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Nordic

Private Equity Index

APRIL 2011

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■ Welcome to the inaugural Nordic *unquote*™ Private Equity Index published in association with KPMG.

This quarterly feature analyses the trends in the number, value and financing of deals in the Nordic region, and will also provide a snapshot of the sentiment among private equity practitioners active in the region.

With Sweden being the most prominent country in the region in terms of volume and value, the Nordic Private Equity Index will plot Swedish activity against combined figures of Denmark, Finland and Norway (NORDICS).

Quarterly transaction levels are analysed for two buyout value brackets (<€150m and €150m+) as well as early-stage and expansion deals.

Yours sincerely,



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Q1 2011: The recovery remains on track

The Nordic region has become a firm LP favourite for European private equity commitments over the past decade, as lately indicated by the reported fundraisings of local GPs in even the toughest fundraising climates. In 2010 Polaris, Litorina, HitecVision and CapMan, to name a few, all attracted significant LP commitments for their new funds. The winning formula is of course a combination of several ingredients, but experienced GPs, strong returns and consistent dealflow are certainly major factors; and the Nordic region has proven to have these aplenty.

With the exception of the crisis year 2009, yearly buyout activity in the region has topped the 60 deal mark since 2004. In fact even in 2009, which was for many European practitioners an *annus horribilis*, deal doing in the Nordics did not implode as in other European regions.

While the important ingredient for buyouts, leverage, became scarce during that period, deal doers adapted accordingly and structured their acquisitions as equity only. In fact 40% of all Nordic buyouts in 2009 were all-equity transactions (see chart). What's more, once the debt markets began to defrost last year, deal activity in the region recorded a substantial recovery, with volume almost doubling to 63 buyouts worth €7.5bn.

So the big question for principals looking to execute MBOs and for their advisers is whether the market recovery has remained on track in the first quarter of 2011 and what can be expected in the next couple of quarters? To assess this, let's look at the facts starting with the smaller buyout deal bracket, the buyouts worth more than €150m and finally early-stage and expansion capital deals.

- Deal activity in the smaller value range remained almost on par with totals recorded over the same period in 2010. That said, total value of Swedish buyouts in this deal bracket almost halved, indicating smaller transaction sizes in Sweden than at the same time last year.

- The larger deal bracket (€150m+) saw a similar development, although notably Denmark, Finland and Norway (NORDICS) recorded two transactions in this value range in the first quarter compared to none over the same period last year. This further indicates

that larger transactions are once again being completed in Denmark and Norway after two years of subdued activity. Though Sweden also saw a buyout in this deal range, the value total is less than half compared to Q1 2010.

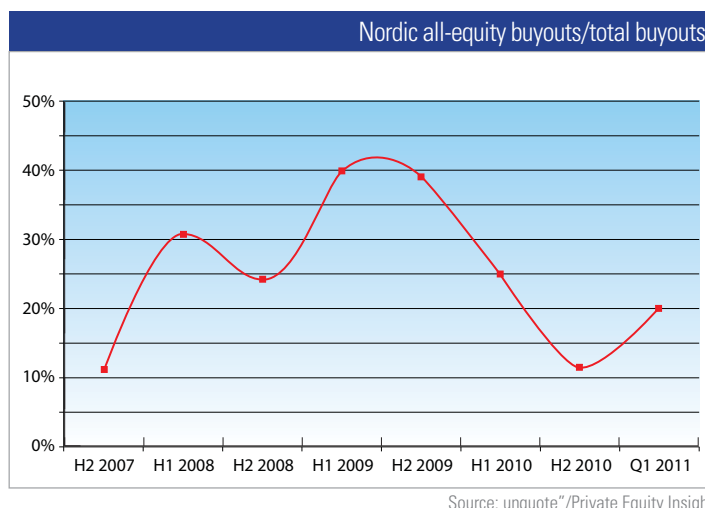
- Good news on the early-stage and expansion capital deal front, as activity levels in Q1 are slightly higher than the same time last year, with total value of transactions more than double in the NORDICS. Notably, the total value of Swedish transactions follows the downward pattern of the buyouts, indicating smaller deals being completed in Sweden in the first quarter of 2011.

Alongside these hard facts, the Nordic *unquote* survey reveals some softer ones:

- When it comes to deal activity in the next six months, private equity practitioners in the region expect rising levels throughout the value brackets, while suggesting current debt levels are to remain at current responsible levels.

