Q3/2013

Kesko Corporation

Interim Report

January-September 2013

KESKO

KESKO'S INTERIM REPORT FOR THE PERIOD OF 1 JAN. TO 30 SEP. 2013

Financial performance in brief:
- *The Group's net sales for January-September decreased by 3.8%.*
- *The retail and B2B sales (VAT 0%) of the K-Group (i.e. Kesko and chain stores) for January-September decreased by 4.2%.*
- *The operating profit excluding non-recurring items was €172.0 million (€159.1 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.*

KEY PERFORMANCE INDICATORS

	1-9/2013	1-9/2012	7-9/2013	7-9/2012
Net sales, € million	6,953	7,227	2,374	2,449
Operating profit excl. non- recurring items, € million	172.0	159.1	83.6	77.4
Operating profit, € million	180.4	160.2	84.1	77.4
Profit before tax, € million	174.4	158.4	81.5	76.1
Capital expenditure, € million	124.9	274.5	35.4	102.6
Earnings per share, diluted, €	1.15	1.03	0.53	0.50
Earnings per share excl. non-recurring items, basic, €	1.09	1.03	0.53	0.51

	30.9.2013	30.9.2012
Equity ratio, %	52.9	51.3
Equity per share, €	22.39	22.33

FINANCIAL PERFORMANCE

NET SALES AND PROFIT FOR JANUARY-SEPTEMBER 2013

The Group's net sales for January-September 2013 were €6,953 million, which is 3.8% down on the corresponding period of the previous year (€7,227 million). Especially in Finland, the weakening of the general economic situation and consumer demand contributed to the decline of net sales in the home and speciality goods trade and the building and home improvement trade. In Finland, net sales decreased by 3.3% and in the other countries by 5.8%. Net sales performance in the other countries was materially impacted by the sales decline in the building and home improvement trade in Norway resulting from the retailer changes that took place in the Byggmakker chain in the previous year. International operations accounted for 18.2% (18.6%) of net sales. Net sales grew in the food trade and declined in the other divisions.

1-9/2013	Net sales, € million	Change, %	Operating profit excl. non-recurring items, € million	Change, € million
Food trade	3,239	+1.9	155.0	32.3
Home and speciality goods trade	1,018	-8.8	-29.9	-17.2
Building and home improvement trade	2,012	-7.3	26.8	2.7
Car and machinery trade	811	-8.5	30.6	-6.7
Common operations and eliminations	-126	+1.9	-10.4	1.8
Total	**6,953**	**-3.8**	**172.0**	**12.9**

The operating profit excluding non-recurring items for January-September was €172.0 million (€159.1 million). The enhancement measures of the profitability programme had a significant positive impact on the Group's profit performance.

Operating expenses decreased by €57.0 million compared to the previous year regardless of store site network expansion and cost inflation.

Operating profit was €180.4 million (€160.2 million). The operating profit includes €8.4 million (€1.1 million) of non-recurring items. The non-recurring items include gains on the disposals of properties in the amount of €9.4 million (€2.7 million). The Group’s profit before tax for January-September was €174.4 million (€158.4 million).

The Group's earnings per share were €1.15 (€1.03). The Group's equity per share was €22.39 (€22.33).

In January-September, the K-Group’s (i.e. Kesko’s and the chain stores’) retail and B2B sales (VAT 0%) were €8,629 million, down 4.2% compared to the previous year. The K-Plussa customer loyalty programme gained 54,036 new households in January-September. At the end of September, there was 2,241,943 K-Plussa households and 3.9 (3.9) million K-Plussa cardholders.

NET SALES AND PROFIT FOR JULY-SEPTEMBER 2013

The Group’s net sales for July-September 2013 were €2,374 million, which is 3.1% down on the corresponding period of the previous year (€2,449 million). Net sales decline was mainly attributable to the fall in the net sales of the home and speciality goods trade and the building and home improvement trade. In Finland, net sales decreased by 2.7% and in the other countries by 4.5%. International operations accounted for 20.2% (20.5%) of net sales.

7-9/2013	Net sales, € million	Change, %	Operating profit excl. non-recurring items, € million	Change, € million
Food trade	1,095	+1.6	56.0	6.7
Home and speciality goods trade	351	-10.9	-2.2	-3.0
Building and home improvement trade	710	-6.4	23.9	6.0
Car and machinery trade	260	+0.3	9.8	-1.6
Common operations and eliminations	-43	+4.6	-4.0	-1.7
Total	**2,374**	**-3.1**	**83.6**	**6.3**

The operating profit excluding non-recurring items for July-September was €83.6 million (€77.4 million). It represented 3.5% (3.2%) of net sales. Profitability was improved through major cost adjustments in all divisions.

Operating profit was €84.1 million (€77.4 million). The operating profit includes €0.5 million (€0.0 million) of non-recurring items. The non-recurring items include gains on the disposals of properties in the amount of €0.4 million (€0.0 million). The Group’s profit before tax for July-September was €81.5 million (€76.1 million).

The Group's earnings per share were €0.53 (€0.50).

In July-September, the K-Group’s (i.e. Kesko’s and the chain stores’) retail and B2B sales (VAT 0%) were €3,011 million, down 3.5% compared to the previous year.

FINANCE

In January-September, the cash flow from operating activities was €299.3 million (€206.4 million). The cash flow from investing activities was €-113.3 million (€-275.0 million) including a €16.6 million (€22.6 million) amount of proceeds from the sales of fixed assets.

The Group's liquidity remained at an excellent level in January-September. At the end of the period, liquid assets totalled €537 million (€356 million). Interest-bearing liabilities were €568 million (€640 million) and interest-bearing net debt €31 million (€284 million) at the end of September. Equity ratio was 52.9% (51.3%) at the end of the period.

In January-September, the Group's net finance costs were €5.4 million (€1.8 million). Interest expense was increased by the €250 million bond taken out in September 2012.

In July-September, the cash flow from operating activities stood at €113.6 million (€150.5 million). The cash flow from investing activities was €-33.3 million (€-103.8 million) including a €2.6 million (€1.5 million) amount of proceeds from the sales of fixed assets.

In July-September, the Group's net finance costs were €2.6 million (€1.3 million).

TAXES

The Group's taxes for January-September were €52.3 million (€47.7 million). The effective tax rate was 30.0% (30.1%), affected by loss-making foreign operations.

The Group's taxes for July-September were €24.0 million (€22.5 million). The effective tax rate was 29.4% (29.5%).

CAPITAL EXPENDITURE

In January-September, the Group's capital expenditure totalled €124.9 million (€274.5 million), or 1.8% (3.8%) of net sales. Capital expenditure in store sites was €92.5 million (€237.7 million), in IT €16.1 million (€17.9 million) and other capital expenditure was €16.3 million (€18.9 million). Capital expenditure in foreign operations represented 42.6% (19.6%) of total capital expenditure.

In July-September, the Group's capital expenditure totalled €35.4 million (€102.6 million), or 1.5% (4.2%) of net sales. Capital expenditure in store sites was €26.1 million (€90.6 million), in IT €3.8 million (€4.4 million) and other capital expenditure was €5.5 million (€7.5 million). Capital expenditure in foreign operations represented 43.7% (29.2%) of total capital expenditure.

KESKO'S STRATEGIC FOCUS AREAS AND PROFITABILITY PROGRAMME

The key focus areas in Kesko's business operations are to strengthen sales growth and the return on capital in all divisions, to exploit business opportunities in e-commerce and in Russia, and to maintain good solvency and dividend payment capacity.

As a result of a weakened general economic situation, tightened competition and an increase in the level of costs, Kesko is implementing the profitability programme announced previously, which aims to ensure price competitiveness and to improve profitability. The profitability programme includes significant measures aimed to increase sales, to enhance purchasing operations and to adjust costs, working capital and capital expenditure.

The Group level cost saving target is a total of around €100 million. Cost savings are implemented in all divisions and in all operating countries. Most of the cost savings are expected to be achieved in 2013. By the end of September 2013, Kesko's operating expenses were €1,302 million, representing a net decrease of €57 million (-4.2%) from the previous year regardless of store site network expansion and cost inflation.

