

# Transaction Trends

Danish M&A Update - Q1 2023

# Content

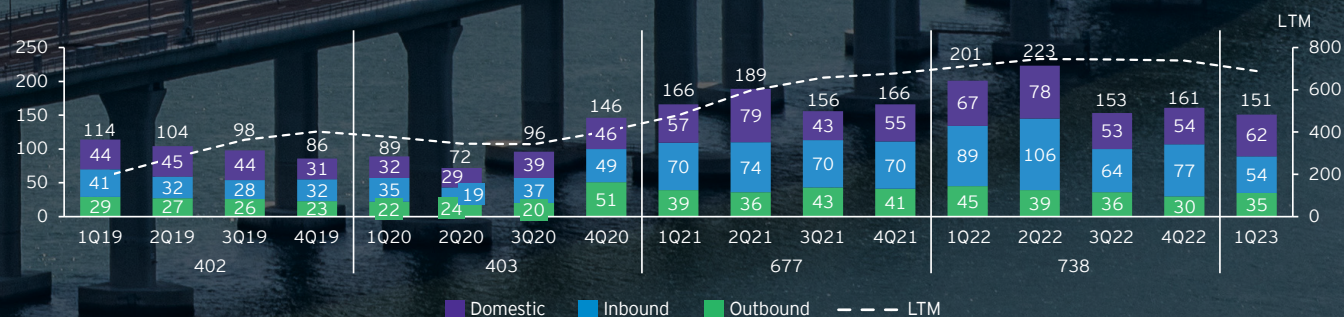
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# Executive summary

- ▶ Deal activity in 1Q23 remains above pre-covid levels. The activity level was supported by a strong deal appetite within domestic investors. The deal volume trend indicates a new normal level of 150+ deals per quarter.
- ▶ For the first time since 2Q21, domestic transactions exceed inbound transactions, highlighting the strong local market within Denmark.
- ▶ All sectors had increased deal activity in LTM compared to averages from 2018 to 2022 despite tougher market conditions.
- ▶ All key stock market increased in Q1 2023, with OMXC20 trading at its highest, since the index was introduced. However, this was partly driven by strong performance in specific stocks.

# Deal activity remains stable and above pre-covid levels in 1Q23

Number of transactions by transaction type  
Source: Mergermarket



Note: Domestic deals refer to deals where both, target and buyer are based in Denmark. Inbound and outbound deals, on the other hand, refer to deals where a Danish target was acquired or Danish buyers acquired a foreign target respectively. Historic deal activity may vary from previous reports, as deals on Mergermarket are continuously updated for historic quarters.

## Deal activity in Q1 2023 remains above pre-covid levels. The activity level was supported by a strong deal appetite by domestic investors.

In the first quarter of 2023 a total of 151 transactions involving Danish companies were announced, a decrease of 6.2% from Q4 2022 and 24.9% from Q1 2022. While we are experiencing a slower start to the dealmaking in 2023 compared to the record year 2022, the overall activity appears stable compared to the previous two quarters and remains above pre-covid levels as the quarterly average in 2019 was 101 deals, while the quarterly average of 3Q22 to 1Q23 was 155. Technology, Media and Telecom is still the most active sector with 33 deals announced in Q1 2023 and 169 throughout 2022.

