



Welcome!

KESKO

**Corporate Management
Board to be revised**

26 October 2011

Kesko's Corporate Management Board as from 1 December 2011



Chair
Matti Halmesmäki
President and CEO



Terho Kalliokoski
Food trade



Minna Kurunsaari
Home and speciality
goods trade



Arja Talma
Building and home
improvement trade



Pekka Lahti
Car and machinery trade



Riitta Laitasalo
Human Resources



Merja Haverinen
Corporate Communications
and Responsibility



Jukka Erlund
Accounting and Finance
(CFO)

KESKO

Interim report

January-September 2011

26 October 2011

VP, Corporate Controller Eva Kaukinen

Food trade and car trade achieved profitable growth, 1-9/2011

- In the food trade, growth continued and profitability improved
 - Pirkka product sales increased by 38%
- In the home and speciality goods trade and in the building and home improvement trade, sales performance and profitability varied by chain and by country
- In the car and machinery trade, net sales increased by 25%, profit continued to strengthen



Kesko's expansion continues

- Capital expenditure on K-citymarkets, K-supermarkets and K-rauta stores continues
 - Three new K-citymarkets were opened, six are being built
 - 11 new K-supermarkets were opened, 14 are being built
 - Two new K-rauta stores were opened, five are being built
- Kesko's expansion in Russia continues
 - Food trade
 - Building and home improvement trade
 - Intersport operations transferred to Kesko in August, 35 stores
- 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 remain at the achieved good level despite significant costs involved in the expansion of the store site network and business operations in Russia. The Group has changed its future outlook for profitability. Previously, the operating profit excluding non-recurring items was expected to increase during the next twelve months.



Kesko's responsibility work receives recognition

- For the ninth time, Kesko was included in the Dow Jones sustainability indexes DJSI World and DJSI Europe in September.
- For the third time, Kesko was included as a member in the highly valued FTSE4Good index focusing on responsible investment. In the latest comparison, Kesko was given the highest points for its work for curbing climate change.
- In October, Kesko was featured in the Nordic 260 Carbon Disclosure Leadership Index. Kesko was given the highest score in the Consumer Staples sector.



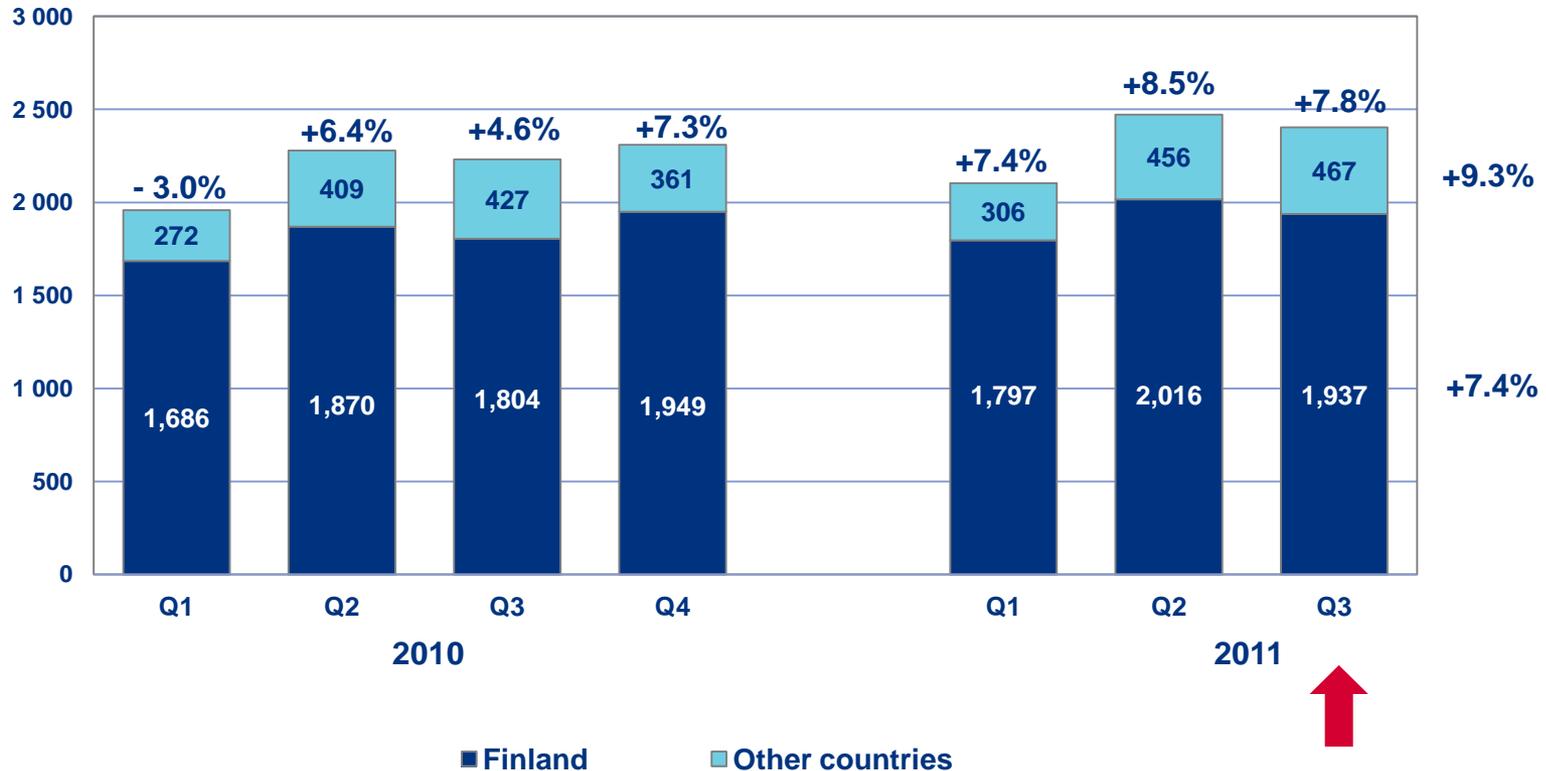
Kesko has saved 34 GWh of energy in 2008-2010, which is more than half of the target set by the end of 2016 in the trading sector energy efficiency agreement. Biggest savings have been achieved with chest freezer lids and signs illuminated with LED technology.

