

**Company announcement no 7 2014/15**

Copenhagen, 18 June 2014

**Interim Report for the period 1 February 2014 – 30 April 2014**

*Scandinavian Private Equity A/S (SPEAS) recorded a profit for Q1 2014/15 of DKK 26.6m. Equity stood at DKK 974m, corresponding to a book value per share of DKK 21,798 before dividend distribution of DKK 2,800 per share.*

The Board of Directors of SPEAS has today considered and approved the Company's Interim Report for the period 1 February 2014 – 30 April 2014. The Interim Report contains the following highlights:

- Investments in private equity funds generated a return of DKK 28.4m. Less costs incurred of DKK 0.9m, depreciation and amortisation of DKK 1.3m and net financials of DKK 0.4m, net profit for the period came to DKK 26.6m.
- Investments in private equity funds amounted to DKK 737m, or 76% of net assets.
- In Q1 2014/15, SPEAS completed the divestment of its investment commitment to IK VII, which originally amounted to EUR 10m. At 31 January 2014, the book value of the investment amounted to DKK 15.3m. The Company's total uncalled investment commitments were reduced by DKK 58.6m in connection with the divestment.
- In Q1 2014/15, SPEAS contributed DKK 5.2m to the private equity funds in accordance with the investment commitments made.
- In the same periode, the Company received DKK 36.3m as proceeds from exits, recapitalisations, the sale of the investment in IK VII, etc.
- SPEAS's cash amounted to DKK 233m before dividend distribution of DKK 2,800 per share, equal to a total of DKK 124m excluding dividend on treasury shares, which were paid out immediately following the Annual General Meeting held on 26 May 2014.
- Equity stood at DKK 974m at 30 April 2014, equal to a book value per share of DKK 21,798 (before dividend distribution of DKK 2,800 per share) against a quoted price of DKK 19,000 as at the same date. The book value per share increased by 2.9% in the financial period.
- Given the Company's current asset allocation, return expectations are equivalent to a median return on equity of 7-8% pa. Full-year results will depend on the development in financial markets.

**For further information, please contact:**

Ole Mikkelsen, CEO, tel +45 70 25 10 55, mobile +45 30 66 96 30

**About SPEAS**

SPEAS is an investment company that invests in private equity funds with particular focus on buyout funds with activities in the Nordic countries. At present, SPEAS prioritises distribution to shareholders over new investment commitments.

# **Scandinavian Private Equity A/S**

CVR no 29 82 40 88

## **Interim Report**

1 February 2014 – 30 April 2014

## Financial highlights

(DKK 1,000)	2013/2014	Q1 2013/14	Q1 2014/15
	01.02.2013- 31.01.2014	01.02.2013 - 30.04.2013	01.02.2014 - 30.04.2014
<b>Income statement</b>			
Income from investing activities	67,678	20,424	28,423
Operating profit (EBIT)	55,421	17,544	26,217
Net financials	(7,499)	(1,515)	356
<b>Profit before tax</b>	<b>47,922</b>	<b>16,030</b>	<b>26,573</b>
<b>Balance sheet</b>			
Investments in private equity funds	740,008	775,660	737,288
Intangible assets	5,329	9,548	4,063
Receivables	215	4,192	811
Cash	209,739	146,178	233,108
<b>Total assets</b>	<b>955,291</b>	<b>935,578</b>	<b>975,270</b>
Equity	954,214	934,240	974,301
Current liabilities	1,077	1,338	969
<b>Total liabilities and equity</b>	<b>955,291</b>	<b>935,578</b>	<b>975,270</b>
<b>Financial ratios</b>			
Total number of shares	50,050	50,050	50,050
Number of treasury shares	5,001	4,341	5,353
Earnings per share (EPS) (DKK)	1,048	353	593
Book value per share (DKK)	21,182	20,439	21,798
Change in book value per share (%)	5.1	1.4	2.9
Quoted price (latest trade), end of period (DKK)	17,710	15,310	19,000
Quoted price/book value	0.84	0.75	0.87
Cost:NAV ratio (%)	0.6	0.2	0.1
<b>Investment commitments to private equity funds</b>			
Net investments in private equity funds (DKKm)	740.0	775.7	737.3
- Investments as % of equity	78	83	76
- Return on private equity funds (%)	9.1	2.7	3.8
Uncalled investment commitments (DKKm)	249.7	309.7	190.4
Total exposure to private equity funds (DKKm)	989.7	1,085.4	927.7
- Total exposure as % of equity	104	116	95

## Management's Review

### Change of strategy

On 14 November 2013, SPEAS announced a change of strategy.

