



**Deloitte.**

M&A sector report

Nordic technology, media and telecom market

Q1-2024

# Letter from the editors

## The M&A activity level in the Nordics remained high in Q1-24, recording a total of 115 transactions across software, IT services, IT Hardware and Media and Telecommunication

Nordic M&A activity in the TMT sector continues to be driven primarily by software companies which accounted for 96 of the announced transactions in Q1 2024 – an increase from the 90 deals concluded in Q4 2023. The number of announced transactions in the Nordic software space was the highest since 2016 (the historical period covered in this report). By recent transactions, as per ultimo Q1 2024 (LFY<sup>1</sup>), the Nordic M&A software pricing level is at a median EV/revenue of 4.7x.

SaaS multiples increased slightly in Q1 – both in the Nordics and globally. The median NTM<sup>2</sup> EV/Revenue multiple from the Deloitte Nordic SaaS Index concluded at 3.2x – up from 2.7x in Q4 2023 but still below L5Y median of 4.6x. The Deloitte Global SaaS Index concluded at an NTM EV/Revenue of 5.4x in the quarter, compared to a L5Y median of 8.1x – however, global SaaS companies’ EV/EBITDA multiples remain close to median historic levels over the past five years.

In the Nordic IT services transaction market, 5 deals were recorded, down from 12 deals in Q4 2024<sup>3</sup>. Nordic and Global IT service companies trading was stable throughout Q1, concluding close to median historical levels at NTM EV/Revenue multiples of 0.8x and 1.0x, respectively.

Media and Telco M&A activity declined substantially from 25 completed transactions in Q4 2023 to 12 in Q1 2024 including 8 media companies and 4 telecommunication companies. On an LTM basis however, activity remains high as the most recent twelve months have seen an all-time high deal activity since 2016.

IT hardware M&A activity in the Nordics remained dormant compared to other TMT subsectors, with only two completed deals in Q1 2024. As such, the sector is not covered in this report.

The Q1 2024 report reflects transactions involving a Nordic target registered by Mergermarket, supplemented by Deloitte’s transaction experience and insights. Deal volume is based on announced deals by Mergermarket industry categories.

*Nordic SaaS index trading multiples at 3.2x NTM EV/Revenue and 13.0x NTM EV/EBITDA*

*Nordic IT services index trading at 0.8x NTM EV/Revenue and 7.4x NTM EV/EBITDA*

*Nordic software transactions LFY EV/Revenue of 4.7x*



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Note: 1) Last full year; 2) Next twelve months; 3) No multiple analysis conducted on recent transactions due to low data availability on Q1 2024 transactions and previous transactions being covered in the last report

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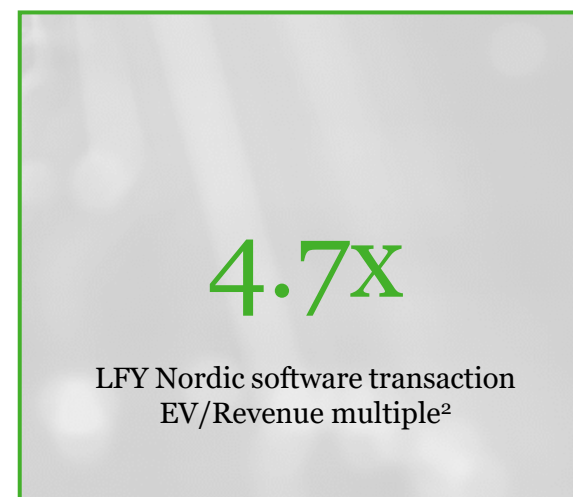
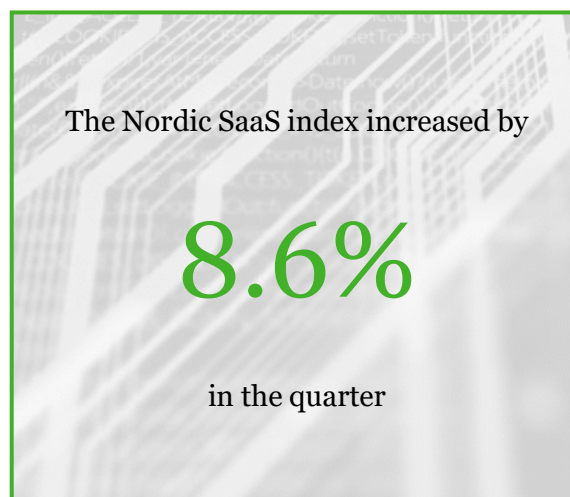
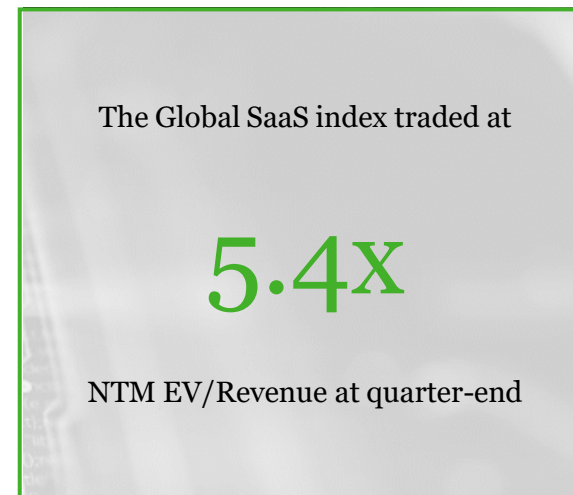
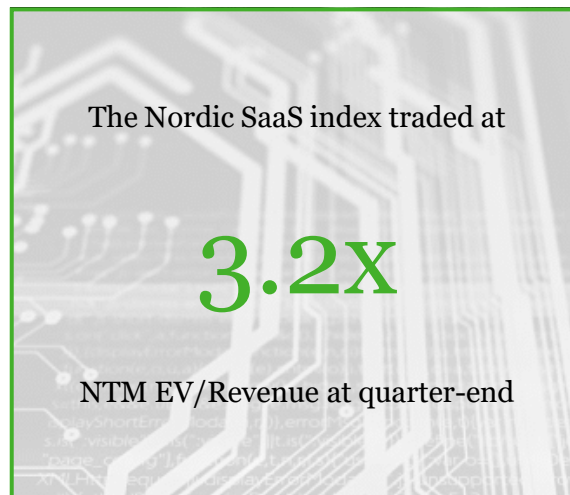
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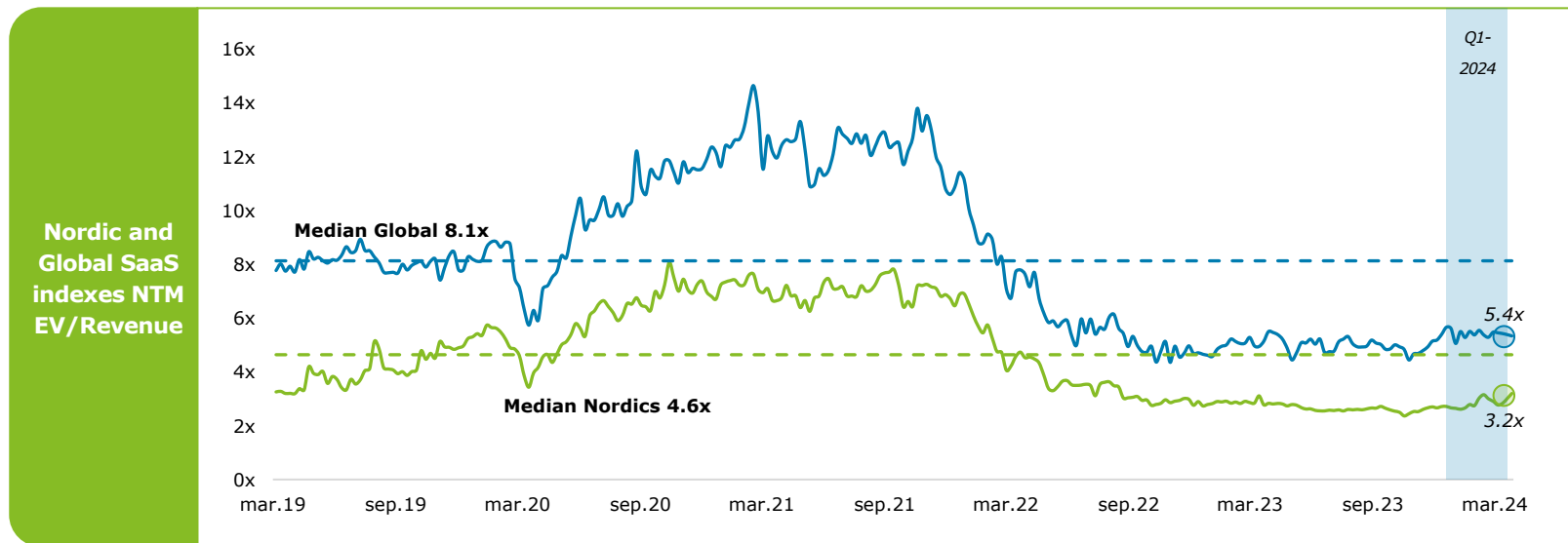
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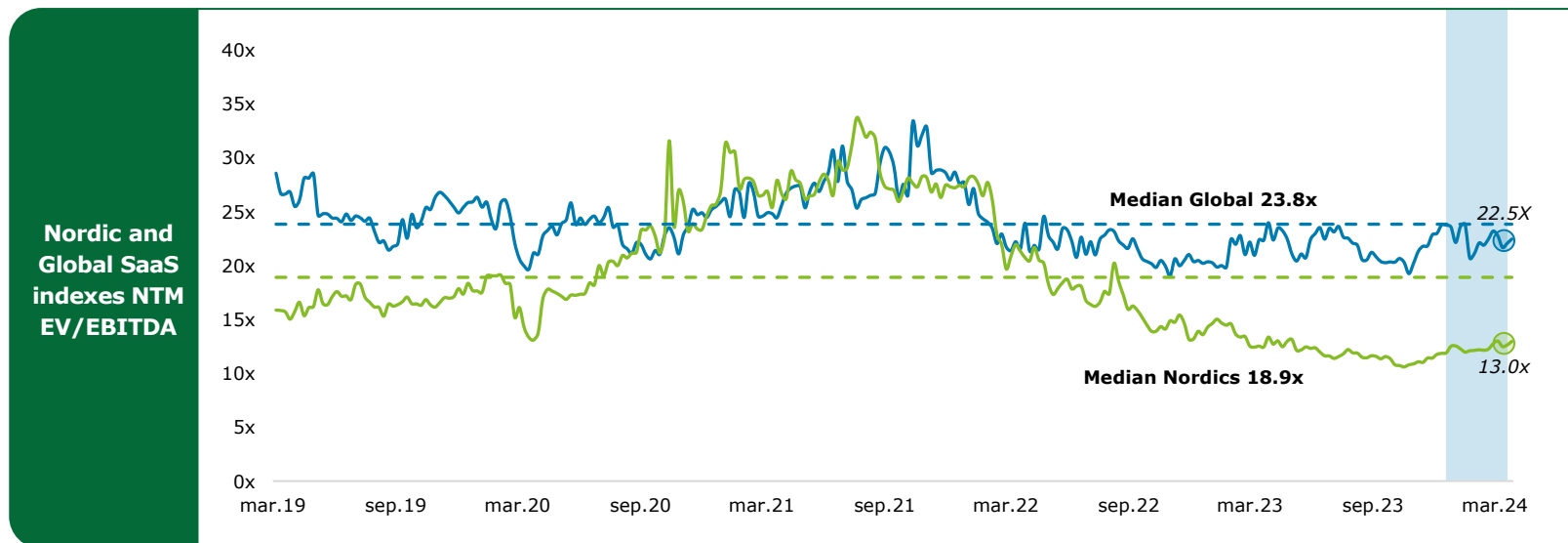


