



Nordic Private Equity Market Update

Q2 2023

August 2023

KPMG Deal Advisory & Strategy

Deal volume has remained relatively low and decreased slightly in Q2/'23, driven by continued economic uncertainty



Comments on the overall Nordic PE market outlook

- Deal volume declined again in the Nordic region in Q2/'23.
- Q2/'23 Buyout deal volume has been relatively stable for the past three quarters, but is still trending lower on a rolling annual basis.
- Activity levels were significantly lower in the VC space. The drop in activity has broken the annual trend in VC deal volume.
- Deal volume is expected to continue at lower levels in H2/23, primarily due to the uncertainties in the markets and difficulties accessing financing, especially for larger deals.
- Larger deals continue to take place less often. The share of add-on transactions remains high, especially in Finland and business services.
- Consumer and retail continues to be the most challenging, while technology volumes rebounded some driven by a 40% QoQ increase in software deals. Business services was again the most active sector.
- PE fundraising has continued to be slow in Q2/'23, both in terms of number of funds and fund size, compared to the previous quarters.
- However, funds still have ample dry powder, and PEs remain willing to pay solid valuations for good companies in selected sectors.



Implications for PEs

- The deal space in general is likely to continue to be under some pressure in the remainder of 2023, driven by macroeconomic uncertainties.
- Funds continue to review portfolios, reset value creation strategies, and address performance challenges.
- Despite uncertainties in the current macroeconomic environment, PEs are still likely to be willing to make deals, and many are preparing for process launches in the fall / early 2024. Strong interest in, e.g., SaaS and business services deals continues.
- The ongoing volatility and uncertainty continues to cause challenges with alignment of valuation expectations between buyers and sellers and longer deal lead times. However, some signs of improved alignment of expectations have been observed, and we are seeing the typical intermediate stage with increased use of earn-outs.
- IPOs are expected to remain few and far between in the near term. However, many companies are preparing to ensure readiness when the window reopens, e.g., discussions on 2024.

Source: OECD, European Central Bank, KPMG analysis.



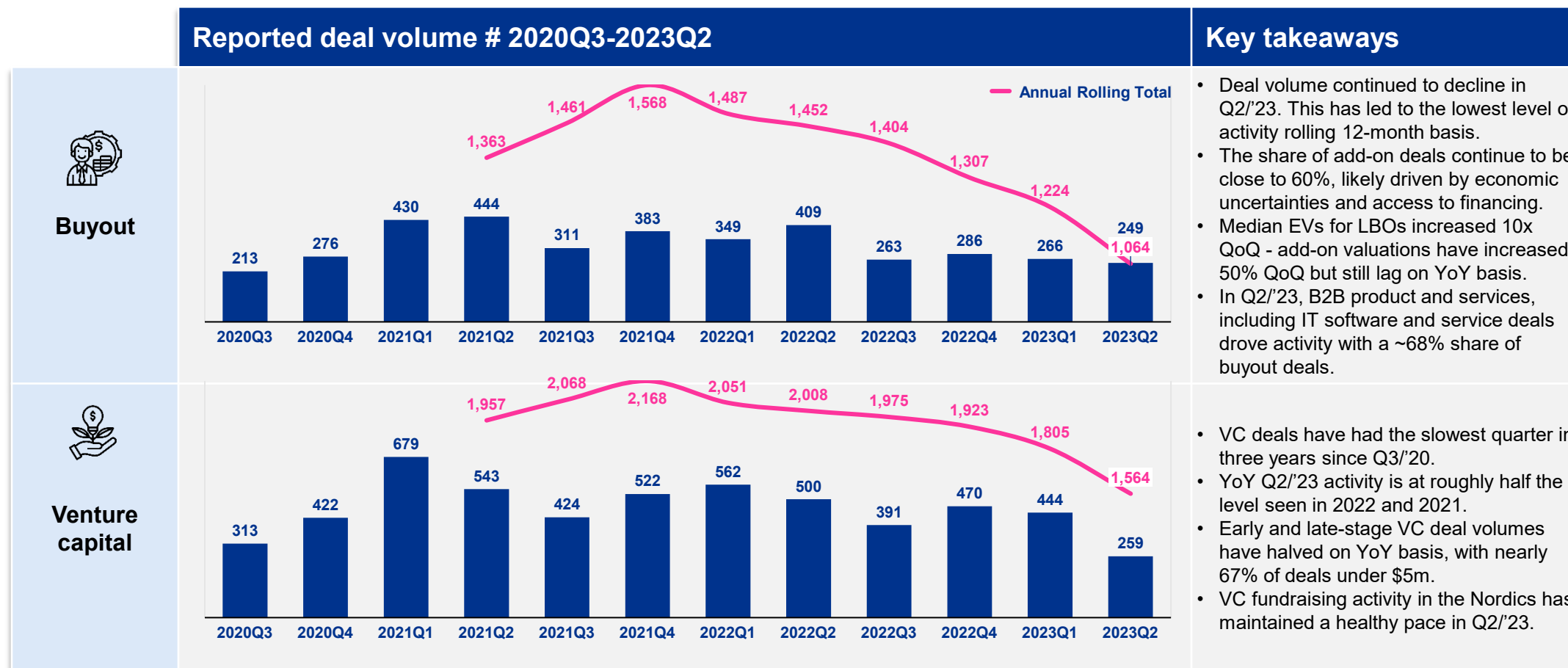
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Reported Nordic buyout and VC deal volumes continued to decline in Q2/'23, with significant slowdown in VC volumes

