



KESKO INVESTOR NEWS 23.8.2023 AT 9.00 AM

# Kesko acquires the Danish builders' merchant Davidsen and enters Denmark

**Kesko has agreed to acquire Davidsen Koncernen A/S, one of the largest builders' merchants in Denmark. The acquisition marks Kesko's first step into the Danish market and gives it a solid foothold in the local building materials market. It also further advances Kesko's objective of strengthening its market position in Northern Europe. The Davidsen family will remain as a 10% minority shareholder in the company.**

Kesko continues to implement its growth strategy in Northern Europe, where it is a leading operator in building and technical trade. The Davidsen acquisition is Kesko's first step into Denmark's sizable €5.7 billion building and home improvement market, which is more than 1.5 times the size of the Finnish market. The agreed debt-free enterprise value for 100% of the company is approximately €190 million (DKK 1,417.15 million), of which Kesko will now acquire 90%, which equals approximately €170 million.

Davidsen is a family-owned builders' merchant focusing especially on B2B customers. It is one of the largest building materials retailers with a market share of approximately 9% of the total Danish market and some 30% of the market in Southern Denmark. In 2022, the company's net sales totalled approximately €560 million (DKK 4.2 bn), with an EBITDA of €27 million and an EBIT €23 million (excl. IFRS 16 impact). Sales and profitability are expected to temporarily be below the 2022 level due to the economic downturn and lower construction volumes. The company has 23 stores in mainly Southern Denmark, of which 19 are owned by the company. The company has some 850 employees. Davidsen will continue operating under its existing brand and the current local leadership.

"An important part of Kesko's strategy is to grow our building and technical trade business in Northern Europe, especially in B2B trade. We have executed this strategy consistently and acquired many companies in Scandinavia. Acquiring Davidsen and entering the Danish market is perfectly aligned with our growth strategy. Our target is to consolidate the building and technical trade market further in Northern Europe and to be among the leading players in B2B trade in each operating country. The downturn is affecting the business, but at the same time it offers consolidation opportunities for an industrial operator like Kesko," says **Mikko Helander**, President and CEO of Kesko.

"Kesko has a solid track-record in acquisitions and the integration of the acquired companies. Even though the current business cycle in the Northern European construction market is challenging, this long-term investment gives us a solid foothold in the sizable Danish building materials market. The Danish market is not yet consolidated, and there is great potential for growth organically and through acquisition. The rationale behind the acquisition is strategic. However, the transaction offers some synergies in sourcing, selections and leveraging best-practices. Furthermore, we are very pleased that the Davidsen family is dedicated to developing and growing the business further together with Kesko," says **Jorma Rauhala**, President of Kesko's building and technical trade division and Deputy CEO.

The completion of the acquisition is subject to EU Commission's merger approval and fulfilment of certain other conditions. The transaction is expected to be completed in the first quarter of 2024 at the latest.

## Investor and media briefings

Kesko will arrange a virtual briefing in English for analysts and investors today 23 August at 11 am (Finnish time, EEST). Registration for the briefing is available at <http://kesko.videosync.fi/press-23-8-23>. Participants can submit questions via phone and chat during the briefing.

Kesko will arrange a briefing in Finnish for representatives of the media today 23 August at 12 noon (Finnish time, EEST) at its K-Kampus headquarters in Helsinki. Lunch will be served at the event. The briefing can also be attended virtually at <http://kesko.videosync.fi/mediatilaisuus-23-8-23>.

### Further information:

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*Kesko and K-retailers together form K Group, whose retail sales total around €16 billion. Kesko is one of the leading trading sector operators in Northern Europe and it employs approximately 45,000 people. Kesko operates in grocery trade, building and technical trade, and car trade. Its divisions and chains act in close cooperation with retailer entrepreneurs and other partners. Kesko's net sales total around €12 billion and it employs approximately 18,000 people. Kesko has approximately 1,800 stores engaged in chain operations in Finland, Sweden, Norway, Estonia, Latvia, Lithuania and Poland. Kesko's shares are listed on Nasdaq Helsinki. The company's domicile and main premises are in Helsinki. [www.kesko.fi](http://www.kesko.fi)*