

Transaction Trends

Danish M&A Update - Q2 2023

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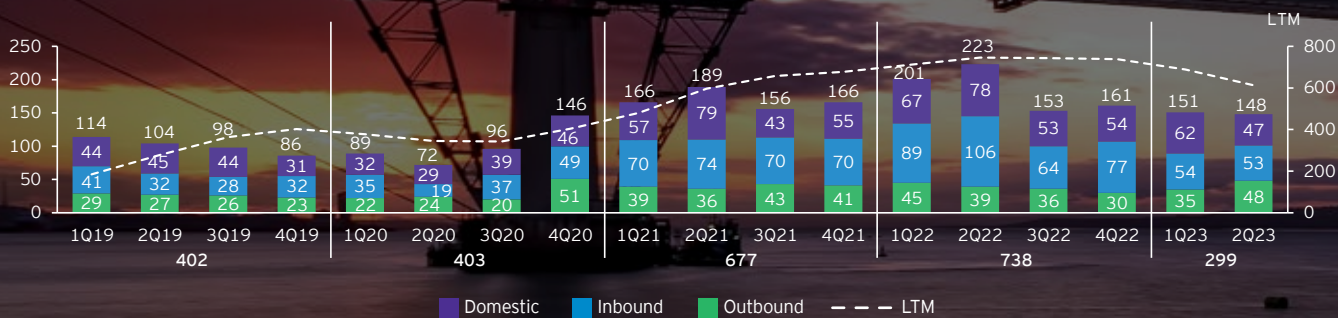
Executive summary

- ▶ Deal activity in 2Q23 continues to surpass pre-Covid levels, with the number of transactions at a similar level as in the three previous quarters.
- ▶ From 1Q23 to 2Q23, there has been a decrease of 24.2% in domestic deals, offset by outbound deals, which have experienced an increase and amounts to 32.4% of total deals in 2Q23 and was at its highest level since 4Q20. This indicates a strong momentum for Danish companies driving growth through M&A.
- ▶ Despite challenging market conditions, deal activity across all sectors has witnessed an increase in LTM compared to the average levels observed between 2019 and 2Q2023.
- ▶ TMT continues to be the main sector contributing with around a third of total deals.
- ▶ Deal activity within venture capital continues to decrease and decreased from 449 in LTM 2Q22 to 323 in LTM 2Q23.
- ▶ Limited new listings on the stock exchange in both 2022 and 2023 compared to the levels observed in 2021. So far in 2023, there has been three new listings on the main market and zero listings on the First North market.
- ▶ In 2Q23, both the S&P 500 and Stoxx 600 indices experienced growth, while the OMXC20 index witnessed a slight decline.



Deal activity remains stable and at a high level in 2Q23

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 2Q23 continues to surpass pre-Covid levels, with the number of transactions remaining at a similar level as in 1Q23

During the second quarter of 2023, there were a total of 148 transactions involving Danish companies, representing a 2% decrease from Q1 2023 and a 33.6% decrease compared to the record breaking Q2 2022. Although dealmaking in 2023 has experienced a slower start compared to the record year 2022, the overall activity has remained stable the last year and remains above pre-Covid levels. In 2019, the quarterly average was 73 deals, whereas the quarterly average from 3Q22 to 2Q23 stood at 153. The Technology, Media, and Telecom (“TMT”) sector continues to be the most active, with 46 deals announced in Q2 2023 and a total of 162 deals LTM.

Compared to the first quarter of 2023, Q2 2023 showed a 24.2% decrease in domestic transactions, while the number of inbound transactions remains unchanged from last year. However, there has been a significant increase

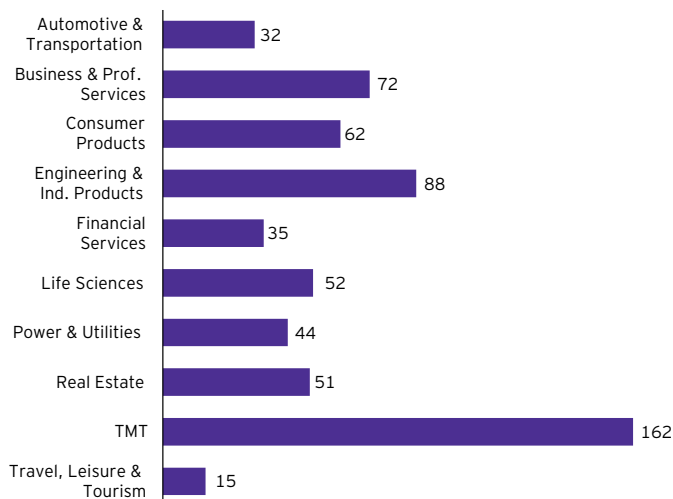
of 37.1% in outbound transactions. After domestic transactions exceeded inbound transactions in the previous quarter, the number of inbound transactions has once again exceeded domestic transactions in Q2 2023, making it the largest transaction type.

