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## M&A MARKET REVIEW

Denmark/Europe Q2 2019

**Keep your edge**, with M&A experts  
who truly understand your market

Quarterly update  
JULY 2019



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**Oaklins**



# Introduction

Oaklins has in Denmark throughout the past 40 years closed more than 250 transactions (sell-side and buy-side) and is specialised in mergers and acquisitions of privately and family-owned businesses.

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Oaklins is the world's largest and most experienced M&A advisor in the mid-market, with 800 professionals globally and dedicated industry teams in over 40 countries worldwide. We take great pride in our solid track record counting 5,000 closed transactions, including more than 250 transactions in Denmark.

In every deal, we give nothing less than our very best to do justice to the extraordinary effort our clients give to their businesses. We became front-runners, not because of these numbers but because of who we are and how we work.

## DESCRIPTION OF THE REPORT

The purpose of the report is to explain and map the movements in the Danish as well as the European M&A market quarter by quarter. The report is based on data from Mergermarket and Infront Analytics and is analyzed on the basis of well-established criteria for the development of the report. The report aims to identify trends in the market and to present the distribution of transactions across sectors and categories of buyers.

## STRUCTURE OF THE REPORT

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"Oaklins charmed us. Our culture and way of doing business was a good match as they are pragmatic and down-to-earth. We appreciated that and were extremely satisfied. Oaklins managed to exceed our expectations."

**KIRSTEN BRADLEY – ERIKS**

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# Chapter 1

# Highlights





# Highlights

## CONTINUED GOOD M&A ACTIVITY IN DENMARK, WITH SLOWDOWN SIGNS IN EUROPE

Q2 2019 marks a marginal slowdown, following a record-breaking 2018. In Denmark, the number of companies sold is on the same level as Q2 2018, and the total number of Danish transactions is 9% lower than in the same quarter last year.

Considering the wider European market, the number of companies sold has decreased by 15% compared to the same quarter last year, and the total number of transactions has decreased by 13%.

The activity in Europe has increased by 4% compared to the last quarter (Q1 2019), which is a development often seen from Q1 to Q2.

### 57 Danish companies sold in Q2 2019

On par with the same quarter last year

### 1,858 European companies sold in Q2 2019

Decrease of 15% compared to the same quarter last year

### Financial vs. strategic buyers in Q1-Q2 2019

Strategic buyers made up 71% of all Danish transactions

"For us who founded the company and managed it during its 30 years of existence, Oaklins was the perfect partner for our sale. The combination of industry insight, professional craftsmanship and uncompromising dedication, made it a valuable contribution from an owner's perspective."

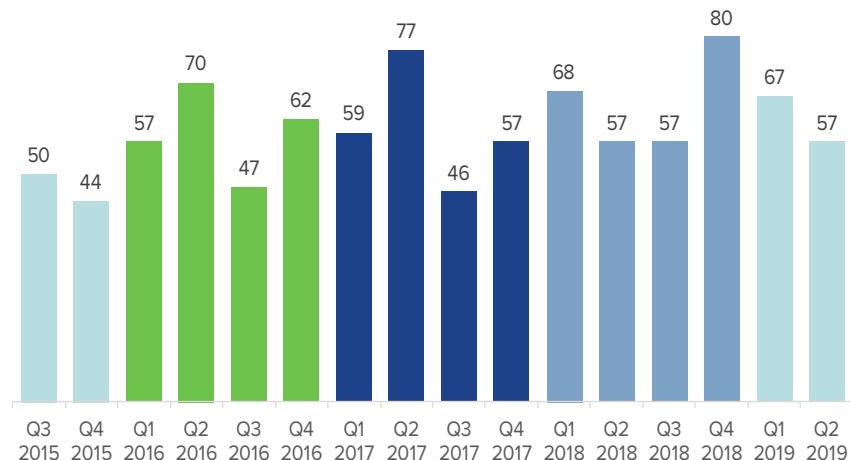
**JAN MISSER – DATACON ENTERPRISE SOLUTIONS**

## SALE OF DANISH COMPANIES

The number of Danish companies sold amounted to 57 in Q2 2019.

The development leads to a level on par with the same quarter last year (Q2 2018) and a decrease of 15% compared to the previous quarter (Q1 2019).

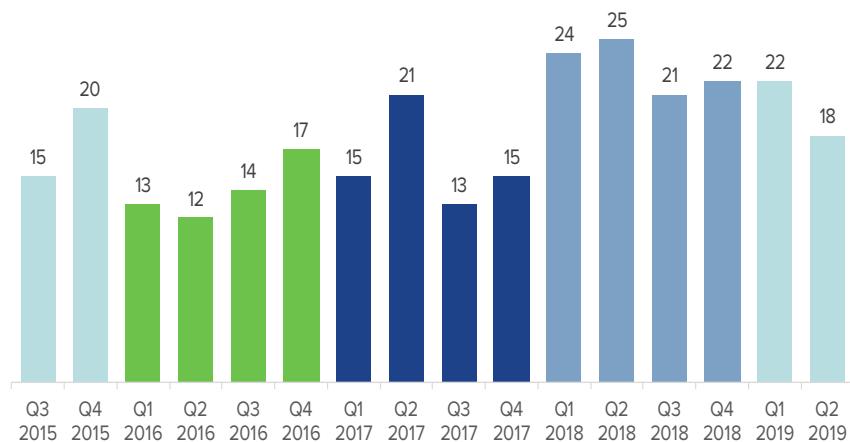
The number of companies sold in first half of 2019 is just one company lower than first half 2018.



