

Private Equity Funds in Norway

Activity report 2021

Seed, Venture and Buyout

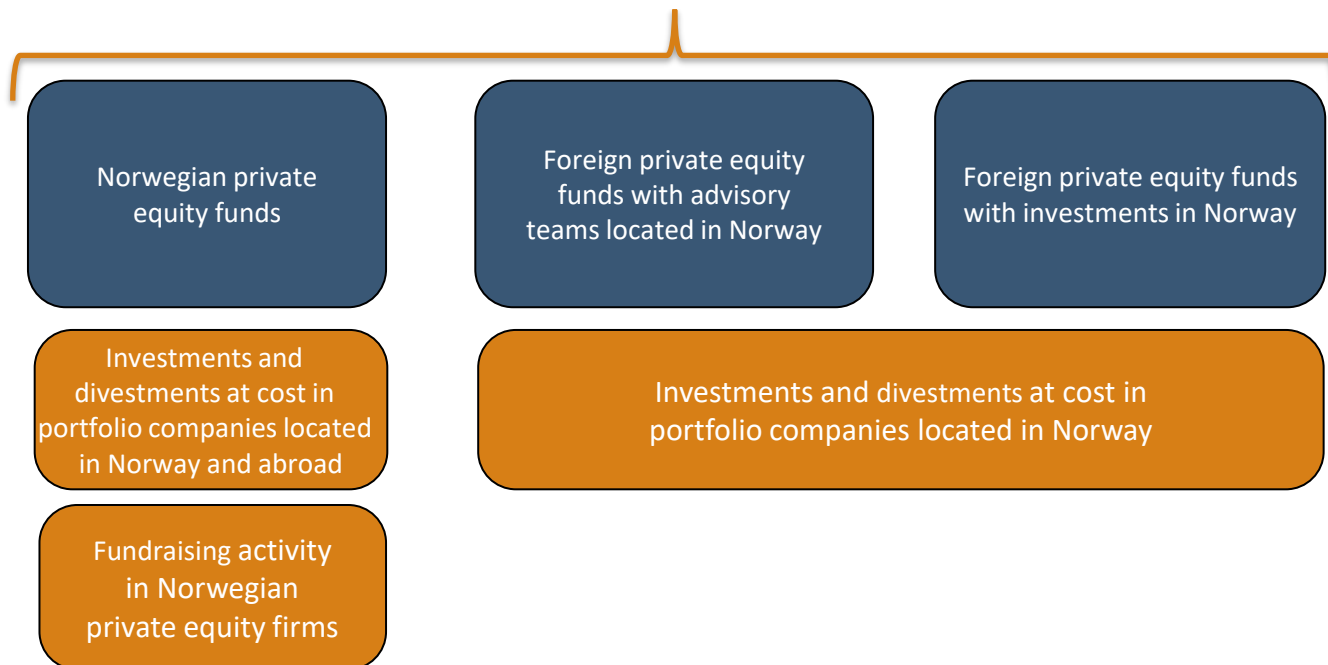


Main findings

- Norwegian PE firms raised a record high NOK 34.4 bn. in 2021. Compared to the previous record year of 22 bn. in 2016, Norwegian funds raised 56 percent more capital than in 2021. Investors are increasingly optimistic and see opportunities going forward despite two years of pandemic. The record high fundraising levels are partly due to one large fund, FSN IV, and partly due to several mid cap funds.
- Cross-border investments are increasing. Both Norwegian PE firms investments in foreign companies, and foreign PE firms investments in Norwegian companies, are on the rise.
- Investment activity from Norwegian PE firms also reached a new record in 2021, with a total amount invested of NOK 18.5 bn., an increase by more than 50 % from 2020. The number of investments were moderately higher than in 2020, but remained stable compared to the previous five years.
- Exit activity slowed down further from 2020 to 2021, with only 23 exits in Norwegian PE firms. This may be due to the continued uncertainty as a result of the prolonged pandemic. In spite of the decrease in the number of exits, the value of these exits increased. Sale to trade buyers was the preferred divestment strategy.
- Among Norwegian PE firms the petroleum sector attracted the most capital of all sectors, followed by IT in 2021. The IT sector attracts the highest number of investments, attracting almost six times as many investments as any other sector. Investments in cleantech by Norwegian firms increased from 70 million in 2020 to 880 million in 2021. In addition, the number of cleantech investments grew.

The Activity Report 2021 is developed for the Norwegian Venture Capital & Private Equity Association (NVCA) by Menon Economics and PEREP Analytics during the spring 2022. Figures are collected directly from investing firms.

The survey covers activities in



This report gives an overview over all PE-activity related to Norway

Definitions applied

NVCA defines the nationality of a private equity firm on the basis of where the private equity firm is headquartered. One should notice that this differs from Invest Europe's definition, which defines the nationality depending on 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.

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 comparable

All investments and divestments from the early stage funds (Så Kornfond) backed with public funding are categorized as seed activity.

Industry statistics

The amount of capital invested by Norwegian PE firms reached a new record, with a total amount invested of NOK 18.5 bn. in 2021, growing by more than 50 % from 2020. This is the highest amount invested on record since the tracking of the market started in 2007. The majority of the capital was invested in foreign companies, however the amount of capital invested in Norwegian companies by Norwegian fund PE firms has never been higher with NOK 7.3 bn. invested. The size of the average investment increased, as the amount invested increased more than the number of investments.

The amount invested in 2021 was at record levels across all phases, most significantly in the buyout and venture phases, growing by 50 % and 170 % from the previous year, respectively. Investments in the buyout phase have been growing steadily since 2018. The number of investments decreased slightly in the venture phase while increasing in the other phases.

Norwegian funds made 268 investments in 2021, an increase of 10 percent from 2020. Both the number of investments in Norwegian and foreign companies grew. The number of investments by Norwegian PE firms in Norwegian companies increased from 187 in 2020 to 194 in 2021, and the number of investments in foreign companies grows from 56 in 2020 to 74 in 2021.

Industry statistics

Among Norwegian PE firms the petroleum sector attracted the most capital of all sectors, mainly through four very large investments. The IT sector attracts the second most capital and the highest number of investments, attracting almost six times as many investments as any other sector. The IT-sector remains an attractive sector for Norwegian PE firms' investments with NOK 4.6 bn. invested across 120 transactions.

Cleantech notably attracted NOK 880 mill. In investments in 2021, an impressive leap from the NOK 70 mill. in 2020. In addition, the number of cleantech investments grew, showing that the Norwegian industry see opportunities in the green transition ahead.

The amount invested in life sciences almost triples, from NOK 550 mill. in 2020, to NOK 1570 mill. in 2021. Investments in all other sectors increase from 2020 to 2021, while the number of investments stays relatively stable except a reduction in the number of investments to the life science sector.

Investment grew across all phases, most significantly in the buyout and venture phases, growing by 50 % and 160 % respectively, and reaching record levels measuring since the tracking of the market started in 2007. Investments in the buyout phase have been growing steadily and increasingly since 2018. The number of investments decreased slightly in both the venture and seed phases and remained stable in the buyout phase.

Market statistics

Norwegian companies received investments of NOK 66.8 bn. from Norwegian and foreign PE funds, beating the record of NOK 36.8 bn. in 2019. The majority of the capital (NOK 60 bn.) was invested by foreign fund managers, showing that foreign fund managers find Norwegian companies attractive. The increase is largely driven by one mega-cap investment and a handful of large-cap transactions. Most of the invested capital was directed towards companies in the buyout phase. Venture and seed investments from foreign investors in Norwegian start-ups remain low, however.

The amount invested in Norwegian IT companies grew by 100 %, from 14.9 bn in 2020, to 29.8 bn in 2021. The number of investments in Norwegian IT companies also continues to grow. Other notable increases in amount invested include retail – attracting investments of NOK 18 bn in 2021, and business related services - going from an investment of about NOK 2 bn. in 2020 to NOK 10 bn. in 2021.

Investments in Norwegian life science fell both in terms of amount invested and number of investments. The amount invested in Norwegian cleantech also fell, but the number of investments grew. The case for petroleum is the opposite, where the number of investments continues to fall but the amount invested increased from 2020.

Total fundraising 2021 – NOK 34.4 bn. (3 400 mill. EUR)

Seed and early stage venture
1 400 mill. NOK
(140 mill. EUR)

Venture
11 400 mill. NOK
(1 130 mill. EUR)

Buyout
21 700 mill. NOK
(2 140 mill. EUR)

Selected funds with closings in 2021

Sarsia Seed Fond II
Alliance Venture Delta
Hadean Ventures II

Idekapital Fund II
Verdane Edda II

Norvestor VIII
FSN Capital Limited Partnership

Overall:

- Norwegian PE firms invested 18 460 mill. NOK (EUR 1 810 mill.) in Norwegian and foreign portfolio companies
 - 7 230 mill. NOK (EUR 710 mill.) in Norwegian enterprises
 - 11 190 mill. NOK (EUR 1 100 mill.) in foreign enterprises
- Seed:
 - 420 mill. NOK (EUR 41 mill.) invested. Up from 290 mill. NOK (EUR 30 mill.) in 2020.
- Venture:
 - 3 210 mill. NOK (EUR 320 mill.) invested. Up from 1 210 mill. NOK (EUR 110 mill.) in 2020.
- Buyout:
 - 14 840 mill. NOK (EUR 1 460 mill.) invested. Up from 9 560 mill. NOK (EUR 890 mill.) in 2020.

Overall:

- 66 850 mill. NOK (EUR 6 580 mill.) invested in Norwegian enterprises by both Norwegian and foreign PE firms
 - Norwegian PE firms invested 6 870 mill. NOK (EUR 680 mill.)
 - Foreign PE firms invested 59 980 mill. NOK (EUR 5 900 mill.)
- Seed:
 - 420 mill. NOK (EUR 41 mill.) invested. Up from 270 mill. NOK (EUR 25 mill.) in 2020.
- Venture:
 - 1 360 mill. NOK (EUR 130 mill.) invested. Up from 1 110 mill. NOK (EUR 105 mill.) in 2020.
- Buyout:
 - 65 950 mill. NOK (EUR 6 410 mill.) invested. Up from 19 560 mill. NOK (EUR 1 825 mill.) in 2020.

Divestments in Norwegian and foreign enterprises by Norwegian PE firms

- 21 divestments by Norwegian PE firms. Down from 33 in 2020.
 - 5 divestments within the seed stage. Up from 2 in 2020.
 - 6 divestments within the venture stage. Same as in 2020.
 - 10 divestments within the buyout stage. Down from 25 in 2020.
- 13 out of 21 of divestments were sales to trade buyers, 5 were IPOs.

Divestments in Norwegian enterprises by Norwegian and foreign PE firms

- 49 divestments in Norwegian enterprises. Up from 40 in 2020.
 - 6 divestments within the seed stage. Up from 2 in 2020.
 - 9 divestments within the venture stage. Down from 14 in 2020.
 - 34 divestments within the buyout stage. Up from 24 in 2020.
- 15 out of 49 divestments were sales to trade buyers.

Appendix

Graphs and charts:

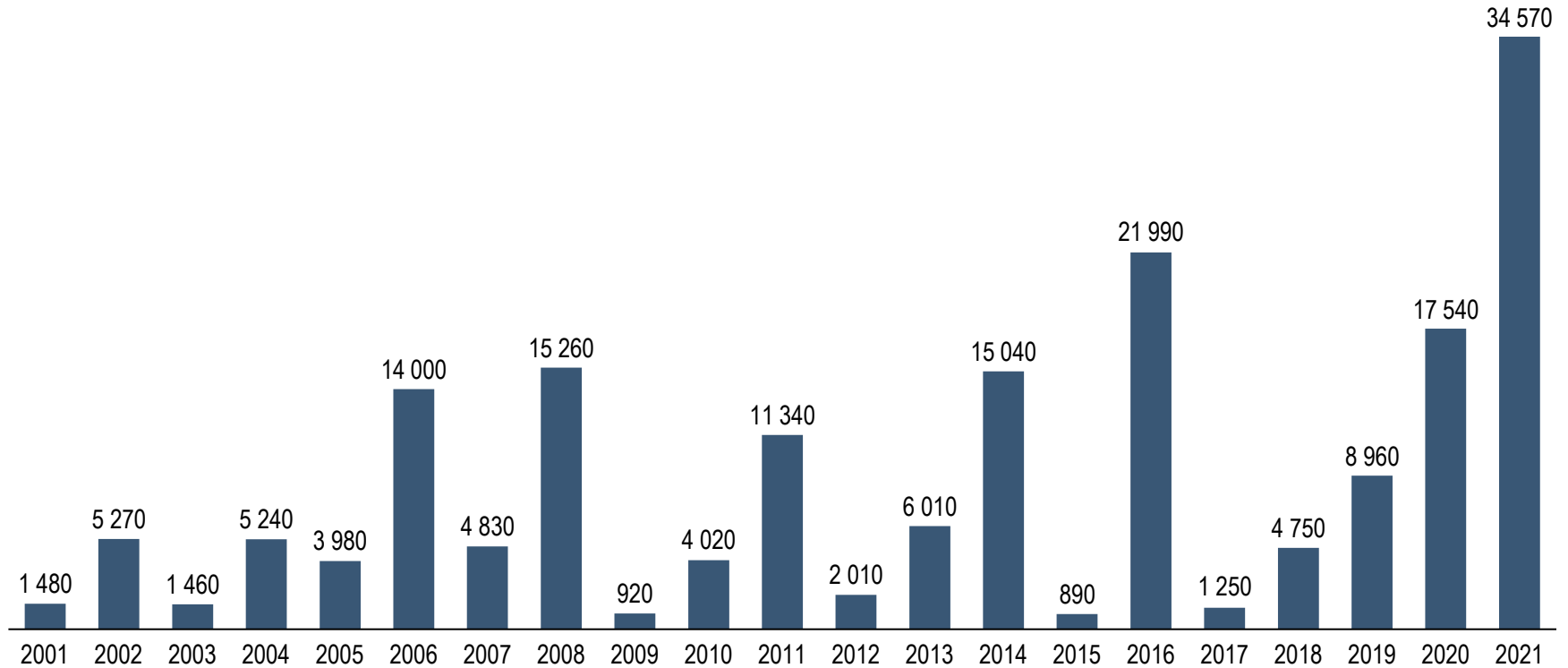
Fundraising

Investments

Divestments

FUNDRAISING

Figure 1: New committed capital per year from 2001-2021 (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)

