

KESKO

Interim report

January-September 2013

24 October 2013

SVP, CFO Jukka Erlund

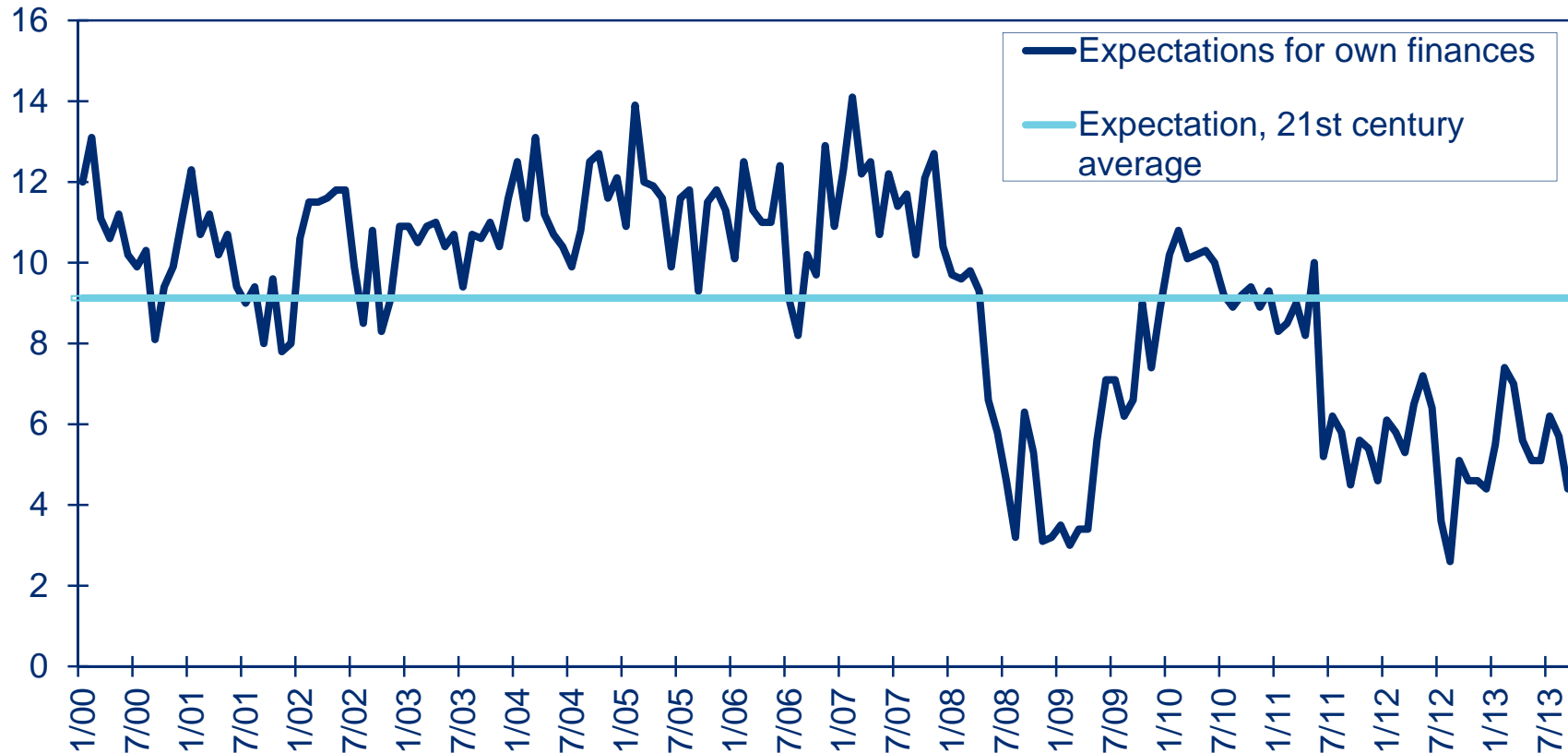


Kesko's profitability improved

- Kesko's net sales €7.0 billion, change -3.8%
 - In Finland, consumer demand weakened especially in the home and speciality goods trade and the building and home improvement trade
- Operating profit excluding non-recurring items improved to €172 million (€159 million) and return on capital rose to 9.7%
 - All divisions significantly improved their cost efficiency
 - The Group's fixed costs for the reporting period clearly lower than in the previous year (€-57 million) regardless of store site network expansion and cost inflation
- Kesko's financial position strengthened further
 - Cash flow after investing activities €186 million (€-69 million)
 - Liquid assets €537 million and interest-bearing net debt €31 million
- The Kesko Group's net sales and operating profit excluding non-recurring items for the next twelve months are expected to remain at the level of the preceding twelve months, unless the overall consumer demand weakens significantly.

