



# PRIVATE EQUITY FUNDS IN NORWAY

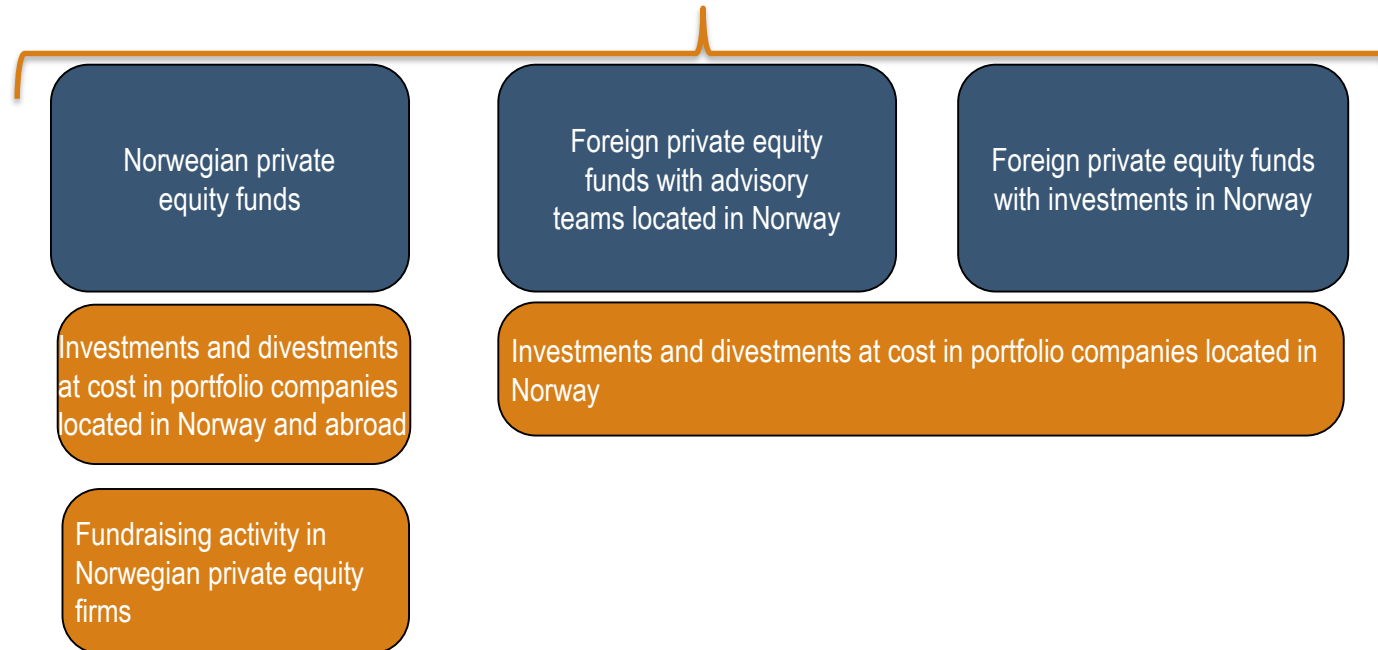
Activity report

2018

(Seed – Venture – Buyout)

The Activity Report 2018 is developed for the Norwegian Venture Capital & Private Equity Association (NVCA) by Menon Economics and PEREP Analytics during the spring 2019. 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 Invest Europe.*

This definition differs from the Invest Europe 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 Invest Europe and NVCA statistics are not completely compatible.

## Buyout segments – definitions

- Small cap: Transaction value less than 500 million NOK
- Mid cap: Transaction value between 500 and 1 500 million NOK
- Large cap: Transaction value larger than 1 500 million NOK

When looking at the different buyout segments we look exclusively at initial investments in Norwegian enterprises.

## Industry statistics

- Norwegian PE funds invested a total of NOK 8.1 billion in 2018, a reduction of about 900 million from 2017. Despite the reduction the last two years, the level of investment is still higher than any year pre 2015.
- Large single deals characterize the statistics from year to year, measured in number of investments the level is relatively stable. Number of investments in 2018 was 239, a slight decrease from 260 in 2017. The last five years the number of investments has remained remarkably stable in the interval of 227 to 262.
- Norwegian PE funds invested NOK 4.8 billion in Norwegian companies, which is a reduction of just under 900 million from 2017. Investments in foreign companies remained stable at almost 3.3 billion 2017. The reduction in the total amount invested were primarily because of the decrease in investments in Norwegian firms.
- Norwegian venture funds invested NOK 2.3 billion in 2018, an increase of almost 150 million from 2017. Only one previous year has shown higher levels of investments from Norwegian venture funds, namely in 2016.

## Market statistics

- Almost 17 billion were invested in Norwegian companies, just down about 1.8 billion from the historically high level in 2017. Out of 18 billions invested in Norwegian companies, 4,8 came from Norwegian PE firms.
- Despite a reduction of 900 million invested in Norwegian companies by Norwegian PE firms, 4.8 billion invested is still higher than any level recorded before 2016.
- 72 percent of the amount invested in Norwegian companies were invested by foreign buyout funds. In terms of number of investments in Norwegian companies, three out of four investments were made by Norwegian PE firms.
- Investments in the Norwegian venture market amounted to about 700 millions in 2018, down 169 millions from 2017. In the seed market the amount invested were 252 millions, which are at the highest level since 2009. For the first time in a decade the level of seed investments were over a quarter billion.
- Investments in the Norwegian market are mainly channelled to the IT industry, business services and the oil and gas industry. In particular, there is an increasing trend in the IT industry, which increased by over 1.75 billions from the already record high level in 2017. The falling trend of investments in the petroleum industry continues, with a sharp decline from 2.6 billion in 2017 to 900 million in 2018.
- The number of divestments were halved in 2018 compared to 2017, primarily driven by a reduction in the buyout stage.

**Total fundraising 2018 – NOK 4 548 mill. (474 mill EUR )**

**Seed**  
490 mill. NOK  
(51 mill EUR)

**Venture**  
1 233 mill. NOK  
(129 mill. EUR)

**Buyout**  
2 825 mill NOK  
(294 mill. EUR)

**First Seed**

**Viking Venture**  
**Idekapital Fund I**  
**EV Private Equity**

**Verdane Edda**

## Overall:

- Norwegian PE firms invested 8 097 mill. NOK (EUR 843 mill.) in Norwegian and foreign portfolio companies
  - 4 812 mill. NOK (EUR 501 mill.) in Norwegian enterprises
  - 3 285 mill. NOK (EUR 342 mill.) in foreign enterprises
- Seed:
  - 268 mill. NOK (EUR 28 mill.) invested. Up from 212 mill. NOK (EUR 23 mill.) in 2017.
- Venture:
  - 2 335 mill. NOK (EUR 243 mill.) invested. Up from 2 193 mill. NOK (EUR 235 mill.) in 2017.
- Buyout:
  - 5 494 mill. NOK (EUR 573 mill.) invested. Down from 6 590 mill. NOK (EUR 707 mill.) in 2017.



## Overall:

- 16 959 mill. NOK (EUR 1 767 mill.) invested in Norwegian enterprises by both Norwegian and foreign PE firms
  - Norwegian PE firms invested 4 812 mill. NOK (EUR 501 mill.)
  - Foreign PE firms invested 12 147 mill. NOK (EUR 1 266 mill.)
- Seed:
  - 252 mill. NOK (EUR 26 mill.) invested. Up from mill. 183 NOK (EUR 20 mill) in 2017.
- Venture:
  - 695 mill. NOK (EUR 72 mill.) invested. Down from 864 mill. NOK (EUR 93 mill) in 2017.
- Buyout:
  - 16 012 mill. NOK (EUR 1 669 mill.) invested. Down from 17 683 mill. NOK (EUR 1 896 mill.) in 2017.

- **Divestments in Norwegian and foreign enterprises by Norwegian PE firms**
  - 31 divestments by Norwegian PE firms. Down from 43 in 2017.
  - 5 divestments within the seed stage. Up from 3 in 2017.
  - 12 divestments within the venture stage. Down from 15 in 2017.
  - 14 divestments within the buyout stage. Down from 25 in 2017.
  - 6 out of 31 divestments were sales to trade buyers.
  
- **Divestments in Norwegian enterprises by Norwegian and foreign PE firms**
  - 21 divestments in Norwegian enterprises. Down from 42 in 2017.
  - 2 divestments within the seed stage. Down from 3 in 2017.
  - 2 divestments within the venture stage. Down from 7 in 2017.
  - 17 divestments within the buyout stage. Down from 32 in 2017.
  - 4 out of 21 divestments were sales to trade buyers.

# Appendix

## Graphs and charts:

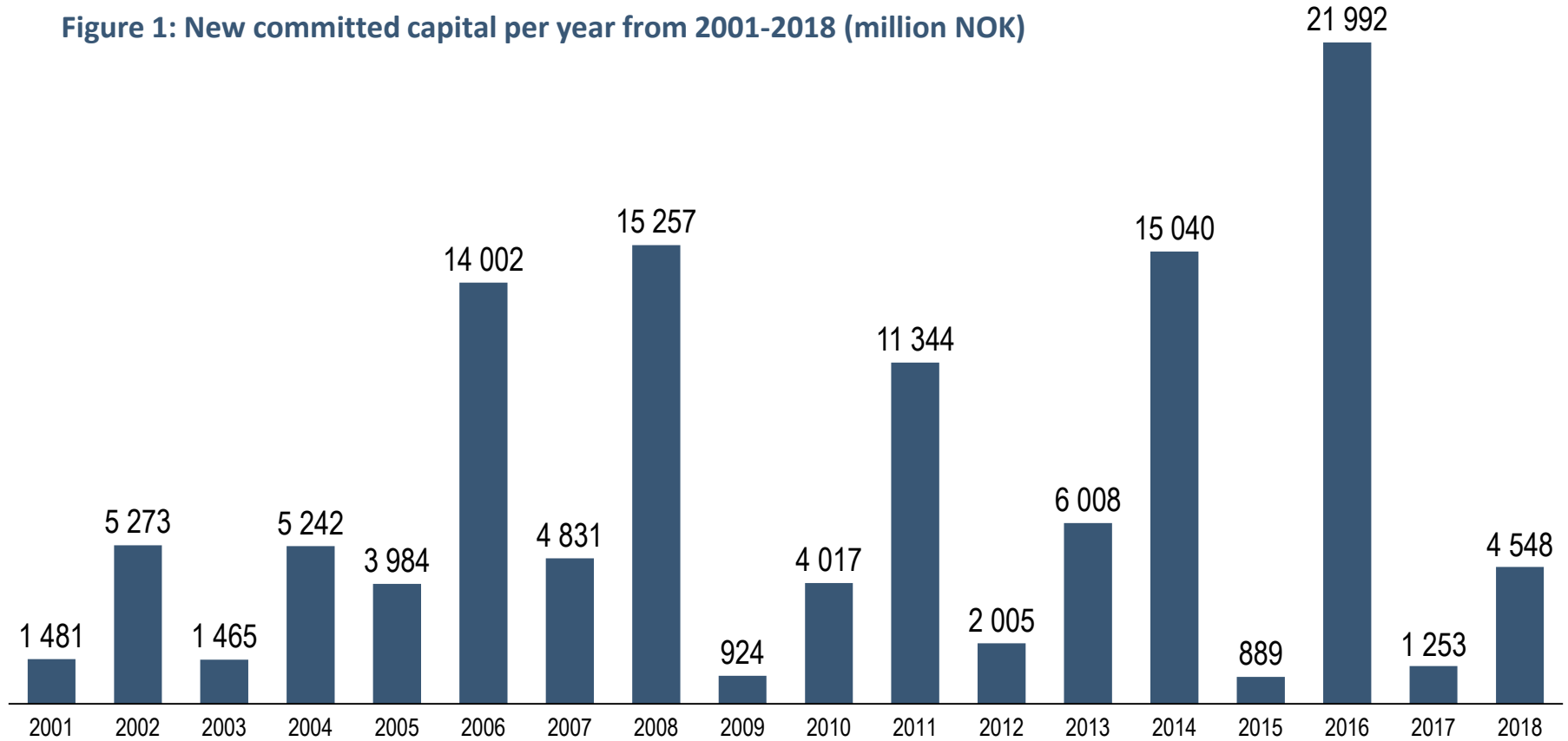
Fundraising

Investments

Divestments

# FUNDRAISING

Figure 1: New committed capital per year from 2001-2018 (million NOK)



