



PRIVATE EQUITY FUNDS IN NORWAY

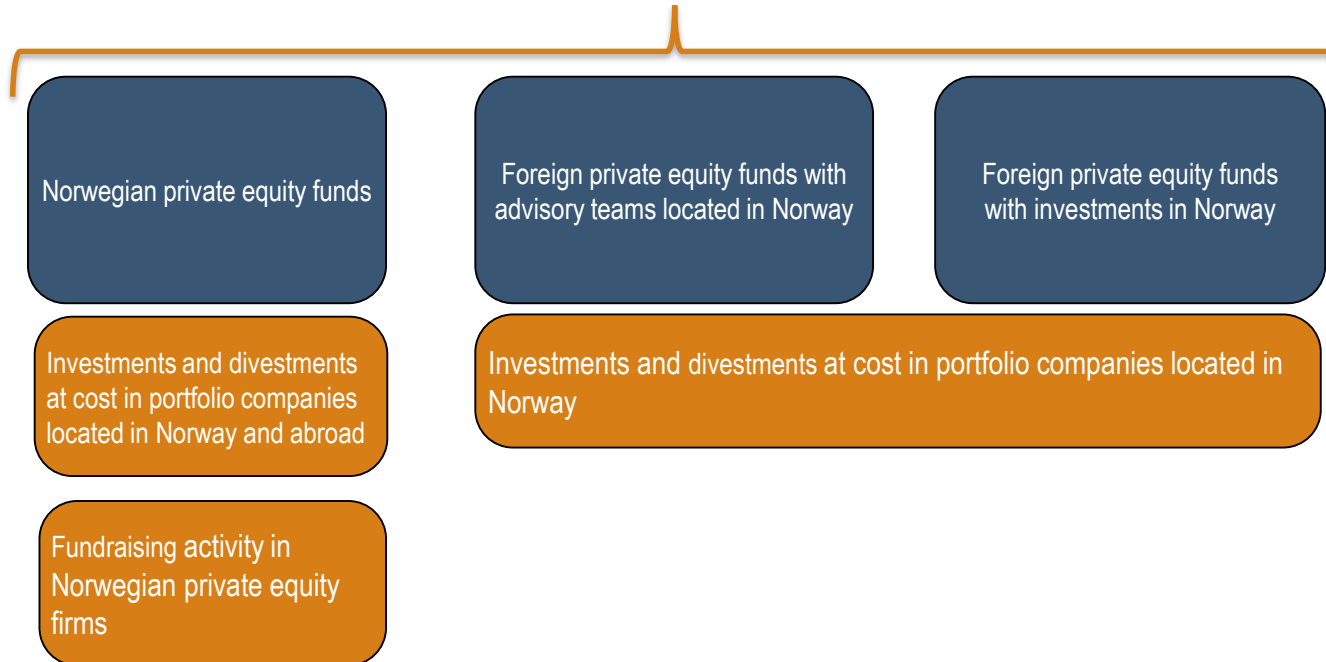
Activity report

2019

(Seed – Venture – Buyout)

The Activity Report 2019 is developed for the Norwegian Venture Capital & Private Equity Association (NVCA) by Menon Economics and PEREP Analytics during the spring 2020. 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.

Industry statistics

The focus of Norwegian funds made a shift towards Norwegian companies in 2019. Investments in Norwegian companies comprised 66 percent of the amount invested, and 82 percent of the number of investments.

Norwegian PE funds invested a total of NOK 8.3 bn. in 2019, a reduction of 900 mill. from 2018. The reduction was due to reduced investment activity in foreign companies. The number of investments in foreign companies more than halved from 90 in 2018 to 42 in 2019. Investments in Norwegian portfolio companies increased by NOK 200 mill., reflecting an increasing number of investments in Norwegian companies. The number of investments made by Norwegian funds have been stable for the last six year in the interval of 227 to 263 per year.

Seed investments increased marginally to NOK 284 mill., increasing for the fourth straight year. Only in 2008 has the amount invested in the seed segment been higher. Norwegian funds' venture investments fell to NOK 1.3 bn. in 2019, after three years of stable investment levels over 2 bn. This reflects the low number of investments in this segment. Only 89 investments were made by Norwegian venture funds, the lowest level since the coordinated European market tracking started in 2007. The level of buyout investments have been stable for the last three year, and the amount invested increased moderately by 200 mill. to NOK 6.7 bn. in 2019

Market statistics

Norwegian and foreign PE funds invested a record breaking amount of NOK 32.8 bn. in Norwegian companies in 2019. The level is significantly higher than the previous top year of 2014, levelling 19.7 bn. The main driver behind the high level of investments is five large cap buyout investments, of which four were made by foreign funds. As a result of large investments from foreign funds, foreign investments comprised 83 percent of total capital investments in Norwegian companies. Norwegian funds invested NOK 5.4 bn. domestically, a marginal increase from 2018. The level of investments from Norwegian funds in Norwegian companies have been stable in the interval of NOK 5.2 to 5.7 bn. the past three years.

Venture investments in Norwegian companies increased from NOK 0.9 bn. in 2018 to 1.3 bn. in 2019, the highest level since 2007. Equivalently, the number of venture investments increased by 85 percent. Despite the large increase in the amount invested in the buyout segment, the number of investments fell to 51 in 2019, eight fewer than the year before. Exit activity in Norwegian portfolio companies increased in 2019. 43 divestments were completed, the highest number in the last four years.

Norwegian ICT companies remains attractive candidates for private equity funds, with a markedly increase in both the number of investments and amount invested. The amount invested in the petroleum sector doubled from previous top levels, while the number of investments is steadily decreasing over time. Fewer and larger investments reflect that the petroleum sector has become a more mature industry with an increasing focus on consolidation and streamlining.

Total fundraising 2019 – NOK 7 450 mill. (756 mill. EUR)

Seed
880 mill. NOK
(90 mill. EUR)

Venture
130 mill. NOK
(13 mill. EUR)

Buyout
6 450 mill. NOK
(655 mill. EUR)

Sarsia Seed Fond II
Snö Ventures

Viking Venture 17
Hadean Capital I

Explore Equity Fund I
Verdane Capital X

Over time, Northzone's activity has shifted from their Oslo offices to other locations. From 2019 onwards, their Oslo office will not be regarded as their headquarters. As a result, their fundraising and investments outside of Norway will not be included in the statistics.

Overall:

- Norwegian PE firms invested 8 300 mill. NOK (EUR 840 mill.) in Norwegian and foreign portfolio companies
 - 5 400 mill. NOK (EUR 550 mill.) in Norwegian enterprises
 - 2 900 mill. NOK (EUR 289 mill.) in foreign enterprises
- Seed:
 - 280 mill. NOK (EUR 29 mill.) invested. Up from 260 mill. NOK (EUR 27 mill.) in 2018.
- Venture:
 - 1 280 mill. NOK (EUR 130 mill.) invested. Down from 2 410 mill. NOK (EUR 251 mill.) in 2018.
- Buyout:
 - 6 710 mill. NOK (EUR 681 mill.) invested. Up from 6 490 mill. NOK (EUR 676 mill.) in 2018.

Overall:

- 32 800 mill. NOK (EUR 3 333 mill.) invested in Norwegian enterprises by both Norwegian and foreign PE firms
 - Norwegian PE firms invested 5 400 mill. NOK (EUR 550 mill.)
 - Foreign PE firms invested 27 400 mill. NOK (EUR 2 783 mill.)
- Seed:
 - 280 mill. NOK (EUR 28 mill.) invested. Up from 250 mill. NOK (EUR 25 mill.) in 2018.
- Venture:
 - 1 270 mill. NOK (EUR 129 mill.) invested. Up from 870 mill. NOK (EUR 88 mill.) in 2018.
- Buyout:
 - 31 280 mill. NOK (EUR 3 176 mill.) invested. Up from 17 360 mill. NOK (EUR 1 762 mill.) in 2018.

- **Divestments in Norwegian and foreign enterprises by Norwegian PE firms**
 - 32 divestments by Norwegian PE firms. The same level as 2018.
 - 7 divestments within the seed stage. Up from 5 in 2018.
 - 7 divestments within the venture stage. Down from 13 in 2018.
 - 18 divestments within the buyout stage. Up from 14 in 2018.
 - 14 out of 32 divestments were sales to trade buyers.

- **Divestments in Norwegian enterprises by Norwegian and foreign PE firms**
 - 43 divestments in Norwegian enterprises. Up from 28 in 2018.
 - 7 divestments within the seed stage. Up from 2 in 2018.
 - 10 divestments within the venture stage. Up from 2 in 2018.
 - 26 divestments within the buyout stage. Up from 24 in 2018.
 - 12 out of 43 divestments were sales to trade buyers.

Appendix

Graphs and charts:

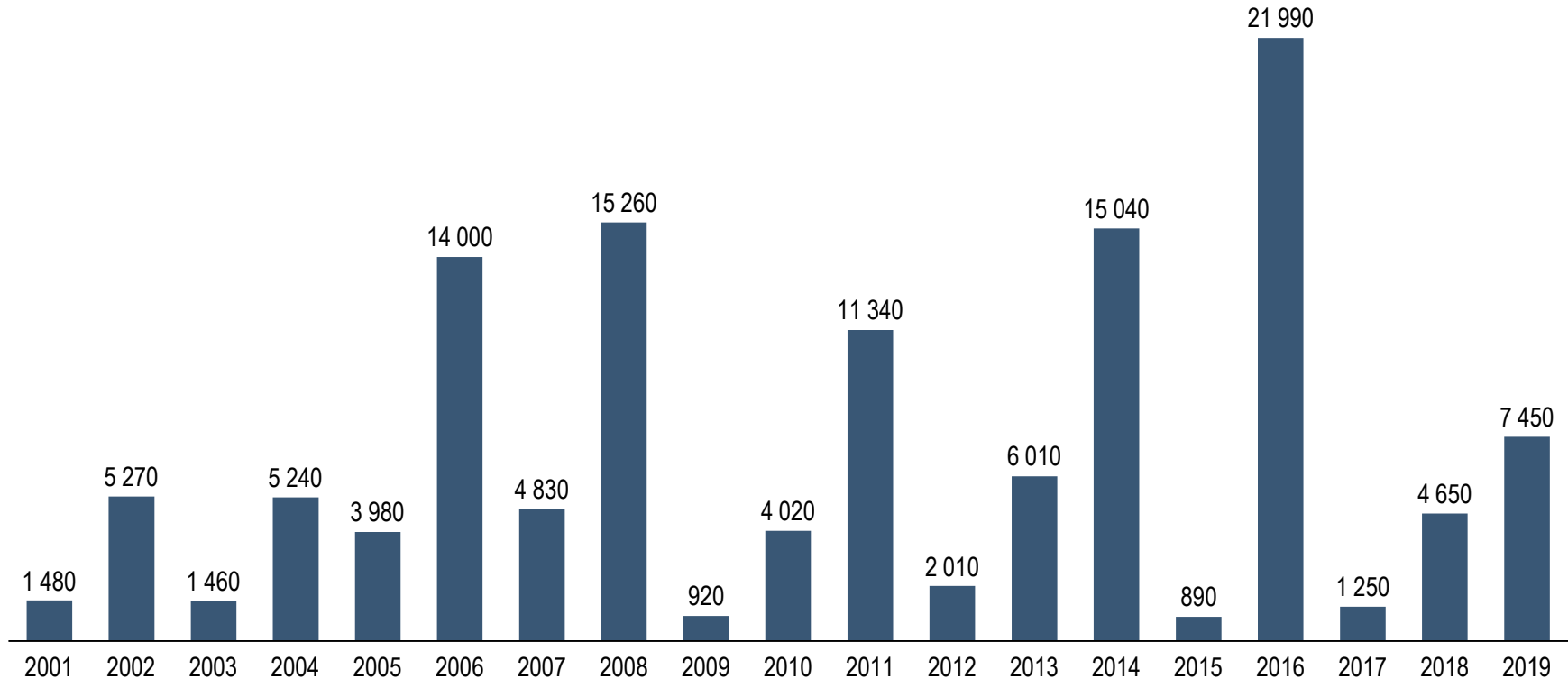
Fundraising

Investments

Divestments

FUNDRAISING

Figure 1: New committed capital per year from 2001-2019 (million NOK)



INVESTMENTS

Norwegian PE firms' investments in Norwegian and foreign enterprises

(Industry statistics)