The measures for staff cost enhancement were implemented as announced previously. In addition to terminations, the reductions included reduced working hours and retirement arrangements. Other significant savings are implemented by adjusting especially marketing and store site expenses and by centralising ICT purchases. In addition, special enhancement measures are targeted at operations with low profitability.

In the next few years, capital expenditure will be aligned with funds generated from operations to some €200-300 million per year.

PERSONNEL

In January-September, the average number of employees in the Kesko Group was 19,478 (19,740) converted into full-time employees. In Finland, the average decrease was 418 people, while outside Finland, there was an increase of 156 people.

At the end of September 2013, the number of employees was 23,200 (23,666), of whom 12,156 (12,847) worked in Finland and 11,044 (10,819) outside Finland. Compared to the end of September 2012, there was a decrease of 691 people in Finland and an increase of 225 people outside Finland.

In January-September, the Group's staff cost was €449.3 million, showing a 0.5% decrease compared to the previous year. In July-September, staff cost was €139.0 million, down 1.7% compared to the previous year.

SEGMENT INFORMATION

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.

FOOD TRADE

	1-9/2013	1-9/2012	7-9/2013	7-9/2012
Net sales, € million	3,239	3,179	1,095	1,078
Operating profit excl. non-recurring items, € million	155.0	122.7	56.0	49.4
Operating margin excl. non-recurring items, %	4.8	3.9	5.1	4.6
Capital expenditure, € million	67.9	156.7	24.0	60.8

Net sales, € million	1-9/2013	Change, %	7-9/2013	Change, %
Sales to K-food stores	2,461	+0.4	820	-0.6
Kespro	600	+2.8	209	+2.0
K-ruoka, Russia	42	-	20	-
Others	136	-6.0	47	-2.5
Total	**3,239**	**+1.9**	**1,095**	**+1.6**

JANUARY-SEPTEMBER 2013

In the food trade, the net sales for January-September were €3,239 million (€3,179 million), up 1.9%. The grocery sales of K-food stores in Finland remained at the level of the previous year (VAT 0%). In the grocery market, retail prices are estimated to have changed by some +4.5% 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 grown by some 3% in January-September compared to the previous year (Kesko's own estimate). The rise of consumer prices in the grocery trade has slowed towards the end of the reporting period. The sales and profitability of Kespro and the food stores in Russia were realised better than expected for the reporting period.

In January-September, the operating profit excluding non-recurring items of the food trade was €155.0 million (€122.7 million), or €32.3 million up on the previous year. Profitability was improved by significant savings achieved from enhanced operations and by the adjustment of capital expenditure. Operating profit was €159.7 million (€125.4 million). Non-recurring income included €4.8 million (€2.7 million) of gains on the disposals of properties.

The capital expenditure of the food trade in January-September was €67.9 million (€156.7 million), of which €60.0 million (€146.1 million) in stores sites.

JULY-SEPTEMBER 2013

In the food trade, the net sales for July-September were €1,095 million (€1,078 million), up 1.6%.

The operating profit excluding non-recurring items of the food trade in July-September was €56.0 million (€49.4 million), or €6.7 million up on the previous year. Profit performance was affected by cost savings and a €1.4 million unrealised gain on measurement of derivatives used for hedging electricity purchases. Operating profit was €56.5 million (€49.4 million). Non-recurring income included €0.4 million (€0.0 million) of gains on the disposals of properties.

The capital expenditure of the food trade in July-September was €24.0 million (€60.8 million).

In July-September 2013, a K-ruoka store was opened in St. Petersburg. Renovations and extensions were carried out in a total of five stores.

The most significant store sites being built are a K-citymarket in the Puuvilla shopping centre in Pori and a K-supermarket in downtown Helsinki, in Pohjois-Haaga and Jakomäki, Helsinki, in Tapiola, Espoo, in Jyväskylä, Säkylä, Ikaalinen and Kuhmo. The former K-citymarket Kokkola is being converted into a K-supermarket and K-supermarket Reimari in Parainen is being extended.

The objective in Russia is to open, in addition to the existing three stores, one new food store during the rest of 2013.

Number of stores at 30 September	2013	2012
K-citymarket	80	79
K-supermarket	215	213
K-market (incl. service station stores)	445	451
K-ruoka, Russia	3	-
Others	178	206

HOME AND SPECIALITY GOODS TRADE

	1-9/2013	1-9/2012	7-9/2013	7-9/2012
Net sales, € million	1,018	1,116	351	395
Operating profit excl. non-recurring items, € million	-29.9	-12.8	-2.2	0.9
Operating margin excl. non-recurring items, %	-2.9	-1.1	-0.6	0.2
Capital expenditure, € million	16.8	47.7	3.0	18.4

Net sales, € million	1-9/2013	Change, %	7-9/2013	Change, %
K-citymarket, home and speciality goods	434	-5.3	149	-7.6
Anttila	260	-17.8	89	-19.3
Intersport, Finland	137	+8.2	50	+8.1
Intersport, Russia	14	-30.6	4	-37.9
Indoor	136	-2.1	48	-4.6

Musta Pörssi	22	-45.7	6	-58.7
Kenkäkesko	18	-6.7	7	-10.6
Total	**1,018**	**-8.8**	**351**	**-10.9**

JANUARY-SEPTEMBER 2013

In the home and speciality goods trade, the net sales for January-September were €1,018 million (€1,116 million), down 8.8%. Consumer demand weakened and the change in customer behaviour strengthened in the home and speciality goods trade during the reporting period. Sales declined especially in the department store trade. Net sales performance was also impacted by the change in Musta Pörssi's business model and the adjustment of the Intersport store site network in Russia. The sales and profitability of Intersport Finland and Asko and Sotka stood at a good level.

The operating profit excluding non-recurring items of the home and speciality goods trade for January-September was €-29.9 million (€-12.8 million), down €17.2 million compared to the previous year. This performance was affected by the weak profit performance of the department store trade. During the reporting period, significant cost savings were implemented. Operating profit was €-25.5 million (€-12.8 million).

The capital expenditure of the home and speciality goods trade was €16.8 million (€47.7 million) in January-September.

The network of Intersport Russia was restructured from 28 stores to 20 by the end of May. In January-June, 15 Musta Pörssi stores were closed. In addition, 11 Musta Pörssi retailers continued as Musta Pörssi partners from the beginning of June. In March, a new Budget Sport store was opened in Lielahti, Tampere. In May, Anttila opened an extended Anttila department store in Citycenter, Helsinki and a new Kodin1 department store for interior decoration and home goods in Raisio. A Kodin1 department store for interior decoration and home goods was closed in Länsikeskus, Turku.

JULY-SEPTEMBER 2013

In the home and speciality goods trade, the net sales for July-September were €351 million (€395 million), down 10.9%. Net sales performance was impacted by the decrease in the sales of the department store trade in particular and the significant adjustment of the store site networks of Musta Pörssi and Intersport Russia.

The operating profit excluding non-recurring items of the home and speciality goods trade for July-September was €-2.2 million (€0.9 million). Profitability was negatively impacted by the weakened profit of the department store trade. Operating profit was €-2.1 million (€0.9 million).

The capital expenditure of the home and speciality goods trade was €3.0 million (€18.4 million).

In July-September, Kookenkä stores were closed in Turku and Pori.

