

KESKO

Interim report

January-June 2011

26 July 2011

VP, Corporate Controller Eva Kaukinen

Profitable growth in the food trade and the car trade

- Growth in the food trade continued and profitability improved during the first part of the year
 - Pirkka product sales increased by 38.9 %
- In the home and speciality goods trade and the building and home improvement trade, sales performance and profitability vary by chain and by country
- Anttila's logistics centre launch has progressed according to plan
- Profit on a strong growth path in the car and machinery trade
- In the first part of the year, two new K-citymarkets, ten K-supermarkets and a K-rauta in St. Petersburg were opened



Kesko's sales and profit are growing

- Kesko's expansion in Russia continues
 - Intersport licence transfers to Kesko
 - 36 stores will be transferred to the new subsidiary. Store site network will be greatly expanded.
- The Kesko Group's net sales are expected to grow during the next twelve months.

During the next twelve months, the operating profit excluding non-recurring items is expected to increase despite significant costs involved in the expansion of the store site network and business operations in Russia.

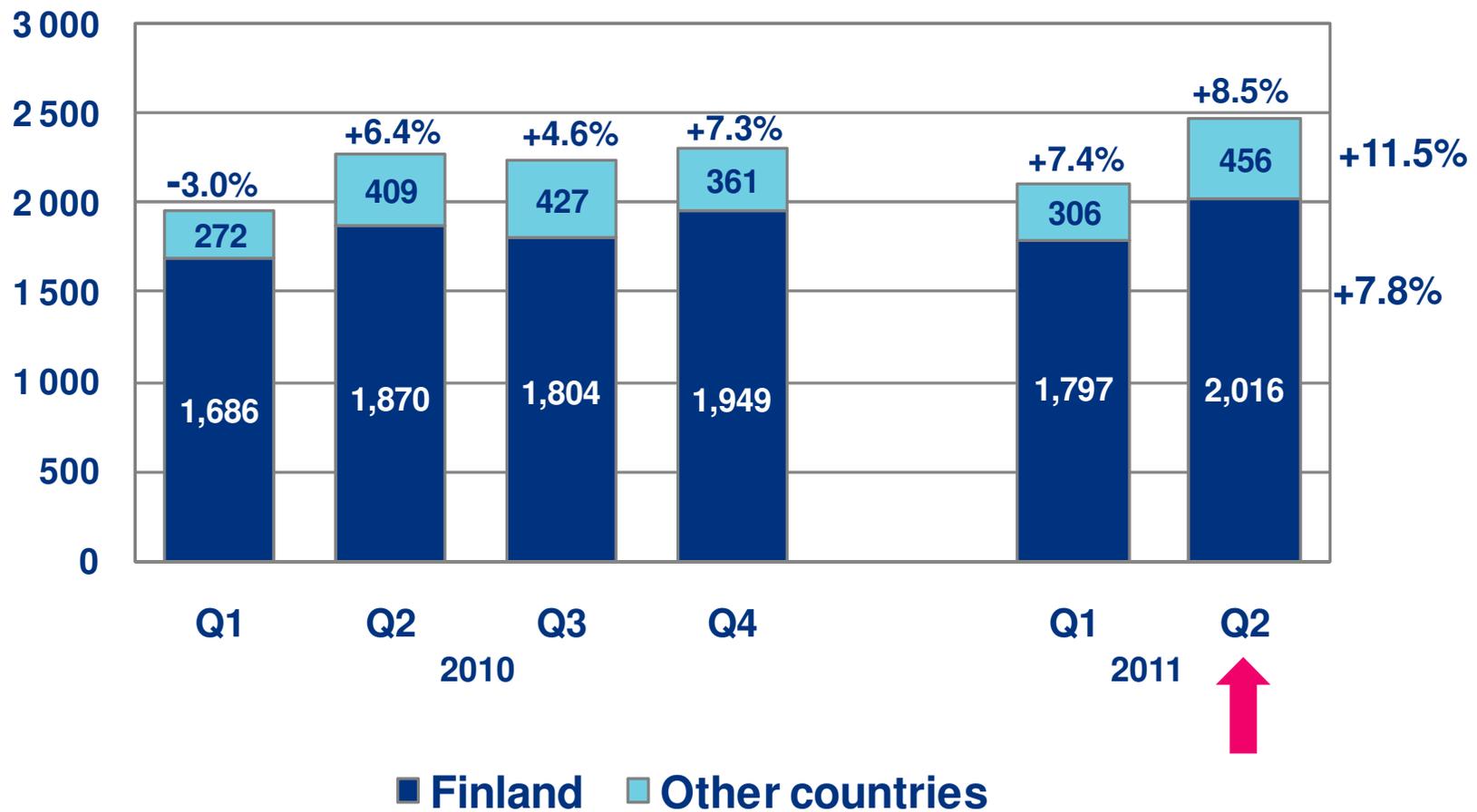


Net sales by division 1.1.-30.6. (M€)

	2011	2010	Change,%
Food trade	2,025	1,888	7.2
Home and speciality goods trade	687	689	-0.3
Building and home improvement trade	1,327	1,207	10.0
Car and machinery trade	621	534	16.3
Common operations and eliminations	-85	-81	4.6
Group total	4,575	4,237	8.0

The comparable net sales of the car and machinery trade +21.6%

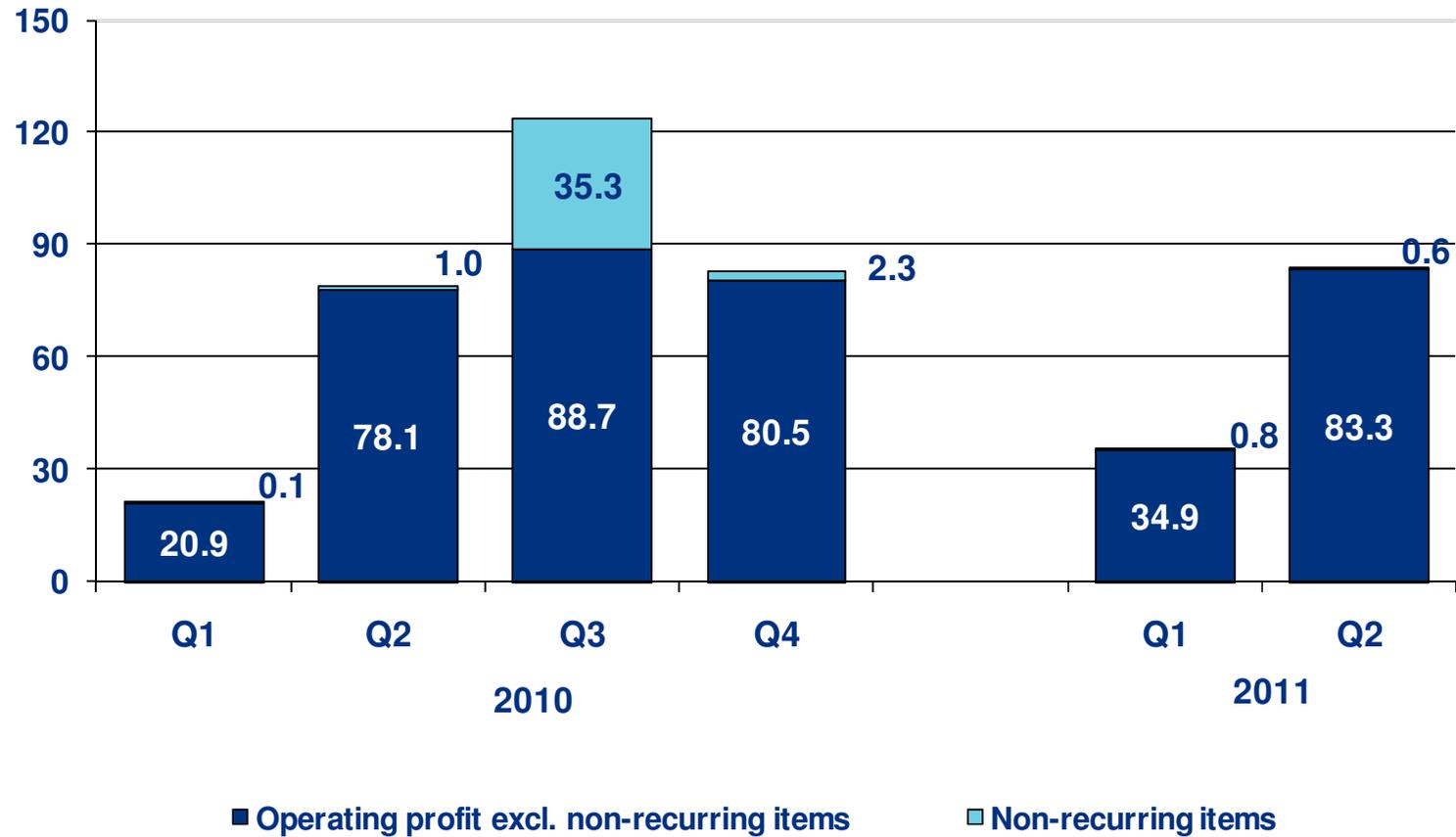
Group's net sales by quarter (M€)



