



KESKO INTERIM REPORT Q1/2025

# **STABLE PERFORMANCE DURING THE SLOWEST QUARTER OF THE YEAR**

Jorma Rauhala  
President and CEO  
29 April 2025

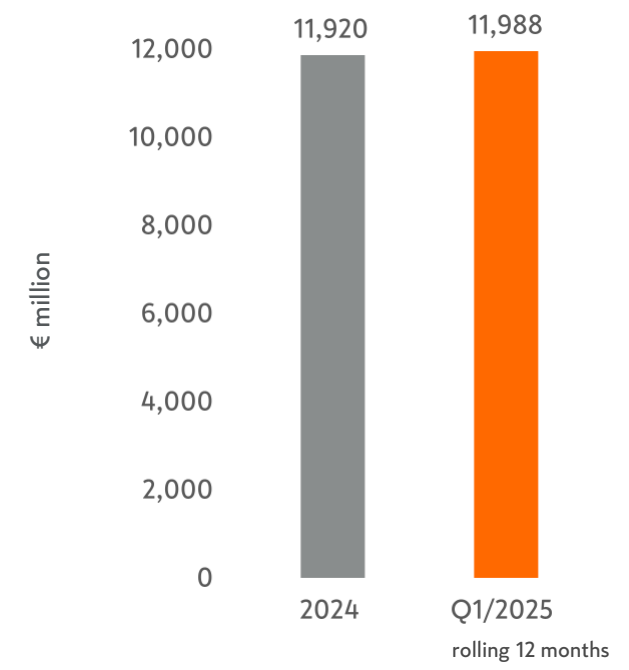
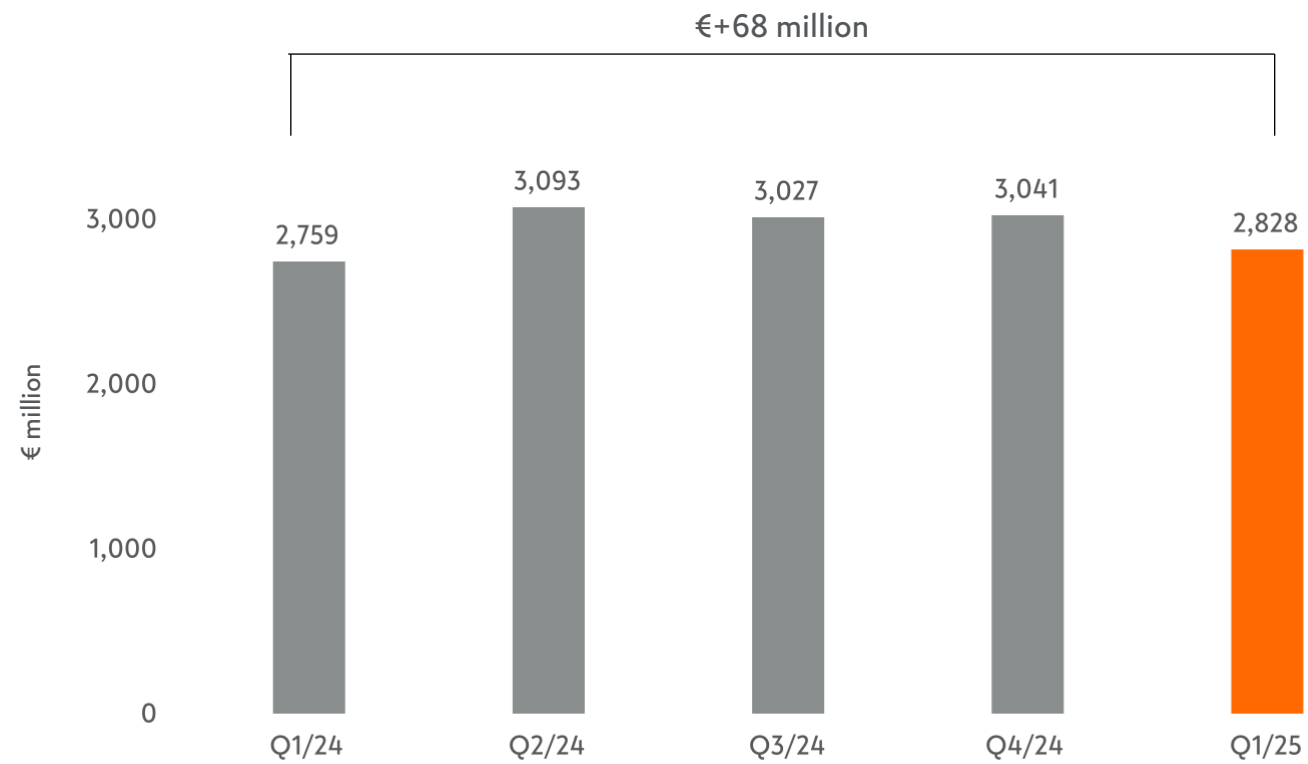
# SUMMARY OF Q1/2025

- Net sales increased, comparable operating profit decreased
- Grocery trade: net sales and profit down as anticipated due to the timing of Easter and price programme implementation
- Building and technical trade: sales picked up especially in the B2B segment in building and home improvement trade in Finland, Denmark and Norway
- Car trade: net sales and profit increased, a balanced and comprehensive product and service portfolio underpins good performance in changing market conditions
- Acquisition of Roslev Trælasthandel completed at the end of January; Danish authorities approved the acquisition of CF Petersen & Søn without conditions – acquisition expected to be completed on 30 April 2025
- Kesko repeats its profit guidance for 2025: comparable operating profit for the year is estimated to amount to €640–740 million

