Q1/2016

Kesko Corporation
Interim Report

January-March 2016

Kesko's interim report for the period 1 January to 31 March 2016: Kesko's profitability improved

FINANCIAL PERFORMANCE IN BRIEF:

- The Group's net sales for January-March were €2,013 million (€2,082 million). Net sales in local currencies excluding Anttila were at the previous year's level, up 0.2%.
- The operating profit excluding non-recurring items increased to €32.3 million (€26.5 million).
- Return on capital employed excluding non-recurring items increased to 12.4% (rolling 12 mo).
- Earnings per share excluding non-recurring items €0.26 (€0.19).
- Equity ratio 54.8% (51.5%).
- Kesko Group's net sales for the next 12 months are expected to exceed the level of the preceding 12 months. The operating profit excluding non-recurring items for the next 12-month period is expected to equal the level of the preceding 12 months. The outlook does not take account of the acquisition of Onninen, in respect of which estimates will be given in connection with its completion.

KEY PERFORMANCE INDICATORS

	1-3/2016	1-3/2015
Net sales, € million	2,013	2,082
Operating profit excl. non-recurring items, € million	32.3	26.5
Operating profit, € million	33.5	-103.6
Profit before tax, € million	35.7	-103.7
Capital expenditure, € million	51.4	51.5
Earnings per share, €, diluted	0.28	-1.11
Earnings per share excl. non-recurring items, €, basic	0.26	0.19
	31.3.2016	**31.3.2015**
Equity ratio, %	54.8	51.5
Equity per share, €	22.13	21.30

PRESIDENT AND CEO MIKKO HELANDER

”In comparable terms, Kesko's net sales for the first quarter of the year were at the same level as in the previous year, the operating profit increased and the return on capital employed continued to rise.

Despite intense competition, the grocery trade performance was stable and profitability remained at a good level. In the home improvement and speciality goods trade, especially the net sales of the B2B trade were clearly on the rise and outside Finland, profitability improved further. In the building and home improvement trade, market share strengthened especially in Finland. In the car trade, net sales increased markedly and profitability remained at a good level.

The acquisition of Suomen Lähikauppa, completed in April, is a significant step in the implementation of Kesko's strategy. With the acquisition, Kesko's neighbourhood retail services will improve significantly and the combination of business operations will enable significant synergies. The Siwa and Valintatalo stores will be converted into K-Markets within the next 12 months and in addition, the existing K-Markets, more than 400 in all, will be renewed. The renewal of the service station network is also progressing strongly and the first new Neste K service station was opened in Tampere in March. In the future, there will be nearly 100 of these new era service stations in different parts of Finland.

The acquisition of Onninen will create an excellent platform for the growth of Kesko's building and technical trade in Finland and the rest of Europe. The acquisition will enable increasingly customer oriented services especially in the B2B business, which is growing well. The acquisition is expected to be completed in the first half of the year.

Consumers value Kesko's responsibility work. According to the results of a recent survey, consumers consider K-stores to be the most responsible food stores in Finland. Finnish products account for more than 80% of K-food stores' selections and it is of primary importance for the K-Group that the vitality of Finnish food producers and food manufacturing industry are ensured. Moreover, in January this year, Kesko ranked 15th on the Global 100 Most Sustainable Corporations in the World list and, at the same time, the most sustainable trading sector company in the world."

FINANCIAL PERFORMANCE

NET SALES AND PROFIT FOR JANUARY-MARCH 2016

The Group's net sales for January-March 2016 were €2,013 million, which is 3.3% down on the corresponding period of the previous year (€2,082 million). Anttila excluded, comparable net sales performance in local currencies was at the previous year's level, up 0.2%. Anttila was included in the figures for the comparative period until 16 March 2015.

In the grocery trade, the -0.8% net sales performance was affected by the decline in prices. In the home improvement and speciality goods trade, comparable net sales decreased by 0.4% due to the timing of Easter. In euro terms, the reported net sales performance in the home improvement and speciality goods trade was -10.0%. In the car trade, net sales growth was strong at 7.1%. The Group's net sales in Finland decreased by 3.5% and the comparable performance was -0.9%. In the other countries, net sales decreased by 2.1% but increased by 6.0% in comparable terms. International operations accounted for 15.9% (15.7%) of net sales.

1-3/2016	Net sales, € million	Change, %	Operating profit excl. non-recurring items, € million	Change, € million
Grocery trade	1,094	-0.8	31.3	-3.6
Home improvement and speciality goods trade	695	-10.0	0.3	+14.5
Car trade	225	+7.1	9.4	-0.4
Common operations and eliminations	-1	-79.0	-8.7	-4.8
Total	**2,013**	**-3.3**	**32.3**	**+5.8**

The operating profit excluding non-recurring items for January-March was €32.3 million (€26.5 million). In the grocery trade, profitability was good. The real estate arrangement completed in June 2015 weakened the operating profit excluding non-recurring items of the grocery trade by €2.8 million. In the home improvement and speciality goods trade, profitability was improved by the good profit performance of foreign operations and the divestment of Anttila completed in the previous year. In the car trade, profitability remained steadily at a good level. The operating profit of the comparative period includes a €12.7 million operating loss from Anttila divested on 16 March 2015. The combined effect of the real estate arrangement completed in June

2015 on the operating profit excluding non-recurring items of the first quarter in the grocery trade and the building and home improvement trade was €-3.7 million.

The operating profit was €33.5 million (€-103.6 million). The operating profit includes €1.3 million (€-130.1 million) of non-recurring items. The non-recurring items of the comparative period include a €130 million loss on the divestment of Anttila.

The Group's profit before tax for January-March was €35.7 million (€-103.7 million). The Group's earnings per share were €0.28 (€-1.11). The Group's equity per share was €22.13 (€21.30).

In January-March, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) excluding Anttila were €2,429 million, up 0.2% compared to the previous year. The K-Plussa customer loyalty programme gained 13,691 new households in January-March 2016. At the end of March, there were 2.3 million K-Plussa households and 3.6 million K-Plussa cardholders.

FINANCE

In January-March, the cash flow from operating activities was €-96.3 million (€-74.8 million). The cash flow from investing activities was €-52.9 million (€-64.5 million).

At the end of the period, liquid assets totalled €746 million (€506 million). Interest-bearing liabilities were €435 million (€548 million) and interest-bearing net debt was €-311 million (€41 million) at the end of March. The equity ratio was an excellent 54.8 % (51.5%) at the end of the period.

