

Transaction Trends

Danish M&A Update - Q3 2022

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Executive summary

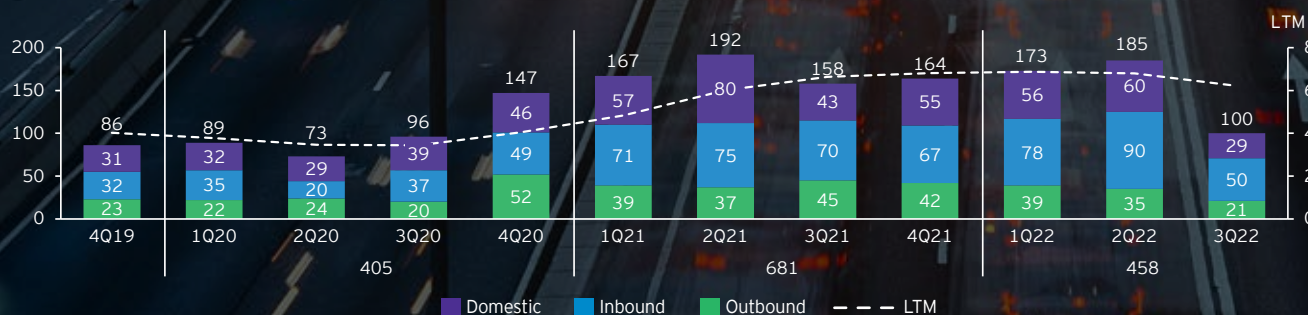
- ▶ Deal volume showed a normalization from peak activity levels, but still high activity compared to historical levels
- ▶ Certain sectors such as consumer products and real estate are more effected by the economic uncertainty while other sectors continues with strong activity
- ▶ Foreign investors continued to play an increasingly important role in the Danish M&A market in Q3 2022



Deal activity in Q3 2022 showed a normalisation to pre-covid levels

Number of transactions by transaction type

Source: Mergermarket



Note: Domestic deals refer to deals where both, target and buyer are based in Denmark. Inbound and outbound deals, on the other hand, refer to deals where a Danish target was acquired or Danish buyers acquired a foreign target respectively. Historic deal activity may vary from previous reports, as deals on Mergermarket are continuously updated for historic quarters.

Despite substantial economic uncertainty, deal activity in Q3 2022 remains on historical levels

In the third quarter of 2022 a total of 100 transactions involving Danish companies were announced, equal to a decrease of 45.9% from Q2 2022 and 36.7% from Q3 2021. This indicates a slowdown compared to the record highs throughout 2021 to Q2 2022. However, the deal activity in Q3 2022 is similar to pre-covid levels as the quarterly average from 2018-2019 was 104 deals, hence likely representing a normalization of activity.

Compared to Q2 2022, the number of transactions domestically, inbound and outbound fell with respectively 51.7%, 44.4% and 40.0%. Despite of the general decreases, Inbound deals remain to have the largest share of transactions, as 50.0% of all transactions in Q3 2022 were inbound. Domestic and outbound deals were covered 29.0% and 21.0% of all transactions in Q3 2022, respectively.

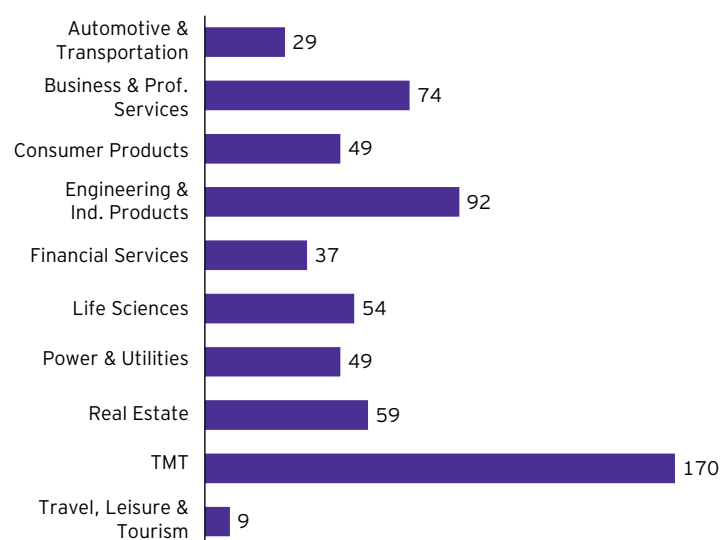
The development indicates a continuance of strong inflow from foreign investments into the Danish M&A market.

