Q2/2019

Kesko Corporation
Half year financial report

January-June 2019

24.7.2019

KESKO CORPORATION HALF YEAR FINANCIAL REPORT 24.7.2019 AT 9.00

Kesko's half year financial report for 1 Jan – 30 June 2019
All-time best Q2 result: strong growth strategy execution increased net sales and improved profit further

FINANCIAL PERFORMANCE IN BRIEF, CONTINUING OPERATIONS:

- Group net sales in January-June totalled €5,182.2 million (€5,085.9 million), an increase of 0.8% in comparable terms
- Comparable operating profit was €179.9 million (€177.0 million)
- Operating profit was €171.5 million (€166.1 million)
- Comparable return on capital employed was 9.5% (9.8% in 1-12/2018) (rolling 12 months)
- Comparable profit before tax was €133.8 million (€123.3 million)
- Comparable earnings per share were €1.06 (€0.94)
- 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.

KEY PERFORMANCE INDICATORS

	1-6/2019	1-6/2018	4-6/2019	4-6/2018
Continuing operations				
Net sales, € million	5,182.2	5,085.9	2,781.4	2,672.7
Operating profit, comparable, € million	179.9	177.0	122.5	113.2
Operating margin, comparable	3.5	3.5	4.4	4.2
Operating profit, € million	171.5	166.1	119.9	105.8
Profit before tax, comparable, € million	133.8	123.3	99.2	85.0
Profit before tax, € million	142.8	112.4	114.1	77.5
Cash flow from operating activities, € million	428.3	331.7	271.4	215.7
Capital expenditure, € million	470.7	128.7	373.4	74.2
Earnings per share, €, basic and diluted				
Continuing operations	1.14	0.82	0.86	0.51
Discontinued operations	0.11	-0.52	0.11	-0.28
Group, total	1.25	0.30	0.97	0.23
Earnings per share, comparable, €, basic				
Continuing operations	1.06	0.94	0.73	0.60

	1-6/2019	1-12/2018
Continuing operations		
Return on capital employed, comparable, %, rolling 12 months	9.5	9.8
Group		
Return on equity, comparable, %, rolling 12 months	14.4	12.5

	30.6.2019	30.6.2018
Group		
Equity ratio, %	27.9	29.3
Equity per share, €	18.44	18.14

ADOPTION OF IFRS 16 LEASES

At the start of the financial year, the Group adopted the new standard IFRS 16 Leases, which took effect on 1 January 2019. The Group adopted the standard using a retrospective method, and reporting for the 2018 comparison period has been restated to be comparable. The change increases the comparable operating profit and capital employed for the first year-half, and weakens the return on capital employed. At Group level, the change increases the Group's net finance costs and interest-bearing liabilities. The change has a significant impact on the presentation of the Group's cash flows, as cash flow-based lease expenditure is partly presented under cash flow from operating activities and partly under cash flow from financing activities. The change does not have an impact on the Group's cash flows overall.

	1-6/2019, reported	Impact of IFRS 16	1-6/2019 excluding the impact of IFRS 16	1-6/2018, reported comparison period	Impact of IFRS 16	1-6/2018 excluding the impact of IFRS 16
Continuing operations						
EBITDA, comparable, € million	415.6	+206.5	209.1	392.7	+198.2	194.5
Operating profit, comparable, € million	179.9	+45.3	134.6	177.0	+47.9	129.1
Profit before tax, comparable, € million	133.8	-3.5	137.3	123.3	-2.6	125.9
Cash flow from operating activities, € million	428.3	+159.7	268.6	331.7	+152.5	179.1

	4-6/2019, reported	Impact of IFRS 16	4-6/2019 excluding the impact of IFRS 16	4-6/2018, reported comparison period	Impact of IFRS 16	4-6/2018 excluding the impact of IFRS 16
Continuing operations						
EBITDA, comparable, € million	242.2	+104.2	138.0	221.9	+99.3	122.6
Operating profit, comparable, € million	122.5	+22.7	99.7	113.2	+24.2	89.0
Profit before tax, comparable, € million	99.2	-1.5	100.7	85.0	-1.0	86.0
Cash flow from operating activities, € million	271.4	+80.7	190.7	215.7	+75.9	139.8

Kesko Corporation has provided information on the implementation of IFRS 16 Leases in a 19 December 2018 release containing comparison figures for January-September 2018, in the 2018 financial statements release published on 6 February 2019, in the 2018 financial statements published on 8 March 2019, and in a 25 March 2019 release which comprised comparison figures for the full financial year 2018. Detailed information regarding the impacts of IFRS 16 Leases is provided in the Tables section of this release: information on impacts on the consolidated financial statements on page 37, and on operating profit and EBITDA by segment on page 31 and onwards.

PRESIDENT AND CEO MIKKO HELANDER:

Kesko's strong growth strategy execution increased our net sales and further improved our profit. The comparable operating profit amounted to €122.5 million, and comparable profit before tax totalled €99 million, representing an increase of €14 million. The Group's cash flow also strengthened further.

Growth in grocery trade division continued to outpace the market in all our chains. Profitability was boosted by growth in sales and continued improvements in cost-efficiency. Customer numbers rose in all K-store chains thanks to successful store redesigns. Online sales of groceries also continued to grow, at a pace of 119%. During the reporting period, we agreed to acquire Heinon Tukku. Once completed, the acquisition will be an excellent addition to complement Kespro's current service offering and will significantly improve our customer service in the greater Helsinki area.

In the building and technical trade division, sales grew and profit improved. The growth was the strongest in the Baltic countries, Sweden and Norway. Growth also continued in Finland. The division's sales growth was reduced by the timing of Easter, which fell on April, and the fact that the period had fewer selling days than the comparison period last year. The division's comparable operating profit totalled €48 million, representing an increase of €8 million. The strengthening of our operations in Sweden is proceeding according to plans. During the period, we completed the acquisition of the Fresks building and home improvement trade chain and the divestment of Onninen AB's loss-making HEPAC contractor business in Sweden.

The market remained challenging for the car trade division. The implementation of WLTP emissions testing, uncertainties regarding car taxation as well as public discussion on motive power choices have slowed down new car sales. We expect the market to improve in the latter half of the year. We have completed the acquisitions related to the strategic expansion and increased efficiency of our sales and service network, and the integration of these acquisitions is proceeding according to plans.

Our results show that the strategy we first established in 2015 is working. We will continue the determined execution of that strategy, and we expect our net sales to grow and profitability to improve further. In addition to profitable growth, we are strengthening our corporate responsibility efforts in all areas, and actively work together with others in mitigating climate change.

This summer, more than 1,800 Kesko employees in the greater Helsinki area moved into K-Kampus, our new main office building. Working under one roof will enable increased collaboration across organisational boundaries, in the spirit of "one unified K".

FINANCIAL PERFORMANCE OF CONTINUING OPERATIONS

NET SALES AND PROFIT FOR JANUARY-JUNE 2019

The net sales for the Group's continuing operations in January-June 2019 totalled €5,182.2 million, which is 1.9% up on the corresponding period of the previous year (€5,085.9 million). In comparable terms, net sales increased by 0.8% in local currencies, excluding the impact of acquisitions and divestments. Group net sales were impacted by the decrease in the net sales for the car trade. The Group's net sales decreased by 0.3% in Finland, but grew by 0.2% in comparable terms. In other countries, net sales increased by 10.7%, or by 3.1% in comparable terms. International operations accounted for 21.4% (19.7%) of the Group's net sales.

Net sales for the grocery trade grew by 2.6%, or by 3.8% in comparable terms. The comparable change has been calculated by including in the net sales those stores acquired from Suomen Lähikauppa which have been in the store network during both this reporting period as well as the comparison period, by including in the net sales the comparable month of Reinin Liha, acquired in 2018, and by deducting the impact of Kalatukku E. Eriksson, acquired in 2018.

In the building and technical trade, net sales grew by 6.1%. In comparable terms, net sales increased by 2.2%. The net sales for the building and technical trade excluding the speciality goods trade increased by 7.6%, or by 2.8% in comparable terms. Net sales grew in Finland, the Baltics, Belarus and Poland. In Norway and Sweden, net sales increased due to the acquisitions completed. The comparable change % has been calculated in local currencies and by excluding the impact of the acquisitions of Skattum Handel AS, Gipling AS and 1A Group in 2018, the DIY business of Sørbø on 31 January 2019 and Fresks Group on 17 May 2019, as well as the impact of the divestment of Onninen AB's HEPAC contractor business on 15 May 2019. Net sales for the speciality goods trade decreased by 8.7%.

In the car trade, net sales decreased by 17.9%, or by 19.3% in comparable terms. Demand in the consumer market in the car trade was weakened by uncertainties related to car taxation and public discussion on motive power choices as well as changes related to WLTP emissions testing. The comparable change % has been calculated by excluding the impact of the acquisitions of car trade businesses from Huittisten Laatuauto and LänsiAuto on 1 March 2019.

Reinin Liha became part of Kesko Group's foodservice wholesale company Kespro following an acquisition completed on 1 June 2018, and Kalatukku E. Eriksson on 2 July 2018. Kesko Corporation's subsidiary Byggmakker Handel AS assumed ownership of the Norwegian building and home improvement trade companies Skattum Handel AS and Gipling AS, which previously operated Byggmakker stores under the retailer business model, on 2 July 2018 and 23 July 2018, respectively. Kesko Senukai assumed ownership of 1A Group, an online retail company operating in the Baltic States, on 1 October 2018. On 31 January 2019, Kesko Corporation subsidiaries Skattum Handel AS and Rake Eiendom AS assumed ownership of the DIY retail business and related properties of the Sørbø retailer group in Norway, which had been operating Byggmakker stores under the retailer business model. K-Caara assumed ownership of the car trade businesses acquired from Huittisten Laatuauto and LänsiAuto on 1 March 2019. Kesko Corporation's subsidiary K-rauta AB assumed ownership of the Swedish building and home improvement group Fresks on 17 May 2019. The acquisition will strengthen Kesko's market position in Sweden, especially in the professional builders customer segment. The divestment of Onninen AB's HEPAC contractor business was completed on 15 May 2019.

1-6/2019	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	2,672.5	+2.6	+3.8	135.8	+11.1
Building and technical trade, excl. speciality goods trade	1,933.9	+7.6	+2.8	49.4	+6.9
Speciality goods trade	165.6	-8.7	-8.7	2.2	-0.6
Building and technical trade, total	2,099.4	+6.1	+2.2	51.6	+6.4
Car trade	412.4	-17.9	-19.3	12.7	-7.3
Common functions and eliminations	-2.2	(..)	(..)	-20.2	-7.3
Total	**5,182.2**	**+1.9**	**+0.8**	**179.9**	**+2.9**

(..) Change over 100%

The Group's comparable operating profit for continuing operations in January-June totalled €179.9 million (€177.0 million). Profitability improved in the grocery trade due to good sales development and improved operational efficiency. The comparable operating profit for the building and technical trade grew in Finland, the Baltics, Norway and Belarus. The acquisitions carried out in Norway and Sweden have increased seasonal profit fluctuations. The acquisitions carried out in 2018 and the first half of 2019 had a €+2.0 million impact on the comparable operating profit. The comparable operating profit for the car trade was down by €7.3 million due to a decline in net sales.

Operating profit totalled €171.5 million (€166.1 million). Items affecting comparability totalled €-8.4 million (€-10.9 million). The most significant items affecting comparability were the €8.2 million costs related to the divestment of Onninen's HEPAC contractor business in the building and technical trade in Sweden, the €2.6 million costs related to acquisitions, and the net €4.9 million items related to the subsidiary consolidation of Kruunuvuoren Satama Oy. The most significant items affecting comparability the year before were the €5.2 million costs related to conversions of Suomen Lähikauppa's chains and changes in the store network, and the €4.0 million costs related to structural changes in the Swedish operations of the building and technical trade division.

Items affecting comparability, € million	**1-6/2019**	**1-6/2018**
Operating profit, comparable	**179.9**	**177.0**
Items affecting comparability		
+gains on disposal	+1.0	+6.7
-losses on disposal	-0.0	-
-impairment charges	-	-3.4
+/-structural arrangements	-9.4	-14.2
Items affecting comparability, total	-8.4	-10.9
Operating profit	**171.5**	**166.1**

The comparable profit before tax for the Group's continuing operations in January-June was €133.8 million (€123.3 million). The profit before tax for the Group's continuing operations in January-June was €142.8 million (€112.4 million). The earnings per share for the Group's continuing operations were €1.14 (€0.82), and the comparable earnings per share €1.06 (€0.94). The Group's equity per share was €18.44 (€18.14).

In January-June, K Group's (Kesko and the chain stores) retail and B2B sales (VAT 0%) amounted to €6,435.3 million, up by 1.3% compared to the previous year (pro forma). The K-Plussa customer loyalty programme added 33,453 new households in January-June 2019. At the end of June, there were 2.4 million K-Plussa households and 3.5 million K-Plussa cardholders.

NET SALES AND PROFIT FOR APRIL-JUNE 2019

The net sales for the Group's continuing operations in April-June 2019 totalled €2,781.4 million, which is 4.1% up on the corresponding period of the previous year (€2,672.7 million). In comparable terms, net sales increased by 2.1% in local currencies, excluding the impact of acquisitions and divestments. The Group's net sales increased by 2.3% in Finland, or by 2.3% in comparable terms. In other countries, net sales increased by 10.6%, or by 1.4% in comparable terms. International operations accounted for 22.6% (21.3%) of the Group's net sales.

Net sales in the grocery trade grew by 6.1%, thanks to positive development in customer numbers and the timing of Easter, which fell on the second quarter. In comparable terms, net sales increased by 7.0%. The comparable change has been calculated by including in the net sales those stores acquired from Suomen Lähikauppa which have been in the store network during both this reporting period as well as the comparison period, by including in the net sales the comparable month of Reinin Liha, acquired in 2018, and by deducting the impact of Kalatukku E. Eriksson, acquired in 2018.

In the building and technical trade, net sales grew by 5.5%. In comparable terms, net sales increased by 0.5%. The net sales for the building and technical trade excluding the speciality goods trade increased by 7.1%, or by 0.8% in comparable terms. Net sales grew in Finland, the Baltics and Belarus. In Norway and Sweden, net sales increased due to the acquisitions completed. The comparable change % has been calculated in local currencies and by excluding the impact of the acquisitions of Skattum Handel AS, Gipling AS and 1A Group in 2018, the DIY business of Sørbø on 31 January 2019 and Fresks Group on 17 May 2019, as well as the impact of the divestment of Onninen AB's HEPAC contractor business on 15 May 2019. Net sales for the speciality goods trade decreased by 10.2%.

In the car trade, net sales decreased by 13.0%, or by 16.5% in comparable terms. Demand in the consumer market in the car trade was weakened by uncertainties related to car taxation and public discussion on motive power choices as well as changes related to WLTP emissions testing. The comparable change % has been calculated by excluding the impact of the acquisitions of car trade businesses from Huittisten Laatuauto and LänsiAuto on 1 March 2019.

Reinin Liha became part of Kesko Group's foodservice wholesale company Kespro following an acquisition completed on 1 June 2018, and Kalatukku E. Eriksson on 2 July 2018. Kesko Corporation's subsidiary Byggmakker Handel AS assumed ownership of the Norwegian building and home improvement trade companies Skattum Handel AS and Gipling AS, which previously operated Byggmakker stores under the retailer business model, on 2 July 2018 and 23 July 2018, respectively. Kesko Senukai assumed ownership of 1A Group, an online retail company operating in the Baltic States, on 1 October 2018. On 31 January 2019, Kesko Corporation subsidiaries Skattum Handel AS and Rake Eiendom AS assumed ownership of the DIY retail business and related properties of the Sørbø retailer group in Norway, which had been operating Byggmakker stores under the retailer business model. K-Caara assumed ownership of the car trade businesses acquired from Huittisten Laatuauto and LänsiAuto on 1 March 2019. Kesko Corporation's subsidiary K-rauta AB assumed ownership of the Swedish building and home improvement group Fresks on 17 May 2019. The divestment of Onninen AB's HEPAC contractor business was completed on 15 May 2019.

