

# PRIVATE EQUITY FUNDS IN NORWAY

## ACTIVITY REPORT 2012

(SEED – VENTURE – BUY OUT)

# ABOUT THE ACTIVITY REPORT 2012

- The Activity Report 2012 is developed for the Norwegian Venture Capital & Private Equity Association (NVCA) by Menon Business Economics and PEREP\_Analytics during February 2013
- The survey covers activities in:
  - Norwegian private equity funds:
  - Foreign private equity funds with advisory teams located in Norway
  - Foreign private equity funds with investments in Norway:
- The report contains information on:
  - Investments and divestments at cost in portfolio companies located in Norway and abroad
  - Fundraising activity in Norwegian private equity firms
- Figures are collected quarterly
- Figures are reported directly from the private equity firms

# ON THE COMPATABILITY WITH EUROPEAN STATISTICS

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

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.

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

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.

Two examples of how the NVCA's definition applies on the statistic:

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 regards as an investment made by a foreign located private equity fund.

## 2012 IN BRIEF

The overall investment level by Norwegian PE funds declined from 2011 in number of investments but increased in terms of amount invested.

Norwegian PE firms invested almost 4900 Mill. NOK (EUR 612,5 mill.) in Norwegian and foreign enterprises, distributed with 3373 mill. NOK (EUR 421,6 mill.) in Norwegian enterprises and 1515 mill. NOK (EUR 189,4 mill.) in foreign enterprises.

The amount of initial investments increased both within buyout and venture from 2011, while the level of follow up investment fell slightly.

Cleantech attracted the highest number of investments whereas business and industry related services attracted the highest amount of investments.

Norwegian enterprises attracted a total of 7 bn. NOK (EUR 875 mill.) in investments from Norwegian and foreign PE firms, distributed with 3373 NOK million (EUR 422 million) and 3690 NOK million (EUR 461 million) from Norwegian and foreign PE firms respectively.

2012 was a year of relatively low fundraising levels with a total fundraising of 2 bn NOK (EUR 250 mill), but with an increasing share of Norwegian versus foreign investors into funds.

In addition to the the abovementioned fundraising, the state investment company Investinor got an additional 1.5 bn NOK (EUR 187 mill) for investments in the venture segment.

The relative high level of divestments continued through 2012, especially within venture.

## MAIN OBSERVATIONS 2012

- Limited fundraising activity, but increasing share of Norwegian investors into funds.
- Number of investments by Norwegian PE funds in 2012 down from 2011, while we witnessed an increase in the amount invested.
  - Cleantech attracted the highest number of investments
  - Business and industry related services attracted the highest amount of investments
- High level of divestments continues, especially within venture.
  - 32 out of 47 divestments by Norwegian PE funds were within the venture segment
  - 25 sales to trade buyers

# FUNDRAISING IN 2012 – NORWEGIAN PRIVATE EQUITY FUNDS

## Total fundraising 2012 - NOK 2 bn (EUR 250 mill)

### Seed:

Fjord Invest Management AS	10 mill. NOK (EUR 1.25 mill.)
Norsk Innovasjonskapital (NIK III)	162,5 mill NOK (EUR 20.3 mill)
Norsk Innovasjonskapital (NIK II)	18 mill NOK (EUR 2.25 mill)
ProVenture Management	32 mill. NOK ( EUR 4 mill.)

### Venture:

NeoMed Management	294 mill. NOK (EUR 36,75 mill)
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### Buy out:

Norvestor Equity AS	1076 mill. NOK (EUR 134,5 mill.)
Nord Kapitalforvaltning	430 mill NOK (EUR 51 mill.) .

In addition the Norwegian government increased Investinor's capital base for investments within the venture segment by 1500 mill NOK (EUR 187.5 mill)

# INVESTMENTS BY NORWEGIAN PE FIRMS 2012

## Overall:

- Norwegian PE firms invested nearly 4 900 mill. NOK (EUR 613 mill.) in Norwegian and foreign portfolio companies
  - 3 373 mill. NOK ( EUR 422 mill.) in Norwegian enterprises
  - 1 515 mill. NOK (EUR 189 mill.) in foreign enterprises.

## Seed:

- 10 mill. NOK (EUR 1,25 mill.) invested. Down from 44 mill. NOK (EUR 5,5 mill.) in 2011.

## Venture

- 1 108 mill. NOK (EUR 138,5 mill.) invested. 125 mill. NOK (EUR 15,6 mill.) less than 2011.

## Buyout:

- 3 783 mill. NOK (EUR 472,8 mill.) invested. Up 1023 mill. NOK (EUR 127,9 mill.) from 2011.

## Overall:

- 7 063 mill. NOK (EUR 875 mill.) invested in Norwegian enterprises by both Norwegian and foreign PE firms
  - Norwegian PE firms invested 3 373 mill. NOK (EUR 422 mill.)
  - Foreign PE firms invested 3 690 mill. NOK (EUR 461 mill.)

## Seed:

- A total of 4 mill. NOK (0,5 mill. EUR) invested, 3 mill. NOK (EUR 0,375 mill) less than in 2011

## Venture:

- A total of 774 mill NOK (96,75 EUR) invested, down from 995 mill. NOK (EUR 124,4 mill) in 2011.
- 186 mill NOK (EUR 23,25 mill.) in initial investments.

## Buyout:

- A total of 6285 mill. NOK (EUR 785,6 mill.) invested, down from 6334 mill. NOK (EUR 791,25) in 2011.



## DIVESTMENTS (EXITS) 2012

- **Divestments in Norwegian and foreign enterprises by Norwegian PE firms**
  - 47 divestments by Norwegian PE firms (50 in 2011)
  - 32 divestments within venture stage (30 in 2011)
  - 25 out of 47 - sales to trade buyers
  
- **Divestments in Norwegian enterprises by Norwegian and foreign PE firms**
  - 43 divestments in Norwegian enterprises (46 in 2011)
  - 26 divestments within venture stage (25 in 2011)
  - 14 divestments within buyout (12 in 2011)
  - 3 divestments within seed (9 in 2011)

# APPENDIX

Graphs and charts:

Fundraising

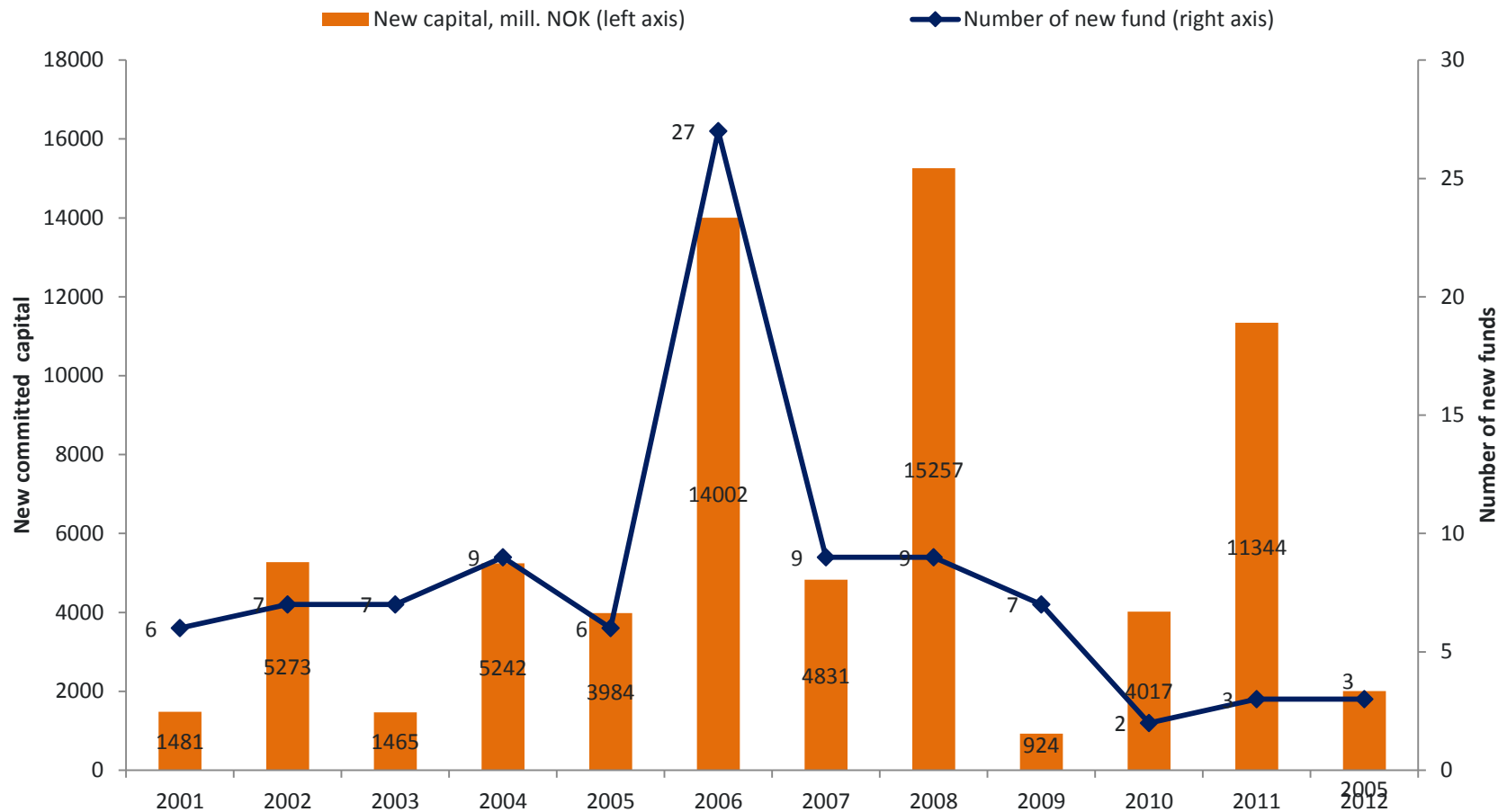
Investments

Divestments

# FUNDRAISING

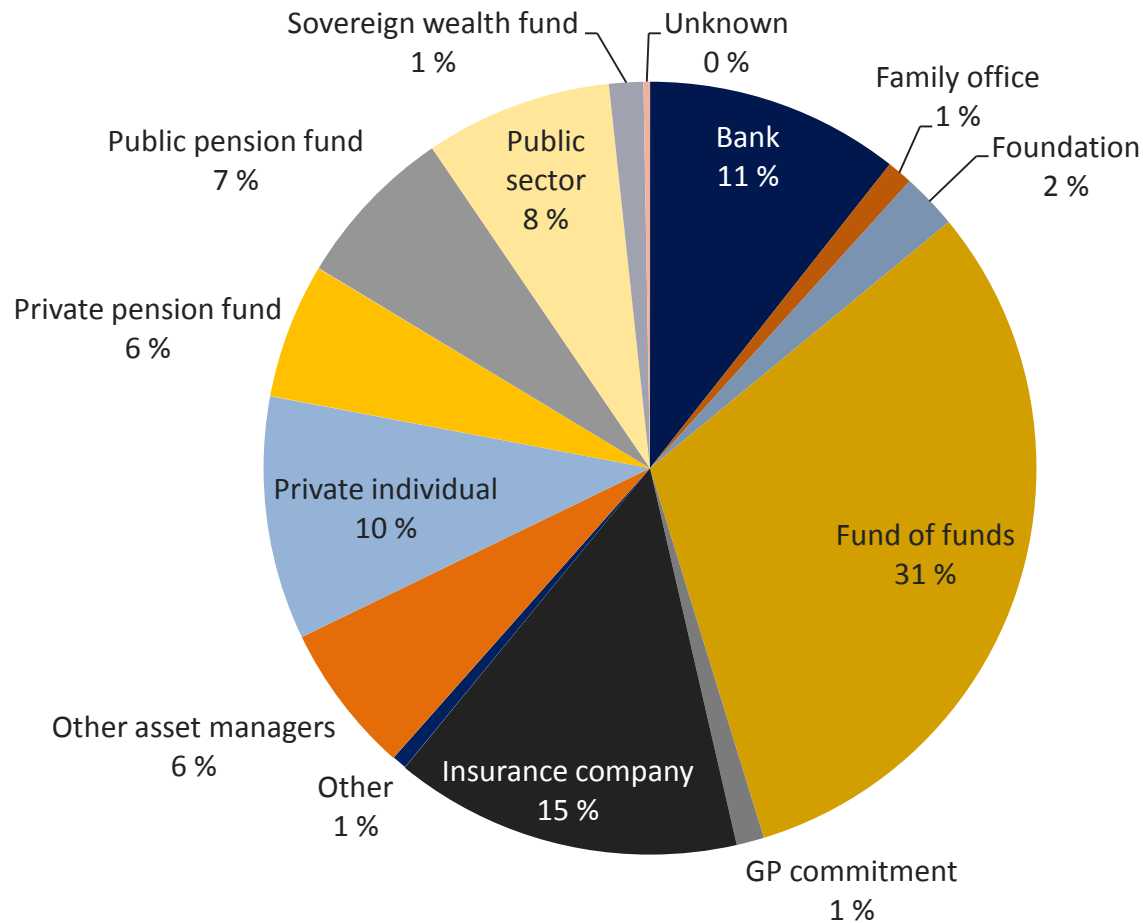
# NUMBER OF NEW FUNDS AND NEW COMMITTED CAPITAL 2001- 2012\*

\* Norwegian public sector raised funds in Investinor not included



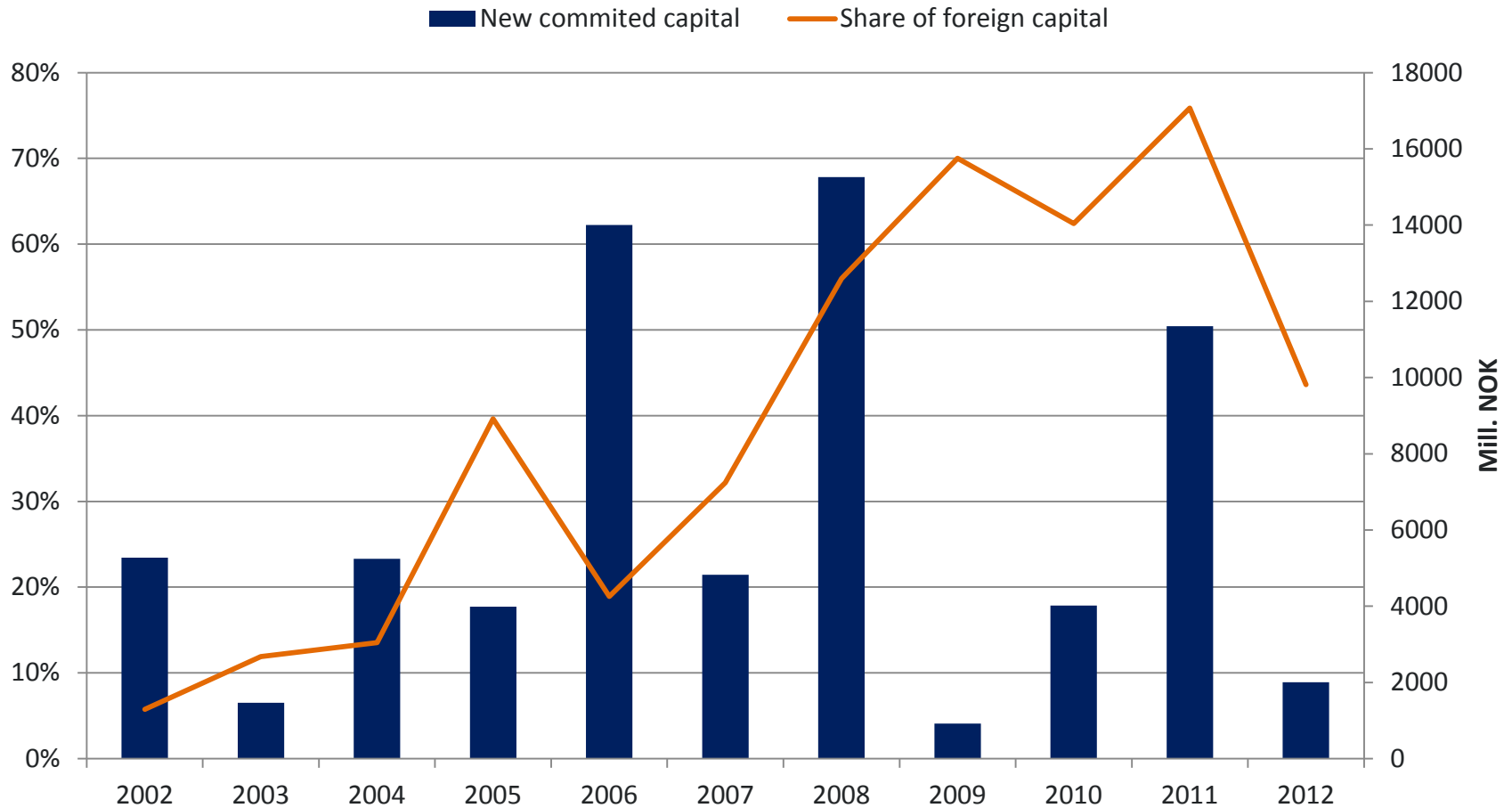
# FUNDRAISING IN PERCENT OF AMOUNT INVESTED BY TYPE OF INVESTORS\*

\* Norwegian public sector raised funds in Investinor not included



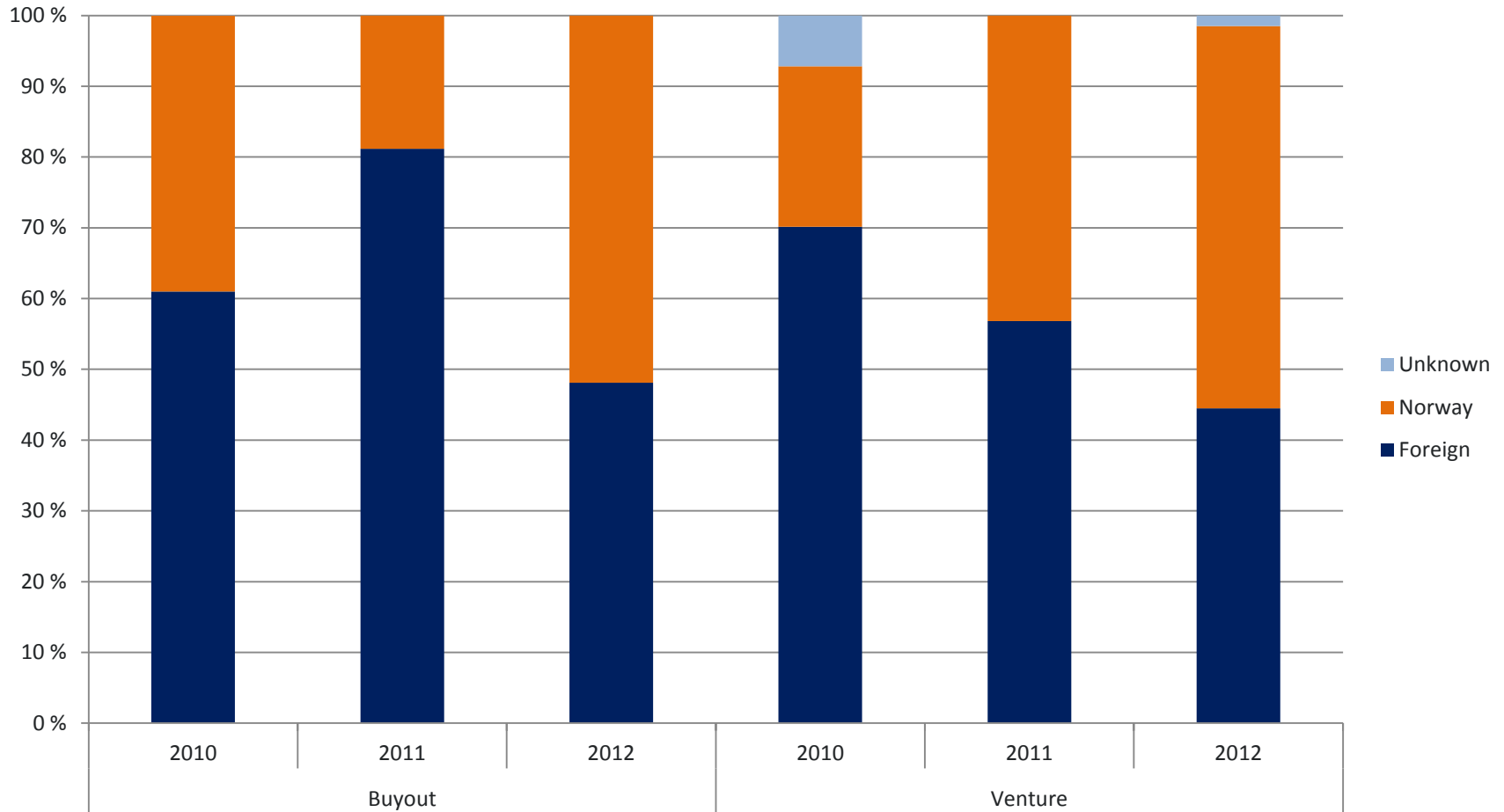
# FUNDRAISING AND SHARE OF FOREIGN CAPITAL \*

