Q3/2019

Kesko Corporation Interim report

January-September 2019

24.10.2019

KESKO CORPORATION INTERIM REPORT 24.10.2019 AT 9.00

Kesko's interim report for the period 1 Jan. to 30 Sept. 2019
All-time best quarter

FINANCIAL PERFORMANCE IN BRIEF, CONTINUING OPERATIONS:

- Group net sales in January-September totalled €7,986.1 million (€7,727.6 million), an increase of 1.6% in comparable terms, reported net sales grew by 3.3%
- Comparable operating profit totalled €331.9 million (€314.0 million)
- Operating profit totalled €320.1 million (€300.5 million)
- Comparable return on capital employed was 9.6% (9.8% in 1-12/2018) (rolling 12 months)
- Comparable profit before tax totalled €263.1 million (€234.5 million)
- Comparable earnings per share totalled €2.07 (€1.75)
- Kesko continues the determined customer-oriented transformation of its business and execution of its strategy. 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

	1-9/2019	1-9/2018	7-9/2019	7-9/2018
Continuing operations				
Net sales, € million	7,986.1	7,727.6	2,803.9	2,641.8
Operating profit, comparable, € million	331.9	314.0	152.0	137.0
Operating margin, comparable	4.2	4.1	5.4	5.2
Operating profit, € million	320.1	300.5	148.6	134.3
Profit before tax, comparable, € million	263.1	234.5	129.3	111.2
Profit before tax, € million	297.6	220.9	154.8	108.5
Cash flow from operating activities, € million	619.9	539.5	191.6	207.8
Capital expenditure, € million	602.9	349.9	132.2	221.2
Earnings per share, €, basic and diluted				
Continuing operations	2.41	1.61	1.27	0.79
Discontinued operations	0.10	-0.54	-0.01	-0.03
Group, total	2.51	1.07	1.26	0.76
Earnings per share, comparable, €, basic				
Continuing operations	2.07	1.75	1.01	0.81

	1-9/2019	1-12/2018
Continuing operations		
Return on capital employed, comparable, %, rolling 12 months	9.6	9.8
Group		
Return on equity, comparable, %, rolling 12 months	14.4	12.5

	30.9.2019	30.9.2018
Group		
Equity ratio, %	29.6	30.8
Equity per share, €	19.69	19.04

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, and decreases 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.

	1-9/2019, reported	Impact of IFRS 16	1-9/2019 excluding the impact of IFRS 16	1-9/2018, reported comparison period	Impact of IFRS 16	1-9/2018 excluding the impact of IFRS 16
Continuing operations						
EBITDA, comparable, € million	690.9	+310.5	380.5	643.7	+300.3	343.4
Operating profit, comparable, € million	331.9	+68.0	263.9	314.0	+72.3	241.7
Profit before tax, comparable, € million	263.1	-3.9	266.9	234.5	-3.2	237.7
Cash flow from operating activities, € million	619.9	+242.9	377.0	539.5	+229.8	309.6

	7-9/2019, reported	Impact of IFRS 16	7-9/2019 excluding the impact of IFRS 16	7-9/2018, reported comparison period	Impact of IFRS 16	7-9/2018 excluding the impact of IFRS 16
Continuing operations						
EBITDA, comparable, € million	275.4	+104.0	171.4	251.0	+102.1	148.9
Operating profit, comparable, € million	152.0	+22.8	129.3	137.0	+24.4	112.6
Profit before tax, comparable, € million	129.3	-0.3	129.6	111.2	-0.6	111.8
Cash flow from operating activities, € million	191.6	+83.1	108.4	207.8	+77.3	130.5

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 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 38, and on operating profit and EBITDA by segment on page 32 and onwards.

PRESIDENT AND CEO MIKKO HELANDER:

In the third quarter, Kesko again recorded its all-time best result. Performance was strong across the board in the grocery trade and building and technical trade. Performance in the car trade was softer than we anticipated, but picked up towards the end of the quarter. The comparable operating profit for the Group's continuing operations strengthened in July-September and totalled €152.0 million, and reported net sales grew by 6.1%. The Group's operating margin rose to 5.4%. I am particularly pleased that in line with our strategy we have been able to strengthen our profitable growth and market shares both organically and through successful acquisitions.

In the grocery trade division, sales grew, market share strengthened and profitability improved further. The comparable operating profit totalled €93.5 million and net sales grew by 3.7%. K-Citymarkets performed particularly strongly. Our strategic investments in remodelling stores and store-specific business ideas tailored to each local customer base strengthened sales in the grocery trade. Online sales of groceries also continued to grow forcefully.

In the building and technical trade division, sales grew and profit strengthened, due in particular to good profit development in K-Rauta in Finland and acquisitions carried out in Sweden and Norway. Onninen's comparable profit also strengthened. The Fresks building and home improvement store chain acquired in Sweden earlier this year was successfully integrated into Kesko and rebranded K-Bygg. In addition to Sweden, we continued actions to strengthen our market position and improve profitability also in Norway. The division recorded a comparable operating profit of €60.3 million in the third quarter, with 8.4% growth in reported net sales. The sales growth and improved profitability prove that our strategy and its execution are working.

The market for the car trade business has been weakening since autumn 2018, and recovery has been slower than we anticipated. Despite the market situation, I believe that our car trade division will strengthen its competitiveness thanks to an updating range, improved availability and the efficiency measures carried out. The acquisitions we have made to strengthen our dealer network also support profitable growth in the car trade.

As a sign of our long-term commitment to corporate responsibility and efforts to combat climate change, Kesko was again included in the prestigious Dow Jones Sustainability Indices in September. In October, we made financing agreements totalling €700 million where the interest margin will increase or decrease depending on our ability to meet set sustainability targets. Kesko will draw down €300 million now, and has the possibility to draw down more later on.

Despite economic growth slowing down, our outlook is positive. We anticipate that in comparable terms, the net sales for continuing operations for the next 12 months will 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.

FINANCIAL PERFORMANCE OF CONTINUING OPERATIONS

NET SALES AND PROFIT FOR JANUARY-SEPTEMBER 2019

The net sales for the Group's continuing operations in January-September 2019 totalled €7,986.1 million, which is 3.3% up on the corresponding period of the previous year (€7,727.6 million). In comparable terms, net sales increased by 1.6% 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 increased by 1.1% in Finland, or by 1.0% in comparable terms. In other countries, net sales increased by 12.1%, or by 4.2% in comparable terms. International operations accounted for 22.1% (20.4%) of the Group's net sales.

Net sales for the grocery trade grew by 3.0%, or by 3.8% in comparable terms. Net sales grew in all food store chains and Kespro. 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, and by including in the net sales the comparable months of Reinin Liha and Kalatukku E. Eriksson, both acquired in 2018.

In the building and technical trade, net sales grew by 6.9%. In comparable terms, net sales increased by 2.9%. The net sales for the building and technical trade excluding the speciality goods trade increased by 8.4%, or by 3.6% in comparable terms. Net sales grew in comparable terms 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 including in the net sales the comparable months of Skattum Handel AS and Gipling AS, both acquired in 2018, and by excluding the impact of 1A Group acquired in 2018, the DIY business of Sørbø acquired on 31 January 2019 and Fresks Group acquired on 17 May 2019 as well as the impact of Onninen AB's HEPAC contractor business divested on 15 May 2019. Net sales for the speciality goods trade decreased by 7.1%, or by 4.0% in comparable terms.

In the car trade, net sales decreased by 9.6%, or by 15.5% in comparable terms. Consumer market demand was weakened by uncertainties regarding car taxation and debate over motive power choices as well as changes related to WLTP emissions testing. The comparable change % has been calculated by excluding the impact of the car trade businesses acquired from Huittisten Laatuauto and LänsiAuto on 1 March 2019, and the Volkswagen, Audi and SEAT businesses acquired from Laakkonen Group on 1 July 2019.

Reinin Liha and Kalatukku E. Eriksson became part of Kesko Group's foodservice wholesale company Kespro following acquisitions completed on 1 June 2018 and 2 July 2018, respectively. 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. Fresks strengthens Kesko's 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. K-Caara assumed ownership of the Volkswagen, Audi and SEAT businesses acquired from Laakkonen Group on 1 July 2019.

1-9/2019	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	4,075.2	+3.0	+3.8	229.3	+23.3
Building and technical trade excl. speciality goods trade	3,007.9	+8.4	+3.6	103.9	+13.3
Speciality goods trade	271.7	-7.1	-4.0	8.0	-0.0
Building and technical trade, total	3,279.5	+6.9	+2.9	111.9	+13.3
Car trade	635.4	-9.6	-15.5	17.8	-10.3
Common functions and eliminations	-4.0	(..)	(..)	-27.0	-8.4
Total	**7,986.1**	**+3.3**	**+1.6**	**331.9**	**+17.9**

(..) Change over 100%

The Group's comparable operating profit for continuing operations in January-September totalled €331.9 million (€314.0 million). Profitability in the grocery trade improved due to good sales development and improved operational efficiency. The comparable operating profit for the building and technical trade grew in Finland, Sweden, Norway and Belarus. Profitability in Norway and Sweden improved due to acquisitions and divestments carried out. In the Baltic States, comparable operating profit fell short of the level of the comparison period. The acquisitions carried out in 2018 and the first half of 2019 accounted for €11.7 million (€2.5 million) of the comparable operating profit for the building and technical trade. The comparable operating profit for the car trade was down by €10.3 million due to a decline in net sales.

Operating profit totalled €320.1 million (€300.5 million). Items affecting comparability totalled €-11.9 million (€-13.5 million). The most significant items affecting comparability were the €8.1 million costs related to the divestment of Onninen's HEPAC contractor business in the building and technical trade in Sweden, the €3.1 million costs related to acquisitions, and the net €4.6 million items related to the subsidiary consolidation of Kruunuvuoren Satama Oy. The most significant items affecting comparability the year before were the €5.9 million costs related to conversions of Suomen Lähikauppa's chains and changes in the store site network, and the €4.1 million costs related to structural changes in the Swedish operations of the building and technical trade division.

Items affecting comparability, € million	1-9/2019	1-9/2018
Operating profit, comparable	**331.9**	**314.0**
Items affecting comparability		
+gains on disposal	+1.3	+6.7
-losses on disposal	0.0	-0.1
-impairment charges	-	-3.4
+/-structural arrangements	-13.2	-16.8
Items affecting comparability, total	-11.9	-13.5
Operating profit	**320.1**	**300.5**

The comparable profit before tax for the Group's continuing operations in January-September was €263.1 million (€234.5 million). The profit before tax for the Group's continuing operations in January-September was €297.6 million (€220.9 million). The earnings per share for the Group's continuing operations totalled €2.41 (€1.61), and the comparable earnings per share €2.07 (€1.75). The Group's equity per share was €19.69 (€19.04).

K Group's (Kesko and chain stores) retail and B2B sales (VAT 0%) in January-September totalled €10,061.3 million, representing a growth of 1.0% compared to the previous year (pro forma). The K-Plussa customer loyalty programme added 68,491 new households between January and September 2019. The number of K-Plussa households stood at 2.4 million at the end of September and there were 3.5 million K-Plussa cardholders in total.

NET SALES AND PROFIT FOR JULY-SEPTEMBER 2019

The net sales of the Group's continuing operations in July-September 2019 totalled €2,803.9 million, which is 6.1% up on the corresponding period of the previous year (€2,641.8 million). In comparable terms, net sales increased by 2.9% in local currencies, excluding the impact of acquisitions and divestments. The Group's net sales increased by 3.8% in Finland, or by 2.3% in comparable terms. In other countries, net sales increased by 14.5%, or by 5.2% in comparable terms. Net sales growth was impacted in particular by acquisitions in line with the Group's strategy in Sweden and Norway. International operations accounted for 23.4% (21.7%) of the Group's net sales.

Net sales for the grocery trade grew by 3.7%. Net sales grew in all food store chains and Kespro.

In the building and technical trade, net sales grew by 8.4%. In comparable terms, net sales increased by 3.8%. The net sales for the building and technical trade excluding the speciality goods trade increased by 9.8%, or by 4.1% in comparable terms. Net sales grew in comparable terms in Finland, the Baltics and Belarus. The comparable change % has been calculated in local currencies and by including in the net sales the comparable months of Skattum Handel AS and Gipling AS, both acquired in 2018, and by excluding the impact of 1A Group acquired in 2018, the DIY business of Sørbø acquired on 31 January 2019 and Fresks Group acquired on 17 May 2019 as well as the impact of Onninen AB's HEPAC contractor business divested on 15 May 2019. Net sales for the speciality goods trade decreased by 4.6%, but stayed flat in comparable terms.

