



KESKO CMD 2018

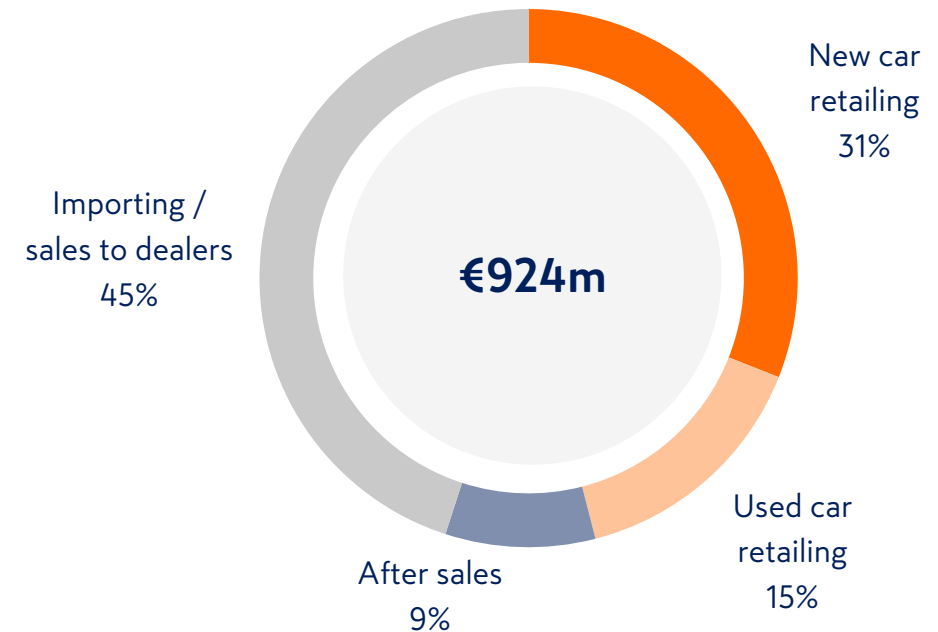
Fast Developing Car Trade

Johan Friman, President, Car Trade

Car Trade Business in Brief

- Operating the Volkswagen Group's business in Finland: Audi, Volkswagen, SEAT, Porsche and MAN
- Market leader with sales of over €0.9bn
- Value chain includes importing, retailing and after sales as well as an extensive dealer and servicing network
- Various service concepts developed under the K-Caara platform

Net sales
Rolling 12 months Q1/18



Strong Strategy Execution



Financial performance



	2015	2017
Net sales	€748m	€909m
Operating profit	€26m	€33m



Growing the business in collaboration with the VW Group



Acquisition of Porsche business in Finland – 14% net sales growth
SEAT sales started in all own retail outlets – growth in market share



Launching new mobility services



K-Caara platform for used car sales, rental & leasing and repair services
New digital services, e.g. 30% growth in online service booking

Continued operations, comparable operating profit

Excellent Performance by the Acquired AutoCarrera

- Expanding our brand portfolio within the VW Group to include Porsche passenger cars
- Net sales €55.3m, +14%*
- Earnings improving with an operating profit margin of 5.5%*
- Strong performance continued in Q1/2018:
 - Sales +28%
 - Registrations up by 66%

*2017 figures



Leasing Services Off to a Good Start

- K-CaaraLeasing – own leasing company for B2B customers
- K-CaaraDeal – leasing product for B2C customers
- Both launched in Q1/2018
- Full ownership of the customer relationship
- Earnings and improved margins stay with us throughout the car's lifecycle: new car sales, service & repair, body-repair, used-car sales