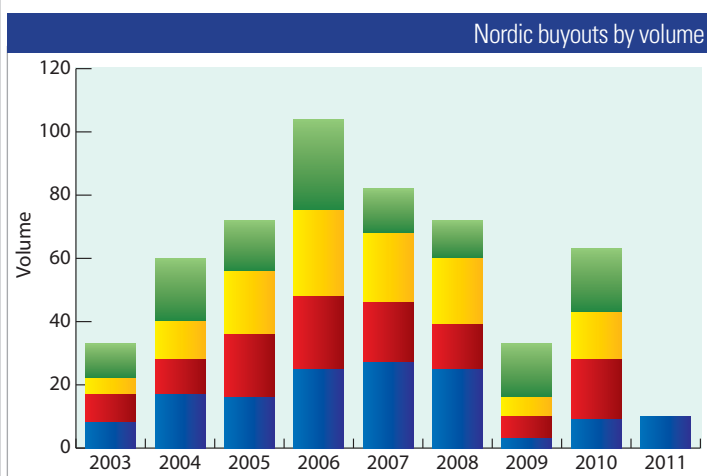
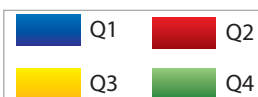
- In terms of sectors, the focus remains on healthcare and services investments, with the industrials and technology segments also expected to feature strongly.

Therefore, considering the continuing macro-economic uncertainty, the recovery in the Nordics remains on track, backed by robust deal activity and practitioners remaining cautiously optimistic about this year's prospects. ■

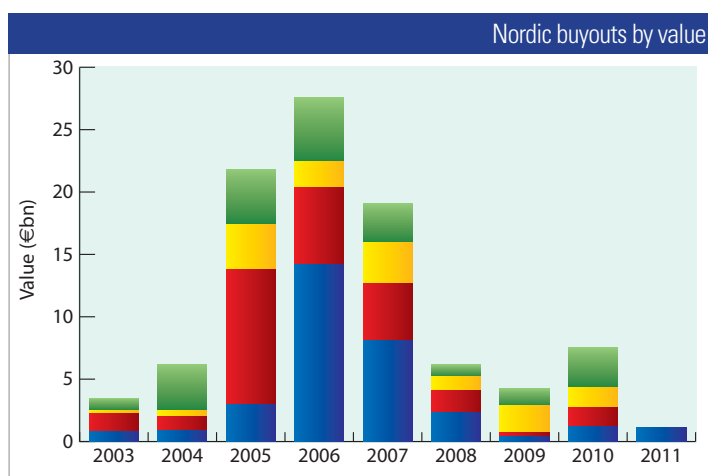




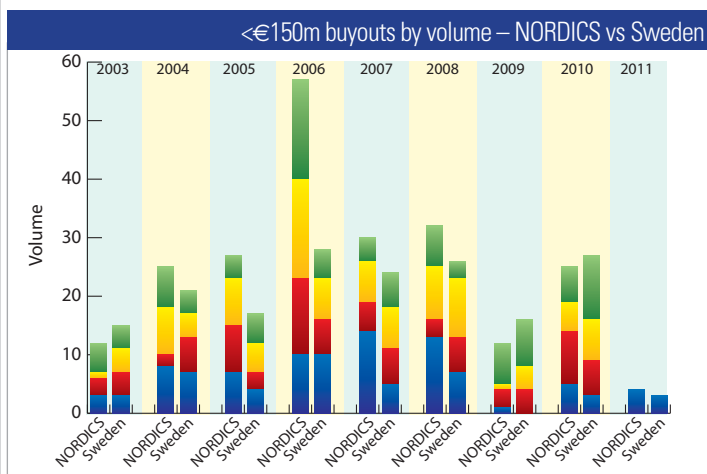
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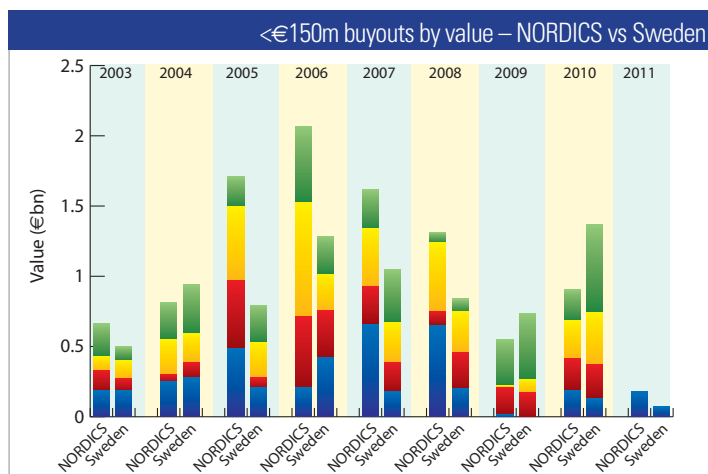
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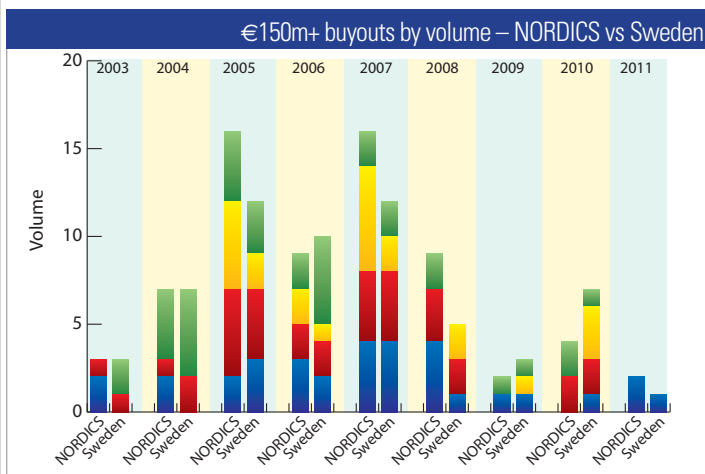
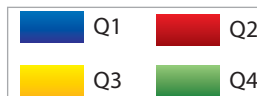
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The NORDICS area includes Denmark, Norway and Finland.
Statistics and data for Sweden are recorded separately.

