Q2/2017

Kesko Corporation
Half year financial report

January-June 2017

KESKO CORPORATION HALF YEAR FINANCIAL REPORT 27.07.2017 AT 09.00

Kesko's half year financial report for the period 1 January to 30 June 2017: Kesko's profitability improved

FINANCIAL PERFORMANCE IN BRIEF:

- Group's net sales for January-June were €5,411 million (€4,624 million) an increase of 17.0%, in local currencies, excluding acquisitions and divestments, the increase was 1.2%
- Comparable operating profit was €113.2 million (€111.4 million)
- Operating profit was €169.1 million (€101.6 million)
- Comparable return on capital employed was 11.1% (rolling 12 months)
- Comparable profit before tax was €116.2 million (€113.7 million)
- Comparable earnings per share were €0.90 (€0.85)
- In comparable terms, the net sales for the next 12 months are expected to exceed the level of the previous 12 months. Due to the divestments and restructuring, Kesko Group's net sales for the next 12 months are expected to fall below the level of the previous 12 months. Comparable operating profit for the next 12 months is expected to exceed the level of the previous 12 months.

KEY PERFORMANCE INDICATORS

	1-6/2017	1-6/2016	4-6/2017	4-6/2016
Net sales, € million	5,411	4,624	2,814	2,610
Operating profit, comparable, € million	113.2	111.4	84.6	79.1
Operating profit, € million	169.1	101.6	152.5	68.0
Profit before tax, comparable, € million	116.2	113.7	82.6	79.2
Profit before tax, € million	172.1	103.8	150.5	68.1
Capital expenditure, € million	170.0	564.1	91.7	512.7
Earnings per share, €, diluted	1.48	0.76	1.29	0.49
Earnings per share, comparable, €, basic	0.90	0.85	0.61	0.59
	30.6.2017	30.6.2016		
Equity ratio, %	47.0	44.8		
Equity per share, €	20.18	20.31		

PRESIDENT AND CEO MIKKO HELANDER:

"In line with its strategy, Kesko is an increasingly focused company, which concentrates on the further improvement of profitability and growth in the grocery trade, the building and technical trade and the car trade.

The strategy was implemented consistently during the second quarter through the divestment of K-maatalous business, the Asko and Sotka furniture trade, the Yamarin boat business and Kesko's representation of Yamaha as well as several properties in the Baltic countries. The sale price of the divested businesses totalled €171 million and an €80 million gain on the divestments was recorded.

In the grocery trade, we can be satisfied with both sales and profit development. In particular, the K-Citymarket chain and the revamped K-Market stores have increased their sales well. The integration of Suomen Lähikauppa stores, acquired in April 2016, has also progressed well. A total of 409 Siwa and Valintatalo stores had been converted into K-stores by the end of May 2017, of which 99 stores had been transferred to retailers by the end of the reporting period.

The emphasis on growth in the building and technical trade division is increasingly on B2B sales. The acquisition of Onninen has provided us with good preconditions for succeeding in this market shift. Onninen's sales and profit developed according to the targets set in the first half of the year. Due to seasonal variations in construction, the second half of the year will be clearly stronger than the first for Onninen. Furthermore, we also managed well in the challenging retail consumer market, which suffered from exceptionally cold weather in northern Europe in spring and early summer.

In the car trade, sales clearly grew in the second quarter and the development of orders for new cars continued to be strong. The integration of the Porsche business has progressed well and has improved the profitability of the car trade.

In our corporate responsibility we have reached a new level in our work on combatting climate change. K Group is the first Finnish company to set science-based targets to reduce emissions from its properties, logistics and supply chains. The ambitious targets will be achieved by significantly increasing the use of renewable energy and improving energy efficiency.

Kesko’s cash flow improved and its financial position clearly strengthened during the reporting period. This provides excellent preconditions for continuing the implementation of our strategy.”

FINANCIAL PERFORMANCE

Net sales and profit for January-June 2017

The Group's net sales for January-June 2017 were €5,411 million, which is 17.0% more than in the corresponding period of the previous year (€4,624 million). Net sales increased significantly due to the acquisitions completed during 2016. The net sales growth in comparable terms, excluding acquisitions and divestments in local currencies, was 1.2%.

The 5.0% growth in the grocery trade net sales was affected by the acquisition of Suomen Lähikauppa and the divestment of Russian business operations. Net sales increased by 1.2%, excluding the acquisition of Suomen Lähikauppa, which took place in April 2016, and the divestment of Russian business operations in November 2016. In the building and technical trade, net sales grew by 35.8%. In comparable terms, net sales in local currencies, excluding the divestment of the K-maatalous business (sold on June 1, 2017) and the acquisition of Onninen (on 1 June 2016), increased by 0.6%. Net sales in the car trade increased by 9.3%, and excluding the impact of the acquisition of AutoCarrera in December 2016, by 3.3%. The Group's net sales increased by 13.6% in Finland and by 1.5% in comparable terms. In other countries, net sales grew by 32.1% and in comparable terms net sales were at the previous year's level. International operations accounted for 20.9% (18.5%) of the Group's net sales.

During the reporting period, the Kesko Group divested the K-maatalous business on June 1, 2017 and on 30 June 2017, the Asko and Sotka furniture trade, the Yamarin boat business and Yamaha representation.

1-6/2017	Net sales, € million	Change, %	Change in local currency excl. acquisitions and divestments, %	Operating profit, comparable, € million	Change, € million
Grocery trade	2,570	+5.0	+1.2	76.9	+2.1
Building and technical trade	2,364	+35.8	+0.6	38.5	+0.3
Car trade	479	+9.3	+3.3	17.6	+2.4
Common functions and eliminations	-2	-3.7	-	-19.8	-2.9
Total	**5,411**	**+17.0**	**+1.2**	**113.2**	**+1.8**

The Group's comparable operating profit for January-June was €113.2 million (€111.4 million). In the grocery trade, profitability improved despite the significant costs of revamping Suomen Lähikauppa stores. In the building and technical trade, the operating profit was at the previous year's level. The operating profit increased due to the acquisition of Onninen, but the speciality goods trade and Kesko Senukai's operating profits were lower than in the previous year. In the car trade, operating profit grew. Profitability improved due to good growth in sales and the acquisition of AutoCarrera's Porsche business.

Operating profit was €169.1 million (€101.6 million). Items affecting comparability totalled €55.8 million (€-9.8 million). The most significant items affecting comparability were the €50.2 million gain on the divestment of properties in the Baltics, the €20.3 million expenses related to the conversion of the Suomen Lähikauppa chains, the gain on the divestment of the K-maatalous business of €12.2 million as well as the gain on the divestment of the Asko and Sotka furniture trade amounting to €19.0 million.

Items affecting comparability, € million	1-6/2017	1-6/2016
Operating profit, comparable	**113.2**	**111.4**
Items affecting comparability		
+gains on disposal	+82.1	+4.2
-losses on disposal	-1.6	-0.3
-impairment charges related to properties	-	-7.9
+/-structural arrangements	-22.5	-9.1
+/-others	-2.2	+3.3
Items affecting comparability, total	55.8	-9.8
Operating profit	**169.1**	**101.6**

The Group's profit before tax for January-June was €172.1 million (€103.8 million). The Group's earnings per share were €1.48 (€0.76). The Group's equity per share was €20.18 (€20.31).

K Group's (Kesko and K-chain stores) retail and B2B sales (VAT 0%) for January-June were €6,325 million, which is a growth of 1.5% compared to the previous year (pro forma). The K-Plussa customer loyalty programme added 34,016 new households between January and June 2017. The number of K-Plussa households stood at 2.3 million at the end of June and there were 3.6 million K-Plussa card-holders in total.

Net sales and profit for April-June 2017

The Group's net sales for April-June 2017 were €2,814 million, which is 7.8% more than in the corresponding period of the previous year (€2,610 million). Net sales increased significantly due to acquisitions made during 2016. In comparable terms growth in net sales, excluding acquisitions and divestments in local currencies, was 0.4%.

In the grocery trade, net sales decreased by 1.9%, and it was affected by the transfer of Suomen Lähikauppa stores to retailers and store closures, as well as the divestment of Russian business operations on 30 November 2016. In comparable terms, net sales in the grocery trade grew by 2.1%. In the building and technical trade, net sales grew by 19.8%, and it was positively impacted by the acquisition of Onninen on 1 June 2016. In comparable terms, net sales in local currencies, excluding Onninen as well as the K-maatalous business divested on 1 June 2017, decreased by 2.8%. The development of net sales was affected by the number of delivery days, which were three fewer than in the previous year, while B2C sales in Northern Europe were negatively affected by cold weather. In the car trade, net sales increased by 9.7%, and without the impact of AutoCarrera, acquired in December 2016, the net sales increase was 3.3%. The Group's net sales grew by 5.5% in Finland and in comparable terms by 1.2%. In other countries, net sales grew by 16.8% but fell by 2.7% in comparable terms. International operations accounted for 22.2% (20.4%) of the Group's net sales.

4-6/2017	Net sales, € million	Change, %	Change in local currency excl. acquisitions and divestments, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,327	-1.9	+2.1	50.5	+6.9
Building and technical trade	1,253	+19.8	-2.8	35.5	-2.4
Car trade	234	+9.7	+3.3	7.6	+1.8
Common functions and eliminations	0	-86.5	-	-9.0	-0.8
Total	**2,814**	**+7.8**	**+0.4**	**84.6**	**+5.4**

The Group's comparable operating profit was €84.6 million for April-June (€79.1 million). Profitability in the grocery trade improved and was driven by the synergy benefits gained from the acquisition of Suomen Lähikauppa, good sales performance, especially by K-Citymarket and the renewed K-Markets, as well as the divestment of the loss-making Russian business operations that were sold in the previous year. The renewal of Suomen Lähikauppa stores and the changes in the store site network were completed during the quarter. In the building and technical trade, Onninen's operating profit grew, but the operating profits of both the speciality goods trade and Kesko Senukai were lower than in the previous year. The profit development of the speciality goods trade was partly affected by the sale of the K-maatalous business on 1 June 2017. Comparable operating profit in the car trade remained on a good level. Profitability improved due to good growth in sales and the acquisition of AutoCarrera's Porsche business.

