Q2/2016

Kesko Corporation
Half Year Financial Report

January-June 2016

Kesko’s half year financial report for the period 1 January to 30 June 2016: Kesko’s net sales increased and comparable operating profit improved

FINANCIAL PERFORMANCE IN BRIEF:

- Group's net sales for January-June were €4,624 million (€4,310 million)
  Net sales grew by 7.3% and in local currencies, acquisitions and disposals excluded, by 2.5%
- Comparable operating profit was €111.4 million (€102.9 million)
- Operating profit was €101.6 million (€72.2 million)
- Comparable return on capital employed increased to 12.6% (rolling 12 mo)
- Comparable profit before tax was €113.7 million (€99.1 million)
- Comparable earnings per share were €0.85 (€0.71)
- Kesko Group's net sales for the next 12 months are expected to exceed the level of the preceding 12 months. The comparable operating profit for the next 12-month period is expected to exceed the level of the preceding 12 months.

KEY PERFORMANCE INDICATORS

	1-6/2016	1-6/2015	4-6/2016	4-6/2015
Net sales, € million	4,624	4,310	2,610	2,227
Operating profit, comparable, € million	111.4	102.9	79.1	76.4
Operating profit, € million	101.6	72.2	68.0	175.8
Profit before tax, comparable, € million	113.7	99.1	79.2	72.7
Profit before tax, € million	103.8	68.5	68.1	172.1
Capital expenditure, € million	564.1	110.1	512.7	58.6
Earnings per share, €, diluted	0.76	0.38	0.49	1.48
Earnings per share, comparable, €, basic	0.85	0.71	0.59	0.52
	30.6.2016	30.6.2015		
Equity ratio, %	44.8	52.2		
Equity per share, €	20.31	21.21		

PRESIDENT AND CEO MIKKO HELANDER

”The implementation of Kesko’s growth strategy progressed significantly during the second quarter, as the acquisition of Suomen Lähikauppa was completed in April and that of Onninen in June. With the acquisition of Suomen Lähikauppa Kesko will grow in the neighbourhood retail market of the grocery trade and the neighbourhood retail services valued by Finnish consumers will improve significantly. The conversion of Suomen Lähikauppa’s Siwa and Valintatalo stores into K-Market stores began in May and will continue for about a year.

Kesko is clearly Finland's most internationalised trading sector company. The acquisition of Onninen will further strengthen our position in Finland and open up new, interesting opportunities for growth in the building and technical trade in Europe.

Both acquisitions will provide significant economies of scale and synergies for Kesko.

Thanks to the acquisitions, Kesko's net sales for the second quarter increased by 17.2% and in local currencies, excluding the impact of acquisitions, by 4.6%. Both the comparable operating profit and the return on capital employed increased.

In the grocery trade, profitability remained at a good level thanks to the enhancement actions taken. In the building and technical trade, net sales were clearly on the rise and the comparable operating profit of the division continued to grow. In the car trade, net sales increased markedly and profitability remained at a good level.

The completion of the acquisitions and the implementation of the strategy are expected to further improve Kesko's growth and profitability.

During the reporting period, a decision was made in the building and technical trade to combine the Rautia and K-rauta stores into a new K-rauta chain in spring 2017. At the same time, all of the 140 building and home improvement stores in Finland will be revamped.

A key role in the implementation of Kesko's strategy is also played by the revision of K-Plussa. In the future, the revised K-Plussa will be the most personally rewarding customer loyalty programme and offer the best digital services.

Kesko's new K-kampus will also take the one, unified Kesko a leap forward. K-kampus will be built in Kalasatama, Helsinki, in cooperation with Varma Mutual Pension Insurance Company. Kampus will be completed in spring 2019 and it will bring together around 1,700 Kesko employees."

FINANCIAL PERFORMANCE

NET SALES AND PROFIT FOR JANUARY-JUNE 2016

The Group's net sales for January-June 2016 were €4,624 million, which is 7.3% up on the corresponding period of the previous year (€4,310 million). Acquisitions and disposals excluded, net sales in local currencies grew by 2.5%. Suomen Lähikauppa Oy has been consolidated into Kesko Group as of 12 April 2016 and Onninen Group as of 1 June 2016. Anttila was included in the figures for the comparative period until 16 March 2015.

In the grocery trade, the 8.6% net sales growth was significantly attributable to the acquisition of Suomen Lähikauppa. Net sales in local currencies, excluding Suomen Lähikauppa, were up 0.9%. In the building and technical trade, net sales increased by 5.1% and in local currencies, excluding Onninen and Anttila, by 3.5%. In the car trade, net sales were markedly up by 9.5%. The Group's net sales in Finland increased by 6.9%, and acquisitions and disposals excluded, by 1.1%. In the other countries, net sales increased by 8.9% and in local currencies, acquisitions and disposals excluded, by 8.6%. International operations accounted for 18.5% (18.2%) of net sales.

1-6/2016	Net sales, € million	Change, %	Change in local currency excl. acquisitions and disposals, %	Operating profit, comparable, € million	Change, € million
Grocery trade	2,447	+8.6	+0.9	74.8	-3.4

Building and technical trade	1,741	+5.1	+3.5	38.2	+17.9
Car trade	438	+9.5	+9.5	15.2	-1.1
Common functions and eliminations	-3	(..)	(..)	-16.9	-4.9
Total	4,624	+7.3	+2.5	111.4	+8.5

(..) Change over 100%

The Group's comparable operating profit for January-June was €111.4 million (€102.9 million). The total effect of the real estate arrangement completed in June 2015 on the comparable operating profit of the first six months of the year in the grocery trade and the building and technical trade was €-7.4 million. In the grocery trade, profitability was good. The comparable operating profit was €74.8 million (€78.2 million), adversely affected by €5.5 million from the real estate arrangement completed in June 2015. In the building and technical trade, profitability was improved by the good profit performance of foreign operations and the divestment of Anttila completed in the previous year. In the car trade, profitability remained steadily at a good level.

The operating profit was €101.6 million (€72.2 million). The items affecting comparability totalled €-9.8 million (€-30.7 million). The key items affecting comparability included €4.8 million in gains on the disposal of real estate, €-6.5 million in asset transfer taxes on acquisitions and €-6.0 million in real estate impairment charges. In the previous year, the items affecting comparability included a €130 million loss on the divestment of Anttila and €100 million in gains on the disposal of real estate.

Items affecting comparability, € million	1-6/2016	1-6/2015
Operating profit, comparable	**111.4**	**102.9**
Items affecting comparability		
+gains on disposal	7.1	99.9
-losses on disposal	-0.3	-131.6
-real estate impairment charges	-6.0	-
+/-structural arrangements	-8.7	-
+/-others	-1.9	1.0
Total items affecting comparability	-9.8	-30.7
Operating profit	**101.6**	**72.2**

The Group's profit before tax for January-June was €103.8 million (€68.5 million). The Group's earnings per share were €0.76 (€0.38). The Group's equity per share was €20.31 (€21.21).

In January-June, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €5,665 million, up 6.2% compared to the previous year. The K-Plussa customer loyalty programme gained 25,776 new households in January-June 2016. At the end of June, there were 2.3 million K-Plussa households and 3.6 million K-Plussa cardholders.

NET SALES AND PROFIT FOR APRIL-JUNE 2016

The Group's net sales for April-June 2016 were €2,610 million, which is 17.2% up on the corresponding period of the previous year (€2,227 million). Acquisitions excluded, net sales in local currencies grew by 4.6%.

In the grocery trade, the 17.7% net sales growth was affected by the acquisition of Suomen Lähikauppa. Net sales growth in local currencies, excluding Suomen Lähikauppa, was 2.3%. In the building and technical trade, net sales increased by 18.4% and in local currencies, excluding Onninen, by 6.7%. In the car trade, net sales increased by 12.1%. The Group's net sales in Finland increased by 17.3% and acquisitions excluded, by 3.1%. In the other countries, net sales increased by 16.8% and in local currencies, acquisitions excluded, by 10.5%. International operations accounted for 20.4% (20.5%) of net sales.

4-6/2016	Net sales, € million	Change, %	Change in local currency excl. acquisitions and disposals, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,353	+17.7	+2.3	43.6	+0.2
Building and technical trade	1,046	+18.4	+6.7	37.9	+3.4
Car trade	214	+12.1	+12.1	5.8	-0.7
Common functions and eliminations	-2	(..)	(..)	-8.2	-0.2
Total	**2,610**	**+17.2**	**+4.6**	**79.1**	**+2.8**

(..) Change over 100%

The comparable operating profit for April-June was €79.1 million (€76.4 million). The effect of the real estate arrangement completed in June 2015 on the Group's comparable operating profit for the second quarter was €-3.7 million. The €43.6 million comparable operating profit of the grocery trade was at a good level (€43.3 million). The impact of the real estate arrangement completed in June 2015 on the comparable operating profit of the grocery trade was €-2.8 million. In the building and technical trade, the comparable operating profit was increased by the good profit performance of foreign operations and the acquisition of Onninen. In the car trade, the comparable operating profit was €5.8 million (€6.5 million).

The operating profit was €68.0 million (€175.8 million). The operating profit includes items affecting comparability in the amount of €-11.1 million (€99.4 million). In the previous year, the items affecting comparability mainly included gains on the disposal of real estate.

