Q3/2016

Kesko Corporation
Interim Report
January-September 2016

Kesko's interim report for the period 1 January to 30 September 2016: Kesko's net sales and operating profit increased

FINANCIAL PERFORMANCE IN BRIEF:

- Group's net sales for January-September were €7,415 million (€6,513 million). Net sales grew by 13.9% and in local currencies, acquisitions and disposals excluded, by 2.0%
- Comparable operating profit was €209.6 million (€185.3 million)
- Operating profit was €187.0 million (€155.3 million)
- Comparable return on capital employed was 12.5% (rolling 12 mo)
- Comparable profit before tax was €211.2 million (€177.3 million)
- Comparable earnings per share were €1.59 (€1.24)
- Kesko Group's net sales for the next 12 months are expected to exceed the level of the preceding 12 months. The comparable operating profit for the next 12-month period is expected to exceed the level of the preceding 12 months.

KEY PERFORMANCE INDICATORS

	1-9/2016	1-9/2015	7-9/2016	7-9/2015
Net sales, € million	7,415	6,513	2,792	2,203
Operating profit, comparable, € million	209.6	185.3	98.2	82.5
Operating profit, € million	187.0	155.3	85.5	83.1
Profit before tax, comparable, € million	211.2	177.3	97.5	78.2
Profit before tax, € million	188.7	147.3	84.8	78.8
Capital expenditure, € million	637.7	151.6	73.6	41.5
Earnings per share, €, diluted	1.40	0.81	0.63	0.43
Earnings per share, comparable, €, basic	1.59	1.24	0.73	0.53
	30.9.2016	30.9.2015		
Equity ratio, %	47.9	54.2		
Equity per share, €	20.84	21.41		

PRESIDENT AND CEO MIKKO HELANDER:

"Kesko's business operations grew strongly in the third quarter due to the acquisitions that have been made. The integration of Suomen Lähikauppa has progressed as planned and by the end of September, 118 Siwa and Valintatalo stores had been converted into K-Market stores. The acquisition of Onninen can be seen in the significant growth in the B2B trade of the building and technical trade.

Owing to acquisitions, Kesko's third quarter net sales increased by 26.7% and in local currencies by 1.1% excluding the impact of acquisitions. The comparable operating profit was up by €15.7 million and profit improved in all divisions. The return on capital employed also improved compared to the corresponding period of the previous year.

The K-Group's grocery sales increased in the third quarter by 0.7%, excluding the impact of Suomen Lähikauppa. In the grocery trade, the operating profit strengthened owing to synergies and the enhancement actions taken. In the building and technical trade, market share continued to strengthen. Onninen's contribution to the net sales and the operating profit of the building and technical trade was significant. In the car trade, net sales and operating profit showed good growth.

The K-Plussa revision has progressed well and in the future, the renewing K-Plussa will be the most personally rewarding customer loyalty programme offering the best digital services.

Kesko wants to be a pioneering company in responsibility, which also our stakeholders expect of us. The new K Code of Conduct defines what is expected of the Kesko personnel and our business partners for example in the areas of human rights, environmental care and fair competition. This is because we want to be the most responsible trading sector company in the world also in the future."

FINANCIAL PERFORMANCE

NET SALES AND PROFIT FOR JANUARY-SEPTEMBER 2016

The Group's net sales for January-September 2016 were €7,415 million, which is 13.9% up on the corresponding period of the previous year (€6,513 million). Acquisitions and disposals excluded, net sales in local currencies grew by 2.0%. Suomen Lähikauppa Oy has been consolidated into Kesko Group as of 12 April 2016 and Onninen Group as of 1 June 2016. Anttila was included in the figures for the comparative period until 16 March 2015.

In the grocery trade, the 11.4% net sales growth was significantly attributable to the acquisition of Suomen Lähikauppa. Net sales in local currencies, excluding Suomen Lähikauppa, were up 0.5%. In the building and technical trade, net sales increased by 18.5% and in local currencies, excluding Onninen and Anttila, by 3.0%. In the car trade, net sales were markedly up by 10.0%. The Group's net sales in Finland increased by 12.3%, and acquisitions and disposals excluded, by 0.9%. In the other countries, net sales increased by 20.3% and in local currencies, acquisitions and disposals excluded, by 6.9%. International operations accounted for 20.2% (19.1%) of net sales.

1-9/2016	Net sales, € million	Change, %	Change in local currency excl. acquisitions and disposals, %	Operating profit, comparable, € million	Change, € million
Grocery trade	3,814	+11.4	+0.5	124.0	+1.0
Building and technical trade	2,979	+18.5	+3.0	83.5	+27.4
Car trade	628	+10.0	+10.0	22.0	-0.3
Common functions and eliminations	-5	(..)	(..)	-19.9	-3.9
Total	**7,415**	**+13.9**	**+2.0**	**209.6**	**+24.2**

(..) Change over 100%

The Group's comparable operating profit for January-September was €209.6 million (€185.3 million). In the grocery trade, profitability was good. The comparable operating profit was €124.0 million (€123.0 million), adversely affected by €5.5 million due to the real estate arrangement completed in June 2015. In the building and technical trade, profitability was improved by the acquisition of Onninen and the disposal of the Intersport business operations in Russia in the financial period, the good profit performance of foreign operations and the divestment of Anttila completed in the previous year. In the car trade, profitability remained steadily at a good level. The total impact of the real estate arrangement implemented in June 2015 on the comparable operating profit of the grocery trade and the building and technical trade was €-7.4 million.

The operating profit was €187.0 million (€155.3 million). The items affecting comparability totalled €-22.6 million (€-30.0 million). The most significant items affecting comparability included €7.0 million in gains on the disposal of real estate, €6.5 million in asset transfer taxes on acquisitions included in structural arrangements and €5.3 million in costs related to the conversion of the Suomen Lähikauppa chains, as well as €11.1 million in impairment charges. In the previous year, the items affecting the comparability of the operating profit included a €130 million loss on the divestment of Anttila and €101 million in gains on the disposal of real estate.

Items affecting comparability, € million	1-9/2016	1-9/2015
Operating profit, comparable	209.6	185.3
Items affecting comparability		
+gains on disposal	7.9	101.1
-losses on disposal	-0.4	-131.8
-impairment charges	-11.1	-
+/-structural arrangements	-13.7	-
+/-others	-5.3	0.7
Total items affecting comparability	-22.6	-30.0
Operating profit	187.0	155.3

The Group's profit before tax for January-September was €188.7 million (€147.3 million). The Group's earnings per share were €1.40 (€0.81). The Group's equity per share was €20.84 (€21.41).

In January-September, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €9,107 million, up 12.0% compared to the previous year. The K-Plussa customer loyalty programme gained 50,692 new households in January-September 2016. At the end of September, there were 2.3 million K-Plussa households and 3.6 million K-Plussa cardholders.

NET SALES AND OPERATING PROFIT FOR JULY-SEPTEMBER 2016

The Group's net sales for July-September 2016 were €2,792 million, which is 26.7% up on the corresponding period of the previous year (€2,203 million). Acquisitions excluded, net sales in local currencies grew by 1.1%.

In the grocery trade, the 16.7% net sales growth was affected by the acquisition of Suomen Lähikauppa. Net sales performance in local currencies, excluding Suomen Lähikauppa, was -0.5%. In the building and technical trade, net sales increased by 44.4% and in local currencies, excluding Onninen, by 2.0%. In the car trade, net sales increased by 11.2%. The Group's net sales in Finland increased by 23.3% and acquisitions excluded, by 0.3%. In the other countries, net sales increased by 39.8% and in local currencies, acquisitions excluded, by 4.2%. International operations accounted for 23.1% (20.9%) of net sales.

7-9/2016	Net sales, € million	Change, %	Change in local currency excl. acquisitions and disposals, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,367	+16.7	-0.5	49.2	+4.4
Building and technical trade	1,238	+44.4	+2.0	45.3	+9.5
Car trade	190	+11.2	+11.2	6.8	+0.8
Common functions and eliminations	-3	(..)	(..)	-3.1	+1.0
Total	**2,792**	**+26.7**	**+1.1**	**98.2**	**+15.7**

(..) Change over 100%

The comparable operating profit for July-September was €98.2 million (€82.5 million). The comparable operating profit of the grocery trade strengthened owing to synergies and the enhancement actions taken. In the building and technical trade, the comparable operating profit was increased by the acquisition of Onninen, the profit improvement of the building and home improvement trade operations in Sweden, the disposal of the Intersport business operations in Russia and the good profit performance of the furniture trade and the agricultural and machinery trade. In the car trade, the comparable operating profit was €6.8 million (€6.0 million).

