

# Report

*All our research is done in accordance with ICE/E.S.O.M.A.R international rules for market research.*

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## Linklaters M&A Barometer 2008

TNS Gallup has conducted a study among the Nordic Large Cap companies. The purpose of the study is to map the Mergers and Acquisitions activities among these listed companies during the past months as well in the nearest future. The results will give Linklaters a good view of the activities on the market and also work as material for a seminar that will be held in May and also work as background for a press release.

### Method

TNS Gallup has conducted telephone interviews with 73 (56 in 2007) finance executives at the Nordic Large Cap companies in Sweden, Finland, Denmark and Norway. These companies are all listed on the Nordic Large Cap stock exchange and have a market capital above 1 billion euros. There are a total of 124 (125 in 2007) companies that meet the Large Cap criteria. This is a difficult target group to reach and the search times for the interviews are long. The questions are of a sensitive nature as they concern mergers and acquisitions that can influence the stock price if the information reaches the market. The interests among the finance executives have been extensive and a majority of those we have spoken to have been willing to conduct the interview (78%). The interviews in Denmark, Finland and Norway were conducted by Swedish personnel in English, which have not been a problem since this target group work in an international environment and are used to speak English.

The interviewed respondents have given their Email addresses and will be able to take part of the results of this study as a reward for their participation. We have also asked them if they would be interested in participating in the study again, which 90% of the respondents have agreed upon. To guarantee the respondents anonymity TNS Gallup has the responsibility for all contacts with the participants in this study.

## Management Summary

There is still a high activity on the market and 73 (80) percent of the Nordic Large Cap companies expect to acquire or sell companies with a value above MEUR 5 during the coming twelve months). The companies' interest for acquisitions is greater than their interest for selling companies, 72 (78) percent expect to acquire and 39 (53) percent expect to sell companies. Which mean that there is a significant change in expectations for fewer sales.

The strongest driver behind the companies' planned acquisitions is to complement product briefcase and increase revenue. In 2007 it was more focus on reaching new markets. Of the largest companies, last year 40 percent said they acquire companies to reach new markets now it is only 26 percent.

As a consequence of the above we now have fewer markets that they consider for acquisitions. It is still especially companies in Europe that are of interest when the Nordic Large Cap companies are looking for new acquisitions.

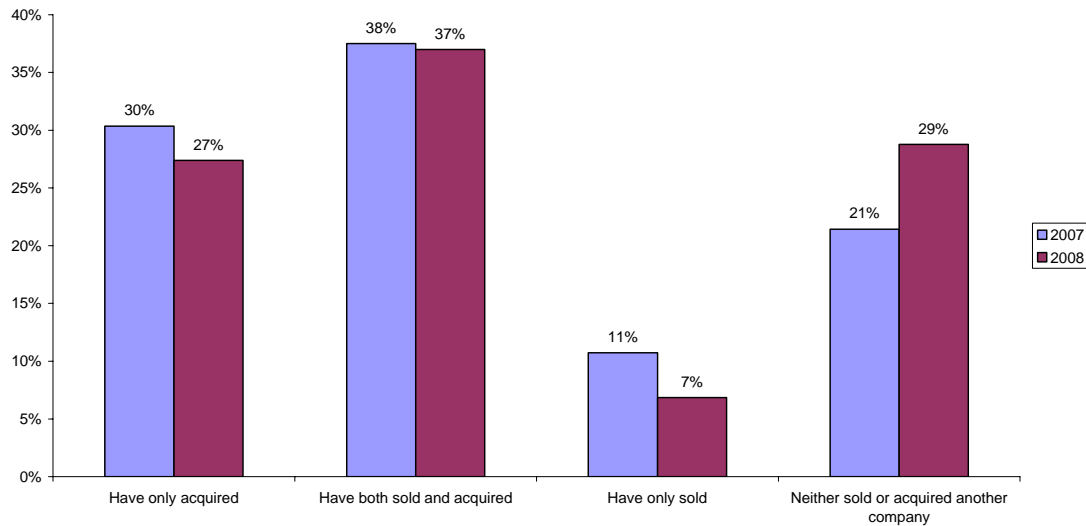
Most Large Caps are satisfied with their acquisitions during the past years. Compared to last year there are fewer that are not satisfied with less than half of their acquisitions

The level of merger and acquisitions is expected to decrease significantly for the next 12 month. Many companies also expect that there will be a lower level of merger and acquisitions during the coming year within their industry.

