



KESKO INVESTOR PRESENTATION

# **KESKO SEEKS GROWTH IN ALL ITS THREE BUSINESS DIVISIONS**

February - March 2025

# KESKO TODAY

## KEY FINANCIALS

	2024	2023
Net sales, € million	11,920.1	11,783.8
Operating profit, € million*	650.1	712.0
Operating margin, %*	5.5	6.0
Profit before tax, € million*	543.0	630.4
Cash flow from operating activities, € million	1,008.2	1,049.5
Return on capital employed, %*	11.3	13.4
Capital expenditure, € million	675.9	678.9

\*comparable



Leading trading sector company in Northern Europe with retail and B2B sales of nearly **€16bn**



~ **45,000 employees** in the whole K Group, **1,800 stores**, **3 divisions**, comprehensive **digital services** in **8 countries**



**Sustainability** at the core of the strategy

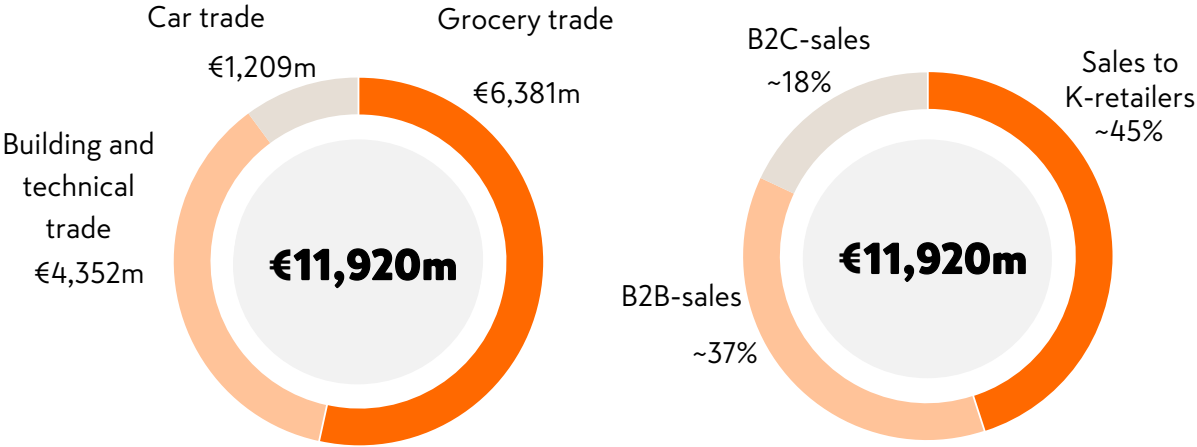


Market cap over **€7bn** with ~**115,000 shareholders**

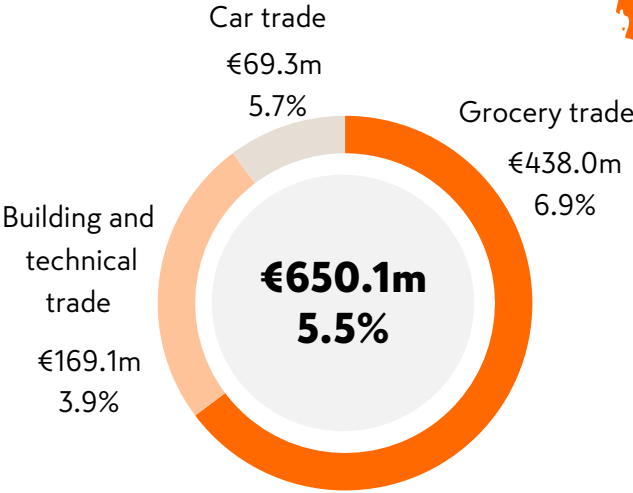
# KESKO SEGMENT KEY FIGURES



## NET SALES



## OPERATING PROFIT



# KESKO GROWTH STRATEGY

## THE LEADING AND MOST ATTRACTIVE TRADING SECTOR GROWTH COMPANY IN NORTHERN EUROPE

### VISION

### STRATEGIC TARGETS

DELIVERING  
PROFITABLE GROWTH

STRENGTHENING  
MARKET POSITION

BUILDING A FOCUSED  
B2C AND B2B  
BUSINESS PORTFOLIO

INCREASING  
CUSTOMER VALUE

### COMPETITIVE ADVANTAGES

OPERATIONAL  
EXCELLENCE

OMNICHANNEL  
CUSTOMER EXPERIENCE

K-RETAILERS &  
COMMERCIAL SPIRIT

FORERUNNER IN  
SUSTAINABILITY

TRUSTED  
K BRAND

### BUSINESSES



GROCERY TRADE



BUILDING AND TECHNICAL  
TRADE



CAR TRADE

### PURPOSE

TOWARDS BETTER TRADE EVERY DAY - CUSTOMER AND QUALITY IN EVERYTHING WE DO

### PRINCIPLES

I OPERATE DIRECTLY,  
OPENLY AND HONESTLY

I SHOW THE PATH

I'M ALL IN

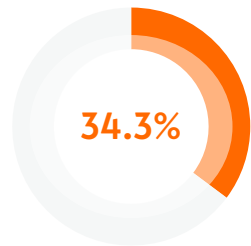
I CREATE TRUST



GROCERY TRADE

# STRONG POSITION IN FINNISH FOOD TRADE YIELDING GOOD RESULTS

# GROCERY TRADE DIVISION IN BRIEF



**MARKET SHARE IN 2023**  
(NIELSEN)



**1,100** stores  
Almost 800 K Group grocery stores offer online grocery services

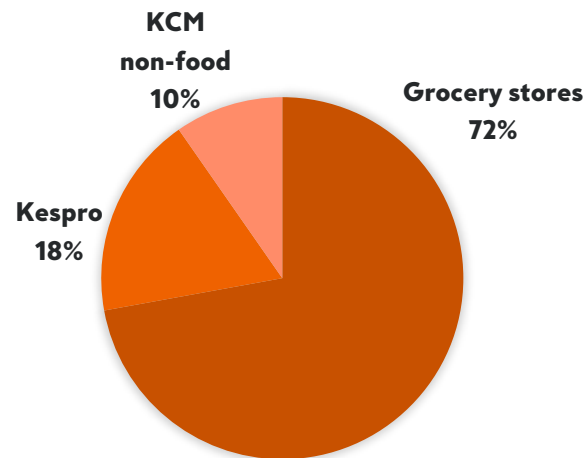


**6,300** employees  
**860** K-retailers

**KESPRO**

The leading foodservice provider in Finland  
**49%** market share

## NET SALES



	2024	2023	2022
<b>Net sales, € million</b>	6,381.4	6,351.6	6,124.7
<b>Operating profit*, € million</b>	438.0	444.8	460.4
<b>Operating margin*</b>	6.9%	7.0%	7.5%
<b>Capital expenditure, € million</b>	276.0	304	258

## GROCERY STORE CHAINS

**K CITYMARKET**

**K Supermarket**

**K Market**

## FOODSERVICE

**KESPRO**



\*Comparable

# GROCERY TRADE: TARGET TO MAINTAIN GOOD PROFITABILITY AND GAIN MARKET SHARE

## KEY ACTIONS:

- **STRENGTHENING STORE SPECIFIC BUSINESS IDEAS:** Focusing on strengthening chosen competitive advantages and raising the level of stores.
- **DEVELOPING STORE SITE NETWORK:** Targeted investments in the store site network focusing on growth centres.
- **IMPROVING PRICE COMPETITIVENESS:** Strengthening price competitiveness with a systematic price program and improving price image.
- **CONTINUING GOOD DEVELOPMENT IN KESPRO:** Further strengthening Kespro's market-leading position.

**INVESTMENTS WILL HAVE A SLIGHT EFFECT ON PROFITABILITY.**

**HOWEVER, EBIT DEVELOPMENT WILL BE STABLE AND PROFITABILITY CLEARLY ABOVE 6% DESPITE INVESTMENTS.**



# GROCERY TRADE DIVISION

## GROCERY STORE BUSINESS



### In brief:

Operates in Finland, business comprises three grocery store chains with some 1,100 stores across the country operated by nearly 900 K-retailer entrepreneurs. Three different store formats. Also online grocery services and popular private label products. Accounts for 82% of the division's net sales.

### Customers:

B2C trade: some 1.6 million daily customer encounters and 4.5 million weekly visits to digital channels.  
Over 3.4 million members of the K-Plussa customer loyalty programme. K-ruoka app weekly users some 800,000

### Key figures:

Net sales €5,211.7 million; operating profit €360.2 million; operating margin 6.9%



### Market and market shares:

Total Finnish grocery trade market €21–22 billion; Kesko the **second biggest operator** with a market share 33.9% (Kesko's own estimate based on Nielsen peer group). Larger market share in online grocery than in offline.



### Growth drivers:

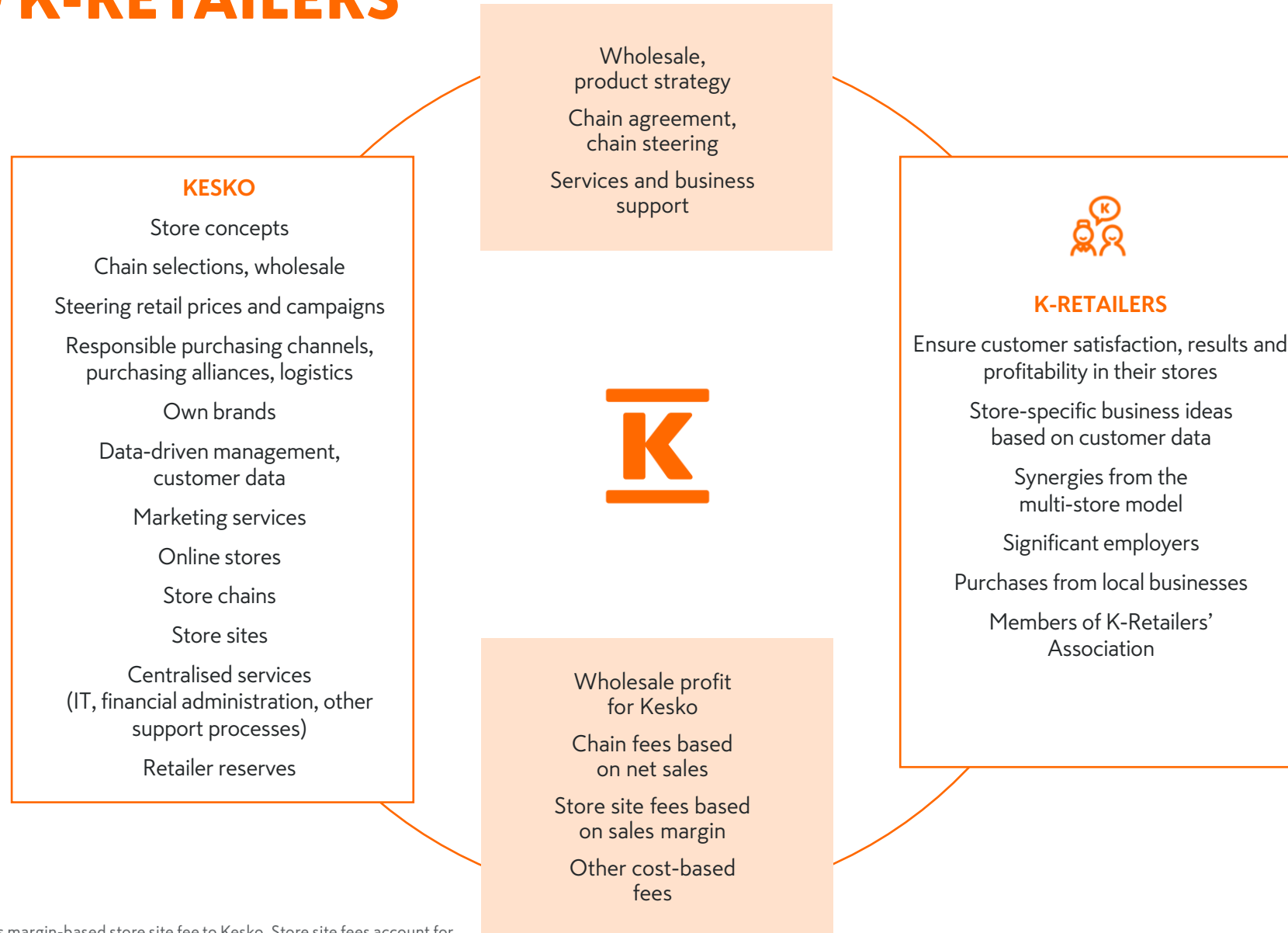
GDP, purchasing power, price competition, urbanisation and changes in population structure, customer data and insight.

