



KESKO FINANCIAL STATEMENTS RELEASE 2020

Record Result in 2020

Mikko Helander, President and CEO, 3 February 2021

Main Facts for 2020

- The Covid-19 pandemic impacted operations widely
- Sales grew and profitability improved significantly
- Excellent performance by K-food stores
- Good performance in all countries in building and technical trade
- Foodservice business and car trade hit by the pandemic
- Kesko's financial position grew even stronger and cash flow improved markedly
- New financial targets and sustainability objectives

	1-12/2020	1-12/2019
Net sales, € million	10,669.2	10,720.3
Illustrative net sales, € million	10,242.6	9,862.0
Operating profit, € million*	567.8	461.6
Illustrative operating profit, € million*	553.6	434.7
Illustrative operating margin, %*	5.4	4.4
Profit before taxes, € million*	481.9	370.7
Earnings per share, basic, €*	0.97	0.74

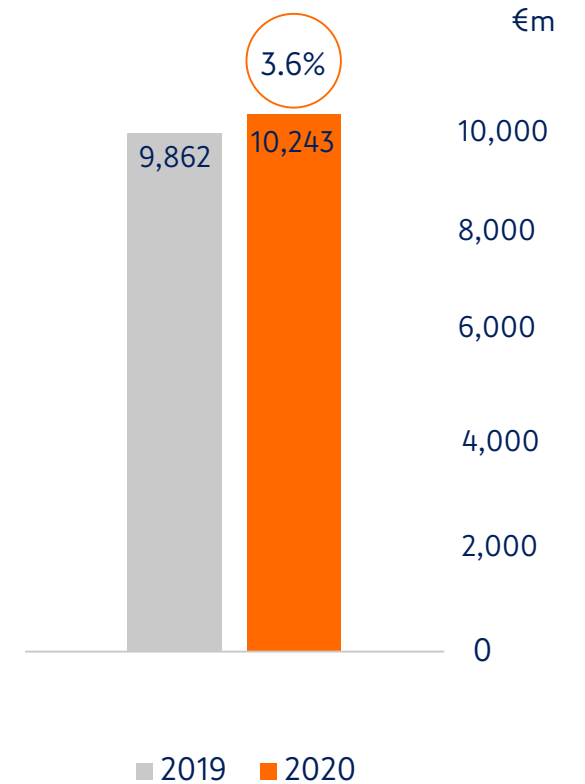
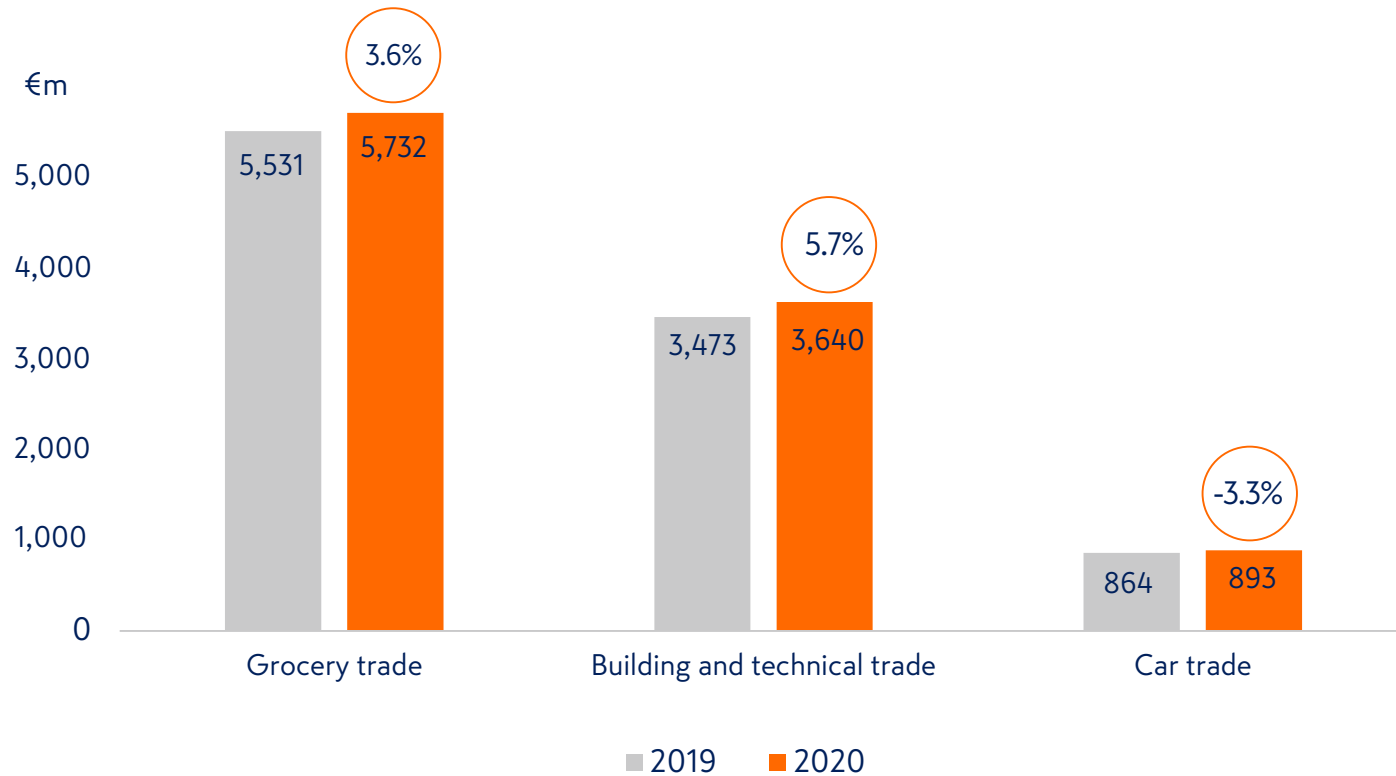
* Comparable figures.

