



REVIEW OF KESKO'S BUILDING AND TECHNICAL TRADE

Case: Onninen and the green transition

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BUILDING AND TECHNICAL TRADE AS PART OF 'ONE UNIFIED K'



LEADING PLAYER IN BUILDING AND TECHNICAL TRADE IN NORTHERN EUROPE

Sales of €6.5 billion in 2022*, B2B accounts for over 80% of sales**

TECHNICAL WHOLESALE

onninen 

- Net sales €2,286 million
- Operating profit €173.7 million
- Operating margin 7.6%
- B2B: 100%

BUILDING AND HOME IMPROVEMENT TRADE

Rauta 

- Net sales €2,377 million
- Operating profit €127.5 million
- Operating margin 5.4%
- B2B: 67%
- B2C: 33%

BYGG 

BYGGMAKKER  

CSSEN
SENUKAI 

- Kesko Senukai joint venture
- Leading DIY operator in the Baltics, 70% DIY ***
- Kesko's share 50%
- Retail sales €1,221 million*

*Sales incl. retail and B2B sales in 2022 **excl. Kesko Senukai ***Kesko's estimate

KESKO'S BUILDING AND TECHNICAL TRADE DIVISION A LEADING OPERATOR IN NORTHERN EUROPE

NORWAY

Sales €1.5 billion



onninen

SWEDEN

Sales €700 million

onninen

BYGG

Rauta

FINLAND

Sales €2.9 billion

Rauta

onninen

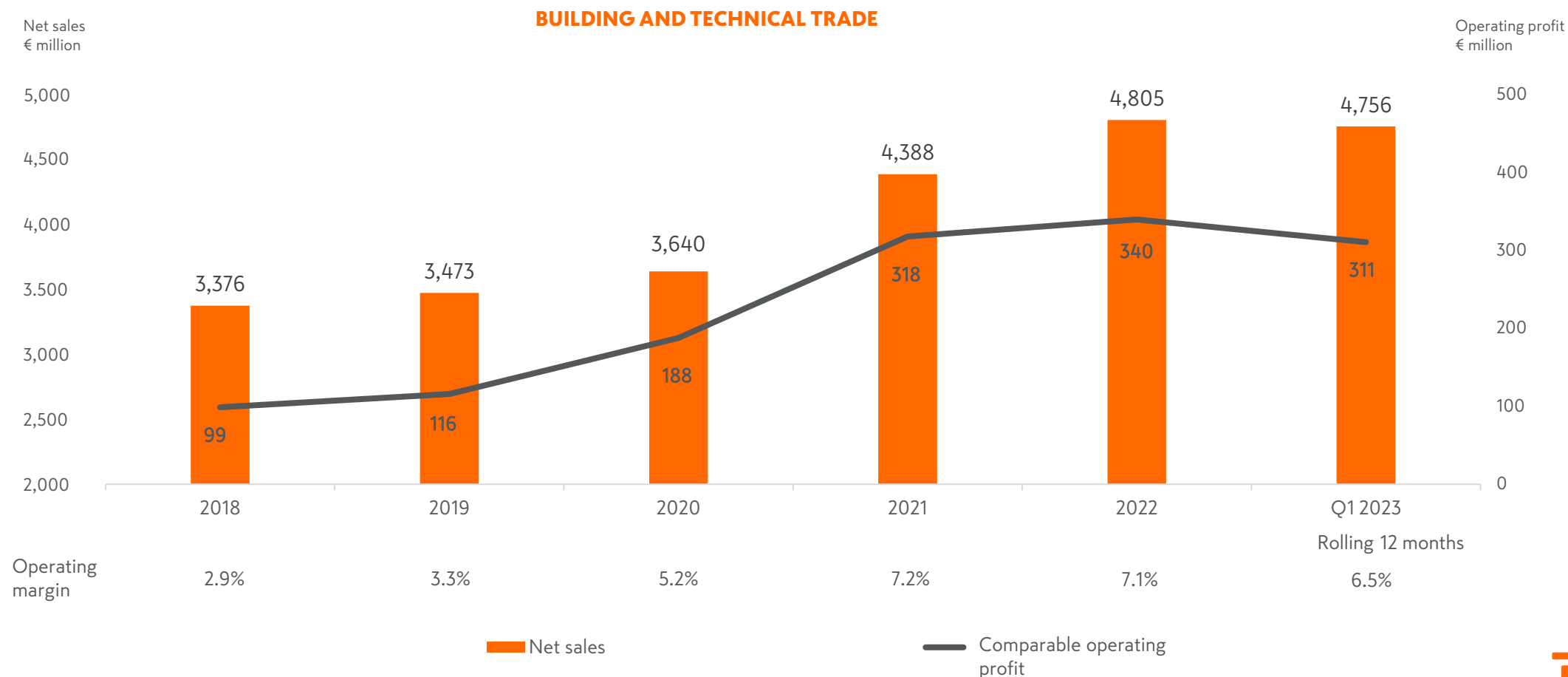
POLAND AND BALTICS

Sales €500 million

onninen



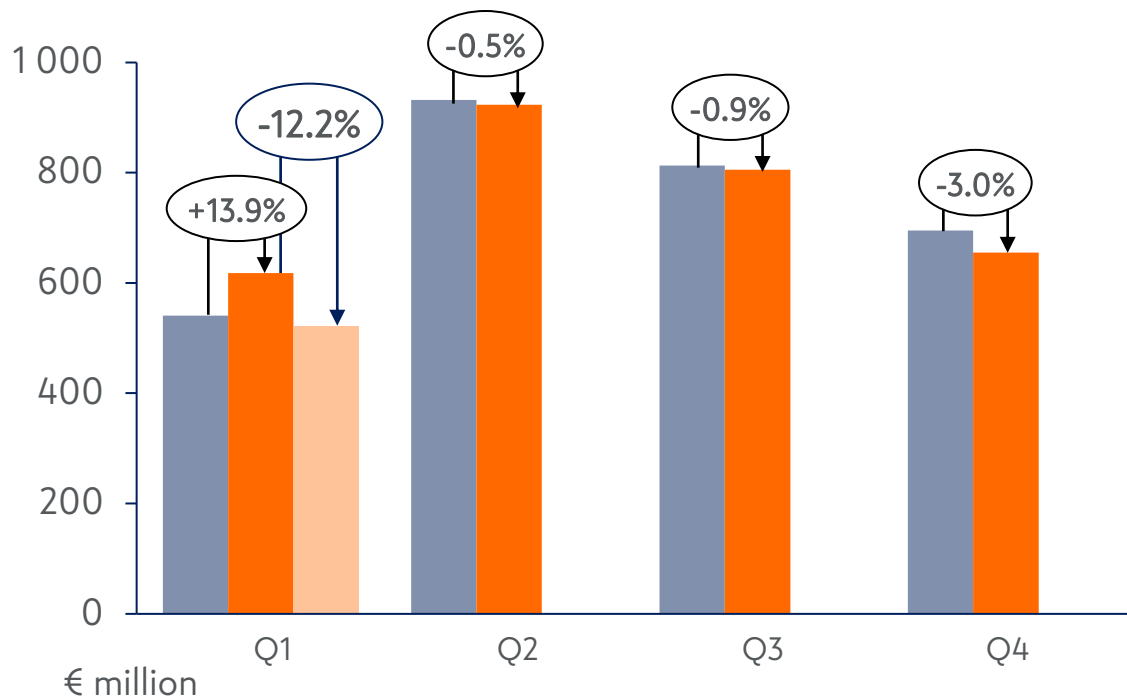
STRONG FOUNDATION FOR FUTURE GROWTH



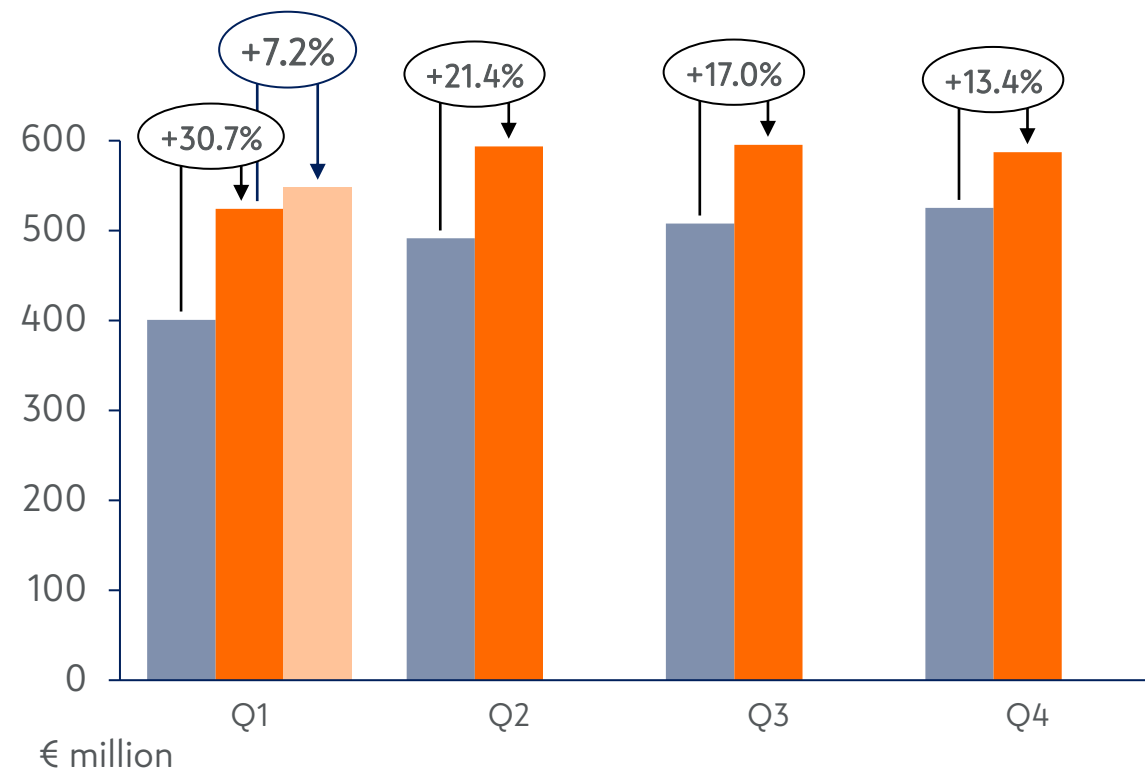
SALES IN BUILDING AND TECHNICAL TRADE: SLOWDOWN AFTER RECORD GROWTH



BUILDING AND HOME IMPROVEMENT TRADE



TECHNICAL WHOLESALE



A WIDE CUSTOMER BASE

Renovation building accounts for some 50% of sales



TECHNICAL WHOLESALER

B2B customers

- Technical contractors: heating, plumbing, air conditioning, electricity, refrigeration
- Infrastructure constructors
- Industry
- Resellers and other partners



