

NORWEGIAN VENTURE CAPITAL & PRIVATE EQUITY ASSOCIATION (NVCA)

PRIVATE EQUITY FUNDS IN NORWAY

ACTIVITY REPORT 2013

(SEED – VENTURE – BUY OUT)

ABOUT THE ACTIVITY REPORT 2013

- The Activity Report 2013 is developed for the Norwegian Venture Capital & Private Equity Association (NVCA) by Menon Business Economics and PEREP_Analytics during March 2014.
- The survey covers activities in:
 - Norwegian private equity funds:
 - Foreign private equity funds with advisory teams located in Norway
 - Foreign private equity funds with investments in Norway:
- The report contains information on:
 - Investments and divestments at cost in portfolio companies located in Norway and abroad
 - Fundraising activity in Norwegian private equity firms
- Figures are collected quarterly
- Figures are reported directly from the private equity firms

ON THE COMPATABILITY 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.

Due to the discrepancy in definition the EVCA and the NVCA statistics are 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.

MAIN OBSERVATIONS 2013

- Fewer and bigger deals as 2013 had the highest level of buyout investments by Norwegian PE firms, and the lowest number of initial and follow-on investments, since 2007.
- 2013 had the highest level of initial investments in Norwegian portfolio companies by foreign PE firms ever.
- 2013 had the highest level of trade sales from Norwegian PE firms to industrial buyers since 2007. 5 of the industrial sales were initially seed companies.

FUNDRAISING IN 2013 – NORWEGIAN PRIVATE EQUITY FUNDS

Total fundraising NOK 6,0 bn (EUR 750 mill), compared NOK 2.0 bn. (EUR 250 mill.) in 2012

Venture:

- First closing of Northzone VII of NOK 1.2 bn (EUR 150 mill)

Buyout:

- FSN IV NOK 4.8 bn (EUR 600 mill)

Seed:

- Two new seed funds with governmental loan capital are expected to have their final closing in H1 2014.
- The funds will be managed by Proventure Management and Alliance Venture Spring.

INVESTMENTS BY NORWEGIAN PE FIRMS 2013 (INDUSTRY STATISTICS)

Overall:

- Norwegian PE firms invested 6 019 mill. NOK (EUR 752 mill.) in Norwegian and foreign portfolio companies.
 - 4131 mill. NOK (EUR 516 mill.) in Norwegian enterprises
 - 1889 mill. NOK (EUR 236 mill.) in foreign enterprises

Seed:

- 17 mill. NOK (EUR 2,2 mill.) invested. Up from 14 mill. NOK (EUR 1,7 mill.) in 2012.

Venture

- 765 mill. NOK (EUR 96 mill.) invested. Down from 1 132 mill. NOK (EUR 142 mill.) in 2012.

Buyout:

- 5 237 mill. NOK (EUR 655 mill.) invested. Up from 3 647 mill. NOK (EUR 456 mill.) in 2012.

INVESTMENTS IN NORWEGIAN PORTFOLIO COMPANIES BY NORWEGIAN AND FOREIGN PE FIRMS 2013 (MARKET STATISTICS)

Overall:

- 12 817 mill. NOK (EUR 1 602 mill.) invested in Norwegian enterprises by both Norwegian and foreign PE firms
 - Norwegian PE firms invested 4 131 mill. NOK (EUR 516 mill.)
 - Foreign PE firms invested 8 686 mill. NOK (EUR 1085 mill.)

Seed:

- A total of 9.9 mill. NOK (1.2 mill. EUR) invested, up from 7.5 mill. NOK (EUR 0.9 mill) investment in the seed segment in 2012.

Venture:

- A total of 519 mill NOK (EUR 65 mill) invested, down from 875 mill. NOK (EUR 109 mill) in 2012.

Buyout:

- A total of 12 289 mill. NOK (EUR 1 536 mill.) invested, up from 6 357 mill. NOK (EUR 795 mill) in 2012.

DIVESTMENTS (EXITS) 2013

- **Divestments in Norwegian and foreign enterprises by Norwegian PE firms**
 - 54 divestments by Norwegian PE firms. Up from 44 in 2012.
 - 10 divestments within the seed stage. Up from 1 in 2012.
 - 26 divestments within the venture stage. Down from 29 in 2012.
 - 18 divestments within the buy out stage. Up from 14 in 2012.
 - 34 out of 54 divestments were sales to trade buyers.

- **Divestments in Norwegian enterprises by Norwegian and foreign PE firms**
 - 68 divestments in Norwegian enterprises. Up from 43 in 2012.
 - 10 divestments within the seed stage. Up from 1 in 2012.
 - 20 divestments within the venture stage. Down from 25 in 2012.
 - 38 divestments within buyout. Up from 17 in 2012.

APPENDIX

Graphs and charts:

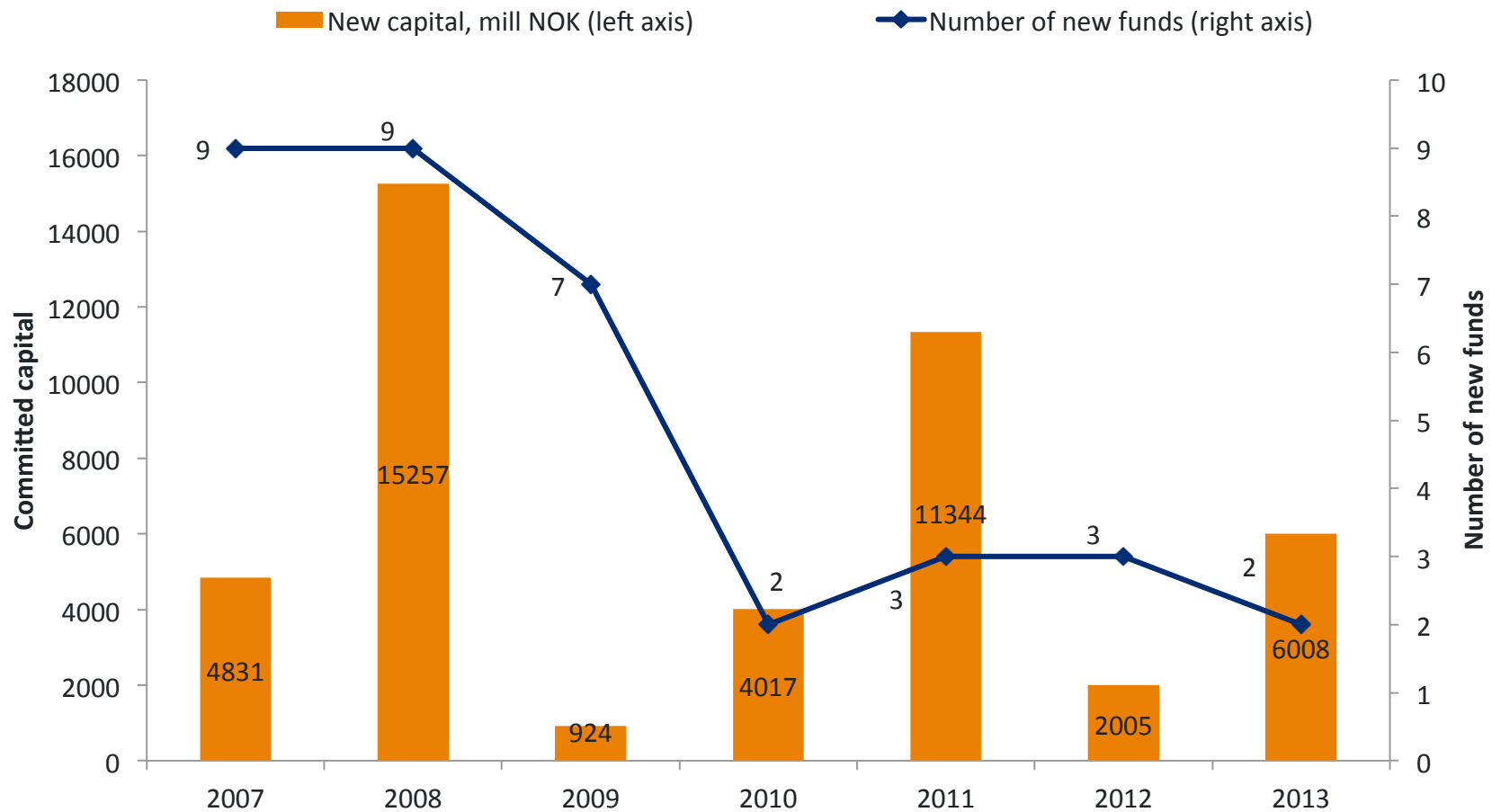
Fundraising

Investments

Divestments

FUNDRAISING

NUMBER OF ADDITIONAL FUNDS AND COMMITTED CAPITAL BY YEAR

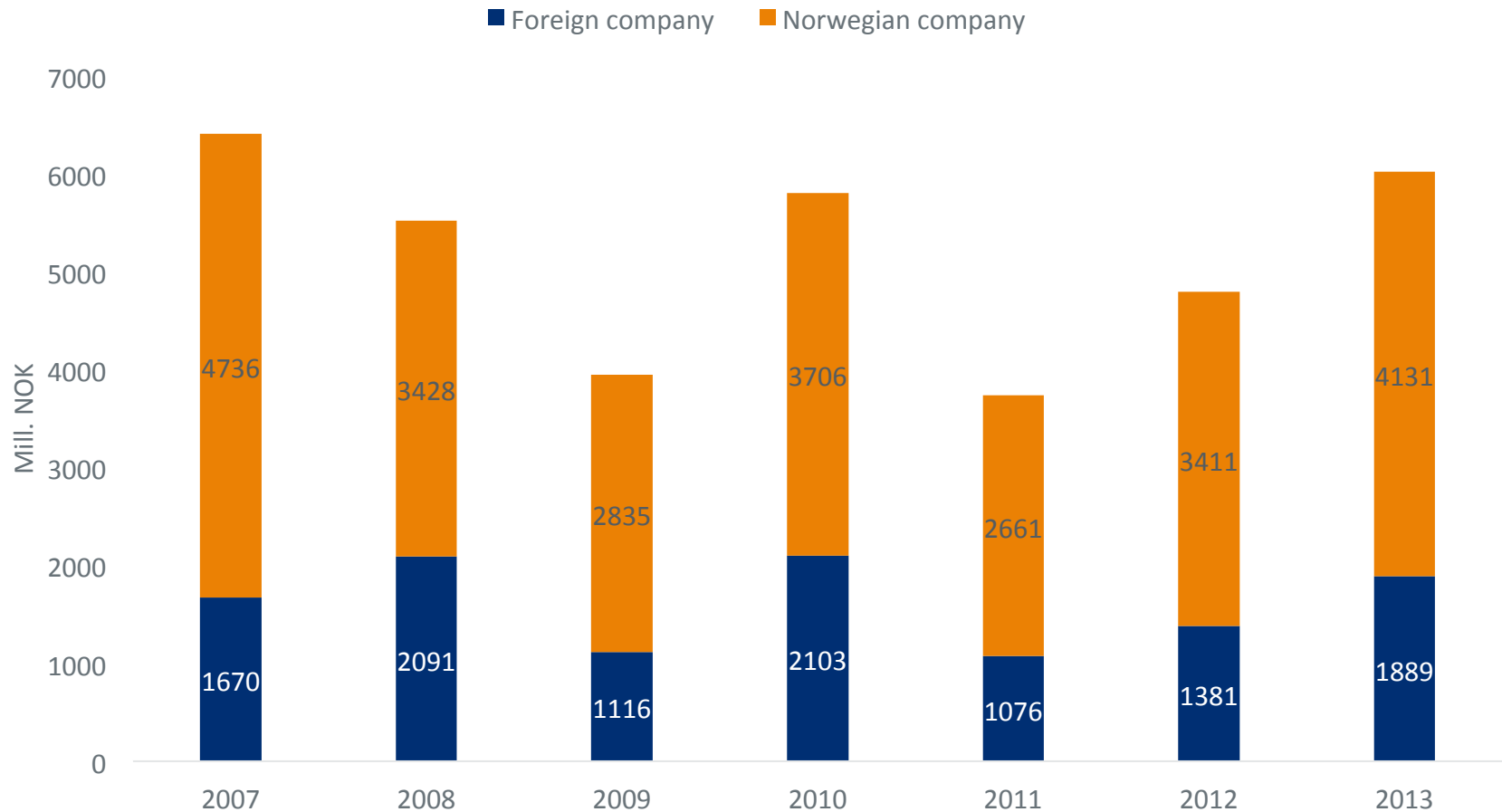


INVESTMENTS

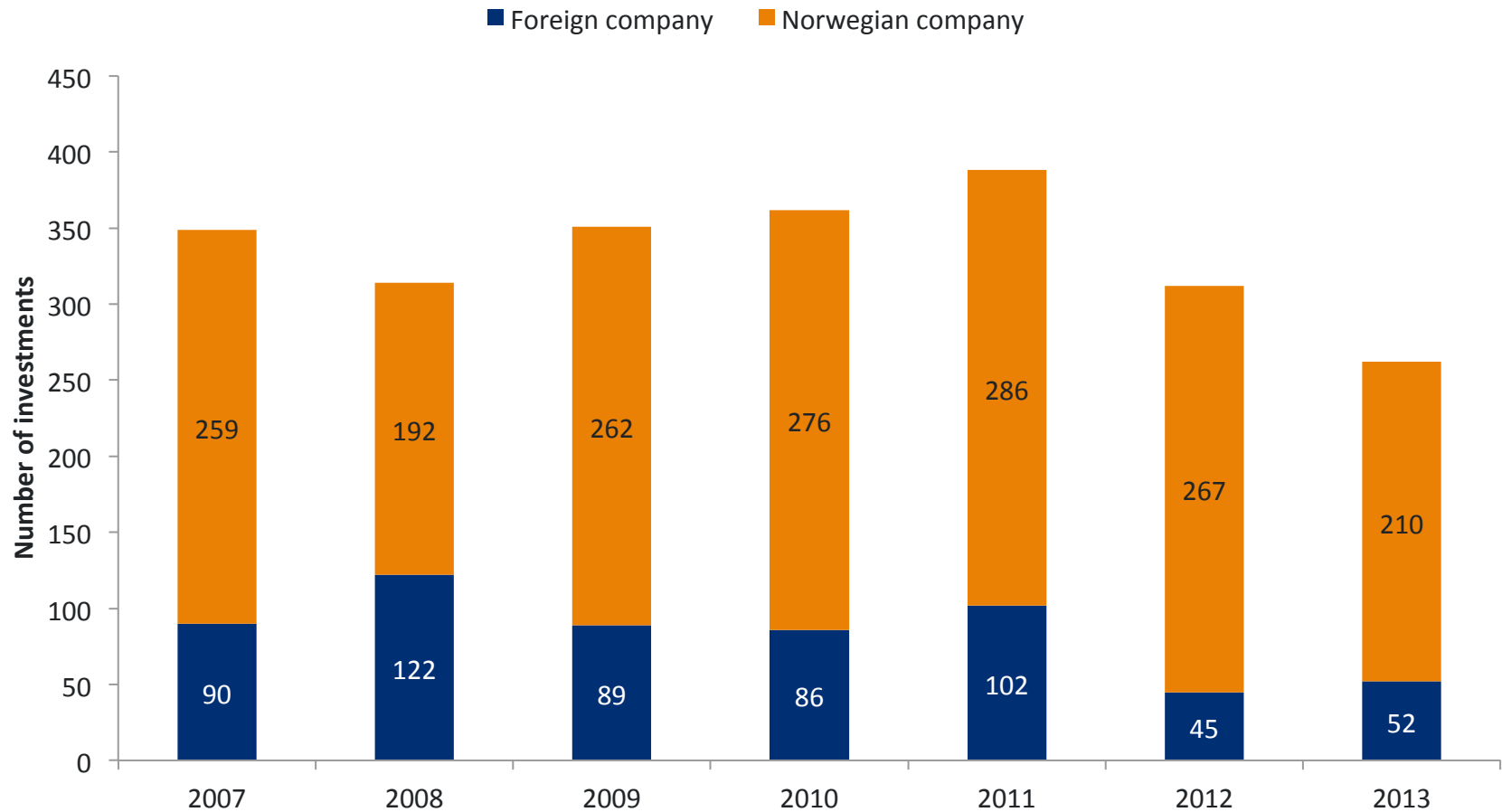
Norwegian PE firms' investments in Norwegian and foreign enterprises

(Industry statistics)

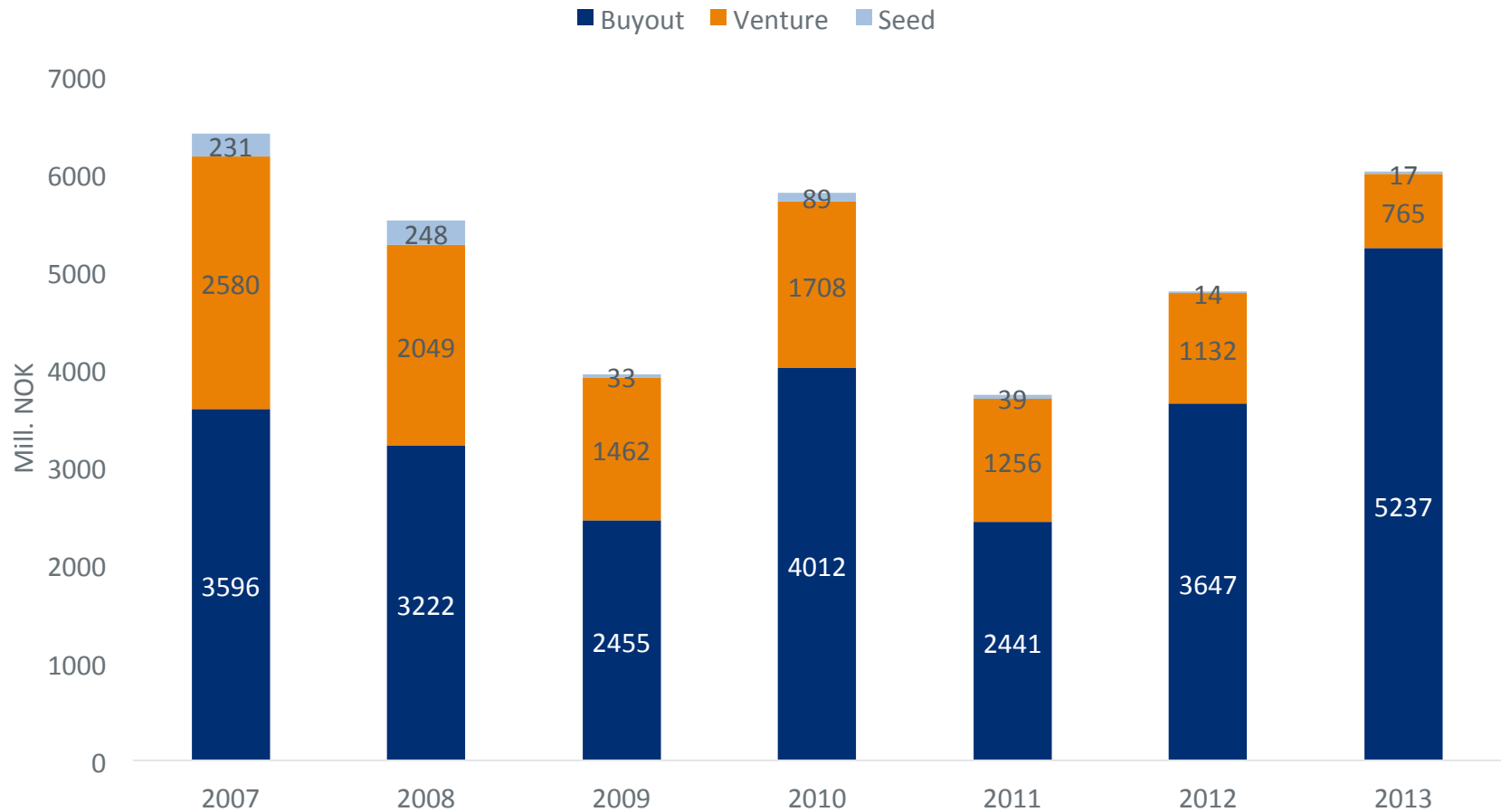
INDUSTRY STATISTICS: TOTAL AMOUNT OF INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS



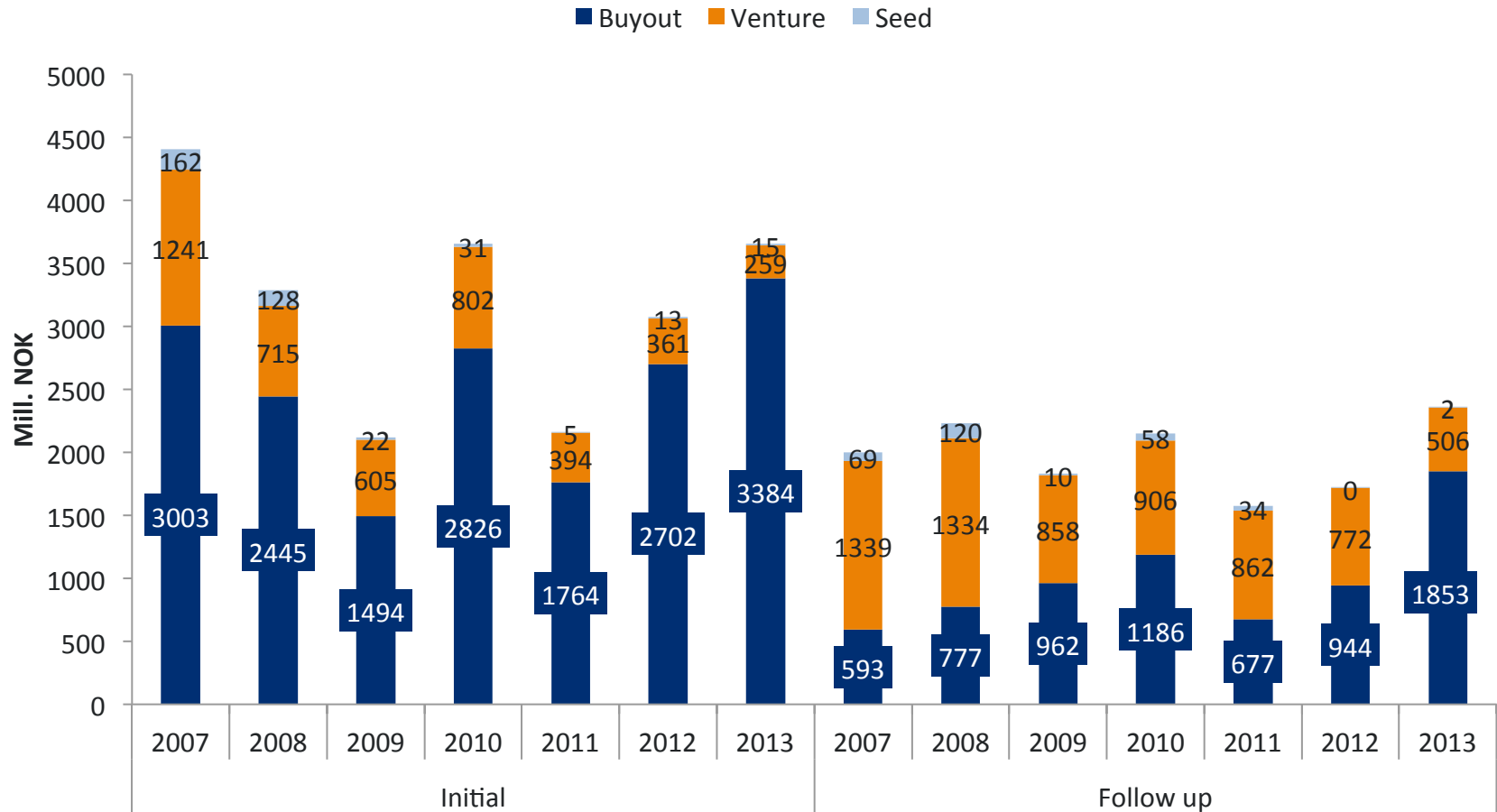
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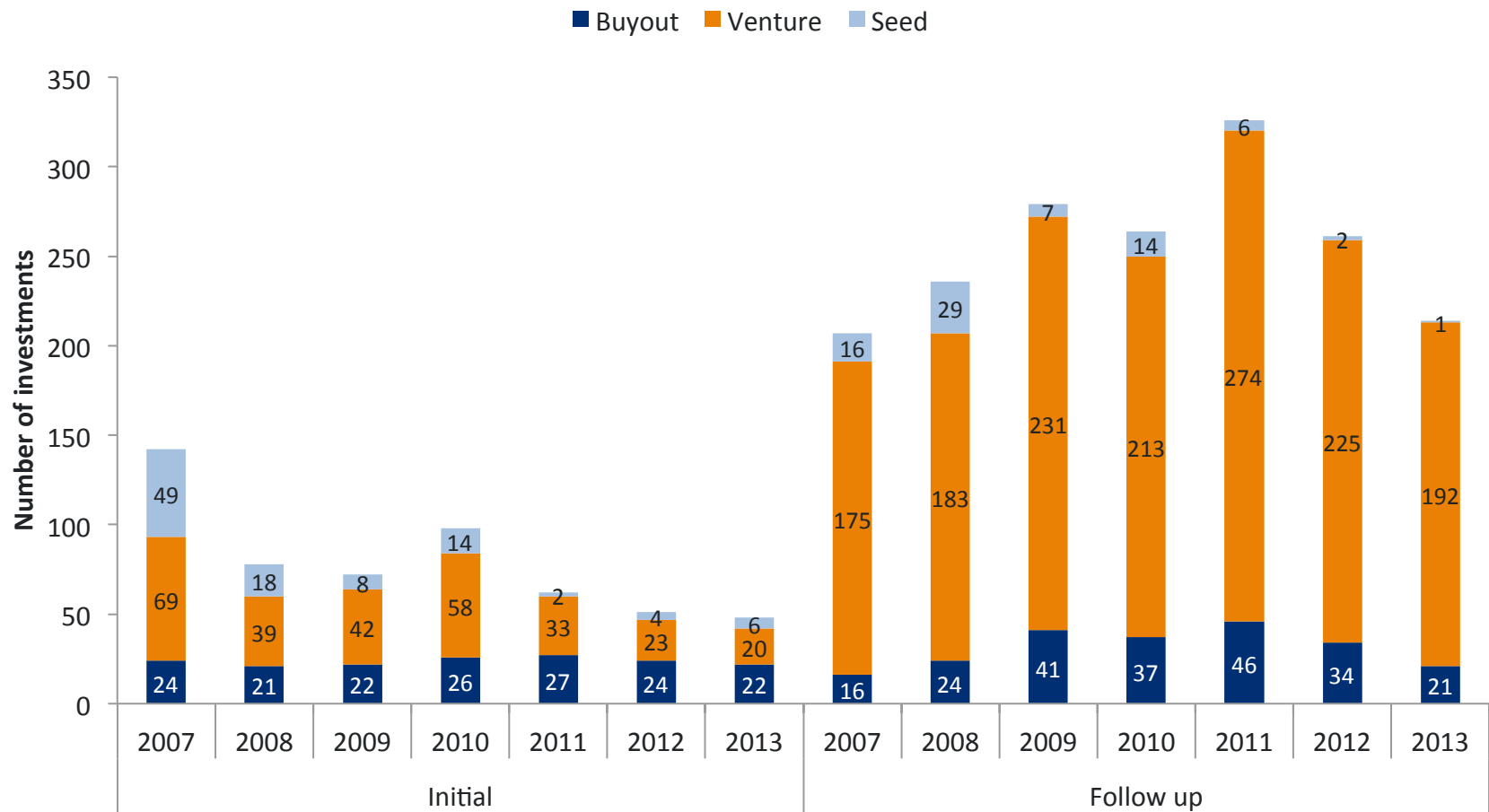
NORWEGIAN PE FIRMS' TOTAL INVESTMENTS BY PHASE (MILL. NOK)



