

NORDIC CAPITAL

Press information, Nov 17, 2009

Nordic Capital among world's top 10 private equity firms

On Nov 17 Wall Street Journal, together with Dow Jones and Private Equity News/Financial News, published a list of the world's top 10 private equity firms, where Nordic Capital ranks 2nd place based on performance. The list is based on academic research providing a view of a private equity firm's performance relative to its peers during 1996-2005.

In a joint research project, the academics behind the research have developed a proprietary methodology that makes it possible to comprehensively assess the aggregate performance of all funds managed by a Private Equity Firm.

This ranking answers the question: "Which firm(s) generated the best performance for their investors over the past years?" It draws on performance information from all buyout funds managed by a given PE Firm and aggregates their performance based on a novel and proprietary methodology into one overall performance score.

The analysis was done by Oliver Gottschalg, associate professor of strategy and business policy at HEC School of Management in Paris in association with Private Equity News.

Nordic Capital Funds are very pleased to be represented on this list. For the full article from Wall Street Journal please see the next page.

Robert Andreen, Founding Partner, Nordic Capital comments:

"We are delighted that Nordic Capital's long-term investment approach has proven so fruitful and we're honored to be on this global list of the top 10 private equity companies, showing that Nordic Capital has generated one of the best performances to our investors over the last 15 years. Being represented on this list is a proof that our continuous strategy has worked well over the years, both in good times as well as in bad times."

Finn Johnsson, Chairman of the Boards of AB Volvo, Luvata, KappAhl, Thomas Concrete, City Airlines, EFG and Chamber of Commerce Western Sweden comments:

"Having worked closely with Nordic Capital over a long period of time, first as CEO for Mölnlycke Health Care, and later on as Chairman of the Board for several other of Nordic Capital's portfolio companies, I am convinced that Nordic Capital's long-term strategy and committed approach to ownership, is helping their portfolio companies to develop and create long-term value."

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Nordic Capital private equity funds have invested in large and medium sized companies primarily in the Nordic region since 1989. Through committed ownership and by targeting strategic development and operational improvements, Nordic Capital creates value in its investments. Nordic Capital Fund VII has EUR 4,300 million in committed capital provided by international institutional investors. The fund is investing in companies in northern Europe and in selected investment opportunities internationally. Nordic Capital Fund VII is based in Jersey, Channel Islands and is advised by NC Advisory AB in Sweden, NC Advisory A/S in Denmark, NC Advisory Oy in Finland, NC Advisory AS in Norway, NC Advisory GmbH in Germany and NC Advisory UK LLP in the United Kingdom. www.nordiccapital.com

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Big Isn't Best in Private Equity

Study Looks at Firms That Return the Most Bang for the Buck and Finds Few Brand Names

By JAMES MAWSON

If an investor had just \$1 to give to a private-equity firm to invest, he probably would be better off looking outside many of the industry's brand names, according to the results of a long-running academic study into the industry's performance.

The analysis by Oliver Gottschalg, associate professor of strategy and business policy at the HEC School of Management in Paris, takes the average annual performance rates of each firm and then uses that to calculate how much the firm would have returned from 1996 to 2005.

Putting \$1 to work in a top 10 private-equity firm would have delivered \$2.25 to investors, compared with \$1.59 for the average firm.

Rank	Firm	Overall score*	Location
1	Leonard Green & Partners	2.89	U.S.
2	Nordic Capital	2.21	Sweden
3	Astorg Partners	2.10	France
4	Gilde Buy Out Partners	2.07	U.K.
5	Charterhouse Capital Partners	1.73	Netherlands
6	Linsalata Capital Partners	1.48	U.S.
7	Berkshire Partners	1.43	U.S.
8	CVC Capital Partners	1.31	U.K.
9	AXA Private Equity	0.87	France
10	Brockway Moran & Partners	0.79	U.S.

Note: The outperformance between 1996 and 2005 expressed as a standard deviation from the average firm's return.
Source: PERACS CN

The top 10 list is dominated by firms that garner few headlines. CVC Capital Partners, a global buyout firm based in the U.S. that raised more than \$18 billion in the decade under analysis, is the largest alternative-asset manager in the top 10. The top-ranked fund was Leonard Green & Partners LP, of California.

The methodology meant the largest funds were judged on the same terms as smaller peers that may have focused on a niche in order to gain consistency and build on skills within a certain sector or geography they might lose by expanding.

The HEC-Gottschalg method also provides a weighting to account for the age of a fund, but cuts out funds younger than four years, which is why the period researched ran from 1996 to 2005, a period excluding the recent bear market.

"We did not consider the size of fund, i.e. the absolute amount raised and returned, but the profits made on each dollar invested," said Mr. Gottschalg, who created the methodology to analyze the industry for a project sponsored

by Robert Ryan from advisory firm Peracs Due Diligence Services. "This explains why the megafranchises do not show up as the dollar amounts they have created is impressive but for some it might also be because they could not provide enough data to analyze them sufficiently."

"Between 1996 and 2005, there was a good economy overall but everyone else had that, too, and so the difference between Linsalata and others is our operating experience allowed us to mitigate our losses and act fast," said Eric Bacon and Stephen Perry, the two senior managing directors at Ohio's Linsalata Capital Partners, which was ranked sixth.

Dominique Senequier, executive chairman of AXA SA's AXA Private Equity, said, "We have performed well over the long term by the quality of our company management selection in the beginning, which comes through focusing on sectors we know well, and the capability of the AXA Private Equity team to follow and support the company through different steps, including cash management, build-up acquisitions and restructuring to downsize and helping them with a global strategy." Charterhouse Capital Partners and Brockway Moran & Partners declined to comment, while Leonard Green didn't respond to requests for comment.

"Private equity is not perfect but if implemented correctly can be a very effective form of ownership and governance," said Michael Smith, chairman of CVC Capital Partners.

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