



Transaction Trends

Finnish M&A update - Q2 2024

Modest signs of improved M&A activity based on Q2 volumes

Quarter summary

154

of transactions announced

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€165m

Average disclosed deal value

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TMT

Most active industry with 40 deals

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32%

Share of foreign buyers

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Transaction Trends, published by EY Strategy and Transactions, is a quarterly publication that aims to identify trends in the Finnish M&A market.

The newsletter reflects all quarterly transactions involving a Finnish target, buyer, or vendor, based on data presented by Mergermarket. This makes Transaction Trends the most comprehensive transaction newsletter available for the Finnish market. We hope that you find this newsletter interesting and that you will follow our coming quarterly updates.

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The Transaction Trends Editorial Team

Transaction activity picked up, familiar problems are still present in the market

During the second quarter of 2024, we observed **154 transactions** in the Finnish M&A market. The quarter substantially underperformed Q2 2023, with deal volumes down c. 19% YoY. Compared to Q1 2024, the quarter saw 24 transactions more.

LTM deal activity amounted to **527**, primarily driven by the AM&M (29%) and TMT (27%) industries. The deal count from these industries in Q2 2024 decreased by c. 34% and 27%, respectively, compared to the same quarter in 2023.

Transaction activity in Finland showed mild signs of **improvement in Q2 2024** whilst still on-going challenges posed by the underlying market trends (e.g. financing and economic challenges) are causing slower M&A processes and delays in deal completion. Nonetheless, the market has witnessed larger deals in late Q2 2024 with Sampo and Nokia active on the buy-side of public takeovers.

Transaction market remains hindered by **high interest rates, valuation gaps and a stricter financing environment**. However, there is an underlying appetite for deals in the market that could lead to increased activity in H2 2024 if these barriers begin to diminish. Corporations are still keen to explore divestitures driven by the need to simplify their operations, reduce cost and redeploy capital.

Finnish PEs have had moderate activity, whereas interest for new platforms has been driven by foreign investors. The outlook for H2 2024 is still rather modest whilst dry powder has led Finnish PEs to search for smaller targets.

The absence of new IPOs continued to the second quarter of 2024 in **Nasdaq Helsinki**. Nonetheless, Kempower made a notable transition to the main list in June. The IPO sentiment is still lagging in Finland, but activity is picking up as corporates have been starting to consider IPO preparations which could lead to activity in 2025.

LTM number of transactions in the Finnish M&A market
Source: Mergermarket, EY analysis

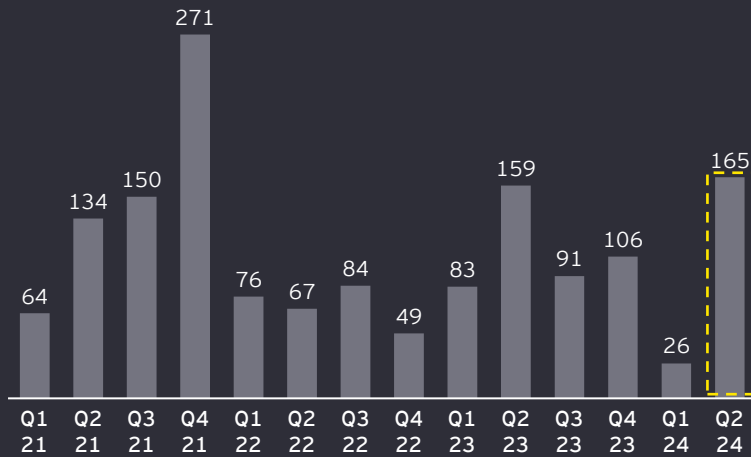


Quarter highlights

Average deal value (€m)

