#### Company announcement no 10 2015/16

Copenhagen, 14 December 2015

## Interim Report for the period 1 August 2015 - 31 October 2015

Scandinavian Private Equity A/S (SPEAS) posted a loss for Q3 2015/16 of DKK 3.8m. Equity stood at DKK 633m, corresponding to a book value per share of DKK 14,610. Extraordinary dividend of DKK 1,000 per share.

The Board of Directors of SPEAS has today considered and approved the Company's Interim Report for the period 1 August 2015 – 31 October 2015. The Interim Report contains the following highlights:

- SPEAS recorded a loss of DKK 3.8m for Q3 2015/16 and a profit of DKK 72.5m for the period Q1-Q3 2015/16.
- Investments in private equity funds resulted in a total negative return of DKK 0.9m in Q3 2015/16 and a return of DKK 78.1m in the period Q1-Q3 2015/16.
- Investments in private equity funds amounted to DKK 626m, or 99% of net assets.
- In Q3 2015/16 SPEAS contributed DKK 3.1m to the private equity funds under the investment commitments made.
- In the same period, the Company received DKK 90.9m as proceeds from exits, recapitalisations, etc.
- Ordinary dividend of DKK 1,500 per share was distributed on 3 June 2015, and extraordinary dividend of DKK 1,500 per share was distributed on 31 July 2015 and DKK 2,000 per share on 6 October 2015. Since the beginning of the financial year, SPEAS has distributed total dividend of DKK 217m.
- The Board of Directors has resolved to distribute extraordinary dividend of DKK 1,000 per share. Dividend will be distributed on 21 December 2015, and the SPEAS share will be traded excluding dividend as from Thursday 17 December 2015.
- At 31 October 2015, equity stood at DKK 633m, corresponding to a book value per share of DKK 14.610.
- SPEAS recorded a negative return on equity of 0.6% in Q3 2015/16 and a return on equity of 9.8% in the period Q1-Q3 2015/16.
- Based on achieved investment results, forecasts for this financial year still include a return on equity that exceeds the long-term expectations of a return on equity of 8-9% 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. SPEAS currently prioritises distribution to shareholders over new investment commitments.



# Scandinavian Private Equity A/S

CVR no 29 82 40 88

## **Interim Report**

1 August 2015 – 31 October 2015



## Financial highlights

	2014/15	Q3 2014/15	Q3 2015/16	Q1-Q3 2014/15	Q1-Q3 2015/16
				2014/13	2013/10
(DKK 1,000)	01.02.2014 – 31.01.2015	01.08.2014 – 31.10.2014	01.08.2014 - 31.10.2015	01.02.2014 – 31.10.2014	01.02.2015 - 31.10.2015
. , ,					
Income statement					
Income from investment activities	114,882	44,480	(939)	95,168	78,145
Operating profit (EBIT)	107,976	43,210	(2,321)	90,000	74,021
Profit (loss)	105,263	42,603	(3,799)	89,011	72,541
Balance sheet					
Equity	780,081	828,330	633,469	828,330	633,469
Investments in private equity funds	751,184	747,006	626,099	747,006	626,099
Total cash and cash equivalents	28,008	79,509	24,950	79,509	24,950
Total assets	781,774	829,700	651,918	829,700	651,918
Financial ratios					
Number of issued shares, end of period	44,697	44,697	43,486	44,697	43,486
Number of treasury shares, end of period	1,211	1,008	127	1,008	127
Average number of shares	44,169	43,999	43,359	44,365	43,431
Average number of shares, diluted	44,170	44,001	43,369	44,365	43,440
Earnings per share (EPS) (DKK)	2,383	968	(88)	2,006	1,670
Earnings per share, diluted (DEPS) (DKK)	2,383	968	(88)	2,006	1,670
Book value per share (DKK)	17,939	18,960	14,610	18,960	14,610
Book value per share, diluted (DKK)	17,936	18,958	14,607	18,958	14,607
Paid dividend per share (DKK)	5,700	1,500	2,000	4,300	5,000
Quoted price (latest trade), end of period (DKK)	17,740	16,480	16,480	16,480	16,480
Quoted price/book value	0.99	0.87	1.13	0.87	1.13
Cost:equity ratio (%)	0.5	0.1	0.1	0.3	0.3
Return on equity (%)	12.0	5.0	(0.6)	9.8	9.8
Investment commitments to private					
equity funds					
Investments in private equity funds (DKKm)	751.2	747.0	626.1	747.0	626.1
- Investments as % of equity	96	90	99	90	99
- Return on private equity funds (%)	15.4	5.9	(0.1)	12.8	11.0
Uncalled investment commitments (DKKm)	122.2	153.3	117.9	153.3	117.9
Total exposure to private equity funds (DKKm)	873.4	900.3	744.0	900.3	744.0
- Total exposure as % of equity	112	109	117	109	117



