

NORWEGIAN VENTURE CAPITAL & PRIVATE EQUITY ASSOCIATION (NVCA)

PRIVATE EQUITY FUNDS IN NORWAY

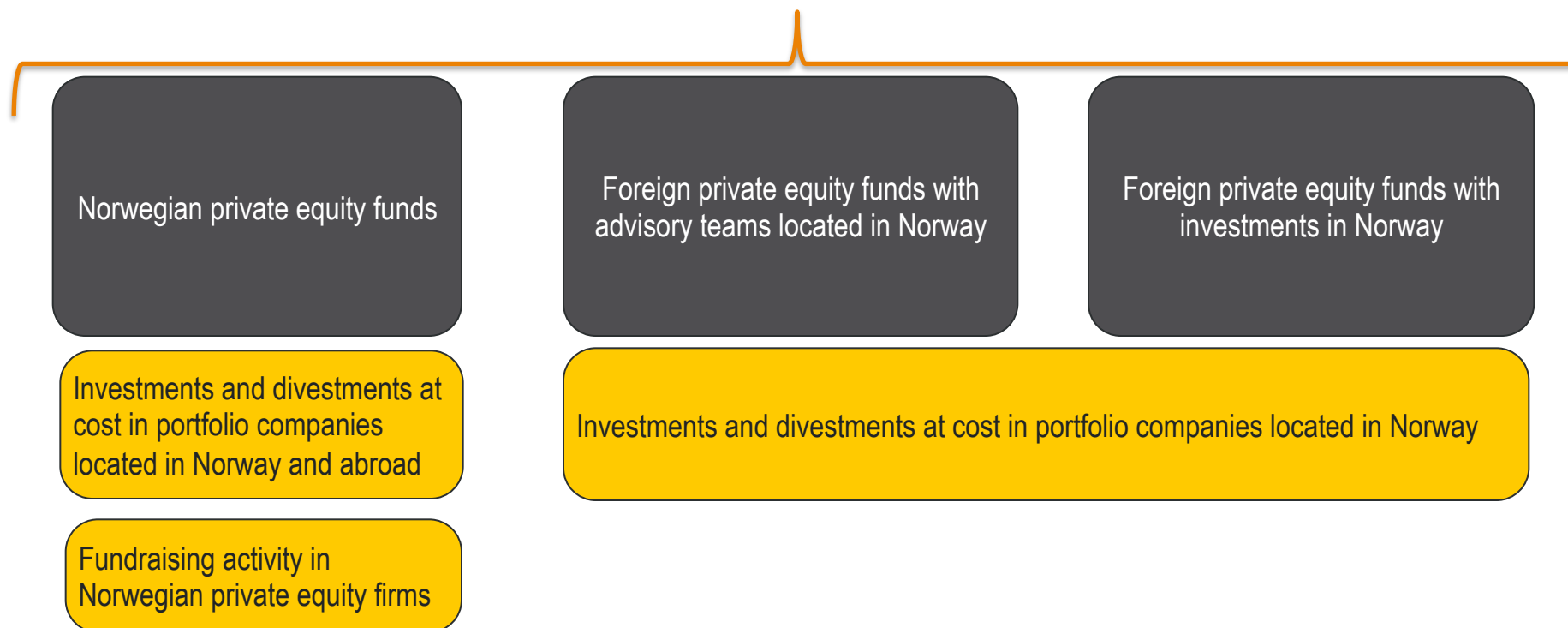
ACTIVITY REPORT 2014

(SEED – VENTURE – BUY OUT)

ABOUT THE ACTIVITY REPORT 2014

The Activity Report 2014 is developed for the Norwegian Venture Capital & Private Equity Association (NVCA) by Menon Business Economics and PEREP Analytics during April 2015. The figures are collected quarterly and directly from the private equity firms.

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 located 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 2014

- Highest fundraising level since 2001. 18 billion NOK raised by Norwegian PE firms. Hitec Vision dominates the numbers.
- The trend with fewer and bigger deals carries on into 2014. The amount invested continues on a high level, but the number of investments in 2014 is even lower than 2013.
- All time high investments by foreign PE firms in Norwegian companies.
- Venture investments in Norwegian companies almost doubled from 2013.
- Highest level of buyout divestments ever by Norwegian PE firms.
- The two new early stage funds established with 50/50 public funding made four investments.

FUNDRAISING IN 2014 – NORWEGIAN PRIVATE EQUITY FUNDS

Total fundraising 2014 – NOK 18.0 bn (EUR 2.25 bn)

SEED

NOK 1.2 bn
(EUR 150 bn)

SINTEF Venture IV
Alliance Venture Spring
ProVenture Seed II

VENTURE

NOK 2.9 bn
(EUR 362,5 bn)

NeoMed Innovation V
Northzone VII
Verdane Capital VIII

BUY OUT

NOK 13.9 bn
(EUR 1,74 bn)

HitecVision VII
Herkules Private Equity Fund IV
Viking Venture 4, 5, 6

INVESTMENTS BY NORWEGIAN PE FIRMS 2014 (INDUSTRY STATISTICS)

Overall:

- Norwegian PE firms invested 6 515 mill. NOK (EUR 814 mill.) in Norwegian and foreign portfolio companies
 - 3 272 mill. NOK (EUR 409 mill.) in Norwegian enterprises
 - 3 243 mill. NOK (EUR 405 mill.) in foreign enterprise

Seed:

- 170 mill. NOK (EUR 21 mill.) invested. Up from 155 mill. NOK (EUR 19 mill.) in 2013.

Venture:

- 1 067 mill. NOK (EUR 133 mill.) invested. Up from 637 mill. NOK (EUR 80 mill.) in 2013.

Buyout:

- 5 279 mill. NOK (EUR 660 mill.) invested. Down from 5 964 mill. NOK (EUR 746 mill.) in 2013.

INVESTMENTS IN NORWEGIAN PORTFOLIO COMPANIES BY NORWEGIAN & FOREIGN PE FIRMS 2014 (MARKET STATISTICS)

Overall:

- 18 481 mill. NOK (EUR 2 310 mill.) invested in Norwegian enterprises by both Norwegian and foreign PE firms
 - Norwegian PE firms invested 3 272 mill. NOK (EUR 409 mill.)
 - Foreign PE firms invested 15 209 mill. NOK (EUR 1 901 mill.)

Seed:

- 137 mill. NOK (EUR 17 mill.) invested. Down from 151 mill. NOK (EUR 19 mill.) in 2013.

Venture:

- 914 mill. NOK (EUR 114 mill.) invested. Up from 447 mill. NOK (EUR 56 mill) in 2013.

Buyout:

- 17 430 mill. NOK (EUR 2 179 mill.) invested. Up from 12 681 mill. NOK (EUR 1 585 mill.) in 2013.

DIVESTMENTS (EXITS) 2014

- **Divestments in Norwegian and foreign enterprises by Norwegian PE firms**
 - 56 divestments by Norwegian PE firms. Down from 71 in 2013.
 - 7 divestments within the seed stage. Down from 17 in 2013.
 - 19 divestments within the venture stage. Down from 30 in 2013.
 - 30 divestments within the buyout stage. Up from 24 in 2013.
 - 23 out of 39 divestments were sales to trade buyers.
- **Divestments in Norwegian enterprises by Norwegian and foreign PE firms**
 - 60 divestments in Norwegian enterprises. Down from 79 in 2013.
 - 7 divestments within the seed stage. Down from 18 in 2013.
 - 14 divestments within the venture stage. Down from 22 in 2013.
 - 39 divestments within buyout. Same number of divestments in 2013.

APPENDIX

Graphs and charts:

Fundraising

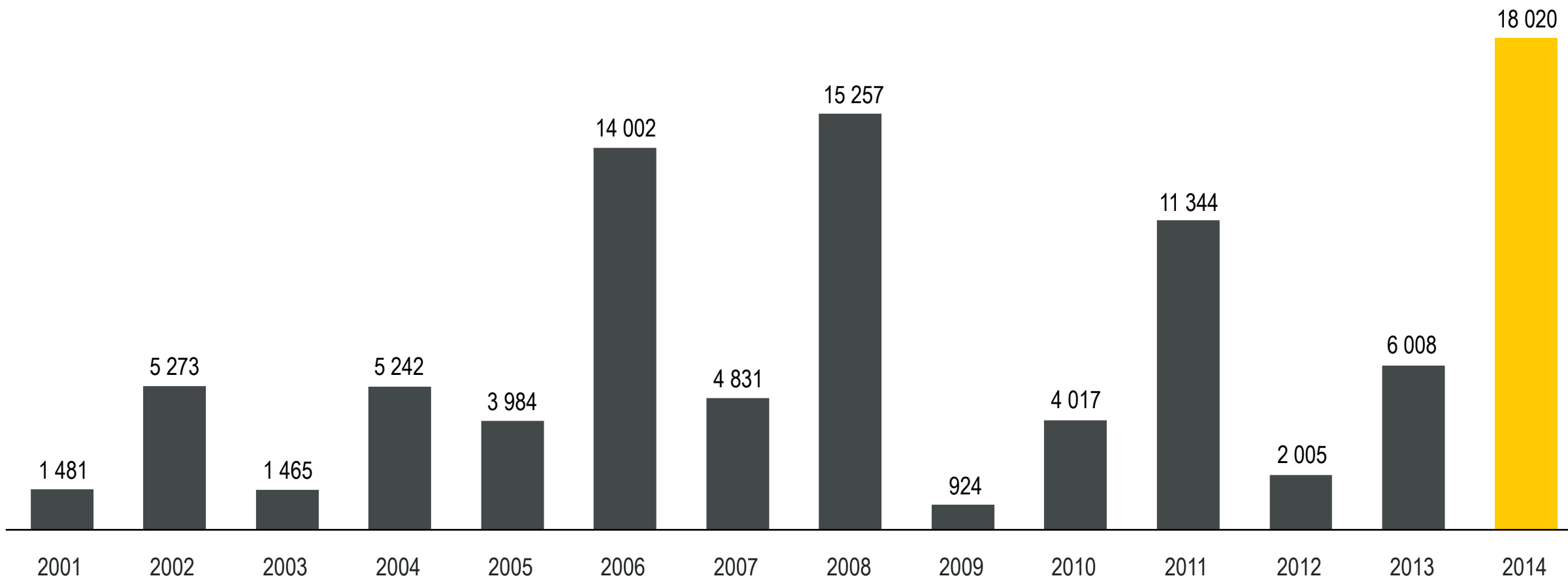
Investments

Divestments

FUNDRAISING

COMMITTED CAPITAL PER YEAR FROM 2001-2014

Figure 1: Committed capital per year, million NOK



INVESTMENTS

Norwegian PE firms' investments in Norwegian and foreign enterprises

(Industry statistics)