BUILDING AND HOME IMPROVEMENT TRADE

B2B customers

- Construction firms
- Repair contractors
- Interior decoration contractors

Consumers

- Project customers
- Occasional customers

ONNINEN'S FOUR CUSTOMER SEGMENTS



Finland, Poland, Baltics,
Norway, Sweden

Building services engineering

Customers include HEPAC, electricity and refrigeration contractors and full-service building services engineering contractors, property management firms, and construction firms with own building services engineering contracting



Finland, Poland, Baltics,
Norway

Industry

Customers include manufacturing, equipment manufacturers and industrial contractors



Finland, Norway,
Sweden, Poland, Baltics

Infrastructure

Customers include water utilities and energy companies, public entities, cities and municipalities, electric power network, civil engineering and district heat contractors, and water cooperatives



Finland, Norway,
Poland, Baltics

Resellers

Technical product resale



Finland, Norway, Poland,
Baltics

Onninen Express stores

Most extensive store network in the business, 55+ stores for B2B customers from all segments

PROJECTS ONNINEN IS INVOLVED WITH IN OUR OPERATING COUNTRIES



SWEDEN: ÄLGKULLEN WIND FARM

Onninen delivering 48,000 metres of cables for the wind farm



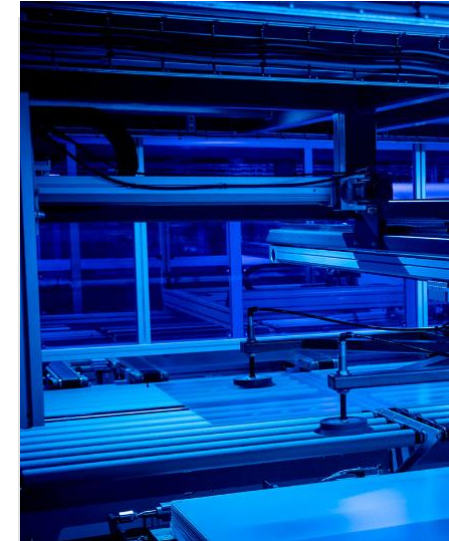
NORWAY: MØRE & ROMSDAL HOSPITAL

Onninen the main supplier for electrical products



FINLAND: MANNERHEIMINTIE RENOVATION

Onninen largely responsible for technical products and logistics services for the renovation of Helsinki's main street



FINLAND: SALO SOLAR

Onninen has delivered a significant part of electro technical automation products for the solar panel production line

ONNINEN – GREEN TRANSITION IN PRACTICE



EU-LEVEL REGULATION ACCELERATING ENERGY RENOVATION FURTHER



Buildings account for some 40% of energy consumption within EU, and 36% of CO₂ emissions.*
80% of the buildings we will have in Europe in 2050 have already been built.**



EU has ambitious climate targets – renovating buildings to make them more energy-efficient is one the main means of achieving the targets



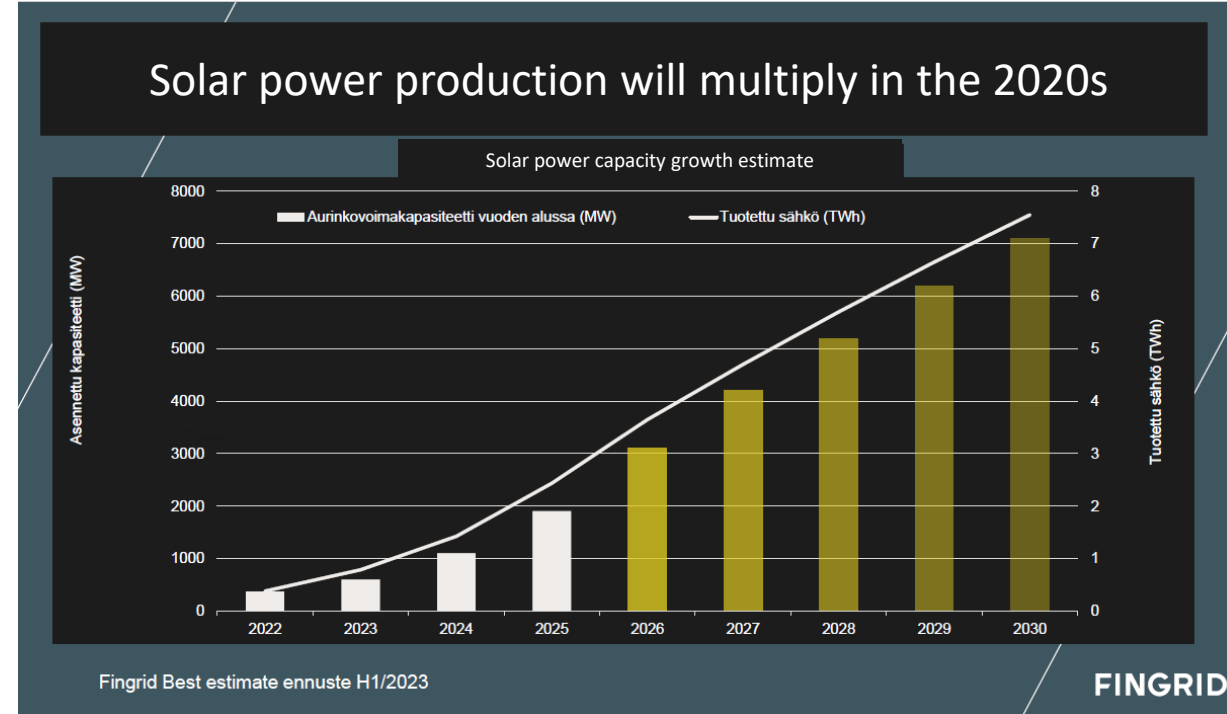
EU currently revising the Energy Performance of Buildings Directive (EPBD)***

