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# 2013

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Kesko Corporation

## **Financial Statements Release**

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January-December 2013

**KESKO**

# KESKO'S FINANCIAL STATEMENTS RELEASE FOR THE PERIOD 1 JAN. 2013 TO 31 DEC. 2013

*Financial performance in brief:*

\* The Group's net sales for January-December €9,315 million, change -3.8%.

\* Due to the implementation of enhancement measures, the operating profit excluding non-recurring items increased to €238.8 million (€230.0 million).

\* Earnings per share excluding non-recurring items €1.68 (€1.47).

\* The Board proposes a dividend of €1.40 per share

\* Equity ratio 54.5% (52.5%).

\* 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

	1-12/2013	1-12/2012	10-12/2013	10-12/2012
Net sales, € million	9,315	9,686	2,362	2,459
Operating profit excl. non-recurring items, € million	238.8	230.0	66.8	70.9
Operating profit, € million	248.4	212.0	68.0	51.8
Profit before tax, € million	242.3	210.5	67.9	52.1
Capital expenditure, € million	171.5	378.3	46.6	103.8
Earnings per share, diluted, €	1.75	1.26	0.60	0.23
Earnings per share excl. non-recurring items, basic, €	1.68	1.47	0.59	0.44

	31.12.2013	31.12.2012
Equity ratio, %	54.5	52.5
Equity per share, €	22.96	22.48

## FINANCIAL PERFORMANCE

### Net sales and profit for January-December 2013

The Group's net sales for January-December 2013 were €9,315 million, which is 3.8% down on the corresponding period of the previous year (€9,686 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 6.1%. Net sales performance in the other countries was materially impacted by exchange rate changes and the sales decline in the building and home improvement trade in Norway resulting from the retailer changes that took place in the Bygghjælper chain in the previous year. International operations accounted for 17.8% (18.2%) of net sales. Net sales grew in the food trade and declined in the other divisions.

1-12/2013	Net sales, € million	Change, %	Operating profit excl. non-recurring items, € million	Change, € million
Food trade	4,387	+1.8	203.3	+35.8
Home and speciality goods trade	1,457	-9.1	-8.3	-27.9
Building and home improvement trade	2,607	-7.8	25.7	+12.4
Car and machinery trade	1,037	-6.9	33.9	-8.0
Common operations and eliminations	-173	-2.4	-15.8	-3.5
<b>Total</b>	<b>9,315</b>	<b>-3.8</b>	<b>238.8</b>	<b>+8.8</b>

The operating profit excluding non-recurring items for January–December was €238.8 million (€230.0 million). The enhancement measures of the profitability programme had a significant positive impact on the Group's profit performance. Operating expenses decreased by €87 million regardless of store site network expansion and cost inflation. In the previous year, costs were reduced and the operating profit excluding non-recurring items was improved by the €12 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio. The operating expenses for the previous year included write-offs of €6 million related to personnel reductions and non-recurring expenses of €20.8 million.

Operating profit was €248.4 million (€212.0 million). The operating profit includes €9.6 million (€-18.0 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 non-recurring items for the previous year included an impairment of Anttila's goodwill, a reversal of the impairment of Indoor's brand and non-recurring expenses for restructuring Musta Pörssi's business operations.

The Group's profit before tax for January–December was €242.3 million (€210.5 million).

The Group's earnings per share were €1.75 (€1.26). The Group's equity per share was €22.96 (€22.48).

In January–December, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €11,575 million, down 4.4% compared to the previous year. The K-Plussa customer loyalty programme gained 74,317 new households in January–December. At the end of December, there was 2,251,311 K-Plussa households and 3.9 (3.8) million K-Plussa cardholders.

#### Net sales and profit for October–December 2013

The Group's net sales for October–December 2013 were €2,362 million, which is 3.9% down on the corresponding period of the previous year (€2,459 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 3.2% and in the other countries by 7.2%. International operations accounted for 16.5% (17.1%) of net sales.

10-12/2013	Net sales, € million	Change, %	Operating profit excl. non-recurring items, € million	Change, € million
Food trade	1,148	+1.4	48.3	+3.5
Home and speciality goods trade	439	-9.9	21.6	-10.7
Building and home improvement trade	596	-9.4	-1.1	+9.8
Car and machinery trade	226	-0.4	3.3	-1.3
Common operations and eliminations	-46	-3.6	-5.4	-5.3
<b>Total</b>	<b>2,362</b>	<b>-3.9</b>	<b>66.8</b>	<b>-4.1</b>

The operating profit excluding non-recurring items for October–December was €66.8 million (€70.9 million), representing 2.8% (2.9%) of net sales. In terms of operations, profitability was better than in the previous year considering that the operating profit excluding non-recurring items for the comparative period included a €15 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio. The enhancement measures implemented had a significant positive impact on profit performance. Operating profit was €68.0 million (€51.8 million). The operating profit includes €1.2 million (€-19.1 million) of non-recurring items. The non-recurring items for the comparative period included an impairment of Anttila's goodwill, a reversal of the impairment of Indoor's brand and non-recurring expenses for restructuring Musta Pörssi's business operations.

The Group's profit before tax for October–December was €67.9 million (€52.1 million).

The Group's earnings per share were €0.60 (€0.23).

In October–December, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €2,945 million, down 5.0% compared to the previous year.

#### Finance

In January–December, the cash flow from operating activities was €413.8 million (€381.7 million). The cash flow from investing activities was €-152.0 million (€-390.7 million) including a €21.8 million (€24.5 million) amount of proceeds from the sales of fixed assets.

The Group's liquidity remained at an excellent level in January–December. At the end of the period, liquid assets totalled €681 million (€489 million). Interest-bearing liabilities were €554 million (€624 million) and interest-bearing net debt €-126 million (€135 million) at the end of December. Equity ratio was 54.5% (52.5%) at the end of the period.

In January–December, the Group's net finance costs were €5.8 million (€0.6 million). The increase in net finance costs was attributable to the low Euribor rates which reduced the return on liquid assets.

In October–December, the cash flow from operating activities stood at €114.5 million (€175.4 million). The cash flow from investing activities was €-38.7 million (€-115.7 million) including a €5.1 million (€1.9 million) amount of proceeds from the sales of fixed assets.

In October–December, the Group's net finance costs were €0.4 million (net finance income €1.1 million).

**Taxes**

The Group's taxes for January-December were €57.7 million (€74.6 million). The effective tax rate was 23.8% (35.5%), affected by loss-making foreign operations. The Group's tax rate was affected by the reduction of the corporate tax rate to 20% effective from 1 January 2014 in Finland, which is why deferred taxes of €14 million were recognised as income. The impact of the tax rate change in the Group's tax rate for January-December was 5.6 percentage points.

The Group's taxes for October-December were €5.3 million (€26.9 million). The effective tax rate was 7.9% (51.7%). The impact of change in the Finnish tax rate in the tax rate for October-December was 20.0 percentage points.

**Capital expenditure**

In January-December, the Group's capital expenditure totalled €171.5 million (€378.3 million), or 1.8% (3.9%) of net sales. Capital expenditure in store sites was €125.5 million (€310.0 million), in IT €22.9 million (€22.1 million) and other capital expenditure was €23.2 million (€46.1 million). Capital expenditure in foreign operations represented 41.3% (22.9%) of total capital expenditure.

In October-December, the Group's capital expenditure totalled €46.6 million (€103.8 million), or 2.0% (4.2%) of net sales. Capital expenditure in store sites was €33.0 million (€71.5 million), in IT €6.8 million (€4.2 million) and other capital expenditure was €6.8 million (€28.0 million). Capital expenditure in foreign operations represented 37.8% (31.7%) 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, aimed 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 of a total of around €100 million was achieved in 2013. In 2013, Kesko's operating expenses were €1,767 million, representing a net decrease of €87 million (-4.7%) from the previous year regardless of store site network expansion and cost inflation.

