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Kesko updates its growth strategy – an investor event to be held later today will offer management views on the updates

The Board of Directors of Kesko Corporation has confirmed an updated strategy for the company. The main pillars will remain intact, while each division's competitive advantages and objectives have been refined. Profitable growth in three selected divisions – grocery trade, building and technical trade, and car trade – remains at the core of Kesko's growth strategy. In all businesses, Kesko seeks sales growth, a better customer experience, and profitability and efficiency with the help of e.g. digital services and artificial intelligence.

"Kesko has a good, effective strategy, and we therefore see no reason to make major changes to it in this strategy period, which extends from 2024 to 2026. We have crystallised our competitive advantages in all businesses, with special focus on the customer perspective. As there is good growth potential for all three divisions, there is no need for changes in our current business portfolio," says **Jorma Rauhala**, Kesko's President and CEO.

In the grocery trade division, Kesko's aim is to strengthen its market position while maintaining good profitability. Strategic focus is on relevant store-specific business ideas, the development of Kesko's store site network, the opening of new stores especially in growth centres, and actions to improve price competitiveness. Ensuring continued good performance for Kespro in the foodservice business is also important.

Kesko's building and technical trade division serves professional builders, technical wholesale customers, and consumers in Northern Europe. The division will continue to execute country-specific growth strategies, and will seek growth both organically and through acquisitions. Focus areas for the building and technical trade division include securing profitability and generating cash flow. In Finland, the goal is to continue growth and further strengthen market position for both Onninen and K-Rauta. In Sweden and Norway, the goal is to improve profitability for all businesses and complete the integration of acquired businesses to realise synergies. In Denmark, Kesko will complete the integration of Davidsen and improve profitability through sales growth.

In the car trade division, Kesko's aim is to outperform the market in the three car trade business areas: new cars, used cars, and services. In new cars, the strategy centres on strong collaboration with the Volkswagen Group and Porsche AG.

Kesko's medium-term financial targets remain unchanged. The company still targets a comparable operating margin of over 6.0%, a comparable return on capital employed of over 14.5%, and an interest-bearing net debt/EBITDA (excluding the impact of IFRS 16) at a maximum of 2.5.

Kesko will be hosting an event later today for investors, analysts and the media, where the new President and CEO Jorma Rauhala, the division presidents, and the Chief Financial Officer discuss the updated strategy and other topical themes. The event begins at 4 pm (EEST) and can be streamed at kesko.fi/event-June-2024. The event will be held in English.

Further information:

Karoliina Partanen, Executive Vice President, Communications, tel. +358 105 320 744
Hanna Jaakkola, Vice President, Investor Relations, tel. +358 105 323 540

Kesko Corporation

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