



KESKO INTERIM REPORT Q3/2024

A TURN FOR THE BETTER IN BUILDING AND TECHNICAL TRADE

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President and CEO
30 October 2024

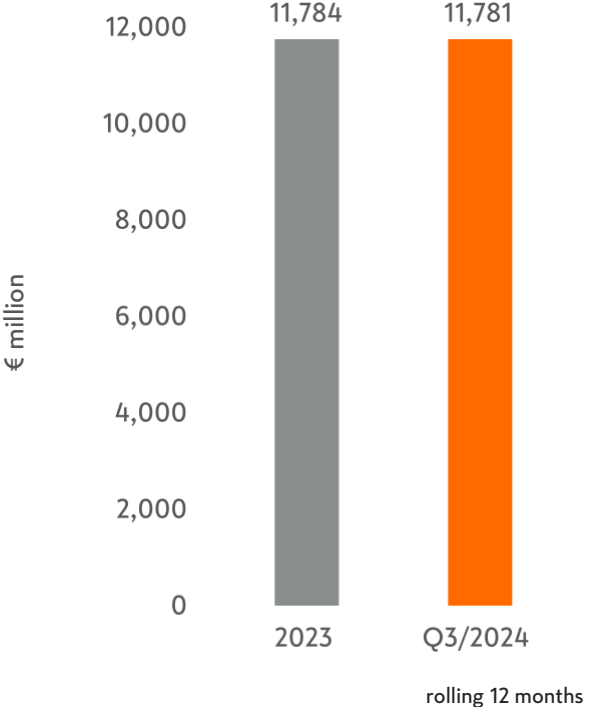
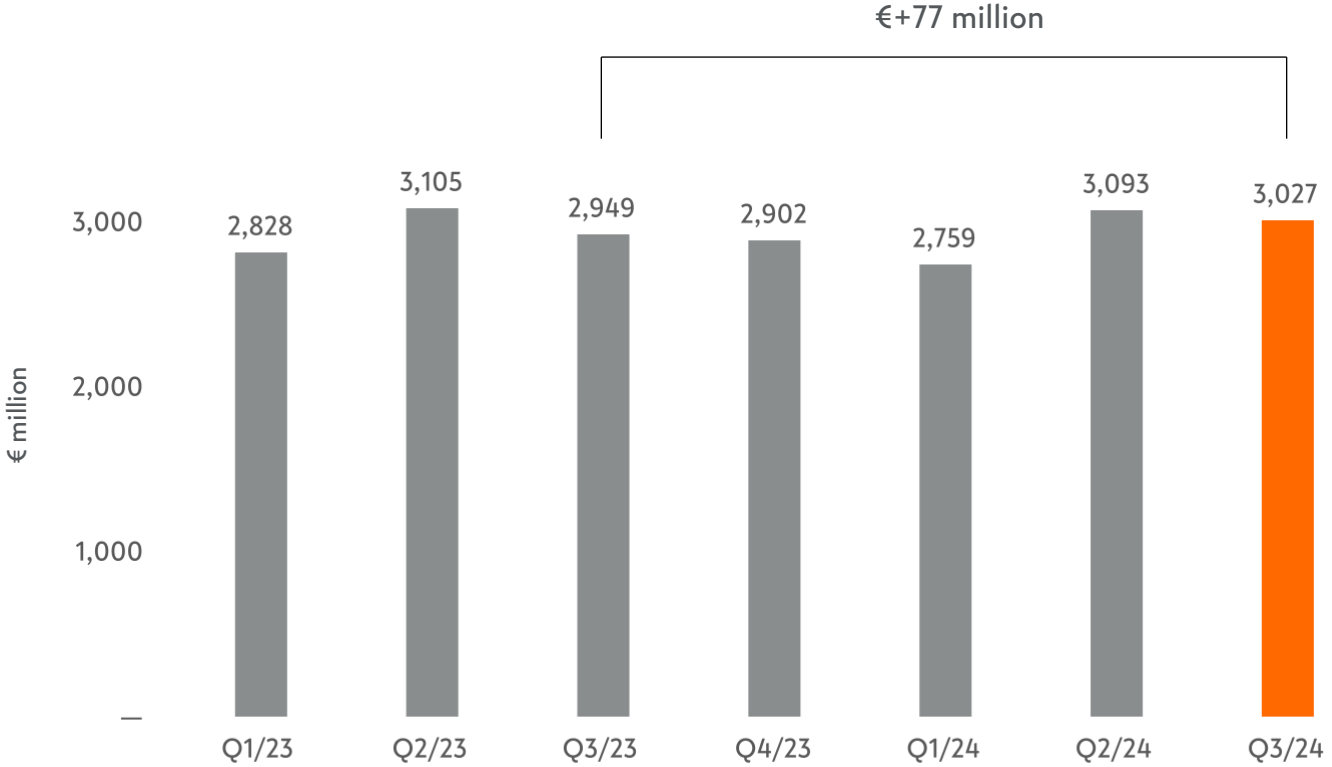
KEY EVENTS IN Q3/2024

- Net sales increased, comparable operating profit decreased
- Building and technical trade net sales increased. A turnaround can be seen: year-on-year result increased for the first time in 8 quarters
- Grocery trade net sales increased, result flat year-on-year
- Car trade net sales and result decreased, profitability at a good level
- Kesko announced it will acquire three builders' merchants in Denmark: Roslev Trælasthandel, Tømmergaarden and CF Petersen & Søn. The combined net sales of the companies total approx. €400 million. Once the acquisitions are completed, Kesko's market share in Danish building and home improvement trade is set to rise to some 20%.
- Kesko issued a €300 million green bond, which will mature on 2 February 2030