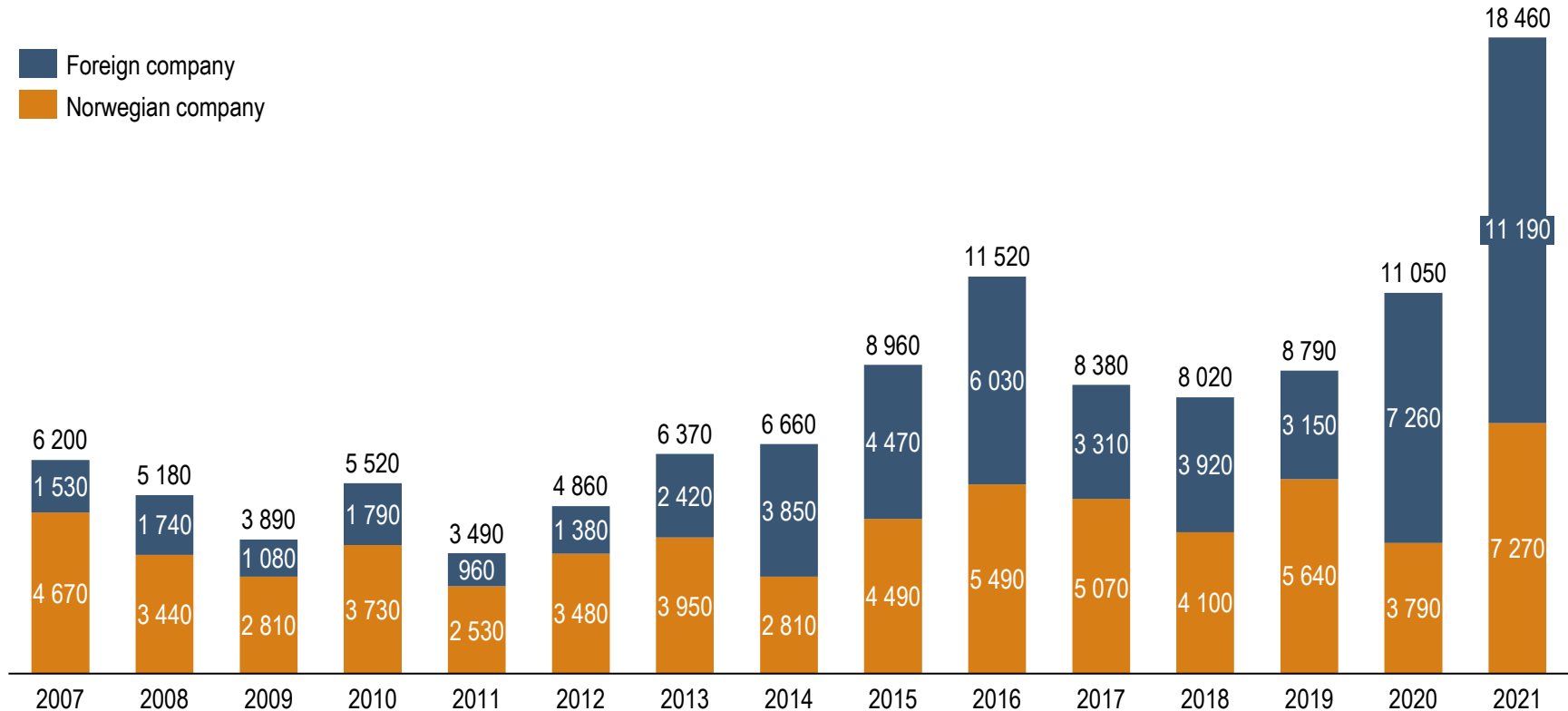


Figure 3: Number of investments by Norwegian PE firms

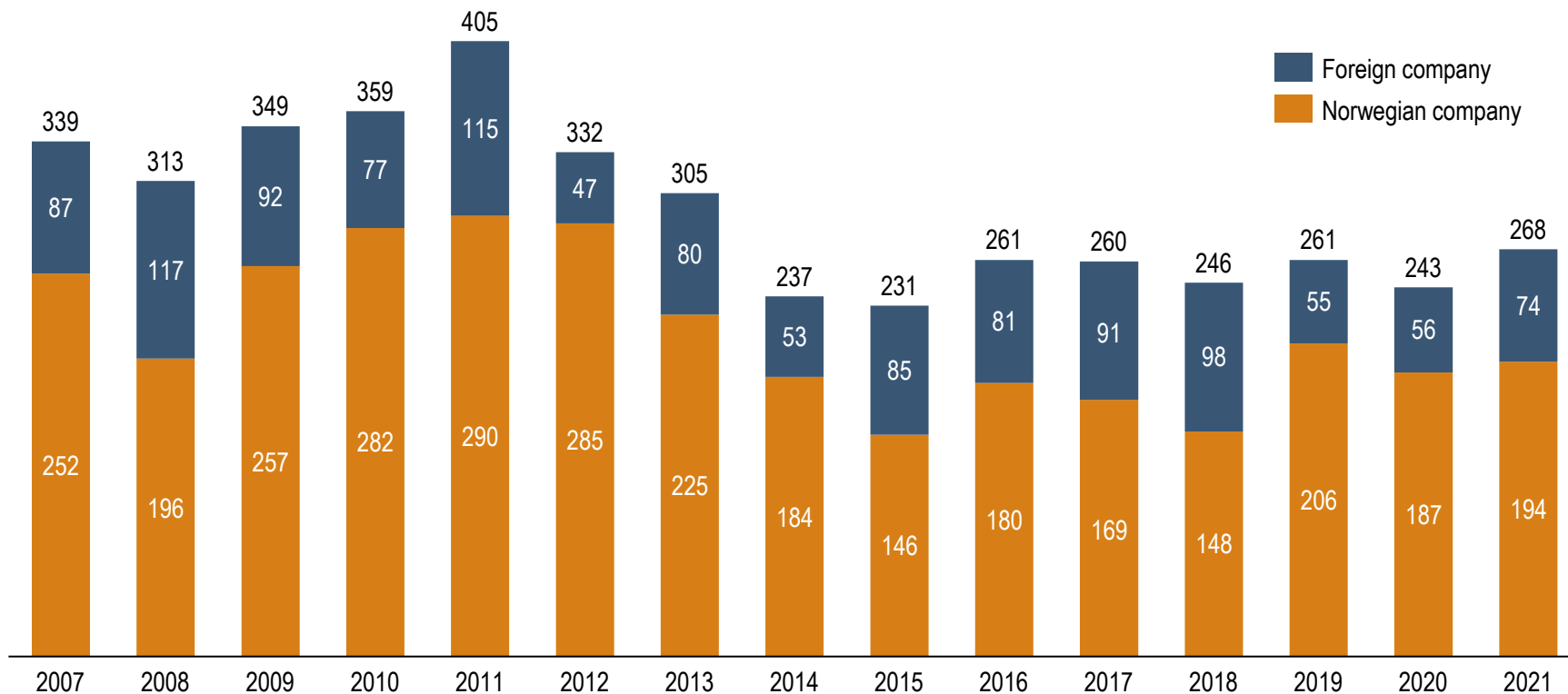


Figure 4: Amount invested by phase (million NOK)

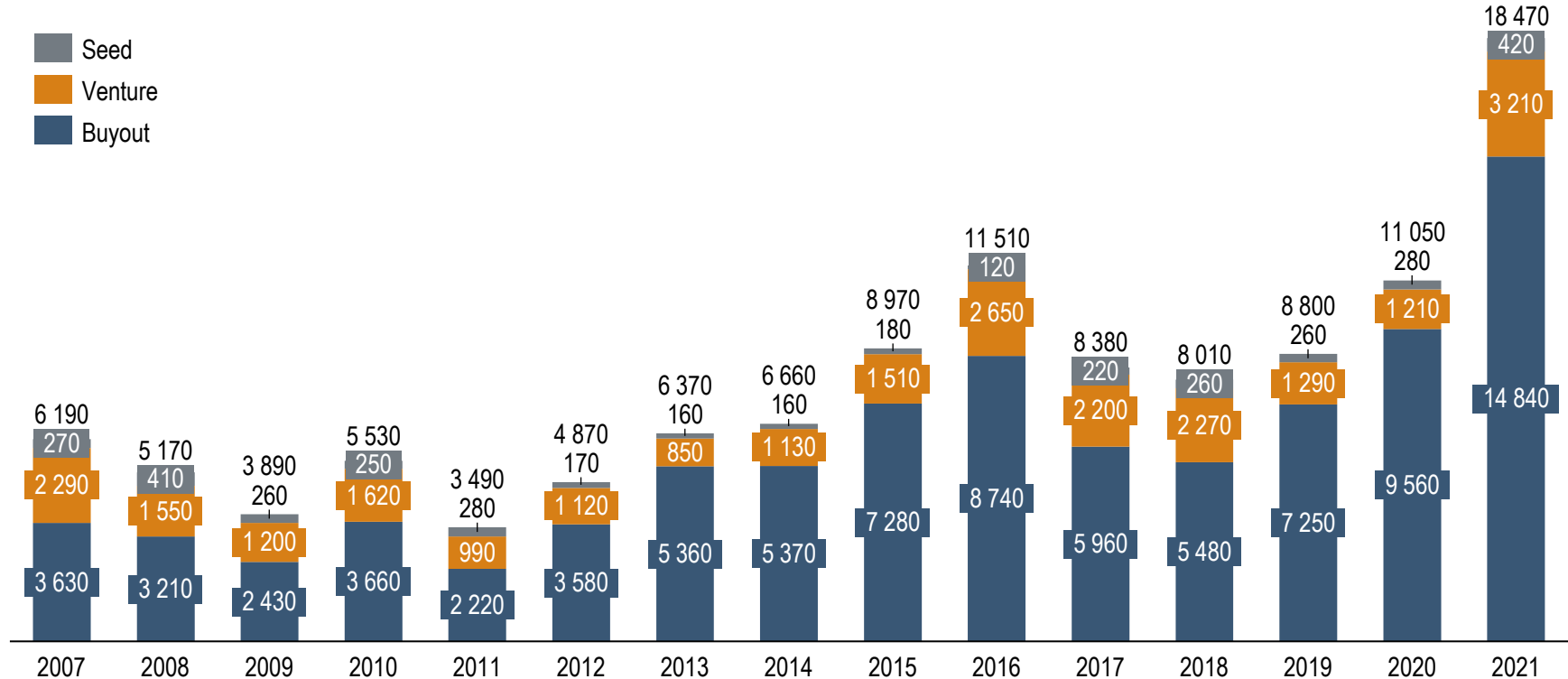


Figure 5: Number of investments by phase

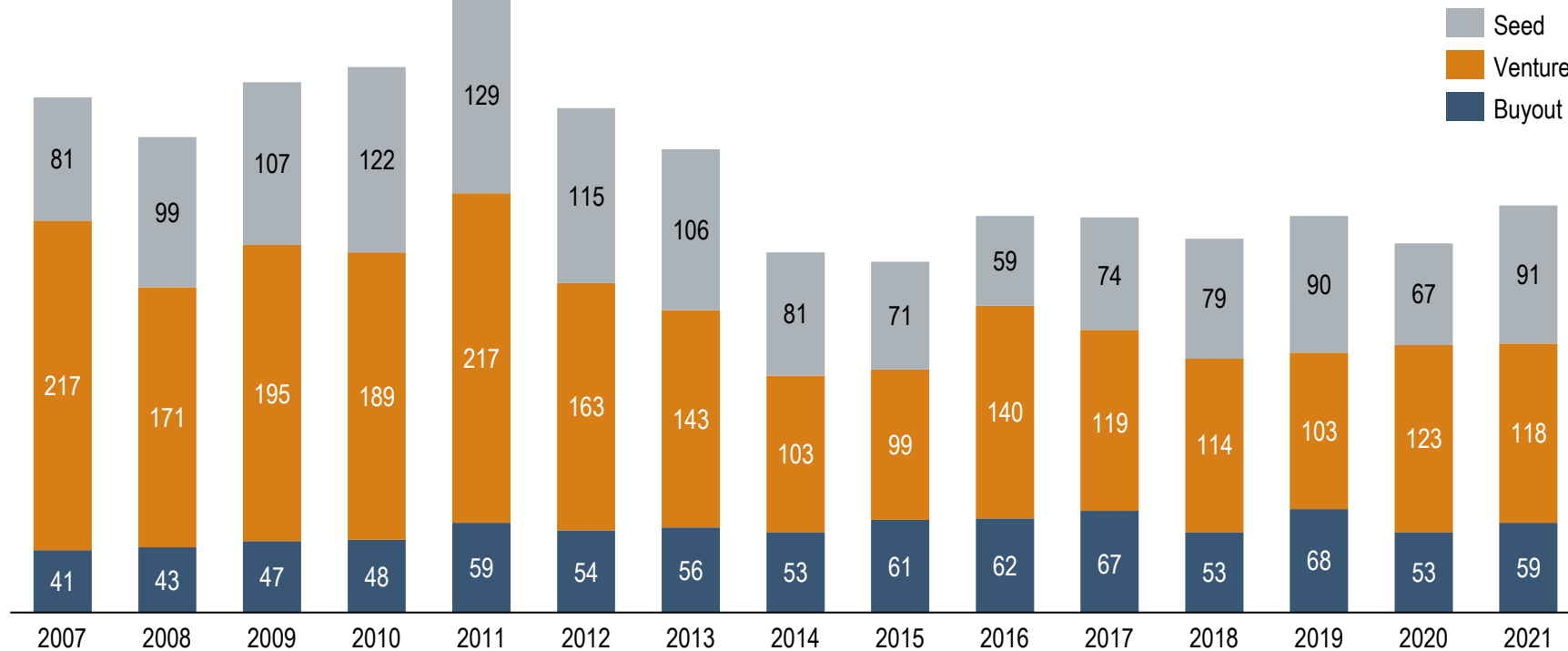


Figure 6: Buyout - initial and follow up investments (million NOK)