During Q3 2022, both the European Central Bank and the Federal Reserve increased their bank rates to dampen the rising inflation levels. Additionally, the Ukrainian/Russian war is still ongoing causing rising gas and oil prices with cascading inflation effects across the supply chain. These events have an impact on the global and Danish M&A market. This development is also visible in the public markets, with the most significantly among technology companies. Despite the increased turmoil for technology companies, TMT continues to be the most active sector with 26 deals followed by Engineering & Industrial Products and Business & Professional Services with respectively 14 and 12 deals in Q3 2022.

Transaction Trends, published by EY Strategy and Transactions, is a quarterly publication that aims to identify trends in the Danish transactions market. Data presented in this newsletter covers all transactions announced and registered in Mergermarket where Danish companies have participated as either target, buyer or vendor.

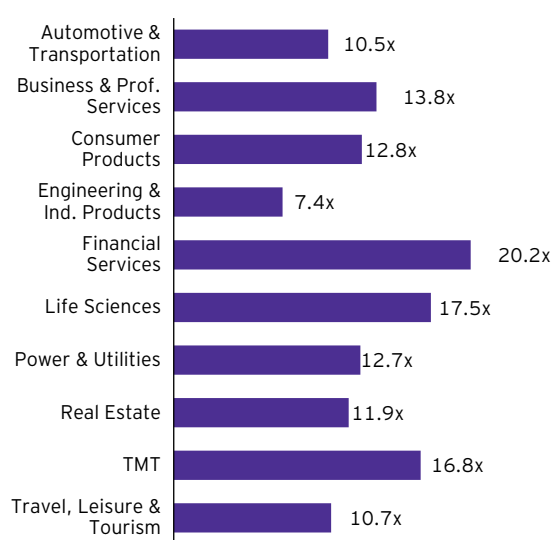
Last twelve months number of transactions by industry in Denmark

Source: Mergermarket



Last three years EV/EBITDA by industry in Denmark (median)

Source: Mergermarket

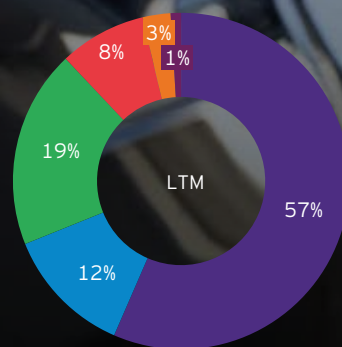
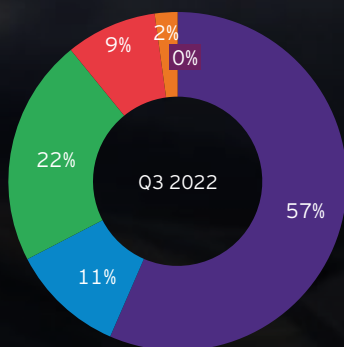


Note: EV/EBITDA by industry are only considering deals where target is based in Denmark.

Top 5 deal related to Life Sciences, Power and Utilities and Financial Services

Target region - Danish Buyers

Source: Mergermarket



■ Denmark ■ Nordics (excl. Denmark) ■ Europe (excl. Nordics) ■ Americas ■ Asia-Pacific ■ Other

Top announced transactions last quarter (by deal value, USDm) (deals with reported value only)

Source: Mergermarket, CVR Virk, Capital IQ

| Ann. Date | Target | Vendor | Buyer | Deal dom. Industry | Deal value* |
|--------------|-----------------------------|-------------------------|-------------------------------------------|--------------------|--------------|
| 1 September | Forma Therapeutics Holdings | RA Capital Management | Novo Nordisk | Life Sciences | USD 1127.2m |
| 22 July | Ostwind | Family owned enterprise | Ørsted | Power & Utilities | USD 702.5m |
| 27 September | Ferrosan Medical Devices | Impilo | Kirk Kapital; ATP Gruppen; Lundbeckfonden | Life Sciences | USD 666.9m** |
| 12 July | Riskpoint | Consortium | Nordic Capital | Financial Services | USD 269.7m |
| 13 July | BASE life science | Consortium | Infosys | Life Sciences | USD 110.5m |

