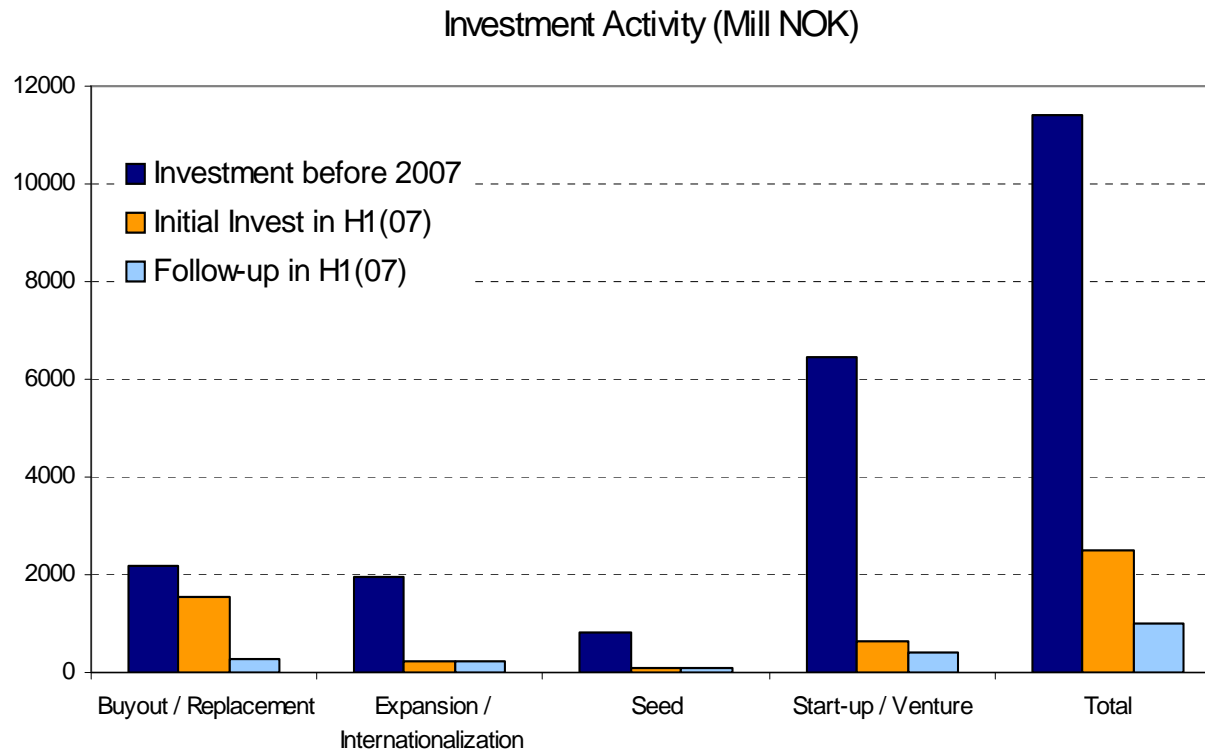
- Pension funds and financial institutions still surprise on the downside
- Will we see a shift in the investment behavior of banks, pension funds and insurance companies over the next year or two?

Investors by type in Mill NOK



## Strong investment growth in H1(07):

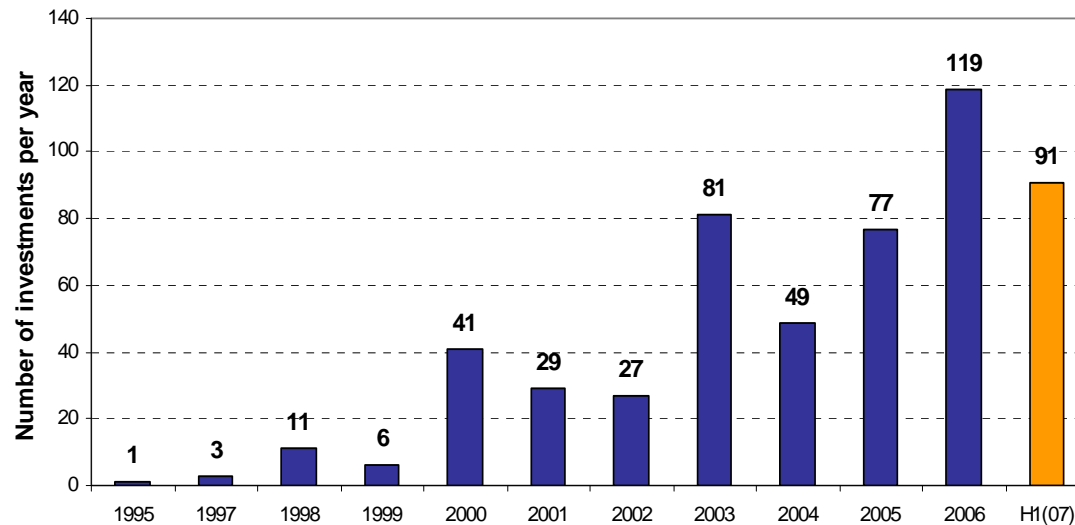
- Funds have invested NOK16.7bn.
- Up 25% from year end 2006 (3.3bn)
- New buyout investments are few (11) but dominate in size
- Moderate follow-up investment activity



