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M&A sector report

Nordic technology, media and telecom market

Q2-2024

Letter from the editors

The M&A activity level in the Nordics remained high in Q2-24, recording a total of 148 transactions across software, IT services, and Media & Telecommunication

Nordic M&A activity in the TMT sector continues to be driven primarily by software companies which accounted for 113 of the announced transactions in Q2 2024 – an increase from the 96 deals concluded in Q1 2024. 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 Q2 2024 (LFY¹), the Nordic M&A software pricing level is at a median EV/revenue of 5.5x.

Since the last quarterly report, we have re-assessed the Nordic and Global SaaS index, and have updated the companies included in the index, why the historic figures does not align with previous reports.

Nordic SaaS multiples increased slightly in Q2, while the Global SaaS experienced a minor decrease. The median NTM² EV/Revenue multiple from the Deloitte Nordic SaaS Index concluded at 2.9x – up from 2.8x in Q1 2024 but still below L5Y median of 4.2x.

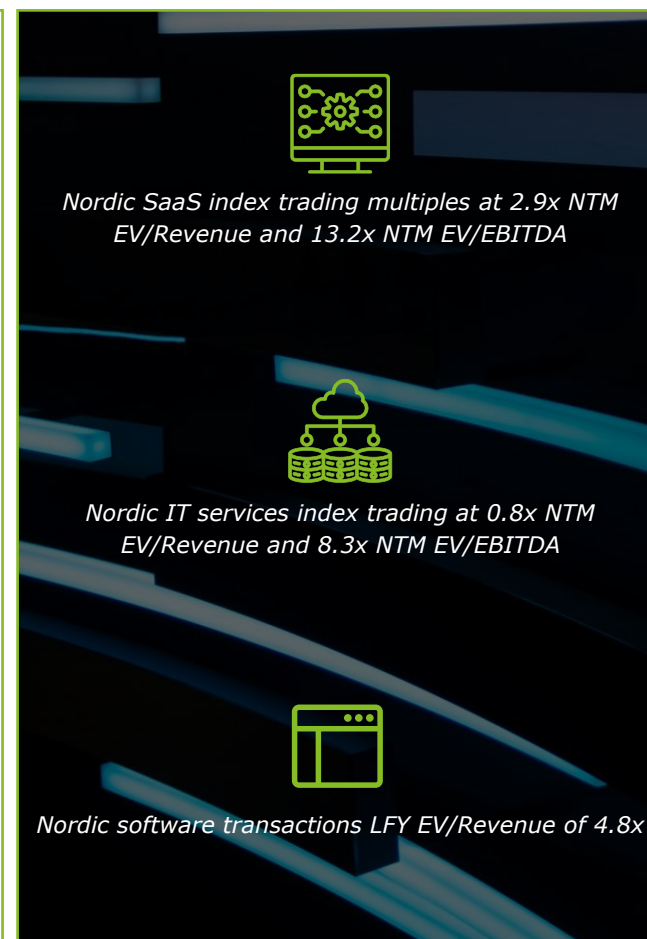
The Deloitte Global SaaS Index concluded at an NTM EV/Revenue of 5.4x in the quarter, compared to a L5Y median of 9.7x.

In the Nordic IT services transaction market, 13 deals were recorded, significantly up from 5 deals in Q1 2024, but still lower than last year. Nordic and Global IT service companies trading was stable throughout Q2, concluding close to median historical levels at NTM EV/Revenue multiples of 0.8x and 1.0x, respectively.

Media and Telco M&A further picked up to 22 transactions in Q2 2024 which marks a return to +20 quarterly transactions as observed in Q4 2023

IT hardware M&A activity in the Nordics remained dormant compared to other TMT subsectors, with few completed deals in Q2 2024. As such, the sector is not covered in this report.

The Q2 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.



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Note: 1) Last full year; 2) Next twelve months; 3

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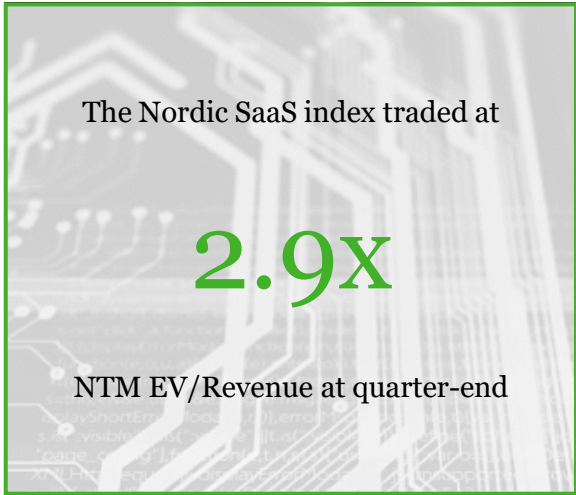
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113