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

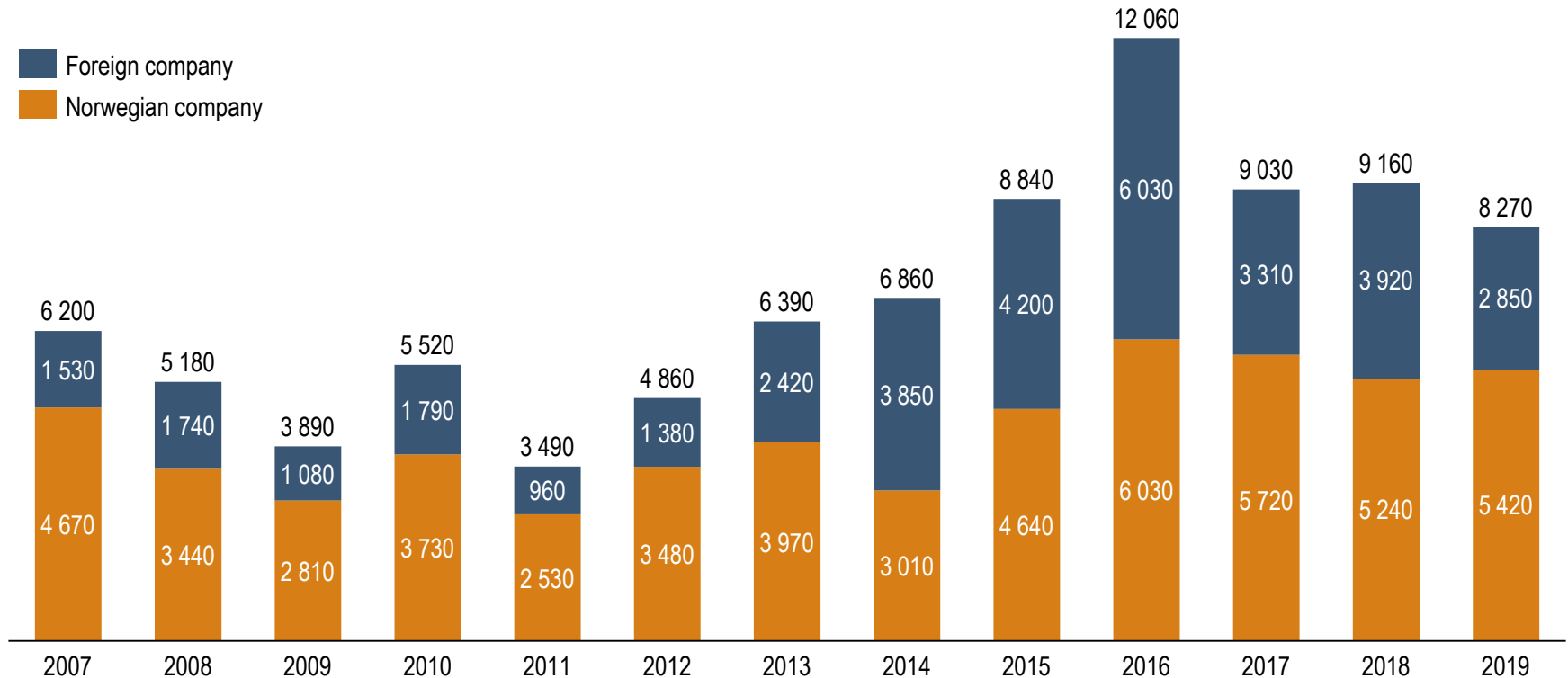


Figure 3: Number of investments by Norwegian PE firms

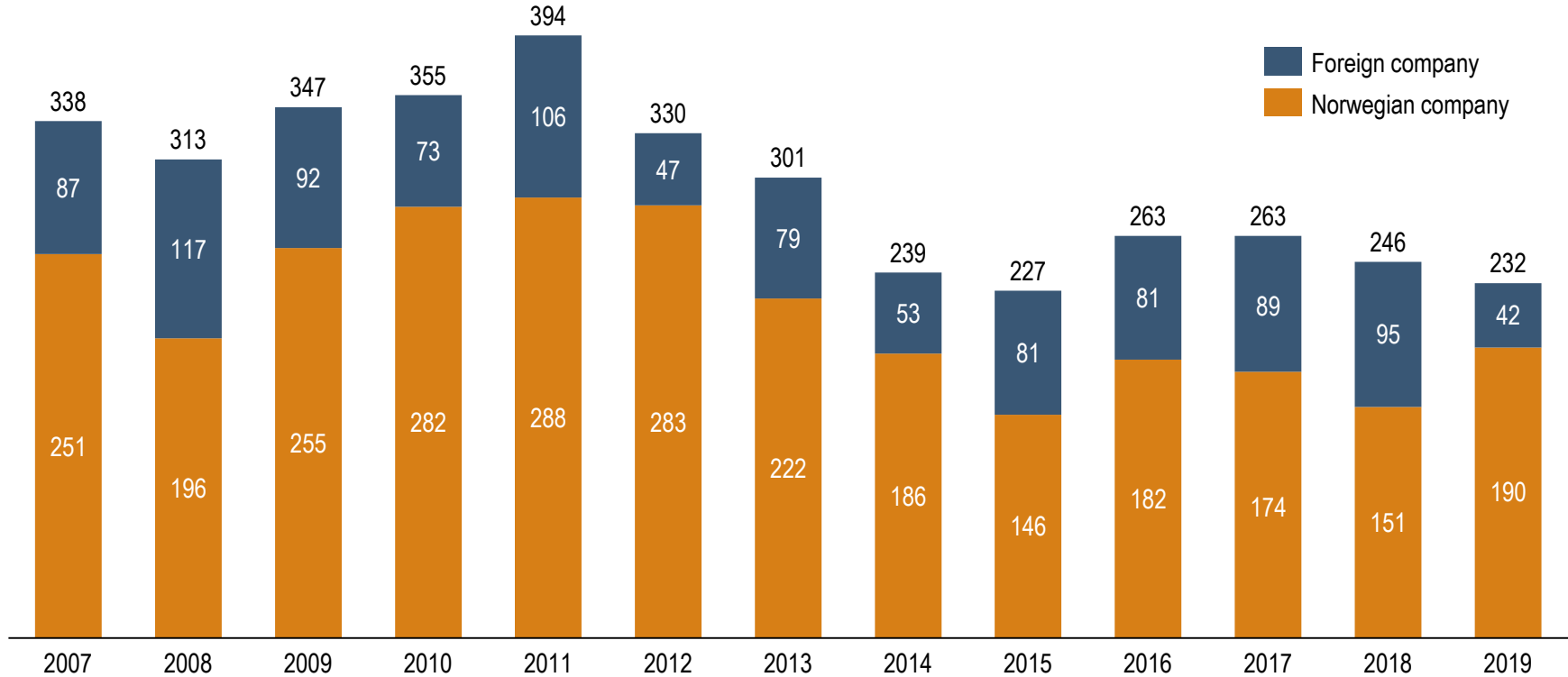


Figure 4: Amount invested by phase (million NOK)

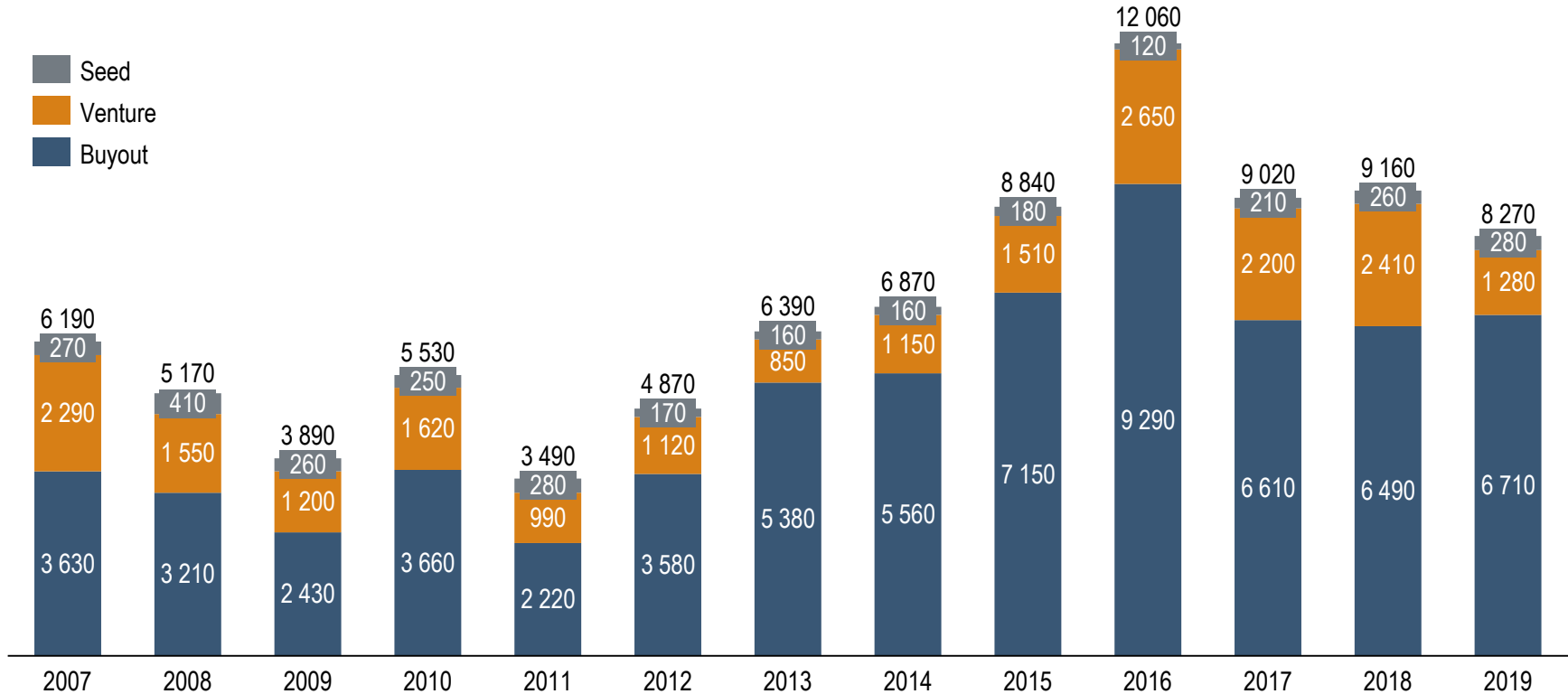


Figure 5: Number of investments by phase

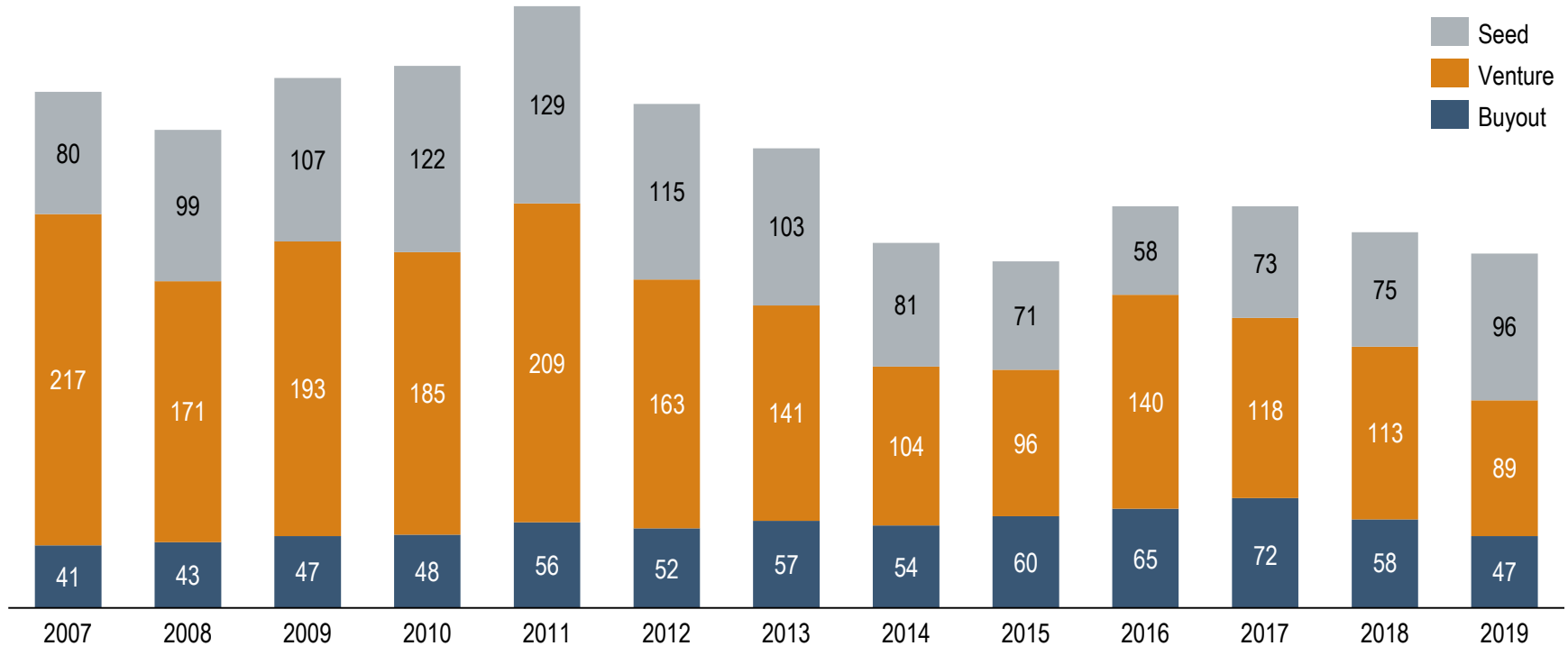


Figure 6: Buyout - initial and follow up investments (million NOK)

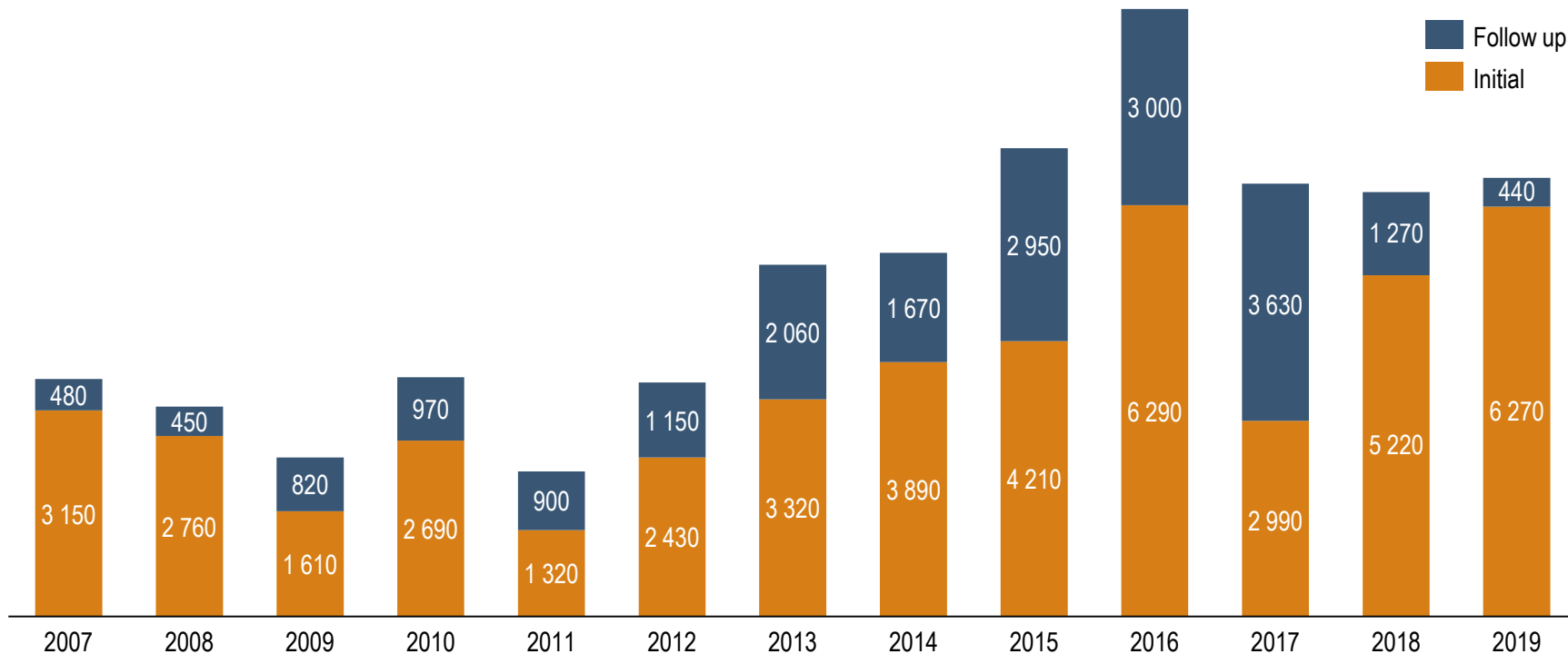


Figure 7: Number of initial and follow up buyout investments

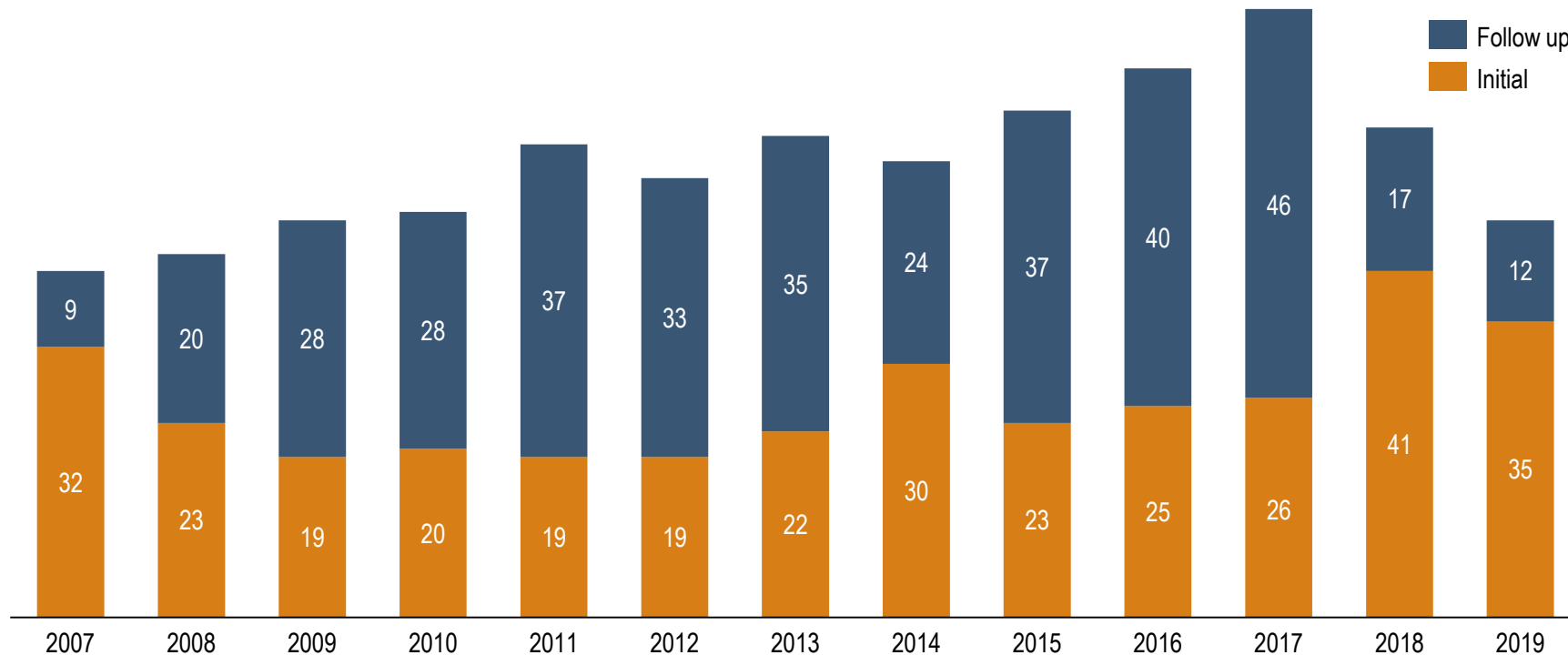


Figure 8: Venture - initial and follow up investments (million NOK)

