

Equity Research

Strategy

Taking a private equity perspective – takeover candidates

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ABG
SUNDAL COLLIER

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Long-term IRR opportunities in ABGSC's Nordic coverage

Adopting the mindset and toolbox of a private equity player

- **Prospects for continued flow of bids on various Nordic companies during 2025**
 - High dispersion in valuation, dry powder (PE) and better financial conditions: setup for more bids going forward.
 - We also saw much more active M&A in Sweden in 2024 vs. 2023 (up from 10 to 16 bids).
 - There are continued opportunities to invest in companies at attractive multiples with high cash flow generation.
 - We have examined 242 companies in ABGSC's coverage to assess the long-term implied IRR opportunities if a PE player were to: 1) acquire the company today at a premium, 2) lever up the company and use the FCF to steadily pay down debt, and 3) perform an exit at the same multiple as current trading multiples.
- **The ABGSC private equity / screening process**
 - 30% equity bid premium, 4.0x ND/EBITDA, exit in 2029, exit multiple same as current EV/EBITDA.
 - ABGSC estimates for '24e-'26e, 2.5% sales CAGR '27e-'29e, other assumptions extrapolated from '24e.
 - Note that IFRS 16 has an impact. Our screening also does not take future M&A (M&A premium) into account.
- **45 companies offer an implied IRR >13% (~2x equity multiple), adjusted for size/multiples**
 - Implied IRR space (>13%), companies include G5, Zaptec, Dometic, Kambi, Embracer, Komplet, Cint, Hexatronic
 - Although there are several important factors for a PE firm when assessing a prospective company, we believe there should be several opportunities in our coverage where there is long-term cash flow return potential.
 - In our historical PE updates, we identified stocks such as Jetpack, Opus, Doro, Feelgood, Sportamore, Awardit etc.

The result: 14 companies with ~20% implied IRR or higher

Top performers with highest implied IRR, after certain adjustments

| Assumptions | | Company | | | | | | | | | | | | |
|--|--|-------------------|-----------------|-----------|-----------------|-----------------|---------------------|----------------------|------------|-----------|-------|-------|--------|------|
| | | Implied IRR | Equity multiple | Mcap EURm | EV/EBITDA 2024e | ND/EBITDA 2024e | Sales CAGR '24-'26e | Sales CAGR '27e-'29e | ROIC 2026e | Sh. Price | TP | % | Rating | |
| <ul style="list-style-type: none"> 30% equity bid premium on current market cap 4.0x ND/EBITDA 2024e 2029 exit year EV/EBITDA exit multiple same as ABGSC EV/EBITDA 2024e ABGSC estimates for 2024e-2026e 2027e-2029e: 2.5% sales CAGR, all other assumptions kept constant from ABGSC's 2024e estimates Interest rate costs: 8% (income 4%) IRR >60% removed | | G5Entertainment | 58% | 9.9x | 84 | 3.0x | -0.9x | -8.1% | 2.5% | 18% | 113.0 | n.a. | n.a. | CR |
| | | Zaptec | 41% | 6.0x | 82 | 16.4x | 1.3x | 17.6% | 2.5% | 25% | 9.3 | 23.0 | 148% | BUY |
| | | NRC | 32% | 4.6x | 61 | 14.9x | 6.8x | 5.5% | 2.5% | 5% | 5.0 | 5.5 | 10% | BUY |
| | | Kambi | 31% | 3.8x | 300 | 4.2x | -1.0x | 8.3% | 2.5% | 15% | 102.6 | 170.0 | 66% | BUY |
| | | Bonheur | 31% | 3.8x | 933 | 4.0x | 0.8x | 2.4% | 2.5% | 14% | 266.0 | 310.0 | 17% | BUY |
| | | Millicom | 30% | 3.8x | 4,009 | 4.0x | 2.4x | 2.2% | 2.5% | 8% | 268.6 | 360.0 | 34% | BUY |
| | | B3Consulting | 30% | 3.5x | 60 | 11.2x | 2.8x | 17.2% | 2.5% | 32% | 73.3 | n.a. | n.a. | CR |
| | | EnadGlobal7 | 29% | 5.1x | 110 | 4.1x | 0.3x | -0.9% | 2.5% | 5% | 16.4 | 17.0 | 4% | BUY |
| | | AustevollSeafood | 28% | 3.4x | 1,664 | 4.6x | 1.2x | 9.8% | 2.5% | 9% | 101.8 | 125.0 | 23% | BUY |
| | | Rottneros | 24% | 3.2x | 121 | 11.6x | 1.8x | 4.1% | 2.5% | 9% | 9.1 | n.a. | n.a. | CR |
| | | HHInternational | 24% | 2.9x | 168 | 7.3x | 2.5x | 11.1% | 2.5% | 7% | 77.1 | 88.0 | 14% | HOLD |
| | | Embracer | 23% | 2.8x | 3,367 | 4.1x | 0.3x | -8.5% | 2.5% | 5% | 32.6 | 35.0 | 7% | BUY |
| | | GriegSeafood | 23% | 3.0x | 596 | 16.0x | 7.4x | 12.7% | 2.5% | 7% | 65.7 | 76.0 | 16% | BUY |
| | | Komplett | 22% | 3.0x | 121 | 8.3x | 3.7x | 4.4% | 2.5% | 4% | 9.0 | 13.5 | 50% | BUY |
| | | Ratos | 21% | 2.6x | 922 | 4.7x | 1.9x | 0.8% | 2.5% | 8% | 31.8 | 40.0 | 26% | BUY |
| | | VestasWindSystems | 20% | 2.6x | 12,653 | 9.6x | 0.5x | 17.9% | 2.5% | 23% | 95.6 | 170.0 | 78% | BUY |
| Screening* | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Market cap >EUR 50m EV/EBITDA '24e <20x | | | | | | | | | | | | | | |
| Sectors excluded | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Biotech Real estate Financials Oil & gas Shipping Energy | | | | | | | | | | | | | | |