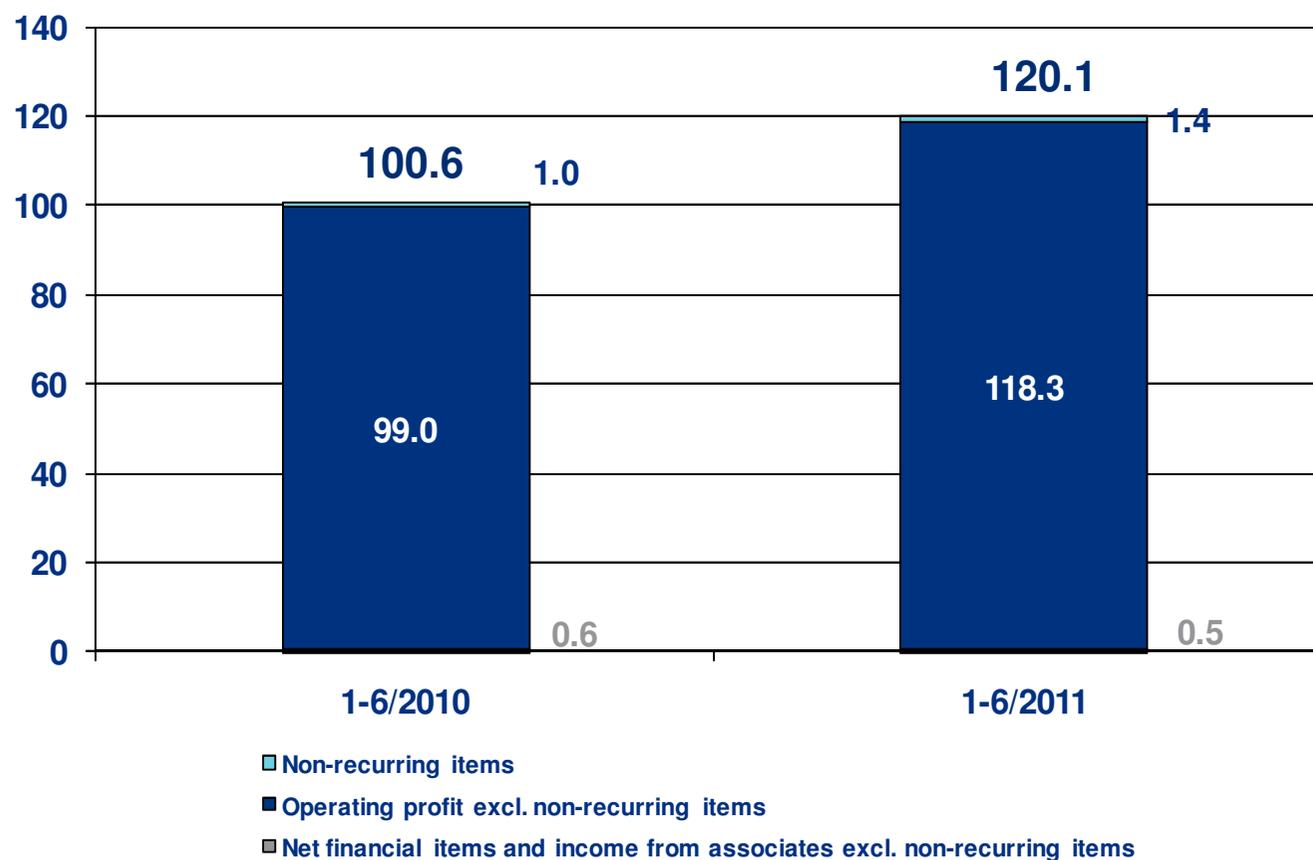
Operating profit excl. non-recurring items by division 1.1.-30.6. (M€)

	2011	2010	Change
Food trade	87.2	73.7	13.5
Home and speciality goods trade	-5.0	7.1	-12.1
Building and home improvement trade	9.8	4.2	5.6
Car and machinery trade	31.8	20.5	11.3
Group total	118.3	99.0	19.3

Operating profit by quarter (M€)

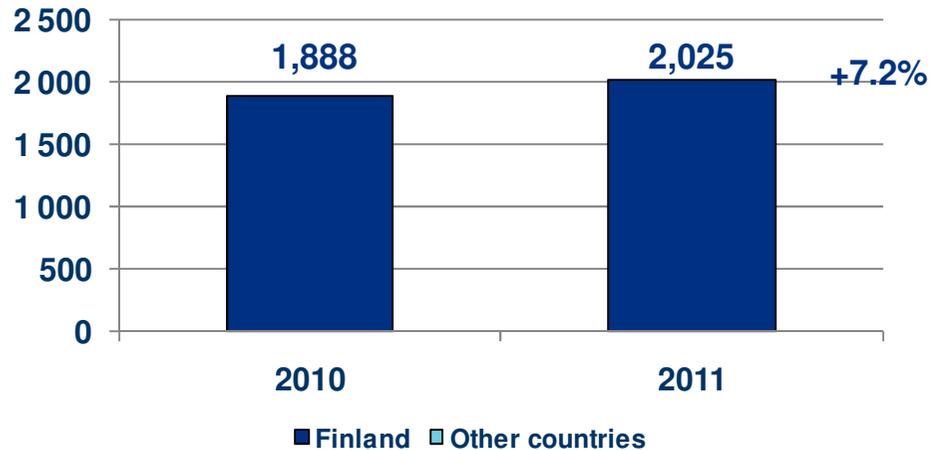


Group's profit before tax 1-6/2011 (M€)

