2019 Swedish Private Equity Activity
Fundraising, Investments, Divestments & Industry Significance

SVCA
Swedish Private Equity & Venture Capital Association
Fundraising

Fundraising statistics explained

The funds monitored are direct private equity funds that primarily focus on investments in Europe.

Funds raised are recorded in the country of the advisory team that is raising/managing the fund.

Funds raised are the incremental amount of capital raised during the year.

The funds included in the statistics are: private equity funds making direct private equity investments, mezzanine private equity funds, co-investment funds, and rescue/turnaround funds.

The following funds are excluded from the statistics: infrastructure funds, real estate funds, distressed debt funds, primary funds of funds, secondary funds of funds.
Fundraising Summary

- 50 billion SEK was raised by funds with advisory teams in Sweden during 2019, a decrease of 61% compared to 2018 as less large-cap buyout funds were raised.
- The total fundraising since 2007 is 612 billion SEK.
- Institutional investors such as pension funds (29%), asset managers (25%), and sovereign wealth funds (9%) are the largest investors in the funds.
- 84% of the funds raised come from investors outside of Sweden:
  - The Nordic countries (10.7%), UK & Ireland (9.4%), and the DACH region (8.0%) are the largest sources of European funds.
  - North America (28.0%) is the largest source of non-European funds, followed by Australia & Asia (12.4%).
All Private Equity Fundraising
Funds Raised by Investor Type 2007-2019

- Pension Funds: 29%
- Fund of Funds & Other Asset Managers: 25%
- Insurance Companies: 8%
- Government Agencies: 3%
- Sovereign Wealth Funds: 9%
- Academic Inst., Endowments & Foundations: 6%
- Banks: 4%
- Corporate Investors: 7%
- Capital markets: 2%
- Family Offices & Private Individuals: 7%
- Sovereign Wealth Funds: 9%

Source: SVCA / EDC
All Private Equity Fundraising
Funds Raised by Geography 2007-2019

Source: SVCA / EDC
Investments

Investments statistics explained

**Market statistics** are an aggregation of figures according to the location of the portfolio company. At the Swedish level, this relates to investments in Swedish companies regardless of the location of the private equity firm.

**Equity value:** The amount of capital invested when acquiring shares in an enterprise. The equity value includes equity, quasi-equity, mezzanine, unsecured debt and secured debt provided by the private equity firm.

**The funds included in the statistics are:** private equity funds making direct private equity investments, mezzanine private equity funds, co-investment funds, and rescue/turnarround funds.

**The following funds are excluded from the statistics:** infrastructure funds, real estate funds, distressed debt funds, primary funds of funds, secondary funds of funds.
Investments Summary

- The total equity value invested by private equity increased by 26% to 41 billion SEK in 2019, the highest amount since the data collection started in 2007.
- The number of companies backed by private equity decreased slightly to 383 companies.
  - Venture capital investments decreased by 13% year-on-year to 3.88 billion SEK, 318 companies received venture capital funding in 2019.
  - Growth capital investments increased 58% year-on-year to 2.20 billion SEK, 12 companies received growth capital in funding 2019.
  - Buyout investments increased 31% year-on-year to 34.50 billion SEK, 55 companies received buyout funding in 2019.
- *Business products and services & Consumer goods and services* are the sectors receiving the most buyout investments
- *ICT & Biotech and healthcare* are the sectors receiving the most venture capital investments.
- Sweden was the fourth largest private equity market in Europe, comparing investments to GDP in 2019.
### All Private Equity Investments

**Amount by Stage of Investment 2007-2019**

<table>
<thead>
<tr>
<th>Year</th>
<th>Buyout*</th>
<th>Growth Capital</th>
<th>Venture Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>3.97</td>
<td>1.38</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>5.01</td>
<td>0.97</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>7.64</td>
<td>3.19</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>20.30</td>
<td>4.10</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>26.62</td>
<td>2.89</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>18.16</td>
<td>1.96</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>5.30</td>
<td>2.13</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>17.11</td>
<td>2.61</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>14.01</td>
<td>1.60</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>15.99</td>
<td>2.24</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>21.46</td>
<td>2.48</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>26.29</td>
<td>4.47</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>34.49</td>
<td>3.88</td>
<td>2.20</td>
</tr>
</tbody>
</table>

*Buyout includes Rescue/Turnaround and Replacement Capital

Source: SVCA / EDC
All Private Equity Investments

Number of Companies 2007-2019

Source: SVCA / EDC

*Buyout includes Rescue/Turnaround and Replacement Capital
Buyout Investments

Investments by Equity Bracket 2007-2019

Source: SVCA / EDC
Venture Capital Investments
Investments by Stage 2007-2019

Source: SVCA / EDC
Buyout & Venture Capital Investments
*Investments by Sector 2007-2019*

