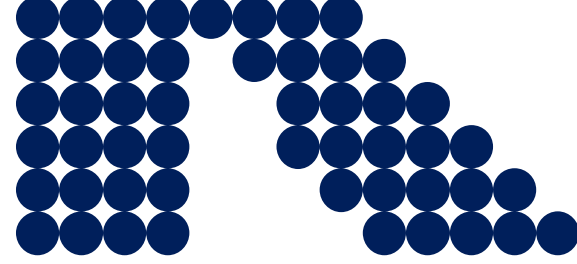


Enhancing Cash Flow Generation

Jukka Erlund



Kesko Key Figures 9/2016

12 month rolling

Net sales growth +9.1%

Operating profit* €269m

Operating margin %* 2.8%

Net debt / EBITDA* 0.8

Return on capital employed* 12.5%

Return on equity* 10.1%

target

<2.5

14%

12%

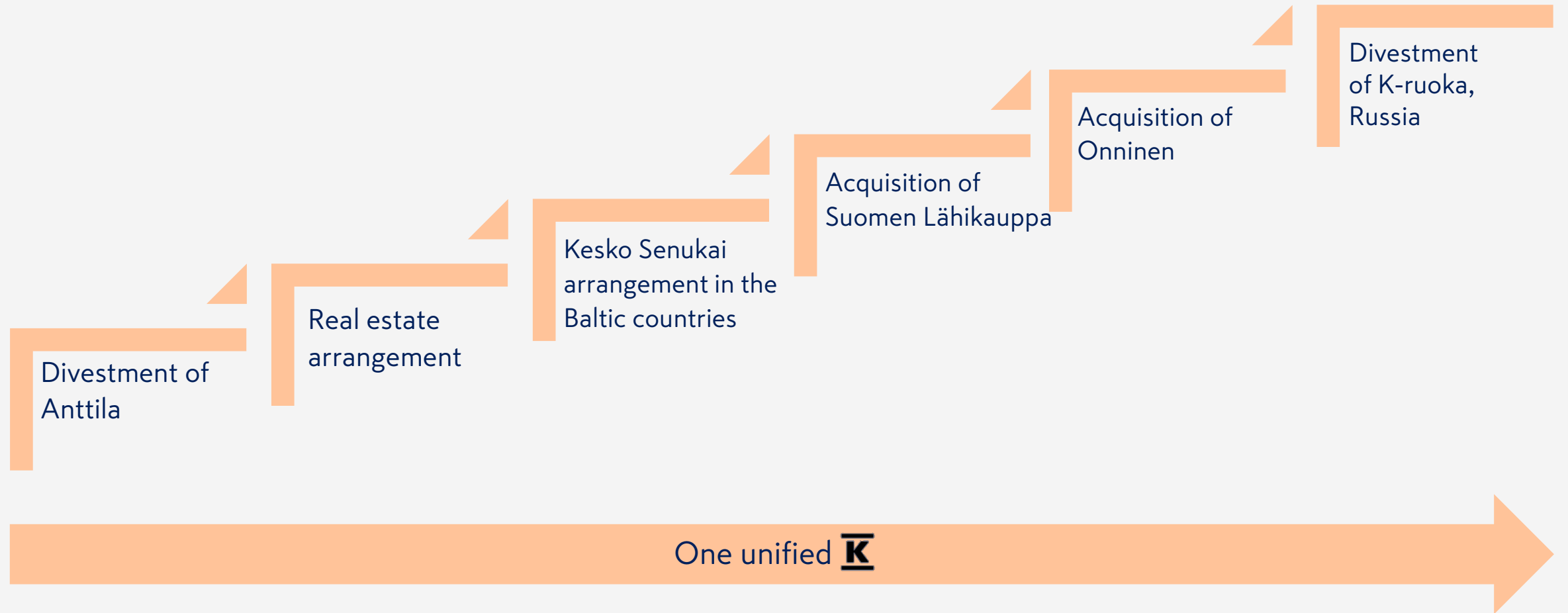
* comparable

GDP Development in Kesko's Operating Countries