Operating profit was €152.5 million (€68.0 million). Items affecting comparability totalled €67.9 million (€-11.1 million). The most significant items affecting comparability were the €50.2 million gain on the divestment of properties in the Baltics, the €10.9 million expenses related to the conversion of Suomen Lähikauppa chains, the gain from the divestment of the K-maatalous business of €12.2 million as well as as the gain on the divestment of the Asko and Sotka furniture trade amounting to €19.0 million.

Items affecting comparability, € million	4-6/2017	4-6/2016
Operating profit, comparable	**84.6**	**79.1**
Items affecting comparability		
+gains on disposal	+81.8	+2.9
-losses on disposal	-1.2	-0.3
- impairment charges related to properties	-	-7.9
+/-structural arrangements	-11.2	-9.1
+/-others	-1.4	+3.3
Items affecting comparability, total	+67.9	-11.1
Operating profit	**152.5**	**68.0**

The Group's profit before taxes for April-June was €150.5 million (€68.1 million). Group earnings per share were €1.29 (€0.49).

The retail and B2B sales of K Group (Kesko's and the K-chain stores) (VAT 0%) for April-June were €3,373 million, which was down 0.3% compared to the previous year (pro forma).

Finance

Cash flow from operating activities for January-June was €83.8 million (€-17.8 million). Cash flow from investing activities was a positive of €63.2 million (€-529.0 million) due to the proceeds from divestments amounting to €192.4 million.

Liquid assets amounted to €367 million (€327 million) at the end of the period. Interest-bearing liabilities at the end of June were €561 million (€657 million) and the interest-bearing net debt was €194 million (€330 million). The equity ratio at the end of the period was 47.0% (44.8%).

The Group's net finance income was €2.9 million (€4.3 million) for January-June. The financial items include dividend income and interest income on cooperative capital of €4.5 million, of which €2.3 million is interest income on cooperative capital from Suomen Luotto-osuuskunta.

Cash flow from operating activities for April-June was €141.1 million (€78.5 million). Cash flow from investing activities was a positive of €97.7 million (€-476.0 million) due to the proceeds from divestments amounting to €171.1 million.

The Group's net finance costs for April-June were €1.3 million (net finance income €1.7 million).

Taxes

The Group's taxes for January-June were €22.1 million (€21.4 million). The effective tax rate was 12.8% (20.6%). For April-June, the Group's taxes were €17.8 million (€14.3 million). The effective tax rate was 11.8% (21.1%). The Group's effective tax rate was lowered by the tax-exempt gains on the sale of properties and subsidiaries.

Capital expenditure

The Group's capital expenditure for January-June totalled €170.0 million (€564.1 million), representing 3.1% (12.2%) of net sales. Capital expenditure in store sites amounted to €117.1 million (€100.5 million), in IT €17.4 million (€8.9 million) and other capital expenditure €35.5 million (€23.6 million). In the previous year, acquisitions amounted to €431.0 million.

The Group's capital expenditure for April-June totalled €91.7 million (€512.7 million) or 3.3% (19.6%) of net sales. Capital expenditure in store sites was €63.4 million (€63.6 million), in IT €8.3 million (€6.2 million) and other capital expenditure €20.0 million (€14.7 million). In the previous year, acquisitions amounted to €428.1 million.

Personnel

For January-June, the average number of personnel in Kesko Group was 21,927 (20,595) converted into full time employees. The increase was due to the acquisitions of Suomen Lähikauppa and Onninen.

At the end of June 2017, the number of personnel stood at 27,826 (30,264), of whom 14,878 (16,239) were employed in Finland and 12,948 (14,025) outside Finland. The number of personnel in Suomen Lähikauppa was 2,426, in Onninen 3,106 and in AutoCarrera 40.

SEGMENTS

Seasonal nature of operations

The Group’s operating activities are affected by seasonal fluctuations. The net sales and the operating profits of the reportable segments are not earned evenly throughout the year. Instead, they vary by quarter depending on the characteristics of each segment. In terms of the level of operating profit, the second and third quarter are strongest, whereas the impact of the first quarter on the full year profit is smallest. The acquisitions of Suomen Lähikauppa and Onninen increase the seasonal fluctuations between quarters. The operating profit levels of Onninen and Suomen Lähikauppa are lowest for the first quarter.

Grocery trade

	1-6/2017	1-6/2016	4-6/2017	4-6/2016
Net sales, € million	2,570	2,447	1,327	1,353
Operating profit, comparable, € million	76.9	74.8	50.5	43.6
Operating margin, comparable, %	3.0	3.1	3.8	3.2
Capital expenditure, € million	97.6	139.3	44.3	104.6

Net sales, € million	1-6/2017	Change, %	4-6/2017	Change, %
Sales to K-food stores	1,587	+2.4	841	+4.7
K-Citymarket, non-food	258	+0.8	132	+1.9
K-Market, own retail trade	296	+60.1	138	-25.5
Kespro	393	+3.2	202	+1.5
Others	36	-52.3	15	-59.9
Total	**2,570**	**+5.0**	**1,327**	**-1.9**

January-June 2017

The net sales of the grocery trade in January-June amounted to €2,570 million (€2,447 million), representing a growth of 5.0%. The development of net sales was affected by the acquisition of Suomen Lähikauppa and the disposal of Russian business operations. In comparable terms the net sales, excluding Suomen Lähikauppa and Russian business operations, increased by 1.2%. K Group's grocery sales grew by 1.8% (incl. VAT) if the impact of the acquisition of Suomen Lähikauppa is excluded. K Group's grocery trade sales pro forma growth was 0.1% (incl. VAT), which was affected by the Suomen Lähikauppa store site network being smaller than the previous year. In the Finnish grocery market, retail prices are estimated to have changed by approximately -0.1% compared to the previous year (incl. VAT, Kesko's own estimate based on Consumer Price Index of Statistics Finland) and the total market (incl. VAT) is estimated to have increased by approximately 1.2% in January-June (Kesko's own estimate).

The acquisition of Suomen Lähikauppa was completed in April of the previous year and the conversion of Siwa and Valintatalot stores to K-Markets began in May 2016. By the end of May 2017, all Siwa and Valintatalo stores that continued operating (at 409 store locations) had been converted into K-stores (408 K-Market and one K-Supermarket). Of these, 99 stores had been transferred to retailers by the end of June. The transfer of the stores to retailers will be complete by the end of 2018.

The comparable operating profit for the grocery trade for January-June was €76.9 million. (€74.8 million). The profitability of the division remained on a good level. The effect of Suomen Lähikauppa on the comparable operating profit for January-June was €-3.4 million (April-June 2016 €-1.1 million), which was affected by the major restructuring of the store site network. The Russian business divested in November 2016 made a loss of €9.3 million in the comparison period. The grocery trade's operating profit was €56.6 million (€74.3 million). Items affecting comparability amounted to €-20.3 million (€-0.6 million), and they were mainly related to the €-20.3 million restructuring of Suomen Lähikauppa.

The capital expenditure in the grocery trade totalled €97.6 million for January-June (€139.3 million), of which the capital expenditure in store sites accounted for €87.0 million (€70.2 million).

April-June 2017

The net sales of the grocery trade amounted to €1,327 million for April-June (€1,353 million), a decrease of 1.9%, which was influenced by the changes in the Suomen Lähikauppa store site network and the transfer of stores to retailers. In addition, the development of net sales was affected by the divestment of Russian business operations in November 2016. In comparable terms, grocery trade net sales grew by 2.1%. K Group's grocery trade sales grew by 3.4% (incl. VAT) if the acquisition of Suomen Lähikauppa is excluded. K Group's grocery trade sales pro forma growth was 1.0% (incl. VAT). In the Finnish grocery market, retail prices are estimated to have changed by approximately -0.1% compared to the previous year.

The comparable operating profit of the grocery trade for April-June was €50.5 million (€43.6 million). Profitability remained on a good level and K-Citymarket, in particular, improved its profitability thanks to a good sales performance. The effect of Suomen Lähikauppa on the comparable operating profit for April-June was €+2.2 million (€-1.1 million) while the effect of the Russian business operations divested in November 2016 was €-4.3 million in the comparison period. The grocery trade's operating profit was €39.9 million (€44.1 million). Items affecting comparability were €-10.6 million. (€0.5 million) and they were mainly related to the restructuring of Suomen Lähikauppa, €-10.9 million.

Capital expenditure in the grocery trade totalled €44.3 million for April-June (€104.6 million), of which capital expenditure in store sites totalled €40.6 million (€37.3 million).

In the period of April-June, one new K-Citymarket and four K-Supermarkets (of which two are replacement new buildings) and four new K-Markets were opened. Renewals and extensions were made to a total of 73 stores, 27 of which became K-Markets after being Siwa and Valintatalo stores.

The most significant store sites under construction are a K-Citymarket (a replacement new building) and the Easton shopping centre in Helsinki. New K-Supermarkets are under construction in Tampere at Tesoma and Kaukajärvi, in Turku, in Espoo at Suurpelto and Espoonlahti, in Ilmajoki, in Helsinki at Kalasatama and Pasila, and in Oulu and Kauniainen.

Number of stores at 30.6.	2017	2016
K-Citymarket	81	81
K-Supermarket	230	223
K-Market**	825	1,018
Neste K	69	67
K-ruoka, Russia	-	9
Others*	91	98

* Including online stores
** The total number of Suomen Lähikauppa's stores was 408.
In addition, several K-food stores offer e-commerce services to their customers.