4-6/2019	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,408.6	+6.1	+7.0	79.0	+9.5
Building and technical trade, excl. speciality goods trade	1,066.4	+7.1	+0.8	45.5	+8.0
Speciality goods trade	95.5	-10.2	-10.2	2.9	-0.2
Building and technical trade, total	1, 161.8	+5.5	+0.5	48.4	+7.8
Car trade	211.9	-13.0	-16.5	5.0	-3.9
Common functions and eliminations	-1.0	(..)	(..)	-10.0	-4.3
Total	**2,781.4**	**+4.1**	**+2.1**	**122.5**	**+9.2**

(..) Change over 100%

The Group's comparable operating profit for continuing operations for April-June was €122.5 million (€113.2 million). Profitability improved in the grocery trade due to good sales development and improved operational efficiency. The comparable operating profit for the building and technical trade grew especially in Finland and Norway. The acquisitions carried out in Norway and Sweden have increased seasonal profit fluctuations. The acquisitions carried out in 2018 and H1/2019 had a €+5.6 million impact on the comparable operating profit. The comparable operating profit for the car trade was down by €3.9 million due to a decline in net sales.

Operating profit totalled €119.9 million (€105.8 million). Items affecting comparability totalled €-2.6 million (€-7.5 million). The most significant items affecting comparability were the €2.7 million costs related to the divestment of Onninen's HEPAC contractor business in the building and technical trade in Sweden, the €2.5 million costs related to acquisitions, and the net €4.9 million items related to the subsidiary consolidation of Kruunuvuoren Satama Oy. The most significant items affecting comparability the year before were the €4.1 million costs related to the conversion of the Suomen Lähikauppa chains and changes in the store site network.

Items affecting comparability, € million	4-6/2019	4-6/2018
Operating profit, comparable	**122.5**	**113.2**
Items affecting comparability		
+gains on disposal	+1.0	+4.3
-impairment charges	-	-3.4
+/-structural arrangements	-3.5	-8.4
Items affecting comparability, total	-2.6	-7.5
Operating profit	**119.9**	**105.8**

The comparable profit before tax for the Group's continuing operations in April-June was €99.2 million (€85.0 million). The profit before tax for the Group's continuing operations in April-June was €114.1 million (€77.5 million). The earnings per share for the Group's continuing operations were €0.86 (€0.51), and the comparable earnings per share €0.73 (€0.60). The Group's equity per share was €18.44 (€18.14).

In April-June, K Group's (Kesko and the chain stores) retail and B2B sales (VAT 0%) amounted to €3,475.2 million, up by 1.9% compared to the previous year (pro forma).

FINANCE

In January-June, the Group's cash flow from operating activities for continuing operations was €428.3 million (€331.7 million). The cash flow from operating activities excluding the impact of IFRS 16 was €268.6 million (€179.1 million). Cash flow was strengthened by improved capital efficiency, the €48.3 million (€57.8 million) return of surplus assets paid by Kesko Pension Fund in March 2019, and the dividend payment and repayment of equity by Kruunuvuoren Satama Oy in May 2019 totalling €44.1 million. The cash flow from operating activities for discontinued operations was €4.3 million (€-3.4 million). The Group's cash flow from operating activities was €432.6 million (€328.3 million).

The Group's cash flow from investing activities totalled €-429.8 million (€67.2 million). Kruunuvuoren Satama Oy's ownership arrangement had a €-84.6 million impact on cash flow from investing activities. Cash flow from investing activities for the comparison year includes the €166.6 million transaction price obtained from the divestment of properties in Russia.

The Group had liquid assets of €200.6 million at the end of the reporting period (€446.1 million). Interest-bearing liabilities at the end of June totalled €2,991.8 million (€2,791.0 million), and interest-bearing net debt €2,791.2 million (€2,344.9 million), of which lease liabilities accounted for €2,351.6 million (€2,199.1 million). Interest-bearing net debt excluding lease liabilities totalled €439.6 million (€145.7 million). The equity ratio at the end of the period was 27.9% (29.3%).

The net finance costs for the Group's continuing operations in January-June totalled €46.8 million (€51.4 million), including interests for lease liabilities of €48.8 million (€50.6 million). The share of result of associates and joint ventures was €18.1 million (€-2.3 million). Kruunuvuoren Satama Oy had a €17.8 million impact on the share of result of associates and joint ventures and a €+0.3 million impact on the comparable share of result in January-June, taking into account the gains on disposal and impairment charges related to Kruunuvuoren Satama Oy's ownership arrangement, net €+17.4 million. Kruunuvuoren Satama Oy was consolidated in Kesko Group as an associate until 14 June 2019, after which it has been consolidated as a subsidiary in the consolidated financial statements. Kesko and Oriola's joint venture, the Hehku wellbeing chain, had an impact of €-2.7 million on the share of result of the previous year.

In April-June, the Group's cash flow from operating activities for continuing operations was €271.4 million (€215.7 million). The cash flow from operating activities excluding the impact of IFRS 16 was €190.7 million (€139.8 million). Cash flow was strengthened by improved capital efficiency and the dividend payment and repayment of equity by Kruunuvuoren Satama Oy in May 2019 totalling €44.1 million. The cash flow from operating activities in discontinued operations was €-0.5 million (€-36.9 million). The Group's cash flow from operating activities was €270.9 million (€178.8 million).

The Group's cash flow from investing activities in April-June totalled €-347.1 million (€-58.2 million). Kruunuvuoren Satama Oy's ownership arrangement had a €-84.6 million impact on cash flow from investing activities.

The net finance costs for the Group's continuing operations in April-June totalled €23.1 million (€26.1 million), including interests for lease liabilities of €24.2 million (€25.2 million). The share of result of associates and joint ventures amounted to €17.3 million (€-2.2 million); excluding the items affecting comparability related to Kruunuvuoren Satama Oy, the figure was €-0.1 million (€-2.2 million).

TAXES

The taxes for the Group's continuing operations were €29.4 million (€23.1 million) in January-June and the effective tax rate was 20.6% (20.6%). In April-June, the taxes for the Group's continuing operations were €23.3 million (€16.1 million) and the effective tax rate was 20.5% (20.8%).

CAPITAL EXPENDITURE

The capital expenditure for the Group's continuing operations in January-June totalled €470.7 million (€128.7 million), or 9.1% (2.5%) of net sales. Capital expenditure in store sites was €154.8 million (€60.8 million), in acquisitions €245.3 million (4.0 million), and in IT €16.5 million (€21.6 million) and other capital expenditure totalled €54.1 million (€42.3 million).

The capital expenditure for the Group's continuing operations in April-June totalled €373.4 million (€74.2 million), or 13.4% (2.8%) of net sales. Capital expenditure in store sites was €122.6 million (€33.4 million), in acquisitions €207.5 million (€4.0 million), and in IT €9.9 million (€9.0 million) and other capital expenditure totalled €33.4 million (€27.8 million). Kruunuvuoren Satama Oy's ownership arrangement had a €85.6 million impact on capital expenditure in store sites.

PERSONNEL

In January-June, the average number of personnel in the Group's continuing operations was 20,350 (19,207) converted into full-time employees. The growth in personnel numbers is attributable to the acquisitions carried out in Finland, Sweden and Norway.

At the end of June 2019, the number of personnel was 25,089 (23,046) of whom 12,759 (12,283) worked in Finland and 12,330 (10,763) outside Finland.

DISCONTINUED OPERATIONS

The Russian building and home improvement trade operations discontinued in 2018 are reported as discontinued operations in the consolidated financial statements, and are not included in the figures for the Group's continuing operations or the figures for the building and technical trade for the financial year or the comparison period in this report.

SEGMENTS

SEASONAL NATURE OF OPERATIONS

The Group's operating activities are affected by seasonal fluctuations. The net sales and the operating profits of the reportable segments are not earned evenly throughout the year. Instead, they vary by quarter depending on the characteristics of each segment. In terms of the level of operating profit, the second and third quarter are the strongest, whereas the impact of the first quarter on the full year profit is the smallest. The acquisitions of Suomen Lähikauppa, Onninen and the Norwegian Skattum Handel AS, Gipling AS and the DIY retail business of Sørbø and the Swedish Fresks Group have increased seasonal fluctuations between quarters. The operating profit levels of these companies are at their lowest in the first quarter.

GROCERY TRADE

	1-6/2019	1-6/2018	4-6/2019	4-6/2018
Net sales, € million	2,672.5	2,603.6	1,408.6	1,327.3
Operating profit, comparable, € million	135.8	124.7	79.0	69.5
Operating margin, comparable	5.1	4.8	5.6	5.2
Return on capital employed, comparable, %, rolling 12 months	13.7	13.1*	13.7	13.1*
Capital expenditure, € million	118.6	60.1	90.0	31.4
Personnel, average	6,047	6,089	6,256	6,187

* The return on capital employed, comparable, %, rolling 12 months for the comparison year has been calculated for 1-12/2018.

Net sales, € million	1-6/2019	1-6/2018	Change, %	4-6/2019	4-6/2018	Change, %
Sales to K-food stores						
K-Citymarket, food	556.9	534.8	+4.1	291.7	264.0	+10.5
K-Supermarket	692.8	670.5	+3.3	365.3	342.7	+6.6
K-Market*	650.8	651.4	-0.1	351.9	336.2	+4.7
K-Citymarket, non-food	265.4	260.0	+2.1	137.6	133.2	+3.3
Kespro	453.6	416.9	+8.8	237.9	214.2	+11.1
Others	53.0	70.0	-24.3	24.3	37.0	-34.3
Total	2,672.5	2,603.6	+2.6	1,408.6	**1,327.3**	**+6.1**

* The comparable change in net sales attributable to K-Market was +5.9% for January-June and +9.1% for April-June.

January-June 2019

Net sales for the grocery trade in January-June amounted to €2,672.5 million (€2,603.6 million), an increase of 2.6%. Net sales development in the K-Market chain was affected by changes in Suomen Lähikauppa's store site network and the transfer of stores to retailers in the first half of 2018. Net sales grew in comparable terms by 3.8%. The comparable change has been calculated by including in the net sales those stores acquired from Suomen Lähikauppa which have been in the store network during both this reporting period as well as the comparison period, by including in the net sales the comparable month of Reinin Liha, acquired in 2018, and by deducting the impact of Kalatukku E. Eriksson, acquired in 2018.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 2.4% in January-June (Kesko's own estimate) and retail prices are estimated to have risen by some 1.7% (incl. VAT, Kesko's own estimate based on the price development estimate of the Finnish Grocery Trade Association). K Group's grocery sales grew by 4.1% (incl. VAT), thus exceeding the market growth. K Group’s sales grew in all food store chains.

The comparable operating profit for the grocery trade in January-June was €135.8 million (€124.7 million), up by €11.1 million. Profitability in the grocery trade improved due to good sales development and improved operational efficiency.

Operating profit for the grocery trade totalled €142.4 million (€119.0 million). Items affecting comparability totalled €6.6 million (€-5.7 million). Profits affecting comparability of €6.2 million are related to the consolidation of Kruunuvuoren Satama Oy. Items affecting comparability in the comparison period last year, €-5.2 million, were mainly related to the restructuring of Suomen Lähikauppa.

Capital expenditure for the grocery trade in January-June totalled €118.6 million (€60.1 million), of which €112.6 million (€47.9 million) was in store sites. Kruunuvuoren Satama Oy’s share of capital expenditure in store sites was €63.1 million.

April-June 2019

Net sales for the grocery trade in April-June amounted to €1,408.6 million (€1,327.3 million), an increase of 6.1%. Net sales growth was impacted by the positive development in customer numbers and the timing of Easter, which fell on the second quarter. Net sales development in the K-Market chain was affected by changes in Suomen Lähikauppa’s store site network and the transfer of stores to retailers in the first half of 2018. Net sales grew in comparable terms by 7.0%. The comparable change has been calculated by including in the net sales those stores acquired from Suomen Lähikauppa which have been in the store network during both this reporting period as well as the comparison period, by including in the net sales the comparable month of Reinin Liha, acquired in 2018, and by deducting the impact of Kalatukku E. Eriksson, acquired in 2018.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 4.2% in April-June (Kesko’s own estimate) and retail prices are estimated to have risen by some 1.5% (incl. VAT, Kesko’s own estimate based on the price development estimate of the Finnish Grocery Trade Association). K Group's grocery sales grew by 6.6% (incl. VAT), thus clearly exceeding the market growth. K Group’s sales grew in all food store chains.

The comparable operating profit for the grocery trade in April-June was €79.0 million (€69.5 million), up by €9.5 million. Profitability in the grocery trade improved due to good sales development and improved operational efficiency.

Operating profit for the grocery trade was €85.6 million (€65.0 million). Items affecting comparability totalled €6.6 million (€-4.5 million). Profits affecting comparability of €6.2 million are related to the consolidation of Kruunuvuoren Satama Oy. Items affecting comparability in the comparison period, €-4.1 million, were mainly related to the restructuring of Suomen Lähikauppa.

Capital expenditure for the grocery trade in April-June was €90.0 million (€31.4 million), of which €86.6 million (€23.0 million) was in store sites. Kruunuvuoren Satama Oy’s share of capital expenditure in store sites was €63.1 million.

One new K-Supermarket and three new K-Markets (one replacement new building) opened in April-June. Remodelling and extensions were made in a total of 36 stores.

The most significant store sites under construction are a K-Citymarket in Seinäjoki (a replacement new building) and a K-Supermarket in Pasila, Helsinki. K-Citymarket Oulu Rusko is being expanded.

Store numbers at 30.6.	2019	2018
K-Citymarket	81	81
K-Supermarket	244	241
K-Market	780	784
Neste K	72	72
Others	78	83
Total	1,256	1,261

In addition, several K-food stores offer e-commerce services to their customers.

BUILDING AND TECHNICAL TRADE

	1-6/2019	1-6/2018	4-6/2019	4-6/2018
Net sales, € million	2,099.4	1,979.0	1,161.8	1,101.7
Building and technical trade, excl. speciality goods trade	1,933.9	1,797.6	1,066.4	995.3
Speciality goods trade	165.6	181.4	95.5	106.3
Operating profit, comparable, € million	51.6	45.3	48.4	40.6
Building and technical trade, excl. speciality goods trade	49.4	42.5	45.5	37.5
Speciality goods trade	2.2	2.8	2.9	3.1
Operating margin, comparable	2.5	2.3	4.2	3.7
Building and technical trade, excl. speciality goods trade	2.6	2.4	4.3	3.8
Speciality goods trade	1.3	1.5	3.0	2.9
Return on capital employed, comparable, %, rolling 12 months	7.5	7.9*	7.5	7.9*
Capital expenditure, € million	281.8	22.9	246.3	16.7
Personnel, average	12,335	11,322	12,538	11,603

* The return on capital employed, comparable, %, rolling 12 months for the comparison year has been calculated for 1-12/2018.

Net sales, € million	1-6/2019	1-6/2018	Change, %	4-6/2019	4-6/2018	Change, %
Building and home improvement trade, Finland	473.4	462.6	+2.4	256.2	252.9	+1.3
K-Rauta, Sweden	86.7	88.6	-2.1	53.4	53.8	-0.9
K-Bygg, Sweden	28.8	-	-	28.8	-	-
Byggmakker, Norway	192.4	167.8	+14.7	105.6	93.1	+13.4
Kesko Senukai, Baltics	334.9	266.6	+25.6	190.3	155.4	+22.4
OMA, Belarus	65.9	58.7	+12.2	39.2	35.3	+11.0
Onninen, Finland	437.3	423.6	+3.2	236.2	234.3	+0.8
Onninen, Sweden	70.1	78.3	-10.5	34.6	40.7	-14.9
Onninen, Norway	121.3	125.6	-3.4	58.3	62.4	-6.5
Onninen, Baltics	38.4	35.6	+8.0	20.4	19.2	+6.4
Onninen, Poland	109.8	108.3	+1.4	56.4	57.5	-2.0
Building and technical trade, excl. speciality goods trade, total	**1,933.9**	**1,797.6**	**+7.6**	**1,066.4**	**995.3**	**+7.1**
Leisure trade, Finland	91.5	92.4	-1.0	42.3	42.6	-0.7
Machinery trade	74.0	89.0	-16.8	53.2	63.7	-16.5
Speciality goods trade, total	**165.6**	**181.4**	**-8.7**	**95.5**	**106.3**	**-10.2**
Total	**2,099.4**	**1,979.0**	**+6.1**	**1,161.8**	**1,101.7**	**+5.5**

January-June 2019

Net sales for the building and technical trade in January-June totalled €2,099.4 million (€1,979.0 million), up by 6.1%. In comparable terms, net sales increased by 2.2%. Net sales grew in Finland, the Baltics, Belarus and Poland. In Norway and Sweden, net sales increased due to the acquisitions completed. The comparable change % has been calculated in local currencies and excluding the impact of the acquisitions of Skattum Handel AS, Gipling AS and 1A Group in 2018, the DIY business of Sørbø on 31 January 2019, and Fresks Group on 17 May 2019, as well as the divestment of Onninen AB's HEPAC contractor business on 15 May 2019. On 31 January 2019, Kesko Corporation subsidiaries Skattum Handel AS and Rake Eiendom AS assumed ownership of the DIY retail business and related properties of the Sørbø retailer group in Norway, which had been operating Byggmakker stores under the retailer business model. Kesko Corporation's subsidiary K-rauta AB assumed ownership of Fresks Group on 17 May 2019. A new K-Bygg brand, aimed at professional builders, was launched in Sweden, and also Fresks Group will serve customers under the new brand.

