

## Strategic positioning in the Nordic building materials sector

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### DEAL SNAPSHOT

**Through the acquisition of FagFlis Group, STARK Group A/S secures a crucial building block in its Nordic growth strategy. The acquisition represents an important strategic milestone and a significant boost for STARK's footprint in the Norwegian market.**

FagFlis Group, Norway's leading B2B specialist in ceramic tiles and related products, consists of 13 fully owned and 12 franchise stores in Norway, and three owned stores in Sweden. FagFlis Group is a strong brand, dating back to 1996, and its main customer groups include architects, master bricklayers, tilers, construction companies and entrepreneurs.

Headquartered in Denmark, STARK Group is northern Europe's largest distributor of heavy building materials for the construction industry, with a strategic emphasis on serving professional builders. Ceramic tiles and related products are already an important part of the group's business in Germany, via the chain Keramundo, and in Sweden, via Beijer Bygg. STARK Group is owned by a leading global private equity fund, CVC Capital Partners. Neumann Bygg, the Norwegian subsidiary of STARK Group, is formally the acquiror and one of Norway's leading B2B distributors of building materials.

"We chose Oaklins because of its solid understanding of our business, the building materials industry and the relevant universe of buyers. Through close collaboration and determination, the Oaklins team conveyed the strategic strengths and potential of our business, anticipated and handled the challenges throughout the process and negotiated rewarding terms on our behalf. I must admit that the sale process was more challenging than expected, but, with the support of Oaklins, it was structured and timely, and the result was better than we had hoped for. I can genuinely recommend Oaklins to anyone who considers selling their business."

**HENRIK STENSRUD**  
CEO AND FOUNDER  
FAGFLIS GROUP, NORWAY

### OAKLINS WAS INSTRUMENTAL IN FACILITATING THIS DEAL

Oaklins' team in Norway acted as the exclusive sell-side financial and strategic advisor to the shareholders of FagFlis Group. The team was engaged throughout the sale process from the drafting of marketing materials, presentations and financial data pack, to the development of a strategic potential buyers list, management presentations, due diligence, and negotiations through to the closing of the transaction.



Above: Henrik Stensrud, CEO FagFlis Group, and Kjell Paulsrud, CEO Neumann Bygg

## MARKET TRENDS & DEAL DRIVERS

The Nordic building materials sector is subject to intense consolidation.

Several large players are strategically positioning themselves to achieve a geographic footprint and market share.

In addition, these players are moving both horizontally to expand their product portfolio and vertically to increase their share of value creation.

## M&A VALUATION ASPECTS

FagFlis Group is a well-run operation with strong customer relations, local affiliation and competent employees, which complements Neumann Bygg and STARK Group perfectly.

Financial details of the transaction have not been disclosed, but the valuation reflected a holistic view of the group and the market, taking into account FagFlis' leading B2B market position in Norway, great growth potential in Sweden and strong current trading.

The value significantly exceeded the shareholders' expectations and was in the upper range of current market multiples.

“STARK Group's acquisition of FagFlis Group is another example of a large player moving horizontally to achieve a stronghold in an additional product area. We expect to see continued consolidation in all diagonals of the building materials sector.”

**NIKOLAI LUNDE**

MANAGING PARTNER, OAKLINS, NORWAY

## TALK TO OUR ADVISOR



✉ **NIKOLAI LUNDE**

Managing Partner  
Norway

T: +47 908 95 522

Nikolai has 30 years' experience in advising clients, with particular expertise in the building materials sector. Some notable transactions include Kesko's acquisitions of Skattum Handel AS, Gipling AS and Carlsen Fritzøe Handel AS; the sales of Mestergruppen to Ferd Capital and of B.Sørbo AS to Lomond Industrier AB; and the merger/demerger of COOP Norge with COOP Norden.

## OAKLINS HAS CLOSED 557 DEALS IN CONSTRUCTION & ENGINEERING SERVICES

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