



## Transaction Trends

Finnish M&A update - Q3 2024

# M&A market sentiment is turning to positive



Building a better  
working world

# Quarter summary

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124

# of transactions announced

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€78m

Average disclosed deal value

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TMT

Most active sector with 45 deals

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41%

Share of foreign buyers

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Transaction Trends, published by EY Strategy and Transactions, is a quarterly publication that aims to identify trends in the Finnish M&A market.

The newsletter reflects all quarterly transactions involving a Finnish target, buyer, or vendor, based on data presented by Mergermarket. This makes Transaction Trends the most comprehensive transaction newsletter available for the Finnish market. We hope that you find this newsletter interesting and that you will follow our coming quarterly updates.

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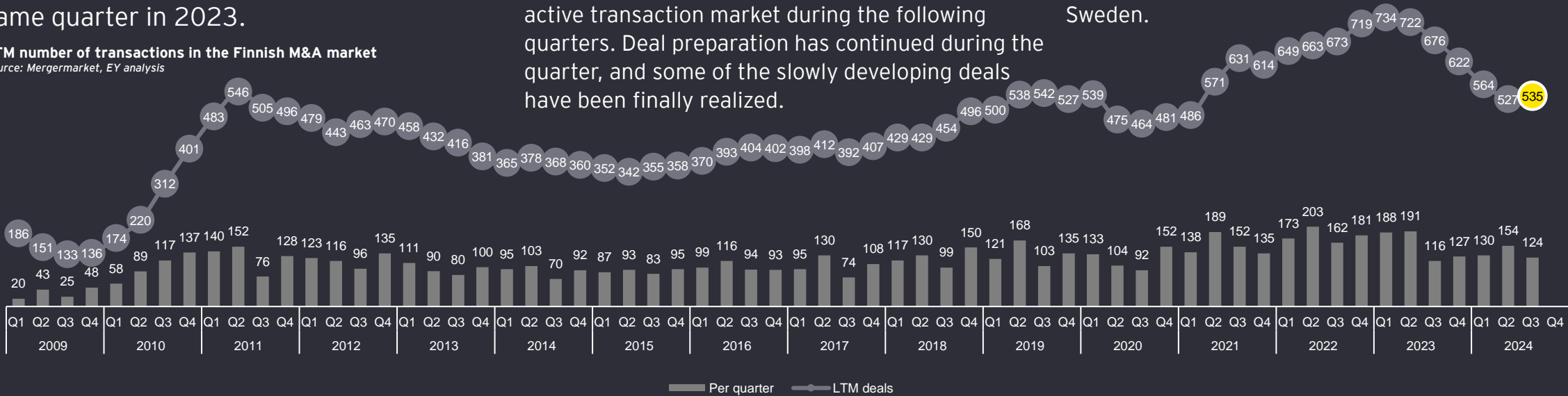
**The Transaction Trends Editorial Team**

# Visible uptick in YoY M&A activity

During the third quarter of 2024, we observed **124 transactions** in the Finnish M&A market. The quarter showed positive YoY development with **deal volumes up c. 7% compared to Q3 2023** while there were 30 transactions less than in Q2 2024.

LTM deal activity amounted to 535, primarily driven by the Industrials (31%) and TMT (28%) sectors. The deal count from these sectors in Q3 2024 increased by c. 37% and 29%, respectively, compared to the same quarter in 2023.

**LTM number of transactions in the Finnish M&A market**  
Source: Mergermarket, EY analysis



**Q3 has historically been a quiet quarter in the Finnish transaction market** as it coincides with the summer holidays, and Q3 2024 has been no exception. Nonetheless, after five quarters of decreasing LTM volumes, **this has been the first quarter with a higher LTM deal count**, anticipating a possible change in trend and the possible start of a new cycle.

After the first rate cut in June, the ECB cut the rates by 25 basis points in September and preannounced more cuts in 2025. The rate cuts allow market activity to pick up, foretelling a more active transaction market during the following quarters. Deal preparation has continued during the quarter, and some of the slowly developing deals have been finally realized.

