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Interim report

January-March 2011

28 April 2011

CFO Arja Talma

Growth driven by the food trade and the car trade

- K-food stores’ market share growth continued and the profitability of the food trade improved, sales of Pirkka products up 28%
- Digital customer communication projects are progressing
- Launching Anttila's logistics centre has begun successfully, significant transfer costs were incurred
- Sales of the building and home improvement trade increased in all operating countries
- Strong growth and profit performance of Audi, Volkswagen and Seat continued
- During the first months of the year, three K-supermarkets, an Anttila Koti store and a Budget Sport store were opened
- In April, K-citymarkets were opened in Tammisto and Jyväskylä, one K-supermarket was opened, and a K-rauta in St. Petersburg

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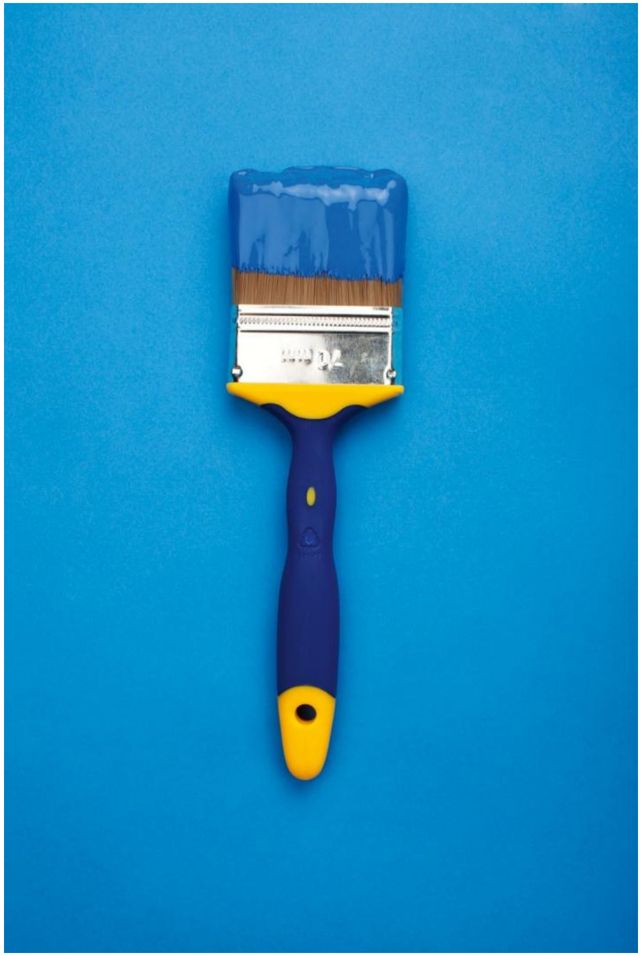
Kesko's sales and profit are growing

- Kesko has decided to strongly expand its business operations in Russia
  - Kesko Food's objective is to achieve €500 million in net sales and a positive operating result in Russia by 2015
  - Rautakesko will open 12 new K-rauta stores in Russia by 2015
  - Intersport is examining possibilities to expand operations into Russia in cooperation with Intersport International
- Solvency and liquidity at excellent levels
- The Kesko Group's net sales and operating profit excluding non-recurring items are expected to grow during the next twelve months



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Net sales by division 1.1.-31.3. (M€)

	2011	2010	Change,%
Food trade	948	912	3.9
Home and speciality goods trade	348	355	-2.0
Building and home improvement trade	570	495	15.1
Car and machinery trade	279	236	18.1
Total	**2,103**	**1,958**	**7.4**

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Group's net sales by quarter (M€)

Operating profit excl. non-recurring items by division 1.1.-31.3. (M€)

	2011	2010	Change
Food trade	41.4	31.7	9.7
Home and speciality goods trade	-7.4	0.1	-7.5
Building and home improvement trade	-9.1	-13.8	4.7
Car and machinery trade	12.2	6.4	5.9
Total	**34.9**	**20.9**	**14.0**

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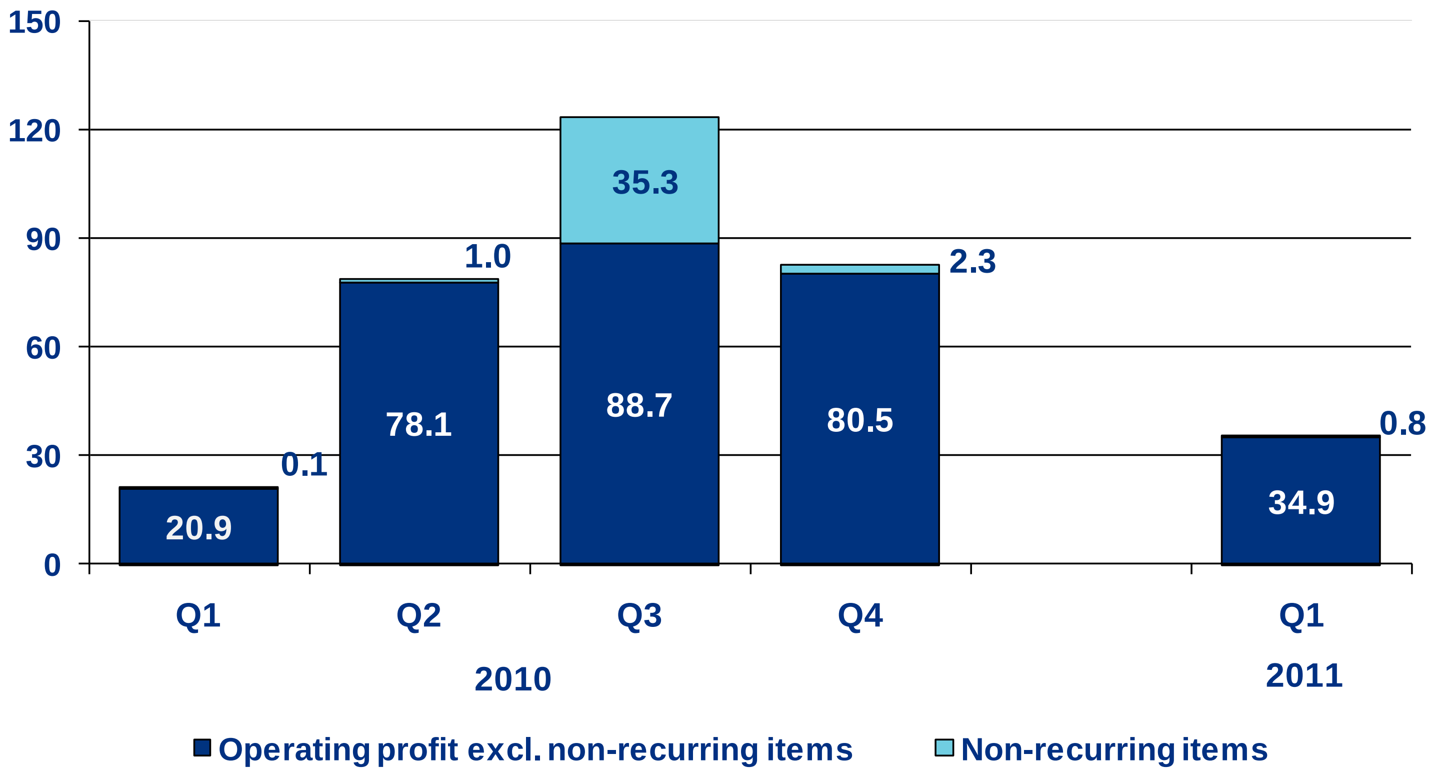
Operating profit by quarter (M€)



