



KESKO CORPORATION STOCK EXCHANGE RELEASE 10.7.2020 AT 09.30

## **Kesko Corporation issues a positive profit warning and provides preliminary information on its second-quarter net sales and comparable operating profit**

**Kesko raises its guidance for the comparable operating profit for its continuing operations, issued in connection with the company's interim report on 28 April 2020. Kesko now estimates that the comparable operating profit for its continuing operations will be in the range of €430-510 million in 2020. Before, the company estimated that the comparable operating profit for continuing operations would be in the range of €400-450 million.**

In the second quarter of 2020, net sales for continuing operations totalled approximately €2,815 million (Q2/2019: €2,781.4 million) and the comparable operating profit totalled approximately €155 million (Q2/2019: €122.5 million). Net sales and the comparable operating profit increased especially in the building and technical trade division. In the grocery trade division, net sales and profitability have developed well despite the decrease in sales in the foodservice business. The figures are based on preliminary unaudited information. Kesko will publish its 2020 half year financial report on 23 July 2020.

### **Guidance upgrade rationale**

The profit guidance upgrade is based on better than anticipated net sales development in the building and technical trade division in various operating countries as well as in the grocery trade. Consumer sales have developed better than anticipated during the exceptional circumstances surrounding the epidemic. B2B sales have also continued stronger than anticipated in both building and home improvement stores and Onninen. Retail sales for all the grocery trade chains have developed better than anticipated, compensating for the decrease in sales in the foodservice business.

In addition to the foodservice business, net sales have clearly decreased in the car trade. Adjustment measures carried out have enabled the company to manage the situation and costs in its various business operations under the challenging circumstances.

Although conditions surrounding the coronavirus have improved in Kesko's operating countries, it is hard to predict the development of the epidemic situation and its economic impact. Therefore, the range for the guidance on comparable operating profit for 2020 is still wide.

### **The previous outlook and guidance for 2020, issued in connection with the company's interim report on 28 April 2020, was as follows:**

"Outlook for Kesko Group's continuing operations is given for year 2020, in comparison with year 2019. Due to the COVID-19 pandemic and global economic uncertainty, the company estimates that its comparable operating profit for continuing operations will amount to €400–450 million in 2020, thus falling somewhat short of the 2019 comparable operating profit of €461.6 million. The company does not issue a guidance regarding net sales.

Kesko estimates that consumer demand for food will remain good despite the exceptional circumstances brought on by the COVID-19 pandemic. Sales are expected to grow in grocery stores and especially in the online sales of groceries. In the foodservice business and home and speciality goods trade, sales are expected to decrease.

Under the current circumstances, it is difficult to provide assessments on sales development in the building and technical trade. A weakening in the overall economy is expected to be reflected in sales to B2B customers. In addition, restrictions on store opening hours affect country-specific sales development in the building and technical trade division. In the car trade, both new and used car sales are expected to decrease compared to 2019.

Due to the weakened economic situation, Kesko has initiated extensive cost adjustment measures to ensure profitability and secure cash flow. The measures include temporary personnel lay-offs and extensive adjustment of other costs."

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Kesko Corporation

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