INDUSTRY STATISTICS: NORWEGIAN PE FIRMS' INVESTMENTS IN NORWEGIAN AND FOREIGN COMPANIES

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

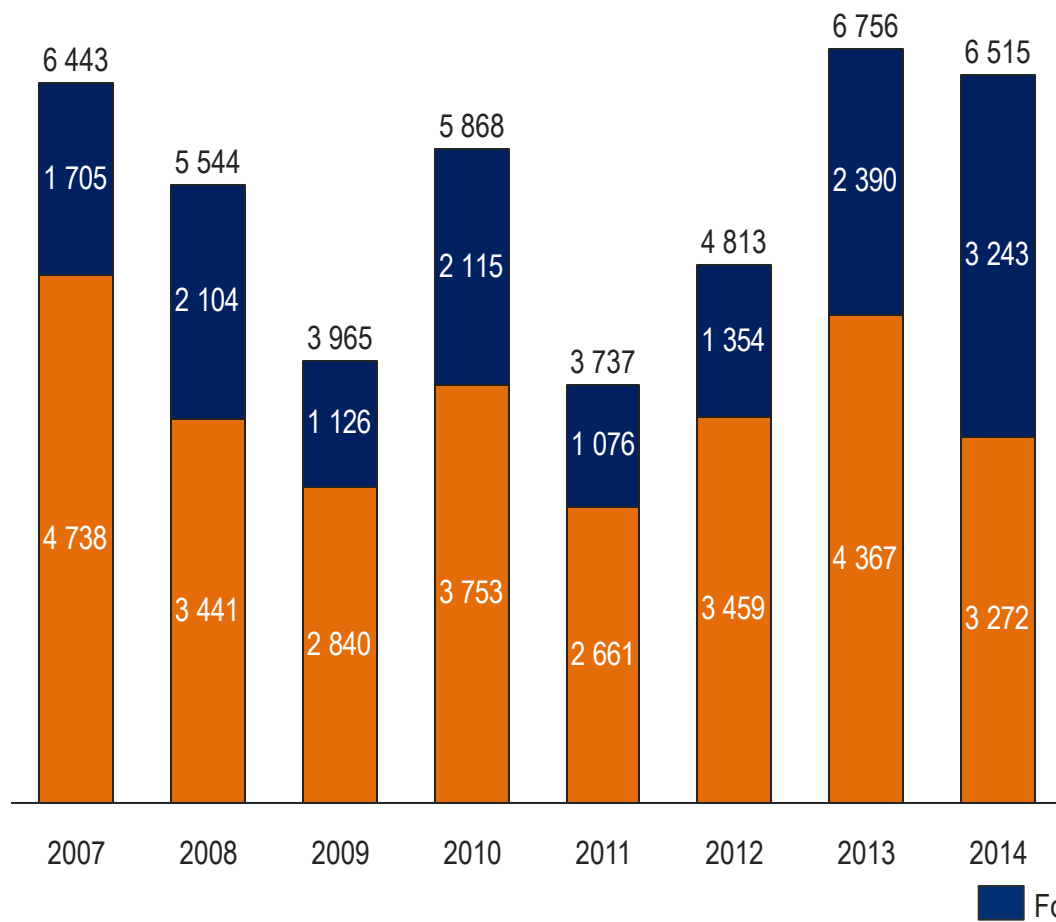
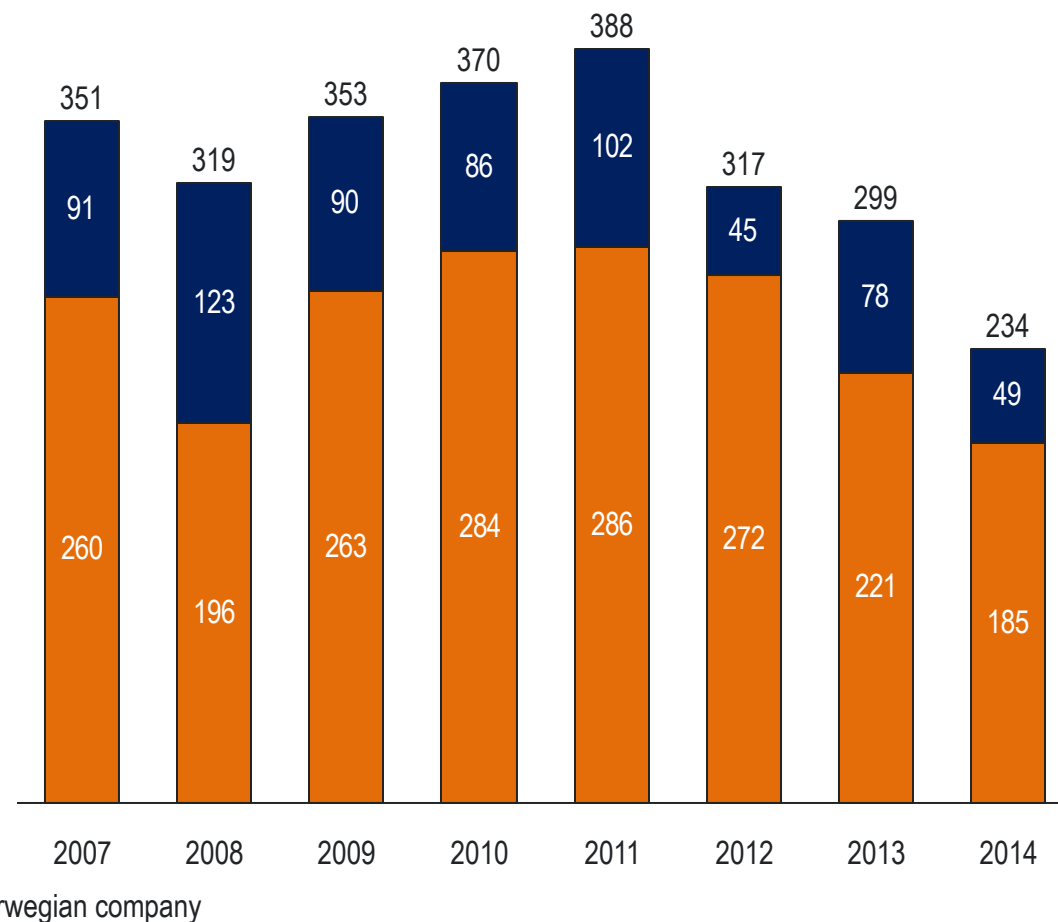


Figure 3: Number of investments by Norwegian PE firms



NORWEGIAN PE FIRMS' TOTAL INVESTMENTS BY PHASE

Figure 4: Amount invested by phase (million NOK)

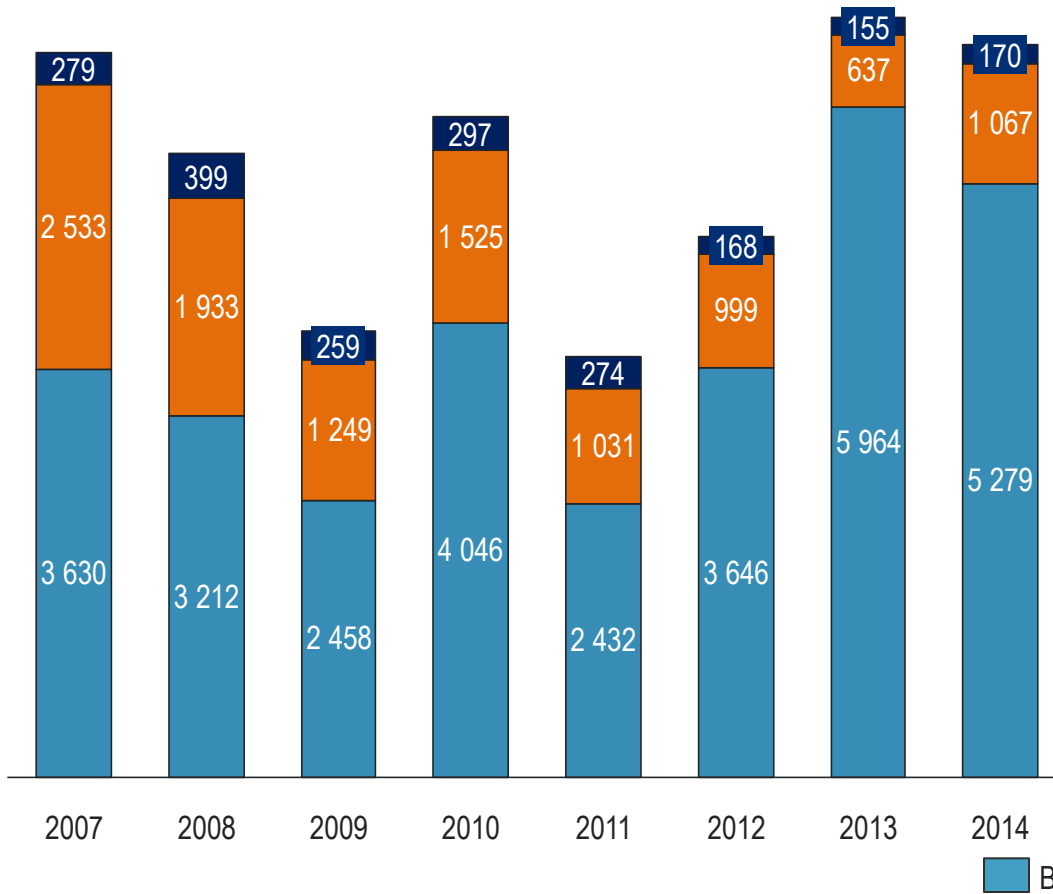
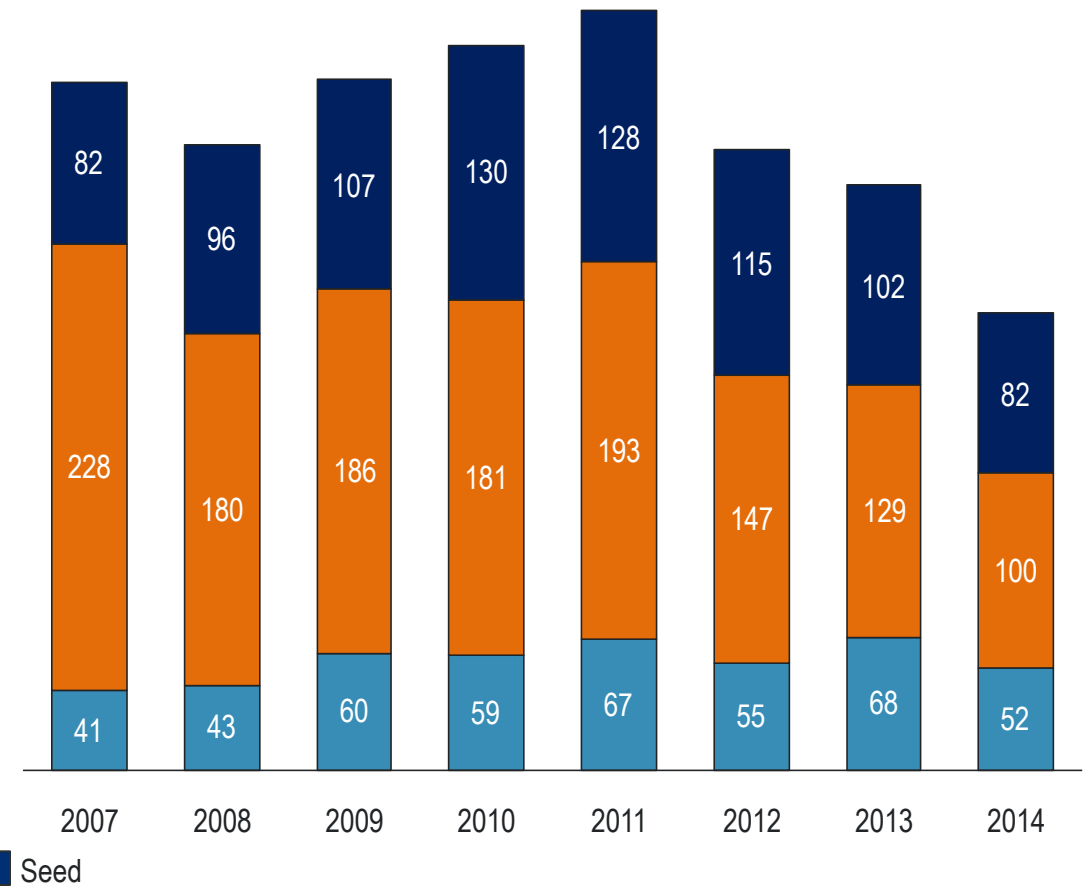