Items affecting comparability, € million	4-6/2016	4-6/2015
Operating profit, comparable	**79.1**	**76.4**
Items affecting comparability		
+gains on disposal	5.9	99.6
-losses on disposal	-0.3	-1.0
-real estate impairment charges	-6.0	-
+/-structural arrangements	-8.7	-
+/-others	-1.9	0.9
Total items affecting comparability	-11.1	99.4
Operating profit	**68.0**	**175.8**

The Group's profit before tax for April-June was €68.1 million (€172.1 million). The Group's earnings per share were €0.49 (€1.48).

In April-June, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €3,236 million, up 13.2% compared to the previous year.

FINANCE

In January-June, the cash flow from operating activities was €-17.8 million (€67.5 million). The cash flow from operating activities was impacted by an increase in working capital resulting from sales growth and seasonal changes, coupled with €30 million in taxes of the previous financial year paid on a cash basis. The cash flow from investing activities was €-529.0 million (€334.3 million).

At the end of the period, liquid assets totalled €327 million (€843 million). Interest-bearing liabilities were €657 million (€483 million) and interest-bearing net debt was €330 million (€-359 million) at the end of June. The equity ratio was 44.8% (52.2%) at the end of the period.

The Group's net finance income was €4.3 million (net finance costs €4.5 million) in January-June.

In April-June, the cash flow from operating activities was €78.5 million (€142.3 million). The cash flow from investing activities was €-476.0 million (€398.7 million).

The Group's net finance income was €1.7 million (net finance costs €4.2 million) in April-June.

TAXES

In January-June, the Group's taxes were €21.4 million (€26.4 million). The effective tax rate was 20.6% (38.5%).

In April-June, the Group's taxes were €14.3 million (€19.4 million). The effective tax rate was 21.1% (11.2%).

CAPITAL EXPENDITURE

In January-June, the Group's capital expenditure totalled €564.1 million (€110.1 million), or 12.2% (2.6%) of net sales. Capital expenditure in store sites was €100.5 million (€78.5 million), acquisitions €431.0 million, capital expenditure in IT €8.9 million (€8.6 million) and other capital expenditure €23.6 million (€23.0 million).

In April-June, the Group's capital expenditure totalled €512.7 million (€58.6 million), or 19.6% (2.6%) of net sales. Capital expenditure in store sites was €63.6 million (€38.3 million), acquisitions €428.1 million, capital expenditure in IT €6.2 million (€3.9 million) and other capital expenditure €14.7 million (€16.4 million).

PERSONNEL

In January-June, the average number of personnel in Kesko Group was 20,593 (19,065) converted into full-time employees. The increase was due to the acquisitions of Suomen Lähikauppa and Onninen.

At the end of June 2016, the number of personnel was 30,257 (22,894), of whom 16,232 (10,774) worked in Finland and 14,025 (12,120) outside Finland. The number of Suomen Lähikauppa's personnel was 4,180 and that of Onninen 3,123.

SEGMENTS

SEASONAL NATURE OF OPERATIONS

The Group's operating activities are affected by seasonal fluctuations. The net sales and 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.

GROCERY TRADE

	1-6/2016	1-6/2015	4-6/2016	4-6/2015
Net sales, € million	2,447	2,252	1,353	1,149
Operating profit, comparable, € million	74.8	78.2	43.6	43.3
Operating margin, comparable, %	3.1	3.5	3.2	3.8
Capital expenditure, € million	139.3	70.9	104.6	33.2

Net sales, € million	1-6/2016	Change, %	4-6/2016	Change, %
Sales to K-food stores	1,550	+0.5	802	+2.2
K-citymarket, non-food	263	-1.5	133	-1.8
Suomen Lähikauppa	185	-	185	-
Kespro	390	+2.3	204	+3.7
K-ruoka, Russia	54	+8.5	29	-0.2
Others	5	-60.5	0	(..)
Total	**2,447**	**+8.6**	**1,353**	**+17.7**

(..) Change over 100%

January-June 2016
The net sales of the grocery trade for January-June were €2,447 million (€2,252 million), representing a growth of 8.6%. Suomen Lähikauppa excluded, net sales in local currencies increased by 0.9%. In January-June, the grocery sales of K-food stores in Finland decreased by 0.1% (VAT 0%) (excluding Suomen Lähikauppa) and Suomen Lähikauppa included, sales were up 7.7%. In the grocery market in Finland, retail prices are estimated to have changed by approximately -1% compared to the previous year (VAT 0%; Kesko's own estimate based on the Consumer Price Index of Statistics Finland) and the total market (VAT 0%) is estimated to have increased by approximately 1.5% in January-June (Kesko's own estimate). The sales in roubles of the food stores in Russia increased by 32.4%.

The acquisition of Suomen Lähikauppa was completed on 12 April 2016 and the conversion of Siwa and Valintatalo stores into K-Market stores was begun in May. At the same time, the renewal of the entire K-Market chain started. Kesko's neighbourhood retail services will improve significantly and the acquisition will provide significant economies of scale and synergies for Kesko. The downward price trend and the intense competitive situation continued in the Finnish grocery trade market.

In January-June, the comparable operating profit of the grocery trade was €74.8 million (€78.2 million). Thanks to the enhancement actions taken, profitability was good in the grocery trade. The real estate arrangement completed in June 2015 had a €-5.5 million impact on the comparable operating profit. The operating profit of the grocery trade was €74.3 million (€151.0 million). The items affecting comparability were €-0.6 million (€72.8 million).

The capital expenditure of the grocery trade in January-June was €139.3 million (€70.9 million), of which €70.2 million (€64.3 million) was in store sites and acquisitions were €54.1 million.

April-June 2016

The net sales of the grocery trade for April-June were €1,353 million (€1,149 million), representing a growth of 17.7%. Suomen Lähikauppa excluded, net sales in local currencies increased by 2.3%. In April-June, the grocery sales of K-food stores in Finland decreased by 0.3% (VAT 0%) (excluding Suomen Lähikauppa) and Suomen Lähikauppa included, sales increased by 14.9%. In the grocery market in Finland, retail prices are estimated to have changed by approximately -1% compared to the previous year. The sales in roubles of the food stores in Russia increased by 25.8%.

In April-June, the comparable operating profit of the grocery trade was €43.6 million (€43.3 million). The real estate arrangement completed in June 2015 had a €-2.8 million impact on the comparable operating profit. The operating profit was €44.1 million (€115.8 million). The items affecting comparability were €0.5 million (€72.4 million). Suomen Lähikauppa contributed €-1.1 million to the comparable operating profit for April-June and €-2.4 million to the operating profit.

The capital expenditure of the grocery trade in April-June was €104.6 million (€33.2 million), of which €37.3 million (€30.1 million) was in store sites and acquisitions were €54.1 million.

In April-June, two new K-supermarkets and four K-Markets were opened. Renewals and extensions were made in a total of 58 stores.

The most significant store sites under construction are the K-citymarket shopping centre i3 in Itäkeskus, Helsinki and a K-citymarket in Sastamala. A new K-supermarket is being built in Tampere, in Niittykumpu, Espoo, in Lappeenranta, Porvoo, Kemiönsaari, Haapajärvi and in Lauttasaari, Kalasatama and Pasila, Helsinki. Two food stores are being built in Russia.

Store numbers at 30.6.	2016	2015
K-citymarket	81	81
K-supermarket	223	220
K-Market (incl. service station stores)	484	441
Suomen Lähikauppa	601	-
K-ruoka, Russia	9	8
Others*	96	160

* incl. online stores

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

BUILDING AND TECHNICAL TRADE

	1-6/2016	1-6/2015	4-6/2016	4-6/2015
Net sales, € million	1,741	1,656	1,046	883
Operating profit, comparable, € million	38.2	20.3	37.9	34.5
Operating margin, comparable, %	2.2	1.2	3.6	3.9
Capital expenditure, € million	412.9	18.4	404.7	8.7

Net sales, € million	1-6/2016	Change, %	4-6/2016	Change, %
Building and home improvement trade, Finland	436	+4.1	241	+8.7
Indoor	87	+0.2	45	+4.5
K-rauta, Sweden	111	+7.5	67	+4.6
Byggmakker, Norway	206	-4.4	118	-1.0
Kesko Senukai, the Baltics	221	+5.0	130	+6.0
K-rauta, Russia	77	-17.4	45	-17.5
OMA, Belarus	46	-13.9	27	-12.9
Onninen	136	-	136	-
Intersport, Finland	83	+0.8	37	+9.8
Intersport, Russia	7	+7.5	3	-5.8
Agricultural and machinery trade	324	+1.9	195	+6.1
Others	12	-82.9	5	-44.0
Total	**1,741**	**+5.1**	**1,046**	**+18.4**

January-June 2016
The net sales of the building and technical trade for January-June were €1,741 million (€1,656 million), up 5.1%. The net sales of the building and technical trade in local currencies, excluding acquisitions and disposals, increased by 3.5%. In January-June, the net sales of the building and technical trade in Finland were €941 million (€921 million), up 2.1%. Acquisitions and disposals excluded, net sales in Finland grew by 0.5%. In January-June, the net sales from the foreign operations of the building and technical trade were €800 million (€735 million), up 9.0%. In local currencies, excluding acquisitions and disposals, the net sales from foreign operations increased by 7.0%. Foreign operations contributed 46.0% (44.4%) to net sales.