The operating profit was €85.5 million (€83.1 million). The operating profit includes items affecting comparability in the amount of €-12.7 million (€0.7 million). The most important items were €3.9 million in costs related to the conversion of the Suomen Lähikauppa chains and €3.1 million in impairment charges. In the previous year, the items affecting the comparability of the operating profit mainly included gains on the disposal of real estate.

Items affecting comparability, € million	7-9/2016	7-9/2015
Operating profit, comparable	98.2	82.5
Items affecting comparability		
+gains on disposal	0.8	1.2
-losses on disposal	-0.1	-0.2
-impairment charges	-3.1	-
+/-structural arrangements	-4.6	-
+/-others	-5.7	-0.4
Total items affecting comparability	-12.7	0.7
Operating profit	85.5	83.1

The Group's profit before tax for July-September was €84.8 million (€78.8 million). The Group’s earnings per share were €0.63 (€0.43).

In July-September, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €3,441 million, up 23.0% compared to the previous year.

FINANCE

In January-September, the cash flow from operating activities was €62.4 million (€153.1 million). The cash flow from investing activities was €-576.6 million (€288.0 million).

At the end of the period, liquid assets totalled €245 million (€858 million). Interest-bearing liabilities were €545 million (€464 million) and interest-bearing net debt was €299 million (€-394 million) at the end of September. The equity ratio was 47.9% (54.2%) at the end of the period.

The Group's net finance income was €3.3 million (net finance costs €8.0 million) in January-September.

In July-September, the cash flow from operating activities was €80.2 million (€85.6 million). The cash flow from investing activities was €-47.6 million (€-46.2 million).

The Group's net finance costs were €1.1 million (€3.5 million) in July-September.

TAXES

In January-September, the Group's taxes were €37.7 million (€56.7 million). The effective tax rate was 20.0% (38.5%).

In July-September, the Group's taxes were €16.4 million (€30.4 million). The effective tax rate was 19.3% (38.5%).

CAPITAL EXPENDITURE

In January-September, the Group's capital expenditure totalled €637.7 million (€151.6 million), or 8.6% (2.3%) of net sales. Capital expenditure in store sites was €158.6 million (€111.9 million), acquisitions €431.0 million, capital expenditure in IT €19.8 million (€12.7 million) and other capital expenditure €28.2 million (€26.9 million).

In July-September, the Group's capital expenditure totalled €73.6 million (€41.5 million), or 2.6% (1.9%) of net sales. Capital expenditure in store sites was €58.1 million (€33.5 million), in IT €10.9 million (€4.1 million) and other capital expenditure was €4.6 million (€3.9 million).

PERSONNEL

In January-September, the average number of personnel in Kesko Group was 21,940 (19,075) converted into full-time employees. The increase was due to the acquisitions of Suomen Lähikauppa and Onninen.

At the end of September 2016, the number of personnel was 29,332 (21,861), of whom 15,008 (9,898) worked in Finland and 14,324 (11,963) outside Finland. The number of Suomen Lähikauppa's personnel was 3,609 and that of Onninen 3,115.

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 operating profit level, the second and third quarter are strongest, whereas the impact of the first quarter on the full year profit is smallest. The acquisitions of Suomen Lähikauppa and Onninen increase the seasonal fluctuations between the quarters. The operating profit levels of Onninen and Suomen Lähikauppa are lowest for the first quarter.

GROCERY TRADE

	1-9/2016	1-9/2015	7-9/2016	7-9/2015
Net sales, € million	3,814	3,424	1,367	1,171
Operating profit, comparable, € million	124.0	123.0	49.2	44.8
Operating margin, comparable, %	3.3	3.6	3.6	3.8
Capital expenditure, € million	188.4	99.0	49.1	28.2

Net sales, € million	1-9/2016	Change, %	7-9/2016	Change, %
Sales to K-food stores	2,336	0.0	786	-0.8
K-citymarket, non-food	403	-0.5	141	+1.4
Suomen Lähikauppa	387	-	202	-
Kespro	601	+2.2	211	+2.2
K-ruoka, Russia	82	+9.9	28	+12.8
Others	4	-81.2	-1	(..)
Total	**3,814**	**+11.4**	**1,367**	**+16.7**

(..) Change over 100%

JANUARY-SEPTEMBER 2016

The net sales of the grocery trade for January-September were €3,814 million (€3,424 million), representing a growth of 11.4%. Suomen Lähikauppa excluded, net sales in local currencies increased by 0.5%. In January-September, the grocery sales of K-food stores in Finland increased by 0.1% (VAT 0%) (excluding Suomen Lähikauppa) and Suomen Lähikauppa included, by 11.0%. In the grocery market in Finland, retail prices are estimated to have changed by approximately -0.8% compared to the previous year (VAT 0%; Kesko's own estimate based on the Consumer Price Index of Statistics Finland) and the total market (VAT 0%) is estimated to have increased by approximately 1.2% in January-September (Kesko's own estimate). The sales in roubles of the food stores in Russia increased by 26.6%.

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

In January-September, the comparable operating profit of the grocery trade was €124.0 million (€123.0 million). Owing to the enhancement actions taken, profitability was good in the grocery trade. The real estate arrangement completed in June 2015 had a €-5.5 million impact on the comparable operating profit. The operating profit of the grocery trade was €119.1 million (€195.9 million). The items affecting comparability were €5.0 million (€72.9 million) the most important of which is related to the conversion of the Siwa and Valintatalo stores into K-Market stores. Suomen Lähikauppa contributed €-1.8 million to the comparable operating profit and €-7.0 million to the operating profit for January-September.

The capital expenditure of the grocery trade in January-September was €188.4 million (€99.0 million), of which €115.6 million (€90.3 million) was in store sites and €54.1 million in acquisitions.

JULY-SEPTEMBER 2016

The net sales of the grocery trade for July-September were €1,367 million (€1,171 million), representing a growth of 16.7%. Suomen Lähikauppa excluded, net sales in local currencies decreased by 0.5%. In July-September, the grocery sales of K-food stores in Finland increased by 0.7% (VAT 0%) (excluding Suomen Lähikauppa) and Suomen Lähikauppa included, sales increased by 17.3%. In the grocery market in Finland, retail prices are estimated to have changed by approximately -0.5% compared to the previous year. The sales in roubles of the food stores in Russia increased by 16.0%.

In July-September, the comparable operating profit of the grocery trade was €49.2 million (€44.8 million). The comparable operating profit strengthened due to synergies and the enhancement actions taken. The operating profit was €44.8 million (€45.0 million). The items affecting comparability were €-4.4 million (€0.2 million). The most significant item affecting comparability is the €3.9 million of costs related to the conversion of Suomen Lähikauppa's stores. Suomen Lähikauppa contributed €-0.7million to the comparable operating profit for July-September and €-4.6 million to the operating profit.

The capital expenditure of the grocery trade in July-September was €49.1 million (€28.2 million), of which €45.4 million (€26.0 million) was in store sites.

In July-September, one new K-Market in Finland and two food stores in Russia were opened. Renewals and extensions were made in a total of 139 stores, of which 102 were conversions of Siwa and Valintatalo stores into K-Markets.

The most significant project under construction is the shopping centre i3 in Itäkeskus, Helsinki. A K-citymarket is being built in Sastamala and a new K-supermarket is being built in Tampere, in Niittykumpu, Espoonlahti and Suurpelto in Espoo, in Lappeenranta, Porvoo, Ilmajoki, Kemiönsaari and in Lauttasaari, Kalasatama and Pasila, Helsinki.

Number of stores at 30.9.	2016	2015
K-citymarket	80	81
K-supermarket	226	220
K-Market**	531	394
Neste K	67	65
Valintatalo and Siwa**	435	-
K-ruoka, Russia	11	8
Others*	94	136

* Including online stores
** The total number of Suomen Lähikauppa's stores was 583
In addition, several K-food stores offer e-commerce services to their customers.

