



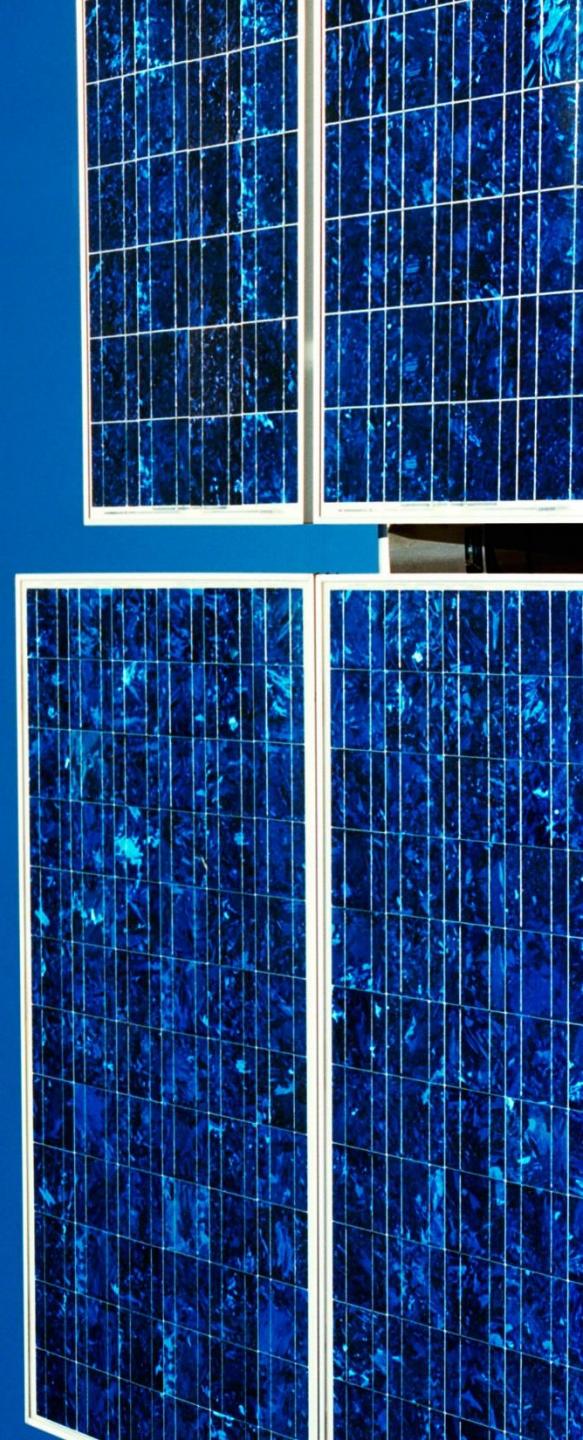
# Study of Swedish IPO performance (2001-2016)

## - Does the prior investor matter?

KPMG Corporate Finance, Sweden

—  
December 2016

**DISCUSSION PURPOSES ONLY**



# Disclaimer

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# Summary

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<h3>Background</h3>	<ul style="list-style-type: none"> <li>— The Initial Public Offering (IPO) study is performed to analyze and compare the performance of listed Swedish companies that prior to its listing were owned by Private Equity investors to the equivalent non Private Equity backed companies. An important note is that the emphasis/study aims to shed light on the performance that could potentially be attributed to the prior investor, i.e. near term performance and on a median basis. A separate methodology would be opted for, if a trading strategy's performance were to be evaluated. Here, one would need to make assumptions about portfolio weights, re-weighting frequency etc.</li> <li>— The analysis is based on the comparison of absolute return of PE IPOs and the absolute return of non-PE IPOs, in comparison to the return and performance of the Stockholm Benchmark Index (OMXSB).</li> </ul>
<h3>Methodology</h3>	<ul style="list-style-type: none"> <li>— The study has been conducted in October 25, 2016, which includes IPOs on the Stockholm Stock Exchange through the Jan' 2001- Oct' 2016 (25<sup>th</sup>).</li> <li>— The studied time series consist of total return indices, where net dividends are assumed to be re-invested in the company in question. The benchmark index is calculated in the same manner.</li> <li>— A total of 74 IPOs have been analyzed out of which 46 are PE IPOs and 28 are non PE IPOs.</li> <li>— The PE IPOs include companies that operate within consumer discretionary, industrials, healthcare, telecommunication services, information technology and financial among other sectors. While the non PE IPO companies operate within healthcare, utilities, industrials, telecommunication services, information technology, financials and materials among other sectors.</li> <li>— The study does not include secondary listings, spin-offs, moved listings and OTC listings among others.</li> </ul>
<h3>Conclusion</h3>	<ul style="list-style-type: none"> <li>— The study indicate that PE IPO:ed companies performs, as well as their counterparts and most likely even better, solely looking at median performance. This conclusion is not drawn from a trading strategy perspective, rather from a perspective of performance that could potentially be attributed to prior investors' way of managing the companies pre-IPO.</li> <li>— Non-PE IPO:ed company have significantly higher number of poor performing companies (1y performance compared to benchmark).</li> </ul>