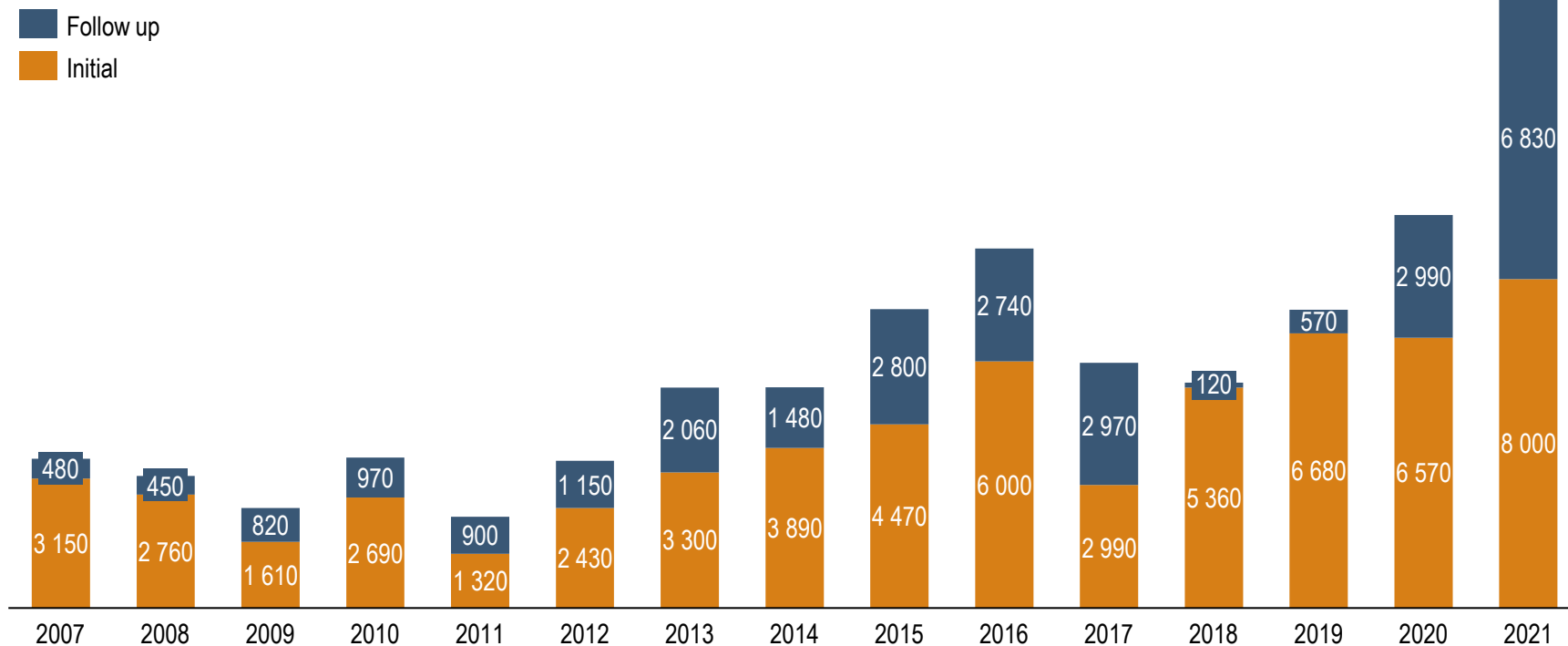


Figure 7: Number of initial and follow up buyout investments

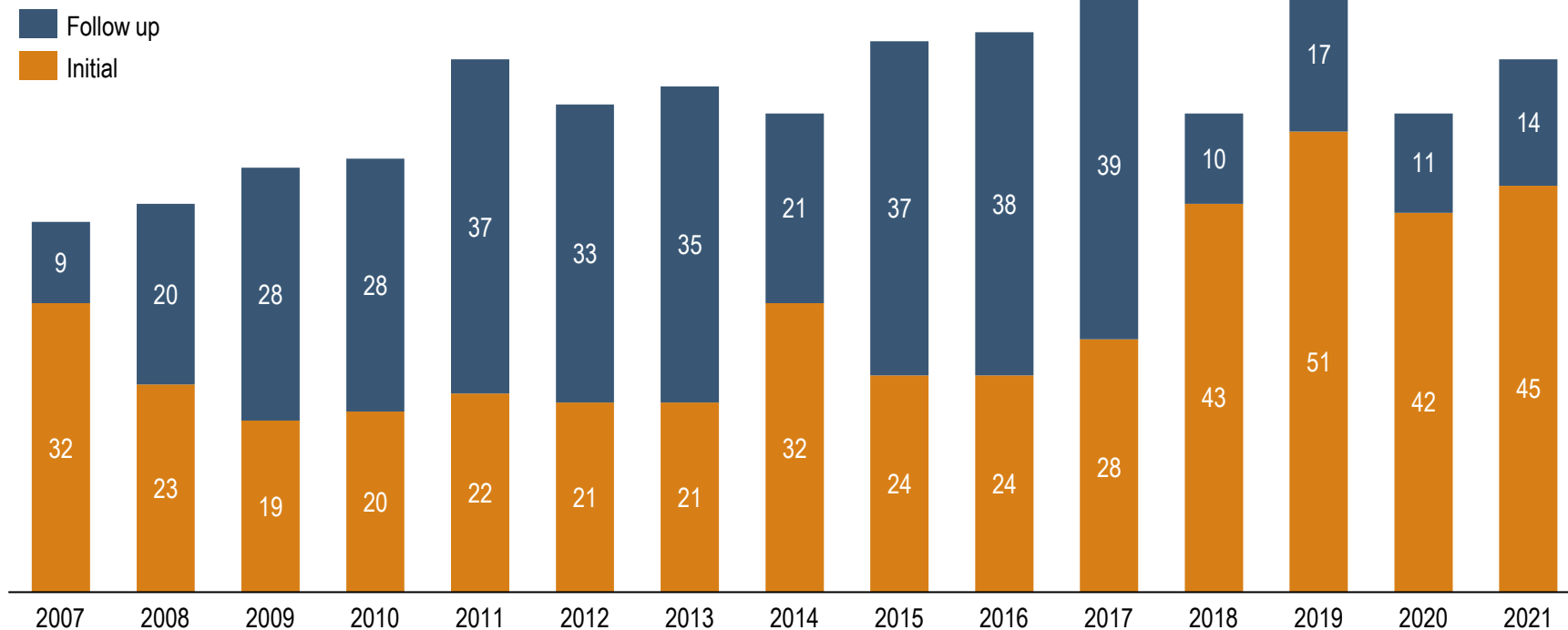


Figure 8: Venture - initial and follow up investments (million NOK)

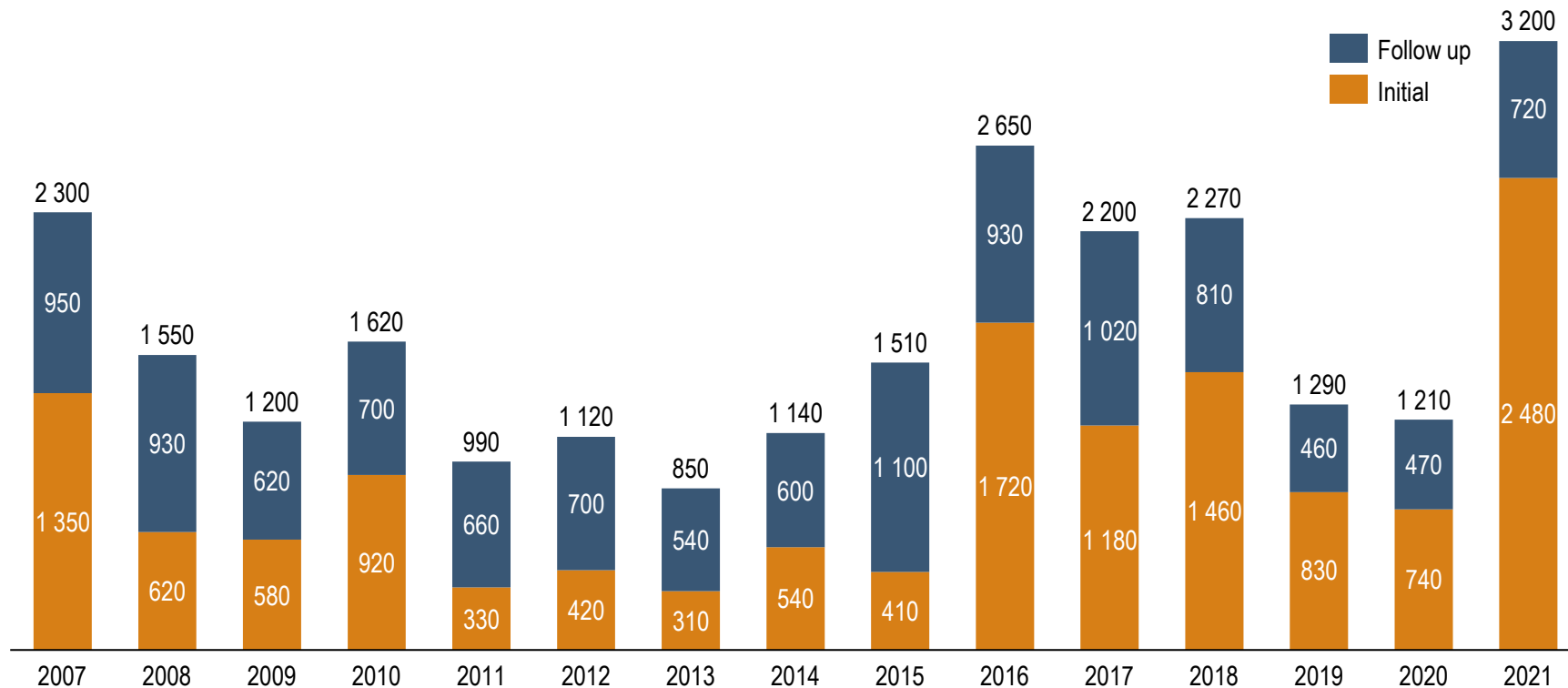


Figure 9: Number of initial and follow up venture investments

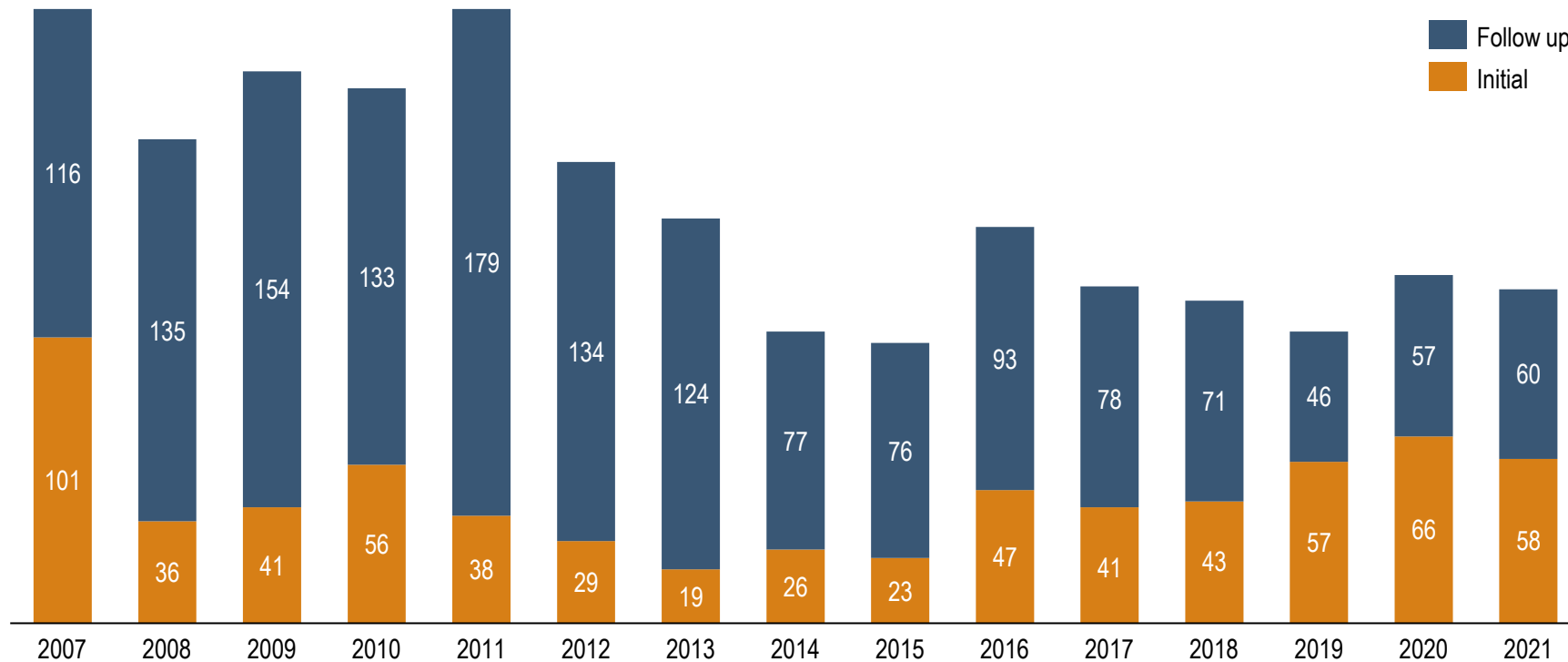


Figure 10: Seed - initial and follow up investments (million NOK)

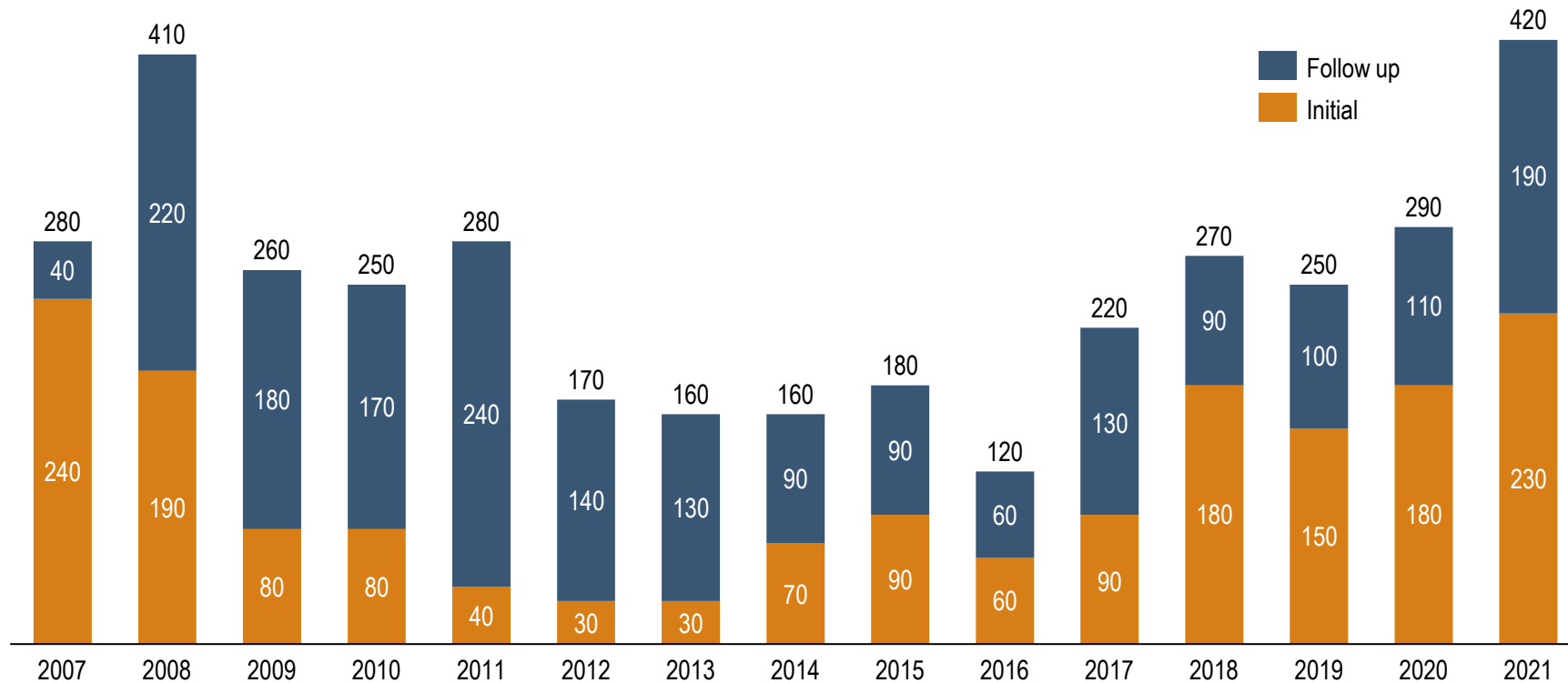


Figure 11: Number of initial and follow up seed investments

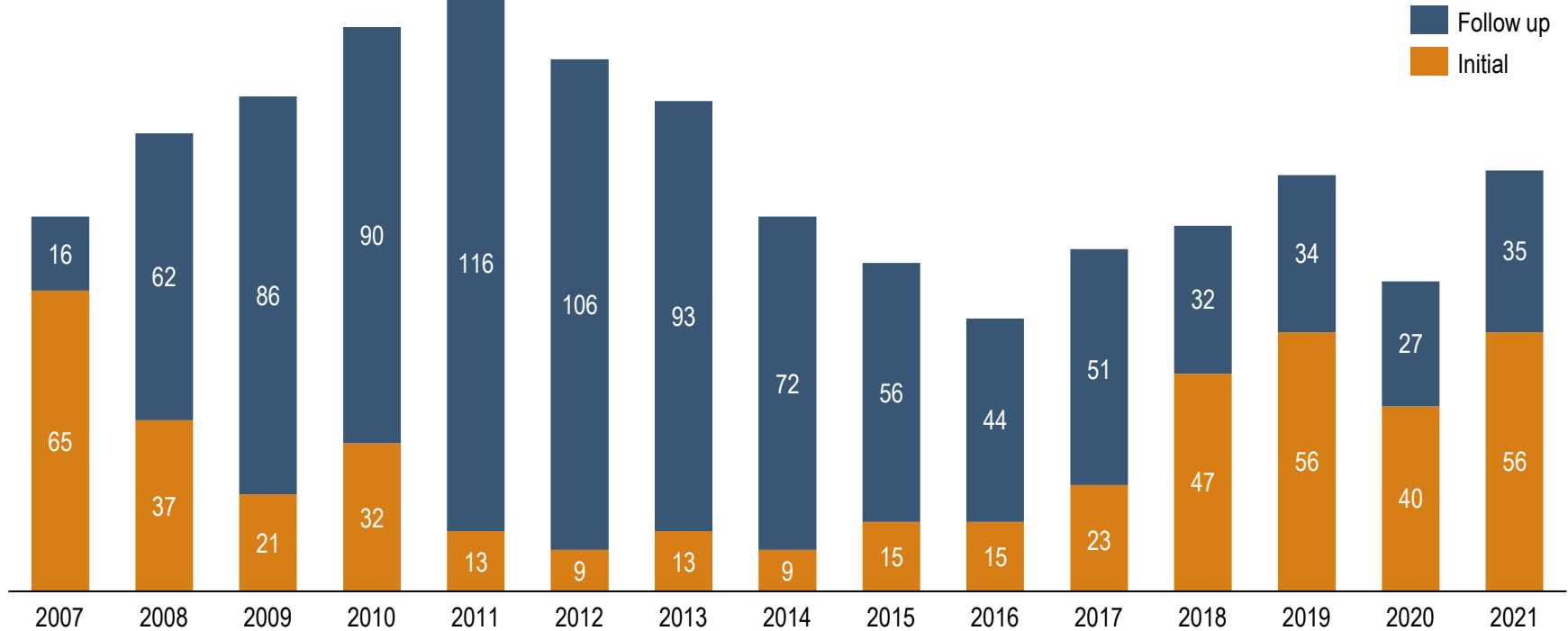


Figure 12 a): Norwegian PE firms investments by sector and phase in 2021 (million NOK)

