

# M&A ACTIVITY IN THE NORDIC SOFTWARE SECTOR

---

*Quarterly report*

*Q3 2017*

# 13 TRANSACTIONS IDENTIFIED IN Q3/17 (18 IN Q3/16)

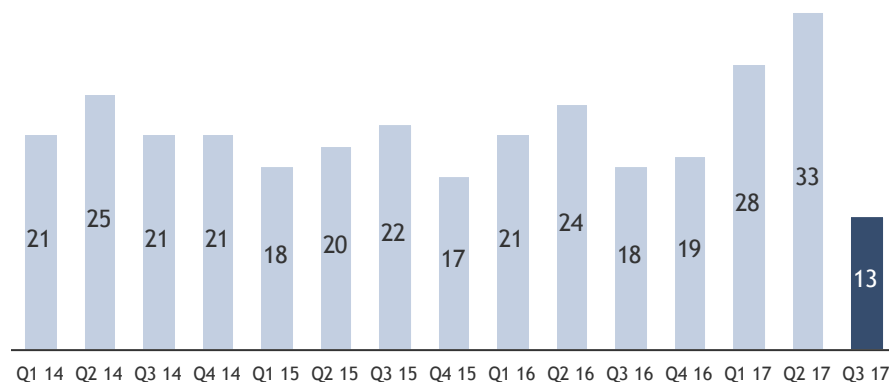
## EXECUTIVE SUMMARY

- While we would never have guessed that the number of deals during Q3 would be a mere 13, we think it is important to look at this as a temporary “pause”. With the 33 recorded transactions in Q2 and still high activity entering Q4 (Admincontrol e.g.), we believe that Q4 will return to a growth path.
- Nordic and US/Canada buyers continue to dominate, and the latter group accounted for a full 25 % of the transactions during the quarter. This may be influenced by the lower total number of transactions, but as stated earlier we believe it is a lasting trend.
- The quarter was disappointing from an OMX Nordic Tech index vantage point. While most European and North American indices have shown positive development during the quarter, the tech index was down with 9 %. This was in large part due to the 21 % drop for Ericsson, supported by poor showing for larger players such as Nokia and NNIT. Unfortunately, there is not a more reliable and more narrow software index available in the Nordics.
- Sweden topped this quarter with 6 transactions, while Denmark had 4 transactions. Norway only saw 2 transactions and Finland 1.
- While PE continues strong involvement, the quarter saw a return of strategics as the dominating buyer group.
- VALUATION MULTIPLES (EV/Revenue Current Financial Year):**
  - Nordic listed software companies: 3.6 x
  - Intl. traditional software companies: 5.5 x
  - International cloud/SaaS companies 6.1 x
- DISCOUNT GAP:** The discount gap to the Nordic players remains high at 35 % against traditional software companies and a 41 % against cloud/SaaS players. It will be interesting to follow this development with the introduction of several interesting TMT/software companies on the Nordic exchanges toward the end of the year. We place Evry, Infront, Crayon and Webstep in the category, while most of them are not software companies they may still aid in the increased awareness of tech investors in the area.
- Please do not hesitate to provide us with feedback on this report and interesting perspectives on the Nordic software players.
- As you may have guessed, we are expecting the number of transactions in Q4 to increase compared with Q3/17 and will not be surprised if it outpaces Q4/16. Our expectation of a record number for the year overall still stands.
- Looking forward to giving you the results in January 2018!

## NASDAQ OMX TECHNOLOGY INDEX: Jan 14 - Sep 17



## DEVELOPMENT IN NUMBER OF IDENTIFIED TRANSACTIONS



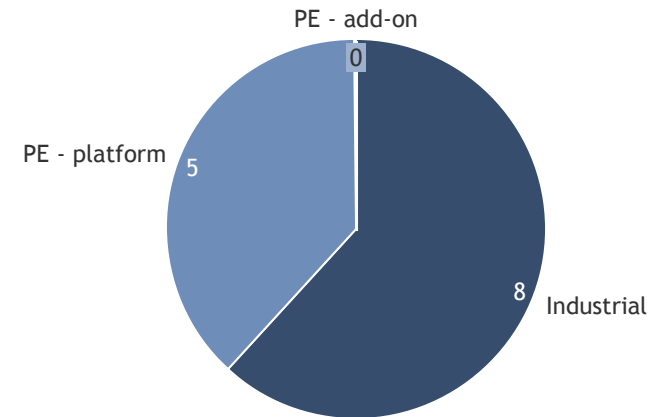
Source: MergerMarket, Factset and Nordhaven