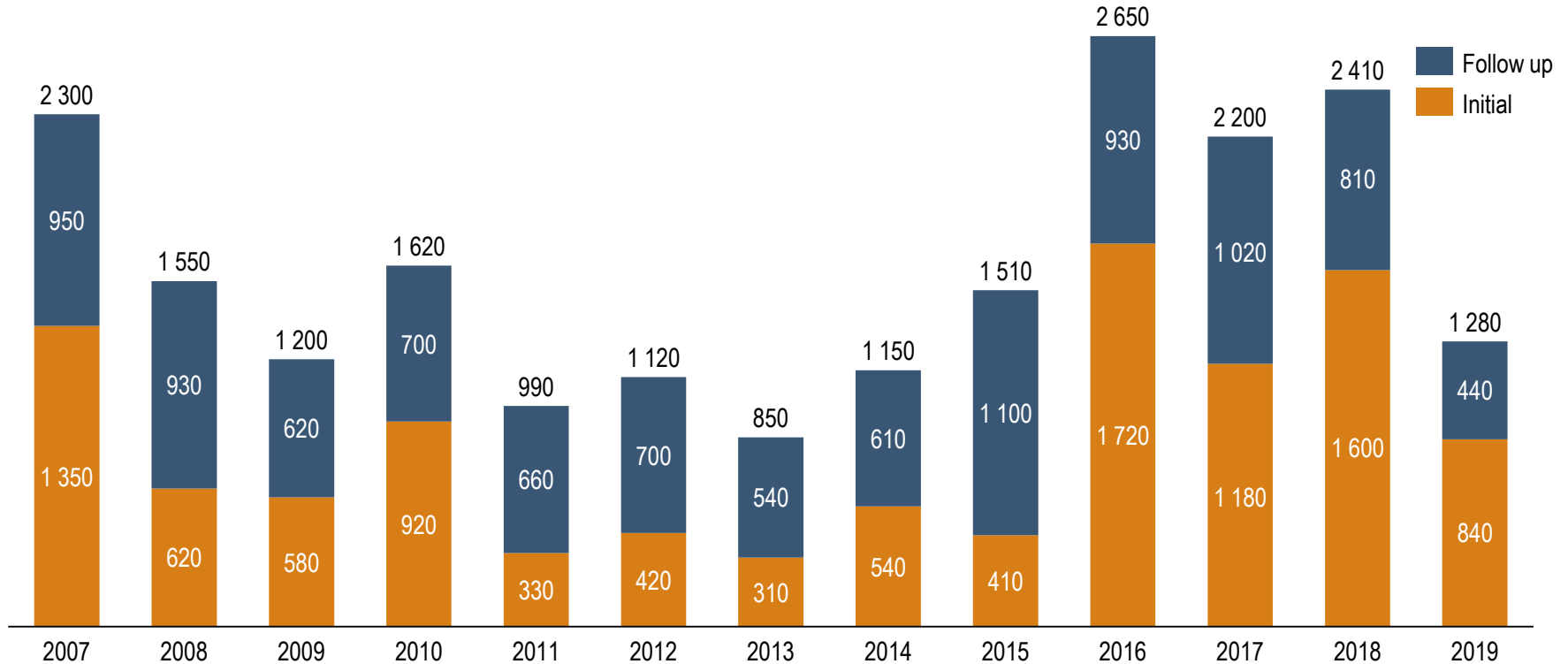


Figure 9: Number of initial and follow up venture investments

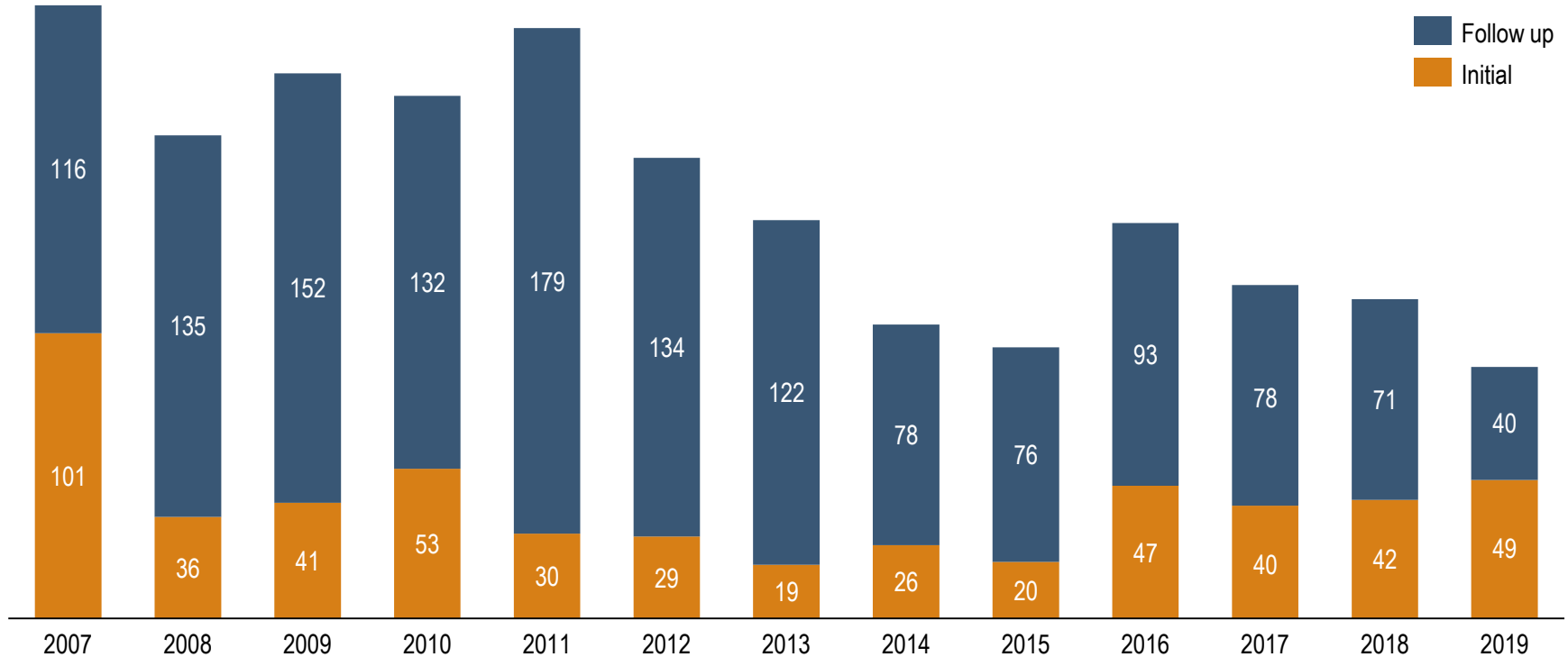


Figure 10: Seed - initial and follow up investments (million NOK)

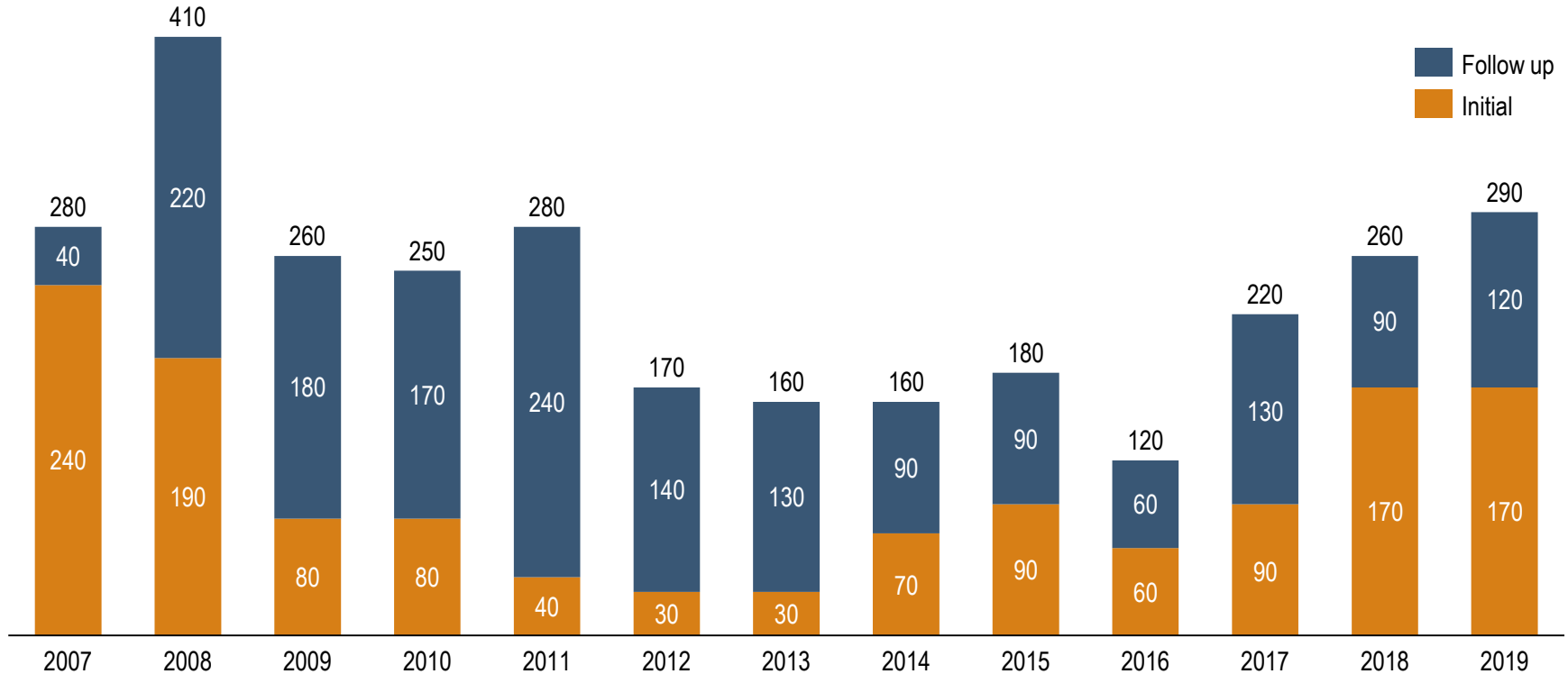


Figure 11: Number of initial and follow up seed investments

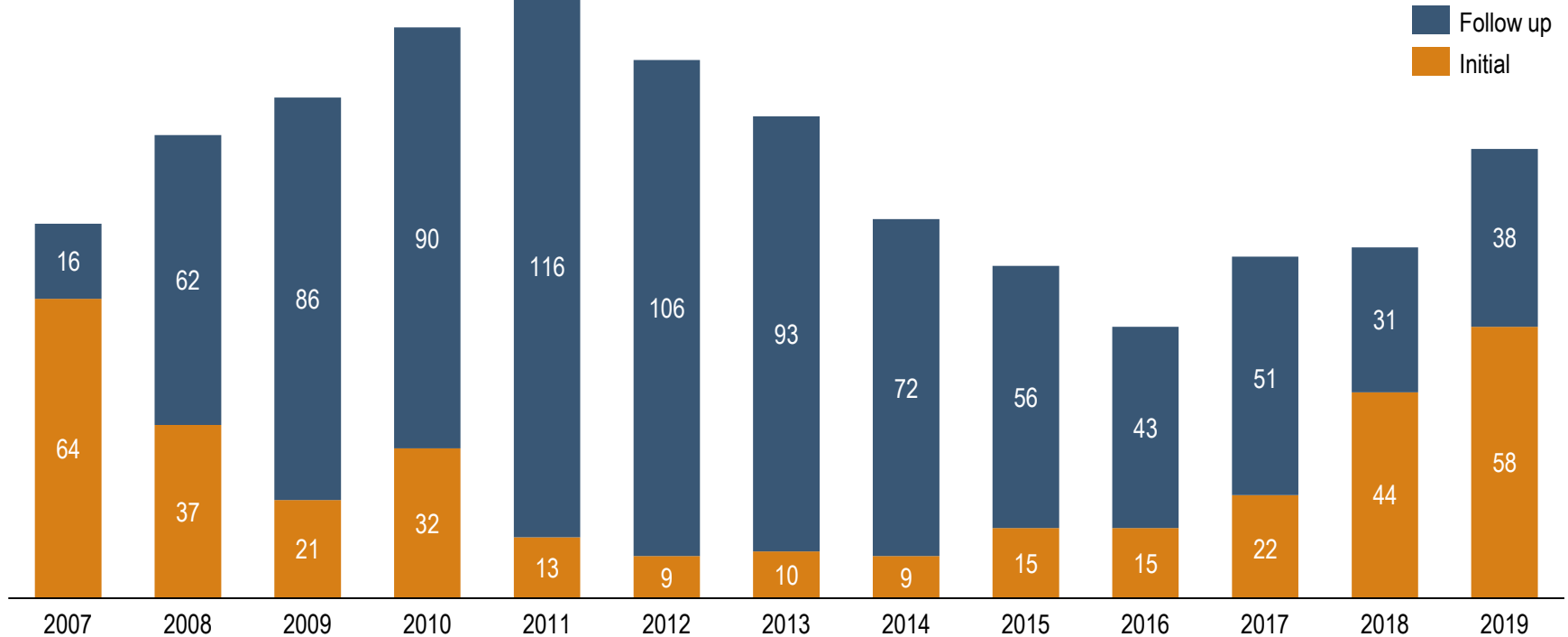


Figure 12 a): Norwegian PE firms investments by sector and phase in 2019 (million NOK)