The acquisition of Onninen was completed in 1 June 2016. Onninen’s net sales in June 2016 were €136 million. The acquisition will accelerate the implementation of the international growth strategy of Kesko’s building and technical trade and provide significant synergy potential. The division’s business operations will expand in the HEPAC and electrical product groups and it will be able to better serve contractor customers in particular.

In January-June, the net sales of the building and home improvement trade were €1,179 million (€1,178 million), representing the level of the previous year. In local currencies, net sales were up by 4.6%. In respective local currencies, net sales grew in Sweden by 7.1%, in Norway by 4.2% and in Russia by 0.8%. In the building and home improvement trade, growth strengthened especially in the B2B trade. The market share of the K-Group's building and home improvement trade is estimated to have strengthened especially in Finland, Sweden and Norway. The K-Group's sales of building and home improvement products in Finland increased by a total of 5.6% and the total market (VAT 0%) is estimated to have grown by approximately 2.4% (Kesko's own estimate).

The net sales of the agricultural and machinery trade for January-June were €324 million (€318 million), up 1.9% compared to the previous year. Net sales in Finland were €264 million, down 2.4%. The net sales from foreign operations were €60 million, up 25.8%. The retail sales of the K-maatalous chain in Finland were €221 million, down 1.8%.

The net sales of the leisure trade were €99 million, an increase of 2.1% in local currencies.

In January-June, the comparable operating profit of the building and technical trade was €38.2 million (€20.3 million), up €17.9 million compared to the previous year. The profit for the comparative period includes a €12.7 million operating loss from Anttila divested in March 2015. Profitability was improved by the good profit performance of foreign operations.

The operating profit of the building and technical trade was €34.6 million (€-83.1 million). The most significant items in the previous year affecting comparability include a €130 million loss on the divestment of Anttila and €27 million in gains on the disposal of real estate.

In January-June, the capital expenditure of the building and technical trade totalled €412.9 million (€18.4 million), of which €376.9 million were acquisitions and capital expenditure in store sites was €29.7 million (€11.5 million). The acquisitions include €364.1 million for the acquisition of Onninen and €10.0 million for increasing the ownership interest in the Belarusian OMA.

April-June 2016

The net sales of the building and technical trade for April-June were €1,046 million (€883 million), up 18.4%. Net sales in local currencies, excluding acquisitions, increased by 6.7%.

In April-June, the net sales of the building and technical trade in Finland were €541 million (€456 million), up 18.8%. Acquisitions excluded, net sales in Finland grew by 4.1%. In April-June, the net sales from the foreign operations of the building and technical trade were €505 million (€428 million), up 18.0%. In local currencies, excluding acquisitions, the net sales from foreign operations increased by 9.5%. Foreign operations contributed 48.3% (48.4%) to net sales.

In April-June, the net sales of the building and home improvement trade were €671 million (€655 million), up 2.5%. In local currencies, net sales grew by 7.4%. In respective local currencies, net sales grew in Sweden by 4.2%, in Norway by 7.9% and in Russia by 4.8%. The K-Group's sales of building and home improvement products in Finland increased by a total of 6.7% and the total market (VAT 0%) is estimated to have grown by approximately 4.8% (Kesko's own estimate).

Onninen's net sales in June 2016 were €136 million.

The net sales of the agricultural and machinery trade for April-June were €195 million (€184 million), up 6.1% compared to the previous year. Net sales in Finland were €152 million, down 1.0%. The net sales from foreign operations were €44 million, up 40.8%. The retail sales of the K-maatalous chain in Finland were down by 0.9%.

The net sales of the leisure trade were €43 million, an increase of 10.4% in local currencies.

In April-June, the comparable operating profit of the building and technical trade was €37.9 million (€34.5 million), up €3.4 million compared to the previous year. The operating profit was increased by the growth of the operating profit of the building and home improvement trade in the Nordic and the Baltic countries, the acquisition of Onninen and the good profit performance of the leisure trade. Onninen's operating profit in June 2016 was €2.2 million, adversely impacted by the fair value allocations of inventories written off in the amount of €0.9 million.

The operating profit of the building and technical trade was €32.8 million (€61.5 million). Items affecting comparability were €-5.1million (€27.0 million).

In April-June, the capital expenditure of the building and technical trade totalled €404.7 million (€8.7 million), of which €374.1 million were acquisitions and capital expenditure in store sites was €26.0 million (€6.4 million).

In April-June 2016, two Senukai stores in Lithuania and the OMA Bobruisk building and home improvement store in Belarus were opened. In June, Onninen Express stores were opened in Finland and Sweden.

The most significant store sites under construction are a K-rauta store in Savonlinna and two K-rauta stores in St. Petersburg.

Store numbers at 30.6.	2016	2015
K-rauta	46	43
Rautia*	95	93
K-maatalous*	80	81
K-rauta, Sweden	20	20
Byggmakker, Norway	86	83
K-rauta, Estonia	8	8
K-rauta, Latvia	8	8
Senukai, Lithuania	22	19
K-rauta, Russia	13	13
OMA, Belarus	13	11
Onninen	146	-
Intersport, Finland**	58	62
Budget Sport**	11	11
Asko and Sotka**	87	87
Kookenkä**	37	42
Intersport, Russia	16	16
Asko and Sotka, the Baltics**	12	10
Konekesko	1	1

* In 2016, 43 (45) Rautia stores also operated as K-maatalous stores
** Including online stores
In addition, the building and home improvement stores offer e-commerce services to their customers.

CAR TRADE

	1-6/2016	1-6/2015	4-6/2016	4-6/2015
Net sales, € million	438	400	214	190
Operating profit, comparable, € million	15.2	16.3	5.8	6.5
Operating margin, comparable, %	3.5	4.1	2.7	3.4
Capital expenditure, € million	8.1	6.6	3.5	3.8

Net sales, € million	1-6/2016	Change, %	4-6/2016	Change, %
VV-Auto	438	+9.5	214	+12.1

January-June 2016
The net sales of the car trade for January-June were €438 million (€400 million), up 9.5%. In January-June, the combined market performance of first registrations of passenger cars and vans was 14.6% (-2.8%). The combined market share of passenger cars and vans imported by VV-Auto in January-June was 18.6% (20.0%).

The profitability of the car trade remained at a good level. The comparable operating profit for January-June was €15.2 million (€16.3 million). The operating profit for January-June was €15.2 million (€16.3 million).

The capital expenditure of the car trade in January-June was €8.1 million (€6.6 million).

April-June 2016
The net sales of the car trade for April-June were €214 million (€190 million), up 12.1%. The combined market share of passenger cars and vans imported by VV-Auto in April-June was 18.7% (21.2%).

The profitability of the car trade remained at a good level. The comparable operating profit for April-June was €5.8 million (€6.5 million). The operating profit for April-June was €5.8 million (€6.5 million). VV-Auto's order books strengthened markedly from the previous year.

The capital expenditure of the car trade in April-June was €3.5 million (€3.8 million).

Store numbers at 30.6.	2016	2015
VV-Auto, retail trade	10	9

CHANGES IN THE GROUP COMPOSITION

Kesko implemented the arrangement it had agreed in the autumn of 2015 to centralise its Baltic building and home improvement trade in UAB Senuku Prekybos centras (Senukai). The company's name has been changed to Kesko Senukai. In the arrangement, Kesko sold the shares in its wholly owned companies responsible for the operations of K-rauta stores in Estonia and Latvia to its subsidiary Senukai, in which Kesko has a majority interest. (Stock exchange release on 1 April 2016).

Kesko Food Ltd, a Kesko Corporation subsidiary, acquired the whole share capital of Suomen Lähikauppa Oy from the private equity investment firm Triton. (Stock exchange release on 12 April 2016).

Kesko Corporation acquired Onninen Oy's whole share capital from Onvest Oy. The acquisition does not include Onninen’s steel business or Russian subsidiary. (Stock exchange release on 1 June 2016).

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of June 2016, 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. At 30 June 2016, Kesko Corporation held 742,272 own B shares as treasury shares. These treasury shares accounted for 1.09% of the number of B shares, 0.74% of the total number of shares, and 0.19% of votes attached to all shares of 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 2016, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €31.12 at the end of 2015, and €35.49 at the end of June 2016, representing an increase of 14.0%. Correspondingly, the price of a B share was €32.37 at the end of 2015, and €38.12 at the end of June 2016, representing an increase of 17.8%. In January-June, the highest A share price was €37.89 and the lowest was €28.98. The highest B share price was €39.51 and the lowest was €29.56. In January-June, the Nasdaq Helsinki All-Share index (OMX Helsinki) was down by 8.1% and the weighted OMX Helsinki Cap index by 5.4%. The Retail Sector Index was up by 12.2%.

At the end of June 2016, the market capitalisation of A shares was €1,126 million, while that of B shares was €2,575 million, excluding the shares held by the parent company. The combined market capitalisation of A and B shares was €3,701 million, an increase of €531 million from the end of 2015. In January-June 2016, a total of 0.9 million (1.5 million) A shares were traded on Nasdaq Helsinki, a decrease of 41.9%. The exchange value of A shares was €30 million. The number of B shares traded was 28.6 million (32.2 million), a decrease of 11.4%. The exchange value of B shares was €1,030 million. Nasdaq Helsinki accounted for 53% of the Kesko A and B share trading in January-June 2016. Kesko shares were also traded on multilateral trading facilities, the most significant of which were BATS Chi-X with 28% and Turquoise with 19% of the trading (source: Fidessa).