In Q2 2023, the share of buyers from the Nordics compared to LTM decreased by 3.2pp, while the share of buyers from the rest of Europe increased by 5.7pp. This indicates a growing interest in the Danish M&A market from buyers across the rest of Europe.

Economies worldwide are being affected by higher interest rates to counteract the high inflation rates. The Russia-Ukraine war is still ongoing causing the macroeconomic outlook to be uncertain for investors.

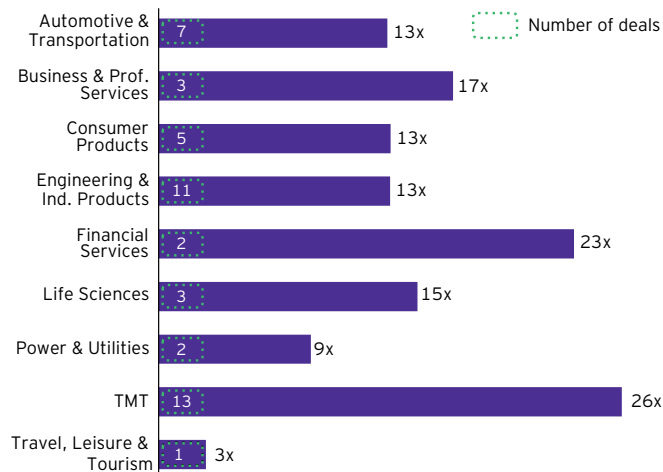
Last twelve months number of transactions by industry in Denmark

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 deals included a proposed delisting of Simcorp A/S

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

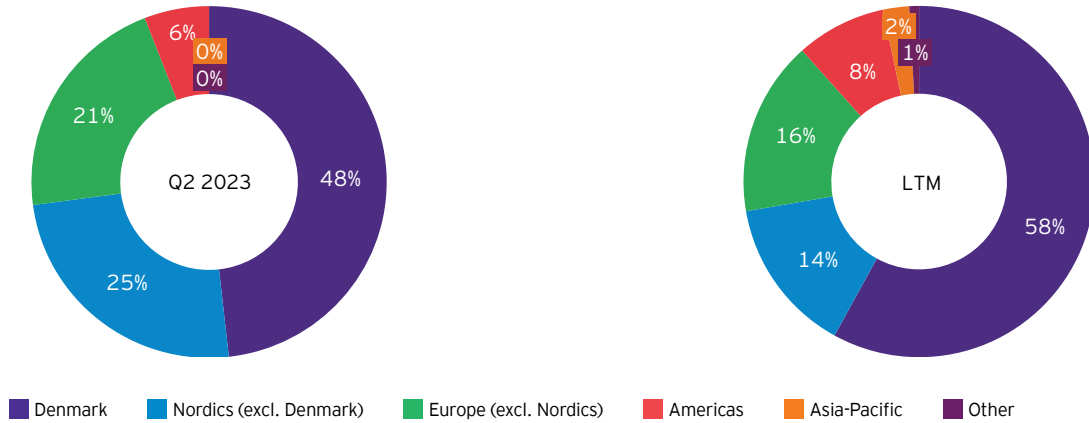
Source: Mergermarket, CVR Virk, Capital IQ

Ann. Date	Target	Vendor	Buyer	Deal dom. Industry	Deal value*
27 April	SimCorp A/S	Undisclosed	Deutsche Borse AG	TMT	USD 4,417.3m
21 June	Ellab A/S	EQT AB	Novo Holdings A/S	Engineering & Industrial Products	USD 1,095.6m
25 April	Telia Co AB	Telia Company AB	Norlys AmbA	TMT	USD 923.5m
26 May	Power Station	Eversource Energy	Orsted A/S	Power & Utilities	USD 625m
16 April	Eneti Inc	Undisclosed	Cadeler A/S	Automotive & Transportation	USD 625m

