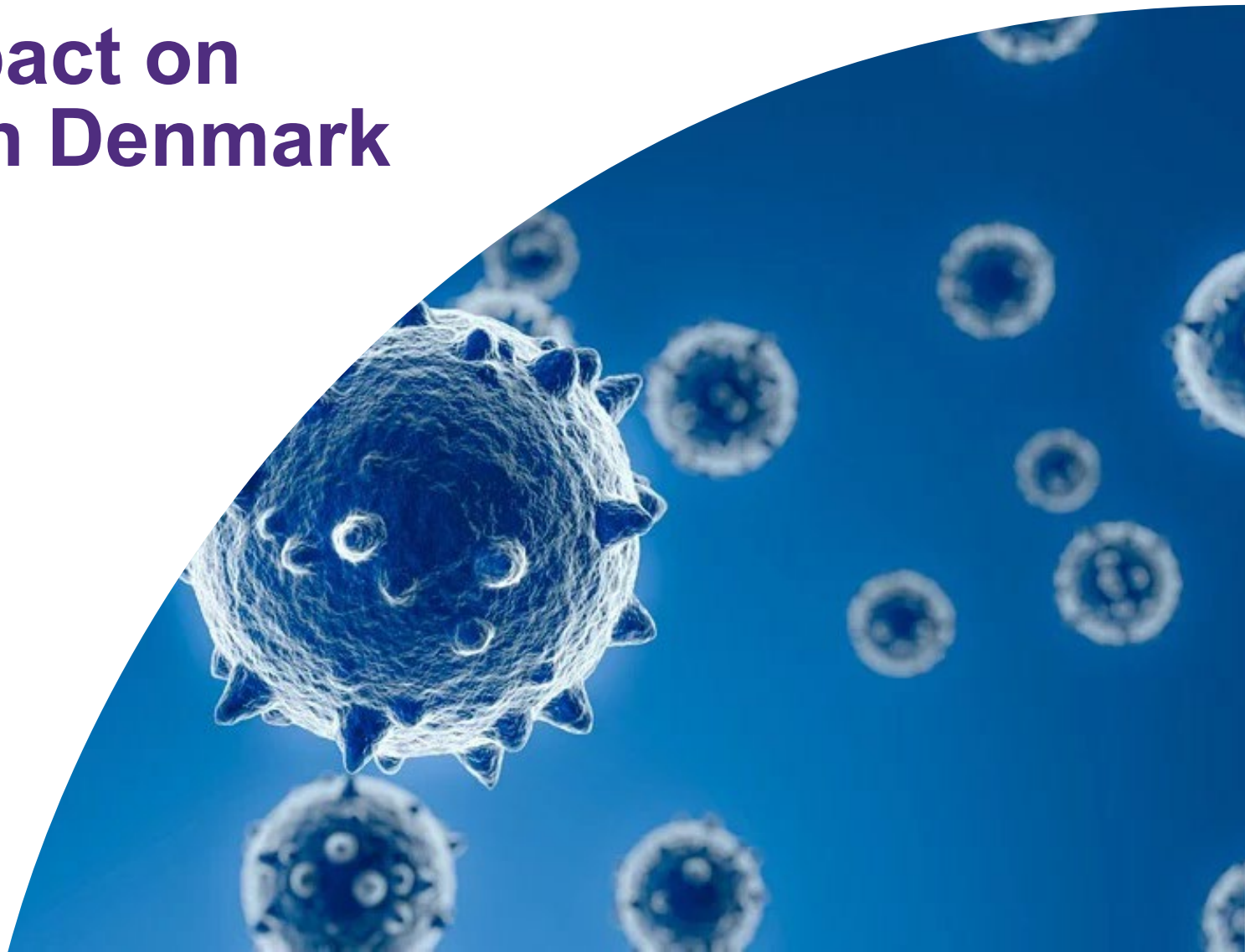
