

An aerial photograph of a city, likely Copenhagen, showing a river, historic buildings with red roofs, and a large church spire. The image is darkened to serve as a background for the text.

# DEALMAKING IN UNCERTAIN TIMES

## A STATUS ON THE NORDIC M&A MARKETS

19 AUGUST 2022

**NKP | M&A INSIGHTS**  
NORDIC KNOWLEDGE PARTNERS

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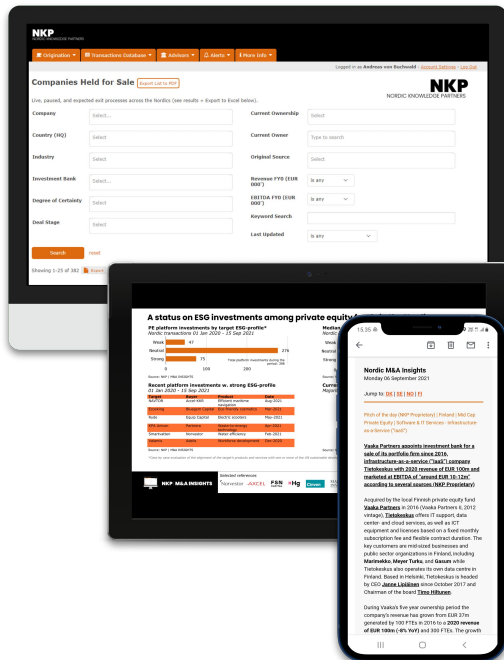
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*Hellerup, Denmark, 19 August 2022*

## M&A Insights by Nordic Knowledge Partners - The Platform At a Glance

### NKP | M&A INSIGHTS



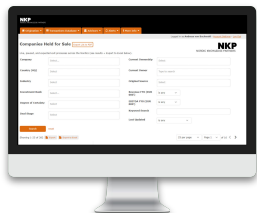
- Based out of Copenhagen, Denmark, and launched in 2018 by former private equity investment professional
- The leading M&A intelligence platform for principal investors and deal advisory teams operating in the Nordics trusted by more than 80 logos
- Daily proprietary deal leads and transactions overview based on unique market access
- Online platform with the full private equity ecosystem, live/coming/paused exit processes, and the largest (Nordic) transactions database

## M&A Insights - Unique Intel Sourcing Model

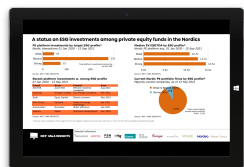
### *Multiple insights distribution formats*



Daily newsletter at 8.30 AM with proprietary investment cases and transaction news



Personal login for the browser-based M&A Portal with structured data on opportunities and transactions



Weekly and monthly reports with e.g. advisor league tables and opportunities overview

### *Multiple channels for sourcing insights*

#### Public sources and semi-public sources:






- Online and offline media
- Press releases and annual reports
- Social media monitoring
- API-integrations with company registers in DK, SE, NO, FI

#### Non-Public Sources:

- Bilateral dialogues with private company owners, funds, and advisors
- Proprietary dataset and data monitoring enables us to proactively identify relevant cases

M&A Insights deliver **3x the amount of proprietary coverage** compared with conventional information providers, and we aim to cover **new opportunities at the "pre process" stage**

## M&A Insights - Seeing more Dealflow Earlier

Target (examples)	1 <sup>st</sup> coverage by NKP   M&A INSIGHTS (examples only)	Exit	NKP lead time
 <b>GLOBUS WINE</b> <small>DELICACY REQUIRES MASTERY</small>	<i>Following a beauty parade in the fall of 2021, PwC Corporate Finance has been mandated for a sale of Credo Partners' Globus Wine (NKP Proprietary 18 Oct, 2021)</i>	22 Jun 2022 (acquired by Anora)	8 months
 <b>Stanley Black &amp; Decker</b> <b>Electronic Security Business</b>	<i>Stanley Black &amp; Decker's electronic security business in Sweden may come into play as SB&amp;D revisits strategic review of the security division and the option to "monetize" the business...process expected to start up in H2-2021.. (NKP Proprietary, 18 Jun 2021)</i>	09 Dec 2021 (acquired by Securitas)	6 months
<b>Holzweiler</b>	<i>Holzweiler Oslo, a founder owned direct-to-consumer men's and women fashion brand, is preparing for a sale with Carnegie mandated although it is still "early days" in the process, according to sources (NKP Proprietary, 05 Apr 2022)</i>	08 Aug 2022 (acquired by Sequoia Capital China)	4 months
 <b>Netigate</b>	<i>Houlihan Lokey mandated for a majority sale of founder-owned employee- and customer survey SaaS firm Netigate with SaaS revenue of SEK ~140m in 2020 (NKP Proprietary, 15 Feb 2022)</i>	15 Aug 2022 (acquired by Gro Capital)	6 months
 <b>esoft</b>	<i>Update: Tofte &amp; Company-led sale process of real estate marketing company Esoft enters advanced stage - revenue of DKK 162m with EBITDA of DKK 10.2m in 2020 (NKP Proprietary, 16 Feb 2022)</i>	01 Jun 2022 (acquired by Polaris)	4 months
 <b>Envirotainer°</b> <small>The Active Cold Chain</small>	<i>Cinven is preparing for a 2022 exit of its 2018 acquisition of Envirotainer - the leading global provider of cold chain solutions for air transport of pharmaceuticals - as investment banks are invited to pitch, marketed at 2021 normalized EBITDA of around SEK 1,000m (NKP Proprietary, 22 Nov 2021)</i>	07 Jun 2022 (acquired by EQT)	7 months

