

Analysis of Swedish IPOs 2001-2014

SWEDISH PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION

2015-02-19

Summary

IPO activity

Since 2001 there has been over 50 listings on the Stockholm Stock Exchange.

During this period private equity sponsored close to 50 % of all listings.

Since 2001 PE have listed 24 firms, as of today 22 are still listed on the Stockholm Stock Exchange.

The current (December 2014) market capitalization of the PE IPOs is close to 180 billion SEK.

Post-IPO returns

- Private equity IPOs have generally been good investments with an average yearly return of 8 %. Better than index and as good as/better than non PE IPOs.
 - Better than index and as good as/better than non PE IPOs.

Market timing?

There is no evidence of market timing from PE IPOs compared to non PE IPOs.

SVCA:s Analysis

Key Questions

- **Analyse how PE sponsored IPOs perform:**
 - In absolute numbers.
 - Compared to the market.

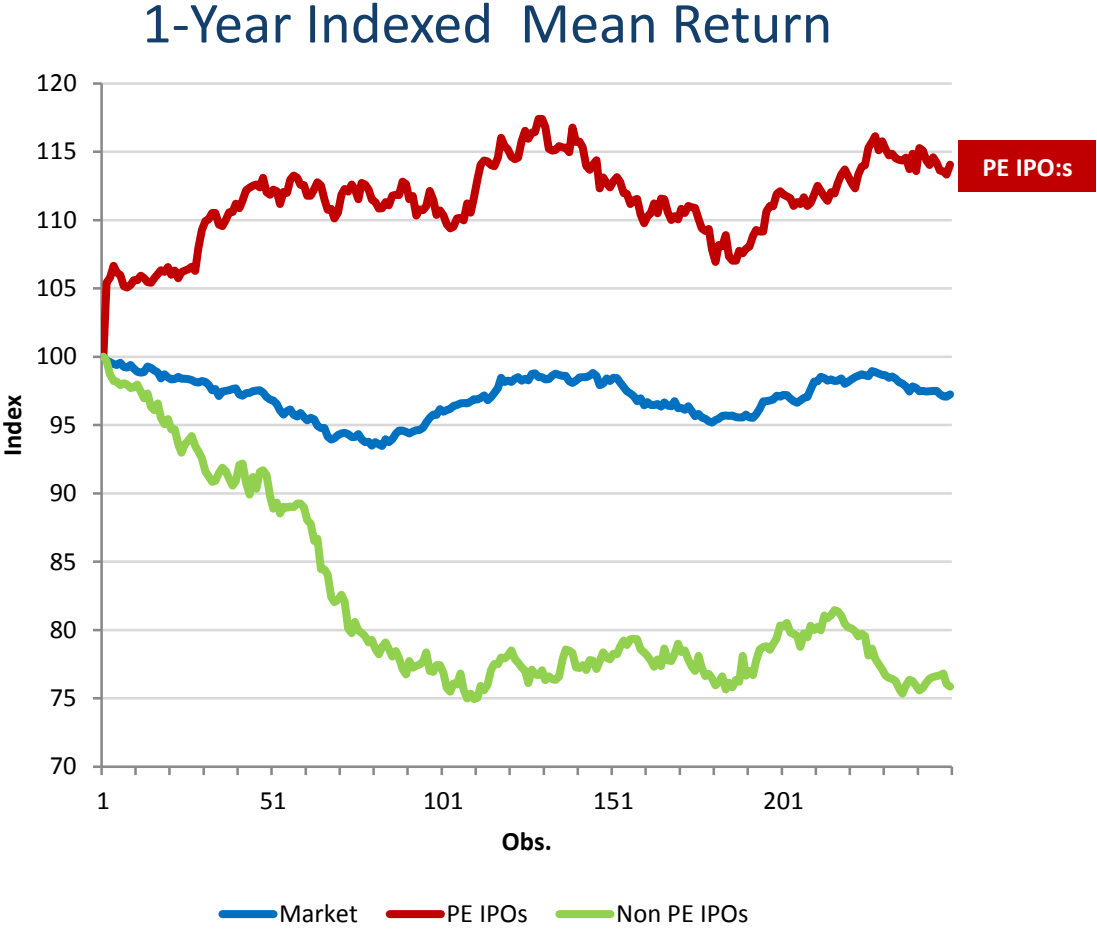
Data

- The study includes IPOs on the main Swedish stock exchange between 2001-2014.
- The dataset includes 45 IPOs, whereof 24 are PE sponsored and it covers nearly 15 years of Swedish IPOs.

