



**Annual General Meeting,
26 March 2007**

President and CEO Matti Halmesmäki

KESKO



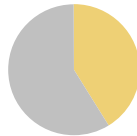
Kesko's year 2006

**Growth, increase in shareholder value,
dividends**

Divisions and breakdown of net sales

Kesko Food

Grocery trade

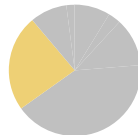


41%
of net sales



Rautakesko

Builders' supplies and interior decoration trade

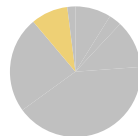


24%
of net sales



VV-Auto

Car and spare parts trade

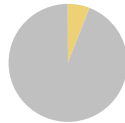


9%
of net sales



Divisions and breakdown of net sales

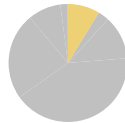
Anttila
Department store
trade



6%
of net sales



Kesko Agro
Agricultural trade



9%
of net sales



**Other
operations**

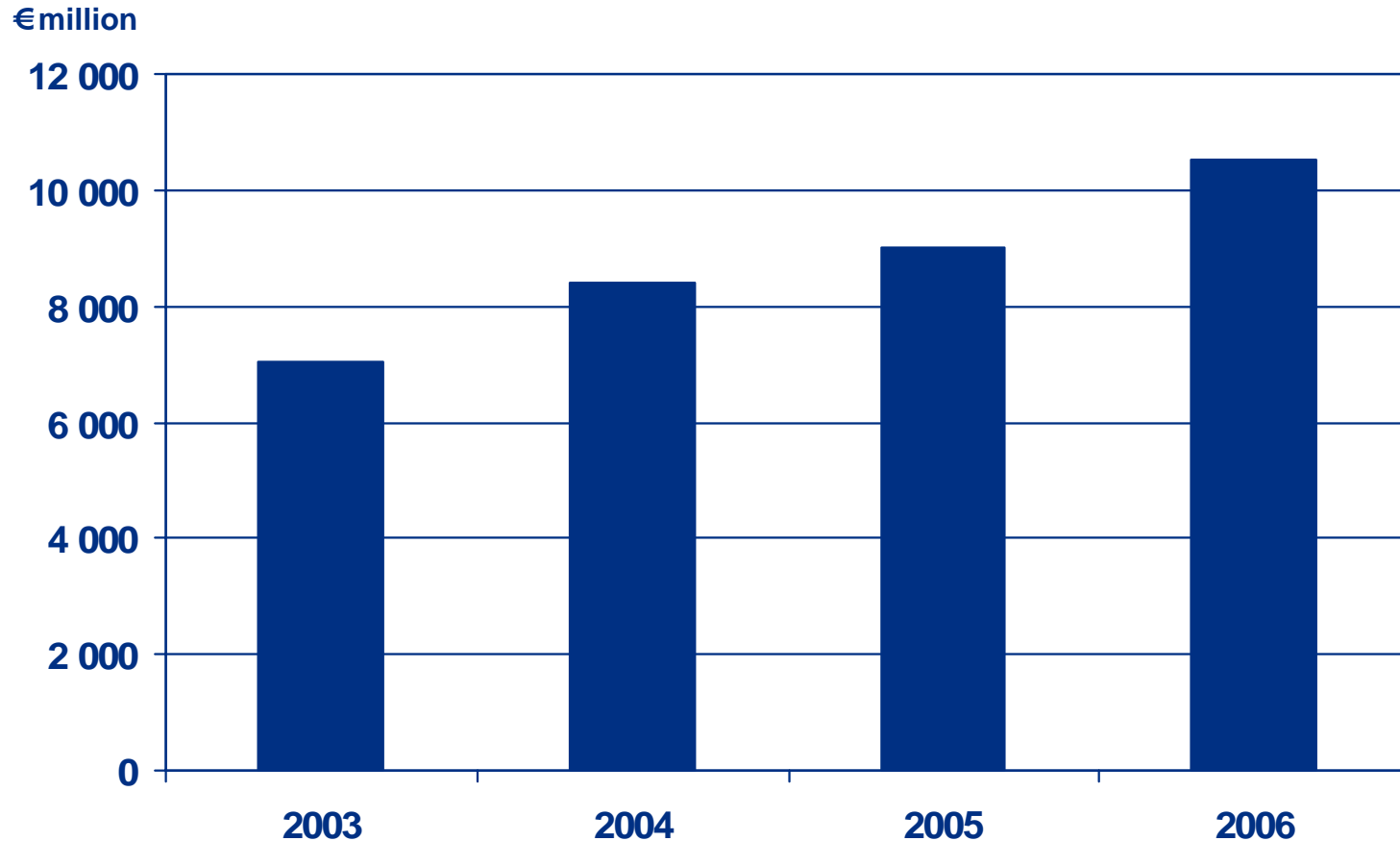