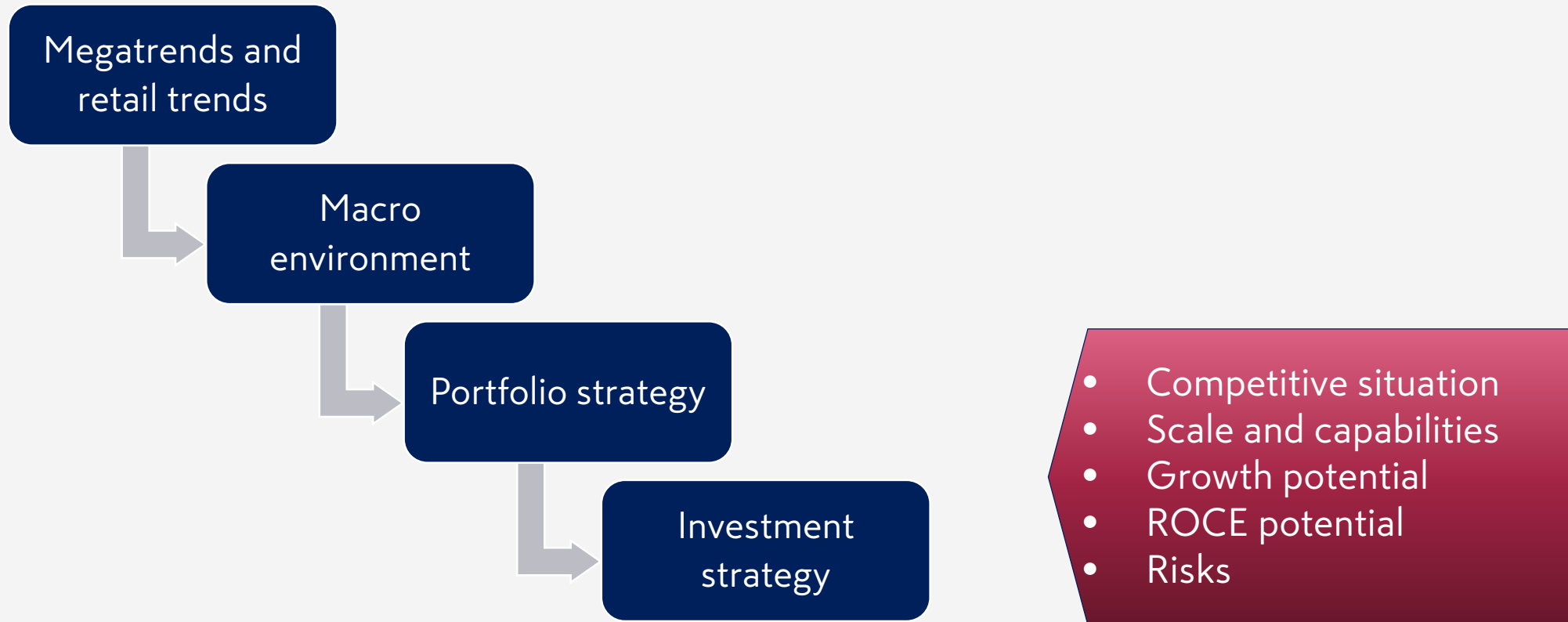
	GDP \$ bn	GDP change at constant prices, %			
		2015	2016F	2017F	2018F
Finland	232	0.2	0.9	1.1	1.3
Norway	388	1.6	0.8	1.2	1.8
Sweden	493	4.2	3.6	2.6	2.2
Estonia	23	1.1	1.5	2.5	2.9
Latvia	27	2.7	2.5	3.4	3.7
Lithuania	41	1.6	2.6	3.0	3.3
Russia	1,326	-3.7	-0.8	1.1	1.2
Poland	475	3.7	3.1	3.4	3.3
Belarus	55	-3.9	-3.0	-0.5	0.5

Source: International Monetary Fund, World Economic Outlook Database, October 2016

