



Transaction Trends

Danish M&A update - Q4 2023

Continued strong performance in TMT and Life Sciences sector dealmaking in Q4-23. Transaction volumes remains above pre-covid levels

Quarter summary

125

of transactions announced

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\$272m

Average disclosed deal value

Key transactions | [Page 5](#)

TMT

Most active industry with 34 deals

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68%

Share of foreign buyers of Danish targets

Buyer / target region | [Page 7](#)

14%

Share of deals involving public companies

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New listing in Q4 2023 on Nasdaq Copenhagen

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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.

The Transaction Trends Editorial Team

Q4 '23 deal volume shows a slightly declining trend but still above pre-covid

During the fourth quarter of 2023, we observe **125 transactions** in the Danish M&A market. This represent a 16.7% decrease compared to Q3 2023 and a 22.4% decrease compared to Q4 2022. Overall, the transaction activity in 2023 dipped compared to the record year of 2022, with a total of 574 deals in 2023 compared to 738 deals that were completed in the previous year. The average number of quarterly deals for 2023 was 144 compared to an average of 185 in 2022. The activity in 2023 was higher than in 2019 and 2020.

LTM deal activity amounts to 574, primarily

driven by the **TMT** (25.4%) and **Engineering & Industrial products** (15.3%) industries. The deal count observed from these industries show a slight increase for TMT of 3.0% and a decrease of 18.5% for Engineering & Industrial products in Q4 2023 compared to Q3 2023.

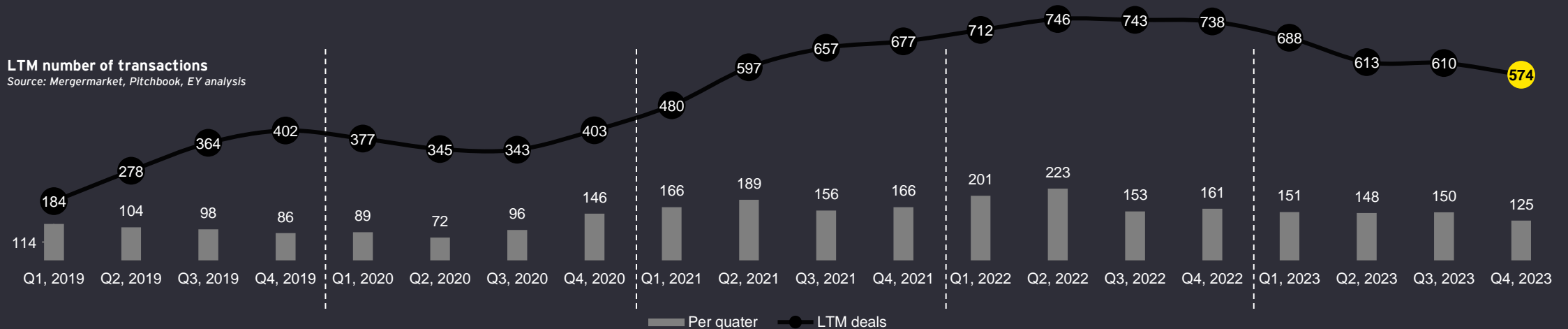
TMT and Engineering & Industrial products are not the only industries showing declining trends. Compared to Q3 2023, the **Business & Professional Services, Consumer Products and Financial Services** are showing a decrease in deal count, down 7, 7 and 8, respectively in Q4 2023. Current trend is most likely explained by the

development in inflation and interest rates during 2023, which have had a negative impact in disposable household income. However, this is expected to change in 2024 with more stable inflation rates and lower interest rates. Hence, better conditions for deals in 2024 are causing the slow-down in deals in Q4 2023.

Deals in Q4 2023 was mainly driven by cross-border transactions and compared to all deals in 2023, Q4 2023 was the quarter with the highest number of cross-border deals (74%). This is 10ppt more deals compared to the entire 2023. The majority of cross-border deals is with European countries outside of the Nordics (43%).

