



# Nordic Private Equity Market Update



## Q4 2023

January 2024

KPMG Deal Advisory & Strategy



# Weak economy continues to impact deal volume in Q4/'23; buyout and VC activity at lowest level since 2020

 <b>Comments on Nordic PE market development</b>	 <b>Implications on the outlook for PEs</b>
<ul style="list-style-type: none"><li>• Aggregate Q4/'23 deal volume continued on a downward trend in the Nordics driven by significant decline in VC activity.</li><li>• Q4/'23 Buyout deal volume also declined, dragging the 12-month running aggregate lower.</li><li>• VC activity levels saw a significant drop in YoY levels by nearly 50%, leading to the lowest level in 12-month rolling volume since 2020.</li><li>• Activity varies to a certain extent between the Nordic countries, as PE buyout deal activity marginally improved in Sweden and was stable in Finland, but weak in Norway and Denmark.</li><li>• Deal activity was lower across all major sectors except industrial manufacturing. Reported quarterly deals across sectors were at their lowest since 2020.</li><li>• PE fundraising has been active in Q4/'23, both in terms of number of funds and fund size, compared to previous quarters. Five buyout funds, totaling &gt; €2.4b and four VC funds, totaling &gt; €180m, were closed in Q4/'23.</li></ul>	<ul style="list-style-type: none"><li>• The deal space in general is likely to remain under pressure in early 2024, driven by macroeconomic uncertainties and high interest rates.</li><li>• Many high-interest processes initially planned for earlier quarters have yet to be launched in the new year.</li><li>• Many PE sponsors appear to be holding mature assets longer in anticipation of higher valuations, aiming for process launch during less uncertain times and to market assets on higher, more stable financials.</li><li>• Moving forward into 2024, activity is expected to recover, as funds continue to have ample dry powder. Sweden appears to be leading the way with numerous sell-side preparations underway and processes set to launch.</li><li>• The ongoing volatility and uncertainty continues to cause challenges with alignment of valuation expectations between buyers and sellers and longer deal lead times.</li><li>• However, signs of improved alignment of expectations have been observed. We continue to see the typical intermediate stage with increased use of earn-outs.</li><li>• Multiple announced industrial carve-outs along with public-to-private transactions are also expected continue to create opportunities for PE sponsors.</li></ul>

Source: OECD, European Central Bank, Pitchbook, KPMG analysis.