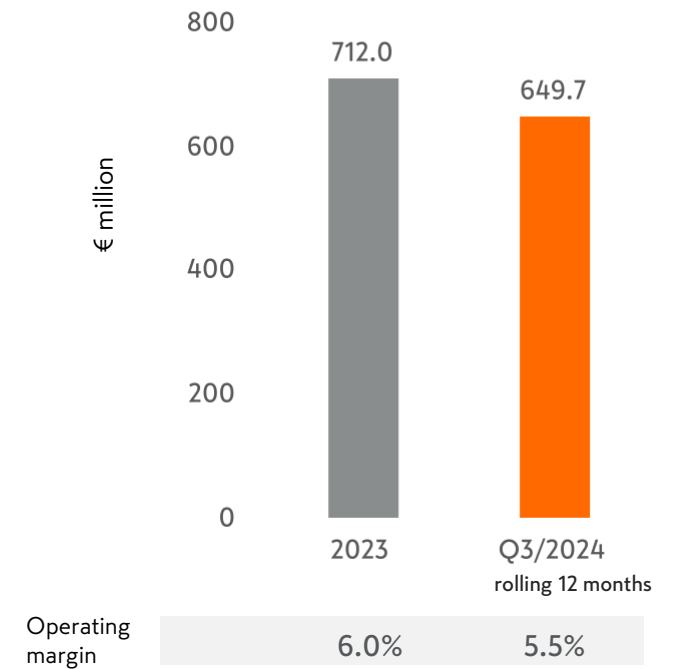
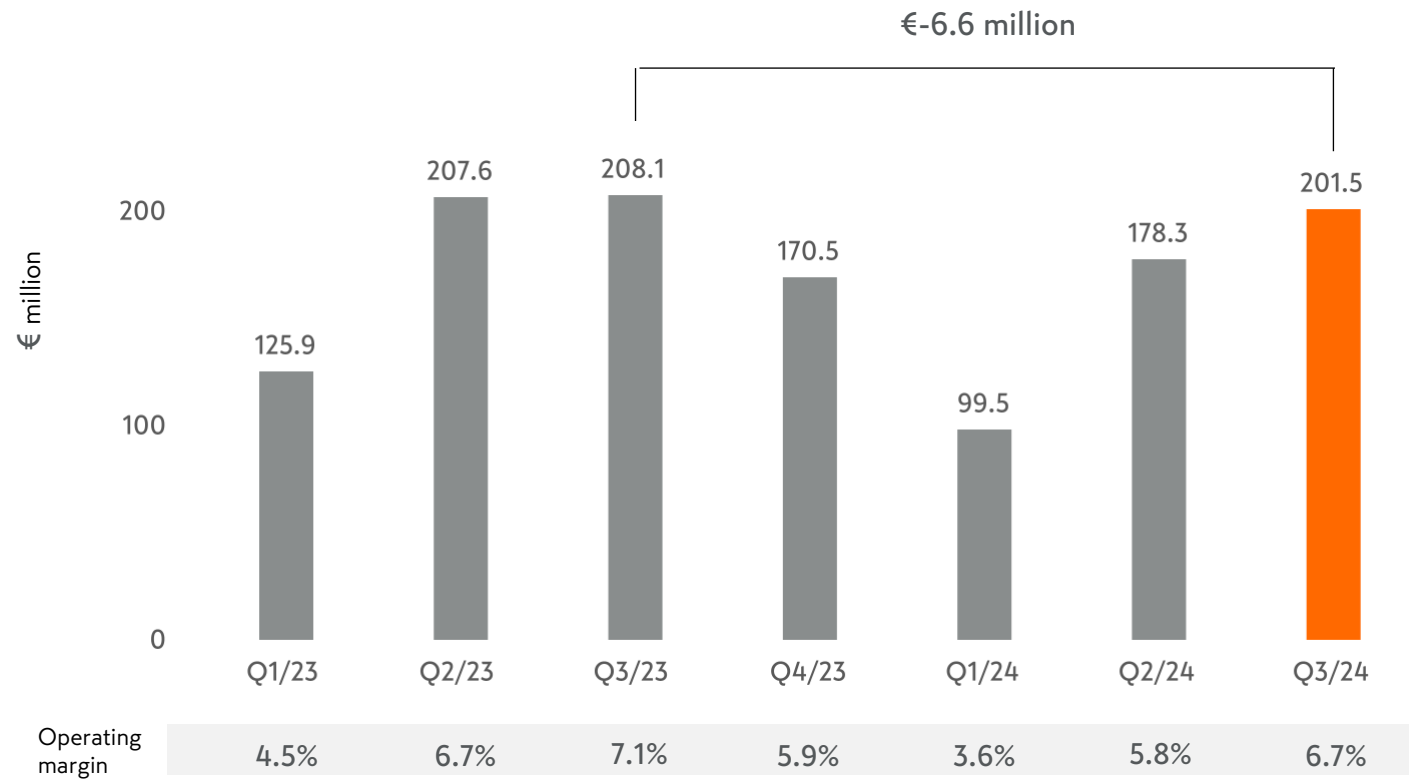
	Q3/2024	Q3/2023
Net sales, € million	3,026.6	2,949.1
Change in net sales, %*	-0.8	-2.7
Operating profit, € million*	201.5	208.1
Operating margin, %*	6.7	7.1
Profit before tax, € million*	172.1	188.4
Earnings per share, basic, €*	0.34	0.38
Cash flow from operating activities, € million	285.6	394.9

* Comparable

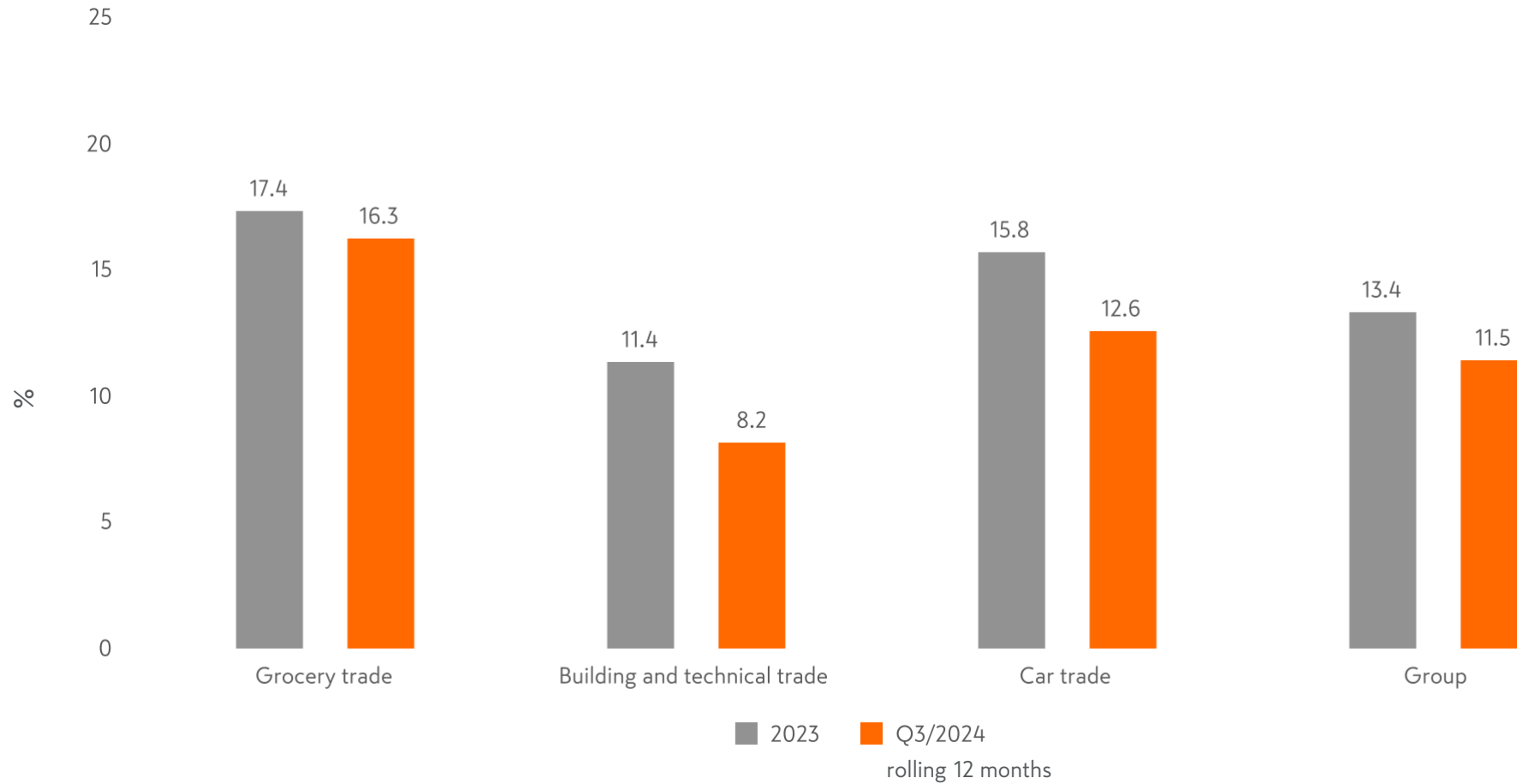
NET SALES



OPERATING PROFIT



RETURN ON CAPITAL EMPLOYED



FINANCIAL POSITION

Increase in working capital impacted cash flow in Q3

	Q3/2024	Q3/2023
Cash flow from operating activities, € million	285.6	394.9
Liquid assets, € million	219.9	169.6
Capital expenditure, € million	109.4	127.5
Interest-bearing net debt excl. lease liabilities, € million	855.8	559.8
Interest-bearing net debt / EBITDA (excl. IFRS 16 impact, rolling)	1.2	0.7
Lease liabilities, € million	2,011.7	1,994.2

THE ONNELA LOGISTICS CENTRE

- The Onnela logistics centre in Hyvinkää, Finland is the biggest construction project in Kesko's history and a notable investment in future growth
- The centre will serve both Onninen's technical trade and K-Auto's spare parts business; implementation in stages from Q3/2025 onwards
- Once the centre is in full use by the end of 2026, it will notably improve Onninen's efficiency
- Timing for the construction has been good, and the project is estimated to come in under the original cost estimate (€300 million); total investment so far €174 million (end-Q3/2024)
- Capital obtained by Kesko through the issuance of green notes is used to finance the project
- Special attention has been paid to reducing energy consumption and carbon footprint, thus reducing costs and emissions over the property's long life cycle. The site will host e.g. some 100 geothermal wells and a solar power plant.