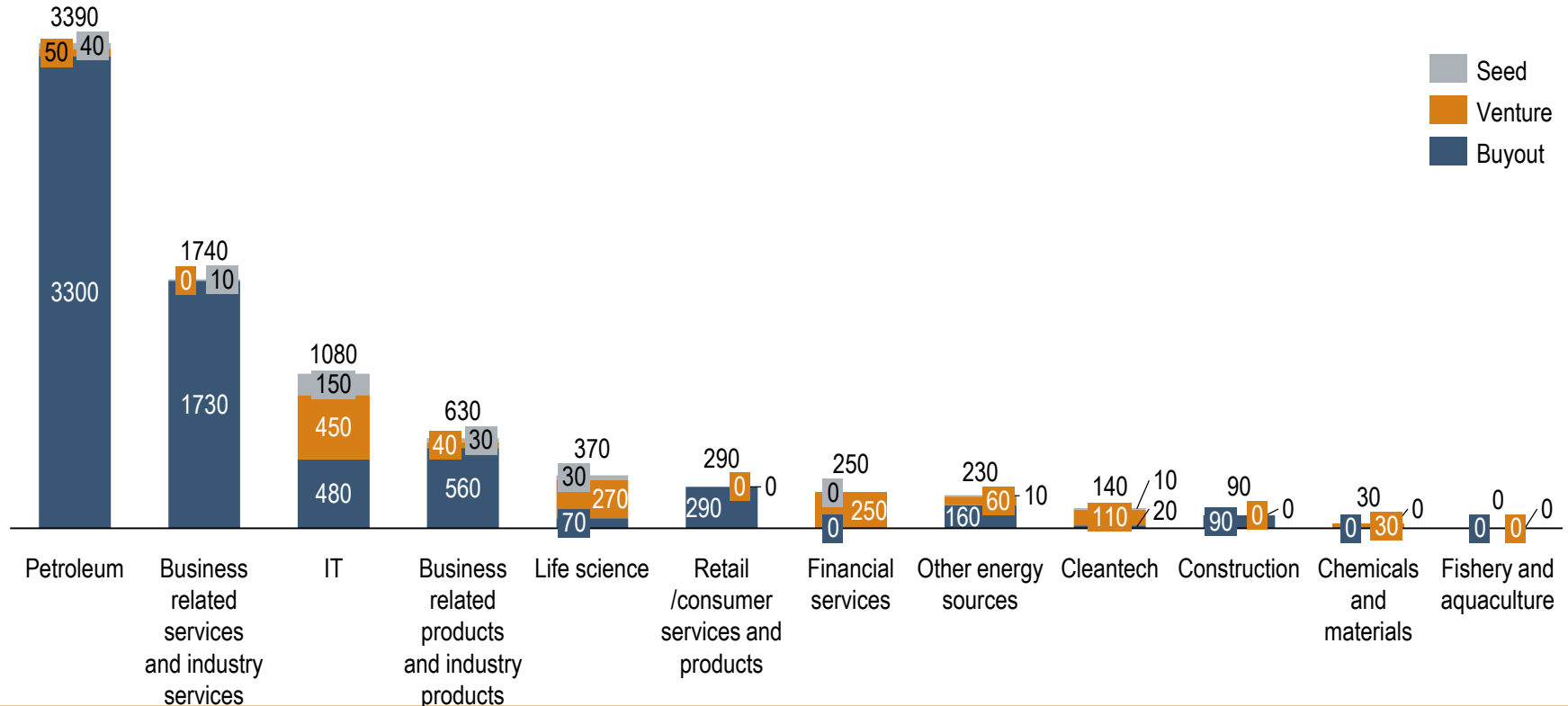
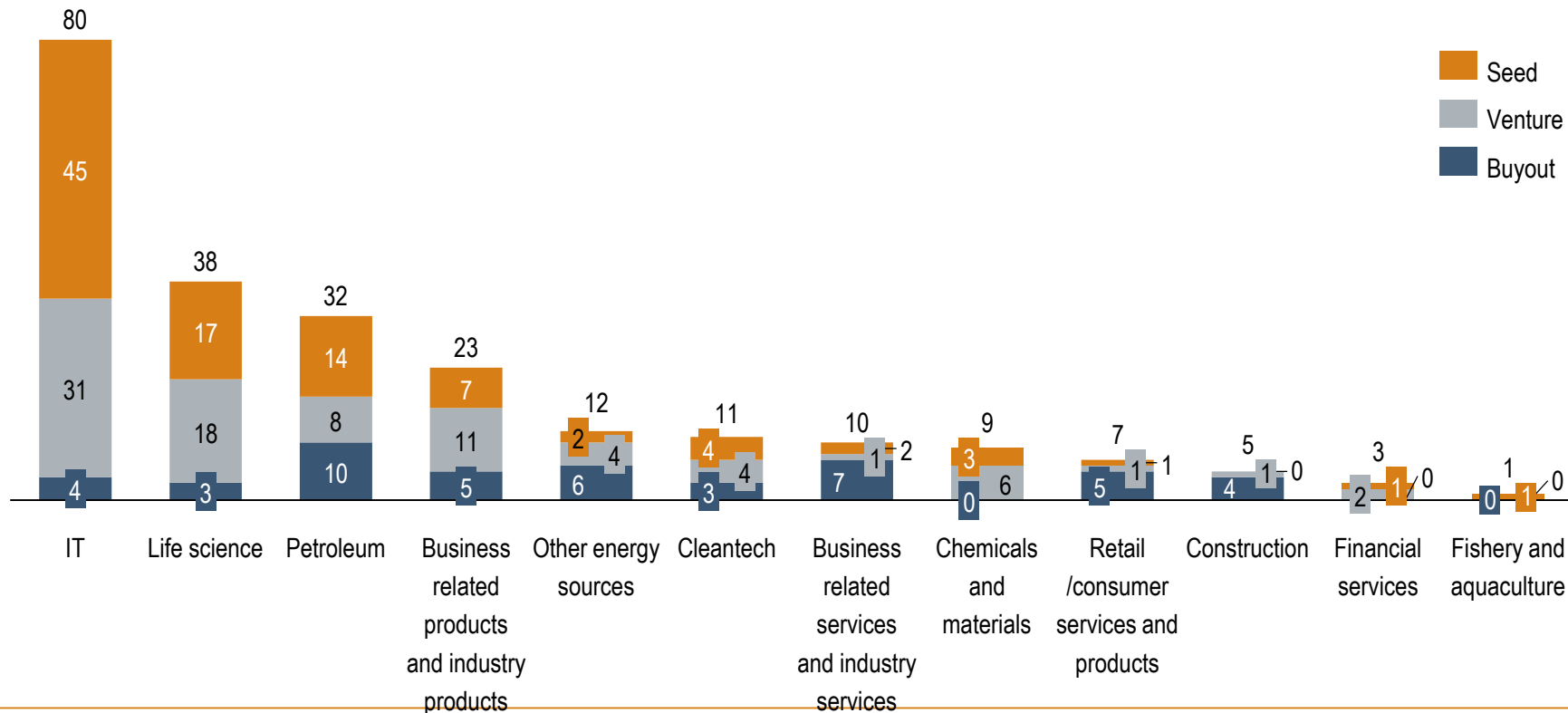


Figure 12 b): Number of investments by sector and phase in 2019 (million NOK)



Investments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

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

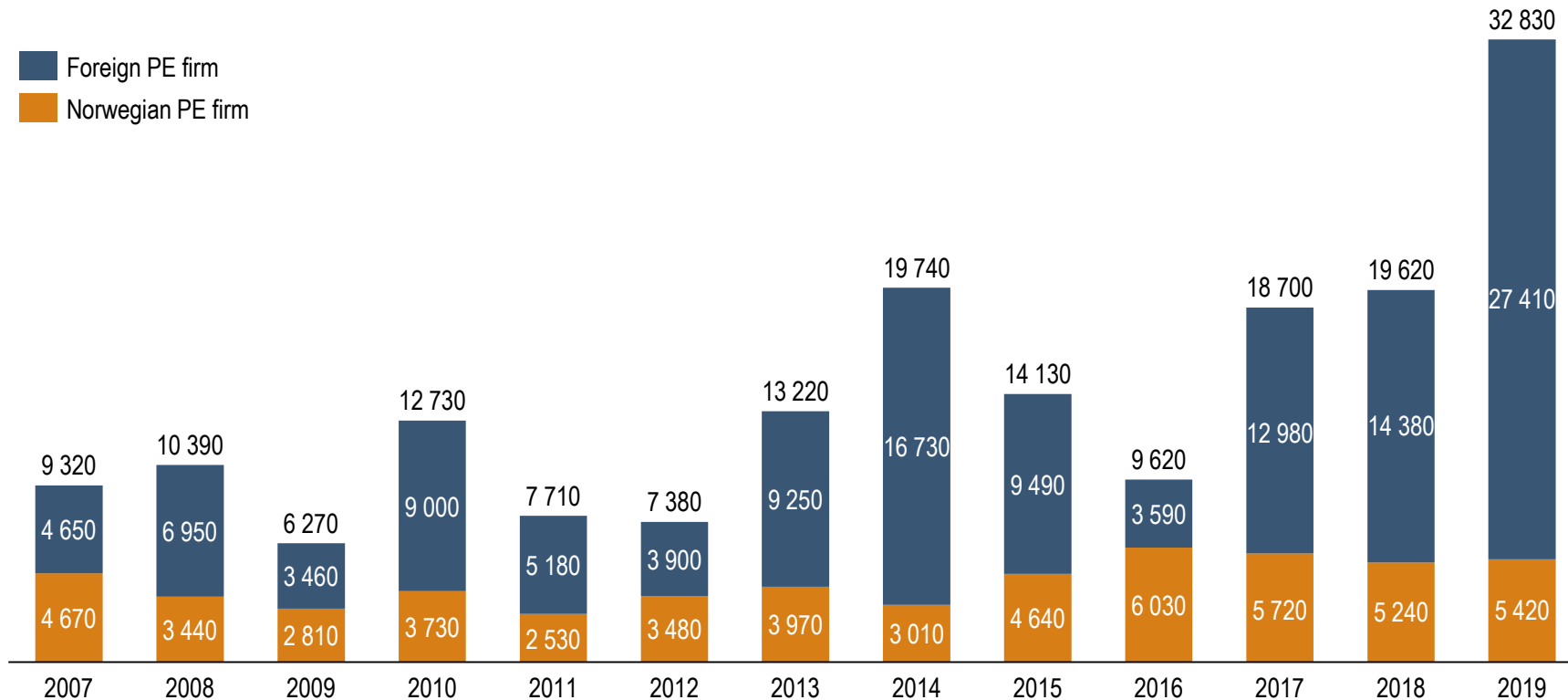


Figure 14: Total number of investments in Norwegian companies

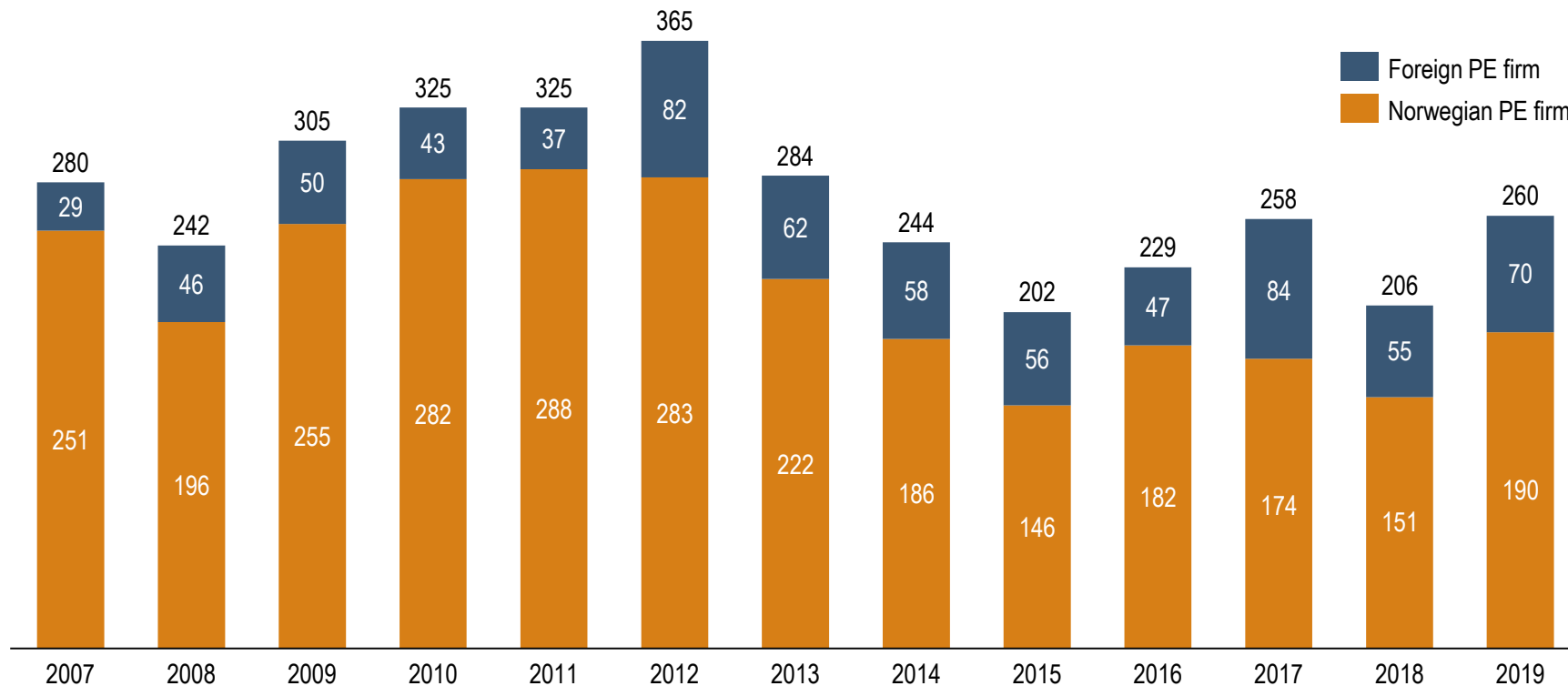


Figure 15: Amount invested in Norwegian companies by phase (million NOK)