LTM number of transactions

Source: Mergermarket, Pitchbook, EY analysis



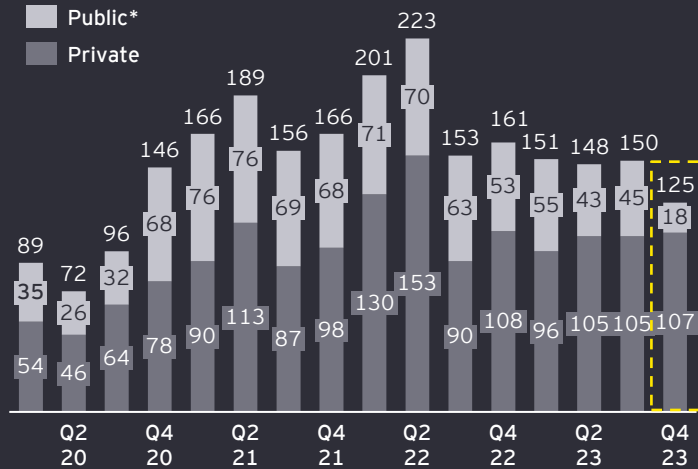
Highlights | Key transactions | Industry trends

Buyer/target region | Transaction arena | Market update

Quarter highlights

Number of transactions

Source: Mergermarket



*Public transactions are defined as those where either the target, buyer or vendor company is a listed entity.

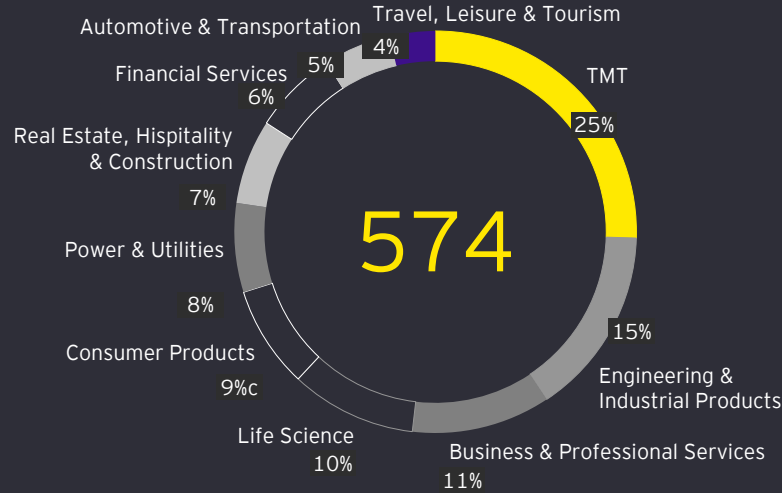
Transactions this quarter

The number of transactions observed in the quarter amounted to 125. The median deal value of deals with disclosed values stands at USD 40.0m, which is in line with the historical median¹.

Of the 37 transactions with announced deal values, 32% saw deal values below USD 10m, while another 30% reported deal values between USD 10 and 100m, and 38% exceeding USD 100m in deal value. This quarter's combined reported deal value amounted to USD 10.1bn, which is USD 2.6bn higher than the combined deal value in Q3 2023.

LTM share of transactions per industry

Source: Mergermarket



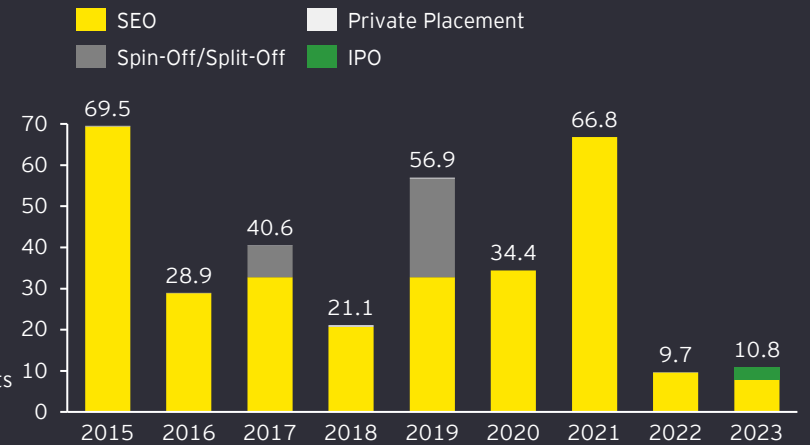
Deals per industry

Overall, deal activity in the fourth quarter of 2023 saw a decline across most industries compared to Q3 2023. The **TMT** sector continues to be the most significant contributor in 2023, as it was in 2022, accounting for 25.4% of total transactions. The **Engineering & Industrial Products** and **Business & Professional Services** industries account for 15.3% and 11.1% respectively.

