



ACTIVITY REPORT H1 2012

PRIVATE EQUITY FUNDS IN NORWAY | SEED – VENTURE – BUY OUT

The first half of 2012 was dominated by high divestment activity and limited degree of fundraising.

Norwegian PE-firms overall investment level reached almost the same level as in the first half of 2011. Investments in Norwegian enterprises increased by 28 percent, while investments in foreign enterprises dropped by 47 percent.

The overall investment level in Norwegian enterprises by Norwegian and foreign PE-firms fell by 18 percent, compared to the same period in 2011, due to few initial buyout investments by foreign PE-firms.

ABOUT THE NVCA ACTIVITY REPORT 2012

The NVCA Activity Report H1 2012 is developed for Norsk Venturekapitalforening (NVCA) - the Norwegian Venture Capital & Private Equity Association (NVCA) - by Menon Business Economics and PEREP_Analytics. The survey was conducted during June-August 2012.

THE REPORT COVERS:

- **Norwegian private equity firms:**
 - Fundraising activity
 - Investments and divestments in portfolio companies located in Norway and abroad
- **Foreign private equity firms with advisory teams located in Norway:**
 - Investments and divestments in portfolio companies located in Norway
- **Other foreign private equity firms:**
 - Investments and divestments in portfolio companies located in Norway

ON THE COMPATIBILITY WITH EUROPEAN STATISTICS

NVCA defines a «Norwegian private equity firm» as a firm with headquarters located in Norway. 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. This discrepancy in definition makes EVCA and the NVCA statistics not completely compatible.

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.

Two examples of how the NVCA's definition applies on the statistic.

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 regards as an investment made by a foreign located private equity fund.

The NVCA reports provide the reader with the most detailed data source available in the market today as the reports are based on self-reported activity by PE-firms. The response rate is high, 77 per cent response rate measured in terms of committed capital. In addition information from other sources are collected by Menon Business Economics and merged into the PE-office data. This combination ensures superior data quality based in in-house information quality controlled by researchers that are external to the PE-industry.

Oslo, August 31, 2012

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ACTIVITY REPORT H1 2012

PRIVATE EQUITY FUNDS IN NORWAY | SEED – VENTURE – BUY OUT

1. FUNDRAISING

Limited fundraising activity in H1 2012, NOK 2,03 bn (EUR 254 mill. ¹)

Seed

Norsk Innovasjonskapital (NIK) raised NOK 120 mill. (EUR 15 mill.) for investments in selected ventures originating from Norway's leading technology research and development clusters and innovation parks.

Fjord Invest SørVest also conducted some smaller fundraising this first half year, NOK 5 mill. (EUR 0.625 mill.).

Venture

The Ministry of Trade and Industry granted the government investment agency Investinor NOK 1.5 bn (EUR 187.5 mill.) to continue their activities with a stronger emphasis on expansion investments.

Buy Out

The first buyout fund ever in Northern Norway, Nordkapital, raised NOK 408 mill. (EUR 51 mill.) in H1 2012 and is planning a second closing in Q3.

Government backed seed funds

Early in Q2 the government launched its new seed fund initiative, establishing up to 6 new nation-wide generalist seed funds, each with a fund capital of NOK 500 mill. (EUR 62.5 mill.), where the government invests 50 percent of the capital. For private investors, the government offers a 15 percent loss fund. The Norwegian Parliament granted money for two seed funds in the National budget for 2012, but it remains to be seen whether the Parliament will allocate money for the remaining four funds in the budget for 2013.

¹ Based on an exchange rate between Norwegian kroner and Euro of 8. This exchange rate applies for all figures in Euros.

2. NORWEGIAN PE FIRMS - INVESTMENT ACTIVITY

The overall investment level is about the same as in H1 2011

Norwegian PE firms² invested a total of NOK 1943 mill. (EUR 243 mill.) during the first half of 2012 compared to NOK 2020 mill. (EUR 252.5 mill.) in the same period last year.

Increased investment level in Norwegian enterprises

Investments in Norwegian enterprises increased by nearly 28 percent from NOK 1168 mill. (EUR 146 mill.) in H1 2011 to NOK 1491 mill. (EUR 186.4 mill.) in H1 2012).

Decline in investments in foreign enterprises

Investments in foreign companies fell by nearly 47 percent compared to H1 2011 levels from NOK 851 mill. (EUR 106.4 mill.) to NOK 452 mill. (EUR 56.5 mill.) Nevertheless, investments made abroad dominates most of the larger investments within venture.

Seed

Investments within the seed segment amounted to only NOK 3 mill. (EUR 0.375 mill.) in H1 2012, down from NOK 14 mill. (EUR 1.75 mill.) in H1 2011.

It must be emphasized that the above figures do not give the full picture of the investment activities carried out by the Norwegian seed funds. Due to EVCA – Pereg_Analytics segment classification a relatively large number of the seed funds investments in the follow-up phase are reported in the venture category. In total Norwegian seed-funds invested NOK 108 mill. (EUR 13.5 mill.) in Norwegian enterprises in H1 2012. Most of these investments were within start-up and early stage venture.

Venture

NOK 574 mill. (EUR 71.8 mill.) invested in H1 2012. This is NOK 40 mill. (EUR 5 mill.) more than in H1 2011, but it is still only 62 percent of the 2010 H1-level.

The sectors which attracted the highest levels of investments were Petroleum, NOK 140 mill. (EUR 17.5 mill.), Communication, NOK 117 mill. (EUR 14.6

² A Norwegian private equity firm is defined by having its headquarters located in Norway.

mill.), IT, NOK 103 mill. (EUR 12.9 mill.) and finally, Cleantech and Life Science, NOK 65 mill. (EUR 8.1 mill.) and NOK 61 mill. (EUR 7.6 mill.) respectively.

Most initial investments were made within the Petroleum sector and IT, while Communication, Cleantech and Life Science dominate the follow up investments.

Buyout

NOK 1366 mill. (EUR 171 mill.) invested in H1 2012, down from H1 2011, with a buyout investment level at NOK 1471 mill. (EUR 184 mill.)

Petroleum investments and investments made within business and industry related services and products dominate the investments. Most initial investments are made within business and industry services and products. Within follow up investments, petroleum investments dominate. Looking at the number of investments instead of amounts – most initial investments are made within IT and communication, while the cleantech industry received strong attention in terms of the number of follow up investments.

3. FOREIGN AND DOMESTIC INVESTMENTS IN NORWEGIAN BUSINESSES

Overall fall in investments in Norwegian enterprises

The overall investment level in Norwegian enterprises from both foreign and Norwegian PE funds dropped by 18 percent - NOK 872 mill. (EUR 109 mill.) - compared to the same period last year, from NOK 4823 mill. (EUR 603 mill.) in H1 2011 to NOK 3951 mill. (EUR 494 mill.) in H1 2012. Foreign PE firms located outside Norway pulled down the overall level of investments, due to a low level of initial buyout investments

Seed

No initial investments within the seed segment were reported in H1 2012, as in H1 2011 and H2 2011. One follow up investment, for about NOK 3 mill. (EUR 0.375 mill.), was registered as seed investment. , However, many of follow-up investments made by seed funds are registered as venture due to EVCA - Pereg segment classification. As mentioned before, Norwegian seed-funds invested NOK 108 mill. (EUR 13.5 mill.) in total in Norwegian enterprises during H1 2012. Most of these investments were within start-up and early stage venture.

Venture

Both the number of initial and follow up investments fell with 16 investments compared to H1 2011. In amount, the investment level fell from NOK 399 mill. (EUR 49.9 mill.) in H1 2011 to NOK 364 mill. (EUR 45.5 mill.) in H1 2012.

Buyout

The initial investments level fell from NOK 3991 mill. (EUR 498.9 mill.), in H1 2011 to NOK 2877 mill. (EUR 359.6 mill.) in H1 2012, but follow up investments increased from NOK 427 mill. (EUR 53.4 mill.) in H1 2011 to NOK 707 mill. (EUR 88.4 mill.) in H1 2012.

Initial investments made by foreign PE firms located outside Norway added up to NOK 544 mill. (EUR 68.5 mill.) in H1 2012 compared to NOK 1390 mill. (EUR 174 mill.) in H1 2011.

4. DIVESTMENTS

The high divestments activity level within the venture segment continues. With 18 divestments from Norwegian funds in both foreign and Norwegian enterprises, it is a tie between H1 2011 and H1 2012.

Divestments related to Norwegian enterprises made both from Norwegian and foreign funds amount to 22 in H1 2012. 13 out of the 22 divestments were sale to trade buyers.

The high level of divestments appears to carry on in Q3.

5. APPENDIX

Graphs and charts:

- Activity Report H1 2012 – Private Equity Funds in Norway
- Activity Report Q2 2012 – Private Equity Funds in Norway

NORWEGIAN VENTURE CAPITAL & PRIVATE EQUITY ASSOCIATION (NVCA)

APPENDIX

PRIVATE EQUITY FUNDS IN NORWAY

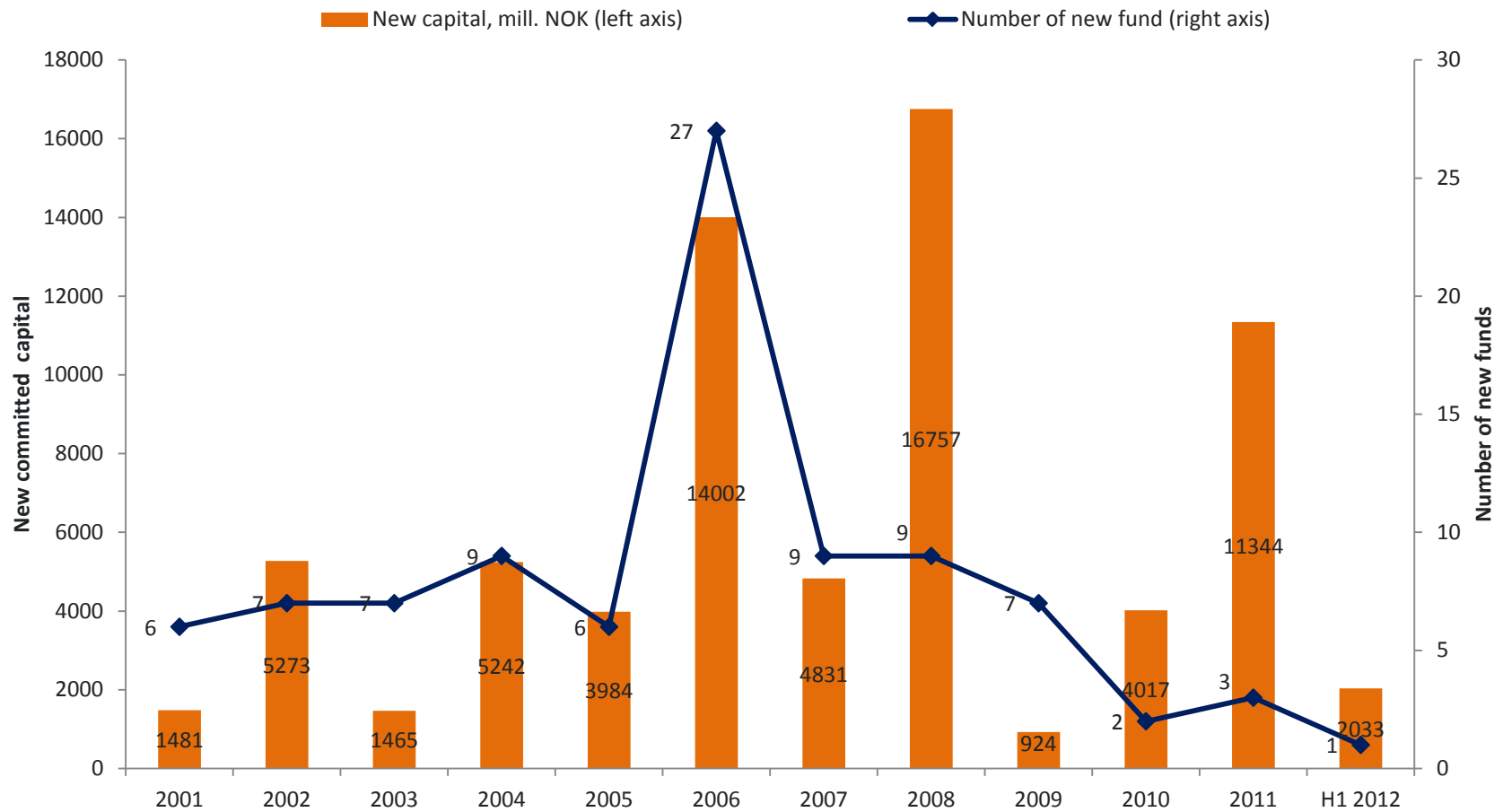
ACTIVITY REPORT H1 - 2012

(SEED – VENTURE – BUY OUT)