*Mergermarket definition

**Rumoured deal value in media coverage

On 1 September 2022, Novo Nordisk A/S reached an agreement with RA Capital management to acquire Forma Therapeutics Holdings Inc., which is an American clinical-stage biopharmaceutical company focused on transforming the lives of patients with sickle cell disease and rare blood disorders. The acquisition is aligned with Novo Nordisk's strategy to accelerate its scientific presence and pipeline in haemoglobinopathies.

On 22 July 2022, Ørsted A/S has agreed acquire Ostwind AG for USD 702.5m. Ostwind AG is a French/German family owned energy business, which has 115 employees and a portfolio of 152MW in operation and construction. This continues Ørsted's entry into the growing German and French onshore markets.

On 20 June 2022, it was announced that Impilo AB has sold Ferrosan Medical Devices A/S, a Nordic company in the healthcare space, to an investor group consisting of Kirk Kapital A/S, Lundbeckfonden and ATP. Ferrosan

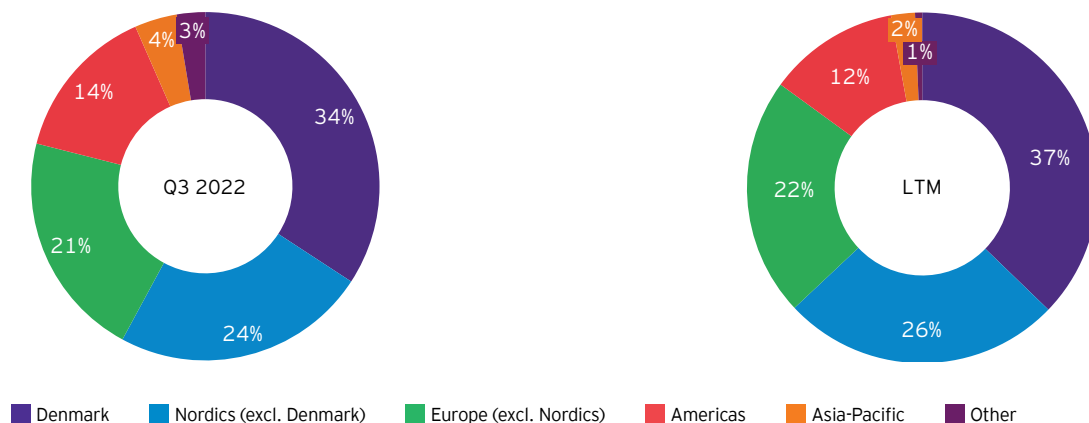
Medical Devices sells more than 13 million units used in surgical care settings around the world to stop bleedings rapidly.

On 12 July 2022, Nordic Capital announced their acquisition of 35-40% ownership stake of Riskpoint A/S, a specialised Danish insurance underwriting agency with an expected revenue of more than DKK 500m in FY22. Riskpoint was founded in 2007 and has more than 150 employees spread across several countries.

On 13 July 2022, The consortium of investors announced their agreement to sell BASE life science A/S, a leading technology and consulting company in the life-science industry in Europe, to Infosys Ltd. The acquisition emphasises Infosys' commitment to help global life science companies to realize value from cloud-first digital platforms and data to scale drug development and speed up clinical trials.

Buyer region - Danish Targets

Source: Mergermarket

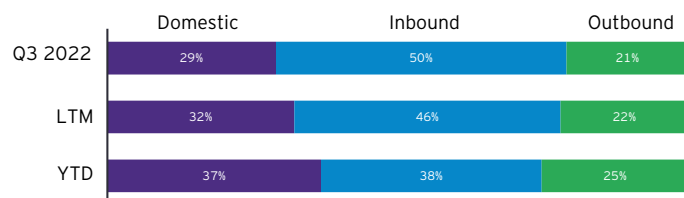


A top-down view of a car body on an assembly line. The car is positioned on a metal platform. Four yellow robotic arms are visible, two on each side of the car, positioned to work on it. The background shows the industrial setting of a factory floor.