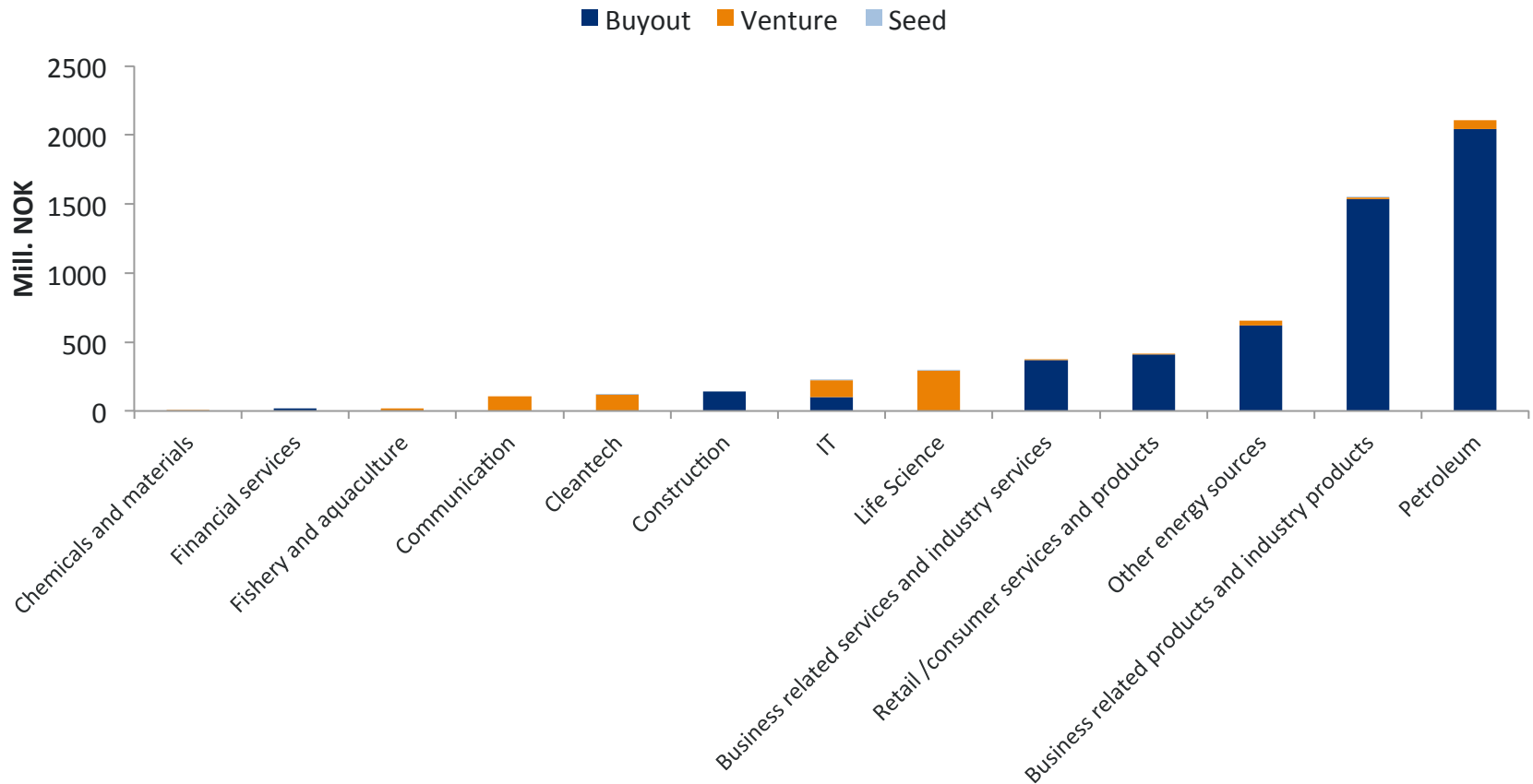
INITIAL AND FOLLOW UP INVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS (MILL. NOK)



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



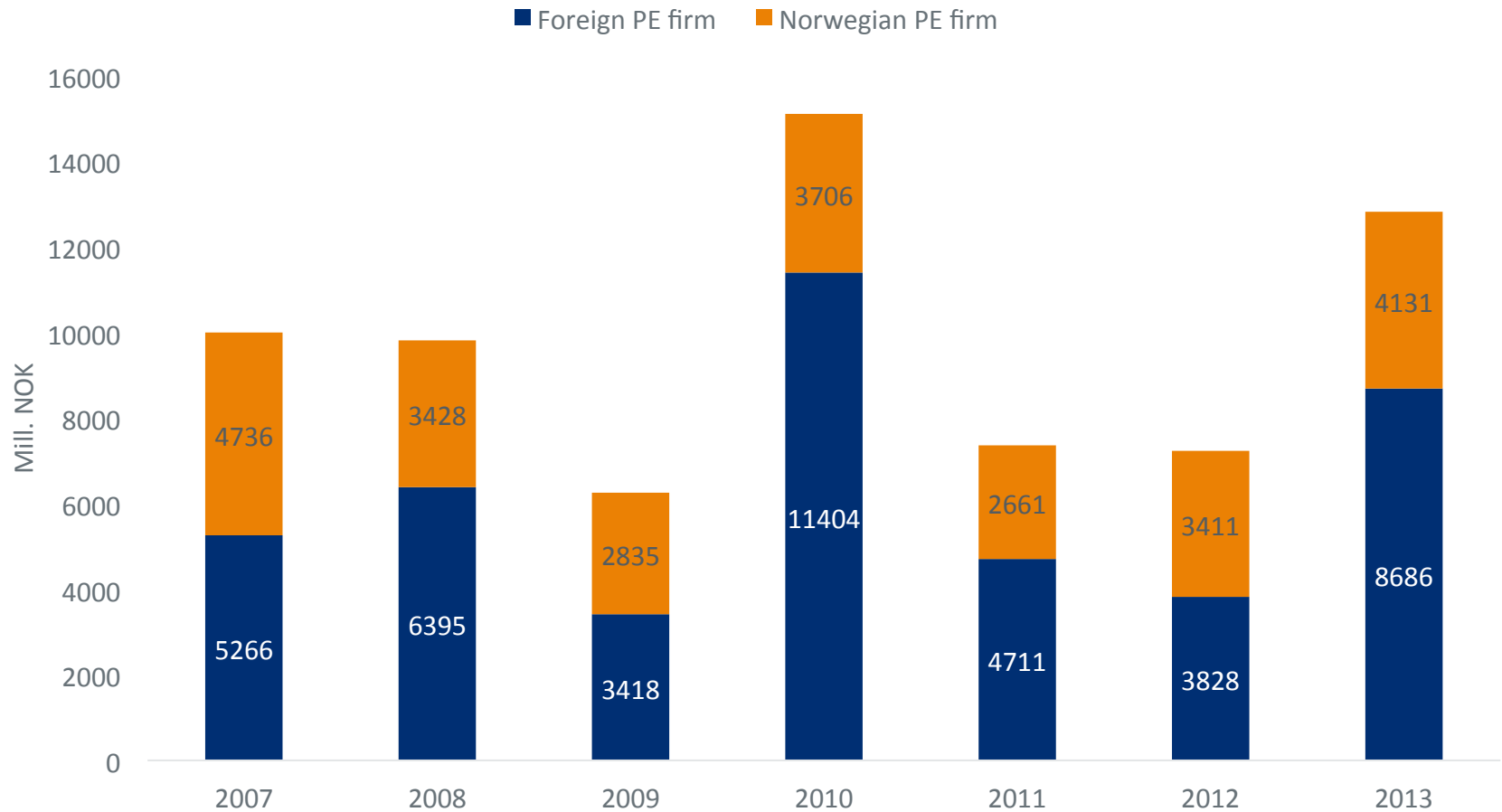
TOTAL AMOUNT INVESTED BY SECTOR AND PHASE BY NORWEGIAN PE FIRMS IN 2013 (MILL. NOK)



