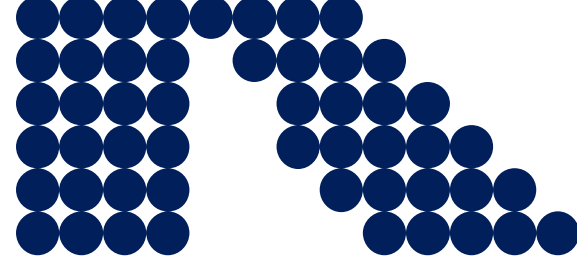


Creating the New Kesko

Mikko Helander



K-Group Today

K-Group's (i.e. Kesko and the retailers) pro forma sales
€13.4bn

Operations in nine countries

Number of personnel around 45,000

Third largest retailer in northern Europe

After the acquisition of Suomen Lähikauppa and Onninen



Kesko Q3/2016

Rolling 12 mo

Net sales €9,582m

Operating profit* €269m

Personnel 22,000 FTE

Shareholders 40,000

Market capitalisation €4.4bn (Oct 31, 2016)

* comparable



Kesko Operates in Three Divisions

Grocery trade



- Some 1,500 stores in Finland
- #2 in the Finnish retail market
- #1 in Finnish food service business

Building and technical trade



- Some 700 stores in 9 countries
- #1 in northern Europe

Car trade



- Sole importer of VW, Audi and Seat
- #1 in Finland

Megatrends

Customers have ever better ability to make analytical decisions

Ageing population, urbanisation and single household growth

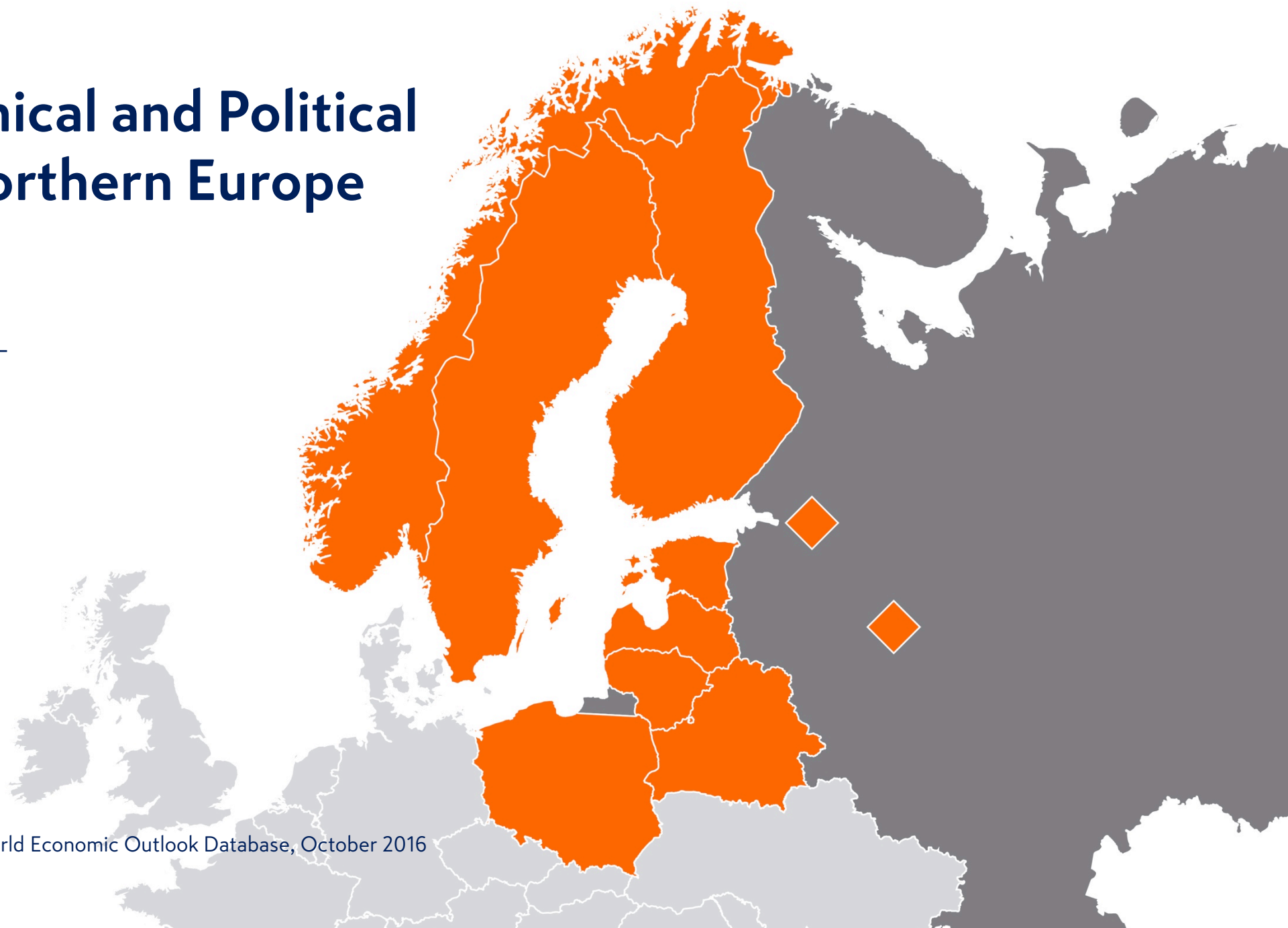
Responsibility and strong brand increasingly important

