



KESKO FINANCIAL STATEMENTS RELEASE 2024

**YEAR-END TURNAROUND –
QUARTER-RESULT IMPROVED FOR
THE FIRST TIME IN EIGHT QUARTERS**

Jorma Rauhala
President and CEO
5 February 2025

SUMMARY OF 2024

- Year-end turnaround: quarter result in Q4 up for the first time in eight quarters
- Highlights for full-year 2024:
 - Net sales increased, comparable operating profit decreased
 - Grocery trade: net sales increased, profit slightly down
 - Building and technical trade: cycle historically low, net sales up thanks to the Davidsen acquisition, comparable operating profit down
 - Car trade: net sales and profit down, profitability at a good level
 - New President and CEO and changes in the Group Management Board
 - Expansion to Denmark by acquiring Davidsen, additional acquisitions of Roslev Trælasthandel, Tømmergaarden, and CF Petersen & Søn announced
 - Dividend proposal to the Annual General Meeting: €0.90/share, payout ratio 81%

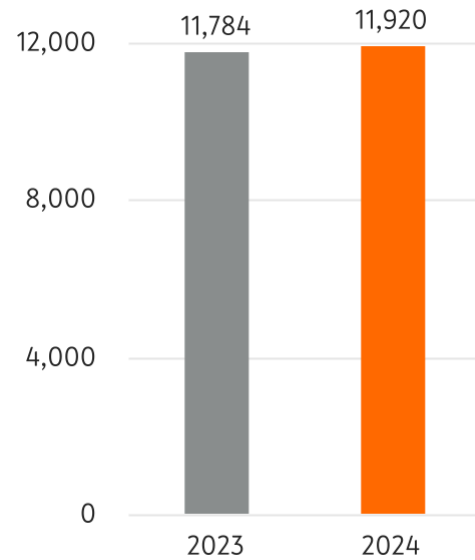
	2024	2023
Net sales, € million	11,920.1	11,783.8
Change in net sales, %*	-2.3	-0.8
Operating profit, € million*	650.1	712.0
Operating margin, %*	5.5	6.0
Profit before tax, € million*	543.0	630.4
Earnings per share, basic, €* €	1.11	1.28
Cash flow from operating activities, € million	1,008.2	1,049.5