## **Management's Review**

## Results for the period

SPEAS recorded a loss of DKK 3.8m for Q3 2015/16 and a profit of DKK 72.5m for the period Q1-Q3 2015/16. Results for the year to date are considered satisfactory.

Investments in private equity funds resulted in a total negative return of DKK 0.9m in Q3 2015/16 and a return of DKK 78.1m in the period Q1-Q3 2015/16.

At 31 October 2015, equity stood at DKK 633m, corresponding to a book value per share of DKK 14,610.

SPEAS recorded a negative return on equity of 0.6% in Q3 2015/16 and a return on equity of 9.8% in the period Q1-Q3 2015/16.

The Board of Directors has resolved to distribute extraordinary dividend of DKK 1,000 per share, equal to a total of DKK 43.4m excluding dividend on treasury shares.

#### Investments in private equity funds

In Q3 SPEAS's investments in private equity funds generated a loss of DKK 0.9m, including negative foreign currency translation adjustment of DKK 3.2m. This equals -0.1% of average investments in private equity funds for the period.

In the financial period, SPEAS contributed DKK 3.1m to the private equity funds in accordance with the investment commitments made and received DKK 90.9m as proceeds from exits, recapitalisations, etc.

In the period under review, Apax sold its last shares in

the listed company Sophos. IK 2007 announced the divestment of Solina and completed the divestment of Unipex. EQT V sold its last shares in the listed company XXL and completed the divestment of blizoo, and EQT VI completed the divestment of Vertu. Herkules III completed the divestment of Espresso House, and Litorina III completed the divestment of Semantix and Cederroth. After the expiry of the financial period, EQT V has floated Dometic and Scandic.

Until 31 October 2015, SPEAS had received exit proceeds from a total of 45 fully realised investments, of which 11 in the financial year 2014/15 and 12 in the financial year under review. Exit proceeds from these 45 investments totalled DKK 838m, corresponding to a net multiple of 1.7x the invested amount, and a net return as at 31 October 2015 of 15.2% pa (IRR). Exit proceeds were generally on a level with or exceeded the latest carrying amounts prior to announcement of the sale.

The accumulated return on investments in private equity funds until 31 October 2015 was 40%, equal to an annual return of 8.9% (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 as they are chiefly based on estimated investment values, whereas long-term returns are mainly based on actual realised values.

At 31 October 2015, the private equity funds had invested in 77 companies. At <a href="https://www.speas.dk">www.speas.dk</a>, SPEAS

### AT 31 OCTOBER 2015, THE COMPANY HAD MADE THE FOLLOWING INVESTMENT COMMITMENTS:

			Uncalled			Value		
	,	ginal in- estment		investment o		Paid to private equity fund	Realised	Unrealised
Private equity fund	comn	nitment	Curre	ency	(DKKm)	(DKKm)	(DKKm)	(DKKm)
EQT V	EUR	40m	EUR	1.1m	7.8	343.1	379.5	146.1
EQT VI	EUR	10m	EUR	2.0m	14.7	60.2	0.9	74.2
IK 2007	EUR	25m	EUR	3.7m	28.0	191.0	150.5	130.3
Apax Europe VII	EUR	30m	EUR	0.7m	5.1	249.1	225.0	140.3
Litorina III	SEK	107m	SEK	21.5m	17.1	78.9	87.7	38.4
Litorina IV	SEK	46m	SEK	15.7m	12.5	27.3	1.9	24.4
Herkules III	NOK	100m	NOK	17.5m	13.9	91.9	57.2	25.2
Norvestor VI	NOK	80m	NOK	23.6m	18.8	52.6	6.0	47.2
Total					117.9	1,094.1	908.7	626.1



regularly publishes information on the funds' activities to the extent that the funds disclose such information.

