



KESKO INVESTOR PRESENTATION

# **GROWTH STRATEGY EXECUTION DRIVING GROWTH**

December 2024

# KESKO TODAY

## KEY FINANCIALS

	Q3/2024	2023
Net sales, € million	11,781.4	11,783.8
Operating profit, € million*	649.7	712.0
Operating margin, %*	5.5	6.0
Profit before tax, € million*	544.8	630.4
Cash flow from operating activities, € million	1,049.6	1,049.5
Return on capital employed, %*	11.5	13.4
Capital expenditure, € million	725.3	678.9

\*comparable rolling 12 months

#1

Leading trading sector company in Northern Europe with retail and B2B sales of nearly **€16bn**



~ **45 000 employees** in the whole K Group, **1,800 stores**, **3 divisions**, comprehensive **digital** services in **8 countries**



**Sustainability** at the core of the strategy



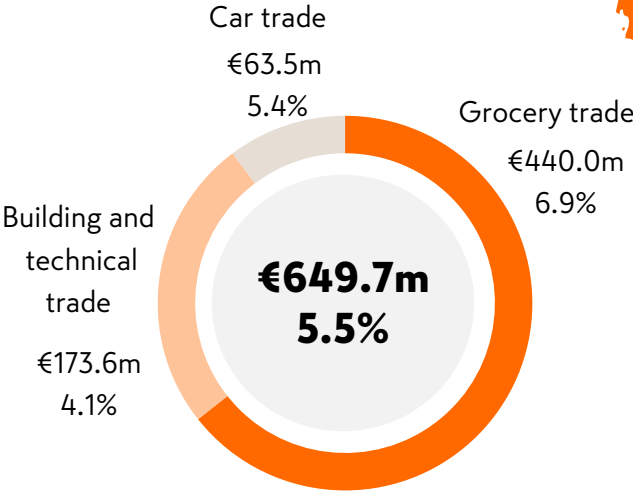
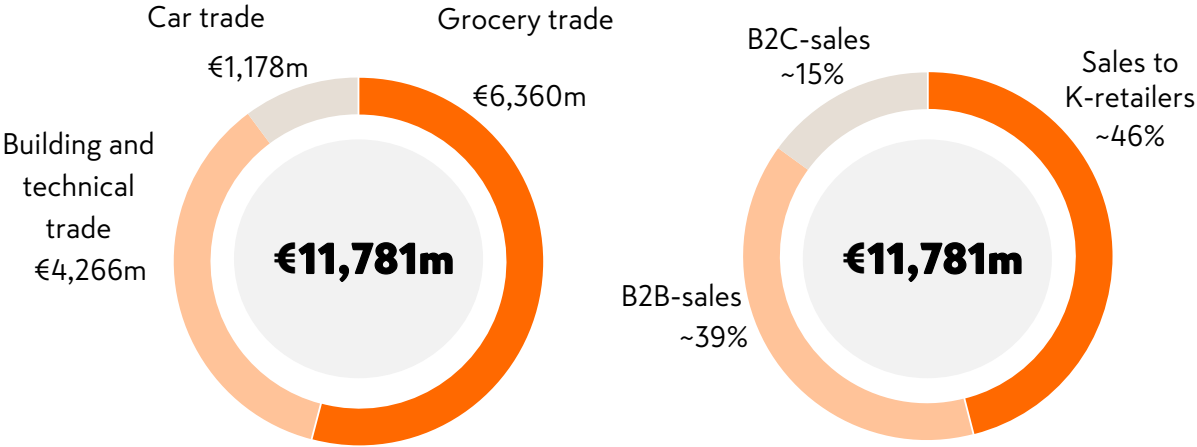
Market cap ~**€8bn** with ~**115,600** shareholders

# KESKO SEGMENT KEY FIGURES



## NET SALES

## OPERATING PROFIT

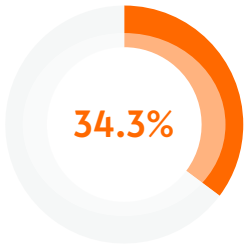




GROCERY TRADE

# STRONG POSITION IN FINNISH FOOD TRADE YIELDING GOOD RESULTS

# GROCERY TRADE DIVISION IN BRIEF



**MARKET  
SHARE IN  
2023  
(NIELSEN)**



**1,200** stores  
More than 700 K Group  
grocery stores offer online  
grocery services

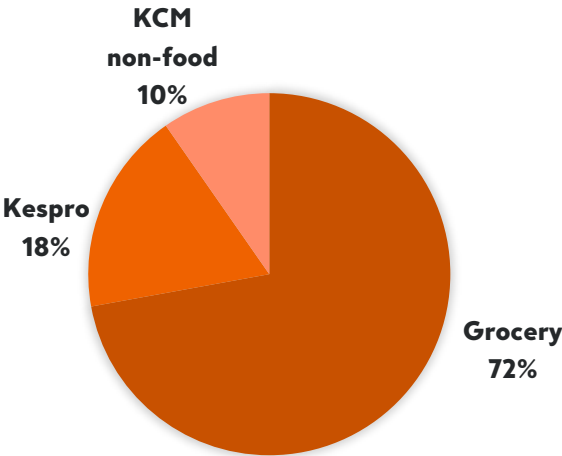


**6,300**  
employees  
**900**  
K-retailers



The leading foodservice  
provider in Finland  
**48%** market share

## NET SALES



	2023	2022	2021
Net sales, € million	6,351.6	6,124.7	5,909.0
Operating profit*, € million	444.8	460.4	442.9
Operating margin*	7.0%	7.5%	7.5%
Capital expenditure, € million	304	258	123
Cash flow from operating activities, € million	494.2	436.8	493.4

# STRONG POSITION IN ALL AREAS OF FINNISH FOOD TRADE

 CITYMARKET

 Supermarket

 Market

 KESPRO

- 
- Strong No. 2 in Finnish grocery trade, with a market share of over 34%
  - Finland's most extensive network of grocery stores, some 1,200 stores run by K-retailers
  - Leading online grocery operator
  - Some 1.6 million daily store visits by customers
- 
- No. 1 in Finnish foodservice trade, with a market share of approx. 48%
  - Finland's biggest online store for food, some 70% sales via digital channels
  - Strong private labels, which account for over 50% of sales
- 
- Advanced common operations: sourcing, logistics and IT

# GROCERY TRADE DIVISION

## GROCERY STORE BUSINESS



### In brief:

Operates in Finland, business comprises three grocery store chains with some 1,200 stores across the country operated by nearly 900 K-retailer entrepreneurs. Three different store formats. Also online grocery services and popular private label products. Accounts for 82% of the division's net sales.

### Customers:

B2C trade: some 1.8 million daily customer encounters and 4.5 million weekly visits to digital channels. Over 3.3 million members of the K-Plussa customer loyalty programme.

### Key figures:

Net sales €5,196.7 million; operating profit €369.8 million; operating margin 7.1%



### Market and market shares:

Total Finnish grocery trade market €21–22 billion; Kesko the **second biggest operator** with a market share 34.3% (Nielsen). Market leader in Finnish online grocery.



### Growth drivers:

GDP, purchasing power, price competition, urbanisation and changes in population structure, customer data and insight.

### Competitors and peers:

Grocery store operators in Finland: S Group, Lidl  
International peers: Ahold Delhaize, Axfood, Coop Group, Tesco, Kroger, Carrefour

# KESKO AND K-RETAILERS



8

The retailers pay a net sales-based chain fee and a sales margin-based store site fee to Kesko. Store site fees account for approximately half of the fees paid by retailers to Kesko. Other cost-based fees include those related to e.g. marketing, logistics and IT.



# GROCERY TRADE DIVISION

## FOODSERVICE BUSINESS



### In brief:

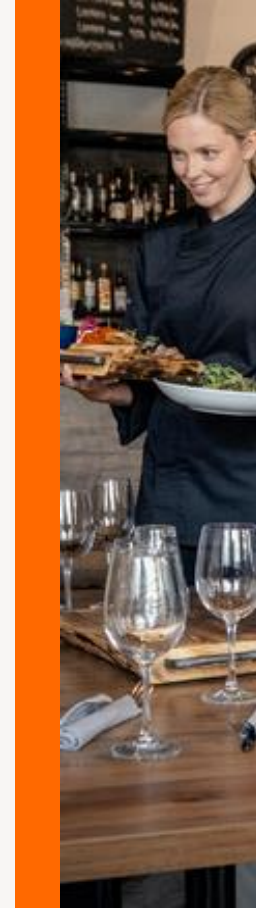
Operates in Finland, business comprises Kespro's foodservice wholesale with 13 cash-and-carry outlets and online sales (70% of total sales), a wide range of services and digital tools (e.g. training, menu development, reporting and forecasting), and Kespro's own brand products (50% of total sales).

### Customers:

B2B trade: restaurants, cafés, workplace cafeterias, hotels and public operators such as municipalities and hospitals. Lunch and cafeteria type of sales account for ~ 70% of Kespro's sales.

### Key figures:

Net sales €1,154.9 million; operating profit €75.0 million; operating margin 6.5%



### Market and market share:

Total Finnish foodservice market €2.5 billion; Kespro **the market leader** with a market share of ~ 48%.



### Growth drivers:

The growing popularity of eating out, GDP, purchasing power, price competition, urbanisation and changes in population structure.

### Competitors and peers:

Foodservice in Finland: Valio Aimo, Meira Nova, Metro-tukku  
International peers: Marr, Snabbgross, Sysco

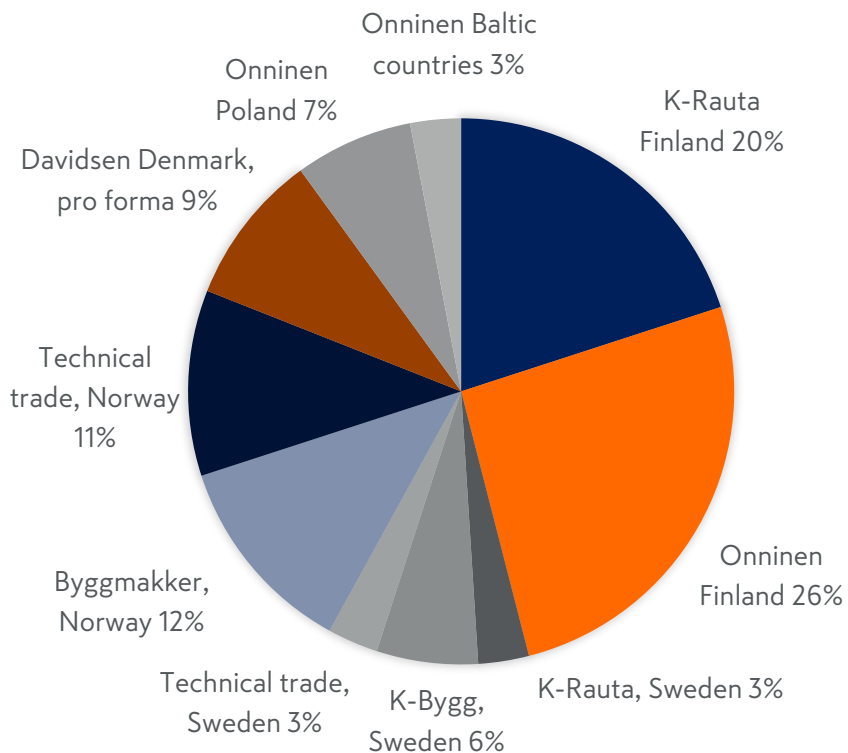
A man with curly hair, wearing a light-colored shirt and a dark vest, is smiling and pointing towards the camera. He is standing in a workshop or warehouse filled with stacks of materials. Another man with a beard and a plaid shirt is visible in the background, looking towards the first man. The entire image has a strong orange tint.

BUILDING AND TECHNICAL TRADE

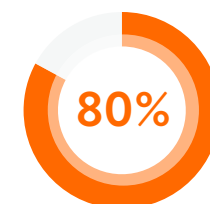
# A GOOD RESULT IN A CHALLENGING ECONOMIC CYCLE

# BUILDING AND TECHNICAL TRADE IN BRIEF

## NET SALES



**Leading operator in building and technical trade in Northern Europe**



**B2B trade accounts for more than 80% of net sales**

**Customer segments:** Technical professionals, professional builders and consumers  
**Number of employees:** some 6,100

	2023	2022	2021
<b>Net sales, € million</b>	4,193	4,591	4,172
<b>Operating profit*, € million</b>	212.5	323.8	296.1
<b>Operating margin*</b>	5.1%	7.1%	7.1%
<b>Capital expenditure, € million</b>	273.0	108.2	42.8
<b>Cash flow from operating activities, € million</b>	176.6	215.6	260.4

\* comparable

# LEADING PLAYER IN BUILDING AND TECHNICAL TRADE IN NORTHERN EUROPE

Total retail sales of €6.0 billion\*, B2B accounts for over 80% of sales\*\*

## TECHNICAL TRADE

**onninen** 

- Net sales €2,344.7 million
- Operating profit €128.5 million
- Operating margin 5.5%
- 100% B2B

## BUILDING AND HOME IMPROVEMENT TRADE

 **Rauta**

- Net sales € 1,912.1 million
- Operating profit €65 million
- Operating margin 3.4%
- Builders merchant for professional builders 67%
- DIY for consumers 33% of sales

 **BYGG**

 **BYGGMAKKER** 

  
**SENUKAI**

- Kesko Senukai joint venture
- Leading DIY operator in the Baltics, 70% DIY \*\*\*
- Kesko's share 50%
- Retail sales €1,177 million\*



# BUILDING AND TECHNICAL TRADE

## TECHNICAL TRADE



### In brief:

Operates in 7 countries. Kesko subsidiary Onninen offers technical wholesale products and services (offering varies between countries) in stores, online and via on-site solutions. Finland accounts for 53% of net sales

### Customers:

100% B2B trade – customers include technical contractors like plumbers and electricians, industry, infrastructure builders, and retailers

### Key figures:

Net sales €2,344.7 million; operating profit €128.5 million; operating margin 5.5%



### Market and market shares:

Total market (est.) for 8 countries (incl. Denmark) €23 bn; Kesko's market shares Finland 45% (**market leader**), Sweden 10% (infra-structure), Norway 41% (electricals)\*, Poland 5%, Estonia 11%, Latvia 5%, Lithuania 3%



### Growth drivers:

Urbanisation, green transition, building and construction work becoming more technical and being outsourced to professionals, growing renovation need and infrastructure investment debt, digitalisation, market consolidation

### Competitors and peers:

Dahl, Ahlsell, Rexel, Grainger, Würth, Sanistål, Elektroskandia, Solar

## TECHNICAL TRADE

# STILL FURTHER POTENTIAL FOR GROWTH

Market size €23 billion



### Technical trade

Retail market (€bn) **3.3**

Market share **20 %**

Market share of current operating market **41%\***



### Technical trade

Retail market (€bn) **7.8**

Market share **2%**

Market share of current operating market **10%\*\***



### Technical trade

Retail market (€bn) **3.5**



### Technical trade

Retail market (€bn) **2.6**

Market share **45%**



### Technical trade

Retail market (€bn) **2.1**

Market share **11%, 5%, 3%**



### Technical trade

Retail market (€bn) **6.0**

Market share **5%**



# BUILDING AND TECHNICAL TRADE

## BUILDING AND HOME IMPROVEMENT



### In brief:

Operates in 7 countries; offers products and services for building, renovation, garden, interior decoration and home furnishing through various store chains, including K-Rauta (FI), K-Bygg (SE), Byggmakker (NO), Kesko Senukai (Baltics), Davidsen (DK) as of 1 Feb. 2024; Finland 49% of net sales

### Customers:

68% building professionals, 32% consumers (DIY)

### Key figures:

Net sales €1,912.1 million; operating profit €65 million; operating margin 3.4%



### Market and market shares:

Total market (est.) for 8 countries (incl. Denmark) €25 bn; Kesko's market shares Finland 49% (**market leader**), Sweden 7%, Norway 13%, Baltic Countries 33%, entry to Denmark in 2024, market share 10%



### Growth drivers:

Urbanisation, green transition, building and construction work becoming more technical and being outsourced to professionals, growing renovation need and infrastructure investment debt, digitalisation, market consolidation