Compared to Q3 2023, the TMT industry saw a rise in its share of transactions from 22% to 27%.

Issues by Value, Nasdaq Copenhagen, Main market

Source: Capital IQ, Mergermarket



SEO, Private Placement, Spin-off/split-Off and IPO deal activity

There has been a sustained negative trend since 2020, where there have been no recorded instances of private placements, spin-offs/split-offs or Initial Public Offerings (IPOs), with the sole exception of three IPOs in 2023. In addition, a continued decline has been seen in the number of Seasoned Equity Offerings. Since reaching a peak in 2021, the incidence of these offerings has plummeted, recording an 85.5% reduction in 2022 and 87.6% decrease in 2023 compared to 2021.

Key transactions this quarter by disclosed deal value

| | 1 | 2 | 3 | 4 | 5 | Avg. |
|-------------|--|---|--|--|--|--|
| Deal value* | 4,900m | 1,300m | 500m | 434m | 395m | 272m |
| Description | On 24 October 2023 it was announced that DSV A/S , a Danish logistics company, engaged in a joint venture with NEOM, Saudi-Arabia . The collaboration is created to support the logistic solutions to NEOM in the following years. | On 16 October it was announced that Ocedurenone from the China based company KBP BioScience Co. LTD was acquired by Novo Nordisk A/S , a Danish pharmaceutical group. | On 17 October it was announced that Ørsted A/S was to divest a 50% stake of a German offshore wind farm to the US based company TIAA through the UK based investment company Glennmont Partners I LTD . | On 16 November it was announced that the Belgium-based investor group, Sofina and LGT Capital Partners LTD has acquired a stake in the Danish computer software company EG A/S . | On 1 November it was announced that the US based company ITT Inc was acquiring the Danish company, Svanehoj Group . Svanehoj Group engage in manufacturing of marine pumps for the oil and gas industry. | This quarter, the average deal value (for transactions with reported deal values) was USD 272m. The number of transactions with reported deal value amounted to 37 out of 125 transactions announced. |
| Industry | Automotive and Transportation | Life Science | Power & Utilities | TMT | Engineering & Industrial Products | |

*Please note that figures are in USD, if not stated otherwise.

Source: Mergermarket

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Activity by industry and observed multiples

| Industry | # of transaction | | | | |
|---|------------------|------------|------------|------------|----------|
| | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q4 Trend |
| TMT | 33 | 46 | 33 | 34 | ↗ |
| Engineering & Industrial products | 16 | 23 | 27 | 22 | ↘ |
| Business & Professional Services | 23 | 18 | 15 | 8 | ↘ |
| Life Sciences | 16 | 9 | 15 | 18 | ↗ |
| Consumer Products | 16 | 12 | 13 | 6 | ↘ |
| Real Estate, Hospitality & Construction | 12 | 7 | 8 | 12 | ↗ |
| Power & Utilities | 13 | 14 | 9 | 5 | ↘ |
| Financial Services | 8 | 7 | 16 | 8 | ↘ |
| Automotive & Transportation | 8 | 9 | 9 | 5 | ↘ |
| Travel, Leisure & Tourism | 6 | 3 | 5 | 7 | ↗ |
| Total | 151 | 148 | 150 | 125 | |