BUILDING AND TECHNICAL TRADE

	1-9/2016	1-9/2015	7-9/2016	7-9/2015
Net sales, € million	2,979	2,514	1,238	857
Operating profit, comparable, € million	83.5	56.1	45.3	35.8
Operating margin, %, comparable	2.8	2.2	3.7	4.2
Capital expenditure, € million	428.0	26.5	15.1	8.0

Net sales, € million	1-9/2016	Change, %	7-9/2016	Change, %
Building and home improvement trade, Finland	650	+4.1	214	+4.1
Indoor	138	+3.7	51	+10.2
K-rauta, Sweden	173	+7.2	61	+6.5
Byggmakker, Norway	313	-3.8	107	-2.6
Kesko Senukai, the Baltics	358	+5.3	138	+5.8
K-rauta, Russia	129	-12.0	51	-2.4
OMA, Belarus	75	-13.8	29	-13.7
Onninen	512	-	376	-
Intersport, Finland	131	+1.7	47	+3.3
Agricultural and machinery trade	485	+0.6	161	-1.8
Others	26	-71.9	7	-51.9
Total	**2,979**	**+18.5**	**1,238**	**+44.4**

JANUARY-SEPTEMBER 2016

The net sales of the building and technical trade for January-September were €2,979 million (€2,514 million), up 18.5%. Net sales in local currencies, excluding acquisitions, increased by 3.0%.

In January-September, the net sales of the building and technical trade in Finland were €1,562 million (€1,343 million), up 16.4%. Acquisitions and disposals excluded, net sales in Finland grew by 0.5%. In January-September, the net sales from foreign operations were €1,417 million (€1,171 million), up 21.0%. In local currencies, excluding acquisitions and disposals, the net sales from foreign operations increased by 5.7%. Foreign operations contributed 47.6% (46.6%) to the net sales of the building and technical trade.

The acquisition of Onninen was completed in 1 June 2016. Onninen's net sales in June-September were €512 million. The acquisition accelerates the implementation of the international growth strategy of Kesko's building and technical trade and provides significant synergy potential.

In January-September, the net sales of the building and home improvement trade were €1,828 million (€1,812 million), an increase of 0.9%. In local currencies, net sales were up by 4.4 %. In respective local currencies, net sales grew in Sweden by 7.2%, in Norway by 2.4% and in Russia by 1.3%. In the building and home improvement trade, growth strengthened especially in the B2B trade. The market share of the K-Group's building and home improvement trade is estimated to have strengthened especially in Finland, Sweden and Norway. The K-Group's sales of building and home improvement products in Finland increased by a total of 5.2% and the total market (VAT 0%) is estimated to have grown by approximately 2.6% (Kesko's own estimate).

The net sales of the agricultural and machinery trade for January-September were €485 million (€482 million), up 0.6% compared to the previous year. Net sales in Finland were €372 million, down 3.8%. The net sales from foreign operations were €113 million, up 18.4%. The retail sales of the K-maatalous chain in Finland were €320 million, down 1.3%.

The net sales of the leisure trade were €153 million (€154 million), a decrease of 0.6%.

In January-September, the comparable operating profit of the building and technical trade was €83.5 million (€56.1 million), up €27.4 million compared to the previous year. The profit for the comparative period includes a €12.7 million operating loss from Anttila divested in March 2015. Profitability was improved by the acquisition of Onninen and the good profit performance of foreign operations. Onninen's contribution to the operating profit for January-September was €11.0 million, adversely impacted by the fair value allocations of inventories written off in the amount of €3.4 million.

The operating profit of the building and technical trade was €72.5 million (€-46.4 million). The most significant items in the previous year affecting comparability include a €130 million loss on the divestment of Anttila and €28 million in gains on the disposal of real estate.

In January-September, the capital expenditure of the building and technical trade totalled €428.0 million (€26.5 million), of which €376.9 million were in acquisitions and €42.1 million (€16.6 million) in store sites. The acquisitions include €364.1 million for the acquisition of Onninen and €10.0 million for increasing the ownership interest in the Belarusian OMA.

JULY-SEPTEMBER 2016

The net sales of the building and technical trade for July-September were €1,238 million (€857 million), up 44.4%. Net sales in local currencies, excluding acquisitions, increased by 2.0%.

In July-September, the net sales of the building and technical trade in Finland were €622 million (€421 million), up 47.5%. Acquisitions excluded, net sales in Finland grew by 0.4%. In July-September, the net sales from foreign operations were €616 million (€436 million), up 41.3%. In local currencies, excluding acquisitions, the net sales from foreign operations increased by 3.6%. Foreign operations contributed 49.8% (50.9%) to net sales. In the building and technical trade, market share continued to strengthen.

In July-September, the net sales of the building and home improvement trade were €649 million (€634 million), up 2.4%. In local currencies, net sales grew by 4.2%. In respective local currencies, net sales grew in Sweden by 7.4% and in Russia by 2.1%. In Norway, net sales decreased by 0.9% in local currencies. The K-Group's sales of building and home improvement products in Finland increased by a total of 4.6% and the total market (VAT 0%) is estimated to have grown by approximately 3.1% (Kesko's own estimate).

Onninen's net sales in July-September 2016 were €376 million.

The net sales of the agricultural and machinery trade for July-September were €161 million (€164 million), down 1.8% compared to the previous year. Net sales in Finland were €109 million, down 7.0%. The net sales from foreign operations were €53 million, up 11.0%. The retail sales of the K-maatalous chain were down by 0.2%.

The net sales of the leisure trade were €54 million (€56 million), a decrease of 2.8%. The decline is attributable to the disposal of the Intersport business operations in Russia in July 2016.

In July-September, the comparable operating profit of the building and technical trade was €45.3 million (€35.8 million), up €9.5 million compared to the previous year. The operating profit was increased by the acquisition of Onninen, the profit improvement of the building and home improvement trade operations in Sweden, the disposal of the Intersport business operations in Russia and the good profit performance of the furniture trade and the agricultural and machinery trade. Onninen's operating profit in July-September 2016 was €8.8 million, adversely impacted by the fair value allocations of inventories written off in the amount of €2.6 million.

The operating profit of the building and technical trade was €37.9 million (€36.8 million). Items affecting comparability were €-7.4 million (€1.0 million).

In July-September, the capital expenditure of the building and technical trade totalled €15.1 million (€8.0 million), of which €12.4 million (€5.1 million) were in store sites.

In July-September 2016, a building and home improvement store was opened in St. Petersburg and two The Athlete's Foot stores in Finland.

The most significant store sites under construction are a K-rauta store in Savonlinna, a K-rauta store in St. Petersburg and a building and home improvement store in Belarus.

Number of stores at 30.9.	2016	2015
K-rauta	46	44
Rautia*	95	93
K-maatalous*	80	80
K-rauta, Sweden	20	20
Byggmakker, Norway	86	89
K-rauta, Estonia	8	8
K-rauta, Latvia	8	8
Senukai, Lithuania	22	19
K-rauta, Russia	13	13
OMA, Belarus	13	12
Onninen	149	-
Intersport, Finland**	60	61
Budget Sport**	11	11
Asko and Sotka**	88	88
Kookenkä**	38	38
Intersport, Russia	-	17
Asko and Sotka, the Baltics**	12	10
Konekesko	1	1

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

CAR TRADE

	1-9/2016	1-9/2015	7-9/2016	7-9/2015
Net sales, € million	628	571	190	170
Operating profit, comparable, € million	22.0	22.3	6.8	6.0
Operating margin, comparable, %	3.5	3.9	3.6	3.5
Capital expenditure, € million	11.2	11.3	3.1	4.7

Net sales, € million	1-9/2016	Change, %	7-9/2016	Change, %
VV-Auto	628	+10.0	190	+11.2

JANUARY-SEPTEMBER 2016

The net sales of the car trade for January-September were €628 million (€571 million), up 10.0%. In January-September, the combined market performance of first registrations of passenger cars and vans was 12.4% (0.0%). The combined market share of passenger cars and vans imported by VV-Auto in January-September was 18.2% (19.4%).

The profitability of the car trade remained at a good level. The comparable operating profit for January-September was €22.0 million (€22.3 million). The operating profit for January-September was €22.0 million (€22.3 million).

The capital expenditure of the car trade in January-September was €11.2 million (€11.3 million).

JULY-SEPTEMBER 2016

The net sales of the car trade for July-September were €190 million (€170 million), up 11.2%. The combined market share of passenger cars and vans imported by VV-Auto in July-September was 17.2% (18.0%).