Source: ABG Sundal Collier, company data

The result: 31 companies with 13-19% implied IRR

Top performers with highest implied IRR, after certain adjustments

| Assumptions | | Company | Implied IRR | Equity multiple | Mcap EURm | EV/EBITDA 2024e | ND/EBITDA 2024e | Sales CAGR '24-'26e | Sales CAGR '27e-'29e | ROIC 2024e | Rating* |
|---|-----|--------------------|-------------|-----------------|-----------|-----------------|-----------------|---------------------|----------------------|------------|---------|
| <ul style="list-style-type: none"> 30% equity bid premium on current market cap 4.0x ND/EBITDA 2024e 2029 exit year EV/EBITDA exit multiple same as ABGSC EV/EBITDA 2024e ABGSC estimates for 2024e-2026e 2027e-2029e: 2.5% sales CAGR, all other assumptions kept constant from ABGSC's 2024e estimates Interest rate costs: 8% (income 4%) | | OrderYOYO | 19% | 2.4x | 93 | 14.4x | 1.2x | 31.2% | 2.5% | 14% | CR |
| | | Electrolux | 19% | 2.4x | 2,211 | 7.0x | 3.6x | 1.4% | 2.5% | 8% | HOLD |
| | | NNIT | 18% | 2.4x | 319 | 14.3x | 0.2x | 14.8% | 2.5% | 19% | BUY |
| | | Ferronordic | 18% | 2.5x | 75 | 5.4x | 3.4x | 41.1% | 2.5% | 5% | CR |
| | | FractalGamingGroup | 18% | 2.3x | 88 | 11.8x | -0.5x | 8.3% | 2.5% | 19% | BUY |
| | | Eltel | 18% | 2.9x | 88 | 5.2x | 3.3x | 2.4% | 2.5% | 5% | CR |
| <p>Screening*</p> <ul style="list-style-type: none"> Market cap >EUR 50m EV/EBITDA '24e <20x | | Embellence | 18% | 2.2x | 64 | 5.8x | 0.7x | 6.5% | 2.5% | 13% | CR |
| | | RugVista | 16% | 2.1x | 80 | 7.9x | -2.2x | 9.0% | 2.5% | 21% | BUY |
| | | Inission | 16% | 2.1x | 58 | 5.8x | 2.0x | 3.2% | 2.5% | 10% | CR |
| | | Dometic | 16% | 2.1x | 1,340 | 8.4x | 3.6x | 0.4% | 2.5% | 6% | BUY |
| | | Graenges | 16% | 2.1x | 1,209 | 7.0x | 1.2x | 17.7% | 2.5% | 13% | HOLD |
| | | Betsson | 16% | 2.1x | 1,510 | 5.8x | -0.3x | 15.4% | 2.5% | 30% | BUY |
| <p>Sectors excluded</p> <ul style="list-style-type: none"> Biotech Real estate Financials Oil & gas Shipping Energy | | AcadeMedia | 16% | 2.1x | 597 | 5.0x | 3.2x | 13.1% | 2.5% | 6% | BUY |
| | | Yara | 15% | 2.1x | 6,806 | 5.4x | 1.8x | -3.6% | 2.5% | 7% | BUY |
| | | Studsvik | 15% | 2.1x | 86 | 16.9x | 1.5x | 8.0% | 2.5% | 13% | CR |
| | | Hydro | 15% | 2.0x | 11,003 | 6.0x | 1.1x | 8.1% | 2.5% | 11% | BUY |
| | | Crayon | 15% | 2.0x | 930 | 9.9x | 0.2x | 27.2% | 2.5% | 33% | BUY |
| | | Knowit | 15% | 2.0x | 323 | 8.2x | 1.3x | -0.7% | 2.5% | 6% | SELL |
| | | BHG | 15% | 2.0x | 268 | 9.5x | 3.6x | -1.1% | 2.5% | 4% | BUY |
| | | Itech | 14% | 1.9x | 60 | 11.2x | -2.0x | 39.1% | 2.5% | 86% | CR |
| | | Cint | 14% | 1.9x | 204 | 7.2x | 1.4x | 9.5% | 2.5% | 3% | HOLD |
| | | LeroySeafood | 14% | 1.9x | 2,497 | 8.4x | 1.6x | 9.2% | 2.5% | 11% | BUY |
| | | CoorService | 14% | 1.9x | 312 | 6.3x | 2.5x | 3.5% | 2.5% | 11% | CR |
| | | Husqvarna | 14% | 1.9x | 2,843 | 8.2x | 2.5x | -0.6% | 2.5% | 9% | BUY |
| | | SalMar | 14% | 1.9x | 6,043 | 13.4x | 2.6x | 12.2% | 2.5% | 15% | BUY |
| Zalaris | 14% | 1.9x | 137 | 8.1x | 1.4x | 18.5% | 2.5% | 22% | BUY | | |
| Vestum | 14% | 1.9x | 362 | 8.6x | 2.8x | -1.1% | 2.5% | 5% | CR | | |
| SinterCast | 14% | 1.9x | 66 | 18.0x | -0.5x | 12.3% | 2.5% | 51% | CR | | |
| Loomis | 13% | 1.9x | 2,030 | 5.1x | 1.4x | 6.9% | 2.5% | 10% | BUY | | |
| Hexatronic | 13% | 1.9x | 605 | 8.3x | 2.0x | 5.7% | 2.5% | 12% | BUY | | |
| Midsona | 13% | 1.9x | 103 | 6.5x | 2.0x | 2.5% | 2.5% | 4% | CR | | |

