



KESKO ACQUIRES THE DANISH BUILDERS' MERCHANT DAVIDSEN AND ENTERS DENMARK

Mikko Helander
President and CEO
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KESKO ACQUIRES THE BUILDERS' MERCHANT DAVIDSEN IN DENMARK

- Kesko acquires 90% of the family-owned Davidsen A/S
- Kesko's debt-free purchase price for a 90% ownership is approx. €170 million
- The Davidsen family continues with a 10% ownership and will support the company's development and growth
- Davidsen's net sales in 2022 totalled €560 million and the company is focused on B2B customers
- 23 stores, of which 19 are owned by the company
- The company has some 850 employees



Davidsen Aahlborg

KESKO AND K GROUP – A LEADING TRADING SECTOR COMPANY IN NORTHERN EUROPE WITH SALES OF OVER €16 BILLION

GROCERY TRADE



BUILDING AND TECHNICAL TRADE

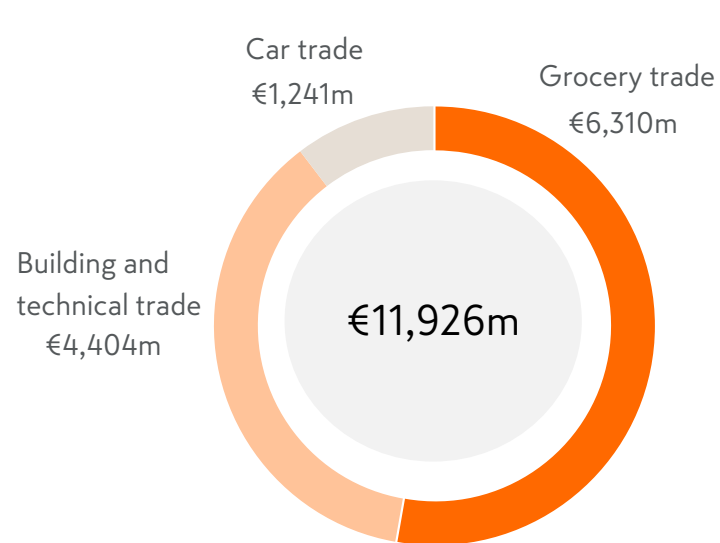


CAR TRADE

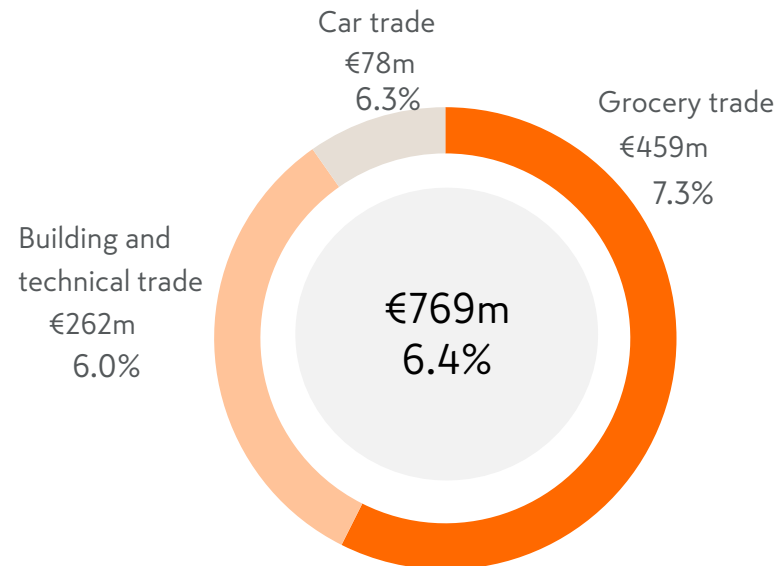


KESKO KEY FIGURES

NET SALES



OPERATING PROFIT



A WELL-PERFORMING STRATEGY

GROWTH STRATEGY

FOCUS:



