

PFA, PKA and Axcel acquire Danish Ship Finance

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PFA, PKA and Axcel have agreed to invest up to DKK 4.25 billion in Danish Ship Finance's A shares, thus securing a Danish ownership solution to further the company's strong progress.

The future ownership of Danish Ship Finance today fell into place, with principal shareholders Danske Bank A/S, Danmarks Nationalbank, A.P. Moller - Maersk A/S and Nordea Bank AB (publ) agreeing to sell their holdings of 72% of the company's share capital to a consortium comprising Axcel, PFA and PKA.

Peter Lybecker, chairman of Danish Ship Finance, comments: *"Together with the company, the principal shareholders have undertaken a broad and thorough strategic analysis and engaged in dialogue with various interested parties. I believe that Axcel, PFA and PKA will provide particularly strong ownership for Danish Ship Finance which can support the company and accelerate the development of its ship financing business to the benefit of employees, customers and other stakeholders."*

Danish Ship Finance has built up a strong position in ship financing in Denmark and abroad, and the new owners aim to develop it further in line with the existing strategy and under the existing management.

Peter Nyegaard, partner and CFO at Axcel, has the following to say: *"Danish Ship Finance is a well-run and healthy business, but for some time there has been a question mark over its future ownership. We have now found a solution where, together with PFA and PKA, we can continue its positive development, and we look forward to working with the company, its management and its other staff."*

PFA is also looking forward to the new ownership solution, as CFO Anders Damgaard explains: *"Danish Ship Finance is a strong business with a unique business model. They are specialists in their field, and their loss history and client list bear witness to a professionally run business with a good market position. This is a long-term investment that fits in well with our portfolios."*

PKA too has high hopes, as CIO Michael Nellemann Pedersen says: *"We believe that we can continue the good work already done at the company, and that Danish Ship Finance will benefit from its new ownership. We also see good potential for the company to increase its earnings once the market returns to calmer waters. We expect the investment to produce a good return for our members' pensions."*

The Danish Maritime Fund, which owns 10% of Danish Ship Finance, has announced that it wishes to remain part of the ownership of Danish Ship Finance.

The sale of the majority of the shares in Danish Ship Finance is conditional on approval from the Danish Financial Supervisory Authority and the relevant competition authorities and is expected to be completed in 2016.

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About the transaction

- The buyers of Danish Ship Finance are Axcel, PFA and PKA, which are together acquiring 72% of its share capital.
- As part of the transaction, the remaining holders of A shares in Danish Ship Finance will be invited to sell these shares at the same price and on the same terms as the principal shareholders. The offer for the remaining A shares is expected to be made in the first half of October 2016.
- The A shares acquired will be held by AXPP ShareCo A/S, owned equally by Axcel, PFA and PKA.
- The total purchase price for all A shares is DKK 4.25 billion. This will be financed through DKK 1.35 billion in equity, DKK 2 billion in hybrid capital and DKK 1 billion in senior debt (bridge financing), which is expected to be settled by declaring an extraordinary dividend.
- Danish Ship Finance's A shares account for 90% of its share capital, while its B shares, which are held by the Danish Maritime Fund, make up the remaining 10%.
- Following the transaction, a dividend payment of DKK 1 billion is expected to be made to AXPP ShareCo A/S and the remaining holders of A shares in order to ensure an appropriate capital structure for the overall group.

About Danish Ship Finance

Danish Ship Finance – Danmarks Skibskredit A/S – is a Danish financial institution that issues loans to Danish and foreign shipowners secured against their vessels. The company's vision is to be the most recognised and stable provider of financing for reputable shipowners. Ship financing requires a high degree of specialisation and expertise at every level, and the company's 70 employees currently manage a loan portfolio of around DKK 43 billion secured against some 450 vessels. The loan portfolio has broad exposure to numerous shipping segments and focuses on shipowners in Denmark and abroad with high credit ratings.

About Axcel

Founded in 1994 by a group of investors from Denmark's largest financial and industrial institutions, Axcel is a Nordic private equity firm focusing on mid-market companies and has a broad base of both Danish and international investors. Axcel has raised four funds with total committed capital of around DKK 10 billion. These funds have made 45 platform investments and more than 80 major add-on investments, and 37 companies have been sold or floated. Axcel currently owns eight companies with combined annual sales of around DKK 7.3 billion and some 5,000 employees.

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About PFA

PFA was founded in 1917 by a number of employer organisations as an independent company with the sole object of providing a secure financial future for employees and their families. With assets of around DKK 551 billion and some 800,000 members, PFA is Denmark's largest commercial pension provider. Around 10,000 businesses also have pension agreements with PFA.

About PKA

PKA is one of Denmark's largest pension providers. Its 275,000 members work for the community in hospitals, elderly care, social services and elsewhere, mainly in the public sector. PKA has DKK 250 billion invested on its members' behalf.

For further information

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The story of Danish Ship Finance and the Danish Maritime Fund

The Danish Ship Finance Fund was founded on 6 June 1961 by a consortium of Danish banks, insurers, shipowners, shipyards (represented by the relevant trade associations) and Danmarks Nationalbank (the Danish central bank). No capital was paid into the fund, but the consortium subscribed for the fund's guarantee capital.

The aim was to create a permanent source of finance for Danish shipowners and newbuildings from Danish shipyards, thus providing a sound financial footing for the further development of the Danish maritime industry – and this remains a key objective today.

Until the mid-1990s, the fund financed vessels built at Danish yards. Since 1997, and as the importance of the Danish shipbuilding industry has declined, the fund's mandate has gradually been extended to include financing vessels that are neither Danish-built nor Danish-owned.

In 2005 the regulatory framework for the fund was brought in line with that for other financial institutions under an agreement between the fund, the Danish Ministry of Economic and Business Affairs and Danmarks Nationalbank, and the fund was converted into a limited liability company: Danmarks Skibskredit A/S – Danish Ship Finance.

Capital of around DKK 8.3 billion was set aside as tied-up reserve capital to ensure that the company remains able to fund its lending activities. The company's share capital was DKK 333,333,334, of which 10% took the form of B shares, which were transferred to the newly formed Den Danske Maritime Fond – the Danish Maritime Fund. The B shares carry a preference dividend of 15% of Danish Ship Finance's post-tax earnings up to a maximum of DKK 83.3 million. In the event of the company being wound up, the DKK 8.3 billion in tied-up reserve capital is to be distributed to the Danish Maritime Fund.

The Danish Maritime Fund's object is to provide financial support for initiatives that help foster and develop Danish shipping and/or shipbuilding. This includes research, technological and product development, training, recruitment and other initiatives with a maritime focus.

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