

Finnish M&A market update Q2 2024

August 2024



Finnish M&A market during Q2 2024

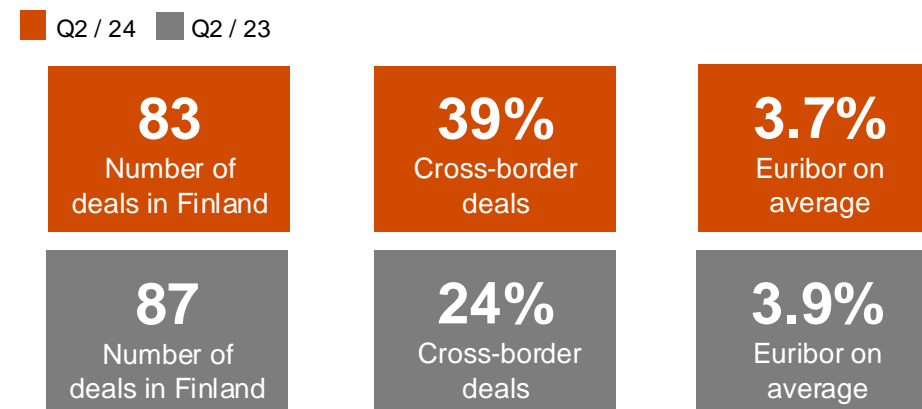
Finnish M&A market overview

As we conclude the first half of 2024, let's summarise the performance of the Finnish M&A market and consider what the remaining year might bring. Our analysis encompasses statistics on domestic M&A activity and insights from the leading M&A professionals at PwC Finland. Despite recent economic challenges, indicators suggest positive signs in the outlook.

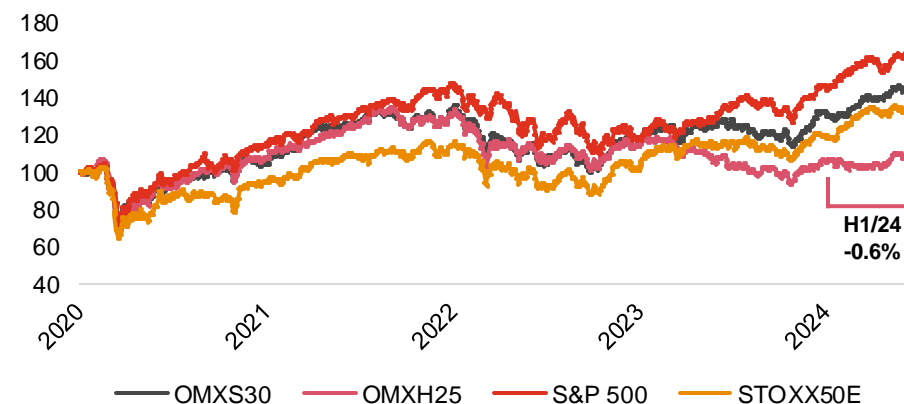
Key themes of the second quarter:

- Recent deals involving companies such as Granlund (ICG), Silo.AI (AMD), Fortum Recycling & Waste (Summa Equity / NG Group), Roima Intelligence (Corten Capital) and Accountor SW (KKR) signal positive momentum in the market, often driven by PE buyers. In addition, cross-border deal activity has remained robust, suggesting continued interest of international players.
- Investors are paying close attention to the development of inflation and interest rates. Meanwhile, private equity firms are actively monitoring their portfolio companies and adapting to the evolving market environment.
- The IPO market remained quiet in Finland throughout the second quarter whereas in Europe we started to see an increase in activity.

