

Fouriertransform invests in Norstel AB

Fouriertransform acquires shares and convertibles totaling EUR 10.5 M in power electronics developer Norstel AB. The company's largest owners currently include venture capital funds advised by Eqvitec, Creandum and Northzone, as well as the Sixth AP Fund. The investment, which will be carried out through a directed issue of shares and convertibles, will make Fouriertransform the largest individual shareholder in the company.

“Norstel has the potential to become one of the world's leading suppliers of SiC wafers, which are an important component in the successful development and production of environmentally friendly hybrid vehicles. This investment is risky, but the potential for success is equally high. Through its extensive and specialized development work in recent years, Norstel has achieved excellent results indicating that the company is at the forefront of its field. Along with an ultramodern development and production facility, the company has created a solid base for a future public offering. Norstel's goal is to become number two or three in the market,” says Lars-Olof Gustavsson, Chairman of Fouriertransform.

Today, essentially all vehicle manufacturers are focusing on building various types of hybrid vehicles for passenger and freight transports, all of which require power electronics that utilize the type of silicon carbide (SiC) wafers being developed by Norstel. SiC wafers are generally superior to the existing silicon wafers used in power electronic semiconductors and, more specifically, for semiconductors in hybrid vehicle applications. For example, semiconductors based on SiC wafers are a key component in building vehicles with effective start/stop and plug-in functions.

Norstel conducts advanced and capital-intensive development and production operations. Since it was established, approximately EUR 30 M in shareholder capital has been invested in the company. However, due to the difficulties associated with assessing the company's development work, Norstel's liquidity position has weakened, resulting in a company reorganization (Swe Företagsrekonstruktion) process. Nonetheless, Fouriertransform has deemed the company's success in producing three-inch SiC wafers to be very promising. Therefore a rapid exit from company reorganization will be achieved through the approved new issue and this will enable the company's continued development work to be intensified.

“This is our second investment. It is gratifying to be able to contribute to a project that has already shown considerable potential, but is currently in a vulnerable position,” says Lars-Olof Gustavsson, Chairman of Fouriertransform.

“We are very pleased to have Fouriertransform as an owner. In addition to capital, the company will add extensive industry experience, which we can utilize. Now we can focus on the next step in our development work and plan the launch of larger silicon carbide wafers,” says Iain Jackson, CEO of Norstel AB.

Brief technical information

Power electronics is and will remain one of the key systems for the introduction of all types of hybrid vehicles. Although the semiconductor components used in power electronics are currently based on silicon wafers, silicon carbide (SiC) wafers, Norstel's area of specialization, offer many advantages over ordinary silicon wafers. They operate at much higher temperatures and withstand ten times the voltage of silicon, offer the same thermal conductivity as copper, additionally have faster switching and can be produced in smaller dimensions than the same component made from silicon. One tangible advantage is that they enable the use of air-cooling in most applications that currently require water-cooling. Since SiC wafers are able to withstand a much higher power density and take up less space, they could also be utilized when designing components and subsystems.

Fouriertransform AB (FTAB) is a venture capital company founded and owned by the Swedish state for the purpose of investing in companies in the automotive industry. FTAB has a commercial focus and its investments are expected to generate a long-term market-based return.

Eqvitec Partners is one of Northern Europe's largest venture capital companies specializing in technology. The company was established in 1997 and has 15 investment managers in Helsinki and Stockholm. Eqvitec Partners provides advisory services to six funds with a total capital base of more than EUR 500 M. The funds invest their capital in technology companies, particularly those undergoing an expansion phase. The funds currently have investments in approximately 40 companies and have conducted 40 exits. For more information, visit www.eqvitec.com.

Creandum is a venture capital company that invests in innovative and rapidly growing Nordic companies. Creandum manages more than SEK 1 billion and is one of the fastest-growing venture capital companies in the Nordic region. All of Creandum's investment managers have extensive industrial experience and have either started a company themselves or worked in successful start-ups. For more information, visit www.creandum.se

Northzone Ventures is Scandinavia's leading risk capital fund in the area of technical investments, conducting its operations from offices in Stockholm, Oslo and Copenhagen. Since it was founded in 1996, Northzone has invested in more than 60 early-stage companies. Northzone's most recent fund, Northzone V, was created in April 2006 and amounts to EUR 175 M. For more information, visit www.northzone.com.

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