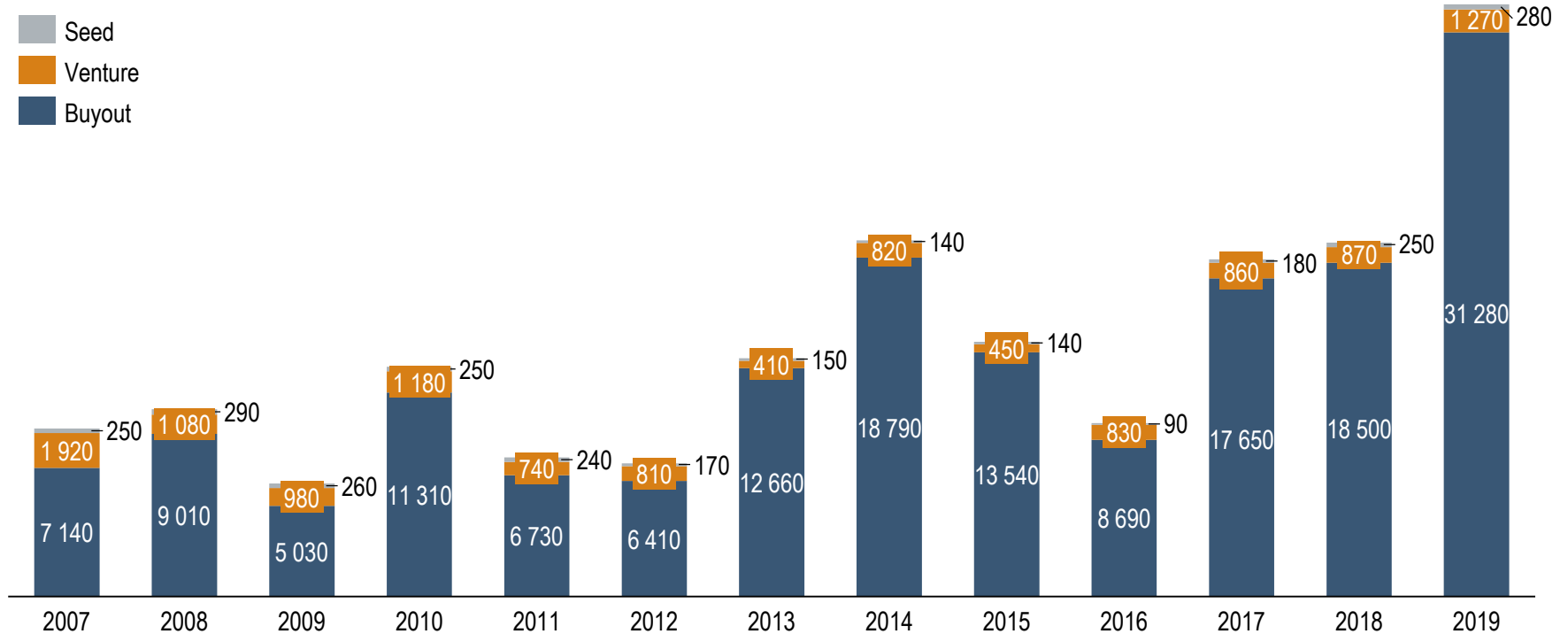


Figure 16: Number of investments in Norwegian companies by phase

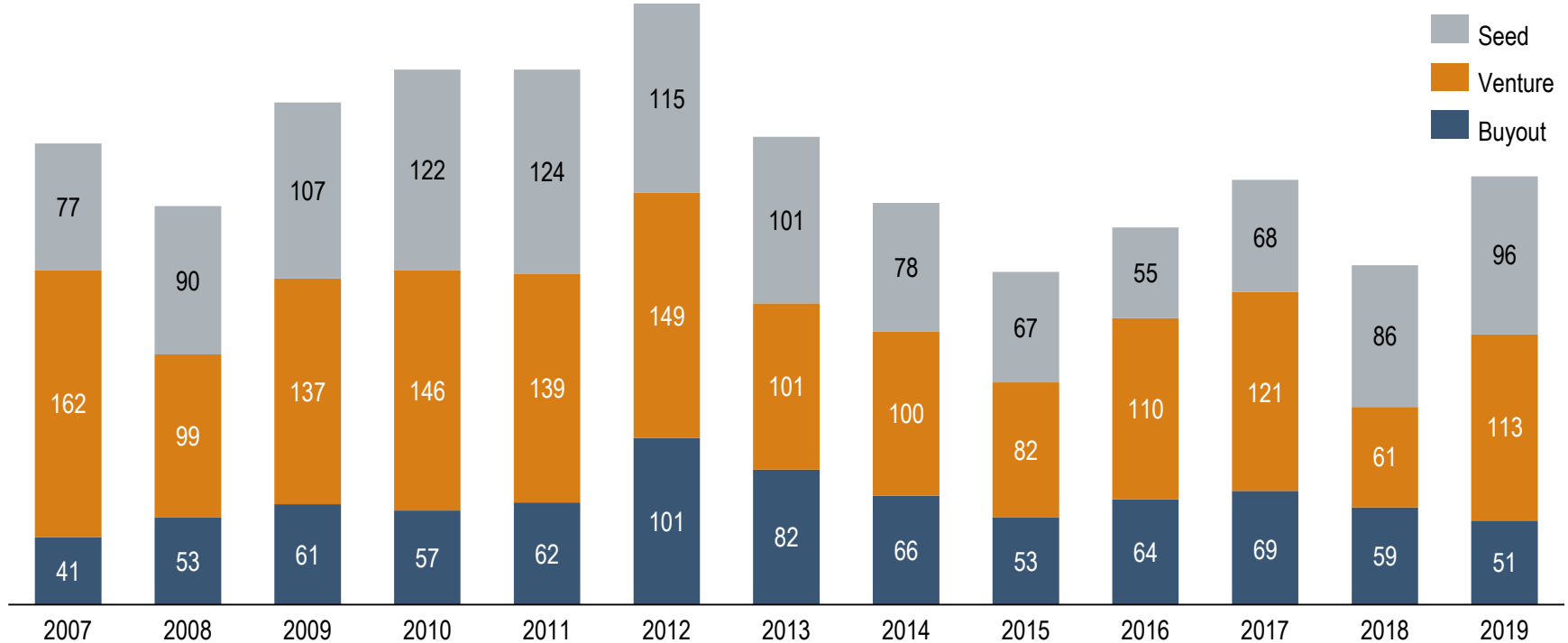


Figure 17: Buyout - initial and follow up investments (million NOK)

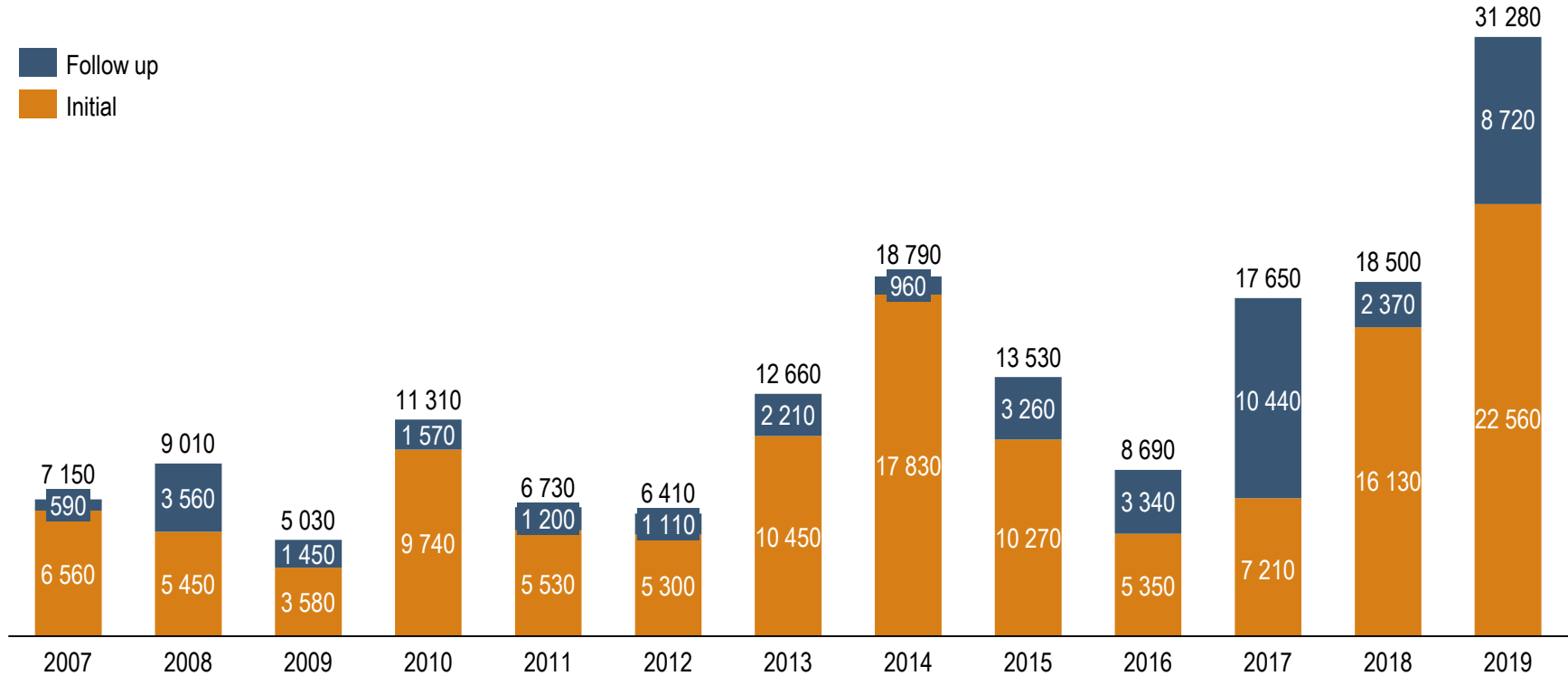


Figure 18: Number of initial and follow up buyout investments

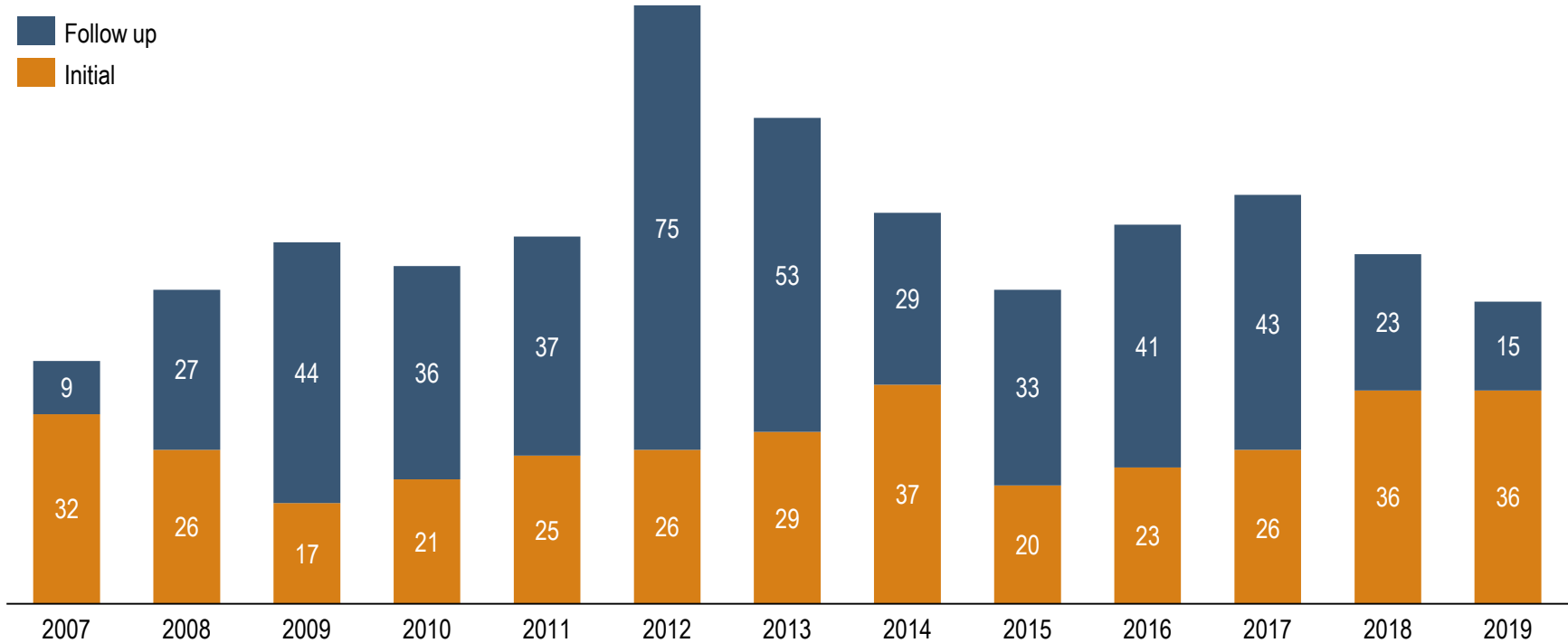


Figure 19: Venture - initial and follow up investments (million NOK)