So far, SPEAS has focused on long-term value creation and reinvested exit proceeds received in new, attractive private equity funds. The private equity investments have performed satisfactorily, offering excess returns relative to the equity market. However – in line with other listed private equity companies – for some time the Company's share price has been considerably lower than its book value per share.

Based on the unsatisfactory price/book value, SPEAS's Board of Directors has decided that SPEAS must prioritise distribution to shareholders over new investment commitments in order to maximise value creation for shareholders, also in the short term. Distribution will be in the form of share buybacks and/or dividends.

Thus, SPEAS intends to distribute as large a share of its cash reserves as possible, with due regard to uncalled investment commitments.

In this connection, the Company intends to keep buying back own shares in the market, to the extent allowed by the liquidity of the share, as SPEAS does not want to represent more than 50% of the registered turnover of the share in one trading day. If major shareholdings are offered for sale, SPEAS may possibly acquire such shareholding subject to specific assessment, and in that case the Company will represent a significantly higher proportion of the registered turnover of the share.

Distribution of dividends to shareholders will reduce SPEAS's investment capacity to an extent expected to result in a winding-up of the Company.

### Results for the period

Profit for the period came to DKK 26.6m, which is considered satisfactory. Investments in private equity funds generated a return of DKK 28.4m.

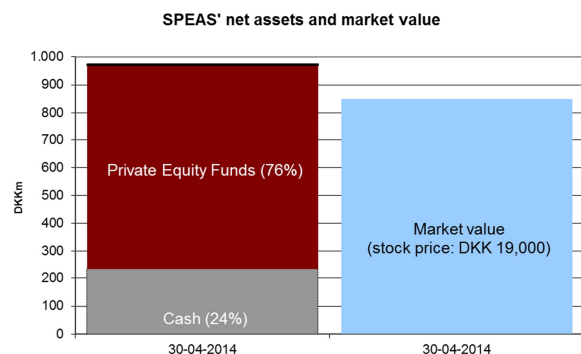
In Q1 the Company bought back 352 own shares for DKK 6.5m. At 30 April 2014, the Company's holding of

treasure shares totalled 5,353 (10.7% of the share capital).

At 30 April 2014, equity stood at DKK 974m, corresponding to a book value per share of DKK 21,798 before dividend distribution of DKK 2,800 per share.

### Asset allocation at 30 April 2014

At 30 April 2014, the Company's assets were allocated as follows:



SPEAS's main asset is the Company's investments in private equity funds totalling DKK 737m. At 30 April 2014, the cash balance was DKK 233m, and SPEAS's market cap amounted to 87% of the carrying amount of net assets.

### Investing activities

#### Investments in private equity funds

At 30 April 2014, SPEAS had made investment commitments to eight selected private equity funds which SPEAS considers to be among the top funds within their segments: EQT V and VI, IK 2007, Litorina III and IV, Apax Europe VII, Herkules III and Norvestor VI. The selection of and access to successful private equity funds is imperative for the return. For further information on the individual private equity funds, please see SPEAS's website [www.speas.dk](http://www.speas.dk).

In Q1 SPEAS's investments in private equity funds

At 30 April 2014, the Company had made the following investment commitments:

Private equity fund	Original investment commitment	Uncalled investment commitments		Paid to private equity fund	Value	
		Currency	(DKK)m		(DKK)m	Realised (DKK)m
<b>EQT V</b>	EUR 40m	EUR 3.4m	25.1	317.7	312.5	139.2
<b>EQT VI</b>	EUR 10m	EUR 5.3m	39.8	34.5	0.0	33.3
<b>IK 2007</b>	EUR 25m	EUR 3.7m	28.0	191.0	65.5	162.7
<b>Apax Europe VII</b>	EUR 30m	EUR 0.7m	5.2	247.0	86.1	221.5
<b>Litorina III</b>	SEK 100m	SEK 22.0m	18.1	77.2	47.0	70.8
<b>Litorina IV</b>	SEK 46.25m	SEK 22.9m	18.9	19.8	0.0	12.9
<b>Herkules III</b>	NOK 100m	NOK 13.7m	12.3	83.3	31.4	62.9
<b>Norvestor VI</b>	NOK 80m	NOK 47.6m	43.0	31.5	0.0	34.0
<b>Total</b>			190.4	1,002.0	542.5	737.3