### Competitors and peers:

Grocery store operators in Finland: S Group, Lidl  
International peers: Ahold Delhaize, Axfood, Coop Group, Tesco, Kroger, Carrefour

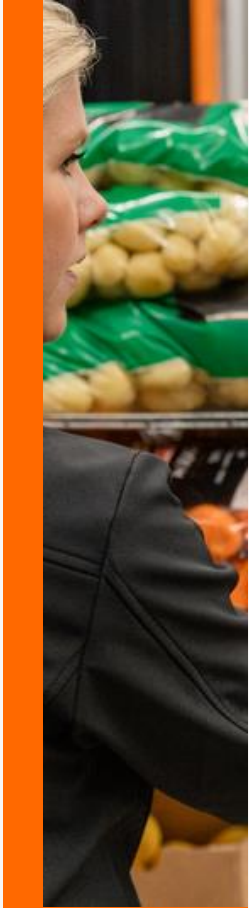


# KESKO AND K-RETAILERS



# GROCERY TRADE DIVISION

## FOODSERVICE BUSINESS



### In brief:

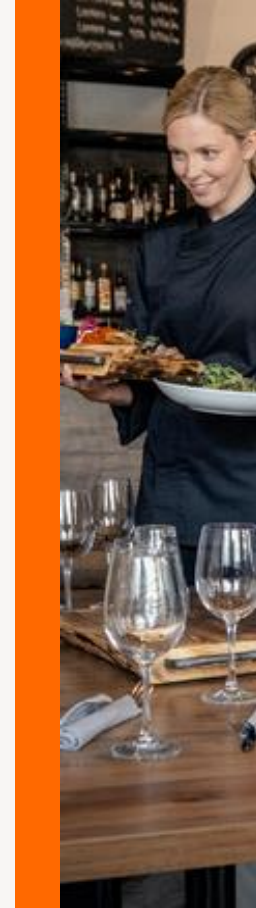
Operates in Finland, business comprises Kespro's foodservice wholesale with 13 cash-and-carry outlets and online sales representing 70% of total sales, a wide range of services and digital tools e.g. training, menu development, reporting and forecasting, and Kespro's own brand products: 50% of total sales.

### Customers:

B2B trade: restaurants, cafés, workplace cafeterias, hotels and public operators such as municipalities and hospitals. Lunch and cafeteria type of sales account for ~ 70% of Kespro's sales.

### Key figures:

Net sales €1,169.6 million; operating profit €77.8 million; operating margin 6.7%



### Market and market share:

Total Finnish foodservice market €2.5 billion; Kespro **the market leader** with a market share of 49.1%



### Growth drivers:

The growing popularity of eating out, GDP, purchasing power, price competition, urbanisation and changes in population structure.

### Competitors and peers:

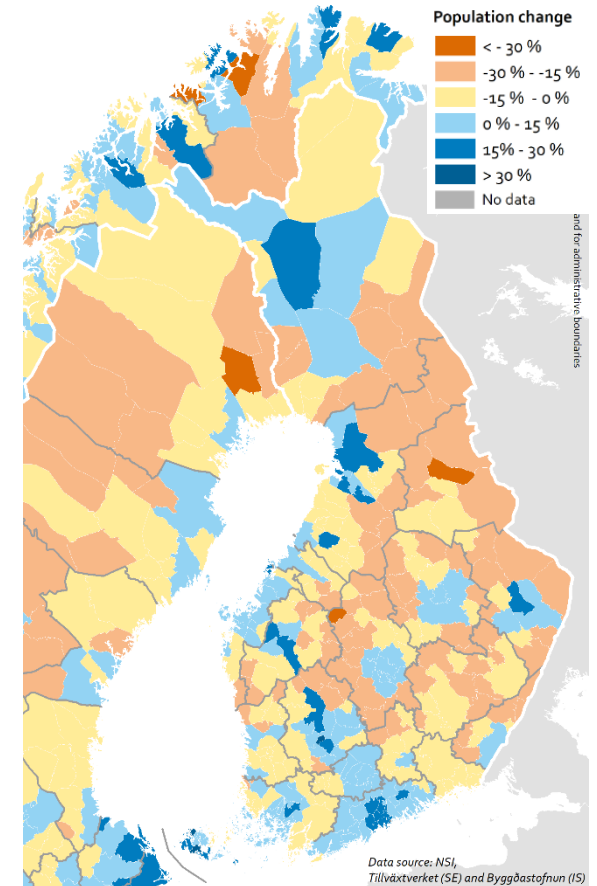
Foodservice in Finland: Valio Aimo, Meira Nova, Metro-tukku  
International peers: Marr, Snabbgross, Sysco

# GROCERY TRADE STORE SITE INVESTMENT FOCUS ON GROWTH CENTRES

Emphasising hypermarkets and other larger units

- **Urbanisation is expected to accelerate in Finland**
- **Long-term store site investment program to ensure Kesko's competitiveness and market share development**
- **During up-coming years annual investments: €200M - €250M per year**
- **Key targets:**
  - To focus store site network in growth areas and larger units
  - To open new hypermarkets especially in Helsinki Metropolitan Area
  - To improve customer experience, sales efficiency and profitability of the stores
  - To improve online shopping experience
- ➔ By the end of the decade, the store site network is renewed, in right locations and meets up-coming legislative requirements related to energy efficiency and greenhouse gases

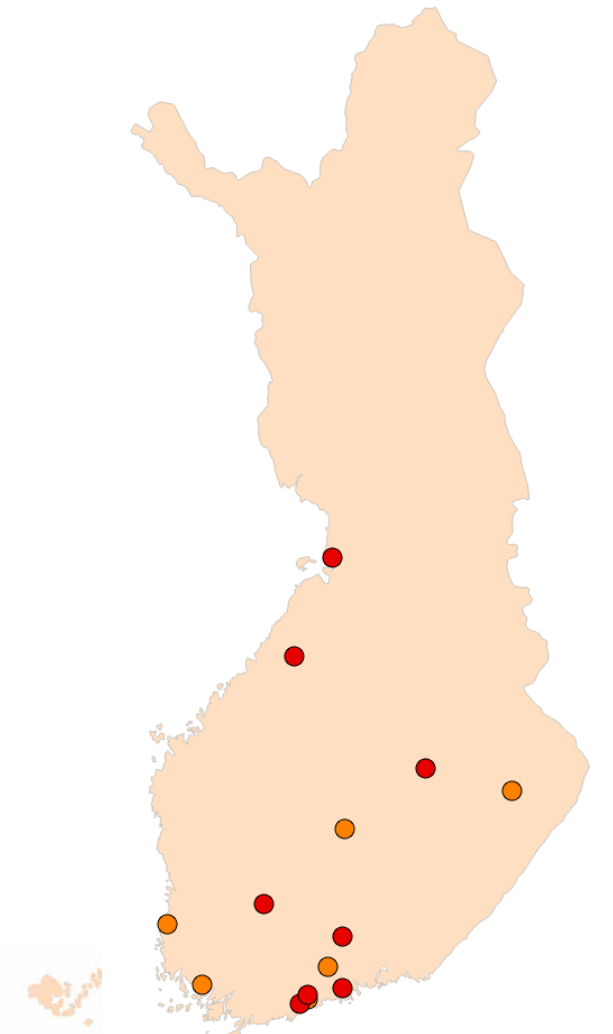
Population projection 2017-2040\* Nordregio



# NEW HYPERMARKETS TO BE OPENED IN FINNISH GROWTH CENTRES

Several new growth centre hypermarkets in pipeline

- New K-Citymarket in Lempäälä near Tampere in 2025
- New K-Citymarket in Lahti in autumn 2025, replacing K-Citymarket Paavola
- New K-Citymarket in Kivistö, Vantaa, Helsinki metropolitan area in spring 2026
- New K-Citymarket in Haapaniemi, Kuopio in summer 2026
- New K-Citymarket in Ylivieska in autumn 2026, replacing an outdated hypermarket
- New K-Citymarket in Porvoo in spring 2027, replacing an outdated hypermarket
- Under planning: New K-Citymarket in Ritaportti, Oulu in spring 2027
- Under planning: New K-Citymarket in Espoon keskus in Finland's second biggest city Espoo in autumn 2028
- In 2024, 44 remodelled stores and 15 new stores, incl. K-Citymarket Vuosaari
- In 2025, 48 remodelled stores and 15 new stores, incl. K-Citymarkets Lempäälä and Paavola
- Investments in store updates and new stores totalling €200-250 million in 2023, same store-site capex level to be expected in upcoming years



- K-Citymarket stores under planning/construction
- K-Citymarket stores remodelled in 2025



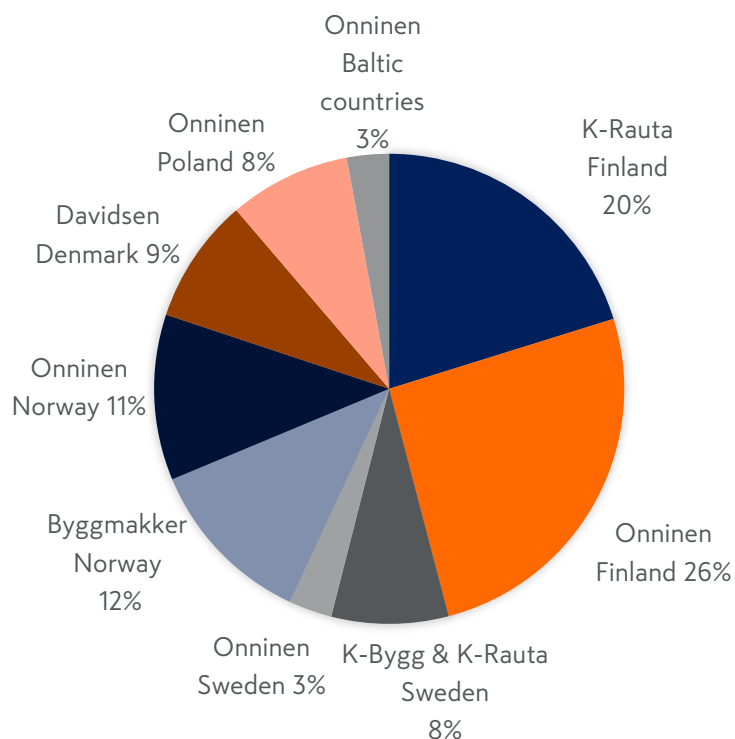


BUILDING AND TECHNICAL TRADE

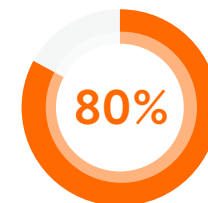
# A GOOD RESULT IN A CHALLENGING ECONOMIC CYCLE

# BUILDING AND TECHNICAL TRADE IN BRIEF

## NET SALES



**Leading operator in building and technical trade in Northern Europe**



**B2B trade accounts for more than 80% of net sales**

**Customer segments:** Technical professionals, professional builders and consumers

**Division's number of employees:** some 6,500

	2024	2023	2022
<b>Net sales, € million</b>	4,352	4,193	4,591
<b>Operating profit*, € million</b>	169.1	212.5	323.8
<b>Operating margin*</b>	3.9%	5.1%	7.1%
<b>Capital expenditure, € million</b>	293.7	273.0	108.2

\* comparable

## TECHNICAL TRADE

**onninen**

## BUILDING AND HOME IMPROVEMENT TRADE

**K Rauta**

**K BYGG**

**BM BYGGMAKKER**

**DAVIDSEN**



# BUILDING AND TECHNICAL TRADE: FOCUSING ON SECURING PROFITABILITY AND GENERATING CASH FLOW

## KEY ACTIONS:

- **FINLAND:** Continuing growth and winning market share.
- **SWEDEN AND NORWAY:** Stabilising and improving business performance. Integration of acquired companies.
- **DENMARK:** Finalising the integration of Davidsen and improving performance through growth.
- **GROWTH THROUGH ACQUISITIONS:** M&A to boost profitable growth in Northern Europe.