Source: Mergermarket

Note: Only a limited number of transactions have disclosed deal value



Transactions in Q2 2024

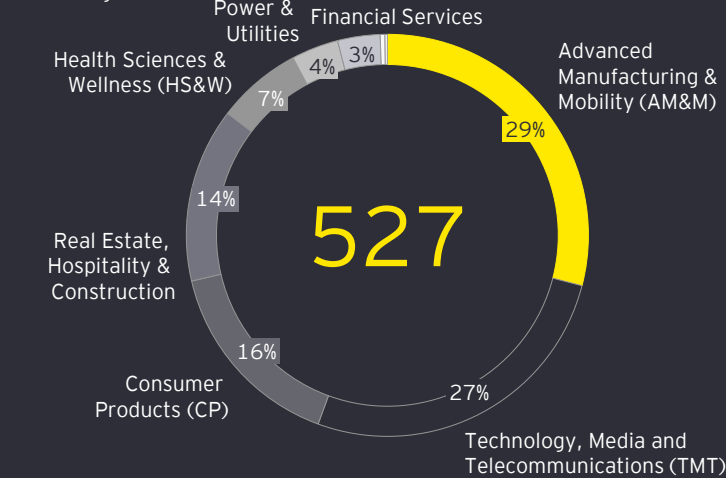
The number of transactions observed in the quarter amounted to 154. The average deal value stood at €165m based on 38 transactions with announced deal values. * Two of these 38 transactions had a deal value of over €2bn, exceedingly increasing the average.

Of the 38 transactions, 39% saw deal values below €10m, while another 45% reported deal values between €10 and €100m, and the remaining 16% exceeded €100m. This quarter's combined reported deal value amounted to €6.3bn, which is substantially higher than the combined deal value in Q1 2024 of €0.8bn.

*Note: Purmo Group received two offers, thus its deal value has been counted twice.

LTM share of transactions per industry

Source: Mergermarket



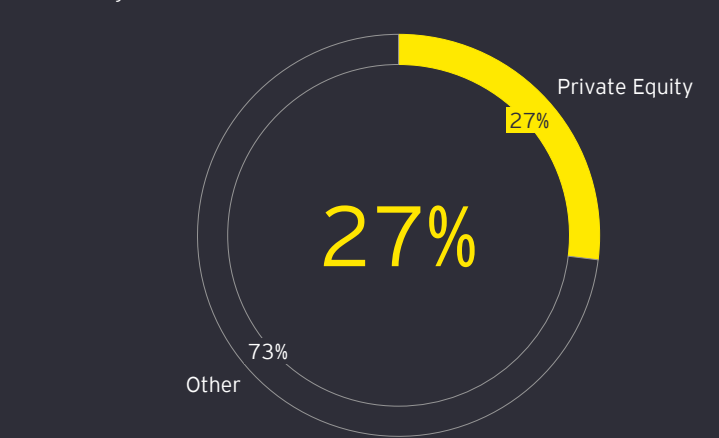
Deals per industry

Deal activity in Q2 2024 saw a notable decline across most industries compared to Q2 2023. **Power & Utilities** suffered the largest decline, with deal count observed from the industry decreasing by 43% compared to Q2 2023.

In the LTM period, **AM&M** continues to contribute the highest number of deals (29%), followed by **TMT** (27%), **CP** (16%) and **Real Estate, Hospitality & Construction** (14%).

LTM share of transactions involving Private Equity firms

Source: Mergermarket



PE deal activity

In Q2 2024, the number of transactions with Private Equity participation was 43, indicating a **share of 28%** of total transactions, in line with the three-year average from 2021-2023 (28%) and the LTM share (27%).

Korona Invest Oy has been active on the sell-side of its PE portfolio by selling SRK Group Oy to Terveystalo Oyj and Leanware Oy to Elisa Oyj for undisclosed prices.

Overall, active investment stage PE funds currently have a lower number of portfolio investments compared to the historical average, indicating that the Finnish PE buy-side activity might materialize in the future.