Number of stores at 30 September	2013	2012
K-citymarket, home and speciality goods*	81	80
Anttila department stores*	31	32
Kodin1 department stores for home goods and interior decoration*	13	12
Intersport	62	58
Budget Sport*	11	9
Asko and Sotka	84	82
Musta Pörssi*	6	31
Kookenkä*	46	47
Anttila, Baltics*	3	3
Intersport, Russia	20	31
Asko and Sotka, Baltics*	10	10

* incl. online stores

BUILDING AND HOME IMPROVEMENT TRADE

	1-9/2013	1-9/2012	7-9/2013	7-9/2012
Net sales, € million	2,012	2,170	710	759
Operating profit excl. non-recurring items, € million	26.8	24.1	23.9	17.9
Operating margin excl. non-recurring items, %	1.3	1.1	3.4	2.4
Capital expenditure, € million	26.4	42.4	4.8	16.6

Net sales, € million	1-9/2013	Change, %	7-9/2013	Change, %
Rautakesko, Finland	916	-4.2	301	-2.5
K-rauta, Sweden	160	-4.5	57	-5.3
Byggmakker, Norway	370	-24.6	132	-22.1
K-rauta, Estonia	51	+7.0	20	+7.0
K-rauta, Latvia	39	+1.9	15	+0.5
Senukai, Lithuania	191	-1.0	77	+1.5
K-rauta, Russia	206	-3.7	78	-8.8
OMA, Belarus	79	+25.7	30	+18.8
Total	**2,012**	**-7.3**	**710**	**-6.4**

JANUARY-SEPTEMBER 2013

In the building and home improvement trade, the net sales for January-September were €2,012 million (€2,170 million), down 7.3%. Excluding the impact of retailer changes in Norway, the decrease in net sales was 1.8%. The trend in construction activity remained weak in Rautakesko's operating area. Sales decrease was most significant in basic building materials.

In Finland, the net sales for January-September were €916 million (€956 million), a decrease of 4.2%. The building and home improvement products contributed €625 million to the net sales in Finland, a decrease of 7.9%. The agricultural supplies trade contributed €291 million to net sales, up 4.7%.

The retail sales of the K-rauta and Rautia chains in Finland decreased by 4.5% to €790 million (VAT 0%). The sales of Rautakesko B2B Service were down 12.8%. The retail sales of the K-maatalous chain were €352 million (VAT 0%), up 6.5%.

In January-September, the net sales from the foreign operations of the building and home improvement trade were €1,095 million (€1,213 million), a decrease of 9.7%. In terms of local currencies and excluding the impact of retailer changes in Norway, the increase in the net sales from foreign operations was 2.2%. In Sweden, net sales in terms of kronas were down 6.1%. In Norway, net sales in terms of krones decreased by 23.1%, which was affected by the changes that took place in the Byggmakker chain last year. A decision has been made to introduce new chain agreements in Norway starting from 1 January 2014 and to simplify the existing company structure. In Russia, net sales in terms of roubles increased by 0.9%. Foreign operations contributed 54.5% (55.9%) to the net sales of the building and home improvement trade.

The operating profit excluding non-recurring items of the building and home improvement trade for January-September was €26.8 million (€24.1 million), up €2.7 million compared to the previous year. Due to enhancement measures, profit performance was positive regardless of the decline in sales. Operating expenses were lower than in the previous year regardless of the expansion of the store site network. In the previous year, profit was negatively impacted by obsolete inventories and trade receivables written off. Operating profit was €25.9 million (€22.4 million).

In January-September, the capital expenditure of the building and home improvement trade totalled €26.4 million (€42.4 million), of which 45.3% (52.0%) abroad. Capital expenditure in store sites represented 91.6% of total capital expenditure.

JULY-SEPTEMBER 2013

In the building and home improvement trade, the net sales for July-September were €710 million (€759 million), down 6.4%. Excluding the impact of retailer changes in Norway, net sales decreased by 1.5%.

In Finland, net sales were €301 million (€309 million), a decrease of 2.5%. The building and home improvement products contributed €208 million to the net sales in Finland, a decrease of 4.7%. The agricultural supplies trade contributed €93 million to net sales, up 2.8%.

The retail sales of the K-rauta and Rautia chains in Finland decreased by 2.5% to €309 million (VAT 0%) in July-September. The sales of Rautakesko B2B Service were down 7.0%. The retail sales of the K-maatalous chain were €115 million (VAT 0%), up 5.7%.

The net sales from the foreign operations of the building and home improvement trade were €409 million (€450 million), a decrease of 9.1%. In terms of local currencies and excluding the impact of retailer changes in Norway, the increase in the net sales from foreign operations was 4.3%. In Sweden, net sales in terms of kronas were down 2.9%. In Norway, net sales in terms of krones decreased by 16.6%, which was affected by the changes that took place in the Byggmakker chain last year. In Russia, net sales in terms of roubles decreased by 1.3%. Foreign operations contributed 57.6% (59.3%) to the net sales of the building and home improvement trade.

The operating profit excluding non-recurring items of the building and home improvement trade for July-September was €23.9 million (€17.9 million), up €6.0 million compared to the previous year. Due to enhancement measures, operating expenses were lower than in the previous year regardless of the expansion of the store site network. Operating profit was €23.9 million (€17.9 million).

The capital expenditure of the building and home improvement trade totalled €4.8 million (€16.6 million), of which 36.3% (47.9%) abroad.

Number of stores at 30 September	2013	2012
K-rauta*	42	42
Rautia*	99	102
K-maatalous*	83	86
K-rauta, Sweden	21	22
Byggmakker, Norway	91	106
K-rauta, Estonia	8	9
K-rauta, Latvia	8	8
Senukai, Lithuania	17	17
K-rauta, Russia	14	14
OMA, Belarus	9	7

* In 2013, 1 K-rauta store and 47 Rautia stores also operated as K-maatalous stores
in 2012, 1 K-rauta store and 50 Rautia stores also operated as K-maatalous stores.

CAR AND MACHINERY TRADE

	1-9/2013	1-9/2012	7-9/2013	7-9/2012
Net sales, € million	811	887	260	259
Operating profit excl. non-recurring items, € million	30.6	37.3	9.8	11.4
Operating margin excl. non-recurring items, %	3.8	4.2	3.8	4.4
Capital expenditure, € million	11.8	23.4	3.0	4.7

Net sales, € million	1-9/2013	Change, %	7-9/2013	Change, %
VV-Auto	569	-8.6	172	+2.3
Konekesko	243	-8.6	88	-3.6
Total	**811**	**-8.5**	**260**	**+0.3**

JANUARY-SEPTEMBER 2013

In January-September, the net sales of the car and machinery trade were €811 million (€887 million), down 8.5%. The decline in net sales was affected by the weak market performance of the car and machinery trade in Finland.

VV-Auto's net sales for January-September were €569 million (€622 million), a decrease of 8.6%. In January-September, the combined market performance of first time registered passenger cars and vans was -9.3%.

In January-September, the combined market share of passenger cars and vans imported by VV-Auto was 20.5% (20.4%). Volkswagen was the market leader in passenger cars and vans.

Konekesko's net sales for January-September were €243 million (€265 million), down 8.6% compared to the previous year. Net sales in Finland were €142 million, down 17.1%. The net sales from Konekesko's foreign operations were €102 million, up 5.8%.

In January-September, the operating profit excluding non-recurring items of the car and machinery trade was €30.6 million (€37.3 million), down €6.7 million compared to the previous year. The adjustment of costs and inventories of the car and machinery trade was implemented as planned. Regardless of the weakened market situation, the return on capital of the car trade remained at an excellent level.

The operating profit for January-September was €30.6 million (€37.3 million).

The capital expenditure of the car and machinery trade for January-September was €11.8 million (€23.4 million).

JULY-SEPTEMBER 2013

The net sales of the car and machinery trade for July-September were €260 million (€259 million), up 0.3%.

VV-Auto's net sales for July-September were €172 million (€168 million), an increase of 2.3%. In July-September, the combined market share of passenger cars and vans imported by VV-Auto was 20.2% (21.2%).

Konekesko's net sales for July-September were €88 million (€92 million), down 3.6% compared to the previous year.

In July-September, the operating profit excluding non-recurring items of the car and machinery trade was €9.8 million (€11.4 million), down €1.6 million compared to the previous year. The operating profit for July-September was €9.8 million (€11.4 million).

The capital expenditure of the car and machinery trade for July-September was €3.0 million (€4.7 million).

