



Nordic Private Equity Market Update - Q4/2022

January 2023

KPMG Deal Advisory & Strategy

Deal volume is expected to remain relatively low during Q1 '23 - however, PEs still have ample dry powder and are willing to make deals, but deal completion lead times may increase



Comments on the overall Nordic PE market outlook

- Deal volume remained stable in all Nordic countries through the first half of '22, while deal volume decreased significantly in H2'22.
- Deal volume is expected to continue declining in Q1'23, primarily due to the uncertainties in the markets and difficulties accessing financing, especially for larger deals.
- Auctions and larger deals are taking place less often, in favor of 1:1 processes and add-on transactions.
- However, there is still ample dry powder left in funds, and PEs remain willing to pay solid valuations for good companies.
- PE fundraising slowed in '22 as LPs reconsidered allocations, due to declining valuations in other key asset classes.



Implications for PEs

- The deal space in general is likely to continue to be under pressure during Q1'23. Key reasons include declining consumer and business confidence, rising inflation and interest rates, war in Ukraine, and decline in GDP growth.
- Despite the uncertainties in the current macroeconomic environment, PEs are still willing to make deals.
- However, the lead time to complete deals is expected to increase as alignment of valuation expectations between sellers and buyers is more difficult.
- Also, the role of due diligence will likely become even more important, particularly analyses related to understanding the impact of the current economy and resilience through the cycles.
- Capital markets are expected to continue in a downturn. The IPO window is expected to remain closed.

Source: KPMG analysis.



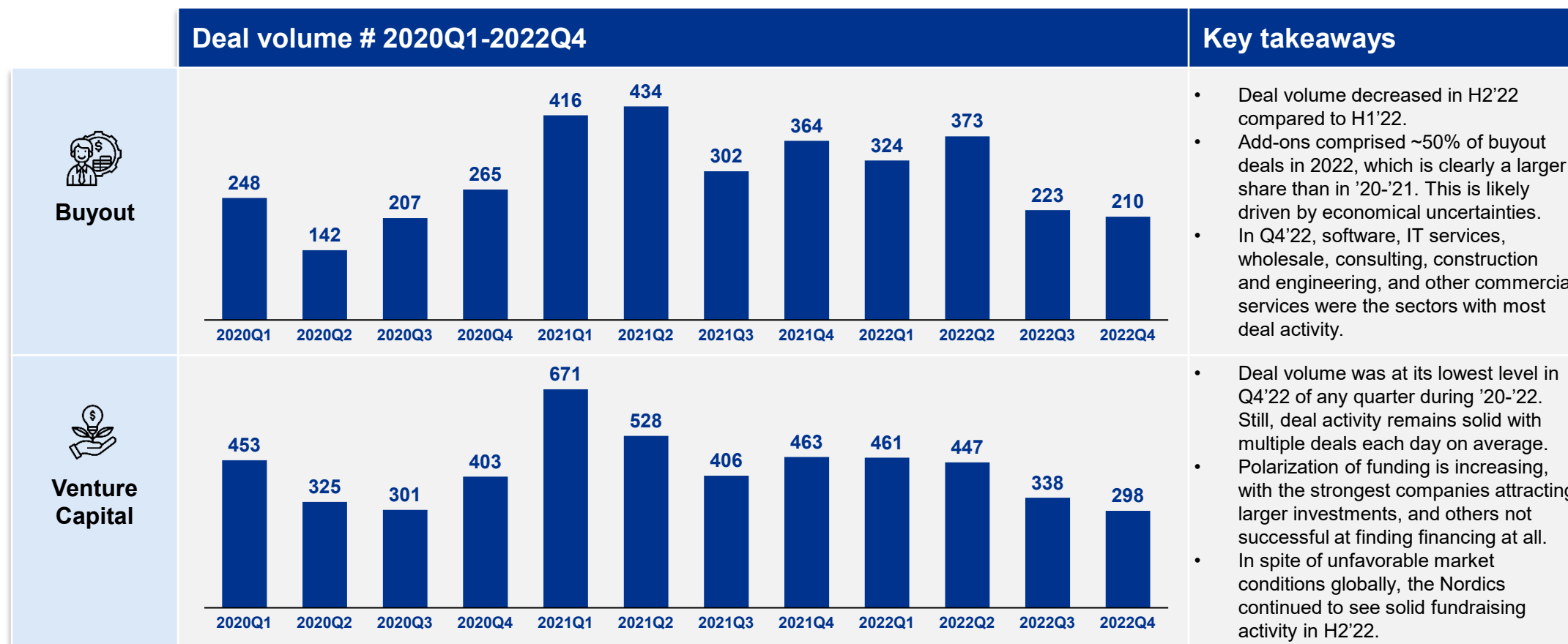
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Nordic buyout and VC deal activity have shown similar patterns in recent quarters – deal volumes decreased in H2'22, but remained at a solid level despite current market conditions