Local key figure comparison



Stock indices during 2020 – H1 2024



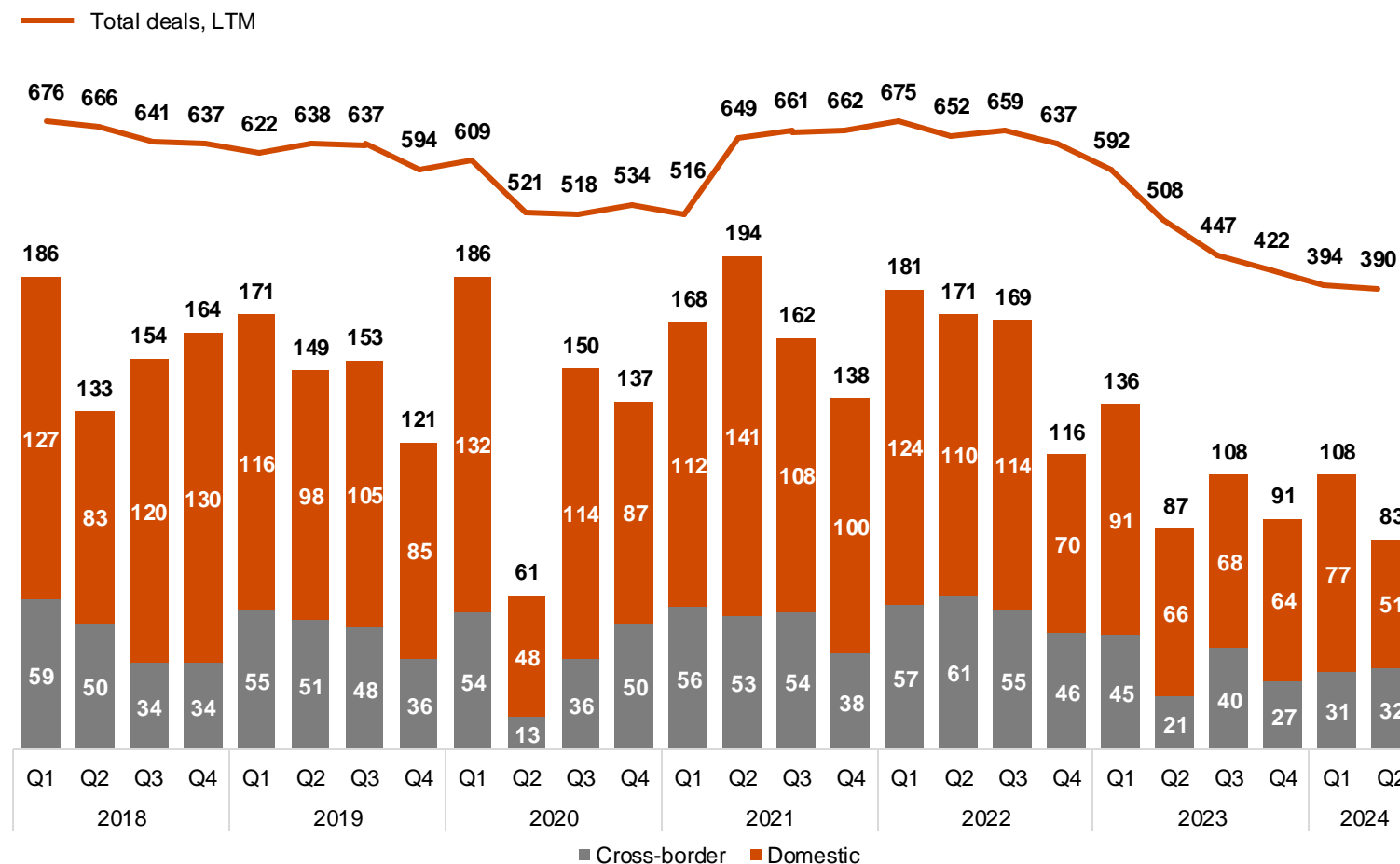
Deal activity remained modest during the second quarter

“ The moderate pace of M&A activity continued

Key takeaways

- The M&A market activity remained at a low level during Q2 2024, with companies and investors adjusting to the changing interest rates and the evolving market environment.
- The modest performance in the first half of the year aligned with the broader trends across EMEA and global markets, where deal volumes continued to decline.
- Companies were focusing on strategic acquisitions and divestitures to refine their portfolios in response to the evolving economic environment.
- Private equity firms are actively monitoring their portfolio companies. PE activity is anticipated to increase as new funds need to be deployed and older vintages of portfolio companies approach exits.

