

Acquisitions MONTHLY

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ArosMaizels' star rises

Scandinavian giant starts M&A bank

Nordic Baltic Holding's investment banking operation, ArosMaizels, brings into play a major competitor in the Nordic region. Cherry Canovan looks at how ArosMaizels came into being and where it plans to position itself in the market.

The creation of giant Scandinavian bank Nordic Baltic Holding has also led to the formation of a new investment bank, ArosMaizels, which expects to be a major player in the region for M&A. ArosMaizels is being formed from MNB Maizels, MNB Securities and Aros Securities, and will have a staff of 470.

The development stems from Nordic Baltic Holding, the group created by the merger of MeritaNordbanken — itself formed from the Finnish Merita and the Swedish Nordbanken — and Unidanmark, the parent company of Unibank of Denmark. Nordic Baltic — which was expected to announce a change of name in early August — also hopes to buy Christiania Bank, or CBK, of Norway.

Meanwhile, MNB Maizels, which was formed from the corporate finance arms of Merita and Nordbanken together with corporate finance house Maizels Westerberg, has come together with Merita Securities, Nordbanken Securities and Aros Securities — part of the Unidanmark family — to form ArosMaizels. A joint venture between Aros Securities and Robert Fleming has been broken off as a consequence of the deal.

If Nordic Baltic succeeds in buying CBK, ArosMaizels would also benefit from having a strong Norwegian partner. Christiania Markets, the investment banking arm with some 80 staff, could be joined with ArosMaizels, say commentators. However, there has been some political opposition in Norway to the deal,

although the offer price was raised in June after the Norwegian government said it was willing to sell its 35% stake but that the previous offer was too low.

The new investment bank will have operations in Copenhagen, Stockholm, Helsinki, Oslo, London, New York and Tokyo, and says its ambition is to become the leading advisory-driven Nordic investment bank. A particular strength will be cross-border M&A transactions within the Nordic and northern European area.

Mark Florman, who was managing partner of Maizels Westerberg when it was an operation of 25 people and then joint chief executive of MNB Maizels, is now chief operating officer of ArosMaizels. "We have seen great growth — a small boutique has become something quite substantial," he says.

In terms of northern European M&A, ArosMaizels will face competition from both the global houses such as Morgan Stanley, Goldman Sachs and Deutsche, as well as from local operations such as Enskilda and Svenska Handelsbank.

"We are probably half-way between those two categories," says Florman. "The firm has been created by combining very strong businesses in Finland, Denmark and Sweden. Each is very strong on a domestic basis. We probably have a much stronger local position, certainly than any of the global houses, but also compared to our local competitors — some of which are only strong in one or two of the markets." He describes the firm as "multi-local".

ArosMaizels expects to be involved with deals of £20m upwards, with a typical deal being around the £100m to £200m mark. "We are currently very active in deals between the Nordic countries and the US, Britain,

Germany and France, sometimes acting for the seller and sometimes for the buyer," says Florman. "In the UK at the moment we have a very large share of the market for UK companies looking towards the Nordic region — it's a major business line."

The new investment bank is geographically rather than sectorally focused, and as a result tends to be strong in the sectors that are most important in the Nordic region, such as IT, technology,

telecoms, utilities, forestry and packaging, and services.

In the last three months it has been involved in major deals including advising Finnish Stora Enso on the sale of its power assets to Fortum; the value of the transaction was about £1.2bn. Other deals include advising Sodra of Sweden on the acquisition of Norske Skog's pulp business, and advising the Swedish KF Media on the sale of Bokus.com to Bertelsmann Online.