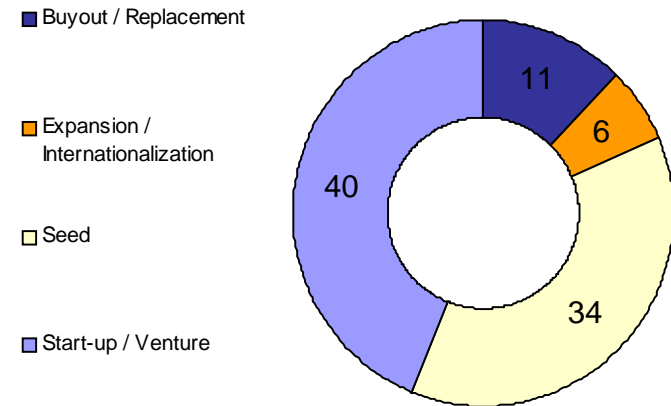
# Number of initial investments is mushrooming:

- 91 new investments in H1(07) signals strong focus on placing capital
- The high number of new seed investments comes as a response to the large number of new government supported seed funds in 2006-2007

Number of investments in existing funds



Number of initial investments in H1(07)



OBS: Total number of investments may vary according to analytical setting. This is due to several funds investing in the same company (double counting)

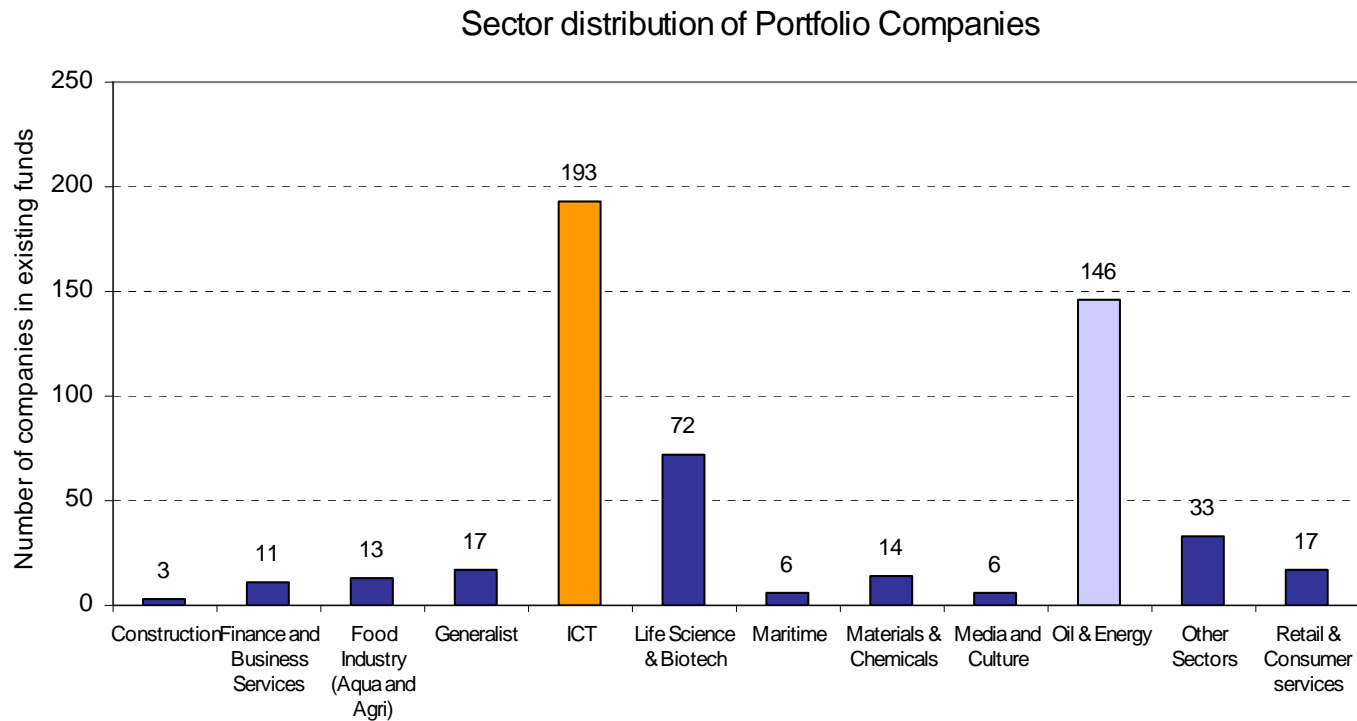


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# Investment dominated by ICT and Oil & Energy

- Two thirds of all investments are found in these two sectors
- Surprisingly low activity in Retail and Consumer Services, Construction and Media & Culture
- Also few investments in Seafood (Aqua). Expect a larger number as many seed investments are not reported by sector