Consumers' expectations for own finances

Own finances after 12 months



Source: Statistics Finland

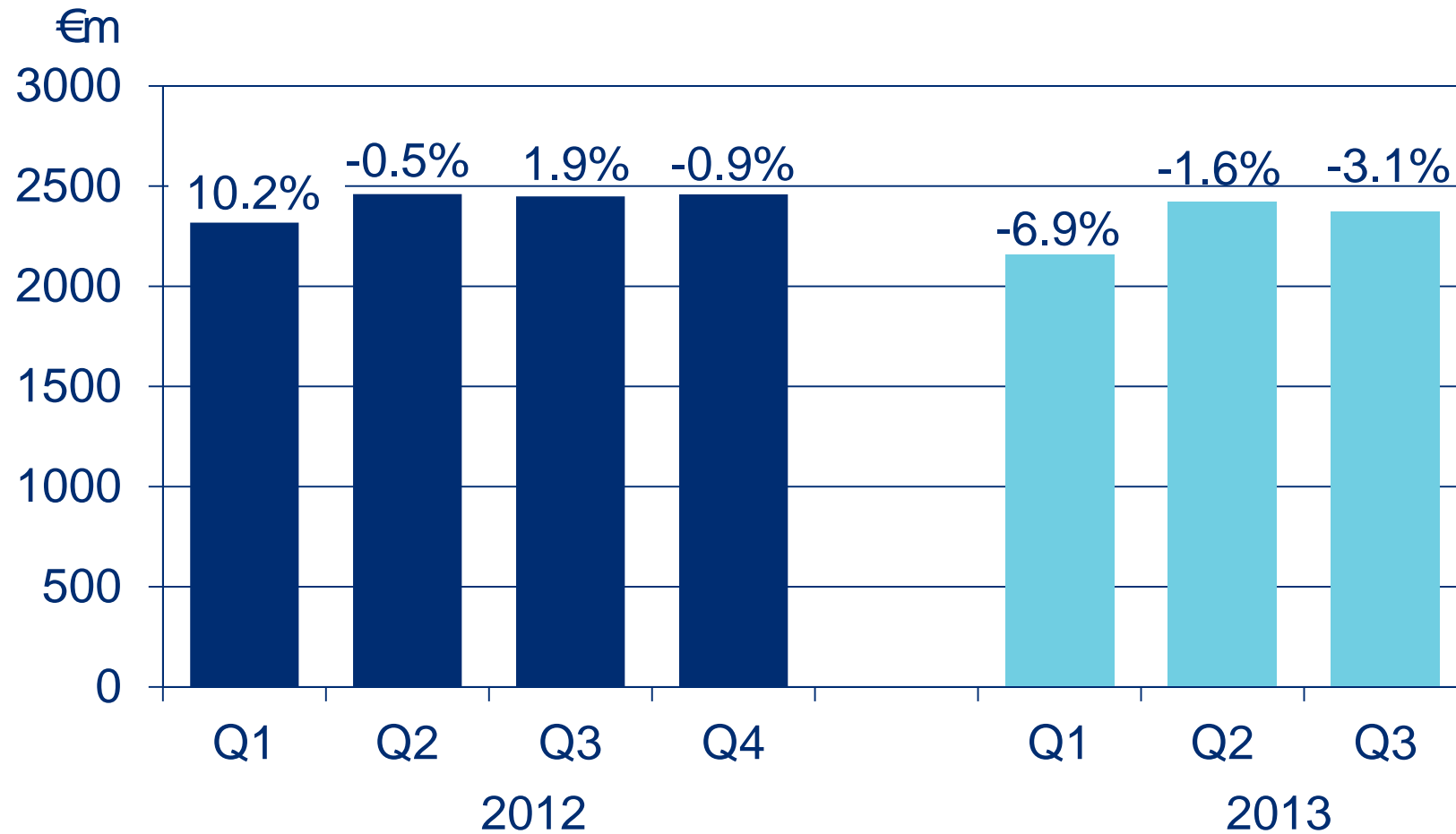
Profit for 1-9/2013

	1-9/2013	1-9/2012
Net sales, €m	6,953	7,227
Fixed costs, €m	1,302	1,359
Operating profit excl. non-recurring items, €m	172	159
Net financial items, €m	-5	-2
Profit before tax, €m	174	158