Figure 5: Number of investments by phase



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

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

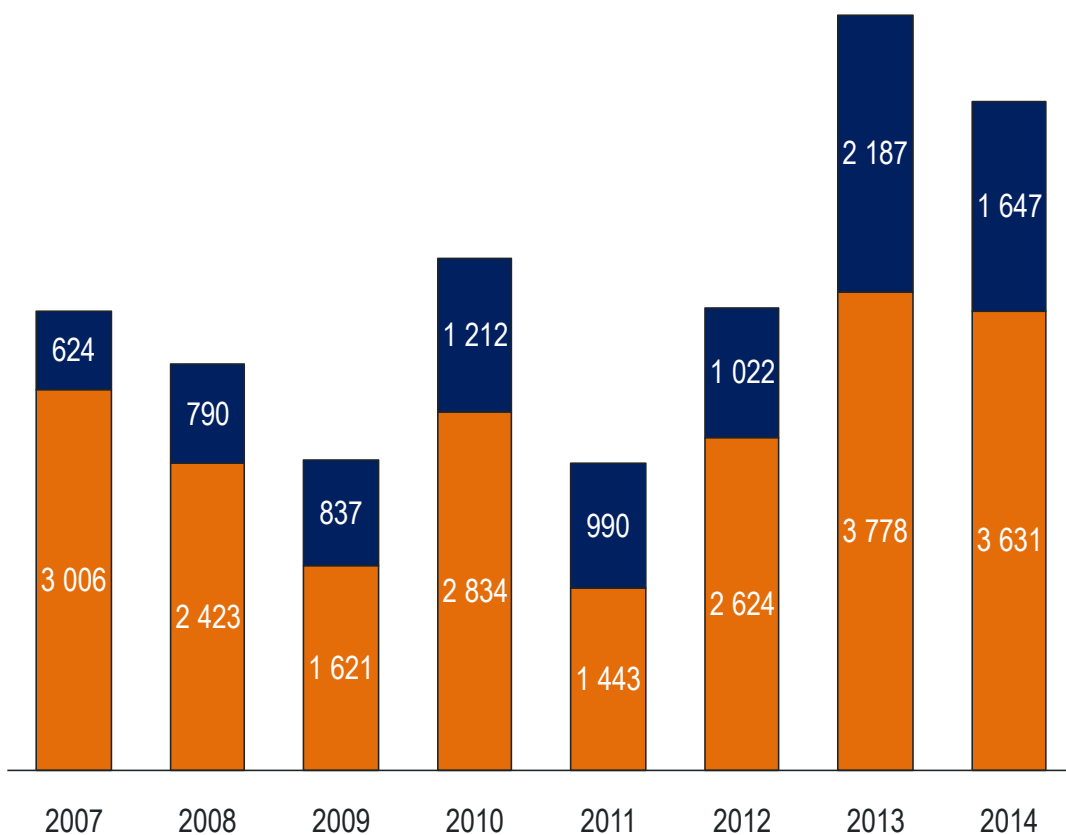
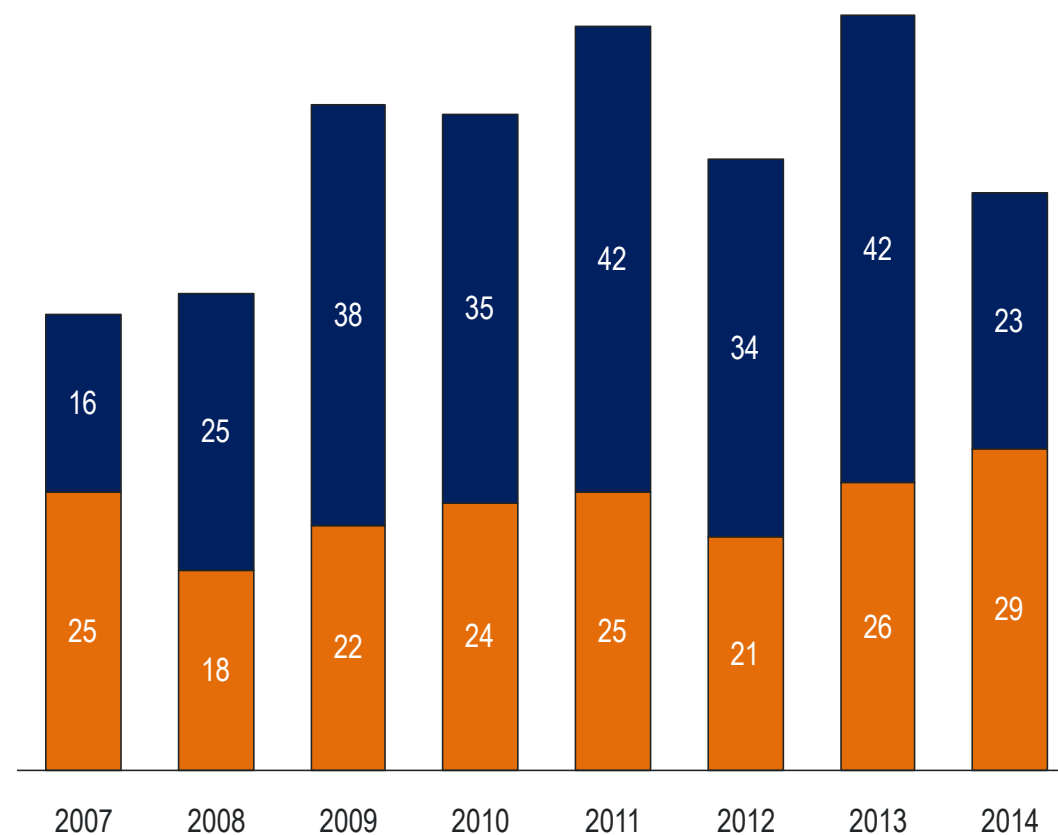


Figure 7: Number of initial and follow up buyout investments



■ Follow up ■ Initial

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

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

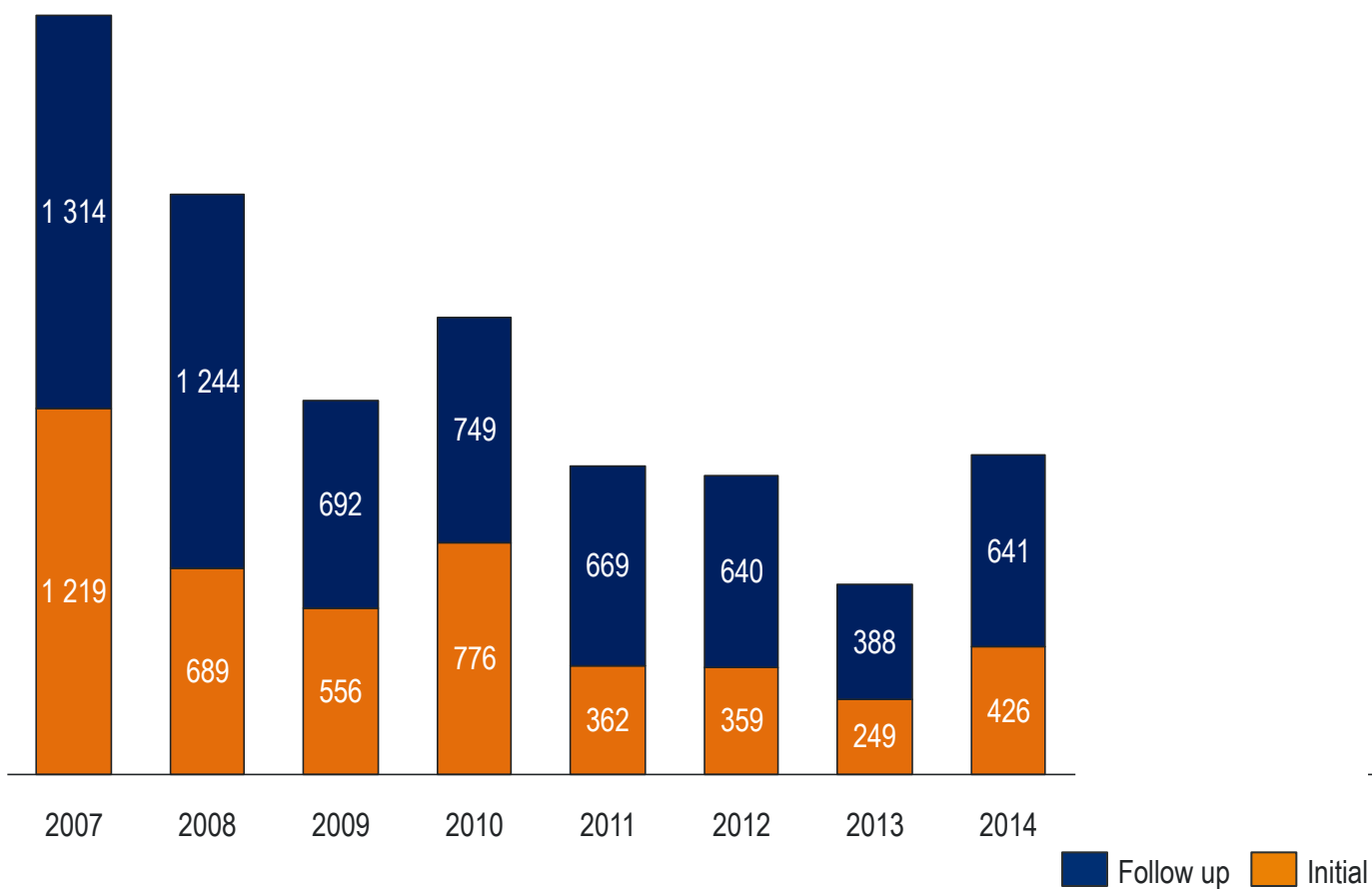
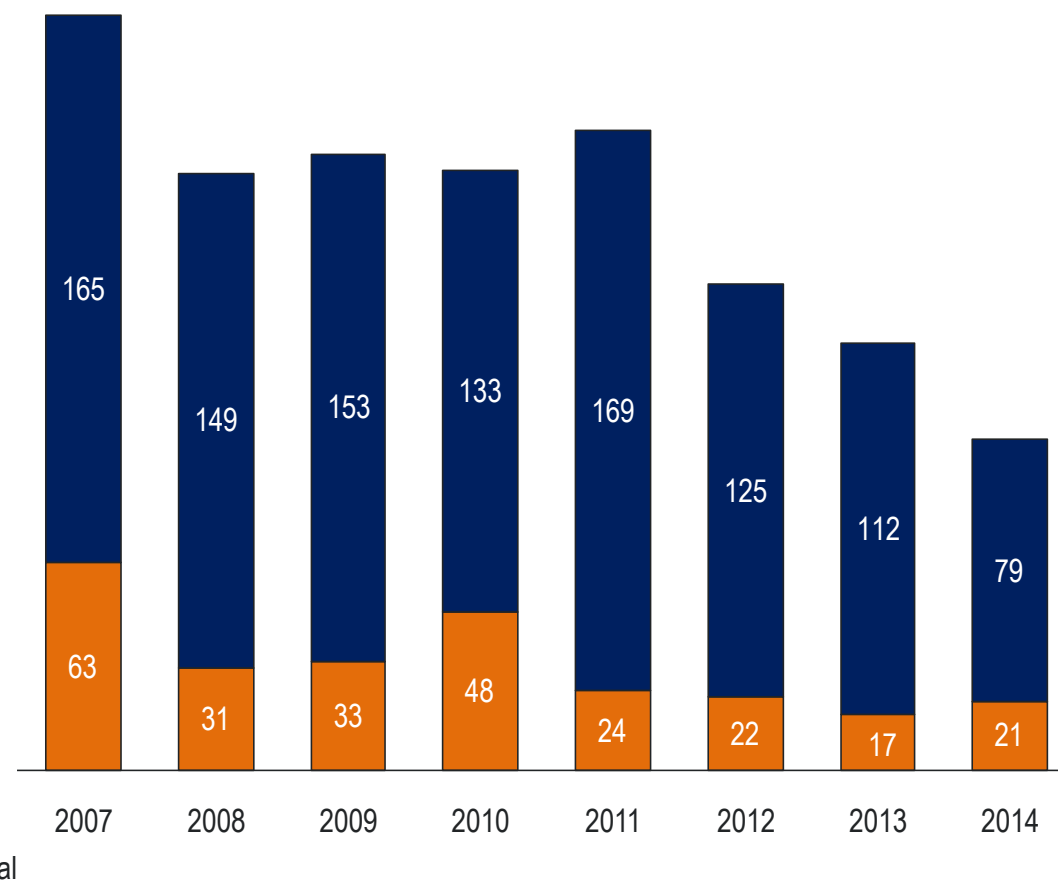