During the reporting period, the Board had the authority to decide on the transfer of a maximum of 1,000,000 own B shares held by the Company as treasury shares. On 3 February 2016, the Board decided to grant own B shares held by the Company as treasury shares to persons included in the target group of the 2015 vesting period, based on this share issue authorisation and the fulfilment of the vesting criteria of the 2015 vesting period of Kesko’s three-year share-based compensation plan. This transfer of a total of 137,054 own B shares was announced in a stock exchange release on 17 March 2016, and the transfer of 2,670 own B shares was announced in a stock exchange release on 27 April 2016. Based on the 2014-2016 share-based compensation plan decided by the Board, a total maximum of 600,000 own B shares held by the Company as treasury shares can be granted within a period of three years based on the fulfilment of the vesting criteria. The Board will separately decide on the vesting criteria and target group for each vesting period. The share-based compensation plan was announced in a stock exchange release on 4 February 2014. In January-June, a total of 4,419 shares granted based on the fulfilment of the vesting criteria of the share-based compensation plans (the 2011-2013 and the 2014-2016 share-based compensation plans) was returned to the Company in accordance with the terms and conditions of the share-based compensation plans. The returns during the reporting period were notified in a stock exchange notification on 17 March 2016, 31 March 2016, 27 April 2016 and 30 May 2016.

Kesko’s Annual General Meeting held on 4 April 2016 authorised the Company’s Board to make decisions concerning the transfer of a total maximum of 1,000,000 own B shares held by the Company as treasury shares (the 2016 share issue authorisation). The authorisation cancelled the earlier share issue authorisation corresponding in content. 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 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 transferred 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 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 held on 4 April 2016 also approved the Board's proposal for its authorisation to decide on the acquisition of a maximum of 1,000,000 own B shares of the Company (the 2016 authorisation to acquire own shares). B shares are 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 date of acquisition. The shares are acquired and paid in accordance with the rules of the exchange. The acquisition of own shares reduces the amount of the Company's distributable unrestricted equity. B shares are 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. The Board makes decisions concerning any other issues related to the acquisition of own B shares. The authorisation is valid until 30 September 2017.

In addition, the Board has a share issue authorisation according to which the Board is authorised to issue a maximum of 20,000,000 new B shares (the 2015 share issue authorisation). The authorisation is valid until 30 June 2018. The shares can be issued against payment to be subscribed by shareholders in a directed issue in proportion to their existing holdings of the Company 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 amount paid for the shares is recognised in the reserve of invested non-restricted equity. The authorisation also includes the Board's authority to decide on the share subscription price, the right to issue shares for non-cash consideration and the right to make decisions on other matters concerning share issues.

At the end of June 2016, the number of shareholders was 39,933, which is 404 more than at the end of 2015. At the end of June, foreign ownership of all shares was 30%. Foreign ownership of B shares was 43% at the end of June.

FLAGGING NOTIFICATIONS

Kesko Corporation did not receive any flagging notifications during the reporting period.

KEY EVENTS DURING THE REPORTING PERIOD

Tomi Korpisaari, a member of Kesko Corporation's Board of Directors, announced that he would resign from the Company's Board of Directors for reasons of health as of 1 March 2016. Kaarina Ståhlberg was appointed General Counsel and member of the Management Board of Posti Group Corporation as of 1 March 2016, as a result of which Ståhlberg announced that she would resign from Kesko Corporation's Board of Directors as of 1 March 2016. (Stock exchange release on 5 February 2016 and 15 February 2016)

The arrangement agreed by Kesko in the autumn of 2015 to centralise its Baltic building and home improvement trade in UAB Senuku Prekybos centras (Senukai) was completed. The company's name has been changed to Kesko Senukai. In the arrangement, Kesko sold the shares in its wholly owned companies responsible for the operations of K-rauta stores in Estonia and Latvia to its subsidiary Senukai, in which Kesko has a majority interest. (Stock exchange release on 1 April 2016)

The transaction agreed between Kesko Corporation's subsidiary Kesko Food and the private equity investment firm Triton to acquire Suomen Lähikauppa was completed. The debt-free price of the acquisition, structured as a share purchase, was €54 million. In 2015, Suomen Lähikauppa's net sales were €935.7 million, it has around 600 Siwa and Valintatalo stores and around 3,800 employees. The Finnish Competition and Consumer Authority (FCCA) announced their approval of the acquisition on 11 April 2016. The permission contains conditions imposed by the FCCA. The FCCA made the acquisition conditional on the sale of 60 stores of Suomen Lähikauppa Oy to competitors. In case the sale of some store or some stores is not possible, the selling obligation imposed on Kesko Food Ltd will cease. The FCCA also imposed an obligation to Suomen Lähikauppa Oy, transferred to Kesko Food Ltd's ownership, to continue purchases from Tuko Logistics Osuuskunta during a fixed period of 18 months in order that purchases can be reduced in stages. (Stock exchange release on 11 April 2016 and 12 April 2016)

The transaction agreed between Kesko Corporation and Onvest Oy to acquire Suomen Lähikauppa was completed. The acquisition does not include Onninen's steel business or Russian subsidiary. In 2015, the pro forma net sales of the acquired business were €1,465 million and the EBITDA was €39 million. The price of the debt-free acquisition, structured as a share purchase, was €364 million. (Stock exchange release on 12 January 2016, 20 April 2016 and 1 June 2016)

EVENTS AFTER THE REPORTING PERIOD

The operations of Intersport Russia were sold in July 2016.

RESOLUTIONS OF THE 2016 ANNUAL GENERAL MEETING AND DECISIONS OF THE BOARD'S ORGANISATIONAL MEETING

Keskо Corporation's Annual General Meeting, held on 4 April 2016, adopted the financial statements and the consolidated financial statements for 2015 and discharged the Board members and the Managing Director from liability. The General Meeting also resolved to distribute a dividend of €2.50 per share as proposed by the Board, or a total amount of €248,195,187.50. The dividend pay date was 13 April 2016.
The General Meeting resolved to leave the number of Board members unchanged at seven. The term of office of each of the seven (7) Board members elected by the Annual General Meeting on 13 April 2015, i.e. retailer, Business College Graduate Esa Kiiskinen, retailer, Master of Science in Economics Tomi Korpisaari, retailer, eMBA Toni Pokela, eMBA Mikael Aro, Master of Science in Economics Matti Kyytsönen, Master of Science in Economics Anu Nissinen and Master of Laws Kaarina Ståhlberg, will expire at the close of the 2018 Annual General Meeting in accordance with Kesko's Articles of Association. Korpisaari and Ståhlberg had resigned from the membership of the Company's Board of Directors as of 1 March 2016. The General Meeting resolved to replace them by retailer, trade technician Matti Naumanen and Managing Director, Master of Science in Economics Jannica Fagerholm until the close of the Annual General Meeting to be held in 2018. In addition, the General Meeting resolved to leave the Board members' fees and the basis for reimbursement of expenses unchanged.

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

The General Meeting approved the Board's proposal for share issue authorisation according to which the Board may decide on the transfer of a total maximum of 1,000,000 own B shares held by the Company as treasury shares (the 2016 share issue authorisation). The General Meeting also approved the Board's proposal for the authorisation to acquire own shares, according to which the Board may decide on the acquisition of a maximum of 1,000,000 own B shares of the Company (the 2016 authorisation to acquire own shares).

Moreover, the General Meeting approved the Board's proposal for its authorisation to decide on the donations in a total maximum of €300,000 for charitable or similar purposes until the Annual General Meeting to be held in 2017 and to decide on the donation recipients, purposes of use and other terms of the donations.

After the Annual General Meeting, Kesko Corporation's Board of Directors held an organisational meeting in which it elected M.Sc. (Econ.) Jannica Fagerholm as the Chair of the Audit Committee, re-elected eMBA Mikael Aro as its Deputy Chair and M.Sc. (Econ.) Matti Kyytsönen as its member. Business College Graduate Esa Kiiskinen (Ch.), Mikael Aro (Dep. Ch.) and M.Sc. (Econ.) Anu Nissinen were re-elected to the Board's Remuneration Committee.

The resolutions of Annual General Meeting and the decisions of the Board's organisational meeting were announced in more detail in stock exchange releases on 4 April 2016.

RESPONSIBILITY

Kespro was granted the MSC and ASC Chain of Custody – the traceability certificate – in April. All phases of Kespro's fish and shellfish supply chain have been audited, and Kespro and its certified customer restaurants can use MSC and ASC ecolabelling in their marketing.

Kesko and the child rights organization Plan International Finland continue cooperating to improve the responsibility of the fishing industry and the situation of migrant workers in Thailand. As a part of the project, already 60 children from migrant families have been able to start school.

Kesko's grocery trade and the Finnish cancer foundation Syöpäsäätiö signed an agreement on main sponsorship in the Pink ribbon campaign in May. The objective is to generate tenfold donations to the fundraising from K-food stores compared to what they were before.