### Competitors and peers:

Stark, Beijer, Optimera, Mestergruppen, Bygma, Travis Perkins, Ferguson

# BUILDING AND HOME IMPROVEMENT

## SUCCESSFUL M&A CARRIED OUT – STILL FURTHER POSSIBILITIES

Market size €21 billion



Professional Consumers  
builders

Retail market (€bn)	<b>3.7</b>	<b>1.9</b>
Market share 2023	<b>13%</b>	



Professional Consumers  
builders

Retail market (€bn)	<b>3.6</b>	<b>2.4</b>
Market share	<b>7%</b>	



Professional Consumers  
builders

Retail market (€bn)	<b>3.2</b>	<b>0.8</b>
Market share	<b>10%</b>	



Professional Consumers  
builders

Retail market (€bn)	<b>1.8</b>	<b>1.0</b>
Market share	<b>49%</b>	



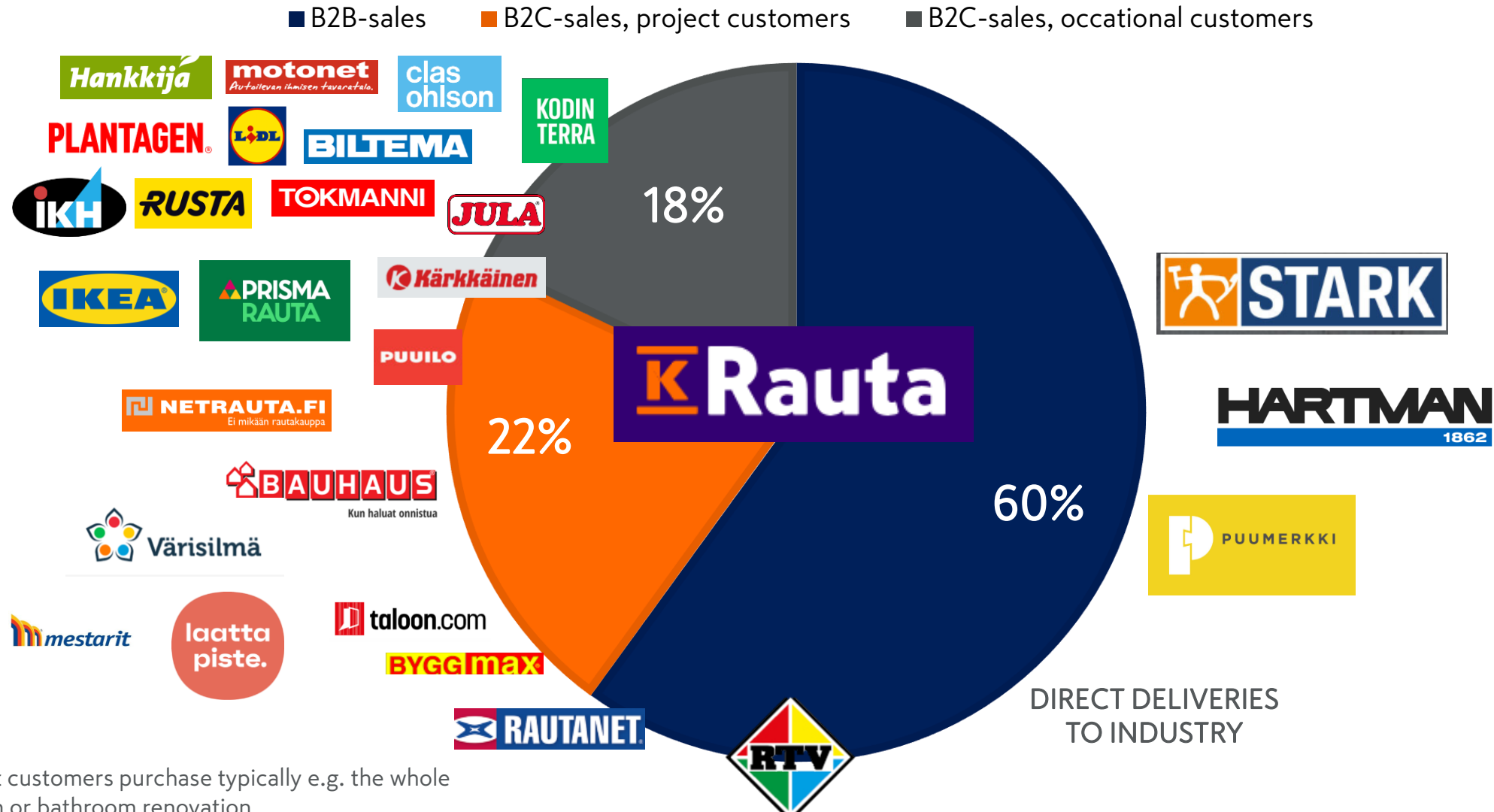
Professional Consumers  
builders

Retail market (€bn)	<b>2.8</b>	
Market share	<b>33%</b>	



# STRONG FOCUS ON B2B TRADE IN BUILDING AND HOME IMPROVEMENT TRADE ALSO IN FINLAND

Breakdown of K-Rauta Finland's sales by customer segments



17 Project customers purchase typically e.g. the whole kitchen or bathroom renovation



CAR TRADE

# GOOD RESULT IN CAR TRADE

# CAR TRADE IN BRIEF



**K-Auto is the leading and most interesting automotive company in Finland**



Importing and sales of attractive and high-quality new cars.



Significant multi-brand used car sales in Finland.



Comprehensive offering of car maintenance and repair services including nationwide K-Lataus EV charging network.

**Number of employees:** Approx. 1,500

	2023	2022	2021
<b>Net sales, € million</b>	1,079	911	1,028
<b>Operating profit*, € million</b>	73	48	52
<b>Operating margin*</b>	6.8%	5.3%	5.1%
<b>Capital expenditure**, € million</b>	80	45	71
<b>Cash flow from operating activities, € million</b>	65	18	117

\*) Comparable \*\*) Gross capex i.e. increases



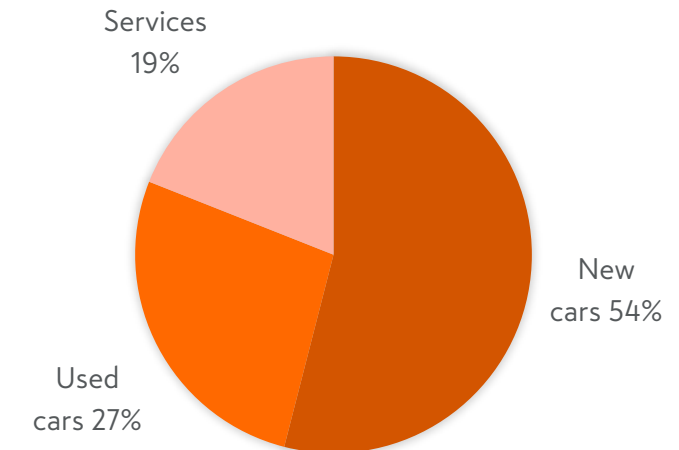
Market share  
in new cars in 2023  
(incl. passenger cars and vans)

**K**Auto

One unified brand  
for over million customers



## 2023 CAR TRADE NET SALES €1,079M



Excluding sports trade





# CAR TRADE



## In brief:

Operates in Finland. The whole value chain - imports and sells Volkswagen Group car brands, sells used cars, and offers car-related services (e.g. servicing, leasing, EV charging).  
Division also includes two sports trade chains.

## Customers:

Primarily Finnish consumers, also companies when leasing cars

## Key figures:

Net sales €1,262.3 million; operating profit €82.6 million; operating margin 6.5%  
Of which sports trade net sales €183.9m, operating profit €9.5m, operating margin 5.1%



## Market and market shares:

Total first registrations of new cars in Finland approx. 90,000 in 2023, of which Kesko's K-Auto accounted for some 15.1 %

## Growth drivers:

E-mobility, updating Finland's outdated vehicle stock, digitalisation changing customer behaviour and helping to improve operational efficiency, new competitors entering European markets

## Competitors and peers:

Car trade: Veho, Kamux, Hedin, Rinta-Jouppi, Wetteri  
Sports trade: XXL, Stadium



# HIGHLIGHTS OF THE STRATEGY

# KESKO IS AFFECTED BY VARIOUS MEGATRENDS



## INTEREST RATES & INFLATION

- Weak consumer and business confidence
- Higher cost of capital
- Lower construction activity
- Price driven consumer behaviour

## URBANISATION

- Migration to growth centres
- Substantial infra and building debt
- Drives K's store site network development

## CLIMATE CHANGE & GREEN TRANSITION

- Energy efficiency and energy infrastructure investments
- Electric vehicle transition is expected to accelerate
- Increasing sustainability regulation

## DEMOGRAPHIC CHANGES

- Aging population – increasing role of senior citizen customers
- Smaller households
- Immigration and availability of employees

## EFFORTLESSNESS

- Convenience emphasised in consumption habits – ready meals, eating in restaurants, express deliveries
- Increased individuality

## DIGITALISATION & AI

- Increasing need for high-class digital services
- Fully utilising the AI potential – improving process efficiency, more personalised customer experience



# KESKO GROWTH STRATEGY

## THE LEADING AND MOST ATTRACTIVE TRADING SECTOR GROWTH COMPANY IN NORTHERN EUROPE

### VISION

### STRATEGIC TARGETS

DELIVERING  
PROFITABLE GROWTH

STRENGTHENING  
MARKET POSITION

BUILDING A FOCUSED  
B2C AND B2B  
BUSINESS PORTFOLIO

INCREASING  
CUSTOMER VALUE

### COMPETITIVE ADVANTAGES

OPERATIONAL  
EXCELLENCE

OMNICHANNEL  
CUSTOMER EXPERIENCE

K-RETAILERS &  
COMMERCIAL SPIRIT

FORERUNNER IN  
SUSTAINABILITY

TRUSTED  
K BRAND

### BUSINESSES



GROCERY TRADE



BUILDING AND TECHNICAL  
TRADE



CAR TRADE

### PURPOSE

TOWARDS BETTER TRADE EVERY DAY – CUSTOMER AND QUALITY IN EVERYTHING WE DO

### PRINCIPLES

I OPERATE DIRECTLY,  
OPENLY AND HONESTLY

I SHOW THE PATH

I'M ALL IN

I CREATE TRUST

# GROCERY TRADE: TARGET TO MAINTAIN GOOD PROFITABILITY AND GAIN MARKET SHARE

## KEY ACTIONS:

- **STRENGTHENING STORE SPECIFIC BUSINESS IDEAS:** Focusing on strengthening chosen competitive advantages and raising the level of stores.
- **DEVELOPING STORE SITE NETWORK:** Targeted investments in the store site network focusing on growth centres.
- **IMPROVING PRICE COMPETITIVENESS:** Strengthening price competitiveness with a systematic price program and improving price image.
- **CONTINUING GOOD DEVELOPMENT IN KESPRO:** Further strengthening Kespro's market-leading position.



**INVESTMENTS WILL HAVE A SLIGHT EFFECT ON PROFITABILITY.**

**HOWEVER, EBIT DEVELOPMENT WILL BE STABLE AND PROFITABILITY CLEARLY ABOVE 6% DESPITE INVESTMENTS.**



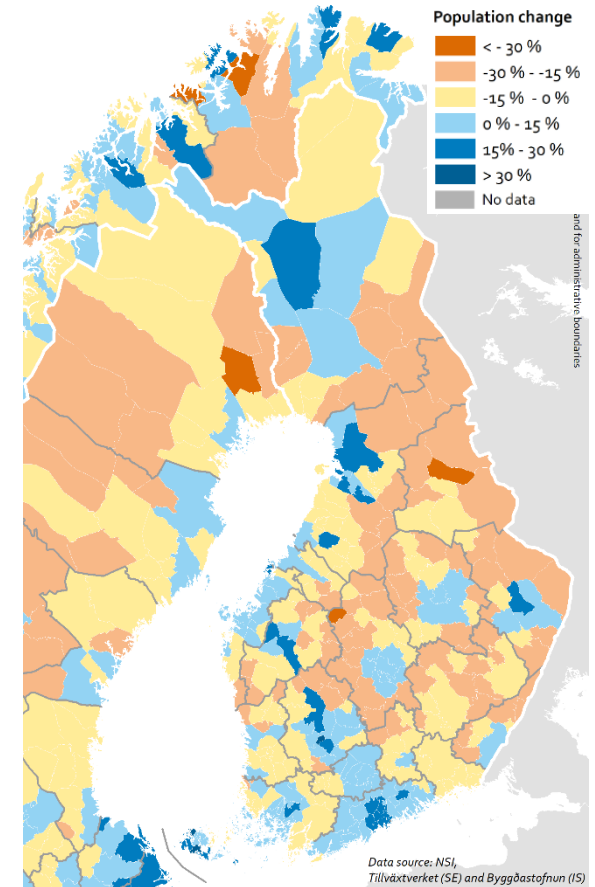


# GROCERY TRADE STORE SITE INVESTMENT FOCUS ON GROWTH CENTRES

Emphasising hypermarkets and other larger units

- **Urbanisation is expected to accelerate in Finland**
- **Long-term store site investment program to ensure Kesko's competitiveness and market share development**
- **During up-coming years annual investments: €200M - €250M per year**
- **Key targets:**
  - To focus store site network in growth areas and larger units
  - To open new hypermarkets especially in Helsinki Metropolitan Area
  - To improve customer experience, sales efficiency and profitability of the stores
  - To improve online shopping experience
- ➔ By the end of the decade, the store site network is renewed, in right locations and meets up-coming legislative requirements related to energy efficiency and greenhouse gases

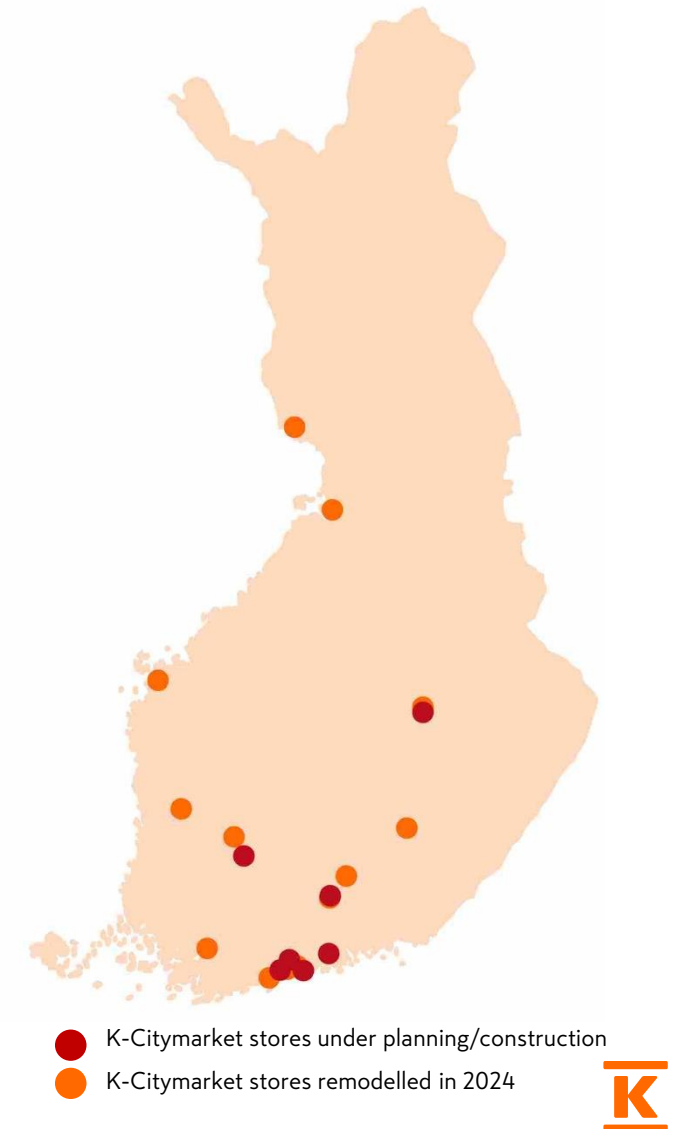
Population projection 2017-2040\* Nordregio