*Mergermarket definition

Target region - Danish Buyers

Source: Mergermarket



On 27 April 2023, it was announced that SimCorp A/S, a global Danish software-Financial Technology company engaged with development of software solutions for financial institutions and corporate treasuries, was acquired by the Deutsche Börse AG, a Germany based operator of Frankfurt Stock Exchange offering clearing services and providing related technology. The proposed combination could create a platform for investment management and boost recurring revenue from subscriptions. The transaction is subject to regulatory approvals and a minimum acceptance level of 50% plus one share of all Simcorp A/S shares and customary conditions and is expected to be completed in the third quarter of 2023.

On 21 June 2023, Novo Holdings A/S, a Denmark based investment company, agreed to acquire Ellab A/S, a Danish manufacturer of measuring, recording and monitoring products for thermal processing from EQT AB, the Sweden based private equity group. The transaction is subject to regulatory approval and closing the transaction is expected in Q3 2023.

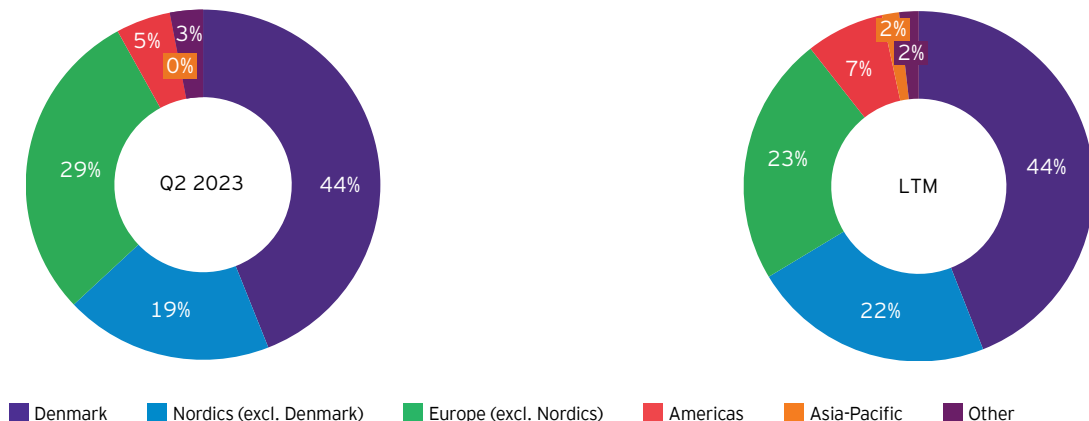
On 25 April 2023, Telia Company AB reached an agreement with Norlys AmbA, the Denmark based integrated telecommunications and energy group, to sell the operations and network assets in Denmark of Telia Co AB, the Sweden based provider of mobile and broadband telecommunication services. The transaction is expected to complete in the first quarter of 2024.

On 26 May 2023, Eversource, the United States based holding company, announced that they signed an agreement to sell 50% of its 187,000 acres of uncontracted seabed for offshore wind energy located 25 miles of the south coast of Massachusetts to Orsted A/S.

On 16 April 2023, Cadelar A/S, the Denmark based offshore construction company providing construction, announced that they would acquire 100% of Eneti Inc, the Monaco based company specialising in offshore wind farm construction and services. The acquisition is expected to close in Q4 2023 and is subject to regulatory approvals and applicable conditions being met.

Buyer region - Danish Targets

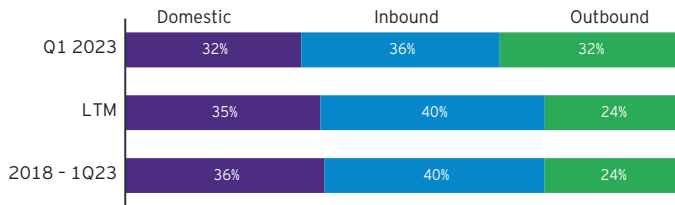
Source: Mergermarket



Number of deals in last 12 months still exceeds the average between 2019-2023 by a large margin

Transaction type by number of transactions

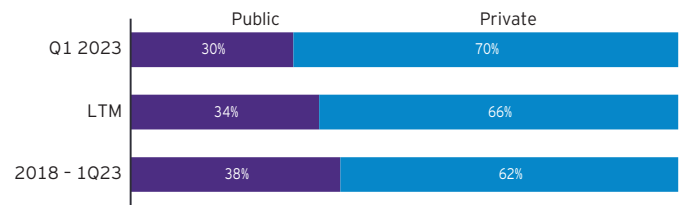
Source: Mergermarket



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.

