

NORWEGIAN VENTURE CAPITAL & PRIVATE EQUITY ASSOCIATION (NVCA)

# PRIVATE EQUITY FUNDS IN NORWAY

## ACTIVITY REPORT 2015

(SEED – VENTURE – BUYOUT)

## ABOUT THE ACTIVITY REPORT 2015

The Activity Report 2015 is developed for the Norwegian Venture Capital & Private Equity Association (NVCA) by Menon Economics and PEREP Analytics during March 2016. 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 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.

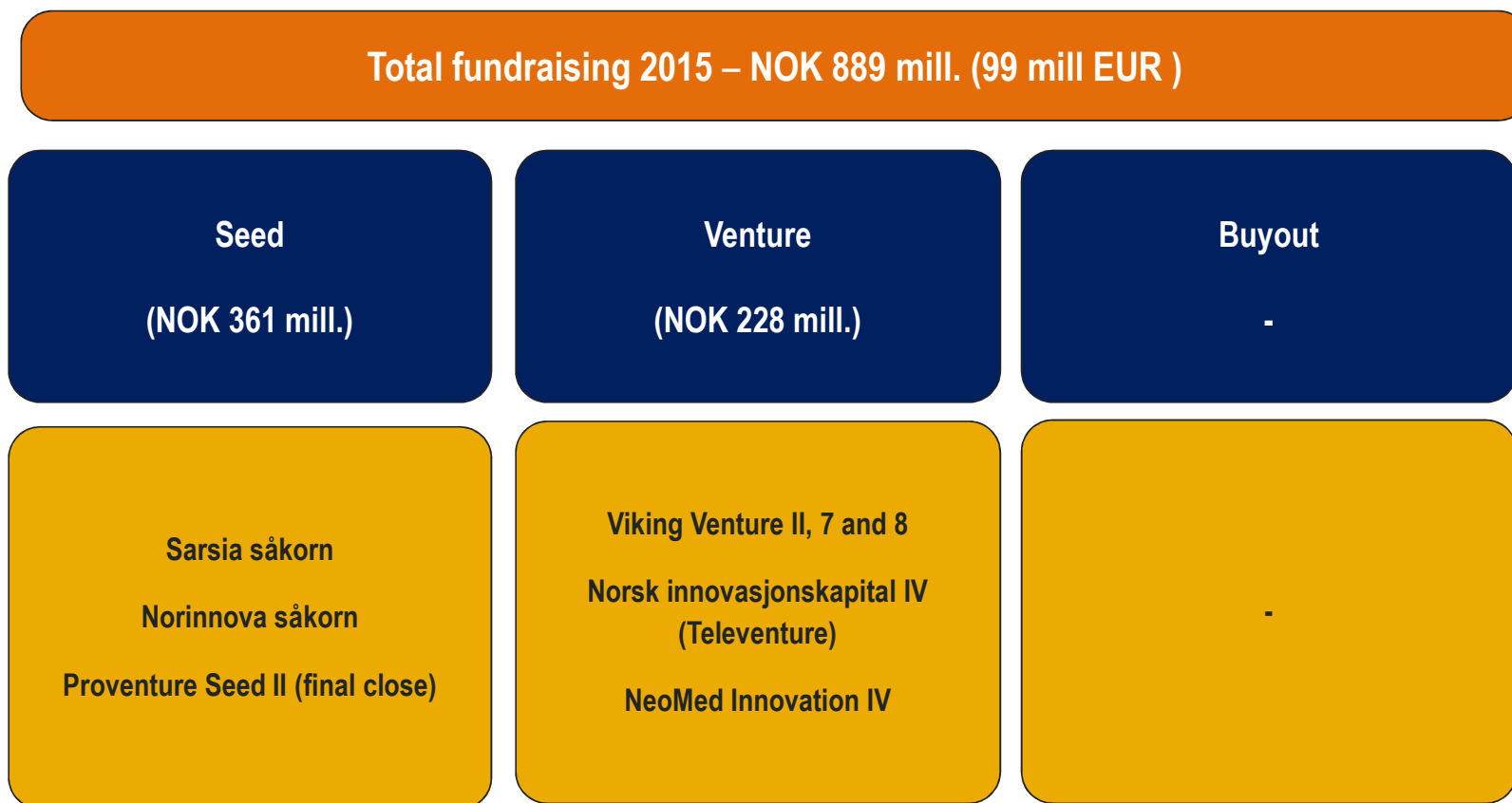
The advantage of the NVCA definition is that the investment and divestment activity is compatible with the fundraising statistics. In addition, the NVCA definition is in line with what is commonly perceived as the Norwegian private equity industry.

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

## MAIN OBSERVATIONS 2015

- The trend with fewer and bigger deals carries on into 2015. The total amount invested by Norwegian PE firms reaches a new high in 2015, but the number of investments is lower than in 2014.
- 2015 investments in Norwegian portfolio companies by Norwegian PE Firms were yet again higher than investments in foreign companies. Investments abroad remain at high levels.
- Markedly increase in buyout investments in Norwegian companies in 2015, reaching highest level of buyout divestments ever from Norwegian PE firms. Particularly strong growth in follow up investment. The petroleum sector is the largest contributor to this growth.
- There has been a slowdown in venture investments. Both total investments and the number has fallen, notably initial investments.
- The level of seed investments remains stable
- Government announced the establishment of two new seed funds in 2015, which will start investing in 2016
- Norwegian companies are popular amongst foreign buyout firms

## FUNDRAISING IN 2015 – NORWEGIAN PRIVATE EQUITY FUNDS



## INVESTMENTS (INITIAL AND FOLLOW UP) BY NORWEGIAN PE FIRMS 2015 (INDUSTRY STATISTICS)

### ■ Overall:

#### ■ Norwegian PE firms invested 8 534 mill. NOK (EUR 948 mill.) in Norwegian and foreign portfolio companies

- 4510 mill. NOK (EUR 501 mill.) in Norwegian enterprises
- 4025 mill. NOK (EUR 447 mill.) in foreign enterprises

### ■ Seed:

- 148 mill. NOK (EUR 16 mill.) invested. Up from 145 mill. NOK (EUR 16 mill.) in 2014.

### ■ Venture:

- 831 mill. NOK (EUR 92 mill.) invested. Down from 1 104 mill.. NOK (EUR 123 mill.) in 2014.

### ■ Buyout:

- 7 431 mill. NOK (EUR 826 mill.) invested. Up from 5363 million NOK (EUR 596 mill.) in 2014.

## INVESTMENTS (INITIAL AND FOLLOW UP) IN NORWEGIAN PORTFOLIO COMPANIES BY NORWEGIAN AND FOREIGN PE FIRMS 2015 (MARKET STATISTICS)

- Overall:
  - 13 871 mill. NOK (EUR 1541 mill.) invested in Norwegian enterprises by both Norwegian and foreign PE firms
    - Norwegian PE firms invested 4 510 mill. NOK (EUR 501 mill.)
    - Foreign PE firms invested 9 361 mill. NOK (EUR 1040 mill.)
    -
- Seed:
  - 130 mill. NOK (EUR 14 mill.) invested. Up from 128 mill. NOK (EUR 14 mill.) in 2014.
- Venture:
  - 371 mill. NOK (EUR 41 mill.) invested. Down from 683 mill. NOK (EUR 76 mill) in 2014.
- Buyout:
  - 13370 mill. NOK (EUR 1486 mill.) invested. Down from 19111 mill. NOK (EUR 2123 mill.) in 2014.

## DIVESTMENTS (EXITS) 2015

### ■ Divestments in Norwegian and foreign enterprises by Norwegian PE firms

- 45 divestments by Norwegian PE firms. Down from 49 in 2014.
- 7 divestments within the seed stage. Up from 6 in 2014.
- 17 divestments within the venture stage. Up from 15 in 2014.
- 21 divestments within the buyout stage. Down from 28 in 2014.
- 21 out of 45 divestments were sales to trade buyers.

### ■ Divestments in Norwegian enterprises by Norwegian and foreign PE firms

- 36 divestments in Norwegian enterprises. Down from 58 in 2014.
- 7 divestments within the seed stage, unchanged from 2014.
- 7 divestments within the venture stage. Down from 12 in 2014.
- 22 divestments within the buyout stage. Down from 40 in 2014.



# APPENDIX

Graphs and charts:

Fundraising

Investments

Divestments

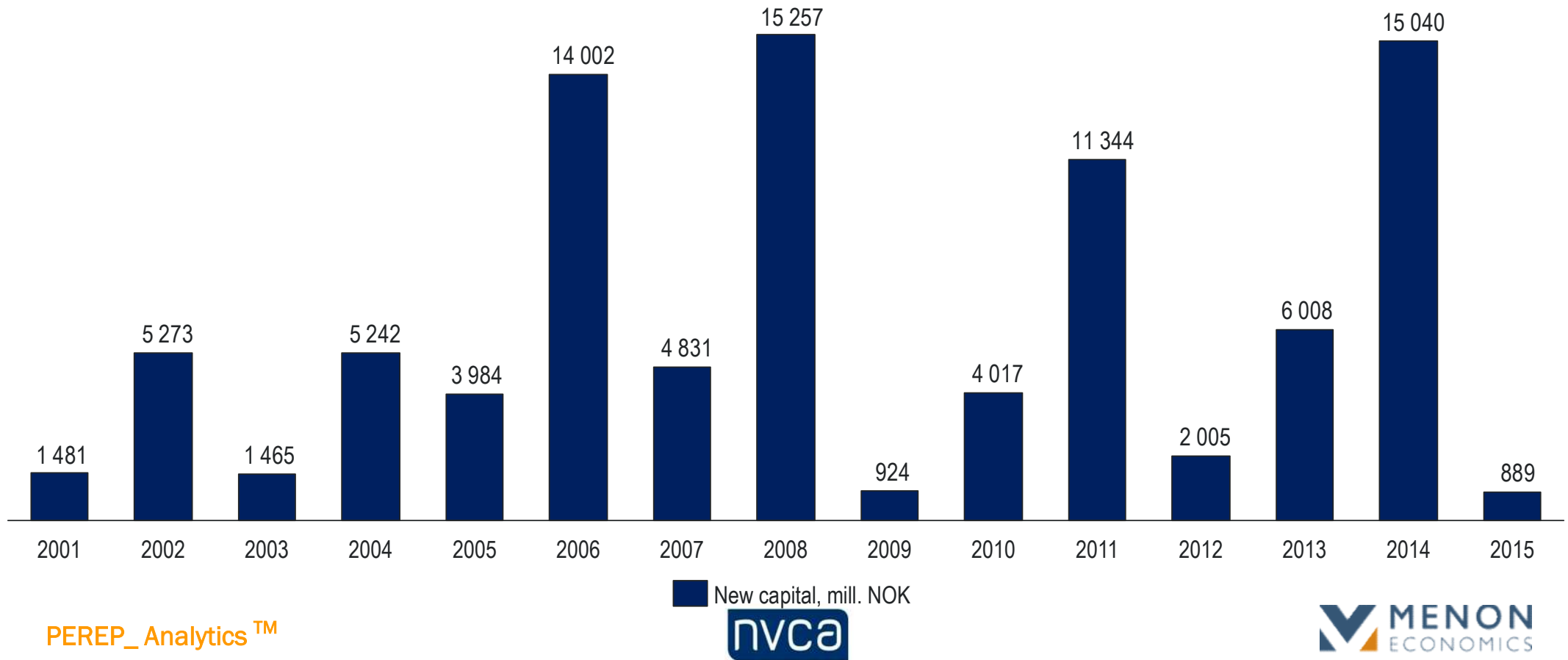
# FUNDRAISING

PEREP\_Analytics™



## COMMITTED CAPITAL PER YEAR FROM 2001-2014

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)

