

DECEMBER 2023

COMPANY PRESENTATION

WE BUILD OUR FUTURE BY HELPING OTHERS BUILD THEIRS

Every day, our customers - the professional tradespeople across Europe - work hard to build other people's future.

They are passionate about their craft and committed to designing, constructing and renovating the places where we live, work and play.

For them, setting standards for trusted work is the only option.

At STARK Group, we share our customers' commitment to building the future, and every day we work hard to reach our common goal.



OUR VALUES

Our core values reflect what we stand for and help our customers and partners understand and appreciate what it means to do business with us.



DECENCY

We act with decency
towards customers,
colleagues and partners



PASSION

We care deeply
about people and society



PRIDE

We take pride in
delivering what we
promise



BRIDGING THE GAP IN THE VALUE CHAIN

Our united strength lets us source products and building material internationally, to deliver value in the local communities across our seven European markets.

As a leading heavy building materials distributor in Europe, we bridge the gap between our suppliers and customers - Europe's professional builders.

We add value through quality products and materials, sound advice, and superior logistic solutions and distribution.

STARK GROUP AT A GLANCE

The Group lives and breathes to remove hassle and make life easier for the more than 450,000 tradespeople that are its customers.

It aims at bringing everything they need within easy reach. It empowers its colleagues to offer eye-level service in a flash. And it uses its size to tradespeople's advantage.

This has made STARK Group a market-leading builders' merchant and distributor of heavy building materials in Europe.

Net sales

€7BN

CAGR Growth
2020-23

+20%

Engagement
Score

74

Customer Net
Promotor Score

56

KEY TRADE BRANDS

Norway



Finland



Sweden



UK



Denmark



Germany



Austria

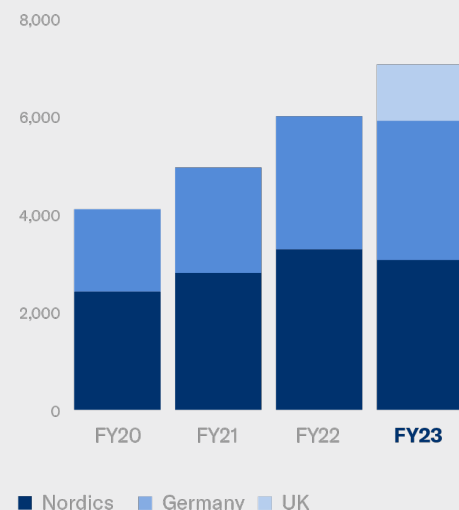


FINANCIAL HIGHLIGHTS

FY2023

NET SALES

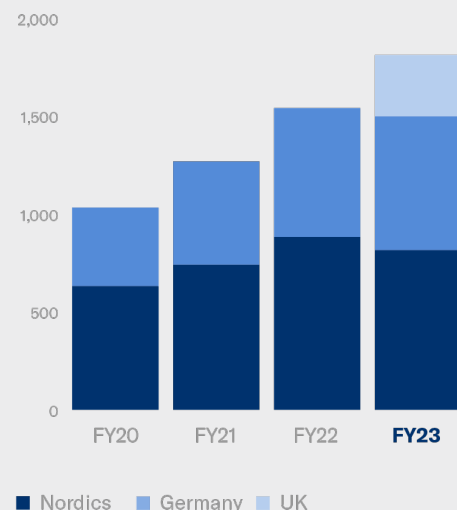
EUR Million



Net sales grew by **17.7%** to **EUR 7,054 million**. An extraordinary 2022 and a resilient first half of the year were followed by relatively soft markets. Acquisitions including STARK in the UK contributed significantly. Organic growth excluding acquisitions and currency impact was negative at **6.5%**

GROSS PROFIT

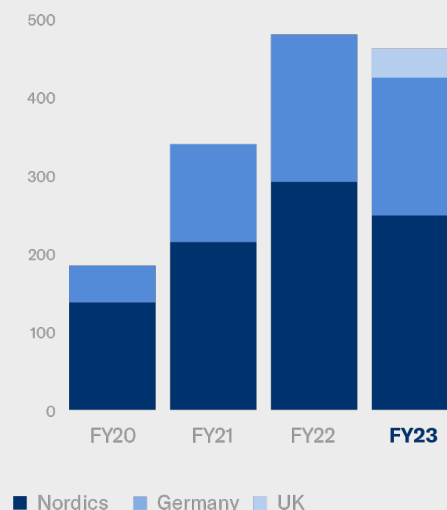
EUR Million



Gross profit grew by **17.5%** to **EUR 1,811 million** driven by growth in net sales. Effective price management and the Group's size vis-à-vis suppliers cushioned against price volatility, inflation, and declining activity levels in the second half of the year. Gross margin stood at **25.7%**.

