



Private Equity Funds in Norway

Activity report 2020

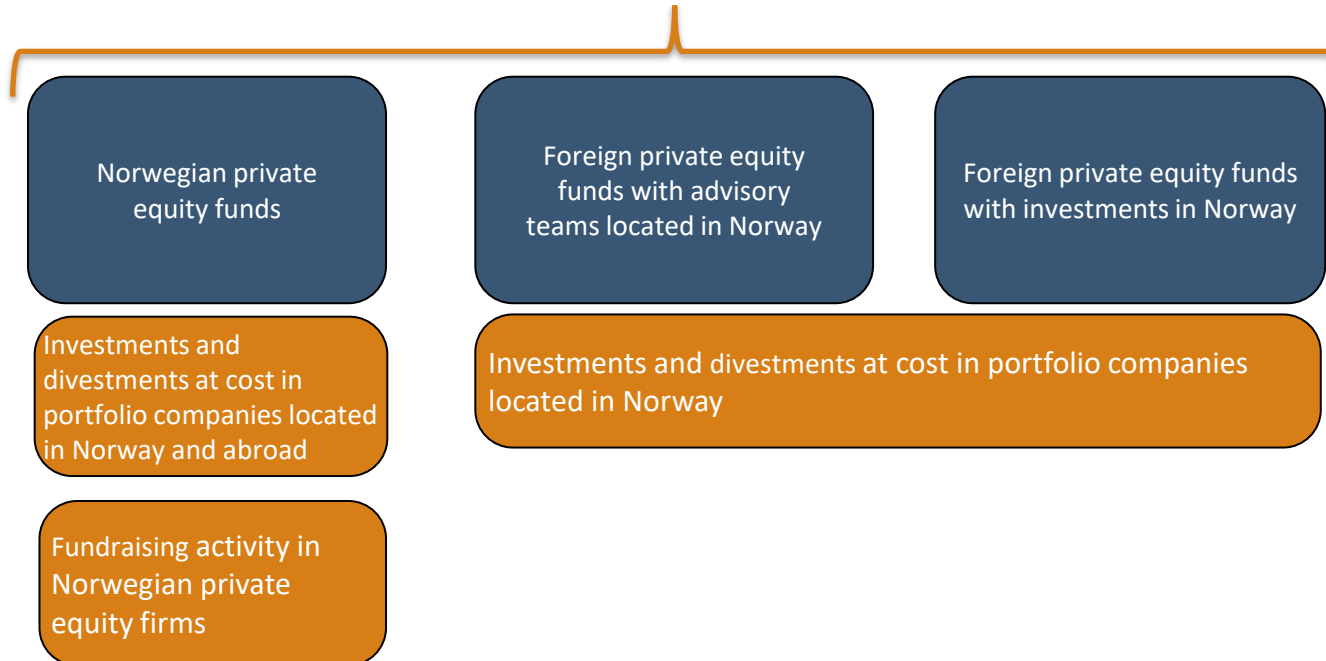
Seed, Venture and Buyout

Main findings

- Norwegian PE firms raised a record high 20 bn. NOK in 2020. Investors see opportunities going forward despite the pandemic. Only in 2016 have Norwegian PE firms raised more capital.
- Investment activity from Norwegian PE firms were stable and moderately higher than the last three years in terms of amount invested, but somewhat lower in terms of number of investments.
- Less capital invested from foreign investors in the Norwegian market as only one large cap transaction were made in 2020, compared to six in 2019.
- Exit activity were low with few exits, which probably is due to covid-19. However, 8 exits through IPOs were completed by Norwegian PE firms and in Norwegian companies, combined. The combination of high valuations on public markets in and uncertainty of pricing may have led to many IPOs, but few secondary deals.
- IT investments are still the dominating sector. Retail is attracting more investments as investors see opportunities emerge as a result of the pandemic, even though many companies in the sector have been severely negatively affected by the pandemic. Cleantech attracts more investments as the world is shifting towards renewable energy sources, and the petroleum sector attracts less investments and capital.

The Activity Report 2020 is developed for the Norwegian Venture Capital & Private Equity Association (NVCA) by Menon Economics and PEREP Analytics during the spring 2021. 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

Norwegian funds made 238 investments in 2020, a decrease of 10 percent from 2019. Norwegian PE funds invested a total of NOK 9.5 bn. in 2020, a slight increase of 640 mill. compared to the year before. This is the second highest amount invested on record since the tracking of the market started in 2007. However, the total number of investments is the second lowest on record with 238 investments.

The reduction in number of investments is seen in both foreign and Norwegian companies. The number of investments made by Norwegian PE firms have been remarkably stable for a period, remaining in the interval of 230-263 since 2014. Nearly 60 percent of the capital was invested in foreign companies, a sharp increase from 2019. Still, four out of five investments are made in Norwegian companies.

Seed investments saw an increase, amounting to NOK 340 mill., after four straight years of growth. This is the second largest amount recorded, only beaten by 2008's NOK 410 mill. The number of seed investments was, however, smaller than usual, at only 74. Investment in the venture segment continued decreasing in 2020, now at NOK 1,2 bn., which is the lowest in five years. This despite the number of venture investments increasing to 111 from the previous year. Buyout investments by Norwegian PE funds are also at the second highest since 2007, with nearly NOK 8 bn. in 2020. The number of buyout investments remains stable.

Industry statistics

The IT-sector attracts the highest number of investments and capital from Norwegian PE funds. In 2020 both the number of investments and the amount invested within IT increased. The IT sector has to a limited extent been negatively affected by the pandemic, rather many companies within the sector have been able to capitalize on new business opportunities.

On the other end, the number of investment and amount invested in petroleum sector decreased. The combination of strengthened political measures and policy targets pushing towards renewable energy sources in combination with a pandemic reducing the demand for transportation services have reduced investment activity in the sector.

The retail sector also gained more attention in 2020, with investments increasing in both numbers and volume compared to 2019. Although the sector in general has been severely hit by the pandemic, opportunities for new business models are emerging with changing consumer patterns and digitalization.

Market statistics

The number of investments in Norwegian companies maintained at a high historic level at to 258 in 2020. Since 2014, only 2019 have seen a higher number of investments in Norwegian companies, showing the attractiveness of Norwegian companies in a year characterized by uncertainty.

Norwegian and foreign PE funds' invested NOK 11.5 bn. in Norwegian companies in 2020, after a record breaking NOK 36.8 bn. in 2019. In an historical context the amount invested in Norwegian companies was low in 2020, mainly due to a the reduction in the amount invested in the buyout phase. Only one large cap investment were made in 2020, compared to six the year before. The decrease in total amount invested is driven by the fall in foreign investments, from NOK 31.2 bn. in 2019, to NOK 7.7 bn. in 2020. Still, two thirds of capital invested in Norwegian companies in 2020 came from foreign PE funds. Investments by Norwegian PE funds in Norwegian companies fell by 32 percent, to NOK 3.8 bn. in 2020.

The number of investments in Norwegian IT companies fell slightly in 2020. Compared to 2019 the amount invested in the sector dropped sharply as there were only one large cap IT investments. Still, the sector accounts for more than 40 percent of investments in Norwegian portfolio companies and half of the amount invested. The number of investments in life science experienced an unexpected reduction, while the amount invested in the sector was almost three fold compared to 2019. Cleantech received more than three times as much capital in 2020 as in 2019, combined with attracting almost twice the number of investments. The number of investments in Norwegian petroleum decreased sharply as well as the number of investments.

Total fundraising 2020 – NOK 20 bn. (1 900 mill. EUR)

Seed
1 400 mill. NOK
(130 mill. EUR)

Venture
8 400 mill. NOK
(780 mill. EUR)

Buyout
10 200 mill. NOK
(950 mill. EUR)

Selected funds with closings in 2020

Skyfall Ventures

Alliance Venture Delta

Idekapital Fund II

ProVenture Seed III

Skagerak Maturo V

Verdane Edda II

Longship Fund II

Equip Capital I

Norvestor VIII

Overall:

- Norwegian PE firms invested 9 500 mill. NOK (EUR 880 mill.) in Norwegian and foreign portfolio companies
 - 3 800 mill. NOK (EUR 360 mill.) in Norwegian enterprises
 - 5 600 mill. NOK (EUR 520 mill.) in foreign enterprises
- Seed:
 - 340 mill. NOK (EUR 30 mill.) invested. Up from 290 mill. NOK (EUR 30 mill.) in 2019.
- Venture:
 - 1 170 mill. NOK (EUR 110 mill.) invested. Down from 1 290 mill. NOK (EUR 130 mill.) in 2019.
- Buyout:
 - 7 940 mill. NOK (EUR 740 mill.) invested. Up from 7 230 mill. NOK (EUR 730 mill.) in 2019.

Overall:

- 11 500 mill. NOK (EUR 1 080 mill.) invested in Norwegian enterprises by both Norwegian and foreign PE firms
 - Norwegian PE firms invested 3 380 mill. NOK (EUR 360 mill.)
 - Foreign PE firms invested 7 700 mill. NOK (EUR 720 mill.)
- Seed:
 - 330 mill. NOK (EUR 30 mill.) invested. Up from 290 mill. NOK (EUR 30 mill.) in 2019.
- Venture:
 - 1 050 mill. NOK (EUR 100 mill.) invested. Down from 1 390 mill. NOK (EUR 140 mill.) in 2019.
- Buyout:
 - 10 170 mill. NOK (EUR 950 mill.) invested. Down from 35 110 mill. NOK (EUR 3 570 mill.) in 2019.

Divestments in Norwegian and foreign enterprises by Norwegian PE firms

- 31 divestments by Norwegian PE firms. Down from 58 in 2019.
 - 2 divestments within the seed stage. Down from 7 in 2019.
 - 5 divestments within the venture stage. Down from 19 in 2019.
 - 24 divestments within the buyout stage. Down from 32 in 2019.
- 9 out of 31 of divestments were sales to trade buyers.

Divestments in Norwegian enterprises by Norwegian and foreign PE firms

- 35 divestments in Norwegian enterprises. Down from 53 in 2019.
 - 2 divestments within the seed stage. Down from 7 in 2019.
 - 11 divestments within the venture stage. Same as in 2019.
 - 22 divestments within the buyout stage. Down from 35 in 2019.
- 4 out of 35 divestments were sales to trade buyers.

Appendix

Graphs and charts:

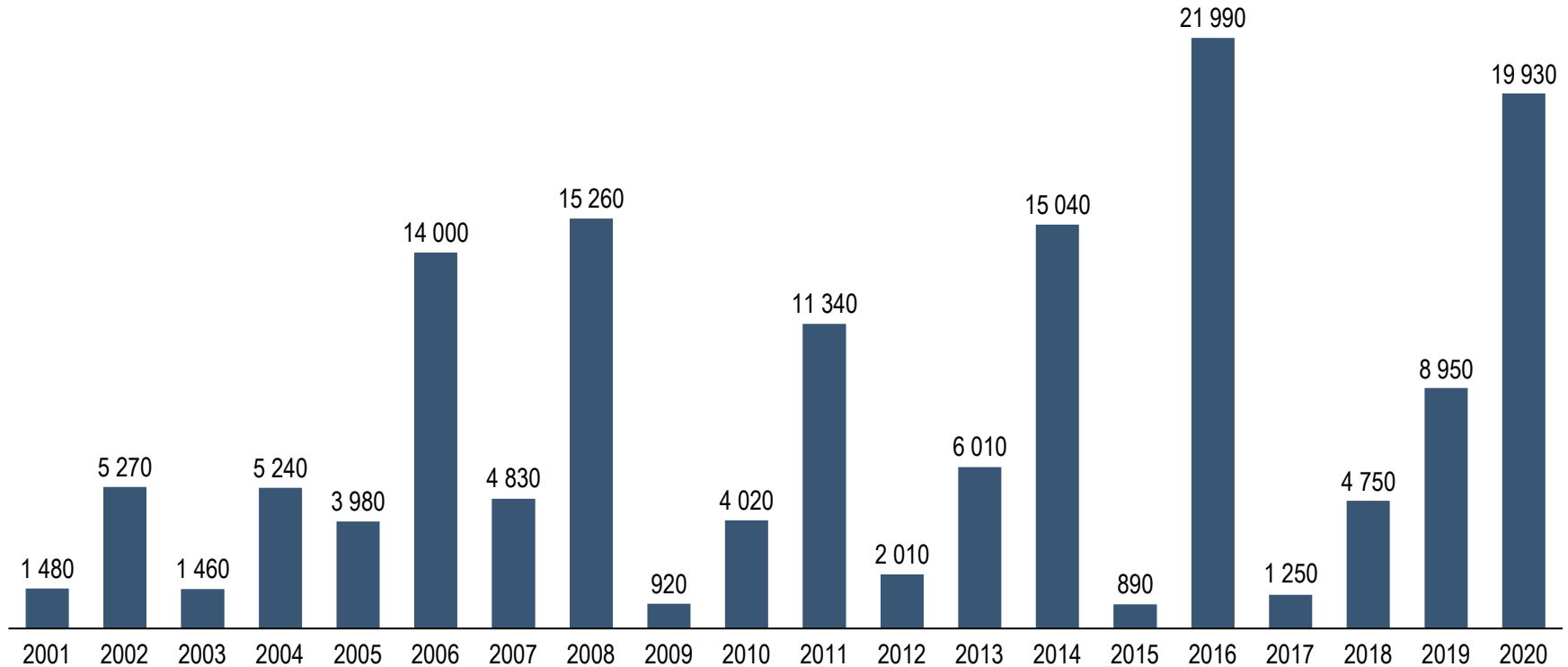
Fundraising

Investments

Divestments

FUNDRAISING

Figure 1: New committed capital per year from 2001-2020 (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)

