



NORDHAVEN
CORPORATE FINANCE

Quarterly Software Report

Q4 2018



KEY OBSERVATIONS Q4 2018

- While the international stock markets ended the year on a rather nervous note, and many high profile tech companies have had a rough year in many respects, we can conclude that the Nordic software M&A activity has had a good year!
- There were 20 transactions in the software space in the Nordics in Q4 2018 vs. 29 in the previous quarter. That brought the total for the year to 100 transactions, the highest level since we started our reporting in 2014.
- The largest deal activity within Nordic software could be found in Sweden, Norway and Finland, with 5 identified deals in each country. Followed by Denmark (4) and Iceland (1).
- Trade buyers were the leading buyer group, completing 11 of the 20 deals. However, there are several interesting private equity driven initiatives, like the Verdane acquisition of both HR Manager and Webcruiter in the HCM software space, and we are aware of several similar initiatives both in the HCM space and other areas.
- Nordic buyers continued to dominate in Q4 with 8 (40%) of the 20 deals, however we observe an increasing interest from US and Canadian buyers the last quarters, with 8 (40%) deals in Q4.
- In this report, we have also added a new section of market insight that will cover different topics each quarter. Feel free to make requests.
- With the activity we see in the market at the end of 2018, and barring significantly worsening stock market climate, we would expect Q1 2019 to be another strong quarter. We are (for once...) less inclined to offer a full year forecast for 2019. We would love to hear from you on this topic.

20
transactions
in Q4 2018

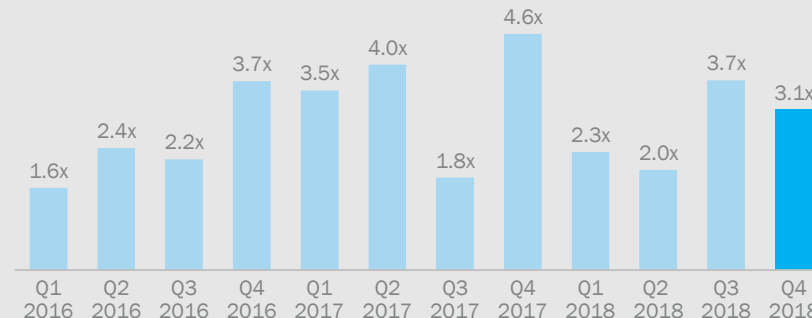
5.7x
EV / SALES

Inclusion criteria

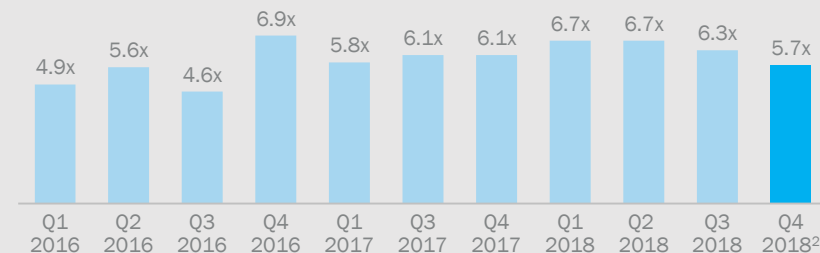
Announced transactions where a Norwegian, Swedish, Finnish, Icelandic or Danish-based software company has been sold during the quarter. The company sold must have the majority of its operations in either of these countries. Consultancy and IT-service (no software) transactions are not included. Minority transactions or transactions that does not create a "change-of-control" situation have also been excluded. Mergermarket is our primary source for identifying eligible transactions. Transactions below 5 MEUR have not been included.

Q1 2016 – Q4 2018

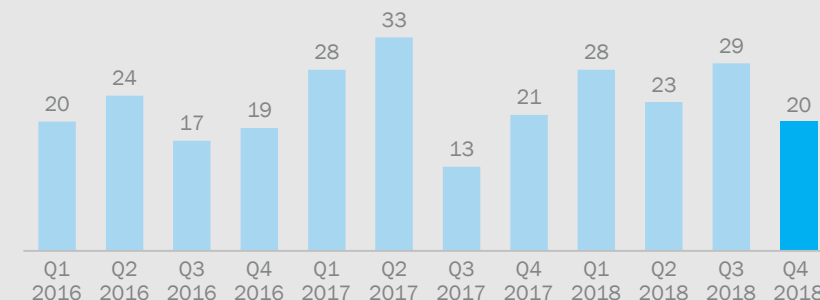
MEDIAN EV / SALES FOR SELECTED NORDIC TRANSACTIONS¹



EV / SALES INTERNATIONAL SOFTWARE COMPANIES



IDENTIFIED # OF NORDIC SOFTWARE TRANSACTIONS



1) Median for 3 selected transaction per quarter, extreme "outliers" excluded. Backward looking multiples.
 2) Median based on revised selection of international software companies (appendix 1), no data in Q2 2017.
 Source: Mergermarket, FactSet and Nordhaven analysis