Number of stores at 30 September	2013	2012
VV-Auto, retail trade	10	10
Konekesko	1	1

CHANGES IN THE GROUP COMPOSITION

No significant changes took place in the Group composition during the reporting period.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of September 2013, the total number of Kesko Corporation shares was 99,700,654, of which 31,737,007, or 31.8%, were A shares and 67,963,647, or 68.2%, were B shares. At 30 September 2013, Kesko Corporation held 546,025 own B shares as treasury shares. These treasury shares accounted for 0.80% of the number of B shares and 0.55% of the total number of shares, and 0.14% of votes carried by all shares of the company. The total number of votes carried by all shares was 385,333,717. Each A share entitles to ten (10) votes and each B share to one (1) vote. The company cannot vote with treasury shares and no dividend is paid on them. At the end of September 2013, Kesko Corporation's share capital was €197,282,584. During the reporting period, the number of B shares was increased five times to account for the shares subscribed for with the options based on the 2007 option scheme. The increases were made on 11 February 2013 (74,600 B shares), 2 May 2013 (135,861 B shares), 5 June 2013 (592,619 B shares), 30 July 2013 (116,773 B shares) and 30 September 2013 (68,461 B shares) and announced in a stock exchange notification on the same days. The shares subscribed for were listed for public trading on NASDAQ OMX Helsinki (Helsinki Stock Exchange) with the old B shares on 12 February 2013, 3 May 2013, 6 June 2013, 31 July 2013 and 1 October 2013. The subscription price of €17,938,505.76 received by the company was recorded in the reserve of invested non-restricted equity.

The price of a Kesko A share quoted on NASDAQ OMX Helsinki was €24.39 at the end of 2012, and €23.40 at the end of September 2013, representing a decrease of 4.1%. Correspondingly, the price of a B share was €24.77 at the end of 2012, and €22.18 at the end of September 2013, representing a decrease of 10.5%. In January-September, the highest A share price was €26.85 and the lowest was €22.48. For B share, they were €25.87 and €20.96 respectively. In January-September, the Helsinki stock exchange (OMX Helsinki) All-Share index was up 18.3% and the weighted OMX Helsinki CAP index 18.3%. Correspondingly, the Retail Index was down 9.3%.

At the end of September 2013, the market capitalisation of A shares was €743 million, while that of B shares was €1,495 million, excluding the shares held by the parent company. The combined market capitalisation of A and B shares was €2,238 million, a decrease of €180 million from the end of 2012. In January-September 2013, a total of 0.8 million (1.3 million) A shares was traded on the Helsinki stock exchange, down 40%. The exchange value of A shares was €19 million. The total number of B shares traded was 31.4 million (56.8 million), down 45%. The exchange value of B shares was €739 million.

The company operates the 2007 option scheme for management and other key personnel, under which the share subscription period of 2007B share options ran from 1 April 2011 to 30 April 2013 (subscription period has expired), and that of 2007C share options runs from 1 April 2012 to 30 April 2014. The share options have been included on the official list of the Helsinki stock exchange since the beginning of the share subscription periods. During the reporting period, a total of 381,332 2007B share options were traded at a total value of €923,801, and a total of 263,497 2007C share options were traded at a total value of €2,960,236. The share subscription period of 2007A share options under the option scheme expired and their trading on the official list ended in 2012.

The Board has the authority, granted by the Annual General Meeting of 16 April 2012 and valid until 30 June 2015, to issue a total maximum of 20,000,000 new B shares. The shares can be issued against payment for subscription by shareholders in a directed issue in proportion to their existing shareholdings regardless of whether they consist of A or B shares, or, deviating 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, investments 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 against non-cash consideration and the right to make decisions on other matters concerning share issuances.

In addition, the Board has the authority, granted by the Annual General Meeting of 8 April 2013 and valid until 30 September 2014, to decide on the acquisition of a maximum of 500,000 own B shares, and the authority, valid until 30 June 2017, to decide on the issuance of a maximum of 1,000,000 own B shares held as treasury shares by the company.

On 4 February 2013, based on the authority to issue own shares valid prior to the Annual General Meeting of 8 April 2013 and the fulfilment of the vesting criteria of the 2012 vesting period of Kesko's three-year share-based compensation plan, the Board decided to grant own B shares held as treasury shares by the company to people included in the target group of the 2012 vesting period. The issuance of the total of 66,331 own B shares, referred to above, was announced in a stock exchange release on 5 February 2013 and on 5 April 2013. The latter release also announced that 866 own B shares had been returned to the company without consideration. During the reporting period, a total of 3,765 shares granted based on the fulfilment of the vesting criteria of the 2011 and 2012 vesting periods were returned to the company in accordance with the terms and conditions of the share-based compensation plan. The shares returned during the reporting period were announced in the stock exchange release referred to above and in stock exchange notifications on 8 May 2013, 20 May 2013, 18 June 2013, 19 July 2013 and 20 August 2013. Further information on the Board's authorisations is available at www.kesko.fi.

At the end of September 2013, the number of shareholders was 43,500, which was 1,054 less than at the end of 2012. At the end of September, foreign ownership of all shares was 23%. At the end of September, foreign ownership of B shares was 33%.

FLAGGING NOTIFICATIONS

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

KEY EVENTS DURING THE REPORTING PERIOD

Changes, effective 5 February 2013, took place in Kesko's Corporate Management Board. Arja Talma, M.Sc. (Econ.), eMBA, 50, was appointed Senior Vice President responsible for the Kesko Group's store sites and investments. Terho Kalliokoski, M.Sc. (Econ.), 51, was appointed Rautakesko Ltd's President. Jorma Rauhala, M.Sc. (Econ.), 47, was appointed Kesko Food Ltd's President. Starting from 5 February 2013, Kesko's Corporate Management Board is composed of Matti Halmesmäki, Chair; Jorma Rauhala, food trade; Minna Kurunsaari, home and speciality goods trade and Kesko's customer information and e-commerce projects; Terho Kalliokoski, building and home improvement trade; Pekka Lahti, car and machinery trade; Arja Talma, store sites and investments; Jukka Erlund, CFO, accounting, finance and IT management; and Matti Mettälä, human resources and stakeholder relations. (Stock exchange release on 5 February 2013)

On 5 April 2013, Kesko transferred a total of 66,331 own B shares (KESBV) held by the company as treasury shares to the about 150 Kesko management employees and other named key persons included in the target group of the 2012 vesting period of Kesko's three-year share-based compensation plan. In the same context, 866 B shares, originally transferred to a person included in the target group of the 2011 vesting period of the share-based compensation plan, were returned to Kesko without consideration. After the transfer and return of shares, Kesko held 543,126 own B shares as treasury shares. (Stock exchange release on 5 April 2013)

With effect from 1 January 2013, the Kesko Group adopted the revised IAS 19 Employee benefits standard. The amendment had an impact on the Kesko Group's pension costs and profit, as well as the pension assets and equity on the balance sheet. Resulting from the amendment, Kesko's consolidated income statement, consolidated statement of financial position and segment information for 2012 were updated in compliance with the requirements prescribed in the revised standard. (Stock exchange release on 11 April 2013)

EVENTS AFTER THE REPORTING PERIOD

A total of 921 B shares (KESBV), initially transferred to a person included in the target groups of the 2011 - 2012 vesting periods of Kesko's three-year share-based compensation plan, have been returned to Kesko without consideration. After the return of the shares, Kesko holds 546,946 own B shares as treasury shares. (Stock exchange release on 9 October 2013)

RESOLUTIONS OF THE 2013 ANNUAL GENERAL MEETING AND DECISIONS OF THE BOARD'S ORGANISATIONAL MEETING

Kesko Corporation's Annual General Meeting, held on 8 April 2013, adopted the financial statements for 2012 and discharged the Board members and the Managing Director from liability. The General Meeting also resolved, as proposed by the Board, to distribute €1.20 per share, or a total of €117,892,576.80 as dividends. The dividend pay date was 18 April 2013. The General Meeting resolved that the number of Board members is unchanged at seven, elected PricewaterhouseCoopers Oy as the company's auditor, with APA Johan Kronberg as the auditor with principal responsibility, and approved the Board's proposals for amending Article 9 of the Articles of Association concerning the delivery of the notice of a General Meeting, for authorising the Board to acquire a maximum of 500,000 own B shares and to issue a maximum of 1,000,000 own B shares held as treasury shares by the company. The General Meeting also approved the Board's proposal that it be authorised to decide on the donations in a total maximum of €300,000 for charitable or corresponding purposes until the Annual General Meeting to be held in 2014.