Net sales by division 1.1.-30.9. (M€)

	2011	2010	Change%
Food trade	3,074	2,874	6.9
Home and speciality goods trade	1,063	1,068	-0.4
Building and home improvement trade	2,059	1,894	8.7
Car and machinery trade	911	752	21.2
Common operations and eliminations	-128	-120	5.9
Group total	6,979	6,467	7.9

Comparable net sales of the car and machinery trade +25,0%

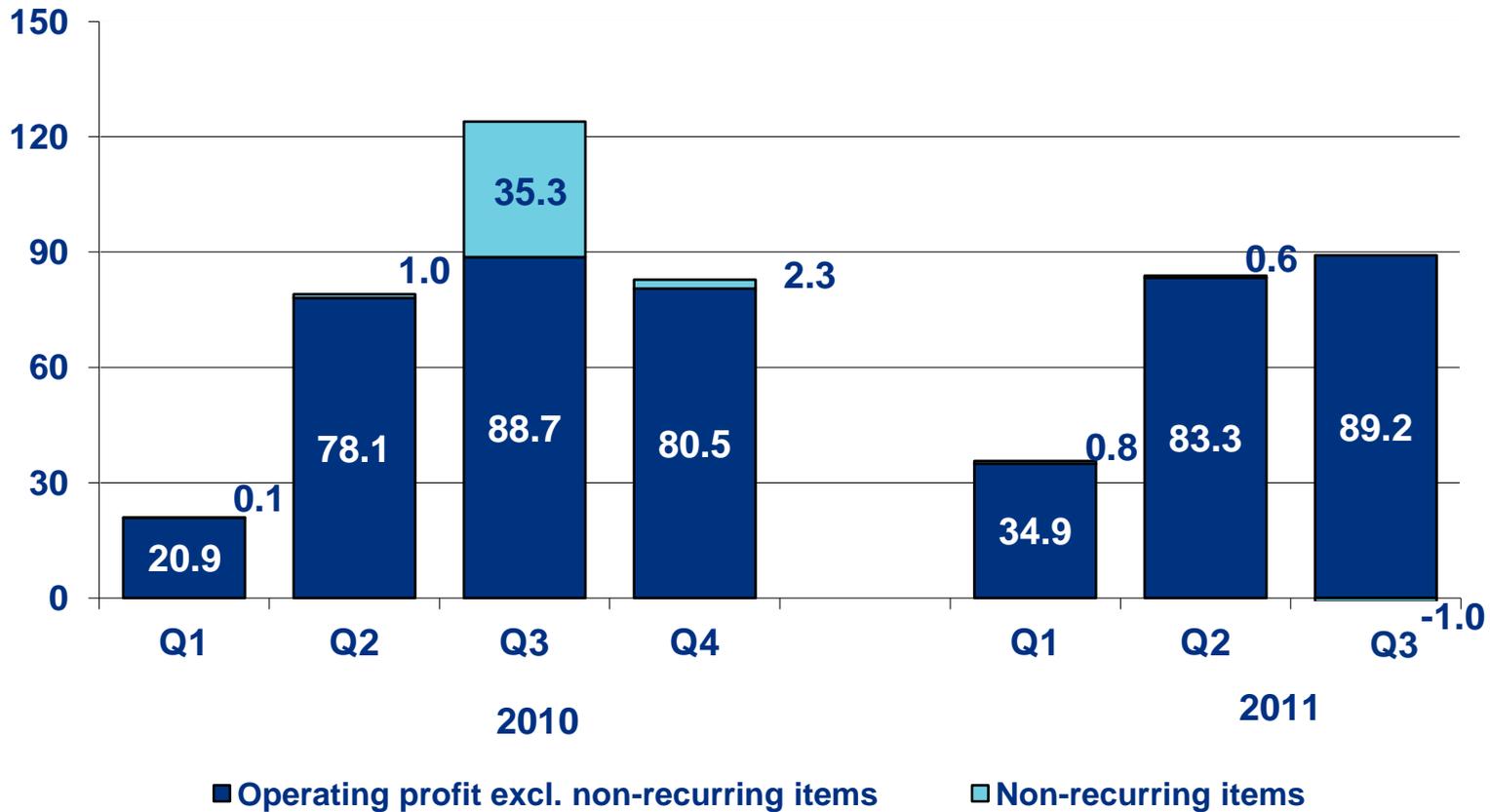
Group's net sales by quarter (M€)



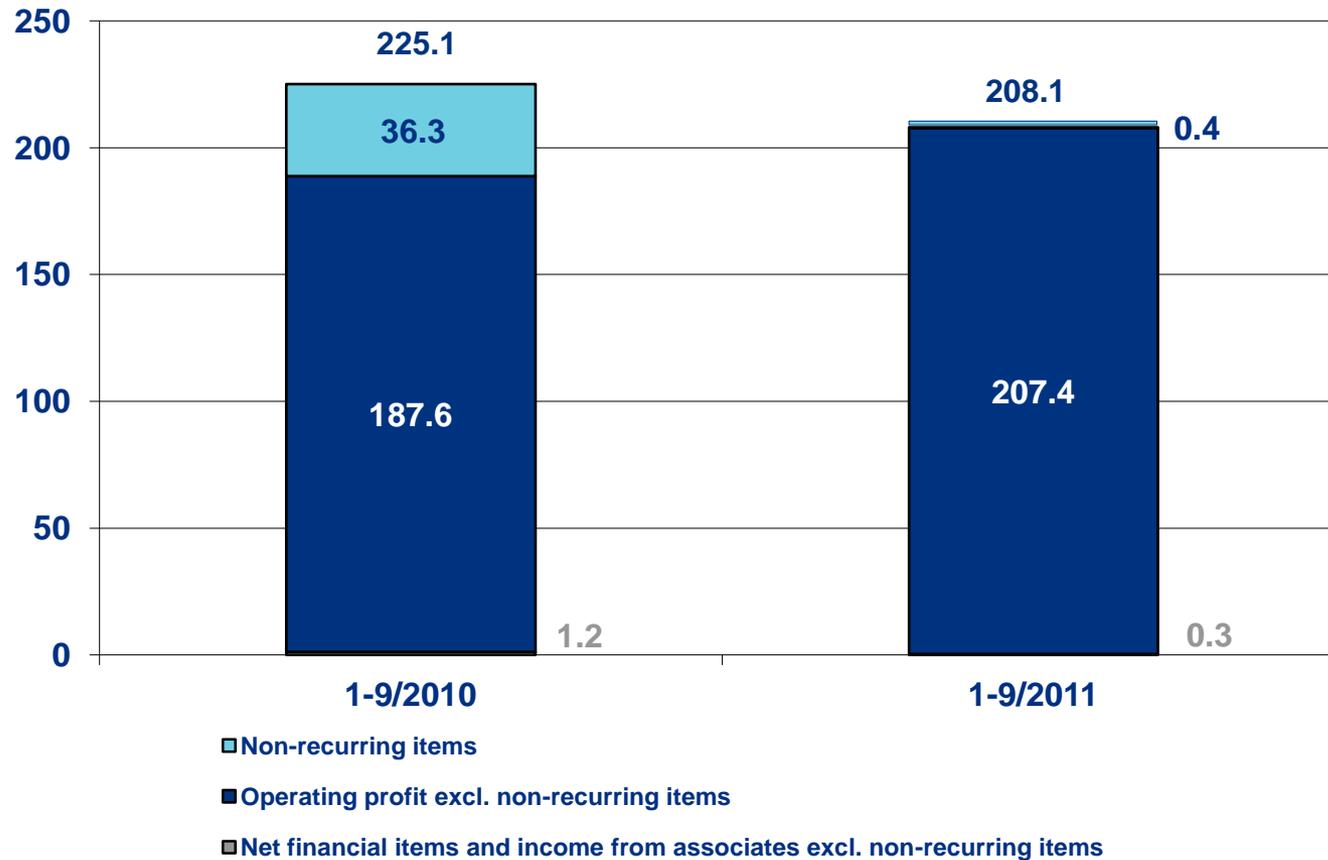
Operating profit excl. non-recurring items by division 1.1.-30.9. (M€)