\* Norwegian public sector raised funds in Investinor not included

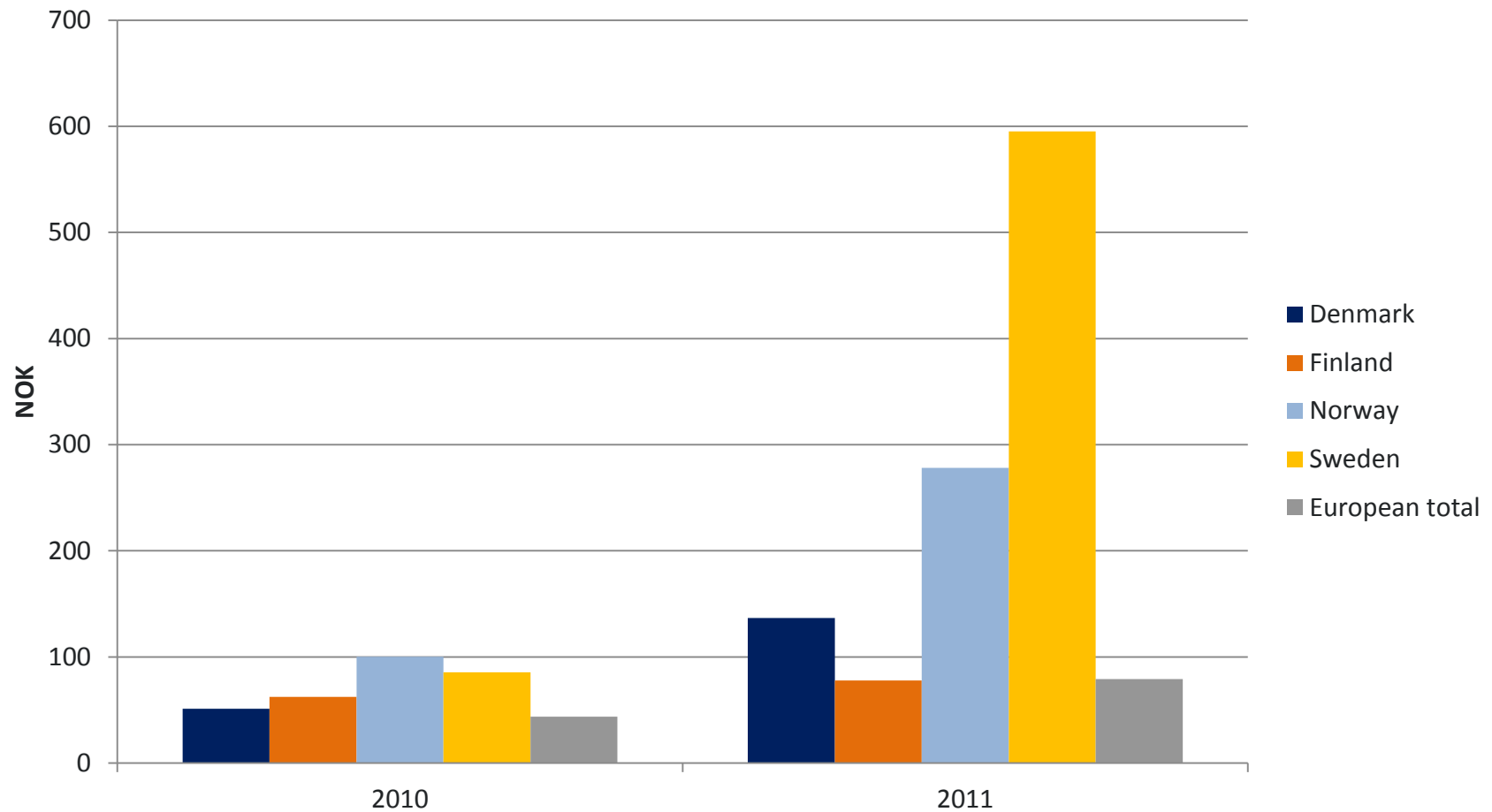


# FUNDRAISING BY INVESTORS LOCATION \* BY PHASE

\* Norwegian public sector raised funds in Investinor not included



# FUNDRAISING PER CAPITA 2010 AND 2011



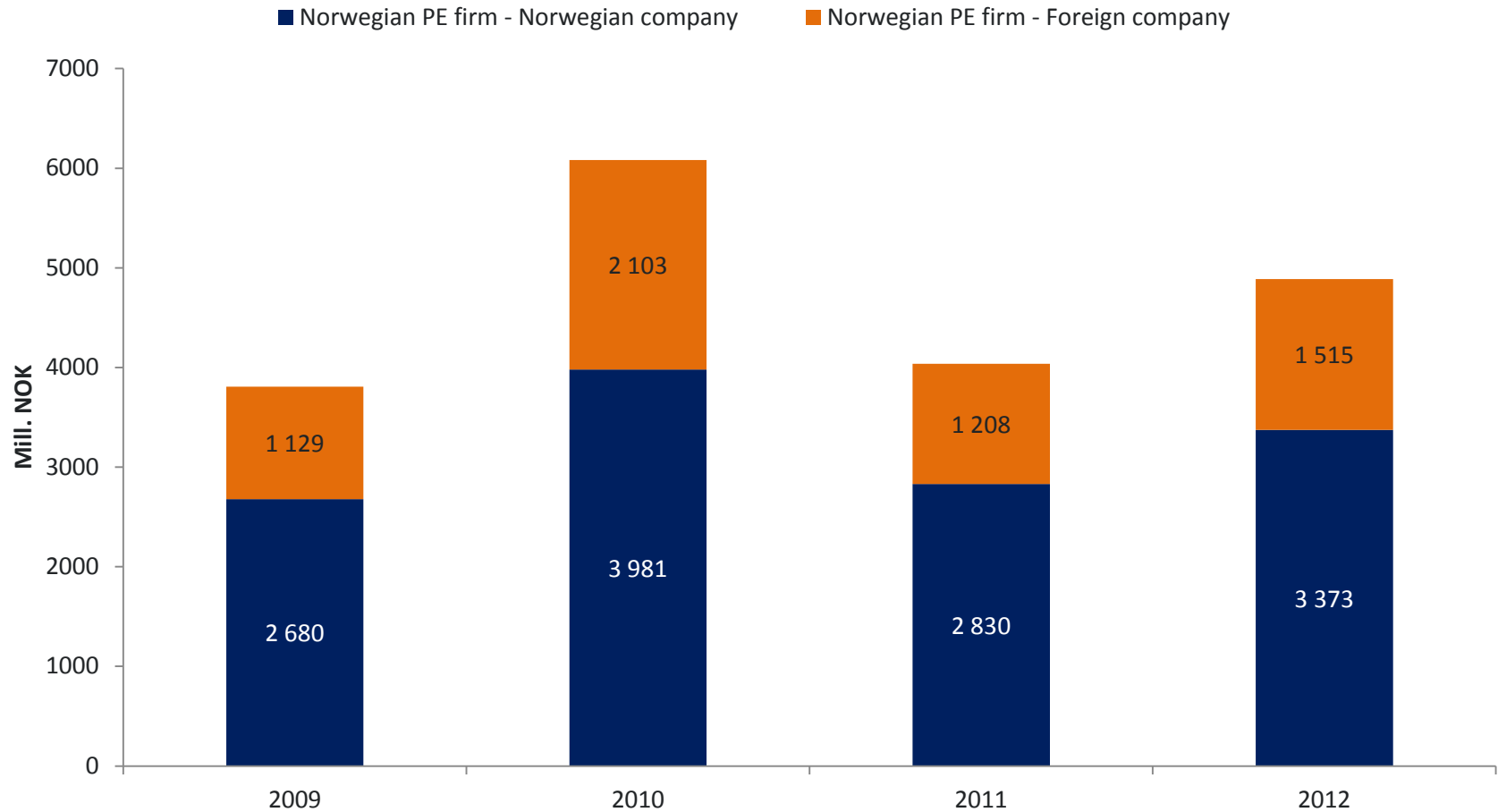


# INVESTMENTS

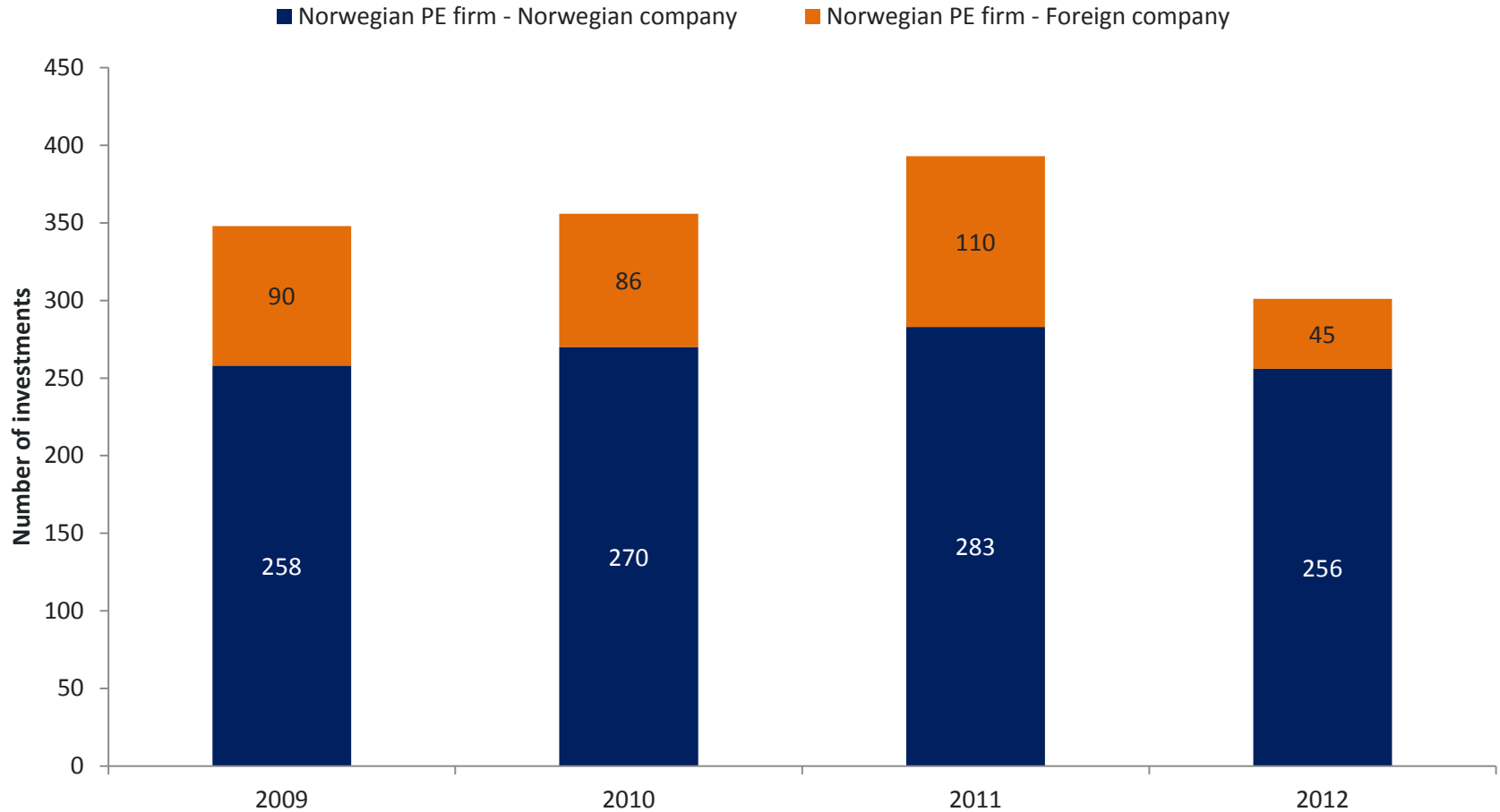
# Norwegian PE firms' investments in Norwegian and foreign enterprises

(Industry statistics)