Key transactions this quarter across industries

	1	2	3	4	5	Avg.
Deal value*	2 244m	2 007m	247m	182m	45m	165m
Description	On 17 June, Sampo Oyj , the Finland-based insurance company, placed a public-exchange offer to acquire all of the outstanding shares not owned by Sampo (50.5%) of Topdanmark A/S , the Danish based listed P&C insurance company.	On 27 June, Nokia Oyj , the Finland-based telecommunication company, placed a bid to acquire Infinera Corp , the United States-based manufacturer of digital optical transport networking solutions. The acquisition increases Nokia's scale and accelerates product roadmap.	On 7 June, PHM Group Oy , the Finland-based property maintenance company, agreed to acquire the Switzerland-based real estate service business of Investis Holding SA from Investis Holding SA . The acquisition is part of PHM's continued growth in Central Europe.	On 26 April, a consortium comprising Apollo Global Management Inc and Rettig group AB placed a bid to acquire 37.47% of Purmo Group Oyj , the Finland-based listed indoor climate comfort solutions provider. The offer was increased on 14 June.	On 2 May, Plukon Food Group BV , the Netherlands-based food producer, agreed to acquire Rose Poultry A/S , the Denmark based producer of processed chicken from HKScan Oyj . The transaction aims to bolster HKScan's balance sheet as well as strengthen their remaining operations.	This quarter, the average deal value (for transactions with reported deal values) was €165m. The number of transactions with reported deal value amounted to 38 out of 154 transactions announced.
Industry	Financial services	Technology, Media & Telecommunications	Real Estate, Hospitality & Construction	Advanced Manufacturing & Mobility	Consumer Products	

*Please note that figures are in euros, if not stated otherwise.
Source: Mergermarket, company websites

Activity by industry and observed multiples

Activity by Industry

Industry	# of transactions						3-year median			# of observations		
	2022	2023	Qrt. Avg. 21-24	Q2 2023	Q2 2024	Q2 Trend	EV / Rev	EV / EBITDA	EV / EBIT	EV / Rev	EV / EBITDA	EV / EBIT
Advanced Manufacturing & Mobility	239	201	50	59	39	🔴	1.0x	8.4x	14.4x	22	17	10
Consumer Products	101	99	29	31	26	🔴	0.5x	6.5x	13.5x	12	6	4
Financial Services	21	17	5	5	5	🟡	1.9x	13.0x	14.5x	5	4	4
Government, Public Sector & Organisations	1	2	1	1	1	🟡	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Health Sciences & Wellness	55	41	14	13	11	🔴	0.5x	16.4x	20.0x	3	2	2
Oil & Gas	1	2	2	1	-	🔴	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Power & Utilities	31	24	6	7	4	🔴	21.3x	14.8x	n.a.	2	2	n.a.
Real Estate, Hospitality & Construction	66	69	22	19	28	🟢	0.4x	1.2x	7.8x	3	1	2
TMT	204	167	56	55	40	🔴	2.7x	24.7x	21.0x	21	16	11
Total	719	622	186	191	154		1.2x	10.1x	14.3x	68	48	33

Source: Mergermarket, S&P Capital IQ

Note: The 3Y EV/Revenue, EV/EBITDA and EV/EBIT multiples are based on a total of 68, 48 and 33 observations, respectively. Please note that the number of transactions is very low in some industries, and thus the presented median multiples may not accurately reflect realistic long-term valuation levels. In Q2 2024 report some transactions have been reclassified.

Industry activity

Deal activity in Q2 2024 saw a considerable QoQ decline across most industries. **Power & Utilities** and **Advanced Manufacturing & Mobility (AM&M)** suffered the largest declines, with deal counts observed from these industries decreasing by 43% and 34%, compared to Q2 2023. **Real estate, Hospitality & Construction** has been the only industry to increase the deal count in Q2 2024 compared to Q2 2023 as Finnish construction and property maintenance firms have been targets for both domestic and cross-border deals.

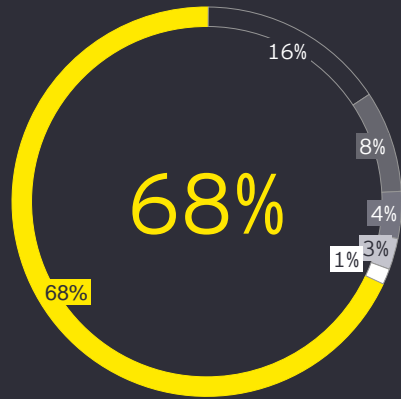
Multiples

The share of deals with disclosed value in Q2 2024 was 25%, which is somewhat above the 22% in Q1 2024. In some transactions **valuation gaps have slightly reduced** during Q2 2024 as buyers are more willing to increase their bids and sellers' expectations have slightly decreased from earlier valuation levels which were reflecting low interest rates and abundance of liquidity, **but bigger changes are still in the future**. Although the Finnish stock market has performed better in Q2 2024, the valuation levels are still relatively low comparing to Nordic stock markets.