## DANISH COMPANIES' ACQUISITIONS ABROAD

Danish companies completed 18 acquisitions abroad in Q2 2019, which is a decrease compared to the record high level of acquisitions in 2018 and Q1 2019.

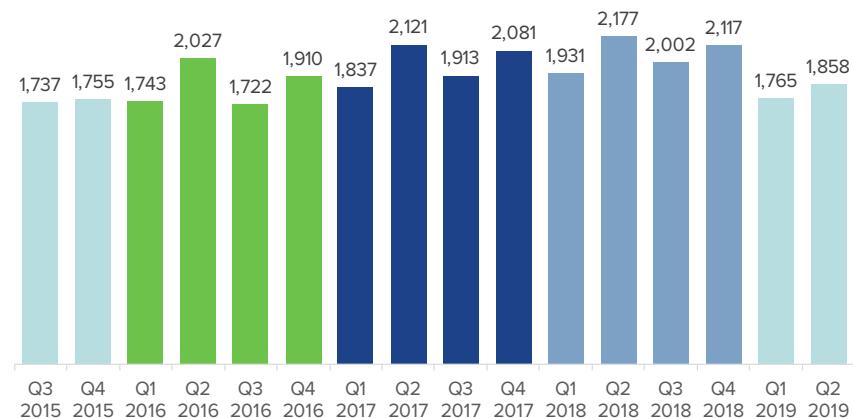
The development shows a decrease of 28% compared to the same quarter last year (Q2 2018). 74% of the Danish acquisitions abroad were within Europe, which shows a more diverse distribution than in 2018 and 2017 where 84% were within Europe. The distribution is comparable to 2016 where the level was 73%.



## SALE OF EUROPEAN COMPANIES

The number of European companies sold reached 1,858 in Q2 2019.

The development shows an increase of 5% compared to the previous quarter (Q1 2019) and a decrease of 15% compared to the same quarter last year (Q2 2018).



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# Chapter 2

# The M&A market

# in Denmark



# The M&A market in Denmark

## STEADY M&A ACTIVITY

The Danish M&A market is still showing a high level of activity, despite being marginally lower than the record-breaking 2018.

The constituents of the overall level of activity are the following: A relatively high number of Danish targets somewhat slowed down by a lower interest from abroad. Danish companies, on the other hand, have a continuously high appetite for international acquisitions, yet not as high as the record-breaking levels in 2018. Finally, sales of Danish-owned, foreign companies have slowed down to 6 disposals in Q2 2019.

Among the acquired Danish companies, especially the technology sector was highly active, followed closely by the industrial sector. The mix of strategic and financial buyers in 2019 is so far leaning more towards strategic buyers than in 2018.

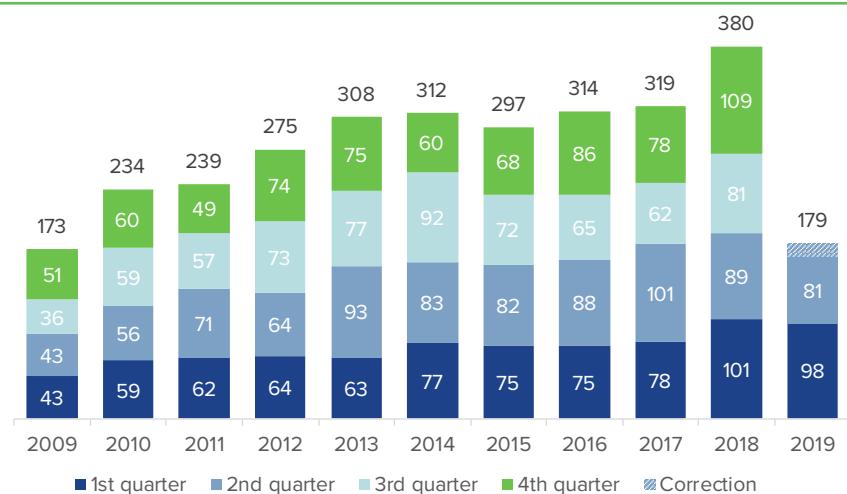
"Oaklins has completely lived up to our expectations regarding industry expertise, cost and timing."

**LASSE PETERSEN**  
— CIDAN MACHINERY

## ALL TRANSACTIONS IN DENMARK

All transactions in Denmark include transactions with a Danish target, seller or buyer. There has been a total of 81\* transactions in Denmark in Q2 2019.

This development shows a decrease of 17% compared to the previous quarter (Q1 2019) and a decrease of 9% compared to the same quarter last year (Q2 2018).