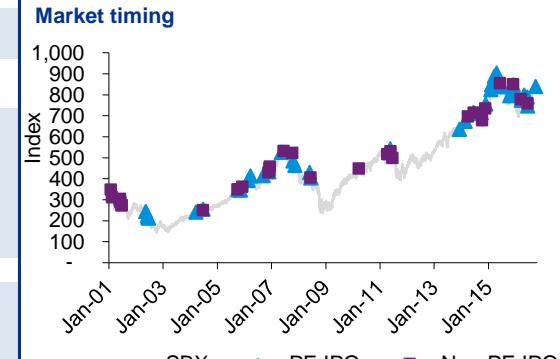
# Swedish IPOs from 2001-2016

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Sample									
IPO Date	Company name	PE Own.	IPO Date	Company name	PE Own.	IPO Date	Company name	PE Own.	
2001-01-31	Sensys Traffic AB	No	2007-11-14	Duni AB	Yes	2015-06-29	Capio AB	Yes	
2001-02-19	Dimension AB	No	2008-06-13	DGC One AB	No	2015-10-15	Bravida Holding AB	Yes	
2001-05-31	Carnegie & Co AB D	No	2010-03-24	Arise Windpower AB	No	2015-11-24	Dometic Group AB	Yes	
2001-06-05	BTS Group AB	No	2010-06-01	Byggmax Group AB	Yes	2015-11-27	Attendo AB	Yes	
2001-06-11	Biolvent International AB	No	2010-06-18	MQ Holding AB	Yes	2015-12-01	Scandic Hotels Group AB	Yes	
2001-06-25	rnb Retail and Brands AB	No	2011-04-14	Karolinska Development	No	2015-12-02	Camurus AB	No	
2001-06-25	Vitrolife AB	No	2011-05-19	FinnvedenBulten AB	Yes	2016-03-15	Garo AB	No	
2002-05-16	Alfa Laval AB	Yes	2011-05-26	Moberg Pharma AB	No	2016-03-21	Humana AB	Yes	
2002-06-06	Intrum Justitia AB	Yes	2011-05-26	Transmode Holding AB	Yes	2016-04-28	Resurs Holding AB	Yes	
2002-06-18	Ballingslöv AB	Yes	2011-06-22	Boule Diagnostics AB	No	2016-05-11	Wilson Therapeutics AB	Yes	
2002-06-18	Nobia AB	Yes	2013-12-09	Sanitec Oyj	Yes	2016-06-09	Nordic Waterproofing Holding	Yes	
2004-03-23	Oriflame Cosmetics S.A.	Yes	2014-02-21	Bufab Holding AB	Yes	2016-06-13	TF Bank AB	No	
2004-06-22	NOTE AB	No	2014-04-02	Recipharm AB	No	2016-06-14	AcadeMedia AB	Yes	
2005-10-04	Indutrade AB	No	2014-06-16	Com Hem Holding AB	Yes	2016-09-28	IES Sverige Holdings II AB	Yes	
2005-10-05	Hemtex AB	Yes	2014-06-18	Bactiguard Holding AB	No				
2005-11-07	TradeDoubler AB	Yes	2014-06-26	Scandi Standard AB	Yes				
2005-11-08	Orexo AB	Yes	2014-09-25	Inwido AB	Yes				
2005-12-07	ICA Gruppen AB/Hakon Invest	No	2014-10-09	Gränges AB	No				
2006-02-22	KappAhl Holding AB	Yes	2014-11-20	Lifco AB	No				
2006-03-27	Gant Company AB	Yes	2014-11-25	Thule Group AB	Yes				
2006-09-14	SOBI AB	Yes	2015-02-05	Eltel AB	Yes				
2006-11-23	BE Group AB	Yes	2015-02-12	Dustin Group AB	Yes				
2006-11-27	Rezidor Hotel Group AB	No	2015-03-24	Hoist Finance AB	Yes				
2006-11-30	Lindab International AB	Yes	2015-03-26	Troax Group AB	Yes				
2006-12-11	Allenex AB	No	2015-04-23	Tobii AB	Yes				
2006-12-14	Tilgin AB	No	2015-06-09	Collector AB	No				
2007-05-15	Nederman Holding AB	Yes	2015-06-15	Coor Service Mgmt	Yes				
2007-06-14	Aerocrine AB	No	2015-06-16	Nordax Group AB	Yes				
2007-10-12	Systemair AB	No	2015-06-16	Alimak Group AB	Yes				
2007-10-19	HMS Networks AB	Yes	2015-06-23	Oriflame Cosmetics SA*	Yes				

