



KESKO

GROWTH STRATEGY EXECUTION DRIVING GROWTH

August 2024

KESKO TODAY

KEY FINANCIALS

	Q2/2024	2023
Net sales, € million	11,704.0	11,783.8
Operating profit, € million*	656.3	712.0
Operating margin, %*	5.6	6.0
Profit before tax, € million*	527.1	630.4
Cash flow from operating activities, € million	1,158.9	1,049.5
Return on capital employed, %*	11.8	13.4
Capital expenditure, € million	743.4	678.9

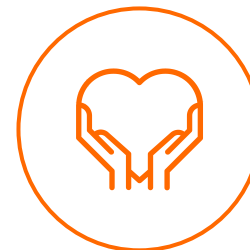
*comparable rolling 12 months



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**



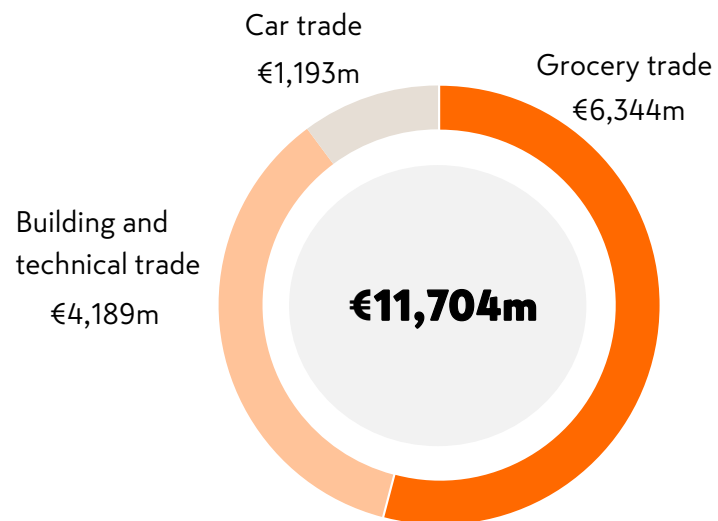
Sustainability at the core of the strategy



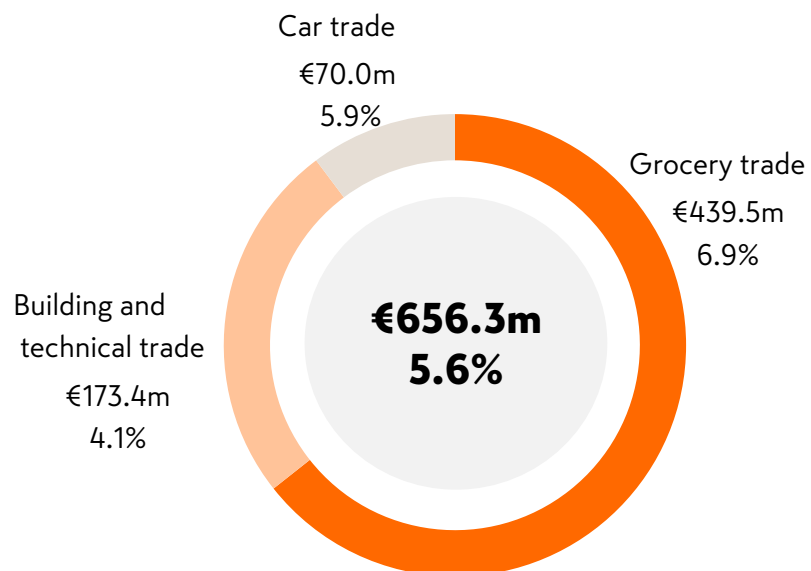
Market cap ~**€7bn** with ~**115,000** shareholders

KESKO SEGMENT KEY FIGURES

NET SALES



OPERATING PROFIT



GROCERY TRADE

STRONG POSITION IN FINNISH FOOD TRADE YIELDING GOOD RESULTS

STRONG POSITION IN ALL AREAS OF FINNISH FOOD TRADE

 CITYMARKET

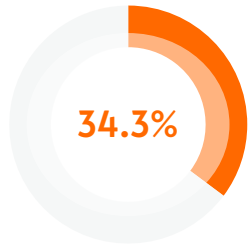
 Supermarket

 Market

 KESPRO

-
- Strong No. 2 in Finnish grocery trade, with a market share of over 34%
 - Finland's most extensive network of grocery stores, some 1,200 stores run by K-retailers
 - Leading online grocery operator
 - Some 1.6 daily store visits by customers
- No. 1 in Finnish foodservice trade, with a market share of approx. 48%
 - Finland's biggest online store for food, some 70% sales via digital channels
 - Strong private labels, which account for over 50% of sales
- Advanced common operations: sourcing, logistics and IT

GROCERY TRADE DIVISION IN BRIEF



**MARKET
SHARE IN
2023**
(NIELSEN)



1,200 stores
More than 700 K Group
grocery stores offer online
grocery services



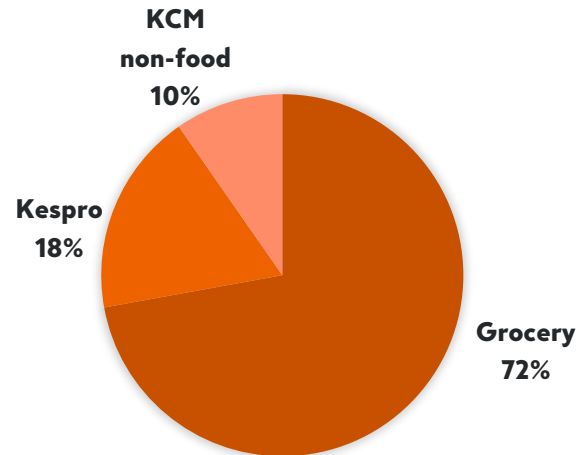
6,300
employees
900
K-retailers

KESPRO

The leading foodservice
provider in Finland

47.9% market share

NET SALES



	2023	2022	2021
Net sales, € million	6,351.6	6,124.7	5,909.0
Operating profit*, € million	444.8	460.4	442.9
Operating margin*	7.0%	7.5%	7.5%
Capital expenditure, € million	304	258	123
Cash flow from operating activities, € million	494.2	436.8	493.4

GROCERY TRADE DIVISION

GROCERY STORE BUSINESS



In brief:

Operates in Finland, business comprises three grocery store chains with some 1,200 stores across the country operated by some 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 1.8 million daily customer encounters and 4.5 million weekly visits to digital channels. Over 3.3 million members of the K-Plussa customer loyalty programme.

Key figures:

Net sales €5,196.7 million; operating profit €369.8 million; operating margin 7.1%



Market and market shares:

Total Finnish grocery trade market €21–22 billion; Kesko the **second biggest operator** with a market share 34.3% (Nielsen). Market leader in Finnish online grocery.



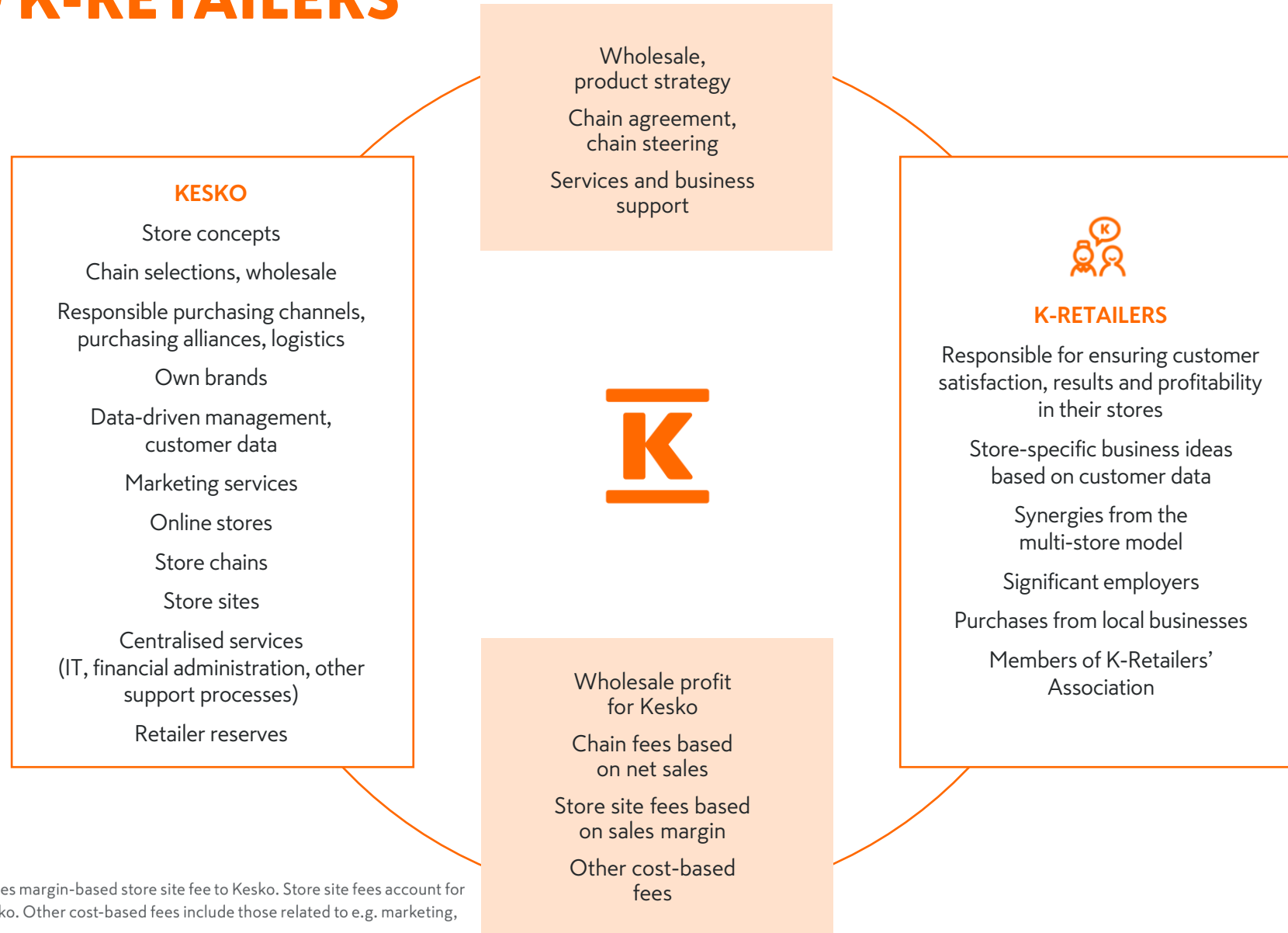
Growth drivers:

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



The retailers pay a net sales-based chain fee and a sales margin-based store site fee to Kesko. Store site fees account for approximately half of the fees paid by retailers to Kesko. Other cost-based fees include those related to e.g. marketing, logistics and IT.

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 (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 €1,154.9 million; operating profit €75.0 million; operating margin 6.5%



Market and market share:

Total Finnish foodservice market €2.5 billion; Kespro **the market leader** with a market share of ~ 48%.



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

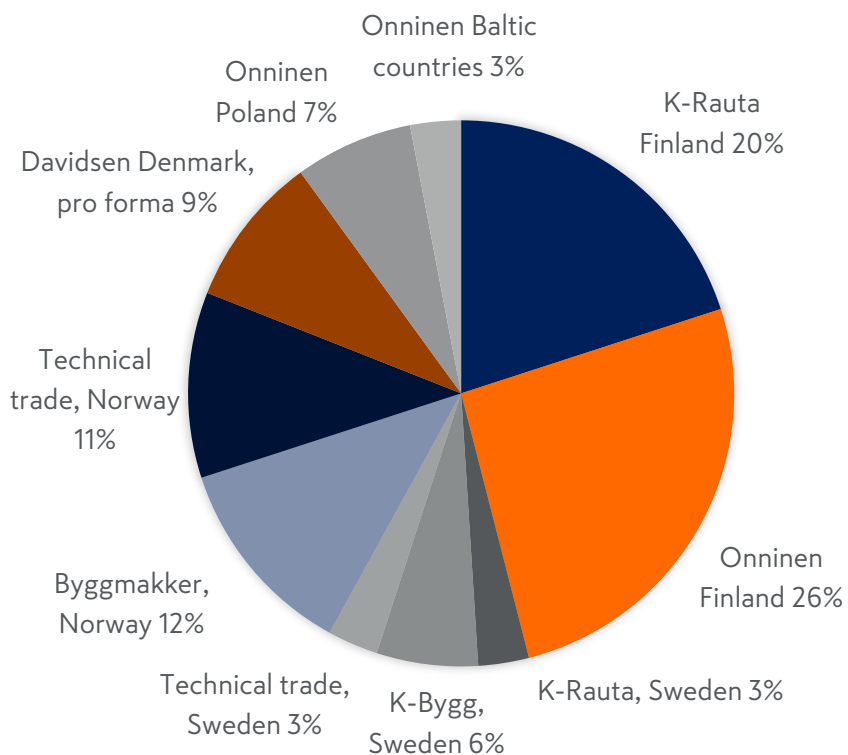
A man with curly hair, wearing a light-colored shirt and a dark vest, is smiling and holding a large sheet of material. He is in a workshop or factory setting with shelves of materials in the background. Another man with a beard and a plaid shirt is visible on the right side of the frame, looking towards the first man. The entire image has a warm, orange-toned filter.

