



K Group's building and technical trade

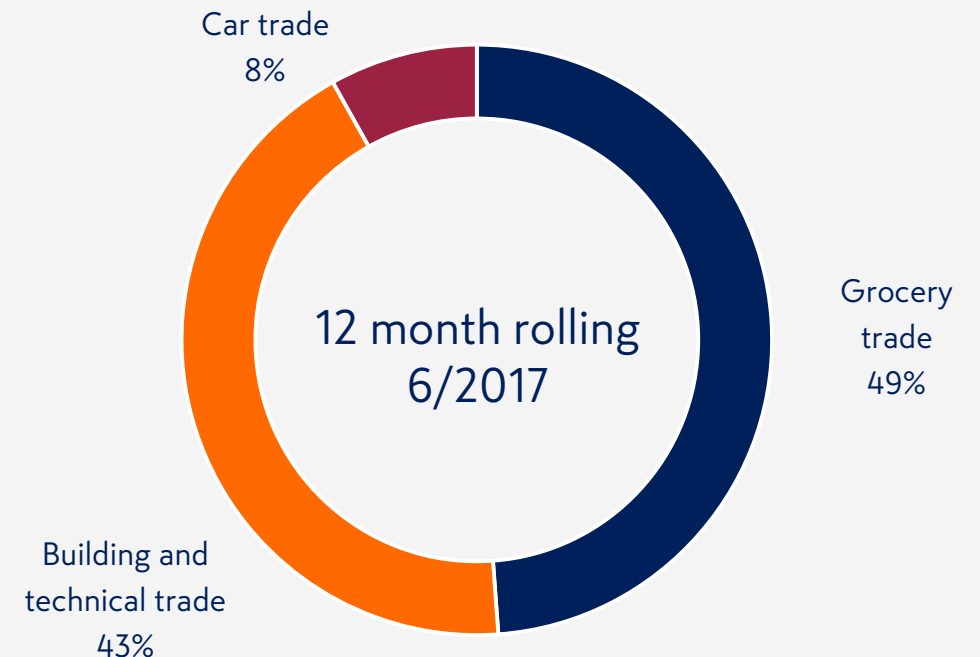
Carnegie 24.8.2017 | President Terho Kalliokoski

K

K Group Today

- K Group is the third biggest retail operator in Northern Europe with retail sales of €13.2bn (pro forma 2016)
- Kesko and 1,088 K-retailer entrepreneurs form the K Group
- Operations in nine countries with 45,000 trading sector professionals
- One of Finland's most significant employers and tax-payers
- The most sustainable trading sector company in the world
- Kesko shares listed on Nasdaq Helsinki

Net sales by division



The Core of Kesko's Strategy is Profitable Growth in Three Strategic Areas

Grocery trade



Retail sales €6.7bn*

1,300 stores in Finland

#2 in the Finnish retail market

#1 in Finnish food service business

Building and technical trade



Retail sales €5.3bn*

600 stores in 9 countries

#1 in Northern Europe

Car trade



Retail sales €0.9bn*

VW, Audi, Seat, Porsche and MAN trucks

#1 in Finland

*Rolling 12 mo 6/2016 (pro forma)