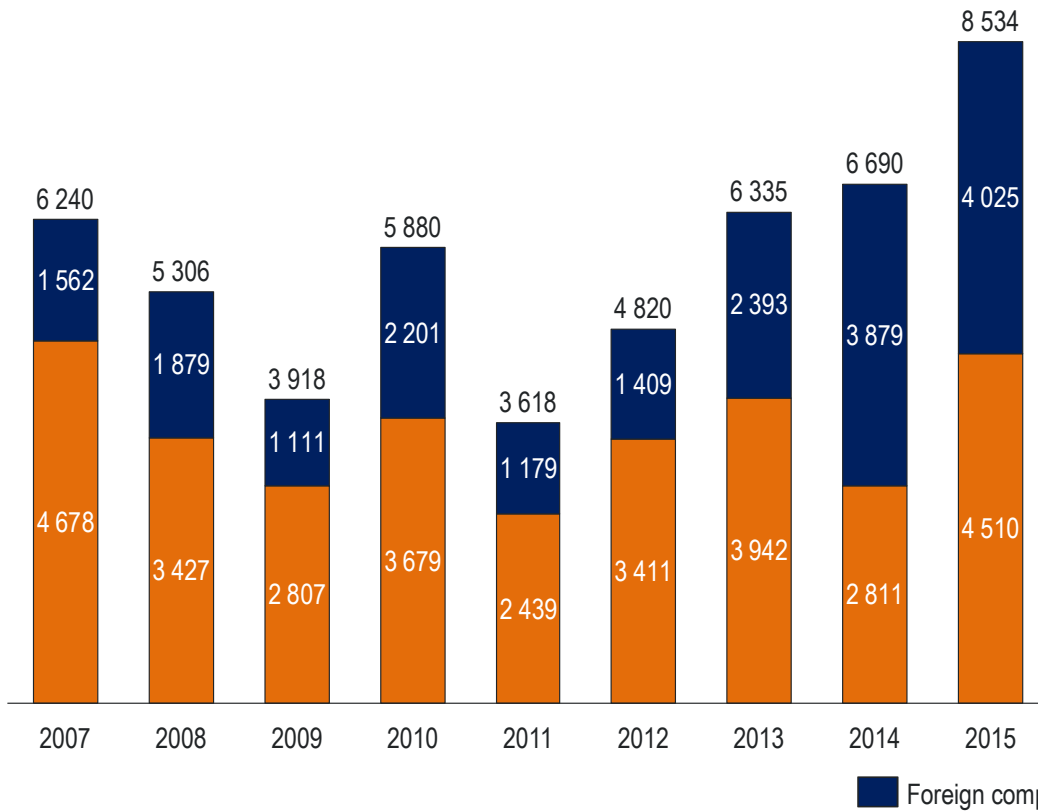
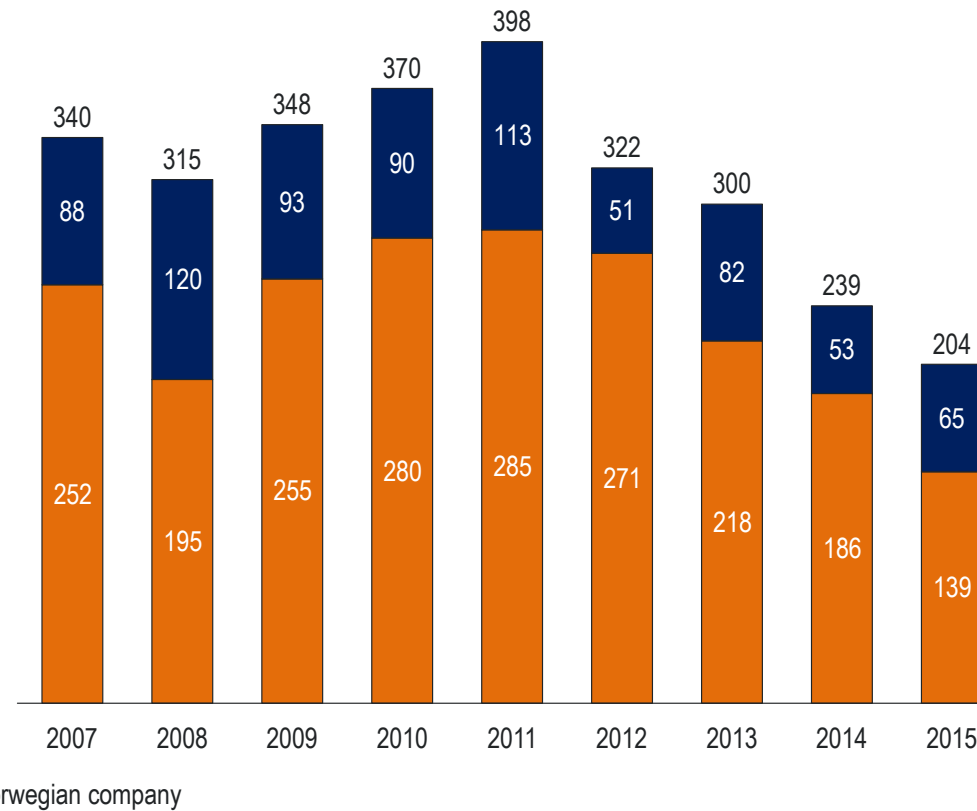


Figure 3: Number of investments by Norwegian PE firms



Foreign company Norwegian company

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

Figure 4: Amount invested by phase (million NOK)

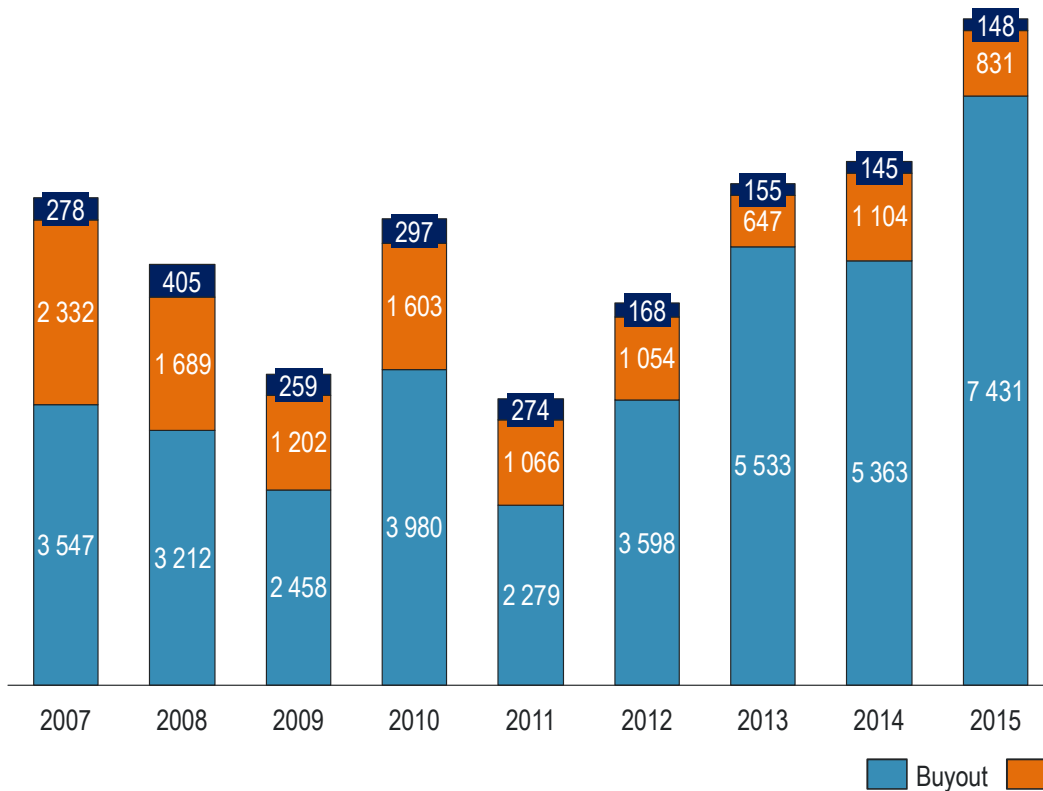
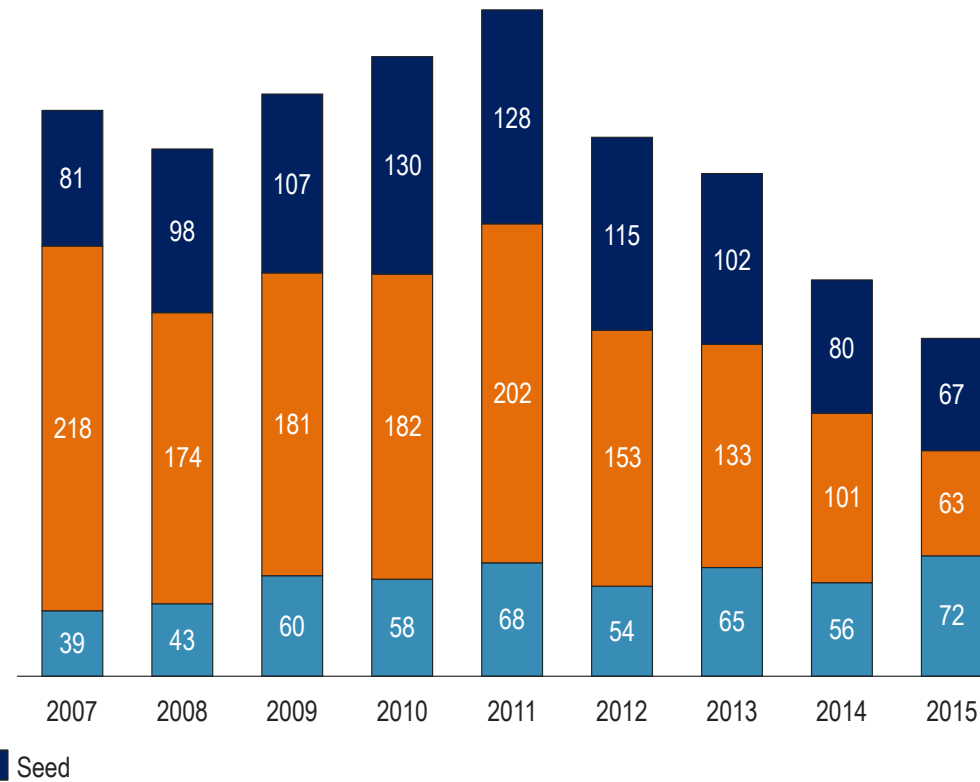


