



Q2

Kesko Corporation
Half year financial report

January-June 2020

23.7.2020



KESKO CORPORATION HALF YEAR FINANCIAL REPORT 23.7.2020 AT 9.00

Kesco Q2 2020: Record Q2 result – profitability improved thanks to fast response to exceptional circumstances and well-functioning strategy

FINANCIAL PERFORMANCE IN BRIEF, CONTINUING OPERATIONS:

4-6/2020

- Net sales for the Group's continuing operations in April-June totalled €2,814.5 million (€2,781.4 million), an increase of 2.2% in comparable terms, reported net sales up by 1.2%
- Comparable operating profit totalled €155.2 million (€122.5 million)
- Operating profit totalled €154.1 million (€119.9 million)
- Cash flow from operating activities totalled €421.8 million (€271.4 million), and grew operatively by €194.5 million
- Comparable return on capital employed was 10.1% (9.5%), rolling 12 months
- Comparable profit before tax totalled €135.2 million (€99.2 million)
- Comparable earnings per share were €0.24 (€0.18)

1-6/2020

- Net sales for the Group's continuing operations in January-June totalled €5,355.0 million (€5,182.2 million), an increase of 3.0% in comparable terms, reported net sales up by 3.3%
- Comparable operating profit totalled €220.3 million (€179.9 million)
- Operating profit totalled €220.0 million (€171.5 million)
- Cash flow from operating activities totalled €557.4 million (€428.3 million), and grew operatively by €221.5 million
- Comparable profit before tax totalled €167.9 million (€133.8 million)
- Comparable earnings per share were €0.32 (€0.27)

KEY PERFORMANCE INDICATORS

	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Continuing operations					
Net sales, € million	2,814.5	2,781.4	5,355.0	5,182.2	10,720.3
Operating profit, comparable, € million	155.2	122.5	220.3	179.9	461.6
Operating margin, comparable	5.5	4.4	4.1	3.5	4.3
Operating profit, € million	154.1	119.9	220.0	171.5	447.8
Profit before tax, comparable, € million	135.2	99.2	167.9	133.8	370.7
Profit before tax, € million	136.2	114.1	169.3	142.8	403.3
Cash flow from operating activities, € million	421.8	271.4	557.4	428.3	893.1
Capital expenditure, € million	69.1	373.4	168.2	470.7	686.1
Earnings per share, €, basic and diluted					
Continuing operations	0.24	0.22	0.33	0.28	0.83
Discontinued operations	-	0.03	-	0.03	0.03
Group, total	0.24	0.24	0.33	0.31	0.86
Earnings per share, comparable, €, basic					
Continuing operations	0.24	0.18	0.32	0.27	0.74

	1-6/2020	1-6/2019	1-12/2019
Continuing operations			
Return on capital employed, comparable, %, rolling 12 months	10.1	9.5	9.6
Group			
Return on equity, comparable, %, rolling 12 months	16.7	14.4	15.1

	30.6.2020	30.6.2019	31.12.2019
Group			
Equity ratio, %	27.4	27.9	31.2
Equity per share, €	4.68	4.61	5.11

OUTLOOK AND GUIDANCE FOR 2020

Outlook for Kesko Group's continuing operations is given for year 2020, in comparison with year 2019.

Kesko estimates that the comparable operating profit for continuing operations will be in the range of €430-510 million in 2020. Before, the company estimated that the comparable operating profit for continuing operations would be in the range of €400-450 million.

The profit guidance upgrade is based on better than anticipated net sales development in the building and technical trade division in various operating countries as well as in the grocery trade. Consumer sales have developed better than anticipated during the exceptional circumstances. B2B sales have also continued stronger than anticipated in both building and home improvement stores and Onninen. Retail sales for all the grocery trade chains have developed better than anticipated, compensating for the decrease in sales in the foodservice business.

In addition to the foodservice business, net sales have clearly decreased in the car trade. Adjustment measures carried out have enabled the company to manage the situation and costs in its various business operations under the challenging circumstances.

Although conditions surrounding the coronavirus have improved in Kesko's operating countries, it is hard to predict the development of the epidemic situation and its economic impact. Therefore, the range for the guidance on comparable operating profit for 2020 is still wide.

PRESIDENT AND CEO MIKKO HELANDER:

Kesko achieved a record result in the second quarter. Our fast response, well-functioning strategy and good market for the building and technical trade enabled a good result under exceptional circumstances. Net sales grew by 0.8% in comparable terms, totalling €2,814.5 million. Our comparable operating profit totalled €155.2 million, representing an increase of €32.8 million. Cash flow from operating activities totalled €421.8 million, and it grew by €150.4 million, or by €194.5 million operatively. Kesko's sales were strong in the grocery trade and the building and technical trade, but decreased in the car trade.

In July, we issued a positive profit warning as the development in the building and technical trade division in our operating countries and in the grocery trade division has been stronger than anticipated during the coronavirus epidemic. In the building and technical trade, consumer sales have developed better than anticipated during the epidemic. B2B sales have also continued stronger than anticipated in both building and home improvement stores and Onninen. Retail sales in all our grocery trade chains have developed better than anticipated: the growth has compensated for the decrease in net sales in the foodservice business. In addition to foodservice, net sales clearly decreased in the car trade.

In the grocery trade, our well-functioning strategy has been helpful also during these exceptional times. Retail sales of food grew by 12.3% in April-June, and our market share growth continued stronger than before. Sales grew in all K-food store chains and online. The growth in online grocery sales continued above 500% in June, and we have been able to respond to the rapid rise in demand better than our competitors. Online sales accounted for over 4% of total grocery sales in the second quarter. We responded to the strong decline in sales in the

foodservice business with successful adjustment measures. A distinct turnaround for the better was seen in the foodservice business in June.

The building and technical trade division achieved a record result thanks to systematic strategy execution and good market. Net sales grew forcefully and profit rose to a new level. B2B sales have continued strong in both building and home improvement stores and Onninen. Consumer sales also grew clearly more than anticipated. We strive to accelerate growth also via new acquisitions. On 8 July 2020, we announced we would acquire Carlsen Fritzøe Handel AS, the leading building and home improvement trade company in the Oslo region in Norway. Carlsen Fritzøe's 25 stores in the Oslo fjord region highly complement the Byggmakker store network. Kesko Senukai's sales and profitability recovered quickly from the problems caused by the coronavirus epidemic. We continue the strategic review of our operations in the Baltic States and Belarus, first announced in April.

In the car trade division, demand for new cars weakened significantly during the reporting period. However, the decline in net sales flattened towards the end of the reporting period, and sales began to grow. Sales of servicing and spare part services remained good throughout the reporting period. The combined market share of brands of passenger cars and vans we represent rose to 18.5% in June, and Volkswagen became the market leader.

The adjustment measures carried out have enabled Kesko to manage the situation and costs in its various business operations under the challenging circumstances. To secure our cash flow, we have adjusted our costs on a wide scale, and will adjust our capital expenditure – excluding acquisitions – to some €200 million. We have also focused especially on ensuring financing and securing trade receivables.

Although conditions surrounding the COVID-19 coronavirus have improved in Kesko's operating countries, it is still difficult to predict the development of the epidemic situation and its economic impact. We estimate that the comparable operating profit for Kesko's continuing operations will be in the range of €430-510 million in 2020. Before, Kesko estimated that the comparable operating profit for continuing operations would be in the range of €400-450 million. Due to the prevailing uncertainty, the range for the guidance on comparable operating profit for 2020 is still wide.

I want to thank everyone at K Group for their good performance under exceptional circumstances.

IMPORTANT EVENTS

POSITIVE PROFIT WARNING ON 10 JULY 2020

Kesko Corporation raised its guidance for the comparable operating profit for its continuing operations, issued in connection with the company's interim report on 28 April 2020. Kesko estimates that the comparable operating profit for its continuing operations will be in the range of €430-510 million in 2020. Before, the company estimated that the comparable operating profit for continuing operations would be in the range of €400-450 million. The profit guidance upgrade was based on better than anticipated net sales development in the building and technical trade division in various operating countries as well as in the grocery trade.

SHARE ISSUE WITHOUT PAYMENT (SHARE SPLIT)

Kesko's Annual General Meeting on 28 April 2020 resolved, in accordance with the Board's proposal, that new shares would be issued to the shareholders without payment in proportion to their existing holdings so that three (3) new A shares would be issued for each existing A share, and three (3) new B shares for each existing B share. In addition, new B shares would similarly be issued without payment to the Company on the basis of B shares held by the Company. A total of 95,211,021 new A shares and 204,848,235 new B shares would be issued. The new shares were registered in the Finnish Trade Register on 30 April 2020. The registration of the new shares in the shareholders' book-entry accounts took place on 4 May 2020.

PROFIT WARNING ON 18 MARCH 2020 DUE TO COVID-19 AND GLOBAL ECONOMIC UNCERTAINTY

Kesko Corporation issued a profit warning on 18 March 2020. Due to COVID-19 and global economic uncertainty, Kesko cancelled its previous outlook statement regarding the net sales for continuing operations and changed the outlook statement regarding the comparable operating profit for continuing operations, both issued in connection with the financial statements release on 5 February 2020. In the profit warning release, the company estimated that the comparable operating profit for continuing operations in 2020 will amount to €400-450 million, thus falling somewhat short of the record comparable operating profit for 2019. The company does not issue a guidance on net sales.

STRATEGIC REVIEW OF OPERATIONS IN THE BALTICS AND BELARUS AND CONSOLIDATION OF KESKO SENUKAI IN KESKO'S CONSOLIDATED FINANCIAL STATEMENTS

During the first half of the year, Kesko initiated a strategic review of operations in the Baltics and Belarus. The objective was to resolve significant differences of opinion with UAB R Investicija on how Kesko Senukai should be developed and managed, and to make strategic choices concerning business operations in the Baltic countries.

Kesko has proposed to UAB R Investicija negotiations to change Kesko Senukai's ownership structure. Alternatives include e.g. the following: splitting the company, Kesko acquiring the whole company, or Kesko selling its stake. If the negotiations were not to lead to a satisfactory result, Kesko will seek to ensure appropriate management of the company in accordance with the shareholders' agreement by legal means, if necessary.

Kesko has a majority holding, voting power and majority of Board members in Kesko Senukai. Due to disagreements concerning the management of and exercise of control in the company, Kesko is examining conditions for subsidiary consolidation of Kesko Senukai in Kesko's consolidated financial statements. The potential lack of control required for subsidiary consolidation would mean that Kesko Senukai would be consolidated as an associate in Kesko's consolidated income statement and presented on one line "Share of result of associates and joint ventures" before operating profit (share of owners of the parent of net profit for the period), as opposed to the current line-by-line consolidation of a subsidiary. In the consolidated statement of financial position, the change would mean that the share of Kesko Senukai's net assets would be presented on one line "Shares in associates and joint ventures" instead of the current line-by-line consolidation of assets and liabilities. A change in the method of consolidation would not affect the comparable net profit attributable to owners of the parent, EPS or Kesko's dividend distribution. The potential change would also not have a material impact on the Group's comparable operating profit or equity attributable to owners of the parent, as shown in the table below.

In the January-June 2020 income statement, Kesko Senukai had a €427.3 million impact on the Group's net sales, €17.6 million impact on operating profit and comparable operating profit, €6.2 million impact on net profit for the period, €2.4 million impact on share of non-controlling interests and €3.8 million impact on the share of owners of the parent. On 30 June 2020, Kesko Senukai's impact on assets in the consolidated statement of financial position was €786.8 million, on liabilities €593.1 million and on share of non-controlling interest €109.9 million.

Kesko Senukai's financials, € million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Net sales	242.1	229.0	427.3	399.8	860.1
Operating profit	20.9	11.4	17.6	12.3	34.6
Operating profit, comparable	20.9	11.4	17.6	12.3	34.7
Net profit for the period	17.2	7.6	6.2	5.6	15.9
Of which share of owners of the parent	7.3	3.1	3.8	2.6	8.1
Of which share of non-controlling interests	9.9	4.5	2.4	3.0	7.8
			30.6.2020	30.6.2019	31.12.2019
Assets			786.8	709.9	721.2
Liabilities			593.1	529.0	529.2
Equity			193.7	180.9	191.9
Of which share of non-controlling interests			109.9	105.5	110.4

The figures include Kesko Senukai's business and real estate companies excluding eliminations for Kesko Group's group consolidation.

FINANCIAL PERFORMANCE OF CONTINUING OPERATIONS

NET SALES AND PROFIT FOR APRIL-JUNE 2020

4-6/2020	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,431.1	+1.6	+1.6	83.0	+4.0
Building and technical trade excl. speciality goods trade	1,158.7	+8.7	+8.7	75.7	+30.2
Speciality goods trade	37.6	-60.6	-11.1	1.7	-1.2
Building and technical trade, total	1,196.3	+3.0	+7.9	77.4	+29.0
Car trade	192.0	-9.4	-21.5	3.8	-1.2
Common functions and eliminations	-4.8	(..)	(..)	-8.9	+1.1
Total	2,814.5	+1.2	+2.2	155.2	+32.8

(..) Change over 100%

Despite the COVID-19 coronavirus epidemic and related restrictions, the net sales for the Group's continuing operations increased by 1.2% in April-June. Kesko's businesses and operating countries have been affected by the exceptional situation in different ways. Net sales grew in the grocery trade and the building and technical trade, but decreased in the car trade. The Group's net sales increased by 1.6% in Finland, or by 0.8% in comparable terms. In other countries, net sales decreased by 0.3%, and increased by 7.6% in comparable terms. International operations accounted for 22.3% (22.6%) of the Group's net sales. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed in 2020 and 2019.

In the grocery trade, net sales increased in all grocery store chains, but decreased in K-Citymarket's home and speciality goods trade and Kespro's foodservice business due to the coronavirus epidemic and related restrictions.

In the building and technical trade, net sales grew in comparable terms in Finland, Sweden, Norway, the Baltics and Belarus. Net sales grew in both B2C and B2B trade. Net sales in Sweden were also boosted by the acquisition of K-Bygg in 2019. The weakening of the Swedish krona, the Norwegian krone and the Belarusian rouble against the euro diminished euro-denominated net sales development in Sweden, Norway and Belarus. In Poland, net sales decreased on the comparison period.

In the car trade, net sales decreased. Customer demand was down year-on-year due to the coronavirus epidemic and there was a temporary delay in new car deliveries. However, the net sales decline flattened towards the end of the reporting period.