**THE LONG-TERM STRATEGIC TARGET OF 6-8 %  
EBIT MARGIN IS STILL VALID.**



# BUILDING AND TECHNICAL TRADE

## TECHNICAL TRADE



### In brief:

Operates in 7 countries. Kesko subsidiary Onninen offers technical wholesale products and services (offering varies between countries) in stores, online and via on-site solutions. Finland accounts for 50% of net sales

### Customers:

100% B2B trade – customers include technical contractors like plumbers and electricians, industry, infrastructure builders, and retailers

### Key figures:

Net sales €2,255.0 million; operating profit €90.5 million; operating margin 4.0%



### Market and market shares:

Total market (est.) for 8 countries (incl. Denmark) €22 bn; Kesko's market shares Finland 44% (**market leader**), Sweden 11% (infrastructure), Norway 39% (electricals)\*, Poland 6%, Estonia 12%, Latvia 5%, Lithuania 3%



### Growth drivers:

Urbanisation, green transition, building and construction work becoming more technical and being outsourced to professionals, growing renovation need and infrastructure investment debt, digitalisation, market consolidation

### Competitors and peers:

Dahl, Ahlsell, Rexel, Grainger, Würth, Sanistål, Elektroskandia, Solar



# BUILDING AND TECHNICAL TRADE

## BUILDING AND HOME IMPROVEMENT



### In brief:

Operates in 7 countries; offers products and services for building, renovation, garden, interior decoration and home furnishing through various store chains, including K-Rauta (FI), K-Bygg (SE), Byggmakker (NO), Kesko Senukai (Baltics), Davidsen (DK) as of 1 Feb. 2024; Finland 41% of net sales

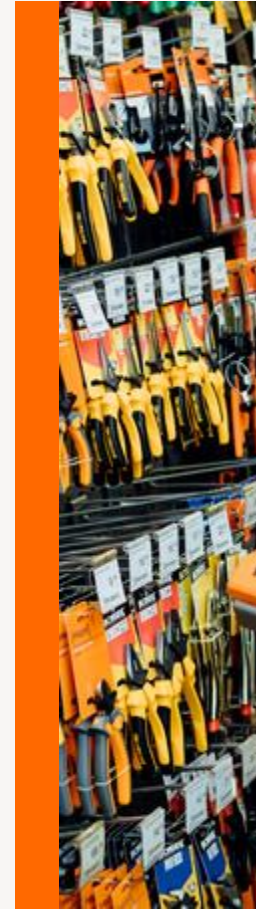
### Customers:

68% building professionals, 32% consumers (DIY)

### Key figures:

Net sales €2,160.7 million; operating profit €57.9 million; operating margin 2.7%

Joint venture Kesko Senukai operating profit €20.9 million



### Market and market shares:

Total market (est.) for 8 countries €25 bn; Kesko's market shares Finland 52% (**market leader**), Sweden 6%, Norway 12%, entry to Denmark in 2024: market share 9%



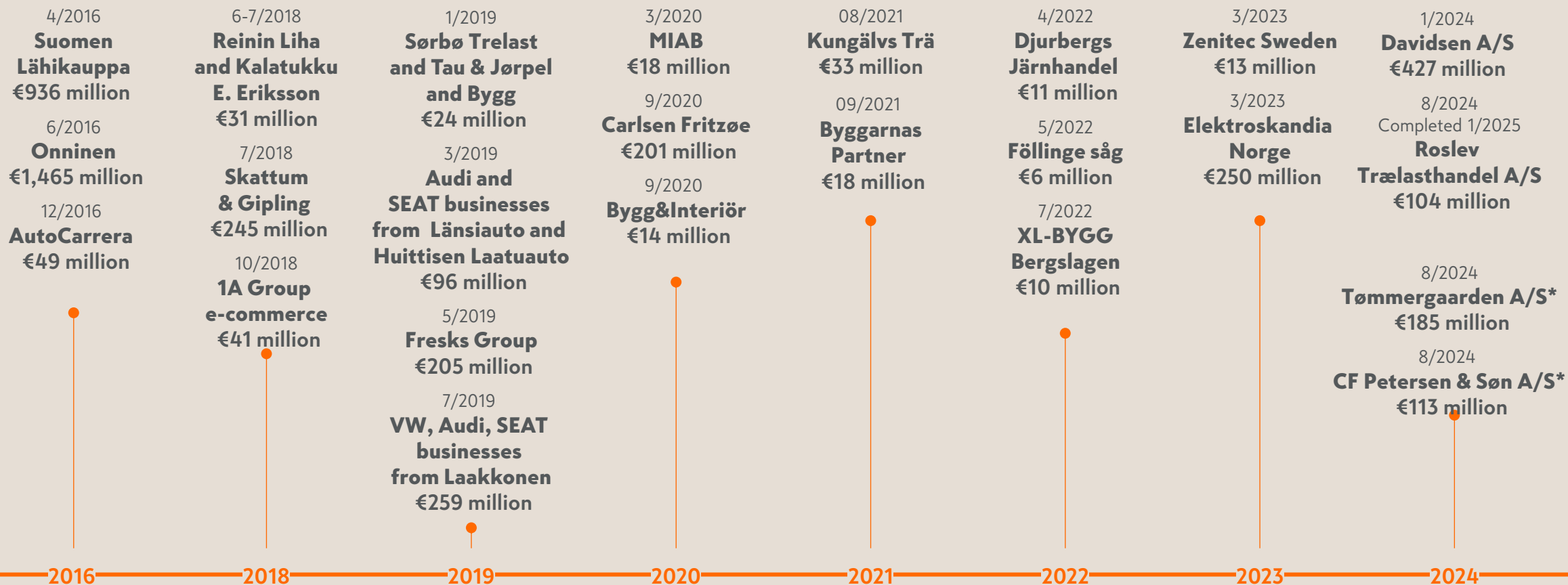
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Urbanisation, green transition, building and construction work becoming more technical and being outsourced to professionals, growing renovation need and infrastructure investment debt, digitalisation, market consolidation

### Competitors and peers:

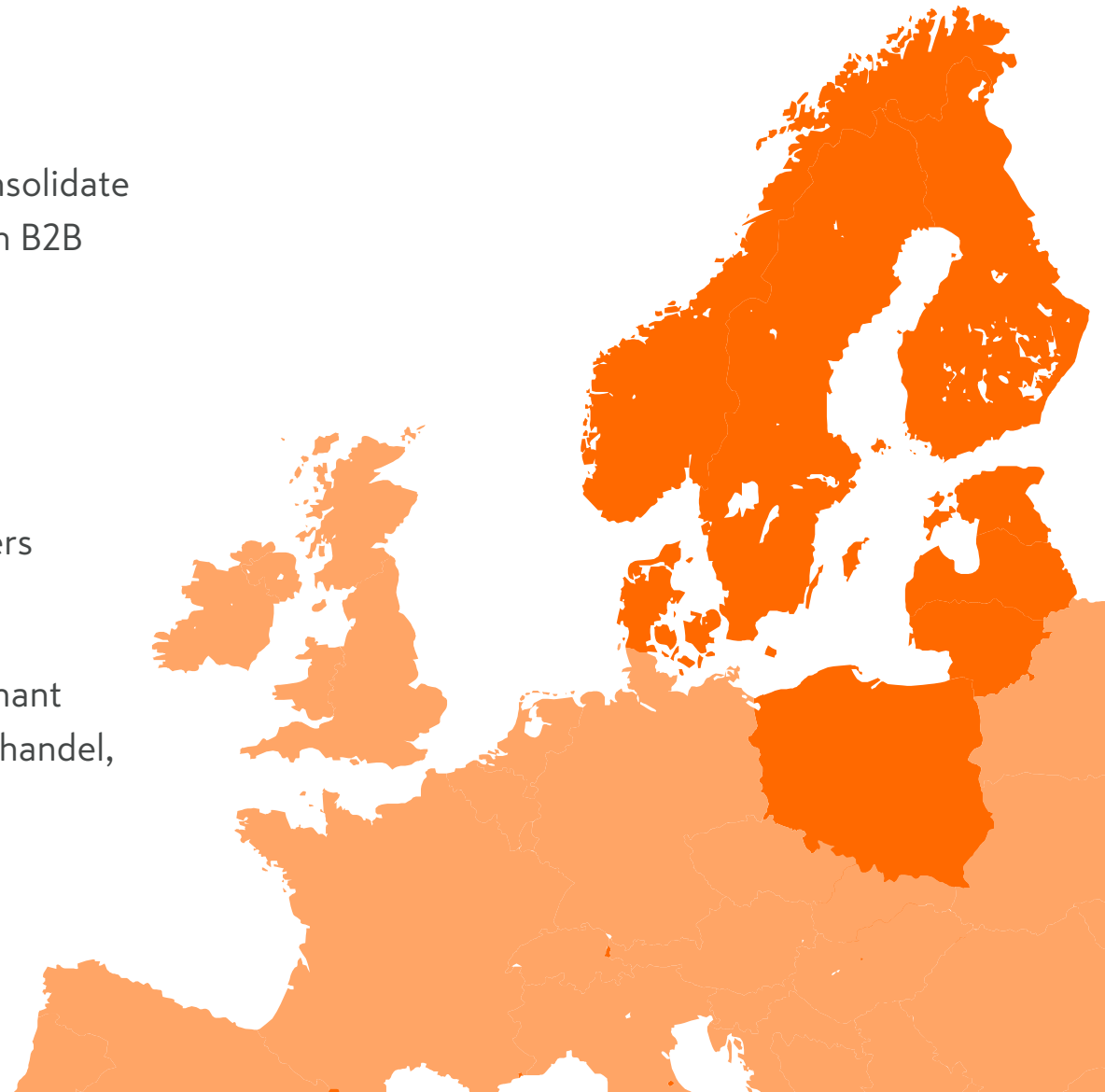
Stark, Beijer, Optimera, Mestergruppen, Bygma, Travis Perkins, Ferguson

# ACQUISITIONS HAVE PLAYED A SIGNIFICANT ROLE IN INTERNATIONAL GROWTH



# ENTRY TO DENMARK AN IMPORTANT STRATEGIC STEP

- Kesko has a consistent strategy in building and technical trade: to consolidate the market in Northern Europe and to be among the leading players in B2B business in each country
- The Danish market is not yet consolidated, great potential for growth organically and through acquisitions
- Low cycle affects the construction business, but at the same time offers consolidation opportunities for an industrial operator like Kesko
- Kesko acquired Davidsen in Jan 2023, and three more builders' merchant companies' acquisitions were announced in Aug 2024: RoslevTrælasthandel, Tømmergaarden and CF Petersen & Søn  
The RoslevTrælasthandel acquisition was completed in Jan 2025



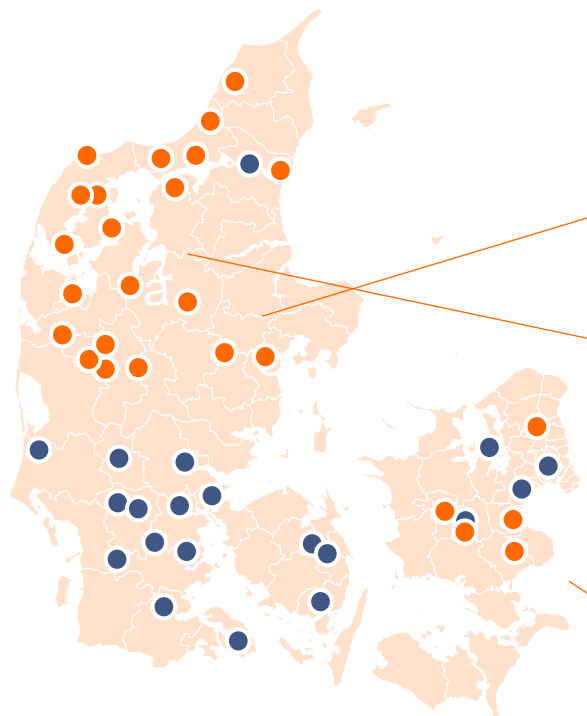
# MARKET SHARE IN DANISH BUILDERS' MERCHANT SET TO RISE FROM ~10% TO ~20% VIA ACQUISITIONS

## DAVIDSEN

### KESKO SUBSIDIARY AS OF 1 FEB. 2024

- Kesko acquired 90% of the previously family-owned Davidsen Koncernen A/S, EV approx. €190 million
- **Company:** One of Denmark's biggest building and home improvement trade operators, focus on B2B customers
- **Financials:** 2023 net sales €427 million, operating profit €7 million (excl. IFRS 16)
- **Market share:** ~30% in Southern Denmark, ~10% in the whole country; 23 stores (19 owned by Davidsen)

\* Subject to authority approvals and conditions. Acquisitions expected to be completed in 2025.