*European Climate Foundation **Climate Group ***European Parliament

ONNINEN AND SOLAR POWER IN FINLAND

SOLAR POWER GROWING FAST

- Solar power production capacity expected to increase ten-fold by 2030*
- Operators at industrial scale prepared to invest more than €10 billion in production in upcoming years **
- Annual number of new systems for private houses expected to exceed 50,000 in 2025***



TRENDS: HYBRID PARKS AND MORE INTERNATIONAL OPERATORS

- More hybrid plants combining solar and wind power
- Power plant sizes growing
- A shift from roof-mounted to ground-mounted panels
- International global operators entering the Finnish solar power market
- Ongoing shift towards a more diversified energy system – growing need for storage



BENEFITS OF SOLAR POWER IN FINLAND

- Cool climate enables better energy generation
- Long summer days ideal for ground-mounted double-sided panels – energy production may rise to a very good level
- Finns are familiar with solar power – summer cabins without electricity host a significant number of solar panels
- Finns want to ensure security of supply and self-sufficiency



ONNINEN'S OFFERING IN SOLAR POWER

Finland's biggest importer of solar power systems

Offers solar power related products in all 7 operating countries

End-users include consumers, properties, energy companies and industry

Onninen offers both products and services:



Solar panels, inverters, energy storage and mounting systems (ground, wall and rooftops)



Safety switches, connectors, signage, line protection, grounding



Helping customers with consultation and planning



Technical support, advice, after-sales

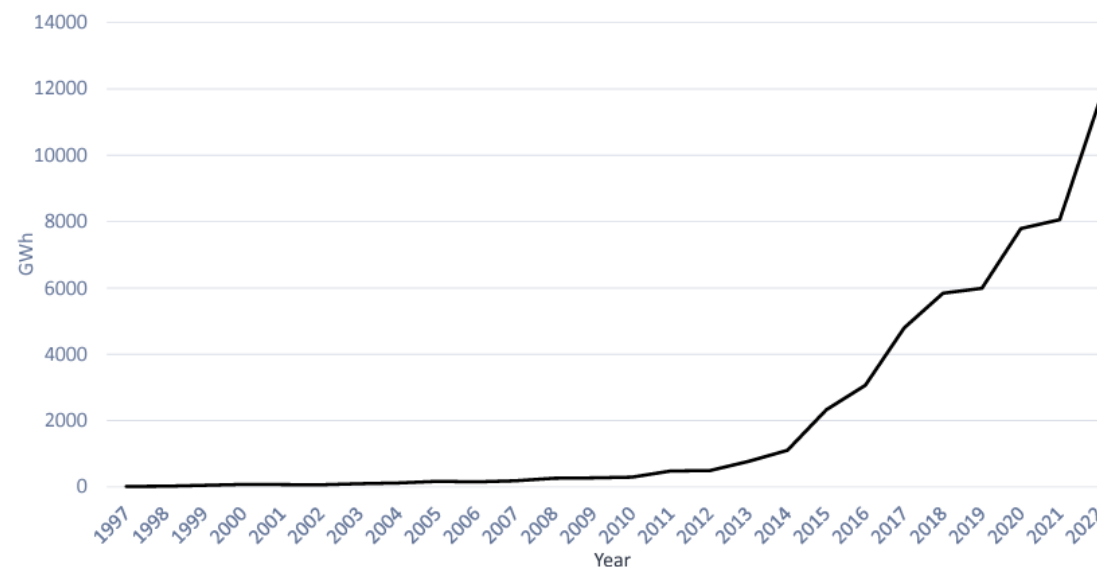
ONNINEN AND WIND POWER IN FINLAND

SIGNIFICANT GROWTH IN WIND POWER

2022 a record-year in Finland:

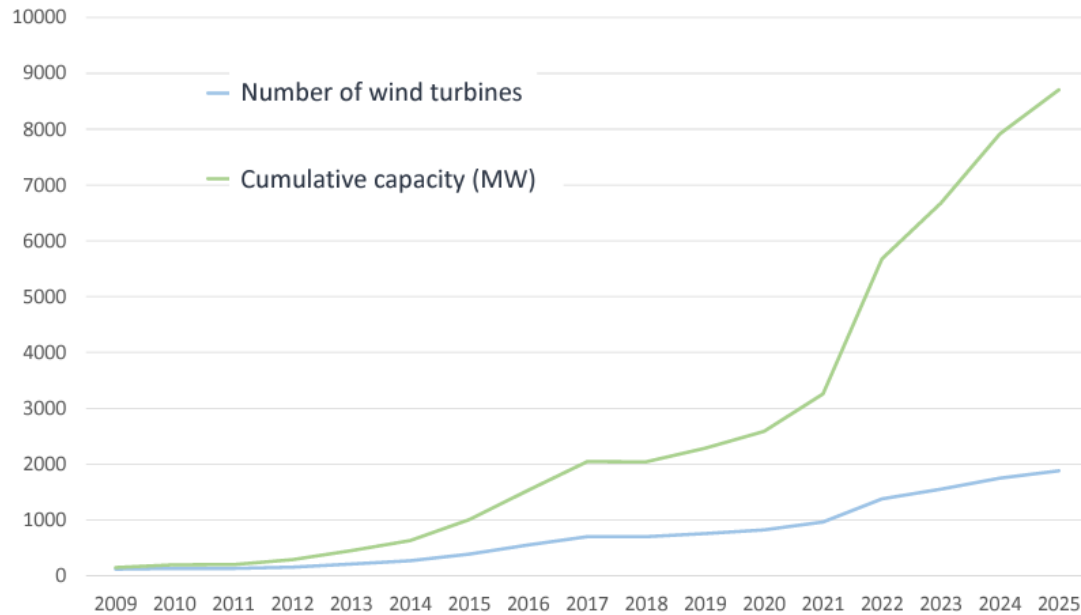
- Wind power capacity: **+75%**
- New capacity built: **2,430 MW**
- New wind power plants built: **437**