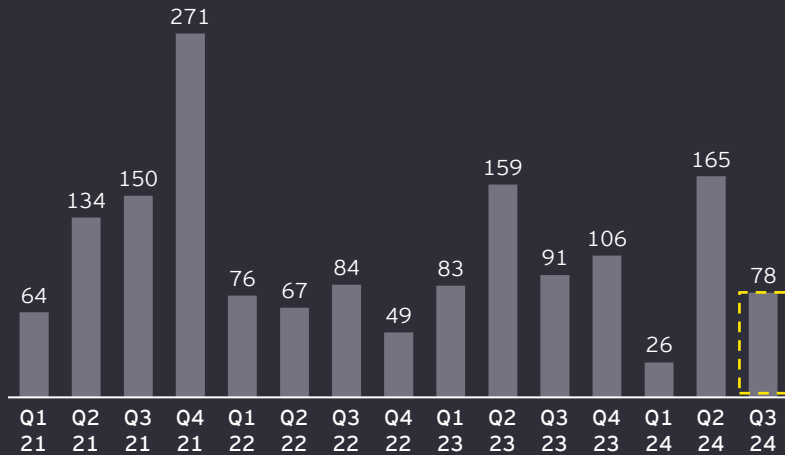
**Finnish PEs have had a quite active summer season in terms of deal volume**, while deal sizes have remained rather limited, led by venture capital-type investments. The market is showing signs of improvement and the decline in interest rates could foster PE activity.

**Three IPOs have been observed** during Q3 2024, as Kalmar joined the main list of **Nasdaq Helsinki**, while Solar Foods and Canatu joined First North Finland. After lagging behind the other Nordic countries for H1 2024, the Finnish IPO market has been the second most active during Q3 2024, after Sweden.

# Quarter highlights

## Average deal value (€m)

Source: Mergermarket  
 Note: Only a limited number of transactions have disclosed deal value



## Transactions in Q3 2024

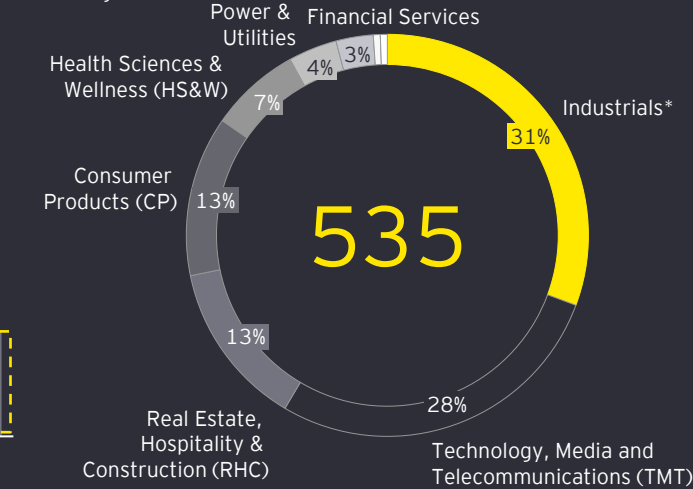
The number of transactions observed in the quarter amounted to 124. The average deal value stood at €78m based on 29 transactions with announced deal values.

Of the 29 transactions, 62% saw deal values below €10m, while 24% reported deal values between €10 and €100m, and the remaining 14% exceeded €100m. This quarter's combined reported deal value amounted to €2.3bn, which is substantially lower than the combined deal value in Q2 2024 of €6.3bn.