Financial position strengthened

	1-9/ 2013	1-9/ 2012	1-12/ 2012
Cash flow after investing activities, €m	186	-69	-9
Capital expenditure, €m	125	274	378
Equity ratio, %	52.9	51.3	52.5
Interest-bearing net debt, €m	31	284	135
Liquid assets, €m	537	356	489
Inventories, €m	776	838	814

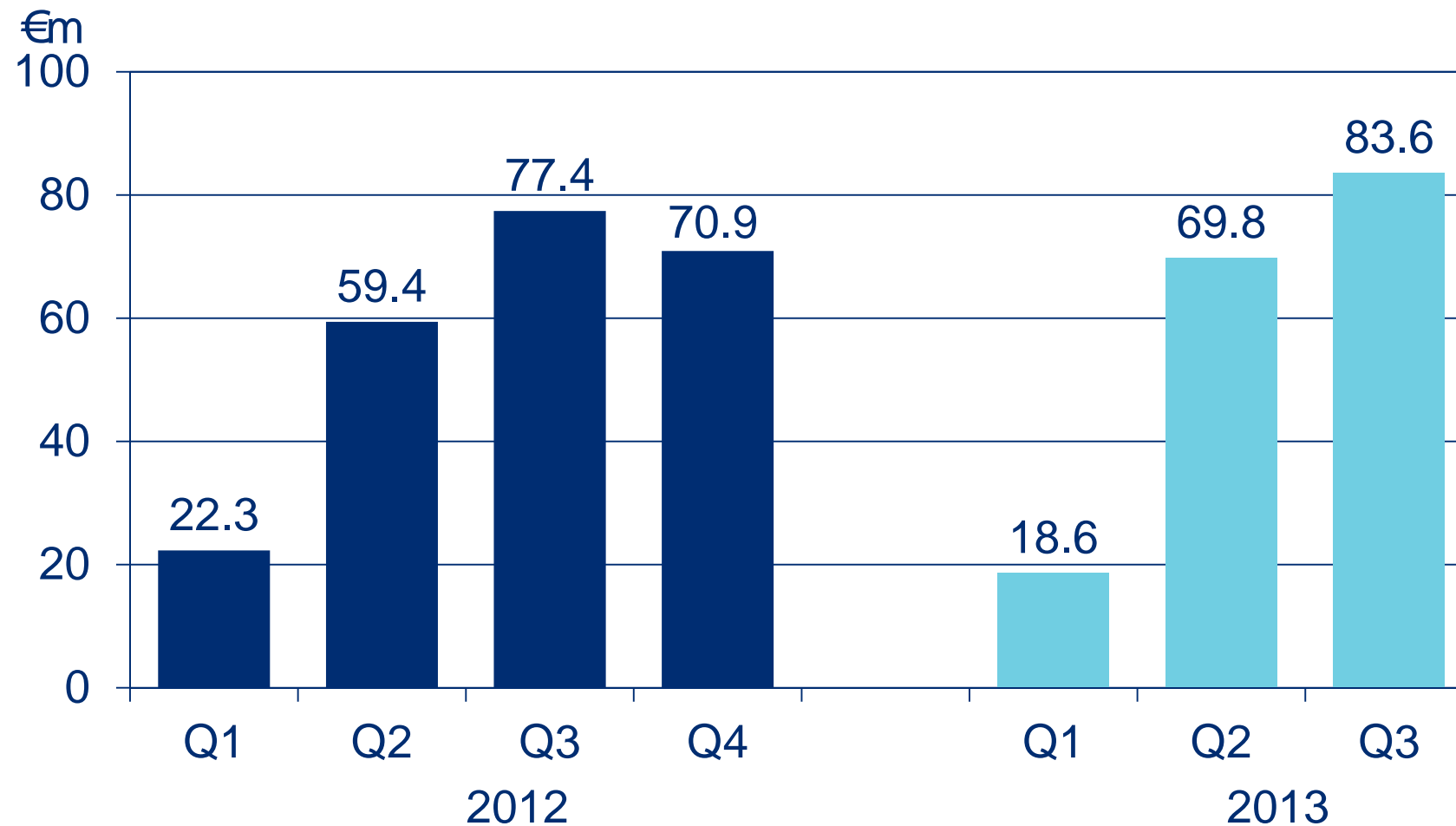
Net sales by quarter



Net sales by division (€m)

