



Financial Statements Release 2017
1 February 2018

President and CEO Mikko Helander



2017 –Year of Profitable Growth

- Good progress in the implementation of our strategy towards becoming a more focused and unified K Group
- Net sales grew in comparable terms by 1.8% and comparable operating profit rose to €297 million
- Grocery trade: sales and profitability grew, customer satisfaction continued to improve
- Building and technical trade: sales grew, profitability on a growth track
- Car trade: profitability improved, strong development in commercial vehicles and the Porsche business

Strategic Focus on Core Businesses Has Increased Pro-Forma Net Sales by €1.6bn and Operating Profit by €42m

- Onninen, Suomen Lähikauppa and AutoCarrera increased net sales by €2.3bn and operating profit by €40m
- Divestments in 2017 and 2016 decreased net sales by €0.7bn and increased operating profit by €2m

Acquisitions 2016

- Suomen Lähikauppa
- Onninen
- AutoCarrera

Divestments 2015-2017

- Indoor Group
- Leisure machinery trade
- K-maatalous
- Minority holding in Baltic machinery trade
- Grocery and sports trade in Russia
- Department store trade in Finland

Highlights Q4/2017

Net sales growth +2.6%

Operating profit €81 million (+€18m)

Earnings per share €0.65 (+54%)

Grocery trade growth +4.5% and
operating profit €67 million (+€15m)

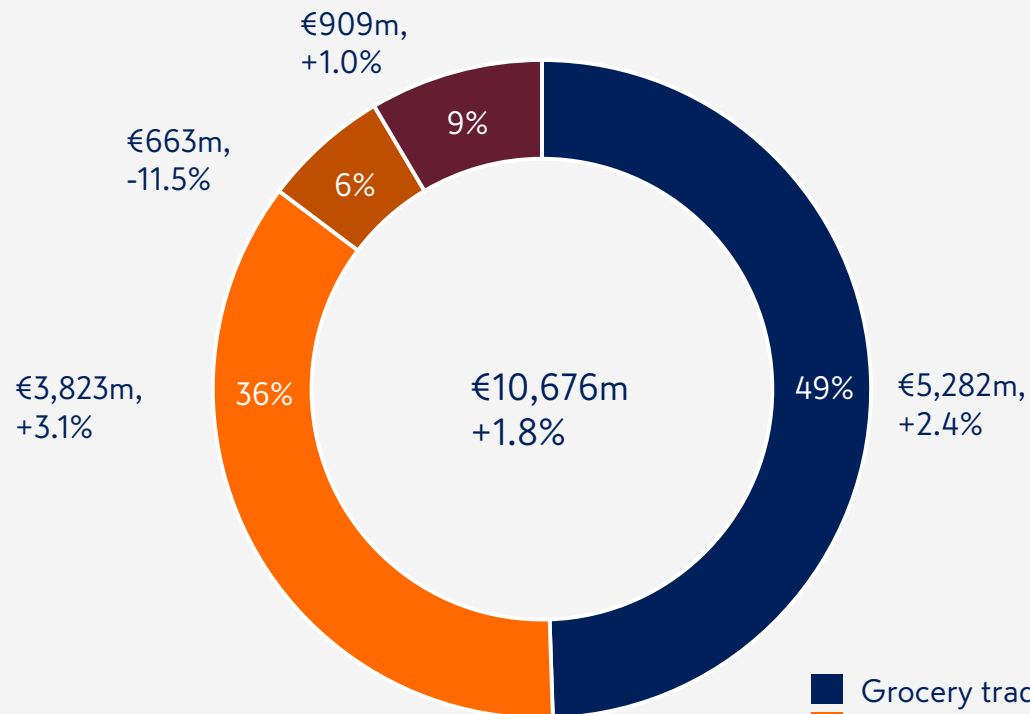


Net Sales and Operating Profit grew

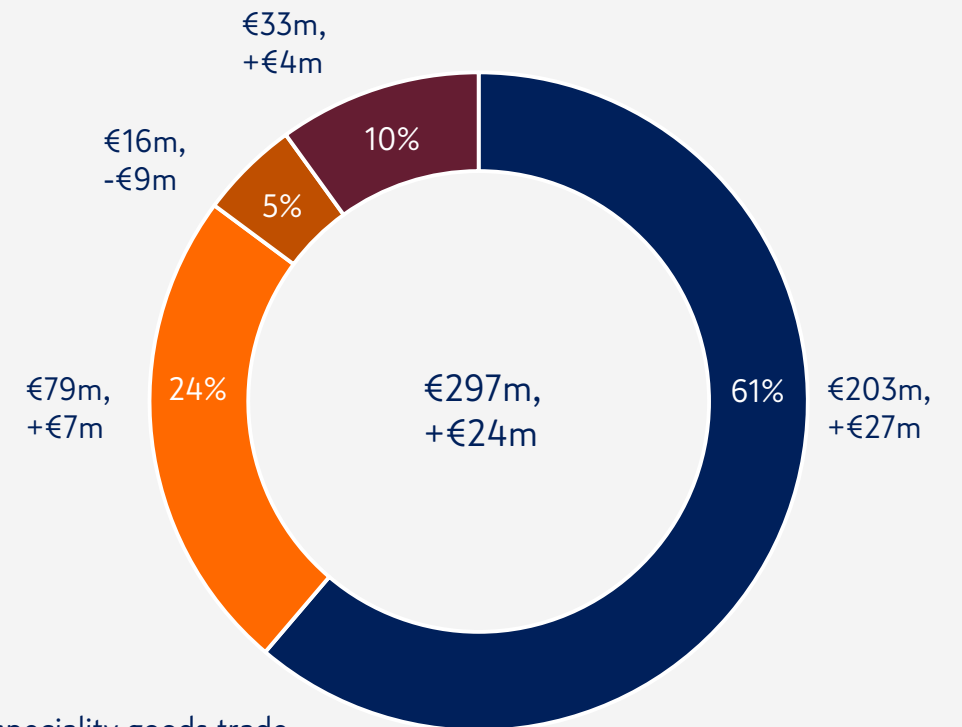
	Q4/2017	Q4/2016	2017	2016
Net sales, €m	2,618	2,765	10,676	10,180
Net sales growth, comparable, %	+2.6		+1.8	
Comparable operating profit, €m	81.0	63.3	296.7	272.9
Comparable operating profit, %	3.1	2.3	2.8	2.7
Profit before tax, €m	57.6	-43.5	327.6	145.2
Comparable profit before tax, €m	82.0	60.2	300.1	271.4
Comparable earnings per share, €	0.65	0.42	2.28	2.01
Return on capital employed, comparable, %, rolling 12 months	12.2	11.9	12.2	11.9
Return on equity, comparable, %, rolling 12 months	10.9	9.8	10.9	9.8

