

M&A/IPO

Trends in Norway H1 2019

- Stable development in deal numbers, higher value
- Few stock exchange listings
- Largest single listing in 13 years



Transaction activity picking up the pace

The Norwegian transaction market, where either the target, buyer or seller is a Norwegian entity, has picked up steadily since the global financial crisis in 2008. The first half of 2019 has seen a sharp increase in deal value compared to the same period last year, and a slight increase in transaction volume. In the longer term, it seems transaction activity has reached a post financial

crisis “cruising speed”. Values can, however be prone to fluctuations due to whether or not the value is confidential.

A total of 207 transactions have been registered* in H1 this year, of which 108 in Q1 and 99 in Q2. This represents a small decrease since H2 2018, which ended on a strong note.

207

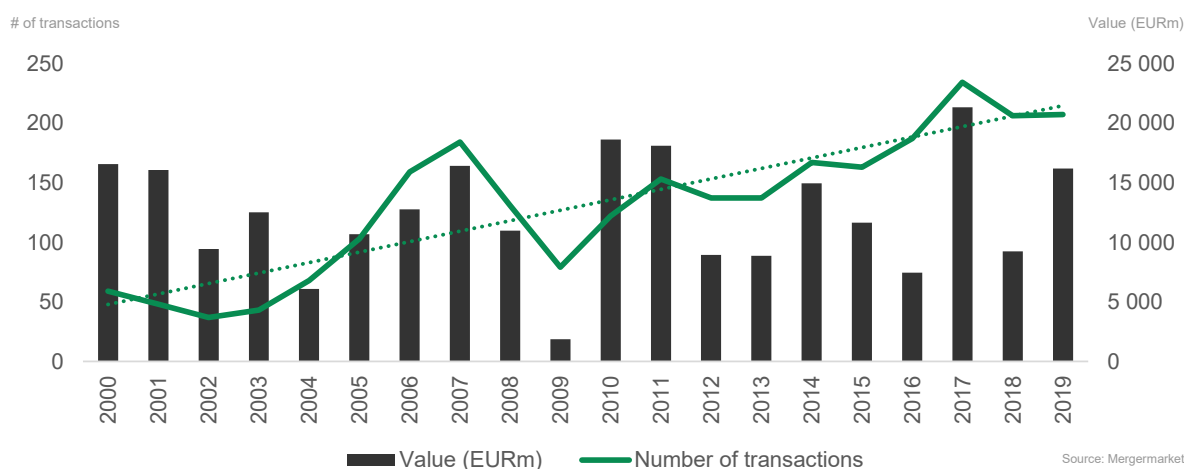
transactions

16,185

EURm* in value

8

listings



M&A activity really gained traction at the end of last year, and the high tempo has continued in H1. We expect the activity to remain high throughout the year.

Harald Hellebust, partner M&A



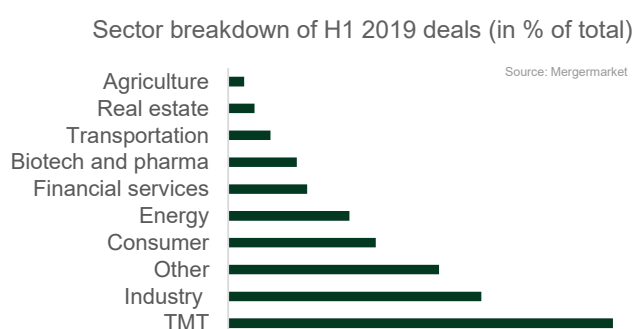
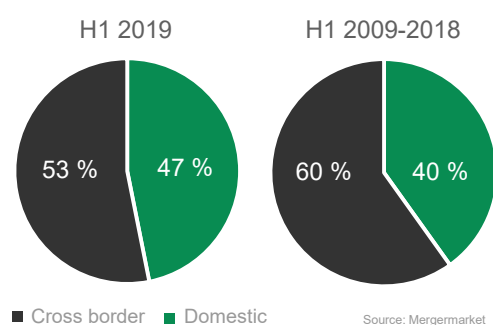
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Lower share of cross border deals, TMT dominates

Despite the strong trend in deal number and value, the share of cross border deals was at its lowest since H1 2009, after a decline of 13 % compared to the same period last year. In terms of sector trends, TMT continues to dominate the transaction space, with energy leading the way in cross border deals.