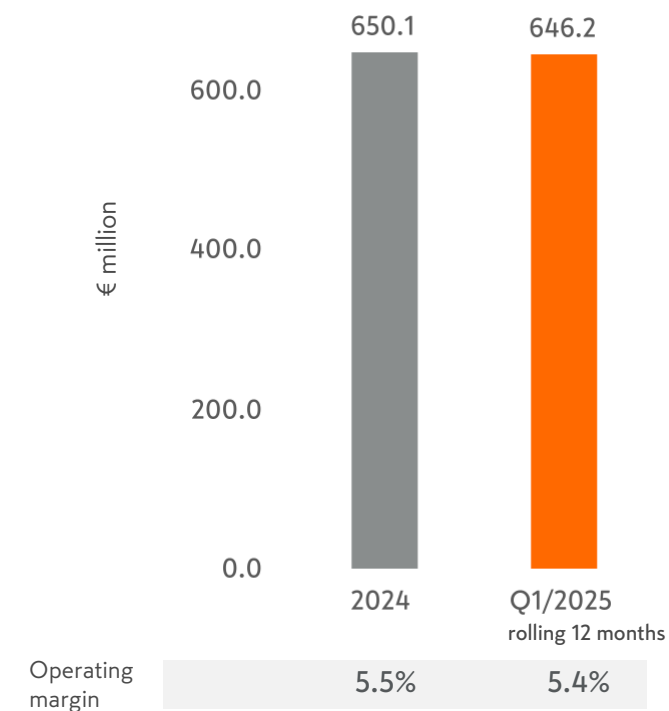
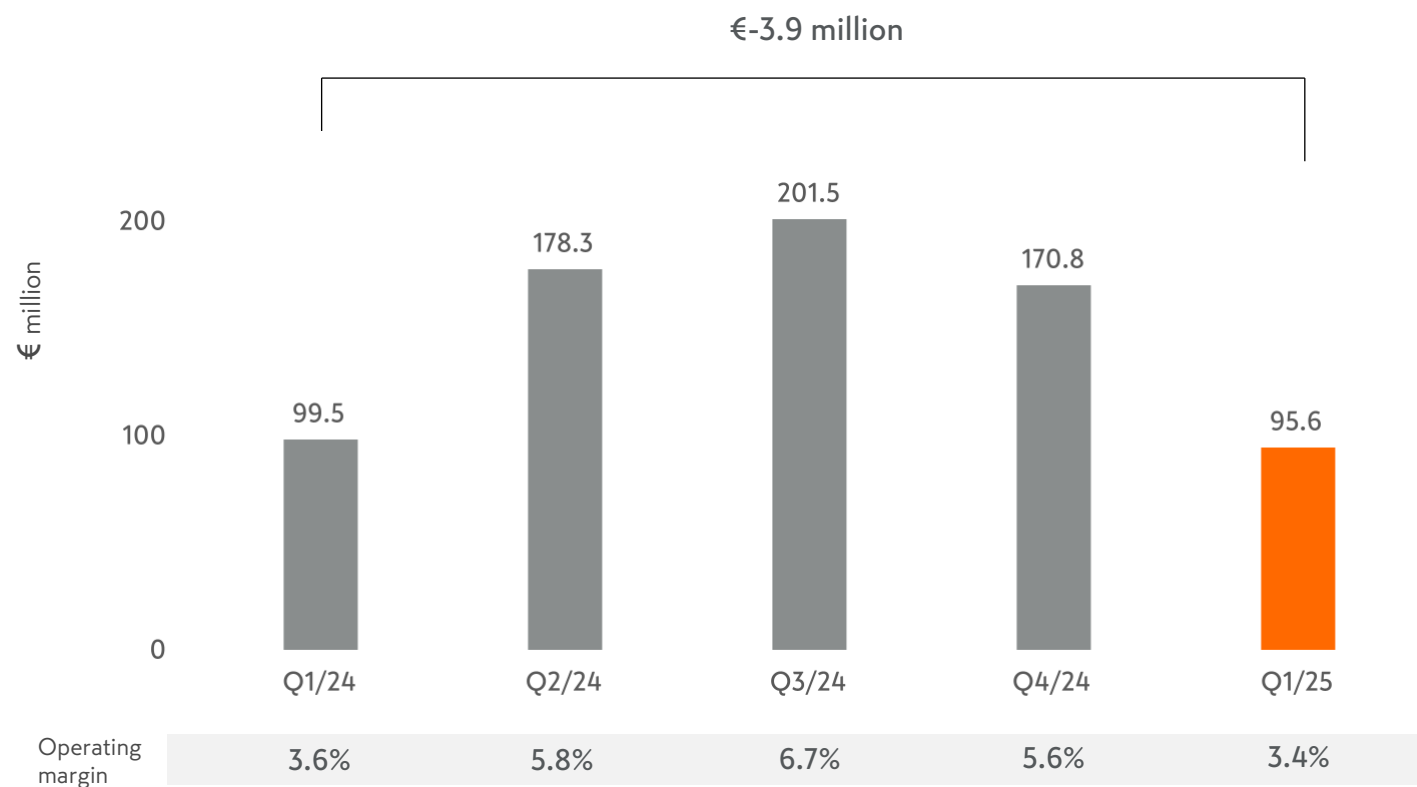
	Q1/2025	Q1/2024
Net sales, € million	2,827.7	2,759.5
Change in net sales, %*	1.1	-5.5
Operating profit, € million*	95.6	99.5
Operating margin, %*	3.4	3.6
Profit before tax, € million*	65.1	77.1
Earnings per share, basic, €*	0.13	0.16
Cash flow from operating activities, € million	-24.5	112.6

\* Comparable

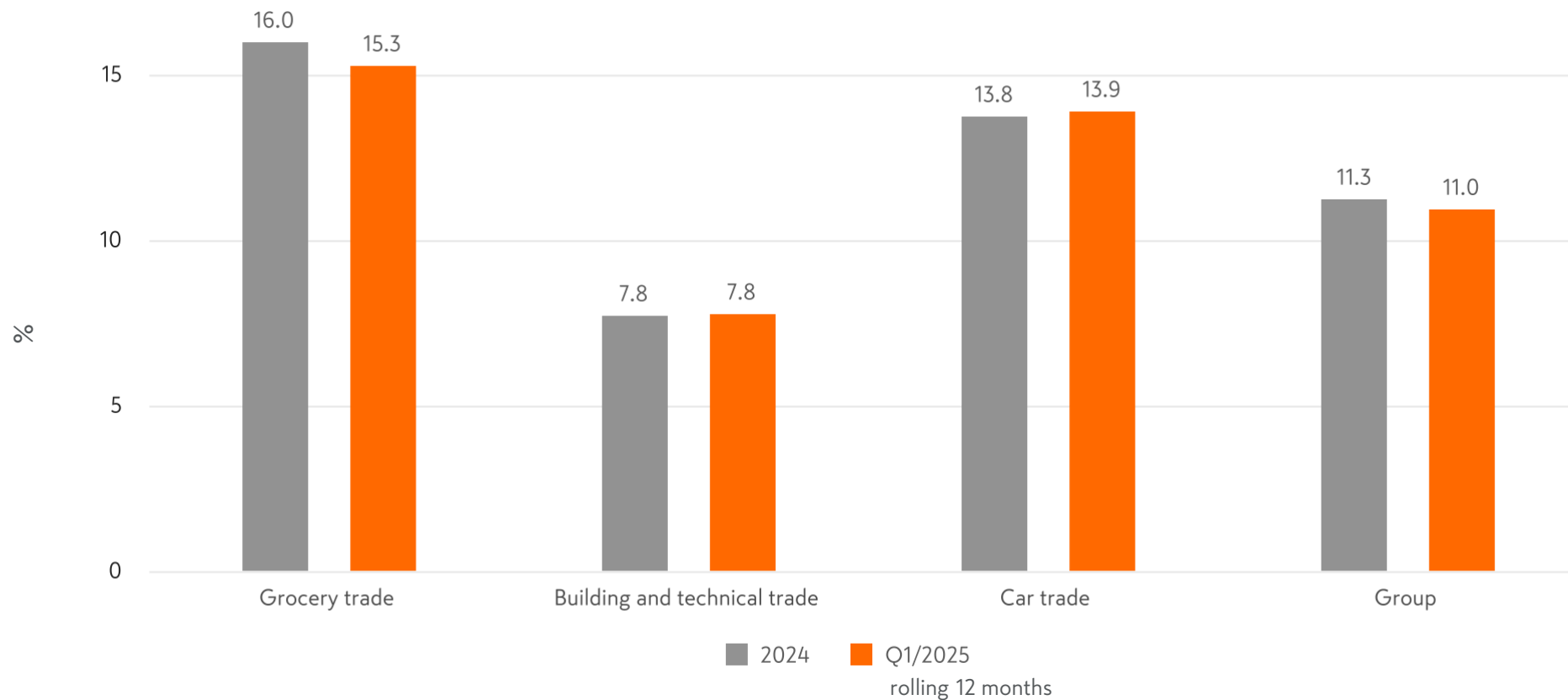
# NET SALES



# OPERATING PROFIT



# RETURN ON CAPITAL EMPLOYED



# FINANCIAL POSITION

## Seasonal increase in working capital impacted cash flow

- Factors impacting cash flow from operating activities
  - Building and technical trade: preparing for upcoming high season
  - Car trade: rental cars in inventory delivered in Q2, and new cars waiting for delivery
  - Grocery trade: timing of the quarter's final banking day on a Monday, and inventory growth

	Q1/2025	Q1/2024
Cash flow from operating activities, € million	-24.5	112.6
Liquid assets, € million	147.5	145.1
Capital expenditure, € million	138.0	329.0
Interest-bearing net debt excl. lease liabilities, € million	1,216.7	881.7
Interest-bearing net debt / EBITDA (excl. IFRS 16 impact, rolling)	1.6	1.1
Lease liabilities, € million	2,196.8	2,023.6

# CAPITAL EXPENDITURE

**Main CAPEX: Roslev acquisition, Onnela logistics centre  
and investments in store sites**

	Q1/2025	Q1/2024
Store sites, € million	66.2	111.3
Acquisitions, € million	34.8	170.0
IT, € million	3.1	3.6
Other investments, € million	33.9	44.2
Total, € million	138.0	329.0