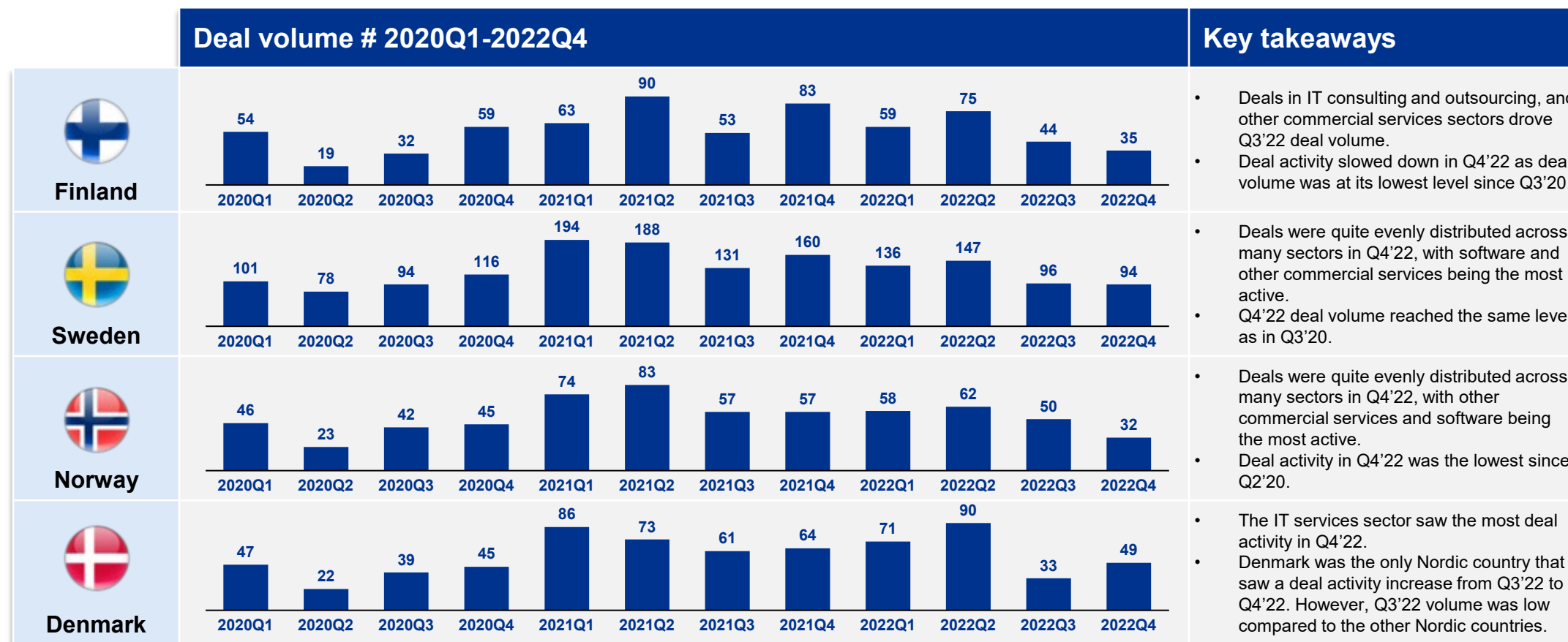
Nordic PE market deal volume by fund type



Note: Finland, Sweden, Denmark and Norway are included in the analysis. Data extracted on January 16, 2023. Historical numbers may change due to updates to data made by Pitchbook.
 Source: PitchBook, KPMG analysis.

Buyout deal activity slowed in all Nordic countries in H2'22 – Denmark saw an increase in deal volume in Q4'22 after a significant drop in activity from Q2'22 to Q3'22