Source: ABG Sundal Collier, company data

On the other side: companies with low implied IRRs

Bottom 30* performers with lowest implied IRR, after certain adjustments

| Assumptions | | Company | Implied IRR | Equity multiple | Mcap EURm | EV/EBITDA 2024e | ND/EBITDA 2024e | Sales CAGR '24-'26e | Sales CAGR '27e-'29e | ROIC 2026e | Sh. Price | TP | % | Rating |
|--|--|-------------|-------------|-----------------|-----------|-----------------|-----------------|---------------------|----------------------|------------|-----------|---------|------|--------|
| <ul style="list-style-type: none"> 30% equity bid premium on current market cap 4.0x ND/EBITDA 2024e 2029 exit year EV/EBITDA exit multiple same as ABGSC EV/EBITDA 2024e ABGSC estimates for 2024e-2026e 2027e-2029e: 2.5% sales CAGR, all other assumptions kept constant from ABGSC's 2024e estimates | | NelHydrogen | -31% | 0.1x | 402 | -15.0x | 6.4x | 20.4% | 2.5% | -7% | 3.0 | 4.0 | 32% | HOLD |
| | | Nokia | -22% | 0.3x | 24,730 | -0.4x | -1.1x | -6.2% | 2.5% | 8% | 4.2 | 4.0 | -5% | HOLD |
| | | OssDsign | -17% | 0.3x | 97 | -18.6x | 2.1x | 39.3% | 2.5% | -24% | 9.9 | n.a. | n.a. | CR |
| | | NordicPaper | -10% | 0.5x | 285 | 5.6x | 1.5x | 1.4% | 2.5% | 11% | 49.8 | 50.0 | 0% | HOLD |
| | | Billerud | -3% | 0.8x | 2,276 | 6.1x | 1.2x | 0.3% | 2.5% | 4% | 97.6 | 115.0 | 18% | BUY |
| Screening* <ul style="list-style-type: none"> Market cap >EUR 50m EV/EBITDA '24e <20x | | Ambu | -3% | 0.8x | 4,285 | 22.9x | 0.0x | 16.9% | 2.5% | 10% | 106.9 | 100.0 | -6% | SELL |
| | | Elkem | -2% | 0.9x | 931 | 5.2x | 2.4x | -5.3% | 2.5% | 4% | 18.2 | 24.0 | 32% | BUY |
| | | Scatec | -1% | 0.9x | 1,057 | 8.4x | 5.4x | 12.0% | 2.5% | 6% | 79.3 | 95.0 | 20% | BUY |
| | | Elopak | -1% | 1.0x | 1,005 | 8.6x | 2.4x | 6.9% | 2.5% | 10% | 44.5 | 50.0 | 12% | BUY |
| | | Orsted | 0% | 1.0x | 16,785 | 7.3x | 1.5x | 2.3% | 2.5% | 6% | 348.2 | 418.0 | 20% | HOLD |
| Sectors excluded <ul style="list-style-type: none"> Biotech Real estate Financials Oil & gas Shipping Energy | | Holmen | 0% | 1.0x | 5,791 | 13.6x | 0.6x | -3.4% | 2.5% | 5% | 417.0 | 480.0 | 15% | BUY |
| | | StoraEnso | 1% | 1.0x | 7,585 | 10.0x | 3.2x | -4.3% | 2.5% | 4% | 9.7 | 12.2 | 26% | BUY |
| | | ROCKWOOL | 1% | 1.0x | 7,061 | 7.5x | -0.4x | 8.7% | 2.5% | 15% | 2,598.0 | 3,050.0 | 17% | BUY |
| | | Vitec | 1% | 1.1x | 1,679 | 18.3x | 1.9x | 16.1% | 2.5% | 10% | 510.5 | 575.0 | 13% | BUY |
| | | Addnode | 1% | 1.1x | 1,104 | 15.7x | 1.7x | -4.3% | 2.5% | 13% | 102.7 | 122.0 | 19% | HOLD |
| | | Lagercrantz | 2% | 1.1x | 3,514 | 24.7x | 1.6x | 12.2% | 2.5% | 17% | 215.8 | 225.0 | 4% | BUY |
| | | AtlasCopco | 2% | 1.1x | 72,617 | 18.6x | 0.3x | 5.2% | 2.5% | 24% | 177.1 | 210.0 | 19% | BUY |
| | | Lifco | 2% | 1.1x | 11,858 | 24.8x | 1.6x | 8.6% | 2.5% | 15% | 336.6 | 340.0 | 1% | HOLD |
| | | Addtech | 2% | 1.1x | 6,507 | 24.8x | 1.1x | 9.8% | 2.5% | 19% | 309.6 | 350.0 | 13% | BUY |
| | | Kongsberg | 2% | 1.1x | 18,662 | 29.0x | -0.2x | 20.9% | 2.5% | 28% | 1,286.0 | 1,050.0 | -18% | HOLD |
| | | INVISIO | 2% | 1.1x | 1,079 | 31.2x | -0.6x | 25.9% | 2.5% | 35% | 274.0 | n.a. | n.a. | CR |
| | | Borregaard | 2% | 1.1x | 1,570 | 10.8x | 1.1x | 2.8% | 2.5% | 13% | 177.8 | 220.0 | 24% | BUY |
| | | Vitrolife | 2% | 1.1x | 2,451 | 25.1x | 0.8x | 9.5% | 2.5% | 5% | 215.0 | NA | n.a. | CR |
| | | SCA | 2% | 1.1x | 8,579 | 15.0x | 1.4x | 6.5% | 2.5% | 4% | 140.7 | 170.0 | 21% | BUY |
| | | Epiroc | 3% | 1.1x | 19,539 | 15.7x | 0.9x | 8.1% | 2.5% | 21% | 201.0 | 215.0 | 7% | HOLD |
| | | Indutrade | 3% | 1.1x | 8,836 | 19.6x | 1.3x | 6.2% | 2.5% | 14% | 283.0 | 325.0 | 15% | HOLD |
| | | Coinshares | 3% | 1.1x | 470 | 81.2x | -0.2x | 27.9% | 2.5% | 27% | 88.2 | n.a. | n.a. | CR |
| | | GentooMedia | 3% | 1.2x | 279 | 56.1x | 1.8x | 12.4% | 2.5% | 22% | 24.9 | n.a. | n.a. | CR |
| | | Trelleborg | 3% | 1.2x | 7,210 | 13.5x | 0.7x | 4.5% | 2.5% | 11% | 392.8 | 390.0 | -1% | HOLD |
| | | Bakkafrost | 3% | 1.2x | 3,103 | 12.9x | 1.7x | 16.1% | 2.5% | 10% | 693.0 | 630.0 | -9% | HOLD |