The deals made in last 12 months still exceed 2017-2021 averages despite normalisation of activity levels

Transaction type by number of transactions

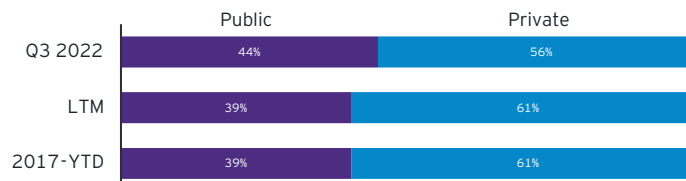
Source: Mergermarket



Note: Domestic deals refer to deals where both, target and buyer are based in Denmark. Inbound and outbound deals, on the other hand, refer to deals where a Danish target was acquired or Danish buyers acquired a foreign target respectively.

Transaction arena by number of transactions

Source: Mergermarket



Note: Public deals refer to deals where either target, bidder or seller are public, i.e. a listed company.



Activity by target industry

Source: Mergermarket

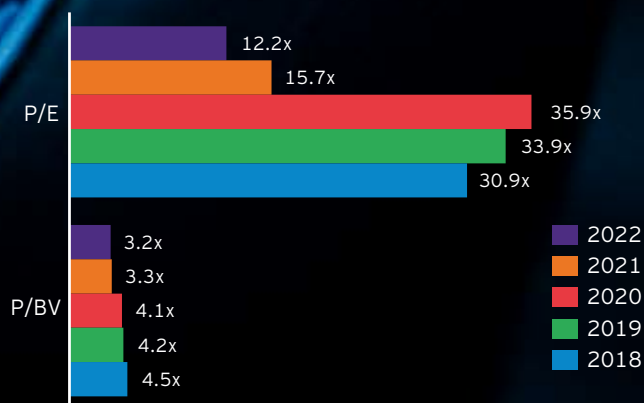
| Target industry | Number of transactions | | | | |
|-------------------------------------------|------------------------|------------|------------|------------------|-----------|
| | Last quarter | LTM | 2021 | Avg. 2016 - 2021 | LTM trend |
| Automotive & Transportation | 8 | 29 | 28 | 21 | ↗ |
| Business & Professional Services | 12 | 74 | 64 | 36 | ↗ |
| Consumer Products | 7 | 49 | 68 | 36 | ↗ |
| Engineering & Industrial Products | 14 | 92 | 105 | 68 | ↗ |
| Financial Services | 9 | 37 | 34 | 21 | ↗ |
| Government, Public sector & Organisations | 0 | 0 | 2 | 0 | → |
| Life Sciences | 11 | 54 | 55 | 31 | ↗ |
| Power & Utilities | 5 | 49 | 62 | 31 | ↗ |
| Real Estate, Hospitality & Construction | 7 | 59 | 44 | 27 | ↗ |
| TMT | 26 | 170 | 203 | 101 | ↗ |
| Travel, Leisure & Tourism | 1 | 9 | 16 | 11 | ↘ |
| Total | 100 | 622 | 681 | 383 | ↗ |

Note: Trend indicators refer to the comparison between the LTM vs. the avg. 2017 - 2021 number of transactions.