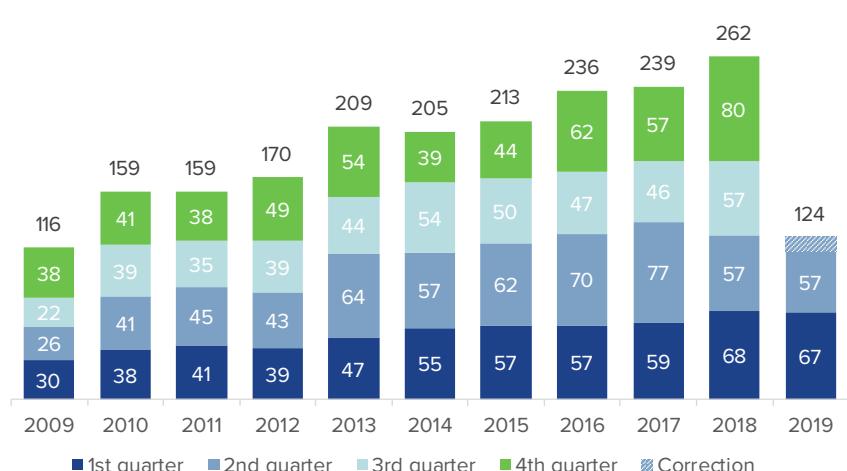


\*Correction for transactions not yet registered: 14

## SALE OF DANISH COMPANIES

Sale of Danish companies include transactions with a Danish target and buyers from all countries. 57\* Danish companies have been acquired during Q2 2019, which is at the same level as we saw last year (Q2 2018).

The development is a decrease of 15% compared to the previous quarter (Q1 2019), which was at a very high level.

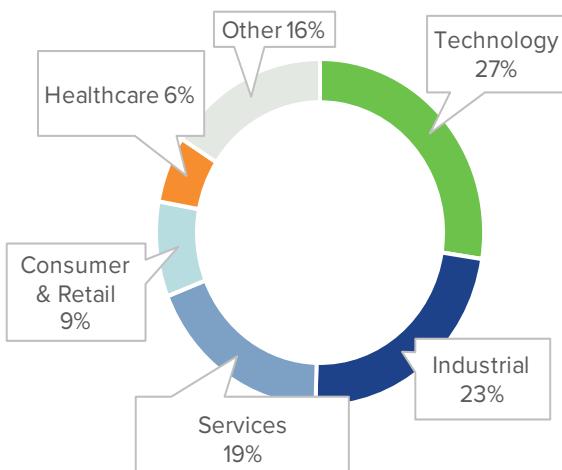


\*Correction for transactions not yet registered: 11

## SECTOR DISTRIBUTION / TOP 5

Among the 113 registered acquisitions of Danish companies in Q1 and Q2 2019, 84% of all transactions were distributed within five sectors.

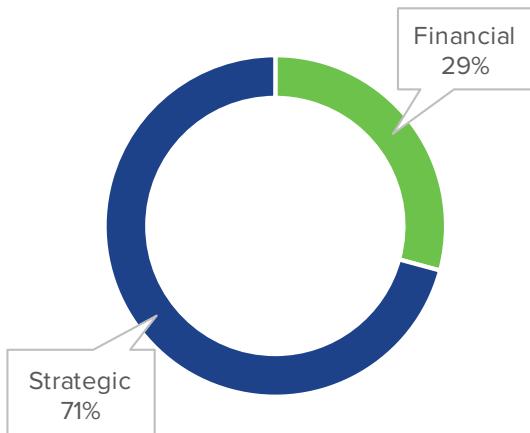
In comparison, the distribution of the top 5 sectors comprising 73% of all transactions looked as follows in 2018: Technology (26%), Industrial (20%), Consumer & Retail (12%), Services (10%), Food & Beverage (5%).



## BUYER TYPES

In 2019, buyers behind Danish company transactions are primarily strategic players, which account for 71% of acquisitions as of Q2 2019. The remaining 29% of buyers are classified as financial.

In comparison, 66% of all buyers were strategic and 34% financial in 2018.



## DANISH COMPANIES ACQUIRED BY FOREIGN, STRATEGIC BUYERS IN Q2 2019

(Selected registered transactions)

- **American Live Nation Entertainment Inc.**  
has acquired PDH Music A/S
- **British Sonardyne International Ltd.**  
has acquired EIVA A/S
- **Norwegian Hudya Group AS**  
has acquired SalesPartners Group ApS
- **American Aptean Inc.**  
has acquired OPTIWARE (API Maintenance Systems A/S)
- **Swedish Cabonline Group AB**  
has acquired Taxi 4x27 F.M.B.A
- **Finnish Eficode Oy**  
has acquired Praqma A/S

## ACTIVITY OF PRIVATE EQUITY FUNDS AND OTHER FINANCIAL INVESTORS IN DENMARK Q2 2019

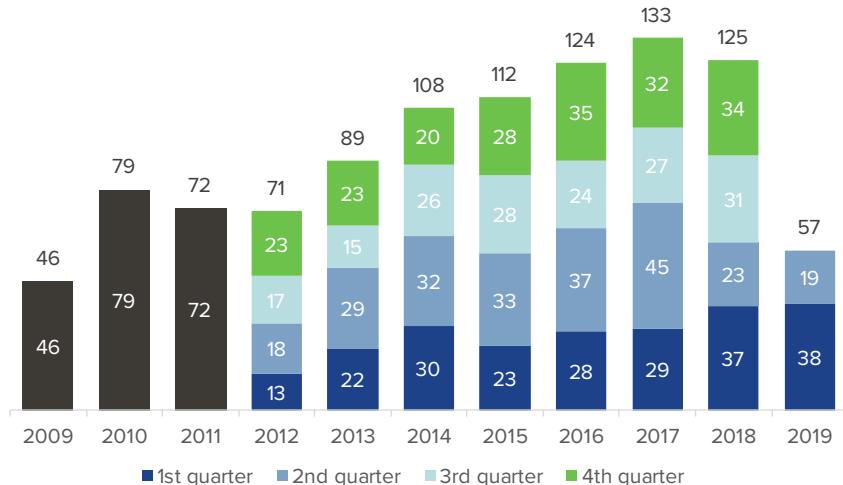
(Selected registered transactions)