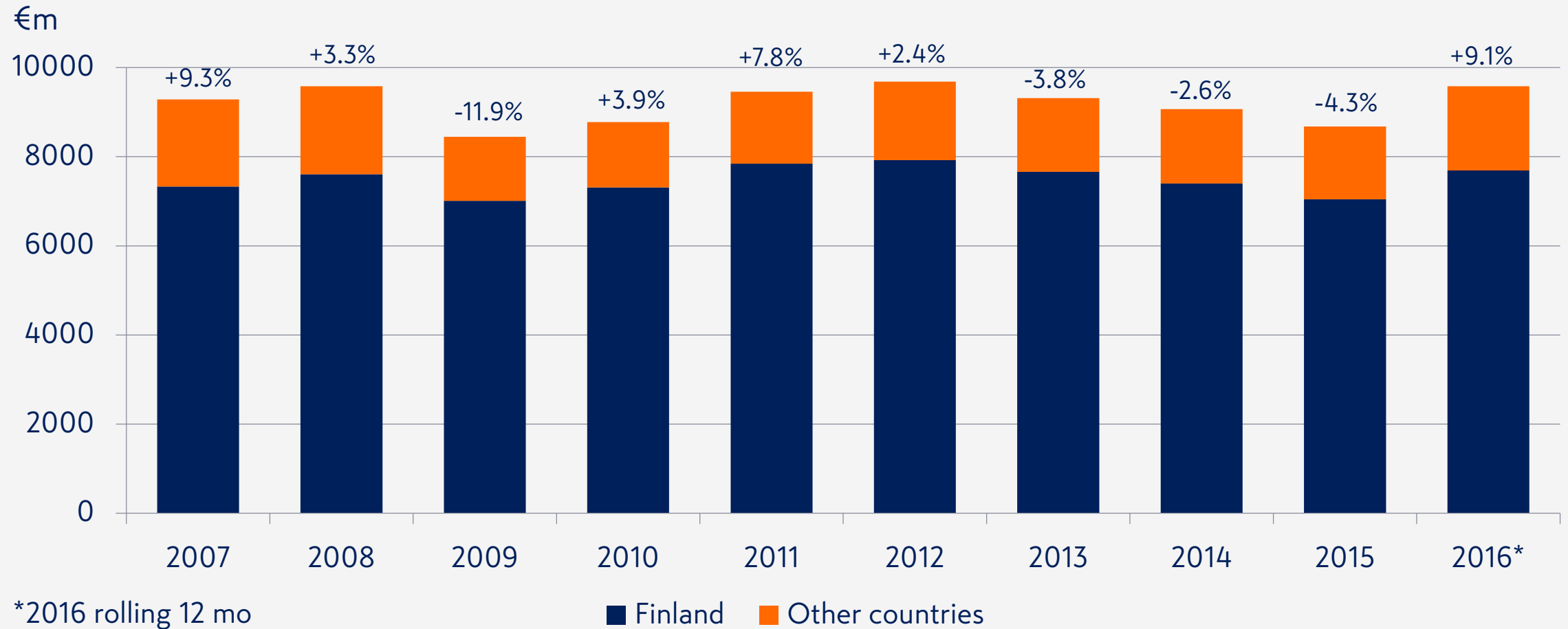
Major Progress in Portfolio Strategy



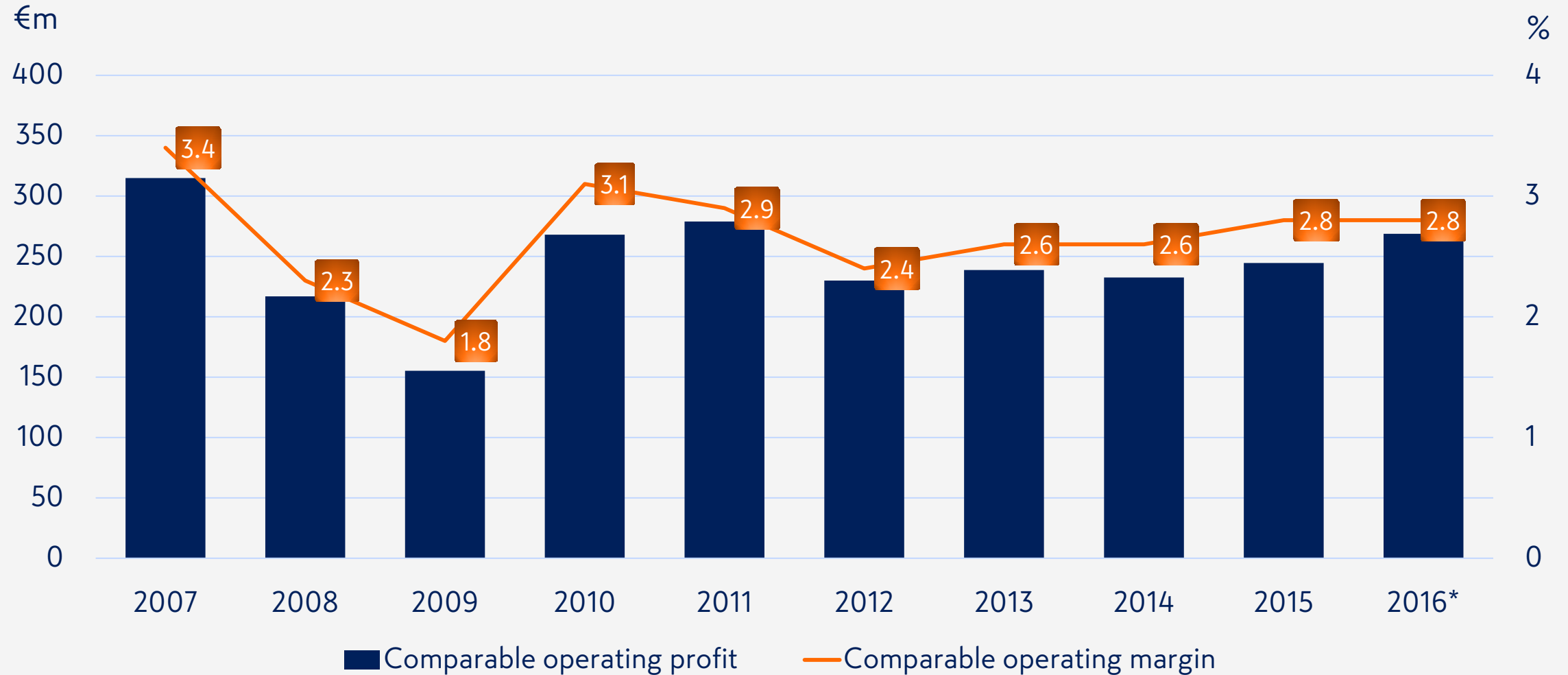
Strategy Driven Capital Allocation



Profitable Growth as a Key Shareholder Value Driver