# INVESTMENTS

# Norwegian PE firms' investments in Norwegian and foreign enterprises (Industry statistics)

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

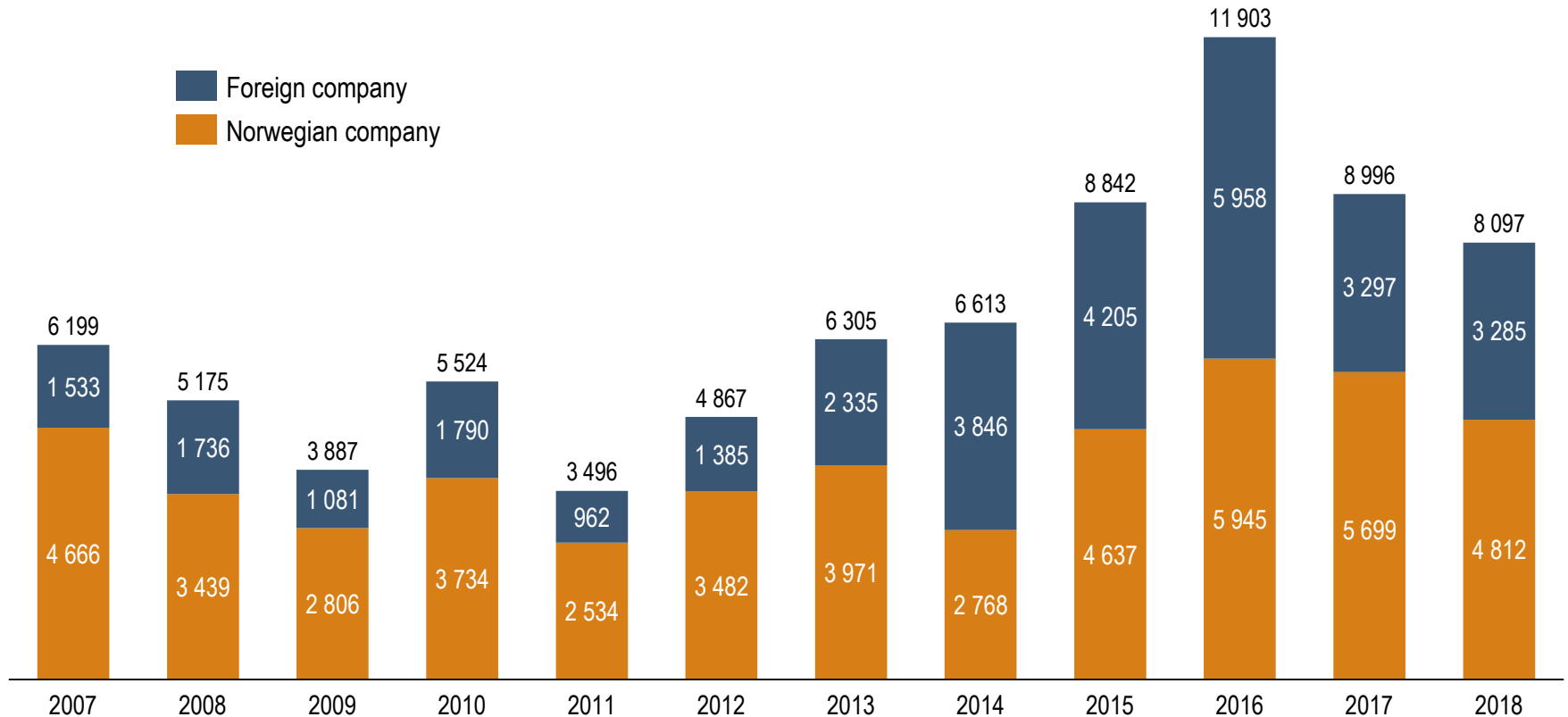




Figure 3: Number of investments by Norwegian PE firms

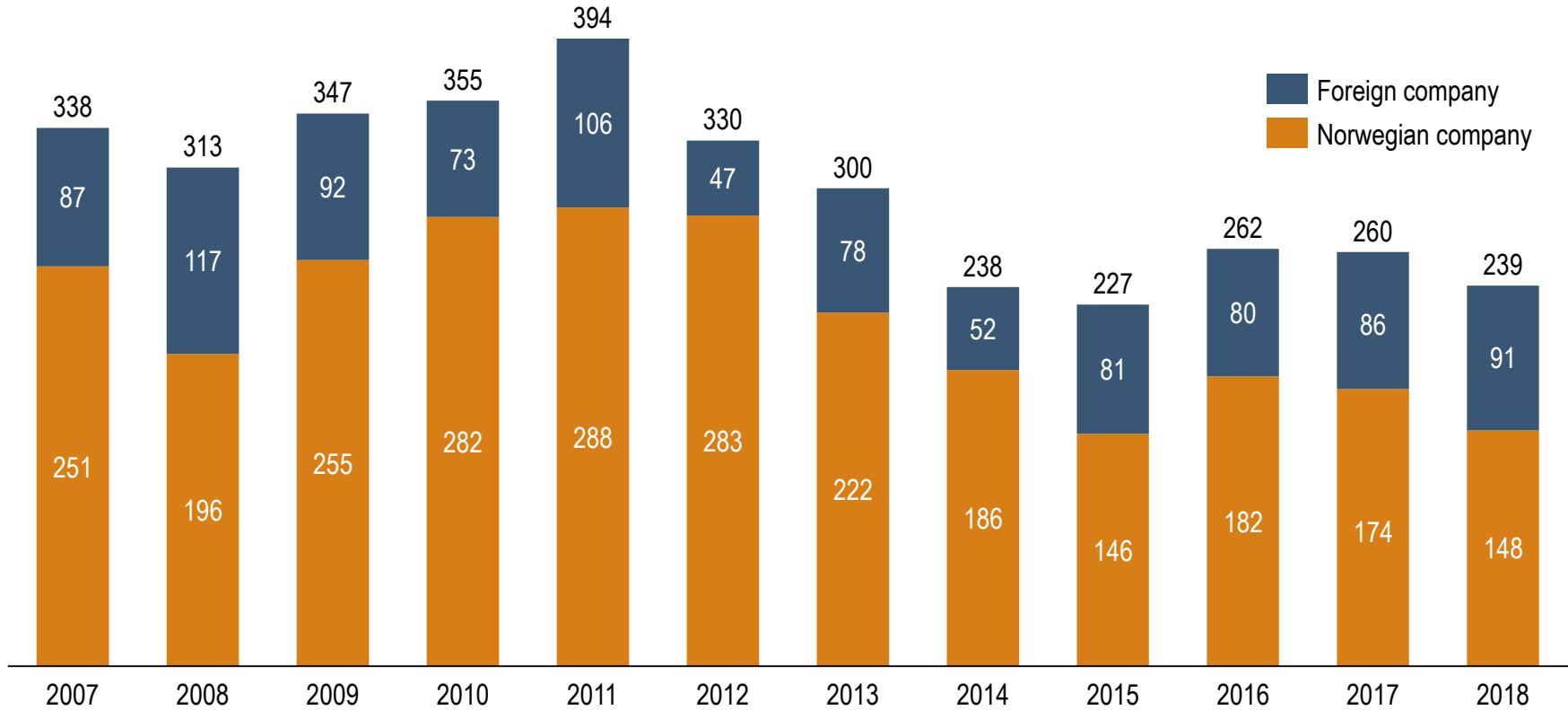


Figure 4: Amount invested by phase (million NOK)

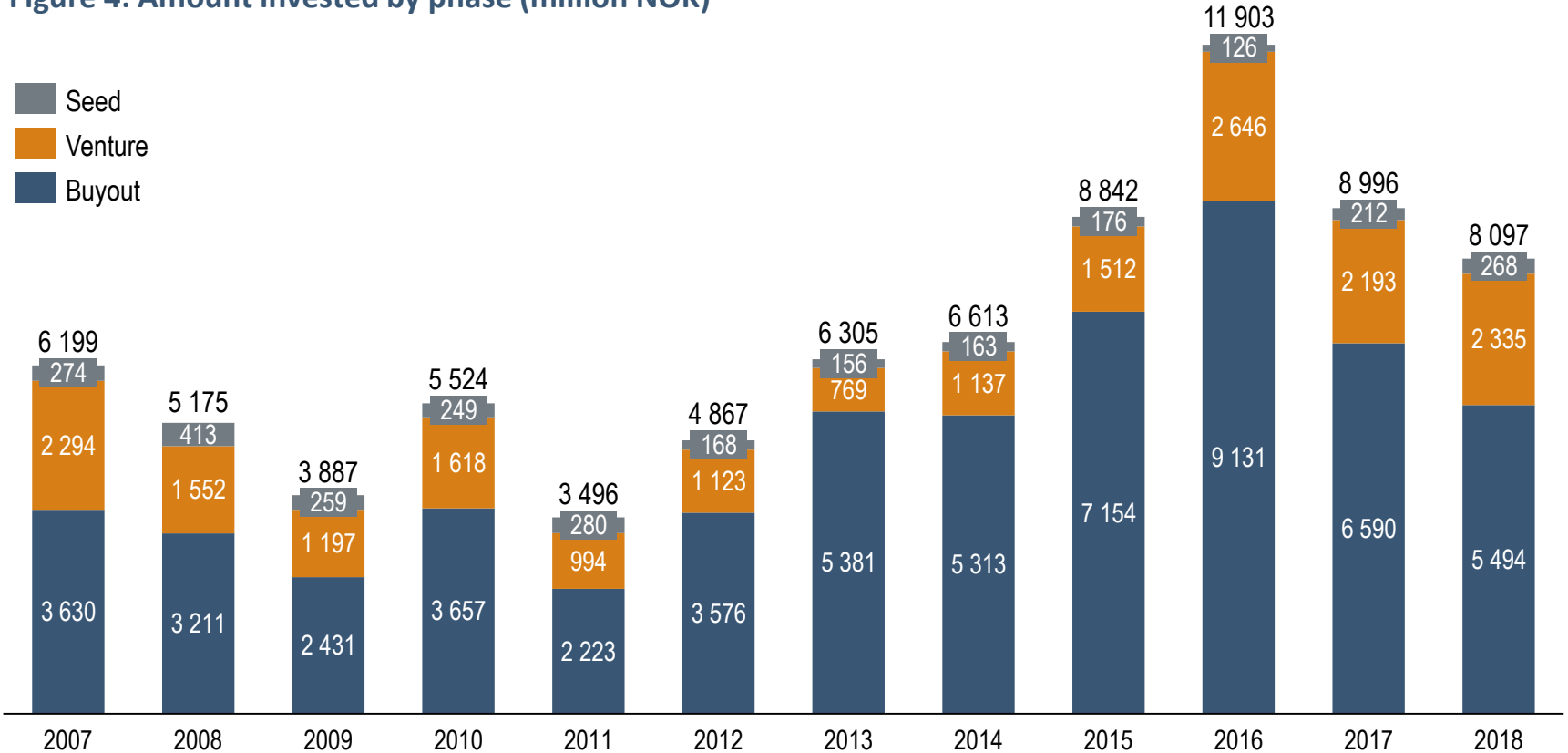


Figure 5: Number of investments by phase

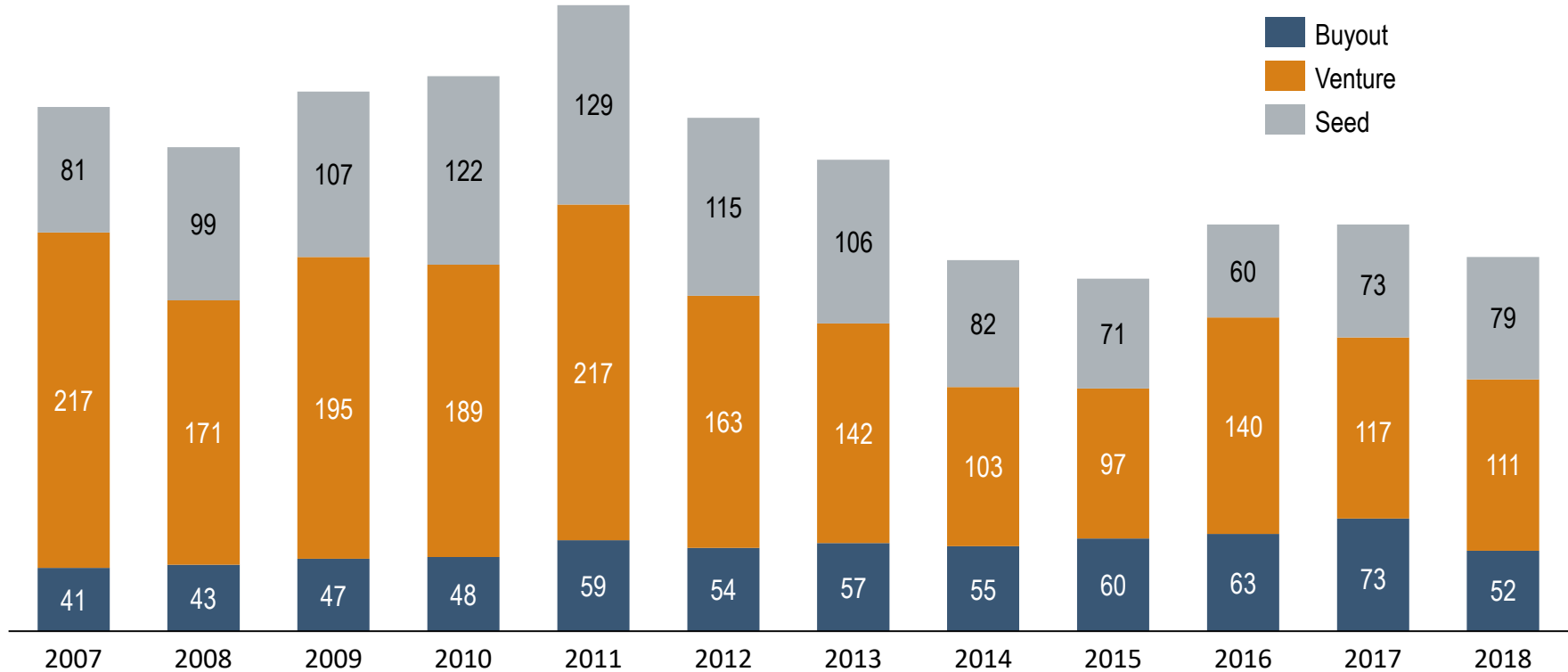


Figure 6: Buyout - initial and follow up investments (million NOK)

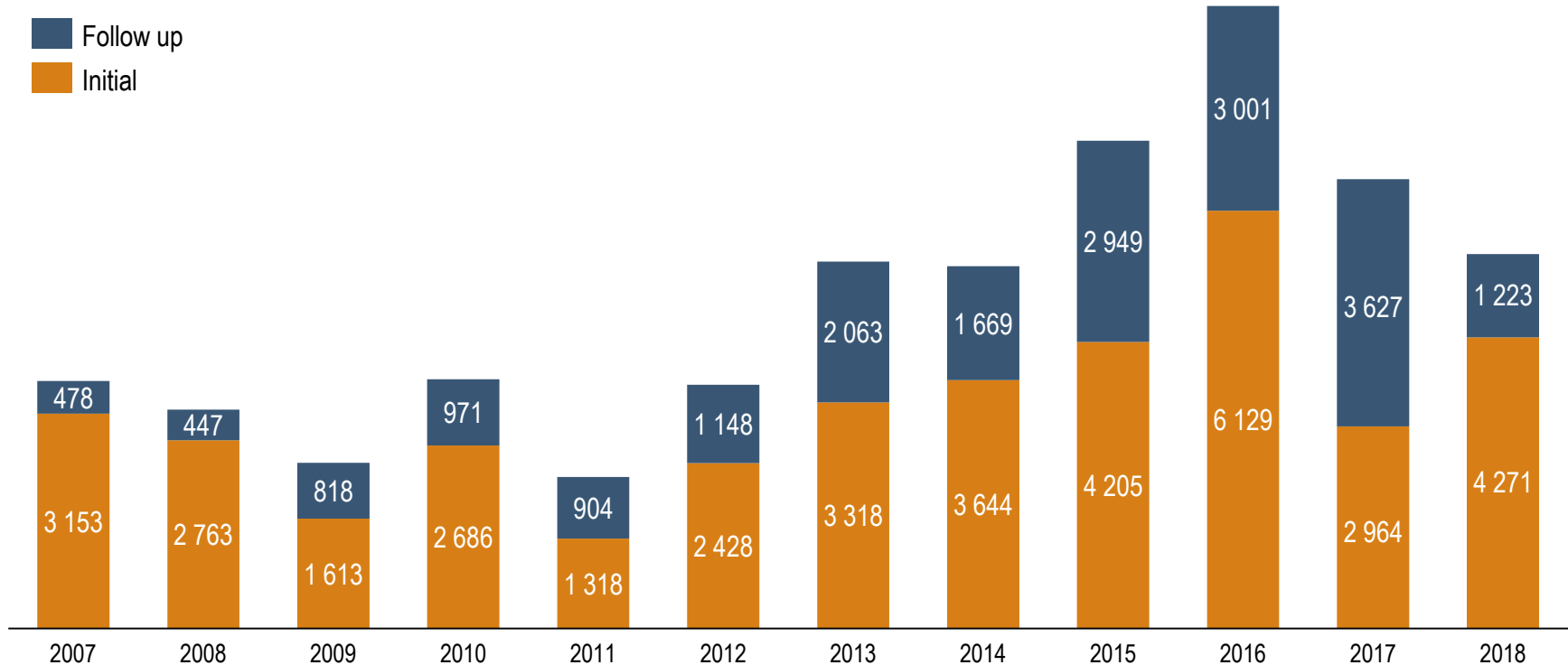
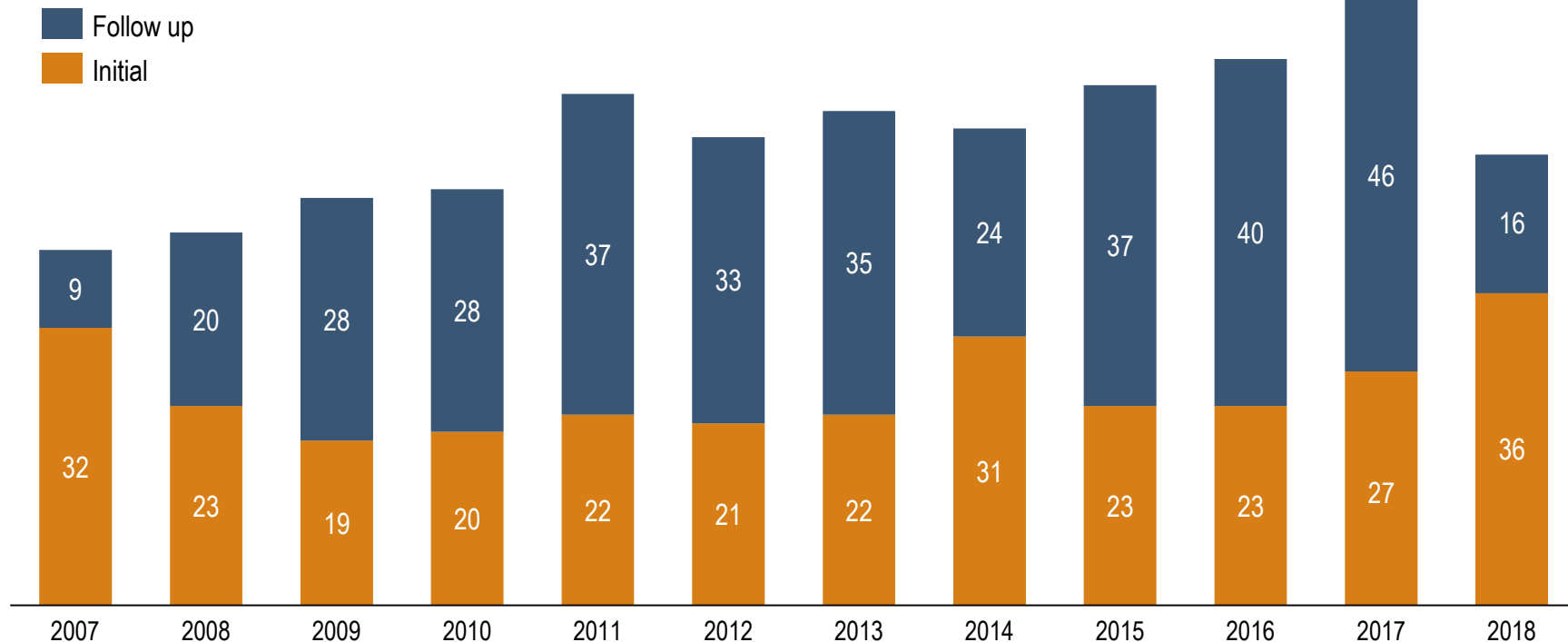