ADJUSTED EBITDA

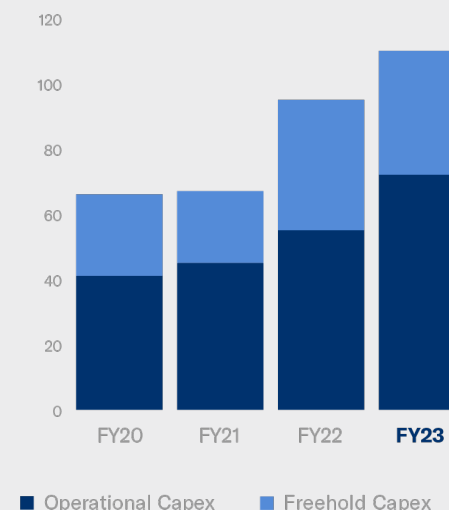
EUR Million



Adjusted EBITDA was **EUR 456 million**, a decrease of **4.7%**. After closing an extraordinary financial year in 2022, we managed for lower activity levels, diligently executing cost reductions to mitigate inflationary pressure and align operations to current activity levels. However, this did not fully compensate for the actual drop in activity levels. Reported EBITDA ended at **EUR 391 million**.

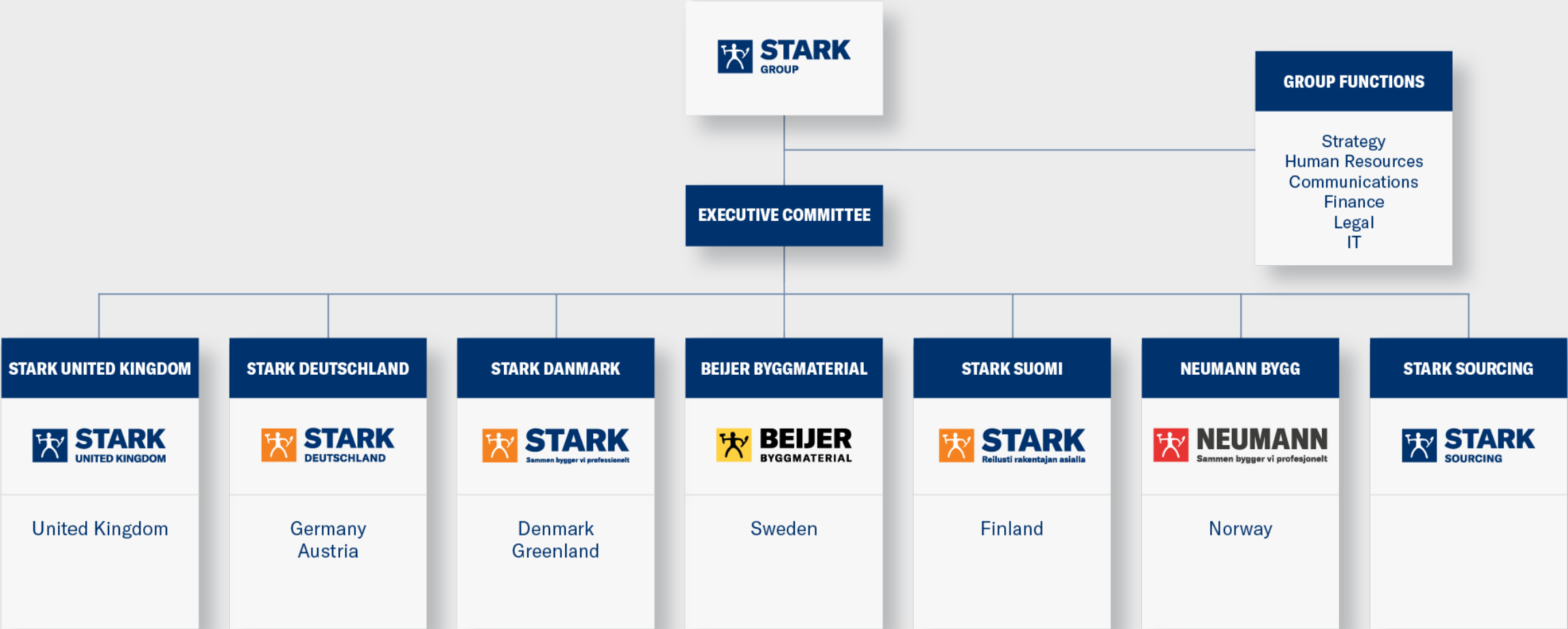
CAPEX

EUR Million



Total Capex was **EUR 108 million**. Freehold Capex stood at EUR 37 million (down by EUR 2 million) due to continued investments in a select number of strategic locations and properties. Operational Capex increased mainly due to investments in a digital programme, which is intended to replace the Group's digital infrastructure with an up-to-date foundation for digitising key business processes.

HOW WE ARE ORGANISED



STRATEGY

STARK Group's strategy plan towards 2027 outlines how it intends to grow its share and deepen customer relations, drive efficiency, and manage its assets to future-proof the business.

The Group is on a quest to support tradespeople in making hard work and their working lives as easy as can be.

The strategy plan builds on ten pillars:

WE MAKE HARD WORK EASIER

MOVING CLOSER

To win the local zone by building more trusted relationships and enhancing its range, service offering and network.

01 SME FOCUS

02 CUSTOMER PROMISE

03 BEST BRANCHES, PROXIMITY & LOGISTICS

ACTING SMARTER

To offer great customer experience by bringing power from smart digital, people and pricing solutions from business units into the local zone.

04 DIGITAL, IN EVERYTHING WE DO

05 EMPOWER PEOPLE EFFICIENTLY

06 SMART PRICING

GROWING STRONGER

To bring benefits to tradespeople from working with Europe's strongest Group by gaining sourcing synergies, consolidating our industry, and reinvesting in our business.

07 EUROPE'S #1 SOURCING CHANNEL