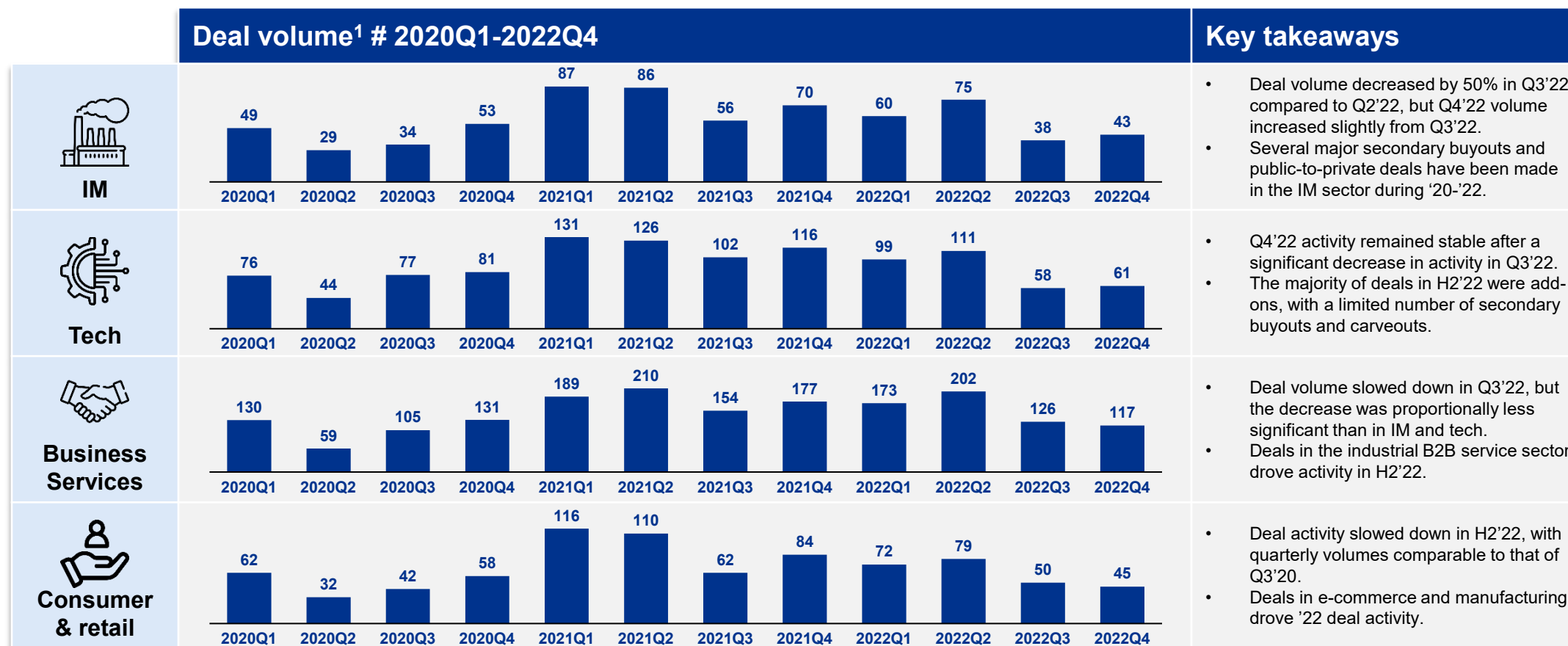
Nordic PE market Buyout deal volume by country¹



Note: (1) Based on target company's home country. Data extracted on January 16, 2023. Historical numbers may change due to updates to data made by Pitchbook. Source: PitchBook, KPMG analysis.

All key sectors experienced a deal activity decline in H2'22 – industrial manufacturing, tech, and consumer & retail saw large proportional declines

Nordic PE market Buyout deal volume by key sector



Note: (1) Figures do not reconcile with figures presented on earlier pages as only specific sectors are included in the graphs above.

Data extracted on January 16, 2023. Historical numbers may change due to updates to data made by Pitchbook.





Source: Pitchbook, KPMG analysis















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Significant deals have been made across key sectors in the Nordic PE market in '22 (1/2)

Nordic PE market key recent deal highlights





 IM
  Tech
  Business services
  Consumer & retail













Infranode to acquire Sola Bredbånd		Visma acquired House of Control		Ratos acquired Semcon (Sweden)	
<ul style="list-style-type: none"> Infranode to acquire Sola Bredbånd, a subsidiary of Sola Municipality. Sola Bredbånd develops, owns and operates a network of fiber for broadband services for residents, local businesses and public agents. The company entered into a definitive agreement to be acquired through a €49m LBO in 11/'22. 		<ul style="list-style-type: none"> Visma Group (owned by several international PEs) acquired House of Control. House of Control is a provider of SaaS solutions for managing contracts and assets as well as applications for IFS, an ERP-system. The company was acquired through a public-to-private LBO at a value of €63m in 11/'22. 		<ul style="list-style-type: none"> Ratos acquired Semcon AB, a Swedish multinational technology company, through a public-to-private LBO. Semcon AB provides sustainable technology solutions and specializes in product development. The acquisition was announced 11/'22 at a value of €256m. 	
Country	Sector	Country	Sector	Country	Sector
					