Figure 9: Number of initial and follow up venture investments



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

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

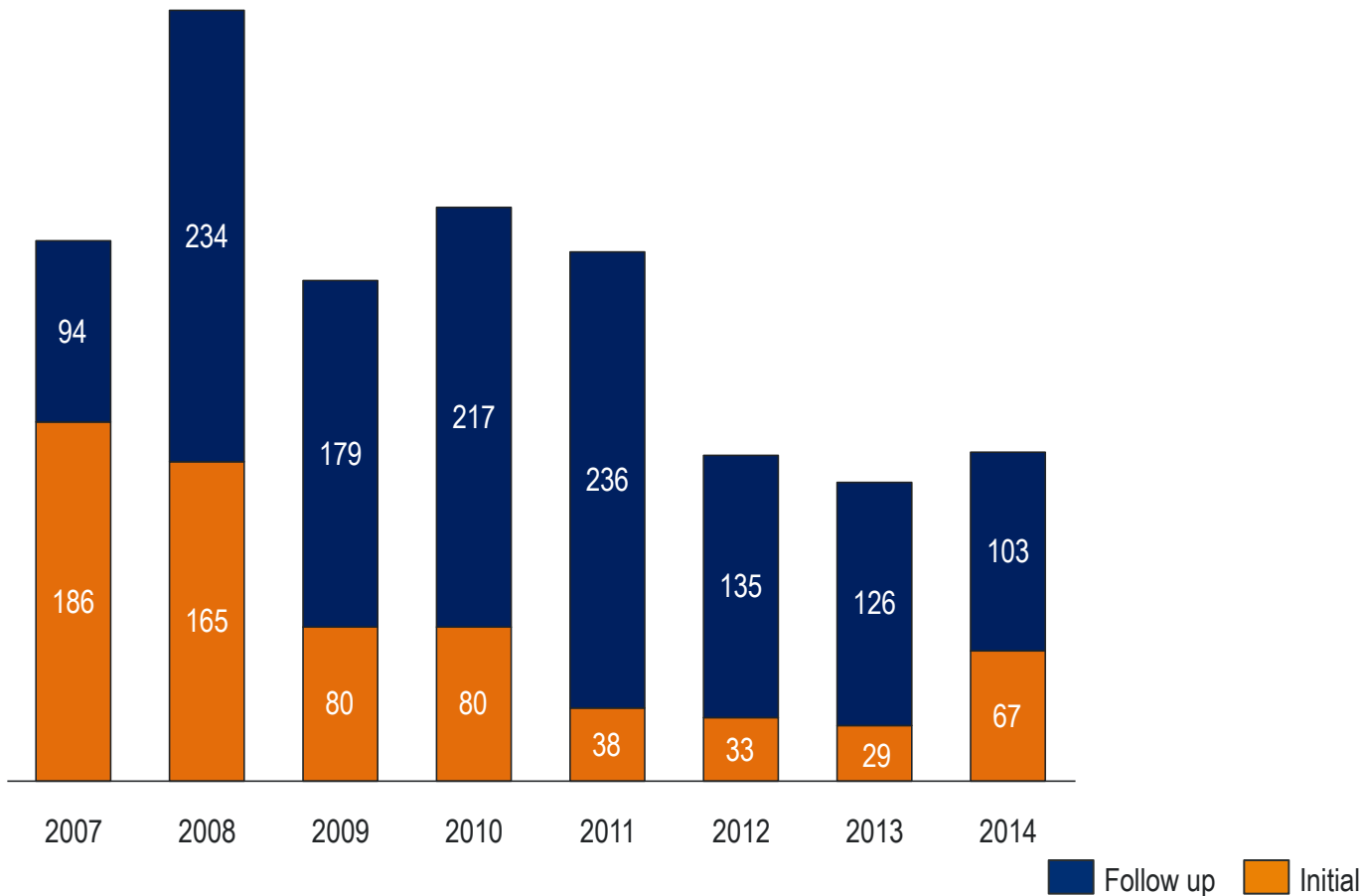
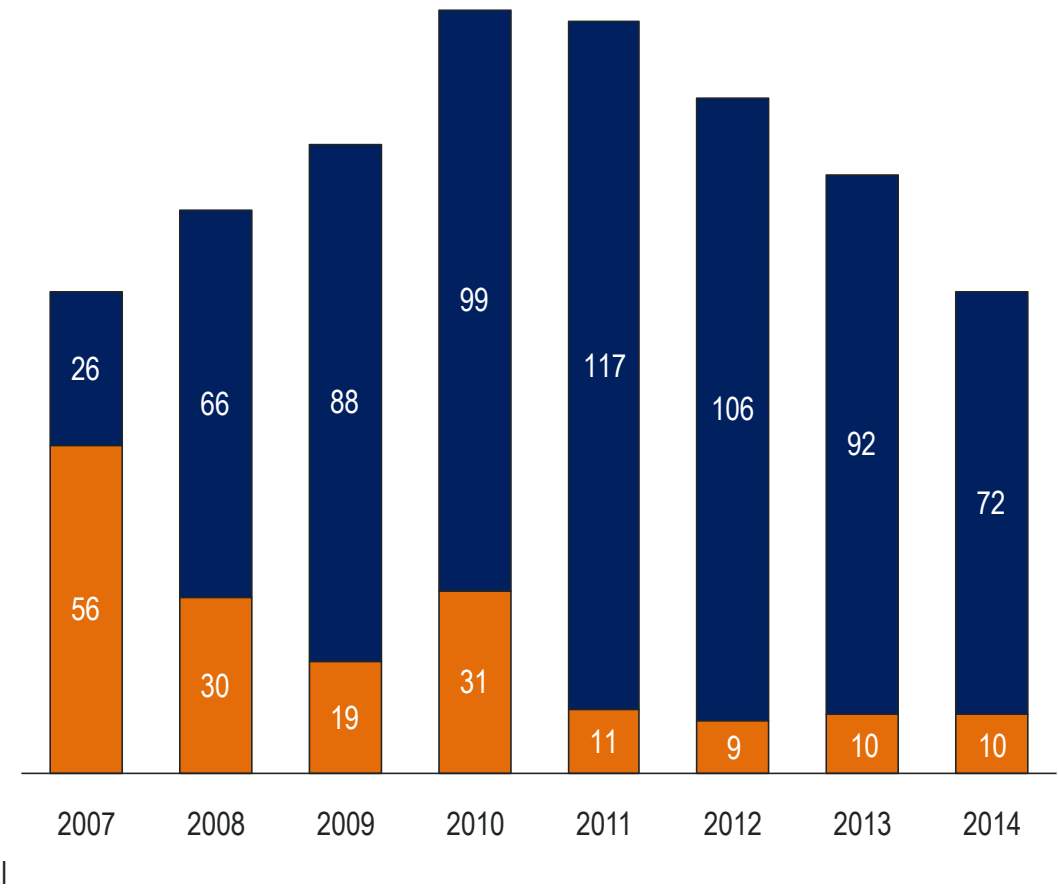
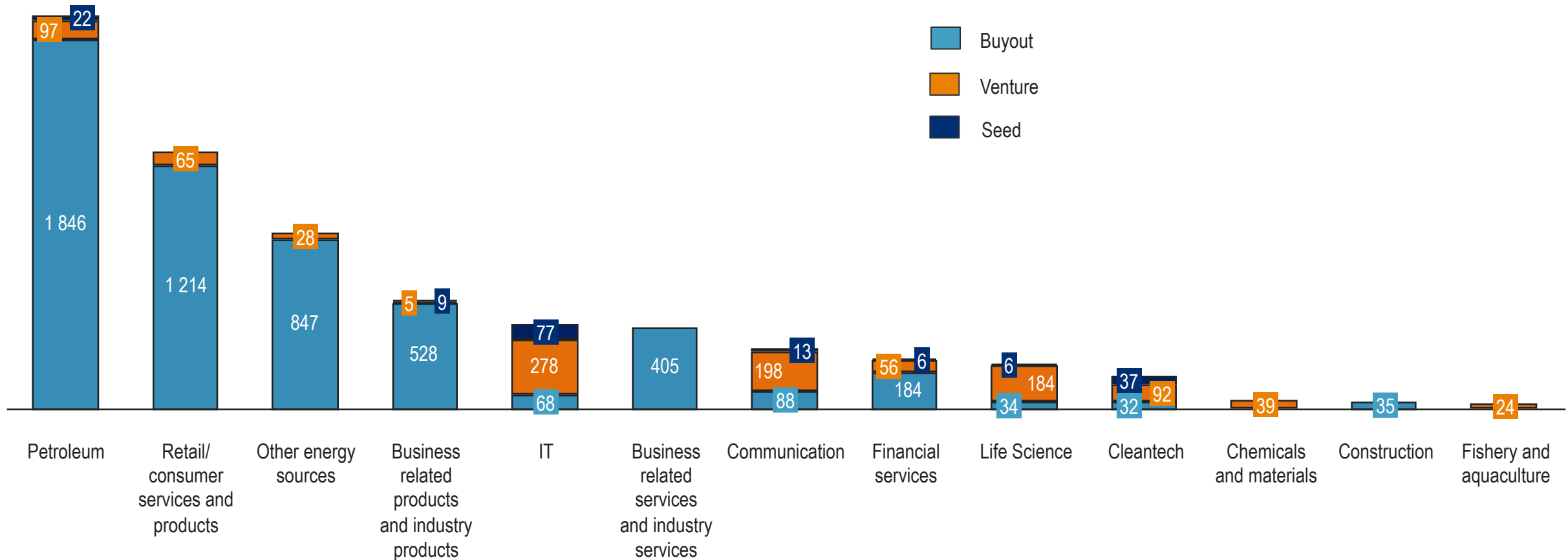


