Kesko

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COMPANY PROFILE

Kesko is a Finnish trading group operating through three divisions: grocery trade (K-Citymarket, K-Supermarket, K-Market, and foodservice wholesaler Kespro), building and technical trade (K-Rauta, Onninen, Byggmakker, Davidsen), and car trade (K-Auto, importing and servicing Volkswagen Group and Porsche brands, plus sports retail). It operates mainly in Finland, with expanding presence across the Nordics, Baltics, Poland and Denmark. Kesko combines centralized wholesale, logistics and store-concept functions with independent retailer and dealer networks across its three business areas.

RECOMMENDATION	CURRENT PRICE	TARGET PRICE
HOLD	**19.46 EUR**	**19.80 EUR**
12-month horizon	as of report date	12-month fundamental

IMPLIED UPSIDE	MARKET CAP	ENTERPRISE VALUE
+1.7%	**EUR 7.8 bn**	**EUR 11.2 bn**
vs. current price	shares × price	mcap + net debt

P/E 2026E	EV/EBITDA 2026E	FCF YIELD 2026E	DIVIDEND YIELD 2026E	NET DEBT / EBITDA 2026E
16.7×	6.9×	6.5%	5.2%	2.1×

RESEARCH SNAPSHOT

The call, the math, and the three reasons why

02

A one-page summary of the recommendation and the evidence behind it; the following pages provide the detail.

RECOMMENDATION	TARGET PRICE	CURRENT PRICE	IMPLIED UPSIDE
HOLD 12-month horizon	**19.80 EUR** 12-month fundamental	**19.46 EUR** as of report date	**+1.7%** vs. current price

MARKET CAP	ENTERPRISE VALUE	P/E · EV/EBITDA 2026E	FCF · DIV YIELD 2026E
EUR 7.8 bn shares × price	**EUR 11.2 bn** mcap + net debt	**16.7× · 6.9×** history + peers, see p. 18–19	**6.5% · 5.2%**

01 B&T Margin Recovery Requirement

Building & Technical Trade margin sits at 3.8% (EUR 178.6m EBIT) versus a 5.0%+ target of EUR 240-250m by 2027 — the swing factor behind group EBIT rising from EUR 655m to EUR 703m.

`5.0%+ target`

02 Grocery Trade Anchors Returns

Grocery Trade anchors earnings with EUR 418.1m EBIT at a 6.5% margin on EUR 6,447.7m sales, requiring only margin defense above 6.0% to sustain the EUR 3,407m net debt load.

`6.5% margin`

03 Priced For Execution

Shares trade at 15.96x 2026e EV/EBIT versus the 15.5x target multiple and 17.8x historical norm, so upside depends on B&T EBIT clearing EUR 240m while net debt to EBITDA of 3.38x stays contained.

`15.96x 2026e EV/EBIT`

THESIS BREAKER

The thesis breaks if the Building & Technical Trade margin stays pinned at 3.5-3.8% through 2027 while the Grocery margin slips to 5.5%.

SHARE PRICE DEVELOPMENT

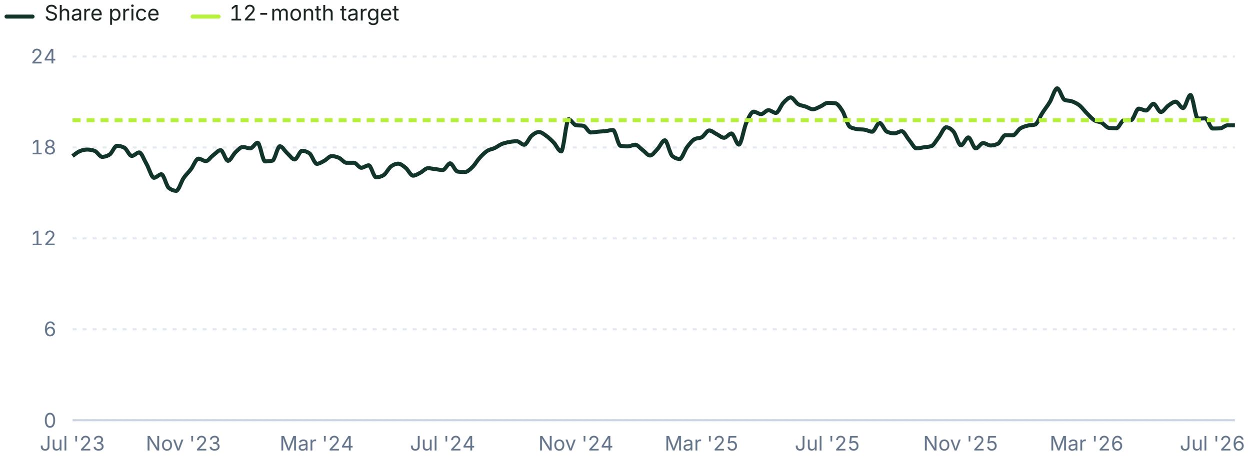
Price trajectory and valuation anchors

03

Monthly closing prices over 24 months with the 12-month target price, alongside key market data.

Share price — last 24 months

EUR per share, with 12-month target line



CURRENT PRICE **19.46 EUR** 16 July 2026	TARGET PRICE **19.80 EUR** 12-month	IMPLIED UPSIDE **+1.7%** vs. current	52-WEEK HIGH **22.20 EUR** past 12m
52-WEEK LOW **17.80 EUR** past 12m	1-YEAR CHANGE **−4.2%** price only	3-YEAR CHANGE **+11.5%** price only	REPORT DATE **16 July 2026**

VALUE BREAKDOWN · PART 1

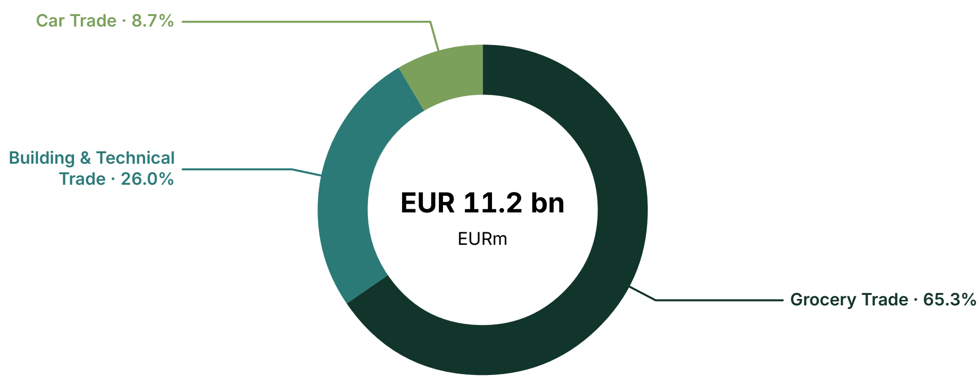
Enterprise-value allocation by segment

04

Each segment's contribution to group revenue, comparable EBIT and enterprise value.