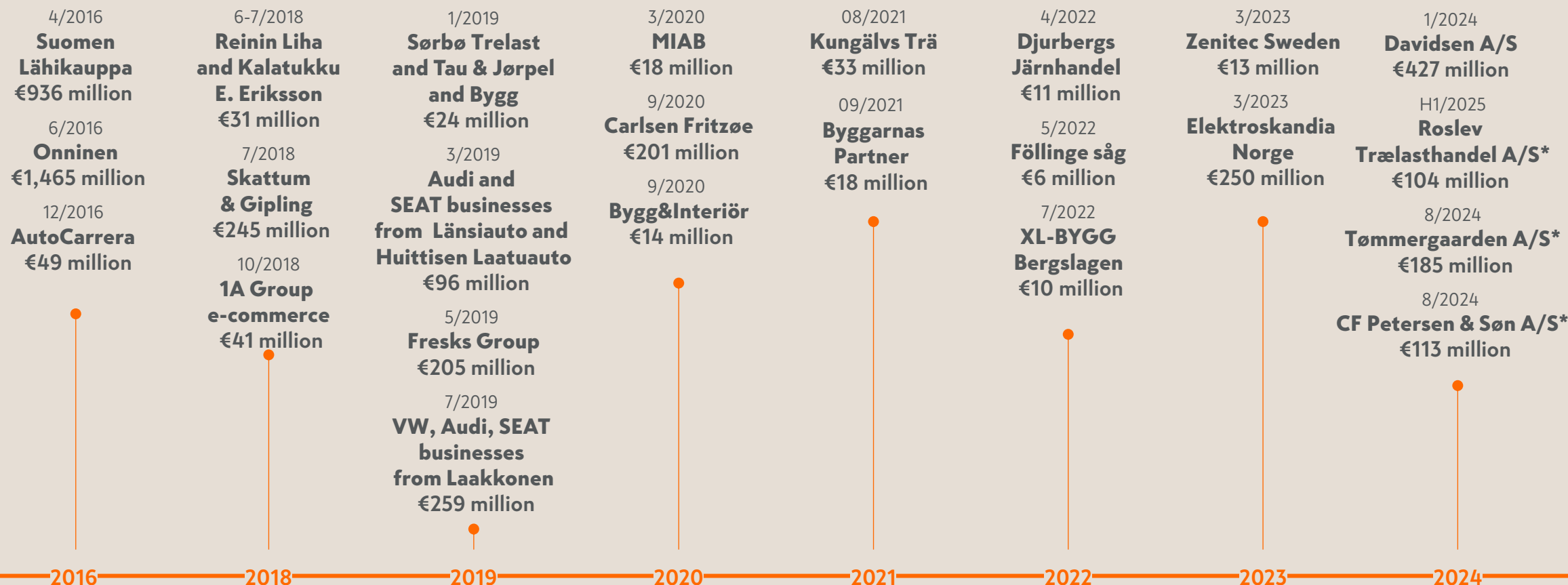
# NEW HYPERMARKETS TO BE OPENED IN FINNISH GROWTH CENTRES

Several new growth centre hypermarkets in pipeline

- K-Supermarket Columbus in Eastern Helsinki has been converted into a K-Citymarket hypermarket in November 2024
- New K-Citymarket in Lempäälä near Tampere in 2025
- New K-Citymarket in Lahti in autumn 2025, replacing K-Citymarket Paavola
- New K-Citymarket in Haapaniemi, Kuopio in 2026
- New K-Citymarket in Kivistö, Vantaa, Helsinki metropolitan area in 2026
- New K-Citymarket in Porvoo in spring 2027, replacing an outdated hypermarket
- New K-Citymarket in Espoon keskus in Finland's second biggest city Espoo in 2028
- In 2024, nearly 58 grocery stores to be updated and renovated, of which 13 hypermarkets
- Investments in store updates and new stores totalling €200-250 million in 2023, same store-site capex level to be expected in upcoming years



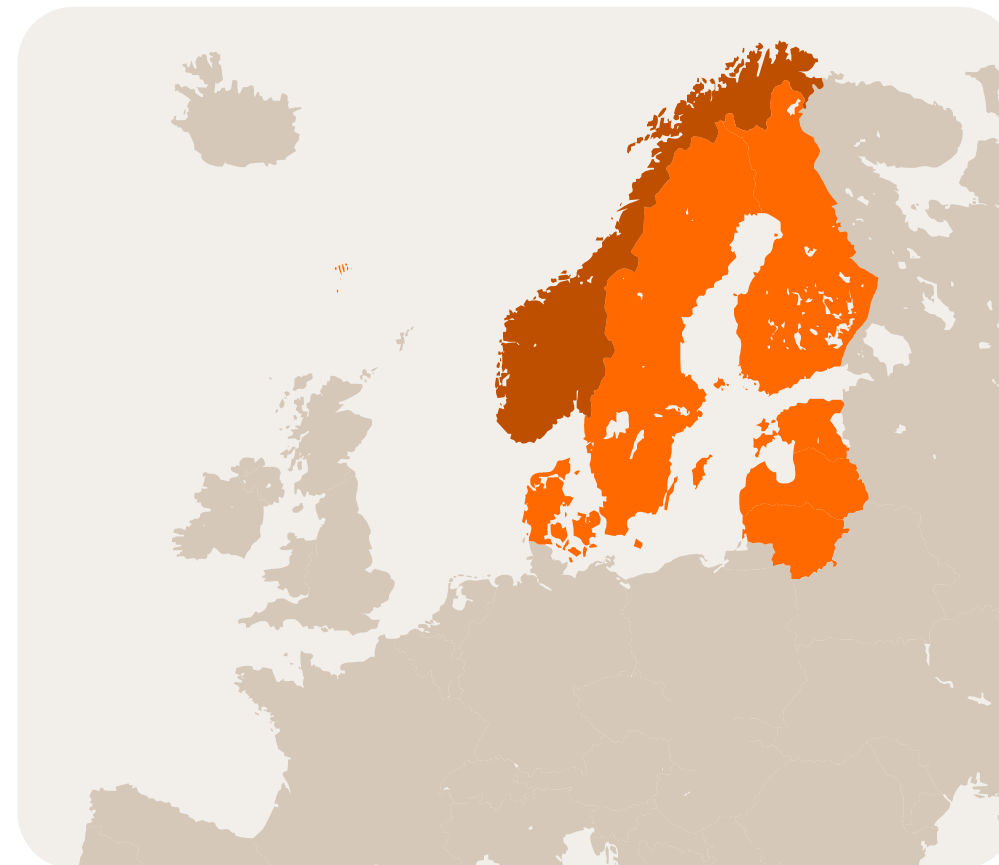
# ACQUISITIONS HAVE PLAYED A SIGNIFICANT ROLE IN INTERNATIONAL GROWTH



# ELEKTROSKANDIA STRENGTHENED ONNINEN'S POSITION IN TECHNICAL TRADE IN NORWAY

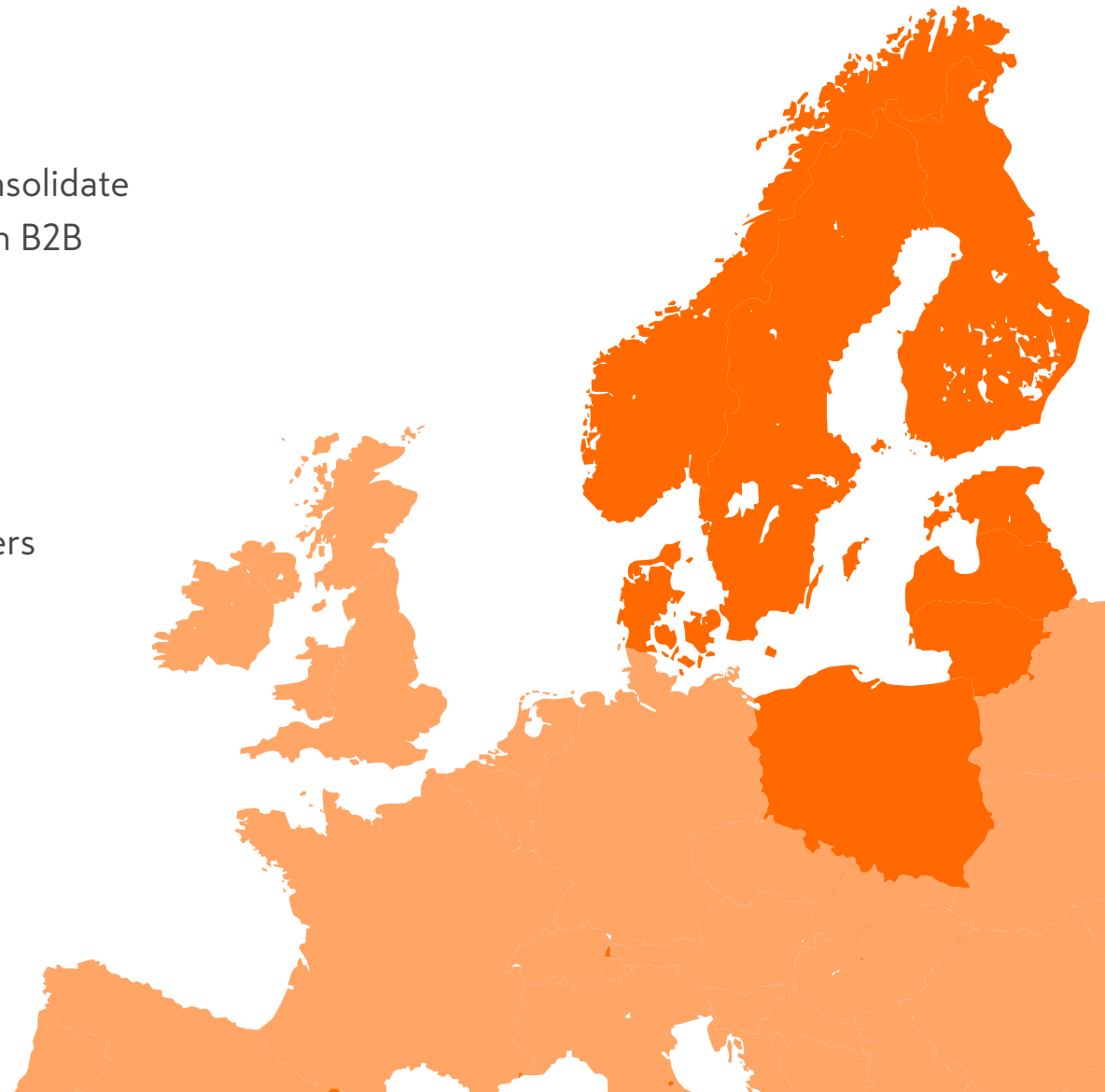
## ONNINEN NOW THE MARKET LEADER IN ELECTRICAL WHOLESALE IN NORWAY

- Kesko acquired Elektroskandia Norge in March 2023
- One of the most significant distributors of electricals in Norway
  - Net sales of some €250 million (2022)
  - Around 270 employees
- The deal made Onninen the market leader in electrical wholesale in Norway, with a market share of some 40%
- Green transition and technical requirements support demand for electrical products
- Integration now completed and full synergy potential starting to realise



# ENTRY TO DENMARK AN IMPORTANT STRATEGIC STEP

- Kesko has a consistent strategy in building and technical trade: to consolidate the market in Northern Europe and to be among the leading players in B2B business in each country
- The Danish market is not yet consolidated, great potential for growth organically and through acquisitions
- Downturn affects the construction business, but at the same time offers consolidation opportunities for an industrial operator like Kesko
- Kesko announced the acquisition of Davidsen in August 2023, and of three more builders' merchant companies, RoslevTrælasthandel, Tømmergaarden and CF Petersen & Søn, in August 2024

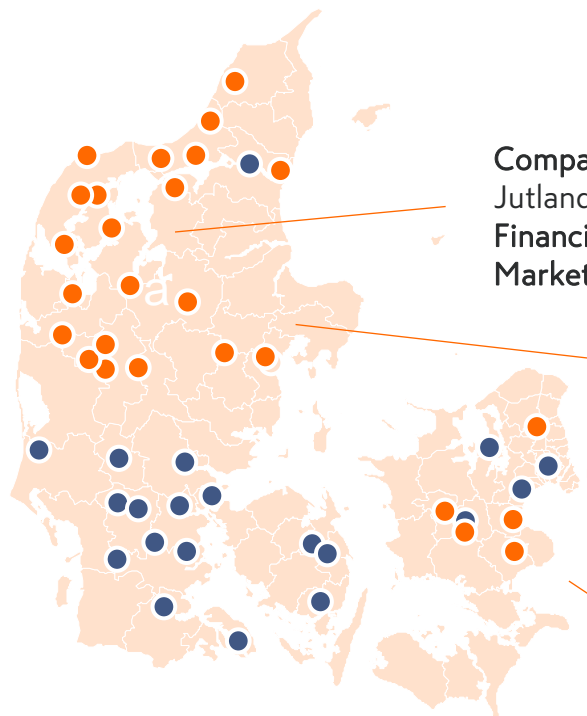


# MARKET SHARE IN DANISH BUILDERS' MERCHANT SET TO RISE FROM ~10% TO ~20% VIA ACQUISITIONS

## DAVIDSEN

### KESKO SUBSIDIARY AS OF 1 FEB. 2024

- Kesko acquired 90% of the previously family-owned Davidsen Koncernen A/S, EV approx. €190 million
- **Company:** One of Denmark's biggest building and home improvement trade operators, focus on B2B customers
- **Financials:** 2023 net sales €427 million, operating profit €7 million (excl. IFRS 16)
- **Market share:** ~30% in Southern Denmark, ~10% in the whole country; 23 stores (19 owned by Davidsen)



## ACQUISITIONS ANNOUNCED ON 14 AUGUST 2024 \*

### TØMMERGAARDEN A/S

**Company:** A builders' merchant focusing mainly on B2B customers in Northern and Central Jutland. Privately held, currently part of the XL Byg chain.  
**Financials:** 2023 net sales €185 million, operating profit €8 million (excl. IFRS 16)  
**Market share:** ~11% in Northern and Central Jutland, 17 fully-owned stores

### ROSLEV TRÆLASTHANDEL A/S

**Company:** A builders' merchant focusing on B2B customers in Central Jutland. Privately held, currently part of the XL Byg chain.  
**Financials:** 2023 net sales €104 million, operating profit €6 million (excl. IFRS 16)  
**Market share:** ~9% in Central Jutland, 4 fully-owned stores

### CF PETERSEN & SØN A/S

**Company:** A builders' merchant focusing on B2B customers in Zealand. Privately held, currently part of the XL Byg chain.  
**Financials:** 2023 net sales €113 million, operating profit €5 million (excl. IFRS 16)  
**Market share:** ~8% in Zealand, 5 fully-owned stores

\* Subject to authority approvals and conditions.  
 Acquisitions expected to be completed by H1/2025

# BUILDING AND TECHNICAL TRADE: FOCUSING ON SECURING PROFITABILITY AND GENERATING CASH FLOW

## KEY ACTIONS:

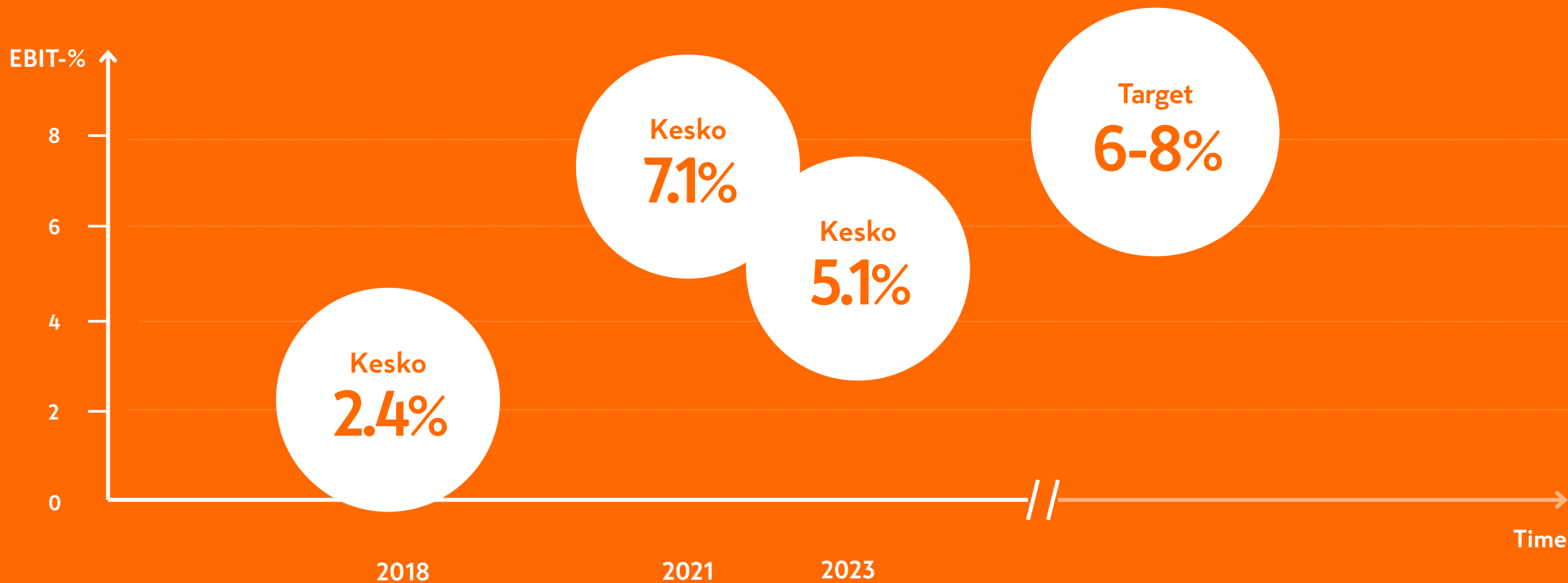
- **FINLAND:** Continuing growth and winning market share.
- **SWEDEN AND NORWAY:** Stabilising and improving business performance. Integration of acquired companies.
- **DENMARK:** Finalising the integration of Davidsen and improving performance through growth.
- **GROWTH THROUGH ACQUISITIONS:** M&A to boost profitable growth in Northern Europe.