# OVERVIEW OF Q3 2017 NORDIC SOFTWARE TRANSACTIONS

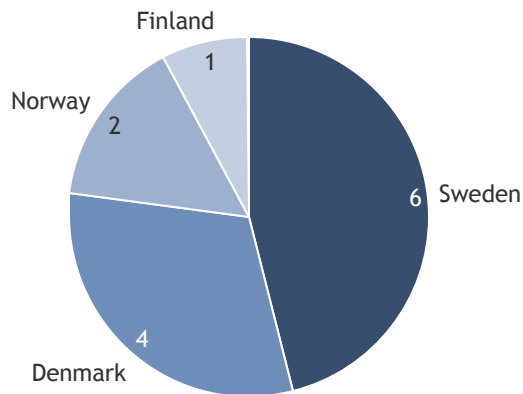
## COMMENTS

- Nordhaven has identified 13 Nordic software transactions in Q3 2017
- More than 60% of the companies were acquired by industrials which is somewhat higher than the historical average
- All of the private equity-backed deals were platform investments
- Largest activity in Sweden and Denmark with 6 and 4 deals identified respectively
- Less than 50% of the deals saw a Nordic buyer, which is a somewhat lower share than the historical average
- +30% of transactions involving a US buyer which is a significantly higher share than usual, clearly influenced by the low total number of transactions during the quarter

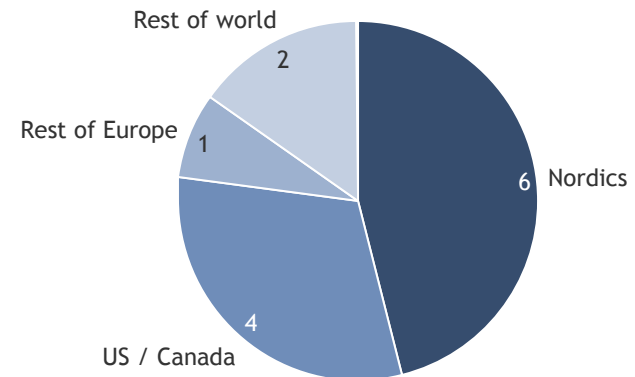
## BREAKDOWN OF DEALS BY EXIT TYPE



## BREAKDOWN OF DEALS BY TARGET'S COUNTRY



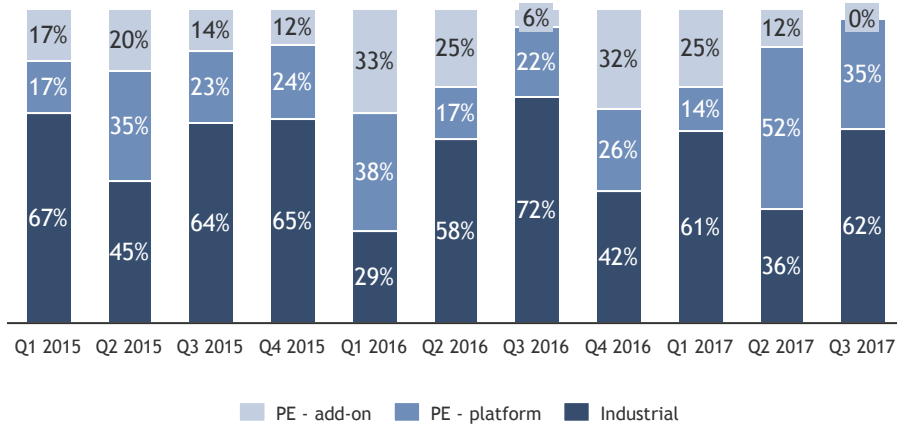
## BREAKDOWN OF DEALS BY ACQUIROR'S REGION