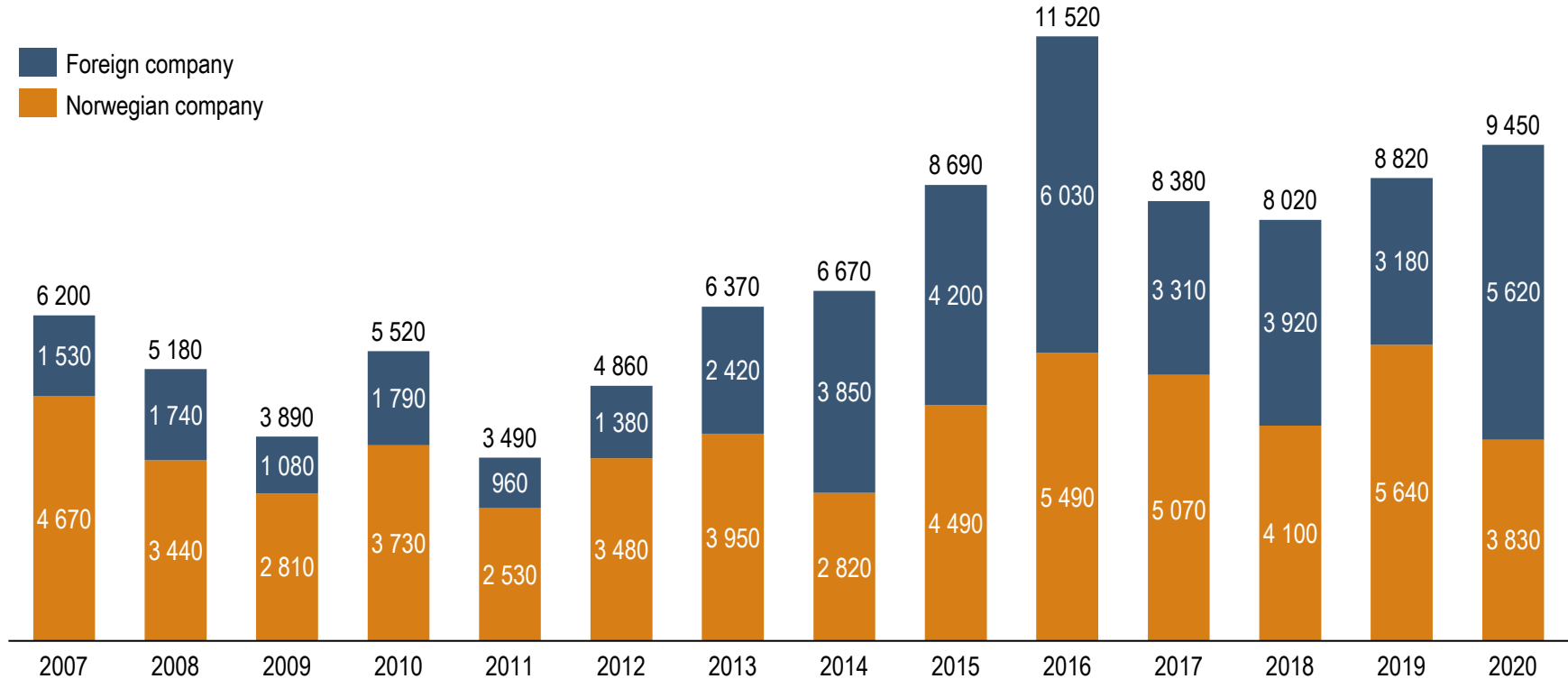


Figure 3: Number of investments by Norwegian PE firms

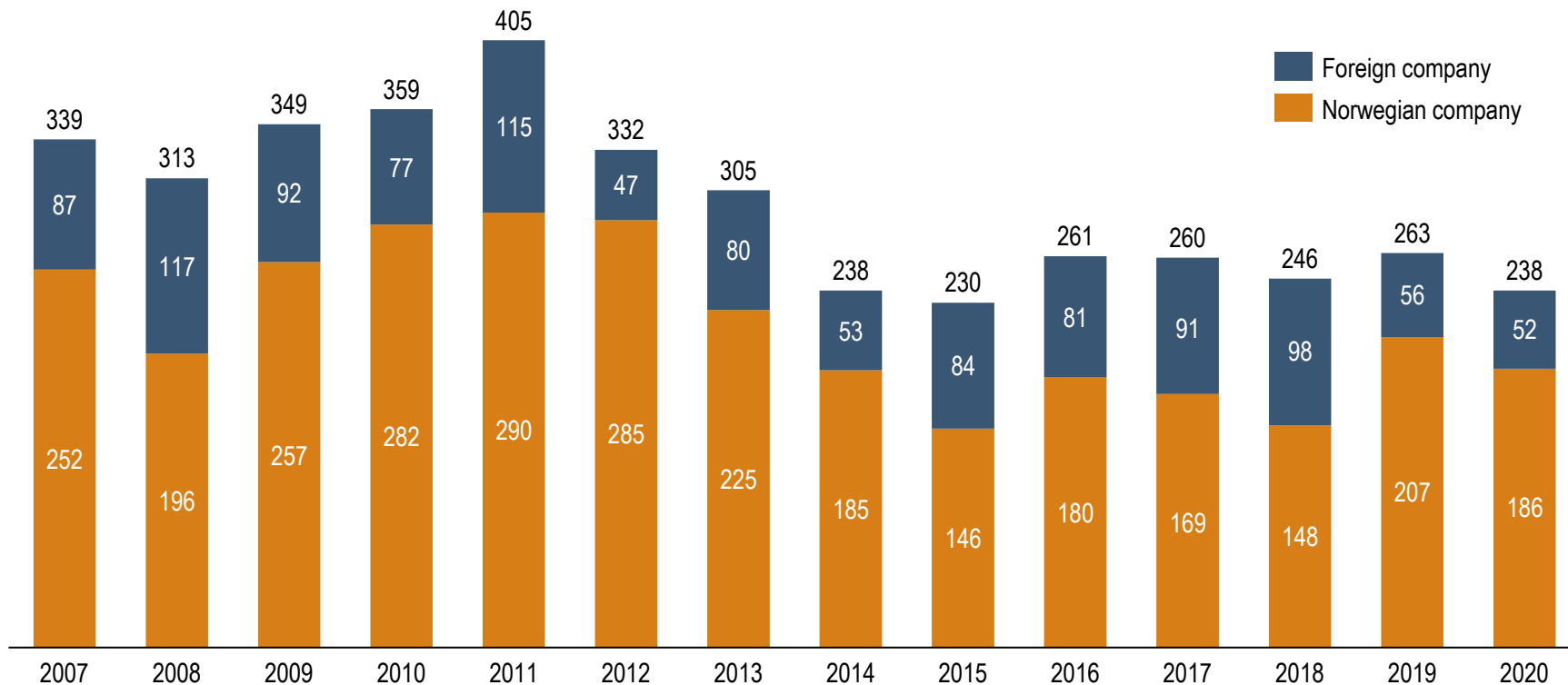


Figure 4: Amount invested by phase (million NOK)

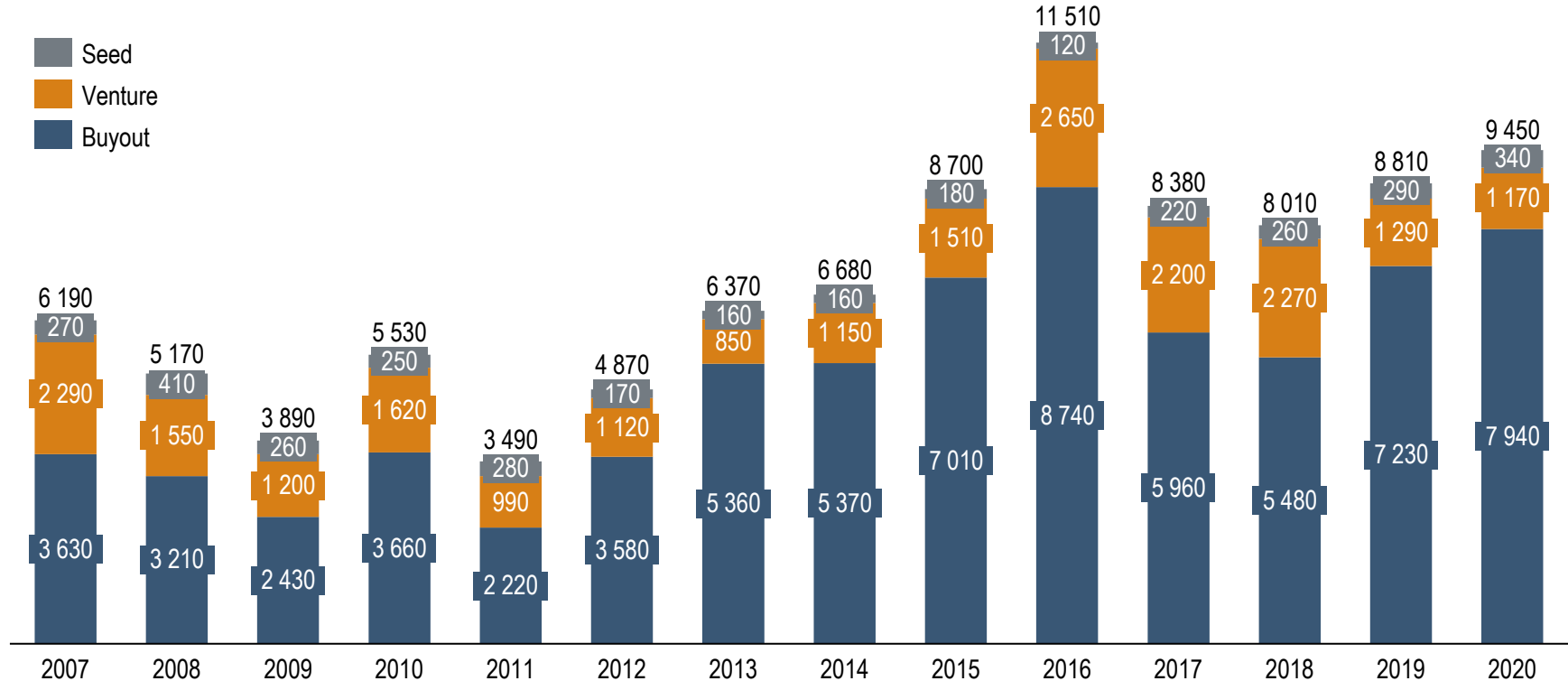


Figure 5: Number of investments by phase

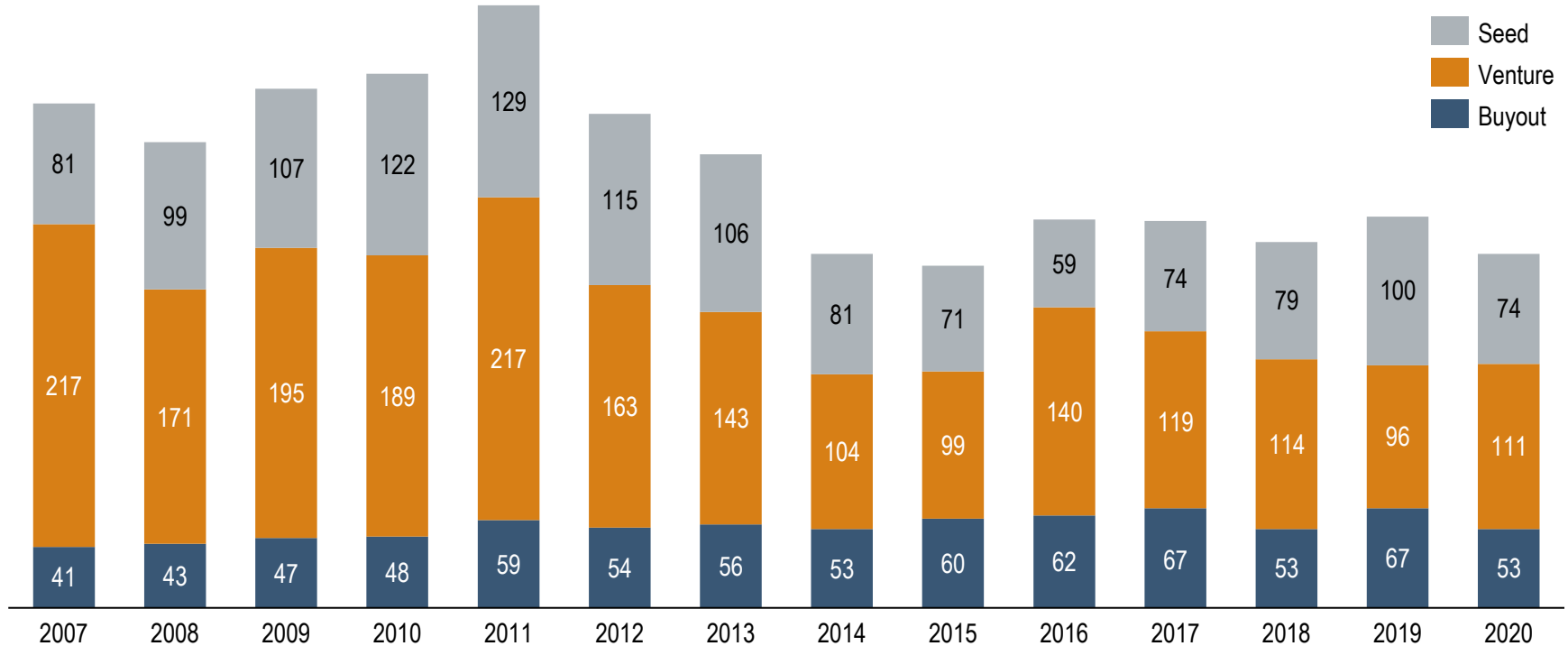


Figure 6: Buyout - initial and follow up investments (million NOK)