*A unique operating model delivers higher relevance, more proprietary intelligence, and earlier coverage of Nordic M&A situations, enabling clients to land more deals or advisor mandates.*

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We have analyzed 1,150 M&A transactions announced during the first 7 months of 2022 (January-July) involving Nordic-headquartered targets for comparison with 2019-2021:

- Overall Nordic M&A transaction during the period was *down* 17% compared with the same period in 2021 though still high
- Mid and Large Cap transaction volume declined 34% to 116 deals in the period, driven by rising interest rates, inflation, and the general macroeconomic uncertainty
- Valuations remain high although 9% lower than in 2022
- Private equity firms were no longer net buyers during Jan-Jul 2022 (contrary to previous years), but increased add-on activity
- We are currently tracking 428 live, coming, and paused M&A processes up from 379 at the same time in 2021, but when excluding processes on hold the number is 343 *down* from 351 at the same time in 2021
- We expect a 25% decline in total deal volume in the remainder of the year and 30-40% YoY decline in Mid and Large deals
  - Transactions are taking longer to complete and more failed processes due to limitations on/cost of financing and seller/buyer pricing expectations mismatches
  - Fewer new opportunities coming to market compared with H1-2022, especially with respect to dual-track situations
  - We will see a tendency towards narrower processes and more “pre-testing” of interest as investment banks and sellers work on mitigating deal uncertainty risk

# 1,150

Transactions analyzed, Jan-Jul 2022

# -17%

Decline in Nordic M&A deal volume

# -35%

Decline in Mid and Large Cap deals

# 9.99x

(-9% vs. 2021)

Median EV/EBITDA in the period

# -25%

Expected H2 deal volume year-on-year

# 428

Nordic M&A processes tracked (pipeline)



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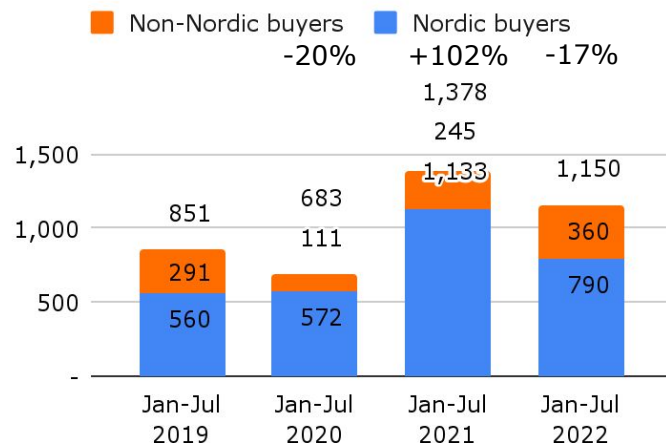
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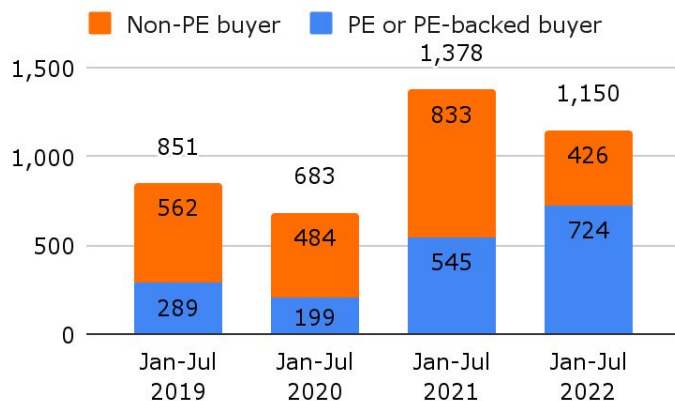
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### Majority sales of Nordic-headquartered targets by origin of Buyer, Jan-July (7 months) 2019-2022



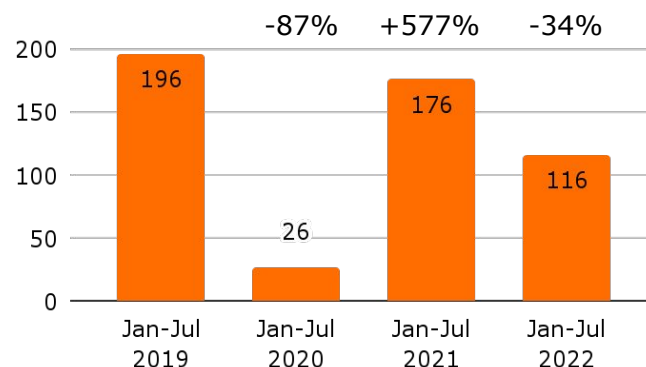
Source: NKP | M&amp;A Insights (15 Aug 2022)

### Majority sales of Nordic-headquartered targets by type of Buyer, Jan-July (7 months) 2019-2022



Source: NKP | M&amp;A Insights (15 Aug 2022)

### Majority sales of Nordic-headquartered, Mid and Large Cap only (excluding Small Cap)\*, Jan-July (7 months) 2019-2022