BUILDING AND TECHNICAL TRADE

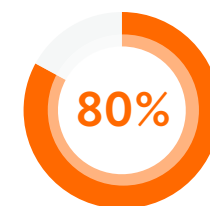
A GOOD RESULT IN A CHALLENGING ECONOMIC CYCLE

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 retail sales

Customer segments: Technical professionals, professional builders and consumers
Number of employees: some 6,100

	2023	2022	2021
Net sales, € million	4,193	4,591	4,172
Operating profit*, € million	212.5	323.8	296.1
Operating margin*	5.1%	7.1%	7.1%
Capital expenditure, € million	273.0	108.2	42.8
Cash flow from operating activities, € million	176.6	215.6	260.4

* comparable

LEADING PLAYER IN BUILDING AND TECHNICAL TRADE IN NORTHERN EUROPE

Total retail sales of €6.0 billion*, B2B accounts for over 80% of sales**

TECHNICAL TRADE

onninen

- Net sales €2,344.7 million
- Operating profit €128.5 million
- Operating margin 5.5%
- 100% B2B

BUILDING AND HOME IMPROVEMENT TRADE

Rauta

- Net sales € 1,912.1 million
- Operating profit €65 million
- Operating margin 3.4%
- Builders merchant for professional builders 67%
- DIY for consumers 33% of sales

BYGG

BYGGMAKKER

CSSEN
SENUKAI

- Kesko Senukai joint venture
- Leading DIY operator in the Baltics, 70% DIY ***
- Kesko's share 50%
- Retail sales €1,177 million*

BUILDING AND TECHNICAL TRADE

TECHNICAL WHOLESALE



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 53% of net sales

Customers:

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

Key figures:

Net sales €2,344.7 million; operating profit €128.5 million; operating margin 5.5%



Market and market shares:

Total market (est.) for 8 countries (incl. Denmark) €23 bn; Kesko's market shares Finland 45% (**market leader**), Sweden 10% (infra-structure), Norway 41% (electricals)*, Poland 5% , Estonia 11%, 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

TECHNICAL TRADE

STILL FURTHER POTENTIAL FOR GROWTH

Market size €23 billion



Technical trade

Retail market (€bn)	3.3
Market share	20 %
Market share of current operating market	41%*



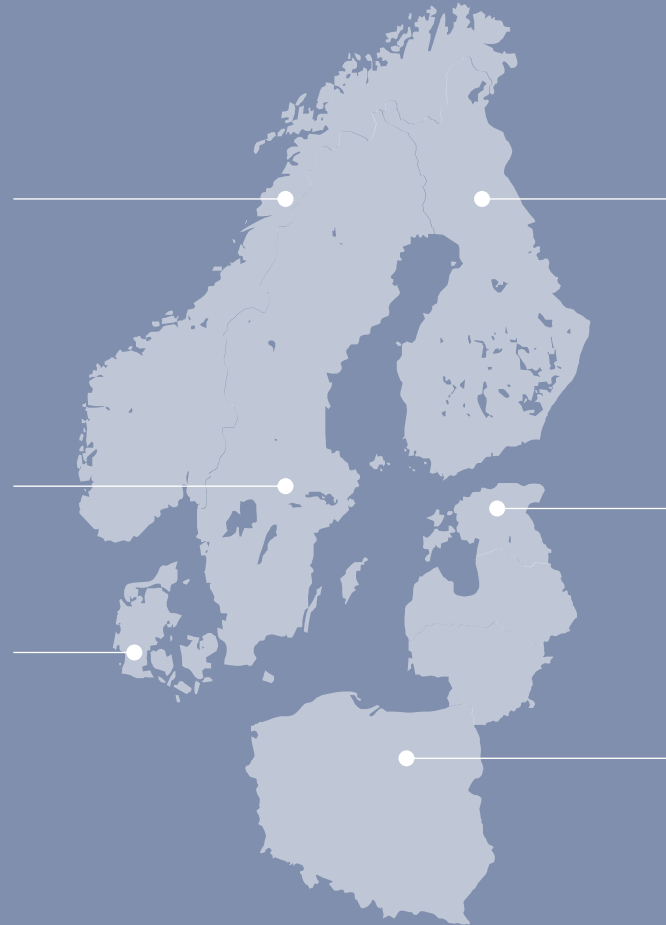
Technical trade

Retail market (€bn)	7.8
Market share	2%
Market share of current operating market	10%**



Technical trade

Retail market (€bn)	3.5
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Technical trade

Retail market (€bn)	2.6
Market share	45%



Technical trade

Retail market (€bn)	2.1
Market share	11%, 5%, 3%



Technical trade

Retail market (€bn)	6.0
Market share	5%

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), Byggnakker (NO), Kesko Senukai (Baltics), Davidsen (DK) as of 1 Feb. 2024; Finland 49% of net sales

Customers:

68% building professionals, 32% consumers (DIY)

Key figures:

Net sales €1,912.1 million; operating profit €65 million; operating margin 3.4%



Market and market shares:

Total market (est.) for 8 countries (incl. Denmark) €25 bn; Kesko's market shares Finland 49% (**market leader**), Sweden 7%, Norway 13%, Baltic Countries 33%, entry to Denmark in 2024, market share 10%



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:


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

BUILDING AND HOME IMPROVEMENT

SUCCESSFUL M&A CARRIED OUT - STILL FURTHER POSSIBILITIES

Market size €21 billion


	Professional Consumers builders
Retail market (€bn)	3.7 1.9
Market share 2023	13%

	Professional Consumers builders
Retail market (€bn)	3.6 2.4
Market share	7%

	Professional Consumers builders
Retail market (€bn)	3.2 0.8
Market share	10%



	Professional Consumers builders
Retail market (€bn)	1.8 1.0
Market share	49%

	Professional Consumers builders
Retail market (€bn)	2.8
Market share	33%

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.

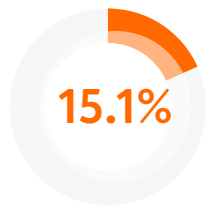


Comprehensive offering of car maintenance and repair services including nationwide K-Lataus EV charging network.

Number of employees: Approx. 1,500

	2023	2022	2021
Net sales, € million	1,079	911	1,028
Operating profit*, € million	73	48	52
Operating margin*	6.8%	5.3%	5.1%
Capital expenditure**, € million	80	45	71
Cash flow from operating activities, € million	65	18	117

*) Comparable **) Gross capex i.e. increases



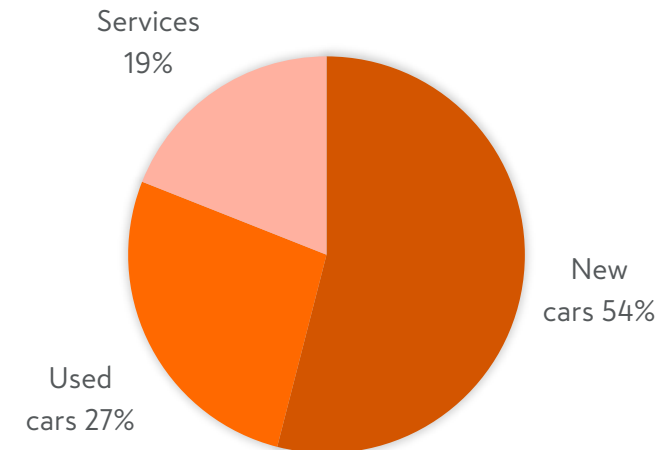
Market share in new cars in 2023 (incl. passenger cars and vans)



One unified brand for over million customers



CAR TRADE NET SALES €1,079M



Excluding sports trade



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 €1,262.3 million; operating profit €82.6 million; operating margin 6.5%
- Of which sports trade net sales €183.9m, operating profit €9.5m, operating margin 5.1%



Market and market shares:

- Total first registrations of new cars in Finland approx. 90,000 in 2023, of which Kesko's K-Auto accounted for some 15.1 %

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



HIGHLIGHTS OF THE STRATEGY

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 STRATEGY

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

VISION

STRATEGIC TARGETS

DELIVERING
PROFITABLE GROWTH

STRENGTHENING
MARKET POSITION

BUILDING 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



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 : TARGET TO GAIN MARKET SHARE IN GROCERY TRADE

ACTIONS:

- Strengthening store-specific business ideas
- Targeted investments in the store site network focusing on growth centres
- Targeted investments in price towards competitive price levels and targeted offers, and improving price image

**INVESTMENTS WILL HAVE A SLIGHT IMPACT
ON GROCERY TRADE PROFITABILITY**

**HOWEVER, EBIT DEVELOPMENT WILL BE
STABLE AND PROFITABILITY CLEARLY ABOVE
6% DESPITE INVESTMENTS DURING THE
STRATEGY PERIOD**

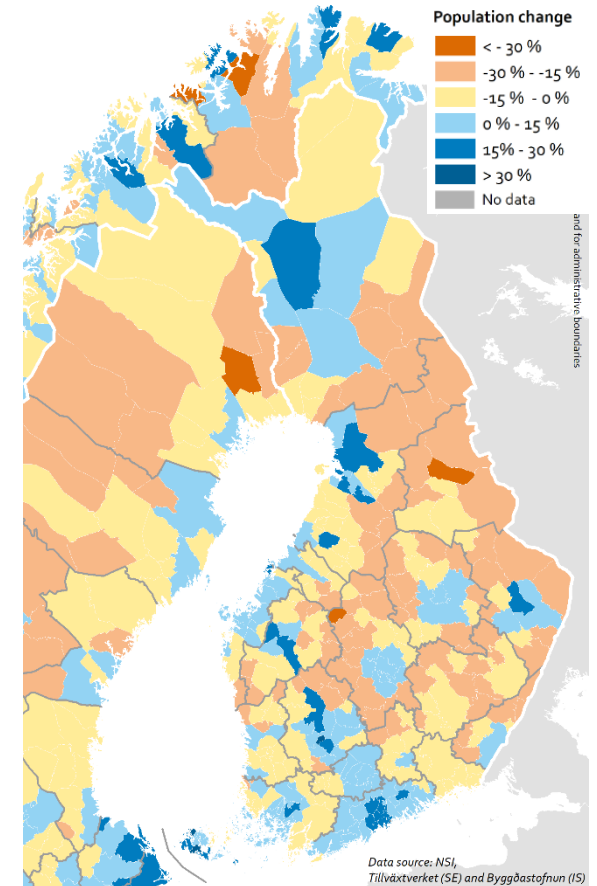


GROCERY TRADE STORE SITE INVESTMENT FOCUS ON GROWTH CENTRES

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

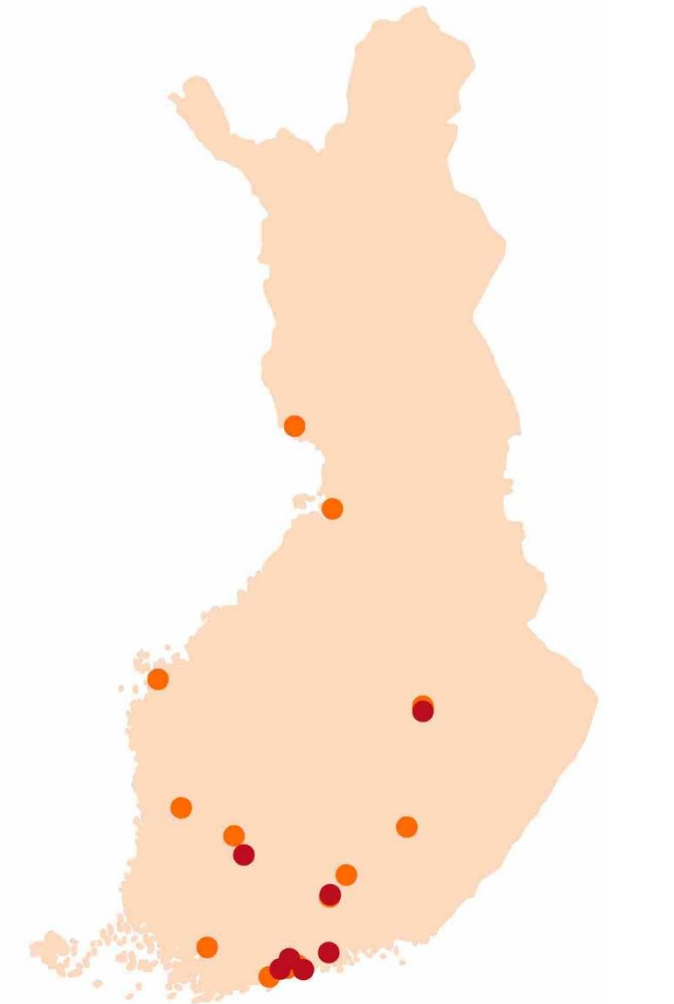
Population projection 2017-2040* Nordregio