Building and technical trade

	1-6/2017	1-6/2016	4-6/2017	4-6/2016
Net sales, € million	2,364	1,741	1,253	1,046
Operating profit, comparable, € million	38.5	38.2	35.5	37.9
Operating margin, comparable, %	1.6	2.2	2.8	3.6
Capital expenditure, € million	48.8	412.9	35.2	404.7

Net sales, € million	1-6/2017	Change, %	4-6/2017	Change, %
Building and home improvement trade, Finland	457	+4.7	238	-1.3
K-Rauta, Sweden	104	-7.1	60	-9.9
Byggmakker, Norway	209	+1.2	109	-8.0
K-Rauta, Russia	90	+15.8	51	+12.2
Kesko Senukai, the Baltics	230	+4.1	132	+1.3
OMA, Belarus	59	+27.3	34	+24.5
Onninen	765	-	402	-
Machinery trade	140	-5.3	86	-10.3
Sports trade, Finland	80	-3.6	34	-6.8
Others	246	-12.7	114	-24.8
Total	**2,364**	**+35.8**	**1,253**	**+19.8**

<u>January-June 2017</u>

The net sales in the building and technical trade for January-June amounted to €2,364 million (€1,741 million), an increase of 35.8%. In comparable terms net sales in local currencies, excluding acquisitions and disposals, increased by 0.6%. During the reporting period, Kesko Group divested the K-maatalous business on 1 June 2017, and on 30 June 2017 the Asko and Sotka furniture trade and the Yamarin boat business and Yamaha representation.

Net sales in the building and technical trade in Finland for January-June were €1,235 million (€941 million), an increase of 31.3%. In comparable terms net sales increased by 1.4% in Finland. Net sales from foreign operations amounted to €1,129 million (€800 million) for January-June, an increase of 41.0%. Net sales of foreign operations in comparable terms remained at the previous year's level. In the building and technical trade, 47.7% (46.0%) of the net sales came from foreign operations.

Net sales for the building and home improvement trade for January-June totalled €1,144 million (€1,093 million), an increase of 4.7%. In local currencies, net sales grew by 2.4%. Net sales decreased in local currency in Norway by 1.3%, in Sweden by 4.1% and in Russia by 7.1%. Net sales growth strengthened in the building and home improvement trade especially in the B2B sector. The market share of K Group's building and technical trade is estimated to have strengthened in Finland. K Group's sales in the building and home improvement products trade in Finland increased by 3.2% and the total market (VAT 0%) is estimated to have increased by about 0.8% (Kesko's own estimate).

The net sales of the machinery trade for January-June amounted to €140 million (€148 million), a decrease of 5.3% from the previous year. Net sales in Finland were €75 million, down 14.8%. Net sales from foreign operations were €65 million, up 8.5%.

Net sales in the leisure trade amounted to €89 million (€99 million), down 3.7%, excluding the Russian Intersport business sold in July 2016.

Net sales for Asko and Sotka furniture trade, which were sold on 30 June, 2017, totalled €89 million (€87 million), an increase of 2.1%.

The K-maatalous business, sold on 1 June 2017, had net sales of €149 million (€176 million).

The comparable operating profit for the building and technical trade for January-June was €38.5 million (€38.2 million), increasing by €0.3 million when compared to the previous year. Profitability was improved due to Onninen's good profit performance and the divestment of Intersport Russia's business operations in July 2016. Onninen's comparable operating profit for January-June was €8.8 million (June 2016 €2.2 million). Profitability was weakened by Kesko Senukai's lower operating profit compared to the previous year, which was partly due to the renewal and expansion of the store site network in the Baltic countries and Belarus. The comparable operating profit of the building and technical trade, excluding the speciality goods business operations, was €28.7 million (€25.4 million). The comparable operating profit for the speciality goods trade was €9.8 million (€12.9 million), of which the share of the divested K-maatalous business and the Asko and Sotka furniture trade in June was €6.8 million.

The building and technical trade's operating profit was €116.5 million (€34.6 million). The most significant items affecting comparability were the €50.2 million gain from the divestment of properties in the Baltic countries, the €12.2 million gain from the divestment of the K-maatalous business and the €19.0 million gain on the divestment of Asko and Sotka furniture trade.

The capital expenditure of the building and technical trade in January-June totalled €48.8 million (€412.9 million), of which €29.6 million was related to capital expenditure in store sites (€29.7 million). The period in the previous year includes acquisitions amounting to €376.9 million.

April-June 2017

The net sales of the building and technical trade for April-June totalled €1,253 million (€1,046 million), an increase of 19.8%. In comparable terms net sales decreased by 2.8%. The development of net sales was affected by the number of delivery days, which were three fewer than in the previous year while B2C sales in northern Europe countries were negatively affected by cold weather.

Net sales for the building and technical trade in Finland amounted to €629 million (€541 million) an increase of 16.3%. In comparable terms, net sales decreased by 2.9% in Finland. Net sales for foreign operations in April-June were €623 million (€505 million), increasing by 23.5%. Net sales from foreign operations fell by 2.7% in comparable terms. A total of 49.8% (48.3%) of the net sales in the building and technical trade came from foreign operations.

Net sales in the building and home improvement trade were €622 million (€626 million) for April-June, a decrease of 0.7%. In comparable terms net sales decreased by 2.0%. Net sales in local currency decreased in Norway by 7.8%, in Sweden by 6.3% and in Russia by 6.1%. K Group’s sales in the building and home improvement trade in Finland decreased by 0.7% and the overall market (VAT 0%) is estimated to have fallen by about 4.3% (Kesko's own estimate).

The net sales for machinery trade for April-June totalled €86 million (€96 million), down by 10.3% on the previous year. Net sales in Finland amounted to €40 million, a decrease of 23.7%. Net sales from foreign operations were €46 million, up 5.8%.

The leisure trade had net sales of €37 million (€43 million), down by 7.4%, excluding the Russian Intersport business sold in July 2016.

The net sales of the Asko and Sotka furniture trade sold on June 30, 2017 were €44 million (€45 million), down by 2.4%.

The net sales of the K-maatalous business sold on 1 June 2017 were €67 million (€99 million).

The comparable operating profit for the building and technical trade for April-June was €35.5 million (€37.9 million), down €2.4 million compared with the previous year. Profitability was improved by the acquisition of Onninen. Onninen's comparable operating profit for April-June was €6.4 million (June 2016 €2.2 million). Profitability was weakened by the sale of the K-maatalous business on 1 June 2017 and the renewal and extension of Kesko Senukai's store site network in the Baltic countries and Belarus. The comparable operating profit of the building and technical trade, excluding the speciality goods trade was €28.6 million (€27.0 million). The comparable operating profit for the speciality goods trade was €6.8 million (€10.9 million), of which the K-maatalous business as well as the Asko and Sotka furntiture trade, sold in June, accounted for €4.0 million.

The building and technical trade's operating profit was €115.3 million (€32.8 million). Items affecting comparability were €79.8 million (€-5.1 million).

Capital expenditure in the building and technical trade for April-June totalled €35.2 million. (€404.7 million), of which store sites amounted to €22.6 million (€26.0 million). The comparison period in the previous year includes €374.1 million of acquisitions.

The most important store sites under construction are two building and home improvement stores in Belarus.

Number of stores at 30.6.	2017	2016
K-Rauta, Finland*	139	46
Rautia*	-	95
K-maatalous	-	80
K-Rauta, Sweden	18	20
Byggmakker, Norway	82	86
K-Rauta and K-Senukai, Estonia	8	8
K-Rauta and K-Senukai, Latvia	8	8
K-Senukai, Lithuania	22	22
K-Rauta, Russia	14	13
OMA, Belarus	16	13
Onninen	144	149
Intersport, Finland**	56	58
Budget Sport**	11	11
The Athlete's Foot**	5	-
Asko and Sotka**	-	87
Kookenkä**	37	37
Intersport, Russia	-	16
Asko and Sotka, the Baltics**	-	12
Konekesko	-	1

* The K-Rauta and Rautia stores were combined to form the K-Rauta chain, launched with a new brand image in March 2017
** Including online stores
In addition, the building and home improvement stores offer e-commerce services to their customers.
One Onninen store in Sweden operates in the same store with K-Rauta.

Car trade

	1-6/2017	1-6/2016	4-6/2017	4-6/2016
Net sales, € million	479	438	234	214
Operating profit, comparable, € million	17.6	15.2	7.6	5.8
Operating margin, comparable, %	3.7	3.5	3.2	2.7
Capital expenditure, € million	9.0	8.1	5.4	3.5

Net sales, € million	1-6/2017	Change, %	4-6/2017	Change, %
VV-Auto	453	+3.3	221	+3.3
AutoCarrera	26	-	14	-
Total	**479**	**+9.3**	**234**	**+9.7**

January-June 2017

Net sales in the car trade for January-June were €479 million (€438 million), an increase of 9.3%. The development of net sales without AutoCarrera, purchased in December 2016, amounted to 3.3%. The combined market development for new registrations for passenger cars and vans was +0.8% (+14.6%) for January-June. The combined market share for cars and vans imported by VV-Auto was 18.7% (18.6%) for January-June.

In the car trade, profitability continued to improve thanks to good sales performance and the acquisition of AutoCarrera's Porsche business. Comparable operating profit for January-June was €17.6 million (€15.2 million).

AutoCarrera's comparable operating profit was €1.1 million. Operating profit for January-June was €17.6 million (€15.2 million).

Capital expenditure for the car trade for January-June was €9.0 million (€8.1 million).

April-June 2017

Net sales in the car trade for April-June amounted to €234 million (€214 million), an increase of 9.7%. The development of net sales without AutoCarrera, acquired in December 2016, was +3.3%. The combined market share for cars and vans imported by VV-Auto was 19.7% (18.7%) for April-June.

In the car trade, profitability continued to improve thanks to good sales performance and the acquisition of AutoCarrera's Porsche business. The comparable operating profit for April-June was €7.6 million (€5.8 million). AutoCarrera's comparable operating profit was €1.0 million. The operating profit for April-June was €7.6 million (€5.8 million).

Capital expenditure for the car trade for April-June was €5.4 million (€3.5 million).