The profitability of the car trade remained at a good level. The comparable operating profit for July-September was €6.8 million (€6.0 million). The operating profit for July-September was €6.8 million (€6.0 million). VV-Auto's order books continued to strengthen markedly from the previous year.

The capital expenditure of the car trade in July-September was €3.1 million (€4.7 million).

Number of stores at 30.9.	2016	2015
VV-Auto, retail trade	10	9

CHANGES IN THE GROUP COMPOSITION

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

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

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

In July, Kesko Corporation disposed of the Intersport business operations in Russia.

In June, the Group's ownership interest in the Group's Belarusian subsidiary OMA increased to 25% (previously 9%).

In September, Kesko acquired the Russian project business operations from Onvest Oy.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of September 2016, the total number of Kesko Corporation shares was 100,019,752, of which 31,737,007, or 31.7%, were A shares and 68,282,745, or 68.3%, were B shares. At 30 September 2016, Kesko Corporation held 742,272 own B shares as treasury shares. These treasury shares accounted for 1.09% of the number of B shares, 0.74% of the total number of shares, and 0.19% of votes attached to all shares of the Company. The total number of votes attached to all shares was 385,652,815. Each A share carries ten (10) votes and each B share one (1) vote. The Company cannot vote with own shares held by it as treasury shares and no dividend is paid on them. At the end of September 2016, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €31.12 at the end of 2015, and €38.56 at the end of September 2016, representing an increase of 23.9%. Correspondingly, the price of a B share was €32.37 at the end of 2015, and €41.00 at the end of September 2016, representing an increase of 26.7%. In January-September, the highest A share price was €39.70 and the lowest was €28.98. The highest B share price was €42.65 and the lowest was €29.56. In January-September, the Nasdaq Helsinki All-Share index (OMX Helsinki) was up by 0.3% and the weighted OMX Helsinki Cap index by 4.0%. The Retail Sector Index was up by 26.8%.

At the end of September 2016, the market capitalisation of A shares was €1,224 million, while that of B shares was €2,769 million, excluding the shares held by the parent company. The combined market capitalisation of A and B shares was €3,993 million, an increase of €823 million from the end of 2015. In January-September 2016, a total of 1.3 million (1.8 million) A shares were traded on Nasdaq Helsinki, a decrease of 29.9%. The exchange value of

A shares was €46 million. The number of B shares traded was 39.1 million (43.7 million), a decrease of 10.5%. The exchange value of B shares was €1,448 million. Nasdaq Helsinki accounted for 53% of the Kesko A and B share trading in January-September 2016. Kesko shares were also traded on multilateral trading facilities, the most significant of which were BATS Chi-X with 27% and Turquoise with 19% of the trading (source: Fidessa).

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

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

The Annual General Meeting held on 4 April 2016 also approved the Board's proposal for its authorisation to decide on the acquisition of a maximum of 1,000,000 own B shares of the Company (the 2016 authorisation to acquire own shares). B shares are acquired with the Company's distributable unrestricted equity, not in proportion to the shareholdings of shareholders, at the market price quoted in public trading organised by Nasdaq Helsinki Ltd ("the exchange") at the date of acquisition. The shares are acquired and paid in accordance with the rules of the exchange. The acquisition of own shares reduces the amount of the Company's distributable unrestricted equity. B shares are acquired for use in the development of the Company's capital structure, to finance possible acquisitions, capital expenditure and/or other arrangements within the scope of the Company's business operations, and to implement the Company's commitment and incentive scheme. The Board makes decisions concerning any other issues related to the acquisition of own B shares. The authorisation is valid until 30 September 2017.

In addition, the Board has a share issue authorisation according to which the Board is authorised to issue a maximum of 20,000,000 new B shares (the 2015 share issue authorisation). The authorisation is valid until 30 June 2018. The shares can be issued against payment to be subscribed by shareholders in a directed issue in proportion to their existing holdings of the Company shares regardless of whether they hold A or B shares, or, departing from the shareholder's pre-emptive right, in a directed issue, if there is a weighty financial reason for the Company, such as using the shares to develop the Company's capital structure and financing possible acquisitions, capital expenditure or other arrangements within the scope of the Company's business operations. The amount paid for the shares is recognised in the reserve of invested non-restricted equity. The authorisation also includes the Board's authority to decide on the share subscription price, the right to issue shares for non-cash consideration and the right to make decisions on other matters concerning share issues.

At the end of September 2016, the number of shareholders was 39,516, which is 13 less than at the end of 2015. At the end of September, foreign ownership of all shares was 31%. Foreign ownership of B shares was 45% at the end of September.

FLAGGING NOTIFICATIONS

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

KEY EVENTS DURING THE REPORTING PERIOD

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

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

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

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

Johan Friman, 51, Master of Science (Economics), has been appointed Senior Vice President responsible for Kesko's car trade and President of VV-Auto Group Oy. He will also become a member of Kesko's Group Management Board. Johan Friman will take over his new position on 1 January 2017 and Pekka Lahti, the current Senior Vice President for the car trade division, will retire on a pension in accordance with his service contract on 1 April 2017. (Stock exchange release on 21 September 2016)

EVENTS AFTER THE REPORTING PERIOD

On 26 October 2016, Kesko Food Russia Holding Oy signed an agreement to dispose of its grocery trade business in Russia to Lenta Ltd. Lenta is the largest hypermarket chain in Russia in terms of selling space and the country’s fifth largest retail chain in terms of 2015 sales. The aggregate consideration for the disposal is approximately RUB 11 billion (approximately €158 million). The disposal includes 11 food stores operating in the St. Petersburg and Leningradskiy regions, three land plots in the Moscow and Leningradskiy regions, as well as administrative and support functions. The growth of grocery trade in Russia would have required significant capital expenditures. The disposal is yet subject to the approval of the Russian competition authority, The Federal Antimonopoly Service of the Russian Federation, FAS, and the fulfilment of the other terms and conditions of the disposal. The disposal is estimated to be completed on November 30, 2016. (Stock exchange release on 26 October 2016)

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

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

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

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

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

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

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

RESPONSIBILITY

Kesko has completed a human rights impact assessment in compliance with UN's Guiding Principles on Business and Human Rights and published a human rights commitment on its web pages in September.

In January-September, Pirkka 'Thank the Producer' products sold at K-food stores generated a support amount of approximately €170,000 to be remitted to Finnish producers. The aim is to add more products to the product group, provided that their good sales performance continues.

In September, K-food stores and Kesko joined the Consumer Association's Food Waste Week Campaign to promote the reduction of food wastage and increase the appreciation of food.

In September-October, K-food stores took part in the Pink Ribbon campaign raising funds for Finnish breast cancer research and cancer counselling. The aim is to increase tenfold the amounts donated by K-food stores to the Pink Ribbon campaign.

K-rauta is a partner in the Liiteri tool rental service trial targeted at urban home renovators, which was launched in September at Teurastamo, Helsinki.

RISK MANAGEMENT

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

The most significant near-future risks in Kesko's business operations are associated with the general development of the economy and consumer behaviour in Finland and the weakening of the Russian economy and operating conditions, as well as their impact on Kesko's sales and profit. There are risks involved in the integration of the business operations of Suomen Lähikauppa, Onninen and Kesko Senukai that, if realised, may slow the achievement of the financial objectives set. In other respects, no material change is estimated to have taken place during 2016 in the risks described in Kesko’s Report by the Board of Directors and the financial statements for 2015 and the risks described on Kesko's website. The risks and uncertainties related to economic development are described in the outlook section of this release.

OUTLOOK

Estimates for the outlook of Kesko Group's net sales and comparable operating profit are given for the 12-month period following the reporting period (10/2016-9/2017) in comparison with the 12 months preceding the end of the reporting period (10/2015-9/2016).

The general economic situation and the expected trend in consumer demand vary in Kesko’s different operating countries. In Finland, owing to the weak trend in consumers’ purchasing power, the trading sector’s growth is expected to remain slow. In the Finnish grocery trade, intense competition is expected to continue. The market for the Finnish building and technical trade is expected to improve slightly. In Sweden and Norway, the market is expected to grow but at a somewhat slower rate. The trend in the Russian market is expected to remain modest. In the Baltic countries, the market is expected to grow.

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

Helsinki, 25 October 2016
Kesko Corporation
Board of Directors

The information in the interim report is unaudited.