#### Liquidity

SPEAS's cash came to DKK 25.0m and consists of bank deposits. In order to reduce the Company's liquidity risk associated with outstanding investment commitments in NOK and SEK, some of the Company's cash is invested in the currencies in question.

Net financials were a loss of DKK 1.3m, which was mainly attributable to foreign exchange losses.

#### Events occurred after the balance sheet date

No material events have occurred since the balance sheet date 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 expectations involve very high uncertainty, and returns may fluctuate considerably from year to year.

Given the Company's current asset allocation, SPEAS expects a long-term return on equity of 8-9% pa. Based on achieved investment results, forecasts for this financial year still include a return on equity that exceeds the long-term return expectations.

#### Capital structure and dividend policy

SPEAS intends to distribute as large a share of its cash reserves as possible, with due regard to uncalled investment commitments. Distribution will be in the form of share buybacks and/or dividends.

The Company may thus buy back treasury shares in the market to the extent allowed by the liquidity position of the Company and the liquidity of the share, as SPEAS does not want to represent more than 50% of the registered turnover in the share in one trading day. However, if major shareholdings are offered for sale, SPEAS will, based on a specific assessment, be able to acquire such shareholding, and in that case the Company will represent a significantly higher proportion of the registered turnover of the share.

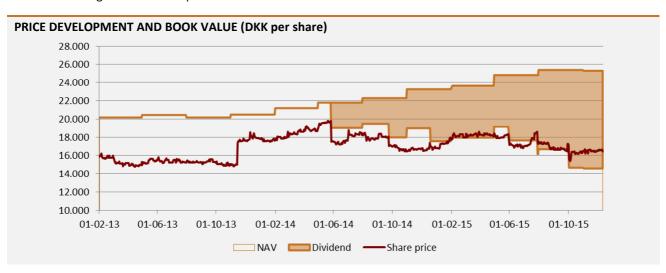
Distribution of dividends to shareholders will reduce SPEAS's investment capacity to an extent expected to result in a winding-up of the Company.

The Company distributed ordinary dividend of DKK 1,500 per share on 3 June 2015 and extraordinary dividend of DKK 1,500 per share on 31 July 2015 and DKK 2,000 per share on 6 October 2015. Since the beginning of the financial year, SPEAS has distributed total dividend of DKK 217m.

## **Extraordinary dividend**

The Board of Directors has resolved to distribute extraordinary dividend of DKK 1,000 per share, equal to a total of DKK 43.4m excluding dividend on treasury shares.

Dividend will be distributed on Monday 21 December 2015, and the SPEAS share will be traded excluding dividend as from Thursday 17 December 2015.







## 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 August 2015 – 31 October 2015.

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 are of the opinion that the accounting policies are appropriate and that and the Interim Report gives a fair presentation of the Company's assets, liabilities, equity and financial position at 31 October 2015 and of the results of the Company's operations and cash flows for the period 1 August 2015 – 31 October 2015.

We are furthermore of the opinion that the Management's Review gives a fair review of the development in the operations 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 of the Company.

Copenhagen, 14 December 2015		
Board of Directors		
Henning Kruse Petersen Chairman	Niels Heering	Henrik Østenkjær Lind
Executive Board		
Ole Mikkelsen CEO		