EXPENSES

Expenses up due to the Davidsen acquisition and real estate costs

	Q3/2024	Q3/2023
Fixed costs, € million	484.1	451.9
- Employee benefit expenses, € million	192.7	176.1
- Other expenses, € million	149.9	140.5
- Depreciation, € million	141.5	135.3
Cost ratio, %	16.0	15.3

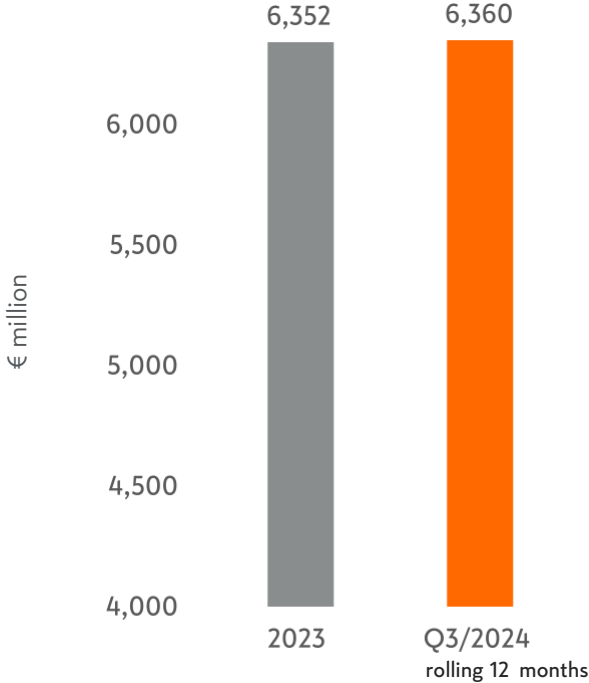
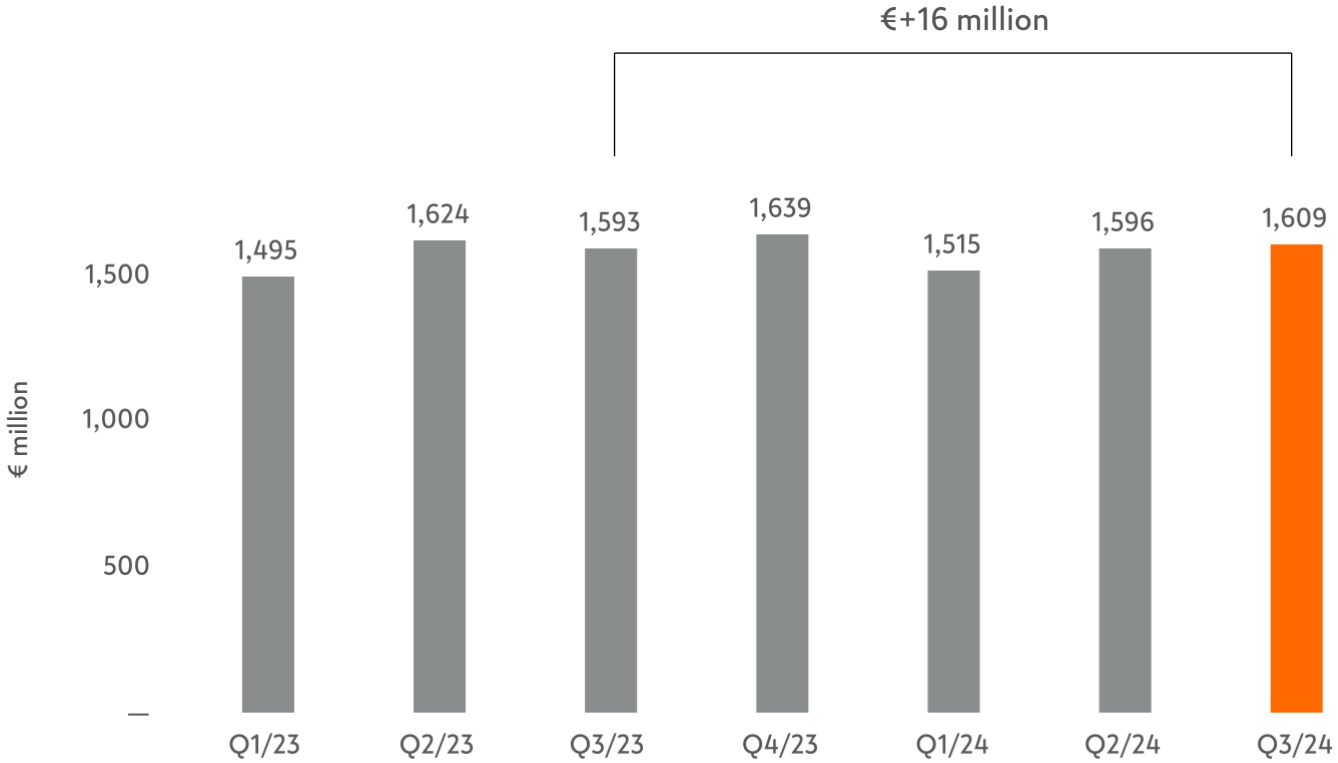