08 M&A LEADERSHIP

09 COMMERCIAL REAL ESTATE

LEADING ON SUSTAINABILITY

To become the best partner for sustainable building by managing the business to high ESG standards and making sustainability a commercial success to the benefit of tradespeople and a net zero future.



10 BEST PARTNER FOR SUSTAINABLE BUILDING

STRATEGY

STARK Group does business in a geopolitically stable region with limited exposure to long distance supply chains and focuses its business on a highly attractive market segment: Professional tradespeople working in small and medium-sized enterprises (SME) in the market for renovation, maintenance, and improvement (RMI).

AN ATTRACTIVE MARKET



The geographical footprint is in a stable region exhibiting strong market fundamentals including stable GDP growth, a stable regulatory environment and compelling structural growth drivers. These include a population growth of an estimated 2.25 million people (1.2%) to 191 million in the period 2023-28 and urbanisation as well as a push for improved energy efficiency and sustainability in the existing housing stock.



The key market is the attractive Renovation, Maintenance, and Improvement (RMI) segment of the construction industry that is instrumental in building and renovating to counter the ongoing housing deficit. The RMI end-market has more resilience to the new-build market and benefits from the increasingly important market for energy efficiency that is being further fueled by the EU Green Deal stimuli package.



The customers are tradespeople working in the RMI segment. While doing business across all customer segments, the Group has its main foothold with small and medium-sized enterprises (SMEs) (1-50 employees) that mainly engage in small and medium-sized RMI projects or as subcontractors. The segment is attractive because SME tradespeople work across cities and hence value the dense branch network, effective distribution, broad and guaranteed assortment, and services that STARK Group delivers.

