

Danish Transactions

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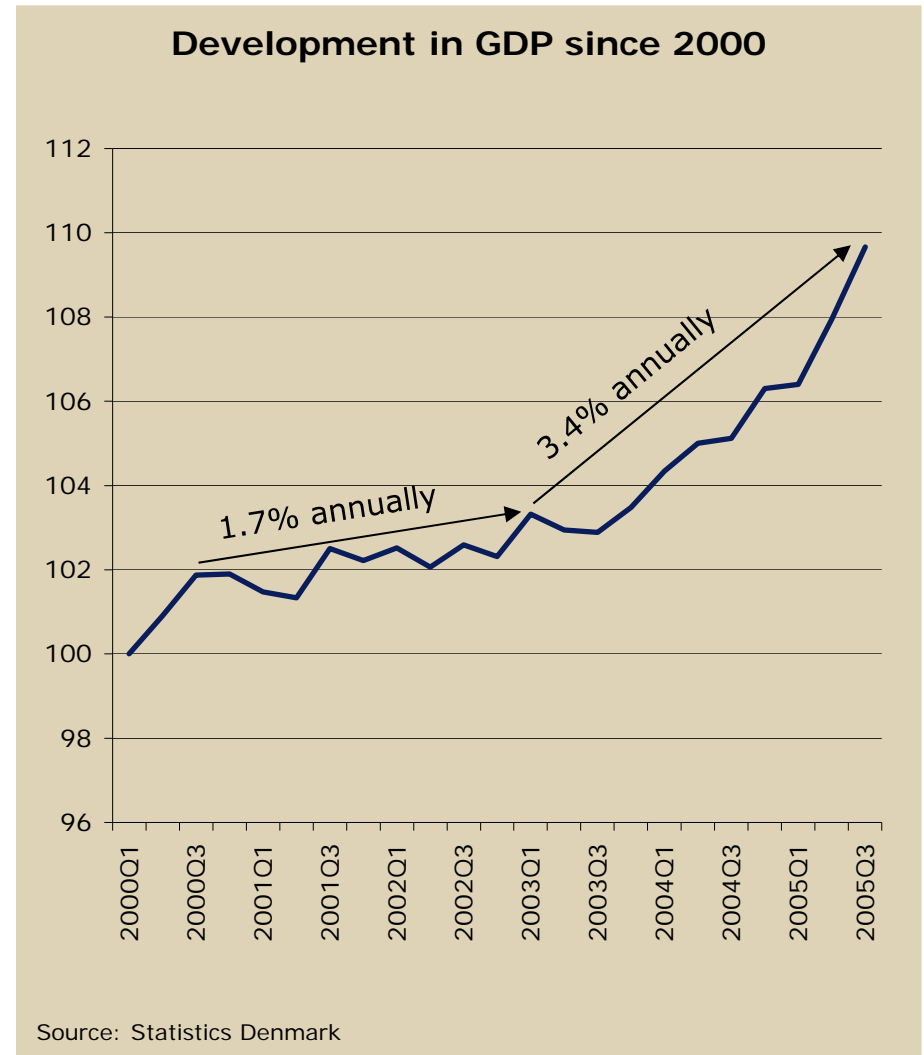
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The Danish investment climate