GROCERY TRADE

STABLE PERFORMANCE

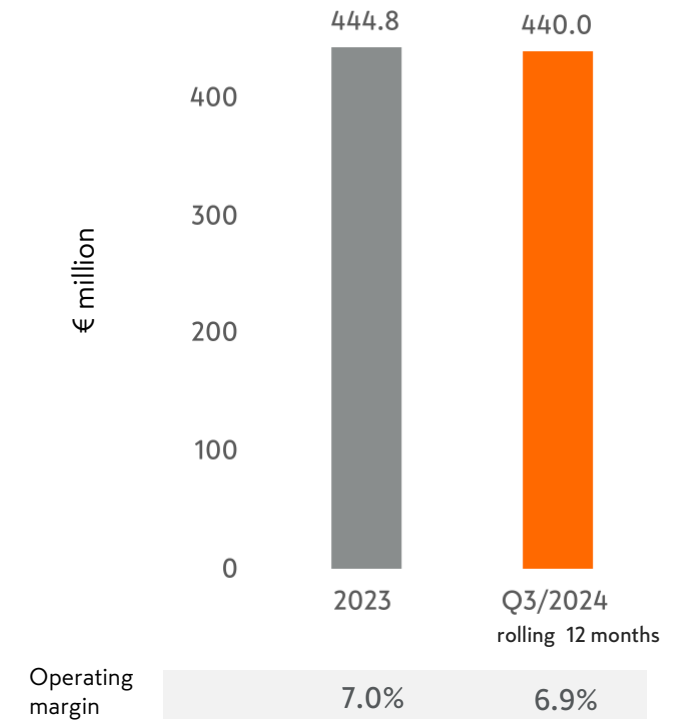
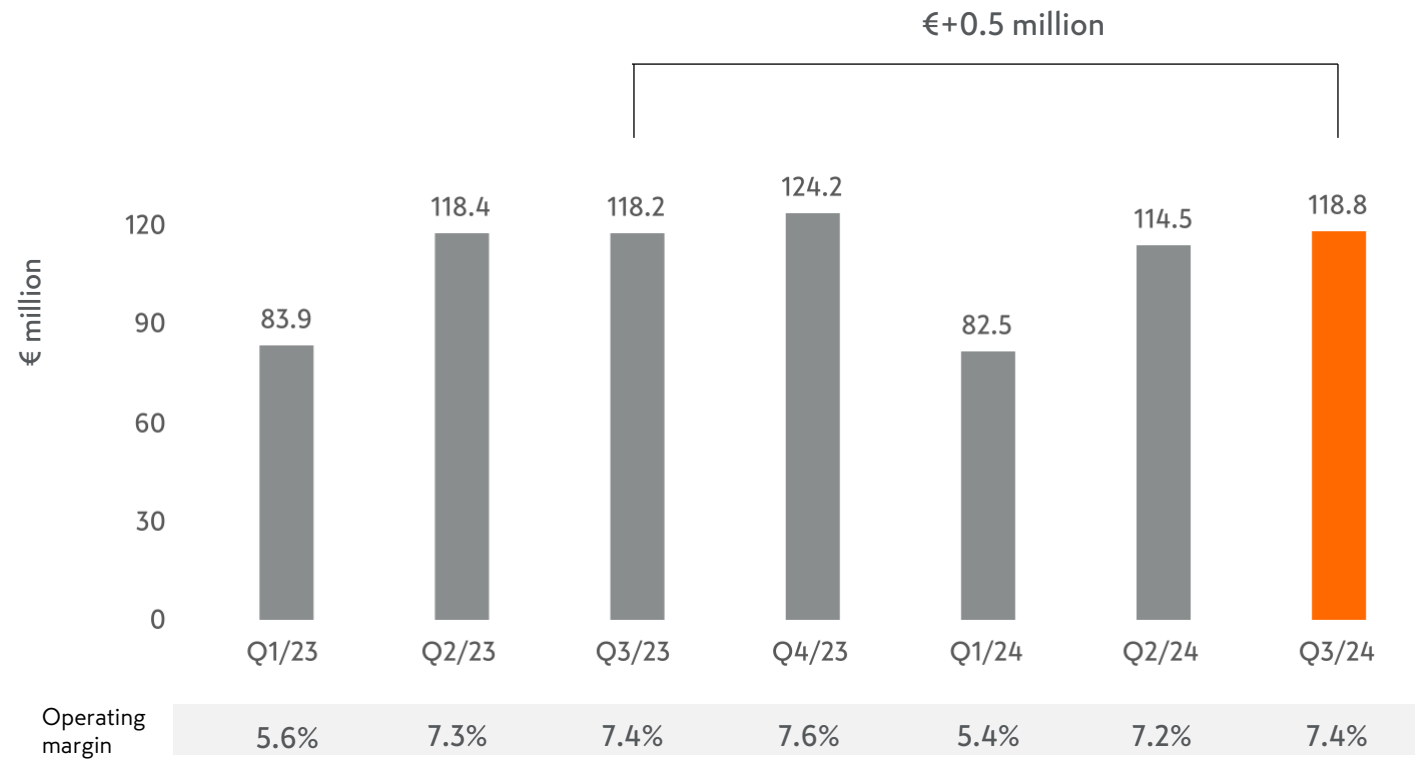


GROCERY TRADE NET SALES



GROCERY TRADE

OPERATING PROFIT



KEY EVENTS IN GROCERY TRADE IN Q3

- Net sales and profit increased, operating margin flat year-on-year
 - K Group grocery sales down by 0.1%
 - Kespro's net sales up by 3.1%, again exceeding market growth
 - K-Citymarket non-food sales down by 4.1%
- Online grocery sales up by 13.9% thanks to express deliveries
- Total grocery trade market growth approx. 1.5%, K Group sales performance slightly below the market
- Grocery price inflation in Finland approx. 0.4% (Statistics Finland, incl. VAT)
- Customer flows continued to grow thanks to campaigns, but average purchase down
- Media business and data utilisation supporting profitability



STRATEGY EXECUTION PROCEEDING ACCORDING TO PLAN

- Key actions in grocery trade strategy:
 - Strengthening store-specific business ideas
 - Developing our store site network
 - Improving price competitiveness
- Impact from stronger store-specific business ideas and investments in price set to become visible from early 2025 onwards
- Investments in the store network continue, impact set to become visible towards the end of Kesko's current strategy period
 - In 2024: 15 new and 44 remodelled stores, of which 7 new and 14 remodelled stores in Q4/2024
 - In 2025: 18 new and 46 remodelled stores





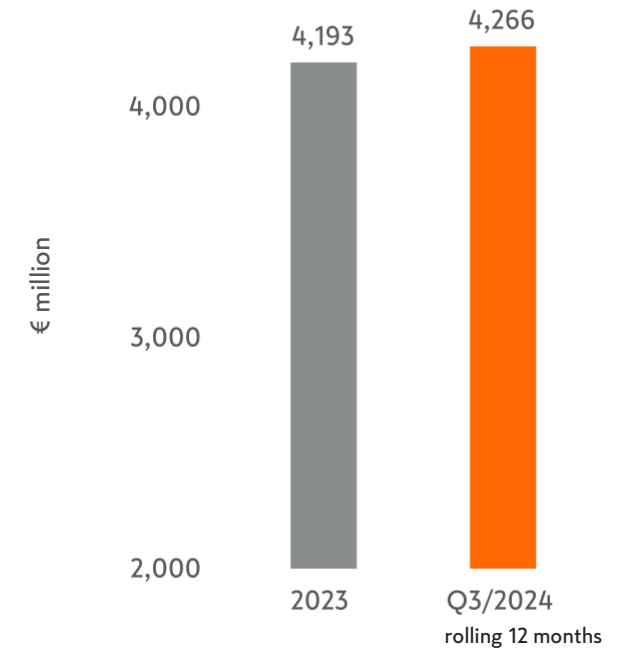
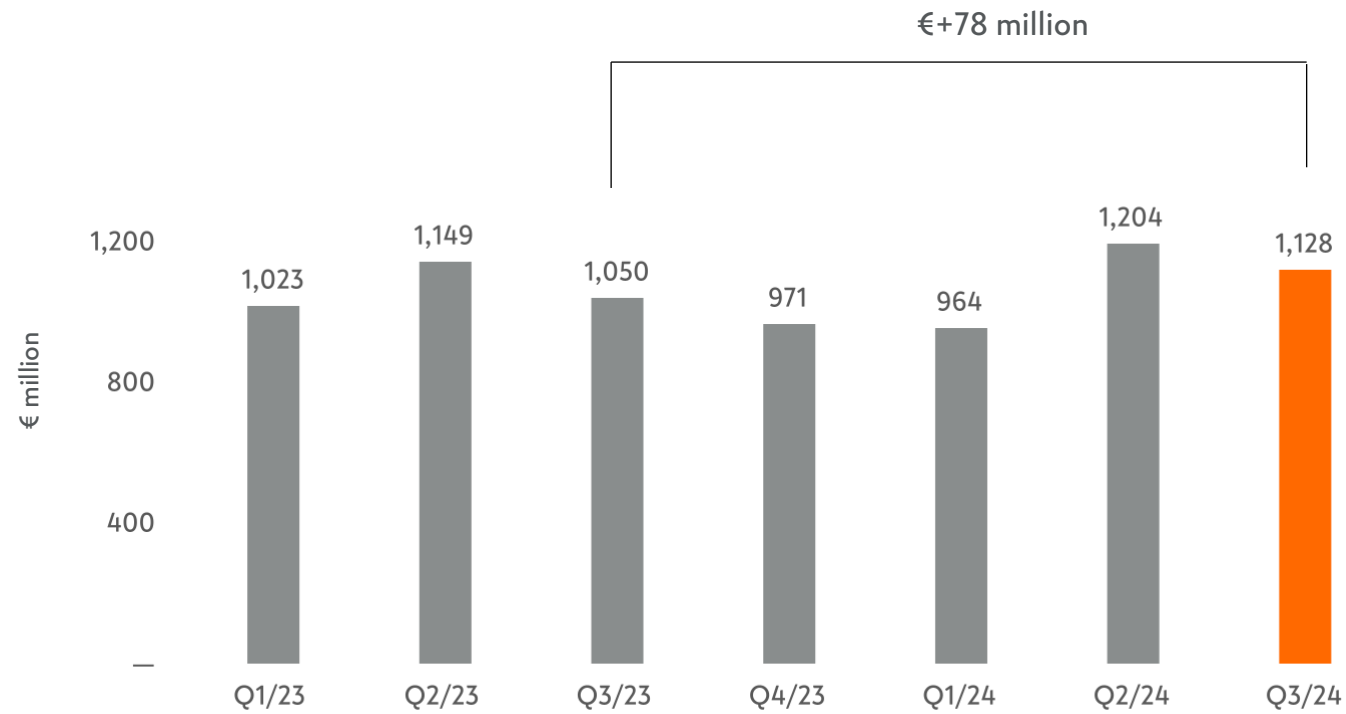
BUILDING AND TECHNICAL TRADE

