



KESKO CORPORATION STOCK EXCHANGE RELEASE 18.03.2020 AT 21.00

Kesko Corporation issues a profit warning: Due to COVID-19 and global economic uncertainty, the company cancels its previous net sales guidance and changes its operating profit guidance

Kesko cancels the outlook statement regarding the net sales for continuing operations and changes the outlook statement regarding the comparable operating profit for continuing operations, both issued in connection with the Financial Statements release on 5 February 2020. Under the prevailing circumstances, the company estimates that the comparable operating profit for continuing operations in 2020 will amount to €400-450 million, thus falling somewhat short of the record comparable operating profit for 2019. The company does not issue a new guidance for net sales.

“Due to the COVID-19 coronavirus and global economic uncertainty, we estimate that we will fall somewhat short of the record operating profit of €461.6 million recorded in 2019. Grocery trade represents approximately half of Kesko’s net sales and over 70 per cent of the result. We believe that consumer demand for food will remain good despite the exceptional circumstances. However, sales for the foodservice business are expected to decline. Under the current circumstances, it is difficult to provide assessments for sales and profitability in the building and technical trade and the car trade. We have initiated adjustment measures and they will continue, taking into consideration changes in the different divisions’ businesses,” says President and CEO Mikko Helander.

The previous outlook statement given in the financial statements release on 5 February 2020 was as follows:

“Estimates for the outlook for the net sales and comparable operating profit for Kesko Group's continuing operations are given for the 12-month period following the reporting period (1/2020-12/2020) in comparison with the 12 months preceding the end of the reporting period (1/2019-12/2019). The outlook estimate includes the impact of IFRS 16 Leases on the Group's comparable operating profit for both the 12-month period following the reporting period as well as the 12-month period preceding the reporting period.

The general economic situation and the expected trend in consumer demand vary in Kesko's different operating countries. Uncertainty related to general economic development has grown in Kesko's operating countries and the pace of economic growth is expected to slow down. In the Finnish grocery trade, intense competition is expected to continue, but the market is expected to grow. In the Northern European construction market, volumes in new housing construction have returned to normal from the high levels of top years, and the focus is expected to shift to renovation building and business premises construction. In the Finnish car trade, the market is expected to be slightly lower than the long-term average.

Kesko continues the determined customer-oriented transformation of its business and execution of its strategy. In comparable terms, the net sales for continuing operations for the next 12 months are expected to exceed the level of the previous 12 months. The comparable operating profit for continuing operations for the next 12-month period is expected to exceed the level of the preceding 12 months.”

Further information is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, tel. +358 105 322 113, and Hanna Jaakkola, Vice President, Investor Relations, tel. +358 105 323 540.

Kesko Corporation

DISTRIBUTION

Main news media
Nasdaq Helsinki Ltd
www.kesko.fi