Figure 11: Number of initial and follow up seed investments



TOTAL AMOUNT INVESTED BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN 2014

Figure 12: Norwegian PE firms investments by sector and phase in 2014 (million NOK)



Investments in Norwegian enterprises by Norwegian and foreign PE firms

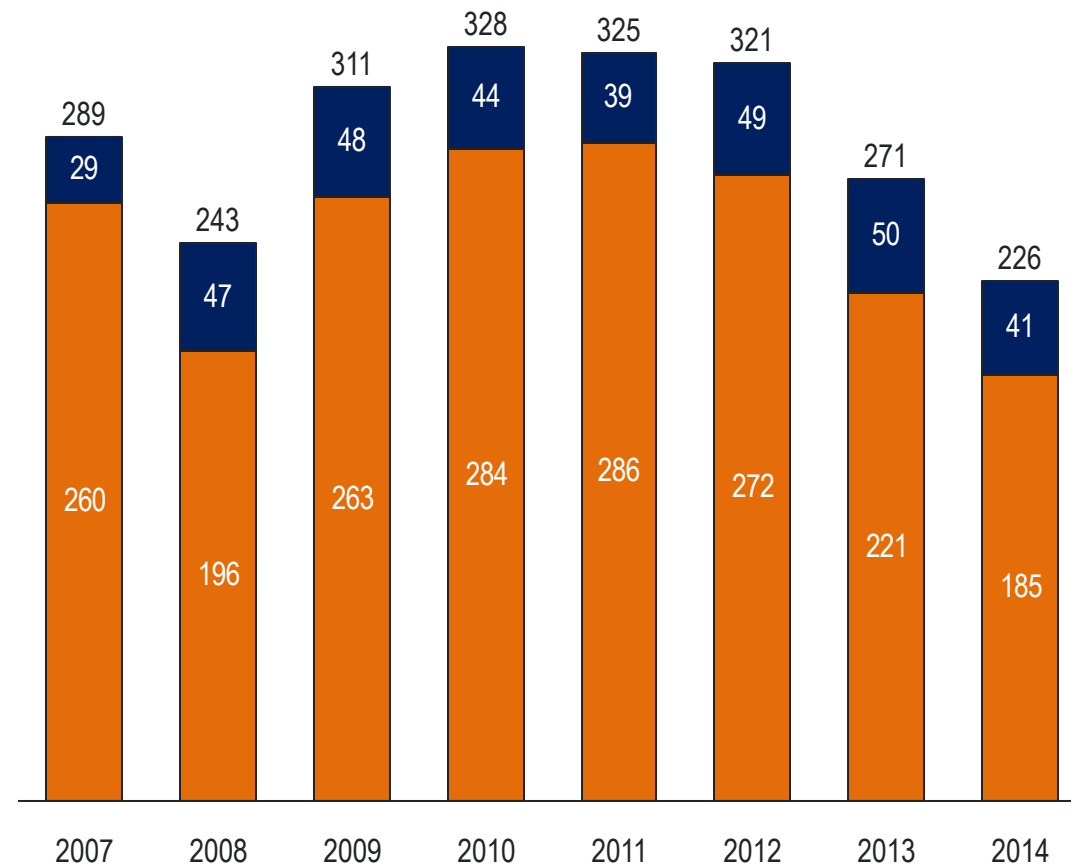
(Market statistics)

MARKET STATISTICS: INVESTMENTS IN NORWEGIAN COMPANIES

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



Figure 14: Total number of investments in Norwegian companies



INVESTMENTS IN NORWEGIAN ENTERPRISES BY PHASE

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

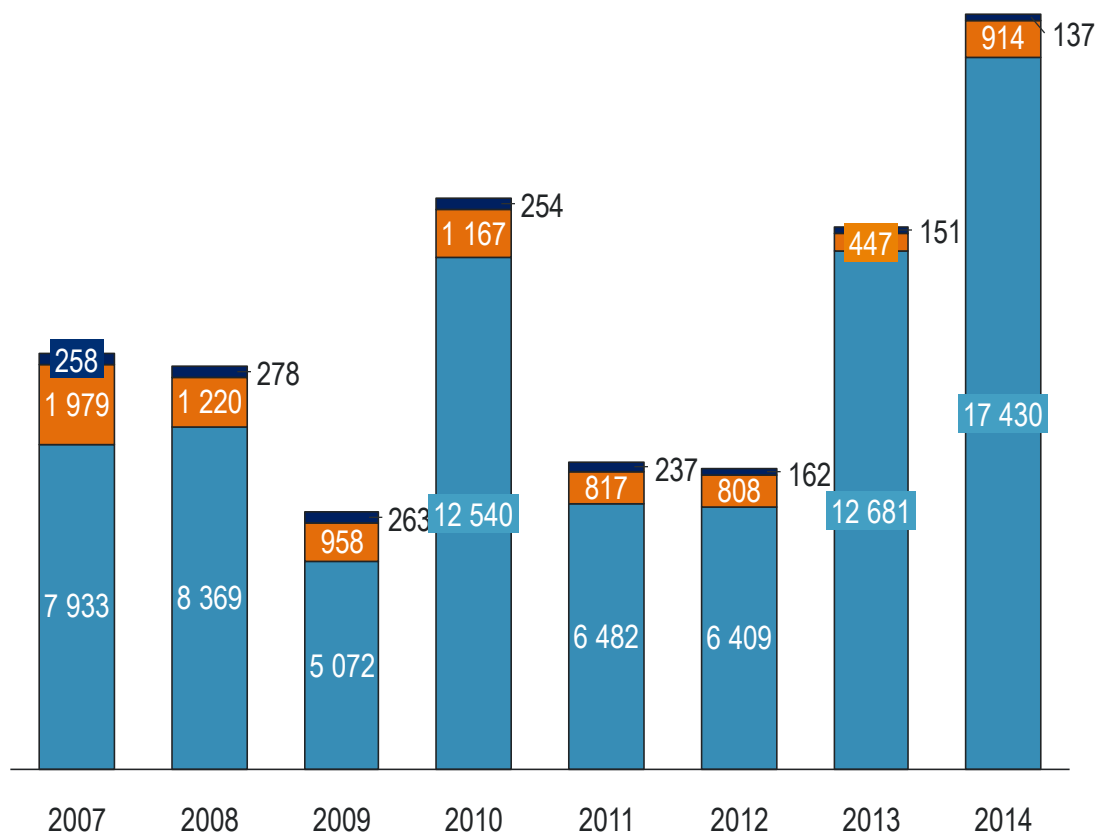
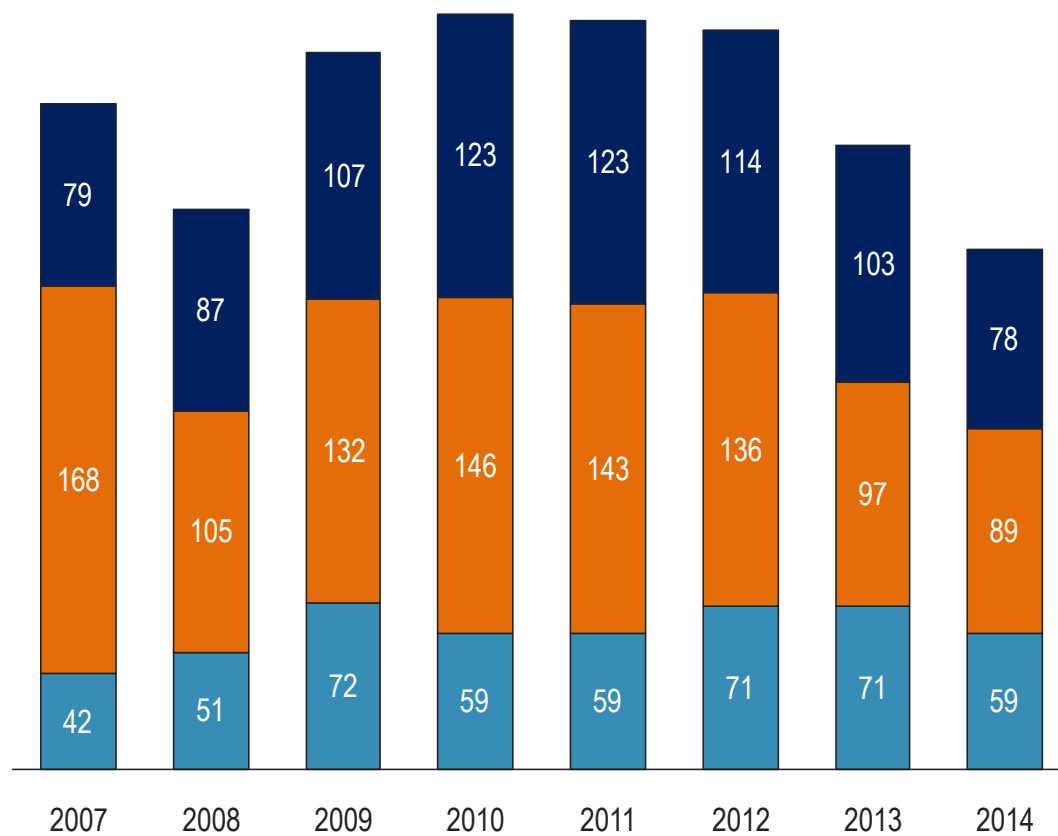