In Finland, net sales for the building and technical trade in January-June totalled €992.8 million (€979.3 million), up by 1.4%. In comparable terms, net sales increased by 1.2% in Finland. Net sales from foreign operations totalled €1,106.7 million in January-June (€999.7 million), up by 10.7%. In comparable terms, net sales from foreign operations grew by 3.1%. Foreign operations accounted for 52.7% (50.5%) of the net sales for the building and technical trade.

Net sales for the building and technical trade excluding the speciality goods trade operations totalled €1,933.9 million (€1,797.6 million) in January-June, an increase of 7.6%. In comparable terms, net sales increased by 2.8%.

Net sales for the building and home improvement trade in January-June amounted to €1,179.2 million (€1,041.8 million), an increase of 13.2%. In comparable terms, net sales increased by 4.4%. Net sales in Finland grew by 2.4% and in the Baltics by 25.6%. Net sales increased in local currencies in Belarus by 11.7%, in Norway by 16.3% and in Sweden by 35.2%. In comparable terms, net sales increased by 1.4% in Sweden.

Onninen’s net sales in January-June totalled €775.2 million (€769.9 million), up by 0.7%. In comparable terms, net sales increased by 2.6%. Net sales in Finland grew by 3.2% and in the Baltics by 8.0%. In Poland, net sales grew in local currency by 3.1%. Net sales decreased in local currency in Norway by 2.0% and in Sweden by 7.3%. Net sales in Sweden grew by 4.0% in comparable terms, taking into account the divestment of the HEPAC contractor business during the reporting period.

K Group's building and technical trade sales in Finland grew by 1.2% and the total market (VAT 0%) is estimated to have grown by about 2.0% (Kesko's own estimate).

Net sales for the speciality goods trade in January-June totalled €165.6 million (€181.4 million), down by 8.7%. Net sales for the leisure trade totalled €91.5 million (€92.4 million), down by 1.0%. Net sales for the machinery trade in January-June amounted to €74.0 million (€89.0 million), a decrease of 16.8% from the previous year. Net sales for the machinery trade in Finland totalled €10.1 million (€14.8 million), down by 31.7%. Net sales from foreign operations totalled €63.9 million (€74.2 million), down by 13.8%.

The comparable operating profit for the building and technical trade for January-June was €51.6 million (€45.3 million), up by €6.4 million when compared to the previous year. The comparable operating profit for the building and technical trade excluding the speciality goods trade operations totalled €49.4 million (€42.5 million), up by €6.9 million. The comparable operating profit for the building and home improvement trade in January-June totalled €33.2 million (€27.1 million), up by €6.1 million. Comparable operating profit grew in the building and home improvement trade in Finland, the Baltics, Norway and Belarus. The acquisitions carried out in Norway and Sweden have increased seasonal profit fluctuations. The acquisitions carried out in 2018 and the first half of 2019 had a €+2.0 million impact on the comparable operating profit. Onninen’s comparable operating profit in January-June totalled €16.1 million (€15.3 million). Onninen’s comparable operating profit grew in Finland and Poland. In Sweden, Onninen’s comparable operating profit decreased due to the announced divestment of the contractor business. The comparable operating profit for the speciality goods trade was €2.2 million (€2.8 million), down by €0.6 million.

Operating profit for the building and technical trade totalled €41.5 million (€40.9 million). Items affecting comparability totalled €-10.1 million (€-4.4 million). The most significant items affecting comparability were the €8.2 million costs related to the divestment of Onninen’s HEPAC contractor business in Sweden. The most significant items affecting comparability the year before were the €4.0 million costs related to the restructuring of Onninen’s operations in Sweden and the €2.0 million gains on the disposal of real estate.

In January-June, capital expenditure for the building and technical trade totalled €281.8 million (€22.9 million), of which €38.6 million (€12.8 million) was in store sites and €233.9 in acquisitions. Kruunuvuoren Satama Oy’s share of capital expenditure in store sites was €22.5 million. During the first half of the year, the acquisitions of Sørbø’s DIY retail business in Norway and Fresks Group in Sweden were completed.

April-June 2019

Net sales for the building and technical trade in April-June totalled €1,161.8 million (€1,101.7 million), up by 5.5%. In comparable terms, net sales increased by 0.5%. Net sales growth was decelerated by the timing of Easter, which fell on April this year, and the fact that the period had fewer selling days than the comparison period. Net sales grew in Finland, the Baltics and Belarus. In Norway and Sweden, net sales increased due to the acquisitions completed. The comparable change % has been calculated in local currencies and by excluding the impact of the acquisitions of Skattum Handel AS, Gipling AS and 1A Group in 2018, the DIY business of Sørbø on 31 January 2019 and Fresks Group on 17 May 2019, as well as the impact of the divestment of Onninen AB's HEPAC contractor business on 15 May 2019. On 31 January 2019, Kesko Corporation subsidiaries Skattum Handel AS and Rake Eiendom AS assumed ownership of the DIY retail business and related properties of the Sørbø retailer group in Norway, which had been operating Byggmakker stores under the retailer business model. Kesko Corporation's subsidiary K-rauta AB assumed ownership of Fresks Group on 17 May 2019.

In Finland, net sales for the building and technical trade in April-June totalled €532.1 million (€532.5 million), down by 0.1%. In comparable terms, net sales decreased by 0.4% in Finland. The net sales from foreign operations in April-June totalled €629.7 million (€569.2 million), up by 10.6%. In comparable terms, net sales from foreign operations grew by 1.4%. Foreign operations contributed 54.2% (51.7%) of the net sales for the building and technical trade.

Net sales for the building and technical trade excluding the speciality goods trade operations totalled €1,066.4 million (€995.3 million) in April-June, an increase of 7.1%. In comparable terms, net sales increased by 0.8%.

Net sales for the building and home improvement trade in April-June amounted to €671.9 million (€589.3 million), an increase of 14%. In comparable terms, net sales increased by 3.0%. Net sales in Finland grew by 1.3% and in the Baltics by 22.4%. Net sales increased in local currencies in Belarus by 9.6%, in Norway by 15.3% and in Sweden by 56.9%. In comparable terms, net sales increased by 2.1% in Sweden.

Onninen's net sales in April-June totalled €405.0 million (€413.3 million), down by 2.0%. In comparable terms, net sales increased by 0.6%. Net sales in Finland grew by 0.8% and in the Baltics by 6.4%. Net sales decreased in local currency in Poland by 1.4%, in Norway by 4.9% and in Sweden by 12.4%. Net sales in Sweden grew by 10.8% in comparable terms, taking into account the divestment of the HEPAC contractor business during the reporting period.

K Group's building and technical trade sales in Finland decreased by 0.9% and the total market (VAT 0%) is estimated to have increased by some 0.6% (Kesko's own estimate).

Net sales for the speciality goods trade in April-June totalled €95.5 million (€106.3 million), down by 10.2%. Net sales for the leisure trade totalled €42.3 million (€42.6 million), down by 0.7%. Net sales for the machinery trade in April-June amounted to €53.2 million (€63.7 million), a decrease of 16.5% from the previous year. Net sales for the machinery trade in Finland totalled €7.9 million (€10.1 million), down by 22.0%. Net sales from foreign operations totalled €45.3 million (€53.6 million), down by 15.5%.

The comparable operating profit for the building and technical trade in April-June was €48.4 million (€40.6 million), up by €7.8 million compared to the previous year. The comparable operating profit for the building and technical trade excluding the speciality goods trade operations totalled €45.5 million (€37.5 million), up by €8.0 million. The comparable operating profit for the building and home improvement trade in April-June was €34.6 million (€27.6 million), up by €7.0 million. Comparable operating profit grew in the building and home improvement trade in Finland, Norway and Belarus. The acquisitions carried out in Norway and Sweden have increased seasonal profit fluctuations. The acquisitions carried out in 2018 and the first half of 2019 had a €+5.6 million impact on the comparable operating profit. Onninen's comparable operating profit in April-June totalled €11.0 million (€10.0 million). Onninen's comparable operating profit grew in Finland and Poland. In Sweden, Onninen's comparable operating profit decreased due to the announced divestment of the contractor business. The comparable operating profit for the speciality goods trade was €2.9 million (€3.1 million), down by €0.2 million.

Operating profit for the building and technical trade totalled €43.7 million (€38.2 million). Items affecting comparability totalled €-4.7 million (€-2.4 million). The most significant items affecting comparability were the €2.7 million costs related to the divestment of Onninen's HEPAC contractor business in Sweden.

In April-June, capital expenditure for the building and technical trade totalled €246.3 million (€16.7 million), of which €33.5 million (€10.5 million) was in store sites and €208.4 million in acquisitions. Kruunuvuoren Satama Oy's share of capital expenditure in store sites was €22.5 million. The acquisition of Fresks Group in Sweden was completed in the second quarter.

One Onninen Express store opened in Kouvola, Finland and one in Vilnius, Lithuania in April-June.

The most significant store sites under construction are one building and home improvement store in Sweden, one Byggmakker store in Norway, one K-Senukai store in Latvia, one K-Senukai store in Lithuania, and one building and home improvement store in Belarus. Onninen's most significant store sites under construction are two Onninen Express stores in Finland, two in Estonia and four in Poland.

Store numbers at 30.6.	**2019**	**2018**
Building and technical trade		
K-Rauta, Finland	133	137
K-Rauta, Sweden	18	17
K-Bygg, Sweden	33	-
Byggmakker, Norway	63	65
K-Rauta, Estonia	8	8
K-Senukai, Latvia	10	9
K-Senukai, Lithuania	23	23
OMA, Belarus	17	17
Onninen, Finland	56	56
Onninen, Sweden	-	13
Onninen, Norway	20	25
Onninen, Baltics	16	14
Onninen, Poland	36	35
Speciality goods trade		
Intersport, Finland	54	56
Budget Sport	10	11
The Athlete's Foot	7	7
Kookenkä	33	36
Total	537	529

In addition, building and technical trade stores offer e-commerce services to their customers.

Two Onninen stores in Finland operate in the same store premises with K-Rauta.

CAR TRADE

	1-6/2019	**1-6/2018**	**4-6/2019**	**4-6/2018**
Net sales, € million	412.4	502.5	211.9	243.6
Operating profit, comparable, € million	12.7	20.1	5.0	8.9
Operating margin, comparable	3.1	4.0	2.4	3.7
Return on capital employed, comparable, %, rolling 12 months	14.6	20.8*	14.6	20.8*
Capital expenditure, € million	48.7	27.2	22.1	18.5
Personnel, average	979	827	1,029	849

* The return on capital employed, comparable, %, rolling 12 months for the comparison year has been calculated for 1-12/2018.

Net sales, € million	**1-6/2019**	**1-6/2018**	**Change, %**	**4-6/2019**	**4-6/2018**	**Change, %**
K-Auto	393.7	470.5	-16.3	199.6	227.6	-12.3
AutoCarrera	19.1	32.4	-41.1	12.6	16.3	-22.3
Total	**412.4**	**502.5**	**-17.9**	**211.9**	**243.6**	**-13.0**

January-June 2019

Net sales for the car trade in January-June totalled €412.4 million (€502.5 million), down by 17.9%. In comparable terms, net sales were down by 19.3%. Demand in the consumer market was weakened by uncertainties related to car taxation and public discussion on motive power choices as well as changes related to WLTP emissions testing.

The comparable change % has been calculated by excluding the impact of the acquisitions of car trade businesses from Huittisten Laatuauto and LänsiAuto on 1 March 2019.

The combined market performance of first registrations of passenger cars and vans was -13.0% (7.3%) in January-June. The combined market share of the Volkswagen, Audi, SEAT and Porsche passenger cars and Volkswagen and MAN vans imported by the car trade division was 17.3% (19.2%) in January-June.

The comparable operating profit for the car trade in January-June totalled €12.7 million (€20.1 million), down by €7.3 million due to the decline in net sales. The comparable operating profit for AutoCarrera was €-0.4 million (€2.6 million). Operating profit for the car trade in January-June totalled €12.6 million (€20.1 million).

Capital expenditure for the car trade in January-June totalled €48.7 million (€27.2 million). The acquisitions of car trade businesses from Huittisten Laatuauto and LänsiAuto totalled €11.3 million. Capital expenditure includes cars obtained for the leasing fleet and rental cars sold with repurchase commitments.

K-Caara assumed ownership of the Volkswagen, Audi and SEAT businesses of Laakkonen Group after the end of the reporting period on 1 July 2019. The combined pro forma net sales of the businesses acquired totalled some €259 million in 2018 and operating profit €5.4 million, and the businesses employ some 470 people.

April-June 2019

Net sales for the car trade in April-June amounted to €211.9 million (€243.6 million), a decrease of 13.0%. In comparable terms, net sales were down by 16.5%. The performance was impacted by delays in deliveries caused by the implementation of the WLTP emissions testing and by weakened market demand among consumer customers. The comparable change % has been calculated by excluding the impact of the acquisitions of car trade businesses from Huittisten Laatuauto and LänsiAuto on 1 March 2019.

The combined market performance of first registrations of passenger cars and vans was -11.4% (11.5%) in April-June. The combined market share of the Volkswagen, Audi, SEAT and Porsche passenger cars and Volkswagen and MAN vans imported by the car trade division was 18.1% (19.5%) in April-June.

The comparable operating profit for the car trade in April-June totalled €5.0 million (€8.9 million), down by €3.9 million. The comparable operating profit for AutoCarrera was €0.0 million (€1.2 million). Operating profit for the car trade in April-June totalled €4.9 million (€8.9 million).

Capital expenditure for the car trade in April-June was €22.1 million (€18.5 million). Capital expenditure includes cars obtained for the leasing fleet and rental cars sold with repurchase commitments.

K-Caara assumed ownership of the Volkswagen, Audi and SEAT businesses of Laakkonen Group after the end of the reporting period on 1 July 2019. The combined pro forma net sales of the businesses acquired totalled some €259 million in 2018 and operating profit €5.4 million, and the businesses employ some 470 people.

Store numbers at 30.6.	2019	2018
K-Auto	23	13
AutoCarrera	3	3
Total	26	16

CHANGES IN GROUP COMPOSITION

Kesko Corporation's subsidiary Byggmakker completed the acquisition of the DIY retail business of Sørbø Trelast AS and Tau & Jørpeland Bygg AS. The acquisition comprises two Byggmakker stores and a B2B logistics centre in Norway.

Kesko Group company K Caara Oy completed the acquisitions of the Volkswagen and SEAT businesses of Huittisten Laatuauto Oy in Forssa and Huittinen, and the Volkswagen, Audi and SEAT businesses of LänsiAuto Oy in Kotka, Kouvola and Lappeenranta.

Kesko Group company K-rauta AB completed the acquisition of Fresks Group from Litorina, Oscarson Invest and the group’s management. Fresks Group is a significant operator in the Swedish builders’ merchant business. The acquisition will significantly strengthen Kesko's market position in Sweden, especially in the growing professional builders customer segment.

Kruunuvuoren Satama Oy became a wholly-owned subsidiary of Kesko Corporation on 14 June 2019, when Kesko Corporation, Kesko Pension Fund and Ilmarinen Mutual Pension Insurance Company carried out their agreement to dissolve their joint ownership of Kruunuvuoren Satama Oy.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of June 2019, the total number of Kesko Corporation shares was 100,019,752, of which 31,737,007, or 31.7%, were A shares and 68,282,745, or 68.3%, were B shares. On 30 June 2019, Kesko Corporation held 930,444 of its own B shares as treasury shares. These treasury shares accounted for 1.36% of the total number of B shares, 0.93% of the total number of shares, and 0.24% of the votes attached to all shares in the Company. The total number of votes attached to all shares was 385,652,815. Each A share carries ten (10) votes and each B share one (1) vote. The Company cannot vote with own shares held by it as treasury shares and no dividend is paid on them. At the end of June 2019, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €43.60 at the end of 2018, and €47.10 at the end of June 2019, representing an increase of 8.0%. Correspondingly, the price of a B share was €47.10 at the end of 2018, and €48.92 at the end of June 2019, representing an increase of 3.9%. In January-June 2019, the highest A share price was €50.40 and the lowest €42.10. The highest B share price was €55.40 and the lowest €45.19. The Nasdaq Helsinki All-Share index (OMX Helsinki) was up by 7.4% and the weighted OMX Helsinki Cap index by 8.4% in January-June 2019. The Retail Sector Index was up by 5.7%.