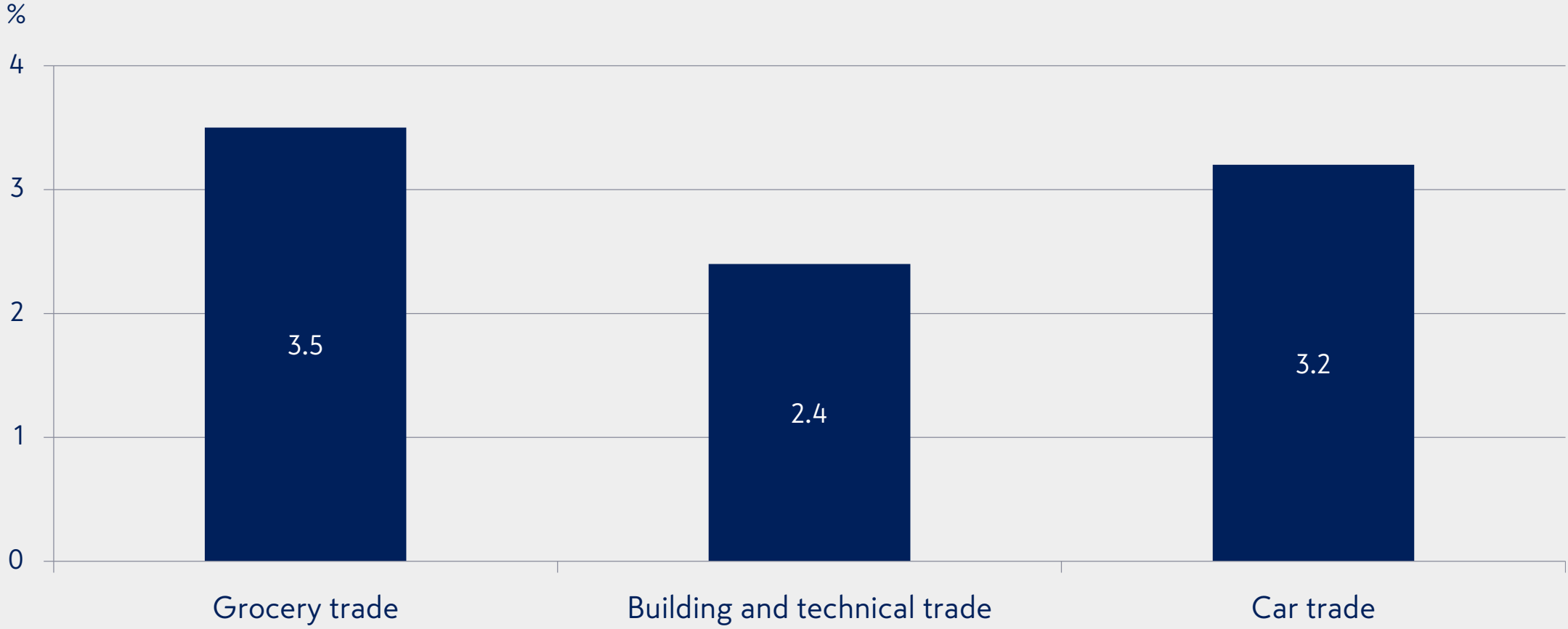


Operating Margin – Targeting Further Growth



*2016 rolling 12 mo

Operating Margin in Divisions – Potential for Further Growth



rolling 12 mo

