

Activity Survey for Private Equity, Venture Capital and Seed Funds in Norway

H1 2008

“More Capital Free for Investment:
Good Timing?”



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Brief notes on the H12008 survey

- **Produced for the Norwegian Venture Capital & Private Equity Association (NVCA)**
- **Data collected by PEREP_Analytics and MENON Business Economics**
- **Covers activities in existing PE, VC and Seed funds in Norway in H1 2008. Covers also investments into Norway from foreign PE/VC funds.**
- **Survey conducted in August-October (08) among members and non-members of NVCA /EVCA**
- **Maps activities in 29 out of 51 management companies and 72 of 110 funds/portfolios in Norway**
 - **New definitions:**
 - We have dropped foreign funds with offices in Norway since their funds cannot be split between Norway and other countries. These funds tend to enlarge the figures strongly.
 - We have excluded the following funds from the survey due to our definition of funds: Norfund, Norsk Vekst, Glastad Invest, Bergen Venture, Storebrand Alternative Investments, Kongsberg Innovasjon.
- **We have added information on capital under management in the majority of non-responding companies. Investment activity is also supplemented in those cases where it is available**
- **This study has identified activity of nearly all portfolio companies, previous studies had only identified main focus of fund**



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Snapshot PE, VC and Seed in Norway 2008:

- **54 management companies administrating 110 funds**
 - 7 new funds established in H1 (08), raising about EUR 1,5bn
 - 6 new funds were established in H1 (07), and 3 in H2 (07)
- **EUR 6,7bn in total capital under management**
 - Up 1,5bn (+30%) from year end (07)
- **EUR 540 mill. in total investments in H1 (08)**
 - Up 32% compared to H1 (07).
 - Approximately 10% of investments in other countries.
 - Clear slowdown in the number of investments.
 - 43 initial investments and 42 follow-up investments in H1 (08).
- **Norwegian funds have invested in 607 portfolio companies**
 - 431 are Norwegian companies, 185 are foreign.
 - Foreign funds alone have now investments in 35 Norwegian companies (EUR 92 mill)
- **The bulk of new companies are in Energy and Environment and Computer and Consumer Electronics**
 - 35 portfolio companies, which is about 40% of all companies reported, sort under these sectors
 - Energy and Environment received 55% of all investments in H12008
- **The buyout segment almost equal in size with venture, now representing nearly 40 percent of investments**



Management Companies located in Norway

Seed	Region	Venture / Start up	Region	Buyout /Expansion	Region
Campus Kjeller	Eastern Norway	Alliance Venture	Oslo	Altaria	Oslo
Fjord Invest	Western Norway	BTV Invest	Eastern Norway	Borea Oportunities	Western Norway
IT Fornebu Inkubator	Oslo	Convexa	Oslo	Credo Partners AS	Oslo
KapNord	Northern Norway	Energy Future	Oslo	Herkules Capital	Oslo
Kongsberg innovasjon	Eastern Norway	Energy Ventures	Western Norway	FSN Capital Partners	Oslo
Leiv Eiriksson Nyskaping	Mid Norway	Ferd Venture	Oslo	Hitecvision	Western Norway
Midvestor	Mid Norway	Hafslund Venture	Oslo	Marin Forvaltning	Western Norway
Møre og Romsdal Invest	Western Norway	StatoilHydro Venture	Oslo	Norgesinvestor	Oslo
Norinnova	Northern Norway	ICON capital group	Oslo	Norvestor Equity	Oslo
Proventure Seed	Mid Norway	Incitia	Oslo	Progressus	Western Norway
SåkorninVest	Western Norway	Kistefos Venture	Oslo	Reiten	Oslo
Sarsia Seed	Western Norway	Neomed	Oslo	True North	Oslo
Sinas	Northern Norway	Northzone	Oslo		
Sinvent / SINTEF	Mid Norway	O. N. Sunde Venture AS	Oslo		
Spring-fondet	Oslo	Procom Venture	Western Norway	Foreign funds located in Norway	
Sydvestor	Southern Norway	Sarsia Life Science	Western Norway	Altor	Oslo
		Skagerak Venture	Southern Norway	Capman Norway	Oslo
		Teknoinvest	Oslo	EQT	Oslo
		Telenor / Televentures	Oslo	Industri Kapital	Oslo
		Venturos	Oslo	Nordic Capital	Oslo
		Verdane Capital	Oslo		
		Viking Venture	Mid Norway		
		Creo Capital	Oslo		
Number of Management companies	16		23		17