\*Note: AM&M sector has been renamed to Industrials

## LTM share of transactions per sector

Source: Mergermarket



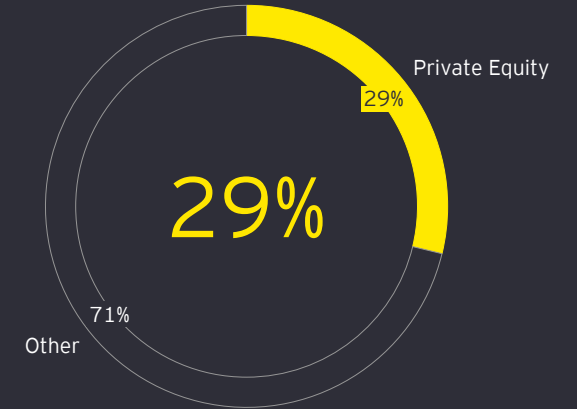
## Deals per sector

Deal activity in Q3 2024 has generally been higher than in Q3 2023 for many sectors, especially for the **HS&W** and **Power & Utilities**, which improved by 43% and 40% respectively, compared to Q3 2023. Contrarily, the number of deals decreased for **CP** by 64% on a YoY basis.

In the LTM period, **Industrials** continue to contribute the highest number of deals (31%), followed by **TMT** (28%), **RHC** (13%) and **CP** (13%).

## LTM share of transactions involving Private Equity firms

Source: Mergermarket



## PE deal activity

In Q3 2024, the number of transactions with Private Equity participation was 48, indicating a **share of 39%** of total transactions, significantly higher than the three-year average (28%) and the LTM share (29%).

Altor Equity Partners has been active in two sell-side transactions during the quarter. The company sold Silo AI to the US-based Advanced Micro Devices, while Retta Isännöinti to the Swedish Odevo Group.

The second largest PE transaction, after Altor Equity Partners' divestment of Silo AI, has been the €300m capital raise of DevCo for its portfolio company Medix Biochemica.

# Key transactions this quarter across sectors

	1	2	3	4	5	Avg.
Deal value*	800m	614m	72m	53m	28m	78m
Description	On 18 July, <b>NG Group AS</b> , the Norway-based provider of waste management services, agreed to acquire the <b>recycling and waste business of Fortum Oyj</b> , the Finland-based listed energy group. This divestment is part of Fortum's strategy to mainly focus on delivering clean energy.	On 10 July, <b>Advanced Micro Devices Inc.</b> , the United States-based semiconductor company, agreed to acquire <b>Silo AI</b> , the Finland-based provider of artificial intelligence solutions. The acquisition accelerates AMD's AI strategy fostering its competitiveness.	On 26 August, <b>HD Korea Shipbuilding &amp; Offshore Engineering Co Ltd</b> , the South Korea-based industrial holding, agreed to acquire a majority stake in <b>Convion Oy</b> , the Finland-based developer of fuel cell systems. The acquisition aims to expand the buyer's hydrogen technologies.	On 22 July, a consortium comprising <b>CapMan Oyj</b> , <b>Osprey Capital Oy</b> and <b>Innofactor's founder and main shareholder Sami Ensio</b> , placed a bid to acquire all the remaining shares (77.8%) of <b>Innofactor Oyj</b> , the Finland-based listed provider of software solutions.	On 23 July, <b>Harvia Oyj</b> , the Finland-based provider of saunas, agreed to acquire <b>ThermaSol Steam Bath LLC</b> , the United States-based manufacturer of steam showers and saunas. The transaction aims to strengthen Harvia's offering in the steam segment and supports its growth in the US.	<p>This quarter, the average deal value (for transactions with reported deal values) was €78m.</p> <p>The number of transactions with reported deal value amounted to 29 out of 124 transactions announced.</p>
Sector	Power & Utilities	Technology, Media & Telecommunications	Power & Utilities	Technology, Media & Telecommunications	Industrials	

\*Please note that figures are in euros, if not stated otherwise.  
Source: Mergermarket, company websites