In the car trade, net sales increased by 11.3%, but decreased by 5.9% in comparable terms. Consumer market demand was weakened by uncertainties regarding car taxation and debate over motive power choices as well as changes related to WLTP emissions testing. The comparable change % has been calculated by excluding the impact of the car trade businesses acquired from Huittisten Laatuauto and LänsiAuto on 1 March 2019, and the Volkswagen, Audi and SEAT businesses acquired from Laakkonen Group on 1 July 2019.

Reinin Liha and Kalatukku E. Eriksson became part of Kesko Group's foodservice wholesale company Kespro following acquisitions completed on 1 June 2018 and 2 July 2018, respectively. 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. K-Caara assumed ownership of the Volkswagen, Audi and SEAT businesses of Laakkonen Group on 1 July 2019.

7-9/2019	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,402.7	+3.7	+3.7	93.5	+12.2
Building and technical trade excl. speciality goods trade	1,074.0	+9.8	+4.1	54.5	+6.4
Speciality goods trade	106.1	-4.6	+0.3	5.8	+0.6
Building and technical trade, total	1,180.1	+8.4	+3.8	60.3	+7.0
Car trade	222.9	+11.3	-5.9	5.0	-3.0
Common functions and eliminations	-1.8	(..)	(..)	-6.7	-1.1
Total	**2,803.9**	**+6.1**	**+2.9**	**152.0**	**+15.0**

(..) Change over 100%

The Group's comparable operating profit for continuing operations in July-September totalled €152.0 million (€137.0 million). Profitability in the grocery trade improved due to good sales development and improved operational efficiency. The comparable operating profit for the building and technical trade grew especially in Finland, Norway, Sweden and Belarus. Profitability in Norway and Sweden improved due to acquisitions and divestments carried out. In the Baltic States, comparable operating profit fell short of the level of the comparison period. The acquisitions carried out in 2018 and the first half of 2019 accounted for €9.7 million (€2.5 million) of the comparable operating profit for the building and technical trade. The comparable operating profit for the car trade was down by €3.0 million due to a decline in net sales.

Operating profit totalled €148.6 million (€134.3 million). Items affecting comparability totalled €-3.5 million (€-2.7 million).

Items affecting comparability, € million	7-9/2019	7-9/2018
Operating profit, comparable	**152.0**	**137.0**
Items affecting comparability		
+gains on disposal	0.4	0.0
-losses on disposal	-	-0.0
+/-structural arrangements	-3.8	-2.6
Items affecting comparability, total	-3.5	-2.7
Operating profit	**148.6**	**134.3**

The comparable profit before tax for the Group's continuing operations in July-September was €129.3 million (€111.2 million). The profit before tax for the Group's continuing operations in July-September was €154.8 million (€108.5 million). The earnings per share for the Group's continuing operations were €1.27 (€0.79), and the comparable earnings per share €1.01 (€0.81). The Group's equity per share was €19.69 (€19.04).

In July-September, K Group's (Kesko and chain stores) retail and B2B sales (VAT 0%) totalled €3,508.3 million, up by 2.0% compared to the previous year (pro forma).

FINANCE

In January-September, the Group's cash flow from operating activities for continuing operations totalled €619.9 million (€539.5 million). The cash flow from operating activities excluding the impact of IFRS 16 totalled €377.0 million (€309.6 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, the dividend payment and repayment of equity by Kruunuvuoren Satama Oy in May 2019 totalling €44.1 million, and the dividend of €9.2 million paid by the associate Valluga-sijoitus Oy in August 2019. The cash flow from operating activities for discontinued operations totalled €3.4 million (€-23.3 million). The Group's cash flow from operating activities totalled €623.3 million (€516.2 million).

The Group's cash flow from investing activities totalled €-555.7 million (€-152.3 million). Kruunuvuoren Satama Oy's ownership arrangement had an €-84.6 million impact on the cash flow from investing activities. The cash flow from investing activities for the comparison year included the €162.7 million transaction price obtained from the divestment of properties in Russia.

The Group had liquid assets of €171.8 million at the end of the reporting period (€319.2 million). Interest-bearing liabilities at the end of September totalled €3,029.2 million (€2,760.8 million), and interest-bearing net debt €2,857.4 million (€2,441.6 million), of which lease liabilities accounted for €2,392.3 million (€2,212.7 million). Interest-bearing net debt excluding lease liabilities totalled €465.1 million (€228.9 million). The equity ratio at the end of the period was 29.6% (30.8%).

The net finance costs for the Group's continuing operations in January-September totalled €70.1 million (€76.7 million), including interests for lease liabilities of €71.9 million (€75.6 million). The share of result of associates and joint ventures was €47.6 million (€-2.9 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-September, 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. Other associates had a combined impact of €29.9 million on the result of associates and joint ventures in January-September and the impact on the comparable share of result was €0.9 million excluding the sales gains amounting to €29.0 million included in the share of results of associates and reported as items affecting comparability. Kesko and Oriola's joint venture, the Hehku wellbeing chain, had an impact of €-3.8 million of the share of result of the previous year.

In July-September, the Group's cash flow from operating activities for continuing operations was €191.6 million (€207.8 million). The cash flow from operating activities excluding the impact of IFRS 16 was €108.4 million (€130.5 million). Cash flow was strengthened by improved capital efficiency and dividend of €9.2 million paid by the associate Valluga-sijoitus Oy in August 2019. The cash flow from operating activities for discontinued operations totalled €-0.8 million (€-19.9 million). The Group's cash flow from operating activities totalled €190.7 million (€187.9 million).

The Group's cash flow from investing activities in July-September totalled €-125.9 million (€-219.5 million).

The net finance costs for the Group's continuing operations in July-September totalled €23.3 million (€25.3 million), including interests for lease liabilities of €23.1 million (€25.0 million). The share of result of associates and joint ventures was €29.5 million (€-0.5 million), or €0.5 million excluding the sales gains amounting to €29.0 million included in the share of result of associates and reported as items affecting comparability.

TAXES

The taxes for the Group's continuing operations totalled €54.7 million (€46.5 million) in January-September. The effective tax rate was 18.4% (21.1%), impacted by the share of result of associates and joint ventures. The taxes for the Group's continuing operations in July-September totalled €25.3 million (€23.4 million). The effective tax rate was 16.3% (21.6%), impacted by the share of result of associates and joint ventures.

CAPITAL EXPENDITURE

The capital expenditure for the Group's continuing operations in January-September totalled €602.9 million (€349.9 million), or 7.5% (4.5%) of net sales. Capital expenditure in store sites totalled €195.4 million (€87.6 million), in acquisitions €290.3 million (€166.0 million), and in IT €22.0 million (€37.6 million) and other capital expenditure totalled €95.2 million (€58.6 million). Kruunuvuoren Satama Oy's ownership arrangement had an €85.7 million impact on capital expenditure in store sites.

The capital expenditure for the Group's continuing operations in July-September totalled €132.2 million (€221.2 million), or 4.7% (8.4%) of net sales. Capital expenditure in store sites totalled €40.7 million (€26.8 million), in acquisitions €45.0 million (€162.1 million), and in IT €5.5 million (€16.1 million) and other capital expenditure totalled €41.1 million (€16.3 million).

PERSONNEL

In January-September, the average number of personnel for the Group's continuing operations was 20,717 (19,457) 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 September 2019, the number of personnel stood at 24,806 (22,841), of whom 12,356 (11,611) were employed in Finland and 12,161 (11,229) 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 interim report. The dissolution of the Russian subsidiaries was completed during the reporting period.

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 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

	1-9/2019	1-9/2018	7-9/2019	7-9/2018
Net sales, € million	4,075.2	3,956.0	1,402.7	1,352.4
Operating profit, comparable, € million	229.3	206.0	93.5	81.3
Operating margin, comparable	5.6	5.2	6.7	6.0
Return on capital employed, comparable, %, rolling 12 months	14.2	13.1*	14.2	13.1*
Capital expenditure, € million	148.6	96.9	30.0	36.9
Personnel, average	6,099	6,102	6,202	6,127

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

Net sales, € million	**1-9/2019**	**1-9/2018**	**Change, %**	**7-9/2019**	**7-9/2018**	**Change, %**
Sales to K-food stores						
K-Citymarket, food	837.5	807.5	+3.7	280.6	272.8	+2.9
K-Supermarket	1,049.6	1,013.9	+3.5	356.8	343.4	+3.9
K-Market*	999.0	984.0	+1.5	348.2	332.7	+4.7
K-Citymarket, non-food	408.4	398.5	+2.5	143.0	138.5	+3.2
Kespro	701.5	645.2	+8.7	247.9	228.3	+8.6
Others	79.1	106.7	-25.9	26.1	36.8	-29.1
Total	**4,075.2**	**3,956.0**	**+3.0**	**1,402.7**	**1,352.4**	**+3.7**

* The comparable net sales development for K-Market was 5.4% in January-September and 4.7% in July-September.

January-September 2019

Net sales for the grocery trade in January-September amounted to €4,075.2 million (€3,956.0 million), an increase of 3.0%. Net sales grew in all food store chains and Kespro. 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. In comparable terms, net sales grew 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 and by including in the net sales the comparable months of Reinin Liha and Kalatukku E. Eriksson, both acquired in 2018.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 2.5% in January-September (Kesko's own estimate) and retail prices are estimated to have risen by some 1.6% (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 3.8% (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 January-September totalled €229.3 million (€206.0 million), up by €23.3 million. Profitability in the grocery trade improved due to good sales development and improved operational efficiency.

Operating profit for the grocery trade totalled €236.1 million (€199.2 million). Items affecting comparability totalled €6.9 million (€-6.8 million). Profits affecting comparability of €5.9 million are related to the consolidation of Kruunuvuoren Satama Oy. Items affecting comparability in the comparison period, were mainly related to the restructuring of Suomen Lähikauppa, €-5.9 million.

Capital expenditure for the grocery trade totalled €148.6 million (€96.9 million) in January-September, of which capital expenditure in store sites accounted for €136.5 million (€71.5 million). Kruunuvuoren Satama Oy's share of capital expenditure in store sites was €63.1 million.

July-September 2019

Net sales for the grocery trade in July-September amounted to €1,402.7 million (€1,352.4 million), an increase of 3.7%. Net sales grew in all food store chains and Kespro.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 2.5% in July-September (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 3.3% (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 July-September totalled €93.5 million (€81.3 million), up by €12.2 million. Profitability in the grocery trade improved due to good sales development and improved operational efficiency.

Operating profit for the grocery trade totalled €93.7 million (€80.2 million). Items affecting comparability totalled €0.3 million (€-1.1 million).

Capital expenditure for the grocery trade totalled €30.0 million (€36.9 million) in July-September, of which capital expenditure in store sites accounted for €23.9 million (€23.6 million).

Two new K-Markets opened in July-September. Remodelling and extensions were made in a total of 8 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, and K-Market Pirkanpoika in Pirkkala is being expanded and will become a K-Supermarket.