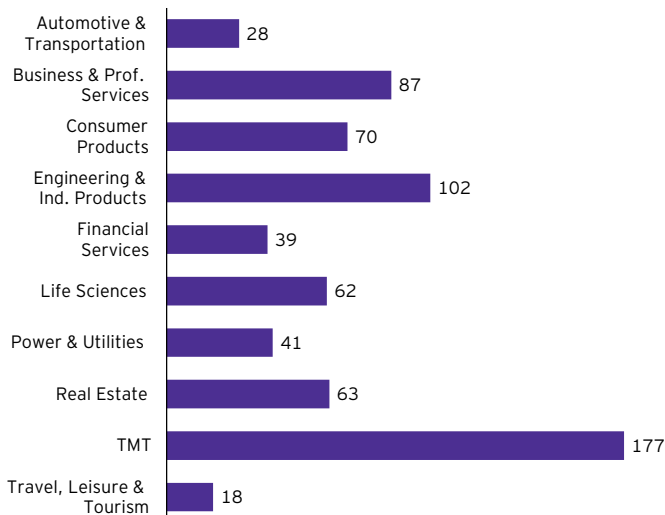
Compared to the fourth quarter of 2022, the number of inbound transactions slowed down and decreased by 29.9%. On the contrary, domestic transactions and outbound transactions increased by 14.8% and 16.7%, respectively. For the first time since 2Q21, domestic transactions exceed inbound transactions, highlighting the ambitious deal activity within Denmark.

For Danish companies, the share of buyers from the Nordics in Q1 2023 compared to LTM increased by 3pp, while the share of buyers from the rest of Europe decreased by 5pp. This indicates an increasing interest in the Danish M&A market from buyers across the Nordics.

The increased interest rate level and inflation rates continue to impact economies across the globe. However, the European Central Bank policymakers note that profit margins across European companies are increasing rather than decreasing, which would be expected if input prices for e.g. electricity increase sharply. This indicates that rising inflation rates may partly be driven by profit expansion, therefore, fuelling some of the recent M&A activity. A reversal of this trend may slow down deal activity level.

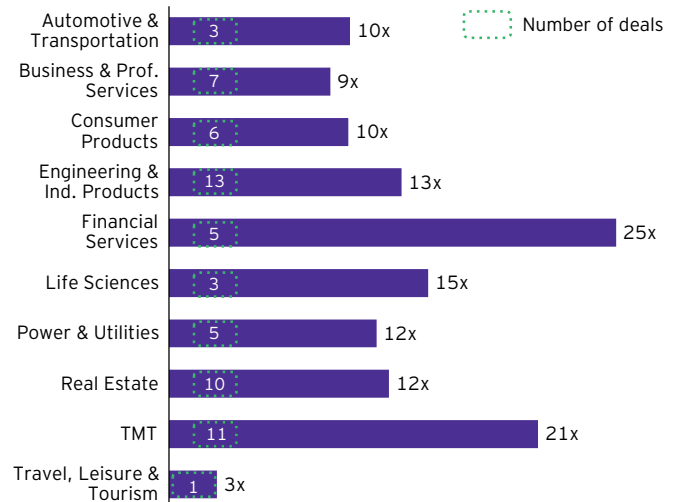
### Last twelve months number of transactions by industry in Denmark

Source: Mergermarket



### Last three years EV/EBITDA by industry in Denmark (median)

Source: Mergermarket



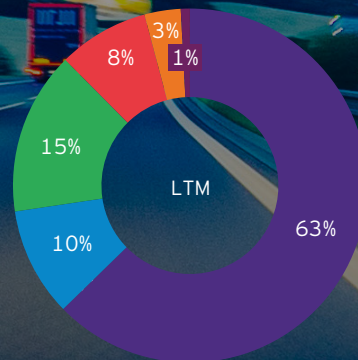
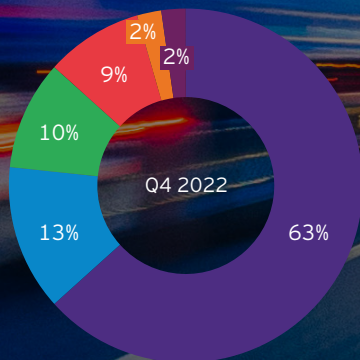
Note: EV/EBITDA by industry are only considering deals where target is based in Denmark. Travel, Leisure & Tourism left out due to low number of deals.

Transaction Trends, published by EY Strategy and Transactions, is a quarterly publication that aims to identify trends in the Danish transactions market. Data presented in this newsletter covers all transactions announced and registered in Mergermarket where Danish companies have participated as either target, buyer or vendor.