Targeting Continued Growth and Profitability Improvement

Fast Changing Operating Environment

Market overview



Industry consolidation



Dealer business expanding to services



Increasing need for supply chain efficiency

Customer expectations



Price attractive mobility solutions



From owning a car to paying for use



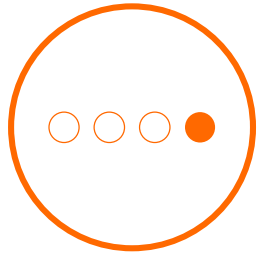
Company cars mainly through leasing

Volkswagen Group's Response Is to Invest Heavily in Future Mobility

Targets 2025



annual unit sales of e-cars



every fourth new Volkswagen Group vehicle battery powered



new electrified models to customers



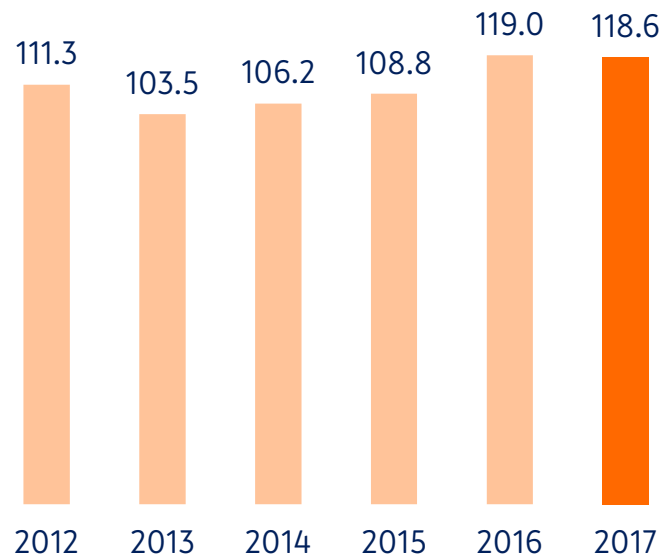
billion euro investments in e-mobility, digitalisation, autonomous driving and mobility services



New Vehicle Registrations Growing in Finland

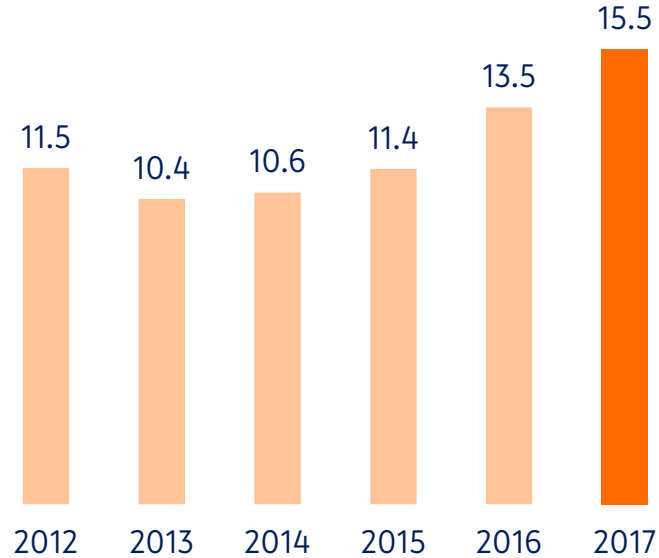
Passenger cars

'000



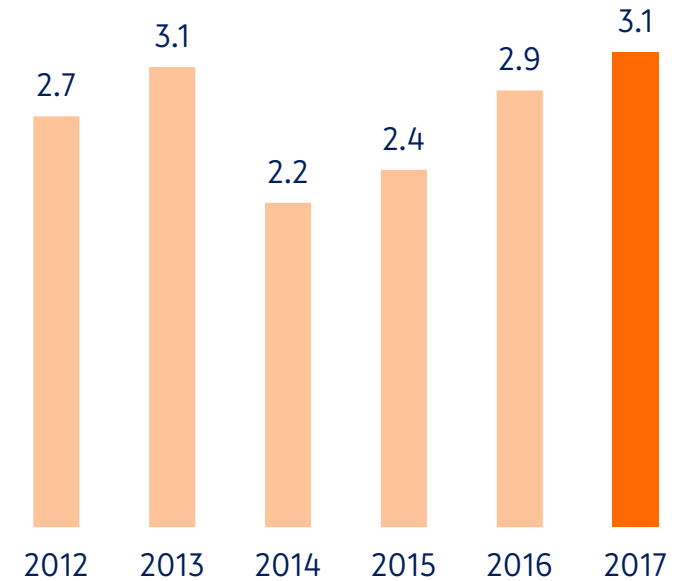
Vans

'000



Trucks over 6tn

'000



Car Trade Strategy

Targeting to Grow Faster Than the Market



**Growing the business
in collaboration with
the VW Group**



**Expanding the service
business independent
of the VW Group**



**Best customer
experience –
in all channels**

Growing the Business in Collaboration with the VW Group



Future value creating actions

- Growing our volume in collaboration with the Volkswagen Group – focus on electric cars
- Expanding our brand portfolio within the VW Group