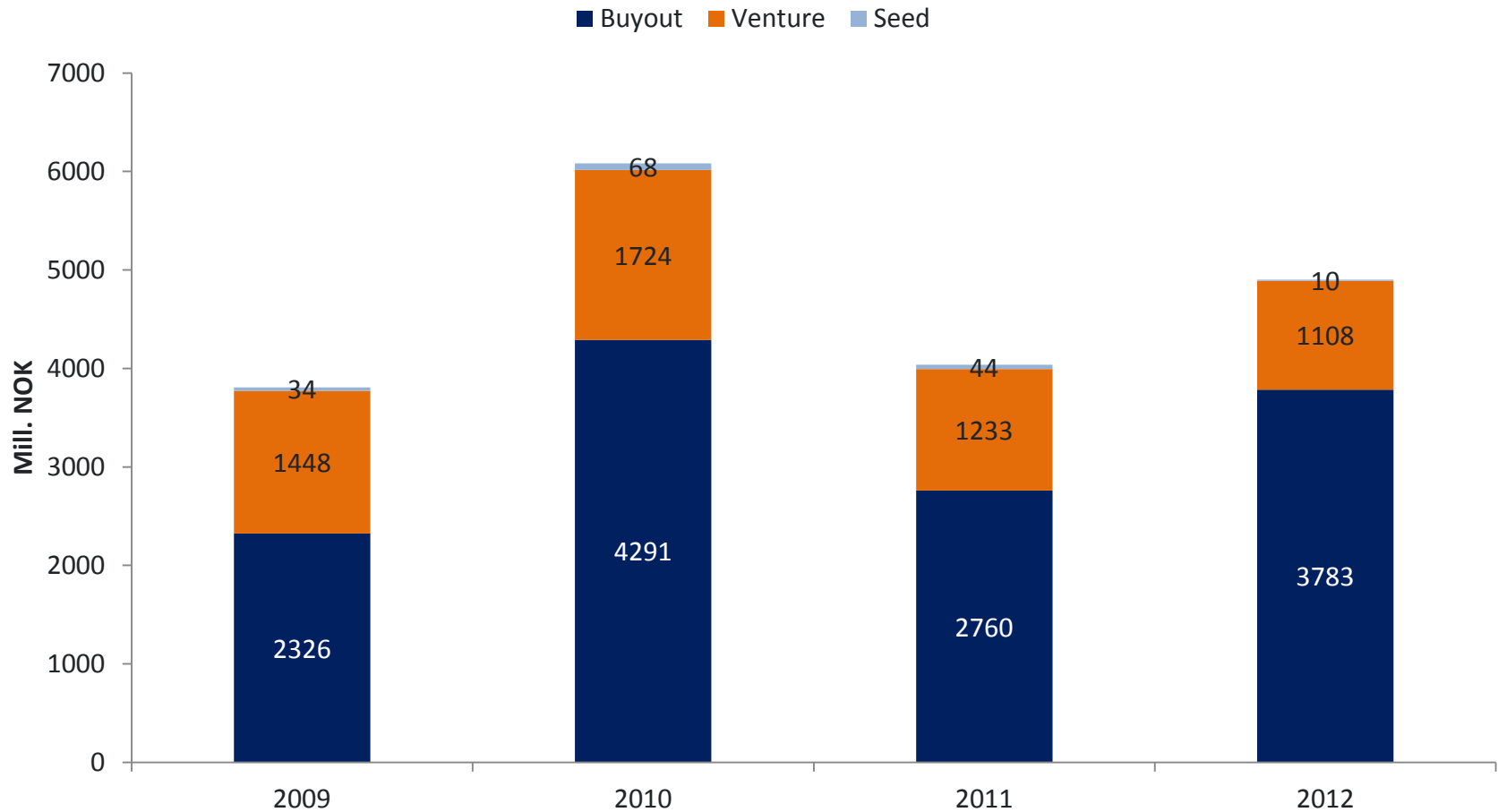
# INDUSTRY STATISTICS: TOTAL AMOUNT OF INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS



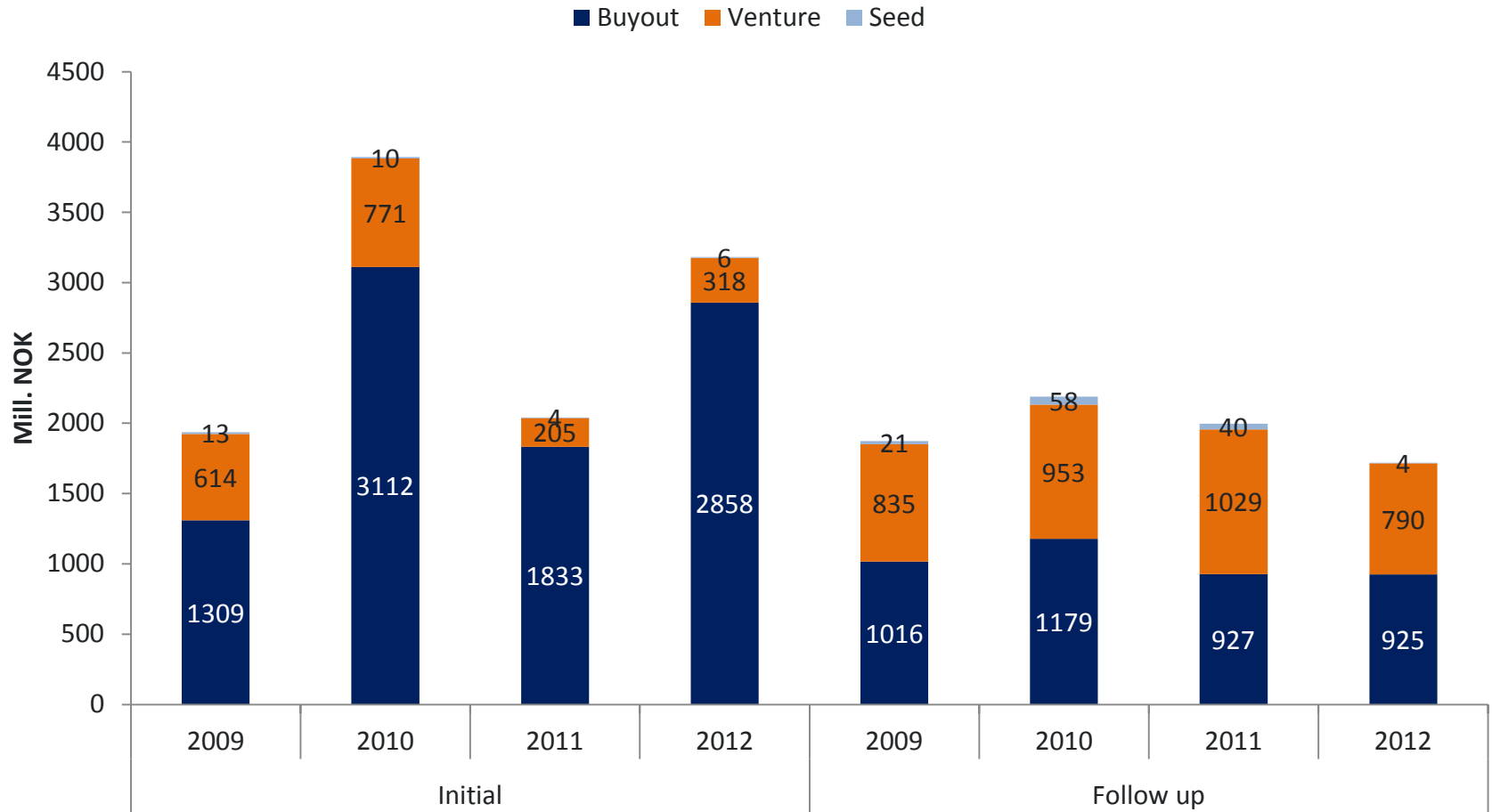
# INDUSTRY STATISTICS: NUMBER OF INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS



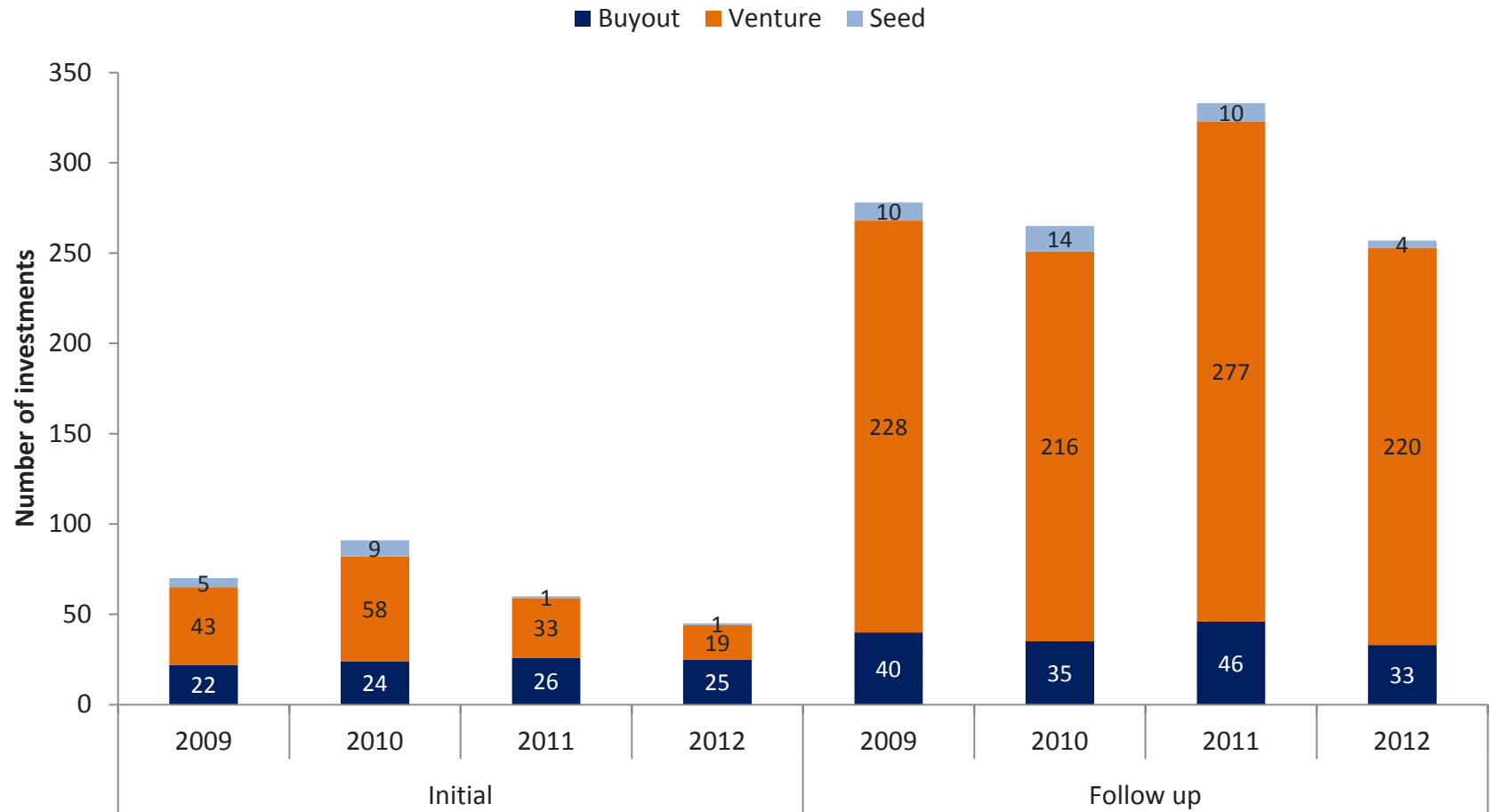
# NORWEGIAN PE FIRMS' TOTAL INVESTMENTS BY PHASE (MILL. NOK)