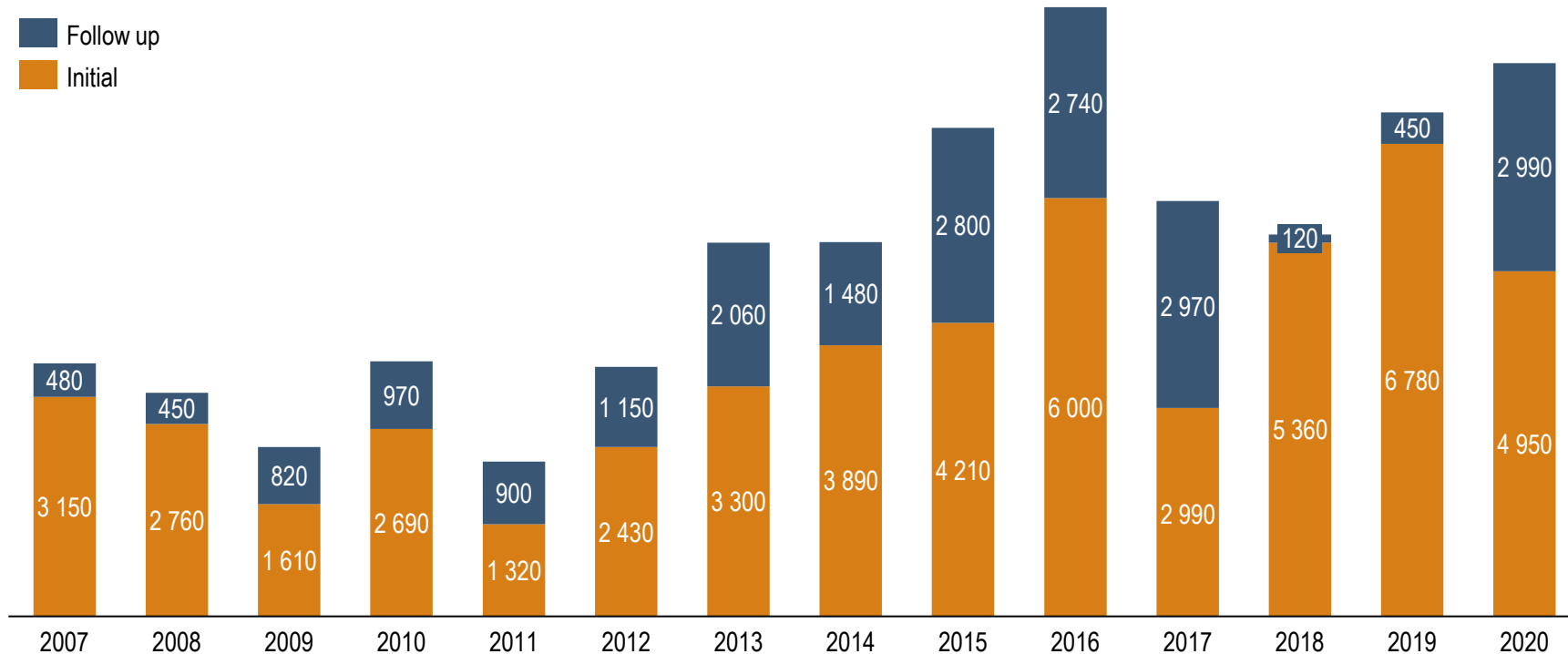


Figure 7: Number of initial and follow up buyout investments

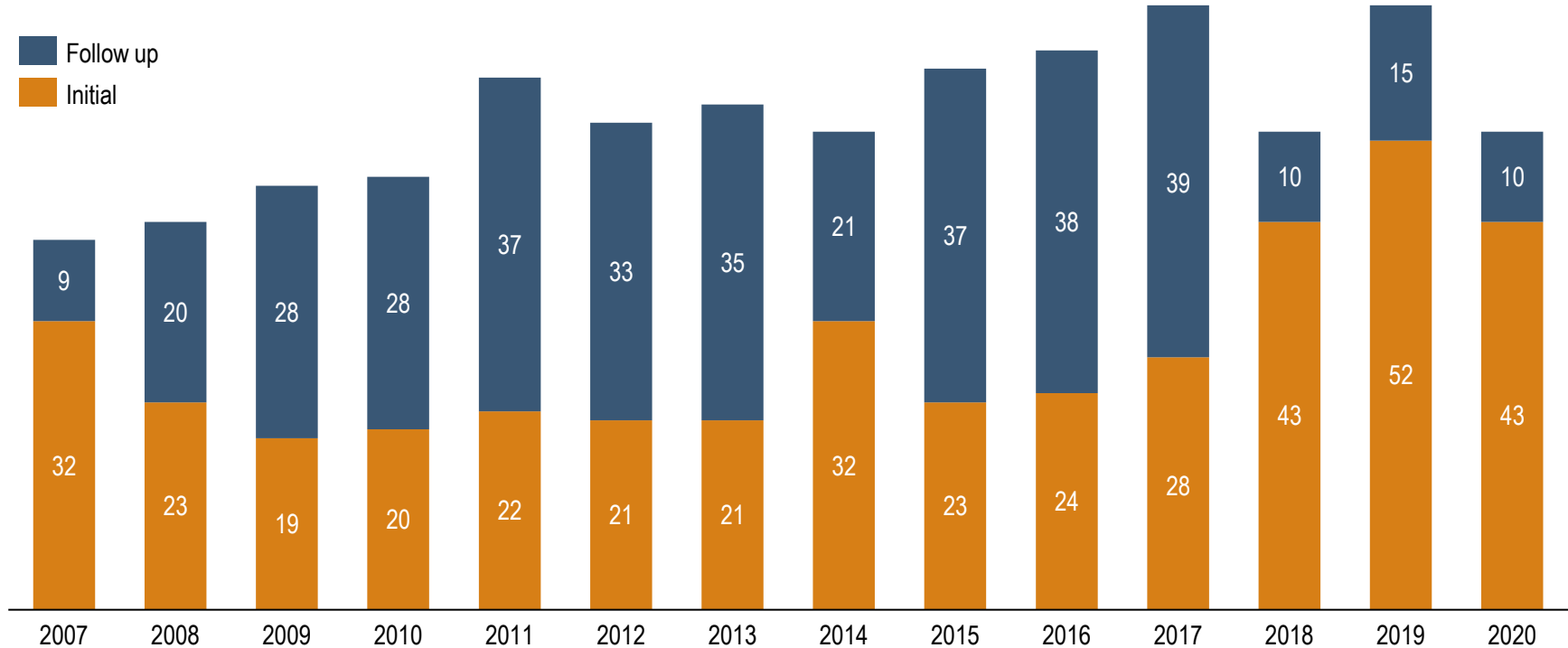


Figure 8: Venture - initial and follow up investments (million NOK)

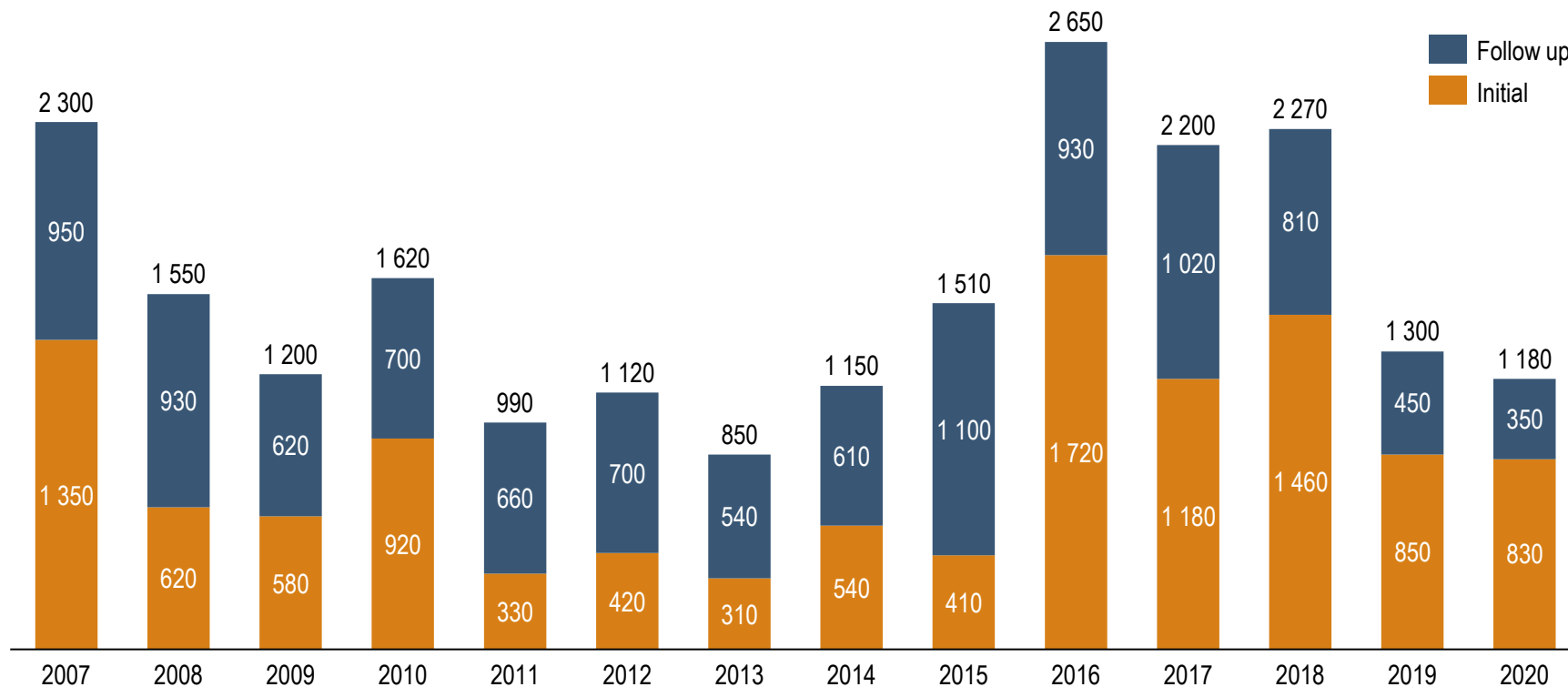


Figure 9: Number of initial and follow up venture investments

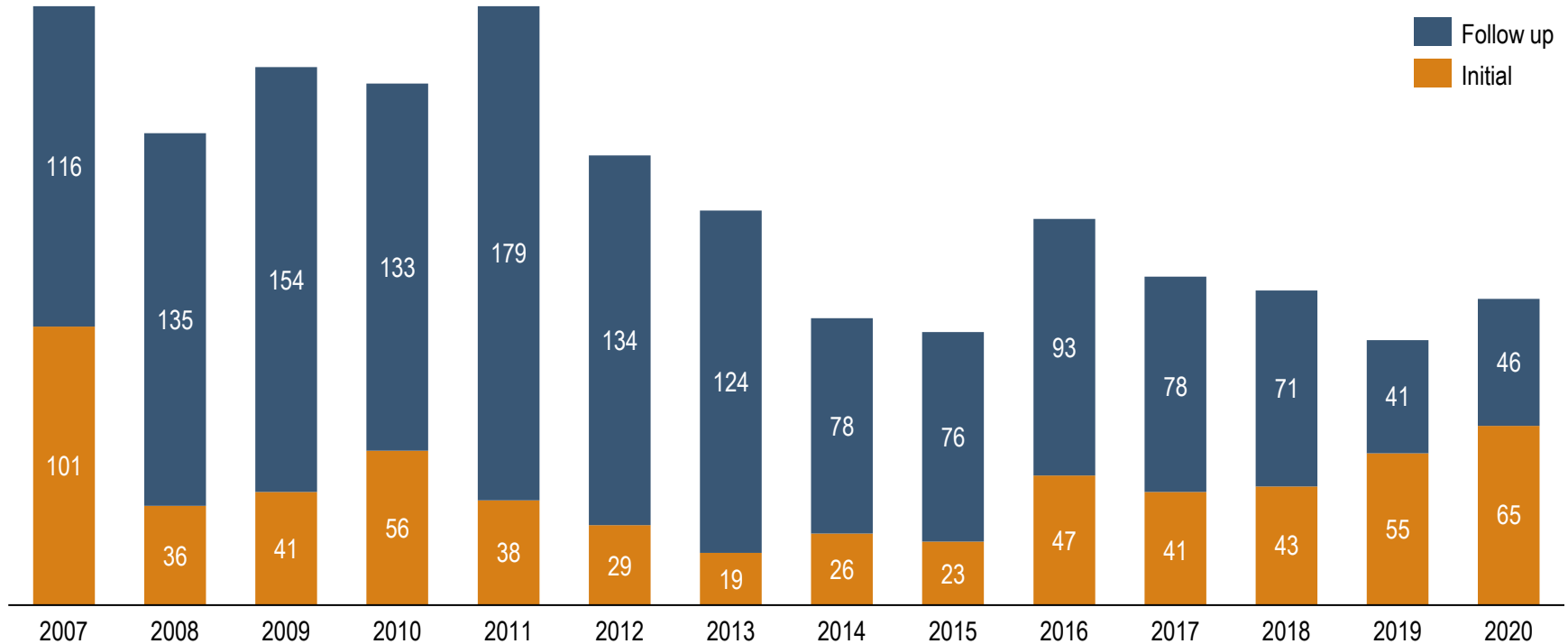


Figure 10: Seed - initial and follow up investments (million NOK)

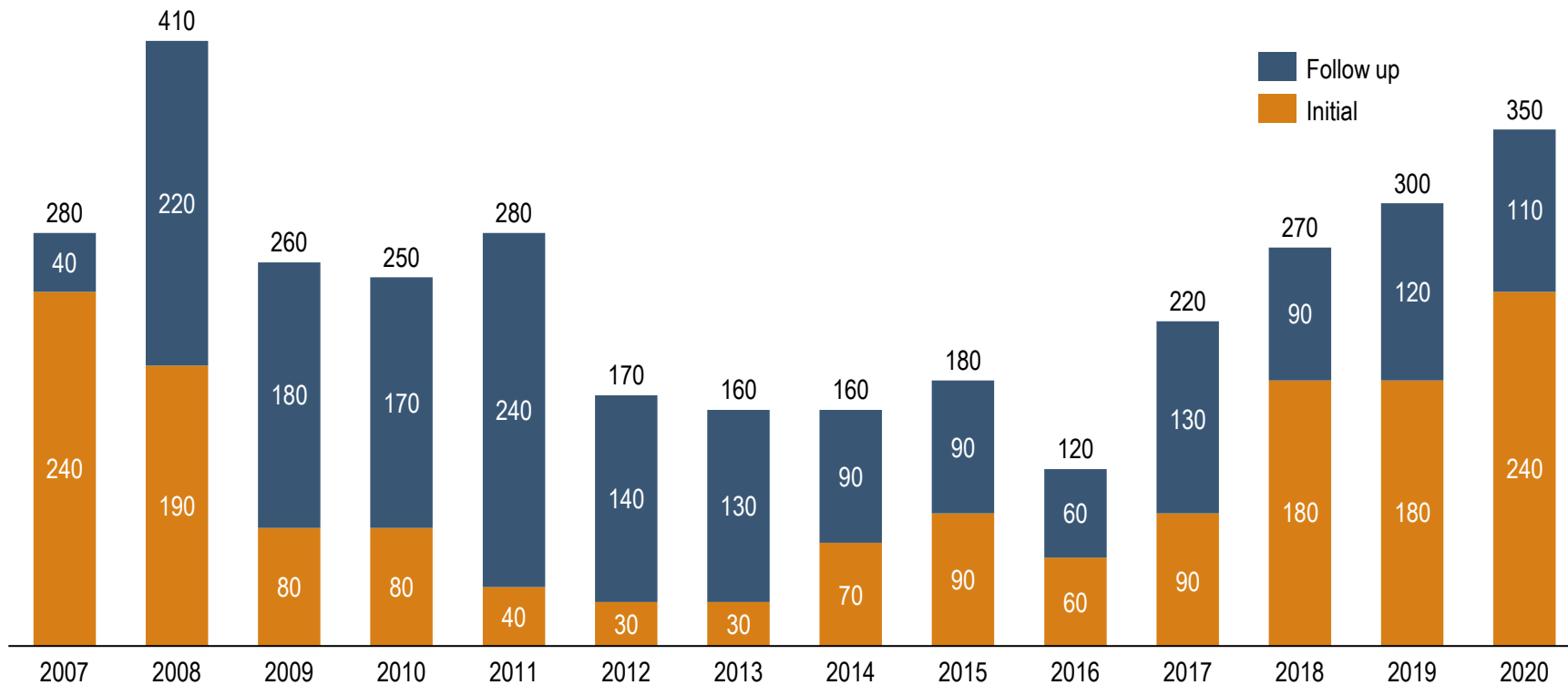


Figure 11: Number of initial and follow up seed investments

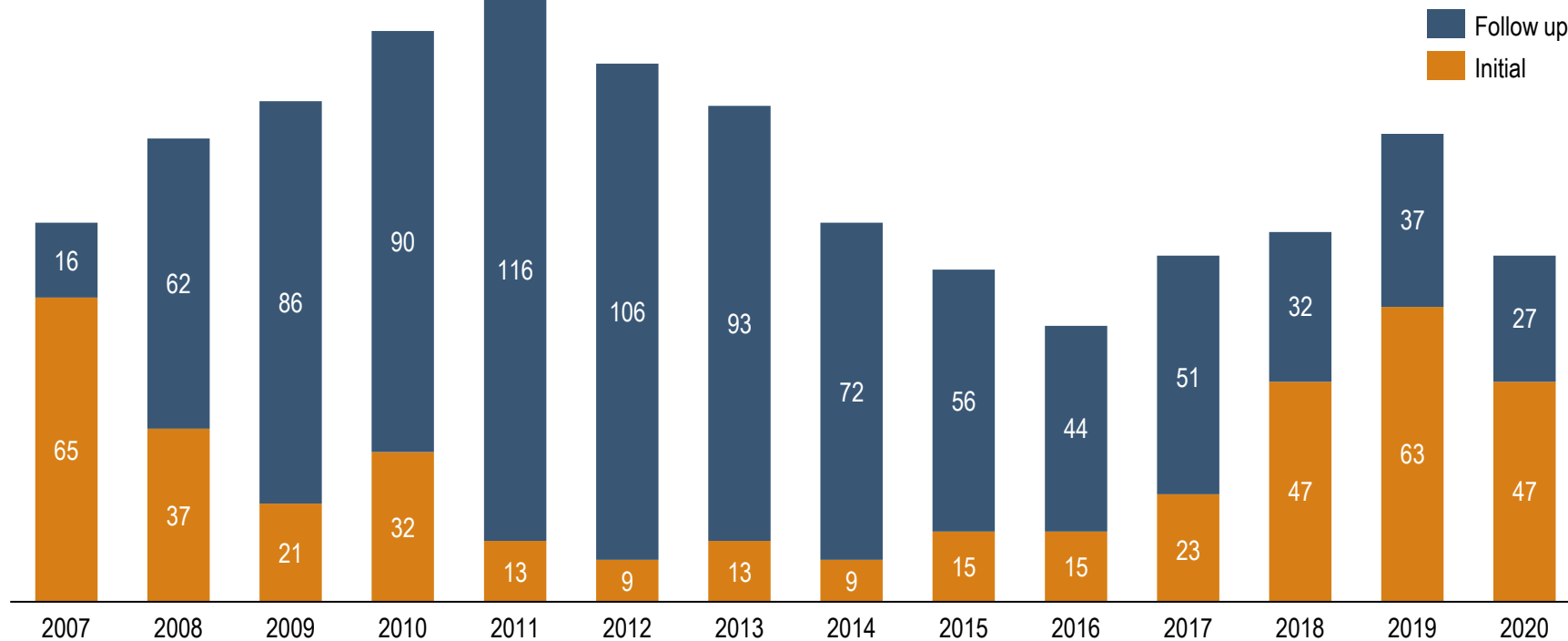


Figure 12 a): Norwegian PE firms investments by sector and phase in 2020 (million NOK)