	Jan- Sep/ 2013	Change	Q3/2013	Change
Food trade	3,239	+1.9%	1,095	+1.6%
Home and speciality goods trade	1,018	-8.8%	351	-10.9%
Building and home improvement trade	2,012	-7.3%	710	-6.4%
Car and machinery trade	811	-8.5%	260	+0.3%
Group total	6,953	-3.8%	2,374	-3.1%

Operating profit excl. non-recurring items by quarter

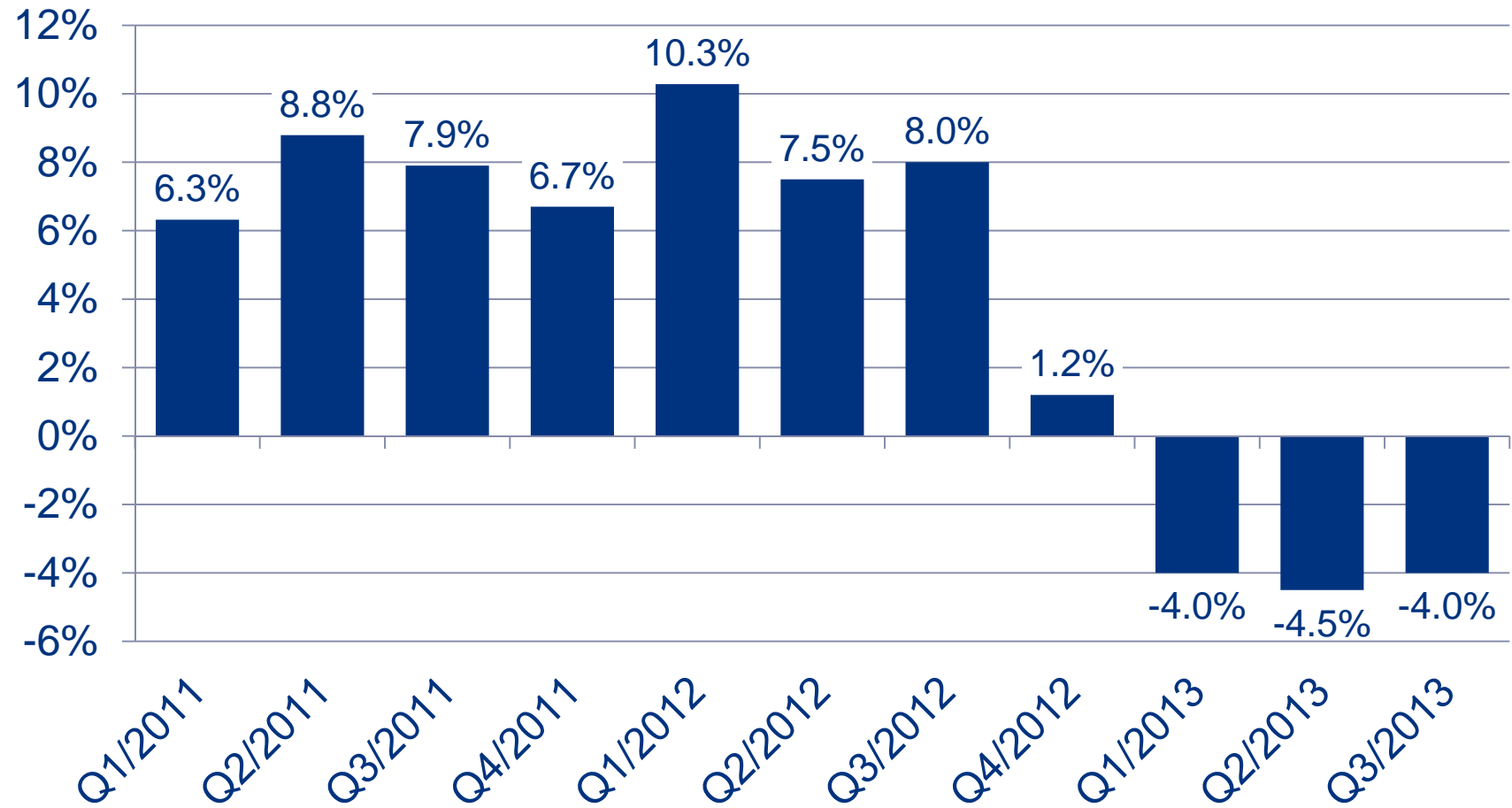


Operating profit excl. non-recurring items by division (€m)