Measures for staff cost enhancement were implemented as announced previously. In addition to terminations, reductions included reduced working hours and retirement arrangements. Other significant savings were implemented by adjusting especially marketing and store site expenses and by centralising ICT purchases. In addition, special enhancement measures were 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.

**Improving Anttila's profitability**

In the home and speciality goods trade, the increase of online shopping and increased competition have considerably weakened the profitability of Anttila and the home technology trade. In order to improve profitability, plans are made to close some rented store sites during the next two years. The closures are expected to cause non-recurring expenses amounting to approximately 20 to 30 million euros during the first quarter. Approximately one third of the current Anttila department store network is planned to be closed. At the same time, the selection of products in the NetAnttila and Musta Pörssi online stores will be considerably expanded, and the Anttila and Kodin1 department store concepts will be renewed.

**Kesko looks into setting up a real estate fund**

In 2013, Kesko reviewed the criteria on which store sites owned by it are classified as strategic and other properties. As at 31 December 2013, according to the new classification, 53% of store sites are strategic, compared to 78% in the old classification.

Kesko is looking into selling some of its store sites to a fund to be set up with Kesko as one of its major investors. Kesko Group would continue its operations in the store sites under long-term leases signed in connection with their sales to the fund.

Kesko's objective is to set up a fund of mainly Kesko-owned store sites and shopping centres in Finland, Sweden and Russia with a maximum fair value of approximately €750 - 950 million.

Launching the real estate investment fund depends, in addition to investor interest, on whether it is possible for Kesko to achieve such terms and conditions in the arrangement that are commercially viable for it, taking the Group's strong financial position into account. Moreover, starting a real estate investment fund is subject to the authorisation of the Financial Supervisory Authority.

The possible fund is expected to be launched in the course of 2014.

**Personnel**

In January-December, the average number of employees in Kesko Group was 19,489 (19,747) converted into full-time employees. In Finland, the average decrease was 426 people, while outside Finland, there was an increase of 168 people.

At the end of December 2013, the number of employees was 23,863 (24,080), of whom 12,776 (13,278) worked in Finland and 11,087 (10,802) outside Finland. Compared to the end of December 2012, there was a decrease of 502 people in Finland and an increase of 285 people outside Finland.

In January-December, the Group's staff cost was €611.1 million, showing a 0.6% increase compared to the previous year. In October-December, staff cost was €161.8 million, up 3.8% 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

	1-12/2013	1-12/2012	10-12/2013	10-12/2012
Net sales, € million	4,387	4,311	1,148	1,132
Operating profit excl. non-recurring items, € million	203.3	167.5	48.3	44.8
Operating margin excl. non-recurring items, %	4.6	3.9	4.2	4.0
Capital expenditure, € million	91.6	200.0	23.7	43.3

Net sales, € million	1-12/2013	Change, %	10-12/2013	Change, %
Sales to K-food stores	3,330	+0.1	869	-0.9
Kespro	803	+2.0	203	0.0
K-ruoka, Russia	71	-	28	-
Others	184	-5.1	48	-2.7
<b>Total</b>	<b>4,387</b>	<b>+1.8</b>	<b>1,148</b>	<b>+1.4</b>

#### January-December 2013

In the food trade, the net sales for January-December were €4,387 million (€4,311 million), up 1.8%. 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% 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 2.5% in January-December 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-December, the operating profit excluding non-recurring items of the food trade was €203.3 million (€167.5 million), or €35.8 million up on the previous year. Profitability was improved by significant savings achieved from enhanced operations and by the adjustment of capital expenditure. Excluding the impact of expansion of Russian business operations, costs decreased by €31 million. Operating profit was €208.0 million (€170.2 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-December was €91.6 million (€200.0 million), of which €80.5 million (€187.1 million) in stores sites.

#### October-December 2013

In the food trade, the net sales for October-December were €1,148 million (€1,132 million), up 1.4%.

The operating profit excluding non-recurring items of the food trade in October-December was €48.3 million (€44.8 million), or €3.5 million up on the previous year. Profit performance was affected by cost savings and it was negatively impacted by a €1.7 million unrealised loss on measurement of derivatives used for hedging electricity purchases. Operating profit was €48.3 million (€44.8 million).

The capital expenditure of the food trade in October-December was €23.7 million (€43.3 million).

In October-December 2013, five new K-supermarkets were opened. 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 Jakomäki, Helsinki, and in Ikaalinen. K-market Fortuna in Helsinki is being extended into a K-supermarket and K-supermarket Reimari in Parainen is being extended.

In December 2013, the fourth K-ruoka store was opened in St. Petersburg. Kesko Food's objective is to open three new food stores in the St. Petersburg area in 2014.

Number of stores at 31 December	2013	2012
K-citymarket	80	80
K-supermarket	218	210
K-market (incl. service station stores)	442	452
K-ruoka, Russia	4	1
Others*	176	194

\* incl. online food store

## HOME AND SPECIALITY GOODS TRADE

	1-12/2013	1-12/2012	10-12/2013	10-12/2012
Net sales, € million	1,457	1,603	439	487
Operating profit excl. non-recurring items, € million	-8.3	19.6	21.6	32.3
Operating margin excl. non-recurring items, %	-0.6	1.2	4.9	6.6
Capital expenditure, € million	23.1	61.1	6.3	13.4

Net sales, € million	1-12/2013	Change, %	10-12/2013	Change, %
K-citymarket, home and speciality goods	628	-5.4	194	-5.6
Anttila	391	-16.5	131	-14.0
Intersport, Finland	190	+5.0	54	-2.5
Intersport, Russia	18	-36.2	4	-50.3
Indoor	182	-1.2	46	+1.7
Musta Pörssi	29	-48.8	7	-56.6
Kenkäkesko	21	-8.7	4	-17.1
<b>Total</b>	<b>1,457</b>	<b>-9.1</b>	<b>439</b>	<b>-9.9</b>

### January-December 2013

In the home and speciality goods trade, the net sales for January-December were €1,457 million (€1,603 million), down 9.1%. 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 ending of Musta Pörssi's retailer business and the closing of unprofitable stores of Intersport Russia. The profitability of K-citymarket home and speciality goods, Intersport Finland and Asko and Sotka remained at a good level.

The operating profit excluding non-recurring items of the home and speciality goods trade for January-December was €-8.3 million (€19.6 million), down €27.9 million compared to the previous year. The performance was affected by the increased losses caused by the decreased sales of Anttila. The operating profit excluding non-recurring items of the comparative period was improved by the €9 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio. Cost savings from the implementation of the profitability programme as planned were €31 million. Operating profit was €-2.1 million (€0.0 million). Non-recurring items include gains on the disposals of properties in the amount of €4.1 million. In the previous year, non-recurring items (€-19.5 million) included the non-recurring costs related to the reorganisation of the Musta Pörssi business.

The capital expenditure of the home and speciality goods trade was €23.1 million (€61.1 million) in January-December.

### October-December 2013

In the home and speciality goods trade, the net sales for October-December were €439 million (€487 million), down 9.9%. Net sales performance was impacted by the decrease in the sales of the department store trade and the significant adjustment of the store site networks of Musta Pörssi and Intersport Russia. The sales of sports equipment and clothes were negatively impacted by a delayed winter season compared to the comparative year.

The operating profit excluding non-recurring items of the home and speciality goods trade for October-December was €21.6 million (€32.3 million). Profitability was negatively impacted by the weakened profit of the department store trade. The operating profit excluding non-recurring items of the comparative period was improved by the €9 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio. Operating profit was €23.3 million (€12.8 million).

The capital expenditure of the home and speciality goods trade was €6.3 million (€13.4 million).

The most significant new store openings in October-December 2013 were an Asko store in Kokkola, the Intersport Ruka store in Kuusamo and an Intersport store in the Grand Canyon shopping centre in St. Petersburg.