The comparable operating profit for the Group's continuing operations grew by €32.8 million in April-June. In the grocery trade, profitability was improved by the good sales development of the K-food store chains. The decrease in Kespro's net sales, resulting from restrictions imposed due to the coronavirus epidemic, had a weakening impact on the comparable operating profit for the reporting period. In the building and technical trade, comparable operating profit grew in the building and home improvement trade in all operating countries. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €12.1 million (€6.0 million) of the comparable operating profit. Acquisitions have increased seasonal fluctuations in profit. Onninen's comparable operating profit clearly strengthened and grew in Finland, Sweden and Norway. In the Baltics and Poland, Onninen's comparable operating profit matched the level of the previous year. In the car trade, comparable operating profit decreased due to weak demand.

Items affecting comparability, € million	4-6/2020	4-6/2019
Operating profit, comparable	155.2	122.5
Items affecting comparability		
+gains on disposal	-	+1.0
+/-structural arrangements	-1.1	-3.5
Items affecting comparability, total	-1.1	-2.6
Operating profit	154.1	119.9

The most significant items affecting comparability the year before were the €2.7 million costs related to the divestment of Onninen's HEPAC contractor business in the building and technical trade in Sweden, the €2.5 million costs related to acquisitions, and the net €+4.9 million items related to the subsidiary consolidation of Kruunuvuoren Satama Oy.

In April-June, K Group's (Kesko and the chain stores) retail and B2B sales (VAT 0%) amounted to €3,567.5 million, up by 3.8% compared to the previous year.

Net finance costs, income tax and earnings per share

	4-6/2020	4-6/2019
Continuing operations		
Net finance costs, € million	-20.4	-23.1
Interests on lease liabilities, € million	-22.5	-24.2
Profit before tax, comparable, € million	135.2	99.2
Profit before tax, € million	136.2	114.1
Income tax, € million	-31.0	-23.3
Earnings per share, comparable, €	0.24	0.18
Earnings per share, €	0.24	0.22
Group		
Equity per share, €	4.68	4.61

The net finance costs for the Group's continuing operations were positively impacted by the recovery of valuation losses on investments of liquid assets. The change in the fair value of interest rate derivatives had a negative impact on net finance costs. The share of result of associates and joint ventures amounted to €2.6 million (€17.3 million), or €0.4 million (€-0.1 million) in comparable terms. In 2019, Kruunuvuoren Satama Oy had a €17.8 million impact on the share of result of associates and joint ventures and a €0.3 million impact on the comparable share of result, taking into account the gains on disposal and impairment charges related to Kruunuvuoren Satama Oy's ownership arrangement, net €+17.4 million. Kruunuvuoren Satama Oy was consolidated in Kesko Group as an associate until 14 June 2019, after which it has been consolidated as a subsidiary in the consolidated financial statements.

The Group's effective tax rate was 22.7% (20.5%). The Group's effective tax rate was raised by a €3.8 million residual tax related to a reassessment decision on 2013 and 2014 for Indoor Group Oy concerning the right of deduction of losses transferred in a cross-border merger, recorded in Q2.

The comparable profit before tax for the Group's continuing operations grew in April-June thanks to operating profit growth. Earnings per share and comparable earnings per share for the Group's continuing operations grew compared to the year before. Earnings per share and comparable earnings per share were impacted by the aforementioned reassessment decision for Indoor Group Oy.

NET SALES AND PROFIT FOR JANUARY-JUNE 2020

1-6/2020	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	2,752.6	+3.0	+3.0	143.3	+7.5
Building and technical trade excl. speciality goods trade	2,093.5	+8.3	+7.5	85.0	+35.6
Speciality goods trade	103.9	-37.3	-11.4	-0.6	-2.8
Building and technical trade, total	2,197.4	+4.7	+6.6	84.4	+32.7
Car trade	414.6	+0.5	-13.3	9.9	-2.8
Common functions and eliminations	-9.6	(..)	(..)	-17.3	+3.0
Total	5,355.0	+3.3	+3.0	220.3	+40.4

(...) Change over 100%

Despite the COVID-19 coronavirus epidemic and related restrictions, the net sales for the Group's continuing operations increased by 3.3% in January-June. Kesko's businesses and operating countries have been affected by the exceptional situation in different ways. Net sales grew in the grocery trade and the building and technical trade, but decreased in the car trade. The Group's net sales increased by 3.3% in Finland, or by 2.2% in comparable terms. In other countries, net sales increased by 3.4%, or by 6.2% in comparable terms. International operations accounted for 21.4% (21.4%) of the Group's net sales. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed in 2019 and 2020.

In the grocery trade, net sales increased in all grocery store chains, but decreased in K-Citymarket's home and speciality goods trade and Kespro's foodservice business due to the coronavirus epidemic and related restrictions.

In the building and technical trade, net sales grew in comparable terms in all operating countries. Net sales growth was partly attributable to the acquisition of K-Bygg in 2019 and Mark & Infra i Sverige AB in April 2020 in Sweden. The weakening of the Swedish krona, the Norwegian krone and the Belarusian rouble against the euro diminished euro-denominated net sales growth.

In the car trade, reported net sales increased due to the acquisitions carried out in 2019, but in comparable terms, net sales decreased.

The comparable operating profit for the Group's continuing operations grew by €40.4 million in January-June. In the grocery trade, profitability was improved by the good sales development of the K-food store chains. The decrease in Kespro's net sales, resulting from restrictions imposed due to the coronavirus epidemic, had a weakening impact on the comparable operating profit for the reporting period. In the building and technical trade, comparable operating profit grew in the building and home improvement trade in all operating countries. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €9.1 million (€3.0 million) of the comparable operating profit. Acquisitions have increased seasonal fluctuations in profit. Onninen's comparable operating profit clearly strengthened and grew in Finland, Sweden and Norway. In the Baltics and Poland, Onninen's comparable operating profit matched the level of the previous year. In the car trade, comparable operating profit decreased due to weak demand.

Items affecting comparability, € million	1-6/2020	1-6/2019	1-12/2019
Operating profit, comparable	220.3	179.9	461.6
Items affecting comparability			
+gains on disposal	+6.4	+1.0	+4.6
-losses on disposal	-0.0	-0.0	-0.9
+/-structural arrangements	-6.7	-9.4	-17.5
Items affecting comparability, total	-0.3	-8.4	-13.8
Operating profit	220.0	171.5	447.8

The most significant items affecting comparability in January-June were the €6.4 million sales gain from the divestment of machinery trade operations in the Baltics in the building and technical trade division, completed on 31 March 2020, and the €5.2 million costs related to corporate restructuring in common functions. The most significant items affecting comparability the year before were the €8.2 million costs related to the divestment of Onninen's HEPAC contractor business in the building and technical trade in Sweden, the €2.6 million costs related to acquisitions, and the net €+4.9 million items related to the subsidiary consolidation of Kruunuvooren Satama Oy.

K Group's (Kesko and chain stores) retail and B2B sales (VAT 0%) in January-June totalled €6,635.3 million, representing a growth of 3.9% compared to the previous year. The K-Plussa customer loyalty programme added 59,612 new households in January-June 2020. At the end of June, there were 2.4 million K-Plussa households and 3.5 million K-Plussa cardholders.

Net finance costs, income tax and earnings per share

	1-6/2020	1-6/2019	1-12/2019
Continuing operations			
Net finance costs, € million	-52.7	-46.8	-91.4
Interests on lease liabilities, € million	-45.6	-48.8	-95.4
Profit before tax, comparable, € million	167.9	133.8	370.7
Profit before tax, € million	169.3	142.8	403.3
Income tax, € million	-37.4	-29.4	-69.6
Earnings per share, comparable, €	0.32	0.27	0.74
Earnings per share, €	0.33	0.28	0.83
Group			
Equity per share, €	4.68	4.61	5.11

The net finance costs for the Group's continuing operations were up in January-June due to exchange differences, change in the fair value of interest rate derivatives, and valuation losses on investments of liquid assets. Of the exchange differences, €-2.8 million was due to exchange rate losses on euro-denominated loan financing at the Belarussian subsidiary OMA in the building and technical trade division, and €-1.6 million due to the weakening of the Norwegian krone, Swedish krona and Polish zloty. The share of result of associates and joint ventures amounted to €2.0 million (€18.1 million), or €0.3 million (€0.7 million) in comparable terms. In 2019, Kruunuvooren Satama Oy had a €17.8 million impact on the share of result of associates and joint ventures and a €0.3 million impact on the comparable share of result, taking into account the gains on disposal and impairment charges related to Kruunuvooren Satama Oy's ownership arrangement, net €+17.4 million. Kruunuvooren Satama Oy was consolidated in Kesko Group as an associate until 14 June 2019, after which it has been consolidated as a subsidiary in the consolidated financial statements.

The Group's effective tax rate was 22.1% (20.6%).

The comparable profit before tax for the Group's continuing operations grew in January-June thanks to operating profit growth. Earnings per share and comparable earnings per share for the Group's continuing operations grew compared to the year before.

CASH FLOW AND FINANCIAL POSITION

€ million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Continuing operations					
Cash flow from operating activities	421.8	271.4	557.4	428.3	893.1
Cash flow from investing activities	-70.6	-347.2	-105.6	-433.2	-620.3
Group					
Cash flow from financing activities	-223.6	89.3	-244.2	8.5	-295.4

€ million	30.6.2020	30.6.2019	31.12.2019
Group			
Liquid assets	461.8	200.6	169.0
Interest-bearing liabilities	3,103.9	2,991.8	3,037.3
Lease liabilities	2,312.1	2,351.6	2,422.2
Interest-bearing net debt excl. lease liabilities	330.0	439.6	446.1
Interest-bearing net debt/EBITDA, excluding the impact of IFRS 16, rolling 12 months	0.6	1.0	0.9
Gearing, %	134.4	144.1	134.0
Equity ratio, %	27.4	27.9	31.2

In April-June, the cash flow from operating activities for the Group's continuing operations totalled €421.8 million (€271.4 million). Cash flow increased due to operating profit growth and improved capital efficiency. The cash flow from operating activities for continuing operations in the comparison period included the dividend payment and repayment of equity by Kruunuvuoren Satama Oy in May 2019 totalling €44.1 million, meaning that operatively, cash flow from operating activities increased by €194.5 million. The cash flow from operating activities for discontinued operations in the comparison period totalled €-0.5 million. The Group's cash flow from operating activities totalled €421.8 million (€270.9 million).

The cash flow from investing activities for the Group's continuing operations in April-June totalled €-70.6 million (€-347.2 million), which included acquisitions totalling €10.2 million. The cash flow from investing activities for the comparison period included acquisitions totalling €198.4 million and Kruunuvuoren Satama Oy's ownership arrangement, which had a €-84.6 million impact.

In January-June, the cash flow from operating activities for the Group's continuing operations totalled €557.4 million (€428.3 million). The cash flow from operating activities for continuing operations in the comparison period included a €48.3 million return of surplus assets paid by Kesko Pension Fund and the dividend payment and repayment of equity by Kruunuvuoren Satama Oy in May 2019 totalling €44.1 million, meaning that operatively, cash flow from operating activities increased by €221.5 million. Cash flow from operating activities increased due to operating profit growth and improved capital efficiency. The cash flow from operating activities for discontinued operations in the comparison period totalled €4.3 million. The Group's cash flow from operating activities totalled €557.4 million (€432.6 million).

The cash flow from investing activities for the Group's continuing operations in January-June totalled €-105.6 million (€-433.2 million), improved by the positive cash flow of €19.6 million derived from the divestment of the Baltic machinery trade operations. The acquisition of the store property of K-Citymarket in Järvenpää, previously leased by Kesko, is reported under cash flow from financing activities. The cash flow from investing activities for the comparison period included acquisitions totalling €234.1 million and Kruunuvuoren Satama Oy's ownership arrangement, which had a €-84.6 million impact.

The Group's liquidity remained strong in the first year-half despite the economic uncertainty caused by the coronavirus epidemic. Kesko Group has implemented significant adjustment measures in all its operating countries to secure cash flow. Kesko is forcefully adjusting costs and capital expenditure and effectively managing the credit risk associated with amounts due from customers.

CAPITAL EXPENDITURE

€ million	4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Capital expenditure, continuing operations	69.1	373.4	168.2	470.7	686.1
Store sites	30.4	122.6	93.6	154.8	227.7
Acquisitions	10.8	207.5	10.8	245.3	290.5
IT	9.7	9.9	15.3	16.5	33.9
Other investments	18.3	33.4	48.5	54.1	134.0

Capital expenditure in store sites decreased in April-June by €92.2 million compared to the year before. Kruunuvuoren Satama Oy's ownership arrangement had a €85.6 million impact on capital expenditure in store sites in the comparison period.

Capital expenditure in store sites in January-June was increased in part by the acquisition of the store property of K-Citymarket in Järvenpää in the first quarter.

Acquisitions in January-June consisted of Mark & Infra i Sverige AB (MIAB) in Sweden, while acquisitions in the comparison period comprised Sørbø's building and home improvement stores in Norway, Huittisten Laatuauto Oy's Volkswagen and SEAT business operations in Forssa and Huittinen, LänsiAuto Oy's Volkswagen, Audi and SEAT businesses in Kotka, Kouvola and Lappeenranta, and Fresks group in Sweden.

PERSONNEL

	1-6/2020	1-6/2019	1-12/2019
Average number of personnel converted into full-time employees, continuing operations	20,895	20,350	20,846
Personnel at the end of reporting period, 30 June	30.6.2020	30.6.2019	31.12.2019
Finland	12,750	12,759	12,657
Other countries	12,231	12,330	12,511
Total	24,982	25,089	25,168

In mid-March, Kesko initiated adjustment measures due to a reduction in workloads brought on by the coronavirus epidemic. In total, some 2,500 Kesko employees working in business operations and support functions were affected by the various adjustment measures. Of those, temporary lay-off measures affected some 2,000 employees. Adjustment measures were also carried out in Kesko's operations in Sweden, Norway, Poland and the Baltic countries.

SEGMENTS

SEASONAL NATURE OF OPERATIONS

The Group's operating activities are affected by seasonal fluctuations. The net sales and operating profits of the reportable segments are not earned evenly throughout the year. Instead, they vary by quarter depending on the characteristics of each segment. In terms of the level of operating profit, the second and third quarter are the strongest, whereas the impact of the first quarter on the full year profit is the smallest. The acquisitions of Suomen Lähikauppa, Onninen and the Norwegian Skattum Handel AS, Gipling AS and the DIY retail business of Sørbo and the Swedish Fresks Group and Mark & Infra i Sverige AB have increased seasonal fluctuations between quarters. The operating profit levels of these companies are at their lowest in the first quarter.