FUNDRAISING

Charts and graphs

NUMBER OF NEW FUNDS AND NEW COMMITTED CAPITAL 2001- H1 2012

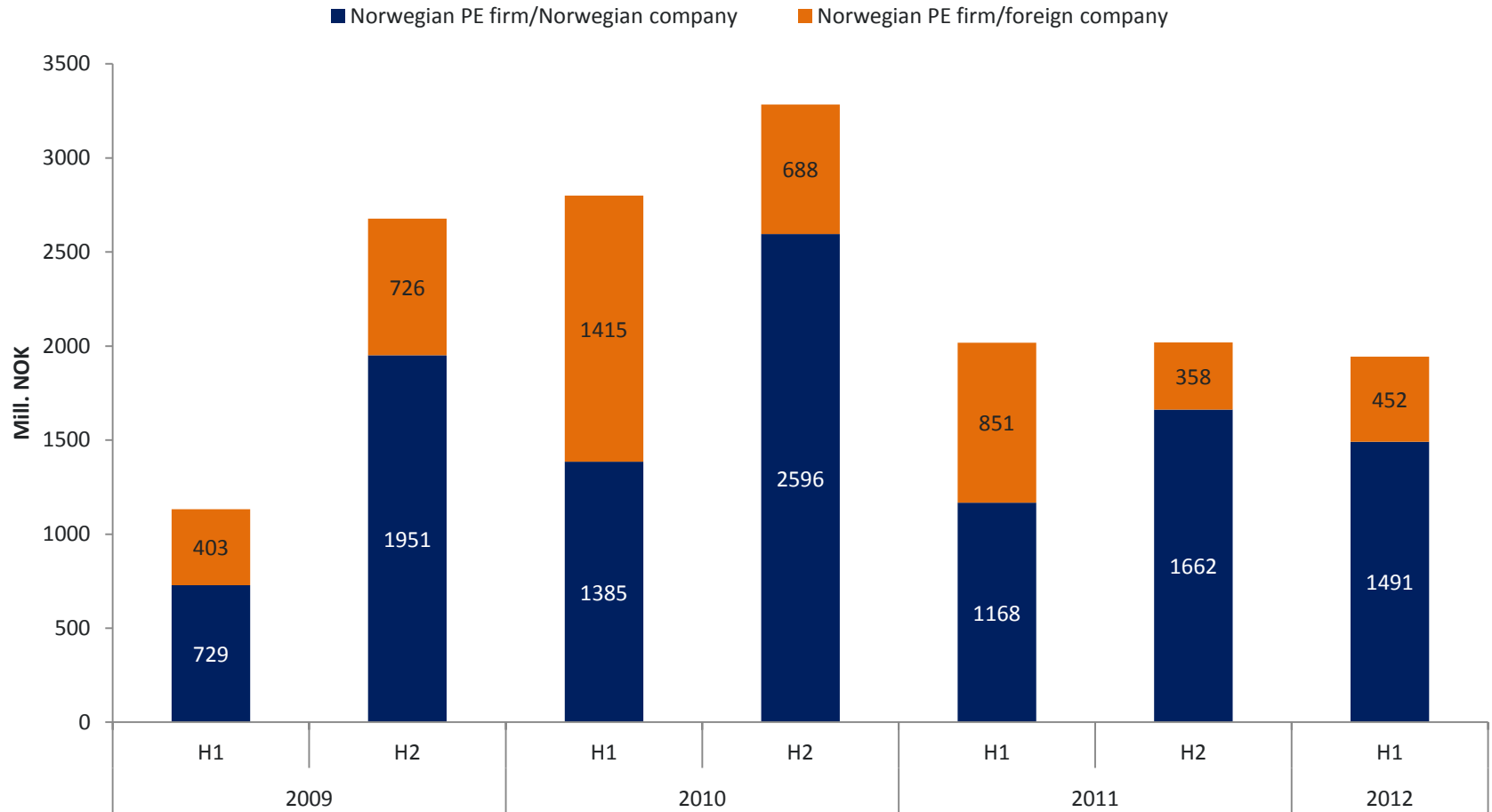


INVESTMENTS

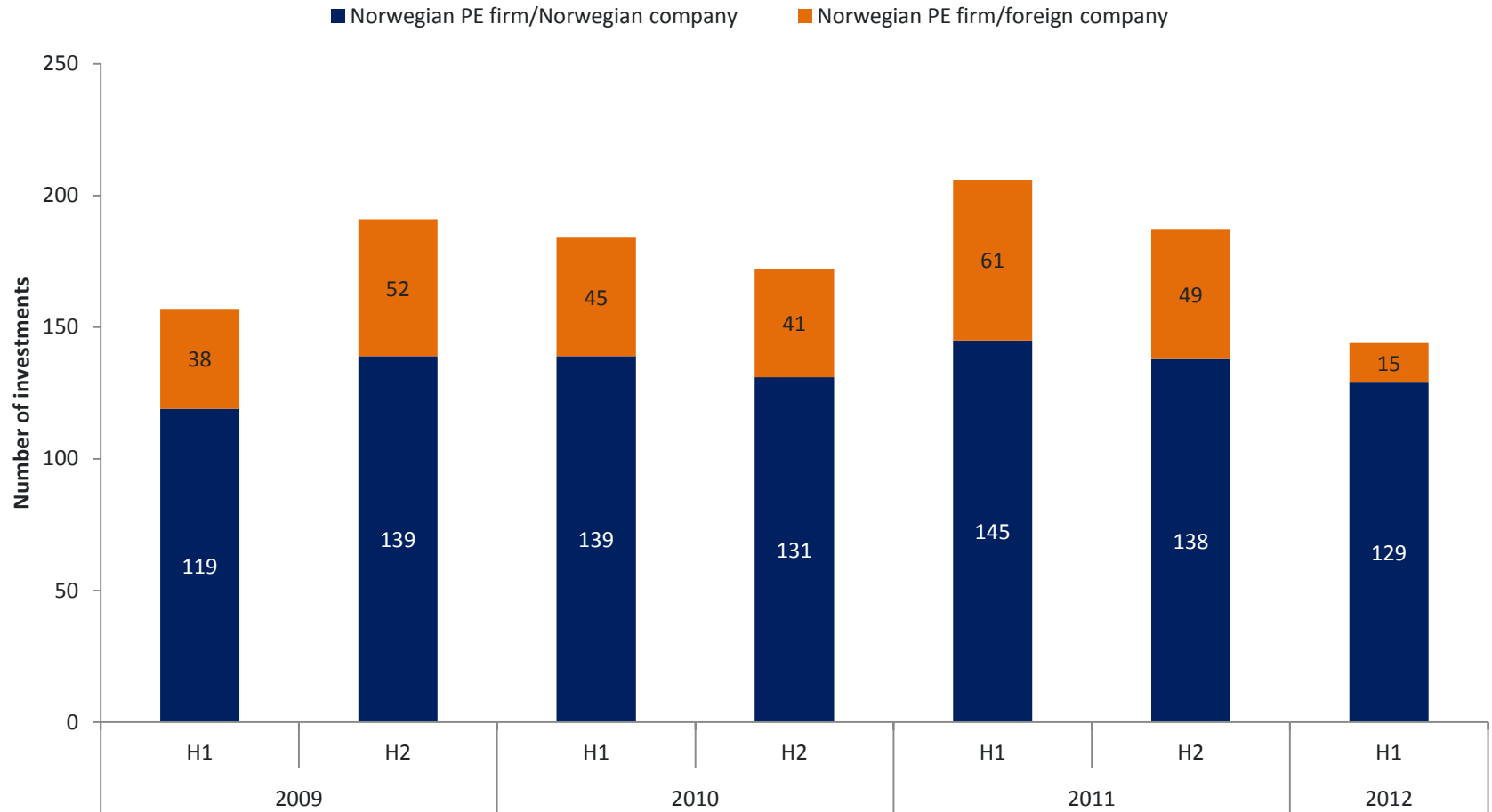
Charts and graphs

Norwegian PE firms' investments in Norwegian and foreign enterprises

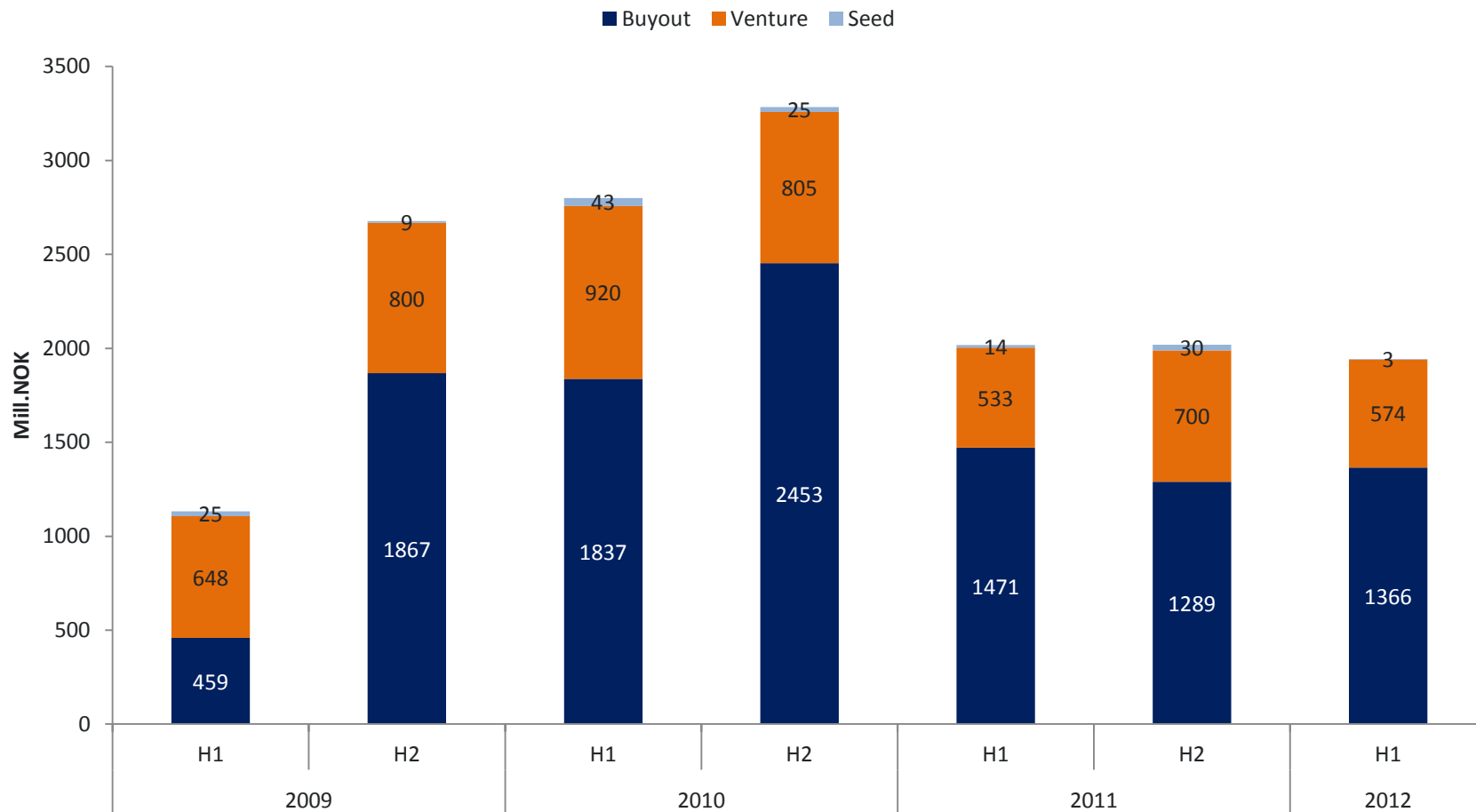
INDUSTRY STATISTICS: TOTAL AMOUNT OF INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS



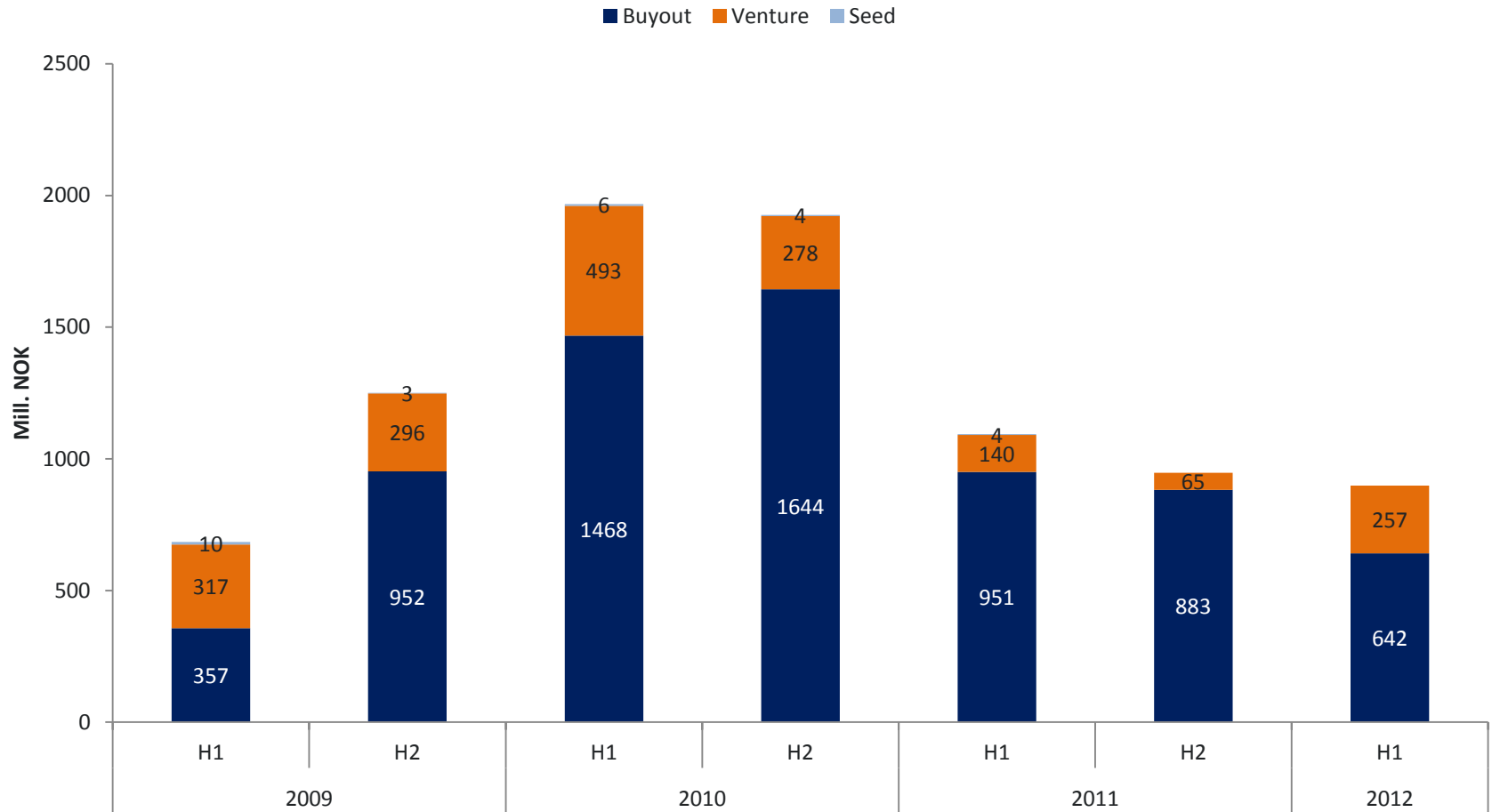
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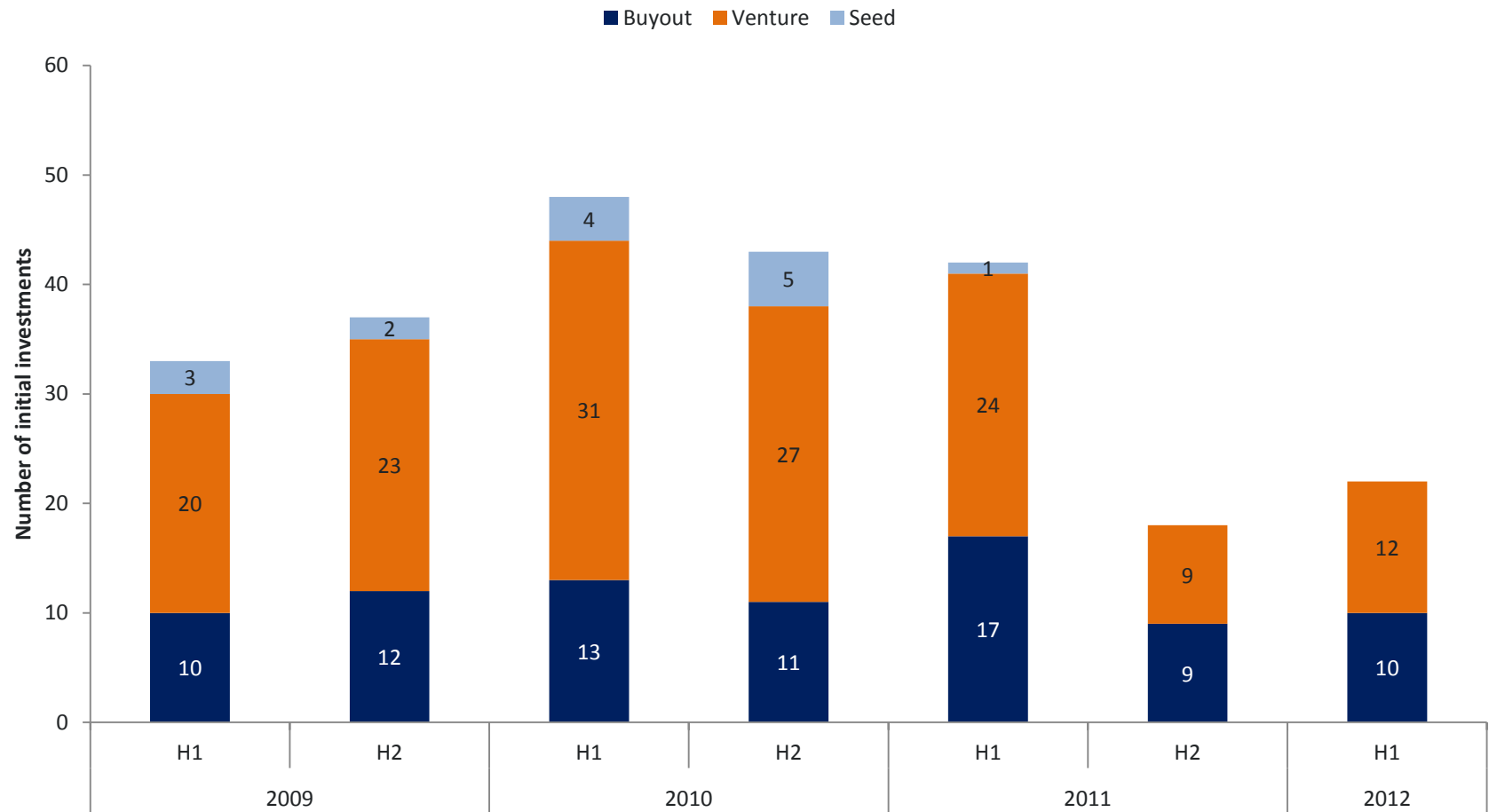
NORWEGIAN PE FIRMS' TOTAL INVESTMENTS BY PHASE (MILL. NOK)