Notes: 1) Start of historical period analysed in this report; 2) Based on selected Q1-2024 transactions with available data

# Stable Nordic and Global software multiples with slight increases, yet below the 5Y median



Per end Q1 2024, the Nordic SaaS Index traded at a median NTM EV/Revenue of 3.2x while the Global SaaS Index traded at a median NTM EV/Revenue of 5.4x

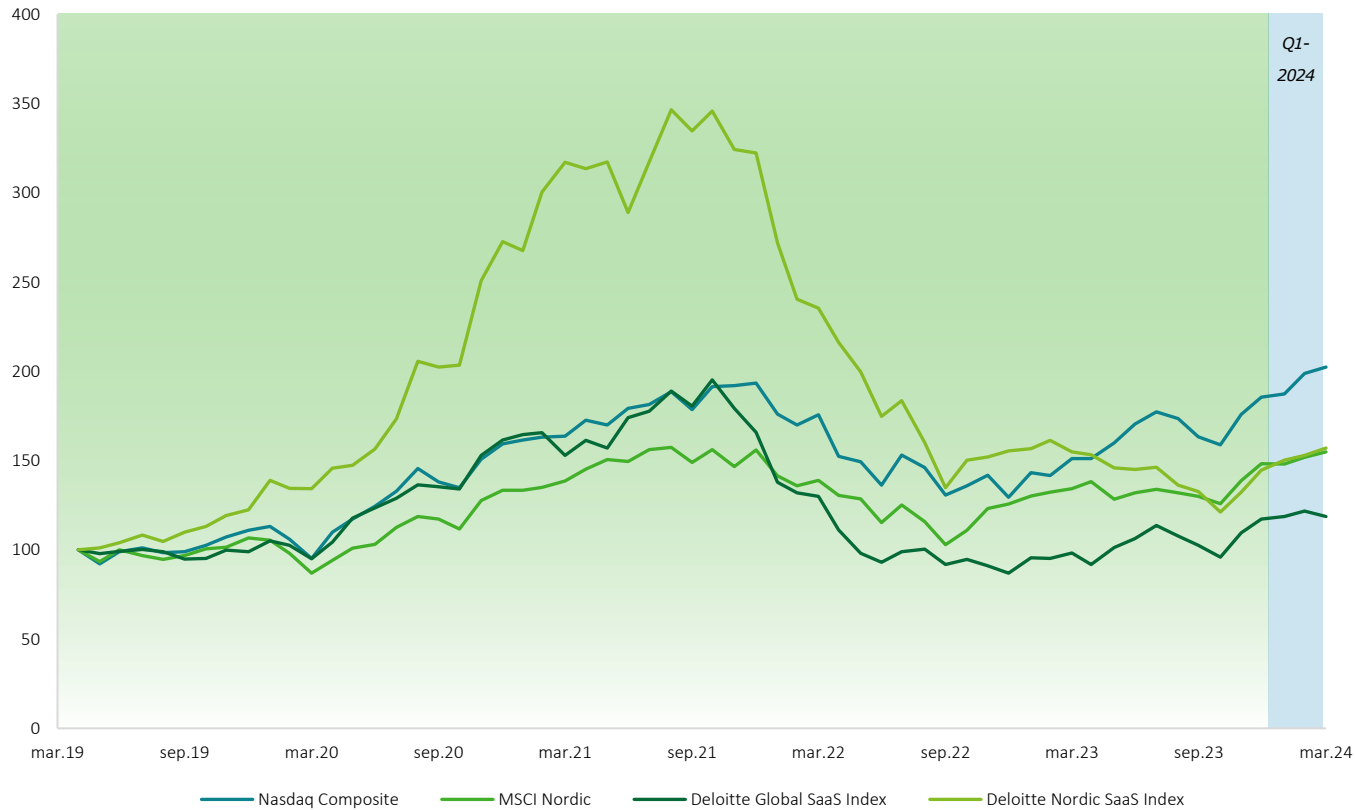


Per end Q1 2024, the Nordic SaaS Index traded at a median NTM EV/EBITDA of 13.0x while the Global SaaS Index traded at a median NTM EV/EBITDA of 22.5x

# The Nordic SaaS Index continued to outperform the Global SaaS Index in Q1 2024

Indexed stock price development for various indices, start point: 100

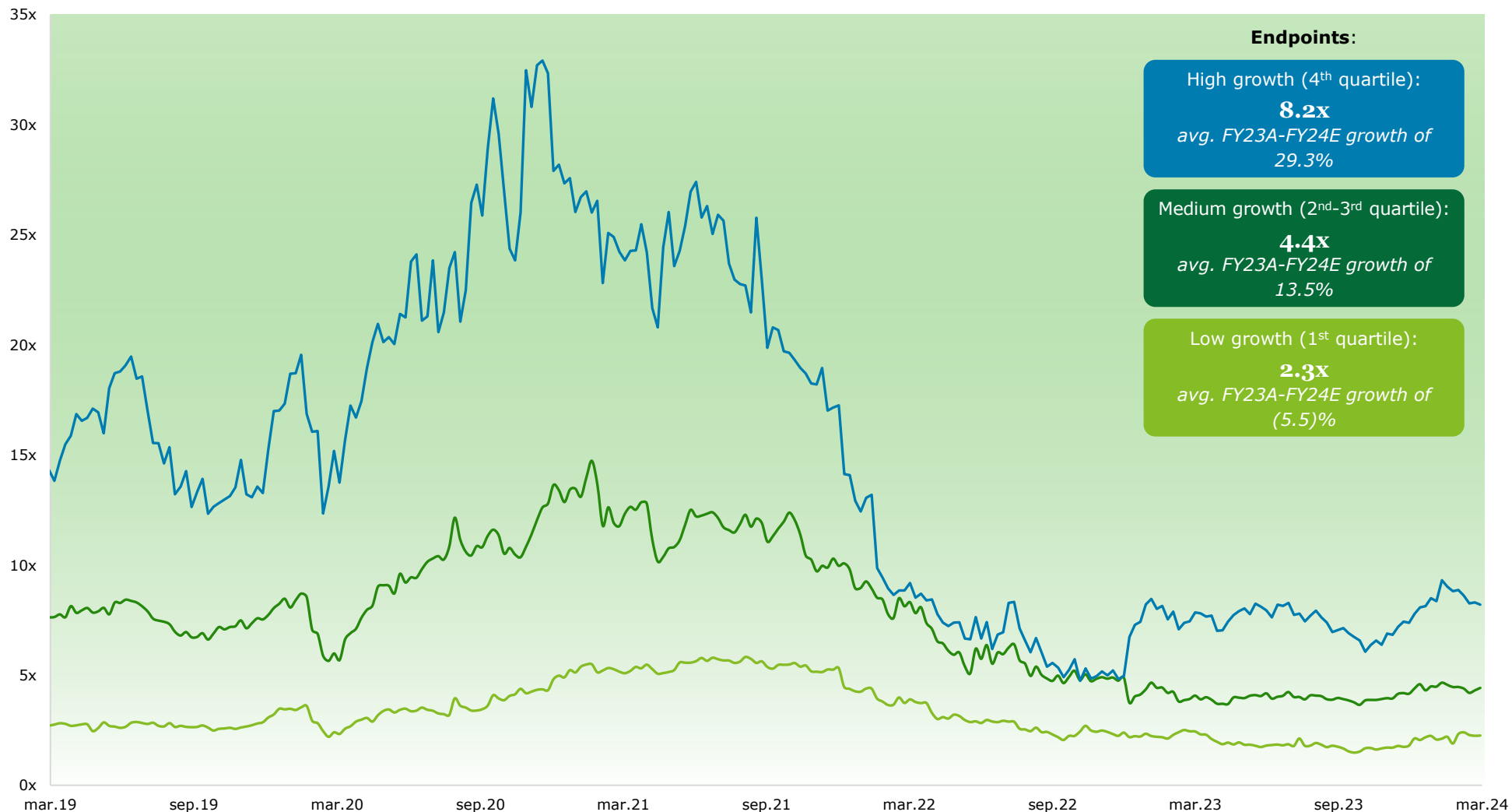
*The Nordic SaaS Index increased by 8.6% in Q1 2024 continuing a strong rebound from a substantial decline in previous years, while the pick-up of the Global SaaS Index was significantly slower, growing only 1.3% in the quarter*



<b>Deloitte Nordic SaaS index:</b> <b>157</b>	<b>L3M: 8.6%</b> <b>L6M: 18.4%</b> <b>LTM: 1.4%</b>
<b>Deloitte Global SaaS index:</b> <b>119</b>	<b>L3M: 1.3%</b> <b>L6M: 15.8%</b> <b>LTM: 20.7%</b>
<b>Nasdaq Composite:</b> <b>202</b>	<b>L3M: 9.1%</b> <b>L6M: 23.9%</b> <b>LTM: 34.0%</b>
<b>MSCI Nordic:</b> <b>155</b>	<b>L3M: 4.4%</b> <b>L6M: 19.1%</b> <b>LTM: 15.3%</b>