Net Sales and Operating Profit 2017

Net sales*

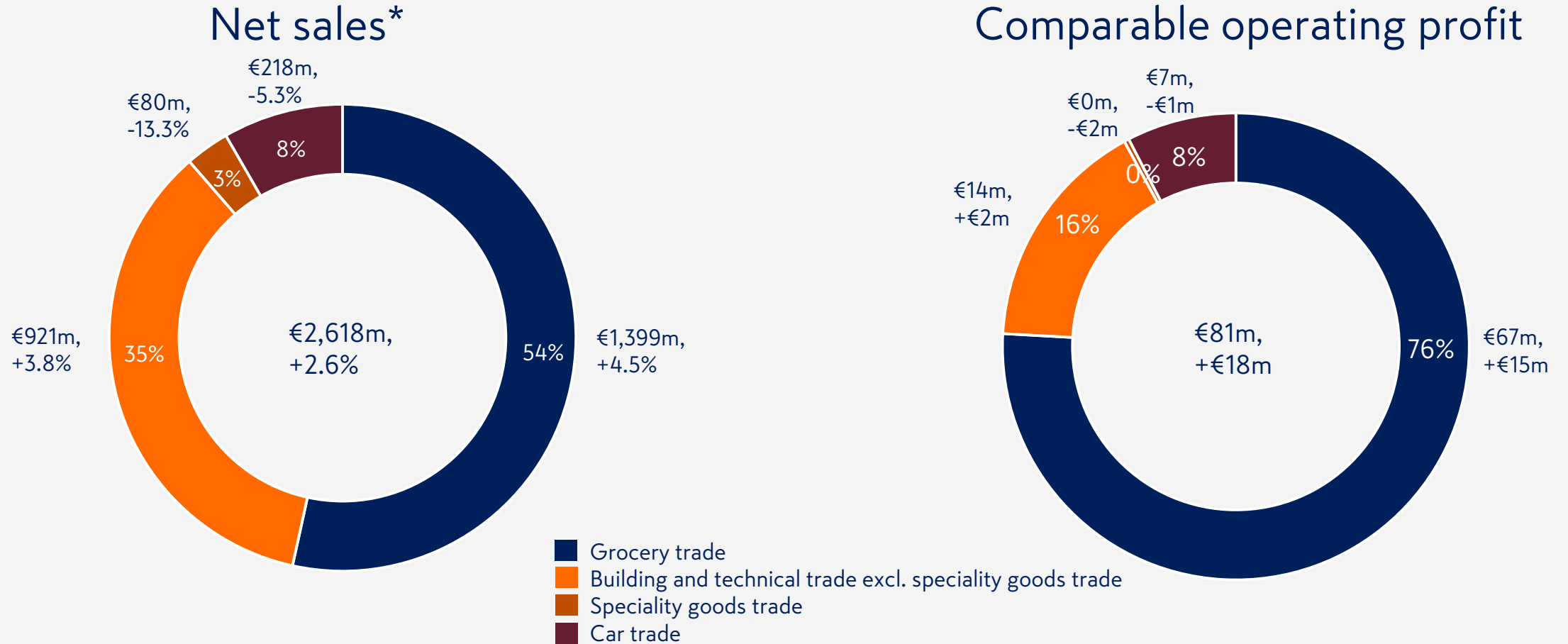


Comparable operating profit



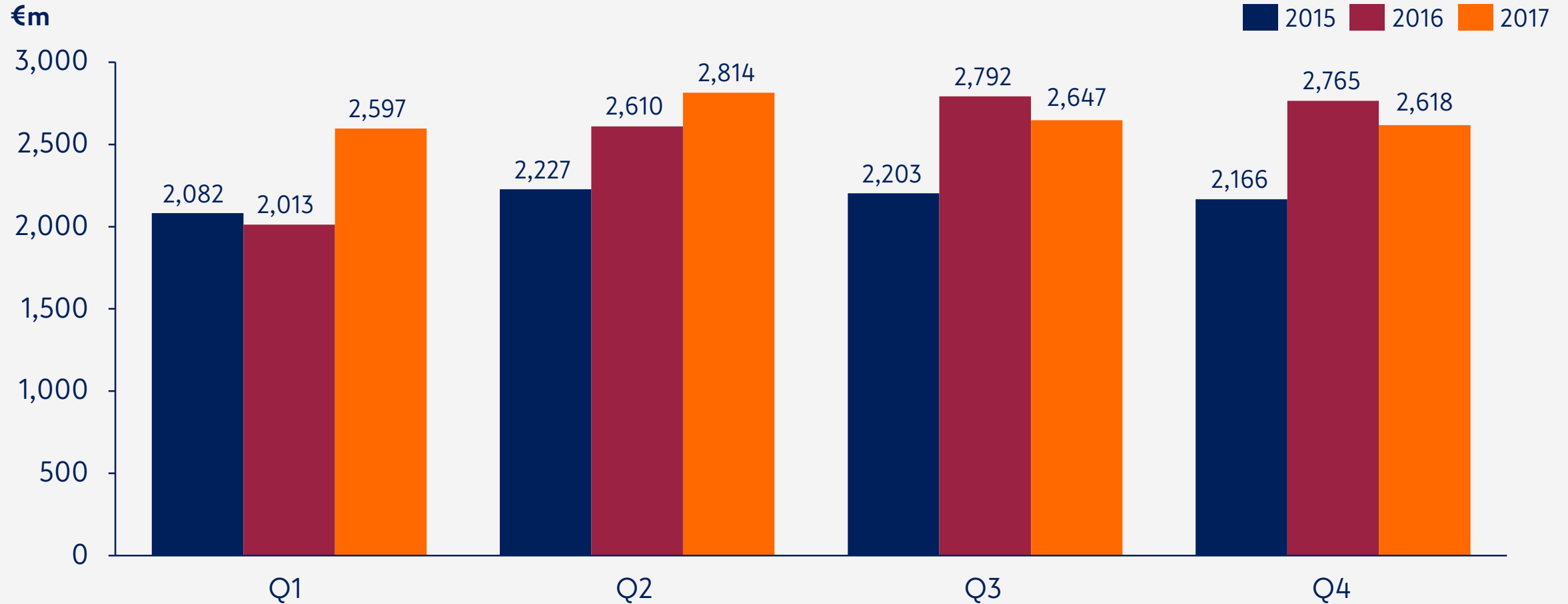
- Grocery trade
- Building and technical trade excl. speciality goods trade
- Speciality goods trade
- Car trade