The Group's net finance income was €2.7 million (net finance costs €0.3 million) in January-March.

TAXES

In January-March, the Group's taxes were €7.0 million (€7.0 million). The effective tax rate was 19.7%.

CAPITAL EXPENDITURE

In January-March, the Group's capital expenditure totalled €51.4 million (€51.5 million), or 2.6% (2.5%) of net sales. Capital expenditure in store sites was €36.9 million (€40.1 million), in IT €2.7 million (€4.7 million) and other capital expenditure was €11.8 million (€6.6 million). Capital expenditure in foreign operations represented 22.6% (53.4%) of total capital expenditure.

PERSONNEL

In January-March, the average number of personnel in Kesko Group was 18,405 (19,058) converted into full-time employees. In Finland, the average decrease was 735 people, while outside Finland, there was an increase of 81 people. The decrease in the average number of personnel in Finland was affected by the divestment of Anttila on 16 March 2015.

At the end of March 2016, the number of personnel was 21,780 (21,489), of whom 9,878 (9,829) worked in Finland and 11,902 (11,660) outside Finland. Compared to the end of March 2015, there was an increase of 49 people in Finland and an increase of 242 people outside Finland.

In January-March, the Group's employee benefit expenses were €136.3 million, down 5.3% compared to the previous year. The change was affected by the divestment of Anttila on 16 March 2015.

SEGMENTS

SEASONAL NATURE OF OPERATIONS

The Group's operating activities are affected by seasonal fluctuations. The net sales and 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.

GROCERY TRADE

	1-3/2016	1-3/2015
Net sales, € million	1,094	1,103
Operating profit excl. non-recurring items, € million	31.3	34.9
Operating margin excl. non-recurring items, %	2.9	3.2
Capital expenditure, € million	34.7	37.6

Net sales, € million	1-3/2016	Change, %
Sales to K-food stores	748	-1.3
K-citymarket, non-food	130	-1.2
Kespro	186	+0.7
K-ruoka, Russia	25	+20.7
Others	5	-39.0
Total	**1,094**	**-0.8**

January-March 2016

In the grocery trade market, the downward price trend and the intense competitive situation continued. The strengthening of K-food stores' competitiveness in terms of quality and price continued in accordance with strategy. With the acquisition of Suomen Lähikauppa, completed in April, Kesko's neighbourhood retail services will improve significantly and at the same time, the acquisition will enable Kesko to obtain significant economies of scale and synergies.

The net sales of the grocery trade for January-March were €1,094 million (€1,103 million), representing a change of -0.8%. In January-March, the grocery sales of K-food stores in Finland increased by 0.1% (VAT 0%). In the grocery market in Finland, retail prices are estimated to have changed by approximately -1.5% compared to the previous year (VAT 0%; Kesko's own estimate based on the Consumer Price Index of Statistics Finland) and the total market (VAT 0%) is estimated to have increased by approximately 1.5% in January-March (Kesko's own estimate). The sales of the food stores in Russia increased by 40.3% in the local currency.

In January-March, the operating profit excluding non-recurring items of the grocery trade was €31.3 million (€34.9 million). Profitability was good in the grocery trade, although the operating profit excluding non-recurring items decreased from the previous year. The real estate arrangement completed in June 2015 had a €-2.8 million impact on the operating profit excluding non-recurring items. The operating profit of the grocery trade was €30.2 million (€35.2 million). Non-recurring items were €-1.1 million (€0.3 million).

The capital expenditure of the grocery trade in January-March was €34.7 million (€37.6 million), of which €32.8 million (€34.2 million) was in store sites.

In January-March, two new K-supermarkets and four K-markets were opened. Renewals and extensions were made in a total of 17 stores.

The most significant store sites under construction are the K-citymarket shopping centre in Itäkeskus, Helsinki, a K-citymarket in Sastamala and K-citymarket Vuosaari is being reduced to a K-supermarket. A new K-supermarket is being built in Tampere, in Niittykumpu, Espoo, in Lappeenranta, Porvoo, Kemiönsaari, Rovaniemi, Haapajärvi and in Lauttasaari, Kalasatama and Pasila, Helsinki. K-market Ivalo is being extended into a K-supermarket. Two new food stores are under construction in Russia.

Store numbers at 31.3.	2016	2015
K-citymarket	81	81
K-supermarket	221	218
K-market (incl. service station stores)	484	444
K-ruoka, Russia	9	6
Others*	98	161

* incl. online stores
In addition, several K-food stores offer e-commerce services to their customers.

HOME IMPROVEMENT AND SPECIALITY GOODS TRADE

	1-3/2016	1-3/2015
Net sales, € million	695	773
Operating profit excl. non-recurring items, € million	0.3	-14.2
Operating margin excl. non-recurring items, %	0.0	-1.8
Capital expenditure, € million	8.2	9.7

Net sales, € million	1-3/2016	Change, %
Building and home improvement, Finland	195	-1.0
K-rauta, Sweden	44	+12.2
Byggmakker, Norway	88	-8.6
K-rauta, Estonia	18	+8.9
K-rauta, Latvia	10	-10.8
Senukai, Lithuania	63	+5.1
K-rauta, Russia	32	-17.2

OMA, Belarus	19	-15.2
Intersport, Finland	47	-5.3
Intersport, Russia	4	+21.7
Indoor	42	-4.0
Agricultural and machinery trade	129	-3.8
Others	7	-88.3
Total	**695**	**-10.0**

January-March 2016

The comparable net sales performance of the home improvement and speciality goods trade was stable and profitability improved compared to the previous year. This is attributable to the good profit performance in the building and home improvement trade outside Finland and in the agricultural and machinery trade, as well as the divestment of the loss-making Anttila in March 2015. In the building and home improvement trade, growth strengthened especially in the B2B trade. The market share of the K-Group's building and home improvement trade is estimated to have strengthened especially in Finland.

The net sales of the home improvement and speciality goods trade for January-March were €695 million (€773 million), down 10.0%. In the home improvement and speciality goods trade, comparable net sales in local currencies excluding Anttila were down by 0.4% due to the timing of Easter.

The net sales of the home improvement and speciality goods trade for January-March in Finland were €400 million (€466 million), a decrease of 14.2%. In comparable terms, net sales decreased in Finland by 3.4%. In January-March, the net sales from the foreign operations of the home improvement and speciality goods trade were €296 million (€307 million), a decrease of 3.6%. In comparable terms, the net sales from foreign operations increased by 3.7%. Foreign operations contributed 42.5% (39.7%) to the net sales of the home improvement and speciality goods trade.