Source: ABG Sundal Collier, company data

Bids: Sweden and Norway

Sweden

| Year | Transactions, # | Bid premias (average) | |
|--------|-----------------|-----------------------|------------|
| | | Last close | 30d VWAP |
| 2024 | 16 | 46% | 46% |
| 2023 | 10 | 55% | 56% |
| 2022 | 21 | 35% | 36% |
| 2021 | 18 | 28% | 33% |
| 2020 | 19 | 21% | 25% |
| 2019 | 15 | 40% | 37% |
| 2018 | 23 | 22% | 23% |
| 2017 | 8 | 33% | 36% |
| 2016 | 9 | 19% | 19% |
| 2015 | 14 | 35% | 36% |
| Period | | 33% | 35% |

Norway

| Year | Transactions, # | Bid premias (average) | |
|--------|-----------------|-----------------------|------------|
| | | Last close | 30d VWAP |
| 2024 | 8 | 27% | 27% |
| 2023 | 13 | 81% | 66% |
| 2022 | 7 | 52% | 56% |
| 2021 | 5 | 36% | 46% |
| 2020 | 6 | 22% | 30% |
| 2019 | 3 | 63% | 74% |
| 2018 | 6 | 31% | 32% |
| 2017 | 5 | 22% | 23% |
| 2016 | 6 | 39% | 41% |
| Period | | 41% | 44% |

Source: ABG Sundal Collier, company data

2024 bid overview: Sweden and Norway

| Ann. Date | Completion date | Target | ABGSC sectors | Acquiror(s) | Last close | 30d VWAP |
|------------|-----------------|-------------------|-------------------|--|------------|----------|
| 2024-12-15 | 2024-11-01 | Abliva AB | Healthcare | Pharming Technologies B.V. (Pharming Group N.V.) | 227% | 223% |
| 2024-11-20 | 2024-11-02 | Probi AB | Healthcare | Symrise AG | 42% | 31% |
| 2024-11-05 | 2024-11-03 | OEM International | Industrial | EQT (Oak BidCo S.à r.l.) | -12% | -7% |
| 2024-10-11 | 2024-11-04 | Nordic Paper AB | Business services | Strategic Value Partners (Coniferous Bidco AB) | 0% | -4% |
| 2024-09-27 | 2024-11-05 | Doro AB | TMT | Xplora Technologies | 38% | 35% |
| 2024-09-13 | 2024-11-06 | Tethys Oil AB | Oil and Gas | Roc Oil Company Pty Limited | 89% | 90% |
| 2024-08-29 | 2024-11-07 | Concentric | Industrials & ESG | Circle Bidco (AP Möller Maersk) | 62% | 49% |
| 2024-06-17 | 2024-12-02 | Resurs Holding | TMT | Ronneby UK Limited (CVC, Waldakt) | 41% | 37% |
| 2024-05-28 | 2024-09-03 | Calliditas | Healthcare | Asahi Kasei | 83% | 83% |
| 2024-05-13 | 2024-10-08 | OX2 | Industrials & ESG | EQT | 43% | 46% |
| 2024-03-25 | 2024-09-30 | Aw ardit | TMT | Polaris et. al. | n.a. | n.a. |
| 2024-02-02 | 2024-03-26 | Biokraft | Industrials & ESG | 1Vision Biogas | 2% | 0% |
| 2024-01-31 | 2024-03-28 | Besqab | Real Estate | Aros Bostadsutveckling | 44% | 37% |
| 2024-01-22 | 2024-10-28 | Kindred | TMT | Groupe FDJ | 24% | 35% |
| 2024-01-11 | 2024-02-12 | Pagero | TMT | Reuters | 138% | 146% |
| 2024-01-05 | 2024-04-22 | Byggfakta | TMT | Stirling Square; Macquarie, etc | 48% | 73% |

Sweden

| Ann. Date | Target | Acquiror(s) | ABGSC sectors | Deal type | Last close | 30d VWAP |
|------------|--------------------------------|---|-------------------|-----------|------------|----------|
| 2024-12-19 | Belships ASA | Blue Northern BLK Ltd ng & transportation | | Strategic | 29% | n.a. |
| 2024-12-19 | Crayon Group Holding ASA | SoftwareOne Holding AG | TMT | Strategic | 7% | 12% |
| 2024-09-16 | Shelf Drilling (North Sea) Ltd | Shelf drilling ltd | E&P & oil service | Strategic | 13% | 19% |
| 2024-08-21 | Beerenberg | Altrad Investment Authority SAS | E&P & oil service | Strategic | 12% | 17% |
| 2024-08-28 | Everfuel A/S | Swiss life AM | Energy | Financial | 53% | 48% |
| 2024-08-01 | ECIT AS | TowerBrook Capital Partners | TMT | Financial | 34% | 34% |
| 2024-07-08 | Volue ASA | Arendal Fossekompni ASA, Advent, Generation | TMT | Financial | 41% | 30% |
| 2024-01-03 | Totens Sparebank | SpareBank 1 Ostlandet | Financials | Strategic | n.a. | n.a. |