Enterprise value by segment

EUR millions · segment revenue/EBIT weights: FY2025A



SEGMENT ECONOMICS

Revenue and Comp. EBIT: FY2025A (source: Kesko's Financial Statements Release 1.1.–31.12.2025 and Report by the Board of Directors and Financial Statements 2025). EV: current allocation.

	REVENUE	SHARE OF REVENUE / DIV.	COMP. EBIT	SHARE OF EBIT / DIV.	EV	EV %	ARCHETYPE
Grocery Trade	6,448	51.7%	418	63.8%	7,323	65.3%	Profit engine
Building & Technical Trade	4,686	37.6%	179	27.3%	2,919	26.0%	Scaling
Car Trade	1,365	10.9%	83	12.7%	970	8.7%	Commodity
Group Functions & Eliminations	-24	-0.2%	-25	-3.8%	0	0.0%	Mixed
Total	**12,475**	**100.0%**	**655**	**100.0%**	**11,212**	**100.0%**	—

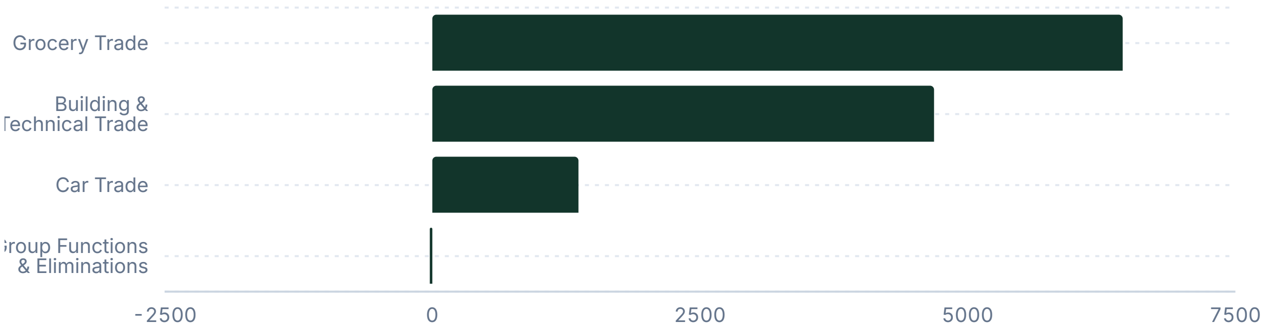
VALUE BREAKDOWN · PART 2

05 Net sales and EBIT by segment

Where the group's revenue and comparable EBIT originate, by segment.

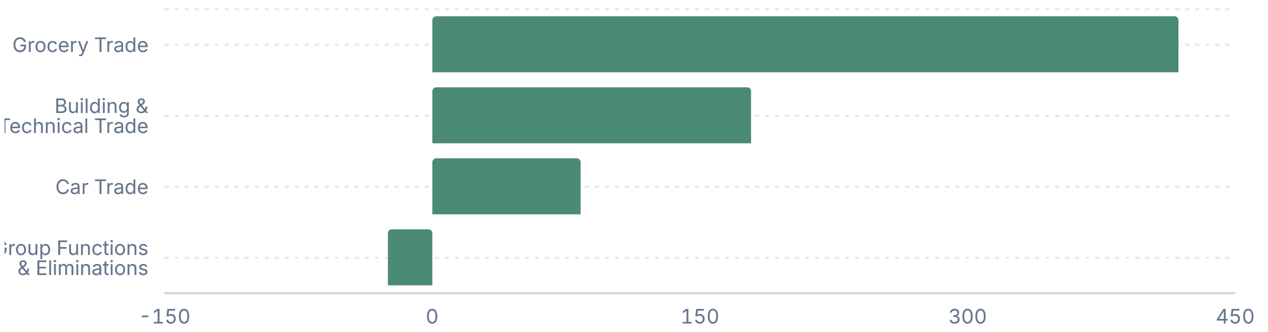
Net sales by segment

EUR millions, FY2025A



Comparable EBIT by segment

EUR millions, FY2025A



INTERPRETATION

Grocery Trade dominates allocated EV (68.0%) despite being 51.7% of net sales, reflecting its stable profit contribution and a defensive premium multiple. Building & Technical Trade's EV share (27.1%) implies the market is pricing in a cyclical recovery rather than valuing today's depressed margin base, while Car Trade is heavily discounted for auto sector cyclicality.

RECOMMENDATION

Why we land on the call we do

06

The rationale for the rating, the decision summary, and the three principal supporting arguments.

The stock currently trades at EUR 19.46, close to fair value, supporting a HOLD rating with a target price of EUR 19.80 — roughly 2% upside over the next 2 months.

Kesko's investment case depends on margin recovery in Building & Technical Trade: the division earned €178.6m EBIT on €4,685.8m sales in FY2025 (3.8% margin, down from 5.1% in 2023), and the €19.80 target price requires this to normalize toward €240-250m EBIT (5.0%+ margin) by 2026-2027. This normalization mechanically drives group EBIT from €655m comparable (FY2025) to €703m (2026e).

Grocery Trade, generating €6,447.7m sales at a 6.5% margin (€418.1m EBIT), is the stable anchor funding the €3,407m net debt load (3.38x EBITDA). It needs no re-rating — only margin defense against S Group. The re-rating trigger is B&T's fixed-cost absorption returning as Nordic housing starts recover, applied against a 15.5x EV/EBIT multiple versus a 17.8x historical norm.

The market is pricing group EV at 15.96x 2026e EV/EBIT, above the 15.5x peer median but below Kesko's own historical norm. This implies investors already discount some cyclicality but still require the B&T recovery to materialize. The €19.80 target price sits just above the current quote, implying limited near-term upside unless B&T EBIT clears €240m by 2027.

HOLD

TARGET PRICE
19.80 EUR

CURRENT PRICE
19.46 EUR

IMPLIED UPSIDE
+1.7%

12-MONTH VIEW
Kesko offers limited near-term upside as the premium valuation on its defensive Grocery division is offset by the need for a material margin recovery in the cyclical Building & Technical Trade division to justify its current EV.