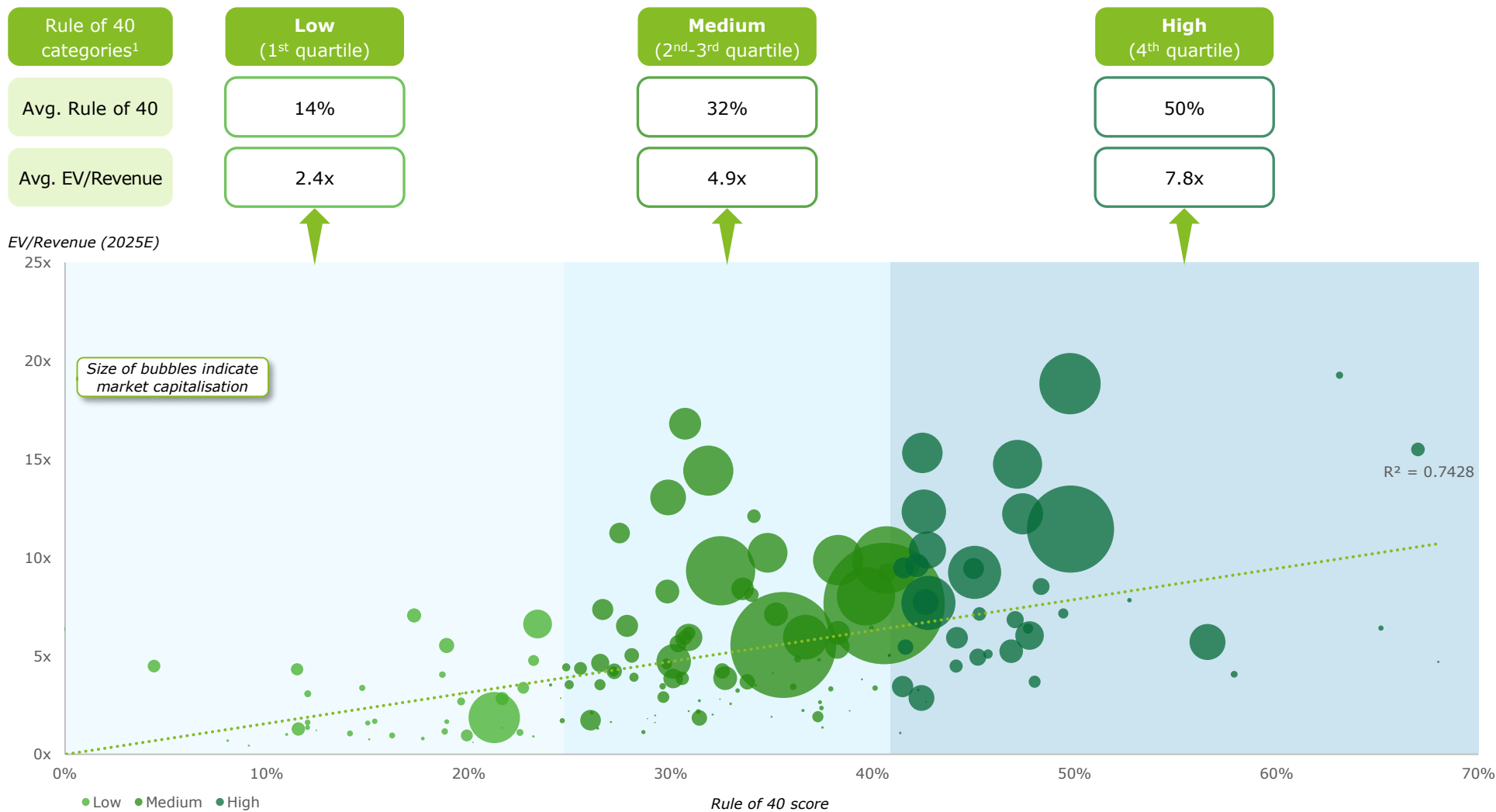
# High growth continues to yield valuation premiums for software companies

Median NTM EV/Revenue development for high, medium and low growth companies in the Deloitte Global and Nordic SaaS indexes



# Higher Rule of 40 performance supports valuation premiums for software companies

EV/Revenue multiples and Rule of 40 performance for companies in the Deloitte Global and Nordic SaaS indexes

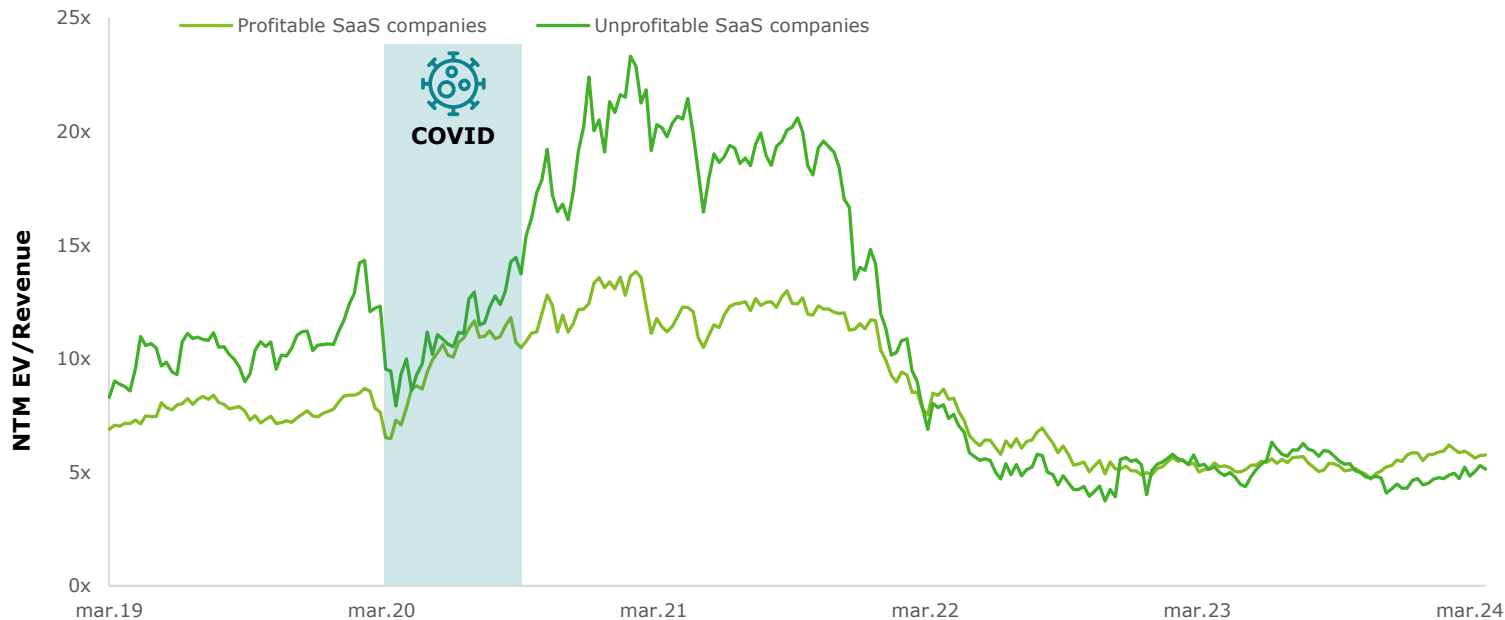


Note: 1) The rule of 40 states that software companies' combined revenue growth and EBITDA margin should equal or exceed 40%  
 Source: Deloitte; S&P's Capital IQ



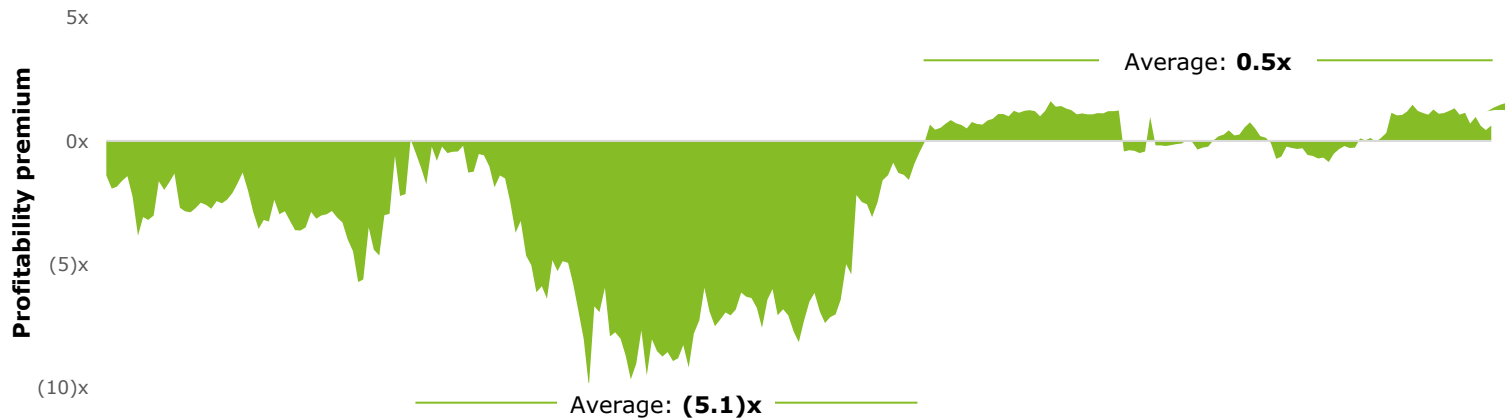
# Compared to previous years, investor appetite has shifted away from a growth focus

Development in NTM EV/Revenue for Deloitte Global and Nordic SaaS indexes



Following COVID unprofitable companies saw a significant valuation premium, suggesting an investor appetite for growth rather than profitability

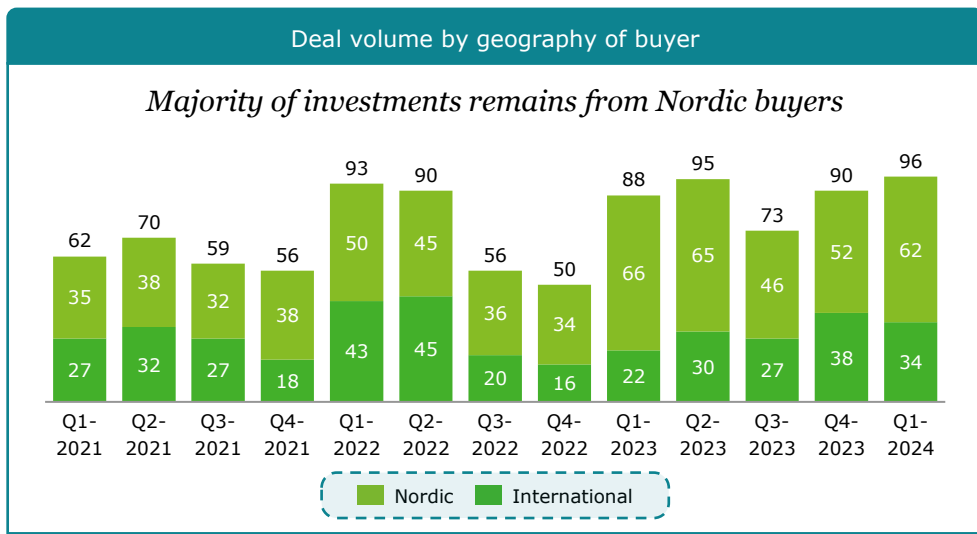
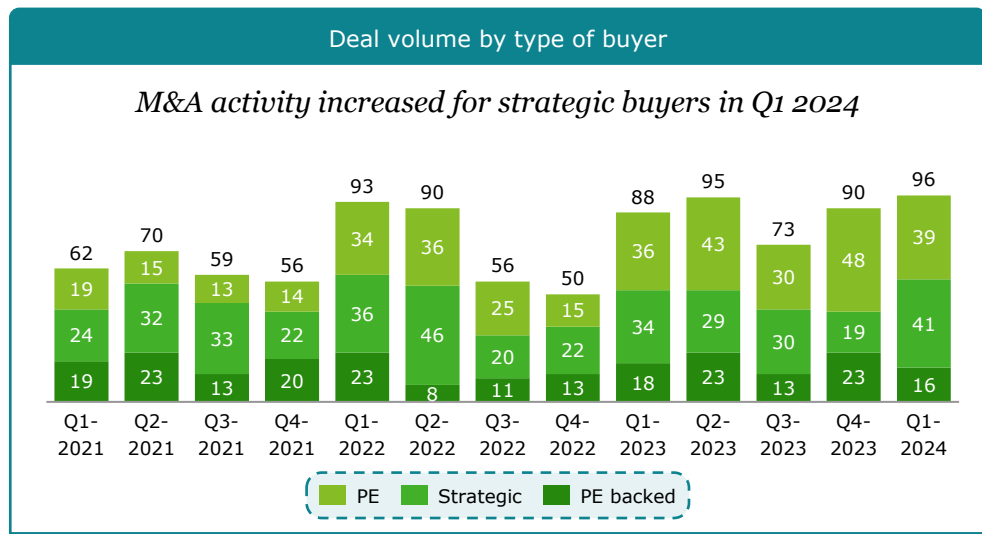
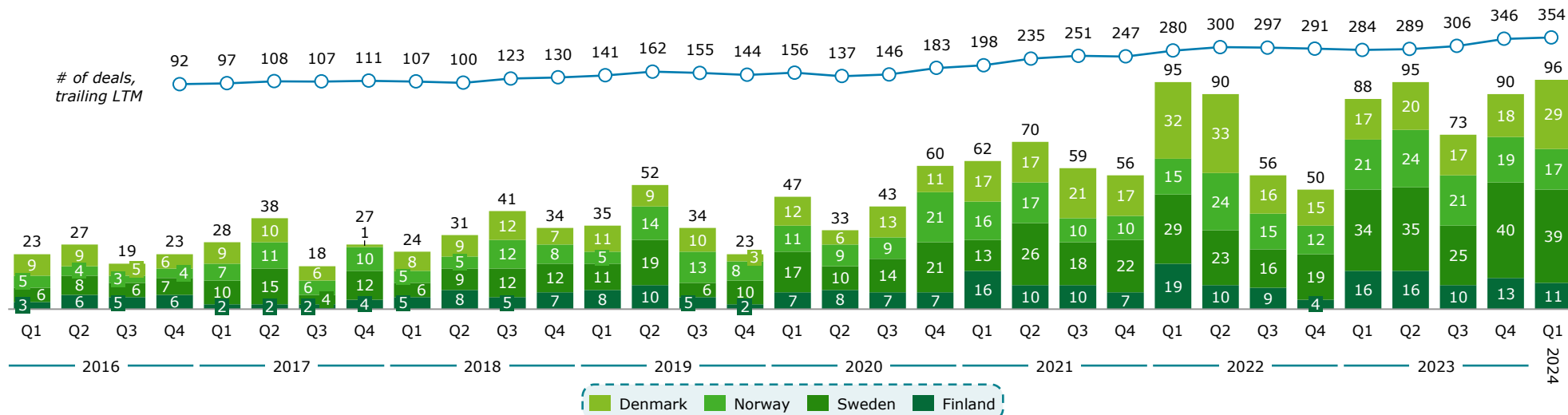
In more recent years, investor appetite has become more balanced between growth versus profitability