**THE LONG-TERM STRATEGIC TARGET OF 6-8 %  
EBIT MARGIN IS STILL VALID.**





# BUILDING AND TECHNICAL TRADE LONG-TERM EBIT-% TARGET INTACT





# CAR TRADE: FOCUSING ON PERFORMING BETTER THAN THE MARKET IN ALL BUSINESSES

## KEY ACTIONS:

- **CONTINUING WITH GROWTH STRATEGY:**  
Major turnaround and continuous development establish a robust foundation for the next strategy period.
- **MAINTAINING THE BALANCED BUSINESS PORTFOLIO:** New cars, used cars and services.
- **COOPERATION WITH THE VOLKSWAGEN GROUP:**  
Continuing the good cooperation with Volkswagen Group and Porsche AG.
- Continuing as a strong market leader in sports trade.

## SOLID EBIT DEVELOPMENT

**#1 IN BRAND AWARENESS AND PREFERENCE**



# KESKO'S FINANCIAL TARGETS INTACT

	TARGET	2023
OPERATING MARGIN, COMPARABLE	OVER 6%	6.0%
RETURN ON CAPITAL EMPLOYED, COMPARABLE, %	OVER 14.5%	13.4%
INTEREST-BEARING NET DEBT/EBITDA, EXCLUDING IFRS 16 IMPACT	AT MAXIMUM 2.5	0.7

# SUSTAINABILITY IS INTEGRATED INTO OUR BUSINESS



## SUSTAINABILITY STRATEGY

### VISION

We enable sustainable choices for our customers and drive change throughout the value chain

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### FOCUS AREAS

Climate and nature  
Value chain  
Our people  
Good governance

### EXECUTION BY THE BUSINESS DIVISIONS

Grocery trade  
Building and technical trade  
Car trade

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### PROGRESS MEASURED USING INDICES AND ASSESSMENTS

Dow Jones Sustainability Indices, MSCI ESG,  
Sustainalytics, and CDP

# FOCUS AREAS AND KEY ACTIONS

WE ENABLE SUSTAINABLE CHOICES FOR OUR CUSTOMERS AND DRIVE CHANGE THROUGHOUT THE VALUE CHAIN



## CLIMATE AND NATURE

### Reduce emissions in the value chain

- Near-term scope 1 and 2 reductions by 2034
- Net zero emissions by 2050
- Challenge suppliers to set science-based climate targets

### Promote biodiversity

- Prevent biodiversity losses throughout the value chain by following the biodiversity roadmap
- Set goals for our biodiversity impacts

### Take care of the water sufficiency

- Mitigate water scarcity risks in the value chain through responsible water management and by encouraging suppliers to adopt water efficiency targets

### Enhance circular economy

- Create new circularity business models
- Enhance waste management and recycling



## VALUE CHAIN

### Ensure sustainability in the value chain

- Require all our suppliers from risk countries to be audited for social responsibility
- Broaden the scope of supplier social responsibility audits by moving from a risk-country approach to a risk-based approach
- Ensure suppliers' adherence to the K Code of Conduct, sustainability policies, and other relevant standards

### Enable sustainable choices for our customers

- Increase the share of sustainable products of net sales
- Make sustainable choices attractive through selections, data-based tools and communications

### Create sustainable value for entire society



## OUR PEOPLE

### Increase the safety and wellbeing of our people

- Support our people's health, wellbeing and capabilities

### Foster diversity, equity and inclusion for our employees

- Diverse and inclusive workplace
- Equal pay
- Gender balance on all levels of the organisation



## GOOD GOVERNANCE

### Commit to the K Code of Conduct

### Strengthen sustainability competencies

### Automate ESG data processes

# KESKO IS ONE OF THE MOST SUSTAINABLE TRADING SECTOR OPERATORS IN THE WORLD

Sustainability indices are  
key tools for investors  
to assess the ESG level  
of corporations



Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA



# FORERUNNER IN TRADING SECTOR DIGITALISATION

Using digitalisation to improve customer experience and make operations more efficient



## Online and digital sales growing forcefully

Digital sales over  
€2.0 billion

Growth in online sales  
continues

Continuously improving  
online efficiency and  
customer experience



## Data and analytics at the core of business operations

K Group's customer loyalty scheme in  
Finland has 3.3 million customers

Data-based store-specific  
business ideas and services

Extensive utilisation of data  
in everyday decision-making

Versatile data services to partners



## Digitalisation of stores and processes proceeding at a fast pace

Easy-to-use tools to make store  
processes more efficient

Electronic shelf labels help improve  
customer satisfaction and make  
operations more efficient

Electronic in-store displays make  
stores even more effective  
marketing channels

Automation of supply chain and  
background processes



## Digitalisation increases customer loyalty

Targeted marketing

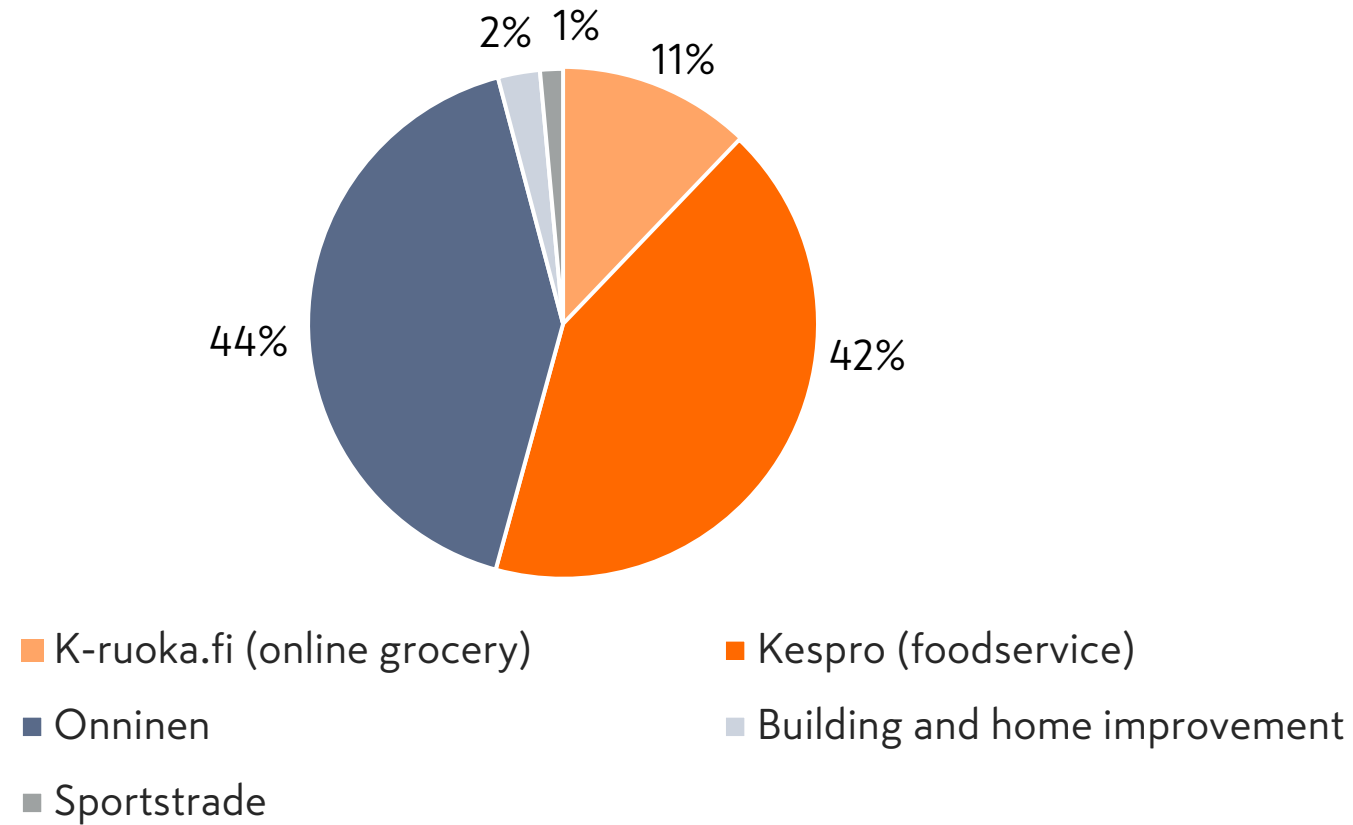
Personal benefits and offers

Digital Plussa money

Personal purchase trackers, e.g.  
carbon footprint calculator

Seamless customer experience  
irrespective of channel

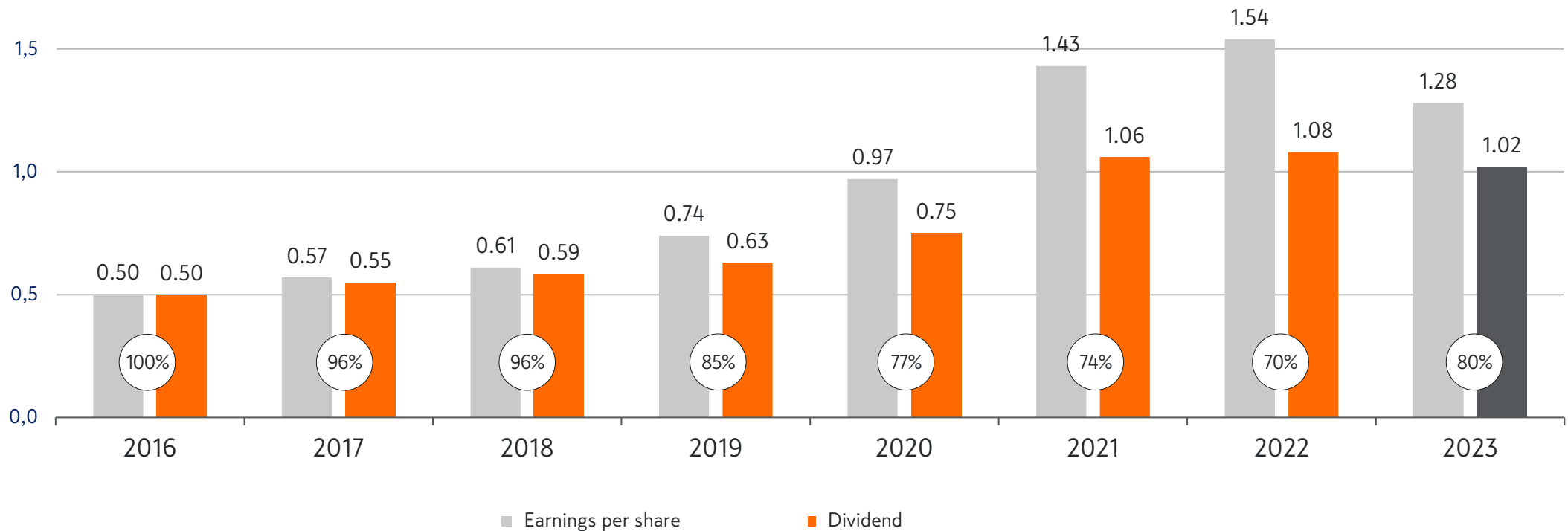
# SALES VIA DIGITAL CHANNELS OVER €2.0 BILLION



# DIVIDEND

Dividend for 2023: €1.02 / share, to be paid in four instalments.

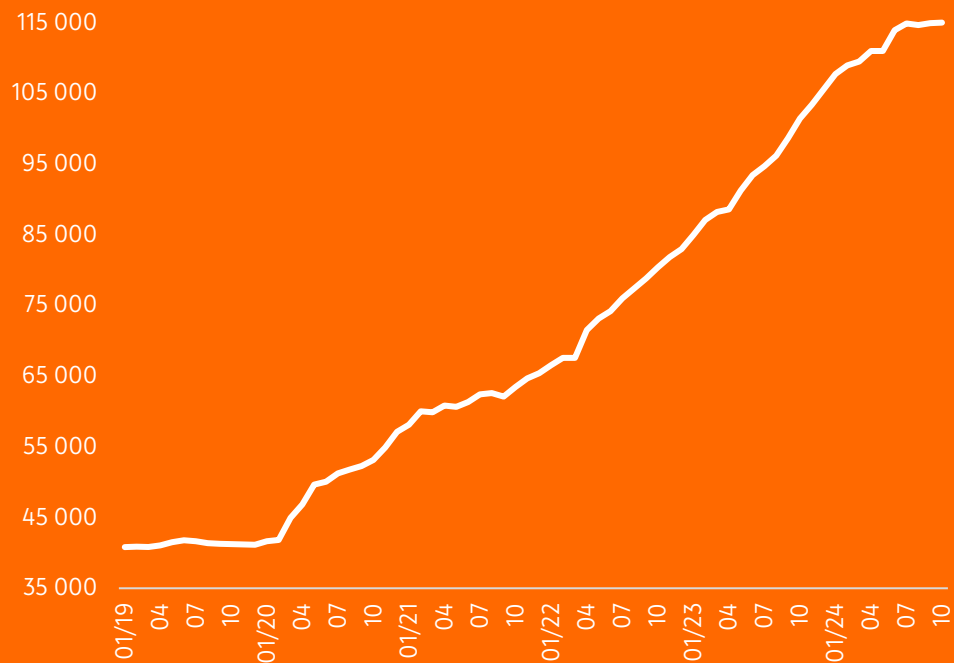
**Kesko's dividend policy:** In the long-term, Kesko aims to distribute a steadily growing dividend of some 60-100% of its comparable earnings per share, taking into account the company's financial position and strategy.



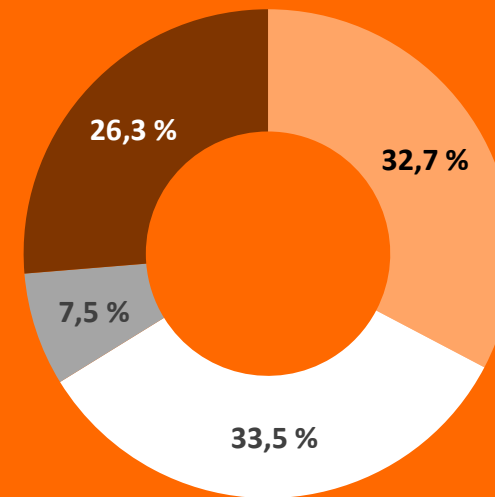


# NUMBER OF SHAREHOLDERS HAS GROWN

**~115,600 REGISTERED SHAREHOLDERS**



**BALANCED OWNERSHIP STRUCTURE**



- Nominee-registered, foreign ownership
- Finnish institutions
- K-Retailers' Association and related parties (19,5% of votes)
- Households

# JORMA RAUHALA APPOINTED KESKO'S PRESIDENT AND CEO AS OF 1 FEBRUARY 2024



**MASTER OF SCIENCE (ECON.), BORN 1965**

**A STRONG TRACK-RECORD IN RESULT-DRIVEN LEADERSHIP**

**A LONG CAREER IN KESKO WITH VARIOUS RESPONSIBILITIES**

- Joined Kesko Corporation in 1992
- President of building and technical trade division since 2017
- President of grocery trade division 2013-2017
- Managing Director of Kespro 2007-2012

**A MODERN APPROACHABLE LEADER**



# KESKO STRATEGY SUMMARY 2024-2026

**# The portfolio will most likely stay as is** during 2024-2026. The focus is on maintaining and further developing current businesses.