MAIN DRIVER
Building & Technical Trade margin recovery

MAIN RISK
Intensified retail price war in Grocery

01 B&T Margin Recovery Requirement
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`5.0%+ target`

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`6.5% margin`

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`15.96x 2026e EV/EBIT`

THESIS BREAKER The thesis breaks if the Building & Technical Trade margin stays pinned at 3.5-3.8% through 2027 while the Grocery margin slips to 5.5%.

CORE ANALYSIS · EXECUTIVE MAP

07 How the company creates economic value

The framework underlying the segment deep dives that follow.

Kesko draws most of its economic output from Grocery Trade, the group's core profit engine. While generating 51.7% of group net sales, Grocery Trade contributes a disproportionate 63.9% of comparable operating profit, reflecting its structurally higher and more stable margins relative to the rest of the portfolio.

Building & Technical Trade is the secondary pillar, generating 37.6% of sales but currently contributing only 27.3% of comparable EBIT due to a cyclical trough in Nordic construction. Car Trade is a smaller, cyclical contributor, generating 10.9% of sales and 12.7% of comparable EBIT.

Enterprise value allocation shows how the market prices these different economic profiles. Grocery Trade commands 68.0% of enterprise value, implying a trailing multiple of approximately 18.2x comparable EBIT. Building & Technical Trade commands 27.1% of EV, translating to a trailing multiple of 17.0x — a figure that looks elevated for a cyclical distributor unless the market is pricing in a near-term earnings recovery from current depressed levels.

ANALYTICAL ANCHOR

The analytical priority is to test whether Grocery Trade's competitive position justifies its premium 18x multiple, and whether the implied recovery in Building & Technical Trade is mathematically plausible.

CORE ANALYSIS · SEGMENT DEEP DIVES

08 Grocery Trade

Segment deep dive — Profit engine.

The market values Kesko's Grocery Trade as a high-duration, defensive cash generator. Investors assign this division a premium multiple (effectively 18.2x trailing comparable EBIT after group normalization) because it has consistently defended margins in a highly concentrated market, while funding the group's dividend and capital allocation program. The valuation is based strictly on current earnings power and near-term margin stability rather than speculative future growth.

The Finnish grocery retail market is an entrenched duopoly. S Group, a consumer-owned cooperative, holds the leading position with approximately 46% market share, while Kesko sits second with approximately 33.7%. Kesko competes by blending targeted hypermarket scale (K-Citymarket) with a highly localized, quality-focused offering from independent retailers (K-Supermarket and K-Market). It also holds a market-leading position in B2B foodservice wholesale through its Kespro unit.

The unit economics of Kesko's Grocery Trade rely on maximizing wholesale volume through the central logistics network while capturing a stable wholesale margin from independent retailers. At €6.45 billion in net sales, the division currently generates €418.1 million in comparable EBIT, a 6.5% margin. Capital intensity is relatively low because physical store investments are often shared with or borne by the retailers.

To sustain the €7.6 billion allocated enterprise value at a normalized, mature-retailer multiple of 14x–15x EBIT, the division would theoretically need €500–€540 million in EBIT. Since it currently generates €418 million, the market is underwriting a permanent 18x premium multiple because of the defensive, low-beta nature of the cash flows, not because it expects explosive near-term growth.

GROCERY TRADE FACT SHEET

PROFIT ENGINE

FY2025A REVENUE
EUR 6,448m

FY2025A COMP. EBIT
EUR 418m

EBIT MARGIN
6.5%

IMPLIED EV MULTIPLE
18.2x trailing EBIT

MARKET SHARE
~33.7% in Finland

KEY COMPETITOR
S Group (~46% share)

MOAT ADVANTAGE
Kespro foodservice & K-retailer network

CORE ANALYSIS · SEGMENT DEEP DIVES

08 Building & Technical Trade

Segment deep dive — Scaling.

The market values this division as a cyclical recovery play with some inorganic scaling optionality. The trailing EV/EBIT multiple of 17.0x is optically high for a building materials distributor. This suggests investors are looking past the current depressed earnings of €178.6 million and valuing the division on its normalized mid-cycle earnings power. The Nordic construction market has gone through a severe downturn driven by high interest rates and frozen residential development.

Kesko operates a broad multi-country platform, but faces intense, well-capitalized competition. Its main advantage is integrating building materials and technical trade under one corporate umbrella, particularly through the Onninen brand's strong B2B relationships. The technical trade segment benefits from structural, counter-cyclical demand tied to energy efficiency upgrades and the green transition, which partly insulates it from the residential housing freeze.

The unit economics require pushing high volumes of heavy building materials and technical components through a fixed regional logistics network. When construction volumes dropped in 2024–2025, gross margin euros failed to cover the fixed logistics footprint, causing severe margin compression (from 5.1% to 3.8%). To justify a €3.0 billion enterprise value without relying on an inflated multiple, the division needs to recover its profit pool back toward 5.0%.

The bridge requires a €60m+ expansion in operating profit over the next 2–3 years. This expansion is entirely feasible relative to the company's historical performance (the division achieved these profit levels in 2022 and 2023). It does not require unprecedented market expansion, merely a mean-reversion of the Nordic construction cycle and successful integration of the newly acquired Danish assets.

BUILDING & TECHNICAL TRADE FACT SHEET

SCALING

FY2025A REVENUE
EUR 4,686m

FY2025A COMP. EBIT
EUR 179m

EBIT MARGIN
3.8% (down from 5.1% in 2023)

TARGET MARGIN
5.0%+

IMPLIED EV MULTIPLE
17.0x trailing EBIT

CORE BRANDS
K-Rauta, Onninen, Byggmakker

M&A DRIVER
Danish assets (Davidsen, Roslev)

CORE ANALYSIS · SEGMENT DEEP DIVES

08

Car Trade

Segment deep dive — Commodity.

The market values Car Trade on current earnings but assigns it a structurally lower multiple (12.1x) because of the inherent cyclicality and high capital intensity of auto importing and retailing. The division imports and sells Volkswagen Group brands and operates a growing used-car and servicing network.

The recent profit improvement — EBIT rising to €83.1m at a 6.1% margin — shows strong execution in high-margin aftersales and used cars, which carry higher gross margins than new vehicle sales. Demand is driven by consumer confidence, interest rates, and the ongoing shift to electric vehicles.

To support a €1.0 billion EV, the division needs to reliably generate €80–€100 million in operating profit across the automotive cycle — a run-rate it is currently achieving. The main risk is inventory obsolescence and margin pressure if EV price wars continue, forcing importers into write-downs on vehicle stock.