11%
of net sales

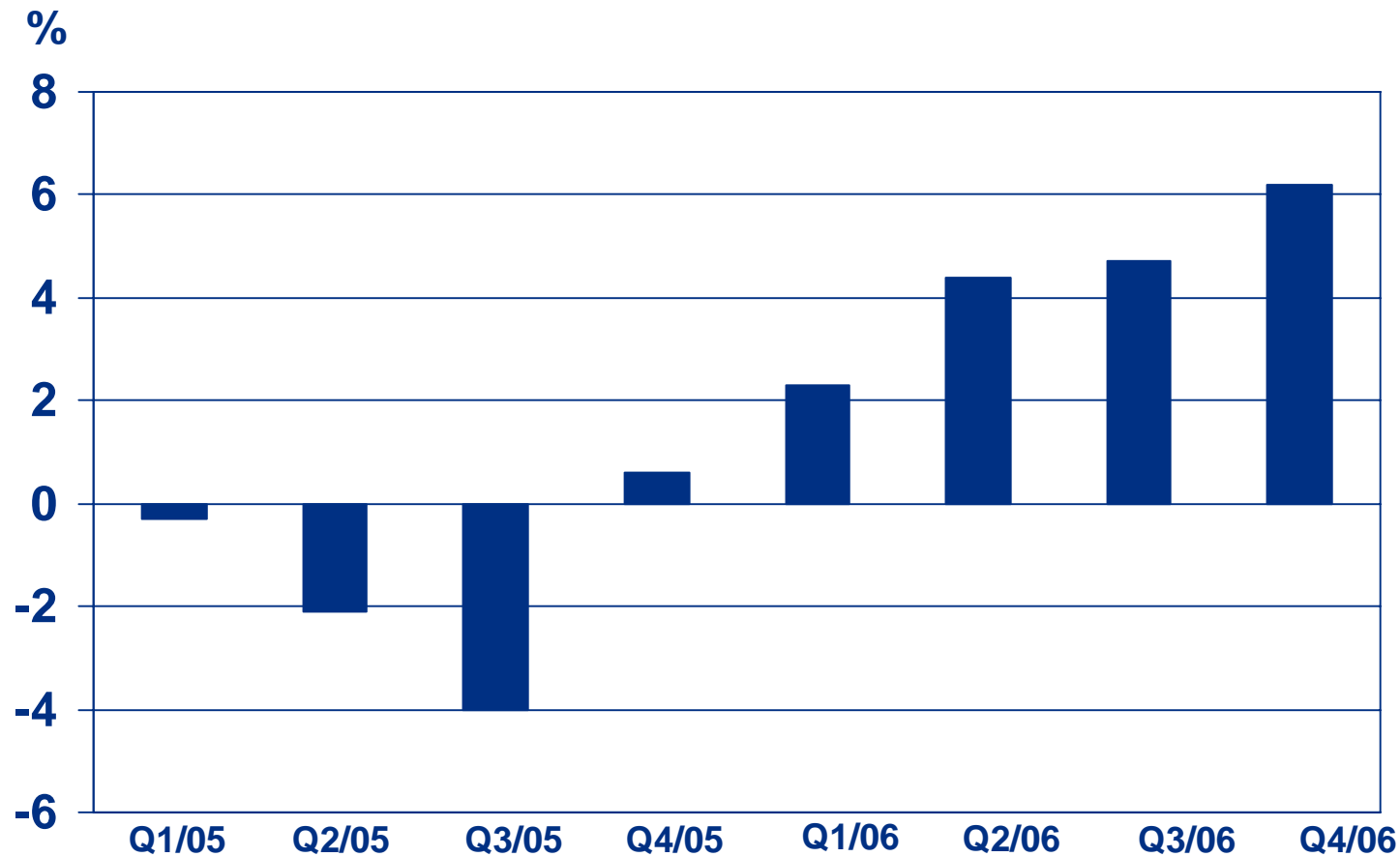


K-Group's retail sales on increase

In 2006 sales exceeded 10.5 billion euros, an increase of 17.7%

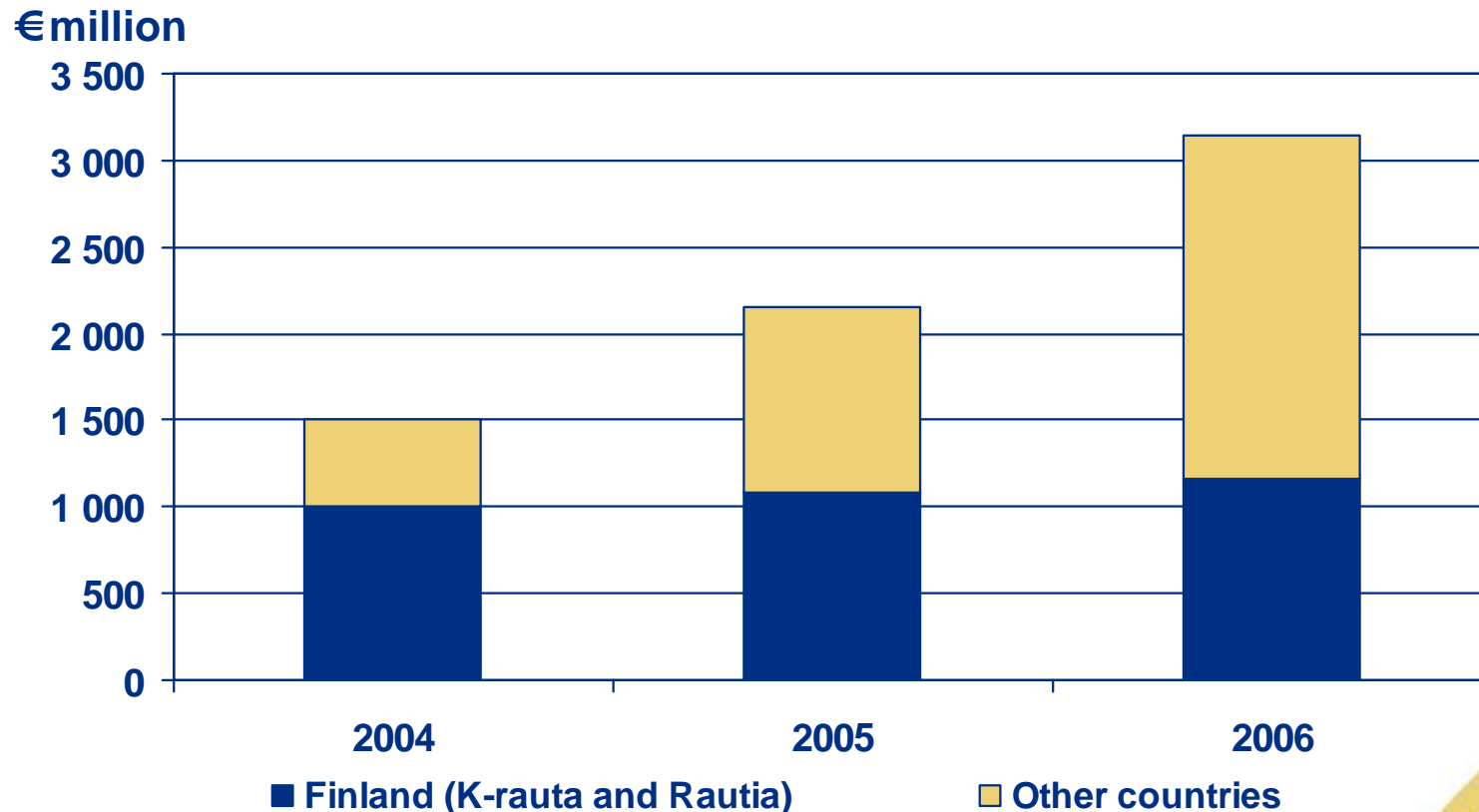


K-food stores' retail sales trend strengthened throughout the year



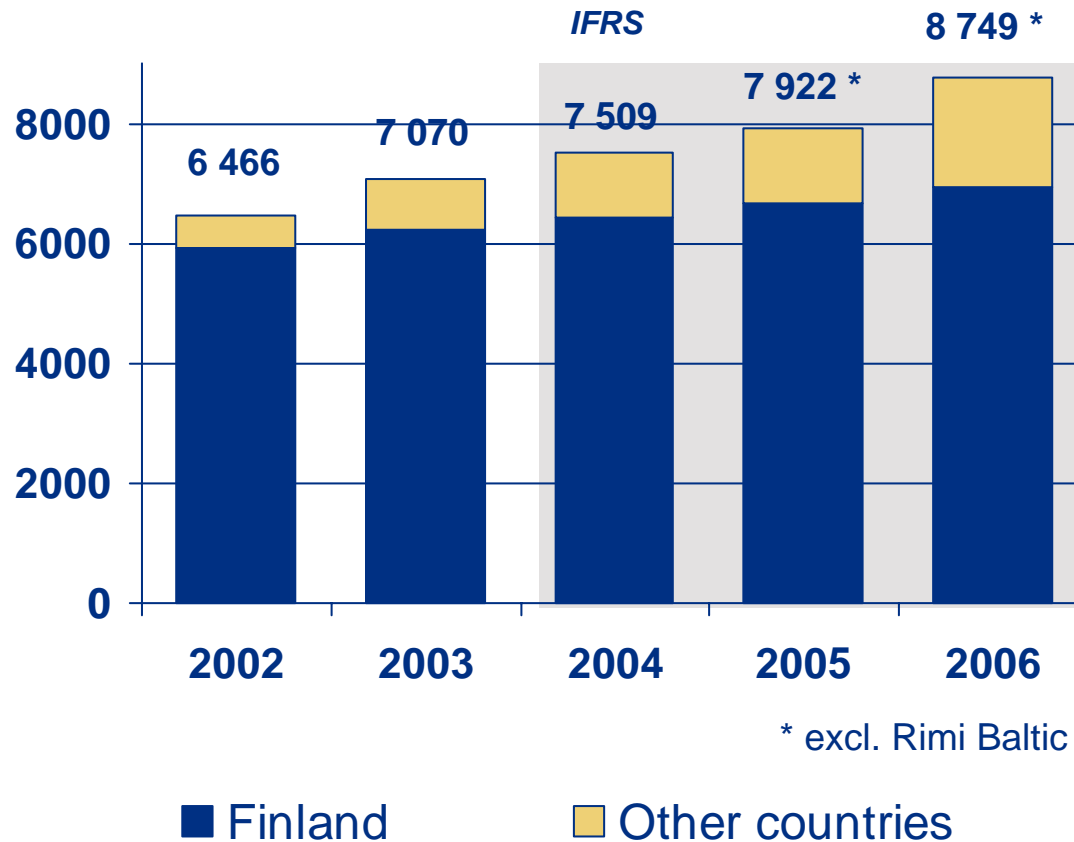
K-Group's hardware and builders' supplies stores' retail sales