Figure 7: Number of initial and follow up buyout investments



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

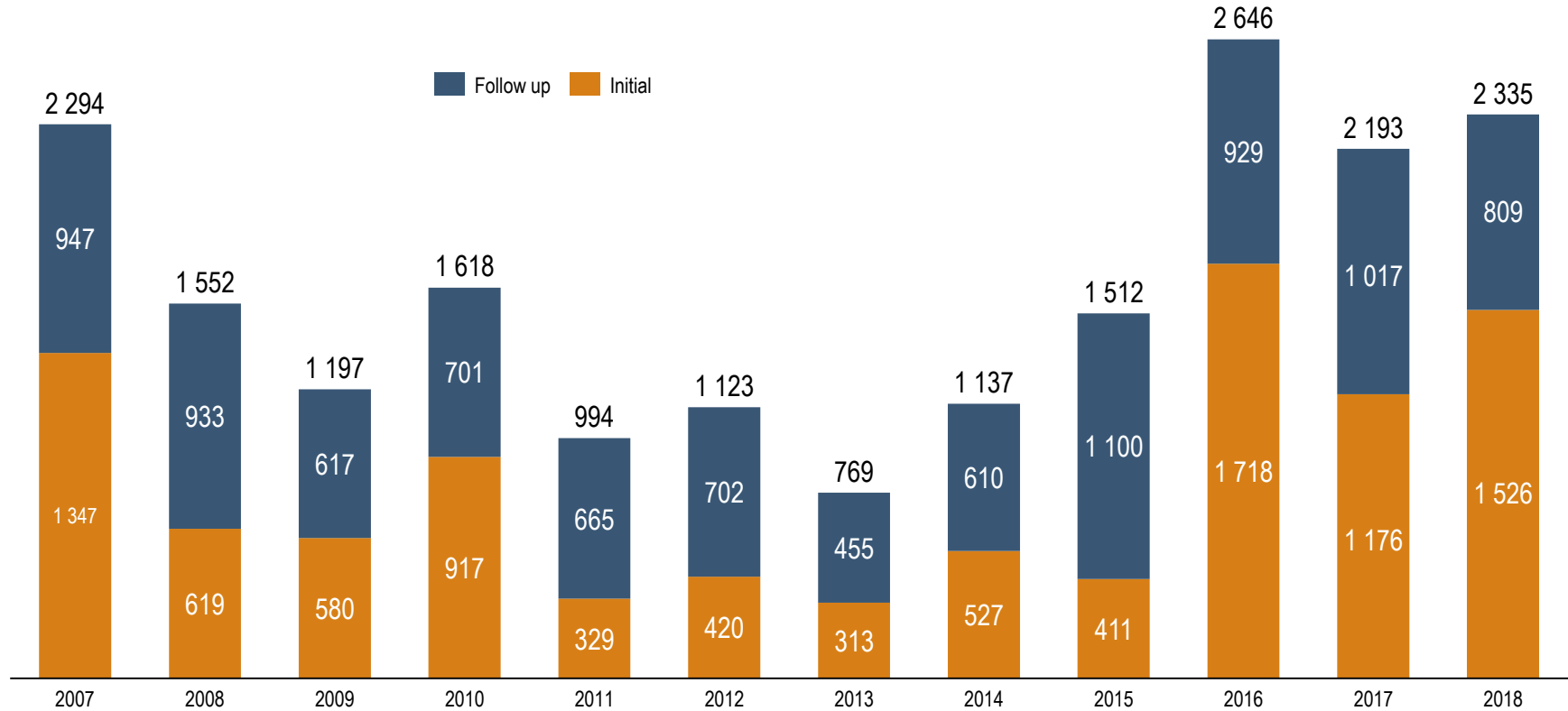
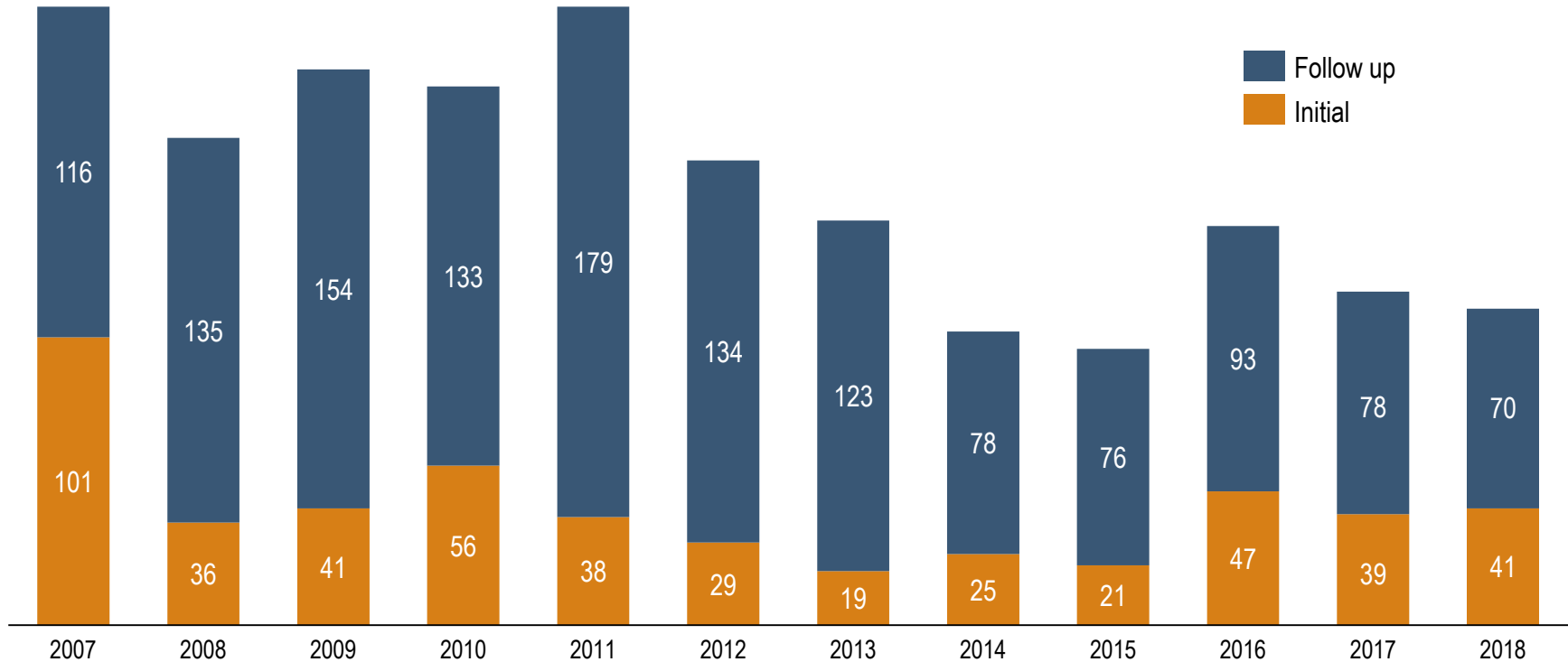


Figure 9: Number of initial and follow up venture investments



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

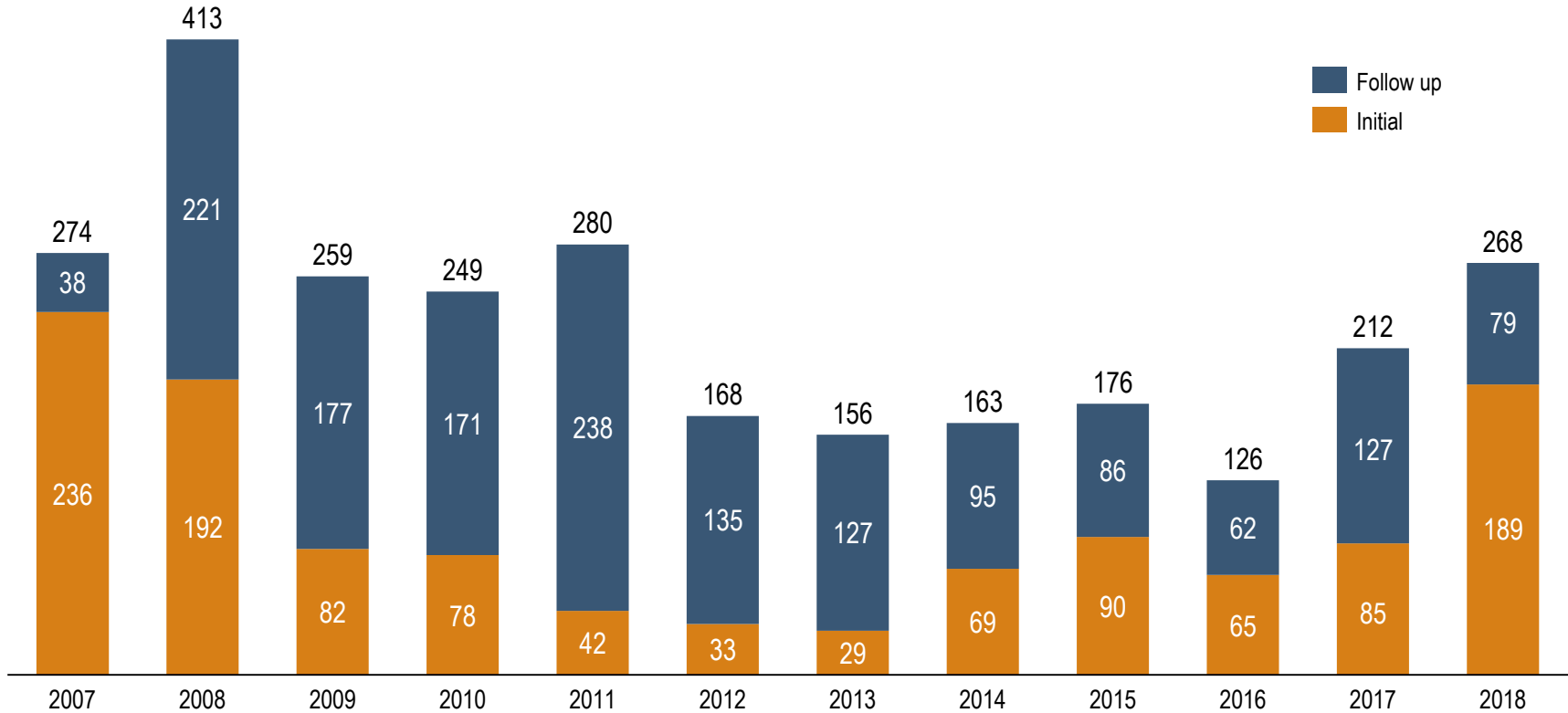
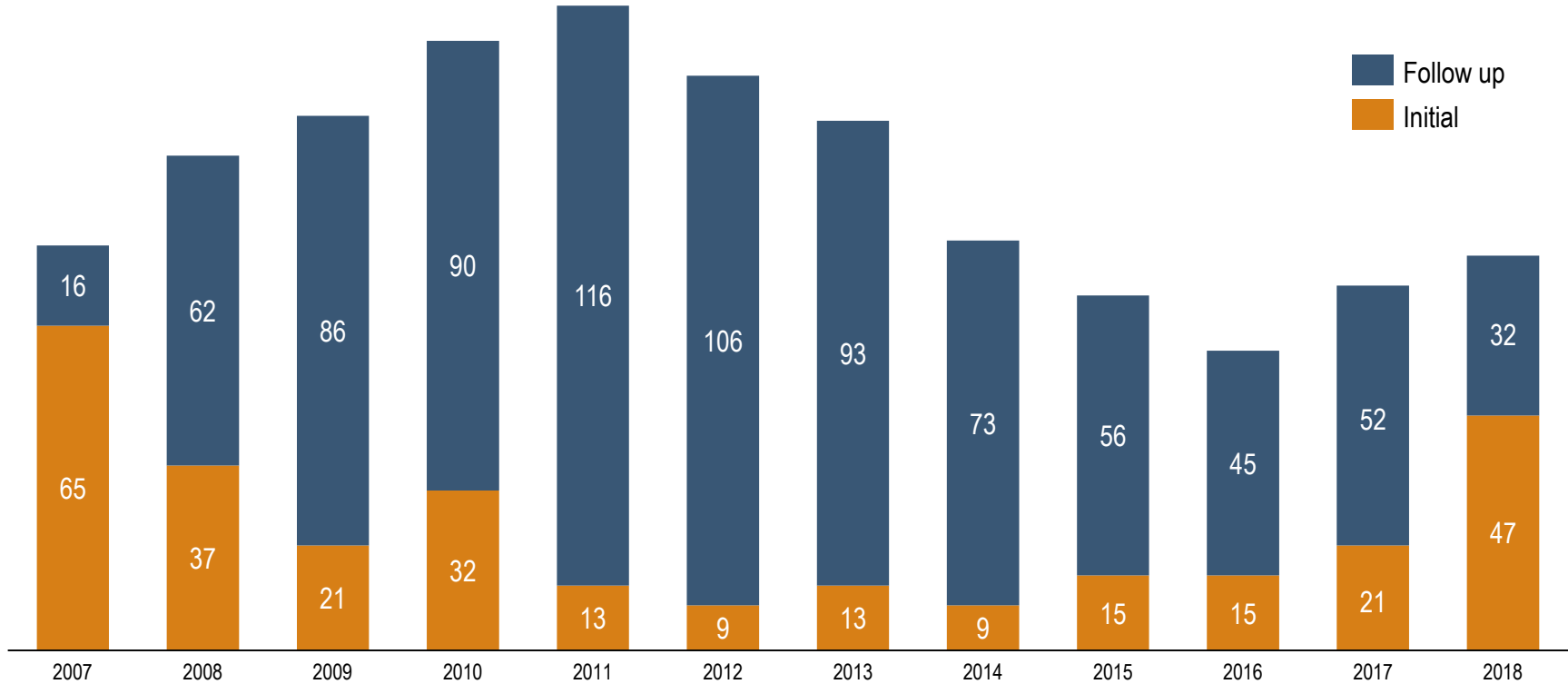