Pirkka Street Basket events were arranged in 16 localities in Finland in May. Pirkka Street Basket 2016 is part of the Little Wolves project by the Finnish Basketball Association and Kesko's grocery trade that aims to promote physical activity for children.

Kesko had Finland's largest property-specific solar utility built on the roof of K-citymarket Tammisto in Vantaa in May-June. The peak power of the solar utility is 503 kWp and it generates electricity for the property.

The K-maatalous Experimental farm made a Baltic Sea Commitment to Baltic Sea Action Group, BSAG, in June. The Experimental farm's commitment concentrates on developing soil condition and nutrient usage measurement practices and technology.

RISK MANAGEMENT

Kesko Group has an established and comprehensive risk management process. Risks and their management responses are regularly assessed within the Group and reported to the Group management. Kesko's risk management and risks associated with business operations are described in more detail on Kesko's website in the Corporate Governance section.

The most significant near-future risks in Kesko's business operations are associated with the general development of the economy and consumer confidence in Finland and the weakening of the Russian economy and operating conditions, as well as their impact on Kesko's sales and profit. There are risks involved in the integration of the business operations of Suomen Lähikauppa, Onninen and Kesko Senukai that, if realised, may slow the achievement of the financial objectives set. In other respects, no material change is estimated to have taken place during the first part of the year in the risks described in Kesko's Report by the Board of Directors and the financial statements for 2015 and the risks described on Kesko's website. The risks and uncertainties related to economic development are described in the outlook section of this release.

OUTLOOK

Estimates for the outlook of Kesko Group's net sales and comparable operating profit are given for the 12-month period following the reporting period (7/2016-6/2017) in comparison with the 12 months preceding the end of the reporting period (7/2015-6/2016).

The general economic situation and the expected trend in consumer demand vary in Kesko's different operating countries. In Finland, owing to the weak trend in consumers' purchasing power, the trading sector's growth is expected to remain slow. In the Finnish grocery trade, intense competition is expected to continue. The markets for the Finnish building and technical trade are expected to improve slightly. With respect to foreign countries, the outlook for the Russian economy is still modest. In Sweden and Norway and the Baltic countries, the market is expected to grow.

Kesko Group's net sales for the next 12 months are expected to exceed the level of the preceding 12 months. The comparable operating profit for the next 12-month period is expected to exceed the level of the preceding 12 months.

Helsinki, 2 August 2016
Kesko Corporation
Board of Directors

The information in the half year financial report is unaudited.

Further information is available from Jukka Erlund, Senior Vice President, Chief Financial Officer, telephone +358 105 322 113, and Eva Kaukinen, Vice President, Group Controller, telephone +358 105 322 338. A Finnish-language webcast of the half year financial report briefing can be viewed from 11.30 at www.kesko.fi. An English-language audio conference on the half year financial report will be held today at 14.30 (Finnish time). The audio conference login is available on Kesko's website at www.kesko.fi.

Kesko Corporation's interim report for January-September will be published on 26 October 2016. 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

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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 the IAS 34 standard. The half year financial report has been prepared in accordance with the same principles as the annual financial statements for 2015.

Consolidated income statement (€ million), condensed

	1-6/ 2016	1-6/ 2015	Change, %	4-6/ 2016	4-6/ 2015	Change, %	1-12/ 2015
Net sales	4,624	4,310	7.3	2,610	2,227	17.2	8,679
Cost of goods sold	-3,990	-3,748	6.5	-2,235	-1,935	15.5	-7,540
Gross profit	**634**	**562**	**12.7**	**375**	**292**	**28.5**	**1,139**
Other operating income	348	449	-22.4	183	280	-34.6	800
Employee benefit expense	-316	-282	12.2	-180	-138	30.4	-545
Depreciation and impairment charges	-66	-67	-1.9	-38	-33	17.3	-137
Other operating expenses	-498	-589	-15.5	-272	-225	20.6	-1,063
Operating profit	**102**	**72**	**40.7**	**68**	**176**	**-61.3**	**195**
Interest income and other finance income	7	4	52.7	4	2	68.1	10
Interest expense and other finance costs	-4	-7	-42.4	-2	-4	-43.3	-14
Exchange differences	2	-1	(..)	1	-2	(..)	-3
Share of results of equity accounted investments	-2	1	(..)	-2	1	(..)	1
Profit before tax	**104**	**68**	**51.7**	**68**	**172**	**-60.4**	**188**
Income tax	-21	-26	-18.9	-14	-19	-25.9	-71
Net profit for the period	**82**	**42**	**95.9**	**54**	**153**	**-64.8**	**117**
Attributable to							
Owners of the parent	76	37	(..)	48	147	-67.1	102
Non-controlling interests	7	5	40.1	5	6	-7.9	16
Earnings per share for profit attributable to equity holders of the parent, (€)							
Basic and diluted	0.76	0.38	(..)	0.49	1.48	-67.2	1.03

Consolidated statement of comprehensive income (€ million)

	1-6/ 2016	1-6/ 2015	Change,%	4-6/ 2016	4-6/ 2015	Change,%	1-12/ 2015
Net profit for the period	82	42	95.9	54	153	-64.8	117
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains/losses	9	14	-41.1	4	-13	(..)	23
Items that may be reclassified subsequently to profit or loss							
Exchange differences on translating foreign operations	2	3	-30.9	4	-3	(..)	-17
Adjustment for hyperinflation	-	-	-	-	1	-	-
Cash flow hedge revaluation	1	0	(..)	2	-1	(..)	0
Revaluation of available-for-sale financial assets	0	1	-74.0	0	0	(..)	1
Other items	0	0	-1.0	0	0	-1.0	0
Total other comprehensive income for the period, net of tax	11	18	-37.7	9	-15	(..)	6
Total comprehensive income for the period	**93**	**60**	**56.6**	**63**	**138**	**-54.3**	**124**
Attributable to							
Owners of the parent	88	59	48.5	55	134	-59.1	119
Non-controlling interests	6	1	(..)	8	3	(..)	5

(..) Change over 100%

Consolidated statement of financial position (€ million), condensed

	30.6.2016	30.6.2015	Change, %	31.12.2015
ASSETS				
Non-current assets				
Tangible assets	1,359	1,265	7.4	1,282
Intangible assets	416	171	(..)	168
Equity accounted investments and other financial assets	121	115	5.3	115
Loans and receivables	69	73	-5.0	67
Pension assets	188	165	14.2	176
Total	2,153	1,788	20.4	1,808
Current assets				
Inventories	1,017	740	37.5	735
Trade receivables	988	676	46.3	582
Other receivables	199	160	24.4	127
Financial assets at fair value through profit or loss	97	430	-77.4	374
Available-for-sale financial assets	84	328	-74.5	372
Cash and cash equivalents	146	84	72.8	141

Total	2,531	2,418	4.7	2,331
Non-current assets held for sale	28	0	(..)	0
Total assets	**4,712**	**4,206**	**12.0**	**4,139**

	30.6.2016	**30.6.2015**	**Change, %**	**31.12.2015**
EQUITY AND LIABILITIES				
Equity	2,016	2,103	-4.1	2,163
Non-controlling interests	86	76	-12.4	79
Total equity	2,102	2,179	-3.6	2,242
Non-current liabilities				
Interest-bearing liabilities	360	266	35.3	258
Non-interest-bearing liabilities	39	35	11.3	42
Deferred tax liabilities	61	63	-3.4	71
Pension obligations	1	1	-33.0	1
Provisions	14	16	-12.4	16
Total	475	381	24.5	388
Current liabilities				
Interest-bearing liabilities	296	217	36.5	181
Trade payables	1,257	918	36.9	795
Other non-interest-bearing liabilities	538	475	13.3	495
Provisions	44	36	24.7	38
Total	2,135	1,646	29.8	1,509
Total equity and liabilities	**4,712**	**4,206**	**12.0**	**4,139**

(..) Change over 100%

Consolidated statement of changes in equity (€ million)

	Share capi-tal	**Re-serves**	**Cur-rency trans-lation differ-ences**	**Re-valu-ation reserve**	**Treas-ury shares**	**Re-tained earn-ings**	**Non-con-trol-ling inter-ests**	**Total**
Balance at 1.1.2015	**197**	**463**	**-38**	**-1**	**-31**	**1,594**	**82**	**2,265**
Share-based payments					4		0	4
Dividends						-149	-6	-155
Other changes		0	0			5	0	5
Net profit for the period						37	5	42
Other comprehen-sive income								
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						18		18
Items that may be reclassified subsequently to profit or loss								
Exchange differences		0	7				-4	3

on translating foreign operations								
Cash flow hedge revaluation				0				0
Revaluation of available-for-sale financial assets				1				1
Others						0		0
Tax related to comprehensive income				0		-4		-4
Total other comprehensive income		0	7	1		14	-4	18
Balance at 30.6.2015	**197**	**463**	**-31**	**0**	**-28**	**1,502**	**76**	**2,179**
Balance at 1.1.2016	**197**	**463**	**-45**	**0**	**-27**	**1,575**	**79**	**2,242**
Share-based payments					4			4
Increase in share capital							13	13
Acquisition of subsidiary and minority interest						0	-10	-9
Dividends						-248	-1	-250
Other changes						9		9
Net profit for the period						76	7	82
Other comprehen-sive income								
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						11		11
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	3				-1	2
Cash flow hedge revaluation				1				1
Revaluation of available-for-sale financial assets				0				0
Tax related to comprehensive income				0		-2		-2
Total other comprehensive income		0	3	1		8	-1	11
Balance at 30.6.2016	**197**	**463**	**-42**	**1**	**-23**	**1,419**	**86**	**2,102**