# Activity by sector and observed multiples

## Activity by Sector

Sector	# of transactions						3-year median			# of observations		
	2022	2023	Qrt. Avg. 21-24	Q3 2023	Q3 2024	Q3 Trend	EV / Rev	EV / EBITDA	EV / EBIT	EV / Rev	EV / EBITDA	EV / EBIT
Industrials	239	201	45	30	41	↗	1.0x	8.5x	14.4x	18	14	10
Consumer Products	101	99	19	22	8	↘	0.5x	6.0x	13.5x	11	5	4
Financial Services	21	17	5	3	2	↘	1.5x	6.6x	9.3x	4	3	3
Government, Public Sector & Organisations	1	2	-	-	-	→	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Health Sciences & Wellness	55	41	10	7	10	↗	0.4x	26.1x	20.0x	1	1	2
Oil & Gas	1	2	2	-	2	↗	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Power & Utilities	31	24	5	5	7	↗	21.3x	14.8x	n.a.	2	2	n.a.
Real Estate, Hospitality & Construction	66	69	12	14	9	↘	0.6x	1.2x	1.2x	2	1	1
TMT	204	167	44	35	45	↗	2.7x	20.0x	15.5x	23	17	13
<b>Total</b>	<b>719</b>	<b>622</b>	<b>140</b>	<b>116</b>	<b>124</b>		<b>1.3x</b>	<b>10.1x</b>	<b>14.2x</b>	<b>61</b>	<b>43</b>	<b>33</b>

Source: Mergermarket, S&P Capital IQ

Note: The 3Y EV/Revenue, EV/EBITDA and EV/EBIT multiples are based on a total of 61, 43 and 33 observations, respectively. Please note that the number of transactions is very low in some sectors, and thus the presented median multiples may not accurately reflect realistic long-term valuation levels.

## Sector activity

Deal activity in Q3 2024 has generally been positive for many sectors, on a YoY basis. **Health Sciences & Wellness (HS&W)** has been the sector with the highest volume improvement with an increase of 43%, while in absolute values **Industrials** has improved from 30 deals in Q3 2023 to 41 in Q3 2024. Contrarily, **Consumer Products** suffered the largest decline, with a decrease of 64% YoY.

## Multiples

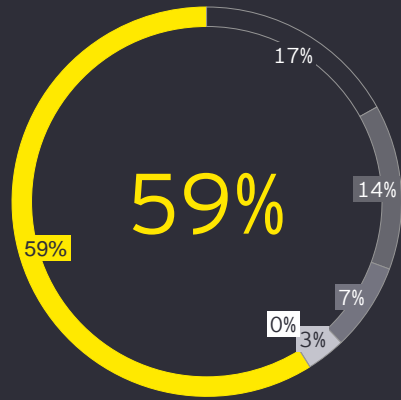
The share of deals with disclosed transaction value in Q3 2024 was 23%, which is somewhat below the 25% in Q2 2024.

The second quarter of the year showed first signs of slightly reduced valuation gaps, and the trend has continued in Q3 which could indicate a positive momentum for the future transactions as well. Additionally, the Finnish stock market has continued to perform better in Q3 and surpassed the Nordic peers.

# Transaction geography

**Buyer region, Q3 2024**

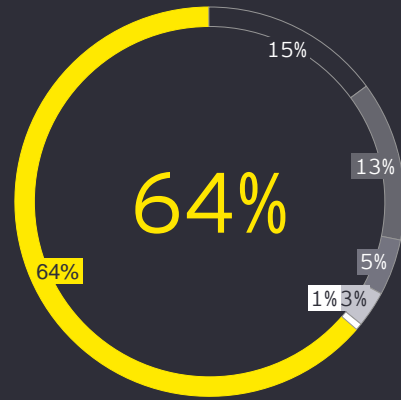
Source: Mergermarket, S&P Capital IQ



■ Finland    
 ■ Rest of Europe    
 ■ Asia-Pacific  
■ Nordics (excl. Finland)    
 ■ Americas    
 ■ Undisclosed