BETTER-THAN- EXPECTED RESULT



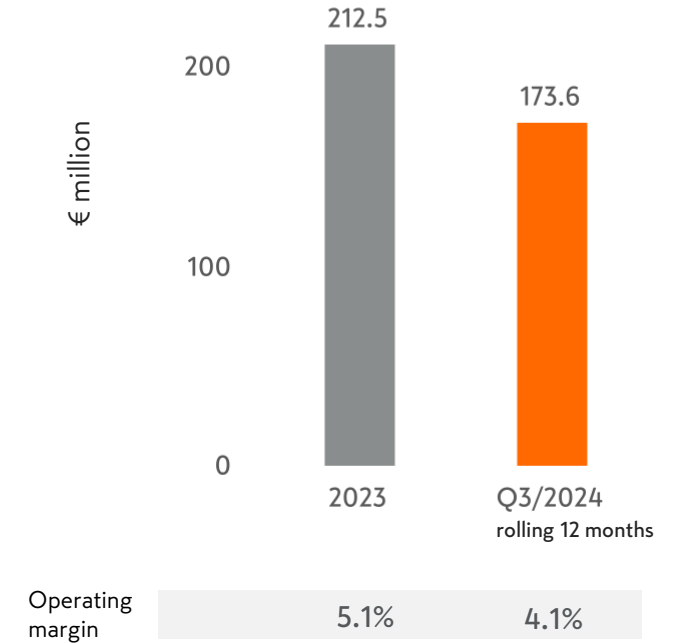
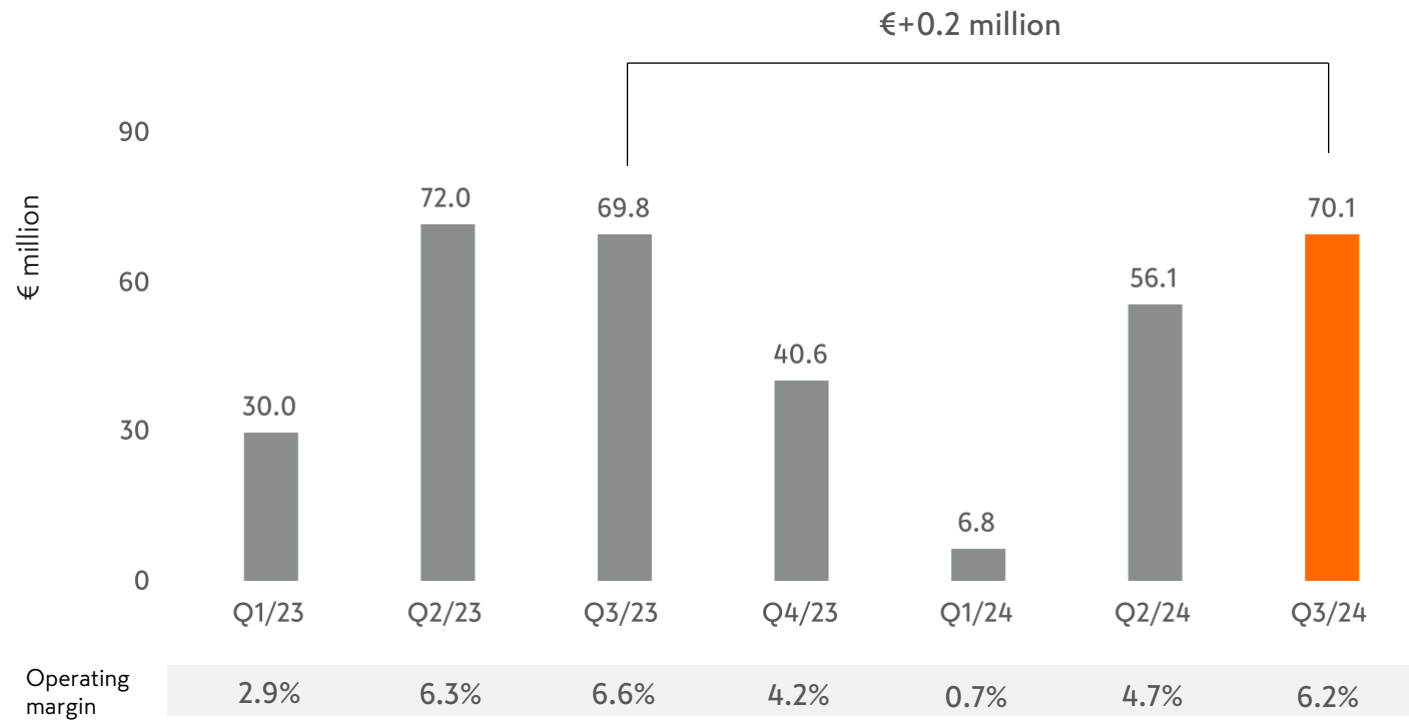
BUILDING AND TECHNICAL TRADE

NET SALES



BUILDING AND TECHNICAL TRADE

OPERATING PROFIT



KEY EVENTS IN BUILDING AND TECHNICAL TRADE IN Q3

- Construction cycle still weak, but we have seen a turnaround: result for the division grew for the first time in eight quarters
- Sales have picked up in both building and home improvement trade and technical trade, but the market continues to be challenging
- Net sales and operating profit development better than anticipated
- Operating profit for Onninen Finland at last year's level, sales and profitability for solar power products have returned to normal levels
- In Norway, there have been logistics-related delays in the Elektroskandia integration process, while Byggmakker's sales slightly underperformed the market
- Increased focus on B2B trade in Sweden under the K-Bygg brand has proceeded according to plans
- Credit risk well under control, €0.5 million (€1.6 million) written down for trade receivables past due date
- Share of result from Kesko Senukai €4.8 million (€4.7 million)