**Buyout Investments by Sector**

- Biotech and healthcare: 16%
- Consumer goods and services: 18%
- ICT: 14%
- Energy and environment: 3%
- Financial and insurance activities: 9%
- Business products and services: 28%
- Transportation: 5%
- Other*: 4%
- Agriculture: 3%

**Venture Capital Investments by Sector**

- Biotech and healthcare: 30%
- ICT: 41%
- Consumer goods and services: 10%
- Energy and environment: 7%
- Other*: 5%
- Business products and services: 7%

*Other also includes Chemicals and Materials & Construction

*Other also includes Agriculture, Chemicals and Materials, Construction, Financial and Insurance Activities, Real Estate & Transportation

Source: SVCA / EDC
All Private Equity
Investments as % of GDP 2019

*Other CEE consists of Ex-Yugoslavia and Slovakia

Source: SVCA / EDC
Buyout
Investments as % of GDP 2019

Source: SVCA / EDC

*Other CEE consists of Ex-Yugoslavia and Slovakia
Venture Capital
Investments as % of GDP 2019

*Other CEE consists of Ex Yugoslavia and Slovakia

Source: SVCA / EDC
Divestments statistics explained

Market statistics are an aggregation of figures according to the location of the portfolio company. At the European level, this relates to divestments of European companies regardless of the location of the private equity firm.

The funds included in the statistics are: private equity funds making direct private equity investments, mezzanine private equity funds, co-investment funds, and rescue/turnaround funds.

The following funds are excluded from the statistics: infrastructure funds, real estate funds, distressed debt funds, primary funds of funds, secondary funds of funds.
Divestments Summary

• For buyout between 2007-2019, the main exit routes by value were public offering (31%), sale to another private equity firm (28%), and trade sale (22%).

• For venture capital between 2007-2019, the main exit routes by value were trade sale (38%), public offering (19%), and write-off (12%).

• For buyout between 2007-2019, the main exit routes by number of companies were trade sale (31%), sale to another private equity firm (23%), and public offering (17%).

• For venture capital between 2007-2019, the main exit routes by number of companies were trade sale (26%), other means (22%), and write-off (13%).
Divestments by Exit Route
As % of Total Value 2007-2019

**Buyout - 166 Billion SEK Divested at Cost**

- Sale to trade buyers: 22%
- Divestment by public offering: 31%
- Repayment of preference shares/loans or mezzanine: 7%
- Sale to another private equity firm: 28%
- Sale to financial institutions: 5%
- Management/Owner buy-back: 2%
- Write off: 3%
- Divestment by other means: 2%

**Venture Capital - 18 Billion SEK Divested at Cost**

- Sale to trade buyers: 38%
- Divestment by public offering: 19%
- Write off: 12%
- Repayment of preference shares/loans or mezzanine: 2%
- Sale to another private equity firm: 28%
- Sale to financial institutions: 5%
- Management/Owner buy-back: 8%
- Sale to trade buyers: 31%
- Divestment by other means: 7%
- Write off: 3%
Divestments by Exit Route
As % of Number of companies 2007-2019

Source: SVCA / EDC
Private Equity and the Swedish Economy

Significance statistics explained

Statistics on portfolio companies are an aggregation of the latest available public data, presented for the year 2017 and compared with data from 2013. All Swedish portfolio companies are included, regardless of the location of the private equity firm.

The funds included in the statistics are: private equity funds making direct private equity investments within buyout and venture capital.
Private Equity Represents a Substantial Part of the Swedish Economy

- Global revenues within Swedish portfolio companies amounted to 537 billion SEK in 2017
- Swedish portfolio companies employed 169,551 individuals in 2017, which is comparable to about 3.38% of the active workforce in Sweden that year
- Buyout portfolio companies made up 35% of the total number of portfolio companies, representing about 88% of the revenues and 92% of the employed individuals in 2017

<table>
<thead>
<tr>
<th></th>
<th>Number of Companies</th>
<th>%</th>
<th>Revenues 2017</th>
<th>%</th>
<th>Employees 2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,160</td>
<td>100</td>
<td>537</td>
<td>100</td>
<td>169,551</td>
<td>100</td>
</tr>
<tr>
<td>Buyout</td>
<td>406</td>
<td>35</td>
<td>475</td>
<td>88</td>
<td>155,964</td>
<td>92</td>
</tr>
<tr>
<td>Venture</td>
<td>754</td>
<td>65</td>
<td>62</td>
<td>12</td>
<td>13,578</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: SVCA / Retriever / SCB
Global Revenues of Private Equity-Backed Swedish Portfolio Companies