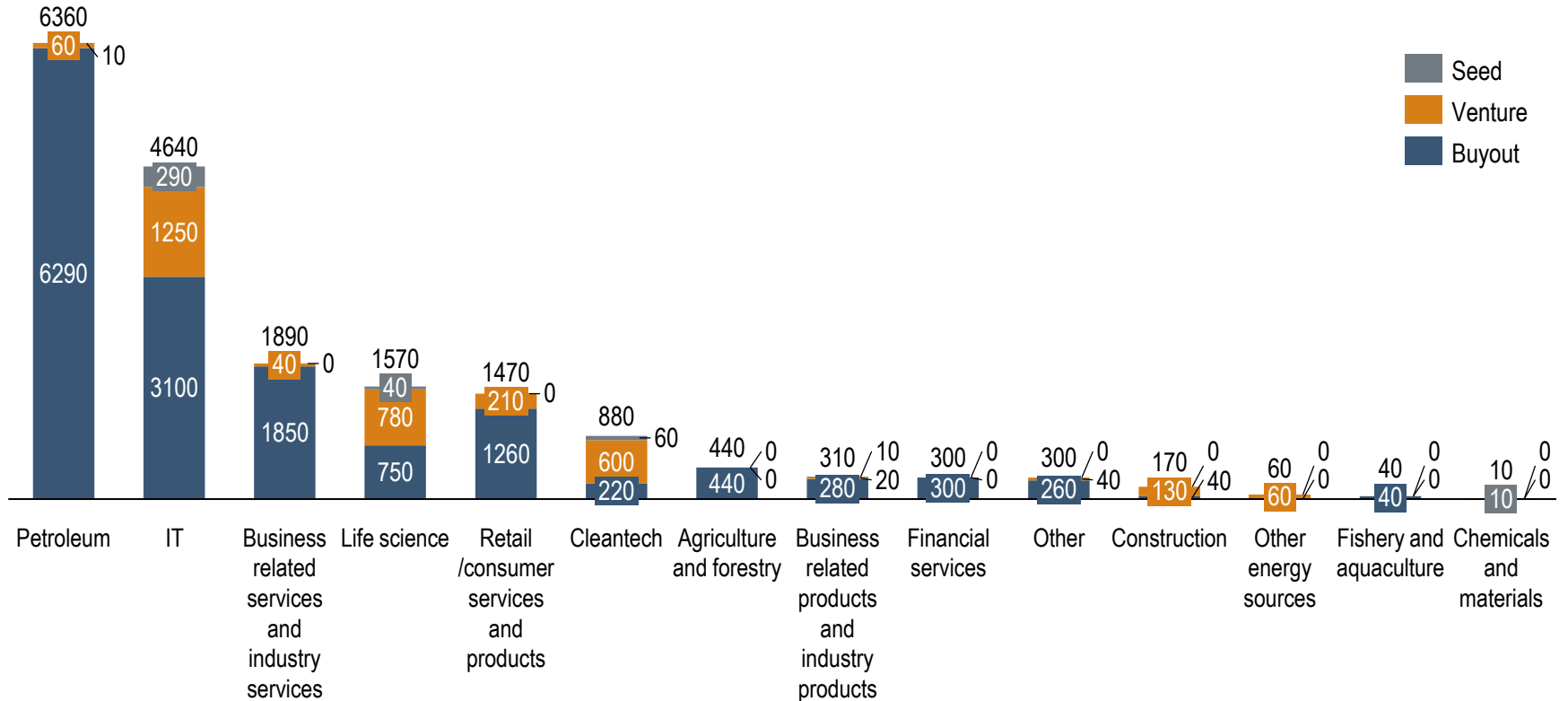
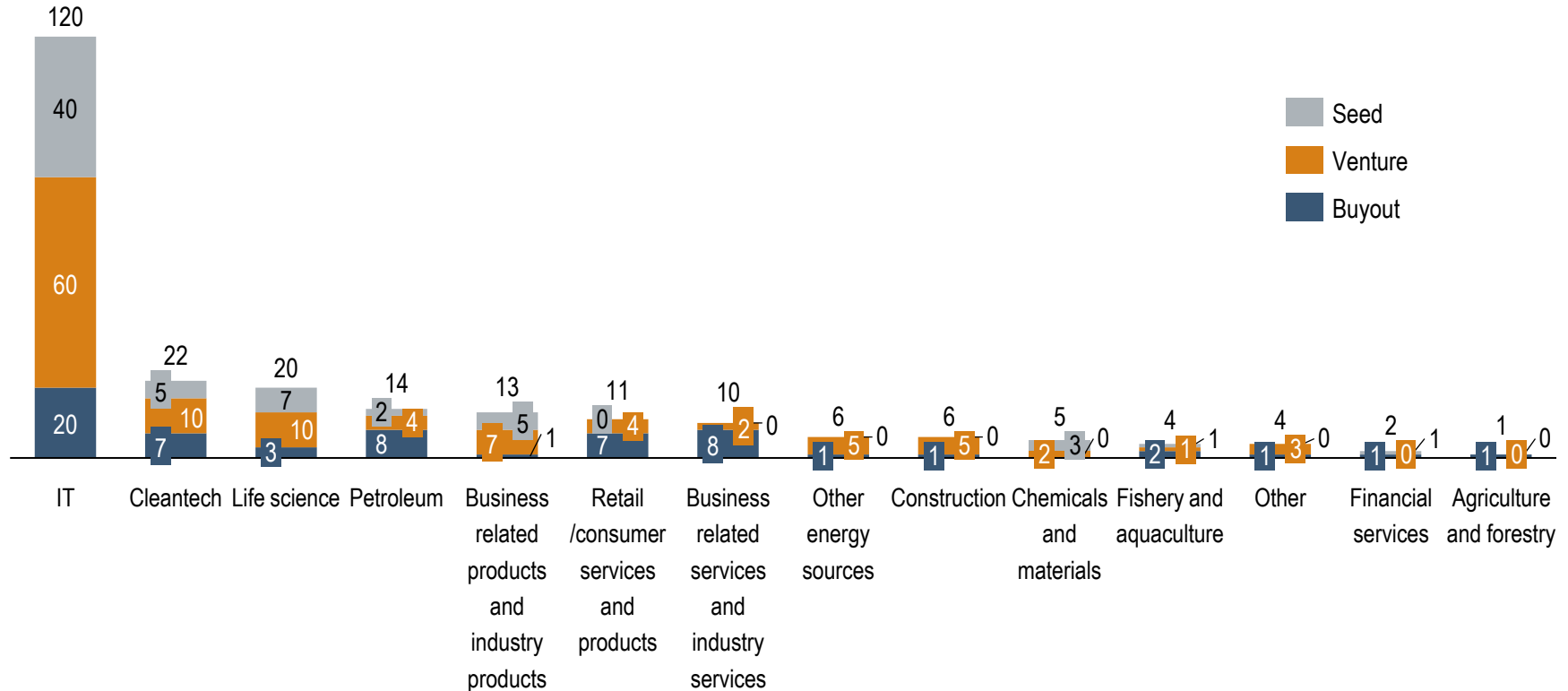


Figure 12 b): Number of investments by sector and phase in 2021



Investments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

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

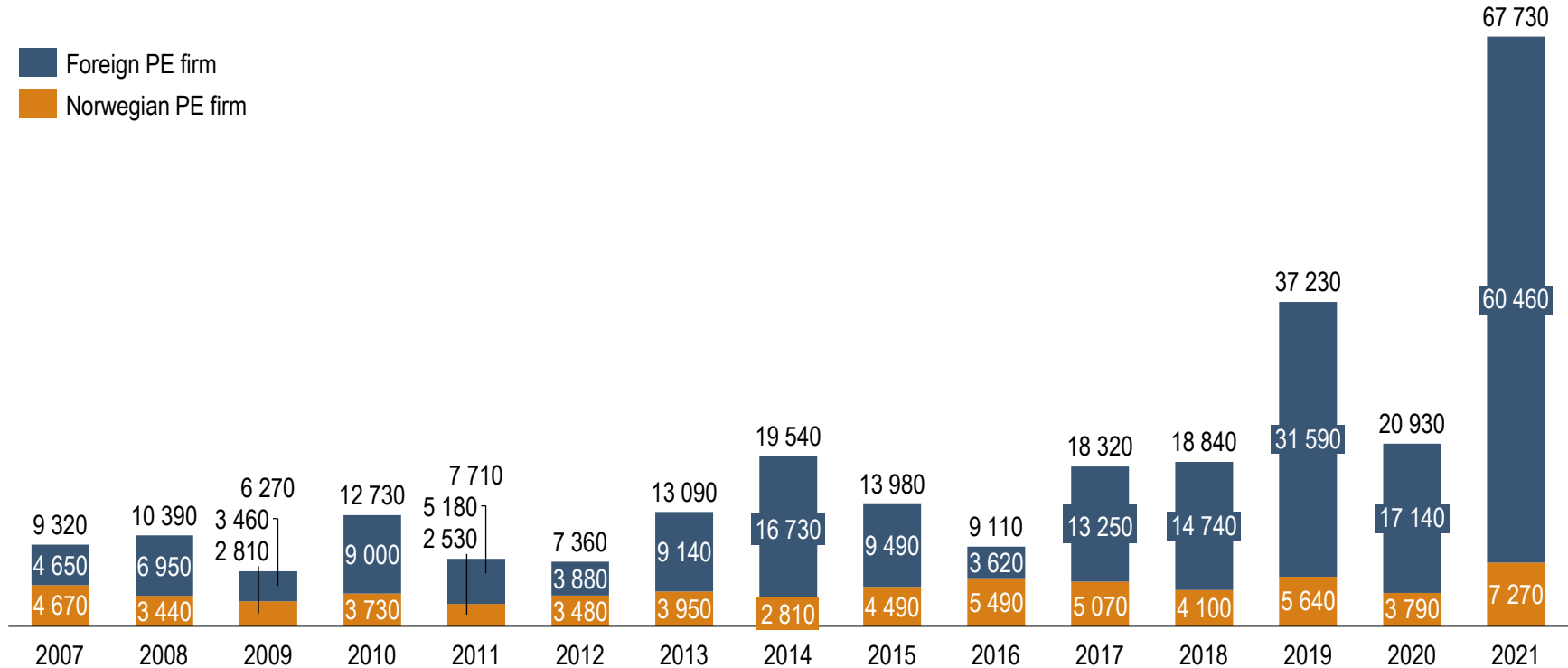


Figure 14: Total number of investments in Norwegian companies

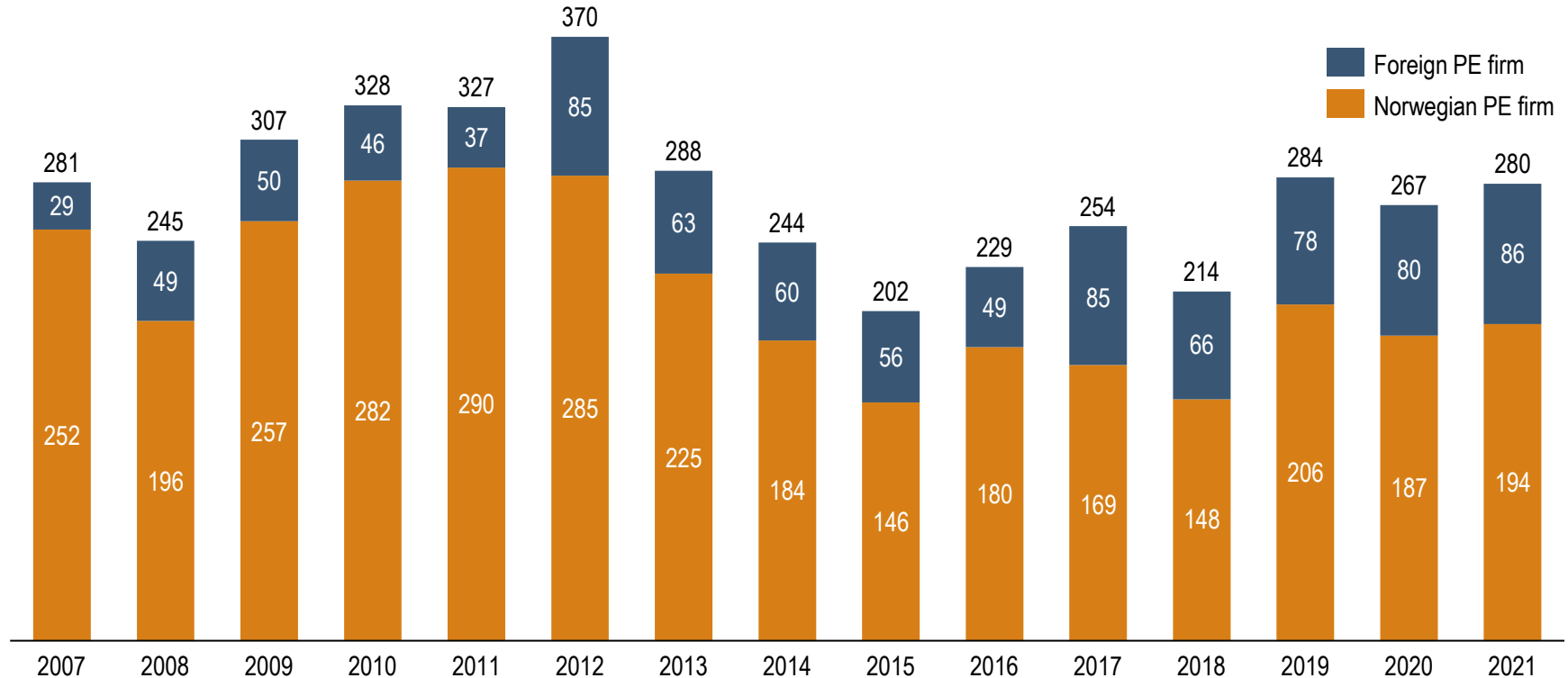


Figure 15: Amount invested in Norwegian companies by phase (million NOK)

