

DANMARKS NATIONALBANK

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FOREIGN DIRECT INVESTMENT, FLOWS, 2ND QUARTER 2018

Acquisitions increase FDI in Denmark

During the latest year, foreign investors have been involved in acquisitions of several large Danish companies.

Among the latest trades was the acquisition of TDC in 2nd quarter of 2018. The buyer was a consortium consisting of three Danish pension funds and an Australian private equity fund. The latter owned half the consortium. In 1st quarter of 2018, an American private equity fund bought Nets. In addition, Maersk Oil was in 3rd quarter of 2017 sold to the French company Total.¹

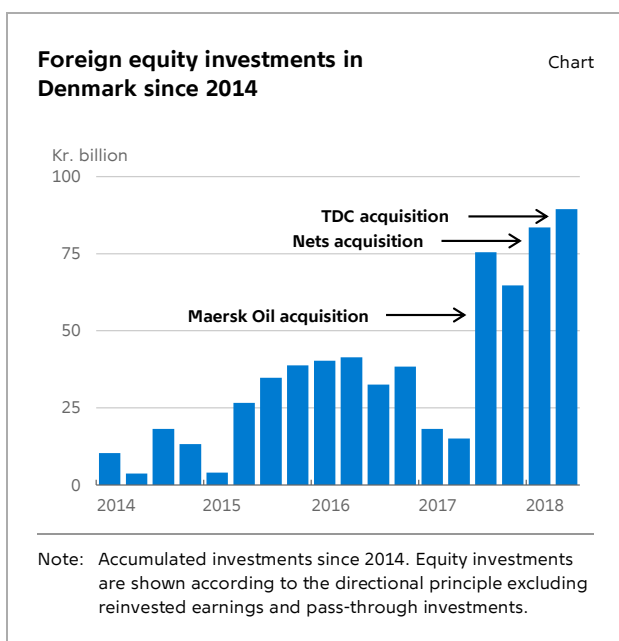
All three trades contributed to an increase in foreign equity investments in Denmark during the latest four

quarters, which amounted to kr. 74 billion. At the same time, foreign intercompany loans to Danish subsidiaries were reduced by kr. 25 billion. Hence, the total foreign direct investments in Denmark were kr. 49 billion.

Foreign acquisitions of Danish companies often generate considerable purchases and sales of Danish kroner against currency on the krone currency market. If the foreign buyer needs Danish kroner for the trade, there could be an increased purchase of kroner up to completion of the trade. Furthermore, if the traded company already has foreign owners, there could be a sale of kroner after completion of the trade.

Some of the latest year's acquisitions were settled in Danish kroner and generated considerable purchases and sales of kroner. However, these large transactions were absorbed by the krone currency market, and the krone rate remained stable during the period.

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¹ Maersk Oil changed economic ownership in 3rd quarter of 2017 and afterwards legal ownership in 1st quarter of 2018.