### ACQUISITIONS ANNOUNCED ON 14 AUGUST 2024

#### ROSLEV TRÆLASTHANDEL A/S PART OF DAVIDSEN AS OF 1 FEB. 2025

**Company:** A builders' merchant focusing on B2B customers in Central Jutland. Privately held, currently part of the XL Byg chain.  
**Financials:** 2023 net sales €104 million, operating profit €6 million (excl. IFRS 16)  
**Market share:** ~9% in Central Jutland, 4 fully-owned stores

#### TØMMERGAARDEN A/S\*

**Company:** A builders' merchant focusing mainly on B2B customers in Northern and Central Jutland. Privately held, currently part of the XL Byg chain.  
**Financials:** 2023 net sales €185 million, operating profit €8 million (excl. IFRS 16)  
**Market share:** ~11% in Northern and Central Jutland, 17 fully-owned stores


#### CF PETERSEN & SØN A/S\*


**Company:** A builders' merchant focusing on B2B customers in Zealand. Privately held, currently part of the XL Byg chain.  
**Financials:** 2023 net sales €113 million, operating profit €5 million (excl. IFRS 16)  
**Market share:** ~8% in Zealand, 5 fully-owned stores



# TECHNICAL TRADE – OPPORTUNITIES FOR FURTHER GROWTH OUTSIDE FINLAND


Total market size ~€22 billion


	Technical trade
Retail Market (€bn)	<b>2.9</b>
Market share	<b>19 %</b>
Market share of current operating market (2024)	<b>39%*</b>


	Technical trade <sup>AV</sup>
Retail Market (€bn)	<b>6.3</b>
Market share	<b>2%</b>
Market share of current operating market (2024)	<b>11%**</b>

	Technical trade
Retail Market (€bn)	<b>3.1</b>



	Technical trade
Retail Market (€bn)	<b>2.5</b>
Market share (2024)	<b>44%</b>

	Technical trade
Retail Market (€bn)	<b>2.0</b>
Market share (2024)	<b>12%, 5%, 3%</b>

	Technical trade
Retail Market (€bn)	<b>5.8</b>
Market share (2024)	<b>6%</b>

\* Norway: Currently Kesko operates only in electrical market (Virke)

\*\* Sweden: Currently Kesko operates only in water & sewage and infra markets (SEG+RGF)

# BUILDING AND HOME IMPROVEMENT – STILL FURTHER POSSIBILITIES ESPECIALLY OUTSIDE FINLAND

Total market size ~€18 billion



Retail Market (€bn)  
Market share (2024)

Professional Consumers  
builders

**3.1**    **1.7**  
**12%**



Retail Market (€bn)  
Market share (2024)

Professional Consumers  
builders

**3.4**    **2.3**  
**6%**



Retail Market (€bn)  
Market share (2024)\*

Professional Consumers  
builders

**3.4**    **1.3**  
**17%**



Retail Market (€bn)  
Market share (2024)

Professional Consumers  
builders

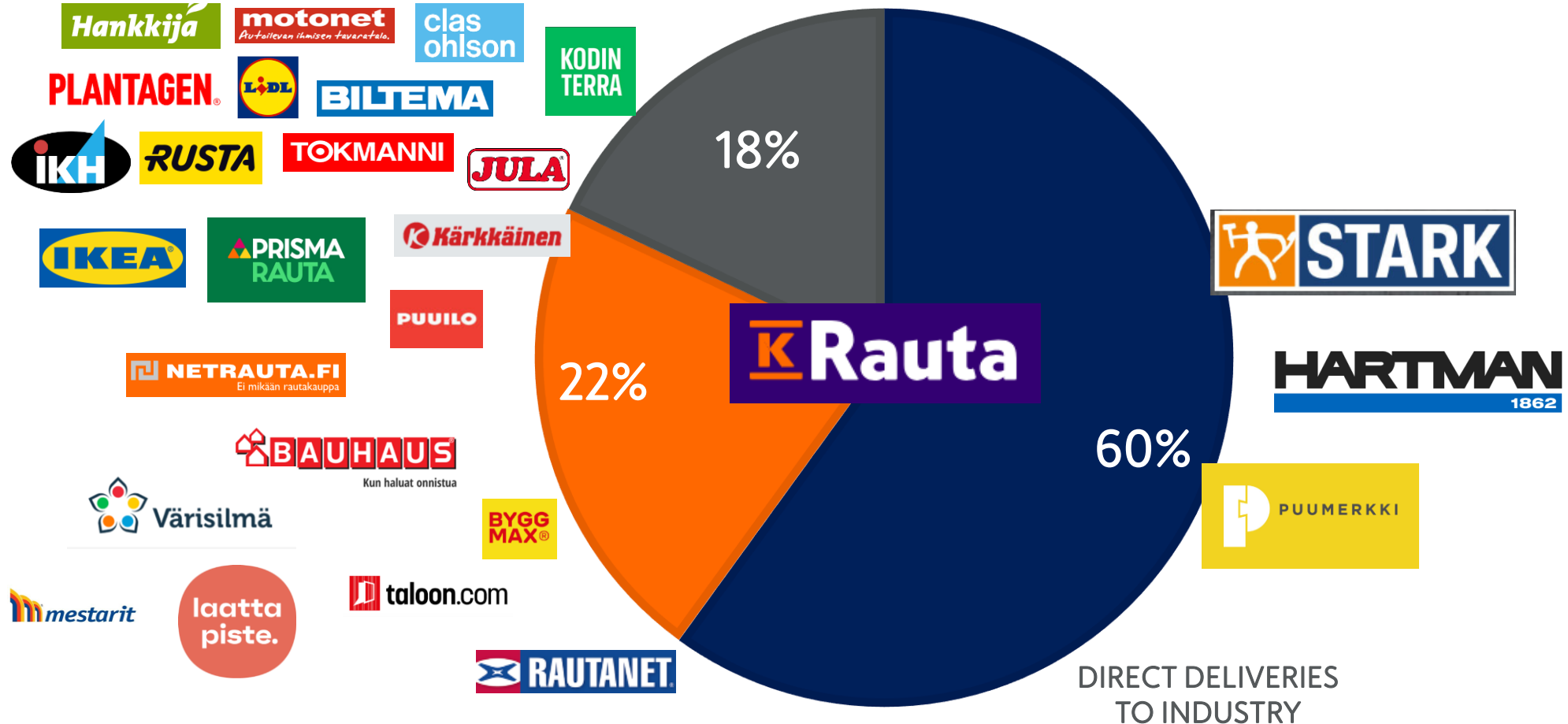
**1.6**    **0.9**  
**52%**



# STRONG FOCUS ON B2B TRADE IN BUILDING AND HOME IMPROVEMENT TRADE ALSO IN FINLAND

Breakdown of K-Rauta Finland's sales by customer segments

■ B2B sales ■ B2C sales, project customers ■ B2C sales, occasional customers

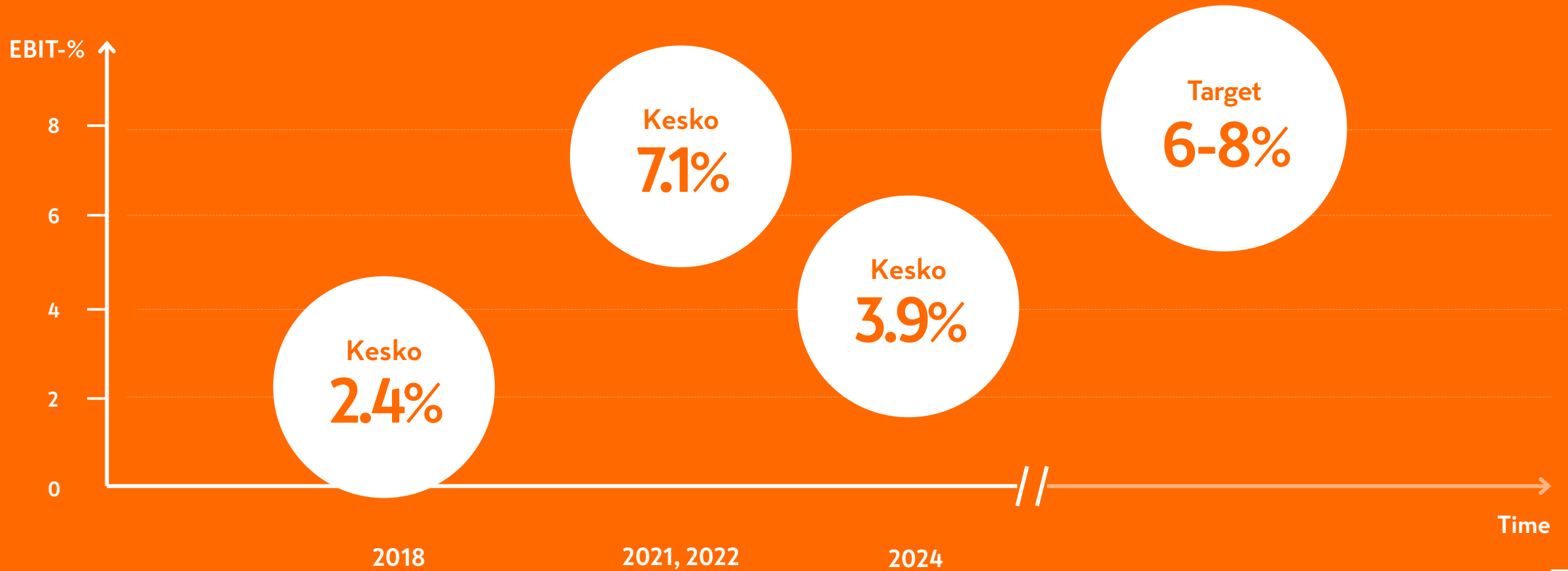


23 Project customers purchase typically e.g. the whole kitchen or bathroom renovation





# BUILDING AND TECHNICAL TRADE LONG-TERM EBIT-% TARGET INTACT





CAR TRADE

# GOOD RESULT IN CAR TRADE

FIN LPU-447

# CAR TRADE IN BRIEF



**K-Auto is the leading and most interesting automotive company in Finland**



Importing and sales of attractive and high-quality new cars.



Significant multi-brand used car sales in Finland.



Comprehensive offering of car maintenance and repair services including nationwide K-Lataus EV charging network.