# Top 5 deal values led by transportation

## Target region - Danish Buyers

Source: Mergermarket



Denmark Nordics (excl. Denmark) Europe (excl. Nordics) Americas Asia-Pacific Other

### Top announced transactions last quarter (by deal value, USDm) (deals with reported value only)

Source: Mergermarket, CVR Virk, Capital IQ

Ann. Date	Target	Vendor	Buyer	Deal dom. Industry	Deal value*
06-Feb	Scan Global Logistics A/S	AEA Investors LP	CVC Advisers Ltd	Automotive & Transportation	USD 1,614m
06-Feb	Carlsberg South Asia Pte Ltd	Khetan Group	Carlsberg	Consumer Products	USD 744m
20-Mar	Maersk Supply service	A.P. Moller - Maersk A/S	A.P. Moller Holding A/S	Automotive & Transportation	USD 399m
15-Feb	Emergent BioSolutions Inc (Travel vaccines Vivotif and Vaxchora along with Phase 3 vaccine for Chikungunya virus)	Emergent BioSolutions Inc	Bavarian Nordic A/S	Life Sciences	USD 380m
16-Mar	Oona Health A/S	AnaCap Financial Partners Limited	Topdanmark AS	Financial Services	USD 320m

\*Mergermarket definition

**On 6 February 2023**, it was announced that Scan Global Logistics A/S, a global Danish freight forwarding company, was acquired by the Luxembourg-based private equity firm, CVC Capital Partners. SGL's asset-light business model and scalable platform forms the basis for continued potential future growth in a market where increasing supply chain complexity is expected to drive further demand for freight forwarders such as SGL capable of offering complex, multi-modular solutions.

The transaction is expected to close in Q2 2023 and is subject to regulatory approval and certain financing conditions. AEA Investors will maintain a minority of Scan Global Logistics A/S.

**On 6 February 2023**, Khetan Group exited the India and Nepal joint venture with Danish Brewer Carlsberg, as the Group sold its whole 33% ownership interest to Carlsberg South Asia Pte Ltd. The exit takes place after years of disputes between the two parties. The valuation is based on an average valuation of the call and put option.

**On 20 March 2023**, A.P. Moller - Maersk (Maersk) has reached an agreement with A.P. Moller Holding, the

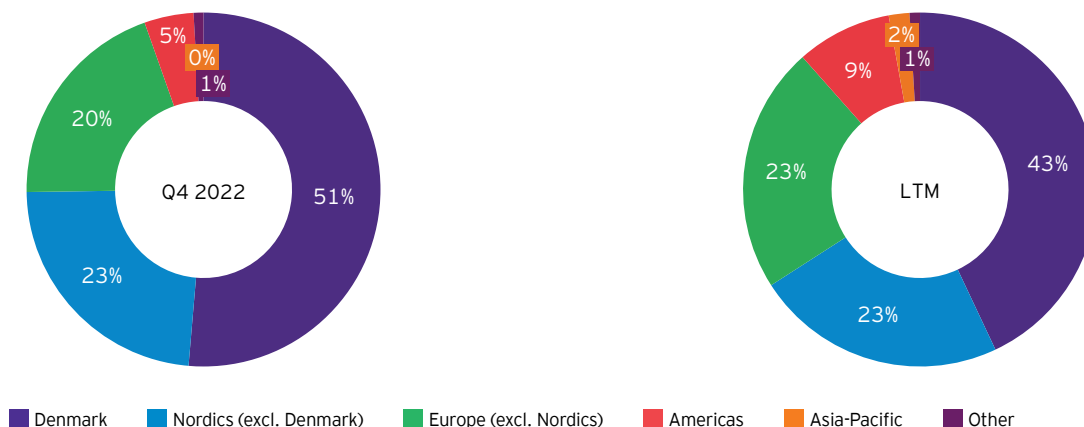
parent company of the A.P. Moller Group, for an intended divestment of Maersk Supply Service (MSS), a leading provider of global offshore marine services and project solutions for the energy sector.