BUSINESS MODEL

KEY RESOURCES

BUSINESS ACTIVITIES

VALUE CREATED

- Products**
More than 400,000 SKU numbers sourced and sold
- Partnerships**
Trusted relationships with +450,000 tradespeople, 15,000 suppliers and the building industry at large
- People**
More than 20,000 employees with backgrounds as tradespeople, retailers, distributors etc.
- Expertise & knowledge**
Continuous training of employees and more than 125 years of heritage
- Brand & reputation**
Suite of leading brands acknowledged by tradespeople and the building industry at large

- SOURCE**

Scale in sourcing
Leverage scale to secure availability, product integrity and competitive prices

Breaking pallets
Break truckloads from manufacturers into smaller quantities and mix needed at building sites ensuring an efficient low-carbon logistics

Warehousing
Efficient distribution from manufacturers to network of large warehouses and branches that keep buffer stock for tradespeople
- SELL**

Network with broad coverage
Located close to building sites to reduce tradespeople's time spent on procuring

Product availability
Offer the right product mix and full availability within short timeframe on time in full. This includes a market leading assortment of materials to fulfill energy efficiency and LCA requirements

Sales facilitation
Provision of projects and bidding planning services

Customer consultations and credit
Offer deep customer and market insights and act as sales force for manufacturers for long tail of SME customers. Ensure competitive pricing and advice to customers about products, sustainability etc. Bridge the liquidity gap by offering credit

Product documentation
Provide market leading product documentation to fulfill national and sustainability scheme requirements

- DISTRIBUTE**

Efficient distribution
Manage complex distribution of heavy and fragile materials with modified trucks and direct delivery capabilities. Ensure access to and availability of materials close to building sites with efficient low-carbon logistics solutions

- Net zero cities of tomorrow**
More and better housing, office spaces and renovated and energy-efficient buildings for high quality of life and sustainable communities and cities
- Efficient building industry**
Reduced complexity, more speed and best prices when distributing heavy building materials procured in different mixes for delivery within a short timeframe
- Customer value**
Advise, service and credit for professional tradespeople
- Great place to work**
Career opportunities in an engaging and safe working environment for a brand that employees take pride in
- Shareholder value**
Competitive total returns through high ESG performance and above average market growth and value creation



BEST PARTNER FOR SUSTAINABLE BUILDING

We play a crucial role in connecting manufacturers of building materials with professional tradespeople.

Our efficient logistics ensure that the right products are delivered on time, where and how our customers need them. This creates value for our suppliers as it allows them to reach a widespread, hyperlocal network of customers cost and carbon-efficiently while ensuring sustainable business operations.

As an international group with a local attitude, STARK Group plays a

vital role in sustainable value creation in the European construction industry.

We stay on top of sustainable building practices and emerging low-carbon, energy-efficiency, and eco-labelled products to support the green transition while providing efficient documentation.

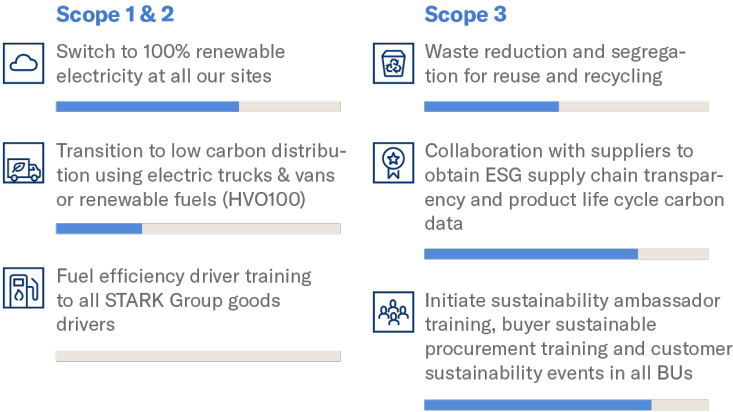
Together, we help our customers and partners keep their businesses one step ahead as we build our shared net zero future.



OUR ROADMAP TO NET ZERO

Together with our partners and customers we will support and further develop a net zero construction sector of the future with a wide array of low carbon products and services. We will continue to be active in partnerships for circularity and to measure and manage the sustainability impacts of our value chain. We will balance any remaining emissions through trusted third party verified climate solutions that benefit society at a whole.