Kesko Senukai treated as a joint venture in the illustrative figures.

Net Sales

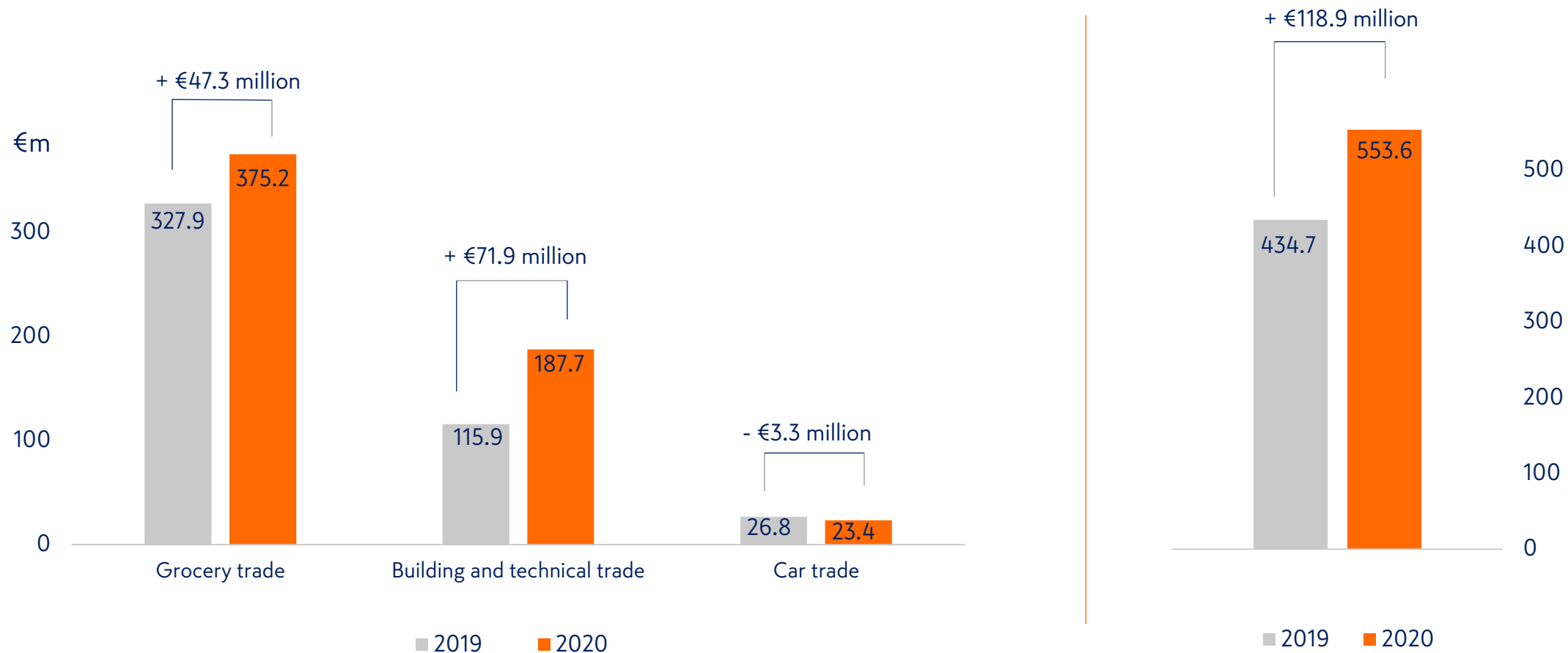
Illustrative figures

Comparable
growth, %



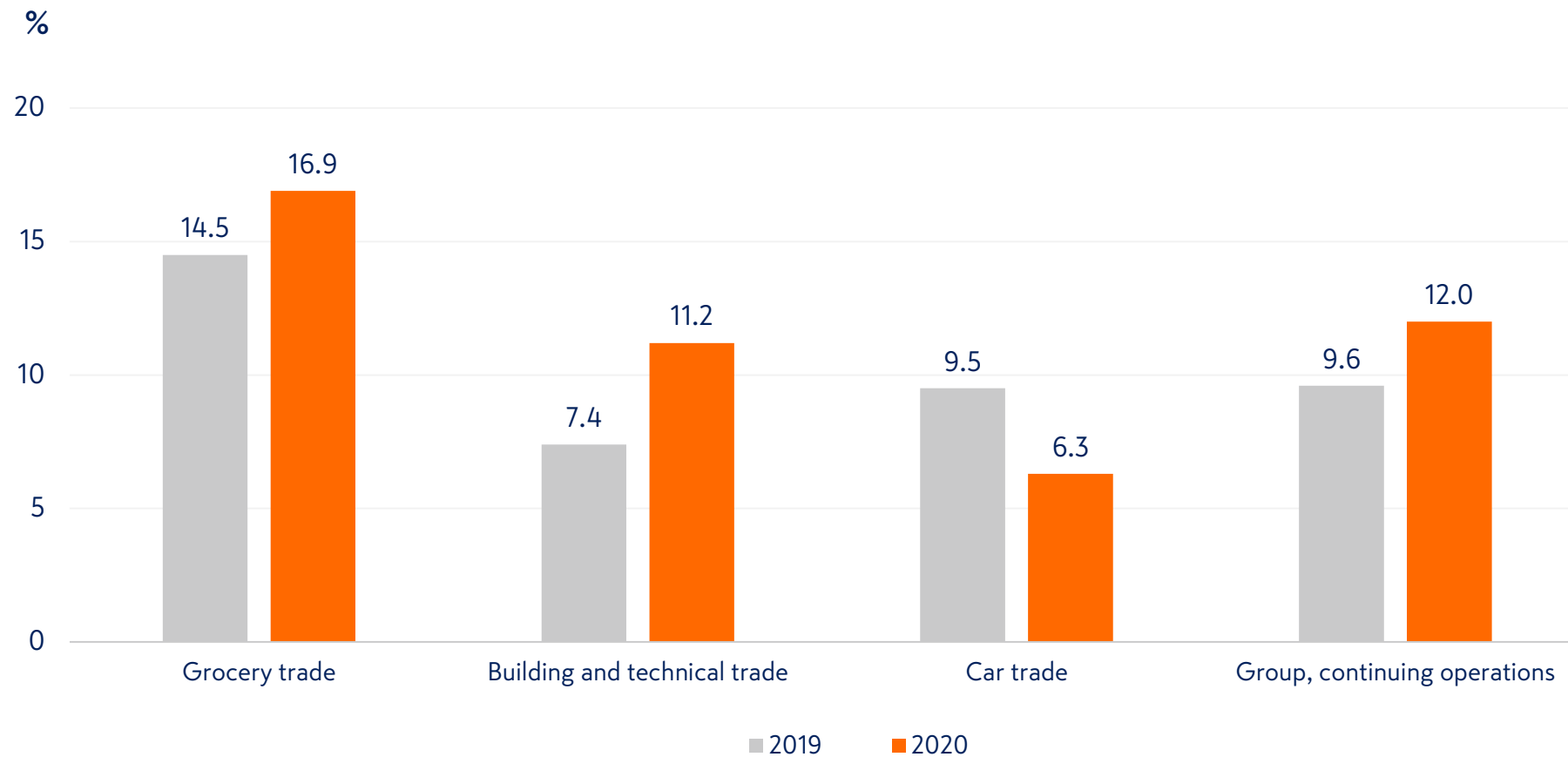
Comparable Operating Profit

Illustrative figures



Return on Capital Employed

Comparable



Very Strong Financial Position

	2020	2019
Cash flow from operating activities, € million	1,152.4	893.1
Liquid assets, € million	306.0	169.0
Interest-bearing net debt excl. lease liabilities, € million	285.3	446.1
Interest-bearing net debt/EBITDA (rolling, excl. IFRS 16 impact)	0.4	0.9
Lease liabilities, € million	2,025.0	2,422.2