Figure 11: Number of initial and follow up seed investments



# 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 2018 (million NOK)

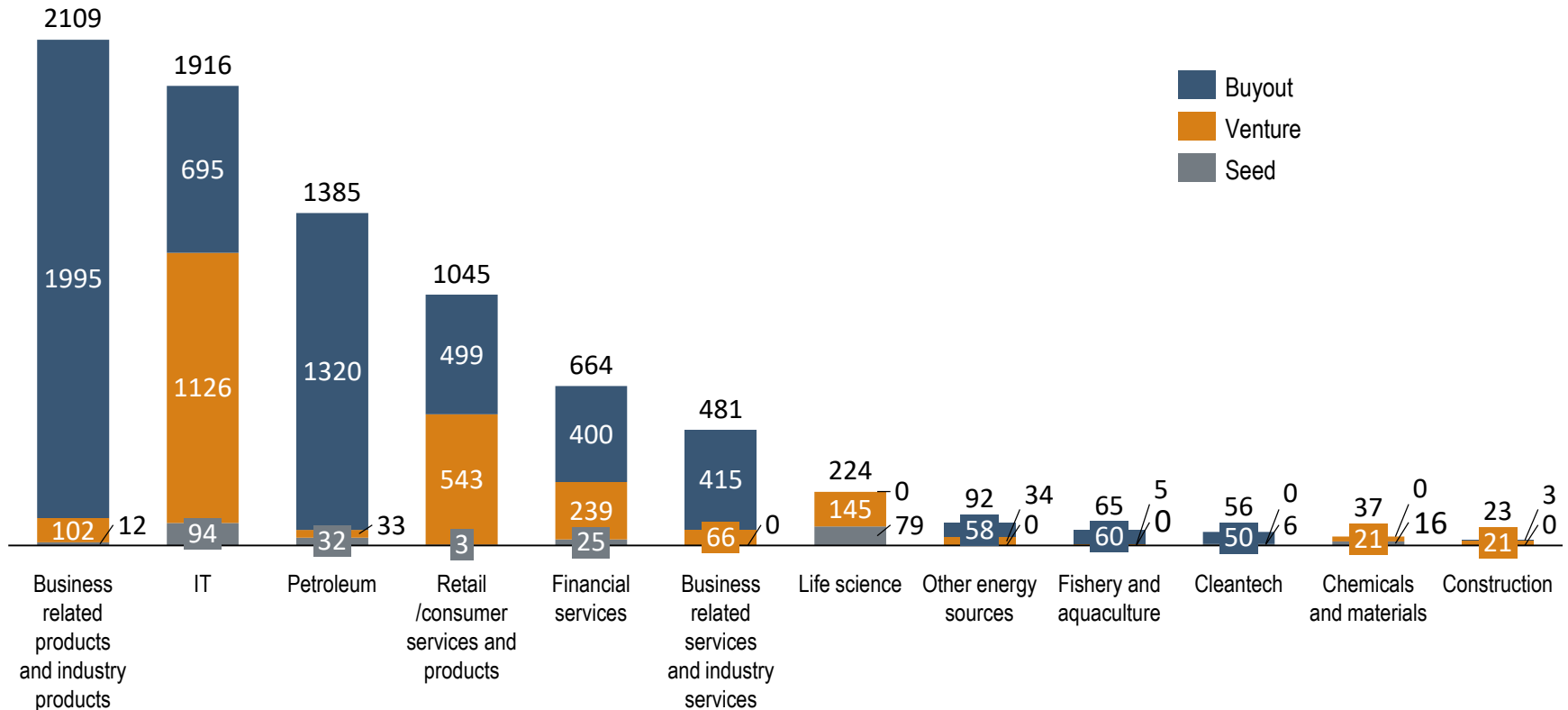
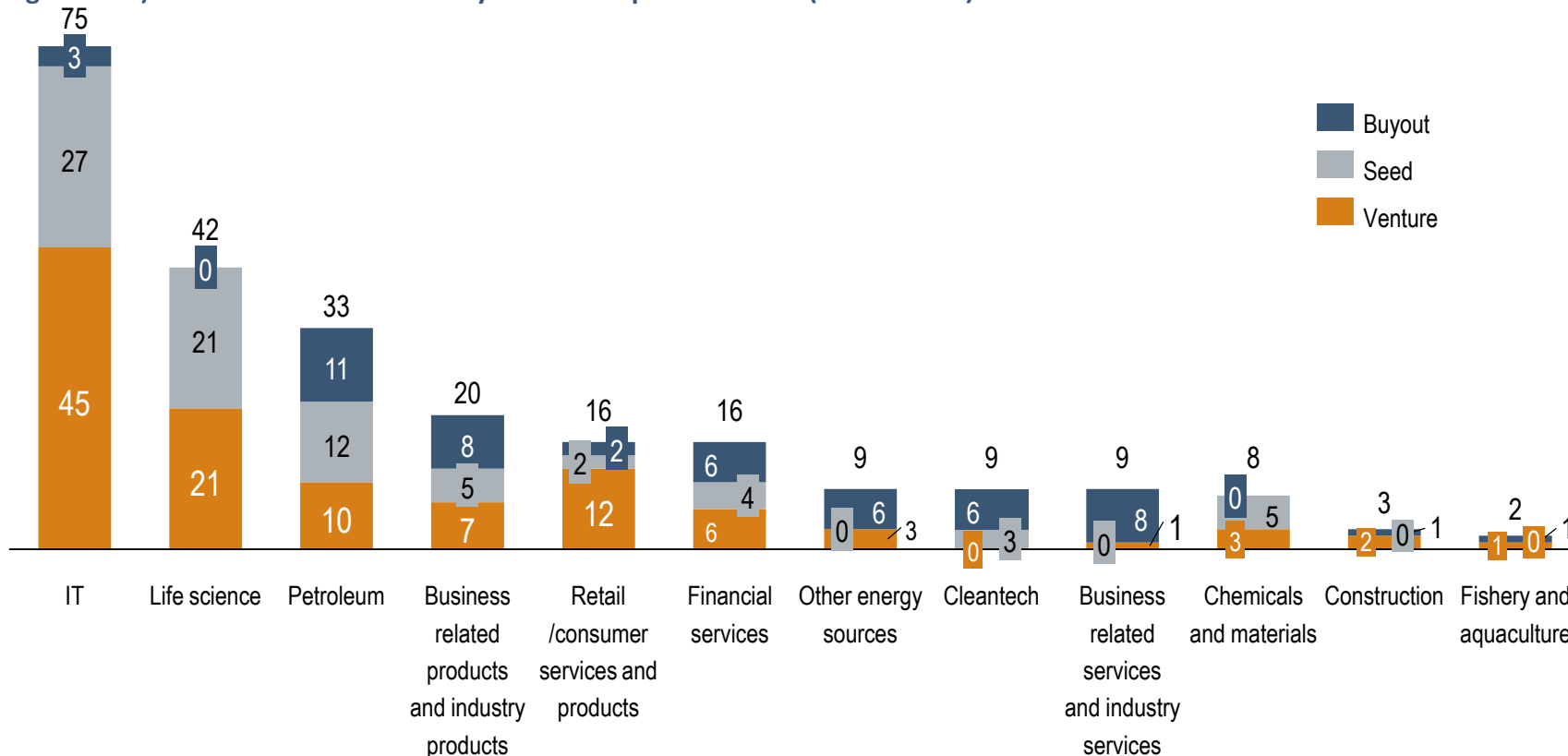


Figure 12 b): Number of investments by sector and phase in 2018 (million NOK)



# **Investments in Norwegian enterprises by Norwegian and foreign PE firms**

**(Market statistics)**

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

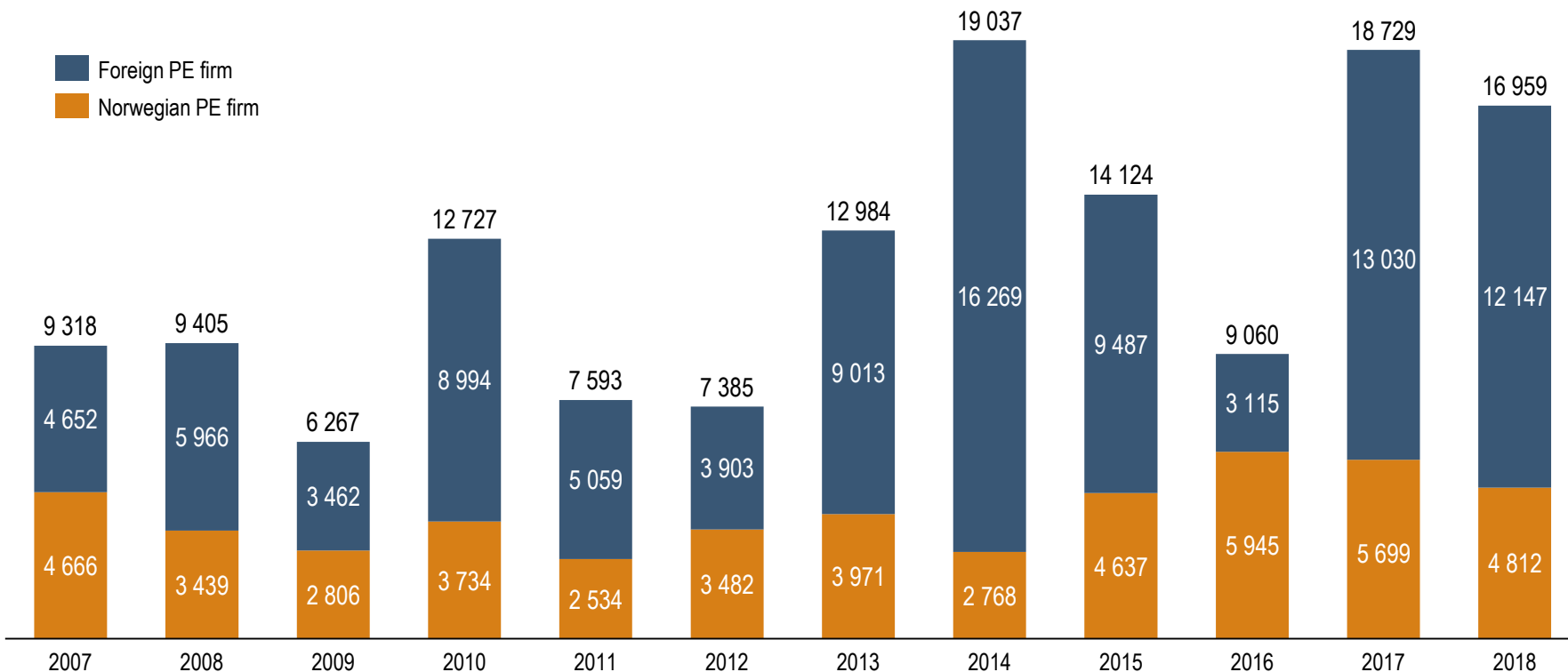


Figure 14: Total number of investments in Norwegian companies

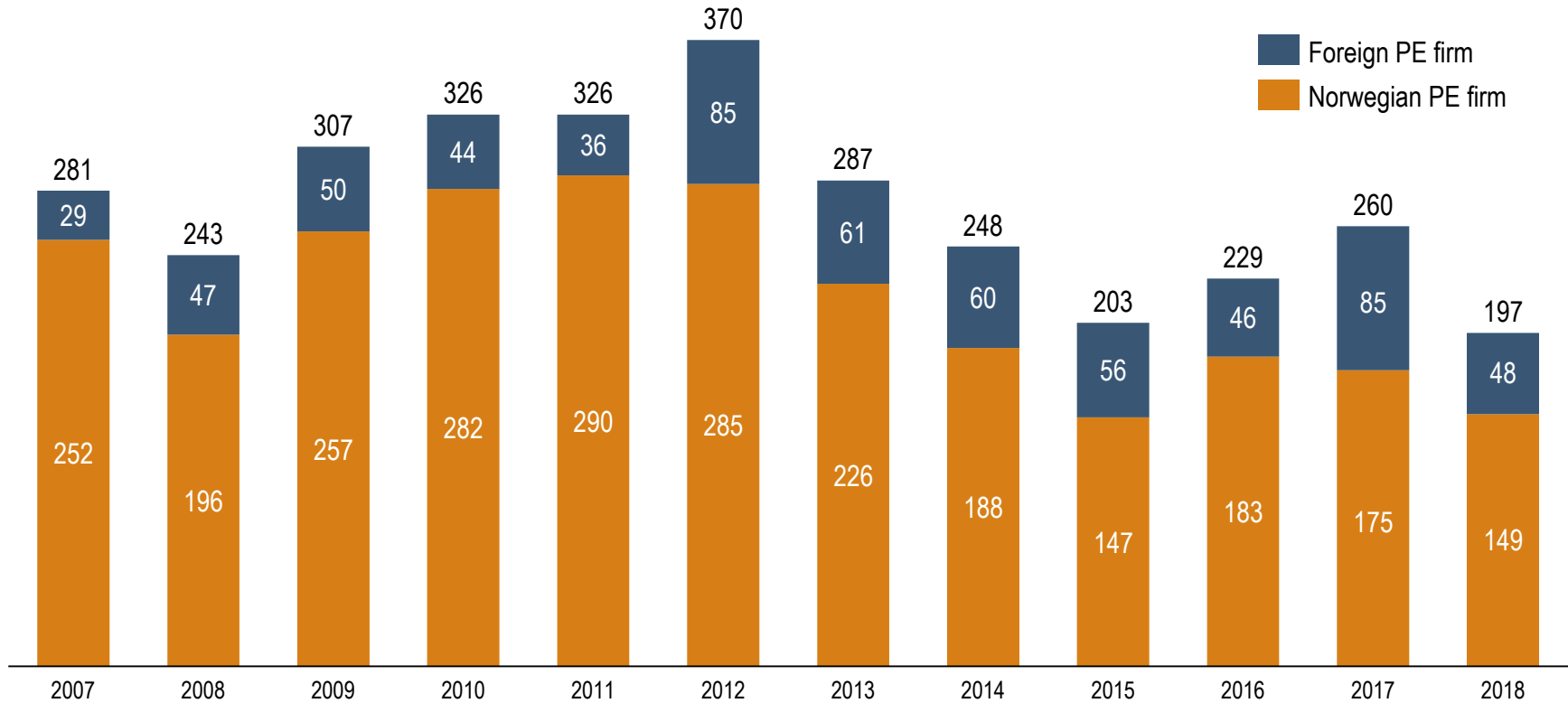


Figure 15: Amount invested in Norwegian companies by phase (million NOK)