In January-March, the net sales of the building and home improvement trade were €509 million (€524 million), a decrease of 2.9%. In local currencies, net sales were up by 1.1%. In respective local currencies, net sales grew in Sweden by 11.6%, decreased in Norway by 0.3% and in Russia by 3.8%.

The net sales of the agricultural and machinery trade for January-March were €129 million (€134 million), down 3.8% compared to the previous year. Net sales in Finland were €112 million, a decrease of 4.2%. The net sales from foreign operations were €17 million, a decrease of 1.6%. The net sales of the leisure trade were €56 million, a decrease of 3.7% in local currencies.

The K-Group's sales of building and home improvement products in Finland increased by a total of 3.6% and the total market (VAT 0%) is estimated to have fallen by approximately 1.4% (Kesko's own estimate). The retail sales of the K-maatalous chain were €86 million, down 3.2%.

In January-March, the operating profit excluding non-recurring items of the home improvement and speciality goods trade was €0.3 million (€-14.2 million), up €14.5 million compared to the previous year. The profit for the comparative period includes a €12.7 million operating loss from Anttila. Profit improved in the building and home improvement trade especially outside Finland. Profitability improved from the previous year also in the agricultural and machinery trade.

The operating profit of the home improvement and speciality goods trade was €1.8 million (€-144.7 million). The most important non-recurring expense in the comparative period is the €130 million loss on the disposal of Anttila.

In January-March, the capital expenditure of the home improvement and speciality goods trade totalled €8.2

million (€9.7 million), of which 68.9% (36.0%) was abroad. Capital expenditure in store sites represented 44.2% of total capital expenditure.

In January-March, a K-rauta building and home improvement store in Kokkola, K-rauta Holma in Lahti and OMA Brest in Belarus, as well as Asko and Sotka furniture stores in Narva, Estonia were opened.

The most significant store sites under construction are the K-rauta stores in Savonlinna and St. Petersburg and a Senukai store in Vilnius.

Store numbers at 31.3.	2016	2015
K-rauta	46	42
Rautia*	95	93
K-maatalous*	80	81
K-rauta, Sweden	20	20
Byggmakker, Norway	88	84
K-rauta, Estonia	8	8
K-rauta, Latvia	8	8
Senukai, Lithuania	20	19
K-rauta, Russia	13	13
OMA, Belarus	13	11
Intersport, Finland**	60	62
Budget Sport**	11	11
Asko and Sotka**	87	87
Kookenkä**	38	41
Intersport, Russia	16	17
Asko and Sotka, the Baltics**	12	10
Konekesko	1	1

* In 2016, 45 (46) Rautia stores also operated as K-maatalous stores
** Including online stores
In addition, the building and home improvement stores offer e-commerce services to their customers.

CAR TRADE

	1-3/2016	1-3/2015
Net sales, € million	225	210
Operating profit excl. non-recurring items, € million	9.4	9.8
Operating margin excl. non-recurring items, %	4.2	4.7
Capital expenditure, € million	4.6	2.7

Net sales, € million	1-3/2016	Change, %
VV-Auto	225	+7.1

January-March 2016

The net sales of the car trade for January-March were €225 million (€210 million), up 7.1%. In January-March, the combined market performance of first registrations of passenger cars and vans was +12.5% (-3.0%). The combined market share of passenger cars and vans imported by VV-Auto in January-March was 18.5% (18.8%).

The profitability of the car trade remained at a good level. The operating profit excluding non-recurring items for January-March was €9.4 million (€9.8 million).

The operating profit for January-March was €9.4 million (€9.8 million).

The capital expenditure of the car trade in January-March was €4.6 million (€2.7 million).

Store numbers at 31.3.	2016	2015
VV-Auto, retail trade	10	10

CHANGES IN THE GROUP COMPOSITION

Kesko implemented the arrangement agreed in the autumn of 2015 to centralise its Baltic building and home improvement trade in UAB Senuku Prekybos centras (Senukai). The company's name will be changed to Kesko Senukai.

In the arrangement, Kesko sold the shares in its wholly owned companies responsible for the operations of K-rauta stores in Estonia and Latvia to its subsidiary Senukai, in which Kesko has a majority interest.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of March 2016, 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 31 March 2016, Kesko Corporation held 741,677 own B shares as treasury shares. These treasury shares accounted for 1.09% of the number of B shares, 0.74% of the total number of shares, and 0.19% 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 March 2016, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €31.12 at the end of 2015, and €36.95 at the end of March 2016, representing an increase of 18.7%. Correspondingly, the price of a B share was €32.37 at the end of 2015, and €38.81 at the end of March 2016, representing an increase of 19.9%. In January-March, the highest A share price was €37.89 and the lowest was €28.98. The highest B share price was €39.48 and the lowest was €29.56. In January-March, the Nasdaq Helsinki All-Share index (OMX Helsinki) was down by 6.9% and the weighted OMX Helsinki Cap index by 4.9%. The Retail Sector Index was up by 18.2%.

At the end of March 2016, the market capitalisation of A shares was €1,173 million, while that of B shares was €2,621 million, excluding the shares held by the parent company. The combined market capitalisation of A and B shares was €3,794 million, an increase of €624 million from the end of 2015. In January-March 2016, a total of 0.5 million (0.8 million) A shares were traded on Nasdaq Helsinki, a decrease of 41.1%. The exchange value of A shares was €17 million. The number of B shares traded was 16.6 million (17.3 million), a decrease of 3.8%. The exchange value of B shares was €598 million. Nasdaq Helsinki accounted for 54% of the Kesko A and B share trading in January-March 2016. Kesko shares were also traded on multilateral trading facilities, the most significant of which were BATS Chi-X with 29% and Turquoise with 17% of the trading (source: Fidessa).