The organisational meeting of the company's Board of Directors, held after the Annual General Meeting, kept the compositions of the Audit Committee and the Remuneration Committee unchanged.

The resolutions of the Annual General Meeting and the decisions of the Board's organisational meeting were announced in more detail in stock exchange releases on 8 April 2013.

RESPONSIBILITY

In September, Kesko was included in the Dow Jones Sustainability Indices DJSI World and DJSI Europe for the 11th time. Kesko's total score increased from the previous year and Kesko received the highest score in its sector in economic dimension.

Kesko was selected for the new UN Global Compact 100 stock index composed of 100 companies selected based on a responsibility evaluation from among the Global Compact signatories.

Shopping centre Veturi in Kouvola achieved a BREEAM Very Good Certificate. Shopping centre Veturi reached an especially high score in the energy category of the assessment. Veturi, opened in autumn 2012, is one of Kesko's biggest shopping centre projects ever.

RISK MANAGEMENT

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

The most significant near-future risks in Kesko's business operations are related to the general economic development, the financial market situation in the euro zone and the trend of consumer confidence as well as their impact on Kesko's sales and profit performance. In 2013, no material changes are estimated to have taken place in the risks described in the 2012 report by Kesko's Board of Directors and the financial statements, or in the risks described on Kesko's website.

The risks and uncertainties related to financial performance are described in the section future outlook of this release.

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.

Helsinki, 23 October 2013
Kesko Corporation
Board of Directors

The information in the interim report release 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, Corporate Controller, telephone +358 105 322 338. A Finnish-language webcast from the media and analyst briefing on the interim report can be accessed at www.kesko.fi at 11.00. An English-language web conference on the interim report will be held today at 14.30 (Finnish time). The web conference login is available on Kesko's website at www.kesko.fi.

Kesko Corporation's financial statements release will be published on 4 February 2014. In addition, the 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, Corporate Communications

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DISTRIBUTION

NASDAQ OMX Helsinki
Main news media
www.kesko.fi

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 accounting principles as the annual financial statements for 2012, with the exception of the following changes due to the adoption of new and revised IFRS standards and IFRIC interpretations:

The amendment to the IAS 19 Employee benefits standard changes the determination of the return on defined benefit pension plan assets. According to the revised standard, the rate used to discount the retirement benefit obligation is used as the return on assets in place of the expected long-term return on the assets used previously. Due to the amendment, the net return on defined benefit pension plans recognised in the consolidated income statement decreases. In addition, the amendment to the IAS 19 Employee benefits standard eliminates the possibility to apply the so-called "corridor approach" to the calculation of retirement benefits classified as defined benefit pension plans, which follows that the changes in the calculation assumptions used for measuring the pension obligation and the covering assets are recognised in pension assets and equity in the balance sheet. The impact of the amendment was announced in a separate stock exchange release on 11 April 2013.

In addition, the Group has adopted the following standards and amendments to standards issued for application:
-IAS 1 Presentation of financial statements (amendment)
-IFRS 13 Fair value measurement
-IFRS 7 Financial instruments: Disclosures (amendment).

CONSOLIDATED INCOME STATEMENT (€ MILLION), CONDENSED

	1-9/ 2013	1-9/ 2012	Change,%	7-9/ 2013	7-9/ 2012	Change,%	1-12/ 2012
Net sales	6,953	7,227	-3.8	2,374	2,449	-3.1	9,686
Cost of goods sold	-6,020	-6,259	-3.8	-2,055	-2,121	-3.1	-8,367
Gross profit	**933**	**968**	**-3.6**	**318**	**328**	**-3.1**	**1,319**
Other operating income	549	551	-0.3	182	183	-0.3	747
Staff cost	-449	-452	-0.5	-139	-141	-1.7	-608
Depreciation and impairment charges	-114	-113	0.4	-37	-37	0.7	-158
Other operating expenses	-739	-794	-6.9	-240	-255	-6.0	-1,088
Operating profit	**180**	**160**	**12.6**	**84**	**77**	**8.7**	**212**
Interest income and other finance income	14	13	9.5	4	3	37.0	21
Interest expense and other finance costs	-16	-12	36.9	-5	-3	57.6	-17
Exchange differences	-4	-3	20.2	-1	-1	47.8	-5
Income from associates	-1	0	(..)	0	0	(..)	-1
Profit before tax	**174**	**158**	**10.1**	**81**	**76**	**7.1**	**210**
Income tax	-52	-48	9.7	-24	-22	6.7	-75
Net profit for the period	**122**	**111**	**10.4**	**57**	**54**	**7.2**	**136**
Attributable to							
Owners of the parent	114	101	12.0	53	50	5.9	124
Non-controlling interests	8	9	-7.6	5	4	24.0	11
Earnings per share (€) for profit attributable to equity holders of the parent							
Basic	1.15	1.03	11.4	0.53	0.51	5.3	1.27
Diluted	1.15	1.03	11.3	0.53	0.50	5.3	1.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€ MILLION)

	1-9/ 2013	1-9/ 2012	Change,%	7-9/ 2013	7-9/ 2012	Change,%	1-12/ 2012
Net profit for the period	122	111	10.4	57	54	7.2	136
Items that will not be reclassified to profit or loss							
Actuarial gains and losses	7	9	-20.5	7	0	-	1
Actuarial gains and losses, tax	-2	-2	-20.5	-2	0	-	0

Items that may be reclassified subsequently to profit or loss							
Exchange differences on translating foreign operations	-8	2	(..)	-2	-1	24.5	0
Adjustment for hyperinflation	1	3	-64.2	-1	2	(..)	4
Cash flow hedge revaluation	-1	-1	-17.5	2	0	(..)	-3
Revaluation of available-for-sale financial assets	-3	12	(..)	1	13	-94.7	9
Other items	0	0	12.5	0	0	-100.0	0
Tax relating to components of other comprehensive income	0	-3	(..)	-1	-3	-77.1	1
Total other comprehensive income for the period, net of tax	-6	20	(..)	6	10	-45.7	11
Total comprehensive income for the period	**116**	**131**	**-11.5**	**63**	**64**	**-1.3**	**147**
Attributable to							
Owners of the parent	108	120	-10.2	59	60	-0.5	133
Non-controlling interests	8	11	-26.0	4	4	-12.6	14

(..) Change over 100%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (€ MILLION), CONDENSED

	30.9.2013	30.9.2012	Change, %	31.12.2012
ASSETS				
Non-current assets				
Tangible assets	1,661	1,647	0.8	1,678
Intangible assets	187	193	-3.1	192
Investments in associates and other financial assets	105	86	22.5	105
Loans and receivables	83	85	-2.2	91
Pension assets	163	165	-0.8	154
Total	2,198	2,174	1.1	2,220
Current assets				
Inventories	776	838	-7.3	814
Trade receivables	700	763	-8.3	703
Other receivables	160	309	-48.2	153
Financial assets at fair value through profit or loss	174	98	77.8	137
Available-for-sale financial assets	260	176	47.9	249
Cash and cash equivalents	103	82	25.7	103
Total	2,173	2,266	-4.1	2,160
Non-current assets held for sale	1	1	-49.7	2
Total assets	**4,372**	**4,441**	**-1.6**	**4,382**