GROCERY TRADE



BUILDING AND
TECHNICAL TRADE



CAR TRADE

ONE UNIFIED



CUSTOMER EXPERIENCE

DIGITALISATION

SUSTAINABILITY

THE RIGHT STRATEGIC CHOICES

Over 40 transactions to boost growth

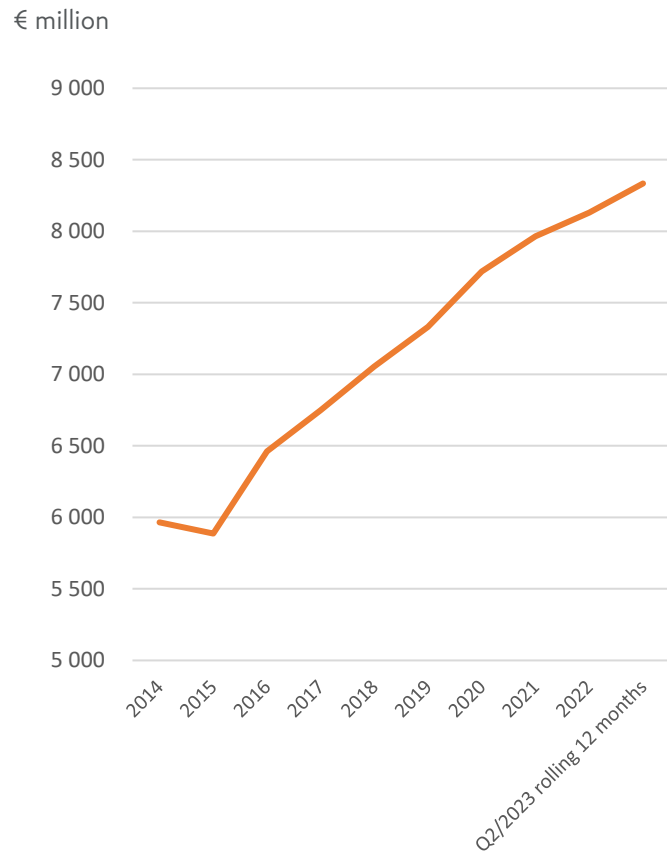
- ✓ MAJOR DIVESTMENTS OF NON-CORE BUSINESSES, INCLUDING RUSSIAN OPERATIONS
- ✓ ACQUISITION OF THE #4 GROCERY TRADE COMPANY IN FINLAND
- ✓ TRANSFORMING BUILDING MATERIALS TRADE TO BE B2B-DRIVEN
- ✓ EXPANSION TO TECHNICAL TRADE BY ACQUIRING ONNINEN
- ✓ FOCUS ON BUILDING AND TECHNICAL TRADE GROWTH ESPECIALLY IN FINLAND AND SCANDINAVIA
- ✓ MANY ACQUISITIONS IN BUILDING AND TECHNICAL TRADE IN NORWAY AND SWEDEN