## Norwegian PE / VC in an international setting:

- Close to 30% of all investments are placed abroad
- The presence of foreign funds through investments in Norway is limited to relatively few cases:
- Examples of large foreign investments/buyouts:  
EMGS, Jøtul, Håg, Arcus, Plantasjen, Navico, Lindorff

The domestic / Foreign matrix of investments

	Norwegian Companies	Foreign Companies
Norwegian Funds	397	150
Foreign Funds	33	



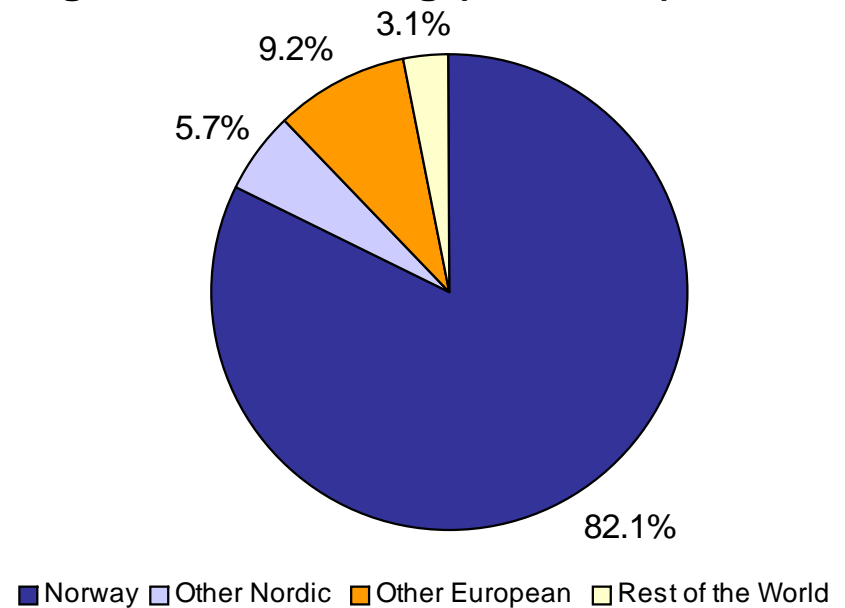
## International linkages:

- 7 out of 10 investments are national
- Half of the foreign investments are conducted in Sweden
- UK and USA receive 10% of all investments
- More than 80% of fund raising is national.
- Investors outside Europe play a marginal role

### Location of Portfolio Company Headquarters

	Number	Share of all companies
Canada	1	0.2%
Cyprus	1	0.2%
Netherlands	1	0.2%
Austria	2	0.4%
Finland	2	0.4%
Germany	2	0.4%
Switzerland	6	1.1%
UK	15	2.8%
Denmark	17	3.2%
USA	38	7.2%
Sweden	78	14.7%
Norway	366	69.2%
<b>Total</b>	<b>529</b>	<b>100.0%</b>