No new listings in Q3 2022 due to difficult market conditions for new IPOs

Avg. multiples of listed Danish companies

Source: Capital IQ



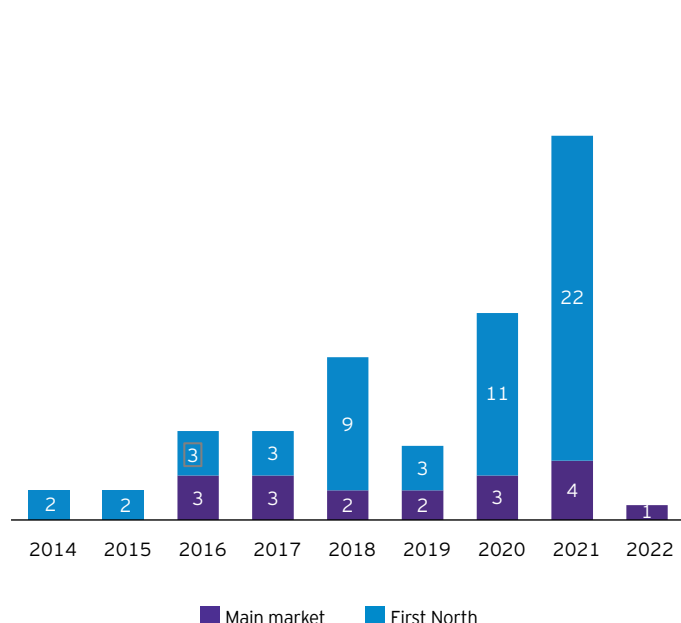
Throughout the first 9 months of 2022, Penneo A/S has been the only listing on Nasdaq Copenhagen. Penneo's A/S was listed on Nasdaq Copenhagen main market from First North in the first quarter of 2022. Likewise, a similar decline was visible on listings for First North, as no companies have been listed yet in 2022. The decline is in

large contrast to the 22 listings on First North in 2021, which was also an extraordinary year in terms of listings.

During the third quarter of 2022, the OMX C20, S&P 500 and Stoxx 600 all continued the decrease from the first half of 2022 with respectively 7.6%, 6.3% and 4.3%.