# EXPENSES

## Expenses up mainly due to acquisitions

	Q1/2025	Q1/2024
Fixed costs, € million	529.6	507.1
- Employee benefit expenses, € million	223.1	204.8
- Other expenses, € million	165.3	162.8
- Depreciation, € million	141.2	139.4
Cost ratio, %	18.7	18.4





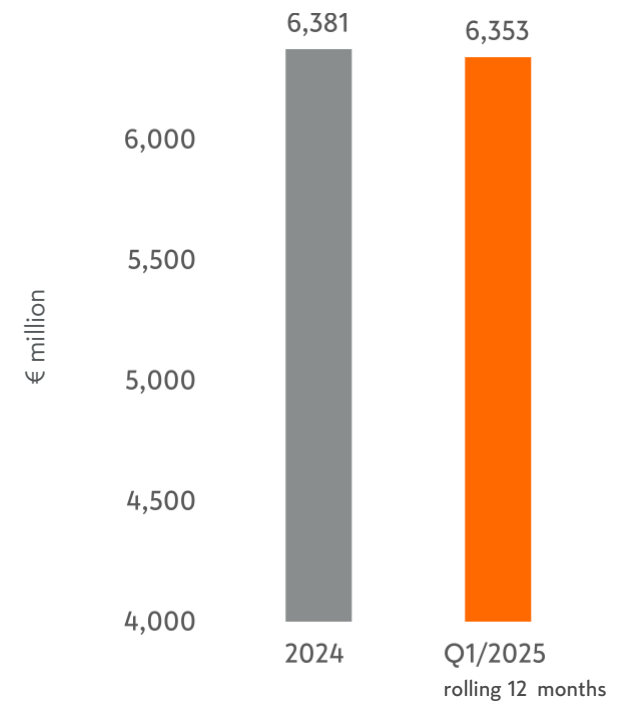
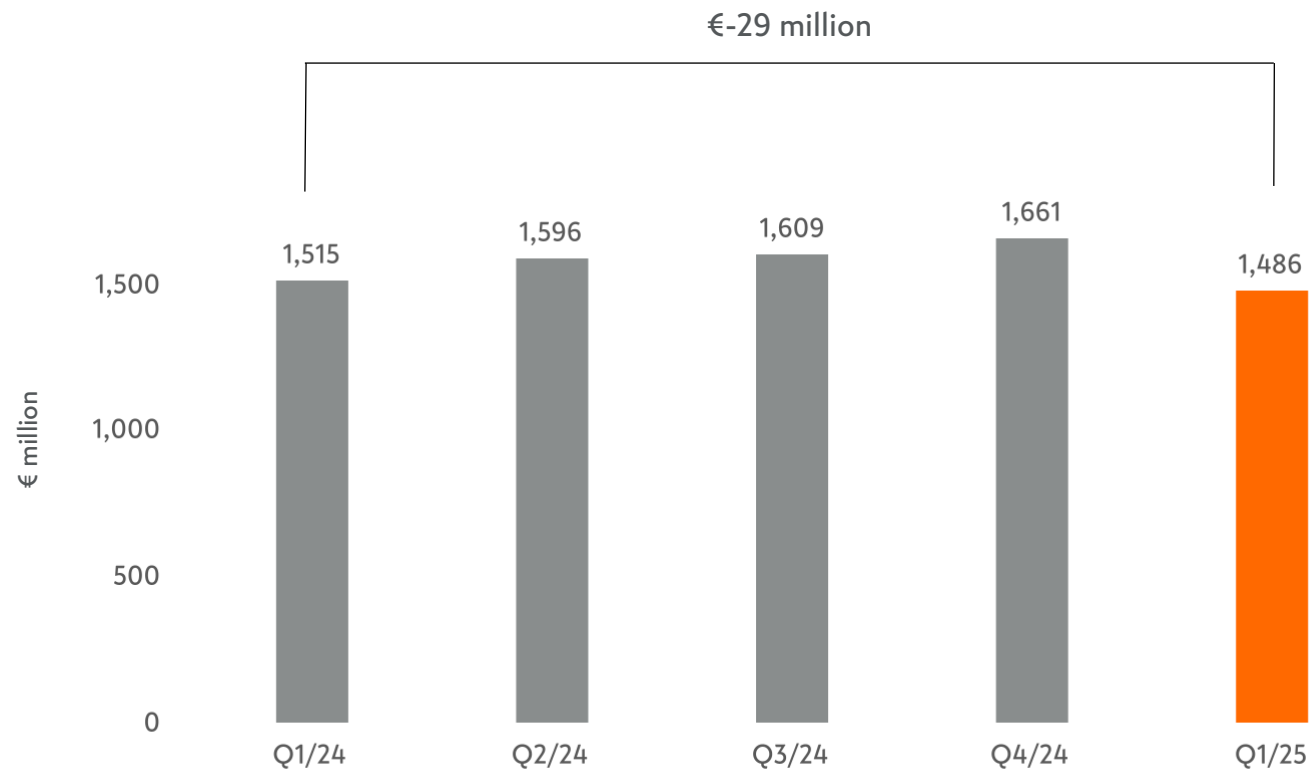
GROCERY TRADE Q1