GROCERY TRADE

April-June 2020

	4-6/2020	4-6/2019
Net sales, € million	1,431.1	1,408.6
Operating profit, comparable, € million	83.0	79.0
Operating margin, comparable	5.8	5.6
Return on capital employed, comparable, %, rolling 12 months	14.8	13.7
Capital expenditure, € million	29.9	90.0
Personnel, average	6,185	6,256

Net sales, € million	4-6/2020	4-6/2019	Change, %	Change, comparable, %
Sales to K-food stores				
K-Citymarket, food	337.4	291.7	+15.7	+15.7
K-Supermarket	410.0	365.3	+12.2	+12.2
K-Market	380.4	351.9	+8.1	+8.1
K-Citymarket, non-food	133.7	137.6	-2.8	-2.8
Kespro	149.6	237.9	-37.1	-37.1
Others	20.1	24.3	-17.3	-17.3
Total	1,431.1	1,408.6	+1.6	+1.6

Net sales for the grocery trade totalled €1,431.1 million (€1,408.6 million) in April-June, up by 1.6%. Net sales increased in all grocery store chains, but decreased in K-Citymarket's home and speciality goods trade and Kespro's foodservice business due to the coronavirus epidemic and related restrictions. The growth in grocery sales to K-food stores compensated for the decrease in net sales in Kespro's foodservice business. The decline in Kespro's net sales flattened towards the end of the reporting period as restrictions were lifted.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 9.5% in April-June (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 1.3% (incl. VAT, PTY's price development estimate). K Group's grocery sales grew by 12.3% (incl. VAT), thus exceeding the market growth. K Group's sales grew in all food store chains. Online sales of groceries grew by 706%, and accounted for approximately 4.2% of K Group's grocery sales (incl. VAT). All K Group food store chains offer online grocery sales services. The number of K-food stores offering online grocery sales services grew by 176 during the reporting period.

The comparable operating profit for the grocery trade totalled €83.0 million (€79.0 million) in April-June, up by €4.0 million. Profitability improved thanks to good grocery sales development in the food store chains and cost adjustment measures especially in Kespro's foodservice business and K-Citymarket's home and speciality goods trade. The decrease in Kespro's net sales, resulting from restrictions imposed due to the coronavirus epidemic, had a weakening impact on its comparable operating profit for the reporting period. Operating profit for the grocery trade totalled €82.3 million (€85.6 million). Items affecting comparability totalled €-0.7 million (€6.6 million).

Capital expenditure for the grocery trade totalled €29.9 million (€90.0 million), of which €25.8 million (€86.6 million) was in store sites. Kruunuvooren Satama Oy's share of capital expenditure in store sites in the comparison period totalled €63.1 million.

Three new K-Market stores opened in April-June (two replacement new buildings). Remodelling and extensions were carried out in 15 stores.

The most significant store sites under construction are K-Supermarket stores in the centre of Jyväskylä and at Vaajakoski, Tampere and Lahti.

January-June 2020

	1-6/2020	1-6/2019	1-12/2019
Net sales, € million	2,752.6	2,672.5	5,531.2
Operating profit, comparable, € million	143.3	135.8	327.9
Operating margin, comparable	5.2	5.1	5.9
Return on capital employed, comparable, %, rolling 12 months	14.8	13.7	14.5
Capital expenditure, € million	92.5	118.6	180.8
Personnel, average	6,067	6,047	6,063

Net sales, € million	1-6/2020	1-6/2019	Change, %	Change, comparable, %	1-12/2019
Sales to K-food stores					
K-Citymarket, food	630.4	556.9	+13.2	+13.2	1,150.4
K-Supermarket	767.4	692.8	+10.8	+10.8	1,417.0
K-Market	700.7	650.8	+7.7	+7.7	1,336.3
K-Citymarket, non-food	256.4	265.4	-3.4	-3.4	584.6
Kespro	357.9	453.6	-21.1	-21.1	944.9
Others	39.8	53.0	-24.9	-24.9	98.0
Total	2,752.6	2,672.5	+3.0	+3.0	5,531.2

Net sales in the grocery trade totalled €2,752.6 million (€2,672.5 million) in January-June, up by 3.0%. Net sales increased in all grocery store chains, but decreased in K-Citymarket's home and speciality goods trade and Kespro's foodservice business due to the coronavirus epidemic and related restrictions.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 8.6% in January-June (Finnish Grocery Trade Association PTY) and retail prices are estimated to have risen by some 1.2% (incl. VAT, PTY's price development estimate). K Group's grocery sales grew by 10.2% (incl. VAT), thus exceeding the market growth. K Group's sales grew in all food store chains. Online sales of groceries grew by 445%, and accounted for approximately 2.9% of K Group's grocery sales (incl. VAT). All K Group food store chains offer online grocery sales services. The number of K-food stores offering online grocery sales services rose to 447 during the reporting period.

The comparable operating profit for the grocery trade totalled €143.3 million (€135.8 million) in January-June, up by €7.5 million. Profitability improved thanks to good grocery sales development in the food store chains and cost adjustment measures especially in Kespro's foodservice business and K-Citymarket's home and speciality goods trade. The decrease in Kespro's net sales, resulting from restrictions imposed due to the coronavirus epidemic, had a weakening impact on its the comparable operating profit for the reporting period. Operating profit for the grocery trade totalled €142.1 million (€142.4 million). Items affecting comparability totalled €-1.2 million (€6.6 million).

Capital expenditure for the grocery trade totalled €92.5 million (€118.6 million), increased in part by the acquisition of the store property of K-Citymarket in Järvenpää. Kruunuvooren Satama Oy's ownership arrangement had a €63.1 million impact on capital expenditure in store sites in the comparison period.

Four new K-Market stores opened in January-June (three replacement new buildings). Remodelling and extensions were carried out in 28 stores.

Store numbers	6/2020	6/2019	12/2019
K-Citymarket	81	81	81
K-Supermarket	240	244	243
K-Market	769	780	777
Neste K	72	72	73
Others	74	80	78
Total	1,236	1,257	1,252

In addition, 447 K-food stores offer online grocery sales services to their customers.

BUILDING AND TECHNICAL TRADE

April-June 2020

	4-6/2020	4-6/2019
Net sales, € million	1,196.3	1,161.8
Building and technical trade excl. speciality goods trade	1,158.7	1,066.4
Building and home improvement trade	764.6	671.9
Onninen	397.9	405.0
Speciality goods trade	37.6	95.5
Operating profit, comparable, € million	77.4	48.4
Building and technical trade excl. speciality goods trade	75.7	45.5
Building and home improvement trade	60.5	34.6
Onninen	15.9	11.0
Speciality goods trade	1.7	2.9
Operating margin, comparable	6.5	4.2
Building and technical trade, excl. speciality goods trade	6.5	4.3
Building and home improvement trade	7.9	5.1
Onninen	4.0	2.7
Speciality goods trade	4.4	3.0
Return on capital employed, comparable, %, rolling 12 months	8.8	7.5
Capital expenditure, € million	18.7	246.3
Personnel, average	12,559	12,538

Net sales, € million	4-6/2020	4-6/2019	Change, %	Change, comparable, %
Building and home improvement trade, Finland	291.1	256.2	+13.6	+13.3
K-Rauta, Sweden	62.1	53.4	+16.3	+17.1
K-Bygg, Sweden	63.4	28.8	(..)	+19.1
Byggmakker, Norway	107.3	105.6	+1.7	+14.4
Kesko Senukai, Baltics	201.8	190.3	+6.0	+6.0
OMA, Belarus	40.9	39.2	+4.5	+17.5
Building and home improvement trade, total	764.6	671.9	+13.8	+12.0
Onninen, Finland	252.9	236.2	+7.1	+7.1
Onninen and MIAB, Sweden*	23.4	34.6	-32.2	-1.5
Onninen, Norway	51.7	58.3	-11.3	+0.8
Onninen, Baltics	18.8	20.4	-7.7	-7.7
Onninen, Poland	51.7	56.4	-8.2	-3.4
Onninen, total*	397.9	405.0	-1.8	+5.0
Building and technical trade excl. speciality goods trade, total	1,158.7	1,066.4	+8.7	+8.7
Leisure trade, Finland	37.6	42.3	-11.1	-11.1
Machinery trade	0.0	53.2	-100.0	-
Speciality goods trade, total	37.6	95.5	-60.6	-11.1
Total	1,196.3	1,161.8	+3.0	+7.9

(...) Change over 100%

* Onninen's comparable net sales development in Sweden calculated minus internal net sales in Sweden to K-rauta.

Net sales for the building and technical trade totalled €1,196.3 million (€1,161.8 million) in April-June. Net sales increased by 3.0%, or by 7.9% in comparable terms. Net sales increased despite the coronavirus epidemic and related restrictions. Net sales grew in comparable terms in Finland, Sweden, Norway, the Baltics and Belarus. Net sales in Sweden were also boosted by the acquisition of K-Bygg in 2019. The weakening of the Swedish krona, the Norwegian krone and the Belarusian rouble against the euro diminished euro-denominated net sales development in Sweden, Norway and Belarus. In Poland, net sales decreased on the comparison period. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed in 2020 and 2019. The exceptional circumstances related to the COVID-19 coronavirus have impacted the businesses and operating countries in different ways from March onwards.

In Finland, net sales for the building and technical trade amounted to €568.6 million (€532.1 million) in April-June, an increase of 6.8%. In comparable terms, net sales increased by 8.3% in Finland. Net sales from international operations amounted to €627.7 million (€629.7 million) in April-June, a decrease of 0.3%. In comparable terms, net sales from international operations increased by 7.6%. International operations contributed 52.5% (54.2%) of the net sales for the division.

Net sales for the building and home improvement trade grew in both B2C and B2B trade. Net sales grew in Finland and other Nordic countries, the Baltic countries and Belarus.

Onninen's net sales grew in Finland, and in Norway in comparable terms in local currency. Net sales decreased in Sweden, Poland and the Baltics.

In the speciality goods trade, net sales in the leisure trade were down due to a decline in customer visits due to the coronavirus epidemic. Net sales began to grow towards the end of the reporting period.

The comparable operating profit for the building and technical trade totalled €77.4 million (€48.4 million) in April-June, up by €29.0 million year-on-year. The comparable operating profit grew in the building and home improvement trade in all operating countries. The acquisitions carried out in Norway and Sweden in 2018-2020 accounted for €12.1 million (€6.0 million) of the comparable operating profit. Onninen's comparable operating

profit grew in Finland, Sweden and Norway. In the Baltics and Poland, Onninen's comparable operating profit matched the level of the previous year.

Operating profit for the building and technical trade totalled €77.0 million (€43.7 million). Items affecting comparability totalled €-0.4 million (€-4.7 million). The most significant items affecting comparability in the comparison period were the €2.7 million costs related to the divestment of Onninen's HEPAC contractor business in Sweden.

Capital expenditure for the building and technical trade totalled €18.7 million (€246.3 million) in April-June. Capital expenditure included €10.8 million (€208.4 million) in acquisitions.

One Onninen Express store opened in April-June in Mikkeli, Finland (replacement new building).

The most significant store sites under construction are one K-Bygg store in Sweden, one Onninen Express store in Finland and two in Poland, and one store in Belarus.

January-June 2020

	1-6/2020	1-6/2019	1-12/2019
Net sales, € million	2,197.4	2,099.4	4,331.1
Building and technical trade, excl. speciality goods trade	2,093.5	1,933.9	3,984.5
Building and home improvement trade	1,326.8	1,179.2	2,447.8
Onninen	789.3	775.2	1,587.7
Speciality goods trade	103.9	165.6	346.7
Operating profit, comparable, € million	84.4	51.6	142.8
Building and technical trade, excl. speciality goods trade	85.0	49.4	133.3
Building and home improvement trade	59.2	33.2	83.3
Onninen	26.6	16.1	50.0
Speciality goods trade	-0.6	2.2	9.5
Operating margin, comparable	3.8	2.5	3.3
Building and technical trade, excl. speciality goods trade	4.1	2.6	3.3
Building and home improvement trade	4.5	2.8	3.4
Onninen	3.4	2.1	3.2
Speciality goods trade	-0.6	1.3	2.7
Return on capital employed, comparable, %, rolling 12 months	8.8	7.5	7.4
Capital expenditure, € million	29.5	281.8	332.7
Personnel, average	12,704	12,335	12,630

Net sales, € million	1-6/2020	1-6/2019	Change, %	Change, comparable, %	1-12/2019
Building and home improvement trade, Finland	513.8	473.4	+8.5	+8.4	908.4
K-Rauta, Sweden	94.4	86.7	+8.9	+10.4	163.7
K-Bygg, Sweden	105.9	28.8	(..)	+19.1	132.8
Byggmakker, Norway	187.8	192.4	-2.4	+7.3	386.9
Kesko Senukai, Baltics	353.8	334.9	+5.6	+5.6	715.5
OMA, Belarus	74.9	65.9	+13.6	+22.0	146.6
Building and home improvement trade, total	1,326.8	1,179.2	+12.5	+8.4	2,447.8
Onninen, Finland	481.9	437.3	+10.2	+10.2	909.6
Onninen and MIAB, Sweden*	52.9	70.1	-24.4	+4.5	121.2
Onninen, Norway	110.0	121.3	-9.4	0.0	237.8
Onninen, Baltics	37.6	38.4	-2.1	-2.1	85.2
Onninen, Poland	108.4	109.8	-1.3	+1.5	237.2
Onninen, total*	789.3	775.2	+1.8	+7.2	1,587.7
Building and technical trade excl. speciality goods trade, total	2,093.5	1,933.9	+8.3	+7.5	3,984.5
Leisure trade, Finland	81.1	91.5	-11.4	-11.4	203.7
Machinery trade	22.8	74.0	-69.2	-	143.0
Speciality goods trade, total	103.9	165.6	-37.3	-11.4	346.7
Total	2,197.4	2,099.4	+4.7	+6.6	4,331.1

(...) Change over 100%

* Onninen's comparable net sales development in Sweden calculated minus internal net sales in Sweden to K-rauta.

Net sales for the building and technical trade totalled €2,197.4 million (€2,099.4 million) in January-June. Net sales grew by 4.7%, or by 6.6% in comparable terms. Net sales grew in comparable terms in all operating countries. The weakening of the Swedish krona, the Norwegian krone and the Belarusian rouble against the euro diminished euro-denominated net sales development in Sweden, Norway and Belarus. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed in 2020 and 2019. The exceptional circumstances related to the COVID-19 coronavirus have impacted the businesses and operating countries in different ways from March onwards.