The market capitalisation of the A shares was €1,494.8 million at the end of June 2019. The market capitalisation of the B shares was €3,294.9 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was €4,789.7 million, an increase of €237.0 million from the end of 2018.

In January-June, a total of 4.3 million A shares were traded on Nasdaq Helsinki. The exchange value of the A shares was €202.2 million. Meanwhile, 22.4 million B shares were traded, with an exchange value of €1,123.7 million. Nasdaq Helsinki accounted for approximately 40.3% of the trading of Kesko's A and B shares in January-June 2019. Kesko shares were also traded on multilateral trading facilities, the most significant of which was Cboe (source: Fidessa).

The Board holds a valid authorisation to decide on the transfer of a maximum of 1,000,000 own B shares held by the Company as treasury shares (2016 Share issue authorisation). On 5 February 2019, the Board decided, based on this authorisation and the fulfilment of the performance criteria for the 2017-2018 performance period of Kesko's share-based commitment and incentive plan (PSP), to transfer own B shares held by the Company as treasury shares to persons included in the target group for the plan. This transfer of a total of 71,432 own B shares was communicated in stock exchange releases on 6 February 2019 and 20 March 2019.

Kesko Corporation's Annual General Meeting on 8 April 2019 resolved that approximately 30% of the annual fees to the members of Kesko's Board of Directors be paid in B series shares in the Company (Stock exchange release 8 April 2019). According to the resolution by the Annual General Meeting, the shares will be acquired or transferred to the Board members on the first working day to follow the publication of the interim report for the first quarter of 2019. Kesko's Board of Directors decided to implement the resolution of the General Meeting regarding the payment of the share portion of the annual remuneration by transferring B shares held by the Company as treasury shares to the Board members based on the 2016 Share issue authorisation (Stock exchange release 25.4.2019). These shares, totalling 2,378, were transferred to the Company's Board members on 26 April 2019 (Stock exchange release 26.4.2019). A Board member cannot transfer shares obtained in this manner until either three years have passed from the day the member has received the shares or their membership on the Board has ended, whichever comes first.

On 1 February 2017, Kesko Corporation's Board of Directors made a decision to establish a new share-based long-term incentive scheme for Kesko's top management and key persons selected separately. The scheme consists of a performance share plan (PSP) as the main structure, and of a restricted share pool (RSP), which is a complementary share plan for special situations. Besides the PSP, the Board made a decision to establish a share-based bridge plan to cover the transitional phase during which Kesko transfers from a one-year performance period to a longer performance period in its long-term incentive scheme structure. The new share-based compensation scheme was communicated in a stock exchange release on 2 February 2017, and the realisation of the Bridge Plan in a stock exchange release on 1 February 2018.

The Board of Directors of Kesko Corporation decided on 20 March 2018 to initiate a performance share plan (PSP) for 2018-2021. The Board of Directors also decided that the target group for the plan will comprise some 130 members of Kesko's management and other specified key persons. The Board of Directors decided to set the development of Kesko Group's comparable tax free sales (%), Kesko Group's comparable return on capital employed (ROCE, %) and the absolute total shareholder return (TSR, %) of a Kesko B share as the performance criteria for the 2018 calendar year. A maximum total of 340,000 Kesko B shares may be granted in relation to the PSP 2018-2021. This number of shares represents gross earnings, from which the applicable withholding tax is deducted and the remaining net amount is paid to the participants in shares. Kesko Corporation's Board of Directors also decided on initiating an RSP (Restricted Share Pool) plan for 2018–2020. The plan includes a three-year commitment period, after which the potentially granted share awards for an individual plan will be paid to the participants in Kesko B shares, provided that their employment or service relationships with Kesko Group continue until the payment of the awards. The purpose of the RSP plan is to serve as a complementary long-term share plan to be used as a commitment instrument for selected key persons in special situations. In addition to the above employment precondition, Kesko may set participant specific or company specific criteria, the fulfilment of which is a precondition for the payment of restricted share awards. The total maximum amount of share awards payable under the RSP 2018–2020 is 20,000 Kesko B shares. This number of shares represents gross earnings, from which the applicable withholding tax is deducted and the remaining net amount is paid to the participants in shares. Any potential share awards from the RSP initiated in 2018 will be paid out in the spring of 2021. The PSP 2018-2021 and RSP 2018-2020 share plans were communicated in a stock exchange release on 21 March 2018.

The Board of Directors of Kesko Corporation decided on 19 March 2019 to initiate a performance share plan (PSP) for 2019-2022. The Board of Directors also decided that the target group for the plan will comprise some 130 members of Kesko's management and other specified key persons. The Board decided to set the development of Kesko Group's comparable tax free sales (%), Kesko Group's comparable return on capital employed (ROCE, %) and the absolute total shareholder return (TSR, %) of a Kesko B share as the performance criteria for the 2019 calendar year, matching the 2018 criteria. The performance criteria concern the performance year 2019 of the PSP 2018-2021 and PSP 2019-2022. A maximum total of 310,000 Kesko B shares may be granted in relation to the PSP 2019-2022. This number of shares represents gross earnings, from which the applicable withholding tax is deducted and the remaining net amount is paid to the participants in shares. Kesko Corporation's Board of Directors also decided on initiating an RSP (Restricted Share Pool) plan for 2019–2021. The plan includes a three-year commitment period, after which the potentially granted share awards for an individual plan will be paid to the participants in Kesko B shares, provided that their employment or service relationships with Kesko Group continue until the payment of the awards. The purpose of the RSP plan is to serve as a complementary long-term share plan to be used as a commitment instrument for selected key persons in special situations. In addition to the above employment precondition, Kesko may set participant specific or company specific criteria, the fulfilment of which is a precondition for the payment of restricted share awards. The total maximum amount of share awards payable under the RSP 2019–2021 is 20,000 Kesko B shares. This number of shares represents gross earnings, from which the applicable withholding tax is deducted and the remaining net amount is paid to the participants in shares. Any potential share awards from the RSP beginning in 2019 will be paid out in the spring of 2022. The new PSP 2019-2022 and RSP 2019-2021 share plans were communicated in a stock exchange release on 20 March 2019.

In January-June 2019, 375 B shares granted based on the transitional Bridge Plan 2017-2020 were returned to the Company in accordance with the terms and conditions of the plan, and 2,480 B shares were returned in accordance with the terms and conditions of Kesko's share-based compensation plan 2014-2016, the 2017 PSP (performance share plan), and the transitional Bridge Plan 2017-2020. The returns during the reporting period were communicated in stock exchange releases on 8 March 2019 and 14 June 2019. The Bridge Plan and the 2017 PSP were announced in a stock exchange release on 2 February 2017, and the share-based compensation plan 2014-2016 was announced in a stock exchange release on 4 February 2014.

Kesko's Board of Directors holds a valid authorisation granted by the Annual General Meeting held on 4 April 2016 to transfer of a total maximum of 1,000,000 own B shares held by the Company as treasury shares (2016 Share issue authorisation). Based on the authorisation, own B shares held by the Company as treasury shares can be issued for subscription by shareholders in a directed issue in proportion to their existing holdings of the Company's shares, regardless of whether they own A or B shares. Shares can also be issued in a directed issue, departing from the shareholder's pre-emptive right, for a weighty financial reason of the Company, such as using the shares to develop the Company's capital structure, to finance possible acquisitions, capital expenditure or other arrangements within the scope of the Company's business operations, and to implement the Company's commitment and incentive scheme. Own B shares held by the Company as treasury shares can be issued either against or without payment. A share issue can only be without payment if the Company, taking into account the best interests of all of its shareholders, has a particularly weighty financial reason for it. The authorisation also includes the Board's authority to make decisions concerning any other matters related to the share issues. The amount possibly paid for the Company's own shares is recorded in the reserve of unrestricted equity. The authorisation is valid until 30 June 2020.

The Annual General Meeting of 11 April 2018 approved the Board's proposal for its authorisation to decide on the acquisition of a maximum of 1,000,000 of the Company's own B shares (2018 Authorisation to acquire own shares). The B shares will be acquired with the Company's distributable unrestricted equity, not in proportion to the shareholdings of shareholders, at the market price quoted in public trading organised by Nasdaq Helsinki Ltd ("the exchange") at the time of acquisition. The shares will be acquired and paid for in accordance with the rules of the exchange. The acquisition of own shares reduces the amount of the Company's distributable unrestricted equity. The B shares will be acquired for use in the development of the Company's capital structure, to finance possible acquisitions, capital expenditure and/or other arrangements within the scope of the Company's business operations, and to implement the Company's commitment and incentive scheme for management and other personnel. The Board will make decisions concerning any other issues related to the acquisition of B shares. The authorisation is valid until 30 September 2019.

The Board of Directors of Kesko Corporation decided in its meeting on 24 April 2018 to use the authorisation granted by the General Meeting of 11 April 2018 to acquire B shares in the Company, and established a temporary share buy-back programme for the purpose. The shares were acquired to fulfil obligations related to the Company's share-based commitment and incentive plans. The acquisitions of the shares began on 26 April 2018 and ended on 18 May 2018. During that time, Kesko acquired 500,000 of its own B series shares for an average price per share of €48.83. Following the acquisitions, Kesko held a total of 996,325 of its own B shares, which represents approximately 1.00 per cent of all shares in Kesko Corporation and 1.46 per cent of Kesko Corporation's B series shares. (Stock exchange releases 25.4.2018 and 21.5.2018)

Kesko's Annual General Meeting of 11 April 2018 also approved the Board's proposal for its authorisation to decide on the issuance of a maximum of 10,000,000 new B shares (2018 Share issue authorisation). The new shares can only be issued against payment. The new shares can be issued for subscription by shareholders in a directed issue in proportion to their existing holdings of the Company's shares regardless of whether they hold A or B shares, or, departing from the shareholder's pre-emptive right, in a directed issue if there is a weighty financial reason for the Company, such as using the shares to develop the Company's capital structure and financing possible acquisitions, capital expenditure or other arrangements within the scope of the Company's business operations. The Board of Directors will decide the subscription price for the issued shares. The Board will also have the right to issue shares for a non-cash consideration. The subscription price is recognised in the reserve of invested non-restricted equity. The Board will make decisions regarding any other matters related to the share issues. The authorisation will be valid until 30 June 2021, and it cancelled the authorisation given to the Board by the General Meeting of 13 April 2015 to issue a total maximum of 20,000,000 new B shares, which the Board did not use.

At the end of June 2019, the number of shareholders was 41,793, which is 1,048 more than at the end of 2018. At the end of June, foreign ownership of all shares was 33.5%, and foreign ownership of B shares 48.1%.

FLAGGING NOTIFICATIONS

According to a notification received by Kesko Corporation, on 28 May 2019, Ilmarinen Mutual Pension Insurance Company's holding exceeded the threshold of five (5) per cent for shares and ten (10) per cent for voting rights in Kesko. (Stock exchange release 28.5.2019)

According to a notification received by Kesko Corporation, Kruunuvuoren Satama Oy's holding of shares and voting rights in Kesko decreased to zero following a share transaction carried out on 28 May 2019. (Stock exchange release 28.5.2019)

KEY EVENTS DURING THE REPORTING PERIOD

Kesko Corporation's subsidiary Byggmakker completed the acquisition of the DIY retail business of Sørbø Trelast AS and Tau & Jørpeland Bygg AS. The acquisition comprises two Byggmakker stores and a B2B logistics centre in Norway. (Press release 31.1.2019)

Kesko Group company K Caara Oy completed the acquisitions of the Volkswagen and SEAT businesses of Huittisten Laatuauto Oy in Forssa and Huittinen, and the Volkswagen, Audi and SEAT businesses of LänsiAuto Oy in Kotka, Kouvola and Lappeenranta. (Press release 1.3.2019)

Kesko Corporation agreed to sell Onninen AB’s HEPAC contractor business segment to Solar A/S. The transaction was completed on 15 May 2019. (Press releases 12.3.2019 and 15.5.2019)

Kesko Group company K-rauta AB agreed to acquire Fresks Group, a significant building material retailer in Sweden. The transaction was completed on 17 May 2019. (Press releases 29.3.2019 and 17.5.2019)

The Board of Directors of Kesko Corporation approved new medium-term financial targets for profitability: a comparable operating margin of 5.0% and a comparable return on capital employed of 11.0%. The profitability targets take into account the impacts of IFRS 16 Leases. In terms of financial position, as before the Group uses interest-bearing net debt/EBITDA and targets a maximum level of 2.5, excluding the impact of IFRS 16. (Stock exchange release 25.4.2019)

Kesko Group company K Caara Oy agreed to acquire the Volkswagen, Audi and SEAT businesses of Laakkonen Group. The combined pro forma net sales of the businesses acquired totalled some €259 million in 2018 and operating profit €5.4 million. The some 470 employees of the businesses acquired will transfer to Kesko. (Press release 25.4.2019)

Kesko Corporation, Kesko Pension Fund and Ilmarinen Mutual Pension Insurance Company agreed on 28 May 2019 to dissolve their joint ownership of Kruunuvuoren Satama Oy. Ilmarinen also acquired the 3,438,885 Kesko A shares held by Kruunuvuoren Satama Oy. Kruunuvuoren Satama Oy became a wholly-owned subsidiary of Kesko Corporation on 14 June 2019. (Stock exchange release 28.5.2019)

KEY EVENTS AFTER THE REPORTING PERIOD

Kesko Group company K Caara Oy completed the acquisition of the Volkswagen, Audi and SEAT businesses of Laakkonen Group. (Press release 1.7.2019)

Konekesko Oy and Danish Agro Machinery A/S, a Danish Agro Group company, agreed that Konekesko’s Finnish agricultural machinery trade operations will be transferred to Danish Agro Machinery’s Finnish subsidiary Finnish Agro Machinery on 1 August 2019. (Press release 3.7.2019)

RESOLUTIONS OF THE 2019 ANNUAL GENERAL MEETING AND DECISIONS OF THE BOARD'S ORGANISATIONAL MEETING

Kesko Corporation's Annual General Meeting was held on 8 April 2019. The meeting adopted the financial statements and consolidated financial statements for 2018 and discharged the Board members and the Managing Director from liability. The Annual General Meeting resolved to distribute a dividend of €2.34 per share on shares held outside the Company. The dividend will be paid in two instalments of €1.17. The first dividend instalment record date was 10 April 2019 and pay date 17 April 2019. The second dividend instalment record date is 10 October 2019 and pay date 17 October 2019.

The General Meeting resolved that the number of Board members be seven (7). Retailer Esa Kiiskinen (Chairman), Peter Fagernäs, Master of Laws (Deputy Chairman), Jannica Fagerholm, Master of Science (Economics), Piia Karhu, Doctor of Science (Economics and Business Administration), Matti Kyytsönen, Master of Science (Economics), retailer Matti Naumanen, and retailer Toni Pokela, eMBA continue as Board members. The Board members were elected by the 2018 Annual General Meeting to serve the three-year terms provided in the Company’s Articles of Association, ending at the close of the 2021 Annual General Meeting. The Annual General Meeting resolved to keep the Board members' fees unchanged.

The General Meeting elected the firm of auditors PricewaterhouseCoopers Oy as the Company's Auditor, with Mikko Nieminen, APA, as the Auditor with principal responsibility.

The Annual General Meeting resolved to amend section 6 “Auditor”, section 9 “Notice of the General Meeting”, and section 10 “Annual General Meeting” of the Company’s Articles of Association in accordance with the Board’s proposal.

The General Meeting also approved the Board’s proposal to authorise the Board to decide on the donations in a total maximum of €300,000 for charitable or corresponding purposes until the Annual General Meeting to be held in 2020, and to decide on the donation recipients, purposes of use and other terms of the donations.

The Board of Kesko Corporation elects its Chairman and Deputy Chairman for the Board’s whole three-year term of office, and the Chairmen, Deputy Chairmen and members of the Committees for one year at a time. In the organisational meeting held by the Board after the Annual General Meeting of 11 April 2018, the Board elected Esa Kiiskinen as Chairman of the Board and Peter Fagernäs as Deputy Chairman. The Board of did not make changes to the compositions of its Audit Committee or Remuneration Committee in its organisational meeting held after the Annual General Meeting on 8 April 2019. Jannica Fagerholm was elected as Chairman of the Board’s Audit Committee, Matti Kyytsönen as Deputy Chairman, and Piia Karhu as a Committee member. Esa Kiiskinen was elected as Chairman of the Board’s Remuneration Committee, Peter Fagernäs as Deputy Chairman, and Matti Kyytsönen as a Committee member.