Another trend was the continuation of minority acquisitions by PE funds. The market for majority buy-outs is becoming increasingly crowded, and good quality assets are highly sought after. KKR's 30% investment in Sector Alarm, where Wiersholm advised the seller, was one such example.



Global developments

Concerns about a slowdown in economic growth, geopolitical tensions and rising interest rates aside, the first half of 2019 saw a 17% increase compared to the second half of 2018 deal value. A total of 1.6 trillion euros were spent on global M&As in H1 2019. However, this was 11% down from H1 2018. Most notably, cross-border M&A activity decreased 22% globally compared with the same period last year.

The shift in geographical distribution of mergers and acquisitions was a distinct trend. Domestic M&A accounted for 67% of the overall activity in H1 2019 compared with a yearly average of 61.3% since 2010. Chinese outbound investment to the US and Europe was at its lowest levels since 2009,

coinciding with the ongoing unresolved trade conflict.

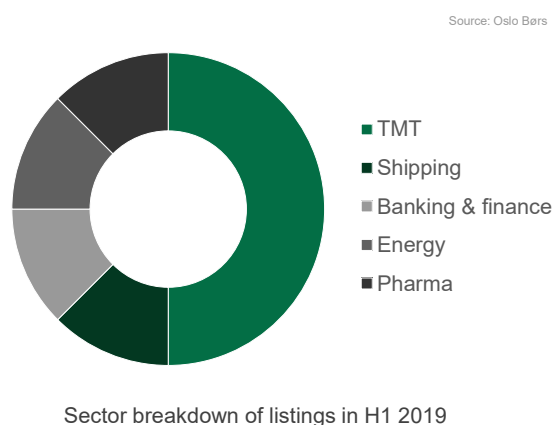
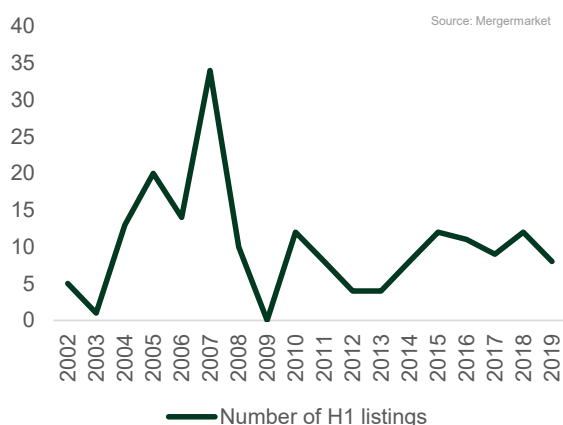
Another trend, possibly reflecting corporations' response to looming de-globalisation forces, was global demergers reaching its third highest recorded value in H1, with 11 deals worth more than 87 EURbn.

M&A activity in the Nordics was strong during the first half of 2019 and the region accounted for almost 13% of Europe's inbound deals – its highest share to date, and appears more open to overseas investment than the likes of Germany, France and the UK, despite the trend also being visible in Norway, as the above charts suggest.

Few listings, but the biggest single listing in 13 years

Despite overall activity picking up in the transaction market, the number of listings so far this year has been relatively low. Ten new listings have been completed on all of the Oslo Stock Exchange's marketplaces (four on the main board, two on

Oslo Axess and two on Merkur Market). However, two of these were transfers of listings, making it a total of eight new listings. No companies are currently in the OSE pipeline for listing.



