

Markku Uhari, Lännen Media

You mentioned that the fall in prices was levelling off and believe that prices will gradually start to rise again. What sort of price rise do you expect and in what products areas will it be?

Mikko Helander

Based on the first half of the year, we can say that the fall in prices has stopped, which we forecast in spring a year ago. We believe that prices will turn and rise but based on these figures it will be a quite moderate rise; there's nothing to indicate that food prices will develop explosively. As for this exceptional time when prices have fallen, it's very easy to say that it has been a temporary phenomenon.

Kimmo Lunden, Maaseudun tulevaisuus

What's the grocery trade's market share at the moment? Also, was Kesko interested in buying Stockmann Herkku, which S Group has said it is buying?

Mikko Helander

With regard to market share, I can say that we have managed very well in the market. And we predict that when Suomen Lähikauppa has undergone all the business restructuring then our market share will be about 37 to 38 percent. With regard to Stockmann Herkku I can state that we were interested and the subject was researched. When we conducted the research we found a variety of different challenges, including adding the stores on offer to our store site network – we were offered six new retail sites. In addition, we saw many different challenges connected to competition laws. More than that, I don't wish to comment on this issue in connection with this.

Arto Jaakkola, Kehittyvä kauppa

At an event this year, a minister strongly stated that special legislation was needed to protect producers. How does K Group see this? Do we need EU or Finnish legislation to protect the status of producers in the grocery trade supply chain?

Mikko Helander

We have rather poor experiences when such issues are initially attempted to be decided by legislation. In K Group, we believe more in work that is done in close cooperation. And we want, have had and do have close cooperation with Finnish producers in the foodstuffs supply chain and we want to strengthen that. And I have lots of good feedback from Finnish foodstuff producers and agricultural producers. The feedback has been very positive and Kesko and K group are seen as a good actor and a positive actor in this relationship. And we want to strengthen that. I can assure you that we will concern ourselves how Finnish agricultural entrepreneurs and Finnish foodstuff entrepreneurs manage in the future. And it is important to remember that if one of side weakens then we all suffer and so does Finnish society as we have a joint fate. We should remember that this chain – Finnish grocery stores, Finnish foodstuff producers, Finnish agriculture, Finnish food care employs over 300,000 Finns.

Sanna Pekkonen, Kauppalehti

How are the hoped synergy benefits progressing in relation to the integration of Suomen Lähikauppa?

Mikko Helander

According to plan. All in all, we are very satisfied with the acquisition of Suomen Lähikauppa and we are very satisfied with how the grocery trade has integrated Suomen Lähikauppa into Kesko, very satisfied with how the Siwa and Valintatalo shops have been converted into K-Markets ahead of schedule, and realised the renewal of K-Market shops and we must recognise that the sales growth in these shops has been 11 percent. And it's pleasant to note that now the stores are being transferred to retailers, about 100 so far.

The retailers are also very satisfied in the shops and they have managed to bring their own significant extra to the shops. The target is that by the end of 2018 all the stores have been transferred to retailers. The synergy benefits are progressing according to plan.

Sanna Pekkonen

You have other operations outside the core businesses, such as shoes and sports clothing. How will you continue with them in relation to your strategy in the future?

Mikko Helander

According to strategy, there has not been any rush from the point of view of divestments and neither is there with these operations. Of course, the central issue is that we want to make sure that if and when we do something, the operations sold will have even better preconditions to manage in a highly competitive situation in their new entity.

We must remember are in a strong financial condition and our speciality goods trade units have coped well in the market and we have no rush to sell now.

Harri Paakkola, Nordea

The weather was emphasised as contributing to lower sales in the building and technical trade but the weather was not good in the start of July either. How will that affect Q3?

Mikko Helander

We don't give separate guidance on quarters, but let's say that in relation to the future we strongly trust in the future and stand by the guidance for the whole year's results. And, we expect our comparable operating profit to improve.

Harri Paakkola

The construction side of Beyer is on sale in Sweden. Have you looked at that as option?

Mikko Helander

There are other companies for sale in Denmark, in Sweden, Norway, in Finland, such as Stark. The subject has been noted but as you well understand, at this moment, I cannot comment anymore on this issue.

Kimmo Lunden, MST

Could you clarify your comments about Stockmann Herkku and the challenges with its six store sites, what did you mean exactly? And in a question connected to the grocery trade, now that Kesko is dependent on the weather, was the cold and wet weather also reflected in the results of grocery trade?

Mikko Helander

Without a doubt. An exceptionally cold spring, a cold and rainy start to summer – the weather has also negatively affected the sales of the speciality goods trade and Citymarkets' non-food. But also, we must state that Citymarket and the grocery trade have performed very well in the market despite the cold weather.

And, of course, poor weather has a negative effect on neighbourhood stores as well. They normally see their best sales in late spring, the summer season and late summer. And warm, sunny weather boosts sales of ice cream and soft drinks and beer as well as barbecue products and the result of the poor weather can be seen in their sales.

With regard to Stockmann, I don't want to and cannot comment much more on what I said. But in relation to the store site network: We researched the potential acquisition carefully and the stores were food stores in six department stores and we make very precise plans for our stores, as we did when we considered the Suomen Lähikauppa acquisition, and the store site network is a very important part of that. But we saw known challenges with the store site network when reflected against our existing network. But of course, we were interested.

Arto Jaakkola

Now that K-rauta and Rautia have merged into one K-Rauta chain and have renewed themselves and the new customer promise is "surprisingly easy", have the renewals realised the expectations you had for them and achieved the results you wanted?

Mikko Helander

We are very satisfied. Terho can give more precise information.