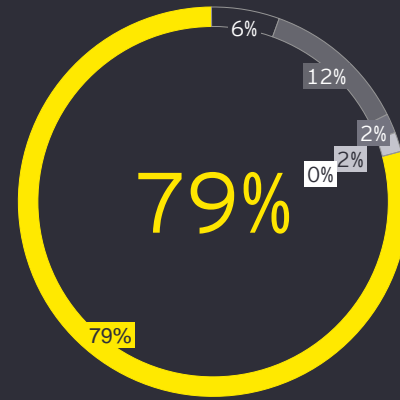
**LTM buyer region per Q3 2024**

Source: Mergermarket, S&P Capital IQ



**Target region, Q3 2024**

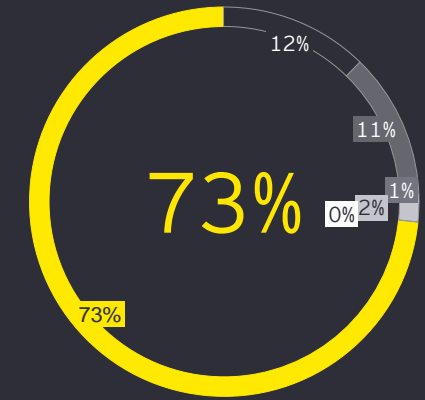
Source: Mergermarket, S&P Capital IQ



■ Finland    
 ■ Rest of Europe    
 ■ Asia-Pacific  
■ Nordics (excl. Finland)    
 ■ Americas    
 ■ Undisclosed

**LTM target region per Q3 2024**

Source: Mergermarket, S&P Capital IQ



## Buyer region

Finnish buyers accounted for 59% of the deals announced in Q3 2024, 9 percentage points less than in Q2 2024 (68%) and this is mainly driven by an increased share of European and North-American buyers. Hence, the number of Finnish buyers has clearly decreased compared to Q2 2024, going from 105 to 73 transactions.

Foreign buyers have mostly been interested in Finnish TMT and Industrial companies, with respectively 20 TMT and 12 Industrial companies acquired by foreign buyers.

## Target region

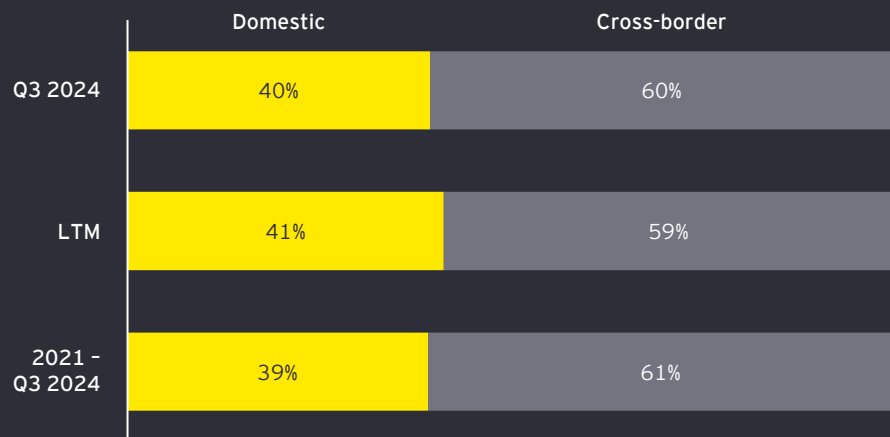
The number of Finnish targets decreased from 106 in the previous quarter to 98 in Q3 2024. However, because the total amount of deals decreased, the share of Finnish targets increased by 10 percentage points compared to Q2 2024, from 69% to 79%. Secondly, the share of Nordic (excl. Finland) targets decreased from 18% of deals in Q2 2024 to only 6% in Q3 2024.

Among foreign targets, Finnish buyers acquired eight companies within TMT sector and seven Industrial sector companies. In Consumer Products sector, Kesko acquired three Danish building material retail chains.