transactions within the Nordic software space



The Nordic SaaS index traded at

2.9X

NTM EV/Revenue at quarter-end



The Global SaaS index traded at


5.4X

NTM EV/Revenue at quarter-end



1st

highest deal volume in H1 accumulated since 2016¹



The Nordic SaaS index decreased by

(3.9)%

in the quarter

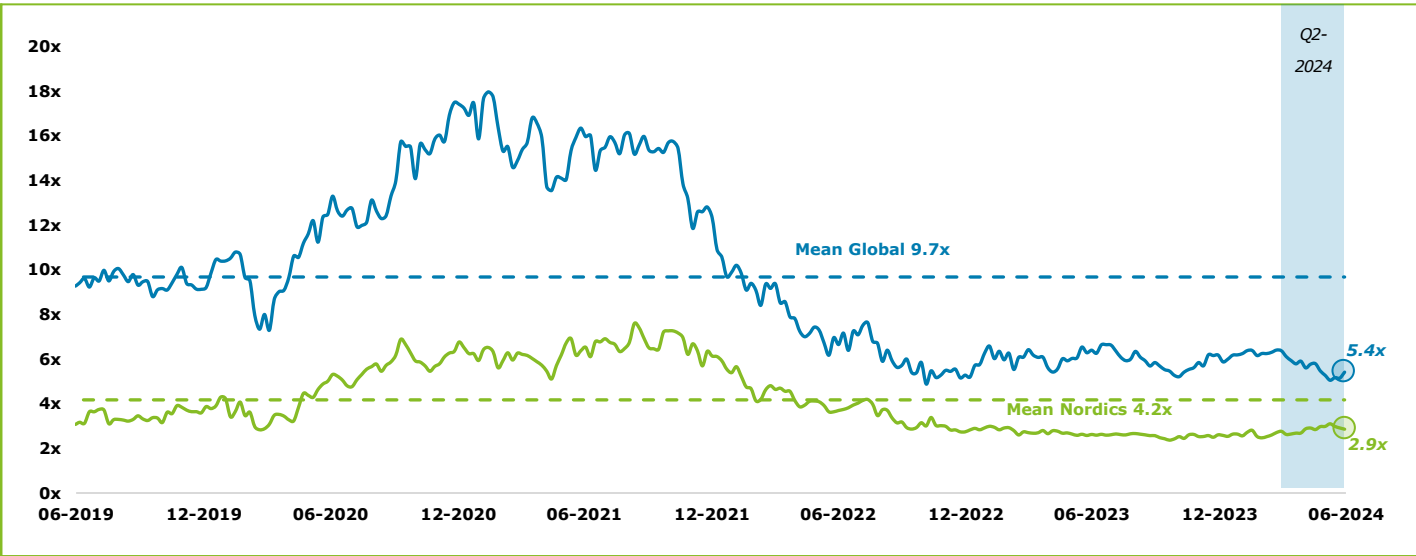


5.5X

LFY Nordic software transaction EV/Revenue multiple²

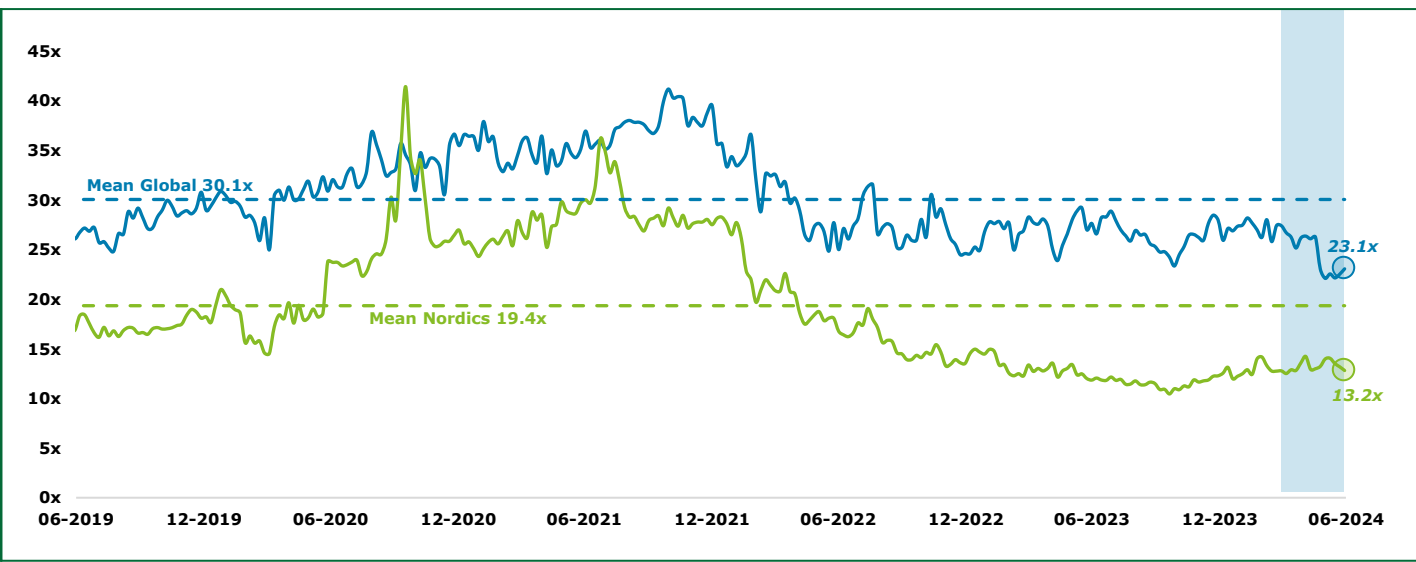
Stable Nordic and Global software multiples with slight increases, yet below the 5Y median

Nordic and Global SaaS indexes NTM EV/Revenue



Per end Q2 2024, the Nordic SaaS Index traded at a median NTM EV/Revenue of 2.9x while the Global SaaS Index traded at a median NTM EV/Revenue of 5.4x

Nordic and Global SaaS indexes NTM EV/EBITDA



Per end Q2 2024, the Nordic SaaS Index traded at a median NTM EV/EBITDA of 13.2x while the Global SaaS Index traded at a median NTM EV/EBITDA of 23.1x

The Nordic and Global SaaS both experienced a decrease in Q2 2024

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

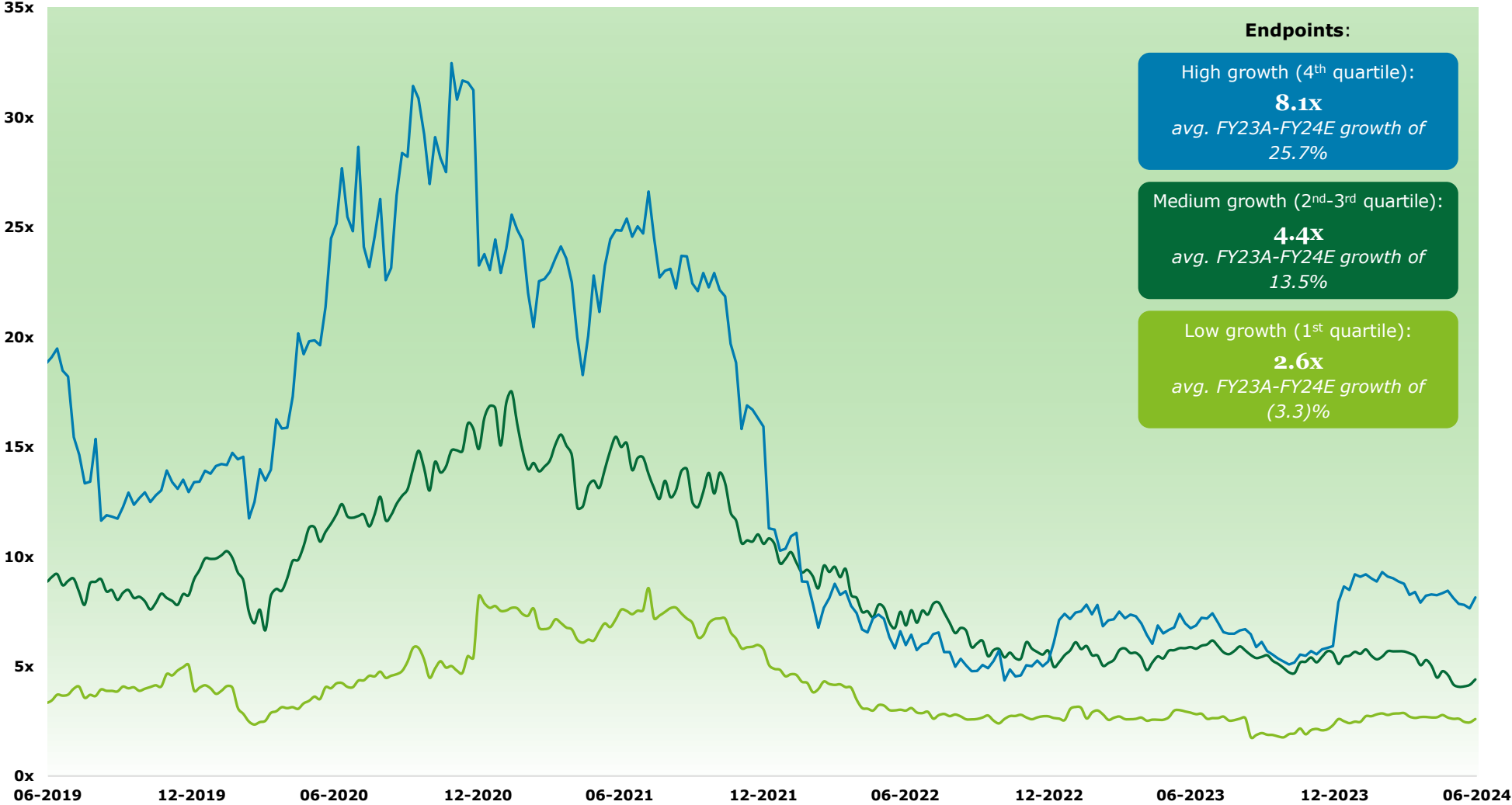
The Nordic SaaS Index decreased to index 171 in Q2 2024 continuing a bumpy rebound from a substantial decline in previous years, while the Global SaaS Index continued to struggle ending the quarter at index 116



<p>Deloitte Nordic SaaS index: 171</p>	<p>L3M: (3.9)% L6M: 8.4% LTM: 11.1%</p>
<p>Deloitte Global SaaS index: 116</p>	<p>L3M: (6.9)% L6M: (4.2)% LTM: 7.4%</p>
<p>Nasdaq Composite: 217</p>	<p>L3M: 8.3% L6M: 18.1% LTM: 28.6%</p>
<p>MSCI Nordic: 167</p>	<p>L3M: 4.3% L6M: 8.9% LTM: 22.5%</p>

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



During the initial Covid-19 market shock in early 2020 the market priced a profitability premium in, valuing profitable companies higher in the period of high uncertainty