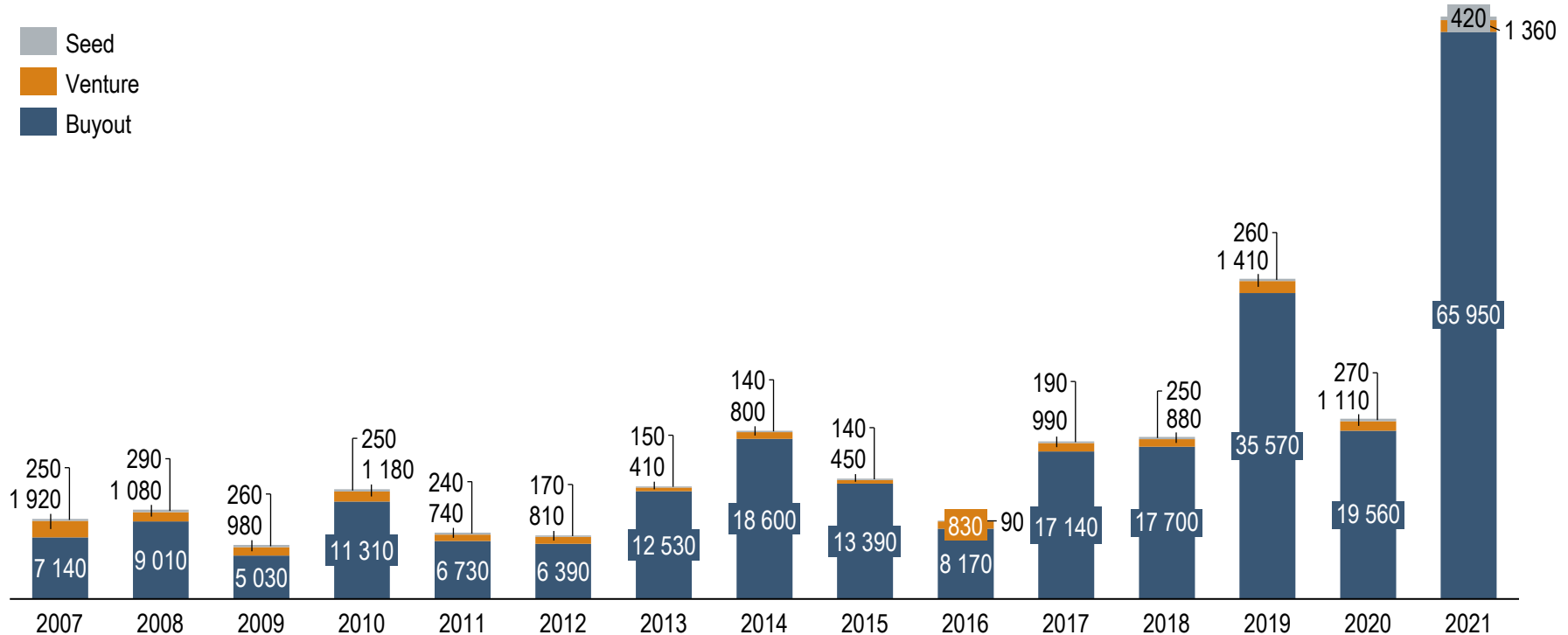


Figure 16: Number of investments in Norwegian companies by phase

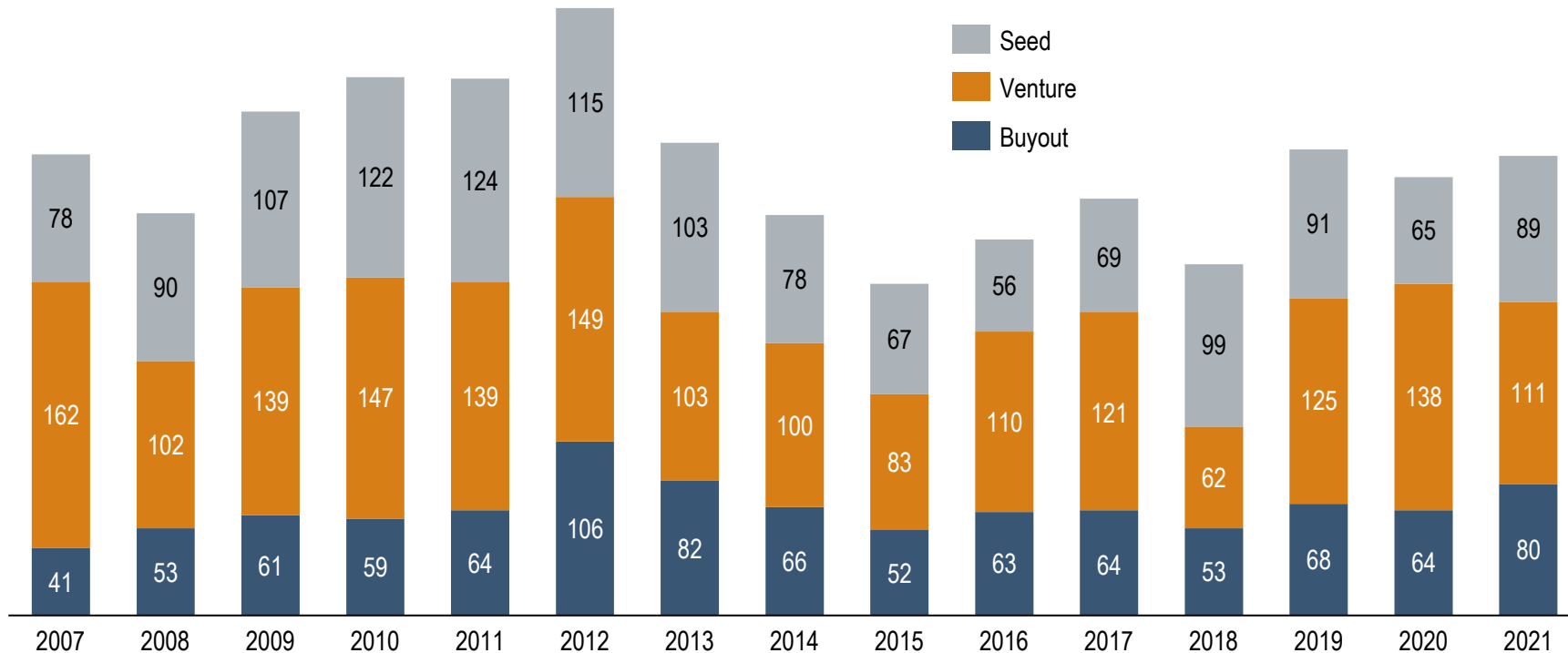


Figure 17: Buyout - initial and follow up investments (million NOK)

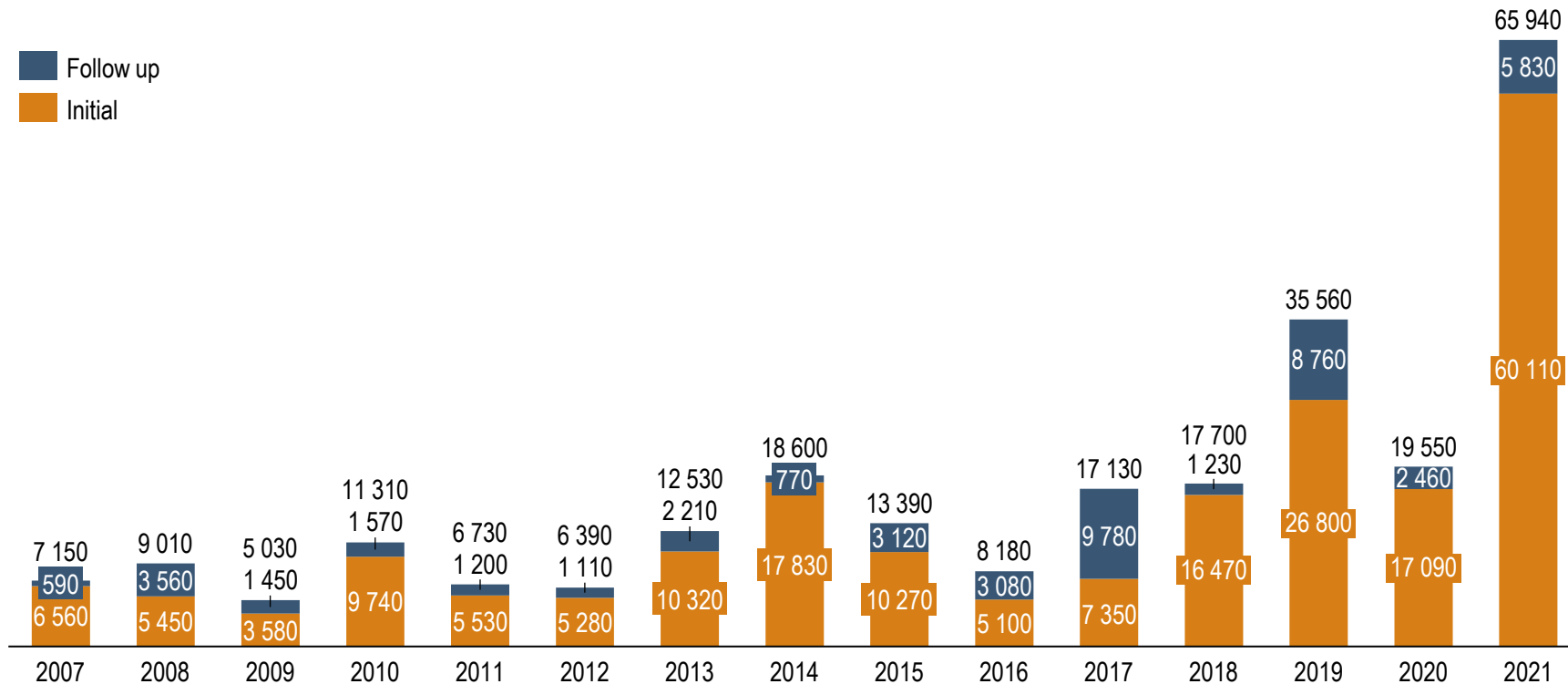


Figure 18: Number of initial and follow up buyout investments

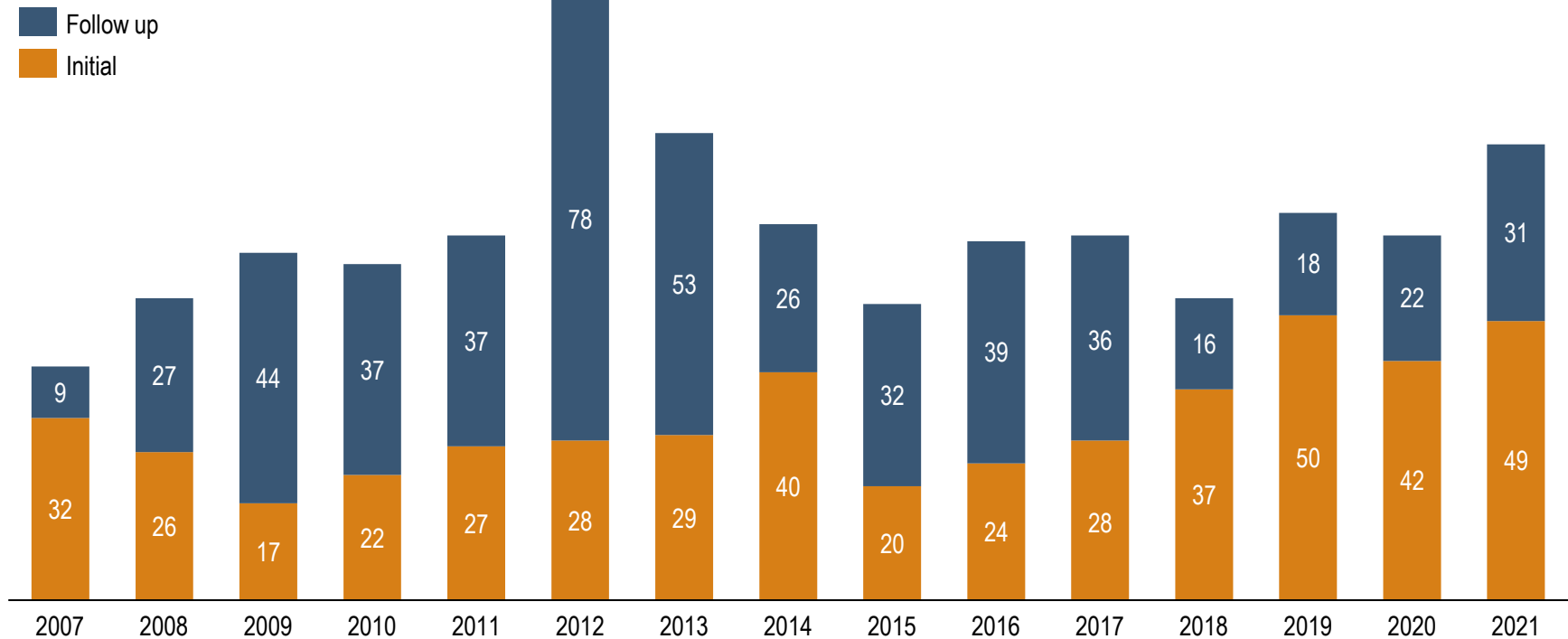


Figure 19: Venture - initial and follow up investments (million NOK)