# Transaction arena

## Share of domestic vs. cross-border transactions

Source: Mergermarket, S&P Capital IQ



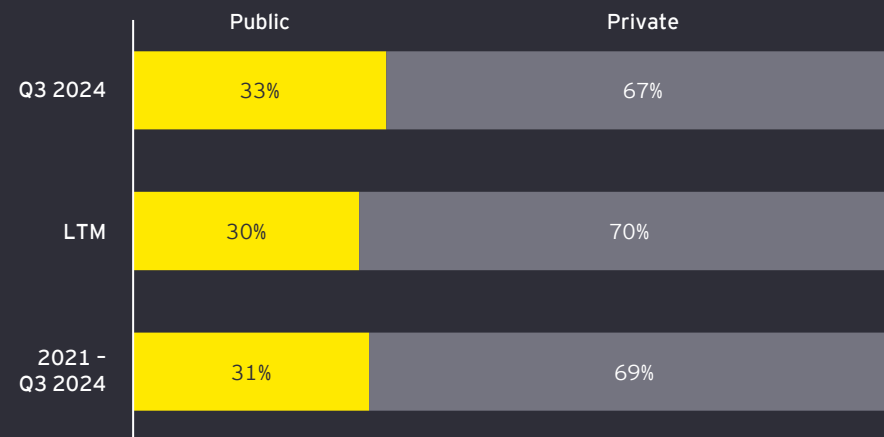
## Transaction geography

The share of domestic transactions in Q3 2024 (40%) stood between the LTM period (41%) and the historical average from 2021 to Q3 2024 (39%). Cross-border M&A has been particularly high in the Oil & Gas and Financial Services sectors where all four deals were cross-border.

The average cross-border deal value decreased to €95m in Q3 2024, compared to the LTM average of €113m. Similarly, also domestic deal value decreased to €40m in Q3 2024 compared to the LTM average of €67m, mainly due to smaller Venture Capital deals.

## Share of public\* vs. private transactions

Source: Mergermarket, S&P Capital IQ



\*Public transactions are defined as those where either the target, buyer or vendor company is a listed entity.

## Transaction type

The share of public transactions in Q3 2024 (33%) was in line with Q2 2024 (32%), with 76% of the public transactions being cross-border.

Among the public transactions, 88% had a public buyer, while 25% had a public target or seller; thus, some of the public transactions had more than one public party. To mention a few, Innofactor received a bid to delist from Nasdaq Helsinki, while Wärtsilä and Fortum have divested parts of their businesses.

The observed average deal value of public deals in Q3 2024 was €135m, lower than the LTM value of €192m and significantly lower than in Q2 2024 (€287m), as just 43% of public deals exceeded €10m.