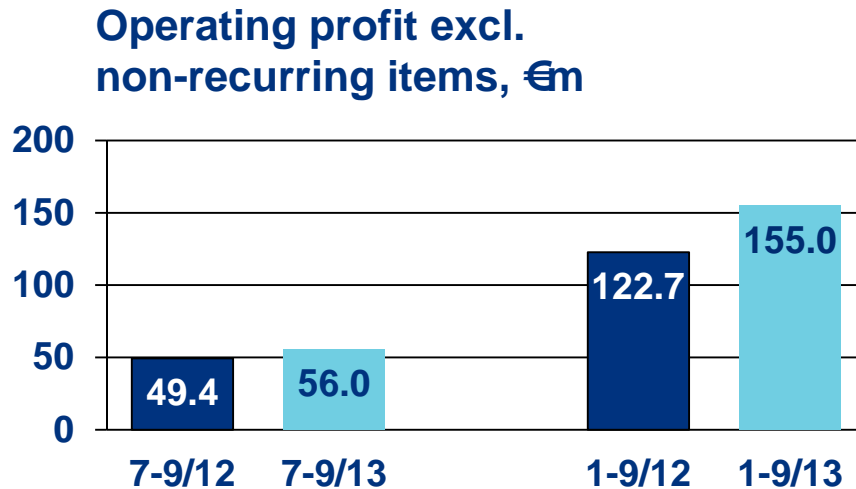
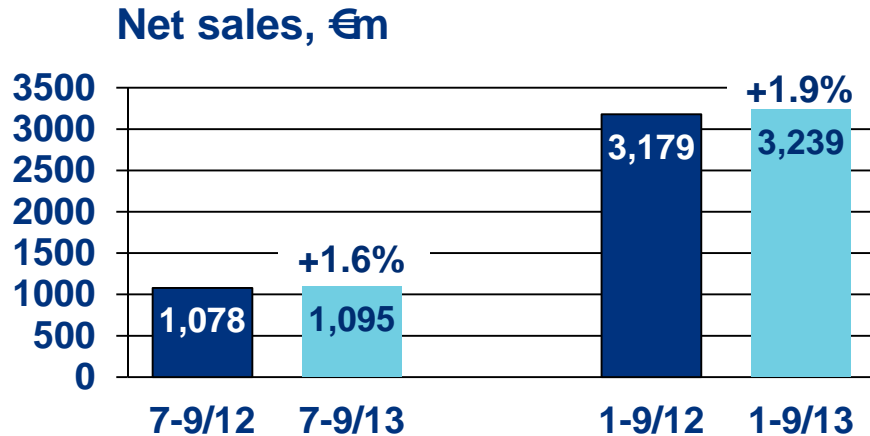
	Jan-Sep/ 2013	Change	Q3/2013	Change
Food trade	155.0	32.3	56.0	6.7
Home and speciality goods trade	-29.9	-17.2	-2.2	-3.0
Building and home improvement trade	26.8	2.7	23.9	6.0
Car and machinery trade	30.6	-6.7	9.8	-1.6
Group total	172.0	12.9	83.6	6.3

