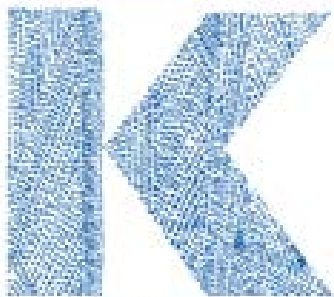
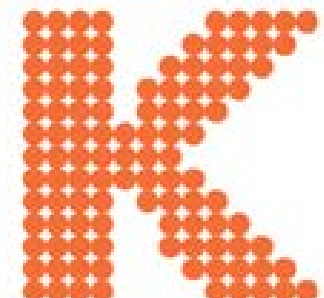
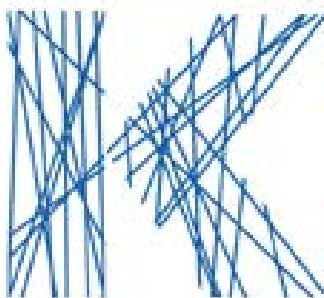
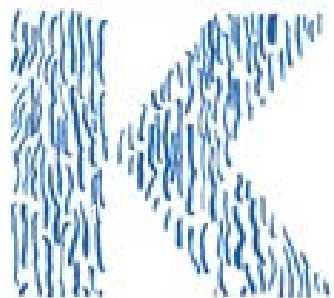
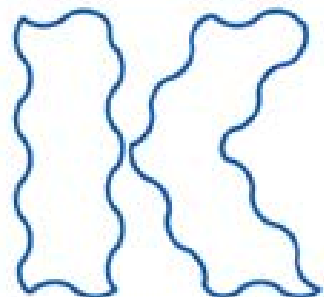


# KESKO'S GROWTH STORY



CEO MIKKO HELANDER  
JUNE 2016



# KESKO Q1/2016

ROLLING 12 MO

- Net sales €8,610m
- Operating profit\* €250m
- ROCE\* 12.4%
- Personnel 22,000
- Shareholders 40,000
- Market capitalisation €3.8bn (Mar. 31, 2016)