# Market update

Nasdaq OMXH25 Index

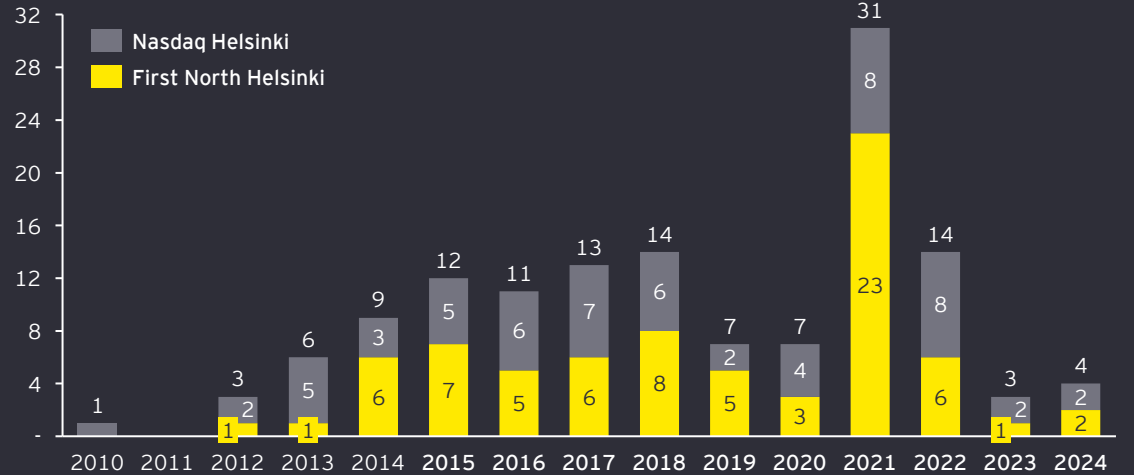
Source: S&P Capital IQ



The OMXH25 index continued to show signs of improvement, with a positive return for the second quarter in a row, with an **increase of 5.4% in Q3 2024**. OMXH25 has **overperformed** both Nordic markets (OMX Stockholm 30, OMX Copenhagen 25 and Oslo OBX) and Europe (STOXX Europe 600) during Q3 2024, with returns in line with the US market (S&P 500). The best large cap performers during Q3 2024 have been Konecranes and Orion, as both companies announced an increased guidance in revenue and profitability margins, after a positive Q2 2024 earnings release. In contrast, the forest and pulp industry represented by Metsä Board, Stora Enso and UPM had a negative performance during Q3 2024 as Q2 earnings releases forecasted general market uncertainty, high wood and fiber costs and low demand for paper.

New listings

Source: Nasdaq Helsinki



After a quiet IPO market in the first half of 2024, Q3 2024 saw **three new listings in Nasdaq Helsinki**. The first IPO of the year took place in July with the listing of **Kalmar** to the main list as a demerger from Cargotec. In September, **Solar Foods** had a technical listing to First North Finland, and **Canatu** joined the same list through Lifeline SPAC 1. After lagging behind the other Nordic countries for H1 2024, the Finnish IPO market has been the second most active during Q3 2024, after Sweden.

Among the Nordics, Sweden will most likely continue to show a strong IPO activity in 2025, and IPO preparations are promising in Norway as well. Finland is expected to have slower IPO activity comparing to its peers, yet there are ongoing IPO preparations in Finnish companies which could materialize as listings in Q2 2025.

# Highlights of EY supported transactions of the quarter

Buyer



Kesko Oyj

Targets



Roslev Trælasthandel A/S  
CF Petersen & Søn A/S  
Tømmergaarden A/S



## Deal description

- Kesko Oyj, a Finnish retailer operating in the Nordics, Baltics and Poland listed on the official list of Nasdaq Helsinki, acquired three Denmark-based retail chains of building materials Roslev Trælasthandel A/S, CF Petersen & Søn A/S and Tømmergaarden A/S through its Danish subsidiary Davidsen Koncernen A/S.
- The strategic combination strengthens Kesko's position in the building and technical trade business in Denmark, as the combined annual sales of the three Danish retailers is around 400 million euros.



EY Finland cooperated with EY Denmark to support Kesko in the transaction process, providing...



Buyer



NG Group

Target



Fortum Oyj  
(Recycling and waste business)

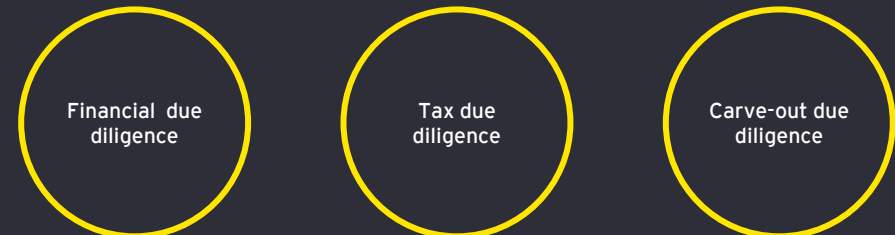


## Deal description

- NG Group, a Norwegian company specialized in waste management across the Nordics and owned by the Swedish PE company Summa Equity AB, acquired the recycling and waste business of Fortum Oyj. The divestment of the recycling and waste management business allows the company to focus on its core operations around the production of clean energy.
- With the acquisition of the recycling and waste business of Fortum Oyj, NG Group brings forward its strategy to become the Nordic leader in circular solutions.



EY Finland supported Fortum in the sell-side of the transaction process, providing ...



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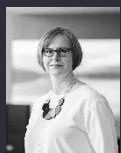
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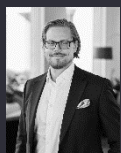
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The **Capital Agenda** – helping you find answers to today's toughest strategic, financial, tax, legal, operational and commercial questions.