Year-on-year change in fixed costs

excluding non-recurring items

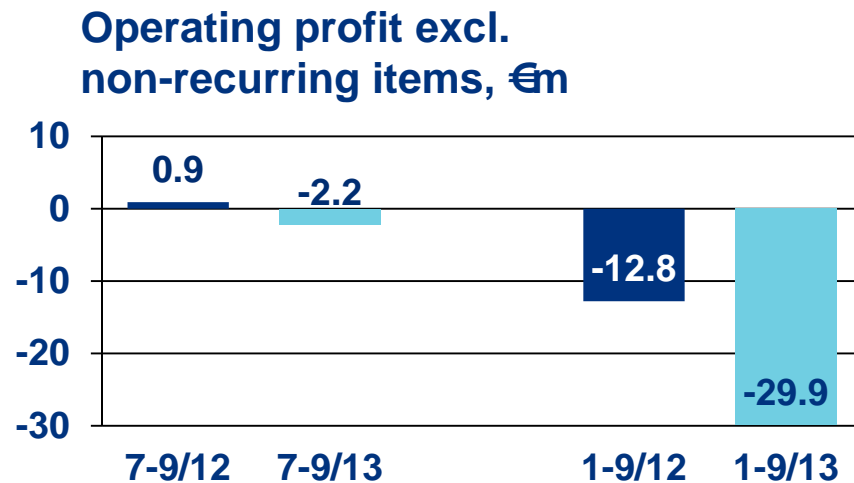
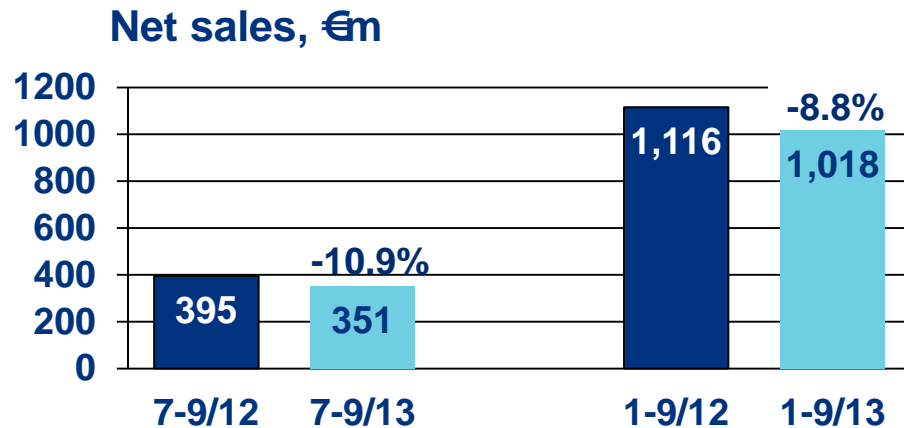


In the food trade, enhancement measures increased profit



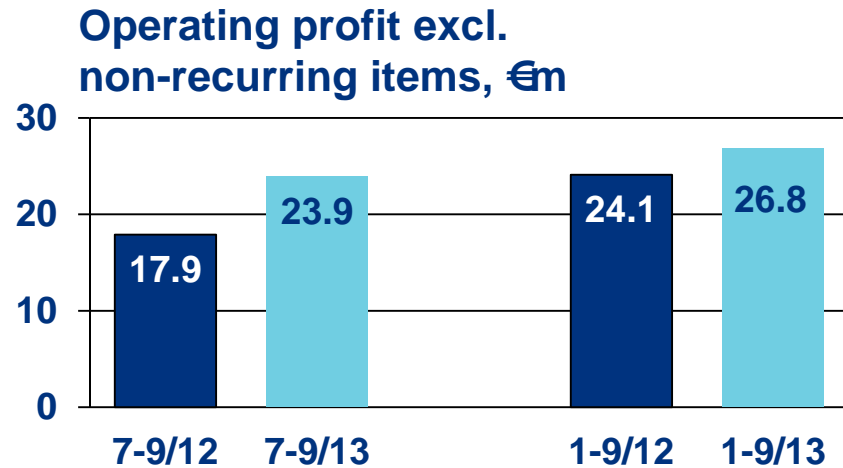
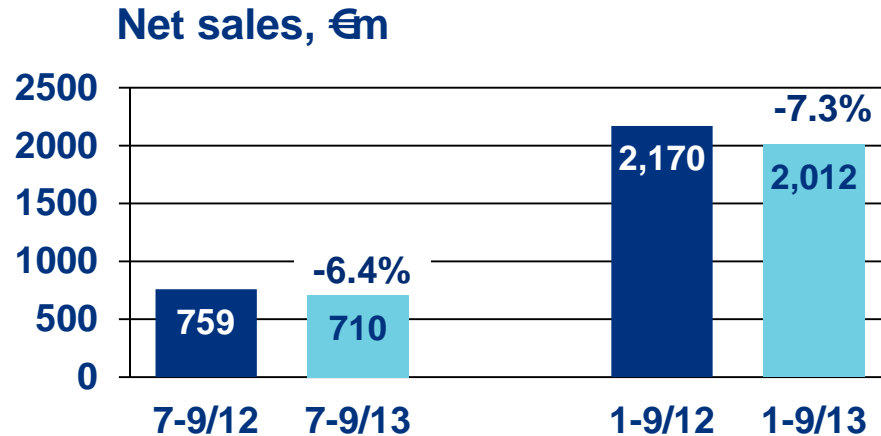
- Kesko Food's net sales growth +1.9%
 - K-food stores' grocery sales at the level of the previous year
 - Sales and profitability of Kespro and food stores in Russia better than anticipated
- Profitability improved further
 - Significant cost savings were achieved from enhancements of operations
- Capital expenditure €68 million (€157 million)
- Two K-ruoka stores opened in St. Petersburg and in Finland, a K-citymarket in Kokkola and two K-supermarkets