The resolutions of the Annual General Meeting and the decisions of the Board's organisational meeting were communicated in more detail in stock exchange releases on 8 April 2019.

SUSTAINABILITY

The changes made by K Group to the pricing of shopping bags in April 2018 have yielded results: the sales of plastic bags have gone down in relative terms, while the sales on biodegradable, paper and reusable bags have grown.

In line with the cocoa policy published in May, K Group will only accept cocoa and chocolates made from 100% sustainable origin cocoa for its Pirkka, K-Menu and Menu ranges going forward.

The 2019 K Fishpaths season began in Kirkkonummi in May. K Group will collaborate with WWF Finland to restore habitats for endangered migratory fish at some 10 locations across Finland this summer and autumn.

The Finnish Basketball Association and K Group continued their Pikkusudet (Little Wolves) basketball events and the Pirkka Street Basket tour in May. Since the collaboration began in 2015, the events have helped to encourage over 66,000 children to exercise.

In June, K-Supermarket took part in the 10Days100Challenges innovation sprint, which devised new ways to make sustainable choices in the grocery store easier.

K Group made a cooperation agreement with the Finnish 4H Federation to promote the financial, entrepreneurial and work-life skills of young people finishing the 9th grade. The objective is to offer summer jobs to as many young people as possible.

RISK MANAGEMENT

Risk management in Kesko Group is guided by the risk management policy approved by Kesko's Board of Directors. The policy defines the goals and principles, organisation, responsibilities and practices of risk management in Kesko Group. In the management of financial risks, the Group's treasury policy, confirmed by Kesko's Board of Directors, is observed. The management of business operations and common functions are responsible for the execution of risk management. Kesko Group applies a business-oriented and comprehensive approach to risk assessment and management. This means that key risks are systematically identified, assessed, managed, monitored and reported as part of business operations at Group, division, company and function levels throughout the Group.

The Group's risk map, the most significant risks and uncertainties, as well as material changes in and responses to them are reported to the Kesko Board's Audit Committee quarterly in connection with the review of interim reports, half year financial report and financial statements. The Audit Committee Chairman reports on risk management to the Board as part of the Audit Committee report. The most significant risks and uncertainties are reported to the market by the Board in the Report by the Board of Directors and any material changes in them in the interim reports and the half year financial report.

No material change is estimated to have taken place during the first half of 2019 in the risks described in Kesko's 2018 Report by the Board of Directors and financial statements and on Kesko's website. Kesko’s main short-term risks are related to economic development in Kesko’s operating countries. The risks and uncertainties related to economic development are described in more detail in the outlook section of this release.

OUTLOOK

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 (7/2019-6/2020) in comparison with the 12 months preceding the end of the reporting period (7/2018-6/2019). The outlook is based on the IFRS standards that took effect on 1 January 2019, and 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. In Finland, the trading sector is expected to grow. In the Finnish grocery trade, intense competition is expected to continue, although, as purchasing power increases, the importance of quality will be emphasised more than previously. In the building and technical trade, the growth in B2B sales is expected to continue stronger than the growth in the retail market. The market is expected to grow in the Nordic and Baltic countries, but at a somewhat slower rate.

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.

Helsinki, 23 July 2019
Kesko Corporation
Board of Directors

The information in this half year financial report is unaudited.

Further information is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, telephone +358 105 322 113, Kia Aejmelaeus, Vice President, Investor Relations, telephone +358 105 322 533, and Eva Kaukinen, Vice President, Group Controller, telephone +358 105 322 338. A Finnish-language webcast of the results briefing can be viewed at 11.00 at www.kesko.fi. An English-language audio conference on the results briefing will be held today at 14.00 (Finnish time). The audio conference login is available on Kesko's website at www.kesko.fi.

Kesko Corporation's interim report for January-September 2019 will be published on 24 October 2019. In addition, Kesko Group's sales figures are published each month. News releases and other Company information are available on Kesko's website at www.kesko.fi.

KESKO CORPORATION

ATTACHMENTS: TABLES SECTION

DISTRIBUTION

Nasdaq Helsinki Ltd
Main news media
www.kesko.fi

TABLES SECTION

Accounting policies

This half year financial report has been prepared in accordance with IAS 34. The half year financial report has been prepared in accordance with the same accounting principles as the annual financial statements for 2018, except for the impact of the new standard IFRS 16 Leases, which took effect on 1 January 2019. The standard has been adopted using a retrospective method. Due to the adoption of the standard, the opening balance of 1 January 2018 and the reporting for the 2018 comparison period have been adjusted and the figures restated. The impact of the change in standard on the consolidated financial statements have been presented under 'Impact of new and amended standards'

Consolidated income statement (€ million), condensed

	1-6/2019	1-6/2018	Change, %	4-6/2019	4-6/2018	Change, %	1-12/2018
Continuing operations							
Net sales	5,182.2	5,085.9	1.9	2,781.4	2,672.7	4.1	10,382.8
Cost of goods sold	-4,471.8	-4,434.5	0.8	-2,390.6	-2,326.8	2.7	-8,989.5
Gross profit	**710.4**	**651.4**	**9.1**	**390.8**	**345.8**	**13.0**	**1,393.2**
Other operating income	398.3	391.3	1.8	209.7	209.1	0.3	789.8
Employee benefit expense	-385.3	-342.4	12.5	-201.3	-174.4	15.4	-694.1
Depreciation, amortisation and impairment charges	-76.5	-67.3	13.6	-41.1	-36.3	13.4	-142.1
Depreciation and impairment charges for right-of-use assets	-156.6	-156.5	0.0	-75.8	-78.7	-3.7	-320.3
Other operating expenses	-318.9	-310.4	2.7	-162.4	-159.8	1.6	-622.3
Operating profit	**171.5**	**166.1**	**3.2**	**119.9**	**105.8**	**13.3**	**404.3**
Interest income and other finance income	7.1	7.1	-0.7	3.9	3.7	6.0	14.1
Interest expense and other finance costs	-5.8	-7.1	-18.7	-2.9	-4.2	-30.8	-12.4
Interest expense for lease liabilities	-48.8	-50.6	-3.5	-24.2	-25.2	-3.9	-98.6
Foreign exchange differences	0.7	-0.9	(..)	0.1	-0.3	(..)	-2.8
Share of result of associates and joint ventures	18.1	-2.3	(..)	17.3	-2.2	(..)	-10.1
Profit before tax	**142.8**	**112.4**	**27.0**	**114.1**	**77.5**	**47.1**	**294.5**
Income tax	-29.4	-23.1	27.3	-23.3	-16.1	44.8	-62.1
Net profit for the period from continuing operations	113.4	89.3	27.0	90.7	61.4	47.7	232.4
Discontinued operations							
Net profit for the period from discontinued operations	10.5	-51.4	(..)	11.0	-27.9	(..)	-55.9
Net profit for the period	**123.9**	**37.9**	**(..)**	**101.7**	**33.5**	**(..)**	**176.5**
Attributable to							
Owners of the parent	123.4	30.1	(..)	96.5	22.8	(..)	158.0
Non-controlling interests	0.5	7.9	-93.8	5.2	10.7	-51.2	18.5
Earnings per share (€) for profit attributable to owners of the parent							
Basic and diluted, continuing operations	1.14	0.82	39.0	0.86	0.51	69.2	2.16
Basic and diluted, discontinued operations	0.11	-0.52	(..)	0.11	-0.28	(..)	-0.56
Basic and diluted, Group total	1.25	0.30	(..)	0.97	0.23	(..)	1.59

Consolidated statement of comprehensive income (€ million)							
	1-6/2019	**1-6/2018**	**Change, %**	**4-6/2019**	**4-6/2018**	**Change, %**	**1-12/2018**
Net profit for the period	123.9	37.9	(..)	101.7	33.5	(..)	176.5
Continuing operations							
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains/losses	13.0	-0.5	(..)	0.0	0.0	(..)	-1.9
Items that may be reclassified subsequently to profit or loss							
Currency translation differences related to a foreign operation	5.6	-2.0	(..)	-0.1	-2.0	-95.1	-10.1
Cash flow hedge revaluation	-0.4	2.0	(..)	0.0	1.5	(..)	2.1
Other items	-0.3	-0.1	(..)	-0.3	-0.1	(..)	-0.1
Total other comprehensive income for the period, net of tax, continuing operations	17.9	-0.7	(..)	-0.4	-0.7	-36.8	-10.1
Total other comprehensive income for the period, net of tax, discontinued operations	-	35.2	-	-	37.6	-	35.1
Total comprehensive income for the period	**141.8**	**72.4**	**95.7**	**101.3**	**70.4**	**43.8**	**201.5**
Attributable to							
Owners of the parent	139.5	64.8	(..)	95.2	59.5	60.1	184.5
Non-controlling interests	2.3	7.6	-69.8	6.1	11.0	-44.7	17.0

(..) Change over 100 %

Consolidated statement of financial position (€ million), condensed				
	30.6.2019	**30.6.2018**	**Change, %**	**31.12.2018**
ASSETS				
Non-current assets				
Property, plant and equipment	1,401.4	1,145.0	22.4	1,191.1
Right-of-use assets	2,124.6	1,992.3	6.6	2,062.2
Intangible assets	668.9	366.3	82.6	492.1
Shares in associates and joint ventures and other financial assets	88.8	149.6	-40.6	144.3
Loans and receivables	73.2	73.9	-1.0	73.8
Pension assets	115.2	148.0	-22.2	148.0
Total	4,472.0	3,875.2	15.4	4,111.5
Current assets				
Inventories	975.7	850.1	14.8	913.0
Trade receivables	985.1	960.2	2.6	820.3
Other receivables	239.2	243.2	-1.6	197.3
Financial assets at fair value through profit or loss	10.1	140.9	-92.9	50.9
Financial assets at amortised cost	39.2	77.7	-49.6	59.1
Cash and cash equivalents	151.4	225.1	-32.8	139.2
Total	2,400.6	2,497.3	-3.9	2,179.7
Non-current assets held for sale	112.3	114.2	-1.7	75.6
Total assets	**6,985.0**	**6,486.7**	**7.7**	**6,366.8**

	30.6.2019	30.6.2018	Change, %	31.12.2018
EQUITY AND LIABILITIES				
Equity	1,827.1	1,796.2	1.7	1,914.1
Non-controlling interests	109.3	96.7	13.0	107.0
Total equity	1,936.3	1,892.9	2.3	2,021.1
Non-current liabilities				
Interest-bearing liabilities	180.6	97.8	84.6	177.8
Lease liabilities	2,038.4	1,901.7	7.2	1,979.6
Non-interest-bearing liabilities	145.0	30.0	(..)	29.4
Deferred tax liabilities	13.1	2.2	(..)	5.4
Pension obligations	0.4	0.5	-23.2	0.4
Provisions	25.0	24.3	2.6	23.6
Total	2,402.5	2,056.6	16.8	2,216.2
Current liabilities				
Interest-bearing liabilities	459.6	494.0	7.0	233.4
Lease liabilities	313.2	297.4	5.3	309.5
Trade payables	1,158.6	1,147.3	1.0	982.7
Other non-interest-bearing liabilities	646.0	515.0	25.4	569.4
Provisions	16.3	23.3	-30.2	19.2
Total	2,593.7	2,477.0	4.7	2,114.2
Liabilities related to available-for-sale non-current assets	52.4	60.1	-12.8	15.4
Total equity and liabilities	**6,985.0**	**6,486.7**	**7.7**	**6,366.8**

Consolidated statement of changes in equity (€ million)								
	Share capital	Reserves	Currency translation differ-ences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2019	197.3	464.7	-23.7	1.7	-36.9	1,311.0	107.0	2,021.1
Share-based payments					1.2			1.2
Dividends						-231.9		-231.9
Other changes						4.1	0.0	4.1
Transactions with owners, total					1.2	-227.8		-226.5
Comprehensive income								
Profit for the period, continuing operations						112.9	0,5	113.4
Profit for the period, discontinued operations						10.5		10.5
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						16.2		16.2
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			3.8			0.0	1.8	5.6
Cash flow hedge revaluation				-0.5				-0.5
Tax related to comprehensive income				0.1		-3.2		-3.2
Total comprehensive income for the period			3.8	-0.4		136.1	2.3	141.8
Balance at 30.6.2019	197.3	464.7	-19.9	1.3	-35.7	1,219.3	109.3	1,936.3

	Share capital	Reserves	Currency translation differ-ences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2018	**197.3**	**464.7**	**-50.1**	**-0.4**	**-14.2**	**1,538.5**	**98.7**	**2,234.5**
Impact of new IFRS adoption						-169.5	-5.7	-175.2
Adjusted opening balance 1 Jan.	**197.3**	**464.7**	**-50.1**	**-0.4**	**-14.2**	**1,369.0**	**93.0**	**2,059.3**
Share-based payments					0.7			0.7
Acquisition of treasury shares					-24.4			-24.4
Dividends						-218.9	-3.9	-222.8
Other changes						7.7	0.0	7.7
Transactions with owners, total					-23.7	-211.2	-3.9	-238.9
Comprehensive income								
Profit for the period, continuing operations						81.4	7.9	89.3
Profit for the period, discontinued operations						-51.4		-51.4
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						-0.6		-0.6
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			-2.3			0.3	-0.3	-2.3
Cash flow hedge revaluation				2.4				2.4
Tax related to comprehensive income				-0.5		0.1		-0.4
Other changes						-0.1		-0.1
Comprehensive income, discontinued operations			35.4					35.4
Total comprehensive income for the period			33.1	2.0		29.8	7.6	72.4
Balance at 30.6.2018	**197.3**	**464.7**	**-16.9**	**1.6**	**-38.0**	**1,187.5**	**96.7**	**1,892.9**

Consolidated statement of cash flows (€ million), condensed							
	1-6/2019	**1-6/2018**	**Change, %**	**4-6/2019**	**4-6/2018**	**Change, %**	**1-12/2018**
Cash flows from operating activities							
Profit before tax, continuing operations	142.8	112.4	27.0	114.1	77.5	47.1	294.5
Depreciation according to plan	223.0	220.5	5.7	116.9	111.6	4.8	459.0
Finance income and costs	46.8	51.4	-8.9	23.1	26.1	-11.2	99.7
Other adjustments	28.9	56.8	-49.2	-17.6	3.7	(..)	54.0
Change in working capital							
Current non-interest-bearing receivables, increase (-)/decrease (+)	-175.8	-186.3	-5.7	-100.2	-43.5	(..)	46.7
Inventories, increase (-)/decrease (+)	-36.5	-12.2	(..)	30.6	23.8	28.2	-33.9
Current non-interest-bearing liabilities, increase (+)/decrease(-)	228.4	150.3	52.0	95.7	50.1	91.1	-24.5
Financial items and tax	-39.3	-61.2	-35.8	8.8	-33.5	(..)	-147.1
Net cash from operating activities, continuing operations	428.3	331.7	29.1	271.4	215.7	25.8	748.4
Net cash from operating activities, discontinued operations	4.3	-3.4	(..)	-0.5	-36.9	-98.7	-23.3
Net cash from operating activities, total	**432.6**	**328.3**	**31.8**	**270.9**	**178.8**	**51.5**	**725.2**
Cash flows from investing activities							
Investing activities	-439.1	-121.5	(..)	-351.3	-68.2	(..)	-398.1
Proceeds from sale of tangible and intangible assets	5.7	22.1	-74.3	4.1	14.7	-72.3	26.2
Increase in non-current receivables	0.2	0.0	(..)	0.0	-0.5	(..)	-1.5
Net cash used in investing activities, continuing operations	-433.2	-99.3	(..)	-347.2	-53.9	(..)	-373.3
Net cash used in investing activities, discontinued operations	3.4	166.5	-98.0	0.1	-4.2	(..)	164.3
Net cash used in investing activities, total	**-429.8**	**67.2**	**(..)**	**-347.1**	**-58.2**	**(..)**	**-209.0**
Cash flows from financing activities							
Interest-bearing liabilities, increase (+)/decrease (-)	221.3	59.5	(..)	225.8	51.3	(..)	-97.6
Lease liabilities, increase (+)/decrease (-)	-161.0	-154.9	3.9	-81.3	-77.0	5.7	-315.6
Current interest-bearing receivables, increase (-)/ decrease (+)	1.0	-1.6	(..)	-0.1	-0.2	-44.3	0.1
Dividends paid	-115.9	-218.9	-47.0	-115.9	-218.9	-47.0	-225.4
Acquisition of treasury shares	-	-24.5	-	-	-24.4	-	-24.4
Short-term money market investments, increase (-)/decrease (+)	59.9	7.8	(..)	49.1	45.4	8.0	116.5
Other items	3.3	-0.1	(..)	11.7	0.3	(..)	0.8
Net cash used in financing activities, continuing operations	8.5	-332.8	(..)	89.3	-223.5	(..)	-545.7
Net cash used in financing activities, discontinued operations	-	-	-	-	-	-	-
Net cash used in financing activities, total	**8.5**	**-332.8**	**(..)**	**89.3**	**-223.5**	**(..)**	**-545.7**