Transaction geography

Buyer region, Q2 2024

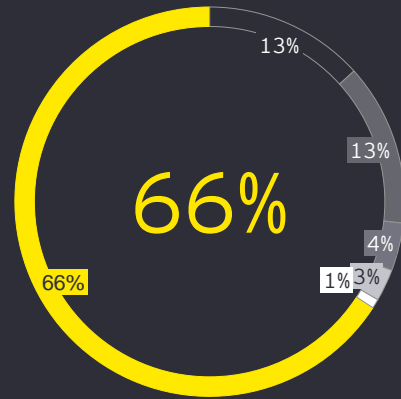
Source: Mergermarket, S&P Capital IQ



■ Finland
 ■ Rest of Europe
 ■ Asia-Pacific
■ Nordics (excl. Finland)
 ■ Americas
 ■ Undisclosed

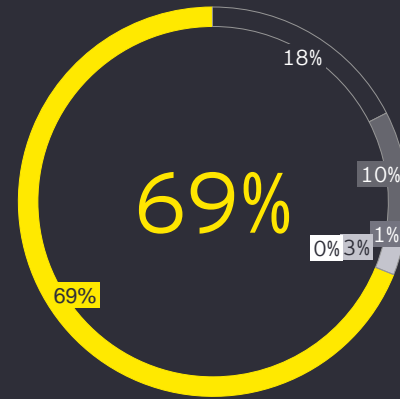
LTM buyer region per Q2 2024

Source: Mergermarket, S&P Capital IQ



Target region, Q2 2024

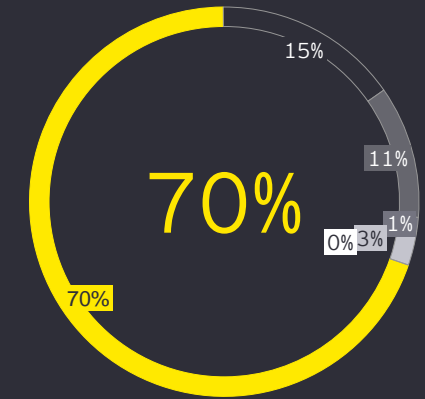
Source: Mergermarket, S&P Capital IQ



■ Finland
 ■ Rest of Europe
 ■ Asia-Pacific
■ Nordics (excl. Finland)
 ■ Americas
 ■ Undisclosed

LTM target region per Q2 2024

Source: Mergermarket, S&P Capital IQ



Buyer region

Finnish buyers accounted for 68% of deals made in Q2 2024, 8 percentage points more than in Q1 2024 (60%) and is mainly driven by a decreased share of Nordic (excl. Finland) and European buyers. Hence the number of Finnish buyers has clearly increased compared to Q1 2024, going from 78 to 105 transactions. Finnish buyers have mostly been interested in domestic targets, with Consumer Products being the most active industry of this subcategory.