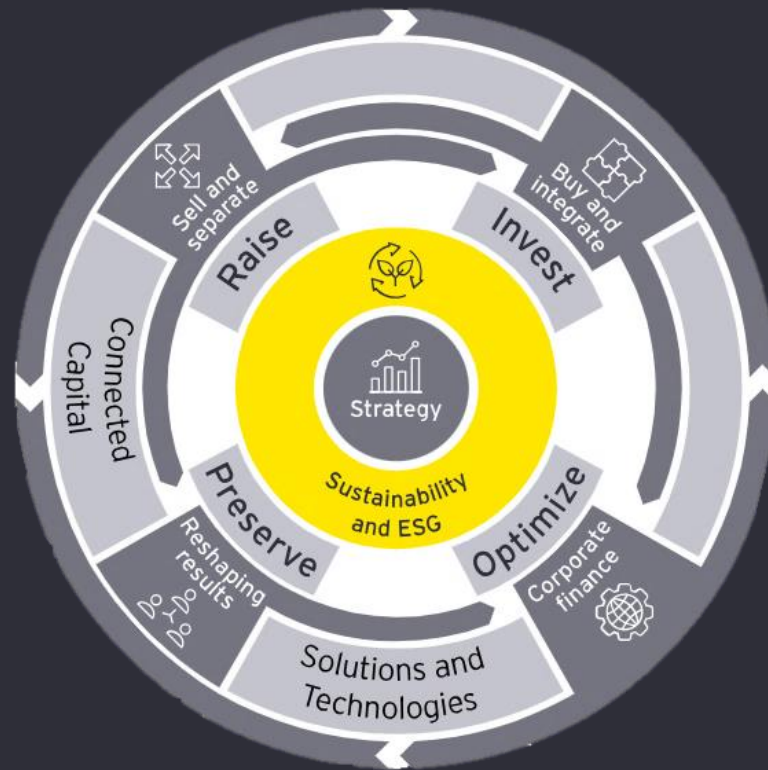
Whether you're preserving, optimizing, raising or investing, our Connected Capital Solutions can help you drive competitive advantage and increased returns through improved decisions across all aspects of your Capital Agenda.

## Raise

How can we win the competition for scarce capital?

## Preserve

How can we better anticipate and adapt to market conditions as they change?



## Invest

How can we seize growth opportunities and competitive advantage?

## Optimize

How can we increase and maintain investor confidence?

Global reach and local presence with over 20,000 transaction professionals in more than 100 countries

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#### About this publication

Transaction Trends is a quarterly publication that aims to identify trends in the Finnish transactions market. Transactions covered in this publication are public and private transactions where either the buyer, target or vendor are based in Finland. Public transactions are defined as transactions where either the buyer, target or vendor company is listed on a public stock exchange. All other transactions have been classified as private. Domestic transactions are defined as transactions conducted within a national boundary, i.e., deals involving two or more incumbent nationals, while cross-border transactions involve companies from at least two different nationalities. Deal Value is the sum of the consideration paid for the applicable equity stake in the target plus the value of target net debt (if available). Inclusion of net debt in the deal value will depend on the stake acquired (for stakes of less than 50%, deal value is the value of the acquired stake only) or the target company type (net debt is not added where the target is a bank, insurance company or financing company). Our classification of private equity deals includes deals involving venture capital investment companies, as well as professional family offices.

Transaction Statistics are based on Mergermarket and EY data. Public market data is sourced from S&P Capital IQ and the Nasdaq Helsinki. Please note that the data presented in this newsletter is based on data sourced on a quarterly basis (extracted on the first week of the following quarter), and that the historical data points presented (for example the number of deals in Q4 2023) have not been updated to reflect changes to the underlying data set that may have been incorporated after the point in time in which the data was sourced. As a result, there may be differences between the data presented in this document and that which can be obtained from the respective data providers at the time of reading this newsletter.

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