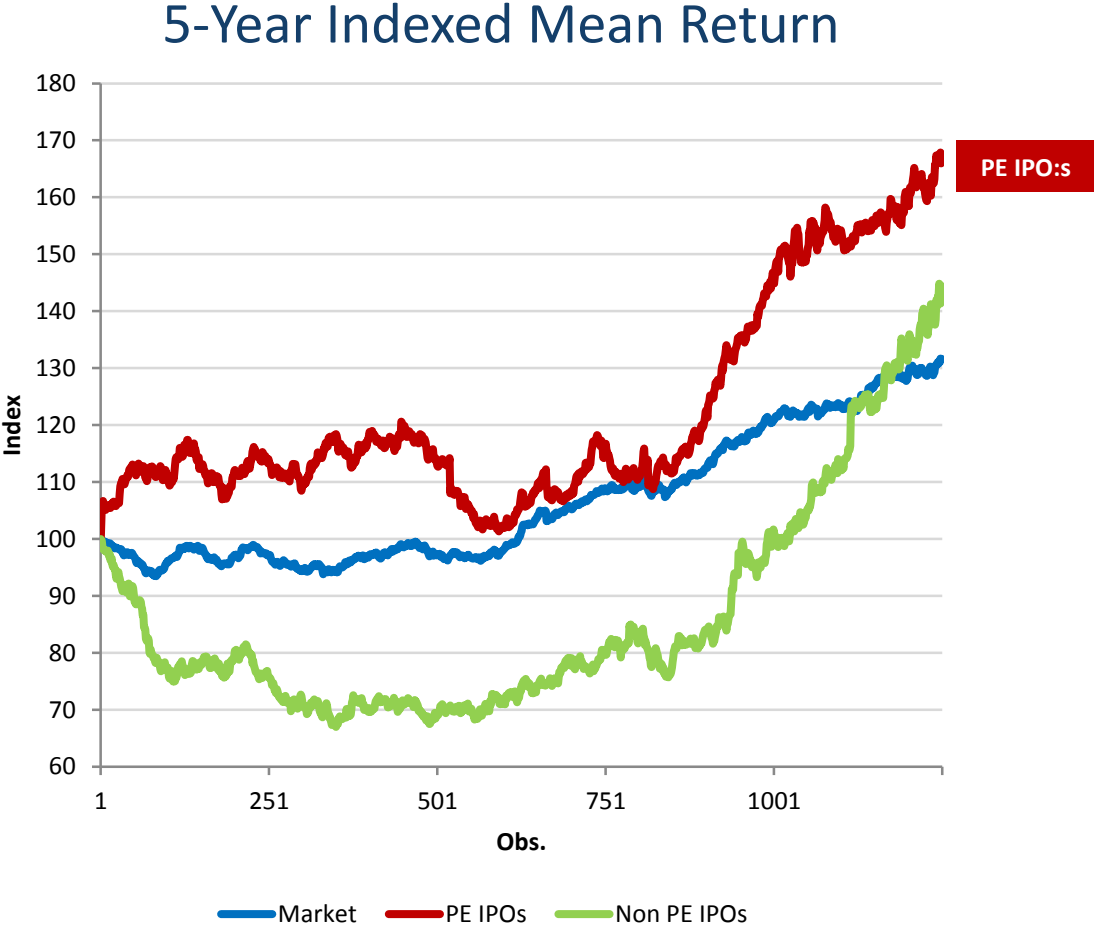
Not included in the study

- Secondary listings, spin-offs, moved listings, OTC-listings etc.
- Listings in sectors where PE is inactive such as investment companies, mining, natural resources, gambling and real estate.
 - The reason for the exclusion is to increase the comparability between the two groups of listings, PE sponsored and non PE sponsored.