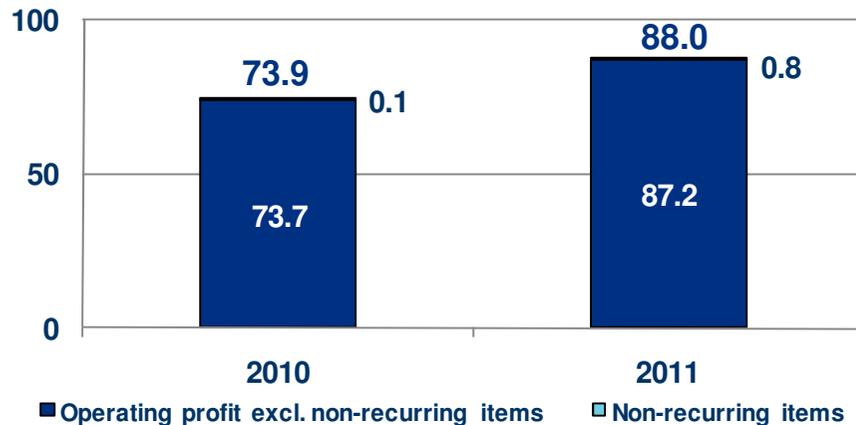


Food trade 1-6/2011

Net sales 1-6, M€

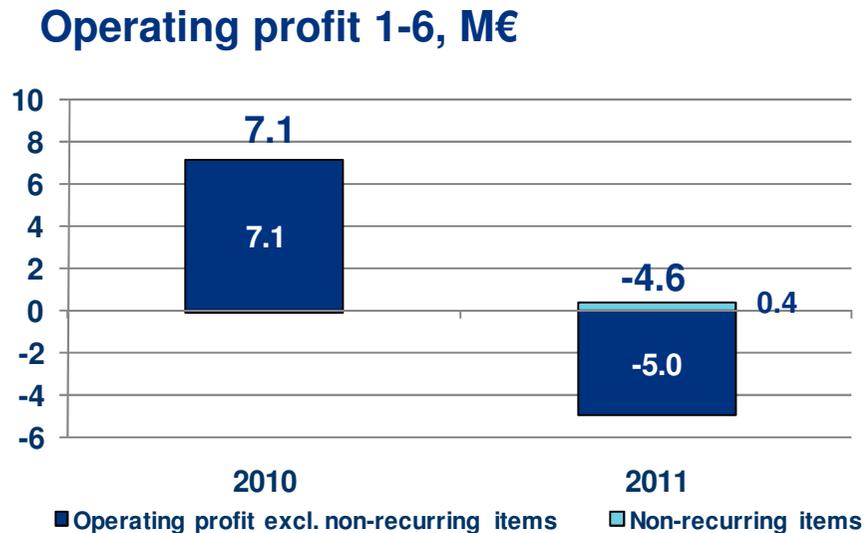
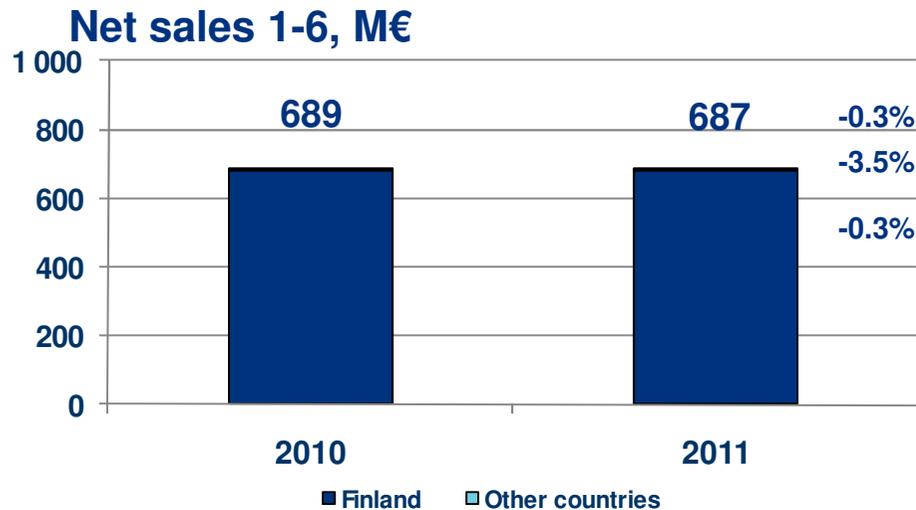


Operating profit 1-6, M€



- Net sales of the food trade grew by 7.2%
 - Sales of Pirkka products were up by 38.9%
- K-food stores' good performance and cost management contributed to profit improvement
- Capital expenditure in store sites was €89.9 million (€28.2 million)
- During the first part of the year, two new K-citymarkets and ten new K-supermarkets were opened
- Seven K-citymarkets and seven K-supermarkets are being built

Home and speciality goods trade 1-6/2011

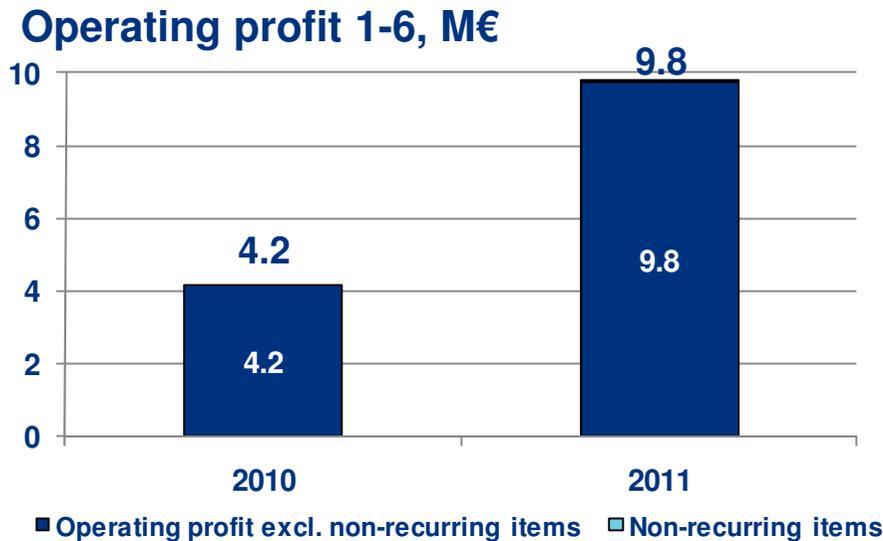
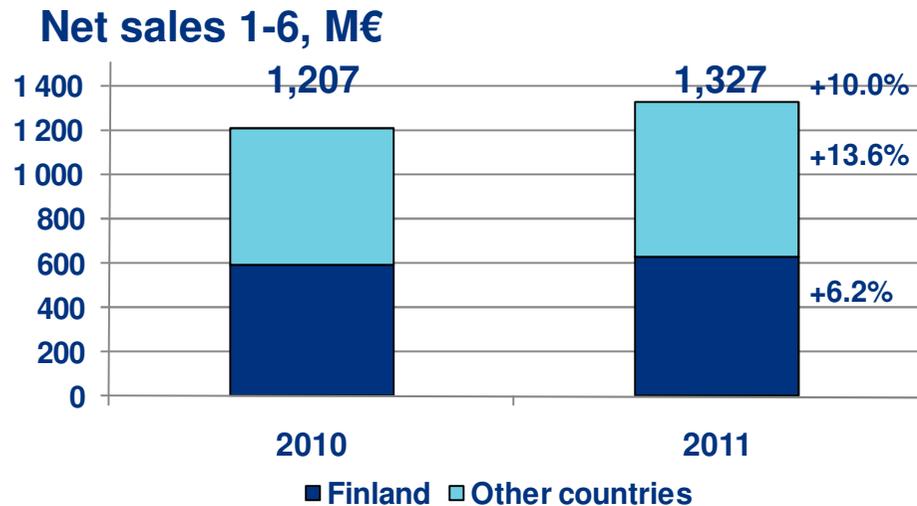