Store numbers at 30.9.	2019	2018
K-Citymarket	81	81
K-Supermarket	243	242
K-Market	780	785
Neste K	73	73
Others	80	80
Total	1,257	1,261

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

BUILDING AND TECHNICAL TRADE

	1-9/2019	1-9/2018	7-9/2019	7-9/2018
Net sales, € million	3,279.5	3,068.0	1,180.1	1,089.0
Building and technical trade, excl. speciality goods trade	3,007.9	2,775.5	1,074.0	977.8
Speciality goods trade	271.7	292.5	106.1	111.2
Operating profit, comparable, € million	111.9	98.6	60.3	53.3
Building and technical trade, excl. speciality goods trade	103.9	90.6	54.5	48.1
Speciality goods trade	8.0	8.0	5.8	5.2
Operating margin, comparable	3.4	3.2	5.1	4.9
Building and technical trade, excl. speciality goods trade	3.5	3.3	5.1	4.9
Speciality goods trade	2.9	2.7	5.4	4.7
Return on capital employed, comparable, %, rolling 12 months	7.6	7.9*	7.6	7.9*
Capital expenditure, € million	314.6	183.4	32.7	160.5
Personnel, average	12,503	11,534	12,784	11,961

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

Net sales, € million	1-9/2019	1-9/2018	Change, %	7-9/2019	7-9/2018	Change, %
Building and home improvement trade, Finland	707.5	691.6	+2.3	234.0	229.1	+2.2
K-Rauta, Sweden	129.7	135.6	-4.3	43.1	47.0	-8.4
K-Bygg, Sweden	83.2	-	-	54.4	-	-
Byggmakker, Norway	300.5	270.3	+11.2	108.1	102.5	+5.5
Kesko Senukai, the Baltics	528.1	424.2	+24.5	193.1	157.5	+22.6
OMA, Belarus	108.9	96.2	+13.2	43.0	37.5	+14.6
Onninen, Finland	682.8	659.0	+3.6	245.5	235.5	+4.3
Onninen, Sweden	95.4	111.9	-14.7	25.4	33.6	-24.4
Onninen, Norway	177.9	184.1	-3.3	56.6	58.5	-3.2
Onninen, Baltics	62.2	56.7	+9.7	23.8	21.1	+12.6
Onninen, Poland	173.5	174.7	-0.7	63.7	66.3	-4.0
Building and technical trade, excl. speciality goods trade, total	**3,007.9**	**2,775.5**	**+8.4**	**1,074.0**	**977.8**	**+9.8**
Leisure trade, Finland	145.9	144.1	+1.2	54.4	51.7	+5.2
Machinery trade	125.8	148.4	-15.3	51.7	59.5	-13.0
Speciality goods trade, total	**271.7**	**292.5**	**-7.1**	**106.1**	**111.2**	**-4.6**
Total	**3,279.5**	**3,068.0**	**+6.9**	**1,180.1**	**1,089.0**	**+8.4**

January-September 2019

Net sales for the building and technical trade in January-September totalled €3,279.5 million (€3,068.0 million), up by 6.9%. In comparable terms, net sales increased by 2.9%. Net sales grew in comparable terms 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 including in the net sales the comparable months of Skattum Handel AS and Gipling AS, both acquired in 2018, and by excluding the impact of 1A Group acquired in 2018, the DIY business of Sørbø acquired on 31 January 2019 and Fresks Group acquired on 17 May 2019 as well as the impact of Onninen AB's HEPAC contractor business divested 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. The Finnish agricultural machinery trade operations were divested in August 2019.

Net sales for the building and technical trade in Finland in January-September totalled €1,516.9 million (€1,495.3 million), up by 1.4%. In comparable terms, net sales increased by 1.9% in Finland. Net sales from foreign operations amounted to €1,762.6 million (€1,572.7 million) in January-September, an increase of 12.1%. In comparable terms, net sales from foreign operations grew by 3.9%. Foreign operations contributed 53.7% (51.3%) 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 €3,007.9 million (€2,775.5 million) in January-September, an increase of 8.4%. In comparable terms, net sales increased by 3.6%.

Net sales for the building and home improvement trade in January-September totalled €1,853.2 million (€1,613.9 million), an increase of 14.8%. In comparable terms, net sales increased by 4.6% Net sales in Finland grew by 2.3% and in the Baltics by 24.5%. Net sales increased in local currencies in Belarus by 11.3%, in Norway by 13.3% and in Sweden by 62.1%. In comparable terms, net sales decreased by 1.2% in Sweden.

Onninen's net sales in January-September totalled €1,189.3 million (€1,184.1 million), up by 0.4%. In comparable terms, net sales increased by 3.1%. Net sales in Finland grew by 3.6% and in the Baltics by 9.7%. In Poland, net sales grew in local currency by 0.6%. Net sales decreased in local currency in Norway by 1.5% and in Sweden by 11.9%. In comparable terms, net sales in Sweden grew by 10.3%, taking into account the divestment of the HEPAC contractor business completed during the reporting period.

K Group's building and technical trade sales in Finland grew by 1.5% and the total market (VAT 0%) is estimated to have grown by about 1.8% (Kesko's own estimate).

Net sales for the speciality goods trade in January-September totalled €271.7 million (€292.5 million), down by 7.1%. In comparable terms, net sales were down by 4.0%. Net sales for the leisure trade totalled €145.9 million (€144.1 million), up by 1.2%. Net sales for the machinery trade in January-September amounted to €125.8 million (€148.4 million), a decrease of 15.3%. Net sales for the machinery trade in Finland totalled €13.1 million (€23.2 million), down by 43.5%. The net sales from foreign operations totalled €112.7 million (€125.2 million), down by 10.0%.

The comparable operating profit for the building and technical trade in January-September totalled €111.9 million (€98.6 million), up by €13.3 million compared to the previous year. The comparable operating profit for the building and technical trade excluding the speciality goods trade operations totalled €103.9 million (€90.6 million), up by €13.3 million. The comparable operating profit for building and home improvement trade in January-September totalled €67.7 million (€56.7 million), up by €11.1 million. Comparable operating profit grew in the building and home improvement trade in Finland, Norway, Sweden and Belarus. Profitability in Norway and Sweden improved due to acquisitions and divestments carried out. In the Baltic States, comparable operating profit fell short of the level of the comparison period. The acquisitions carried out in 2018 and the first half of 2019 accounted for €11.7 million (€2.5 million) of the comparable operating profit for the building and technical trade. Onninen's comparable operating profit in January-September totalled €36.1 million (€33.9 million). Onninen's comparable operating profit grew in Finland and Poland. In Sweden, Onninen's comparable operating profit remained at the level of the previous year. The comparable operating profit for the speciality goods trade totalled €8.0 million (€8.0 million), flat on the year before.

Operating profit for the building and technical trade totalled €99.2 million (€92.9 million). Items affecting comparability totalled €-12.7 million (€-5.7 million). The most significant items affecting comparability were the €8.1 million costs related to the divestment of Onninen's HEPAC contractor business in Sweden. The most significant items affecting comparability in the comparison period were the €4.1 million costs related to the restructuring of operations in Sweden and the €2.0 million gains on the disposal of real estate.

In January-September, capital expenditure for the building and technical trade totalled €314.6 million (€183.4 million), of which €52.7 million (€15.8 million) was in store sites and €232.8 million (€153.0 million) in acquisitions. Kruunuvuoren Satama Oy's share of capital expenditure in store sites was €22.5 million. During the reporting period, the acquisitions of Sørbø's DIY retail business in Norway and Fresks Group in Sweden were completed.

July-September 2019

Net sales for the building and technical trade in July-September totalled €1,180.1 million (€1,089.0 million), up by 8.4%. In comparable terms, net sales increased by 3.8%. Net sales grew in comparable terms 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 including in the net sales the comparable months of Gipling AS, acquired in 2018, and by excluding the impact of 1A Group acquired in 2018, the DIY business of Sørbø acquired on 31 January 2019 and Fresks Group acquired on 17 May 2019 as well as the impact of Onninen AB's HEPAC contractor business divested 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. The Finnish agricultural machinery trade operations were divested in August 2019.

Net sales for the building and technical trade in Finland in July-September totalled €524.1 million (€516.0 million), up by 1.6%. In comparable terms, net sales in Finland increased by 2.2%. Net sales from foreign operations amounted to €655.9 million (€573.0 million) in July-September, an increase of 14.5%. In comparable terms, net sales from foreign operations grew by 5.2%. Foreign operations accounted for 55.6% (52.6%) 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 €1,074.0 million (€977.8 million) in July-September, an increase of 9.8%. In comparable terms, net sales increased by 4.1%.

Net sales for the building and home improvement trade in July-September totalled €673.9 million (€572.1 million), up by 17.8%. In comparable terms, net sales increased by 5.1%. Net sales grew in Finland by 2.2%, in the Baltics by 22.6% and in Belarus by 10.7%. Net sales increased in local currency in Norway by 8.4% and in Sweden by 111.5%. In comparable terms, net sales in Sweden decreased by 6.1% and were at the level of the previous year in Norway.

Onninen's net sales in July-September totalled €414.1 million (€414.3 million), matching the level of the comparison period. In comparable terms, net sales increased by 4.1%. Net sales in Finland grew by 4.3% and in the Baltics by 12.6%. Net sales decreased in local currency in Poland by 3.5%, in Norway by 0.4% and in Sweden by 22.5%. In comparable terms, net sales in Sweden grew by 31.3%, taking into account the divestment of the HEPAC contractor business during the reporting period.

K Group's building and technical trade sales in Finland increased by 2.1% and the total market (VAT 0%) is estimated to have grown by about 1.5% (Kesko's own estimate).

Net sales for the speciality goods trade in July-September totalled €106.1 million (€111.2 million), down by 4.6%. In comparable terms, net sales increased by 0.3%. Net sales for the leisure trade totalled €54.4 million (€51.7 million), up by 5.2%. Net sales for the machinery trade in July-September amounted to €51.7 million (€59.5 million), a decrease of 13.0% compared to the previous year. Net sales for the machinery trade in Finland totalled €3.0 million (€8.4 million), down by 64.5%. The Finnish agricultural machinery trade operations were divested in August 2019, which had an impact on the net sales. Net sales from foreign operations totalled €48.7 million (€51.1 million), down by 4.6%.

The comparable operating profit for the building and technical trade in July-September totalled €60.3 million (€53.3 million), up by €7.0 million compared to the previous year. The comparable operating profit for the building and technical trade excluding the speciality goods trade operations totalled €54.5 million (€48.1 million), up by €6.4 million. The comparable operating profit for the building and home improvement trade in July-September totalled €34.5 million (€29.5 million), up by €5.0 million. Comparable operating profit grew in the building and home improvement trade in Finland, Sweden, Norway and Belarus. Profitability in Norway and Sweden improved due to acquisitions and divestments carried out. In the Baltic States, comparable operating profit fell short of the level of the comparison period. The acquisitions carried out in 2018 and the first half of 2019 accounted for €9.7 million (€2.5 million) of the comparable operating profit for the building and technical trade. Onninen's comparable operating profit in July-September totalled €20.0 million (€18.6 million). The comparable operating profit for the speciality goods trade was €5.8 million (€5.2 million), up by €0.6 million.

Operating profit for the building and technical trade totalled €57.7 million (€52.0 million). Items affecting comparability totalled €-2.6 million (€-1.3 million).

In July-September, capital expenditure for the building and technical trade totalled €32.7 million (€160.5 million), of which €14.0 million (€3.0 million) was in store sites. In the comparison year, acquisitions amounted to €153.0 million.

In July-September, one Onninen Express store opened in Tallinn, Estonia, and one The Athlete's Foot store in Kuopio, Finland.

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

Store numbers at 30.9.	2019	2018
Building and technical trade		
K-Rauta, Finland	132	136
K-Rauta, Sweden	18	18
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	16	17
Onninen, Finland	56	56
Onninen, Sweden	-	13
Onninen, Norway	19	25
Onninen, Baltics	17	14
Onninen, Poland	36	35
Speciality goods trade		
Intersport, Finland	53	55
Budget Sport	10	11
The Athlete's Foot	8	7
Kookenkä	33	36
Total	535	528

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

	1-9/2019	1-9/2018	7-9/2019	7-9/2018
Net sales, € million	635.4	702.8	222.9	200.3
Operating profit, comparable, € million	17.8	28.0	5.0	8.0
Operating margin, comparable	2.8	4.0	2.3	4.0
Return on capital employed, comparable, %, rolling 12 months	10.9	20.8*	10.9	20.8*
Capital expenditure, € million	109.7	36.3	61.0	9.1
Personnel, average	1,127	837	1,423	856

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

Net sales, € million	1-9/2019	1-9/2018	Change, %	7-9/2019	7-9/2018	Change, %
K-Auto	606.4	648.4	-6.5	212.7	177.9	+19.5
AutoCarrera	29.5	55.1	-46.5	10.4	22.7	-54.2
Total	**635.4**	**702.8**	**-9.6**	**222.9**	**200.3**	**+11.3**

January-September 2019

Net sales for the car trade in January-September totalled €635.4 million (€702.8 million), a decrease of 9.6%. In comparable terms, net sales were down by 15.5%. Consumer market demand was weakened by uncertainties regarding car taxation and debate over motive power choices as well as changes related to WLTP emissions testing. The comparable change % has been calculated by excluding the impact of the car trade businesses acquired from Huittisten Laatuauto and LänsiAuto on 1 March 2019, and the Volkswagen, Audi and SEAT businesses acquired from Laakkonen Group on 1 July 2019.

The combined market performance of first registrations of passenger cars and vans was -9.5% (5.2%) in January-September. 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 17.1% (18.5%) in January-September.