Economic development

■ The Danish economy is strong and growing stronger

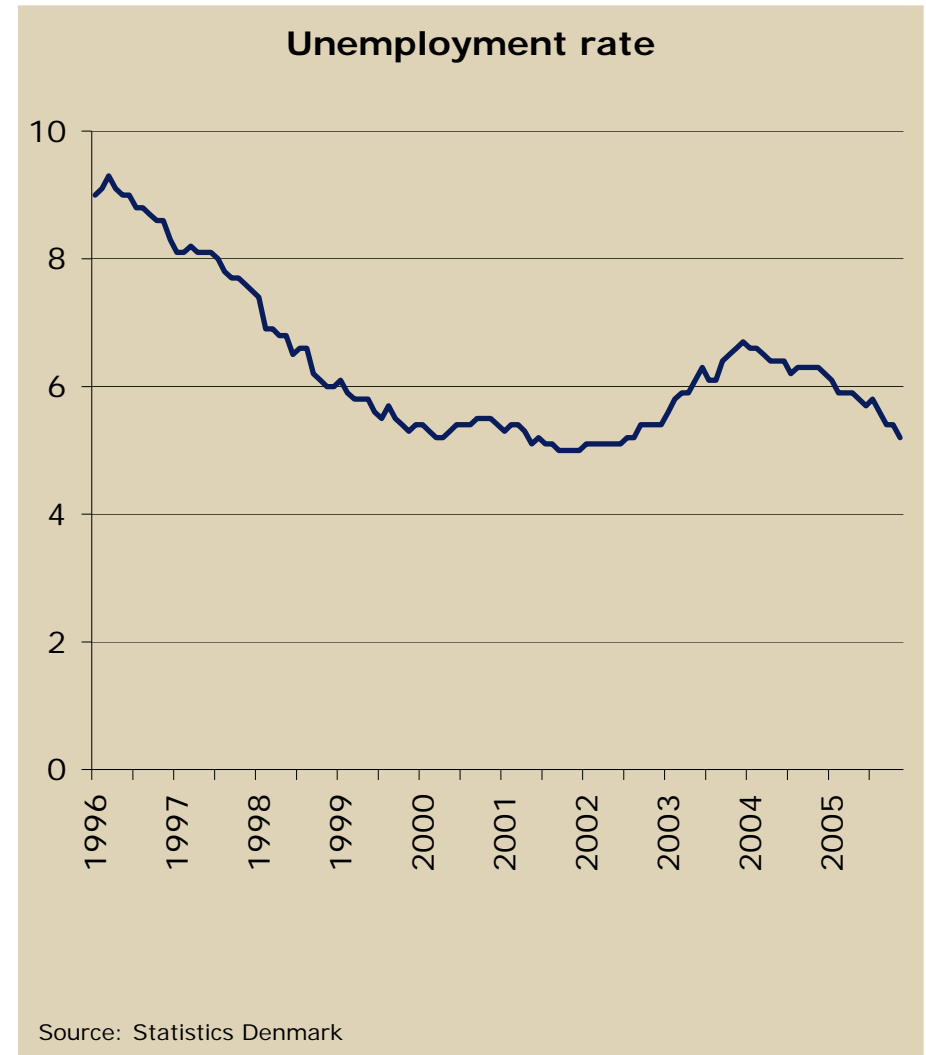
- Denmark has experienced high growth since 2004 with an annual growth rate of 3.4%
- Danish growth rates compare favourably to the Euro zone, which has experienced an annual growth rate of around 1.5%
- Inflation and interest rates are low



The Danish investment climate

Economic development

- **Expectations for 2006 are very positive; more than 70% of Danish companies are expecting higher revenues in 2006, according to Børsen**
 - More than 40% of Danish companies are increasing their investment level
- **Low unemployment may cause bottlenecks and cause difficulties in keeping high growth rates**