* Comparable

NET SALES 2024

GROUP

€ million

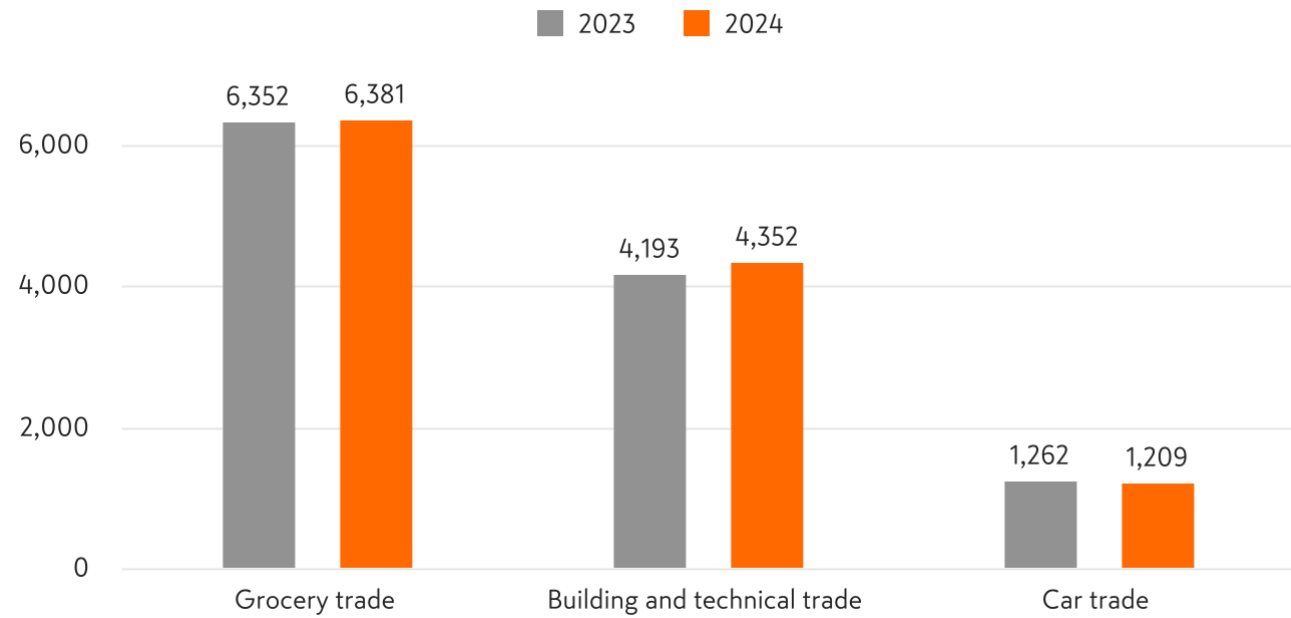


Change, comparable

-2.3%

DIVISIONS

€ million



0.4%

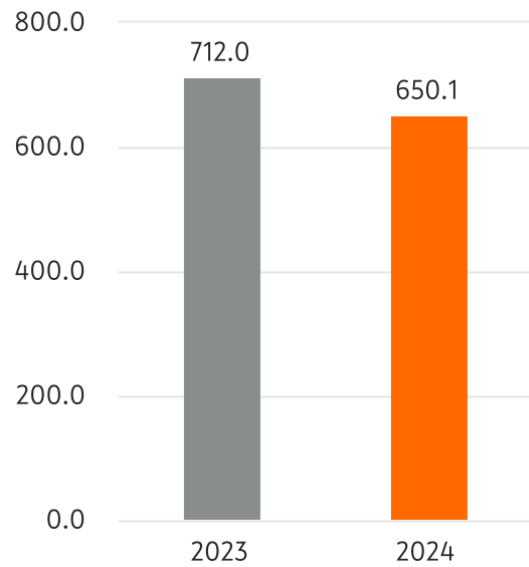
-6.0%

-4.0%

OPERATING PROFIT 2024

GROUP

€ million



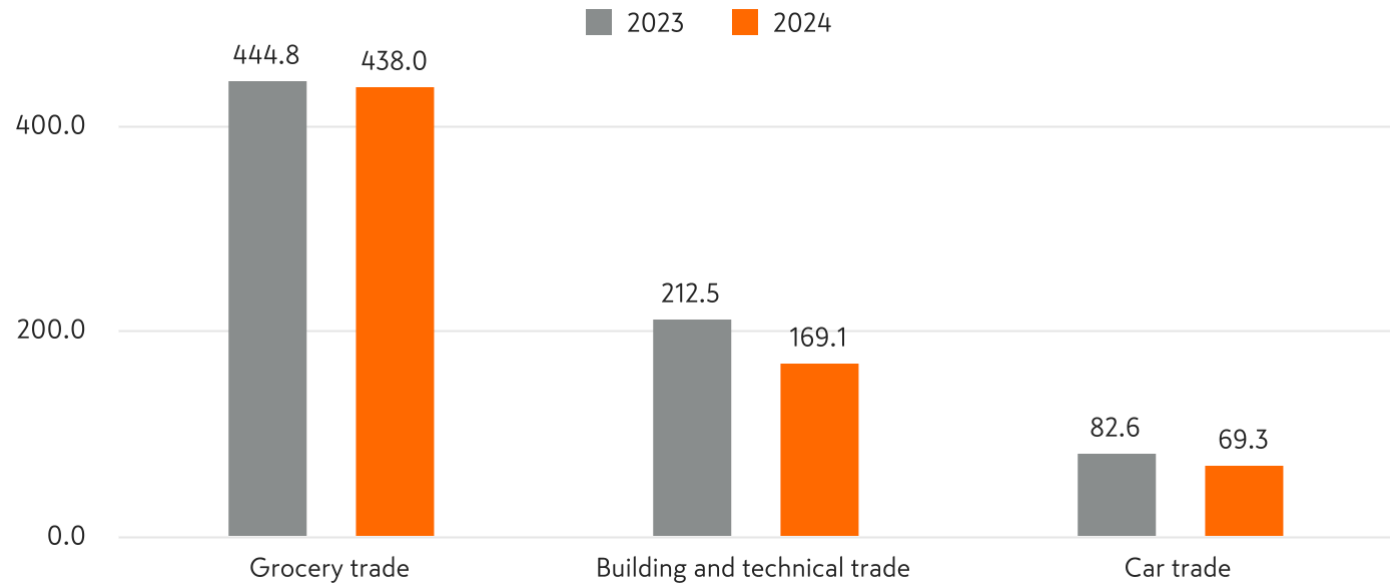
Operating margin

6.0%

5.5%

DIVISIONS

€ million



7.0%

6.9%

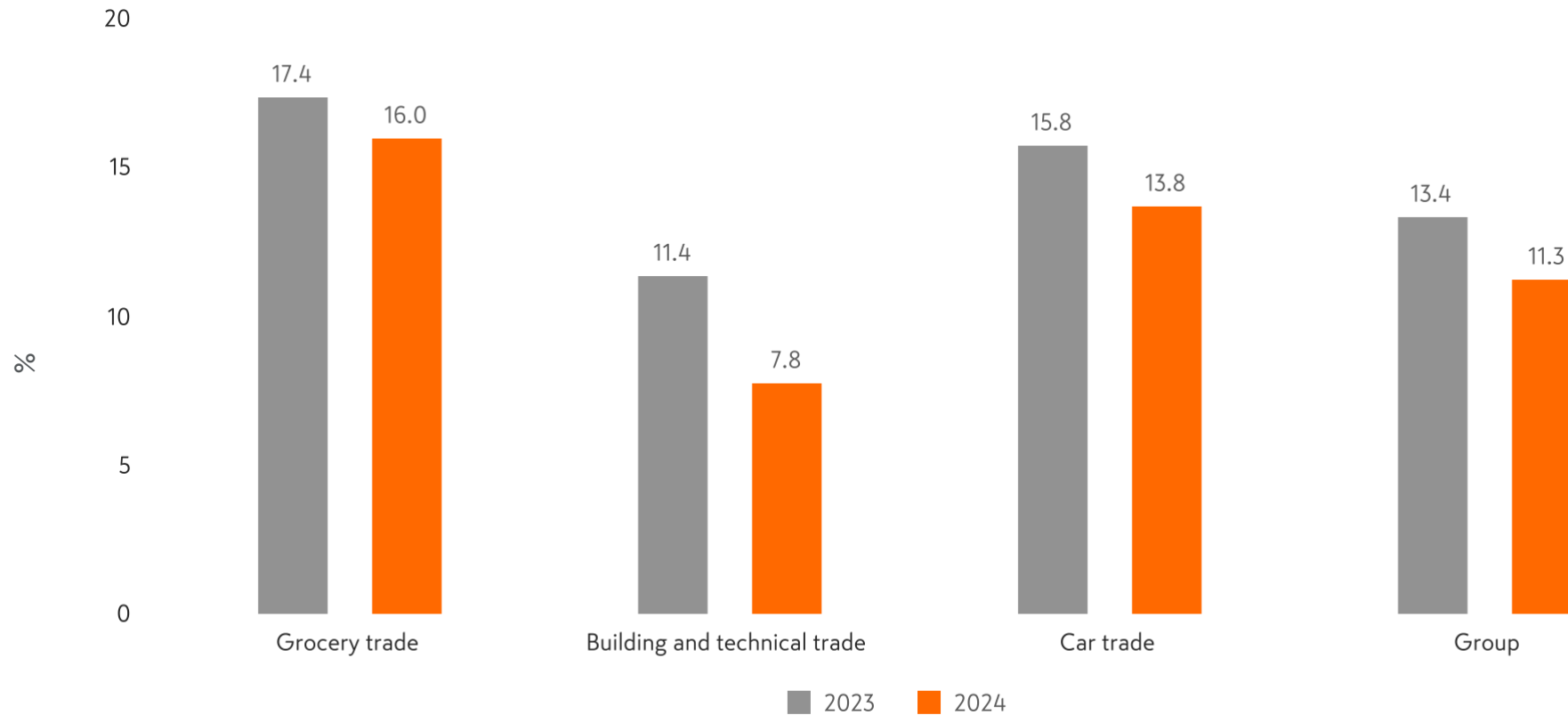
5.1%

3.9%

6.5%

5.7%

RETURN ON CAPITAL EMPLOYED



FINANCIAL POSITION

Cash flow almost flat year-on-year

	2024	2023
Cash flow from operating activities, € million	1,008.2	1,049.5
Liquid assets, € million	488.1	227.3
Capital expenditure, € million	675.9	678.9
Interest-bearing net debt excl. lease liabilities, € million	857.2	561.9