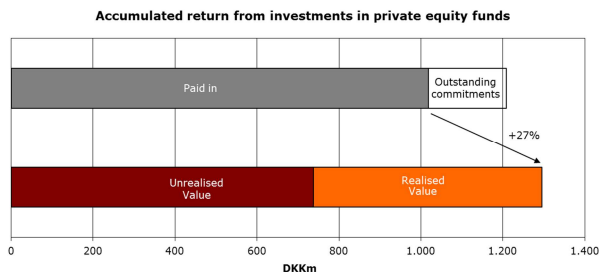
generated a profit of DKK 28.4m, including positive foreign currency translation adjustment of DKK 0.7m. This equals 3.8% of average investments in private equity funds for the period. The results include management fees of DKK 3.5m to the private equity funds in which the Company has invested.

In Q1 2014/15, SPEAS completed the divestment of its investment commitment to IK VII, which originally amounted to EUR 10m. At 31 January 2014, the book value of the investment amounted to DKK 15.3m. The Company's total uncalled investment commitments were reduced by DKK 58.6m in connection with the divestment.

In the financial period, SPEAS contributed DKK 5.2m to the private equity funds in accordance with the investment commitments made and received DKK 36.3m as proceeds from exits, recapitalisations, the sale of the investment in IK VII, etc.

At 30 April 2014, SPEAS had received exit proceeds from a total of 25 fully realised investments (including three investments sold in connection with SPEAS's sale of its investment in IK VII), of which nine in the financial year 2013/14 and three in this financial year. Exit proceeds from these 25 investments totalled DKK 462m, corresponding to a net multiple of 1.5x invested amount and a net return as at 30 April 2014 of 12.4% pa (IRR). Exit proceeds were generally on a level with or exceeded the carrying amount prior to announcement of the sale.

The accumulated return on investments in private equity funds until 30 April 2014 is 27%, equal to an annual return of 7.4% (IRR):



In the long term, the Company's private equity investments are expected to generate a return that exceeds the return on listed shares. Short-term returns on private equity investments may, however, differ significantly from long-term returns. Firstly, short-term returns are chiefly based on estimated investment values, whereas long-term returns are mainly based on realised values. Secondly, there is often no basis for value adjustment for some time after investments have been made.

At 30 April 2014, the private equity funds had invested in 84 companies. At [www.speas.dk](http://www.speas.dk), SPEAS regularly publishes information on the funds' activities to the extent that the funds disclose such information.

### Liquidity

SPEAS's cash came to DKK 233m and consists of bank deposits, which contributed a net profit of DKK 0.1m in the financial period.

In order to reduce the Company's liquidity risk, its uncalled investment commitments in NOK and SEK are partly hedged through forward exchange contracts, which generated a profit of DKK 0.7m in the financial period.

Costs related to liquidity facilities in the financial period came to DKK 0.4m.

Net financials came to DKK 0.4m.

### Events occurred after the balance sheet date

Immediately following the Annual General Meeting held on 26 May 2014, the Company distributed dividend of DKK 2,800 per share, equal to a total of DKK 124m excluding dividend on treasury shares.

At the Annual General Meeting it was further decided to reduce the share capital by cancelling the Company's holding of 5,353 treasury shares.

No other material events have occurred in the period from the balance sheet date up to the presentation of the Q1 Interim Report that may affect the assessment of the Interim Report.

### Outlook

The Company's objective is to create an attractive return in the private equity market over an investment cycle.

Results for the year will depend on the general economic climate, financial market trends, including especially the private equity market, as well as the development in the portfolio companies of the private equity funds. Earnings expectations are therefore subject to considerable uncertainty.

Furthermore, short-term return forecasts involve very high uncertainty, and returns may fluctuate considerably from year to year.

Given the Company's current asset allocation, the long-term return expectations are equivalent to a median return on equity of 7-8% pa.

## **Statement by the Board of Directors and the Executive Board on the Interim Report**

The Board of Directors and the Executive Board have today considered and approved the Interim Report of Scandinavian Private Equity A/S for the period 1 February 2014 – 30 April 2014.

The Interim Report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The Interim Report has not been audited or reviewed by the Company's auditor.

We consider the accounting policies applied to be appropriate, and the Interim Report gives a fair presentation of the Company's assets, liabilities, equity and financial position at 30 April 2014 and of the results of the Company's activities and cash flows for the period 1 February 2014 – 30 April 2014.

In our opinion, the Management's Review also gives a fair review of the development in the activities and financial circumstances, the results for the period and the overall financial position of the Company as well as a description of the material risk and uncertainty factors faced by the Company.