**Number of employees:** Approx. 1,500

	2024	2023	2022
<b>Net sales, € million</b>	1,209	1,262	1,125
<b>Operating profit*, € million</b>	69	83	64
<b>Operating margin*</b>	5.7%	6.5%	5.7%
<b>Capital expenditure, € million</b>	89	80	38'

\*) Comparable



Market share in new cars in 2024 (incl. passenger cars and vans)

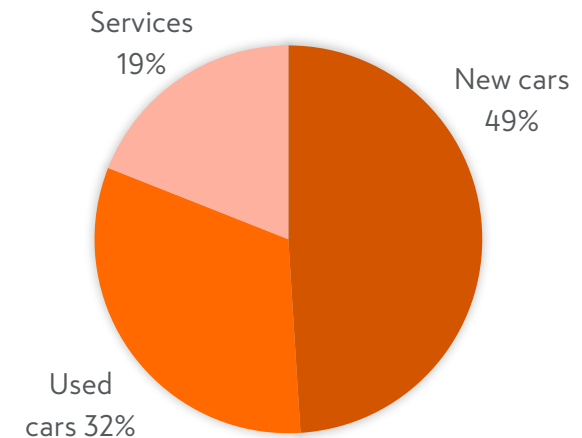


One unified brand for over million customers



## 2024 CAR TRADE NET SALES €1,041m'

'Excluding sports trade



# CAR TRADE: FOCUSING ON PERFORMING BETTER THAN THE MARKET IN ALL BUSINESSES

## KEY ACTIONS:

- **CONTINUING WITH GROWTH STRATEGY:**  
Major turnaround and continuous development establish a robust foundation for the next strategy period.
- **MAINTAINING THE BALANCED BUSINESS PORTFOLIO:**  
New cars, used cars and services.
- **COOPERATION WITH THE VOLKSWAGEN GROUP:**  
Continuing the good cooperation with Volkswagen Group and Porsche AG.
- Continuing as a strong market leader in sports trade.

## SOLID EBIT DEVELOPMENT

**#1 IN BRAND AWARENESS AND PREFERENCE**





# CAR TRADE



## In brief:

Operates in Finland. The whole value chain - imports and sells Volkswagen Group car brands, sells used cars, and offers car-related services e.g. servicing, leasing, EV charging.  
Division also includes two sports trade chains.

## Customers:

Primarily Finnish consumers, also companies when leasing cars

## Key figures:

Net sales €1,209.4 million; operating profit €69.3 million; operating margin 5.7%  
Of which sports trade net sales €168.7m, operating profit €7.6m, operating margin 4.4%



## Market and market shares:

Total first registrations of new cars incl. vans in Finland approx. 74,000 in 2024, of which Kesko's K-Auto accounted for some 14.5 %

## Growth drivers:

E-mobility, updating Finland's outdated vehicle stock, digitalisation changing customer behaviour and helping to improve operational efficiency, new competitors entering European markets

## Competitors and peers:

Car trade: Veho, Kamux, Hedin, Rinta-Jouppi, Wetteri  
Sports trade: XXL, Stadium



# OTHER STRATEGIC THEMES

# KESKO IS AFFECTED BY VARIOUS MEGATRENDS



## INTEREST RATES & INFLATION

- Weak consumer and business confidence
- Higher cost of capital
- Lower construction activity
- Price driven consumer behaviour

## URBANISATION

- Migration to growth centres
- Substantial infra and building debt
- Drives K's store site network development

## CLIMATE CHANGE & GREEN TRANSITION

- Energy efficiency and energy infrastructure investments
- Electric vehicle transition is expected to accelerate
- Increasing sustainability regulation

## DEMOGRAPHIC CHANGES

- Aging population – increasing role of senior citizen customers
- Smaller households
- Immigration and availability of employees

## EFFORTLESSNESS

- Convenience emphasised in consumption habits – ready meals, eating in restaurants, express deliveries
- Increased individuality

## DIGITALISATION & AI

- Increasing need for high-class digital services
- Fully utilising the AI potential – improving process efficiency, more personalised customer experience



# KESKO'S FINANCIAL TARGETS INTACT

	TARGET	2024
OPERATING MARGIN, COMPARABLE	OVER 6%	5.5%
RETURN ON CAPITAL EMPLOYED, COMPARABLE, %	OVER 14.5%	11.3%
INTEREST-BEARING NET DEBT/EBITDA, EXCLUDING IFRS 16 IMPACT	AT MAXIMUM 2.5	1.1

# KESKO STRATEGY SUMMARY 2024-2026

**# The portfolio will most likely stay as is** during 2024-2026. The focus is on maintaining and further developing current businesses.

**# Targeting growth and profitability improvement** as outlook strengthens in construction in 2025-2026.

**# In grocery trade, focusing on maintaining profitability and gaining market share.** Raising the level of store-specific business ideas, developing store site network and improving price competitiveness as main focus areas. Further strengthening Kespro's market-leading position.

**# In building and technical trade, focusing on securing profitability and generating cash flow.** Finland continues winning market share, Sweden and Norway will focus on integrating past acquisitions and driving profitability. Organic and M&A growth in Denmark.

**# In car trade, continuing with growth strategy in new cars, used cars and services.** Winning market in all businesses.

**# Highlighting the importance of people and culture.**

**# Balance sheet** moderately leveraged.



# SUSTAINABILITY IS INTEGRATED INTO OUR BUSINESS



## SUSTAINABILITY STRATEGY

### VISION

We enable sustainable choices for our customers and drive change throughout the value chain

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### FOCUS AREAS

Climate and nature  
Value chain  
Our people  
Good governance

### EXECUTION BY THE BUSINESS DIVISIONS

Grocery trade  
Building and technical trade  
Car trade

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### PROGRESS MEASURED USING INDICES AND ASSESSMENTS

Dow Jones Sustainability Indices, MSCI ESG,  
Sustainalytics, and CDP

# FOCUS AREAS AND KEY ACTIONS

WE ENABLE SUSTAINABLE CHOICES FOR OUR CUSTOMERS AND DRIVE CHANGE THROUGHOUT THE VALUE CHAIN



## CLIMATE AND NATURE

### Reduce emissions in the value chain

- Near-term scope 1 and 2 reductions by 2034
- Net zero emissions by 2050
- Challenge suppliers to set science-based climate targets

### Promote biodiversity

- Prevent biodiversity losses throughout the value chain by following the biodiversity roadmap
- Set goals for our biodiversity impacts

### Take care of the water sufficiency

- Mitigate water scarcity risks in the value chain through responsible water management and by encouraging suppliers to adopt water efficiency targets

### Enhance circular economy

- Create new circularity business models
- Enhance waste management and recycling



## VALUE CHAIN

### Ensure sustainability in the value chain

- Require all our suppliers from risk countries to be audited for social responsibility
- Broaden the scope of supplier social responsibility audits by moving from a risk-country approach to a risk-based approach
- Ensure suppliers' adherence to the K Code of Conduct, sustainability policies, and other relevant standards

### Enable sustainable choices for our customers

- Increase the share of sustainable products of net sales
- Make sustainable choices attractive through selections, data-based tools and communications

### Create sustainable value for entire society



## OUR PEOPLE

### Increase the safety and wellbeing of our people

- Support our people's health, wellbeing and capabilities

### Foster diversity, equity and inclusion for our employees

- Diverse and inclusive workplace
- Equal pay
- Gender balance on all levels of the organisation



## GOOD GOVERNANCE

### Commit to the K Code of Conduct

### Strengthen sustainability competencies

### Automate ESG data processes

# KESKO LISTED IN SUSTAINABILITY INDICES

Sustainability indices are key tools for investors to assess the ESG level of corporations.



Kesko is the only company in the world to have been on the Global 100 list every year since it was launched in 2005.



Dow Jones Best-in-Class Indices (World and Europe)



# FORERUNNER IN TRADING SECTOR DIGITALISATION

Using digitalisation to improve customer experience and make operations more efficient



## Online and digital sales growing forcefully

Digital sales over  
€2.0 billion

Growth in online sales  
continues

Continuously improving  
online efficiency and  
customer experience



## Data and analytics at the core of business operations

K Group's customer loyalty scheme in  
Finland has 3.4 million customers

Data-based store-specific  
business ideas and services

Extensive utilisation of data  
in everyday decision-making

Versatile data services to partners



## Digitalisation of stores and processes proceeding at a fast pace

Easy-to-use tools to make store  
processes more efficient

Electronic shelf labels help improve  
customer satisfaction and make  
operations more efficient

Electronic in-store displays make  
stores even more effective  
marketing channels

Automation of supply chain and  
background processes



## Digitalisation increases customer loyalty

Targeted marketing

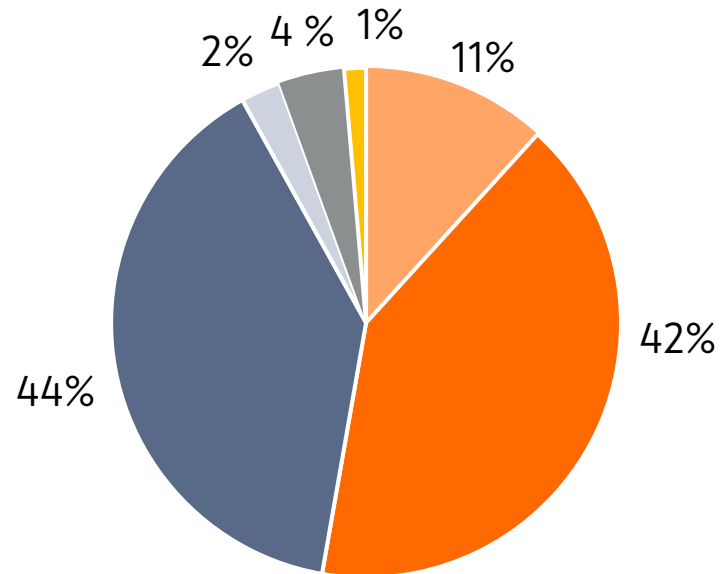
Personal benefits and offers

Digital Plussa money

Personal purchase trackers, e.g.  
carbon footprint calculator

Seamless customer experience  
irrespective of channel

# SALES VIA DIGITAL CHANNELS NEARLY €2.2 BILLION



■ K-ruoka.fi (online grocery)

■ Onninen

■ Car trade

■ Kespro (foodservice)