- **Axcel**  
has acquired Phase One A/S
- **Industri Udvikling**  
has acquired Vetgruppen Holding A/S
- **Dansk Generationsskifte**  
has acquired Carelink A/S
- **Gro Capital**  
has acquired Adform A/S
- **Findos Investor**  
has acquired Ball Wholesale ApS
- **Fransisco Partners**  
has acquired EG A/S

## FOREIGN COMPANIES' ACQUISITIONS IN DENMARK

In Q2 2019, 19 Danish companies were sold to foreign buyers, which is on a lower level than other quarters in recent years.

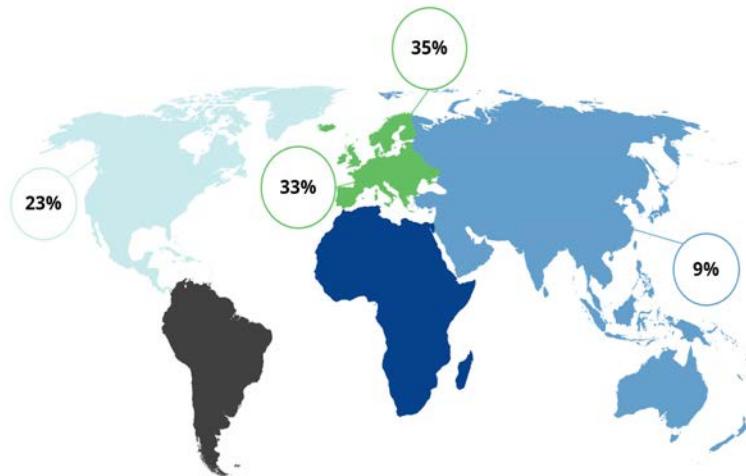
The development shows a decrease of 17% compared to same quarter last year (Q2 2018).



## GEOGRAPHICAL DISTRIBUTION OF FOREIGN COMPANIES' ACQUISITIONS IN DENMARK

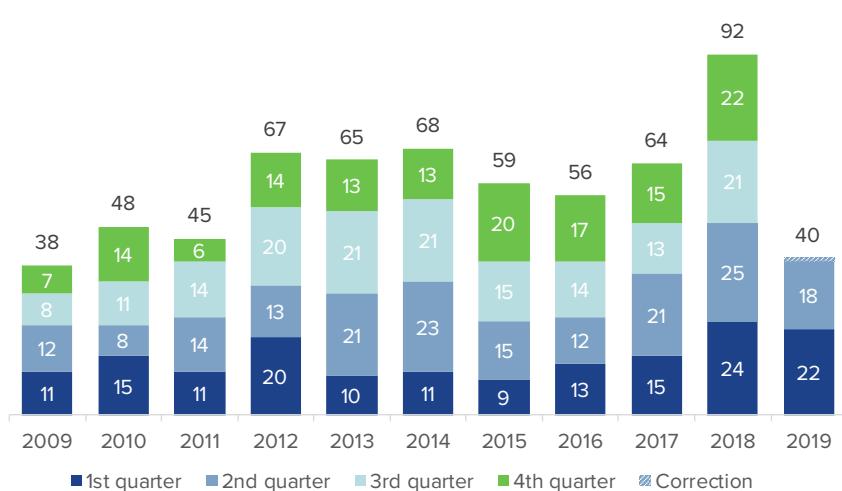
In Q1-Q2 2019, 68% of foreign buyers came from Europe, among these 35% from the Nordic countries. 23% of the buyers came from North America and 9% from Asia.

In 2018, the distribution looked as follows: Europe (76%), North America (19%), Asia (4%) and Africa (1%).



## DANISH COMPANIES' ACQUISITIONS ABROAD

Danish companies acquired 18\* foreign companies during Q2 2019. This is lower than the record high levels of 2018, but still indicates a generally high appetite for international acquisitions.