Copenhagen, 18 June 2014

Board of Directors

Henning Kruse Petersen  
Chairman

Niels Heering

Henrik Østenkjær Lind

Executive Board

Ole Mikkelsen  
CEO

(DKK 1,000)	2013/2014	Q1 2013/14	Q1 2014/15
	01.02.2013 - 31.01.2014	01.02.2013 - 30.04.2013	01.02.2014 - 30.04.2014
<b>Statement of comprehensive income</b>			
Profit from investments in private equity funds	67,678	20,424	28,423
<b>Income from investing activities</b>	<b>67,678</b>	<b>20,424</b>	<b>28,423</b>
Management costs	(799)	(799)	0
Staff costs and other costs	(4,514)	(895)	(941)
<b>Profit before amortisation (EBITA)</b>	<b>62,365</b>	<b>18,730</b>	<b>27,482</b>
Amortisation of intangible assets	(6,943)	(1,186)	(1,265)
<b>Operating profit (EBIT)</b>	<b>55,422</b>	<b>17,544</b>	<b>26,217</b>
Net financials	(7,500)	(1,514)	356
<b>Profit before tax</b>	<b>47,922</b>	<b>16,030</b>	<b>26,573</b>
Tax	(234)	(155)	0
<b>Profit after tax/comprehensive income</b>	<b>47,687</b>	<b>15,875</b>	<b>26,573</b>
<b>Balance sheet</b>			
Investments in private equity funds <span style="float: right;">note 3</span>	740,008	775,660	737,288
Intangible assets <span style="float: right;">note 4</span>	5,329	9,548	4,063
Total receivables	215	4,192	811
Cash	209,739	146,178	233,108
<b>Total assets</b>	<b>955,291</b>	<b>935,578</b>	<b>975,270</b>
Total equity	954,214	934,240	974,301
Total liabilities	1,077	1,338	969
<b>Total liabilities and equity</b>	<b>955,291</b>	<b>935,578</b>	<b>975,270</b>
<b>Cash flows</b>			
Cash flows from operations	(1,258)	195	(1,664)
Additional cash flows from operating activities	<u>(7,753)</u>	<u>(1,680)</u>	<u>375</u>
Cash flows from operating activities	(9,011)	(1,485)	(1,289)
Investments in private equity funds	(81,873)	(8,010)	(5,177)
Realisation of investments in private equity funds	163,262	6,494	36,320
Acquisition of the management company	<u>(1,297)</u>	<u>(1,297)</u>	<u>0</u>
Cash flows from investing activities	80,092	(2,813)	31,144
Cash flows from financing activities	(11,818)	0	(6,486)
Cash, beginning of period	150,476	150,476	209,739
<b>Cash, end of period</b>	<b>209,739</b>	<b>146,178</b>	<b>233,108</b>

(DKK 1,000)	2013/2014	Q1 2013/14	Q1 2014/15
	01.02.2013 - 31.01.2014	01.02.2013 - 30.04.2013	01.02.2014 - 30.04.2014
<b>Equities</b>			
Number of shares	50,050	50,050	50,050
Earnings per share (EPS) (DKK)	1,048	353	593
Book value per share (DKK)	21,182	20,439	21,798
Quoted price (latest trade) (DKK)	17,710	15,310	19,000
<b>Statement of changes in equity</b>			
Share capital	500,500	500,500	500,500
Retained earnings, beginning of period	462,193	462,193	509,880
Treasury shares	(56,166)	(44,348)	(62,652)
Results for the period	47,687	15,895	26,573
<b>Total equity</b>	<b>954,214</b>	<b>934,240</b>	<b>974,301</b>



## Notes

### Note 1

#### **Accounting policies**

No changes have been made to the accounting policies since the last financial statements.

### Note 2

#### **Fair value measurement of financial instruments**

##### **Methods and assumptions for determination of fair values:**

##### *Derivative financial instruments*

Forward exchange transactions are measured in accordance with generally accepted measurement methods based on relevant observable exchange rates.