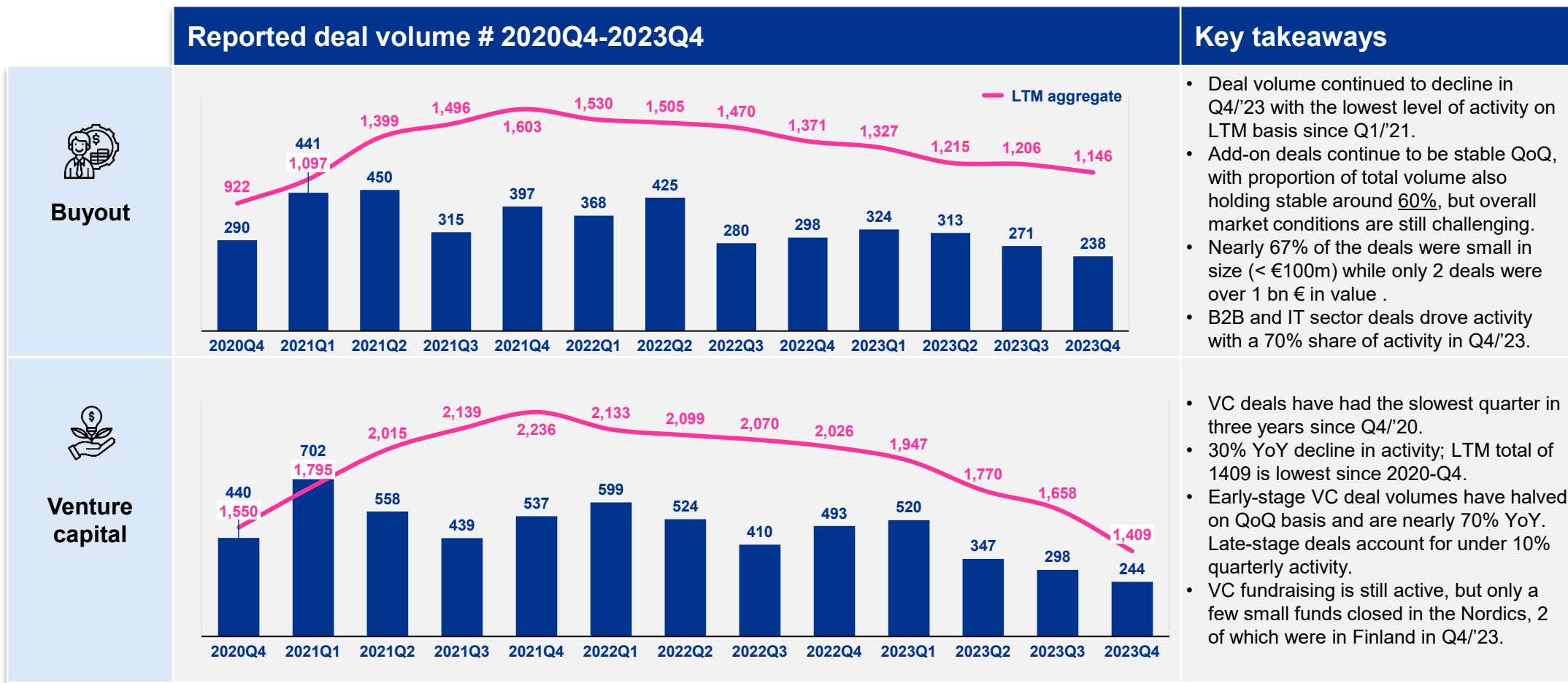


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# Reported Nordic buyout and VC deal volumes have continued on a downward trend Q4/'23

## Nordic PE market deal volume by fund type

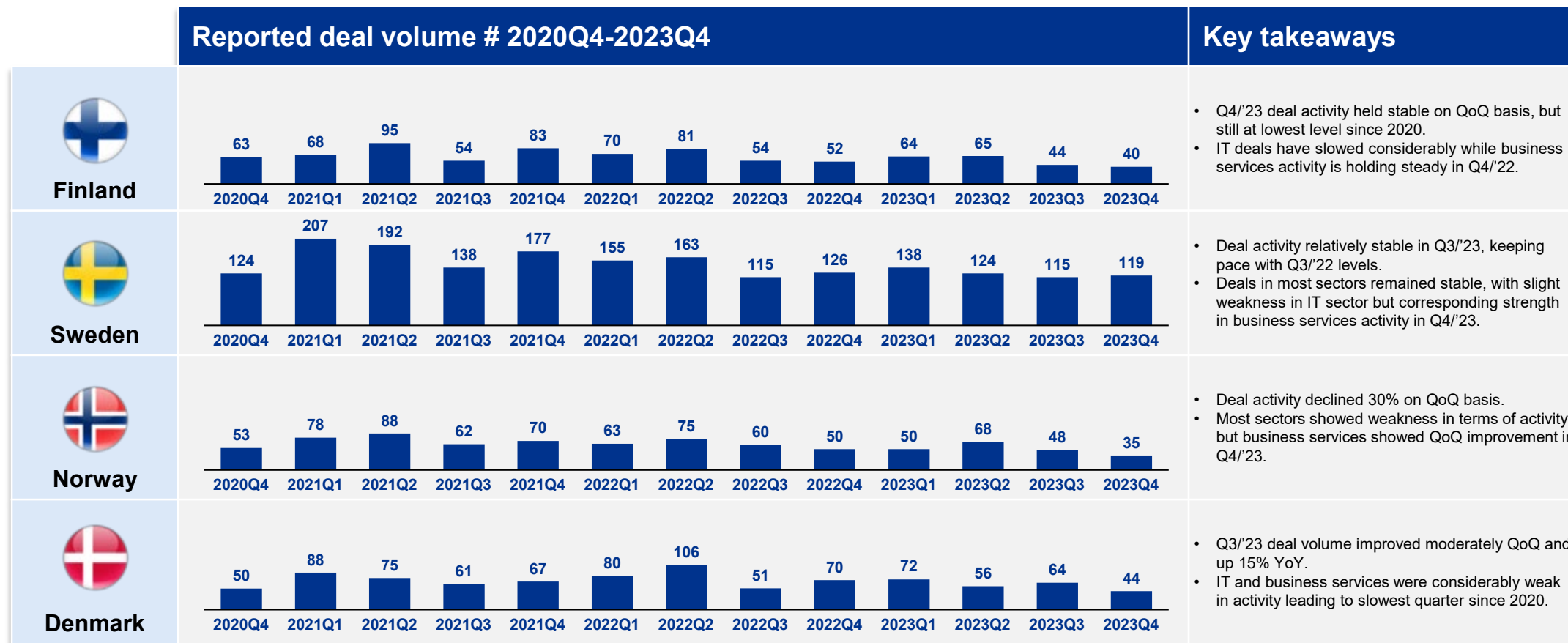


Note: Finland, Sweden, Denmark and Norway are included in the analysis. Data extracted on January 8, 2024. Historical numbers may change due to updates to data made by Pitchbook

Source: PitchBook, KPMG analysis.