	2011	2010	Change
Food trade	133.6	123.3	10.3
Home and speciality goods trade	3.7	20.3	-16.6
Building and home improvement trade	31.1	24.2	6.9
Car and machinery trade	44.8	29.2	15.6
Group total	207.4	187.6	19.8

Operating profit by quarter (M€)

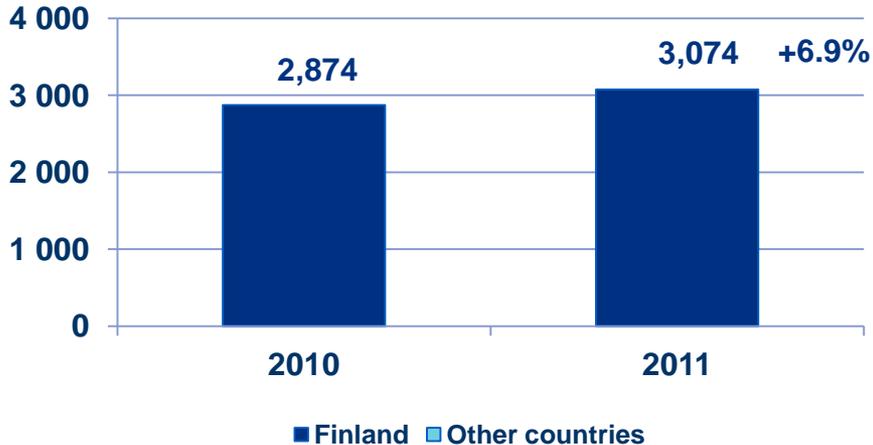


Group's profit before tax 1-9/2011 (M€)

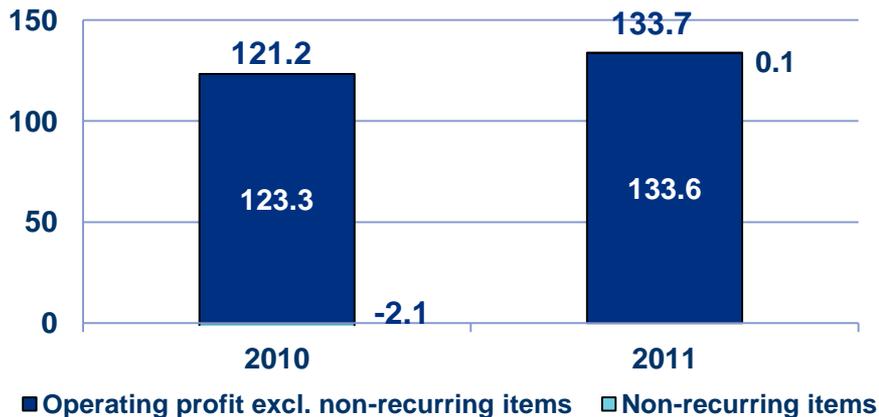


Food trade 1-9/2011

Net sales 1-9, M€



Operating profit 1-9, M€

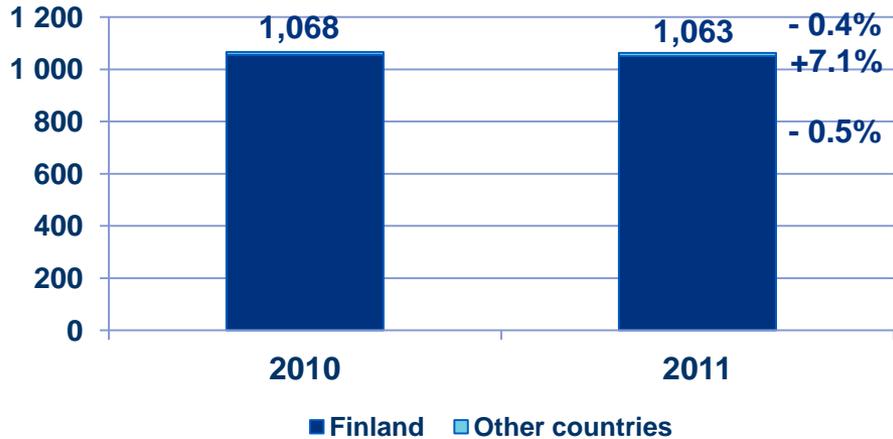


- Net sales of the food trade grew by 6.9%
 - Sales of Pirkka products were up by 38%
 - Good sales performance was achieved especially by the K-citymarket and K-supermarket chains
- The profitability improvement is attributable to K-food stores' good sales performance and cost management
- Capital expenditure in store sites was €153.8 million (€48.5 million)
- In January-September, three new K-citymarkets and 11 new K-supermarkets were opened
- Six K-citymarkets and 14 K-supermarkets are being built