# **EXPECTED PROFIT IMPACT FROM THE TIMING OF EASTER AND PRICE INVESTMENTS**



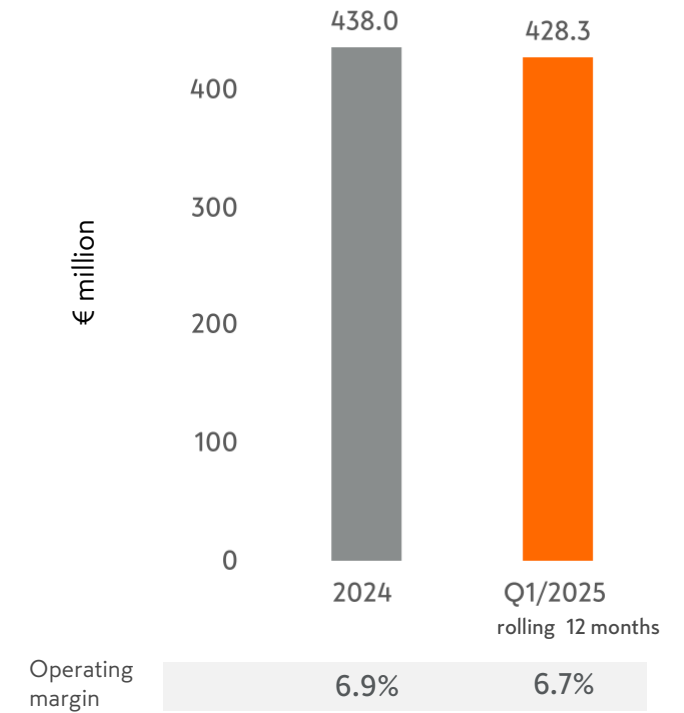
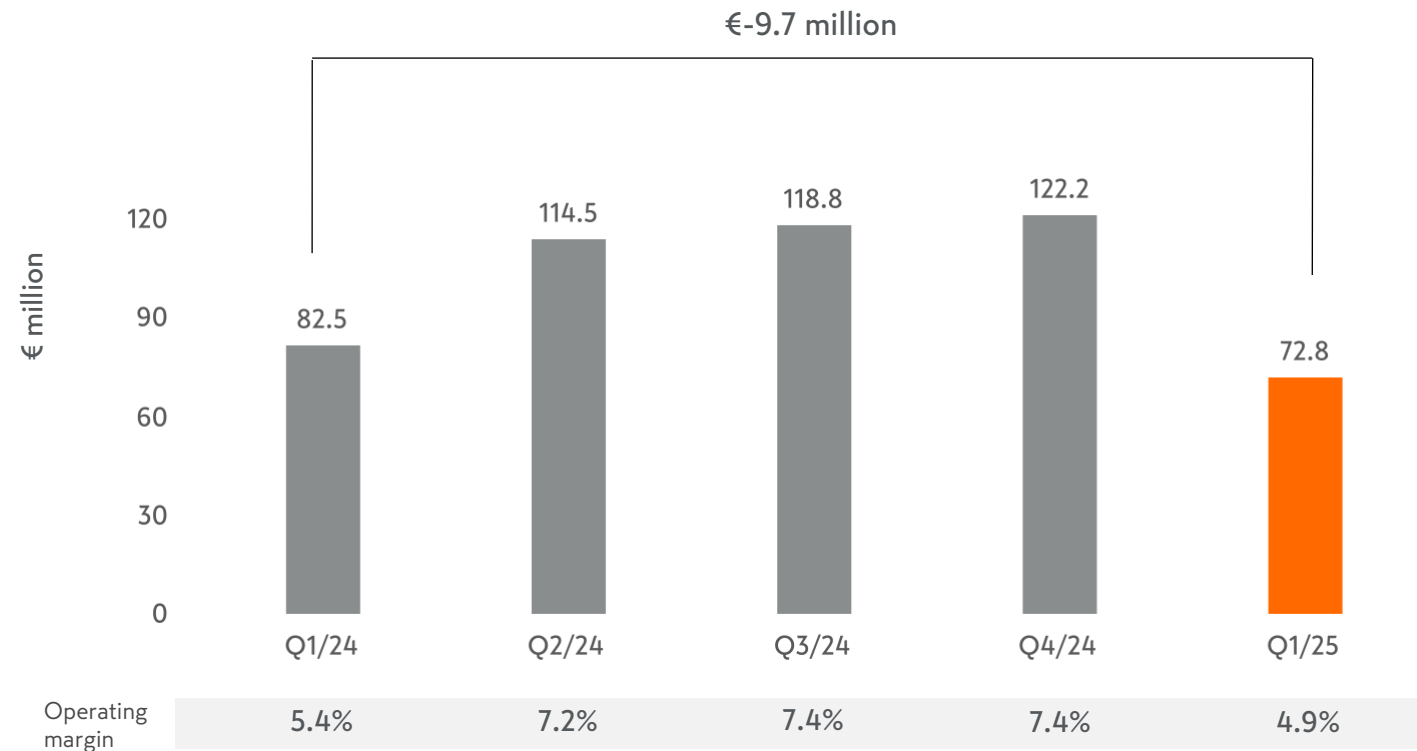
## GROCERY TRADE

# NET SALES



# GROCERY TRADE

## OPERATING PROFIT



# GROCERY TRADE HIGHLIGHTS IN Q1

- Sales and profit impacted especially by the timing of Easter – the second most important sales season for the division – which fell on April this year and on March in 2024
  - K Group grocery sales down by 1.4%
  - Kespro's net sales down by 0.5%, exceeding market growth again
  - K-Citymarket non-food sales down by 1.3%
- Promising results from the price programme launched in January – as expected, the programme had a negative profit impact
- Online grocery sales up by 5.6%
- Total grocery market flat year-on-year
- Grocery price inflation in Finland approx. 1.8% (Statistics Finland, including VAT)
- Customer flows continued to grow thanks to price programme and campaigns, but average purchase is down



# AIMING FOR A MARKET SHARE TURNAROUND IN GROCERY TRADE

- The decline in K Group's market share slowed down in 2024
- According to the NielsenIQ Grocery Shop Directory, K Group's market share in 2024 was 33.7% (2023: 34.3%); market share in online grocery above 40%
- Withdrawal from the Neste K chain and closure of smaller K-Market stores had an over 0.2 percentage point negative impact on market share, but a positive impact on profit. In 2024, the total number of K Group grocery stores decreased by 80, of which 65 were Neste K stores
- According to NielsenIQ statistics, growth in grocery trade has been driven by larger stores
- In Q1/2025, K Group market share development in line with the market in the hypermarket segment





# MARKET SHARE TURNAROUND IN GROCERY TRADE:

## QUALITY x PRICE x NETWORK

### IMPROVING QUALITY:

- Further refining store-specific business ideas
- Investments particularly in the bread and fruit & vegetable departments
- Extensive, relevant selections aided by data and AI
- Digital services to make everyday life easier

### IMPLEMENTING PRICE PROGRAMME:

- Continuously affordable products: prices cut on 1,200 everyday staples as of January
- Investing in campaigns and relevant personal Oma Plussa benefits
- Combined price programme investment from Kesko and retailers some €50 million in 2025
- Store-specific price investments depending on the market situation

### INVESTMENTS IN NETWORK:

- 2024–2025: 30 new store openings, 92 stores modernised
- Particular investment focus on hypermarkets: 8 new / replacement K-Citymarket stores by 2028
- Annual investments of some €200–250 million





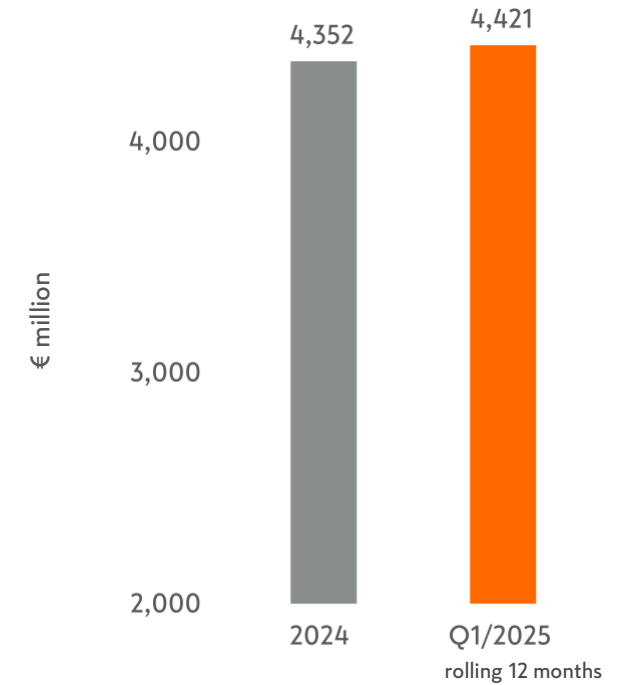
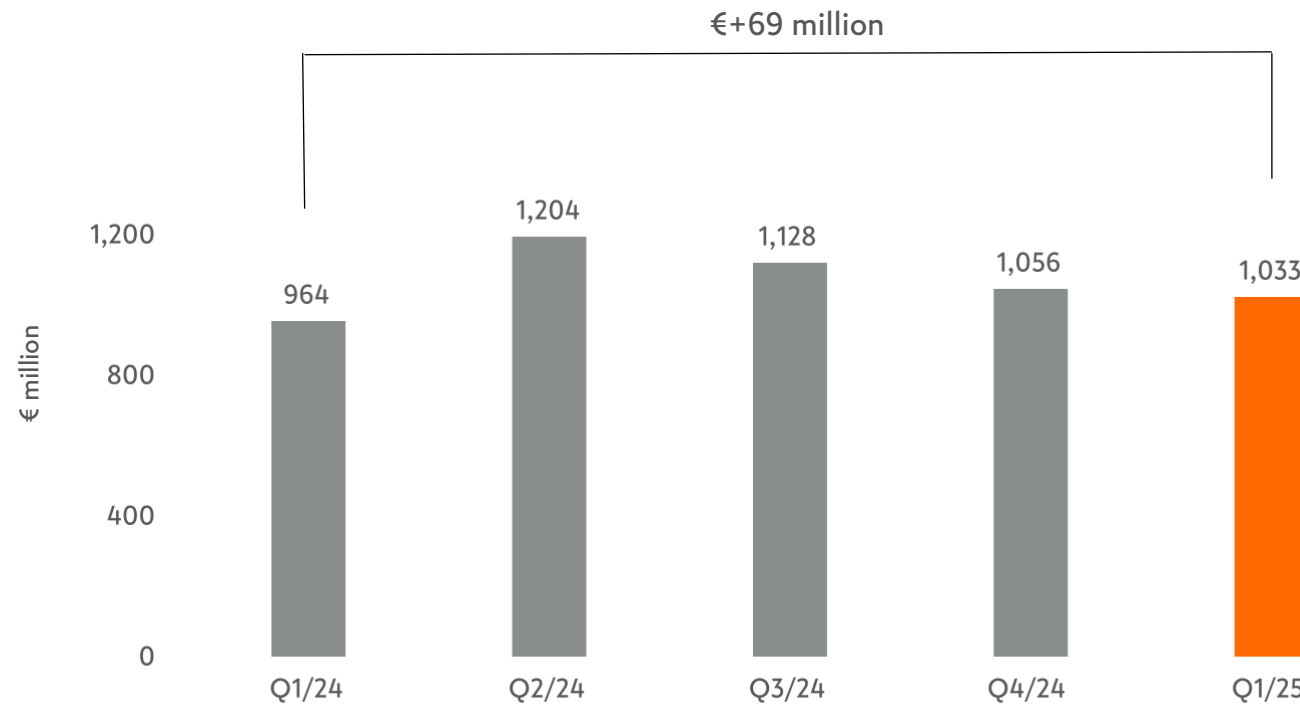
BUILDING AND TECHNICAL TRADE Q1