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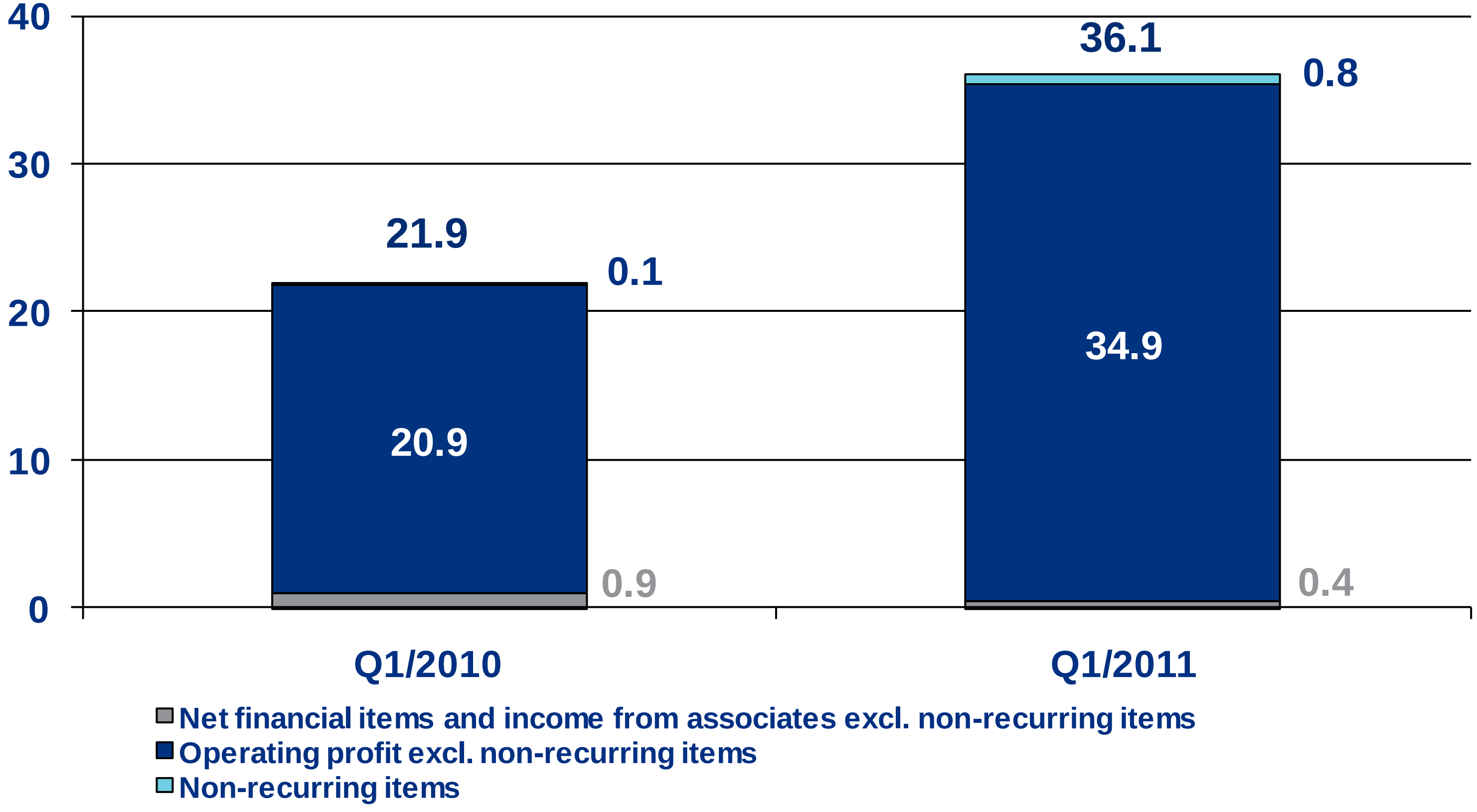
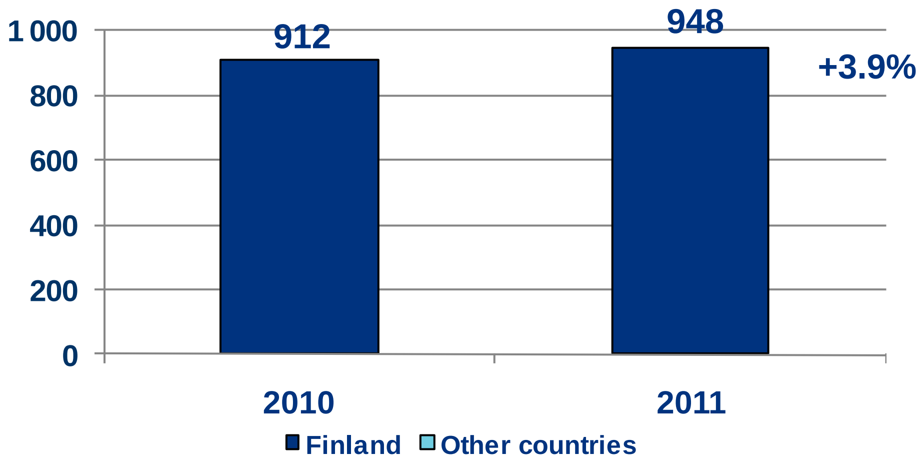
Group's profit before tax (M€)