Further information is available from Jukka Erlund, Senior Vice President, Chief Financial Officer, telephone +358 105 322 113, and Eva Kaukinen, Vice President, Group Controller, telephone +358 105 322 338. A Finnish-language webcast of the interim report briefing can be viewed at 11.00 at www.kesko.fi. An English-language audio conference on the interim report will be held today at 14.30 (Finnish time). The audio conference login is available on Kesko's website at www.kesko.fi.

Kesko Corporation's financial statements release for 2016 will be published on 2 February 2017. In addition, Kesko Group's sales figures are published each month. News releases and other Company information are available on Kesko's website at www.kesko.fi.

KESKO CORPORATION

ATTACHMENTS: TABLES SECTION
Accounting policies
Consolidated statement of comprehensive income
Consolidated statement of financial position
Consolidated statement of changes in equity

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

TABLES SECTION

Accounting policies

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

Consolidated income statement (€ million), condensed

	1-9/ 2016	1-9/ 2015	Change, %	7-9/ 2016	7-9/ 2015	Change, %	1-12/ 2015
Net sales	7,415	6,513	13.9	2,792	2,203	26.7	8,679
Cost of goods sold	-6,372	-5,665	12.5	-2,382	-1,917	24.2	-7,540
Gross profit	**1,043**	**847**	**23.1**	**409**	**285**	**43.5**	**1,139**
Other operating income	525	622	-15.6	177	174	1.9	800
Employee benefit expense	-508	-407	24.7	-192	-125	52.9	-545
Depreciation and impairment charges	-105	-97	8.5	-39	-29	32.4	-137
Other operating expenses	-768	-811	-5.3	-270	-221	22.1	-1,063
Operating profit	**187**	**155**	**20.4**	**85**	**83**	**2.8**	**195**
Interest income and other finance income	10	7	39.7	3	3	19.5	10
Interest expense and other finance costs	-7	-12	-37.9	-3	-5	-30.5	-14
Exchange differences	1	-3	(..)	-1	-2	-29.2	-3
Share of results of equity accounted investments	-2	0	(..)	0	-1	(..)	1

Profit before tax	**189**	**147**	**28.1**	**85**	**79**	**7.6**	**188**
Income tax	-38	-57	-33.5	-16	-30	-46.1	-71
Net profit for the period	**151**	**91**	**66.6**	**68**	**48**	**41.2**	**117**
Attributable to							
Owners of the parent	138	80	73.1	63	43	46.9	102
Non-controlling interests	12	11	17.6	6	6	-1.3	16
Earnings per share for profit attributable to equity holders of the parent, €							
Basic and diluted	1.40	0.81	72.9	0.63	0.43	46.7	1.03

Consolidated statement of comprehensive income (€ million)

	1-9/ 2016	**1-9/ 2015**	**Change,%**	**7-9/ 2016**	**7-9/ 2015**	**Change,%**	**1-12/ 2015**
Net profit for the period	151	91	66.6	68	48	41.2	117
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains/losses	-6	1	(..)	-14	-13	8.5	23
Items that may be reclassified subsequently to profit or loss							
Exchange differences on translating foreign operations	4	-13	(..)	2	-16	(..)	-17
Cash flow hedge revaluation	2	-1	(..)	1	-1	(..)	0
Revaluation of available-for-sale financial assets	1	1	-49.8	0	0	(..)	1
Other items	0	0	-1.0	0	0	-	0
Total other comprehensive income for the period, net of tax	1	-12	(..)	-10	-29	-64.7	6
Total comprehensive income for the period	**151**	**79**	**92.4**	**58**	**19**	**(..)**	**124**
Attributable to							
Owners of the parent	140	78	78.9	52	19	(..)	119
Non-controlling interests	11	0	(..)	6	0	(..)	5

(..) Change over 100%

Consolidated statement of financial position (€ million), condensed

	30.9.2016	30.9.2015	Change, %	31.12.2015
ASSETS				
Non-current assets				
Tangible assets	1,388	1,257	10.4	1,282
Intangible assets	418	174	(..)	168
Equity accounted investments and other financial assets	121	114	5.9	115
Loans and receivables	64	72	-11.3	67
Pension assets	172	149	15.6	176
Total	2,162	1,766	22.4	1,808
Current assets				
Inventories	1,011	709	42.6	735
Trade receivables	926	620	49.4	582
Other receivables	194	133	45.8	127
Financial assets at fair value through profit or loss	46	421	-89.0	374
Available-for-sale financial assets	77	351	-78.0	372
Cash and cash equivalents	122	86	42.3	141
Total	2,375	2,319	2.4	2,331
Non-current assets held for sale	0	0	-	0
Total assets	**4,538**	**4,086**	**11.1**	**4,139**

	30.9.2016	30.9.2015	Change, %	31.12.2015
EQUITY AND LIABILITIES				
Equity	2,069	2,122	-2.5	2,163
Non-controlling interest	92	76	21.0	79
Total equity	2,161	2,199	-1.7	2,242
Non-current liabilities				
Interest-bearing liabilities	359	263	36.2	258
Non-interest-bearing liabilities	37	36	4.4	42
Deferred tax liabilities	56	62	-9.3	71
Pension obligations	1	1	-32.9	1
Provisions	14	16	-13.0	16
Total	467	378	23.4	388
Current liabilities				
Interest-bearing liabilities	186	201	-7.4	181
Trade payables	1,197	842	42.1	795
Other non-interest-bearing liabilities	485	433	12.1	495
Provisions	42	33	28.9	38
Total	1,910	1,509	26.6	1,509
Total equity and liabilities	**4,538**	**4,086**	**11.1**	**4,139**

(..) Change over 100%

Consolidated statement of changes in equity (€ million)

	Share capital	Reserves	Currency translation differ-ences	Revalu-ation reserve	Treasury shares	Retained earnings	Non-control-ling interests	Total
Balance at 1.1.2015	197	463	-38	-1	-31	1,594	82	2,265
Share-based payments					4		0	4
Dividends						-149	-6	-155
Other changes		0	0			5	0	5
Net profit for the period						80	11	91
Other comprehensive income								
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						2		2
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations		0	-3			0	-10	-13
Cash flow hedge revaluation				-1				-1
Revaluation of available-for-sale financial assets				1				1
Others						0		0
Tax related to comprehensive income				0		0		0
Total other comprehensive income		0	-3	0		1	-10	-12
Balance at 30.9.2015	197	463	-41	-1	-28	1,531	76	2,199
Balance at 1.1.2016	197	463	-45	0	-27	1,575	79	2,242
Share-based payments					4			4
Increase in share capital							13	13
Acquisition of subsidiary and minority interest	0	0				0	-9	-9
Disposal of subsidiary			17			-17		0
Dividends						-248	-1	-250
Other changes						9		9
Net profit for the period						138	12	151
Other comprehensive income								
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						-7		-7
Items that may be reclassified subsequently to profit or loss								

Exchange differences on translating foreign operations		0	5				-1	4
Cash flow hedge revaluation				2				2
Revaluation of available-for-sale financial assets				1				1
Others						0		0
Tax related to comprehensive income				-1		1		1
Total other comprehensive income		0	5	2		-6	-1	1
Balance at 30.9.2016	**197**	**463**	**-23**	**3**	**-23**	**1,451**	**92**	**2,161**

Consolidated statement of cash flows (€ million), condensed

	1-9/ 2016	1-9/ 2015	Change,%	7-9/ 2016	7-9/ 2015	Change,%	1-12/ 2015
Cash flows from operating activities							
Profit before tax	189	147	28.1	85	79	7.6	188
Depreciations according to plan	96	97	-0.4	36	29	23.5	128
Finance income and costs	-3	8	(..)	1	4	-70.0	7
Other adjustments	8	22	-63.1	4	-1	(..)	40
Change in working capital							
Current non-interest-bearing receivables, increase (-)/decrease (+)	-128	-49	(..)	71	70	0.4	-2
Inventories, increase (-)/decrease (+)	-12	-13	-8.1	7	18	-60.1	-44
Current non-interest-bearing liabilities, increase (+)/decrease(-)	-15	-24	-39.2	-96	-93	2.9	7
Financial items and tax	-73	-35	(..)	-28	-20	36.6	-48
Net cash from operating activities	**62**	**153**	**-59.3**	**80**	**86**	**-6.3**	**276**
Cash flows from investing activities							
Investing activities	-607	-150	(..)	-77	-41	88.5	-215
Sales of fixed assets	33	439	-92.5	29	-5	(..)	432
Increase in non-current receivables	-2	-1	(..)	1	0	(..)	-1
Net cash used in investing activities	**-577**	**288**	**(..)**	**-48**	**-46**	**3.0**	**217**
Cash flows from financing activities							
Interest-bearing liabilities, increase (+)/decrease (-)	100	-36	(..)	-113	-18	(..)	-61
Current interest-bearing receivables, increase (-)/decrease (+)	1	-1	(..)	0	0	(..)	2
Dividends paid	-250	-155	61.4	0	-6	(..)	-156
Equity increase	13	-	-	0	-	-	-
Short-term money market investments, increase (-)/decrease (+)	457	-321	(..)	51	-26	(..)	-269
Other items	5	14	-64.2	-1	5	(..)	19
Net cash used in financing activities	**326**	**-498**	**(..)**	**-64**	**-45**	**43.5**	**-466**