Number of stores at 31 December	2013	2012
K-citymarket, home and speciality goods*	81	81
Anttila department stores*	31	32
Kodin1 department stores for home goods and interior decoration*	13	13
Intersport, Finland	63	62
Budget Sport*	11	10
Asko and Sotka	85	83
Musta Pörssi*	6	32
Kookenkä*	46	49
Anttila, Baltics*	3	3
Intersport, Russia	21	28
Asko and Sotka, Baltics*	10	10

\* incl. online stores

### BUILDING AND HOME IMPROVEMENT TRADE

	1-12/2013	1-12/2012	10-12/2013	10-12/2012
Net sales, € million	2,607	2,827	596	657
Operating profit excl. non-recurring items, € million	25.7	13.3	-1.1	-10.8
Operating margin excl. non-recurring items, %	1.0	0.5	-0.2	-1.6
Capital expenditure, € million	37.8	63.1	11.4	20.7

Net sales, € million	1-12/2013	Change, %	10-12/2013	Change, %
Rautakesko, Finland	1,173	-4.6	257	-5.9
K-rauta, Sweden	205	-4.0	45	-2.4
Byggnakker, Norway	470	-26.0	100	-30.7
K-rauta, Estonia	69	+8.1	17	+11.7
K-rauta, Latvia	52	+1.1	13	-1.4
Senukai, Lithuania	263	-1.1	72	-1.2
K-rauta, Russia	272	-4.2	66	-5.6
OMA, Belarus	106	+22.7	27	+14.8
<b>Total</b>	<b>2,607</b>	<b>-7.8</b>	<b>596</b>	<b>-9.4</b>

#### January-December 2013

In the building and home improvement trade, the net sales for January-December were €2,607 million (€2,827 million), down 7.8%. Excluding the impact of retailer changes in Norway, net sales performance in terms of local currencies was -0.5%. The trend in construction activity still remained weak in Rautakesko's operating area. Sales decrease was most significant in basic building materials.

In Finland, the net sales for January-December were €1,173 million (€1,229 million), a decrease of 4.6%. The building and home improvement products contributed €794 million to the net sales in Finland, a decrease of 6.4%. The agricultural supplies trade contributed €379 million to net sales, down 0.5%.

The retail sales of the K-rauta and Rautia chains in Finland decreased by 4.6% to €1,025 million (VAT 0%). The sales of Rautakesko B2B Service were down 10.7%. The retail sales of the K-maatalous chain were €460 million (VAT 0%) at the previous year's level.

In January-December, the net sales from the foreign operations of the building and home improvement trade were €1,435 million (€1,598 million), a decrease of 10.2%. In terms of local currencies and excluding the impact of retailer changes in Norway, the increase in the net sales from foreign operations was 2.8%. In Sweden, net sales in terms of kronas were down 4.6%. In Norway, net sales in terms of kroner decreased by 22.7%, which was affected by the changes that took place in the Byggnakker chain last year. New chain agreements for the retailer business in Norway came into force on 1 January 2014 and the company restructuring was completed in January 2014. In Russia, net sales in terms of roubles increased by 1.6%. Foreign operations contributed 55.0% (56.5%) 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-December was €25.7 million (€13.3 million), up €12.4 million compared to the previous year. Due to enhancement measures, profit performance was clearly positive regardless of the decline in sales. Costs decreased by €21 million. Operating profit was €24.8 million (€11.6 million).

In January-December, the capital expenditure of the building and home improvement trade totalled €37.8 million (€63.1 million), of which 44.1% (51.4%) abroad. Capital expenditure in store sites represented 88.0% of total capital expenditure.

### October-December 2013

In the building and home improvement trade, the net sales for October-December were €596 million (€657 million), down 9.4%. Taking into account the impact of retailer changes in Norway, net sales was at the previous year's level in terms of local currencies.

In Finland, net sales were €257 million (€273 million), a decrease of 5.9%. The building and home improvement products contributed €170 million to the net sales in Finland, an increase of 0.1%. The agricultural supplies trade contributed €86 million to net sales, down 15.8%.

The retail sales of the K-rauta and Rautia chains in Finland decreased by 4.8% to €235 million (VAT 0%) in October-December. The sales of Rautakesko B2B Service were down 3.8%. The retail sales of the K-maatalous chain were €109 million (VAT 0%), down 18.0%.

The net sales from the foreign operations of the building and home improvement trade were €339 million (€385 million), a decrease of 11.8%. In terms of local currencies and excluding the impact of retailer changes in Norway, the net sales performance of foreign operations was +4.3%. In Sweden, net sales in terms of kronas were up 0.9%. In Norway, net sales in terms of kroner decreased by 21.4%, which was affected by the changes that took place in the Byggmakker chain last year. In Russia, net sales in terms of roubles increased by 4.0%. Foreign operations contributed 56.9% (58.5%) 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 October-December was €-1.1 million (€-10.8 million), up €9.8 million compared to the previous year. Due to enhancement measures, operating expenses were lower than in the previous year. Operating profit was €-1.0 million (€-10.8 million).

The capital expenditure of the building and home improvement trade totalled €11.4 million (€20.7 million), of which 41.4% (50.4%) abroad.

Number of stores at 31 December	2013	2012
K-rauta*	42	42
Rautia*	99	99
K-maatalous*	83	83
K-rauta, Sweden	21	21
Byggmakker, Norway	91	106
K-rauta, Estonia	8	8
K-rauta, Latvia	8	8
Senukai, Lithuania	18	17
K-rauta, Russia	13	14
OMA, Belarus	9	9

\* In 2013, 47 Rautia stores also operated as K-maatalous stores.

In 2012, 1 K-rauta store and 48 Rautia stores also operated as K-maatalous stores.

### CAR AND MACHINERY TRADE

	1-12/2013	1-12/2012	10-12/2013	10-12/2012
Net sales, € million	1,037	1,114	226	227
Operating profit excl. non-recurring items, € million	33.9	41.9	3.3	4.7
Operating margin excl. non-recurring items, %	3.3	3.8	1.5	2.1
Capital expenditure, € million	15.1	26.6	3.3	3.2

Net sales, € million	1-12/2013	Change, %	10-12/2013	Change, %
VV-Auto	745	-5.7	176	+5.0
Konekesko	293	-9.9	50	-15.7
<b>Total</b>	<b>1,037</b>	<b>-6.9</b>	<b>226</b>	<b>-0.4</b>

### January-December 2013

In January-December, the net sales of the car and machinery trade were €1,037 million (€1,114 million), down 6.9%.

VV-Auto's net sales for January-December were €745 million (€790 million), a decrease of 5.7%. In January-December, the combined market performance of first time registered passenger cars and vans was -7.2%.



In January-December, the combined market share of passenger cars and vans imported by VV-Auto was 20.6% (20.2%). Volkswagen was the market leader in both passenger cars and vans.

Konekesko's net sales for January-December were €293 million (€325 million), down 9.9% compared to the previous year. Net sales in Finland were €178 million, down 15.7%. The net sales from Konekesko's foreign operations were €116 million, up 0.2%.

In January-December, the operating profit excluding non-recurring items of the car and machinery trade was €33.9 million (€41.9 million), down €8.0 million compared to the previous year. Due to enhancement measures, profitability remained at a good level regardless of the decline in sales.

The operating profit for January-December was €33.9 million (€41.9 million).

The capital expenditure of the car and machinery trade for January-December was €15.1 million (€26.6 million).

#### **October-December 2013**

The net sales of the car and machinery trade for October-December were €226 million (€227 million), down 0.4%.

VV-Auto's net sales for October-December were €176 million (€168 million), an increase of 5.0%. In October-December, the combined market share of passenger cars and vans imported by VV-Auto was 21.1% (19.8%).

Konekesko's net sales for October-December were €50 million (€59 million), down 15.7% compared to the previous year.

In October-December, the operating profit excluding non-recurring items of the car and machinery trade was €3.3 million (€4.7 million), down €1.3 million compared to the previous year.

The capital expenditure of the car and machinery trade for October-December was €3.3 million (€3.2 million).