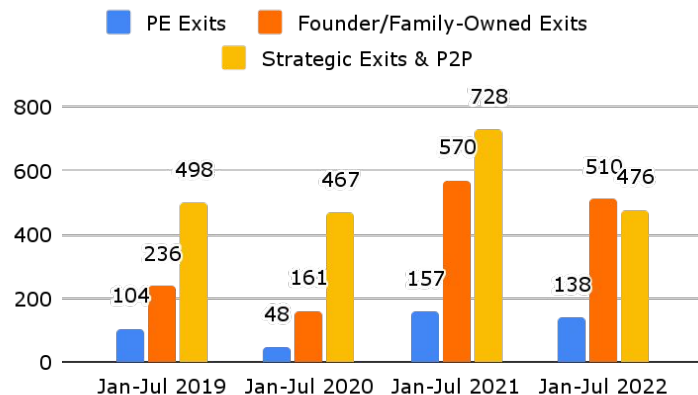


\*Defined by announced or estimated EV w. ≤50m EUR ~ Small Cap, 50-650m ~ Mid Cap, ≥650m ~ Large Cap

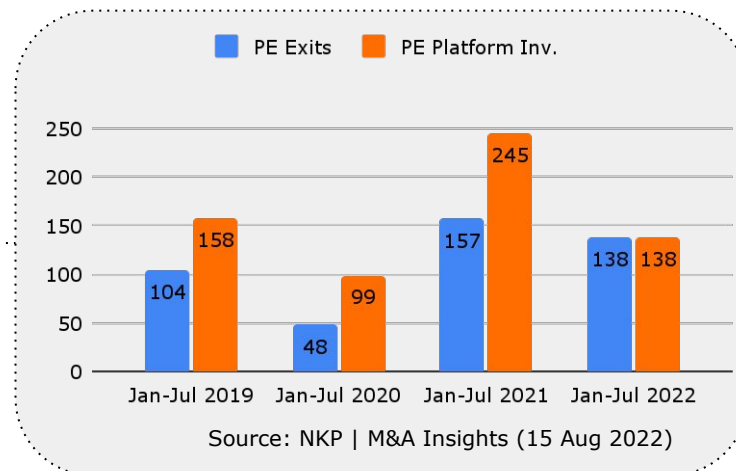
#### Summary:

- Total M&A deal count is down 17% in the first 7 months of 2022 as interest rates and inflation have risen sharply, stock markets have fallen, and due to the general uncertainty caused by the war in Ukraine
  - Mid and Large Cap deals declined from 176 to 116 for the 7 months period (-34%)
- Interestingly, the number of acquisitions by non-Nordic buyers of Nordic-headquartered targets is up from 245 to 360 deals, reflecting international investors viewing the Nordics as a attractive macro-economic environment
- PE buyers and PE-backed buyers accounted for 63% of total deal-making during January-July 2022 - up from 40% in the same period in 2021 driven largely by add-on investments

### Majority sales by type of vendor, Nordic targets, Jan-July 2019-2022

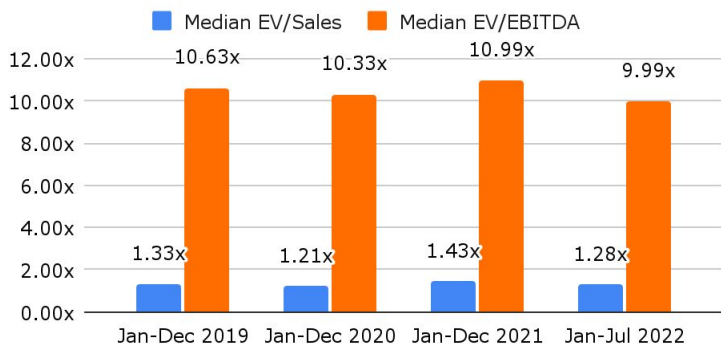


Source: NKP | M&amp;A Insights (15 Aug 2022)



Source: NKP | M&amp;A Insights (15 Aug 2022)

### Median EV multiples for majority sales Nordic targets, full year for 2019-2021 and Jan-Jul for 2022

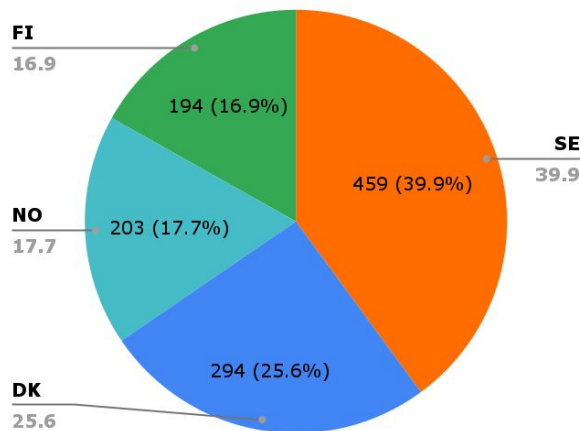


Source: NKP | M&amp;A Insights (15 Aug 2022)

### Summary:

- Private equity funds have been net buyers (platform investments vs. platform exits) in all years *until* Jan-Jul 2022 where 138 platform investments and 138 PE exits were announced
- The median EV/EBITDA multiple (trailing, LTM) 2019-2022 (YTD, July) average 10.49x, with valuations peaking in 2021 and coming down almost by 10% in the January-July period 2022

## Majority Sales by target country (HQ), January-July for 2022

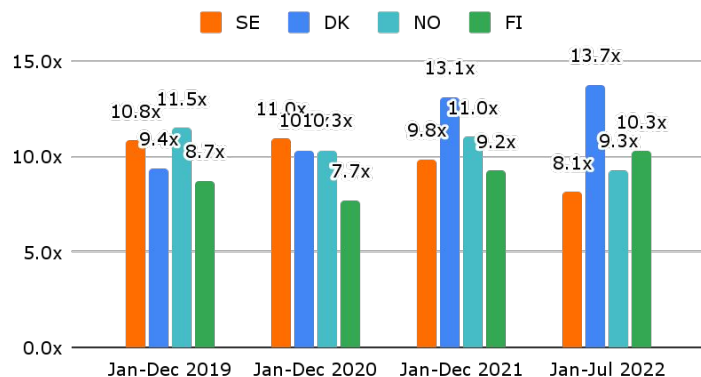


Source: NKP | M&A Insights (15 Aug 2022)