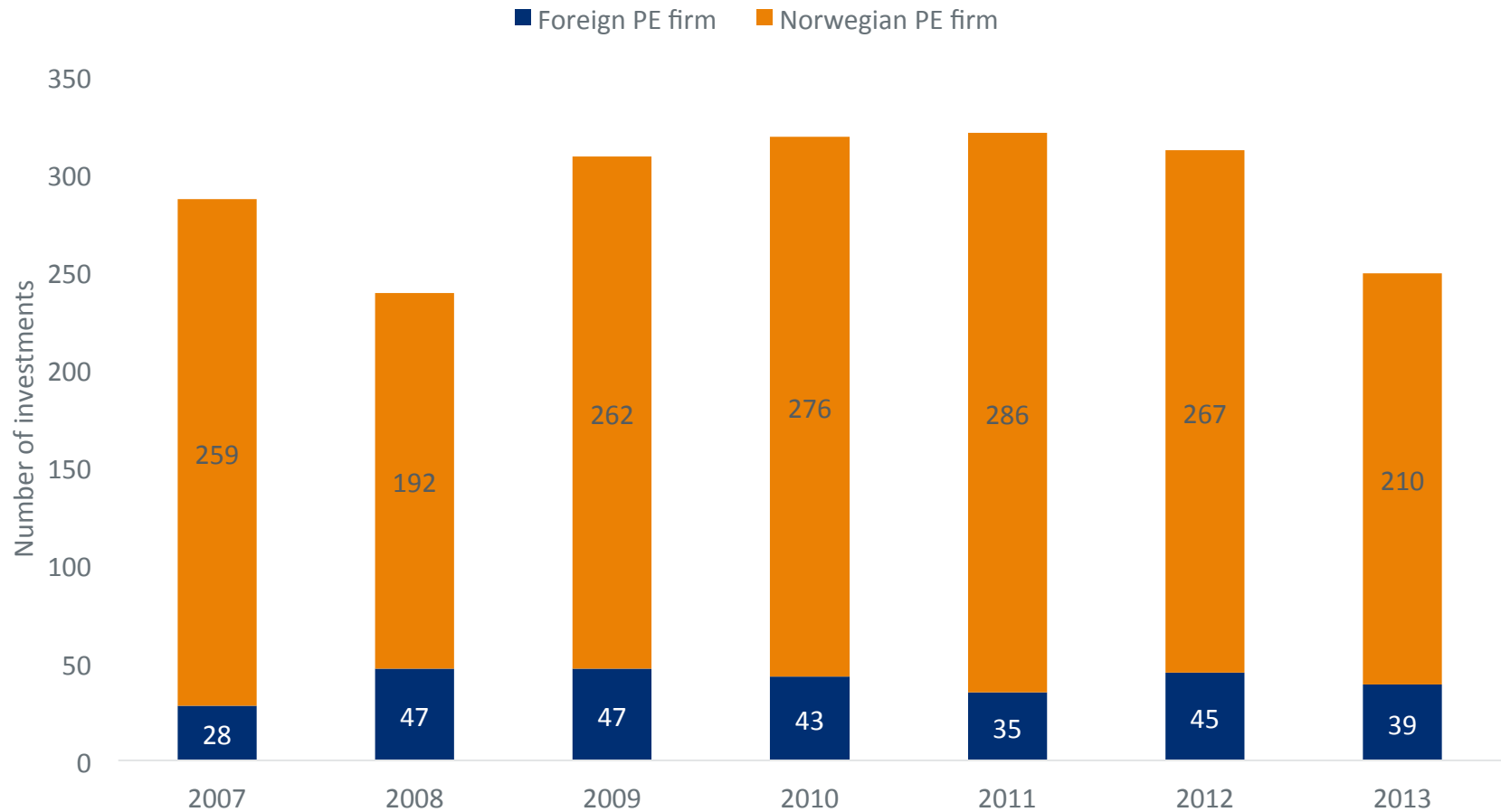
Investments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

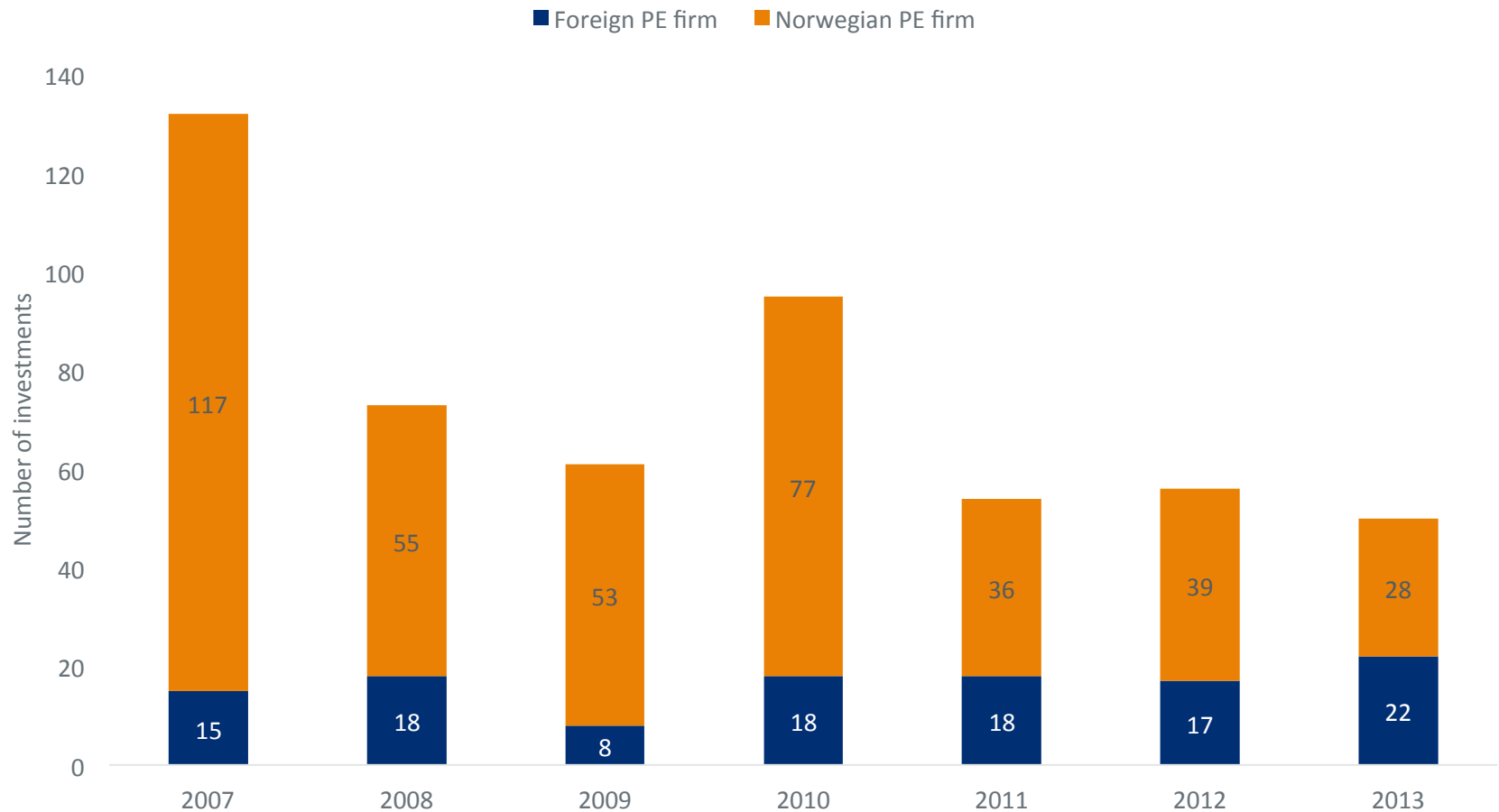
MARKET STATISTICS: TOTAL AMOUNT OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY NATIONALITY OF PE FIRM



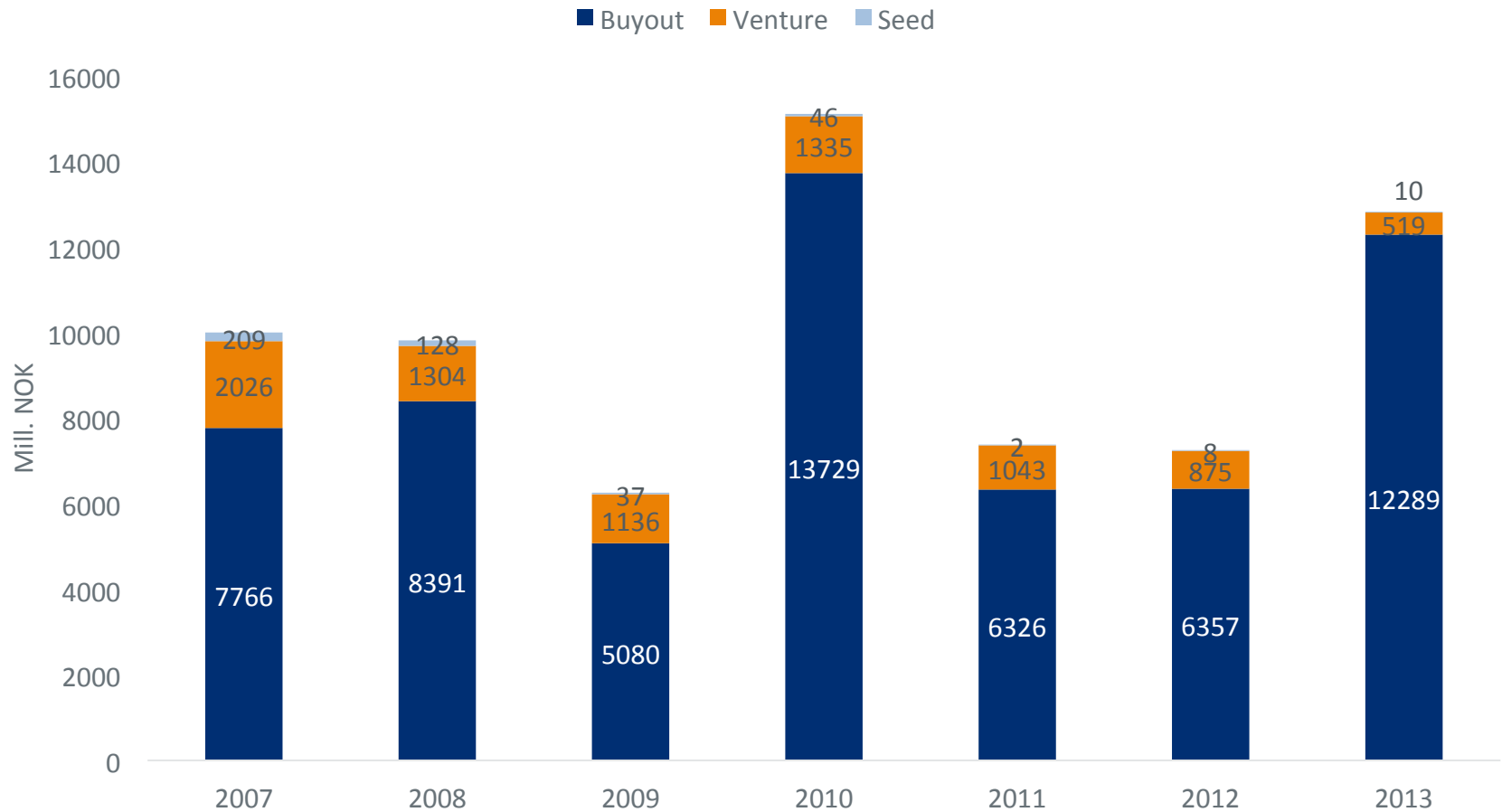
MARKET STATISTICS: NUMBER OF INVESTMENTS IN NORWEGIAN PORTFOLIO COMPANIES BY NATIONALITY OF PE FIRM