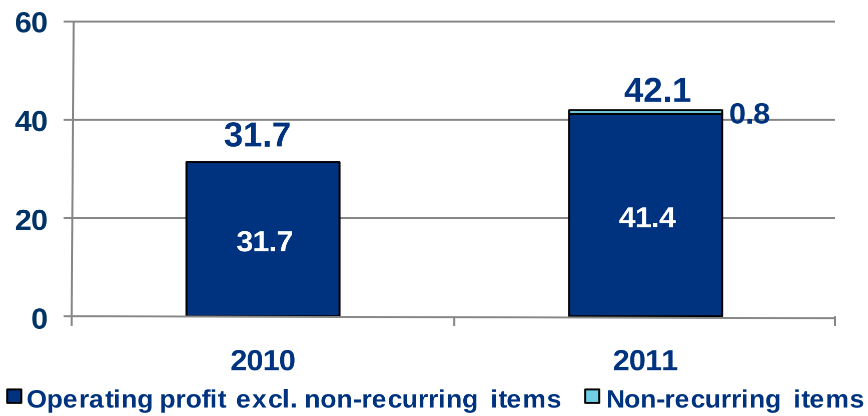


Food trade 1-3/2011

Net sales 1-3, M€



Operating profit 1-3, M€



- The growth rate of K-food stores' grocery sales exceeded that of the market (+4.9%, VAT 0%)
  - Competitive advantage projects are progressing
- Retail sales performance coupled with cost management especially in logistics improved the profit
- During the reporting period, three new K-supermarkets were opened, in April, two K-citymarkets and one K-supermarket
- Seven K-citymarkets and 11 K-supermarkets are being built

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We make capital expenditures in the store site network

Food trade

- High pace of capital expenditure in the expansion and renovation of the store site network
- In 2010, two new K-citymarkets, seven K-supermarkets and eight K-markets were opened
- In 2011, six K-citymarkets, 30 K-supermarkets and six K-markets will be opened

Finnish food chain relies on cooperation and competitiveness

- Customers decide what K-stores offer
- Domestic content and wide selections are K-stores' competitive advantages
- K-retailers are independent entrepreneurs, also in mutual competition
- Present market shares have been achieved through competition
- Food represents a low percentage of disposable income
- Agricultural income per farm is low, even if the reduction of the number of farms, subsidies and tax reliefs are taken into account

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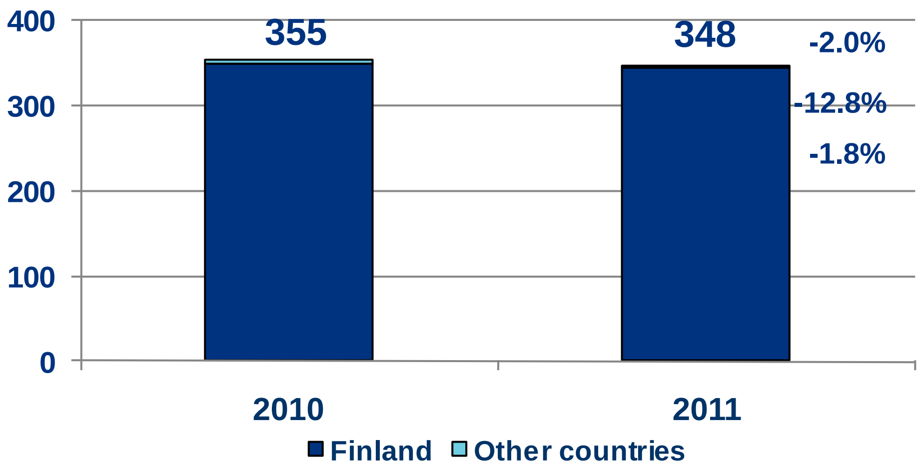
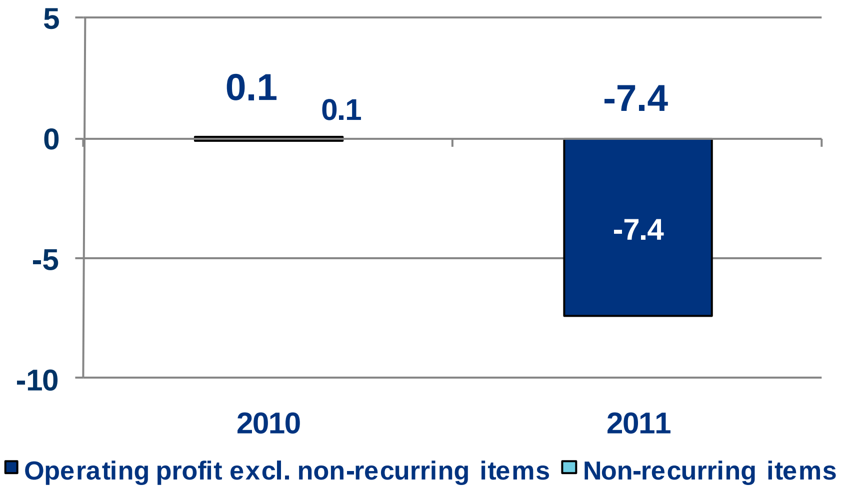
Home and speciality goods trade 1-3/2011

Net sales 1-3, M€



Operating profit 1-3, M€



- Anttila's sales were decreased by the closing of two department stores
  - Anttila Hämeenlinna is converted into a K-citymarket
  - Anttila Tikkurila's lease expired
- Sales of Asko and Sotka increased
- 13 less Musta Pörssi stores
- Operating profit performance was partly attributable to the launch of Anttila's new logistics centre and the development of Anttila's and K-citymarket's home and speciality goods selection
- An Anttila Koti store was opened in Hämeenlinna and a Budget Sport store in Lahti