## Conducted acquisitions during the past year

Have your parent company acquired or sold another company during the last 12 months?

(Base: Have answered)



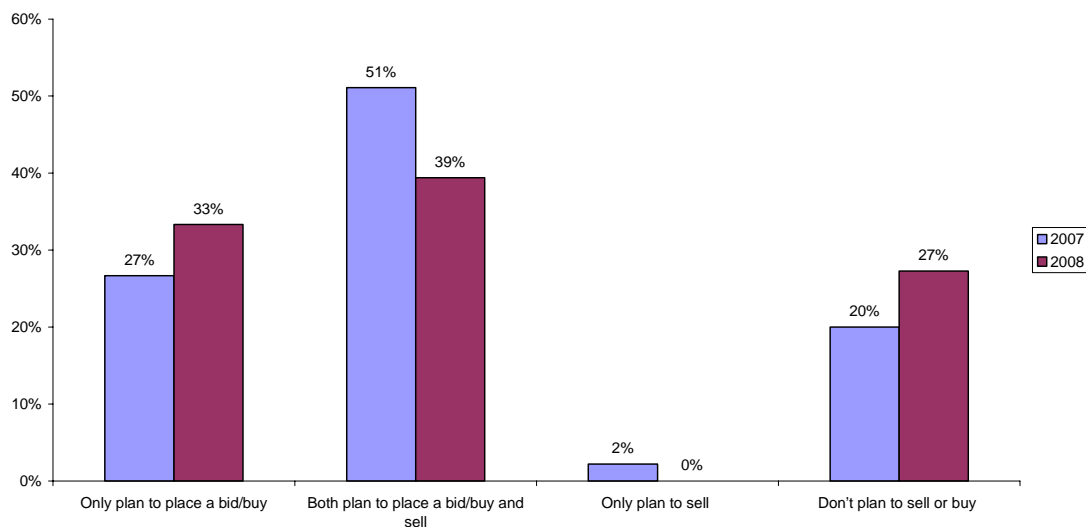
### Comments

*There have been fewer large caps that have done transactions during the last year. Almost 30% (21% in 2007) of the Nordic Large Cap companies have neither made an acquisition nor sold a company during the last 12 months.*

## Acquisitions and Mergers in the coming 12 months

Do you think that your parent company will place a bid or buy another company or publicize a sale of a company during the coming 12 months?

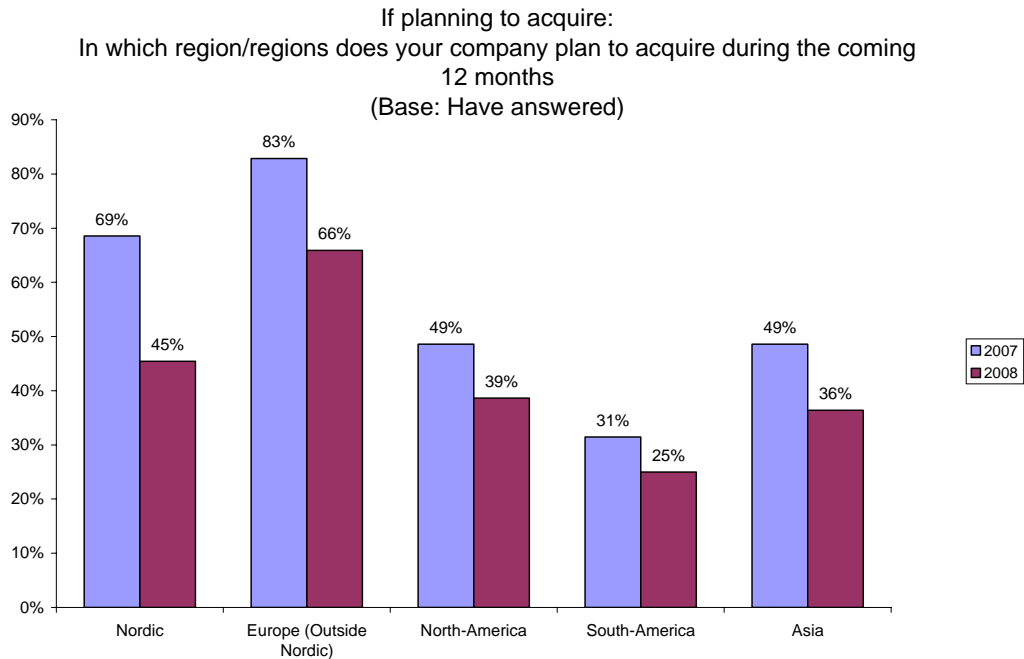
(Base: Have answered)