# PICK-UP IN BUILDING AND HOME IMPROVEMENT TRADE UNDERPINNED SALES AND PROFIT



## BUILDING AND TECHNICAL TRADE

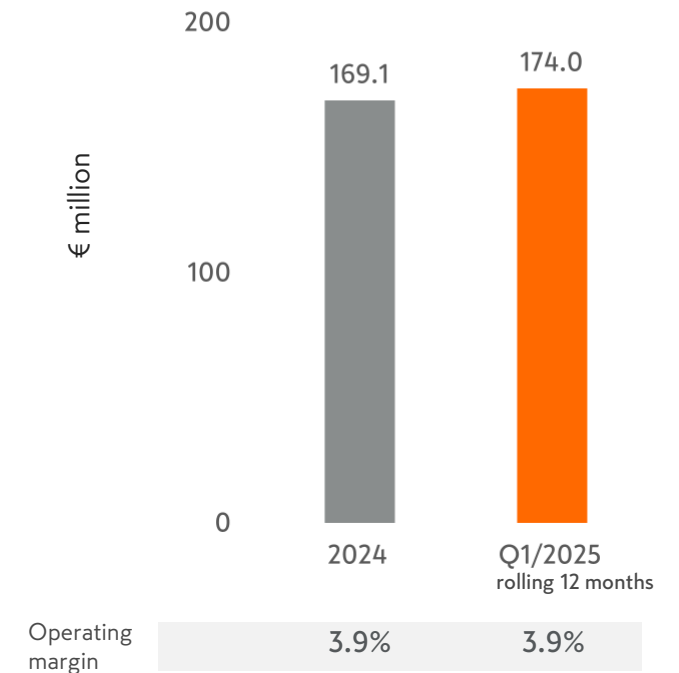
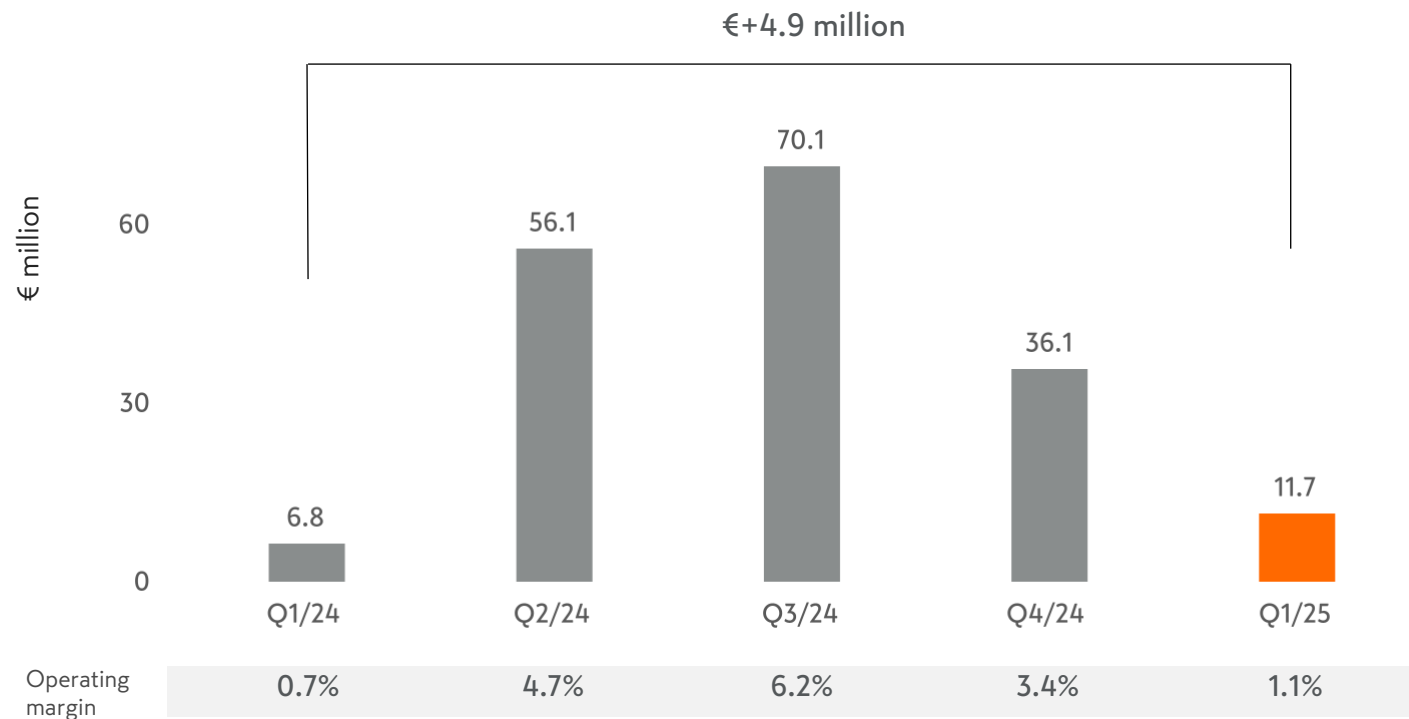
# NET SALES