During the reporting period, the Board had the authority to decide on the transfer of a maximum of 1,000,000 own B shares held by the Company as treasury shares. On 3 February 2016, the Board decided to grant own B shares held by the Company as treasury shares to persons included in the target group of the 2015 vesting period, based on this share issue authorisation and the fulfilment of the vesting criteria of the 2015 vesting period of Kesko’s three-year share-based compensation plan. This transfer of a total of 137,054 own B shares was announced in a stock exchange release on 17 March 2016. 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 can be granted within a period of three years based on the fulfilment of the vesting criteria. The Board will separately decide on the vesting criteria and target group for each vesting period. The share-based compensation plan was announced in a stock exchange release on 4 February 2014. In January-March, a total of 1,154 shares granted based on the fulfilment of the vesting criteria of the share-based compensation plans (the 2011-2013 and the 2014-2016 share-based compensation plans) 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 notification on 17 March 2016 and 31 March 2016.

Kesko’s Annual General Meeting held on 4 April 2016 authorised the Company’s Board to make decisions concerning the transfer of a total maximum of 1,000,000 own B shares held by the Company as treasury shares (the 2016 share issue authorisation). The authorisation cancelled the earlier share issue authorisation corresponding in content. 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.

The Annual General Meeting held on 4 April also approved the Board's proposal for its authorisation to decide on the acquisition of 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, the Board has a share issue authorisation according to which the Board is authorised to issue a maximum of 20,000,000 new B shares (the 2015 share issue authorisation). The authorisation is valid until 30 June 2018. 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.

At the end of March 2016, the number of shareholders was 40,193, which is 664 more than at the end of 2015. At the end of March, foreign ownership of all shares was 27%. Foreign ownership of B shares was 39% at the end of March.

FLAGGING NOTIFICATIONS

Kesko Corporation did not receive any flagging notifications during the reporting period.

KEY EVENTS DURING THE REPORTING PERIOD

Kesko Corporation entered into an agreement to acquire Onninen Oy's whole share capital from Onvest Oy. The pro forma net sales of the business to be acquired were €1,438 million and the EBITDA was €39 million for the period from October 2014 until the end of September 2015. The price of the debt-free acquisition, structured as a share purchase, is €369 million. Onninen's steel business and Russian subsidiary are not included in the acquisition. The completion of the acquisition is subject to the approval of the competition authorities and the fulfilment of the other terms and conditions of the transaction. The acquisition is estimated to be completed during the first half of 2016. (Stock exchange release on 12 January 2016)

Tomi Korpisaari, a member of Kesko Corporation's Board of Directors, announced that he would resign from the Company's Board of Directors for reasons of health as of 1 March 2016. Kaarina Ståhlberg was appointed General Counsel and member of the Management Board of Posti Group Corporation as of 1 March 2016, as a result of which Ståhlberg announced that she would resign from Kesko Corporation's Board of Directors as of 1 March 2016. (Stock exchange release on 5 February 2016 and 15 February 2016)

The arrangement agreed by Kesko in the autumn of 2015 to centralise its Baltic building and home improvement trade in UAB Senuku Prekybos centras (Senukai) was completed. The company's name will be changed to Kesko Senukai. In the arrangement, Kesko sold the shares in its wholly owned companies responsible for the operations of K-rauta stores in Estonia and Latvia to its subsidiary Senukai, in which Kesko has a majority interest. (Stock exchange release on 1 April 2016)

EVENTS AFTER THE REPORTING PERIOD

The transaction agreed between Kesko Corporation's subsidiary Kesko Food and the private equity investment firm Triton to acquire Suomen Lähikauppa was closed. The debt-free price of the acquisition, structured as a share purchase, is approximately €60 million. In 2015, Suomen Lähikauppa's net sales were €935.7 million, it has around 600 Siwa and Valintatalo stores and around 3,800 employees. On 11 April 2016, the Finnish Competition and Consumer Authority (FCCA) announced their approval of the acquisition. The permission contains conditions imposed by the FCCA. The condition imposed by the FCCA to the acquisition is an obligation to sell 60 stores of Suomen Lähikauppa Oy to competitors. In case the sale of some store or some stores is not possible, the selling obligation imposed on Kesko Food Ltd will cease. The FCCA also imposed an obligation to Suomen Lähikauppa Oy, transferred to Kesko Food Ltd's ownership, to continue purchases from Tuko Logistics Osuuskunta during a fixed period of 18 months in order that purchases can be reduced in stages. (Stock exchange release on 11 April 2016 and on 12 April 2016)

The Finnish Competition and Consumer Authority (FCCA) approved the acquisition of Onninen Oy by Kesko Corporation as regards Finland. The permission does not contain any conditions. The acquisition is yet subject to the approval of the EU Commission as regards the other countries included in the arrangement and the fulfilment of the other terms and conditions of the acquisition. The acquisition is estimated to be completed during the first half of 2016. (Stock exchange release on 20 April 2016)

RESOLUTIONS OF THE 2016 ANNUAL GENERAL MEETING AND DECISIONS OF THE BOARD'S ORGANISATIONAL MEETING

Kesko Corporation's Annual General Meeting, held on 4 April 2016, adopted the financial statements and the consolidated financial statements for 2015 and discharged the Board members and the Managing Director from liability. The General Meeting also resolved to distribute a dividend of €2.50 per share as proposed by the Board, or a total amount of €248,195,187.50. The dividend pay date was 13 April 2016.

The General Meeting resolved to leave the number of Board members unchanged at seven. The term of office of each of the seven (7) Board members elected by the Annual General Meeting on 13 April 2015, i.e. retailer, Business College Graduate Esa Kiiskinen, retailer, Master of Science in Economics Tomi Korpisaari, retailer, Secondary School Graduate 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, will expire at the close of the 2018 Annual General Meeting in accordance with Kesko's Articles of Association. Korpisaari and Ståhlberg had resigned from the membership of the Company's Board of Directors as of 1 March 2016. The General Meeting resolved to replace them 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. In addition, the General Meeting resolved to leave the Board members' fees and the basis for reimbursement of expenses unchanged.

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

The General Meeting approved the Board's proposal for share issue authorisation according to which the Board may decide on the transfer of a total maximum of 1,000,000 own B shares held by the Company as treasury shares (the 2016 share issue authorisation). The General Meeting also approved the Board's proposal for the authorisation to acquire own shares, according to which the Board may decide on the acquisition of a maximum of 1,000,000 own B shares of the Company (the 2016 authorisation to acquire own shares).

Moreover, the General Meeting approved the Board's proposal for its authorisation to decide on the donations in a total maximum of €300,000 for charitable or similar purposes until the Annual General Meeting to be held in 2017 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, re-elected eMBA Mikael Aro as its Deputy Chair and M.Sc. (Econ.) Matti Kyytsönen as its member. Business College Graduate Esa Kiiskinen (Ch.), Mikael Aro (Dep. Ch.) and M.Sc. (Econ.) Anu Nissinen were re-elected to the Board's Remuneration Committee.