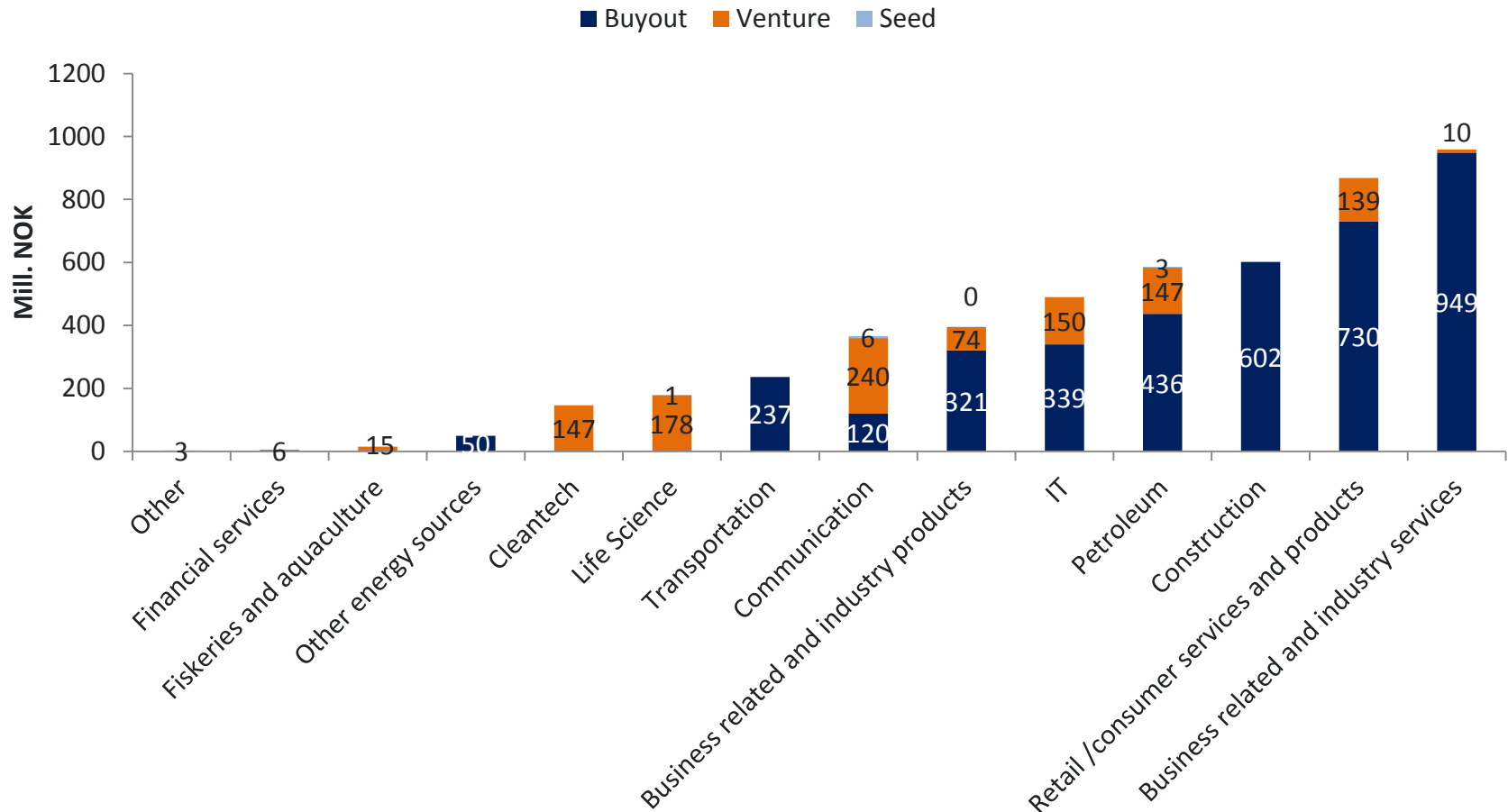
# INITIAL AND FOLLOW UP INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS (MILL. NOK)