Interest-bearing net debt / EBITDA (excl. IFRS 16 impact, rolling)	1.1	0.7
Lease liabilities, € million	2,051.0	1,997.9

CAPITAL EXPENDITURE

**Main CAPEX: the Davidsen acquisition, Onnela logistics centre,
store site investments**

	2024	2023
Store sites, € million	289.2	300.3
Acquisitions, € million	172.9	141.1
IT, € million	18.0	25.0
Other investments, € million	195.8	212.5
Total, € million	675.9	678.9

EXPENSES

Expenses up due to the Davidsen acquisition and real estate costs

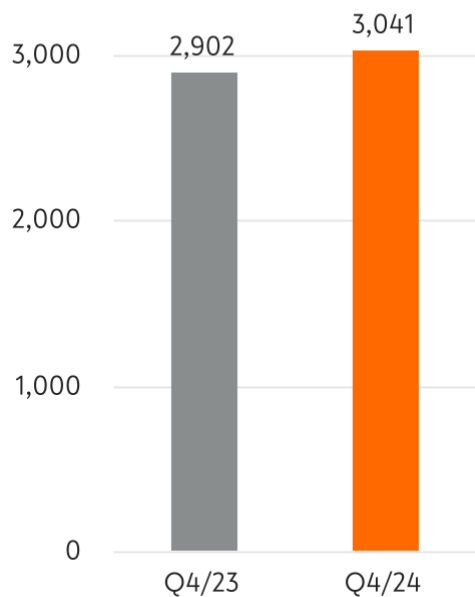
	2024	2023
Fixed costs, € million	2,076.4	1,959.1
- Employee benefit expenses, € million	838.1	779.1
- Other expenses, € million	673.1	646.6
- Depreciation, € million	565.2	533.3
Cost ratio, %	17.4	16.6