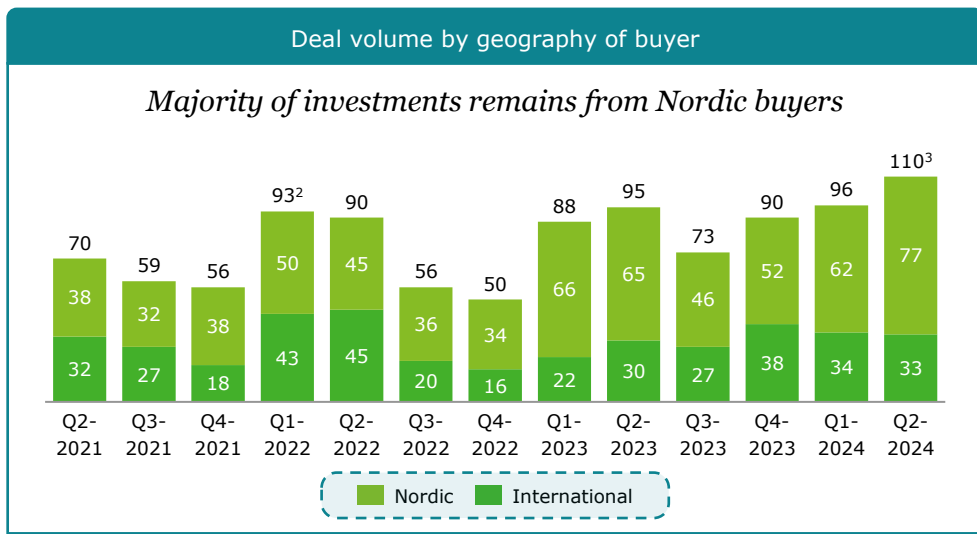
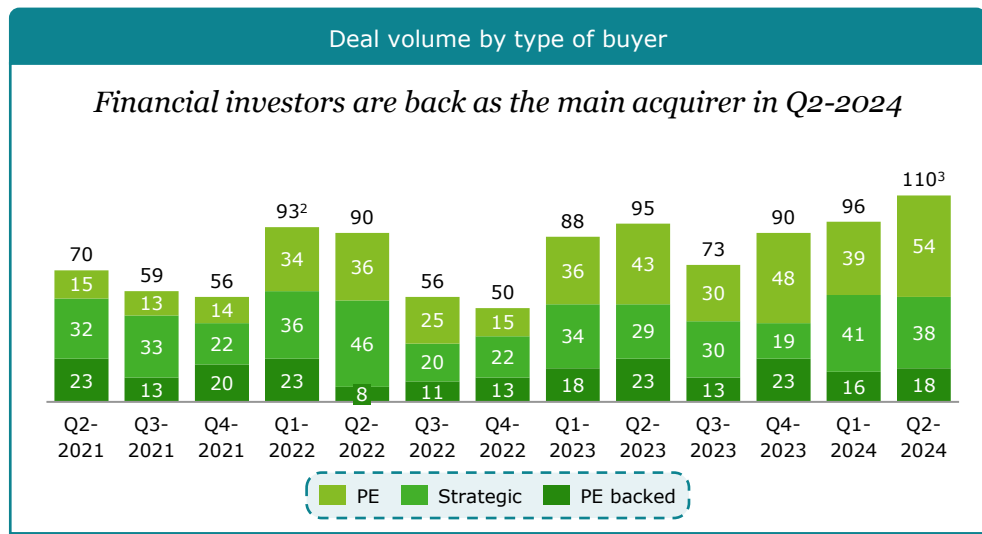
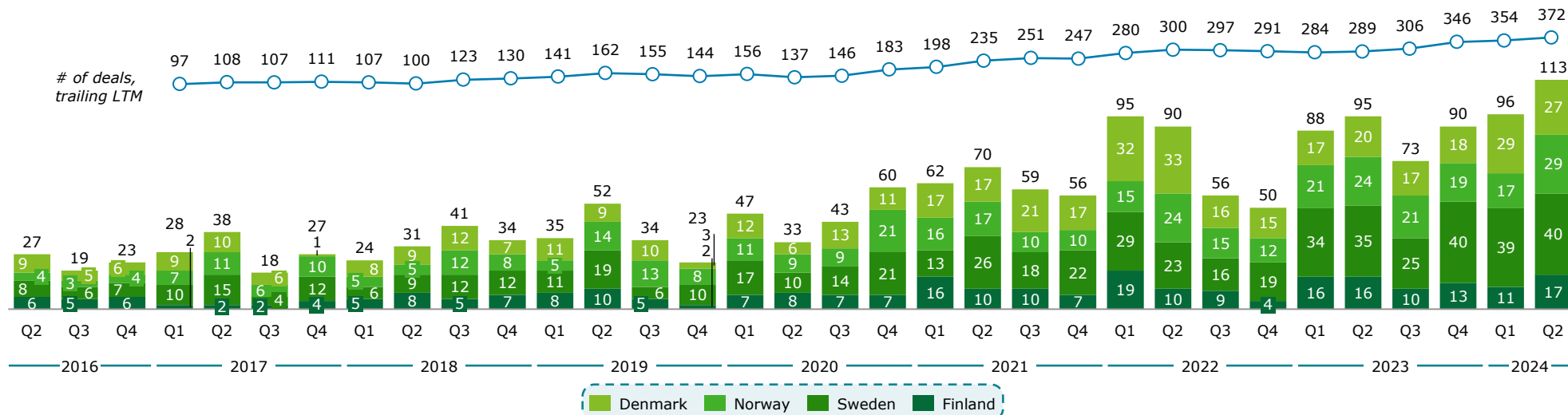
Following the initial market shock, the profitability premium disappeared, and turned negative driven by investors' increased focus on growth over profitability



In the past ~6 months, a minor profitability premium has been observed, however in the last month the gap has declined, nearing zero

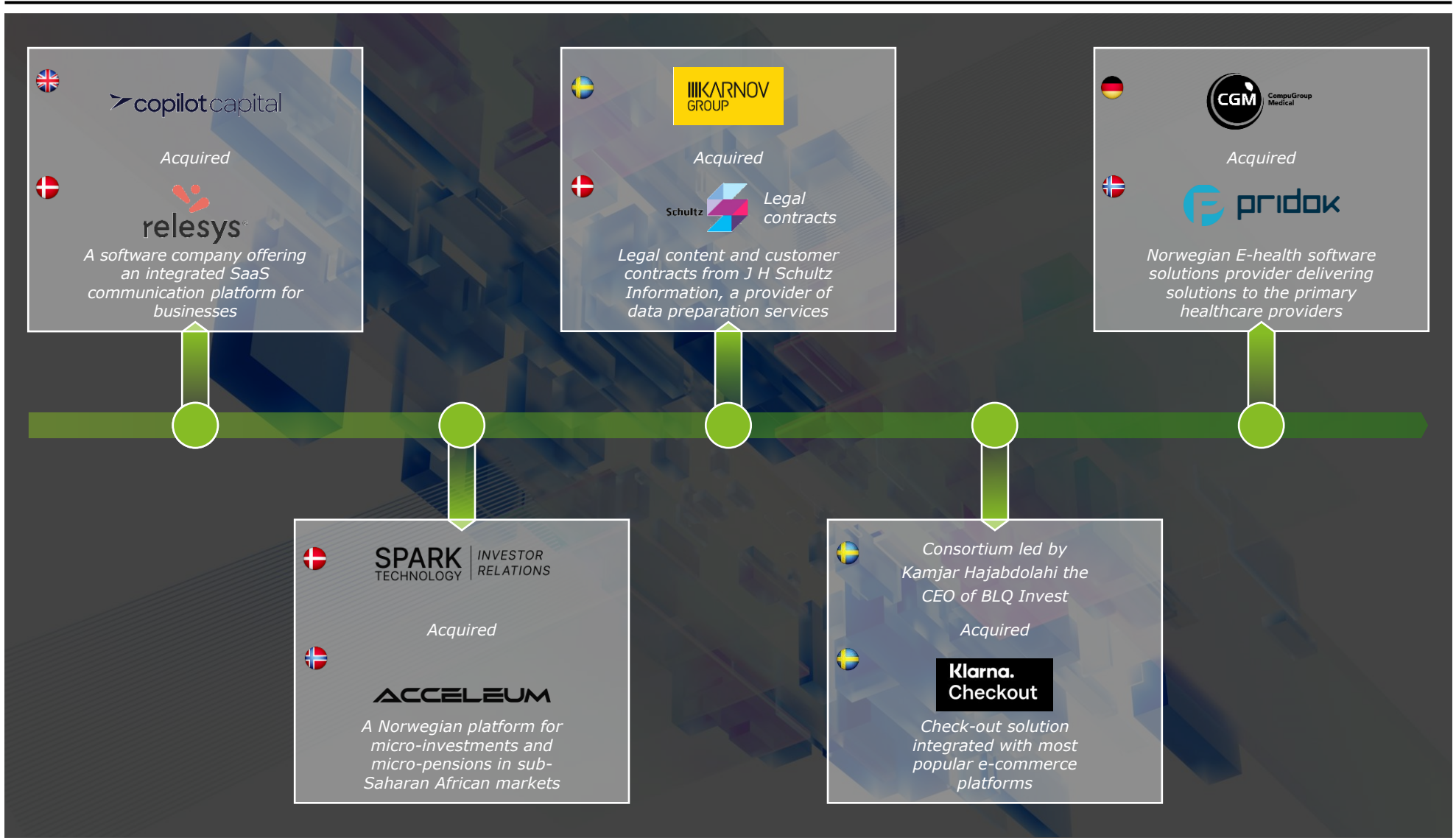
Deal activity in the Nordic Software industry remains high in Q2 2024