CAR TRADE FACT SHEET

COMMODITY

FY2025A REVENUE
EUR 1,365m

FY2025A COMP. EBIT
EUR 83m

EBIT MARGIN
6.1%

IMPLIED EV MULTIPLE
12.1x trailing EBIT

CORE BRANDS
Volkswagen Group, Porsche

MARGIN DRIVER
Used-car and high-margin aftersales

CORE ANALYSIS · SEGMENT DEEP DIVES

08

Smaller segments — grouped deep dives

Segments that don't warrant a full deep dive — a short fact strip each.

Group Functions & Eliminations

Mixed — FY2025A revenue: EUR -24m · FY2025A comp. EBIT: EUR -25m

CORE ANALYSIS · CROSS-SEGMENT BRIDGE

Putting the segments back together

09

How the segment valuations aggregate to the group, and the re-rating the target price requires.

The bridge from FY2025 to FY2026 relies on two distinct drivers: the end of one-off accounting distortions and an underlying operational recovery. The forecast assumes the large gap between reported EBIT (€411m) and comparable EBIT (€655m) in 2025 will not repeat. As a result, the projected 2026 EBIT of €703m represents only a moderate ~€48 million organic increase over the 2025 comparable base.

This underlying operational growth depends heavily on Building & Technical Trade. Grocery Trade is modeled as a stable anchor, expected to generate reliable cash flow but not explosive EBIT growth. To bridge from €655m to €703m in operating profit, Building & Technical Trade must deliver its cyclical recovery, lifting its margin from the depressed 3.8% level back toward historical norms.

The bridge is weakest in its working capital and cash flow assumptions. The projected jump in operating cash flow from €741m to €1,595m implies a large working capital release. If the construction market recovery stalls, B&T inventory will stay trapped on the balance sheet, putting the cash flow forecast and the capacity for capital returns at risk.

> **BRIDGE MECHANICS**
> Bridging FY2025 to FY2026 relies on stripping out €244m in one-off impairments and securing ~€48m in organic operational growth, almost entirely driven by B&T margin normalization.

To validate the €11.2 billion enterprise value, it needs to be checked against the group's underlying cash generation, adjusting for the €3.4 billion net debt that sits senior to equity holders. Using an EV-to-comparable-EBIT framework, the current group comparable EBIT of €655 million supports the enterprise value at a blended multiple of 17.1x.

This blended multiple implies the market is paying a heavy premium for current operations — a blend of high quality in one segment and expected recovery in another. Grocery Trade's current cash generation heavily supports the equity value, acting as the dividend engine that services the debt and returns cash to shareholders.

However, roughly €3.0 billion of the enterprise value sits in Building & Technical Trade. Because that division is currently severely under-earning, the valuation requires investors to look beyond current economics and underwrite a cycle normalization.

The most fragile assumption is the timing of the construction recovery. If Building & Technical Trade margins stay trapped at 3.8% because high interest rates structurally depress Nordic housing starts, the market will give up on the 17x implied trailing multiple. Re-rating that division to a mature multiple on depressed earnings would wipe out €800 million to €1 billion in enterprise value.

CORE ANALYSIS · SCENARIOS & VERDICT

10 Scenario logic and the bottom-line judgment

How the conclusion changes under less favourable scenarios.

The difference between scenarios is driven mainly by the margin performance of the two major segments, since volume growth is fairly constrained by mature market dynamics. The largest swing factor is Building & Technical Trade's margin trajectory.

In a Bear scenario, the thesis breaks if the defensive anchor fails alongside the cyclical engine. If price competition forces the Grocery Trade margin down to 5.5% (destroying the premium multiple thesis), and the construction freeze holds B&T margins at 3.5%, total group operating profit falls sharply. A compressed multiple then shrinks EV, pushing the implied share price down toward €14.

Upside relies heavily on operational leverage in B&T. If macro conditions improve and the Danish acquisitions yield procurement synergies, pushing B&T margins to 5.5%, group earnings expand rapidly without requiring significant new capital deployment. In this Bull scenario, strong free cash flow pays down net debt, amplifying the equity value expansion toward €24.

BOTTOM LINE

The central investment debate for Kesko is whether the premium multiple applied to its high-quality Grocery business gives enough margin of safety to wait out the cyclical downturn in Building & Technical Trade. The €11.2 billion enterprise value maps cleanly to equity value once you account for €3.4 billion in net debt, but it relies on dual success: sustaining peak margins in food retail while executing a full margin recovery in technical trade.

FINANCIAL BRIDGE · PART 1

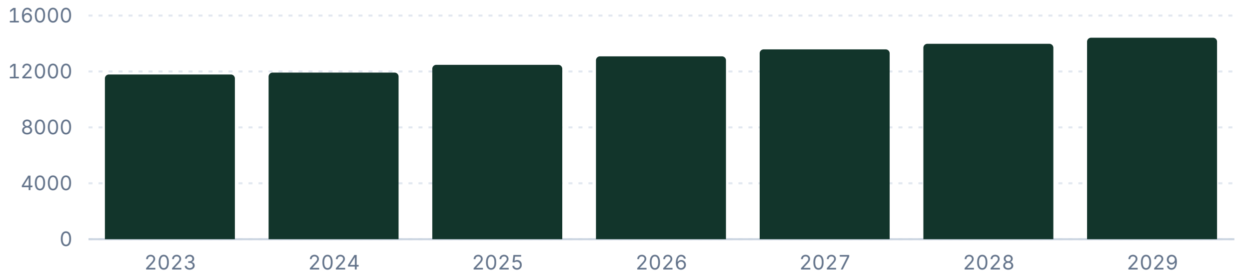
Net sales, EBITDA / EBIT, EBIT margin

14

Group-level trajectory for sales, earnings and margin; shaded bands mark forecast periods.