The resolutions of Annual General Meeting and the decisions of the Board's organisational meeting were announced in more detail in stock exchange releases on 4 April 2016.

RESPONSIBILITY

Kesko was the best trading sector company (Food & Staples Retailing) on 'The Global 100 Most Sustainable Corporations' list of 2016. Kesko placed 15th on the list.

In February, Kesko, Arla Finland, HKScan Finland and Unilever Finland initiated a Finnish soy commitment in cooperation with WWF Finland. The members of the commitment pledge to ensure that by 2020, all the soy used in the production chain of their private label products will be responsibly produced, either Round Table on Responsible Soy (RTRS) or ProTerra certified soy.

In March, Kesko's Annual Report 2015 was published in Finnish at http://vuosiraportti2015.kesko.fi and in English at http://annualreport2015.kesko.fi. The Annual Report 2015 consists of the strategy report, the GRI report, financial statements for 2015, Kesko’s Corporate Governance Statement, and the Remuneration Statement.

At the beginning of April, the Pirkka Thank the Producer product range expanded from meat products to milks. A certain proportion of the price of the products in the range is paid directly to Finnish producers. The objective of the K-Group is to support Finnish producers with hundreds of thousands of euros through the Thank the Producer operating model in 2016.

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 are associated with the general development of the economy and consumer confidence especially in Finland and the weakening of the Russian economy and operating conditions, as well as their impact on Kesko's sales and profit. In other respects, no material change is estimated to have taken place during the first part of the year in the risks described in Kesko’s Report by the Board of Directors and the financial statements for 2015 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 operating profit excluding non-recurring items are given for the 12-month period following the reporting period (4/2016-3/2017) in comparison with the 12 months preceding the end of the reporting period (4/2015-3/2016).

The general economic situation and the expected trend in consumer demand vary in Kesko’s different operating countries. In Finland, owing to the weak trend in consumers’ purchasing power, the trading sector’s performance is expected to remain modest, which may be complicated further by actions taken to balance the public finances. In the Finnish grocery trade, intense competition is expected to continue. The markets for the Finnish building and home improvement trade and for the car trade are expected to improve slightly. With respect to foreign countries, the economic situation and consumers’ purchasing power, as well as the outlook in Russia are still weak. In Sweden and Norway and the Baltic countries, the market is expected to grow.

Kesko Group's net sales for the next 12 months are expected to exceed the level of the preceding 12 months. The operating profit excluding non-recurring items for the next 12-month period is expected to equal the level of the preceding 12 months. The outlook does not take account of the acquisition of Onninen, in respect of which estimates will be given in connection with its completion.

Helsinki, 26 April 2016
Kesko Corporation
Board of Directors

The information in the interim report is unaudited.

Further information is available from Jukka Erlund, Senior Vice President, Chief Financial Officer, telephone +358 105 322 113, and Eva Kaukinen, Vice President, Group Controller, telephone +358 105 322 338. A Finnish-language webcast of the interim report briefing can be accessed at www.kesko.fi, at 11.30. An English-language audio conference on the interim report will be held today at 14.30 (Finnish time). The audio conference login is available on Kesko's website at www.kesko.fi.

Kesko Corporation's interim report for January-June will be published on 3 August 2016. 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

Merja Haverinen
Vice President, Group Communications

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Nasdaq Helsinki Ltd
Main news media
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TABLES SECTION

Accounting policies

This interim report has been prepared in accordance with the IAS 34 standard. The interim report has been prepared in accordance with the same principles as the annual financial statements for 2015.

Consolidated income statement (€ million), condensed

	1-3/ 2016	1-3/ 2015	Change, %	1-12/ 2015
Net sales	2,013	2,082	-3.3	8,679
Cost of goods sold	-1,755	-1,812	-3.2	-7,540
Gross profit	**259**	**270**	**-4.3**	**1,139**
Other operating income	165	169	-2.3	800
Employee benefit expense	-136	-144	-5.3	-545
Depreciation and impairment charges	-28	-35	-20.0	-137
Other operating expenses	-226	-364	-37.9	-1,063
Operating profit	**34**	**-104**	**(..)**	**195**
Interest income and other finance income	3	2	38.7	10
Interest expense and other finance costs	-2	-3	-41.1	-14
Exchange differences	1	1	(..)	-3
Share of results of equity accounted investments	0	0	(..)	1
Profit before tax	**36**	**-104**	**(..)**	**188**
Income tax	-7	-7	0.4	-71
Net profit for the period	**29**	**-111**	**(..)**	**117**
Attributable to				
Owners of the parent	27	-110	(..)	102
Non-controlling interests	1	-1	(..)	16
Earnings per share (€) for profit attributable to equity holders of the parent				
Basic and diluted	0.28	-1.11	(..)	1.03

Consolidated statement of comprehensive income (€ million)

	1-3/ 2016	1-3/ 2015	Change,%	1-12/ 2015
Net profit for the period	29	-111	(..)	117
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses	4	28	-84.3	23
Items that may be reclassified subsequently to profit or loss				

Exchange differences on translating foreign operations	-2	5	(..)	-17
Adjustment for hyperinflation	-	-1	-	-
Cash flow hedge revaluation	-1	0	(..)	0
Revaluation of available-for-sale financial assets	0	1	-65.5	1
Other items	-	-	-	0
Total other comprehensive income for the period, net of tax	2	33	-94.5	6
Total comprehensive income for the period	**30**	**-78**	**(..)**	**124**
Attributable to				
Owners of the parent	33	-75	(..)	119
Non-controlling interests	-2	-3	-19.7	5

(..) Change over 100%

Consolidated statement of financial position (€ million), condensed

	31.3.2016	**31.3.2015**	**Change, %**	**31.12.2015**
ASSETS				
Non-current assets				
Tangible assets	1,301	1,630	-20.2	1,282
Intangible assets	170	172	-1.3	168
Equity accounted investments and other financial assets	114	109	5.2	115
Loans and receivables	65	16	(..)	67
Pension assets	183	182	0.9	176
Total	1,833	2,108	-13.0	1,808
Current assets				
Inventories	770	764	0.9	735
Trade receivables	656	704	-6.7	582
Other receivables	195	207	-5.9	127
Financial assets at fair value through profit or loss	243	213	13.8	374
Available-for-sale financial assets	213	228	-6.9	372
Cash and cash equivalents	291	65	(..)	141
Total	2,368	2,181	8.6	2,331
Non-current assets held for sale	0	1	-16.7	0
Total assets	**4,201**	**4,289**	**-2.0**	**4,139**