# NUMBER OF INITIAL AND FOLLOW UP INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS

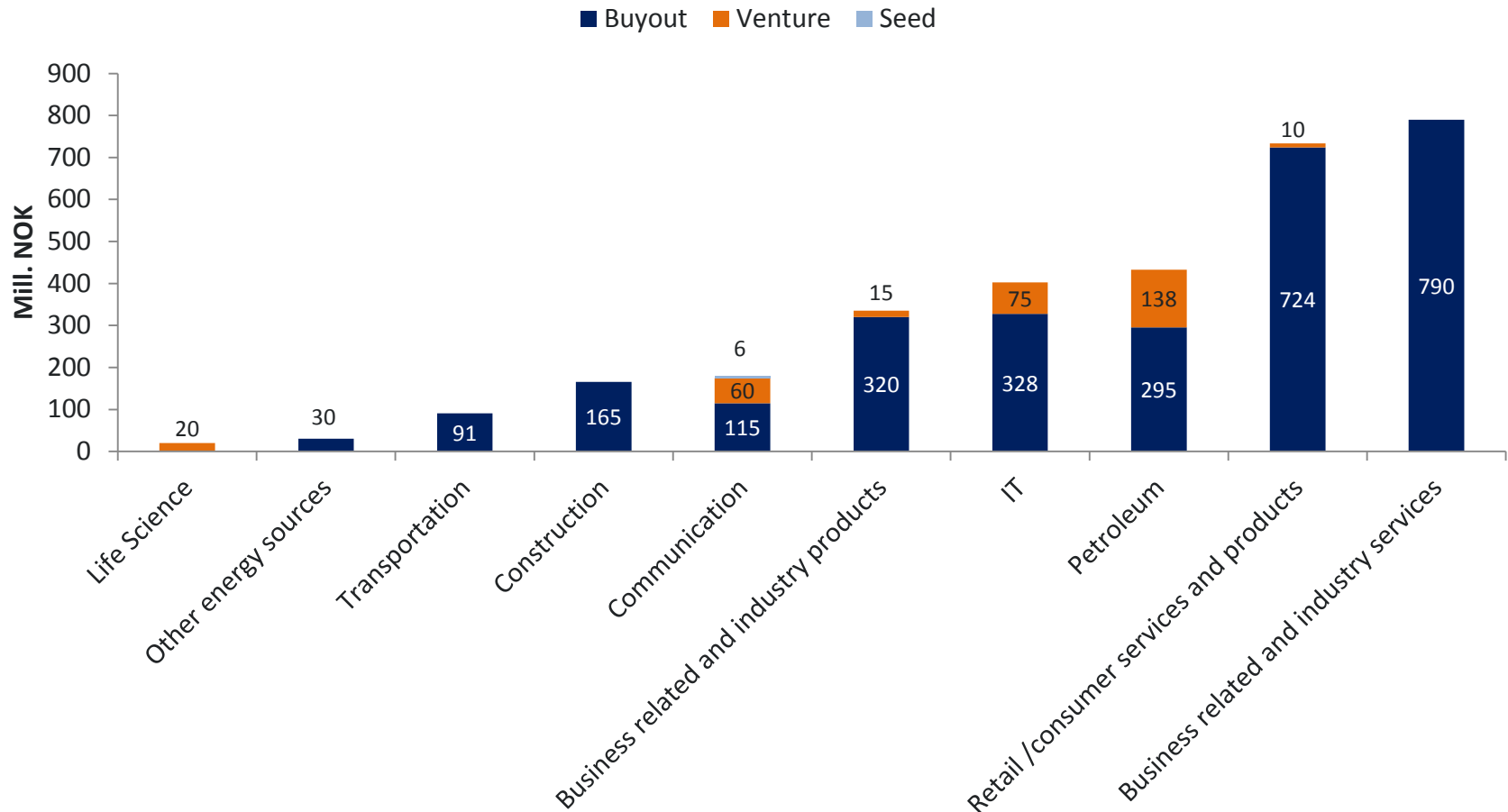


# TOTAL AMOUNT INVESTED BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN 2012 (MILL. NOK)

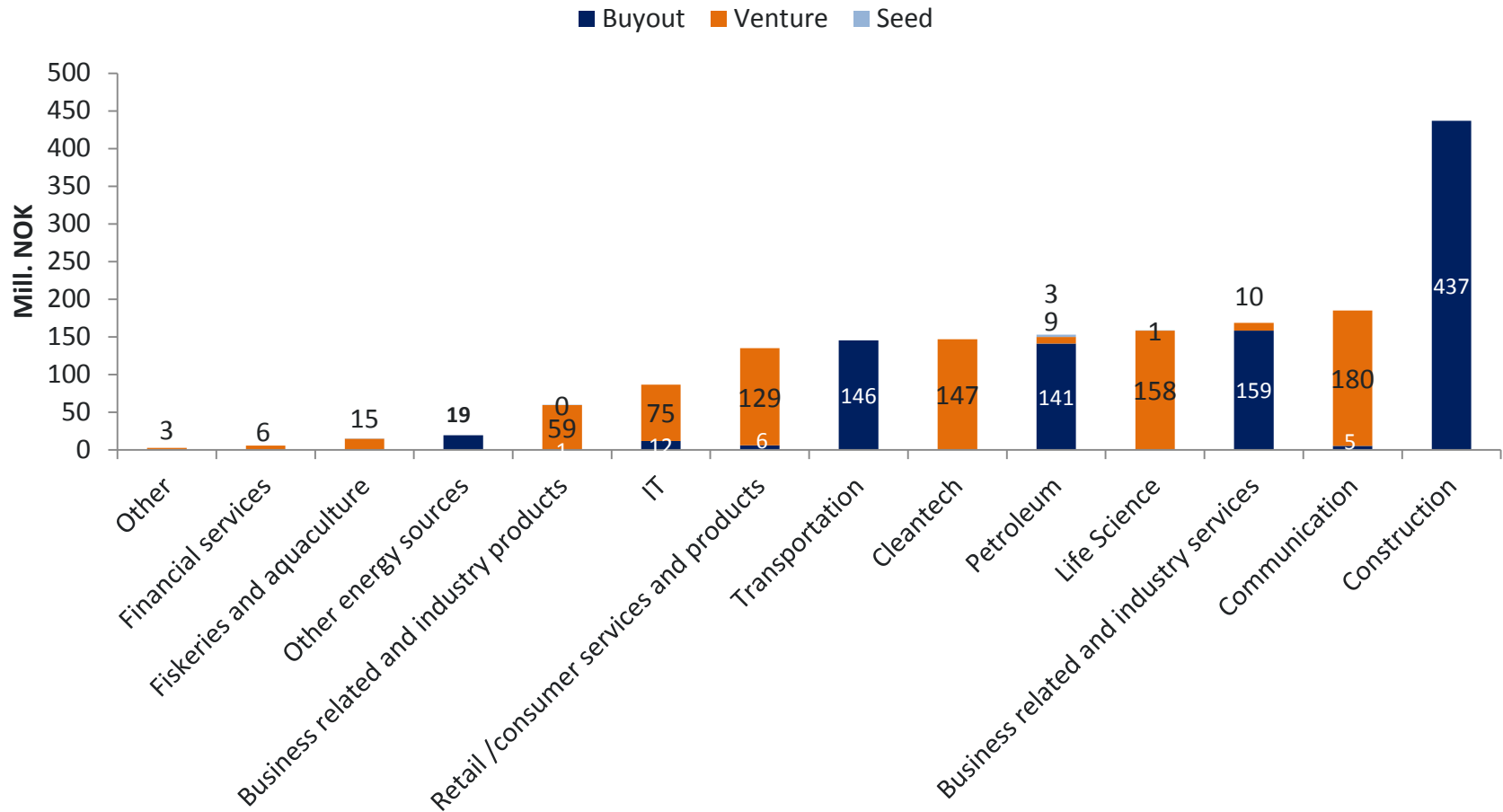




# INITIAL INVESTMENTS BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN 2012 (MILL. NOK)



# FOLLOW UP INVESTMENT BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN 2012 (MILL. NOK)



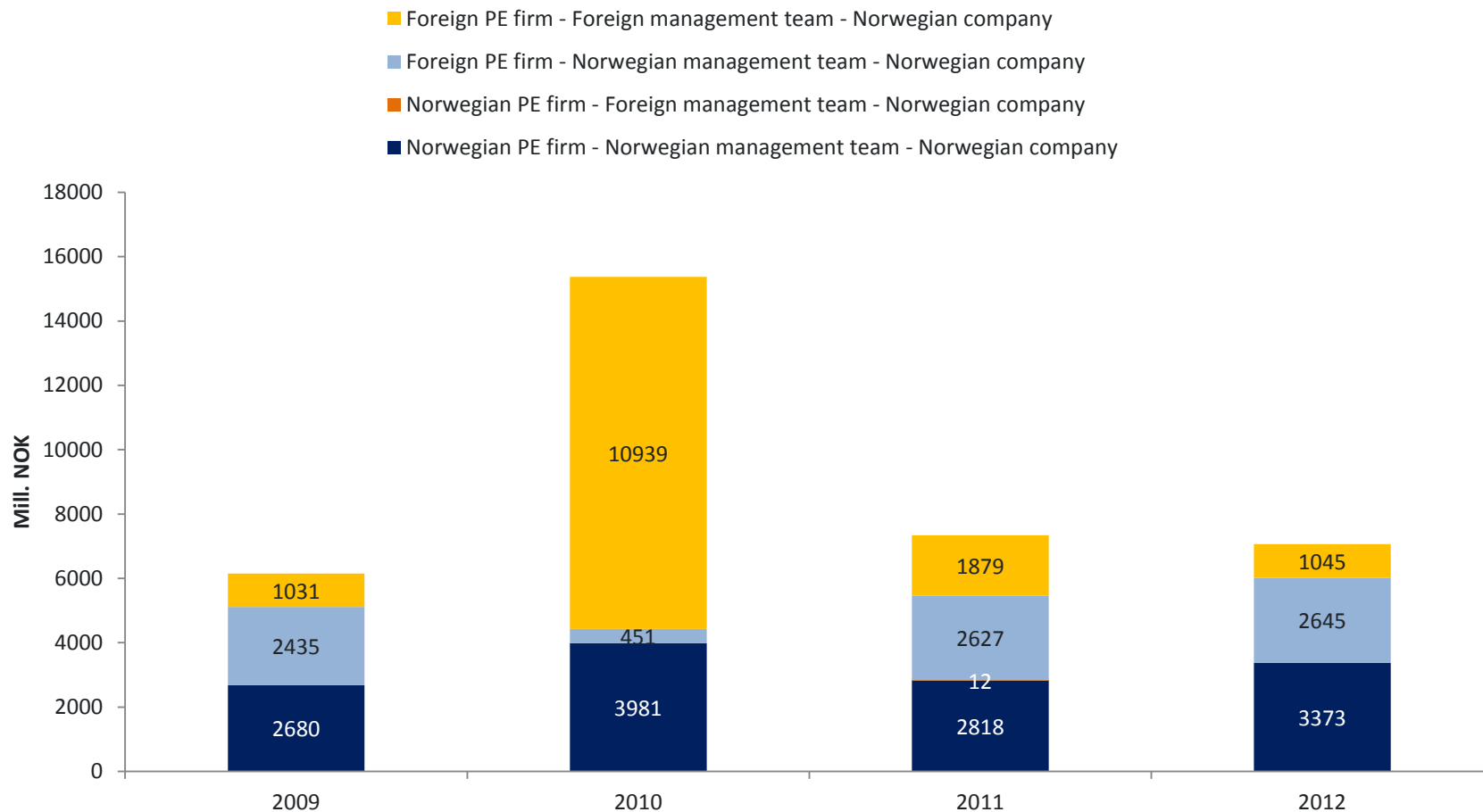
# NUMBER OF INVESTMENTS MADE BY NORWEGIAN PE FIRMS BY SECTOR AND PHASE IN 2012

Sector	Seed			Venture			Buyout			Total
	Initial	Follow up	Total	Initial	Follow up	Total	Initial	Follow up	Total	
Other					1	1				1
Financial services <sup>2</sup>					3	3				3
Other energy sources <sup>2</sup>							1	3	4	4
Fisheries and Aquaculture <sup>2</sup>		1	1		3	3		1	1	5
Transportation							1	4	5	5
Retail / consumer services and products <sup>2</sup>				1	5	6	3	1	4	10
Construction <sup>2</sup>							2	10	12	12
Petroleum		1	1	3	8	11	5	3	8	20
Business related and ind. Services <sup>2</sup>					10	10	4	7	11	21
Business related and ind. Products <sup>2</sup>		1	1	1	21	22	2	1	3	26
Communication <sup>2</sup>	1		1	5	31	36	3	1	4	41
Life Science		1	1	3	37	40				41
IT <sup>2</sup>				6	43	49	4	2	6	55
Cleantech <sup>2</sup>					58	58				58
<b>Totalsum</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>19</b>	<b>220</b>	<b>239</b>	<b>25</b>	<b>33</b>	<b>58</b>	<b>302</b>

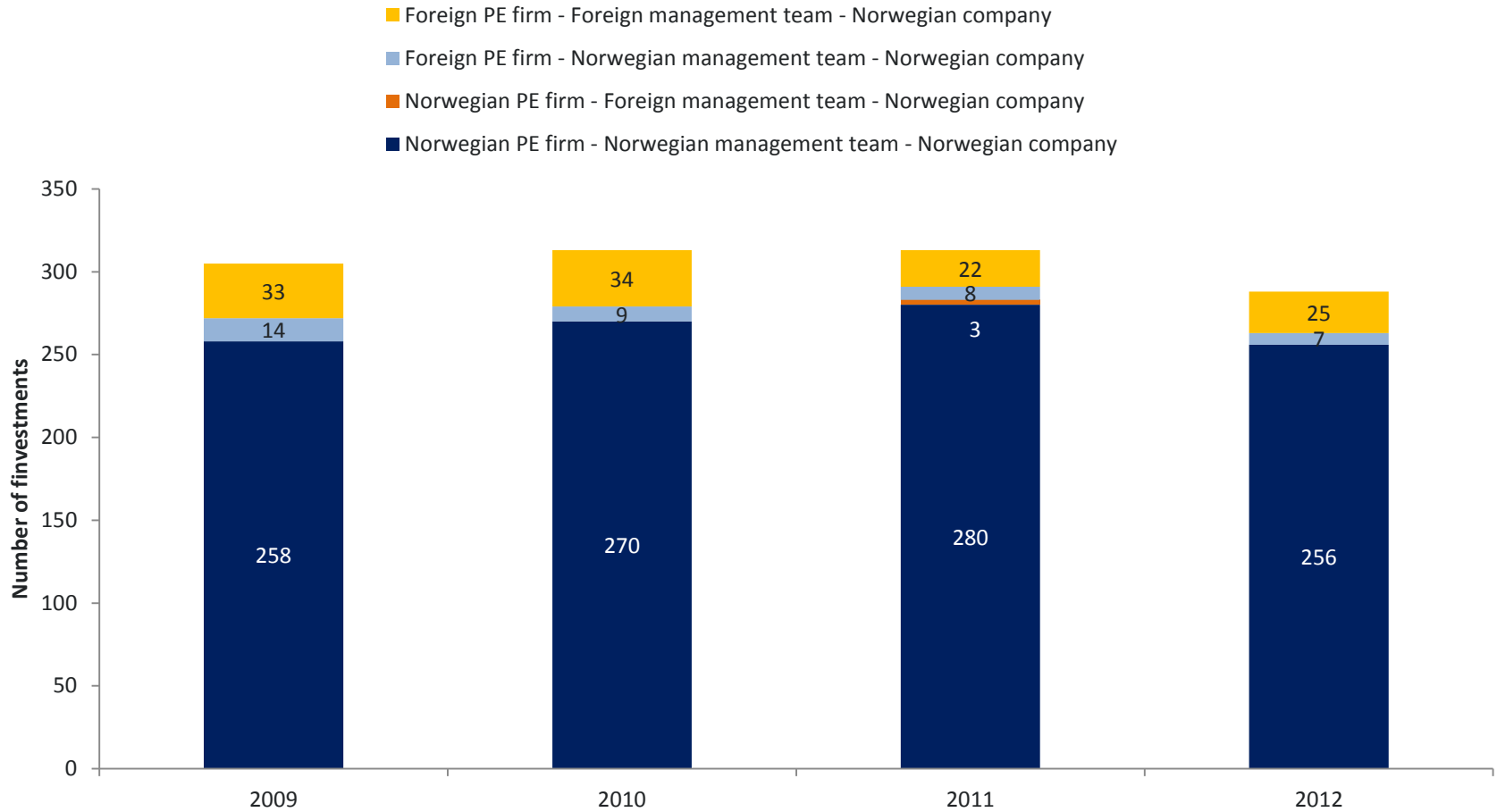
# Investments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

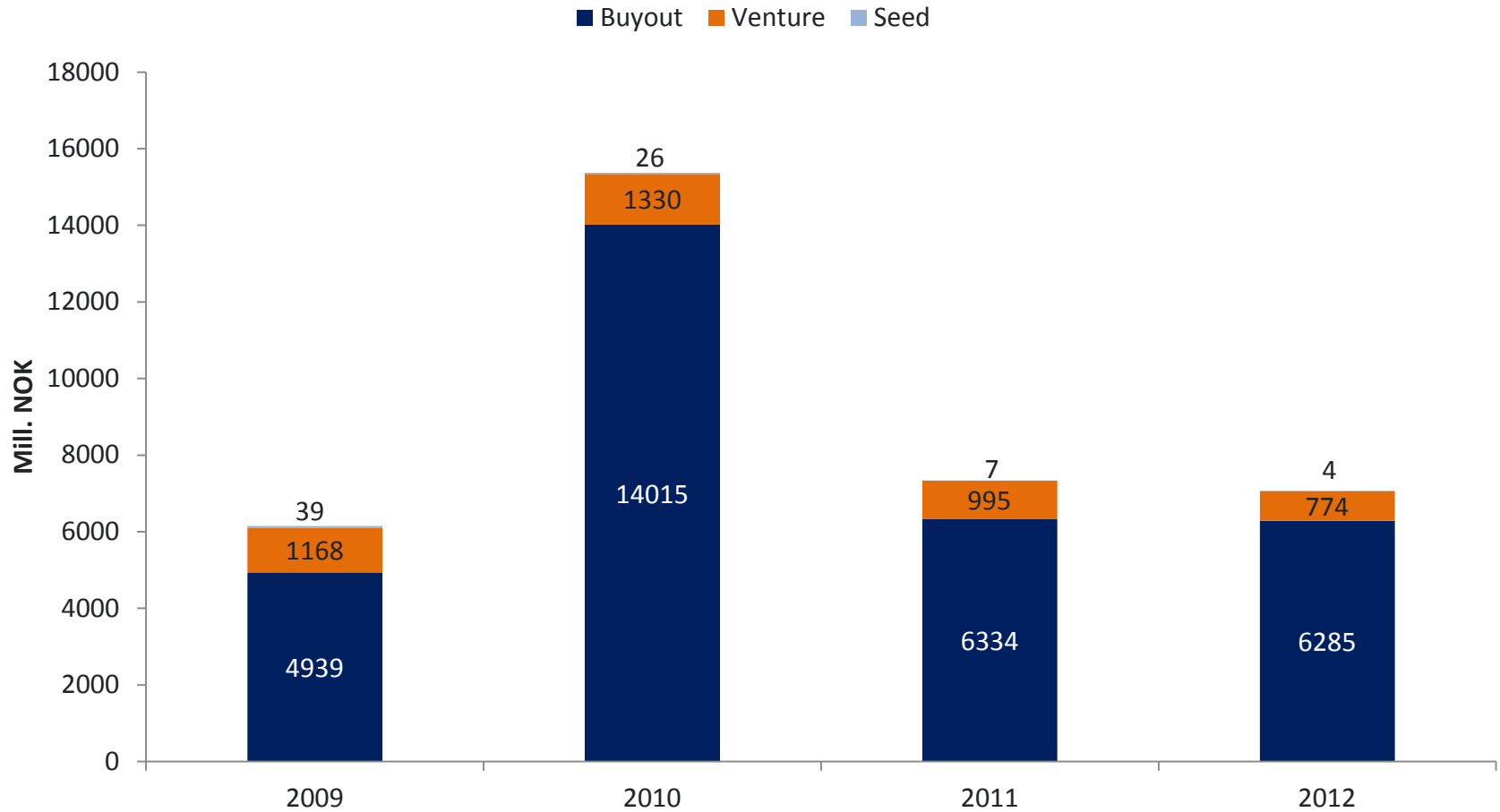
# MARKET STATISTICS: TOTAL AMOUNT OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY LOCATION OF ADVISORY TEAM AND NATIONALITY OF PE FIRM