Number of stores at 30.6.	2017	2016
VV-Auto, retail trade	10	10
AutoCarrera	3	-

Changes in Group composition

Konekesko Ltd, a Kesko Corporation subsidiary, sold its Yamarin boat business to Inhan Tehtaat Oy Ab, a subsidiary owned by Yamaha Motor Europe N.V. At the same time, the transfer of the representation of Yamaha's recreational machinery in Finland from Konekesko Ltd to Yamaha Motor Europe N.V. was also completed. (Press release 30 June 2017)

In March of this year, Kesko and Oriola announced their intention to establish a new chain of health, beauty and wellbeing across Finland. Finland's Competition and Consumer Authority approved the establishment of the joint venture on 26 June 2017 and the establishment of the company was finalised at the end of June. Both parties own 50 per cent of the new company. (Press release 30 June 2017)

Kesko Corporation sold Indoor Group, which is responsible for the Asko and Sotka furniture trade, to a company owned by Sievi Capital Oyj, three franchising entrepreneurs from the Sotka chain and Etera Mutual Pension Insurance Company. The debt free price of the sale, structured as a share transaction, was €67 million. (Press releases on 20 June 2017 and 30 June 2017)

Kesko Corporation sold its K-maatalous business to Swedish Lantmännen ek för. The debt free price of the sale, structured as a share transaction, was €38.5 million. (Press release 1 June 2017)

Kesko sold seven store sites used by Kesko Senukai in Estonia and Latvia to the property investment company UAB Baltic Retail Properties. At the same time, Kesko acquired a 10% shareholding in the property investment company. (Press release 24 May 2017)

Kesko Food Ltd, K-citymarket Oy and Kespro Ltd, subsidiaries wholly-owned by Kesko Corporation, merged into Kesko Corporation on 28 February 2017.

Kesko Corporation's subsidiary Konekesko Ltd sold 45% of its Baltic subsidiaries' shares to Danish Agro a.m.b.a.'s group company DAVA Agravis Machinery Holding A/S. In the same context, an agreement was made on options to expand DAVA Agravis' ownership to include the whole share capital of the Baltic machinery trade companies and Danish Agro group's ownership to include Konekesko's agricultural machinery business in Finland. (Stock exchange release on 10 February 2017)

Shares, securities market and Board authorisations
At the end of June 2017, the total number of Kesko Corporation shares was 100,019,752, of which 31,737,007, or 31.7%, were A shares and 68,282,745, or 68.3%, were B shares. At 30 June 2017, Kesko Corporation held 554,264 own B shares as treasury shares. These treasury shares accounted for 0.81% of the number of B shares, 0.55% of the total number of shares, and 0.14% of votes attached to all shares of the Company. The total number of votes attached to all shares was 385,652,815. Each A share carries ten (10) votes and each B share one (1) vote. The Company cannot vote with own shares held by it as treasury shares and no dividend is paid on them. At the end of June 2017, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €43.85 at the end of 2016, and €43.67 at the end of June 2017, representing an decrease of 0.4%. Correspondingly, the price of a B share was €47.48 at the end of 2016, and €44.54 at the end of June 2017, representing a decrease of 6.2%. In January-June, the highest A share price was €45.99 and the lowest was €40.11. The highest B share price was €48.59 and the lowest was €42.05. In January-June, the Nasdaq Helsinki All-Share index (OMX Helsinki) was up by 7.5% and the weighted OMX Helsinki Cap index by 7.3%. The Retail Sector Index was down by 3.1%.

At the end of June 2017, the market capitalisation of A shares was €1,386 million, while that of B shares was €3,017 million, excluding the shares held by the parent company as treasury shares. The combined market capitalisation of A and B shares was €4,403 million, a decrease of €196 million from the end of 2016.

In January-June 2017, a total of 0.8 million (0.9 million) A shares were traded on Nasdaq Helsinki, a decrease of 9.2%. The exchange value of A shares was €34 million. The number of B shares traded was 26.8 million (28.6 million), a decrease of 6.1%. The exchange value of B shares was €1,198 million. Nasdaq Helsinki accounted for 40% of the Kesko A and B share trading in January-June 2017. Kesko shares were also traded on multilateral trading facilities, the most significant of which was BATS with 37% of the trading (source: Fidessa).

The Board holds a valid authorisation to decide on the transfer of a maximum of 1,000,000 own B shares held by the Company as treasury shares (the 2016 share issue authorisation). On 1 February 2017, the Board decided to grant own B shares held by the Company as treasury shares to persons included in the target group of the 2016 vesting period, based on this share issue authorisation and the fulfilment of the vesting criteria of the 2016 vesting period of Kesko's three-year share-based compensation plan. This transfer of a total of 192,822 own B shares was announced in a stock exchange release on 15 March 2017. Based on the 2014-2016 share-based compensation plan decided by the Board, a total maximum of 600,000 own B shares held by the Company as treasury shares could be granted within a period of three years based on the fulfilment of the vesting criteria. The Board decided on the vesting criteria and the target group separately for each vesting period. In January-June, a total of 977 shares granted based on the fulfilment of the vesting criteria of the share-based compensation plan 2014-2016 was returned to the Company in accordance with the terms and conditions of the share-based compensation plans. The returns during the reporting period were notified in a stock exchange release on 12 May 2017. The share-based compensation plan 2014-2016 was announced in a stock exchange release on 4 February 2014.

On 1 February 2017, Kesko Corporation's Board of Directors made a decision to establish a new share-based long-term incentive scheme for Kesko's top management and key persons selected separately. The scheme consists of a performance share plan (PSP) as the main structure, and of a restricted share pool (RSP), which is a complementary share plan for special situations. Besides the PSP, the Board has made a decision to establish a share-based bridge plan to cover the transitional phase during which Kesko transfers from a one-year performance period to a longer performance period in its long-term incentive scheme structure. If the performance criteria set for the PSP 2017-2020 plan are achieved in full, the maximum number of series B shares to be paid based on this plan is 340,000 shares. If all the performance criteria set for the Bridge Plan are achieved in full, the maximum number of series B shares to be paid based on the Bridge Plan is 340,000 shares. The total maximum amount of share awards payable under the RSP 2017-2019 is 20,000. The new share-based incentive scheme was announced in a stock exchange release on 2 February 2017.

Kesko's Board of Directors holds a valid authorisation decided by the Annual General Meeting held on 4 April 2016 to transfer of a total maximum of 1,000,000 own B shares held by the Company as treasury shares (the 2016 share issue authorisation). Based on the authorisation, own B shares held by the Company as treasury shares can be issued for subscription by shareholders in a directed issue in proportion to their existing holdings of the Company shares, regardless of whether they own A or B shares. Shares can also be issued in a directed issue, departing from the shareholder's pre-emptive right, for a weighty financial reason of the Company, such as using the shares to develop the Company's capital structure, to finance possible acquisitions, capital expenditure or other arrangements within the scope of the Company's business operations, and to implement the Company's commitment and incentive scheme. Own B shares held by the Company as treasury shares can be transferred either against or without payment. A share issue can only be without payment, if the Company, taking into account the best interests of all of its shareholders, has a particularly weighty financial reason for it. The authorisation also includes the Board's authority to make decisions concerning any other matters related to share issues. The amount possibly paid for the Company's own shares is recorded in the reserve of unrestricted equity. The authorisation is valid until 30 June 2020.

Kesko's Board of Directors also holds a valid authorisation decided by the Annual General Meeting held on 4 April 2016 to acquire a maximum of 1,000,000 own B shares of the Company (the 2016 authorisation to acquire own shares). B shares are acquired with the Company's distributable unrestricted equity, not in proportion to the shareholdings of shareholders, at the market price quoted in public trading organised by Nasdaq Helsinki Ltd ("the exchange") at the date of acquisition. The shares are acquired and paid in accordance with the rules of the exchange. The acquisition of own shares reduces the amount of the Company's distributable unrestricted equity. B shares are acquired for use in the development of the Company's capital structure, to finance possible acquisitions, capital expenditure and/or other arrangements within the scope of the Company's business operations, and to implement the Company's commitment and incentive scheme. The Board makes decisions concerning any other issues related to the acquisition of own B shares. The authorisation is valid until 30 September 2017.

In addition, Kesko's Board of Directors holds a share issue authorisation, decided by the Annual General Meeting held on 13 April 2015, to issue a maximum of 20,000,000 new B shares (the 2015 share issue authorisation). The shares can be issued against payment to be subscribed by shareholders in a directed issue in proportion to their existing holdings of the Company shares regardless of whether they hold A or B shares, or, departing from the shareholder's pre-emptive right, in a directed issue, if there is a weighty financial reason for the Company, such as using the shares to develop the Company's capital structure and financing possible acquisitions, capital expenditure or other arrangements within the scope of the Company's business operations. The amount paid for the shares is recognised in the reserve of invested non-restricted equity. The authorisation also includes the Board's authority to decide on the share subscription price, the right to issue shares for non-cash consideration and the right to make decisions on other matters concerning share issues. The authorisation is valid until 30 June 2018.

At the end of June 2017, the number of shareholders was 41,781, which is 2,377 more than at the end of 2016. At the end of June, foreign ownership of all shares was 31%. Foreign ownership of B shares was 44% at the end of June.