- K-citymarket home and speciality goods, Asko and Sotka increased their sales
- Anttila's sales decrease is attributable to the expiry of two leases
- Budget Sport's sales performance was good
- 16 less Musta Pörssi stores
- Operating profit performance partly attributable to the launch of Anttila's new logistics centre, decrease in Anttila's sales and the development of Anttila's and K-citymarket's selections
- Asko and Sotka clearly improved their profits
- Capital expenditure was €18.1 million (€12.8 million)



Building and home improvement trade

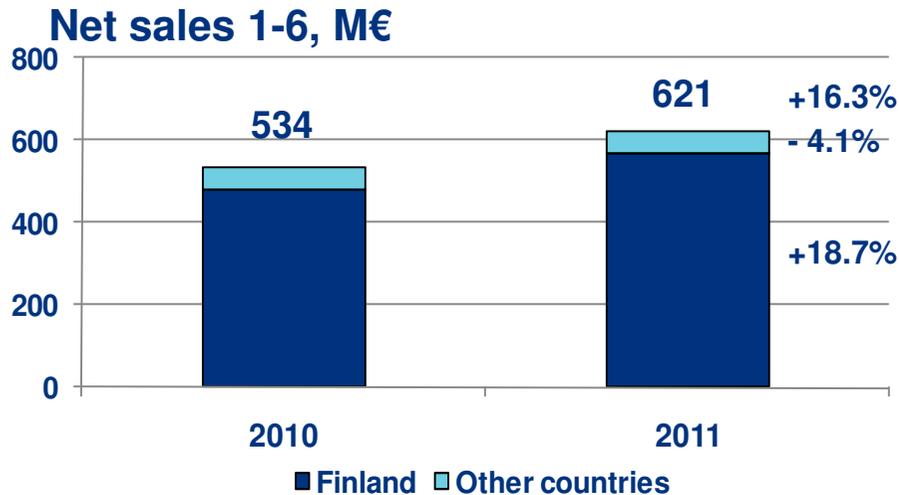
1-6/2011



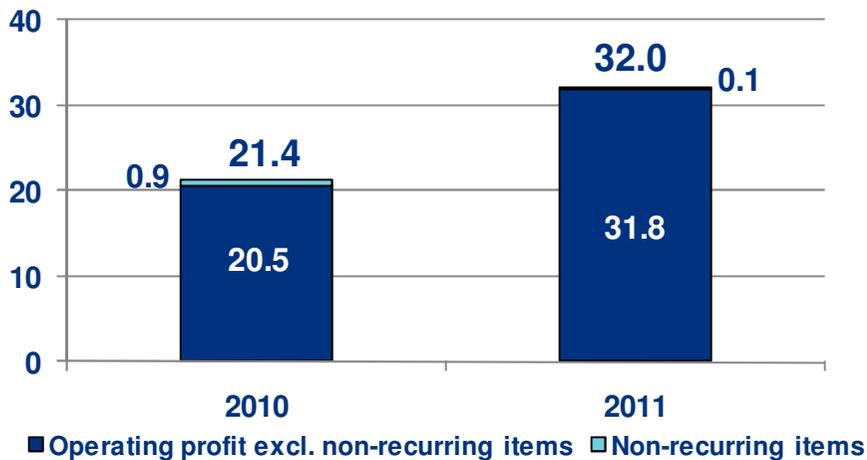
- Sales of the building and home improvement trade increased in all operating countries
 - Sales performance and structure vary between operating countries
 - Sales growth accelerated in Russia and the Baltic countries
- Profit performance was impacted by the fact that sales growth was mainly derived from basic building materials with low margins, and by the costs of the international enterprise resource planning system
- A new K-rauta was opened in St. Petersburg and another in Haparanda in July
- Capital expenditure was €66.1 million (€28.4 million)
- Development and expansion of the network of building and home improvement stores continues, especially in Russia and Finland

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Car and machinery trade 1-6/2011