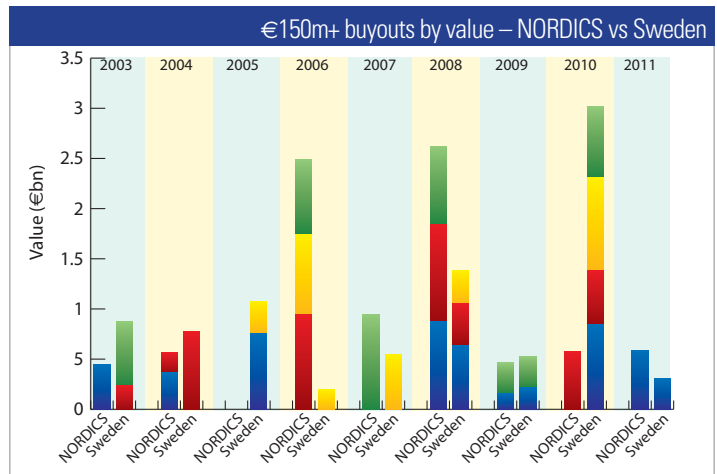


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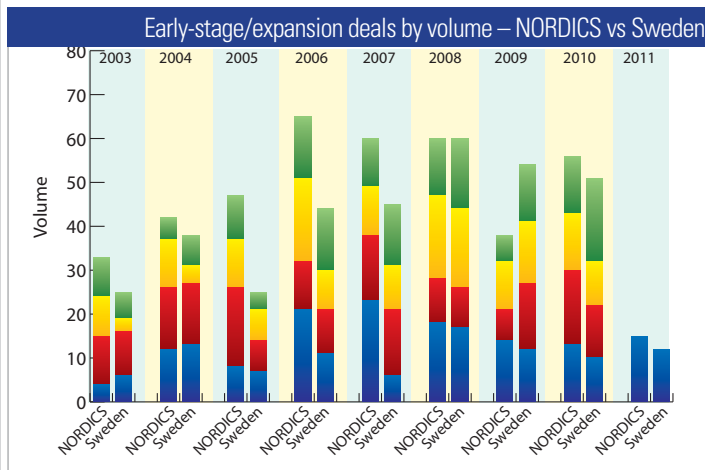
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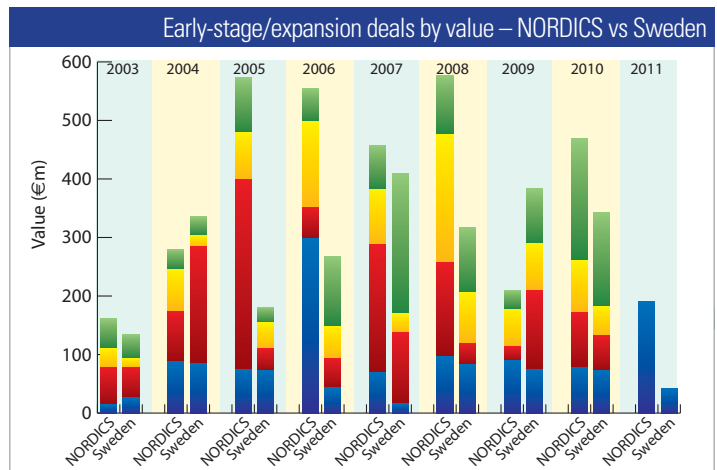
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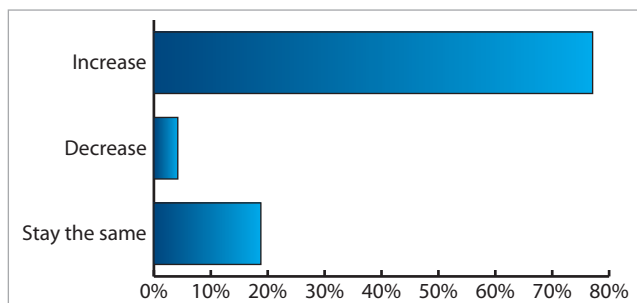
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Private Equity Index *period to end March 2011*