In the home and speciality goods trade, consumer demand clearly weakened



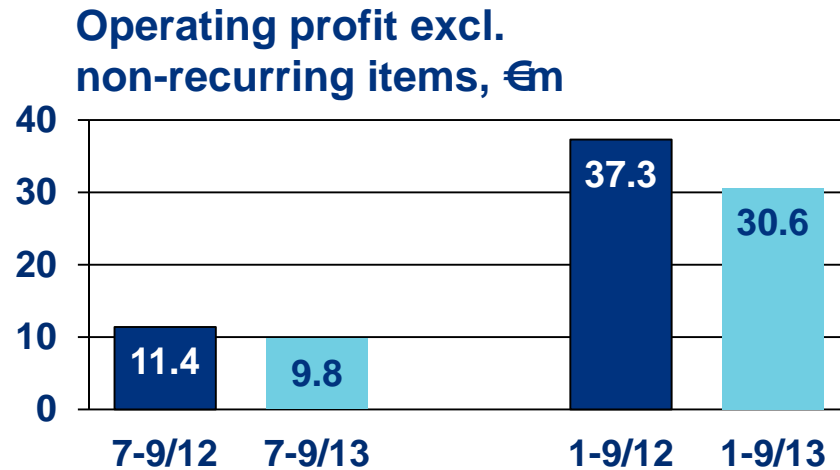
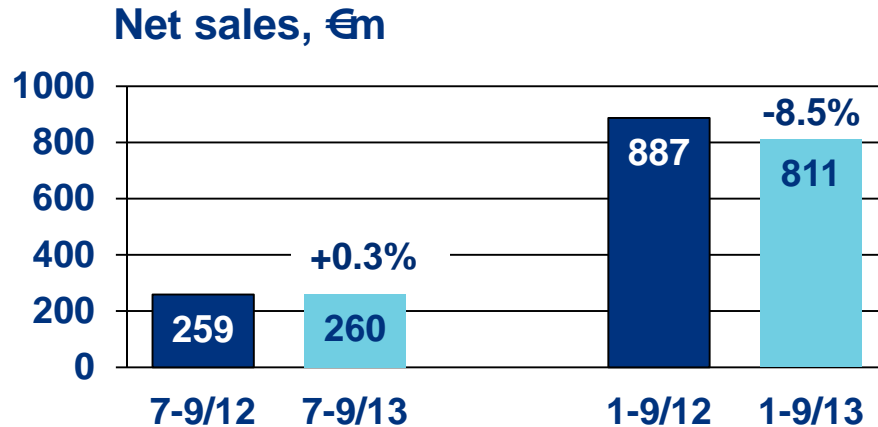
- Consumer demand weakened and customer behaviour changed rapidly especially in the department store trade
- Sales and profitability of Intersport and Budget Sport as well as Asko and Sotka at a good level
- Profitability negatively impacted by Anttila's poor profit performance
- Significant restructuring of the Musta Pörssi and Intersport Russia networks
- Significant cost savings implemented
- Capital expenditure €17 million (€48 million)