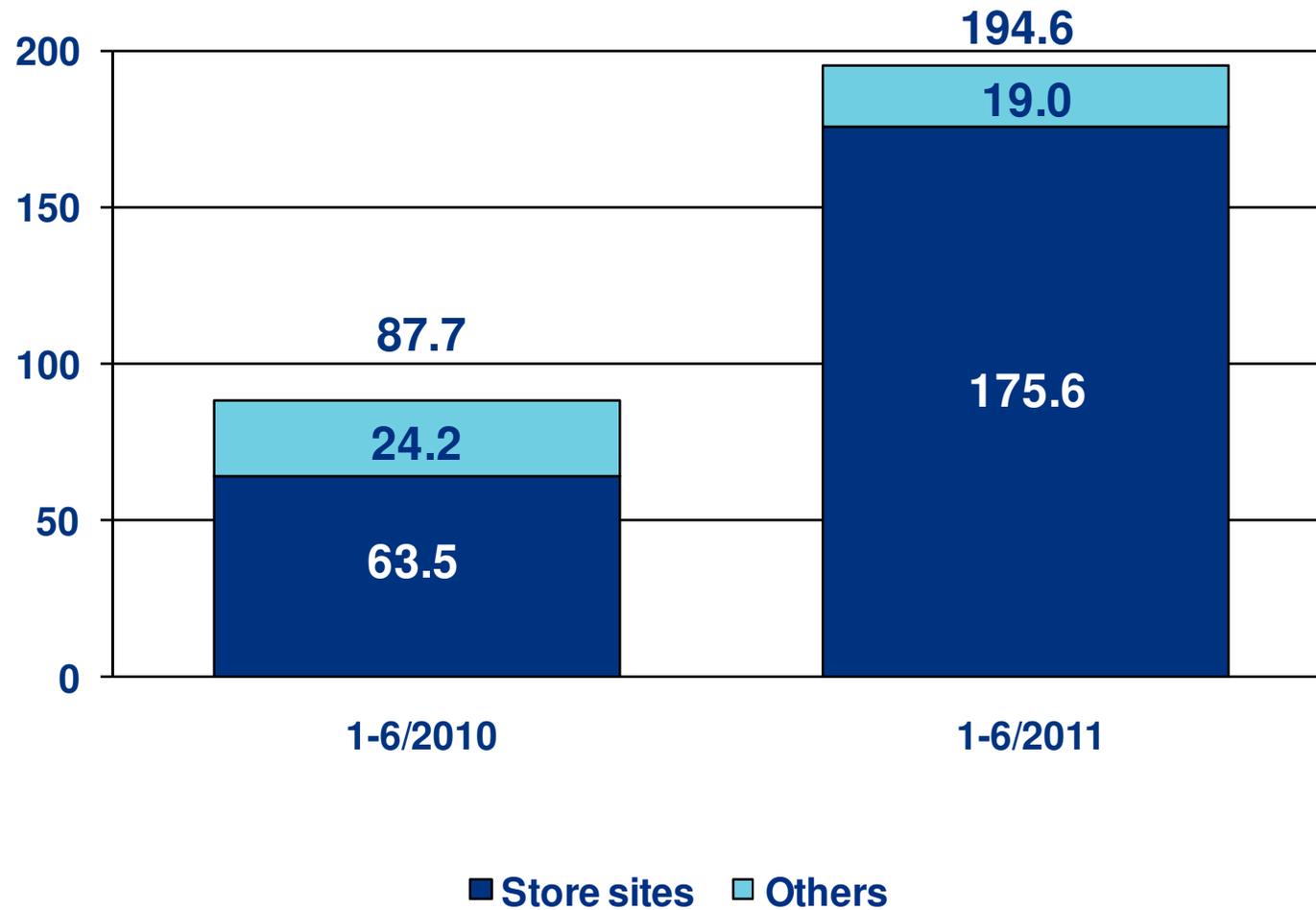
Operating profit 1-6, M€



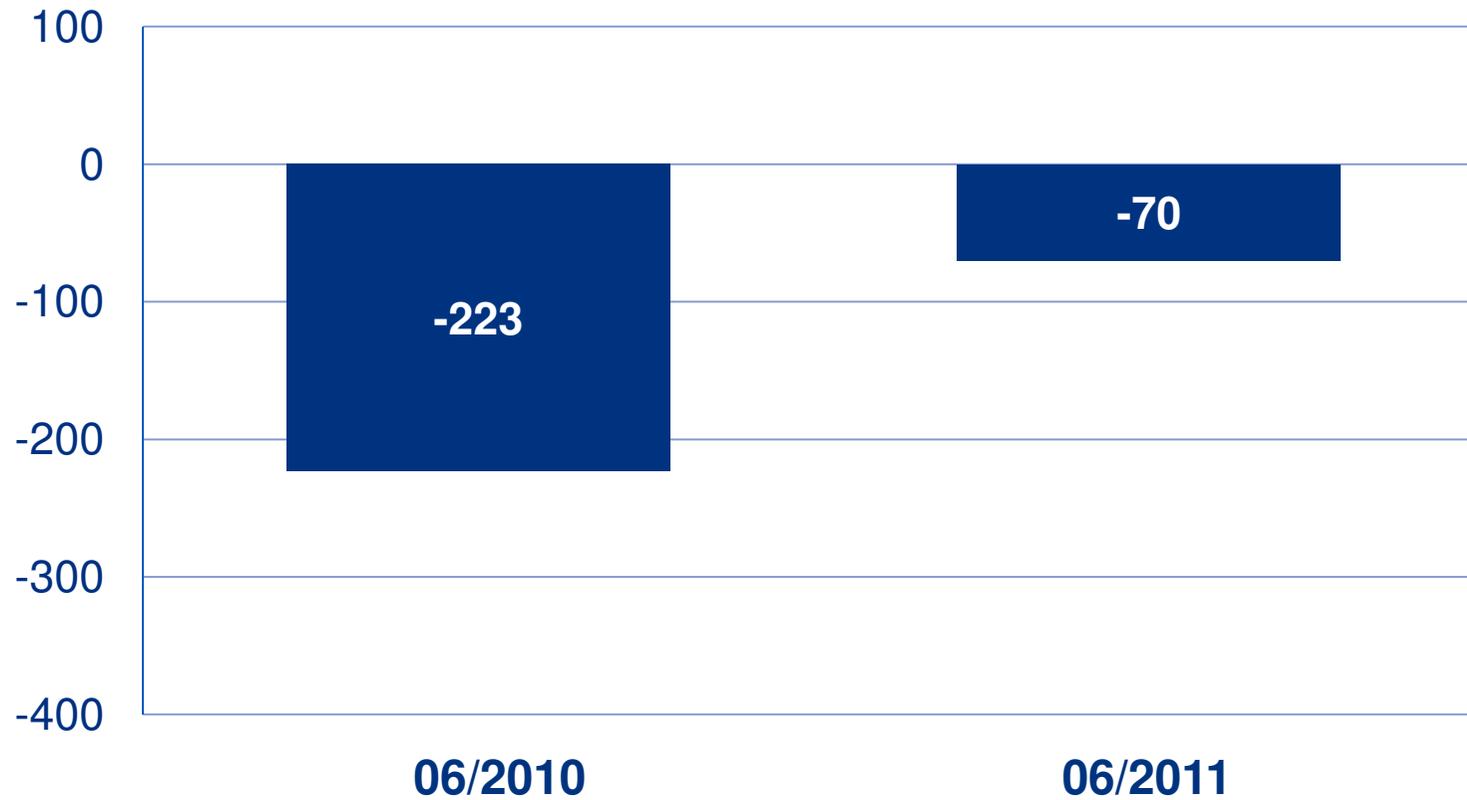
- The comparable net sales of the car and machinery trade grew by 21.6%
- In January-June, Volkswagen was the best selling passenger car and van brand in Finland
- Market share of Audi, Volkswagen and Seat passenger cars and vans was 20.3%
- Konekesko's comparable net sales grew by 20.7%
 - Sales performance of Claas combines and Massey Ferguson tractors was good especially in the Baltic countries
 - Market share of Yamaha outboards at record level
- Strong profit is the result of excellent sales performance and cost management
- Capital expenditure was €13.9 million (€8.1 million)

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Group's capital expenditure (M€)