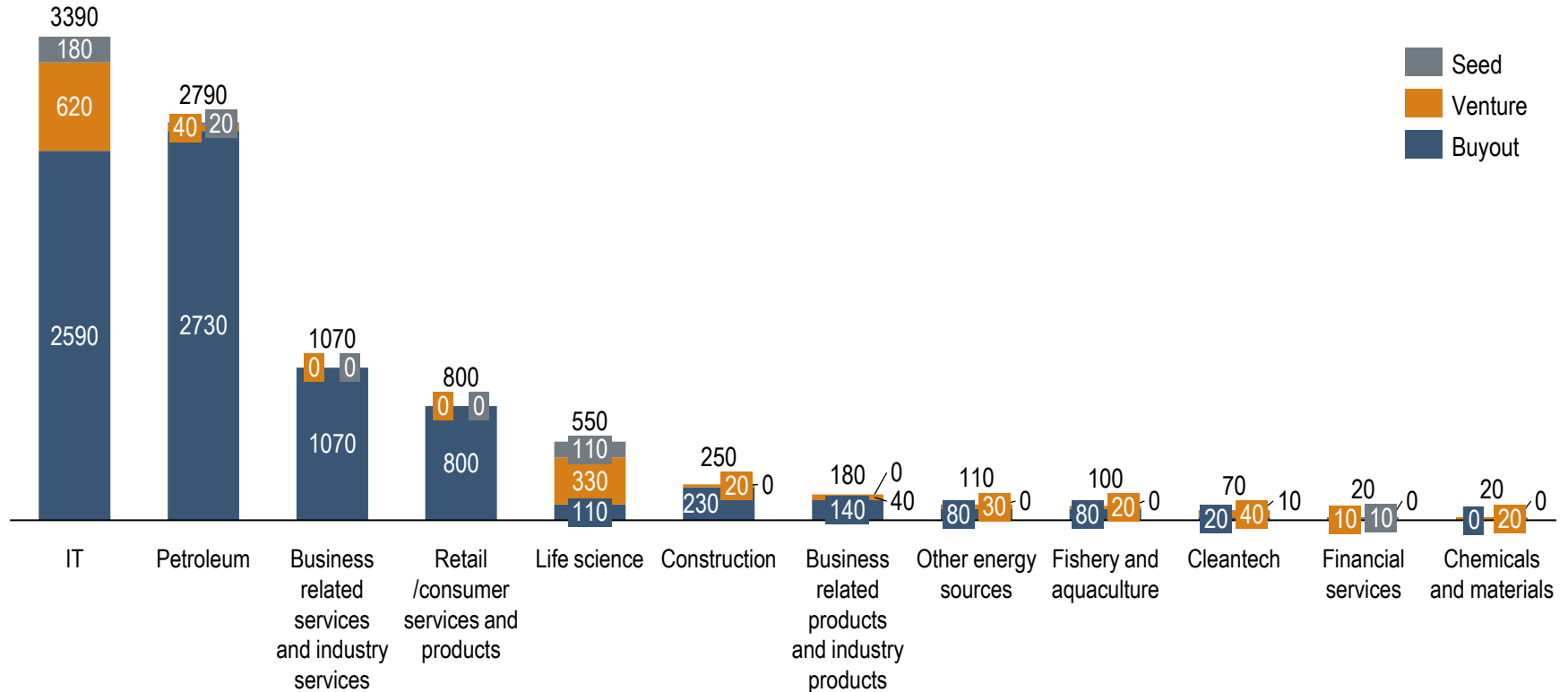
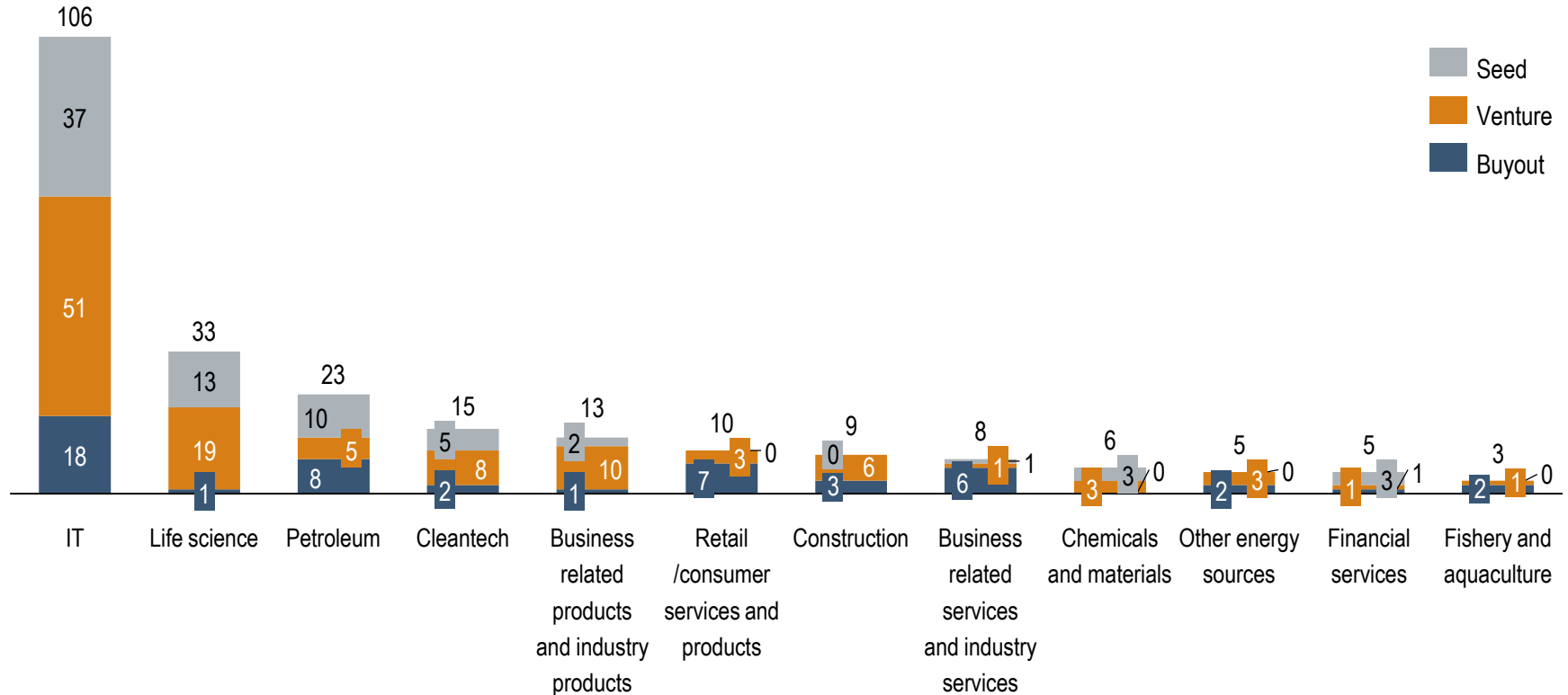


Figure 12 b): Number of investments by sector and phase in 2020



Investments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

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

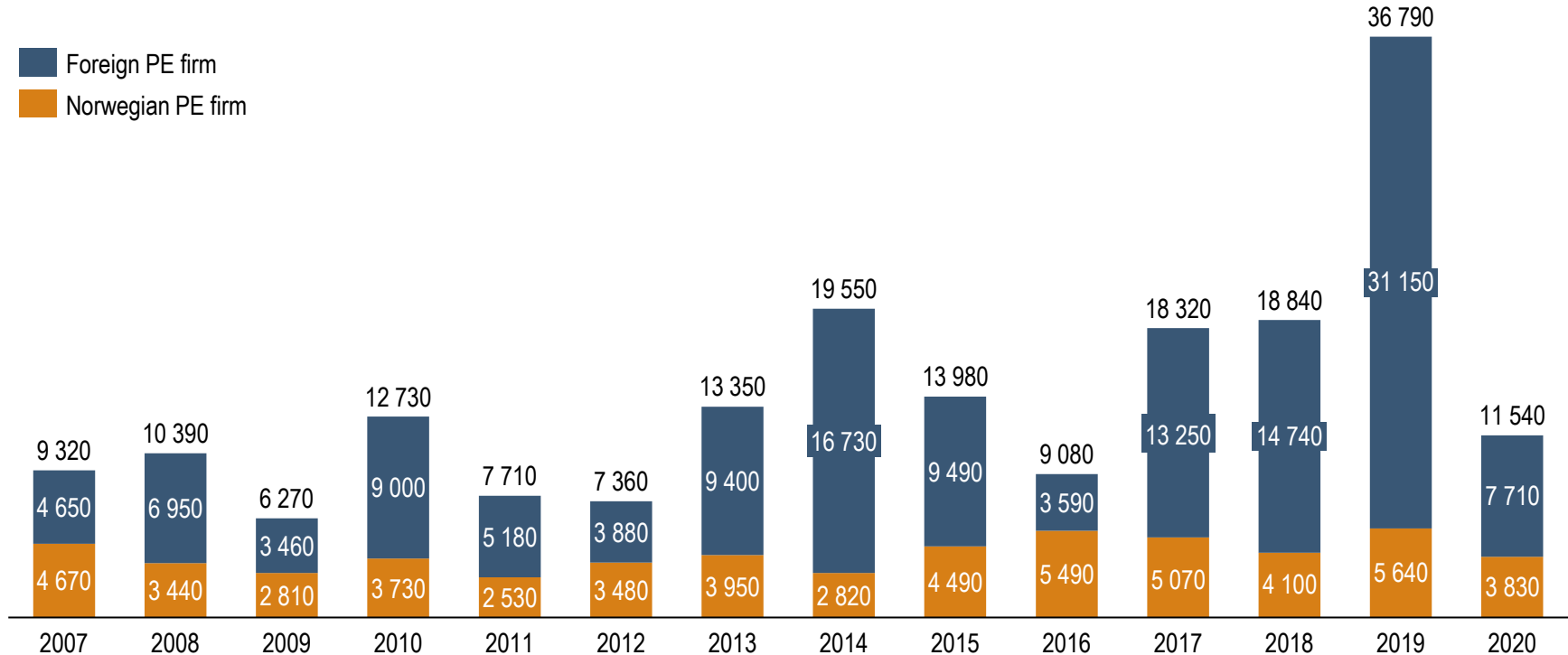


Figure 14: Total number of investments in Norwegian companies

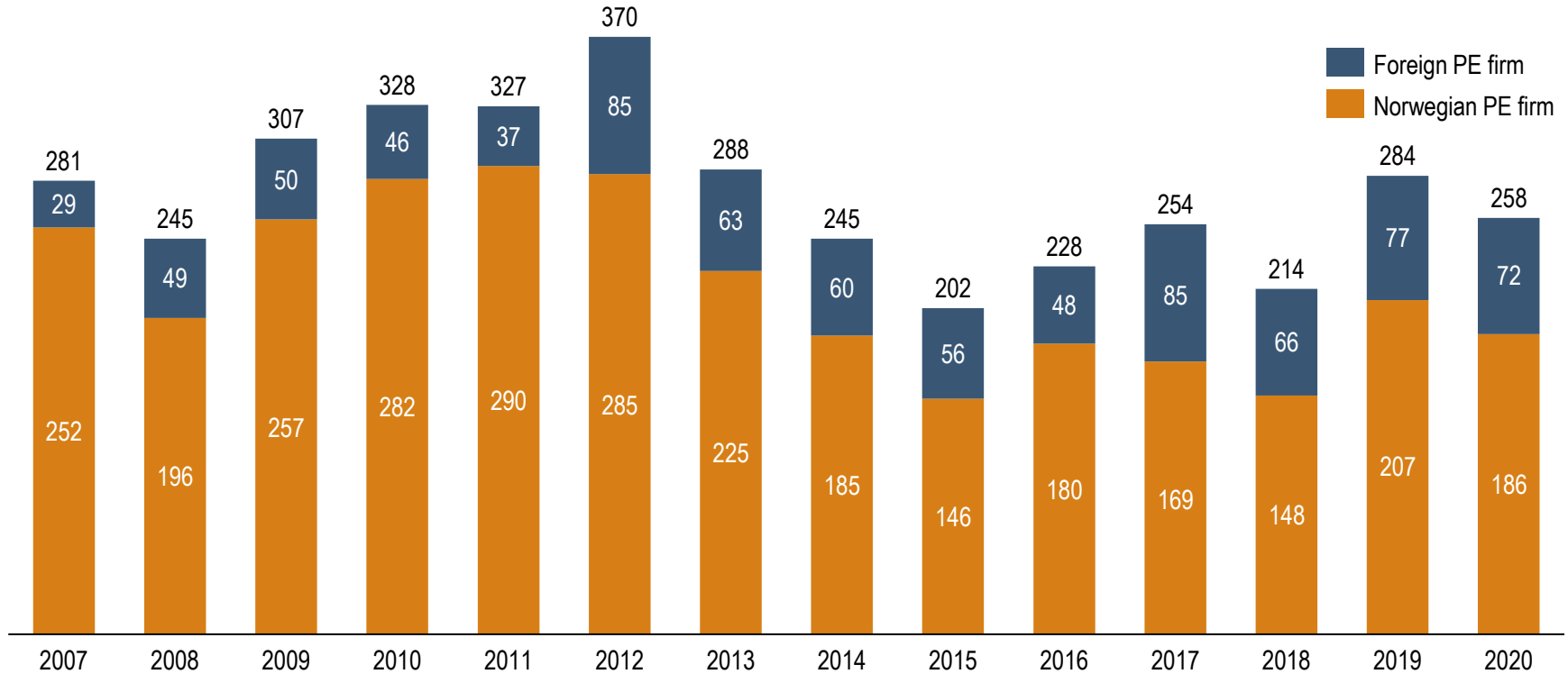


Figure 15: Amount invested in Norwegian companies by phase (million NOK)