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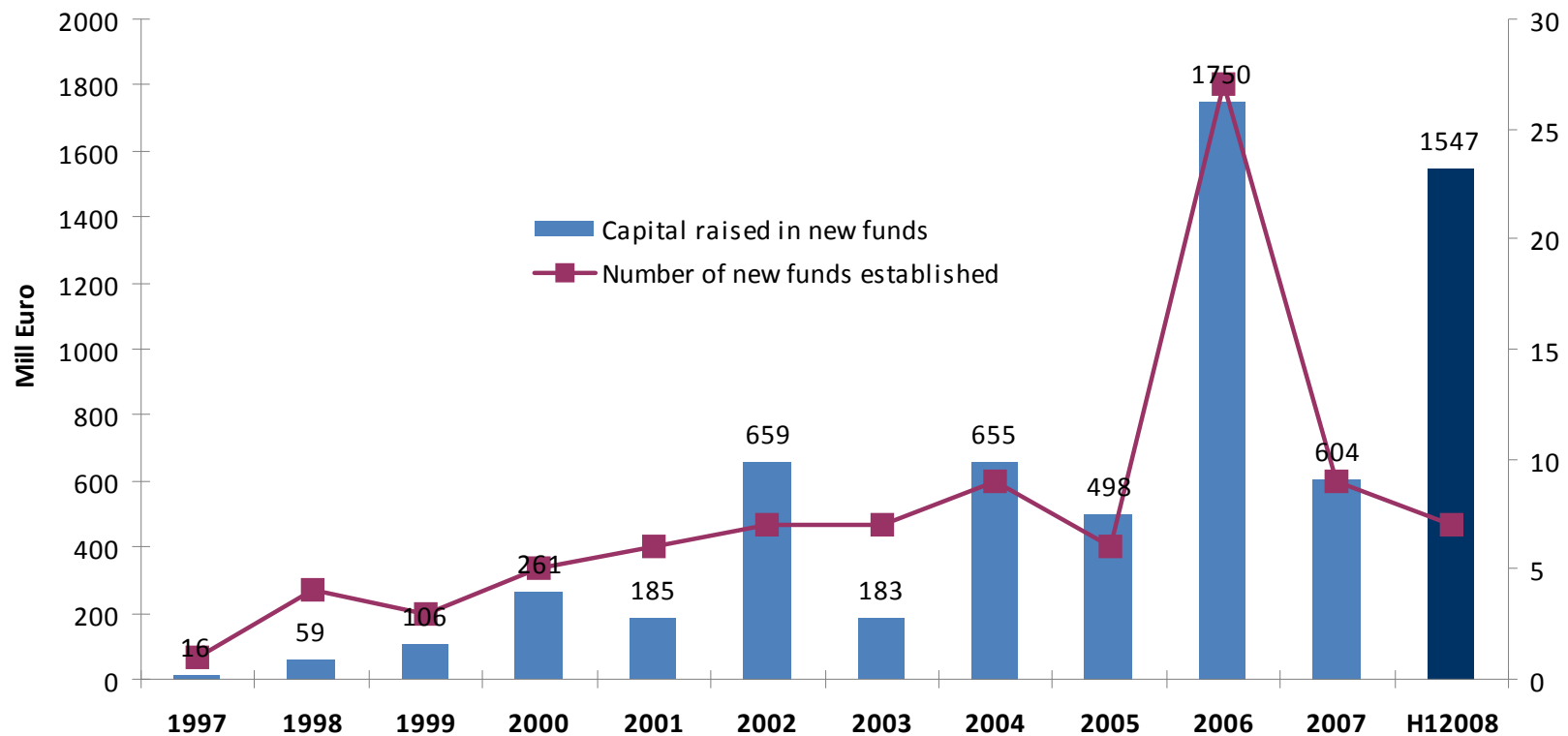
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Surprising jump in fund raising: The industry shows strength in weak times

3 seed, 2 venture and 2 buyout funds established in H1 (08)