In Finland, net sales for the building and technical trade in January-June totalled €1,053.2 million (€992.8 million), up by 6.1%. In comparable terms, net sales increased by 7.1% in Finland. Net sales from international operations totalled €1,144.2 million in January-June (€1,106.7 million), up by 3.4%. In comparable terms, net sales from international operations grew by 6.2%. International operations contributed 52.1% (52.7%) of the net sales for the division.

Net sales for the building and home improvement trade grew in Finland, Sweden, the Baltics and Belarus. In Norway, net sales decreased by 2.4%, but increased by 7.3% in comparable terms.

Onninen's net sales grew in comparable terms in Finland, Sweden and Poland. In Norway, net sales were almost flat year-on-year in comparable terms in local currency. In the Baltic countries, net sales decreased compared to the year before.

In the speciality goods trade, net sales in the leisure trade were down due to mild winter weather and a decline in customer visits due to the coronavirus epidemic.

The comparable operating profit for the building and technical trade totalled €84.4 million (€51.6 million) in January-June, up by €32.7 million year-on-year. Comparable operating profit for the building and home improvement trade grew by €25.9 million. Comparable operating profit grew in the building and home improvement trade in all operating countries. The acquisitions carried out in Norway and Sweden in 2018-2020

accounted for €9.1 million (€3.0 million) of the comparable operating profit. Acquisitions have increased seasonal fluctuations in profit. Onninen's comparable operating profit grew in Finland, Sweden and Norway. In the Baltics and Poland, Onninen's comparable operating profit matched the level of the previous year.

Operating profit for the building and technical trade totalled €90.4 million (€41.5 million). Items affecting comparability totalled €6.1 million (€-10.1 million). The most significant item affecting comparability was the €6.4 million sales gain from the divestment of machinery trade operations in the Baltics, completed on 31 March 2020. The most significant items affecting comparability in the comparison period were the €8.2 million costs related to the divestment of Onninen's HEPAC contractor business in Sweden.

Capital expenditure for the building and technical trade totalled €29.5 million (€281.8 million) in January-June. Capital expenditure included €10.8 million (€233.9 million) in acquisitions.

Store numbers	6/2020	6/2019	12/2019
Building and technical trade			
K-Rauta, Finland	132	133	131
K-Rauta, Sweden	18	18	18
K-Bygg, Sweden	33	33	34
Byggmakker, Norway	61	63	63
K-Rauta, Estonia	8	8	8
K-Senukai, Latvia	11	10	11
K-Senukai, Lithuania	24	23	23
OMA, Belarus	16	17	17
Onninen, Finland	56	56	57
Onninen and MIAB, Sweden	3	-	-
Onninen, Norway	18	20	18
Onninen, Baltics	17	16	17
Onninen, Poland	36	36	36
Speciality goods trade			
Intersport, Finland	53	54	54
Budget Sport	10	10	10
The Athlete's Foot	9	7	9
Kookenkä	32	33	34
Total	537	537	540

In addition, building and technical trade stores offer extensive e-commerce services to their customers. Three Onninen stores in Finland operate on the same store premises with K-Rauta.

CAR TRADE

April-June 2020

	4-6/2020	4-6/2019
Net sales, € million	192.0	211.9
Operating profit, comparable, € million	3.8	5.0
Operating margin, comparable	2.0	2.4
Return on capital employed, comparable, %, rolling 12 months	6.6	14.6
Capital expenditure, € million	13.4	22.1
Personnel, average	1,268	1,029

Net sales, € million	4-6/2020	4-6/2019	Change, %	Change, comparable, %
Car trade	192.0	211.9	-9.4	-21.5

Net sales for the car trade in April-June totalled €192.0 million (€211.9 million). Net sales for the car trade decreased in the second quarter by 9.4%, or by 21.5% in comparable terms, due to weakened customer demand brought on by the coronavirus epidemic. However, the decline in net sales flattened towards the end of the reporting period and sales began to grow. The comparable change % has been calculated excluding the impact of acquisitions completed in 2019.

The combined market performance of first registrations of passenger cars and vans was -38.7% (-11.4%) in April-June. The combined market share of the Volkswagen, Audi, SEAT, Porsche and Bentley passenger cars and Volkswagen and MAN vans imported by the car trade division was 17.8% (18.1%) in April-June.

The comparable operating profit for the car trade totalled €3.8 million (€5.0 million) in April-June. The comparable operating profit declined due to weakened customer demand. Operating profit for the car trade in April-June totalled €3.8 million (€4.9 million).

Capital expenditure for the car trade totalled €13.4 million (€22.1 million).

January-June 2020

	1-6/2020	1-6/2019	1-12/2019
Net sales, € million	414.6	412.4	863.9
Operating profit, comparable, € million	9.9	12.7	26.8
Operating margin, comparable	2.4	3.1	3.1
Return on capital employed, comparable, %, rolling 12 months	6.6	14.6	9.5
Capital expenditure, € million	33.1	48.7	131.3
Personnel, average	1,280	979	1,179

Net sales, € million	1-6/2020	1-6/2019	Change, %	Change, comparable, %	1-12/2019
Car trade	414.6	412.4	+0.5	-13.3	863.9

Net sales for the car trade totalled €414.6 million (€412.4 million) in January-June. Net sales remained flat year-on-year due to acquisitions carried out, but in comparable terms, net sales decreased by 13.3%. The comparable change % has been calculated excluding the impact of acquisitions completed in 2019. The coronavirus epidemic weakened customer demand for both new and used cars.

The combined market performance of first registrations of passenger cars and vans was -21.9% (-13.0%) in January-June. The combined market share of the Volkswagen, Audi, SEAT, Porsche and Bentley passenger cars and Volkswagen and MAN vans imported by the car trade division was 16.8% (17.3%) in January-June.

The comparable operating profit for the car trade in January-June totalled €9.9 million (€12.7 million), down due to weakened customer demand. Operating profit for the car trade in January-June totalled €9.9 million (€12.6 million).

Capital expenditure for the car trade totalled €33.1 million (€48.7 million). The acquisitions of Volkswagen, Audi and SEAT businesses from Huittisten Laatuauto and LänsiAuto, totalling €11.3 million, were completed during the comparison period.

Store numbers	6/2020	6/2019	12/2019
K-Auto	42	23	42
AutoCarrera	4	3	3
Total	46	26	45

CHANGES IN GROUP COMPOSITION

Kesko Group simplified its corporate structure in Sweden by merging Onninen AB with K-Rauta AB on 1 May 2020. The name of the new company is Kesko AB. The merger did not impact the operations of Onninen or K-Rauta in Sweden.

On 1 April 2020, Kesko acquired the Swedish Mark & Infra i Sverige AB (MIAB), a company specialising in the sales of water and sewage products. The acquisition will strengthen Onninen's technical wholesale offering to Infra customers in Sweden.

On 31 March 2020, Konekesko Oy divested its remaining shares in its Baltic subsidiaries.

In 2019, Byggnakker Sør AS assumed ownership of the building and home improvement stores and store properties of the Norwegian Sørbo on 31 January 2019. K-Caara assumed ownership of car trade businesses acquired from Huittisten Laatuauto and LänsiAuto on 1 March 2019. K-rauta AB assumed ownership of the Swedish building and home improvement group Fresks on 17 May 2019. The divestment of Onninen AB's HEPAC contractor business was completed on 15 May 2019. K-Caara assumed ownership of the Volkswagen, Audi and SEAT businesses acquired from Laakkonen Group on 1 July 2019. The Finnish agricultural machinery trade operations were divested on 1 August 2019.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

The number of shares in Kesko Corporation increased following the resolution of the 28 April 2020 Annual General Meeting to carry out a share issue without payment (share split). In the share issue without payment, new shares were issued without payment to the shareholders in proportion to their existing holdings, so that three (3) new A shares were issued for each A share held, and three (3) new B shares for each B share held. In addition, new B shares were similarly issued without payment to the Company on the basis of B shares held by the Company. A total of 95,211,021 new A shares and a total of 204,848,235 new B shares were issued. The shares were issued to shareholders who were registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the record date of the share issue, 30 April 2020. The share issue without payment was executed in the book-entry system and did not require any action on the part of the shareholders. The new shares have generated shareholder rights as of 30 April 2020 when they were registered in the Trade Register. The registration of the new shares in the shareholders' book-entry accounts took place on 4 May 2020. Kesko issued related stock exchange releases on 28 April 2020 and 30 April 2020.

At the end of June 2020, the total number of shares in Kesko Corporation was 400,079,008, of which 126,948,028 or 31.7%, were A shares, and 273,130,980 or 68.3%, were B shares. On 30 June 2020, Kesko Corporation held 3,341,126 of its own B shares as treasury shares. These treasury shares accounted for 1.22% of the total number of B shares, 0.84% of the total number of shares, and 0.22% of the votes attached to all shares in the company. The total number of votes attached to all shares was 1,542,611,260. Each A share carries ten (10) votes and each B share one (1) vote. The Company cannot vote with own shares held by it as treasury shares and no dividend is paid on them. At the end of June 2020, Kesko Corporation's share capital was €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €58.80 at the end of 2019 (€14.70 with the share split), and €14.40 at the end of June 2020, representing a decrease of 2.0%. Correspondingly, the price of a B share was €63.08 at the end of 2019 (€15.77 with the share split), and €15.22 at the end of June 2020, representing a decrease of 3.5%. In January-June 2020, the highest A share price was €16.20 and the lowest €10.45. The highest B share price was €17.39 and the lowest €10.45. The Nasdaq Helsinki All-Share index (OMX Helsinki) was down by 4.3% and the weighted OMX Helsinki Cap index by 3.7% in January-June. The Retail Sector Index was up by 1.7%.

The market capitalisation of the A shares was €1,828.1 million at the end of June 2020. The market capitalisation of the B shares was €4,106.2 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was €5,934.3 million, down by €180.4 million from the end of 2019.

In January-June, a total of 5.2 million A shares were traded on Nasdaq Helsinki (calculated with the post-split number of shares). The exchange value of the A shares was €71.2 million. Meanwhile, 29.3 million B shares were traded (calculated with the post-split number of shares), with an exchange value of €1,688.1 million. Nasdaq Helsinki accounted for over 90% of the trading on Kesko's A and B shares in January-June. Kesko shares were also traded on multilateral trading facilities, the most significant of which was Cboe (source: Euroland).

At the end of June 2020, the number of shareholders was 50,060, which is 8,885 more than at the end of 2019. At the end of June, foreign ownership of all shares was 34.96%, and foreign ownership of B shares 50.16%.

Kesko has a share-based commitment and incentive scheme. To implement the scheme, Kesko's Board of Directors may decide, within share issue authorisations granted by the company's General Meeting, to transfer Kesko B shares held by the company as treasury shares. In January-June 2020, Kesko Corporation transferred a total of 379,224 of its own B shares held by the Company as treasury shares to members of management and other selected key persons (before the share split registered on 30 April, the number of shares was 94,806). 3,056 B shares were returned to the company without consideration based on the terms and conditions of share award plans (before the share split registered on 30 April, the number of shares was 764). Kesko issued a related stock exchange release on 12 March 2020. Kesko issued a stock exchange release on 5 February 2020 regarding the most recent share-based commitment and incentive plans. Kesko Corporation also transferred a total of 8,158 of its own B shares held by the Company as treasury shares to the members of Kesko's Board of Directors as part of the Board members' annual remuneration. Kesko issued a related stock exchange release on 5 May 2020.

Kesko's Annual General Meeting of 28 April 2020 authorised the Board to decide on the issue of a total maximum of 40,000,000 new B shares and B shares held by the Company as treasury shares. The authorisation is valid until 30 June 2021. The authorisation was communicated in a stock exchange release on 28 April 2020.

KEY EVENTS DURING THE REPORTING PERIOD

The Market Court in Finland announced its decision on Kesko's acquisition of the Heinon Tukku foodservice wholesale company, prohibiting the transaction. (Press release 17.2.2020)

Kesko agreed to acquire the Swedish Mark & Infra i Sverige AB (MIAB), a company specialising in the sales of water and sewage products. The acquisition will strengthen Onninen's technical wholesale offering to Infra customers in Sweden. (Press release 6.3.2020)

Kesko issued a profit warning due to the COVID-19 pandemic and related global economic uncertainty. Kesko cancelled its previous outlook statement regarding the net sales for continuing operations and changed the outlook statement regarding the comparable operating profit for continuing operations, both issued in connection with the financial statements release on 5 February 2020. (Stock exchange release 18.3.2020)

Kesko's Board of Directors decided to cancel the Annual General Meeting convened for 30 March 2020 due to developments concerning the COVID-19 coronavirus, and to reconvene a new meeting later on. (Stock exchange release 19.3.2020)

The Danish Agro Group company DA Agravis Machinery Holding A/S acquired Konekesko Oy's remaining stake in its Baltic subsidiaries. (Press release 31.3.2020)

Kesko announced that it would adjust its operations due to the coronavirus epidemic. Temporary lay-off measures were estimated to affect approximately 2,000 Kesko employees in Finland – Kesko has managed to significantly reduce the number with employee transfers between units. (Press release 3.4.2020)

Kesko's Annual General Meeting convened on 28 April 2020. (Stock exchange releases 7.4.2020 and 28.4.2020)

A total of 95,211,021 new A shares and 204,848,235 new B shares issued in the share issue without payment (share split) decided upon by the Annual General Meeting of Kesko Corporation on 28 April 2020 were entered in the Finnish Trade Register on 30 April 2020. In the share issue without payment, new shares were issued to the shareholders in proportion to their existing holdings, so that three (3) new A shares were issued for each A share held, and three (3) new B shares for each B share held. (Stock exchange release 30.4.2020)

K Group raised its climate goals to a new level and will strive to become carbon neutral by 2025. K Group will seek to systematically reduce emissions to reach zero emissions from its own operations and transports by 2030. (Press release 12.5.2020)

KEY EVENTS AFTER THE REPORTING PERIOD

Kesko issued a positive profit warning and provided preliminary information on its second-quarter net sales and comparable operating profit. Kesko raised its guidance for the comparable operating profit for its continuing

operations, issued in connection with the company's interim report on 28 April 2020. (Stock exchange release 10.7.2020)

Kesko's subsidiary Bygghandelen AS agreed to acquire Carlsen Fritzøe Handel AS, a Norwegian operator in the building and home improvement trade with net sales of approximately €201 million in 2019. The acquisition strengthens Kesko's position in the Oslo fjord region, where the Carlsen Fritzøe Handel network of 25 stores complements Kesko's existing Bygghandelen store network. (Press release 8.7.2020)

RESOLUTIONS OF THE 2020 ANNUAL GENERAL MEETING AND DECISIONS OF THE BOARD'S ORGANISATIONAL MEETING

The Annual General Meeting of Kesko Corporation on 28 April 2020 adopted the financial statements and consolidated financial statements for 2019. The Annual General Meeting resolved to distribute a dividend of €2.52 per share on shares held outside the Company. The dividend will be paid in two instalments. The record date of the first dividend instalment of €1.28 per share was 30 April 2020 and pay date 8 May 2020. The record date of the second dividend instalment of €0.31 per share is 1 October 2020 and pay date 8 October 2020. The Annual General Meeting discharged the Board members and the Managing Director from liability for the financial year 2019, confirmed the Company's Remuneration Policy for Governing Bodies, and resolved to keep the Board members' fees unchanged.