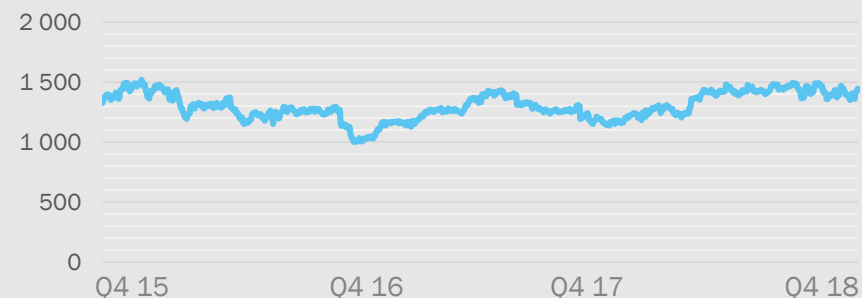
MARKET INSIGHT – SELECTED NORDIC SOFTWARE IPO'S 2018

HIGH NUMBER OF NORDIC TECH IPO'S IN 2018 FACES CHALLENGING MARKET CONDITIONS

OBSERVATIONS

- Driven by the optimism at the beginning of the year, and the increasing investor focus on recurring revenue themes, the Nordic tech-IPO market was relatively good in 2018.
- We have chosen to highlight three interesting software IPOs in the following section, and promise to come back with a review of how these stocks have developed later this year, after the market hopefully has found some direction.
- The IPOs were introduced at levels that varied between 4x and 8x of last year revenue. It will be very interesting to follow how these develop over the coming months and years.
- There was also a large number of additional IPOs, and some were obviously overly optimistic... E.g. Lavo.tv – a company that has been suggested discontinued only 7 months after reportedly having raised 6 MEUR in funding and listing on the Merkur Market in Oslo. We fear that a number of the IPOs will disappoint investors in the coming year(s).

NORDIC TECHNOLOGY EUR GI



LIME TECHNOLOGIES AB (LIME) – Q4 2018

- Lime Technologies AB is a software as a service company. The company develops, sells and implements user-friendly and flexible CRM systems. Its business model is based on the offering of subscription agreements as well as consultant services for the implementation and continuous adaptation of the company's products¹
- More than 60 000 users and nearly 250 employees
- Founded in 1990
- Headquartered in Lund, Sweden
- IPO EV/SALES (offer price): $\sim 4.3x^2$
- IPO EV/SALES (closing price first day of trading): $\sim 4.4x^2$

CRM experts that
create **customer
magnets**

Market-leading CRM systems, created in the Nordic countries. With love.



MARKET INSIGHT – SELECTED NORDIC SOFTWARE IPO'S 2018

BETTER COLLECTIVE A/S (BETCO) – Q2 2018

- Better Collective AS is a developer of educational platforms within the iGaming industry. The company develops sports betting and gambling entertaining, transparent and fair for the global network of online bettors¹
- The company's portfolio consist of more than 1 100 websites and products
- Founded in 2004
- Headquartered in Copenhagen, Denmark
- IPO EV/SALES (offer price): ~7.9x²
- IPO EV/SALES (closing price first day of trading): ~9.8x²



ADMICOM OYJ³ (ADMCM) – Q1 2018

- Admicom Oyj is a system development company. It provides cloud-based, software as a service-based, and adminet enterprise resource planning system to support small and medium-sized companies to improve competitiveness by automating workplace and office routines seamlessly into accounting. The company serves building engineers, construction and industrial professionals¹
- Founded in 2004
- Headquartered in Jyväskylä, Finland
- IPO EV/SALES (offer price): ~5.6x²
- IPO EV/SALES (closing price first day of trading): ~6.2x²