The listing of Adevinta, the global online classified company demerged from Schibsted, was by far the biggest in H1. The offering valued the entire equity capital at EURm 5,510, making it Norway's largest IPO since 2006 and the fourth biggest overall in terms of market cap, exceeded only by the previous listings of Equinor, Telenor and REC. In terms of offering size, the transaction raised EURm 298.61, as the offering only represented

around 6% of Adevinta's market cap. Wiersholm advised Schibsted and Adevinta throughout the IPO process.

By comparison, the Stockholm Stock Exchange saw 29 listings during H1 2019 (including First North, an unregulated market place), which by Swedish standards is unusually low.

Despite the subdued listing activity, we know that many companies are actively considering their opportunities and awaiting the right time to put their plans into action.

Simen Mejlænder, partner Capital Markets



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Wiersholm advised on the biggest deals in H1 2019

In H1, Wiersholm were Norway's number one M&A firm with the highest total deal value in the first half of the year in the Mergermarket H1 2019 M&A legal advisor league tables. The merger between EVRY and Tieto and the sale of CapeOmega from Hitec-Vision to Partners Group were the largest transac-

tions (with disclosed deal values) we advised on. Wiersholm also topped the Mergermarket H1 2019 IPO legal advisor league tables, including advising on the Ultimovacs and Zwipe listings, in addition to Adevinva.

M&A

Law firm	Value (EURm)	Deal count
Wiersholm	5,726	18
Thommessen	5,503	21
Hannes Snellman	5,210	4
Schjødt	4,577	34
Cleary Gottlieb	3,883	2

Source: Mergermarket

IPO

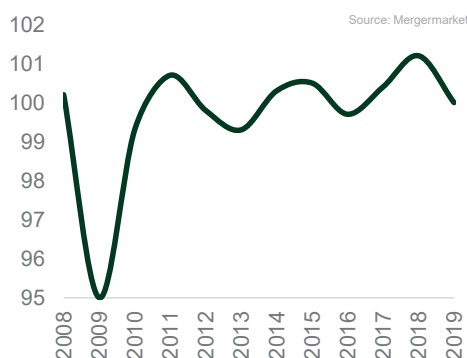
Law firm	Value (EURm)	Deal count
Wiersholm	340	3
BAHR	296	1
White & Case LLP	296	1
Cleary Gottlieb	296	1
Schjødt	102	3

Source: Mergermarket

What's in store for the second half of 2019?

Despite economic and political concerns, debt is still cheap and readily available. The major US stock indices are pushing all time-highs and the European equivalents are steadily climbing. Moreover, private equity funds hold record amounts of capital waiting to be put to work, according to Mergermarket.

There is reason to believe that the geopolitical development will be an important factor in determining the climate for global M&A activity in H2 2019. Leading economic indicators point towards a fairly stable environment, with the OECD business confidence indicator (left) remaining high and the CBOE Volatility Index having flattened out since a small spike during the market turbulence last fall.



In Norway, we believe the overall situation provides a good basis for a continuation of the currently strong trend in M&A activity. Fear of trade conflicts has not yet manifested itself in the Nordic market in our view, and it remains to be seen whether the lower share of cross border deals is a trend or a normal fluctuation. Signals from market players and ongoing strategic processes also suggest that the IPO market will continue to improve, although the contemplated new listings may or may not conclude within H2.



- 260** Employees
- 178** Lawyers
- 42** Partners
- 18** Lawyers admitted to the NCS
- 7** Lawyers with dr. juris/Ph.D
- 29** Practice areas
- 14** Industries
- 55%** Female employees

Superb full-service corporate M&A team with a particular focus on private equity transactions. Often acts on the buyer's side on M&A deals with cross-border elements. Also active in corporate structuring mandates. As well as its financial clientele, the group also regularly represents clients in the energy and technology sectors. Clients benefit from the firm's notably deep bench of experienced corporate M&A practitioners.

CHAMBERS EUROPE 2019