Focused international retailers challenge local players

Digital services play a key role

Stable Economical and Political Situation in Northern Europe

	GDP growth, 2016e, %	
Finland	0.9	●
Norway	0.8	●
Sweden	3.6	●
Estonia	1.5	●
Latvia	2.5	●
Lithuania	2.6	●
Russia	-0.8	●
Poland	3.1	●
Belarus	-3.0	●



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

Growth Strategy

- Growth of the grocery trade particularly in Finland
- Growth of the building and technical trade in Europe
- Growth of the car trade particularly in Finland



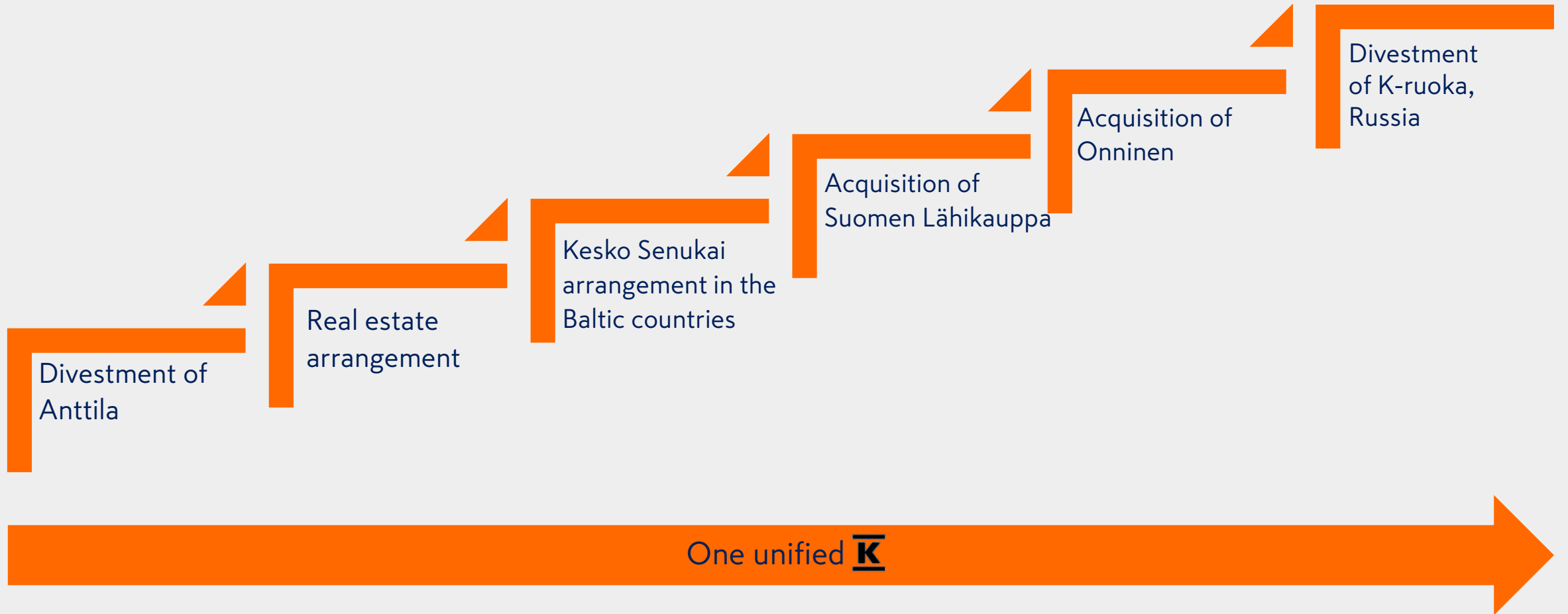
Maximising Value Creation Also in Other Businesses

- Furniture trade (Finland and Estonia)
- Agricultural trade (Finland)
- Machinery trade (Finland and the Baltic countries)
- Sports trade (Finland)
- Shoe trade (Finland)

- Total revenue some €1bn
- Strong market shares and ROCE



Strategy Implementation is Progressing





Direction in Businesses

Direction in Grocery Trade

- Most customer driven and inspirational food retailer
- Renewing concepts, brand and marketing
- Best digital services
- Staying as one of the most profitable retailers in Europe
- Maintaining profitable growth



Direction in Building and Technical Trade

- A unified building and technical trade – harvesting synergies
- Best digital services for all customer segments
- Profitability towards the level of the best European performers
- Prioritising profitability and organic growth
- The most natural growth areas are Nordic and Baltic countries



Direction in Car Trade

- The fast changes in car industry offer new business opportunities
- Deepening cooperation with VW AG
- Maintaining high market share, growth and good profitability
- Fast expansion of the online car store Caara





Capital Allocation

Annual Capex Level Below €200m After 2017 (Excl. Acquisitions)

- Acquisition of Suomen Lähikauppa enabled neighbourhood store site network expansion
- Renewal of K-citymarket hypermarket network completed by 2018
- First part of Itäkeskus shopping centre, Easton Helsinki, in operation in 2017
- Divestment of Kesko Food Russia reduces investments

The World's Most Sustainable Retail Operator

Davos, January 2015 and 2016:
'The Global 100 Most Sustainable Corporations in the World' list.





For shopping
to be fun