### Summary:

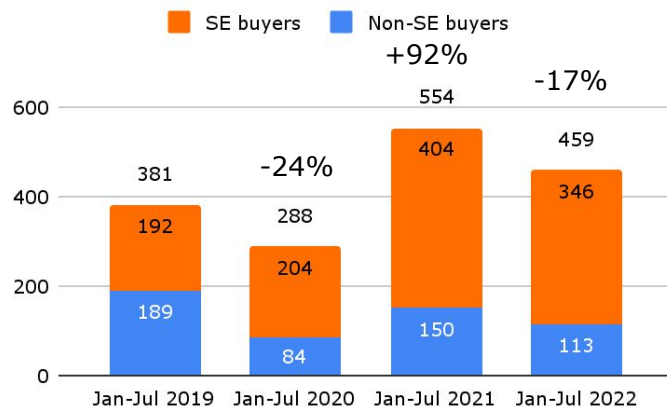
- Sweden is by far the largest M&A market of the four Nordic countries (by total deal count) with 459 transactions announced during Jan-Jul 2022 (~40%)
- Valuations remain high across the 2019 to 2022 period with median valuations of Swedish and Norwegian targets declining from 2021 to 2022, which is in line with the overall lower activity level
- Surprisingly, valuation of Danish targets remain double digit in all years and is higher in 2022 than in any of the previous years, largely reflecting the composition of Danish targets being traded (incl. a lot of tech deals)

## Median EV/EBITDA (trailing, LTM) multiples by country, 2019-2022 (2019-2021: full year, 2022: Jan-Jul)



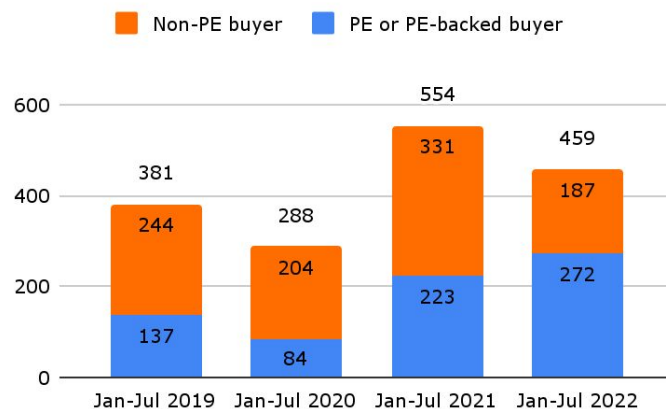
Source: NKP | M&A Insights (15 Aug 2022)

### Majority sales of Sweden-headquartered targets by origin of Buyer, Jan-July (7 months) 2019-2022



Source: NKP | M&A Insights (15 Aug 2022)

### Majority sales of Sweden-headquartered targets by type of Buyer, Jan-July (7 months) 2019-2022



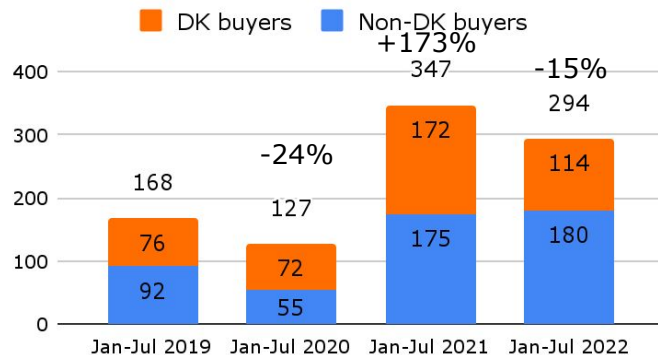
Source: NKP | M&A Insights (15 Aug 2022)

#### Summary:

- Total M&A deal count in Sweden is down 17% in the first seven months of 2022 as interest rates have risen sharply, stock markets have plummeted (putting a break on IPO activity), and the general uncertainty caused by the war in Ukraine and high and volatile inflation numbers decreasing consumer spending and investments
- Both Swedish and Non-Swedish buyers have reduced the number of new investments during 2022
- Private Equity firms and their portfolio firms have completed more investments in the first 7 months of 2022 (272) than the same period in 2021 (223), despite the overall decline in deal activity, while non private equity related investors have reduced their deal-making

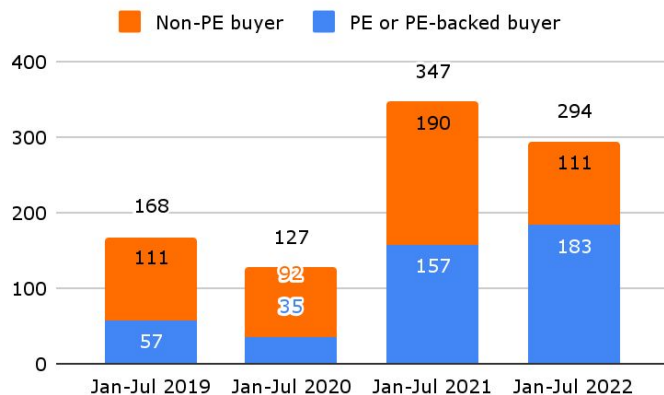
Source: NKP | M&A Insights (15 Aug 2022)