The Annual General Meeting resolved that the Auditor's fee and the reimbursements of the Auditor's expenses will be paid according to an invoice approved by the Company. The Annual General Meeting elected the firm of authorised public accountants Deloitte Oy as the Company's new Auditor. APA Jukka Vattulainen will be the auditor with principal responsibility.

The Annual General resolved, in accordance with the Board's proposal, to carry out a share issue without payment (share split). According to the resolution, in the share issue without payment, new shares were issued without payment to the shareholders in proportion to their existing holdings, so that three (3) new A shares were issued for each A share held, and three (3) new B shares for each B share held. In addition, new B shares were similarly issued without payment to the Company on the basis of B shares held by the Company. A total of 95,211,021 new A shares and a total of 204,848,235 new B shares were issued. The shares were issued to shareholders who were registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the record date of the share issue, 30 April 2020. The share issue without payment was executed in the book-entry system and did not require any action on the part of the shareholders. The new shares have generated shareholder rights as of 30 April 2020 when they were registered in the Trade Register. The registration of the new shares in the shareholders' book-entry accounts took place on 4 May 2020. The new shares did not entitle their holders to the first instalment of dividend in accordance with the Board's proposal for the distribution of profit of €1.28 per share, but they will entitle the holder to the second proposed dividend instalment of €0.31 per share. The Annual General Meeting also resolved to amend section 3 of the Company's Articles of Association ("Shares") in accordance with the Board's proposal.

The Annual General Meeting resolved, in accordance with the Board's proposal, to authorise the Board to decide on the issuance of new B series shares as well as of own B shares held by the Company as treasury shares. The number of B shares thereby issued would total at maximum 40,000,000. The authorisation is valid until 30 June 2021.

The Annual General Meeting resolved, in accordance with the Board's proposal, to establish a Shareholders' Nomination Committee, and confirmed the Committee's rules of procedure.

The Annual General Meeting resolved, in accordance with the Board's proposal, to authorise the Board to decide on donations in a total maximum of €300,000 for charitable or corresponding purposes until the Annual General Meeting to be held in 2021, and to decide on the donation recipients, purposes of use and other terms of the donations.

The Board members were elected by the 2018 Annual General Meeting to serve the three-year terms provided in the Company's Articles of Association, ending at the close of the 2021 Annual General Meeting. The Board elects its Chairman and Deputy Chairman for the Board's whole three-year term of office. In the organisational meeting held by the Board after the Annual General Meeting of 11 April 2018, the Board elected Esa Kiiskinen as Chairman of the Board and Peter Fagernäs as Deputy Chairman. The Board did not make changes to the compositions of its Audit Committee or Remuneration Committee in its organisational meeting held after the Annual General

Meeting on 28 April 2020. Jannica Fagerholm was elected as Chairman of the Board's Audit Committee, Matti Kyytsönen as Deputy Chairman, and Piia Karhu as a Committee member. Esa Kiiskinen was elected as Chairman of the Board's Remuneration Committee, Peter Fagernäs as Deputy Chairman, and Matti Kyytsönen as a Committee member.

The resolutions of the Annual General Meeting and the decisions of the Board's organisational meeting were communicated in more detail in stock exchange releases on 28 April 2020.

SUSTAINABILITY

Because of the coronavirus epidemic, K Group and K-food retailers have organised help for shopping to the people most at risk, offering dedicated shopping hours, online grocery sales and delivery services, and a new helpline for people over 70.

Kesko donated €80,000 in total to Me-säätiö and Hope ry to be used for food aid for families with children under the special circumstances.

K Group and the Association for Finnish Work launched a campaign to encourage Finns to buy Finnish products.

K Group will increase its share of own renewable electricity by purchasing wind power from a new wind farm to be built in Finland for the next 15 years.

The number of MSC-certified fish counters in K-food stores grew to over 30. K Group offers the biggest selection of MSC-certified fish and shellfish products in Finland.

K Group raised its climate goals to a new level and will strive to become carbon neutral by 2025. K Group will seek to systematically reduce emissions to reach zero emissions from its own operations and transports by 2030.

RISK MANAGEMENT

The impacts of COVID-19 on Kesko's operations in all operating countries from March onwards represent a material change to the risks described in Kesko's 2019 Report by the Board of Directors and financial statements. The key risks related to the virus have concerned the health and safety of personnel and customers, and Kesko's sales, cash flow and profit. In the latter half of the year, the biggest risk related to the coronavirus is a potential second wave of the epidemic in Kesko's operating countries and the resulting impacts on Kesko's operations.

Risk management in Kesko Group is guided by the risk management policy approved by Kesko's Board of Directors. The policy defines the goals and principles, organisation, responsibilities and practices of risk management in Kesko Group. In the management of financial risks, the Group's treasury policy, confirmed by Kesko's Board of Directors, is observed. The management of business operations and common functions are responsible for the execution of risk management. Kesko Group applies a business-oriented and comprehensive approach to risk assessment and management. This means that key risks are systematically identified, assessed, managed, monitored and reported as part of business operations at Group, division, company and function levels throughout the Group.

The Group's risk map, the most significant risks and uncertainties, as well as material changes in and responses to them are reported to the Kesko Board's Audit Committee quarterly in connection with the review of interim reports, the half year financial report and financial statements. The Audit Committee Chair reports on risk management to the Board as part of the Audit Committee report. The most significant risks and uncertainties are reported to the market by the Board in the Report by the Board of Directors and any material changes in them in the interim reports and the half year financial report.

The risks and uncertainties related to economic development are described in more detail in the outlook section of this release.

Helsinki, 22 July 2020
Kesko Corporation
Board of Directors

The information in this half year financial report is unaudited.

Further information is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, telephone +358 105 322 113, Hanna Jaakkola, Vice President, Investor Relations, telephone +358 105 323 540, and Eva Kaukinen, Vice President, Group Controller, telephone +358 105 322 338. A Finnish-language webcast of the interim report briefing can be viewed at 11.00 at www.kesko.fi. An English-language audio conference on the interim report briefing will be held today at 12.30 (Finnish time). The audio conference login is available on Kesko's website at www.kesko.fi.

Kesko Corporation's interim report for January-September 2020 will be published on 29 October 2020. In addition, Kesko Group's sales figures are published monthly. News releases and other company information are available on Kesko's website at www.kesko.fi.

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DISTRIBUTION

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www.kesko.fi

TABLES SECTION

Accounting policies

This half year financial report has been prepared in accordance with IAS 34. The half year financial report has been prepared in accordance with the same accounting principles as the annual financial statements for 2019.

Consolidated income statement (€ million), condensed							
	1-6/2020	1-6/2019	Change, %	4-6/2020	4-6/2019	Change, %	1-12/2019
Continuing operations							
Net sales	5,355.0	5,182.2	3.3	2,814.5	2,781.4	1.2	10,720.3
Cost of goods sold	-4,607.4	-4,471.8	3.0	-2,414.7	-2,390.6	1.0	-9,190.6
Gross profit	747.5	710.4	5.2	399.8	390.8	2.3	1,529.7
Other operating income	429.0	398.3	7.7	223.2	209.7	6.5	823.1
Employee benefit expense	-391.0	-385.3	1.5	-194.0	-201.3	-3.6	-775.4
Depreciation, amortisation and impairment charges	-84.7	-76.5	10.8	-43.8	-41.1	6.5	-161.5
Depreciation and impairment charges for right-of-use assets	-166.6	-156.6	6.4	-82.7	-75.8	9.2	-325.0
Other operating expenses	-314.2	-318.9	-1.5	-148.4	-162.4	-8.6	-643.0
Operating profit	220.0	171.5	28.3	154.1	119.9	28.5	447.8
Interest income and other finance income	5.0	7.1	-28.6	2.7	3.9	-30.7	14.0
Interest expense and other finance costs	-7.7	-5.8	34.3	-2.2	-2.9	-25.6	-9.1
Interest expense for lease liabilities	-45.6	-48.8	-6.6	-22.5	-24.2	-7.3	-95.4
Foreign exchange differences	-4.4	0.7	(..)	1.5	0.1	(..)	-0.8
Share of result of associates and joint ventures	2.0	18.1	-88.9	2.6	17.3	-85.1	46.8
Profit before tax	169.3	142.8	18.6	136.2	114.1	19.5	403.3
Income tax	-37.4	-29.4	27.1	-31.0	-23.3	32.7	-69.6
Net profit for the period from continuing operations	131.9	113.4	16.3	105.3	90.7	16.1	333.6
Discontinued operations							
Net profit for the period from discontinued operations	-	10.5	-	-	11.0	(..)	11.6
Net profit for the period	131.9	123.9	6.5	105.3	101.7	3.5	345.2
Attributable to							
Owners of the parent	129.9	123.4	5.3	95.4	96.5	-1.1	339.2
Non-controlling interests	2.0	0.5	(..)	9.9	5.2	89.9	6.0
Earnings per share (€) for profit attributable to owners of the parent							
Basic and diluted, continuing operations	0.33	0.28	15.0	0.24	0.22	11.4	0.83
Basic and diluted, discontinued operations	-	0.03	-	-	0.03	-	0.03
Basic and diluted, Group total	0.33	0.31	5.2	0.24	0.24	-1.2	0.86

Kesko Corporations' s Annual General Meeting on 28 April 2020 decided on a share issue without payment (share split) in which three (3) new A shares were issued for each existing A share, and three (3) new B shares for each existing B share. The share-specific indicators have been calculated using the post-share split number of shares. Share-specific indicators for the comparison periods have been adjusted to correspond to the post-share split number of shares.

Consolidated statement of comprehensive income (€ million)							
	1-6/2020	1-6/2019	Change, %	4-6/2020	4-6/2019	Change, %	1-12/2019
Net profit for the period	131.9	123.9	6.5	105.3	101.7	3.5	345.2
Continuing operations							
Items that will not be reclassified subsequently to profit or loss							
Actuarial gains/losses	-7.1	13.0	(..)	-6.4	0.0	(..)	-3.6
Items that may be reclassified subsequently to profit or loss							
Currency translation differences related to a foreign operation	-26.0	5.6	(..)	21.0	-0.1	(..)	3.8
Cash flow hedge revaluation	-3.9	-0.4	(..)	2.3	0.0	(..)	-1.0
Other items	-0.3	-0.3	-2.6	-0.3	-0.3	-2.6	-0.3
Total other comprehensive income for the period, net of tax, continuing operations	-37.3	17.9	(..)	16.7	-0.4	(..)	-1.2
Total other comprehensive income for the period, net of tax, discontinued operations	-	-	-	-	-	-	-
Total comprehensive income for the period	94.6	141.8	-33.3	122.0	101.3	20.5	344.1
Attributable to							
Owners of the parent	96.8	139.5	-30.6	111.0	95.2	16.6	336.7
Non-controlling interests	-2.2	2.3	(..)	11.0	6.1	82.0	7.4

(..) Change over 100 %

Consolidated statement of financial position (€ million), condensed				
	30.6.2020	30.6.2019	Change, %	31.12.2019
ASSETS				
Non-current assets				
Property, plant and equipment	1,541.6	1,401.4	10.0	1,487.9
Right-of-use assets	2,089.2	2,124.6	-1.7	2,191.3
Intangible assets	683.9	668.9	2.3	684.6
Shares in associates and joint ventures and other financial assets	79.9	88.8	-10.0	78.4
Loans and receivables	68.2	73.2	-6.8	67.5
Pension assets	82.0	115.2	-28.8	93.2
Total	4,544.9	4,472.0	1.6	4,602.9
Current assets				
Inventories	1,024.3	975.7	5.0	1,037.7
Trade receivables	945.9	985.1	-4.0	804.7
Other receivables	221.9	239.2	-7.2	223.2
Financial assets at fair value through profit or loss	99.7	10.1	(..)	10.1
Financial assets at amortised cost	31.1	39.2	-20.7	34.5
Cash and cash equivalents	331.0	151.4	(..)	124.4
Total	2,653.9	2,400.6	10.5	2,234.5
Non-current assets held for sale	0.5	112.3	-99.6	61.9
Total assets	7,199.2	6,985.0	3.1	6,899.3

	30.6.2020	30.6.2019	Change, %	31.12.2019
EQUITY AND LIABILITIES				
Equity	1,855.4	1,827.1	1.6	2,025.8
Non-controlling interests	109.9	109.3	0.6	115.0
Total equity	1,965.3	1,936.3	1.5	2,140.8
Non-current liabilities				
Interest-bearing liabilities	459.7	180.6	(..)	477.3
Lease liabilities	1,999.4	2,038.4	-1.9	2,039.0
Non-interest-bearing liabilities	29.5	29.1	1.3	29.8
Deferred tax liabilities	7.3	13.1	-44.4	6.8
Pension obligations	0.4	0.4	1.3	0.4
Provisions	19.8	25.0	-20.6	19.7
Total	2,516.0	2,286.6	10.0	2,573.0
Current liabilities				
Interest-bearing liabilities	332.2	459.6	-27.7	137.8
Lease liabilities	312.7	313.2	-0.2	383.2
Trade payables	1,313.1	1,158.6	13.3	1,029.9
Other non-interest-bearing liabilities	746.9	762.1	-2.0	607.3
Provisions	13.2	16.3	-19.2	16.4
Total	2,718.0	2,710.0	0.3	2,174.7
Liabilities related to non-current assets held for sale	-	52.4	-	10.9
Total equity and liabilities	7,199.2	6,985.0	3.1	6,899.3