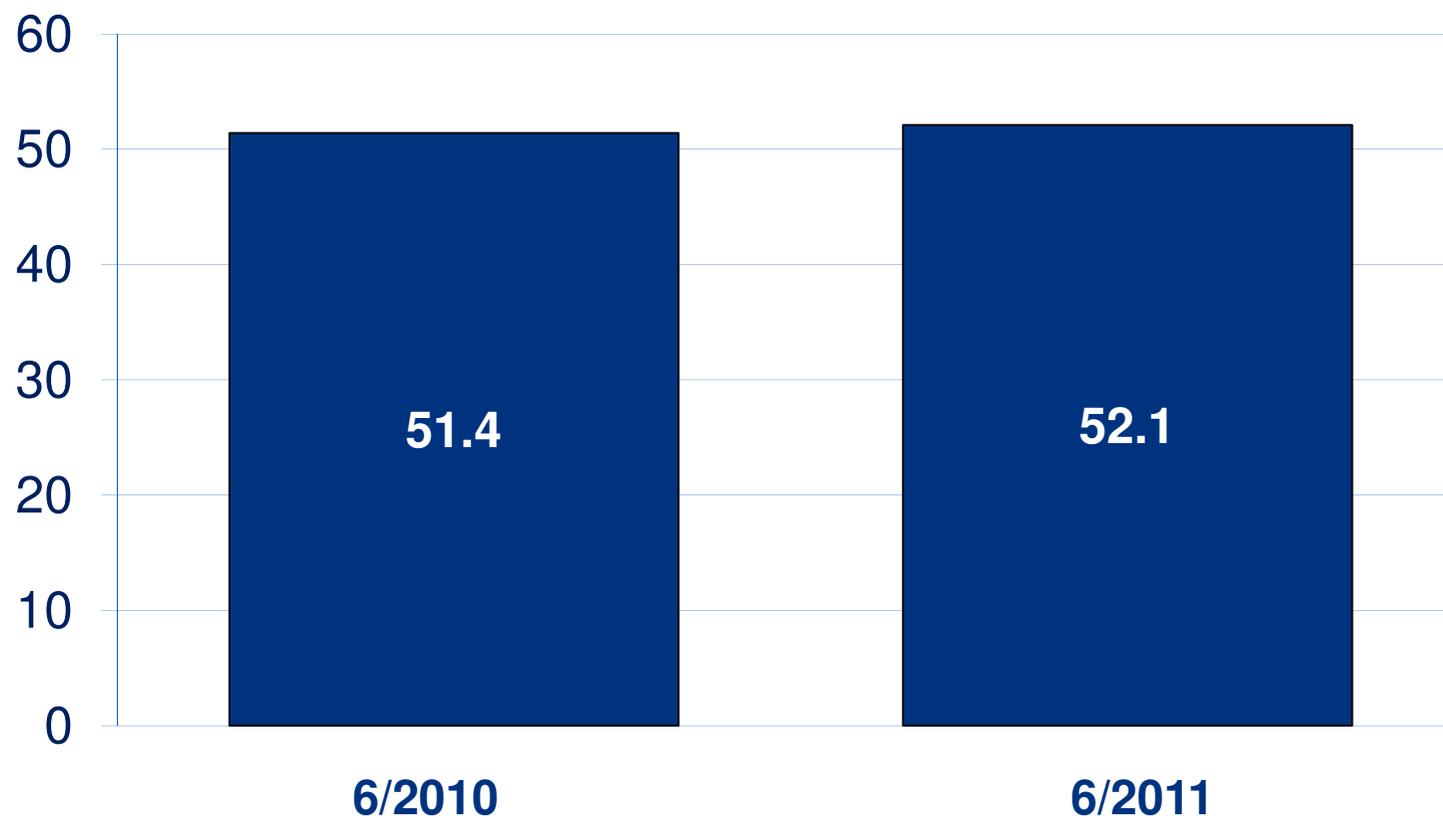


Interest-bearing net debt (M€)

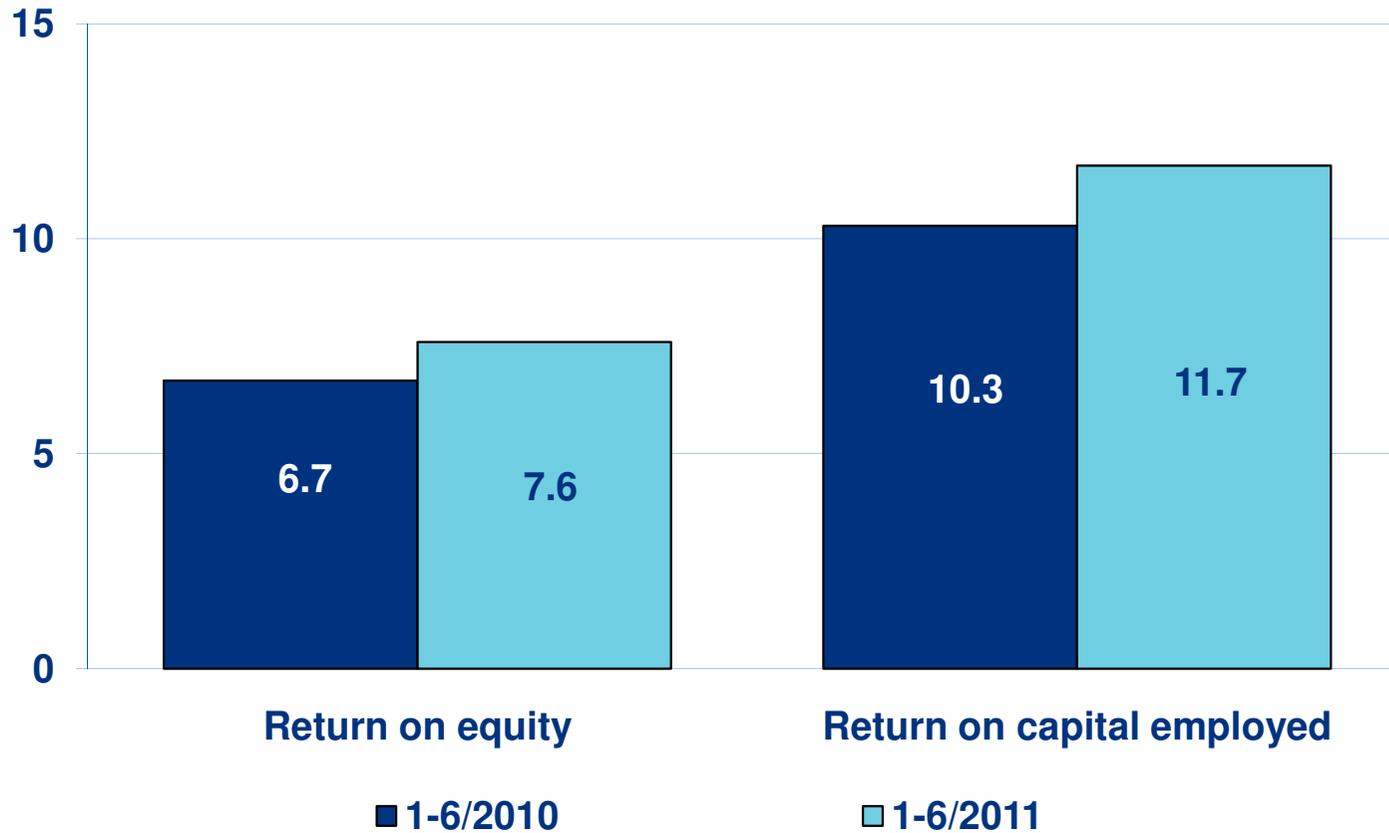


Liquid assets 06/2011 €545 million (06/2010 €713 million)