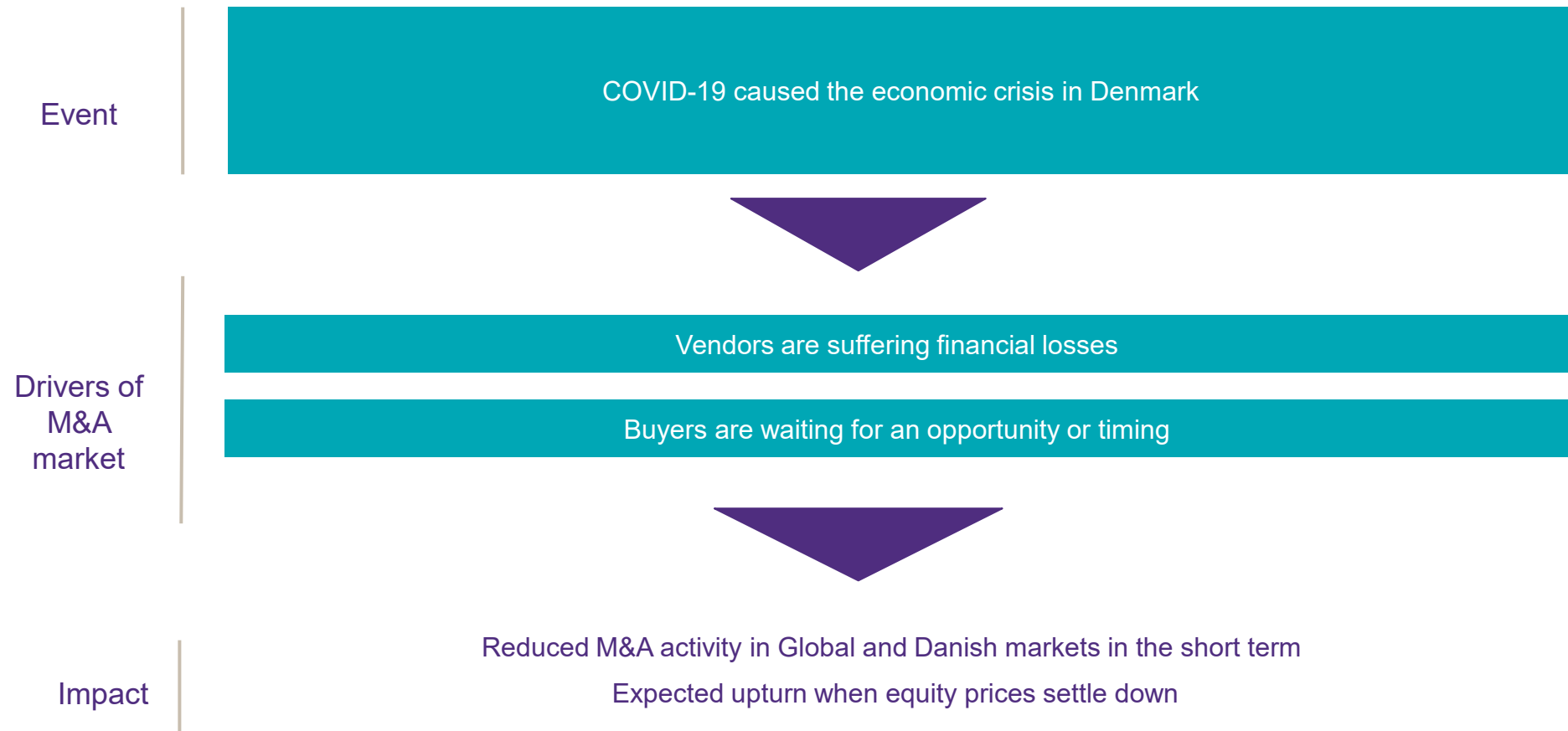