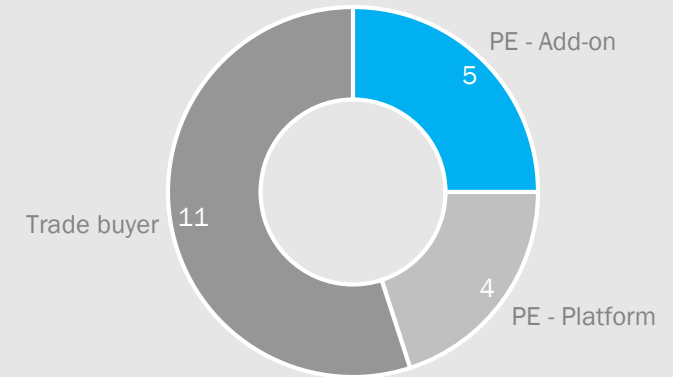


NORDIC SOFTWARE TRANSACTIONS OVERVIEW OF Q4 2018

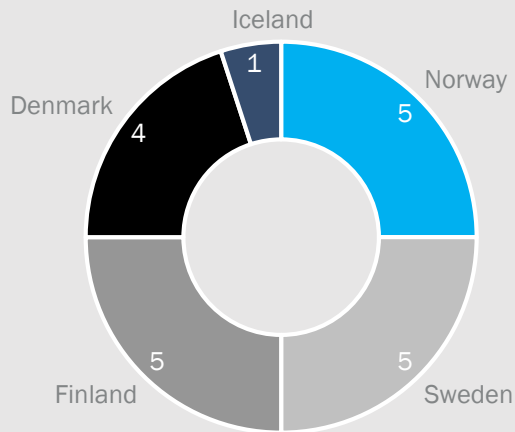
COMMENTS

- Nordhaven has identified 20 Nordic software transactions in Q4 2018.
- 55% of the companies were acquired by trade buyers, which is relatively similar to the historical average.
- Of the equity-backed deals, 4 were platform and 5 were add-on investments.
- Sweden, Norway and Finland completed 15 deals, representing 75% of the total deal activity in Nordics for the period.
- 40% of the companies were sold to entities in the Nordics and we observe 40% acquirers from US/Canada.