Equity ratio, %



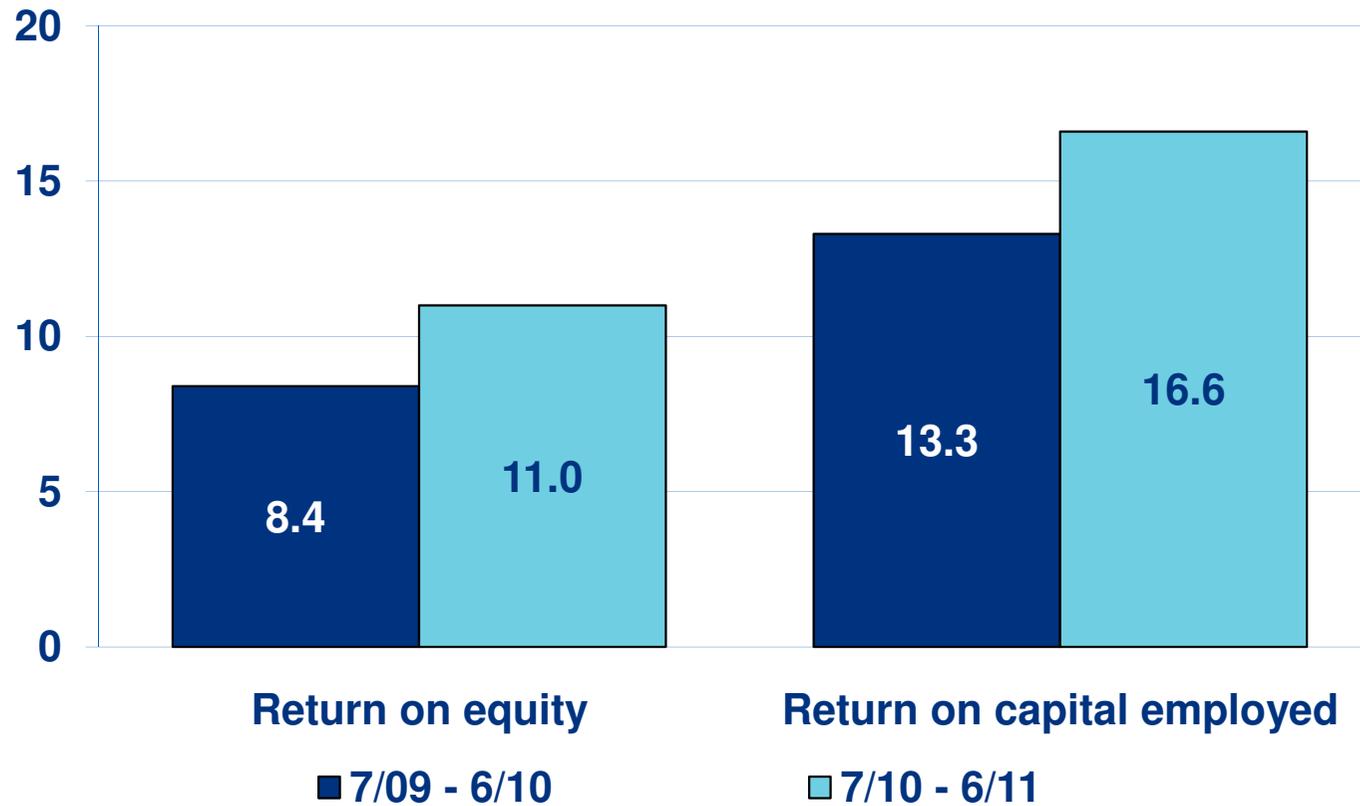
Return on capital, %



Excl. non-recurring items 1-6/2011 7.5%
1-6/2010 6.6%

Excl. non-recurring items 1-6/2011 11.6%
1-6/2010 10.2%

Return on capital, %, moving 12 mo



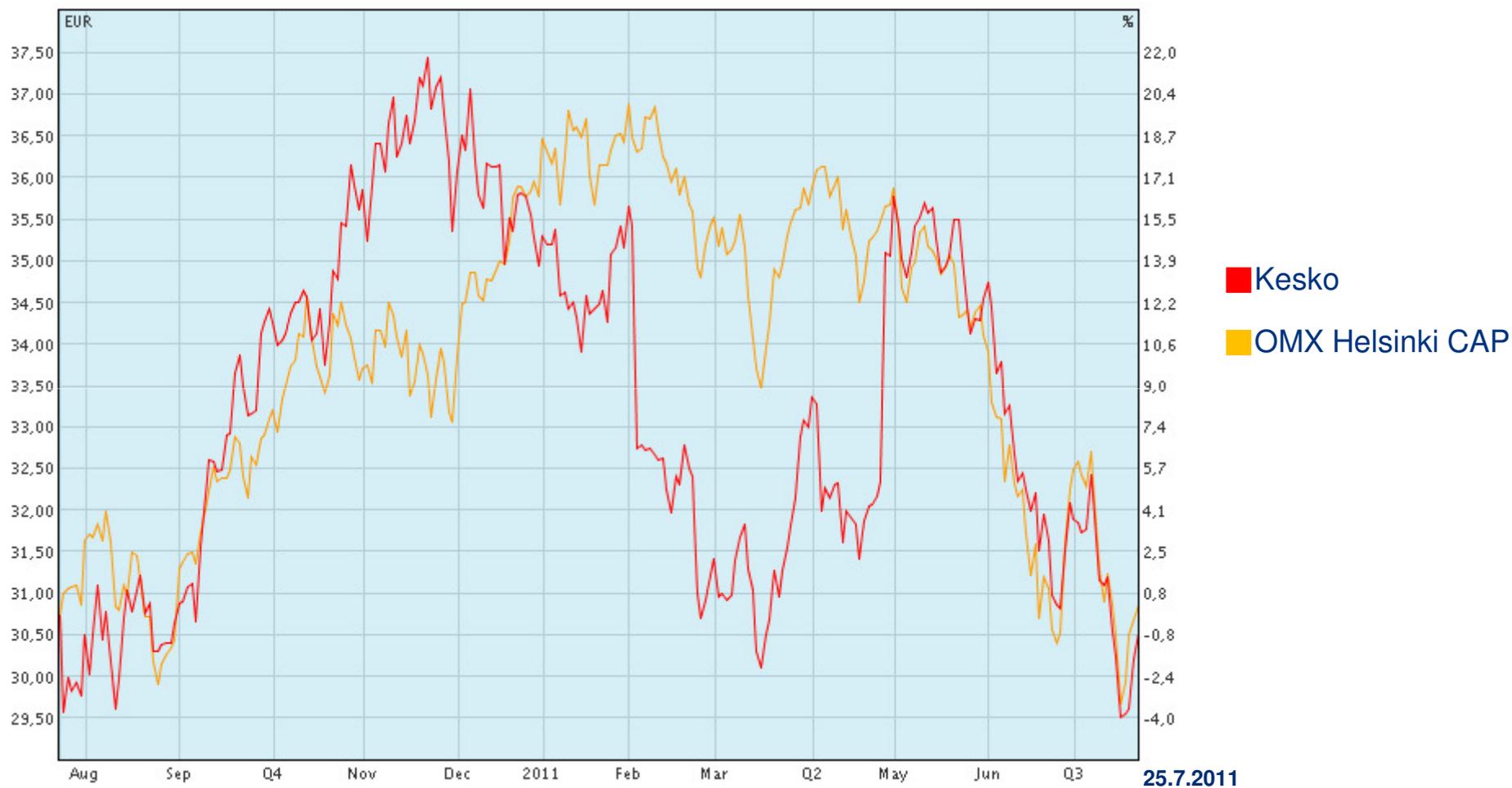
Excl. non-recurring items 7/10-6/11 9.6%
7/09-6/10 6.6%