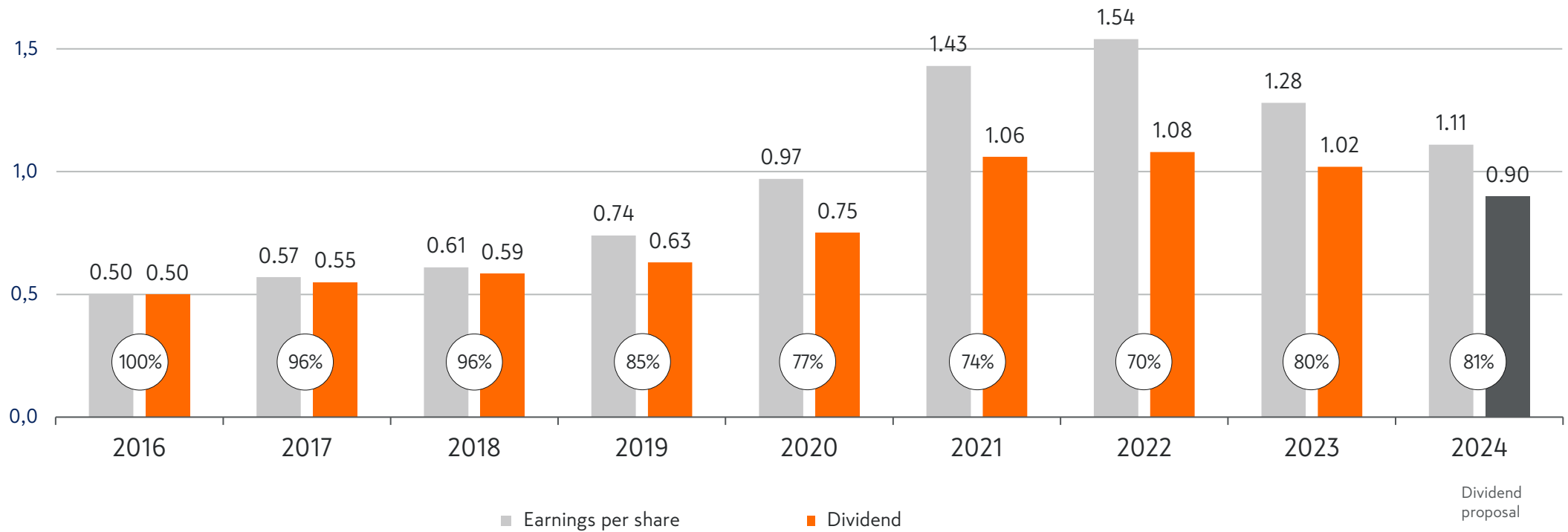
■ Building and home improvement

■ Sportstrade

# DIVIDEND

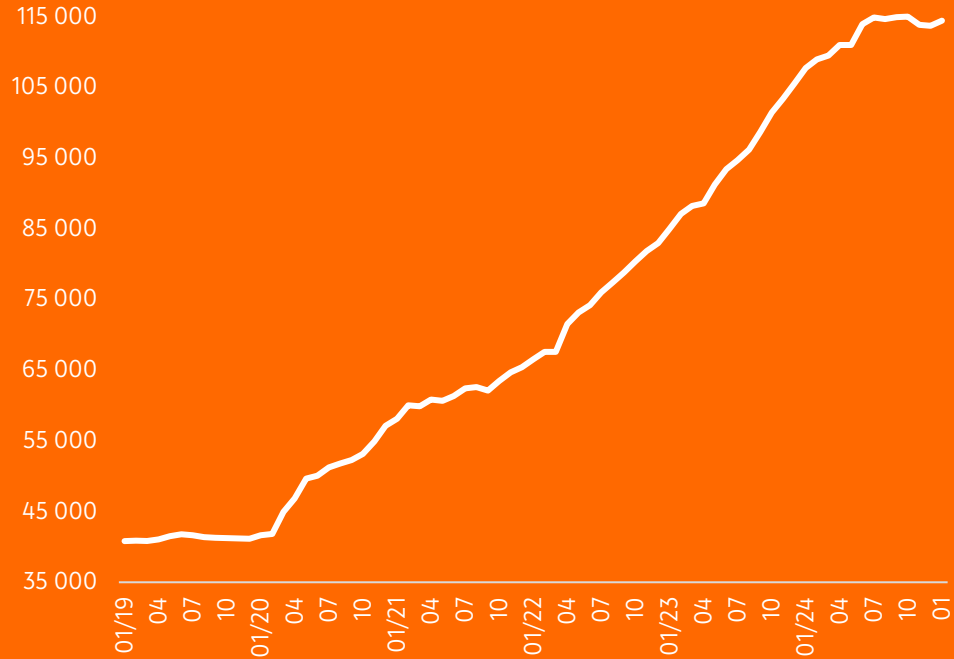
Dividend proposal for 2024: €0.90/ share, to be paid in four instalments.

**Kesko's dividend policy:** In the long-term, Kesko aims to distribute a steadily growing dividend of some 60-100% of its comparable earnings per share, taking into account the company's financial position and strategy.

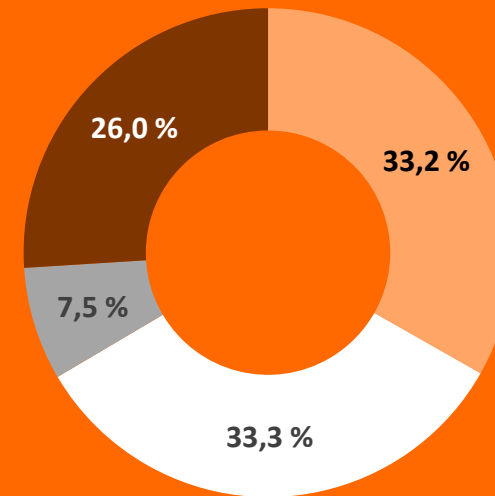


# NUMBER OF SHAREHOLDERS HAS GROWN

**~115,000 REGISTERED SHAREHOLDERS**



**BALANCED OWNERSHIP STRUCTURE**



- Nominee-registered, foreign ownership
- Finnish institutions
- K-Retailers' Association and related parties (19.6% of votes)
- Households



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%

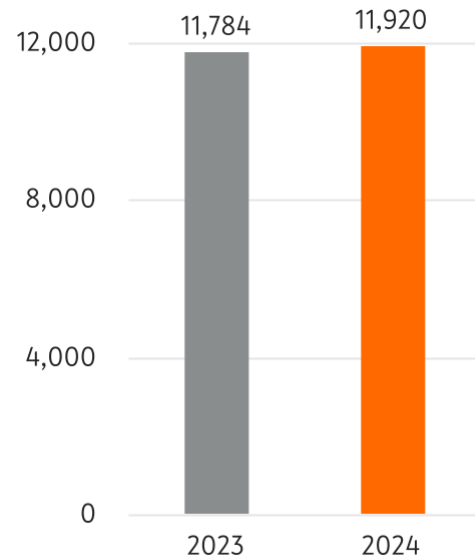
	2024	2023
Net sales, € million	11,920.1	11,783.8
Change in net sales, %*	-2.3	-0.8
Operating profit, € million*	650.1	712.0
Operating margin, %*	5.5	6.0
Profit before tax, € million*	543.0	630.4
Earnings per share, basic, €* €	1.11	1.28
Cash flow from operating activities, € million	1,008.2	1,049.5