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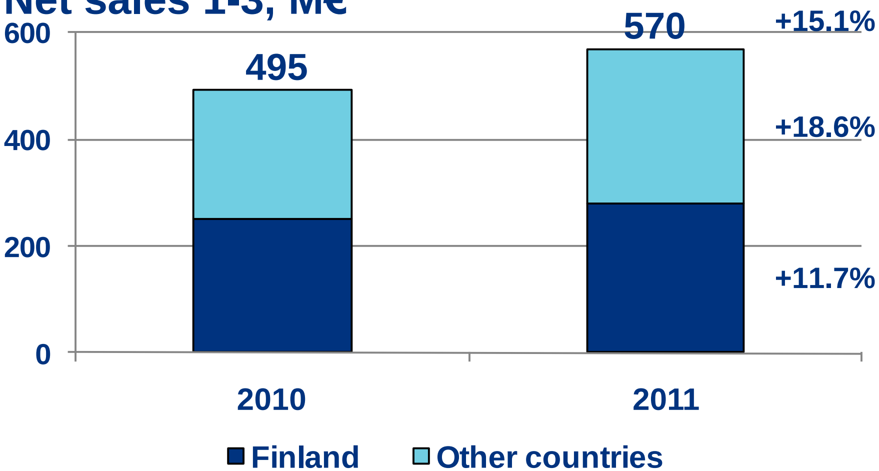
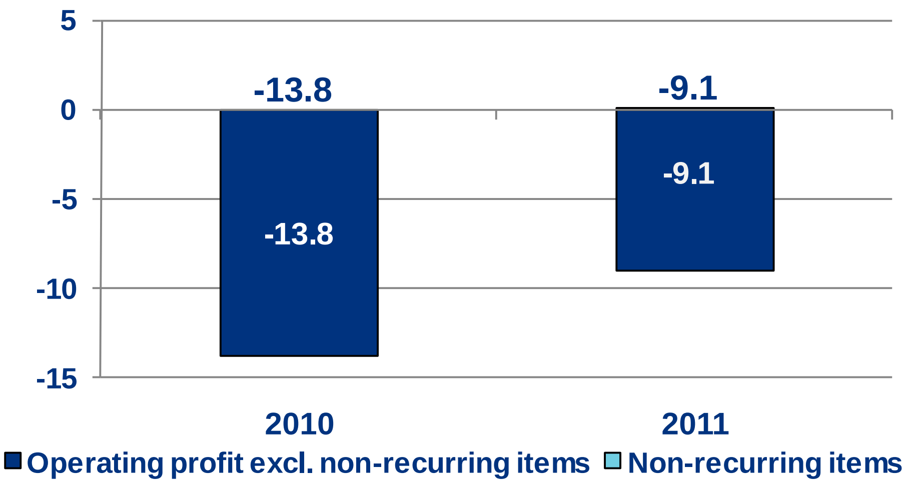
Building and home improvement trade 1-3/2011

Net sales 1-3, M€



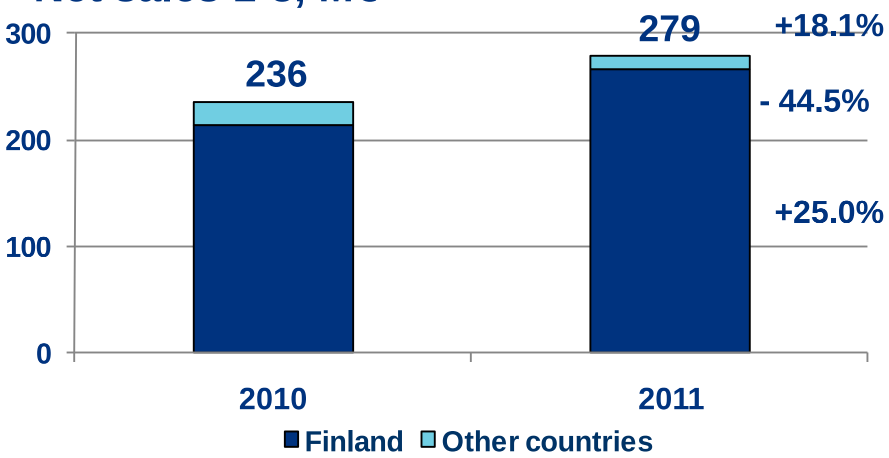
Operating profit 1-3, M€



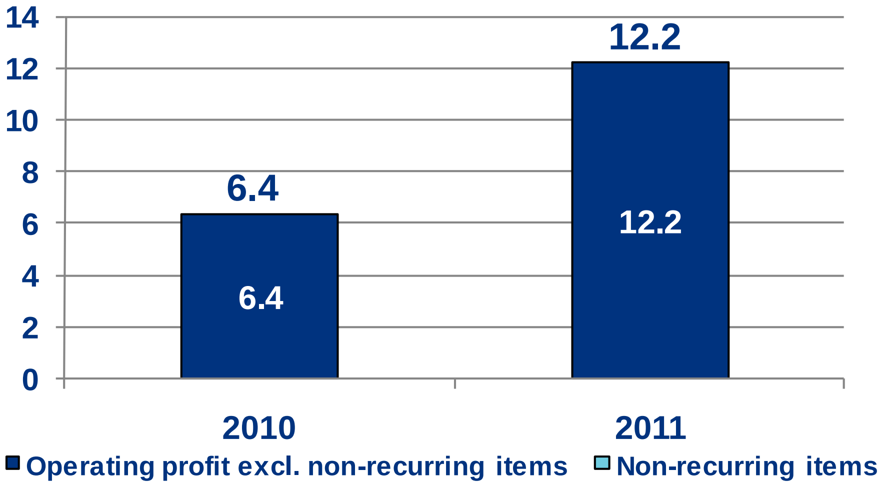
- Sales of the building and home improvement trade increased in all operating countries
- The profit performance was impacted by the fact that sales growth derived from basic building materials with low margins and by the costs of the international enterprise resource planning system
- A new K-rauta was opened in St. Petersburg in April
- K-rauta stores are being built in Kouvola, Kuopio, Uppsala, Haparanda, and two in Moscow

Car and machinery trade 1-3/2011

Net sales 1-3, M€



Operating profit 1-3, M€



- Comparable net sales of the car and machinery trade increased by 26.1%
- VV-Auto's order books still at a record high level
- Audi's, Volkswagen's and Seat's combined market share was 18.9%
- Audi and Volkswagen the most wanted brands in their classes
- Availability of vehicles coupled with dockworkers' stoppage affected delivery times
- Strong profit thanks to excellent sales performance and cost management

Kesko's sustainability work in the world's top class

- **The Global 100 Most Sustainable Corporations**
  - Kesko's ranking is now 26th, compared with 33rd in 2010
  - Kesko ranked in the list of 'the Global 100 Most Sustainable Corporations' for the seventh time
- **SAM (Sustainable Asset Management) Sustainability Yearbook 2011**
  - Kesko's performance in responsibility work was placed in Silver Class in the Food & Drug Retailers sector
- **Best Corporate Governance Company Finland**
  - World Finance Magazine recognised Kesko for the best corporate governance in Finland in terms of development and reporting
- **Kesko's Corporate Resposibility Report for 2010 will be published on 2 May 2011**