Net Sales and Operating Profit Q4/2017



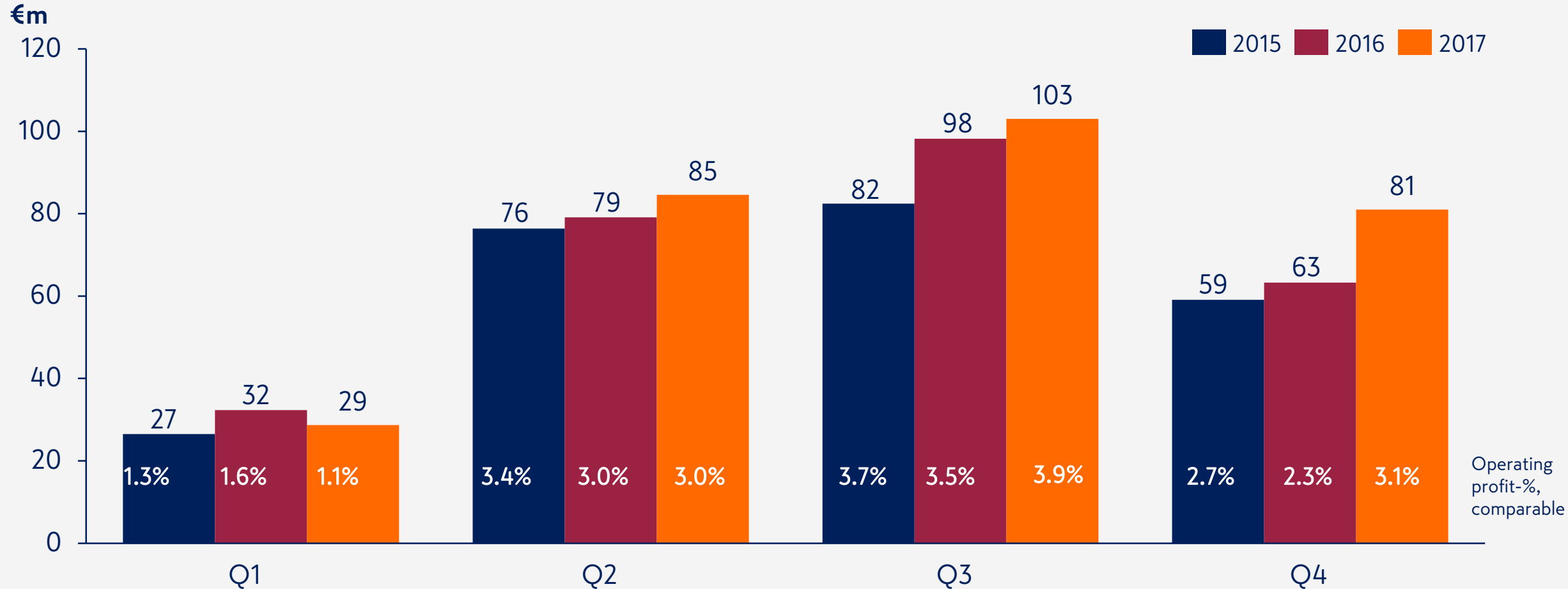
Net Sales by Quarter

Q4/2017 -5.3%, in comparable terms +2.6%



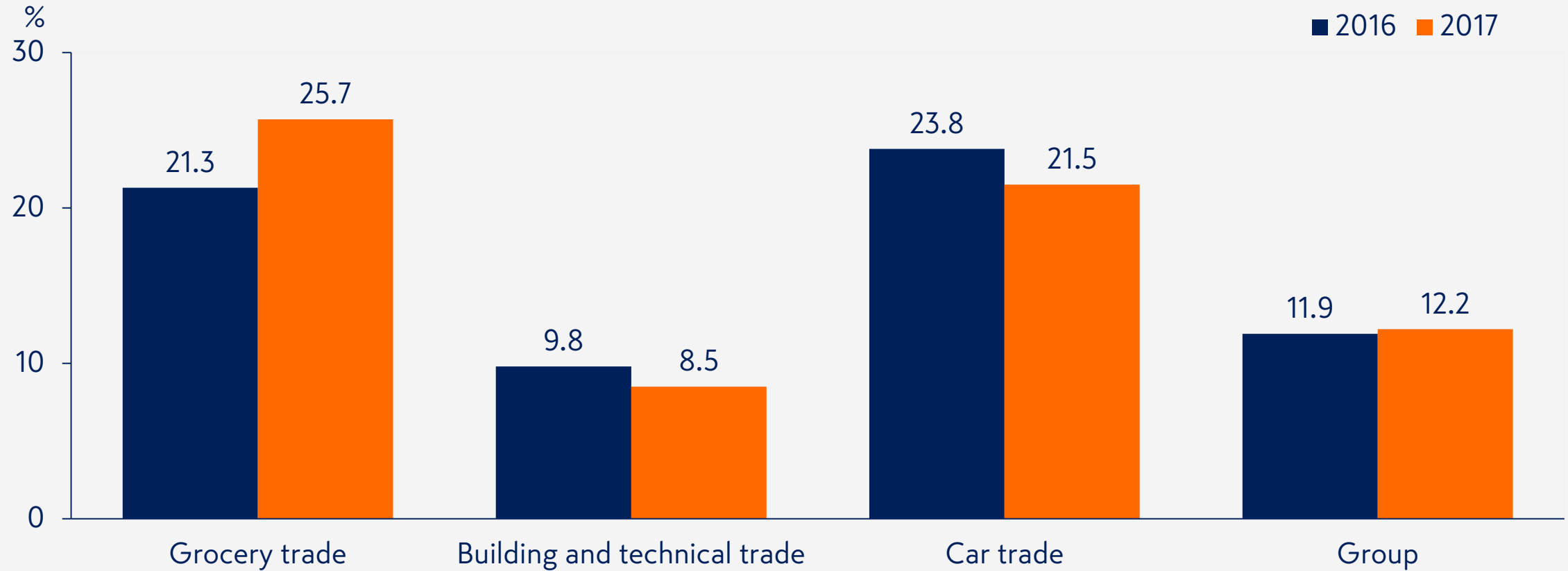
Operating Profit by Quarter

Comparable



Return on Capital Employed 12.2%

Comparable ROCE, rolling 12 months



Financial Position Q4/2017

	31 December 2017	31 December 2016
Equity ratio, %	50.4	48.6
Liquid assets, €m	398	391
Interest-bearing net debt, €m	136	123
Interest-bearing net debt / EBITDA, rolling 12 months	0.3	0.4
Cash flow from operating activities, Q4, €m	116	108
Cash flow from operating activities per share, Q4, €	1.16	1.09