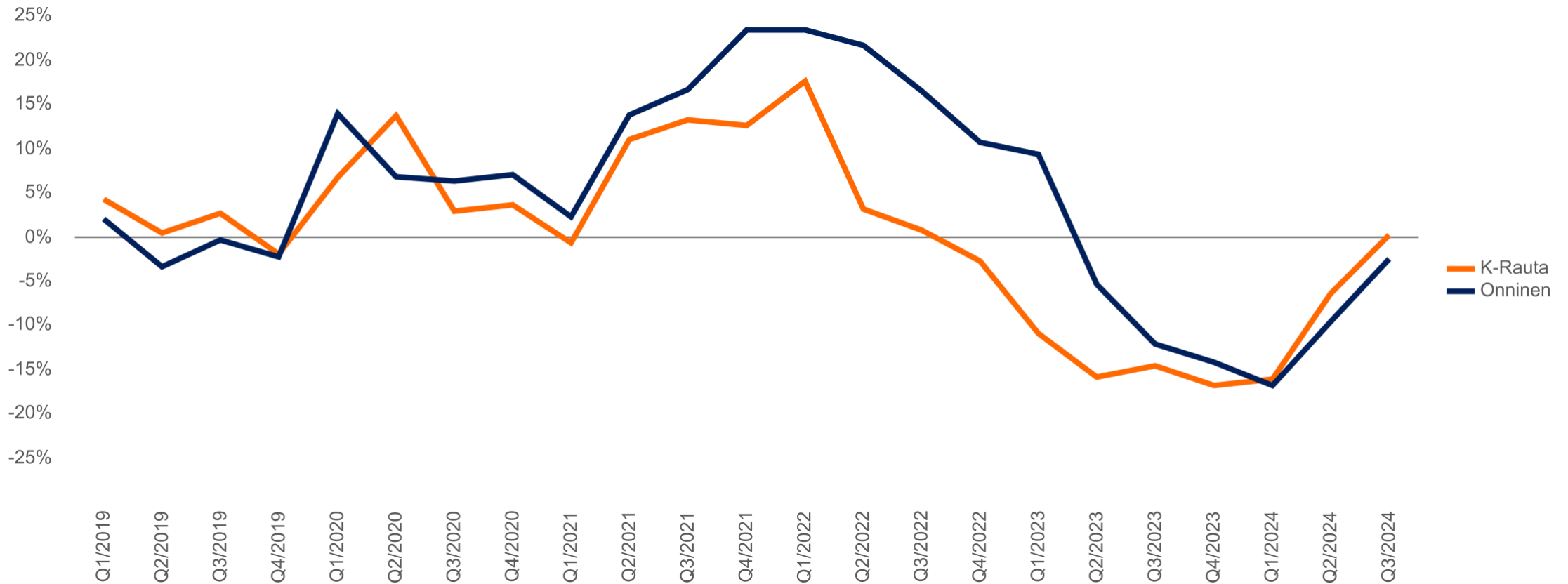
	Q3/2024	Q3/2023
Net sales, € million	1,128.0	1,050.3
Technical trade	578.0	588.9
Building & home improvement trade	567.0	477.3
Operating profit*, € million	70.1	69.8
Technical trade	35.7	37.7
Building & home improvement trade	29.5	27.4
Operating margin, %*	6.2	6.6
Technical trade	6.2	6.4
Building & home improvement trade	5.2	5.7

*Comparable



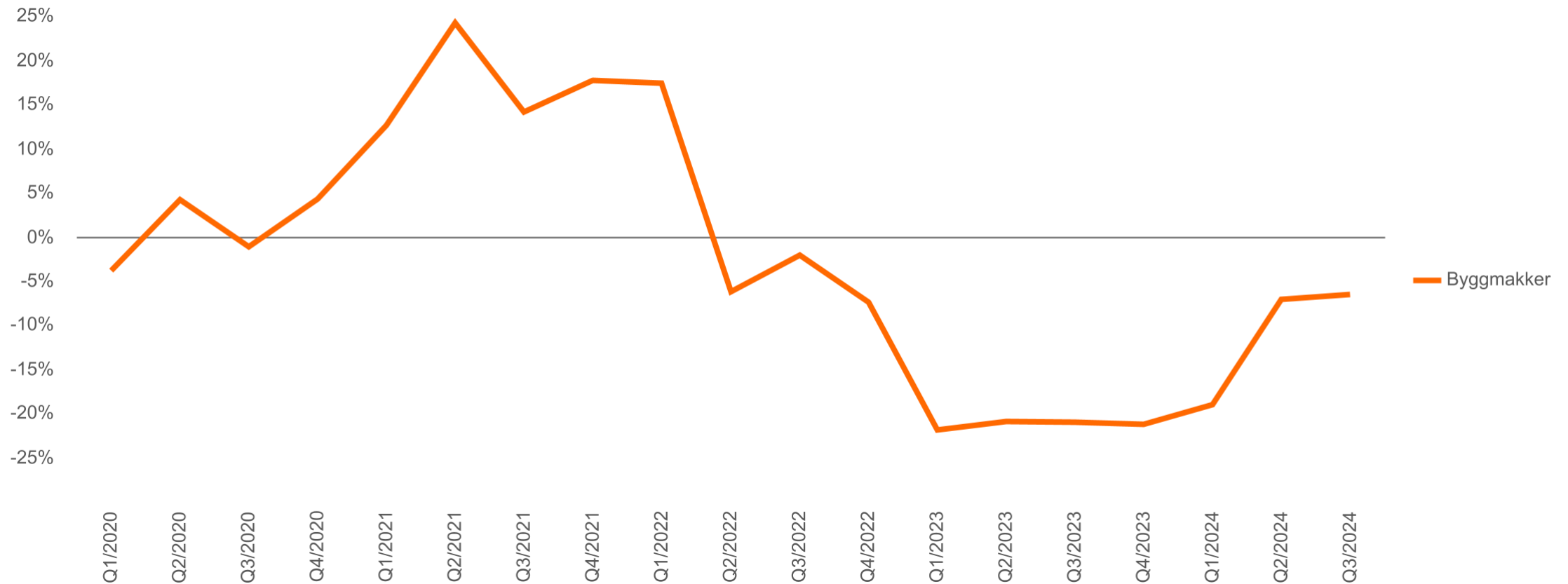
SALES OF K-RAUTA FINLAND AND ONNINEN FINLAND