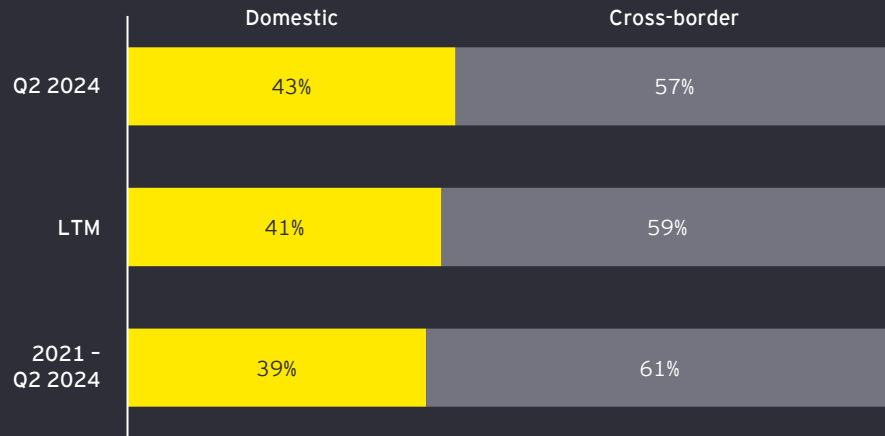
Target region

In Q2 2024, the share of Finnish targets decreased by 9 percentage points compared to Q1 2024, from 78% to 69%. The number of Finnish targets increased from 101 in the previous quarter to 106 deals in Q2 2024. Contrarily, we observed an increase in the share of Nordic (excl. Finland) targets, from 12% of deals in Q1 2024 to 18% in Q2 2024, and a milder increase from 8% to 10% for the Rest of Europe region. Among the Nordics, Q2 2024 saw an increase in Norwegian targets, which were rarer in the previous quarter.

Transaction arena

Share of domestic vs. cross-border transactions

Source: Mergermarket, S&P Capital IQ



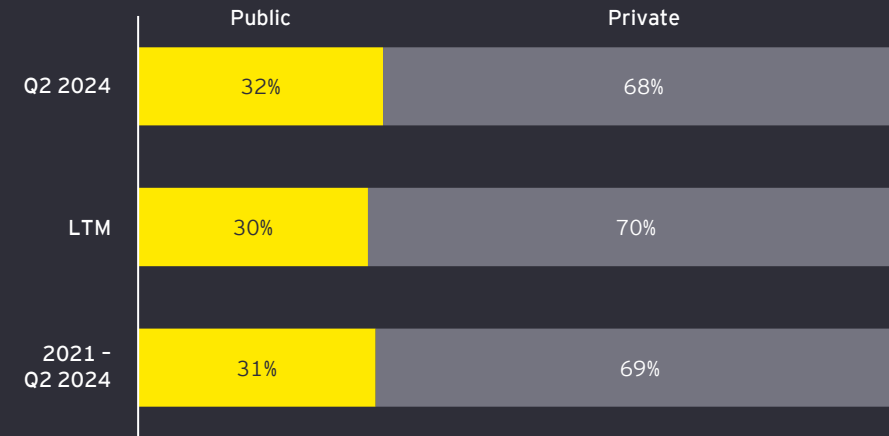
Transaction geography

The share of domestic transactions in Q2 2024 (43%) is slightly above both the LTM period (41%) and historical average from 2021 to Q2 2024 (39%). Cross-border M&A is particularly high in the Power & Utilities and TMT industries, where 75% and 73%, respectively, were cross-border deals during Q2 2024.

The average cross-border deal value increased to €224m in Q2 2024, compared to the LTM average of €117m. On the other hand, domestic deal value decreased to €19m in Q2 2024 compared to the LTM average of €61m. Domestic deals with announced deal values are dominated by Venture Capital investments which are typically small, thus the average domestic deal value has been modest for Q2 2024.

Share of public* vs. private transactions

Source: Mergermarket, S&P Capital IQ



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

Transaction type

The share of public transactions in Q2 2024 (32%) was 7 percentage points higher than in Q1 2024 (25%), with 73% of the public transactions being cross-border.

Among the public transactions, 73% had a public buyer, while 45% had a public target or seller; thus some of the public transactions had more than one public party. As previously mentioned, Topdanmark A/S, Infinera Corporation and Purmo Group Oyj have been the major public targets in Finnish transactions.

The observed average deal value of public deals in Q2 2024 was €300m which is affected by the abovementioned major deals, higher than the LTM value of €193m and significantly higher than in Q1 2024 (€48m). All transactions with a deal value exceeding €100m were public.