# BUILDING AND TECHNICAL TRADE

## OPERATING PROFIT



# BUILDING AND TECHNICAL TRADE HIGHLIGHTS IN Q1

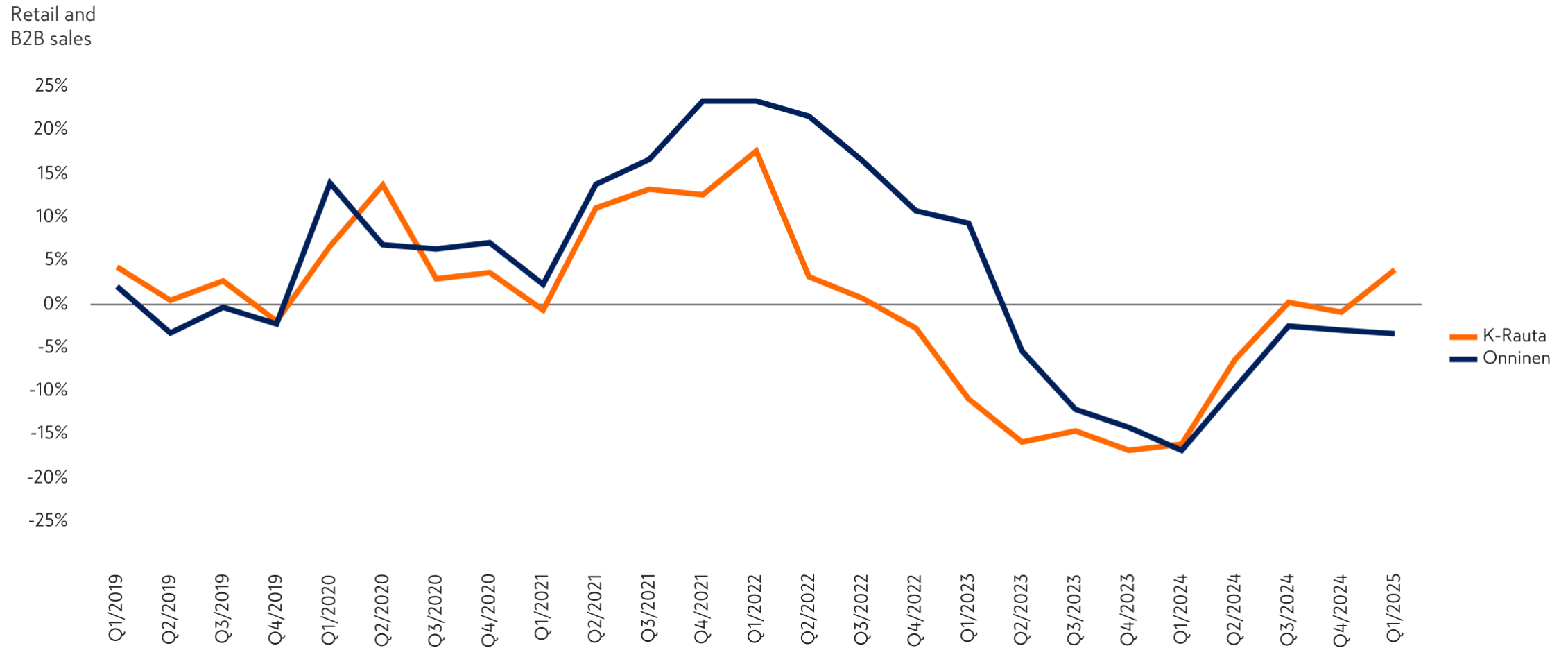
- Construction cycle turning, demand has grown stronger especially in building and home improvement trade:
  - Growth in K-Rauta sales in Finland driven by B2B. Especially sales of heavy construction materials clearly up. B2C trade has also picked up.
  - Sales for Onninen Finland fell short of the comparison period
  - Building and home improvement trade sales in Denmark and Norway clearly up; sales for Onninen Norway up
  - Technical trade sales in Sweden clearly up; still ramping up locations converted in K-Bygg stores. Sales in Poland slightly down.
- Sales of heavy construction materials up in building and home improvement trade – other product categories typically follow with a slight delay. Post-cyclical technical trade usually picks up some 6 months after a turnaround in building and home improvement B2B sales.
- Credit risk well under control, €0.3 million written down for trade receivables past due date (in the comparison year a positive impact of €0.2 million)
- Kesko Senukai did not report its financials as scheduled, and thus in Kesko's Q1/2025 reporting the share of result from Kesko Senukai is €0.0 million (€-0.4 million in Q1/2024).

	Q1/2025	Q1/2024
<b>Net sales, € million</b>	<b>1,033.1</b>	<b>963.6</b>
Technical trade	527.0	522.5
Building & home improvement trade	522.7	455.6
<b>Operating profit*, € million</b>	<b>11.7</b>	<b>6.8</b>
Technical trade	13.2	15.5
Building & home improvement trade	-1.3	-8.3
<b>Operating margin, %*</b>	<b>1.1</b>	<b>0.7</b>
Technical trade	2.5	3.0
Building & home improvement trade	-0.2	-1.8