Software deal volume across the Nordic countries, # of transactions¹



Note: 1) Deal volume based on Mergermarket industry category "Computer software" excluding undisclosed target companies; 2) Two transactions in Q1 2022 is excluded due to the buyer being "Undisclosed"; 3) Three transactions in Q2 2024 is excluded due to the buyer being "Undisclosed". Source: Mergermarket; Deloitte

Selected Q2-2024 software transactions in the Nordics¹



Note: 1) Transactions with targets with primary industry classification of Software according to Mergermarket
 Source: Mergermarket

Selected Nordic software transactions traded at a median multiple of 5.5x LFY EV/Revenue

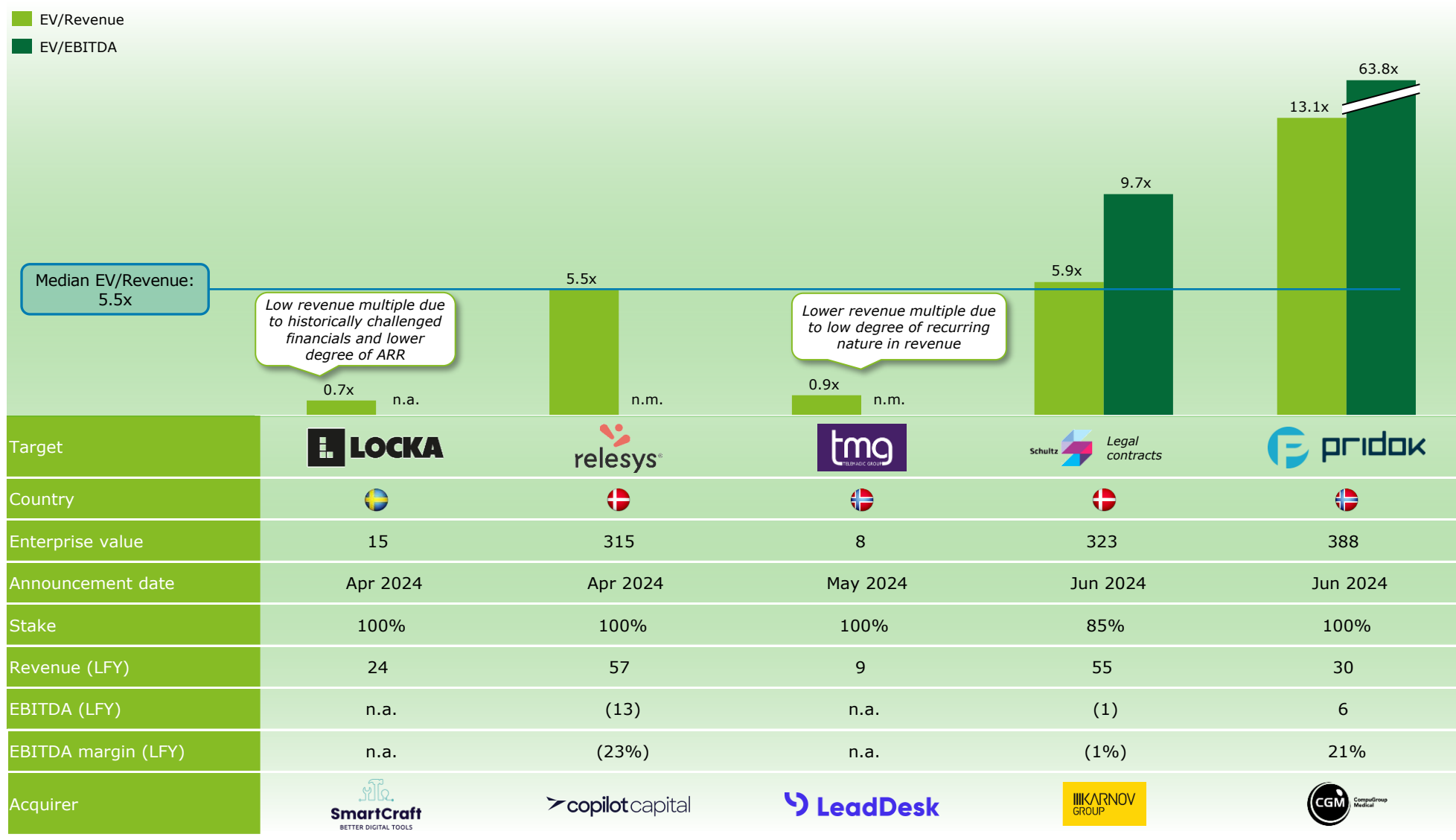


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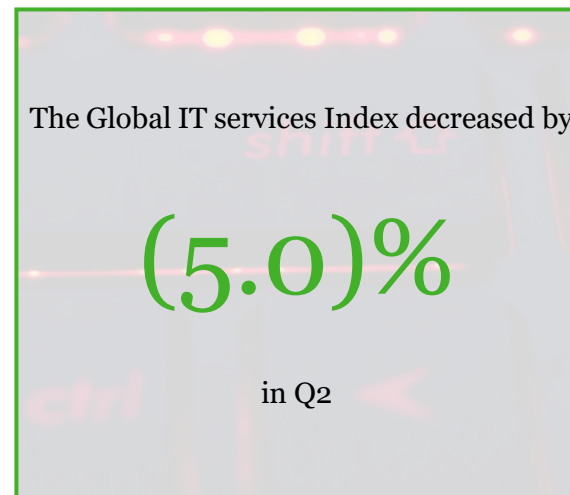
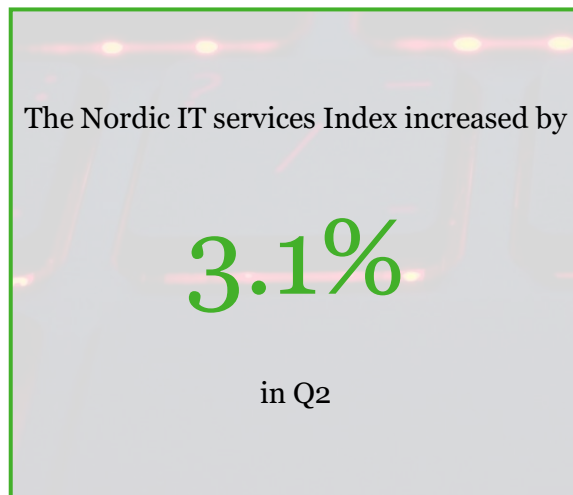
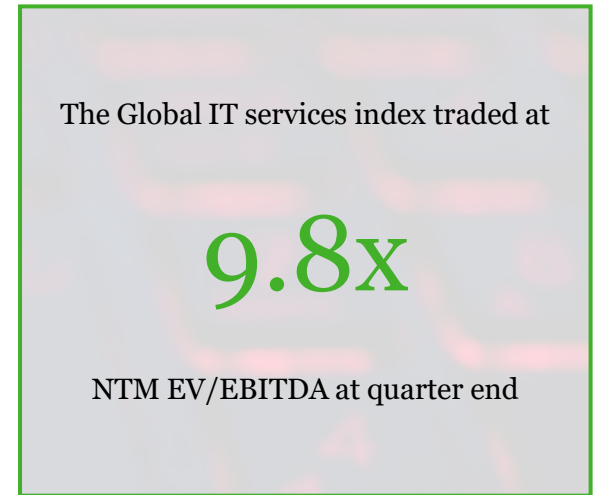
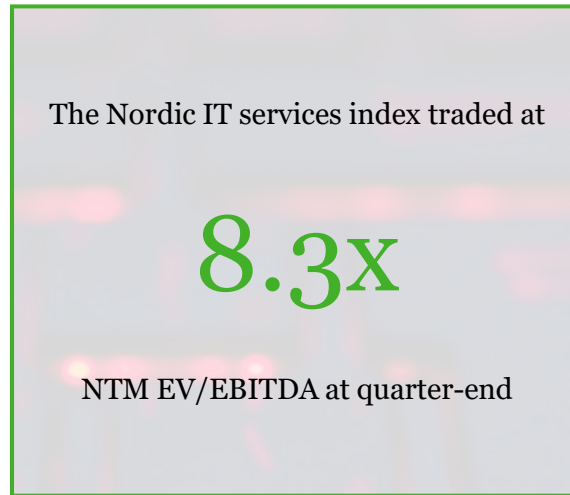
Media & Telco

