



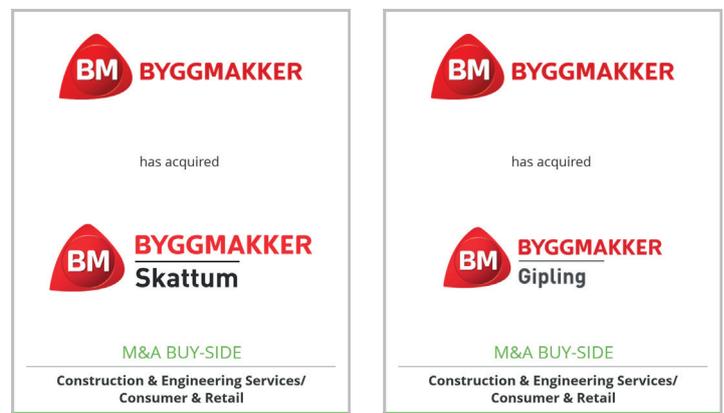
## CONSTRUCTION & ENGINEERING SERVICES

Deal flash, August 2018

# CONSOLIDATION IN THE SCANDINAVIAN DIY/BUILDING MATERIALS DISTRIBUTION SECTOR CONTINUES

### Deal snapshot

- Bygghjandker Handel AS, Kesko's Norwegian building and home improvement chain, has acquired its two largest retailers: Skattum Handel AS and Gipling AS.
- Kesko and K-retailers form the K-Group, with sales of approximately US\$15 billion in 2017. The K-Group, listed on Nasdaq Helsinki, is the third largest retailer in northern Europe. As a key step in its growth strategy, Kesko's building and technical trade division in Norway has significantly strengthened its position through these strategically important acquisitions.
- Bygghjandker Handel AS is a subsidiary of Kesko and one of the main players in the building and home improvement trade in Norway.
- Skattum Handel AS operates 10 Bygghjandker stores in the Oslo area while Gipling AS has 19 Bygghjandker stores around Trondheim. In 2017, the companies' combined net sales totaled US\$282 million, with an EBITDA of US\$13 million.



### What our client said



**Knut Strand Jacobsen**, CEO, Bygghjandker Handel AS, Norway

"These acquisitions are vital to position ourselves for further growth in the Norwegian market. We secure a significant portion of the volume in the chain, which gives us an opportunity to enhance synergies in sourcing and increasing our competitiveness. This also adds value to our professional partners and improves our profitability potential.

The Oaklins team's negotiating skills and experience in our industry were very valuable and secured a good result. It was an advantage to have advisors who know the industry and the players so well, and who have the experience to handle the difficult discussions that are encountered at certain stages of such processes. This is especially relevant as we wished to preserve the close relationships we have established over years of working together with key personnel in our best performing retailers."



**Jorma Rauhala**, President, Kesko's Building and Technical Trade Division, Deputy to Kesko's President and CEO, Finland

"These acquisitions are important steps in the implementation of our strategy to grow and develop our market position in Northern Europe."

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## Our role in the transaction

Throughout the two almost simultaneous processes, Oaklins' Norwegian team acted as the exclusive buy-side advisor to Bygghjelp/Kesko, leveraging our knowledge and solid track record in the building materials industry.

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## Market trends and deal drivers

- The Norwegian building materials distribution sector is changing, with increasing competition among traditional DIY stores and from new distribution channels.
- In this context, size matters, and securing volume is key for profitability. Consequently, we have observed, and will continue to see, consolidation in the retail end of the value chain.

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## M&A valuation aspects

- Financial details of the acquisitions have not been disclosed.
- Valuations in the Norwegian DIY segment tend to be high due to larger players focusing on capturing market share.
- The multiples paid were in line with the market segment in general.

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## Oaklins industry specialist



✉ **Trygve Graff-Wang**, Principal, Oaklins, Norway

In addition to these two transactions, Trygve has advised many companies in the building materials and DIY sector in Norway. He advised the sellers when Kesko acquired the Bygghjelp chain, and he led the sell-side advisory team when the reputable private equity company Ferd Capital AS acquired Mestergruppen AS. These four transactions are among the largest closed in the DIY sector in Norway.

# OAKLINS HAS CLOSED 385 DEALS IN CONSTRUCTION & ENGINEERING SERVICES

Oaklins is the world's most experienced mid-market M&A advisor, with 700 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.