

DANMARKS NATIONALBANK

16 MAY 2016

FOREIGN DIRECT INVESTMENTS, FLOWS, 1ST QUARTER 2018

Sale of Nets A/S increases FDI in Denmark

In the 1st quarter of 2018 the sale of Nets to foreign investors accounted for kr. 19.9 billion¹ of the total foreign equity investments in Denmark at kr. 20.3 billion. While the investments increased the inward investments, foreign investors' reduction of intercompany loans was a drag amounting to kr. 17.0 billion. The reduction was mainly related to liquidity management. Overall foreign direct investments, FDI, in Denmark amounted to kr. 3.3 billion.

Since 2005 foreign investors have conducted inward direct investments for kr. 195.6 billion. Equity investments amounted to kr. 233.0 billion while intercompany loans were a drag of kr. 37.4 billion. Thus inward direct investments have been driven

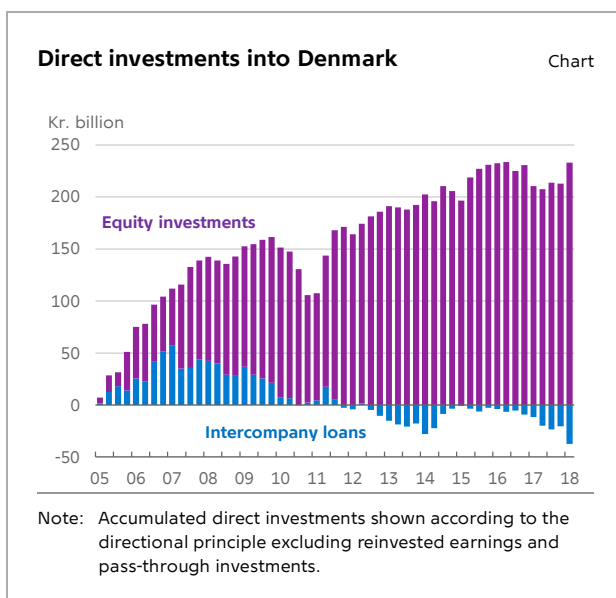
by equity investments while intercompany loans have hovered around zero.

The outward direct investments amounted to kr. 2.2 billion in the 1st quarter. Over the period since 2005 they have accumulated to kr. 611.6 billion. This reflects among other things continuous surpluses on the balance of payments.

Previous trades with Nets have also affected direct investments. In July 2014 foreign capital funds bought Nets. This contributed to positive inward direct equity investments. The capital funds listed the company in September 2016 which reduced the direct inward investments. Foreign investors acquired some of the shares and the inward portfolio investments countered the fall in direct investments. Some foreign investors sold their shares when Nets was sold in the beginning of 2018, lowering the inward portfolio investments.

The horizon for direct investments is typically longer than for portfolio investments and investors exercise a significant influence on the management of the company. The purpose of acquiring a company may be to create value through active ownership, e.g. because the investor has the expertise to develop the company.

[CLICK HERE FOR FURTHER INFORMATION](#)



¹ The price of Nets was kr. 33.1 billion. However 39.9 per cent of the shares were already direct investments before the sale. Statistically, direct investments are investments where foreign investors own at least 10 per cent of the equity, while owner shares below 10 per cent are portfolio investments.