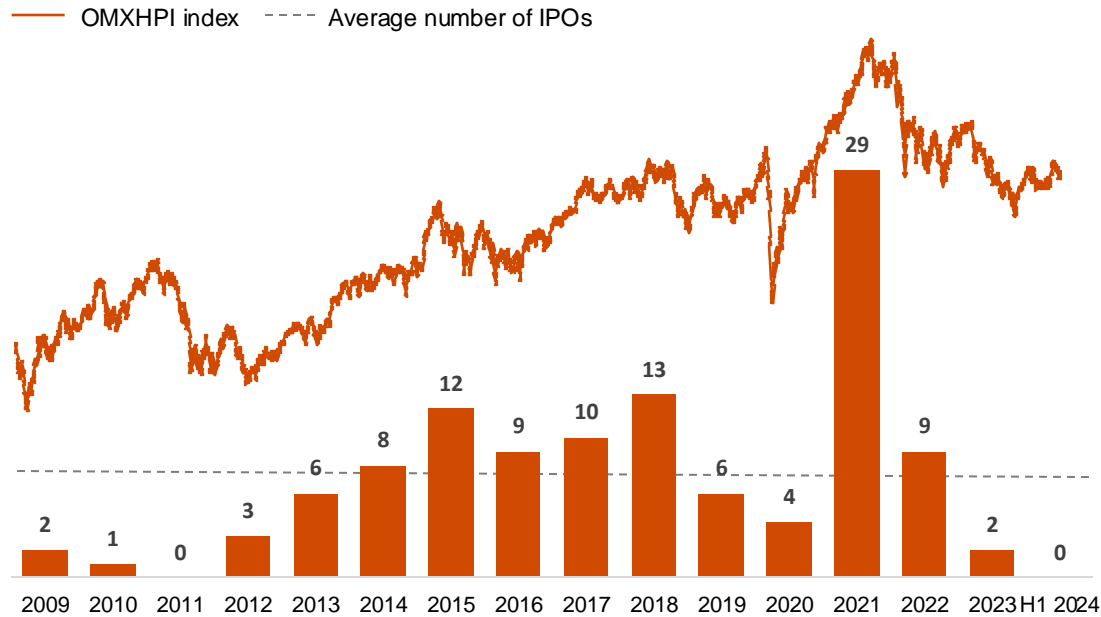
Quarterly transaction volumes in Finland



Companies are awaiting the opening of the IPO window

“ The recent slowdown has given investors the time to prepare their companies for an IPO once the market conditions improve

Number of IPOs in Finland



Data includes special transactions such as dual and reverse listings. Data excludes transfers between Finnish lists and should be treated as non-exhaustive.

Key takeaways

- Finnish IPO activity has experienced a significant slowdown. The most notable event of Q2 2024 was Kalmar’s listing process, which was completed during the first days of Q3 2024.
- During the first half of 2024, the Finnish market experienced only Kempower’s transition from the Nasdaq First North Growth Market to the main market in June. Before the transition, Kempower had been listed on the First North Growth Market since December 2021.
- In addition, Lifeline SPAC I and Canatu are progressing with their listing process, with plans for the combined company to seek admission to trade on the First North Growth Market in September this year.
- The near-term outlook for the Finnish IPO market is cautiously optimistic, with companies actively preparing and considering various options for their potential listing. European IPO activity is returning to normal levels, primarily driven by private equity which is promising.
- Globally, the IPO market has started to show encouraging signs. During the second quarter of 2024, European IPO activity increased in both the number of listings and their total value when compared to Q1 2024.