Annual Wind Power Production (GWh)



GROWTH PREDICTED TO CONTINUE

Wind Farms coming online between 2009–2025



Investment decision of the capacity listed for 2023-2025 has been published prior to 4th of January 2023

- Annual wind power capacity additions to settle at some 1,000 MW in the next few years*
- Projects built in 2022-2025 translate to over €6 billion investments across Finland*
- Wind power plant capacity estimated to rise to some 9,500 MW by 2025, and to 18,000 MW by 2030**

Sources: * Finnish Windpower Association ** Onninen's estimate, based on estimates published by Fingrid

WHY IS WINDPOWER GROWING SO FAST?



CLIMATE TARGETS

Finland is targeting carbon neutrality by 2035: this requires acceleration in building new wind power plants



COST EFFICIENCY

Wind power is already the most cost efficient means of generating renewable electricity



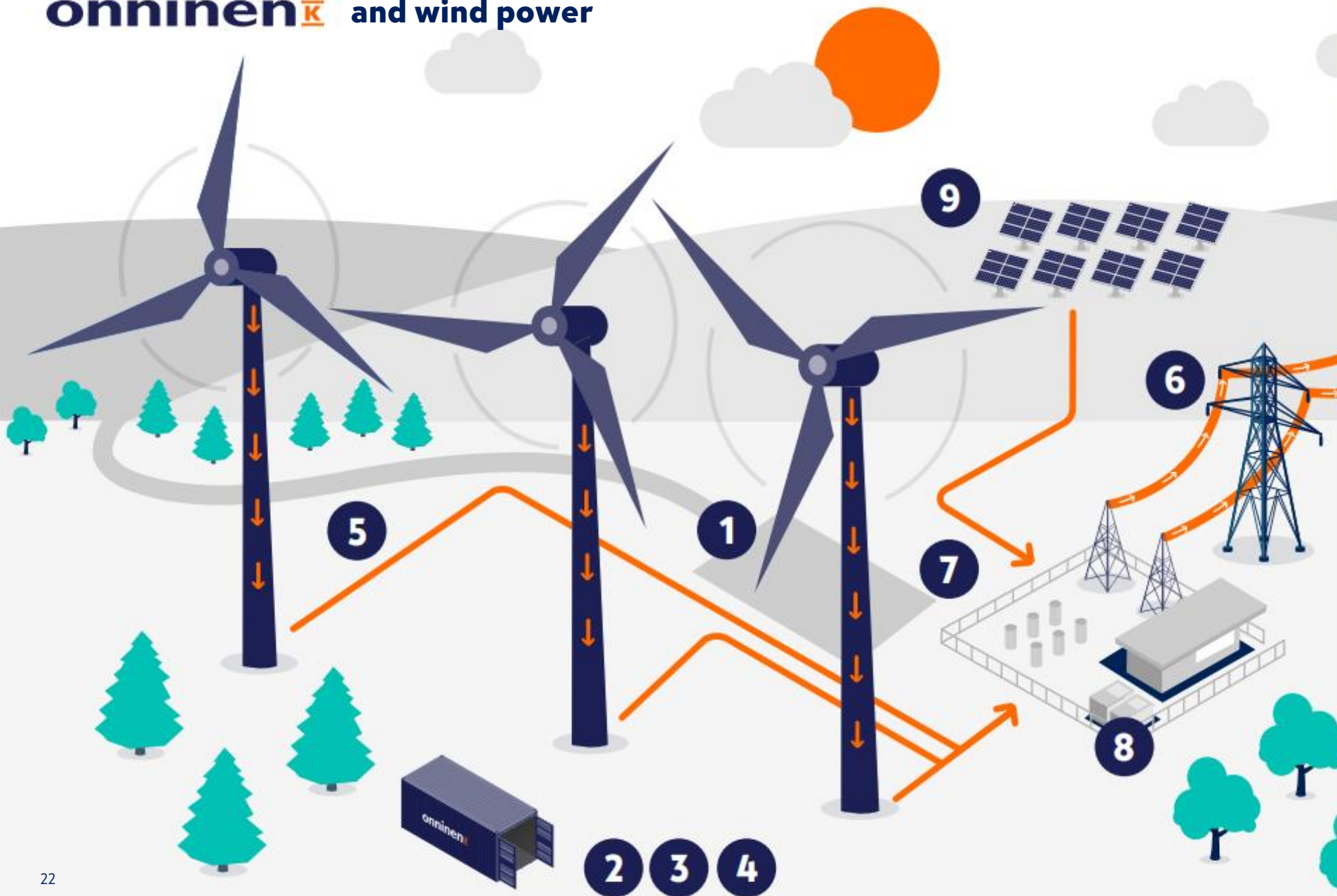
FINANCIAL IMPACTS

Wind power brings millions of euros in investments to Finland, and as a diversified form of electricity production the benefits are distributed across the country