In the past ~6 months, a minor profitability premium has been observed, however with a declining gap vis-à-vis growth

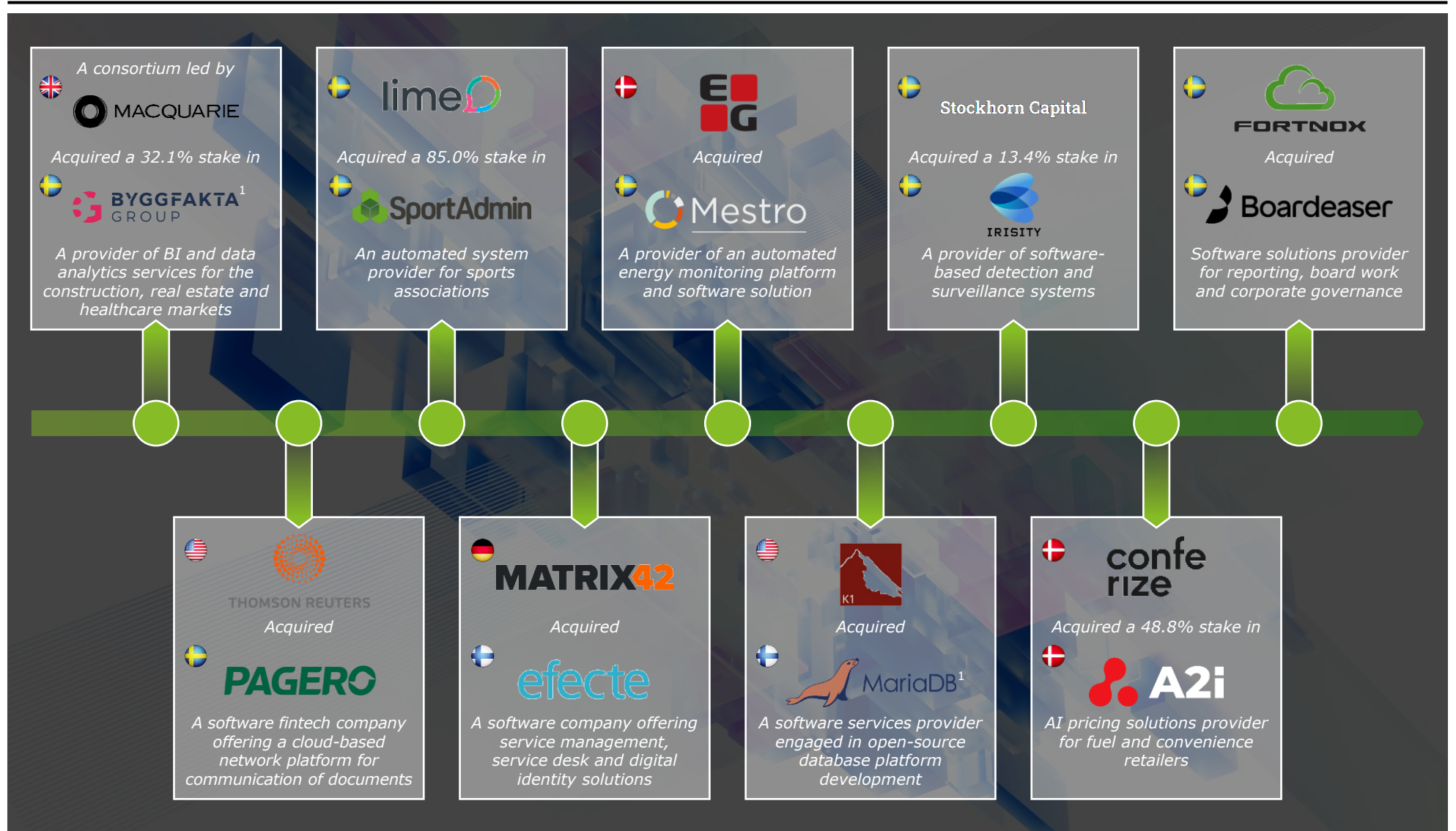
# Nordics software deal momentum remained strong in Q1 2024 with highest levels in 8 years

Software deal volume across the Nordic countries, # of transactions<sup>1</sup>



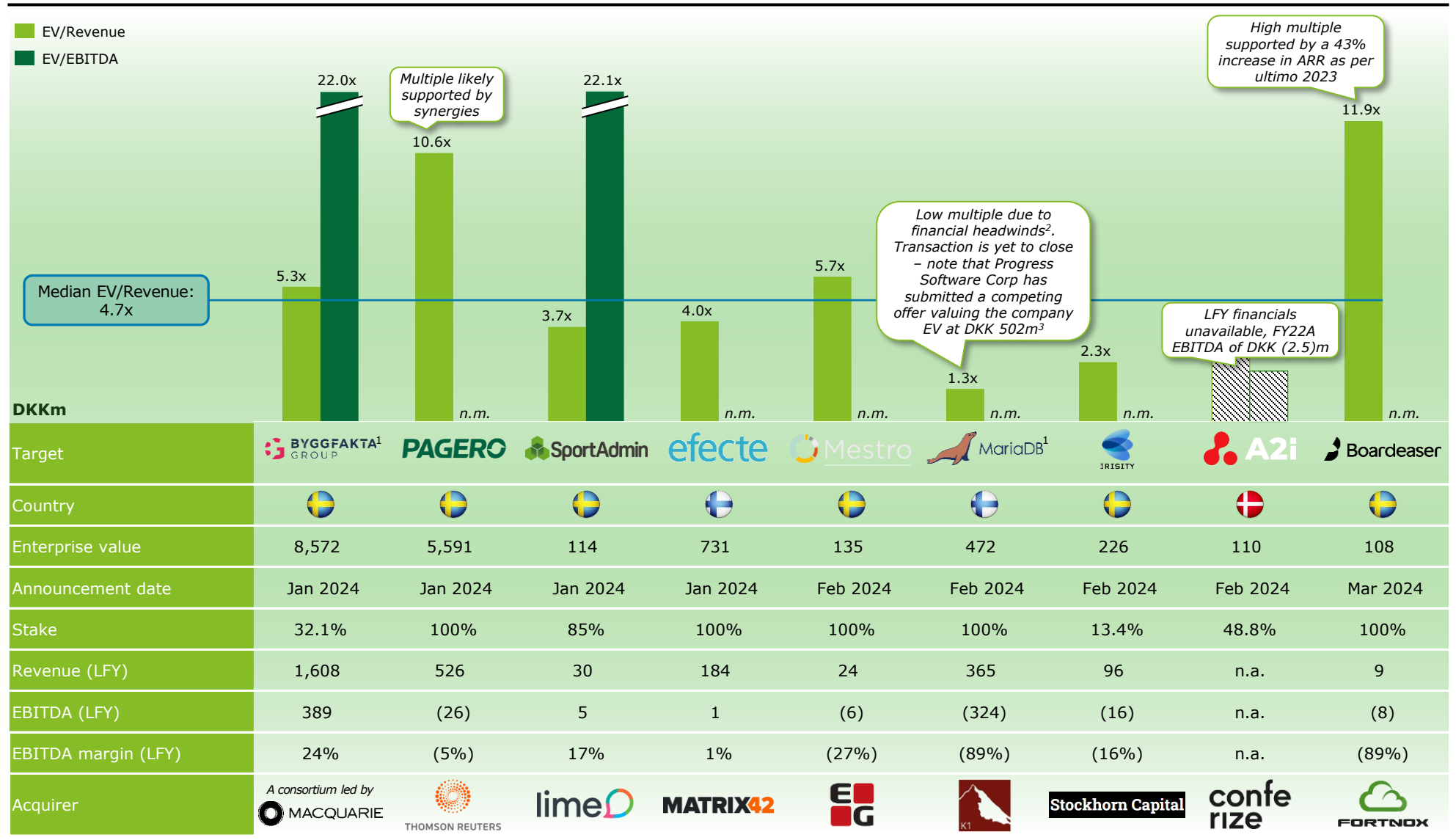
Note: 1) Deal volume based on Mergermarket industry category "Computer software" excluding undisclosed target companies  
 Source: Mergermarket; Deloitte

# Selected Q1-2024 software transactions in the Nordics



Note: 1) Pending completion  
 Source: Mergermarket

# Selected Nordic software transactions traded at a median multiple of 4.7x LFY EV/Revenue



Note: 1) Pending completion; 2) MariaDB recently discontinued a range of strategic products and cut 28% of their workforce; 3) EV/Revenue = 1.4x  
 Source: Mergermarket; S&P's Capital IQ; Annual reports; Nationalbanken; Press releases