The comparable operating profit for the car trade in January-September totalled €17.8 million (€28.0 million), down by €10.3 million due to the decline in net sales. The comparable operating profit for AutoCarrera was €-0.2 million (€5.1 million). Operating profit for the car trade in January-September totalled €17.5 million (€28.0 million).

Capital expenditure for the car trade in January-September totalled €109.7 million (€36.3 million). The acquisitions of car trade businesses from Huittisten Laatuauto and LänsiAuto and the Volkswagen, Audi and SEAT businesses of Laakkonen Group totalled €57.5 million. Capital expenditure includes cars obtained for the leasing fleet and rental cars sold with repurchase commitments.

July-September 2019

Net sales for the car trade in July-September totalled €222.9 million (€200.3 million), an increase of 11.3%. In comparable terms, net sales were down by 5.9%. Consumer market demand was weakened by uncertainties regarding car taxation and debate over motive power choices as well as changes related to WLTP emissions testing. The comparable change % has been calculated by excluding the impact of the car trade businesses acquired from Huittisten Laatuauto and LänsiAuto on 1 March 2019, and the Volkswagen, Audi and SEAT businesses acquired from Laakkonen Group on 1 July 2019.

The combined market performance of first registrations of passenger cars and vans was -0.9% (0.3%) in July-September. 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 16.5% (16.8%) in July-September.

The comparable operating profit for the car trade in July-September totalled €5.0 million (€8.0 million), down by €3.0 million. The comparable operating profit for AutoCarrera totalled €0.2 million (€2.4 million). Operating profit for the car trade in July-September totalled €4.9 million (€8.0 million).

Capital expenditure for the car trade in July-September totalled €61.0 million (€9.1 million). Acquisitions amounted to €46.1 million. Capital expenditure includes cars obtained for the leasing fleet and rental cars sold with repurchase commitments.

Store numbers at 30.9.	2019	2018
K-Auto	41	13
AutoCarrera	3	3
Total	44	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.

Kesko Group company K Caara Oy completed the acquisition of the Volkswagen, Audi and SEAT businesses of Laakkonen Group on 1 July 2019.

Kesko Group company Konekesko Oy sold its Finnish agricultural machinery trade operations to Danish Agro Machinery's Finnish subsidiary Finnish Agro Machinery on 1 August 2019.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of September 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 September 2019, Kesko Corporation held 931,363 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 September 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 €53.00 at the end of September 2019, representing an increase of 21.6%. Correspondingly, the price of a B share was €47.10 at the end of 2018, and €57.96 at the end of September 2019, representing an increase of 23.1%. In January-September 2019, the highest A share price was €53.60 and the lowest €42.10. The highest B share price was €59.06 and the lowest €45.19. The Nasdaq Helsinki All-Share index (OMX Helsinki) was up by 8.9% and the weighted OMX Helsinki Cap index by 10.1% in January-September 2019. The Retail Sector Index was up by 23.4%.

The market capitalisation of the A shares was €1,682.1 million at the end of September 2019. The market capitalisation of the B shares was €3,903.7 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was €5,585.8 million, an increase of €1,033.1 million from the end of 2018.

In January-September, a total of 6.2 million A shares were traded on Nasdaq Helsinki. The exchange value of the A shares was €300.5 million. Meanwhile, 34.6 million B shares were traded, with an exchange value of €1,800.8 million. Nasdaq Helsinki accounted for approximately 65.0% of the trading of Kesko's A and B shares in January-September 2019. Kesko shares were also traded on multilateral trading facilities, the most significant of which was Cboe (source: Euroland).

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-September 2019, a total of 3,774 shares were returned to the Company in accordance with the terms and conditions of the share-based compensation plan 2014-2016, the Bridge Plan 2017-2020, and the performance share plan PSP 2017. The returns during the reporting period were communicated in stock exchange releases on 8 March 2019, and 14 June 2019 and 24 September 2019. The share-based compensation plan 2014-2016 was announced in a stock exchange release on 4 February 2014, and the Bridge Plan and the PSP 2017 were announced in a stock exchange release on 2 February 2017.

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 for 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 was 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 September 2019 the number of shareholders was 41,314, which is 569 more than at the end of 2018. At the end of September, foreign ownership of all shares was 35.00%, and foreign ownership of B shares 50.14%.

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 due to a share transaction carried out on 28 May 2019. (Stock exchange release 28.5.2019)

According to a notification received by Kesko Corporation, on 30 August 2019, K-Retailers' Association's holding exceeded the threshold of five (5) per cent for shares in Kesko. (Stock exchange release 30.8.2019)

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 transaction included 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 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, one of the leading building material retailers in Sweden. The transaction was completed on 17 May 2019. (Press releases 29.3.2019 and 17.5.2019)

The new medium-term financial targets for profitability, as approved by the Board of Directors of Kesko Corporation, are 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 totalled some €259 million in 2018 and operating profit €5.4 million. The approximately 470 employees of the businesses transferred to Kesko. The transaction was completed on 1 July 2019. (Press releases 25.4.2019 and 1.7.2019)

Kesko agreed to acquire the wholesaler Heinon Tukku Oy from the family-owned company Tukkuheino Oy and private individuals. The transaction enables Kesko to execute its growth strategy and increase its offering in the growing foodservice market. The Finnish Competition and Consumer Authority announced on 13 September 2019 that it would extend the investigation of the matter until 31 October 2019. (Press release 17.5.2019)

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 furthermore 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)

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

KEY EVENTS AFTER THE REPORTING PERIOD

The statutory codetermination negotiations of the car importer K-Auto and the car retailer K-Caara, initiated in August, were concluded. As a result of the negotiations, the personnel numbers of both companies will be adjusted and changes will be made to the organisational structures. The employment of some 100 people in total will be terminated. (Press release 4.10.2019)

Kesko made financing agreements totalling €700 million, in which the interest margin will increase or decrease depending on Kesko's ability to meet the sustainability targets set for its carbon footprint, food waste, and audits conducted in high-risk countries. Kesko will draw down €300 million now, and has the possibility to draw down more later on. (Press release 7.10.2019)

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 was 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

K Group opened a children’s summer day care facility at a lamp factory in China together with the international organisation the Center for Child Rights and Corporate Social Responsibility (CCR CSR).

A new custom-made culvert donated by Onninen and Pipelife Finland was put in place as part of K Fishpaths restoration efforts in Hollola to improve conditions for the endangered trout.

K Group announced it is creating a carbon footprint calculator for its K-Ostokset service, to enable customers to follow the environmental impact of their food shopping and make more sustainable choices for the climate.

K Group announced it is working with the Natural Resources Institute Finland (Luke) to establish a model for a carbon neutral grocery store.

Kesko was included in the esteemed Dow Jones Sustainability Indices, the DJSI World and the DJSI Europe.

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 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. Increased risks impacting the car trade are the increased uncertainty among consumers on issues regarding car taxation and motive power choices, and the growth in used car imports. 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 (10/2019-9/2020) in comparison with the 12 months preceding the end of the reporting period (10/2018-9/2019). The outlook estimate 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. Uncertainty related to general economic development has grown in Kesko’s operating countries and the pace of economic growth is expected to slow down. In the Finnish grocery trade, intense competition is expected to continue, but the market is expected to grow. In the Northern European construction market, new building volumes are expected to normalise from the high levels of peak years, and the focus to shift to renovation building. In the Finnish car trade, the market is expected to be lower than average.

Kesko continues the determined customer-oriented transformation of its business and execution of its strategy.

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 October 2019
Kesko Corporation
Board of Directors

The information in this interim report is unaudited.

Further information is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, telephone +358 105 322 113, Hanna Jaakkola, Vice President, Investor Relations, telephone +358 105 323 540, 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 12.30 (Finnish time). The audio conference login is available on Kesko's website at www.kesko.fi.

Kesko Corporation's 2019 financial statements release will be published on 5 February 2020. 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

DISTRIBUTION
Nasdaq Helsinki Ltd
Main news media
www.kesko.fi

ATTACHMENTS: TABLES SECTION

TABLES SECTION

Accounting policies

This interim report has been prepared in accordance with IAS 34. The interim 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

	1-9/2019	1-9/2018	Change, %	7-9/2019	7-9/2018	Change, %	1-12/2018
Continuing operations							
Net sales	7,986.1	7,727.6	3.3	2,803.9	2,641.8	6.1	10,382.8
Cost of goods sold	-6,874.0	-6,717.1	2.3	-2,402.2	-2,282.6	5.2	-8,989.5
Gross profit	**1,112.1**	**1,010.6**	**10.0**	**401.7**	**359.2**	**11.8**	**1,393.2**
Other operating income	602.9	582.8	3.4	204.6	191.5	6.9	789.8
Employee benefit expense	-568.1	-506.6	12.1	-182.8	-164.2	11.3	-694.1
Depreciation, amortisation and impairment charges	-118.1	-101.8	16.0	-41.7	-34.5	20.7	-142.1
Depreciation and impairment charges for right-of-use assets	-239.7	-236.2	1.5	-83.1	-79.7	4.3	-320.3
Other operating expenses	-469.0	-448.2	4.6	-150.1	-137.9	8.9	-622.3
Operating profit	**320.1**	**300.5**	**6.5**	**148.6**	**134.3**	**10.6**	**404.3**
Interest income and other finance income	10.4	10.4	-0.3	3.1	3.2	-3.8	14.1
Interest expense and other finance costs	-8.6	-9.2	-6.4	-2.7	-2.1	28.2	-12.4
Interest expense for lease liabilities	-71.9	-75.5	-4.8	-23.1	-25.0	-7.6	-98.6
Foreign exchange differences	0.1	-2.3	(..)	-0.6	-1.4	-58.2	-2.8
Share of result of associates and joint ventures	47.6	-2.9	(..)	29.5	-0.5	(..)	-10.1
Profit before tax	**297.6**	**220.9**	**34.7**	**154.8**	**108.5**	**42.6**	**294.5**
Income tax	-54.7	-46.5	17.6	-25.3	-23.4	8.0	-62.1
Net profit for the period from continuing operations	242.9	174.4	39.3	129.5	85.1	52.2	232.4
Discontinued operations							
Net profit for the period from discontinued operations	9.5	-54.1	(..)	-1.0	-2.7	-64.5	-55.9
Net profit for the period	**252.4**	**120.3**	**(..)**	**128.6**	**82.4**	**56.0**	**176.5**
Attributable to							
Owners of the parent	248.2	105.7	(..)	124.8	75.7	64.9	158.0
Non-controlling interests	4.2	14.6	-71.0	3.7	6.7	-44.3	18.5
Earnings per share (€) for profit attributable to owners of the parent							
Basic and diluted, continuing operations	2.41	1.61	49.6	1.27	0.79	60.7	2.16
Basic and diluted, discontinued operations	0.10	-0.54	(..)	-0.01	-0.03	-64.5	-0.56
Basic and diluted, Group total	2.51	1.07	(..)	1.26	0.76	65.2	1.59

Consolidated statement of comprehensive income (€ million)							
	1-9/2019	1-9/2018	Change, %	7-9/2019	7-9/2018	Change, %	1-12/2018
Net profit for the period	252.4	120.3	(..)	128.6	82.4	56.0	176.5
Continuing operations							
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains/losses	19.9	11.9	67.5	6.9	12.4	-44.2	-1.9
Items that may be reclassified subsequently to profit or loss							
Currency translation differences related to a foreign operation	-0.9	-1.2	-30.9	-6.4	0.8	(..)	-10.1
Cash flow hedge revaluation	-1.0	1.4	(..)	-0.6	-0.6	0.1	2.1
Other items	-0.3	-0.1	(..)	-	-	-	-0.1
Total other comprehensive income for the period, net of tax, continuing operations	17.8	11.9	49.9	0.0	12.6	(..)	-10.1
Total other comprehensive income for the period, net of tax, discontinued operations	-	35.1	-	-	-0.1	-	35.1
Total comprehensive income for the period	**270.3**	**167.3**	**61.5**	**128.5**	**94.9**	**35.4**	**201.5**
Attributable to							
Owners of the parent	263.4	153.9	71.1	123.9	89.1	39.1	184.5
Non-controlling interests	6.9	13.4	-48.5	4.6	5.8	-20.6	17.0