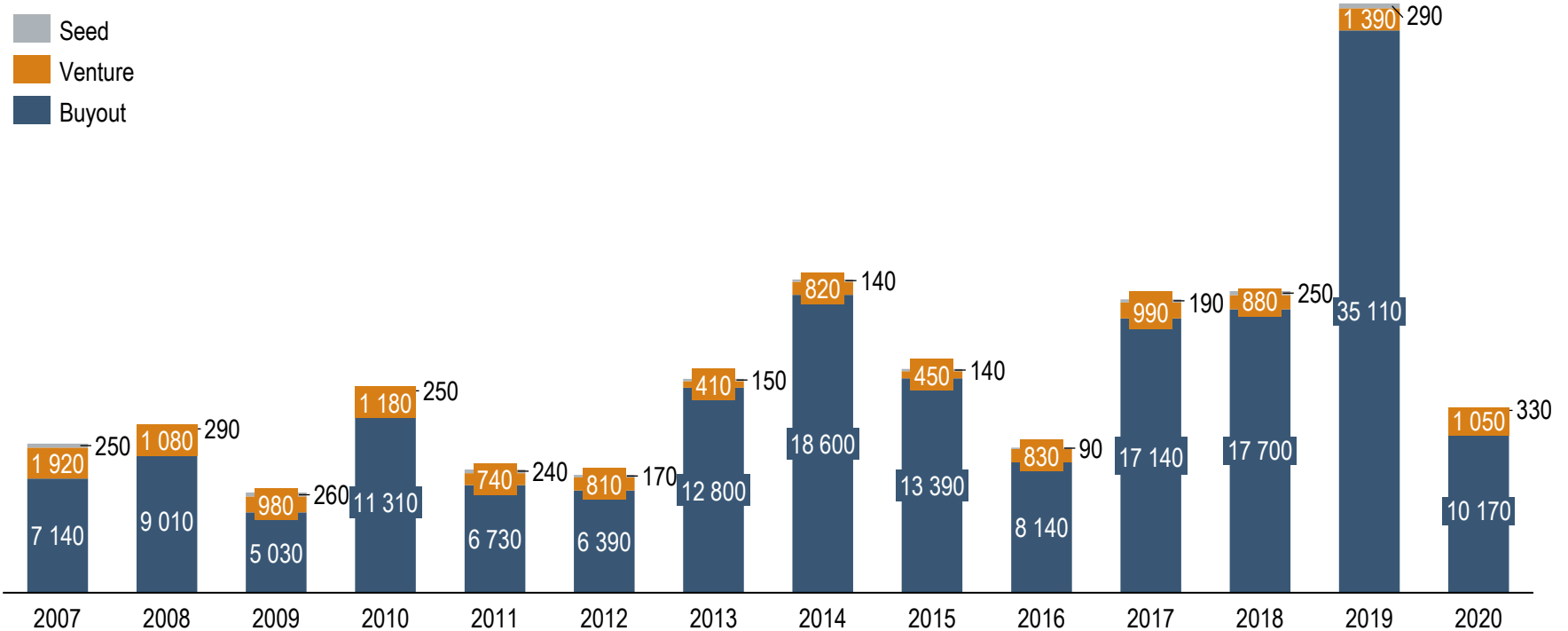


Figure 16: Number of investments in Norwegian companies by phase

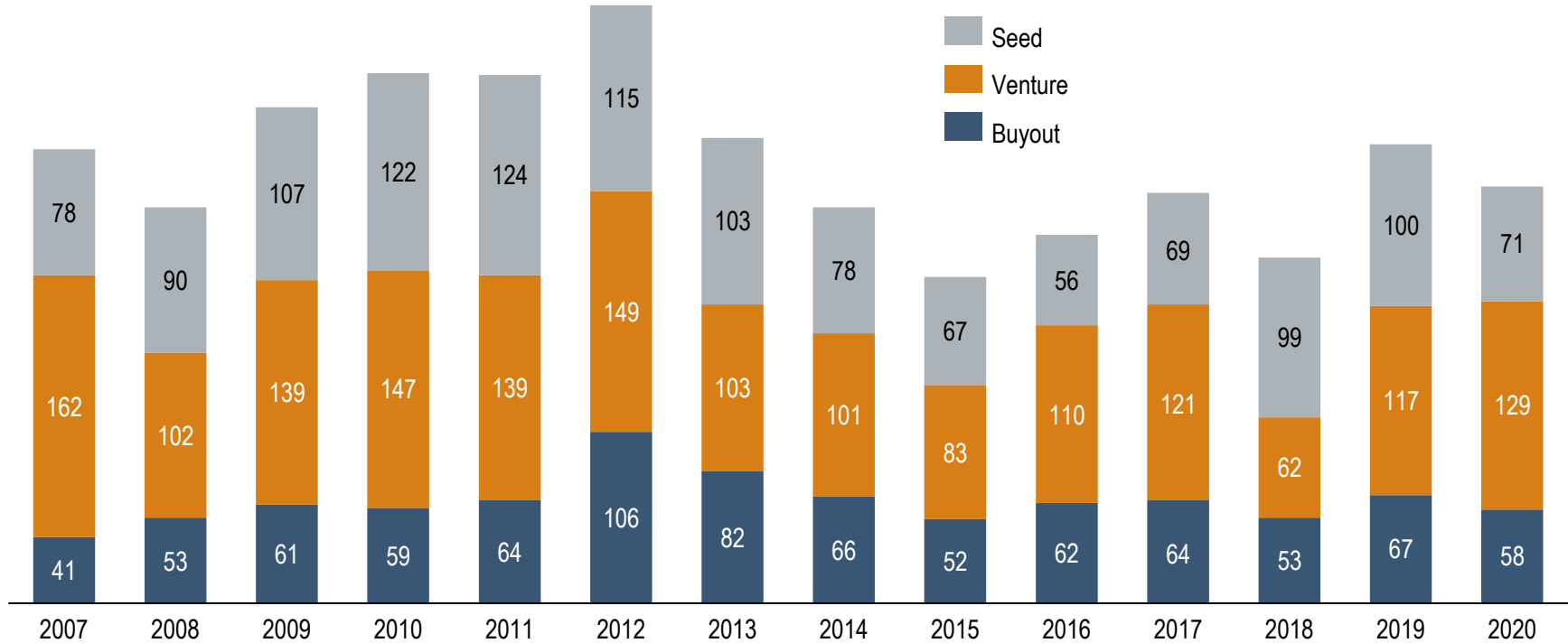


Figure 17: Buyout - initial and follow up investments (million NOK)

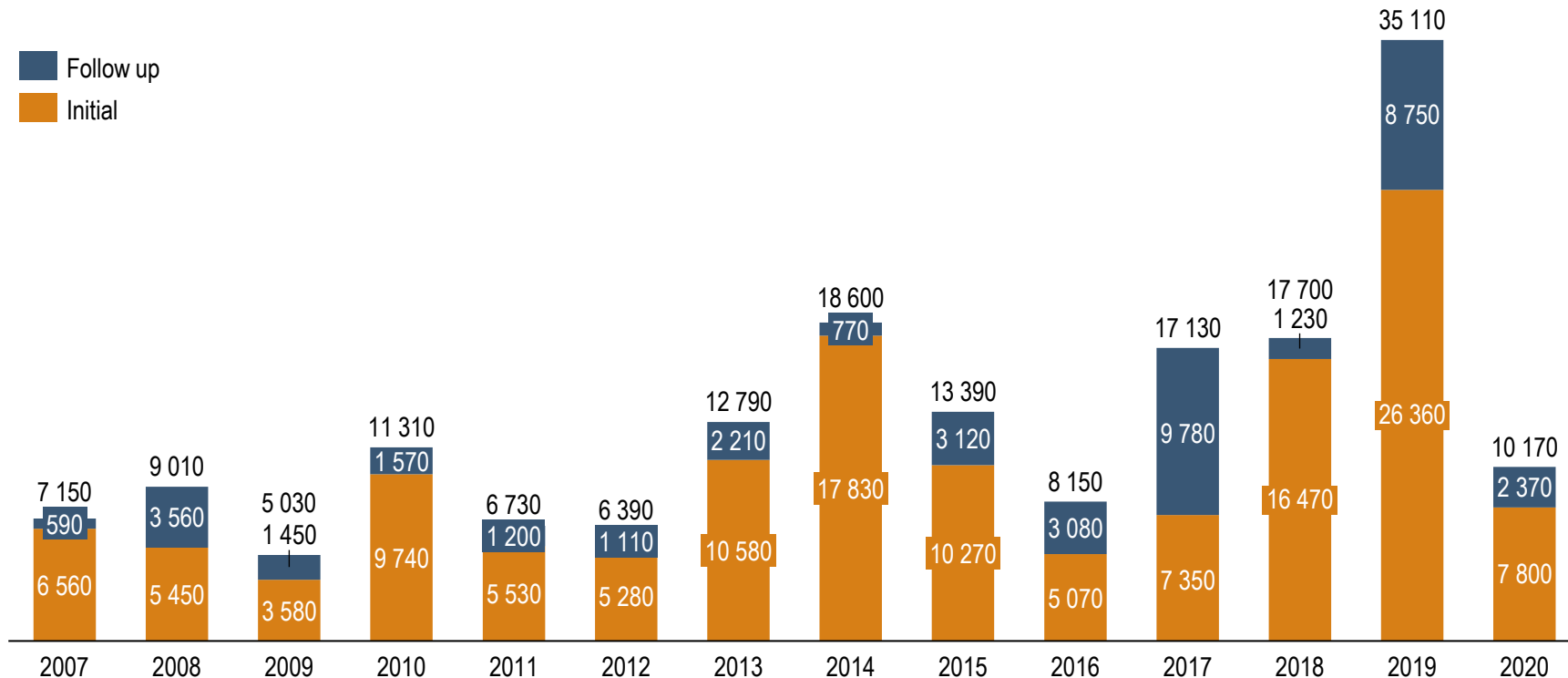


Figure 18: Number of initial and follow up buyout investments

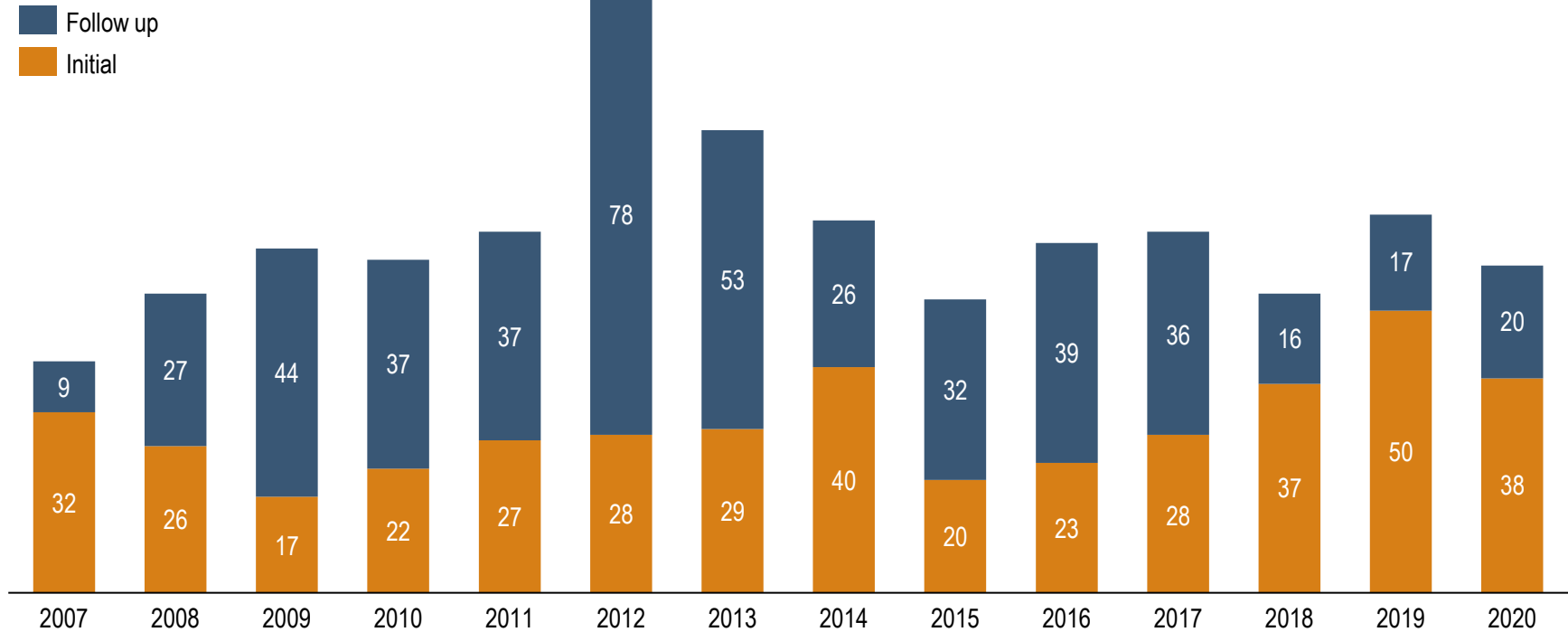


Figure 19: Venture - initial and follow up investments (million NOK)