(..) Change over 100 %

Consolidated statement of changes in equity (€ million)								
	Share capital	Reserves	Currency translation differences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2020	197.3	464.8	-21.3	0.6	-35.4	1,419.8	115.0	2,140.8
Share-based payments					1.7			1.7
Dividends						-249.9		-249.9
Increase in share capital							1.2	1.2
Disposal of subsidiaries		0.0	0.2			-21.2	-4.1	-25.3
Other changes		0.0				2.1		2.1
Transactions with owners, total		0.0	0.2		1.7	-269.1	-2.9	-270.1
Comprehensive income								
Profit for the period						129.9	2.0	131.9
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						-8.8		-8.8
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			-21.9			0.0	-4.1	-26.0
Cash flow hedge revaluation				-4.9				4.9
Tax related to comprehensive income				1.0		1.8		2.7
Other changes						-0.3		-0.3
Total comprehensive income for the period			-21.9	-3.9		122.6	-2.2	94.6
Balance at 30.6.2020	197.3	464.8	-43.1	-3.3	-33.7	1,273.3	109.9	1,965.3

	Share capital	Reserves	Currency translation differences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
Balance at 1.1.2019	197.3	464.7	-23.7	1.7	-36.9	1,311.0	107.0	2,021.1
Share-based payments					1.2			1.2
Dividends						-231.9		-231.9
Other changes						4.1	0.0	4.1
Transactions with owners, total					1.2	-227.8	0.0	-226.5
Comprehensive income								
Profit for the period, continuing operations						112.9	0.5	113.4
Profit for the period, discontinued operations						10.5		10.5
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						16.2		16.2
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			3.8			0.0	1.8	5.6
Cash flow hedge revaluation				-0.5				-0.5
Tax related to comprehensive income				0.1		-3.2		-3.2
Total comprehensive income for the period			3.8	-0.4		136.1	2.3	141.8
Balance at 30.6.2019	197.3	464.7	-19.9	1.3	-35.7	1 219.3	109.3	1 936.3

Consolidated statement of cash flows (€ million), condensed							
	1-6/2020	1-6/2019	Change, %	4-6/2020	4-6/2019	Change, %	1-12/2019
Cash flows from operating activities							
Profit before tax, continuing operations	169.3	142.8	18.6	136.2	114.1	19.5	403.3
Depreciation according to plan	84.7	76.5	10.8	43.8	41.1	6.5	161.5
Depreciation and impairment for right-of-use assets	166.6	156.6	6.4	82.7	75.8	9.2	325.0
Finance income and costs	7.1	-2.0	(..)	-2.0	-1.1	84.4	-4,1
Interest expense for lease liabilities	45.6	48.9	-6.7	22.5	24.2	-7.4	95.5
Other adjustments	0.8	28.9	-97.4	4.9	-17.6	(..)	0.3
Change in working capital							
Current non-interest-bearing receivables, increase (-)/decrease (+)	-171.9	-175.8	-2.2	-74.2	-100.2	-25.9	26.3
Inventories, increase (-)/decrease (+)	-7.9	-36.5	-78.3	71.9	30.6	(..)	-47.8
Current non-interest-bearing liabilities, increase (+)/decrease(-)	332.1	228.4	45.4	168.8	95.7	76.4	33.1
Financial items and tax							
Net cash from operating activities, continuing operations	557.4	428.3	30.1	421.8	271.4	55.4	893.1
Net cash from operating activities, discontinued operations	-	4.3	-	-	-0.5	-	3.5
Net cash from operating activities, total	557.4	432.6	28.9	421.8	270.9	55.7	896.6
Cash flows from investing activities							
Investing activities	-129.5	-439.1	-70.5	-72.8	-351.3	-79.3	-658.3
Proceeds from sale of tangible and intangible assets	4.2	5.7	-25.7	2.2	4.1	-45.5	34.4
Proceeds from sale of subsidiaries	19.6	-	-	-	-	-	-
Increase in non-current receivables	0.1	0.2	-50.3	0.0	0.0	(..)	3.6
Net cash used in investing activities, continuing operations	-105.6	-433.2	-75.6	-70.6	-347.2	-79.7	-620.3
Net cash used in investing activities, discontinued operations	-	3.4	-	-	0.1	-	3.5
Net cash used in investing activities, total	-105.6	-429.8	-75.4	-70.6	-347.1	-79.7	-616.8
Cash flows from financing activities							
Interest-bearing liabilities, increase (+)/decrease (-)	178.6	221.3	-19.3	43.5	225.8	-80.7	209.1
Lease liabilities, increase (+)/decrease (-)	-205.6	-161.0	27.7	-82.8	-81.3	1.8	-330.9
Current interest-bearing receivables, increase (-)/ decrease (+)	0.6	1.0	-35.7	0.4	-0.1	(..)	-0.4
Dividends paid	-127.0	-115.9	9.5	-127.0	-115.9	9.5	-238.2
Increase in share capital	-	-	-	-	-	-	6.4
Short-term money market investments, increase (-)/decrease (+)	-87.3	59.9	(..)	-67.3	49.1	(..)	64.6
Other items	-3.5	3.3	(..)	9.6	11.7	-18.2	-6.2

Net cash used in financing activities, continuing operations	-244.2	8.5	(..)	-223.6	89.3	(..)	-295.4
Net cash used in financing activities, discontinued operations	-	-	-	-	-	-	-
Net cash used in financing activities, total	-244.2	8.5	(..)	-223.6	89.3	(..)	-295.4
Change in cash and cash equivalents	207.6	11.2	(..)	127.6	13.0	(..)	-15.6
Cash and cash equivalents at 1 Jan., continuing operations	124.4	139.2	-10.6	203.1	137.9	47.2	139.2
Cash and cash equivalents at 1 Jan., discontinued operations	-	0.4	-	-	0.3	-	0.4
Exchange differences and cash and cash equivalents related to assets held for sale	-1.0	0.6	(..)	0.3	0.3	15.1	0.4
Cash and cash equivalents at 30 Jun., continuing operations	331.0	151.4	(..)	331.0	151.4	(..)	124.4
Cash and cash equivalents at 30 Jun., discontinued operations	-	0.0	-	-	0.0	-	-

(..) Change over 100%

Cash flow from leases (€ million)							
	1-6/2020	1-6/2019	Change, %	4-6/2020	4-6/2019	Change, %	1-12/2019
Interest expense for lease liabilities	-45.6	-48.8	-6.6	-22.5	-24.2	-7.3	-95.4
Decrease in lease liabilities	-167.7	-159.7	5.0	-81.7	-80.7	1.3	-328.3
Total	-213.3	-208.5	2.3	-104.2	-104.9	-0.7	-423.7

Group's performance indicators				
	1-6/2020	1-6/2019	Change, pp	1-12/2019
Continuing operations				
Return on capital employed, %	9.0	7.4	1.5	9.3
Return on capital employed, %, rolling 12 mo	10.0	9.0	1.0	9.3
Return on capital employed, comparable, %	9.0	7.8	1.2	9.6
Return on capital employed, comparable, %, rolling 12 mo	10.1	9.5	0.6	9.6
			Change, %	
Capital expenditure, € million	168.2	470.7	-64.3	686.1
Capital expenditure, % of net sales	3.1	9.1	-65.4	6.4
Cash flow from operating activities, € million	557.4	428.3	30.1	893.1
Cash flow from investing activities, € million	-105.6	-433.2	-75.6	-620.3
Cash flow from operating activities/share, €	1.41	1.08	30.4	2.25
Group				
Return on equity, %	12.8	12.5	0.3	16.6
Return on equity, %, rolling 12 mo	18.1	13.7	4.4	16.6
Return on equity, comparable, %	12.6	11.7	0.8	15.1
Return on equity, comparable, %, rolling 12 mo	16.7	14.4	2.3	15.1
Equity ratio, %	27.4	27.9	-0.5	31.2
Gearing, %	134.4	144.1	-9.7	134.0
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, rolling 12 mo	0.6	1.0	-0.4	0.9

Equity per share, €	4.68	4.61	1.5	5.11
Interest-bearing net debt, € million	2,642.1	2,791.2	-5.3	2,868.4
Interest-bearing net debt excluding lease liabilities, € million	330.0	439.6	-24.9	446.1
Diluted number of shares, average for the reporting period, 1,000 pcs	396,583	396, 236	0.1	396,296
Personnel, average, continuing operations	20,895	20,350	2.7	20,846
Earnings per share, basic and diluted, €				
Continuing operations	0.33	0.28	15.0	0.83
Discontinued operations	-	0.03	-	0.03
Group total	0.33	0.31	5.2	0.86
Earnings per share, comparable, basic, €				
Continuing operations	0.32	0.27	20.8	0.74

(..) Change over 100%

Kesko Corporations' s Annual General Meeting on 28 April 2020 decided on a share issue without payment (share split) in which three (3) new A shares were issued for each existing A share, and three (3) new B shares for each existing B share. The share-specific indicators have been calculated using the post-share split number of shares. Share-specific indicators for the comparison periods have been adjusted to correspond to the post-share split number of shares.

Group's performance indicators by quarter	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Continuing operations						
Net sales, € million	2,400.8	2,781.4	2,803.9	2,734.2	2,540.4	2,814.5
Change in net sales, %	-0.5	4.1	6.1	3.0	5.8	1.2
EBITDA, comparable, € million	173.4	242.2	275.4	258.0	190.5	281.8
Operating profit, € million	51.6	119.9	148.6	127.8	65.9	154.1
Operating margin, %	2.1	4.3	5.3	4.7	2.6	5.5
Operating profit, comparable, € million	57.5	122.5	152.0	129.7	65.1	155.2
Operating margin, comparable, %	2.4	4.4	5.4	4.7	2.6	5.5
Finance income/costs, € million	-23.7	-23.1	-23.3	-21.3	-32.3	-20.4
Interest expense for lease liabilities	-24.6	-24.2	-23.1	-23.5	-23.1	-22.5
Profit before tax, € million	28.8	114.1	154.8	105.7	33.1	136.2
Profit before tax, %	1.2	4.1	5.5	3.9	1.3	4.8
Return on capital employed, %	4.6	10.3	12.0	10.1	5.3	12.8
Return on capital employed, comparable, %	5.1	10.5	12.3	10.2	5.2	12.9
Cash flow from operating activities/share, €	0.40	0.68	0.48	0.69	0.34	1.06
Capital expenditure, € million	97.3	373.4	132.2	83.3	99.0	69.1
Group						
Return on equity, %	4.3	20.3	25.7	17.7	5.0	20.8
Return on equity, comparable, %	5.4	17.7	20.7	17.8	4.8	20.5
Equity ratio, %	31.8	27.9	29.6	31.2	30.0	27.4
Equity per share, €	4.95	4.61	4.92	5.11	5.02	4.68

Earnings per share, basic and diluted, €							
Continuing operations	0.07	0.22	0.32	0.22	0.09	0.24	
Discontinued operations	-0.00	0.03	-0.00	0.01	-	-	
Group total	0.07	0.24	0.31	0.23	0.09	0.24	
Earnings per share, comparable, basic and diluted, €							
Continuing operations	0.08	0.18	0.25	0.23	0.08	0.24	

Segment information, continuing operations

Net sales by segment, € million	1-6/2020	1-6/2019	Change, %	4-6/2020	4-6/2019	Change, %	1-12/2019	Rolling 12 mo 6/2020
Grocery trade, Finland	2,752.6	2,672.5	3.0	1,431.1	1,408.6	1.6	5,531.2	5,611.3
Grocery trade total	2,752.6	2,672.5	3.0	1,431.1	1,408.6	1.6	5,531.2	5,611.3
- of which intersegment trade	7.5	5.0	49.7	3.8	2.3	65.6	10.2	12.7
Building and technical trade, Finland	1,053.2	992.8	6.1	568.6	532.1	6.8	1,991.6	2,052.0
Building and technical trade, other countries*	1,144.2	1,106.7	3.4	627.7	629.7	-0.3	2,339.6	2,377.1
Building and technical trade total	2,197.4	2,099.4	4.7	1,196.3	1,161.8	3.0	4,331.1	4,429.1
- of which intersegment trade	-0.6	-0.3	84.2	-0.4	-0.2	(..)	-0.6	-0.9
Car trade, Finland	414.6	412.4	0.5	192.0	211.9	-9.4	863.9	866.0
Car trade total	414.6	412.4	0.5	192.0	211.9	-9.4	863.9	866.0
- of which intersegment trade	2.8	1.1	(..)	1.4	0.6	(..)	3.4	5.2
Common functions and eliminations	-9.6	-2.2	(..)	-4.8	-1.0	(..)	-5.9	-13.3
Finland total	4,210.8	4,075.5	3.3	2,186.9	2,151.7	1.6	8,380.7	8,516.0
Other countries total*	1,144.2	1,106.7	3.4	627.7	629.7	-0.3	2,339.6	2,377.1
Continuing operations, total	5,355.0	5,182.2	3.3	2,814.5	2,781.4	1.2	10,720.3	10,893.1

(..) Change over 100%

* Net sales in countries other than Finland

Operating profit by segment, € million	1-6/2020	1-6/2019	Change	4-6/2020	4-6/2019	Change	1-12/2019	Rolling 12 mo 6/2020
Grocery trade	142.1	142.4	-0.3	82.3	85.6	-3.3	334.6	334.3
Building and technical trade	90.4	41.5	48.9	77.0	43.7	33.3	127.6	176.5
Car trade	9.9	12.6	-2.7	3.8	4.9	-1.1	25.5	22.9
Common functions and eliminations	-22.4	-25.0	2.6	-8.9	-14.3	5.4	-39.9	-37.3
Continuing operations, total	220.0	171.5	48.5	154.1	119.9	34.2	447.8	496.3

Operating profit by segment, comparable, € million	1-6/2020	1-6/2019	Change	4-6/2020	4-6/2019	Change	1-12/2019	Rolling 12 mo 6/2020
Grocery trade	143.3	135.8	7.5	83.0	79.0	4.0	327.9	335.4
Building and technical trade	84.4	51.6	32.7	77.4	48.4	29.0	142.8	175.6
Car trade	9.9	12.7	-2.8	3.8	5.0	-1.2	26.8	23.9
Common functions and eliminations	-17.3	-20.2	3.0	-8.9	-10.0	1.1	-35.9	-32.9
Continuing operations, total	220.3	179.9	40.4	155.2	122.5	32.8	461.6	502.0

Operating margin by segment, %, comparable	1-6/2020	1-6/2019	Change, PP	4-6/2020	4-6/2019	Change, PP	1-12/2019	Rolling 12 mo 6/2020
Grocery trade	5.2	5.1	0.1	5.8	5.6	0.2	5.9	6.0
Building and technical trade	3.8	2.5	1.4	6.5	4.2	2.3	3.3	4.0
Car trade	2.4	3.1	-0.7	2.0	2.4	-0.4	3.1	2.8
Continuing operations, total	4.1	3.5	0.6	5.5	4.4	1.1	4.3	4.6