Change in cash and cash equivalents	**-188**	**-57**	**(..)**	**-32**	**-5**	**(..)**	**28**
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	334	313	6.6	178	262	-32.0	313
Currency translation difference adjustment and revaluation	1	-2	(..)	0	-3	(..)	-7
Cash and cash equivalents and current portion of available-for-sale financial assets at 30 Sep.	147	254	-42.0	147	254	-42.0	334

(..) Change over 100%

Group's performance indicators

	1-9/2016	1-9/2015	Change, pp	1-12/2015
Return on capital employed, %	11.2	9.7	1.5	9.3
Return on capital employed, %, rolling 12 mo	10.5	8.6	1.9	9.3
Return on capital employed, comparable, %	12.5	11.6	1.0	11.7
Return on capital employed, comparable, %, rolling 12 mo	12.5	11.3	1.2	11.7
Return on equity, %	9.1	5.4	3.7	5.2
Return on equity, %, rolling 12 mo	8.2	5.0	3.2	5.2
Return on equity, comparable, %	10.3	8.0	2.3	8.2
Return on equity, comparable, %, rolling 12 mo	10.1	8.0	2.1	8.2
Equity ratio, %	47.9	54.2	-6.3	54.7
Gearing, %	13.9	-17.9	31.8	-20.0
Interest-bearing net debt/EBITDA, rolling 12 mo	0.8	-1.1	1.9	-1.4
			Change, %	
Capital expenditure, € million	637.7	151.6	(..)	218.5
Capital expenditure, % of net sales	8.6	2.3	(..)	2.5
Earnings per share, basic, €	1.40	0.81	72.9	1.03
Earnings per share, diluted, €	1.40	0.81	72.9	1.03
Earnings per share, comparable, basic, €	1.59	1.24	27.9	1.70
Cash flows from operating activities, € million	62	153	-59.3	276
Cash flows from investing activities, € million	-577	288	(..)	217
Equity per share, €	20.84	21.41	-2.7	21.82
Interest-bearing net debt, € million	299	-394	(..)	-448
Diluted number of shares, average for the reporting period, 1,000 pcs	99,240	99,104	0.1	99,114
Personnel, average	21,940	19,075	15.0	18,955

(..) Change over 100%

Group's performance indicators by quarter	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016	4-6/ 2016	7-9/ 2016
Net sales, € million	2,082	2,227	2,203	2,166	2,013	2,610	2,792
Change in net sales, %	-2.2	-6.0	-4.4	-4.4	-3.3	17.2	26.7
Operating profit, € million	-103.6	175.8	83.1	39.3	33.5	68.0	85.5
Operating margin, %	-5.0	7.9	3.8	1.8	1.7	2.6	3.1
Operating profit, comparable, € million	26.5	76.4	82.5	59.1	32.3	79.1	98.2
Operating margin, comparable, %	1.3	3.4	3.7	2.7	1.6	3.0	3.5
Finance income/costs, € million	-0.3	-4.2	-3.5	0.9	2.7	1.7	-1.1
Profit before tax, € million	-103.7	172.1	78.8	40.7	35.7	68.1	84.8
Profit before tax, %	-5.0	7.7	3.6	1.9	1.8	2.6	3.0
Return on capital employed, %	-18.1	31.9	17.6	8.2	6.7	12.3	13.6
Return on capital employed, comparable, %	4.6	13.9	17.5	12.4	6.5	14.3	15.6
Return on equity, %	-19.9	28.0	8.9	4.8	5.1	9.8	12.8
Return on equity, comparable, %	3.1	10.6	10.6	9.2	4.8	11.7	14.7
Equity ratio, %	51.5	52.2	54.2	54.7	54.8	44.8	47.9
Capital expenditure, € million	51.5	58.6	41.5	66.9	51.4	512.7	73.6
Earnings per share, diluted, €	-1.11	1.48	0.43	0.22	0.28	0.49	0.63
Equity per share, €	21.30	21.21	21.41	21.82	22.13	20.31	20.84

Segment information

Net sales by segment (€ million)	**1-9/ 2016**	**1-9/ 2015**	**Change,%**	**7-9/ 2016**	**7-9/ 2015**	**Change,%**	**1-12/ 2015**
Grocery trade, Finland	3,732	3,349	11.4	1,339	1,146	16.8	4,566
Grocery trade, other countries*	82	75	9.9	28	25	12.8	107
Grocery trade, total	**3,814**	**3,424**	**11.4**	**1,367**	**1,171**	**16.7**	**4,673**
- of which intersegment trade	8	13	-35.1	2	3	-17.6	15
Building and technical trade, Finland	1,562	1,343	16.4	622	421	47.5	1,719
Building and technical trade, other countries*	1,417	1,171	21.0	616	436	41.3	1,530
Building and technical trade total	**2,979**	**2,514**	**18.5**	**1,238**	**857**	**44.4**	**3,250**
- of which intersegment trade	10	1	(..)	4	0	(..)	1
Car trade, Finland	628	571	10.0	190	170	11.2	748
Car trade total	**628**	**571**	**10.0**	**190**	**170**	**11.2**	**748**
- of which intersegment trade	0	0	-72.6	0	0	-65.7	0
Common functions and eliminations	-5	5	(..)	-3	4	(..)	8
Finland total	**5,916**	**5,267**	**12.3**	**2,147**	**1,742**	**23.3**	**7,042**
Other countries total*	**1,499**	**1,246**	**20.3**	**644**	**461**	**39.8**	**1,637**
Group total	**7,415**	**6,513**	**13.9**	**2,792**	**2,203**	**26.7**	**8,679**

(..) Change over 100%

* Net sales in countries other than Finland

Operating profit by segment (€ million)	1-9/ 2016	1-9/ 2015	Change	7-9/ 2016	7-9/ 2015	Change	1-12/ 2015
Grocery trade	119.1	195.9	-76.9	44.8	45.0	-0.2	249.4
Building and technical trade	72.5	-46.4	118.9	37.9	36.8	1.1	-57.2
Car trade	22.0	22.3	-0.3	6.8	6.0	0.8	26.1
Common functions and eliminations	-26.5	-16.6	-9.9	-4.0	-4.6	0.7	-23.7
Group total	**187.0**	**155.3**	**31.7**	**85.5**	**83.1**	**2.3**	**194.6**

Operating profit by segment, comparable (€ million)	1-9/ 2016	1-9/ 2015	Change	7-9/ 2016	7-9/ 2015	Change	1-12/ 2015
Grocery trade	124.0	123.0	1.0	49.2	44.8	4.4	177.5
Building and technical trade	83.5	56.1	27.4	45.3	35.8	9.5	63.6
Car trade	22.0	22.3	-0.3	6.8	6.0	0.8	26.1
Common functions and eliminations	-19.9	-16.0	-3.9	-3.1	-4.1	1.0	-22.7
Group total	**209.6**	**185.3**	**24.2**	**98.2**	**82.5**	**15.7**	**244.5**

Operating margin by segment, comparable (%)	1-9/ 2016	1-9/ 2015	Change, pp	7-9/ 2016	7-9/ 2015	Change, pp	1-12/ 2015	Rolling 12 mo 9/2016
Grocery trade	3.3	3.6	-0.3	3.6	3.8	-0.2	3.8	3.5
Building and technical trade	2.8	2.2	0.6	3.7	4.2	-0.5	2.0	2.4
Car trade	3.5	3.9	-0.4	3.6	3.5	0.0	3.5	3.2
Group total	**2.8**	**2.8**	**0.0**	**3.5**	**3.7**	**-0.2**	**2.8**	**2.8**