NOW ENTRY TO DENMARK

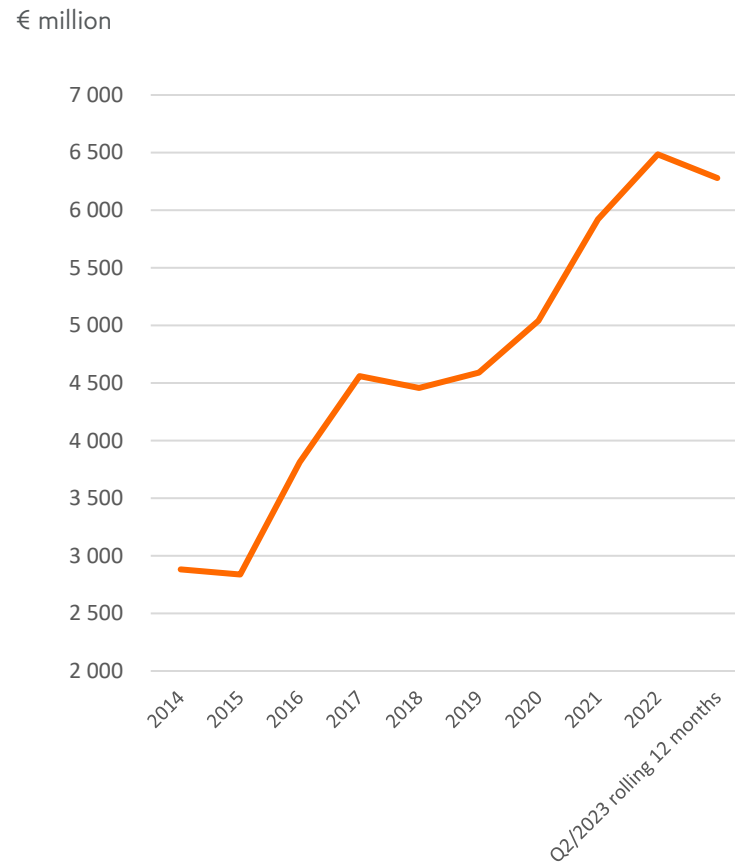
SALES GROWTH OF CORE BUSINESSES

€6.0 BILLION SINCE 2014

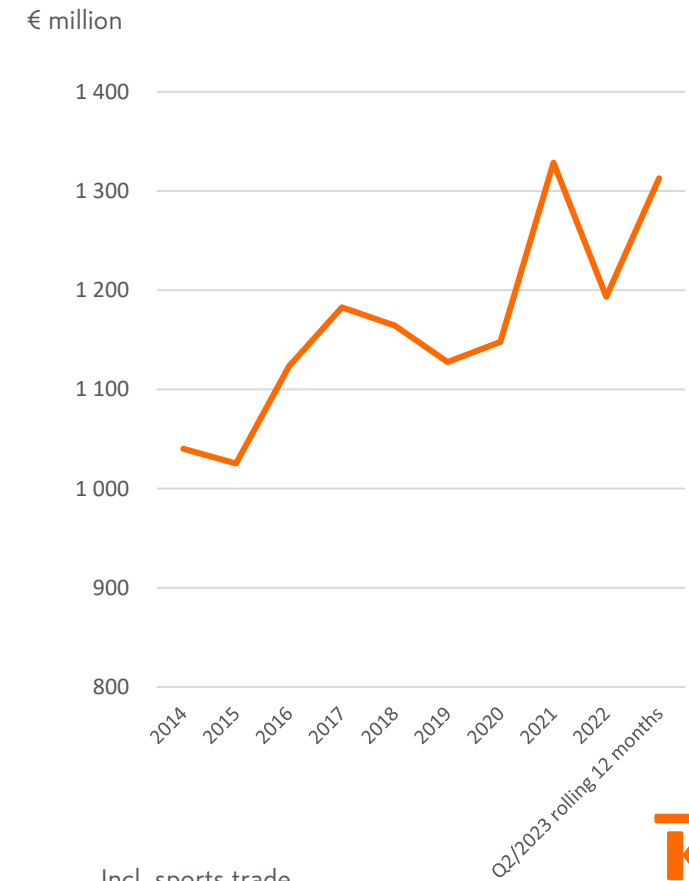
GROCERY TRADE



BUILDING AND TECHNICAL TRADE

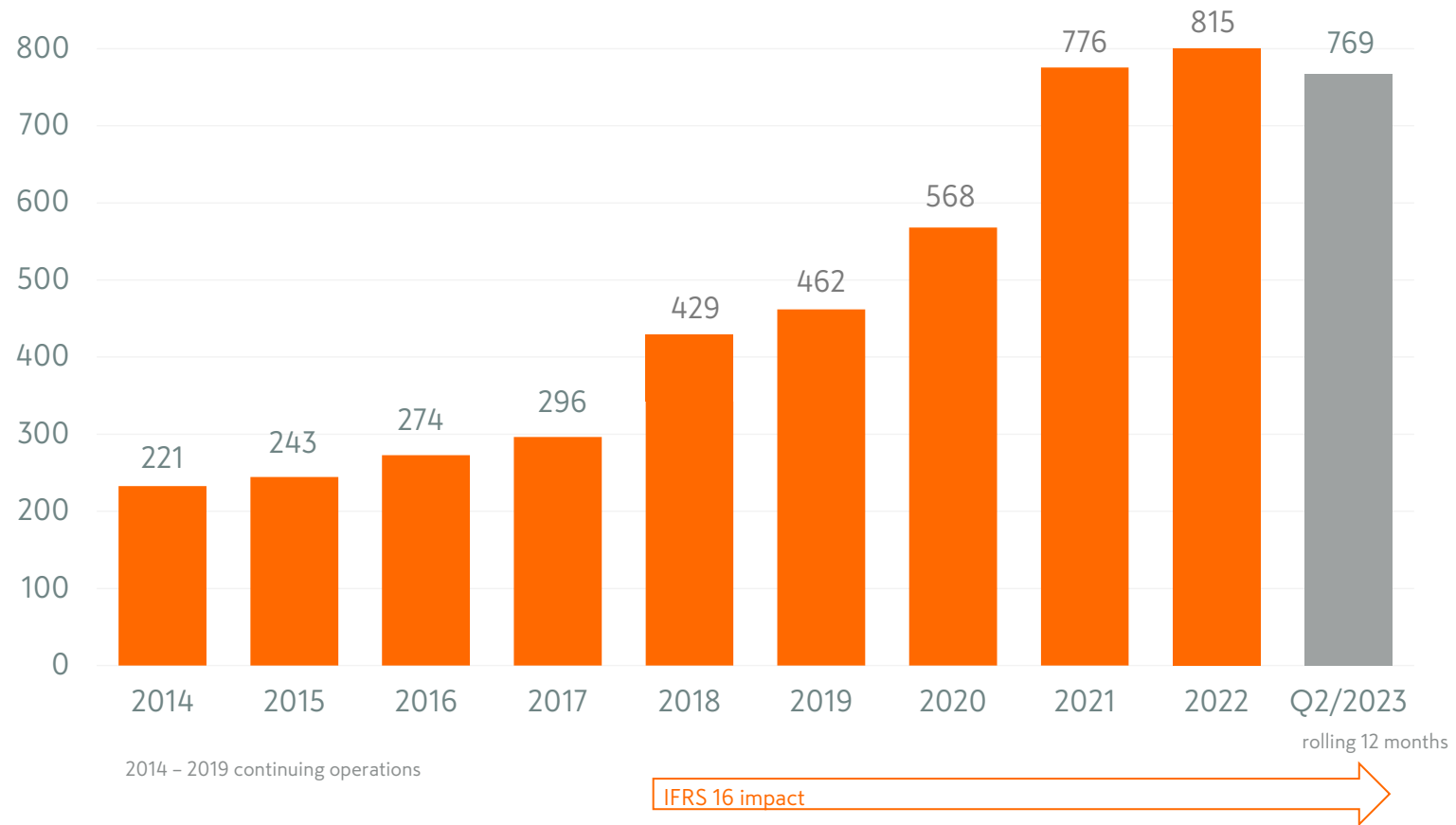


CAR TRADE



GOOD STRATEGY YIELDING RESULTS

Comparable operating profit
Reported figures, € million



2014 - 2019 continuing operations

IFRS 16 impact



DAVIDSEN ACQUISITION AND ENTRY TO DENMARK ARE IMPORTANT STRATEGIC STEPS

- Kesko has a consistent strategy in building and technical trade: to consolidate the market in Northern Europe and to be among the leading players in B2B business in each country
- The Danish market is not yet consolidated, great potential for growth organically and through acquisitions
- Downturn affects the business, but at the same time offers consolidation opportunities for an industrial operator like Kesko