NEW HYPERMARKETS TO BE OPENED IN FINNISH GROWTH CENTRES

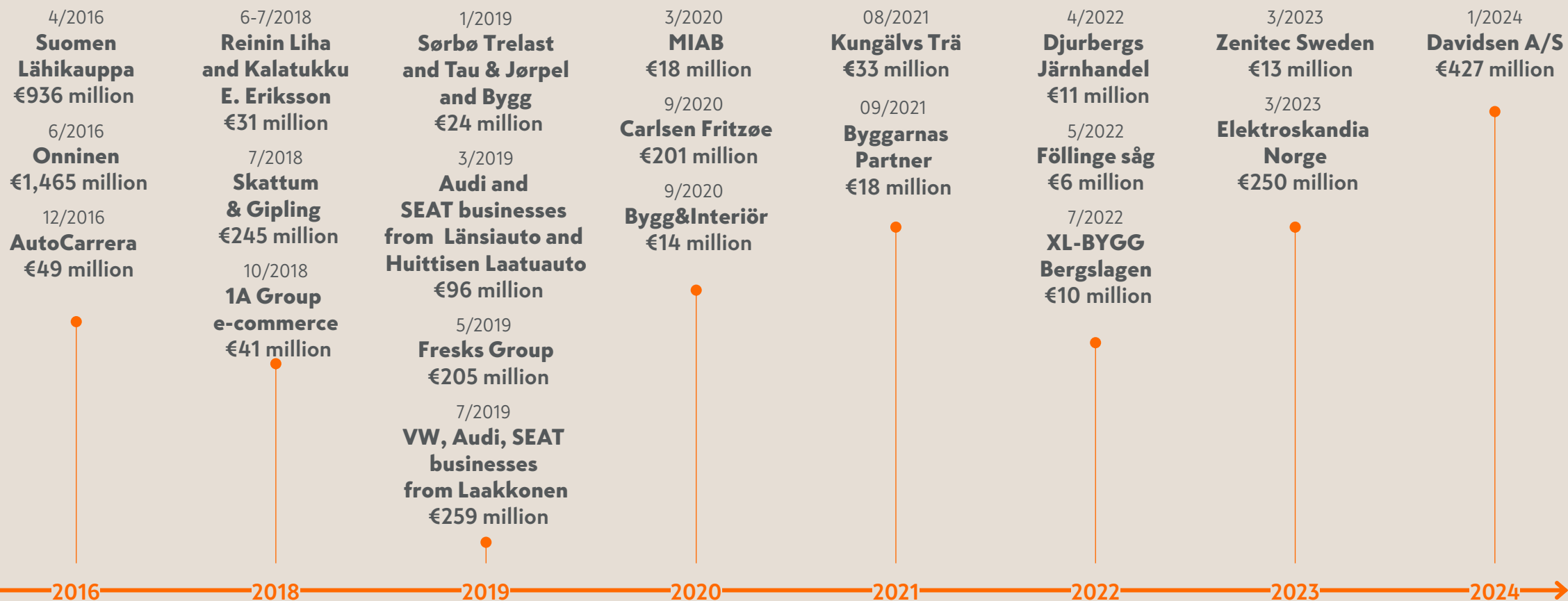
Several new growth centre hypermarkets in pipeline

- K-Supermarket Columbus in Eastern Helsinki to be converted into a K-Citymarket hypermarket in 2024
- 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 Haapaniemi, Kuopio in 2026
- New K-Citymarket in Kivistö, Vantaa, Helsinki metropolitan area in 2026
- New K-Citymarket in Porvoo in spring 2027, replacing an outdated hypermarket
- A bigger grocery store under planning for Espoon keskus in Finland's second biggest city Espoo
- In 2024, nearly 50 grocery stores to be updated and renovated, of which 13 hypermarkets
- 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 2024

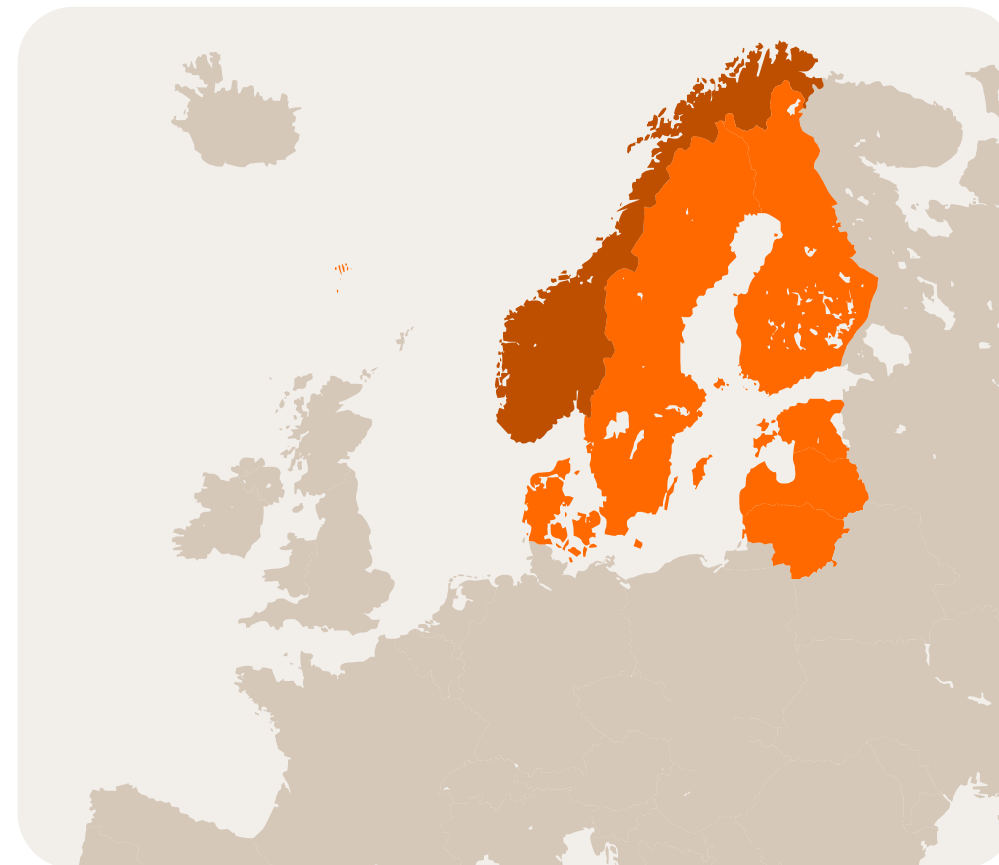
ACQUISITIONS HAVE PLAYED A SIGNIFICANT ROLE IN INTERNATIONAL GROWTH



ELEKTROSKANDIA STRENGTHENED ONNINEN'S POSITION IN TECHNICAL TRADE IN NORWAY

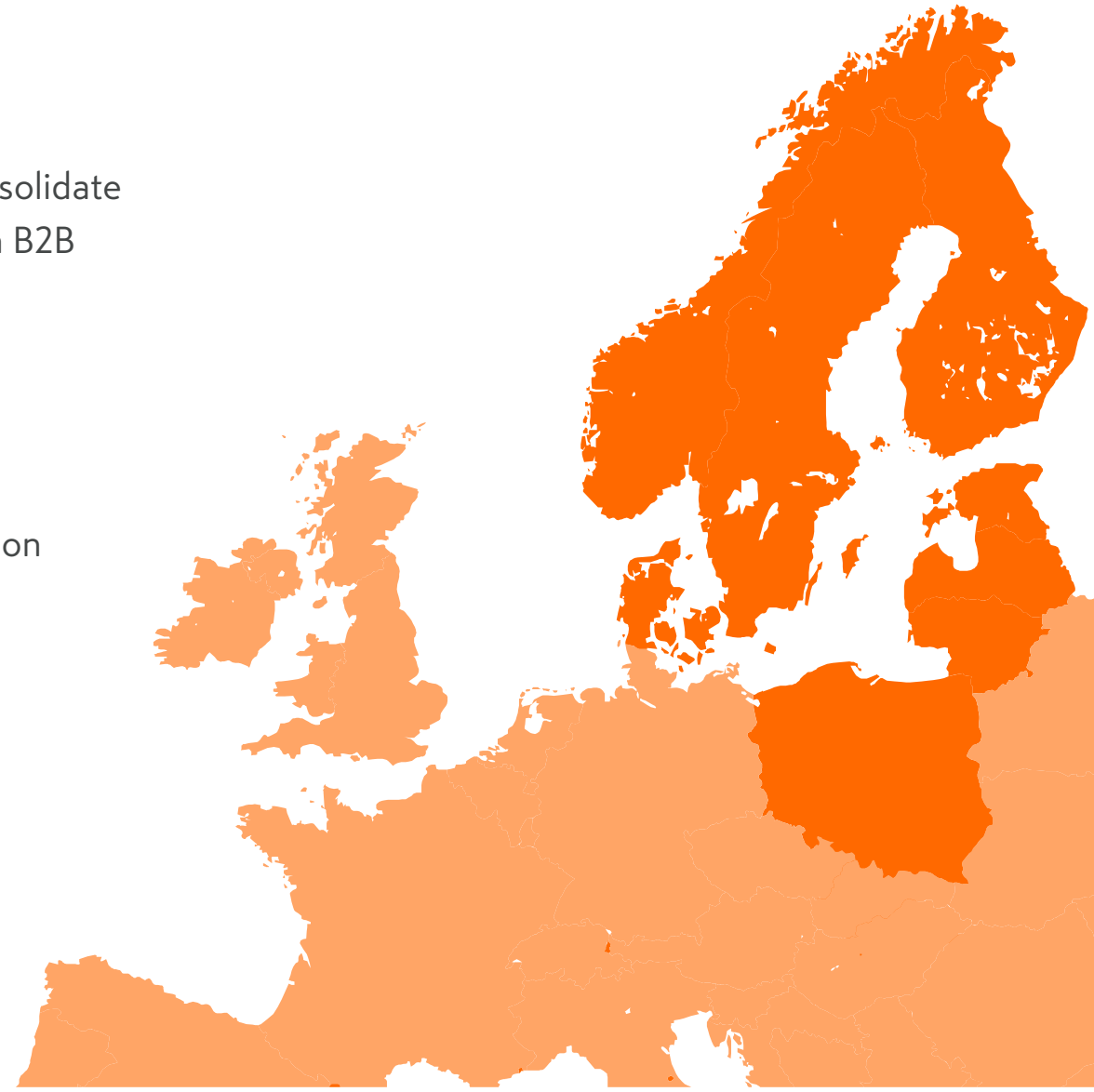
ONNINEN NOW THE MARKET LEADER IN ELECTRICAL WHOLESALE IN NORWAY

- Kesko acquired Elektroskandia Norge in March 2023
- One of the most significant distributors of electricals in Norway
 - Net sales of some €250 million (2022)
 - Around 270 employees
- The deal made Onninen the market leader in electrical wholesale in Norway, with a market share of over 40%
- Green transition and technical requirements support demand for electrical products
- Integration now completed and full synergy potential starting to realise



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
- Downturn affects the business, but at the same time offers consolidation opportunities for an industrial operator like Kesko
- Kesko announced the acquisition of Davidsen in August 2023, and of three more builders' merchant companies in August 2024.

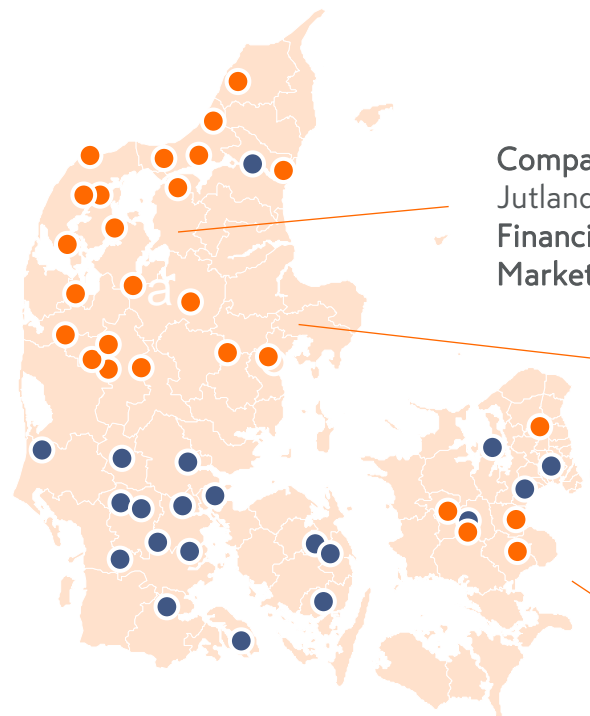


MARKET SHARE IN DANISH BUILDERS' MERCHANT SET TO RISE FROM ~10% TO ~20% VIA ACQUISITIONS

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)



ACQUISITIONS ANNOUNCED ON 14 AUGUST 2024 *

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

ROSLEV TRÆLASTHANDEL A/S

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

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

* Subject to authority approvals and conditions.
 Acquisitions expected to be completed by H1/2025

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

KEY ACTIONS:

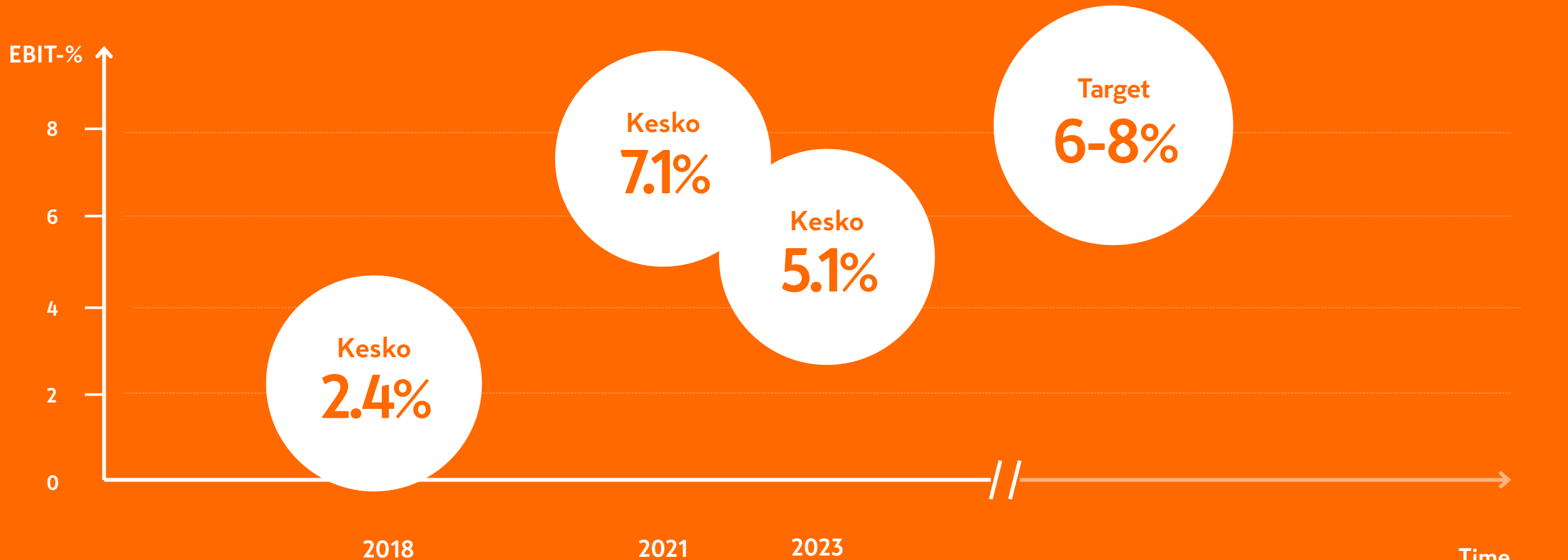
- **FINLAND:** Continuing growth and winning market share.
- **SWEDEN AND NORWAY:** Stabilising and improving business performance. Integration of acquired companies.
- **DENMARK:** Finalising the integration of Davidsen and improving performance through growth.
- **GROWTH THROUGH ACQUISITIONS:** M&A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