	31.3.2016	**31.3.2015**	**Change, %**	**31.12.2015**
EQUITY AND LIABILITIES				
Equity	2,197	2,110	4.1	2,163
Non-controlling interests	90	79	14.9	79
Total equity	2,287	2,188	4.5	2,242
Non-current liabilities				
Interest-bearing liabilities	256	310	-17.4	258
Non-interest-bearing liabilities	35	4	(..)	42
Deferred tax liabilities	68	70	-3.2	71
Pension obligations	1	1	-30.3	1

Provisions	13	20	-32.4	16
Total	373	405	-8.0	388
Current liabilities				
Interest-bearing liabilities	179	238	-24.8	181
Trade payables	866	938	-7.6	795
Other non-interest-bearing liabilities	460	483	-4.7	495
Provisions	37	37	-1.5	38
Total	1,542	1,696	-9.1	1,509
Total equity and liabilities	**4,201**	**4,289**	**-2.0**	**4,139**

(..) Change over 100%

Consolidated statement of changes in equity (€ million)

	Share capital	**Re-serves**	**Currency trans-lation differ-ences**	**Revalu-ation reserve**	**Treasury shares**	**Re-tained earn-ings**	**Non-control-ling interests**	**Total**
Balance at 1.1.2015	**197**	**463**	**-38**	**-1**	**-31**	**1,594**	**82**	**2,265**
Treasury shares								
Share-based payments					1			1
Dividends								
Other changes		0	0				0	0
Net profit for the period						-110	-1	-111
Other comprehen-sive income								
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						34		34
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	6				-1	5
Adjustment for hyperinflation						0	-1	-1
Cash flow hedge revaluation				0				0
Revaluation of available-for-sale financial assets				1				1
Others								
Tax related to comprehensive income				0		-7		-7
Total other comprehensive income		0	6	1		27	-2	33
Balance at 31.3.2015	**197**	**463**	**-32**	**0**	**-31**	**1,511**	**79**	**2,188**
Balance at 1.1.2016	**197**	**463**	**-45**	**0**	**-27**	**1,575**	**79**	**2,242**
Share-based payments					0			0

Increase of share capital							13	13
Acquisition of subsidiary							2	2
Net profit for the period						27	1	29
Other comprehensive income								
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						5		5
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	2				-4	-2
Cash flow hedge revaluation				-1				-1
Revaluation of available-for-sale financial assets				0				0
Tax related to comprehensive income				0		-1		-1
Total other comprehensive income		0	2	-1		4	-4	2
Balance at 31.3.2016	**197**	**463**	**-43**	**0**	**-27**	**1,606**	**90**	**2,287**

Consolidated statement of cash flows (€ million), condensed

	1-3/ 2016	1-3/ 2015	Change,%	1-12/ 2015
Cash flows from operating activities				
Profit before tax	36	-104	(..)	188
Depreciations according to plan	28	35	-20.0	128
Finance income and costs	-3	0	(..)	7
Other adjustments	-1	126	(..)	40
Change in working capital				
Current non-interest-bearing receivables, increase (-)/ decrease (+)	-140	-188	-25.5	-2
Inventories, increase (-)/decrease (+)	-35	-54	-35.0	-44
Current non-interest-bearing liabilities, increase (+)/ decrease(-)	27	123	-78.2	7
Financial items and tax	-8	-13	-38.0	-48
Net cash from operating activities	**-96**	**-75**	**28.8**	**276**
Cash flows from investing activities				
Investing activities	-49	-49	-0.9	-215
Sales of fixed assets	-3	-16	-81.2	432

Increase in non-current receivables	-1	1	(..)	-1
Net cash used in investing activities	**-53**	**-64**	**-17.9**	**217**
Cash flows from financing activities				
Interest-bearing liabilities, increase (+)/decrease (-)	-9	39	(..)	-61
Current interest-bearing receivables, increase (-)/ decrease (+)	-1	0	(..)	2
Dividends paid	-	-	-	-156
Equity increase	13	-	-	-
Short-term money market investments, increase (-)/ decrease (+)	169	-16	(..)	-269
Other items	5	7	-25.7	19
Net cash used in financing activities	**178**	**30**	**(..)**	**-466**
Change in cash and cash equivalents	**28**	**-109**	**(..)**	**28**
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	334	313	6.6	313
Currency translation difference adjustment and revaluation	-1	0	(..)	-7
Cash and cash equivalents and current portion of available-for-sale financial assets at 31 Mar.	361	204	76.9	334

(..) Change over 100%

Group's performance indicators

	1-3/2016	1-3/2015	Change, pp	1-12/2015
Return on capital employed, %	6.7	-18.1	24.8	9.3
Return on capital employed, %, rolling 12 mo	16.4	2.6	13.8	9.3
Return on capital employed excl. non-recurring items, %	6.5	4.6	1.9	11.7
Return on capital employed excl. non-recurring items, %, rolling 12 mo	12.4	10.2	2.1	11.7
Return on equity, %	5.1	-19.9	25.0	5.2
Return on equity, %, rolling 12 mo	11.5	0.4	11.0	5.2
Return on equity excl. non-recurring items, %	4.8	3.1	1.7	8.2
Return on equity excl. non-recurring items, %, rolling 12 mo	8.7	7.9	0.8	8.2
Equity ratio, %	54.8	51.5	3.3	54.7
Gearing, %	-13.6	1.9	-15.5	-20.0
Interest-bearing net debt/EBITDA, rolling 12 mo	-0.7	0.2	(..)	-1.4
			Change, %	
Capital expenditure, € million	51.4	51.5	-0.3	218.5
Capital expenditure, % of net sales	2.6	2.5	3.2	2.5
Earnings per share, basic, €	0.28	-1.11	(..)	1.03

Earnings per share, diluted, €	0.28	-1.11	(..)	1.03
Earnings per share excl. non-recurring items, basic, €	0.26	0.19	41.0	1.70
Cash flows from operating activities, € million	-96	-75	28.8	276
Cash flows from investing activities, € million	-53	-64	-17.9	217
Equity per share, €	22.13	21.30	3.9	21.82
Interest-bearing net debt, € million	-311	41	(..)	-448
Diluted number of shares, average for the reporting period, 1,000 pcs	99,045	99,024	0.0	99,114
Personnel, average	18,405	19,058	-3.4	18,955