Capital employed by segment, cumulative average (€ million)	1-9/ 2016	1-9/ 2015	Change	7-9/ 2016	7-9/ 2015	Change	1-12/ 2015	Rolling 12 mo 9/2016
Grocery trade	840	913	-73	875	739	137	871	816
Building and technical trade	950	843	107	1,188	747	440	823	907
Car trade	119	97	22	120	98	22	104	117
Common functions and eliminations	320	281	39	340	305	35	285	316
Group total	**2,229**	**2,135**	**95**	**2,523**	**1,889**	**634**	**2,083**	**2,156**

Return on capital employed by segment, comparable (%)	1-9/ 2016	1-9/ 2015	Change, pp	7-9/ 2016	7-9/ 2015	Change, pp	1-12/ 2015	Rolling 12 mo 9/2016
Grocery trade	19.7	18.0	1.7	22.5	24.2	-1.8	20.4	21.9
Building and technical trade	11.7	8.9	2.9	15.2	19.1	-3.9	7.7	10.0
Car trade	24.6	30.6	-5.9	22.7	24.7	-2.0	25.2	22.0
Group total	**12.5**	**11.6**	**1.0**	**15.6**	**17.5**	**-1.9**	**11.7**	**12.5**

Items affecting comparability

€ million	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016	4-6/ 2016	7-9/ 2016
Items affecting comparability							
Gains on disposal	0.3	99.6	1.2	0.1	1.3	5.9	0.8
Losses on disposal	-130.6	-1.0	-0.2	-	-	-0.3	-0.1
Impairment charges	-	-	-	-	-	-7.9	-3.1
Structural arrangements	-	-	-	-19.3	0.0	-9.1	-4.6
Others	0.2	0.9	-0.4	-0.7	-	0.3	-5.7
Items in operating profit affecting comparability	-130.1	99.4	0.7	-19.9	1.3	-11.1	-12.7
Items in income taxes affecting comparability	2.1	-4.5	-10.4	-4.6	0.1	0.8	2.7
Total items affecting comparability	**-128.0**	**95.0**	**-9.7**	**-24.5**	**1.4**	**-10.3**	**-10.0**
Operating profit, comparable							
Operating profit	-103.6	175.8	83.1	39.3	33.5	68.0	85.5
Net of							
Items in operating profit affecting comparability	-130.1	99.4	0.7	-19.9	1.3	-11.1	-12.7
Operating profit, comparable	**26.5**	**76.4**	**82.5**	**59.1**	**32.3**	**79.1**	**98.2**
Operating margin, %, comparable	**1.3**	**3.4**	**3.7**	**2.7**	**1.6**	**3.0**	**3.5**
Capital employed, average	2,295	2,204	1,889	1,907	1,990	2,207	2,523
Return on capital employed, comparable, %	**4.6**	**13.9**	**17.5**	**12.4**	**6.5**	**14.3**	**15.6**
Profit before tax, comparable							
Profit before tax	-103.7	172.1	78.8	40.7	35.7	68.1	84.8
Net of							
Items in operating profit affecting comparability	-130.1	99.4	0.7	-19.9	1.3	-11.1	-12.7
Profit before tax, comparable	**26.4**	**72.7**	**78.2**	**60.6**	**34.5**	**79.2**	**97.5**
Profit, comparable							
Profit before tax, comparable	26.4	72.7	78.2	60.6	34.5	79.2	97.5
Net of							
Income tax	-7.0	-19.4	-30.4	-14.0	-7.0	-14.3	-16.4
Items in income tax affecting comparability	-2.1	4.5	10.4	4.6	-0.1	-0.8	-2.7
Profit, comparable	**17.4**	**57.8**	**58.2**	**51.3**	**27.3**	**64.0**	**78.4**
Equity, average	2,227	2,184	2,189	2,220	2,265	2,195	2,131
Return on equity, comparable, %	**3.1**	**10.6**	**10.6**	**9.2**	**4.8**	**11.7**	**14.7**
Profit attributable to owners of the parent, comparable							
Profit, comparable	17.4	57.8	58.2	51.3	27.3	64.0	78.4
Profit attributable to non-controlling interests	-1.1	5.9	5.8	5.1	1.3	5.5	5.7
Profit attributable to owners of the parent, comparable	**18.5**	**51.9**	**52.5**	**46.1**	**26.0**	**58.6**	**72.7**
Average number of shares, basic, 1,000 pcs	99,024	99,084	99,104	99,114	99,163	99,221	99,240
Earnings per share, comparable, €	**0.19**	**0.52**	**0.53**	**0.47**	**0.26**	**0.59**	**0.73**

Capital expenditure by segment, € million	1-9/ 2016	1-9/ 2015	Change	7-9/ 2016	7-9/ 2015	Change	1-12/ 2015
Grocery trade	188	99	89	49	28	21	129
Building and technical trade	428	26	402	15	8	7	55
Car trade	11	11	0	3	5	-2	16
Common functions and eliminations	10	15	-5	6	1	6	18
Group total	**638**	**152**	**486**	**74**	**42**	**32**	**219**

Segment information by quarter

Net sales by segment, € million	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016	4-6/ 2016	7-9/ 2016
Grocery trade	1,103	1,149	1,171	1,249	1,094	1,353	1,367
Building and technical trade	773	883	857	736	695	1,046	1,238
Car trade	210	190	170	177	225	214	190
Common functions and eliminations	-3	4	4	4	-1	-2	-3
Group total	**2,082**	**2,227**	**2,203**	**2,166**	**2,013**	**2,610**	**2,792**

Operating profit by segment, € million	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016	4-6/ 2016	7-9/ 2016
Grocery trade	35.2	115.8	45.0	53.4	30.2	44.1	44.8
Building and technical trade	-144.7	61.5	36.8	-10.9	1.8	32.8	37.9
Car trade	9.8	6.5	6.0	3.8	9.4	5.8	6.8
Common functions and eliminations	-3.9	-8.0	-4.6	-7.1	-7.8	-14.7	-4.0
Group total	**-103.6**	**175.8**	**83.1**	**39.3**	**33.5**	**68.0**	**85.5**

Items affecting comparability, € million	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016	4-6/ 2016	7-9/ 2016
Grocery trade	0.3	72.4	0.2	-1.0	-1.1	0.5	-4.4
Building and technical trade	-130.4	27.0	1.0	-18.4	1.5	-5.1	-7.4
Car trade	-	-	-	-	-	-	-
Common functions and eliminations	-	0.0	-0.6	-0.5	0.9	-6.5	-0.9
Group total	**-130.1**	**99.4**	**0.7**	**-19.9**	**1.3**	**-11.1**	**-12.7**

Operating profit by segment, comparable, € million	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-3/ 2016	4-6/ 2016	7-9/ 2016
Grocery trade	34.9	43.3	44.8	54.5	31.3	43.6	49.2
Building and technical trade	-14.2	34.5	35.8	7.5	0.3	37.9	45.3
Car trade	9.8	6.5	6.0	3.8	9.4	5.8	6.8
Common functions and eliminations	-3.9	-8.0	-4.1	-6.7	-8.7	-8.2	-3.1
Group total	**26.5**	**76.4**	**82.5**	**59.1**	**32.3**	**79.1**	**98.2**

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

Acquisitions

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

	Suomen Lähikauppa € million	Onninen group € million
Consideration paid	**54**	**364**
Provisionally determined fair values of assets acquired and liabilities assumed as at the date of acquisition		
Intangible assets	5	94
Tangible assets	33	21
Inventories	33	227
Receivables	12	238
Deferred tax asset	22	3
Cash and cash equivalents	8	17
Total assets	**113**	**599**
Trade payables, other payables, provisions	134	275
Deferred tax liability	0	16
Total liabilities	**134**	**291**
Net assets acquired, total	**-22**	**309**
Provisional goodwill	**76**	**55**
Provisional cash flow impact of acquisition		
Consideration paid	-54	-364
Cash and cash equivalents acquired	8	17
Provisional cash flow impact of acquisition	**-46**	**-347**

Suomen Lähikauppa Oy

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

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

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

The €76 million goodwill from the acquisition reflects the synergies expected to arise especially from purchasing and logistics, marketing, store site network development, information system expenses and administration. Kesko estimates that it will gain annual synergy benefits of approximately €25-30 million at EBITDA level from the acquisition as of 2018. The achievement of synergies will require conversion costs for the renewal of the stores acquired from Suomen Lähikauppa. The costs of store and network conversion, to be treated as restructuring costs affecting the comparability of the operating profit, will total approximately €30 million in 2016-2018. The goodwill derived from the acquisition is not tax deductible.