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





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



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



KESKO'S FINANCIAL TARGETS INTACT

	TARGET	2023
OPERATING MARGIN, COMPARABLE	OVER 6%	6.0%
RETURN ON CAPITAL EMPLOYED, COMPARABLE, %	OVER 14.5%	13.4%
INTEREST-BEARING NET DEBT/EBITDA, EXCLUDING IFRS 16 IMPACT	AT MAXIMUM 2.5	0.7

SUSTAINABILITY IS INTEGRATED INTO OUR BUSINESS



SUSTAINABILITY STRATEGY

VISION

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

FOCUS AREAS

Climate and nature
Value chain
People
Good governance

EXECUTION BY THE BUSINESS DIVISIONS

Grocery trade
Building and technical trade
Car trade

PROGRESS MEASURED USING INDICES AND ASSESSMENTS

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

FOCUS AREAS AND KEY OBJECTIVES IN ESG

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



CLIMATE AND NATURE

Achieving carbon neutral K Group

- Carbon neutrality by 2025 and zero emissions by 2030 in our own operations and transports
- Challenging our suppliers to set their CO₂ reduction targets
- Reducing emissions from the use of sold products

Kesko commits to reducing greenhouse gas emissions from its whole value chain to net zero by the year 2050.

Promoting biodiversity

- Continuing our biodiversity work by creating a biodiversity programme and setting goals for our biodiversity impacts

Enhancing circular economy

- Sustainable packaging for all our own brand products by 2025
- Reducing food waste by half by 2030



VALUE CHAIN

Ensuring sustainability in the supply chain

- 100% of suppliers from high-risk countries audited for social responsibility
- Extending audits to take climate and environmental aspects into account

Enabling sustainable choices for our customers

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

Creating value for society through sustainable value chains

- Strengthening the Finnish food chain and security of supply



OUR PEOPLE

Increasing the safety and wellbeing of our employees

- Supporting people's health, wellbeing and success
- Ultimate target zero injuries

Fostering diversity, inclusion and equal opportunities for our current and future employees

- Diversity and inclusion programme
- Equal pay
- Gender equality on all levels of the organisation



GOOD GOVERNANCE

Committing to K Code of Conduct

Remunerating based on sustainability performance

Strengthening sustainability competencies

Using data in a responsible and ethical way that creates value

KESKO IS ONE OF THE MOST SUSTAINABLE TRADING SECTOR OPERATORS IN THE WORLD

Kesko's sustainability has been recognised in various independent assessments



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



FORERUNNER IN TRADING SECTOR DIGITALISATION

Using digitalisation to improve customer experience and make operations more efficient



Online and digital sales growing forcefully

Digital sales already
€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 3.3 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

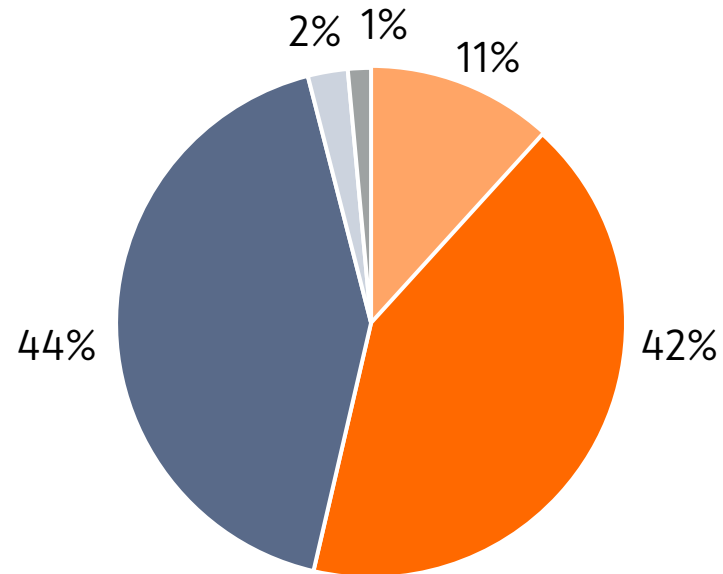
Personal benefits and offers

Digital Plussa money

Personal purchase trackers, e.g.
carbon footprint calculator

Seamless customer experience
irrespective of channel

SALES VIA DIGITAL CHANNELS OVER €2.0 BILLION



■ K-ruoka.fi (online grocery)

■ Onninen

■ Sportstrade

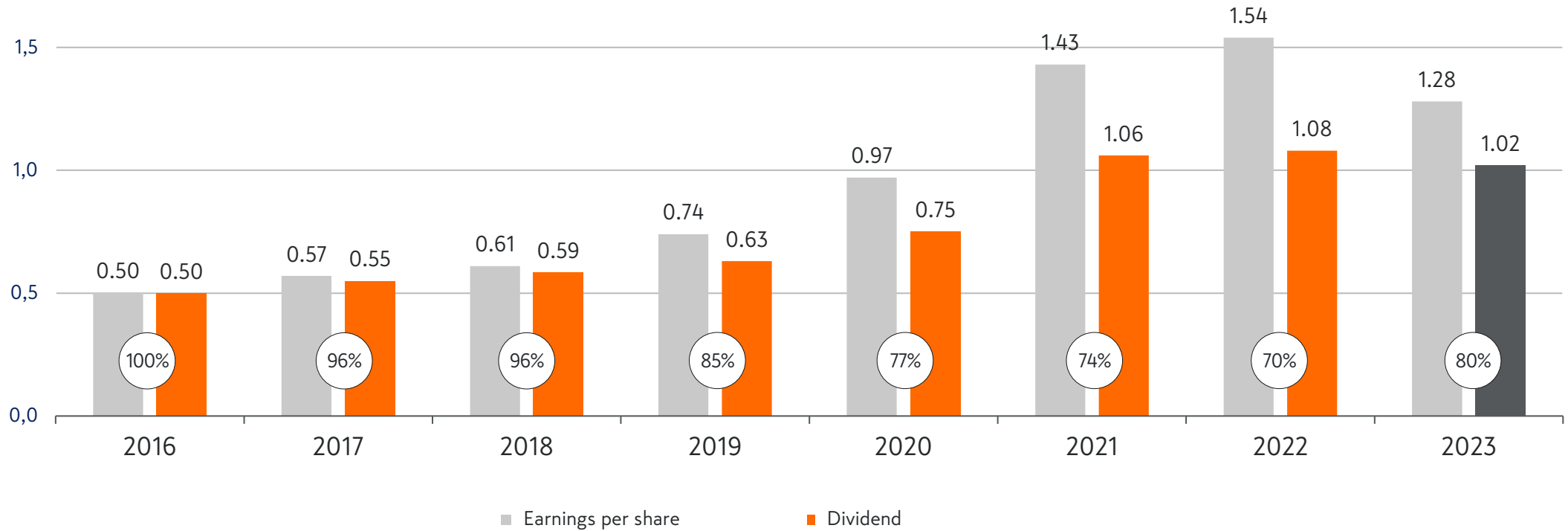
■ Kespro (foodservice)

■ Building and home improvement

DIVIDEND

Dividend for 2023: €1.02 / 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.



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.

JORMA RAUHALA APPOINTED KESKO'S PRESIDENT AND CEO AS OF 1 FEBRUARY 2024



MASTER OF SCIENCE (ECON.), BORN 1965

A STRONG TRACK-RECORD IN RESULT-DRIVEN LEADERSHIP

A LONG CAREER IN KESKO WITH VARIOUS RESPONSIBILITIES

- Joined Kesko Corporation in 1992
- President of building and technical trade division since 2017
- President of grocery trade division 2013-2017
- Managing Director of Kespro 2007-2012

A MODERN APPROACHABLE LEADER





KESKO HALF-YEAR FINANCIAL REPORT Q2/2024

GOOD PERFORMANCE IN A WEAK MARKET

Jorma Rauhala
President and CEO
23 July 2024

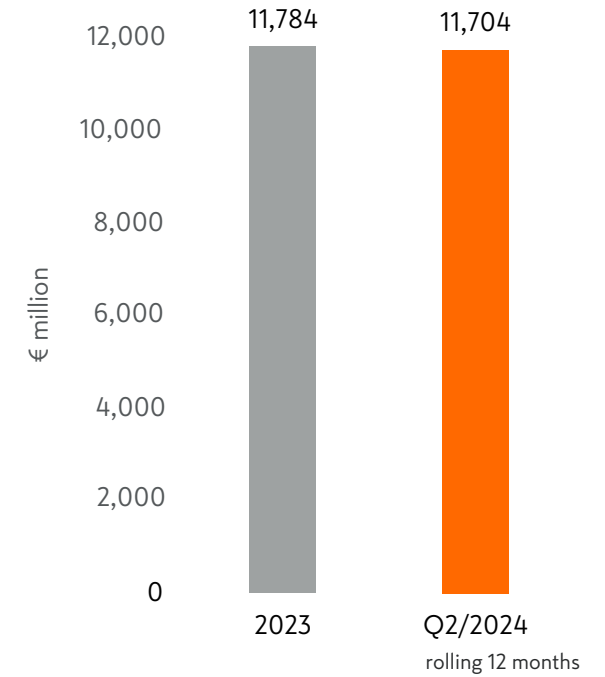
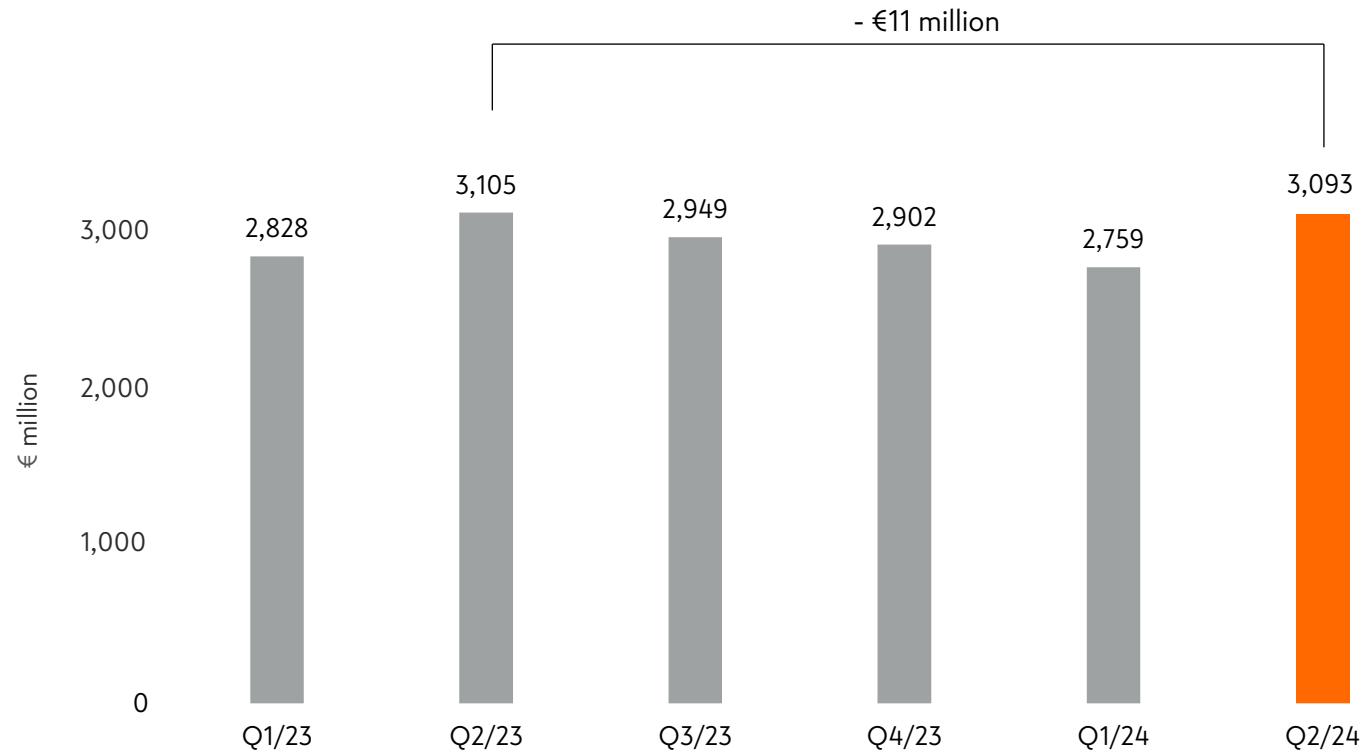
KEY EVENTS IN Q2/2024