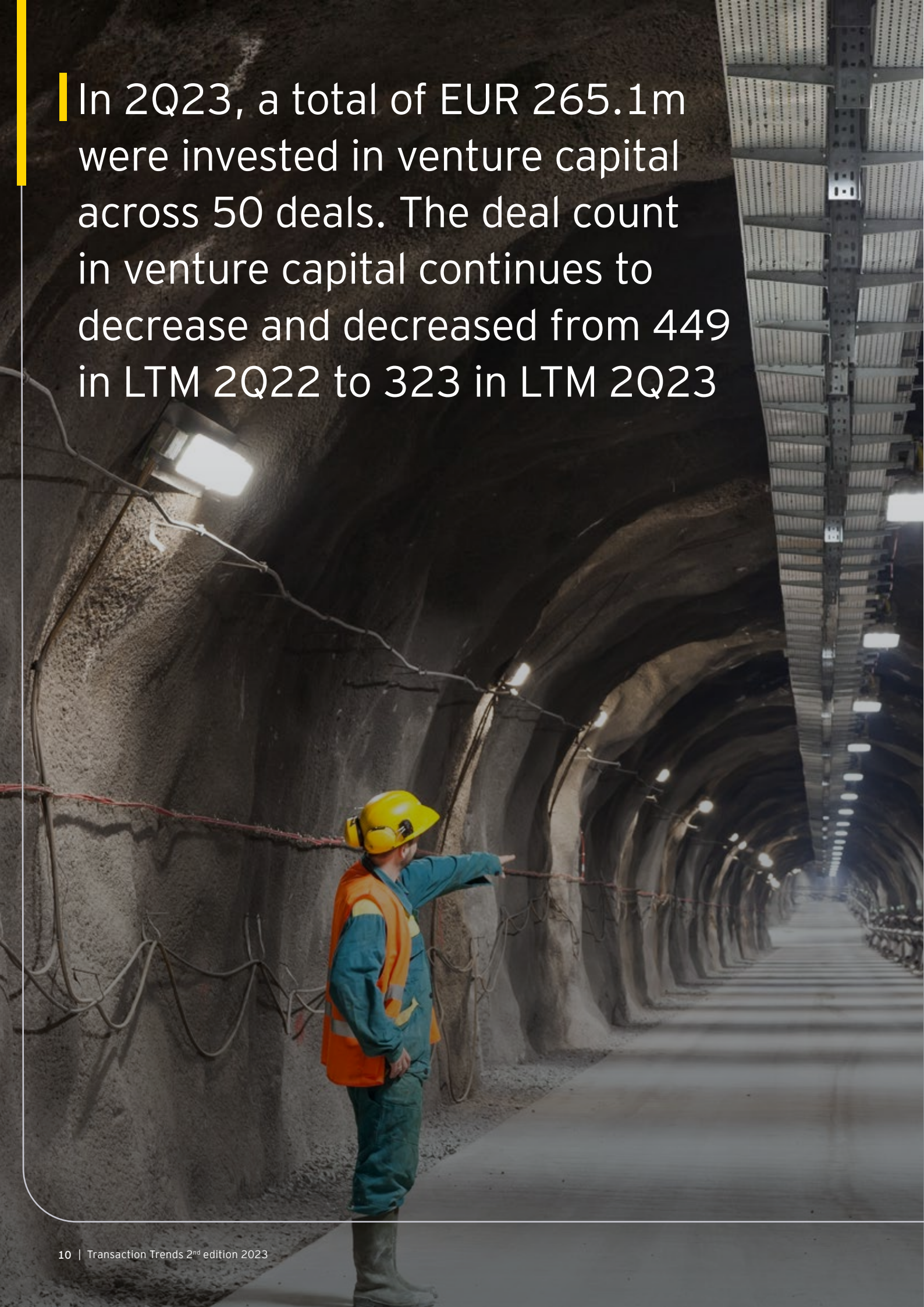


Activity by target industry

Source: Mergermarket

Target industry	Number of transactions				
	Last quarter	LTM	2023	Avg. 2018 - 2022	LTM trend
Automotive & Transportation	9	32	17	27	↗
Business & Professional Services	18	72	41	60	↗
Consumer Products	12	62	28	52	↗
Engineering & Industrial Products	23	88	39	81	↗