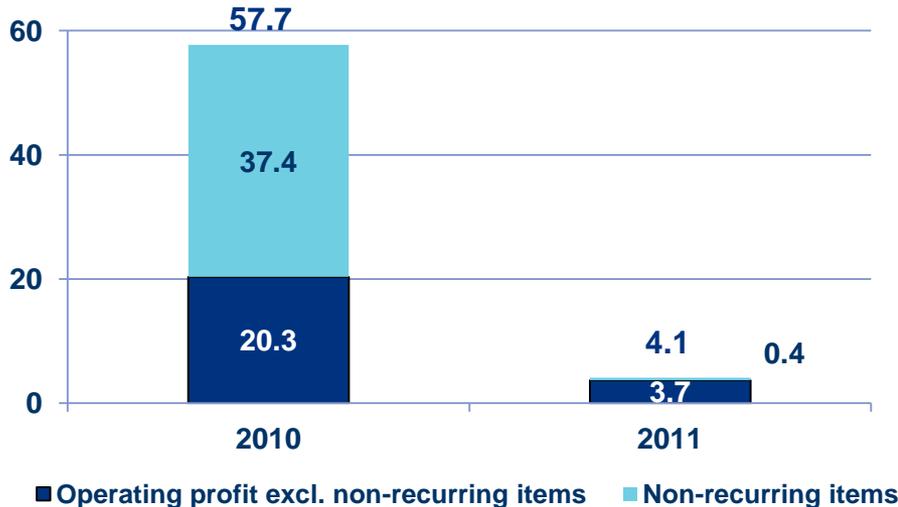
Home and speciality goods trade

1-9/2011

Net sales 1-9, M€



Operating profit 1-9, M€

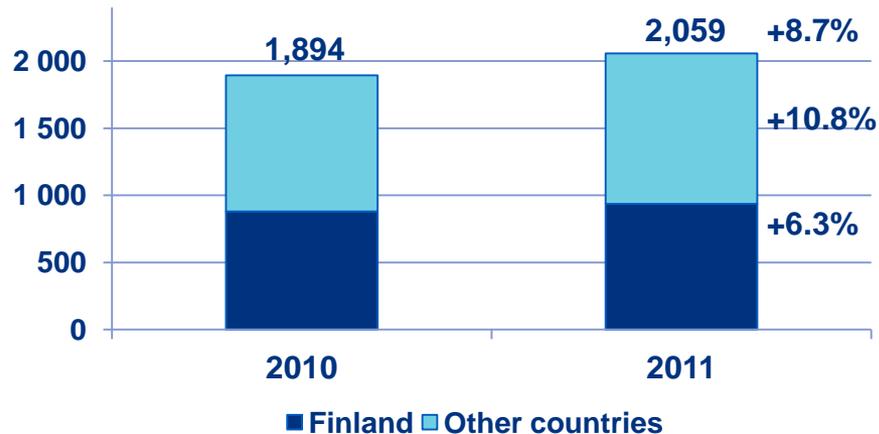


- K-citymarket home and speciality goods, as well as Asko and Sotka increased their sales
- Anttila's sales decreased, two less department stores
- Number of Musta Pörssi stores dropped from 49 to 32
- Profitability performance is attributable to Anttila's sales decrease, logistics centre relocation and selection revision
- Capital expenditure was €50.5 million (€16.9 million)
- Acquisition of Intersport operations in Russia was concluded in August

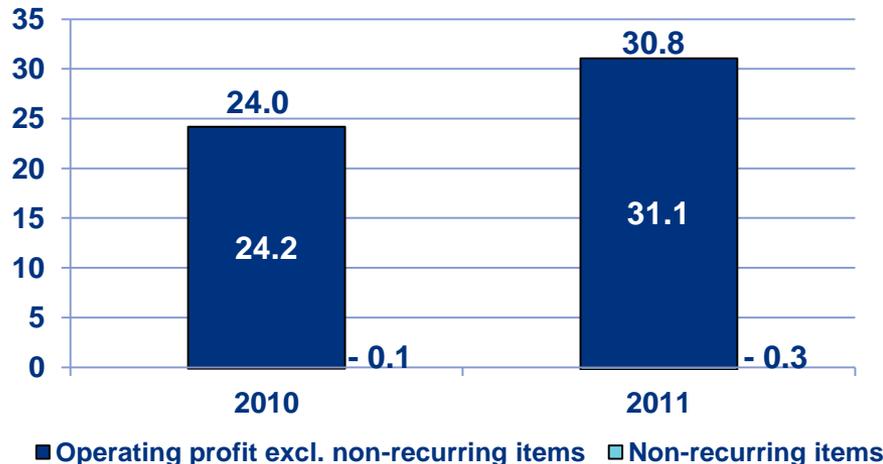
Building and home improvement trade

1-9/2011

Net sales 1-9, M€



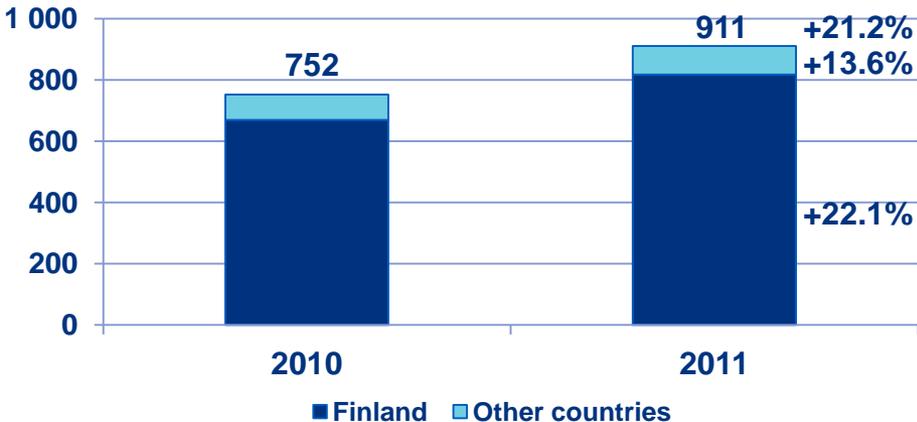
Operating profit 1-9, M€



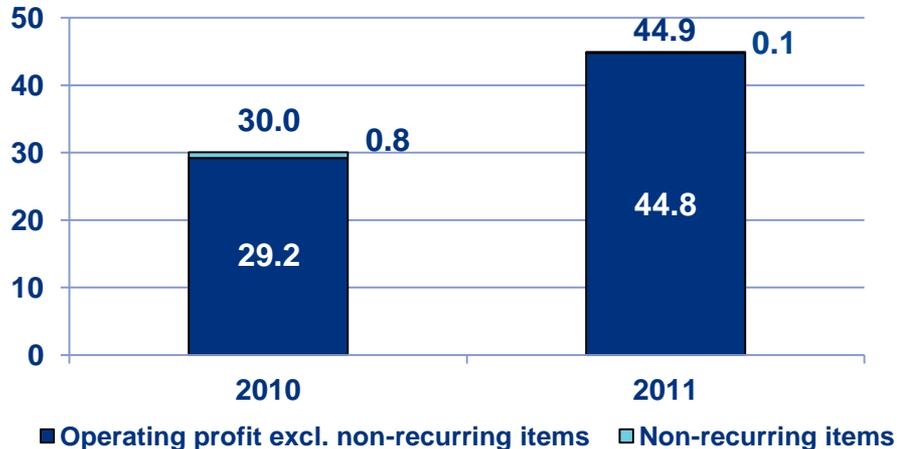
- In the building and home improvement trade, sales increased in all operating countries
 - Good sales performance in Russia in terms of roubles
 - Sales turned down in Sweden towards the end of the reporting period
- Profit performance was impacted by sales growth mainly derived from basic building materials with low margins, by slackened sales growth and by the costs related to the development of the international enterprise resource planning system.
- New K-rauta stores were opened in St. Petersburg and Haparanda
- Five new K-rauta stores are being built, of which two in Russia
- Capital expenditure was €89.3 million (€33.3 million)