More information about the IPO market in our Nordic IPO Watch H1 2024 and in our IPO Watch EMEA H1 2024

Announced portfolio divestments are nearing completion – attention gradually shifting towards growth and acquisitions

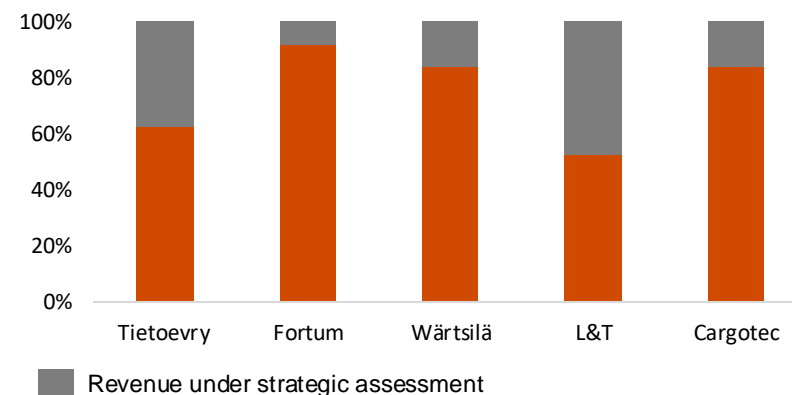
“ Companies are getting ready for their next strategic moves

Key takeaways

- During the first half of 2024, three strategic reviews were announced, involving companies such as Exel Composites, Piippo, and Enersense International. Additionally, several strategic reviews that began before 2024 are still in progress.
- Fortum’s strategic review of its Circular Solutions business has been ongoing since Q3 2023. In mid-July, Fortum announced that it has agreed to sell its recycling and waste business, which is a part of the wider Circular Solutions business.
- Tietoevry has been considering alternative options for its Banking Business. During Q2 2024 the company announced that Tietoevry Banking will remain within the group as a specialized business, as the value is currently not maximized through a sale or listing. On the other hand, the strategic review regarding Tech Services is still in progress.
- Cargotec’s strategic review has been partially executed with Kalmar’s listing shortly after the end of Q2 2024. The review is still partly in progress regarding MacGregor.

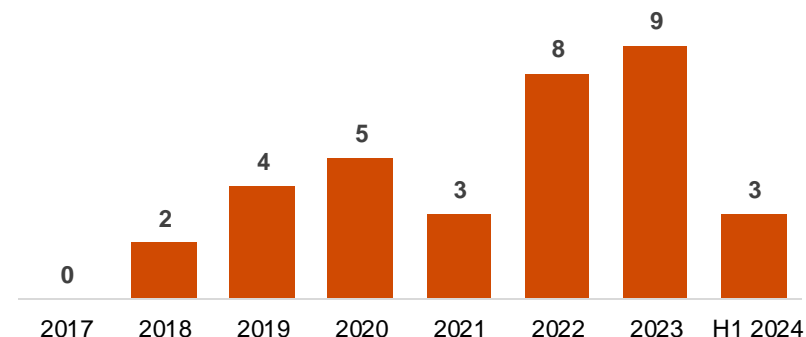
Portion of revenue under strategic review

Includes selected companies that have recently announced or ongoing strategic reviews.



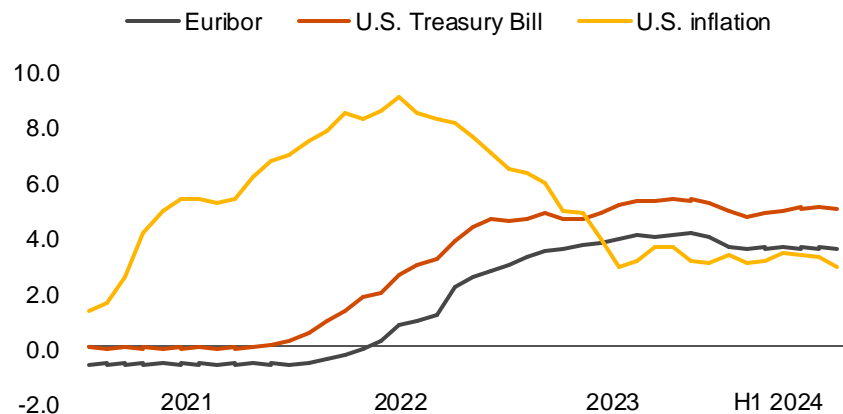
Number of strategic reviews announced in Finland

Includes public companies that have announced strategic reviews.