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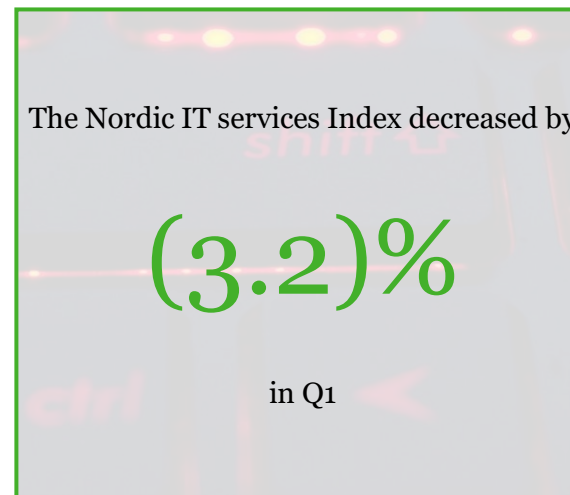
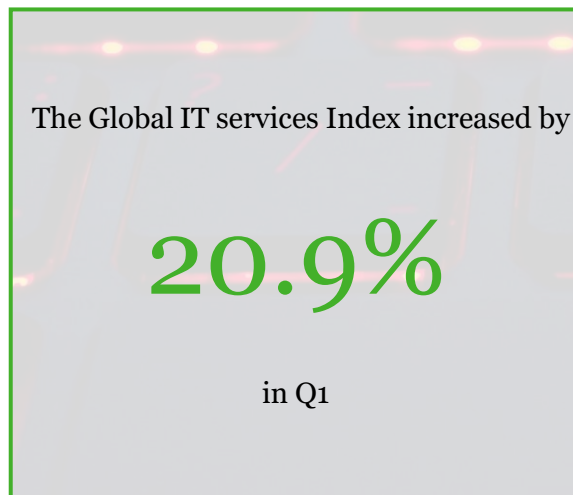
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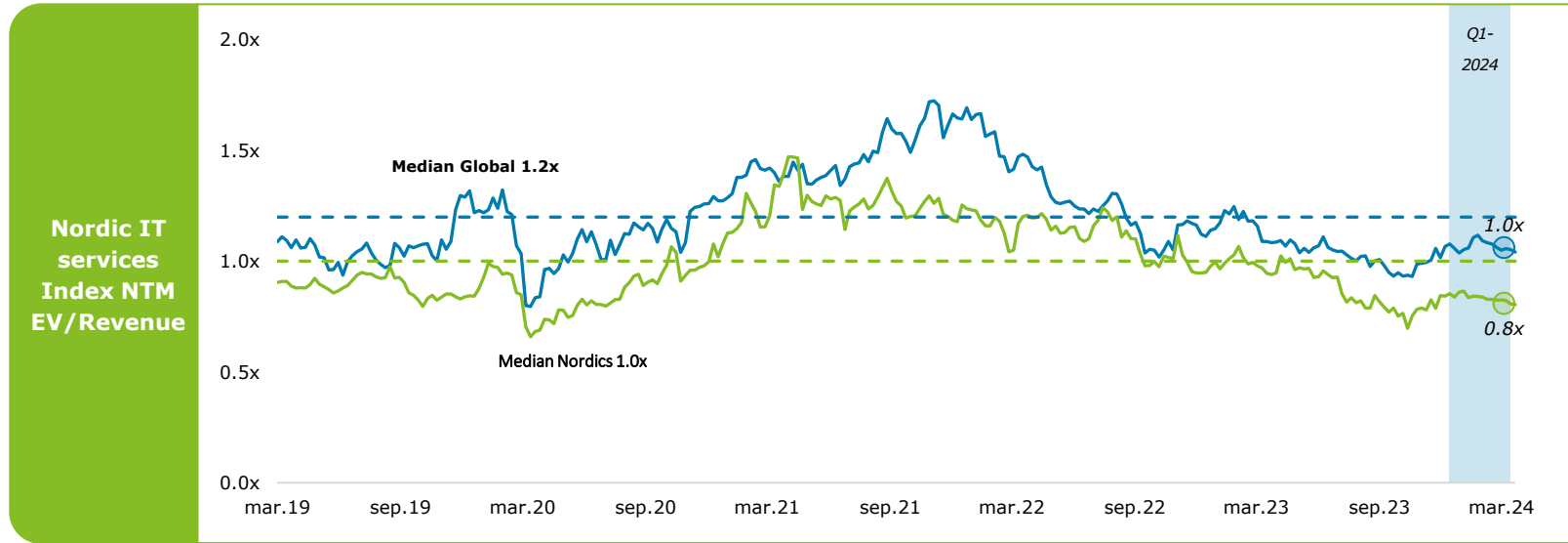
## Deloitte insights

- Recent Deloitte credentials
- Sector team & contact details

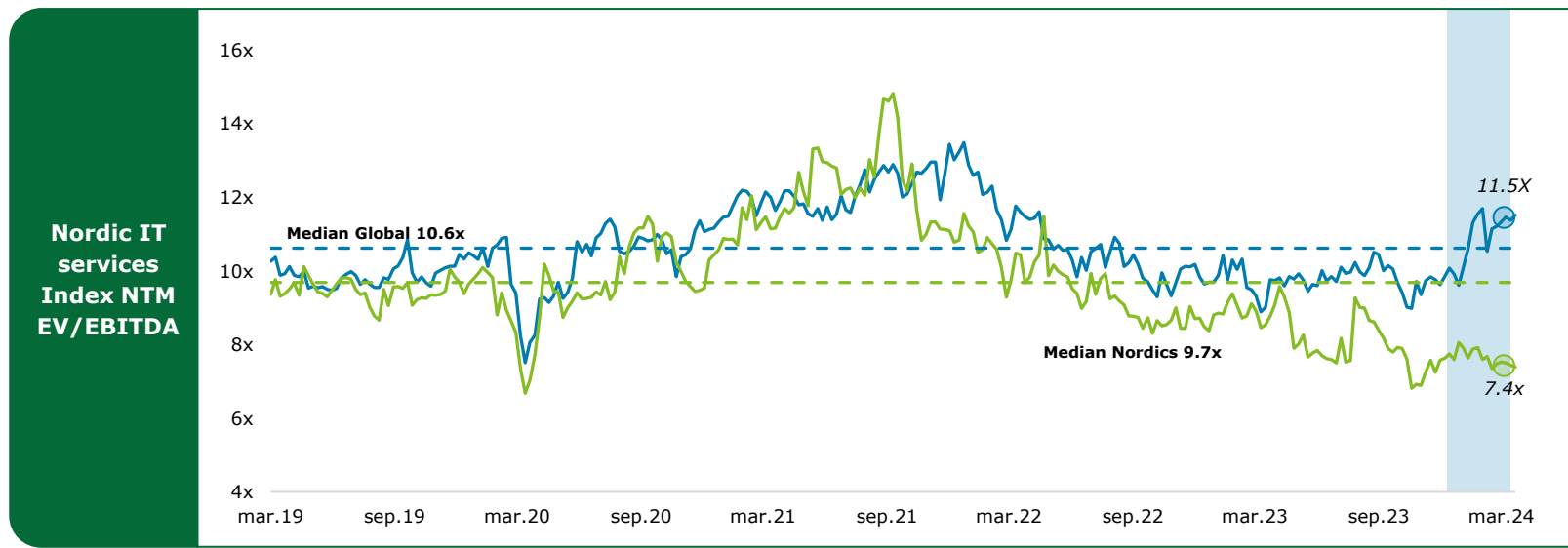




# Nordic IT services multiples declined in Q1 2024 except for Global EV/EBTIDA multiples



Per end Q1 2024, the Nordic IT services Index traded at a median NTM EV/Revenue of 0.8x while the Global IT services Index traded at a median NTM EV/Revenue of 1.0x

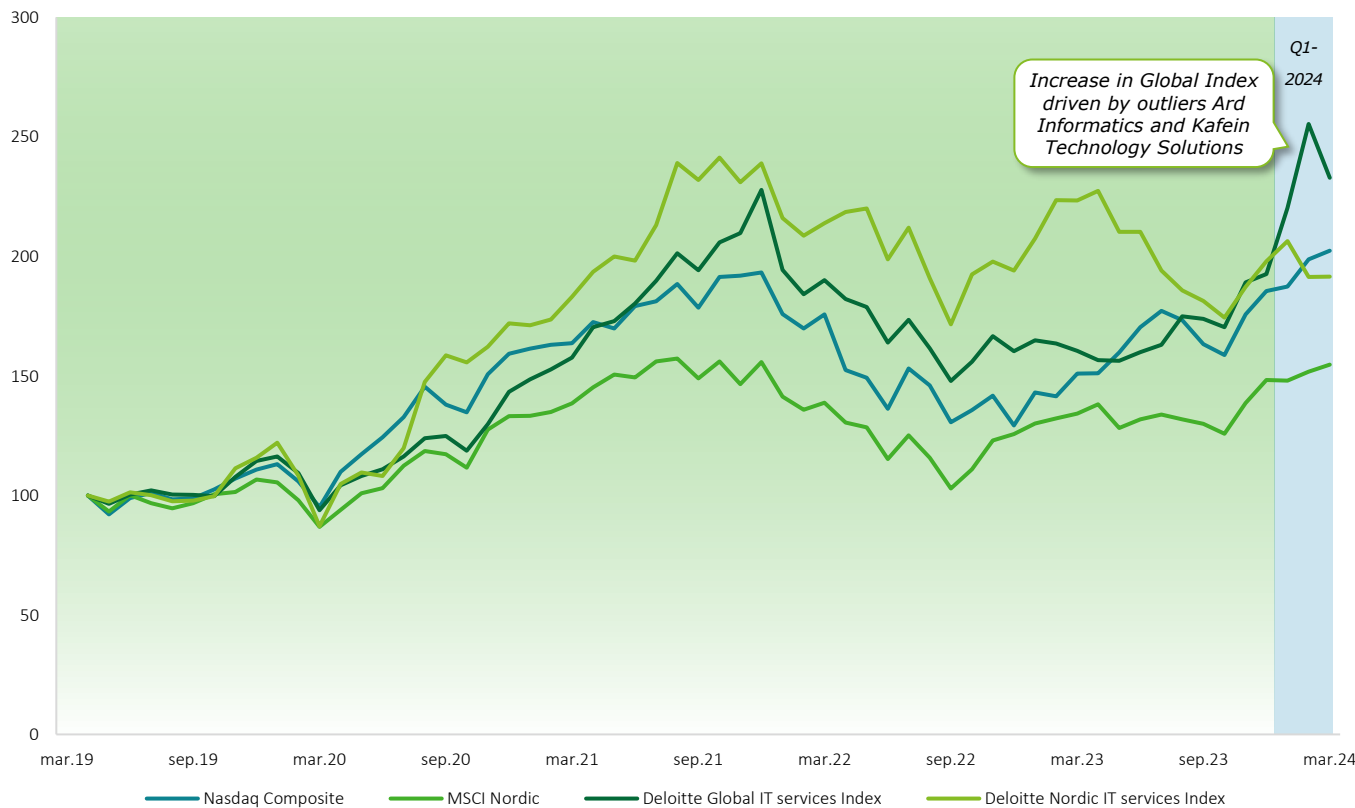


Per end Q1 2024, the Nordic IT services Index traded at a median NTM EV/EBITDA of 7.4x while the Global IT services Index traded at a median NTM EV/EBITDA of 11.5x