\* Comparable

# NET SALES 2024

## GROUP

€ million

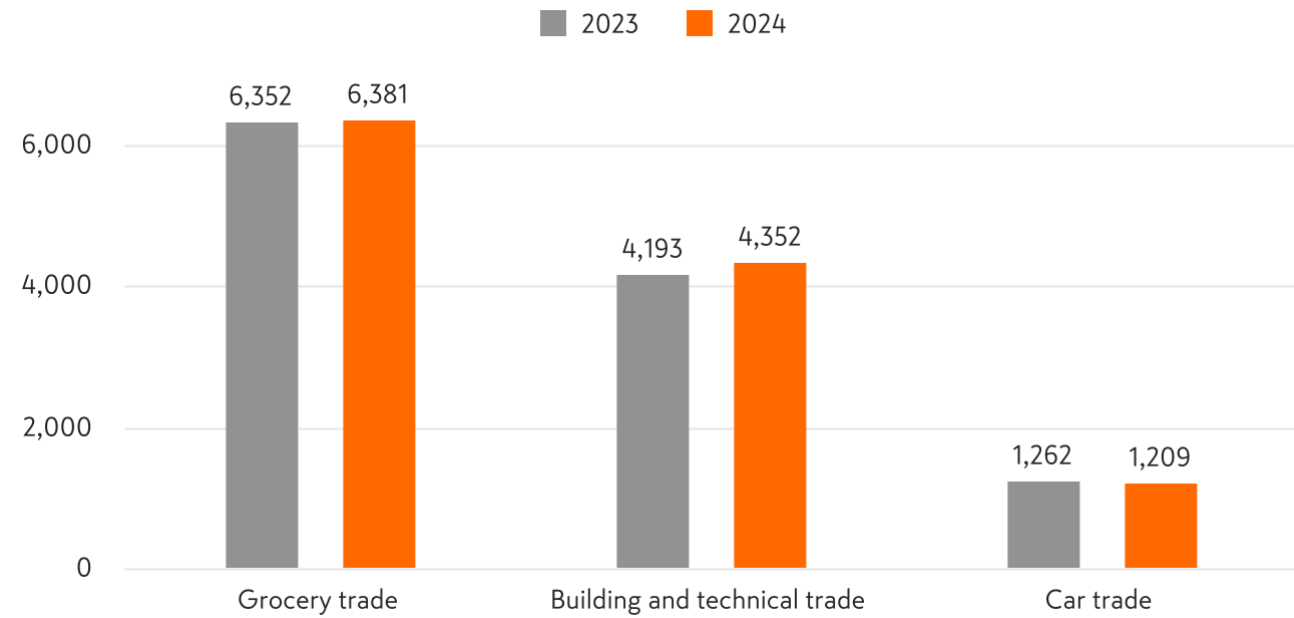


Change, comparable

-2.3%

## DIVISIONS

€ million



0.4%

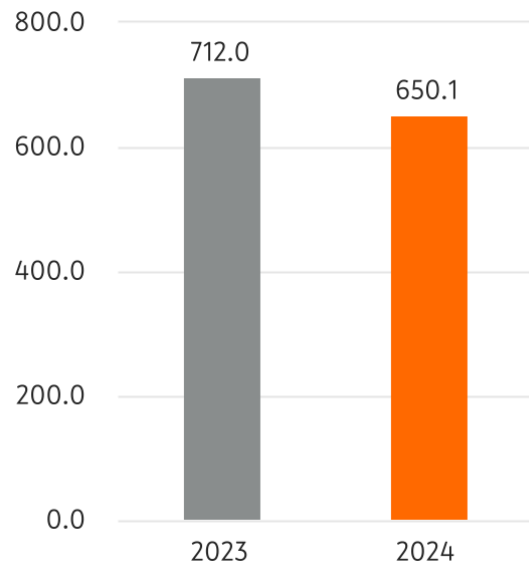
-6.0%

-4.0%

# OPERATING PROFIT 2024

## GROUP

€ million



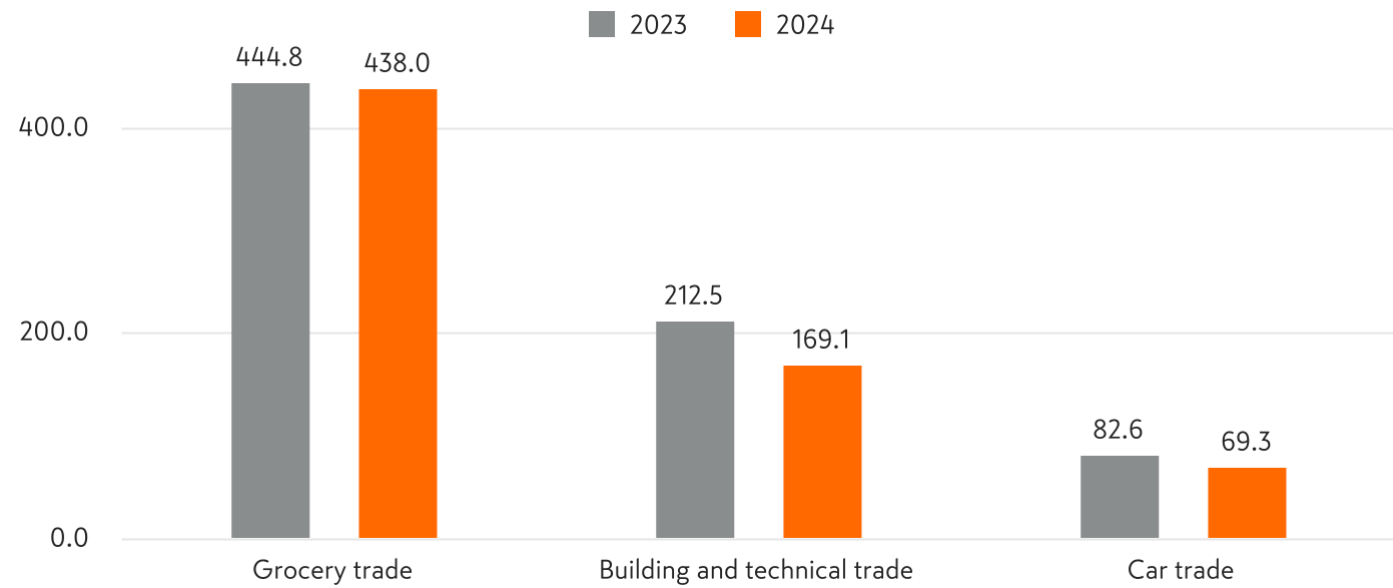
Operating margin

6.0%

5.5%

## DIVISIONS

€ million



7.0%

6.9%

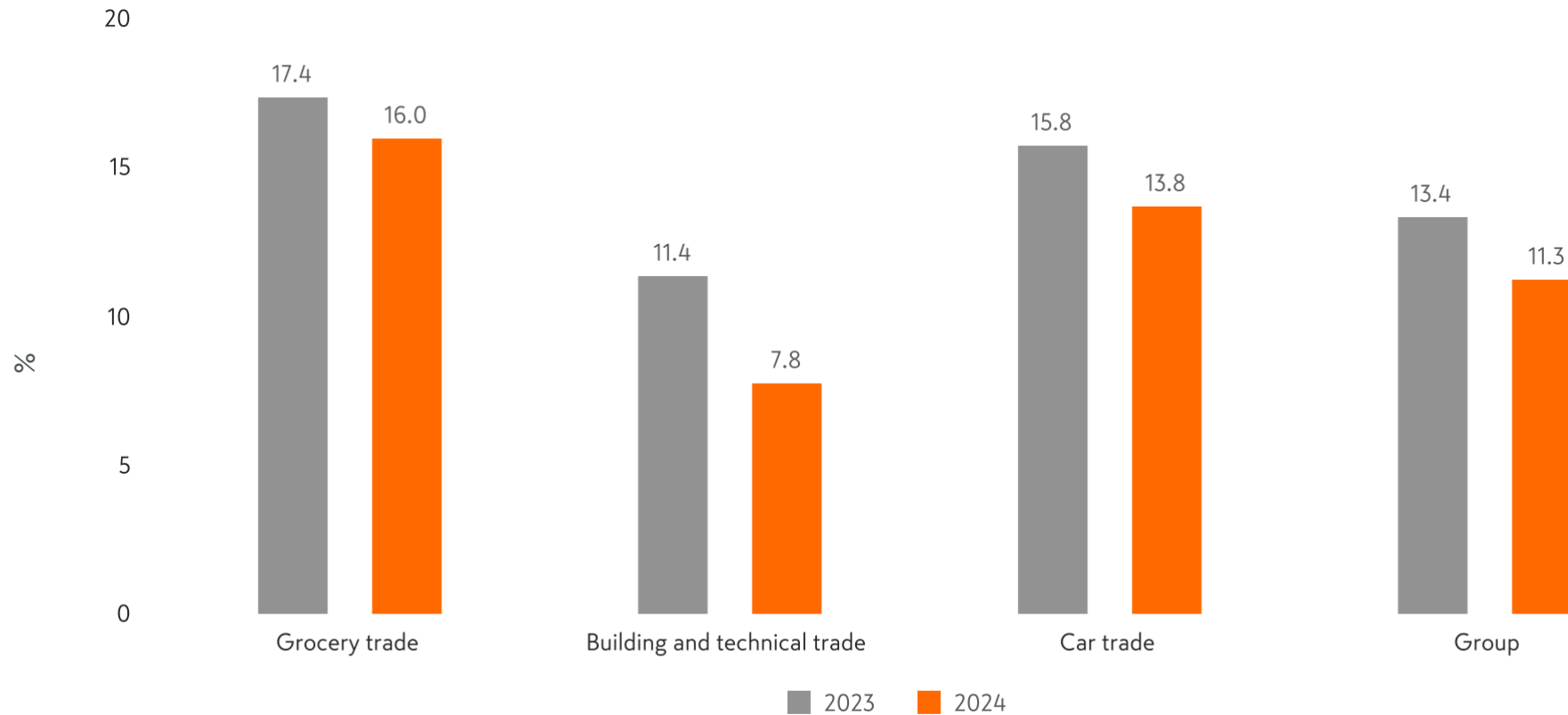
5.1%

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**

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

# 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

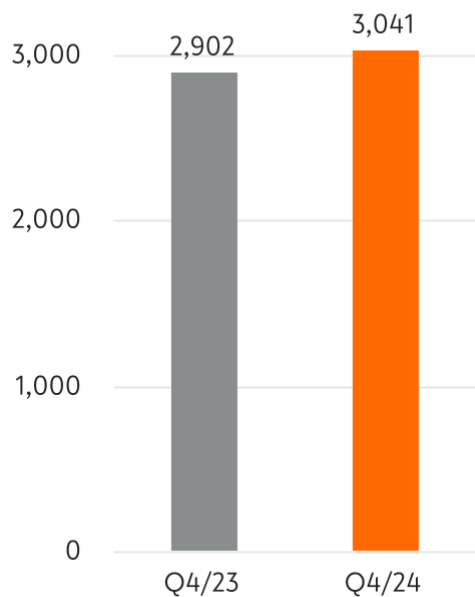
**Q4/2024**  
**FIRST QUARTER-RESULT**  
**IMPROVEMENT IN EIGHT QUARTERS**