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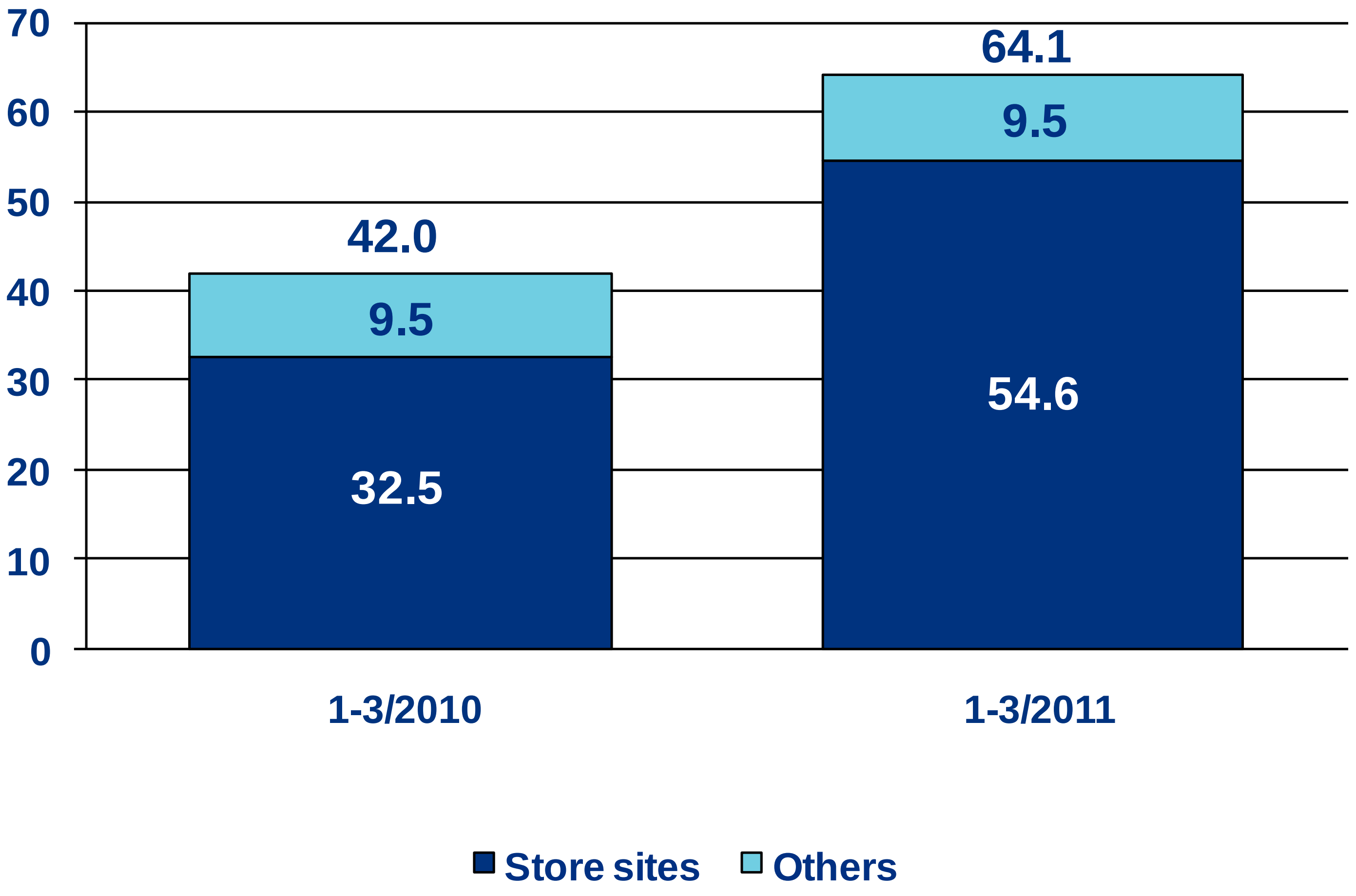
Group’s capital expenditure (M€)



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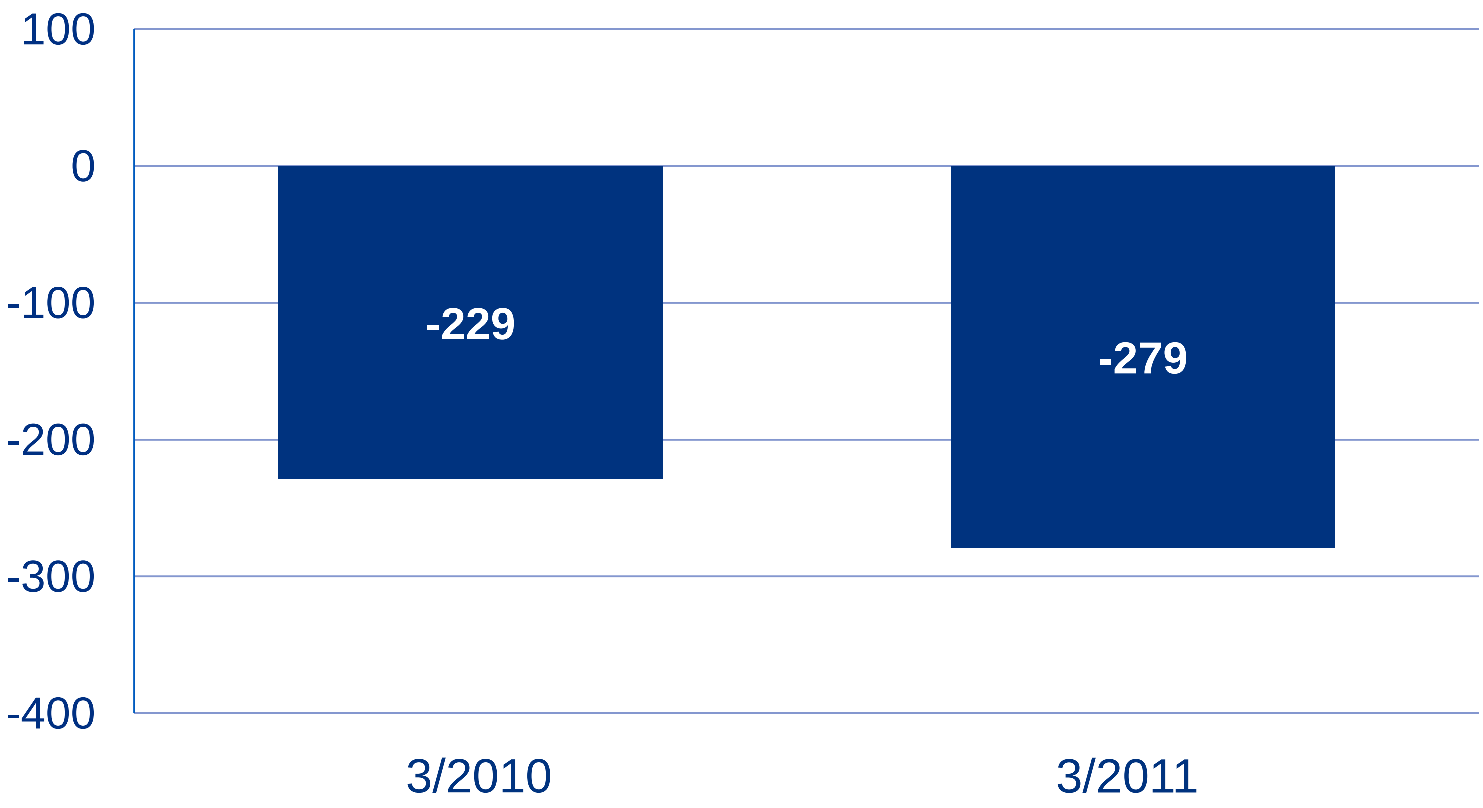
Interest-bearing net debt (M€)