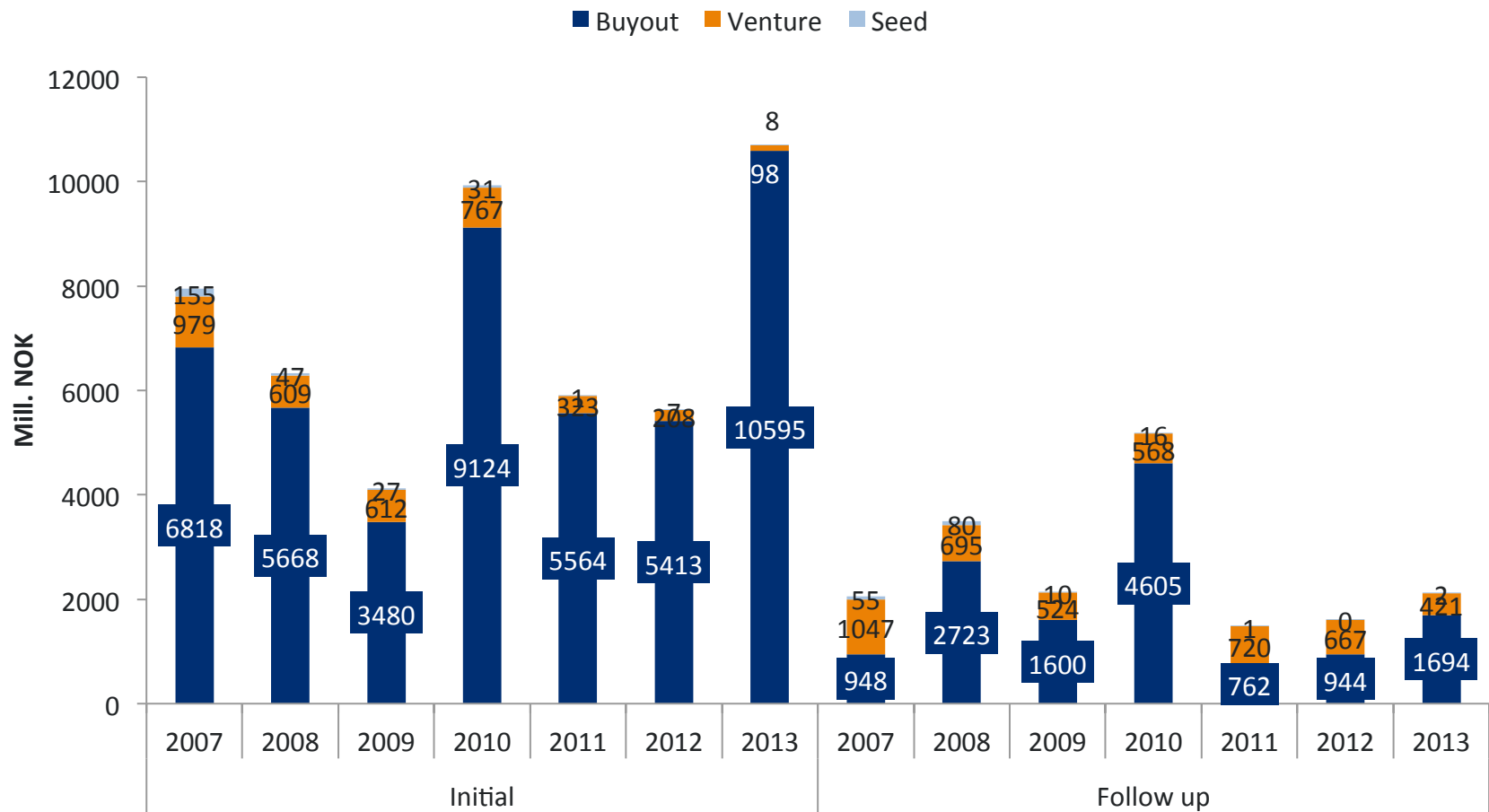
MARKET STATISTICS: NUMBER OF INITIAL INVESTMENTS IN NORWEGIAN PORTFOLIO COMPANIES BY NATIONALITY OF PE FIRM



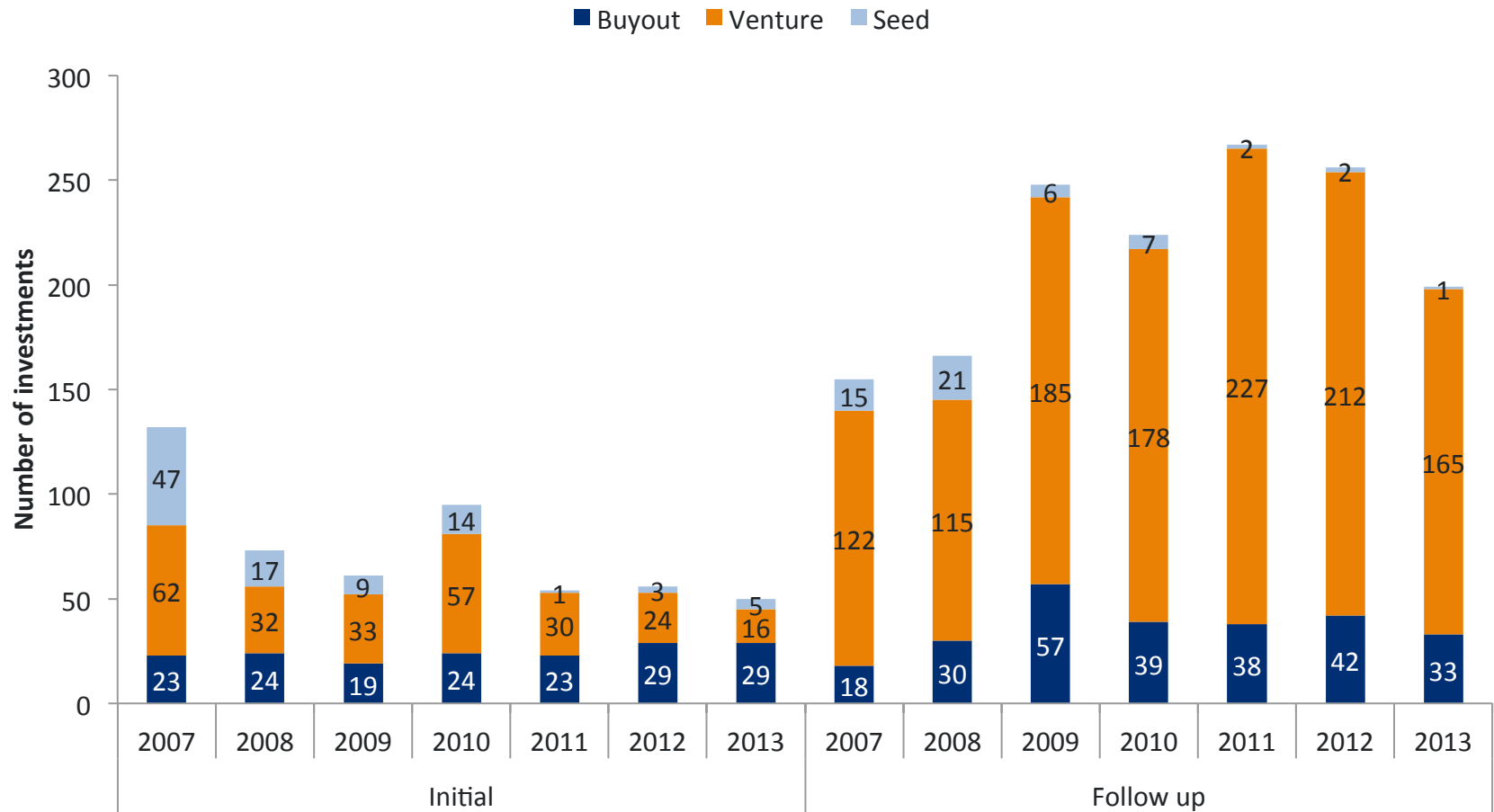
TOTAL AMOUNT OF INVESTMENTS IN NORWEGIAN ENTERPRISES BY PHASE (MILL. NOK)