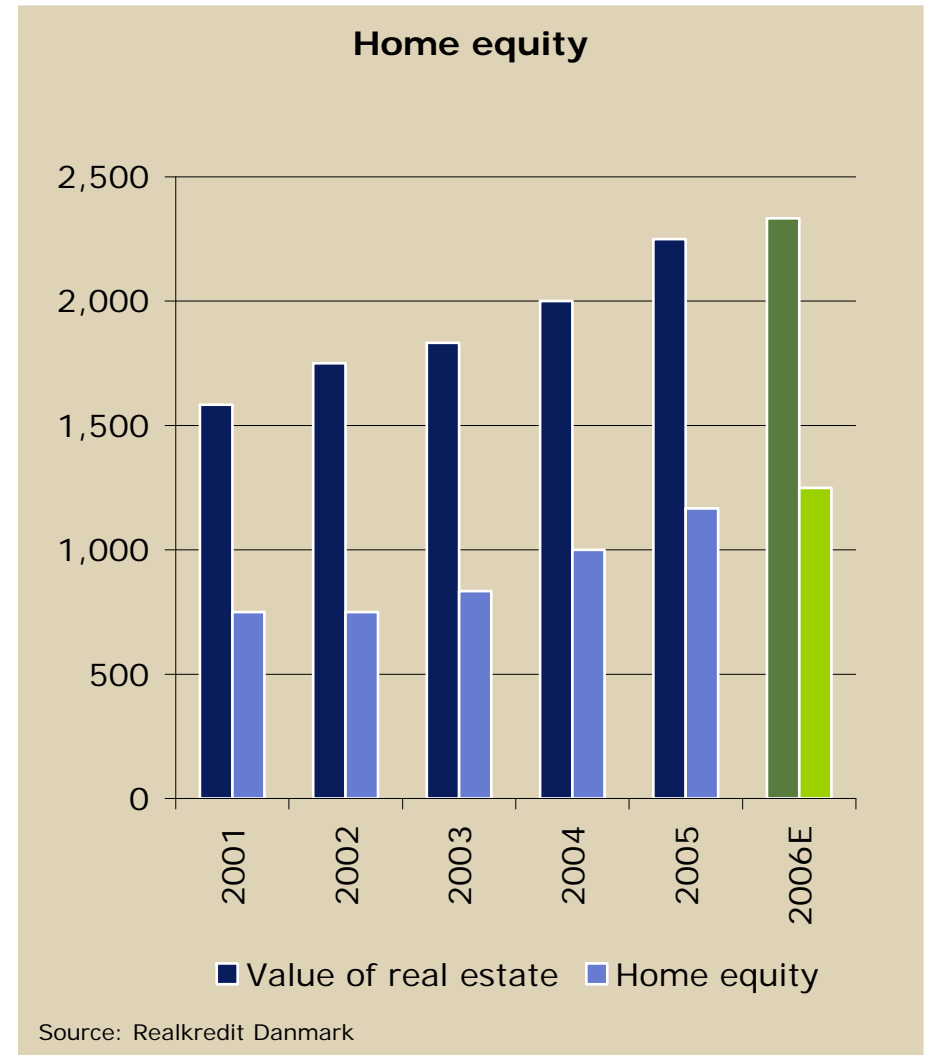


The Danish investment climate

Home equity

■ Recent years have seen a trend in the Danish housing market of increasing home equity levels

- Increasing home equity has led to higher consumer spending
- This development in the housing market has been driven by cheap and flexible financing and is expected to continue in the coming years, even though the pace may be slowing, according to Danske Bank and Nordea
- Prime location private apartments are priced up to DKK 50,000 per square metre
- Typically private houses are priced around DKK 20-30,000 per square metre in the Copenhagen area



The Danish investment climate

Consumer confidence

- Among the OECD countries, Denmark has one of the highest income levels and the most equal distribution of income
- Consumer spending is reaching new records levels; Christmas spending in 2005 is estimated to be DKK 9.3bn, an increase of 10%
 - Consumers are expected to spend more money on appliances as well as clothing
- Consumer confidence is high and the high consumer spending is expected to continue in 2006, according to Nordea

The Danish investment climate

Interest levels

- **The current interest climate has a positive effect on the level of transactions**
 - Lowest interest rates in many years and no sign of material increasing interest rates
 - Financial institutions are more willing to lend funds to finance the transactions
 - Pensions funds etc. are increasing their investments in private equity
 - Private equity funds have the highest deployment of capital ever

