



KESKO INVESTOR EVENT 2024 – GROCERY TRADE

INVESTING TO GAIN MARKET SHARE WHILE MAINTAINING GOOD PROFITABILITY

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**FOOD IS A NECESSITY – BUT ALSO
AN ENJOYMENT**

NO. 2 IN FINNISH GROCERY RETAILING
NO. 1 IN FOODSERVICE
WORLD-CLASS GROCERY STORES

MEGATRENDS IN GROCERY TRADE

PURCHASING POWER

- Consumer confidence and purchasing power still low
- Price still important, offers and campaigns drive customer flows
- Daily competition over customers continues

DEMOGRAPHIC CHANGES

- Population ageing, concentrated in growth centres
- Growing number of smaller households
- Growing importance of seniors and immigrants
- Store site network and selections must reflect the changes

MEGATRENDS IN CONSUMPTION

- Growing importance of convenience and eating out
- Growing importance of personal wellbeing for certain consumers
- Addressing individual needs – better relevance through data

IMPORTANCE OF AI, DATA AND DIGITALISATION

- Cost of tailoring and personalisation decreasing with AI
- Digital-assisted sales growing
- Also new business centred around data

COMPETITION

- Continued high level of investments from all operators
- Competing with selections and prices in physical stores and online
- Tightening competition in non-food online sales



GROCERY TRADE STRATEGY SUMMARY 2024-2026

THE MOST ATTRACTIVE GROCERY STORES IN EUROPE –
THE MOST PERSONAL AND VALUED CUSTOMER EXPERIENCE

VISION

STRATEGIC TARGETS

MAINTAINING STRONG PROFITABILITY AND CASH FLOW, EBIT% CLEARLY ABOVE 6%

GAINING MARKET SHARE

DELIVERING CUSTOMER VALUE

CONTROLLED, LONG-TERM DEVELOPMENT OF STORE SITE NETWORK, INVESTMENTS ~ €200- 250 M/YEAR

FURTHER STRENGTHENING KESPRO'S MARKET-LEADING POSITION

COMPETITIVE ADVANTAGES

K-RETAILER ENTREPRENEURSHIP AND WINNING STORE-SPECIFIC BUSINESS IDEAS

MODERN AND COMPETITIVE STORE NETWORK, E-COMMERCE AND SERVICES TO SUPPORT GROWTH

THE MOST ATTRACTIVE CUSTOMER-DRIVEN GROCERY STORES ESPECIALLY IN FRESH PRODUCTS

ADVANCED TECHNOLOGY AND AI TO IMPROVE CUSTOMER EXPERIENCE AND EFFICIENCY

THE MOST SUSTAINABLE GROCERY TRADE COMPANY IN THE WORLD

BALANCED PORTFOLIO



GROCERY TRADE STRATEGY SUMMARY

Maintaining profitability: The target is to maintain good profitability with an operating margin clearly above 6%

Gaining market share

Developing store site network: Expanding the store network in growth centres and updating a large number of stores.

Improving price competitiveness: Improving price competitiveness with a systematic price program, financed by both Kesko and K-retailers.

Raising the level of store-specific business ideas: Focusing on fixing the basics, actively monitoring store performance.

Improving fresh departments: Restoring competitiveness in selected fresh departments.

Investing in an omnichannel and personalised customer experience: Utilising advanced technology, e.g. AI, to further develop processes and improve efficiency.

Inventing new business models for new sources of income: Investing in selected new businesses utilising K Group's ecosystem, e.g. media and data business.

Further strengthening Kespro's market-leading position