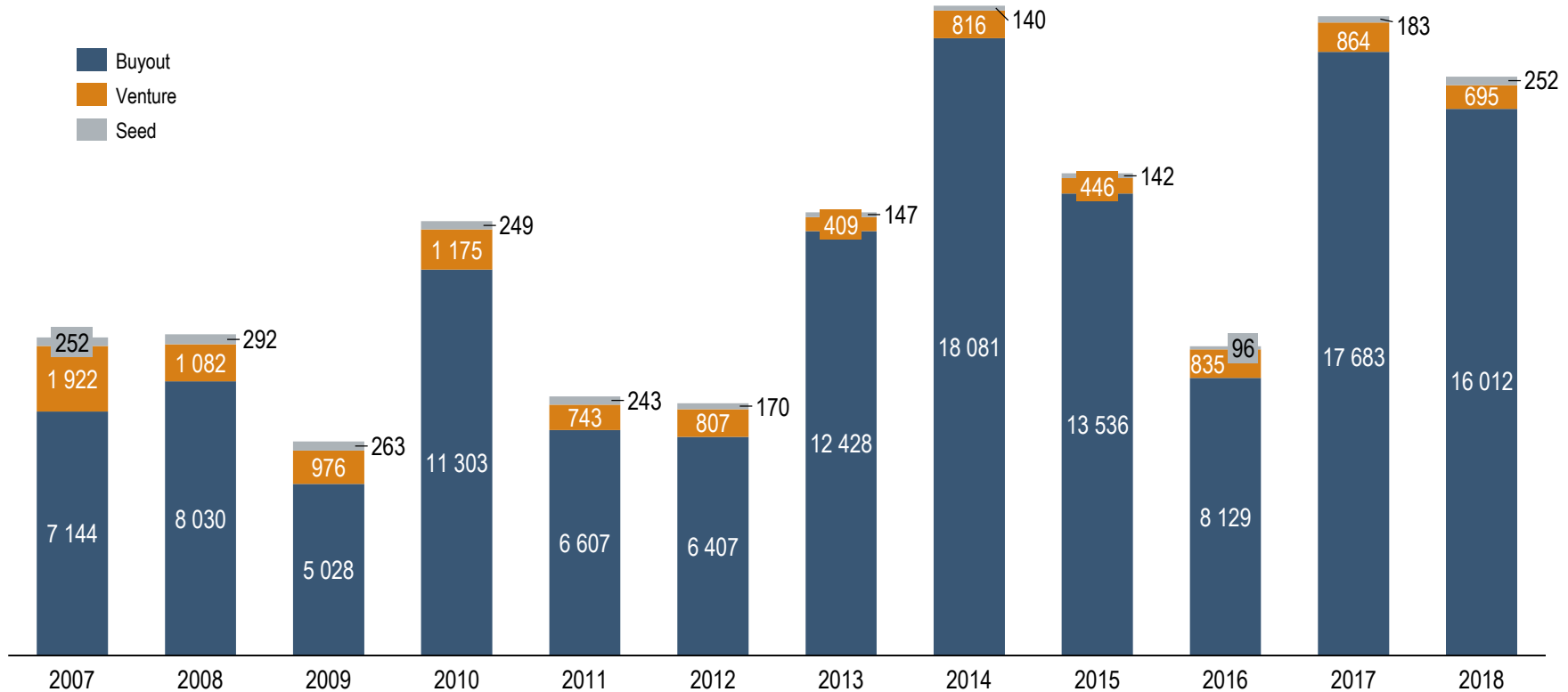


Figure 16: Number of investments in Norwegian companies by phase

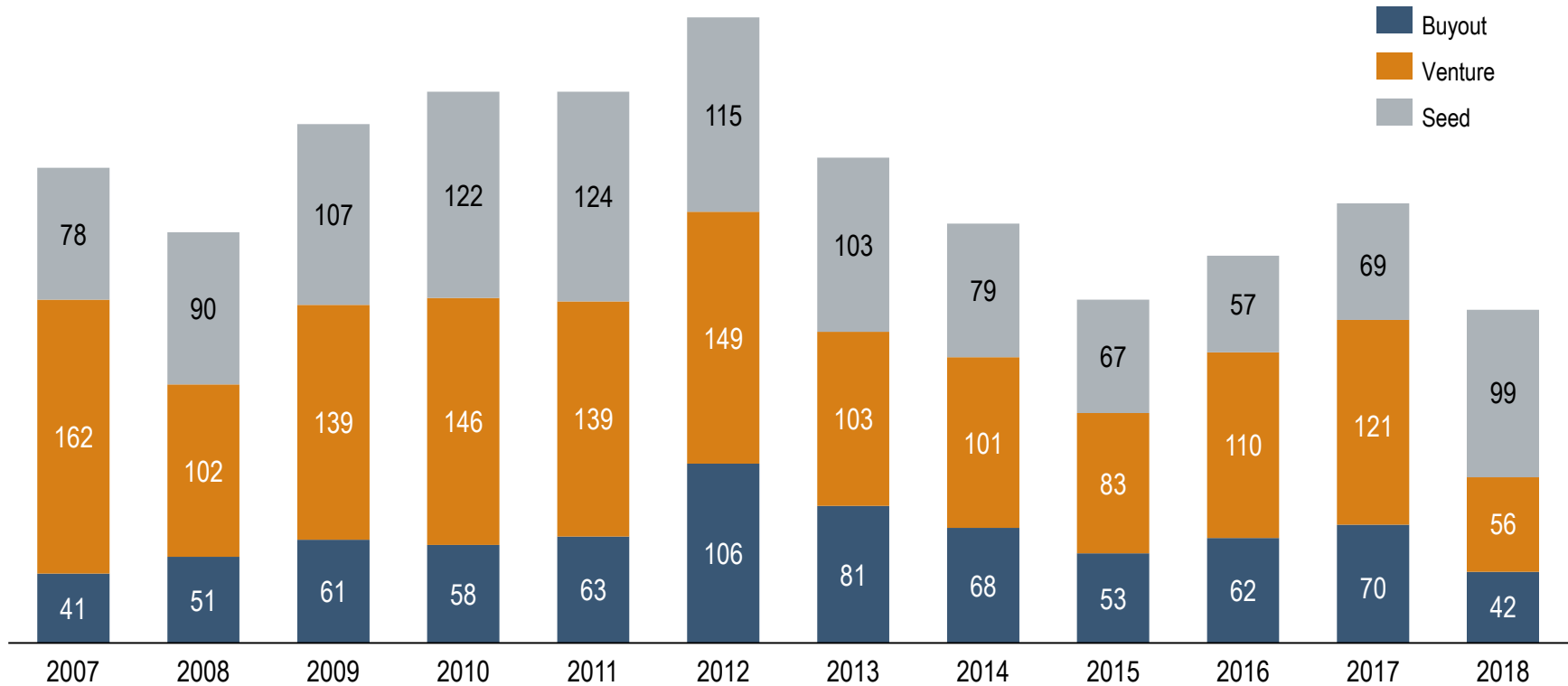




Figure 17: Buyout - initial and follow up investments (million NOK)

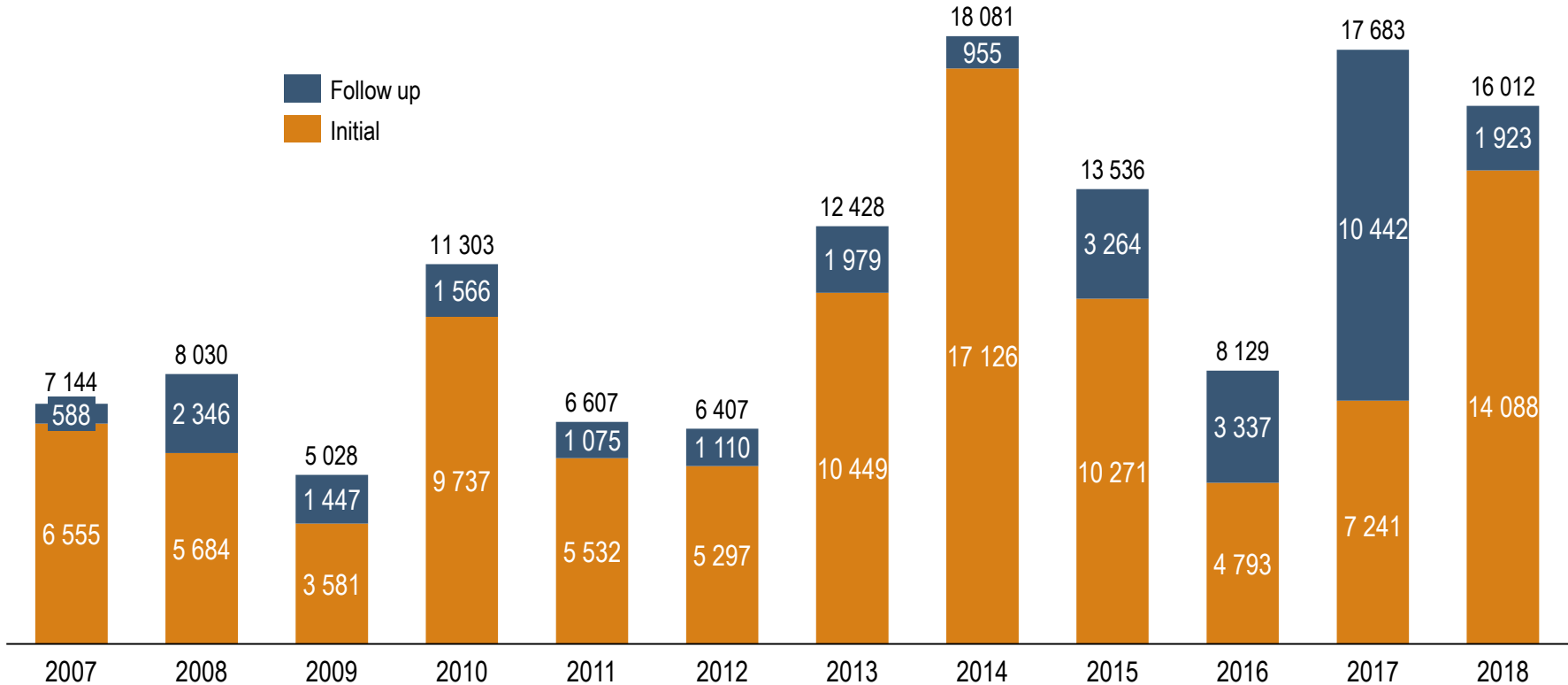
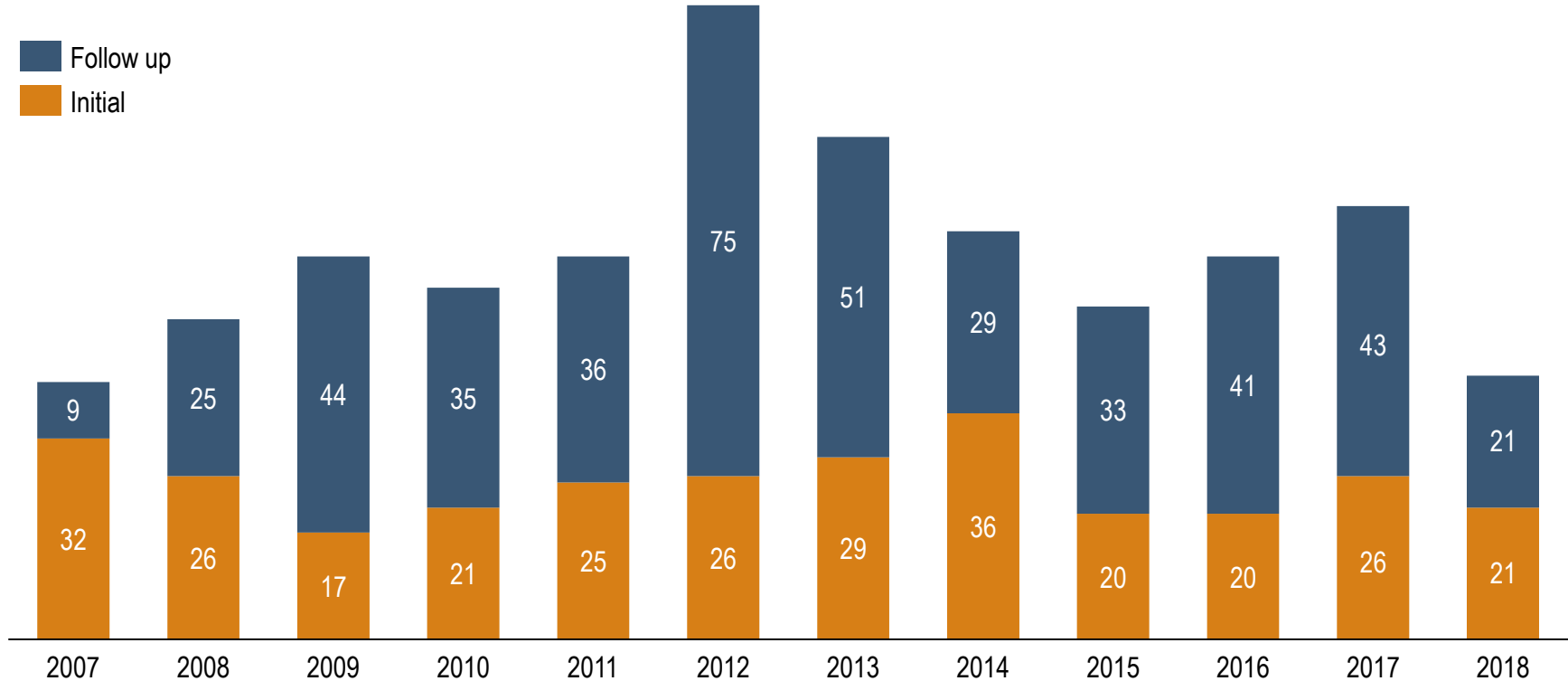