- Global revenues grew by about 29.7% between 2013 and 2017, equivalent to an increase of 123 billion SEK
- Total number of Swedish portfolio companies increased by seven between 2013 and 2017
- The number of venture capital portfolio companies increased by about 2.3% between 2013 and 2017, equivalent to an increase of 17 companies
- Venture capital portfolio companies represented nearly 12% of total global revenues in 2017, while representing about 9.5% in 2013

Source: SVCA / Retriever / SCB
Number of Employees in Private Equity-Backed Swedish Portfolio Companies

- Swedish portfolio companies employed 169,551 individuals in 2017, equivalent to about 3.38% of the Swedish active workforce that year.
- Both the relative and absolute number of employees decreased between 2013 and 2017, mainly due to divestments of some labor-intensive portfolio companies.
- Buyout portfolio companies accounted for most of the employed individuals in 2017 (92%). However, the number attributable to venture capital did increase both in relative and absolute terms between 2013 and 2017.

Source: SVCA / Retriever / SCB
Glossary
Fundraising Glossary

Types of investors

**Corporate investor:** Corporations manufacturing products or delivering non-financial services.

**Endowment:** An investment fund established by a foundation, university or cultural institution providing capital donations for specific needs or to further a company’s operating process. They are generally structured so that the principal amount invested remains intact (for perpetuity, for a defined period of time, or until sufficient assets have been accumulated to achieve a designated purpose).

**Family office:** An entity that provides services to one or more affluent families, including investment management and other services (accounting, tax, financial and legal advice etc.).

**Foundations:** A non-profit organization through which private wealth is distributed for the public good. It can either donate funds and support other organizations, or provide the sole source of funding for their own charitable activities.

**Fund of funds:** A private equity fund that primarily takes equity positions in other funds.

**Government agencies:** Country, regional, governmental and European agencies or institutions for innovation and development.

**Other asset manager:** A financial institution (other than a bank, endowment, family office, foundation, insurance company or pension fund) managing a pool of capital by investing it across different asset classes with the purpose of generating financial returns. It may include private equity direct funds that occasionally make indirect investments, but excludes fund of funds that are a standalone option.

**Pension funds:** A pension fund that is regulated under private or public sector law.

**Sovereign wealth funds:** State-owned investment funds investing in foreign direct private equity funds to diversify their portfolio.
Investments Glossary

Venture Capital

• **Seed**: Funding provided before the investee company has started mass production/distribution with the aim to complete research, product definition or product design, also including market tests and creating prototypes. This funding will not be used to start mass production/distribution.

• **Start-up**: Funding provided to companies, once the product or service is fully developed, to start mass production/distribution and to cover initial marketing. Companies may be in the process of being set up or may have been in business for a shorter time, but have not sold their product commercially yet. The destination of the capital would be mostly to cover capital expenditures and initial working capital.

• **Later-stage financing**: Financing provided for an operating company, which may or may not be profitable. Late-stage venture tends to be financing into companies already backed by VCs. Typically in C or D rounds.

Growth Capital

A type of private equity investment (often a minority investment) in relatively mature companies that are looking for primary capital to expand and improve operations or enter new markets to accelerate the growth of the business.

Buyout

Financing provided to acquire a company. It may use a significant amount of borrowed capital to meet the cost of acquisition. Typically by purchasing majority or controlling stakes.

Rescue/Turnaround

Financing made available to an existing business, which has experienced financial distress, with a view to re-establishing prosperity.

Replacement Capital

Minority stake purchase from another private equity investment organization or from another shareholder or shareholders.
Divestments Glossary

Exit route

Management/Owner buy-back: The buyer of the company is its management team.

Public offering:

• First divestment following flotation (IPO): The sale or distribution of a private company’s shares to the public for the first time by listing the company on the stock exchange.

• Sale of quoted equity post flotation: It includes sales of quoted shares only if connected to a former private equity investment, e.g. sale of quoted shares after a lock-up period.

Repayment of preference shares/loans or mezzanine: If the private equity firm provided loans or bought preference shares in the company at the time of investment, then their repayment according to the amortization schedule represents a decrease of the financial claim of the firm into the company, and hence a divestment.

Sale to another private equity firm: The buyer of the portfolio company is a private equity firm.

Sale to a financial institution: A financial institution is an entity that provides financial services for its clients:

• Depository institutions: deposit-taking institutions that accept and manage deposits and make loans, including banks, building societies, credit unions, trust companies, and mortgage loan companies.

• Contractual institutions: Insurance companies and pension funds.

• Investment institutes other than direct private equity firms.

Trade sale: The sale of a company's shares to industrial investors.

Write-off: The value of the investment is eliminated, and the return to investors is zero or negative.

Note: Recapitalizations are not considered in the divestment statistics.
SVCA
Swedish Private Equity & Venture Capital Association