# COVID-19 impact on M&A Market in Denmark

May 27, 2020



# COVID-19 caused an economic crisis in Denmark. M&A market suspended, but is expected to bounce back



# Vendors are suffering financial losses despite government's initiatives

The Covid-19 pandemic has hit with tremendous force and caused the financial challenges for businesses in Denmark. The Danish Government has presented several initiatives to strengthen liquidity of Danish companies, but vendors are still suffering financial losses.

## Revenue

Danish companies are facing weeks of exceptionally poor trading conditions. As the result many companies suffer revenue losses or even threatened with bankruptcy.

- Restaurants and shopping malls are still closed
- 60% of all export goes to Europe, but the European economy may face 15% decrease this year
- Over 72 thousand Danish companies have applied for the government's assistance

## Economy

The COVID-19 crisis can become the biggest economic crisis ever.

The expected GDP in 2020:

- -3% if the economy will recover fast to the normal level
- -10% if Denmark will not succeed to take the virus under control
- -4.5% with steady reopening of the society

The government aid packages to businesses and employees amount to EUR 58 billion

Nearly 50 thousand of employees have been laid-off. Without government support this could have increased four times

## Unemployment by sector:



Service sector

11%



Retail

10%



Industry

9%



Health care

8%

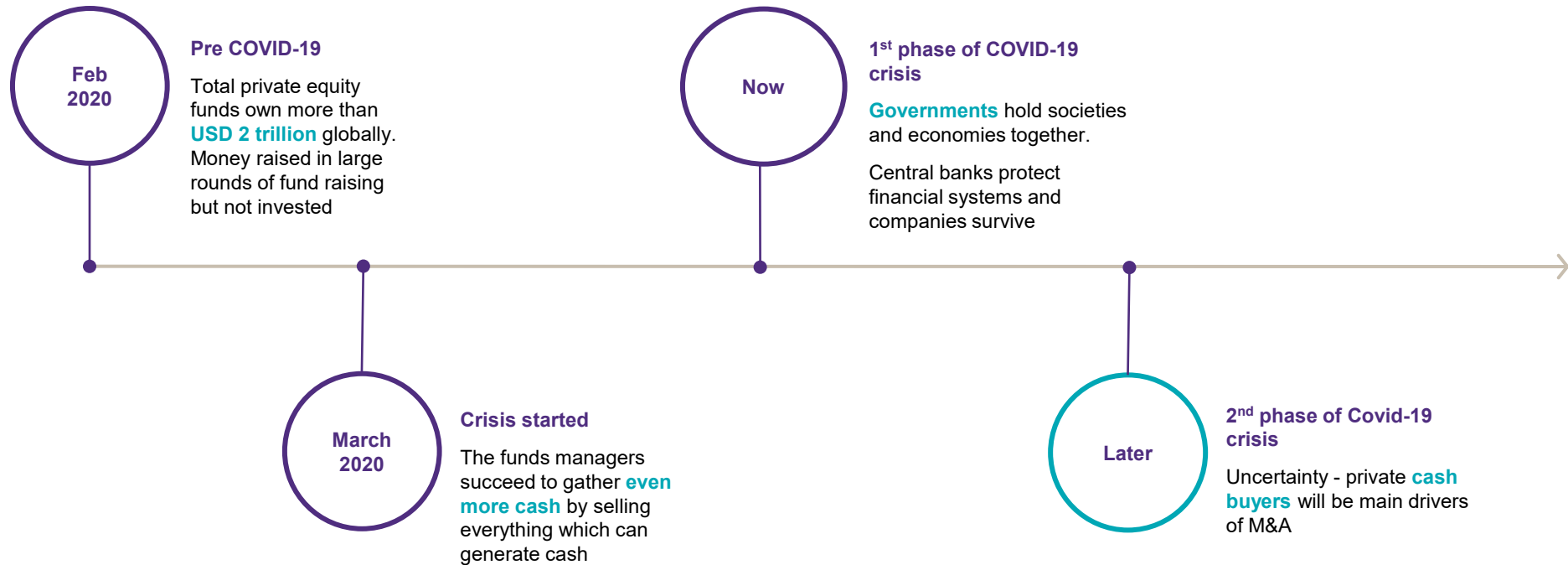


Transport

7%

# Buyers are waiting for a better opportunity or timing

## Financial investors



## Strategic investors

Most CFOs of Danish companies don't see difficulties with funding among their main concerns related to COVID-19. Only 12% of the CFOs consider changing M&A strategy because of the situation.

# Other impact on transactions in the market:



## 1. Valuation

Revised negotiation on valuation, as the crisis impacts future cash flow



## 2. Normalization

Identification of normalization on earnings during 2020



## 3. Halt

Certain sectors have come to halt: retail, travel, restaurants etc



## 4. Travel restrictions

Challenge in the deal process due to travel restrictions



## 5. Bankruptcy

First examples of private equity houses being challenged - bankruptcy /reconstruction



## 6. Portfolio reviews and planning

Private equity houses have thoughts on portfolio reviews and planning of the rest of the year

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