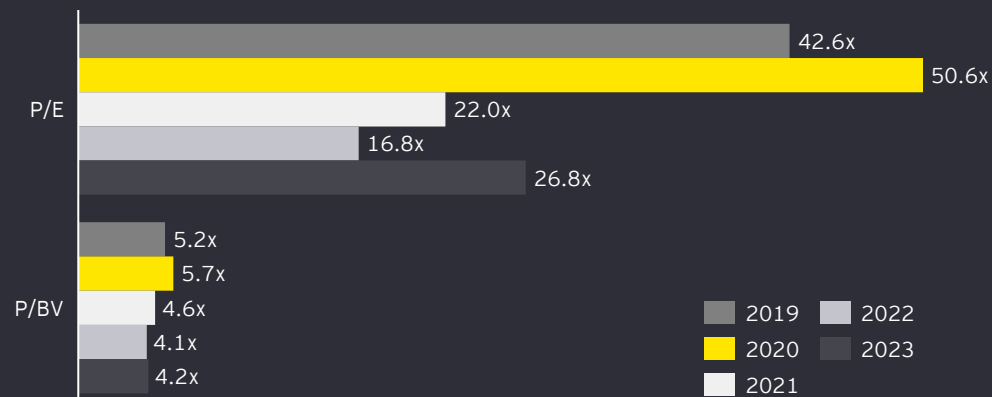
Source: Mergermarket, S&P Capital IQ, Spotlight on Global M&A

Multiples

The P/E (Price to Earnings) and P/BV (Price to Book Value) multiples have risen by 59.5% and 2.4% respectively when compared to their 2022 levels. Reflecting on the 2019 levels shows a significant contrast, where, among other things, the P/E multiples have decreased by 37.1% in 2023.

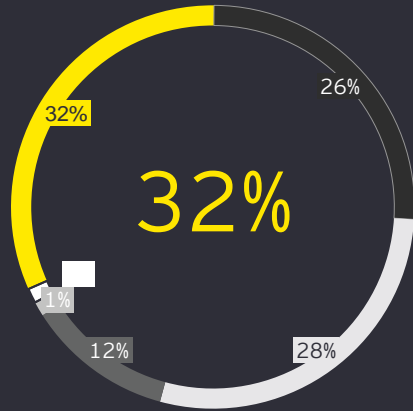
Avg. multiples of listed Danish companies

Source: Capital IQ



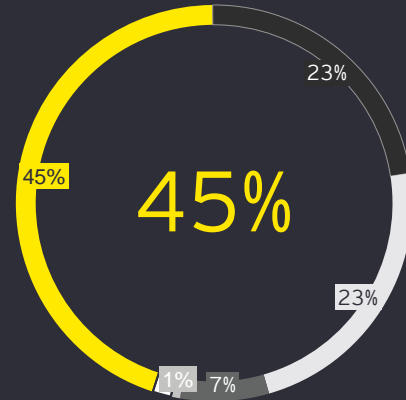
Buyer and target region

Buyer region - Danish Targets, Q4 2023
Source: Mergermarket



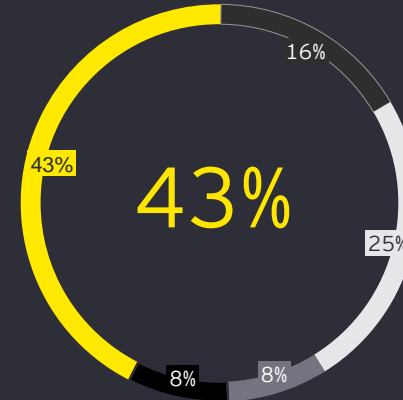
- Denmark
- Nordics (excl. Denmark)
- Europe (excl. Nordics)
- America
- Asia-Pacific
- Other

LTM buyer region - Danish Targets Q4 2023
Source: Mergermarket



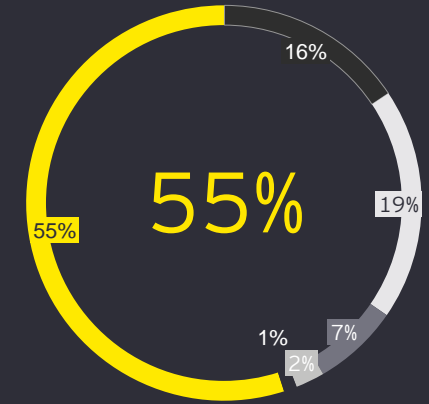
- Denmark
- Nordics (excl. Denmark)
- Europe (excl. Nordics)
- America
- Asia-Pacific
- Other