- Net sales and profit decreased as expected, cash flow from operating activities strengthened
- Grocery trade: net sales down, profit at a good level
- Building and technical trade: profitability weakened as expected due to the weak construction cycle, decline slower than in Q1
- Car trade: net sales and profit down. In May, Kesko agreed to acquire the operations of the Autotalo Lohja dealership
- Kesko published an updated strategy: main strategy pillars intact, competitive advantages and objectives for each division refined
- Changes in Group Management Board: Sami Kiiski appointed as President of building and technical trade; Johanna Ali as President of car trade; Anu Hämäläinen as Chief Financial Officer; and Lasse Luukkainen as EVP, Legal and Sustainability

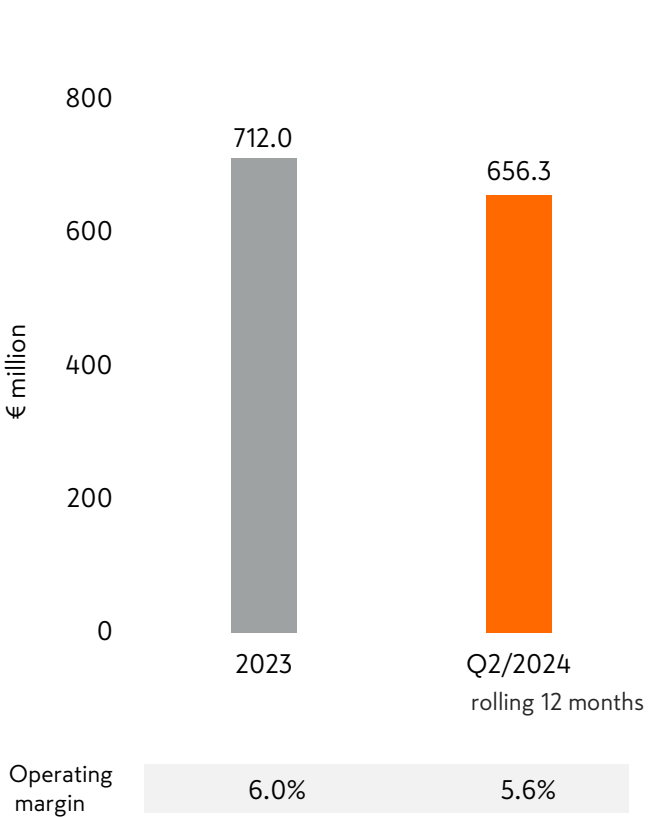
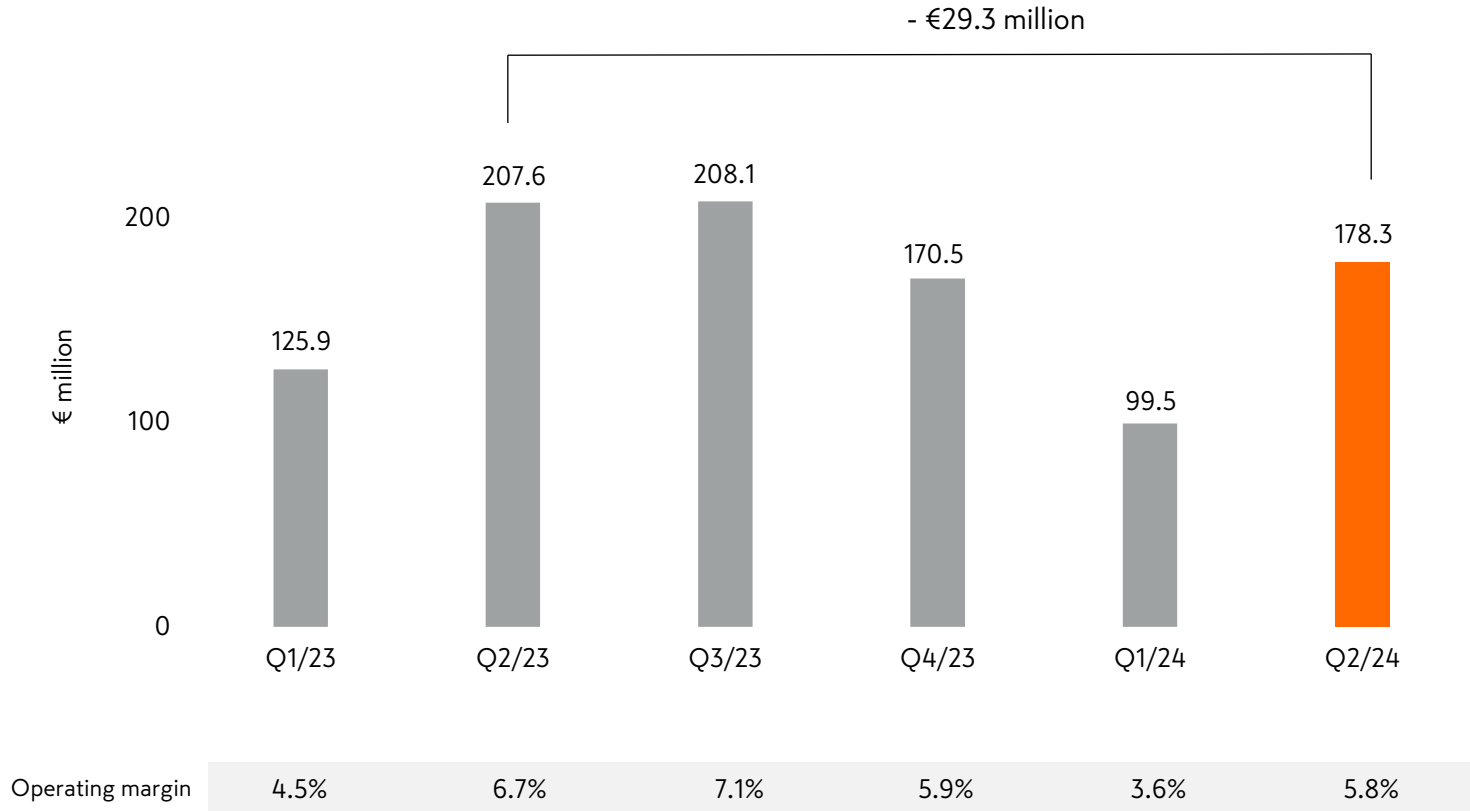
	Q2/2024	Q2/2023
Net sales, € million	3,093.4	3,104.7
Change in net sales, %*	-4.1	-0.8
Operating profit, € million*	178.3	207.6
Operating margin, %*	5.8	6.7
Profit before tax, € million*	150.4	188.9
Earnings per share, basic, €*	0.30	0.38
Cash flow from operating activities, € million	309.0	285.2

* Comparable

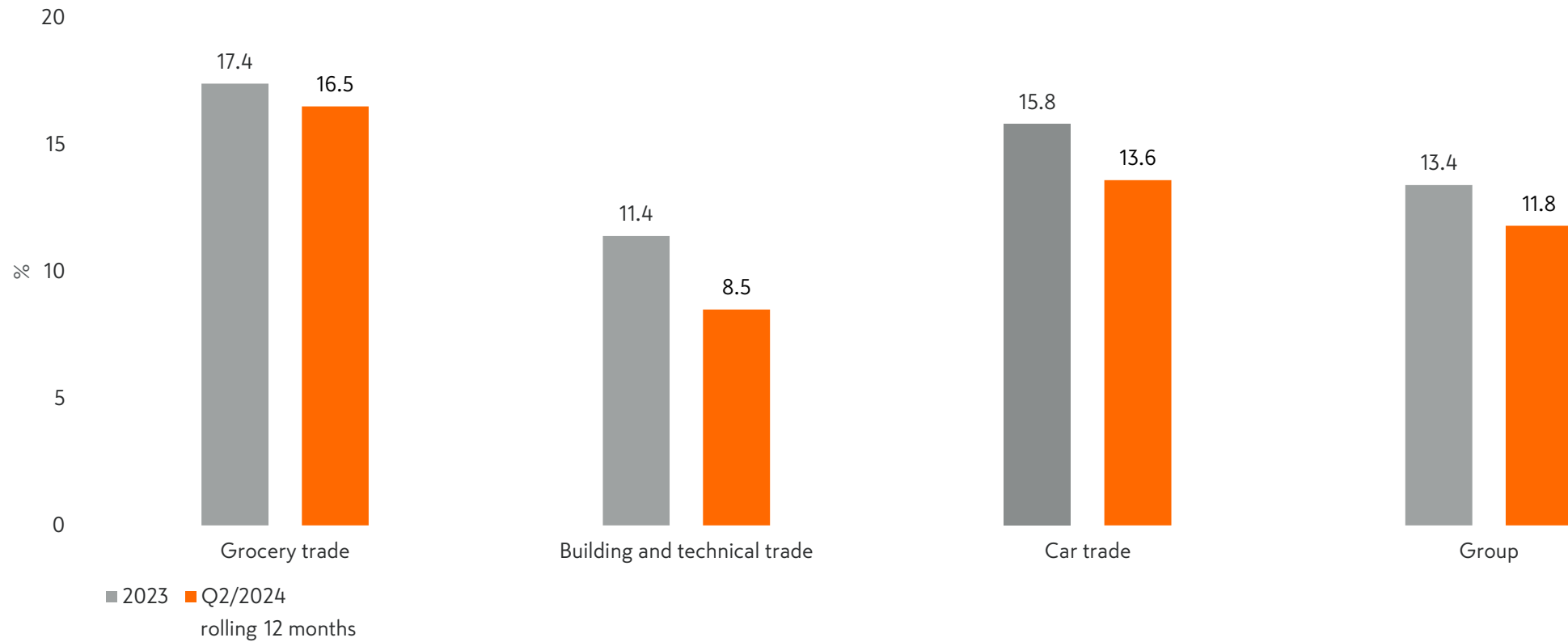
NET SALES



OPERATING PROFIT



RETURN ON CAPITAL EMPLOYED



FINANCIAL POSITION

	Q2/2024	Q2/2023
Cash flow from operating activities, € million	309.0	285.2
Liquid assets, € million	354.4	271.0
Capital expenditure, € million	128.4	161.2
Interest-bearing net debt excl. lease liabilities, € million	847.3	629.6
Interest-bearing net debt / EBITDA (excl. IFRS 16 impact, rolling)	1.1	0.7
Lease liabilities, € million	2,038.1	2,002.4

CAPITAL EXPENDITURE

	Q2/2024	Q2/2023
Store sites, € million	68.2	79.2
Acquisitions, € million	-0.0	1.4
IT, € million	5.5	5.6
Other investments, € million	54.7	75.0
Total, € million	128.4	161.2

EXPENSES

Expenses up due to the Davidsen acquisition and real estate costs

	Q2/2024	Q2/2023
Fixed costs, € million	531.5	494.9
- Employee benefit expenses, € million	217.9	201.9
- Other expenses, € million	172.5	161.2
- Depreciation, € million	141.1	131.7
Cost ratio, %	17.2	15.9

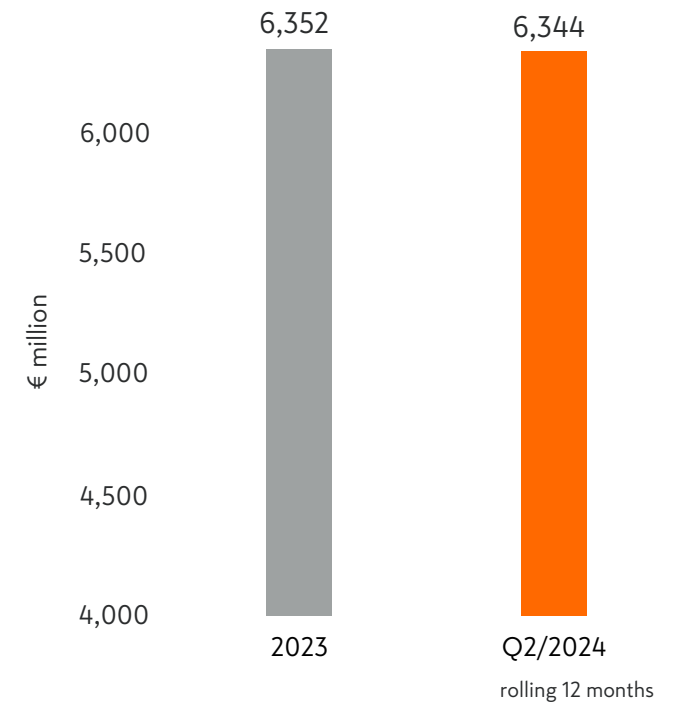
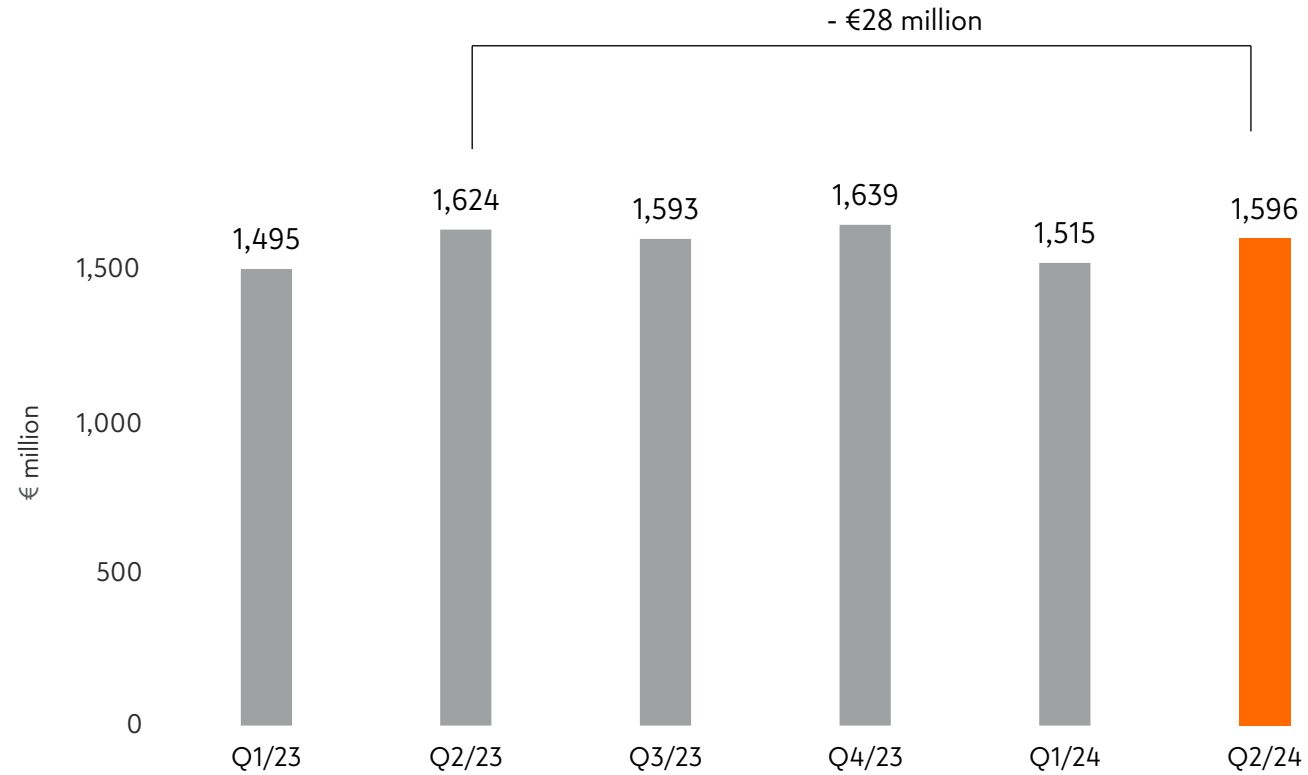