<b>Number of stores at 31 December</b>	<b>2013</b>	<b>2012</b>
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 December 2013, the total number of Kesko Corporation shares was 99,832,693, of which 31,737,007, or 31.8%, were A shares and 68,095,686, or 68.2%, were B shares. At 31 December 2013, Kesko Corporation held 548,984 own B shares as treasury shares. These treasury shares accounted for 0.81% 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 385,465,756. Each A share carries ten (10) votes and each B share one (1) vote. The company cannot vote with own shares held as treasury shares and no dividend is paid on them. At the end of December 2013, Kesko Corporation's share capital was €197,282,584. During the reporting period, the number of B shares was increased eight 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), 30 September 2013 (68,461 B shares), 30 October 2013 (6,100 B shares), 28 November 2013 (56,779 B shares) and on 27 December 2013 (69,160 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, 1 October 2013, 31 October 2013, 29 November 2013 and 30 December 2013. The subscription price of €19,554,663.12 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 €26.80 at the end of December 2013, representing an increase of 9.9%. Correspondingly, the price of a B share was €24.77 at the end of 2012, and €26.80 at the end of December 2013, representing an increase of 8.2%. In January-December, the highest A share price was €27.55 and the lowest was €22.48. For B share, they were €27.80 and €20.96 respectively. In January-December, the Helsinki stock exchange (OMX Helsinki) All-Share index was up 26.5% and the weighted OMX Helsinki CAP index was up 26.0%. Correspondingly, the Retail Index was down 0.6%.

At the end of December 2013, the market capitalisation of A shares was €851 million, while that of B shares was €1,810 million, excluding the shares held by the parent company. The combined market capitalisation of A and B shares was €2,661 million, an increase of €243 million from the end of 2012. In January-December 2013, a total of 1.1 million (2.3 million) A shares was traded on the Helsinki stock exchange, down 50.3%. The exchange value of A shares was €28 million. The total number of B shares traded was 51.3 million (68.5 million), down 25.0%. The exchange value of B shares was €1,238 million. In terms of volumes, the Helsinki stock exchange accounted for 68% of Kesko A and B share trading in 2013. Kesko shares were also traded on multilateral trading facilities, the most significant of which were BATS Chi-X with 22% and Turquoise with 9% of the trades (source: Fidessa).

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 401,466 2007C share options were traded at a total value of €4,751,525. 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, 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, 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 6,724 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, 20 August 2013, 9 October 2013 and 20 December 2013. Further information on the Board's authorisations is available at [www.kesko.fi](http://www.kesko.fi).

At the end of December 2013, the number of shareholders was 42,809, which was 1,745 less than at the end of 2012. At the end of December, foreign ownership of all shares was 25%. At the end of December, foreign ownership of B shares was 36%.

#### 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 Group 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 Rauhalta, M.Sc. (Econ.), 47, was appointed Kesko Food Ltd's President. Starting from 5 February 2013, Kesko's Group Management Board is composed of Matti Halmesmäki, Chair; Jorma Rauhalta, 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)

Kesko announced that it was looking into selling some of the store sites it owns to a fund to be set up with Kesko as one of its significant investors. Kesko Group would continue its operations in the store sites under long-term leases signed in connection with their sales to the fund. The possible fund is expected to be launched in the course of 2014. (Stock exchange release on 29 November 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 October, Kesko scored highest in its sector in CDP's Nordic Climate Disclosure Leadership index rating. Kesko is featured at the top of the index for a third consecutive time and improved its previous score by 10 points (98/100).

Matti Kalervo, Master of Science in Technology, was appointed Vice President responsible for Kesko's responsibility and product safety starting from 1 November 2013.

In November, Kesko's Corporate Responsibility Report 2012 was chosen as Finland's best in the 2013 Sustainability Reporting Award Finland Competition. Kesko's report was ranked the best also by the media and non-governmental organisations.

Kesko and K-stores were the national partner of Salvation Army's Christmas Kettle collection.

In December, K-stores, the Association for Finnish Work, food manufacturers and the home and speciality goods industry launched a cooperation campaign for Finnish work running throughout 2014.

### Risk management

Risk management in Kesko Group is guided by the risk management policy confirmed by Kesko's Board of Directors. The policy defines the objectives and principles, organisation, responsibilities and practices of risk management in Kesko Group. The management of financial risks is based on the Group's finance policy, which is confirmed by Kesko's Board of Directors. The business division and Group managements are responsible for the execution of risk management.

Kesko Group applies a business-oriented and comprehensive approach to risk assessment and management. This means that key risks are systematically identified, assessed, managed, monitored and reported at the Group, division, company and unit levels in all operating countries.

Kesko Group's risk map is considered by the Kesko Board's Audit Committee in connection with the quarterly interim reports and the financial statements. The Audit Committee Chair reports on risk management to the Board as part of the Audit Committee report. The Kesko Board considers Kesko Group's most significant risks and uncertainties and their management responses, and assesses the efficiency and performance of risk management at least once a year. The most significant risks and uncertainties are reported to the market by the Board in the financial statements, and any material changes in them in the interim reports.

The following describes the risks and uncertainties assessed as significant.

### Significant risks and uncertainties

Slow economic growth, increases in taxes and public payments resulting from the indebtedness of the public sector, coupled with increasing unemployment, will weaken purchasing power and consumer confidence and may cause a long-term decline in the level of demand. This would negatively impact on the home and speciality goods trade, the building and home improvement trade and the car and machinery trade in particular. In the food trade, price becomes increasingly important.

E-services and e-commerce are becoming increasingly popular in the retail trade. International e-commerce increases consumers' alternatives at the same time when buying and marketing of products and services become more personalised and increasingly take place online. Buying decisions are often made based on online information. The achievement of business objectives requires an active approach and solid competencies in the development of attractive e-services and retail websites, the utilisation of a multi-channel approach and electronic customer communications to support it. The risk is that the progress of our e-commerce and e-service development projects is outpaced by competitors, or that competing online stores and e-services are more attractive to customers.

Economic development in Russia has slowed. Key for the profitability and expansion of operations is to succeed in the acquisition and building of well-located store sites, the development of the existing network and store concepts, purchasing and logistics operations, as well as the recruitment of personnel. The country risks in Russia, such as corruption, unpredictability of officials and rapid changes in laws and their application, coupled with unexpected changes in the operating environment can delay expansion and make business operations more difficult.

The implementation of changes in business operations requires efficient management and control systems and information systems to support them. Increasing Kesko Food's market share in Finland, implementing changes in Rautakesko's business operations and expanding in Russia and the integration of K-citymarket home and speciality goods and Anttila, with related changes in business operations and concepts, are long-term projects. Failures in choosing competitive advantages, in change management, technological choices and in the adoption of new operating models and systems would delay the implementation of changes in business operations.

Kesko's chain operations are, contrary to most competitors, based on a retailer business model to a significant extent. The competitive advantages of the retailer business model include the retailer's knowledge of local customers and the ability to rapidly respond to changes in customer needs or competitive situations. Decision-making concerning the development of the chains' operations and the implementation of changes in business operations can, however, be outpaced by competitors.

Effective from the beginning of 2014, the Finnish competition legislation was amended to the effect that, unlike in the rest of the EU area, the prohibition of abuse of dominant market position can be applied on companies whose national market share in the groceries retail markets exceeds 30 percent. According to the new law, Kesko Food is in a dominant market position. Special obligations have been imposed on a company in a dominant market position which can weaken the trading sector's possibilities to serve customers and operate efficiently. The implications of dominant market position are partly open to interpretation. An erroneous interpretation may result in monetary penalties, liability for damages and weakened reputation.

The trading sector is characterised by increasingly complicated and long supply chains and a higher dependency on information systems, data communications and external service providers. Failures in information and payment systems or in other parts of the supply chain can cause significant losses in sales and weaken customer satisfaction.