Target region - Danish Buyers, Q4 2023
Source: Mergermarket



- Denmark
- Nordics (excl. Denmark)
- Rest of Europe
- Asia-Pacific
- Others
- America

LTM target region - Danish Buyers, Q4 2023
Source: Mergermarket



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

Buyer region

In the fourth quarter of 2023, Danish buyers were responsible for 32% of all Q4 transactions involving Danish targets. For the entirety of 2023, Danish buyers accounted for 45% of all transactions involving Danish targets. This is stable from LTM Q3 2023. The share from international investment in Danish businesses increased 18ppt in Q4 2023 compared to Q3 2023 mainly driven by Europe. Compared with 2022, Danish buyers of Danish Targets increased 5ppt in 2023.

Target region

In the fourth quarter of 2023, transactions involving Danish targets accounted for 43% of the total deals with Danish buyers, while for the entirety of 2023, Danish targets accounted for 55%. This is 18ppt lower compared to last quarter and 4ppt lower than LTM Q3 2023. When comparing 2023 with 2022, transaction with Danish targets are declining slightly by 2ppt. The main international countries for Danish investments continues to be the rest of the Nordics and Europe as it was in 2022.

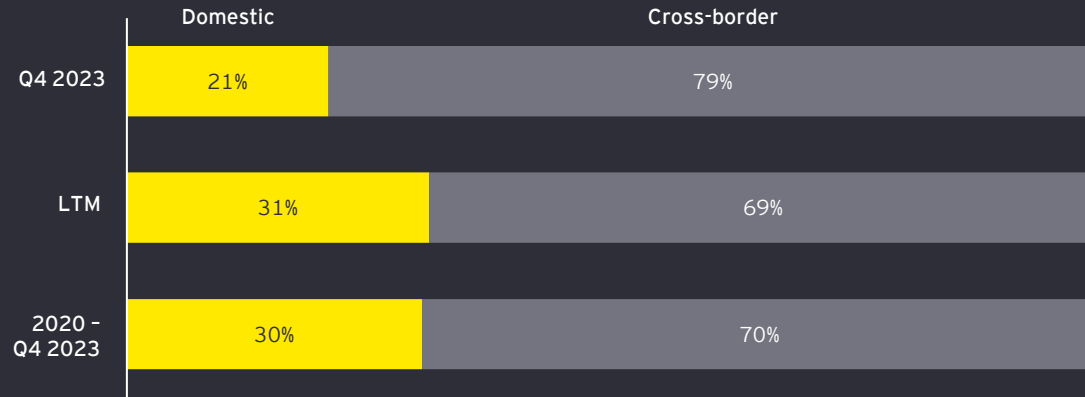
Definition "Buyer region - Danish Targets": the split only include Danish Targets. Hence, what is the buyer split for all Danish Targets.

Definition "Target region - Danish Buyers": the split only include Danish Buyers. Hence, what is the region split for all deals with a Danish buyer.

Transaction arena

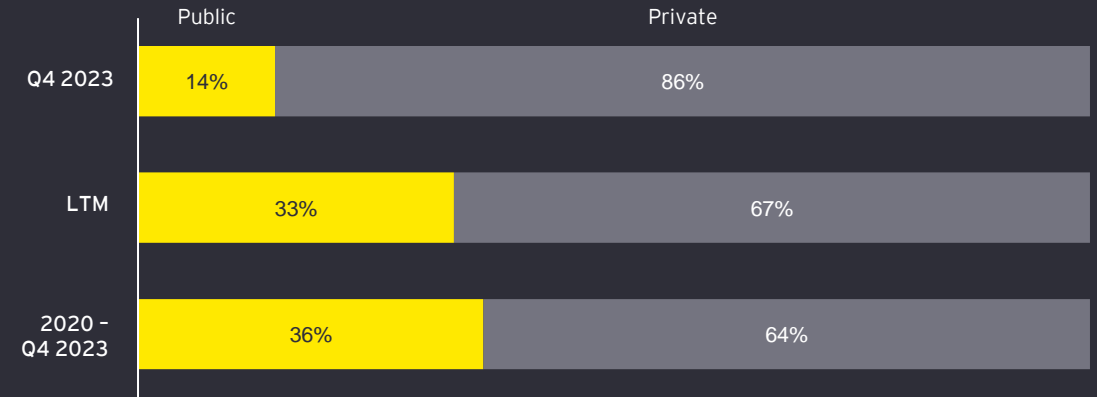
Share of domestic vs. cross-border transactions