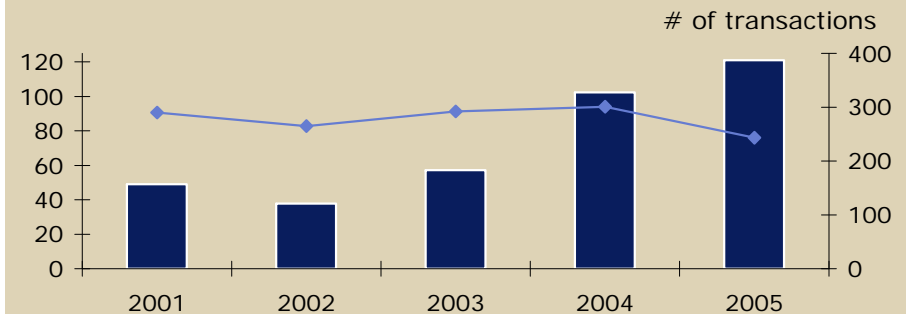


The Danish investment climate

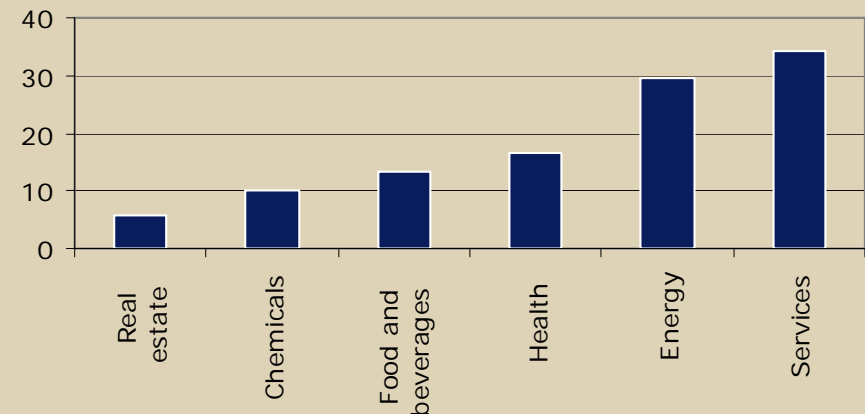
M&A activity in Denmark

- **M&A activity in Denmark reached a new high in 2005 with a value of DKK 121bn in the first 11 months of the year, excluding TDC and Copenhagen Airports**
 - An increase of 17%
 - The total value of M&A transactions went up despite a decrease in number of deals
 - Several very large transactions have driven the increase in value
- **Danish companies are generally characterised by attractive business models and high profitability**
 - Services and Energy were the 2 most active sectors
- **In the past years Danish companies have been building up capital, which they are now utilising in their acquisitions**

Value of transactions with Danish target, DKKbn



Transaction value by sector, DKKbn



Source: Dealogic 2005, includes deals completed between 1 January and 28 November 2005

The Danish investment climate

M&A activity in Denmark

- **The most active foreign acquirers of Danish companies were Sweden with 32 acquisitions, Norway with 12 and Iceland with 11 acquisitions in the first 11 months of 2005**
 - Iceland were most active in the second half of 2005 and were involved in acquisitions that received much public attention
 - ...such as the acquisitions of Illum, Sterling Airlines A/S, Maersk Air A/S, Merlin A/S and Keops
 - Most recently Scanbox Entertainment Group was acquired by Sigurjon Sigvatsson, announced on 2 January

Selected Icelandic transactions

Date	Target	Acquirer
Sep-04	FIH	Kaupting Bank
Nov-04	Wessel & Vett A/S, Magasin du Nord	Baugur Group, Straumur Investment Bank ang B2B Holdings
Mar-05	Sterling	Fons Eignarhaldsfelag
Jun-05	Maersk Air	Fons Eignarhaldsfelag
Jul-05	Keops (30%)	Baugur Group
Aug-05	Illum	Baugur Group
Sep-05	Merlin A/S	Milestone Inv. Co and Baugur Group
Oct-05	VG Investment	Heimilskaup
Nov-05	Nordicom (11%)	Baugur Group
Nov-05	Bravo Tours	Heimsferdir
Dec-05	Atlas Ejendomme	Baugur Group
Dec-05	Rahbek Fisk	Redsquar Invest
Jan-06	Scanbox Entertainment Group	Sigurjon Sigvatsson

The Danish investment climate

Top 10 deals in 2005

■ Private equity funds are increasing their activities in the Danish and Nordic markets

- Private equity funds have been involved in some very high profile cases: Copenhagen Airports, TDC, ISS, Legoland, Chr. Hansen etc.
- 5 buy-out funds are located in Denmark. Additionally several funds are based and operate in Scandinavia
- Lately international funds have increased their activities in Denmark. Blackstone, PAI Partners, KKR and Goldman Sachs have all acquired or participated in consortiums acquiring Danish companies
- Danish pension funds are increasing their investments in private equity funds to reach international standards (10% allocation)
- Despite the public awareness of private equity transactions, most transactions are completed among the industry (20%/80%)