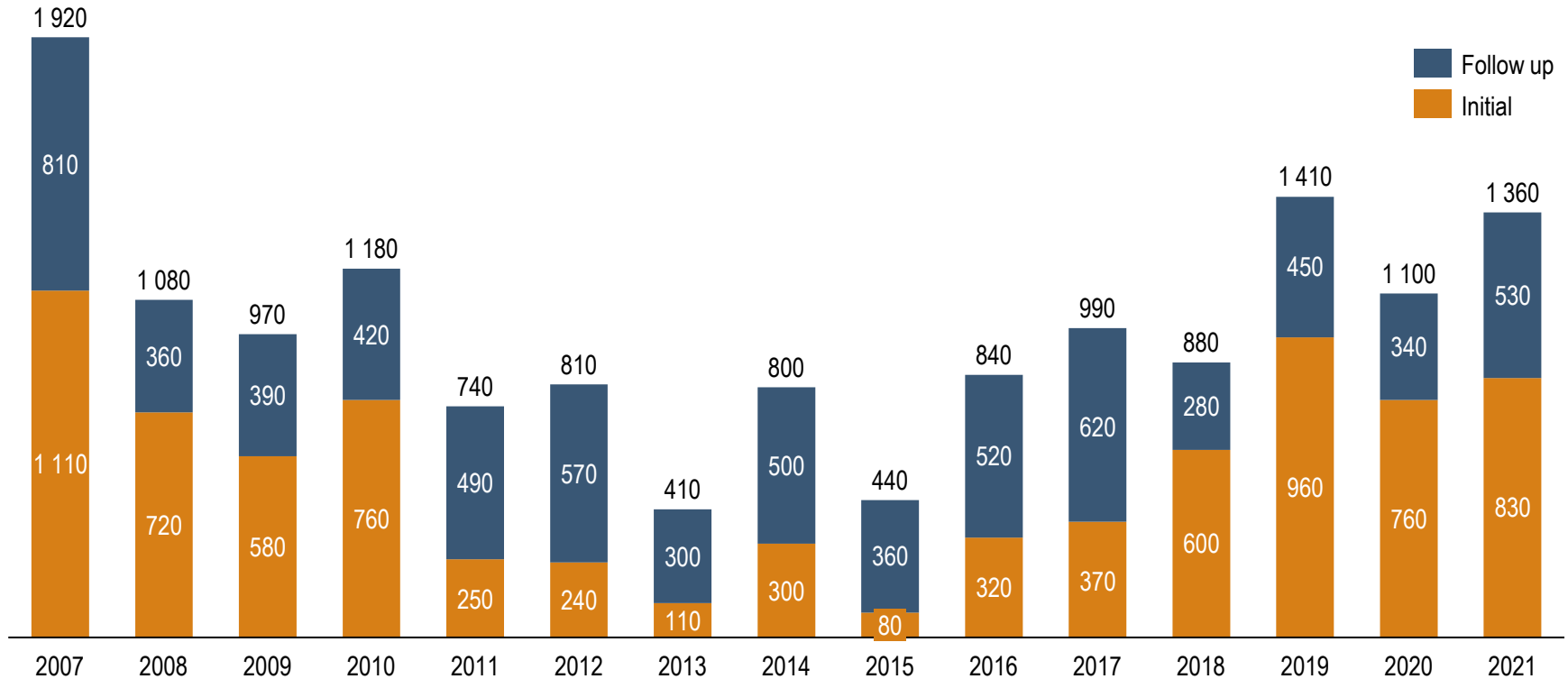


Figure 20: Number of initial and follow up venture investments

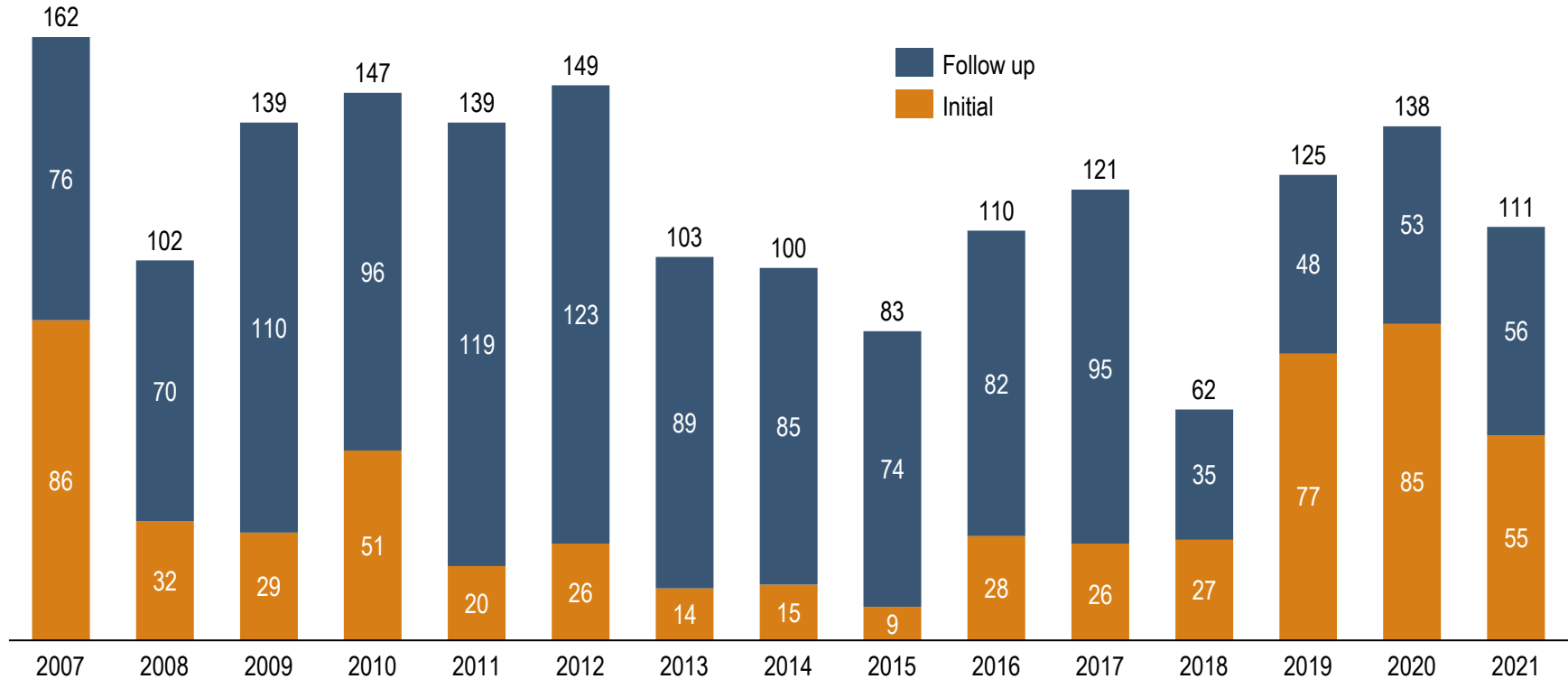


Figure 21: Seed - initial and follow up investments (million NOK)

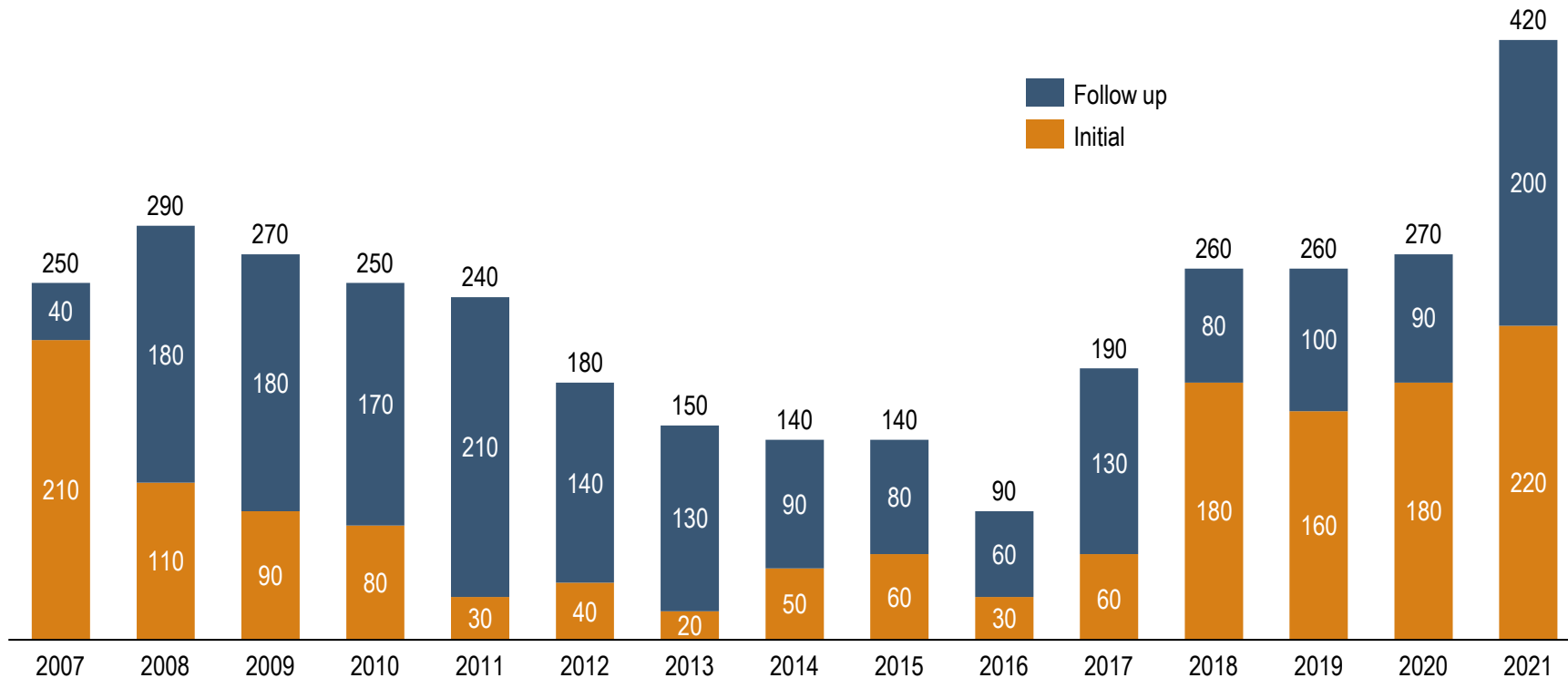


Figure 22: Number of initial and follow up seed investments

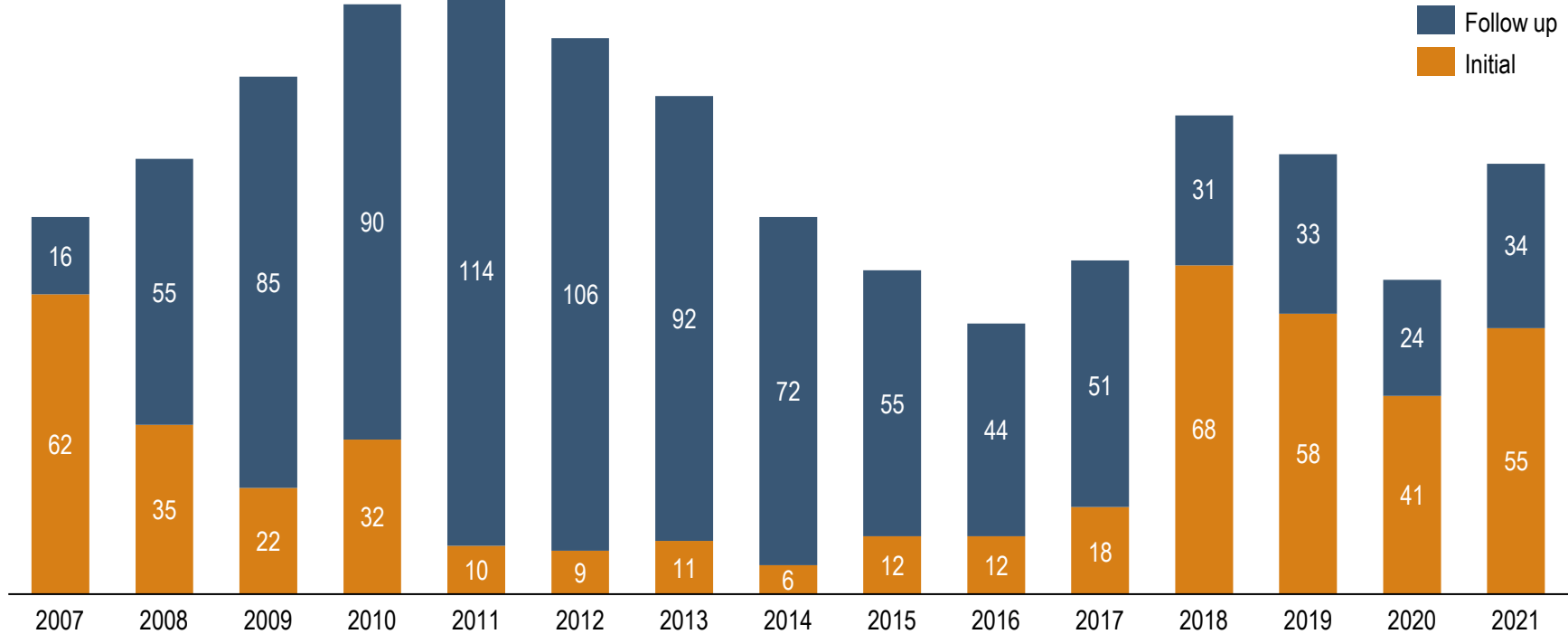


Table 1: Investments in Norwegian enterprises by sector and phase in 2021 (million NOK)

	Buyout			Venture			Seed			Total
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Agriculture and forestry		440	440							440
Business related products and industry products		700	700	10		10	10		10	720
Business related services and industry services	40	9950	9990		30	30		0	0	10020
Chemicals and materials		150	150	0	20	20	0	0	10	170
Cleantech				40	130	170	10	40	50	220
Construction	40		40	30		30		0	0	70
Financial services	1640	540	2180							2180
Fishery and aquaculture	10	1180	1190	0	10	10		0	0	1200
IT	860	27890	28750	260	510	770	160	130	300	29810
Life science		350	350	80	70	160	10	30	40	540
Other		360	360		20	20				380
Other energy sources					10	10				10
Petroleum	3250	50	3300	10		10		10	10	3320
Retail /consumer services and products		17850	17850	90	10	100		0	0	17950
Total	5840	60110	65950	520	830	1360	190	210	420	67700

Table 2: Number of investments in Norwegian enterprises by sector and phase in 2021

	Buyout			Venture			Seed			Total
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Agriculture and forestry		1	1							1
Business related products and industry products		5	5	3		3	5		5	13
Business related services and industry services	2	10	12		1	1		1	1	14
Chemicals and materials		1	1	2	1	3	2	1	3	7
Cleantech				4	4	8	3	10	13	21
Construction	1		1	4		4		2	2	7
Financial services	16	2	18							18
Fishery and aquaculture	1	2	3	1	1	2		1	1	6
IT	9	13	22	31	38	69	19	30	49	140
Life science		3	3	6	3	9	5	6	11	23
Other		3	3		1	1				4
Other energy sources					2	2				2
Petroleum	2	1	3	2		2		3	3	8
Retail /consumer services and products		7	7	3	2	5		1	1	13
Total	31	49	80	56	55	111	34	55	89	280