Figure 5: Number of investments by phase



Buyout Venture Seed

# 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)

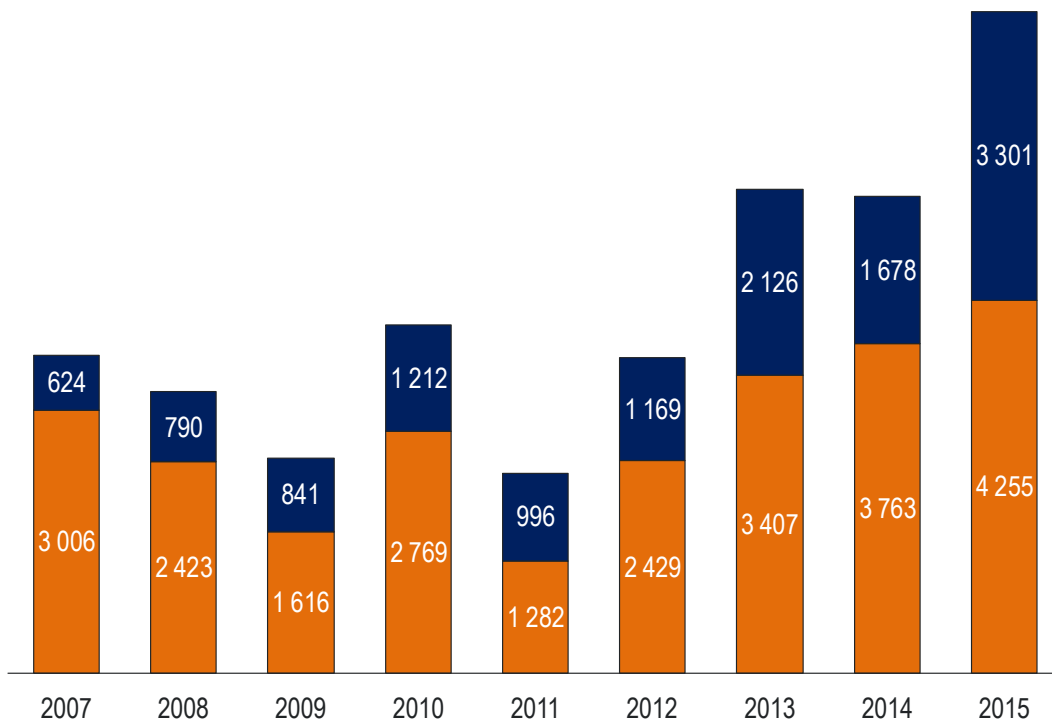
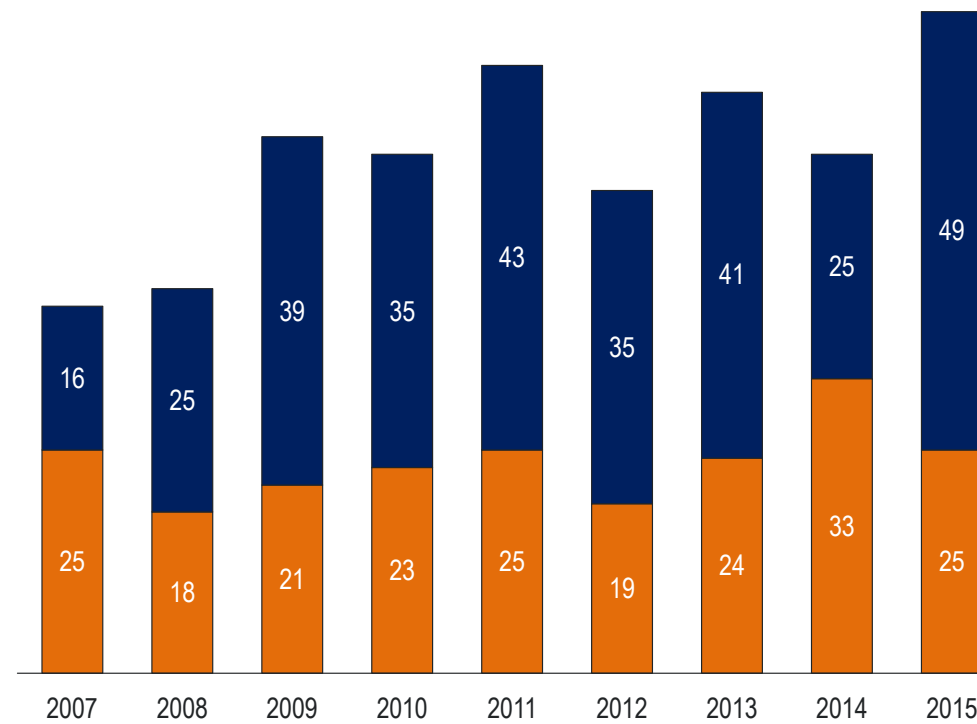


Figure 7: Number of initial and follow up buyout investments



Follow up Initial



# 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)

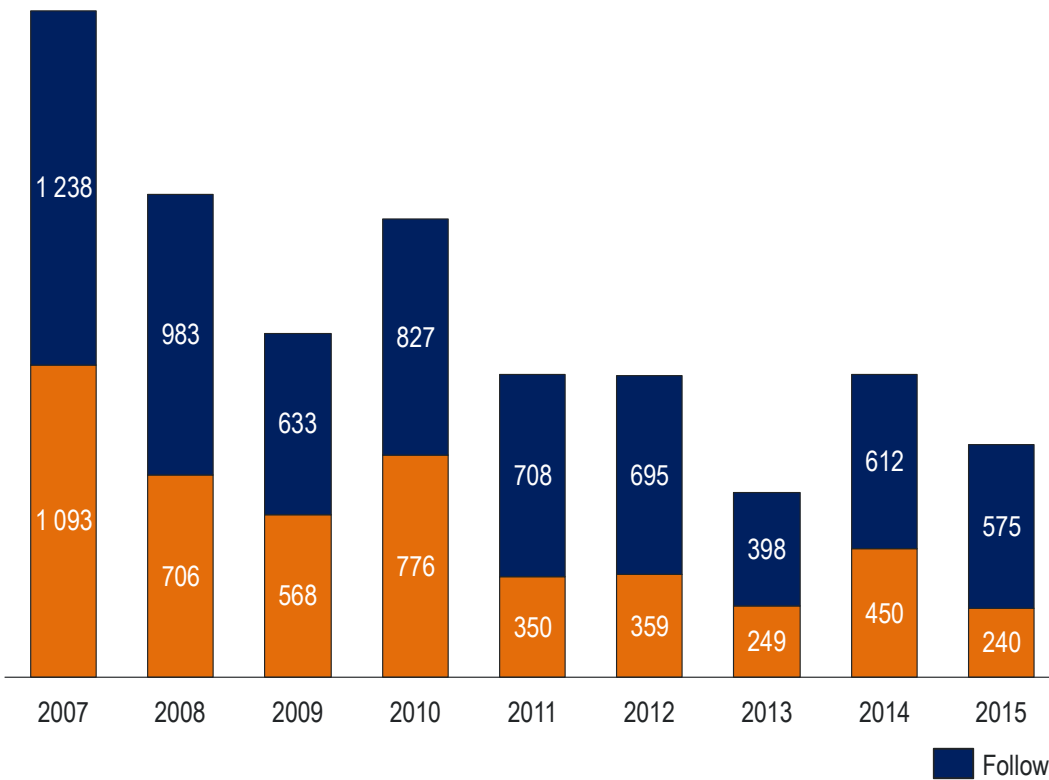
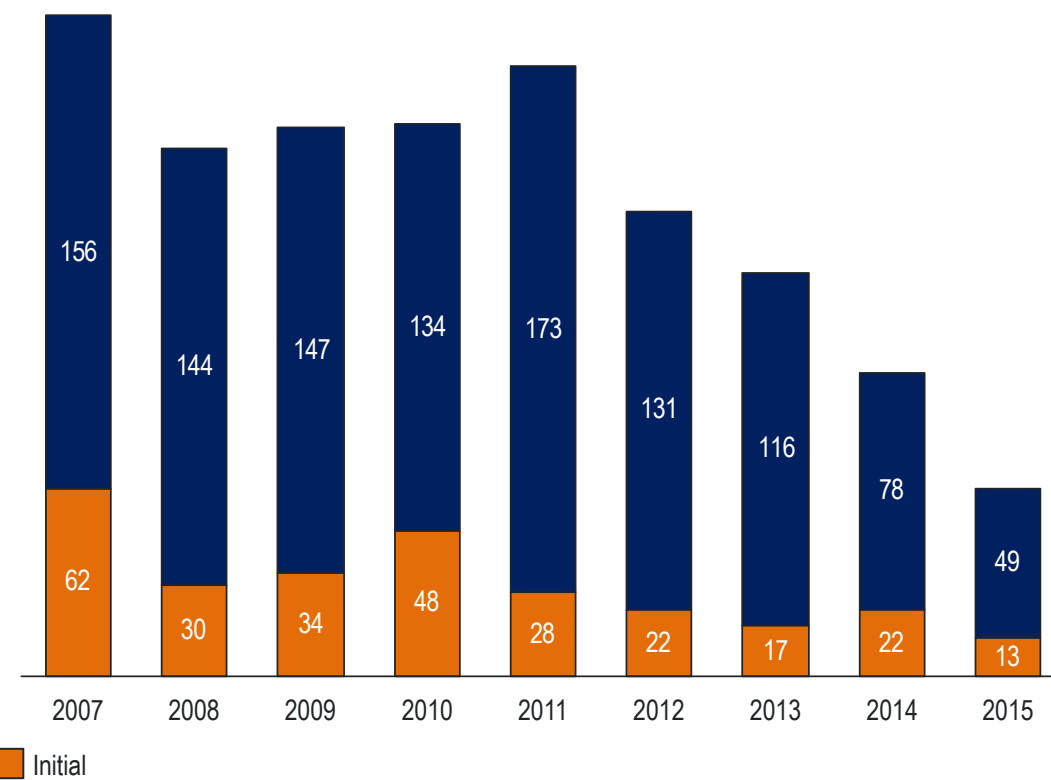