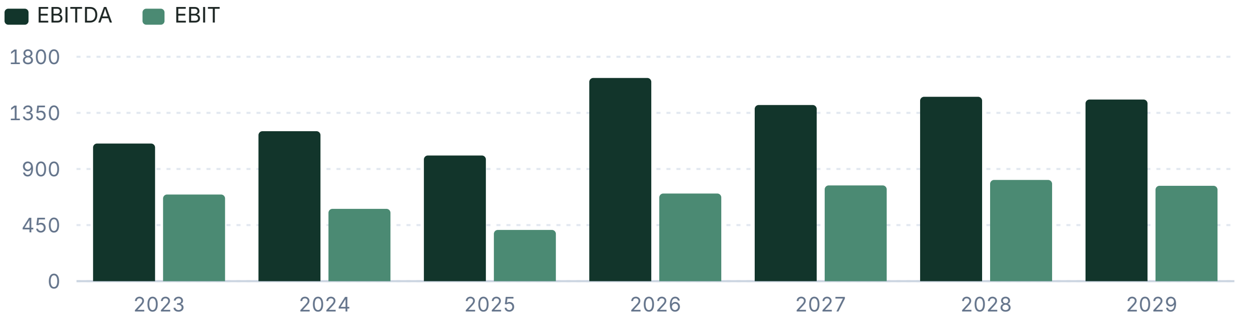
Net sales

EUR millions



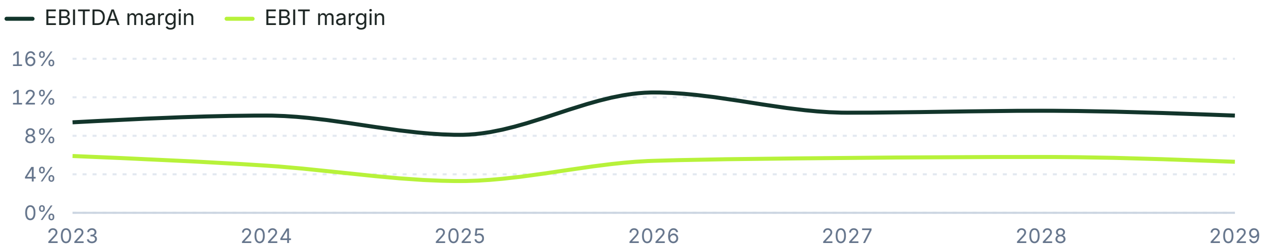
EBITDA & EBIT

EUR millions



EBIT and EBITDA margin

% of net sales



FINANCIAL BRIDGE · PART 2

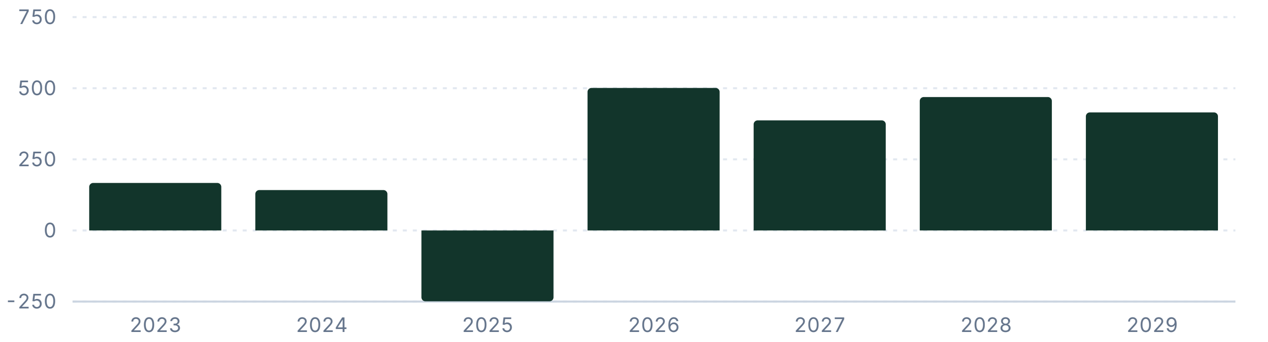
15

Free cash flow, leverage, and key financials

Cash generation and balance-sheet capacity.

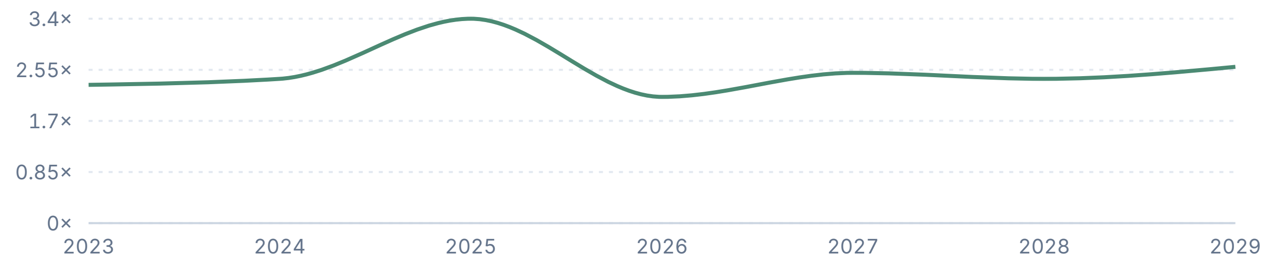
Free cash flow

EUR millions



Net debt / EBITDA

Ratio



KEY FINANCIALS

	2025	2026	2027	2028	2029
Net Sales	12,475	13,082	13,581	13,980	14,415
EBITDA	1,008	1,630	1,413	1,479	1,457
Comparable EBIT	411	703	768	812	765
Net Earnings	**405**	**463**	**516**	**551**	**542**
EPS (EUR)	1	1.2	1.3	1.4	1.4
DPS (EUR)	0.9	1	1.1	1.2	1.2

VALUATION

Target price derivation

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The rationale for the chosen valuation method and multiple, with the company's historical multiples.

Web-sourced: Grafton Group plc Mkt cap, Div yield. Web-sourced: Inchcape plc Mkt cap, Div yield.

Kesko operates a mature, cash-generative grocery business coupled with a cyclical building materials and technical trade arm, making enterprise-level operating profit (EV/EBIT) the most robust core valuation method prior to debt capitalization. The company trades at approximately 16.0x EV/EBIT on 2026 estimates, slightly above the peer median of 15.5x but at a discount to its own normalized historical average of 17.8x. The selected fair multiple of 15.5x aligns the valuation with comparable peers while acknowledging the current cyclical trough weighing on the building and technical trade segment. The XY scatter valuation signal (ROE vs. P/BV) is incorporated with a 20% weight, pulling down the target price slightly to reflect a return-on-equity profile that is normalizing below peak historical levels. The primary valuation risk is a deeper or more prolonged downturn in Nordic construction markets, which could further compress earnings and limit EV multiple expansion.

HISTORICAL AND FORECAST MULTIPLES

METRIC	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	NORM. AVG	SELECTED FAIR MULTIPLE
P/E	19.17x	19.23x	12.92x	14.38x	19.06x	18.93x	16.75x	14.97x	14.10x	17.28x	
P/FCF	9.30x	15.29x	26.58x	42.69x	51.04x	-30.73x	15.47x	20.03x	16.53x	28.98x	
P/BV	3.81x	4.61x	2.99x	2.58x	2.66x	2.74x	2.66x	2.56x	2.48x	3.23x	
P/S	0.78x	1.03x	0.69x	0.60x	0.61x	0.61x	0.59x	0.57x	0.55x	0.72x	
EV/Sales	1.01x	1.21x	0.88x	0.82x	0.86x	0.89x	0.86x	0.83x	0.80x	0.95x	
EV/EBITDA	9.86x	10.82x	7.93x	8.79x	8.47x	11.07x	6.88x	7.93x	7.58x	9.49x	8.0x
EV/EBIT	18.01x	17.63x	12.70x	13.95x	17.59x	27.16x	15.95x	14.60x	13.81x	17.84x	15.5x
Dividend yield	3.0%	2.6%	5.1%	6.0%	4.2%	4.8%	5.2%	5.8%	6.2%	4.3%	

VALUATION

Peers and target price bridge

17

Validated peer multiples, each method's implied price and weight, and the sensitivity of the target.