Flagging notifications

According to a notification received by Kesko Corporation, the combined voting rights in respect of shares in Kesko held by K-Retailers' Association, its Branch Clubs and the Foundation for Vocational Training in the Retail Trade rose to 15 per cent on 3 February 2017 and exceeded 15 per cent on 6 February 2017. (Stock exchange release on 7 February 2017)

Key events during the reporting period

The court of arbitration dismissed Voimaosakeyhtiö SF's action against Kestra Kiinteistöpalvelut Oy concerning the further financing of the Fennovoima nuclear power plant project. (Stock exchange release on 10 January 2017)

Kesko Corporation's Board of Directors decided to establish a new share-based long-term incentive scheme for Kesko's top management and key persons selected separately. In addition, the Board of Directors decided to grant a total of 192,822 own B shares held by the Company as treasury shares, based on the fulfilment of the performance criteria of the 2016 performance period of Kesko's share-based compensation plan 2014-2016, to 130 Kesko management employees and other named key persons. (Stock exchange release on 2 February 2017)

Kesko Corporation's subsidiary Konekesko Ltd sold 45% of its Baltic subsidiaries' shares to Danish Agro a.m.b.a.'s group company DAVA Agravis Machinery Holding A/S. In the same context, an agreement was made on options to expand DAVA Agravis' ownership to include the whole share capital of the Baltic machinery trade companies and Danish Agro group's ownership to include Konekesko's agricultural machinery business in Finland. (Stock exchange release on 10 February 2017)

Kesko Corporation and Oriola-KD Corporation start building a completely new kind of store chain in Finland, specialising in overall wellbeing. The companies have signed an agreement to establish a joint venture. Finland's Competition and Consumer Authority approved the establishment of the joint venture on 26 June 2017 and the establishment of the company was finalised. Both parties own 50 per cent of the new company. The first phase objective is to build a chain of 100 stores and an online store. The plan is, if legislation is amended, to expand the business to include pharmaceuticals. (Stock exchange release on 13 March 2017, press release 30 June 2017)

The trading symbols of Kesko Corporation shares changed as of 15 March 2017. The new symbols are KESKOA (share series A) and KESKOB (share series B). (Stock exchange release on 13 March 2017)

Kesko Corporation sold its K-maatalous business to the Swedish Lantmännen ek för. The debt free price of the sale, structured as a share transaction, was €38.5 million. Kesko Corporation recorded a profit of €12.2 million on the disposal. On 26 May 2017, the Finnish Competition and Consumer Authority (FCCA) announced that it approves the disposal, and it was completed on 1 June 2017. The approval was not subject to any conditions. (Stock exchange release on 11 April 2017, press release on 1 June 2017)

Kesko Corporation sold Indoor Group, which is responsible for the Asko and Sotka furniture trade chains, to a company owned by Sievi Capital Oyj, three franchising entrepreneurs from the Sotka chain and Etera Mutual Pension Insurance Company. The debt free price of the sale, structured as a share transaction, was €67 million, and the sale was completed on 30 June 2017. Kesko Corporation recorded a profit of approximately €19.0 million on the divestment. (Press releases on 20 June 2017 and 30 June 2017)

Resolutions of the 2017 Annual General Meeting and decisions of the Board’s organisational meeting
Kesko Corporation's Annual General Meeting held on 3 April 2017 adopted the financial statements and the consolidated financial statements for 2016 and discharged the Board members and the Managing Director from liability. The General Meeting also resolved to distribute €2.00 per share as dividends, or a total of €198,932,930.00. The dividend pay date was 12 April 2017.

The General Meeting resolved to leave the number of Board members unchanged at seven. The Annual General Meeting held on 13 April 2015 elected seven (7) Board members for terms of office in accordance with the Articles of Association expiring at the close of the Annual General Meeting to be held in 2018. Those Board members are retailer Esa Kiiskinen, Master of Science in Economics Tomi Korpisaari, retailer, eMBA Toni Pokela, eMBA Mikael Aro, Master of Science in Economics Matti Kyytsönen, Master of Science in Economics Anu Nissinen and Master of Laws Kaarina Ståhlberg. Korpisaari and Ståhlberg resigned from the membership of the Company's Board of Directors as of 1 March 2016. The General Meeting held on 4 April 2016 replaced Korpisaari and Ståhlberg by retailer, trade technician Matti Naumanen and Managing Director, Master of Science in Economics Jannica Fagerholm until the close of the Annual General Meeting to be held in 2018.

The General Meeting elected the firm of auditors PricewaterhouseCoopers Oy as the Company's Auditor, with Mikko Nieminen, APA, as the Auditor with principal responsibility.

In addition, the General Meeting approved the Board’s proposal for its authorisation to decide on donations in a total maximum of €300,000 for charitable or corresponding purposes until the Annual General Meeting to be held in 2018, and to decide on the donation recipients, purposes of use and other terms of the donations.

After the Annual General Meeting, Kesko Corporation's Board of Directors held an organisational meeting in which it elected M.Sc. (Econ.) Jannica Fagerholm as the Chair of the Audit Committee, eMBA Mikael Aro as its Deputy Chair, and M.Sc. (Econ.) Matti Kyytsönen as its member. Business College Graduate Esa Kiiskinen (Ch.), eMBA Mikael Aro (Dep. Ch.) and M.Sc. (Econ.) Anu Nissinen were elected to the Board's Remuneration Committee.

The resolutions of the Annual General Meeting and the decisions of the Board's organisational meeting were announced in more detail in stock exchange releases on 3 April 2017.

Responsibility

Kesko was the first Finnish company to set up science-based targets in order to reduce the emissions resulting from its facilities, transportation use and supply chains. These ambitious emission targets will be achieved by increasing the use of renewable energy and improving energy efficiency.

In 2008, K Group committed to the Energy Efficiency Agreement for the commerce sector and committed to improving its annual energy efficiency by 65 GWh by the end of 2016. Through the use of determined measures, K Group exceeded that target and reached 67 GWh. In the new agreement for the period 2017-2025 K Group undertakes, by means of various energy saving measures, to reduce its energy consumption by 7.5% or approximately 79 GWh.

In April, the first Pirkka product made from Finnish bream went on sale. The raw material of the Pirkka Fish Patty uses bream caught as part of the Local Fishing Project organised by the John Nurminen Foundation for sustainable fisheries.

Kesko has contributed to the financing of Plan International's Seas of Change project for two years. Thanks to the project about 100 children of Cambodian migrants working in the Thai fishing industry have begun studying at Thai schools.

According to the timber and paper policy published at the end of June, by the year 2025, all wood and paper products in Kesko's range will be of sustainable origin, either FSC or PEFC certified or recycled material. For products made of tropical wood in the K-Rauta range, the policy has been in force since 2009.

Risk management

Kesko Group has an established and comprehensive risk management process. Risks and their management responses are regularly assessed within the Group and reported to the Group management. Kesko's risk management and risks associated with business operations are described in more detail on Kesko's website in the Corporate Governance section.

The most significant near-future risks in Kesko's business operations continue to be associated with price competition in the Finnish grocery trade, the implementation of the neighbourhood market strategy of the grocery trade, business arrangements in the building and technical trade, as well as the change in the trading sector caused by digitalisation. No material change is estimated to have taken place in 2017 in the risks described in Kesko's 2016 Report by the Board of Directors, financial statements and the risks described on Kesko's website. The risks and uncertainties related to economic development are described in the outlook section of this release.

Outlook

Estimates for the outlook of Kesko Group's net sales and comparable operating profit are given for the 12-month period following the reporting period (7/2017-6/2018) in comparison with the 12 months preceding the end of the reporting period (7/2016-6/2017).

The general economic situation and the expected trend in consumer demand vary in Kesko's different operating countries. In Finland, the trading sector is expected to grow. In the Finnish grocery trade, intense competition is expected to continue, although, as purchasing power increases, the importance of quality will be emphasised more than previously. In the building and technical trade, the growth in B2B sales is expected to continue stronger than the growth in the retail market. The market for the Finnish building and technical trade is expected to grow. In Sweden and Norway, the market is expected to grow but at a somewhat slower rate. The trend in the Russian market is expected to remain modest. In the Baltic countries, the market is expected to grow.

In comparable terms, the net sales for the next 12 months are expected to exceed the level of the previous 12 months. Due to the divestments and restructuring, Kesko Group's net sales for the next 12 months are expected to fall below the level of the previous 12 months. That development results from the divestments of the Russian grocery trade, the K-maatalous business, the Asko and Sotka furniture trade, the Yamarin boat business and

Kesko's Yamaha representation as well as store closures and the transfer of Suomen Lähikauppa stores to retailers.

Comparable operating profit for the next 12 months is expected to exceed the level of the previous 12 months.

Helsinki, 26 June 2017
Kesko Corporation
Board of Directors

The information in the half year financial report is unaudited.

Further information is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, telephone +358 105 322 113, Kia Aejmelaeus, Vice President, Investor Relations, telephone +358 53 22533, and Eva Kaukinen, Vice President, Group Controller, telephone +358 105 322 338. A Finnish-language webcast of the half year financial report briefing can be viewed at 11.00 at www.kesko.fi. An English-language audio conference on the half year financial report will be held today at 14.00 (Finnish time). The audio conference login is available on Kesko's website at www.kesko.fi.

Kesko Corporation's interim report for January-September 2017 will be published on 25 October 2017. In addition, Kesko Group's sales figures are published each month. News releases and other Company information are available on Kesko's website at www.kesko.fi.

KESKO CORPORATION

ATTACHMENTS: TABLES SECTION
Accounting policies
Consolidated statement of comprehensive income
Consolidated statement of financial position
Consolidated statement of changes in equity
Consolidated statement of cash flows
Group's performance indicators
Net sales by segment
Operating profit by segment
Operating profit by segment, comparable
Operating margin by segment, comparable
Capital employed by segment
Return on capital employed by segment, comparable
Items affecting comparability
Capital expenditure by segment
Segment information by quarter
Change in tangible and intangible assets
Related party transactions
Fair value hierarchy of financial assets and liabilities
Personnel average and at the end of the reporting period
Group's commitments
Calculation of performance indicators
K Group's retail and B2B sales

DISTRIBUTION
Nasdaq Helsinki Ltd
Main news media
www.kesko.fi

TABLES SECTION

Accounting policies

This half year financial report has been prepared in accordance with the IAS 34 standard. The half year financial report has been prepared in accordance with the same principles as the annual financial statements for 2016.