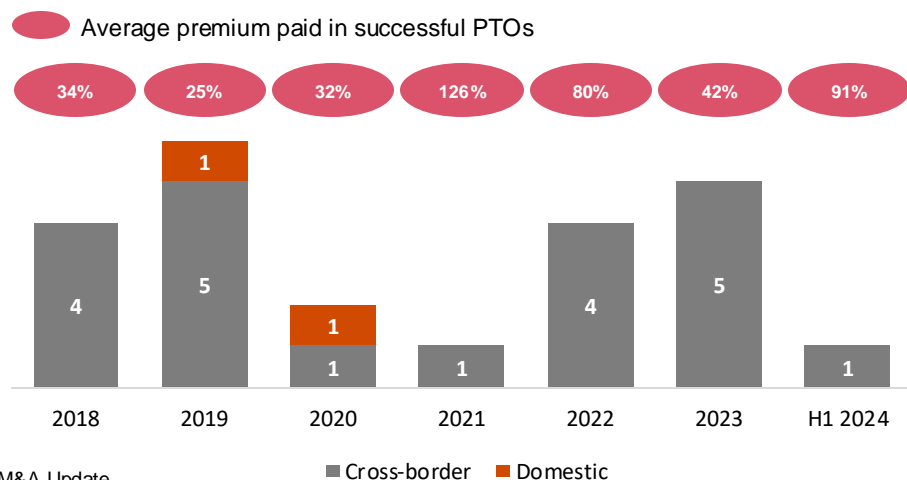


The Finnish market has seen few tender offers, with premium levels remaining high

12 months U.S. Treasury Bill, Euribor yield, and inflation



Number of successful PTOs in Finland (by announcement year)



“ The anticipated interest rate cuts are expected to increase market activity

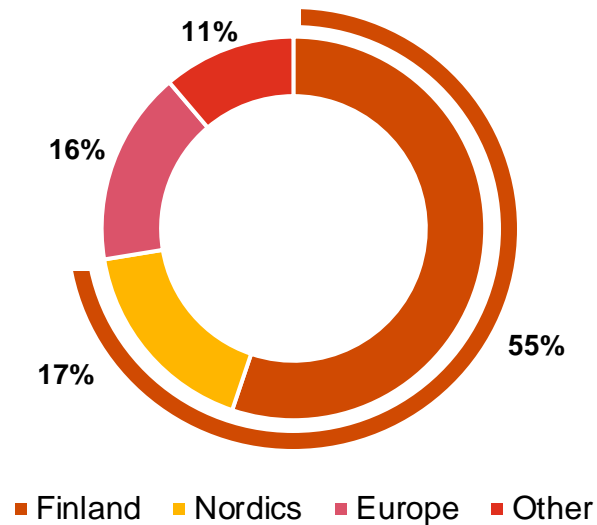
Key takeaways

- During the first half of 2024, one public tender offer (PTO) was successfully completed in Finland. The German company Matrix42, owned by Corten Capital announced its intention to acquire all outstanding shares and stock options of Efecte, which was completed in the second quarter.
- Two additional companies became targets of public tender offers in the first half of the year. At the end of April, a British-led consortium declared a PTO for the Finnish company Purmo, which started a competitive bidding process that lasted until the beginning of August. The competition ended in a win for the British-led consortium. Additionally, in mid-June, the Estonia-based investment firm Infortar announced its plan to acquire Tallink Grupp to strengthen its existing holdings. However, neither of these offers was completed by the end of H1 2024.
- While the number of PTOs remained stable in the first half of 2024, we might see an increase in activity in the second half. Well-performing companies are likely to attract relatively high premiums due to their low valuations, as seen with Efecte.
- Furthermore, the easing inflation and the anticipated interest rate cuts are expected to create a more favorable environment for transactions in the second half of 2024.

Domestic transactions drive the Finnish M&A market

“ Finland’s M&A market maintained a stable mix of local and international dealmakers

Nationality of acquirers of Finnish targets during H1 2024



72%

was the combined portion of Nordic acquirers during the first half of 2024. Nordic buyers have dominated the Finnish M&A market.