WIND POWER PLANTS START GENERATING ELECTRICITY FAST – AND FOR A LONG TIME

- Technical life of a wind power plant approximately 25 years, 30 for newer plants
- In just 5-8 months, a wind power plant generates as much energy as it takes to mine the raw materials for the plant and build, transport, use and disassemble the plant
- Increasingly, solar power plants are being built next to wind power plants – the plants complement each other





Comprehensive product selection



1. Excavation
2. Site huts and building materials
3. Service warehouse
4. Tools
5. 36kV medium voltage products
6. 110kV high voltage products
7. Substation products
8. Tele products
9. Solar power

ONNINEN AND EV CHARGING



SALES OF CHARGING STATIONS GROWING IN STEP WITH ELECTRIC CAR SALES

- Sales growth in EV charging stations firmly tied to the registration of new rechargeable cars
- Finland lags behind other Nordic countries in the electrification of vehicle stock
- In 2022, the number of rechargeable cars in Finland grew by some 51,000, while some 26,000 charging stations were sold

	Q1/2022	1 year		Q1/2023
Electric vehicles	111 832	+51 687	+46%	163 519
Full electric vehicles (BEV) 	27 559	+25 450	+92%	53 009
Rechargeable hybrids (PHEV) 	84 273	+26 237	+35%	110 510

27.4.2023 Sähköinen liikenne ry Traficom

ONNINEN OFFERS A WIDE SELECTION OF CHARGING EQUIPMENT

Onninen offers an extensive selection of EV charging equipment and installation products

Charging equipment



- Home charging equipment
- Semi-public charging equipment (for e.g. workplaces)
- Public charging equipment

Charging equipment power supply



- EV charging distribution pillars
- Current cables, data cables and combinations
- Energy meters and RCDs
- Circuit breakers

Installation and accessories

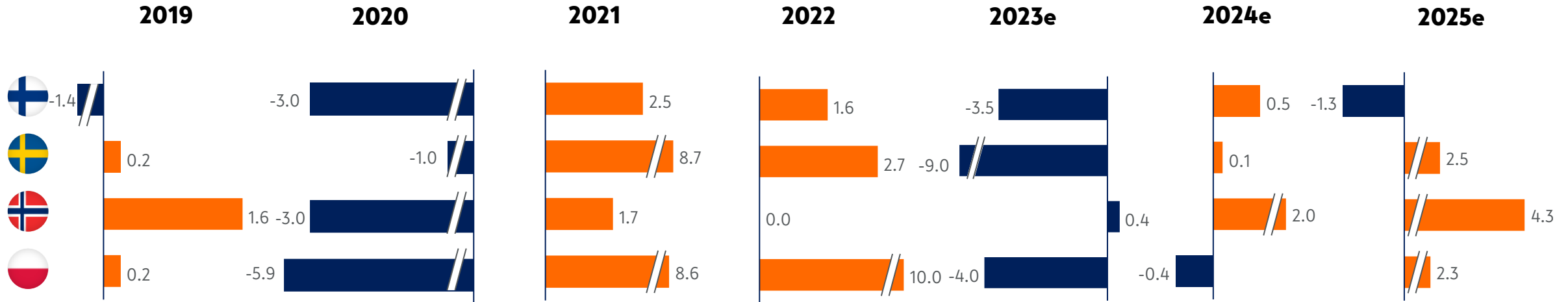


- Pedestal columns and accessories
- Bollards
- Concrete foundations

CONSTRUCTION MARKET AND MEGATRENDS

FORECON: CONSTRUCTION VOLUMES IN THE NORDICS AND POLAND

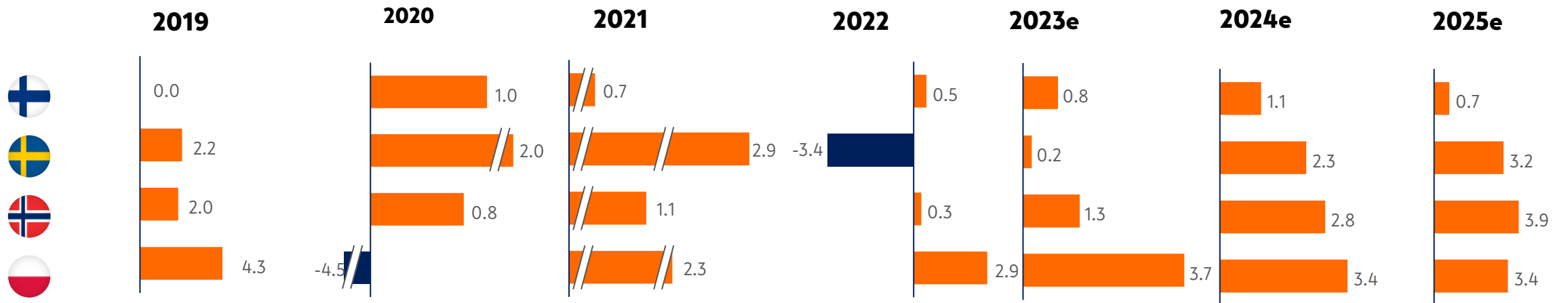
Change in construction volumes, %



Source: Forecon 'Economy and construction summary', April 2023, incl. new construction and renovation building and municipal engineering