Consolidated income statement (€ million), condensed							
	1-6/2017	1-6/2016	Change, %	4-6/2017	4-6/2016	Change, %	1-12/2016
Net sales	5,411	4,624	17.0	2,814	2,610	7.8	10,180
Cost of goods sold	-4,644	-3,990	16.4	-2,415	-2,235	8.0	-8,719
Gross profit	**767**	**634**	**21.0**	**399**	**375**	**6.3**	**1,462**
Other operating income	420	348	20.7	260	183	41.8	699
Employee benefit expense	-400	-316	26.5	-200	-180	11.0	-723
Depreciation and impairment charges	-68	-66	3.1	-34	-38	-10.8	-162
Other operating expenses	-550	-498	10.4	-272	-272	0.0	-1,129
Operating profit	**169**	**102**	**66.5**	**152**	**68**	**(..)**	**147**
Interest income and other finance income	11	7	68.0	6	4	63.8	15
Interest expense and other finance costs	-7	-4	62.7	-4	-2	56.2	-12
Exchange differences	-1	2	(..)	-3	1	(..)	-4
Share of results of equity accounted investments	0	-2	(..)	-1	-2	-58.3	-1
Profit before tax	**172**	**104**	**65.7**	**151**	**68**	**(..)**	**145**
Income tax	-22	-21	3.2	-18	-14	23.8	-31
Net profit for the period	**150**	**82**	**81.9**	**133**	**54**	**(..)**	**114**
Attributable to							
Owners of the parent	147	76	93.9	129	48	(..)	99
Non-controlling interests	3	7	-52.1	4	5	-22.3	15
Earnings per share (€) for profit attributable to equity holders of the parent							
Basic and diluted	1.48	0.76	93.5	1.29	0.49	(..)	0.99
Consolidated statement of comprehensive income (€ million)							
	1-6/2017	1-6/2016	Change, %	4-6/2017	4-6/2016	Change, %	1-12/2016
Net profit for the period	150	82	81.9	133	54	(..)	114
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains/losses	12	9	40.4	5	4	15.9	-11
Items that may be reclassified subsequently to profit or loss							
Exchange differences on translation of foreign operations	-18	2	(..)	-29	4	(..)	10
Cash flow hedge revaluation	0	1	(..)	1	2	-60.5	2
Revaluation of available-for-sale financial assets	0	0	93.5	0	0	(..)	1
Other items	0	0	-4.9	0	0	-4.9	0
Total other comprehensive income for the period, net of tax	-6	11	(..)	-24	9	(..)	2
Total comprehensive income for the period	**144**	**93**	**54.1**	**109**	**63**	**72.5**	**116**
Attributable to							
Owners of the parent	143	88	63.0	107	55	95.0	101
Non-controlling interests	1	6	-84.3	1	8	-82.4	15

(..) Change over 100%

Consolidated statement of financial position (€ million), condensed				
	30.6.2017	**30.6.2016**	**Change, %**	**31.12.2016**
ASSETS				
Non-current assets				
Tangible assets	1,207	1,359	-11.2	1,150
Intangible assets	385	416	-7.6	431
Equity accounted investments and other financial assets	140	121	15.9	123
Loans and receivables	74	69	7.0	68
Pension assets	178	188	-5.4	165
Total	1,984	2,153	-7.9	1,937
Current assets				
Inventories	958	1,017	-5.8	979
Trade receivables	952	988	-3.7	831
Other receivables	230	199	15.5	223
Financial assets at fair value through profit or loss	105	97	8.3	93
Available-for-sale financial assets	96	84	15.2	157
Cash and cash equivalents	165	146	13.1	141
Total	2,507	2,531	-1.0	2,425
Non-current assets held for sale	5	28	-82.0	46
Total assets	**4,496**	**4,712**	**-4.6**	**4,408**

	30.6.2017	**30.6.2016**	**Change, %**	**31.12.2016**
EQUITY AND LIABILITIES				
Equity	2,007	2,016	-0.4	2,029
Non-controlling interests	93	86	8.2	97
Total equity	2,100	2,102	-0.1	2,126
Non-current liabilities				
Interest-bearing liabilities	360	360	-0.2	359
Non-interest-bearing liabilities	37	39	-3.9	40
Deferred tax liabilities	46	61	-24.4	48
Pension obligations	1	1	-34.9	1
Provisions	14	14	3.3	15
Total	458	475	-3.6	463
Current liabilities				
Interest-bearing liabilities	201	296	-32.2	156
Trade payables	1,150	1,257	-8.5	1,069
Other non-interest-bearing liabilities	545	538	1.2	552
Provisions	42	44	-6.5	41
Total	1,938	2,135	-9.3	1,818
Liabilities related to available-for-sale assets	-	-	-	1
Total equity and liabilities	**4,496**	**4,712**	**-4.6**	**4,408**

Consolidated statement of changes in equity (€ million)	Share capital	Reserves	Currency translation differences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2016	**197**	**463**	**-45**	**0**	**-27**	**1,575**	**79**	**2,242**
Share-based payments					4			4
Share capital increase							13	13
Acquisition of subsidiary and minority interest						0	-10	-9
Dividends						-248	-1	-250
Other changes						9		9
Transactions with owners, total					4	-239	2	-233
Comprehensive income								
Profit for the year						76	7	82
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						11		11
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	3				-1	2
Cash flow hedge revaluation				1				1
Revaluation of available-for-sale financial assets				0				0
Tax related to comprehensive income				0		-2		-2
Total comprehensive income for the period		0	3	1		84	6	93
Balance at 30.6.2016	**197**	**463**	**-42**	**1**	**-23**	**1,419**	**86**	**2,102**

Balance at 1.1.2017	**197**	**463**	**-24**	**3**	**-23**	**1,412**	**97**	**2,126**
Share-based payments					6			6
Disposal of subsidiary		0	-1		0	1		0
Acquisition of minority interest							-1	-1
Sale to non-controlling interest						21		21
Dividends						-199	-5	-204
Other changes						7	0	7
Transactions with owners, total		0	-1		6	-169	-5	-170
Comprehensive income								
Profit for the year						147	3	150
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						15		15
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	-16			0	-2	-18
Cash flow hedge revaluation				0				0
Revaluation of available-for-sale financial assets				1				1
Tax related to comprehensive income				0		-3		-3
Total comprehensive income for the period		0	-16	0		159	1	144
Balance at 30.6.2017	**197**	**463**	**-41**	**4**	**-17**	**1,402**	**93**	**2,100**

Consolidated statement of cash flows (€ million), condensed							
	1-6/2017	1-6/2016	Change, %	4-6/2017	4-6/2016	Change, %	1-12/2016
Cash flows from operating activities							
Profit before tax	172	104	65.7	151	68	(..)	145
Depreciation according to plan	68	60	13.4	34	32	5.7	138
Finance income and costs	-3	-4	-32.5	1	-2	(..)	1
Other adjustments	-84	4	(..)	-79	5	(..)	91
Change in working capital							
Current non-interest-bearing receivables, increase (-)/decrease (+)	-200	-198	0.6	-37	-59	-37.2	-44
Inventories, increase (-)/decrease (+)	-16	-19	-16.8	37	16	(..)	5
Current non-interest-bearing liabilities, increase (+)/decrease(-)	157	81	93.3	51	55	-5.9	-79
Financial items and tax	-11	-45	-75.4	-17	-37	-54.5	-87
Net cash from operating activities	**84**	**-18**	**(..)**	**141**	**79**	**79.7**	**170**
Cash flows from investing activities							
Investing activities	-148	-530	-72.0	-80	-481	-83.4	-705
Sales of fixed assets	219	4	(..)	186	7	(..)	205
Increase in non-current receivables	-8	-3	(..)	-8	-2	(..)	-1
Net cash used in investing activities	**63**	**-529**	**(..)**	**98**	**-476**	**(..)**	**-501**
Cash flows from financing activities							
Interest-bearing liabilities, increase (+)/decrease (-)	38	213	-82.1	-30	222	(..)	59
Current interest-bearing receivables, increase (-)/decrease (+)	-1	2	(..)	-1	3	(..)	2
Dividends paid	-204	-250	-18.3	-204	-250	-18.3	-250
Equity increase	-	13	-	-	-	-	13
Short-term money market investments, increase (-)/ decrease (+)	29	406	-92.8	32	237	-86.4	365
Other items	-6	6	(..)	-2	1	(..)	7
Net cash used in financing activities	**-143**	**390**	**(..)**	**-204**	**213**	**(..)**	**196**
Change in cash and cash equivalents	**4**	**-156**	**(..)**	**35**	**-185**	**(..)**	**-135**
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	201	334	-39.9	171	361	-52.7	334
Currency translation difference adjustment and revaluation	0	1	(..)	-1	2	(..)	2
Cash and cash equivalents and current portion of available-for-sale financial assets at 30 Jun.	205	178	14.7	205	178	14.7	201

(..) Change over 100%

Group's performance indicators				
	1-6/2017	1-6/2016	Change, pp	1-12/2016
Return on capital employed, %	13.9	9.7	4.2	6.4
Return on capital employed, %, rolling 12 mo	8.6	11.1	-2.5	6.4
Return on capital employed, comparable, %	9.3	10.6	-1.3	11.9
Return on capital employed, comparable, %, rolling 12 mo	11.1	12.6	-1.5	11.9
Return on equity, %	14.2	7.6	6.6	5.2
Return on equity, %, rolling 12 mo	8.6	7.4	1.3	5.2
Return on equity, comparable, %	8.8	8.4	0.3	9.8
Return on equity, comparable, %, rolling 12 mo	10.3	9.4	0.9	9.8
Equity ratio, %	47.0	44.8	2.2	48.6
Gearing, %	9.2	15.7	-6.5	5.8
Interest-bearing net debt/EBITDA, rolling 12 mo	0.5	0.9	-0.4	0.4
			Change, %	
Capital expenditure, € million	170.0	564.1	-69.9	743.1
Capital expenditure, % of net sales	3.1	12.2	-74.2	7.3
Earnings per share, basic, €	1.48	0.76	93.5	0.99
Earnings per share, diluted, €	1.48	0.76	93.5	0.99
Earnings per share, comparable, basic, €	0.90	0.85	5.4	2.01
Cash flows from operating activities, € million	84	-18	(..)	170
Cash flows from investing activities, € million	63	-529	(..)	-501
Cash flow from operating activities/share, €	0.84	-0.18	(..)	1.71
Equity per share, €	20.18	20.31	-0.6	20.44
Interest-bearing net debt, € million	194	330	-41.2	123
Diluted number of shares, average for the reporting period, 1,000 pcs	99,387	99,221	0.2	99,249
Personnel, average	21,927	20,595	6.1	22,476