Q4/2024
FIRST QUARTER-RESULT
IMPROVEMENT IN EIGHT QUARTERS

NET SALES Q4

GROUP

€ million

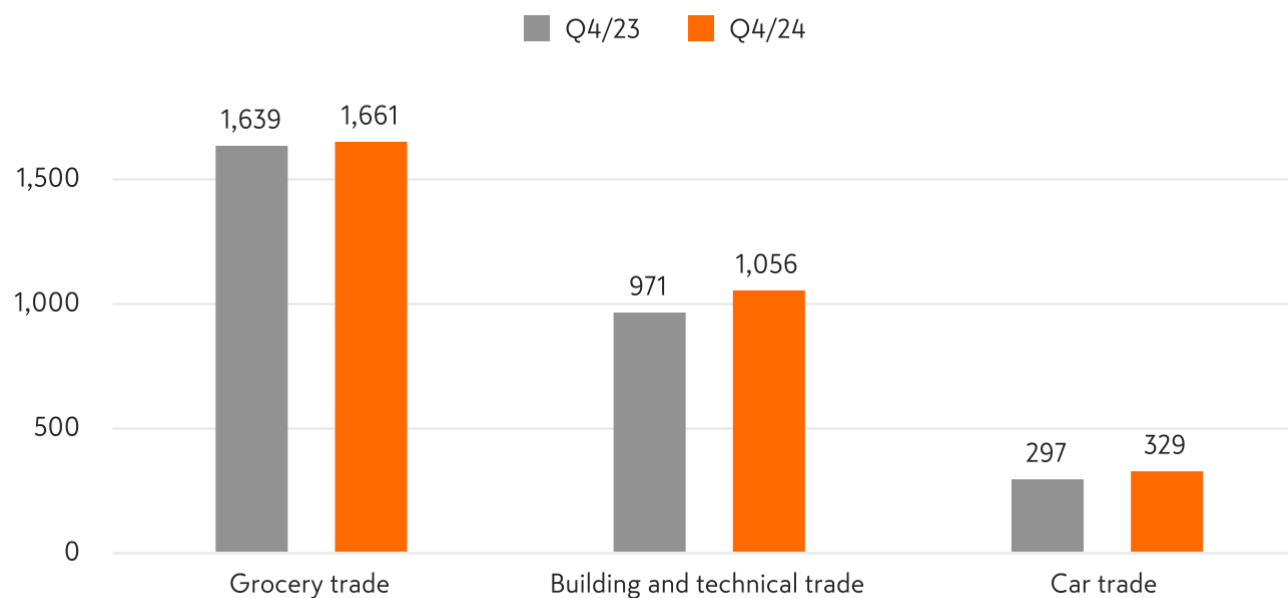


Change, comparable

1.1%

DIVISIONS

€ million



1.2%

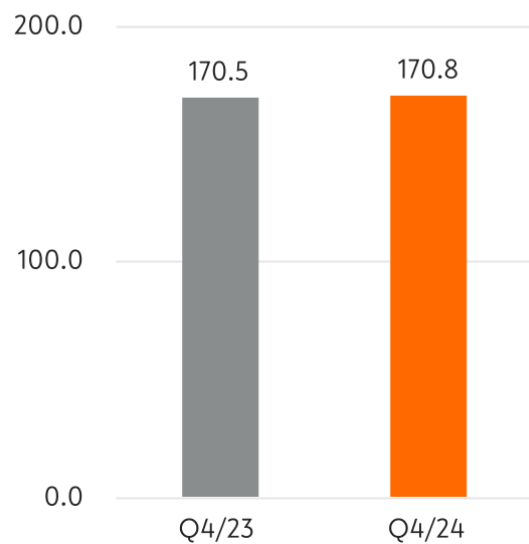
-1.7%

9.7%

OPERATING PROFIT Q4

GROUP

€ million



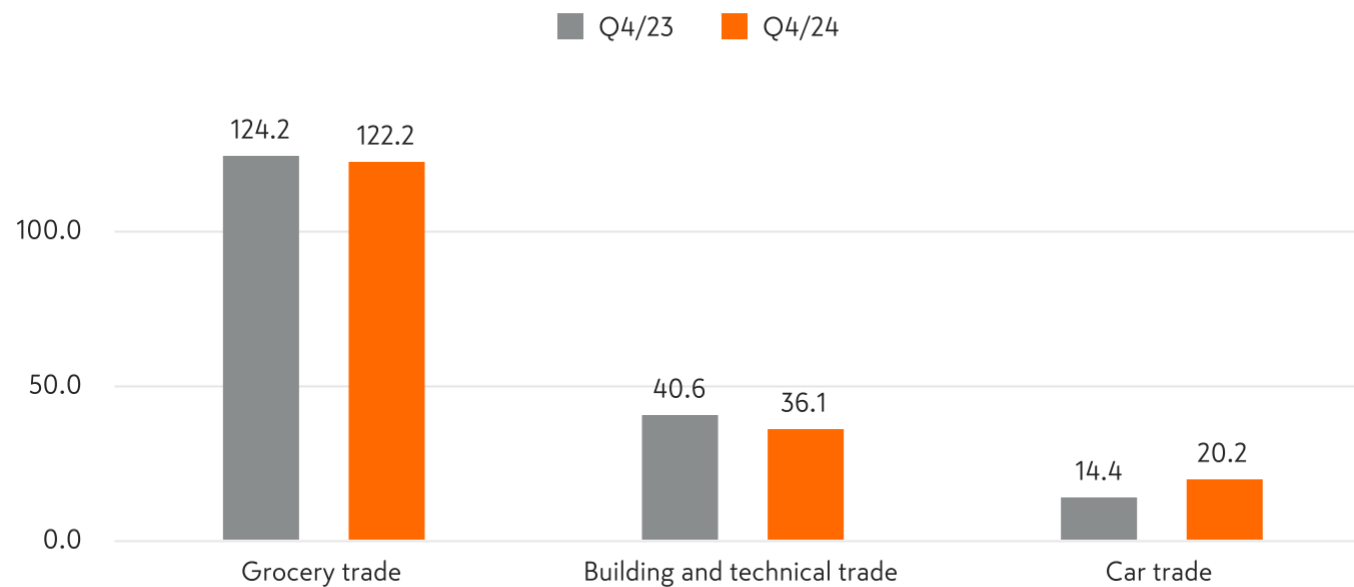
Operating margin

5.9%

5.6%

DIVISIONS

€ million



7.6%

7.4%

4.2%

3.4%

4.8%

6.1%



GROCERY TRADE Q4

STABLE PERFORMANCE



GROCERY TRADE HIGHLIGHTS IN Q4

- Net sales grew, operating margin at a good level
 - K Group grocery sales up by 1.6%
 - Kespro's net sales up by 2.5%, again exceeding market growth
 - K-Citymarket non-food sales down by 1.0%
- Online grocery sales up by 7.6%
- Total grocery market growth approx. 2.8%
- Increased investments in price in line with strategy: market share decline slowed down towards year-end
- Good Christmas sales especially in the K-Citymarket chain, which won over market share in the hypermarket category in December
- Grocery price inflation in Finland approx. 0.9% (Statistics Finland, including VAT)
- Customer flows continued to grow thanks to campaigns, average purchase decreased