# Substantial increase in Global IT service companies' trading - a slight decrease for Nordics

Indexed stock price development for various indices, start point: 100

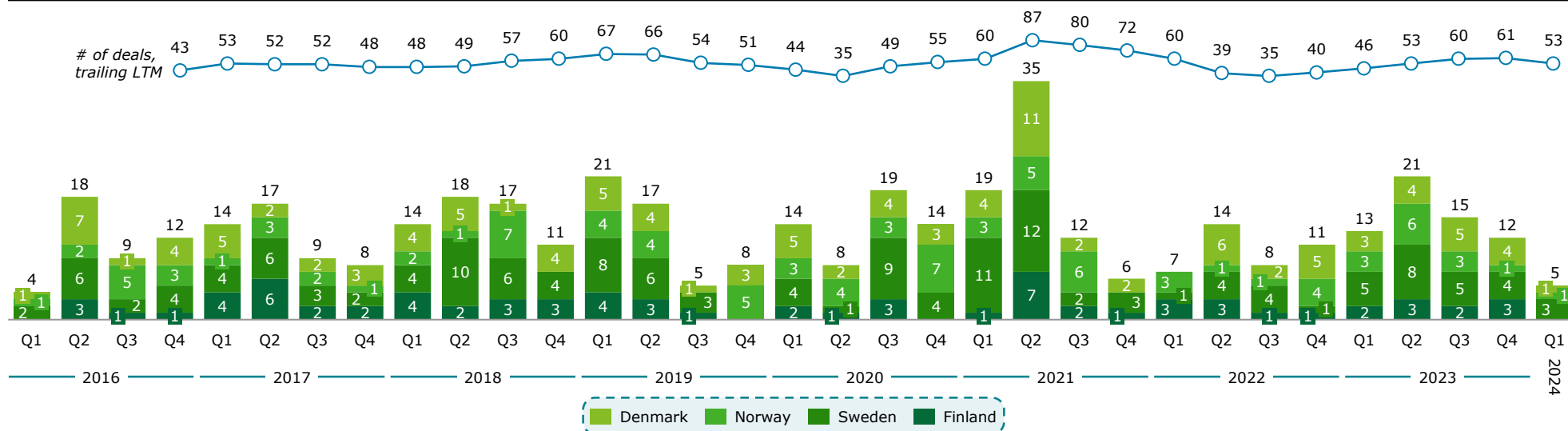
The Nordic IT services Index decreased by (3.2)% in Q1 2024, substantially outperformed by global IT service companies represented in the Deloitte Global IT services Index which showed an increase of 20.9% in the quarter



<b>Deloitte Nordic IT services index:</b> <b>192</b>	<b>L3M: (3.2)%</b> <b>L6M: 5.6%</b> <b>LTM: (14.2)%</b>
<b>Deloitte Global IT services index:</b> <b>233</b>	<b>L3M: 20.9%</b> <b>L6M: 34.0%</b> <b>LTM: 45.2%</b>
<b>Nasdaq Composite:</b> <b>202</b>	<b>L3M: 9.1%</b> <b>L6M: 23.9%</b> <b>LTM: 34.0%</b>
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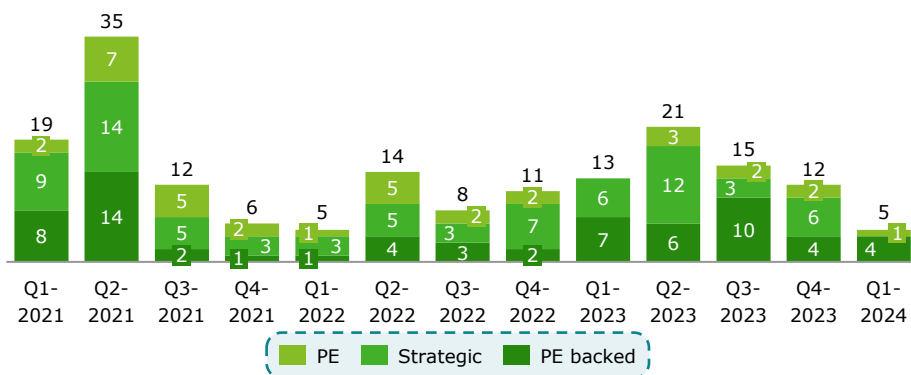
# Slight decline in IT services deal momentum in Q1 compared to previous quarters

IT services deal volume across the Nordic countries; # of transactions<sup>1</sup>



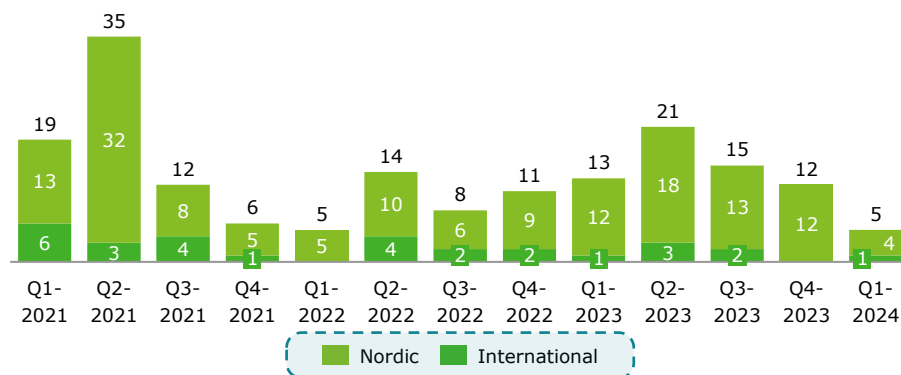
Deal volume by type of buyer

M&A activity primarily driven by PE backed buyers in Q1-2024



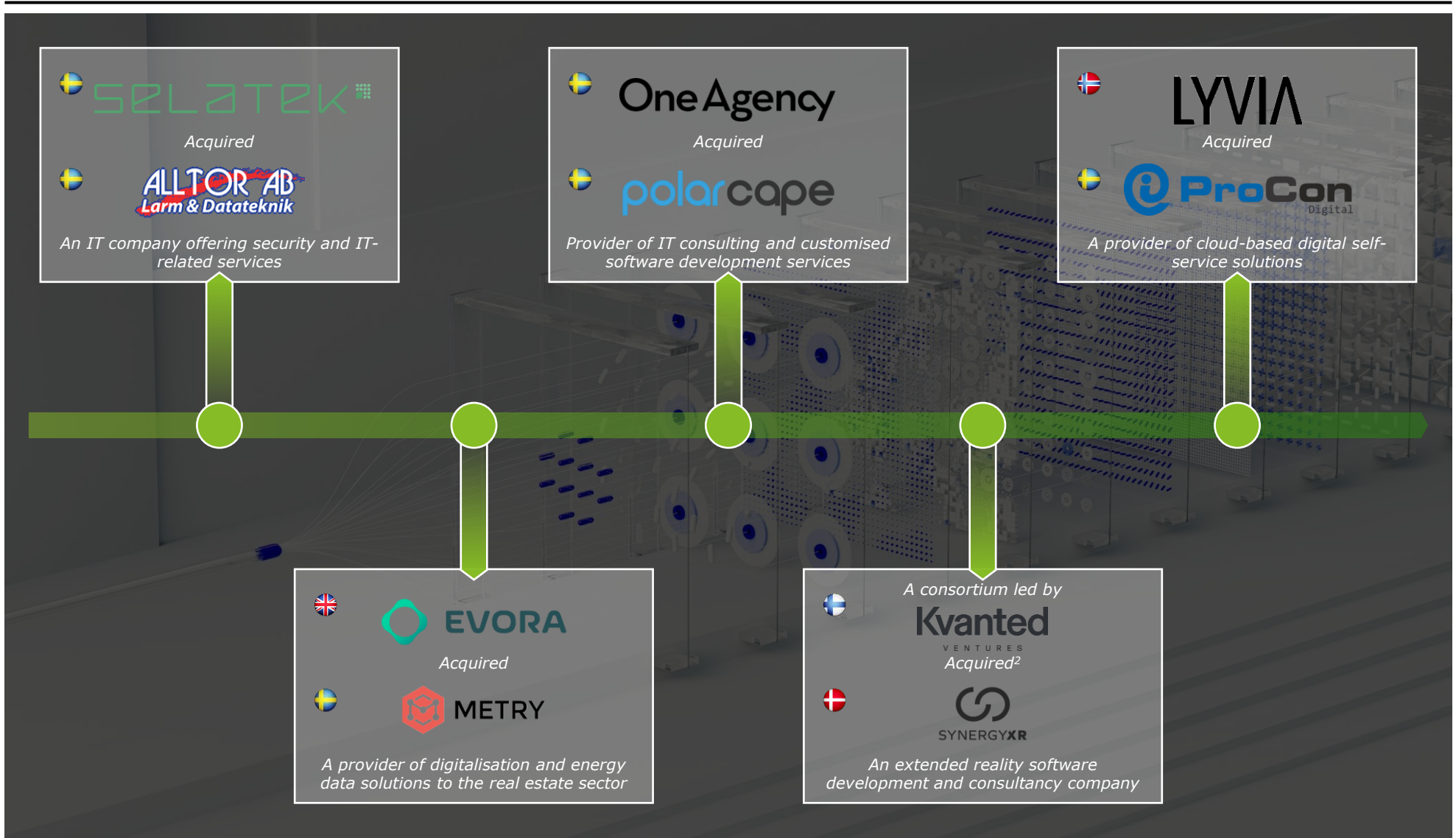
Deal volume by geography of buyer

Majority of M&A activity continues to be generated by Nordic buyers



Note: 1) Deal volume based on Mergermarket industry category "Computer services" excluding undisclosed target companies  
 Source: Mergermarket; Deloitte

# Selected Q1-2024 IT services transactions in the Nordics<sup>1</sup>



Note: 1) No multiple analysis conducted due to low data availability on Q1-2024 transactions – previous transactions were covered in the last report; 2) Capital raise of undisclosed stake  
 Source: Mergermarket