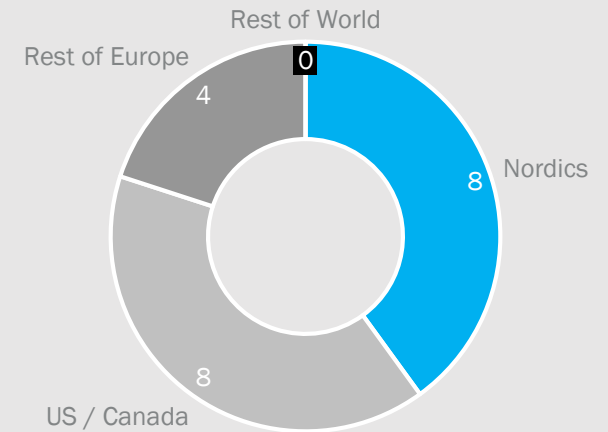
DEALS BY EXIT TYPE



DEALS BY TARGET'S COUNTRY



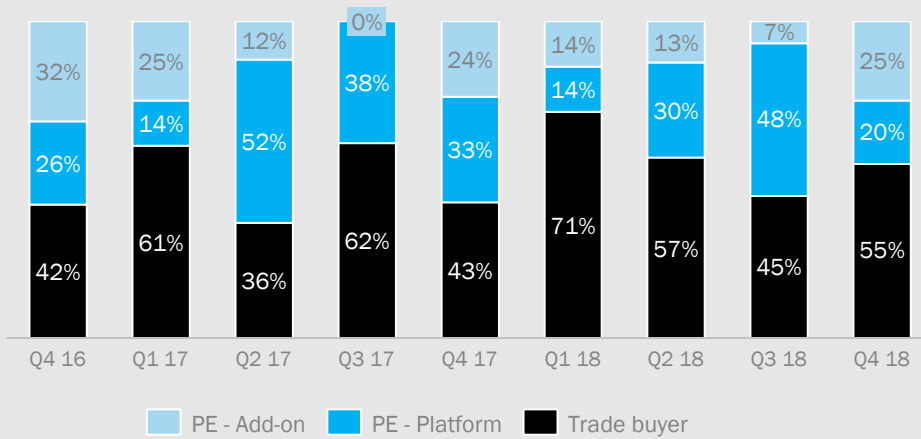
DEALS BY ACQUIRER'S COUNTRY



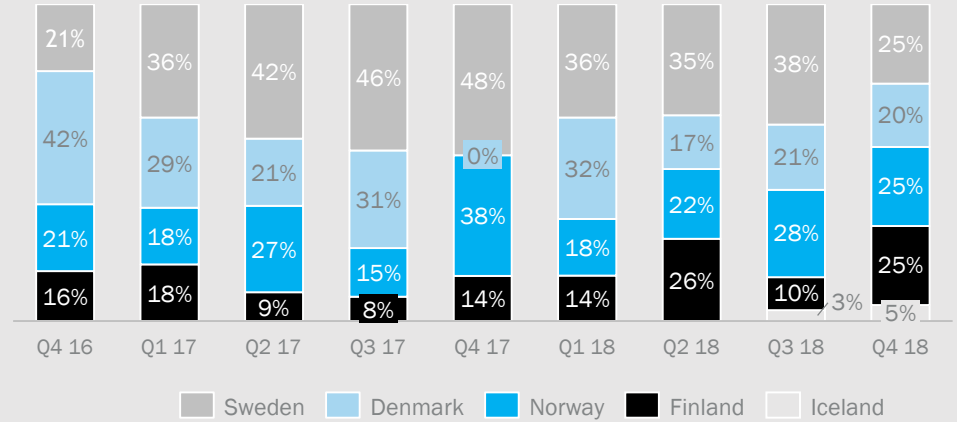
NORDIC SOFTWARE TRANSACTIONS

QUARTER-BY-QUARTER DEVELOPMENT

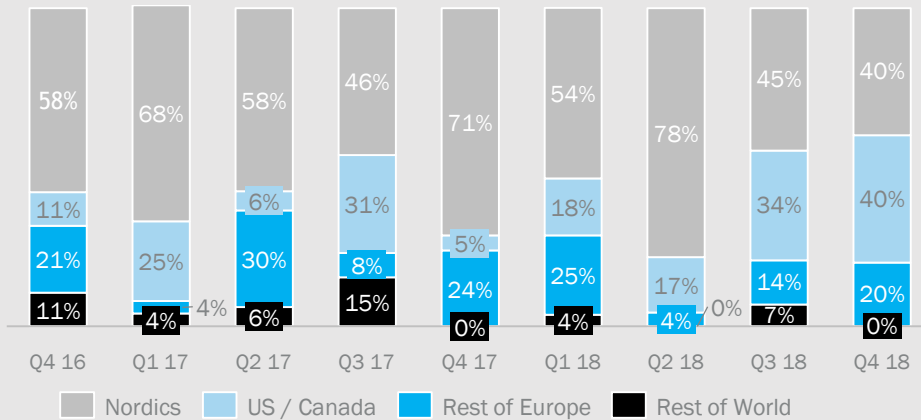
BREAKDOWN OF DEALS BY EXIT TYPE



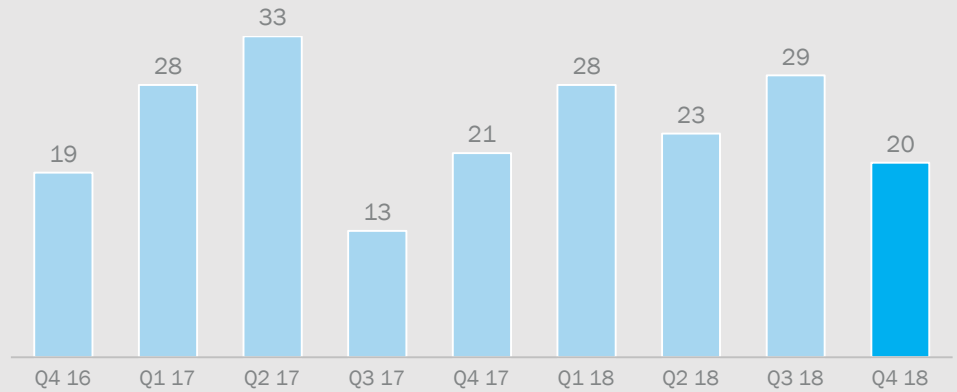
BREAKDOWN OF DEALS BY TARGET'S COUNTRY



BREAKDOWN OF DEALS BY ACQUIROR'S REGION



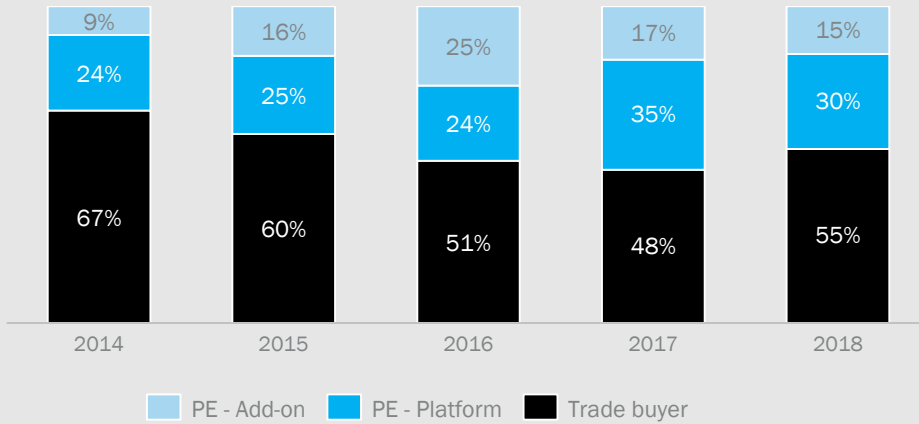
NUMBER OF TRANSACTIONS



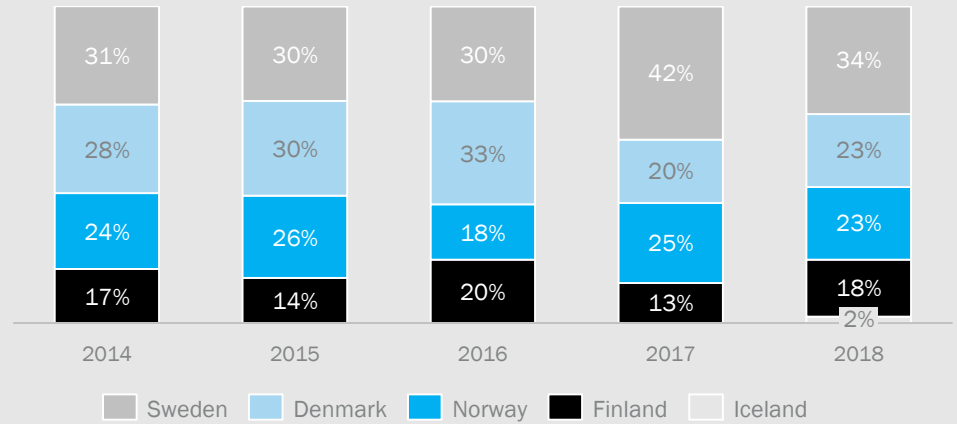
NORDIC SOFTWARE TRANSACTIONS

YEAR-BY-YEAR DEVELOPMENT

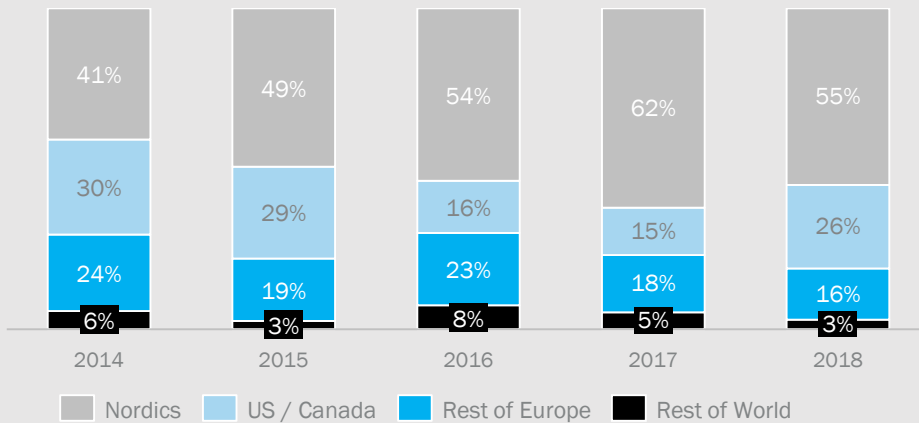
BREAKDOWN OF DEALS BY EXIT TYPE



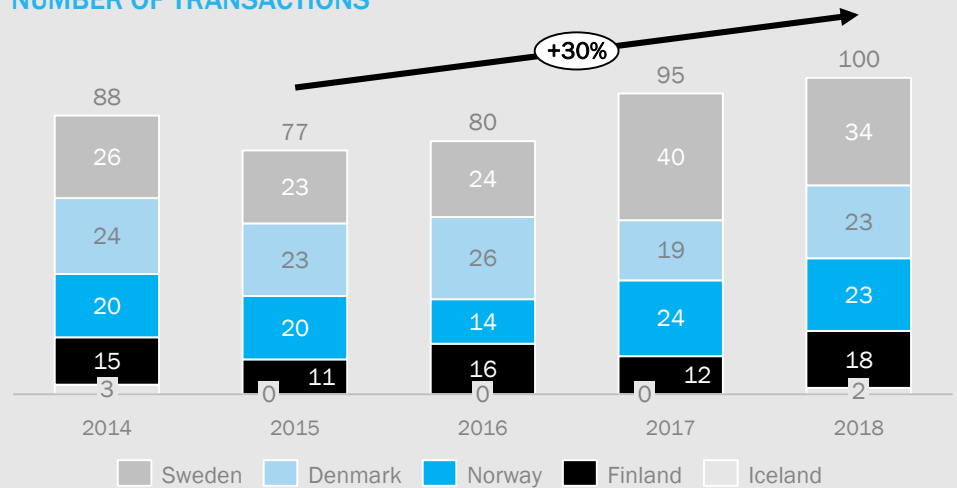
BREAKDOWN OF DEALS BY TARGET'S COUNTRY







































BREAKDOWN OF DEALS BY ACQUIROR'S REGION