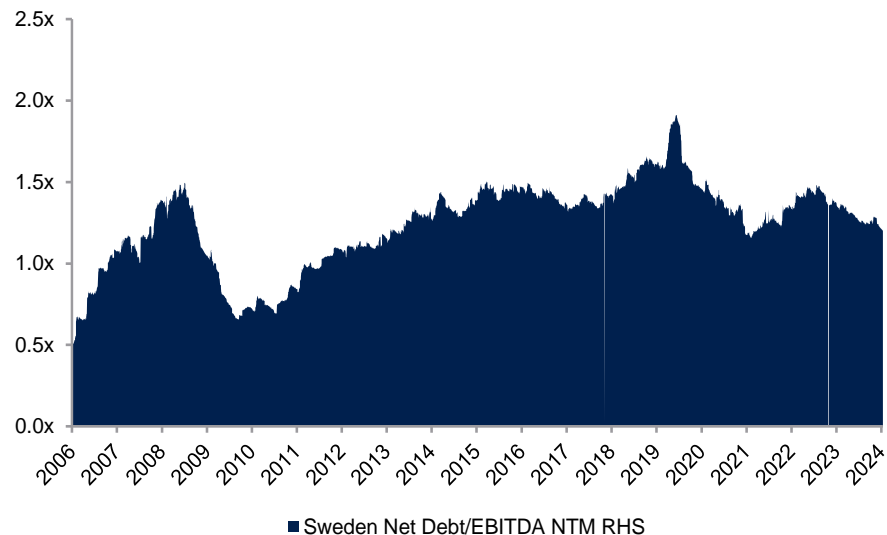
Norway

Source: ABG Sundal Collier, company data

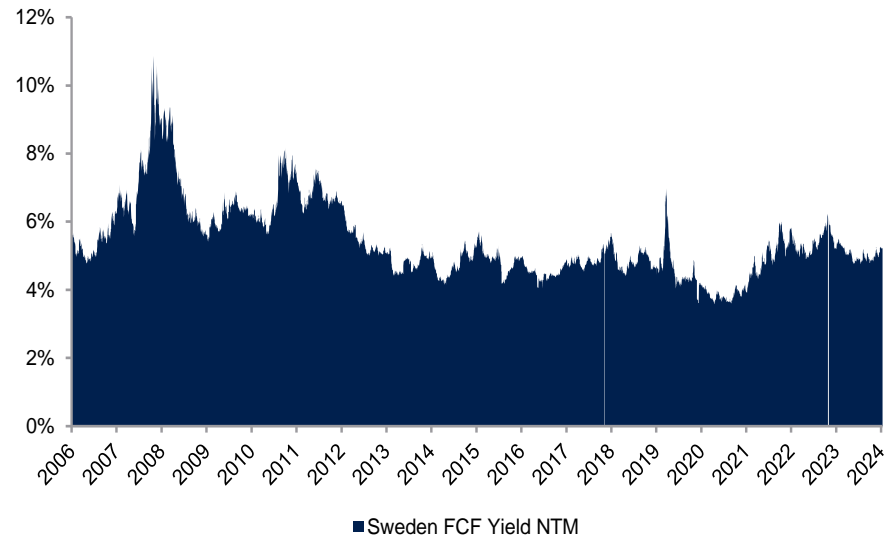
Nordic market overview: a setup for continued M&A activity

The current combination of a strong balance sheet and reasonable valuation should be supportive

Nordic balance sheet (Net debt/EBITDA)