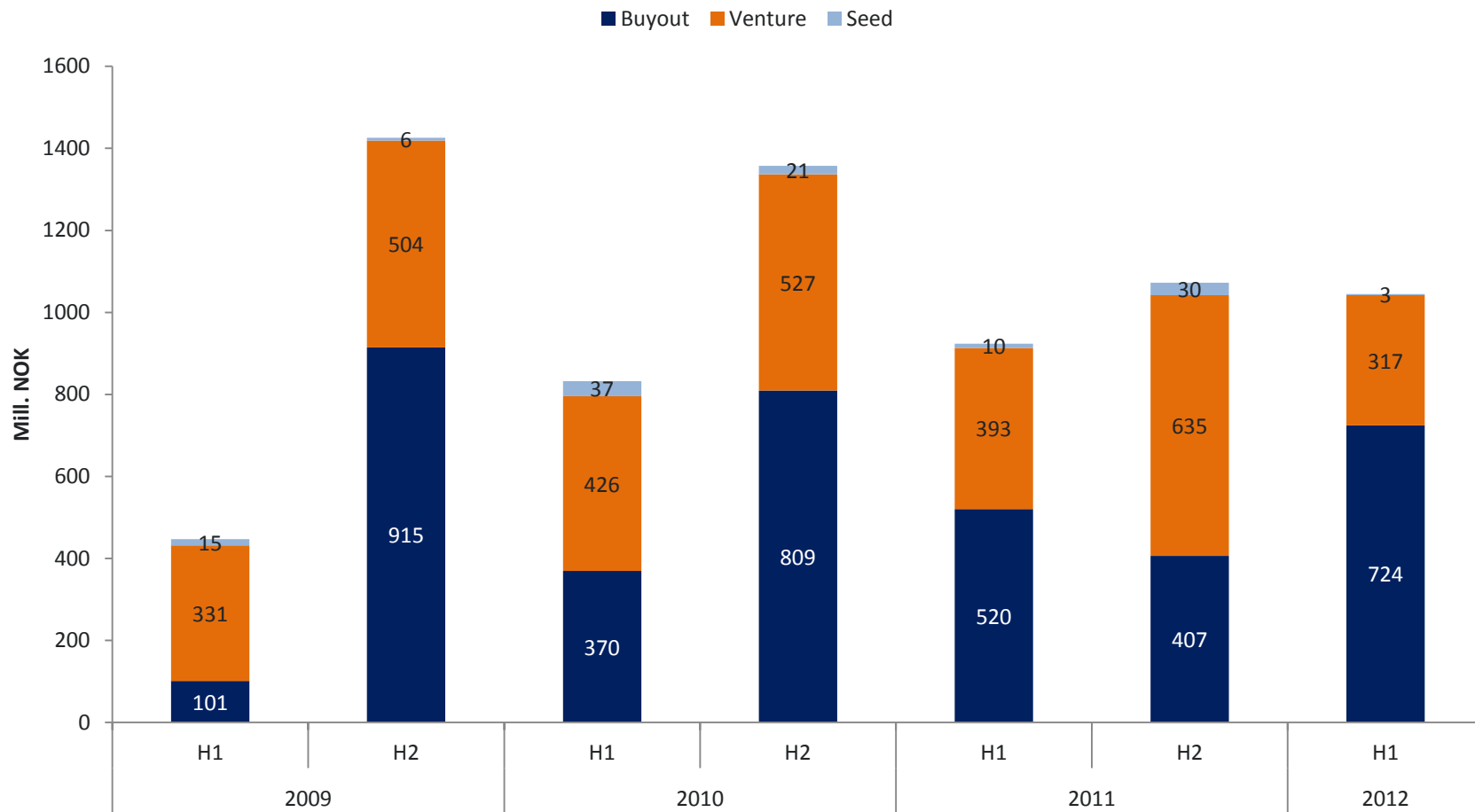
INITIAL INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS (MILL. NOK)



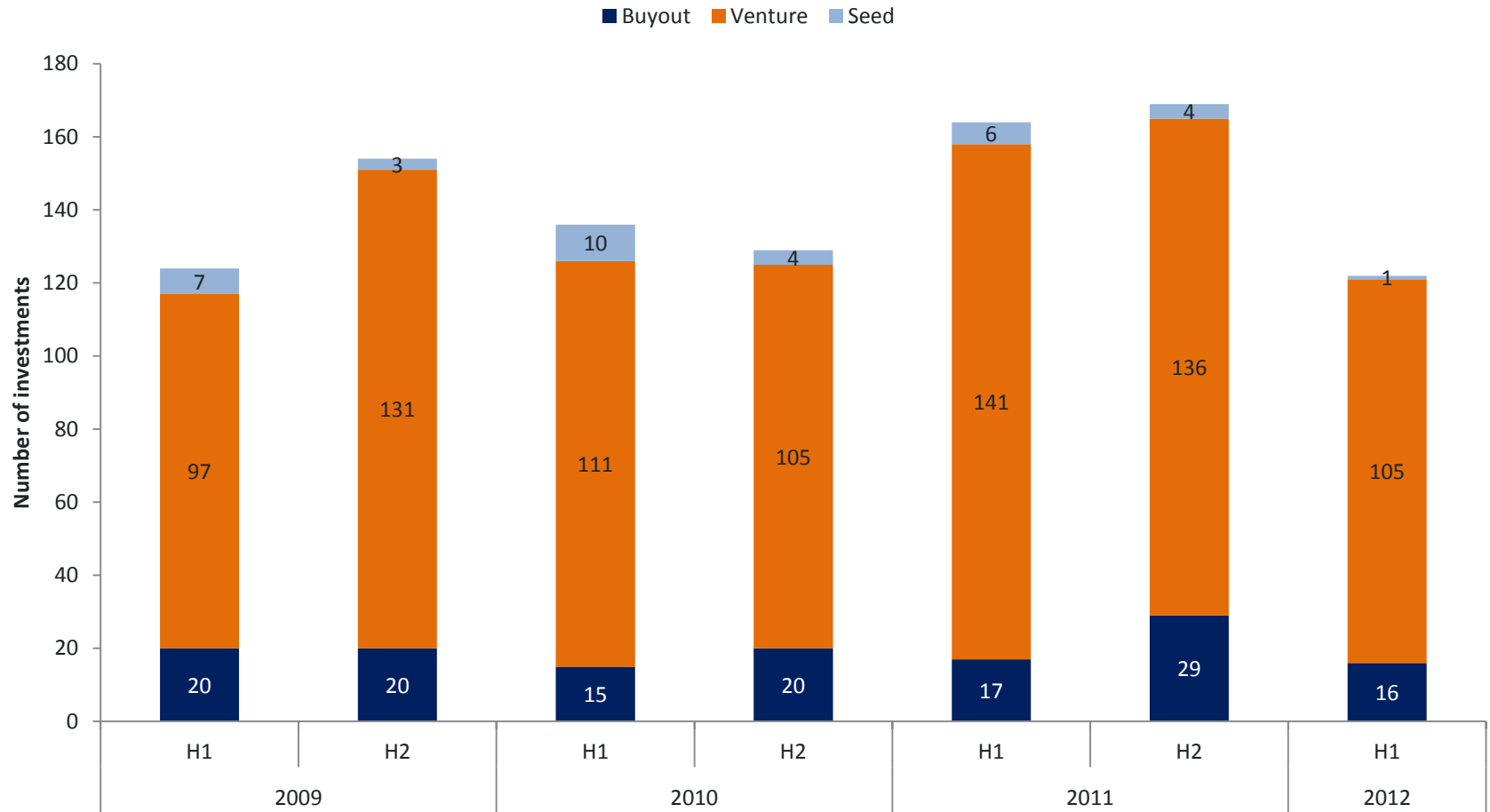
NUMBER OF INITIAL INVESTMENTS BY NORWEGIAN PE FIRMS IN NORWEGIAN AND FOREIGN ENTERPRISES



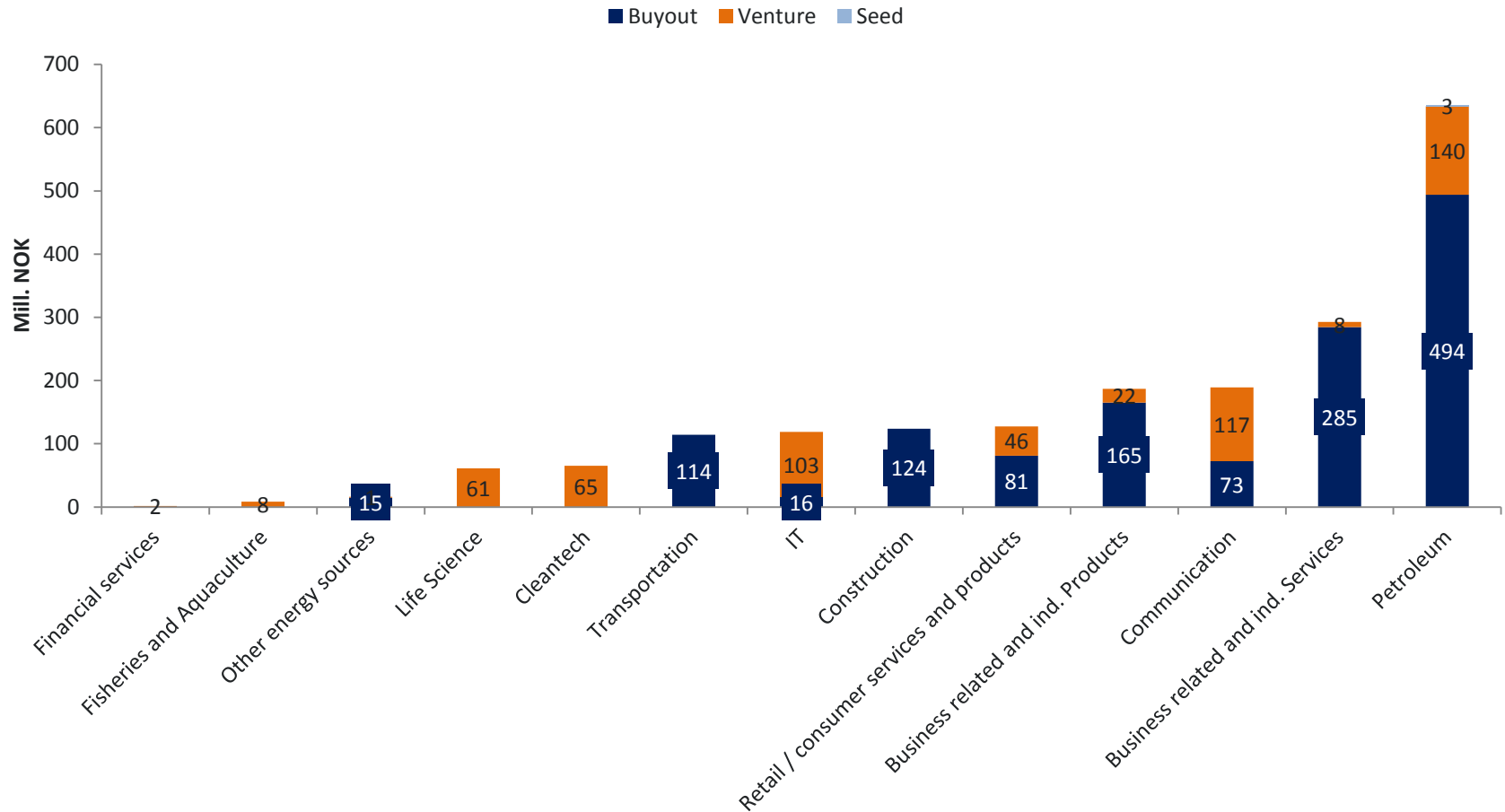
FOLLOW UP INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRM (MILL. NOK)



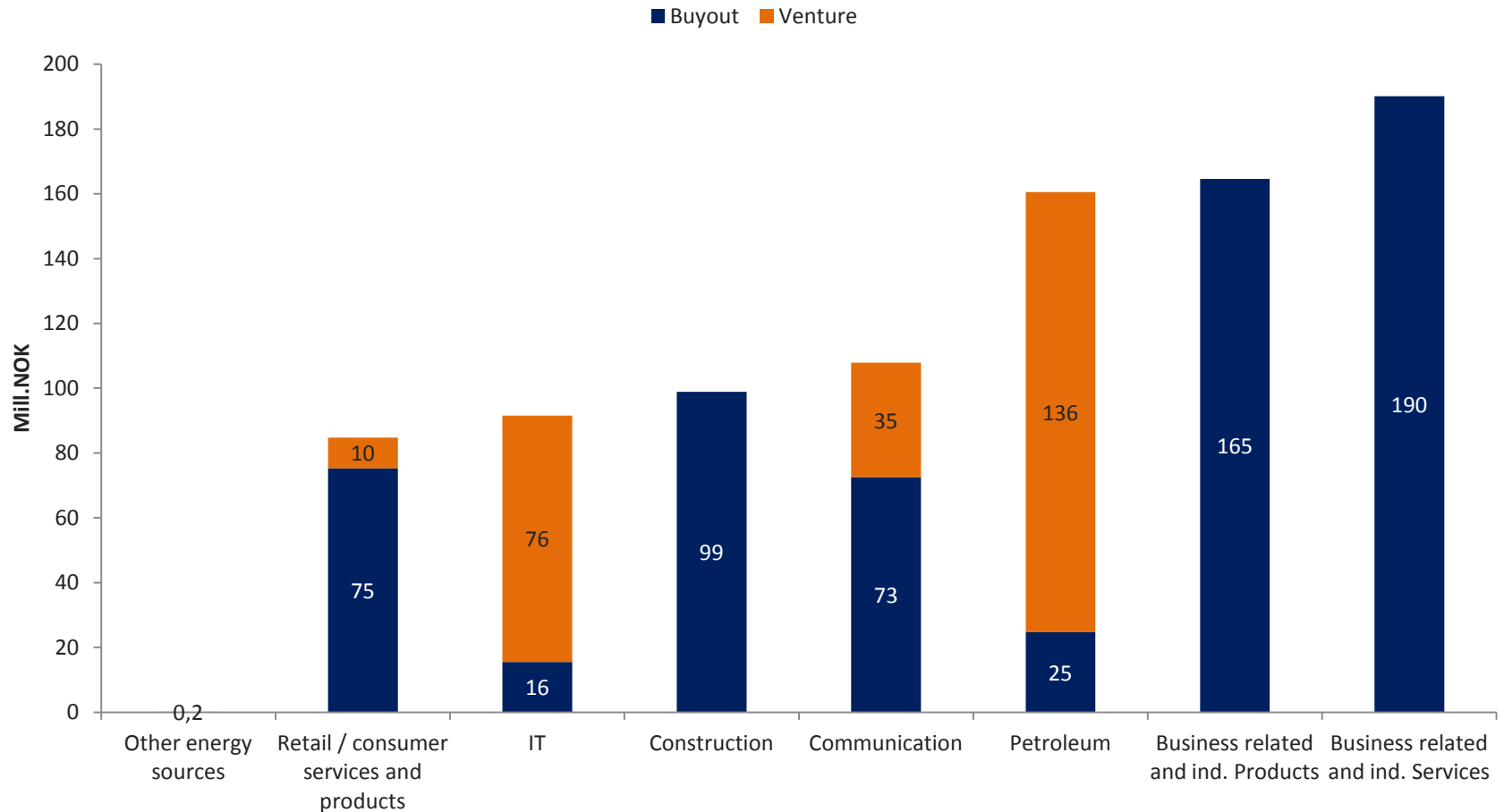
NUMBER OF FOLLOW UP INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS



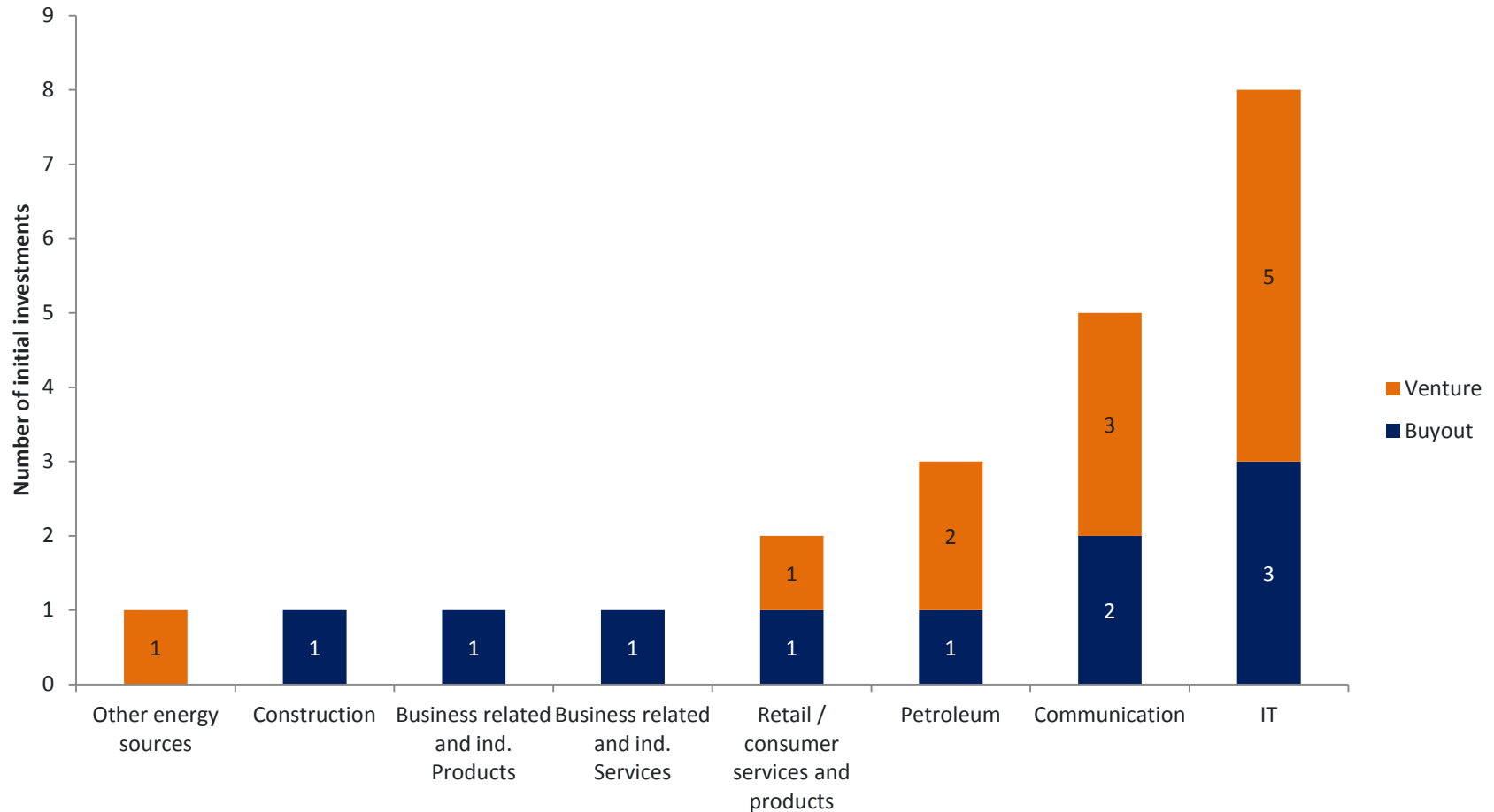
TOTAL AMOUNT INVESTED BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN H1 2012 (MILL. NOK)



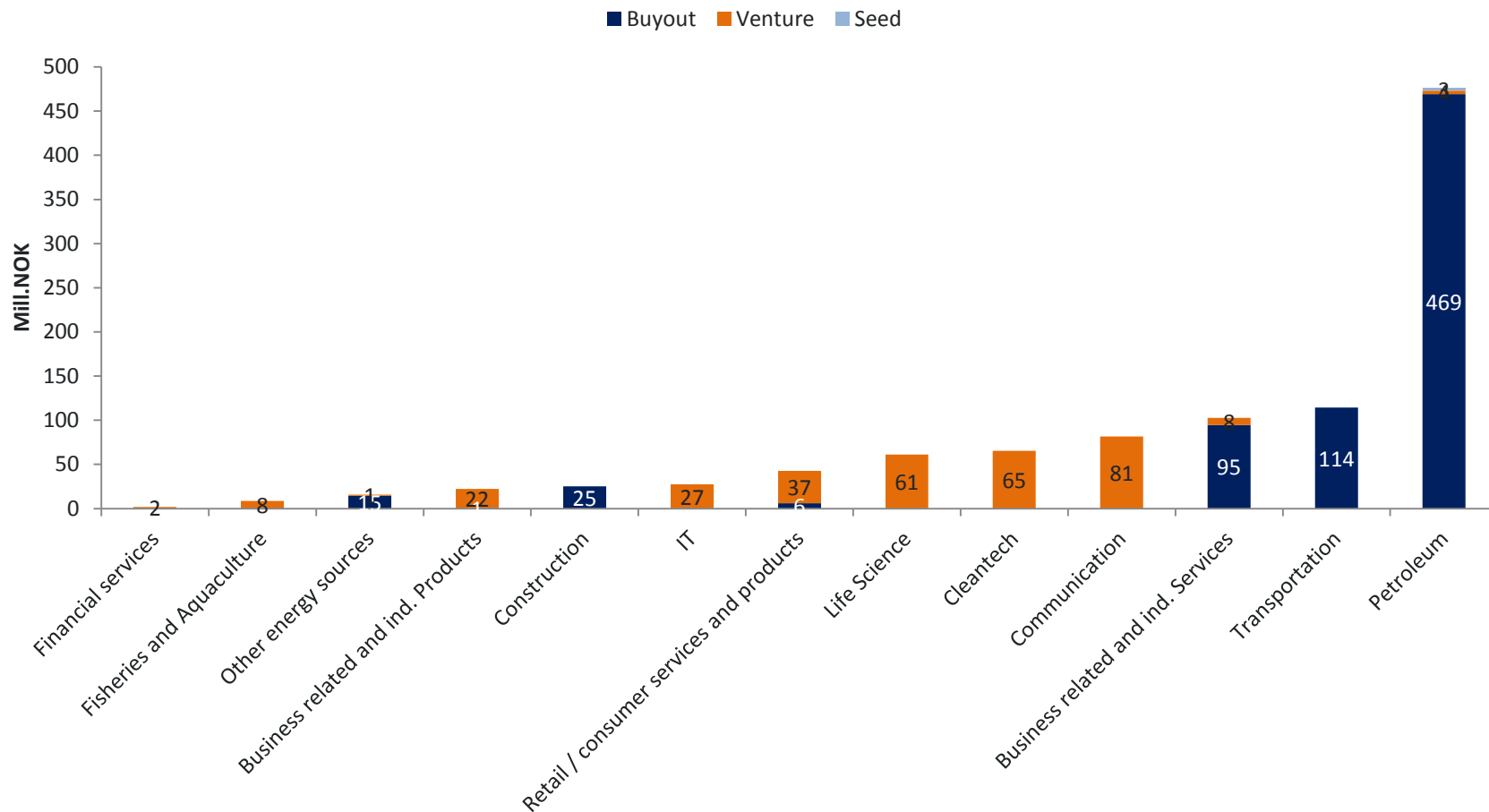
INITIAL INVESTMENTS BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN H1 2012 (MILL. NOK)



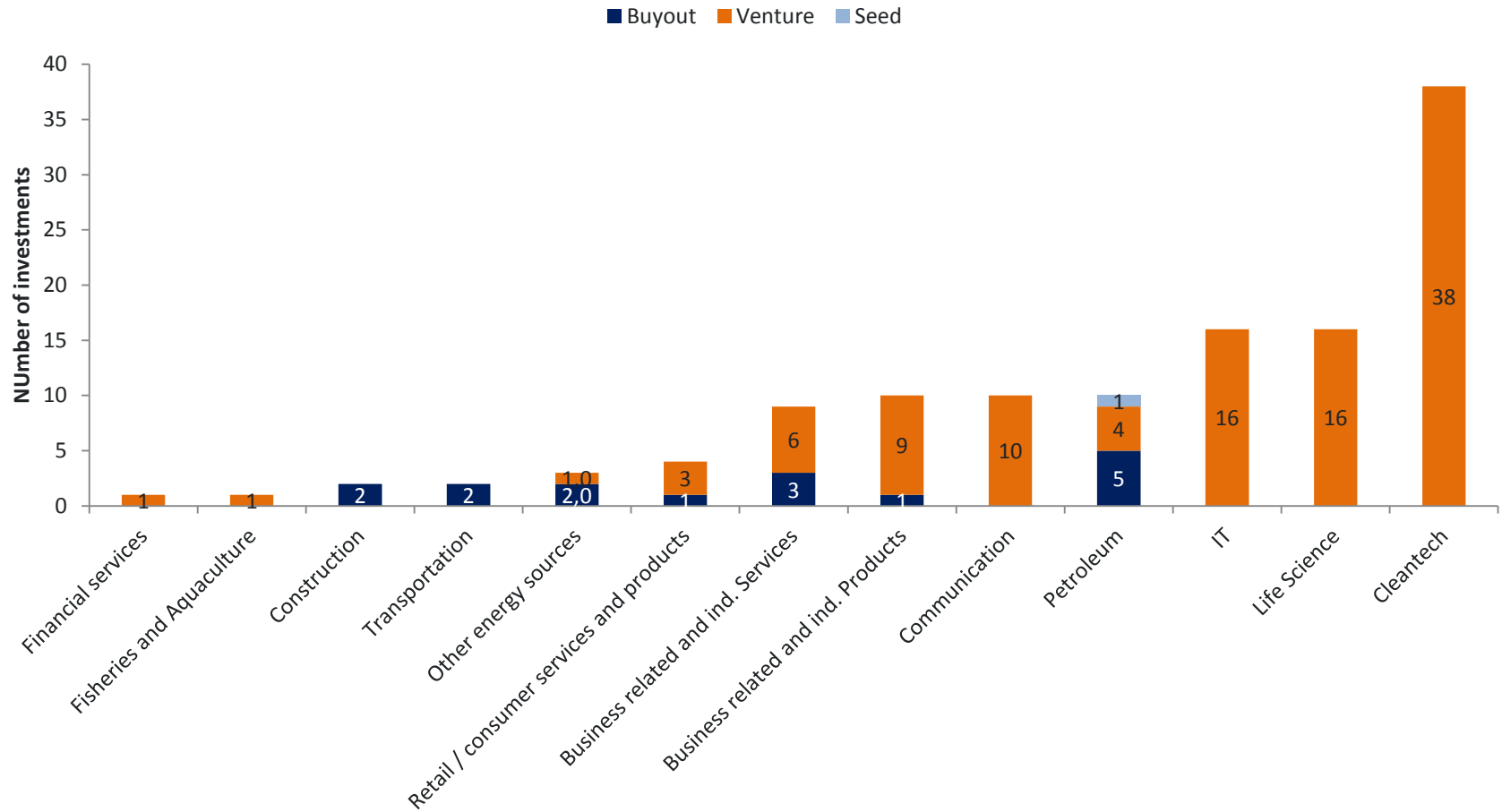
NUMBER OF INITIAL INVESTMENTS BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN H1 2012



FOLLOW UP INVESTMENT BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN H1 2012 (MILL. NOK)



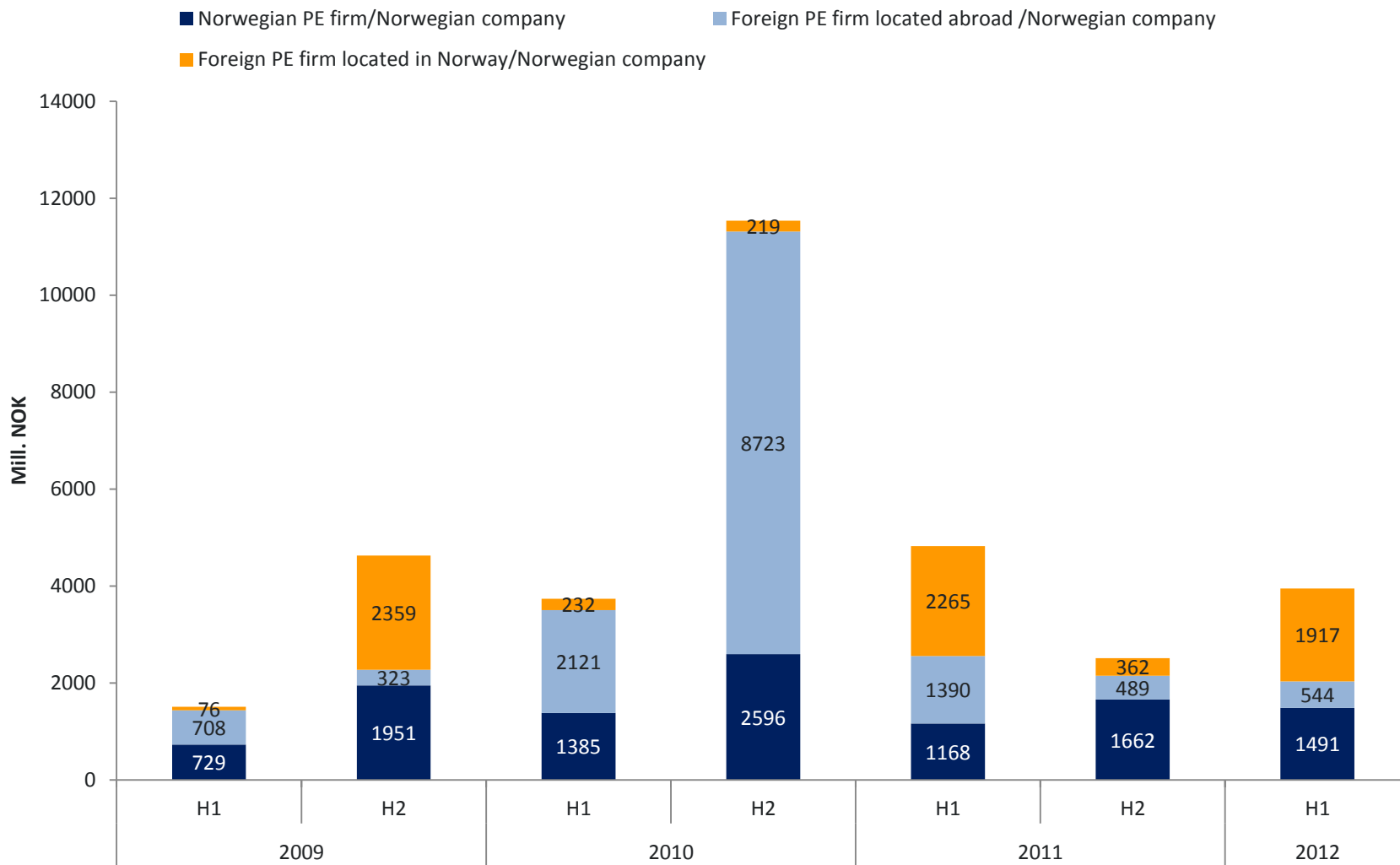
NUMBER OF FOLLOW UP INVESTMENTS BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS



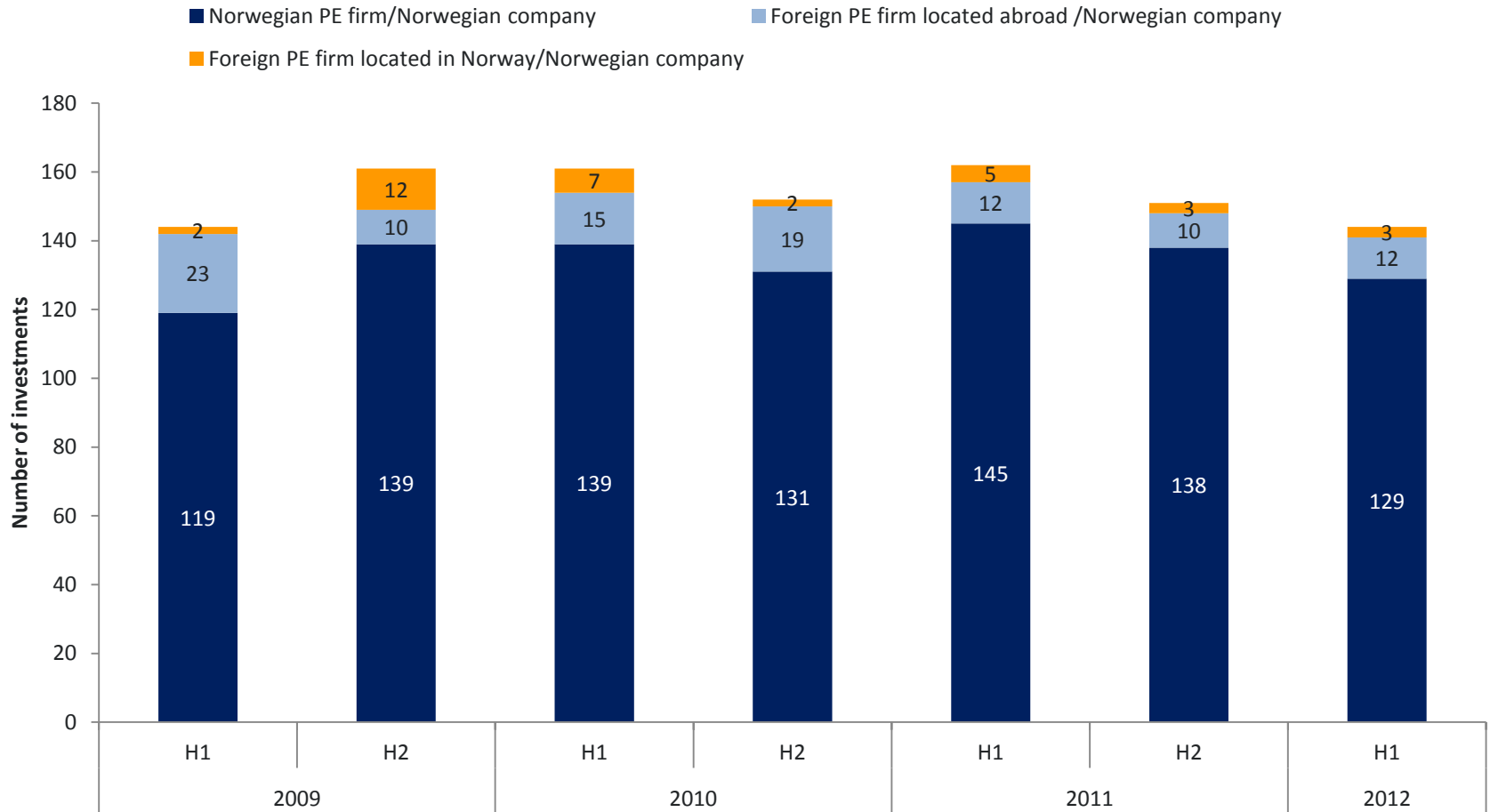
Investments in Norwegian enterprises by Norwegian and foreign PE firms

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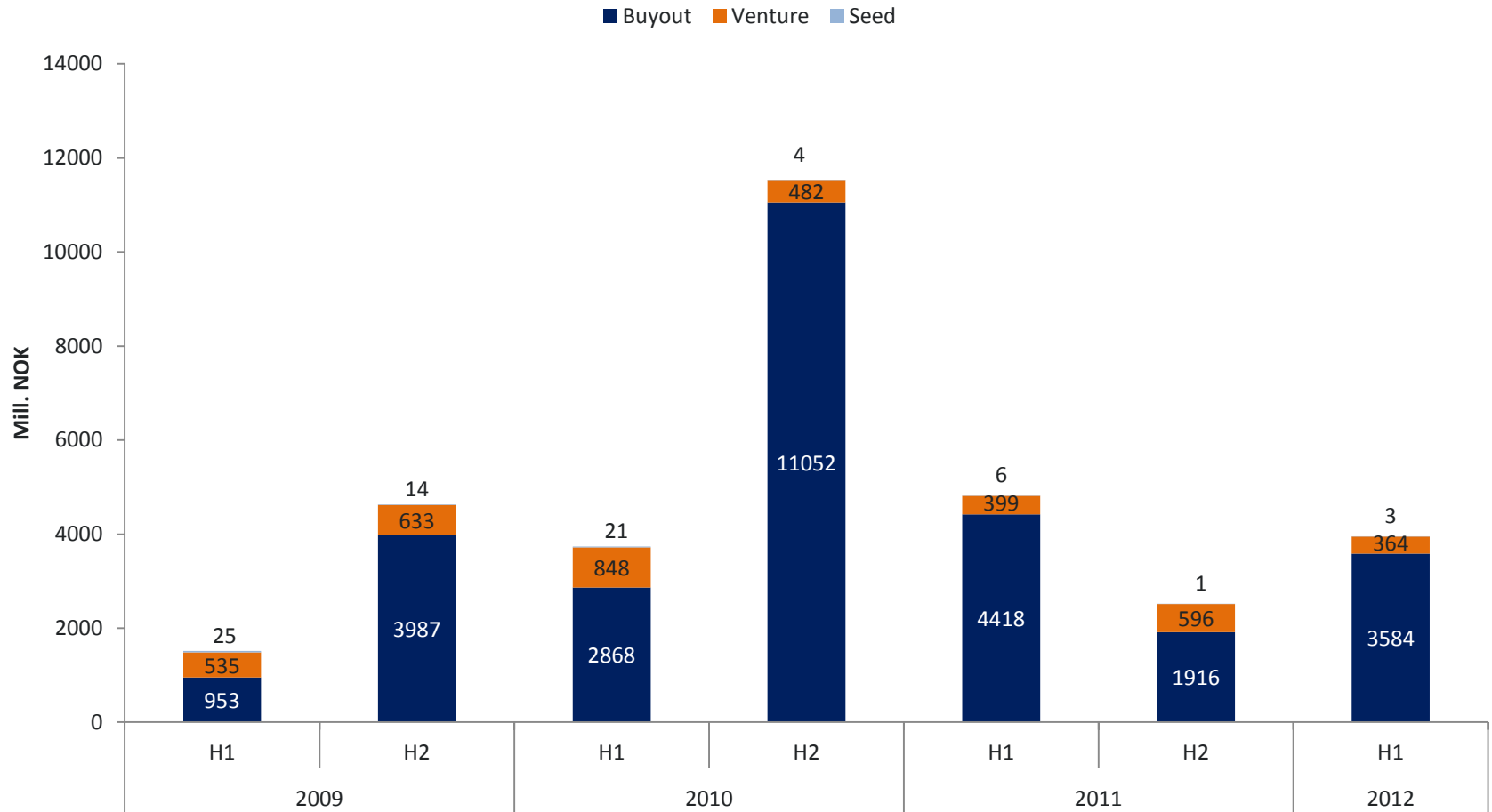
MARKET STATISTICS: TOTAL AMOUNT OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY LOCATION OF ADVISORY TEAM AND NATIONALITY OF PE FIRM



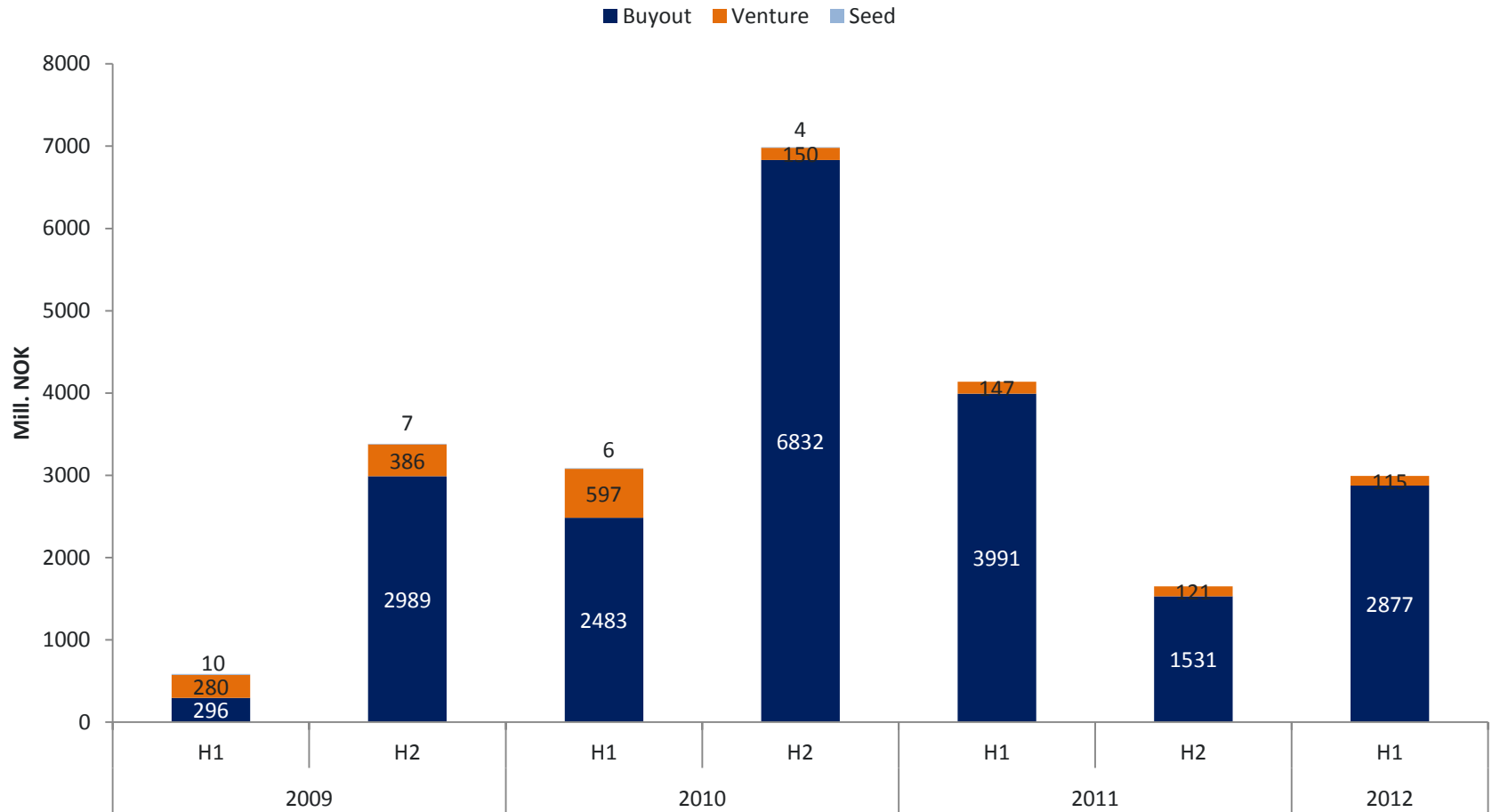
MARKET STATISTICS: NUMBER OF INVESTMENTS IN NORWEGIAN PORTFOLIO COMPANIES BY LOCATION OF ADVISORY TEAM AND NATIONALITY OF PE FIRM



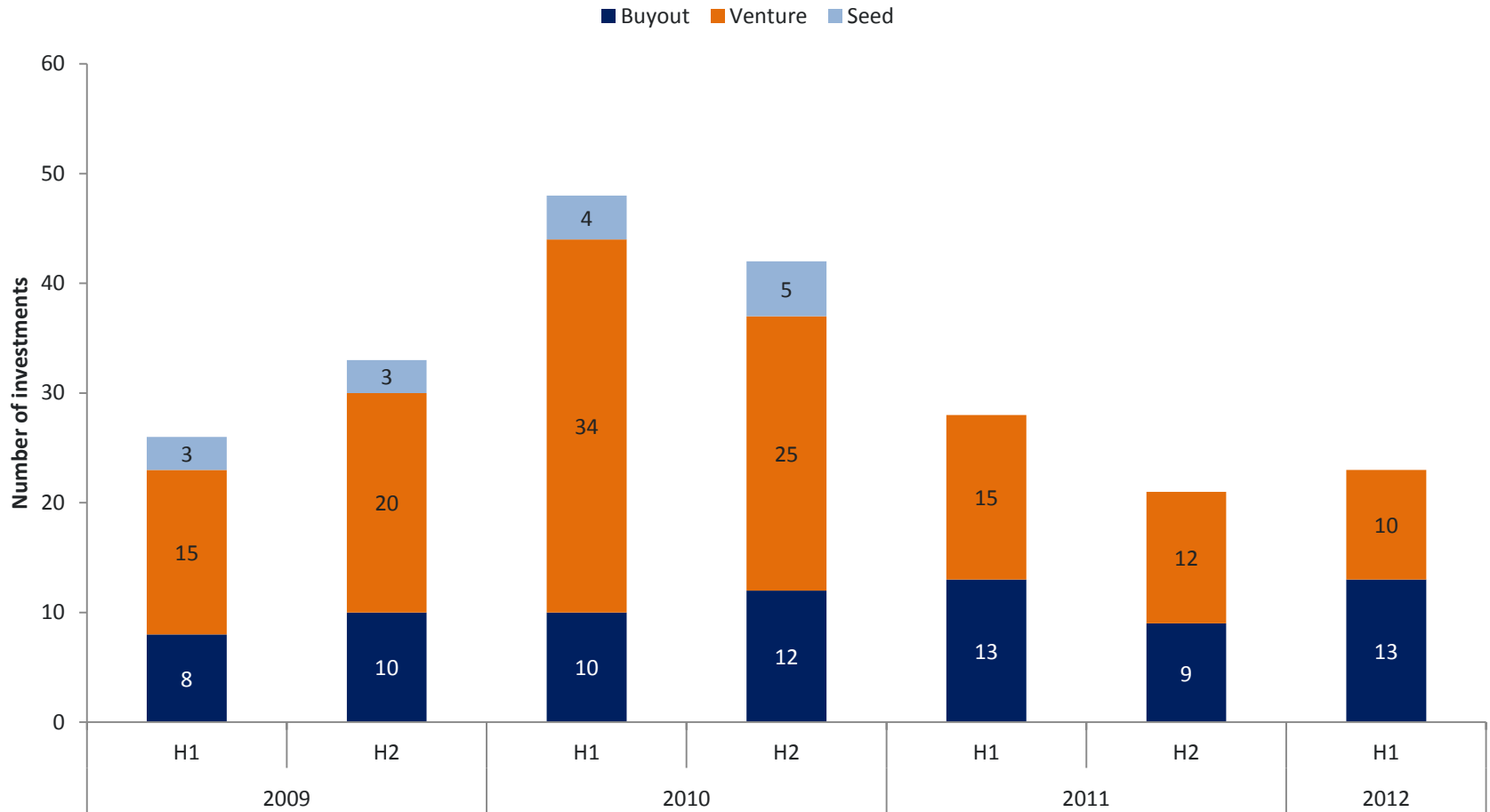
TOTAL AMOUNT OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY PHASE (MILL. NOK)