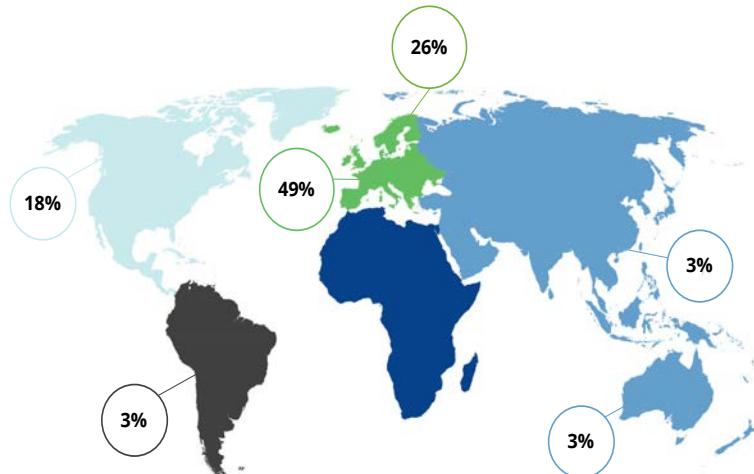


\*Correction for transactions not yet registered: 1

## GEOGRAPHICAL DISTRIBUTION OF DANISH COMPANIES' ACQUISITIONS ABROAD

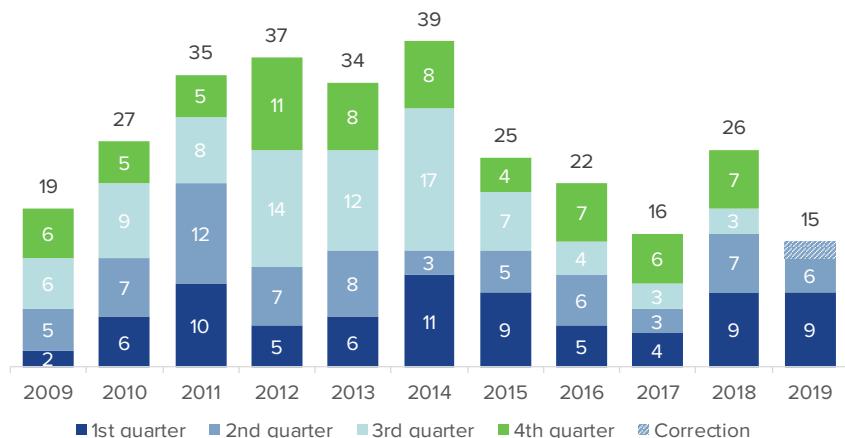
In Q1-Q2 2019, 74% of all Danish acquisitions were in Europe, among these 26% in the Nordic countries. 18% of the acquisitions were in North America, 3% in South America and 3% in Australia. There were no Danish acquisitions in Africa.

In 2018, the distribution looked as follows: Europe (84%), North America (13%), South America (2%) and New Zealand (1%).



## DANISH COMPANIES' DIVESTMENTS OF FOREIGN COMPANIES

In Q2 2019, Danish companies sold 6\* foreign companies. This is roughly on par with recent years.



\*Correction for transactions not yet registered: 2

## DANISH COMPANIES' STRATEGIC ACQUISITIONS ABROAD IN Q2 2019

(Selected registered transactions)

### **H. Lundbeck A/S**

has acquired American Abide Therapeutics Inc.

### **Danfoss A/S**

has acquired a 54% stake in Finnish Leanheat Oy

### **Netcompany A/S**

has acquired Dutch Q Delft B.V.

### **EG A/S**

has acquired Norwegian Lindbak Gruppen AS

### **Stark Group A/S**

has acquired the German Building Distribution division of Saint-Gobain

### **AVK International A/S**

has acquired Norwegian Furnes Jernstøperi AS

"Oaklins' understanding of our niche and negotiating skills towards the right international buyers has been crucial for the good result. We are very pleased with their efforts."

**LARS BENDIXEN**  
– ELMA INSTRUMENTS

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# Chapter 3

# The M&A market

# in Europe



# The M&A market in Europe

## CAUTIOUS INCREASE IN THE EUROPEAN M&A MARKET ACTIVITY

The level of activity in Q2 2019 surpasses that of the first quarter in the year, however, it is slightly lower than the activity seen in Q2 of previous years.

The main reasons for the slight dip in Q2 M&A activity compared to last year are decline in both the number of sales of European companies and in the number of European acquisitions outside Europe. This development was balanced by an increase in European companies' divestments of non-European companies.

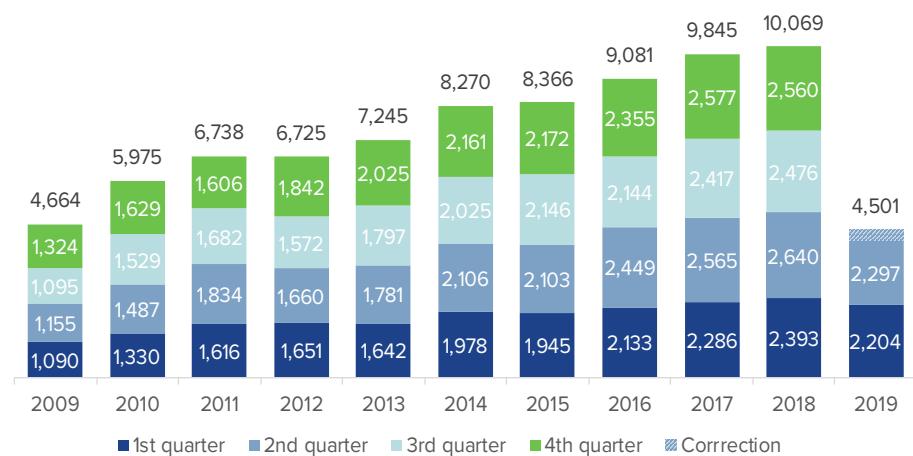
"Oaklins found the perfect match for our company. The potential is gigantic."

**SIMON STAMPE**  
– BLOOMINGVILLE

## ALL TRANSACTIONS IN EUROPE

All transactions in Europe include transactions with a European target, seller or buyer. There has been a total of 2,297\* European transactions in Q2 2019.

The development shows an increase of 4% compared to the previous quarter (Q1 2019), and a decrease of 13% compared to the same quarter last year (Q2 2018).