Figure 18: Number of initial and follow up buyout investments



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

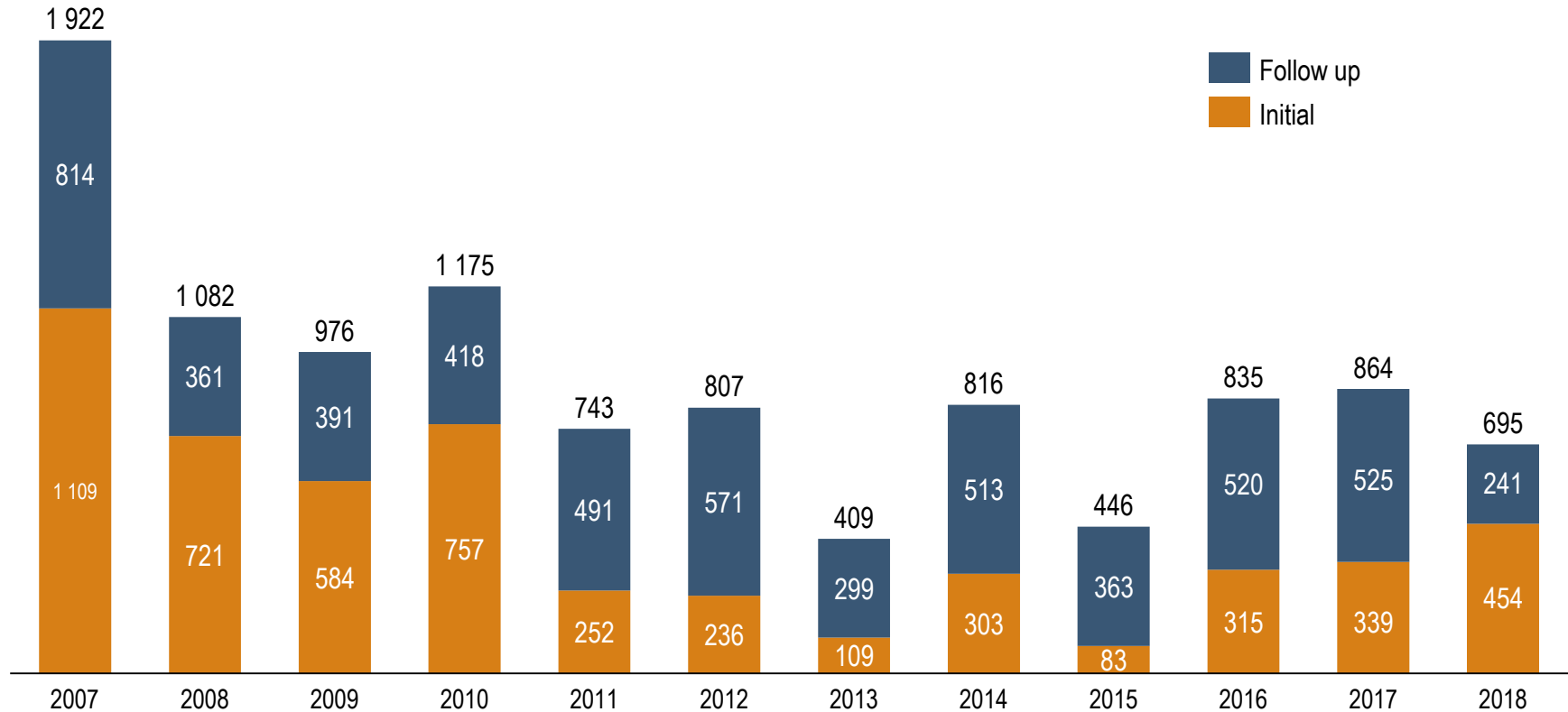
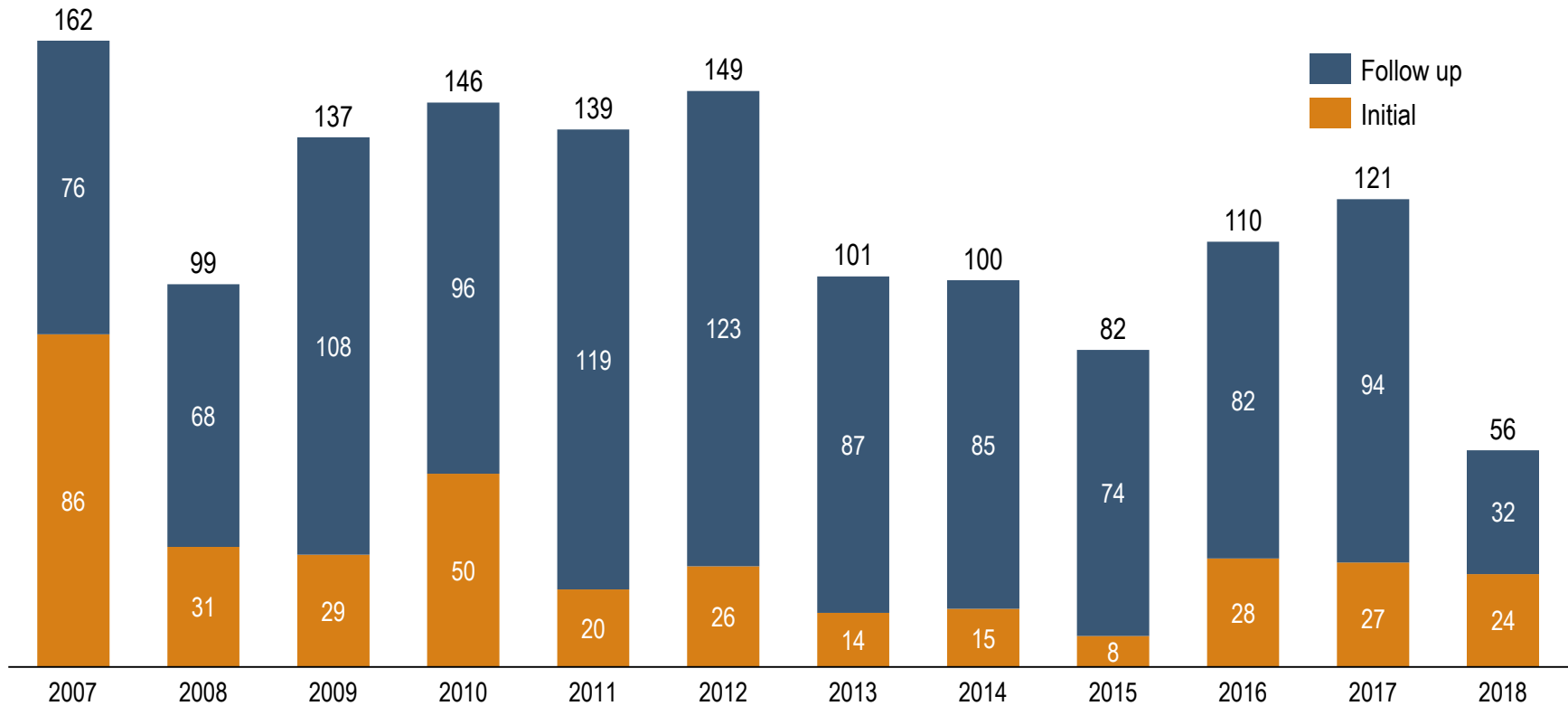


Figure 20: Number of initial and follow up venture investments



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

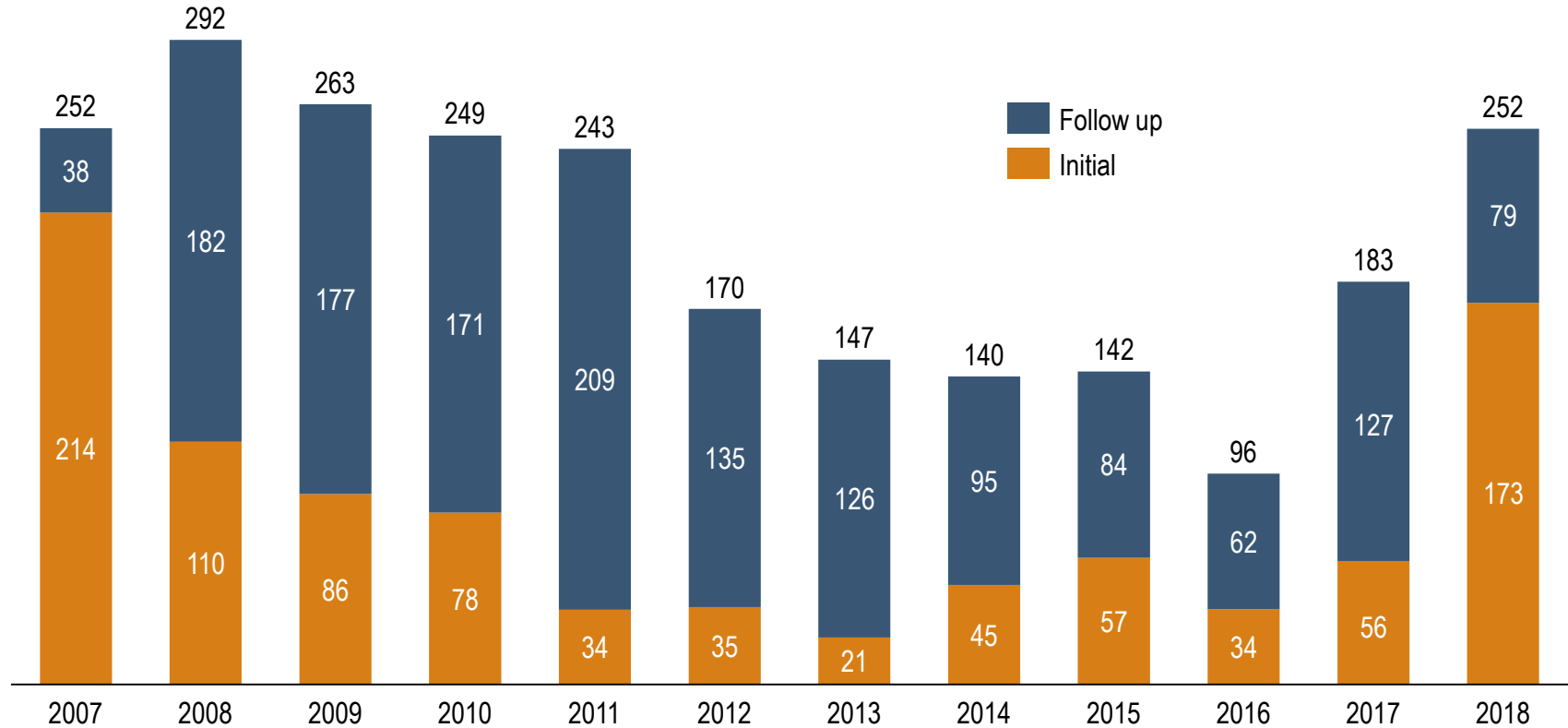
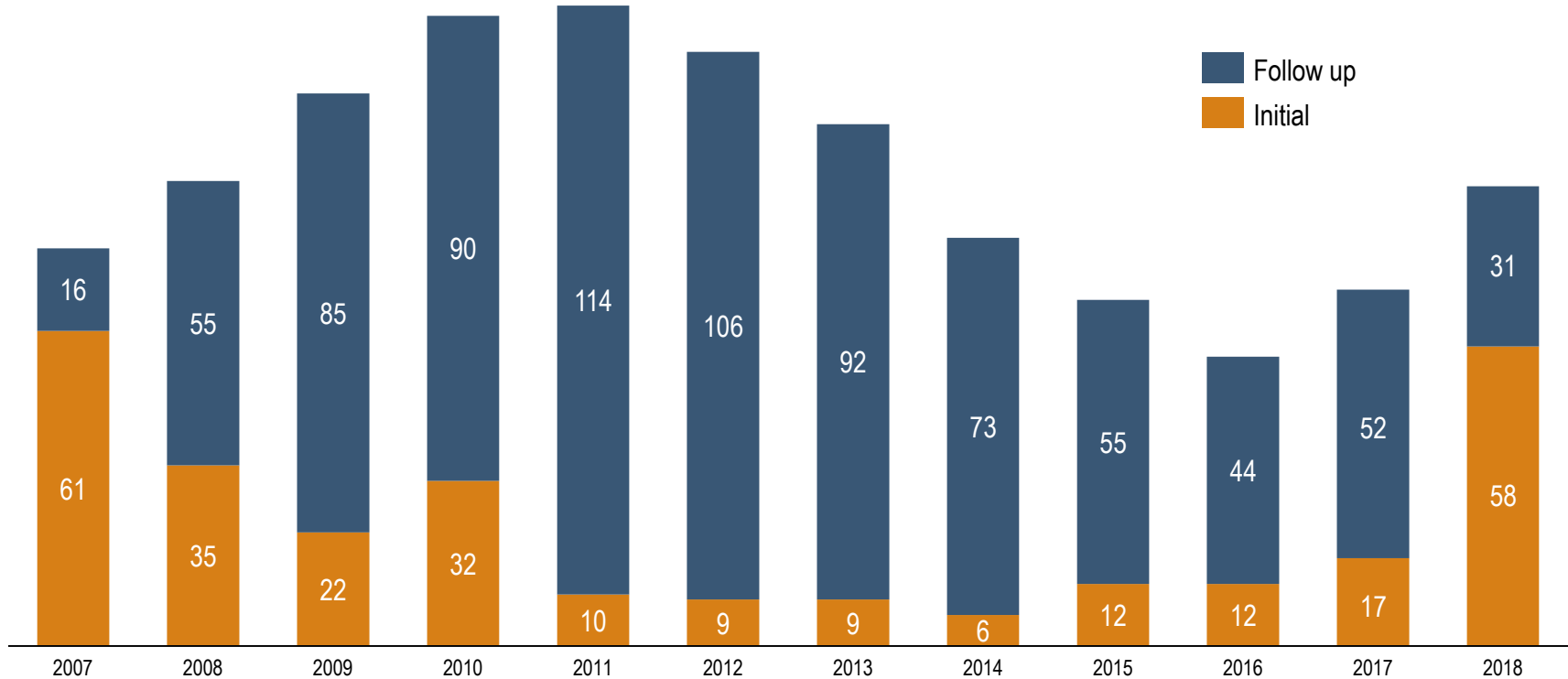


Figure 22: Number of initial and follow up seed investments



# INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR AND PHASE IN 2018 (MILLION NOK)

	Buyout			Venture			Seed			Total
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Business related products and industry products		1961	1961	4	65	69	11	2	12	2042
Business related services and industry services	188	2272	2460							2460
Chemicals and materials				21	10	30	8	8	16	46
Cleantech		764	764				3	3	6	770
Construction		3	3	10	11	21				23
Financial services	407		407	0	10	10	15		15	433
Fishery and aquaculture	16	60	76	5		5				81
IT	515	8768	9283	167	313	480	19	77	96	9860
Life science				12	29	40	12	58	69	110
Other energy sources	9	25	34							34
Petroleum	788	61	849	15	9	24	8	24	32	906
Retail /consumer services and products		174	174	8	8	16	3	1	4	194
<b>Total</b>	<b>1923</b>	<b>14088</b>	<b>16012</b>	<b>241</b>	<b>454</b>	<b>695</b>	<b>79</b>	<b>173</b>	<b>252</b>	<b>16959</b>

# NUMBER OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR AND PHASE IN 2018

	Buyout			Venture			Seed			Total
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Business related products and industry products		4	4	1	5	6	3	2	5	15
Business related services and industry services	8	2	10							10
Chemicals and materials				3	1	4	2	2	4	8
Cleantech		2	2				1	2	3	5
Construction		1	1	1	1	2				3
Financial services	7		7	1	1	2	3		3	12
Fishery and aquaculture	1	1	2	1		1				3
IT	1	6	7	13	9	22	11	15	26	55
Life science				3	4	7	6	27	33	40
Other energy sources	1	1	2							2
Petroleum	3	2	5	7	1	8	3	9	12	25
Retail /consumer services and products		2	2	2	2	4	2	1	3	9
<b>Total</b>	<b>21</b>	<b>21</b>	<b>42</b>	<b>32</b>	<b>24</b>	<b>56</b>	<b>31</b>	<b>58</b>	<b>89</b>	<b>187</b>



