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Kesko has completed the acquisition of the Danish builders' merchant Davidsen

Kesko has completed the acquisition of the Danish builders' merchant Davidsen Koncernen A/S. The acquisition marks Kesko's first step into the Danish market and gives it a solid foothold in the local building materials market. It also advances Kesko's objective to strengthen its market position in Northern Europe.

Kesko announced its intention to acquire Davidsen Koncernen A/S in an investor news release issued on 23 August 2023. The transaction has now received all necessary competition authority approvals, lastly merger approval from the EU Commission on 5 January 2024. The approval was not subject to any conditions.

The Davidsen acquisition is Kesko's first step into Denmark's sizable building and home improvement trade market. Davidsen is one of Denmark's largest building materials retailers, with a market share of approximately 9% of the total Danish market and some 30% of the market in Southern Denmark.

As announced earlier, Davidsen will continue operating under its existing brand and the current local leadership, and the Davidsen family will remain as a 10% minority shareholder in the company. The agreed debt-free enterprise value for 100% of the company is approximately €190 million (DKK 1,417.15 million), of which Kesko will now acquire 90%, which equals to approximately €170 million. Davidsen will be consolidated into Kesko Group's financial reporting as of 1 February 2024.

In 2023, Davidsen's net sales totaled approximately €427 million (DKK 3.2 bn), with an EBITDA of some €12 million and an EBIT of some €7 million (excl. IFRS 16 impact, unaudited). Kesko will record an expense of approximately €4 million regarding the fair value of Davidsen inventories in Q1-Q2/2024.

Although the current business cycle in the Northern European construction market is challenging, in the long-term this acquisition offers Kesko good growth opportunities and a solid foothold in the sizable Danish building materials market.

Kesko's strategic objective in the building and technical trade division is to improve profitability and strengthen its market position in Northern Europe, especially in B2B trade. Kesko sees potential for growth both organically and through acquisitions in the Danish market.

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