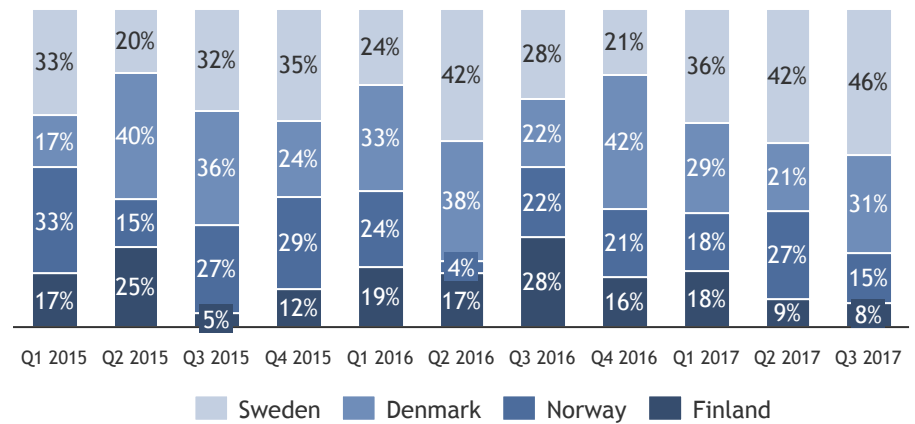
Source: MergerMarket, Factset and Nordhaven. Only included deals exceeding MergerMarket size criteria.

# QUARTER-BY-QUARTER DEVELOPMENT IN NORDIC SOFTWARE TRANSACTIONS

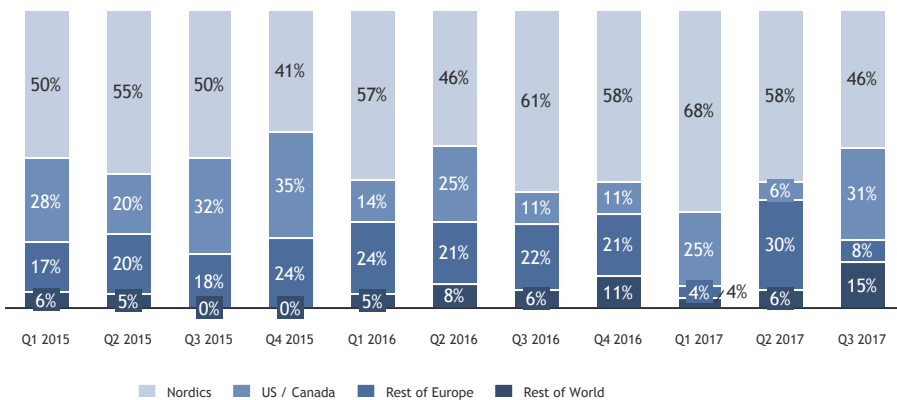
BREAKDOWN OF DEALS BY EXIT TYPE



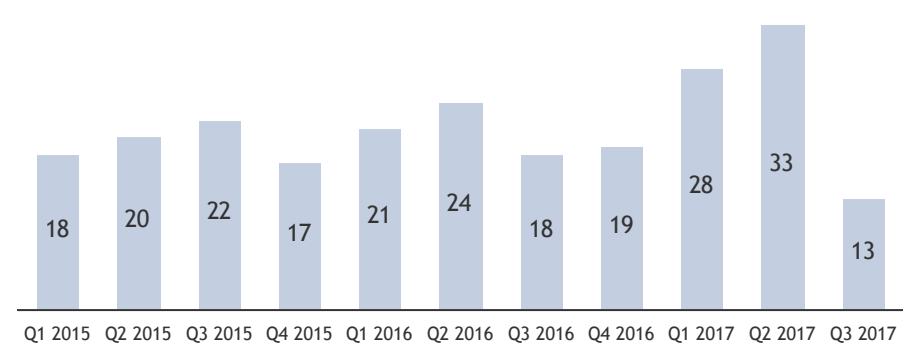
BREAKDOWN OF DEALS BY TARGET'S COUNTRY



BREAKDOWN OF DEALS BY ACQUIROR'S REGION







































NUMBER OF TRANSACTIONS



Source: MergerMarket, Factset and Nordhaven. Only included deals exceeding MergerMarket size criteria.

## NOTABLE NORDIC SOFTWARE TRANSACTIONS ANNOUNCED DURING Q3 2017

TARGET		ACQUIROR		DEAL VALUE	EV / SALES	EV / EBITDA
				N/A	N/A	N/A
				N/A	N/A	N/A
				€37m	3.8x	28x
				€65m	1.8x	15x
				€35m	N/A	N/A
				N/A	N/A	N/A
				N/A	N/A	N/A
				N/A	N/A	N/A
				N/A	N/A	N/A