ACCELERATING OUR CLIMATE EFFORTS



INCREASING FOCUS ACROSS THE VALUE CHAIN



By 2050 we will reach

NET ZERO 0

Commitment to Science Based Targets Business
Ambition to 1.5°C

By 2024, we will reduce our scope 1 & 2 emissions by 16.8% and scope 3 emissions by 5%

By 2030, we will reduce our scope 1 & 2 carbon emissions by 42% and scope 3 emissions by 12.3%

2020

Baseline

2024

2030

2050

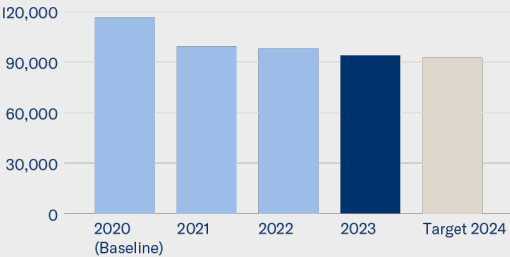
ESG PERFORMANCE HIGHLIGHTS

ENVIRONMENT



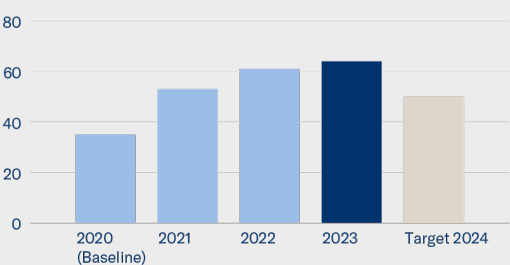
CARBON SCOPE 1 & 2¹
Absolute tCO₂e

Our progress
ON TARGET



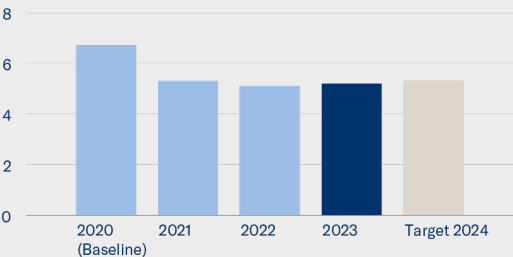
RENEWABLE ELECTRICITY SOURCED¹
Percentage

Our progress
ON TARGET



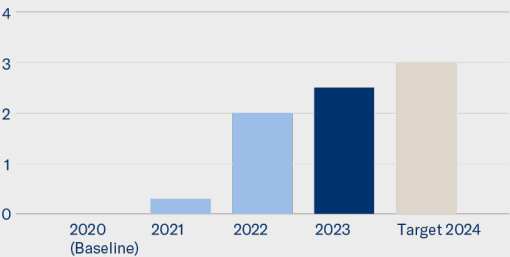
WASTE INTENSITY FROM OPERATIONS¹
Tonnes per mEUR revenue

Our progress
ON TARGET



SUSTAINABILITY SPECIALISTS
% of total employees

Our progress
TOWARDS TARGET



1. Baseline has been restated to include M&As according to our accounting principles (Sustainability Report p. 68). 2020/21 and 2021/22 with interpolated UK data.