Market update

Nasdaq OMXH25 Index

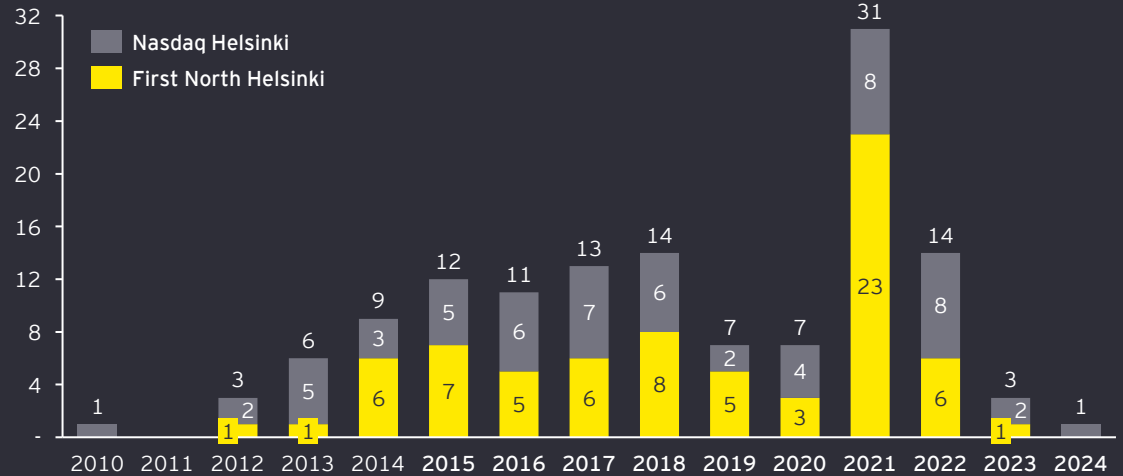
Source: S&P Capital IQ



The OMXH25 index improved with an **increase of 2.3% in Q2 2024** and the LTM return has also turned to positive (1.6%). OMXH25 has performed in line with the Swedish market (OMX Stockholm 30) during Q2 2024 and overperformed Europe (STOXX Europe 600) but is still lagging from the US market (S&P 500) which has been heavily driven by the performance of tech companies. Although the Finnish stock market has started to show some signs of recovery, the valuation levels are still lowish which has made listed companies attractive for public tender offers (e.g. Purmo Group). The best large cap performers during Q2 2024 have been Wärtsilä, Fortum and Cargotec which were all able to beat estimates for Q1 2024 quarterly figures in a challenging environment. In contrast, Neste and Outokumpu had lacklustre performance during Q2 2024 which was driven by poor market environment. ECB decreased its interest rate in June by 0.25% and one more rate cut is expected towards the end of year which could boost the equity market in H2 2024 also in Finland.

New listings

Source: Nasdaq Helsinki



As in the first quarter of the year, also in Q2 2024 **no new IPOs took place in Nasdaq Helsinki**. However, Kempower transferred to the main list of Nasdaq Helsinki from the First North Finland marketplace in June. The key drivers for the low IPO activity in Finland have been the low valuation levels in the Finnish stock market together with the economic uncertainty and modest investor appetite for new listings.

In contrast to Finland, EMEA and selected Nordic countries have shown signs of increased IPO activity as Sweden and Norway saw both seven listings in H1 2024. Finnish market is expected to follow the trend in 2025 as multiple companies have considered starting IPO preparations in H2 2024, for example, Solar Foods has indicated that their preparations will likely start after the summer holiday season.

Highlights of EY supported transactions of the quarter

Buyer



Alisa Bank Plc

Target



Puro Finance Ltd

Investor



Solidium Oy

Target



Iceye Oy



Deal description

- Alisa Bank Plc, a digital bank listed on the official list of Nasdaq Helsinki, acquired PURO Finance Ltd, a Finnish fintech company specialized in invoice financing for SMEs. The strategic combination created a forerunner in digital banking and finance services for SMEs.
- The acquisition was carried out as a share exchange, resulting in an ownership structure with Alisa Bank's and PURO Finance's shareholders owning approximately 60% and 40% of Alisa Bank's shares, respectively.



EY Finland acted as the lead legal advisor to Alisa Bank, providing support throughout the entire transaction process, including...

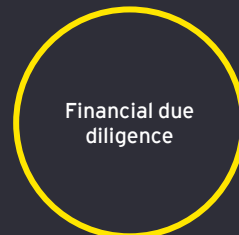


Deal description

- Solidium Oy, a Finnish sovereign wealth fund, invested 40 million euros in the convertible bond of a Finnish SAR satellite imaging company ICEYE. Solidium acted as the lead investor in the growth funding round of over 80 million euros along with new and old investors.
- The funding will support ICEYE's next phase of growth with accelerated investment in SAR satellite constellation and expanding within innovative data and subscription products. Through the investment, Solidium strengthens Finnish ownership in ICEYE.



EY Finland supported Solidium in the transaction process, providing ...