**# Targeting growth and profitability improvement** as outlook strengthens in construction in 2025-2026.

**# In grocery trade, focusing on maintaining profitability and gaining market share.** Raising the level of store-specific business ideas, developing store site network and improving price competitiveness as main focus areas. Further strengthening Kespro's market-leading position.

**# In building and technical trade, focusing on securing profitability and generating cash flow.** Finland continues winning market share, Sweden and Norway will focus on integrating past acquisitions and driving profitability. Organic and M&A growth in Denmark.

**# In car trade, continuing with growth strategy in new cars, used cars and services.** Winning market in all businesses.

**# Highlighting the importance of people and culture.**

**# Balance sheet** moderately leveraged.



KESKO INTERIM REPORT Q3/2024

# A TURN FOR THE BETTER IN BUILDING AND TECHNICAL TRADE

Jorma Rauhala  
President and CEO  
30 October 2024

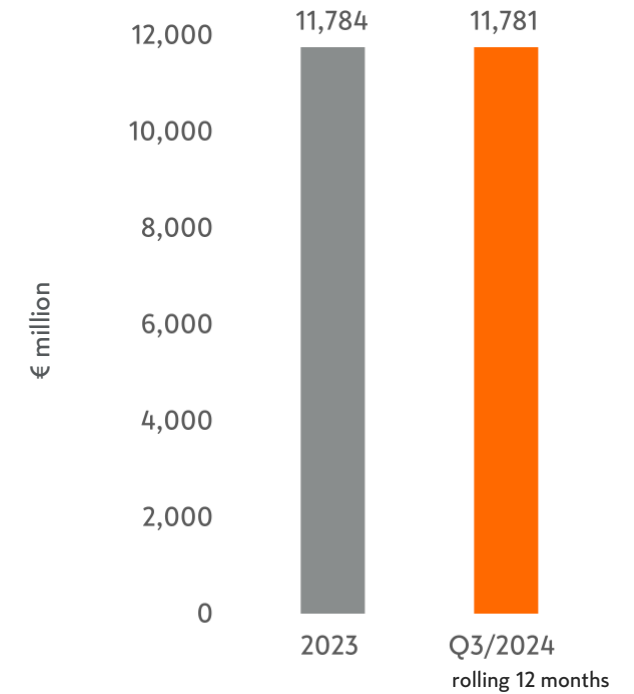
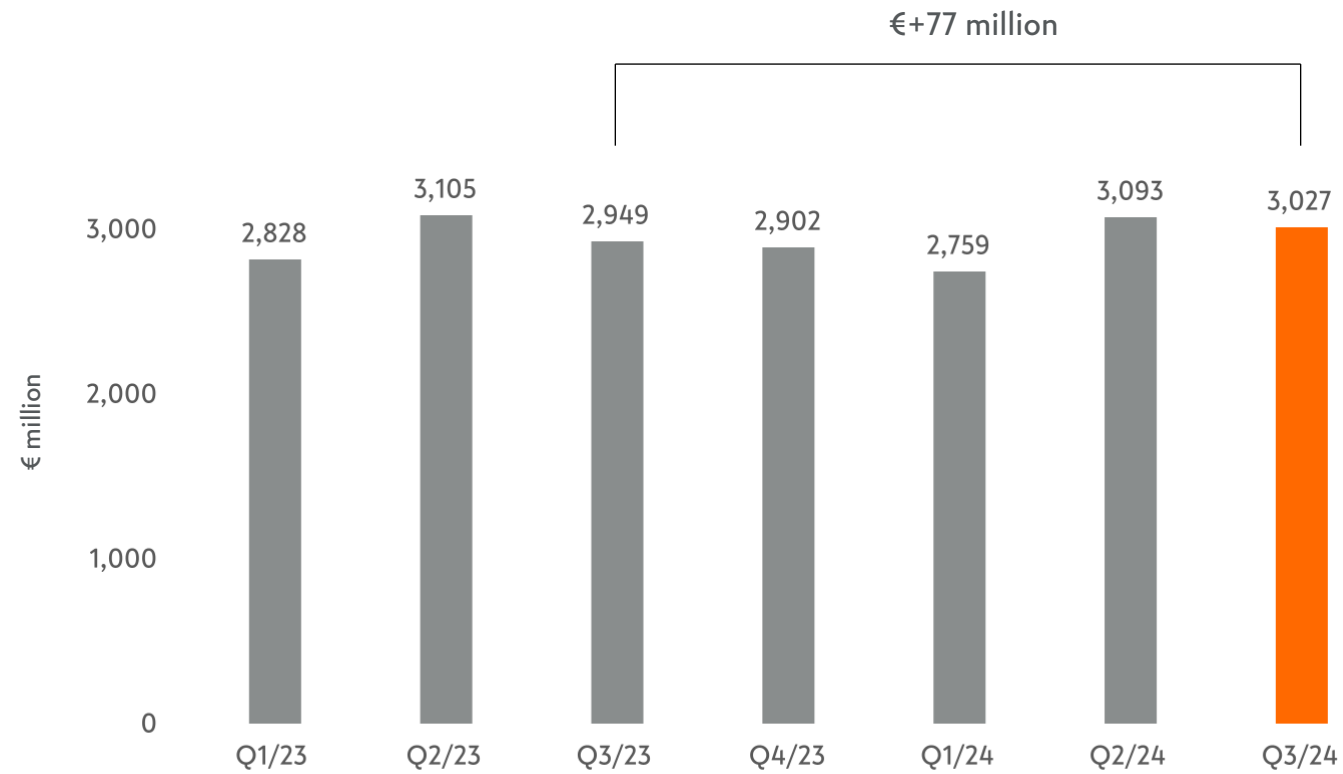
# KEY EVENTS IN Q3/2024

- Net sales increased, comparable operating profit decreased
- Building and technical trade net sales increased. A turnaround can be seen: year-on-year result increased for the first time in 8 quarters
- Grocery trade net sales increased, result flat year-on-year
- Car trade net sales and result decreased, profitability at a good level
- Kesko announced it will acquire three builders' merchants in Denmark: Roslev Trælasthandel, Tømmergaarden and CF Petersen & Søn. The combined net sales of the companies total approx. €400 million. Once the acquisitions are completed, Kesko's market share in Danish building and home improvement trade is set to rise to some 20%.
- Kesko issued a €300 million green bond, which will mature on 2 February 2030

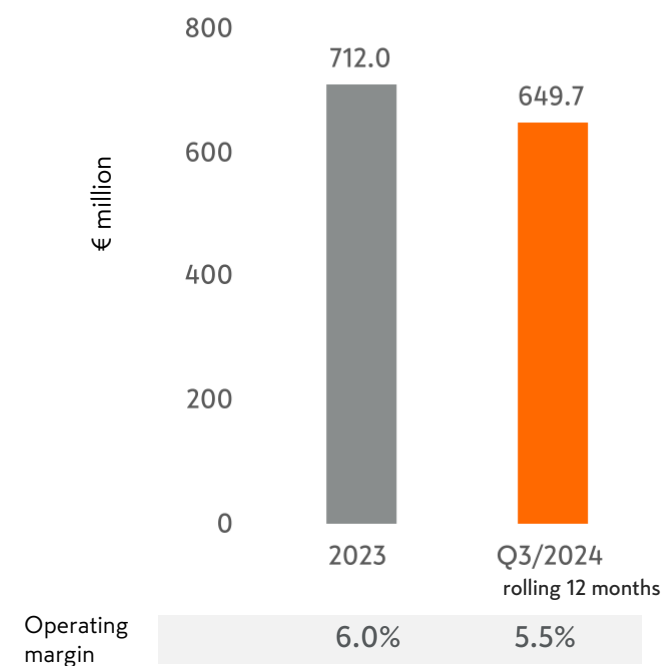
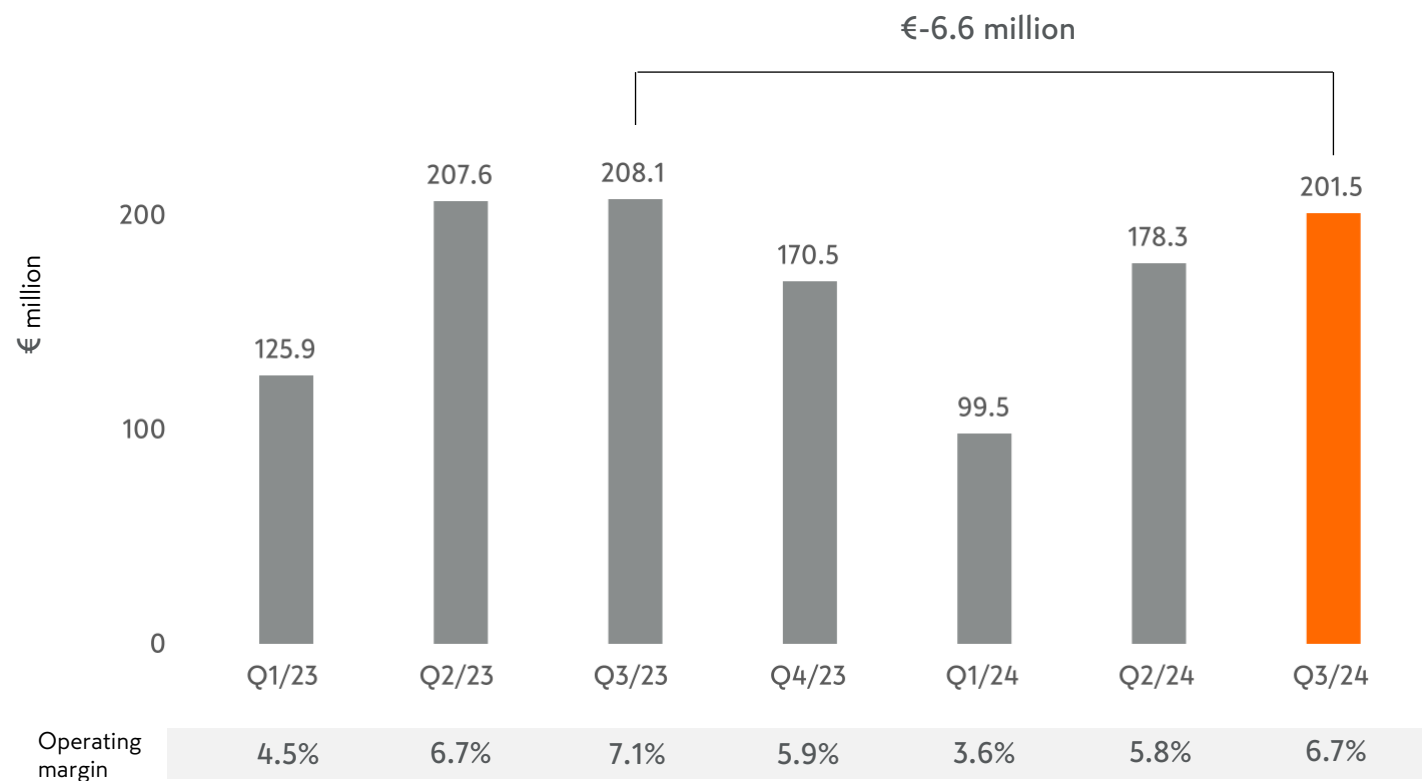
	Q3/2024	Q3/2023
Net sales, € million	3,026.6	2,949.1
Change in net sales, %*	-0.8	-2.7
Operating profit, € million*	201.5	208.1
Operating margin, %*	6.7	7.1
Profit before tax, € million*	172.1	188.4
Earnings per share, basic, €* € million	0.34	0.38
Cash flow from operating activities, € million	285.6	394.9

\* Comparable

# NET SALES

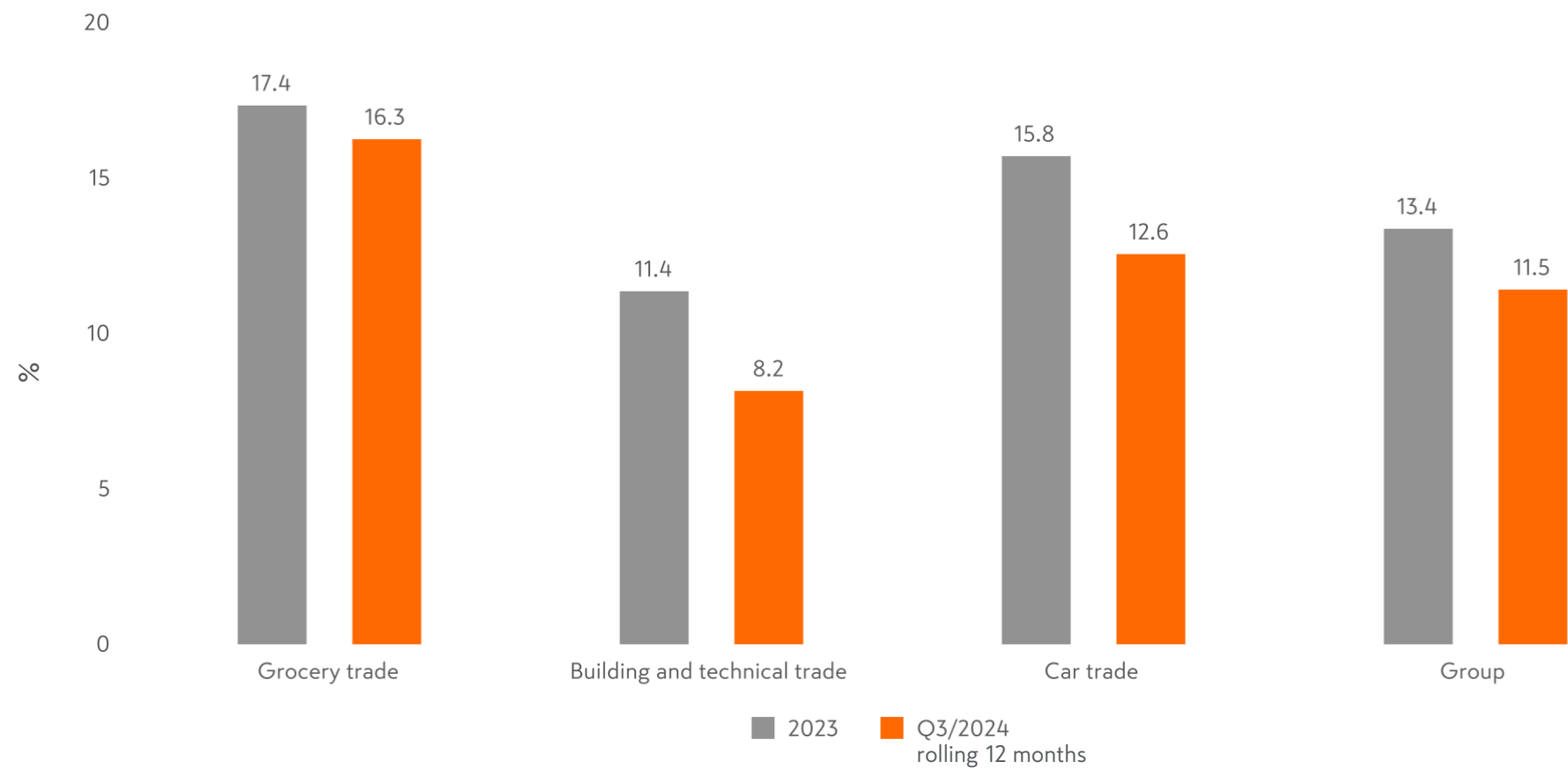


# OPERATING PROFIT





# RETURN ON CAPITAL EMPLOYED



# FINANCIAL POSITION

## Increase in working capital impacted cash flow in Q3

	Q3/2024	Q3/2023
Cash flow from operating activities, € million	285.6	394.9
Liquid assets, € million	219.9	169.6
Capital expenditure, € million	109.4	127.5
Interest-bearing net debt excl. lease liabilities, € million	855.8	559.8
Interest-bearing net debt / EBITDA (excl. IFRS 16 impact, rolling)	1.2	0.7
Lease liabilities, € million	2,011.7	1,994.2

# THE ONNELA LOGISTICS CENTRE

- The Onnela logistics centre in Hyvinkää, Finland is the biggest construction project in Kesko's history and a notable investment in future growth
- The centre will serve both Onninen's technical trade and K-Auto's spare parts business; implementation in stages from Q3/2025 onwards
- Once the centre is in full use by the end of 2026, it will notably improve Onninen's efficiency
- Timing for the construction has been good, and the project is estimated to come in under the original cost estimate (€300 million); total investment so far €174 million (end-Q3/2024)
- Capital obtained by Kesko through the issuance of green notes is used to finance the project
- Special attention has been paid to reducing energy consumption and carbon footprint, thus reducing costs and emissions over the property's long life cycle. The site will host e.g. some 100 geothermal wells and a solar power plant.