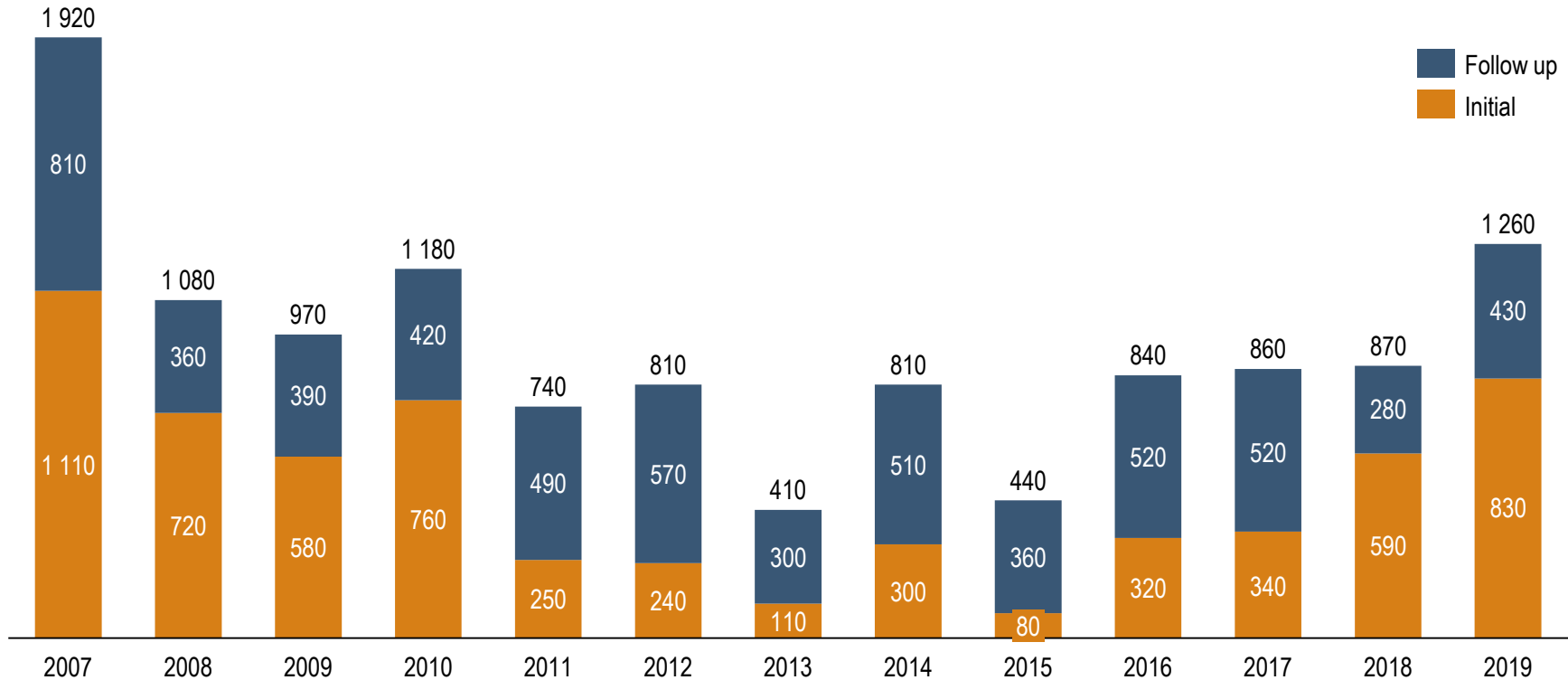


Figure 20: Number of initial and follow up venture investments

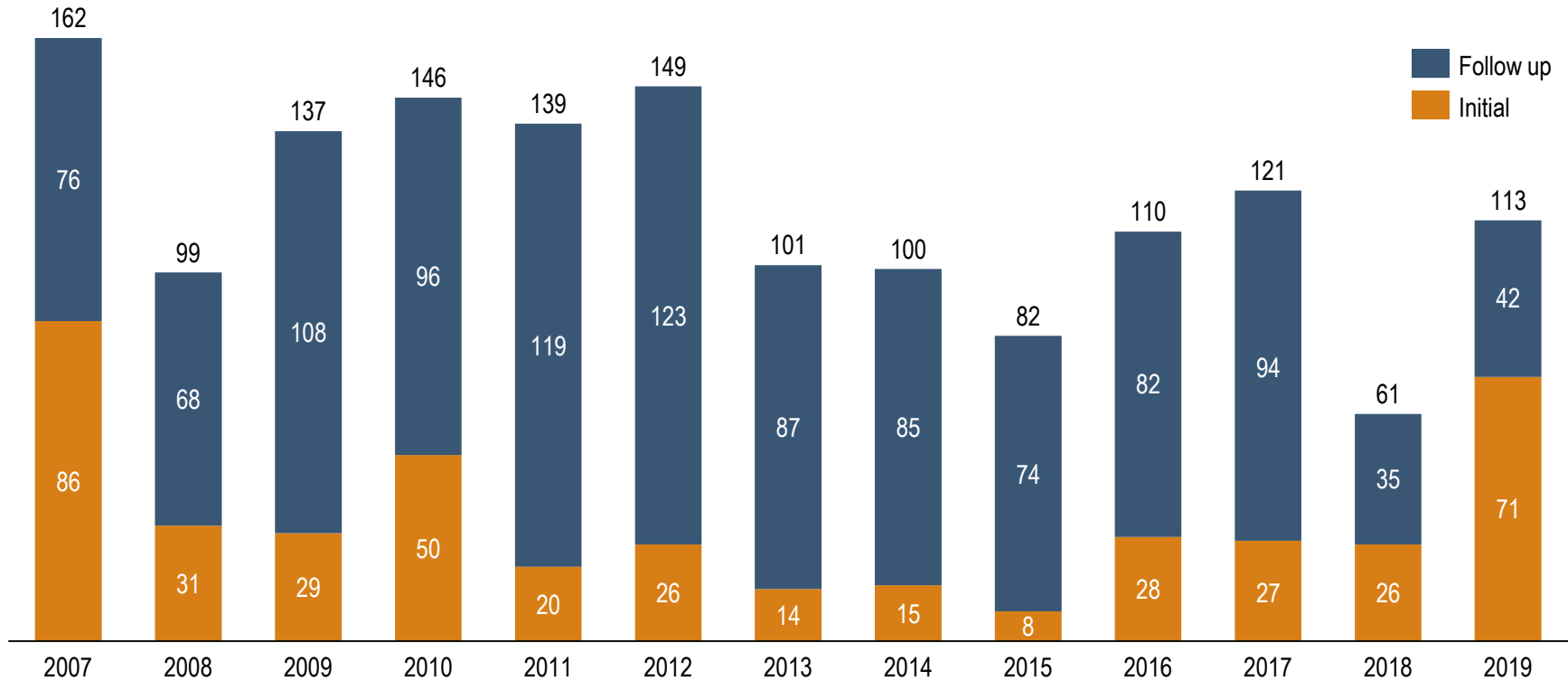


Figure 21: Seed - initial and follow up investments (million NOK)

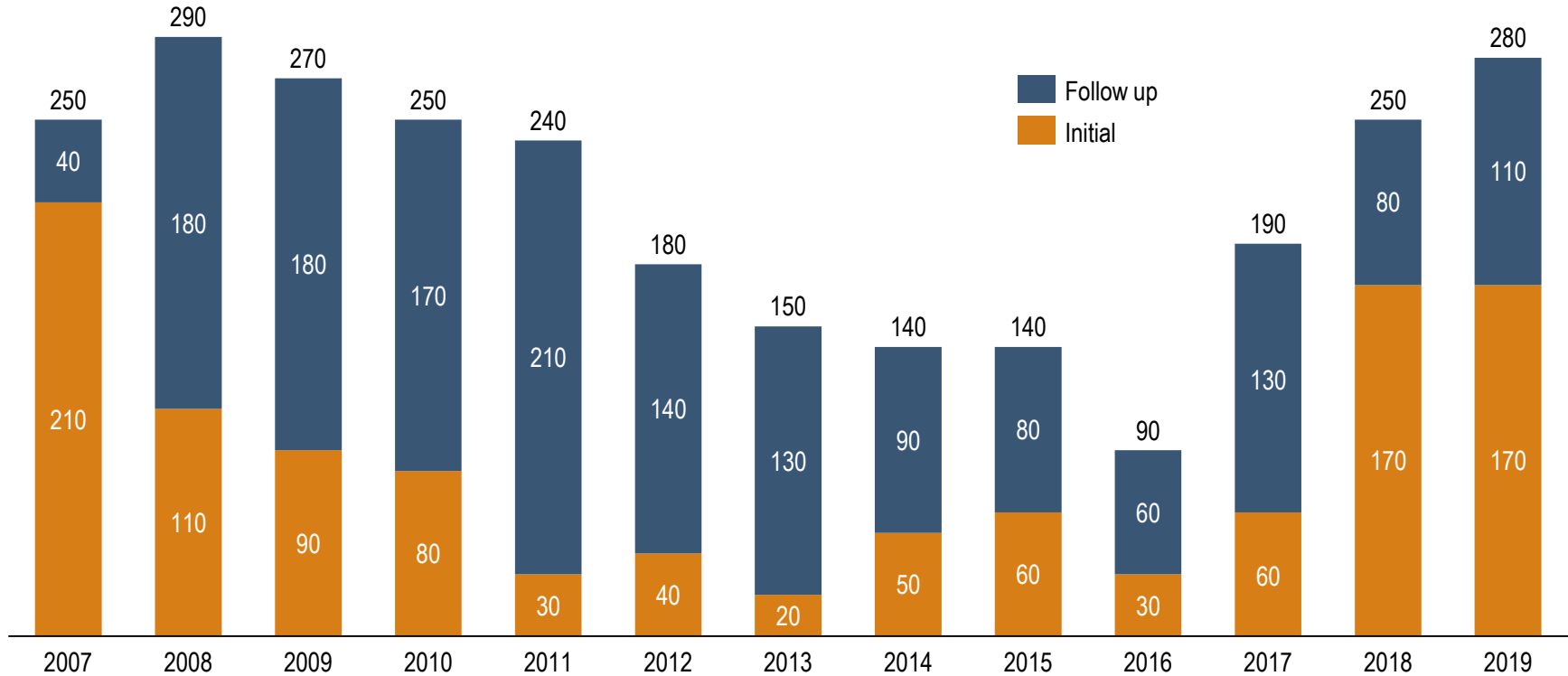
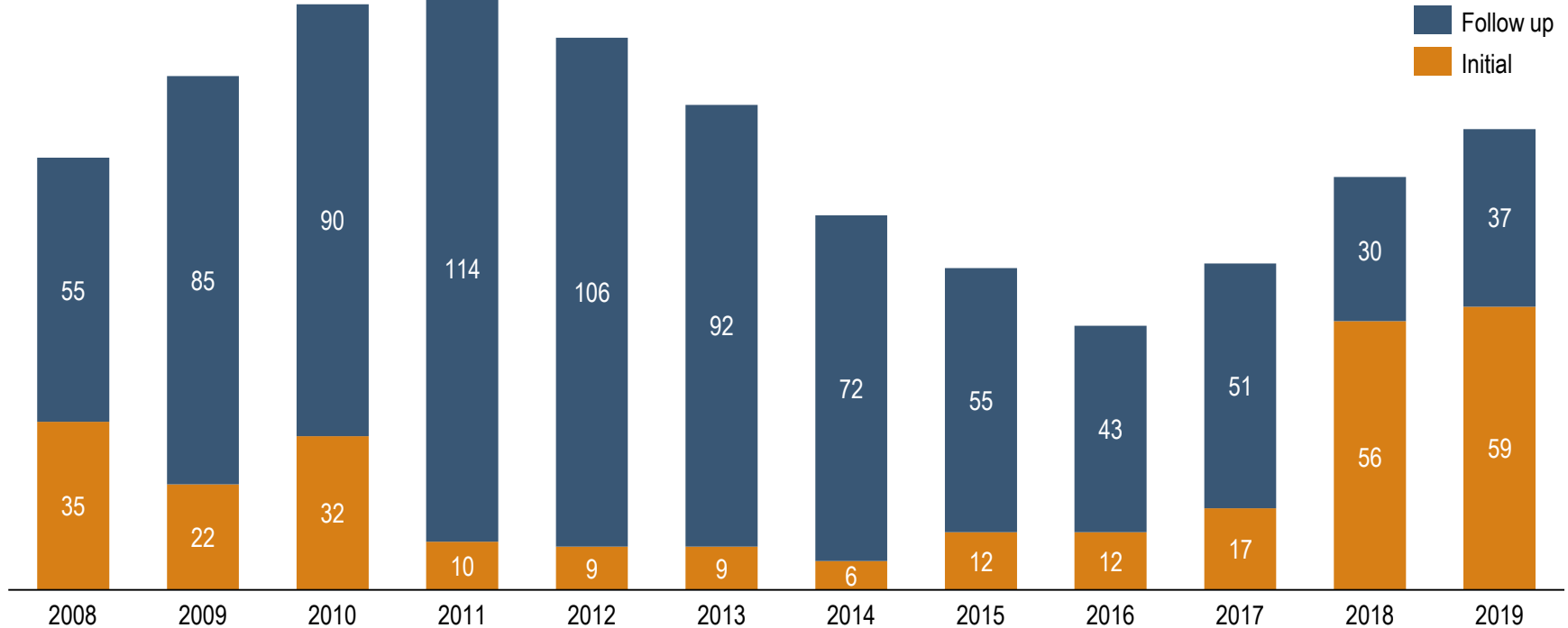


Figure 22: Number of initial and follow up seed investments



INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR AND PHASE IN 2019 (MILLION NOK)

	Buyout			Venture			Seed			Total
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Business related products and industry products		530	530	0	40	40	20	0	30	590
Business related services and industry services	30	3850	3890	0		0	0	10	10	3890
Chemicals and materials				30	0	30	0	0	0	30
Cleantech				10	80	90	10	10	10	110
Construction	10	80	90	20		20				110
Financial services	610	800	1410							1410
Fishery and aquaculture	10		10		0	0				10
IT	7730	9020	16750	220	560	790	60	90	140	17680
Life science		100	100	150	70	210	10	20	30	350
Other energy sources	80	50	130		20	20		10	10	160
Petroleum		7730	7730	10	40	50	0	30	40	7810
Retail /consumer services and products	250	350	610	0	0	0	0	0	0	600
Total	8720	22510	31250	440	810	1250	100	170	270	32750

NUMBER OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY SECTOR AND PHASE IN 2019

	Buyout			Venture			Seed			Total
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Business related products and industry products		2	2	3	8	11	5	2	7	20
Business related services and industry services	1	6	7	1		1	1	1	2	10
Chemicals and materials				6	1	7	2	1	3	10
Cleantech				2	1	3	2	2	4	7
Construction	2	2	4	3		3				7
Financial services	1	1	2							2
Fishery and aquaculture	1		1		1	1				2
IT	7	12	19	17	22	39	18	27	45	103
Life science		1	1	5	30	35	6	11	17	53
Other energy sources	2	3	5		2	2		2	2	9
Petroleum		3	3	4	4	8	2	12	14	25
Retail /consumer services and products	1	5	6	1	1	2	1	1	2	10
Total	15	35	50	42	70	112	37	59	96	258

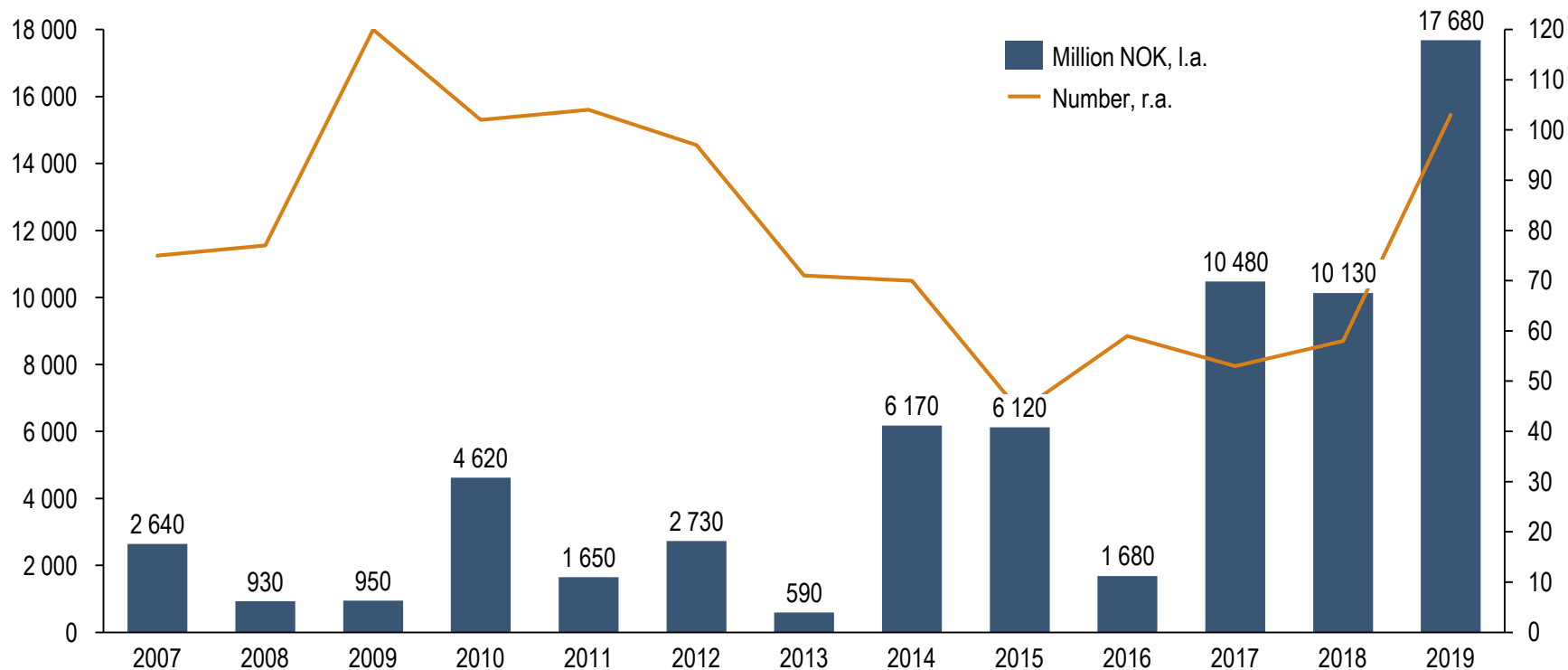
Figure 23: Initial and follow up investments in the IT sector