\*Ticker change

Source: Bloomberg



# Comparison of median return - PE vs. non-PE (1/2)

The returns of the PE vs. non-PE IPO:ed companies are measured over 4 horizons. E.g. the 1 year column, in both tables, represent the average and median return based on 1 year trading performance, starting from the IPO date (irrespective of when the IPO occurred).

As the study do not seek to evaluate a trading strategy, rather seeking to accept or reject the hypotheses of PE IPO:ed companies performing worse/better than non-PE companies, the median performance serves as the best indicator. Also, the sample size as well as the horizons over which the performance is measured need to be reflected upon, when rejecting/accepting the hypotheses. One can assume that the prior investors' impact on a company's performance diminishes with time.

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### Return on PE IPOs

	1 Year	3 Year	5 Year	10 Year
Absolute mean return - PE IPOs	21.8%	10.3%	70.4%	96.6%
Absolute median return - PE IPOs	21.6%	-6.7%	40.7%	9.9%
CAGR (mean return)	21.8%	3.3%	11.3%	7.0%
Absolute mean return market	-0.5%	14.8%	52.2%	122.0%
Absolute median return market	-9.2%	5.2%	39.0%	110.0%
CAGR (mean return)	-0.5%	4.7%	8.8%	8.3%
Excess average return PE IPOs	22.2%	-4.5%	18.2%	-25.5%
Excess median return PE IPOs	30.7%	-11.9%	1.7%	-100.1%
CAGR (mean return)	22.2%	-1.5%	3.4%	-2.9%
CAGR (median return)	30.7%	-4.1%	0.3%	nm
Sample size per year	37.0	19.0	18.0	8.0

### Return on non-PE IPOs

	1 Year	3 Year	5 Year	10 Year
Absolute average return - non-PE IPOs	-7.1%	-17.9%	31.1%	164.5%
Absolute median return - non-PE IPOs	-29.4%	-22.6%	-38.5%	-19.1%
CAGR (mean return)	-7.1%	-6.4%	5.6%	10.2%
Absolute mean return market	-5.4%	4.4%	29.0%	99.1%
Absolute median return market	-6.7%	-6.3%	33.9%	79.4%
CAGR (mean return)	-5.4%	1.4%	5.2%	7.1%
Excess average return non-PE IPOs	-1.7%	-22.3%	2.1%	65.3%
Excess median return non-PE IPOs	-22.7%	-16.2%	-72.4%	-98.5%
CAGR (mean return)	-1.7%	-8.1%	0.4%	5.2%
CAGR (median return)	-22.7%	-5.7%	-22.7%	-34.1%
Sample size per year	31.0	23.0	22.0	11.0