- Public market data
- M&A activity

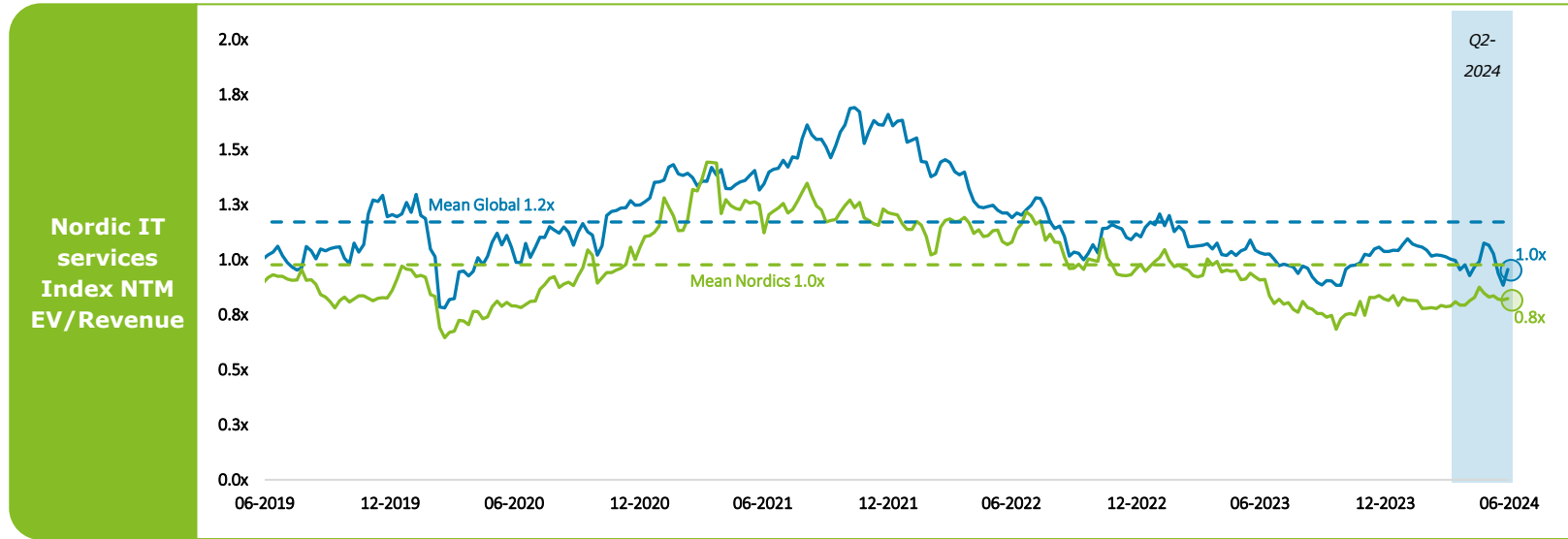
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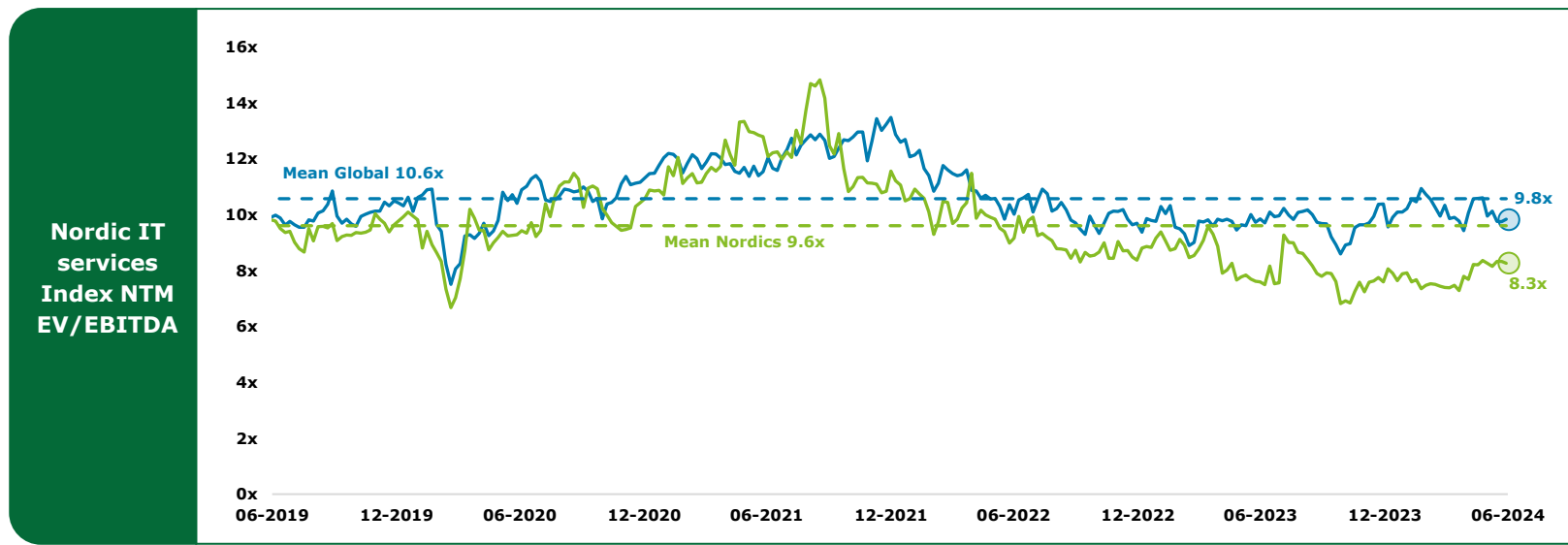
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Nordic IT services EV/revenue multiples remained stable in Q2 2024



The Nordic and Global IT services indexes ended Q2 at the same levels as Q1 trading at NTM EV/Revenue multiples of 0.8x and 1.0x respectively



Per end Q2 2024, the Nordic IT services Index traded at a median NTM EV/EBITDA of 8.3x while the Global IT services Index traded at a median NTM EV/EBITDA of 9.8x

Steady growth for Nordic indexes with a “come-back-to-normal” for the Global index

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

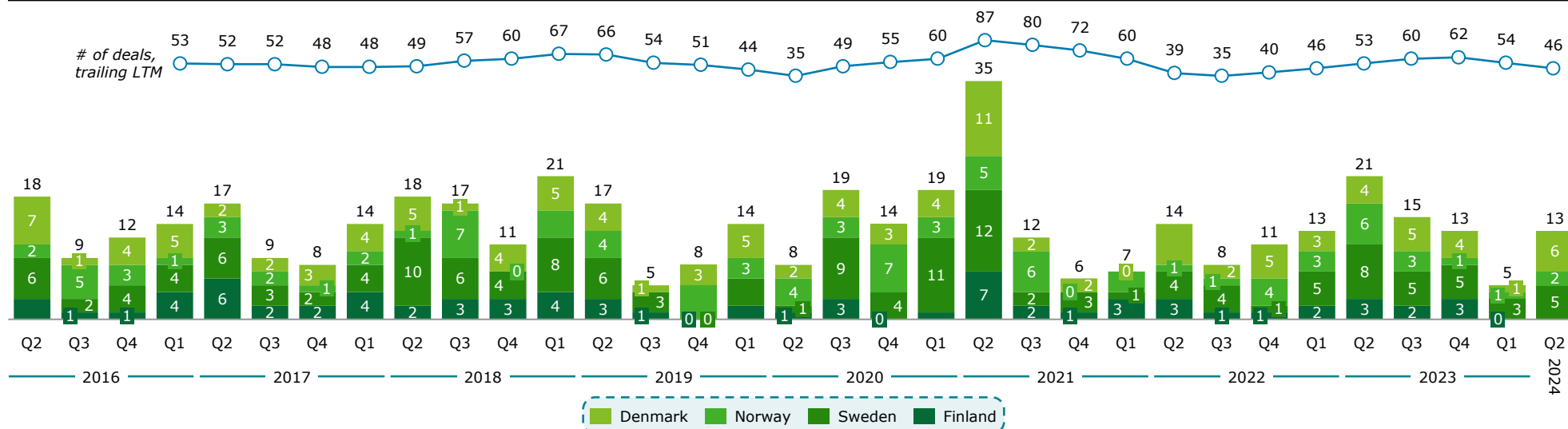
The Nordic IT services Index increased by 3.1% in Q2 2024, which was a strong performance compared to the global IT service companies represented in the Deloitte Global IT services Index which showed a decrease of (5.0)% in the quarter driven by return to “normal” for certain outliers