Cash flow from investing activities, Q4, €m	-99	76
Capital expenditure, gross, Q4, €m	117*	105



Grocery Trade



Grocery Trade

The market

- Importance of quality and selections has continued to increase
- Growth in the economy has supported the grocery market, Q4/2017 growth approx. 2.0%
- Consumer prices are rising moderately

2017

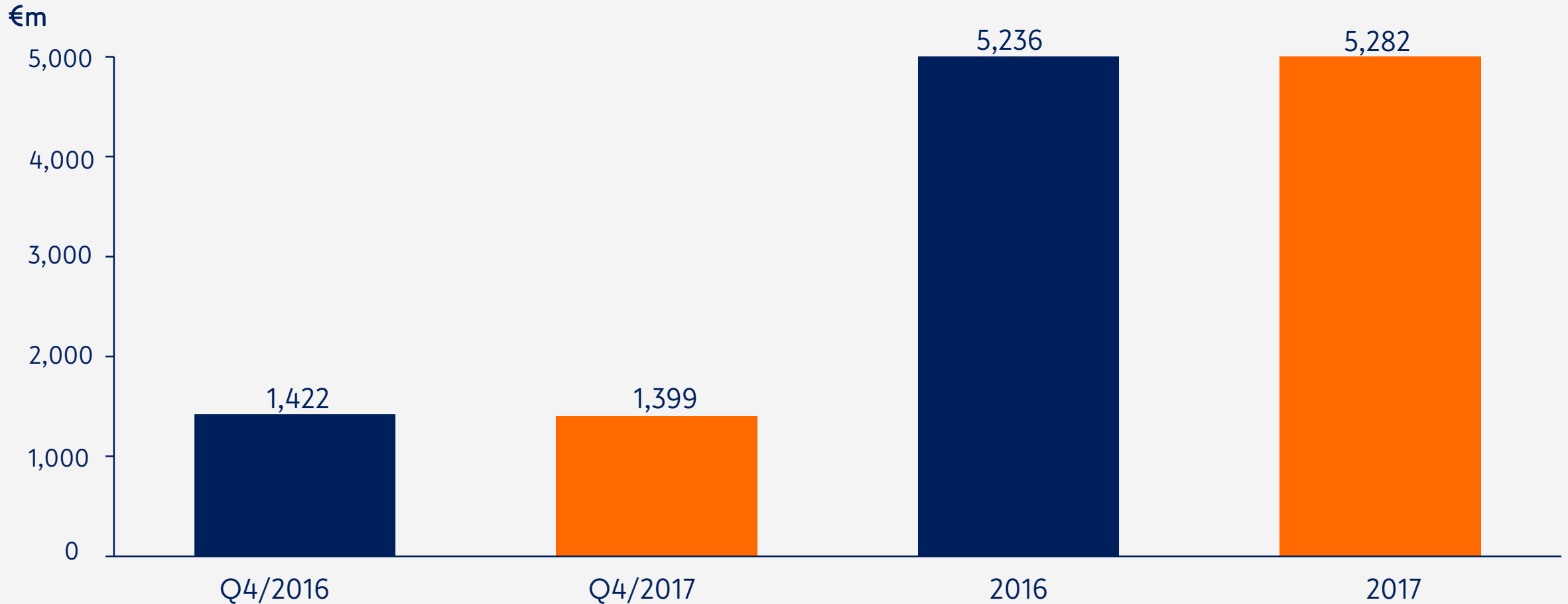
- Strategic concentration on service and quality increased sales and profit
- Significant synergies from Suomen Lähikauppa's integration
- Extensive redesign of chain brands and stores continued