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



NUMBER OF INITIAL AND 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 2013

Phase	Seed			Venture			Buyout			Total
Type of investment/Total	Initial	Follow up	Total	Initial	Follow up	Total	Initial	Follow up	Total	
Business related products and industry products	1		1	2	5	7	4		4	12
Business related services and industry services				2		2	3	3	6	8
Chemicals and materials					1	1				1
Cleantech	3		3		49	49				52
Communication				3	22	25				25
Construction							1	8	9	9
Financial services							1		1	1
Fishery and aquaculture					2	2	2	1	3	5
IT		1	1	2	40	42	2	2	4	47
Life Science	1		1	3	29	32	2	6	8	41
Other energy sources				1	2	3	8	1	9	12
Petroleum				3	15	18	1	8	9	27
Retail /consumer services and products							5	4	9	9
Total	5	1	6	16	165	181	29	33	62	249

AMOUNT INVESTED IN NORWEGIAN ENTERPRISES MADE BY NORWEGIAN AND FOREIGN PE FIRMS BY SECTOR AND PHASE IN 2013 (MILL. NOK)

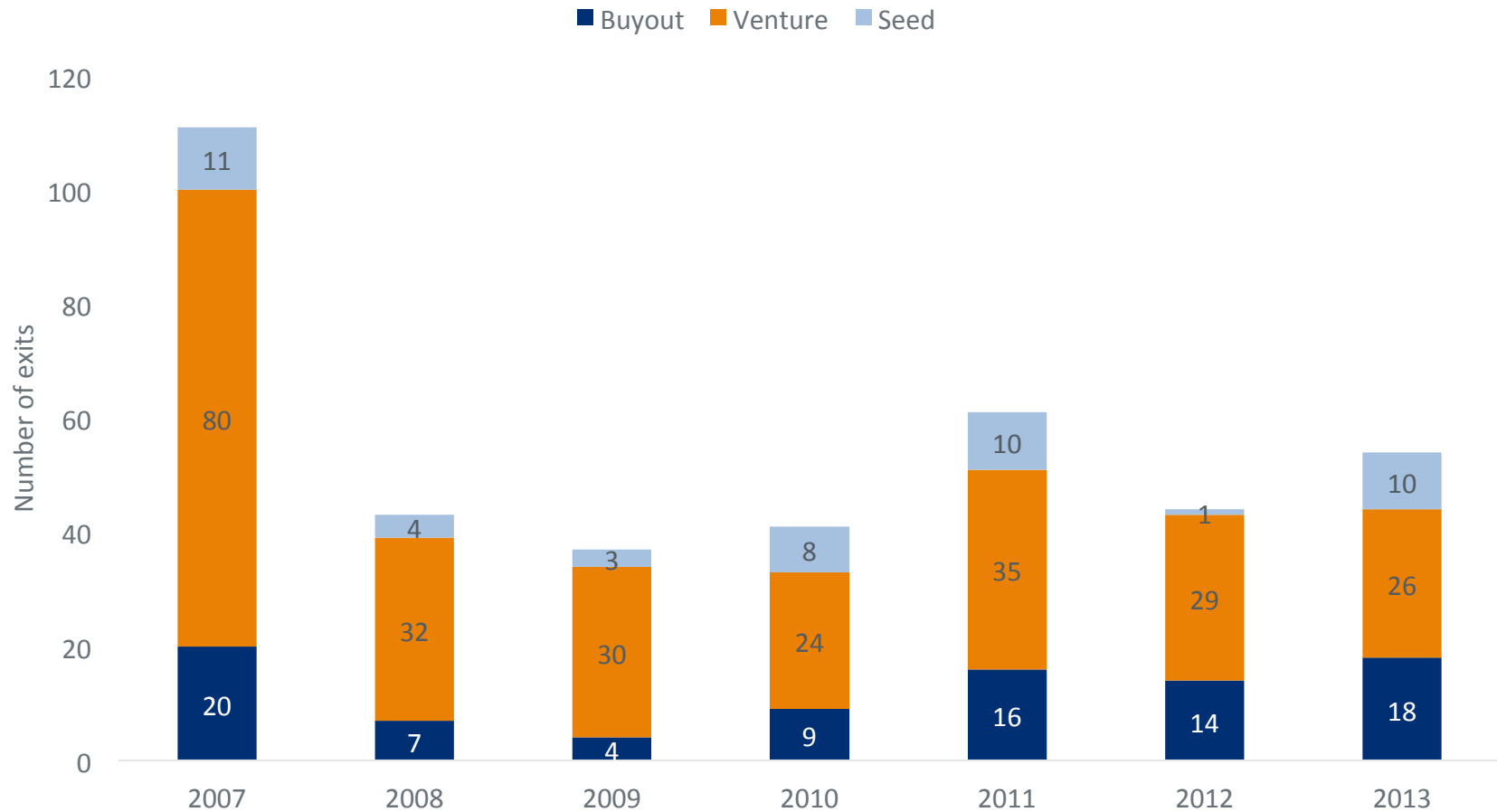
Phase Type of investment/Total	Seed			Venture			Buyout			Total
	Initial	Follow up	Total	Initial	Follow up	Total	Initial	Follow up	Total	
Business related products and industry products	2		2	8	6	13	899		899	914
Business related services and industry services				4		4	1 090	193	1 283	1 287
Chemicals and materials					1	1				1
Cleantech	5		5		117	117				122
Communication				25	48	73				73
Construction							310	164	474	474
Financial services							18		18	18
Fishery and aquaculture					15	15	2 150	4	2 154	2 169
IT		2	2	6	88	94	423	28	450	547
Life Science	1		1	32	104	136	1 444	28	1 471	1 608
Other energy sources				0	3	3	1 243		1 243	1 246
Petroleum				23	39	62	1 710	1 247	2 957	3 019
Retail /consumer services and products							1 308	32	1 340	1 340
Total	8	2	10	98	421	519	10 595	1 694	12 289	12 817

DIVESTMENTS

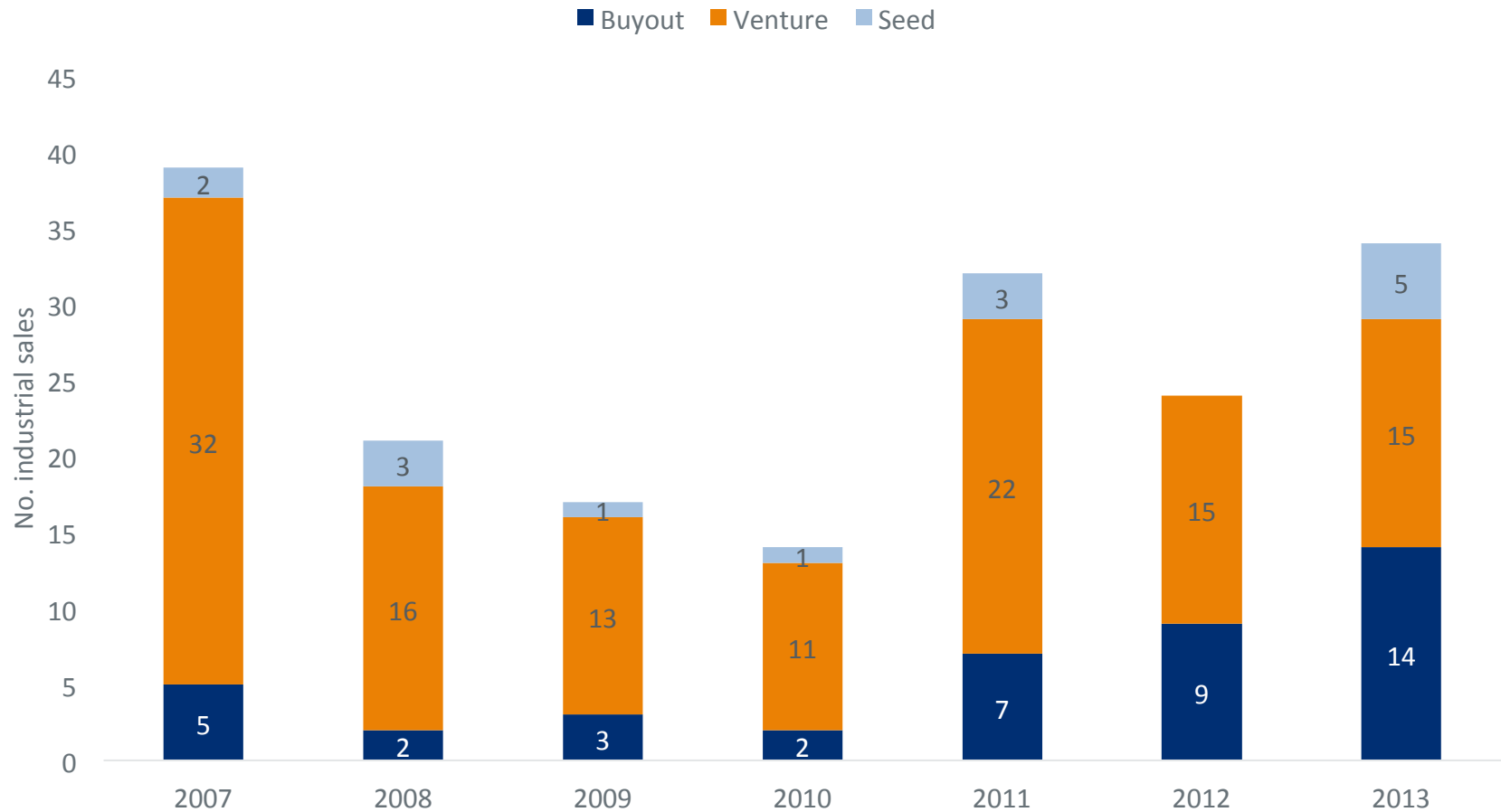
Norwegian PE firms' Divestments in Norwegian and foreign enterprises