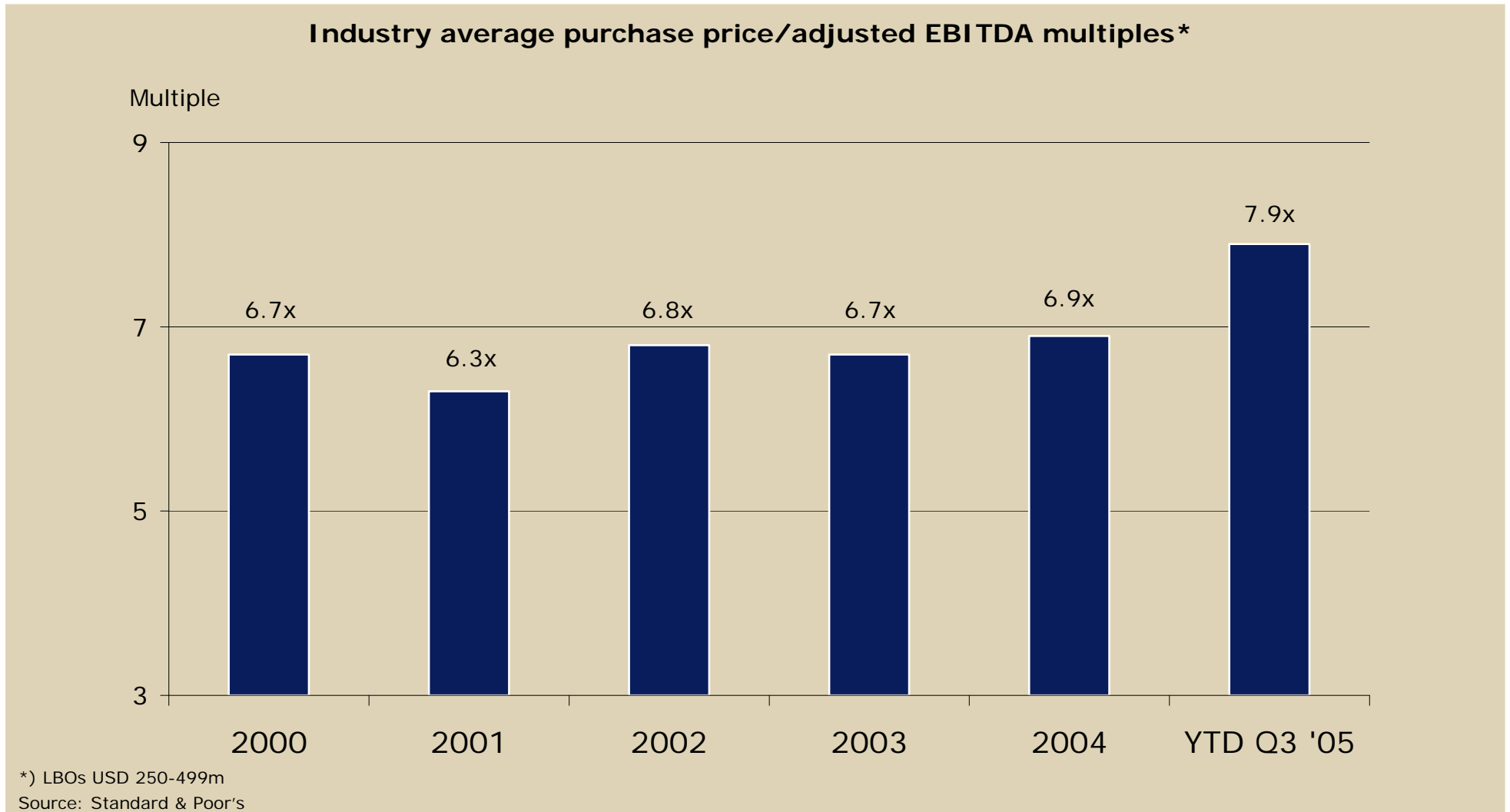
Top 10 deals in Denmark in 2005

Target	Buyer	Transaction value, DKKbn
TDC A/S (pending)	Blackstone, KKR, Apax, Permira and Providence	75.2
ISS A/S	EQT & Goldman Sachs	22.8
Elsam A/S	DONG A/S and Vattenfall AB	24.0
KE and E2	DONG A/S	16.3
Nycomed Holding A/S	Nordic Capital	10.5
Borealis A/S	International Petroleum Investment Co	7.5
ECA Nutrition Ltd. A/S	Koninklijke Numico NV	9.0
Copenhagen Airports	Macquarie	8.9
Chr. Hansen Holding	PAI Partners	8.2
TDC Forlag	Macquarie	4.9

Source: Dealogic 2005, includes deals completed between 1 January and 28 November 2005

