

Mid way through the year, the outlook for 2014 is looking very positive for businesses operating in Denmark, Norway, Sweden and Finland.

The energy sector in the region is expanding. While Norway has been pumping out offshore and energy deals for many years, Sweden and Denmark are starting to follow, opening up a wider array of sectors and issuers. Significantly, the consumer industry is also resistant and showing strength. As such, companies within the sector are investing more in building capability.

The big talent trends that have emerged so far this year, within the consumer sector, are an increased demand for those involved in exporting, particularly in Sweden and Denmark, as well as marketing. With regards to the latter, contrary to last year, we are witnessing significant investment in the attraction and retention of specialists in New Product Development (NPD) and innovation; both key USPs for our customers.

There is also still a widespread need for marketers who understand both consumers and shoppers. This is one way of differentiating yourself in a very challenging retail environment, particularly in Denmark, where it is mostly about price. Consequently, we have already worked on multiple assignments focused on identifying talent to fulfil customer insight and trade marketing roles, as well as NPD and innovation, for clients this year. We anticipate that these skills will remain on the agenda.

The 'Scandinavian welfare model', which has resulted in Denmark having the highest tax and expenditures in OECD (Organisation for Economic Co-operation and Development) countries, remains an area of contention. This obviously poses a massive challenge from an investment perspective, with Danish companies facing fierce competition from foreign firms, with lower tax burdens and labour costs.

This situation has been accentuated by the fact that, according to The Danish Centre for Political Studies (CEPOS), the number of Danish people on benefits or employed in the public sector, has reached 2,9m; the highest number ever. High taxes also mean the incentive to work in Denmark, is reduced. Moving forward, however, there are a number of prospective opportunities being debated that would help to slim Danish welfare schemes and finance lower taxes, which would ultimately increase prosperity in Denmark.

Nordic leveraged finance is also being transformed. Local credit funds, motivated by local currency bonds, are growing in size and numbers. Many of these currency bonds, primarily in Oslo, are part of established pension funds, looking to increase the scope of investments.

Within the Nordic consumer sector, the most recent M&A deals include Intersnack GmbH acquisition of Estrella Maarud, a leading manufacturer and supplier of branded salted snacks in the Nordic and Baltic countries, from Herkules Private Equity Fund II. Estrella Maarud has consistently outperformed its competitors in the Nordic grocery retail sector and analysts believe being part of the Intersnack Group will help it to further capitalise on growth opportunities.

Total M&A activity targeting the Nordic countries, last year, was valued at €41,2bn. This represented an 8, 1% increase compared to 2012. This increased activity, especially within regional private equity houses active in the small to mid cap segment, was partly due to the introduction of standardized Scandinavian documentation, which requires substantially less work than European documentation. We anticipate more deals like that of Estrella Maarud, this year, as M&A activity in the Nordics continues to increase.

In all, we see a very bright outlook for the remainder of 2014. Consequently, we are currently adding a number of new people to our Nordic business units, enabling us to have greater capability to manage the number of candidates approaching us, as well as clients enquiring

about our services. Although our business is international we pride ourselves on our ability to be effective at the local level, within the countries we operate. We continue to have strong industry relationships in the Nordics and we are as committed as ever to growing our presence in this vital geographic region.