Expanding the Service Business Independent of the VW Group



Future value creating actions

- Extension of services under the K-Caara platform
- K Charge – a nationwide charging network for electric cars
- Transition from owning a car to paying for the use of a car e.g. car sharing concepts
- Developing after sales services



Expanding the Service Business by Building a Nationwide Charging Network for Electric Cars in 2018-2019

By the end of 2019
a network of 400 charging points
at over 70 K-store locations



100 fast charging points
where cars can be charged
during a shopping trip

An **over 50% increase** in public
fast charging points in Finland

As much of the electricity as possible
produced with solar power



K Group is the **biggest** producer
and user of solar power **in Finland**



Best Customer Experience – in All Channels

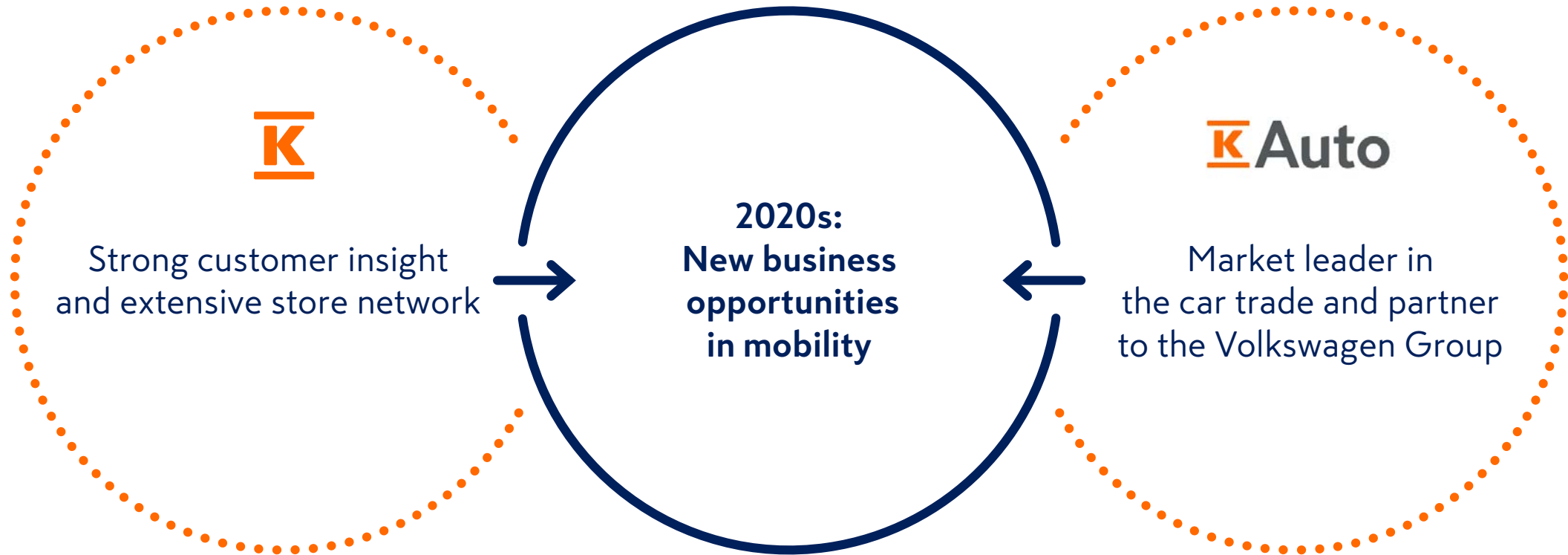


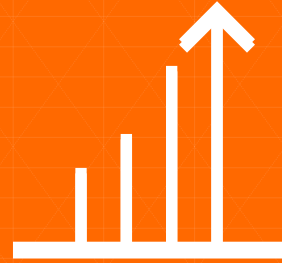
Future value creating actions

- Utilising customer data from the K Group loyalty programme
- Increasing online sales capabilities e.g. new car sales, accessories



Synergies for Future Mobility Concepts





**Growing Faster Than the Market – and
Continuously Improving Profitability**