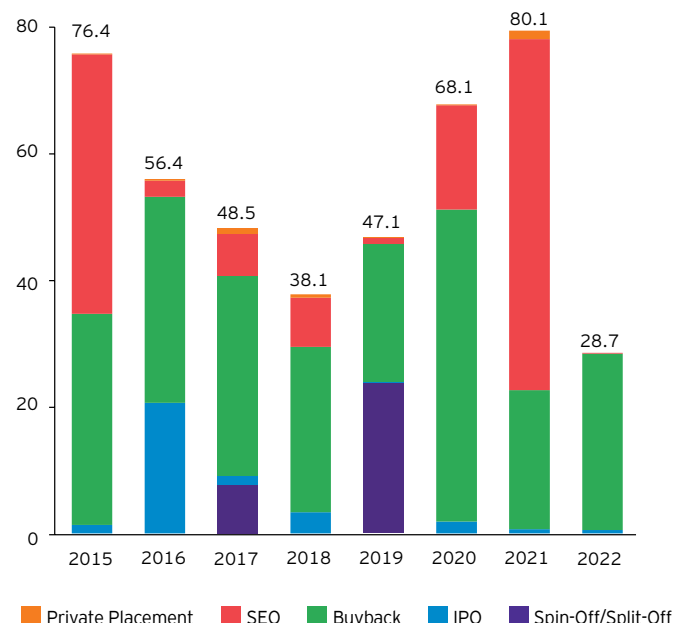
New Listings at Nasdaq Copenhagen

Source: Nasdaq Nordics



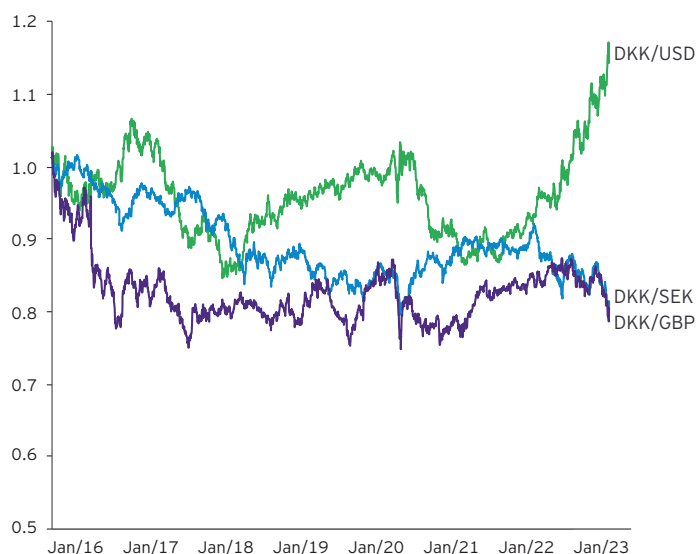
Issues by Value, Nasdaq Copenhagen

Source: Capital IQ, Mergermarket



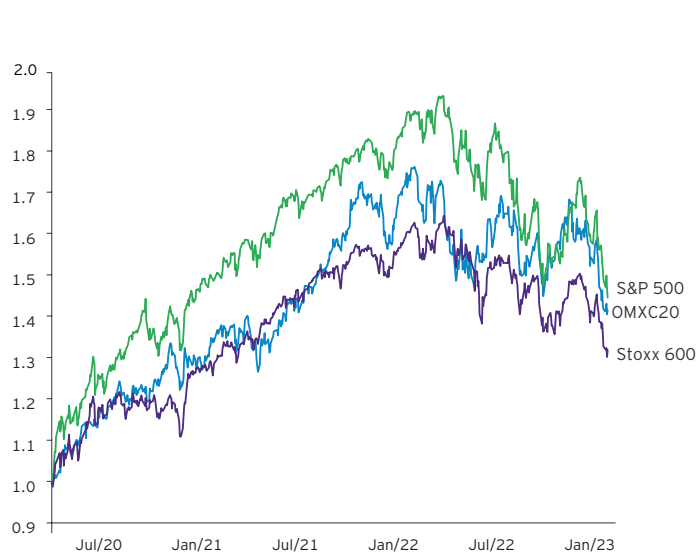
Foreign exchange rates (indexed)

Source: Capital IQ



Total return index

Source: Capital IQ



EY supported deal of the quarter

Services provided by EY

**Corporate Finance
services (incl. PMO
function)**

**Negotiation
of transaction
documentation**

**Strategic
sparring with local
management**

Full-scope EY services

**Carve-out (sell-
and-separate)
planning and
coordination**

**Transaction
Diligence (FVDDs)**

**Business plan
assessment and
potential**

Target

Arriva A/S
Denmark



Revenue
FY21A

1,692
DKKmn

EBITDA
FY21A

-17
DKKmn

EBITDA margin
FY21A

nmf.

Revenue growth
FY21A

~2.0%

Buyer

Mutares SE & Co. KGaA
Germany

MUTARES

Revenues
FY21A

~2.5
EURbn

Market
Cap

~300
EURm

Dividend
per share

1.5
EUR

Employees
FY21A

+16,000

Deal description

- Arriva Denmark is Denmark's largest private mobility provider and has been an integral part of the Danish public transport sector since 1997
- The sale of Arriva Denmark is part of Deutsche Bahn's and Arriva's global strategy of streamlining their business portfolio. As a result, the transaction entails a carve-out and separation of the business from Arriva Central
- EY was engaged to assist Deutsche Bahn and Arriva on their disposal of five non-core countries (Denmark, Sweden, Portugal, Poland and Serbia), all of which have been successfully sold
- The acquirer, Mutares, is a listed German private equity, and they acquired three of the five countries, namely Denmark, Poland and Serbia

Arriva Denmark at a glance



Largest bus operator in
DK (+800 busses)



Largest private heavy-
rail operate (~60 trains)



Largest carsharing
operating in DK
(through Share Now)



A leading provider of
education in vocational
training



Approximately ~3,000
employees



Bus division
representing 2/3 of
revenue

Benefits to the client



One-stop-shop EY offering
with both Corporate
Finance, Transaction
Diligence and Parthenon.



Centralised PMO-function
in Germany with locally-
led EY and Arriva teams
to foster collaboration and
process speed.



A complex carve-out sell-
side that was delivered
efficiently keeping in mind
the five geographies and
complex structure.

Contact list – EY Strategy and Transactions

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Corporate Finance



Buy and Integrate



Sell and Separate



Reshaping Results



Strategy & Transaction



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About this publication

Transaction Trends is a quarterly publication that aims to identify trends in the Danish transactions market. Transactions covered in this publication are public and private transactions announced by all Danish companies, defined as a transaction where either the buyer, target or vendor company is a Denmark based company. 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 taken as the sum of the consideration paid by the acquirer for the equity stake in the target plus the value of the net debt in the target, where applicable. Inclusion of net debt in the deal value will depend on the stake acquired or the target company type.

Transaction Statistics are based on Mergermarket and EY data. Public market data are sourced from S&P Capital IQ and Nasdaq.

Transaction Trends is published by EY Strategy and Transactions.

EY | Assurance | Tax | Strategy and Transactions | Consulting

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