- In 2006 sales exceeded 3 billion euros, an increase of 45.4%,
- 2/3 of business outside Finland



Record sales to Kesko...

Net sales 2002-2006, €million



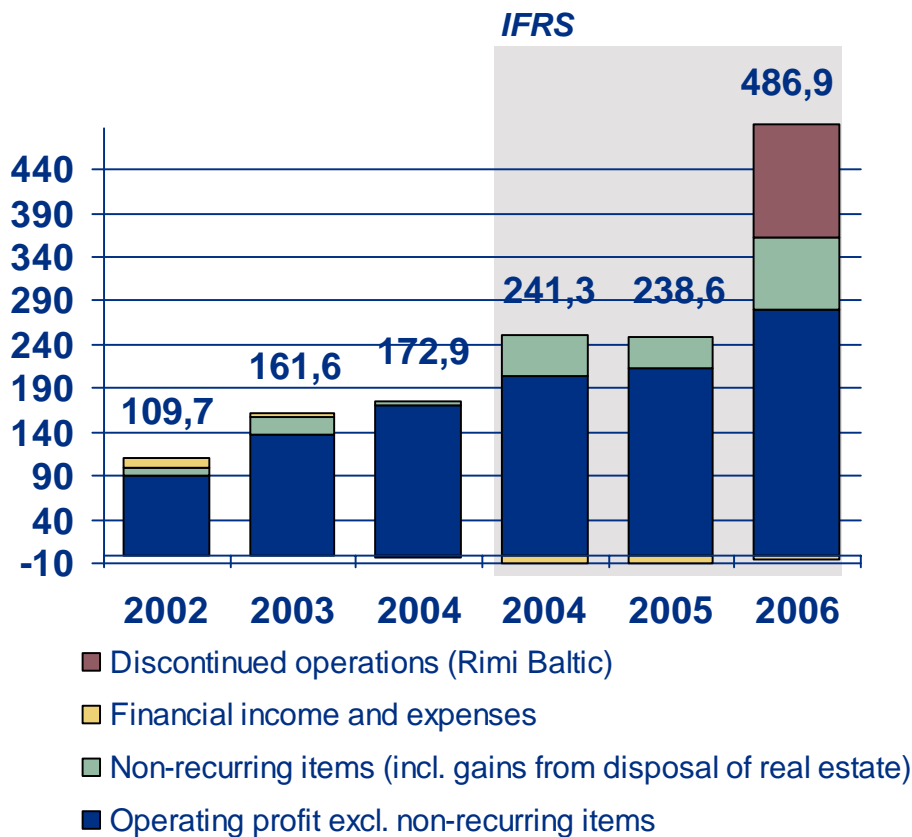
Record sales to Kesko...

Net sales by division, €million

| Division | Net sales | Development |
|--------------|--------------|---------------|
| Kesko Food | 3,615 | +5.4% |
| Rautakesko | 2,129 | +32.2% |
| Keswell | 1,050 | +7.7% |
| VV-Auto | 789 | +14.5% |
| Konekesko | 201 | +1.3% |
| Kesko Agro | 755 | +1.1% |
| Kauko-Telko | 248 | -14.5% |
| TOTAL | 8,749 | +10.4% |