Figure 9: Number of initial and follow up venture investments



■ Follow up ■ Initial

# 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)

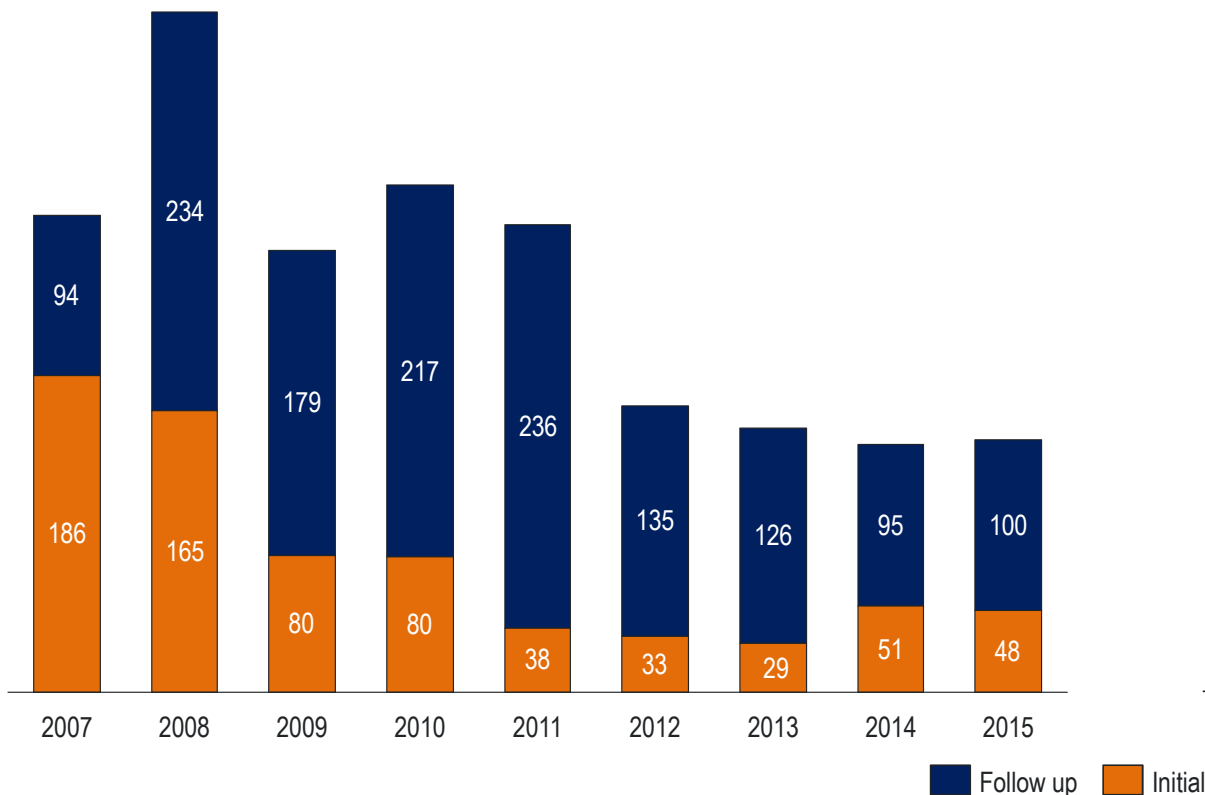
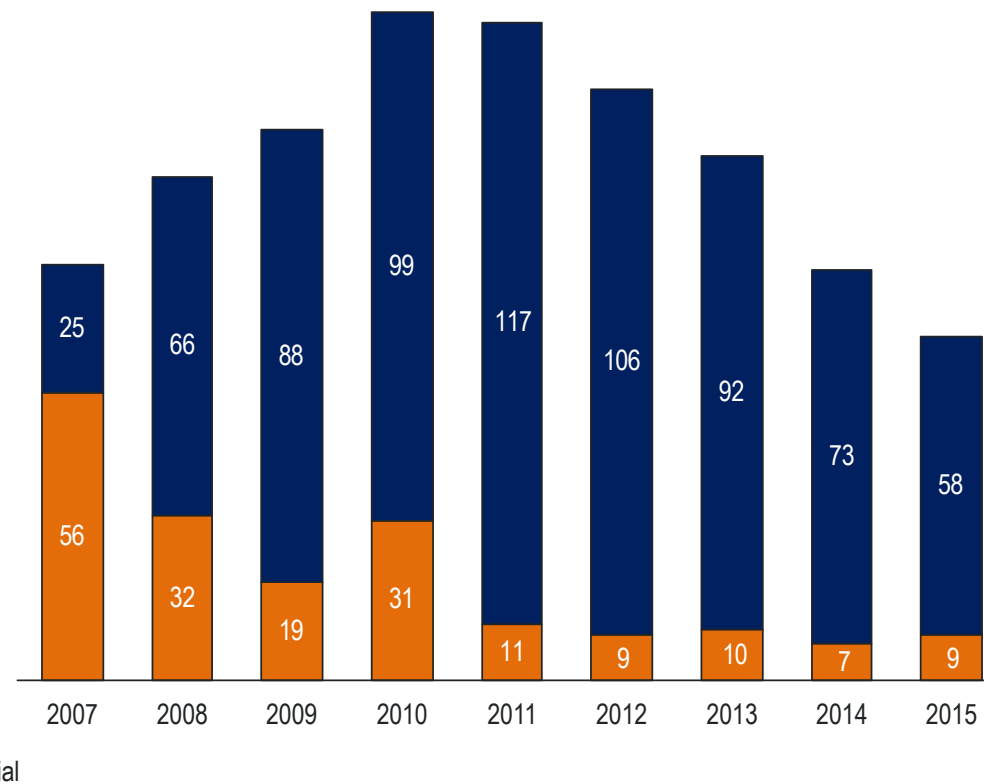


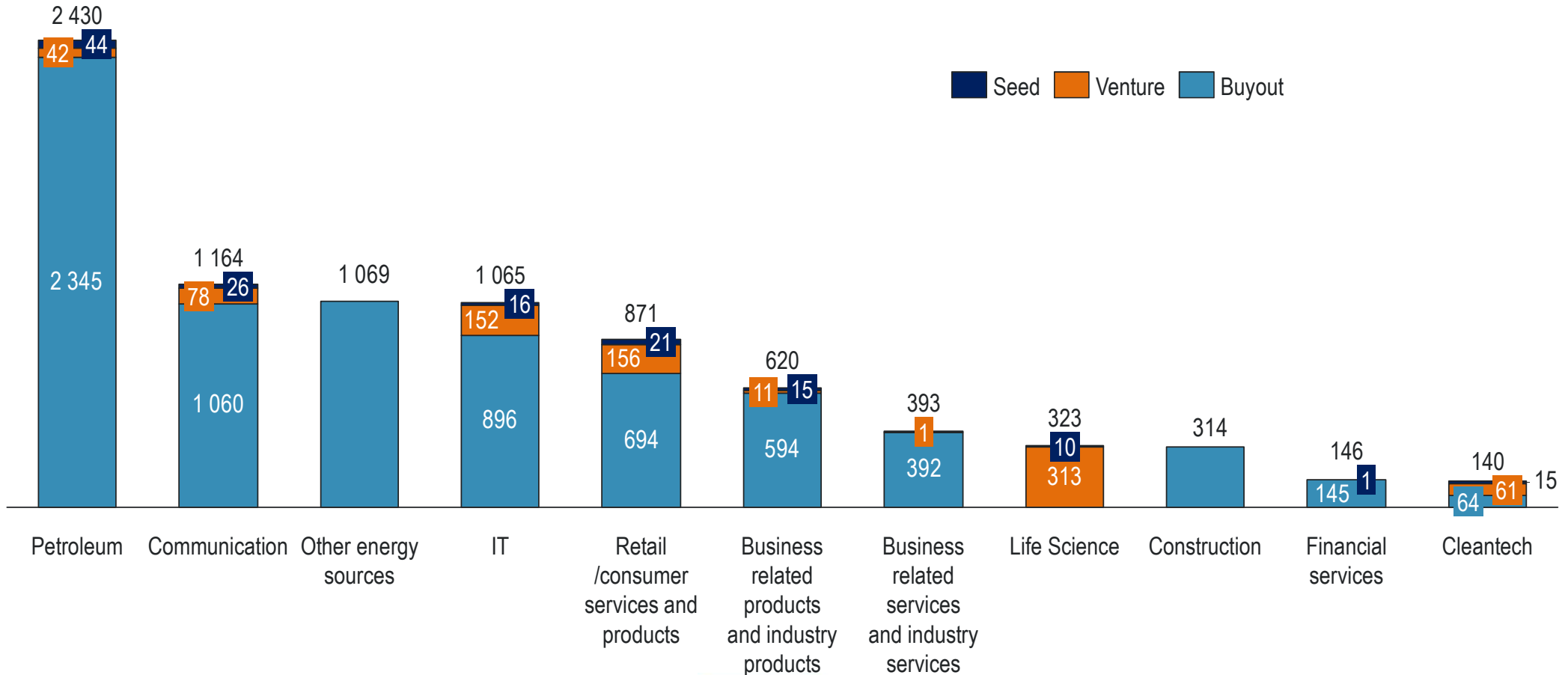
Figure 11: Number of initial and follow up seed investments



■ Follow up ■ Initial

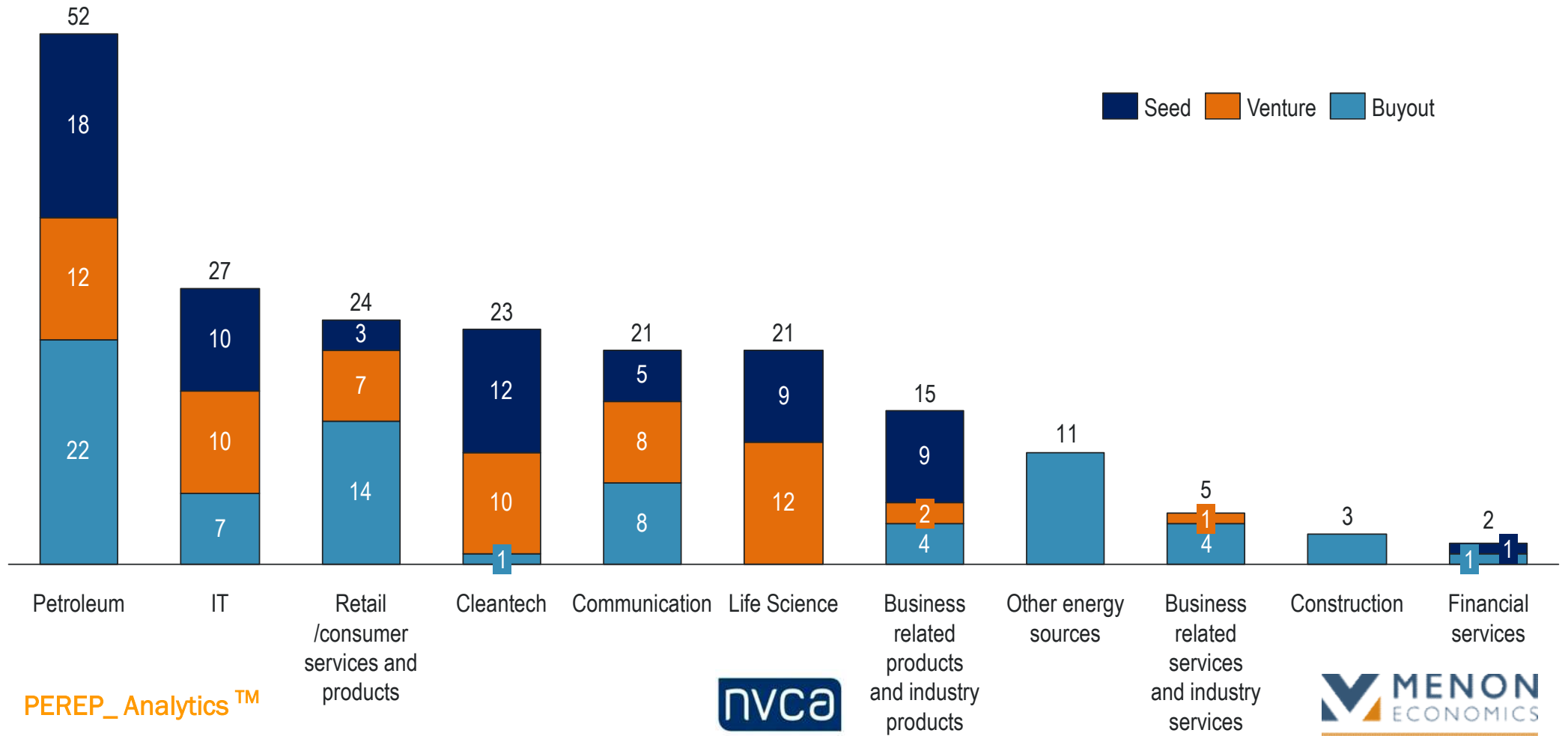
# INVESTMENTS (INITIAL AND FOLLOW UP) BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN 2015

Figure 12 a): Norwegian PE firms investments by sector and phase in 2015 (million NOK)



## NUMBER OF INVESTMENTS BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN 2015

Figure 12 b): Number of investments by sector and phase in 2015 (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)