**On 15 February 2023**, Bavarian Nordic A/S, a Danish vaccine company, announced that they signed an agreement to acquire two revenue-generating vaccines and a Phase 3 vaccine candidate for a total consideration of up to USD 380 million, including USD 270 million in an upfront payment and up to USD 110 million in future conditional milestone payments. The acquisition also includes facilities and key personnel related to the acquired assets.

**On 16 March 2023**, it was announced that AnaCap Financial Partners, a mid-market private equity investor in European financial, technology and related business services, sold Oona Health A/S, a Danish private health services and insurance provider, to Topdanmark. The purchase price amounts to DKK 2.3bn (US\$320m)

### Buyer region - Danish Targets

Source: Mergermarket

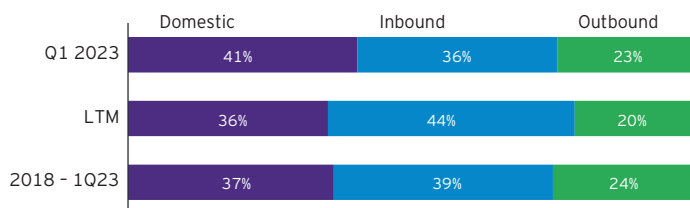


Number of deals in last 12 months still exceeds the average between 2018-2022 by a large margin



### Transaction type by number of transactions

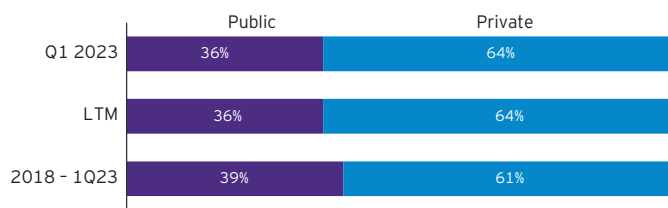
Source: Mergermarket



Note: Domestic deals refer to deals where both, target and buyer are based in Denmark. Inbound and outbound deals, on the other hand, refer to deals where a Danish target was acquired or Danish buyers acquired a foreign target respectively.

### Transaction arena by number of transactions

Source: Mergermarket



Note: Public deals refer to deals where either target, bidder or seller are public, i.e. a listed company.



### Activity by target industry

Source: Mergermarket

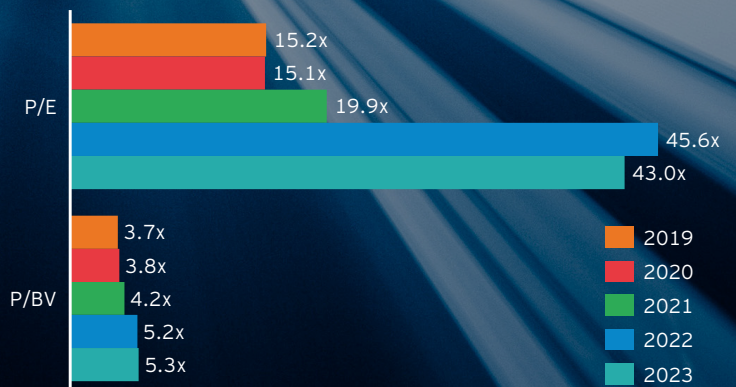
Target industry	Number of transactions				
	Last quarter	LTM	2022	Avg. 2018 - 2022	LTM trend
Automotive & Transportation	8	28	31	22	↗
Business & Professional Services	23	87	84	41	↗
Consumer Products	16	70	66	39	↗
Engineering & Industrial Products	16	102	115	75	↗
Financial Services	8	39	42	24	↗
Life Sciences	16	62	62	37	↗
Power & Utilities	13	41	43	35	↗
Real Estate, Hospitality & Construction	12	63	72	36	↗
TMT	33	177	207	123	↗
Travel, Leisure & Tourism	6	18	15	11	↗
<b>Total</b>	<b>151</b>	<b>687</b>	<b>737</b>	<b>443</b>	<b>↗</b>

Note: Trend indicators refer to the comparison between the LTM vs. the avg. 2018 - 2022 number of transactions.

