

Denmark: A Thriving Private Equity Market

Denmark's business environment is highly suited to operating in the venture capital and buyout markets. In 2018 the World Economic Forum ranked Denmark 10th in its Global Competitiveness Index and Denmark is widely praised for its macroeconomic stability, flexicurity, high levels of digitalization, skilled workforce, stable financial markets and innovation capabilities.

The ease of doing business in Denmark's markets has attracted, and will continue to attract, buyout firms from all over the world. According to DVCA's private equity-backed buyout deal data, there are now some 75 private equity firms from all over the world that have completed buyout investments in Denmark and close to 300 Danish companies owned by private equity firms today – close to 100 more firms compared to 10 years ago. Denmark's consumer goods and services, industrials and IT sectors are the most active markets for private equity investment, and as more and more firms have looked for exposure to these markets in recent years we have seen increasing international attention as well as more local players active in Denmark's private equity industry.

The economic outlook for the industry remains positive. Interest rates are low and recent fundraising in Denmark has been strong. The deal market is healthy with capital being deployed in Denmark and private equity firms seeing successful exits. Threats to the Danish economy are few and any economic volatility or potential crises will likely be internationally founded, a German economic slowdown for example.

Venture capital is also gaining momentum within Denmark. In both 2017 and 2018 new Denmark-based venture capital firms successfully raised new €100mn+ funds. Unsurprisingly the Danish venture capital market is centred around the life sciences industry, with Copenhagen housing much of the leading international life sciences cluster of Medicon



Gorm Boe Petersen

Director, DVCA – The Danish Venture Capital and Private Equity Association

Valley. The IT sector is also a strong market for Danish venture capital; the robotics cluster in Odense provides opportunity for venture firms to gain exposure to a global hub for robotics and automation innovation.

The outlook for venture capital in Denmark is driven by the industry's access, or lack thereof, to institutional capital. The balance sheet of the state and the occupational pension fund system represent over 200% of GDP, but ticket sizes of venture capital investment are too small to represent efficient liability-matching. Recent fund of funds initiatives have bridged part of the gap, but more opportunities remain as Denmark's venture capital industry comes to the fore.

The DVCA

The DVCA is the trade association for buyout and venture capital firms in Denmark. We work with a wide range of investors and business angels and concentrate on making Denmark an even more attractive place to invest, both nationally and globally. DVCA's more than 270 members drive growth and employment throughout Denmark.

www.dvca.dk



Denmark-Based Assets under Management

€25bn

Fig. 4.28: Denmark-Based Assets under Management (€bn) by Asset Class

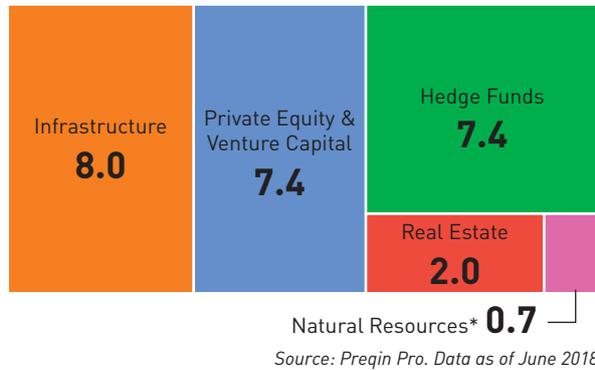


Fig. 4.29: Denmark-Based Investors Active in Each Asset Class

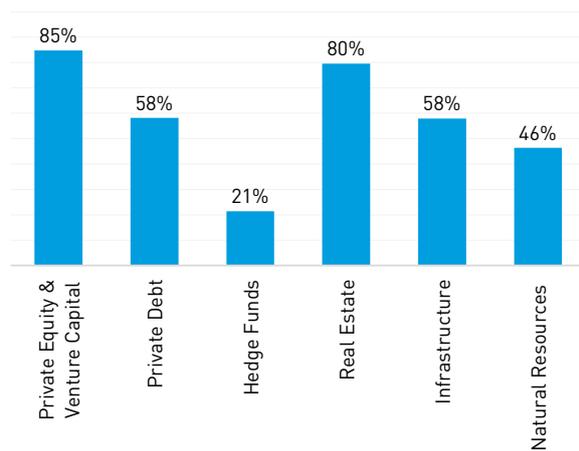
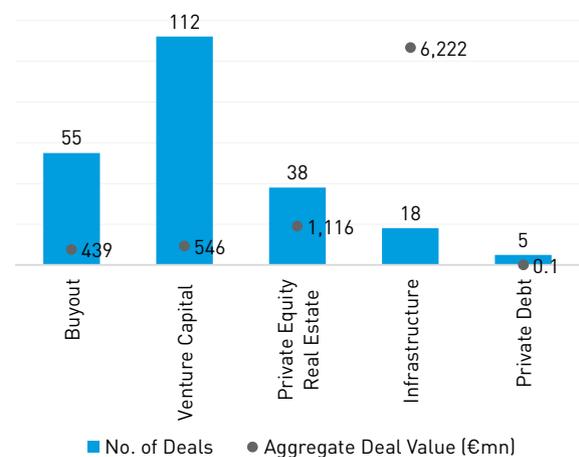


Fig. 4.30: Private Capital Deals in Denmark, 2018 - Q1 2019



*Natural Resources includes Natural Resources and Timber fund types only to avoid double counting.