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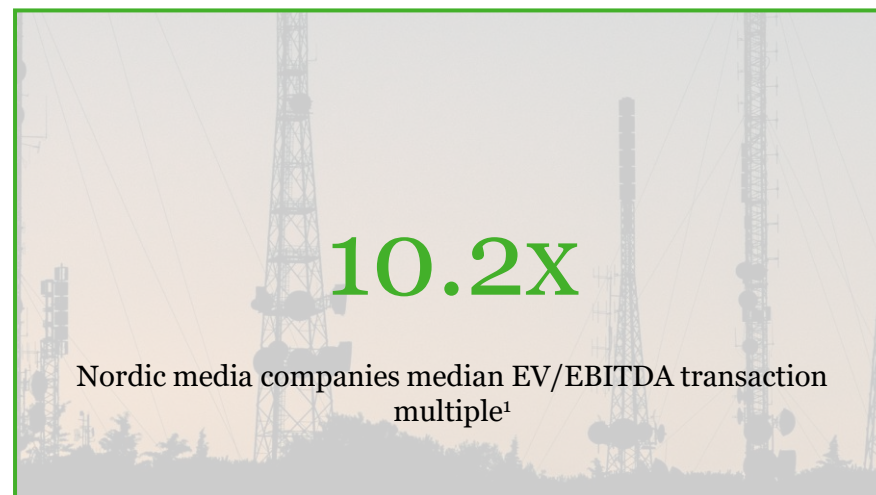
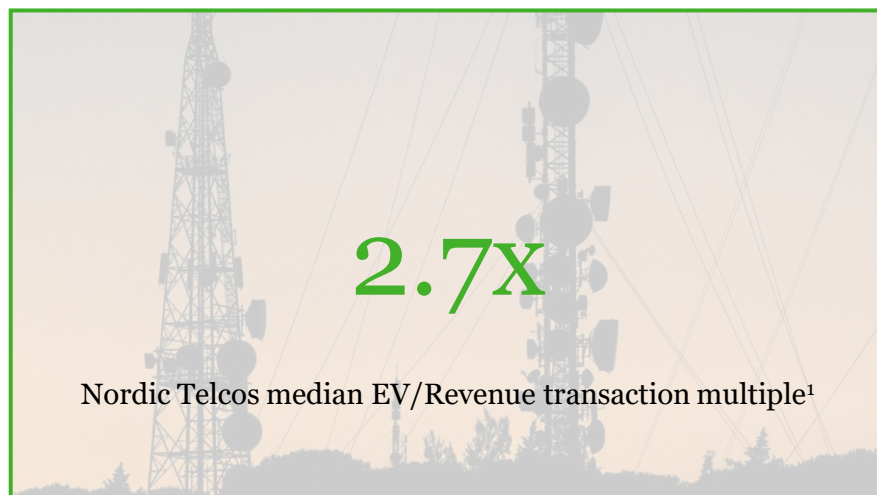
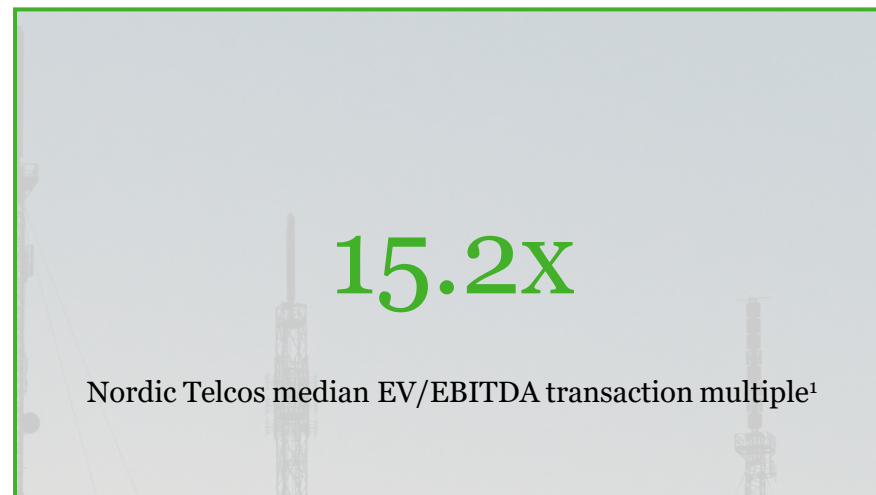
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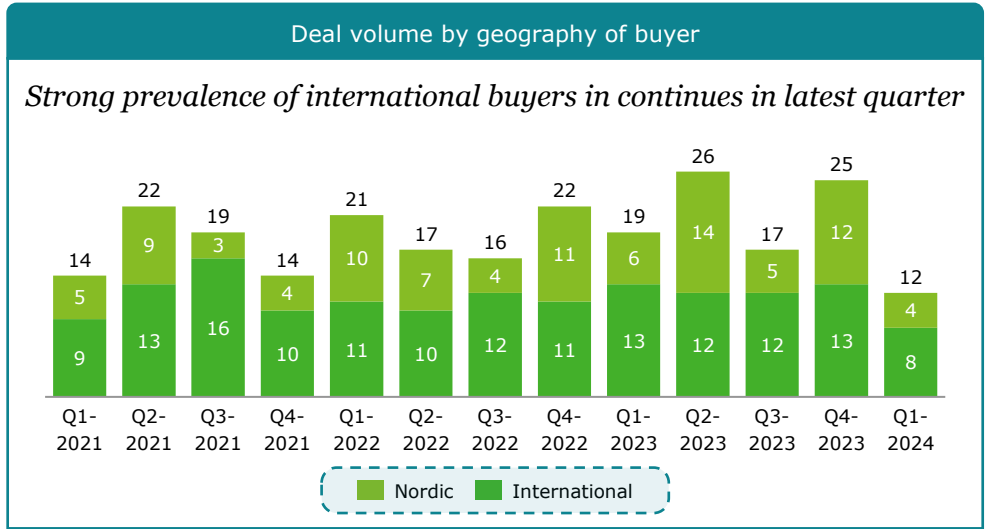
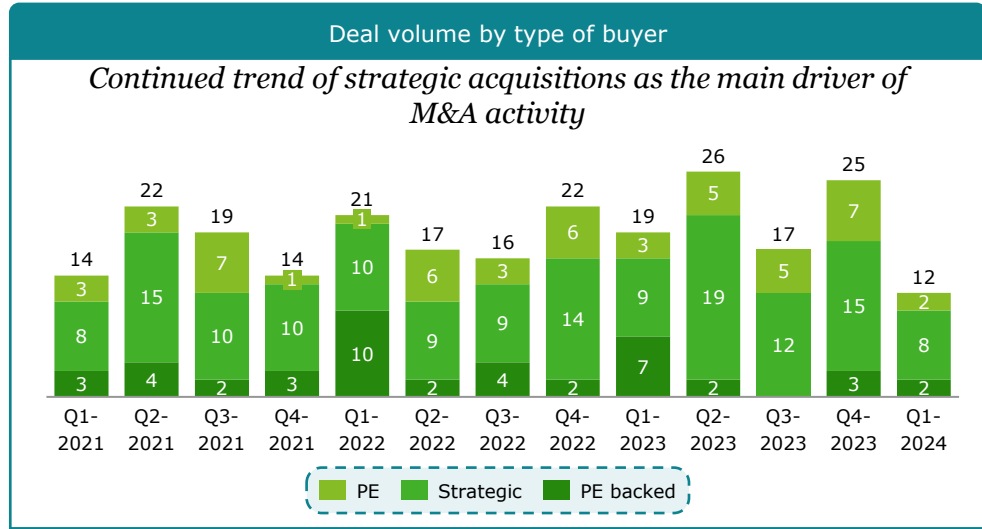
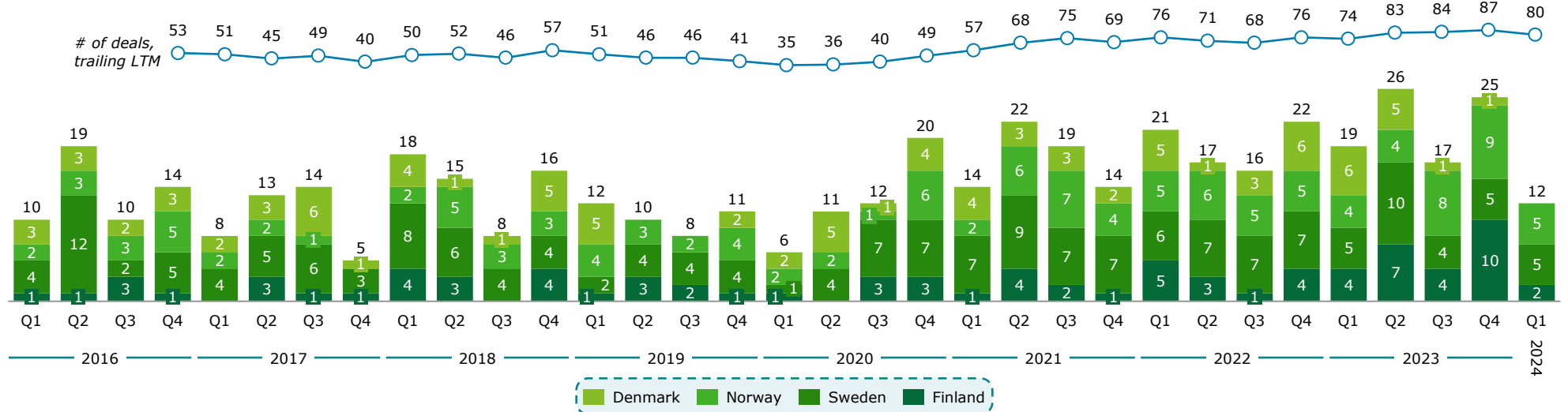
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Note: 1) Based on selected recent transactions with available data

# Media & Telco M&A activity saw a decline in Q1 2024 compared to previous quarters

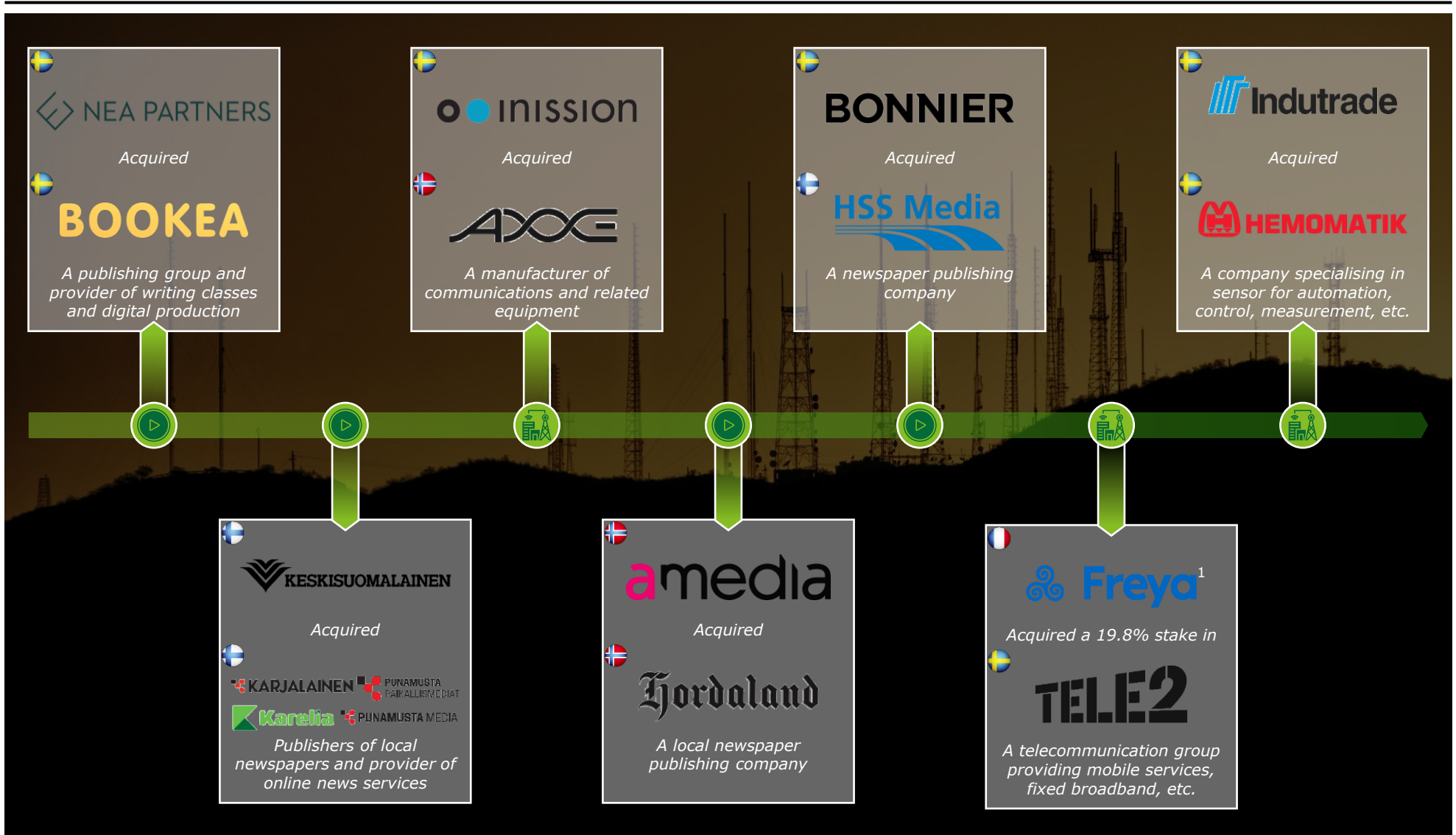
Media & Telco deal volume across the Nordic countries; # of transactions<sup>1</sup>