Source: Mergermarket,



Share of public* vs. private transactions

Source: Mergermarket, S&P Capital IQ



Transaction geography

In the fourth quarter of 2023, domestic transactions made up 21% of the total transactions, leaving the remaining 79% for cross-border transactions.

Compared to Q3 levels the Q4 cross-border transactions has increased from 59% to 79% of the total number of transactions for the quarter. Concurrently, the number of domestic transactions experienced a decrease in Q4. In LTM Q4 2022 cross-border transactions accounted for 69% of total transactions, a figure that holds steady when compared to the LTM leading up to Q4 2023.

Transaction type

The share of public transactions in Q4 2023 was 19.5 ppts lower than in Q3 2023, with 75% being cross-border.

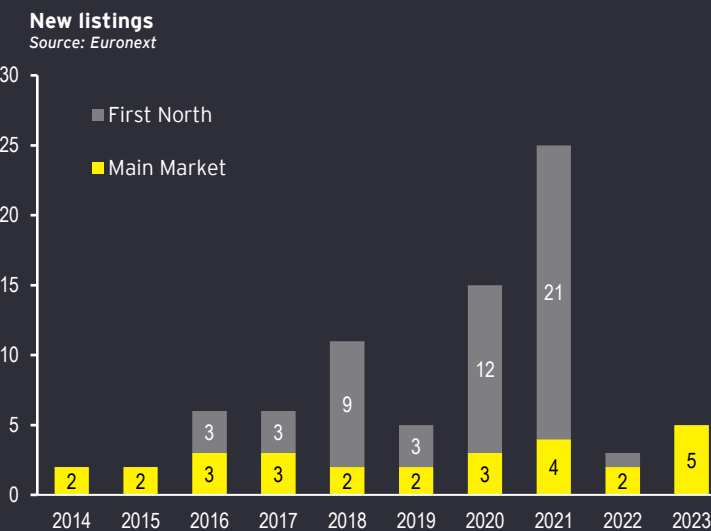
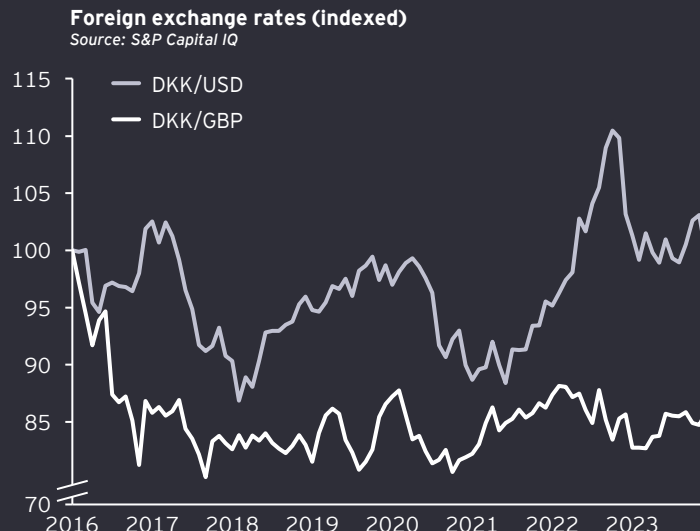
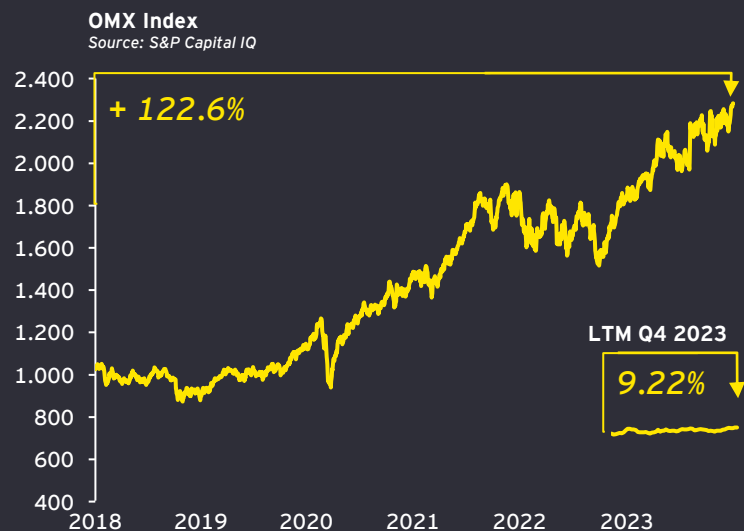
Among the public transactions, 30% had a public buyer, while 35% had a public target. Among the public targets were companies such as Lactase Enzymes (part of Chr. Hansen A/S) and Playmaker Capital Inc.