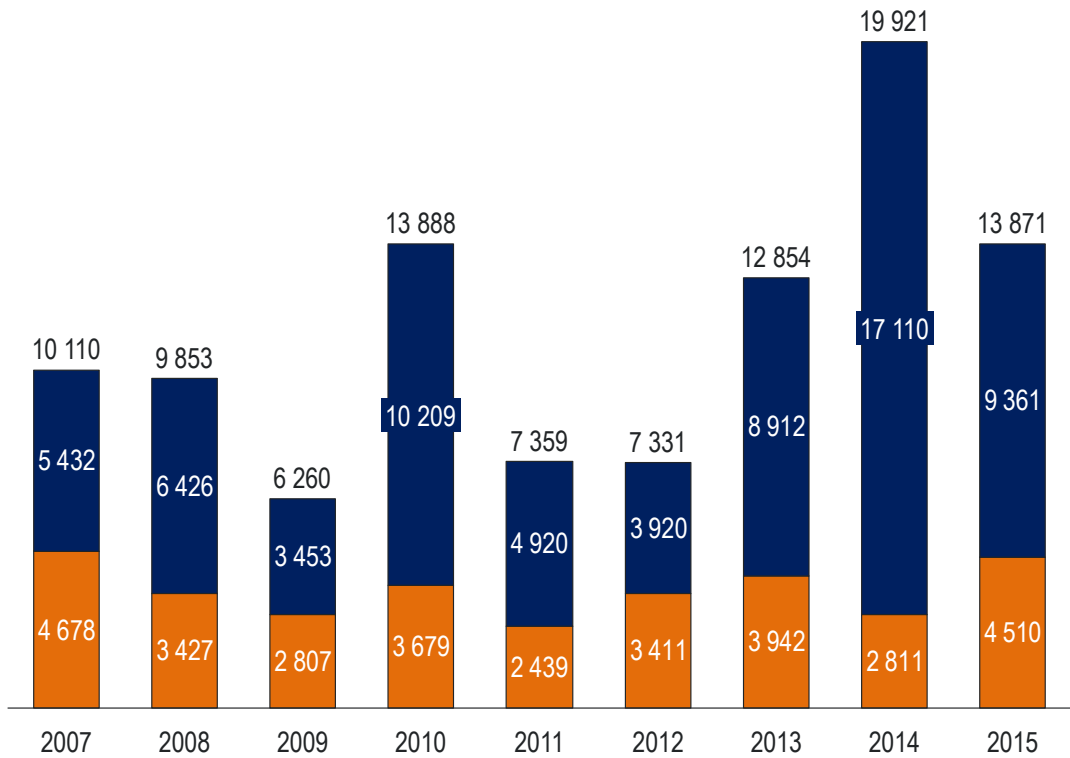
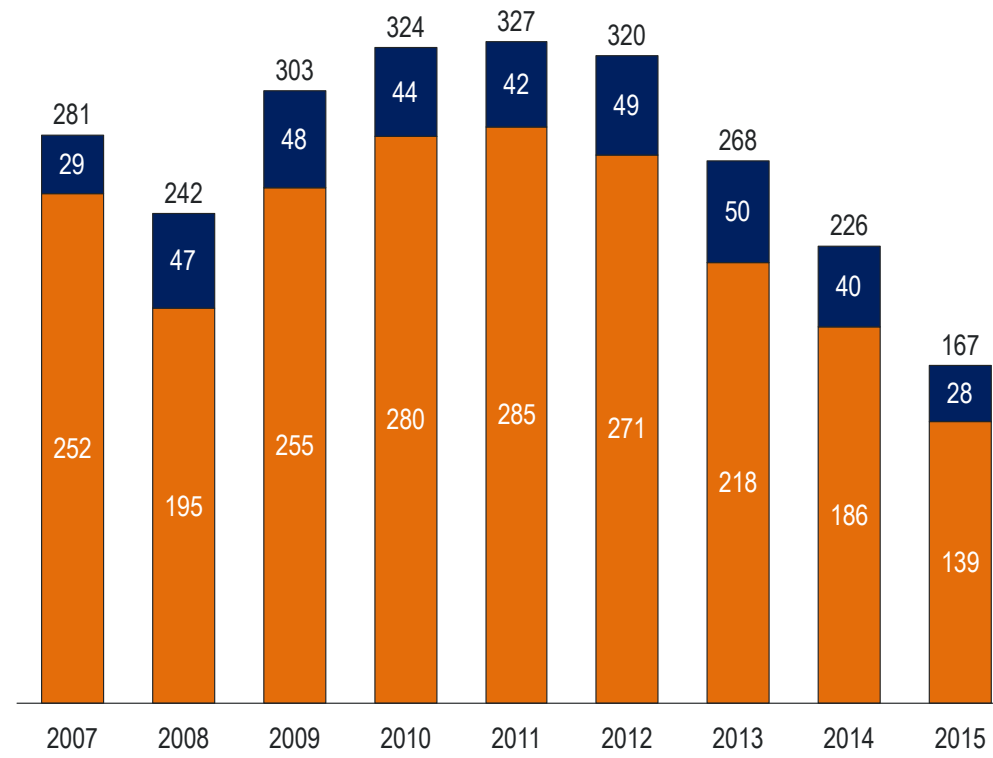


Figure 14: Total number of investments in Norwegian companies



Foreign PE firm Norwegian PE firm

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

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

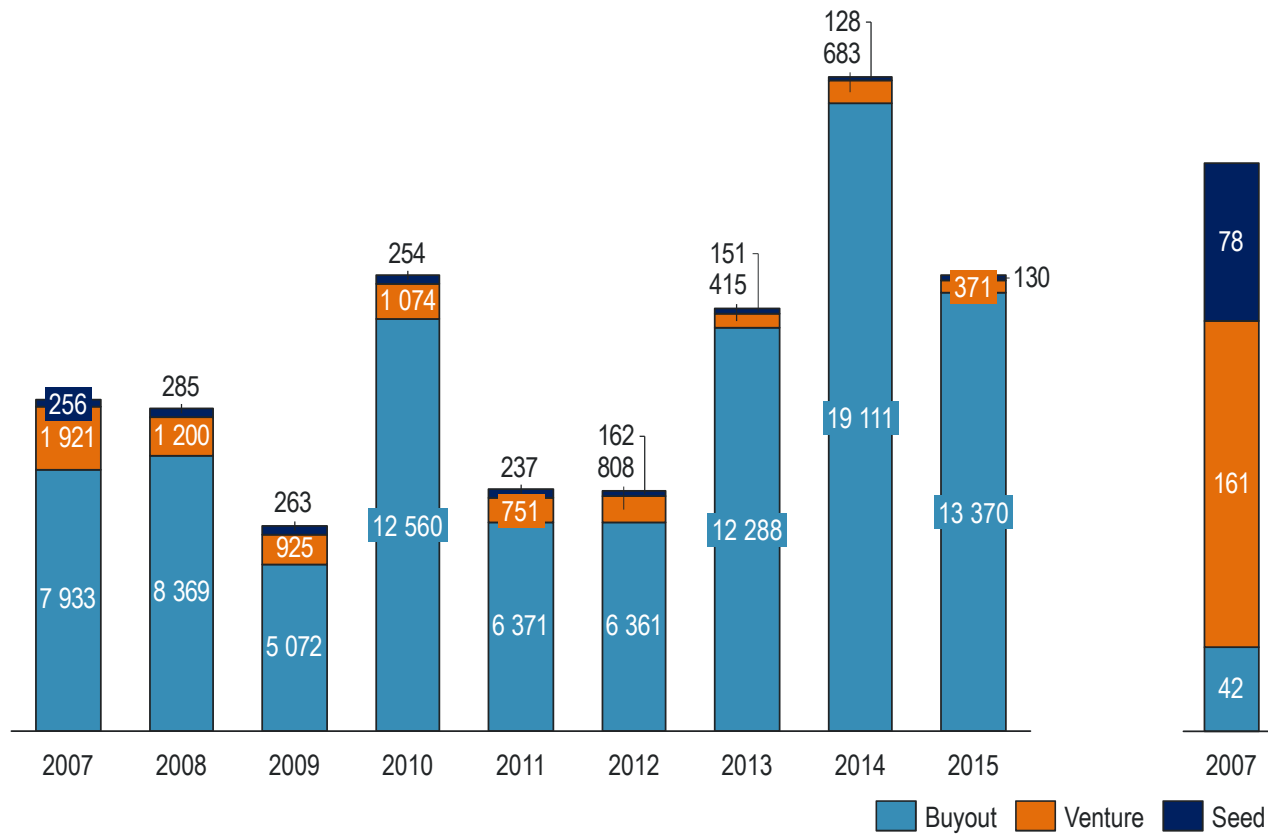
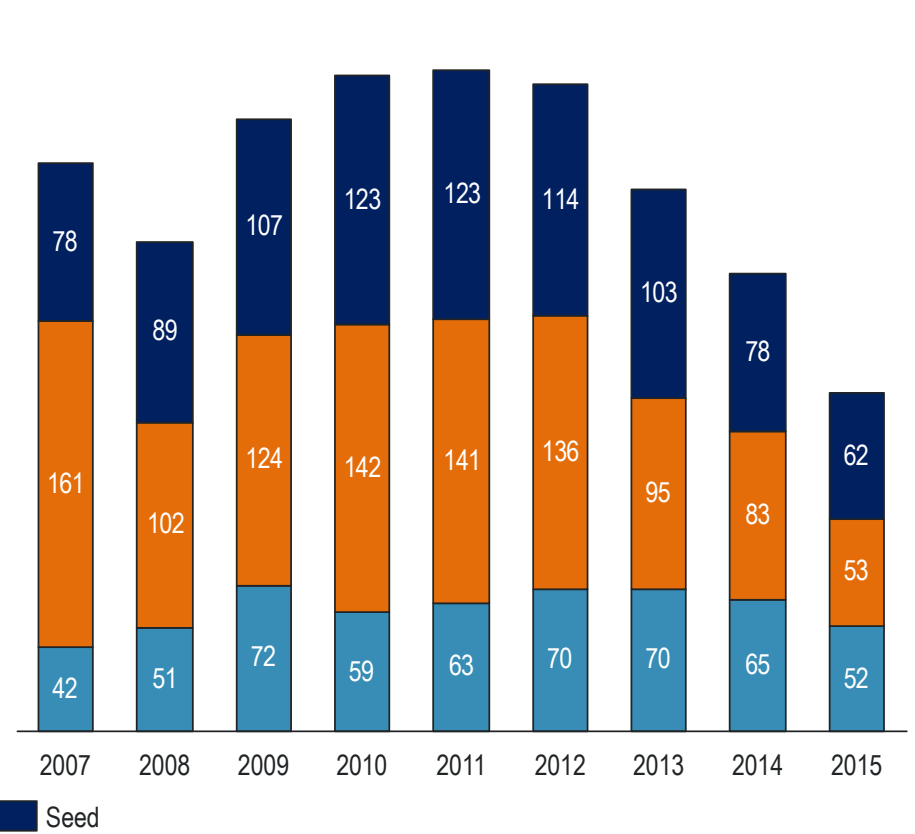