# EXPENSES

## Expenses up due to the Davidsen acquisition and real estate costs

	Q3/2024	Q3/2023
Fixed costs, € million	484.1	451.9
- Employee benefit expenses, € million	192.7	176.1
- Other expenses, € million	149.9	140.5
- Depreciation, € million	141.5	135.3
Cost ratio, %	16.0	15.3

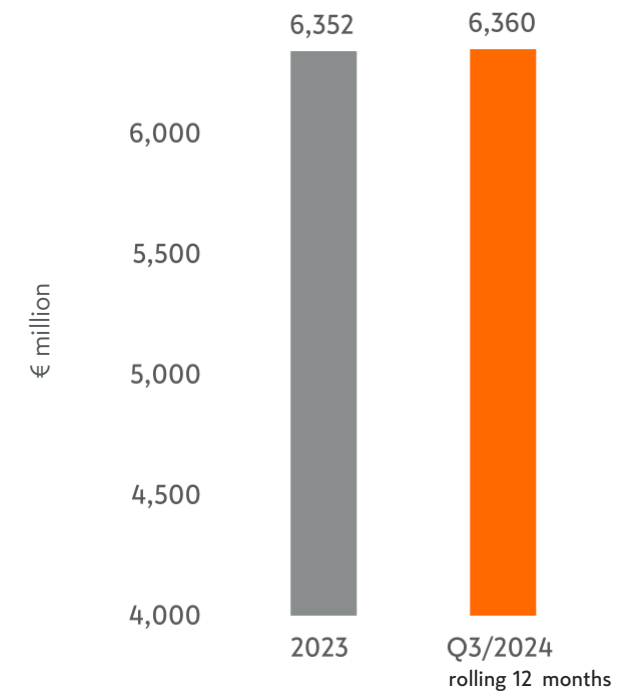
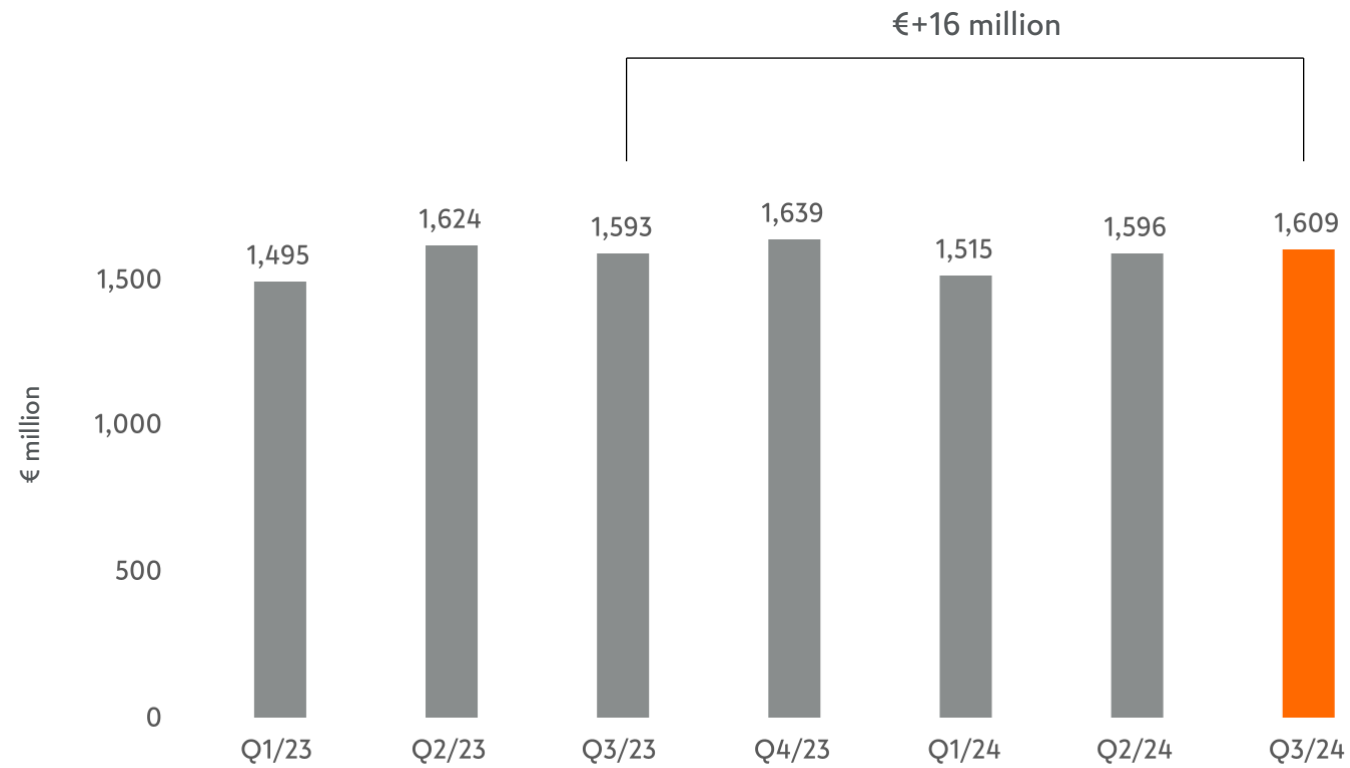


GROCERY TRADE

# STABLE PERFORMANCE

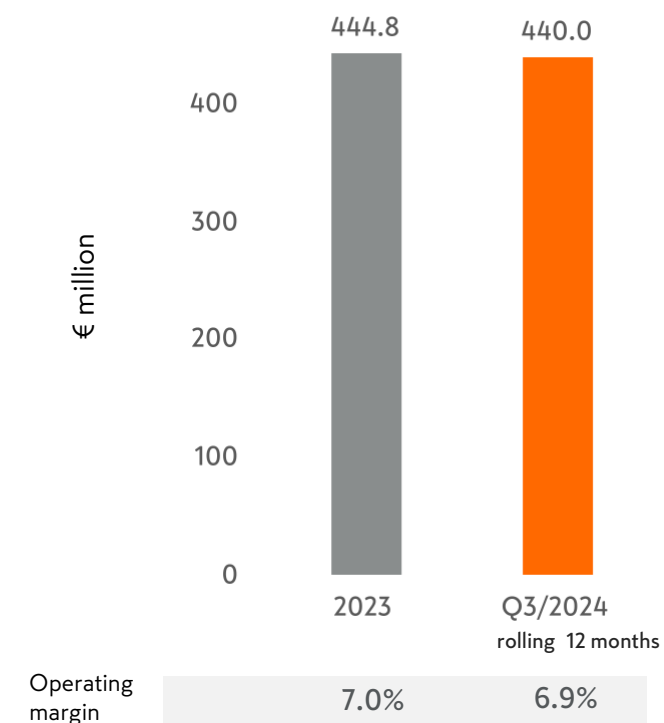
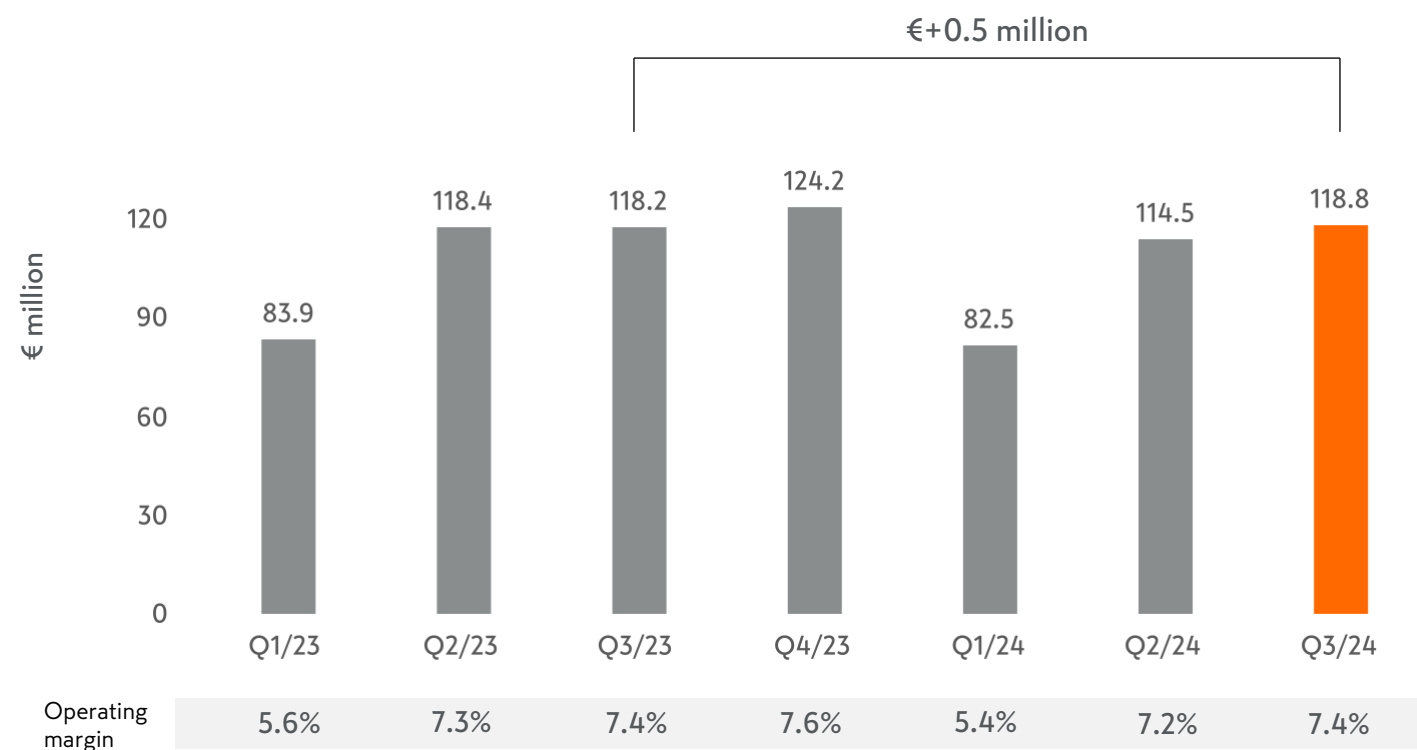


# GROCERY TRADE NET SALES



# GROCERY TRADE

## OPERATING PROFIT





# KEY EVENTS IN GROCERY TRADE IN Q3

- Net sales and profit increased, operating margin flat year-on-year
  - K Group grocery sales down by 0.1%
  - Kespro's net sales up by 3.1%, again exceeding market growth
  - K-Citymarket non-food sales down by 4.1%
- Online grocery sales up by 13.9% thanks to express deliveries
- Total grocery trade market growth approx. 1.5%, K Group sales performance slightly below the market
- Grocery price inflation in Finland approx. 0.4% (Statistics Finland, incl. VAT)
- Customer flows continued to grow thanks to campaigns, but average purchase down
- Media business and data utilisation supporting profitability



# STRATEGY EXECUTION PROCEEDING ACCORDING TO PLAN

- Key actions in grocery trade strategy in 2024-2026:
  - Strengthening store-specific business ideas
  - Developing our store site network
  - Improving price competitiveness
- Impact from stronger store-specific business ideas and investments in price set to become visible from early 2025 onwards
- Investments in the store network continue, impact set to become visible towards the end of Kesko's current strategy period
  - In 2024: 15 new and 44 remodelled stores, of which 7 new and 14 remodelled stores in Q4/2024
  - In 2025: 18 new and 46 remodelled stores





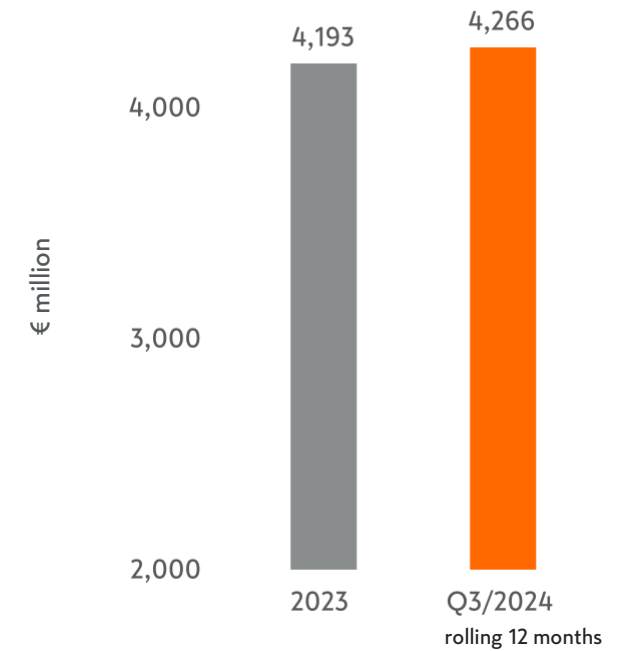
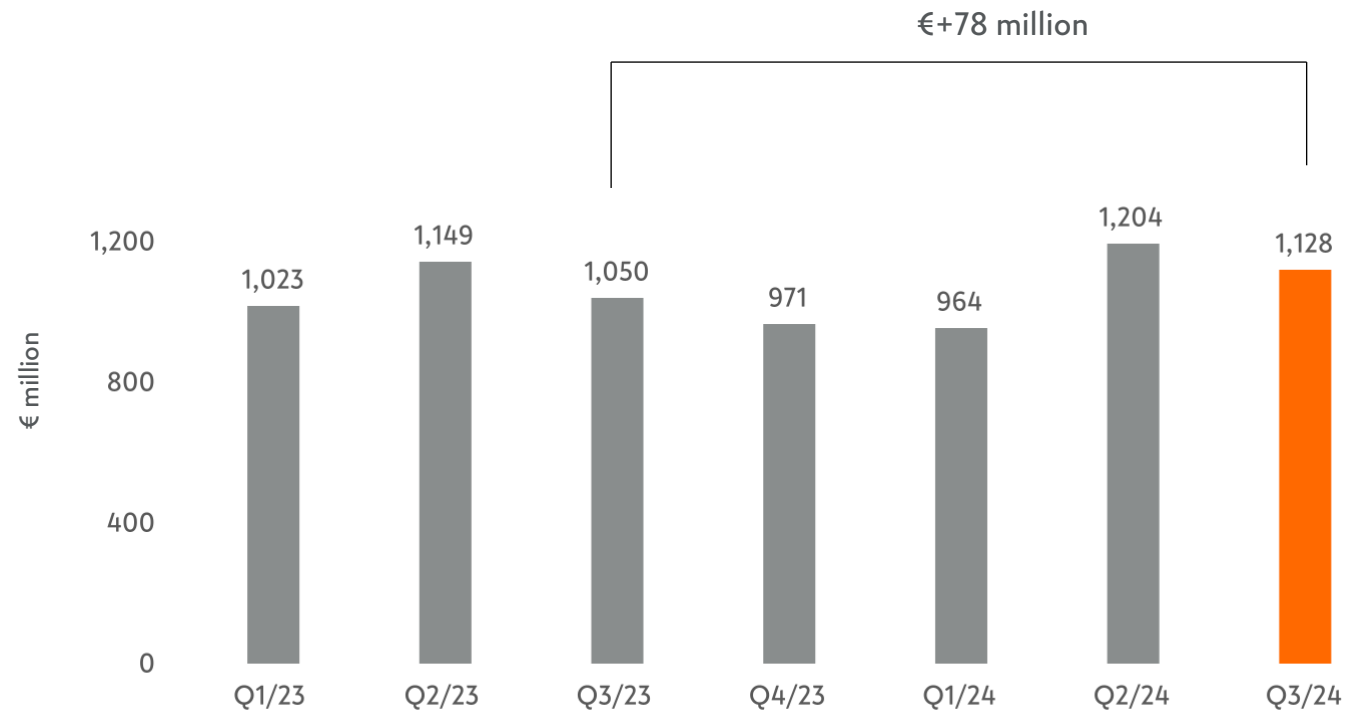
BUILDING AND TECHNICAL TRADE