Private Equity IPOs Beat the Market

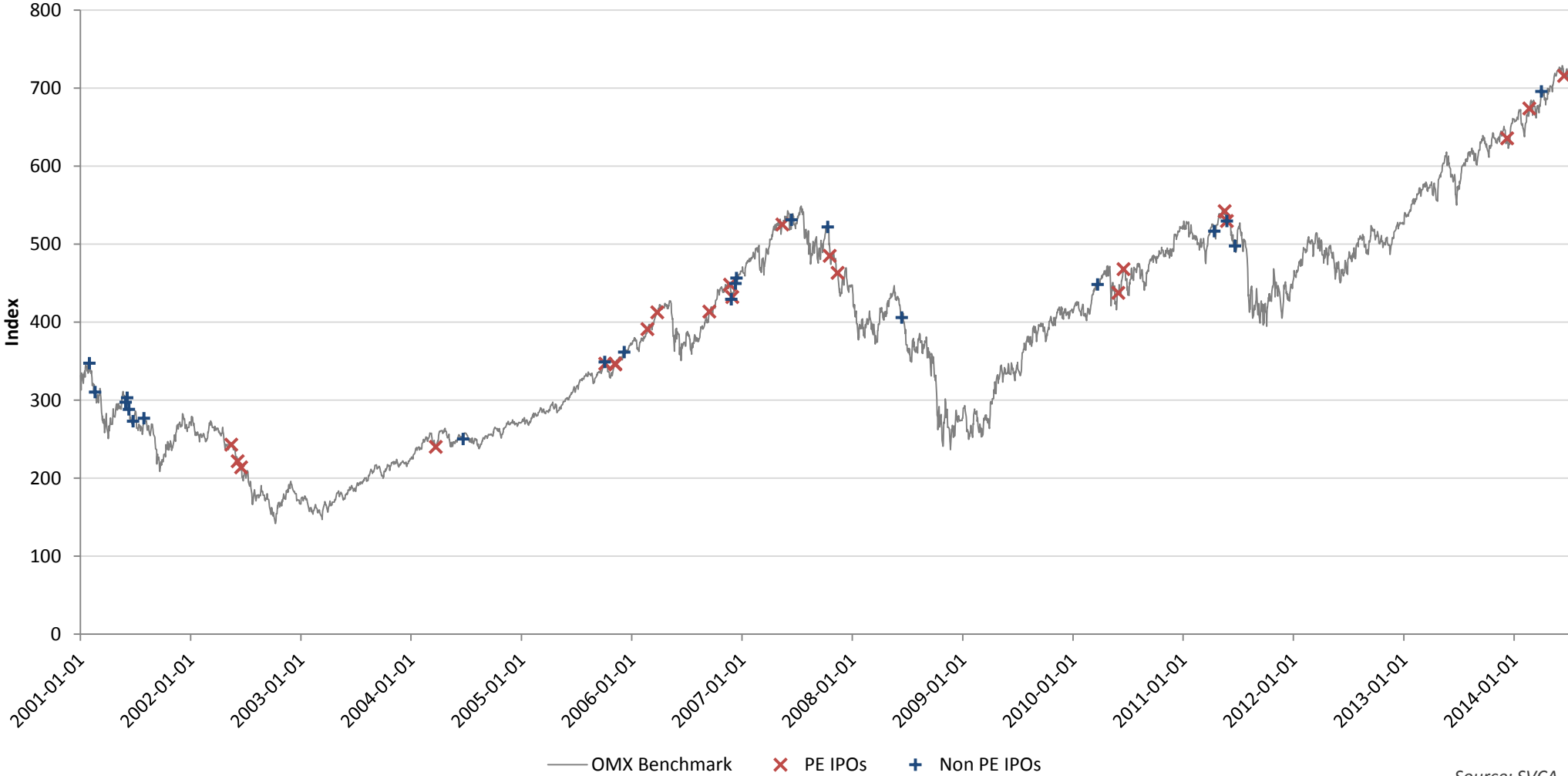


Source: SVCA



Source: SVCA

No Evidence of Market Timing From PE IPOs Compared to Non PE IPOs



Source: SVCA

Private Equity has Developed and Listed a Number of Successful Firms



IPO return comparison

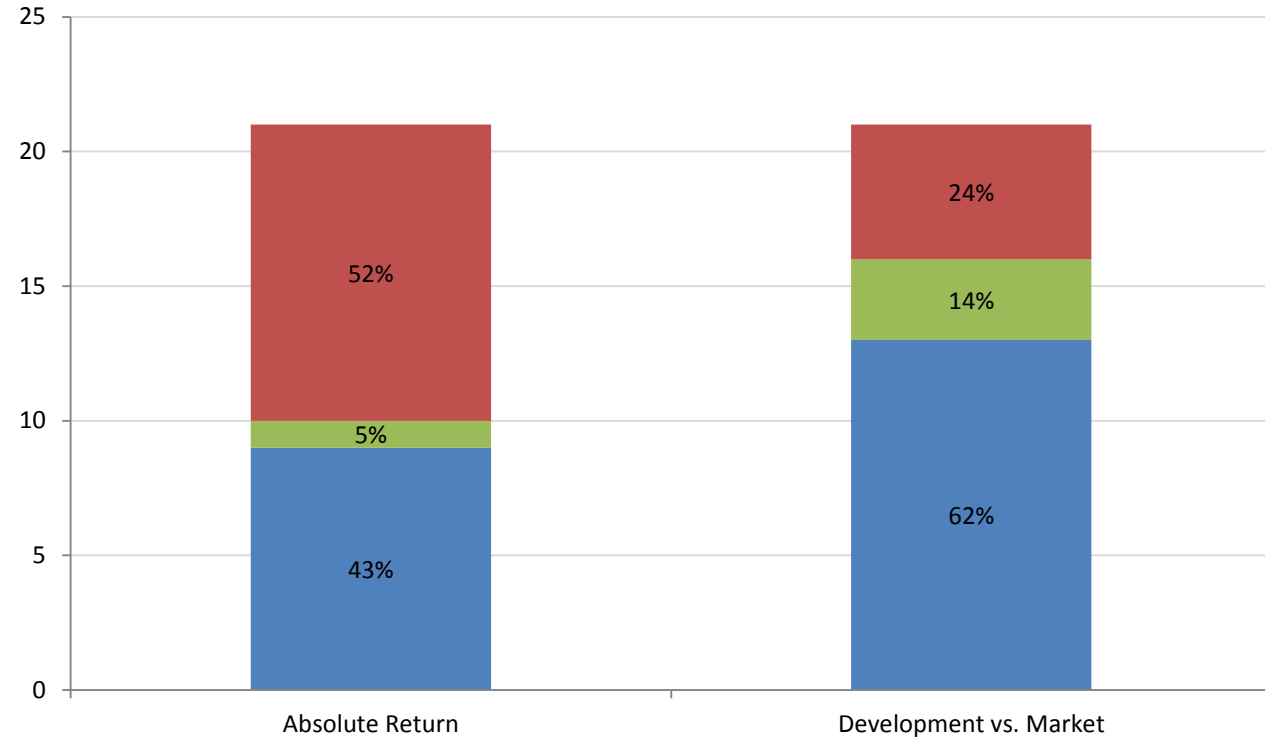
	1Y	3Y	5Y	10Y	From listing to last day of trading in sample (2014/06/30)
Absolute Return PE IPOs	11.98%	10.01%	71.60%	205.17%	102.44%
CAGR*	11.98%	3.23%	11.40%	11.80%	8.27%
Absolute Return Market	1.11%	14.96%	48.52%	124.03%	78.14%
Excess Return PE IPOs	10.87%	-4.95%	23.08%	81.13%	24.30%
CAGR*	10.87%	-1.68%	4.24%	6.12%	Not defined

Absolute Return Non PE IPOs	-26.73%	-17.71%	42.64%	10.80%	54.94%
CAGR*	-26.73%	-6.29%	7.36%	1.03%	-8.05%
Absolute Return Market	-9.71%	4.60%	19.00%	90.49%	72.97%
Excess Return Non PE IPOs	-17.03%	-22.31%	23.64%	-79.69%	-18.04%
CAGR*	-17.03%	-8.07%	4.34%	-14.73%	Not defined

*CAGR (with the exception of last day of trading) is calculated for the mean return. For last day of trading CAGR is calculated as the mean value of the CAGRs for the individual IPOs, firms with less than 1 year of listing are excluded from the last day of trading CAGR.