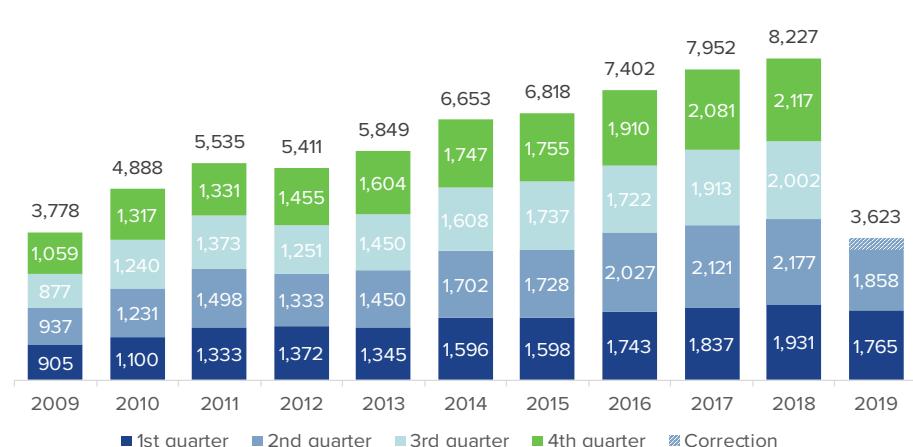


\*Correction for transactions not yet registered: 346

## SALE OF EUROPEAN COMPANIES

Sale of European companies include European targets acquired by buyers from all countries. In Q2 2019, 1,858\* European companies were acquired.

The development shows an increase of 5% compared to the previous quarter (Q1 2019) and a decrease of 15% compared to the same quarter last year (Q2 2018).



\*Correction for transactions not yet registered: 285

### EUROPEAN COMPANIES' ACQUISITIONS OUTSIDE EUROPE

European companies have acquired 332\* companies outside Europe during Q2 2019.

The development shows a decrease of 4% compared to the previous quarter (Q4 2018) and an increase of 1% compared to the same quarter last year (Q1 2018).



\*Correction for transactions not yet registered: 51

### EUROPEAN COMPANIES' DIVESTMENTS OF NON-EUROPEAN COMPANIES

European companies have sold 107\* companies based outside Europe during Q2 2019.

The development shows an increase of 6% compared to the previous quarter (Q1 2019) and an increase of 8% compared to the same quarter last year (Q2 2018).



\*Correction for transactions not yet registered: 14



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# Chapter 4

# Price development

# in Europe

# Price development in Europe

## TRANSACTION PRICING ON A LOWER BUT YET HIGH LEVEL

The EV/EBITDA-multiple development in Europe shows a decrease in the index from 117 in 2018 to 112 in mid 2019. Looking at the past 3-5 years, the valuations of privately traded European companies are relatively stable with no or limited indication of inflated prices. Compared to the stock market index, private companies have, on average, been traded at an increasing discount. This may indicate resilience to smaller or larger corrections in the stock market.

Despite high transaction volume, prices on private companies remain stable. This indicates a healthy market that will continue to show high levels of activity.

"Our dream has come true. Oaklins gathered the perfect team and we became part of the world elite within our industry."

**HEIDI LYNGHOLM**  
– BELFOR DENMARK

## PRICING OF PRIVATE COMPANIES LESS VOLATILE THAN THE STOCK MARKET

The indexation of the EV/EBITDA-multiple (median) for transactions in Europe in 2019 is at index 112. This is a lower level than 2018, where the index was 117. However, it should be noted that the calculations are based on 221 preliminary observations for Q1-Q2 2019 compared to 625 observations for the whole 2018.