PEER COMPARISON

COMPANY	COUNTRY	MKT CAP	P/E 2026E	P/E 2027E	EV/EBITDA 2026E	EV/EBITDA 2027E	P/BV	EBIT MARGIN	ROE	DIV YIELD
Axfood AB (publ)	Sweden	57.7 SEKbn	19.6x	18.0x	8.4x	7.7x	4.6x	4.4%	26.6%	n/a
Grafton Group plc	Ireland / UK	1.7 GBPbn	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.3%
Bergman & Beving AB (publ)	Sweden	8.7 SEKbn	44.8x	32.1x	14.3x	13.2x	4.2x	8.6%	9.8%	n/a
Bilia AB (publ)	Sweden	13.1 SEKbn	13.1x	11.6x	7.6x	7.3x	2.5x	3.6%	19.2%	7.1%
Inchcape plc	United Kingdom	2.8 GBPbn	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.1%
Koninklijke Ahold Delhaize N.V.	Netherlands	31.1 EURbn	13.3x	13.9x	5.8x	5.7x	1.7x	4.0%	13.7%	7.8%
Peer median		-	13.3x	13.9x	8.0x	7.5x	3.3x	4.0%	16.4%	7.5%
Peer average		-	15.3x	14.5x	9.0x	8.5x	3.2x	4.0%	17.3%	7.5%

TARGET PRICE BRIDGE

METHOD	FORECAST METRIC	METRIC VALUE	SELECTED MULTIPLE	IMPLIED PRICE	WEIGHT
EV/EBIT (Primary)	2026e EBIT	703 EURm	15.5x	18.68 EUR	48%
EV/EBITDA (Supporting)	2026e EBITDA	1,630 EURm	8.0x	24.07 EUR	32%
XY scatter (ROE/P/BV)	Average forecast BVPS	7.52 EUR	2.1x	15.80 EUR	20%
Weighted target price				19.8 EUR	100%

SENSITIVITY — IMPLIED SHARE PRICE

2026E EBIT (EURM)	MULTIPLE 14.5X	MULTIPLE 15.5X (BASE)	MULTIPLE 16.5X
562.4 (-20%)	11.80	13.21	14.62
632.7 (-10%)	14.36	15.95	17.54
703.0 (Base)	16.92	18.68	20.45
773.3 (+10%)	19.48	21.42	23.37
843.6 (+20%)	22.04	24.16	26.28

VALUATION MAP

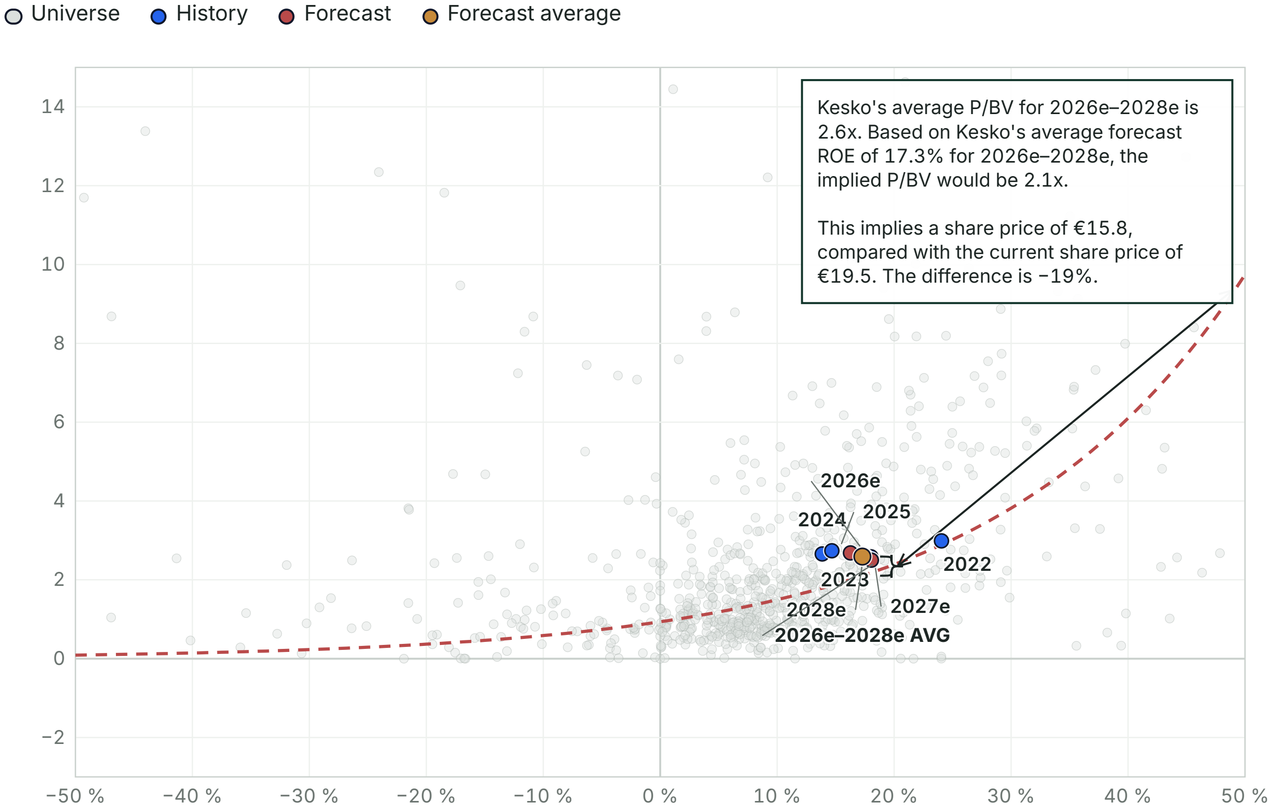
ROE vs P/BV — pricing versus profitability

18

The whole Wisdom universe as context: how the market prices profitability on average, and what the company's forecast position would imply for the share price.