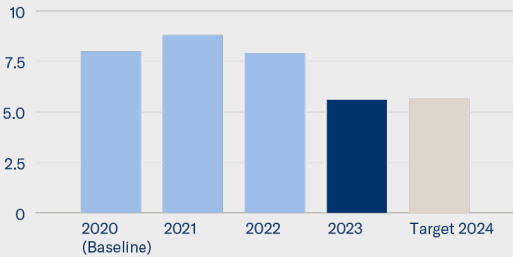
ESG PERFORMANCE HIGHLIGHTS

SOCIAL



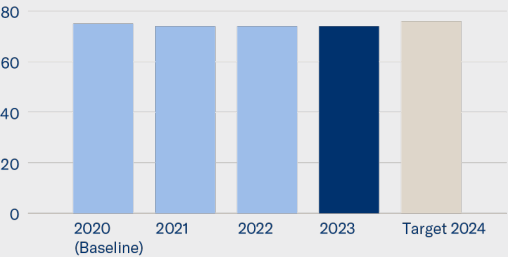
INJURY RATE
per million hours

Our progress
ON TARGET



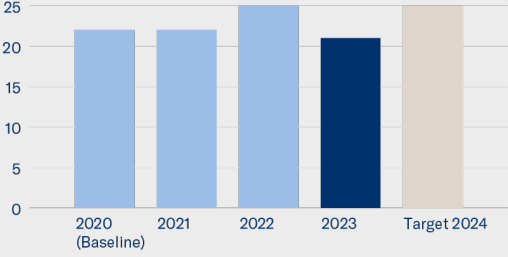
EMPLOYEE ENGAGEMENT
engagement score

Our progress
BEHIND TARGET



GENDER BALANCE
% women

Our progress
BEHIND TARGET



GOVERNANCE



ESG RATING OF SUPPLIERS
ESG Risk score

Our progress
TARGET TO INCREASE COVERAGE AND REDUCE RISK SCORE

49% **2.4**

of our spend is covered by an ESG risk score is the average risk score

UN GLOBAL COMPACT

STARK Group is a proud signatory of the UN Global Compact, and our sustainability framework is built on the ten principles of the UNGC, taking into considerations how we can contribute to the Sustainable Development Goals (SDGs).



STARK GROUP AWARDED A TOP RATING FOR ITS SUSTAINABILITY PERFORMANCE



For the third time in a row, STARK Group secures the highest distinction, a platinum rating, in EcoVadis' global sustainability assessment, thus maintaining its position among the top 1 per cent of the more than 125,000 assessed companies globally.

The platinum rating reflects STARK Group's ongoing implementation and integration of measurable and concrete initiatives within the categories of Environment, Labour and Human Rights, Ethics and Sustainable Procurement.

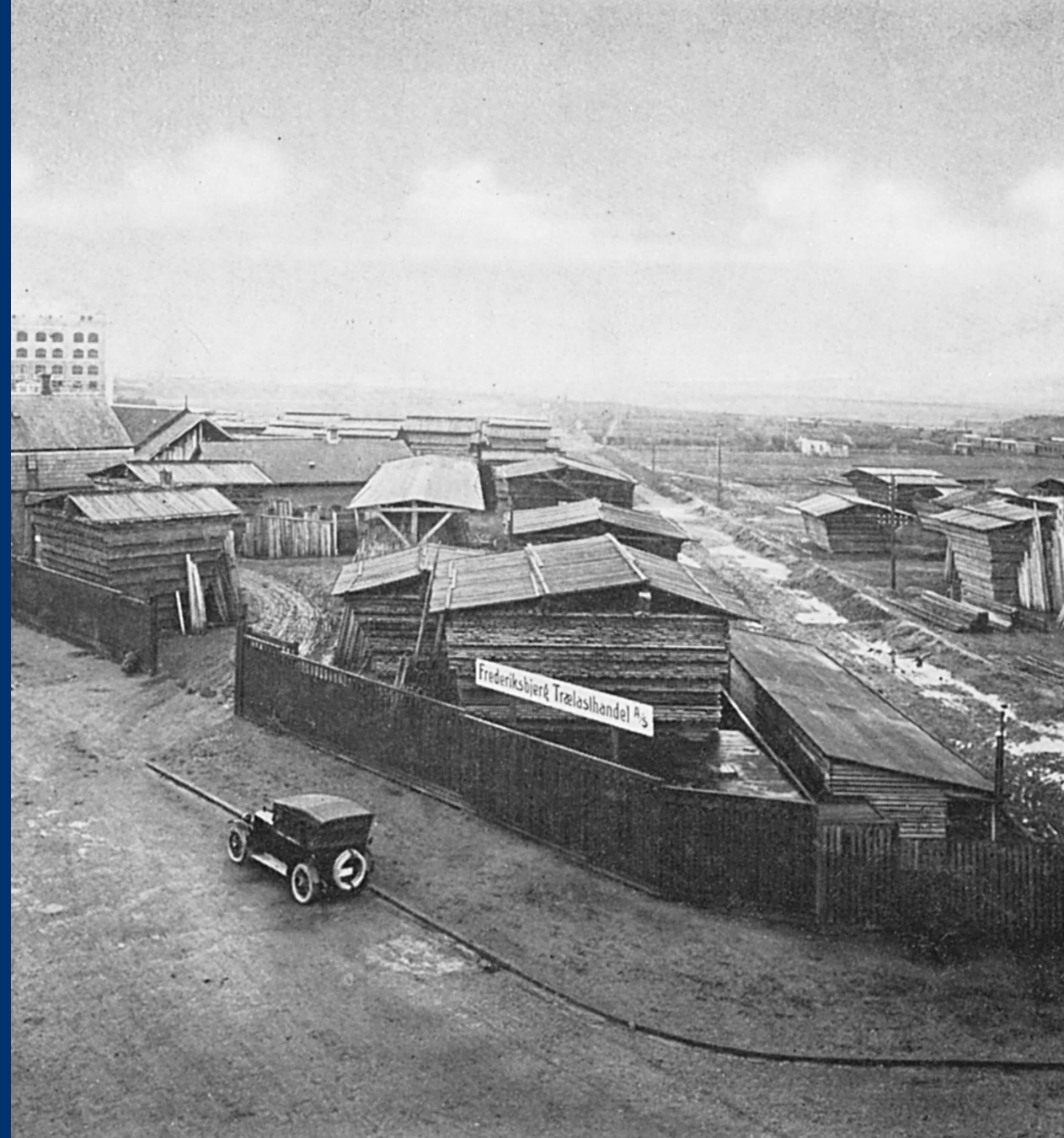
EcoVadis is the world's largest and most trusted provider of business sustainability ratings, creating a global network of more than 100,000 rated companies.