Car and machinery trade 1-9/2011

Net sales 1-9, M€

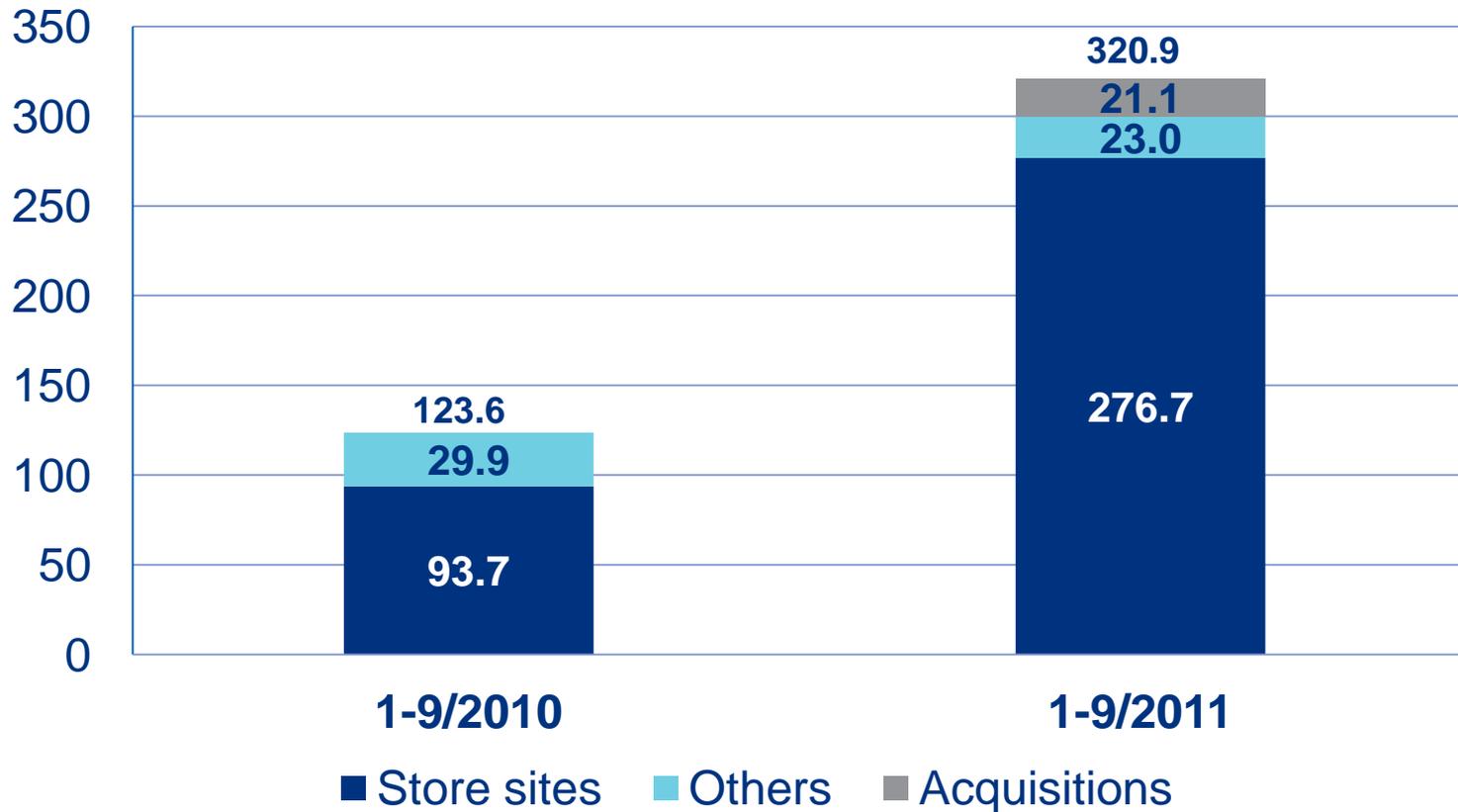


Operating profit 1-9, M€



- Comparable net sales of the car and machinery trade grew by 25.0%
- In January-September, Volkswagen was the market leader in passenger cars and vans
- Market share of Audi, Volkswagen and Seat passenger cars and vans was 20.5%
- Konekesko's comparable net sales grew by 25.2%
- Strong profit is the result of excellent sales performance and cost management
- Capital expenditure was €20.5 million (€13.1 million)

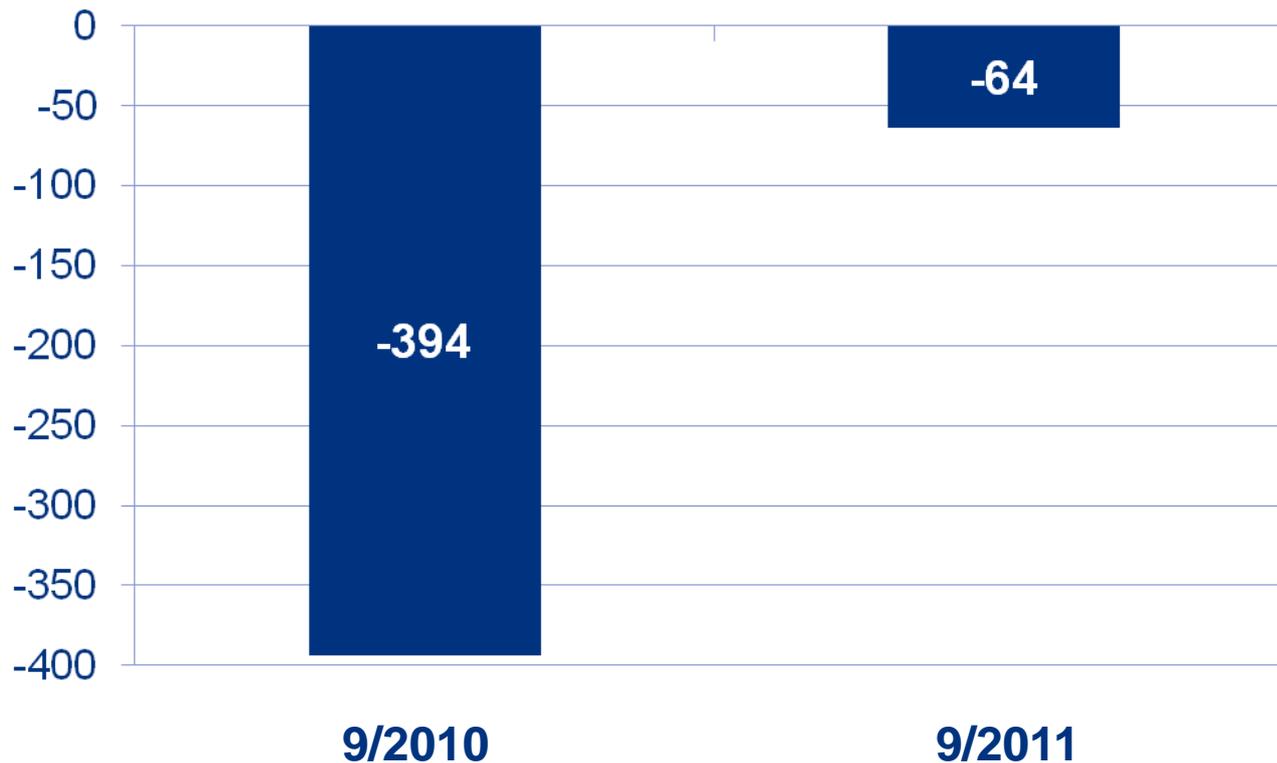
Group's capital expenditure (M€)