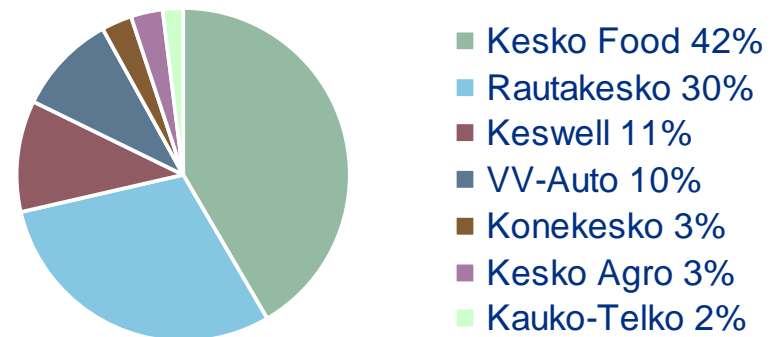
...and record profit

Group profit 2002-2006, € million



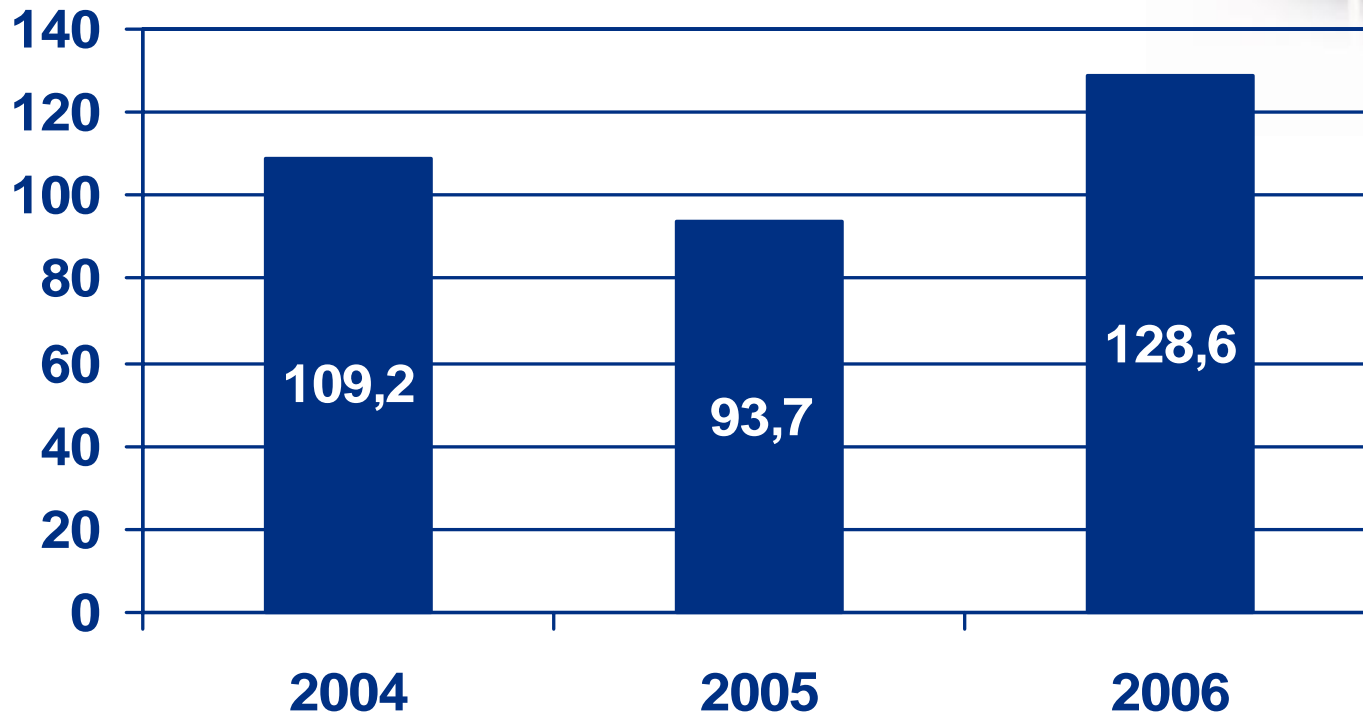
Operating profit excl. non-recurring items

Breakdown by division, total €280 million (2006)