Nordic PE market deal volume by fund type



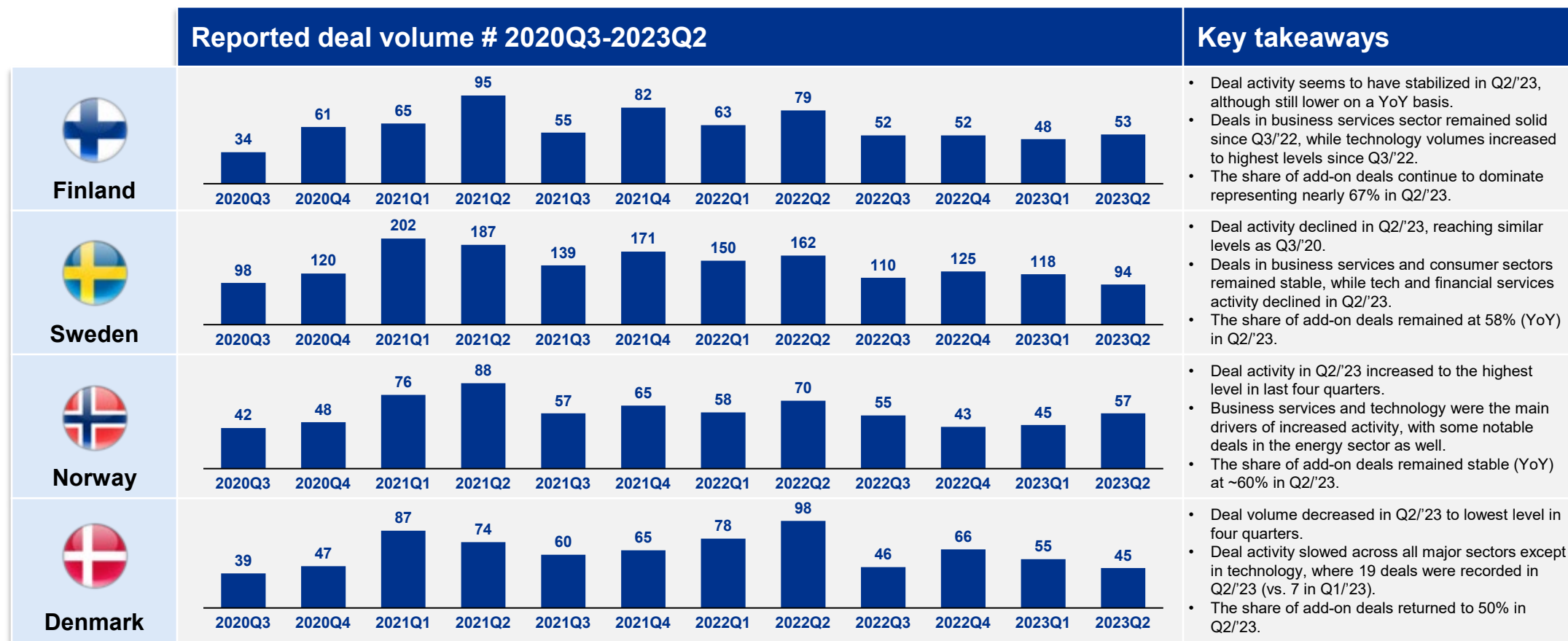
Note: Finland, Sweden, Denmark and Norway are included in the analysis. Data extracted on August 1, 2023. Historical numbers may change due to updates to data made by Pitchbook
 Source: PitchBook, KPMG analysis.