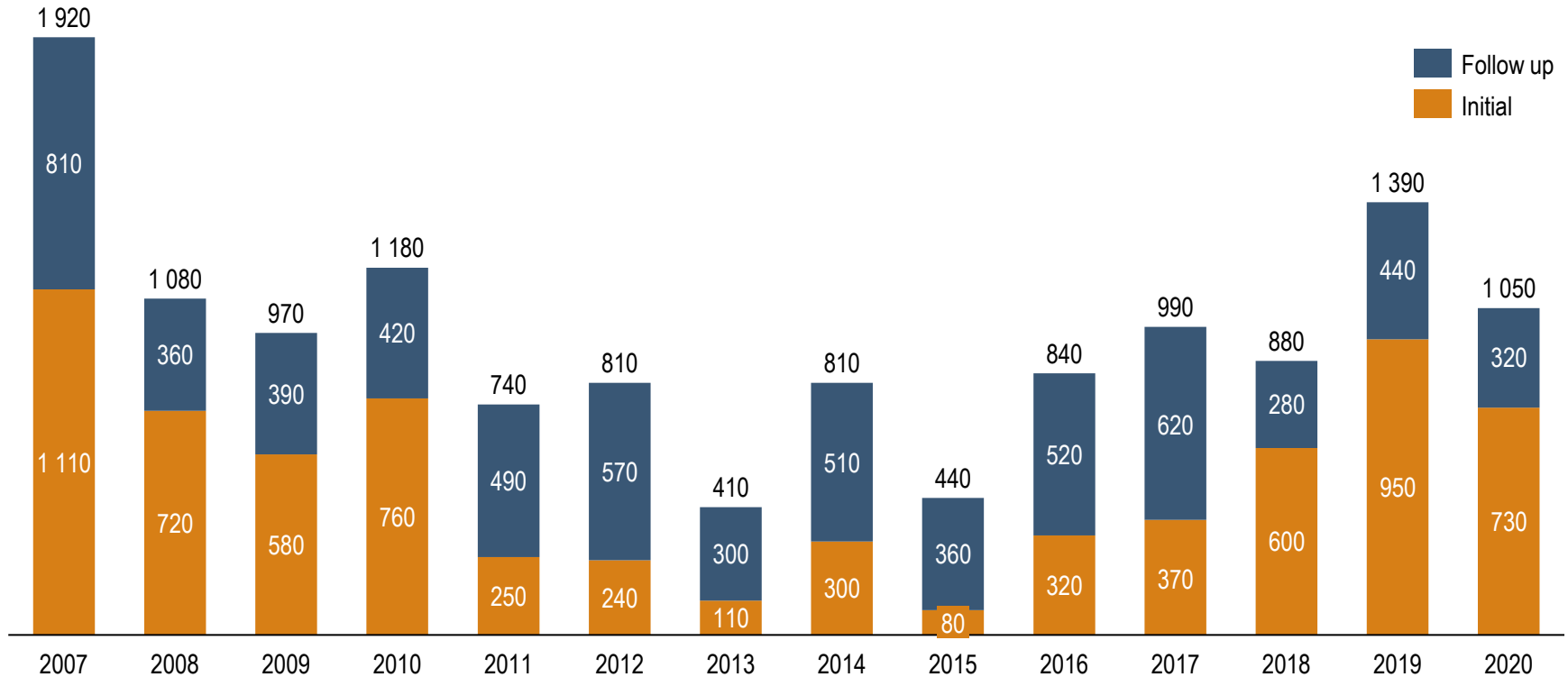


Figure 20: Number of initial and follow up venture investments

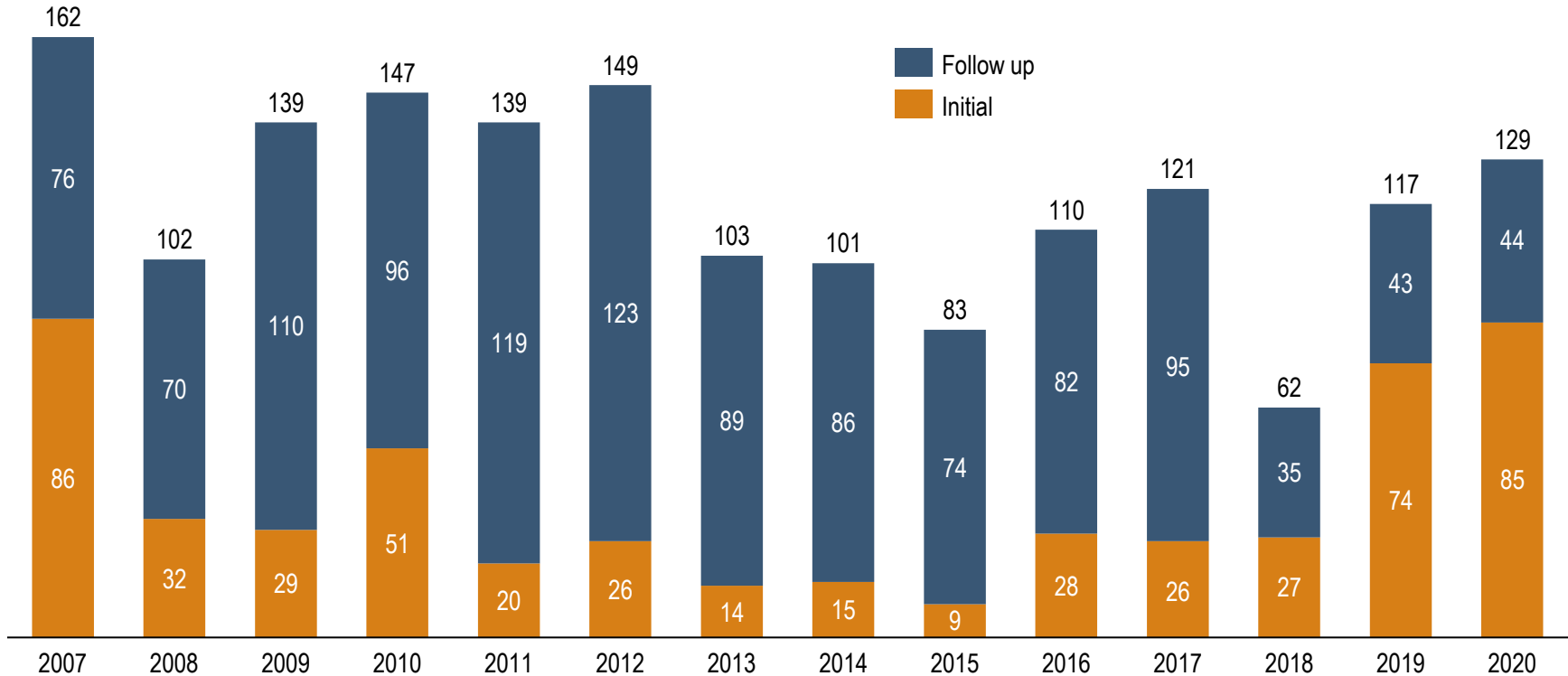


Figure 21: Seed - initial and follow up investments (million NOK)

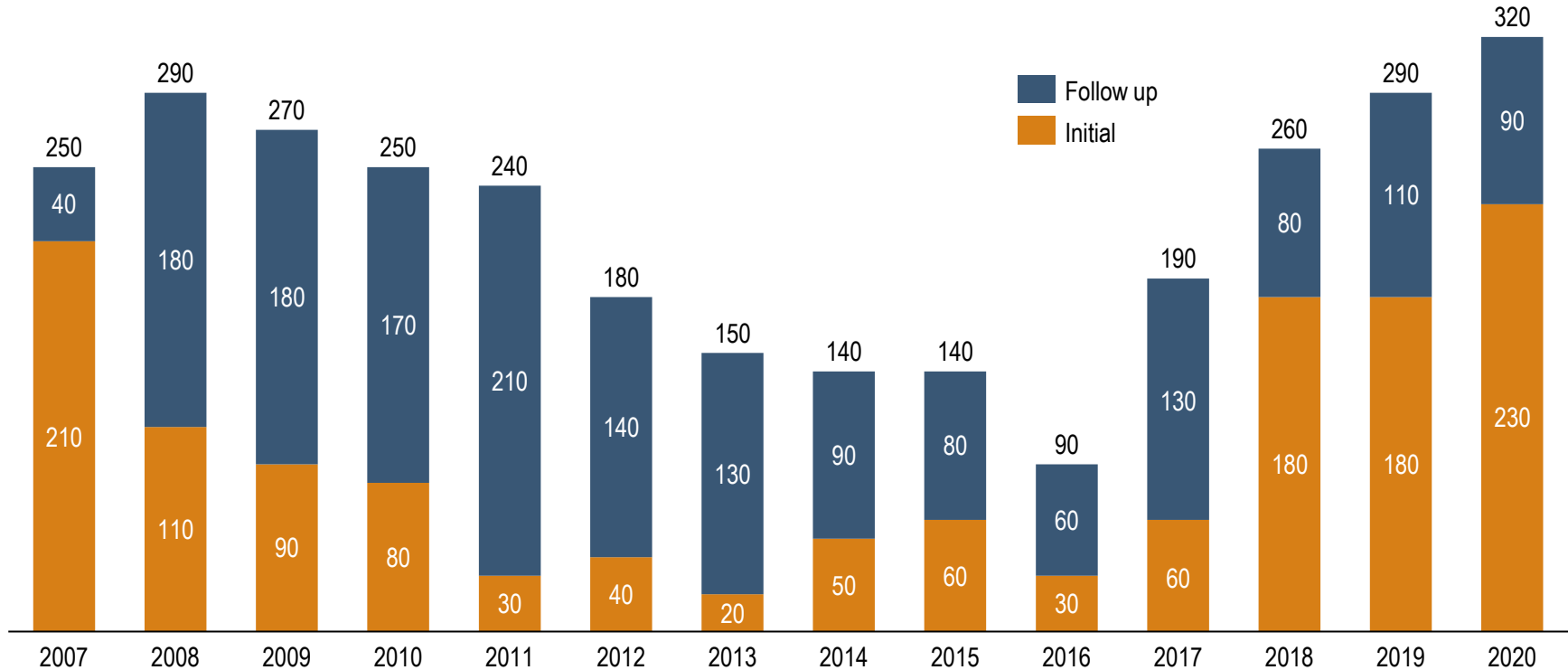


Figure 22: Number of initial and follow up seed investments

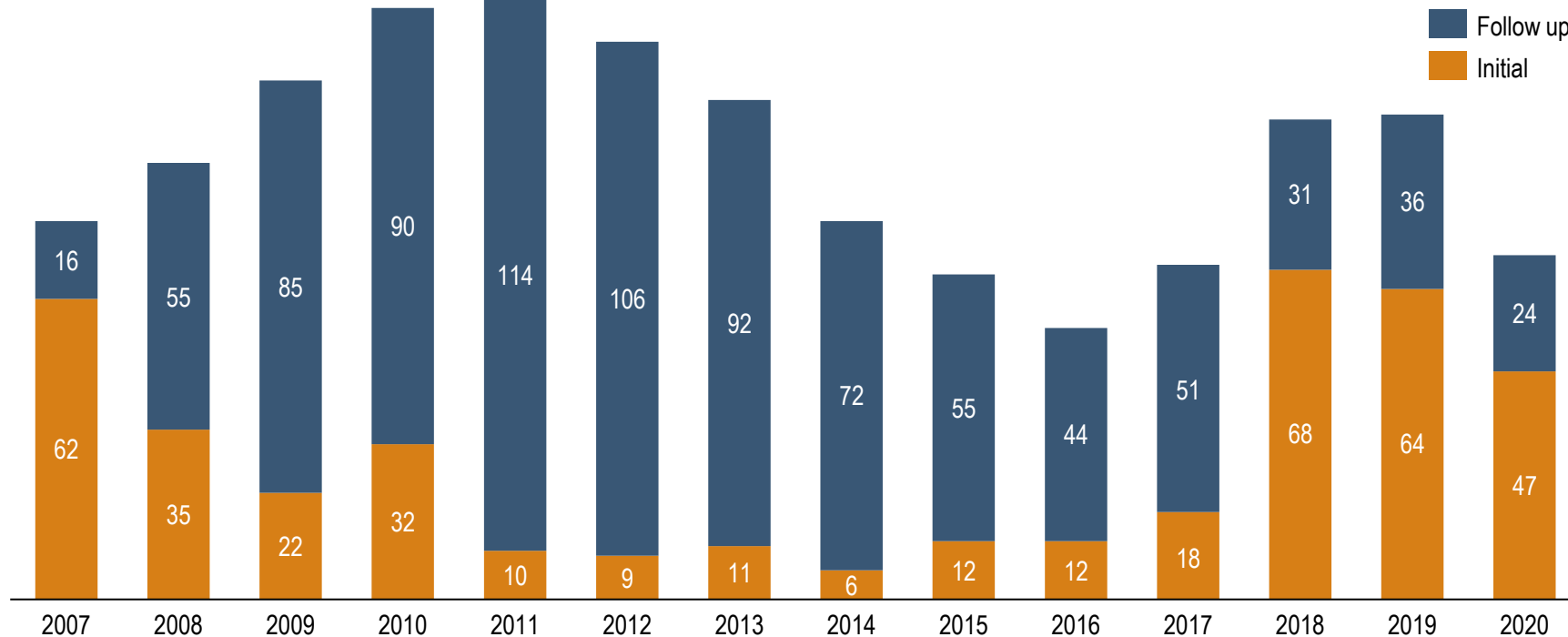


Table 1: Investments in Norwegian enterprises by sector and phase in 2020 (million NOK)

	Buyout			Venture			Seed			Total
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Business related products and industry products				40	10	40		0	0	50
Business related services and industry services	100	1480	1580		0	0		0	0	1580
Chemicals and materials		50	50	10	10	20	0	0	0	70
Cleantech		320	320	10	30	40	0	10	10	370
Construction		230	230	0	20	20				250
Financial services	420	0	420		10	10	0		0	430
Fishery and aquaculture		80	80		50	50				130
IT	760	4240	5000	190	470	660	70	100	170	5830
Life science	100	920	1020	20	130	150	10	100	110	1280
Other energy sources	80		80		0	0				80
Petroleum	830	20	850	40	0	40		20	20	910
Retail /consumer services and products	50	400	450	0	0	0				450
Other	30	70	90							100
Total	2370	7810	10170	310	730	1030	80	230	310	11530

Table 2: Number of investments in Norwegian enterprises by sector and phase in 2020

	Buyout			Venture			Seed			Total
	Follow-up	Initial	Total	Follow-up	Initial	Total	Follow-up	Initial	Total	
Business related products and industry products				8	2	10		2	2	12
Business related services and industry services	2	7	9		1	1		1	1	11
Chemicals and materials		1	1	3	1	4	2	1	3	8
Cleantech		1	1	4	8	12	3	2	5	18
Construction		3	3	3	3	6				9
Financial services	4	1	5		1	1	1		1	7
Fishery and aquaculture		2	2		3	3				5
IT	6	15	21	17	32	49	13	23	36	106
Life science	3	3	6	3	31	34	5	8	13	53
Other energy sources	1		1		1	1				2
Petroleum	2	1	3	4	1	5		10	10	18
Retail /consumer services and products	1	2	3	2	1	3				6
Other energy sources	1	2	3							3
Total	20	38	58	44	85	129	24	47	71	258