Establishment of new funds in Norway



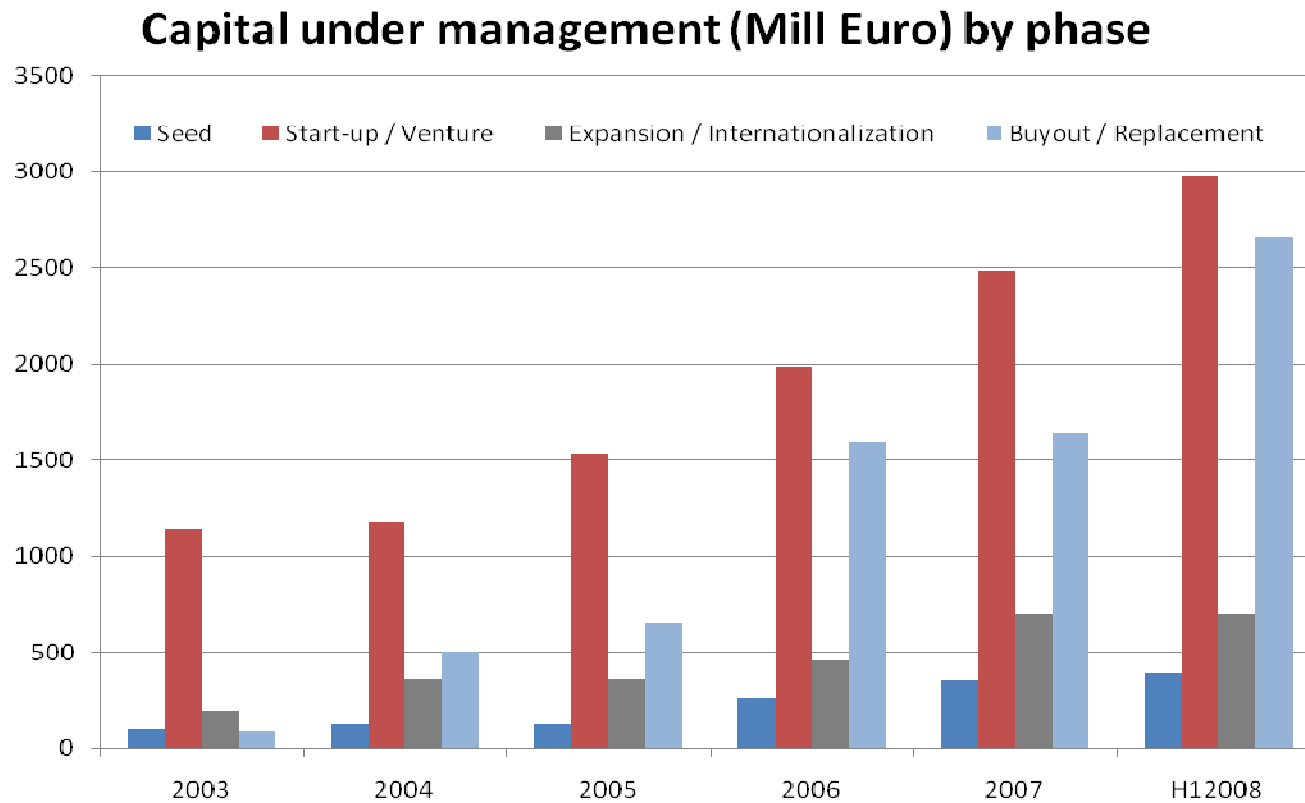
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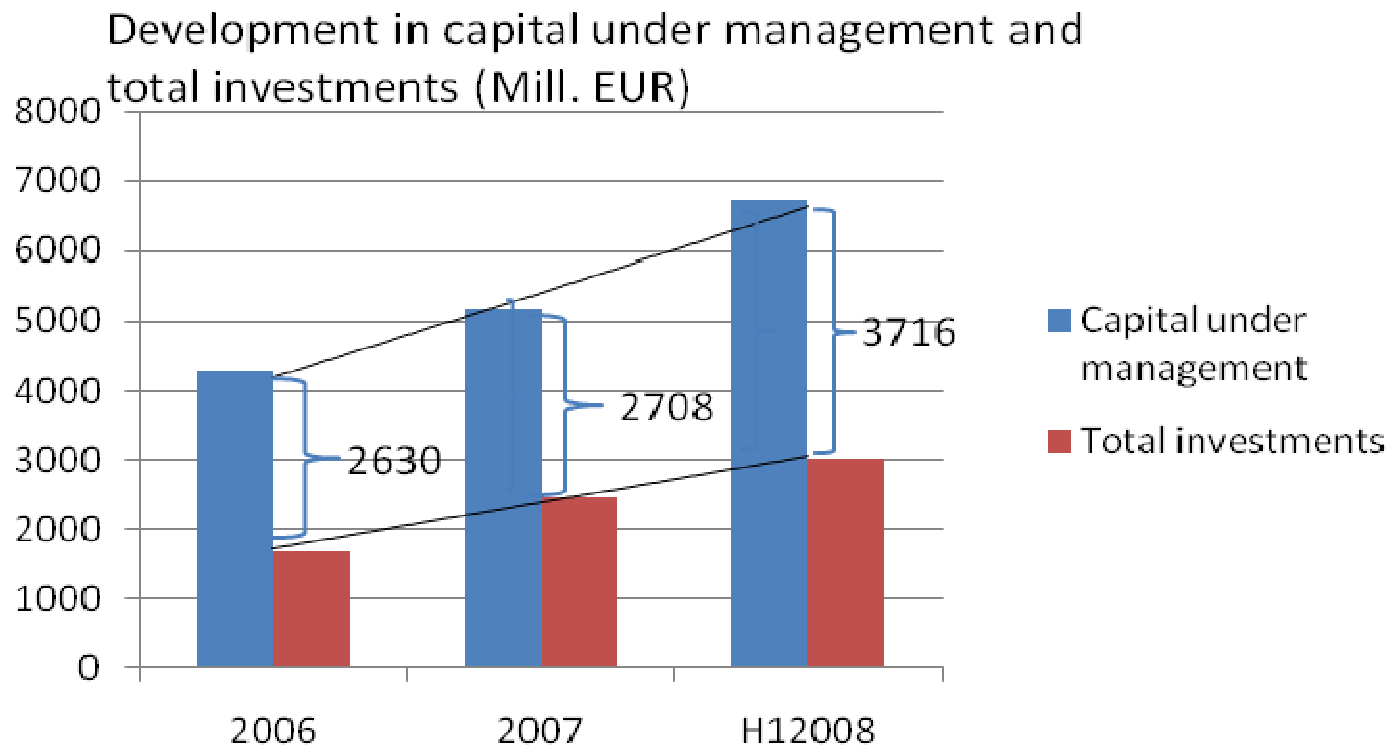
Buyout capital is climbing fast