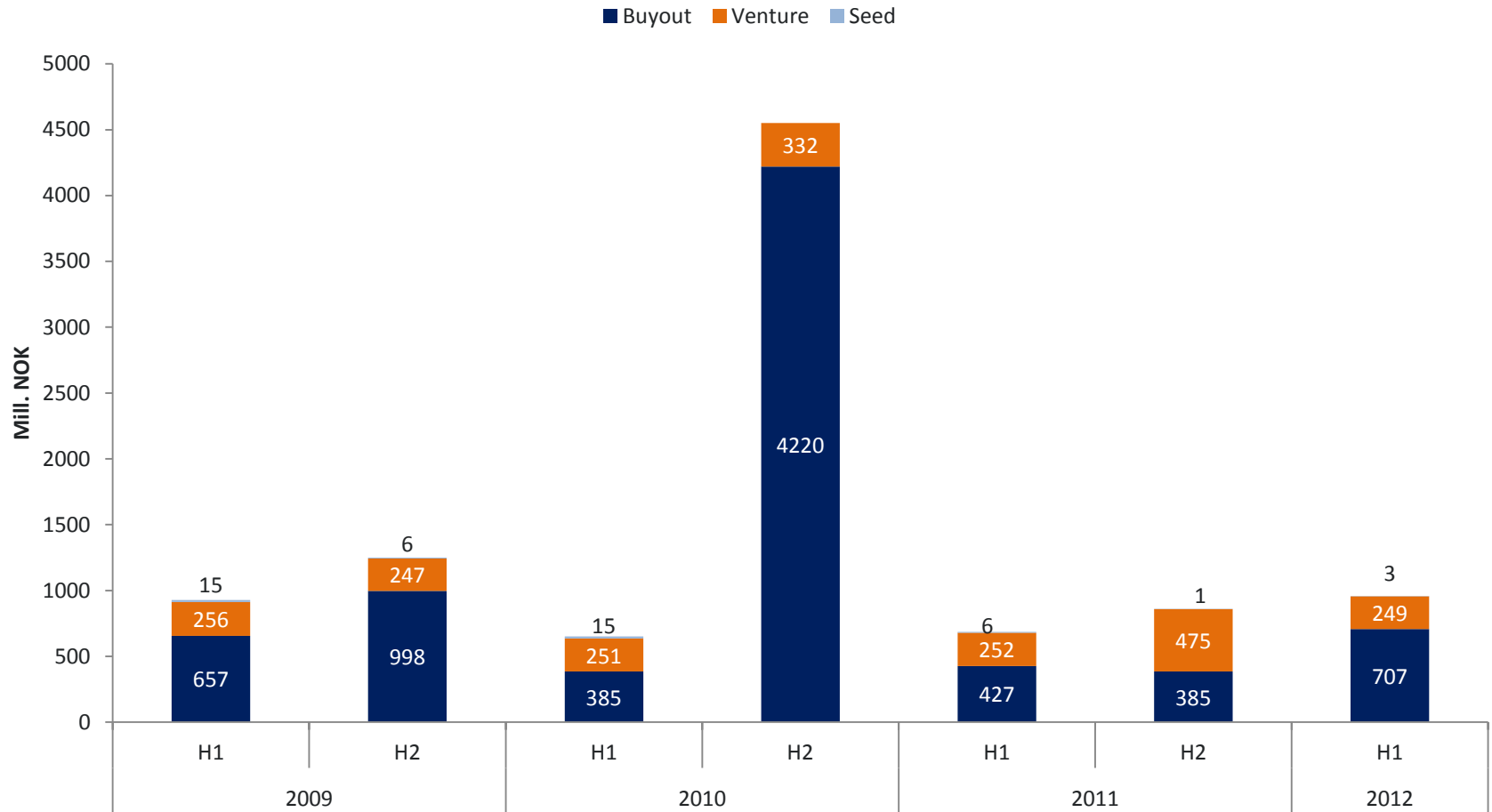
INITIAL INVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS (MILL. NOK)



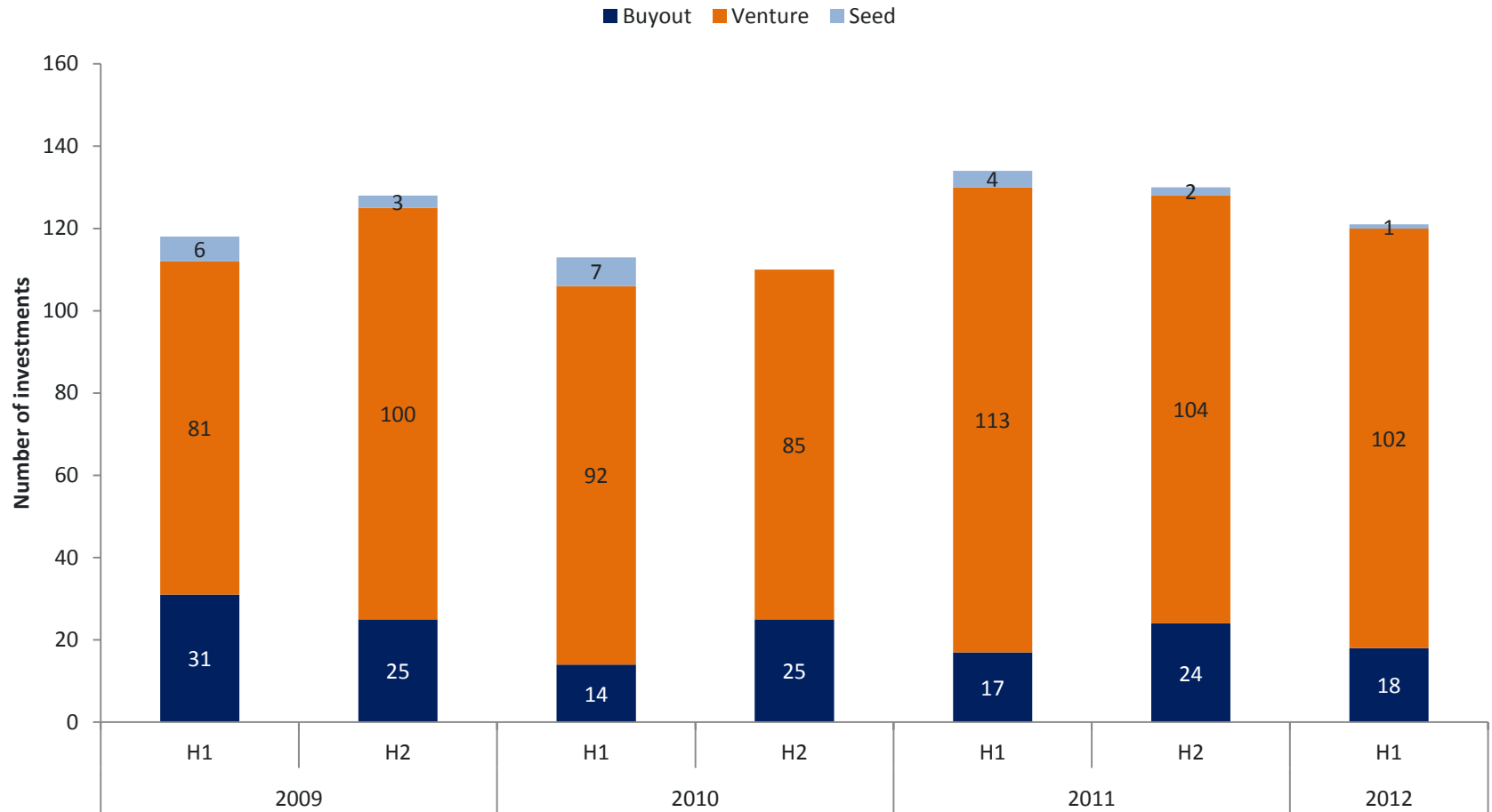
NUMBER OF INITIAL INVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS



TOTAL AMOUNT OF FOLLOW UP INVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS (MILL. NOK)



NUMBER OF FOLLOW UP INVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS



NUMBER OF INVESTMENTS IN NORWEGIAN ENTERPRISES MADE BY NORWEGIAN AND FOREIGN PE FIRMS BY SECTOR AND PHASE IN H1 2012

Sector/Phase	Seed			Venture			Buy out		
	Initial	Follow up	Total	Initial	Follow up	Total	Initial	Follow up	Total
Other energy sources				1	1	2		3	3
Construction							1	2	3
IT				6	15	21	4		4
Retail / consumer services and products				1	1	2	2	1	3
Financial services					1	1			
Fisheries and Aquaculture					1	1			
Business related and ind. Services					9	9	1	1	2
Business related and ind. Products					6	6	2	3	5
Communication				1	9	10	2		2
Life Science					15	15		3	3
Petroleum		1	1	1	6	7	1	3	4
Transportation								2	2
Cleantech					38	38			
Total	0	1	1	10	102	112	13	18	31