...and the FCF yield around 5%

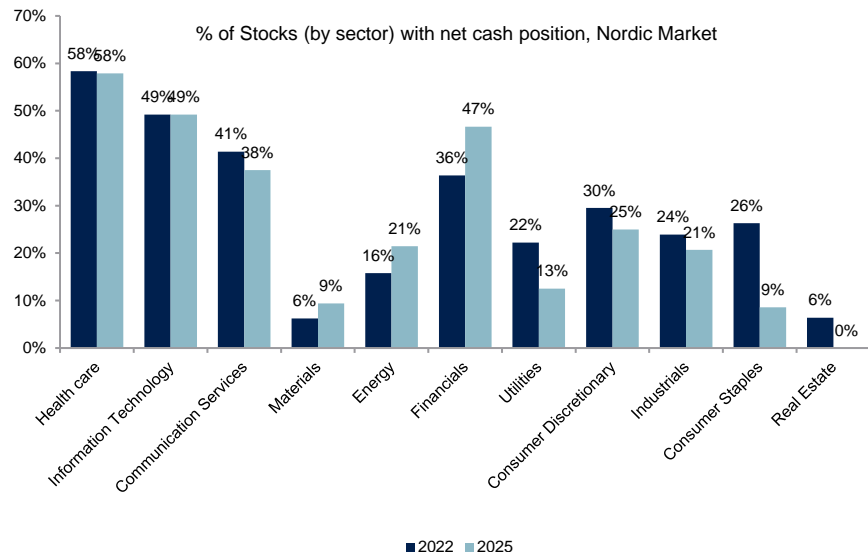


Source: ABG Sundal Collier, company data, FactSet, Thomson Reuters

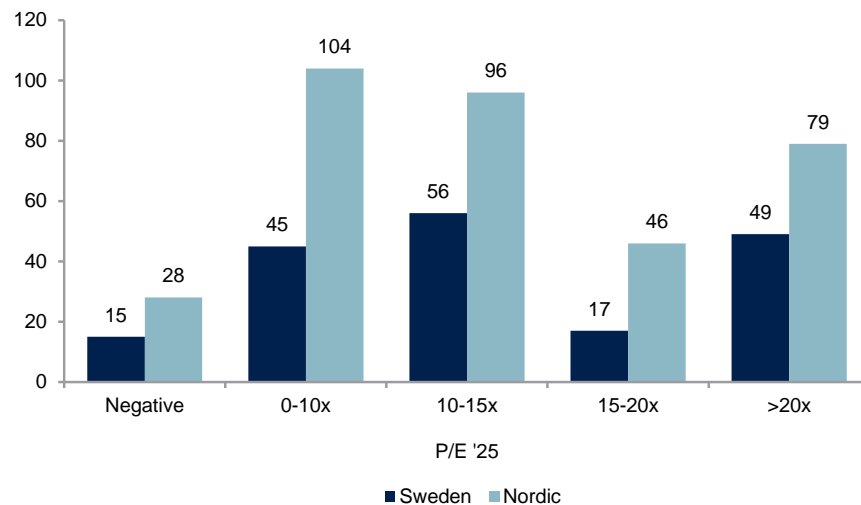
Nordic market overview: a setup for continued M&A activity

The current combination of high cash levels and reasonable valuation should be supportive

Technology and Financials, sectors with high cash levels



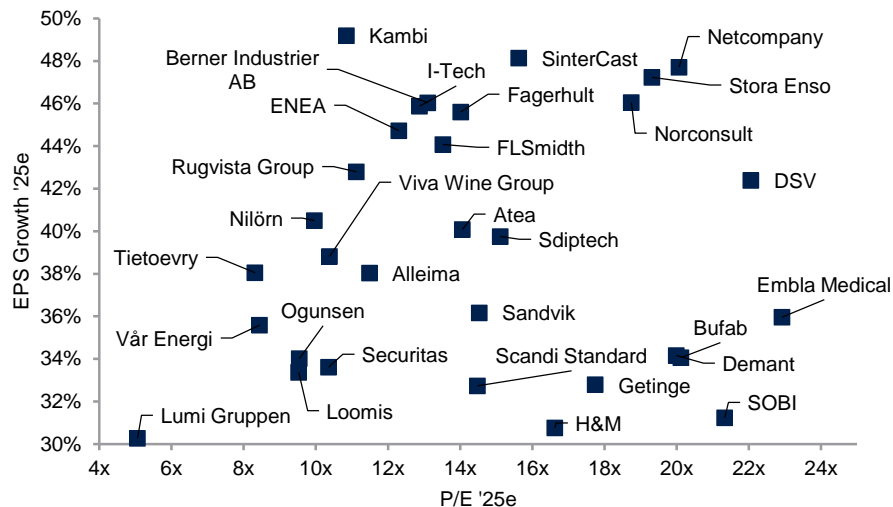
...and there are several companies with modest valuations



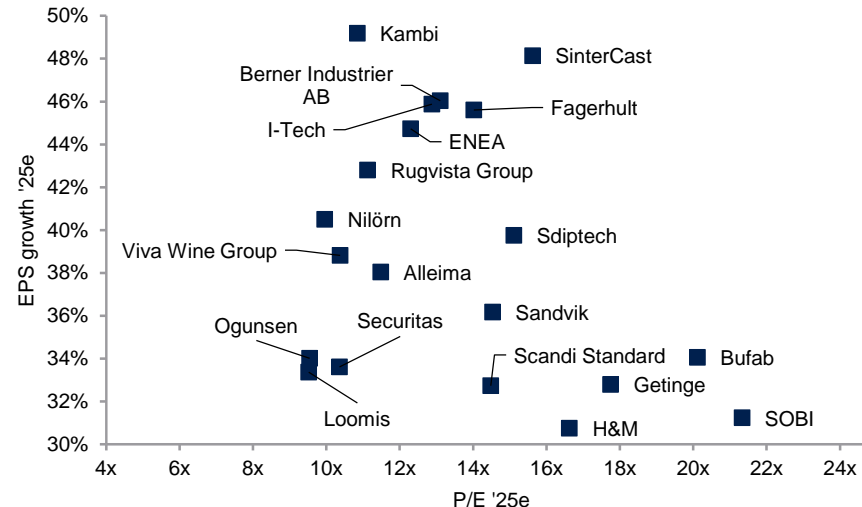
Source: ABG Sundal Collier, company data, FactSet, LSEG