EBITDA by segment, comparable, € million	1-6/2020	1-6/2019	Change	4-6/2020	4-6/2019	Change	1-12/2019	Rolling 12 mo 6/2020
Grocery trade	283.4	271.2	12.2	154.2	147.3	6.9	604.4	616.6
Building and technical trade	159.7	125.9	33.9	113.8	86.2	27.5	291.9	325.8
Car trade	27.4	22.9	4.4	12.7	10.5	2.2	52.7	57.1
Common functions and eliminations	1.7	-4.4	6.1	1.1	-1.9	2.9	-0.1	6.0
Continuing operation, total	472.2	415.6	56.7	281.8	242.2	39.5	948.9	1,005.5

Capital employed by segment, cumulative average, € million	1-6/2020	1-6/2019	Change	4-6/2020	4-6/2019	Change	1-12/2019	Rolling 12 mo 6/2020
Grocery trade	2,252.4	2,231.6	20.7	2,238.2	2,227.5	10.7	2,261.8	2,270.7
Building and technical trade	1,966.0	1,843.6	122.4	1,904.8	1,902.3	2.5	1,923.8	1,990.0
Car trade	390.6	217.6	173.0	391.7	235.4	156.3	280.5	361.8
Common functions and eliminations	300.4	320.8	-20.4	275.9	308.5	-32.7	337.2	326.8
Continuing operation, total	4,909.4	4,613.6	295.8	4,810.5	4,673.8	136.8	4,803.3	4,949.3

Return on capital employed by segment, %, comparable	1-6/2020	1-6/2019	Change, PP	4-6/2020	4-6/2019	Change, PP	1-12/2019	Rolling 12 mo 6/2020
Grocery trade	12.7	12.2	0.6	14.8	14.2	0.6	14.5	14.8
Building and technical trade	8.6	5.6	3.0	16.2	10.2	6.1	7.4	8.8
Car trade	5.1	11.7	-6.6	3.9	8.5	-4.7	9.5	6.6
Continuing operations, total	9.0	7.8	1.2	12.9	10.5	2.4	9.6	10.1

Capital expenditure by segment, € million	1-6/2020	1-6/2019	Change	4-6/2020	4-6/2019	Change	1-12/2019	Rolling 12 mo 6/2020
Grocery trade	92.5	118.6	-26.0	29.9	90.0	-60.1	180.8	154.7
Building and technical trade	29.5	281.8	-252.3	18.7	246.3	-227.6	332.7	80.5
Car trade	33.1	48.7	-15.6	13.4	22.1	-8.7	131.3	115.7
Common functions and eliminations	13.0	21.5	-8.6	7.2	15.1	-7.8	41.3	32.8
Continuing operations, total	168.2	470.7	-302.5	69.1	373.4	-304.3	686.1	383.6

Segment information by quarter, continuing operations

Net sales by segment, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	1,263.9	1,408.6	1,402.7	1,456.0	1,321.5	1,431.1
Building and technical trade	937.6	1,161.8	1,180.1	1,051.6	1,001.1	1,196.3
Car trade	200.5	211.9	222.9	228.5	222.6	192.0
Common functions and eliminations	-1.2	-1.0	-1.8	-1.9	-4.8	-4.8
Continuing operations, total	2,400.8	2,781.4	2,803.9	2,734.2	2,540.4	2,814.5

Operating profit by segment, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	56.8	85.6	93.7	98.5	59.8	82.3
Building and technical trade	-2.1	43.7	57.7	28.4	13.5	77.0
Car trade	7.6	4.9	4.9	8.0	6.1	3.8
Common functions and eliminations	-10.7	-14.3	-7.8	-7.1	-13.5	-8.9
Continuing operations, total	51.6	119.9	148.6	127.8	65.9	154.1

Items in operating profit affecting comparability, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	0.0	6.6	0.3	-0.2	-0.5	-0.7
Building and technical trade	-5.4	-4.7	-2.6	-2.6	6.5	-0.4
Car trade	-0.1	-0.1	-0.1	-1.0	-	-
Common functions and eliminations	-0.4	-4.3	-1.0	1.8	-5.1	-0.0
Continuing operations, total	-5.8	-2.6	-3.5	-1.9	0.8	-1.1

Operating profit by segment, comparable, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	56.8	79.0	93.5	98.6	60.4	83.0
Building and technical trade	3.2	48.4	60.3	30.9	7.0	77.4
Car trade	7.7	5.0	5.0	9.0	6.1	3.8
Common functions and eliminations	-10.3	-10.0	-6.7	-8.9	-8.4	-8.9
Continuing operations, total	57.5	122.5	152.0	129.7	65.1	155.2

Operating margin by segment, %, comparable	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	4.5	5.6	6.7	6.8	4.6	5.8
Building and technical trade	0.3	4.2	5.1	2.9	0.7	6.5
Car trade	3.8	2.4	2.3	3.9	2.7	2.0
Continuing operations, total	2.4	4.4	5.4	4.7	2.6	5.5

EBITDA by segment, comparable, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	123.9	147.3	161.8	171.4	129.2	154.2
Building and technical trade	39.6	86.2	97.8	68.2	46.0	113.8
Car trade	12.4	10.5	12.7	17.0	14.7	12.7
Common functions and eliminations	-2.6	-1.9	3.1	1.3	0.6	1.1
Continuing operations, total	173.4	242.2	275.4	258.0	190.5	281.8

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	41.3	63.5	77.7	83.1	45.3	68.4
Building and technical trade	-3.5	41.6	54.0	24.1	1.6	71.1
Car trade	7.5	4.8	4.7	8.7	5.8	3.5
Common functions and eliminations	-10.4	-10.3	-7.2	-9.2	-8.7	-9.2
Continuing operations, total	34.9	99.7	129.3	106.6	44.0	133.8

EBITDA by segment excluding the impact of IFRS 16, comparable, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020
Grocery trade	57.8	81.3	96.7	103.0	63.6	87.9
Building and technical trade	5.1	50.6	63.6	32.8	11.0	80.6
Car trade	11.3	9.2	10.0	14.2	11.7	9.9
Common functions and eliminations	-3.2	-3.0	0.9	-0.9	-1.2	-0.8
Continuing operations, total	71.1	138.0	171.4	149.1	85.0	177.7

Impairment testing for goodwill and intangible assets

In the 2019 financial statements, impairment tests for the car trade and Bygghjælp were the most sensitive to changes in economic projections. The Group has updated the impairment test concerning goodwill for the car trade as due to increased economic uncertainty caused by the coronavirus epidemic, projections for the car trade market in 2020 have not so far materialised.

The recoverable amount for the car trade was determined using calculations based on value in use. Projections concerning future cash flows assume that the market for the car trade will normalise during the forecast period by the end of 2022. The impairment test did not indicate a need to recognise an impairment loss, and the recoverable amount exceeded the carrying amount of assets tested by €74.7 million (31 Dec. 2019: €182.3 million). The discount rate of 5.7% remains unchanged from the 2019 financial statements. Goodwill test sensitivity to movements in EBITDA margin has increased compared to the 2019 financial statements. If the residual EBITDA decreased by more than 0.4 percentage points (31 Dec. 2019: more than 0.9 percentage points), an impairment would be recognised.

Change in tangible and intangible assets (€ million)

	30.6.2020	30.6.2019
Opening net carrying amount	2,172.6	1,683.5
Depreciation, amortisation and impairment charges	-84.7	-76.5
Investments in tangible and intangible assets	165.1	344.6
Deductions	-8.2	-14.1
Acquisitions	2.2	140.3
Transfers to non-current assets held for sale and between items	-0.3	-10.8
Exchange differences	-21.1	3.6
Closing net carrying amount	2,225.5	2,070.7

Right-of-use assets (€ million)

	30.6.2020	30.6.2019
Opening net carrying amount	2,191.3	2,057.0
Depreciation, amortisation and impairment charges	-166.7	-164.9
Net increases	75.9	225.2
Transfers between items	-	5.2
Exchange differences	-11.3	2.0
Closing net carrying amount	2,089.2	2,124.6

The net increase in right-of-use assets includes a €-33.8 million transfer to tangible assets due to the use of a lease purchase option.

Related party transactions (€ million)

The Group's related parties include its management (the Board of Directors, the Managing Director and the Group Management Board) and the companies controlled by them, their family members and companies controlled by the family members, the Group's subsidiaries, associates and joint ventures as well as Kesko Pension Fund.

The following transactions were carried out with related parties:		
	1-6/2020	1-6/2019
Sales of goods and services	53.3	48.5
Purchases of goods and services	3.4	4.3
Other operating income	8.2	8.1
Other operating expenses	1.8	0.3
Finance income and costs	2.8	2.8
	30.6.2020	30.6.2019
Receivables	74.2	72.0
Liabilities	16.8	66.3
Items related to leases	30.6.2020	30.6.2019
Cash flow from leases	-24.7	-28.7
Lease liabilities	371.7	384.7

Financial risks

Due to increased economic uncertainty caused by the coronavirus epidemic, the Group has updated information related to liquidity risk and credit and counterparty risk management from the information given in the financial statements on 31 Dec. 2019.

Liquidity risk

Liquidity risk management aims to maintain sufficient liquid assets and credit facilities in order to ensure the ongoing availability of sufficient financial resources for the Group's operating activities.

The Group's liquidity remained strong in the first year-half despite the economic uncertainty caused by the coronavirus epidemic. On 30 June 2020, the Group had liquid assets of €461.8 million (€200.6 million). The Group increased the amount of available liquid assets during the reporting period by drawing down short-term commercial paper liabilities. On 30 June 2020, the Group had drawn down €100 million in such liabilities. Interest-bearing liabilities on 30 June 2020 totalled €3,103.9 million (€2,991.8 million), of which lease liabilities accounted for €2,312.1 million (€2,351.6 million). Interest-bearing net debt excluding lease liabilities totalled €330.0 million (€439.6 million).

On 30 June 2020, the Group's financial resources available included €300 million in committed long-term credit facilities, €506 million in uncommitted commercial paper programmes, and a €300 million credit facility that can be draw down with a separate credit decision by the banks. Group companies held over €400 million available for re-borrowing in pension insurance companies. Any amount of borrowing requires the posting of adequate collateral.

Credit and counterparty risk, trade receivables

Business entities are responsible for the management of the credit risk associated with amounts due from customers. Due to the coronavirus epidemic, the Group's credit policy was tightened in March 2020 by specifying the terms and conditions of credit sale and collateral requirements and by tightening the decision-making authorisations for credit facilities. Efficiency was raised in credit control to identify customers with risk and to ensure that credit decisions are based on up-to-date information on a customer's solvency and any changes in solvency. The amount of credit losses remained moderate in January-June despite the coronavirus epidemic. Increased economic uncertainty has been acknowledged in the measurement of trade receivables by increasing the amount of credit losses recognised. The Group's trade receivables are from a large number of individual customers, and balance sheet receivables do not contain significant risk concentrations. The seasonality of businesses impacts the amount of trade receivables in the consolidated statement of financial position.

Ageing analysis of trade receivables (€ million)	30.6.2020	31.12.2019
Trade receivables fully performing	884.6	712.1
1-7 days past due trade receivables	20.4	31.4
8-30 days past due trade receivables	13.8	30.4
31-60 days past due trade receivables	4.8	8.9
over 60 days past due trade receivables	22.3	21.8
Total	945.9	804.7

Trade receivables include impairment charges totalling €25.6 million (31 Dec. 2019: €23.7 million). The aggregate amount of credit losses and impairments recognised in the profit for the period was €4.5 million (1-6/2019: €1.7 million).

Fair value hierarchy of financial assets and liabilities (€ million)

	Level 1	Level 2	Level 3	30.6.2020
Financial assets at fair value through profit or loss	99.7		20.5	120.2
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		2.0		2.0
Derivative financial liabilities		12.0		12.0
	Level 1	Level 2	Level 3	30.6.2019
Financial assets at fair value through profit or loss	10.1		19.6	29.7
Derivative financial instruments at fair value through profit or loss				
Derivative financial assets		1.6		1.6
Derivative financial liabilities		5.5		5.5

Level 1 instruments are traded in active markets and their fair values are directly based on quoted market prices. The fair values of level 2 instruments are derived from market data. The fair values of level 3 instruments are not based on observable market data.

Personnel, average and at 30.6.

Personnel average by segment	1-6/2020	1-6/2019	Change
Grocery trade	6,067	6,047	20
Building and technical trade	12,704	12,335	369
Car trade	1,280	979	301
Common functions	844	989	-145
Continuing operations. Total	20,895	20,350	545

Personnel at 30.6.*by segment	2020	2019	Change
Grocery trade	8,257	8,421	-164
Building and technical trade	14,532	14,570	-38
Car trade	1,315	1,057	258
Common functions	878	1,041	-163
Continuing operations, total	24,982	25,089	-107

* Total number including part-time employees

Group's commitments (€ million)

	30.6.2020	30.6.2019	Change, %
Own commitments	424.0	473.7	-10.5
For others	3.3	54.0	-93.9
Lease liabilities for leases not recognised in the balance sheet	85.3	203.1	-58.9
Liabilities arising from derivative instruments (€ million)			
			Fair value
Values of underlying instruments at	30.6.2020	30.6.2019	30.6.2020
Interest rate derivatives			
Interest rate swaps	420.0	290.0	-5.4
Currency derivatives			
Forward and future contracts	199.6	145.6	-0.5
Commodity derivatives			
Electricity futures	15.2	11.4	-4.1

Lease liabilities not recognised in the balance sheet include primarily the nominal amount of liability for agreements that will enter into force in the future.

Calculation of performance indicators

Kesko uses alternative performance measures to reflect business performance and profitability. These indicators should be examined together with the IFRS-compliant performance indicators.

Change in comparable net sales is used to reflect changes in the Group's business volume between periods. The indicator reflects the change in net sales excluding the impact of acquisitions and divestments, in local currencies. The comparable net sales have been calculated by including in the net sales the business operations that have been part of Kesko Group in both the reporting period as well as the comparison period. Other structural arrangements related to acquisitions and divestments have been adjusted in the same manner as acquisitions.

Performance indicators reflecting comparable profit and profitability are used to improve the comparability of operational performance between periods. Gains and losses on disposal of real estate, shares and business operations, impairment charges and significant restructuring costs are identified as items affecting comparability. Gains on disposal have been presented within other operating income, and losses on disposal within other operating expenses in the income statement.