Strong Brand Portfolio

Grocery trade

 CITYMARKET

 Supermarket

 Market

NESTE 

 KESPRO

Building and technical trade

 Rauta 


 SENUKAI


BYGGMAKKER



Speciality goods trade

Car trade



SEAT



PORSCHE

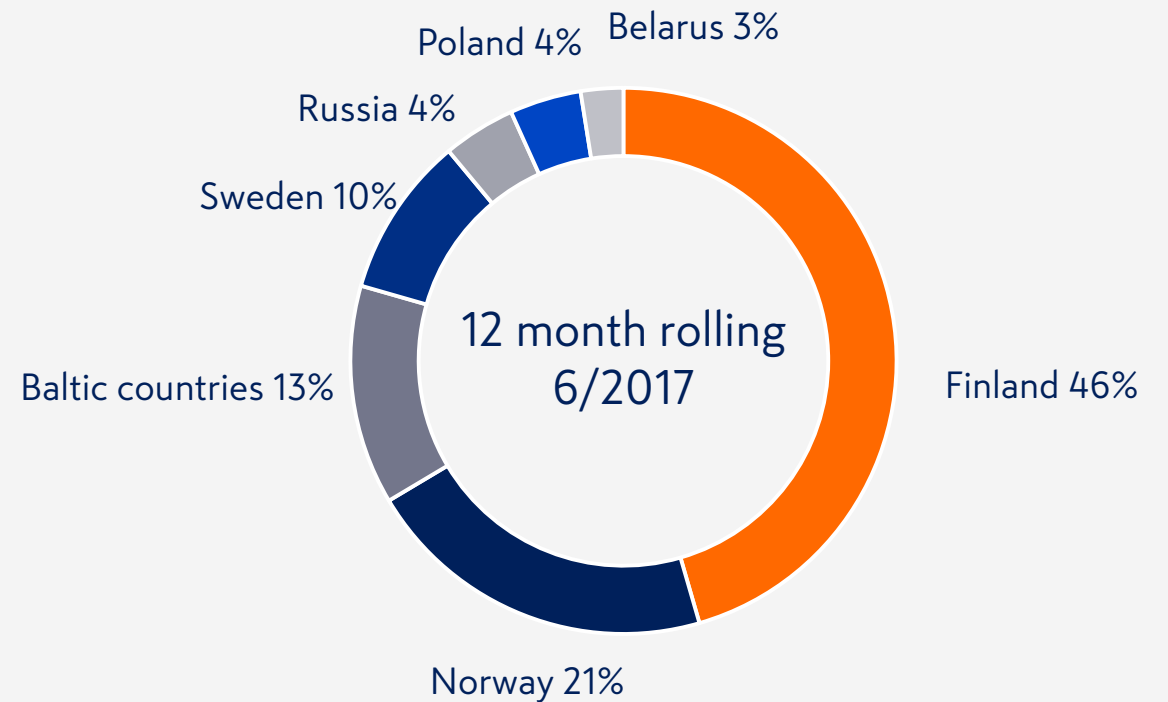
Building and Technical Trade Key Figures