PRICE PROGRAMME INTRODUCED IN STORES IN LINE WITH STRATEGY

- Price programme rolled out in January 2025: price cuts on 1,200 products in K Group grocery stores – Kesko and K-retailers together investing nearly €50 million during 2025
- Prices cut on some 1,000 branded everyday staples and some 200 popular Pirkka private label products
- Price reductions on branded products average 4–6% – up to 15–20% in some cases – and price reductions on Pirkka products average 9-12%
- A long-term pricing measure
- Operating margin target for grocery trade in the 2024-2026 strategy period is clearly above 6% despite investments in price and store network

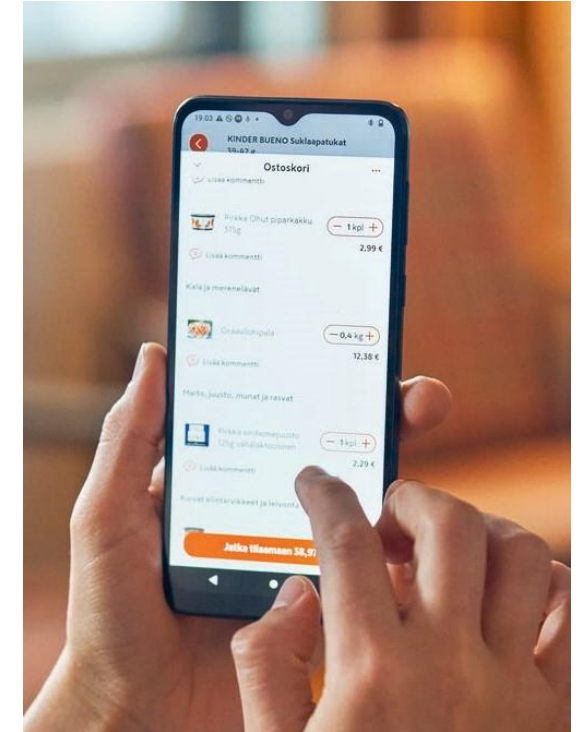


K-Supermarket Kuhmo

INCREASED FOCUS ON QUALITY

K Group the quality leader in Finnish grocery

- Our unique retailer business model enables constant development of store-specific business ideas and quality
- Store-specific business ideas generated utilising customer data based on customer profiles for local residents and customer purchase behaviour; reflected in choices made regarding selections and services
- Digitally-assisted services enable increasingly personalised, individual customer experiences
- Increasingly relevant personal offers very important. The K-Ruoka app is the most popular in Finland, it has some 800,000 weekly users, up by 38% in 2024
- Wide selections – which extend from branded products to high-quality private labels to the most affordable price fighters – lend a competitive advantage
- Plenty of further potential in store-specific business ideas: executions vary, as do business idea maturity levels



STRENGTHENING OUR STORE NETWORK AS PLANNED

- Investments in the store network continue, impact set to become visible especially towards the end of Kesko's 2024-2026 strategy period
- Kesko invests on average €200-250 million annually in store updates and new stores
 - In 2024: 44 remodelled stores and 15 new stores, K-Citymarket Vuosaari in Helsinki opened 14 Nov. 2024
 - In 2025: 48 remodelled stores and 15 new stores, including a new K-Citymarket in Lempäälä Ideapark near Tampere and K-Citymarket Paavola replacing existing store in Lahti
 - In 2026–2027: new K-Citymarkets in Haapaniemi, Kuopio and Kivistö, Vantaa, and a new K-Citymarket replacing existing store in Porvoo
 - New K-Citymarket stores planned for Ritaportti, Oulu (2027) and Espoon keskus, Espoo (2028)