Figure 16: Number of investments in Norwegian companies by phase



# 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)

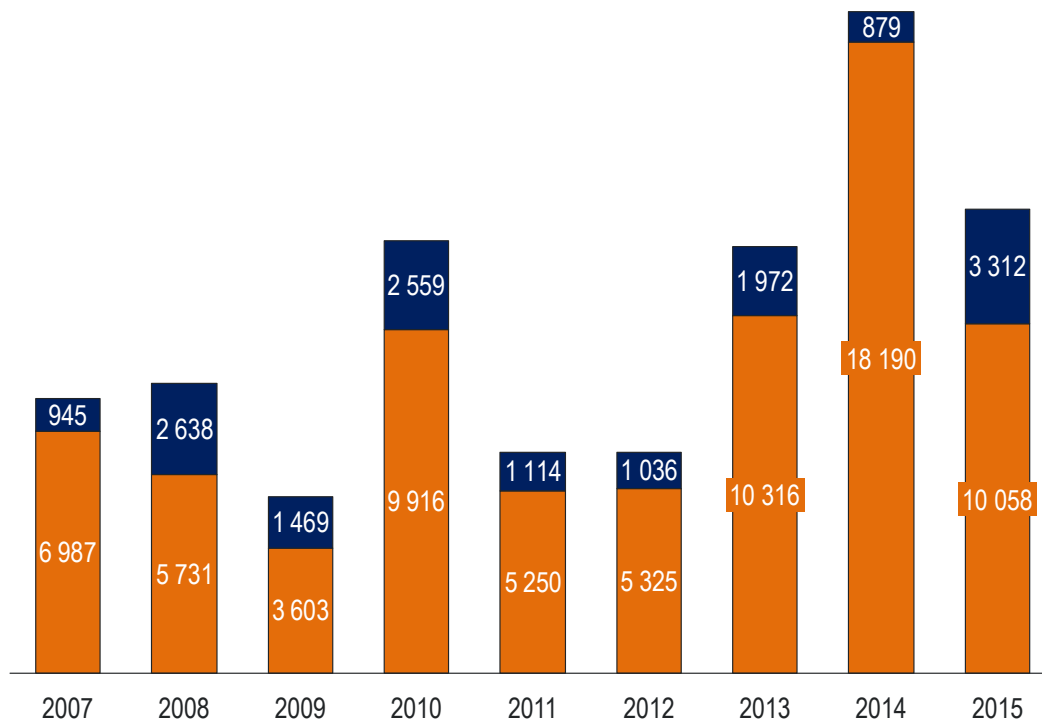
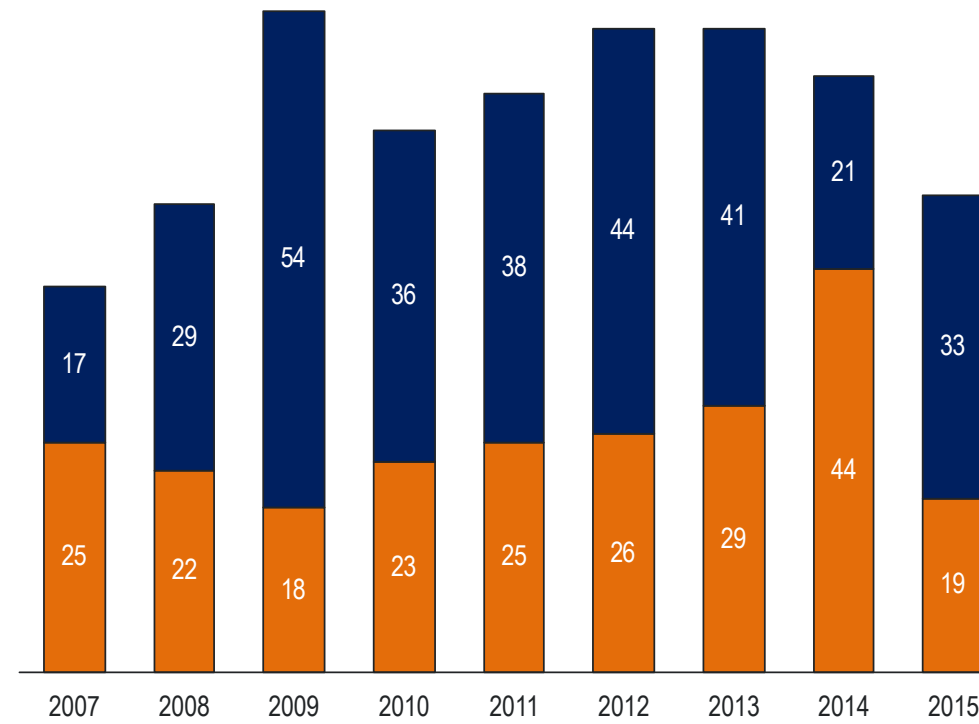


Figure 18: Number of initial and follow up buyout investments



Follow up Initial  
**nvca**



# 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)

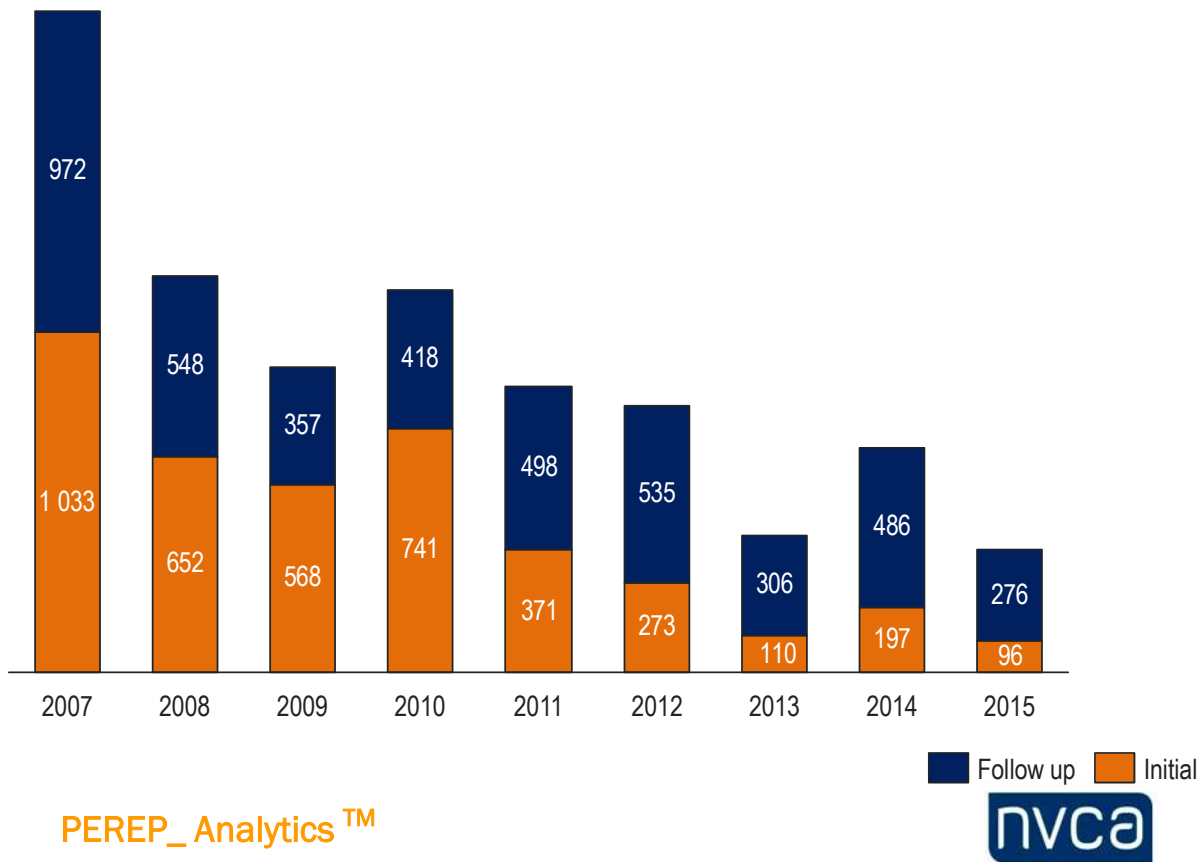
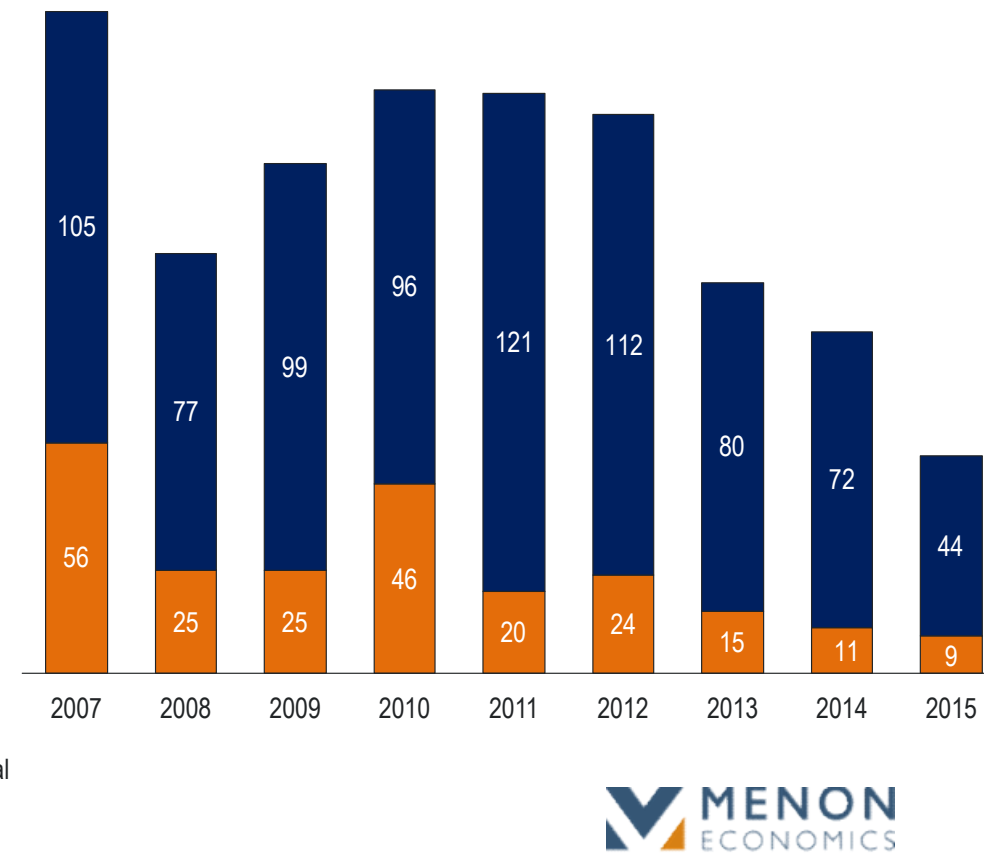