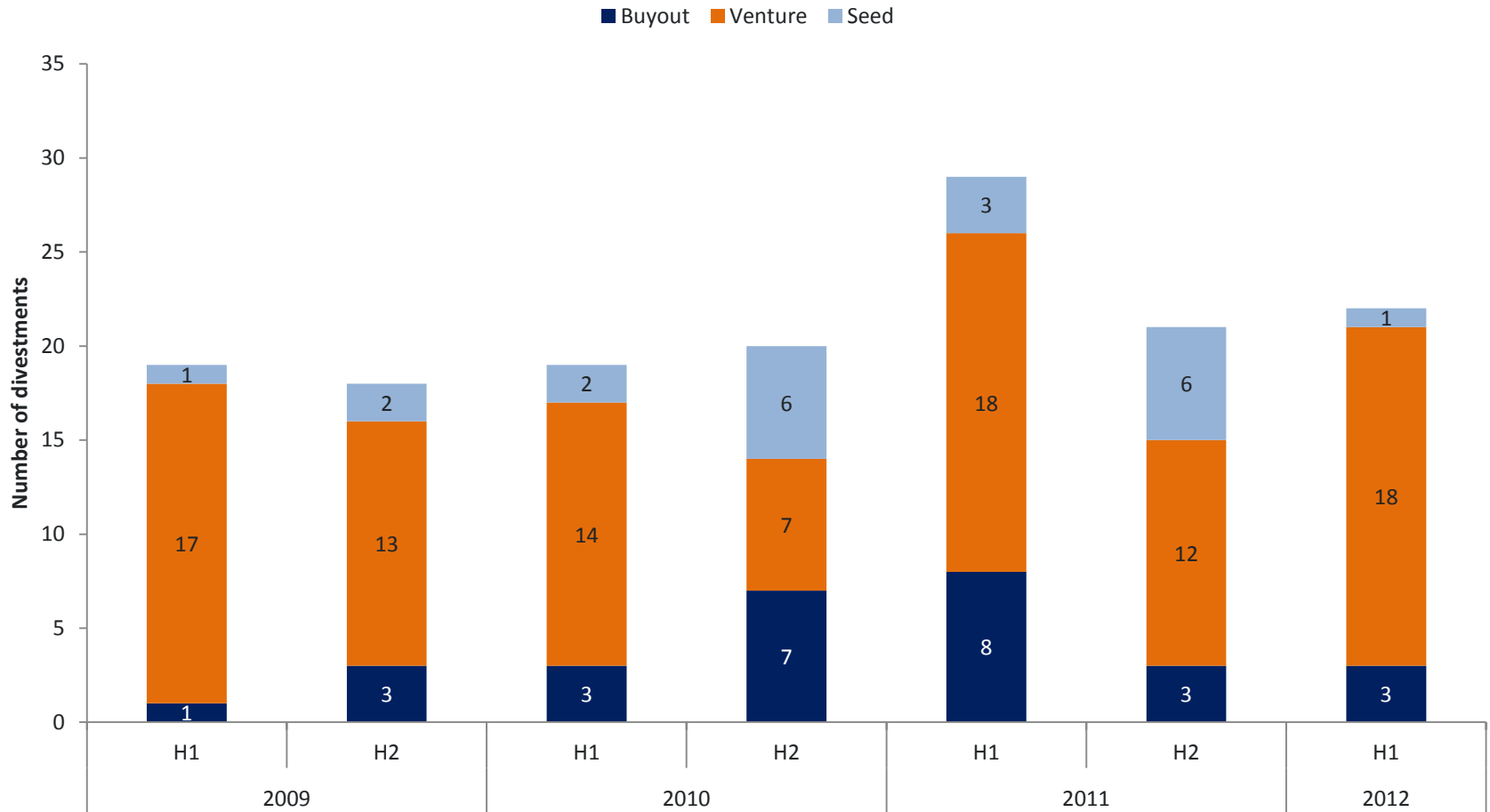
Total number of investments: 144

DIVESTMENTS

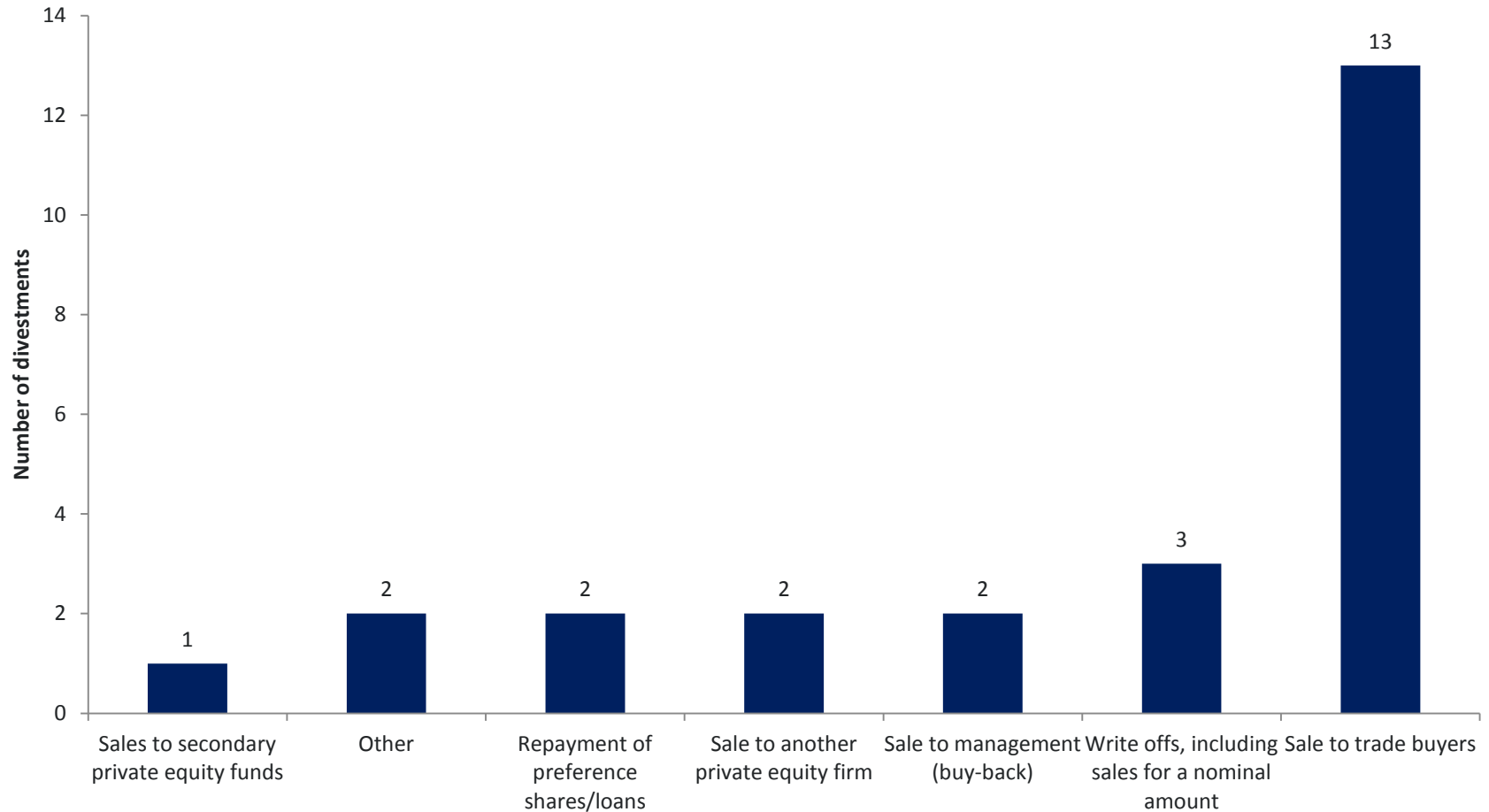
Charts and graphs

Norwegian PE firms' Divestments in Norwegian and foreign enterprises

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

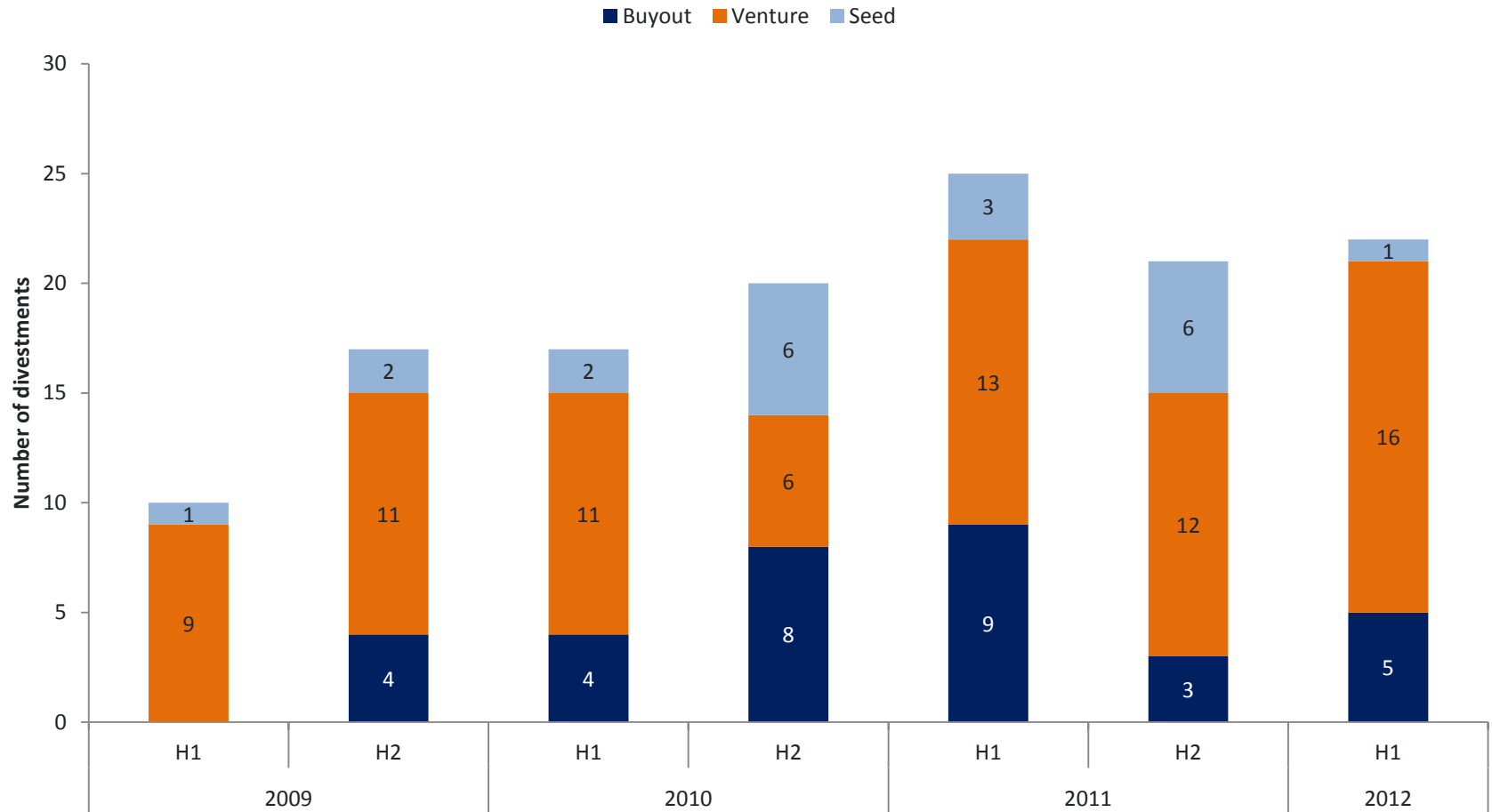


NUMBER OF DIVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS IN H1 2012

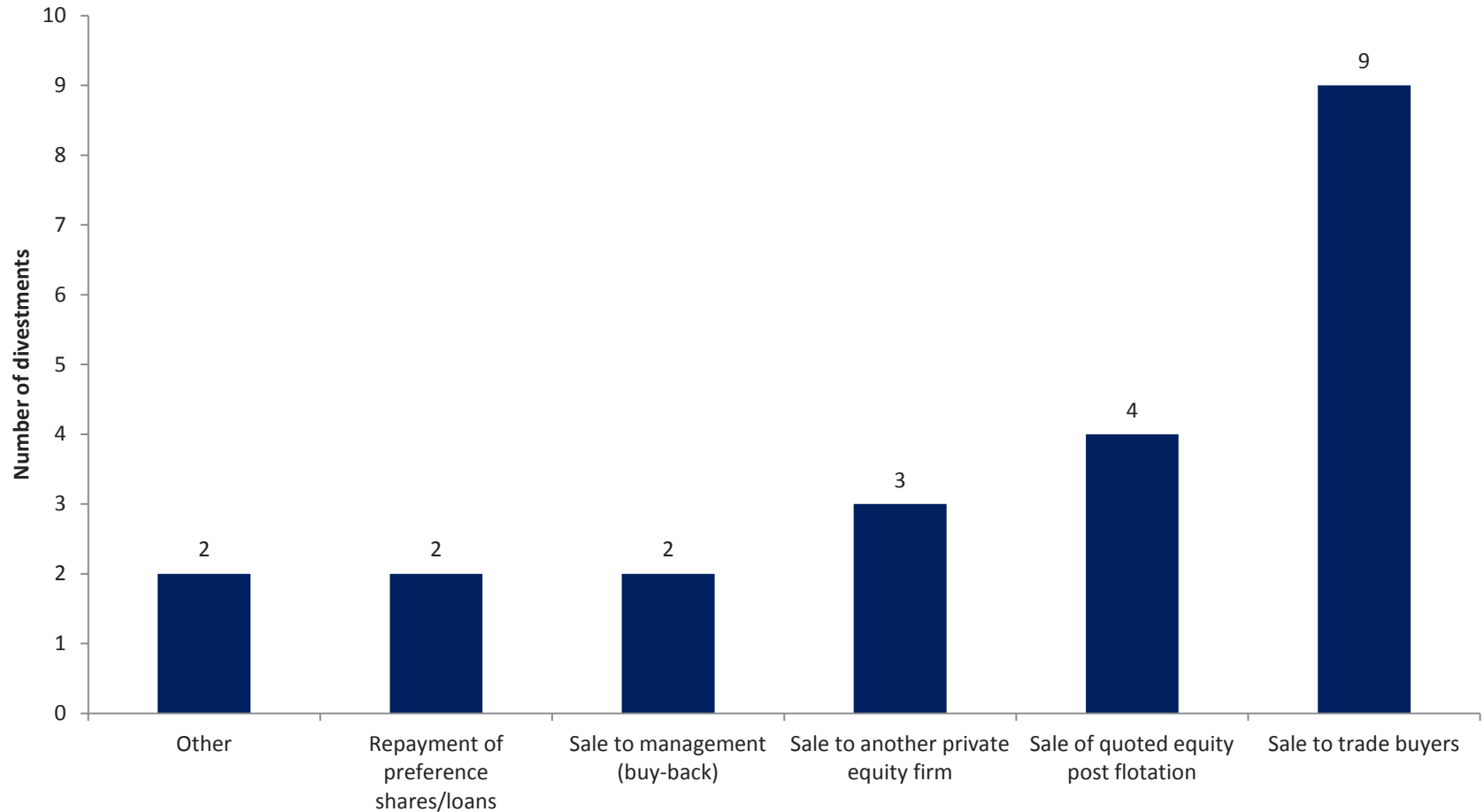


Divestments in Norwegian enterprises by Norwegian and foreign PE firms

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



TYPE OF DIVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS IN 2011



PRIVATE EQUITY FUNDS IN NORWAY

ACTIVITY REPORT Q 2 - 2012

(SEED – VENTURE – BUY OUT)

FUNDRAISING Q2 – 2012

Total fundraising Q2 2012 - NOK 532 mill. (EUR 66,5 mill.)

Seed:

Fjord Invest Management AS	5 mill. NOK (EUR 0.63 mill.)
Norsk Innovasjonskapital (NIK)	120 mill NOK (EUR 15 mill)

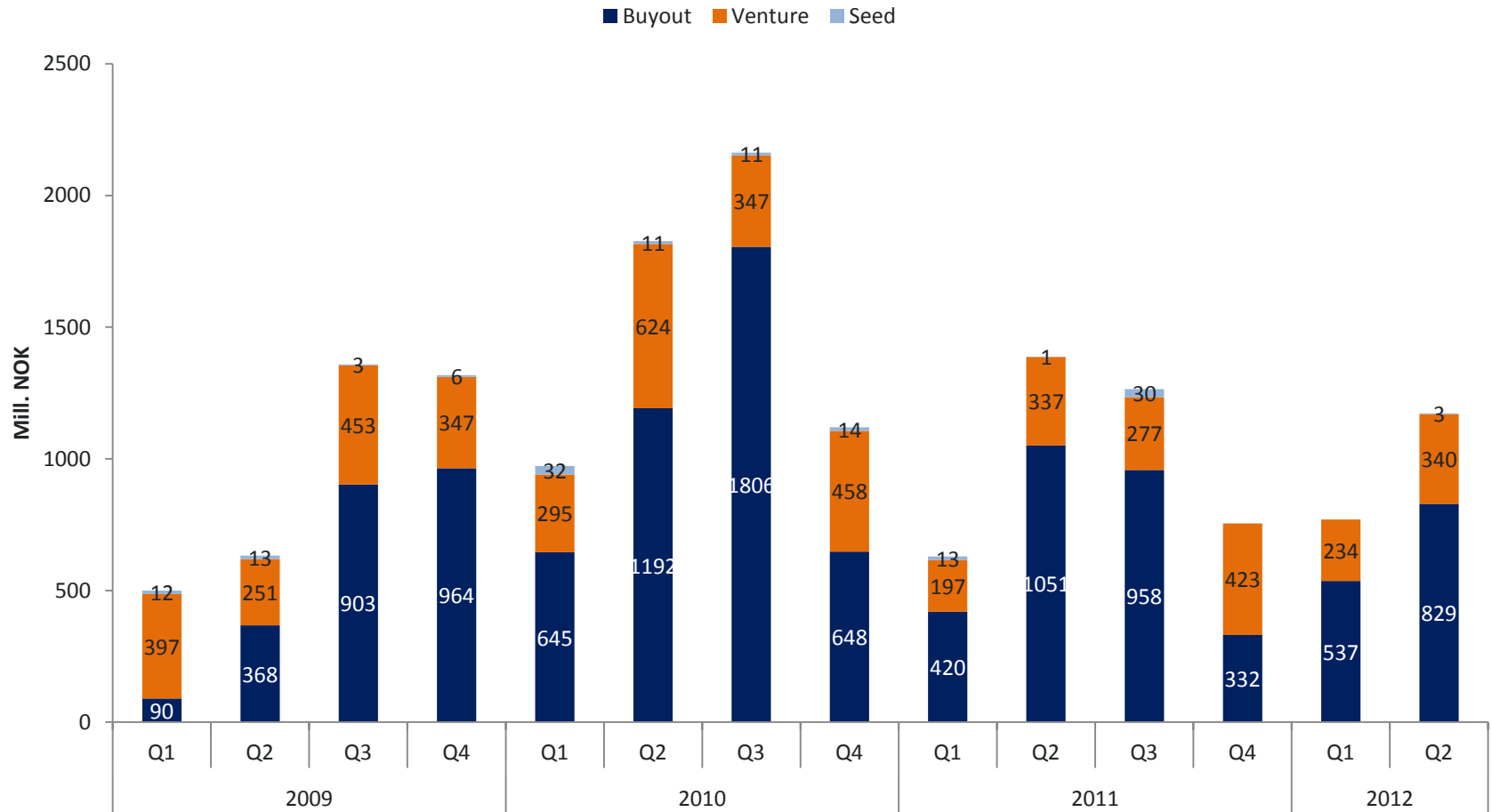
Buy out:

Nord Kapitalforvaltning 408 mill NOK (EUR 51 mill.) . 1st closing

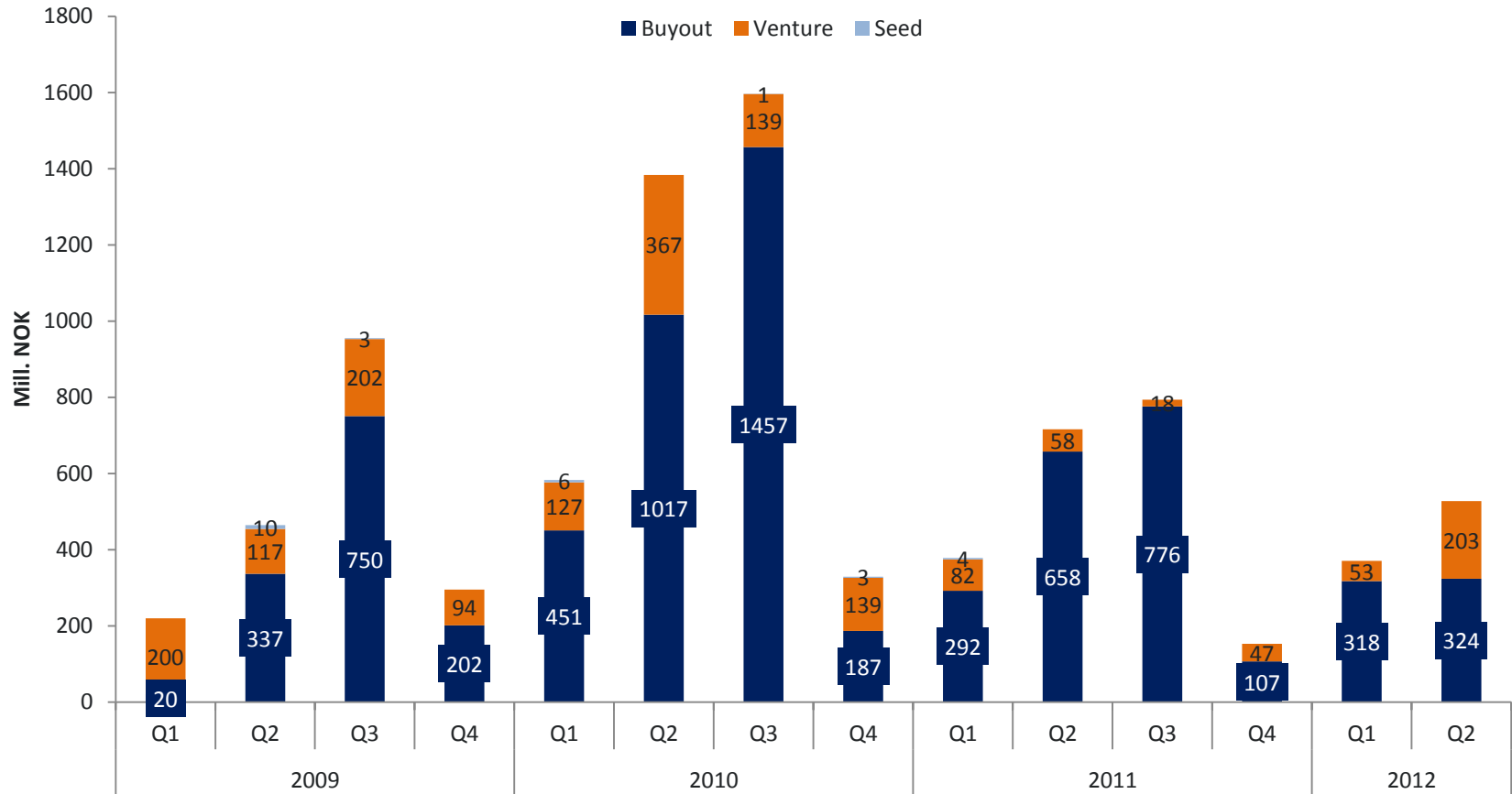
The first closing of the first buyout fund ever located in the Northern Norway

A second closing is expected in Q3 2012

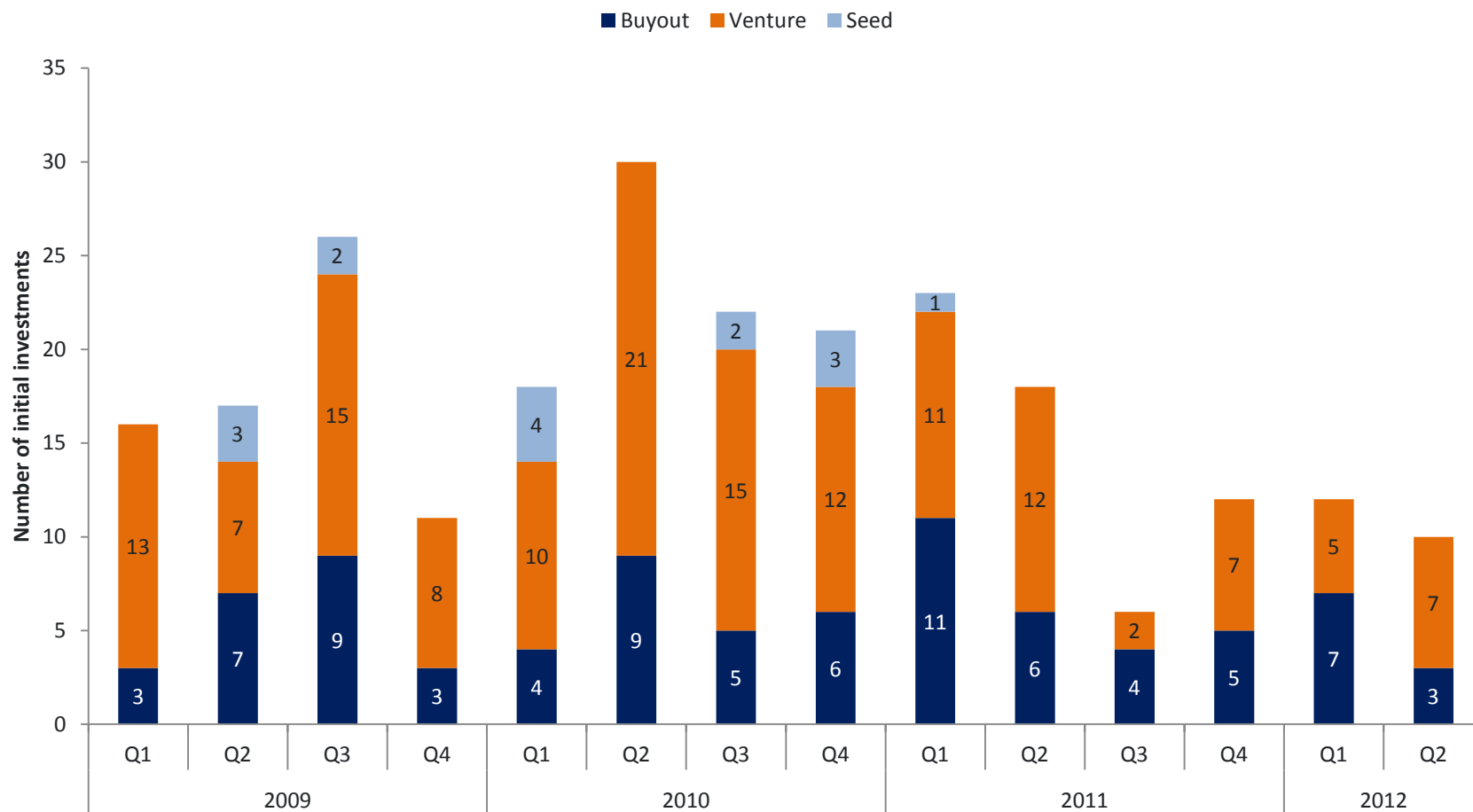
NORWEGIAN PE FIRMS' TOTAL AMOUNT INVESTED IN NORWEGIAN AND FOREIGN PORTFOLIO COMPANIES BY PHASE (MILL. NOK)



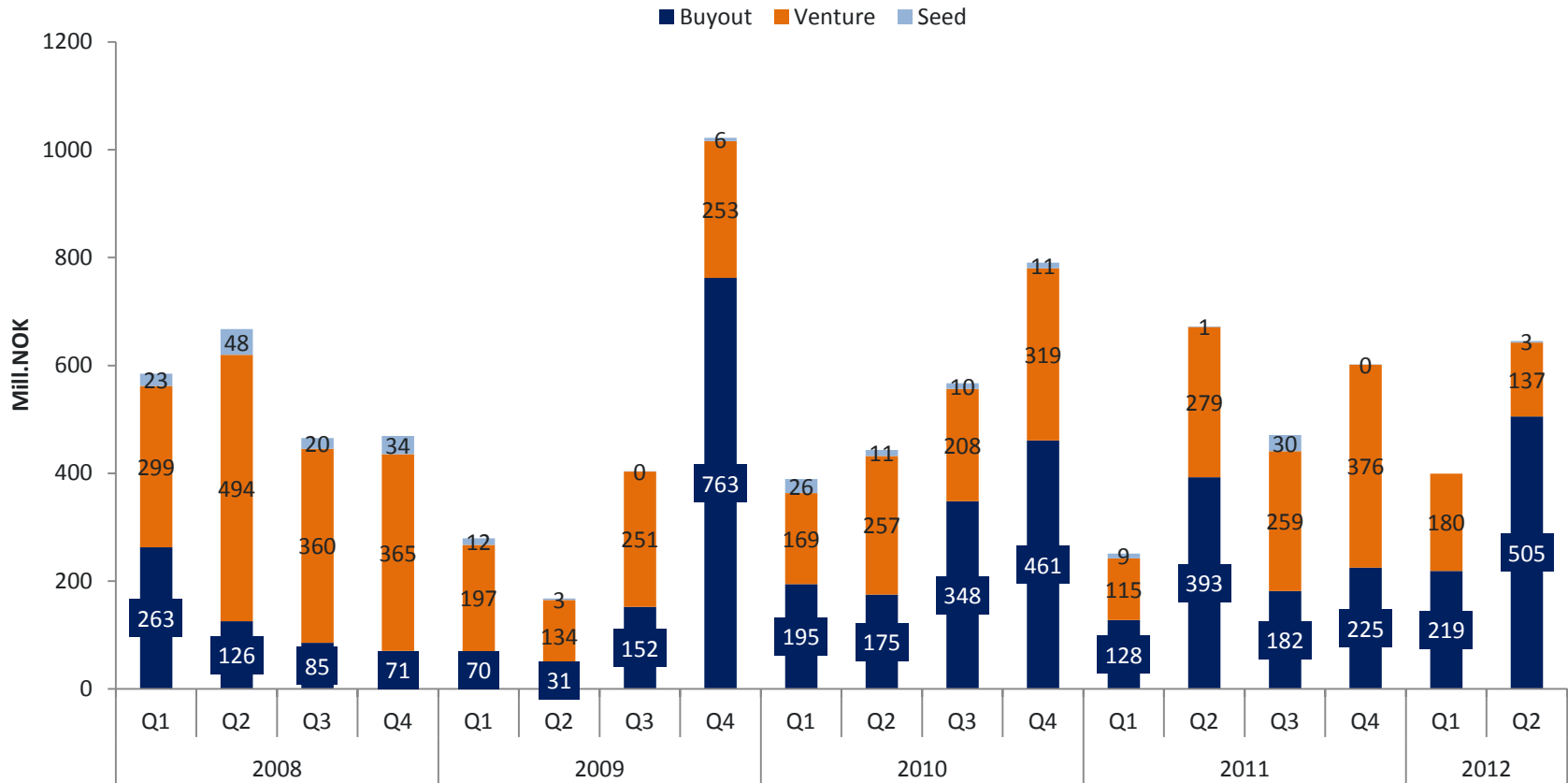
INITIAL INVESTMENTS FROM NORWEGIAN PE FIRMS IN NORWEGIAN AND FOREIGN PORTFOLIO COMPANIES (MILL. NOK)



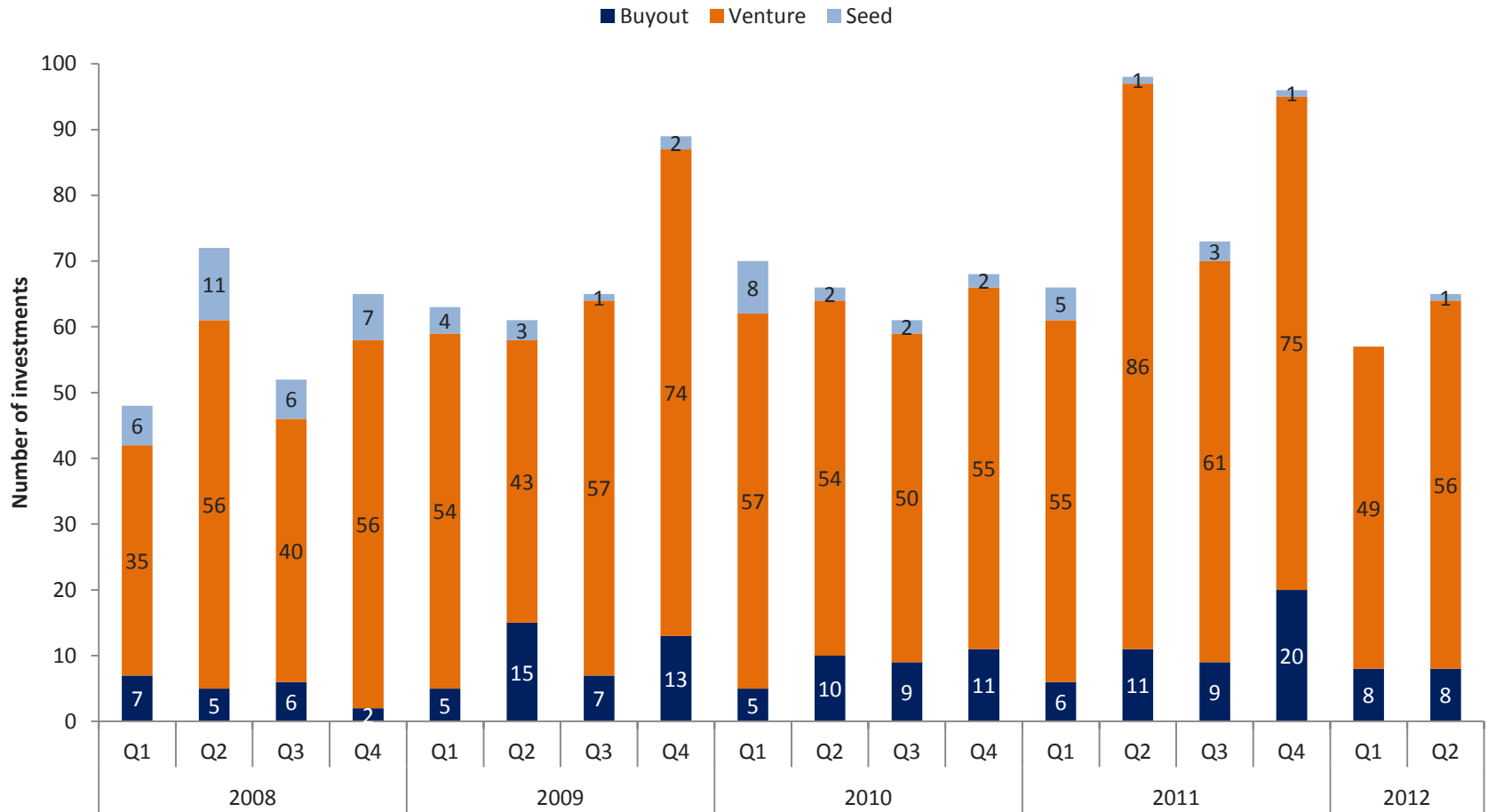
NUMBER OF INITIAL INVESTMENTS FROM NORWEGIAN PE FIRMS IN NORWEGIAN AND FOREIGN PORTFOLIO ENTERPRISES



FOLLOW UP INVESTMENTS FROM NORWEGIAN PE FIRMS IN NORWEGIAN AND FOREIGN PORTFOLIO COMPANIES (MILL. NOK)



NUMBER OF FOLLOW UP INVESTMENTS FROM NORWEGIAN PE FIRMS IN NORWEGIAN AND FOREIGN PORTFOLIO COMPANIES



NUMBER OF DIVESTMENTS FROM NORWEGIAN PE FIRMS IN NORWEGIAN AND FOREIGN ENTERPRISES