Q4

- Sales grew in all chains, comparably by 4.5%
- Significant increase in synergies
- Increased profitability in K-Citymarket and Kespro
- Sales of new stores off to a good start

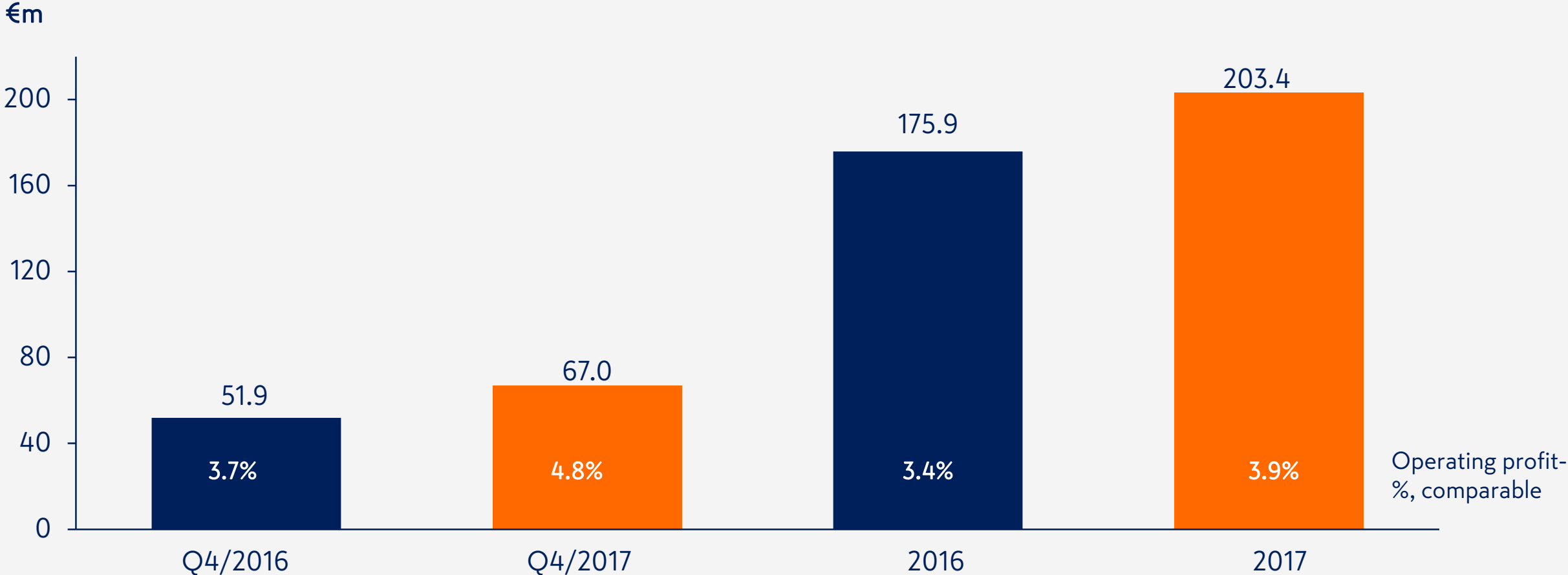
Grocery Trade Net Sales

Q4/2017 -1.6%, in comparable terms +4.5%



Grocery Trade Comparable Operating Profit

Significant improvement in profitability





Building and Technical Trade



Building and Technical Trade

The market

- Market situation in the Nordic and Baltic countries still good despite slower growth pace
- Construction continues strong in growth centres

2017

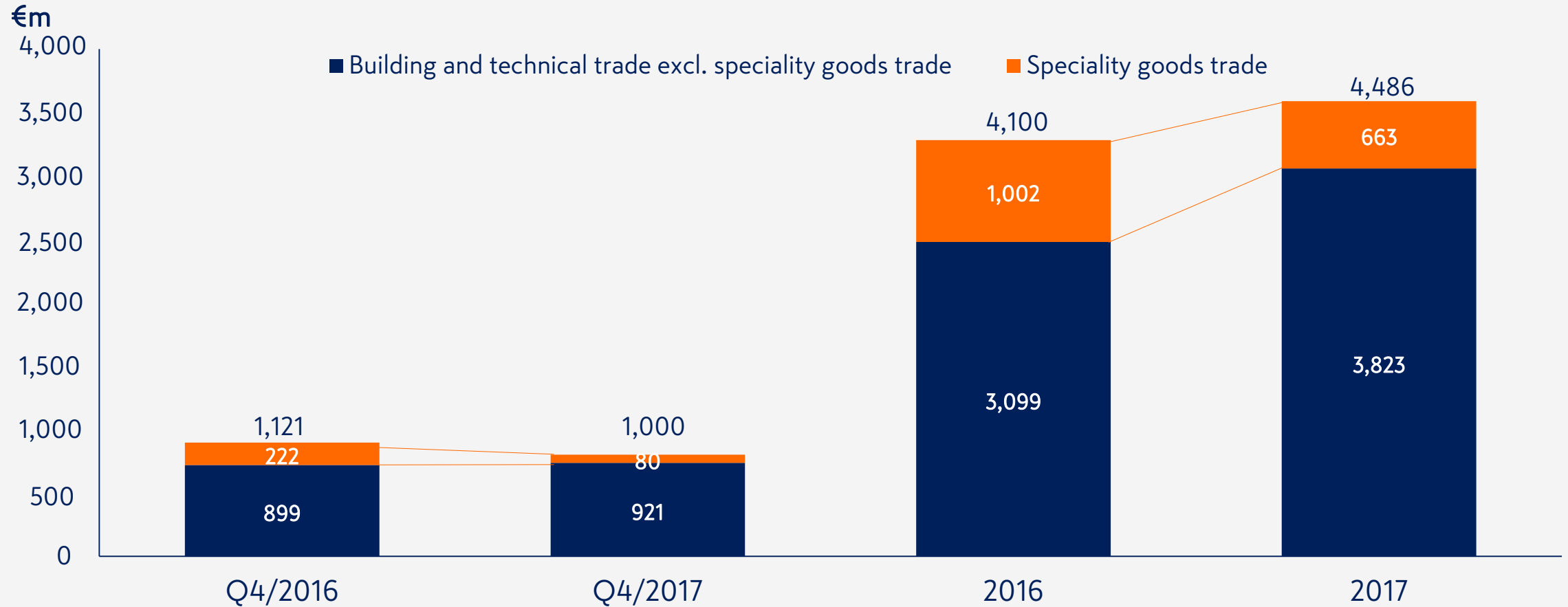
- Continued focus on core businesses, divestment of K-maatalous, furniture trade and leisure machinery
- Onninen's integration into Kesko proceeded well
- Changes to store site network burdened profit in the Baltics