### Majority sales of Denmark-headquartered targets by origin of Buyer, Jan-July (7 months) 2019-2022



Source: NKP | M&A Insights (15 Aug 2022)

### Majority sales of Denmark-headquartered targets by type of Buyer, Jan-July (7 months) 2019-2022



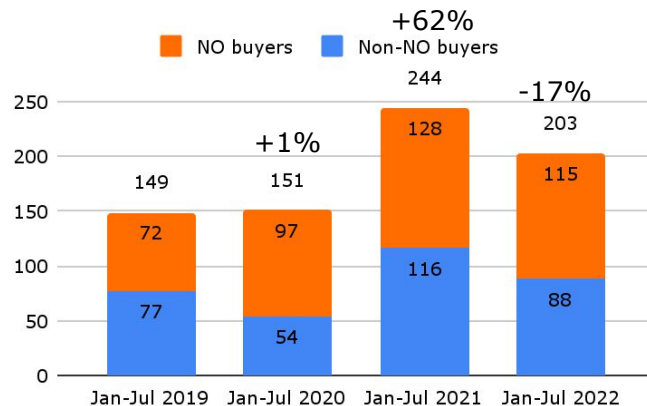
Source: NKP | M&A Insights (15 Aug 2022)

#### Summary:

- Total M&A deal count in Denmark is down 15% in the first seven months of 2022 as interest rates have risen sharply, stock markets have plummeted, and the general uncertainty caused by the war in Ukraine and high and volatile inflation numbers decreasing consumer spending and investments
- Interestingly, the number of acquisitions by non-Danish buyers of Danish targets is actually going up compared with 2021, which indicates that Denmark remains a highly attractive M&A market for foreign investors
- Private Equity firms and their portfolio firms have completed more investments in the first 7 months of 2022 (183) than the same period in 2021 (157), despite the overall decline in deal activity, while non private equity related investors have reduced their deal-making

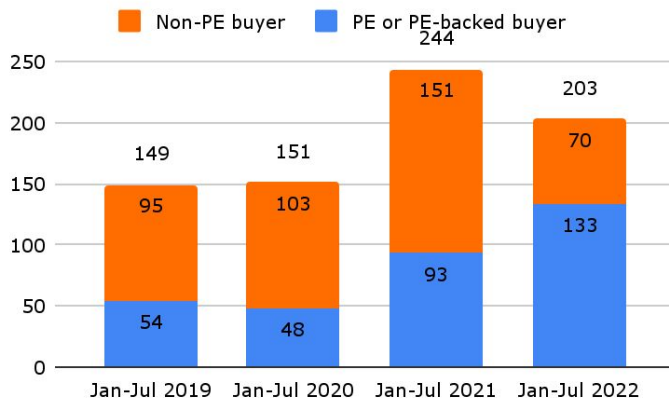
Source: NKP | M&A Insights (15 Aug 2022)

### Majority sales of Norway-headquartered targets by origin of Buyer, Jan-July (7 months) 2019-2022



Source: NKP | M&A Insights (15 Aug 2022)

### Majority sales of Norway-headquartered targets by type of Buyer, Jan-July (7 months) 2019-2022

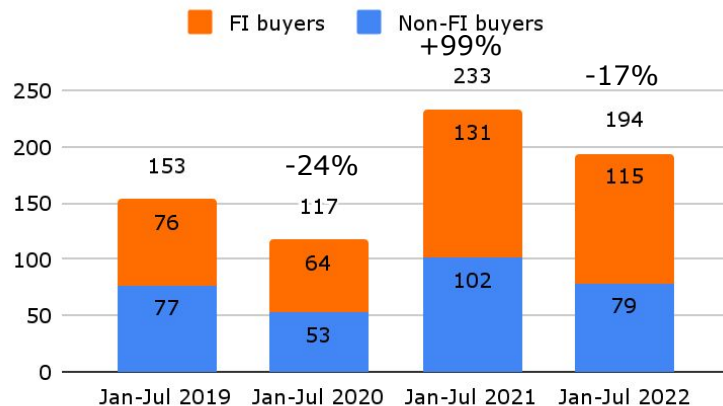


Source: NKP | M&A Insights (15 Aug 2022)

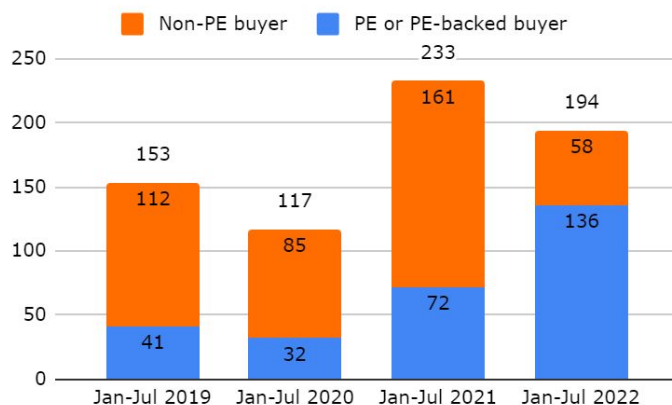
#### Summary:

- Total M&A deal count in Norway is down 17% in the first seven months of 2022 as interest rates have risen sharply, stock markets have plummeted, and the general uncertainty caused by the war in Ukraine and high and volatile inflation numbers decreasing consumer spending and investments
- Private Equity firms and their portfolio firms have completed more investments in the first 7 months of 2022 (133) than the same period in 2021 (93), despite the overall decline in deal activity, while non private equity related investors have reduced their deal-making