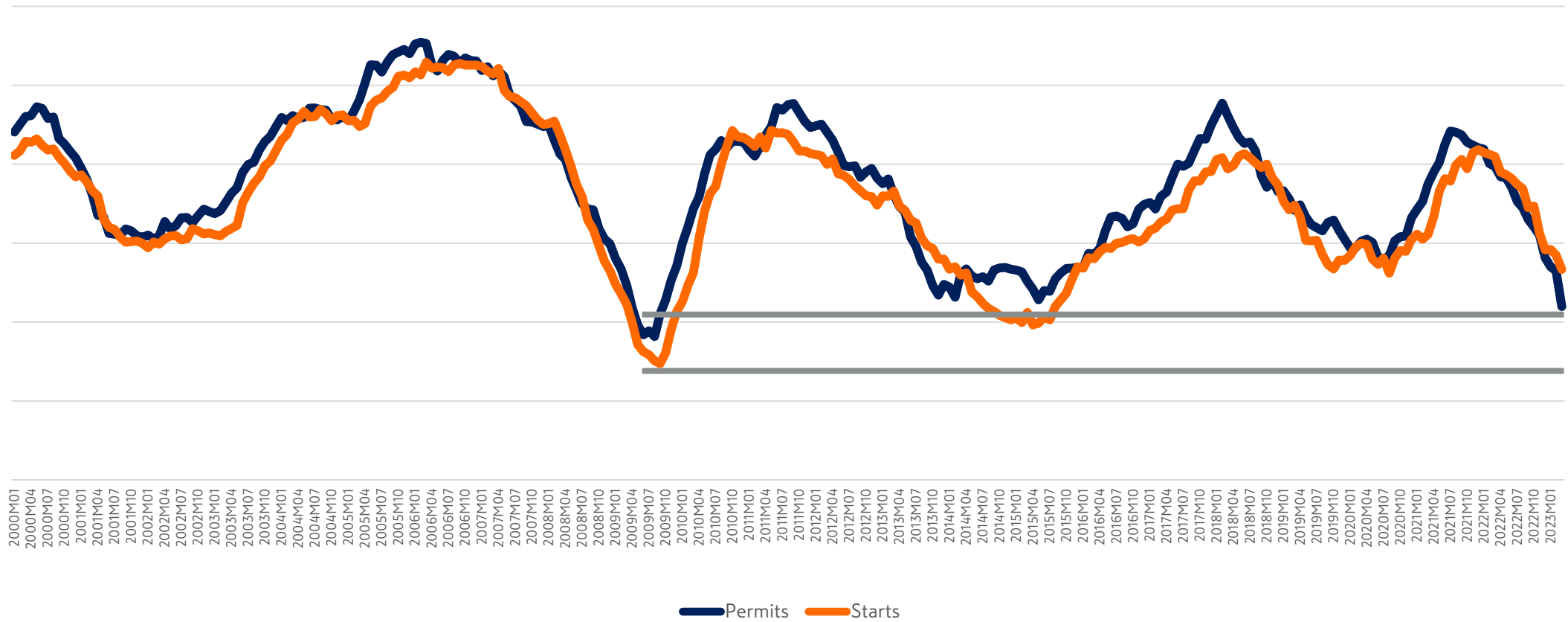
FORECON: RENOVATION BUILDING VOLUMES IN THE NORDICS AND POLAND

Change in renovation building volumes, %



Source: Forecon 'Economy and construction summary', April 2023, incl. only renovation building

HOUSING CONSTRUCTION IN FINLAND SINCE 2000



KEY MEGATRENDS HAVE A STRONG IMPACT ON THE DIVISION'S PROGRESS



Market consolidation continues



Urbanisation



Repair and investment debt



Green transition, incl. emissions targets and energy efficiency requirements



Growing role of professionals



Growing importance of technology and digitalisation

PRODUCTS RELATED TO THE GREEN TRANSITION AND ENERGY EFFICIENCY ACCOUNT FOR 35% OF SALES



Solar panels



Ground and air source heat pumps



EV charging



Wind power and infrastructure construction



Ventilation



Insulation



Water-efficient products



Energy-efficient lighting

A woman with her hair in a ponytail, wearing a dark jacket and pants, is kneeling in a warehouse aisle. She is holding a large roll of material, possibly insulation or fabric, and looking at it intently. The warehouse is filled with tall metal shelving units on both sides, stacked with various materials. The entire scene is bathed in a warm, orange light, creating a monochromatic effect. The text 'WE CONTINUE THE EXECUTION OF OUR GROWTH STRATEGY' is overlaid in large, white, bold, sans-serif capital letters across the center of the image.