(..) Change over 100%

Group's performance indicators by quarter	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017	4-6/2017
Net sales, € million	2,013	2,610	2,792	2,765	2,597	2,814
Change in net sales, %	-3.3	17.2	26.7	27.6	29.0	7.8
Operating profit, € million	33.5	68.0	85.5	-40.3	16.6	152.5
Operating margin, %	1.7	2.6	3.1	-1.5	0.6	5.4
Operating profit, comparable, € million	32.3	79.1	98.2	63.3	28.7	84.6
Operating margin, comparable, %	1.6	3.0	3.5	2.3	1.1	3.0
Finance income/costs, € million	2.7	1.7	-1.1	-4.3	4.2	-1.3
Profit before tax, € million	35.7	68.1	84.8	-43.5	21.5	150.5
Profit before tax, %	1.8	2.6	3.0	-1.6	0.8	5.4
Return on capital employed, %	6.7	12.3	13.6	-6.4	2.7	24.8
Return on capital employed, comparable, %	6.5	14.3	15.6	10.1	4.7	13.8
Return on equity, %	5.1	9.8	12.8	-6.9	3.2	24.8
Return on equity, comparable, %	4.8	11.7	14.7	8.4	5.1	12.0
Cash flow from operating activities/share, €	-0.97	0.79	0.81	1.09	-0.58	1.42
Equity ratio, %	54.8	44.8	47.9	48.6	47.4	47.0
Capital expenditure, € million	51.4	512.7	73.6	105.4	78.3	91.7
Earnings per share, diluted, €	0.28	0.49	0.63	-0.40	0.18	1.29
Equity per share, €	22.13	20.31	20.84	20.44	20.98	20.18

Segment information

Net sales by segment (€ million)	1-6/2017	1-6/2016	Change, %	4-6/2017	4-6/2016	Change, %	1-12/2016
Grocery trade, Finland	2,570	2,393	7.4	1,327	1,324	0.2	5,131
Grocery trade, other countries*	-	54	-	-	29	-	105
Grocery trade, total	**2,570**	**2,447**	**5.0**	**1,327**	**1,353**	**-1.9**	**5,236**
- of which intersegment trade	4	6	-30.2	2	2	-32.0	10
Building and technical trade, Finland	1,235	941	31.3	629	541	16.3	2,142
Building and technical trade, other countries*	1,129	800	41.0	623	505	23.5	1,959
Building and technical trade total	**2,364**	**1,741**	**35.8**	**1,253**	**1,046**	**19.8**	**4,100**
- of which intersegment trade	2	6	-70.8	0	3	-90.9	11
Car trade, Finland	479	438	9.3	234	214	9.7	849
Car trade total	**479**	**438**	**9.3**	**234**	**214**	**9.7**	**849**
- of which intersegment trade	0	0	(..)	0	0	(..)	0
Common functions and eliminations	-2	-3	-3.7	0	-2	-86.5	-5
Finland total	**4,282**	**3,769**	**13.6**	**2,190**	**2,077**	**5.5**	**8,117**
Other countries total*	**1,129**	**854**	**32.1**	**623**	**534**	**16.8**	**2,063**
Group total	**5,411**	**4,624**	**17.0**	**2,814**	**2,610**	**7.8**	**10,180**

(..) Change over 100%
* Net sales in countries other than Finland

Operating profit by segment (€ million)	1-6/2017	1-6/2016	Change	4-6/2017	4-6/2016	Change	1-12/2016
Grocery trade	56.6	74.3	-17.6	39.9	44.1	-4.1	93.0
Building and technical trade	116.5	34.6	81.9	115.3	32.8	82.5	60.8
Car trade	17.6	15.2	2.4	7.6	5.8	1.8	28.9
Common functions and eliminations	-21.7	-22.5	0.8	-10.3	-14.7	4.4	-36.0
Group total	**169.1**	**101.6**	**67.5**	**152.5**	**68.0**	**84.5**	**146.8**

Operating profit by segment, comparable (€ million)	1-6/2017	1-6/2016	Change	4-6/2017	4-6/2016	Change	1-12/2016
Grocery trade	76.9	74.8	2.1	50.5	43.6	6.9	175.9
Building and technical trade	38.5	38.2	0.3	35.5	37.9	-2.4	97.9
Car trade	17.6	15.2	2.4	7.6	5.8	1.8	29.5
Common functions and eliminations	-19.8	-16.9	-2.9	-9.0	-8.2	-0.8	-30.5
Group total	**113.2**	**111.4**	**1.8**	**84.6**	**79.1**	**5.4**	**272.9**

Operating margin by segment, comparable (%)	1-6/2017	1-6/2016	Change, pp	4-6/2017	4-6/2016	Change, pp	1-12/2016	Rolling 12 mo 6/2017
Grocery trade	3.0	3.1	-0.1	3.8	3.2	0.6	3.4	3.3
Building and technical trade	1.6	2.2	-0.6	2.8	3.6	-0.8	2.4	2.1
Car trade	3.7	3.5	0.2	3.2	2.7	0.5	3.5	3.6
Group total	**2.1**	**2.4**	**-0.3**	**3.0**	**3.0**	**0.0**	**2.7**	**2.5**

Capital employed by segment, cumulative average (€ million)	1-6/2017	1-6/2016	Change	4-6/2017	4-6/2016	Change	1-12/2016	Rolling 12 mo 6/2017
Grocery trade	760	823	-63	771	853	-81	828	807
Building and technical trade	1,179	849	330	1,186	914	272	1,000	1,181
Car trade	153	118	34	159	120	39	124	139
Common functions and eliminations	345	312	33	339	321	18	336	355
Group total	**2,437**	**2,103**	**334**	**2,455**	**2,207**	**248**	**2,288**	**2,482**

Return on capital employed by segment, comparable (%)	1-6/2017	1-6/2016	Change, pp	4-6/2017	4-6/2016	Change, pp	1-12/2016	Rolling 12 mo 6/2017
Grocery trade	20.2	18.2	2.1	26.2	20.4	5.7	21.3	22.0
Building and technical trade	6.5	9.0	-2.5	12.0	16.6	-4.6	9.8	8.3
Car trade	23.1	25.7	-2.6	19.0	19.4	-0.4	23.8	23.0
Group total	**9.3**	**10.6**	**-1.3**	**13.8**	**14.3**	**-0.6**	**11.9**	**11.1**

Items affecting comparability

€ million	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017	4-6/2017
Items affecting comparability						
Gains on disposal	1.3	2.9	0.8	-0.8	0.3	81.8
Losses on disposal	-	-0.3	-0.1	-70.6	-0.4	-1.2
Impairment charges	-	-7.9	-3.1	-18.9	-	-
Structural arrangements	0.0	-9.1	-4.6	-9.4	-11.3	-11.2
Others	-	3.3	-5.7	-3.9	-0.8	-1.4
Items in operating profit affecting comparability	1.3	-11.1	-12.7	-103.6	-12.1	67.9
Items in income taxes affecting comparability	0.1	0.8	2.7	21.6	2.0	-0.4
Total items affecting comparability	**1.4**	**-10.3**	**-10.0**	**-82.0**	**-10.1**	**67.5**
Operating profit, comparable						
Operating profit	33.5	68.0	85.5	-40.3	16.6	152.5
Net of						
Items in operating profit affecting comparability	1.3	-11.1	-12.7	-103.6	-12.1	67.9
Operating profit, comparable	**32.3**	**79.1**	**98.2**	**63.3**	**28.7**	**84.6**
Operating margin, %, comparable	**1.6**	**3.0**	**3.5**	**2.3**	**1.1**	**3.0**
Capital employed, average	1,990	2,207	2,523	2,497	2,430	2,455
Return on capital employed, comparable, %	**6.5**	**14.3**	**15.6**	**10.1**	**4.7**	**13.8**

Profit before tax, comparable						
Profit before tax	35.7	68.1	84.8	-43.5	21.5	150.5
Net of						
Items in operating profit affecting comparability	1.3	-11.1	-12.7	-103.6	-12.1	67.9
Profit before tax, comparable	**34.5**	**79.2**	**97.5**	**60.2**	**33.6**	**82.6**
Profit, comparable						
Profit before tax, comparable	34.5	79.2	97.5	60.2	33.6	82.6
Net of						
Income tax	-7.0	-14.3	-16.4	6.4	-4.3	-17.8
Items in income tax affecting comparability	-0.1	-0.8	-2.7	-21.6	-2.0	0.4
Profit, comparable	**27.3**	**64.0**	**78.4**	**44.9**	**27.4**	**65.2**
Equity, average	2,265	2,195	2,131	2,143	2,155	2,142
Return on equity, comparable, %	**4.8**	**11.7**	**14.7**	**8.4**	**5.1**	**12.0**
Profit attributable to owners of the parent, comparable						
Profit, comparable	27.3	64.0	78.4	44.9	27.4	65.2
Profit attributable to non-controlling interests	1.3	5.5	5.7	2.8	-1.0	4.2
Profit attributable to owners of the parent, comparable	**26.0**	**58.6**	**72.7**	**42.1**	**28.4**	**61.0**
Average number of shares, basic, 1,000 pcs	99,163	99,221	99,240	99,249	99,308	99,387
Earnings per share, comparable, €	**0.26**	**0.59**	**0.73**	**0.42**	**0.29**	**0.61**