	30.9.2013	30.9.2012	Change, %	31.12.2012
EQUITY AND LIABILITIES				
Equity	2,218	2,190	1.3	2,206
Non-controlling interests	70	65	8.2	67
Total equity	2,289	2,255	1.5	2,272
Non-current liabilities				
Interest-bearing liabilities	358	457	-21.7	450
Non-interest-bearing liabilities	9	10	-10.7	10
Deferred tax liabilities	84	95	-11.6	81
Pension obligations	2	2	-7.3	2
Provisions	20	10	96.9	21
Total	472	574	-17.7	564
Current liabilities				
Interest-bearing liabilities	210	183	15.2	174
Trade payables	911	951	-4.2	804
Other non-interest-bearing liabilities	454	452	0.4	529
Provisions	35	26	33.7	40
Total	1,611	1,612	-0.1	1,546
Total equity and liabilities	**4,372**	**4,441**	**-1.6**	**4,382**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (€ MILLION)

	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2012	**197**	**441**	**-3**	**3**	**-22**	**1,567**	**58**	**2,241**
Shares subscribed with options		0						0
Share-based payments					2	0		3
Dividends						-118	-4	-122
Other changes					0	2		2
Net profit for the period						101	9	111
Other comprehensive income								
Items not classified to profit or loss								
Actuarial gains/losses						9		9
Actuarial gains/losses, tax						-2		-2
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	3			0	0	2
Adjustment for hyperinflation						0	3	3
Cash flow hedge revaluation				-1				-1
Revaluation of available-for-sale financial assets				12				12
Tax relating to other comprehensive income				-3				-3
Total other comprehensive income		0	3	9		7	2	20
Balance at 30.9.2012	**197**	**441**	**-1**	**11**	**-20**	**1,561**	**65**	**2,255**
Balance at 1.1.2013	**197**	**442**	**-2**	**10**	**-19**	**1,578**	**67**	**2,272**
Shares subscribed with options		18						18
Share-based payments					2		0	2
Dividend						-118	-5	-122
Other changes		0				3		3
Net profit for the period						114	8	122
Other comprehensive income								
Items not classified to profit or loss								
Actuarial gains/losses						7		7
Actuarial gains/losses, tax						-2		-2
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	-7				-1	-8
Adjustment for hyperinflation						0	1	1
Cash flow hedge revaluation				-1				-1
Revaluation of available-for-sale financial assets				-3				-3
Other items						0		0
Tax relating to other comprehensive income				0				0
Total other comprehensive income		0	-7	-4		6	0	-6
Balance at 30.9.2013	**197**	**460**	**-10**	**6**	**-18**	**1,583**	**70**	**2,289**

CONSOLIDATED STATEMENT OF CASH FLOWS (€ MILLION), CONDENSED

	1-9/ 2013	1-9/ 2012	Change,%	7-9/ 2013	7-9/ 2012	Change,%	1-12/ 2012
Cash flows from operating activities							
Profit before tax	174	158	10.1	81	76	7.1	210
Planned depreciation	112	112	0.6	37	37	0.8	155
Finance income and costs	5	2	(..)	3	1	93.3	1
Other adjustments	-2	12	(..)	2	3	-13.8	103
Change in working capital							
Current non-interest-bearing operating receivables, increase (-)/decrease (+)	-5	-57	-91.3	112	67	66.0	5
Inventories, increase (-)/decrease (+)	29	35	-18.7	29	35	-18.1	57
Current non-interest-bearing liabilities, increase (+)/decrease (-)	47	5	(..)	-123	-50	(..)	-70
Financial items and tax	-61	-61	0.3	-28	-19	41.9	-79
Net cash from operating activities	**299**	**206**	**45.0**	**114**	**150**	**-24.5**	**382**
Cash flows from investing activities							
Investing activities	-130	-294	-55.7	-36	-103	-64.8	-411
Sales of fixed assets	17	23	-26.2	3	1	78.9	24
Increase in non-current receivables	0	-4	(..)	0	-2	(..)	-4
Net cash used in investing activities	**-113**	**-275**	**-58.8**	**-33**	**-104**	**-67.9**	**-391**
Cash flows from financing activities							
Interest-bearing liabilities, increase (+)/decrease (-)	-36	238	(..)	-17	76	(..)	230
Current interest-bearing receivables, increase (-)/decrease (+)	0	-49	(..)	-2	-14	-88.2	37
Dividends paid	-122	-122	0.3	-5	-4	3.4	-123
Equity increase	18	0	(..)	2	-	-	1
Short-term money market investments, increase (-)/ decrease (+)	-62	38	(..)	-62	-47	32.3	-2
Other items	3	-11	(..)	4	-3	(..)	-14
Net cash used in financing activities	**-199**	**94**	**(..)**	**-78**	**9**	**(..)**	**130**
Change in cash and cash equivalents	**-13**	**26**	**(..)**	**2**	**55**	**-96.5**	**121**
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	352	231	52.5	337	202	66.4	231
Currency translation difference adjustment and revaluation	-1	0	(..)	0	0	(..)	0
Cash and cash equivalents and current portion of available-for-sale financial assets at 30 Sep.	338	258	31.2	338	258	31.2	352

(..) Change over 100%

GROUP'S PERFORMANCE INDICATORS

	1-9/2013	1-9/2012	Change, pp	1-12/2012
Return on capital employed, %	9.8	8.4	1.4	8.3
Return on capital employed, %, moving 12 mo	9.3	9.4	-0.1	8.3
Return on capital employed excl. non-recurring items, %	9.3	8.4	1.0	9.0
Return on capital employed excl. non-recurring items, %, moving 12 mo	9.7	9.3	0.4	9.0
Return on equity, %	7.1	6.6	0.6	6.0
Return on equity, %, moving 12 mo	6.5	7.5	-1.0	6.0
Return on equity excl. non-recurring items, %	6.8	6.5	0.3	6.9
Return on equity excl. non-recurring items, %, moving 12 mo	7.0	7.4	-0.3	6.9
Equity ratio, %	52.9	51.3	1.6	52.5
Gearing, %	1.4	12.6	-11.2	6.0
			Change, %	
Capital expenditure, € million	124.9	274.5	-54.5	378.3
Capital expenditure, % of net sales	1.8	3.8	-52.7	3.9
Earnings per share, basic, €	1.15	1.03	11.4	1.27
Earnings per share, diluted, €	1.15	1.03	11.3	1.26

Earnings per share excl. non-recurring items, basic, €	1.09	1.03	6.2	1.47
Cash flow from operating activities, € million	299	206	45.0	382
Cash flow from investing activities, € million	-113	-275	-58.8	-391
Equity per share, €	22.39	22.33	0.2	22.48
Interest-bearing net debt	31	284	-89.1	135
Diluted number of shares, average for the reporting period	99,013	98,449	0.6	98,472
Personnel, average	19,478	19,740	-1.3	19,741

Group's performance indicators by quarter	**1-3/ 2012**	**4-6/ 2012**	**7-9/ 2012**	**10-12/ 2012**	**1-3/ 2013**	**4-6/ 2013**	**7-9/ 2013**
Net sales, € million	2,318	2,460	2,449	2,459	2,159	2,420	2,374
Change in net sales, %	10.2	-0.5	1.9	-0.9	-6.9	-1.6	-3.1
Operating profit, € million	25.1	57.7	77.4	51.8	19.2	77.0	84.1
Operating margin, %	1.1	2.3	3.2	2.1	0.9	3.2	3.5
Operating profit excl. non-recurring items, € million	22.3	59.4	77.4	70.9	18.6	69.8	83.6
Operating margin excl. non-recurring items, %	1.0	2.4	3.2	2.9	0.9	2.9	3.5
Finance income/costs, € million	-0.1	-0.3	-1.3	1.1	-3.3	0.4	-2.6
Profit before tax, € million	25.0	57.3	76.1	52.1	15.8	77.2	81.5
Profit before tax, %	1.1	2.3	3.1	2.1	0.7	3.2	3.4
Return on capital employed, %	4.1	8.9	11.9	8.0	3.1	12.3	14.2
Return on capital employed excl. non-recurring items, %	3.6	9.2	11.9	10.9	3.0	11.1	14.1
Return on equity, %	3.1	7.0	9.6	4.4	1.9	9.5	10.2
Return on equity excl. non-recurring items, %	2.8	7.3	9.6	8.0	1.8	8.6	10.1
Equity ratio, %	52.8	51.2	51.3	52.5	51.7	50.5	52.9
Capital expenditure, € million	104.1	67.8	102.6	103.8	41.5	48.1	35.4
Earnings per share, diluted, €	0.16	0.37	0.50	0.23	0.11	0.50	0.53
Equity per share, €	22.56	21.72	22.33	22.48	22.62	21.79	22.39