Deloitte Nordic IT services index: 188	L3M: 3.1% L6M: (0.4)% LTM: (6.8)%
Deloitte Global IT services index: 216	L3M: (5.0)% L6M: 14.9% LTM: 39.4%
Nasdaq Composite: 217	L3M: 8.3% L6M: 18.1% LTM: 28.6%
MSCI Nordic: 155	L3M: 4.3% L6M: 8.6% LTM: 22.5%

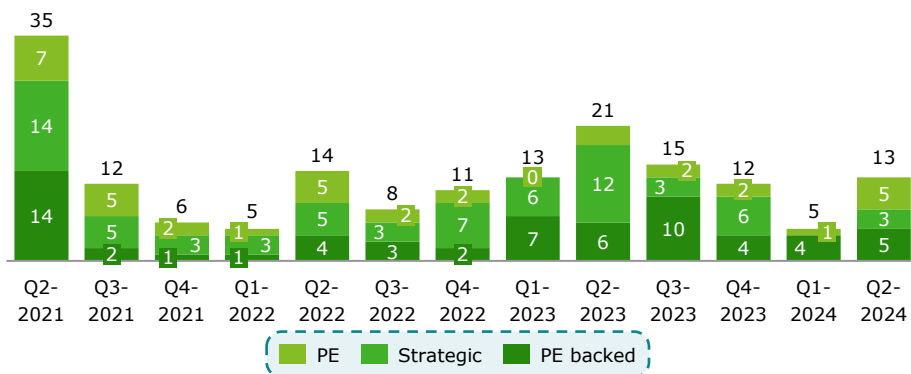
Deal activity has returned to double digits in Q2 after a slow Q1

IT services deal volume across the Nordic countries; # of transactions¹



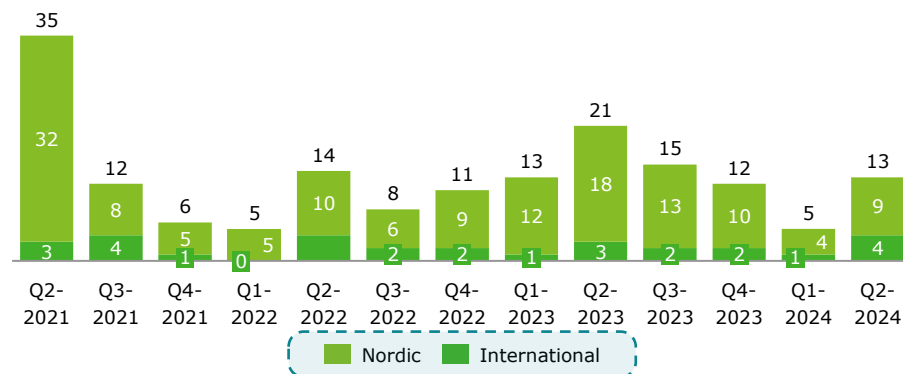
Deal volume by type of buyer

M&A activity primarily driven by PE or PE backed buyers in Q2-2024



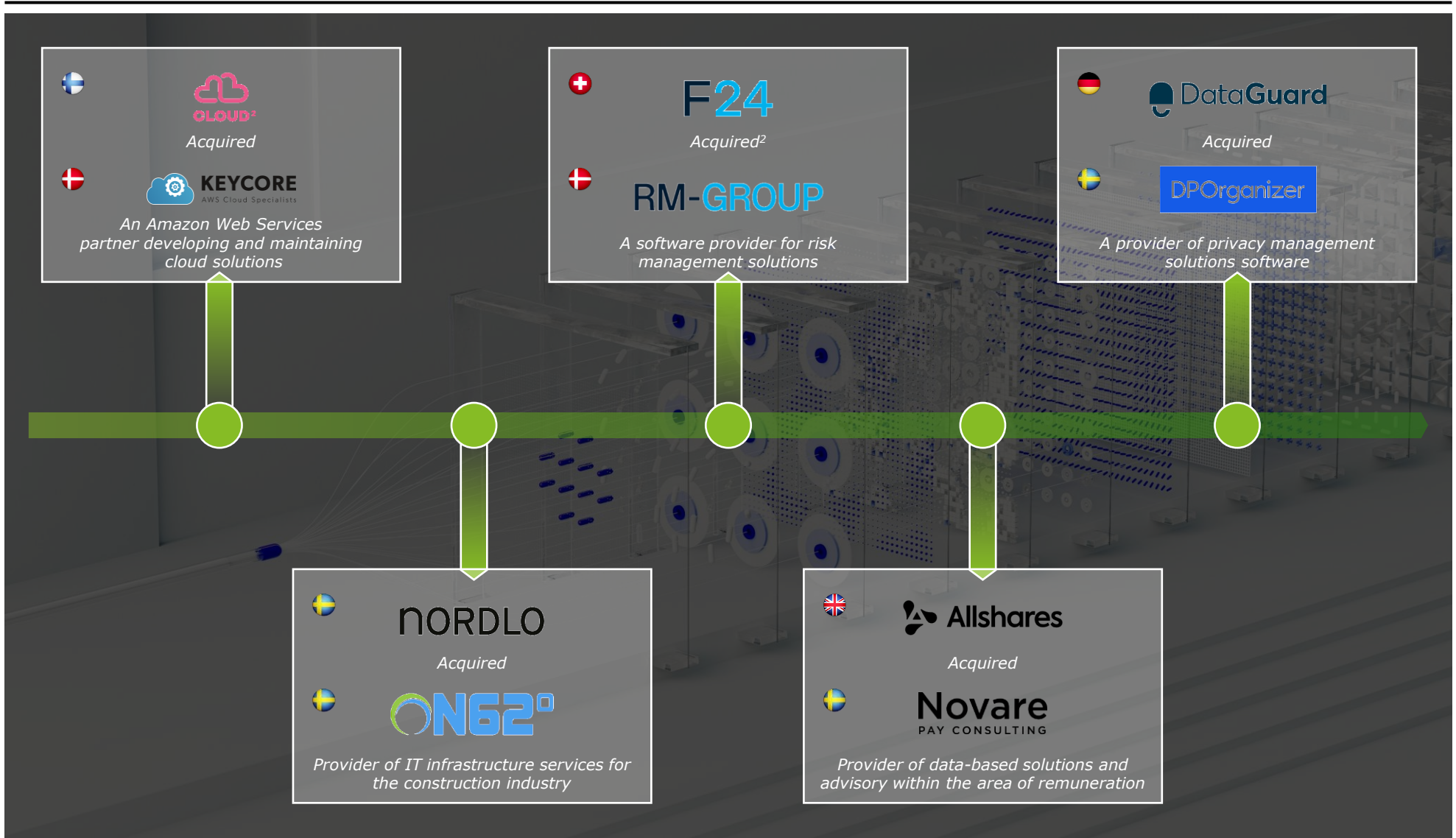
Deal volume by geography of buyer

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 Q2-2024 IT services transactions in the Nordics¹



Note: 1) No multiple analysis conducted due to low data availability on Q2-2024 transactions – previous transactions were covered in the prior reports

Source: Mergermarket

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Key Media & Telco activities in Q2