Equity ratio, %

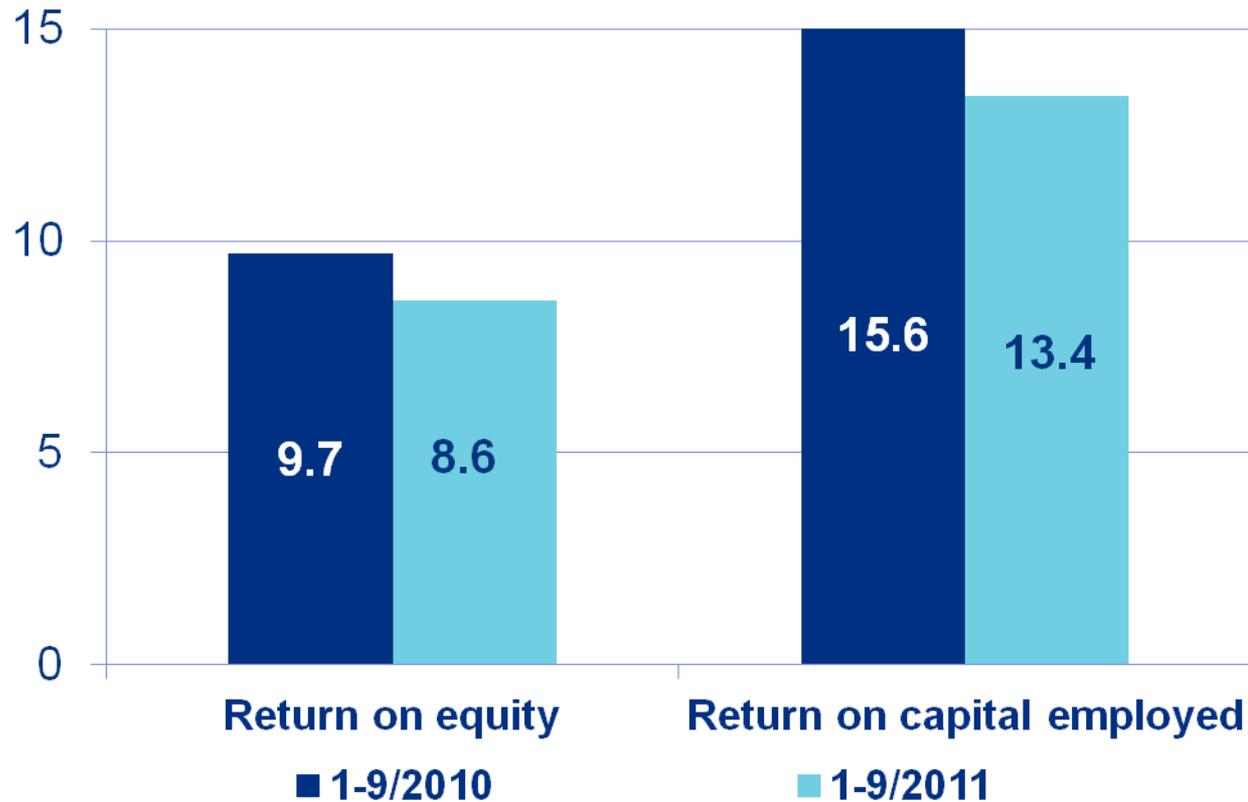


Interest-bearing net debt (M€)



Liquid assets 9/2011: €488 million (9/2010: €850 million)