Consolidated statement of cash flows (€ million), condensed

	1-6/ 2016	1-6/ 2015	Change,%	4-6/ 2016	4-6/ 2015	Change,%	1-12/ 2015
Cash flows from operating activities							
Profit before tax	104	68	51.7	68	172	-60.4	188
Depreciations according to plan	60	67	-10.8	32	33	-1.1	128
Finance income and costs	-4	4	(..)	-2	4	(..)	7
Other adjustments	4	23	-81.5	5	-103	(..)	40
Change in working capital							
Current non-interest-bearing receivables, increase (-)/ decrease (+)	-198	-119	67.1	-59	69	(..)	-2
Inventories, increase (-)/decrease (+)	-19	-31	-38.4	16	23	-30.3	-44
Current non-interest-bearing liabilities, increase (+)/ decrease(-)	81	69	17.5	55	-54	(..)	7
Financial items and tax	-45	-15	(..)	-37	-1	(..)	-48
Net cash from operating activities	**-18**	**68**	**(..)**	**79**	**142**	**-44.8**	**276**
Cash flows from investing activities							
Investing activities	-530	-109	(..)	-481	-60	(..)	-215
Sales of fixed assets	4	444	-99.2	7	460	-98.5	432
Increase in non-current receivables	-3	-1	(..)	-2	-2	6.7	-1
Net cash used in investing activities	**-529**	**334**	**(..)**	**-476**	**399**	**(..)**	**217**
Cash flows from financing activities							
Interest-bearing liabilities, increase (+)/decrease (-)	213	-18	(..)	222	-57	(..)	-61
Current interest-bearing receivables, increase (-)/ decrease (+)	2	-1	(..)	3	-1	(..)	2
Dividends paid	-250	-149	67.8	-250	-149	67.8	-156
Equity increase	13	-	-	-	-	-	-
Short-term money market investments, increase (-)/ decrease (+)	406	-295	(..)	237	-279	(..)	-269
Other items	6	9	-29.9	1	2	-44.2	19
Net cash used in financing activities	**390**	**-454**	**(..)**	**213**	**-484**	**(..)**	**-466**

Change in cash and cash equivalents	**-156**	**-52**	**(..)**	**-185**	**57**	**(..)**	**28**
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	334	313	6.6	361	204	76.9	313
Currency translation difference adjustment and revaluation	1	1	-3.6	2	1	(..)	-7
Cash and cash equivalents and current portion of available-for-sale financial assets at 30 Jun.	178	262	-32.0	178	262	-32.0	334

(..) Change over 100%

Group's performance indicators

	1-6/2016	1-6/2015	Change, pp	1-12/2015
Return on capital employed, %	9.7	6.4	3.2	9.3
Return on capital employed, %, rolling 12 mo	11.1	7.3	3.8	9.3
Return on capital employed, comparable, %	10.6	9.2	1.4	11.7
Return on capital employed, comparable, %, rolling 12 mo	12.6	10.9	1.7	11.7
Return on equity, %	7.6	3.8	3.8	5.2
Return on equity, %, rolling 12 mo	7.4	4.9	2.5	5.2
Return on equity, comparable, %	8.4	6.8	1.6	8.2
Return on equity, comparable, %, rolling 12 mo	9.4	8.4	1.0	8.2
Equity ratio, %	44.8	52.2	-7.3	54.7
Gearing, %	15.7	-16.5	32.2	-20.0
Interest-bearing net debt/EBITDA, rolling 12 mo	0.9	-1.0	1.9	-1.4
			Change, %	
Capital expenditure, € million	564.1	110.1	(..)	218.5
Capital expenditure, % of net sales	12.2	2.6	(..)	2.5
Earnings per share, basic, €	0.76	0.38	(..)	1.03
Earnings per share, diluted, €	0.76	0.38	(..)	1.03
Earnings per share, comparable, basic, €	0.85	0.71	20.1	1.70
Cash flows from operating activities, € million	-18	68	(..)	276
Cash flows from investing activities, € million	-529	334	(..)	217
Equity per share, €	20.31	21.21	-4.3	21.82
Interest-bearing net debt, € million	330	-359	(..)	-448
Diluted number of shares, average for the reporting period, 1,000 pcs	99,221	99,084	0.1	99,114
Personnel, average	20,593	19,065	8.0	18,955

(..) Change over 100%

Group's performance indicators by quarter	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016	4-6/ 2016
Net sales, € million	2,082	2,227	2,203	2,166	2,013	2,610
Change in net sales, %	-2.2	-6.0	-4.4	-4.4	-3.3	17.2
Operating profit, € million	-103.6	175.8	83.1	39.3	33.5	68.0
Operating margin, %	-5.0	7.9	3.8	1.8	1.7	2.6
Operating profit, comparable, € million	26.5	76.4	82.5	59.1	32.3	79.1
Operating margin, %, comparable	1.3	3.4	3.7	2.7	1.6	3.0
Finance income/costs, € million	-0.3	-4.2	-3.5	0.9	2.7	1.7
Profit before tax, € million	-103.7	172.1	78.8	40.7	35.7	68.1
Profit before tax, %	-5.0	7.7	3.6	1.9	1.8	2.6
Return on capital employed, %	-18.1	31.9	17.6	8.2	6.7	12.3
Return on capital employed, comparable, %	4.6	13.9	17.5	12.4	6.5	14.3
Return on equity, %	-19.9	28.0	8.9	4.8	5.1	9.8
Return on equity, comparable, %	3.1	10.6	10.6	9.2	4.8	11.7
Equity ratio, %	51.5	52.2	54.2	54.7	54.8	44.8
Capital expenditure, € million	51.5	58.6	41.5	66.9	51.4	512.7
Earnings per share, diluted, €	-1.11	1.48	0.43	0.22	0.28	0.49
Equity per share, €	21.30	21.21	21.41	21.82	22.13	20.31

Segment information

Net sales by segment (€ million)	**1-6/ 2016**	**1-6/ 2015**	**Change,%**	**4-6/ 2016**	**4-6/ 2015**	**Change,%**	**1-12/ 2015**
Grocery trade, Finland	2,393	2,203	8.6	1,324	1,120	18.2	4,566
Grocery trade, other countries*	54	50	8.5	29	29	-0.2	107
Grocery trade, total	**2,447**	**2,252**	**8.6**	**1,353**	**1,149**	**17.7**	**4,673**
- of which intersegment trade	6	10	-42.7	2	3	-15.3	15
Building and technical trade, Finland	941	921	2.1	541	456	18.8	1,719
Building and technical trade, other countries*	800	735	9.0	505	428	18.0	1,530
Building and technical trade total	**1,741**	**1,656**	**5.1**	**1,046**	**883**	**18.4**	**3,250**
- of which intersegment trade	6	1	(..)	3	0	(..)	1
Car trade, Finland	438	400	9.5	214	190	12.1	748
Car trade total	**438**	**400**	**9.5**	**214**	**190**	**12.1**	**748**
- of which intersegment trade	0	0	-82.2	0	0	(..)	0
Common functions and eliminations	-3	1	(..)	-2	4	(..)	8
Finland total	**3,769**	**3,525**	**6.9**	**2,077**	**1,770**	**17.3**	**7,042**
Other countries total*	**854**	**784**	**8.9**	**534**	**457**	**16.8**	**1,637**
Group total	**4,624**	**4,310**	**7.3**	**2,610**	**2,227**	**17.2**	**8,679**

(..) Change over 100%
* Net sales in countries other than Finland

Operating profit by segment (€ million)	1-6/ 2016	1-6/ 2015	Change	4-6/ 2016	4-6/ 2015	Change	1-12/ 2015
Grocery trade	74.3	151.0	-76.7	44.1	115.8	-71.7	249.4
Building and technical trade	34.6	-83.1	117.7	32.8	61.5	-28.7	-57.2
Car trade	15.2	16.3	-1.1	5.8	6.5	-0.7	26.1
Common functions and eliminations	-22.5	-11.9	-10.6	-14.7	-8.0	-6.7	-23.7
Group total	**101.6**	**72.2**	**29.4**	**68.0**	**175.8**	**-107.8**	**194.6**

Operating profit by segment, comparable (€ million)	1-6/ 2016	1-6/ 2015	Change	4-6/ 2016	4-6/ 2015	Change	1-12/ 2015
Grocery trade	74.8	78.2	-3.4	43.6	43.3	0.2	177.5
Building and technical trade	38.2	20.3	17.9	37.9	34.5	3.4	63.6
Car trade	15.2	16.3	-1.1	5.8	6.5	-0.7	26.1
Common functions and eliminations	-16.9	-12.0	-4.9	-8.2	-8.0	-0.2	-22.7
Group total	**111.4**	**102.9**	**8.5**	**79.1**	**76.4**	**2.8**	**244.5**