\* excl. non-recurring items



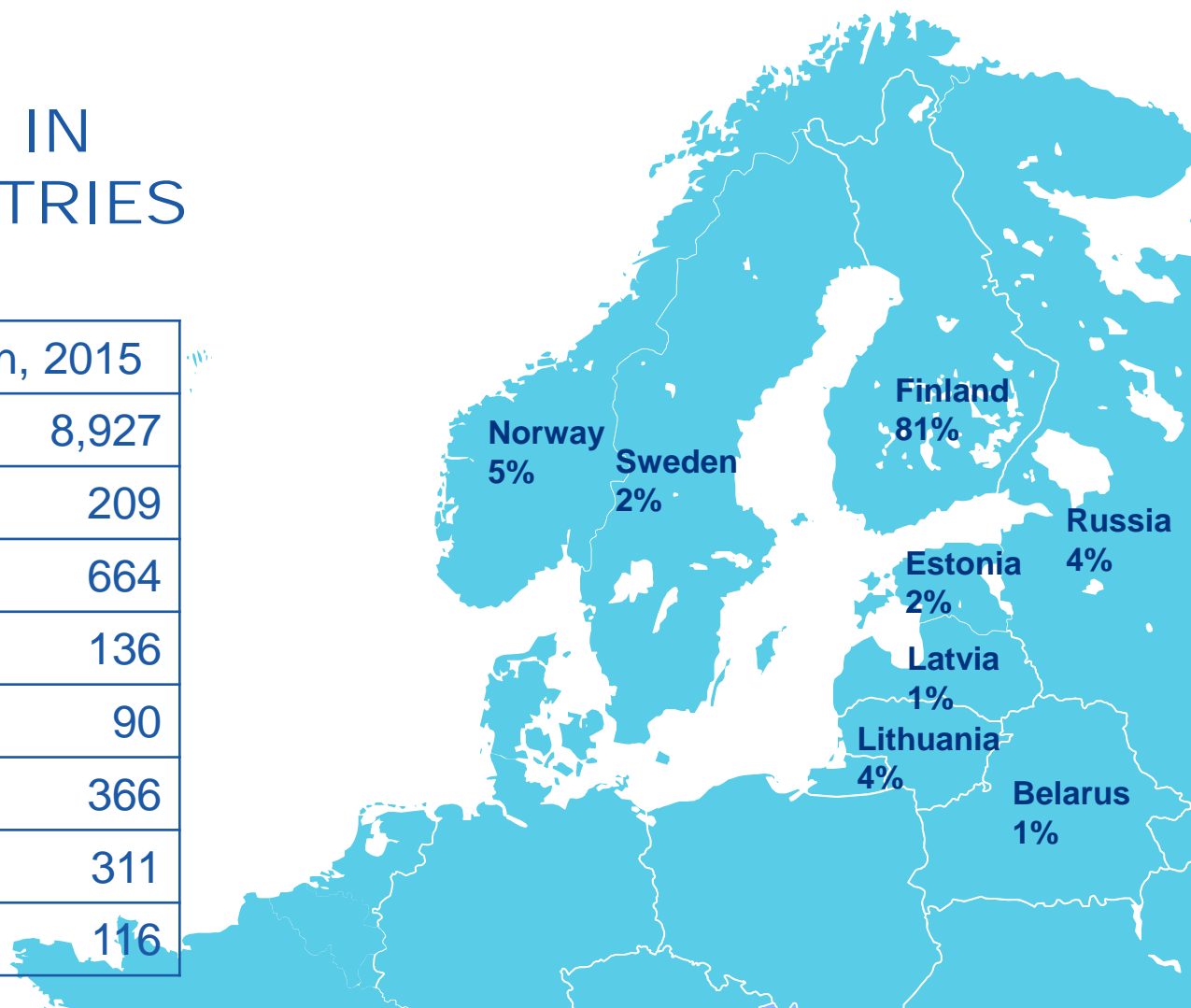
## K-GROUP TODAY

- K-Group's pro forma sales €13.4bn
- Operations in nine countries
- Number of personnel around 50,000
- Third largest retailer in northern Europe