- Capital under management amounts to EUR 6.7bn
- 30% increase from year end 2007
- 60% capital growth in Buyout



Capital free for investment is mushrooming during slowdown

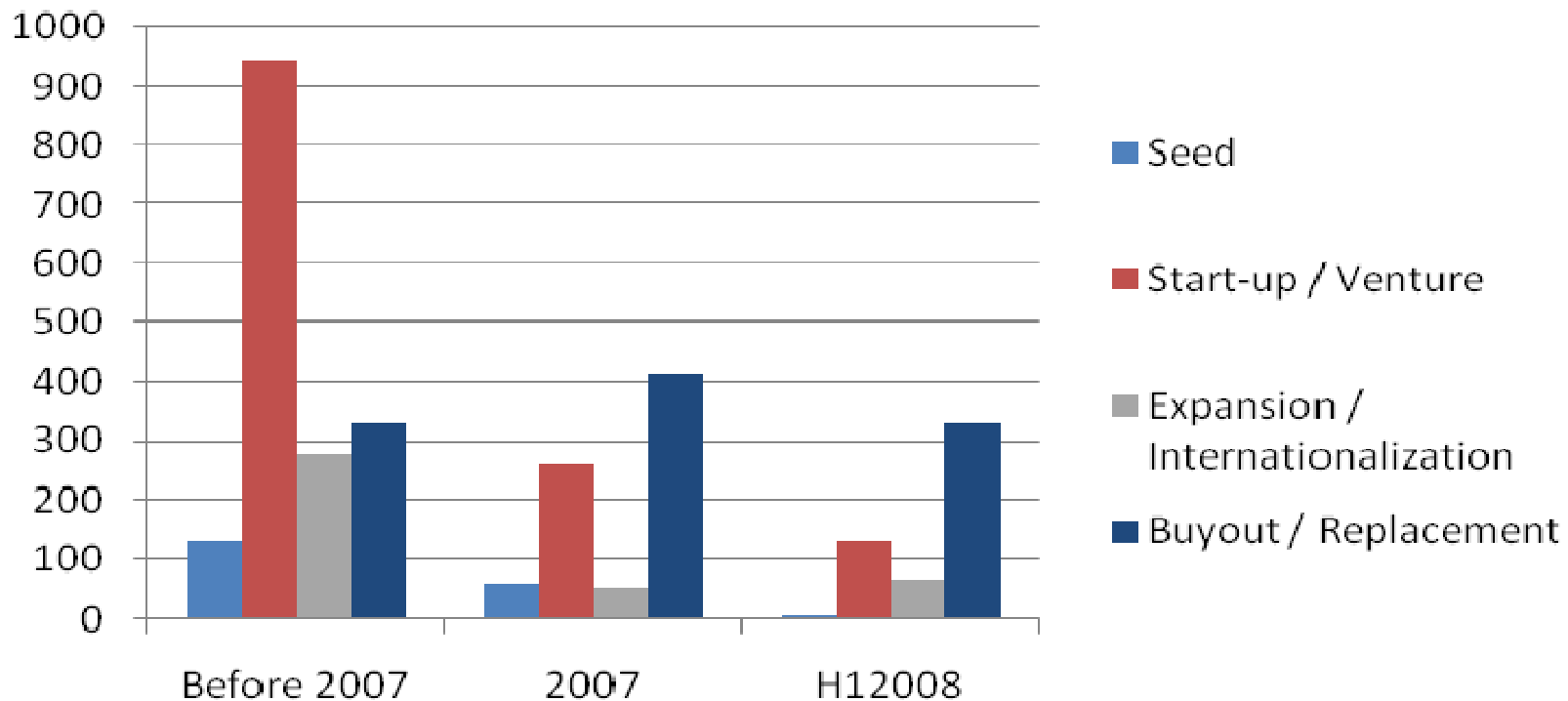
- EUR 3.7bn in free capital
- Buyout is the engine.
- Leverage opportunities is the key to success