21

Transactions within the Nordic media and telco space

18.4x

Nordic Telcos median EV/EBITDA transaction multiple¹

3.2x

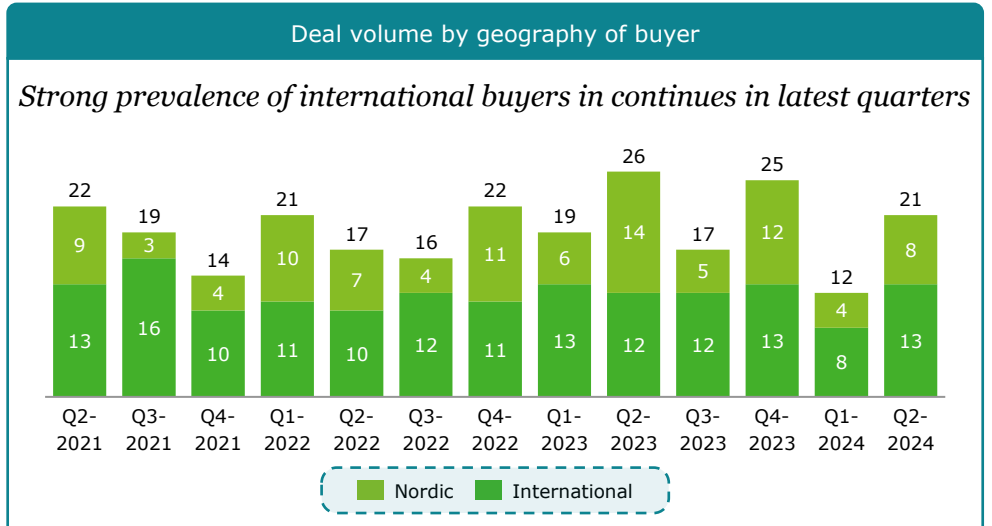
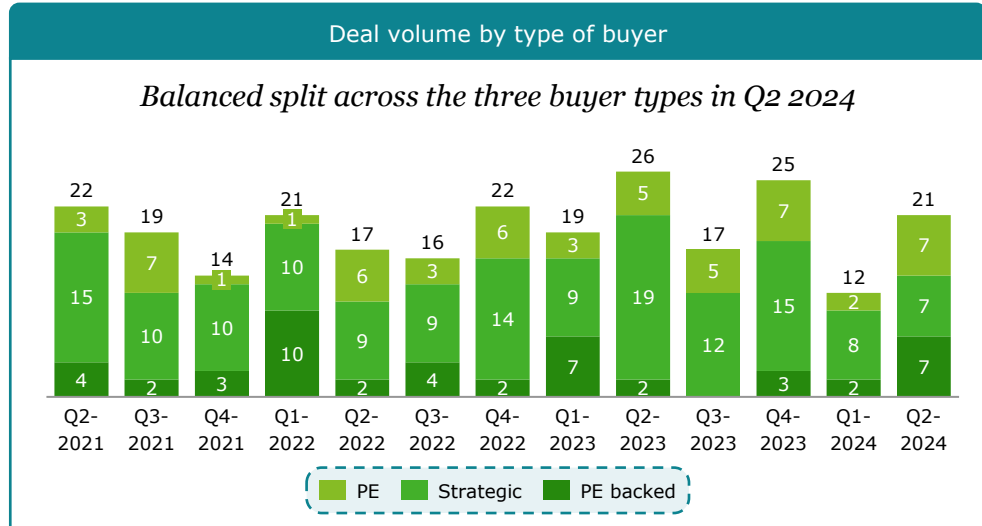
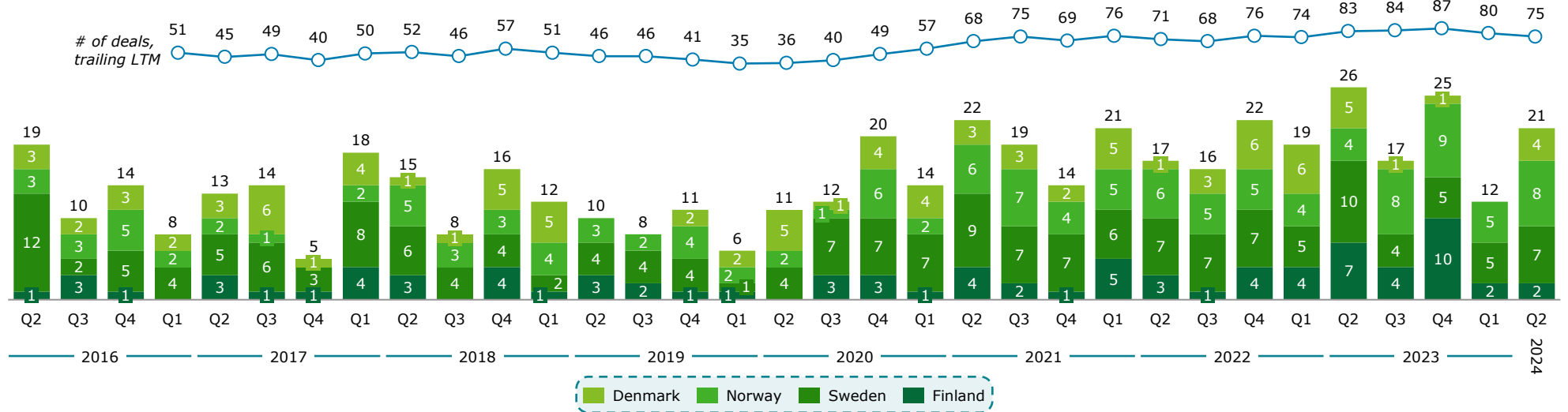
Nordic Telcos median EV/Revenue transaction multiple¹

21.0x

Nordic media companies median EV/EBITDA transaction multiple¹

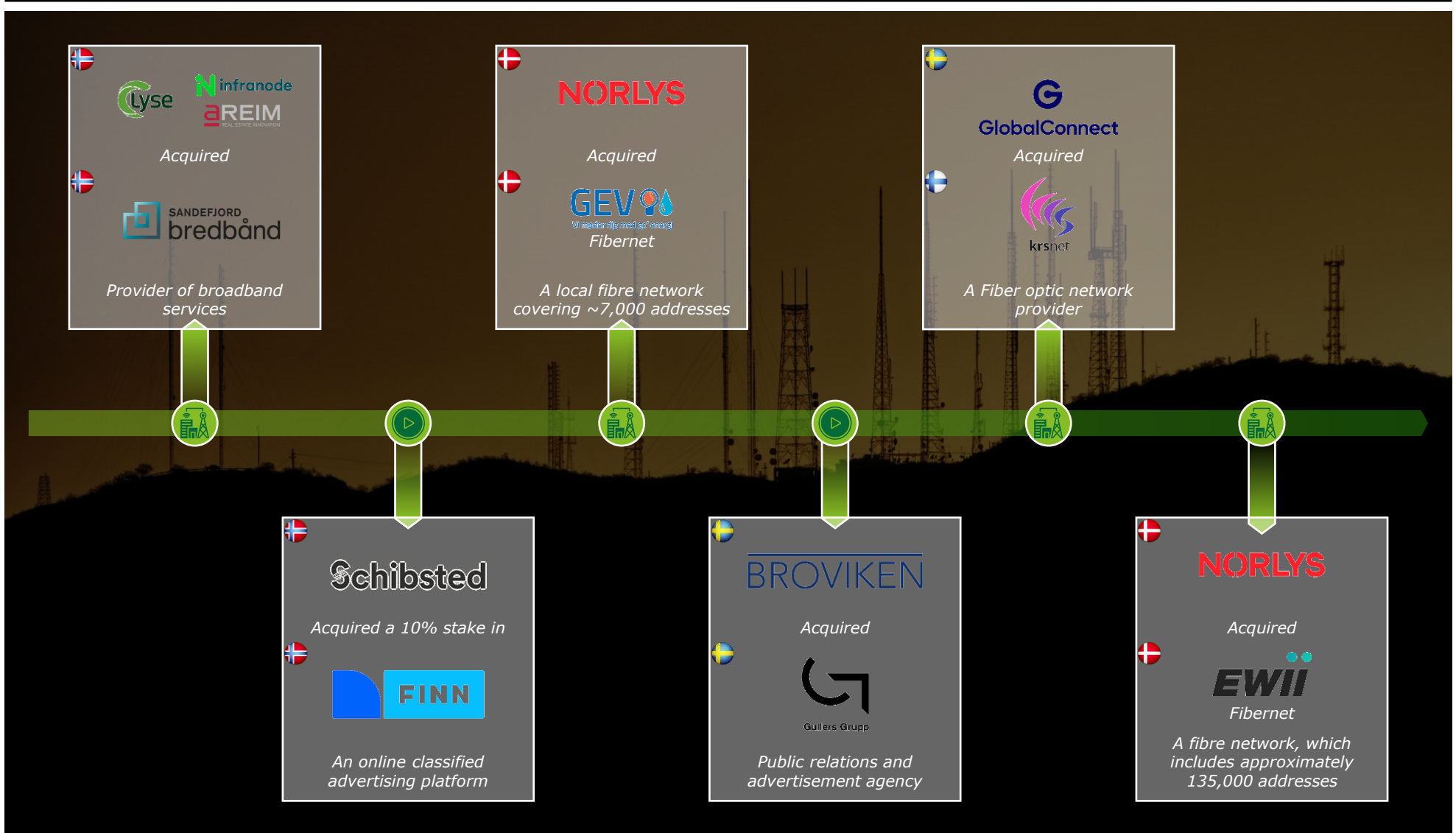
Media & Telco M&A activity saw a decline in Q2 2024 compared to previous quarters