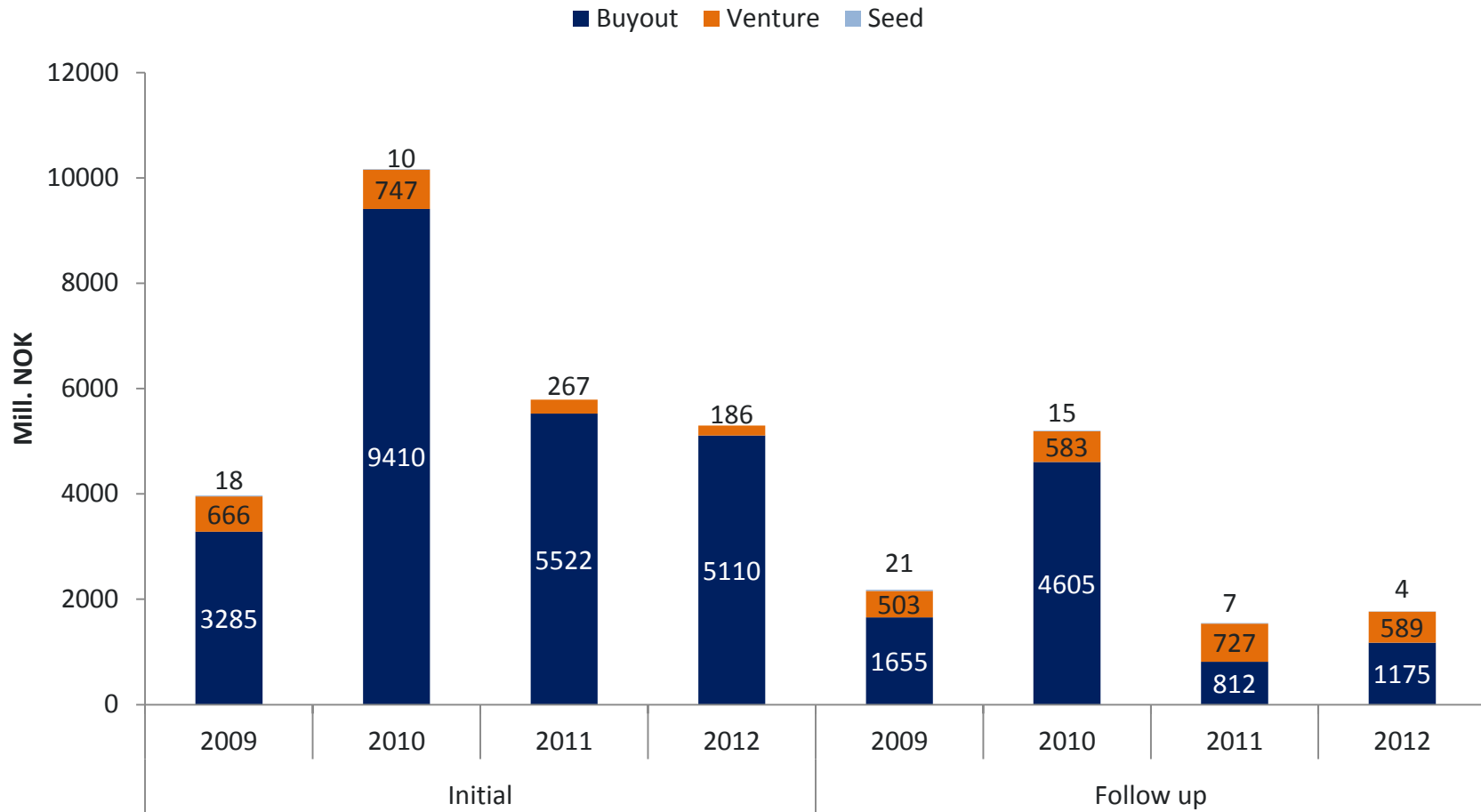
# MARKET STATISTICS: NUMBER OF INVESTMENTS IN NORWEGIAN PORTFOLIO COMPANIES BY LOCATION OF ADVISORY TEAM AND NATIONALITY OF PE FIRM