Financial Services	7	35	15	28	↗
Life Sciences	9	52	25	44	↗
Power & Utilities	14	44	27	42	↗
Real Estate, Hospitality & Construction	7	51	19	43	↗
TMT	46	162	79	146	↗
Travel, Leisure & Tourism	3	15	9	13	↗
Total	148	613	299	536	↗

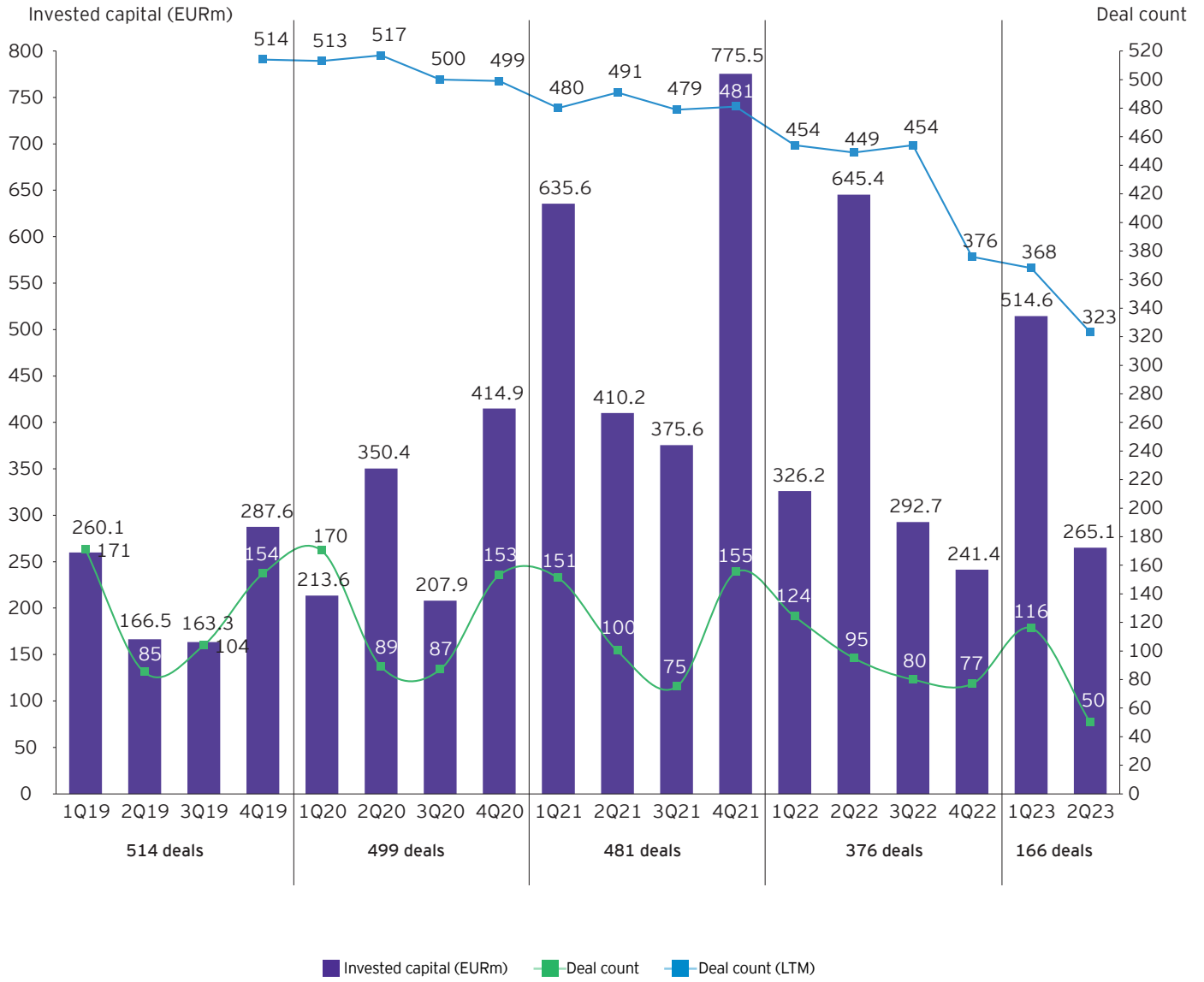
Note: Trend indicators refer to the comparison between the LTM vs. the avg. 2019 - 2023 number of transactions.