Operating margin by segment, comparable (%)	1-6/ 2016	1-6/ 2015	Change, pp	4-6/ 2016	4-6/ 2015	Change, pp	1-12/ 2015	Rolling 12 mo 6/2016
Grocery trade	3.1	3.5	-0.4	3.2	3.8	-0.5	3.8	3.6
Building and technical trade	2.2	1.2	1.0	3.6	3.9	-0.3	2.0	2.4
Car trade	3.5	4.1	-0.6	2.7	3.4	-0.7	3.5	3.2
Group total	**2.4**	**2.4**	**0.0**	**3.0**	**3.4**	**-0.4**	**2.8**	**2.8**

Capital employed by segment, cumulative average (€ million)	1-6/ 2016	1-6/ 2015	Change	4-6/ 2016	4-6/ 2015	Change	1-12/ 2015	Rolling 12 mo 6/2016
Grocery trade	823	988	-164	853	975	-122	871	784
Building and technical trade	849	888	-39	914	861	53	823	805
Car trade	118	96	22	120	95	24	104	111
Common functions and eliminations	312	272	41	321	273	48	285	309
Group total	**2,103**	**2,243**	**-141**	**2,207**	**2,204**	**3**	**2,083**	**2,009**

Return on capital employed by segment, comparable (%)	1-6/ 2016	1-6/ 2015	Change, pp	4-6/ 2016	4-6/ 2015	Change, pp	1-12/ 2015	Rolling 12 mo 6/2016
Grocery trade	18.2	15.8	2.3	20.4	17.8	2.7	20.4	22.2
Building and technical trade	9.0	4.6	4.4	16.6	16.0	0.6	7.7	10.1
Car trade	25.7	33.9	-8.3	19.4	27.3	-7.9	25.2	22.5
Group total	**10.6**	**9.2**	**1.4**	**14.3**	**13.9**	**0.5**	**11.7**	**12.6**

Items affecting comparability

€ million	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016	4-6/ 2016
Items affecting comparability						
Gains on disposal	0.3	99.6	1.2	0.1	1.3	5.9
Losses on disposal	-130.6	-1.0	-0.2	-	-	-0.3
Impairment charges	-	-	-	-	-	-6.0
Structural arrangements	-	-	-	-19.3	0.0	-8.7
Others	0.2	0.9	-0.4	-0.7	-	-1.9
Items in operating profit affecting comparability	-130.1	99.4	0.7	-19.9	1.3	-11.1
Items in income taxes affecting comparability	-2.1	4.5	10.4	4.6	-0.1	-0.8
Total items affecting comparability	**-132.2**	**103.9**	**11.1**	**-15.2**	**1.2**	**-12.0**
Operating profit, comparable						
Operating profit	-103.6	175.8	83.1	39.3	33.5	68.0
Net of						
Items in operating profit affecting comparability	-130.1	99.4	0.7	-19.9	1.3	-11.1
Operating profit, comparable	**26.5**	**76.4**	**82.5**	**59.1**	**32.3**	**79.1**
Operating margin, %, comparable	**1.3**	**3.4**	**3.7**	**2.7**	**1.6**	**3.0**
Capital employed, average	2,295	2,204	1,889	1,907	1,990	2,207
Return on capital employed, comparable, %	**4.6**	**13.9**	**17.5**	**12.4**	**6.5**	**14.3**
Profit before tax, comparable						
Profit before tax	-103.7	172.1	78.8	40.7	35.7	68.1
Net of						
Items in operating profit affecting comparability	-130.1	99.4	0.7	-19.9	1.3	-11.1
Profit before tax, comparable	**26.4**	**72.7**	**78.2**	**60.6**	**34.5**	**79.2**
Profit, comparable						
Profit before tax, comparable	26.4	72.7	78.2	60.6	34.5	79.2
Net of						
Income tax	-7.0	-19.4	-30.4	-14.0	-7.0	-14.3
Items in income taxes affecting comparability	-2.1	4.5	10.4	4.6	-0.1	-0.8
Profit, comparable	**17.4**	**57.8**	**58.2**	**51.3**	**27.3**	**64.0**
Equity, average	2,227	2,184	2,189	2,220	2,265	2,195
Return on equity, comparable, %	**3.1**	**10.6**	**10.6**	**9.2**	**4.8**	**11.7**
Profit attributable to owners of the parent, comparable						
Profit, comparable	17.4	57.8	58.2	51.3	27.3	64.0
Profit attributable to non-controlling interests	-1.1	5.9	5.8	5.1	1.3	5.5
Profit attributable to owners of the parent, comparable	**18.5**	**51.9**	**52.5**	**46.1**	**26.0**	**58.6**

Average number of shares, basic, 1,000 pcs	99,024	99,084	99,104	99,114	99,163	99,221
Earnings per share, comparable, €	**0.19**	**0.52**	**0.53**	**0.47**	**0.26**	**0.59**

Capital expenditure by segment, € million	**1-6/ 2016**	**1-6/ 2015**	**Change**	**4-6/ 2016**	**4-6/ 2015**	**Change**	**1-12/ 2015**
Grocery trade	139	71	68	105	33	71	129
Building and technical trade	413	18	394	405	9	396	55
Car trade	8	7	2	4	4	0	16
Common functions and eliminations	4	14	-10	0	13	-13	18
Group total	**564**	**110**	**454**	**513**	**59**	**454**	**219**

Segment information by quarter

Net sales by segment, € million	**1-3/ 2015**	**4-6/ 2015**	**7-9/ 2015**	**10-12/ 2015**	**1-3/ 2016**	**4-6/ 2016**
Grocery trade	1,103	1,149	1,171	1,249	1,094	1,353
Building and technical trade	773	883	857	736	695	1,046
Car trade	210	190	170	177	225	214
Common functions and eliminations	-3	4	4	4	-1	-2
Group total	**2,082**	**2,227**	**2,203**	**2,166**	**2,013**	**2,610**

Operating profit by segment, € million	**1-3/ 2015**	**4-6/ 2015**	**7-9/ 2015**	**10-12/ 2015**	**1-3/ 2016**	**4-6/ 2016**
Grocery trade	35.2	115.8	45.0	53.4	30.2	44.1
Building and technical trade	-144.7	61.5	36.8	-10.9	1.8	32.8
Car trade	9.8	6.5	6.0	3.8	9.4	5.8
Common functions and eliminations	-3.9	-8.0	-4.6	-7.1	-7.8	-14.7
Group total	**-103.6**	**175.8**	**83.1**	**39.3**	**33.5**	**68.0**

Items affecting comparability, € million	**1-3/ 2015**	**4-6/ 2015**	**7-9/ 2015**	**10-12/ 2015**	**1-3/ 2016**	**4-6/ 2016**
Grocery trade	0.3	72.4	0.2	-1.0	-1.1	0.5
Building and technical trade	-130.4	27.0	1.0	-18.4	1.5	-5.1
Car trade	-	-	-	-	-	-
Common functions and eliminations	-	0.0	-0.6	-0.5	0.9	-6.5
Group total	**-130.1**	**99.4**	**0.7**	**-19.9**	**1.3**	**-11.1**

Operating profit by segment, comparable, € million	**1-3/ 2015**	**4-6/ 2015**	**7-9/ 2015**	**10-12/ 2015**	**1-3/ 2016**	**4-6/ 2016**
Grocery trade	34.9	43.3	44.8	54.5	31.3	43.6
Building and technical trade	-14.2	34.5	35.8	7.5	0.3	37.9
Car trade	9.8	6.5	6.0	3.8	9.4	5.8
Common functions and eliminations	-3.9	-8.0	-4.1	-6.7	-8.7	-8.2
Group total	**26.5**	**76.4**	**82.5**	**59.1**	**32.3**	**79.1**

Operating margin by segment, %, comparable	**1-3/ 2015**	**4-6/ 2015**	**7-9/ 2015**	**10-12/ 2015**	**1-3/ 2016**	**4-6/ 2016**
Grocery trade	3.2	3.8	3.8	4.4	2.9	3.2
Building and technical trade	-1.8	3.9	4.2	1.0	0.0	3.6
Car trade	4.7	3.4	3.5	2.1	4.2	2.7
Group total	**1.3**	**3.4**	**3.7**	**2.7**	**1.6**	**3.0**

Acquisitions

On 12 April 2016, Kesko Food Ltd, a Kesko Corporation subsidiary, acquired the whole share capital of Suomen Lähikauppa Oy from the private equity investment firm Triton. In addition, Kesko Corporation acquired Onninen Oy's whole share capital from Onvest Oy on 1 June 2016.

	Suomen Lähikauppa € million	**Onninen group € million**
Consideration paid	**54**	**364**
Provisionally determined values of assets acquired and liabilities assumed as at the date of acquisition		
Intangible assets	5	97
Tangible assets and investments	33	21
Inventories	33	227
Receivables	12	238
Deferred tax asset	22	3
Cash and cash equivalents	8	17
Total assets	**113**	**602**
Trade payables, other liabilities and provisions	138	275
Deferred tax liability	0	16
Total liabilities	**138**	**291**
Net assets acquired, total	**-25**	**311**
Provisional goodwill	**79**	**53**
Provisional cash flow impact of acquisition		
Consideration paid	-54	-364
Cash and cash equivalents acquired	8	17
Provisional cash flow impact of acquisition	**-46**	**-347**

Suomen Lähikauppa Oy

On 12 April 2016, Kesko Food Ltd, a Kesko Corporation subsidiary, acquired the whole share capital of Suomen Lähikauppa Oy from the private equity investment firm Triton. The debt-free price of the acquisition, structured as a share purchase, was €54 million.