Source: MergerMarket and Nordhaven

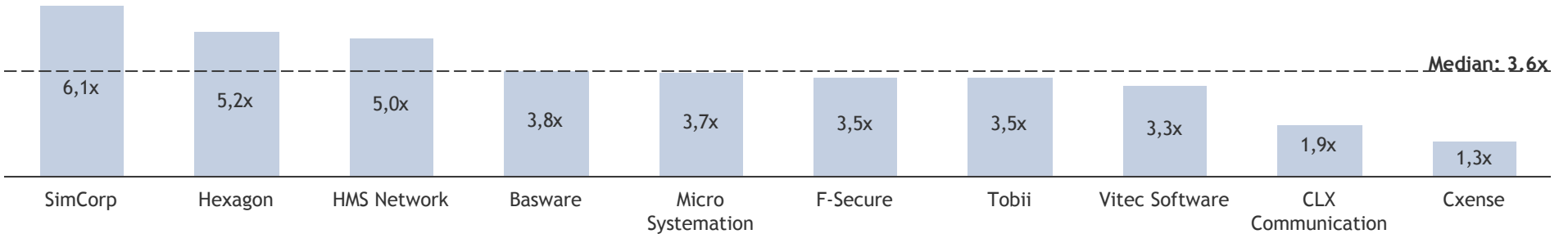
## OBSERVED TRADING MULTIPLES

- DISCOUNT GAP FOR TRADITIONAL VS CLOUD IS CLOSING, WHILE NORDIC COMPANIES ARE STILL SIGNIFICANTLY LOWER

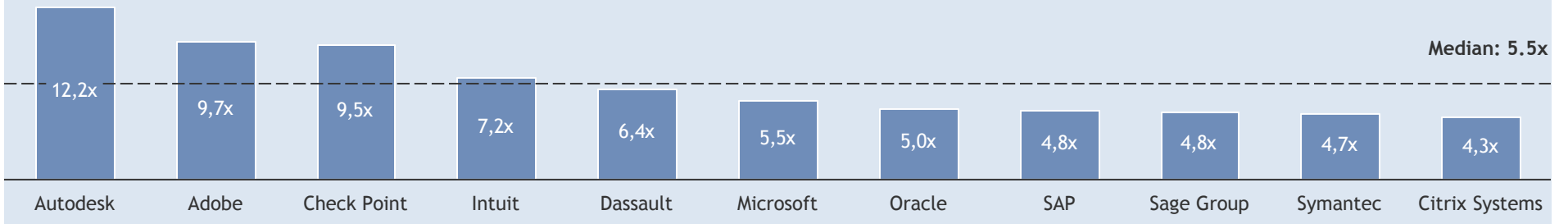
### MEDIAN EV / SALES - CURRENT FINANCIAL YEAR (2017E)