Source: NKP | M&A Insights (15 Aug 2022)

**Majority sales of Finland-headquartered targets by origin of Buyer, Jan-July (7 months) 2019-2022**


Source: NKP | M&amp;A Insights (15 Aug 2022)

**Majority sales of Finland-headquartered targets by type of Buyer, Jan-July (7 months) 2019-2022**


Source: NKP | M&amp;A Insights (15 Aug 2022)

**Summary:**

- Total M&A deal count in Finland is down 17% in the first seven months of 2022 as interest rates have risen sharply, stock markets have plummeted, and the general uncertainty caused by the war in Ukraine and high and volatile inflation numbers decreasing consumer spending and investments
- Private Equity firms and their portfolio firms have completed more investments in the first 7 months of 2022 (136) than the same period in 2021 (72), despite the overall decline in deal activity, while non private equity related investors have reduced their deal-making

Source: NKP | M&amp;A Insights (15 Aug 2022)



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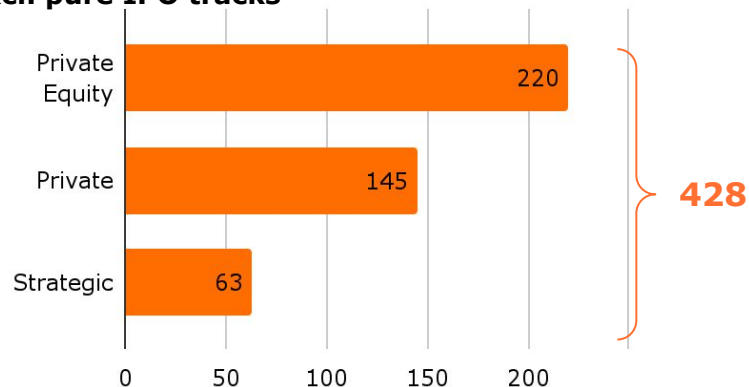
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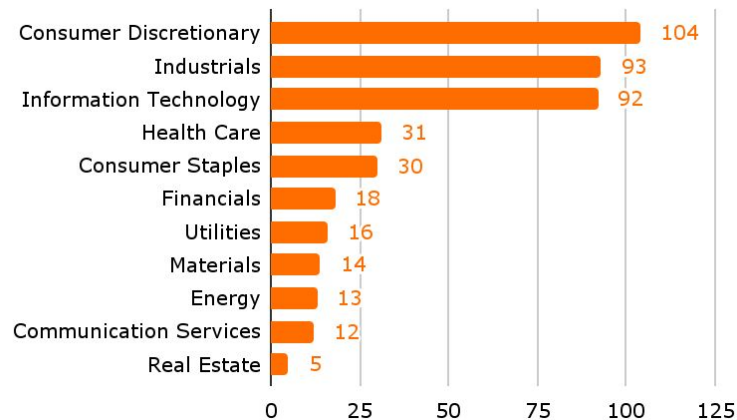
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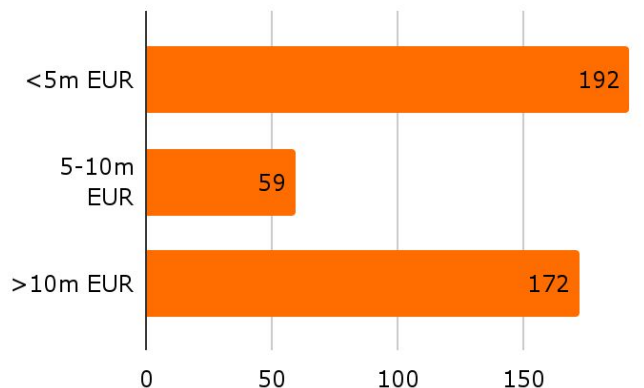
**Coming, active, and paused, M&A sales processes by type of current owner, cross-Nordics, incl. dual track, excl. pure IPO tracks**


Source: NKP | M&amp;A Insights (18 Aug 2022)

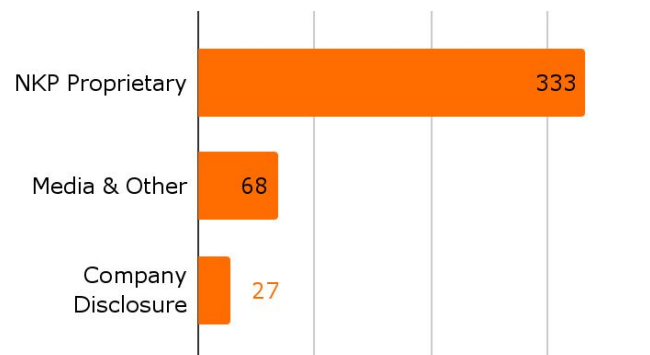
**Coming, active, and paused M&A sales processes by target sector, cross-Nordics**


Source: NKP | M&amp;A Insights (18 Aug 2022)