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Reported buyout deal activity increased in Finland and Norway in Q2/'23, but declined in Sweden and Denmark

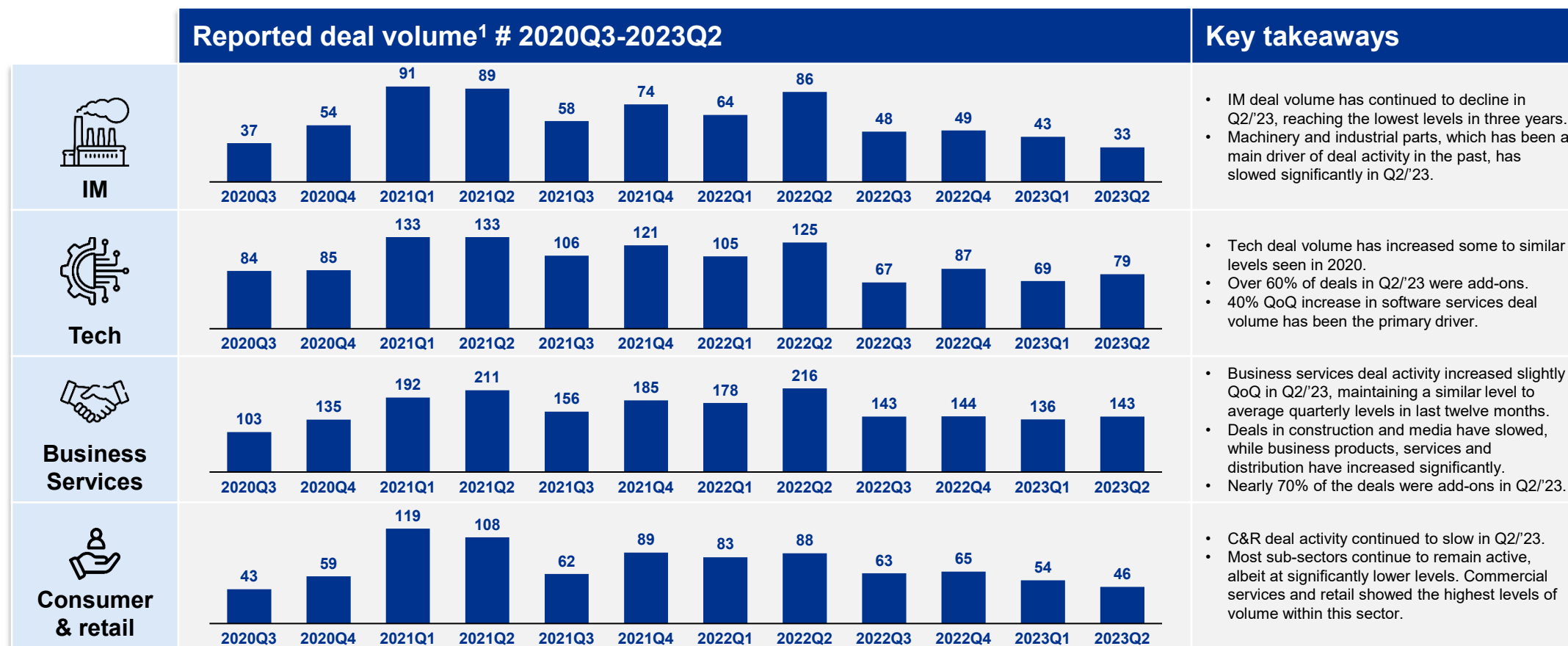
Nordic PE market buyout deal volume by country¹



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

Reported buyout deal volumes were mixed across key sectors in Q2/'23 – business services and technology have returned to four-quarter average levels

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 August 1, 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 during Q2/'23