GROCERY TRADE

PROFITABILITY AT A GOOD LEVEL

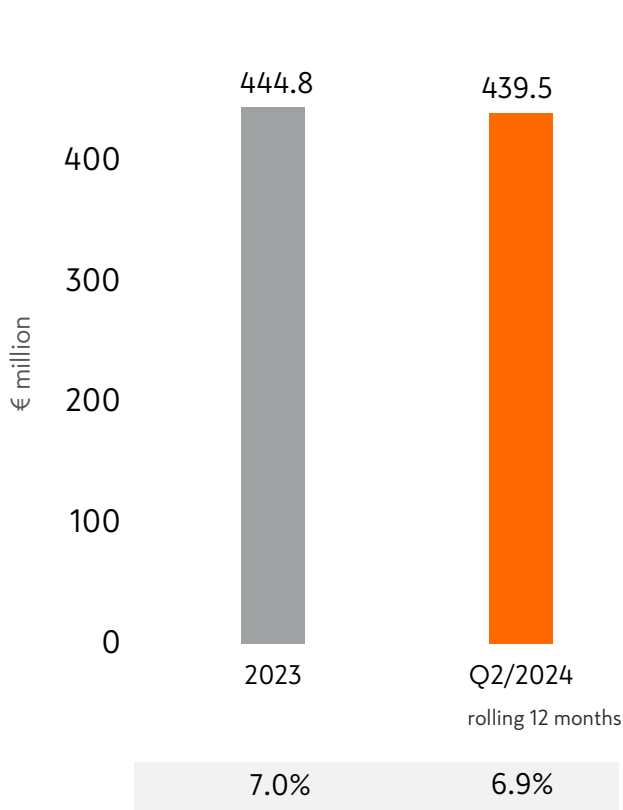
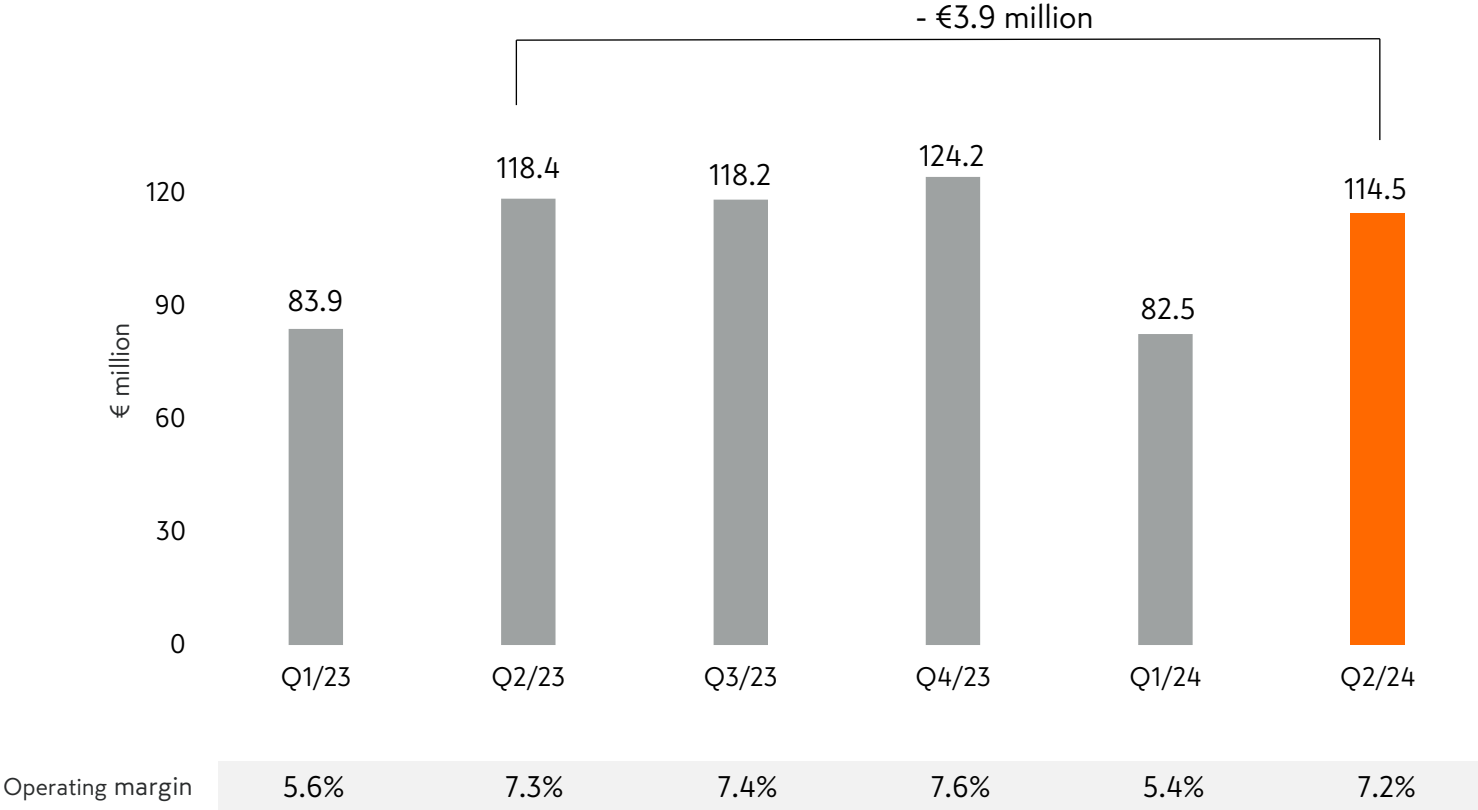


GROCERY TRADE NET SALES



GROCERY TRADE

OPERATING PROFIT



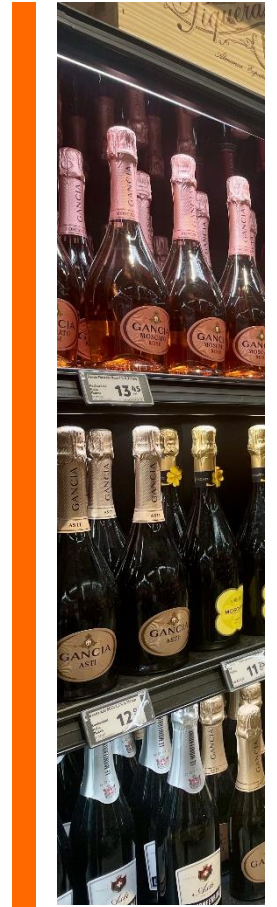
KEY EVENTS IN GROCERY TRADE IN Q2

- Net sales and profit decreased, operating margin close to flat year-on-year
 - K Group grocery sales down by 1.1%
 - Kespro's net sales down by 1.3%, still again exceeding market growth
 - K-Citymarket non-food sales down by 4.3%
- Online grocery sales up by 13.5% thanks to express deliveries
- Total grocery trade market growth approx. 0.1%, K Group's sales performance slightly below the market
- Grocery price inflation in Finland approx. 0.1% vs. over 10% in Q2/2023
- Customer flows continued to grow thanks to campaigns, but average purchase down



BEVERAGES WITH 5.6-8.0% ALCOHOL CONTENT SUCCESSFULLY ADDED TO GROCERY STORE SELECTIONS

- Change in Finnish legislation has enabled the sales of beverages with a 5.6-8.0% alcohol content in grocery stores as of 10 June
- Impact of the legislative change on Kesko's sales expected to be around few dozen million euros annually
- Nearly 450 wine products now sold in K Group grocery stores, approx. 1/3 of sales come from products available exclusively in our stores. White wines account for about half of wine sales.
- Some 100 stronger beer products also added to selections; account for a few percent of total beer sales
- New alcohol products introduced to stores in a responsible manner, wine typically bought alongside food
- The possibility to buy stronger alcoholic beverages from a grocery store increases customer convenience and benefits especially smaller stores in rural areas





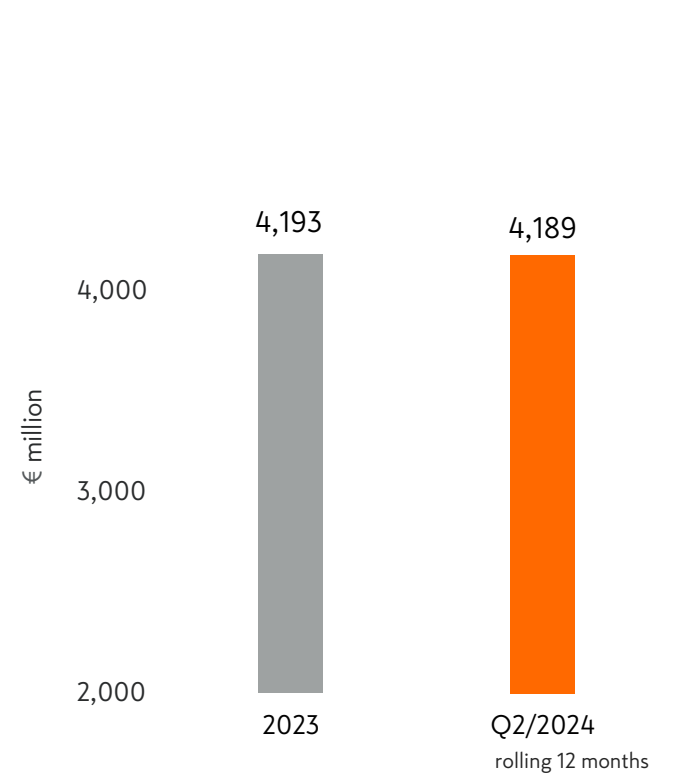
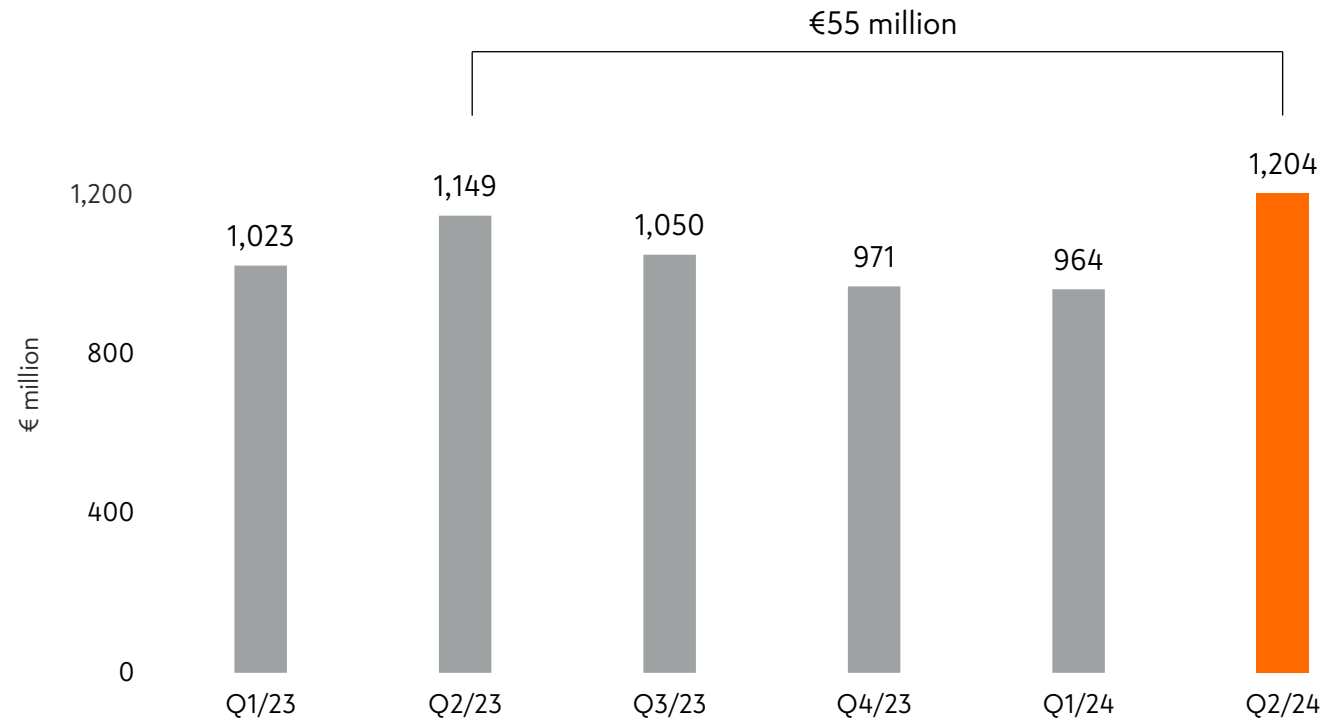
BUILDING AND TECHNICAL TRADE