SEGMENT INFORMATION

Net sales by segment (€ million)	**1-9/ 2013**	**1-9/ 2012**	**Change, %**	**7-9/ 2013**	**7-9/ 2012**	**Change, %**	**1-12/ 2012**
Food trade, Finland	3,197	3,179	0.6	1,076	1,078	-0.2	4,308
Food trade, other countries*	42	-	-	20	-	-	3
Food trade total	**3,239**	**3,179**	**1.9**	**1,095**	**1,078**	**1.6**	**4,311**
- of which intersegment trade	127	129	-1.5	44	43	1.3	172
Home and speciality goods trade, Finland	993	1,083	-8.3	344	384	-10.4	1,557
Home and speciality goods trade, other countries*	25	33	-24.7	7	11	-30.4	45
Home and speciality goods trade total	**1,018**	**1,116**	**-8.8**	**351**	**395**	**-10.9**	**1,603**
- of which intersegment trade	12	12	-2.9	4	4	6.3	18
Building and home improvement trade, Finland	916	956	-4.2	301	309	-2.5	1,229
Building and home improvement trade, other countries*	1,095	1,213	-9.7	409	450	-9.1	1,598
Building and home improvement trade total	**2,012**	**2,170**	**-7.3**	**710**	**759**	**-6.4**	**2,827**
- of which intersegment trade	0	1	(..)	0	0	(..)	0
Car and machinery trade, Finland	709	791	-10.3	218	219	-0.4	998
Car and machinery trade, other countries*	102	96	6.0	43	41	4.3	116
Car and machinery trade total	**811**	**887**	**-8.5**	**260**	**259**	**0.3**	**1,114**
- of which intersegment trade	1	1	0.0	0	0	(..)	1
Common operations and eliminations	-126	-124	1.9	-43	-41	4.6	-169
Finland total	**5,689**	**5,885**	**-3.3**	**1,895**	**1,948**	**-2.7**	**7,924**
Other countries total*	**1,264**	**1,342**	**-5.8**	**479**	**502**	**-4.5**	**1,762**
Group total	**6,953**	**7,227**	**-3.8**	**2,374**	**2,449**	**-3.1**	**9,686**

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

Operating profit by segment (€ million)	1-9/ 2013	1-9/ 2012	Change	7-9/ 2013	7-9/ 2012	Change	1-12/ 2012
Food trade	159.7	125.4	34.4	56.5	49.4	7.1	170.2
Home and speciality goods trade	-25.5	-12.8	-12.7	-2.1	0.9	-3.0	0.0
Building and home improvement trade	25.9	22.4	3.5	23.9	17.9	6.0	11.6
Car and machinery trade	30.6	37.3	-6.7	9.8	11.4	-1.6	41.9
Common operations and eliminations	-10.4	-12.1	1.7	-4.0	-2.2	-1.7	-11.8
Group total	**180.4**	**160.2**	**20.2**	**84.1**	**77.4**	**6.7**	**212.0**

Operating profit excl. non-recurring items by segment (€ million)	1-9/ 2013	1-9/ 2012	Change	7-9/ 2013	7-9/ 2012	Change	1-12/ 2012
Food trade	155.0	122.7	32.3	56.0	49.4	6.7	167.5
Home and speciality goods trade	-29.9	-12.8	-17.2	-2.2	0.9	-3.0	19.6
Building and home improvement trade	26.8	24.1	2.7	23.9	17.9	6.0	13.3
Car and machinery trade	30.6	37.3	-6.7	9.8	11.4	-1.6	41.9
Common operations and eliminations	-10.4	-12.2	1.8	-4.0	-2.2	-1.7	-12.2
Group total	**172.0**	**159.1**	**12.9**	**83.6**	**77.4**	**6.3**	**230.0**

Operating margin excl. non-recurring items by segment, %	1-9/ 2013	1-9/ 2012	Change pp	7-9/ 2013	7-9/ 2012	Change pp	1-12/ 2012	Moving 12 mo 9/2013
Food trade	4.8	3.9	0.9	5.1	4.6	0.5	3.9	4.6
Home and speciality goods trade	-2.9	-1.1	-1.8	-0.6	0.2	-0.8	1.2	0.2
Building and home improvement trade	1.3	1.1	0.2	3.4	2.4	1.0	0.5	0.6
Car and machinery trade	3.8	4.2	-0.4	3.8	4.4	-0.6	3.8	3.4
Group total	**2.5**	**2.2**	**0.3**	**3.5**	**3.2**	**0.4**	**2.4**	**2.6**

Capital employed by segment, cumulative average (€ million)	1-9/ 2013	1-9/ 2012	Change	7-9/ 2013	7-9/ 2012	Change	1-12/ 2012
Food trade	833	745	87	811	774	36	763
Home and speciality goods trade	459	510	-52	424	529	-105	514
Building and home improvement trade	745	764	-19	712	757	-47	760
Car and machinery trade	157	190	-33	144	177	-33	188
Common operations and eliminations	268	330	-63	284	351	-67	327
Group total	**2,461**	**2,540**	**-79**	**2,374**	**2,590**	**-217**	**2,552**

Return on capital employed excl. non-recurring items by segment, %	1-9/ 2013	1-9/ 2012	Change pp	7-9/ 2013	7-9/ 2012	Change pp	1-12/ 2012	Moving 12 mo 9/2013
Food trade	24.8	21.9	2.9	27.7	25.5	2.1	21.9	24.2
Home and speciality goods trade	-8.7	-3.3	-5.4	-2.0	0.7	-2.7	3.8	0.5
Building and home improvement trade	4.8	4.2	0.6	13.4	9.4	4.0	1.7	2.1
Car and machinery trade	26.0	26.2	-0.2	27.2	25.8	1.4	22.3	21.6
Group total	**9.3**	**8.4**	**1.0**	**14.1**	**11.9**	**2.1**	**9.0**	**9.7**

Capital expenditure by segment (€ million)	1-9/ 2013	1-9/ 2012	Change	7-9/ 2013	7-9/ 2012	Change	1-12/ 2012
Food trade	68	157	-89	24	61	-37	200
Home and speciality goods trade	17	48	-31	3	18	-15	61
Building and home improvement trade	26	42	-16	5	17	-12	63
Car and machinery trade	12	23	-12	3	5	-2	27
Common operations and eliminations	2	4	-2	1	2	-2	27
Group total	**125**	**274**	**-150**	**35**	**103**	**-67**	**378**

SEGMENT INFORMATION BY QUARTER

Net sales by segment (€ million)	**1-3/ 2012**	**4-6/ 2012**	**7-9/ 2012**	**10-12/ 2012**	**1-3/ 2013**	**4-6/ 2013**	**7-9/ 2013**
Food trade	1,010	1,091	1,078	1,132	1,045	1,099	1,095
Home and speciality goods trade	369	352	395	487	345	322	351
Building and home improvement trade	629	782	759	657	562	740	710
Car and machinery trade	353	274	259	227	249	301	260
Common operations and eliminations	-42	-41	-41	-45	-42	-41	-43
Group total	**2,318**	**2,460**	**2,449**	**2,459**	**2,159**	**2,420**	**2,374**