For the purpose of increasing market share, good store sites are a key competitive factor. The acquisition of store sites can be delayed by zoning and permit procedures and the availability and pricing of sites. Considerable amounts of capital or lease liabilities are tied up in store properties for years. While the share of e-commerce grows or the market situation changes, there is a risk that a store site becomes unprofitable and operations are discontinued while long-term liabilities remain.

A failure in product safety control or in the quality assurance of the supply chain can result in financial losses, the loss of customer confidence or, in the worst case, a health hazard to customers.

The implementation of strategies and achievement of objectives require competent and motivated personnel. There is the risk that the trading sector does not attract the most competent people. A growing need for special competencies increases the dependency on individual expertise and the key person risk.

In divisions strongly dependent on individual principals and suppliers, such as the car and machinery trade, ownership arrangements and changes in a principal's or supplier's strategy concerning product selections, pricing and distribution channel solutions can mean weakened competitiveness, decreased sales, or loss of business.

Crimes are increasingly committed through data networks and crime is becoming more international and professional. A failure especially in the protection of payment transactions and personal information can cause losses, claims for damages and endanger reputation. There is a risk that controls against such crime are not sufficient.

Different aspects of responsibility, such as ethicality of production and supply chain, fair and equal treatment of employees and environmental protection are increasingly important for customers. Possible failures of responsibility would result in negative publicity for Kesko. Kesko's challenges in responsibility work include communicating its responsibility policies to customers, suppliers and retailers, and ensuring responsibility in the supply chain.

Compliance with laws and agreements is an important part of Kesko's responsibility. Non-compliance can result in fines, compensations for damages and other financial losses, and a loss of confidence and reputation.

Kesko's objective is to produce and publish reliable and timely information. If some information published by Kesko proved to be incorrect, or communications failed to meet regulations in other respects, it could result in losing investor and other stakeholder confidence and in possible sanctions.

Accidents, natural phenomena and epidemics can cause damages or business interruptions which cannot be prevented. There is also the risk that insurances do not cover all unexpected accidents and damages.

Other risks and uncertainties related to profit performance are described in the Group's future outlook.

#### **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 (1/2014-12/2014) in comparison with the 12 months preceding the reporting period (1/2013-12/2013).

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 still 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.

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.

#### **Proposal for profit distribution**

The parent's distributable profits are €1,218,801,719.88, of which the profit for the financial year is €174,655,403.71.

The Board of Directors proposes to the Annual General Meeting to be held on 7 April 2014 that a dividend of €1.40 per share be paid on shares held outside the company at the date of dividend distribution. No dividend is paid on own shares held by the company as treasury shares at the record date of dividend distribution.

At the date of the proposal for distributions of profits, 3 February 2014, a total of 99,283,709 shares were held outside the Company, amounting to a total dividend of €138,997,192.60.

**Annual General Meeting**

The Board of Directors decided to convene the Annual General Meeting at Messukeskus Helsinki, Expo and Convention Centre, on 7 April 2014 at 13.00. Kesko Corporation will publish a notice of the General Meeting at a later date.

**Annual Report 2013 and Corporate Governance Statement**

Kesko will publish the 2013 Annual Report, which contains the report by Kesko's Board of Directors and the financial statements for 2013, and a separate Corporate Governance Statement on week 10 on its website at [www.kesko.fi](http://www.kesko.fi).

Helsinki, 3 February 2014  
Kesko Corporation  
Board of Directors

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

Kesko Corporation's interim report for January-March will be published on 24 April 2014. 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](http://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](http://www.kesko.fi)

## ATTACHMENTS:

**Accounting policies**

This financial statements release has been prepared in accordance with the IAS 34 standard. The financial statements release has been prepared in accordance with the same 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**

	1-12/ 2013	1-12/ 2012	Change%	10-12/ 2013	10-12/ 2012	Change%
Net sales	9,315	9,686	-3.8	2,362	2,459	-3.9
Cost of goods sold	-8,034	-8,367	-4.0	-2,014	-2,108	-4.5
<b>Gross profit</b>	<b>1,281</b>	<b>1,319</b>	<b>-2.9</b>	<b>348</b>	<b>351</b>	<b>-0.7</b>
Other operating income	734	747	-1.7	185	197	-5.7
Staff cost	-611	-608	0.6	-162	-156	3.8
Depreciation and impairment charges	-153	-158	-3.4	-39	-45	-12.9
Other operating expenses	-1,003	-1,088	-7.8	-265	-295	-10.1
<b>Operating profit</b>	<b>248</b>	<b>212</b>	<b>17.2</b>	<b>68</b>	<b>52</b>	<b>31.3</b>
Interest income and other finance income	20	21	-3.7	6	8	-24.6
Interest expense and other finance costs	-20	-18	14.9	-5	-6	-26.4
Exchange differences	-6	-4	43.9	-2	-1	(..)
Income from associates	0	-1	-60.7	0	-1	(..)
<b>Profit before tax</b>	<b>242</b>	<b>210</b>	<b>15.1</b>	<b>68</b>	<b>52</b>	<b>30.2</b>
Income tax	-58	-75	-22.8	-5	-27	-80.2
<b>Net profit for the period</b>	<b>185</b>	<b>136</b>	<b>35.9</b>	<b>63</b>	<b>25</b>	<b>(..)</b>
Attributable to						
Owners of the parent	173	124	39.1	59	23	(..)
Non-controlling interests	12	11	1.4	3	2	39.5

**Earnings per share (€)  
for profit attributable to  
equity holders of the parent**

Basic	1.75	1.27	38.1	0.60	0.23	(..)
Diluted	1.75	1.26	38.2	0.60	0.23	(..)

**Consolidated statement  
of comprehensive  
income (€ million)**

	1-12/ 2013	1-12/ 2012	Change%	10-12/ 2013	10-12/ 2012	Change%
Net profit for the period	185	136	35.9	63	25	(..)
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Actuarial gains and losses	12	1	(..)	7	-6	(..)
<b>Items that may be subsequently reclassified to profit or loss</b>						
Exchange differences on translating foreign operations	-14	0	(..)	-5	-3	(..)
Adjustment for hyperinflation	3	4	-26.2	2	1	78.7

Cash flow hedge revaluation	-4	-2	96.3	-3	-1	(..)
Revaluation of available-for- sale financial assets	-5	9	(..)	-1	0	(..)
Other items	0	0	12.5	0	0	-
Total other comprehensive income for the period, net of tax	-8	11	(..)	-1	-9	-83.5
<b>Total comprehensive income for the period</b>	<b>177</b>	<b>147</b>	<b>20.3</b>	<b>61</b>	<b>16</b>	<b>(..)</b>
Attributable to						
Owners of the parent	166	133	24.5	58	14	(..)
Non-controlling interests	11	14	-20.4	3	3	4.3
(..) Change over 100%						

**Consolidated statement of financial position  
(€ million), condensed**

	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>Change %</b>
<b>ASSETS</b>			
Non-current assets			
Tangible assets	1,651	1,678	-1.6
Intangible assets	189	192	-1.6
Investments in associates and other financial assets	104	105	-0.9
Loans and receivables	15	91	-83.0
Pension assets	170	154	10.7
Total	2,131	2,220	-4.0
Current assets			
Inventories	797	814	-2.1
Trade receivables	617	703	-12.3
Other receivables	136	153	-11.4
Financial assets at fair value through profit or loss	171	137	24.4
Available-for-sale financial assets	398	249	60.0
Cash and cash equivalents	112	103	8.6
Total	2,231	2,160	3.3
Non-current assets held for sale	1	2	-76.3
<b>Total assets</b>	<b>4,362</b>	<b>4,382</b>	<b>-0.5</b>
	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>Change %</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	2,279	2,206	3.3
Non-controlling interests	73	67	9.8
Total equity	2,352	2,272	3.5
Non-current liabilities			
Interest-bearing liabilities	355	450	-21.1
Non-interest-bearing liabilities	10	10	-3.8
Deferred tax liabilities	68	81	-15.7
Pension obligations	2	2	9.1
Provisions	17	21	-15.1
Total	452	564	-19.7
Current liabilities			
Interest-bearing liabilities	199	174	14.4
Trade payables	825	804	2.7
Other non-interest-bearing liabilities	494	529	-6.5
Provisions	38	40	-4.7
Total	1,557	1,546	0.7
<b>Total equity and liabilities</b>	<b>4,362</b>	<b>4,382</b>	<b>-0.5</b>
(..) Change over 100%			