### Comments

*There seem to be a dramatic drop M&A market during the coming 12 month period. Less large caps plan to sell or buy companies.*

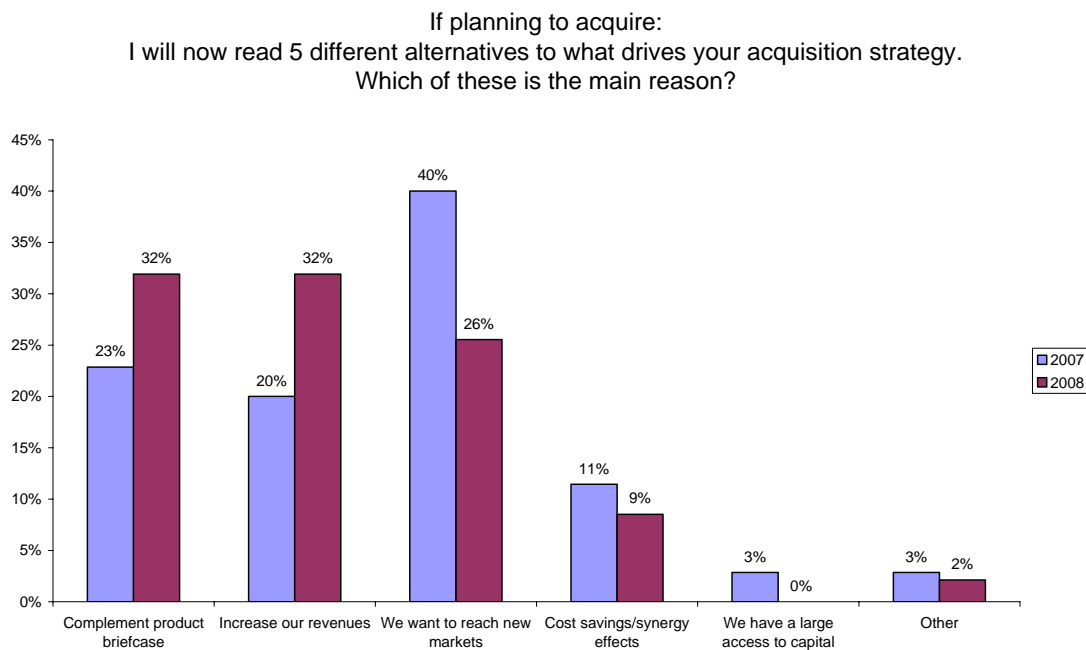
## In which regions



### Comments

*The Nordic region is dropping substantially in interest among the Large Caps. Europe is still most interesting to the Nordic companies.*

## Drivers behind acquisition strategy

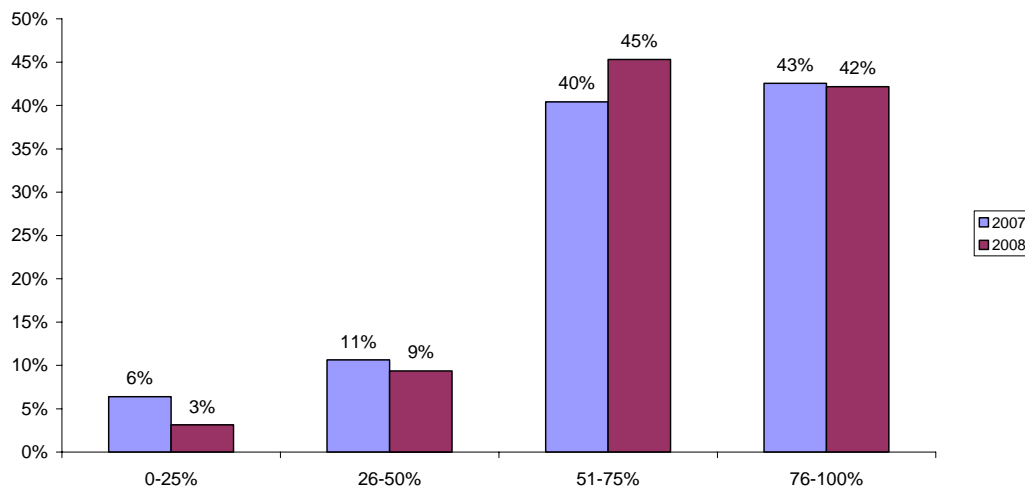


### Comments

*There has been a significant shift in focus among the Large Cap companies. Now the driving forces behind the acquisitions are to complement product briefcase and increase revenues.*