Q4

- Onninen's sales and profit grew year-on-year
- Divestments in speciality goods trade decreased operating profit
- Measures to transform operations and increase efficiency in Sweden ongoing

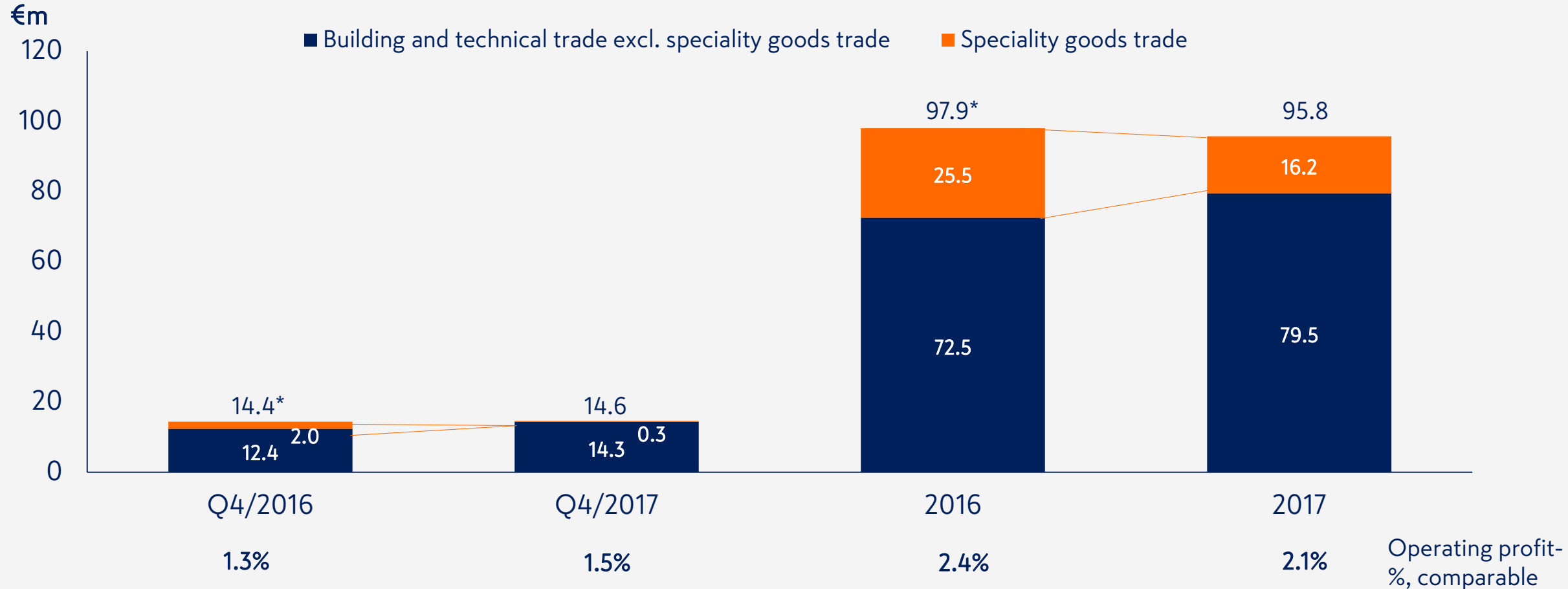
Building and Technical Trade Net Sales

Q4/2017 -10.8%, in comparable terms +2.2%



Building and Technical Trade Comparable Operating Profit

Profitability of core businesses improved



*The divested K-maatalous business and the Asko and Sotka furniture business contributed €0.0m to operating profit in Q4/2017 (€3.4m in Q4/2016) and €6.8m in 1-12/2017 (€15.0m in 1-12/2016)

Stronger country-specific approach to increase sales

Customers

B2B customers

B2C customers



K Rauta
onninen
€387m



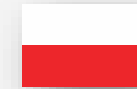
BM
BYGGMAKKER
onninen
€662m



K Rauta
onninen
€1,675m



K Rauta
CSSS
KSENUKAI **OMA**
onninen
€698m



onninen
€217m



K Rauta
€184m

Net sales €3,823m

Building and technical trade division management and common functions



Car Trade



Car Trade

The market

- First time registrations of passenger cars -0.4% in 2017 due to car tax debate earlier in the year
- Scrapping premiums and economic growth expected to increase registrations in 2018