## Consolidated statement of changes in equity (€ million)

	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
<b>Balance at 1.1.2012</b>	<b>197</b>	<b>441</b>	<b>-3</b>	<b>3</b>	<b>-22</b>	<b>1,567</b>	<b>58</b>	<b>2,241</b>
Shares subscribed with options		1						1
Share-based payments					3	0	0	3
Dividends						-118	-5	-123
Other changes			1		0	3	0	3
Net profit for the period						124	11	136
Other comprehensive income								
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						1		1
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	1				-1	0
Adjustment for hyperinflation						0	3	4
Cash flow hedge revaluation				-3				-3
Revaluation of available-for-sale financial assets				9				9
Tax relating to other comprehensive income				1		0		0
Total other comprehensive income		0	1	7		1	2	11
<b>Balance at 31.12.2012</b>	<b>197</b>	<b>442</b>	<b>-2</b>	<b>10</b>	<b>-19</b>	<b>1,578</b>	<b>67</b>	<b>2,272</b>
<b>Balance at 1.1.2013</b>	<b>197</b>	<b>442</b>	<b>-2</b>	<b>10</b>	<b>-19</b>	<b>1,578</b>	<b>67</b>	<b>2,272</b>
Shares subscribed with options		20						20
Share-based payments					2			2
Dividends						-118	-5	-122
Other changes		0	0			5	0	5
Net profit for the period						173	12	185
Other comprehensive income								
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						15		15
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	-11				-3	-14
Adjustment for hyperinflation						0	3	3
Cash flow hedge revaluation				-5				-5
Revaluation of available-for-sale financial assets				-5				-5
Other items						0		0



Tax relating to other comprehensive income				1		-2		-2
Total other comprehensive income	0	-11	-9			12	-1	-8
<b>Balance at 31.12.2013</b>	<b>197</b>	<b>461</b>	<b>-13</b>	<b>1</b>	<b>-18</b>	<b>1,651</b>	<b>73</b>	<b>2,352</b>

**Consolidated statement of cash flows (€ million), condensed**

	1-12/ 2013	1-12/ 2012	Change%	10-12/ 2013	10-12/ 2012	Change%
<b>Cash flows from operating activities</b>						
Profit before tax	242	210	15.1	68	52	30.2
Planned depreciation	152	155	-2.0	39	43	-8.6
Finance income and costs	6	1	(..)	0	-1	(..)
Other adjustments	8	103	-92.1	11	91	-88.4
Change in working capital						
Current non-interest-bearing operating receivables, increase (-)/decrease (+)	89	5	(..)	94	61	52.8
Inventories, increase (-)/decrease (+)	3	57	-94.9	-26	22	(..)
Current non-interest-bearing liabilities, increase (+)/decrease (-)	-1	-70	-98.2	-48	-75	-36.1
Financial items and tax	-85	-79	7.6	-24	-18	32.1
<b>Net cash from operating activities</b>	<b>414</b>	<b>382</b>	<b>8.4</b>	<b>115</b>	<b>175</b>	<b>-34.7</b>
<b>Cash flows from investing activities</b>						
Investing activities	-174	-411	-57.7	-44	-118	-62.6
Sales of fixed assets	22	24	-11.0	5	2	(..)
Increase in non-current receivables	0	-4	(..)	0	0	(..)
<b>Net cash used in investing activities</b>	<b>-152</b>	<b>-391</b>	<b>-61.1</b>	<b>-39</b>	<b>-116</b>	<b>-66.5</b>
<b>Cash flows from financing activities</b>						
Interest-bearing liabilities, increase (+)/decrease (-)	-47	230	(..)	-11	-8	41.2
Current interest-bearing receivables, increase (-)/decrease (+)	78	37	(..)	77	86	-10.2
Dividends paid	-122	-123	-0.5	-	-1	-100.0
Equity increase	20	1	(..)	2	1	81.1
Short-term money market investments, increase (-)/decrease (+)	-91	-2	(..)	-29	-39	-26.8
Other items	5	-14	(..)	1	-3	(..)
<b>Net cash used in financing activities</b>	<b>-159</b>	<b>130</b>	<b>(..)</b>	<b>40</b>	<b>36</b>	<b>11.5</b>
<b>Change in cash and cash equivalents</b>	<b>103</b>	<b>121</b>	<b>-14.9</b>	<b>116</b>	<b>96</b>	<b>21.2</b>
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	352	231	52.5	338	258	31.2
Currency translation difference adjustment and revaluation	-2	0	(..)	-1	0	(..)
Cash and cash equivalents and current portion of available-for-sale financial assets at 31 Dec.	453	352	28.7	453	352	28.7
(..) Change over 100%						

**Group's performance indicators**

	1-12/2013	1-12/2012	Change, pp
Return on capital employed, %	10.2	8.3	1.9
Return on capital employed excl. non-recurring items, %	9.8	9.0	0.8
Return on equity, %	8.0	6.0	2.0
Return on equity excl. non-recurring items, %	7.7	6.9	0.8
Equity ratio, %	54.5	52.5	2.0
Gearing, %	-5.4	6.0	-11.3

			Change %
Capital expenditure, € million	171.5	378.3	-54.7
Capital expenditure, % of net sales	1.8	3.9	-52.9
Earnings per share, basic, €	1.75	1.27	38.1
Earnings per share, diluted, €	1.75	1.26	38.2
Earnings per share excl. non-recurring items, basic, €	1.68	1.47	14.7
Cash flow from operating activities, € million	414	382	8.4
Cash flow from investing activities, € million	-152	-391	-61.1
Equity per share, €	22.96	22.48	2,1
Interest-bearing net debt	-126	135	(..)
Diluted number of shares, average for the reporting period	99,136	98,472	0,7
Personnel, average	19,489	19,747	-1.3
(..) Change over 100%			

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	10-12/ 2013
Net sales, € million	2,318	2,460	2,449	2,459	2,159	2,420	2,374	2,362
Change in net sales, %	10.2	-0.5	1.9	-0.9	-6.9	-1.6	-3.1	-3.9
Operating profit, € million	25.1	57.7	77.4	51.8	19.2	77.0	84.1	68.0
Operating margin, %	1.1	2.3	3.2	2.1	0.9	3.2	3.5	2.9
Operating profit excl. non-recurring items, € million	22.3	59.4	77.4	70.9	18.6	69.8	83.6	66.8
Operating margin excl. non-recurring items, %	1.0	2.4	3.2	2.9	0.9	2.9	3.5	2.8
Finance income/costs, € million	-0.1	-0.3	-1.3	1.1	-3.3	0.4	-2.6	-0.4
Profit before tax, € million	25.0	57.3	76.1	52.1	15.8	77.2	81.5	67.9
Profit before tax, %	1.1	2.3	3.1	2.1	0.7	3.2	3.4	2.9
Return on capital employed, %	4.1	8.9	11.9	8.0	3.1	12.3	14.2	11.5
Return on capital employed excl. non-recurring items, %	3.6	9.2	11.9	10.9	3.0	11.1	14.1	11.3
Return on equity, %	3.1	7.0	9.6	4.4	1.9	9.5	10.2	10.8
Return on equity excl. non-recurring items, %	2.8	7.3	9.6	8.0	1.8	8.6	10.1	10.6
Equity ratio, %	52.8	51.2	51.3	52.5	51.7	50.5	52.9	54.5
Capital expenditure, € million	104.1	67.8	102.6	103.8	41.5	48.1	35.4	46.6
Earnings per share, diluted, €	0.16	0.37	0.50	0.23	0.11	0.50	0.53	0.60
Equity per share, €	22.56	21.72	22.33	22.48	22.62	21.79	22.39	22.96