ROE 2025 vs P/BV 2025

Kesko in the Wisdom universe (4 632 companies)



Kesko's forecast average for 2026–2028 shows an ROE of 17.3% and a P/BV of 2.6x, placing it above the universe curve, which suggests a lower P/BV of 2.1x for that level of profitability. This means the stock is trading at a premium: the curve-implied share price of EUR 15.8 is 19% below the current market price of EUR 19.5. The valuation map suggests the share price is overextended relative to the broader market's typical relationship between returns and valuation multiples.

MULTIPLES & SENSITIVITY

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Forward multiples and EBITDA × multiple grid

How the implied valuation responds to changes in EBITDA and the applied multiple.

FORWARD MULTIPLES

	2026
P/E	16.7×
EV/EBITDA	6.9×
EV/EBIT	16.0×
P/FCF	15.5×
P/BV	2.7×
Dividend Yield	5.2%
Net Debt / EBITDA	2.1×

EBITDA × EV/EBITDA sensitivity

EBITDA EV/EBITDA →	6.0×	7.0×	**8.0×**	9.0×	10.0×
-20% EUR 1,304m	**EUR 7,824m** EUR 11.10 / sh	**EUR 9,128m** EUR 14.40 / sh	**EUR 10,432m** EUR 17.60 / sh	**EUR 11,736m** EUR 20.90 / sh	**EUR 13,040m** EUR 24.20 / sh
-10% EUR 1,467m	**EUR 8,802m** EUR 13.50 / sh	**EUR 10,269m** EUR 17.20 / sh	**EUR 11,736m** EUR 20.90 / sh	**EUR 13,203m** EUR 24.60 / sh	**EUR 14,670m** EUR 28.30 / sh
Base EUR 1,630m	**EUR 9,780m** EUR 16.00 / sh	**EUR 11,410m** EUR 20.10 / sh	**EUR 13,040m** EUR 24.20 / sh	**EUR 14,670m** EUR 28.30 / sh	**EUR 16,300m** EUR 32.40 / sh
+10% EUR 1,793m	**EUR 10,758m** EUR 18.50 / sh	**EUR 12,551m** EUR 23.00 / sh	**EUR 14,344m** EUR 27.50 / sh	**EUR 16,137m** EUR 32.00 / sh	**EUR 17,930m** EUR 36.50 / sh
+20% EUR 1,956m	**EUR 11,736m** EUR 20.90 / sh	**EUR 13,692m** EUR 25.80 / sh	**EUR 15,648m** EUR 30.70 / sh	**EUR 17,604m** EUR 35.60 / sh	**EUR 19,560m** EUR 40.60 / sh

SCENARIO VALUATION

Bear / Base / Bull bridge

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Revenue, EBITDA, multiple, EV, equity, value-per-share and upside in each scenario.

SCENARIO BRIDGE

	REVENUE	EBITDA	MARGIN	MULTIPLE	EV	EQUITY	VALUE / SHARE	UPSIDE
Bear	12,500	1,200	9.6%	7.6×	9,120	5,714	EUR 14.34	−26.3%
Base	13,082	1,630	12.5%	6.9×	11,214	7,808	EUR 19.60	+0.7%
Bull	13,500	1,850	13.7%	6.9×	12,784	9,377	EUR 23.54	+21.0%

KEY CONDITIONS

The difference between scenarios is driven mainly by the margin performance of the two major segments, particularly whether the Nordic construction recovery materializes for Building & Technical Trade.

THESIS BREAKER

If price competition forces the Grocery Trade margin down to 5.5% while the construction freeze holds B&T margins at 3.5%, total group enterprise value will contract sharply.

CATALYSTS

Monitoring checklist

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Near-, medium- and long-term events that could change the recommendation.

CATALYST REGISTER

	TIMING	SEGMENT	INDICATOR	VALUATION IMPACT
Nordic Housing Starts Inflection	NEAR-TERM	Building & Technical Trade	Monthly residential permits in Finland/Sweden	Crucial for B&T fixed-cost absorption
Nielsen Market Share Defense	MEDIUM-TERM	Grocery Trade	Quarterly market share vs S Group	Validates the premium 18x EV multiple
Danish M&A Integration Synergies	LONG-TERM	Building & Technical Trade	Reported technical trade gross margins	Proves structural uplift beyond cycle recovery
Used Car / Service Mix Normalization	NEAR-TERM	Car Trade	Ratio of aftersales to total division profit	Confirms recent 6.1% margin durability

READ-THROUGH

The most important catalyst over the next 12 months is the inflection point in Nordic housing starts. This macro data point is easy to observe externally and will signal when Building & Technical Trade begins absorbing its fixed costs efficiently again. The market will also watch Grocery sales volume and market share data closely: modest volume stagnation is fine if price and mix drive margin expansion, but market share erosion would directly threaten the premium multiple anchoring the group's EV.

RISKS

Risk register

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Each risk's segment, mechanism, early-warning trigger, impact band and structural type.

RISK REGISTER

	SEGMENT	MECHANISM	EARLY WARNING	IMPACT	TYPE
Prolonged Construction Trough	Building & Technical Trade	High rates continuously suppress housing starts, stranding inventory.	Declining Euroconstruct Nordic building permits	HIGH	STRUCTURAL
Intensified Retail Price War	Grocery Trade	Aggressive campaigns from S Group erode the 6.5% comparable EBIT margin.	Rising promotional intensity in Finnish grocery	HIGH	THESIS BREAKER
Balance Sheet Leverage	Group / Equity	Poor cash generation exacerbates the €3.4bn net debt burden.	Negative working capital release in B&T	MEDIUM	MANAGEABLE
EV Transition Depreciation	Car Trade	Price wars in new electric vehicles force write-downs on inventory stock.	Lower new-car gross margins in Finland	LOW	MANAGEABLE

READ-THROUGH

The most thesis-breaking risk is an intensified retail price war in Grocery Trade. Because 68% of enterprise value is supported by this division, any structural erosion of its 6.5% margin would trigger a sharp de-rating of the group's premium multiple. The risk of a prolonged construction trough is already partly priced into the depressed trailing earnings of Building & Technical Trade, though how long the trough lasts remains uncertain. If a deep recession triggers consumer down-trading in groceries and delays construction at the same time, the group's leverage could quickly become a structural drag on equity returns.