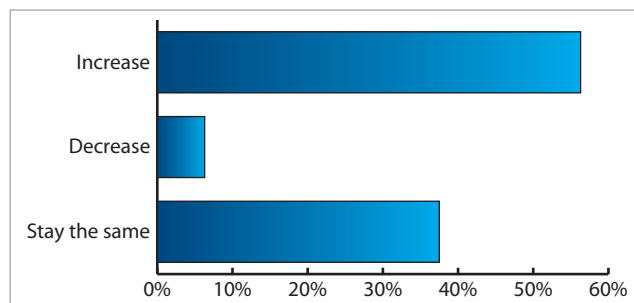


In order to produce these statistics, more than 500 key players in the Nordic private equity and venture capital markets were surveyed.

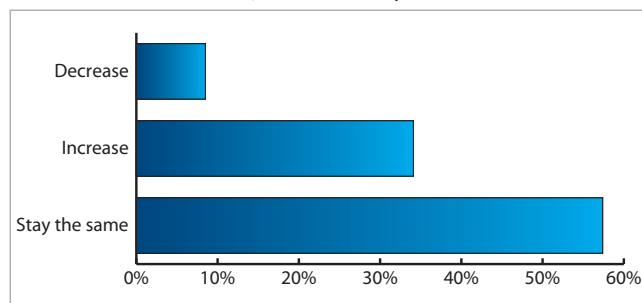
1 Over the next six months do you expect activity levels in the lower mid-market buyout segment (<€150m) to increase, decrease or stay the same?



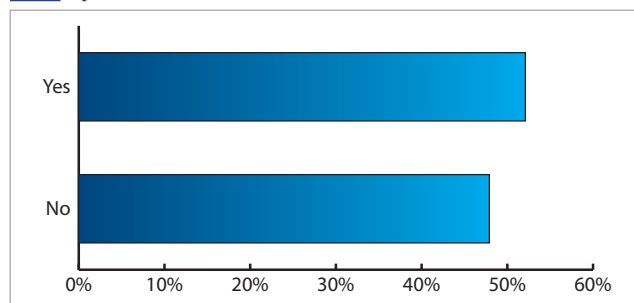
2 Over the next six months do you expect activity levels in the upper mid-market segment (>€150m) to increase, decrease or stay the same?



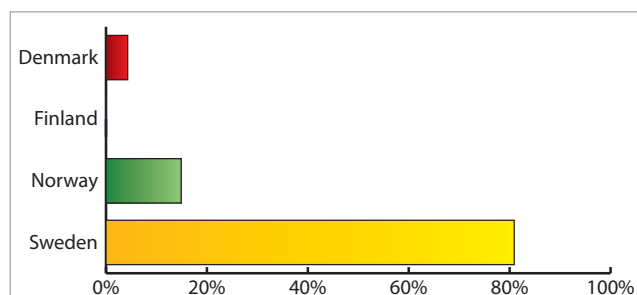
3 Over the next six months, do you expect current debt multiples in deals to increase, decrease or stay the same?



4 Will Nordic private equity fundraising outperform its European peers in 2011?



5 Which country will show the strongest economic performance in 2011?



6 Which sector provides the most promising investment opportunities in the Nordic region in the next six months?