Nordic PE market key recent deal highlights

 IM
  Tech
  Business services
  Consumer & retail

Veoneer spin-off acquired by Magna		Insight Partners acquired SignUp Software		Metro acquired Johan i Hallen & Bergfalk (JHB)	
<ul style="list-style-type: none"> • Veoneer sold its active safety business to Magna Technology Investments. • Magna is a VC firm with focus on new technologies in automotive and manufacturing sector. • The business is to be acquired through a \$1.53bn LBO. The deal was announced in 6/'23. 		<ul style="list-style-type: none"> • SignUp Software was acquired by Insight Partners through an estimated SEK 2.36bn deal. Deal announced 5/'23 through public-to-private LBO. • Insight Partners is a NY-based global investor in technology and software businesses. • SignUp offers software for invoice management and automated, end-to-end Accounts Payable process. 		<ul style="list-style-type: none"> • Johan i Hallen & Bergfalk (JHB), portfolio company of Litorina, was acquired by Metro. • Johan i Hallen & Bergfalk (JHB) is a supplier of meat, fish and seafood, with over 4000 HoReCa customers in Finland and Sweden. • The acquisition was completed in 5/'23 at a value of €100m. 	
Country	Sector	Country	Sector	Country	Sector
					
Agilitas Private Equity acquired Aeven		Azets acquired Solteq ERP subsidiary		Logent acquired Logistikas	
<ul style="list-style-type: none"> • Aeven, a subsidiary of NNIT, acquired by Agilitas Private Equity through an LBO. • Aeven is a provider of IT infrastructure outsourcing with focus on life science and cloud and digital solutions. • The deal was announced in 4/'23 for a value of DKK 1.5bn. 		<ul style="list-style-type: none"> • Solteq entered into a definitive agreement to sell its ERP subsidiary Azets. • The business is based on Microsoft Business Central and LS Retail solutions for the Nordics. • Azets, sponsored by Hg and AlInvest Partners, provides accounting, taxation and financial advisory services. • Deal was announced in 4/'23 for a value of €15m. 		<ul style="list-style-type: none"> • Logent, backed by sponsor, Stirling Square Capital, acquired Logistikas in 6/'23. Logistikas is a logistics company, focused on in-house logistics and immediate-proximity warehousing services. • Divestment is part of KH Group's (aka Sievi Capital) strategic transformation to built a platform around the earth-moving machinery supplier KH-Koneet. • The deal was completed through a €23.5m LBO. 	
Country	Sector	Country	Sector	Country	Sector
					

Source: PitchBook, KPMG analysis.



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Two buyout and three VC funds were closed in the Nordics during Q2/'23, with a total value estimated at €1.7bn - dry powder in these funds is estimated at €1.6bn at the end of Q2/'23

New Nordic PE funds raised by type

New funds raised	
 <p>Buyout</p>	<p>Two PEs closed buyout funds in the Nordics during Q2/'23, with a combined value exceeding €1.4bn¹.</p> <ul style="list-style-type: none"> In Q2/'23, Swedish PE house Fidelio Capital closed its Fidelio Capital III fund at a value exceeding €1bn. The fund is a primary buyout fund, focusing on European IT, Healthcare and Industrial targets. Another Swedish PE firm, Procuritas Capital Investors, held its VII fund close at a value exceeding €400m. The fund invests across sectors in the Nordics. No funds were closed in Finland, Denmark, or Norway. Fundraising was ongoing in twelve funds that were opened during Q1/'23 – Q2/'23. Of these funds, one was opened during Q2/'23 by Accent Equity in Sweden. Largest of these open funds, Altor Fund VI, exceeds €600m in value.
 <p>Venture capital</p>	<p>Three new VC funds were closed in the Nordics during Q2/'23, with a combined value of €330m¹.</p> <ul style="list-style-type: none"> Three new VC funds were closed in Sweden and Finland. In Q2/'23, Sweden-based Pale Blue Dot closed Pale Blue Dot II, its early-stage VC fund at €93m. The fund focuses on the FoodTech, AgTech and FinTech sectors in Europe and US. Additionally, Finland-based Voima Ventures (Voima Ventures Fund III) and Lifeline Ventures (Lifeline Ventures Fund V) closed their funds at €90m and €150m, respectively. Both funds are early-stage investors, with Voima targeting deep tech in Finland and Baltics, while Lifeline involved across sectors, with particular focus on Finland. Fundraising was ongoing in seven funds that were opened during Q1/'23-Q2/'23. One of these funds was opened during Q2/'23.

Note: (1) Only includes funds that were closed during Q2-23. Funds that remained open for further investment after 30.06.2023 not included in the total.

Data extracted on August 1, 2023. Historical numbers may change due to updates to data made by Pitchbook

Source: PitchBook, KPMG analysis.

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

KPMG Nordic core PE team

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