(Industry statistics)

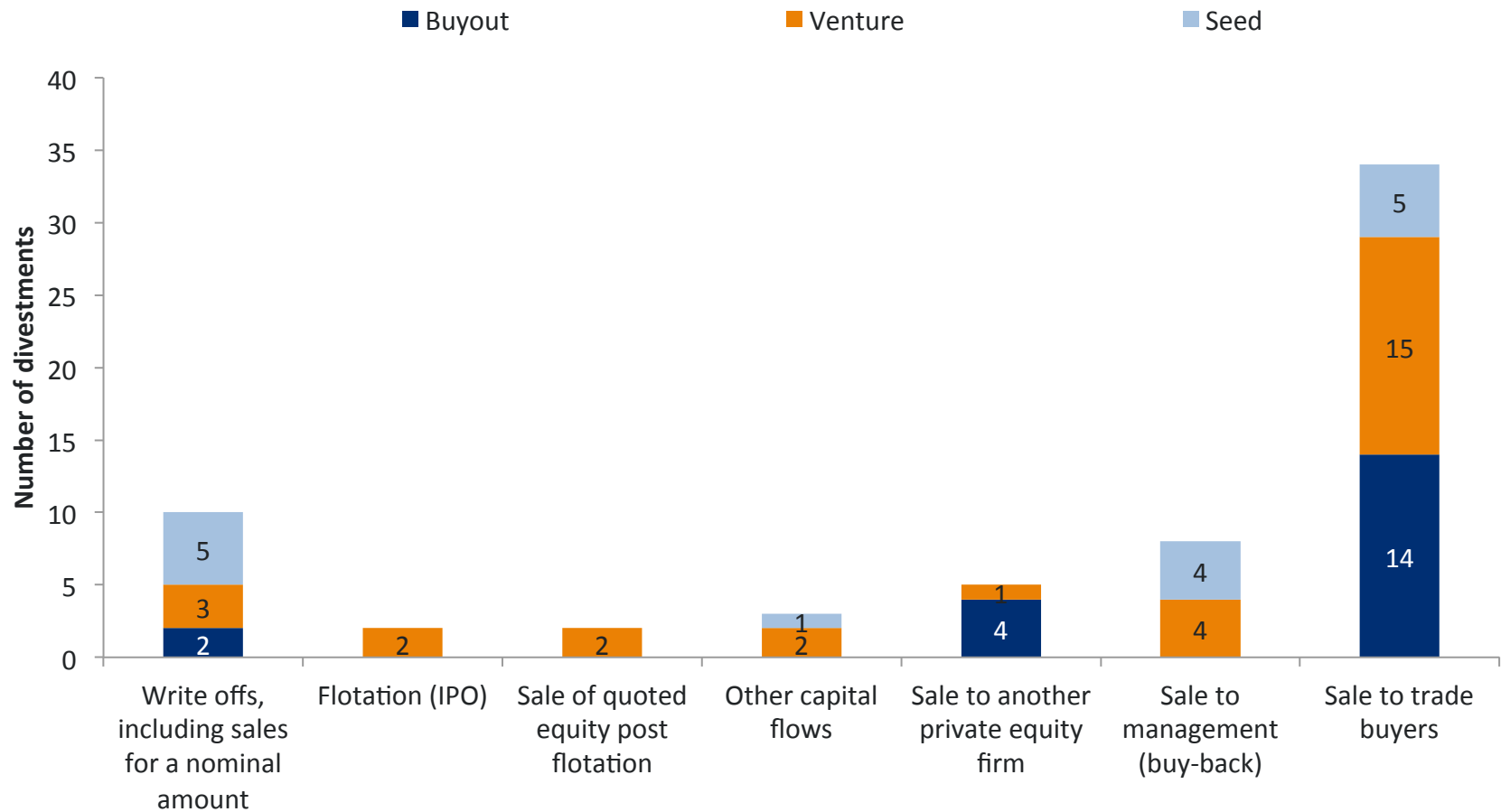
NUMBER OF DIVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES (EXCL. WRITE OFFS) BY NORWEGIAN PE FIRMS



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



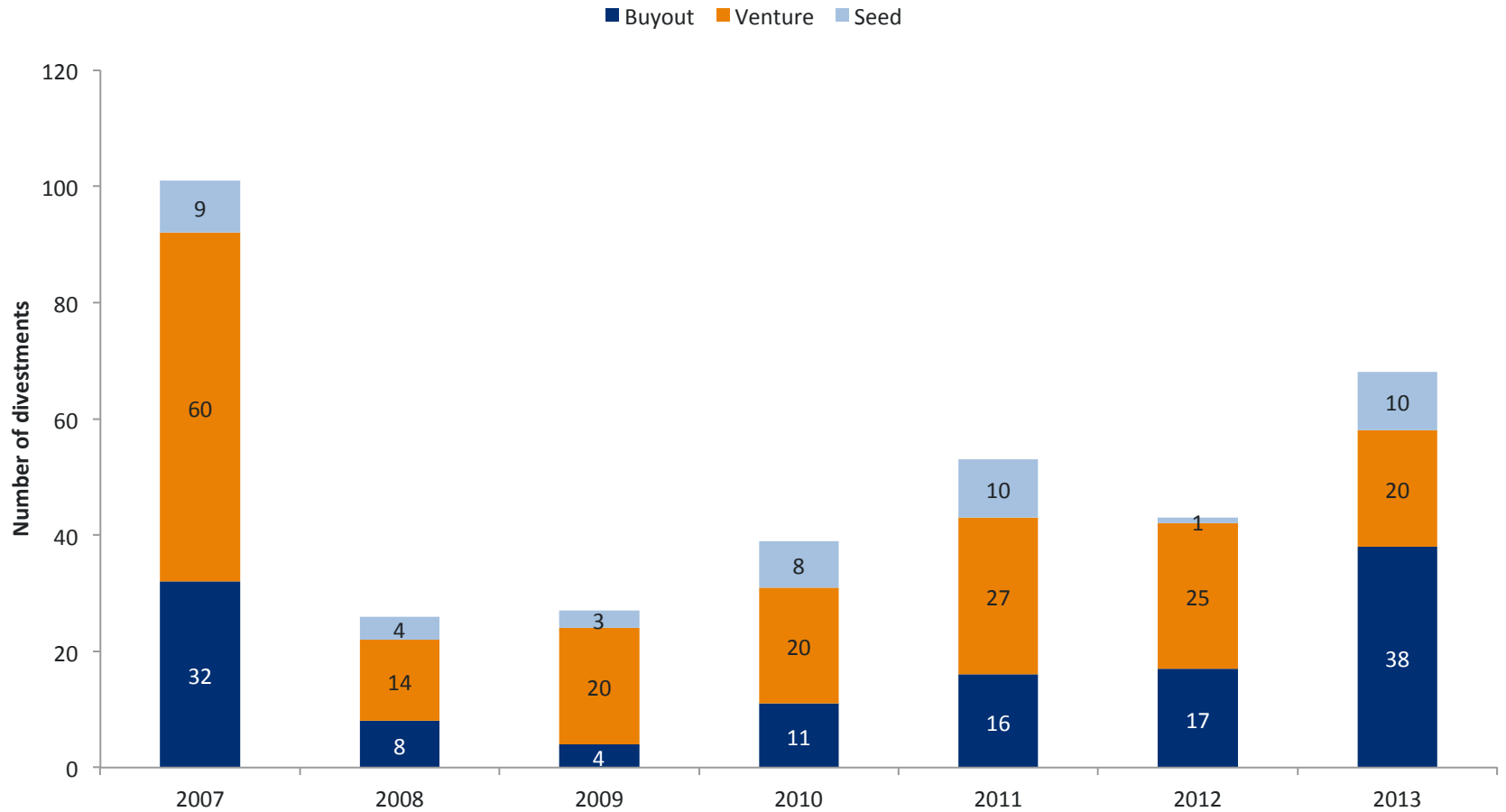
NUMBER OF DIVESTMENTS IN NORWEGIAN AND FOREIGN ENTERPRISES BY NORWEGIAN PE FIRMS 2013 BY PHASE



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)



TYPE OF DIVESTMENTS IN NORWEGIAN ENTERPRISES BY NORWEGIAN AND FOREIGN PE FIRMS IN 2013