Figure 16: Number of investments in Norwegian companies by phase



Seed Venture Buyout

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

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

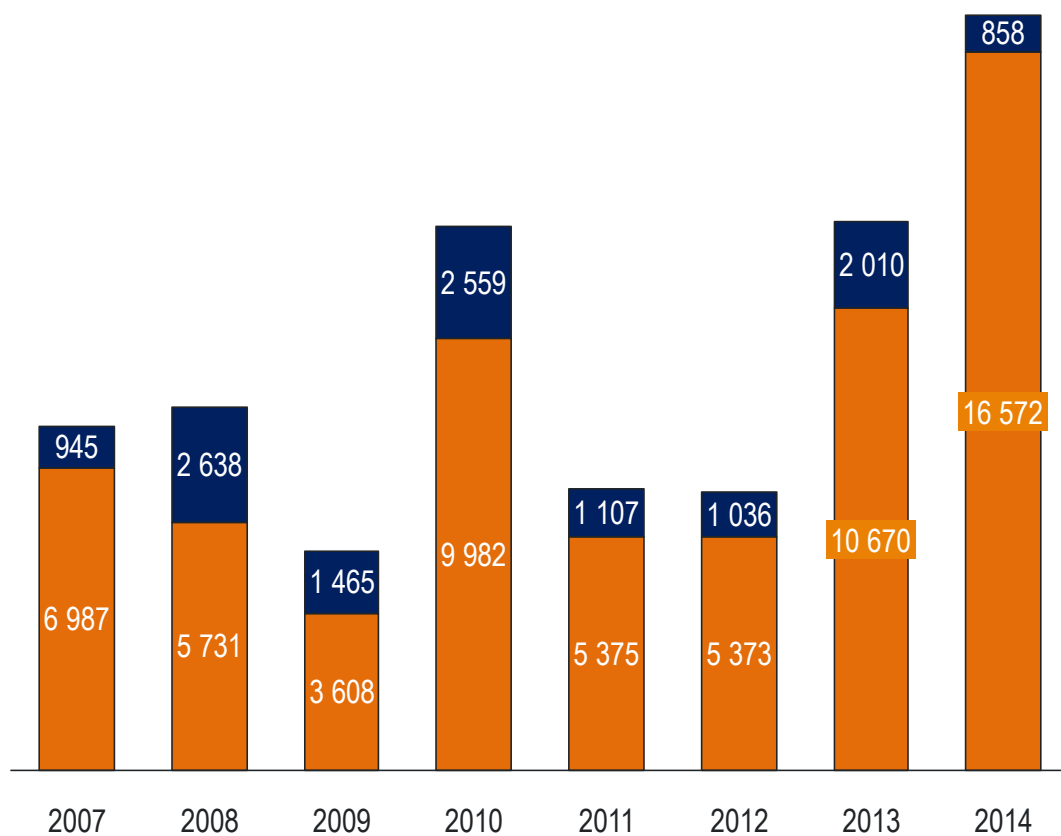
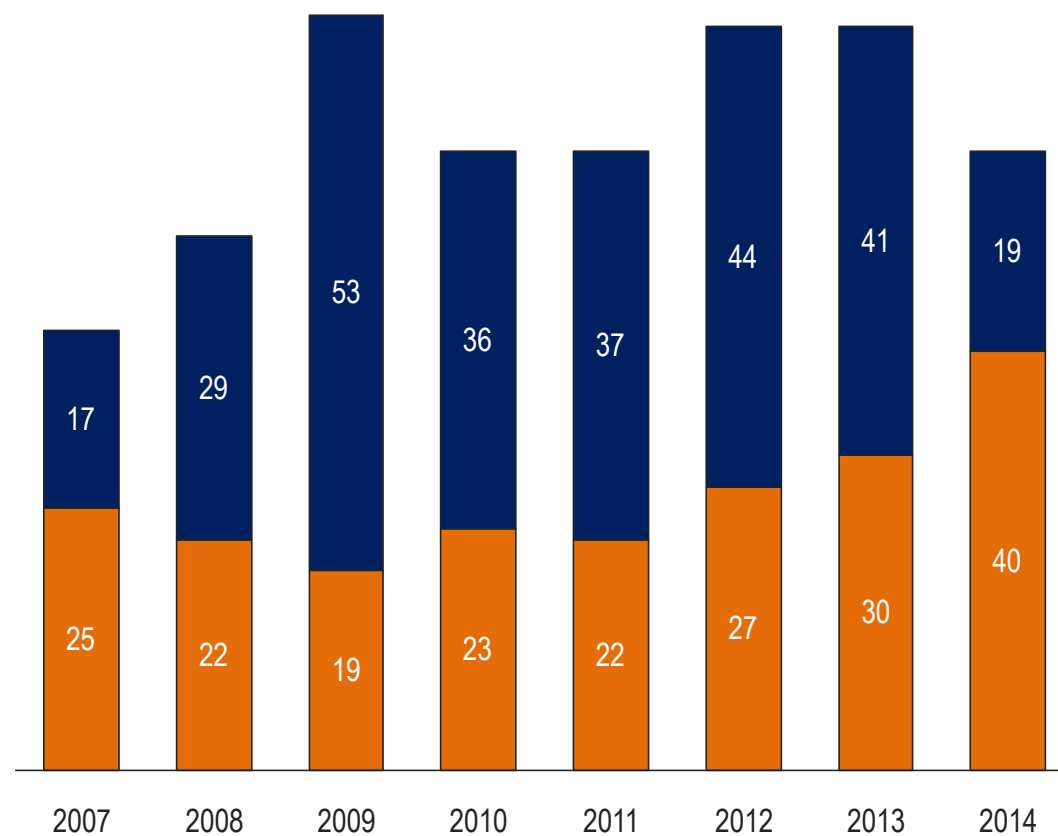


Figure 18: Number of initial and follow up buyout investments



Follow up Initial

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

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

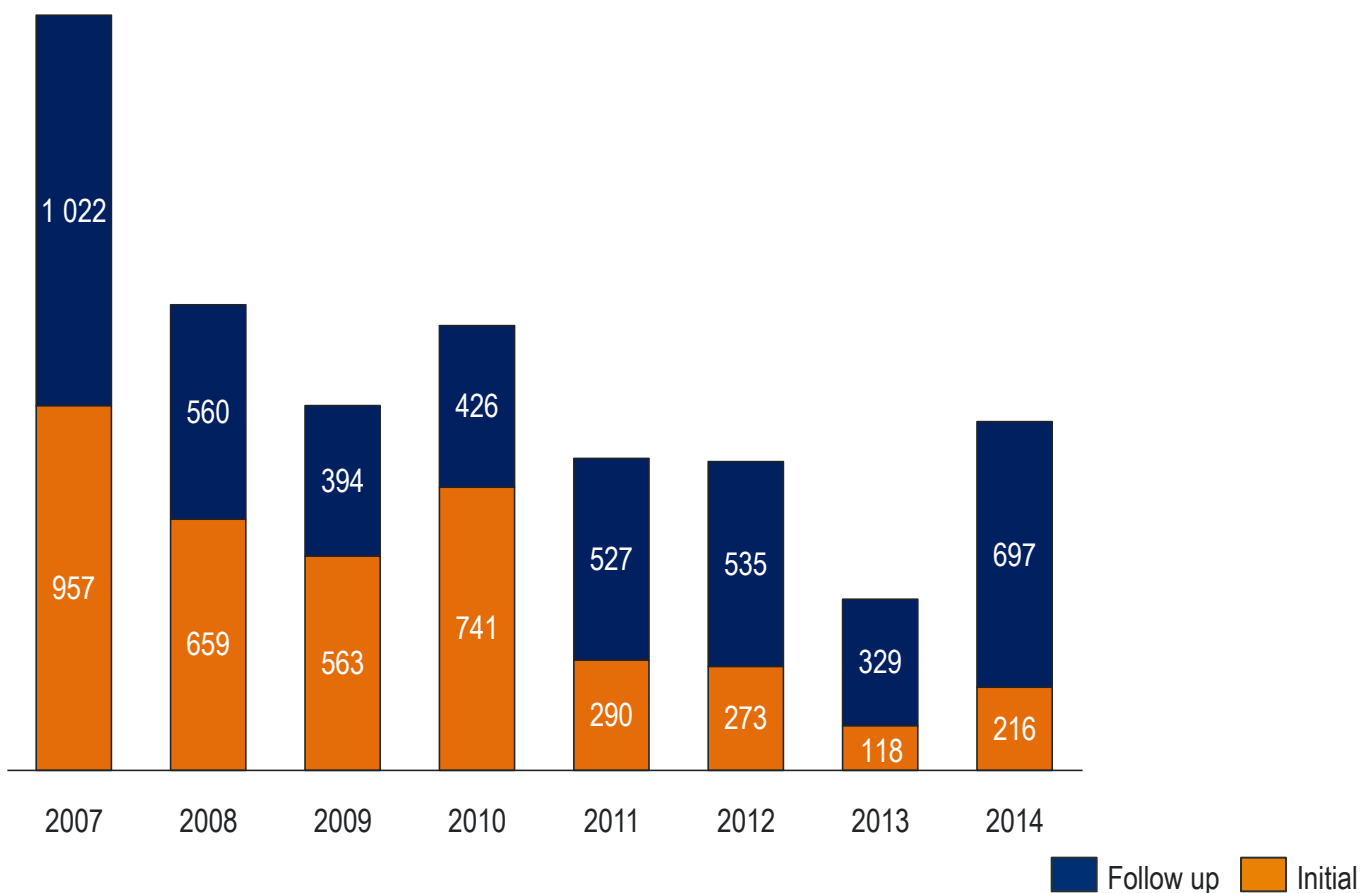
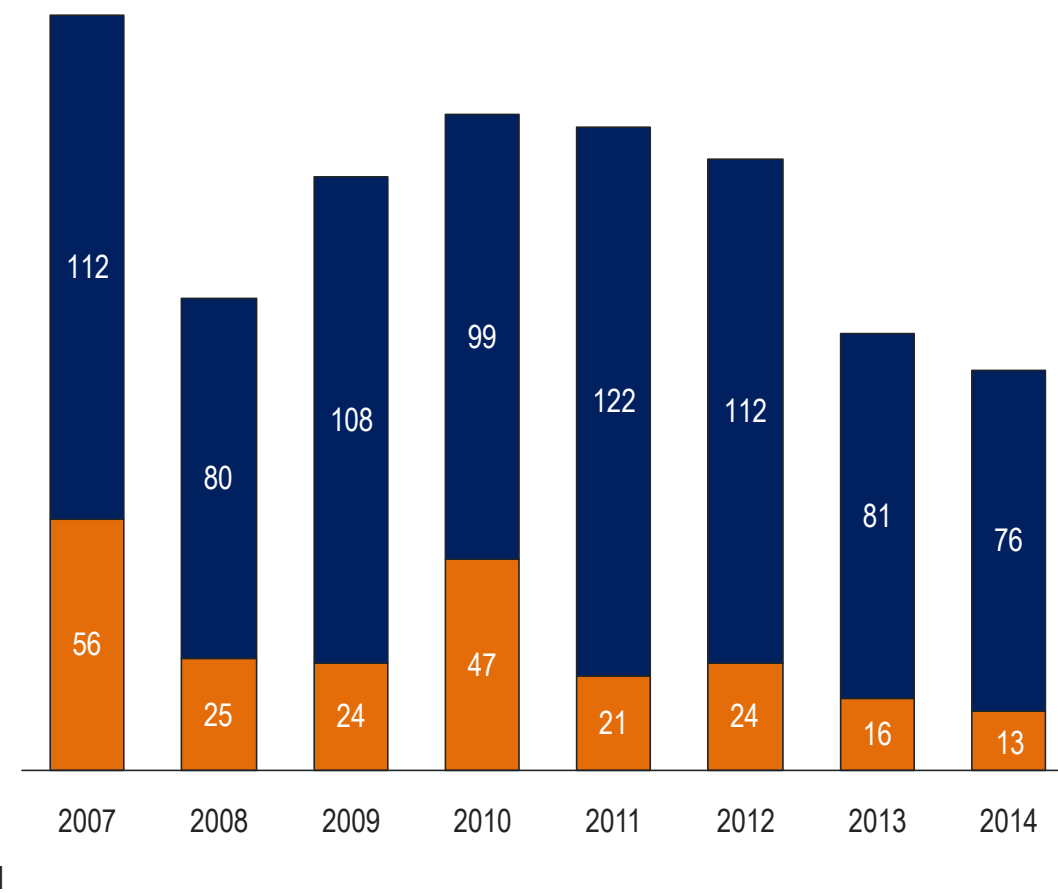