### Segment information

Net sales by segment (€ million)	1-12/ 2013	1-12/ 2012	Change %	10-12/ 2013	10-12/ 2012	Change %
Food trade, Finland	4,316	4,308	0.2	1,120	1,129	-0.8
Food trade, other countries*	71	3	(..)	28	3	(..)
<b>Food trade total</b>	<b>4,387</b>	<b>4,311</b>	<b>1.8</b>	<b>1,148</b>	<b>1,132</b>	<b>1.4</b>
- of which intersegment trade	172	172	-0.2	45	43	3.7
Home and speciality goods trade, Finland	1,424	1,557	-8.6	430	474	-9.2
Home and speciality goods trade, other countries*	33	45	-27.6	8	13	-35.3
<b>Home and speciality goods trade total</b>	<b>1,457</b>	<b>1,603</b>	<b>-9.1</b>	<b>439</b>	<b>487</b>	<b>-9.9</b>
- of which intersegment trade	17	18	-5.5	5	6	-10.8
Building and home improvement trade, Finland	1,173	1,229	-4.6	257	273	-5.9
Building and home improvement trade, other countries*	1,435	1,598	-10.2	339	385	-11.8
<b>Building and home improvement trade total</b>	<b>2,607</b>	<b>2,827</b>	<b>-7.8</b>	<b>596</b>	<b>657</b>	<b>-9.4</b>
- of which intersegment trade	-1.0	0	(..)	0	0	50.0
Car and machinery trade, Finland	921	998	-7.7	212	207	2.1

Car and machinery trade, other countries*	116	116	0.3	14	20	-27.1
<b>Car and machinery trade total</b>	<b>1,037</b>	<b>1,114</b>	<b>-6.9</b>	<b>226</b>	<b>227</b>	<b>-0.4</b>
- of which intersegment trade	1	1	0.9	0	0	6.4
Common operations and eliminations	-173	-169	2.4	-46	-45	3.6
<b>Finland total</b>	<b>7,661</b>	<b>7,924</b>	<b>-3.3</b>	<b>1,972</b>	<b>2,038</b>	<b>-3.2</b>
<b>Other countries total*</b>	<b>1,654</b>	<b>1,762</b>	<b>-6.1</b>	<b>390</b>	<b>420</b>	<b>-7.2</b>
<b>Group total</b>	<b>9,315</b>	<b>9,686</b>	<b>-3.8</b>	<b>2,362</b>	<b>2,459</b>	<b>-3.9</b>
* net sales in countries other than Finland (..) Change over 100%						
<b>Operating profit by segment (€ million)</b>	<b>1-12/2013</b>	<b>1-12/2012</b>	<b>Change</b>	<b>10-12/2013</b>	<b>10-12/2012</b>	<b>Change</b>
Food trade	208.0	170.2	37.8	48.3	44.8	3.5
Home and speciality goods trade	-2.1	0.0	-2.1	23.3	12.8	10.5
Building and home improvement trade	24.8	11.6	13.3	-1.0	-10.8	9.8
Car and machinery trade	33.9	41.9	-8.0	3.3	4.7	-1.3
Common operations and eliminations	-16.3	-11.8	-4.5	-5.9	0.3	-6.2
<b>Group total</b>	<b>248.4</b>	<b>212.0</b>	<b>36.4</b>	<b>68.0</b>	<b>51.8</b>	<b>16.2</b>
<b>Operating profit excl. non-recurring items by segment (€ million)</b>	<b>1-12/2013</b>	<b>1-12/2012</b>	<b>Change</b>	<b>10-12/2013</b>	<b>10-12/2012</b>	<b>Change</b>
Food trade	203.3	167.5	35.8	48.3	44.8	3.5
Home and speciality goods trade	-8.3	19.6	-27.9	21.6	32.3	-10.7
Building and home improvement trade	25.7	13.3	12.4	-1.1	-10.8	9.8
Car and machinery trade	33.9	41.9	-8.0	3.3	4.7	-1.3
Common operations and eliminations	-15.8	-12.2	-3.5	-5.4	-0.1	-5.3
<b>Group total</b>	<b>238.8</b>	<b>230.0</b>	<b>8.8</b>	<b>66.8</b>	<b>70.9</b>	<b>-4.1</b>
<b>Operating margin excl. non-recurring items by segment, %</b>	<b>1-12/2013</b>	<b>1-12/2012</b>	<b>Change, pp</b>	<b>10-12/2013</b>	<b>10-12/2012</b>	<b>Change, pp</b>
Food trade	4.6	3.9	0.7	4.2	4.0	0.2
Home and speciality goods trade	-0.6	1.2	-1.8	4.9	6.6	-1.7
Building and home improvement trade	1.0	0.5	0.5	-0.2	-1.6	1.5
Car and machinery trade	3.3	3.8	-0.5	1.5	2.1	-0.6
<b>Group total</b>	<b>2.6</b>	<b>2.4</b>	<b>0.2</b>	<b>2.8</b>	<b>2.9</b>	<b>-0.1</b>
<b>Capital employed by segment, cumulative average (€ million)</b>	<b>1-12/2013</b>	<b>1-12/2012</b>	<b>Change</b>	<b>10-12/2013</b>	<b>10-12/2012</b>	<b>Change</b>
Food trade	821	763	58	790	814	-24
Home and speciality goods trade	445	514	-68	403	528	-125
Building and home improvement trade	732	760	-27	692	746	-54
Car and machinery trade	161	188	-27	172	184	-12
Common operations and eliminations	278	327	-49	312	329	-17
<b>Group total</b>	<b>2,438</b>	<b>2,552</b>	<b>-114</b>	<b>2,370</b>	<b>2,602</b>	<b>-232</b>
<b>Return on capital employed excl. non-recurring items by segment, %</b>	<b>1-12/2013</b>	<b>1-12/2012</b>	<b>Change, pp</b>	<b>10-12/2013</b>	<b>10-12/2012</b>	<b>Change, pp</b>
Food trade	24.8	21.9	2.8	24.4	22.0	2.4
Home and speciality goods trade	-1.9	3.8	-5.7	21.4	24.5	-3.1
Building and home improvement trade	3.5	1.7	1.8	-0.6	-5.8	5.2
Car and machinery trade	21.1	22.3	-1.2	7.8	10.2	-2.4
<b>Group total</b>	<b>9.8</b>	<b>9.0</b>	<b>0.8</b>	<b>11.3</b>	<b>10.9</b>	<b>0.4</b>

Capital expenditure by segment (€ million)	1-12/ 2013	1-12/ 2012	Change	10-12/ 2013	10-12/ 2012	Change
Food trade	92	200	-108	24	43	-20
Home and speciality goods trade	23	61	-38	6	13	-7
Building and home improvement trade	38	63	-25	11	21	-9
Car and machinery trade	15	27	-11	3	3	0
Common operations and eliminations	4	28	-23	2	23	-21
<b>Group total</b>	<b>171</b>	<b>378</b>	<b>-207</b>	<b>47</b>	<b>104</b>	<b>-57</b>

## 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	10-12/ 2013
Food trade	1,010	1,091	1,078	1,132	1,045	1,099	1,095	1,148
Home and speciality goods trade	369	352	395	487	345	322	351	439
Building and home improvement trade	629	782	759	657	562	740	710	596
Car and machinery trade	353	274	259	227	249	301	260	226
Common operations and eliminations	-42	-41	-41	-45	-42	-41	-43	-46
<b>Group total</b>	<b>2,318</b>	<b>2,460</b>	<b>2,449</b>	<b>2,459</b>	<b>2,159</b>	<b>2,420</b>	<b>2,374</b>	<b>2,362</b>