Impressive investment growth in H1 (08):

- EUR 0.54bn in investments in H1 (08): up 32% from H1 (07)
- Funds have aggregated investments of EUR 3bn.

Investment by Phase (mill. Euro)



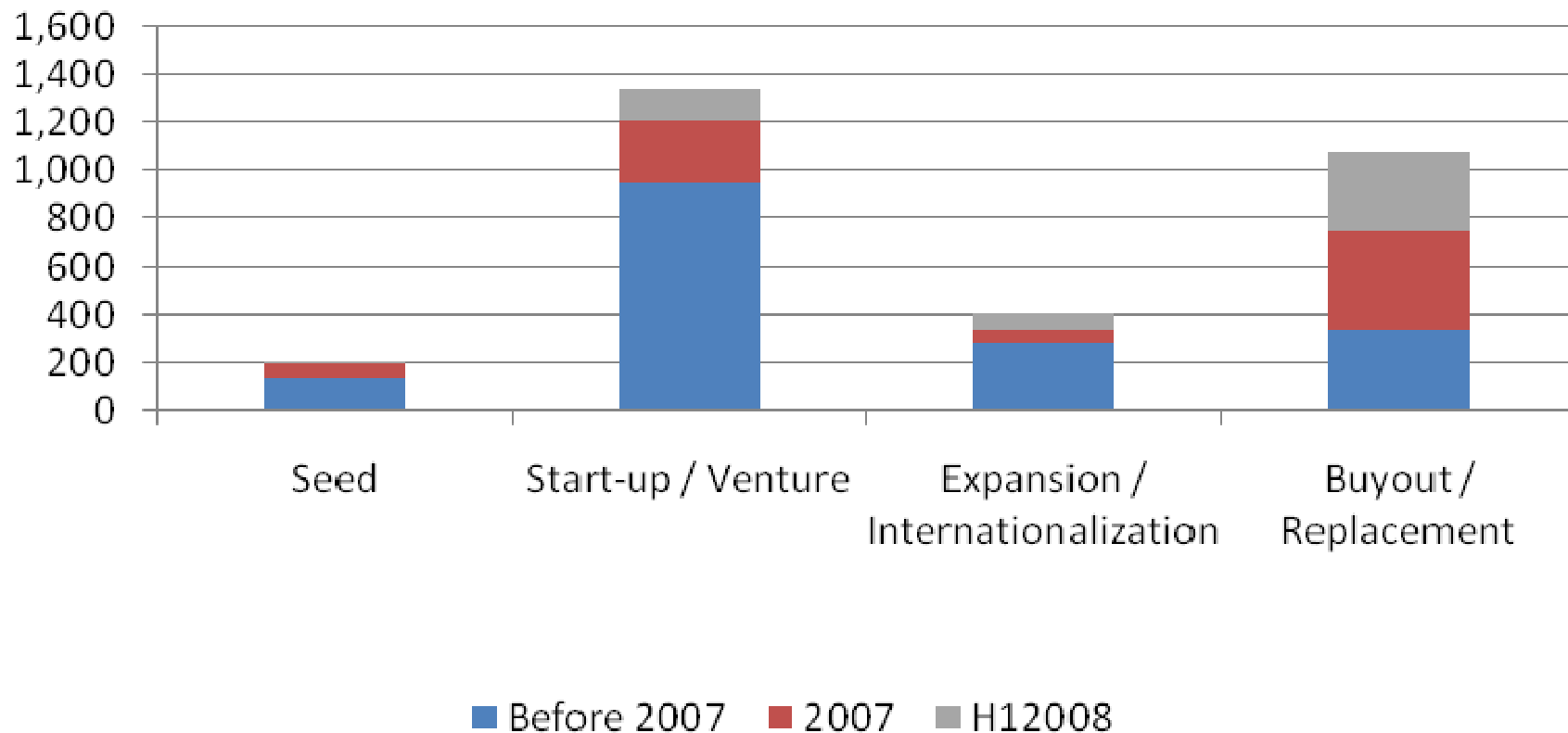
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Impressive investment growth in H1 (08) (2):