2017

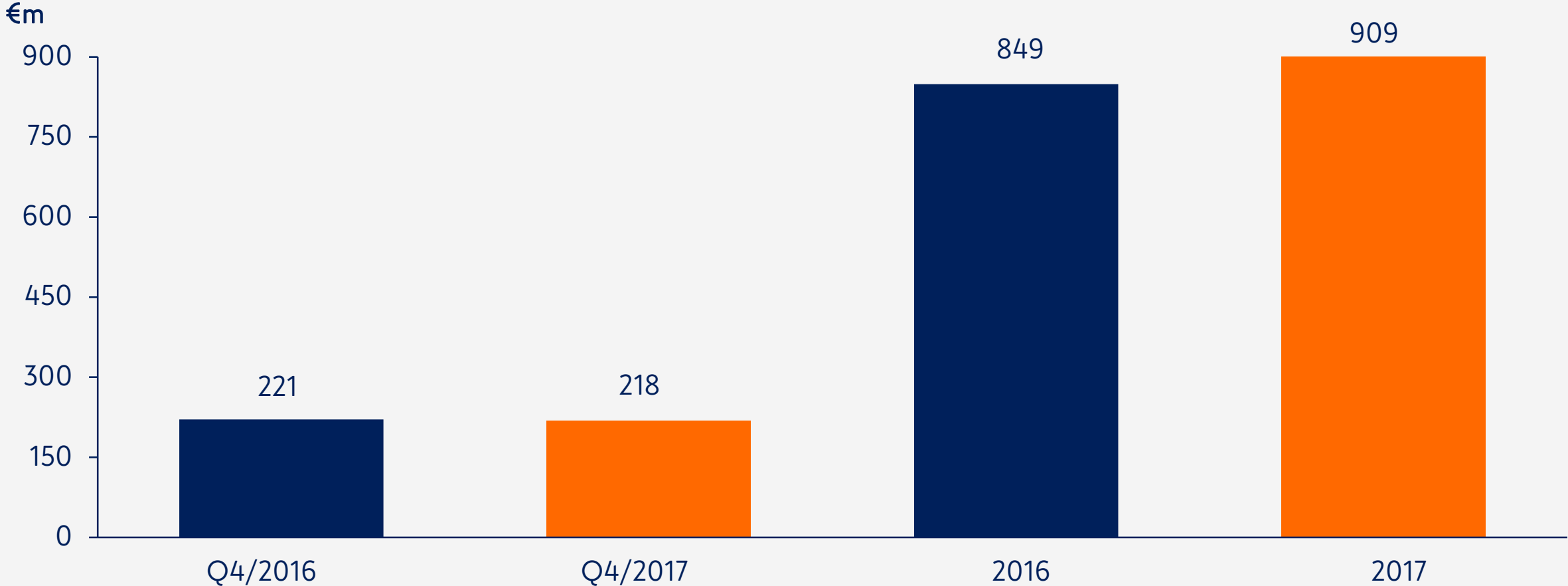
- Market share in passenger cars and vans 18.6%
- Strong performance development in vans, sales +25%
- Strong growth and profit in the Porsche business

Q4

- Sales and profitability at a good level
- Changes in taxation mean some sales were moved over to 2018
- Order book for new cars +20%