RESULT IN LINE WITH EXPECTATIONS IN A DIFFICULT CYCLE



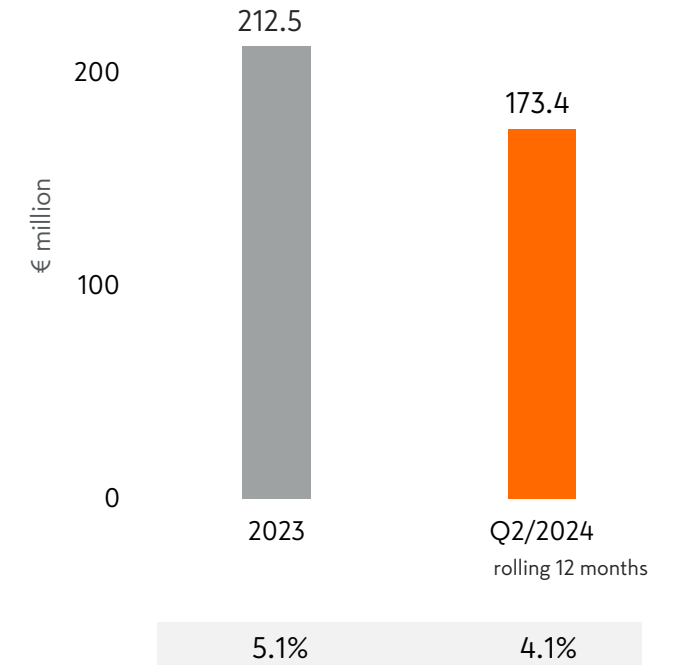
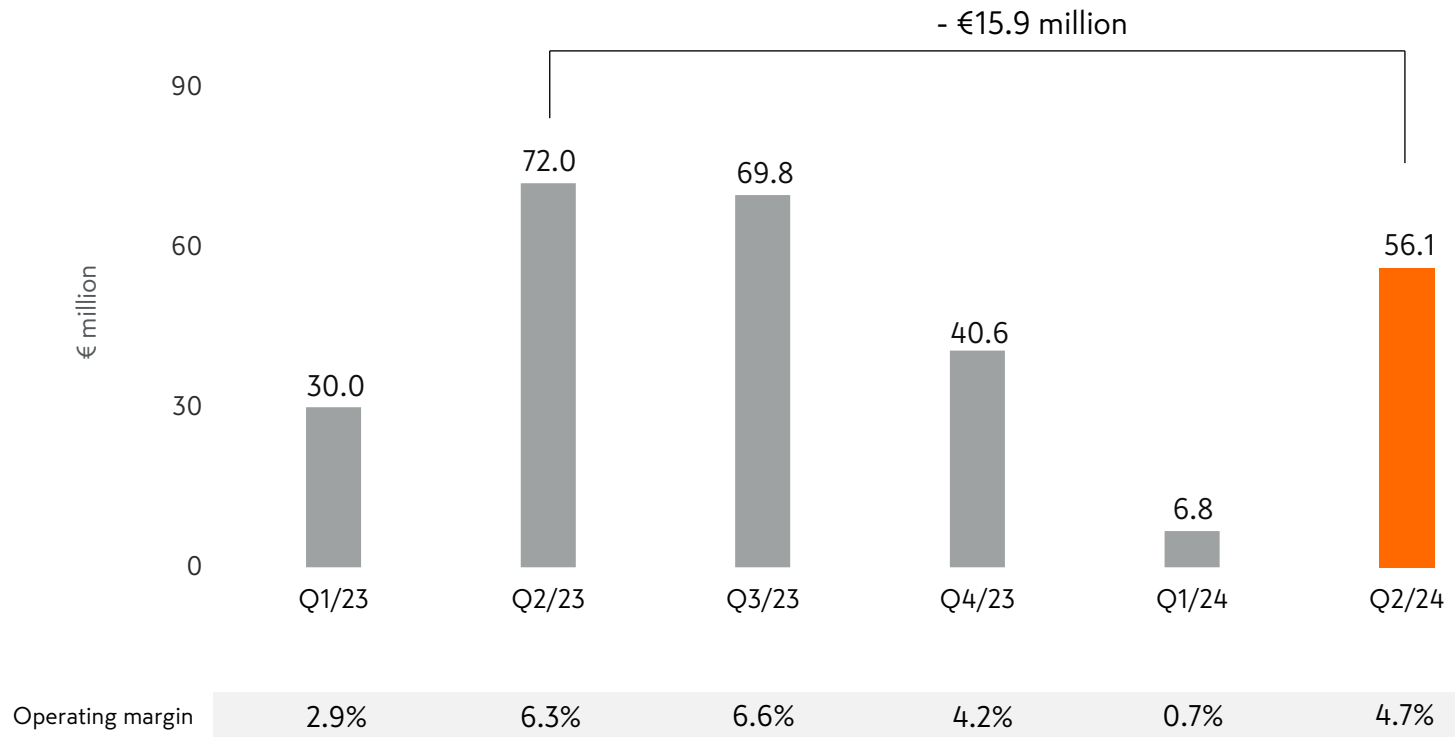
BUILDING AND TECHNICAL TRADE

NET SALES



BUILDING AND TECHNICAL TRADE

OPERATING PROFIT



KEY EVENTS IN BUILDING AND TECHNICAL TRADE IN Q2

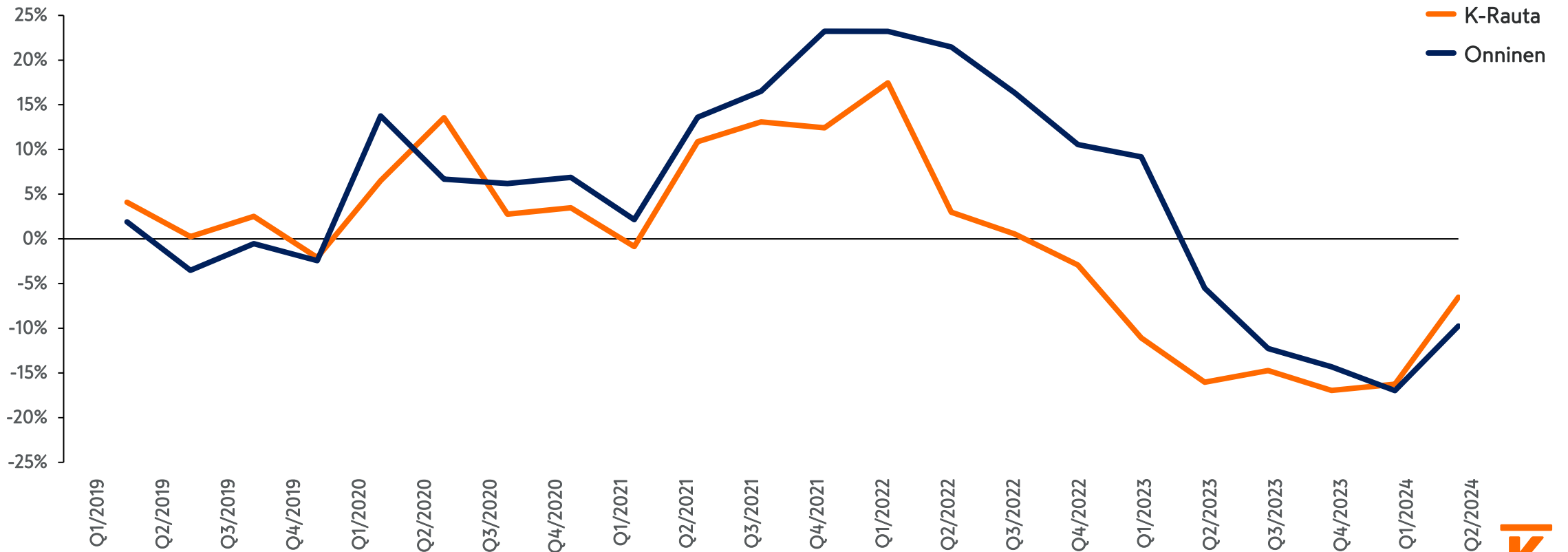
- Construction cycle still weak in the Nordics; turnaround seen in Poland and the Baltics where Onninen's sales growing
- Overall, net sales and operating profit development in line with expectations, Davidsen included in the figures
- Onninen's operating profit in particular impacted by weaker sales and profitability of solar power products compared to the exceptional levels of Q2/2023
- The allocation of fair value related to the Davidsen acquisition, mainly related to inventories, had a positive €1.2 million impact
- €2.0 million (€1.4 million) written down for trade receivables past due date
- Share of result from Kesko Senukai €6.3 million (€4.6 million)
- Signs of a pick-up in sales in both building and home improvement trade and technical trade

	Q2/2024	Q2/2023
Net sales, € million	1,203.7	1,148.8
Technical trade	583.8	614.1
Building & home improvement trade	635.9	550.7
Operating profit*, € million	56.1	72.0
Technical trade	19.2	33.9
Building & home improvement trade	30.6	33.4
Operating margin, %*	4.7	6.3
Technical trade	3.3	5.5
Building & home improvement trade	4.8	6.1