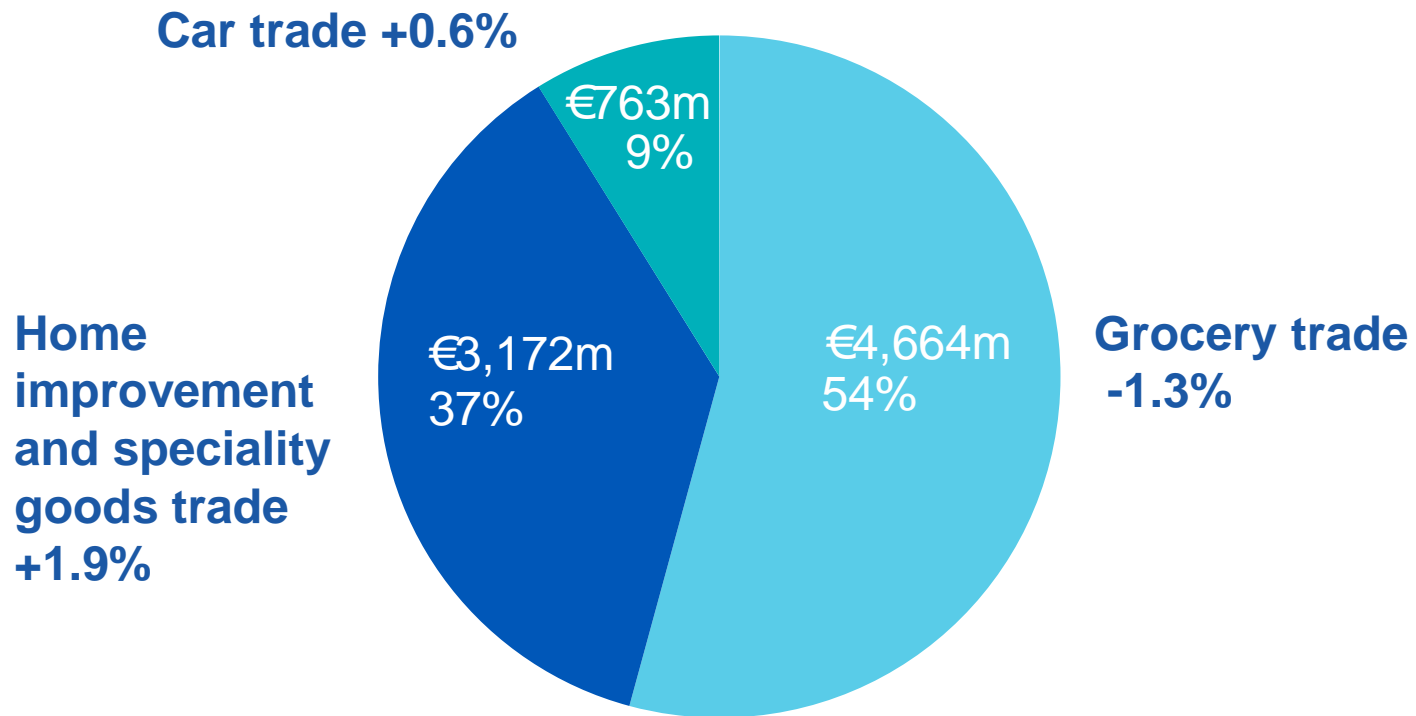
## OPERATIONS IN EIGHT COUNTRIES

Retail sales, € million, 2015	
Finland	8,927
Sweden	209
Norway	664
Estonia	136
Latvia	90
Lithuania	366
Russia	311
Belarus	116



# NET SALES BY DIVISION Q1/2016

ROLLING 12 MO



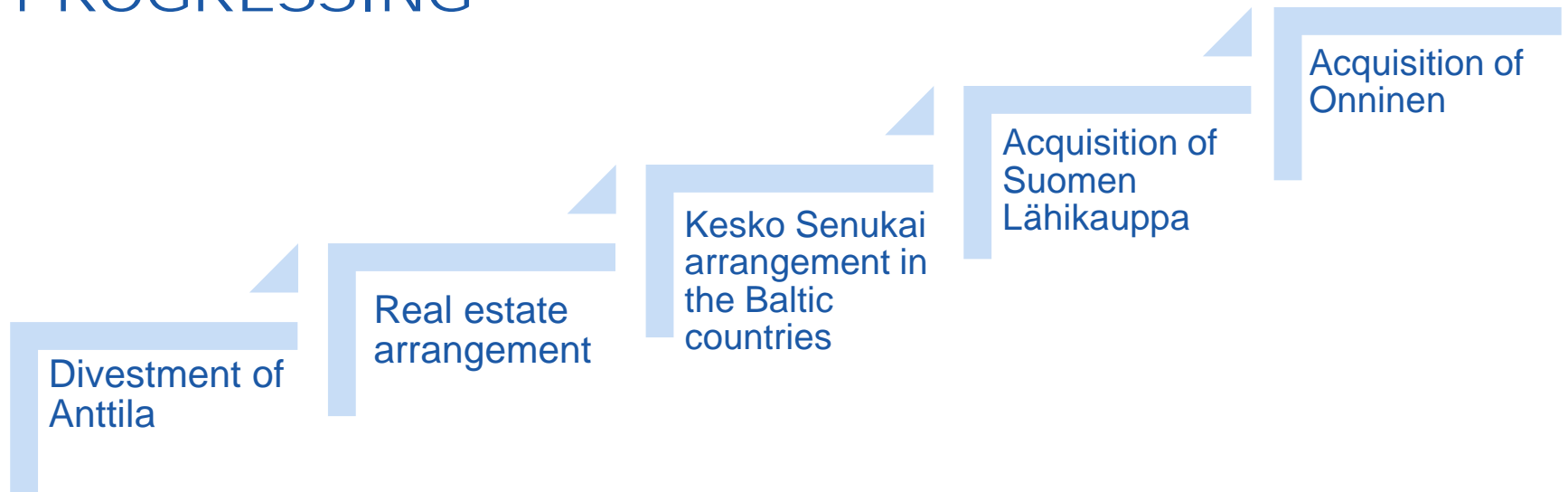
Comparable change

# STRATEGIC GROWTH AREAS

- Grocery trade
  - Increasing the market share in the Finnish grocery trade
  - Focus on the development of neighbourhood retailing
- Building and technical trade
  - Increasing building and technical trade in Europe
  - Increasing B2B sales
- Car trade