Kesko Food's strong profit growth

Operating profit excl. non-recurring items, € million

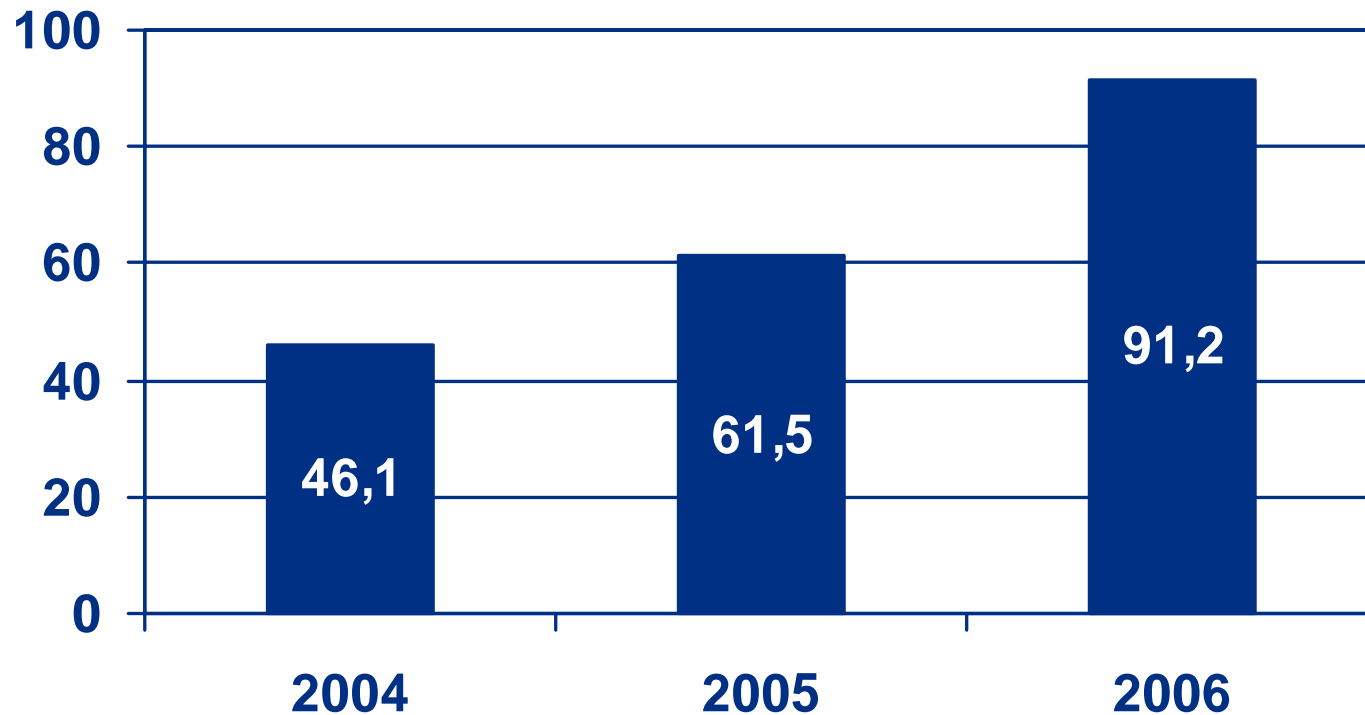


KESKO

Rautakesko's operations profitable in all countries



Operating profit excl. non-recurring items, € million



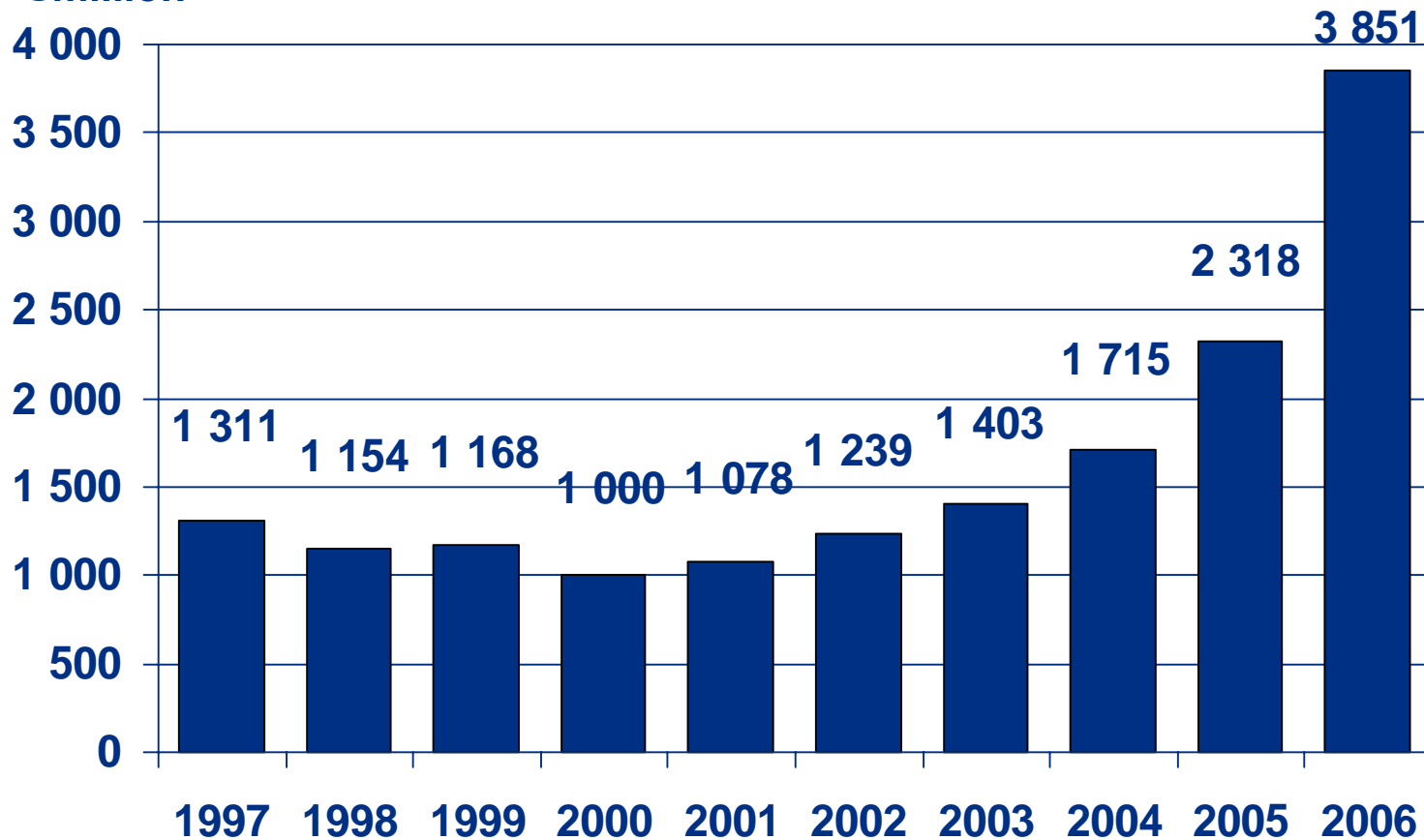
Gains from disposal of real estate and Rimi Baltic shares totalled €229 million