Alternative performance measures that have been adjusted for the impact of IFRS 16 are used to illustrate continuity in business profitability and financial position and the achievement of certain financial targets. The EBITDA excluding the impact of IFRS 16 corresponds to EBITDA before the adoption of IFRS 16, and the interest-bearing net debt excluding lease liabilities correspond to interest-bearing net debt before the adoption of the standard. These restated indicators are included as components in the Group's financial targets' performance indicators.

In addition, the financial performance indicators required by the Decree of the Ministry of Finance on obligation of securities issuers to disclose periodic information have been presented as alternative performance measures. The management uses these indicators to monitor and analyse business performance, profitability and financial position.

Operating profit, comparable	Operating profit +/- items affecting comparability
Items affecting comparability	- gains on disposal + losses on disposal + impairment charges +/- structural arrangements
Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, rolling 12 months	Operating profit for the preceding 12 months x 100 / (Noncurrent assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on capital employed*, %, comparable	Comparable operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, comparable, rolling 12 months	Comparable operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on equity*, %	(Profit/loss before tax - Income tax) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, rolling 12 months	(Profit/loss for the preceding 12 months before tax - Income tax for the preceding 12 months) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity*, %, comparable	(Profit/loss adjusted for items affecting comparability before tax - Income tax adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, comparable, rolling 12 months	(Profit/loss for the preceding 12 months adjusted for items affecting comparability before tax - Income tax for the preceding 12 months adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Equity ratio, %	Shareholders' equity x 100 / (Total assets - Advances received)
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity
Interest-bearing net debt	Interest-bearing liabilities + Lease liabilities - Current financial assets at fair value through profit or loss - Current financial assets at amortised cost - Cash and cash equivalents
Interest-bearing net debt excluding lease liabilities	Interest-bearing net debt - Lease liabilities

EBITDA	Operating profit + Depreciation and amortisation + Impairments
EBITDA excluding the impact of IFRS 16	EBITDA – Rents for right-of-use assets
Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16	Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16
Capital expenditure	Includes investments in tangible and intangible assets, subsidiary shares, shares in associates and joint ventures and other shares. Additions of right-of-use assets for leases in the consolidated statement of financial position are not capital expenditure. Redemption of a leased property (right-of-use asset) is reported as capital expenditure.
Earnings/share, basic **	(Profit/loss - Non-controlling interests) / Average number of shares
Earnings/share, diluted **	(Profit – Non-controlling interest) / Average diluted number of shares
Earnings/share, basic, comparable **	(Profit/loss adjusted for items affecting comparability - Non-controlling interests) / Average number of shares
Equity/share **	Equity attributable to owners of the parent / Basic number of shares at the balance sheet date
Cash flow from operating activities/share **	Cash flow from operating activities / Average number of shares

* Indicators for return on capital have been annualised.

** Kesko Corporations 's Annual General Meeting on 28 April 2020 decided on a share issue without payment (share split) in which three (3) new A shares were issued for each existing A share, and three (3) new B shares for each existing B share. The share-specific indicators have been calculated using the post-share split number of shares. Share-specific indicators for the comparison periods have been adjusted to correspond to the post-share split number of shares.

Reconciliation of performance indicators to IFRS financial statements

€ million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020	4-6/2020	1-6/2020	1-6/2019	1-12/2019
Continuing operations									
Items affecting comparability									
Gains on disposal	0.0	1.0	0.4	3.3	6.4	-	6.4	1.0	4.6
Losses on disposal	-0.0	-	-	-0.9	-0.0	-	-0.0	-0.0	-0.9
Impairment charges	-	-	0.0	-	-	-	-	-	-
Structural arrangements	-5.8	-3.5	-3.8	-4.3	-5.5	-1.1	-6.7	-9.4	-17.5
Items in operating profit affecting comparability	-5.8	-2.6	-3.5	-1.9	0.8	-1.1	-0.3	-8.4	-13.8
Items in financial items affecting comparability	-	17.4	29.0	-0.1	-0.4	2.1	1.7	17.4	46.3
Items in income taxes affecting comparability	0.1	-1.5	0.5	1.3	1.1	0.2	1.2	-1.4	0.4
Items in net profit attributable to non-controlling interests affecting comparability	-	-	-	-	-	-	-	-	-
Total items affecting comparability	-5.8	13.4	26.0	-0.7	1.5	1.2	2.6	7.6	32.9
Items in EBITDA affecting comparability	-5.6	-5.4	-2.0	-1.5	0.2	-1.1	-0.9	-11.0	-14.5
Operating profit, comparable									
Operating profit	51.6	119.9	148.6	127.8	65.9	154.1	220.0	171.5	447.8
Net of									
Items in operating profit affecting comparability	-5.8	-2.6	-3.5	-1.9	0.8	-1.1	0.3	-8.4	-13.8
Operating profit, comparable	57.5	122.5	152.0	129.7	65.1	155.2	220.3	179.9	461.6
Operating profit excluding the impact of IFRS 16, comparable									
Operating profit, comparable	57.5	122.5	152.0	129.7	65.1	155.2	220.3	179.9	461.6
Net of									
Rents for right-of-use assets	-102.3	-104.2	-104.0	-108.6	-105.4	-104.1	-209.5	-206.5	-419.1
Plus									
Depreciation and impairment charges for right-of-use assets	79.7	81.4	81.3	85.8	84.4	82.7	167.1	161.2	328.2
Operating profit excluding the impact of IFRS 16, comparable	34.9	99.7	129.3	106.6	44.0	133.8	177.8	134.6	370.5
EBITDA									
Operating profit	51.6	119.9	148.6	127.8	65.9	154.1	220.0	171.5	447.8
Plus									
Depreciation and impairment charges	35.3	41.1	41.7	43.4	40.9	43.8	84.7	76.5	161.5
Depreciation and impairment charges for right-of-use assets	80.8	75.8	83.1	85.4	83.9	82.7	166.6	156.6	325.0

EBITDA	167.8	236.8	273.3	256.5	190.7	280.6	471.3	404.5	934.4
EBITDA, comparable									
EBITDA	167.8	236.8	273.3	256.5	190.7	280.6	471.3	404.5	934.4
Net of									
Items in EBITDA affecting comparability	-5.6	-5.4	-2.0	-1.5	0.2	-1.1	0.9	-11.0	-14.5
EBITDA, comparable	173.4	242.2	275.4	258.0	190.5	281.8	472.2	415.6	948.9
EBITDA excluding the impact of IFRS 16									
EBITDA	167.8	236.8	273.3	256.5	190.7	280.6	471.3	404.5	934.4
Net of									
Rents for right-of-use assets	-102.5	-105.7	-106.0	-110.4	-105.3	-104.0	-209.3	-208.2	-424.6
EBITDA excluding the impact of IFRS 16	65.2	131.1	167.4	145.8	85.4	176.5	261.9	196.4	509.6
EBITDA excluding the impact of IFRS 16, comparable									
EBITDA, comparable	173.4	242.2	275.4	258.0	190.5	281.8	472.2	415.6	948.9
Net of									
Rents for right-of-use assets	-102.3	-104.2	-104.0	-108.6	-105.4	-104.1	-209.5	-206.5	-419.1
EBITDA excluding the impact of IFRS 16, comparable	71.1	138.0	171.4	149.1	85.0	177.7	262.7	209.1	529.6
Profit before tax, comparable									
Profit before tax	28.8	114.1	154.8	105.7	33.1	136.2	169.3	142.8	403.3
Net of									
Items in operating profit affecting comparability	-5.8	-2.6	-3.5	-1.9	0.8	-1.1	-0.3	-8.4	-13.8
Items in financial items affecting comparability	-	17.4	29.0	-0.1	-0.4	2.1	1.7	17.4	46.3
Profit before tax, comparable	34.6	99.2	129.3	107.7	32.7	135.2	167.9	133.8	370.7
Net profit, comparable									
Profit before tax, comparable	34.6	99.2	129.3	107.7	32.7	135.2	167.9	133.8	370.7
Net of									
Income tax	6.1	23.3	25.3	14.9	6.4	31.0	37.4	29.4	69.6
Items in income tax affecting comparability	0.1	-1.5	0.5	1.3	1.1	0.2	1.2	-1.4	0.4
Net profit, comparable	28.4	77.3	103.5	91.4	25.2	104.1	129.3	105.8	300.7
Net profit attributable to owners of the parent, comparable									
Net profit, comparable	28.4	77.3	103.5	91.4	25.2	104.1	129.3	105.8	300.7
Net of									
Net profit attributable to non-controlling interests	-4.7	5.2	3.7	1.8	-8.0	9.9	2.0	0.5	6.0

Items in net profit attributable to non-controlling interests affecting comparability	-	-	-	-	-	-	-	-	-
Net profit attributable to owners of the parent, comparable	33.2	72.1	99.8	89.7	33.1	94.2	127.3	105.3	294.7
Earnings per share, comparable, €									
Net profit attributable to the owners of the parent, comparable	33.2	72.1	99.8	89.7	33.1	94.2	127.3	105.3	294.7
Average number of shares, basic, 1,000 pcs	396,108	396,236	396,277	396,296	396,432	396,583	396,583	396,236	396,296
Earnings per share, comparable, €	0.08	0.18	0.25	0.23	0.08	0.24	0.32	0.27	0.74
Return on capital employed, %									
Operating profit	51.6	119.9	148.6	127.8	65.9	154.1	220.0	171.5	447.8
Capital employed, average	4,537.4	4,673.8	4,956.6	5,064.1	5,015.1	4,810.5	4,909.4	4,613.6	4,803.3
Return on capital employed, %	4.6	10.3	12.0	10.1	5.3	12.8	9.0	7.4	9.3
Return on capital employed, comparable, %									
Operating profit, comparable	57.5	122.5	152.0	129.7	65.1	155.2	220.3	179.9	461.6
Capital employed, average	4,537.4	4,673.8	4,956.6	5,064.1	5,015.1	4,810.5	4,909.4	4,613.6	4,803.3
Return on capital employed, comparable, %	5.1	10.5	12.3	10.2	5.2	12.9	9.0	7.8	9.6
Group									
Return on equity, %									
Net profit	22.2	101.7	128.6	92.8	26.6	105.3	131.9	123.9	345.2
Equity, average	2,042.7	2,000.3	1,997.6	2,099.8	2,115.4	2,027.7	2,053.0	1,978.7	2,080.9
Return on equity, %	4.3	20.3	25.7	17.7	5.0	20.8	12.8	12.5	16.6
Return on equity, comparable, %									
Net profit, comparable	27.6	88.6	103.5	93.5	25.2	104.1	129.3	116.2	313.2
Equity, average	2,042.7	2,000.3	1,997.6	2,099.8	2,115.4	2,027.7	2,053.0	1,978.7	2,080.9
Return on equity, comparable, %	5.4	17.7	20.7	17.8	4.8	20.5	12.6	11.7	15.1
Equity ratio, %									
Shareholders' equity	2,064.4	1,936.3	2,058.8	2,140.8	2,090.0	1,965.3	1,965.3	1,936.3	2,140.8
Total assets	6,523.8	6,985.0	6,987.9	6,899.3	6,987.8	7,119.2	7,119.2	6,985.0	6,899.3
Advances received	35.4	37.0	24.4	34.6	28.5	29.3	29.3	37.0	34.6
Equity ratio, %	31.8	27.9	29.6	31.2	30.0	27.4	27.4	27.9	31.2

K Group's retail and B2B sales, VAT 0% (preliminary data)

Kesko and K-retailers together form K Group. The table below depicts K Group's retail and B2B sales by chain, comprising the combined retail and B2B sales of Kesko's own retailing and B2B trade and retailer-owned chain stores.

K Group's retail and B2B sales	1.1.-31.3.2020		1.4.-30.6.2020	
	€ million	Change, % ^{*)}	€ million	Change, % ^{*)}
K Group's grocery trade				
K-Citymarket, food	943.3	+14.5	509.0	+18.2
K-Citymarket, non-food	257.3	-3.4	134.2	-2.8
K-Supermarket	1,108.0	+10.4	592.0	+12.4
K-Market	978.8	+7.3	526.0	+8.6
Neste K	56.0	-13.9	26.8	-23.0
Others	21.6	+7.0	12.5	+8.4
Retail sales, total	3,365.1	8.8	1,800.4	+10.7
Kespro	360.4	-20.6	149.6	-37.0
Grocery trade, total	3,725.5	+5.1	1,950.0	+4.6
K Group's building and technical trade				
K-Rauta	586.6	+13.1	379.2	+16.1
Rautakesko B2B Service	127.7	+1.4	66.5	+0.8
Onninen, Finland	470.4	+9.9	246.8	+6.7
Leisure trade, Finland	115.9	-14.8	62.7	-4.9
Finland, total	1,300.6	+7.6	755.2	+9.5
K-Rauta, Sweden	94.6	+9.2	62.5	+16.9
K-Bygg, Sweden	107.4	+8.7	64.1	+11.7
Onninen, Sweden	59.2	+7.1	32.3	+2.4
Byggmakker, Norway	233.9	-0.8	138.2	+3.2
Onninen, Norway	117.9	-8.9	55.6	-11.0
Kesko Senukai, Baltic countries	352.2	+4.5	201.9	+5.4
Onninen, Baltic countries	37.5	-1.7	18.8	-7.8
OMA, Belarus	74.8	+13.6	40.9	+4.5
Onninen, Poland	108.9	-1.2	52.0	-8.1
Other countries, total	1,186.5	+2.5	666.3	+3.1
Building and technical trade, total	2,487.0	+5.1	1,421.5	+6.4
K Group's car trade				
K-Caara	292.4	-6.3	140.1	-8.1
K-Auto, import	103.1	-29.7	39.5	-46.1
AutoCarrera	27.2	+44.2	16.4	+32.1
Car trade, total	422.8	-11.5	195.9	-17.7
Finland, total	5,448.8	+4.1	2,901.2	+3.9
Other countries, total	1,186.5	+2.5	666.3	+3.1
Retail and B2B sales, total	6,635.3	+3.9	3,567.5	+3.8

*) The Change, % compared to the year before has been calculated to illustrate a situation in which the car trade acquisitions completed in July 2019, the acquisition of Fresks and the divestment of Onninen AB's HEPAC contractor business in May 2019, the divestment of the Finnish agricultural machinery trade operations completed in August 2019, the divestment of the Baltic machinery trade operations completed in March 2020, and the acquisition of Mark & Infra i Sverige AB completed in April 2020, had been completed on 1 January 2019.