# TOTAL AMOUNT OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY PHASE (MILL. NOK)

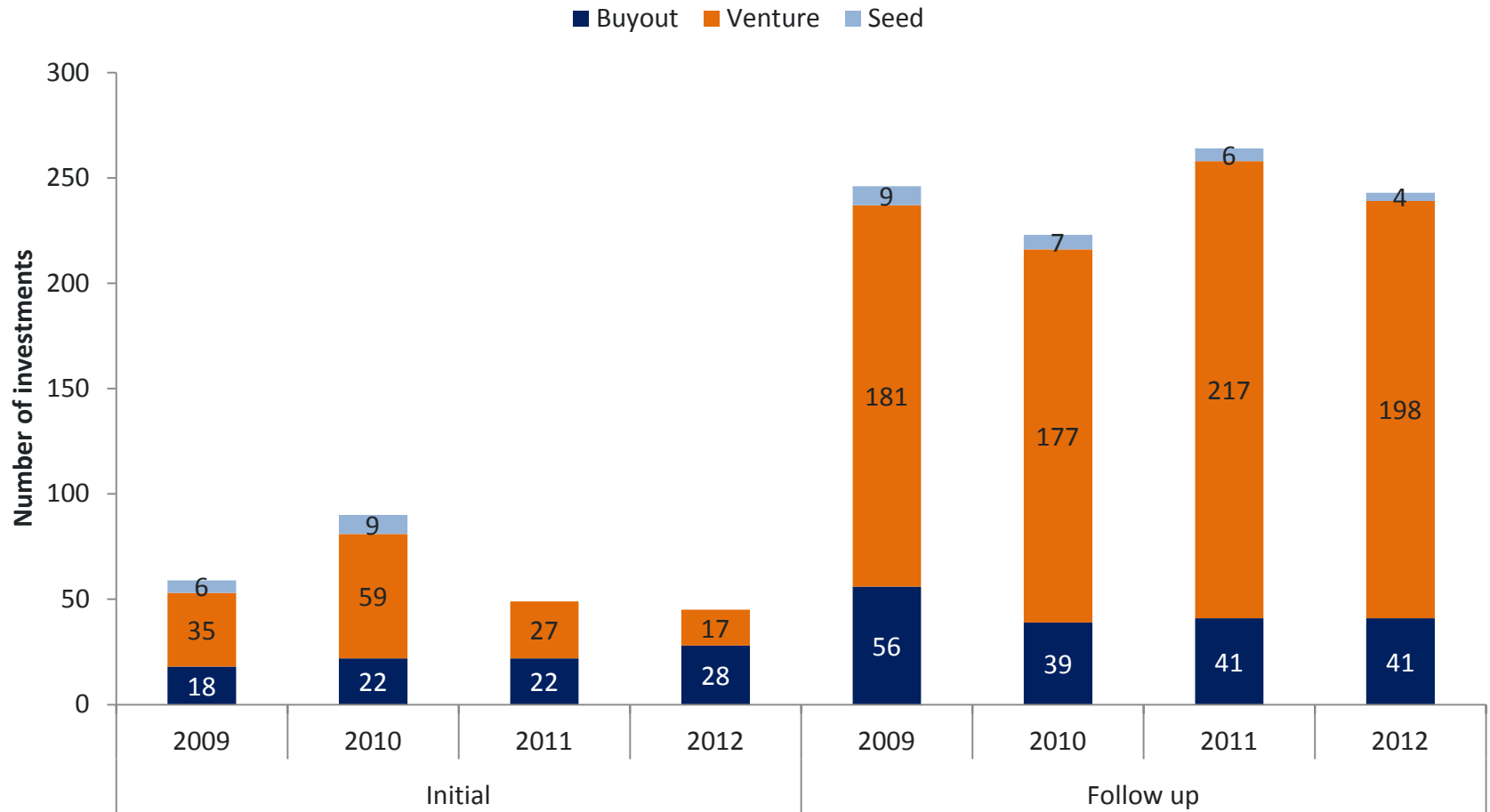


# INITIAL AND FOLLOW UP INVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS (MILL. NOK)





# NUMBER OF INITIAL AND FOLLOW UP INVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS



# NUMBER OF INVESTMENTS IN NORWEGIAN ENTERPRISES MADE BY NORWEGIAN AND FOREIGN PE FIRMS BY SECTOR AND PHASE IN 2012

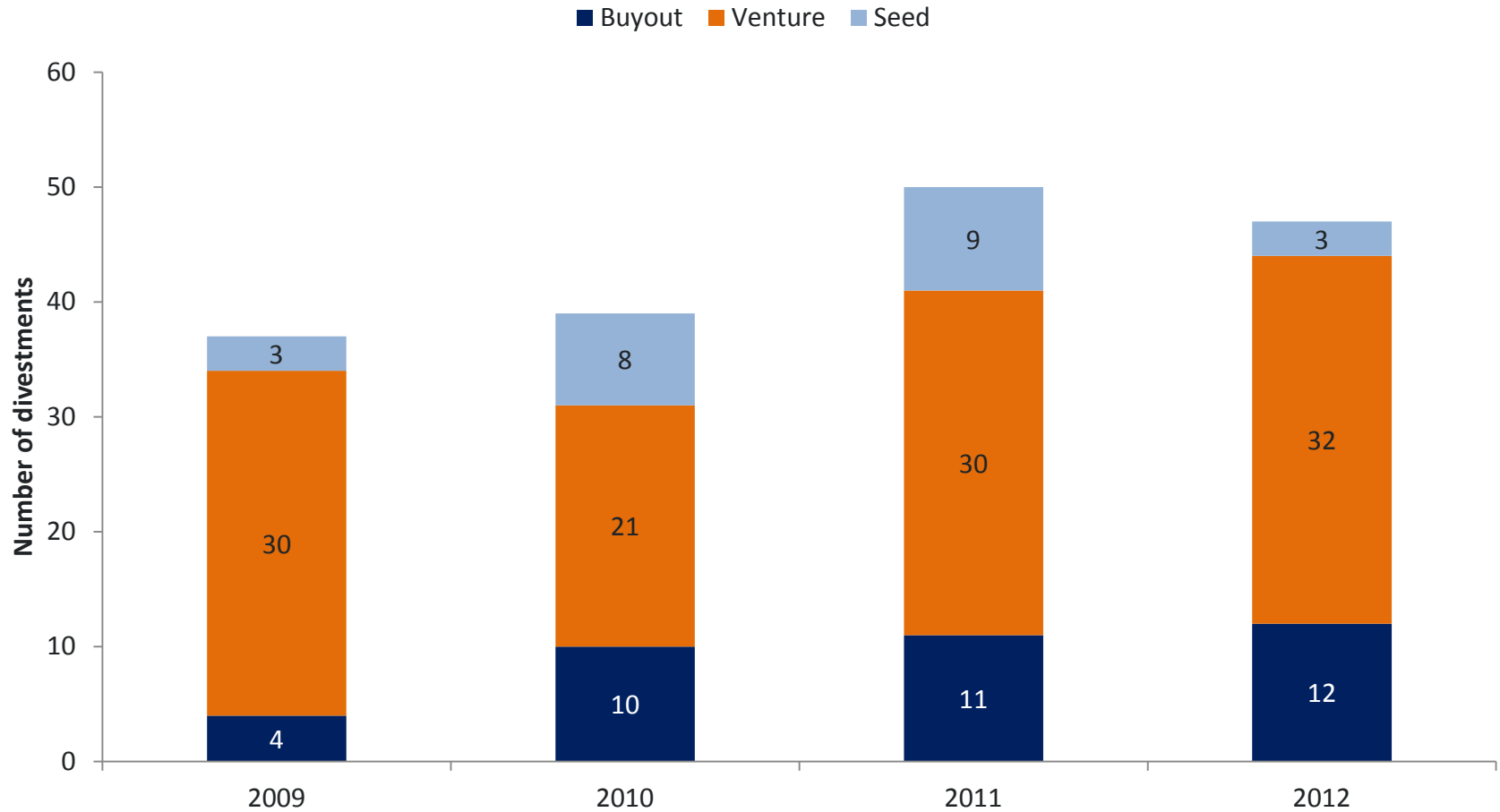
	Seed		Venture			Buyout			Total
	Follow up	Total	Initial	Follow up	Total	Initial	Follow up	Total	
Other				1	1				1
Financial services				2	2				2
Other energy sources			1		1	1	3	4	5
Transportation						1	4	5	5
Fiskeries and aquaculture	1	1		3	3	1	1	2	6
Retail /consumer services and products			1	4	5	4	1	5	10
Construction						2	10	12	12
Petroleum	1	1	2	10	12	4	1	5	18
Business related and industry services				10	10	4	7	11	21
Business related and industry products	1	1	1	21	22	2	1	3	26
Communication			3	28	31	3	1	4	35
Life Science	1	1	2	23	25		9	9	35
IT			6	38	44	6	2	8	52
Cleantech			1	58	59		1	1	60
<b>Total</b>	<b>4</b>	<b>4</b>	<b>17</b>	<b>198</b>	<b>215</b>	<b>28</b>	<b>41</b>	<b>69</b>	<b>288</b>

# DIVESTMENTS

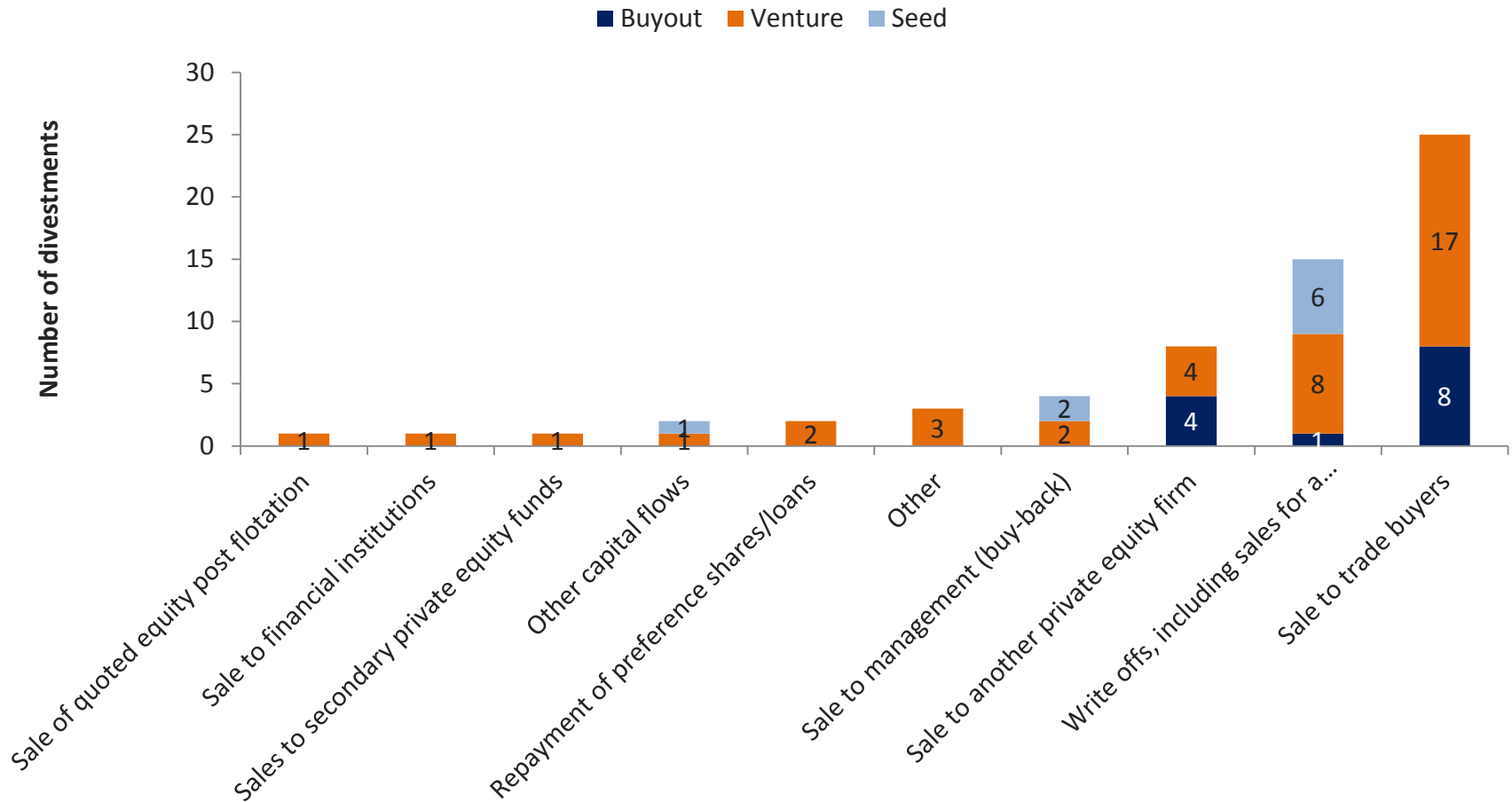
# Norwegian PE firms' Divestments in Norwegian and foreign enterprises

(Industry statistics)

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



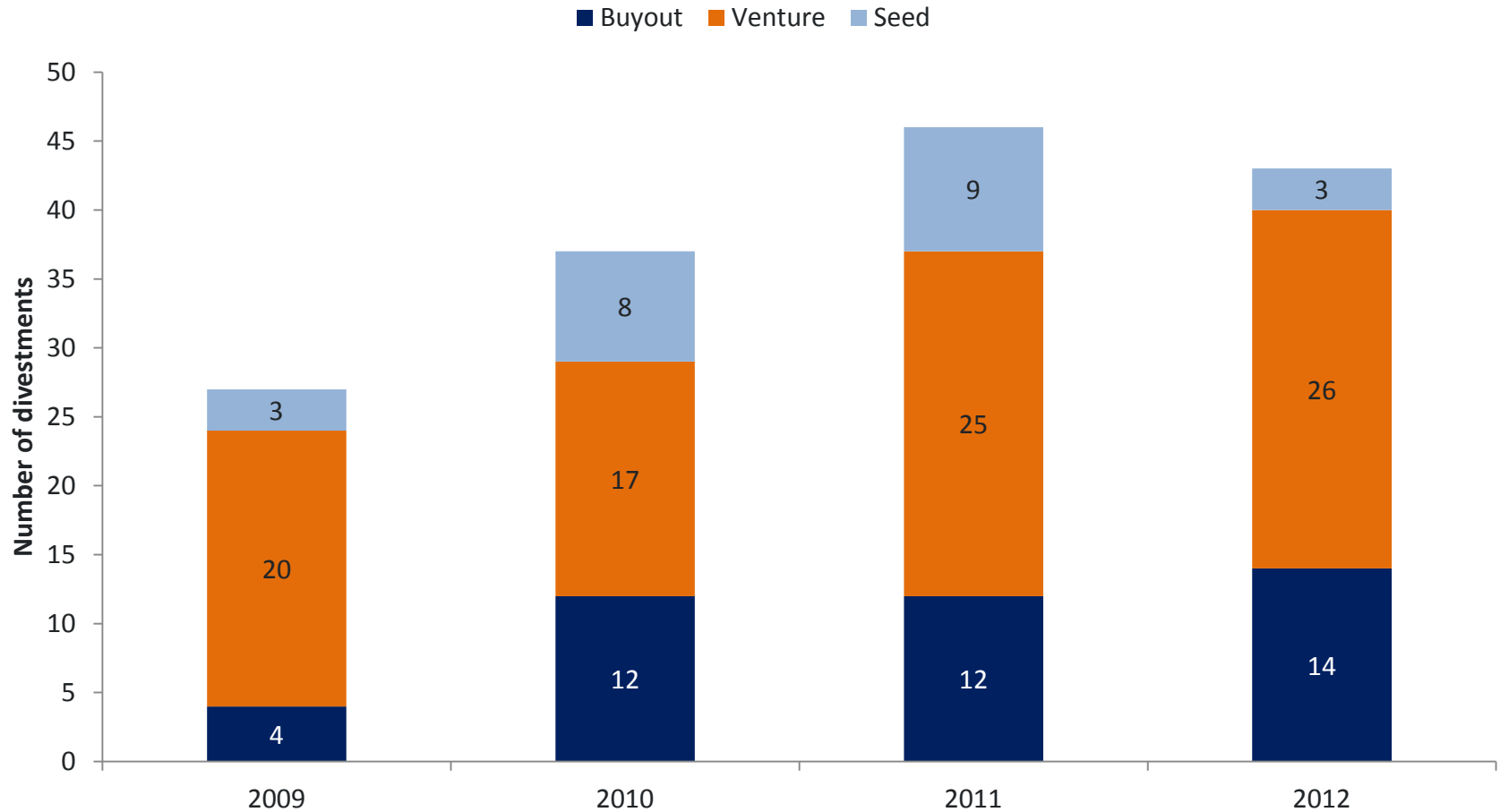
# NUMBER OF DIVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS IN 2012 BY PHASE



# 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)





# TYPE OF DIVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS IN 2012