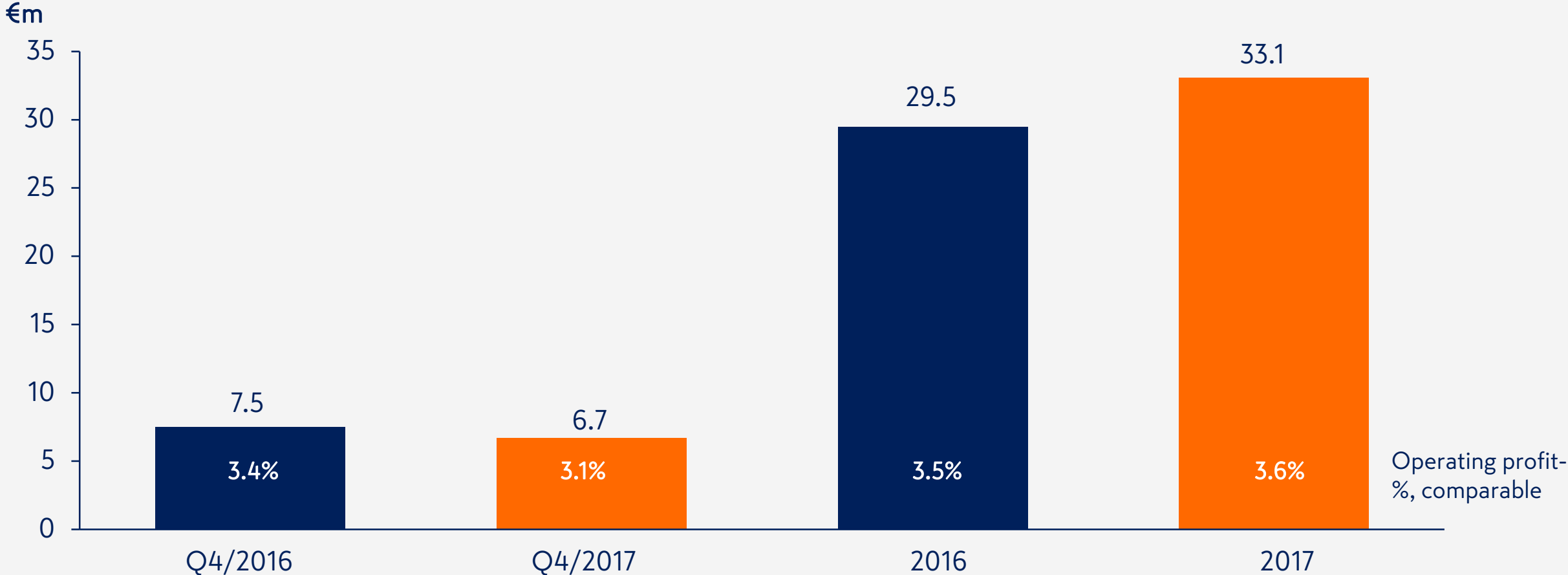
Car Trade Net Sales

Q4/2017 -1.4%, in comparable terms -5.3%



Car Trade Comparable Operating Profit

Continued improvement in full-year result





Outlook



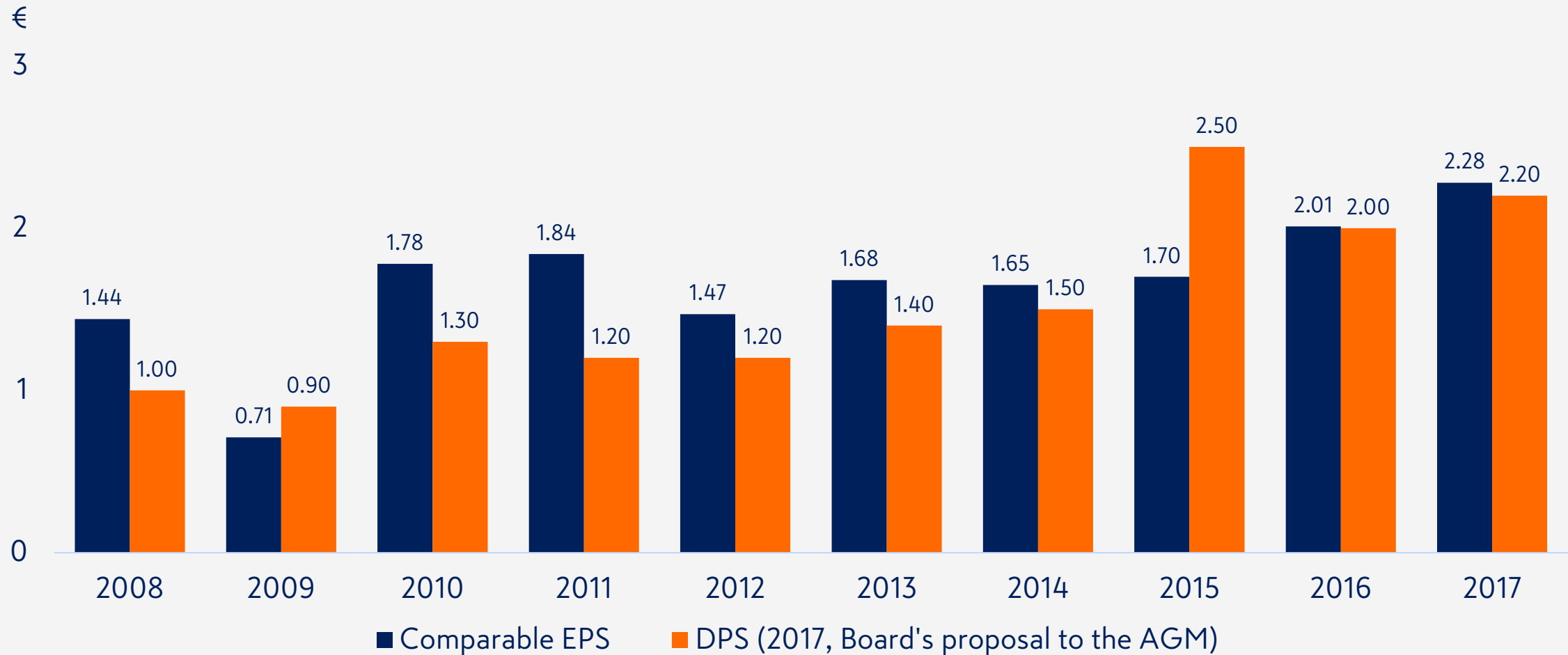
Outlook

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 (1/2018-12/2018) in comparison with the 12 months preceding the end of the reporting period (1/2017-12/2017).

In comparable terms, the net sales for the next 12 months are expected to exceed the level of the previous 12 months. Due to divestments and restructuring, Kesko Group's net sales for the next 12 months are expected to fall below the level of the previous 12 months. That development results from the divestments of the K-maatalous business, the Asko and Sotka furniture trade, the Yamarin boat business and Kesko's Yamaha representation as well as store closures and the transfer of Suomen Lähikauppa stores to retailers.

The comparable operating profit for the next 12-month period is expected to exceed the level of the preceding 12 months. However, investments in store openings and redesigns, in the expansion of logistics operations, and in digital services will burden profitability during the period.

Board's dividend proposal to General Meeting €2.20



Group Management Board as of 1 January 2018



Mikko Helander
President and
CEO



Jorma Rauhala
Deputy to
President and
CEO,
President of the
building and
technical trade
division



Ari Akseli
President of
the grocery trade
division



Johan Friman
President of the
car trade division



Jukka Erlund
EVP,
Chief Financial
Officer



Matti Mettälä
EVP, HR,
Corporate
Responsibility
and Regional
Relations



Mika Majoinen
Group General
Counsel



Anni Ronkainen
EVP,
Chief Digital
Officer

Also reporting to the President and CEO



Karoliina Partanen
Senior Vice
President,
Communications
and Identity



Eeva Salmenpohja
Vice President,
Public Affairs



Pasi Mäkinen
Senior Vice
President,
Chief Audit and
Risk Officer



Kesko is the most sustainable trading sector company in the world*

As a sign of our long-term commitment to corporate responsibility, in September 2017 Kesko was included in the Dow Jones Sustainability Indices, the DJSI World and the DJSI Europe, and in January 2018 Kesko was ranked as the most sustainable trading sector company in the world on the Global 100 list.

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 



*The Global 100 list is prepared by the Canada-based Corporate Knights Inc. and it is based on a global assessment of 5,994 listed companies





For shopping
to be fun