HOW IT STARTED

One small local timber yard in Aarhus, Denmark. That is how it all started.

Fast-forward to today, and we have grown into an international Group and a leading supplier of products and materials to professional builders across Northern Europe.

Our story began in 1896 when two local firms, Jørgensen & Stilling and Petersen & Matzen, merged under the name Aarhus Trælasthandel A/S. This local merger turned out to be the beginning of a long and eventful journey. The journey has included organisational and geographical growth and expansion.



HISTORICAL HIGHLIGHTS

CROSSING THE NORTH SEA

Achieves a milestone in its growth strategy with the acquisition of SGBD in the United Kingdom.

BEYOND THE NORDICS

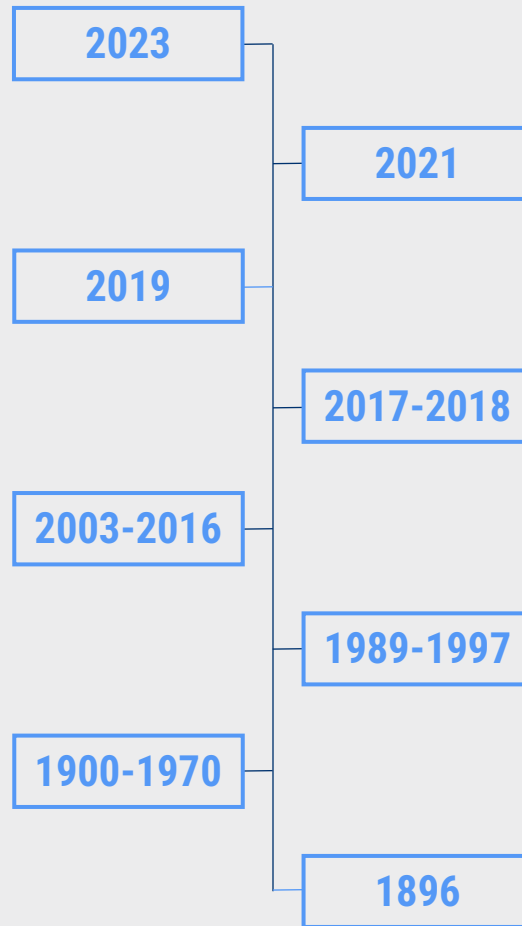
Upon completed turnaround and solid performance, acquires SGBDD in Germany.

CVC AND WOLSELEY

Acquired by CVC in 2003 in a public-to-private deal and divested to Wolseley in 2006.

DENMARK EXPANSION

Wide organic and M&A expansion to the rest of Denmark, and name changes to Det Danske Trælastkompagni A/S.



CVC CAPITAL PARTNERS

CVC Capital Partners acquires STARK Group from Lone Star Funds.

B2B AND LONE STAR FUNDS

Silvan is sold, name changes to STARK Group, and Lone Star Funds acquires STARK Group from Wolseley.

SWEDEN, NORWAY AND FINLAND

Expansion to Sweden (Beijer Byggmaterial, founded 1866), Norway (Neumann Bygg, founded 1839), Finland (Starkki, founded 1868).

FOUNDED

The Danish parent company is founded, on the back of merging firms 'Jørgensen & Stilling' and 'Petersen & Matzen'.

THANK YOU

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