Change in cash and cash equivalents	**11.2**	**62.7**	**-82.1**	**13.0**	**-102.8**	**(..)**	**-29.5**
Cash and cash equivalents at 1 Jan., continuing operations	139.2	163.7	-15.0	137.9	298.7	-53.8	163.7
Cash and cash equivalents at 1 Jan., discontinued operations	0.4	6.5	-93.5	0.3	36.1	-99.3	6.5
Exchange differences and cash and cash equivalents related to assets held for sale	0.6	-5.4	(..)	0.3	-4.5	(..)	-1.1
Cash and cash equivalents at 30 Jun., continuing operations	151.4	225.1	-32.8	151.4	225.1	-32.8	139.2
Cash and cash equivalents at 30 Jun., discontinued operations	0.0	2.4	-98.0	0.0	2.4	-98.0	0.4

(..) Change over 100%

Cash flow from operating activities in continuing operations excluding the impact of IFRS 16 (€ million)							
	1-6/2019	**1-6/2018**	**Change, %**	**4-6/2019**	**4-6/2018**	**Change, %**	**1-12/2018**
Cash flows from operating activities, IFRS	**428.3**	**331.7**	**29.1**	**271.4**	**215.7**	**25.8**	**748.4**
Interest expense for lease liabilities	48.8	50.6	-3.5	24.2	25.2	-3.9	98.6
Cash flow based lease expenditure	-208.5	-203.1	2.7	-104.9	-101.1	3.8	-410.0
Cash flows from operating activities excluding the impact of IFRS 16	**268.6**	**179.1**	**49.9**	**190.7**	**139.8**	**36.4**	**437.1**

Cash flow from financing activities in continuing operations excluding the impact of IFRS 16 (€ million)							
	1-6/2019	**1-6/2018**	**Change, %**	**4-6/2019**	**4-6/2018**	**Change, %**	**1-12/2018**
Cash flows from financing activities, IFRS	**8.5**	**-332.8**	**(..)**	**89.3**	**-223.5**	**(..)**	**-545.7**
Lease liabilities increase (-) / decrease (+)	159.7	152.5	4.7	80.7	75.9	6.3	311.3
Cash flows from financing activities excluding the impact of IFRS 16	**168.2**	**-180.2**	**(..)**	**169.9**	**-147.6**	**(..)**	**-234.3**

(..) Change over 100%

Group's performance indicators				
	1-6/2019	**1-6/2018**	**Change, pp**	**1-12/2018**
Continuing operations				
Return on capital employed, %	7.4	7.7	-0.3	9.2
Return on capital employed, %, rolling 12 mo	9.0	-	-	9.2
Return on capital employed, comparable, %	7.8	8.2	-0.4	9.8
Return on capital employed, comparable, %, rolling 12 mo	9.5	-	-	9.8
			Change, %	
Capital expenditure, € million	470.7	128.7	(..)	417.6
Capital expenditure, % of net sales	9.1	2.5	(..)	4.0
Cash flow from operating activities, € million	428.3	331.7	29.1	748.4
Cash flow from investing activities, € million	-433.2	-99.3	(..)	-373.3
Cash flow from operating activities/share, €	4.32	3.34	29.5	7.55
Group				

Return on equity, %	12.5	3.8	8.7	8.7
Return on equity, %, rolling 12 mo	13.7	-	-	8.7
Return on equity, comparable, %	11.7	9.7	2.0	12.5
Return on equity, comparable, %, rolling 12 mo	14.4	-	-	12.5
Equity ratio, %	27.9	29.3	-1.4	31.9
Gearing, %	144.1	123.9	20.3	121.3
Interest-bearing net debt/EBITDA excluding lease liabilities, rolling 12 mo	1.0	0.4	0.6	0.4
Equity per share, €	18.44	18.14	1.6	19.33
Interest-bearing net debt, € million	2,791.2	2,344.9	19.0	2,450.7
Interest-bearing net debt excluding lease liabilities, € million	439.6	145.7	(..)	161.6
Diluted number of shares, average for the reporting period, 1,000 pcs	99,059	99,347	-0.3	99,182
Personnel, average, continuing operations	20,350	19,207	6.0	19,579
Earnings per share, basic and diluted, €				
Continuing operations	1.14	0.82	39.0	2.16
Discontinued operations	0.11	-0.52	(..)	-0.56
Group total	1.25	0.30	(..)	1.59
Earnings per share, comparable, basic, €				
Continuing operations	1.06	0.94	12.7	2.45

(..) Change over 100%

Group's performance indicators by quarter	1-3/2018	4-6/2018	7-9/2018	10-12/2018	1-3/2019	4-6/2019
Continuing operations						
Net sales, € million	2,413.2	2,672.7	2,641.8	2,655.1	2,400.8	2,781.4
Change in net sales, %	-5.7	-3.3	1.8	3.1	-0.5	4.1
EBITDA, comparable, € million	170.7	221.9	251.0	232.1	173.4	242.2
Operating profit, € million	60.4	105.8	134.3	103.8	51.6	119.9
Operating margin, %	2.5	4.0	5.1	3.9	2.1	4.3
Operating profit, comparable, € million	63.8	113.2	137.0	114.5	57.5	122.5
Operating margin, comparable, %	2.6	4.2	5.2	4.3	2.4	4.4
Finance income/costs, € million	-25.3	-26.1	-25.3	-23.1	-23.7	-23.1
Interest expense for lease liabilities	-25.4	-25.2	-25.0	-23.1	-24.6	-24.2
Profit before tax, € million	34.9	77.5	108.5	73.6	28.8	114.1
Profit before tax, %	1.4	2.9	4.1	2.8	1.2	4.1
Return on capital employed, %	5.6	9.9	12.2	9.2	4.6	10.3
Return on capital employed, comparable, %	5.9	10.6	12.5	10.2	5.1	10.5
Cash flow from operating activities/share, €	1.17	2.17	2.10	2.11	1.59	2.74
Capital expenditure, € million*	54.5	74.2	221.2	67.7	97.3	373.4
Group						
Return on equity, %	0.9	6.8	17.0	11.2	4.3	20.3
Return on equity, comparable, %	5.7	13.5	17.9	14.5	5.4	17.7
Equity ratio, %	31.4	29.3	30.8	31.9	31.8	27.9
Equity per share, €	19.81	18.14	19.04	19.33	19.79	18.44
Earnings per share, basic and diluted, €						

Continuing operations	0.31	0.51	0.79	0.55	0.28	0.86
Discontinued operations	-0.24	-0.28	-0.03	-0.02	-0.00	0.11
Group total	0.07	0.23	0.76	0.53	0.27	0.97
Earnings per share, comparable, basic and diluted, €						
Continuing operations	0.34	0.60	0.81	0.70	0.33	0.73

Segment information, continuing operations

Net sales by segment, € million	1-6/2019	1-6/2018	Change, %	4-6/2019	4-6/2018	Change, %	1-12/2018	Rolling 12 mo 6/2019
Grocery trade, Finland	2,672.5	2,603.6	2.6	1,408.6	1,327.3	6.1	5,385.7	5,454.7
Grocery trade total	**2,672.5**	**2,603.6**	**2.6**	**1,408.6**	**1,327.3**	**6.1**	**5,385.7**	**5,454.7**
- of which intersegment trade	5.0	2.7	82.8	2.3	1.3	69.3	5.8	8.1
Building and technical trade, Finland	992.8	979.3	1.4	532.1	532.5	-0.1	1,972.0	1,985.5
Building and technical trade, other countries*	1,106.7	999.7	10.7	629.7	569.2	10.6	2,130.6	2,237.5
Building and technical trade total	**2,099.4**	**1,979.0**	**6.1**	**1,161.8**	**1,101.7**	**5.5**	**4,102.6**	**4,223.0**
- of which intersegment trade	-0.3	0.3	(..)	-0.2	0.6	(..)	0.1	-0.5
Car trade, Finland	412.4	502.5	-17.9	211.9	243.6	-13.0	893.1	803.0
Car trade total	**412.4**	**502.5**	**-17.9**	**211.9**	**243.6**	**-13.0**	**893.1**	**803.0**
- of which intersegment trade	1.1	0.6	82.8	0.6	0.4	68.3	1.6	2.1
Common functions and eliminations	-2.2	0.8	(..)	-1.0	0.1	(..)	1.4	-1.6
Finland total	**4,075.5**	**4,086.2**	**-0.3**	**2,151.7**	**2,103.4**	**2.3**	**8,252.2**	**8,241.5**
Other countries total*	**1,106.7**	**999.7**	**10.7**	**629.7**	**569.2**	**10.6**	**2,130.6**	**2,237.5**
Continuing operations, total	**5,182.2**	**5,085.9**	**1.9**	**2,781.4**	**2,672.7**	**4.1**	**10,382.8**	**10,479.1**

(..) Change over 100%

* Net sales in countries other than Finland

Operating profit by segment, € million	1-6/2019	1-6/2018	Change	4-6/2019	4-6/2018	Change	1-12/2018	Rolling 12 mo 6/2019
Grocery trade	142.4	119.0	23.4	85.6	65.0	20.6	285.9	309.2
Building and technical trade	41.5	40.9	0.7	43.7	38.2	5.5	113.3	114.0
Car trade	12.6	20.1	-7.5	4.9	8.9	-4.0	35.1	27.6
Common functions and eliminations	-25.0	-13.8	-11.2	-14.3	-6.3	-8.0	-30.0	-41.2
Continuing operations, total	**171.5**	**166.1**	**5.4**	**119.9**	**105.8**	**14.1**	**404.3**	**409.7**

Operating profit by segment, comparable, € million	1-6/2019	1-6/2018	Change	4-6/2019	4-6/2018	Change	1-12/2018	Rolling 12 mo 6/2019
Grocery trade	135.8	124.7	11.1	79.0	69.5	9.5	294.5	305.7
Building and technical trade	51.6	45.3	6.4	48.4	40.6	7.8	126.8	133.2
Car trade	12.7	20.1	-7.3	5.0	8.9	-3.9	35.2	27.9

Common functions and eliminations	-20.2	-13.0	-7.3	-10.0	-5.7	-4.3	-28.1	-35.3
Continuing operations, total	**179.9**	**177.0**	**2.9**	**122.5**	**113.2**	**9.2**	**428.5**	**431.4**

Operating margin by segment, %, comparable	**1-6/2019**	**1-6/2018**	**Change, pp**	**4-6/2019**	**4-6/2018**	**Change, pp**	**1-12/2018**	**Rolling 12 mo 6/2019**
Grocery trade	5.1	4.8	0.3	5.6	5.2	0.4	5.5	5.6
Building and technical trade	2.5	2.3	0.2	4.2	3.7	0.5	3.1	3.2
Car trade	3.1	4.0	-0.9	2.4	3.7	-1.3	3.9	3.5
Continuing operations, total	**3.5**	**3.5**	**0.0**	**4.4**	**4.2**	**0.2**	**4.1**	**4.1**

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	**1-6/2019**	**1-6/2018**	**Change**	**4-6/2019**	**4-6/2018**	**Change**	**1-12/2018**	**Rolling 12 mo 6/2019**
Grocery trade	104.8	91.5	13.3	63.5	52.8	10.7	228.0	241.3
Building and technical trade	38.1	31.2	7.0	41.6	33.4	8.2	98.4	105.4
Car trade	12.4	19.7	-7.3	4.8	8.7	-3.9	34.5	27.2
Common functions and eliminations	-20.7	-13.3	-7.4	-10.3	-5.9	-4.4	-28.7	-36.1
Continuing operation, total	**134.6**	**129.1**	**5.6**	**99.7**	**89.0**	**10.7**	**332.2**	**337.7**

Operating margin by segment excluding the impact of IFRS 16, %, comparable	**1-6/2019**	**1-6/2018**	**Change, pp**	**4-6/2019**	**4-6/2018**	**Change, pp**	**1-12/2018**	**Rolling 12 mo 6/2019**
Grocery trade	3.9	3.5	0.4	4.5	4.0	0.5	4.2	4.4
Building and technical trade	1.8	1.6	0.2	3.6	3.0	0.6	2.4	2.5
Car trade	3.0	3.9	-0.9	2.3	3.6	-1.3	3.9	3.4
Continuing operation, total	**2.6**	**2.5**	**0.1**	**3.6**	**3.3**	**0.3**	**3.2**	**3.2**

EBITDA by segment, comparable, € million	**1-6/2019**	**1-6/2018**	**Muutos**	**4-6/2019**	**4-6/2018**	**Muutos**	**1-12/2018**	**Rolling 12 mo 6/2019**
Grocery trade	271.2	253.6	17.6	147.3	134.6	12.7	557.9	575.5
Building and technical trade	125.9	112.9	12.9	86.2	74.7	11.6	267.0	280.0
Car trade	22.9	26.6	-3.7	10.5	12.3	-1.8	50.6	47.0
Common functions and eliminations	-4.4	-0.5	-3.9	-1.9	0.4	-2.2	0.2	-3.7
Continuing operation, total	**415.6**	**392.7**	**22.9**	**242.2**	**221.9**	**20.3**	**875.8**	**898.7**

EBITDA by segment excluding the impact of IFRS 16, comparable, € million	**1-6/2019**	**1-6/2018**	**Change**	**4-6/2019**	**4-6/2018**	**Change**	**1-12/2018**	**Rolling 12 mo 6/2019**
Grocery trade	139.1	123.4	15.7	81.3	69.4	11.9	294.5	310.3
Building and technical trade	55.7	48.2	7.5	50.6	42.2	8.4	133.5	141.0
Car trade	20.5	24.7	-4.2	9.2	11.4	-2.2	46.7	42.6
Common functions and eliminations	-6.2	-1.8	-4.4	-3.0	-0.3	-2.7	-2.4	-6.8
Continuing operation, total	**209.1**	**194.5**	**14.7**	**138.0**	**122.6**	**15.4**	**472.4**	**487.0**

Capital employed by segment, cumulative average, € million	**1-6/2019**	**1-6/2018**	**Change**	**4-6/2019**	**4-6/2018**	**Change**	**1-12/2018**	**Rolling 12 mo 6/2019**
Grocery trade	2,231.6	2,254.3	-22.7	2,227.5	2,255.6	-28.1	2,243.5	2,231.0
Building and technical trade	1,843.6	1,526.1	317.5	1,902.3	1,534.1	368.2	1,611.2	1,767.3
Car trade	217.6	174.6	43.0	235.4	170.8	64.7	169.6	190.5
Common functions and eliminations	320.8	352.7	-31.9	308.5	330.6	-22.1	359.5	342.4
Continuing operation, total	**4,613.6**	**4,307.7**	**305.9**	**4,673.8**	**4,291.1**	**382.7**	**4,383.8**	**4,4531.1**

Return on capital employed by segment, %, comparable	**1-6/2019**	**1-6/2018**	**Change, pp**	**4-6/2019**	**4-6/2018**	**Change, pp**	**1-12/2018**	**Rolling 12 mo 6/2019**
Grocery trade	12.2	11.1	1.1	14.2	12.3	1.9	13.1	13.7
Building and technical trade	5.6	5.9	-0.3	10.2	10.6	-0.4	7.9	7.5
Car trade	11.7	23.0	-11.3	8.5	20.9	-12.3	20.8	14.6
Continuing operations, total	**7.8**	**8.2**	**-0.4**	**10.5**	**10.6**	**-0.1**	**9.8**	**9.5**

Capital expenditure by segment, € million	**1-6/2019**	**1-6/2018**	**Change**	**4-6/2019**	**4-6/2018**	**Change**	**1-12/2018**	**Rolling 12 mo 6/2019**
Grocery trade	118.6	60.1	58.5	90.0	31.4	58.6	124.1	182.6
Building and technical trade	281.8	22.9	258.9	246.3	16.7	229.6	200.7	459.6
Car trade	48.7	27.2	21.6	22.1	18.5	3.6	49.0	70.6
Common functions and eliminations	21.5	18.5	3.0	15.1	7.6	7.5	43.8	46.9
Continuing operations, total	**470.7**	**128.7**	**342.0**	**373.4**	**74.2**	**299.2**	**417.6**	**759.6**