Capital expenditure by segment, € million	1-6/2017	1-6/2016	Change	4-6/2017	4-6/2016	Change	1-12/2016
Grocery trade	98	139	-42	44	105	-60	238
Building and technical trade	49	413	-364	35	405	-369	452
Car trade	9	8	1	5	4	2	41
Common functions and eliminations	15	4	11	7	0	7	12
Group total	**170**	**564**	**-394**	**92**	**513**	**-421**	**743**

Segment information by quarter

Net sales by segment, € million	1-3/2016	4-6/2016	7-9/2016	10-12/2016	1-3/2017	4-6/2017
Grocery trade	1,094	1,353	1,367	1,422	1,243	1,327
Building and technical trade	695	1,046	1,238	1,121	1,112	1,253
Car trade	225	214	190	221	245	234
Common functions and eliminations	-1	-2	-3	1	-2	0
Group total	**2,013**	**2,610**	**2,792**	**2,765**	**2,597**	**2,814**

Operating profit by segment, € million	**1-3/2016**	**4-6/2016**	**7-9/2016**	**10-12/2016**	**1-3/2017**	**4-6/2017**
Grocery trade	30.2	44.1	44.8	-26.1	16.7	39.9
Building and technical trade	1.8	32.8	37.9	-11.7	1.2	115.3
Car trade	9.4	5.8	6.8	7.0	10.0	7.6
Common functions and eliminations	-7.8	-14.7	-4.0	-9.5	-11.4	-10.3
Group total	**33.5**	**68.0**	**85.5**	**-40.3**	**16.6**	**152.5**

Items affecting comparability, € million	**1-3/2016**	**4-6/2016**	**7-9/2016**	**10-12/2016**	**1-3/2017**	**4-6/2017**
Grocery trade	-1.1	0.5	-4.4	-78.0	-9.7	-10.6
Building and technical trade	1.5	-5.1	-7.4	-26.1	-1.8	79.8
Car trade	-	-	-	-0.6	-	-
Common functions and eliminations	0.9	-6.5	-0.9	1.1	-0.6	-1.3
Group total	**1.3**	**-11.1**	**-12.7**	**-103.6**	**-12.1**	**67.9**

Operating profit by segment, comparable, € million	**1-3/2016**	**4-6/2016**	**7-9/2016**	**10-12/2016**	**1-3/2017**	**4-6/2017**
Grocery trade	31.3	43.6	49.2	51.9	26.4	50.5
Building and technical trade	0.3	37.9	45.3	14.4	3.0	35.5
Car trade	9.4	5.8	6.8	7.5	10.0	7.6
Common functions and eliminations	-8.7	-8.2	-3.1	-10.5	-10.8	-9.0
Group total	**32.3**	**79.1**	**98.2**	**63.3**	**28.7**	**84.6**

Operating margin by segment, %, comparable	**1-3/2016**	**4-6/2016**	**7-9/2016**	**10-12/2016**	**1-3/2017**	**4-6/2017**
Grocery trade	2.9	3.2	3.6	3.7	2.1	3.8
Building and technical trade	0.0	3.6	3.7	1.3	0.3	2.8
Car trade	4.2	2.7	3.6	3.4	4.1	3.2
Group total	**1.6**	**3.0**	**3.5**	**2.3**	**1.1**	**3.0**

Change in tangible and intangible assets (€ million)		
	30.6.2017	**30.6.2016**
Opening net carrying amount	**1,581**	**1,451**
Acquisitions	-	289
Depreciation, amortisation and impairment charges	-68	-66
Investments in tangible and intangible assets	172	136
Deductions	-26	-38
Disposals	-55	-
Currency translation differences	-14	3
Closing net carrying amount	**1,591**	**1,775**

Related party transactions (€ million)

The Group's related parties include its management (the Board of Directors, the Managing Director and the Group Management Board) and the companies controlled by them, the Group's subsidiaries, associates and joint ventures as well as Kesko Pension Fund.

The following transactions were carried out with related parties:		
	1-6/2017	1-6/2016
Sales of goods and services	42	37
Purchases of goods and services	4	69
Other operating income	7	5
Other operating expenses	33	31
Finance income and costs	0	0
	30.6.2017	30.6.2016
Receivables	71	72
Liabilities	38	59

Fair value hierarchy of financial assets and liabilities (€ million)				
	Level 1	Level 2	Level 3	30.6.2017
Financial assets at fair value through profit or loss	79.9	25.5		105.3
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		2.7		2.7
Derivative financial liabilities		3.6		3.6
Available-for-sale financial assets	56.5	39.8	11.8	108.2

Fair value hierarchy of financial assets and liabilities (€ million)				
	Level 1	Level 2	Level 3	30.6.2016
Financial assets at fair value through profit or loss	17.2	80.0		97.2
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		2.6		2.6
Derivative financial liabilities		8.2		8.2
Available-for-sale financial assets	50.9	32.8	15.2	98.9

Level 1 instruments are traded in active markets and their fair values are directly based on quoted market prices. The fair values of level 2 instruments are derived from market data. The fair values of level 3 instruments are not based on observable market data.

Personnel, average and at 30.6.			
Personnel average by segment	1-6/2017	1-6/2016	Change
Grocery trade	7,137	7,660	-523
Building and technical trade	13,150	11,432	1,718
Car trade	803	777	25
Common functions	838	726	112
Group total	**21,927**	**20,595**	**1,332**

Personnel at 30.6.* by segment	**2017**	**2016**	**Change**
Grocery trade	10,147	12,952	-2,805
Building and technical trade	15,853	15,645	208
Car trade	838	819	19
Common functions	988	848	140
Group total	**27,826**	**30,264**	**-2,438**

* Total number including part-time employees

Group's commitments (€ million)			
	30.6.2017	**30.6.2016**	**Change, pp**
Own commitments	197	193	+2.1
For others	14	15	-9.9
Lease liabilities for machinery and equipment	22	36	-37.3
Lease liabilities for real estate	3,032	2,825	+7.3
Liabilities arising from derivative instruments (€ million)			
			Fair value
Values of underlying instruments at 30.6.	**30.6.2017**	**30.6.2016**	**30.6.2017**
Interest rate derivatives			
Interest rate swaps	180	40	-0.34
Currency derivatives			
Forward and future contracts	106	208	-0.18
Currency swaps	20	20	0.95
Commodity derivatives			
Electricity derivatives	8	8	-1.34

Calculation of performance indicators

Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, rolling 12 months	Operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on capital employed*, %, comparable	Comparable operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, comparable, %, rolling 12 months	Comparable operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on equity*, %	(Profit/loss before tax - Income tax) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, rolling 12 months	(Profit/loss for the preceding 12 months before tax - Income tax for the preceding 12 months) x 100 / Shareholders' equity, average of the beginning and end of the reporting period

Return on equity*, %, comparable	(Profit/loss adjusted for items affecting comparability before tax - Income tax adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, comparable, rolling 12 months	(Profit/loss for the preceding 12 months adjusted for items affecting comparability before tax - Income tax for the preceding 12 months adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Equity ratio, %	Shareholders' equity x 100 / (Total assets - Prepayments received)
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity
Interest-bearing net debt	Interest-bearing liabilities – Financial assets at fair value through profit or loss – Available-for-sale financial assets - Cash and cash equivalents
EBITDA, rolling 12 mo	Operating profit + Depreciation, amortisation and impairment + Depreciation and impairment charges for the preceding 12 months
Interest-bearing net debt/EBITDA	Interest-bearing net debt/EBITDA
Earnings/share, basic	(Profit/loss - Non-controlling interests) / Average number of shares
Earnings/share, diluted	(Profit – Non-controlling interest)/Average diluted number of shares
Earnings/share, basic, comparable	(Profit/loss adjusted for items affecting comparability - Non-controlling interests) / Average number of shares
Equity/share	Equity attributable to equity holders of the parent / Basic number of shares at the balance sheet date
Cash flow from operating activities/share	Cash flow from operating activities / Average number of shares

* Indicators for return on capital have been annualised.

K Group's retail and B2B sales*, VAT 0% (preliminary data, pro forma):				
	1.1.-30.6.2017		1.4.-30.6.2017	
K Group's retail and B2B sales	€ million	Change, %	€ million	Change, %
K Group's grocery trade				
K-food stores, Finland	2,317	4.8	1,220	7.1
K-Citymarket, non-food	259	0.8	132	1.9
K-Market, own retail trade	288	-26.2	134	-34.3
Kespro	400	3.4	206	1.7
Grocery trade, total	**3,263**	**0.6**	**1,692**	**1.0**
K Group's building and technical trade				
K-Rauta and Rautia	492	1.8	309	-1.5
Rautakesko B2B Service	119	9.5	63	3.1
Onninen	400	7.1	216	2.1
Machinery trade, Finland	74	-15.1	40	-24.1
Speciality goods trade, Finland	225	-3.1	110	-4.0
Finland, total	**1,311**	**2.0**	**738**	**-2.0**
Building and technical trade, other Nordic countries	671	-2.0	358	-10.7
Building and technical trade, the Baltic countries	338	6.7	202	4.6
Building and technical trade, other countries	253	15.0	142	13.7
Building and technical trade, total	**2,566**	**2.5**	**1,436**	**-2.4**
K Group's car trade				
VV-Autotalot	229	4.8	114	2.0
VV-Auto, import	239	2.1	115	5.3
AutoCarrera	26	1.4	14	-1.4
Car trade, total	**493**	**3.3**	**243**	**3.3**
Finland, total	**5,068**	**1.2**	**2,673**	**0.4**
Other countries, total	**1,258**	**3.0**	**699**	**-2.8**
Retail and B2B sales, total	**6,325**	**1.5**	**3,373**	**-0.3**

* The pro forma comparatives have been calculated to illustrate a situation in which the acquisitions of Suomen Lähikauppa, Onninen and AutoCarrera, the divestments of Intersport's Russian business and the Russian grocery trade business completed in 2016 as well as the divestment of the K-maatalous business completed in 2017 had been completed on 1 January 2016.