Zooming in on the Nordic universe: valuation vs. growth

Valuation Nordic stocks '25e

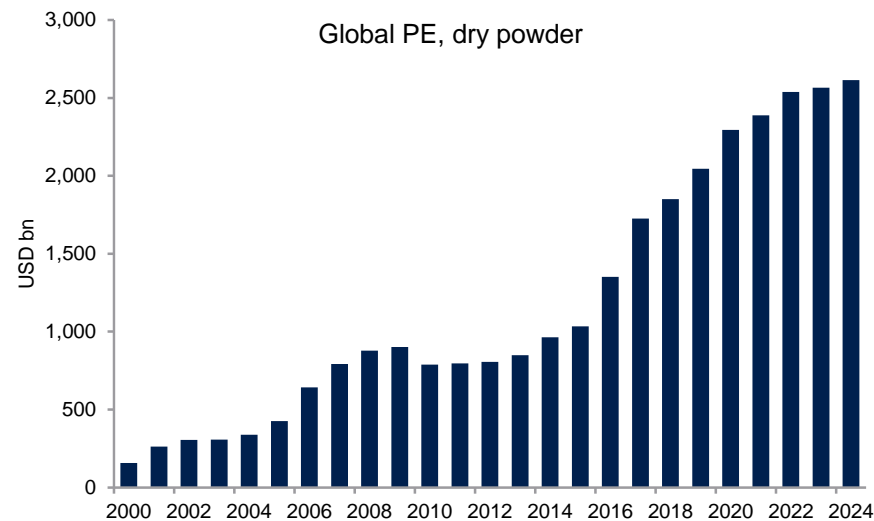
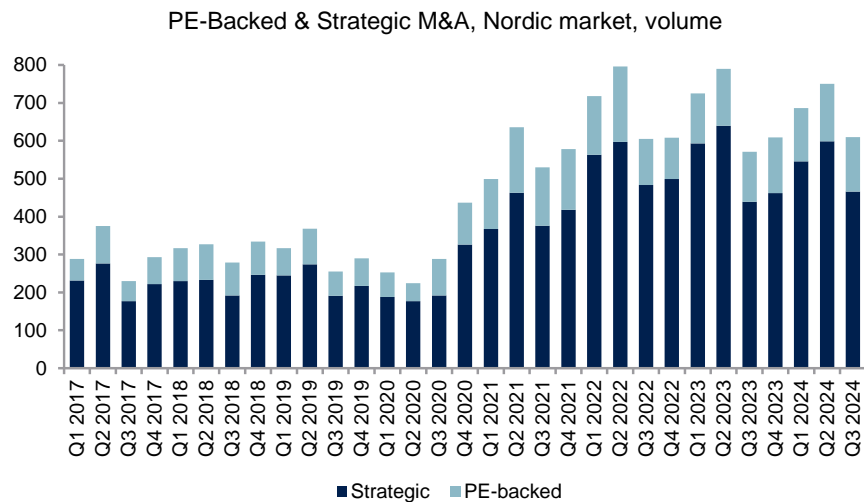
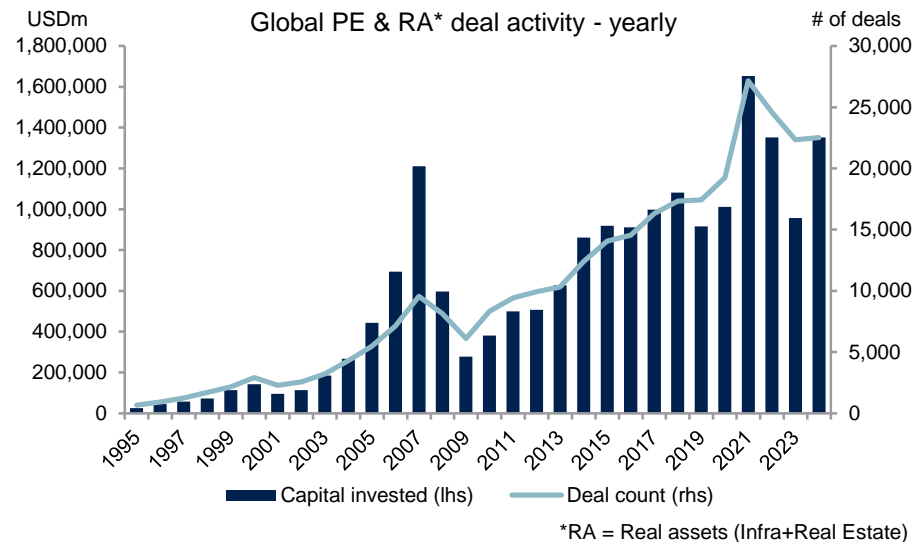