Segment information by quarter, continuing operations

Net sales by segment, € million	**1-3/2018**	**4-6/2018**	**7-9/2018**	**10-12/2018**	**1-3/2019**	**4-6/2019**
Grocery trade	1,276.2	1,327.3	1,352.4	1,429.8	1,263.9	1,408.6
Building and technical trade	877.3	1,101.7	1,089.0	1,034.6	937.6	1,161.8
Car trade	258.9	243.6	200.3	190.2	200.5	211.9
Common functions and eliminations	0.8	0.1	0.1	0.5	-1.2	-1.0
Continuing operations, total	**2,413.2**	**2,672.7**	**2,641.8**	**2,655.1**	**2,400.8**	**2,781.4**

Operating profit by segment, € million	**1-3/2018**	**4-6/2018**	**7-9/2018**	**10-12/2018**	**1-3/2019**	**4-6/2019**
Grocery trade	54.1	65.0	80.2	86.7	56.8	85.6
Building and technical trade	2.7	38.2	52.0	20.4	-2.1	43.7
Car trade	11.1	8.9	8.0	7.0	7.6	4.9
Common functions and eliminations	-7.5	-6.3	-5.9	-10.3	-10.7	-14.3
Continuing operations, total	**60.4**	**105.8**	**134.3**	**103.8**	**51.6**	**119.9**

Items in operating profit affecting comparability, € million	**1-3/2018**	**4-6/2018**	**7-9/2018**	**10-12/2018**	**1-3/2019**	**4-6/2019**
Grocery trade	-1.2	-4.5	-1.1	-1.9	0.0	6.6
Building and technical trade	-2.0	-2.4	-1.3	-7.8	-5.4	-4.7
Car trade	-	-	-	-0.1	-0.1	-0.1
Common functions and eliminations	-0.3	-0.5	-0.3	-0.8	-0.4	-4.3
Continuing operations, total	**-3.4**	**-7.5**	**-2.7**	**-10.7**	**-5.8**	**-2.6**

Operating profit by segment, comparable, € million	**1-3/2018**	**4-6/2018**	**7-9/2018**	**10-12/2018**	**1-3/2019**	**4-6/2019**
Grocery trade	55.2	69.5	81.3	88.6	56.8	79.0
Building and technical trade	4.7	40.6	53.3	28.3	3.2	48.4
Car trade	11.1	8.9	8.0	7.2	7.7	5.0
Common functions and eliminations	-7.2	-5.7	-5.6	-9.5	-10.3	-10.0
Continuing operations, total	**63.8**	**113.2**	**137.0**	**114.5**	**57.5**	**122.5**

Operating margin by segment, %, comparable	**1-3/2018**	**4-6/2018**	**7-9/2018**	**10-12/2018**	**1-3/2019**	**4-6/2019**
Grocery trade	4.3	5.2	6.0	6.2	4.5	5.6
Building and technical trade	0.5	3.7	4.9	2.7	0.3	4.2
Car trade	4.3	3.7	4.0	3.8	3.8	2.4
Continuing operations, total	**2.6**	**4.2**	**5.2**	**4.3**	**2.4**	**4.4**

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	**1-3/2018**	**4-6/2018**	**7-9/2018**	**10-12/2018**	**1-3/2019**	**4-6/2019**
Grocery trade	38.7	52.8	64.7	71.8	41.3	63.5
Building and technical trade	-2.2	33.4	45.9	21.3	-3.5	41.6
Car trade	11.0	8.7	7.8	7.0	7.5	4.8
Common functions and eliminations	-7.4	-5.9	-5.8	-9.6	-10.4	-10.3
Continuing operations, total	**40.0**	**89.0**	**112.6**	**90.5**	**34.9**	**99.7**

Operating margin by segment excluding the impact of IFRS 16, %, comparable	**1-3/2018**	**4-6/2018**	**7-9/2018**	**10-12/2018**	**1-3/2019**	**4-6/2019**
Grocery trade	3.0	4.0	4.8	5.0	3.3	4.5
Building and technical trade	-0.3	3.0	4.2	2.1	-0.4	3.6
Car trade	4.2	3.6	3.9	3.7	3.8	2.3
Continuing operations, total	**1.7**	**3.3**	**4.3**	**3.4**	**1.5**	**3.6**

EBITDA by segment, comparable, € million	1-3/2018	4-6/2018	7-9/2018	10-12/2018	1-3/2019	4-6/2019
Grocery trade	119.1	134.6	147.8	156.5	123.9	147.3
Building and technical trade	38.3	74.7	88.7	65.4	39.6	86.2
Car trade	14.3	12.3	12.3	11.7	12.4	10.5
Common functions and eliminations	-0.9	0.4	2.2	-1.5	-2.6	-1.9
Continuing operations, total	**170.7**	**221.9**	**251.0**	**232.1**	**173.4**	**242.2**

EBITDA by segment excluding the impact of IFRS 16, comparable, € million	1-3/2018	4-6/2018	7-9/2018	10-12/2018	1-3/2019	4-6/2019
Grocery trade	54.1	69.4	81.1	90.0	57.8	81.3
Building and technical trade	6.0	42.2	54.9	30.4	5.1	50.6
Car trade	13.3	11.4	11.4	10.7	11.3	9.2
Common functions and eliminations	-1.6	-0.3	1.6	-2.1	-3.2	-3.0
Continuing operations, total	**71.8**	**122.6**	**148.9**	**129.0**	**71.1**	**138.0**

Acquisitions

The DIY business of the Sørbø retailer group

In January, Kesko Corporation subsidiaries Skattum Handel AS and Rake Eiendom AS acquired the DIY retail business and related properties of the Norwegian Sørbø retailer group as well as a B2B logistics centre. The acquired stores previously operated Byggmakker stores under the retailer business model. The debt-free price of the transaction, structured as a share purchase and business acquisition, totalled NOK 237.7 million (€24.4 million).

According to a preliminary acquisition cost calculation, assets acquired for Kesko Group amounted to €26.3 million and liabilities assumed to €7.3 million. The acquisition cost calculation will be updated during the third quarter. The Group profit for January-June 2019 includes minor acquisition-related costs, which are presented as items affecting comparability. The impact of the acquired businesses on the Group's net sales and operating profit for February-June was minor.

Car trade businesses of Huittisten Laatuauto and LänsiAuto

In March, Kesko Group company K Caara Oy completed the acquisitions of the Volkswagen and SEAT businesses of Huittisten Laatuauto Oy in Forssa and Huittinen, and the Volkswagen, Audi and SEAT businesses of LänsiAuto Oy in Kotka, Kouvola and Lappeenranta. The debt-free price of the transactions, carried out as business acquisitions, totalled €11.3 million.

According to a preliminary acquisition cost calculation, assets acquired for Kesko Group amounted to €7.3 million and liabilities assumed to €1.4 million. The Group profit for January-June 2019 includes minor acquisition-related costs, which are presented as items affecting comparability. The impact of the acquired businesses on the Group's net sales and operating profit for March-June was minor.

Fresks Group

Kesko Group company K-rauta AB has completed the acquisition of Fresks Group from Litorina, Oscarson Invest and the group's management. Fresks Group is a significant operator in the Swedish builders' merchant business. The acquisition will significantly strengthen Kesko's market position in Sweden, especially in the growing professional builders customer segment. With the acquisition, Kesko assumed ownership of Fresks Group with 33 stores and some 500 employees, who mainly serve small and medium-sized renovation companies. The combined debt-free transaction price of the acquisition, structured as a share purchase, was SEK 2,192.0 million (€208.4 million).

According to a preliminary acquisition cost calculation, assets acquired for Kesko Group amounted to €120.2 million and liabilities assumed to €83.5 million. The acquisition cost calculation will be updated during the second year-half. The Group profit for January-June 2019 includes acquisition-related costs of €1.4 million, which are presented as items affecting comparability.

Fresks Group's impact on net sales for May-June was €28.8 million. The impact on comparable operating profit for May-June was €2.1 million. If the acquisitions had taken place on 1 January 2019, according to management estimates, the impact on Group net sales would have been approximately €96.3 million, and the impact on comparable operating profit would have been €3.7 million. In determining the net sales and comparable operating profit, management estimates that recorded fair values would have been the same on the date of acquisition had the acquisition taken place on 1 January 2019.

Discontinued operations

The Russian building and home improvement trade operations discontinued in 2018 are reported as discontinued operations in the consolidated financial statements, and are not included in this half year financial report in the figures for the Group's continuing operations or the figures for the building and technical trade for the financial year or the comparison period.

Result for the Russian building and home improvement trade (€ million)			
	1-6/2019	**1-6/2018**	**1-12/2018**
Income	-	47.5	46.2
Expense	-	-48.9	-47.6
Profit/loss before tax	-	-1.4	-1.4
Income tax	-	-0.3	-0.3
Net profit/loss after tax	-	-1.8	-1.7
Loss on discontinued Russian building and home improvement trade before tax	-0.7	-42.3	-46.2
Income tax	11.3	-7.3	-7.9
Loss on discontinued Russian building and home improvement trade after tax	10.5	-49.6	-54.1
Net loss for the period from discontinued operations	**10.5**	**-51.4**	**-55.1**
Comprehensive income for the period, net of tax	-	35.2	35.1
Comprehensive income from discontinued operations	**10.5**	**-16.1**	**-20.8**

Assets and liabilities of the Russian building and home improvement trade (€ million)	
	30.6.2019
ASSETS	
Non-current assets	
Tangible assets	0.4
Total	0.4
Current assets	
Trade receivables	0.0
Other receivables	0.1
Cash and cash equivalents	0.0
Total	0.0
Total assets	**0.5**

	30.6.2019
LIABILITIES	
Current liabilities	0.0
Trade payables	0.0
Other non-interest-bearing liabilities	0.2
Provisions	0.2
Total	0.5
Total liabilities	**0.5**

Impact of new and amended standards, IFRS 16 Leases

At the start of the financial year, the Group adopted the new standard IFRS 16 Leases, which took effect on 1 January 2019. The Group adopted the standard using a retrospective method, and reporting for the 2018 comparison period has been adjusted to be comparable.

Kesko Corporation has provided information on the adoption of IFRS 16 Leases in a 19 December 2018 release containing comparison figures for January-September 2018, in the 2018 financial statements release published on 6 February 2019, in the 2018 financial statements published on 8 March 2019, and in a 25 March 2019 release containing comparison figures for the whole financial year 2018.

IFRS 16 Leases took effect on 1 January 2019. The standard addresses the definition, recognition and measurement of lease agreements and other information given in relation to lease agreements in financial statements. According to the standard, the lessee recognises in its balance sheet right-of-use assets and financial liabilities.

Kesko Group leases store sites and other properties for use in its business operations in all of its operating countries. Kesko has a significant number of lease agreements that before the implementation of IFRS 16 Leases were categorised as operating leases and were recognised as lease expenditure in the income statement on a time apportionment basis. According to the new standard that took effect on 1 January 2019, assets and liabilities corresponding to the present value of minimum lease payments of most of these leases are recognised in the balance sheet at the commencement date of the leases, meaning assets and liabilities recognised in the balance sheet increase significantly.

According to IFRS 16, the measurement of the right-of-use assets and the lease liabilities is determined by discounting the minimum future lease payments. The Group adopted the standard using a retrospective method, and the impact on the date of transition (1 January 2018) has been calculated as if the standard had always been in effect. The discount rate should primarily be the interest rate implicit in the lease, if available. An interest rate implicit in the lease is not available for all lease agreements. In such cases, the Group will use the incremental borrowing rate, which comprises the reference rate, credit spread for the incremental borrowing, and a potential country and currency risk premium. With the retrospective method, the incremental borrowing rate has been determined and the minimum lease payments discounted at the commencement date of each lease agreement. IFRS 16 Leases includes exemptions for lease agreements with a term of less than 12 months and for asset items of low value, which the Group has adopted. The lessor's reporting remains unchanged, meaning lease agreements are still divided into finance lease agreements and operating leases.

The new standard had a significant impact on the Group's income statement and balance sheet and on some performance indicators. The adoption of IFRS 16 increased significantly the Group's EBITDA and comparable EBITDA and operating profit and comparable operating profit, when the lease expenditure recognised in the income statement was replaced by depreciation of right-of-use assets and interest expenses for liability recognised in finance costs. In addition, change in deferred tax was recognised in income taxes. Assets in the consolidated statement of financial position increased by the right-of-use asset calculated for the commencement date of each lease agreement, to be depreciated over their lease term. The amount of interest-bearing liabilities in the consolidated statement of financial position increased by the discounted amount of lease liabilities. In addition, the implementation of the new standard affected the cash flow from operating activities and cash flow from financing activities in the consolidated statement of cash flows, as realised rent payments were allocated to cash flow from operating activities for the portion corresponding to finance costs and to cash flow from financing activities for the portion corresponding to part payment of debt. The new standard does not have a practical impact on Kesko Group's cash flows, and the Group's cash flows as a whole will not change. The standard only changes the way different items in the statement of cash flows are presented. The retrospective implementation of the new accounting standard resulted in an equity recording at the date of transition on 1 January 2018 as the values of assets and liabilities recognised in the balance sheet differed at the date of transition.

Change in tangible and intangible assets (€ million)

	30.6.2019	30.6.2018
Opening net carrying amount	**1,683.2**	**1,659.1**
Depreciation, amortisation and impairment charges	-76.5	-64.6
Investments in tangible and intangible assets	344.6	111.8
Deductions	-14.1	-15.0
Acquisitions	140.3	3.0
Transfers to non-current assets held for sale	-10.8	-182.5
Exchange differences	3.6	-0.5
Closing net carrying amount	**2,070.3**	**1,511.3**

Right-of-use assets (€ million)

	30.6.2019	30.6.2018
Opening net carrying amount	**2,062.2**	**2,006.2**
Depreciation, amortisation and impairment charges	-164.9	-156.5
Net increases	222.2	144.0
Exchange differences	2.0	-1.3
Closing net carrying amount	**2,124.6**	**1,992.3**

Related party transactions (€ million)

The Group's related parties include its management (the Board of Directors, the Managing Director and the Group Management Board) and the companies controlled by them, the Group's subsidiaries, associates and joint ventures as well as Kesko Pension Fund.

The following transactions were carried out with related parties:		
	1-6/2019	**1-6/2018**
Sales of goods and services	48.5	47.2
Purchases of goods and services	4.3	3.7
Other operating income	8.1	7.4
Other operating expenses	29.9	30.0
Finance income and costs	2.8	2.8
	30.6.2019	30.6.2018
Receivables	72.0	72.8
Liabilities	66.3	34.3

Fair value hierarchy of financial assets and liabilities (€ million)

	Level 1	Level 2	Level 3	30.6.2019
Financial assets at fair value through profit or loss	**10.1**		**19.6**	**29.7**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		1.6		1.6
Derivative financial liabilities		5.5		5.5

	Level 1	Level 2	Level 3	30.6.2018
Financial assets at fair value through profit or loss	**140.9**		**15.8**	**156.8**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		4.8		4.8
Derivative financial liabilities		-2.2		-2.2

Level 1 instruments are traded in active markets and their fair values are directly based on quoted market prices. The fair values of level 2 instruments are derived from market data. The fair values of level 3 instruments are not based on observable market data.

Personnel, average and at 30.6.

Personnel average by segment	1-6/2019	1-6/2018	Change
Grocery trade	6,047	6,089	-42
Building and technical trade	12,335	11,322	1,013
Car trade	979	827	152
Common functions	989	969	20
Continuing operations. total	20,350	19,207	1,143

Personnel at 30.6.*by segment	2019	2018	Change
Grocery trade	8,421	8,199	222
Building and technical trade	14,570	12,923	1,647
Car trade	1,057	872	185
Common functions	1,041	1,052	-11
Continuing operations. total	25,089	23,046	2,043

* Total number including part-time employees

Group's commitments (€ million)

	30.6.2019	30.6.2018	Change, %
Own commitments	473.7	255.1	85.7
For others	54.0	19.9	(..)
Lease liabilities for leases not recognised in the balance sheet	203.1	202.6	0.3
Liabilities arising from derivative instruments (€ million)			
			Fair value
Values of underlying instruments at 30.6.	**30.6.2019**	**30.6.2018**	**30.6.2019**
Interest rate derivatives			
Interest rate options	-	70.0	-
Interest rate swaps	290.0	280.2	-4.6
Currency derivatives			
Forward and future contracts	145.6	264.8	-0.2
Currency swaps	-	20.1	-
Commodity derivatives			
Electricity futures	11.4	8.7	0.9

(..) Change over 100%

Lease liabilities not recognised in the balance sheet include primarily the nominal amount of liability for agreements that will enter into force in the future.