### Regional fund raising (% of total)



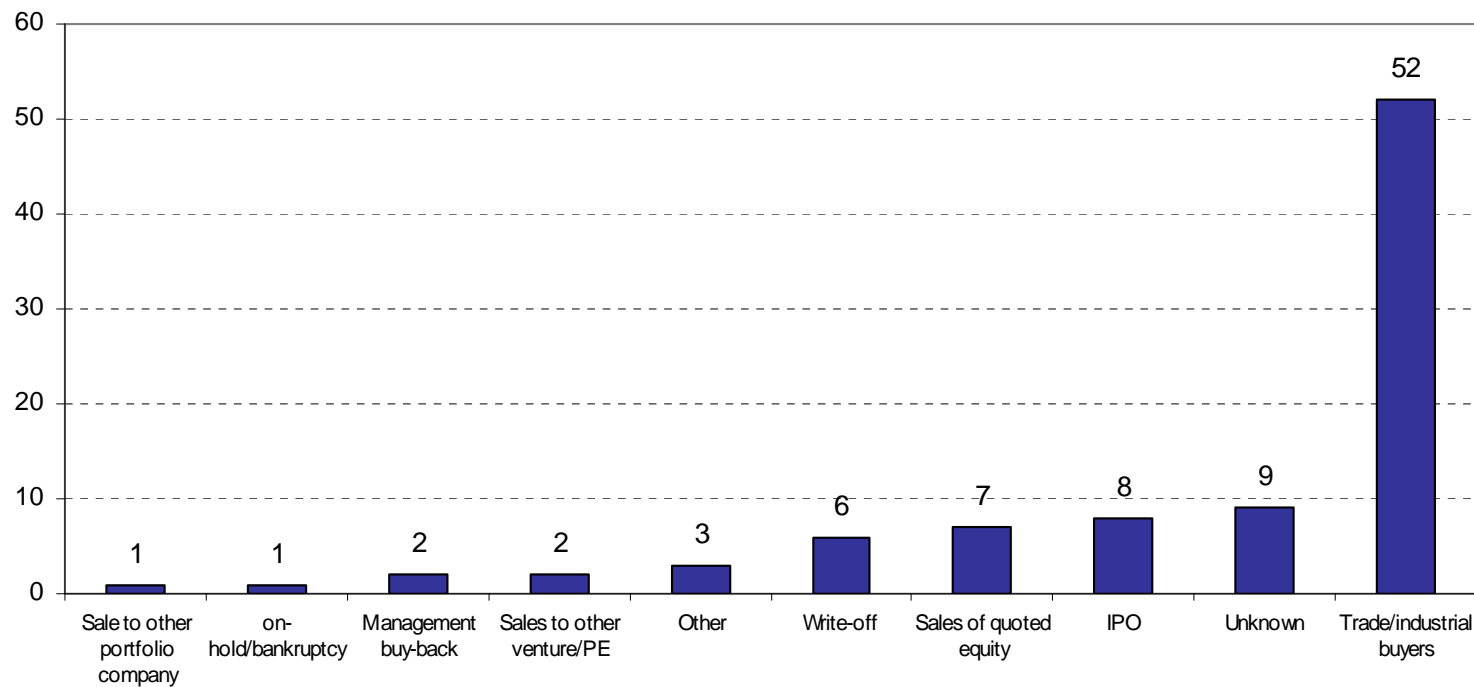
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# Jump in divestment activity this year

- 82 divestments in H1(07), compared appr. 90 in 2006
- Trade sale dominates divestment activity
- 8 IPOs during first half of 2007: 5 on OSE, 3 on foreign lists
- Reporting unrealistically low figures on bankruptcy/on-hold.

Divestments by type and number in H1(07)



## Core Figures H1(2007)

	Seed	Start-up/ Venture	Expansion/ internationalization	Replacement/ Buyout	Total
Number of management companies	17	24	4	9	54
Number of funds*	21	50	13	11	95
Total capital raised. MNOK	2,784	17,257	4,643	12,784	37,468
Number of portfolio companies (incl. double counts =79)	160	396	30	40	626
Value of investments before 2007, MNOK	944	7,592	2,300	2,559	13,395
Number of initial investments in H1(07)	34	40	6	11	91
Value of initial investments in MNOK in H1(07)	107	620	222	1,562	2,511
Number of follow-up investments in H1(07)	4	46	3	6	59
Value of follow-up investments in MNOK in H1(07)	80	393	234	285	992
Total value of investments in H1(07)	187	1,013	456	1,847	3,503
Average investment per company, MNOK	7.1	21.7	91.9	110.1	27.0
Total number of professional staff	52	98	32	53	235
Total number of staff	61	120	40	67	288
Average number of professional staff per fund	2.48	1.96	2.46	4.82	2.47
Average number of professional staff per MNOK	53.54	176.09	145.09	241.21	159.44