##### *Investments in unlisted private equity funds*

Investments in unlisted private equity funds are determined based on reports from the funds concerned. The value of a private equity fund is calculated as the market value of each investment by the fund in a portfolio company with the addition of other (short-term) net assets. Controls of the private equity funds' reports are performed to ensure that computation of the fair value of the portfolio companies is based on recognised measurement methods and trade techniques, and fair values are reviewed and assessed on the basis of available information with a view to making adjustments if the reported fair value is not considered representative of the actual fair value. However, SPEAS has no information about the specific methods and assumptions behind the private equity funds' measurement of each portfolio company, which renders verification of the fair value difficult. All funds invested in by SPEAS comply with the "International Private Equity and Venture Capital Valuation Guidelines". The private equity funds base their measurement of the portfolio companies on the industry, market position and earnings capacity of each company, including eg (i) peer group multiples, ie the market cap of comparable listed companies relative to earnings, (ii) transaction multiples of recent M&A transactions involving comparable companies, (iii) value indications from potential buyers of the company, (iv) market cap, if the company is listed, and/or (v) expected future proceeds, if an agreement has been made to divest the company.

##### **Fair value hierarchy for financial instruments measured at fair value in the balance sheet**

Below is a classification of financial instruments measured at fair value divided according to the fair value hierarchy:

- Listed prices in active markets for the same type of instrument (level 1)
- Listed prices in active markets for similar assets or liabilities or other measurement methods for which all significant inputs are based on observable market data (level 2)
- Measurement methods for which any significant input is not based on observable market data (level 3)

<b>Q1 2013/14 (DKK 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial instruments		3,951		3,951
Investments in private equity funds			775,659	775,659
Financial assets measured at fair value through profit or loss	0	3,951	775,659	758,979

The Company had no financial liabilities subsequently measured at fair value in Q1 2013/14.

<b>Q1 2014/15 (DKK 1,000)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial instruments		615		615
<u>Investments in private equity funds</u>			737,288	737,288
Financial assets measured at fair value through profit or loss	0	615	737,288	737,903

The Company had no financial liabilities subsequently measured at fair value in Q1 2014/15.

Reconciliation of beginning-of-period to end-of-period balances of investments in private equity funds measured at fair value in accordance with level 3 of the fair value hierarchy appears from note 3.

The Company has a policy of recognising transfers between the various levels from the time an event or change in circumstances causes a change in the classification. No transfers took place between the various levels in Q1 2014/15.

### **Note 3**

#### ***Investments in private equity funds***

<b>Investments in private equity funds (DKK 1,000)</b>	<b>Q1 2013/14</b>	<b>Q1 2014/15</b>
Fair value, beginning of period	753,719	740,008
Purchase, excl transaction costs	8,010	5,177
Sale, excl transaction costs	-6,494	-36,320
Profit/loss according to the statement of comprehensive income	20,424	28,423
Fair value, end of period	775,659	737,288

"Profit/loss according to the statement of comprehensive income" is recognised in the statement of comprehensive income as "Profit from investments in private equity funds"

### **Note 4**

#### ***Intangible assets***

<b>Intangible assets (DKK 1,000)</b>	<b>Q1 2013/14</b>	<b>Q1 2014/15</b>
Cost, beginning of period	0	12,272
Additions	10,734	0
Cost, end of period	10,734	12,272
Amortisation, beginning of period	0	6,943
<u>Amortisation for the period</u>	1,186	1,265
Amortisation, end of period	1,186	8,208
Carrying amount, end of period	9,548	4,063

**Note 5**

***Related party transactions in the financial period***

No related parties exercise control of Scandinavian Private Equity A/S.

The related parties with significant influence on Scandinavian Private Equity A/S are the Board of Directors and the Executive Board and the family relations of the members thereof. Other than remuneration of the Board of Directors and the Executive Board, there were no transactions with the Board of Directors and Executive Board.

## Company information

<p><b>Name and registered office</b> Scandinavian Private Equity A/S Sankt Annæ Plads 13, 3. DK-1250 Copenhagen K</p> <p>Tel: +45 70 25 10 55 Fax: +45 70 25 10 75 E-mail: <a href="mailto:info@speas.dk">info@speas.dk</a> Website: <a href="http://www.speas.dk">www.speas.dk</a></p> <p><b>Registration numbers</b> ISIN: DK0060068682 CVR no: 29 82 40 88</p> <p><b>Board of Directors</b> Henning Kruse Petersen, Chairman</p> <p>Niels Heering</p> <p>Henrik Østenkjær Lind</p> <p><b>Executive Board</b> Ole Mikkelsen</p>	<p><b>Principal bankers</b> Nykredit Bank A/S</p> <p><b>Financial year</b> 1 February – 31 January</p> <p><b>Auditors</b> Deloitte Statsautoriseret Revisionspartnerselskab</p>
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### About SPEAS

SPEAS is an investment company that invests in private equity funds with particular focus on buyout funds with activities in the Nordic countries. At present, SPEAS prioritises distribution to shareholders over new investment commitments.