Building up the hydrogen economy


EY supports clients acting as forerunners in the Finnish hydrogen economy through its comprehensive service offering across the full lifecycle of hydrogen development, financing and realisation

EY acted as financial advisor to P2X Solutions Oy in the capital raise from Alpiq AG

-  **Alpiq AG** has bought a majority stake in the Finnish hydrogen and Power-to-X developer **P2X Solutions Oy**
-  The c. **€47 million** participating interest takes the form of a capital increase and share sale
-  The investment underlines Alpiq's **long-term commitment** to the Nordic hydrogen market and enables further **scaling** of P2X Solution's business in Finland and across the Nordics
-  EY acted as a **sole financial advisor to P2X Solutions Oy** in the capital raise

Ambitious governmental targets to build Finland into one of Europe's leading hydrogen ecosystems given several competitive advantages compared to other countries

 Finland aims to be carbon neutral in **2035** and the **world's first** fossil-free welfare society

 The Finnish government has stated its target of producing **10%** of Europe's renewable hydrogen in Finland by **2030**

 While strong targets have been put in place, **concrete measures** to support the build-out of projects in the still-emerging hydrogen industry are behind some other European countries



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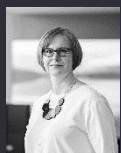
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Whether you're preserving, optimizing, raising or investing, our Connected Capital Solutions can help you drive competitive advantage and increased returns through improved decisions across all aspects of your Capital Agenda.

Raise

How can we win the competition for scarce capital?

Preserve

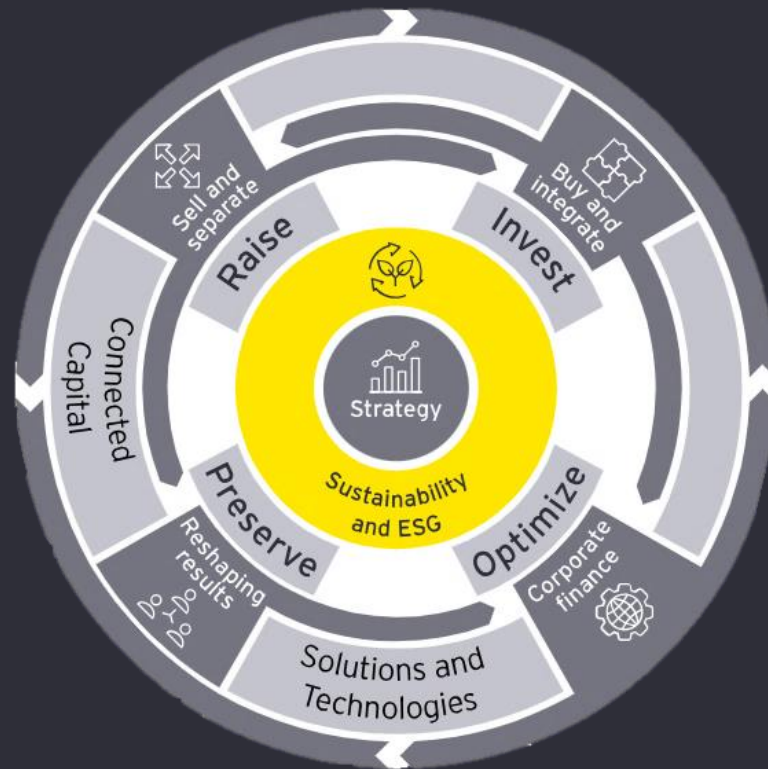
How can we better anticipate and adapt to market conditions as they change?

Invest

How can we seize growth opportunities and competitive advantage?

Optimize

How can we increase and maintain investor confidence?



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About this publication

Transaction Trends is a quarterly publication that aims to identify trends in the Finnish transactions market. Transactions covered in this publication are public and private transactions where either the buyer, target or vendor are based in Finland. 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 (if available). 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 Nasdaq Helsinki. Please note that the data presented in this newsletter is based on data sourced on a quarterly basis (extracted on the first week of the following quarter), and that the historical data points presented (for example the number of deals in Q4 2023) 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. During Q2 2024 we have gone through the historical dataset and reclassified some of the deal industries.

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working world