**BETTER-THAN-  
EXPECTED RESULT**



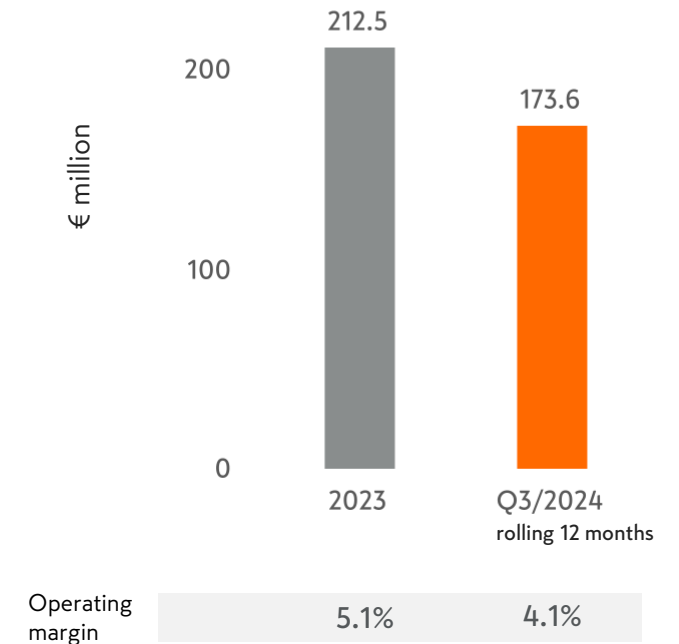
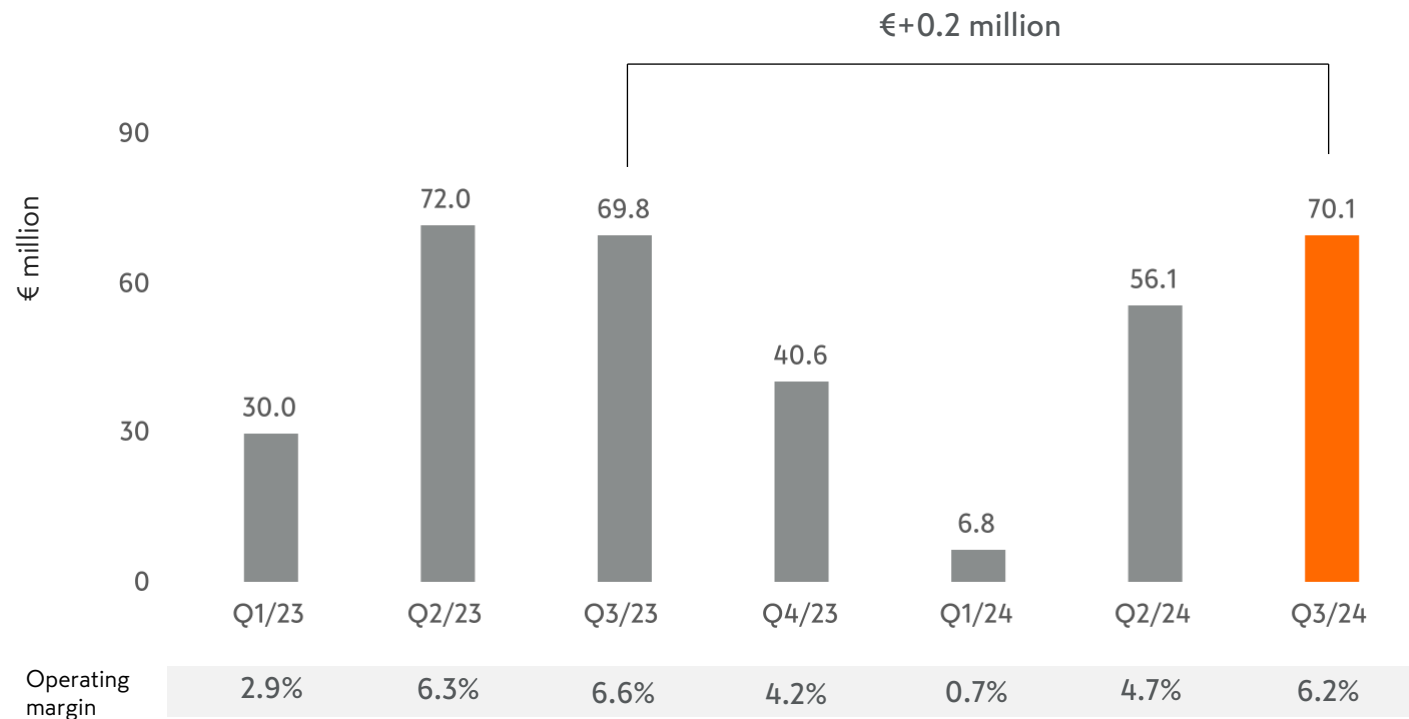
## BUILDING AND TECHNICAL TRADE

# NET SALES



# BUILDING AND TECHNICAL TRADE

## OPERATING PROFIT



# KEY EVENTS IN BUILDING AND TECHNICAL TRADE IN Q3

- Construction cycle still weak, but we have seen a turnaround: result for the division grew for the first time in eight quarters
- Sales have picked up in both building and home improvement trade and technical trade, but the market continues to be challenging
- Net sales and operating profit development better than anticipated
- Operating profit for Onninen Finland at last year's level, sales and profitability for solar power products have returned to normal levels
- In Norway, there have been logistics-related delays in the Elektroskandia integration process, while Bygghem's sales slightly underperformed the market
- Increased focus on B2B trade in Sweden under the K-Bygg brand has proceeded according to plans
- Credit risk well under control, €0.5 million (€1.6 million) written down for trade receivables past due date
- Share of result from Kesko Senukai €4.8 million (€4.7 million)

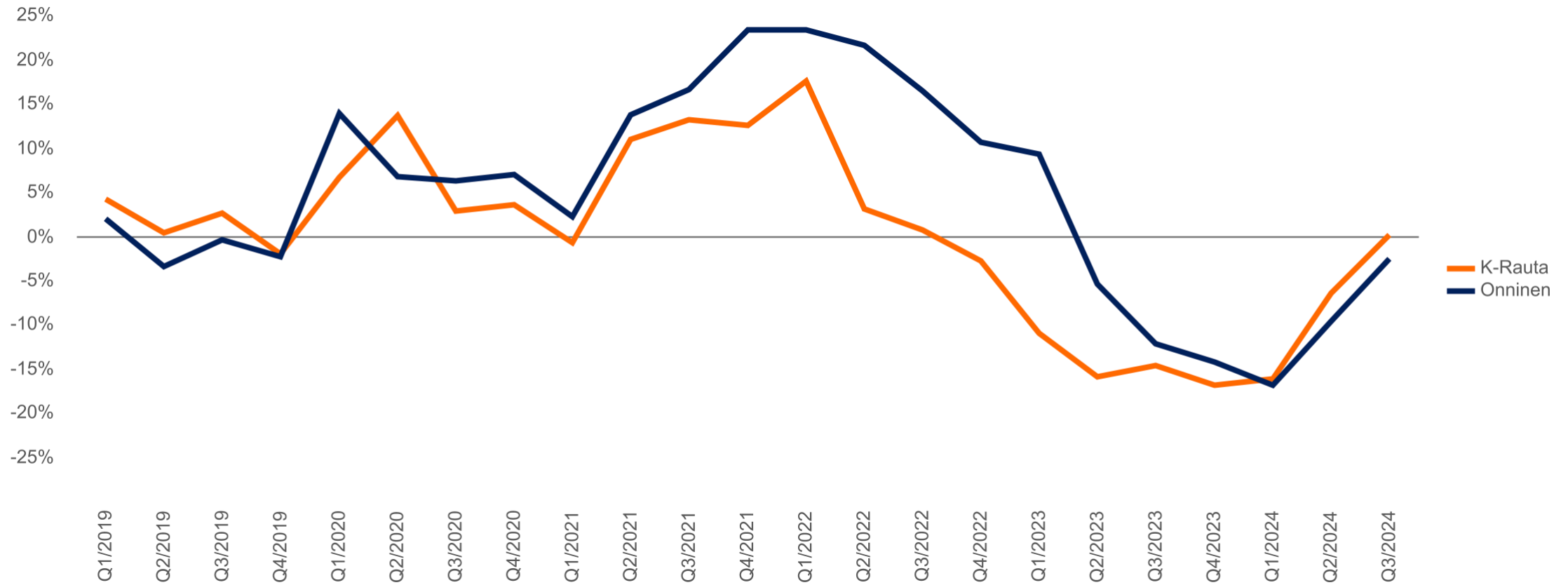
	Q3/2024	Q3/2023
<b>Net sales, € million</b>	<b>1,128.0</b>	<b>1,050.3</b>
Technical trade	578.0	588.9
Building & home improvement trade	567.0	477.3
<b>Operating profit*, € million</b>	<b>70.1</b>	<b>69.8</b>
Technical trade	35.7	37.7
Building & home improvement trade	29.5	27.4
<b>Operating margin, %*</b>	<b>6.2</b>	<b>6.6</b>
Technical trade	6.2	6.4
Building & home improvement trade	5.2	5.7