- The plan is to use the proceeds from the disposals (over €400 million) to finance the international growth and domestic store site investments of the Group
- In 2006 store site investments totalled €187 million, an increase of 50%

Kesko's market value grows

Return on investment (dividends reinvested, B share, 5 years): 488%

€million





Proposed dividend

- Proposed dividend €1.50 per share
- + 36%
- Dividend yield (B share) 3.8%

Financial objectives

| Objective | Target level | Realisation 2006 |
|----------------------------------|---|--|
| Growth in net sales | In Finland growth exceeding that of market | Realised: Rautakesko VV-Auto |
| | Increasing proportion of international operations | Growth 4.7 percentage points |
| Return on equity | 12% | 23% Excl. non-recurring items 11.4% |
| Return on invested capital | 12% | 23% Excl. non-recurring items 13.3% |
| Interest-bearing net debt/EBITDA | < 3 | 0.4 |
| Equity ratio | 40 – 45% | 47% |
| Economic value added | Internal indicator growing positive EVA | Realised |

Kesko's strategic emphases



**K-store – customers' partner
in everyday life and on special occasions**

***Building for
a better tomorrow***



K-stores' and Kesko's responsible actions

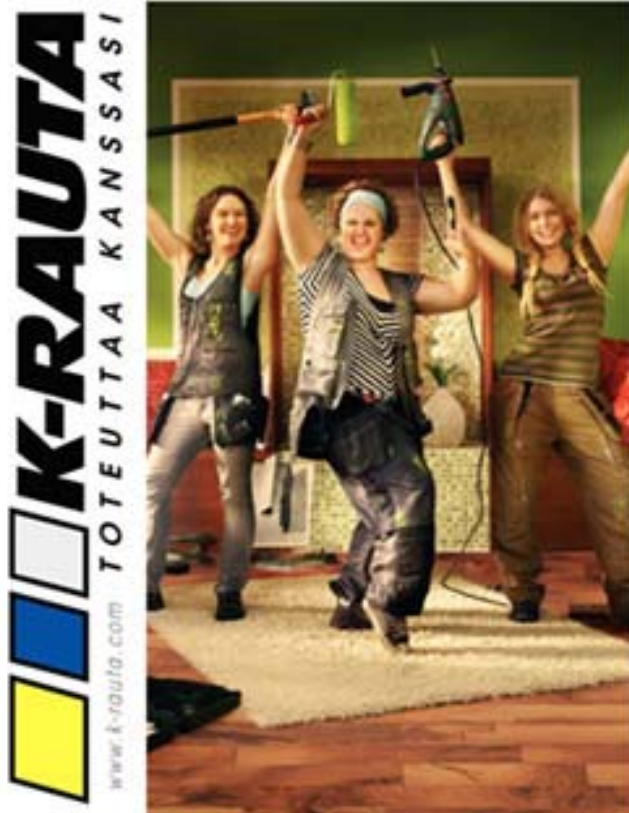


- K-environmental stores
- Waste management and recycling
- Logistics with environmental certification
- Eco-efficient construction
- Energy savings
- Emission calculation
- Financial wellbeing
- Investments
- Store network
- Donations and sponsorship



- Ethical principles in purchasing
- Job satisfaction
- Occupational safety and trade unionism

Store services make up part of customers' wellbeing



- Over one million customers visit our more than 2,000 stores every day
- K-stores are located near customers
- E.g. 45% of Finns live less than 1 km from a K-food store

Store services make up part of customers' wellbeing

- Products sold by K-stores are well-researched and safe
 - The Product Research Unit analyses nearly 10,000 product samples annually
 - If required, product recalls from K-stores can be made fast and efficiently
 - Customer feedback totals nearly 20,000 items and answers are given to all
- We promote healthy eating habits
- Cooperation with the Young Finland Association