Calculation of performance indicators

Kesko uses alternative performance measures to reflect business performance and profitability. These indicators should be examined together with the IFRS-compliant performance indicators.

Change in comparable net sales is used to reflect changes in the Group's business volume between periods. The indicator reflects the change in net sales excluding the impact of acquisitions and divestments, in local currencies. The comparable net sales have been calculated by including in the net sales the business operations that have been part of Kesko Group in both the reporting period as well as the comparison period. Other structural arrangements related to acquisitions and divestments have been adjusted in the same manner as acquisitions.

Performance indicators reflecting comparable profit and profitability are used to improve the comparability of operational performance between periods. Gains and losses on disposal of real estate, shares and business operations, impairment charges and significant restructuring costs are identified as items affecting comparability. Gains on disposal have been presented within other operating income, and losses on disposal within other operating expenses in the income statement.

Alternative performance measures that have been adjusted for the impact of IFRS 16 are used to illustrate continuity in business profitability and financial position and the achievement of certain financial targets. The EBITDA excluding the impact of IFRS 16 corresponds to EBITDA before the adoption of IFRS 16, and the interest-bearing net debt excluding lease liabilities correspond to interest-bearing net debt before the adoption of the standard. These restated indicators are included as components in the Group's financial targets' performance indicators. Cash flows from operating activities and from financing activities excluding the impact of IFRS 16 are used to illustrate the presentation of the Group's cash flows before the accounting standard changes took effect. The alternative presentation of cash flows is necessary for following the Group's cash flows.

In addition, the financial performance indicators required by the Decree of the Ministry of Finance on obligation of securities issuers to disclose periodic information have been presented as alternative performance measures. The management uses these indicators to monitor and analyse business performance, profitability and financial position.

Operating profit, comparable	Operating profit +/– items affecting comparability
Items affecting comparability	– gains on disposal + losses on disposal + impairment charges +/- structural arrangements
Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, rolling 12 months	Operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on capital employed*, %, comparable	Comparable operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, comparable, rolling 12 months	Comparable operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on equity*, %	(Profit/loss before tax - Income tax) x 100 / Shareholders' equity, average of the beginning and end of the reporting period

Return on equity, %, rolling 12 months	(Profit/loss for the preceding 12 months before tax - Income tax for the preceding 12 months) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity*, %, comparable	(Profit/loss adjusted for items affecting comparability before tax - Income tax adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, comparable, rolling 12 months	(Profit/loss for the preceding 12 months adjusted for items affecting comparability before tax - Income tax for the preceding 12 months adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Equity ratio, %	Shareholders' equity x 100 / (Total assets – Advances received)
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity
Interest-bearing net debt	Interest-bearing liabilities + Lease liabilities – Current financial assets at fair value through profit or loss – Current financial assets at amortised cost – Cash and cash equivalents
Interest-bearing net debt excluding lease liabilities	Interest-bearing net debt – Lease liabilities
EBITDA	Operating profit + Depreciation and amortisation + Impairments
EBITDA excluding the impact of IFRS 16	EBITDA – Rents for right-of-use assets
Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16	Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16
Capital expenditure	Investments in tangible and intangible assets, subsidiary shares, shares in associates and joint ventures and other shares
Earnings/share, basic	(Profit/loss - Non-controlling interests) / Average number of shares
Earnings/share, diluted	(Profit – Non-controlling interest) / Average diluted number of shares
Earnings/share, basic, comparable	(Profit/loss adjusted for items affecting comparability - Non-controlling interests) / Average number of shares
Equity/share	Equity attributable to owners of the parent / Basic number of shares at the balance sheet date
Cash flow from operating activities/share	Cash flow from operating activities / Average number of shares

* Indicators for return on capital have been annualised.

Reconciliation of performance indicators to IFRS financial statements

€ million	**1-3/ 2018**	**4-6/ 2018**	**7-9/ 2018**	**10-12/ 2018**	**1-3/ 2019**	**4-6/ 2019**	**1-6/ 2019**	**1-6/ 2018**	**1-12/ 2018**
Continuing operations									
Items affecting comparability									
Gains on disposal	2.5	4.3	0.0	0.0	0.0	1.0	1.0	6.7	6.7
Losses on disposal	0.0	-	0.0	-	-0.0	-0.0	-0.0	-	-0.1
Impairment charges	-	-3.4	-	-2.2	-	-	-	-3.4	-5.6
Structural arrangements	-5.8	-8.4	-2.6	-8.5	-5.8	-3.5	-9.4	-14.2	-25.3
Items in operating profit affecting comparability	**-3.4**	**-7.5**	**-2.7**	**-10.7**	**-5.8**	**-2.6**	**-8.4**	**-10.9**	**-24.2**
Items in financial items affecting comparability	-	-	-	-6.5	-	17.4	17.4	-	-6.5
Items in income taxes affecting comparability	0.4	2.0	0.3	1.8	0.1	-1.5	-1.4	2.3	4.5
Items in net profit attributable to non-controlling interests affecting comparability	-	-3.7	0.5	-	-	-	-	-3.7	-3.2
Total items affecting comparability	**-3.0**	**-9.2**	**-1.8**	**-15.4**	**-5.8**	**13.4**	**7.6**	**-12.3**	**-29.4**
Items in EBITDA affecting comparability	**-1.5**	**-1.2**	**-2.5**	**-4.0**	**-5.6**	**-5.4**	**-11.0**	**-2.7**	**-9.2**
Operating profit, comparable									
Operating profit	60.4	105.8	134.3	103.8	51.6	119.9	171.5	166.1	404.3
Net of									
Items in operating profit affecting comparability	-3.4	-7.5	-2.7	-10.7	-5.8	-2.6	-8.4	-10.9	-24.2
Operating profit, comparable	**63.8**	**113.2**	**137.0**	**114.5**	**57.5**	**122.5**	**179.9**	**177.0**	**428.5**
Operating profit excluding the impact of IFRS 16, comparable									
Operating profit, comparable	63.8	113.2	137.0	114.5	57.5	122.5	179.9	177.0	428.5
Net of									
Rents for right-of-use assets	-98.9	-99.3	-102.1	-103.1	-102.3	-104.2	-206.5	-198.2	-403.4
Plus									
Depreciation and impairment charges for right-of-use assets	75.1	75.1	77.7	79.0	79.7	81.4	161.2	150.3	307.0
Operating profit excluding the impact of IFRS 16, comparable	**40.0**	**89.0**	**112.6**	**90.5**	**34.9**	**99.7**	**134.6**	**129.1**	**332.2**
EBITDA									
Operating profit	60.4	105.8	134.3	103.8	51.6	119.9	171.5	166.1	404.3
Plus									
Depreciation and impairment charges	31.0	36.3	34.5	40.2	35.3	41.1	76.5	67.3	142.1

Depreciation and impairment charges for right-of-use assets	77.9	78.7	79.7	84.0	80.8	75.8	156.6	156.5	320.3
EBITDA	**169.2**	**220.7**	**248.6**	**228.1**	**167.8**	**236.8**	**404.5**	**390.0**	**866.6**
EBITDA, comparable									
EBITDA	169.2	220.7	248.6	228.1	167.8	236.8	404.5	390.0	866.6
Net of									
Items in EBITDA affecting comparability	-1.5	-1.2	-2.5	-4.0	-5.6	-5.4	-11.0	-2.7	-9.2
EBITDA, comparable	**170.7**	**221.9**	**251.0**	**232.1**	**173.4**	**242.2**	**415.6**	**392.7**	**875.8**
EBITDA excluding the impact of IFRS 16									
EBITDA	169.2	220.7	248.6	228.1	167.8	236.8	404.5	390.0	866.6
Net of									
Rents for right-of-use assets	-100.2	-101.7	-102.3	-107.7	-102.5	-105.7	-208.2	-201.8	-411.8
EBITDA excluding the impact of IFRS 16	**69.1**	**119.1**	**146.3**	**120.4**	**65.2**	**131.1**	**196.4**	**188.1**	**454.8**
EBITDA excluding the impact of IFRS 16, comparable									
EBITDA, comparable	170.7	221.9	251.0	232.1	173.4	242.2	415.6	392.7	875.8
Net of									
Rents for right-of-use assets	-98.9	-99.3	-102.1	-103.1	-102.3	-104.2	-206.5	-198.2	-403.4
EBITDA excluding the impact of IFRS 16, comparable	**71.8**	**122.6**	**148.9**	**129.0**	**71.1**	**138.0**	**209.1**	**194.5**	**472.4**
Profit before tax, comparable									
Profit before tax	34.9	77.5	108.5	73.6	28.8	114.1	142.8	112.4	294.5
Net of									
Items in operating profit affecting comparability	-3.4	-7.5	-2.7	-10.7	-5.8	-2.6	-8.4	-10.9	-24.2
Items in financial items affecting comparability	-	-	-	-6.5	-	17.4	17.4	-	-6,5
Profit before tax, comparable	**38.3**	**85.0**	**111.2**	**90.8**	**34.6**	**99.2**	**133.8**	**123.3**	**325,2**
Profit before tax excluding the impact of IFRS 16, comparable									
Profit before tax, comparable	38.3	85.0	111.2	90.8	34.6	99.2	133.8	123.3	325,2
Net of									
Rents for right-of-use assets	-98.9	-99.3	-102.1	-103.1	-102.3	-104.2	-206.5	-198.2	-403.4
Plus									
Depreciation and impairment charges for right-of-use assets	75.1	75.1	77.7	79.0	79.7	81.4	161.2	150.3	307.0
Interest expense for lease liabilities	25.4	25.2	25.0	23.1	24.6	24.2	48.8	50.6	98.6
Profit before tax excluding the impact of IFRS 16, comparable	**39.9**	**86.0**	**111.8**	**89.8**	**36.6**	**100.7**	**137.3**	**125.9**	**327.5**

Net profit, comparable									
Profit before tax, comparable	38.3	85.0	111.2	90.8	34.6	99.2	133.8	123.3	325.2
Net of									
Income tax	7.0	16.1	23.4	15.5	6.1	23.3	29.4	23.1	62.1
Items in income tax affecting comparability	0.4	2.0	0.3	1.8	0.1	-1.5	-1.4	2.3	4.5
Net profit, comparable	**30.9**	**66.9**	**87.5**	**73.4**	**28.4**	**77.3**	**105.8**	**97.8**	**258.7**
Net profit attributable to owners of the parent, comparable									
Net profit, comparable	30.9	66.9	87.5	73.4	28.4	77.3	105.8	97.8	258.7
Net of									
Net profit attributable to non-controlling interests	-2.9	10.7	6.7	3.9	-4.7	5.2	0.5	7.9	18.5
Items in net profit attributable to non-controlling interests affecting comparability	-	-3.7	0.5	-	-	-	-	-3.7	-3.2
Net profit attributable to owners of the parent, comparable	**33.8**	**59.9**	**80.2**	**69.5**	**33.2**	**72.1**	**105.3**	**93.7**	**243.4**
Earnings per share, comparable, €									
Net profit attributable to the owners of the parent, comparable	33.8	59.9	80.2	69.5	33.2	72.1	105.3	93.7	243.4
Average number of shares, basic, 1.000 pcs	99,468	99,347	99,237	99,182	99,027	90,059	99,059	99,347	99,182
Earnings per share, comparable, €	**0.34**	**0.60**	**0.81**	**0.70**	**0.33**	**0.73**	**1.06**	**0.94**	**2.45**
Return on capital employed, %									
Operating profit	60.4	105.8	134.3	103.8	51.6	119.9	171.5	166.1	404.3
Capital employed, average	4,323.5	4,291.1	4,396.5	4,490.3	4,537.4	4,673.8	4,613.6	4,307.7	4,383.8
Return on capital employed, %	**5.6**	**9.9**	**12.2**	**9.2**	**4.6**	**10.3**	**7.4**	**7.7**	**9.2**
Return on capital employed, comparable, %									
Operating profit, comparable	63.8	113.2	137.0	114.5	57.5	122.5	179.9	177.0	428.5
Capital employed, average	4,323.5	4,291.1	4,396.5	4,490.3	4,537.4	4,673.8	4,613.6	4,307.7	4,383.8
Return on capital employed, comparable, %	**5.9**	**10.6**	**12.5**	**10.2**	**5.1**	**10.5**	**7.8**	**8.2**	**9.8**
Group									
Return on equity, %									
Net profit	4.5	33.5	82.4	56.2	22.2	101.7	123.9	37.9	176.5
Equity, average	2,059.2	1,977.1	1,940.9	2,005.0	2,042.7	2,000.3	1,978.7	1,974.9	2,039.0
Return on equity, %	**0.9**	**6.8**	**17.0**	**11.2**	**4.3**	**20.3**	**12.5**	**3.8**	**8.7**
Return on equity, comparable, %									
Net profit, comparable	29.1	66.9	87.0	72.7	27.6	88.6	116.2	96.0	255.8
Equity, average	2,059.2	1,977.1	1,940.9	2,005.0	2,042.7	2,000.3	1,978.7	1,974.9	2,039.0

Return on equity, comparable, %	**5.7**	**13.5**	**17.9**	**14.5**	**5.4**	**17.7**	**11.7**	**9.7**	**12.5**
Equity ratio, %									
Shareholders' equity	2,061.3	1,892.9	1,989.0	2,021.1	2,064.4	1,936.3	1,936.3	1,892.9	2,021.1
Total assets	6,798.9	6,486.7	6,494.0	6,366.8	6,523.8	6,985.0	6,985.0	6,486.7	6,366.8
Advances received	239.7	28.0	29.7	26.0	35.4	37.0	37.0	28.0	26.0
Equity ratio, %	**31.4**	**29.3**	**30.8**	**31.9**	**31.8**	**27.9**	**27.9**	**29.3**	**31.9**

K Group's retail and B2B sales, VAT 0% (preliminary data, pro forma*):

	1.1.-30.6.2019		**1.4.-30.6.2019**	
K Group's retail and B2B sales	**€ million**	**Change, %**	**€ million**	**Change, %**
K Group's grocery trade				
K-Citymarket, food	823.9	5.4	430.6	10.1
K-Citymarket, non-food	266.4	2.1	138.1	3.3
K-Supermarket	1,003.6	5.1	526.8	6.8
K-Market	909.7	2.1	483.4	3.6
Neste K	65.1	-0.7	34.9	-1.6
Others	20.2	-1.8	11.5	2.4
Retail sales, total	**3,088.9**	**3.8**	**1,625.4**	**6.2**
Kespro	453.7	6.9	237.3	9.0
Grocery trade, total	**3,542.6**	**4.2**	**1,862.7**	**6.5**
K Group's building and technical trade				
K-Rauta	518.8	2.4	326.5	1.2
Rautakesko B2B Service	125.9	-1.1	65.9	-4.4
Onninen, Finland	445.3	3.3	241.1	0.9
Machinery trade, Finland	10.1	-31.5	7.9	-22.0
Leisure trade, Finland	136.0	-0.8	66.0	-2.2
Finland, total	**1,236.1**	**1.6**	**707.4**	**-0.1**
K-Rauta, Sweden	87.2	-1.8	53.8	-0.5
K-Bygg, Sweden	98.8	0.2	57.4	-1.2
Onninen, Sweden	47.3	11.5	27.0	10.7
Byggmakker, Norway	235.8	-4.7	134.7	-7.4
Onninen, Norway	131.5	-3.0	63.3	-5.4
Kesko Senukai, Baltic countries	339.9	17.4	188.9	13.4
Onninen, Baltic countries	38.5	8.1	20.4	6.4
Machinery trade, Baltic countries	64.7	-13.7	45.8	-15.5
OMA, Belarus	65.9	12.2	39.2	11.0
Onninen, Poland	110.3	1.4	56.6	-2.0
Other countries, total	**1,220.0**	**3.3**	**687.0**	**0.7**
Building and technical trade, total	**2,456.1**	**2.5**	**1,394.4**	**0.3**
K Group's car trade				
K-Caara	207.9	-27.3	109.1	-21.7
K-Auto, import	209.8	-12.7	96.6	-16.3

AutoCarrera	18.8	-41.6	12.4	-23.5
Car trade, total	**436.6**	**-21.8**	**218.0**	**-19.5**
Finland, total	**5,215.3**	**0.8**	**2,788.2**	**2.2**
Other countries, total	**1,220.0**	**3.3**	**687.0**	**0.7**
Retail and B2B sales, total	**6,435.3**	**1.3**	**3,475.2**	**1.9**

* Pro forma comparison figures have been calculated to illustrate a situation in which the acquisition of 1A Group, which took place in 2018, the acquisitions in the car trade division, which took place in March 2019, and the acquisition of Fresks Group, which took place in May, would have taken place on 1 January