Figure 23: Investments in the IT sector

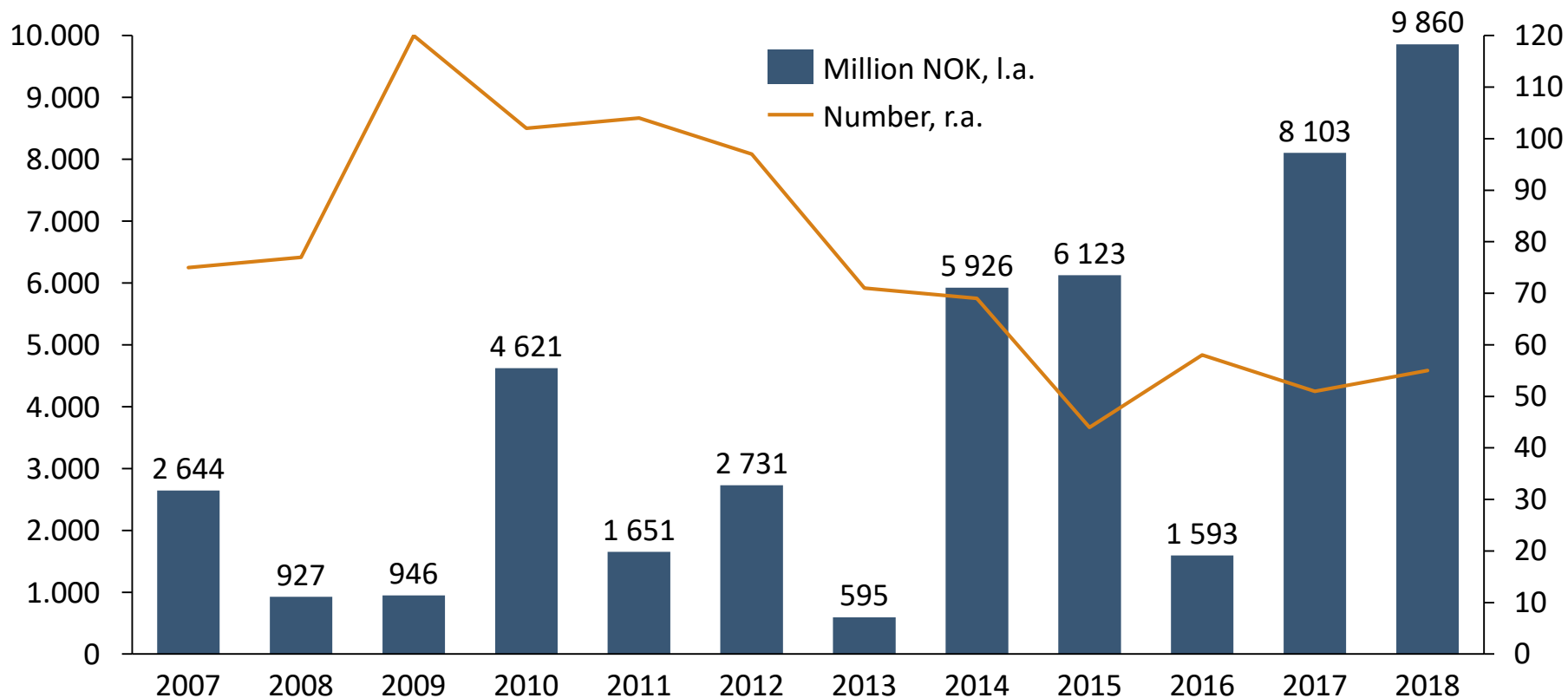


Figure 24: Initial and follow up investments in petroleum

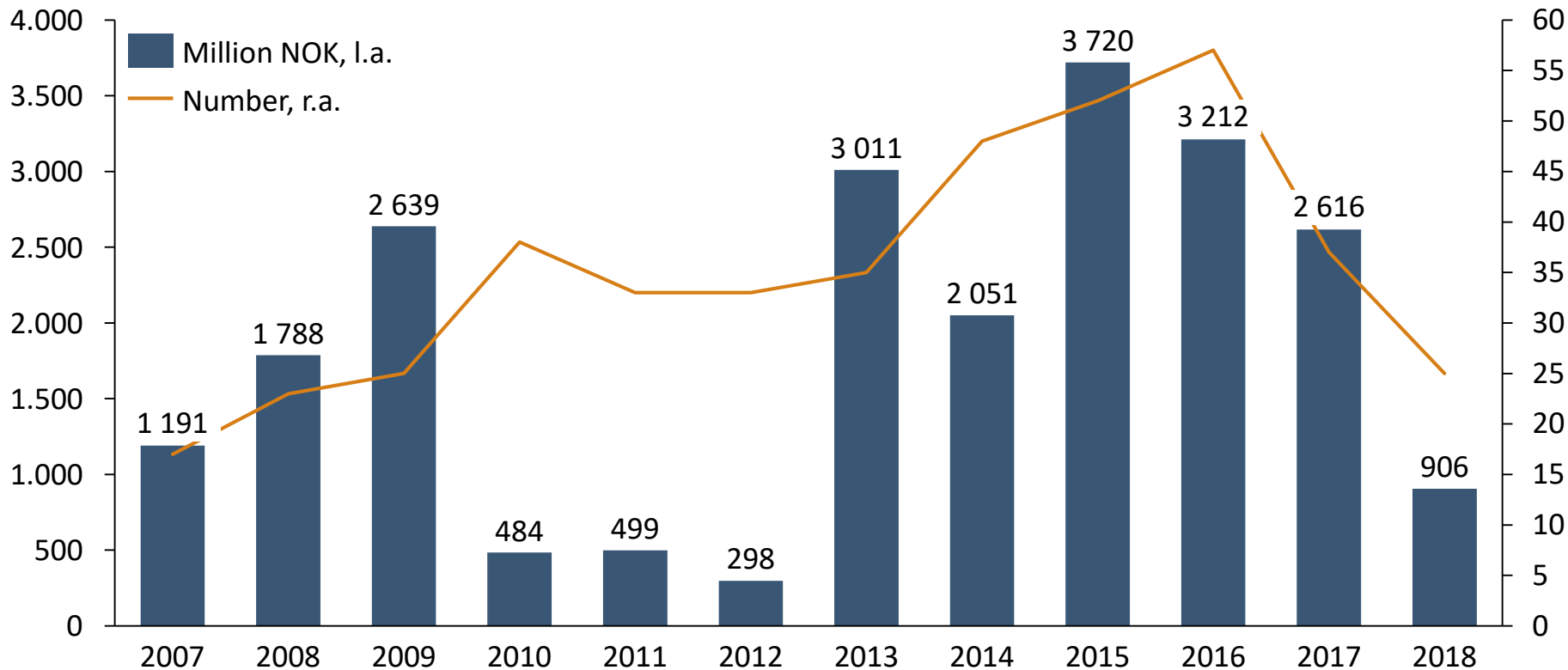


Figure 25: Initial and follow up investments in business related services

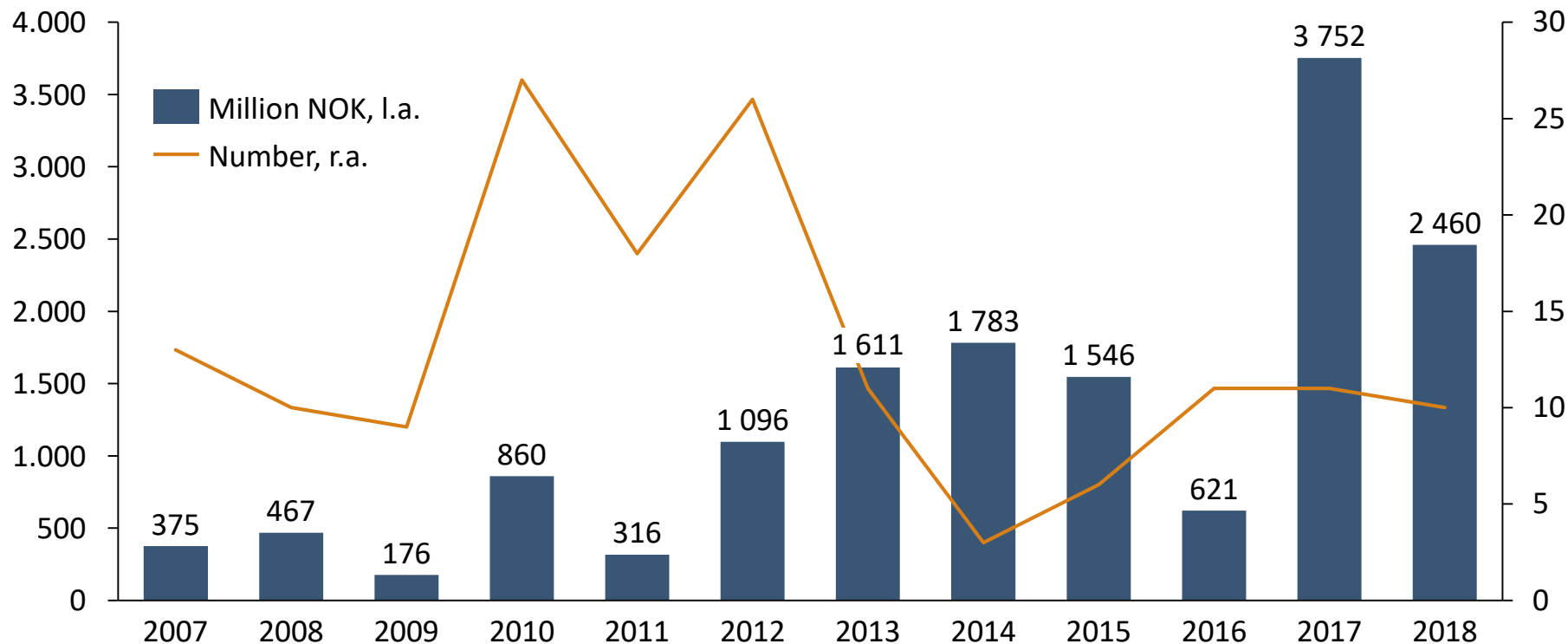
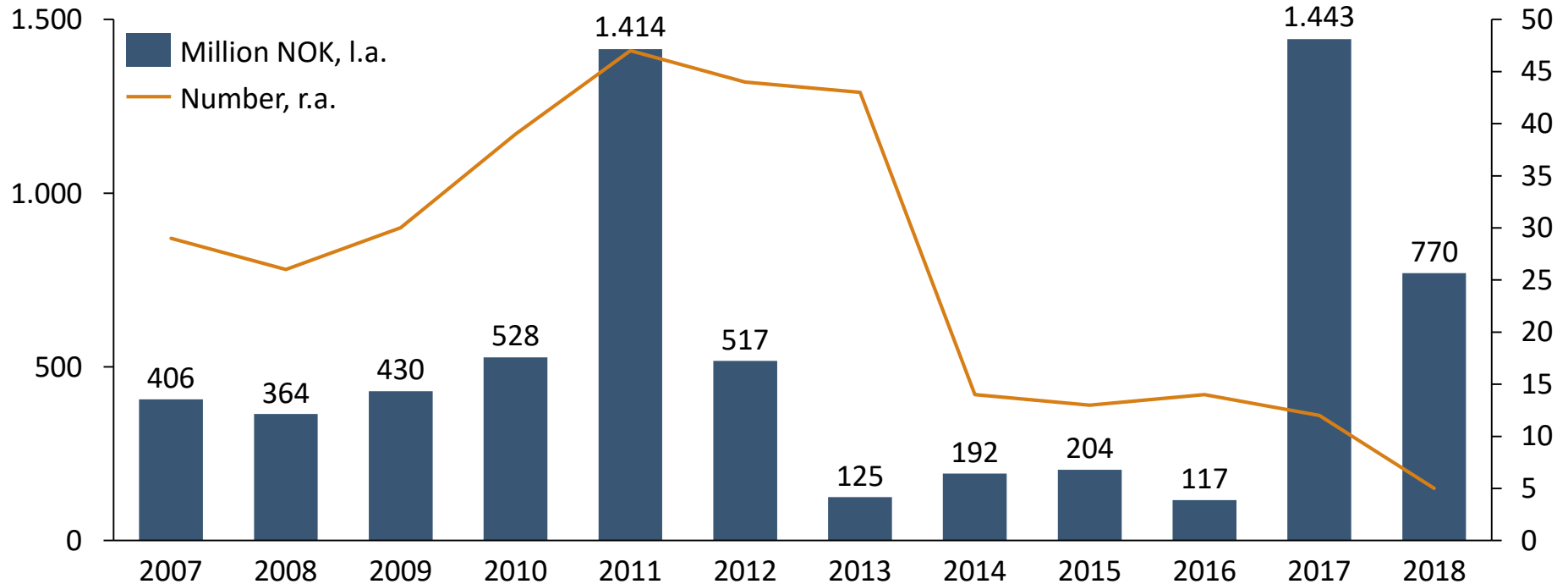


Figure 26: Initial and follow up investments in cleantech



# Buyout investments by segment (market statistics)

Figure 32: Buyout – investments in Norwegian enterprises by segment (million NOK)

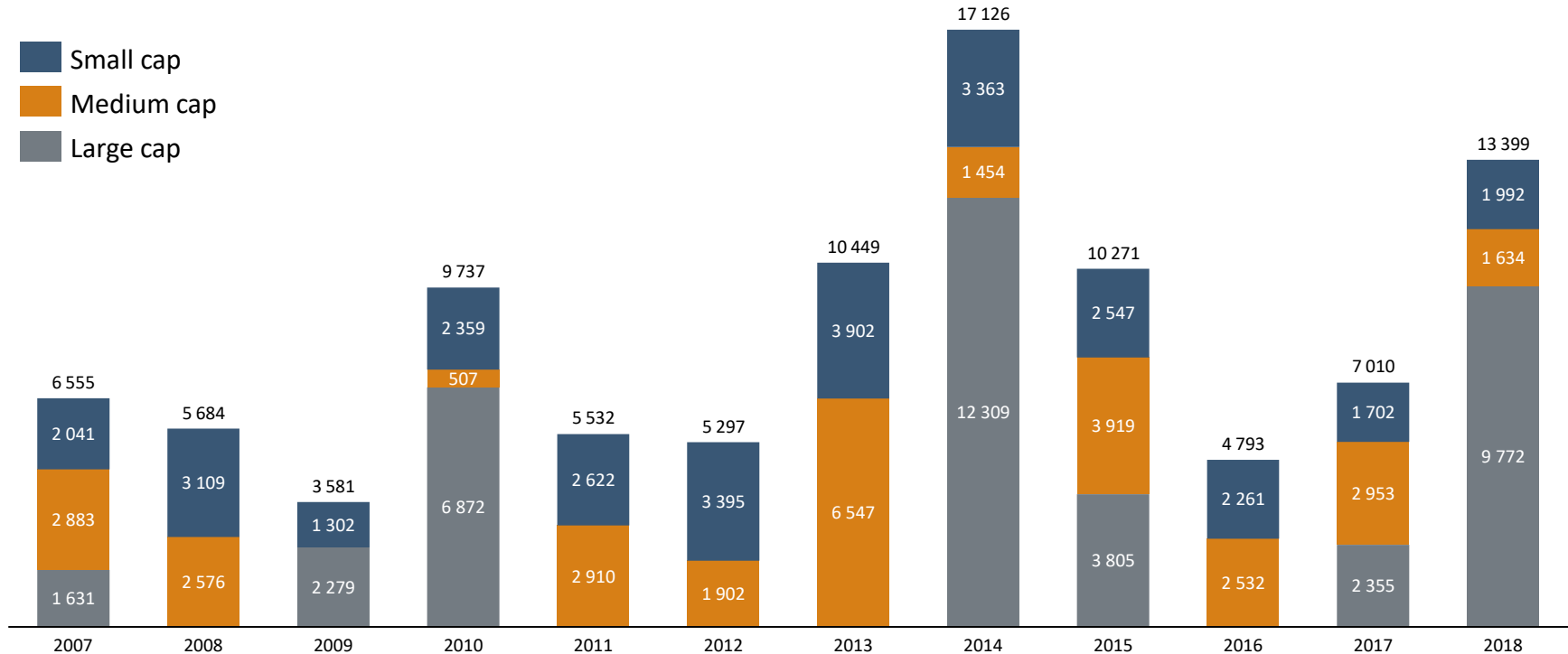
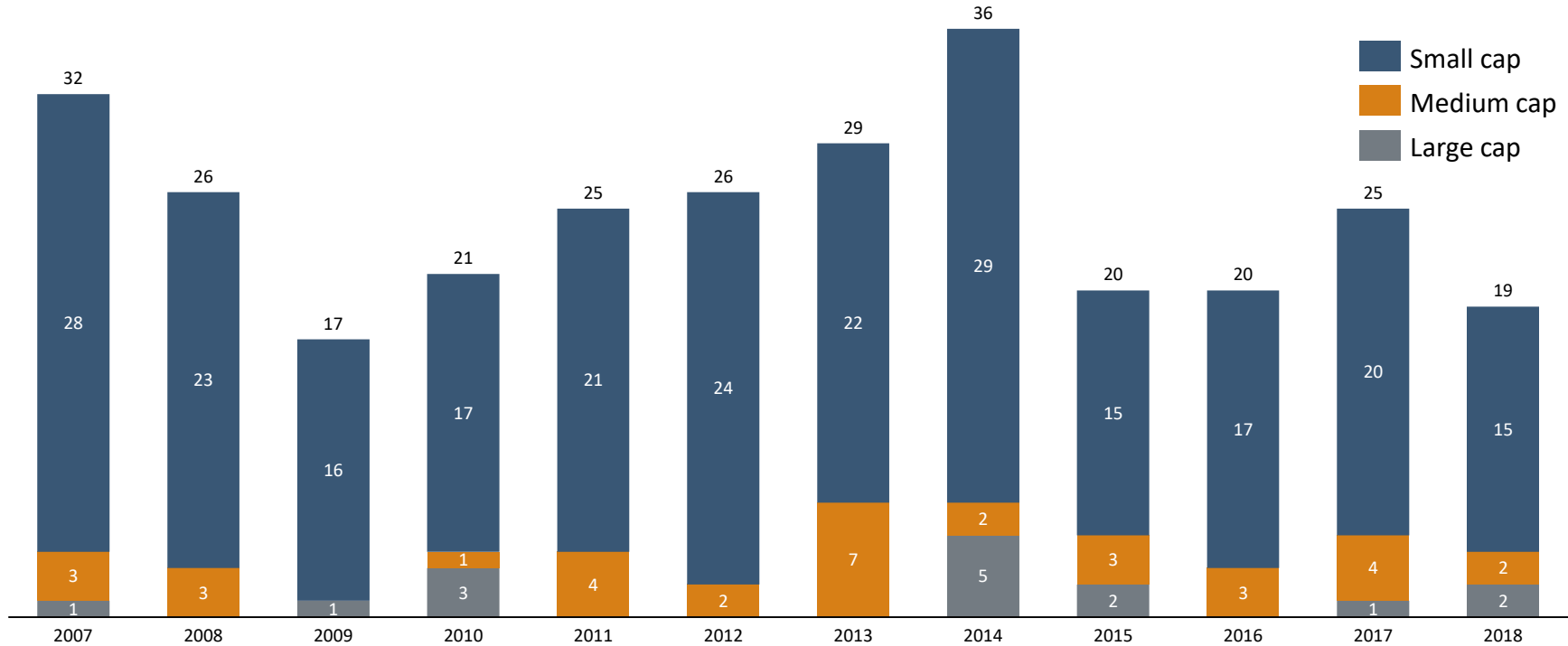