NUMBER OF TRANSACTIONS



NOTABLE TRANSACTIONS DURING Q4 2018

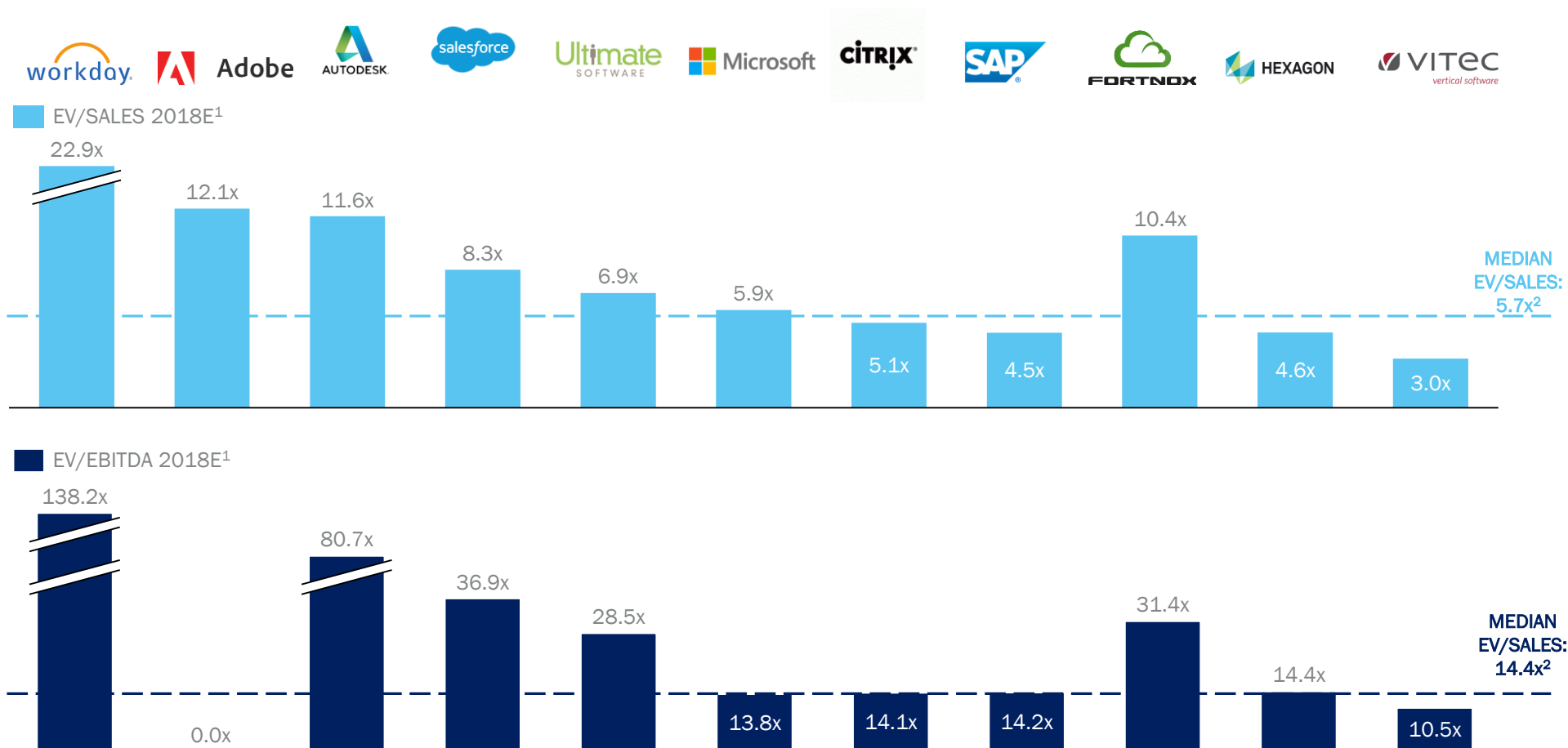
TARGET		REVENUE 2017 (MEUR)		SELLER	ACQUIROR	
	Cloud-based, mobile service designed to capture cancer patient-reported outcomes		0.3	Private		
	Provider of maritime charts, publications and navigational etc.		7.7	Private		
	IoT applications and also develops a cloud-based analytics platform for processing data		6.0	Private		
	Developer of software suite for time tracking, resource management and budgeting		16.7	Corporate		
	CMS and marketing software		6.7	Private		
	Provider of recruitment solutions		4.7	Private		
	Provider of HR and recruitment solutions		4.6	Private		
	Software for interactive entertainment		27.5	Private		
	Visual effects company that creates software for cameras		NA	Private		

SELECTED SOFTWARE TRANSACTION MULTIPLES (EV / SALES) – LAST 12 MONTHS¹

EXIT MULTIPLE		TARGET			ACQUIROR	
Q3 2018	~14.5x ²			Software providing web content management etc.	➔	 
Q4 2017	~4.6x			Software for document sharing	➔	 
Q3 2018	~4.6x ²			Software for marketplace tech solutions	➔	 
Q4 2017	~4.0x			Software for customs clearance and freight forw.	➔	 
Q4 2018	~3.8x			Video games developer	➔	 
Q4 2018	~3.1x			Software for time tracking, res. mang, budgeting etc.	➔	 
Q3 2018	~3.1x ⁴			Software for interactive entertainment	➔	 
Q4 2017	~3.1x			Software for payment solutions	➔	 
Q4 2018	~2.7x			IoT applications etc.	➔	 
Q3 2018	~2.2x ³			Software for mobile solutions and mobile services	➔	 

9 1) Backward looking multiples 2) Assumed 34% growth in sales from FY 2016 3) LTM Q2 2018 4) Assumed no debt
Source: Mergermarket, FactSet, Valu8 and Nordhaven analysis