K-Citymarket Kivistö, Vantaa



BUILDING AND TECHNICAL TRADE Q4

**RESULT IN LINE WITH
EXPECTATIONS**



BUILDING AND TECHNICAL TRADE HIGHLIGHTS IN Q4

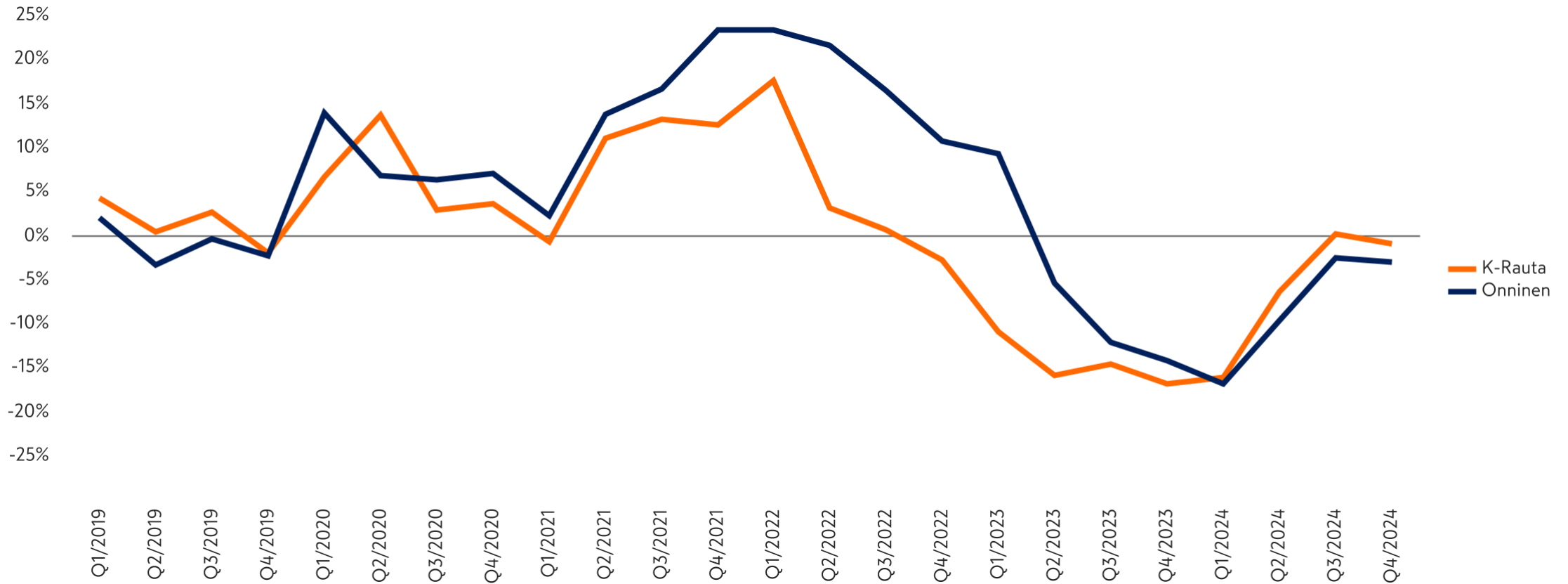
- Construction cycle still weak, sales development improved in all countries towards year-end:
 - Denmark and Poland: sales improved markedly
 - Finland: sales development of K-Rauta and Onninen at the Q3 level
 - Norway: Bygghjælper's sales development improved, Onninen's almost flat on Q3
 - Sweden: sales development impacted by closure of K-Rauta stores
- Q4 net sales in line with expectations, comparable operating profit slightly down; FY 2024 operating margin of 3.9% a good result in a historically weak cycle
- In Norway, Kesko made a €40 million goodwill write-down for Bygghjælper due to weaker-than-anticipated profit development in 2024, a weak cycle in Norwegian construction, and high interest rates. The write-down does not impact comparable figures.
- Credit risk well under control, €2.4 million (€1.0 million) written down for trade receivables past due date
- Share of result from Kesko Senukai €10.1 million (€13.5 million)

	Q4/2024	Q4/2023
Net sales, € million	1,056.3	971.1
Technical trade	570.6	576.8
Building & home improvement trade	502.2	409.4
Operating profit*, € million	36.1	40.6
Technical trade	20.0	22.1
Building & home improvement trade	6.1	5.0
Operating margin, %*	3.4	4.2
Technical trade	3.5	3.8
Building & home improvement trade	1.2	1.2

*Comparable

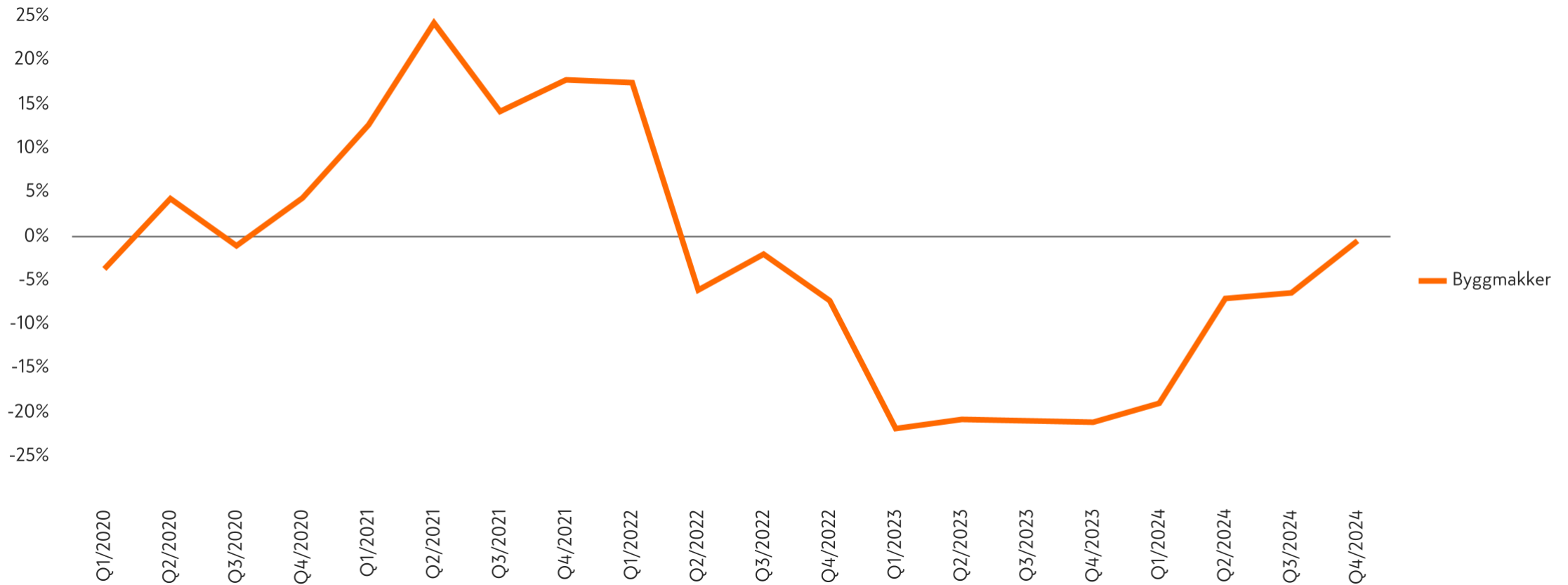
SALES OF K-RAUTA FINLAND AND ONNINEN FINLAND