Suomen Lähikauppa concentrates on grocery stores located near customers. The acquisition underpins Kesko's new strategy, one focus area of which is to increase and renew the neighbourhood store network.

The tables above are a condensed presentation of the consideration paid to Triton, the values of the assets acquired and liabilities assumed by Kesko Group as at the date of the acquisition, as well as the cash flow impact of the acquisition.

The €79 million of goodwill from the acquisition reflects the synergies expected to arise especially from purchasing and logistics, marketing, store site network development, information system expenses and administration. Kesko estimates that it will achieve synergy benefits of approximately €25-30 million at EBITDA level from the acquisition as of 2018. The achievement of synergies will require conversion costs for the renewal of the stores acquired from Suomen Lähikauppa. The costs of store and network conversion, to be treated as restructuring costs affecting the comparability of the operating profit, will total approximately €30 million in 2016-2018. The goodwill derived from the acquisition is not tax deductible.

The Group’s profit for January-June 2016 includes costs incurred from the acquisition in the amount of €0.9 million, the most significant of which is the €0.6 million asset transfer tax. The costs are presented within items affecting comparability.

Suomen Lähikauppa contributed €185 million to the net sales of the April-June period. The impact on the comparable operating profit for the April-June period was €-1.1 million. Management estimates that if the acquisition had been completed on 1 January 2016, the impact on the Group’s net sales would have been approximately €405 million. The impact on the comparable operating profit would have been €-10 million. When determining the amounts of net sales and comparable operating profit, management estimates that the fair values recognized at the date of acquisition would have been the same if the acquisition had been completed on 1 January 2016.

Onninen Oy

Kesko Corporation acquired Onninen Oy's whole share capital from Onvest Oy on 1 June 2016. The debt-free price of the acquisition, structured as a share purchase, was €364 million.

Onninen is the leading provider of HEPAC and electrical products and services in the Baltic Sea Region and Scandinavia. The group specializes in the B2B trade and has around 150 units in Finland, Sweden, Norway, Poland, the Baltic countries and Russia. Kesko’s business operations will expand in the HEPAC and electrical product groups and it will be able to better serve contractor customers in particular. In addition, Kesko will gain new customer relationships in the infrastructure and industry customer groups.

The tables above are a condensed presentation of the consideration paid to Onvest Oy, the values of the assets acquired and liabilities assumed by Kesko Group as at the date of the acquisition, as well as the cash flow impact of the acquisition.

The total provisional value of the intangible assets acquired as at the date of the acquisition (including customer relationships and trademarks) is €97 million. The carrying amount of current trade receivables equals their fair value.

The €53 million of goodwill from the acquisition reflects the synergies mainly expected to arise from making use of common customer relationships, purchasing and logistics, the development of the store site network, as well as from ICT and administration in particular. Kesko estimates that the acquisition will generate around €30 million in annual synergies at the EBITDA level from 2020 onwards. The achievement of synergies will require both capital expenditures and non-recurring costs. The combined net cash flow impact of synergies is estimated at around €25 million positive in 2016-2019. The goodwill derived from the acquisition is not tax deductible.

The Group’s profit for January-June 2016 includes costs incurred from the acquisition in the amount of €6.8 million, the most significant of which is the €5.8 million asset transfer tax. The costs are presented within items affecting comparability.

Onninen contributed €136 million to the net sales of June. The impact on the comparable operating profit for June was €2.2 million, adversely impacted by the fair value allocations of inventories written off in the amount of €0.9 million. Management estimates that if the acquisition had been completed on 1 January 2016, the impact on the Group’s net sales would have been approximately €728 million. The impact on the comparable operating profit would have been €1.7 million. When determining the amounts of net sales and comparable operating profit, management estimates that the fair values recognized at the date of acquisition would have been the same if the acquisition had been completed on 1 January 2016.

Change in tangible and intangible assets (€ million)

	30.6.2016	30.6.2015
Opening net carrying amount	**1,451**	**1,802**
Acquisitions	289	-
Depreciation, amortisation and impairment	-66	-67
Investments in tangible and intangible assets	136	98
Disposals	-38	-402
Currency translation differences	3	4
Closing net carrying amount	**1,775**	**1,435**

Transactions conducted by persons discharging managerial responsibilities or persons closely associated with them (€ million)

The Group's persons discharging managerial responsibilities or persons closely associated with them include its management (the Board of Directors, the Managing Director and the Group Management Board) and 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 persons discharging managerial responsibilities or persons closely associated with them:

	1-6/2016	1-6/2015
Sales of goods and services	37	35
Purchases of goods and services	69	9
Other operating income	5	6
Other operating expenses	31	15
Finance costs	0	-

	30.6.2016	30.6.2015
Receivables	72	62
Liabilities	59	24

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

	Level 1	Level 2	Level 3	30.6.2016
Financial assets at fair value through profit or loss	**17.2**	**80.0**		**97.2**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		2.6		2.6
Derivative financial liabilities		8.2		8.2
Available-for-sale financial assets	**50.9**	**32.8**	**15.2**	**98.9**

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

	Level 1	Level 2	Level 3	30.6.2015
Financial assets at fair value through profit or loss	**216.4**	**214.0**		**430.4**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		9.6		9.6
Derivative financial liabilities		8.4		8.4
Available-for-sale financial assets	**150.1**	**178.0**	**15.1**	**343.2**

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 as at 30.6.

Personnel average by segment	1-6/2016	1-6/2015	Change
Grocery trade	7,660	6,374	1,287
Building and technical trade	11,430	11,421	9
Car trade	777	783	-5
Common functions	726	488	238
Group total	**20,593**	**19,065**	**1,528**

Personnel as at 30.6.* by segment	2016	2015	Change
Grocery trade	12,952	9,003	3,949
Building and technical trade	15,639	12,493	3,146
Car trade	819	832	-13
Common functions	847	566	281
Group total	**30,257**	**22,894**	**7,363**

* Total number including part-time employees

Group's commitments (€ million)

	30.6.2016	30.6.2015	Change, %
Own commitments	193	167	15,6
For others	15	11	32,5
Lease liabilities for machinery and equipment	36	26	38.8
Lease liabilities for real estate	2,825	2,666	6.0

Liabilities arising from derivative instruments (€ million)

Values of underlying instruments at 30.6.	30.6.2016	30.6.2015	Fair value 30.6.2016
Interest rate derivatives			
Interest rate swaps	40	101	0.12
Currency derivatives			
Forward and future contracts	208	579	-1.20
Currency swaps	20	50	1.53
Commodity derivatives			
Electricity derivatives	8	15	-4.98

Calculation of performance indicators

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 - Prepayments received)
Earnings/share, diluted	(Profit/loss - Non-controlling interests) / Average diluted number of shares
Earnings/share, basic	(Profit/loss - Non-controlling interests) / Average 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 equity holders of the parent / Basic number of shares at the balance sheet date

Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity
Interest-bearing net debt	Interest-bearing liabilities – Financial assets at fair value through profit or loss – Available-for-sale financial assets - Cash and cash equivalents
EBITDA, rolling 12 mo	Operating profit + Depreciation, amortisation and impairment + Depreciation and impairment charges for the preceding 12 months
Interest-bearing net debt/ EBITDA, rolling 12 mo	Interest-bearing net debt/ EBITDA, rolling 12 mo

* Indicators for return on capital have been annualised

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

	1.1.-30.6.2016		1.4.-30.6.2016	
K-Group's retail and B2B sales	**€ million**	**Change, %**	**€ million**	**Change, %**
K-Group's grocery trade				
K-food stores, Finland	2,212	-0.4	1,139	-0.6
K-citymarket, non-food	257	-1.9	130	-1.1
Suomen Lähikauppa	182	-	182	-
Kespro	387	2.3	202	3.6
K-ruoka, Russia	54	8.5	29	-0.2
Grocery trade, total	**3,091**	**6.3**	**1,682**	**12.0**
K-Group's building and technical trade				
K-rauta and Rautia	488	3.0	316	4.7
Rautakesko B2B Service	109	19.2	61	19.0
Onninen	68	-	68	-
K-maatalous	221	-1.8	135	-0.9
Machinery trade, Finland	87	-2.8	52	-6.4
Speciality goods trade, Finland	232	-3.3	114	0.4
Finland, total	**1,206**	**2.1**	**747**	**12.7**
Building and technical trade, other Nordic countries	472	13.8	307	23.1
Building and technical trade, the Baltic countries	293	10.5	182	15.6
Building and technical trade, other countries	151	-1.7	96	7.4
Building and technical trade, total	**2,122**	**5.3**	**1,332**	**14.9**
K-Group's car trade				
VV-Autotalot	219	12.5	113	13.6
VV-Auto, import	234	7.6	110	10.2

Car trade, total	**452**	**9.9**	**222**	**11.9**
Finland total	**4,695**	**5.5**	**2,622**	**12.3**
Other countries, total	**970**	**9.8**	**614**	**16.9**
Retail and B2B sales, total	**5,665**	**6.2**	**3,236**	**13.2**