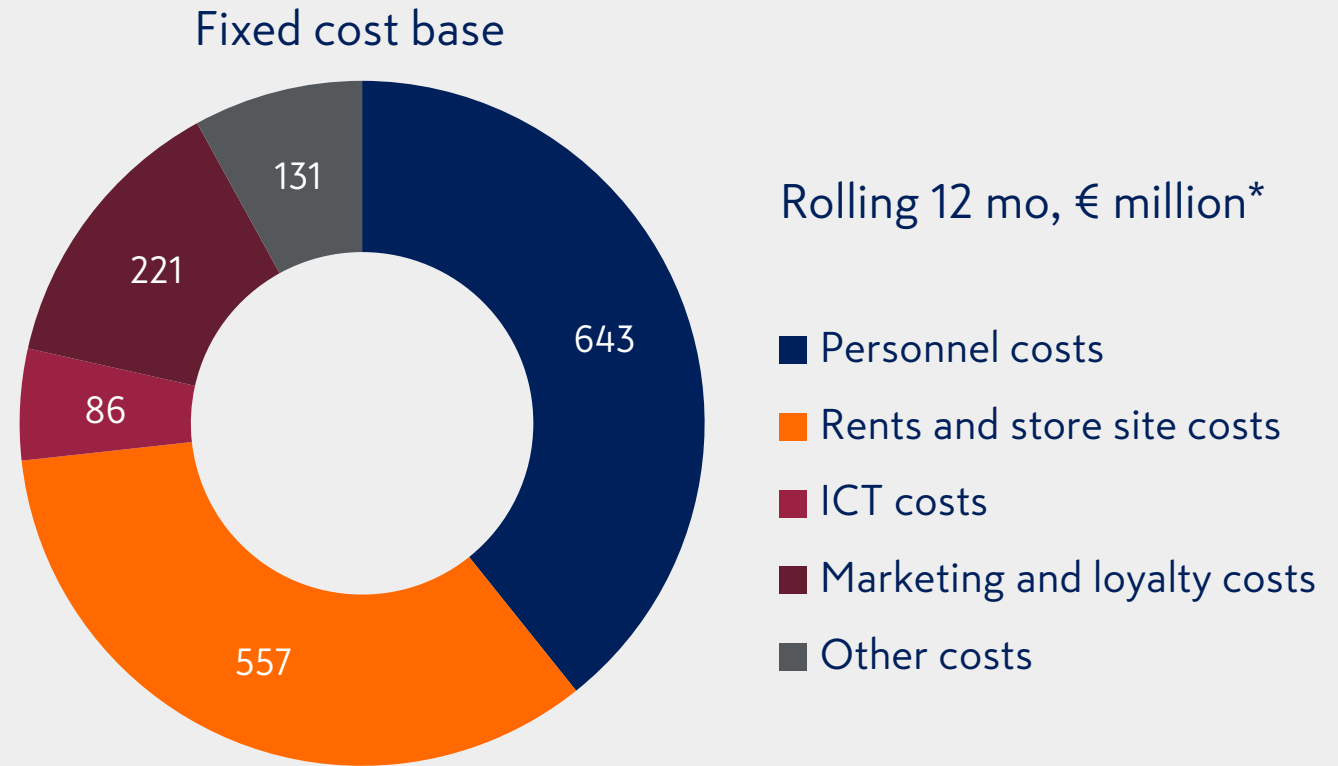


Successfully Executing €50m Efficiency Program

Main sources of the savings

- Personnel efficiency
- ICT costs
- Marketing costs
- Rents and store site costs