TRADING MULTIPLES OF SELECTED INTERNATIONAL AND NORDIC SOFTWARE COMPANIES



LIST OF IDENTIFIED NORDIC SOFTWARE TRANSACTIONS IN Q4 2018

#	TARGET	TARGET COUNTRY	BIDDER	BIDDER COUNTRY	DATE	TYPE
1	Fenix Solutions Oy	Finland	Elisa Oyj	Finland	October	Trade Buyer
2	Kamu Oy	Finland	Epic Games, Inc.	USA	October	Trade Buyer
3	Spektral	Denmark	Apple Inc.	USA	October	Trade Buyer
4	Noona Healthcare Oy	Finland	Varian Medical Systems, Inc.	USA	October	Trade Buyer
5	Aidbuilder APS	Denmark	iRaiser Group S.a.r.l.	France	October	PE - Add-on
6	TradeChannel AB	Sweden	Compliance Solutions Strategies LLC	USA	October	PE - Add-on
7	Websystemer AS	Norway	Visma AS	Norway	October	PE - Add-on
8	Omada A/S	Denmark	CVC Capital Partners Limited; GRO Capital A/S	UK	October	PE - Platform
9	Videxio AS	Norway	Pexip AS	Norway	November	PE - Add-on
10	Capana Sweden AB	Sweden	Enghouse Systems Limited	Canada	November	Trade Buyer
11	Coffee Stain Studios AB; Coffee Stain Publishing AB	Sweden	THQ Nordic AB	Sweden	November	Trade Buyer
12	Bugbear Entertainment Ltd. (90% Stake)	Finland	THQ Nordic AB	Sweden	November	Trade Buyer
13	Springworks AB	Sweden	Tantalum Corporation	United Kingdom	November	PE - Add-on
14	Tempo Software ehf (55% Stake)	Iceland	Diversis Capital LLC	USA	November	PE - Platform
15	GateHouse Logistics A/S	Denmark	Project44, Inc.	USA	December	Trade Buyer
16	HR Manager Talent Solutions International	Norway	Verdane Capital Advisors AS	Norway	December	PE - Platform
17	Webcruiter AS	Norway	Verdane Capital Advisors AS	Norway	December	PE - Platform
18	Idium AS	Norway	Opplysningen 1881	Norway	December	Trade Buyer
19	WirelessCar AB (75.1% Stake)	Sweden	Volkswagen AG	Germany	December	Trade Buyer
20	Small Giant Games Oy (80% Stake)	Finland	Zynga, Inc.	USA	December	Trade Buyer

NORDHAVEN IS THE LEADING INDEPENDENT M&A FINANCE ADVISOR IN THE NORDIC MARKET

NORDHAVEN IN SHORT

25

Professionals

+400

Years experience

+260

Transactions advised

MEUR 10-100

Sweet spot deal value



NORDHAVEN SERVICE OFFERING

We operate as a strategic financial advisor and partner to owners, board members and management throughout the business life cycles.

MERGERS & ACQUISITIONS

Planning and execution of mergers and acquisitions, divestments and other corporate finance transactions are our core expertise.

DEBT & CAPITAL ADVISORY

We give advice on our clients' debt and capital structures, negotiate and execute fundraising for companies executing their M&A transactions as well as for organic growth plans. We provide advice also at the time of distress.

INCENTIVE ADVISORY

We advise in the design and implementation of tailored, equity-based long-term incentive plans that are linked to strategy execution and total returns to shareholders.

NORDIC TMT TRANSACTIONS ADVISED BY NORDHAVEN IN 2018



TMT

2018 (Norway)

Adviser to



on the acquisition of



2018 (Norway)

Adviser to

WEBCRUITER

On the sale to



2018 (Norway)

Adviser to



on the sale to



2018 (Norway)

Adviser to



on the sale to



2018 (Finland)