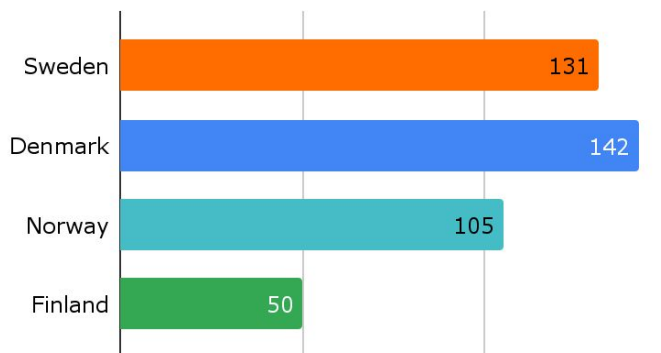
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**Coming, active, and paused M&A sales processes by target EBITDA (last FY reported), cross-Nordics**


Source: NKP | M&amp;A Insights (18 Aug 2022)

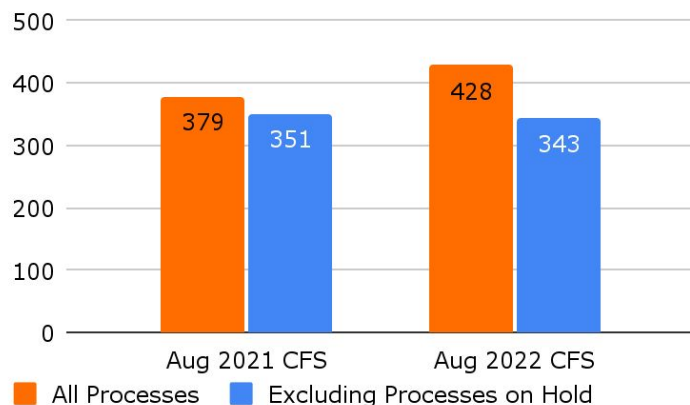
**Coming, active, and paused M&A sales processes by source, cross-Nordics**


Source: NKP | M&amp;A Insights (18 Aug 2022)

**Coming, active, and paused M&A sales processes by target country, cross-Nordics (incl. dual-track situations, excl. pure IPO tracks)**


Source: NKP | M&amp;A Insights (18 Aug 2022)

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**Coming, active and paused M&A processes tracked by NKP as of Aug 2022 vs. Aug 2022 (incl. dual track situations, excl. pure IPO tracks)**


Source: NKP | M&amp;A Insights (18 Aug 2022)

**Summary:**

- Despite the 17% decline in year-on-year transaction volume during Jan-Jul 2022 we are still in a "hot" M&A market as reflected in the current pipeline
- We are currently tracking 428 live, coming, and paused M&A processes across the Nordics (343 when excluding paused processes), up from 379 in August 2021, however when excluding "paused" processes the number is 343 *down* from 351 in August 2021
- Transactions take a longer time to close as buyers are more hesitant and deal uncertainty is higher which inflates the pipeline in relative terms
- There are still many sellers motivated by the soaring multiples in 2021 and H1-2022, but relatively fewer buyers at the current price level => we expect valuation corrections in line with those seen on the listed stock markets (-15-20% or more)
- For the remainder of 2022 we expect deal activity to be 25% lower than in H2-2022 (vs. a decline of 17% in Jan-Jul) as many of the deals announced in H1 were prolonged processes launched in 2021, and because we expect more failed processes (incl. dual tracks) compared with H1-2022

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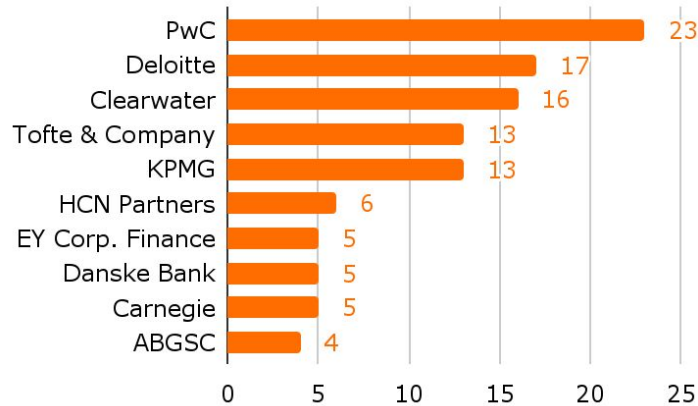
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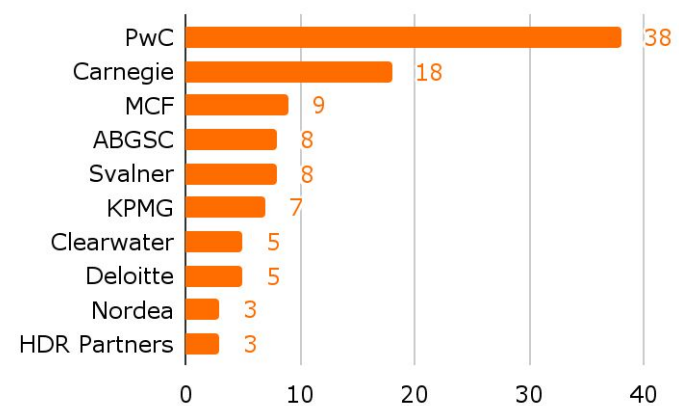
## Advisor League Tables - Investment Banks

### Investment banks by # of 2022 year-to-date M&A transactions, Denmark-headquartered targets



Source: NKP | M&A Insights (18 Aug 2022)