# STRATEGY IMPLEMENTATION IS PROGRESSING



One unified Kesko – the customer and quality in everything we do



# GROCERY TRADE



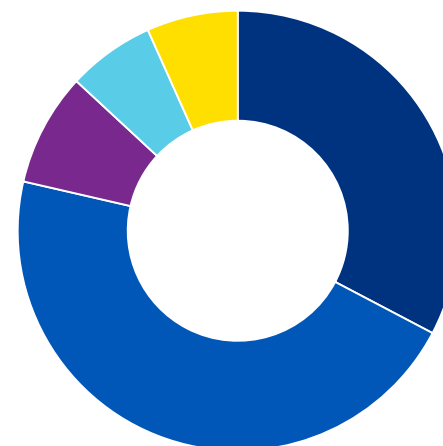
# KESKO GROCERY TRADE

Total market €16.6 billion in 2015

Q2/2015-Q1/2016

Net sales	€4,664m
Operating profit*	€174m
Operating margin*	3.7%
ROCE*	21.0%




\* excl. non-recurring items



- K-Group 32.7%
- S-Group 45.9%
- Lidl 8.3%
- Suomen Lähikauppa 6.4%
- Others 6.7%

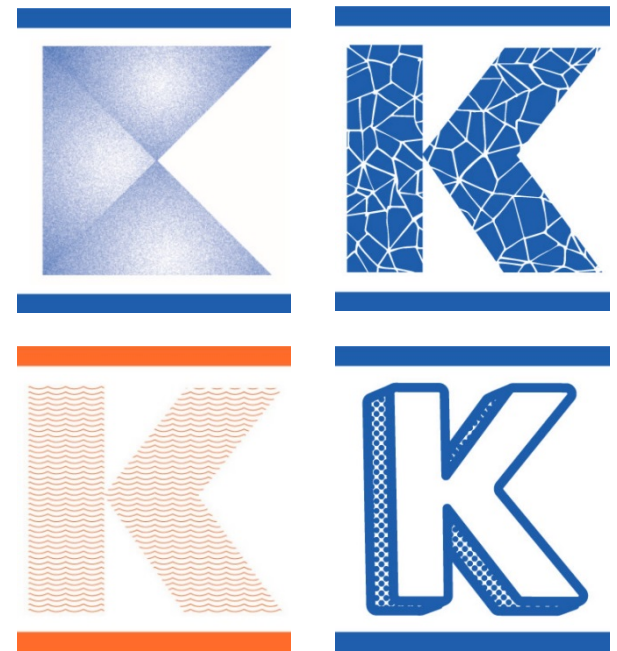
Source: Nielsen

## RETAIL STORES

	Number of stores	Concept
	81	Hypermarket
	221	Supermarket
	484	Neighbourhood store
Suomen Lähikauppa stores	600	Neighbourhood store

# STRATEGY PROGRESSING AS PLANNED

- Increasing market share
- Increase and development of neighbourhood store network
- Renewal of K-citymarket chain
- Improvement of quality and service levels
- Improvement of price competitiveness and price image
- Best digital services in the trading sector
- Development of retailer business model



# K-GROUP'S NEIGHBOURHOOD RETAIL SERVICES WILL IMPROVE SIGNIFICANTLY

- K-market chain will be renewed, first stores opened in April
- Siwa and Valintatalo stores converted into K-markets within a year
- Selections will improve and price level decrease, Pirkka products included in selections
- K-retailers to run all stores within two years
- Acquisition of Suomen Lähikauppa enables significant synergies