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

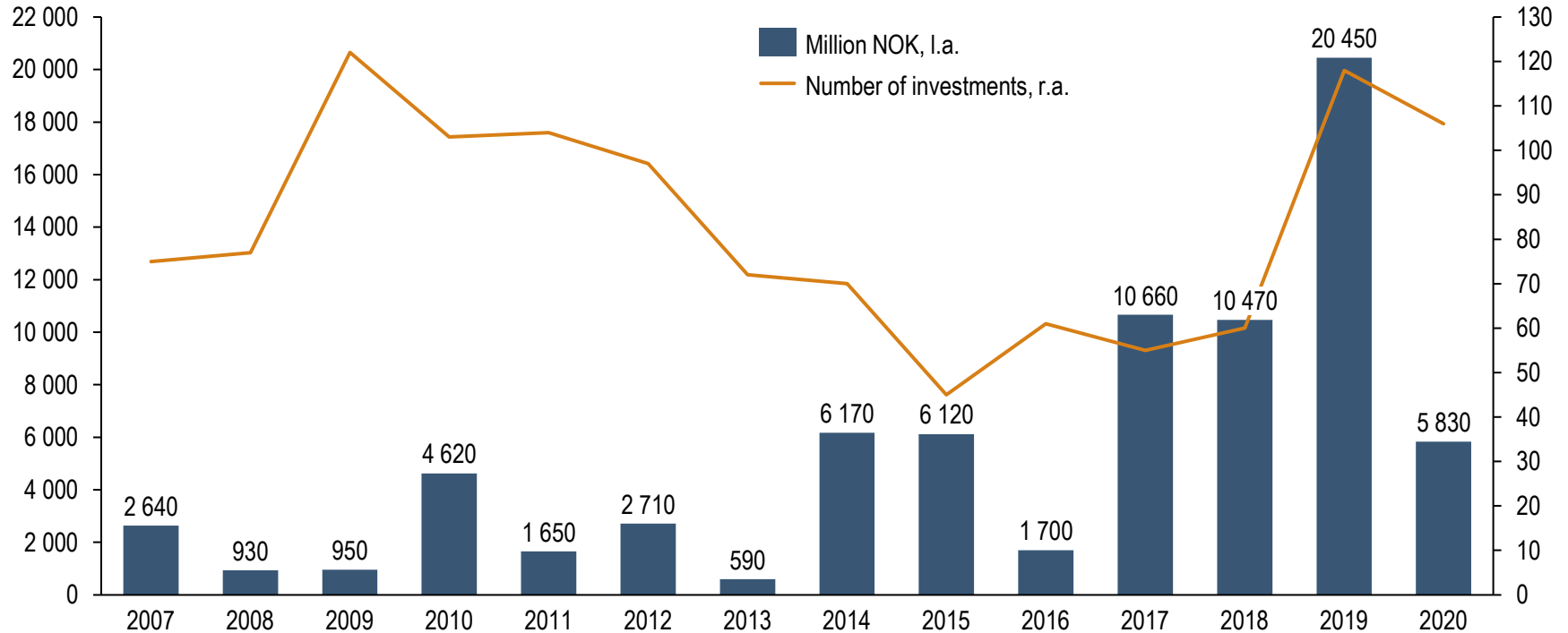


Figure 24: Initial and follow up investments in petroleum

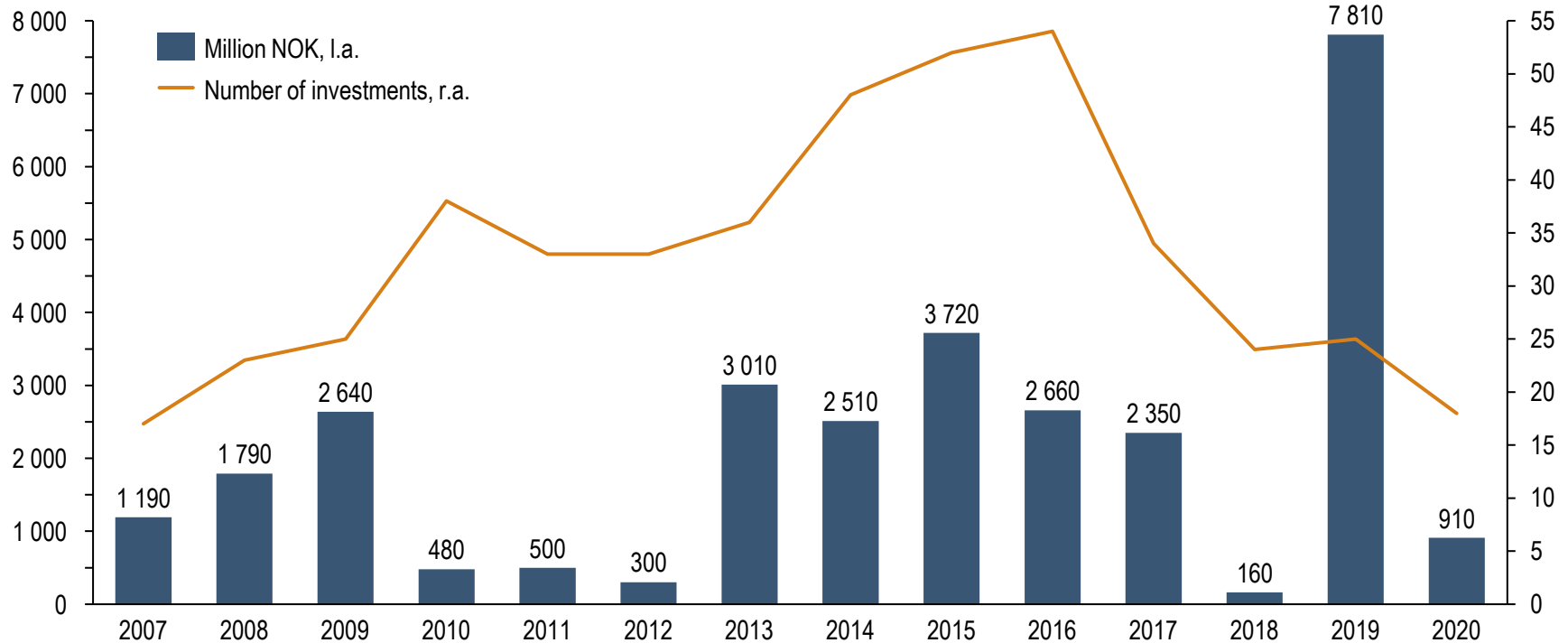


Figure 25: Initial and follow up investments in business related services

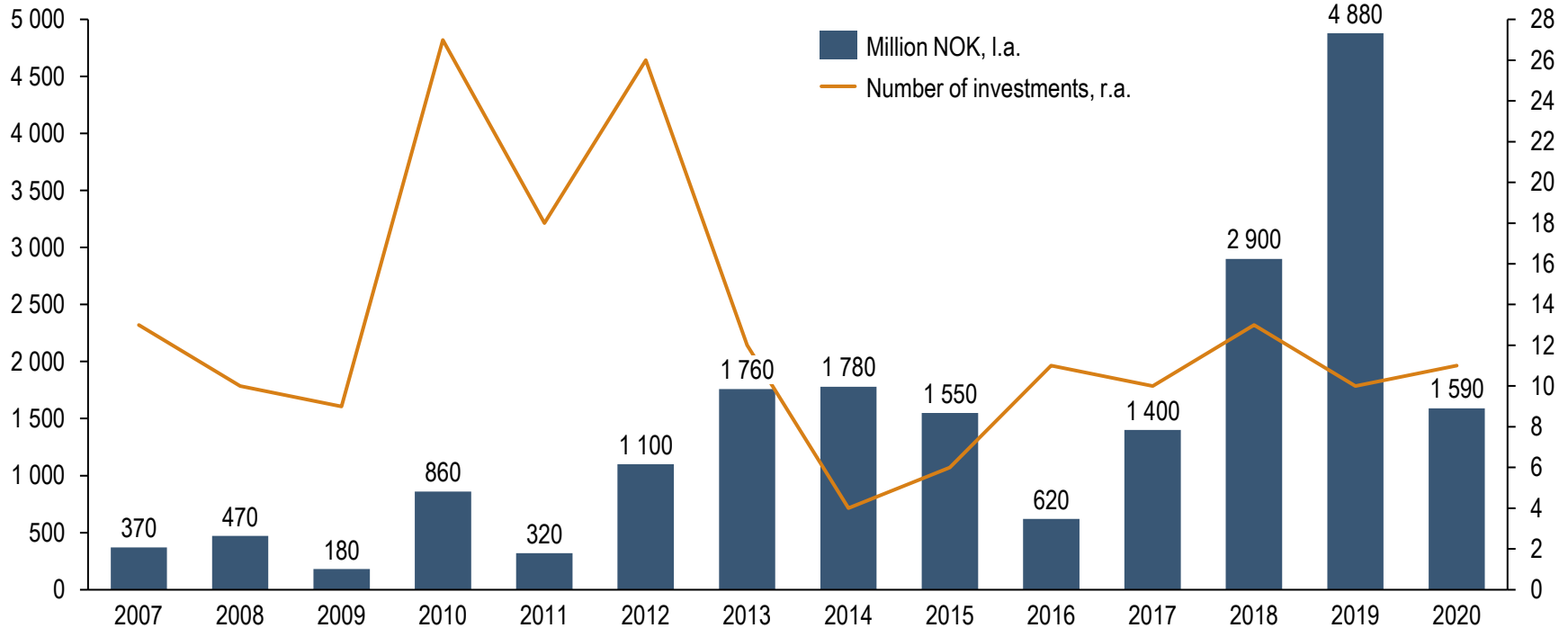


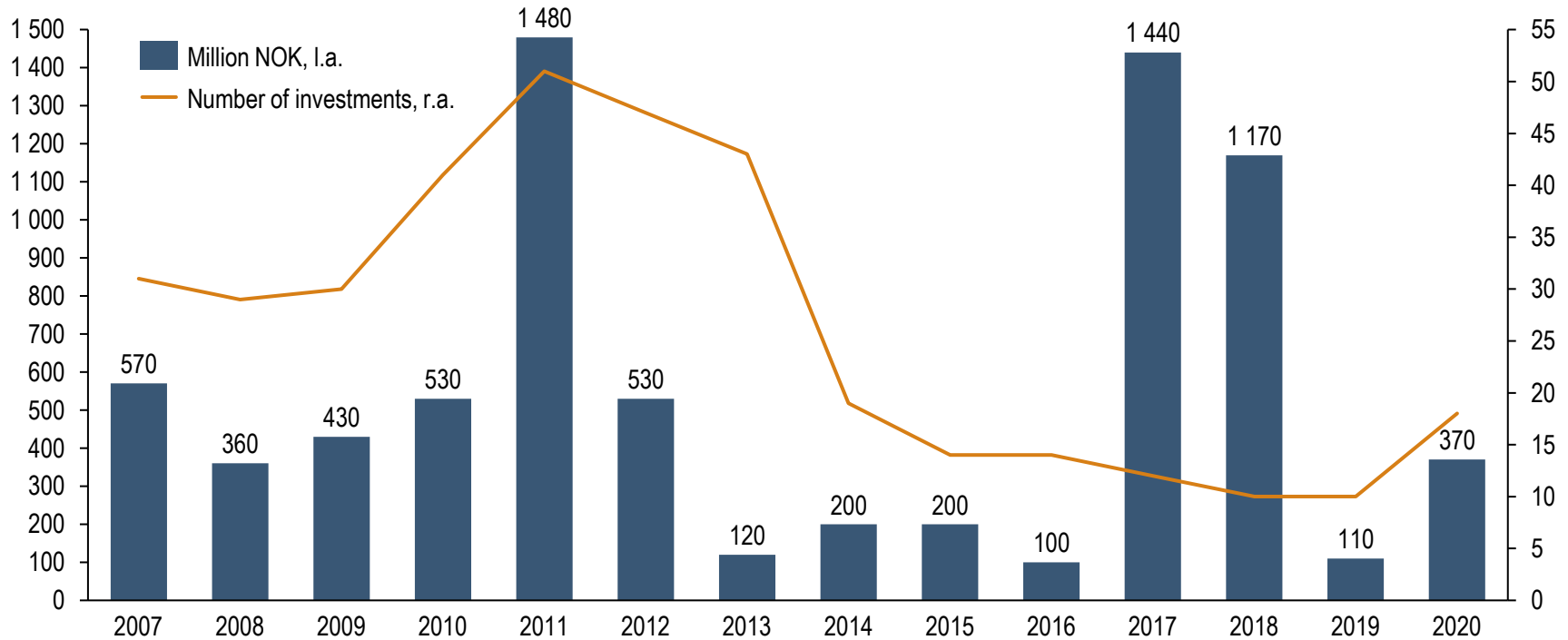
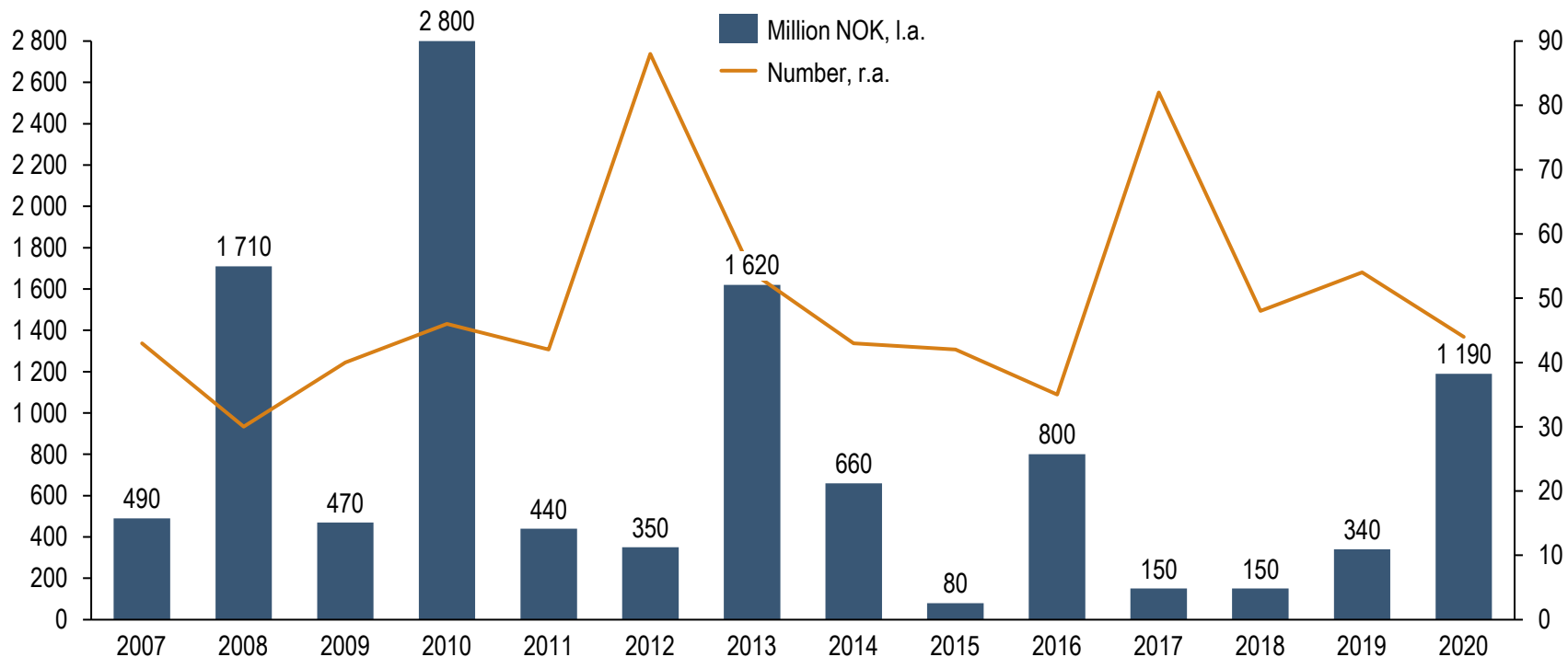
Figure 26: Initial and follow up investments in cleantech

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.

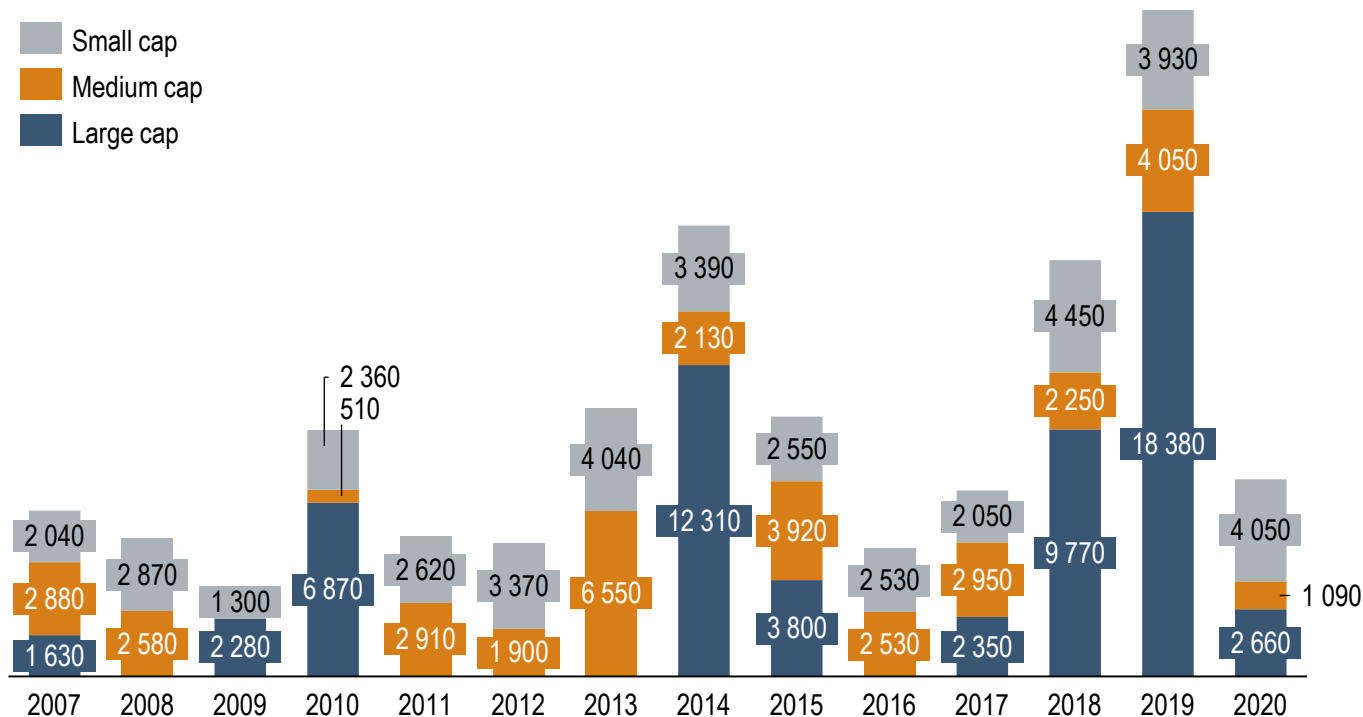
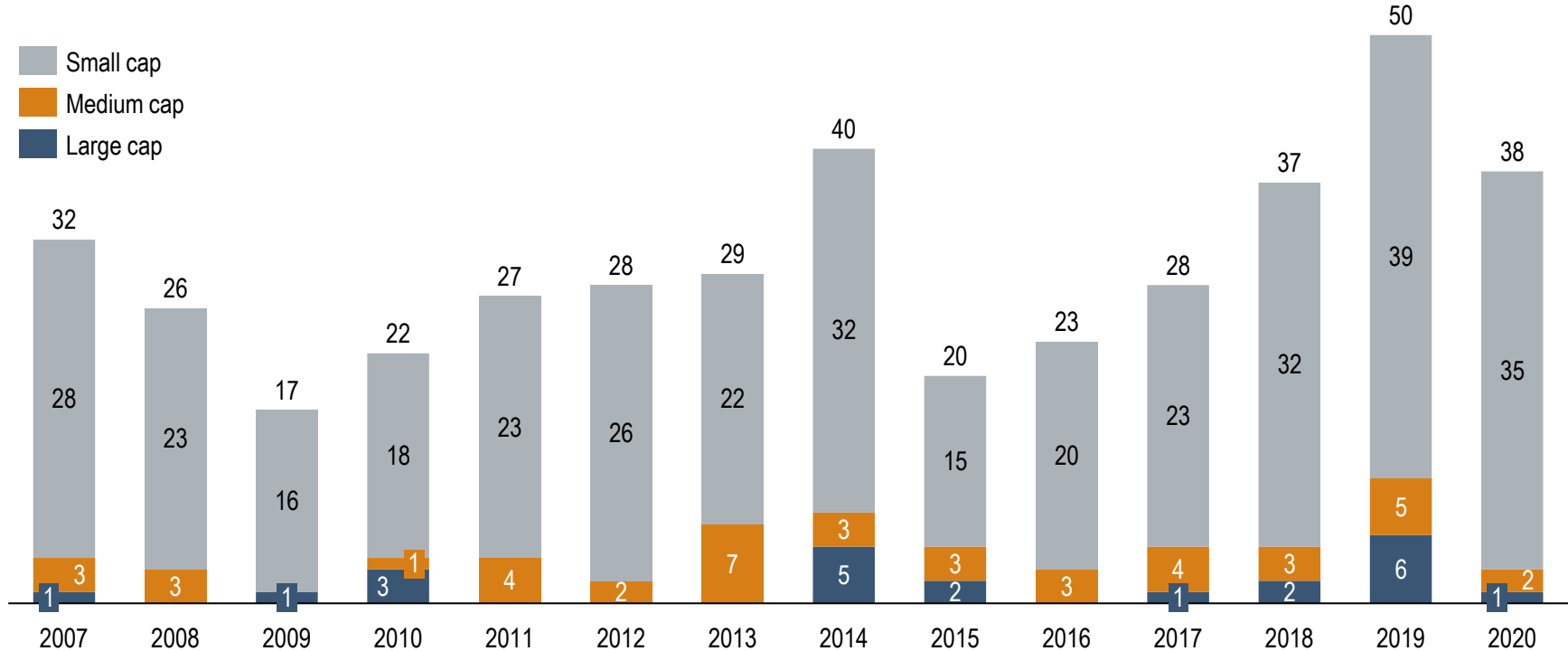