### Investment banks by # of 2022 year-to-date M&A transactions, Sweden-headquartered targets



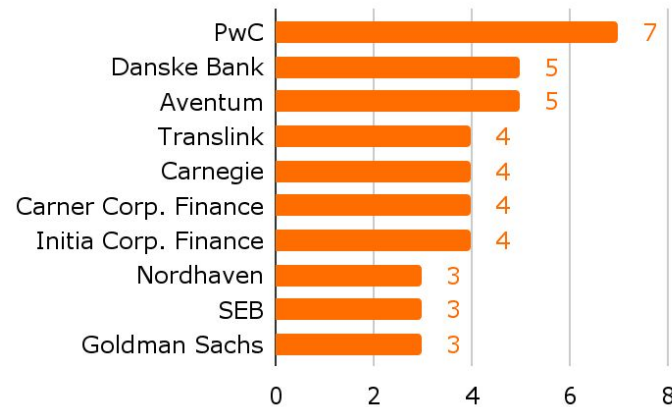
Source: NKP | M&A Insights (18 Aug 2022)

### Investment banks by # of 2022 year-to-date M&A transactions, Norway-headquartered targets



Source: NKP | M&A Insights (18 Aug 2022)

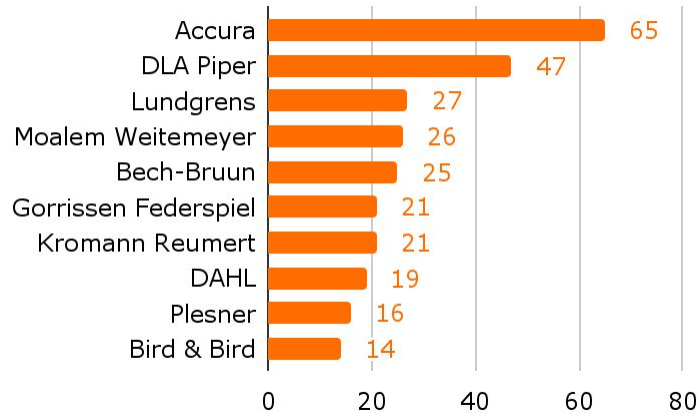
### Investment banks by # of 2022 year-to-date M&A transactions, Finland-headquartered targets



Source: NKP | M&A Insights (18 Aug 2022)

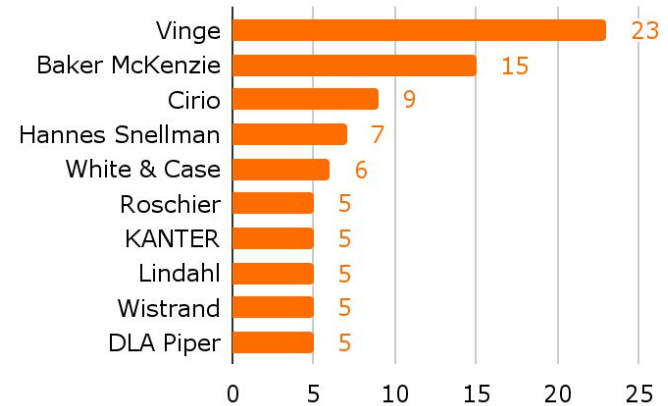
## Advisor League Tables - Law Firms

**Law firms by # of 2022 year-to-date M&A transactions, Denmark-headquartered targets**



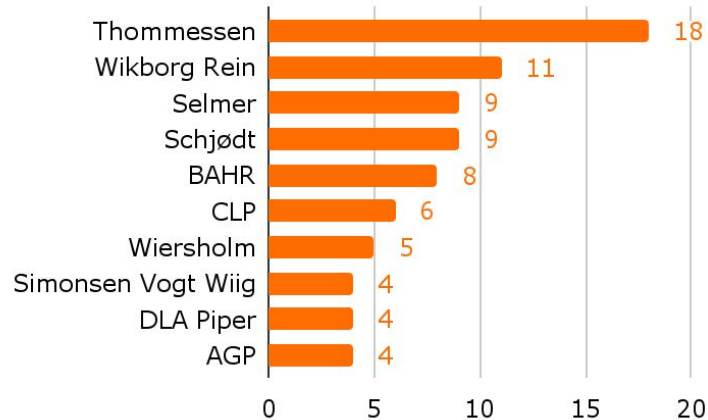
Source: NKP | M&A Insights (18 Aug 2022)

**Law firms by # of 2022 year-to-date M&A transactions, Sweden-headquartered targets**



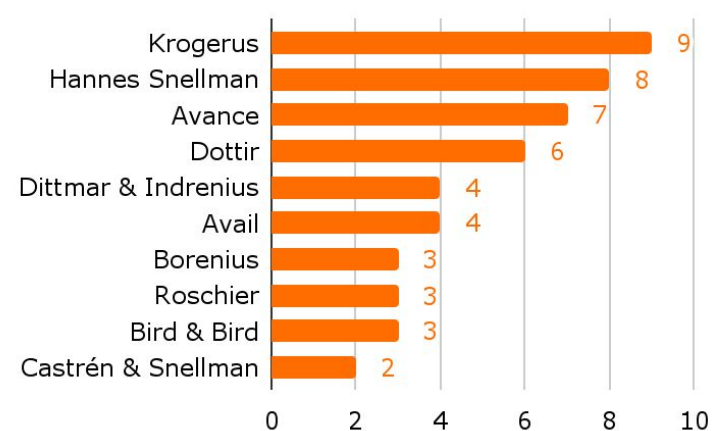
Source: NKP | M&A Insights (18 Aug 2022)

**Law firms by # of 2022 year-to-date M&A transactions, Norway-headquartered targets**



Source: NKP | M&A Insights (18 Aug 2022)

**Law firms by # of 2022 year-to-date M&A transactions, Finland-headquartered targets**



Source: NKP | M&A Insights (18 Aug 2022)