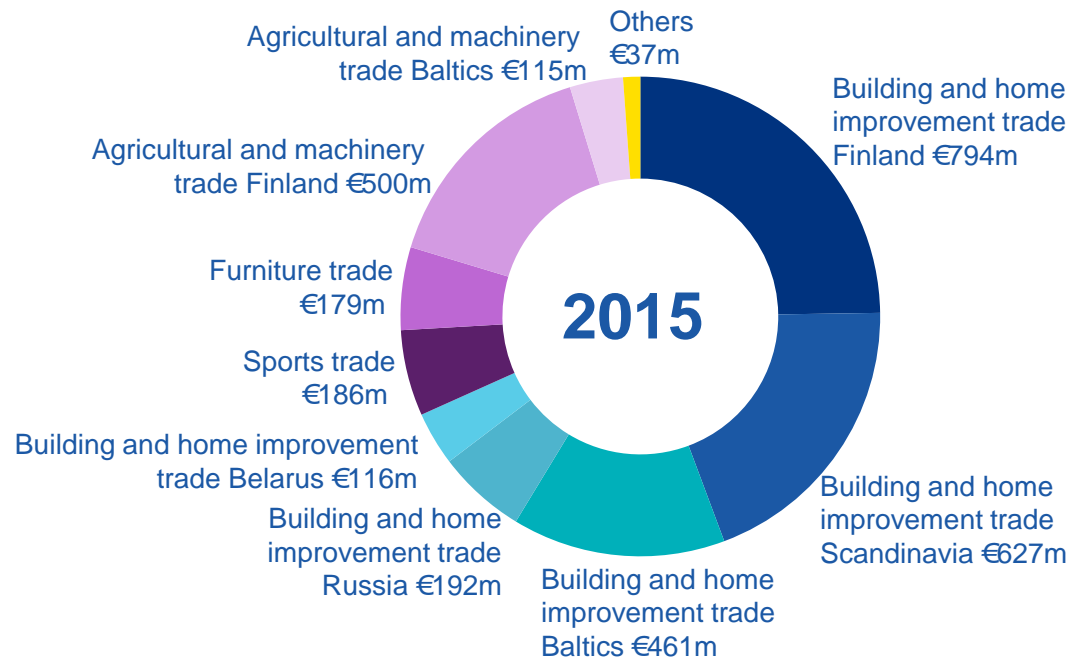
# BUILDING AND TECHNICAL TRADE

# HOME IMPROVEMENT AND SPECIALITY GOODS TRADE

Q2/2015-Q1/2016

Net sales	€3,172m
Operating profit*	€78m
Operating margin*	2.5%
ROCE*	9.9%

\* excl. non-recurring items



# GROWTH FROM THE BUILDING AND TECHNICAL TRADE



## B2B SALES GROW FASTER THAN B2C SALES

**Building and renovation increasingly technical, regulation increases**

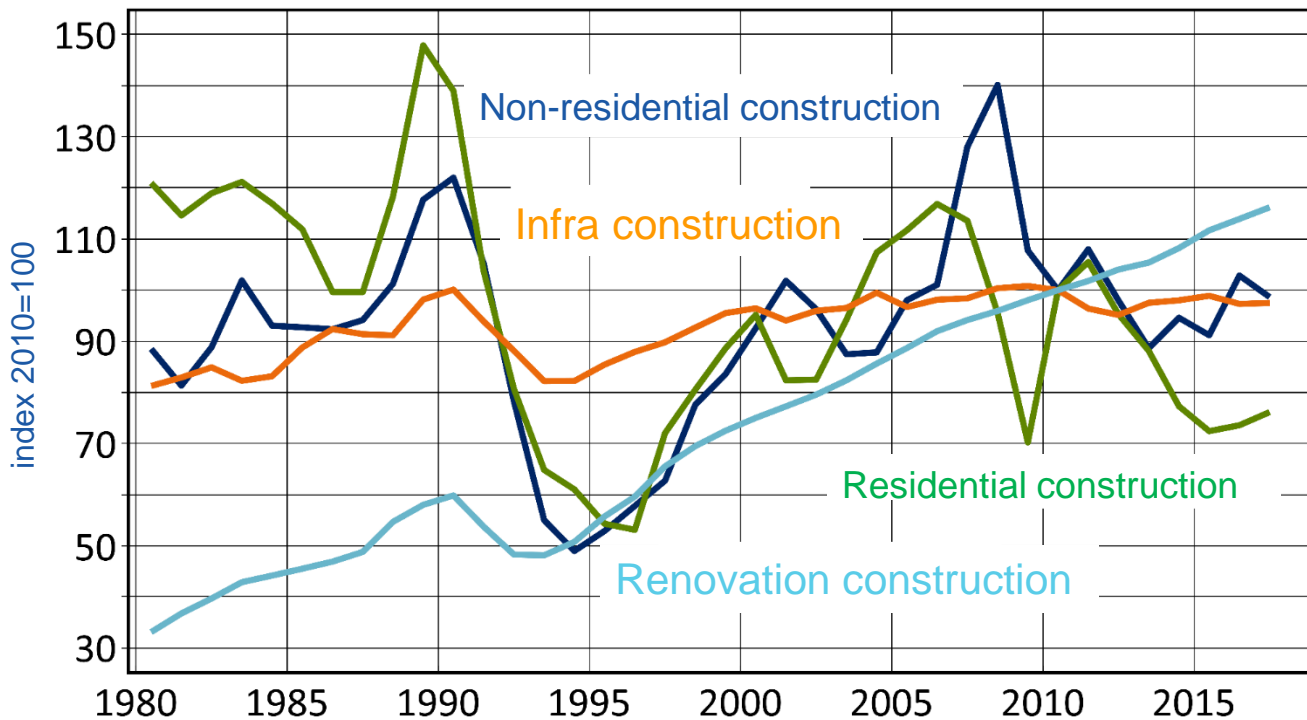
**Consumers increasingly often outsource building to professionals**