(..) Change over 100 %

Consolidated statement of financial position (€ million), condensed				
	30.9.2019	**30.9.2018**	**Change, %**	**31.12.2018**
ASSETS				
Non-current assets				
Property, plant and equipment	1,449.0	1,161.7	24.7	1,191.1
Right-of-use assets	2,166.2	2,006.7	7.9	2,062.2
Intangible assets	680.5	487.8	39.5	492.1
Shares in associates and joint ventures and other financial assets	108.8	151.9	-28.4	144.3
Loans and receivables	66.8	73.4	-8.9	73.8
Pension assets	123.5	163.6	-24.5	148.0
Total	4,594.8	4,045.1	13.6	4,111.5
Current assets				
Inventories	1,006.6	869.4	15.8	913.0
Trade receivables	923.9	936.9	-1.4	820.3
Other receivables	207.6	233.3	-11.0	197.3
Financial assets at fair value through profit or loss	10.1	51.3	-80.4	50.9
Financial assets at amortised cost	32.1	67.9	-52.7	59.1
Cash and cash equivalents	129.6	198.3	-34.7	139.2
Total	2,309.8	2,357.2	-2.0	2,179.7
Non-current assets held for sale	83.3	91.8	-9.3	75.6
Total assets	**6,987.9**	**6,494.0**	**7.6**	**6,366.8**

	30.9.2019	30.9.2018	Change, %	31.12.2018
EQUITY AND LIABILITIES				
Equity	1,951.1	1,885.8	3.5	1,914.1
Non-controlling interests	107.7	103.2	4.3	107.0
Total equity	2,058.8	1,989.0	3.5	2,021.1
Non-current liabilities				
Interest-bearing liabilities	180.6	180.9	-0.2	177.8
Lease liabilities	2,074.4	1,904.0	8.9	1,979.6
Non-interest-bearing liabilities	144.8	29.7	(..)	29.4
Deferred tax liabilities	17.0	11.1	53.6	5.4
Pension obligations	0.4	0.5	-23.7	0.4
Provisions	25.4	24.1	5.4	23.6
Total	2,442.6	2,150.2	13.6	2,216.2
Current liabilities				
Interest-bearing liabilities	456.2	367.2	24.3	233.4
Lease liabilities	317.9	308.7	3.0	309.5
Trade payables	1,098.6	1,123.4	-2.2	982.7
Other non-interest-bearing liabilities	579.3	513.9	12.7	569.4
Provisions	15.9	20.3	-21.6	19.2
Total	2,468.0	2,333.4	5.8	2,114.2
Liabilities related to non-current assets held for sale	18.6	21.4	-13.1	15.4
Total equity and liabilities	**6,987.9**	**6,494.0**	**7.6**	**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					1.4			1.4
Dividends						-231.9	-6.2	-238.1
Other changes						4.1	0.0	4.1
Transactions with owners, total					1.4	-227.8	-6.2	-232.6
Comprehensive income								
Profit for the period, continuing operations						238.7	4.2	242.9
Profit for the period, discontinued operations						9.5		9.5
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						24.9		24.9
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			-3.4			-0.0	2.7	-0.8
Cash flow hedge revaluation				-1.2				-1.2
Tax related to comprehensive income				0.2		-5.0		-4.7
Total comprehensive income for the period			-3.4	-1.0		267.8	6.9	270.3
Balance at 30.9.2019	197.3	464.7	-27.1	0.7	-35.5	1,351.0	107.7	2,058.8

	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 16 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					1.4			1.4
Acquisition of treasury shares					-24.6			-24.6
Dividends						-218.9	-3.9	-222.8
Share capital increase							0.7	0.7
Other changes						7.7	0.0	7.7
Transactions with owners, total					-23.3	-211.2	-3.2	-237.7
Comprehensive income								
Profit for the period, continuing operations						159.8	14.6	174.4
Profit for the period, discontinued operations						-54.1		-54.1
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						14.9		14.9
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			-0.4			0.3	-1.2	-1.2
Cash flow hedge revaluation				1.7				1.7
Tax related to comprehensive income				-0.3		-3.0		-3.4
Other changes						-0.1		-0.1
Comprehensive income, discontinued operations			35.1					35.1
Total comprehensive income for the period			34.8	1.4		117.8	13.4	167.3
Balance at 30.9.2018	**197.3**	**464.7**	**-15.3**	**1.0**	**-37.5**	**1,275.6**	**103.2**	**1,989.0**

Consolidated statement of cash flows (€ million), condensed							
	1-9/2019	**1-9/2018**	**Change, %**	**7-9/2019**	**7-9/2018**	**Change, %**	**1-12/2018**
Cash flows from operating activities							
Profit before tax, continuing operations	297.6	221.0	34.7	154.8	108.5	42.6	294.5
Depreciation according to plan	357.8	334.7	6.9	124.8	114.2	9.2	459.0
Finance income and costs	70.1	76.7	-8.6	23.3	25.3	-8.0	99.7
Other adjustments	-0.1	51.2	(..)	-29.0	-5.6	(..)	54.0
Change in working capital							
Current non-interest-bearing receivables, increase (-)/decrease (+)	-97.5	-107.8	-9.6	78.3	78.5	-0.2	46.7
Inventories, increase (-)/decrease (+)	-24.9	11.1	(..)	11.6	23.3	-50.2	-33.9
Current non-interest-bearing liabilities, increase (+)/decrease(-)	90.9	66.2	37.4	-137.5	-84.1	63.5	-24.5
Financial items and tax	-74.0	-113.6	-34.8	-34.7	-52.4	-33.7	-147.1
Net cash from operating activities, continuing operations	619.9	539.5	14.9	191.6	207.8	-7.8	748.4
Net cash from operating activities, discontinued operations	3.4	-23.3	(..)	-0.8	-19.9	-95.8	-23.3
Net cash from operating activities, total	**623.3**	**516.2**	**20.8**	**190.7**	**187.9**	**1.5**	**725.2**
Cash flows from investing activities							
Investing activities	-583.7	-337.9	72.7	-144.6	-216.4	-33.2	-398.1
Proceeds from sale of tangible and intangible assets	19.3	22.2	-13.0	13.6	0.0	(..)	26.2
Increase in non-current receivables	5.2	0.1	(..)	5.0	0.1	(..)	-1.5
Net cash used in investing activities, continuing operations	-559.2	-315.7	77.2	-126.0	-216.3	-41.8	-373.3
Net cash used in investing activities, discontinued operations	3.5	163.3	-97.9	0.1	-3.2	(..)	164.3
Net cash used in investing activities, total	**-555.7**	**-152.3**	**(..)**	**-125.9**	**-219.5**	**-42.7**	**-209.0**
Cash flows from financing activities							
Interest-bearing liabilities, increase (+)/decrease (-)	225.9	37.6	(..)	4.7	-21.9	(..)	-97.6
Lease liabilities, increase (+)/decrease (-)	-243.0	-233.0	4.3	-82.0	-78.1	5.0	-315.6
Current interest-bearing receivables, increase (-)/ decrease (+)	1.0	-0.8	(..)	0.0	0.8	-97.1	0.1
Dividends paid	-122.2	-219.3	-44.3	-6.2	-0.3	(..)	-225.4
Acquisition of treasury shares	-	24.7	-	-	-0.2	-	-24.4
Short-term money market investments, increase (-)/decrease (+)	67.2	107.7	-37.7	7.2	99.9	-92.8	116.5
Other items	-7.4	0.9	(..)	-10.6	1.0	(..)	0.8
Net cash used in financing activities, continuing operations	-78.4	-331.5	-76.4	-86.9	1.3	(..)	-545.7
Net cash used in financing activities, discontinued operations	-	-	-	-	-	-	-
Net cash used in financing activities, total	**-78.4**	**-331.5**	**-76.4**	**-86.9**	**1.3**	**(..)**	**-545.7**

Change in cash and cash equivalents	**-10.7**	**32.3**	**(..)**	**-22.0**	**-30.3**	**-27.5**	**-29.5**
Cash and cash equivalents at 1 Jan., continuing operations	139.2	163.7	-15.0	151.4	225.1	-32.8	163.7
Cash and cash equivalents at 1 Jan., discontinued operations	0.4	6.5	-93.5	0.0	2.4	-98.0	6.5
Exchange differences and cash and cash equivalents related to assets held for sale	0.7	-2.6	(..)	0.1	2.8	-94.9	-1.1
Cash and cash equivalents at 30 Sep., continuing operations	129.6	198.3	-34.7	129.6	198.3	-34.7	139.2
Cash and cash equivalents at 30 Sep., discontinued operations	-	1.6	-	-	1.6	(..)	0.4

(..) Change over 100%

Cash flow from operating activities in continuing operations excluding the impact of IFRS 16 (€ million)							
	1-9/2019	**1-9/2018**	**Change, %**	**7-9/2019**	**7-9/2018**	**Change, %**	**1-12/2018**
Cash flows from operating activities, IFRS	**619.9**	**539.5**	**14.9**	**191.6**	**207.8**	**-7.8**	**748.4**
Interest expense for lease liabilities	71.9	75.5	-4.8	23.1	25.0	-7.6	98.6
Cash flow based lease expenditure	-314.8	-305.3	3.1	-106.2	-102.2	3.9	-410.0
Cash flows from operating activities excluding the impact of IFRS 16	**377.0**	**309.6**	**21.8**	**108.4**	**130.5**	**-16.9**	**437.1**

Cash flow from financing activities in continuing operations excluding the impact of IFRS 16 (€ million)							
	1-9/2019	**1-9/2018**	**Change, %**	**7-9/2019**	**7-9/2018**	**Change, %**	**1-12/2018**
Cash flows from financing activities, IFRS	**-78.4**	**-331.5**	**-76.4**	**-86.9**	**1.3**	**(..)**	**-545.7**
Lease liabilities increase (-) / decrease (+)	242.9	229.8	5.7	83.1	77.3	7,6	311.3
Cash flows from financing activities excluding the impact of IFRS 16	**164.5**	**-101.7**	**(..)**	**-3.7**	**78.5**	**(..)**	**-234.3**

(..) Change over 100%

Group's performance indicators				
	1-9/2019	**1-9/2018**	**Change, pp**	**1-12/2018**
Continuing operations				
Return on capital employed, %	9.0	9.2	-0.2	9.2
Return on capital employed, %, rolling 12 mo	9.1	9.2*	-0.1	9.2
Return on capital employed, comparable, %	9.4	9.6	-0.3	9.8
Return on capital employed, comparable, %, rolling 12 mo	9.6	9.8*	-0.2	9.8
			Change, %	
Capital expenditure, € million	602.9	349.9	72.3	417.6
Capital expenditure, % of net sales	7.5	4.5	66.7	4.0
Cash flow from operating activities, € million	619.9	539.5	14.9	748.4
Cash flow from investing activities, € million	-559.2	-315.7	77.2	-373.3
Cash flow from operating activities/share, €	6.26	5.44	15.1	7.55

Group				
Return on equity, %	16.5	7.9	8.6	8.7
Return on equity, %, rolling 12 mo	15.2	8.7*	6.5	8.7
Return on equity, comparable, %	14.4	12.1	2.3	12.5
Return on equity, comparable, %, rolling 12 mo	14.4	12.5*	1.9	12.5
Equity ratio, %	29.6	30.8	-1.2	31.9
Gearing, %	138.8	122.8	16.0	121.3
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, rolling 12 mo	1.0	0.6	0.4	0.4
Equity per share, €	19.69	19.04	3.4	19.33
Interest-bearing net debt, € million	2,857.4	2,441.6	17.0	2,450.7
Interest-bearing net debt excluding lease liabilities, € million	465.1	228.9	(..)	161.6
Diluted number of shares, average for the reporting period, 1,000 pcs	99,069	99,237	-0.2	99,182
Personnel, average, continuing operations	20,717	19,457	6.5	19,579
Earnings per share, basic and diluted, €				
Continuing operations	2.41	1.61	49.6	2.16
Discontinued operations	0.10	-0.54	(..)	-0.56
Group total	2.51	1.07	(..)	1.59
Earnings per share, comparable, basic, €				
Continuing operations	2.07	1.75	18.1	2.45