# OMXC20 is trading at all time high from strong performance in specific listed companies

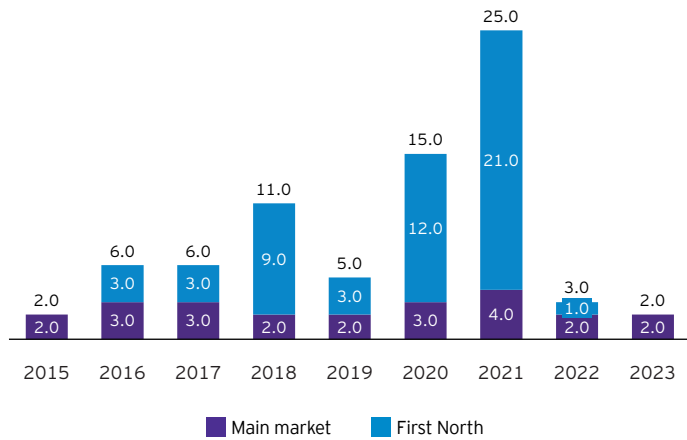
Avg. multiples of listed Danish companies

Source: Capital IQ



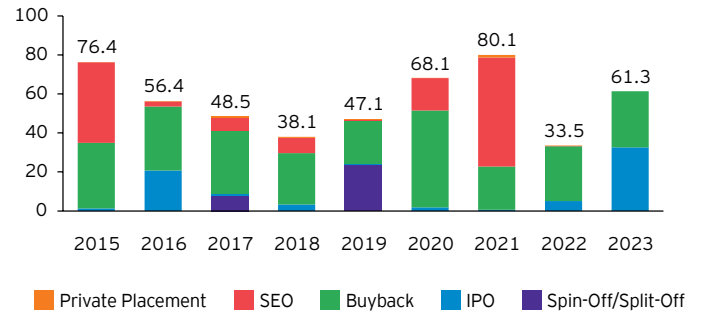
### New Listings at Nasdaq Copenhagen

Source: Nasdaq Nordics



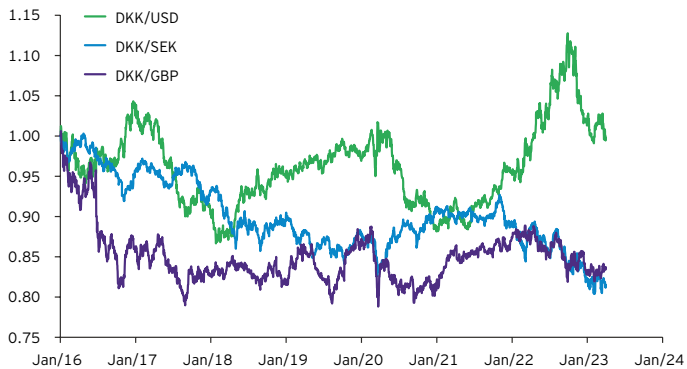
### Issues by Value, Nasdaq Copenhagen

Source: Capital IQ, Mergermarket



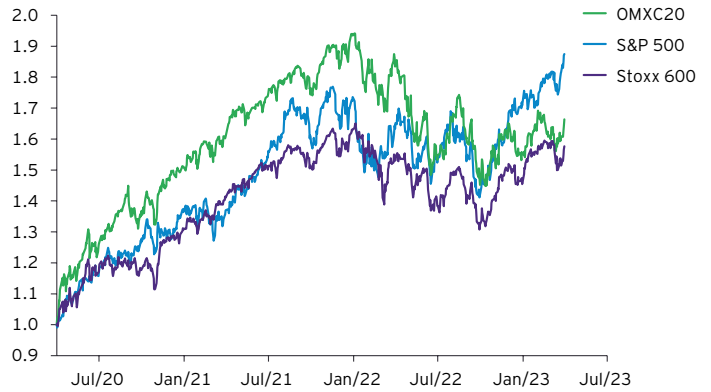
### Foreign exchange rates (indexed)