**Growing need for renovation building**

**Rising standard of living and ageing of population increase the use of services**



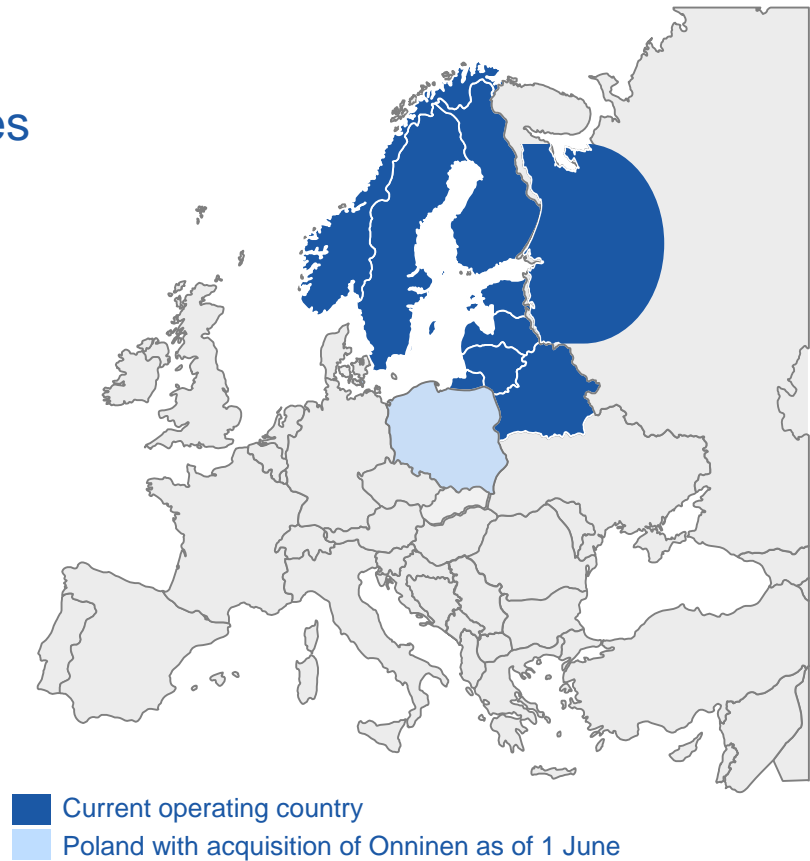
# RENOVATION CONSTRUCTION IS INCREASING



Source: Macrobond/The Confederation of Finnish Construction Industries RT (CFCI), Euroconstruct