Media & Telco deal volume across the Nordic countries; # of transactions¹

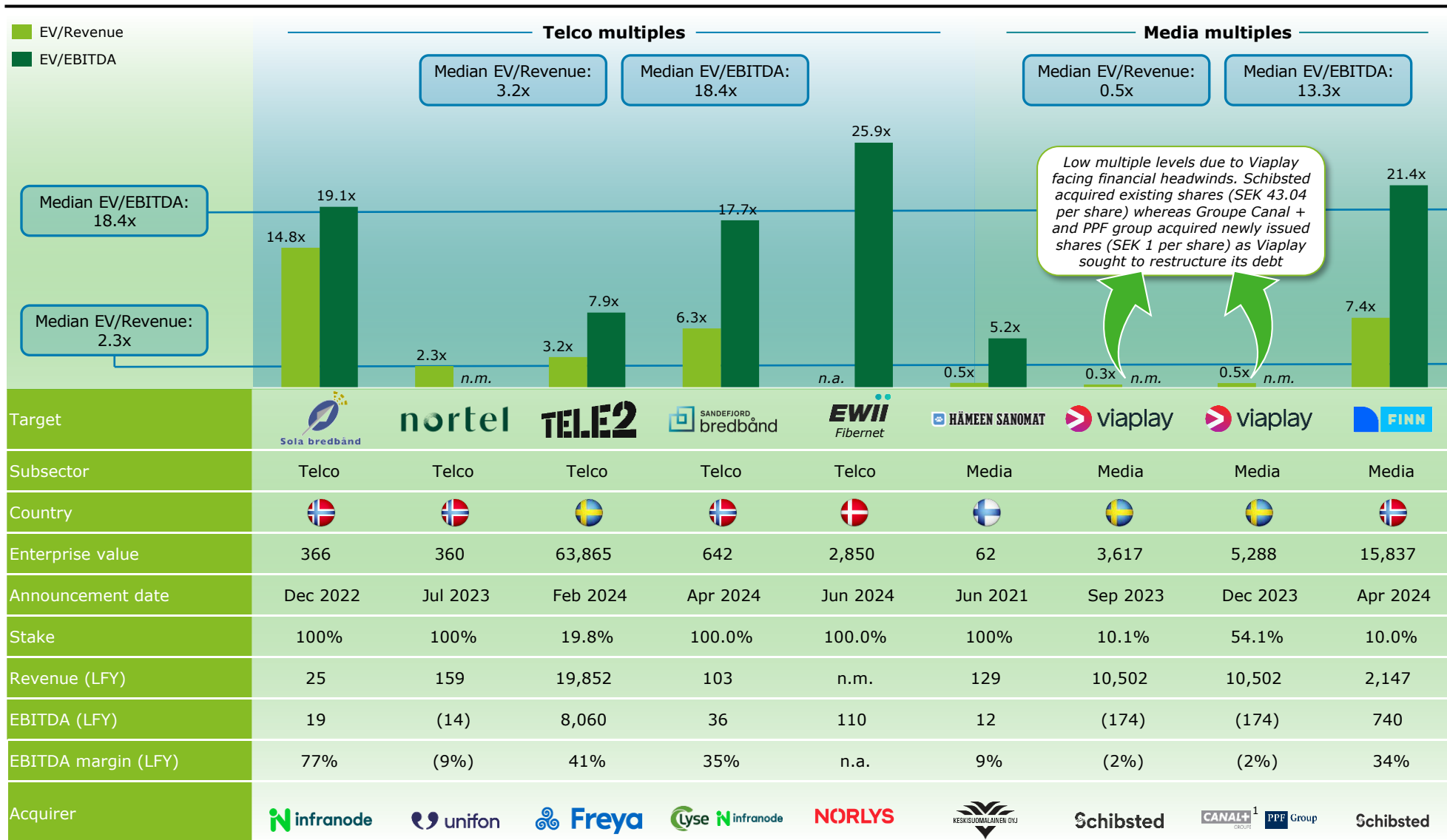


Note: 1) Deal volume based on Mergermarket industry categories "Media", "Telecommunications: Hardware", "Telecommunications: Carriers" excluding undisclosed target companies
 Source: Mergermarket; Deloitte

Selected Q2 Media & telco transactions in the Nordics



Overview of selected media & telco transactions



Note: 1) 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>on the sale to</p> <p>2024</p>	<p>Advised</p> <p>on the sale to</p> <p>2024</p>	<p>Advised</p> <p>on the sale of to</p> <p>(a portfolio company of)</p> <p>2024</p>	<p>Advised</p> <p>on the sale to</p> <p>(a portfolio company of)</p> <p>2024</p>	<p>Advised</p> <p>on the acquisition of</p> <p>2024</p>
<p>Advised</p> <p>on the sale of to</p> <p>2024</p>	<p>Advised</p> <p>on the sale to</p> <p>2024</p>	<p>Advised</p> <p>on the sale of and identity services to</p> <p>2023</p>	<p>Advised</p> <p>on the sale to</p> <p>2023</p>	<p>Advised</p> <p>on the sale to</p> <p>2023</p>
<p>Advised</p> <p>and founders</p> <p>on the sale of to</p> <p>2023</p>	<p>Advised</p> <p>in the merger with</p> <p>2023</p>	<p>Advised</p> <p>an company</p> <p>on the sale to</p> <p>2023</p>	<p>Advised</p> <p>on the sale to</p> <p>2022</p>	<p>Advised</p> <p>on the acquisition of</p> <p>2022</p>
<p>Advised</p> <p>on the acquisition of a 49% stake in</p> <p>2022</p>	<p>Advised</p> <p>on the sale to</p> <p>2022</p>	<p>Advised</p> <p>on the sale of to</p> <p>2022</p>	<p>Advised</p> <p>on the acquisition of</p> <p>2022</p>	<p>Advised</p> <p>on the sale of to</p> <p>2022</p>

Project “Baldr” – Sale of EWII Fibernet to Norlys

Introduction to EWII Fibernet

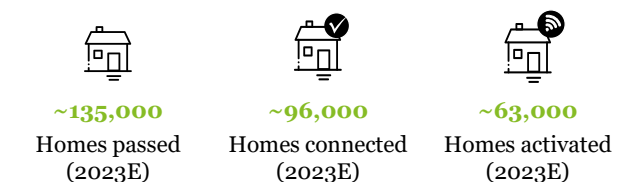
Exclusive financial adviser to

In the sale to

Jun 2024
Deloitte.

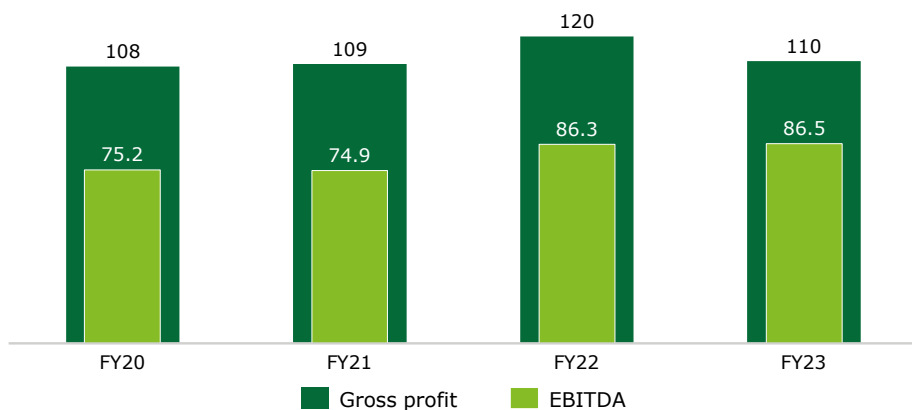
- EWII Fibernet operates the fourth largest fibre-to-the-home network in Denmark and has significant first mover advantages in its region
- The network covers an attractive region of Denmark with the second highest GDP per capita and strong population growth
- The network is well-invested and based on a best-in-class design and technology approach

EWII Fibernet KPI's



Transaction: Sell-side
Enterprise value: DKK ~2,850m
Equity value: Undisclosed
Process: Broad auction
Year: 2024

Financials (DKKm)¹



The Baldr process and key takeaways

Key Highlights

Well prepared sell-side process with multiple vendor due diligence tracks coordinated by Deloitte Corporate Finance incl: CVDD², FVDD³, carve-out, technical, legal and tax

Strong and competitive process with both strategic and financial buyers fuelled by a consolidation of fibre networks across Denmark

Deal dynamics



Early warm-up of selected strategic buyers ensured the interest from the right strategics



Strong interest from both financial and strategic buyers

Deloitte value-add services



Deloitte CF acted as project lead and exclusive financial advisor



Deloitte's Valuation and Modelling team assisted with a detailed operational model and forecast



Securing attractive terms through management of competitive dynamics and negotiation tactics

Note: 1) Financials from the annual report of EWII Fibernet; 2) Commercial Vendor Due Diligence; 3) Financial Vendor Due Diligence

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