(..) Change over 100%

Group's performance indicators by quarter	**1-3/ 2015**	**4-6/ 2015**	**7-9/ 2015**	**10-12/ 2015**	**1-3/ 2016**
Net sales, € million	2,082	2,227	2,203	2,166	2,013
Change in net sales, %	-2.2	-6.0	-4.4	-4.4	-3.3
Operating profit, € million	-103.6	175.8	83.1	39.3	33.5
Operating margin, %	-5.0	7.9	3.8	1.8	1.7
Operating profit excl. non-recurring items, € million	26.5	76.4	82.5	59.1	32.3
Operating margin excl. non-recurring items, %	1.3	3.4	3.7	2.7	1.6
Finance income/costs, € million	-0.3	-4.2	-3.5	0.9	2.7
Profit before tax, € million	-103.7	172.1	78.8	40.7	35.7
Profit before tax, %	-5.0	7.7	3.6	1.9	1.8
Return on capital employed, %	-18.1	31.9	17.6	8.2	6.7
Return on capital employed, excl. non-recurring items, %	4.6	13.9	17.5	12.4	6.5
Return on equity, %	-19.9	28.0	8.9	4.8	5.1
Return on equity, excl. non-recurring items, %	3.1	10.6	10.6	9.2	4.8
Equity ratio, %	51.5	52.2	54.2	54.7	54.8
Capital expenditure, € million	51.5	58.6	41.5	66.9	51.4
Earnings per share, diluted, €	-1.11	1.48	0.43	0.22	0.28
Equity per share, €	21.30	21.21	21.41	21.82	22.13

Segmental information

Net sales by segment (€ million)	**1-3/ 2016**	**1-3/ 2015**	**Change, %**	**1-12/ 2015**
Grocery trade, Finland	1,069	1,082	-1.2	4,566
Grocery trade, other countries*	25	21	20.7	107
Grocery trade, total	**1,094**	**1,103**	**-0.8**	**4,673**
- of which intersegment trade	3	7	-52.8	15
Home improvement and speciality goods trade, Finland	400	466	-14.2	1,719
Home improvement and speciality goods trade, other countries*	296	307	-3.6	1,530
Home improvement and speciality goods trade total	**695**	**773**	**-10.0**	**3,250**
- of which intersegment trade	3	1	(..)	1
Car trade, Finland	225	210	7.1	748
Car trade total	**225**	**210**	**7.1**	**748**

- of which intersegment trade	0	0	-61.5	0
Common functions and eliminations	-1	-3	-79.0	8
Finland total	**1,693**	**1,755**	**-3.5**	**7,042**
Other countries total*	**321**	**328**	**-2.1**	**1,637**
Group total	**2,013**	**2,082**	**-3.3**	**8,679**
(..) Change over 100%				

* Net sales in countries other than Finland

Operating profit by segment (€ million)	**1-3/ 2016**	**1-3/ 2015**	**Change**	**1-12/ 2015**
Grocery trade	30.2	35.2	-5.0	249.4
Home improvement and speciality goods trade	1.8	-144.7	146.4	-57.2
Car trade	9.4	9.8	-0.4	26.1
Common functions and eliminations	-7.8	-3.9	-3.9	-23.7
Group total	**33.5**	**-103.6**	**137.1**	**194.6**

Operating profit excl. non-recurring items by segment (€ million)	**1-3/ 2016**	**1-3/ 2015**	**Change**	**1-12/ 2015**
Grocery trade	31.3	34.9	-3.6	177.5
Home improvement and speciality goods trade	0.3	-14.2	14.5	63.6
Car trade	9.4	9.8	-0.4	26.1
Common functions and eliminations	-8.7	-3.9	-4.8	-22.7
Group total	**32.3**	**26.5**	**5.8**	**244.5**

Operating margin excl. non-recurring items by segment, %	**1-3/ 2016**	**1-3/ 2015**	**Change, pp**	**1-12/ 2015**	**Rolling 12 mo 3/2016**
Grocery trade	2.9	3.2	-0.3	3.8	3.7
Home improvement and speciality goods trade	0.0	-1.8	1.9	2.0	2.5
Car trade	4.2	4.7	-0.5	3.5	3.4
Group total	**1.6**	**1.3**	**0.3**	**2.8**	**2.9**

Capital employed by segment, cumulative average (€ million)	**1-3/ 2016**	**1-3/ 2015**	**Change**	**1-12/ 2015**	**Rolling 12 mo 3/2016**
Grocery trade	795	1 018	-223	871	829
Home improvement and speciality goods trade	773	910	-137	823	791
Car trade	119	98	22	104	107
Common functions and eliminations	303	270	33	285	294
Group total	**1,990**	**2,295**	**-305**	**2,083**	**2,020**

Return on capital employed excl. non-recurring items by segment, %	1-3/ 2016	1-3/ 2015	Change, pp.	1-12/ 2015	Rolling 12 mo 3/2016
Grocery trade	15.7	13.7	2.0	20.4	21.0
Home improvement and speciality goods trade	0.2	-6.3	6.4	7.7	9.9
Car trade	31.6	40.2	-8.6	25.2	24.1
Group total	**6.5**	**4.6**	**1.9**	**11.7**	**12.4**

Capital expenditure by segment (€ million)	1-3/ 2016	1-3/ 2015	Change	1-12/ 2015
Grocery trade	35	38	-3	129
Home improvement and speciality goods trade	8	10	-1	55
Car trade	5	3	2	16
Common functions and eliminations	4	1	2	18
Group total	**51**	**52**	**0**	**219**

Segmental information by quarter

Net sales by segment (€ million)	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016
Grocery trade	1,103	1,149	1,171	1,249	1,094
Home improvement and speciality goods trade	773	883	857	736	695
Car trade	210	190	170	177	225
Common functions and eliminations	-3	4	4	4	-1
Group total	**2,082**	**2,227**	**2,203**	**2,166**	**2,013**

Operating profit by segment (€ million)	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016
Grocery trade	35.2	115.8	45.0	53.4	30.2
Home improvement and speciality goods trade	-144.7	61.5	36.8	-10.9	1.8
Car trade	9.8	6.5	6.0	3.8	9.4
Common functions and eliminations	-3.9	-8.0	-4.6	-7.1	-7.8
Group total	**-103.6**	**175.8**	**83.1**	**39.3**	**33.5**