Figure 24: Initial and follow up investments in petroleum

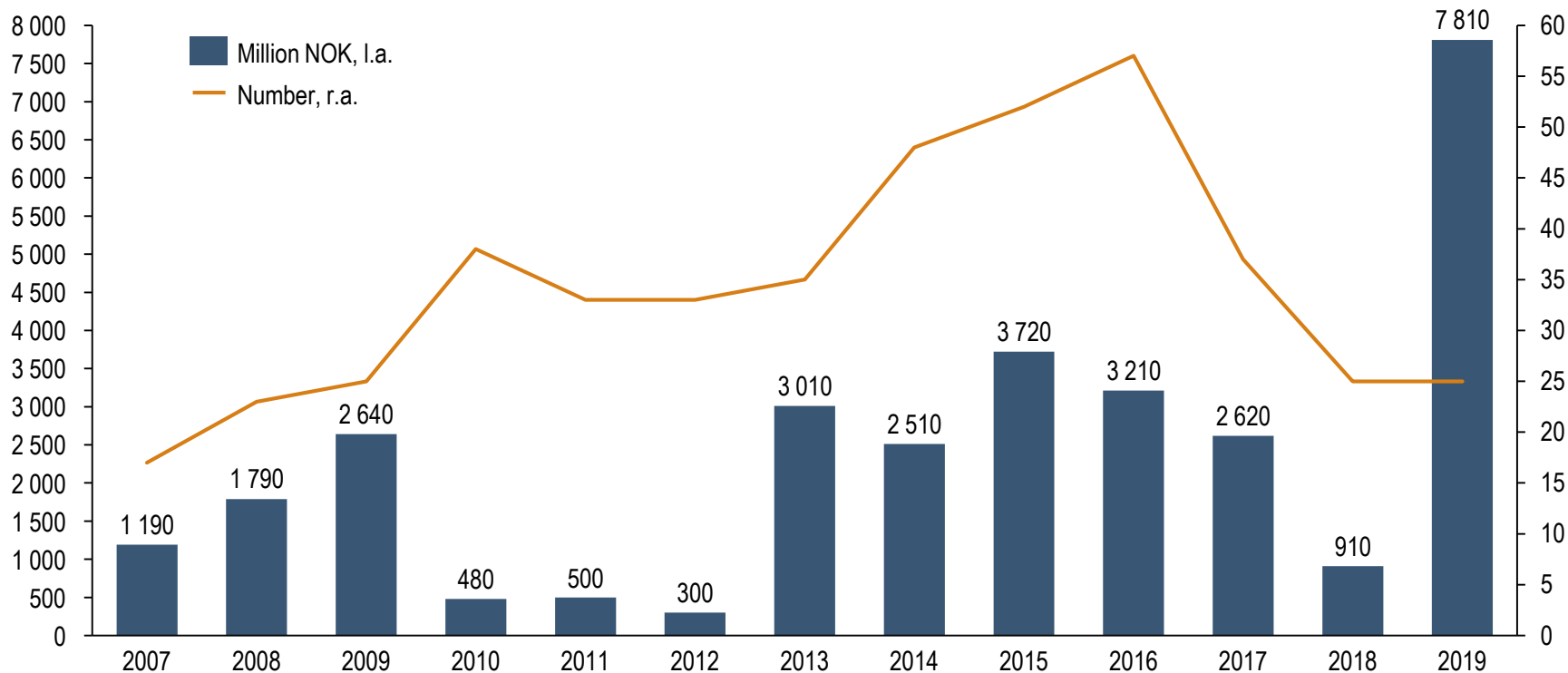


Figure 25: Initial and follow up investments in business related services

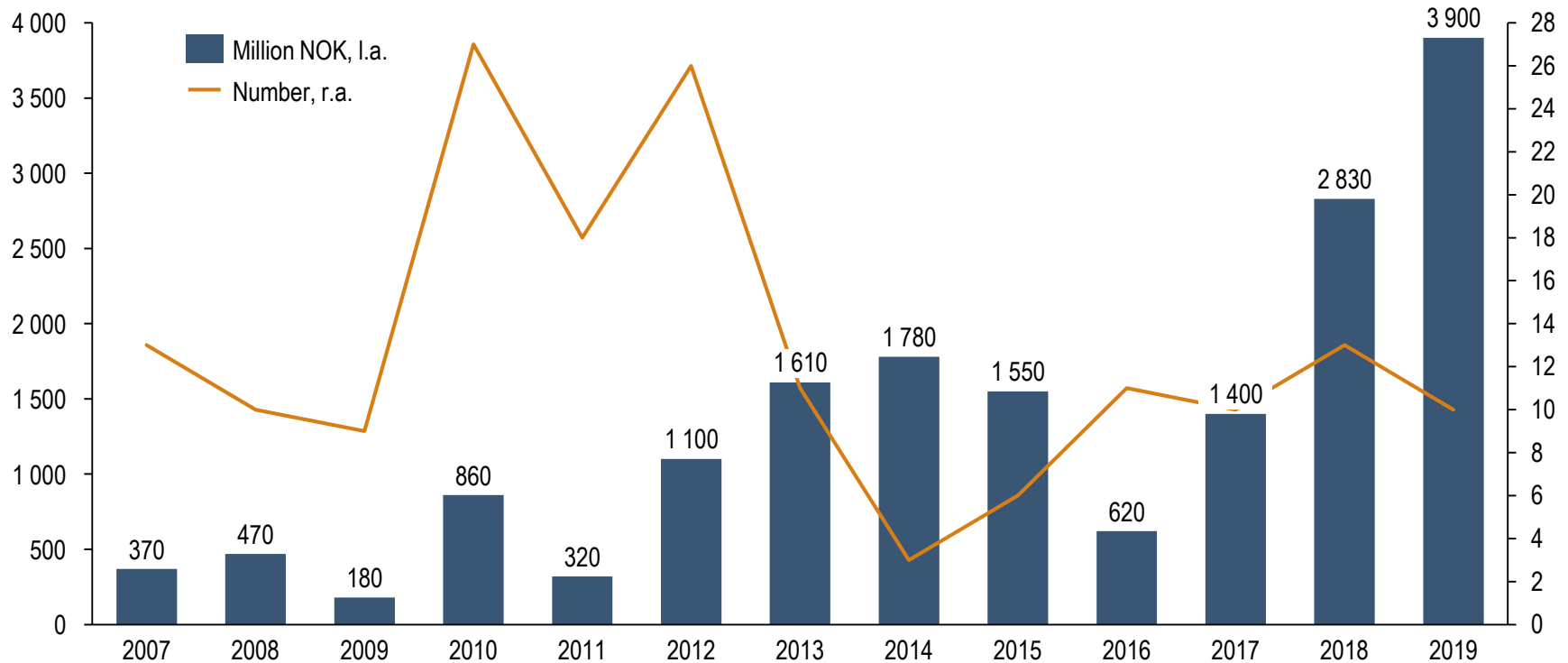
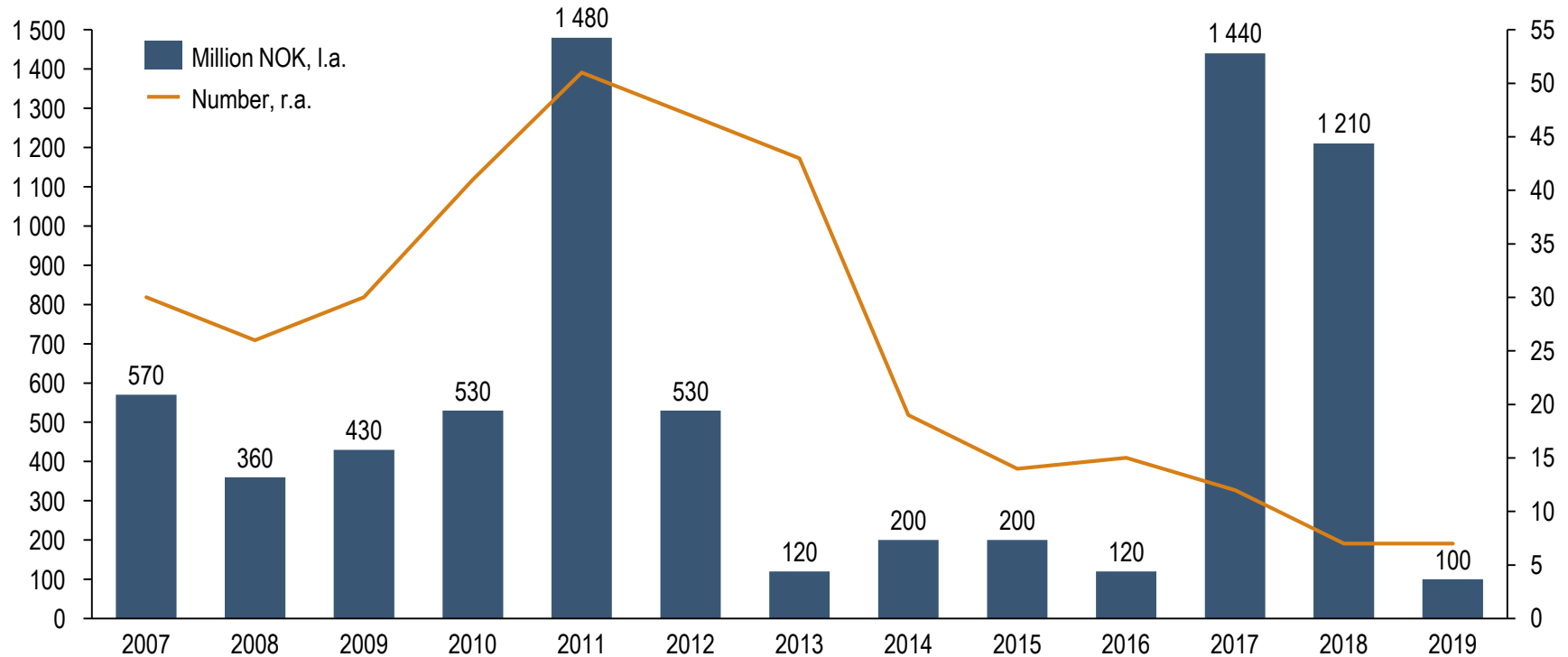


Figure 26: Initial and follow up investments in cleantech

Buyout investments by segment

(market statistics)

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

- 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.

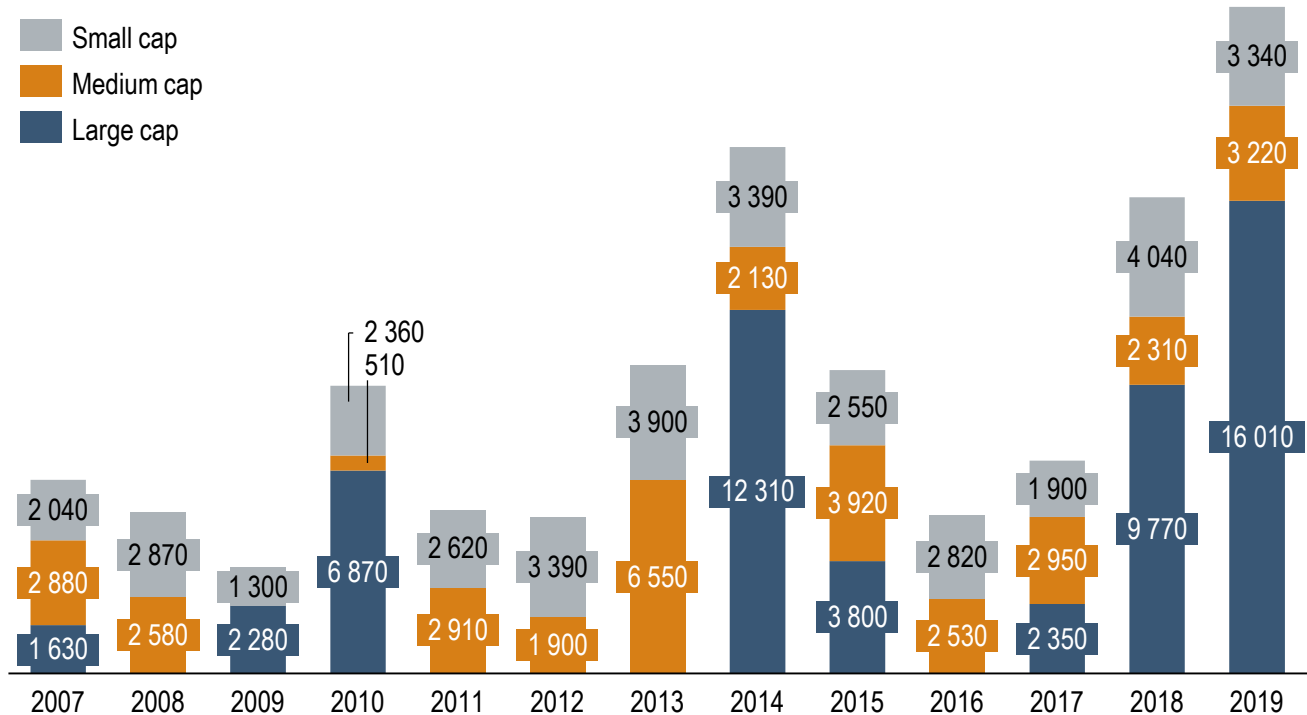
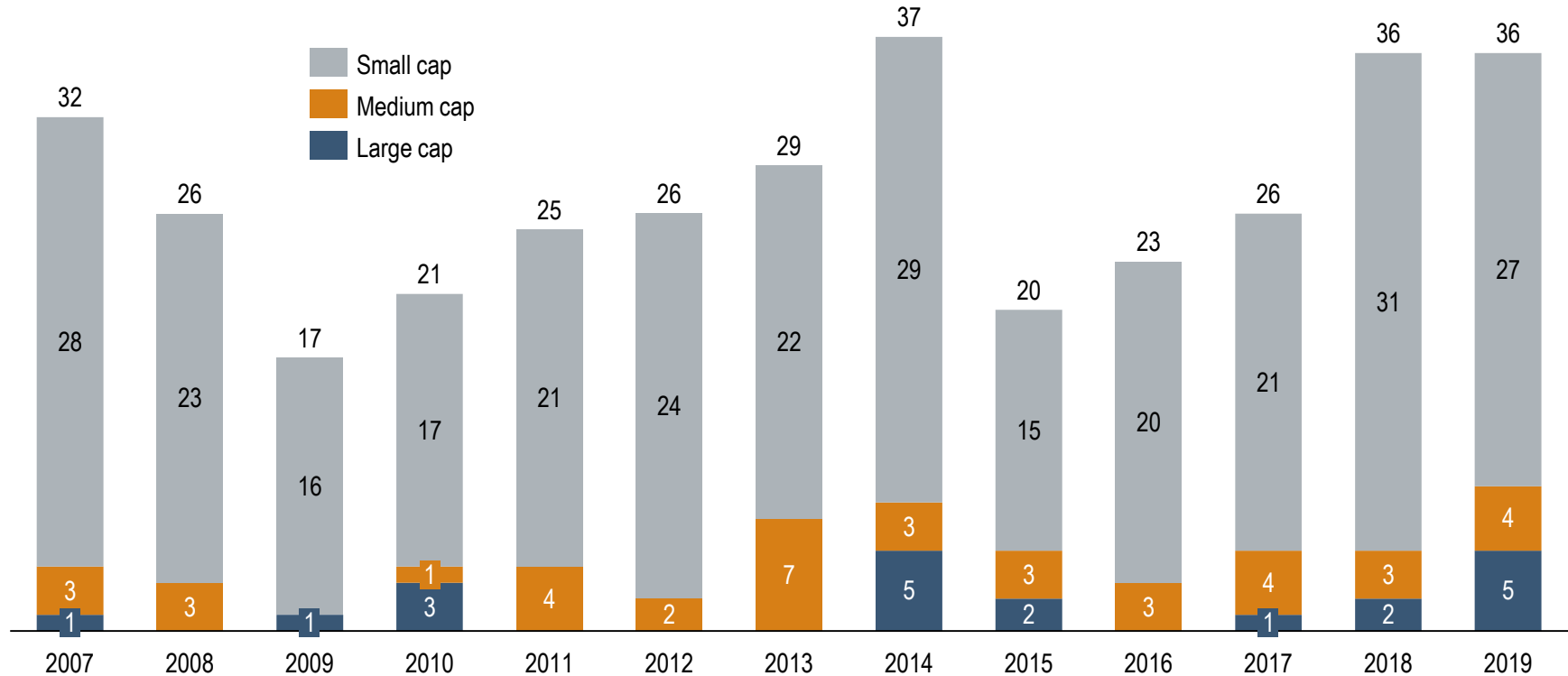