The Danish investment climate

Multiples – international medium-sized deals



The Danish investment climate

Value propositions in Danish companies

- **Danish society is progressive, high-tech and fast moving. With one of the world's most technologically sophisticated populations, Danes are used to rapid change and adoption of new technologies in their daily lives**
 - Ranking among the world's top 5 in penetration of PCs, Internet and broadband use according to IMD
- **Denmark has world-leading R&D clusters within wireless, software, biotech, mediotech and renewable energy**
 - The clusters are creating a changing and innovative business environment
 - These R&D clusters will drive the continued growth of the Danish economy
 - The Danish workforce is highly educated and possesses excellent language skills with 78% speaking English, 43% German and 14% French
- **Danish companies are among the most frequent to introduce product innovation, only surpassed by Finland, according to the OECD**
- **Denmark has a very flexible labour market, ranking world top 3 according to the Danish Ministry of Foreign Affairs**
 - Salaries for management and scientists are very competitive
- **International marketing and sales are areas for improvement, possessing opportunities for continued growth and development**

Structuring of a Danish acquisition

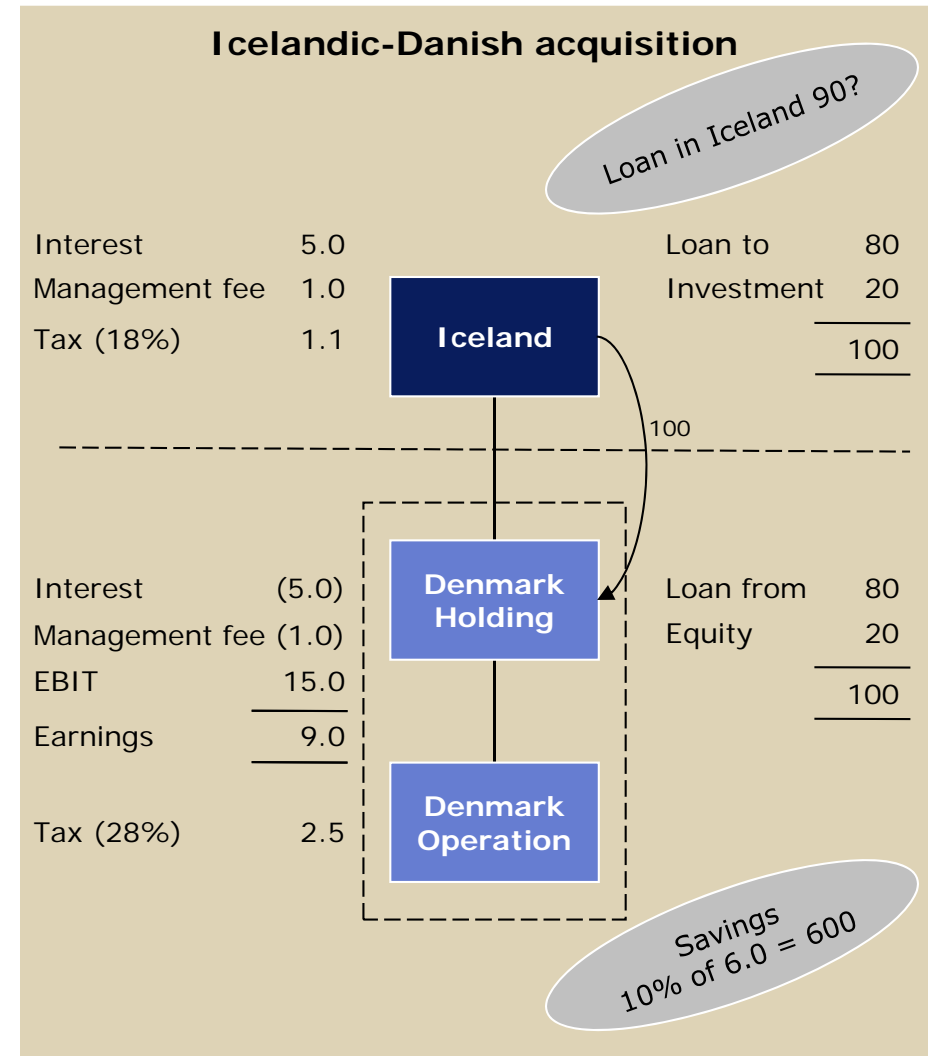
Danish holding structure

■ Assumptions

- Enterprise value (EV) 100
- EBIT 15

■ Goals

- Secure tax efficient structure
 - Utilise difference between Icelandic and Danish tax rates $28\% - 18\% = 10\%$
 - Tax-free dividend (Denmark to Iceland)
 - No tax on sale > 3 years
 - Maximal tax relief on interest requires minimum equity of 20% through Danish joint taxation



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