



Nordic Modular lays foundations for further growth

Working in partnership, 3i and Nordic Modular demonstrate how careful investment, experienced management and clear vision contribute to rapid value creation and profitability.

Based in Stockholm, Nordic Modular consists of three businesses involved in the construction, rental and leasing of pre-fabricated modular buildings. The company's Temporent division is responsible for renting out modules to be used for temporary offices, schools and nurseries, while Flexator manufactures pre-fabricated buildings which are used on a long term basis. The Nordic Modular Leasing division acts as a financing vehicle for customers.

Identifying an investment opportunity

3i began monitoring the construction sector in 2004 when director Lars Eric Blom learnt about Skanska Modul from a business acquaintance. Blom discovered that although Modul was a high quality business, Skanska, the parent company, was keen to sell the division as it didn't fit with its future plans. Due to lack of focus, for example there had been three different CEOs during the last three years, the business was on a downward trend.

Working with 3i associate Daniel Riazzoli, Blom used 3i's European network to his advantage and engaged with Modul's former CEO, Per Johansson, who was ultimately to become a vital part of the investment process and future CEO of Nordic Modular.

There was already a strong relationship in place with Skanska, formed in 2004 when another team from 3i purchased Coor Service Management. As a result of this, during the summer of 2005, the 3i investment team were granted exclusivity and completed the purchase transaction of Modul by the end of the year.



“I was very impressed with the way in which 3i was able to contribute so strongly to the growth of Nordic Modular in such a short space of time. The sale to Kungsleden gives the company an excellent platform for further growth.”

Per Johansson, former CEO, Nordic Modular

Creating a top class management team

The new business – renamed Nordic Modular, with Johansson as CEO, worked in partnership with 3i to build a team capable of growing and developing the company’s obvious potential. Through their contacts at Skanska, they were put in touch with Mats Mared, who had headed up the company’s construction division in Southern Sweden and had also been CEO of one of the largest property companies on the Stockholm Stock Exchange.

Mared was installed as an investing Chairman alongside Bill Tunbrant as Marketing Director. Tunbrant had been CEO of Cramo Instant, a leading competitor to Modular and as a result, the new team had unmatched industry experience – a real testament to the scope of 3i’s European People Programmes network.

Investing in sales and marketing

Using 3i’s investment funds, Nordic Modular grew sales and marketing significantly, building a new sales team of five and recruiting a dedicated sales person for the Norwegian market. A decision was also taken to target the government sector more aggressively; prices were raised and new management was brought in to boost the performance of the manufacturing division. As a result, the utilisation rate of the rental fleet increased from 60% to 90% one year ahead of plan. Furthermore, this rapid value creation led to profits rising from €13.9m in 2006 to €16.5m in 2007.

As Nordic Modular went from strength to strength, 3i began planning how they could realise their investment and position the company for further expansion. In the summer

of 2006, Swedish listed real estate company, Kungsleden purchased a smaller rival within the modular building sector. 3i’s investing Chairman, Mats Mared, knew the Chairman of Kungsleden and a decision was taken to approach the company to see if it was interested in acquiring Nordic Modular.

Market conditions were favourable, and on the basis that Kungsleden could continue the growth Nordic Modular had seen under 3i’s ownership, a sale was agreed in January 2007 for an enterprise value of €98m. Kungsleden acquired a company with a successful, growing business, whilst 3i made a 10x money multiple on its investment and an IRR of 790%.

For more information about Nordic Modular, visit: www.temponent.se



www.3i.com