12 month rolling
6/2017

Net sales	€4,724m
Operating profit*	€98,2m
Operating margin*	2.1%
ROCE*	8.3%

* Comparable

Retail sales by country (pro forma),
excl. the speciality goods trade



Building and Technical Trade Customer Groups

B2B CUSTOMERS

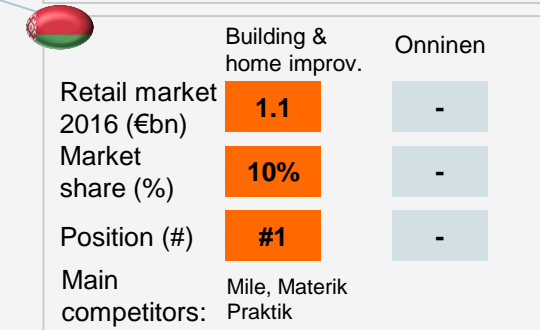
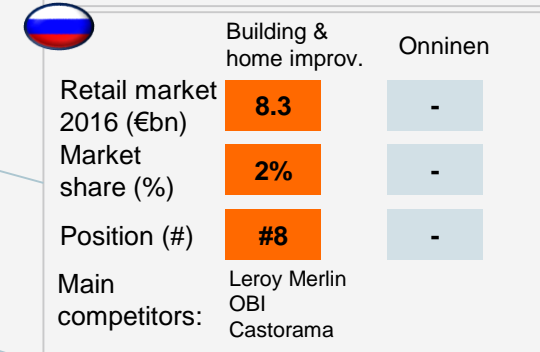
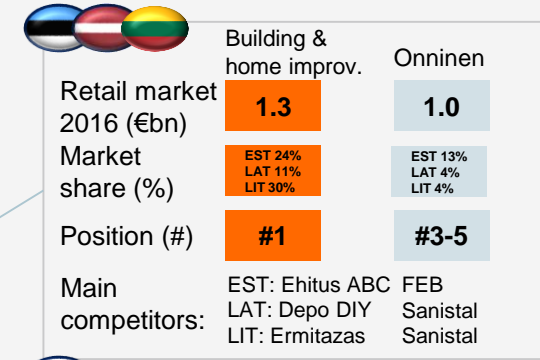
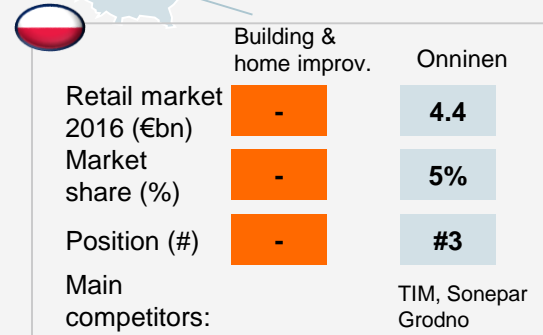
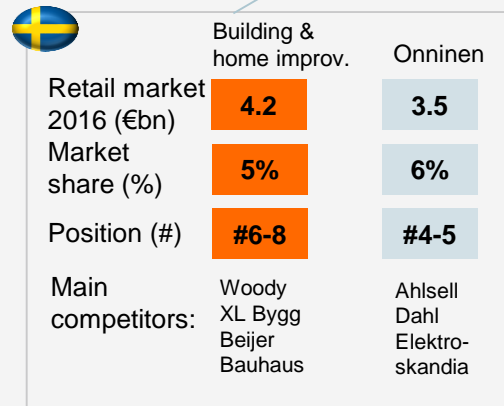
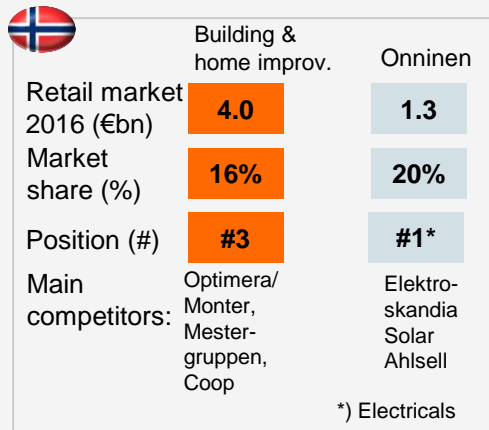
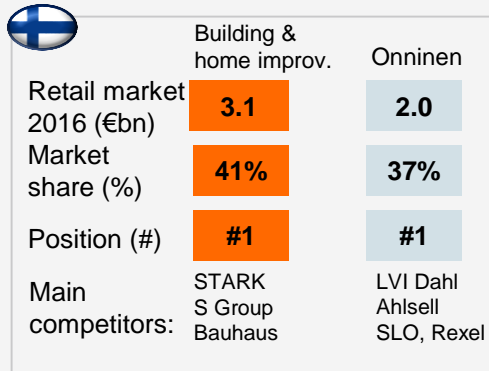
- Largest customer groups are contractors and construction companies, 80% of sales
- Building materials, HEPAC* and electricals account for 75% of sales

* HEPAC=heating, plumbing and air conditioning

B2C CUSTOMERS

- Renovators or builders with a DIY project
- Consumers with a need for a special DIY product
- Main product lines are building materials, home furnishing, decoration and tools

Strong Market Position in the Nordics and in the Baltics



Market Outlook

- The growth in B2B sales is expected to continue stronger than the growth in the retail market as building and renovating continues to shift from consumers to professionals
- Market growth is even more pronounced in large growth centres in both the Nordic and Baltic countries
- The market for the building and technical trade is expected to grow in Finland and in the Baltic countries
- Growth in Sweden and Norway, but at a somewhat slower rate
- The trend in the Russian market is expected to remain modest



Strategy Implementation



Megatrends Highlight the Importance of B2B Business and Omnichannel Customer Experience

Building and renovation increasingly technical, regulation increases

Consumers increasingly often outsource building to professionals

Rising standard of living, urbanisation and ageing people increase the demand for services

Omni-channel customer experience is coming more important and price transparency is growing

ECom enables new operators to enter the business and the boundaries between traditional sectors disappear

Strategic Focus Areas

- Improvement of profitability and realization of synergies in all operating countries
- Strengthening the market leader position in Northern Europe
- Creating for B2B customers winning customer experience and unique partnership – more time for work
- For B2C customers best omnichannel experience and most comprehensive services - surprisingly easy
- Implementation of a common core in all functions and countries based on customer needs
- Strong development of eCom sales and digital services both in B2B and B2C operations

Competitive Advantage from Unique Business Model

- Creating a service model between B2B and B2C including contractor network and project management
- Service channel chosen by the customer – best omnichannel experience for all segments
- Common customer centric core, particularly in purchasing and logistics