# NET SALES Q4

## GROUP

€ million

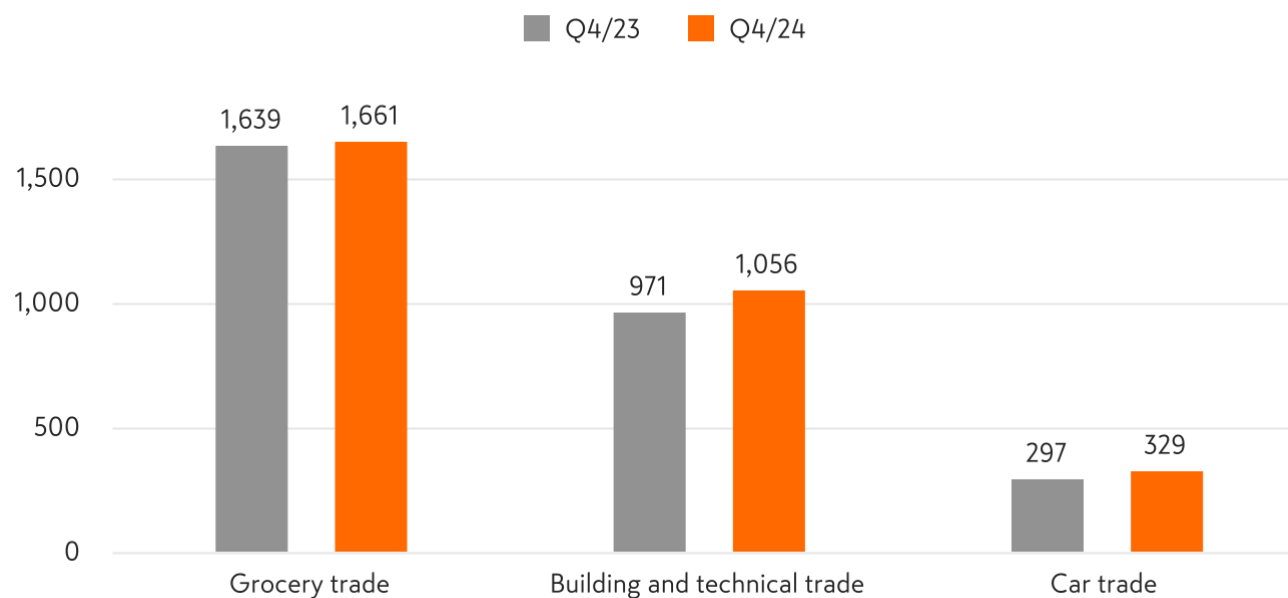


Change, comparable

1.1%

## DIVISIONS

€ million



1.2%

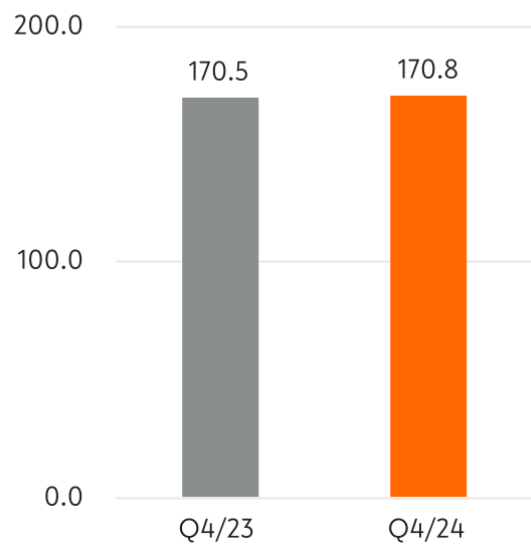
-1.7%

9.7%

# OPERATING PROFIT Q4

## GROUP

€ million



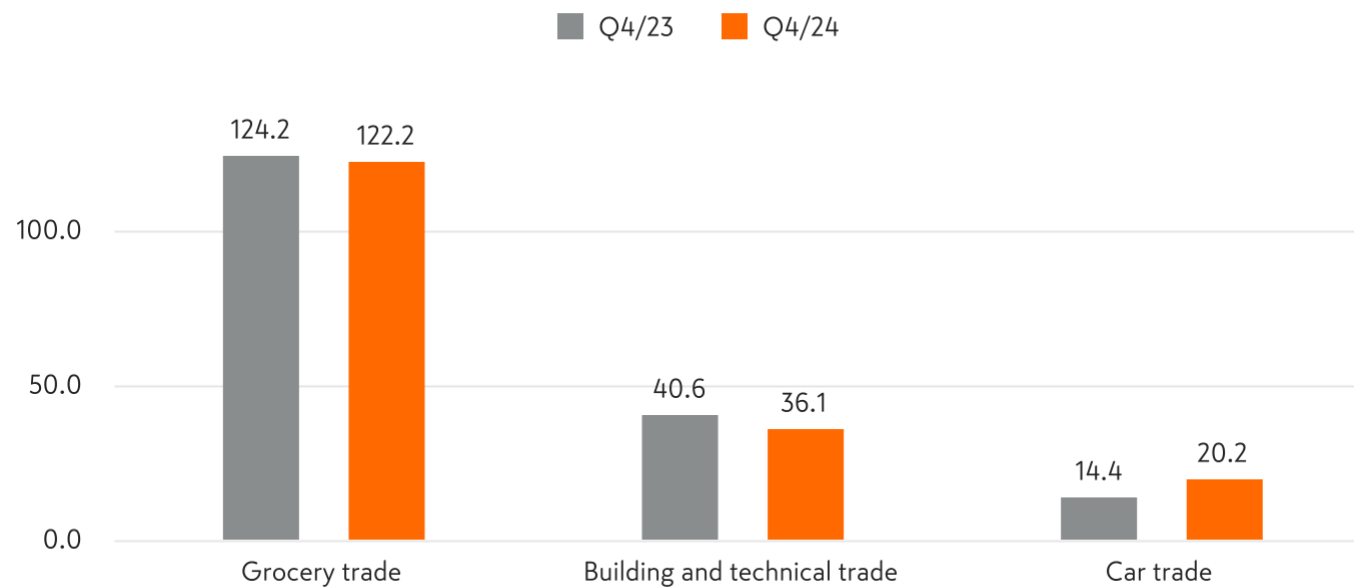
Operating margin

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



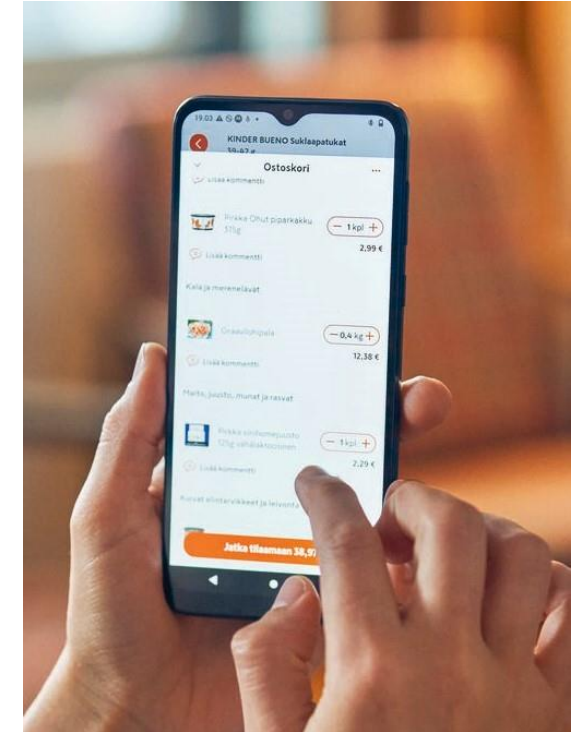
K-Supermarket Kuhmo



# 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

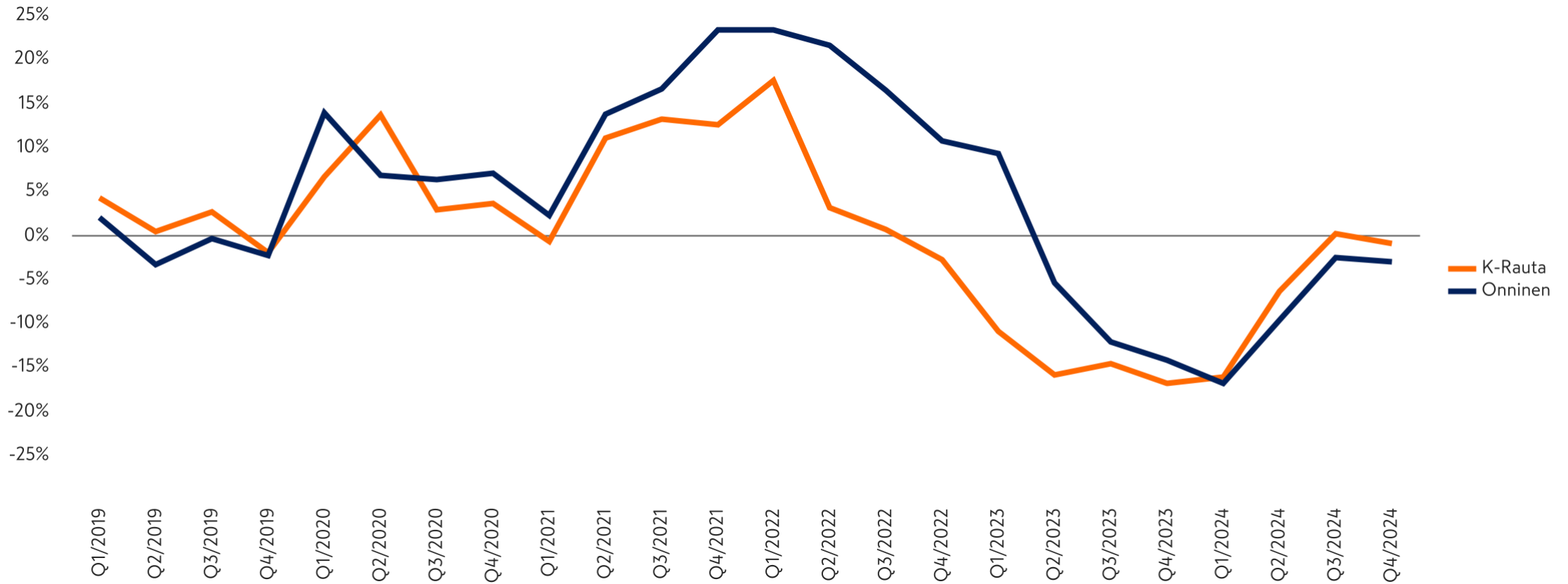
- Construction cycle still weak, sales development improved in all countries towards year-end:
  - Denmark and Poland: sales improved markedly
  - Finland: sales development of K-Rauta and Onninen at the Q3 level
  - Norway: Bygghjelp's sales development improved, Onninen's almost flat on Q3
  - Sweden: 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 Bygghjelp 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
<b>Net sales, € million</b>	<b>1,056.3</b>	<b>971.1</b>
Technical trade	570.6	576.8
Building & home improvement trade	502.2	409.4
<b>Operating profit*, € million</b>	<b>36.1</b>	<b>40.6</b>
Technical trade	20.0	22.1
Building & home improvement trade	6.1	5.0
<b>Operating margin, %*</b>	<b>3.4</b>	<b>4.2</b>
Technical trade	3.5	3.8
Building & home improvement trade	1.2	1.2

\*Comparable

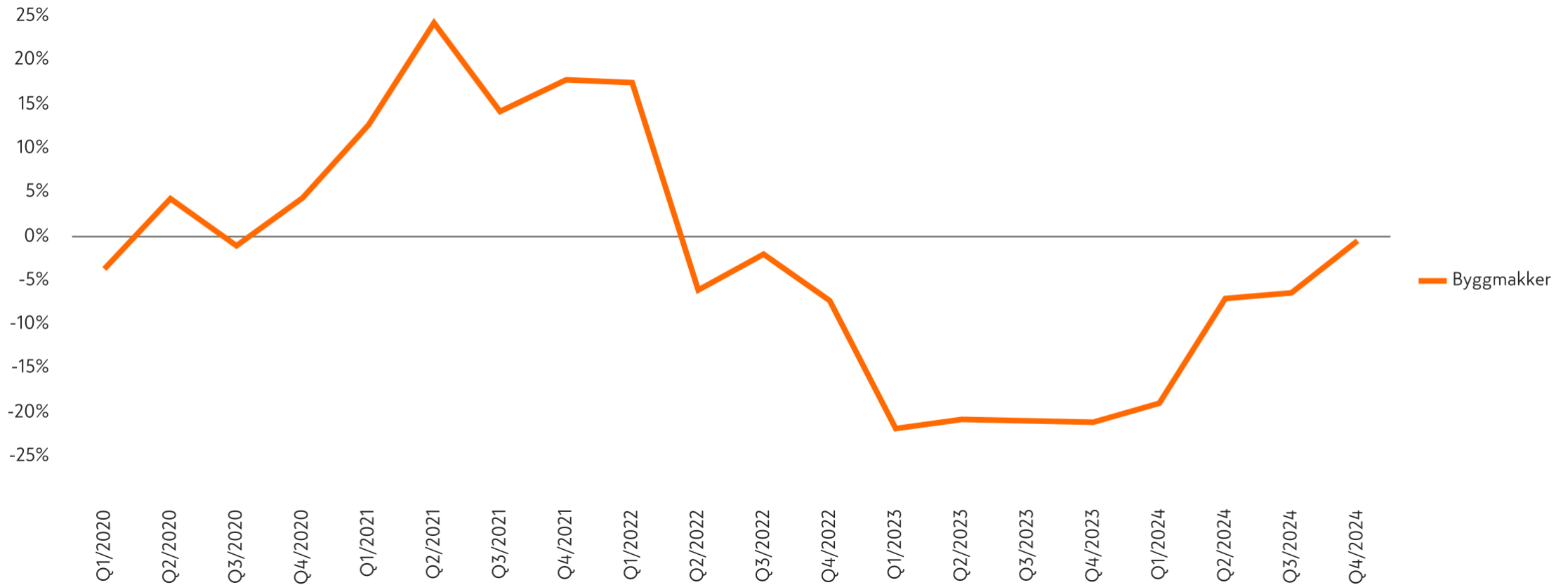
# SALES OF K-RAUTA FINLAND AND ONNINEN FINLAND

Retail and  
B2B sales



# BYGGMAKKER SALES IN NORWAY: 2020-2024

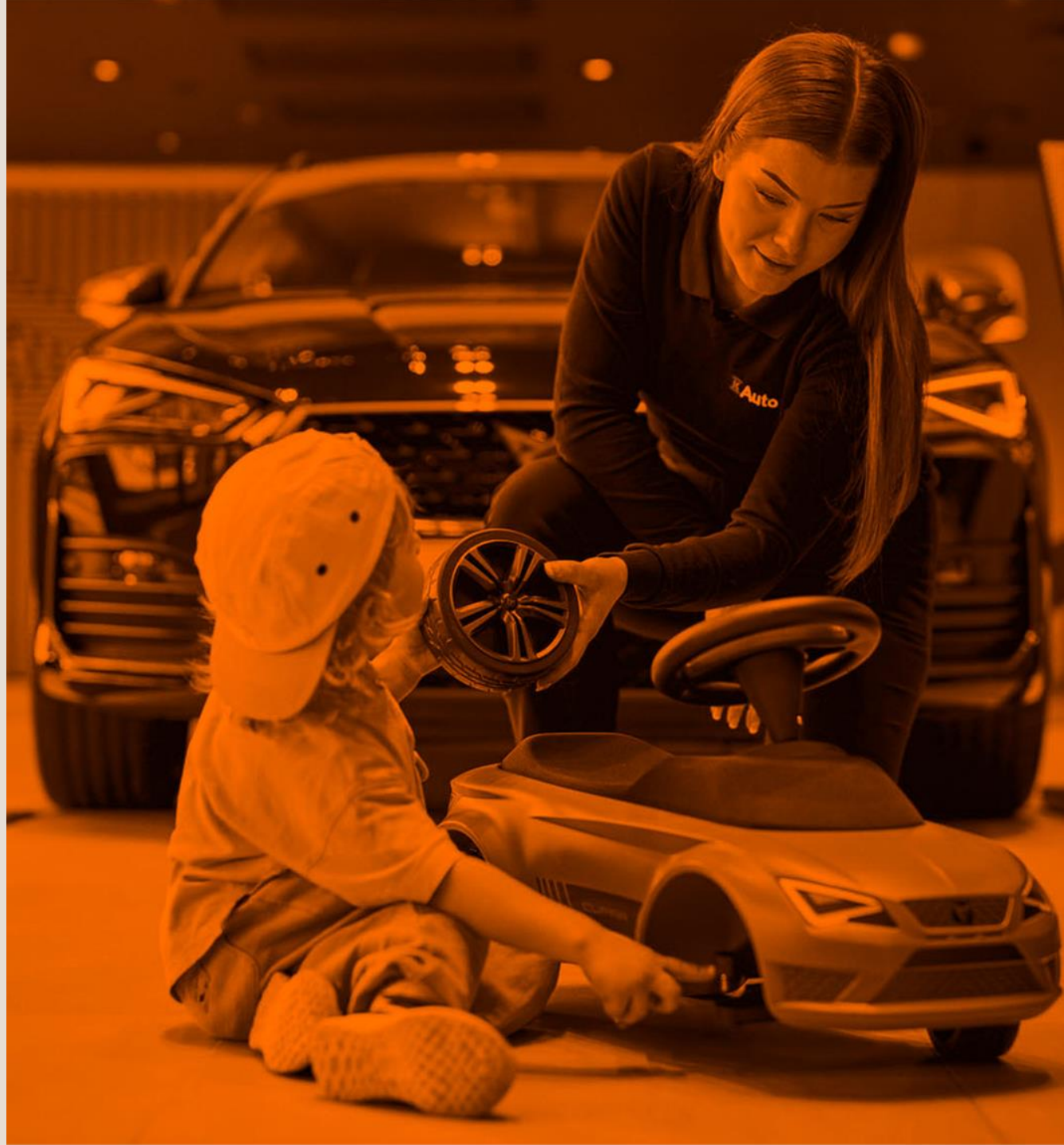
Retail and  
B2B sales





CAR TRADE Q4

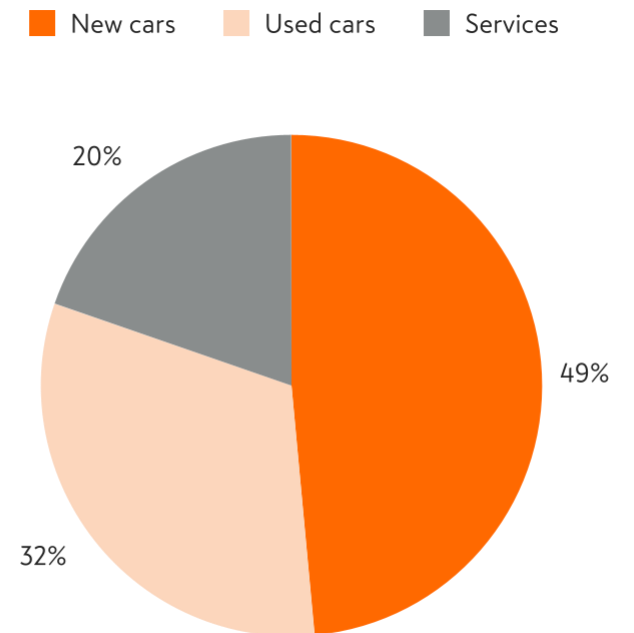
# PROFIT IMPROVED IN A CHALLENGING MARKET



# 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.



# MANAGEMENT AND IR CONTACT



# KESKO GROUP MANAGEMENT BOARD



# IR CONTACT



**Hanna Jaakkola**

Vice President, Investor Relations

tel.+358 40 5666 070

[hanna.jaakkola@kesko.fi](mailto:hanna.jaakkola@kesko.fi)