The Group's profit for January-September 2016 includes costs incurred from an acquisition in the amount of €1.1 million, the most significant of which is the €0.6 million asset transfer tax. The costs are presented within items affecting comparability.

Suomen Lähikauppa contributed €387 million to the net sales of the April-September period. The impact on the comparable operating profit for the April-September period was €-1.8 million. Management estimates that if the acquisition had been completed on 1 January 2016, the impact on the Group's net sales would have been approximately €607 million. The impact on the comparable operating profit would have been €-11 million. When determining the amounts of net sales and comparable operating profit, management estimates that the fair values recognized at the date of acquisition would have been the same if the acquisition had been completed on 1 January 2016.

Onninen Oy

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

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

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

The total provisional value of the intangible assets acquired as at the date of the acquisition (including customer relationships and trademarks) is €94 million. The balance sheet value of current trade receivables equals their fair value.

The €55 million goodwill from the acquisition reflects the synergies expected to mainly arise from the utilisation of the common customer relationships, from purchasing and logistics, the development of the store site network, as well as from ICT and administration. Kesko estimates that it will gain annual synergy benefits of approximately €30 million at EBITDA level from the acquisition as of 2020. The achievement of synergies will require both capital expenditures and non-recurring costs. The combined net cash flow impact of synergy benefits is estimated at around €25 million positive in 2016-2019. The goodwill derived from the acquisition is not tax deductible.

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

Onninen contributed €512 million to the net sales of the June-September period. The impact on the comparable operating profit for the June-September period was €11.0 million, adversely impacted by the fair value allocations of inventories written off in the amount of €3.4 million. Management estimates that if the acquisition had been completed on 1 January 2016, the impact on the Group's net sales would have been approximately €1,104 million. The impact on the comparable operating profit would have been €10.5 million. When determining the amounts of net sales and comparable operating profit, management estimates that the fair values recognized at the date of acquisition would have been the same if the acquisition had been completed on 1 January 2016.

Change in tangible and intangible assets (€ million)

	30.9.2016	30.9.2015
Opening net carrying amount	**1,451**	**1,802**
Acquisitions	291	-
Depreciation, amortisation and impairment charges	-105	-97
Investments in tangible and intangible assets	205	141
Disposals	-41	-405
Currency translation differences	6	-10
Closing net carrying amount	**1,806**	**1,431**

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

The Group's persons discharging managerial responsibilities or persons closely associated with them include its management (the Board of Directors, the Managing Director and the Group Management Board) and companies controlled by them, the Group's subsidiaries, associates and joint ventures as well as Kesko Pension Fund.

The following transactions were carried out with persons discharging managerial responsibilities or persons closely associated with them:

	1-9/2016	1-9/2015
Sales of goods and services	57	53
Purchases of goods and services	146	11
Other operating income	10	9
Other operating expenses	44	34
Finance income and costs	1	2

	30.9.2016	30.9.2015
Receivables	69	67
Liabilities	53	26

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

	Level 1	Level 2	Level 3	30.9.2016
Financial assets at fair value through profit or loss	**14.7**	**31.5**		**46.2**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		2.4		2.4
Derivative financial liabilities		6.6		6.6
Available-for-sale financial assets	**51.8**	**25.4**	**15.2**	**92.5**

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

	Level 1	Level 2	Level 3	30.9.2015
Financial assets at fair value through profit or loss	**214.5**	**206.8**		**421.3**
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		11.0		11.0
Derivative financial liabilities		10.2		10.2
Available-for-sale financial assets	**183.0**	**168.3**	**15.5**	**366.9**

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

Personnel, average and as at 30.9.

Personnel average by segment	1-9/2016	1-9/2015	Change
Grocery trade	8,142	6,461	1,681
Building and technical trade	12,274	11,336	938
Car trade	780	786	-6
Common functions	745	492	252
Group total	**21,940**	**19,075**	**2,865**

Personnel as at 30.9.* by segment	2016	2015	Change
Grocery trade	12,067	8,119	3,948
Building and technical trade	15,623	12,427	3,196
Car trade	784	784	0
Common functions	858	531	327
Group total	**29,332**	**21,861**	**7,471**

* Total number including part-time employees

Group's commitments (€ million)

	30.9.2016	30.9.2015	Change, %
Own commitments	176	164	7.7
For others	18	15	25.4
Lease liabilities for machinery and equipment	34	26	31.9
Lease liabilities for real estate	2,893	2,623	10.3

Liabilities arising from derivative instruments (€ million)

Values of underlying instruments at 30.9.	30.9.2016	30.9.2015	Fair value 30.9.2016
Interest rate derivatives			
Interest rate swaps	40	101	-0.06
Currency derivatives			
Forward and future contracts	153	290	-2.60
Currency swaps	20	50	1.42
Commodity derivatives			
Electricity derivatives	8	12	-2.95

Calculation of performance indicators

Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, rolling 12 months	Operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on capital employed*, %, comparable	Comparable operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period

Return on capital employed, comparable, %, rolling 12 months	Comparable operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on equity*, %	(Profit/loss before tax - Income tax) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, rolling 12 months	(Profit/loss for the preceding 12 months before tax - Income tax for the preceding 12 months) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity*, %, comparable	(Profit/loss adjusted for items affecting comparability before tax - Income tax adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, comparable, rolling 12 months	(Profit/loss for the preceding 12 months adjusted for items affecting comparability before tax - Income tax for the preceding 12 months adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Equity ratio, %	Shareholders' equity x 100 / (Total assets - Prepayments received)
Earnings/share, diluted	(Profit/loss - Non-controlling interests) / Average diluted number of shares
Earnings/share, basic	(Profit/loss - Non-controlling interests) / Average number of shares
Earnings/share, basic, comparable	(Profit/loss adjusted for items affecting comparability - Non-controlling interests) / Average number of shares
Equity/share	Equity attributable to equity holders of the parent / Basic number of shares at the balance sheet date
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity
Interest-bearing net debt	Interest-bearing liabilities – Financial assets at fair value through profit or loss – Available-for-sale financial assets - Cash and cash equivalents
EBITDA, rolling 12 mo	Operating profit + Depreciation, amortisation and impairment + Depreciation and impairment charges for the preceding 12 months
Interest-bearing net debt/ EBITDA, rolling 12 mo	Interest-bearing net debt/ EBITDA, rolling 12 mo

* Indicators for return on capital have been annualised

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

K-Group's retail and B2B sales	1.1.-30.9.2016 € million	Change, %	1.7.-30.9.2016 € million	Change, %
K-Group's grocery trade				
K-food stores, Finland	3,360	-0.1	1,148	0.5
K-citymarket, non-food	394	-0.8	137	1.4
Suomen Lähikauppa	378	-	198	-
Kespro	596	2.2	209	2.1
K-ruoka, Russia	82	10.0	28	12.9
Grocery trade, total	**4,811**	**8.9**	**1,721**	**14.1**
K-Group's building and technical trade				
K-rauta and Rautia	787	2.6	299	2.0
Rautakesko B2B Service	170	19.3	61	19.4
Onninen	273	-	204	-
K-maatalous	320	-1.3	99	-0.2
Machinery trade, Finland	120	-4.3	32	-8.3
Speciality goods trade, Finland	355	-0.1	123	6.5
Finland, total	**2,024**	**13.9**	**818**	**37.2**
Building and technical trade, other Nordic countries	842	27.4	369	50.1
Building and technical trade, the Baltic countries	508	13.5	214	17.3
Building and technical trade, other countries	276	13.8	125	40.6
Building and technical trade, total	**3,651**	**16.7**	**1,527**	**37.0**
K-Group's car trade				
VV-Autotalot	318	13.1	99	14.2
VV-Auto, import	327	7.1	94	6.1
Car trade, total	**645**	**10.0**	**193**	**10.1**
Finland total	**7,398**	**10.3**	**2,704**	**19.9**
Other countries, total	**1,709**	**19.8**	**737**	**35.8**
Retail and B2B sales, total	**9,107**	**12.0**	**3,441**	**23.0**