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APPENDIX

Income statement

INCOME STATEMENT — EUR MILLIONS

	2023	2024	2025	2026 E	2027 E	2028 E
Net Sales	**11,784**	**11,920**	**12,475**	*13,082*	*13,581*	*13,980*
EBITDA	**1,104**	**1,203**	**1,008**	*1,630*	*1,413*	*1,479*
EBITDA margin	9.4%	10.1%	8.1%	*12.5%*	*10.4%*	*10.6%*
Depreciation	-408	-623	-597	*-927*	*-645*	*-667*
Operating Profit (EBIT)	**695**	**580**	**411**	*703*	*768*	*812*
EBIT margin	5.9%	4.9%	3.3%	*5.4%*	*5.7%*	*5.8%*
Net financial items	-82	-108	100	*-129*	*-128*	*-129*
Pre-tax Profit	**614**	**472**	**510**	*573*	*640*	*682*
Net Earnings	**496**	**380**	**405**	*463*	*516*	*551*
PER SHARE						
EPS	1.3	1	1	*1.2*	*1.3*	*1.4*
DPS	1.1	0.8	0.9	*1*	*1.1*	*1.2*
Payout ratio	86.7%	80.7%	91.4%	*87.2%*	*87.2%*	*87.2%*

E = Valuatum estimate (not yet actualised)

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APPENDIX

Balance sheet

BALANCE SHEET — EUR MILLIONS	2023	2024	2025	2026 *E*	2027 *E*	2028 *E*
ASSETS						
Tangible assets	3,873	4,271	4,661	*4,818*	*5,002*	*5,148*
Intangibles	211	234	213	*223*	*231*	*238*
Goodwill	664	643	722	*722*	*722*	*722*
Non-current assets	**5,145**	**5,603**	**6,090**	***6,257***	***6,449***	***6,603***
Inventories	1,084	1,102	1,204	*1,244*	*1,291*	*1,329*
Receivables	1,299	1,277	1,343	*1,300*	*1,349*	*1,389*
Cash & equivalents	212	473	166	*295*	*306*	*315*
Current assets	**2,595**	**2,852**	**2,713**	***2,838***	***2,947***	***3,033***
Total Assets	**7,754**	**8,471**	**8,823**	***9,115***	***9,416***	***9,656***
EQUITY & LIABILITIES						
Equity	2,758	2,735	2,827	*2,917*	*3,030*	*3,131*
Long-term debt	691	1,054	1,286	*1,838*	*1,904*	*1,951*
Short-term debt	99	291	189	*1,839*	*1,904*	*1,951*
Long-term liabilities	**372**	**681**	**1,007**	***1,559***	***1,625***	***1,672***
Current liabilities	**2,556**	**2,928**	**2,790**	***4,537***	***4,659***	***4,752***
Total liabilities & equity	**7,754**	**8,471**	**8,823**	***9,115***	***9,416***	***9,656***
CAPITAL STRUCTURE & RATIOS						
Net debt	2,575	2,923	3,407	*3,382*	*3,501*	*3,587*
Capital invested	3,336	3,607	4,136	*6,299*	*6,532*	*6,718*
Equity ratio	35.6%	32.3%	32.0%	*32.0%*	*32.2%*	*32.4%*
Gearing	93.4%	106.9%	120.5%	*115.9%*	*115.5%*	*114.5%*
Net debt / EBITDA	2.3×	2.4×	3.4×	*2.1×*	*2.5×*	*2.4×*
Current ratio	1	1	1	*0.6*	*0.6*	*0.6*

E = Valuatum estimate (not yet actualised)

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APPENDIX

Cash flow

CASH FLOW — EUR MILLIONS

	2023	2024	2025	2026 *E*	2027 *E*	2028 *E*
OPERATIONS						
CF from operations	996	1,187	798	*1,491*	*1,121*	*1,186*
Operating cash flow	1,061	1,276	741	*1,595*	*1,225*	*1,290*
Change in working capital	-71	-184	204	*-101*	*40*	*32*
INVESTING & FREE CASH						
Gross capex	868	1,081	1,084	*1,094*	*837*	*821*
Capex (ex. M&A)	-868	-1,081	-1,084	*-1,094*	*-837*	*-821*
Free Operating Cash Flow	**167**	**142**	**-249**	***501***	***387***	***469***
Free cash flow to firm	**167**	**142**	**-249**	***501***	***387***	***469***
FINANCING						
CF from financing	-136	153	-43	*-268*	*-272*	*-356*
Dividends paid	-421	-430	-306	*-370*	*-403*	*-450*
Net change in cash	**-9**	**259**	**-329**	***129***	***11***	***9***

E = Valuatum estimate (not yet actualised)

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APPENDIX

Quarterly snapshot

HISTORICAL QUARTERS — LAST TWO COMPLETED YEARS, EUR MILLIONS

	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25	Q2/25	Q3/25	Q4/25
Net Sales	2,760	3,093	3,027	3,041	2,828	3,189	3,227	3,231
EBITDA	235	325	347	309	233	321	346	107
EBITDA margin	8.5%	10.5%	11.5%	10.1%	8.3%	10.1%	10.7%	3.3%
Comparable EBIT	97	172	202	121	89	178	201	-57
EBIT margin	3.5%	5.6%	6.7%	4.0%	3.2%	5.6%	6.2%	-1.8%
Net Earnings	60	98	139	75	48	117	140	100
EPS	0.2	0.3	0.4	0.2	0.1	0.3	0.4	0.3

CURRENT YEAR — QUARTERLY, EUR MILLIONS

	Q1/26	Q2/26 *E*	Q3/26 *E*	Q4/26 *E*
Net Sales	3,029	*3,291*	*3,331*	*3,431*
EBITDA	251	*625*	*684*	*70*
EBITDA margin	8.3%	*19.0%*	*20.5%*	*2.1%*
Comparable EBIT	102	*335*	*377*	*-111*
EBIT margin	3.4%	*10.2%*	*11.3%*	*-3.2%*
Net Earnings	51	*171*	*198*	*43*
EPS	0.1	*0.4*	*0.5*	*0.1*

E = Valuatum estimate (not yet actualised)

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SOURCES & DISCLAIMER

Sources, assumptions, and standard disclaimer

SOURCES REGISTER

	VALUE	CATEGORY	USED IN
Enterprise Value / Market Cap	€11,212m / €7,752m	MARKET DATA	Cover, Page 6
FY2025A Comparable EBIT	€655m	FINANCIAL SNAPSHOT	Pages 2 & 18
Segment EV Allocation	€7,621.6m (Grocery), €3,037.9m (B&T)	COMPANY VALUE MAP	Pages 5 & 6
2026e Group EBIT	€703m	GENERATED ESTIMATE	Pages 2 & 7
Forward PE Multiple	16.75x	MODEL OUTPUT	Valuation Reality Check
Peer Consensus EBIT 2026	€703m	CONSENSUS ESTIMATES	Appendix

DISCLAIMER

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