Figure 20: Number of initial and follow up venture investments



# 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)

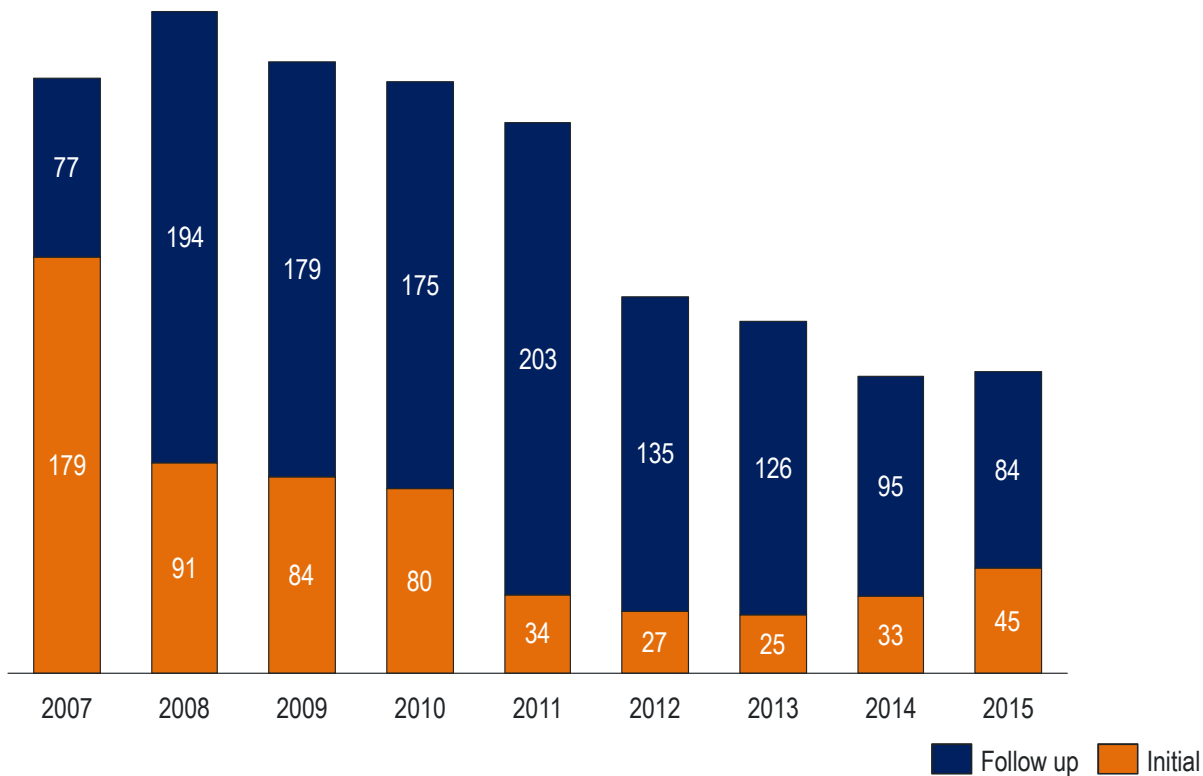
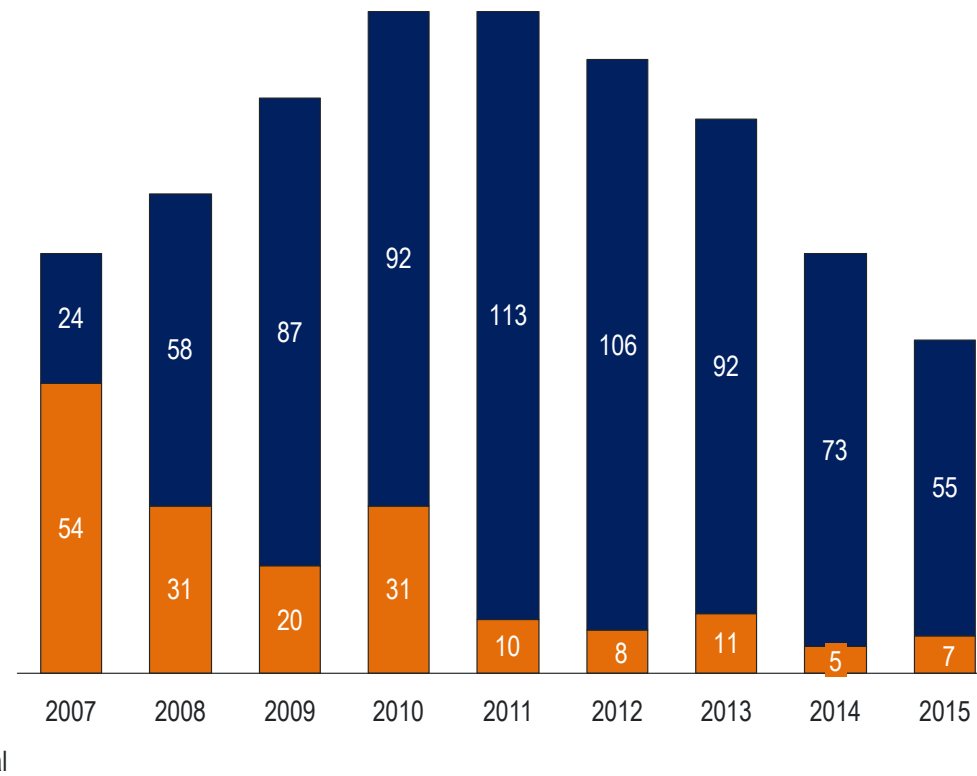


Figure 22: Number of initial and follow up seed investments



## NUMBER OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR AND PHASE IN 2015

	Buyout			Venture			Seed			Total
	Initial	Follow up	Total	Initial	Follow up	Total	Initial	Follow up	Total	
Business related products and industry products		4	4	1	2	3	1	8	9	16
Business related services and industry services	2	2	4		1	1				5
Cleantech		1	1	1	9	10		12	12	23
Communication	3		3	3	8	11	2	2	4	18
Construction	1	2	3							3
Financial services		2	2							2
IT	8	1	9	4	4	8	1	7	8	25
Life Science					7	7		9	9	16
Other energy sources	3	3	6							6
Petroleum	1	16	17		12	12	2	16	18	47
Retail /consumer services and products	1	2	3		1	1	1	1	2	6
<b>Totalsum</b>	<b>19</b>	<b>33</b>	<b>52</b>	<b>9</b>	<b>44</b>	<b>53</b>	<b>7</b>	<b>55</b>	<b>62</b>	<b>167</b>

## INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR AND PHASE IN 2015 (MILLION NOK)

	Buyout			Venture			Seed			Total
	Initial	Follow up	Total	Initial	Follow up	Total	Initial	Follow up	Total	
<b>Business related products and industry products</b>		378	378	11	2	13	7	8	15	406
<b>Business related services and industry services</b>	1327	107	1435		1	1				1436
<b>Cleantech</b>		64	64	1	60	61		15	15	140
<b>Communication</b>	2082		2082	23	38	61	17	2	19	2162
<b>Construction</b>	185	129	314							314
<b>Financial services</b>		807	807							807
<b>IT</b>	3779	62	3841	61	60	121	1	12	13	3975
<b>Life Science</b>					57	57		10	10	67
<b>Other energy sources</b>	682	44	726							726
<b>Petroleum</b>	1901	1698	3598		42	42	14	30	44	3684
<b>Retail /consumer services and products</b>	101	23	125		14	14	7	7	14	153
<b>Totalsum</b>	10058	3312	13370	96	276	371	45	84	130	13871

# DIVESTMENTS

PEREP\_Analytics™

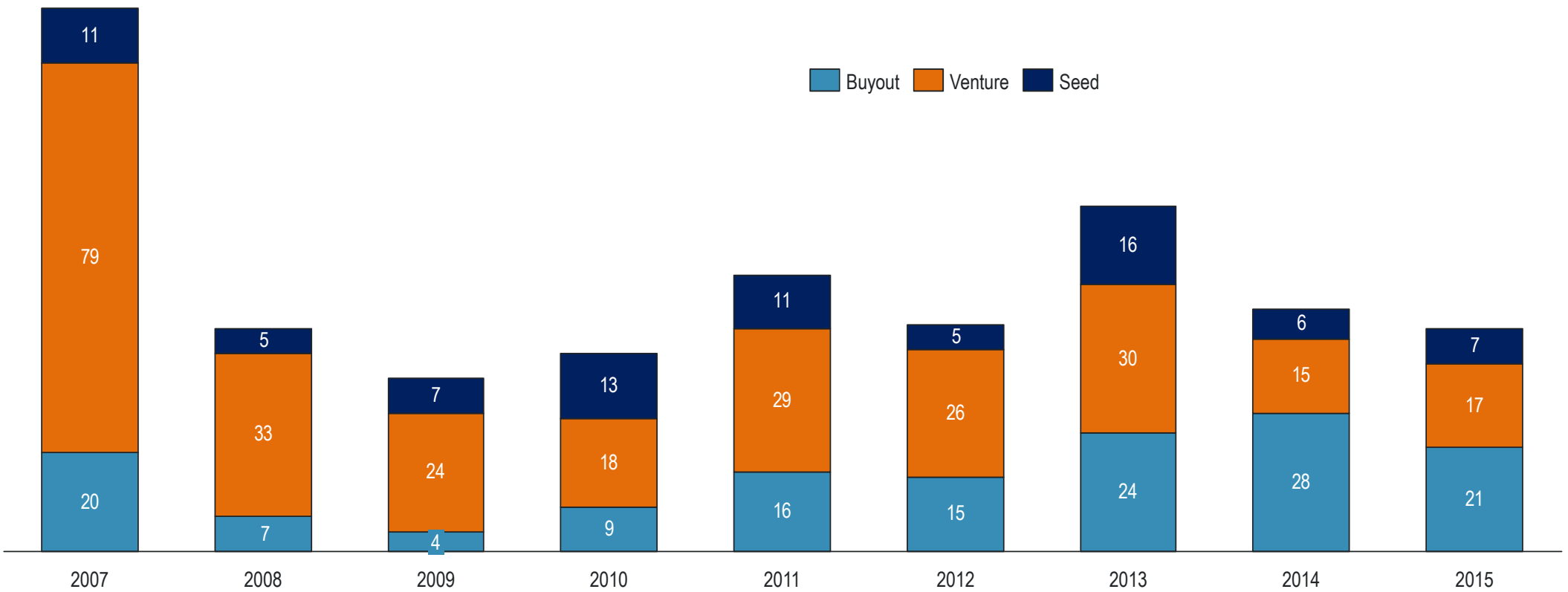


# Norwegian PE firms' divestments in Norwegian and foreign enterprises

(Industry statistics)

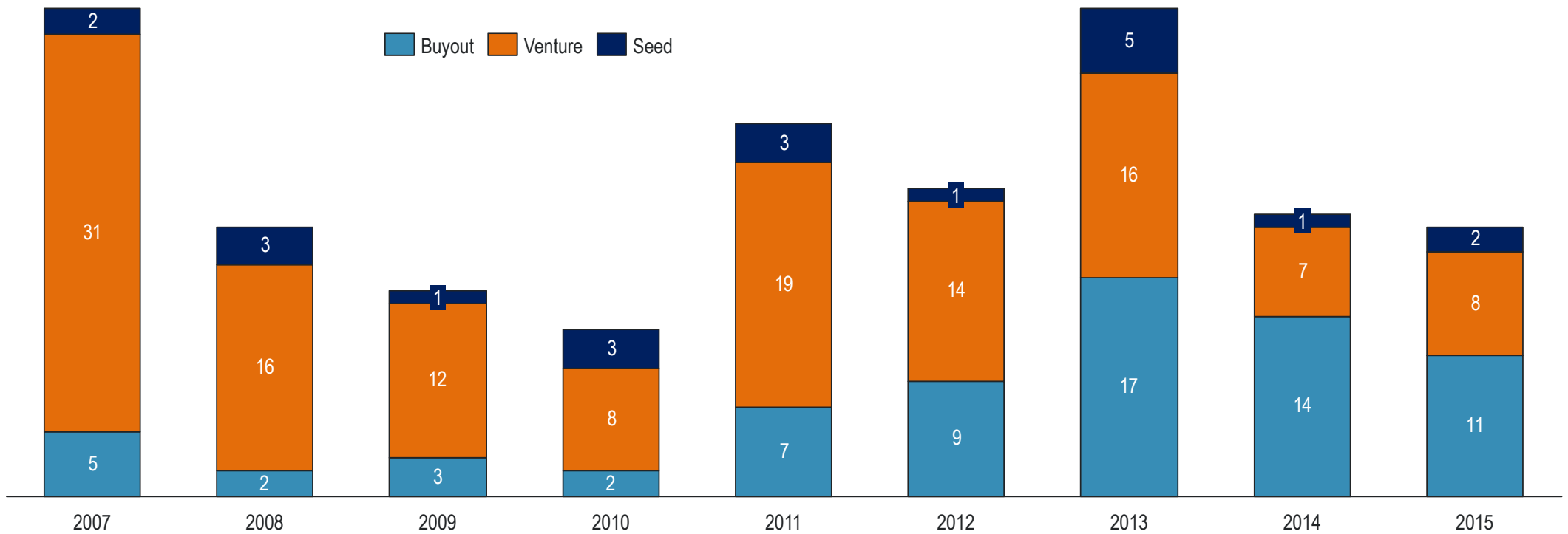
# NUMBER OF DIVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES (EXCL. WRITE OFFS) BY NORWEGIAN PE FIRMS

