



KESKO CORPORATION STOCK EXCHANGE RELEASE 25.4.2022 AT 19.00

Kesko Corporation issues a positive profit warning due to better-than-anticipated market development in building and technical trade

Kesko raises its profit guidance for 2022. Kesko now estimates that its comparable operating profit in 2022 will be in the range of €730–840 million. Before, the company estimated that the comparable operating profit would be in the range of €680–800 million. In 2021, Kesko's comparable operating profit totalled €775.5 million.

Guidance upgrade rationale

Kesko has become the leading operator in Northern European building and technical trade. Successful strategic choices, including increased focus on B2B trade, improve our profitability. Demand in building and technical trade is expected to continue to be stronger than previously anticipated especially in B2B trade. In addition to strong demand, profit is expected to increase due to stronger-than-anticipated rise in prices.

In grocery trade, performance is expected to stay good. In particular, sales development and profit for Kesko's foodservice business are expected to be stronger than previously anticipated.

The result for the first quarter of 2022 was also better than anticipated and better than the year before. The preliminary net sales for the first quarter of 2022 totalled approximately €2,707 million (Q1/2021: €2,539.4 million) and the comparable operating profit approximately €144 million (Q1/2021: €116.2 million). Profitability improved due to the good result in building and technical trade. Kesko will publish its first-quarter results on 29 April 2022.

Assessments for outlook and predictions for demand are made more difficult by uncertainties related to geopolitics, overall economic development, inflation, and the availability of goods, as well as by the Covid-19 pandemic.

Previous outlook and guidance for 2022 issued by Kesko on 3 February:

"OUTLOOK AND GUIDANCE FOR 2022

Kesko Group's outlook is given for the year 2022, in comparison with the year 2021.

Kesko estimates that its comparable operating profit in 2022 will be in the range of €680-800 million.

In 2021, Kesko's comparable operating profit totalled €775.5 million.

Overall, the outlook for Kesko's business in 2022 is positive.

Net sales for the grocery trade division are expected to remain at a good level also in 2022. As the pandemic eases, food sales are expected to partly shift from B2C trade to foodservice wholesale. Food price inflation is estimated to support sales growth.

Outlook for the building and technical trade division is also positive. We expect sales to stay at a good level in B2B trade, which now accounts for 75% of the division's sales. Demand in B2C trade is expected to normalise. Price inflation is expected to support growth, but prolonged price inflation would lead to lower construction volumes.

In the car trade division, predictions regarding new car sales are made more difficult by uncertainties related to component supply chains. Delivery issues related to the availability of semiconductors will continue to hinder the car trade division's business also in 2022.

The progress of the pandemic will continue to have an impact on the overall economy, consumer behaviour, and trading sector demand in Kesko's operating countries. During the pandemic, household consumption has focused on domestic purchases, which is expected to have a positive impact on some of Kesko's businesses also in 2022. In addition to the Covid-19 pandemic, assessments for outlook and predictions for demand are made more difficult by uncertainties related to overall economic development, inflation, geopolitics, and the availability of goods."

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