In the building and home improvement trade, market situation weakened



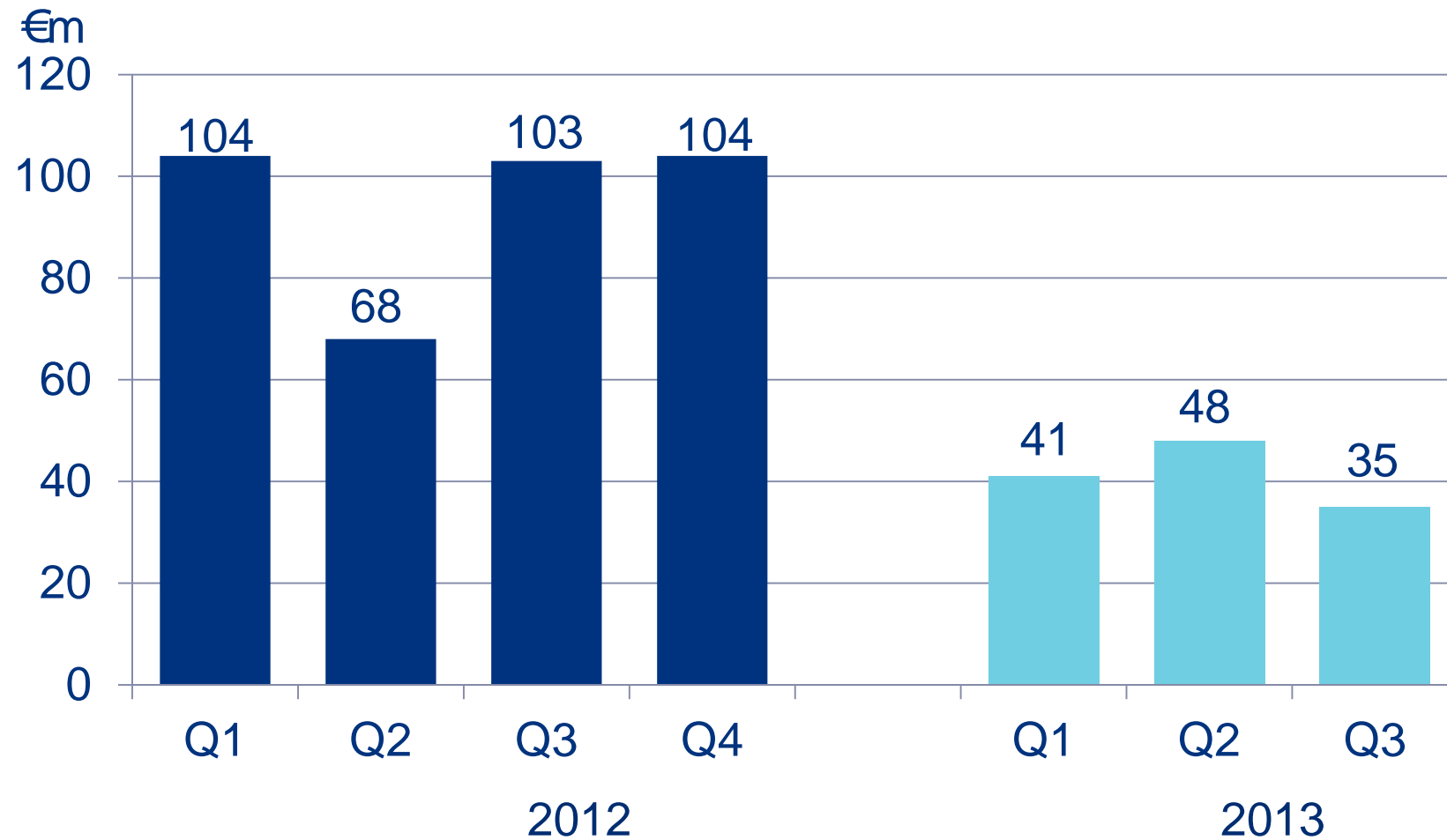
- Weak market situation especially in Finland and Russia
- Net sales performance of the building and home improvement trade -7.3%
 - Excluding retailer changes in Norway, net sales performance -1.8%
 - Sales decrease most significant in basic building materials
- Profit of the building and home improvement trade higher than in the previous year. Costs decreased regardless of new store sites.
- Capital expenditure €26 million (€42 million)

Volkswagen continued as the market leader



- Market share of Audi, Volkswagen and Seat at the previous year's level of 20.5%
- VV-Auto's sales performance -8.6%, return on capital remained at an excellent level
- Market performance of first time registered passenger cars and vans in Finland -9.3%
- Konekesko's sales performance -8.6%
- Adjustment of costs and inventories of the car and machinery trade implemented as planned

Capital expenditure €200-300m at annual level



Future outlook

Estimates of the future outlook for the Kesko Group's net sales and operating profit excluding non-recurring items are given for the 12 months following the reporting period (10/2013-9/2014) in comparison with the 12 months preceding the reporting period (10/2012-9/2013).

Resulting from the problems of European national economies, the future prospects for the general economic situation and consumer demand continue to be characterised by significant uncertainty. In consequence of weakened employment and consumers' purchasing power, the growth prospects for the trading sector remain weak.

In the Finnish grocery trade, the market is expected to remain stable. As a result of the weakened economic situation, the demand in the home and speciality goods trade, the building and home improvement trade and the car and machinery trade is expected to remain weak.

The Kesko Group's net sales and the operating profit excluding non-recurring items for the next twelve months are expected to remain at the level of the preceding twelve months, unless the overall consumer demand weakens significantly.

Thank you!



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