Valuation Swedish stocks '25e



Source: ABG Sundal Collier, FactSet

Supporting charts

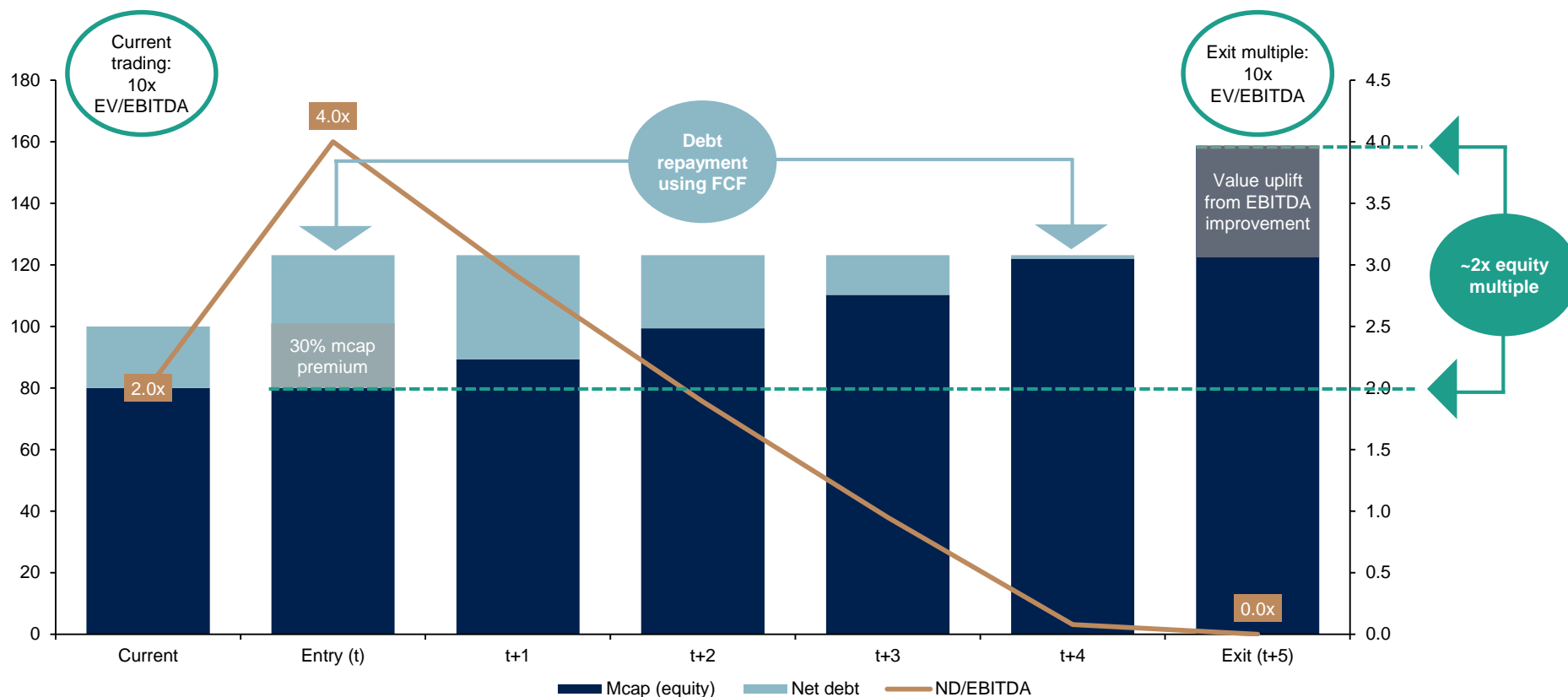


Source: ABG Sundal Collier, Pitchbook, S&P, Mergermarket

Value potential using lessons from the private equity model

In today's market, there should be opportunities to achieve long-term value through companies' FCF

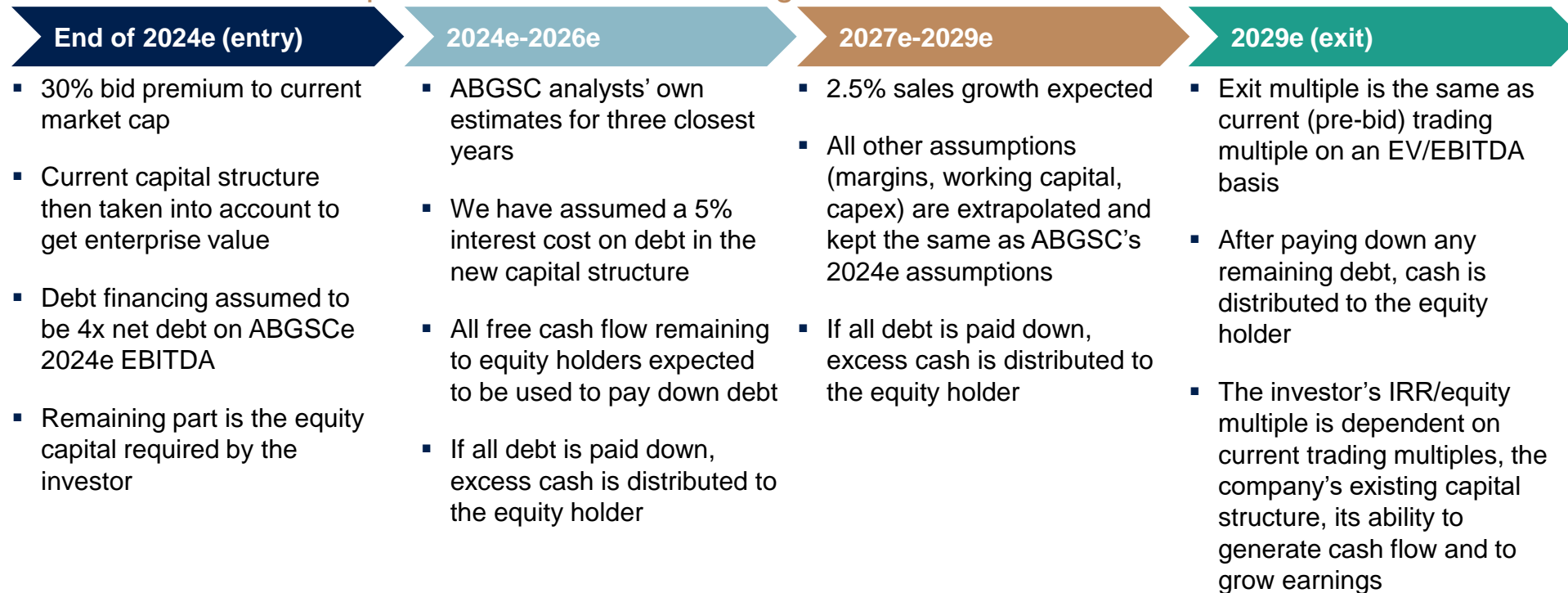
- Excluding gains from multiple uplifts, using only the companies' own FCF to pay down initial leverage of 4x ND/EBITDA, we should be able to find several attractive companies in our coverage that are trading at a low price in relation to future cash flows and EBITDA growth.
- For illustrative purposes, we show below how an attractive IRR/equity multiple can be achieved simply by leveraging the company's FCF potential. Roughly, achieving a return of 2x the initial equity investment equals a ~15% IRR over a five-year period.



Source: ABG Sundal Collier, Pitchbook, S&P, Mergermarket

ABGSC's simplified 'private equity' framework

Overview of the assumptions behind our screening model



A common IRR requirement among PE firms is 15-25%

Although a multitude of factors decide whether or not a company would be an attractive takeout candidate for a PE firm, we believe there should be several attractive ideas in our coverage

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