Source: Capital IQ



### Total return index

Source: Capital IQ



First quarter of 2023 welcomed two Company's to Nasdaq Copenhagen, main market, namely Pharma Equity Group A/S and Gubra A/S, which ties up volume of main market listings to the full year volume of 2022. The volume of main market listings in 1Q23 is likely a result of a stabilised market, however, yet with high interest rates.

All indexes continued the growth from 4Q22 into 1Q23, with OMXC20 having the highest percentage growth, being up 9.7% year to date. S&P 500 and Stoxx 600 are up by 7.0% and 8.4% year to date, respectively. OMXC20

is by end of March23, trading at an all time highest of DKK 2013.7.

The foreign exchanges rates all decreased during the first quarter of 2023 resulting in an increased purchasing power. The DKK/SEK reached the lowest exchange rate in the last 13 years.

# EY supported deal of the quarter

## Services provided by EY

Corporate  
finance  
services

Drafting and  
negotiation  
of transaction  
documents  
(legal vendor  
support)

Full-scope  
EY services

Transaction  
Diligence  
(FVDD)

EY-Parthenon  
(Market study)

## Target

Combineering A/S  
Denmark

**COMBINEERING**

Revenue  
FY22A

**310**

DKKm

Revenue growth  
FY22A

**26.6%**

EBITDA margin  
FY22A

**8.7%**

EBITDA growth  
FY22A

**70.5%**

## Buyer

Reconomy UK Ltd.  
United Kingdom

**Reconomy**

Revenue

**301**

USDm

EBITDA  
FY21A

**25**

USDm

EBITDA margin  
FY21A

**8.4%**

Employees  
FY21A

**>500**

## Deal description

- ▶ Leading global circular economy business, Reconomy Group has acquired green tech development company, Combineering, a well-established and rapidly-growing provider of unique recycling solutions with the aim of turning waste into an infinite resource.
- ▶ The process was a broad fully documented auction process, executed within four months.
- ▶ Based in Birkerød, Denmark, Combineering has developed specialised recycling solutions for four decades, with the aim of maximising recycling rates, minimising waste, reducing CO2 emissions and closing the loop for its customers.

## Combineering at a glance



Combineering was founded in 1982



Based in Birkerød, Denmark



Approximately ~40 employees



Working closely with various sectors



+200 customers served in +25 countries



Provide solutions for circular waste management

## Benefits to the client



Dedicated team with extensive experience in executing complex market studies.



One-stop shop solution, with EY handling all the services, which allowed for a much smoother transaction process for the client.



A complex sell-side process, that were delivered efficiently with great collaboration across client and advisors.

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Corporate Finance



Buy and Integrate



Sell and Separate



Reshaping Results



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covering preparation to closing  
Global reach and local presence with  
26,000 transaction professionals**

## About this publication

Transaction Trends is a quarterly publication that aims to identify trends in the Danish transactions market. Transactions covered in this publication are public and private transactions announced by all Danish companies, defined as a transaction where either the buyer, target or vendor company is a Denmark based company. Public transactions are defined as transactions where either the buyer, target or vendor company is listed on a public stock exchange. All other transactions have been classified as private. Domestic transactions are defined as transactions conducted within a national boundary, i.e. deals involving two or more incumbent nationals, while cross border transactions involve companies from at least two different nationalities. Deal Value is taken as the sum of the consideration paid by the acquirer for the equity stake in the target plus the value of the net debt in the target, where applicable. Inclusion of net debt in the deal value will depend on the stake acquired or the target company type.

Transaction Statistics are based on Mergermarket and EY data. Public market data are sourced from S&P Capital IQ and Nasdaq.

Transaction Trends is published by EY Strategy and Transactions.

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