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

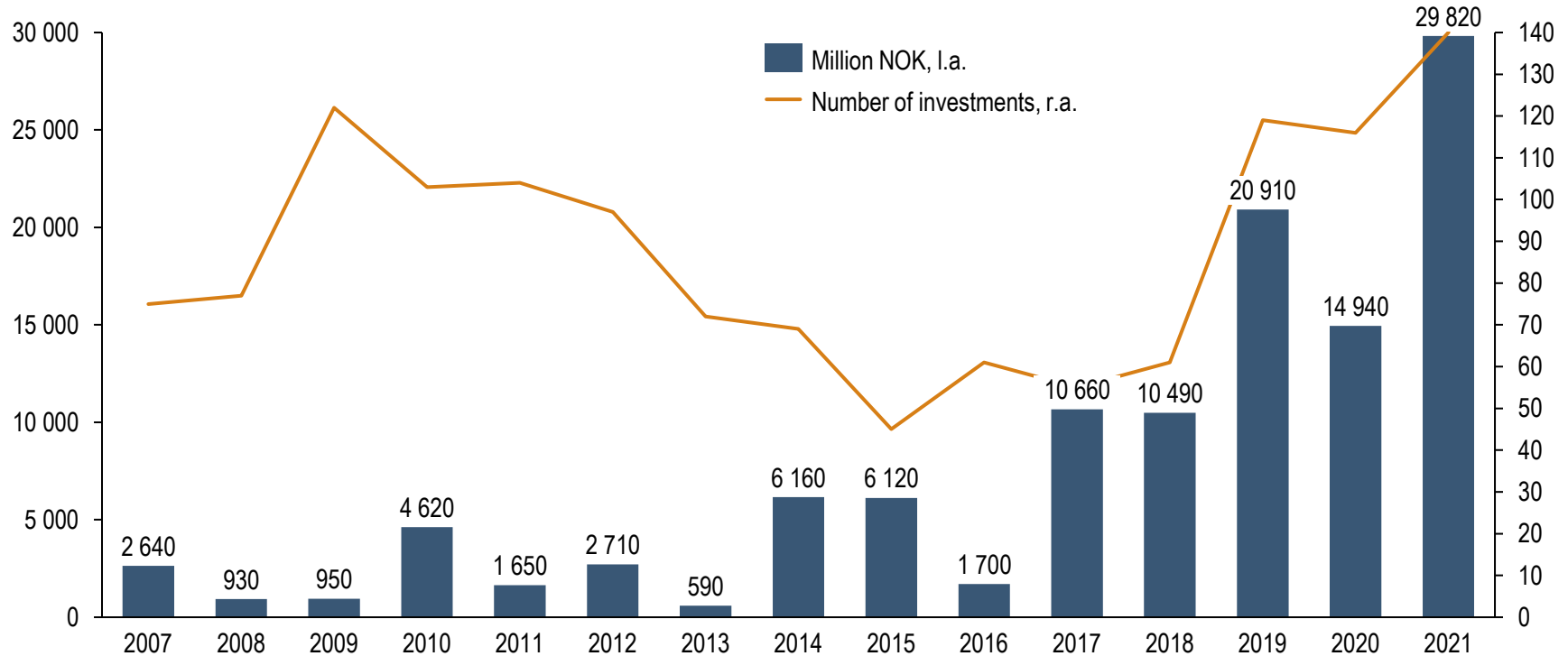


Figure 24: Initial and follow up investments in petroleum

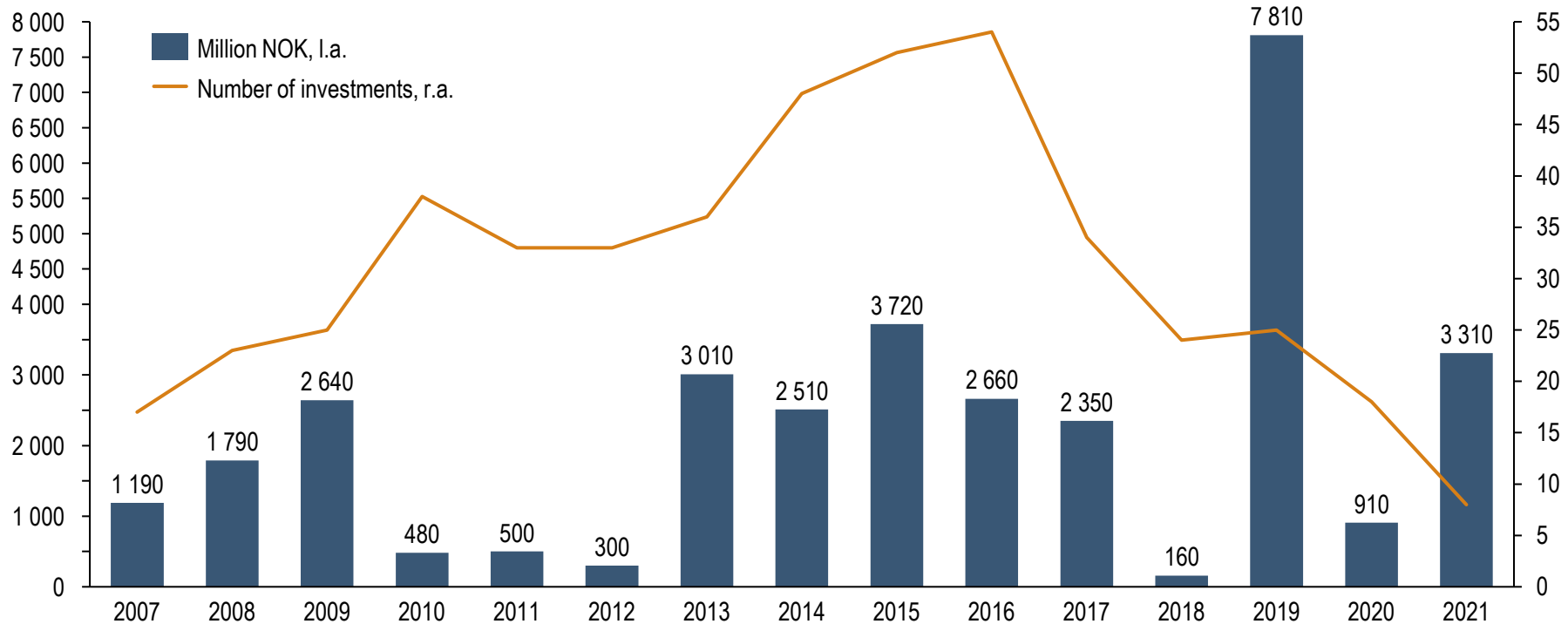


Figure 25: Initial and follow up investments in business related services

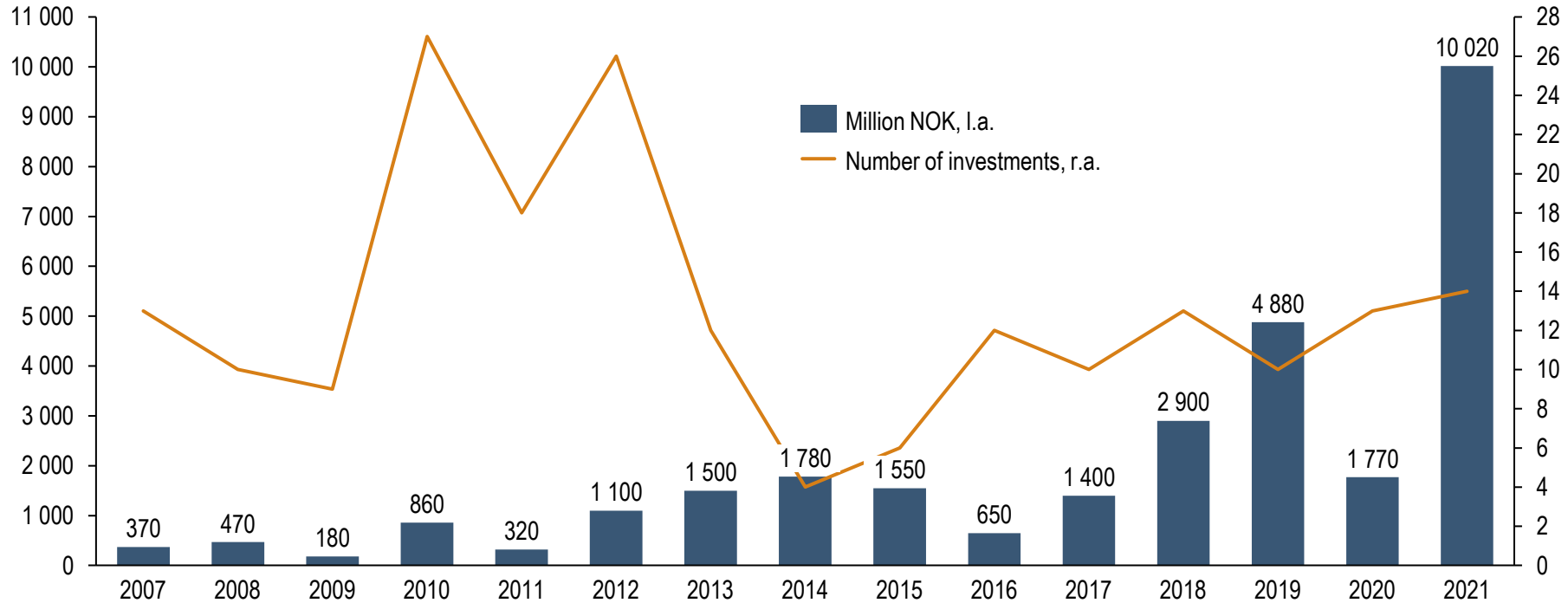


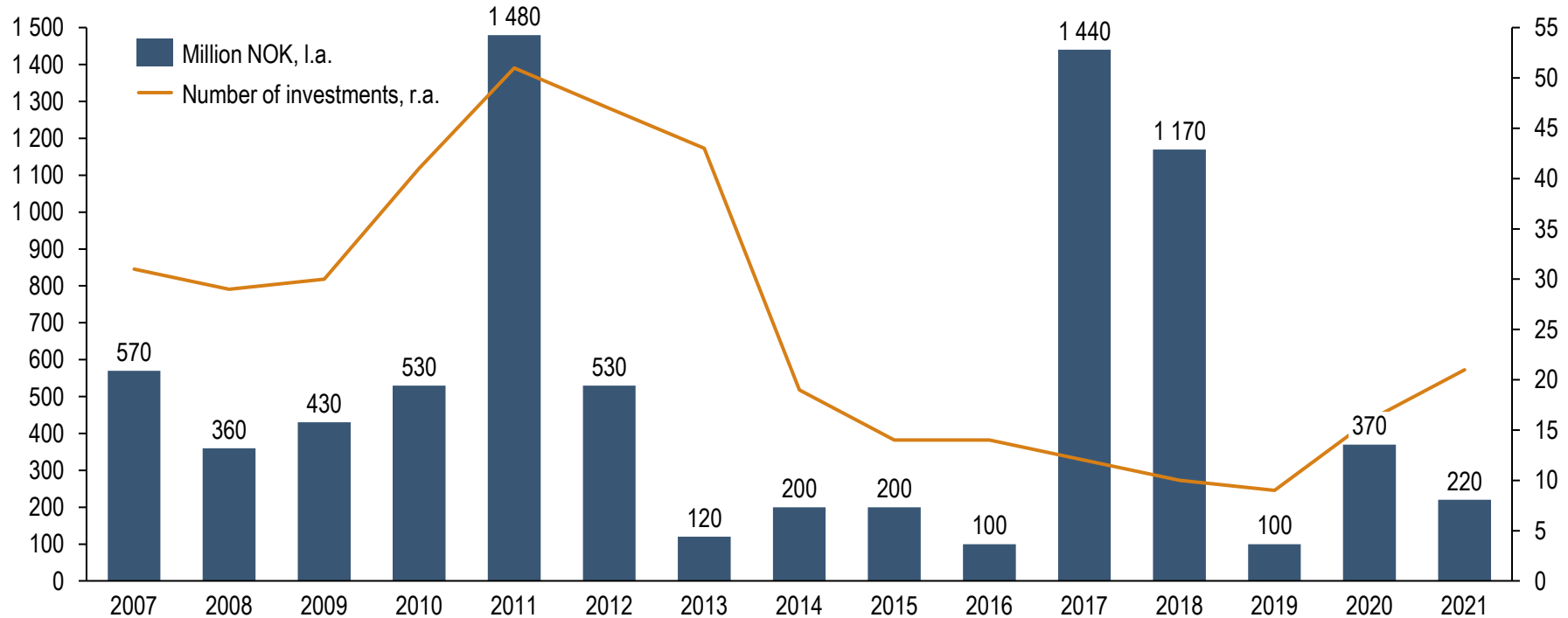
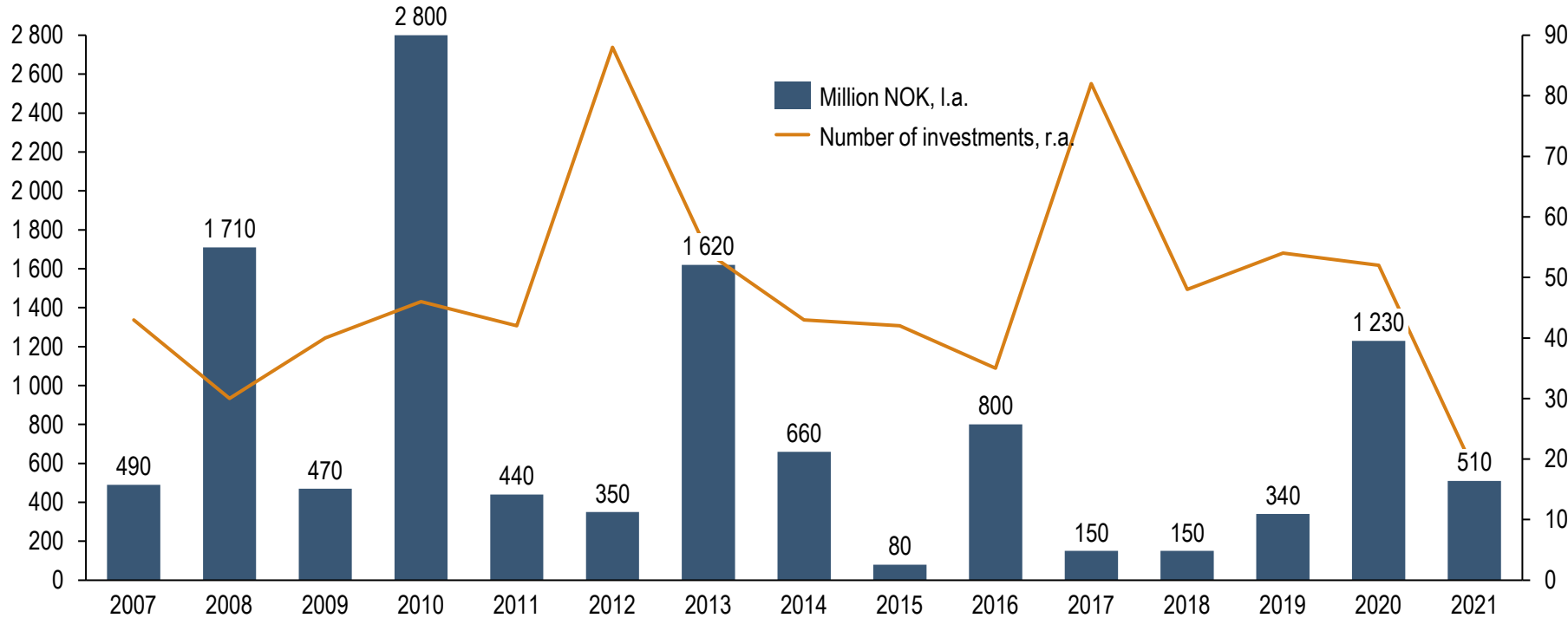
Figure 26: Initial and follow up investments in cleantech

Figure 27: Initial and follow up investments in life science

Buyout investments by segment

(market statistics)

Figure 28: 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.

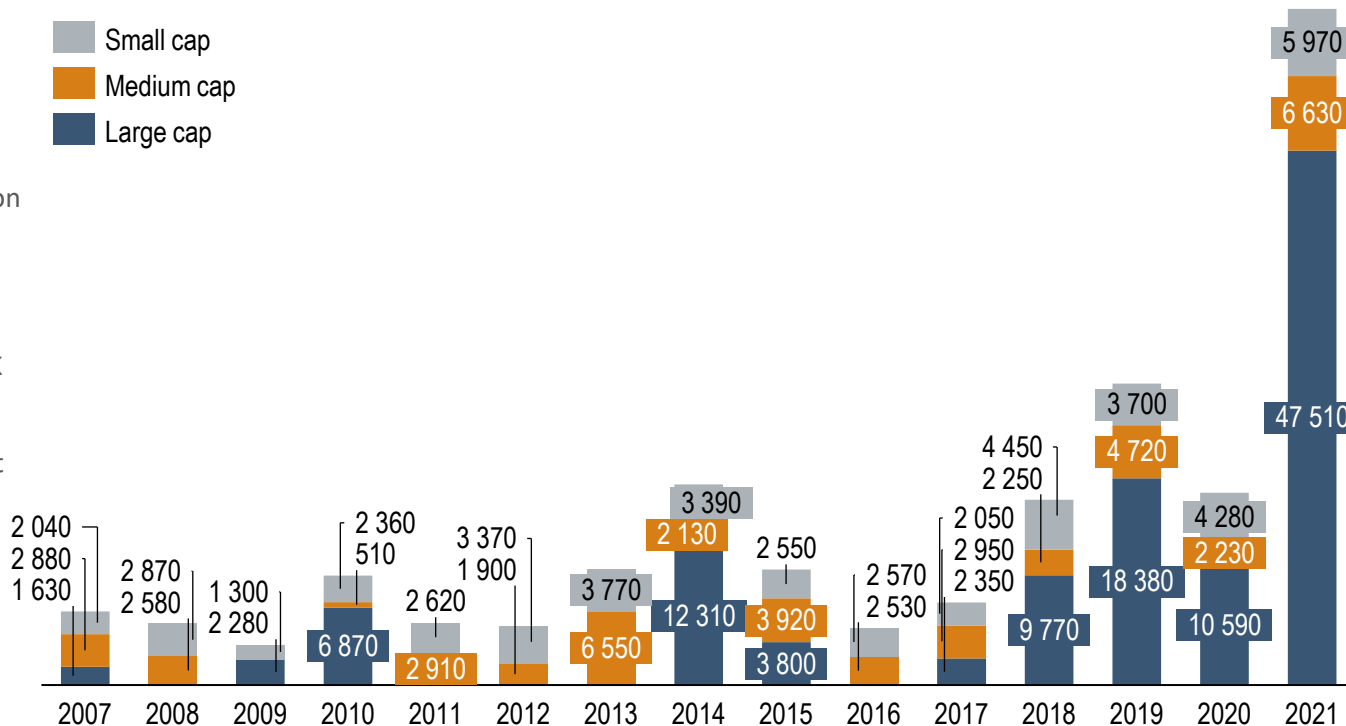
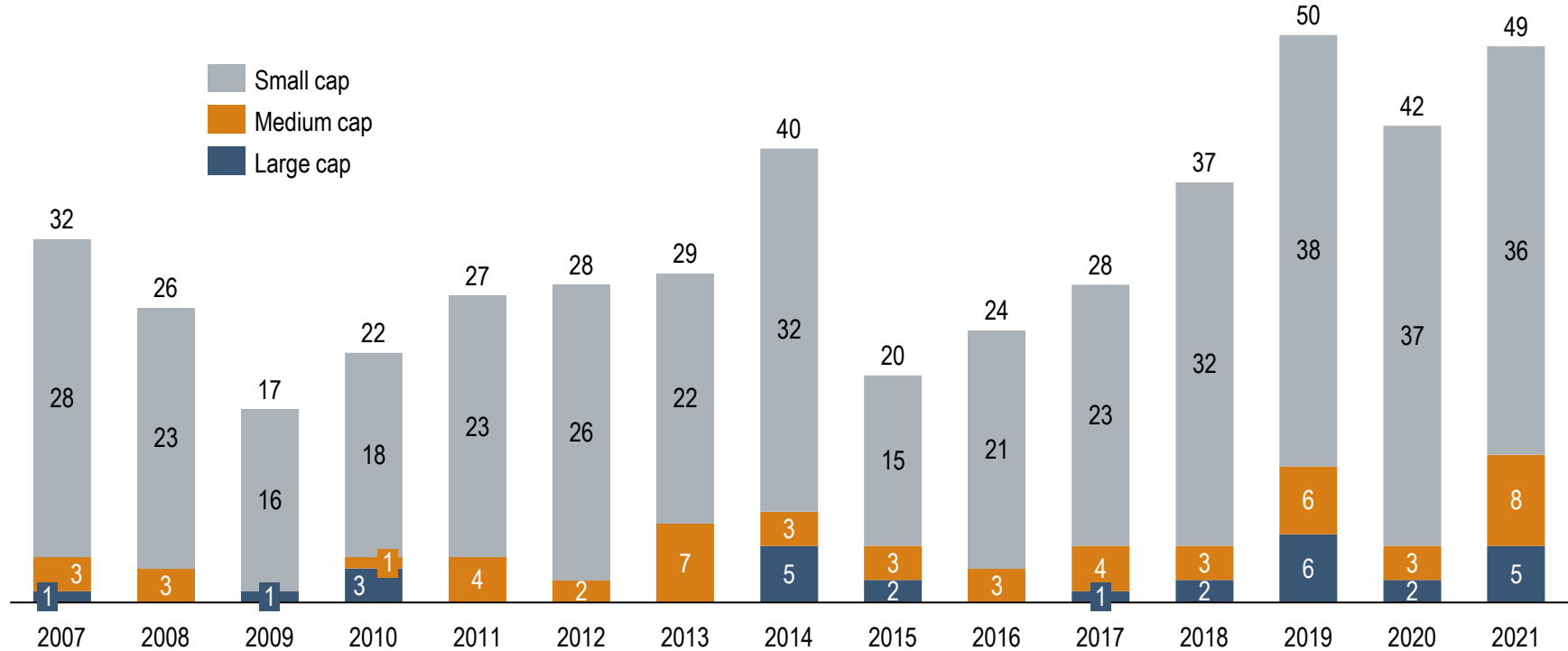