Note: 1) Deal volume based on Mergermarket industry categories "Media", "Telecommunications: Hardware", "Telecommunications: Carriers" excluding undisclosed target companies  
 Source: Mergermarket; Deloitte



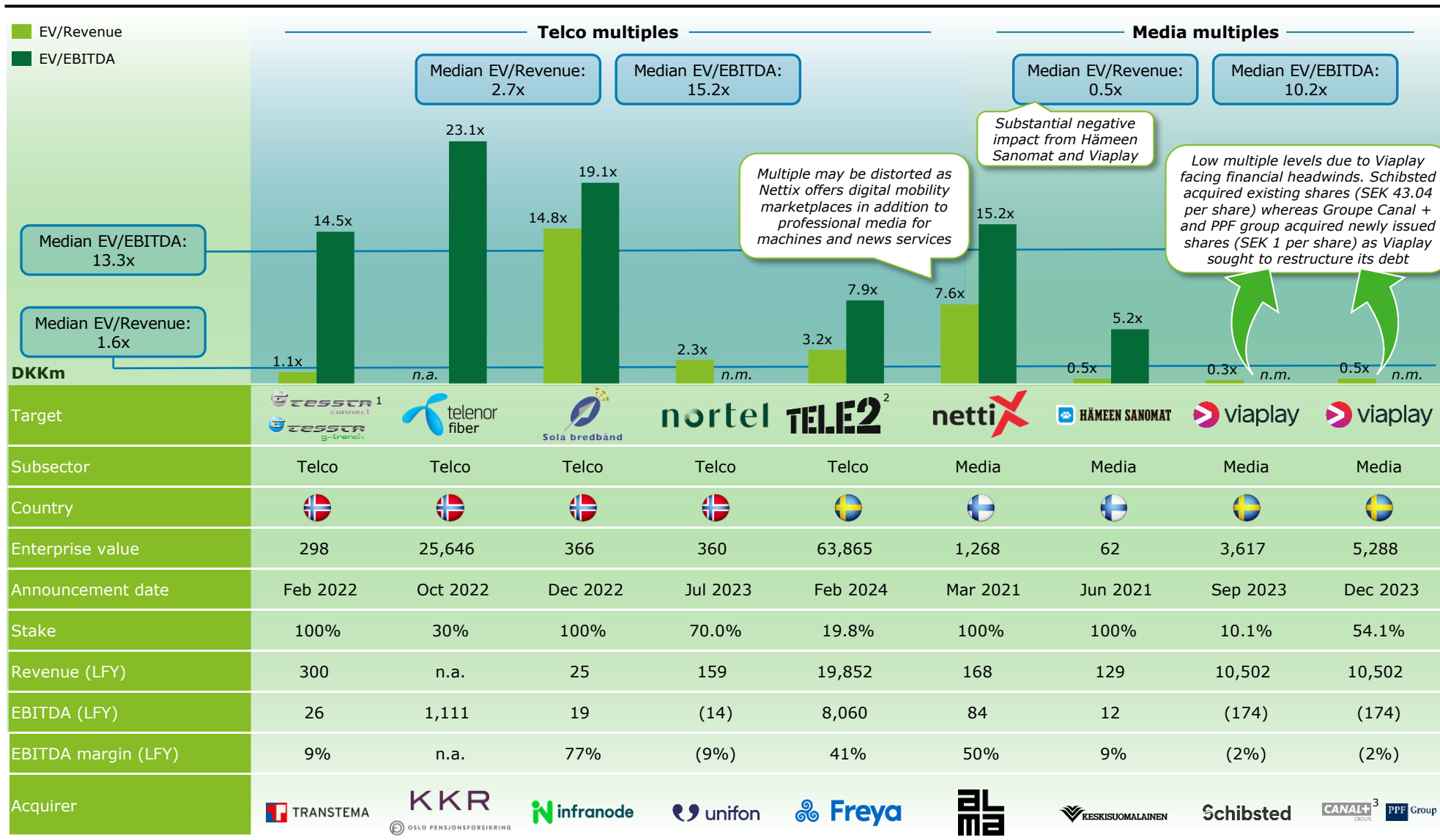
# Selected Q1 Media & telco transactions in the Nordics



Legend: Media; Telco | Notes: 1) Subsidiary of Iliad SA and NJJ Holding – deal pending completion

Source: Mergermarket

# Overview of selected media & telco transactions in the last twelve months



Note: 1) Based on stand-alone financials for both companies; 2) Pending completion; 3) Acquisition was made by Vivendi through its subsidiary Groupe Canal +  
 Source: Mergermarket; S&P's Capital IQ; Annual reports; Nationalbanken; Press releases



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# Deloitte is one of the most active advisors on the Nordics' TMT sector

## Examples of credentials on which Deloitte Corporate Finance acted as M&A advisor

<p>Advised</p> <p><b>HIGH PERFORMANCE SOLUTIONS</b></p> <p>on the sale of <b>Stockholms Stadsnät</b> to <b>Bredband2</b></p> <p>2024</p>	<p>Advised</p> <p><b>ag analytics</b></p> <p>on the sale to <b>MONTERRO</b></p> <p>2023</p>	<p>Advised</p> <p><b>nexi</b></p> <p>on the sale of <b>Mit</b> and identity services to <b>IN GRUPE</b></p> <p>2023</p>	<p>Advised</p> <p><b>XENA NETWORKS</b></p> <p>on the sale to <b>TELEDYNE TECHNOLOGIES</b></p> <p>2023</p>	<p>Advised</p> <p><b>fuzion</b></p> <p>on the sale to <b>CapMan</b></p> <p>2023</p>
<p>Advised</p> <p><b>Capidea</b> and founders</p> <p>on the sale of <b>Obsidian Digital</b> to <b>findos</b></p> <p>2023</p>	<p>Advised</p> <p><b>DataEquipment</b></p> <p>in the merger with <b>Netsecurity</b></p> <p>2023</p>	<p>Advised</p> <p><b>PowerON</b> on insightsoftware company</p> <p>on the sale to <b>insightsoftware</b></p> <p>2023</p>	<p>Advised</p> <p><b>Syntell</b></p> <p>on the sale to <b>cag</b></p> <p>2022</p>	<p>Advised</p> <p><b>infranode</b></p> <p>on the acquisition of <b>Sola bredbånd</b></p> <p>2022</p>
<p>Advised</p> <p><b>infranode</b></p> <p>on the acquisition of a 49% stake in <b>TAFJORD</b></p> <p>2022</p>	<p>Advised</p> <p><b>KIMBRER COMPUTER</b></p> <p>on the sale to <b>TRILL IMPACT</b></p> <p>2022</p>	<p>Advised</p> <p><b>CATACAP</b></p> <p>on the sale of <b>Lyngsøe Systems</b> to <b>Accent Equity</b></p> <p>2022</p>	<p>Advised</p> <p><b>AnaCap Financial Partners</b></p> <p>on the acquisition of <b>EDIGard</b></p> <p>2022</p>	<p>Advised</p> <p><b>WATERLAND PRIVATE EQUITY INVESTMENTS</b></p> <p>on the sale of <b>EnviDan</b> to <b>VISMA</b></p> <p>2022</p>
<p>Advised</p> <p><b>COOKIE INFORMATION</b></p> <p>on the sale of a minority stake to <b>Kirk Kapital</b></p> <p>2022</p>	<p>Advised</p> <p><b>Schibsted</b></p> <p>on the sale of <b>let's deal</b> to <b>Sweet deal</b></p> <p>2022</p>	<p>Advised</p> <p><b>carecom</b></p> <p>on the sale to <b>LYNIATE</b> (a portfolio company of <b>HgT</b>)</p> <p>2022</p>	<p>Advised</p> <p><b>BASE LIFE SCIENCE</b></p> <p>on the sale to <b>Infosys</b></p> <p>2022</p>	<p>Advised</p> <p><b>Schibsted</b></p> <p>on the sale of <b>MÖTESPLATSEN</b> to <b>D1 CE</b></p> <p>2021</p>



# Project “Web” – Sale of Stockholms Stadsnät to Bredband2

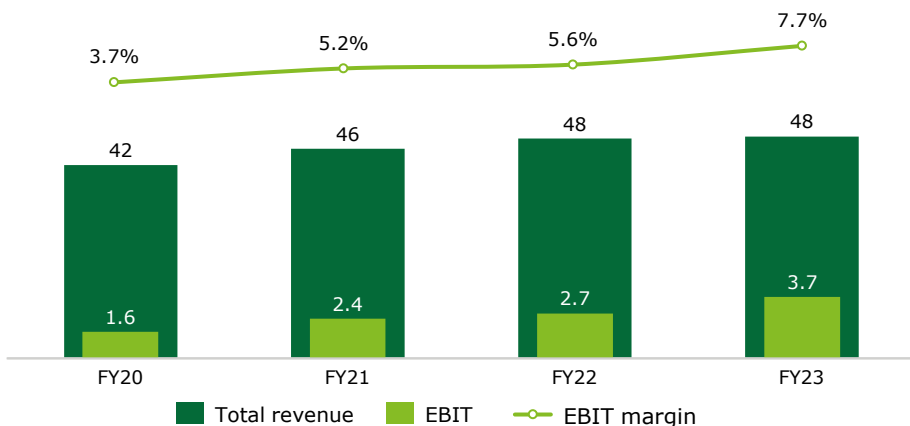
## Introduction to Stockholms Stadsnät

Exclusive financial adviser to  
**HIGH PERFORMANCE SOLUTIONS**  
 In the sale of **Stockholms Stadsnät** to **Bredband2**  
 SEK ~50m  
 Feb 2024  
**Deloitte.**

- Stockholms Stadsnät AB (“the Company”) is a leading Internet Service Provider within the Greater Stockholm area
- The Company provides internet connectivity and installation services to its customers, primarily consisting of housing cooperatives and businesses
- As of April 2023, the Company had a customer base of +1,750 customers consisting of +42,000 outlets
- By having some of the industry's most satisfied customers, the Company were able to achieve a customer retention rate of 99.92%<sup>1</sup> between FY13 and FY23, as well as a +41 NPS<sup>2</sup>

**Transaction:** Sell-side  
**Enterprise value:** SEK ~50m  
**Equity value:** Undisclosed  
**Process:** Focused auction  
**Year:** 2024

## Financials (SEKm)<sup>3</sup>



## The Web process and key takeaways

### Key Highlights

Accelerated sell-side process with signing completed ahead of the initial timeline

Having attracted multiple competitive binding offers, the client was presented with a range of options for consideration

### Deal dynamics



Strong interest from primarily strategic buyers



High transparency on future revenue streams and high share of recurring revenue ensured attractive valuation

### Deloitte value-add services



Deloitte acted as project lead and exclusive financial advisor



Support in buyer dialogue, due diligence process, discussion with owners and general management support



Assistance in information sharing and negotiations throughout the process

Note: 1) In the private customer segment, i.e. excluding business customers; 2) Net promoter score, where the industry average is -27 as per 2020-04-03; 3) Fiscal year ending in April

# Deloitte Corporate Finance professionals covering TMT in the Nordics

## Corporate Finance Advisory

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