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# Additional slides

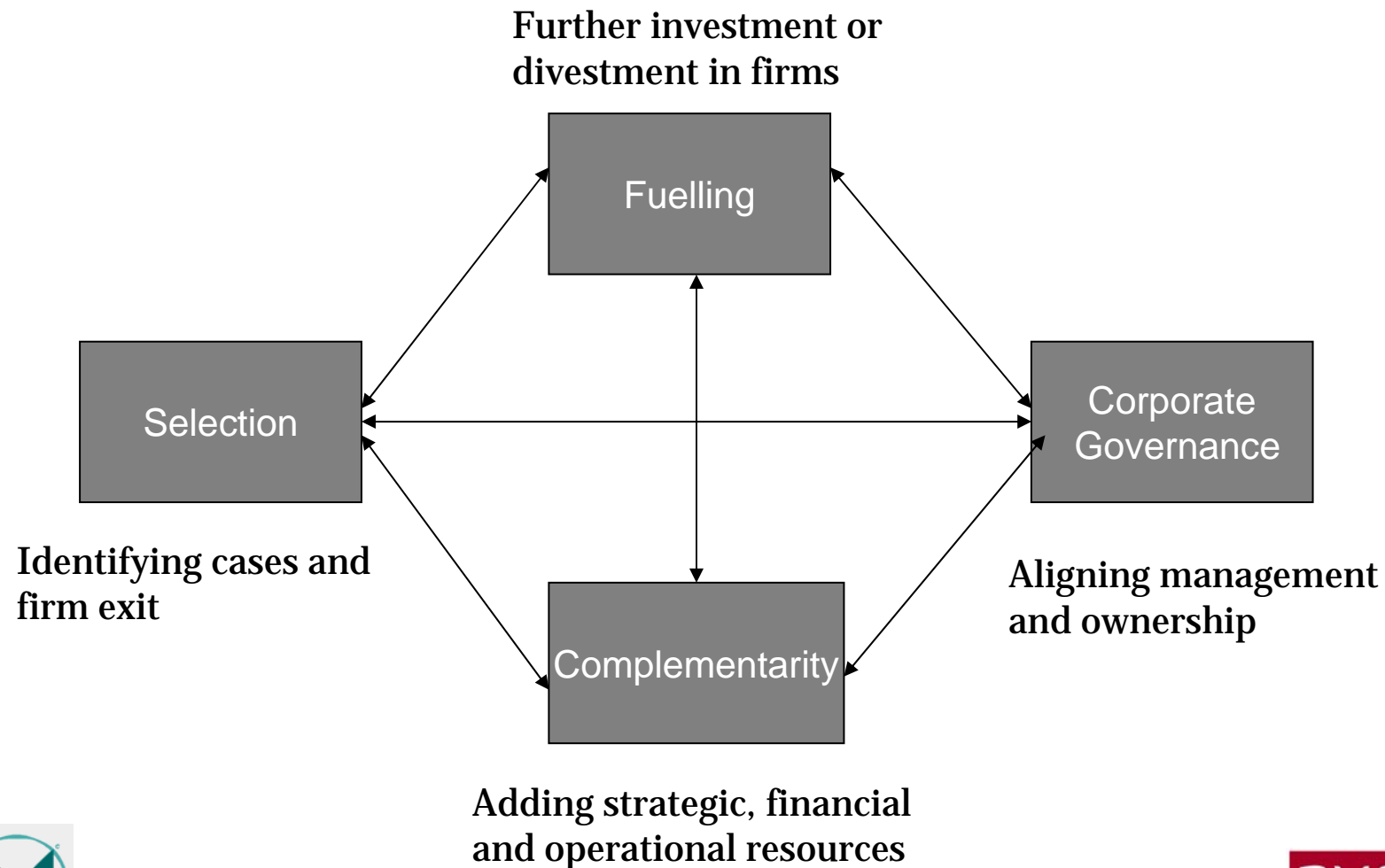


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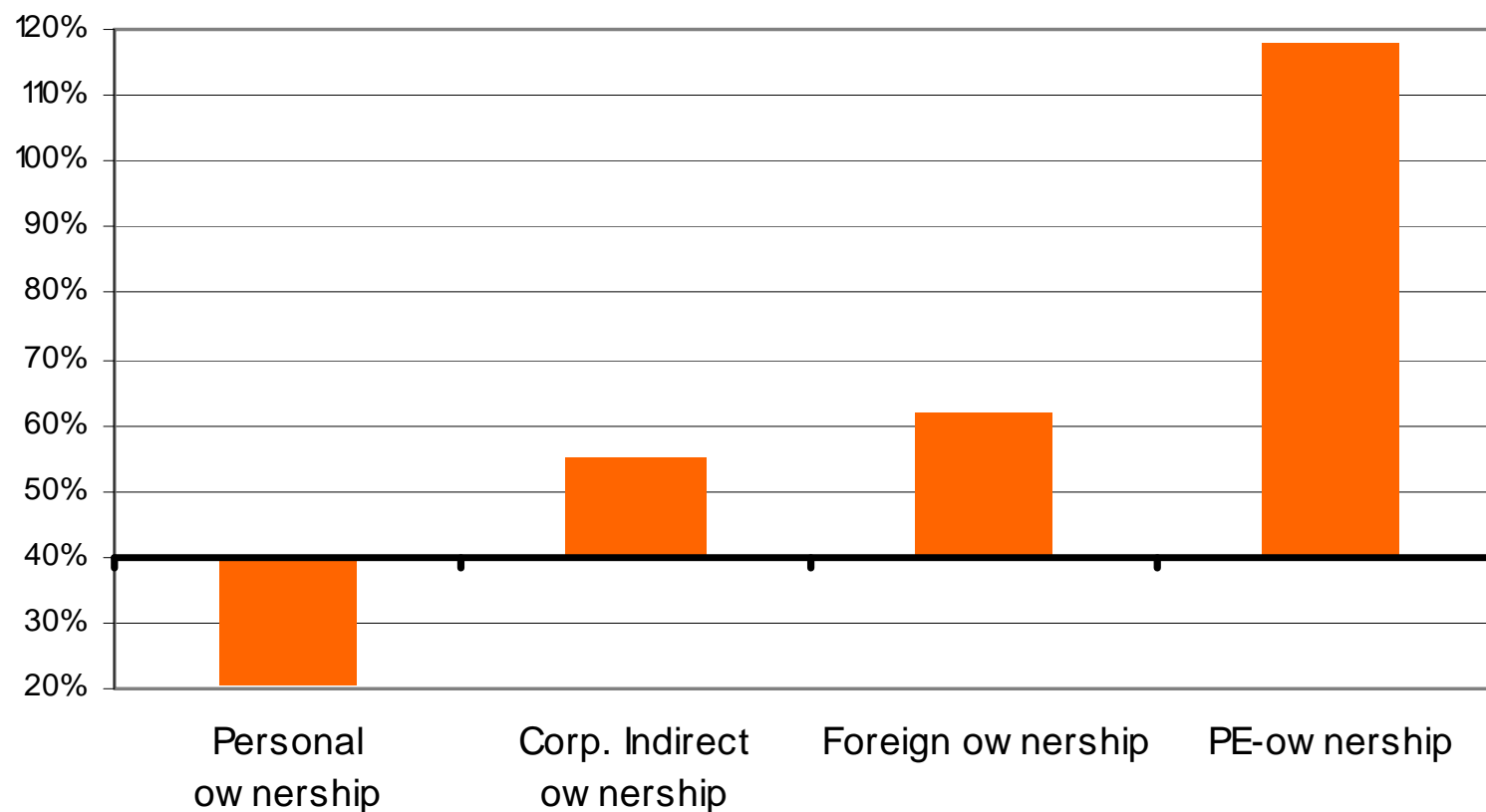
# The 4 roles of ownership:

Active ownership is more than corporate governance



# Higher value added growth with PE/VC owners:

Growth 2000-2004: deviation from median firm in sector



Source: Grünfeld og Jakobsen (2006): Hvem eier Norge?



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