Wellbeing to employees and society



- K-Group:
 - number of jobs increased both in Finland and other countries
 - employs nearly 50,000 people in seven countries
 - paid out €719 million in salaries
 - paid out €140 million in income tax
 - paid out €83 million in social security contributions

- there were one or more K-stores in 371 Finnish municipalities

Purchases from all Finnish regions

- Kesko's purchases
 - Products and services produced in Finland for €4.3 billion
 - Products imported into Finland by other importers for €820 million
 - Kesko had approx. 11,800 suppliers in Finland
 - Keskon own imports €1.1 billion, added value to Finland
- K-retailers' purchases from local suppliers totalled €468 million
- In other operating countries Kesko bought local products/services for €740 million
- Kesko's internationalisation opens doors for Finnish suppliers

Environmental impact can be reduced

- Kesko's energy consumption in real estate and transportation
 - In 2006 energy consumption remained unchanged, while Kesko's net sales increased by 10%
 - Renewable energy accounted for 38% in 2006, emissions decreased by 9%
- Kesko's waste recovery rate is top of the world in the field of trading:
 - in Kesko's Finnish operations 90% and in Anttila as high as 97.7%
- We offer our customers the largest selection of organic, Swan Label and Fairtrade products
- We promote precise fertilisation and plant protection, and eco-efficient construction of one-family houses
- There are 360 K-environmental stores in Finland



Responsible companies succeed

The most responsible companies on the Global 100 list in 2007:

ABN Amro Holding NV Accor Adecco SA Adidas Salomon Agency Advanced Micro Devices Agilent Technologies Inc Air France-KLM Alcan Inc Alcoa Inc American International Group Inc Atlas Copco AB BASF AG Baxter International Inc Benesse Corporation British Airways PLC British Land Company PLC British Sky Broadcasting Group PLC BT Group PLC able & Wireless PLC Centrica PLC **Coca Cola Company** Daikin Industries Limited Daiwa Securities Group Inc Denso Corp. Dexia Diageo PLC East Japan Railway Company Eastman Kodak Company Electrocomponents PLC Enbridge Inc FPL Group Inc Fresenius Medical Care AG Gamesa Corp. Technologica General Electric Company Genzyme Corp. Goldman Sachs Group Inc Google Inc Groupe Danone Grupo Ferrovial SA Hbos PLC Henkel AG **Hewlett-Packard Company** Holmen AB HSBC Holdings PLC Iberdrola SA Inditex SA Indra Sistemas SA ING Groep NV Insurance Australia Group Intel Corp. Investa Property Group Johnson Matthey PLC JP Morgan Chase & Company **Kesko Corp.** Kingfisher PLC Kuraray Company Limited Lafarge Land Securities PLC Marks & Spencer Group PLC Mayr-Melnhof Karton AG Mitsubishi Heavy Industries Limited Neste Oil Corporation Nike Inc Nippon Yusen KK **Nokia Corporation** Nomura Holdings Inc Novo Nordisk A/S Novozymes A/S NTT Docomo Inc Pagesjaunes Pearson PLC Philips Electronics KON Pinnacle West Capital Corp. Ricoh Company Limited Roche Holdings Limited Royal Bank Of Canada Royal Dutch Shell PLC **Sainsbury (J) PLC** SAP AG SCA AB Scania AB Schlumberger Limited Scottish & Southern Energy PLC Severn Trent PLC Smith & Nephew PLC Storebrand ASA Sun Life Financial Inc Swiss Reinsurance Company Toppan Printing Company Limited **Toyota Motor Corp.** Transcanada Corp. Unibail Holding SA **Unilever PLC** United Technologies Corp. Vestas WindSystems A/S Walt Disney Company Westpac Banking Corp. Whitbread PLC Wimpey (George) PLC Yell Group PLC

Kesko is a pioneer in Finland and throughout the world

Major indexes and assessments

- DJSI: the best in the world in the retailing sector
- The World Economic Forum: Kesko is included in The Global 100 Most Sustainable Corporations list (1,900 corporations were evaluated)
- AccountAbility Rating: Kesko ranked 8th among the world's largest companies and the best in the trading sector (Fortune G50+)
- Innovest: Food retailing companies Kesko Food and Sainsbury were awarded the highest quality rating AA for sustainability

Recognition for reporting

- Global Reporters' Survey (evaluated 1,900 reports): in 2002 #30, in 2004 #14, in 2006 #21
- Kesko the best reporter in the trading sector in the world every time






K-signs were attached to the windows of 2,500 stores as symbols of quality and service on 6 March 1947

K
60 vuotta

PÍRKKA

Enemmän vähemmällä

Jo 20 vuotta



**Work for the best
of customers and
shareholders
will continue**



Quality of life - every day

KESKO