

Press Release

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Nordic Intelligence Report 2003 is produced in association with *Nordic ... unquote*", private equity newsletter to the Nordic private equity and venture capital markets

Nordic private equity investors upbeat on the back of record fundraising in 2003

Key highlights

- Despite a very difficult fundraising environment, the Nordic region had a record year in terms of capital raised for investment. No fewer than 14 buyout and venture funds closed during 2003, including those managed by Procuritas, Industri Kapital and Altor, amounting to more than EUR 4.5bn in capital. This beats the previous record of EUR 4.2bn set in 2000 during the height of the technology boom.
- The Nordic buyout market has seen a considerable pick-up in investment activity in the final six months of 2003. Nevertheless over the last two years the number private equity-backed buyouts seen in the region has halved and the total deal value has been slashed to one third of the 2001 figure.
- Major buyouts were few and far between in 2003 with only two transactions valued at over EUR 250m: Ratos' acquisition of Tornet and the EUR 540m purchase of Danske Traelast by CVC. Some 23 other buyouts were completed below this value across the region in 2003.
- While corporate divestments have again dominated as a source of buyout opportunities - totalling 43% of completed buyouts - as a proportion of total dealflow such vendors have fallen significantly in the past three years. Family sellers, traditionally a lower percentage of deals in the Nordics than in many European markets, represented just 19% of completed transactions. Delistings have gradually fallen to represent just 5% of all dealflow, while secondary buyouts have grown steadily to represent almost a third of all deals in 2003.
- The trend for Nordic banks to fall in line with international benchmarks has accelerated during the past 12 months. This takes place as major structural changes streamline the banking industry within the region. Nordea, for example, restructured its commercial lending arm and established one of the largest acquisition finance units in the region while two of Norway's largest banks, Den Norske Bank and Gjensidige NOR, merged to create DnB NOR.

- Considerable changes have also taken place in the nature of the relationship between the institutional investors and the investment houses, as evidenced in recent fund documentation seen across the region. Greater use of keymen clauses, which bind key individuals to the management of a fund, is one consequence of greater influence of institutional investors. Other developments include greater negotiations over the control of the management fee, the size and timing of carried interest payments, escrow arrangement in regard to clawback provision, rights of exit and softer indemnities.
- Positive news on the venture side in 2003 included moves by the Sixth Swedish National Pension Fund to work with FörestagsByggarna AB focusing on the software, IT and technology sectors; the expansion of CapMan's life science business; the launch of the Siemens Mobile Accelerator in Finland and the arrival of UK specialist investor Merlin Bioscience in Helsinki.
- Growing confidence in the region's stock markets - Norwegian markets grew around 50% during the year - suggest there will be a significant upturn in the numbers of private equity backed companies achieving a listing during 2004. Moves such as the alliance between the Stockholm and Helsinki stock exchanges will further encourage this development.

Lyndon Driver, editor of the Nordic Intelligence Report, added:

'While the Nordic region kept a comparatively low profile in terms of deal activity in 2003, a rash of successful fundraisings and rising investor confidence indicate better times are ahead for both buyout and venture investors. It would be surprising if these factors, coupled with growing international interest in the region, do not translate into 2004 surpassing the past 12 months both in deal volumes and values'.

- Ends -

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Note to editors

1. Initiative Europe's **Nordic Intelligence Report** provides a detailed overview of key trends in the region's venture capital

and private equity market in 2003.

2. It is based on in-depth interviews with over 30 key players representing investment houses, advisers, intermediaries and institutions involved in the Nordic private equity and venture capital industry.
3. **Nordic ...unquote"** is the only newsletter dedicated to the Nordic private equity and venture capital markets. Nordic...unquote", published on a monthly basis, specialises in providing fully-validated in-depth information to all practitioners within the industry. The newsletter covers all aspects of the private equity industry, including the latest news, fundraising, early-stage, expansion and buyout deals, and information on portfolio companies. An annual subscription comprises: i) a monthly newsletter, ii) access to the Nordic ...unquote" website offering a fully-searchable six month archive of deal information, iii) regular email updates providing the latest news, and iv) regular Intelligence Reports.