Private Equity IPOs – 1-Year Performance

For the period, 2001-2014, all PE IPOs are categorized based on their performance, absolute return and vs. the market, as either good (>5%), poor (<-5%) or Neutral/In Line.

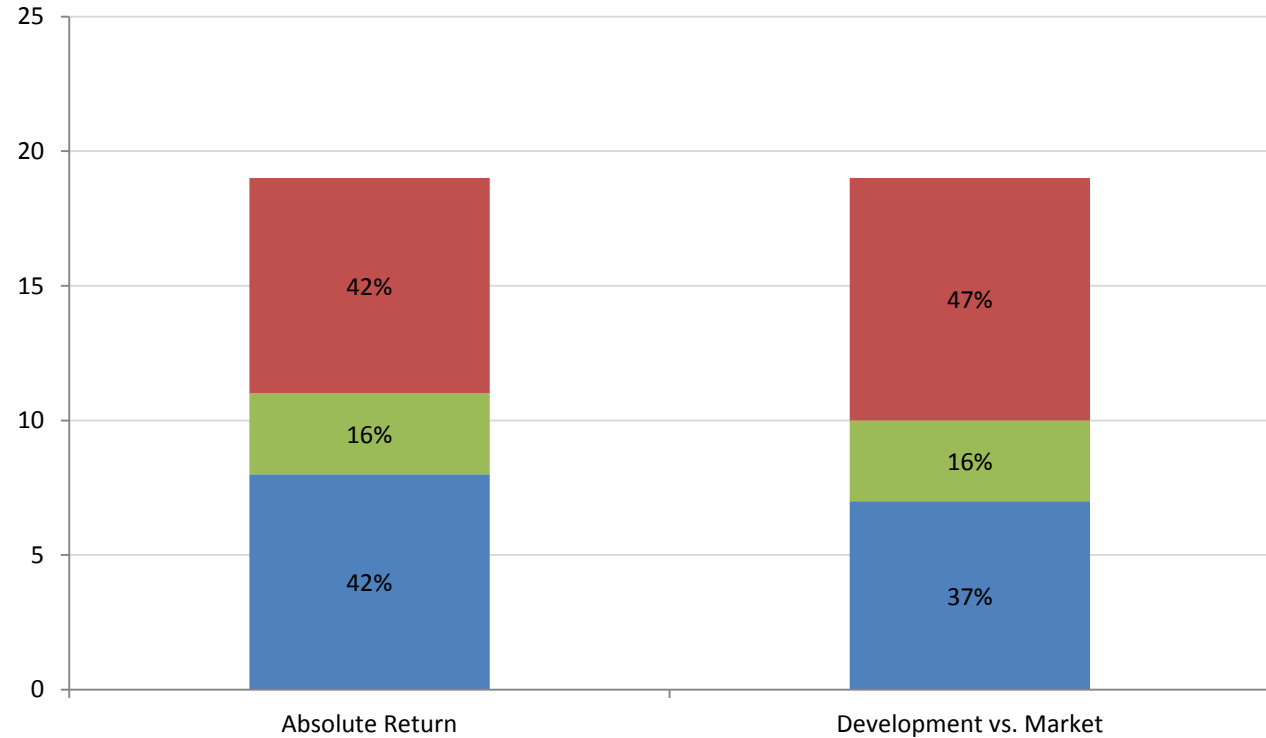


Over 60 % of PE IPOs outperform the market after one year

	Absolute Return	Development vs. Market
Poor < -5% p.a.	11	5
Neutral/ In line	1	3
Good > 5% p.a.	9	13

Private Equity IPOs – 3-Year Performance

For the period, 2001-2014, all PE IPOs are categorised based on their performance, absolute return and vs. the market, as either good (>5%), poor (<-5%) or Neutral/In Line.