	2014/15	Q3 2014/15	Q3 2015/16	Q1-Q3	Q1-Q3
	2014/13	Q3 2014/13	Q3 2013/10	2014/15	2015/16
				,	
	01.02.2014 -	01.08.2014 -	01.08.2015 -	01.02.2014 -	01.02.2015 -
(DKK 1,000)	31.01.2015	31.10.2014	31.10.2015	31.10.2014	31.10.2015
Statement of comprehensive income					
Income from investment activities	114,882	44,480	(939)	95,168	78,145
Staff casts and ather sosts	(2.097)	(720)	(050)	(2.920)	(2.420)
Staff costs and other costs Amortisation of intangible assets	(3,987)	(738) (532)	(850) (532)	(2,839) (2,329)	(2,428)
	(2,919)				(1,696)
Operating profit (EBIT)	107,976	43,210	(2,321)	90,000	74,021
Net financials	(2,481)	(607)	(1,338)	(989)	(1,196)
Profit (loss) before tax	105,495	42,603	(3,659)	89,011	72,825
, ,	ŕ		, , ,		
Tax	(232)	0	(140)	0	(284)
Total comprehensive income	105,263	42,603	(3,799)	89,011	72,541
Balance sheet					
Investments in private equity funds note 3	751,184	747,006	626,099	747,006	626,099
Intangible assets note 4	2,410	2,999	714	2,999	714
Receivables	172	186	155	186	155
Total cash and cash equivalents	28,008	79,509	24,950	79,509	24,950
Total assets	781,774	829,700	651,918	829,700	651,918
Equity	700 001	828,330	622 460	828,330	622.460
Equity Current liabilities	780,081 1,693	1,370	633,469	,	633,469
Total liabilities and equity	781,774	829,700	18,449 <b>651,918</b>	1,370 <b>829,700</b>	18,449 <b>651,918</b>
Total habilities and equity	701,774	823,700	031,318	823,700	031,318
Statement of changes in equity					
Share capital, beginning of period	500,500	446,970	434,860	500,500	446,970
Capital reduction	(53,530)	0	0	(53,530)	(12,110)
Share capital, end of period	446,970	446,970	434,860	446,970	434,860
Share capital, and or period	440,570	440,570	454,000	440,570	454,000
Proposed dividend, beginning of period	140,140	67,045	86,718	140,140	67,045
Distributed dividend	(140,140)	(67,045)	(86,718)	(140,140)	(67,045)
Proposed dividend	67,045	62,576	43,486	62,576	43,486
Proposed dividend, end of period	67,045	62,576	43,486	62,576	43,486
Retained earnings, beginning of period	313,574	345,536	202,408	313,574	266,066
Purchase of treasury shares	(28,152)	(7,659)	0	(24,692)	(2,167)
Capital reduction	53,530	0	0	53,530	12,110
Distributed dividend	(111,201)	880	0	(50,160)	(149,941)
Share-based remuneration	97	0	0	97	0
Proposed dividend	(67,045)	(62,576)	(43,486)	(62,576)	(43,486)
Total comprehensive income	105,263	42,603	(3,799)	89,011	72,541
Retained earnings, end of period	266,066	318,784	155,123	318,784	155,123
Total equity	780,081	828,330	633,469	828,330	633,469
Total equity	, 50,001	020,330	033,403	020,330	033,403



	2014/15	Q3 2014/15	Q3 2015/16	Q1-Q3 2014/15	Q1-Q3 2015/16
	01.02.2014 –	01.08.2014 -	01.08.2015 –	01.02.2014 -	01.02.2015 -
(DKK 1,000)	31.01.2015	31.10.2014	31.10.2015	31.10.2014	31.10.2015
Cash flows					
Cash flows from operations Additional cash flows from operating	(3,250)	(1,766)	(649)	(2,668)	(3,202)
activities	(2,694)	(607)	(1,338)	(970)	(1,481)
Cash flows from operating activities	(5,944)	(2,373)	(1,987)	(3,638)	(4,683)
Investments in private equity funds Realisation of investments in	(70,567)	(17,830)	(3,147)	(40,500)	(15,759)
private equity funds	174,274	68,946	90,885	128,670	218,989
Cash flows from investing activities	103,707	51,116	87,738	88,170	203,230
Cash flows from financing activities	(279,494)	(73,594)	(82,462)	(214,762)	(201,605)
Cash, beginning of period	209,739	104,360	21,661	209,739	28,008
Cash, end of period	28,008	79,509	24,950	79,509	24,950





#### **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 contracts are measured in accordance with generally accepted valuation methods based on relevant observable exchange rates.