The observed average deal value of public deals in Q4 amounted to USD 716.7m, compared to 377.0m in Q3 2023. All transactions with a deal value exceeding USD 434m were public.

Note: Domestic deals refer to deals where both, target and buyer are based in Denmark. Cross-border deals, on the other hand, refer to deals where a Danish target was acquired or Danish buyers acquired a foreign target respectively. The splits are calculated based on all deals recorded

Note: Public transactions are defined as those where either the target, buyer or vendor company is a listed entity.

Market update



In Q4 of 2023, key market indices experienced noteworthy upswings. The OMX C20 index increased by 9.2%, illustrating a strong performance in this period. Meanwhile, the S&P500 increased at a rate of 11.2%. Europe's Stoxx 600 trailed somewhat but nevertheless delivered a 7.8% rise, underlining the overall upward trend in this period.

By the close of Q4 2023, a YTD perspective shows that the OMXC20 had grown by 24.4%, indicating a positive momentum through the year. The S&P 500, reached 24.2% YTD, highlighting a near parity in growth with the OMXC20. Although exhibiting a more modest performance, the Stoxx 600 managed a 15.8% YTD growth.

During the fourth quarter of 2023, the Danish Krone (DKK) depreciated against the US dollar (USD), consequently reducing Danish purchasing power. However, in a contrasting development, the exchange rate of the DKK versus the British Pound (GBP) showed a slight uptrend during the same period, bouncing back from a dip experienced in Q3 of 2023.


A weaker DKK/USD rate can raise costs for Danish firms buying from or operating in the US, but also boost the competitiveness of Danish exports. Similarly, a stronger DKK against the GBP may reduce import costs from the UK, yet potentially dampen the competitiveness of Danish exports there.

In the fourth quarter of 2023, two new companies were listed on Nasdaq Copenhagen's ("CSE") main market - Shape Robotics and Better Collective. However, the First North market did not register any new listings during the same period.

In contrast, the first half of 2023 saw three new companies listing on Nasdaq Copenhagen's main market. Yet, this number still falls short when compared to the levels observed in 2020 and 2021.

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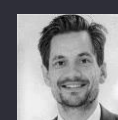


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About this publication

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 where either the buyer, target or vendor are based in Denmark. 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 the sum of the consideration paid for the applicable equity stake in the target plus the value of target net debt. Inclusion of net debt in the deal value will depend on the stake acquired (for stakes of less than 50%, deal value is the value of the acquired stake only) or the target company type (net debt is not added where the target is a bank, insurance company or financing company). Our classification of private equity deals includes deals involving venture capital investment companies, as well as professional family offices.

Transaction Statistics are based on Mergermarket and EY data. Public market data is sourced from S&P Capital IQ and the Oslo Stock Exchange. Please note that the data presented in this newsletter is based on data sourced on a quarterly basis (extracted on the first day of the following quarter), and that the historical data points presented (for example the number of deals in Q4 2018) have not been updated to reflect changes to the underlying data set that may have been incorporated after the point in time in which the data was sourced. As a result, there may be differences between the data presented in this document and that which can be obtained from the respective data providers at the time of reading this newsletter.

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