Operating profit by segment (€ million)	**1-3/ 2012**	**4-6/ 2012**	**7-9/ 2012**	**10-12/ 2012**	**1-3/ 2013**	**4-6/ 2013**	**7-9/ 2013**
Food trade	37.4	38.6	49.4	44.8	48.2	55.1	56.5
Home and speciality goods trade	-12.9	-0.7	0.9	12.8	-17.7	-5.6	-2.1
Building and home improvement trade	-9.0	13.5	17.9	-10.8	-16.1	18.0	23.9
Car and machinery trade	15.5	10.3	11.4	4.7	7.8	13.0	9.8
Common operations and eliminations	-5.9	-4.0	-2.2	0.3	-3.0	-3.4	-4.0
Group total	**25.1**	**57.7**	**77.4**	**51.8**	**19.2**	**77.0**	**84.1**

Operating profit excl. non-recurring items by segment (€ million)	**1-3/ 2012**	**4-6/ 2012**	**7-9/ 2012**	**10-12/ 2012**	**1-3/ 2013**	**4-6/ 2013**	**7-9/ 2013**
Food trade	34.7	38.6	49.4	44.8	48.2	50.8	56.0
Home and speciality goods trade	-12.9	-0.7	0.9	32.3	-17.8	-10.0	-2.2
Building and home improvement trade	-9.0	15.2	17.9	-10.8	-16.6	19.5	23.9
Car and machinery trade	15.5	10.3	11.4	4.7	7.8	13.0	9.8
Common operations and eliminations	-5.9	-4.0	-2.2	-0.1	-3.0	-3.4	-4.0
Group total	**22.3**	**59.4**	**77.4**	**70.9**	**18.6**	**69.8**	**83.6**

Operating margin excl. non-recurring items by segment, %	**1-3/ 2012**	**4-6/ 2012**	**7-9/ 2012**	**10-12/ 2012**	**1-3/ 2013**	**4-6/ 2013**	**7-9/ 2013**
Food trade	3.4	3.5	4.6	4.0	4.6	4.6	5.1
Home and speciality goods trade	-3.5	-0.2	0.2	6.6	-5.2	-3.1	-0.6
Building and home improvement trade	-1.4	1.9	2.4	-1.6	-3.0	2.6	3.4
Car and machinery trade	4.4	3.7	4.4	2.1	3.1	4.3	3.8
Group total	**1.0**	**2.4**	**3.2**	**2.9**	**0.9**	**2.9**	**3.5**

CHANGE IN TANGIBLE AND INTANGIBLE ASSETS (€ MILLION)

	30.9.2013	**30.9.2012**
Opening net carrying amount	**1,870**	**1,680**
Depreciation, amortisation and impairment	-114	-113
Investments in tangible and intangible assets	127	279
Disposals	-7	-21
Currency translation differences	-28	15
Closing net carrying amount	**1,847**	**1,839**

RELATED PARTY TRANSACTIONS (€ MILLION)

The Group's related parties include its key management (the Board of Directors, the President and CEO and the Corporate Management Board), subsidiaries, associates and the Kesko Pension Fund.

The following transactions were carried out with related parties:

	1-9/2013	**1-9/2012**
Sales of goods and services	63	59
Purchases of goods and services	15	10
Other operating income	1	0
Other operating expenses	20	18
Finance costs	0	0

	30.9.2013	**30.9.2012**
Receivables	10	8
Liabilities	19	34

FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (€ MILLION)

	Level 1	Level 2	Level 3	30.09.2013
Financial assets at fair value through profit or loss	**14.1**	**160.0**		**174.1**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		**3.8**		**3.8**
Derivative financial liabilities		**16.3**		**16.3**
Available-for-sale financial assets	**24.9**	**235.0**	**6.4**	**266.2**

FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES (€ MILLION)

	Level 1	Level 2	Level 3	30.09.2013
Financial assets at fair value through profit or loss		**153.9**		**153.9**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		**3.3**		**3.3**
Derivative financial liabilities		**19.4**		**19.4**
Available-for-sale financial assets		**119.8**	**6.5**	**126.3**

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

PERSONNEL, AVERAGE AND AT 30.9.

Personnel average by segment

	1-9/2013	1-9/2012	Change
Food trade	3,118	2,804	314
Home and speciality goods trade	5,771	6,145	-374
Building and home improvement trade	8,893	9,081	-188
Car and machinery trade	1,257	1,260	-3
Common operations	439	451	-12
Group total	**19,478**	**19,740**	**-263**

Personnel at 30.9.* by segment	2013	2012	Change
Food trade	3,505	3,016	489
Home and speciality goods trade	7,812	8,443	-631
Building and home improvement trade	10,115	10,402	-287
Car and machinery trade	1,280	1,293	-13
Common operations	488	512	-24
Group total	**23,200**	**23,666**	**-466**

** total number incl. part-time employees*

GROUP'S COMMITMENTS (€ MILLION)

	30.9.2013	30.9.2012	Change %
Own commitments	191	180	6.2
For associates	65	-	-
For others	11	8	45.3
Lease liabilities for machinery and equipment	25	26	-6.2
Lease liabilities for real estate	2,372	2,317	2.3

Liabilities arising from derivative instruments

Values of underlying instruments at 30.9.	30.9.2013	30.9.2012	Fair value 30.9.2013
Interest rate derivatives			
Interest rate swaps	202	205	0.17
Currency derivatives			
Forward and future contracts	245	406	1.24
Option agreements	3	33	-0.01
Currency swaps	100	100	-11.56
Commodity derivatives			
Electricity derivatives	41	31	-2.27

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, %, moving 12 mo	Operating profit for prior 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, %, moving 12 months	Operating profit excl. non-recurring items for prior 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, %, moving 12 months	(Profit/loss for prior 12 months before tax - income tax for prior 12 months) x100 / 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, %, moving 12 months	(Profit/loss for prior 12 months adjusted for non-recurring items before tax - income tax for prior 12 months adjusted for the tax effect of non-recurring items) x 100 / Shareholders' equity
Equity ratio, %	Shareholders’ equity x 100 / (Balance sheet total - 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

** Indicators for return on capital have been annualised.*

K-GROUP'S RETAIL AND B2B SALES (VAT 0%) (PRELIMINARY DATA):

	1.1.-30.9.2013		1.7.-30.9.2013	
K-Group's retail and B2B sales	**€ million**	**Change, %**	**€ million**	**Change, %**
K-Group's food trade				
K-food stores, Finland	3,495	-0.3	1,180	-0.9
Kespro	594	2.7	206	1.8
K-ruoka stores, Russia	42	-	20	-
Food trade total	**4,131**	**1.1**	**1,406**	**0.9**
K-Group's home and speciality goods trade				
Home and speciality goods stores, Finland	1,084	-9.1	366	-11.3
Home and speciality goods stores, other countries	23	-29.9	7	-34.3
Home and speciality goods trade total	**1,107**	**-9.7**	**373**	**-11.9**
K-Group's building and home improvement trade				
K-rauta and Rautia	790	-4.5	309	-2.5
Rautakesko B2B Service	140	-12.8	52	-7.0
K-maatalous	352	6.5	115	5.7
Finland total	**1,282**	**-2.8**	**476**	**-1.2**
Building and home improvement stores, other Nordic countries	713	-21.6	270	-19.6
Building and home improvement stores, Baltic countries	283	0.8	114	2.5
Building and home improvement stores, other countries	286	3.1	108	-2.7
Building and home improvement trade total	**2,563**	**-8.0**	**967**	**-6.9**
K-Group's car and machinery trade				
VV-Autotalot	288	-10.1	92	-3.2
VV-Auto, import	293	-7.2	82	7.9
Konekesko, Finland	141	-17.0	46	-10.5
Finland total	**722**	**-10.4**	**220**	**-1.1**
Konekesko, other countries	105	4.0	44	3.7
Car and machinery trade total	**827**	**-8.8**	**265**	**-0.3**
Finland total	**7,177**	**-3.0**	**2,449**	**-2.5**
Other countries total	**1,452**	**-9.3**	**562**	**-7.9**
Retail and B2B sales total	**8,629**	**-4.2**	**3,011**	**-3.5**