THE DAVIDSEN ACQUISITION IS AN IMPORTANT STEP FOR KESKO'S BUILDING AND TECHNICAL TRADE

Jorma Rauhala

President, Building and technical trade, Deputy CEO



GROWTH STRATEGY EXECUTION CONTINUES

KESKO GROWTH STRATEGY

BUILDING AND TECHNICAL TRADE GROWTH STRATEGY

FOCUS ON NORTHERN EUROPE

COUNTRY-SPECIFIC STRATEGIES:

FINLAND: GROWTH AND MARKET LEADERSHIP
IN TECHNICAL TRADE, BUILDERS' MERCHANT, DIY

SCANDINAVIA: GROWTH ESPECIALLY IN TECHNICAL TRADE
AND BUILDERS' MERCHANT. SELECTIVE PRESENCE IN DIY

POLAND AND THE BALTICS: GROWTH IN TECHNICAL TRADE

KESKO SENUKAI: LEADING DIY OPERATOR IN THE BALTICS

ONE UNIFIED



CUSTOMER EXPERIENCE

DIGITALISATION

SUSTAINABILITY

STRATEGIC FOCUS AREAS IN BUILDING AND TECHNICAL TRADE



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

SALES IN BUILDING AND TECHNICAL TRADE €7.3 BILLION

NORWAY

Sales €1.5 billion



onninen

SWEDEN

Sales €700 million

onninen

KBYGG

KRauta

DENMARK

Sales €560 million

DAVIDSEN



FINLAND

Sales €2.9 billion

KRauta

onninen

POLAND AND THE BALTICS

Sales €1.6 billion

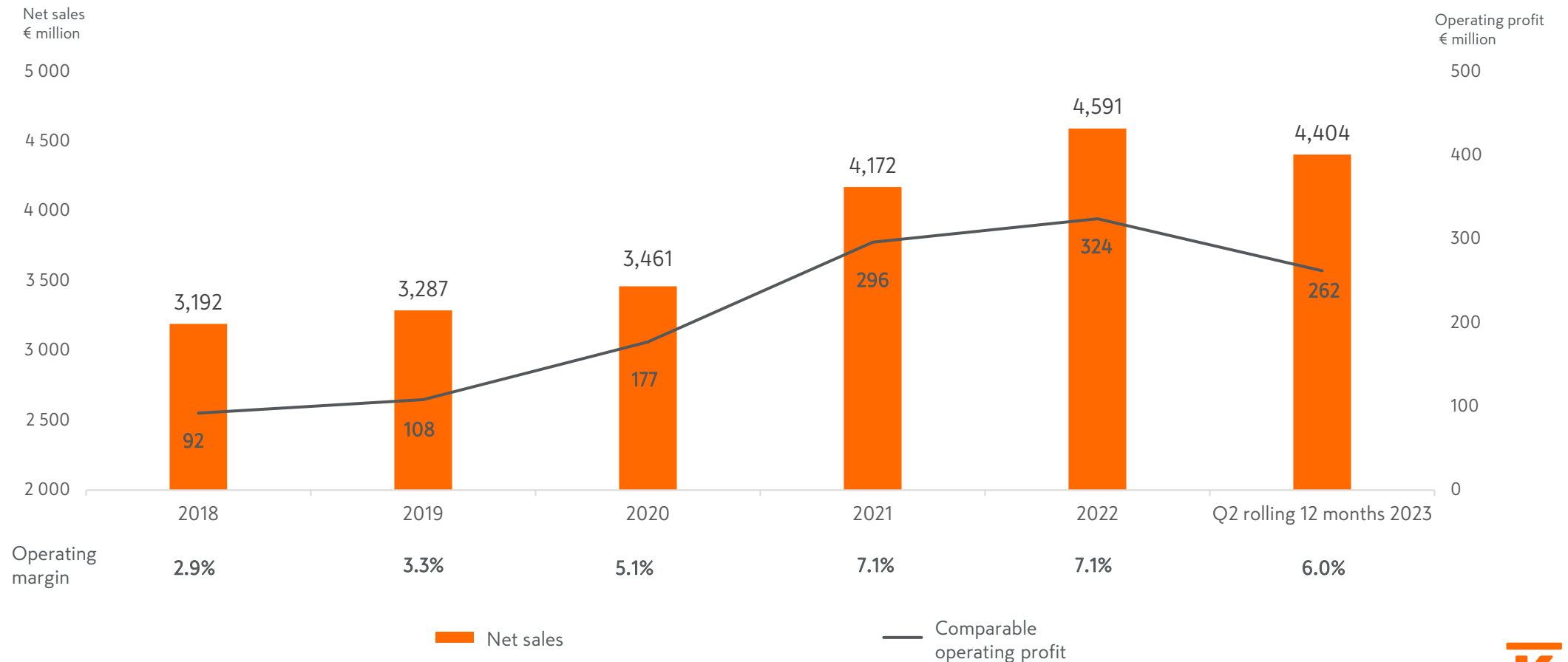
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Kesko Senukai:

CS
SENUKAI

KRauta

BUILDING AND TECHNICAL TRADE DIVISION HAS STRONG PERFORMANCE



2018-2020: illustrative figures in which Kesko Senukai has been consolidated as a joint venture. Kesko Senukai's treatment changed from a subsidiary to a joint venture on 1 July 2020.



DENMARK IS AN ATTRACTIVE MARKET FOR KESKO'S BUILDING AND TECHNICAL TRADE

- Growing population of 5.8 million inhabitants
- Wealthy country: GDP per capita was €51,660 in 2022 (Finland: €37,780)*
- Politically and economically one of the most stable countries in the world
- Offers interesting growth opportunities for both the builders' merchant and technical trade businesses



BIG POTENTIAL IN BUILDING AND HOME IMPROVEMENT MARKET IN DENMARK

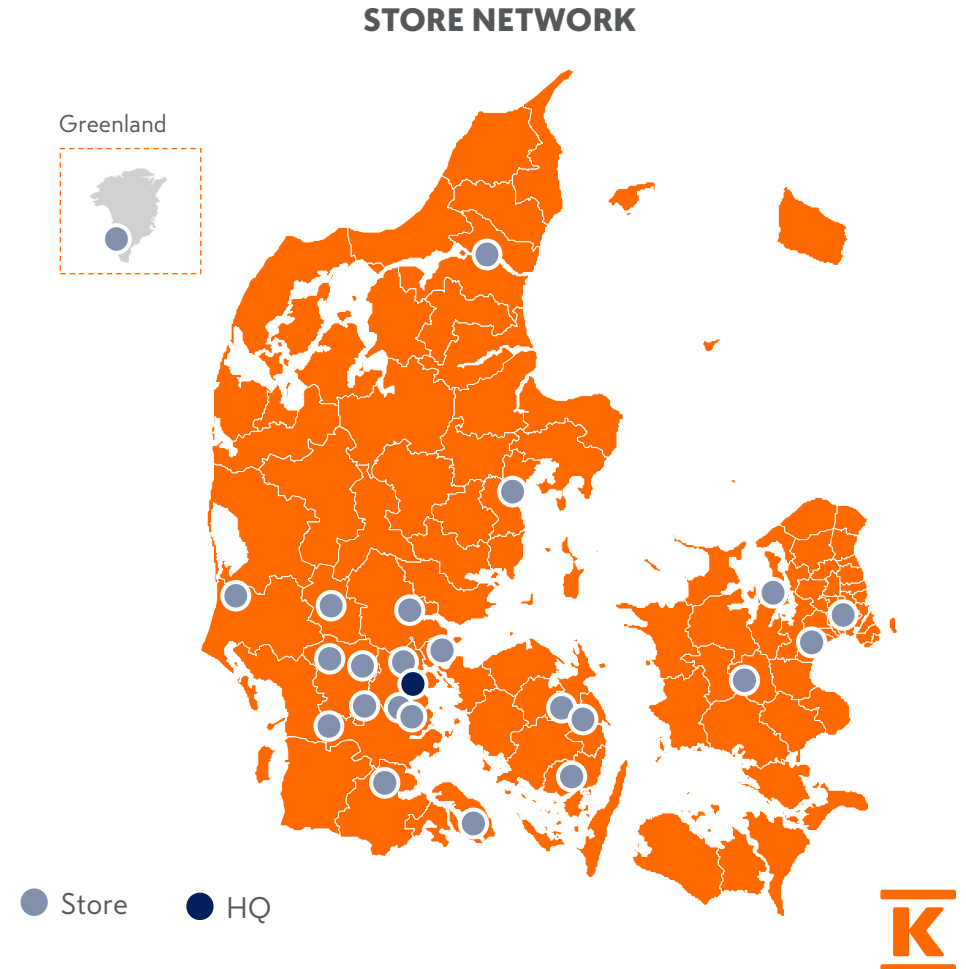
- Danish building and home improvement market was approximately €5.7 billion in 2022, which is over 1.5x the size of the Finnish market of €3.7 billion
- Three largest builders' merchant companies Stark, Bygma and Davidsen represent some 50% of the market
- Approximately 30 independent retailers form together a broad XL-BYG chain, which has some 20% of the market
- There are also a large number of small, local builders' merchant companies
- The Davidsen acquisition creates a good platform to grow and participate in the consolidation of the Danish building and home improvement market