#### NORDICS

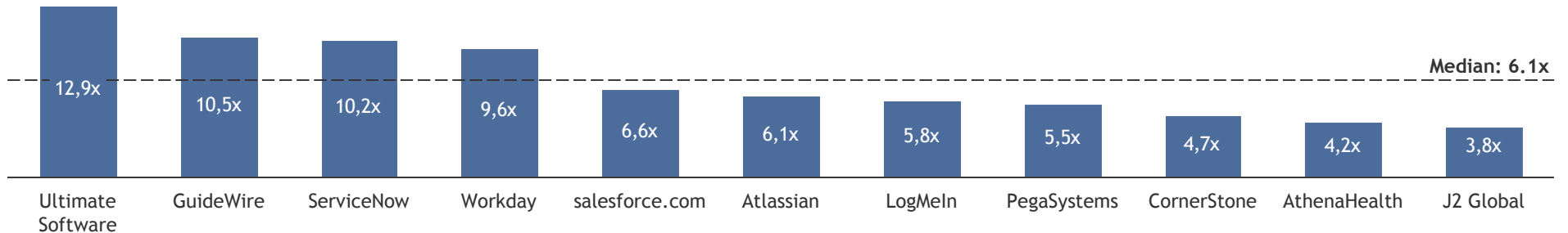
Source: Factset and Nordhaven



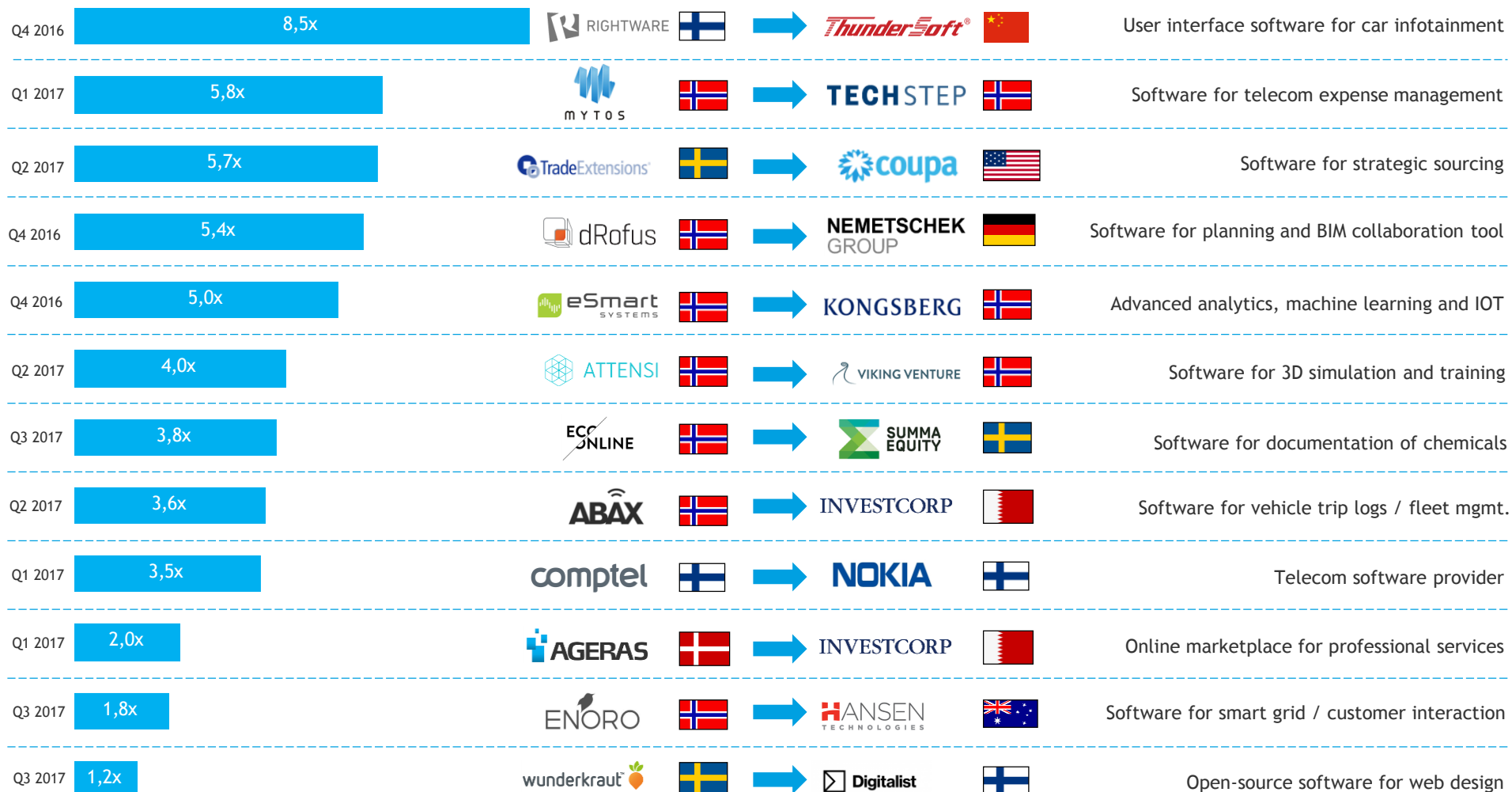
#### INTERNATIONAL - «TRADITIONAL SOFTWARE»



#### INTERNATIONAL - CLOUDBASED/SAAS



## SELECTED SOFTWARE TRANSACTION MULTIPLES (EV / SALES) - LAST 12 MONTHS



Source: Factset and Nordhaven estimates

## LIST OF IDENTIFIED NORDIC SOFTWARE TRANSACTIONS IN Q3 2017

#	Target	Target Country	Bidder	Bidder Country	Date	Exit type
1	Klarna Bank	Sweden	Permira	UK	July	PE - platform
2	Humany	Sweden	Telia	Sweden	July	Industrial
3	MV-Nordic	Denmark	Vitec Software Group	Sweden	July	Industrial
4	Wunderkraut	Sweden	Digitalist Group	Finland	July	Industrial
5	EcoOnline	Norway	Summa Equity	Sweden	July	PE - platform
6	MobileThink	Denmark	Pierre Hagendorf	Denmark	July	PE - platform
7	Enoro	Norway	Hansen Technologies	Australia	July	Industrial
8	Medius Sverige	Sweden	Marlin Equity Partners	US	August	PE - platform
9	Optofidelity	Finland	Changyuan Group	China	August	Industrial
10	Exsitec	Sweden	Standout Capital	Sweden	August	PE - platform
11	QuantumWise	Denmark	Synopsis	US	September	Industrial
12	Hansoft	Sweden	Perforce Software	US	September	Industrial
13	Workbook Software	Denmark	Deltek	US	September	Industrial

Source: MergerMarket, Factset and Nordhaven. Only included deals exceeding MergerMarket size criteria.