Figure 20: Number of initial and follow up venture investments



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

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

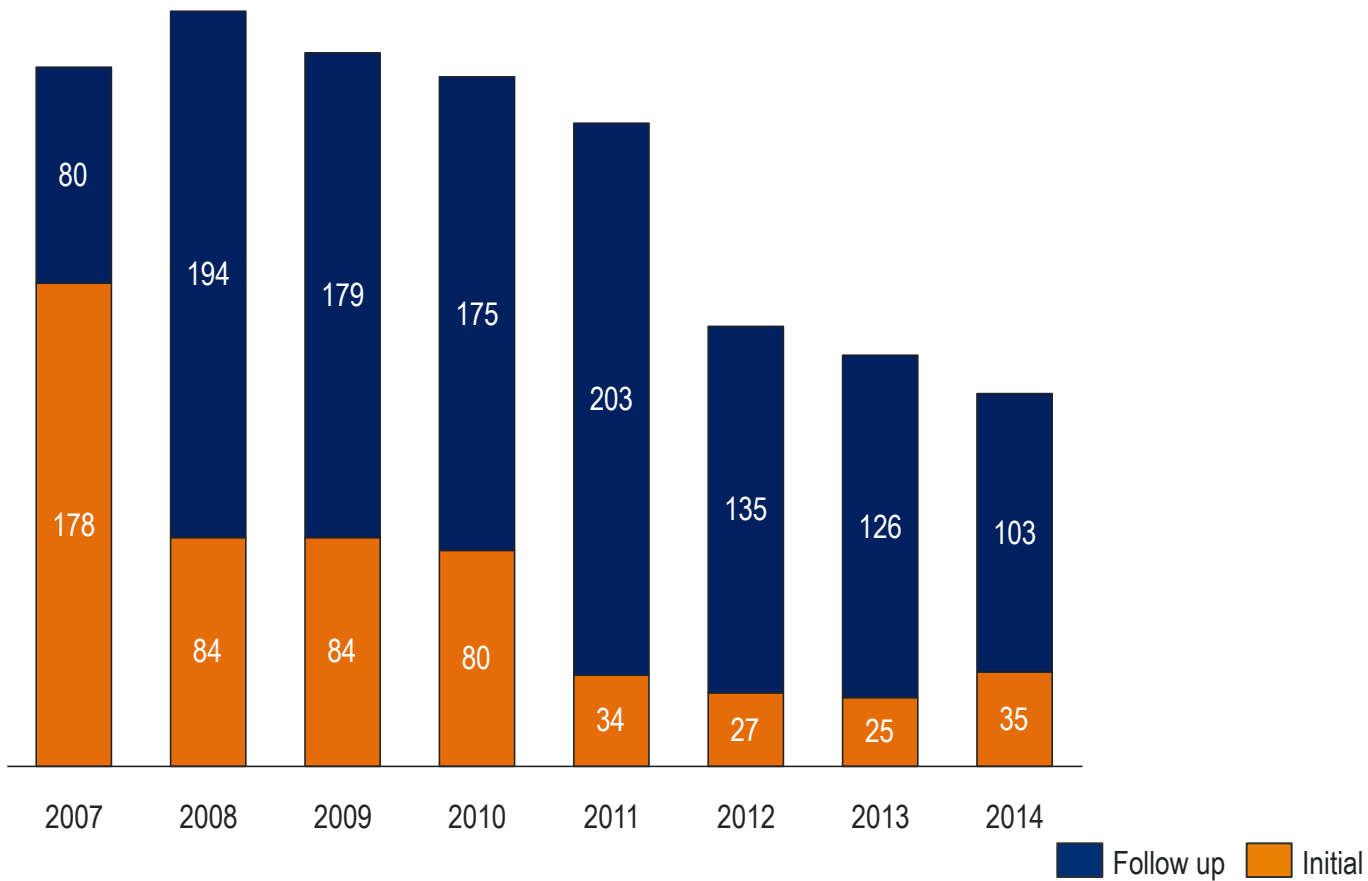
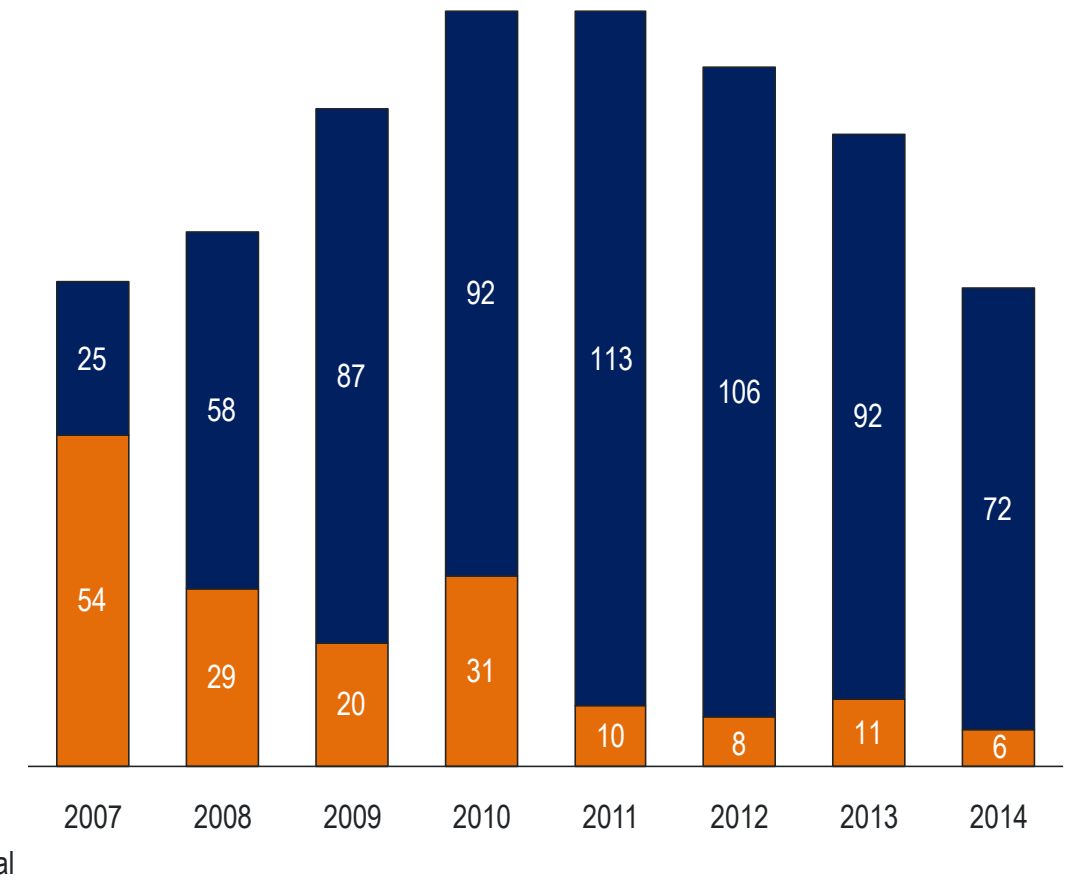


Figure 22: Number of initial and follow up seed investments



INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR & PHASE IN 2014 (MILLION NOK)

Segment	Seed			Venture			Buyout			All
	Initial	Follow up	Total	Initial	Follow up	Total	Initial	Follow up	Total	Total
Business related products and industry products	2	7	9		7	7	1104	5	1109	1125
Business related services and industry services							1806	40	1846	1846
Chemicals and materials				39		39				39
Cleantech	3	25	28	6	64	70	93	26	120	218
Communication		4	4	1	53	54	170		170	229
Construction								35	35	35
Financial services							3257	184	3441	3441
Fishery and aquaculture					24	24				24
IT	16	53	69	58	261	318	5477		5477	5865
Life Science		6	6	36	175	212	645		645	863
Other energy sources					28	28	528		528	556
Petroleum	14	8	22	76	42	117	1878	563	2441	2580
Retail /consumer services and products					42	42	1613	6	1619	1661
Total	35	103	137	216	697	914	16572	858	17430	18481

NUMBER OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR & PHASE IN 2014

Segment	Seed			Venture			Buyout			All
Sector/Phase	Initial	Follow up	Total	Initial	Follow up	Total	Initial	Follow up	Total	Total
Business related products and industry products	1	7	8		3	3	6	1	7	18
Business related services and industry services							3	1	4	4
Chemicals and materials				1		1				1
Cleantech	1	18	19	2	15	17	2	3	5	41
Communication		4	4	1	12	13	6		6	23
Construction								1	1	1
Financial services							1	3	4	4
Fishery and aquaculture					1	1				1
IT	3	24	27	4	14	18	3		3	48
Life Science		11	11	1	10	11	4		4	26
Other energy sources					6	6	3		3	9
Petroleum	1	8	9	4	14	18	9	8	17	44
Retail /consumer services and products					1	1	3	2	5	6
Total	6	72	78	13	76	89	40	19	59	226

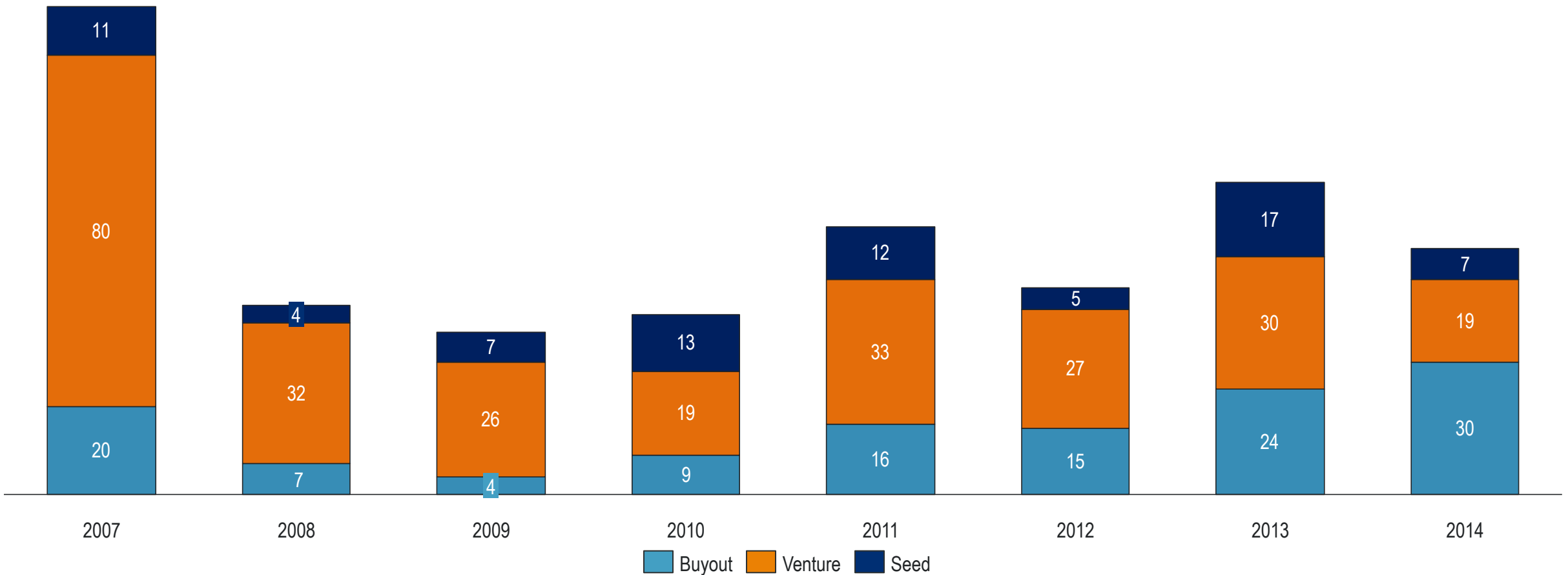
DIVESTMENTS

Norwegian PE firms' divestments in Norwegian and foreign enterprises

(Industry statistics)