Retail and
B2B sales



BYGGMAKKER SALES IN NORWAY: 2020-2024

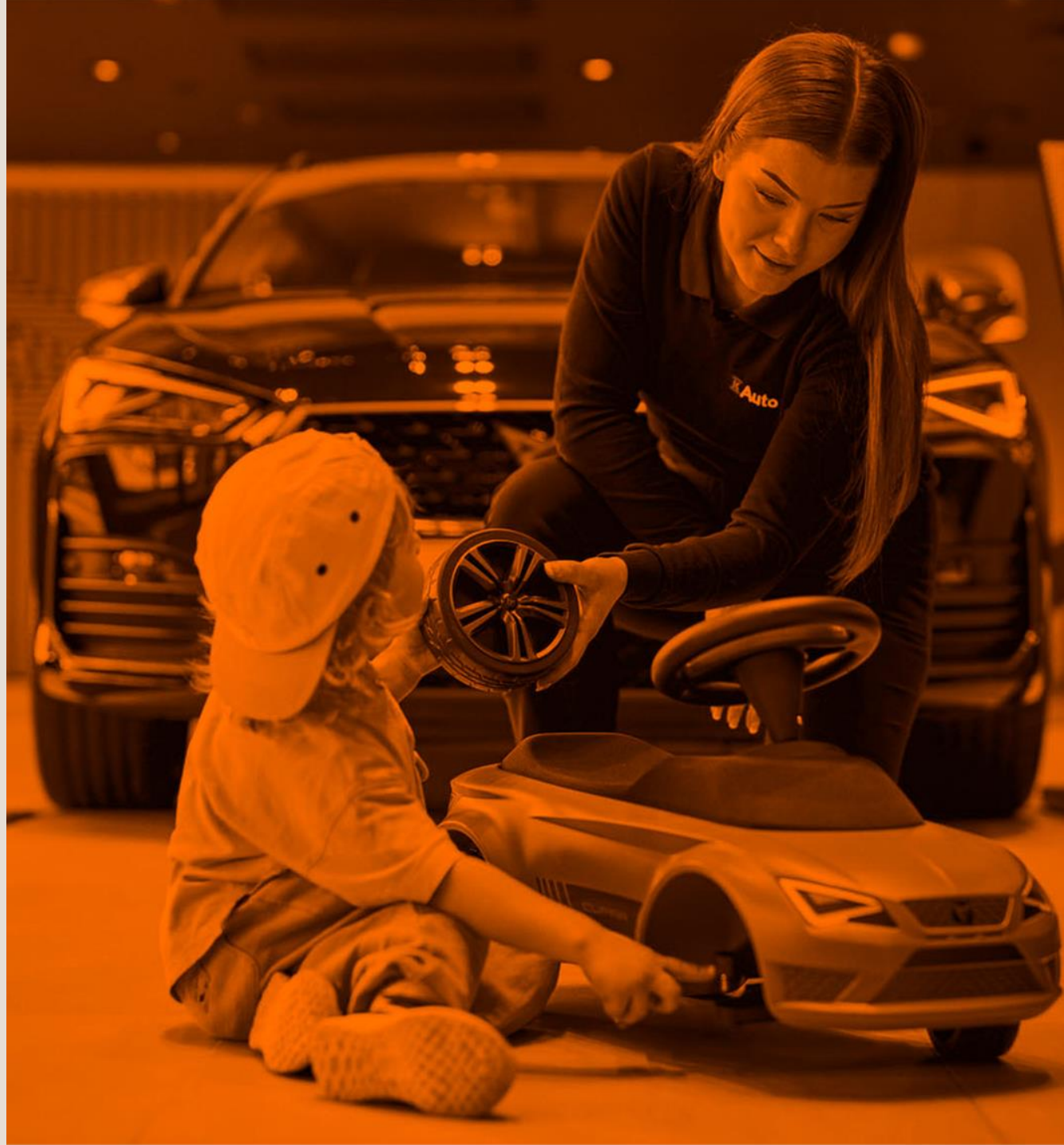
Retail and
B2B sales





CAR TRADE Q4

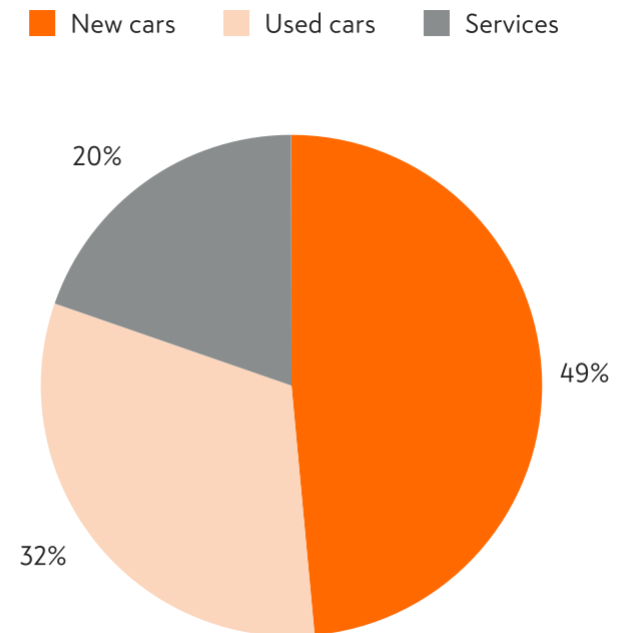
PROFIT IMPROVED IN A CHALLENGING MARKET



CAR TRADE HIGHLIGHTS IN Q4

- Market demand for new cars muted, Q4 first registrations of passenger cars and vans -3.0%; first registrations of brands represented by Kesko up by 10%
- Net sales and comparable operating profit grew clearly despite the challenging market
- New cars: sales increased, in particular due to good sales of Volkswagen models
- Used cars: sales increased and market share grew significantly
- Services: sales continued to grow
- Sports trade: net sales declined and comparable operating profit increased. Q4 market share down, but FY 2024 market share up