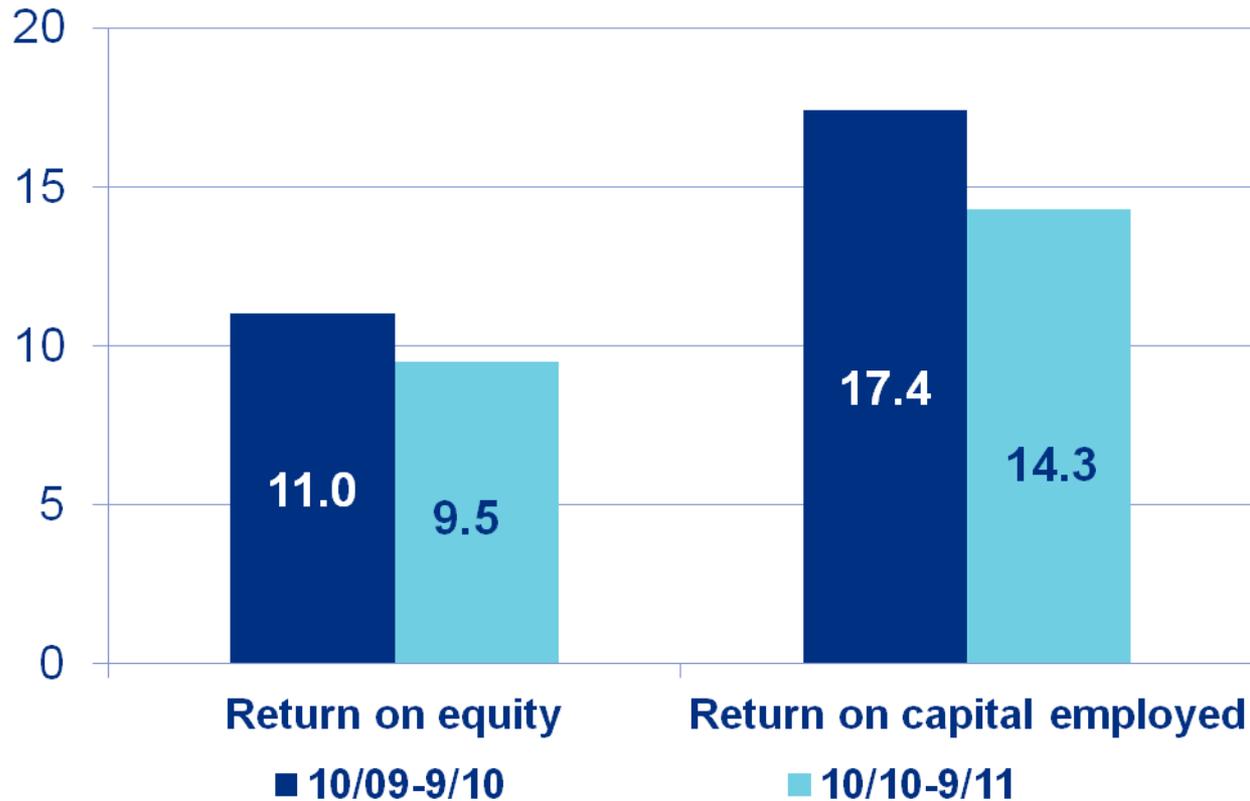
Return on capital, %



Excl. non-recurring items 1-9/2011 8.6%
 1-9/2010 8.0%

Excl. non-recurring items 1-9/2011 13.3%
 1-9/2010 13.0%

Return on capital, %, moving 12 mo



Excl. non-recurring items 10/10-9/11 9.4%
 10/09-9/10 8.0%

Excl. non-recurring items 10/10-9/11 14.2%
 10/09-9/10 13.0%

Performance indicators

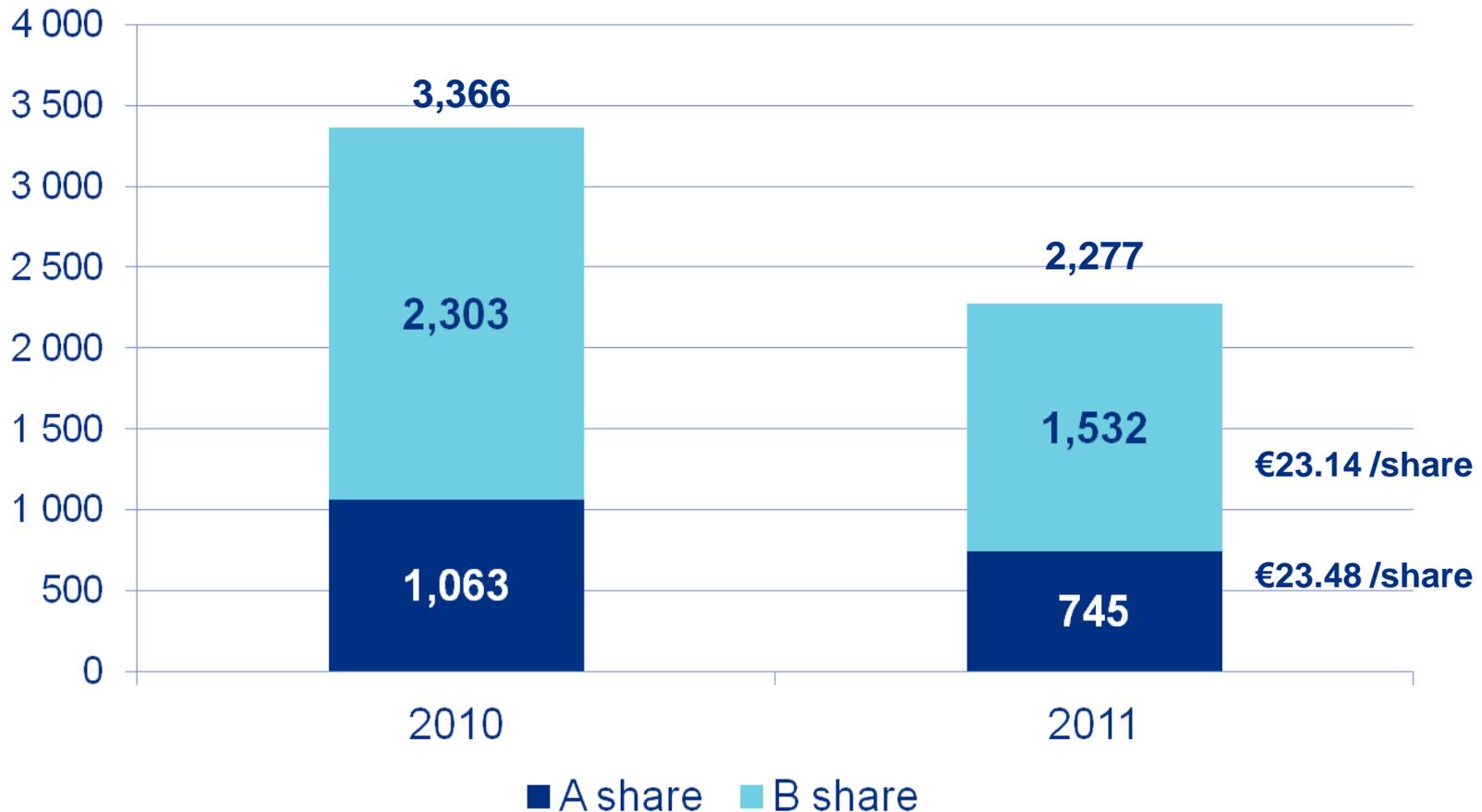
	1-9/2011	1-9/2010
Net sales, € million	6,979	6,467
Operating profit, € million	207.8	223.9
Operating profit excl. non-recurring items, € million	207.4	187.6
Group's profit before tax, € million	208.1	225.1
Capital expenditure, € million	320.9	123.6
Earnings/share, €, diluted	1.33	1.48
Earnings/share excl. non-recurring items, €, basic	1.34	1.21
Return on capital employed excl. non- recurring items, %, moving 12 mo	14.2	13.0
Return on equity excl. non-recurring items, %, moving 12 mo	9.4	8.0
Equity/share, €	21.66	21.11
Equity ratio, %	54.0	53.4
Cash flow from operating activities, € million	169	269
Cash flow from investing activities, € million	-331	-47