## Have the acquisitions met your expectations

How large part of the mergers and acquisitions that you have conducted during the last 5 years would you say have met the result that were expected?  
(Base: Have answered)

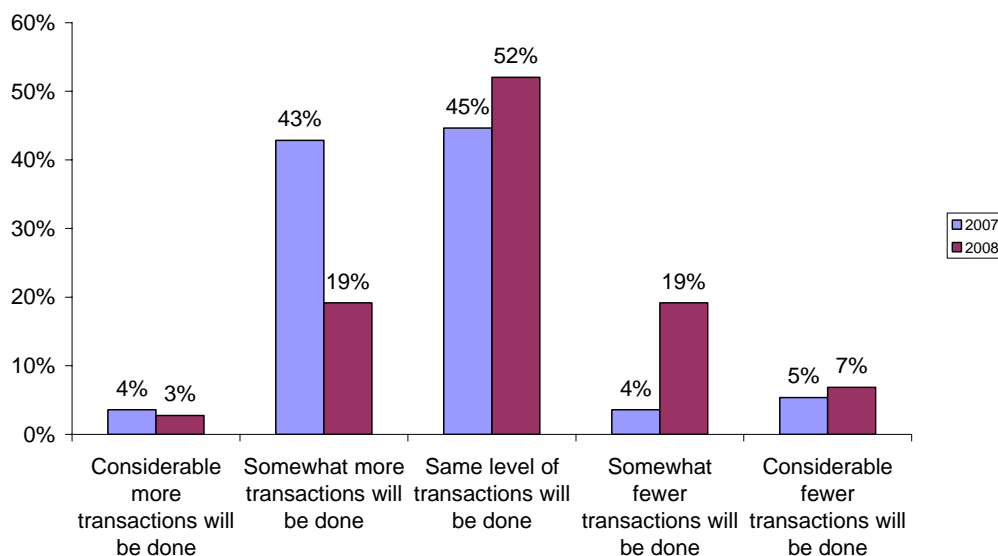


### Comments

*Most Large Caps are satisfied with their acquisitions during the past years. Compared to last year there are fewer that are not satisfied with less than half of their acquisitions.*

## The future activity on the market

How do you think the acquisition and merger activity will be in your market the coming 12 months in comparison with the last 12 months?  
(Base: Have answered)

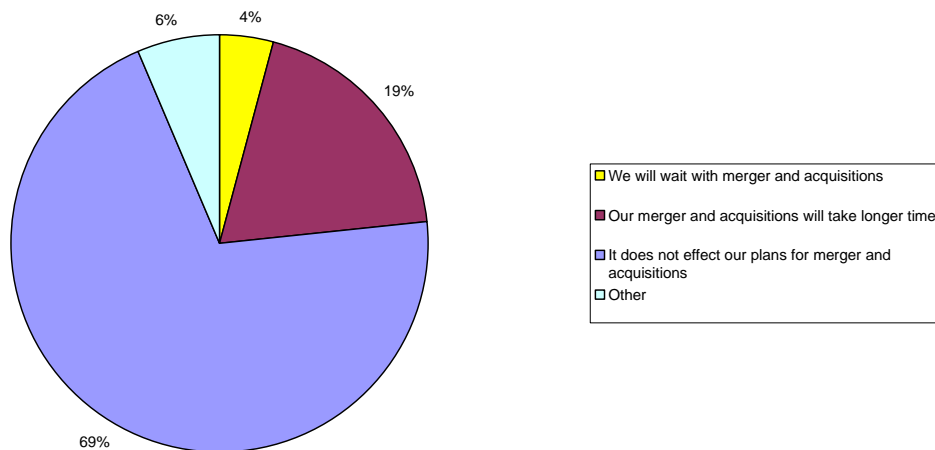


### Comments

*As they will do less M&A they also expect other to do. There is a significant change in expectations on the M&A activity on the market for the next 12 month..*

## The financial insecurity effect on merger and acquisition plans

How does the insecurity on the financial markets affect your merger and acquisition plans?