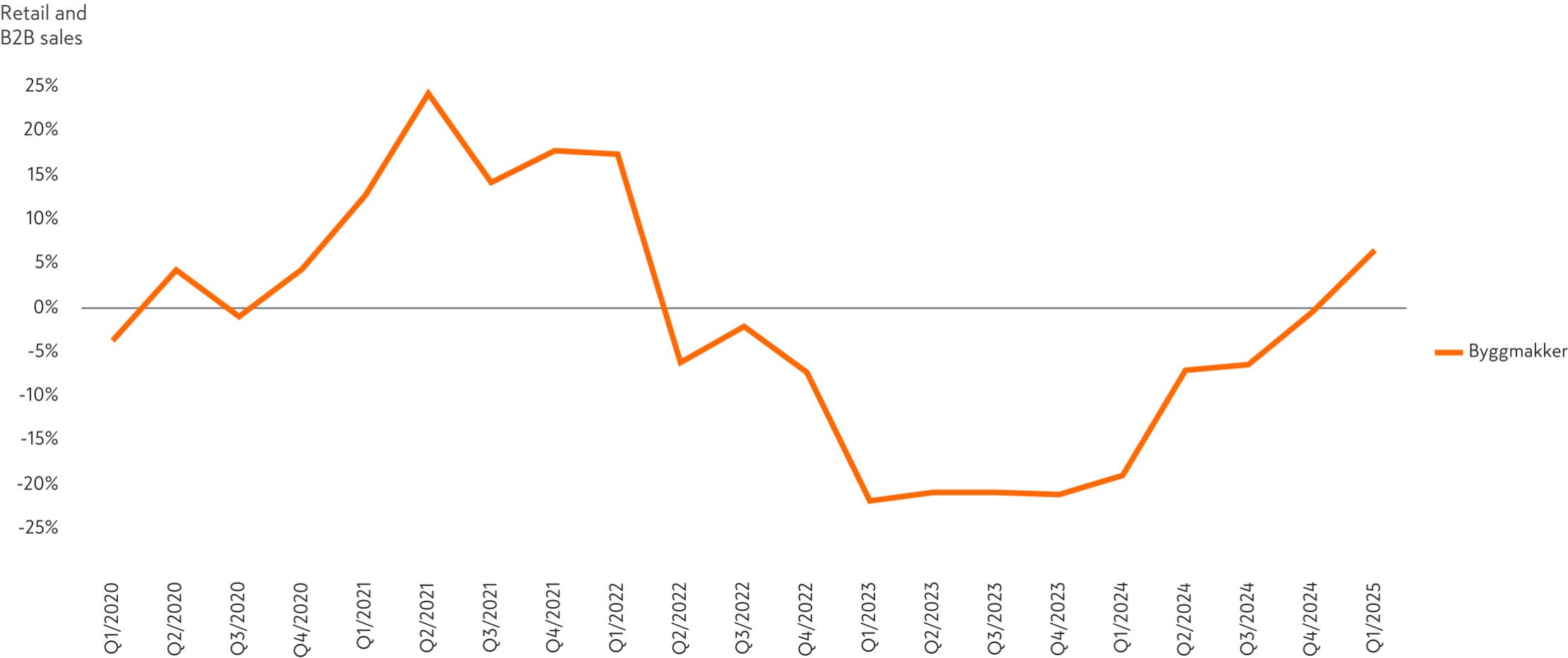
\*Comparable



# SALES OF K-RAUTA FINLAND AND ONNINEN FINLAND



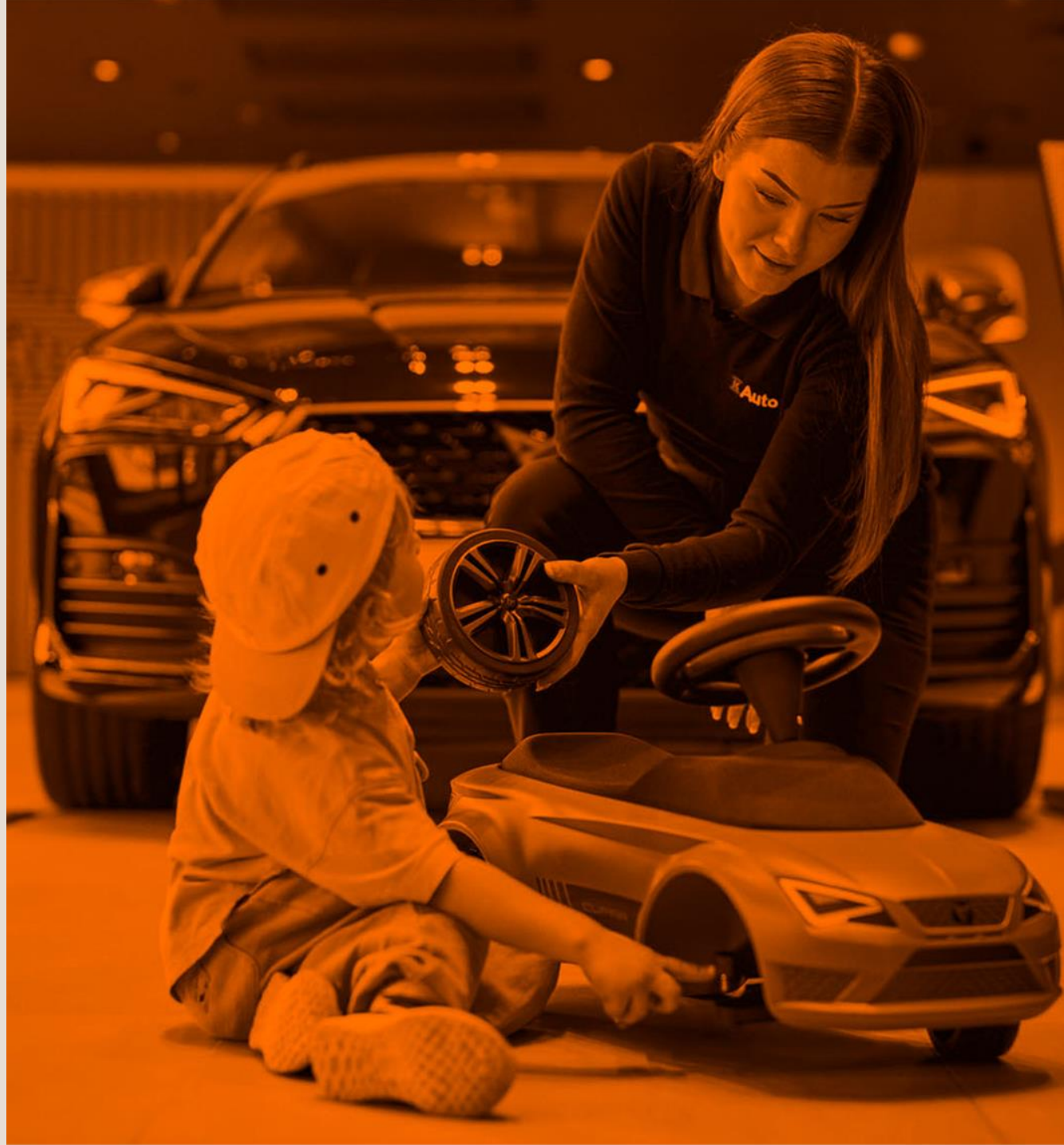
# BYGGMAKKER SALES IN NORWAY



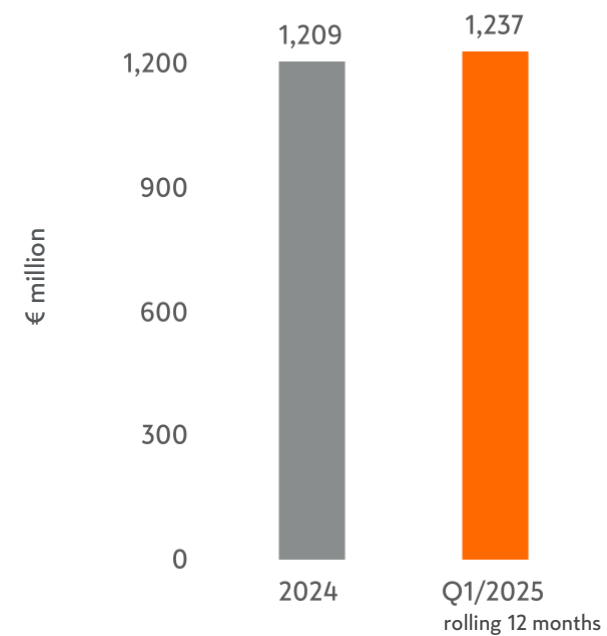
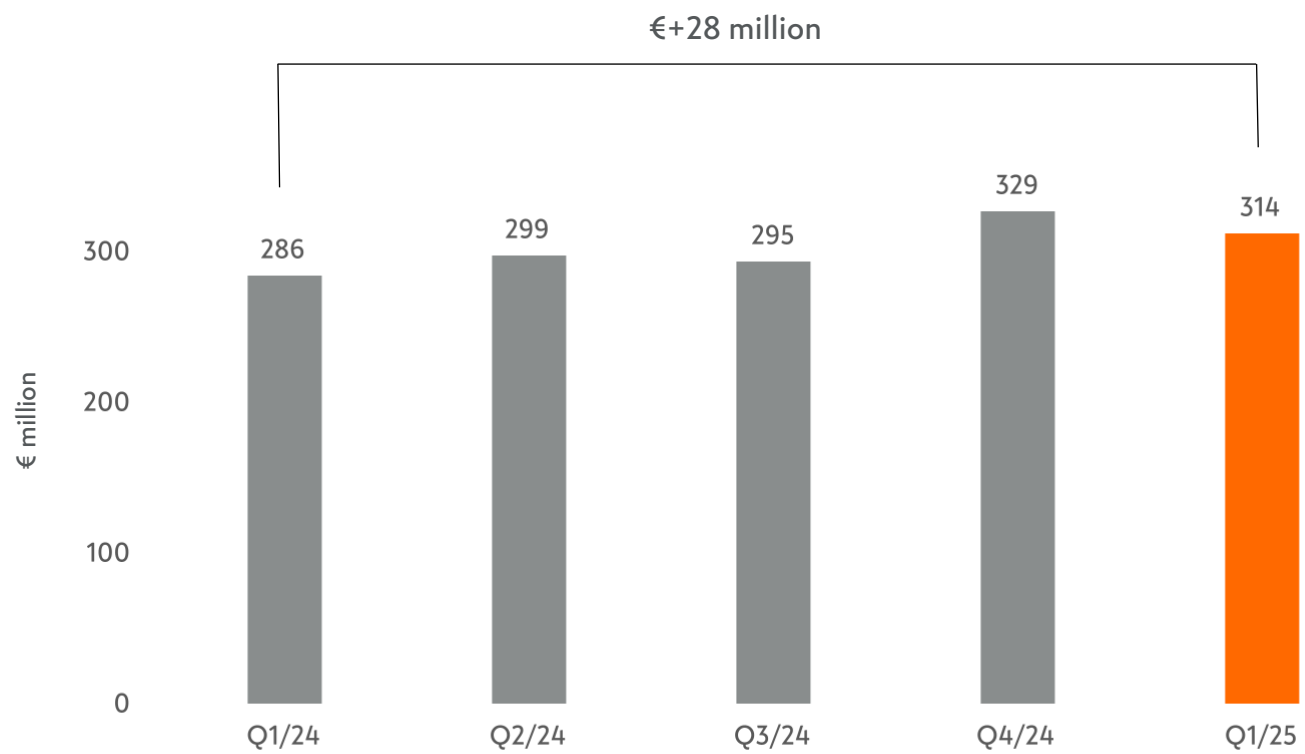