Investment by phase (mill. Euro)



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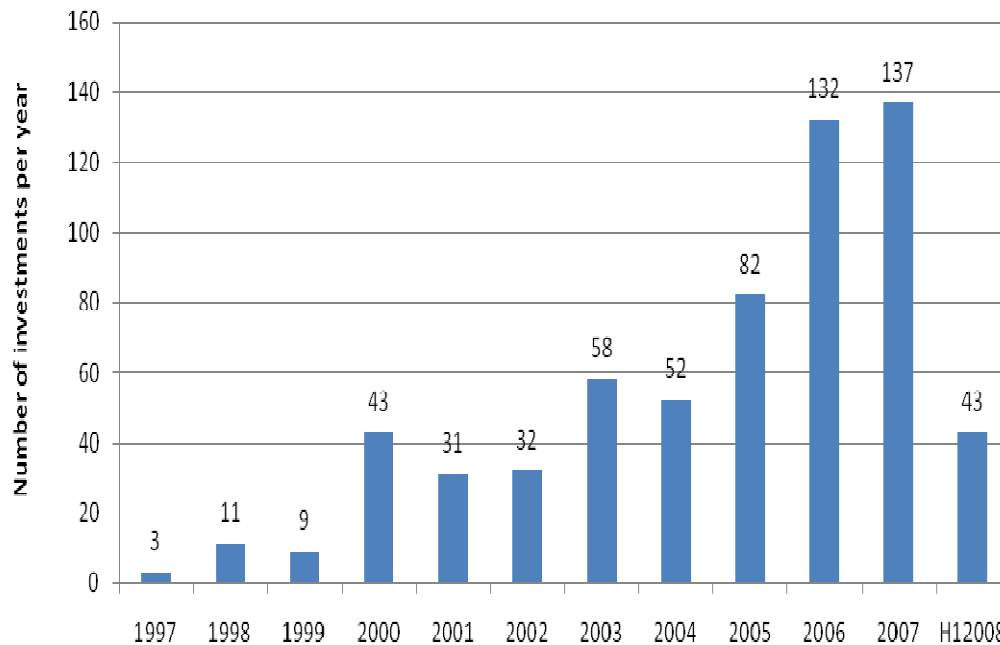
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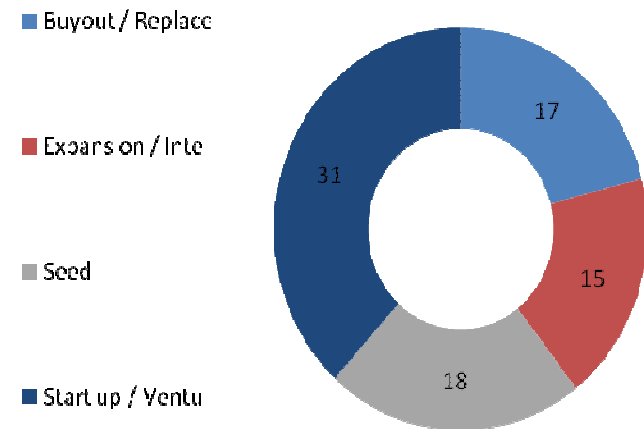
Clear slowdown in the number of investments:

- 43 new investments in H12008, compared to 91 H12007
- The slowdown purely relates to early stage investments (both seed and venture)

Number of new portfolio companies in existing funds

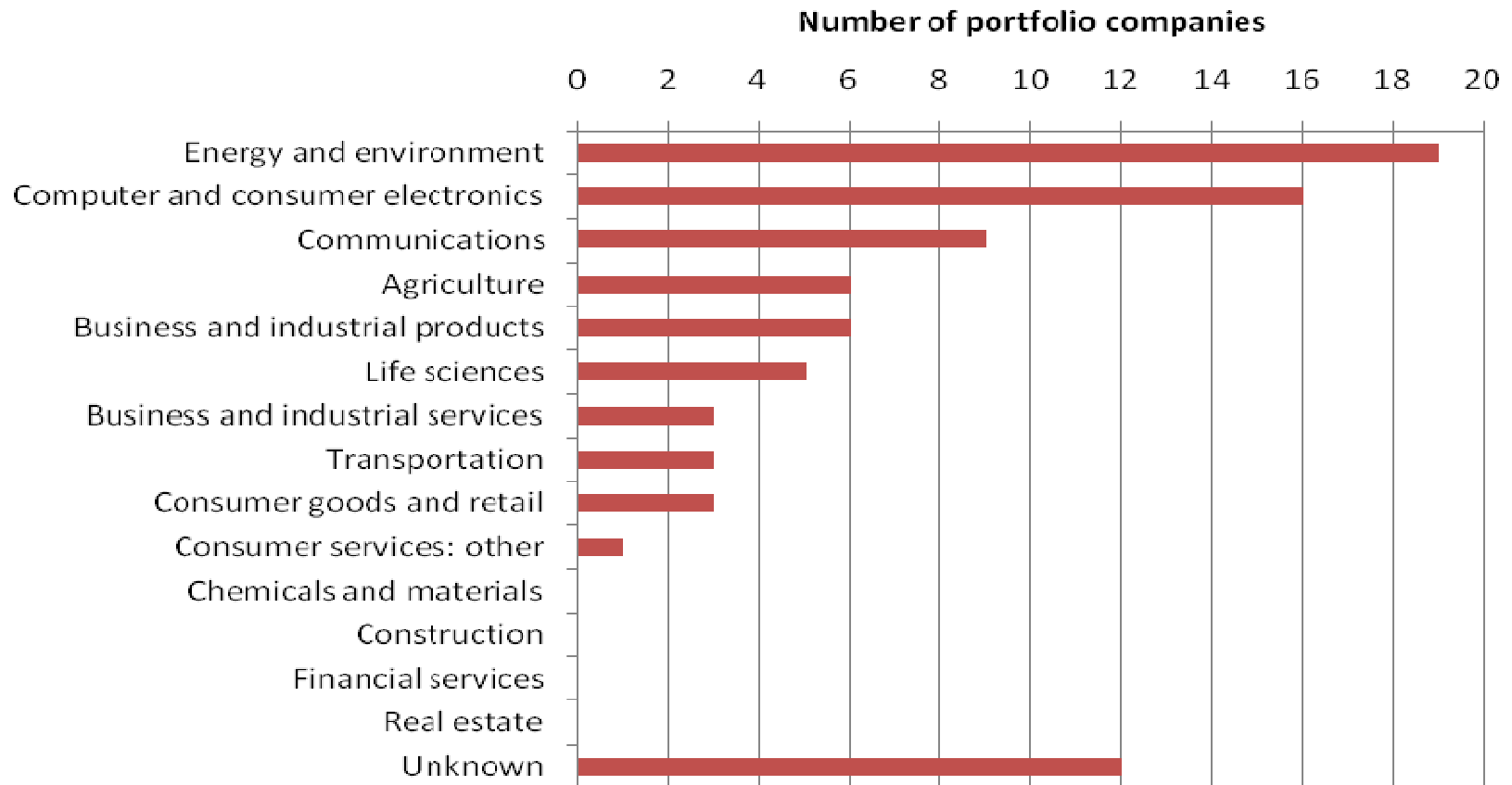


Number of initial investments in H12008



Investment – dominated by “Energy and environment”

Industry distribution of portfolio companies



Foreign investors with stronger focus on Norway:

- Larger investments into Norway than out of Norway in H1 (08)
- New figures for 2007 shows the same pattern
- Yet, the presence of foreign funds through investments in Norway is limited to relatively few cases. Foreign presence as lead investor in early stage is relatively rare

The domestic / Foreign matrix of number of portfolio companies

	Norwegian Companies	Foreign Companies
Norwegian Funds	431	185
Foreign Funds	35	

The domestic / Foreign matrix of investments (Mill EURO) 2008

	Norwegian Companies	Foreign Companies
Norwegian Funds	478	58
Foreign Funds	92	



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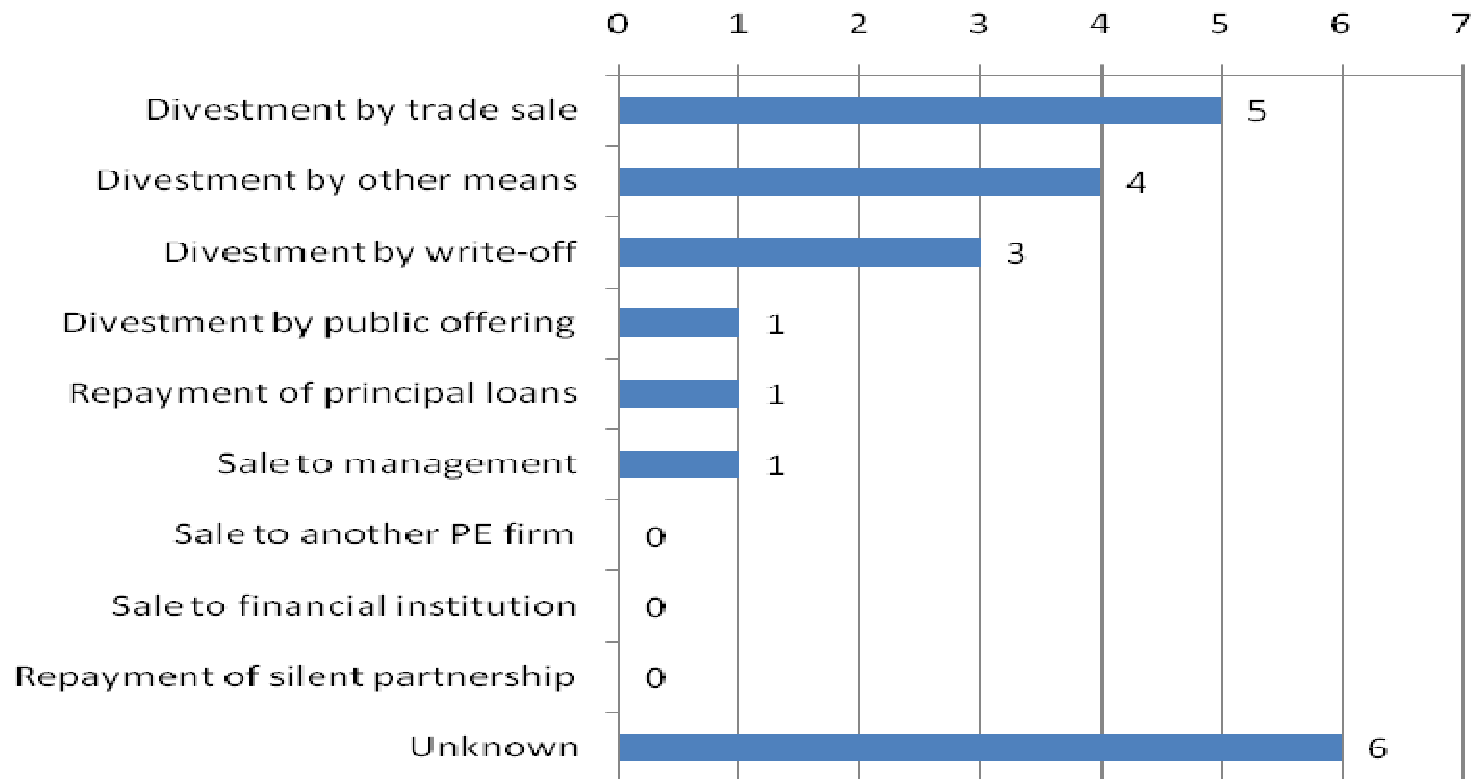
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Sharp drop in divestments reflecting a harsh climate

- 21 divestments in H1 (08), compared to appr. 82 in H1 (07)

Number of divestment by exit route





norsk venture

www.nvca.no