(..) Change over 100%

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

Group's performance indicators by quarter	1-3/2018	4-6/2018	7-9/2018	10-12/2018	1-3/2019	4-6/2019	7-9/2019
Continuing operations							
Net sales, € million	2,413.2	2,672.7	2,641.8	2,655.1	2,400.8	2,781.4	2,803.9
Change in net sales, %	-5.7	-3.3	1.8	3.1	-0.5	4.1	6.1
EBITDA, comparable, € million	170.7	221.9	251.0	232.1	173.4	242.2	275.4
Operating profit, € million	60.4	105.8	134.3	103.8	51.6	119.9	148.6
Operating margin, %	2.5	4.0	5.1	3.9	2.1	4.3	5.3
Operating profit, comparable, € million	63.8	113.2	137.0	114.5	57.5	122.5	152.0
Operating margin, comparable, %	2.6	4.2	5.2	4.3	2.4	4.4	5.4
Finance income/costs, € million	-25.3	-26.1	-25.3	-23.1	-23.7	-23.1	-23.3
Interest expense for lease liabilities	-25.4	-25.2	-25.0	-23.1	-24.6	-24.2	-23.1
Profit before tax, € million	34.9	77.5	108.5	73.6	28.8	114.1	154.8
Profit before tax, %	1.4	2.9	4.1	2.8	1.2	4.1	5.5
Return on capital employed, %	5.6	9.9	12.2	9.2	4.6	10.3	12.0
Return on capital employed, comparable, %	5.9	10.6	12.5	10.2	5.1	10.5	12.3
Cash flow from operating activities/share, €	1.17	2.17	2.10	2.11	1.59	2.74	1.93
Capital expenditure, € million	54.5	74.2	221.2	67.7	97.3	373.4	132.2
Group							
Return on equity, %	0.9	6.8	17.0	11.2	4.3	20.3	25.7
Return on equity, comparable, %	5.7	13.5	17.9	14.5	5.4	17.7	20.7
Equity ratio, %	31.4	29.3	30.8	31.9	31.8	27.9	29.6
Equity per share, €	19.81	18.14	19.04	19.33	19.79	18.44	19.69

Earnings per share, basic and diluted, €							
Continuing operations	0.31	0.51	0.79	0.55	0.28	0.86	1.27
Discontinued operations	-0.24	-0.28	-0.03	-0.02	-0.00	0.11	-0.01
Group total	0.07	0.23	0.76	0.53	0.27	0.97	1.26
Earnings per share, comparable, basic and diluted, €							
Continuing operations	0.34	0.60	0.81	0.70	0.33	0.73	1.01

Segment information, continuing operations

Net sales by segment, € million	1-9/2019	1-9/2018	Change, %	7-9/2019	7-9/2018	Change, %	1-12/2018	Rolling 12 mo 9/2019
Grocery trade, Finland	4,075.2	3,956.0	3.0	1,402.7	1,352.4	3.7	5,385.7	5,505.0
Grocery trade total	**4,075.2**	**3,956.0**	**3.0**	**1,402.7**	**1,352.4**	**3.7**	**5,385.7**	**5,505.0**
- of which intersegment trade	7.8	4.3	80.3	2.8	1.6	76.0	5.8	9.3
Building and technical trade, Finland	1,516.9	1,495.3	1.4	524.1	516.0	1.6	1,972.0	1,993.6
Building and technical trade, other countries*	1,762.6	1,572.7	12.1	655.9	573.0	14.5	2,130.6	2,320.5
Building and technical trade total	**3,279.5**	**3,068.0**	**6.9**	**1,180.1**	**1,089.0**	**8.4**	**4,102.6**	**4,314.1**
- of which intersegment trade	-0.4	0.3	(..)	-0.1	0.0	(..)	0.1	-0.6
Car trade, Finland	635.4	702.8	-9.6	222.9	200.3	11.3	893.1	825.6
Car trade total	**635.4**	**702.8**	**-9.6**	**222.9**	**200.3**	**11.3**	**893.1**	**825.6**
- of which intersegment trade	2.1	1.0	(..)	1.0	0.4	(..)	1.6	2.7
Common functions and eliminations	-4.0	0.9	(..)	-1.8	0.1	(..)	1.4	-3.5
Finland total	**6,223.5**	**6,155.0**	**1.1**	**2,148.0**	**2,068.8**	**3.8**	**8,252.2**	**8,320.7**
Other countries total*	**1,762.6**	**1,572.7**	**12.1**	**655.9**	**573.0**	**14.5**	**2,130.6**	**2,320.5**
Continuing operations, total	**7,986.1**	**7,727.6**	**3.3**	**2,803.9**	**2,641.8**	**6.1**	**10,382.8**	**10,641.2**

(..) Change over 100%

* Net sales in countries other than Finland

Operating profit by segment, € million	1-9/2019	1-9/2018	Change	7-9/2019	7-9/2018	Change	1-12/2018	Rolling 12 mo 9/2019
Grocery trade	236.1	199.2	36.9	93.7	80.2	13.5	285.9	322.8
Building and technical trade	99.2	92.9	6.3	57.7	52.0	5.7	113.3	119.6
Car trade	17.5	28.0	-10.5	4.9	8.0	-3.1	35.1	24.5
Common functions and eliminations	-32.8	-19.7	-13.1	-7.8	-5.9	-1.9	-30.0	-43.1
Continuing operations, total	**320.1**	**300.5**	**19.6**	**148.6**	**134.3**	**14.2**	**404.3**	**423.9**

Operating profit by segment, comparable, € million	1-9/2019	1-9/2018	Change	7-9/2019	7-9/2018	Change	1-12/2018	Rolling 12 mo 9/2019
Grocery trade	229.3	206.0	23.3	93.5	81.3	12.2	294.5	317.8
Building and technical trade	111.9	98.6	13.3	60.3	53.3	7.0	126.8	140.2
Car trade	17.8	28.0	-10.3	5.0	8.0	-3.0	35.2	24.9
Common functions and eliminations	-27.0	-18.6	-8.4	-6.7	-5.6	-1.1	-28.1	-36.4
Continuing operations, total	**331.9**	**314.0**	**17.9**	**152.0**	**137.0**	**15.0**	**428.5**	**446.5**

Operating margin by segment, %, comparable	1-9/2019	1-9/2018	Change, pp	7-9/2019	7-9/2018	Change, pp	1-12/2018	Rolling 12 mo 9/2019
Grocery trade	5.6	5.2	0.4	6.7	6.0	0.7	5.5	5.8
Building and technical trade	3.4	3.2	0.2	5.1	4.9	0.2	3.1	3.2
Car trade	2.8	4.0	-1.2	2.3	4.0	-1.7	3.9	3.0
Continuing operations, total	**4.2**	**4.1**	**0.1**	**5.4**	**5.2**	**0.2**	**4.1**	**4.2**

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	1-9/2019	1-9/2018	Change	7-9/2019	7-9/2018	Change	1-12/2018	Rolling 12 mo 9/2019
Grocery trade	182.6	156.2	26.4	77.7	64.7	13.1	228.0	254.4
Building and technical trade	92.1	77.1	15.0	54.0	45.9	8.1	98.4	113.4
Car trade	17.1	27.5	-10.4	4.7	7.8	-3.1	34.5	24.1
Common functions and eliminations	-27.9	-19.1	-8.8	-7.2	-5.8	-1.4	-28.7	-37.5
Continuing operation, total	**263.9**	**241.7**	**22.2**	**129.3**	**112.6**	**16.6**	**332.2**	**354.4**

Operating margin by segment excluding the impact of IFRS 16, %, comparable	1-9/2019	1-9/2018	Change, pp	7-9/2019	7-9/2018	Change, pp	1-12/2018	Rolling 12 mo 9/2019
Grocery trade	4.5	3.9	0.5	5.5	4.8	0.8	4.2	4.6
Building and technical trade	2.8	2.5	0.3	4.6	4.2	0.4	2.4	2.6
Car trade	2.7	3.9	-1.2	2.1	3.9	-1.8	3.9	2.9
Continuing operation, total	**3.3**	**3.1**	**0.2**	**4.6**	**4.3**	**0.3**	**3.2**	**3.3**

EBITDA by segment, comparable, € million	1-9/2019	1-9/2018	Change	7-9/2019	7-9/2018	Change	1-12/2018	Rolling 12 mo 9/2019
Grocery trade	433.0	401.4	31.6	161.8	147.8	14.0	557.9	589.5
Building and technical trade	223.7	201.6	22.0	97.8	88.7	9.1	267.0	289.1
Car trade	35.7	38.9	-3.3	12.7	12.3	0.4	50.6	47.3
Common functions and eliminations	-1.4	1.7	-3.1	3.1	2.2	0.8	0.2	-2.9
Continuing operation, total	**690.9**	**643.7**	**47.2**	**275.4**	**251.0**	**24.3**	**875.8**	**923.0**

EBITDA by segment excluding the impact of IFRS 16, comparable, € million	1-9/2019	1-9/2018	Change	7-9/2019	7-9/2018	Change	1-12/2018	Rolling 12 mo 9/2019
Grocery trade	235.9	204.5	31.4	96.7	81.1	15.7	294.5	325.9
Building and technical trade	119.3	103.1	16.2	63.6	54.9	8.7	133.5	149.7
Car trade	30.6	36.0	-5.5	10.0	11.4	-1.3	46.7	41.3
Common functions and eliminations	-5.3	-0.3	-5.0	0.9	1.6	-0.6	-2.4	-7.4
Continuing operation, total	**380.5**	**343.4**	**37.1**	**171.4**	**148.9**	**22.4**	**472.4**	**509.5**

Capital employed by segment, cumulative average, € million	1-9/2019	1-9/2018	Change	7-9/2019	7-9/2018	Change	1-12/2018	Rolling 12 mo 9/2019
Grocery trade	2,245.9	2,245.1	0.8	2,275.2	2,223.5	51.7	2,243.5	2,241.9
Building and technical trade	1,892.2	1,577.4	314.8	2,015.6	1,655.8	359.9	1,611.2	1,853.8
Car trade	250.5	167.3	83.2	305.2	154.4	150.9	169.6	229.3
Common functions and eliminations	335.8	357.9	-22.1	360.5	362.9	-2.4	359.5	345.4
Continuing operation, total	**4,724.4**	**4,347.7**	**376,7**	**4,956.6**	**4,396.5**	**560.1**	**4,383.8**	**4,670.5**

Return on capital employed by segment, %, comparable	1-9/2019	1-9/2018	Change, pp	7-9/2019	7-9/2018	Change, pp	1-12/2018	Rolling 12 mo 9/2019
Grocery trade	13.6	12.2	1.4	16.4	14.6	1.8	13.1	14.2
Building and technical trade	7.9	8.3	-0.4	12.0	12.9	-0.9	7.9	7.6
Car trade	9.4	22.3	-12.9	6.6	20.7	-14.1	20.8	10.9
Continuing operations, total	**9.4**	**9.6**	**-0.3**	**12.3**	**12.5**	**-0.2**	**9.8**	**9.6**

Capital expenditure by segment, € million	1-9/2019	1-9/2018	Change	7-9/2019	7-9/2018	Change	1-12/2018	Rolling 12 mo 9/2019
Grocery trade	148.6	96.9	51.6	30.0	36.9	-6.8	124.1	175.7
Building and technical trade	314.6	183.4	131.2	32.7	160.5	127.7	200.7	331.8
Car trade	109.7	36.3	73.4	61.0	9.1	51.9	49.0	122.5
Common functions and eliminations	30.0	33.3	-3.3	8.5	14.7	-6.3	43.8	40.6
Continuing operations, total	**602.9**	**349.9**	**253.0**	**132.2**	**221.2**	**-89.0**	**417.6**	**670.6**

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	7-9/2019
Grocery trade	1,276.2	1,327.3	1,352.4	1,429.8	1,263.9	1,408.6	1,402.7
Building and technical trade	877.3	1,101.7	1,089.0	1,034.6	937.6	1,161.8	1,180.1
Car trade	258.9	243.6	200.3	190.2	200.5	211.9	222.9
Common functions and eliminations	0.8	0.1	0.1	0.5	-1.2	-1.0	-1.8
Continuing operations, total	**2,413.2**	**2,672.7**	**2,641.8**	**2,655.1**	**2,400.8**	**2,781.4**	**2,803.9**

Operating profit by segment, € million	1-3/2018	4-6/2018	7-9/2018	10-12/2018	1-3/2019	4-6/2019	7-9/2019
Grocery trade	54.1	65.0	80.2	86.7	56.8	85.6	93.7
Building and technical trade	2.7	38.2	52.0	20.4	-2.1	43.7	57.7
Car trade	11.1	8.9	8.0	7.0	7.6	4.9	4.9
Common functions and eliminations	-7.5	-6.3	-5.9	-10.3	-10.7	-14.3	-7.8
Continuing operations, total	**60.4**	**105.8**	**134.3**	**103.8**	**51.6**	**119.9**	**148.6**