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	10-12/ 2013
Food trade	37.4	38.6	49.4	44.8	48.2	55.1	56.5	48.3
Home and speciality goods trade	-12.9	-0.7	0.9	12.8	-17.7	-5.6	-2.1	23.3
Building and home improvement trade	-9.0	13.5	17.9	-10.8	-16.1	18.0	23.9	-1.0
Car and machinery trade	15.5	10.3	11.4	4.7	7.8	13.0	9.8	3.3
Common operations and eliminations	-5.9	-4.0	-2.2	0.3	-3.0	-3.4	-4.0	-5.9
<b>Group total</b>	<b>25.1</b>	<b>57.7</b>	<b>77.4</b>	<b>51.8</b>	<b>19.2</b>	<b>77.0</b>	<b>84.1</b>	<b>68.0</b>

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	10-12/ 2013
Food trade	34.7	38.6	49.4	44.8	48.2	50.8	56.0	48.3
Home and speciality goods trade	-12.9	-0.7	0.9	32.3	-17.8	-10.0	-2.2	21.6
Building and home improvement trade	-9.0	15.2	17.9	-10.8	-16.6	19.5	23.9	-1.1
Car and machinery trade	15.5	10.3	11.4	4.7	7.8	13.0	9.8	3.3
Common operations and eliminations	-5.9	-4.0	-2.2	-0.1	-3.0	-3.4	-4.0	-5.4
<b>Group total</b>	<b>22.3</b>	<b>59.4</b>	<b>77.4</b>	<b>70.9</b>	<b>18.6</b>	<b>69.8</b>	<b>83.6</b>	<b>66.8</b>

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	10-12/ 2013
Food trade	3.4	3.5	4.6	4.0	4.6	4.6	5.1	4.2
Home and speciality goods trade	-3.5	-0.2	0.2	6.6	-5.2	-3.1	-0.6	4.9
Building and home improvement trade	-1.4	1.9	2.4	-1.6	-3.0	2.6	3.4	-0.2
Car and machinery trade	4.4	3.7	4.4	2.1	3.1	4.3	3.8	1.5
<b>Group total</b>	<b>1.0</b>	<b>2.4</b>	<b>3.2</b>	<b>2.9</b>	<b>0.9</b>	<b>2.9</b>	<b>3.5</b>	<b>2.8</b>

## Change in tangible and intangible assets (€ million)

	31.12.2013	31.12.2012
<b>Opening net carrying amount</b>	<b>1,870</b>	<b>1,680</b>
Depreciation, amortisation and impairment	-153	-158
Investments in tangible and intangible assets	174	361
Disposals	-10	-25
Currency translation differences	-41	12
<b>Closing net carrying amount</b>	<b>1,840</b>	<b>1,870</b>

**Related party transactions (€ million)**

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

The following transactions were carried out with related parties:

	1-12/2013	1-12/2012
Sales of goods and services	92	85
Purchases of goods and services	19	15
Other operating income	1	0
Other operating expenses	30	24
Finance income and costs	0	0
	<b>31.12.2013</b>	<b>31.12.2012</b>
Receivables	8	6
Liabilities	19	24

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

	Level 1	Level 2	Level 3	31.12.2013
<b>Financial assets at fair value through profit or loss</b>	<b>14</b>	<b>157</b>		<b>171</b>
<b>Derivative financial instruments at fair value through profit or loss</b>				
Derivative financial assets		3		3
Derivative financial liabilities		22		22
<b>Available-for-sale financial assets</b>	<b>57</b>	<b>341</b>	<b>17</b>	<b>415</b>

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

	Level 1	Level 2	Level 3	31.12.2012
<b>Financial assets at fair value through profit or loss</b>		<b>137</b>		<b>137</b>
<b>Derivative financial instruments at fair value through profit or loss</b>				
Derivative financial assets		1		1
Derivative financial liabilities		17		17
<b>Available-for-sale financial assets</b>	<b>0</b>	<b>249</b>	<b>22</b>	<b>271</b>

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 Dec.**

<b>Personnel average by segment</b>	<b>1-12/2013</b>	<b>1-12/2012</b>	<b>Change</b>
Food trade	3,143	2,799	344
Home and speciality goods trade	5,751	6,139	-388
Building and home improvement trade	8,910	9,105	-195
Car and machinery trade	1,252	1,254	-2
Common operations	433	450	-17
<b>Group total</b>	<b>19,489</b>	<b>19,747</b>	<b>-258</b>

**Personnel as at 31 Dec.\***

<b>by segment</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>
Food trade	3,570	3,163	407
Home and speciality goods trade	8,483	8,950	-467
Building and home improvement trade	10,066	10,204	-138

Car and machinery trade	1,261	1,259	2
Common operations	483	504	-21
<b>Group total</b>	<b>23,863</b>	<b>24,080</b>	<b>-217</b>

\* Total number incl. part-time employees

#### Group's commitments (€ million)

	31.12.2013	31.12.2012	Change %
Own commitments	198	177	11.7
For associates	65	65	0.0
For others	10	10	7.4
Lease liabilities for machinery and equipment	25	26	-3.4
Lease liabilities for real estate	2,368	2,302	2.9

#### Liabilities arising from derivative instruments

	31.12.2013	31.12.2012	Fair value 31.12.2013
Values of underlying instruments at 31 Dec.			
Interest rate derivatives			
Interest rate swaps	201	203	-0.20
Currency derivatives			
Forward and future contracts	308	245	1.29
Option agreements	3	11	-0.00
Currency swaps	100	100	-13.41
Commodity derivatives			
Electricity derivatives	31	41	-6.80

#### 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 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 equity*, %	(Profit/loss before tax - income tax) 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
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):

K-Group's retail and B2B sales	1.1.-31.12.2013		1.10.-31.12.2013	
	€ million	Change, %	€ million	Change, %
<b>K-Group's food trade</b>				
K-food stores, Finland	4,712	-0.4	1,216	-0.8
Kespro	795	2.0	201	0.1
K-ruoka stores, Russia	70	(..)	28	(..)
<b>Food trade total</b>	<b>5,578</b>	<b>1.1</b>	<b>1,446</b>	<b>1.1</b>
<b>K-Group's home and speciality goods trade</b>				
Home and speciality goods stores, Finland	1,544	-9.4	459	-10.2
Home and speciality goods stores, other countries	31	-32.6	8	-39.6
<b>Home and speciality goods trade total</b>	<b>1,574</b>	<b>-10.0</b>	<b>467</b>	<b>-10.9</b>
<b>K-Group's building and home improvement trade</b>				
K-rauta and Rautia	1,025	-4.6	235	-4.8
Rautakesko B2B Service	187	-10.7	47	-3.8
K-maatalous	460	-0.6	109	-18.0
<b>Finland total</b>	<b>1,672</b>	<b>-4.3</b>	<b>390</b>	<b>-8.8</b>
Building and home improvement stores, other Nordic countries	927	-22.9	214	-27.0
Building and home improvement stores, Baltic countries	386	0.9	103	1.2
Building and home improvement stores, other countries	378	2.2	93	-0.4
<b>Building and home improvement trade total</b>	<b>3,363</b>	<b>-9.1</b>	<b>800</b>	<b>-12.7</b>
<b>K-Group's car and machinery trade</b>				
VV-Autotalot	381	-7.3	94	2.5
VV-Auto, import	382	-3.6	88	10.8
Konekesko, Finland	177	-15.8	36	-10.5
<b>Finland total</b>	<b>940</b>	<b>-7.6</b>	<b>218</b>	<b>3.2</b>
Konekesko, other countries	119	-0.8	14	-25.6
<b>Car and machinery trade total</b>	<b>1,059</b>	<b>-6.9</b>	<b>232</b>	<b>0.7</b>
<b>Finland total</b>	<b>9,663</b>	<b>-3.2</b>	<b>2,485</b>	<b>-3.6</b>
<b>Other countries total</b>	<b>1,912</b>	<b>-10.0</b>	<b>460</b>	<b>-12.1</b>
<b>Retail and B2B sales total</b>	<b>11,575</b>	<b>-4.4</b>	<b>2,945</b>	<b>-5.0</b>