\*Comparable



# SALES OF K-RAUTA FINLAND AND ONNINEN FINLAND

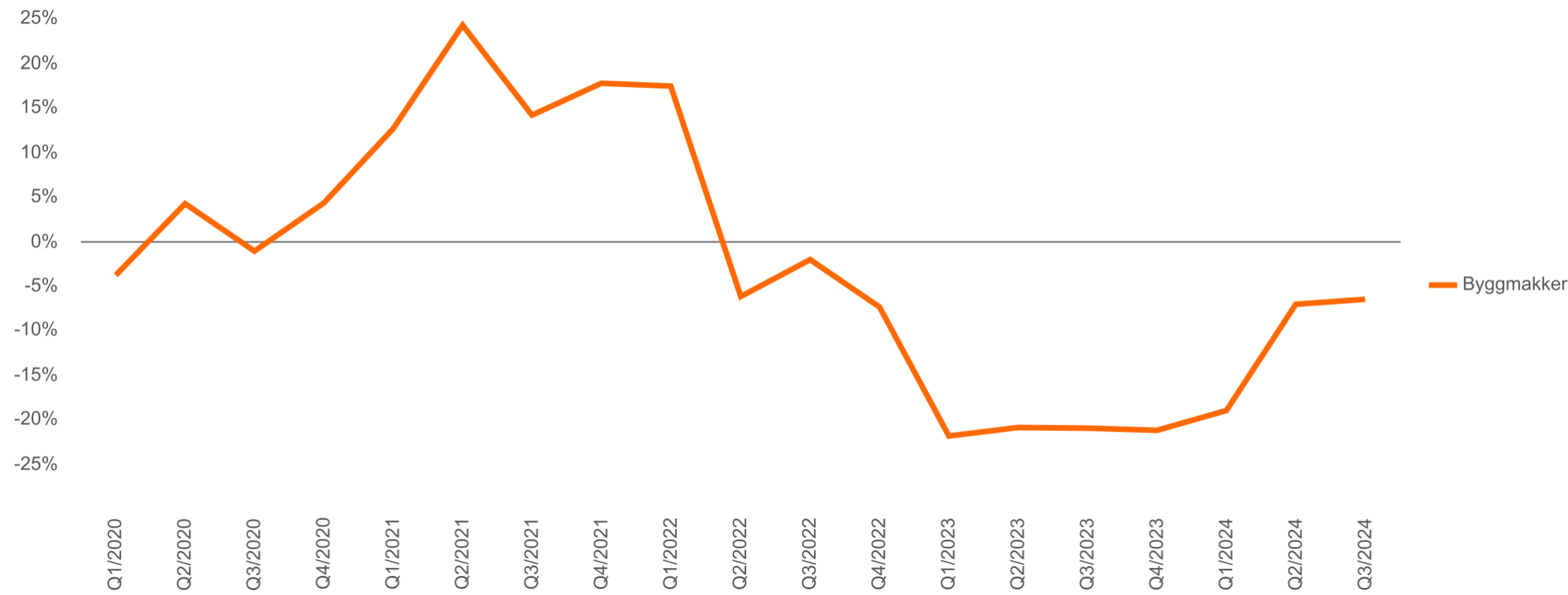
Retail and B2B  
sales





# BYGGMAKKER SALES IN 2020-2024

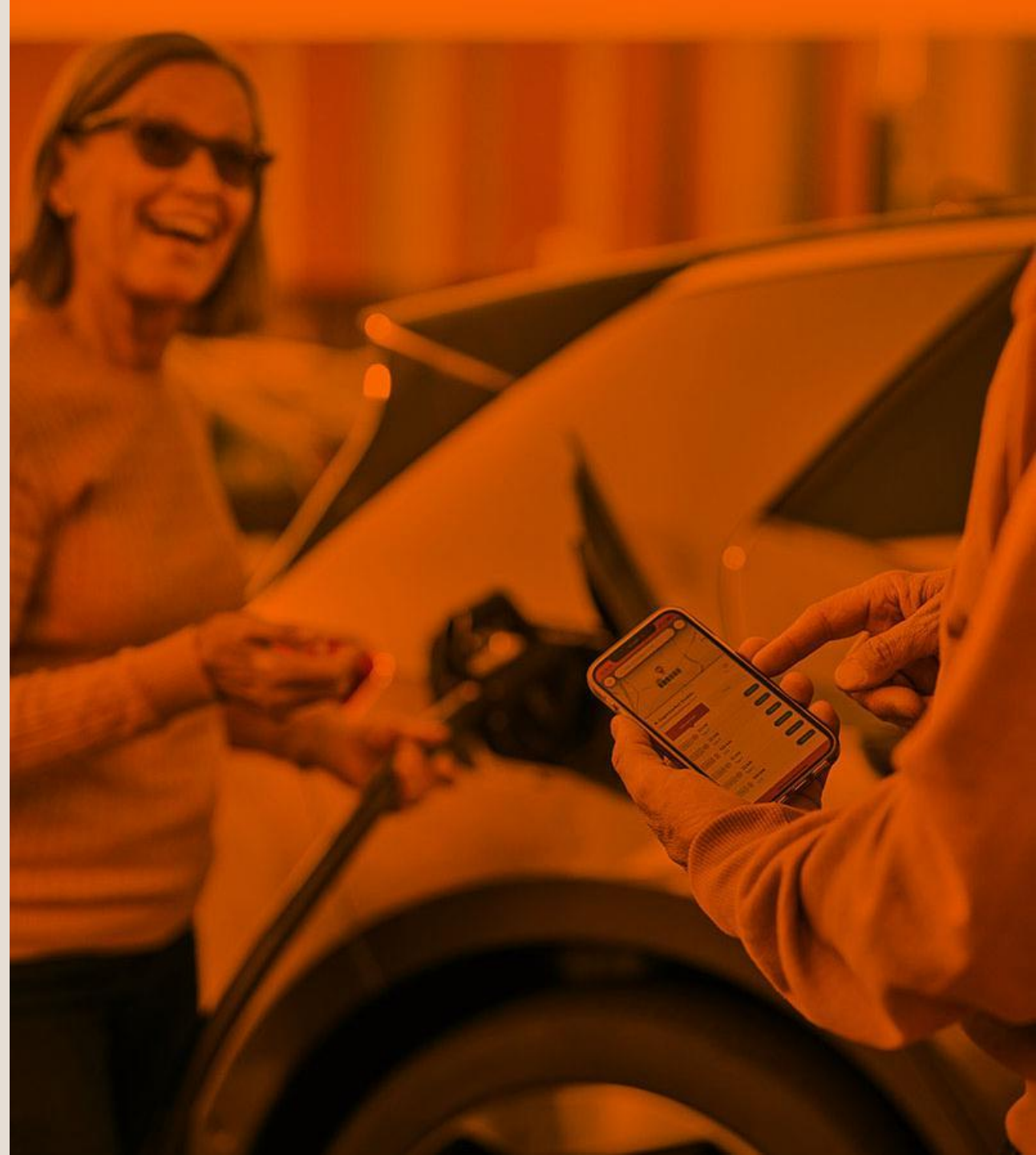
Retail and B2B sales



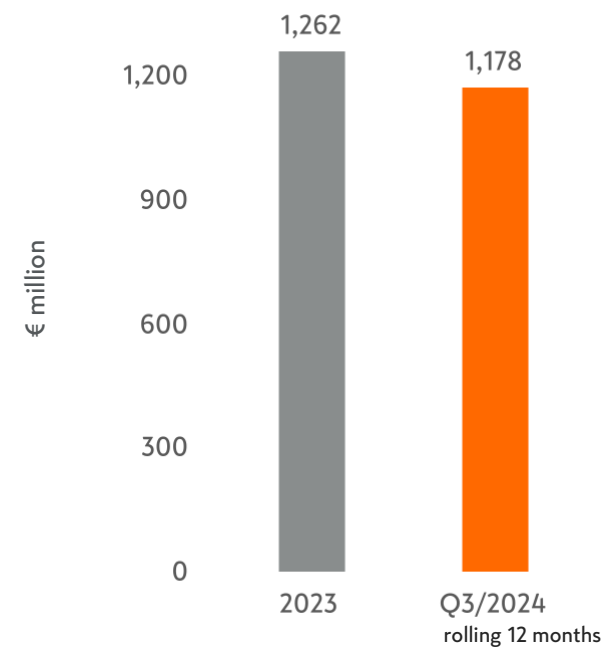
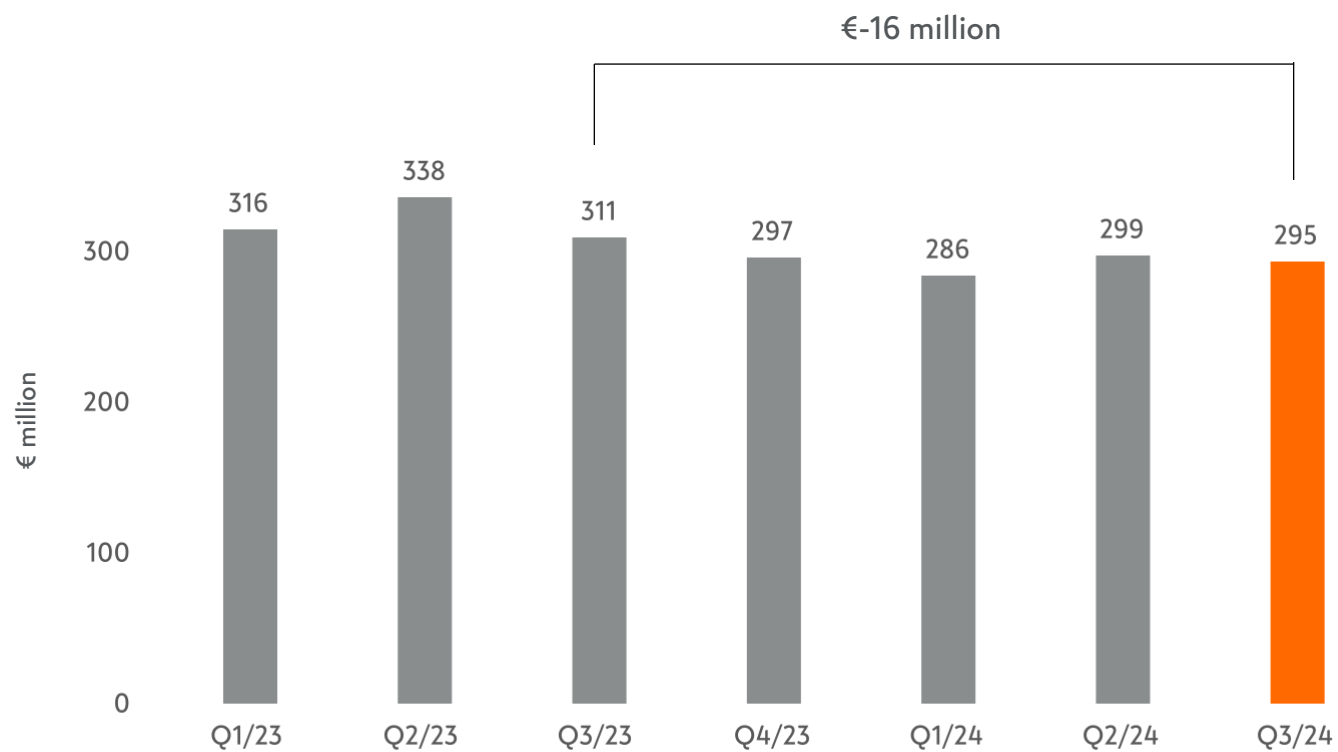


CAR TRADE

# GOOD PERFORMANCE IN A CHALLENGING MARKET

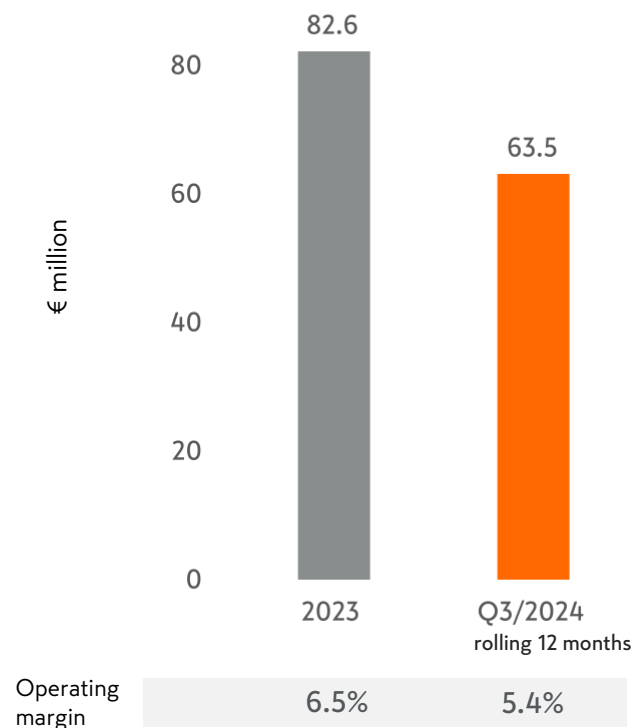
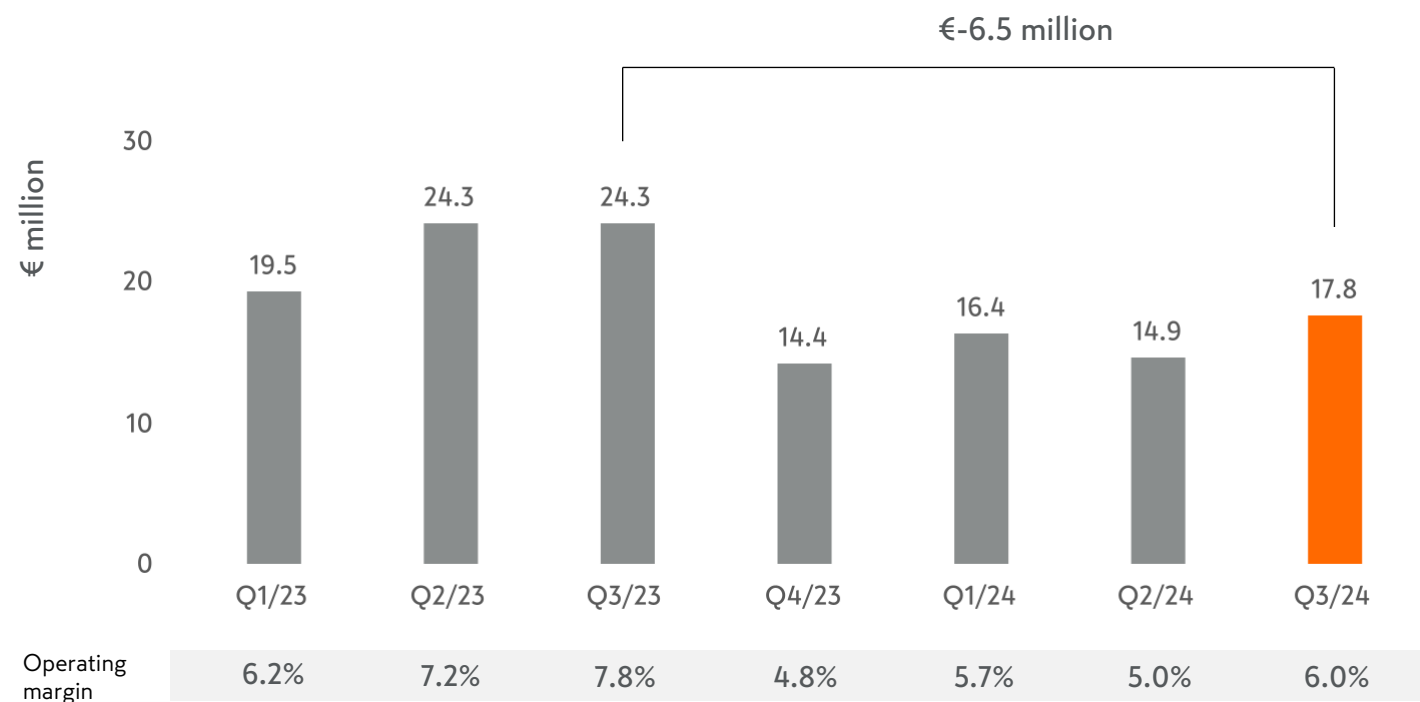


# CAR TRADE NET SALES



# CAR TRADE

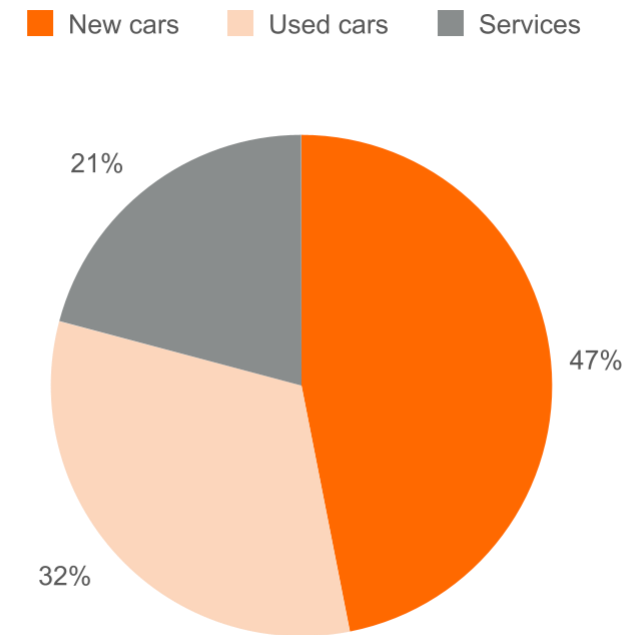
## OPERATING PROFIT



# KEY EVENTS IN CAR TRADE IN Q3

- Market demand for new cars muted, Q3 first registrations in Finland -24.4% (passenger cars and vans)
- Net sales and comparable operating profit decreased as market continued challenging, profitability remained at a good level
- New car sales down, but in new car orders, the share of brands represented by Kesko grew
- Used car sales up, K-Auto's market share strengthened significantly
- Service sales continued to grow
- Acquisition of Autotalo Lohja completed in September
- In sports trade, net sales and comparable operating profit increased and market share strengthened

## K-AUTO, NET SALES



Net sales for the division's car trade businesses, Q3/2024, rolling 12 months

# **PROFIT GUIDANCE FOR 2024 AND OUTLOOK FOR 2025**

# PROFIT GUIDANCE FOR 2024 (SPECIFIED)

Kesko Group's profit guidance is given for the year 2024, in comparison with the year 2023.

Kesko's operating environment is estimated to remain challenging in 2024. Kesko's net sales and operating profit are estimated to remain at a good level in 2024 despite the challenges in the company's operating environment. Kesko estimates that its comparable operating profit in 2024 will amount to €630–680 million. Previously, the comparable operating profit was estimated to amount to €620–680 million. The profit guidance specification is based on third-quarter profit development in building and technical trade.



# OUTLOOK FOR 2025

Kesko's operating environment is estimated to improve in 2025, and Kesko's comparable operating profit is also estimated to improve in 2025.

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

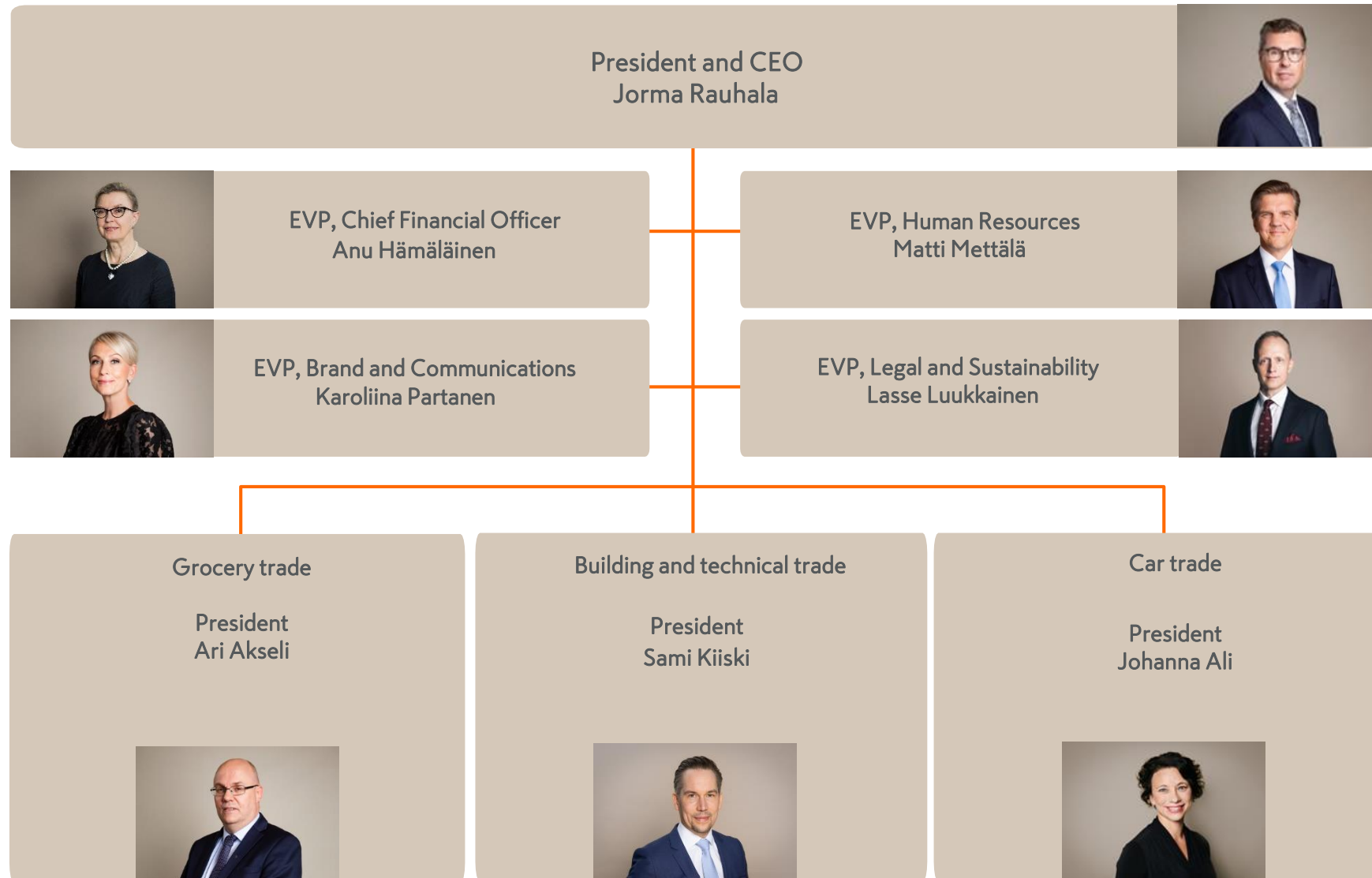
In building and technical trade, the cycle is expected to improve in 2025 from the historically low levels.

Profitability in the building and technical trade division is estimated to improve on 2024.

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

# **MANAGEMENT AND IR CONTACT**

# KESKO GROUP MANAGEMENT BOARD



# IR CONTACT



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