Majority of the actions completed – full impact 2017

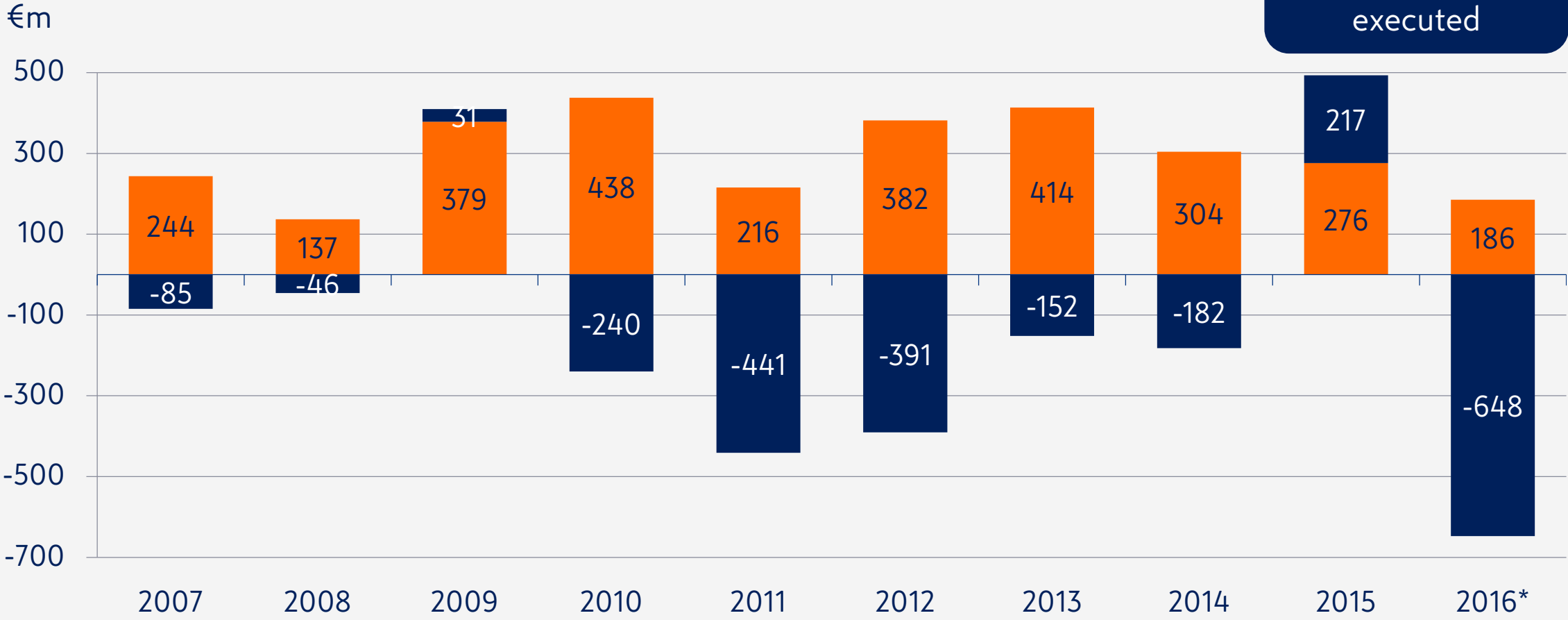


Total €1,638 million

* comparable

Target to Enhance Cash Flow Generation

Capex and NWC efficiency to be executed



*9/2016 rolling 12 mo

CF from operating activities

CF from investing activities

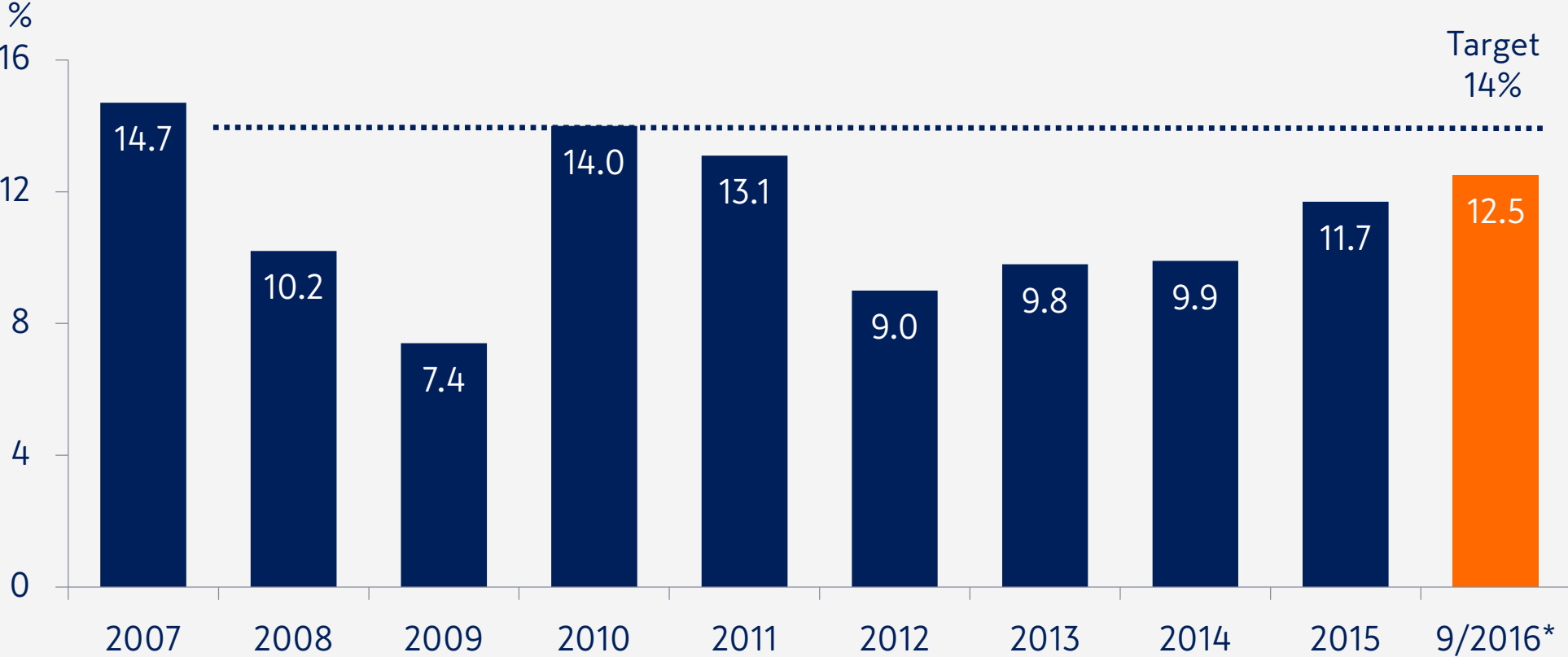


Enhancing Cash Flow Generation

- Further growth in net sales and operating margin in strategic growth areas
- Synergy benefits