Retail and B2B sales



BYGGMAKKER SALES IN 2020-2024

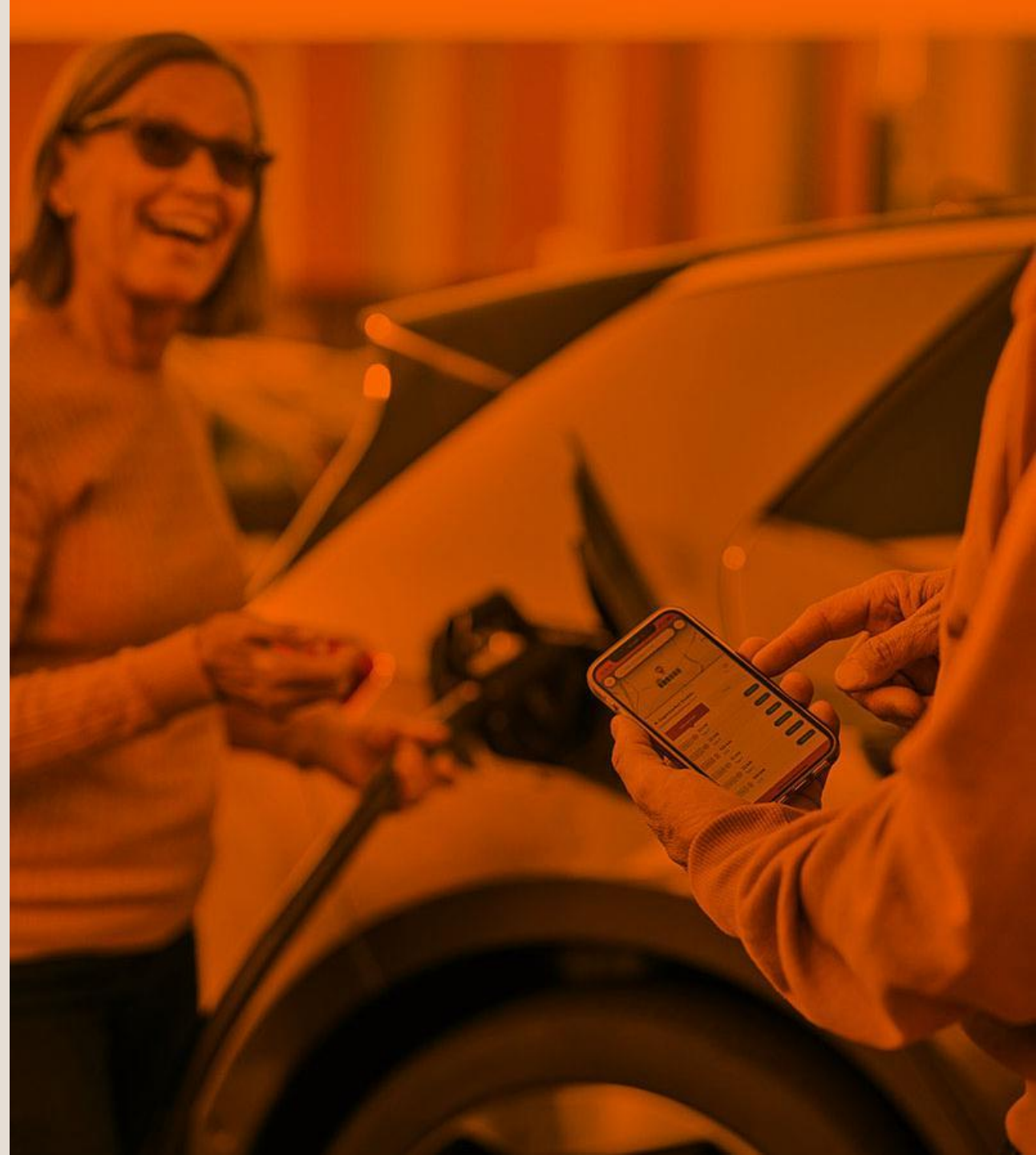
Retail and B2B sales



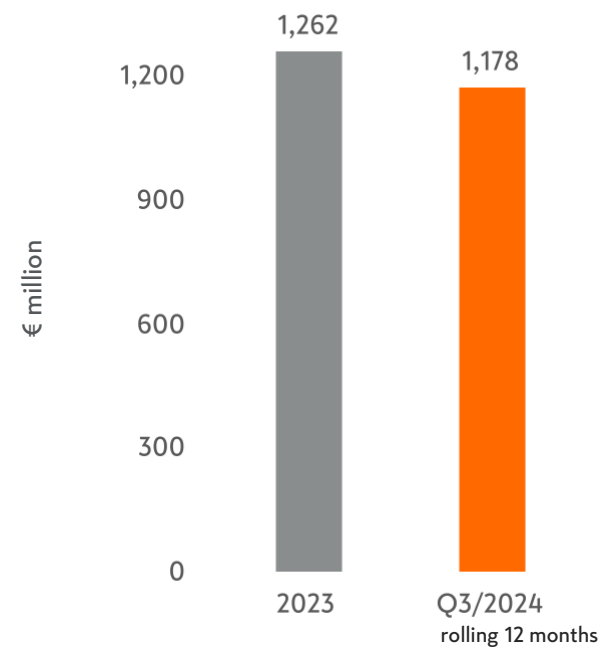
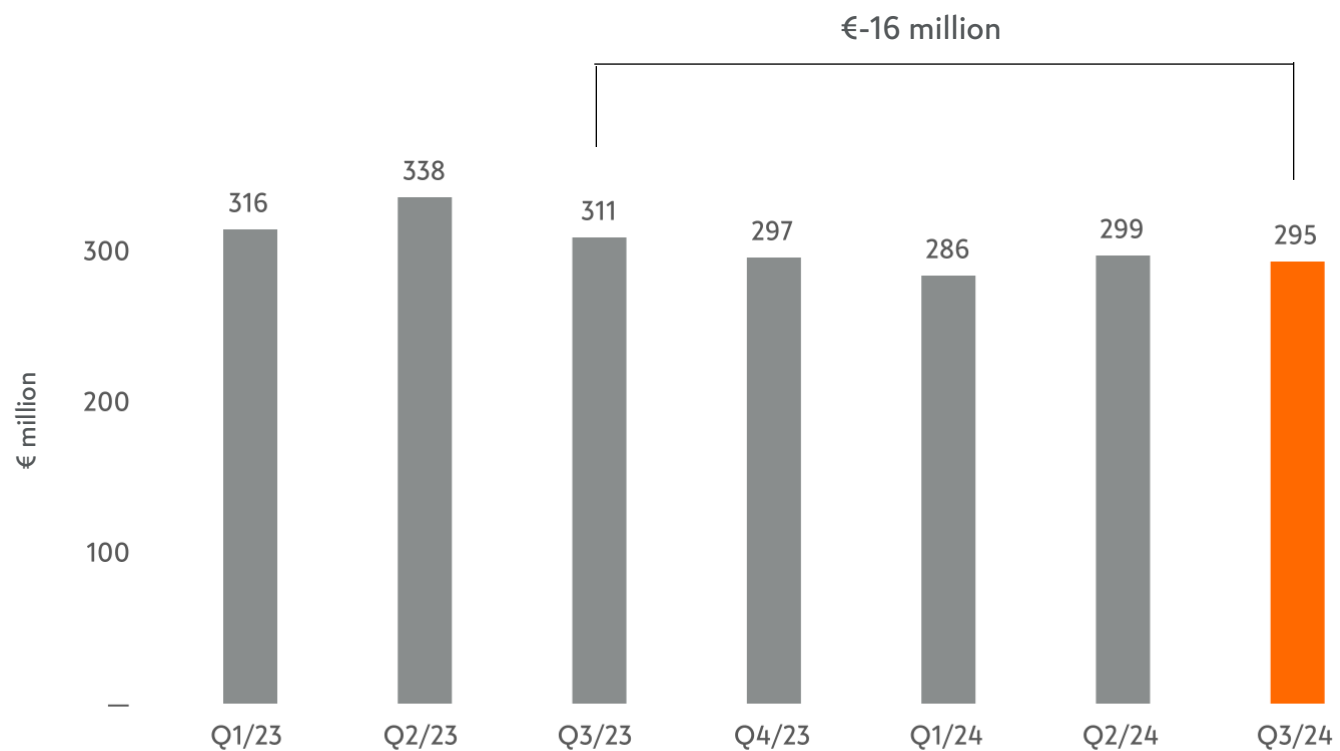