In 2Q23, a total of EUR 265.1m were invested in venture capital across 50 deals. The deal count in venture capital continues to decrease and decreased from 449 in LTM 2Q22 to 323 in LTM 2Q23

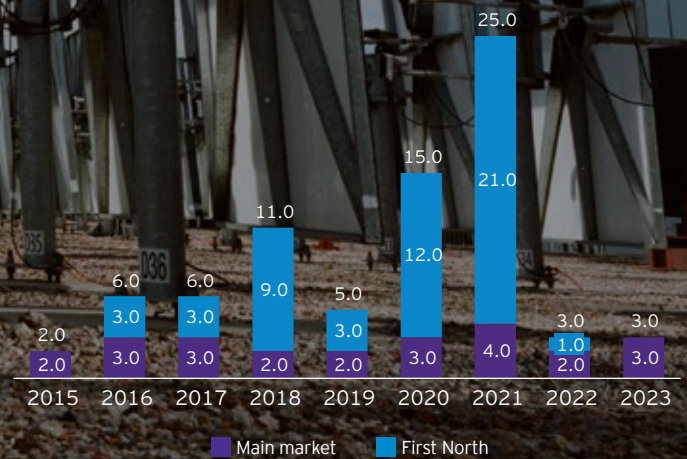
Invested capital and number of transactions in venture capital

Source: Source: PitchBook Data, Inc.



There continues to be a lack of new listings compared to the levels observed in 2021

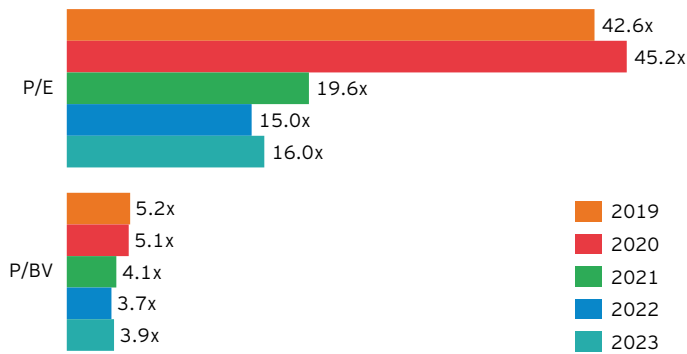
New Listings at Nasdaq Copenhagen
Source: Nasdaq Nordics



Note **: Based on all new listings announced on Nasdaq.

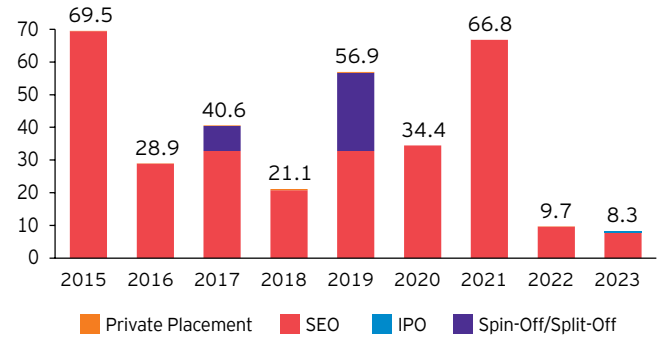
Avg. multiples of listed Danish companies

Source: Capital IQ



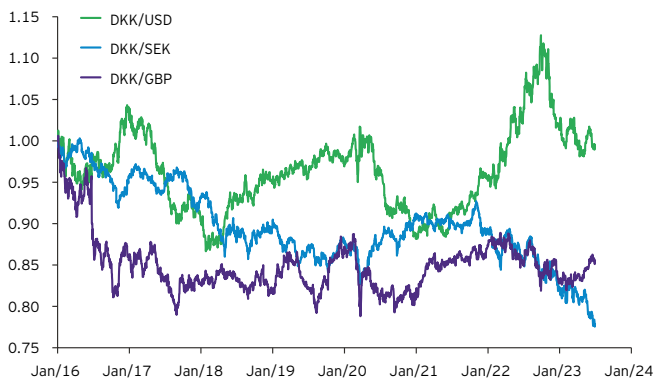
Issues by Value, Nasdaq Copenhagen, Main market