 - Suomen Lähikauppa progressed better than expected, full annual impact above €30m from 2018
 - Onninen progressed as expected, full annual impact of €30m from 2020
- Executing the €50m cost savings program
- Annual capex level below €200m after 2017 (excl. acquisitions)
 - In grocery trade less store site capex needs after 2017
 - Reduced capex per store need in building and technical trade
- Target to improve NWC efficiency by €50m
- Potential further business and real estate divestments

Steady Growth in ROCE

comparable



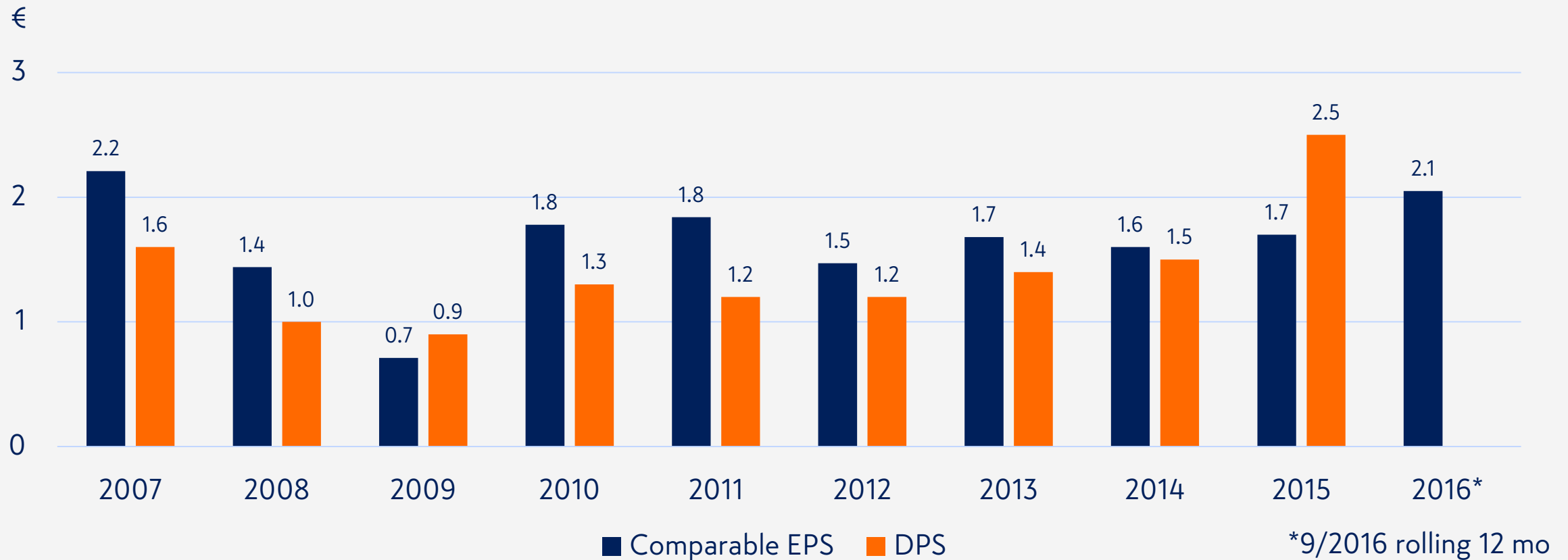
Target
14%

- Improving profitability
- Real estate transaction 2015
- Anttila & Intersport Russia divestment
- Further improvement from Kesko Food Russia divestment

*9/2016 rolling 12 mo



Aim to Continue Good Dividend Yield



Kesko Corporation distributes at least 50% of its comparable earnings per share as dividends, taking however the company's financial position and operating strategy into account.



For shopping
to be fun