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	7-9/2019
Grocery trade	-1.2	-4.5	-1.1	-1.9	0.0	6.6	0.3
Building and technical trade	-2.0	-2.4	-1.3	-7.8	-5.4	-4.7	-2.6
Car trade	-	-	-	-0.1	-0.1	-0.1	-0.1
Common functions and eliminations	-0.3	-0.5	-0.3	-0.8	-0.4	-4.3	-1.0
Continuing operations, total	**-3.4**	**-7.5**	**-2.7**	**-10.7**	**-5.8**	**-2.6**	**-3.5**

Operating profit by segment, comparable, € million	1-3/2018	4-6/2018	7-9/2018	10-12/2018	1-3/2019	4-6/2019	7-9/2019
Grocery trade	55.2	69.5	81.3	88.6	56.8	79.0	93.5
Building and technical trade	4.7	40.6	53.3	28.3	3.2	48.4	60.3
Car trade	11.1	8.9	8.0	7.2	7.7	5.0	5.0
Common functions and eliminations	-7.2	-5.7	-5.6	-9.5	-10.3	-10.0	-6.7
Continuing operations, total	**63.8**	**113.2**	**137.0**	**114.5**	**57.5**	**122.5**	**152.0**

Operating margin by segment, %, comparable	1-3/2018	4-6/2018	7-9/2018	10-12/2018	1-3/2019	4-6/2019	7-9/2019
Grocery trade	4.3	5.2	6.0	6.2	4.5	5.6	6.7
Building and technical trade	0.5	3.7	4.9	2.7	0.3	4.2	5.1
Car trade	4.3	3.7	4.0	3.8	3.8	2.4	2.3
Continuing operations, total	**2.6**	**4.2**	**5.2**	**4.3**	**2.4**	**4.4**	**5.4**

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	7-9/2019
Grocery trade	38.7	52.8	64.7	71.8	41.3	63.5	77.7
Building and technical trade	-2.2	33.4	45.9	21.3	-3.5	41.6	54.0
Car trade	11.0	8.7	7.8	7.0	7.5	4.8	4.7
Common functions and eliminations	-7.4	-5.9	-5.8	-9.6	-10.4	-10.3	-7.2
Continuing operations, total	**40.0**	**89.0**	**112.6**	**90.5**	**34.9**	**99.7**	**129.3**

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	7-9/2019
Grocery trade	3.0	4.0	4.8	5.0	3.3	4.5	5.5
Building and technical trade	-0.3	3.0	4.2	2.1	-0.4	3.6	4.6
Car trade	4.2	3.6	3.9	3.7	3.8	2.3	2.1
Continuing operations, total	**1.7**	**3.3**	**4.3**	**3.4**	**1.5**	**3.6**	**4.6**

EBITDA by segment, comparable, € million	1-3/2018	4-6/2018	7-9/2018	10-12/2018	1-3/2019	4-6/2019	7-9/2019
Grocery trade	119.1	134.6	147.8	156.5	123.9	147.3	161.8
Building and technical trade	38.3	74.7	88.7	65.4	39.6	86.2	97.8
Car trade	14.3	12.3	12.3	11.7	12.4	10.5	12.7
Common functions and eliminations	-0.9	0.4	2.2	-1.5	-2.6	-1.9	3.1
Continuing operations, total	**170.7**	**221.9**	**251.0**	**232.1**	**173.4**	**242.2**	**275.4**

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	7-9/2019
Grocery trade	54.1	69.4	81.1	90.0	57.8	81.3	96.7
Building and technical trade	6.0	42.2	54.9	30.4	5.1	50.6	63.6
Car trade	13.3	11.4	11.4	10.7	11.3	9.2	10.0
Common functions and eliminations	-1.6	-0.3	1.6	-2.1	-3.2	-3.0	0.9
Continuing operations, total	**71.8**	**122.6**	**148.9**	**129.0**	**71.1**	**138.0**	**171.4**

Acquisitions

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 238.2 million (€24.1 million).

Kesko Group company K-rauta AB completed the acquisition of Fresks Group from Litorina, Oscarson Invest and the group's management. The debt-free price of the transaction, structured as a share purchase, was SEK 2,192.0 million (€204.9 million).

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. In July, K Caara Oy completed the acquisition of the Volkswagen, Audi and SEAT businesses of Laakkonen Group. The combined debt-free transaction price of the acquisitions, structured as business acquisitions, was €57.4 million.

€ million	DIY business of Sørbø retailer group	Fresks Group	Car trade acquisitions
Consideration paid	**24.1**	**204.9**	**57.4**
Fair values of assets acquired and liabilities assumed at the date of acquisition			
Intangible assets	-	4.7	0.5
Tangible assets, right-of-use assets and investments	18.7	47.4	57.6
Inventories	5.4	35.2	31.9
Receivables	-	23.6	0.7
Deferred tax asset	0.1	0.0	-
Cash and cash equivalents	0.3	10.2	-
Total assets	**25.9**	**121.5**	**90.8**
Trade payables, other payables, provisions, lease liabilities	2.2	79.4	56.2
Deferred tax liability	3.9	3.6	0.1
Total liabilities	**6.0**	**83.0**	**56.3**
Net assets acquired, total	**19.8**	**38.4**	**34.5**
Goodwill	**4.2**	**166.5**	**22.9**
Cash flow impact of acquisition			
Consideration paid	-24.4	-207.4	-57.4
Cash and cash equivalents acquired	0.3	10.4	-
Unpaid share	-	-	1.0
Cash flow impact of acquisition	**-24.1**	**-197.1**	**-56.4**

The DIY business of the Sørbø retailer group

The tables above provide a summary of the consideration paid, the values of assets acquired and liabilities assumed by Kesko Group at the date of acquisition, and the cash flow impact of the acquisitions.

The acquisitions resulted in goodwill totalling €4.2 million. The Group profit for January-September 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 in February-September was minor.

Fresks Group (K-Bygg)

The acquisition of Fresks Group significantly strengthens Kesko's market position in Sweden, especially in the growing professional builders customer segment. With the acquisition, Kesko assumed ownership of 33 stores and some 500 employees, who mainly serve small and medium-sized renovation companies. Since June, Fresks Group has served customers under the K-Bygg brand.

The tables above provide a summary of the consideration paid, the values of assets acquired and liabilities assumed by Kesko Group at the date of acquisition, and the cash flow impact of the acquisitions.

The preliminary fair value of the intangible assets acquired (including customer relationships) at the date of acquisition totals €4.7 million. The €166.5 million goodwill arising from the acquisition reflects the synergies expected to be achieved in sales, purchasing, selections, logistics and operational efficiency. The Group profit for January-September 2019 includes acquisition-related costs of €1.4 million, which are presented as items affecting comparability.

Fresks Group's impact on net sales in May-September was €83.2 million. The impact on the comparable operating profit in May-September was €+7.4 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 €150.3 million, and the impact on the comparable operating profit would have been €+9.6 million. In determining the net sales and comparable operating profit, the 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.

Car trade acquisitions from Huittisten Laatuauto, LänsiAuto and Laakkonen Group

The tables above provide a summary of the consideration paid, the values of assets acquired and liabilities assumed by Kesko Group at the date of acquisition, and the cash flow impact of the acquisitions.

The preliminary fair value of the intangible assets acquired (including customer relationships) at the date of acquisition totals €0.5 million. The €5.3 million goodwill arising from the acquisitions reflects the synergies expected to be achieved in efficiency in retail and other operations.

The Group profit for January-September 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 in March-September was minor.

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 interim 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.

The dissolution of the Russian subsidiaries was completed during the reporting period. The dissolution resulted in a €0.8 million liquidation gain for discontinued operations. The sales result and dissolution costs of the Russian building and home improvement trade operations totalled €-1.6 million after costs resulting from the discontinuation of the companies in the reporting period.

Result for the Russian building and home improvement trade (€ million)				
	1-9/2019	**1-9/2018**	**7-9/2019**	**1-12/2018**
Income	-	46.6	-	46.2
Expense	-	-48.0	-	-47.6
Profit/loss before tax	-	-1.4	-	-1.4
Income tax	-	-0.3	-	-0.3
Net profit/loss after tax	-	-1.7	-	-1.7
Loss on discontinued Russian building and home improvement trade before tax	-1.6	-44.8	-0.8	-46.2
Income tax	11.1	-7.5	-0.1	-7.9
Loss on discontinued Russian building and home improvement trade after tax	9.5	-52.3	-1.0	-54.1
Net loss for the period from discontinued operations	**9.5**	**-54.2**	**-1.0**	**-55.1**
Comprehensive income for the period, net of tax	-	35.1	-	35.1
Comprehensive income from discontinued operations	**9.5**	**-18.9**	**1.0**	**-20.8**

Assets and liabilities of the Russian building and home improvement trade (€ million)		
	30.9.2019	**31.12.2018**
ASSETS		
Non-current assets		
Tangible assets	-	0.4
Total	-	0.4
Current assets		
Trade receivables	-	0.0
Other receivables	-	9.7
Cash and cash equivalents	-	0.4
Total	-	10.1
Total assets	**-**	**10.5**

	30.9.2019	**31.12.2018**
LIABILITIES		
Current liabilities		
Trade payables	-	0.1
Other non-interest-bearing liabilities	-	0.3
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)

	30.9.2019	30.9.2018
Opening net carrying amount	**1,683.2**	**1,659.1**
Depreciation, amortisation and impairment charges	-118.2	-102.4
Investments in tangible and intangible assets	451.9	262.1
Deductions	-20.1	-17.8
Acquisitions	144.5	27.0
Transfers to non-current assets held for sale	-10.7	-168.3
Exchange differences	-1.1	0.7
Closing net carrying amount	**2,129.5**	**1,649.5**

Right-of-use assets (€ million)

	30.9.2019	30.9.2018
Opening net carrying amount	**2,062.2**	**2,006.2**
Depreciation, amortisation and impairment charges	-249.3	-236.2
Net increases	352.2	237.0
Acquisitions	1.9	-
Exchange differences	-0.8	-0.2
Closing net carrying amount	**2,166.2**	**2,006.7**

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:		
	1-9/2019	**1-9/2018**
Sales of goods and services	73.6	71.4
Purchases of goods and services	6.1	6.3
Other operating income	12.3	11.5
Other operating expenses	44.0	46.2
Finance income and costs	4.2	4.2
	30.9.2019	**30.9.2018**
Receivables	70.0	70.8
Liabilities	92.5	37.2

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

	Level 1	**Level 2**	**Level 3**	**30.9.2019**
Financial assets at fair value through profit or loss	**10.1**		**19.5**	**29.6**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		2.5		2.5
Derivative financial liabilities		6.1		6.1

	Level 1	**Level 2**	**Level 3**	**30.9.2018**
Financial assets at fair value through profit or loss	**51.3**		**15.9**	**67.3**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		3.8		3.8
Derivative financial liabilities		-2.7		-2.7

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 30.9.