Figure 33: Buyout – number of investments in Norwegian enterprises by segment

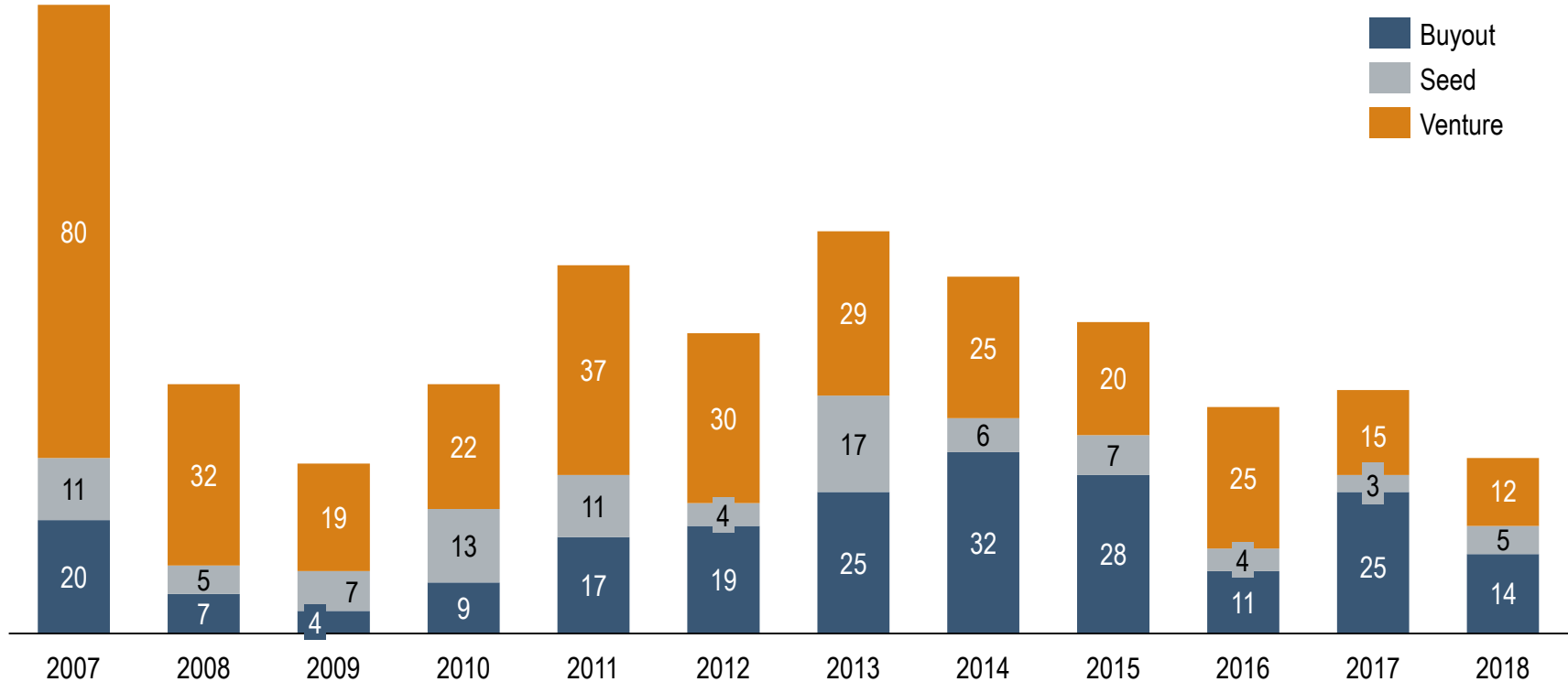


# Divestments



# Norwegian PE firms' divestments in Norwegian and foreign enterprises (Industry statistics)

Figure 27: Number of divestments by phase



**Figure 28: Number of industrial sales by phase**

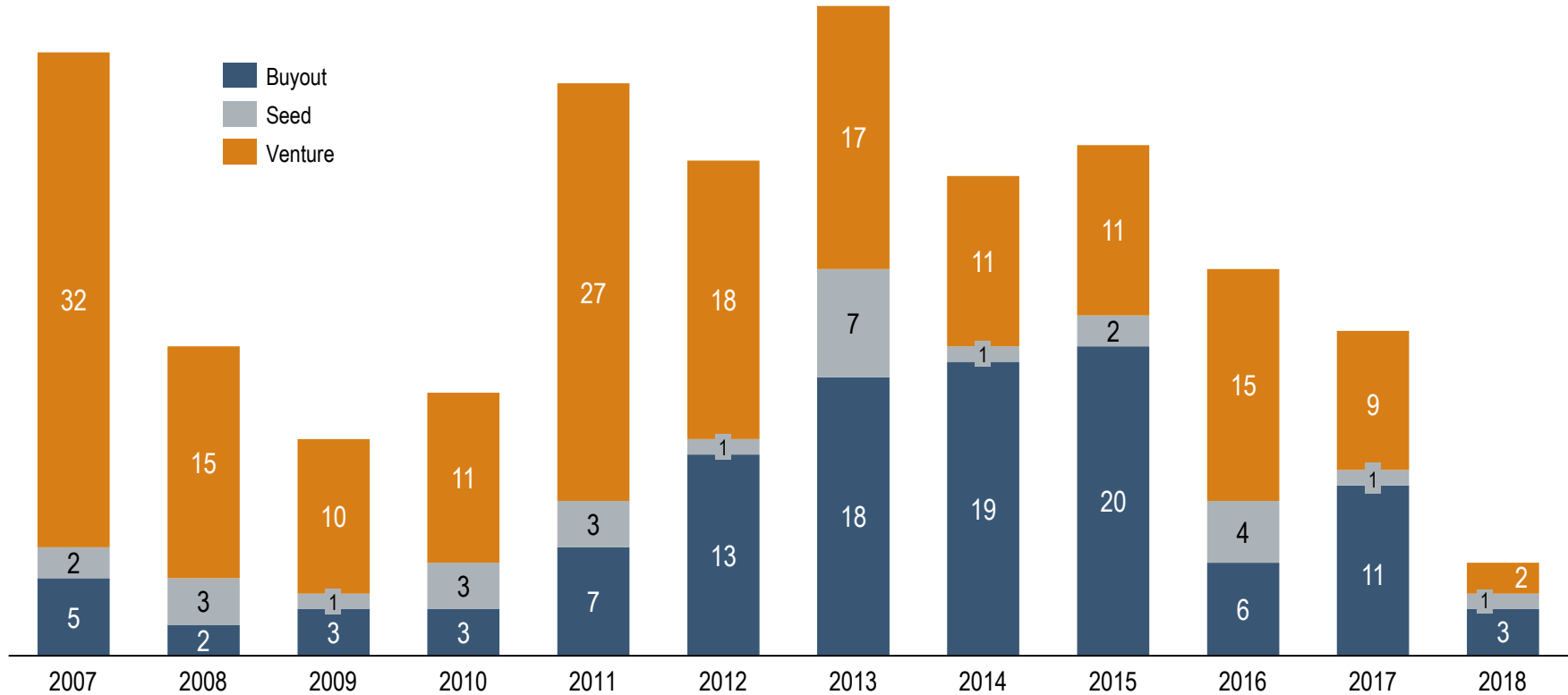
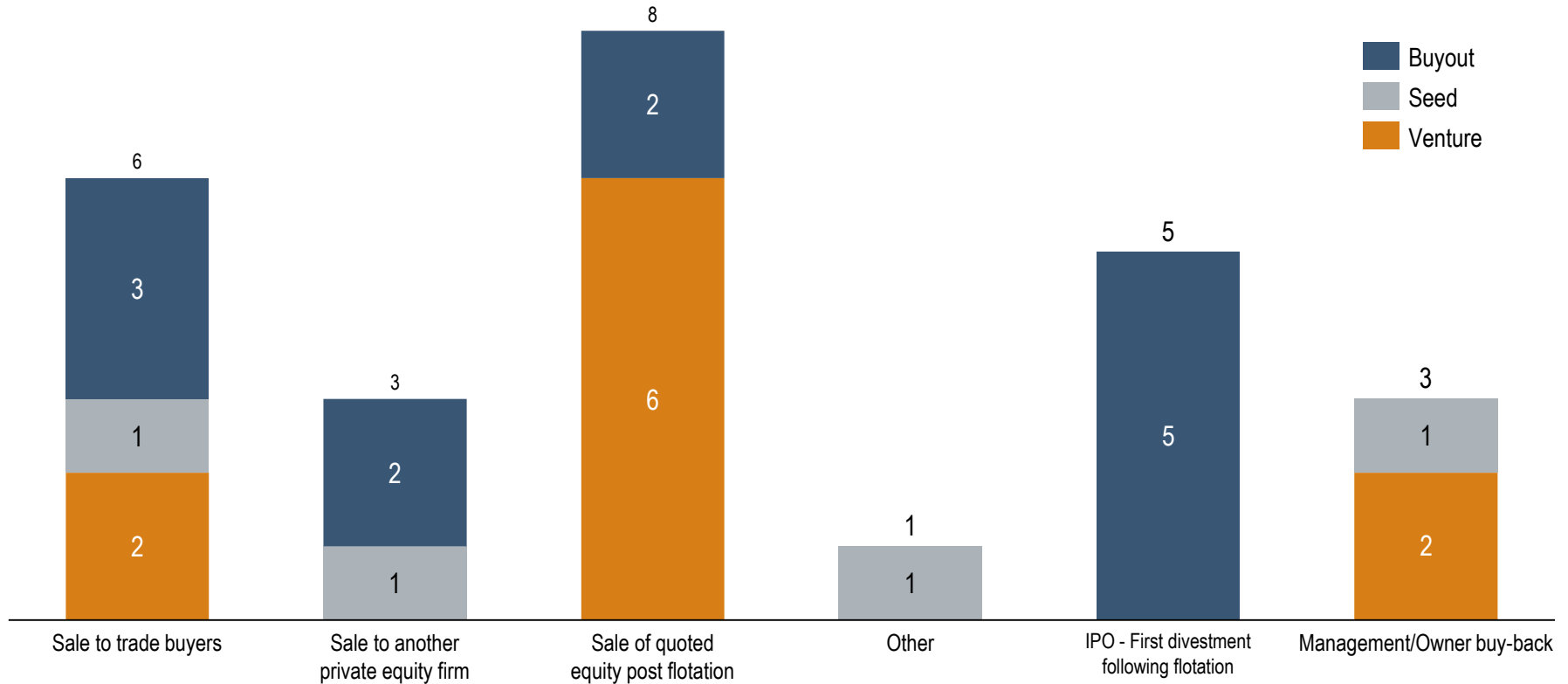


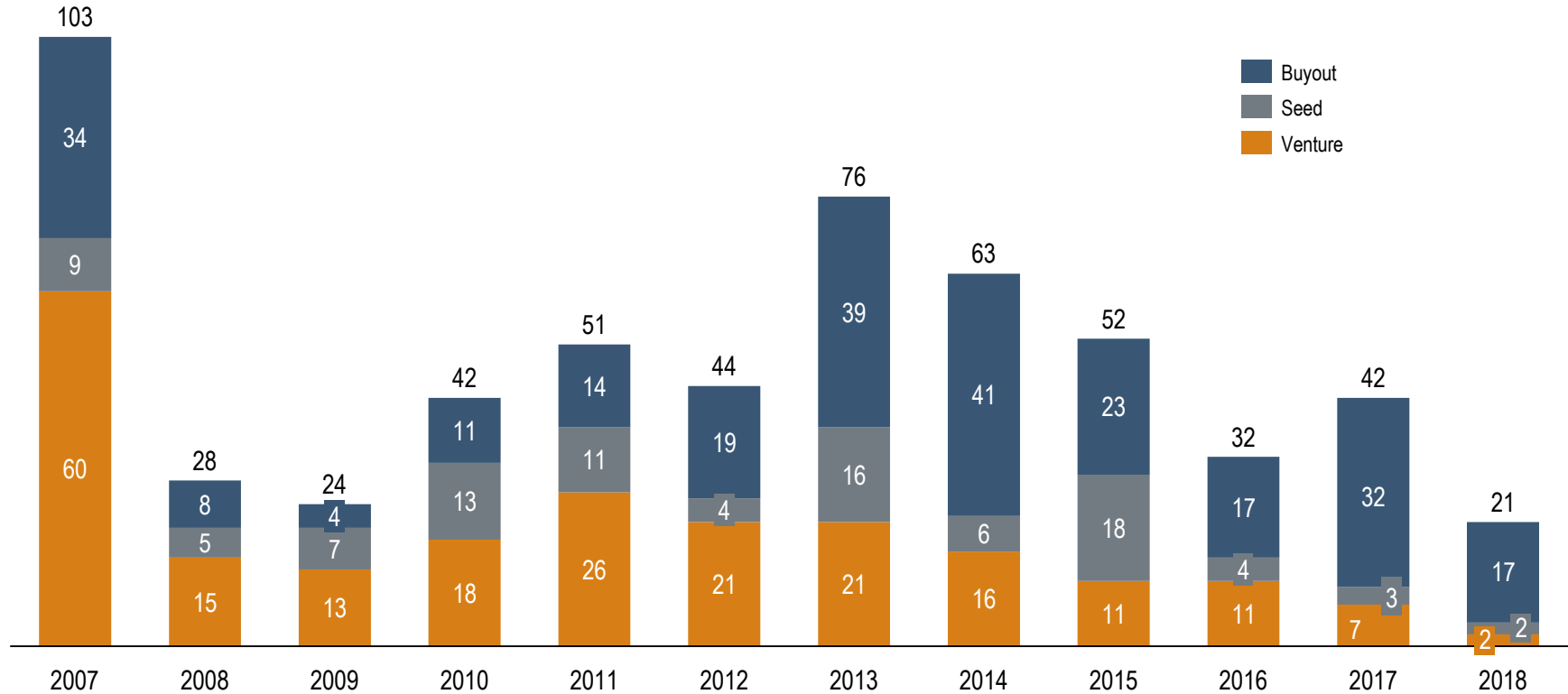
Figure 29: Number of divestments in 2018 by phase and divestment method



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

**(Market statistics)**

**Figure 30: Number of divestments in Norwegian enterprises by phase**



**Figure 31: Number of divestments in Norwegian enterprises in 2018 by phase and divestment method**