Figure 23: Number of divestments by phase



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

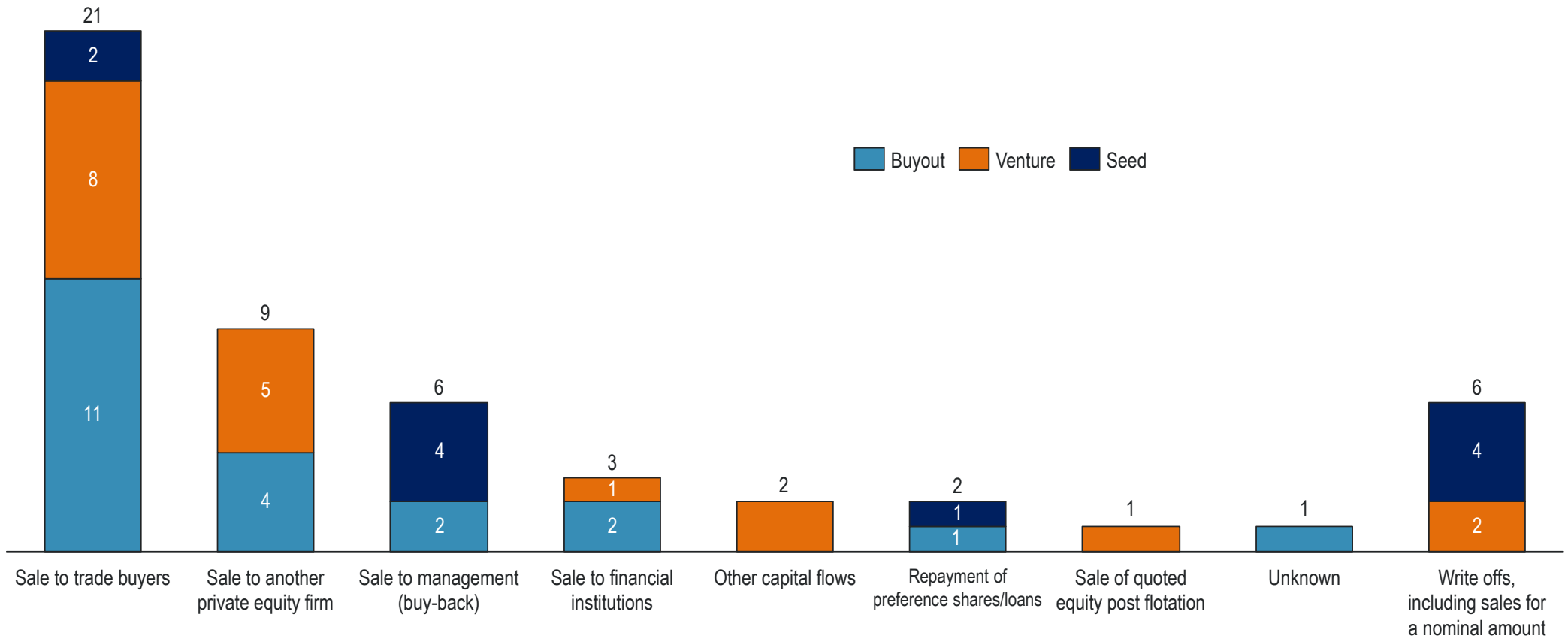
Figure 24: Number of industrial sales by phase





## TYPE OF DIVESTMENT METHOD BY NORWEGIAN PE FIRMS IN 2015 - NUMBER OF DIVESTMENTS

Figure 25: Number of divestments in 2015 by phase and divestment method

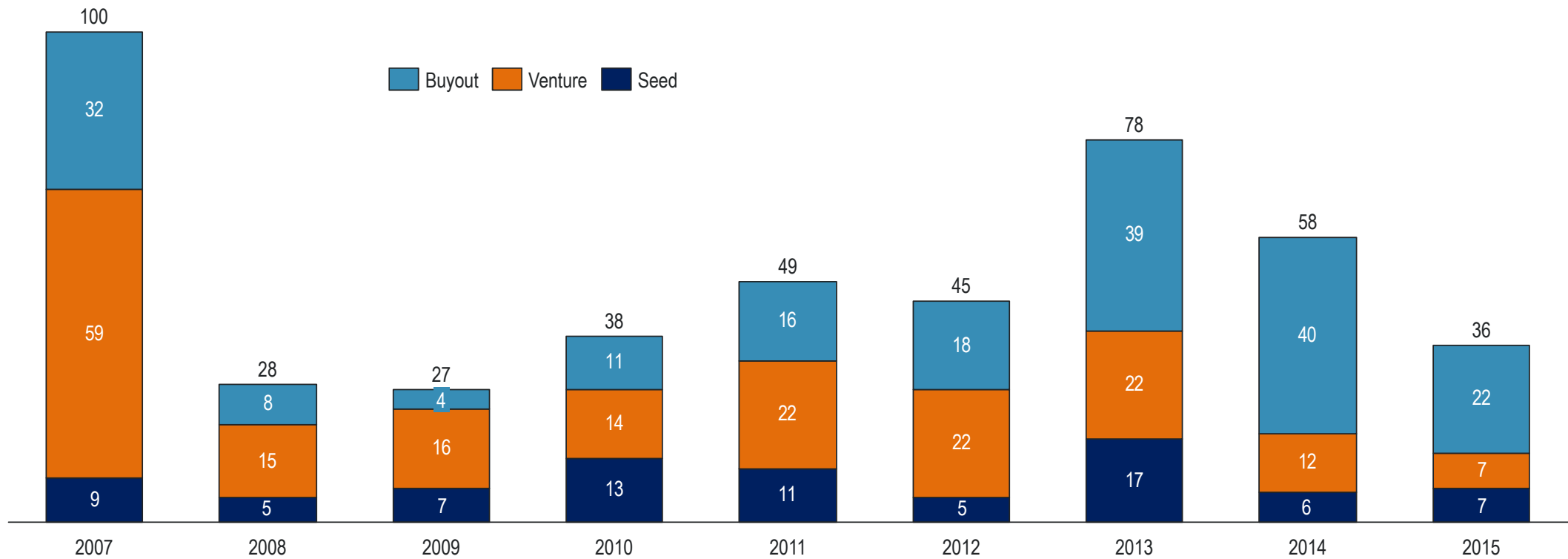


# Divestments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

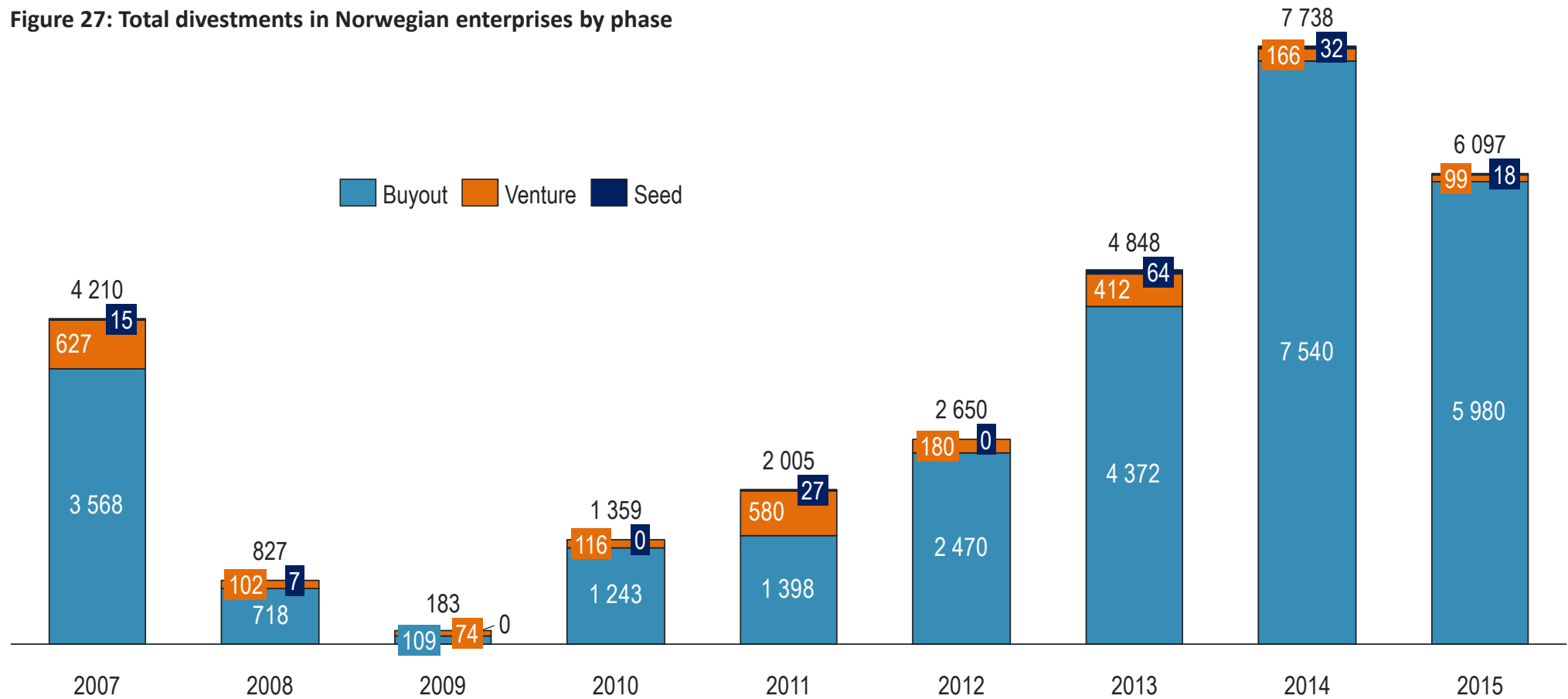
# NUMBER OF DIVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS (EXCL. WRITE OFFS)

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 in Norwegian enterprises by phase



## TYPE OF DIVESTMENT IN 2015 - NUMBER OF NORWEGIAN COMPANIES DIVESTED

Figure 28: Number of divestments in Norwegian enterprises in 2015 by phase and divestment method