Majority of PE IPOs perform better or in-line with the market

	Absolute Return	Development vs. Market
Poor < -5% p.a.	8	9
Neutral/ In line	3	3
Good > 5% p.a.	8	7

Market Timing

	-12M Change	-6M Change	-3M Change	+3M Change	+6M Change	+12M Change
OMX Benchmark Mean Change						
PE IPOs	17.05%	5.44%	2.07%	-4.11%	1.02%	1.11%
Non PE IPOs	7.15%	1.95%	3.34%	-7.90%	-4.21%	-9.71%
VIX Mean Change						
PE IPOs*	3.12%	3.39%	8.75%	27.17%	11.76%	30.31%
Non PE IPOs*	-8.30%	-9.97%	-12.73%	41.19%	32.38%	43.72%

*The mean VIX at the time of the PE IPOs is 17.83 compared to 19.91 for non PE IPOs.

SVCA

Appendix

Number of observations

	1Y	3Y	5Y	10Y	From listing to last day of trading in sample (2014/06/30)
PE IPOs	21	19	15	4	24
Non PE IPOs	20	20	15	6	21

Number of observations

	1Y	3Y	5Y	10Y	From listing to last day of trading in sample (2014/06/30)
PE IPOs	21	19	15	4	24
Non PE IPOs	20	20	15	6	21

IPOs included in the dataset

PE IPOs

- Alfa Laval AB 2002
- Ballingslöv AB 2002
- Nobia AB 2002
- Intrum Justitia AB 2002
- Oriflame Cosmetics S.A. 2004
- Hemtex AB 2005
- TradeDoubler AB 2005
- Orexo AB 2005
- Lindab International AB 2006
- KappAhl Holding AB 2006
- Gant Company AB 2006
- SOBI AB 2006
- BE Group AB 2006
- Nederman Holding AB 2007
- HMS Networks AB 2007
- Duni AB 2007
- Byggmax Group AB 2010
- MQ Holding AB 2010
- FinnvedenBulten AB 2011
- Transmode Holding AB 2011
- Cloetta/Leaf 2011
- Sanitec Oyj 2013
- Bufab Holding AB 2014
- Com Hem Holding AB 2014

Non-PE IPOs

- Carnegie & Co AB 2001
- Sensys Traffic AB 2001
- Dimension AB 2001
- BTS Group AB 2001
- Vitrolife AB 2001
- rnb Retail and Brands AB 2001
- BioInvent International AB 2001
- NOTE AB 2004
- Indutrade AB 2005
- ICA Gruppen AB/Hakon Invest 2005
- Rezidor Hotel Group AB 2006
- Allenex AB 2006
- Tilgin AB 2006
- Aerocrine AB 2007
- Systemair AB 2007
- DGC One AB 2008
- Arise Windpower AB 2010
- Karolinska Development AB 2011
- Moberg Pharma AB 2011
- Boule Diagnostics AB 2011
- Recipharm AB 2014

Methodology Q&A

How is the return calculated?

- The study is performed using total return data series both for the IPOs and the indices. Using total return increases the returns compared to regular prices but it gives a better picture of the investors real return.

How are the indexed graphs calculated?

- The PE IPOs and non PE IPOs indexed series are constructed using indexed versions of the total return series where the first day of listing is the starting value (=100). A daily mean of the respective series are then calculated.
- The indexed market series is calculated as the daily mean of the corresponding market returns to each IPO. The market series therefore contains the corresponding market returns from both PE IPOs and non PE IPOs.
- A year is approximated to 250 observations, i.e. the 5-year returns contains 1250 observations for each series.

In which industries are the PE IPOs?

- The PE IPOs are in the following industries: Industrial Goods & Services, Personal & Household Goods, Financial Services, Retail, Media, Health Care, Construction & Materials, Personal & Household Goods, Technology, Food & Beverage, Construction & Materials and Telecommunications.

Contact details

If you have press related questions, please contact:



Isabella de Feudis, CEO:

+46 703 53 63 33

isabella.de.feudis@svca.se

If you have questions regarding this research, please contact:



Sten Tärnbro, Analyst:

+46 8 678 30 90

sten.tarnbro@svca.se