Adviser to



on the sale of its call center BPO to



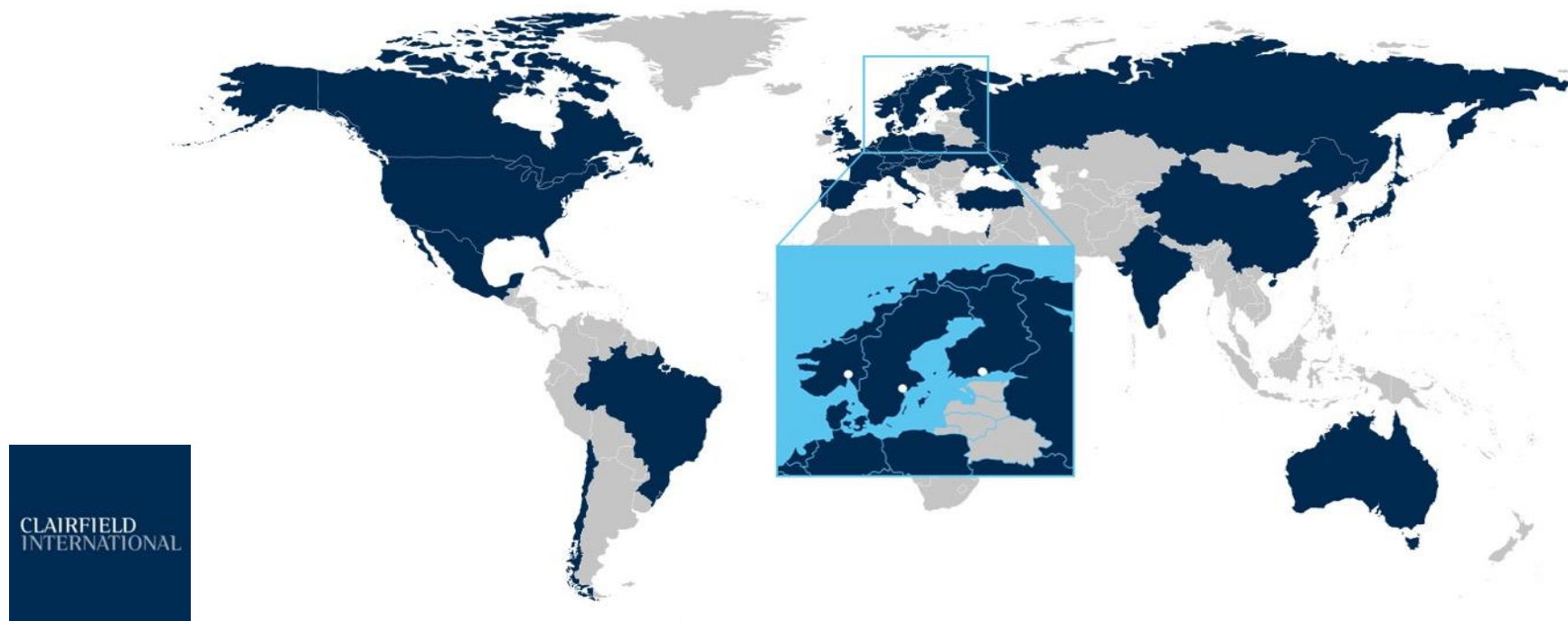
FAR-REACHING INTERNATIONAL NETWORK WITH 34 PARTNER OFFICES WORLD WIDE

Nordhaven has been the exclusive partner of Clairfield International in Finland, Sweden and Norway since 2012. Clairfield International have local partners in over 20 countries.

Through Clairfield International we have global connectivity, and foreign markets are our home markets.

[Clairfield International ranked #1 in Thomson Reuters ranking of high tech M&A advisory for 2018 deals up to MUSD 500](#)

Together we are stronger.



CLAIRFIELD INTERNATIONAL – LEADING POSITION IN HIGH TECH M&A¹

THOMSON REUTERS EMEA HIGH TECHNOLOGY RANKING 2018

# RANK 2018	FINANCIAL ADVISOR
1	CLAIRFIELD INTERNATIONAL
1	PWC
3	Rotschild & CO
4	KPMG
5	KBS Corporate Sales
6	Deloitte
7	Oaklins (FKA M&A Intl Inc)
8	Lincoln International
8	Arma Partner LLP
8	IMAP
12	UBS
12	Clearwater International
12	GCA Corp
12	Goldman Sachs & Co



SELECTED TMT TRANSACTIONS ADVISED BY CLAIRFIELD INTERNATIONAL IN 2018



TMT

2018 (France)

Adviser to



on the sale to



2018 (US/Israel)

Adviser to



on the sale to



2018 (GER/US/FRA)

Adviser to



on the acquisition of



2018 (US/Germany)

Adviser to



on the acquisition of



2018 (DEN/PL)

Adviser to



on the acquisition of



APPENDIX 1: SELECTED NORDIC AND INTERNATIONAL LISTED SOFTWARE COMPANIES

#	TICKER FACTSET	COMPANY NAME	EV/SALES 2018E	EV/EBITDA2018E
1	WDAY	Workday	22,89x	138,15x
2	ADBE	Adobe Systems	12,05x	
3	ADSK	Autodesk	11,58x	80,72x
4	NOW	ServiceNow	19,79x	76,75x
5	CRM	Salesforce	8,34x	36,89x
6	DSY-FR	Dassault Systems	7,33x	21,76x
7	INTU	Intuit Inc	7,80x	21,56x
8	ULTI	Ultimate Software	6,94x	28,54x
9	DATA	Tableau Software	10,44x	
10	CHKP	Check Point Software	7,71x	14,34x
11	RHT	Red Hat	9,53x	35,53x
12	MSFT	Microsoft	5,91x	13,81x
13	VMW	Vmware	5,53x	14,28x
14	EGAN-US	eGain Corporation	2,93x	44,58x
15	CSOD-US	Cornerstone Ondemand	6,19x	36,12x
16	ENGH-CA	Enghouse Systems	4,44x	14,41x
17	CTXS-US	Citrix	5,14x	14,09x
18	CSU-CA	Constellation Software	4,35x	17,29x
19	SAP-DE	SAP	4,53x	14,16x
20	ORCL	Oracle	4,55x	10,03x
21	CERN-US	Cerner	3,11x	10,59x
22	SGB-GB	Sage Group	3,59x	12,59x
23	NUAN-US	Nuance Communications	2,56x	14,07x
24	SYMC	Symantec Corporation	4,07x	10,04x
25	PRGS	Progress Software	4,09x	9,70x
26	FNOX.MTF-SE	Fortnox	10,41x	31,41x
27	HEXA.B-SE	Hexagon	4,55x	14,44x
28	VIT.B-SE	Vitec	2,97x	10,45x



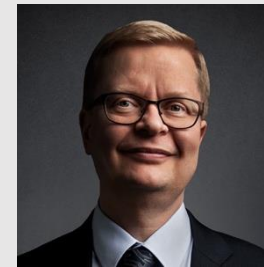
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