Liquid assets at 3/2011 €724 million (3/2010 €687 million)

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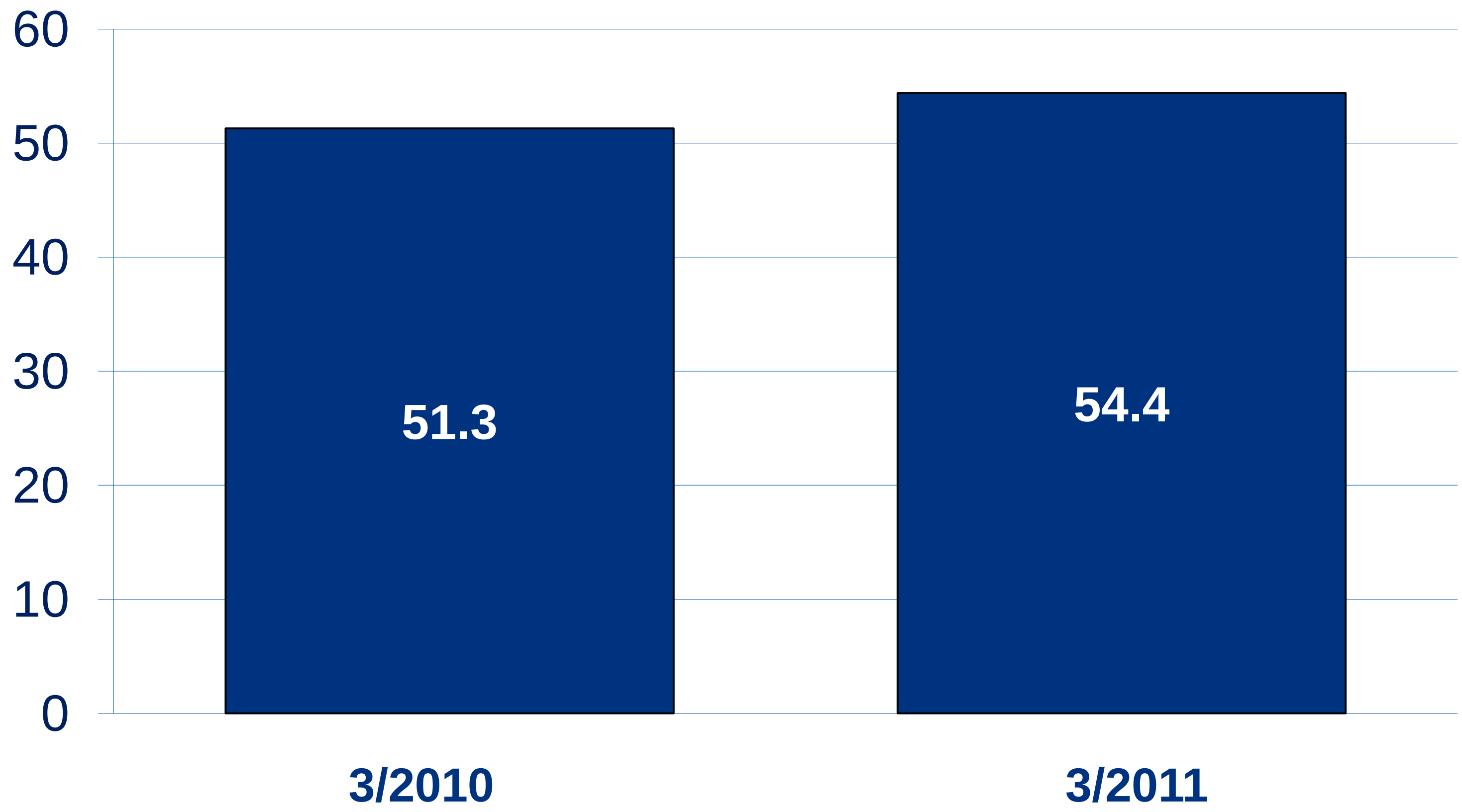
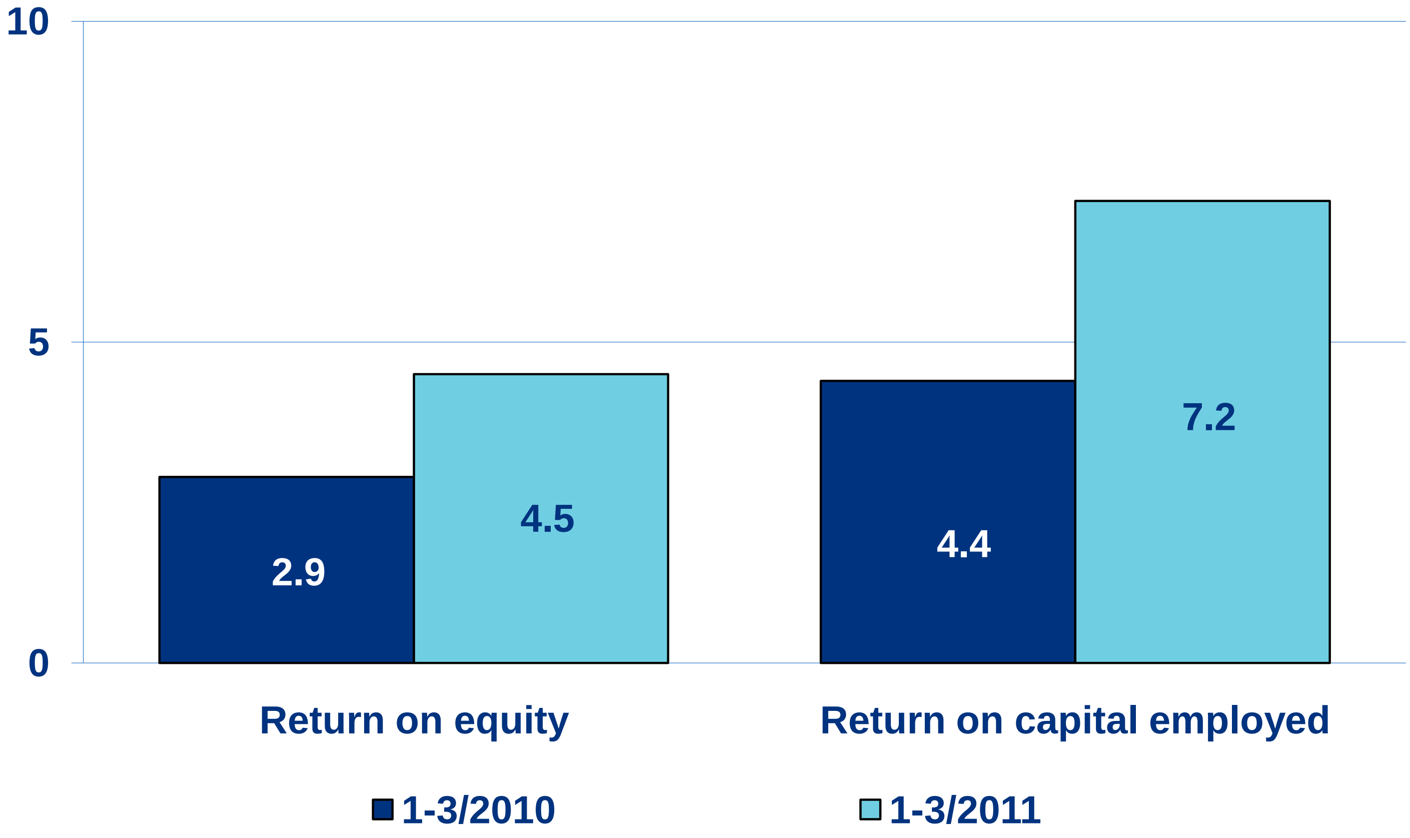
Equity ratio, %