CAR TRADE

GOOD PERFORMANCE IN A CHALLENGING MARKET



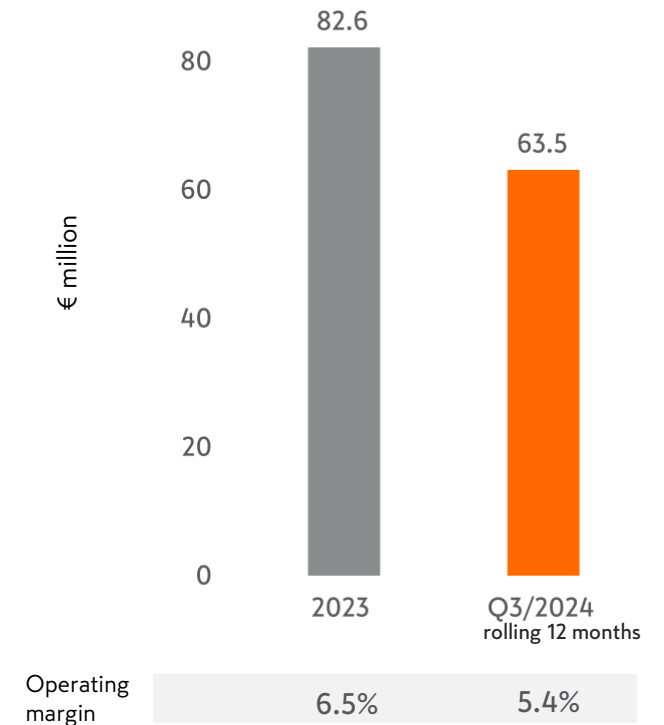
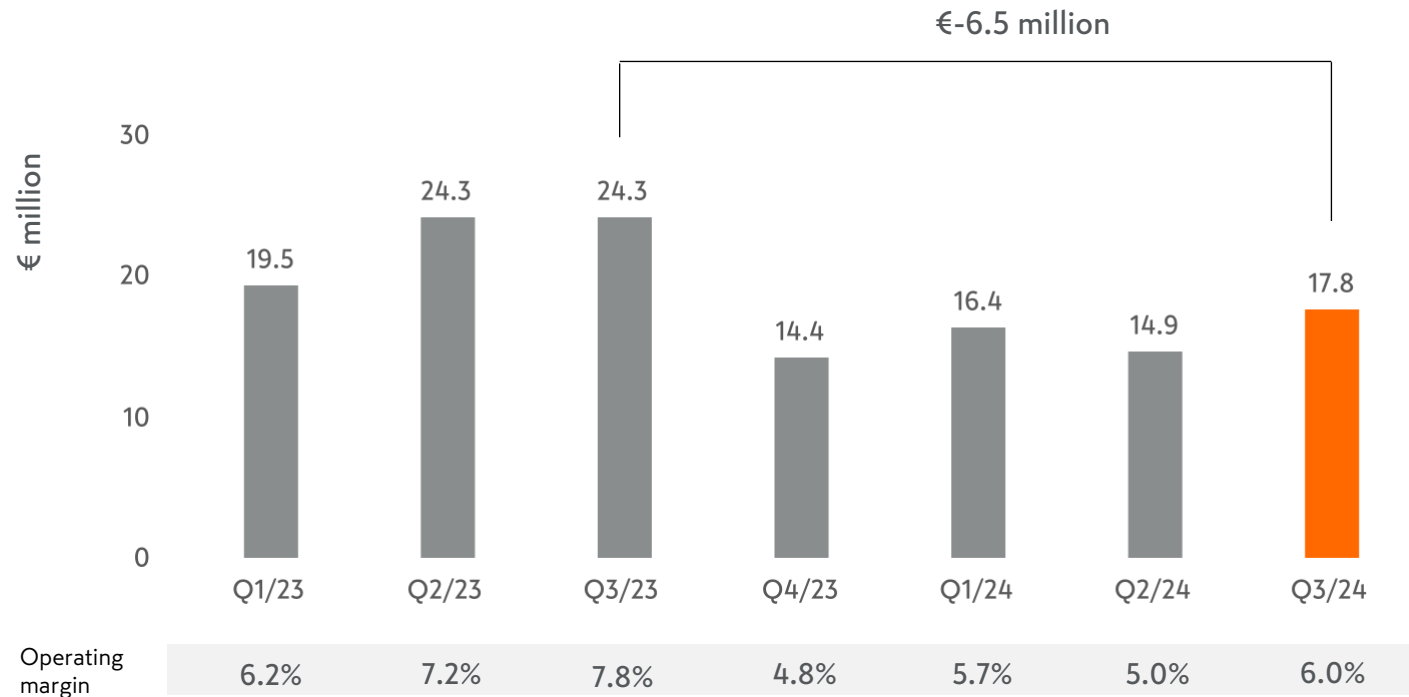
CAR TRADE NET SALES



Figures incl. sport trade

CAR TRADE

OPERATING PROFIT



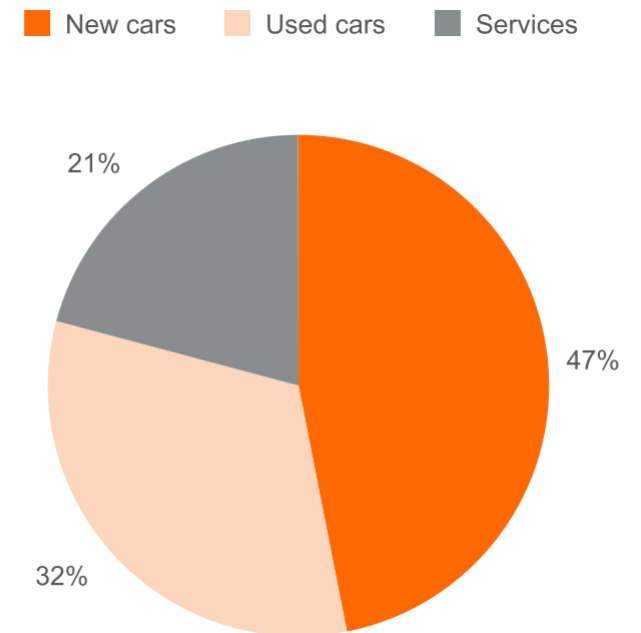
Comparable figures
 Figures incl. sport trade



KEY EVENTS IN CAR TRADE IN Q3

- Market demand for new cars muted, Q3 first registrations in Finland -24.4% (passenger cars and vans)
- Net sales and comparable operating profit decreased as market continued challenging, profitability remained at a good level
- New car sales down, but in new car orders, the share of brands represented by Kesko grew
- Used car sales up, K-Auto's market share strengthened significantly
- Service sales continued to grow
- Acquisition of Autotalo Lohja completed in September
- In sports trade, net sales and comparable operating profit increased and market share strengthened

K-AUTO, NET SALES



Net sales for the division's car trade businesses, Q3/2024, rolling 12 months

PROFIT GUIDANCE FOR 2024 AND OUTLOOK FOR 2025

PROFIT 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 €630–680 million. Previously, the comparable operating profit was estimated to amount to €620–680 million. The profit guidance specification is based on third-quarter profit development in building and technical trade.

OUTLOOK FOR 2025

Kesko's operating environment is estimated to improve in 2025, and Kesko's comparable operating profit is also estimated to improve in 2025.

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

In building and technical trade, the cycle is expected to improve in 2025 from the historically low levels. Profitability in the building and technical trade division is estimated to improve on 2024.

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