Davidsen Grindsted

DAVIDSEN IN BRIEF

- Family-owned builders' merchant company headquartered in Kolding, Denmark
- One of the largest building materials retailers focusing on the B2B segment with ~9% market share, ~30% market share in Southern Denmark
- 23 stores, of which 19 are owned by the company
- Davidsen has some 850 employees
- In 2022, the company's net sales was approximately €560 million with an EBITDA of €27 million and EBIT of €23 million (excl. IFRS 16 impact)
- Temporarily sales and profitability are expected to be below 2022 year's level due to economic down-turn and lower construction volumes



DAVIDSEN TRANSACTION KEY POINTS

- The agreed debt-free enterprise value for 100% of the company is approximately €190 million, of which Kesko will acquire 90%, which equals approximately €170 million
- The Davidsen family continues with a 10% ownership and will support the company's development and expansion
- The company will continue under Davidsen brand and current local management will continue leading the company
- The rationale behind the acquisition is strategic. However, transaction offers some synergies in sourcing, selections and leveraging best-practices
- Kesko finances the acquisition with a customary bank loan
- The acquisition is subject to the EU Commission's merger approval and fulfilment of certain other conditions. The transaction is expected to be completed latest in Q1/2024



KESKO BUILDING AND TECHNICAL TRADE MANAGEMENT MODEL

JORMA RAUHALA

President, Building and technical trade

Deputy CEO

FINLAND

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Martti Forss

Rauta

Olli Pere

NORWAY

Hilde Kristoffersson



onninen

SWEDEN

Endre Espeseth

onninen

BYGG

Rauta

DENMARK*

Henrik Clausen

DAVIDSEN

POLAND

Endre Espeseth

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BALTICS

onninen

SUPPORT FUNCTIONS, E.G. FINANCE, COMMERCE, SUPPLY CHAIN, DIGITAL SERVICES AND IT

Excl. Joint venture Kesko Senukai

* After the closing of the acquisition

KESKO ACQUIRED GEITANGER BYGG IN NORWAY

- Geitanger Bygg AS is a builders' merchant company with €15.3 million sales in 2022
- The company is focused on B2B customers and has one store in Bergen, which is Norway's second largest city
- The acquisition strengthens Byggmakker's position in Bergen area
- The transaction supports Byggmakker's growth in Norway and offers synergies with existing operations