# Reported PE buyout deal activity improved marginally in Sweden and was flat in Finland; Denmark and Norway were noticeably weak in Q4/'23

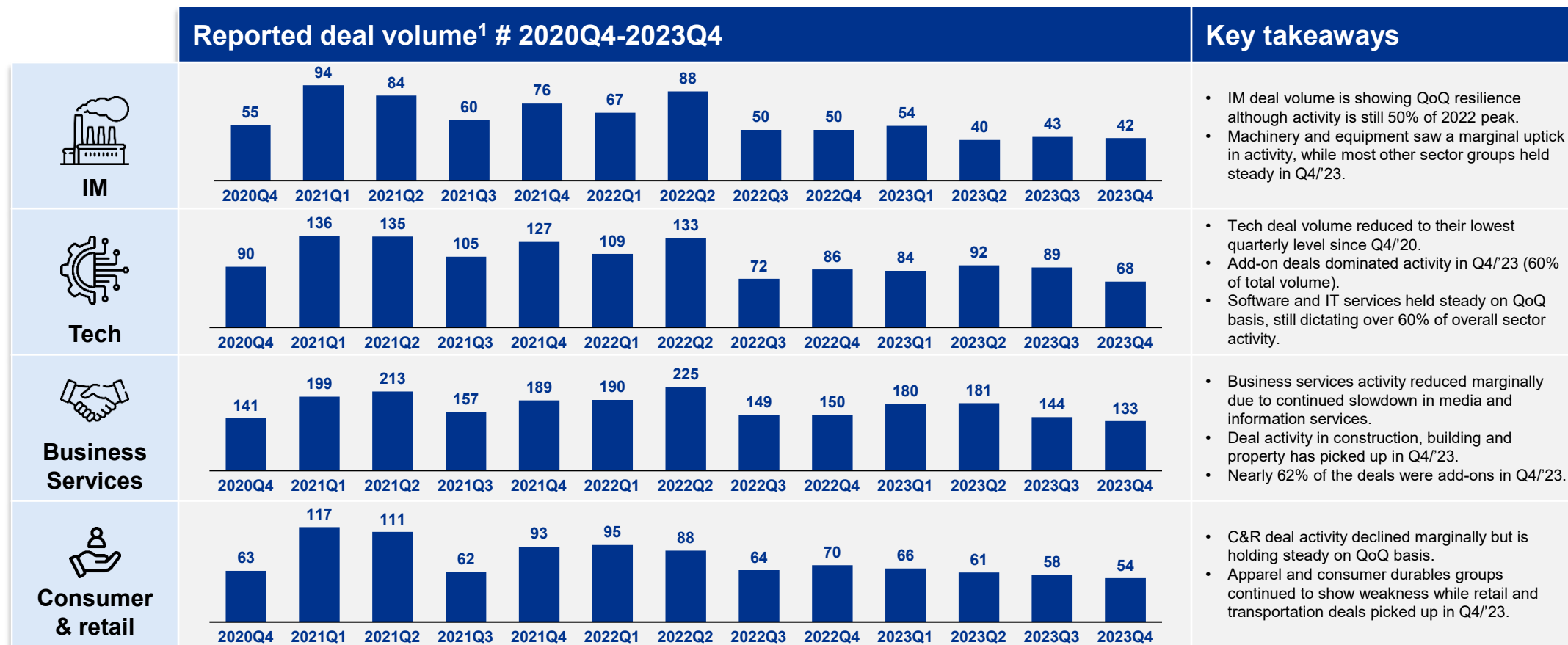
## Nordic PE market buyout deal volume by country<sup>1</sup>



Note: Finland, Sweden, Denmark and Norway are included in the analysis. Data extracted on January 8, 2024. Historical numbers may change due to updates to data made by Pitchbook  
Source: PitchBook, KPMG analysis.