Key takeaways

- The Finnish transaction market remained attractive to both domestic and international buyers during H1 2024. Notably, 55% of deals in the Finnish market involved domestic buyers, while 17% were from other Nordic countries and 16% from other parts of Europe. The remaining 11% of transactions were carried out by buyers from other regions, with a significant presence from the United States.
- This distribution of nationalities is relatively consistent with the previous year, showing no significant changes. The Finnish M&A market is primarily characterized by smaller deals. These transactions often involve acquirers from relatively close geographical regions, underscoring the local nature of the market.
- The decline in total deal volumes in Finland, including cross-border transactions, mirrors the global trend observed during H1 2024. During this period, deal volumes decreased within the wider EMEA region as well compared to the previous year.



More information about the Global M&A industry trends in our 2024 mid-year outlook

Considerations for dealmakers preparing for the M&A rebound

As we conclude H1 2024, the M&A market in Finland is still waiting for a turnaround and deal activity has remained at a moderate level. However, there are positive signs of recovery in the global market, both in terms of deal values and IPOs and we are waiting for Finland to align with the global trend. Below are a few important considerations essential for dealmakers preparing for the upcoming M&A rebound.

○ Be open to changes

In these uncertain times companies need to be open to alternative structures, including partnerships, alliances and forms of capital structuring.

○ Be prepared to act

The market turnaround is right around the corner and companies wanting to benefit from the situation need to be ready to move quickly when the window is open.

○ Seize opportunities

The most lucrative deals are often made during challenging periods. Companies need to stay updated on emerging trends, growth sectors, and promising opportunities.

Supporting you in your transactions



Deals & Private Equity Lead



Ilkka Simula
Partner
+358 20 7878522
ilkka.simula@pwc.com

PwC Finland's Advisory Lead



Kimmo Nieminen
Partner
+358 20 7877504
kimmo.nieminen@pwc.com

Strategy&



Juuso Laatikainen
Partner
+358 20 7878554
juuso.laatikainen@pwc.com



Jussi Lehtinen
Partner
+358 20 7878756
jussi.lehtinen@pwc.com



Hannu Suonio
Senior Advisor
+358 20 7878552
hannu.suonio@pwc.com

M&A Integration & Separation



Marko Koski
Partner
+358 20 7878745
marko.koski@pwc.com

Real Estate



Jeroen Bus
Partner
+358 20 7877886
jeroen.bus@pwc.com

Capital Markets & Accounting Advisory Services



Sari Elonheimo
Partner
+358 20 7877289
sari.elonheimo@pwc.com



Maija Luoranen
Partner
+358 20 7878210
maija.luoranen@pwc.com

Tax



Markku Hakkarainen
Partner
+358 20 7877774
markku.hakkarainen@pwc.com

Transaction Services



Eveliina Paavilainen
Partner
+358 20 7877139
eveliina.paavilainen@pwc.com



Mikael Österlund
Partner
+358 20 7877838
mikael.osterlund@pwc.com

Corporate Finance



Kimmo Vilske
Partner
+358 20 7877938
kimmo.vilske@pwc.com



Hannu Keränen
Partner
+358 20 7877951
hannu.keranen@pwc.com



Pasi Mäenpää
Partner
+358 20 7877918
pasi.maenpaa@pwc.com



Riikka Saari
Partner
+358 20 7878058
riikka.saari@pwc.com



Laura Suomela
Partner
+358 20 7877723
laura.suomela@pwc.com

ESG



Jussi Nokkala
Partner
+358 20 7878189
jussi.nokkala@pwc.com

Valuation and Debt & Capital Advisory



Antti Palkén
Partner
+358 20 7877281
antti.palken@pwc.com

Legal



Elina Kumpulainen
Partner
+358 20 7877907
elina.kumpulainen@pwc.com

A wide-angle photograph of a sunset over a large body of water. The sky is a mix of soft pinks, oranges, and blues, with a few wispy clouds. The sun is low on the horizon, creating a bright orange glow that reflects on the water's surface. In the distance, a dark silhouette of mountains or hills is visible against the horizon line.

Thank you

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers Oy, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2024 PricewaterhouseCoopers Oy. All rights reserved. Not for further distribution without the permission of PwC. "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.