CAR TRADE Q1

# **STRONG POSITION IN DIFFERENT AREAS OF CAR TRADE SUPPORTED PROFIT DEVELOPMENT**

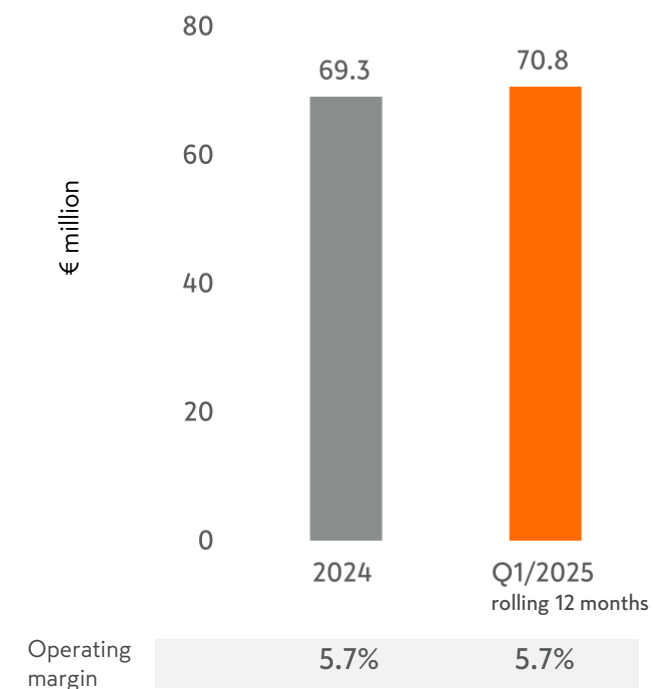
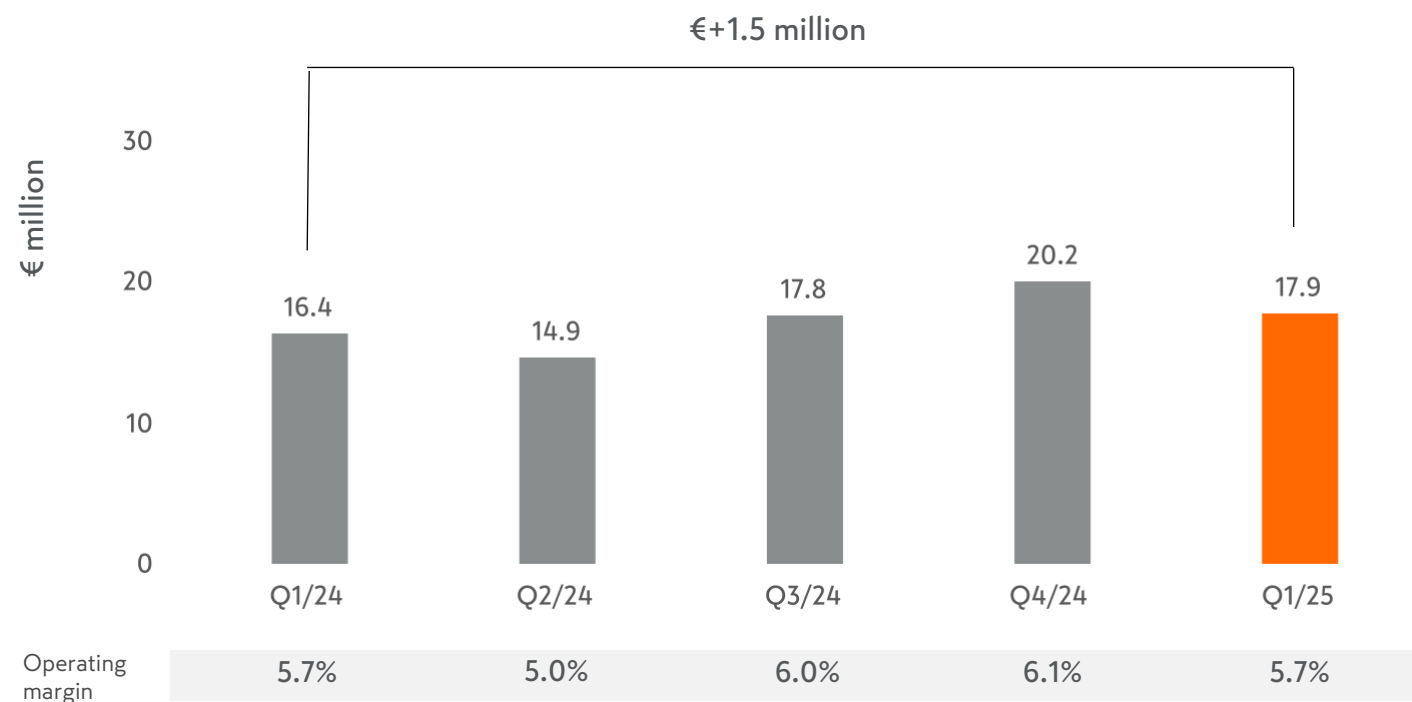


## CAR TRADE NET SALES



# CAR TRADE

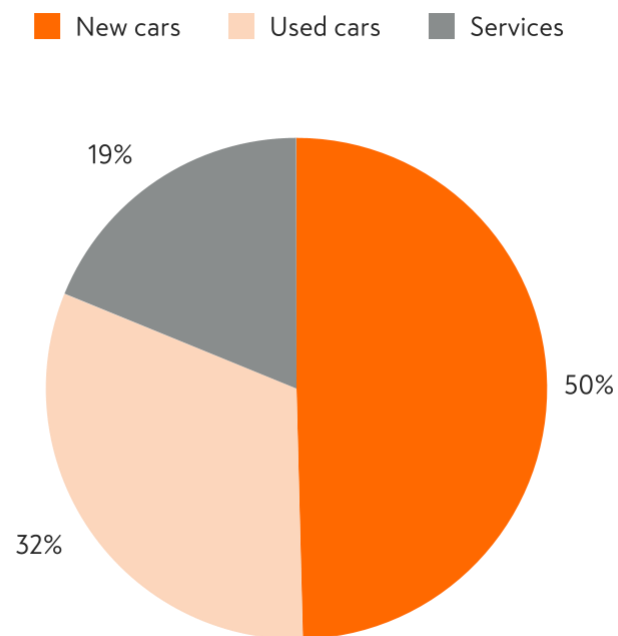
## OPERATING PROFIT



# CAR TRADE HIGHLIGHTS IN Q1

- Market demand for new cars muted, Q1 first registrations of passenger cars and vans down by 7.0%; first registrations of brands represented by Kesko up by 15.1% in Q1
- Net sales and comparable operating profit grew markedly despite the challenging market, thanks to strong new car sales in particular
- New car sales continued to grow thanks to the good sales of Volkswagen models
- Used car and service sales also grew
- Net sales and comparable operating profit grew in sports trade

## K-AUTO, NET SALES



Net sales for the division's car trade businesses, Q1/2025, rolling 12 months



# **PROFIT GUIDANCE AND OUTLOOK FOR 2025 UNCHANGED**

# PROFIT GUIDANCE FOR 2025

Kesko Group's profit guidance is given for the year 2025, in comparison with the year 2024.

Kesko's operating environment is estimated to improve in 2025, but to still remain somewhat challenging. Kesko's comparable operating profit is estimated to improve in 2025. Kesko estimates that its comparable operating profit in 2025 will amount to €640–740 million. The profit guidance is based on an estimate of a gradually improving economic cycle in all Kesko operating countries. Key uncertainties impacting Kesko's outlook are developments in consumer confidence, investment appetites, as well as geopolitical crises and tensions.

# OUTLOOK FOR 2025

In grocery trade, B2C trade and the foodservice market are estimated to remain stable. In 2025, the comparable operating margin for the grocery trade division is estimated to stay clearly above 6% despite the investments in price and the store site network in accordance with Kesko's strategy for 2024-2026.

In building and technical trade, the cycle is expected to improve in 2025 from the historically low levels. Profitability in the building and technical trade division is estimated to improve on 2024.

In car trade, the market for new cars is expected to stay at a low level. Demand for used cars and services is estimated to remain good. Profitability for the car trade division is estimated to remain at a good level in 2025 despite weak demand for new cars.