Share price trend 12 mo

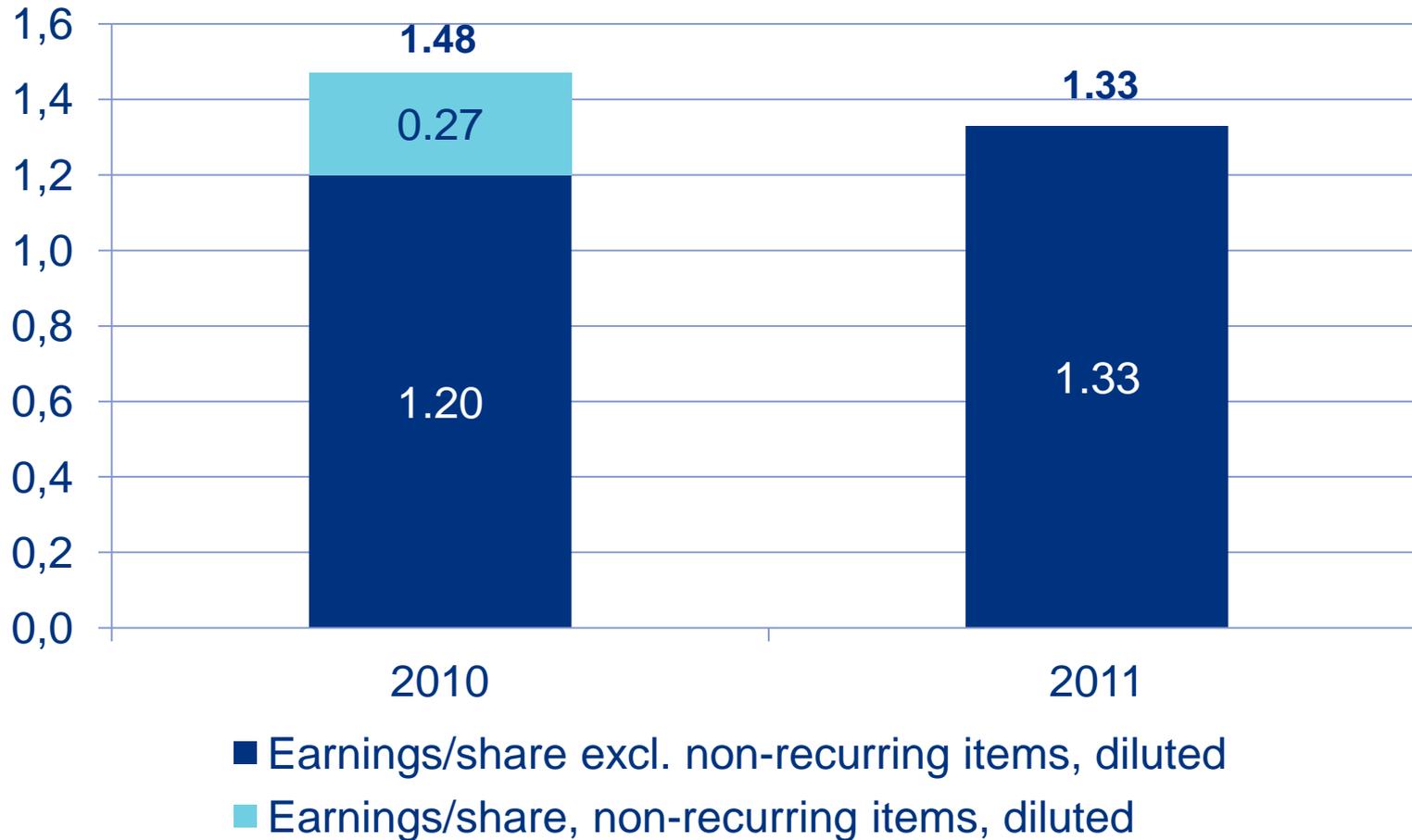


24.10.2011

Market capitalisation 30.9. (M€)



Earnings/share € 1-9 (diluted)



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 (10/2011-9/2012) in comparison with the 12 months preceding the reporting period (10/2010-9/2011).

The outlook for trends in consumer demand has weakened as a result of lowered consumer confidence regardless of continuously low interest rate levels. Significant uncertainties are associated with economic development, especially with respect to the evolution of total production and the ramifications of disturbances in the financial market. In addition, cuts in public finances and tightening taxation 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 growth of the building and home improvement market is expected to even out. In the car and machinery trade, the market is expected to turn down slightly.

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 remain at the achieved good level despite significant costs involved in the expansion of the store site network and business operations in Russia.

Thank you!

Arja Talma has been appointed President of Rautakesko and Corporate Management Board member responsible for Kesko's building and home improvement trade with effect from 1 November 2011

Age 49, Master of Science (Economics and Business Administration), eMBA.

Employment history:

- Corporate Management Board member 2005-
- Kesko Corporation, CFO 2005-2011
- Kesko Corporation, Vice President, Corporate Controller 2004-2005
- Oy Radiolinja Ab, Executive Vice President, Finance and Administration 2001-2003
- KPMG Wideri Oy Ab, partner 2000-2001
- KPMG Wideri Oy Ab, Authorised Public Accountant (APA) 1992-2001



Minna Kurunsaari has been appointed Kesko's Corporate Management Board member responsible for the home and speciality goods trade with effect from 1 December 2011

Age 46, Master of Laws

Employment history:

- | | |
|--|-----------|
| ■ Kesko Food Ltd, Vice President, Commerce | 2008- |
| ■ Kesko Food Ltd, Vice President,
K-supermarket chain | 2005-2008 |
| ■ Rautakesko Ltd, Retail Services Manager | 2004-2005 |
| ■ Keswell Ltd, Project Director and Commercial
Division Counsel | 2000-2004 |
| ■ Home and Speciality Goods Division,
Profit Division Counsel | 1999-2000 |
| ■ Kesko Corporation's Credit Office, Credit Manager | 1998-1999 |
| ■ Vähittäiskaupan Takaus Oy, Legal Counsel | 1995-1998 |



Minna Kurunsaari' responsibility area also includes Kesko's electronic marketing and services projects.

Jukka Erlund has been appointed Kesko Corporation's Chief Financial Officer (CFO) and Corporate Management Board member responsible for accounting and finance with effect from 1 November 2011

Age 37, Master of Science (Economics and Business Administration), eMBA.

Employment history:

- Kesko Food Ltd, Vice President, Finance 2010 -
- Kesko Corporation, Vice President, Corporate Controller 2007-2010
- Kesko Corporation, Corporate Business Controller 2004-2007
- Oy Radiolinja Ab, Business Controller 2001-2004
- Pricewaterhouse Coopers Oy, Accountant 1998-2001



In addition to Kesko Corporation's corporate accounting and finance, Jukka Erlund is responsible for IT management.