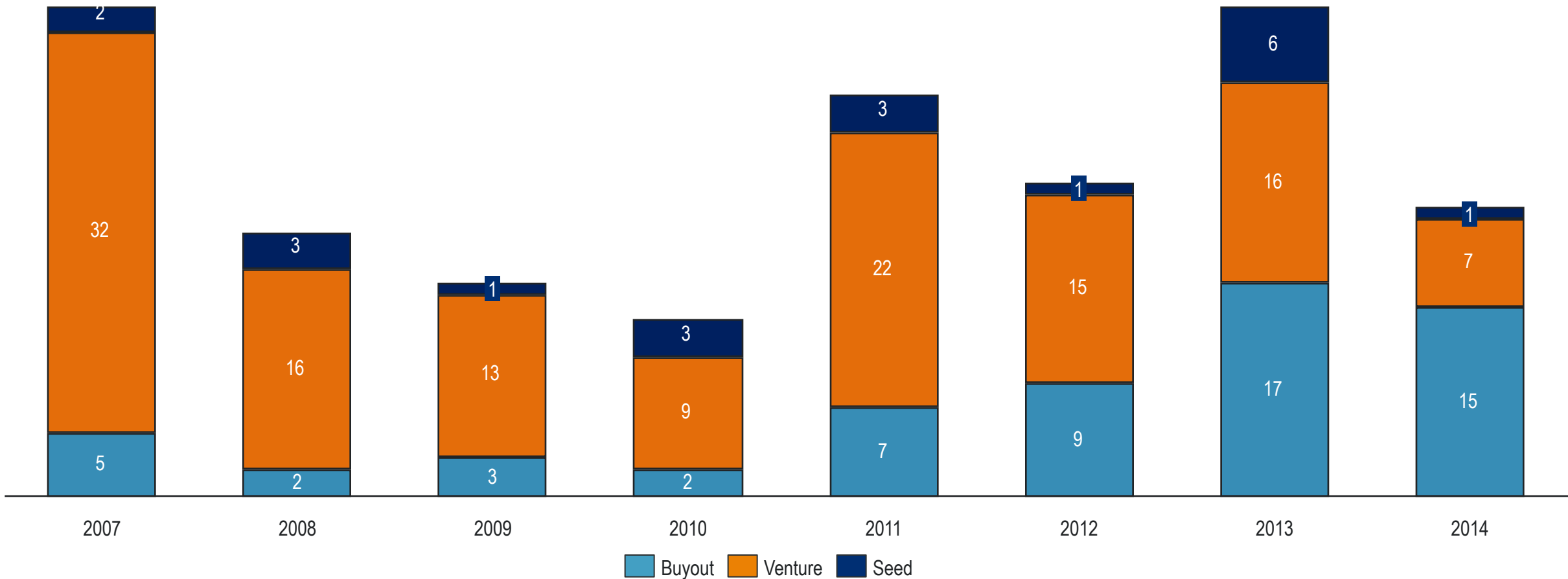
NUMBER OF DIVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES (EXCL. WRITE OFFS) BY NORWEGIAN PE FIRMS

Figure 23: Number of divestments by phase



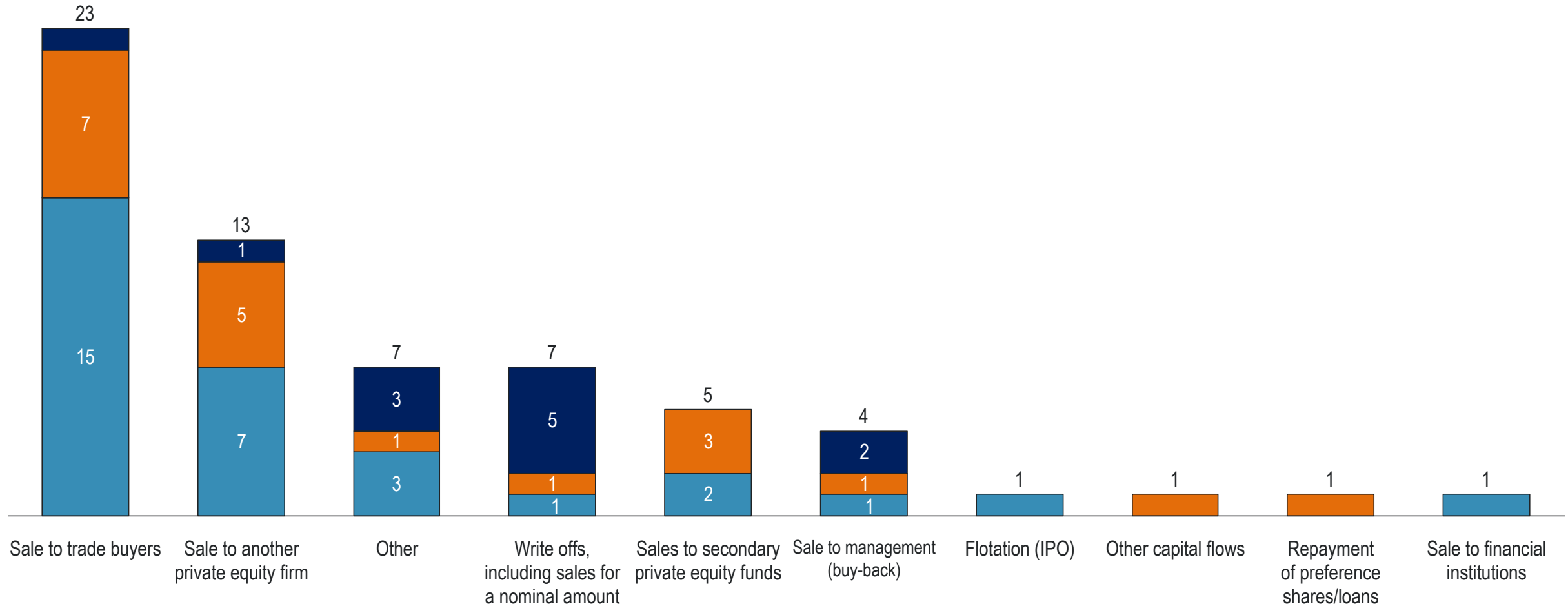
NUMBER OF INDUSTRIAL SALES OF NORWEGIAN AND FOREIGN ENTERPRISES (EXCL. WRITE OFFS) BY NORWEGIAN PE FIRMS

Figure 24: Number of industrial sales by phase



TYPE OF DIVESTMENT METHOD BY NORWEGIAN PE FIRMS IN 2014 - NUMBER OF DIVESTMENTS

Figure 25: Number of divestments in 2014 by phase and divestment method

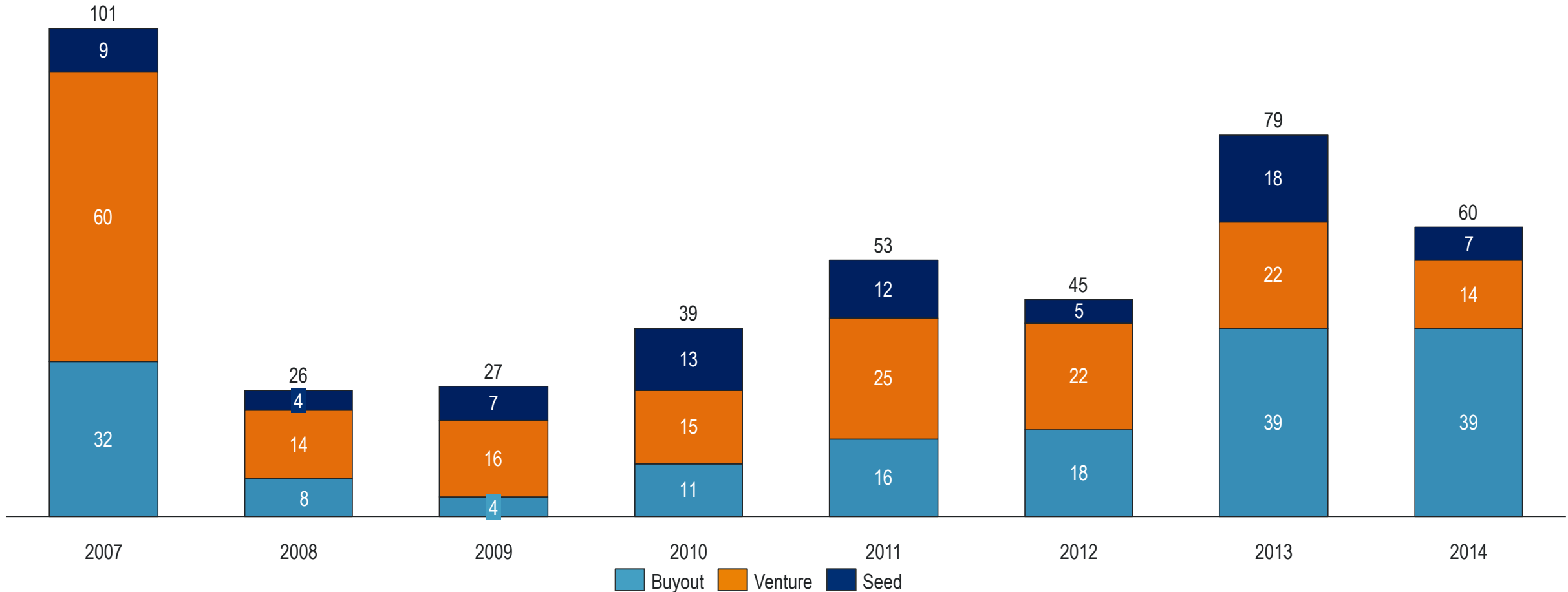


Divestments in Norwegian enterprises by Norwegian and foreign PE firms

(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



TYPE OF DIVESTMENT IN 2014 - NUMBER OF NORWEGIAN COMPANIES DIVESTED

Figure 27: Number of divestments in Norwegian enterprises in 2014 by phase and divestment method