Common core organisation and processes based on customer needs

Divestments in line with Strategy Continued

- The cash flow from the divested speciality goods business operations and properties for January-June 2017 totalled €192 million, of which a total of €80 million was recorded as a gain on the divestments.
- H1/2017 divested business operations:
 - K-maatalous business
 - Asko ja Sotka furniture trade
 - Machinery trade's minority share in the Baltics as well as recreational machinery business in Finland
 - Properties in the Baltics

Onninen's Development According to Plans

- Onninen as part of Kesko over 12 months
- Focus in the first phase of integration:
 - Organising B2B business to one entity
 - Securing uninterrupted business operations
- Focus shifted now to customer interface, e.g. sales organised according to customer segments
- Better services and synergies from sourcing, logistics, store site network and ICT
 - Full annual impact of synergies €30m from 2020



18.4.2017: Jönköping – first K-Rauta and Onninen concept store





Digital Services



Digital Services Growing in Importance: for Customers, Stores and Sales Representatives



Digital services for
customers



Digital solutions to create
'surprisingly easy'
shopping experience



Digital tools to assist
personnel in their work



How to learn and develop
constantly to be
customer's preferred
choice?



Customer Insight as a Driver for Digital Services

B2B CUSTOMERS



MORE TIME FOR WORK

Needs:

- Integrated material and information flow capabilities
- New value adding services
- Full segment specific assortment available

B2C CUSTOMERS



SURPRISINGLY EASY

Needs:

- Easy multichannel shopping, eCom importance growing rapidly
- *Do-it-for-me (DFM)*
- From stores to showrooms with virtual reality and other new technologies

Continuous piloting | Service design | Ongoing consumer interviews and research | Online panels

Digital Services for B2B Customers

- Renewed Onninen eCom
- Mobile Construction App K-Rauta B2B customers
- Mobile Applications pilots for Onninen services related to consignment stock and logistics



Nimi
Sähköpostiosoite

Tilaukset
Uusi tilaus
Hae tuotteita
Vaihda asiakkuutta
Sopimustiedot
Tietoja

Kirjaudu ulos

Työmaa 1234

LIESIKUPU SAVO CH-5209-S 90CM RST
Tuotekoodi 7936073

savo
Liesikupu CH-5209-S Seinämalli, ilman moottoria. Liesikupu ohjaa katolla tai poistohormissa olevaa huipputurva.

Tuotteen lisätiedot

585,40 €/kp1
Listahinta 605,00€/kp1

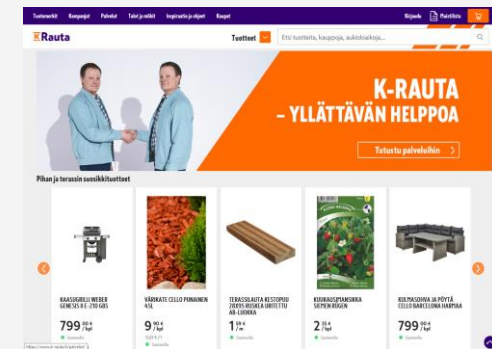
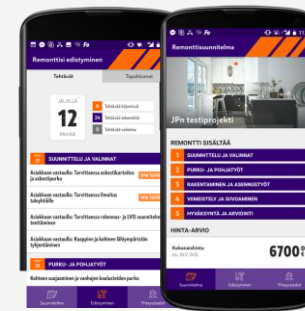
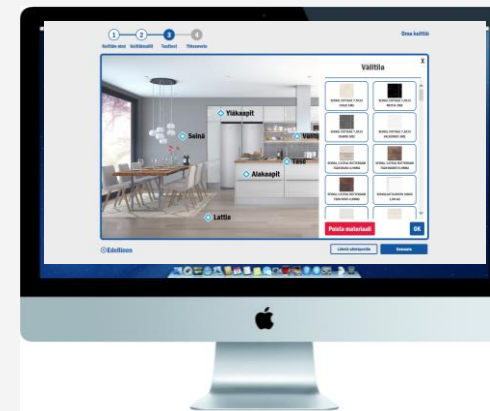
Saatavuus
● Tampere / Kalkku 4 ● Keskusvarasto 34

Peruuta

Lisää tuote ostoskoriin

Digital Services for B2C Customers

- Renewed k-rauta.fi online store
- Virtual Reality tools to experience custom made Cello kitchens
- Online planning tools for indoor and outdoor renovation
- Renovation Master mobile application for renovation project management





Q&A