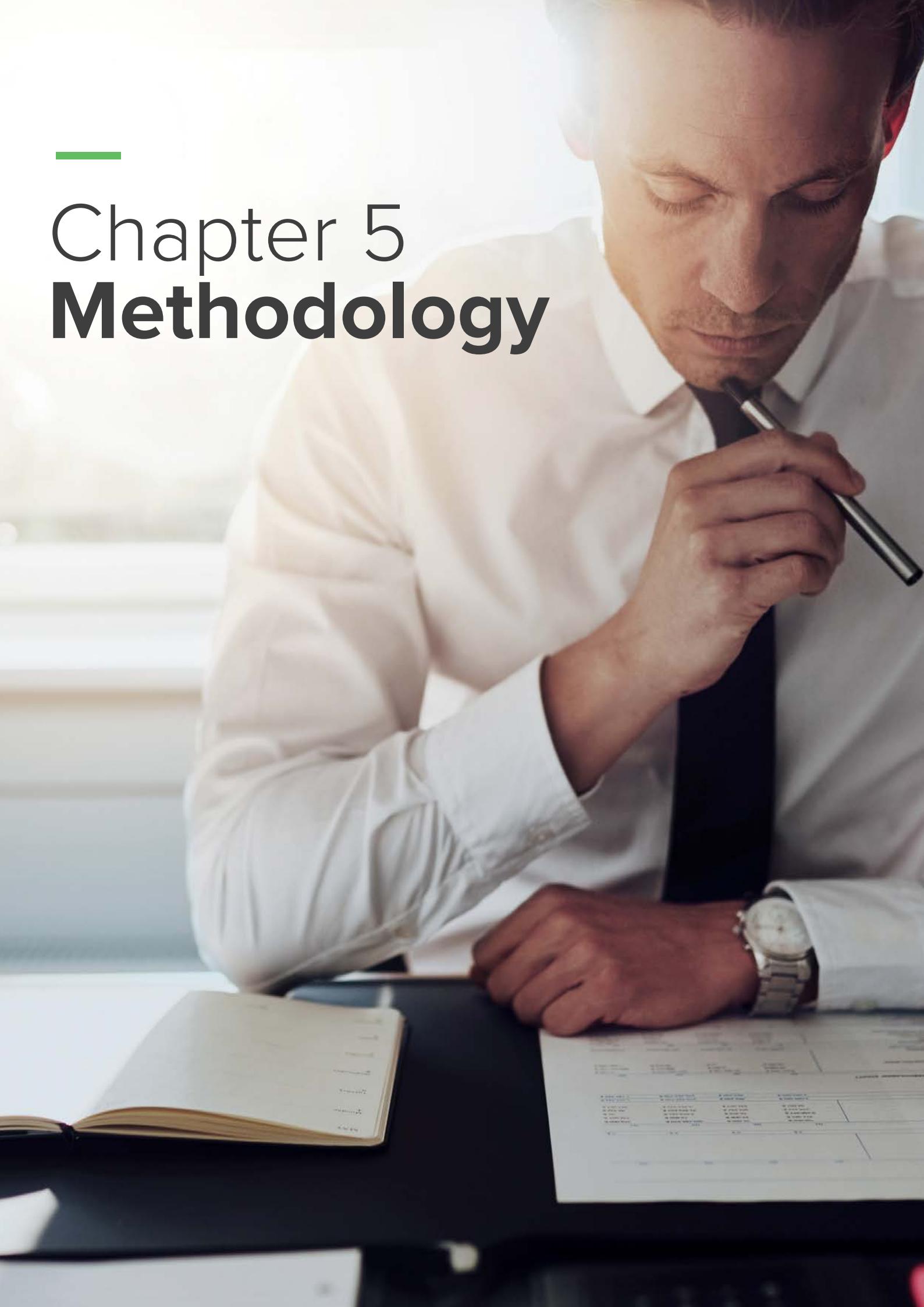


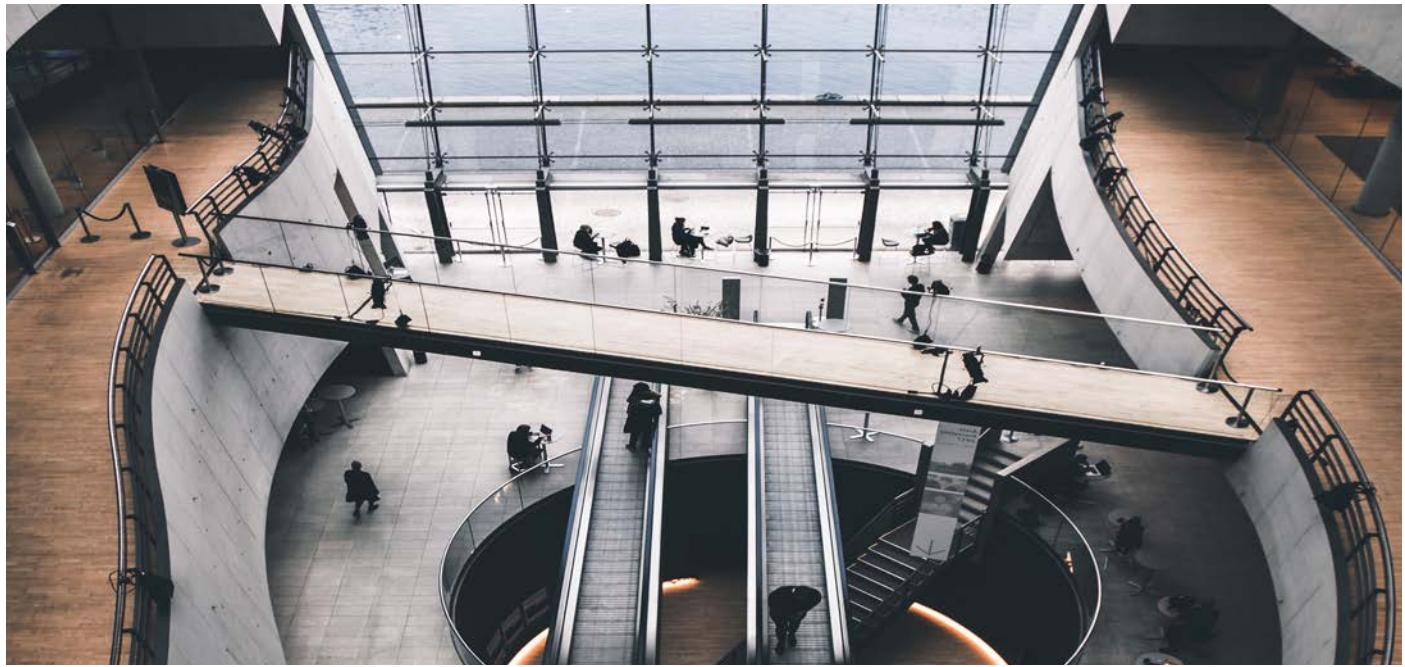
- The trend of the price development on the M&A market tends to follow the general movement in listed stock prices with a delay of 3-6 months
- Transactions with a deal value of at least \$5m are included
- EBITDA = earnings before interest, tax, depreciation and amortization
- EV = Enterprise Value
- Indeks 100 = Year 2005
- The price level is affected by relatively large transactions
- The stock index Dow Jones Stoxx 600-index is a broad index comprising the largest European companies

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# Chapter 5

# Methodology





## METHODOLOGY

The time of the transaction is defined as the announcement date. Transactions are not included if an offer is subsequently expired or withdrawn.