# OUR NORDIC PARTNERS ENSURE LOCAL COVERAGE AND MARKET ACCESS

CLAIRFIELD INTERNATIONAL

Nordic partners in Clairfield International

## STEINVENDER

- Established in 1997
- Oslo location
- 8 professionals
- More than 135 transactions since inception

## PCA CORPORATE FINANCE

- Established in 1992
- Helsinki location
- 18 professionals
- More than 200 transactions since inception

## NORDIC M&A

- Established in 2008
- Copenhagen location
- 7 professionals
- More than 40 transactions since inception

## NAVIGO PARTNERS

- Established in 2009
- Stockholm location
- 10 professionals
- More than 40 transactions since inception

~40  
Nordic Professionals

+400  
Completed transactions

Most experienced team in the Nordics

# A SELECTION OF RECENT CLAIRFIELD NORDIC SOFTWARE AND IT SERVICES TRANSACTIONS

<p>2016</p> <p>Advisor to</p>  <p>on the sale to</p> <p><i>Private Investors</i></p> <p>ERP Solutions</p>	<p>2016</p> <p>Advisor to</p>  <p>on the sale to</p>  <p>ERP Solutions</p>	<p>2016</p> <p>Advisor to</p>  <p>on the sale to</p>  <p>Mobile payment</p>	<p>2015</p> <p>Advisor to</p>  <p>on the divestment of Lean Systems to</p>  <p>ERP Solutions</p>	<p>2015</p> <p>Advisor to</p>  <p>on the sale to</p>  <p>Wearable technology</p>
<p>2015</p> <p>Advisor to</p>  <p>on the sale to</p>  <p>Hosting</p>	<p>2015</p> <p>Advisor to</p>  <p>On the sale to</p>  <p>Baggage handling automation</p>	<p>2015</p> <p>Advisor to</p>  <p>on the sale to</p>  <p>BIM Software</p>	<p>2015</p> <p>Advisor to</p>  <p>on the sale to</p>  <p>SaaS</p>	<p>2015</p> <p>Advisor to</p>  <p>on the acquisition of</p>  <p>Data collection software</p>
<p>2015</p> <p>Advisor to</p>  <p>on the minority investment by</p>  <p>SaaS</p>	<p>2014</p> <p>Advisor to</p>  <p>on the sale to</p>  <p>ERP Solutions</p>	<p>2014</p> <p>Advisor to</p>  <p>on the sale of</p>  to  <p>ERP Solutions</p>	<p>2014</p> <p>Advisor to</p>  <p>on the sale to</p>  <p>Insurance Software</p>	<p>2014</p> <p>Advisor to</p>  <p>on the sale to</p>  <p>IT solutions to the chemicals industry</p>

Note: Clearfield International

## IMPORTANT NOTICE

### DISCLAIMER

This presentation has been prepared by Nordhaven (referred to below as “Nordhaven”).

The information in this presentation has been obtained from public sources, and is to the best of Nordhaven’s knowledge reliable and accurate at the time of issuing the document. The information in the presentation should not be considered to be complete without the addition of the oral information provided by Nordhaven when giving the presentation.

The information should not be regarded as containing any warranties or representations, expressed or implied, as to the present or future legal or financial positions of any of the companies or entities included in this presentation.

Nordhaven reserves the right to update or replace the contents of this presentation without informing the recipient. Recipients should conduct their own investigations and analysis of the business, data and properties described in this document.

This presentation does not constitute an offer to purchase shares or to invest in any of the companies or entities mentioned in the presentation, and should not be interpreted as such.

The contact persons at Clairfield are as follow:

Norway:  
Jarle Mørk  
[jarle.mork@nordhaven.com](mailto:jarle.mork@nordhaven.com)  
+47 99 23 79 39

Finland:  
Juha Raunio  
[juha.raunio@nordhaven.com](mailto:juha.raunio@nordhaven.com)  
+358 40 570 5260

Sweden:  
John Hamilton  
[john.hamilton@nordhaven.com](mailto:john.hamilton@nordhaven.com)  
+46 70 694 4766