Operating profit excl. non-recurring items by segment (€ million)	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016
Grocery trade	34.9	43.3	44.8	54.5	31.3
Home improvement and speciality goods trade	-14.2	34.5	35.8	7.5	0.3
Car trade	9.8	6.5	6.0	3.8	9.4
Common functions and eliminations	-3.9	-8.0	-4.1	-6.7	-8.7
Group total	**26.5**	**76.4**	**82.5**	**59.1**	**32.3**

Operating margin excl. non-recurring items by segment, %	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016
Grocery trade	3.2	3.8	3.8	4.4	2.9
Home improvement and speciality goods trade	-1.8	3.9	4.2	1.0	0.0
Car trade	4.7	3.4	3.5	2.1	4.2
Group total	**1.3**	**3.4**	**3.7**	**2.7**	**1.6**

Change in tangible and intangible assets (€ million)

	31.3.2016	31.3.2015
Opening net carrying amount	**1,451**	**1,802**
Depreciation, amortisation and impairment	-28	-35
Investments in tangible and intangible assets	50	51
Disposals	-3	-22
Currency translation differences	1	6
Closing net carrying amount	**1,471**	**1,802**

Related party transactions (€ million)

The Group's related parties include its key management (the Board of Directors, the Managing Director and the Group Management Board) and 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:

	1-3/2016	1-3/2015
Sales of goods and services	12	18
Purchases of goods and services	2	5
Other operating income	2	3
Other operating expenses	16	8
Finance costs	1	-

	31.3.2016	31.3.2015
Receivables	60	8
Liabilities	23	26

Fair value hierarchy of financial assets and liabilities (€ million)

	Level 1	Level 2	Level 3	31.3.2016
Financial assets at fair value through profit or loss	**112.7**	**129.9**		**242.7**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		4.0		4.0
Derivative financial liabilities		9.8		9.8
Available-for-sale financial assets	**142.3**	**70.5**	**15.6**	**228.4**

Fair value hierarchy of financial assets and liabilities (€ million)

	Level 1	Level 2	Level 3	31.3.2015
Financial assets at fair value through profit or loss	**25.0**	**188.1**		**213.2**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		16.9		16.9
Derivative financial liabilities		11.8		11.8
Available-for-sale financial assets	**88.9**	**139.5**	**16.1**	**244.5**

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 as at 31.3.

Personnel average by segment	**1-3/2016**	**1-3/2015**	**Change**
Grocery trade	6,174	6,065	109
Home improvement and speciality goods trade	10,775	11,747	-972
Car trade	767	775	-8
Common functions	688	471	217
Group total	**18,405**	**19,058**	**-653**

Personnel as at 31.3.* by segment	**2016**	**2015**	**Change**
Grocery trade	8,037	7,858	179
Home improvement and speciality goods trade	12,190	12,322	-132
Car trade	795	795	0
Common functions	758	514	244
Group total	**21,780**	**21,489**	**291**

* Total number including part-time employees

Group's commitments (€million)

	31.3.2016	**31.3.2015**	**Change, %**
Own commitments	154	207	-25.6
For associates and joint ventures	-	65	-100.0
For others	16	10	58.6
Lease liabilities for machinery and equipment	26	26	3.1
Lease liabilities for real estate	2,535	2,103	20.6

Liabilities arising from derivative instruments (€ million)

Values of underlying instruments at 31.3.	**31.3.2016**	**31.3.2015**	**Fair value 31.3.2016**
Interest rate derivatives			
Interest rate swaps	100	101	-0.00
Currency derivatives			
Forward and future contracts	211	240	-0.46
Option agreements	-	4	-
Currency swaps	50	50	2.49
Commodity derivatives			
Electricity derivatives	8	18	-6.85

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 excl. non- recurring items*, %	Operating profit excl. non-recurring items x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed excl. non- recurring items, %, rolling 12 months	Operating profit excl. non-recurring items 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
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
Return on equity excl. non-recurring items*, %	(Profit/loss adjusted for non-recurring items before tax - Income tax adjusted for the tax effect of non-recurring items) x 100 / Shareholders' equity
Return on equity excl. non-recurring items, %, rolling 12 months	(Profit/loss for the preceding 12 months adjusted for non-recurring items before tax - Income tax for the preceding 12 months adjusted for the tax effect of non-recurring items) x 100 / Shareholders' equity
Equity ratio, %	Shareholders’ equity x 100 / (Total assets - Prepayments received)
Earnings/share, diluted	(Profit/loss - Non-controlling interests) / Average diluted number of shares
Earnings/share, basic	(Profit/loss - Non-controlling interests) / Average number of shares
Earnings/share excl. non-recurring items, basic	(Profit/loss adjusted for non-recurring items - 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
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders’ equity
Interest-bearing net debt	Interest-bearing liabilities - Money market investments - 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, rolling 12 mo	Interest-bearing net debt/ EBITDA, rolling 12 mo

* Indicators for return on capital have been annualised

K-Group's retail and B2B sales*, VAT 0% (preliminary data):

K-Group's retail and B2B sales	1.1.-31.3.2016 € million	Change, %
K-Group's grocery trade		
K-food stores, Finland	1,073	-0.1
K-citymarket, non-food	127	-2.5
Kespro	184	0.9
K-ruoka, Russia	25	20.6
Grocery trade, total	**1,409**	**0.1**
K-Group's home improvement and speciality goods trade		
K-rauta and Rautia	171	0.0
Rautakesko B2B Service	48	19.4
K-maatalous	86	-3.2
Machinery trade, Finland	35	3.2
Speciality goods trade, Finland	118	-9.8
Finland, total	**459**	**-1.5**
Home improvement and speciality goods trade, other Nordic countries	165	-0.3
Home improvement and speciality goods trade, the Baltics	111	3.0
Home improvement and speciality goods trade, other countries	55	-14.5
Home improvement and speciality goods trade, total	**790**	**-1.7**
K-Group's car trade		
VV-Autotalot	106	11.4
VV-Auto, import	124	5.3
Car trade, total	**230**	**8.0**
Finland total	**2,074**	**0.4**
Other countries, total	**356**	**-0.6**
Retail and B2B sales, total	**2,429**	**0.2**

* Excluding Anttila