#### Investments in unlisted private equity funds

Investments in unlisted private equity funds are measured based on reports from the respective funds. The value of a private equity fund is determined as the market value of investments in portfolio companies owned by the fund with the addition of other (current) net assets. Controls of the private equity funds' reporting are performed to ensure that computation of the fair value of the portfolio companies is based on generally accepted valuation methods and 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 does not represent the actual fair value. However, SPEAS has no information about the specific methods and assumptions behind the private equity funds' valuation of each portfolio company. Assessment of the reported fair value includes, among other things, available information on relevant market conditions and company-specific and general information obtained through ongoing dialogue with the private equity funds in question. All funds invested in by SPEAS comply with the International Private Equity and Venture Capital Valuation Guidelines. The private equity funds base their valuation 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 valuation methods for which all significant inputs are based on observable market data (level 2)
- Valuation methods for which any significant input is not based on observable market data (level 3)



Q3 2014/15				
(DKK 1,000)	Level 1	Level 2	Level 3	Total
Figure and accepts				
Financial assets			747.006	747.006
Investments in private equity funds			747,006	747,006
Financial assets measured at fair value through				
profit or loss	0	0	747,006	747,006
Financial liabilities				
Derivative financial instruments		357		357
Financial liabilities measured at fair value through				
profit or loss	0	357	0	357
Q3 2015/16				
(DKK 1,000)	Level 1	Level 2	Level 3	Total
Financial assets				
Investments in private equity funds			626,099	626,099
Financial assets measured at fair value through				
profit or loss	0	0	626,099	626,099

The Company had no financial liabilities subsequently measured at fair value through profit or loss in Q3 2015/16.

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 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-Q3 2015/16.

Note 3

Investments in private equity funds

	Q1-Q3	Q1-Q3
(DKK 1,000)	2014/15	2015/16
Fair value, beginning of period	740,008	751,184
Purchase, excl transaction costs	40,500	15,759
Sale, excl transaction costs	(128,670)	(218,989)
Profit/loss according to statement of comprehensive income	95,168	78,145
Fair value, end of period	747,006	626,099

<sup>&</sup>quot;Profit/loss according to statement of comprehensive income" is recognised in the statement of comprehensive income as "Income from investment activities".



#### Note 4

#### **Intangible assets**

(DKK 1,000)	Q1-Q3 2014/15	Q1-Q3 2015/16
Cost, beginning of period	12,272	12,272
Additions	0	0
Cost, end of period	12,272	12,272
Amortisation, beginning of period	6,943	9,862
Amortisation for the period	2,329	1,696
Amortisation, end of period	9,273	11,558
Carrying amount, end of period	2,999	714

#### Note 5

#### Share capital and treasury shares

Movement in share capital and portfolio of treasury shares in Q1-Q3 2015/16:

(Number)	Treasury shares	Share capital
Number of shares, 1 February 2015	1,211	44,697
Purchase of treasury shares	127	-
Capital reduction registered on 30 June 2015	(1,211)	(1,211)
Number of shares, 31 October 2015	127	43,486
Average number of shares	716	44,147

The shares all have a nominal value of DKK 10,000 per share.

## Note 6

#### **Share-based remuneration**

In May 2014, SPEAS established a share option scheme under which share options in the Company are granted with the aim to retain and motivate its Executive Board and to align management incentives with shareholder interests.

There are no significant changes regarding the outstanding share options granted in 2014 relative to the information stated in the Annual Report for 2014/2015.

No further share options have been granted in the financial period under review.

#### Note 7

#### 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 and the share option scheme, cf Note 6, there were no transactions with the Board of Directors or Executive Board.





## **Company information**

Name and registered office

Scandinavian Private Equity A/S Sankt Annæ Plads 13, 3. DK-1250 Copenhagen K

Tel +45 70 25 10 55
Fax: +45 70 25 10 75
E-mail: info@speas.dk
Website: www.speas.dk

**Registration numbers** 

ISIN: DK0060068682 CVR no: 29 82 40 88

**Board of Directors** 

Henning Kruse Petersen, Chairman

**Niels Heering** 

Henrik Østenkjær Lind

**Executive Board** 

Ole Mikkelsen

Principal bankers

Nykredit Bank A/S

Financial year

1 February – 31 January

**Auditors** 

Deloitte

Statsautoriseret Revisionspartnerselskab

#### **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. SPEAS currently prioritises distribution to shareholders over new investment commitments.