Intera Partners acquired Cervi		Hew-Kabel acquired Habia Cable		Nordic Capital and CVC acquired Cary Group	
<ul style="list-style-type: none"> Intera Partners acquired Cervi Talotekniikka from its management and private equity sponsor. Cervi Talotekniikka provides air ventilation system analysis, measurement, installation, and maintenance services. The acquisition was announced in 11/'22. The deal value was not disclosed. 		<ul style="list-style-type: none"> Hew-Kabel, an Andlinger & Company portfolio firm, acquired Habia Cable, an international manufacturer of special cables from a Sweden-based industrial group Beijer Alma. The deal was completed in 10/'22 at a value of €83.2m. 		<ul style="list-style-type: none"> CVC Capital Partners Funds and Nordic Capital acquired Cary Group, a leading vehicle glass repair and replacement provider from bank and pension funds in a public-to-private LBO. The acquisition was completed in 10/'22 at an estimated value of €594m. 	
Country	Sector	Country	Sector	Country	Sector
					

Source: PitchBook, KPMG analysis.

Significant deals have been made across key sectors in the Nordic PE market in '22 (2/2)

Nordic PE market key recent deal highlights


 IM
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3i Group and Project A acquired Konges Sløjld <ul style="list-style-type: none"> 3i Group and Project A acquired Konges Sløjld, a designer of children's clothing and accessories in an LBO. The acquisition was completed in 09/'22. The deal value was not disclosed. 		Amscan International acquired Party King <ul style="list-style-type: none"> Amscan International, a PE-backed party product company, acquired Sweden-based online retailer Party King to support its global growth ambition and expand to the Nordics. The acquisition completed in 09/'22 at an estimated value of €463m. 		Thoma Bravo acquired Mercell Holding <ul style="list-style-type: none"> Thoma Bravo acquired the European market leading e-tendering software provider Mercell Holding from financial sponsors, asset management companies and hedge funds in a public-to-private LBO. The deal was completed in 08/'22 at a value of €315m. 	
Country	Sector	Country	Sector	Country	Sector
					
EG acquired Ørn Software <ul style="list-style-type: none"> EG Software, a Franscico Partners portfolio company, acquired, Ørn Software in a public-to-private LBO from Viking Ventures. Ørn Software is a Nordic SaaS solutions provider in efficient operations and maintenance across a wide range of asset-heavy industries. The deal completed in 08/'22 at a value of €60m. 		Verdane acquired Apoteka <ul style="list-style-type: none"> Verdane acquired Apoteka, Denmark's leading online pharmacy service platform, from its venture capital sponsor. Apoteka offers online end-to-end operations solutions to Danish pharmacies. The deal was completed in 07/'22. The deal value was not disclosed. 		THL acquired inRiver <ul style="list-style-type: none"> The PE firm Thomas H. Lee Partners acquired a majority stake in inRiver from financial sponsors and corporate owners to support the company's product development roadmap and expansion in North America and Europe. The deal was completed in 07/'22 at an estimated value of €379m. 	
Country	Sector	Country	Sector	Country	Sector
					

Source: PitchBook, KPMG analysis.

18 buyout and VC funds were closed in the Nordics in '22, with a total value exceeding €17.3bn - dry powder of these funds is estimated at €16.3bn at the end of '22

New Nordic PE funds raised by type

New funds raised	
 <p>Buyout</p>	<p>Eight PE sponsors closed Buyout funds in '22 in the Nordics, with a combined value exceeding €15.5bn¹.</p> <ul style="list-style-type: none"> Nordic Capital closed its Nordic Capital Fund XI at €9bn. The fund focuses on technology, healthcare and financial services in Europe. PE buyout funds were closed in Denmark, Sweden and Norway during the '22. No new funds were closed in Finland in '22. This is partly due to two major funds closings in Finland in December '21, where €510m worth of new capital was raised. Nordic PE companies that closed funds in '22 include EQT, Verdane, GRO Capital, Summa Equity, and Polaris Private Equity. Additionally, fundraising was ongoing at 11 funds at the end of '22, with total value exceeding €1.27bn.
 <p>Venture Capital</p>	<p>Ten new VC funds were closed in the Nordics in '22, with a combined value exceeding €1.8bn¹.</p> <ul style="list-style-type: none"> New VC funds were closed in Sweden, Norway and Finland during the '22. EQT Ventures' EQT Ventures III fund raised €1.1bn. The preferred geographic regions of the fund are Europe and USA. New funds were also raised, e.g., by Sondo Capital, Stockholm Innovation & Growth, Creandum, Vendep Capital, and Skyfall Ventures. Additionally, fundraising was ongoing at 16 funds at the end of '22, with total value exceeding €414m. The clear majority of these funds started fundraising during H1'22.

Note: (1) Only includes funds that were closed in 2022. Funds that remained open for further investment after 31.12.2022 not included in the total.

Data extracted on January 16, 2023. Historical numbers may change due to updates to data made by Pitchbook

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Our experienced Nordic PE team is ready to support you across the deal lifecycle

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