Personnel average by segment	**1-9/2019**	**1-9/2018**	**Change**
Grocery trade	6,099	6,102	-3
Building and technical trade	12,503	11,534	969
Car trade	1,127	837	290
Common functions	988	985	3
Continuing operations. total	20,717	19,457	1,260

Personnel at 30.9.*by segment	2019	2018	Change
Grocery trade	7,815	7,691	124
Building and technical trade	14,581	13,260	1,321
Car trade	1,412	843	569
Common functions	998	1,047	-49
Continuing operations. total	24,806	22,841	1,965

* Total number including part-time employees

Group's commitments (€ million)

	30.9.2019	30.9.2018	Change, %
Own commitments	442.9	373.4	18.6
For others	22.8	25.8	-11.5
Lease liabilities for leases not recognised in the balance sheet	115.1	233.0	-50.6
Liabilities arising from derivative instruments (€ million)			
			Fair value
Values of underlying instruments at 30.9.	**30.9.2019**	**30.9.2018**	**30.9.2019**
Interest rate derivatives			
Interest rate options	-	70.0	-
Interest rate swaps	340.0	280.2	-5.7
Currency derivatives			
Forward and future contracts	112.7	181.9	1.3
Currency swaps	-	20.1	-
Commodity derivatives			
Electricity futures	12.4	9.7	0.9

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	7-9/ 2019	1-9/ 2019	1-9/ 2018	1-12/ 2018
Continuing operations										
Items affecting comparability										
Gains on disposal	2.5	4.3	0.0	0.0	0.0	1.0	0.4	1.3	6.7	6.7
Losses on disposal	0.0	-	0.0	-	-0.0	-	-	-0.0	-0.1	-0.1
Impairment charges	-	-3.4	-	-2.2	-	-	0.0	0.0	-3.4	-5.6
Structural arrangements	-5.8	-8.4	-2.6	-8.5	-5.8	-3.5	-3.8	-13.2	-16.8	-25.3
Items in operating profit affecting comparability	**-3.4**	**-7.5**	**-2.7**	**-10.7**	**-5.8**	**-2.6**	**-3.5**	**-11.9**	**-13.5**	**-24.2**
Items in financial items affecting comparability	-	-	-	-6.5	-	17.4	29.0	46.4	-	-6.5
Items in income taxes affecting comparability	0.4	2.0	0.3	1.8	0.1	-1.5	0.5	-0.9	2.6	4.5
Items in net profit attributable to non-controlling interests affecting comparability	-	-3.7	0.5	-	-	-	-	-	-3.2	-3.2
Total items affecting comparability	**-3.0**	**-9.2**	**-1.8**	**-15.4**	**-5.8**	**13.4**	**26.0**	**33.6**	**-14.1**	**-29.4**
Items in EBITDA affecting comparability	**-1.5**	**-1.2**	**-2.5**	**-4.0**	**-5.6**	**-5.4**	**-2.0**	**-13.1**	**-5.1**	**-9.2**
Operating profit, comparable										
Operating profit	60.4	105.8	134.3	103.8	51.6	119.9	148.6	320.1	300.5	404.3
Net of										
Items in operating profit affecting comparability	-3.4	-7.5	-2.7	-10.7	-5.8	-2.6	-3.5	-11.9	-13.5	-24.2
Operating profit, comparable	**63.8**	**113.2**	**137.0**	**114.5**	**57.5**	**122.5**	**152.0**	**331.9**	**314.0**	**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	152.0	331.9	314.0	428.5
Net of										
Rents for right-of-use assets	-98.9	-99.3	-102.1	-103.1	-102.3	-104.2	-104.0	-310.5	-300.3	-403.4
Plus										
Depreciation and impairment charges for right-of-use assets	75.1	75.1	77.7	79.0	79.7	81.4	81.3	242.4	228.0	307.0
Operating profit excluding the impact of IFRS 16, comparable	**40.0**	**89.0**	**112.6**	**90.5**	**34.9**	**99.7**	**129.3**	**263.9**	**241.7**	**332.2**

EBITDA										
Operating profit	60.4	105.8	134.3	103.8	51.6	119.9	148.6	320.1	300.5	404.3
Plus										
Depreciation and impairment charges	31.0	36.3	34.5	40.2	35.3	41.1	41.7	118.1	101.8	142.1
Depreciation and impairment charges for right-of-use assets	77.9	78.7	79.7	84.0	80.8	75.8	83.1	239.7	236.2	320.3
EBITDA	**169.2**	**220.7**	**248.6**	**228.1**	**167.8**	**236.8**	**273.3**	**677.9**	**638.5**	**866.6**
EBITDA, comparable										
EBITDA	169.2	220.7	248.6	228.1	167.8	236.8	273.3	677.9	638.5	866.6
Net of										
Items in EBITDA affecting comparability	-1.5	-1.2	-2.5	-4.0	-5.6	-5.4	-2.0	-13.1	-5.1	-9.2
EBITDA, comparable	**170.7**	**221.9**	**251.0**	**232.1**	**173.4**	**242.2**	**275.4**	**690.9**	**643.7**	**875.8**
EBITDA excluding the impact of IFRS 16										
EBITDA	169.2	220.7	248.6	228.1	167.8	236.8	273.3	677.9	638.5	866.6
Net of										
Rents for right-of-use assets	-100.2	-101.7	-102.3	-107.7	-102.5	-105.7	-106.0	-314.2	-304.2	-411.8
EBITDA excluding the impact of IFRS 16	**69.1**	**119.1**	**146.3**	**120.4**	**65.2**	**131.1**	**167.4**	**363.7**	**334.4**	**454.8**
EBITDA excluding the impact of IFRS 16, comparable										
EBITDA, comparable	170.7	221.9	251.0	232.1	173.4	242.2	275.4	690.9	643.7	875.8
Net of										
Rents for right-of-use assets	-98.9	-99.3	-102.1	-103.1	-102.3	-104.2	-104.0	-310.5	-300.3	-403.4
EBITDA excluding the impact of IFRS 16, comparable	**71.8**	**122.6**	**148.9**	**129.0**	**71.1**	**138.0**	**171.4**	**380.5**	**343.4**	**472.4**
Profit before tax, comparable										
Profit before tax	34.9	77.5	108.5	73.6	28.8	114.1	154.8	297.6	220.9	294.5
Net of										
Items in operating profit affecting comparability	-3.4	-7.5	-2.7	-10.7	-5.8	-2.6	-3.5	-11.9	-13.5	-24.2
Items in financial items affecting comparability	-	-	-	-6.5	-	17.4	29.0	46.4	0.0	-6.5
Profit before tax, comparable	**38.3**	**85.0**	**111.2**	**90.8**	**34.6**	**99.2**	**129.3**	**263.1**	**234.5**	**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	129.3	263.1	234.5	325.2
Net of										
Rents for right-of-use assets	-98.9	-99.3	-102.1	-103.1	-102.3	-104.2	-104.0	-310.5	-300.3	-403.4
Plus										
Depreciation and impairment charges for right-of-use assets	75.1	75.1	77.7	79.0	79.7	81.4	81.3	242.4	228.0	307.0

Interest expense for lease liabilities	25.4	25.2	25.0	23.1	24.6	24.2	23.1	71.9	75.5	98.6
Profit before tax excluding the impact of IFRS 16, comparable	**39.9**	**86.0**	**111.8**	**89.8**	**36.6**	**100.7**	**129.6**	**266.9**	**237.7**	**327.5**
Net profit, comparable										
Profit before tax, comparable	38.3	85.0	111.2	90.8	34.6	99.2	129.3	263.1	234.5	325.2
Net of										
Income tax	7.0	16.1	23.4	15.5	6.1	23.3	25.3	54.7	46.5	62.1
Items in income tax affecting comparability	0.4	2.0	0.3	1.8	0.1	-1.5	0.5	-0.9	2.6	4.5
Net profit, comparable	**30.9**	**66.9**	**87.5**	**73.4**	**28.4**	**77.3**	**103.5**	**209.3**	**185.3**	**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	103.5	209.3	185.3	258.7
Net of										
Net profit attributable to non-controlling interests	-2.9	10.7	6.7	3.9	-4.7	5.2	3.7	4.2	14.6	18.5
Items in net profit attributable to non-controlling interests affecting comparability	-	-3.7	0.5	-	-	-	-	-	-3.2	-3.2
Net profit attributable to owners of the parent, comparable	**33.8**	**59.9**	**80.2**	**69.5**	**33.2**	**72.1**	**99.8**	**205.0**	**173.9**	**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	99.8	205.0	173.9	243.4
Average number of shares, basic, 1,000 pcs	99,468	99,347	99,237	99,182	99,027	90,059	99,069	99,069	99,237	99,182
Earnings per share, comparable, €	**0.34**	**0.60**	**0.81**	**0.70**	**0.33**	**0.73**	**1.01**	**2.07**	**1.75**	**2.45**
Return on capital employed, %										
Operating profit	60.4	105.8	134.3	103.8	51.6	119.9	148.6	320.1	300.5	404.3
Capital employed, average	4,323.5	4,291.1	4,396.5	4,490.3	4,537.4	4,673.8	4,956.6	4,724.4	4,347.7	4,383.8
Return on capital employed, %	**5.6**	**9.9**	**12.2**	**9.2**	**4.6**	**10.3**	**12.0**	**9.0**	**9.2**	**9.2**
Return on capital employed, comparable, %										
Operating profit, comparable	63.8	113.2	137.0	114.5	57.5	122.5	152.0	331.9	314.0	428.5
Capital employed, average	4,323.5	4,291.1	4,396.5	4,490.3	4,537.4	4,673.8	4,956.6	4,724.4	4,347.7	4,383.8
Return on capital employed, comparable, %	**5.9**	**10.6**	**12.5**	**10.2**	**5.1**	**10.5**	**12.3**	**9.4**	**9.6**	**9.8**

Group										
Return on equity, %										
Net profit	4.5	33.5	82.4	56.2	22.2	101.7	128.6	252.4	120.3	176.5
Equity, average	2,059.2	1,977.1	1,940.9	2,005.0	2,042.7	2,000.3	1,997.6	2,039.9	2,023.0	2,039.0
Return on equity, %	**0.9**	**6.8**	**17.0**	**11.2**	**4.3**	**20.3**	**25.7**	**16.5**	**7.9**	**8.7**
Return on equity, comparable, %										
Net profit, comparable	29.1	66.9	87.0	72.7	27.6	88.6	103.5	219.7	183,1	255.8
Equity, average	2,059.2	1,977.1	1,940.9	2,005.0	2,042.7	2,000.3	1,997.6	2 039,9	2 023,0	2,039.0
Return on equity, comparable, %	**5.7**	**13.5**	**17.9**	**14.5**	**5.4**	**17.7**	**20.7**	**14.4**	**12.1**	**12.5**
Equity ratio, %										
Shareholders' equity	2,061.3	1,892.9	1,989.0	2,021.1	2,064.4	1,936.3	2,058.8	2,058.8	1,989.0	2,021.1
Total assets	6,798.9	6,486.7	6,494.0	6,366.8	6,523.8	6,985.0	6,987.9	6,987.9	6,494.0	6,366.8
Advances received	239.7	28.0	29.7	26.0	35.4	37.0	24.4	24.4	29.7	26.0
Equity ratio, %	**31.4**	**29.3**	**30.8**	**31.9**	**31.8**	**27.9**	**29.6**	**29.6**	**30.8**	**31.9**

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

	1.1.-30.9.2019		1.7.-30.9.2019	
K Group's retail and B2B sales	**€ million**	**Change, %**	**€ million**	**Change, %**
K Group's grocery trade				
K-Citymarket, food	1,250.3	5.5	426.4	5.6
K-Citymarket, non-food	409.8	2.5	143.5	3.1
K-Supermarket	1,528.6	4.7	525.0	4.1
K-Market	1,402.3	1.7	492.6	1.1
Neste K	99.3	-0.3	34.1	0.5
Others	32.5	-0.1	12.3	2.9
Retail sales, total	**4,722.8**	**3.7**	**1,633.9**	**3.4**
Kespro	701.6	7.8	247.9	9.7
Grocery trade, total	**5,424.4**	**4.2**	**1,881.8**	**4.2**
K Group’s building and technical trade				
K-Rauta	836.0	3.1	317.2	4.2
Rautakesko B2B Service	192.0	-2.4	66.1	-4.8
Onninen, Finland	695.2	3.7	249.9	4.4
Leisure trade, Finland	205.2	2.1	69.3	8.3
Finland, total	**1,928.4**	**2.6**	**702.5**	**3.7**
K-Rauta, Sweden	130.5	-4.1	43.2	-8.6
K-Bygg, Sweden	153.9	0.1	55.1	-0.1
Onninen, Sweden	73.2	17.1	25.8	29.1
Byggmakker, Norway	371.7	-4.3	135.9	-3.7
Onninen, Norway	192.9	-3.0	61.4	-3.1
Kesko Senukai, Baltic countries	536.9	16.6	197.0	15.2
Onninen, Baltic countries	62.2	9.8	23.8	12.7
Machinery trade, Baltic countries	114.2	-9.9	49.5	-4.3
OMA, Belarus	108.9	13.2	43.0	14.6
Onninen, Poland	174.2	-0.7	64.0	-4.1
Other countries, total	**1,918.6**	**3.4**	**698.7**	**3.5**
Building and technical trade, total	**3,847.1**	**3.0**	**1,401.1**	**3.6**
K Group's car trade				
K-Caara	491.1	-23.4	155.4	-11.0
K-Auto, import	269.6	-16.6	59.8	-27.9
AutoCarrera	29.1	-46.8	10.3	-54.3
Car trade, total	**789.8**	**-22.5**	**225.4**	**-19.5**
Finland, total	**8,142.6**	**0.5**	**2,809.7**	**1.7**
Other countries, total	**1,918.6**	**3.4**	**698.7**	**3.5**
Retail and B2B sales, total	**10,061.3**	**1.0**	**3,508.3**	**2.0**

* 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 and July 2019, and the acquisition of Fresks Group, which took place in May, would have taken place on 1 January.