# GROWTH FROM EUROPE AND B2B SALES

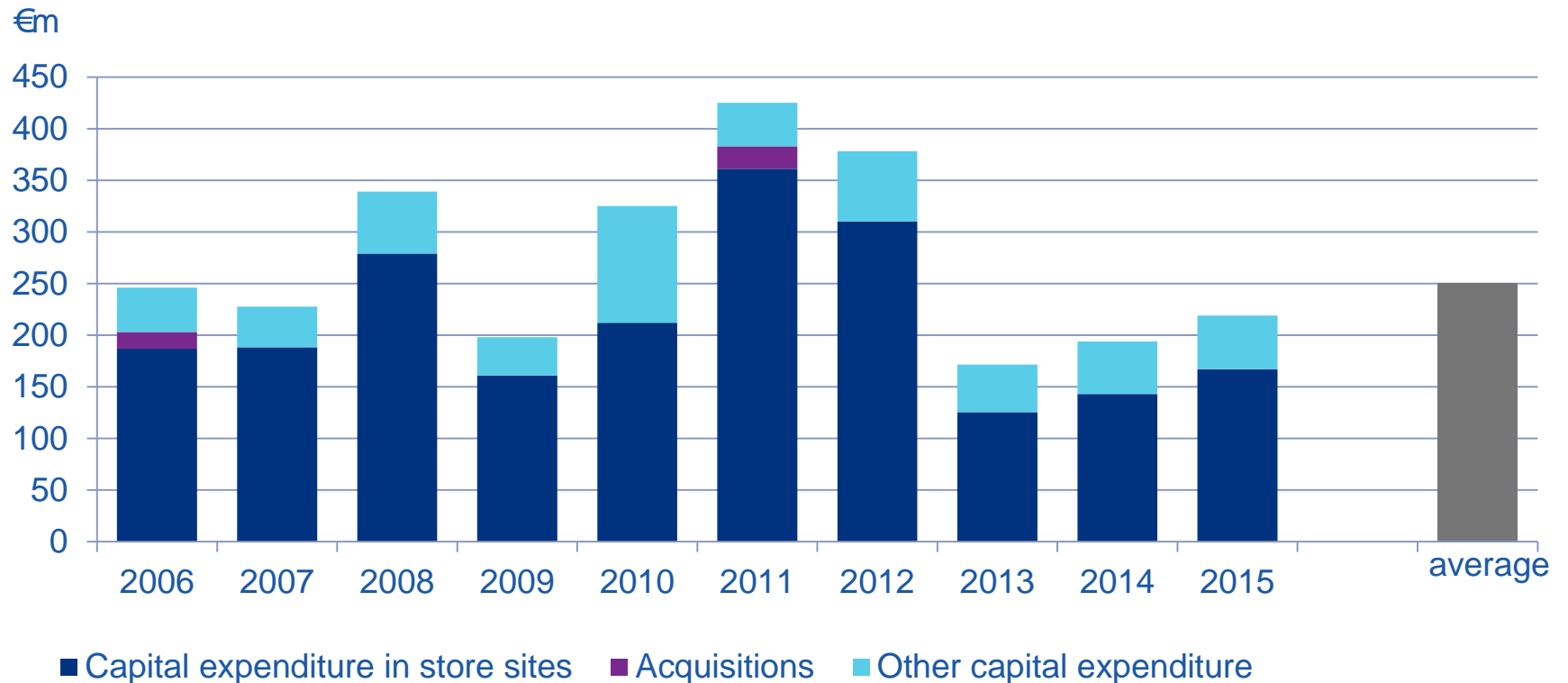
- Growth from both B2C and B2B sales
- Strengthening of market position in Finland
- Accelerating of growth and further strengthening of positions in Scandinavia
- Boosting Kesko Senukai's growth



## STRONG FINANCIAL POSITION ENABLES GROWTH

	<b>31.3.2016</b>	<b>31.3.2015</b>
Equity ratio, %	54.8	51.5
Liquid assets, €m	746	506
Cash flow from operating activities, €m, rolling 12 mo	255	324
Capital expenditure, €m, rolling 12 mo	218	202

# CAPITAL EXPENDITURE





**FOR SHOPPING TO BE FUN**