Return on capital, %



Excl. non-recurring items 1-3/2011 4.4%
1-3/2010 2.9%

Excl. non-recurring items 1-3/2011 7.0%
1-3/2010 4.4%

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Performance indicators

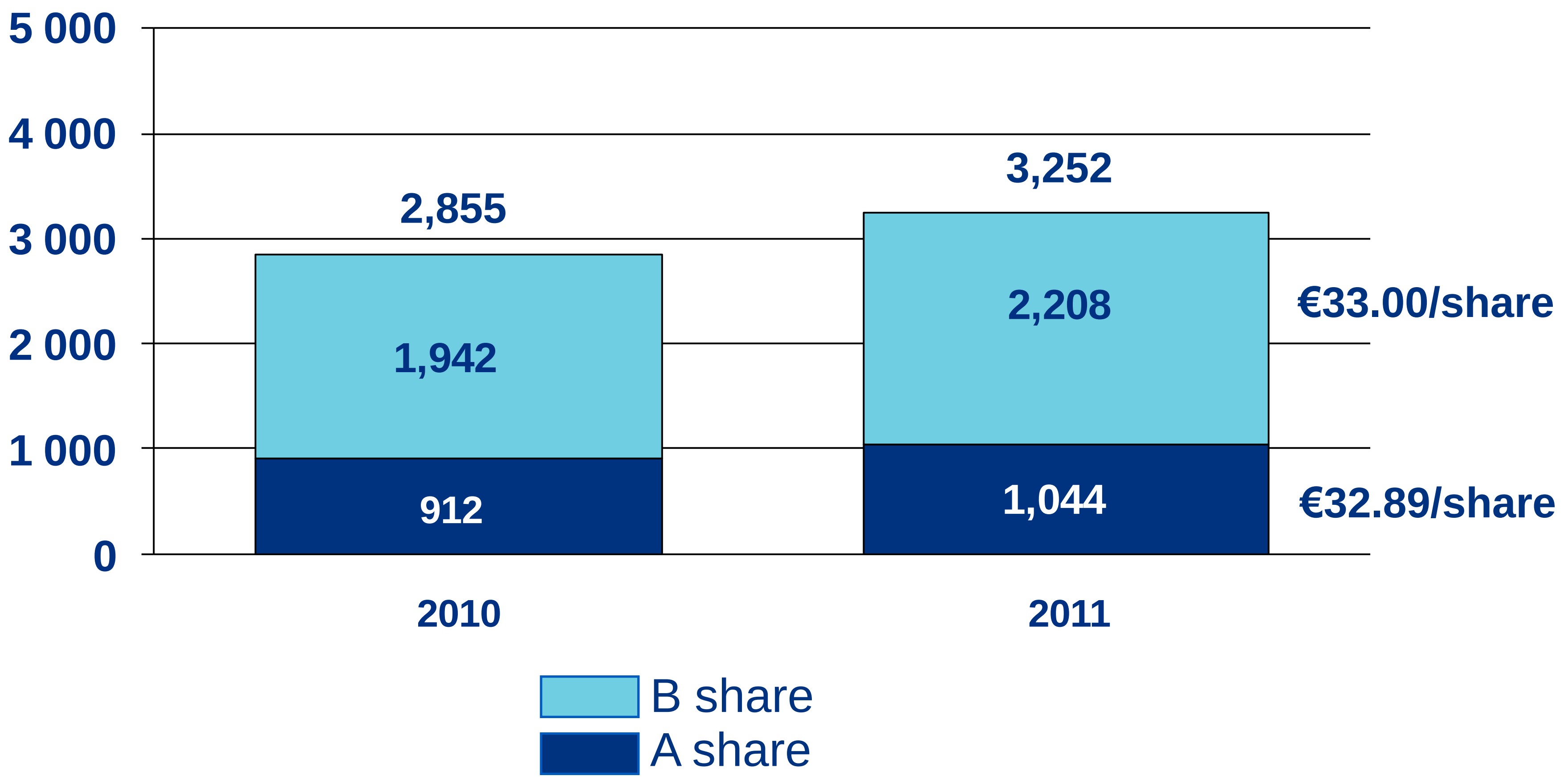
	1-3/2011	1-3/2010
Net sales, € million	2,103	1,958
Operating profit, € million	35.7	20.9
Operating profit excl. non-recurring items, € million	34.9	20.9
Group's profit before tax, € million	36.1	21.9
Capital expenditure, € million	64.1	42.0
Earnings/share, €, diluted	0.25	0.15
Earnings/share excl. non-recurring items, €, basic	0.24	0.15
Return on capital employed excl. non-recurring items, %, moving 12 mo	14.6	8.5
Return on equity excl. non-recurring items, % moving 12 mo	9.3	4.9
Equity/share, €	22.04	19.69
Equity ratio, %	54.4	51.3
Cash flow from operating activities, € million	-25.3	8.0
Cash flow from investing activities, € million	-67.7	-41.5