K-AUTO, NET SALES



Net sales for the division's car trade businesses, Q4/2024, rolling 12 months

PROFIT GUIDANCE AND OUTLOOK FOR 2025

PROFIT GUIDANCE FOR 2025

Kesko Group's profit guidance is given for the year 2025, in comparison with the year 2024.

Kesko's operating environment is estimated to improve in 2025, but to still remain somewhat challenging. Kesko's comparable operating profit is estimated to improve in 2025. Kesko estimates that its comparable operating profit in 2025 will amount to €640–740 million. The profit guidance is based on an estimate of a gradually improving economic cycle in all Kesko operating countries. Key uncertainties impacting Kesko's outlook are developments in consumer confidence, investment appetites, as well as geopolitical crises and tensions.

OUTLOOK FOR 2025

In grocery trade, B2C trade and the foodservice market are estimated to remain stable. In 2025, the comparable operating margin for the grocery trade division is estimated to stay clearly above 6% despite the investments in price and the store site network in accordance with Kesko's strategy for 2024–2026.

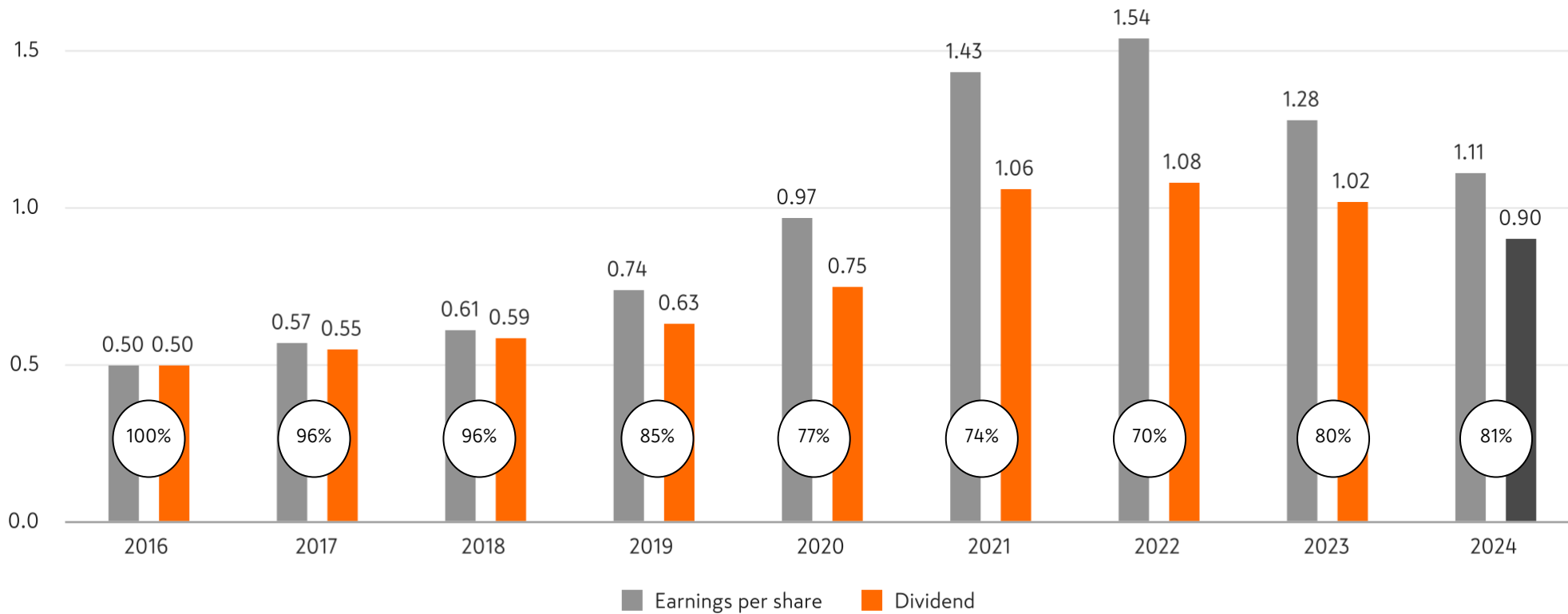
In building and technical trade, the cycle is expected to improve in 2025 from the historically low levels.

Profitability in the building and technical trade division is estimated to improve on 2024.

In car trade, the market for new cars is expected to stay at a low level. Demand for used cars and services is estimated to remain good. Profitability for the car trade division is estimated to remain at a good level in 2025 despite weak demand for new cars.

DIVIDEND PROPOSAL

BOARD'S DIVIDEND PROPOSAL TO KESKO'S ANNUAL GENERAL MEETING



Accounting for share split

2016 comparable EPS, Group; 2017-2019 comparable EPS, continuing operations