Figure 29: Buyout – number of investments in Norwegian enterprises by segment



DIVESTMENTS

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

Figure 30: Number of divestments by phase

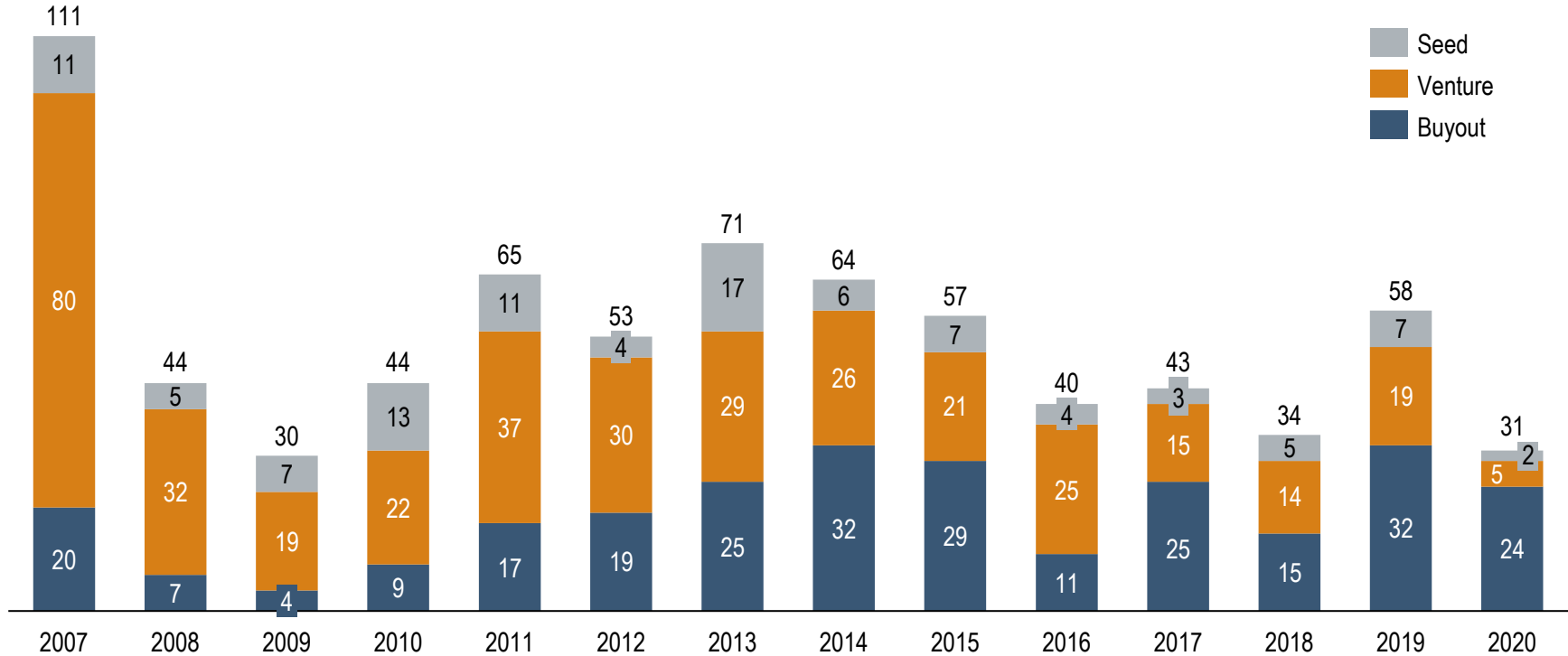


Figure 31: Number of industrial sales by phase

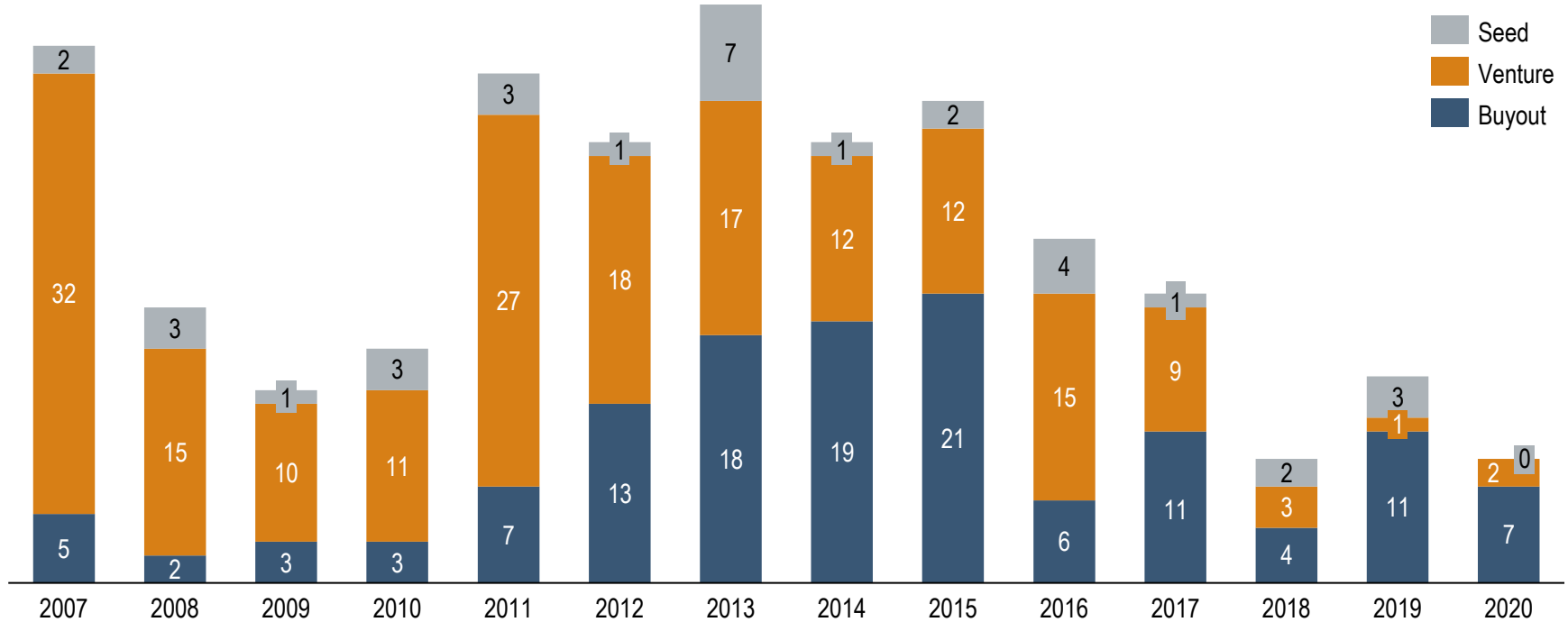
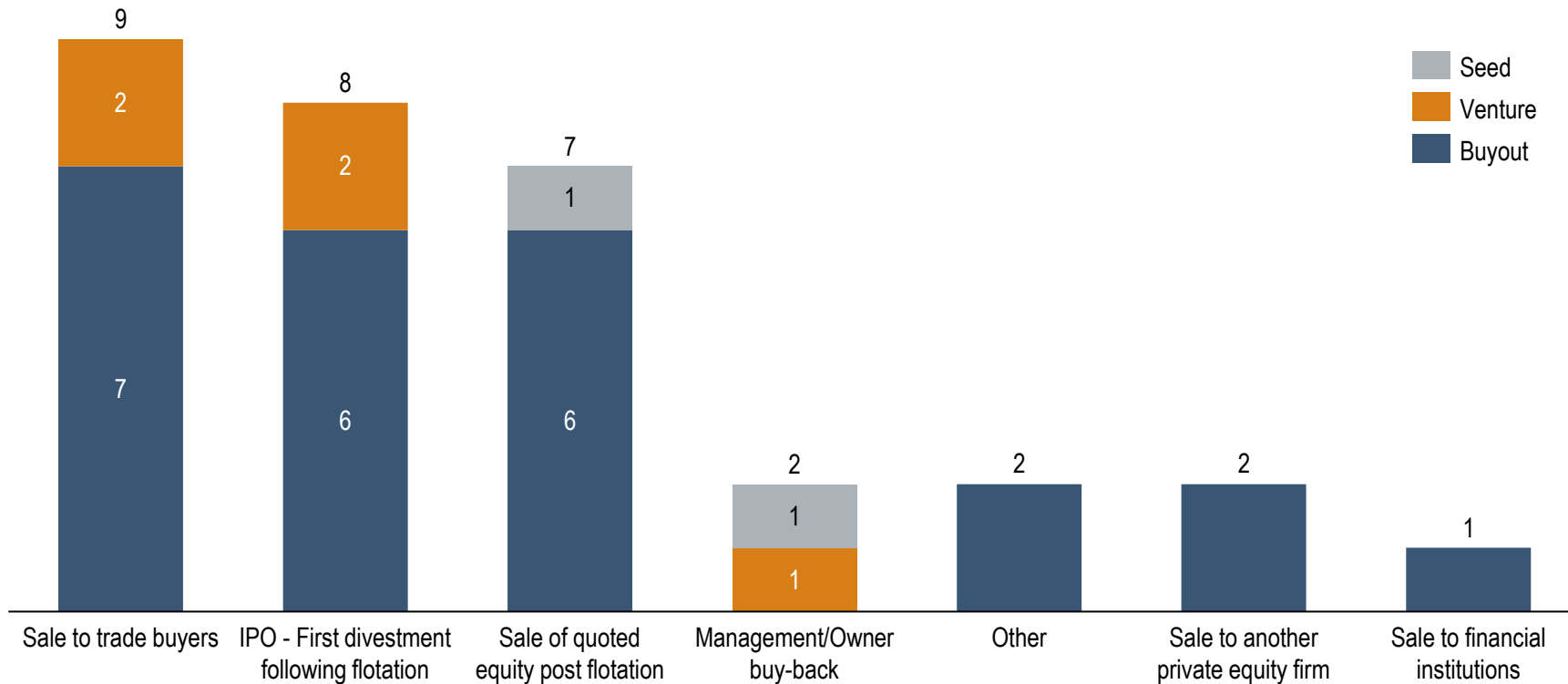


Figure 32: Number of divestments in 2020 by phase and divestment method



Divestments in Norwegian enterprises by Norwegian and foreign PE firms

(Market statistics)

Figure 33: Number of divestments in Norwegian enterprises by phase

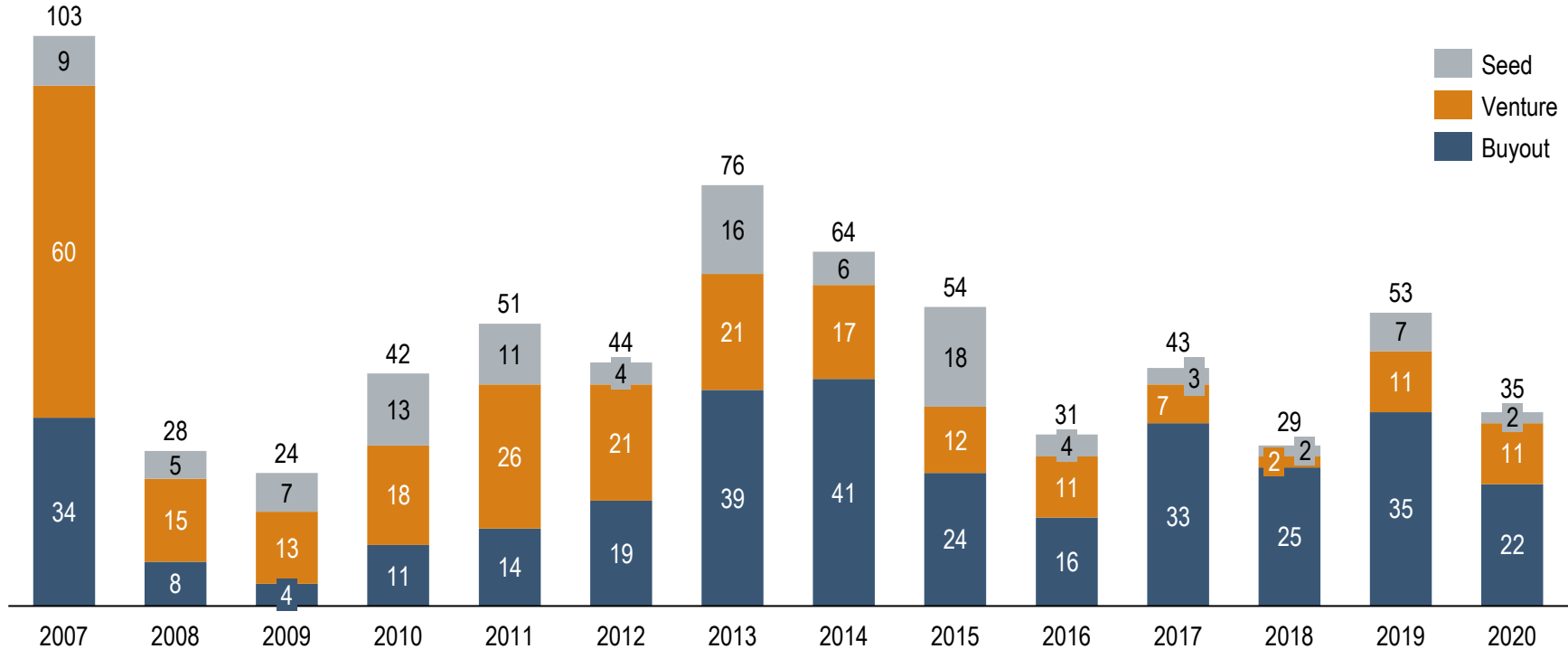


Figure 34: Number of divestments in Norwegian enterprises by phase and divestment method in 2020