Source: Capital IQ, Mergermarket



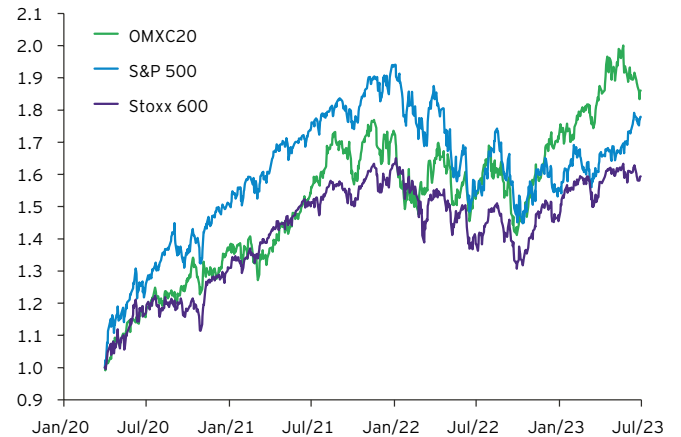
Foreign exchange rates (indexed)

Source: Capital IQ



Total return index

Source: Capital IQ



Note *: Based on data starting from 2003.

Throughout the second quarter of 2023 the main market saw only one new listing, Asetek A/S. Asetek is currently dual listed both on Nasdaq Copenhagen and on Oslo Børs. In the second quarter of 2023 there was no listing on the First North market. The lack of new listings compared to 2021 is most likely a result of uncertain capital markets, rising interest rates and the ongoing Russia-Ukraine war.

The upward trend observed in the S&P 500 and Stoxx 600 during the first quarter of 2023 extended into the second quarter, with the S&P 500 achieving the

highest percentage growth of 7.2%. Year to date, the OMXC20, S&P 500, and Stoxx 600 are up by 5.9%, 15.0%, and 7.2%, respectively driven by a limited number of companies.

DKK/SEK continues to decline and has decreased by 4.5% in 2Q23. By 30th of June DKK/SEK amounts to 0.63, making it the lowest in 20 years*. The DKK/USD has also decreased in the second quarter of 2023 which increased the Danish purchase power. On the other hand, the DKK/GBP increased in the second quarter of 2023.

EY supported deal of the quarter

Services provided by EY

**Corporate
finance services**

**Transaction
Diligence (Financial
vendor assist)**

Target

Treetops Trading A/S
Denmark



EBITDA
FY22A

Profit
FY22A

EBITDA Growth
FY22A

FTE
FY22A

48.7

DKKm

37.7

DKKm

314.2%

27

Buyer

Kingspan Group plc
Ireland



EBITDA
FY22A

Profit/Loss
FY22A

EBITDA Growth
FY22A

FTE
FY22A

7,423.8

DKKm

4,580.9

DKKm

12%

>22,000

Deal description

- ▶ In May 2023, Kingspan Group, a global Irish building materials company, acquired a majority stake in the Danish based brand Treetops.
- ▶ Treetop, founded in 2011 and located in Vamdrup, Denmark, operates across 16 countries and offers a range of brands specialised in composite materials, acoustic solutions, and fiber cement. They are renowned for their acoustic solutions for walls and ceilings, as well as composite wood products for terraces and fences. Treetop places a strong emphasis on sustainable construction.
- ▶ It is expected that the transaction will be approved by the competition authorities in 2H2023.

Treetops at a glance



Treetops was founded
in 2011



Based in Vamdrup,
Denmark



Approximately ~ 26
employees



Offers various products
within the construction
industry



Products are sold in 16
different countries in
Europe



Focus on sustainable
construction

Benefits to the client



The client described the EY team as professional, pragmatic and a pleasure to work with.



The client felt in control and informed throughout the process which ended in the best way possible.



Excellent collaboration between the client and advisors.

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Sell and Separate



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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.

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