*Comparable

SALES OF K-RAUTA FINLAND AND ONNINEN FINLAND IN 2019-2024

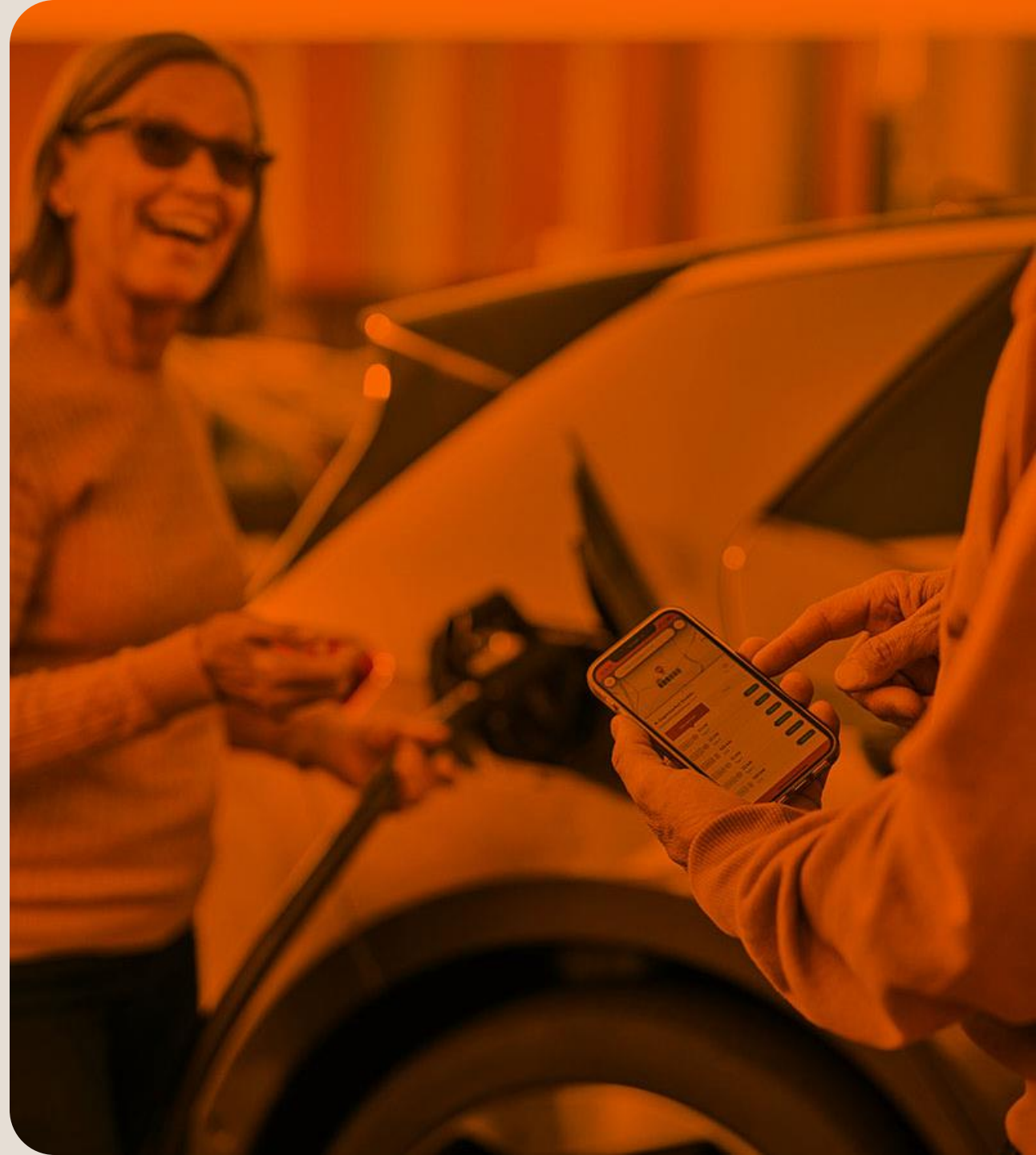
Retail and B2B sales %



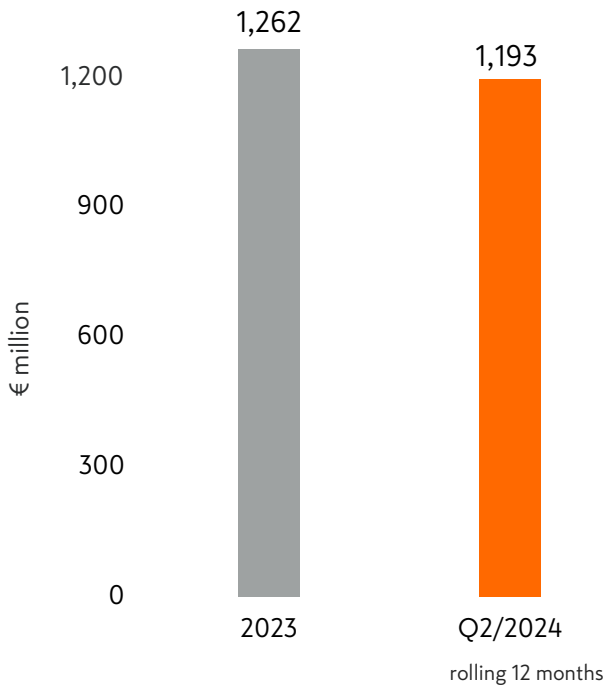
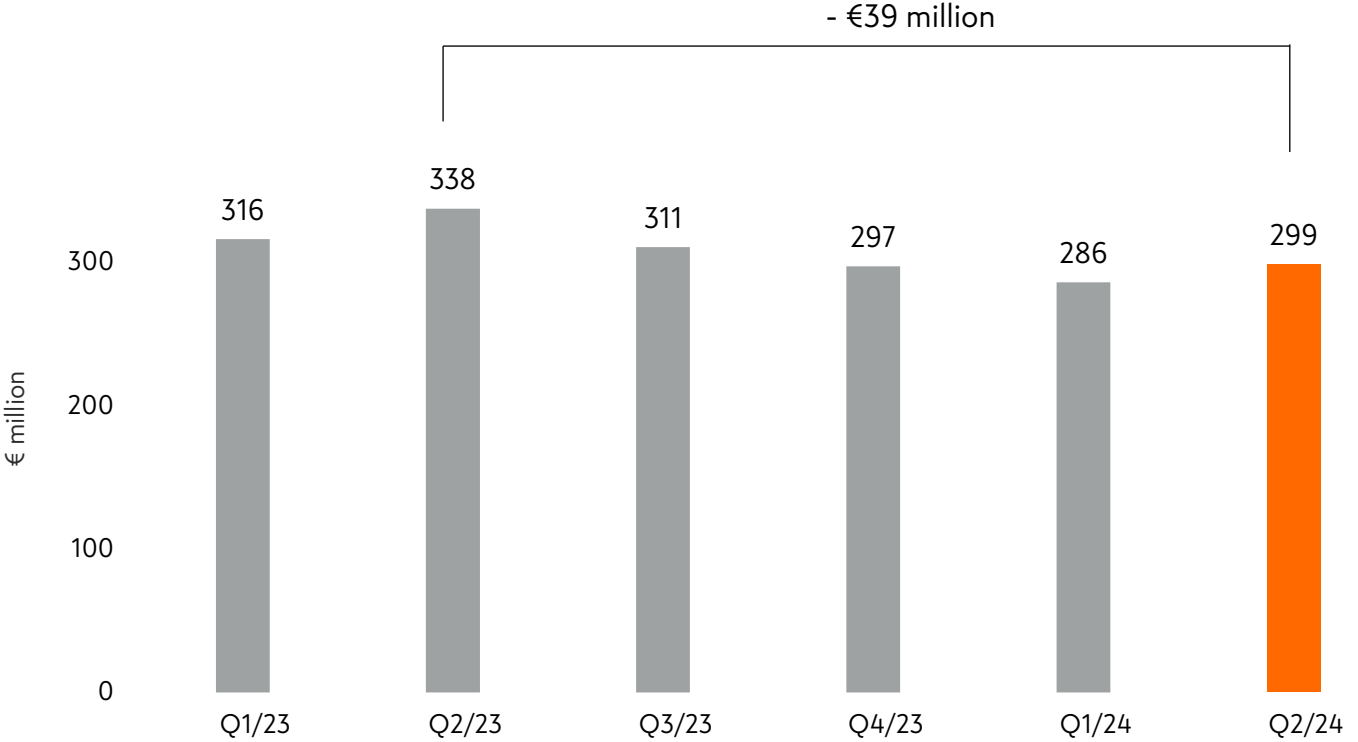


CAR TRADE

GOOD PERFORMANCE IN A CHALLENGING MARKET

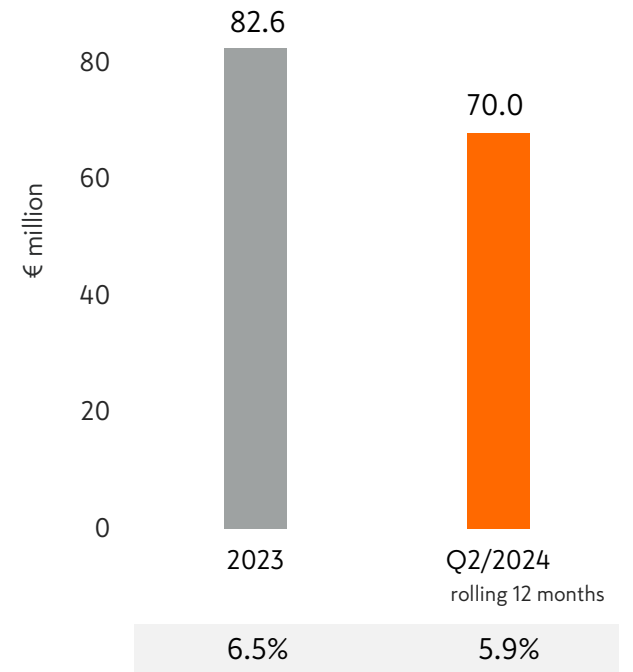
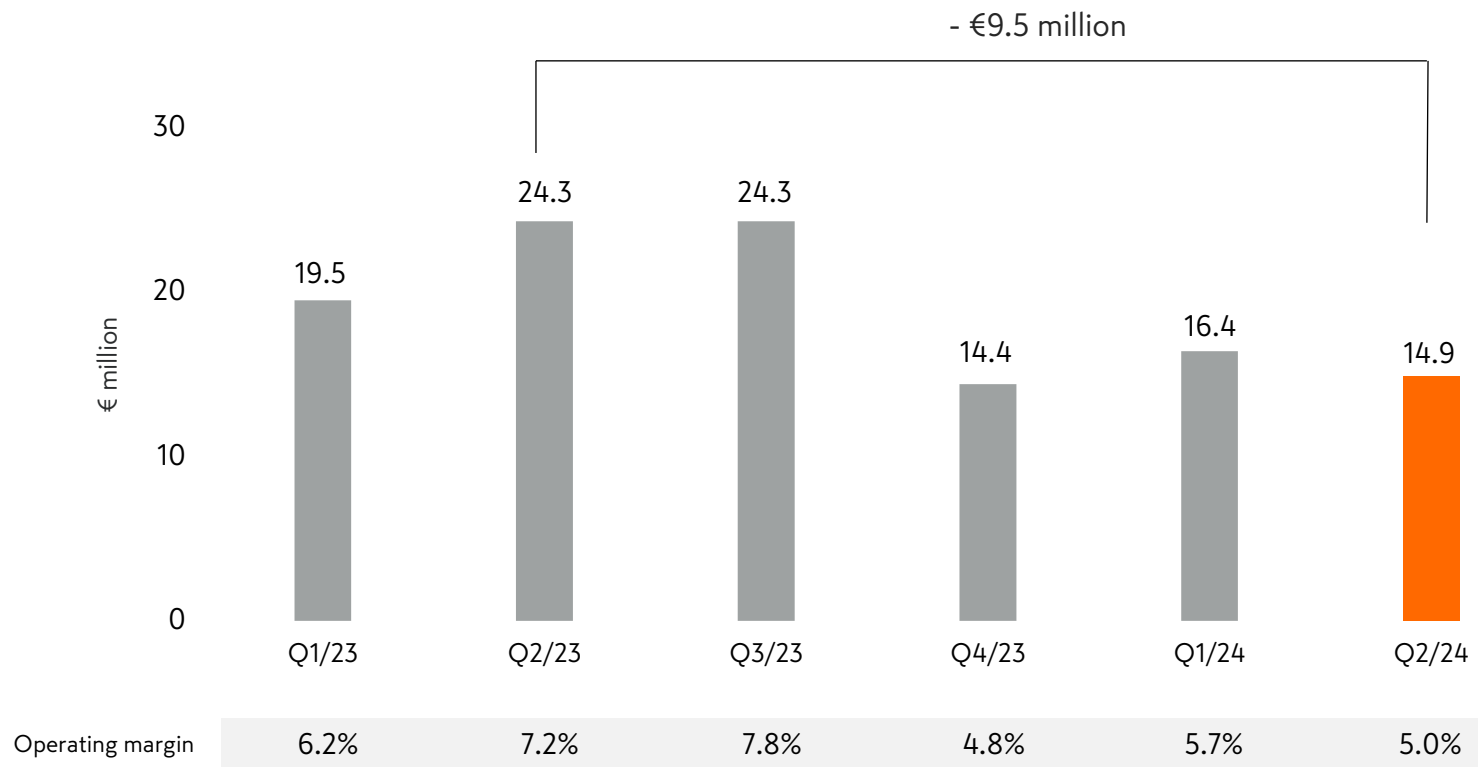


CAR TRADE NET SALES



CAR TRADE

OPERATING PROFIT

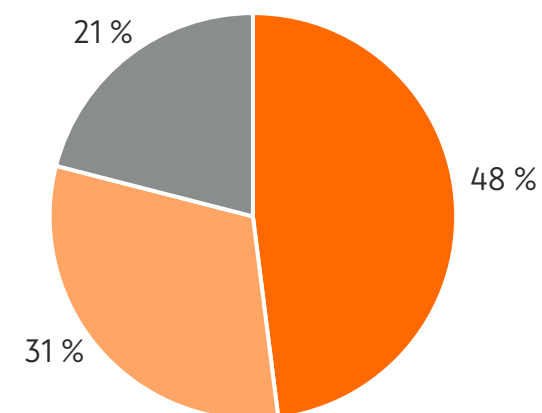


KEY EVENTS IN CAR TRADE IN Q2

- Market demand for new cars muted, Q2 first registrations in Finland -19.7% (passenger cars and vans); market for used cars up +2.9%
- Net sales and profitability at expected level in a difficult market
- New car sales down, customer demand for new models at a good level
- In used cars, sales growth significantly outpacing the market
- Good growth continued in service sales
- Growth in K-Lataus EV charging proceeded according to plans; over 1,700 charging points, of which 679 fast charging points (373)
- In sports trade, net sales decreased, but market share strengthened

K-AUTO NET SALES

■ New cars ■ Used cars ■ Services



Net sales for the division's car trade businesses, Q2/2024, €, rolling 12 months

KEY HIGHLIGHTS



GROCERY TRADE

- Consumer confidence still weak, but has improved in recent months
- Consumption polarised – price still important, but quality and convenience emphasised
- The development of our store site network continues: 7 new stores to open in H2/2024, 23 stores updated
- Strong position in all areas of food trade

BUILDING AND TECHNICAL TRADE

- Market showing signs of picking up in all operating countries, though the cycle still weak
- Execution of country-specific strategies continues
- Inventories at a healthier level in both building and home improvement trade and technical trade

CAR TRADE

- A balanced business portfolio
- New car sales muted, but new models expected to support sales
- Strong sales growth expected to continue in used cars and services



OUTLOOK AND GUIDANCE



OUTLOOK

In grocery trade, B2C trade and the foodservice market are expected to remain stable despite tightened price competition, and inflation is expected to slow down in 2024. Profitability in grocery trade is estimated to remain good also in 2024.

In building and technical trade, the market is expected to continue to decline in 2024. The economic cycle will have the biggest impact on new residential building, while the decline in other building construction, renovation building and infrastructure construction is expected to be smaller. The cycle is expected to turn in 2025. Profitability in building and technical trade is estimated to fall short of the 2023 level, but to still remain at a reasonably good level in 2024.

In car trade, new car sales are expected to fall short of the 2023 level. Sales of used cars and services are expected to grow. Profitability in car trade is estimated to still remain good in 2024, but to fall short of the 2023 level.

GUIDANCE FOR 2024 (SPECIFIED)

Kesko Group's profit guidance is given for the year 2024, in comparison with the year 2023.

Kesko's operating environment is estimated to remain challenging in 2024.

Kesko's net sales and operating profit are estimated to remain at a good level in 2024 despite the challenges in the company's operating environment. Kesko estimates that its comparable operating profit in 2024 will amount to €620–680 million. Previously, the comparable operating profit was estimated to amount to €620-700 million. The profit guidance specification is based on development in the first year-half and on updated estimates regarding development in building and technical trade and car trade in latter half of the year.

MANAGEMENT AND IR CONTACT



KESKO GROUP MANAGEMENT BOARD



IR CONTACT

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