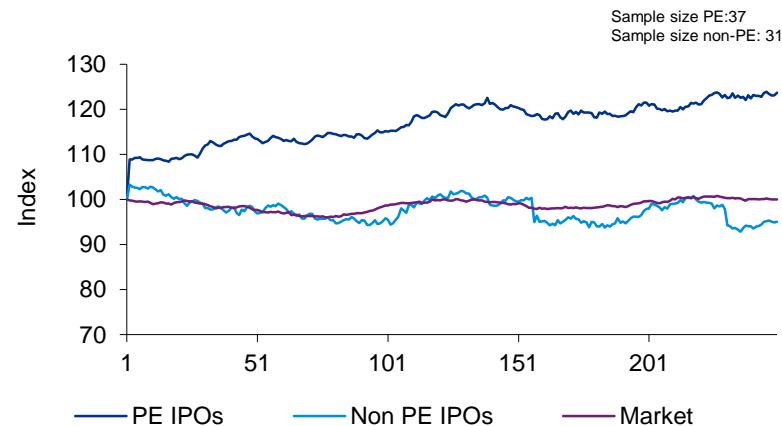
Source: Bloomberg

**Conclusion | The sample indicates that PE IPO:ed Companies performs better than its counterpart**

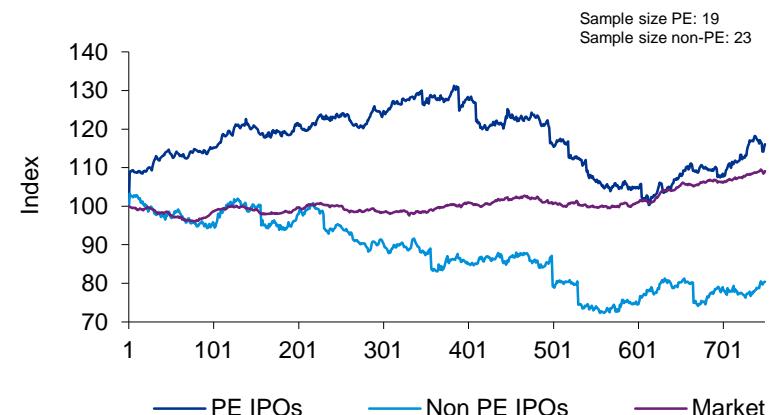
# Comparison of median return - PE vs. non-PE (2/2)

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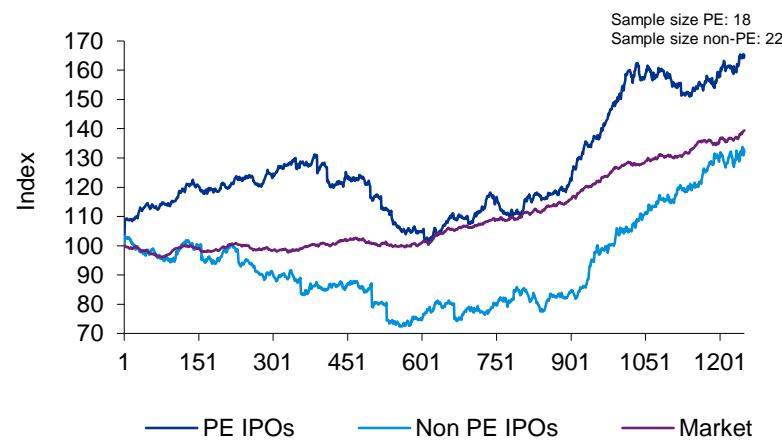
## 1 Year Indexed Mean Return



## 3 Year Indexed Mean Return



## 5 Year Indexed Mean Return



## 10 Year Indexed Mean Return



Note: The index series do not represent time series. The market index in the chart represent the mean return over the same period as both the PE and non-PE IPO:ed companies, hence can't be compared to the market return figures presented on previous page.

Source: Bloomberg



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# Swedish IPOs from 2001-2016 performance

## DISCUSSION PURPOSES ONLY

The annual return for 1 year and 5 years has been calculated for all the 74 IPOs during 2001 and 2016.

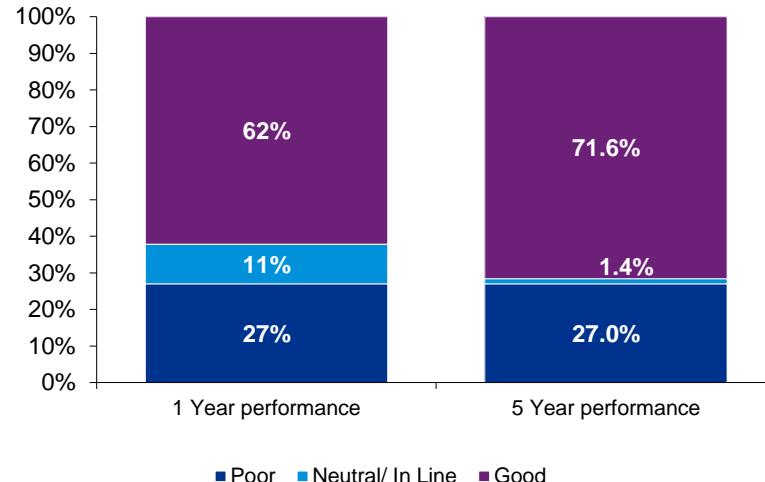
### Criteria for performance:

**Poor:** The stock return <-5% vs. the market

**Neutral/ In Line:** The stock return is within -5% and 5% compared to the market.

**Good:** The stock has a return >5% vs. the market.

### 1 Year & 5 Year performance of Swedish IPOs in comparison to the SMXSB performance



The data indicate that PE IPO:ed companies have better 1 year relative return than its counterpart. The number of non-PE IPO:ed companies with poor 1y relative performance is quite high, relatively speaking.

### Performance compared to market

	1 Year	Out of which PE IPOs		5 Year	Out of which PE IPOs		Out of which non.PE IPOs
		Out of which non-PE IPOs	Out of which PE IPOs		Out of which PE IPOs	Out of which non.PE IPOs	
Poor	20	6	14	20	9	11	
Neutral/ In Line	8	6	2	1	1	-	
Good	46	34	12	53	36	17	

Source: Bloomberg



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