Excl. non-recurring items 7/10-6/11 14.6%
7/09-6/10 10.7%

Performance indicators

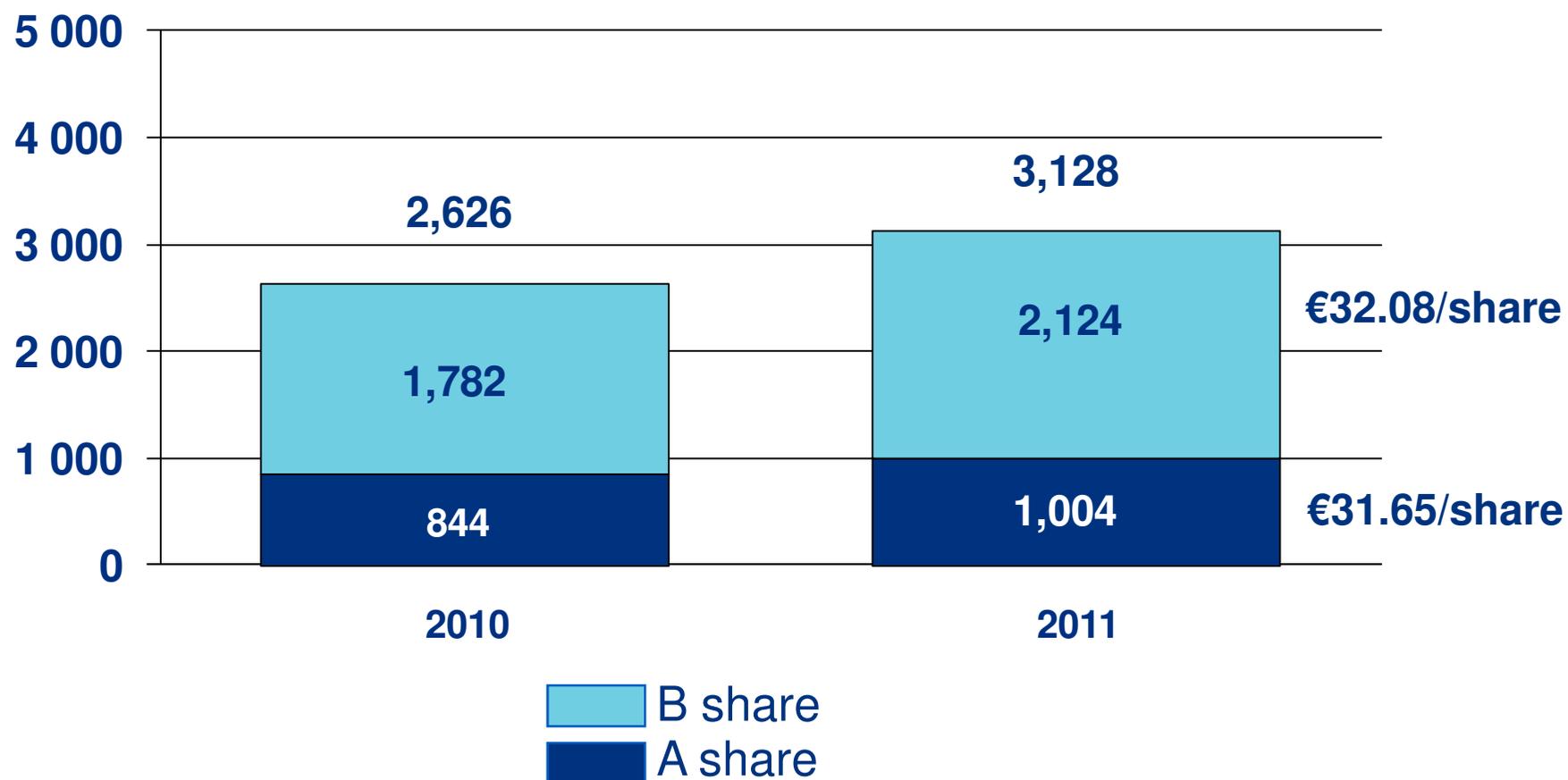
	1-6/2011	1-6/2010
Net sales, € million	4,575	4,237
Operating profit, € million	119.6	100.0
Operating profit excl. non-recurring items, € million	118.3	99.0
Group's profit before tax, € million	120.1	100.6
Capital expenditure, € million	194.6	87.7
Earnings/share, €, diluted	0.79	0.67
Earnings/share excl. non-recurring items, €, basic	0.79	0.66
Return on capital employed excl. non-recurring items, %, moving 12 mo	14.6	10.7
Return on equity excl. non-recurring items, % moving 12 mo	9.6	6.6
Equity/share, €	21.21	20.30
Equity ratio, %	52.1	51.4
Cash flow from operating activities, € million	43	135
Cash flow from investing activities, € million	-194	-86

Share price trend 12 mo

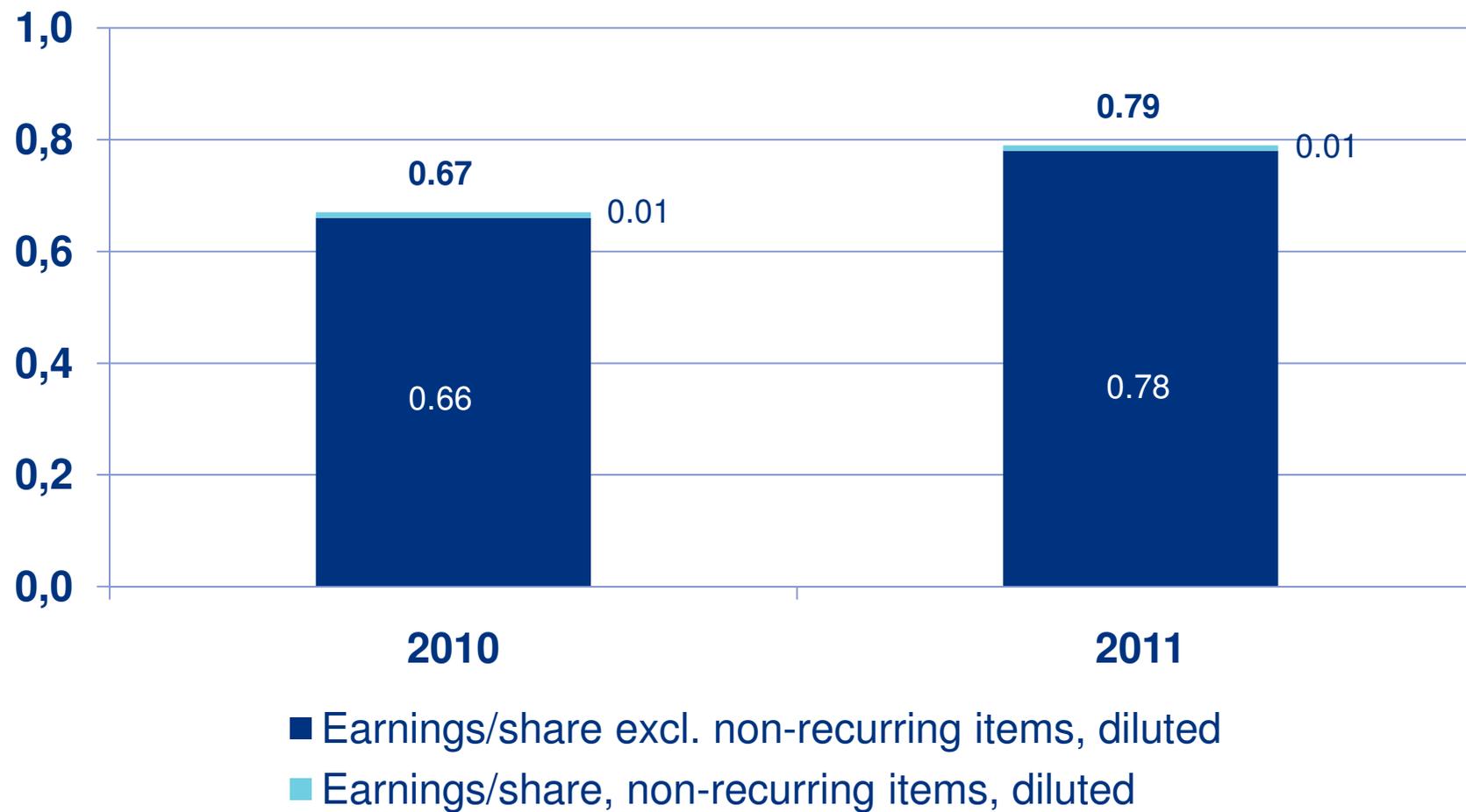


Market capitalisation

30.6. (M€)



Earnings/share €



Future outlook

Estimates of the future outlook for the Kesko Group's net sales and operating profit excluding non-recurring items are given for the 12 months following the reporting period (7/2011-6/2012) in comparison with the 12 months preceding the reporting period (7/2010-6/2011).

For the present, the outlook for trends in consumer demand is steady, owing to high consumer confidence and continuously low interest rate levels. However, uncertainties relating to economic development have mounted with respect to the evolution of total production, tightening taxation, accelerating inflation and the ramifications of possible disturbances in the financial market. In addition, cuts in public finances may have a negative impact on the trend in consumer demand.

The steady development in the grocery trade is expected to continue. The home and speciality goods trade is expected to develop in line with the trend in private consumption. The building and home improvement market is expected to strengthen moderately. In the car and machinery trade, the sales of new cars are expected to grow, and the recovery of the market situation of the machinery trade is expected to continue.

The Kesko Group's net sales are expected to grow during the next twelve months. During the next twelve months, the operating profit excluding non-recurring items is expected to increase despite significant costs involved in the expansion of the store site network and business operations in Russia.

Thank you!