Figure 33: Buyout – number of investments in Norwegian enterprises by segment



DIVESTMENTS

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

Figure 27: Number of divestments by phase

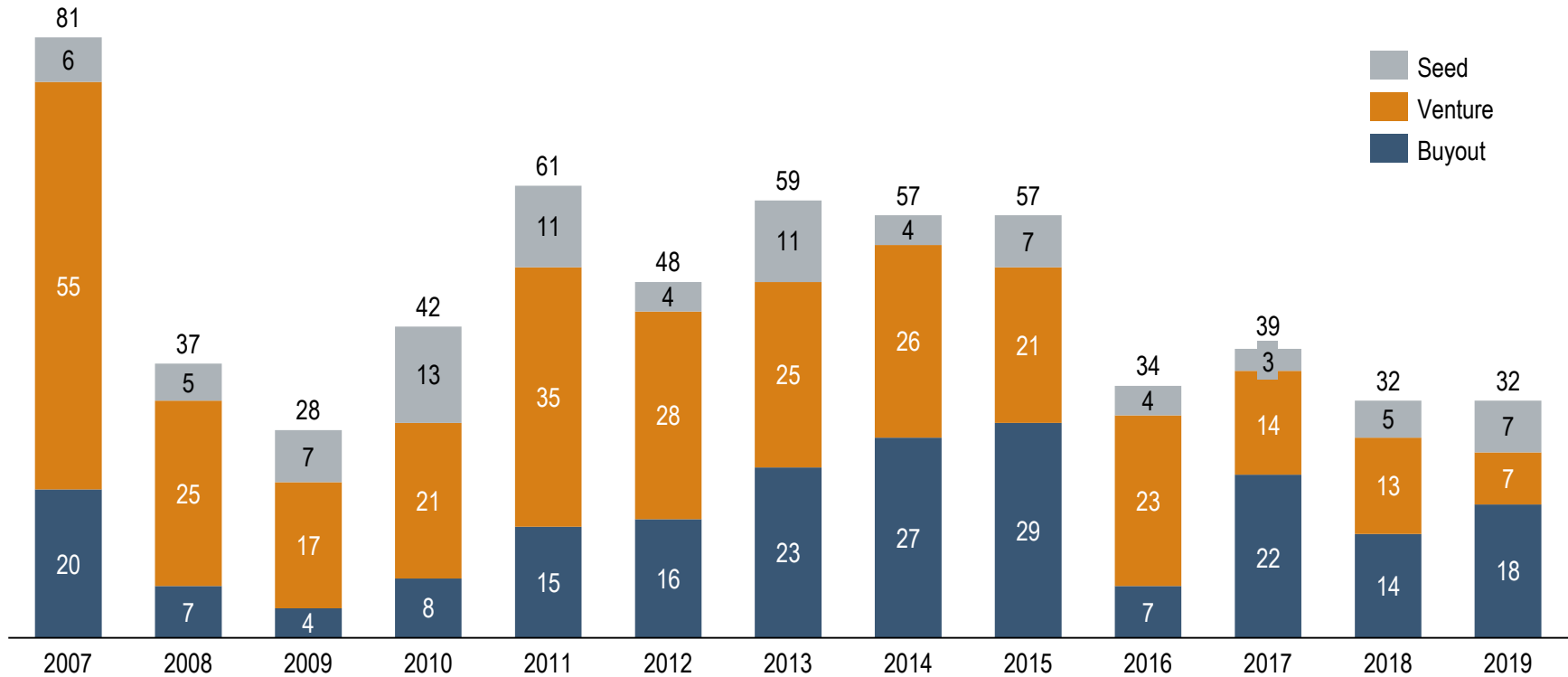


Figure 28: Number of industrial sales by phase

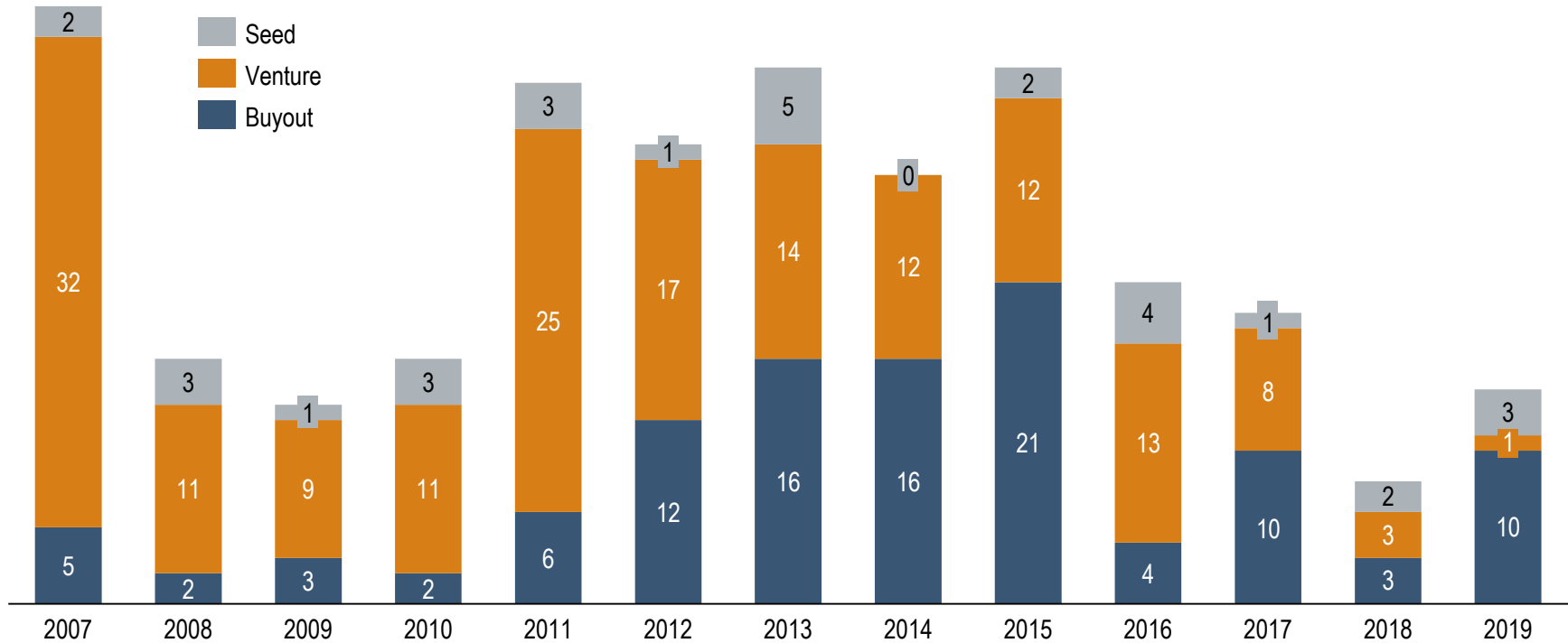
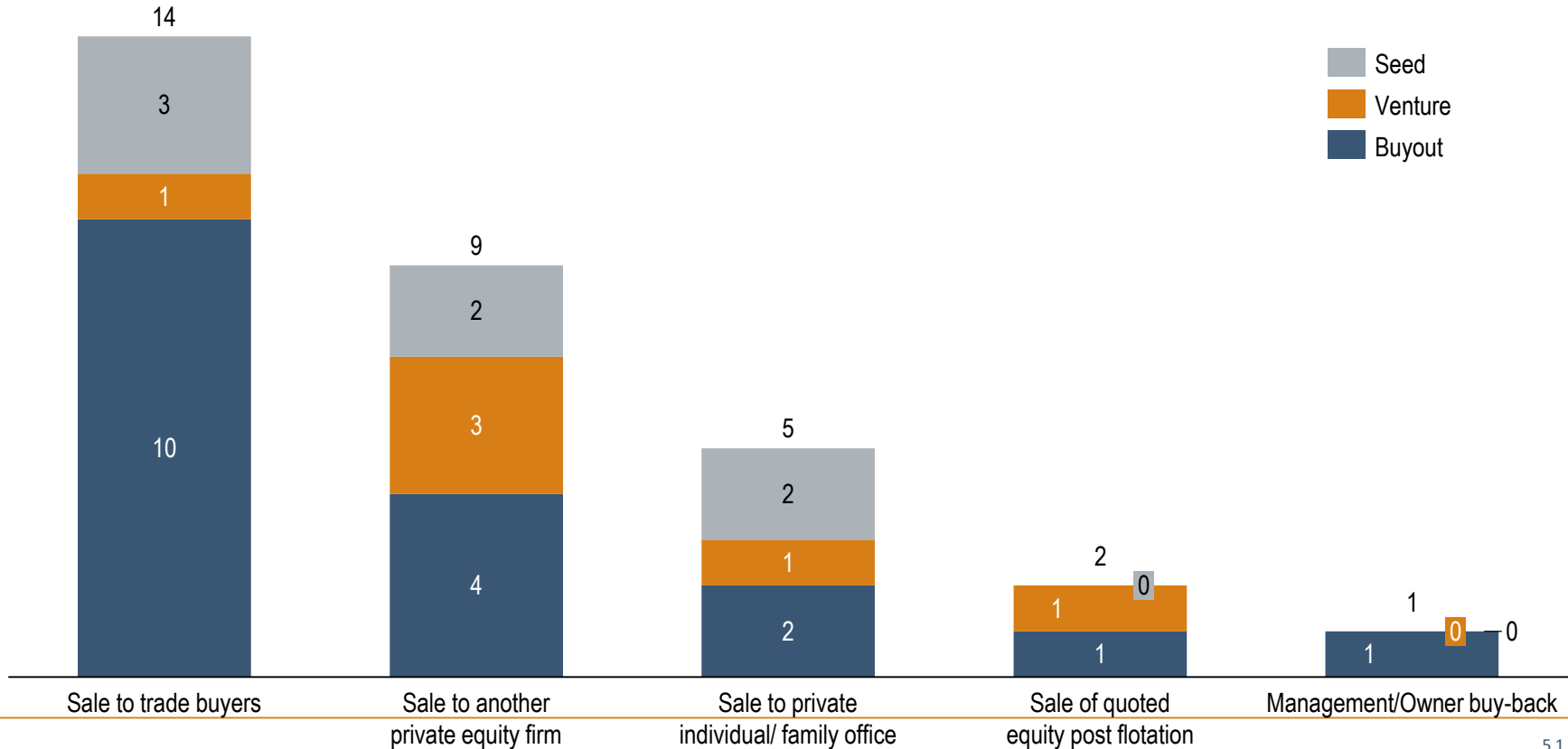


Figure 29: Number of divestments in by phase and divestment method



Divestments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

Figure 30: Number of divestments in Norwegian enterprises by phase

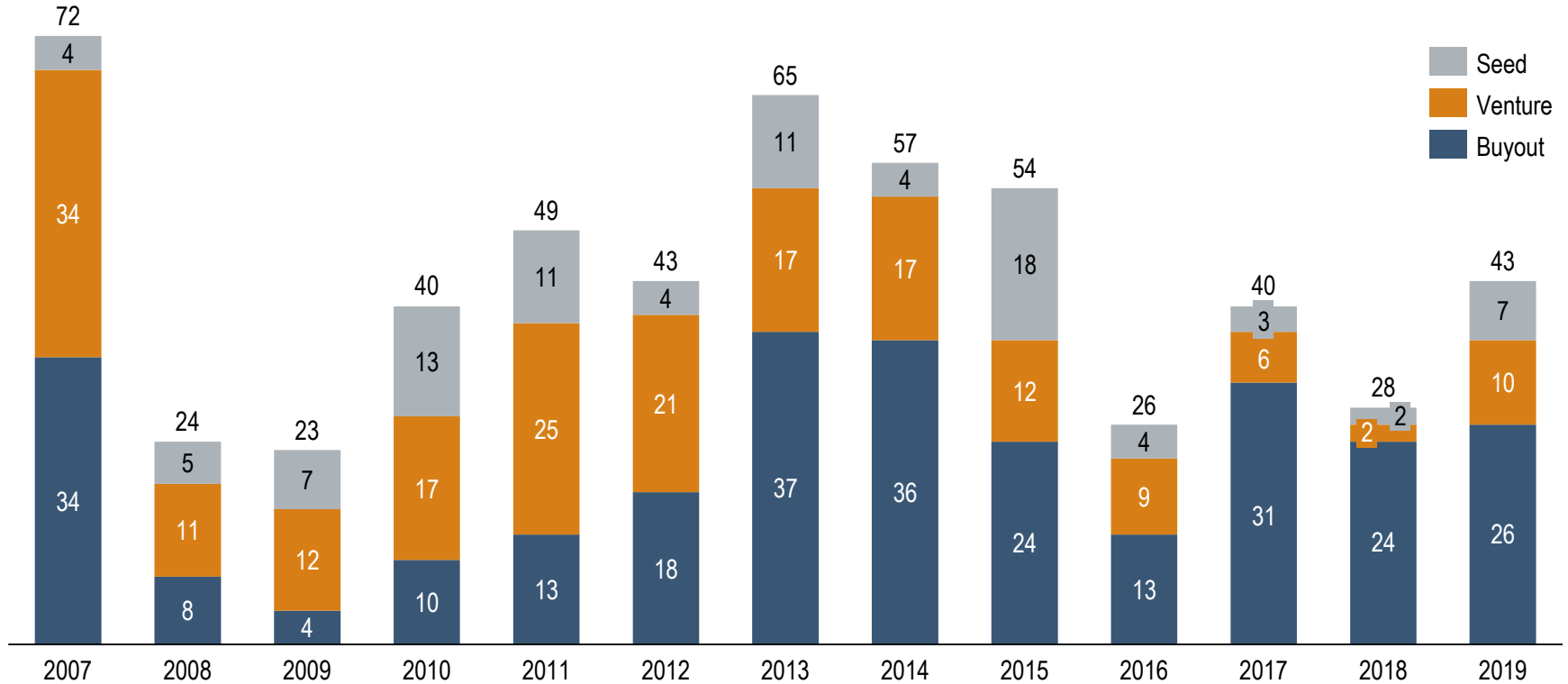


Figure 31: Number of divestments in Norwegian enterprises by phase and divestment method