Terho Kalliokoski

We have coped in the market and especially in Q2 clearly increased our market share and coped better than our competitors in Finland. And it shows how we have succeeded so far in the renewal. We're still on the journey, it's a strong promise and "surprisingly easy" demands great effort. But we will achieve our aims.

Arto Jaakkola

One small question. When will the new health, beauty and wellbeing chain be launched?

Mikko Helander

Jorma can answer this.

Jorma Rauhala.

As planned. In June we received permission from Finland's Competition and Consumer Authority and completed the deal and we hope to open the first shops in the autumn of this year as planned.

Tuuli Oikarinen, STT

Regarding store numbers. In winter you were closing Siwa and Valintatalo stores. Will you be opening or closing more stores? You say you are investing heavily in the grocery trade store site network, but what does that mean and how will the number of stores develop in the future?

Mikko Helander

We have transferred to a normal store site network development phase. We continually invest in the network and our investment in the store site network is exceptionally large just now in Finland. We are renewing stores and continuing to build new stores in all chains. For example, the new Citymarket at Sastamala opened in spring and has begun very well but some individual shops have been closed. Nevertheless, this is now more routine after the integration of the 409 Suomen Lähikauppa stores.

Tuuli Oikarinen

What are the investments and will the number of shops in the grocery trade network increase or decrease?

Mikko Helander

Jorma can present his own view on this. It depends on societal development but I want to emphasise that according to our strategy we have done exceptionally powerful work that is ongoing in renewing the store site network. It started in 2015 and ends in 2019. But we can see at this phase in our sales and market development that we have succeeded well so far.

It will be interesting to see in 2019, when all these renewals are done, what sort of performance we can reach. That's because the renewal of the stores drags down sales because when there is a physical renovation, it is not as nice to go shopping at that store. Jorma can continue if you would like.

Jorma Rauhala

I'll support what Mikko stated and say that this is part of normal business. Suomen Lähikauppa shops have been converted into K-Markets and some into Supermarkets and some Suomen Lähikauppa shops have closed. New stores will open and this is normal in the grocery trade business. Regarding investment, there is ongoing construction at the Easton shopping centre in Helsinki. New K-Supermarkets are under construction in Tampere at Tesoma and Kaukajärvi, in Turku, in Espoo at Suurpelto and Espoonlahti, in Ilmajoki, in Helsinki at Kalasatama and Pasila, and in Oulu and Kauniainen. In significant population growth areas, there will be new stores. Thus, the net number of shops is likely to grow rather than decrease.

Kimmo Lunden

A question about the K-maatalous sale to Lantmännen. Has the deal been completed? Have you followed how Lantmännen has been able to take K-maatalous further?

Mikko Helander

The deal has been closed and ownership has changed and money has been changed.

Not just from a K-maatalous point-of-view, but also from what we know in relation to our other divestments, all of them have developed well and there have been no major problems. Everybody has been satisfied. What's been important is that the K-maatalous retailers have been very motivated and continue that strong cooperation with Lantmännen. This is important for us as the selling company.

Tuuli Oikarinen

Can you see this economic upturn in the stores and in which sales areas?

Mikko Helander

We can. We can see it in all divisions. For instance, I would like to emphasise that in the media it felt like price was the only theme mentioned or discussed with reference to the grocery trade for years. However, all those things that we have emphasised for years alongside price – such as quality and service – and which are things we believe are K Group's strengths have become topics of discussion.

And in the car trade we see upturns in the economy. And we see upturns in the building and technical trade with reference to the growth in the building of new homes, especially in the capital region and some other population growth areas. Unfortunately, we can say that we have a lot of areas in Finland that are not part of this growth.

Arto Jaakkola

What plans do you have for hybrid, electric and natural gas cars in the future?

Mikko Helander

I'll listen with pleasure to what Johan has to say about this

Johan Friman

It's absolutely clear that sales of electric cars and hybrid cars will continue to develop and grow. At the moment, the absolute sales of such cars are low, about 2,000 hybrid cars will be registered this year and 500 to 600 electric cars. But Volkswagen Group has the target that by 2025 a quarter of all new registrations will be electric cars and worldwide that would be almost three million electric cars. It's clear trend, which people write a lot about but at the moment the actual sales figures are low.

Mikko Helander

Johan, are reports of the death of the petrol and diesel engine a bit premature?

Johan Friman

That leads to the discussions of last year. But that concerns old diesel engines from 10 to 15 years ago, whose engines produced more emissions. The more modern diesel engines will be used for decades ahead and throughout Europe, because the emissions are low, they are efficient and in Finland distances are long.

Sanna Pekkonen

What aspects of quality will you compete against Stockmann Herkku with?

Mikko Helander

Let's put it like this. We don't set out to compete but we are in competition. We must remember that Stockmann Herkku only has six store sites and their market share is under one percent of Finland's grocery trade. But we have succeeded very well where Stockmann Herkku stores are located. For example, in all the K-food stores in central Helsinki. And many would consider the K-food stores amongst Helsinki's best food stores. We have managed very well and I believe that we will manage even better in the future. And we should remember that the authorities [Competition and Consumer Authority] are still investigating the deal. And if the deal is realised in the form proposed that gives us interesting possibilities.

[Jorma Rauhala and Mikko Helander repeat earlier points about the opening of new stores and investment]

Sanna Pekkonen

Although the economic forecast has improved, how much will the tightened price competition keep prices down and affect the grocery trade?

Mikko Helander

It's not just the grocery trade, tough price competition will continue in all divisions. The fierce competition will not ease. It will be interesting to see how the market has developed for all K stores in all divisions once all the store renewals are completed.

Thank you all very much for attending.