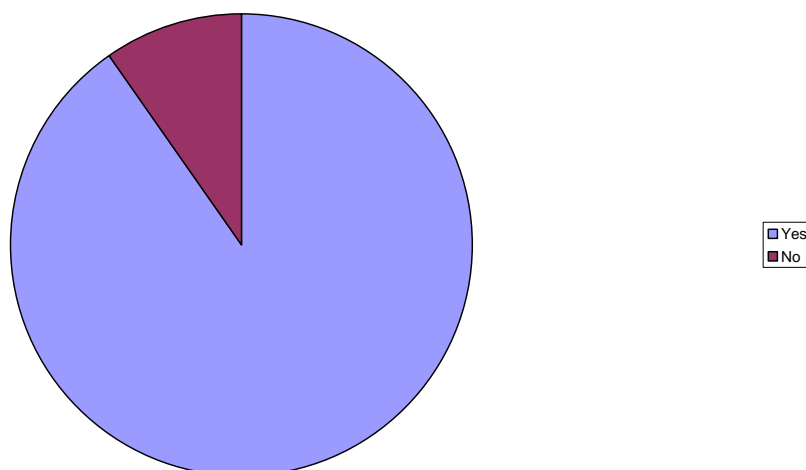


### Comments

*The large caps don't expect the financial insecurity to effect the M&A activity. Some believe it will take longer time.*

## Future participation in the study

We would like to track the development on the market continuously every 6 months to be able to see how the investment climate has changed. In light of this I wonder if you could consider participating in this study in the future.



### Comments

*We have received a positive response when it comes to participation in this study again, and it is only one out of ten that say that they do not wish to participate on a regular basis.*

## Tables

### 1. Have your parent company acquired or sold another company during the last 12 months?

Have only acquired  
Have both sold and acquired  
Have only sold  
Neither sold or acquired another company

Total answers

2007	2008
30%	27%
38%	37%
11%	7%
21%	29%
100%	100%

### 2. Do you think that your parent company will place a bid or buy another company or publicize a sale of a company during the coming 12 months?

Only plan to place a bid/buy  
Both plan to place a bid/buy and sell  
Only plan to sell  
Don't plan to sell or buy

Total answers

2007	2008
27%	33%
51%	39%
2%	0%
20%	27%
100%	100%

### 3. If planning to acquire: In which region/regions do your company plan to acquire/buy during the coming 12 months?

Nordic  
Europe (Outside Nordic)  
North-America  
South-America  
Asia

2007	2008
69%	45%
83%	66%
49%	39%
31%	25%
49%	36%

### 4. If planning to acquire: I will now read 5 different alternatives to what drives your acquisition strategy. Which of these is the main reason?

Complement product briefcase  
Increase our revenues  
We want to reach new markets  
Cost savings/synergy effects  
We have a large access to capital  
Other

Total answers

2007	2008
23%	32%
20%	32%
40%	26%
11%	9%
3%	0%
3%	2%
100%	100%

### 5. How large part of your fusions and acquisitions that you have conducted during the last 5 years would you say have met the result that where expected?

0-25%  
26-50%  
51-75%  
76-100%

Total answers

2007	2008
6%	3%
11%	9%
40%	45%
43%	42%
100%	100%

### 6. How do you think the acquisition and merger activity will be in your market the coming 12 months in comparison with the last 12 months?

Considerable more transactions will be done  
Somewhat more transactions will be done  
Same level of transactions will be done  
Somewhat fewer transactions will be done  
Considerable fewer transactions will be done

Total answers

2007	2008
4%	3%
43%	19%
45%	52%
4%	19%
5%	7%
100%	100%

### 7. How does the insecurity on the financial markets affect your merger and acquisition plans?

We will wait with merger and acquisitions  
Our merger and acquisitions will take longer time  
It does not effect our plans for merger and acquisitions  
Other

2008
4%
19%
69%
6%

### 8. We would like to track the development on the market continuously every 6 months to be able to see how the investment climate has changed. In light of this I wonder if you could consider participating in this study in the future.

Yes  
No

2007	2008
89%	90%
11%	10%