# Buyout deal volumes pressured by slowdown in IT and business services in Q4/'23, IM and consumer sectors moderately stable

## 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 8, 2024. Historical numbers may change due to updates to data made by Pitchbook

Source: PitchBook, KPMG analysis



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# Notable deals have been made across key sectors in the Nordic PE market during Q4/'23

## Nordic PE market key recent deal highlights



IM



Tech



Business services



Consumer & retail

NOKIA division acquired by Lumine Group		HAGLÖFS acquired by Lionrock Capital		P acquired by Capidea	
<ul style="list-style-type: none"> <li>Canada-based PE Lumine Group entered into a definitive agreement to acquire Nokia's device management and service management platform.</li> <li>LBO is valued at €185m and was announced in 12/'23.</li> </ul>		<ul style="list-style-type: none"> <li>Haglöfs was acquired by Lionrock Capital Partners Qile, a HK-based PE sponsor.</li> <li>Haglöfs operates in the consumer retail sector, specially focused on gear for outdoor activities.</li> <li>The LBO is estimated at €62m and was announced in 12/'23.</li> </ul>		<ul style="list-style-type: none"> <li>Right People Group entered into an agreement to be acquired by Capidea, a Danish PE fund.</li> <li>Right People Group is a provider of freelance IT and business services.</li> <li>The deal was completed through an LBO of €175m in 12/'23.</li> </ul>	
Country	Sector	Country	Sector	Country	Sector
PERMASCAND acquired by Altor Equity Partners		GEORG JENSEN sold to Fiskars by Investcorp		SPARES sold to Clas Ohlson by Verdane	
<ul style="list-style-type: none"> <li>Permascand entered into a definitive agreement to be acquired by Altor Equity Partners through a public-to-private LBO.</li> <li>Permascand is a technology-driven manufacturer of electrochemical solutions.</li> <li>The LBO deal was announced in 12/'23 with a value of €89m.</li> </ul>		<ul style="list-style-type: none"> <li>Investcorp sold its holdings in Georg Jensen to Fiskars.</li> <li>Georg Jensen is focused on designing and manufacturing luxury lifestyle products. Fiskars aims to support its growth strategy by expanding the company's luxury home brand portfolio.</li> <li>Deal announced in 10/'23 with a value of €156m.</li> </ul>		<ul style="list-style-type: none"> <li>Verdane exited its investment in Spares Nordic (acquired through LBO in 2018) to Clas Ohlson.</li> <li>Spares Nordic is a distributor of mobile spare parts and accessories intended for repair companies.</li> <li>Deal announced in 10/'23 with a value of €41m.</li> </ul>	
Country	Sector	Country	Sector	Country	Sector

Source: PitchBook, KPMG analysis.



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# Buyout and VC funds were active in fundraising; Five buyout and four VC funds were closed in the Nordics in Q4/'23, with a combined value of €2.6b

## New Nordic PE funds raised by type

New funds raised	
 <b>Buyout</b>	<p><b>Five new PE funds were closed during Q4/'23, with a combined value of €2.4b<sup>1</sup></b></p> <ul style="list-style-type: none"><li>• Five new funds were closed in the Nordic region during Q3/'23 – two each in Norway and Sweden and one in Finland.</li><li>• Norvestor announced the closing of its Norvestor IX fund at an accumulated size of €1.5b. The fund will focus primarily on Nordic services and solutions businesses.</li><li>• Summa Equity announced the closing of Summa Circular I at an estimated size of €550m. The fund focuses on investments in environment sectors globally.</li><li>• Fundraising was ongoing in ten funds that were opened during Q3/'22 – Q4/'23. Some notable mentions include Accent Equity Fund VII, Altor Act I and DNB Private Equity IX. Three new funds were opened during Q4/'23.</li></ul>
 <b>Venture capital</b>	<p><b>Four new VC funds were closed in the Nordics during Q4/'23, with a combined value of €180m<sup>1</sup></b></p> <ul style="list-style-type: none"><li>• Two new VC funds were closed in Finland, while one each in Denmark and Sweden.</li><li>• In Q4/'23, Finland-based Innovestor VC closed Innovestor Co-investment Fund, its early-stage VC fund at €30m. The fund, co-run with Business Finland VC, is the first co-investment fund in Finland.</li><li>• Additionally, Finland-based Kvanted Ventures closed its fund at €70m. The fund aims to invest in industrial and supply-chain technology sectors.</li><li>• Fundraising was ongoing in ten funds that were opened during Q3/'22-Q4/'23. Notable open funds include Bright Ventured Impact Fund and HealthCap IX. Three new funds were opened during Q4/'23.</li></ul>

Note: (1) Only includes funds that were closed during Q4-23. Funds that remained open for further investment after 31.12.2023 not included in the total.

Data extracted on January 8, 2024. 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

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