WE CONTINUE THE EXECUTION OF OUR GROWTH STRATEGY

STRONG TRACK RECORD IN SUCCESSFUL ACQUISITIONS

NORWAY :

Elektroskandia 2023
Seljord Elektriske 2022
Carlsen Fritzøe Handel 2020
Reidar Flokkmann 2020
Sørbø 2019
Skattum 2018
Gipling 2018

SWEDEN:

Zenitec 2023
XL-Bygg Bergslagen 2022
Föllinge Såg 2022
Djurbergs Järnhandel 2022
Kungälv's Trävaruhus 2022
Byggarnas Partner 2021
Bygg & Interiör 2020
Mark & Infra (MIAB) 2020
Oskar Harju 2019
Fresks Group 2019

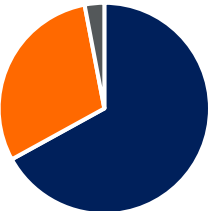
BALTICS: 1A Group 2018

 FINLAND: Onninen 2016

BUILDING AND TECHNICAL TRADE CUSTOMER STRUCTURE TODAY

FINLAND

Technical wholesale



■ HEPAC ■ Electrical ■ Other

Building & home improvement trade



■ B2B trade ■ B2C trade

SWEDEN

Technical wholesale



■ HEPAC ■ Electrical ■ Other

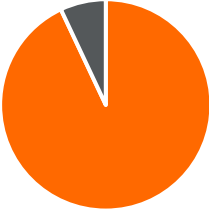
Building & home improvement trade



■ B2B trade ■ B2C trade

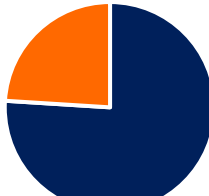
NORWAY

Technical wholesale



■ Electrical ■ Other
incl. Elektroskandia Norge

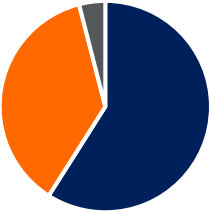
Building & home improvement trade



■ B2B trade ■ B2C trade

POLAND & BALTICS

Technical wholesale



■ HEPAC ■ Electrical ■ Other

Building & home improvement trade



■ B2B trade ■ B2C trade

BALTICS

Building & home improvement trade



■ B2B trade ■ B2C trade



TECHNICAL WHOLESALE

PLENTY OF FURTHER GROWTH POTENTIAL

Total market size €23 billion



Market size 2021 (€ bn) **2.8**

Share of current operating market (2022) **41%***



Market size 2021 (€ bn) **5.4**

Share of current operating market (2022) **11%****



Market size 2021 (€ bn) **3.5**



Market size 2021 (€ bn) **2.8**

Market share **44%**



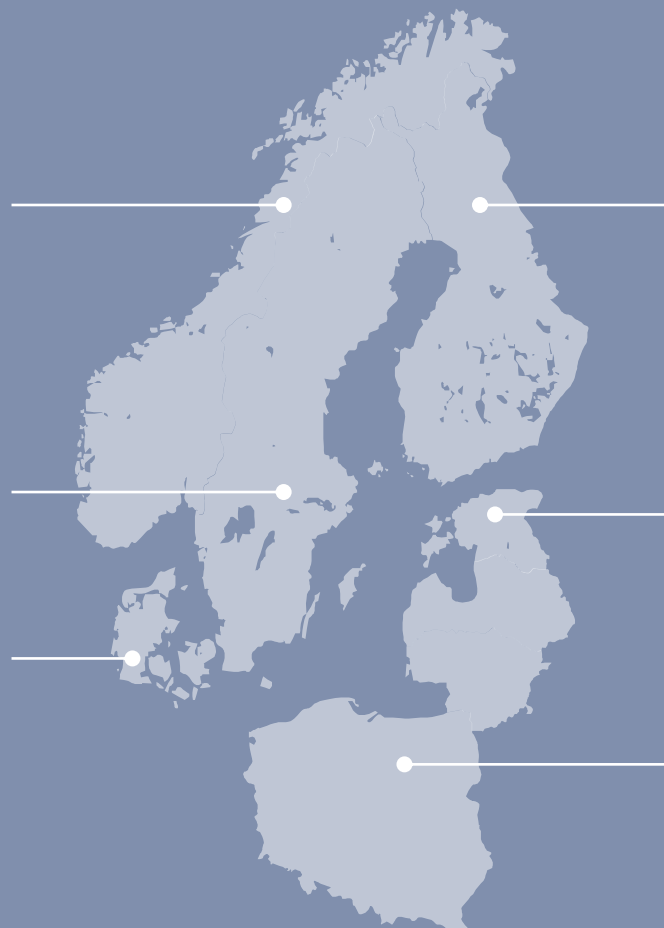
Market size 2021 (€ bn) **2.1**

Market share **~10%**



Market size 2021 (€ bn) **6.7**

Market share **5%**



BUILDING & HOME IMPROVEMENT TRADE

MULTIPLE ACQUISITIONS COMPLETED – FURTHER GROWTH POTENTIAL

Total market size €25 billion

	B2B	B2C
Market size 2022 (€ bn)	4.2	2.0
Market share	13 %	

	B2B	B2C ¹⁾
Market size 2022 (€ bn)	4.4	2.9
Market share	8 %	

	B2B	B2C
Market size 2021 (€ bn)	5.0	



	B2B	B2C
Market size 2022 (€ bn)	2.3	1.4
Market share	45 %	

	B2B and B2C
Market size 2022 (€ bn)	2.8
Market share (2021)	17 %, 19 %, 40 %

STRATEGIC FOCUS AREAS



Executing country-specific strategies



Proactive sales
and
sales management



Improving
digital
customer experiences



Utilising synergies
within and between
operating countries



Organic growth and
profitability
improvement



Targeted
acquisitions



Enabling sustainable
choices for
customers
by promoting change
throughout the value
chain

THANK YOU!