Share price trend 12 mo

21.4.2011

Dividend/share for 2010 €1.30, total €128 million
Effective dividend yield 3.7%

Market capitalisation
31.3. (M€)



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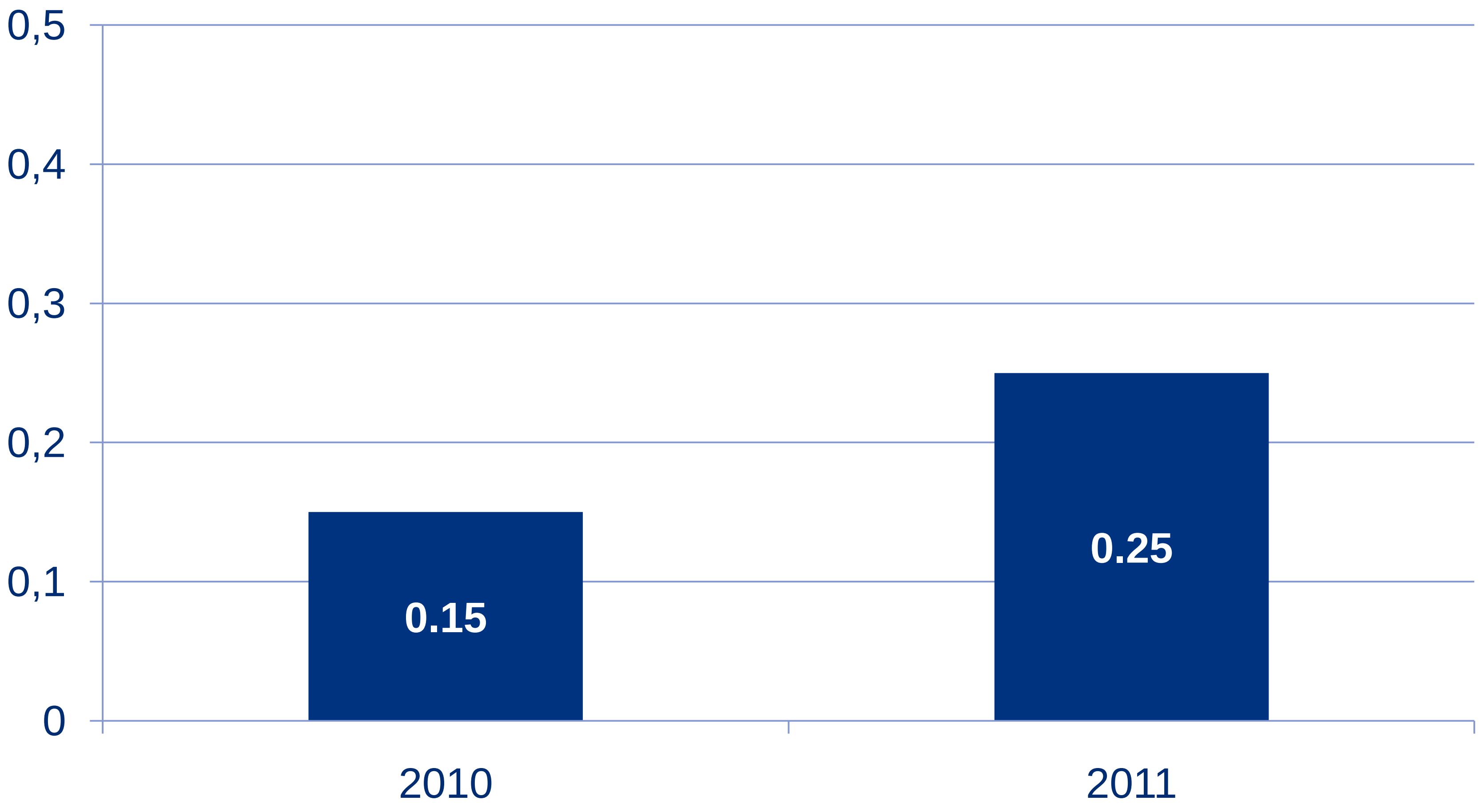
Earnings per share* €



* Diluted

Future outlook

Estimates of the future outlook for the Kesko Group's net sales and operating profit excluding non-recurring items are given for the 12 months following the reporting period (4/2011-3/2012) in comparison with the 12 months preceding the reporting period (4/2010-3/2011).

The outlook for trends in consumer demand has remained steady, as a result of high consumer confidence and continuously low interest rate levels. The trend in economic development involves significant uncertainties relating to the evolution of total production, tightening taxation and possible ramifications of disturbances in the financial market.

The steady development in the grocery trade is expected to continue. The home and speciality goods trade is expected to develop in line with the trend in private consumption. The building and home improvement market is expected to strengthen as a result of increasing housing construction. In the car and machinery trade, the sales of new cars are expected to grow, and the situation in the machinery market is expected to recover.

The Kesko Group's net sales are expected to grow during the next twelve months. During the next twelve months, the operating profit excluding non-recurring items is expected to increase regardless of significant expansion costs of the store site network.

Thank you!

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