

Strategic positioning in the **Scandinavian DIY** sector

DEAL FLASH | CONSTRUCTION & ENGINEERING SERVICES | AUGUST 2018

DEAL SNAPSHOT

Bygghandelen 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.

Bygghandelen 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 Bygghandelen stores in the Oslo area while Gipling AS has 19 Bygghandelen stores around Trondheim. In 2017, the companies' combined net sales totaled US\$282 million, with an EBITDA of US\$13 million.

“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.”

KNUT STRAND JACOBSEN
CEO

BYGGMAKKER HANDEL AS, NORWAY

OAKLINS HELPS CREATE **FURTHER GROWTH IN THE NORWEGIAN MARKET**

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



MARKET TRENDS & 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.

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.

OUR INDUSTRY SPECIALIST



✉ **TRYGVE
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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.



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

JORMA RAUHALA

PRESIDENT, KESKO'S BUILDING AND TECHNICAL
TRADE DIVISION, DEPUTY TO KESKO'S
PRESIDENT AND CEO, FINLAND



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CONSTRUCTION & ENGINEERING SERVICES**

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