Figure 29: Buyout – number of investments in Norwegian enterprises by segment



DIVESTMENTS

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

Figure 30: Number of divestments by phase

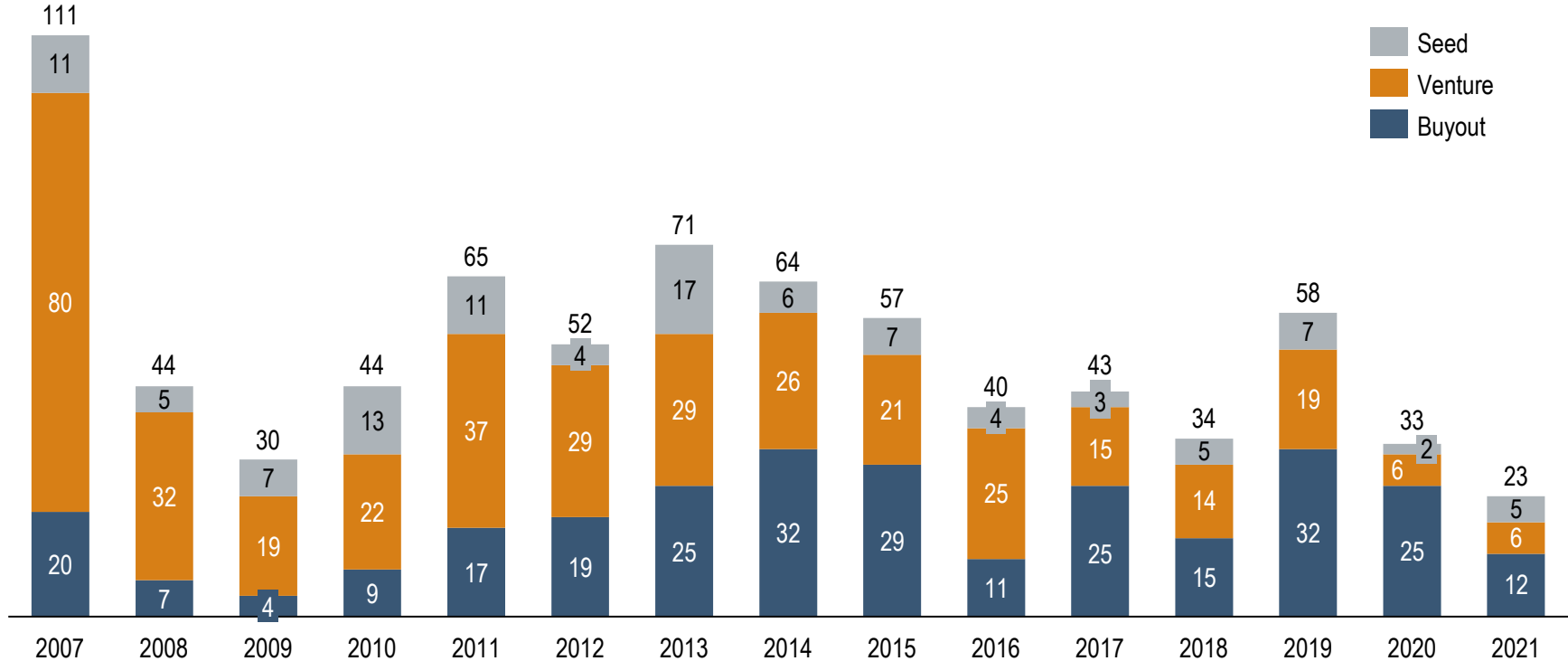


Figure 31: Number of industrial sales by phase

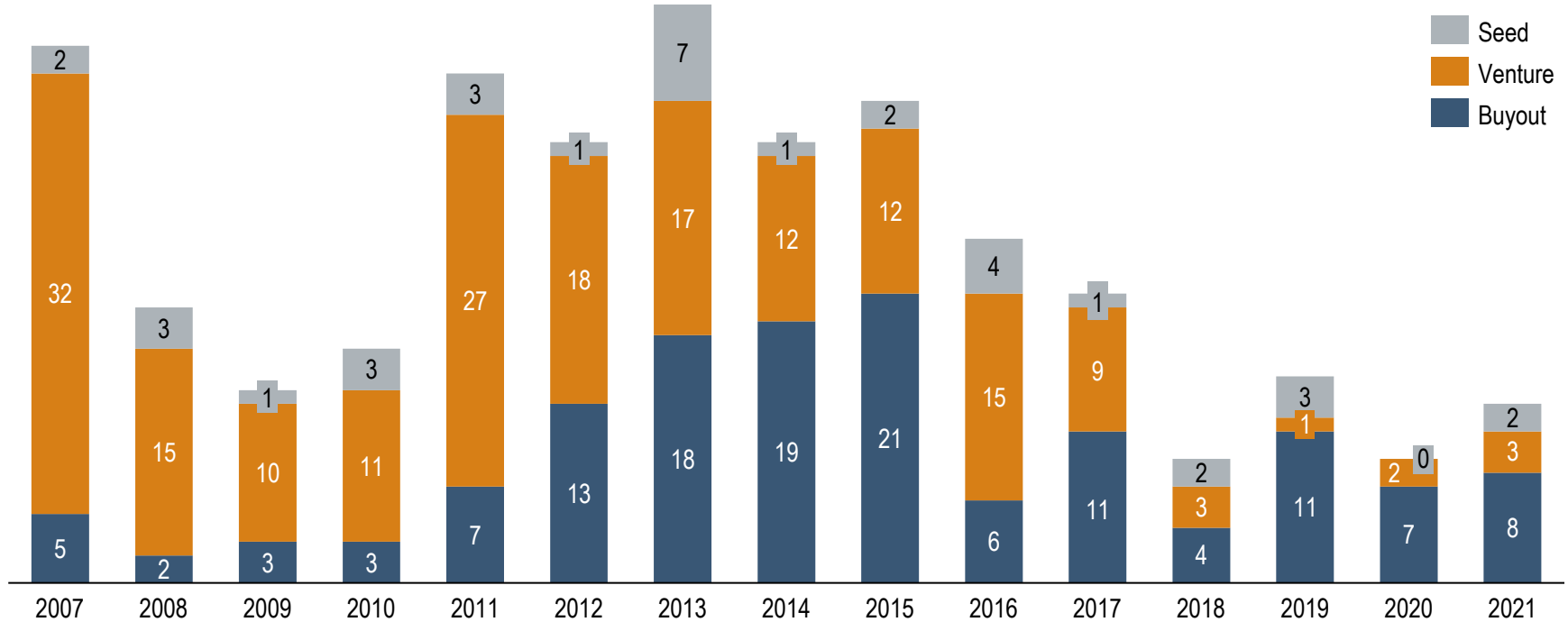
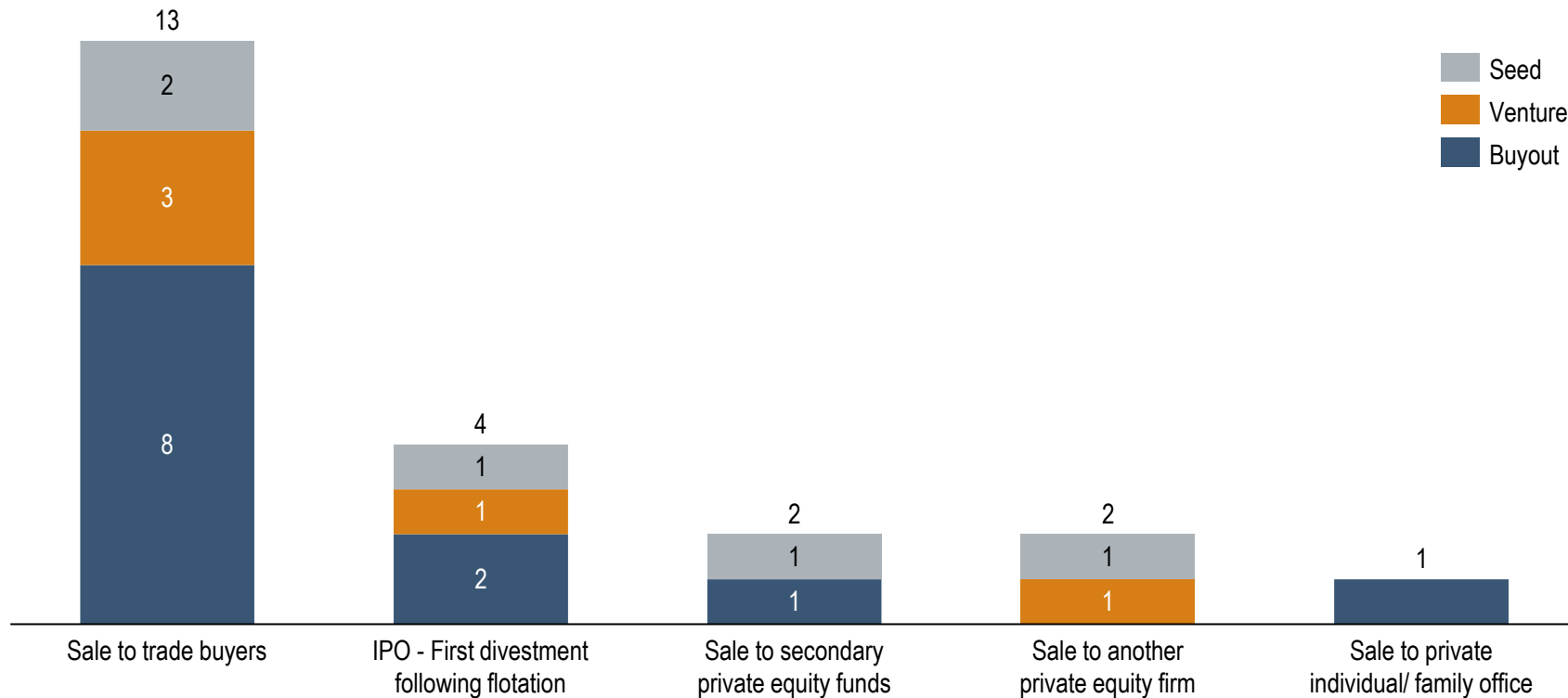


Figure 32: Number of divestments in 2021 by phase and divestment method



Divestments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

Figure 33: Number of divestments in Norwegian enterprises by phase

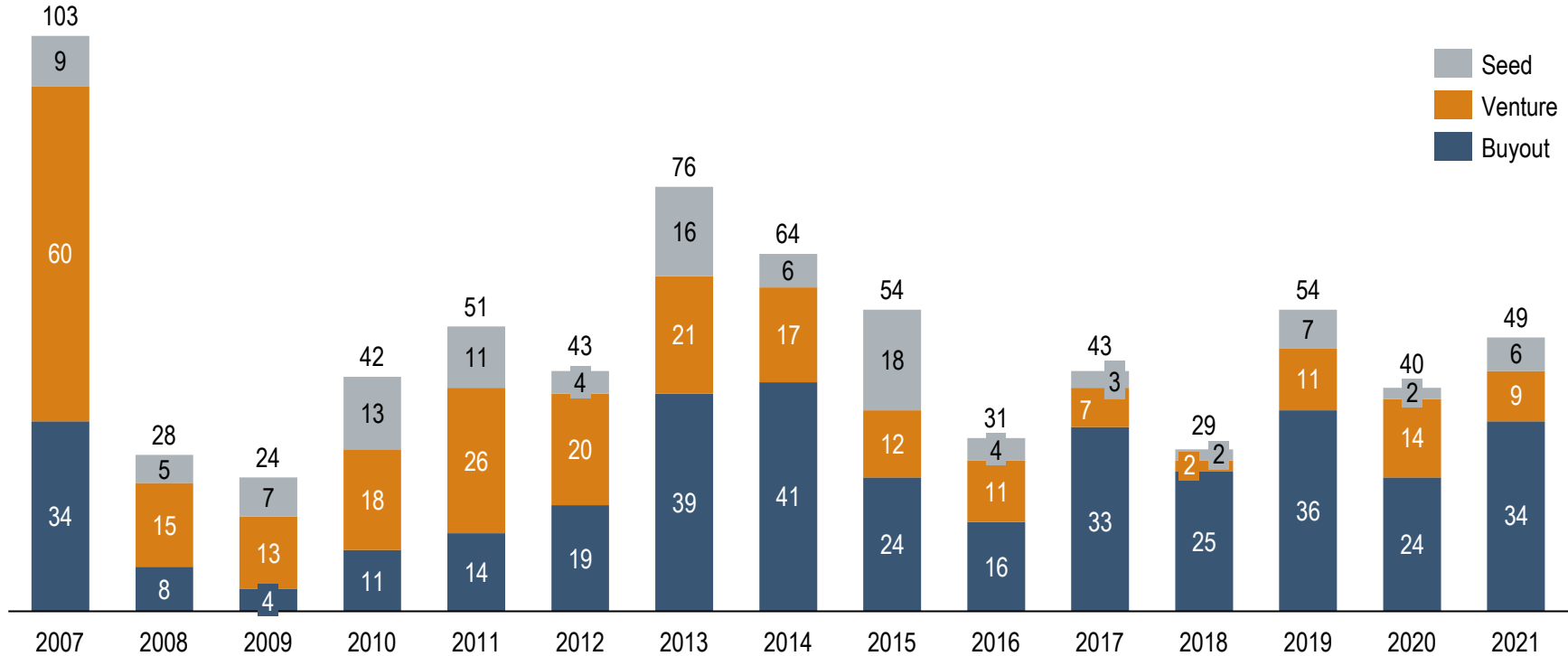


Figure 34: Number of divestments in Norwegian enterprises by phase and divestment method in 2021