The analysis of the Danish M&A Market includes both sale of Danish companies, Danish companies' acquisitions of foreign companies, Danish companies' divestments of foreign companies as well as foreign companies' acquisitions in Denmark.

The analysis includes comparison to sale of European companies, European companies' acquisitions of companies outside Europe as well as European companies' divestments of non-European companies.

The prevailing analysis includes revised data for the period 1st April 2018 to 30th June 2019.

There has been added a correction for the number of not yet registered transactions to the data from Q2 2019, based on historical experience.

## CRITERIA FOR THE DATA USED

For transactions with known deal value, the transaction value must be larger than or equal to \$5m.

### Denmark

At least one of the parties involved must be Danish (buyer, seller or target).

Transactions where the deal value is unknown are included.

Transactions are included if the ownership stake traded is more than 30% or unknown.

### Europe

At least one of the parties involved must be European (buyer, seller or target).

Transactions where the deal value is unknown are included.

Transactions are included if the ownership stake traded is more than 30% or unknown.

## EUROPE

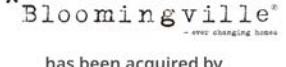
- Albania
- Andorra
- Armenia
- Austria
- Azerbaijan
- Belarus
- Belgium
- Bosnia-Herzegovina
- Bulgaria
- Channel Islands
- the Czech Republic
- Croatia
- Cyprus
- Denmark
- Estonia
- the Faroe Islands
- Finland
- France
- Georgia
- Germany
- Gibraltar
- Greece
- Greenland
- Hungary
- Iceland
- Ireland
- Isle of Man
- Italy
- Latvia
- Lichtenstein
- Lithuania
- Luxembourg
- Macedonia
- Malta
- Moldova
- Monaco
- Montenegro
- the Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- San Marino
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom

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# Chapter 6

# Selected Oaklins transactions



 <p><b>DATACON</b> ENTERPRISE SOLUTIONS</p> <p>has been acquired by</p> <p> <b>Danoffice IT</b></p> <p>a portfolio company of</p> <p> <b>AGILITAS</b></p> <p>M&amp;A SELL-SIDE TMT/Private Equity</p>	 <p>bovictus SINCE 1992</p> <p>has divested</p> <p><b>ZONE</b> DENMARK to <b>F&amp;H</b> of Scandinavia</p> <p>M&amp;A SELL-SIDE Consumer &amp; Retail</p>	 <p><b>DEBEL</b> has been acquired by</p> <p><b>HunterDouglas</b></p> <p>M&amp;A SELL-SIDE Consumer &amp; Retail</p>	 <p><b>total specific solutions</b> VERTICAL MARKET SOFTWARE</p> <p>has acquired</p> <p> <b>FDC</b></p> <p>from</p> <p> <b>Gjensidige</b>  <b>danmark sygeforsikring</b>  <b>Bupa</b></p> <p>M&amp;A BUY-SIDE TMT</p>
 <p>has been acquired by</p> <p><b>Roku</b></p> <p>M&amp;A SELL-SIDE TMT</p>	 <p>has divested</p> <p> <b>DANSK VENTIL CENTER</b> to </p> <p></p> <p>M&amp;A SELL-SIDE Construction &amp; Engineering/ Industrial Machinery</p>	 <p>has been acquired by</p> <p><b>Indutrade</b></p> <p>M&amp;A SELL-SIDE Industrial Machinery &amp; Components</p>	 <p>Cloud Productivity to People</p> <p>has been acquired by</p> <p></p> <p>M&amp;A SELL-SIDE TMT</p>
 <p>has been acquired by</p> <p><b>► PHARMALEX</b></p> <p>M&amp;A SELL-SIDE Healthcare/Private Equity</p>	 <p>has been acquired by</p> <p><b>BELFOR</b></p> <p>M&amp;A SELL-SIDE Business Support Services</p>	 <p>has been acquired by</p> <p></p> <p>M&amp;A SELL-SIDE Consumer &amp; Retail/Private Equity</p>	 <p>has been acquired by</p> <p><b>creativeCO-OP</b></p> <p>a portfolio company of</p> <p></p> <p>M&amp;A SELL-SIDE Consumer &amp; Retail/Private Equity</p>
 <p>has been acquired by</p> <p></p> <p>M&amp;A SELL-SIDE Energy/Industrial Machinery &amp; Components/Private Equity</p>	 <p>has been acquired by</p> <p></p> <p>M&amp;A SELL-SIDE TMT/Private Equity</p>	 <p>has been acquired by</p> <p></p> <p>M&amp;A SELL-SIDE TMT/Private Equity</p>	 <p>has acquired</p> <p></p> <p>M&amp;A BUY-SIDE Food &amp; Beverage/Logistics</p>

# We are **passionate**, about your industry and M&A



## Oaklins

### Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are.

800 professionals  
60 offices in 40 countries  
5,000+ deals  
dedicated industry teams

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