

Press Release

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Nordic Intelligence Report 2004 is produced in association with **Nordic...unquote**", the specialist newsletter for the Nordic private equity and venture capital markets

Nordic private equity and venture capital make impressive recovery as mid-market returns to form

Key highlights

- The Nordic region has demonstrated a **strong recovery** in terms of private equity investments. By the end of October 2004, the value of the buyout market had already reached EUR 3.2bn, exceeding the total for the entire of 2003. The first 10 months of 2004 also saw a total of 47 buyouts across the region, representing a 56% increase on the previous year.
- Once again, **the mid-market has proved to be the richest source of buyouts**, with 15 deals falling in the EUR 50m-250m bracket representing more than one-third of the total dealflow. Large-cap deals have been conspicuous by their absence, with only two exceeding EUR 250m in value. Furthermore, there have been no 'megadeals', the last being the CVC's purchase of Danske Træløst in mid-2003.
- Debt providers have become more willing to leverage transactions, especially after the summer vacation, and accordingly **the pricing of deals has risen considerably**. Nordic banks have continued to be the most active, although the arrival of international debt providers such as RBS and Bank of Scotland is expected to increase competition in the banking community.
- The Nordic region has continued to produce **strong mid-market** companies that, due to the geographical isolation of the region and the forward-looking nature of Nordic CEOs, are in a good position to embark on pan-Nordic or international expansion. This has continued to provide opportunities for both pan-Nordic and pan-European private equity houses, which are able to satisfy the companies' expansion ambitions.
- The value of **venture capital investments doubled from 2003 to 2004**, rising from EUR 340m to EUR 675m. Similarly, there have been a total of 73 venture deals completed in the first 10 months of 2004, which represents a 35% increase compared with the full-year figure for 2003. Although there was a marked rise in the volume and value of deals, the vast majority of these investments were follow-on rounds, and there were very few new investments.
- **Secondary buyouts are beginning to feature highly** across the Nordic region, with six transactions completed in first 10 months of the year. Of the 150 or so portfolio companies being groomed for exit over the forthcoming 12 months, some sources estimate that up to 50% will be sold to another financial buyer.
- Norway has proven to be a **hotbed of activity** in 2004, with 20 buyouts completed in the first 10 months of the year - a remarkable rise compared with just three in 2003. Add to this the fact that a number of Norwegian buyout houses are currently out in

the fundraising arena, and that more than ever pan-Nordic players have made an appearance in Norway, and the prospects for the market are looking good.

Lyndon Driver, editor of the Nordic Intelligence Report 2004, added:

‘The Nordic private equity market has proven its worth in 2004, having produced a record number of buyouts. The only notable absentee in the current climate is the large-cap deal. In terms of venture capital, recovery has been strong and the value of the market has doubled since last year. Overall, the Nordic market has emerged from the economic downturn as a robust and mature entity and one that is well-poised to embark upon a period of substantial growth in the years ahead.’

- Ends -

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Note to editors

1. Initiative Europe's **Nordic Intelligence Report 2004** provides a detailed overview of key trends in the region's venture capital and private equity market in 2004.
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: a monthly newsletter, access to the **Nordic...*unquote*** website offering a fully-searchable six month archive of deal information, regular email updates providing the latest news, and regular Intelligence Reports.