Capital Expenditure in 2020

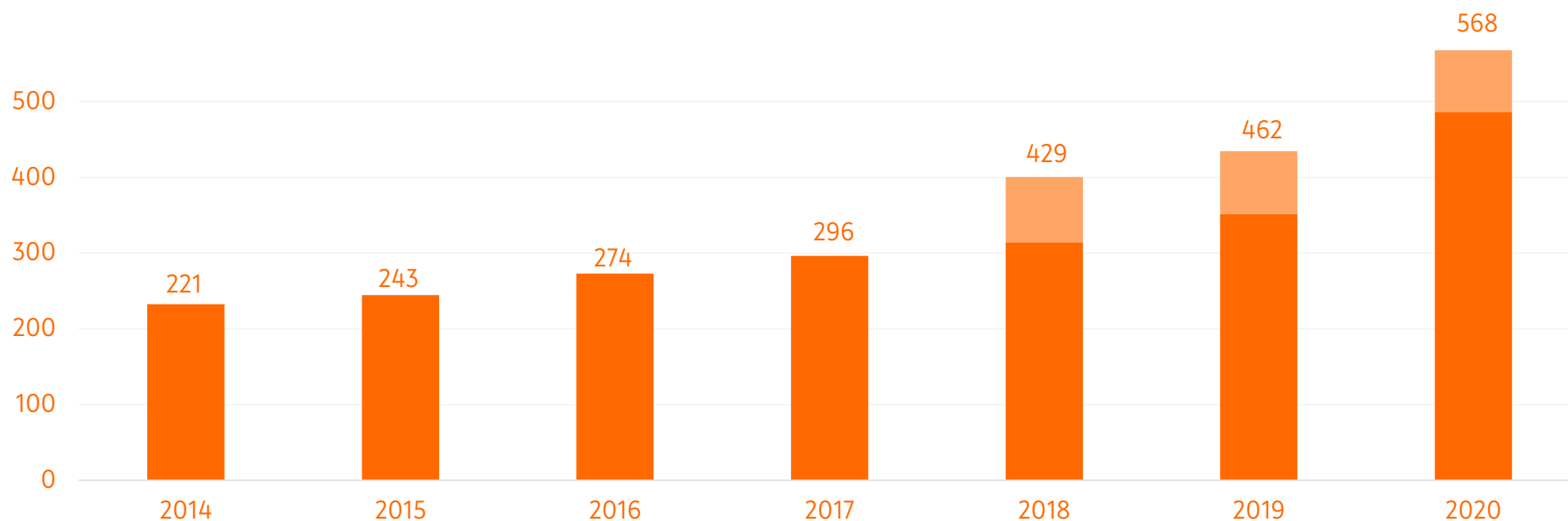
Investments in sales growth and better operational efficiency continued also during the pandemic

	€ million
Store sites	125.8
Acquisitions	159.1
IT	25.6
Other investments	87.9
Total	398.4

Strong Profit Improvement Also in 2020

Less than half attributable to the pandemic

Comparable operating profit, reported figures, € million



● Operating profit excl. IFRS 16 impact ● IFRS 16 impact

Continuing operations

Our Strategy Provides Good Conditions to Increase Sales and Improve Profit Further



Kesko's Sustainability Efforts Recognised Internationally



**MOST SUSTAINABLE
GROCERY TRADE COMPANY
IN THE WORLD**

for the seventh year

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good

Included in sustainability indices



All-Time Best Q4

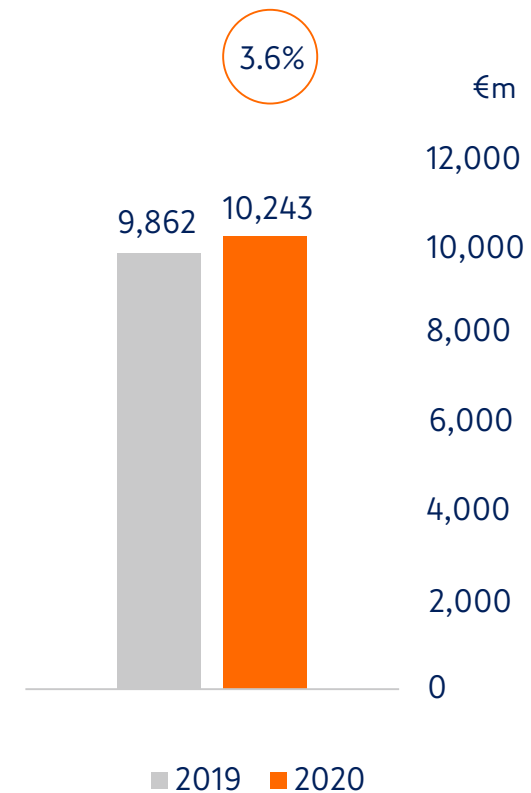
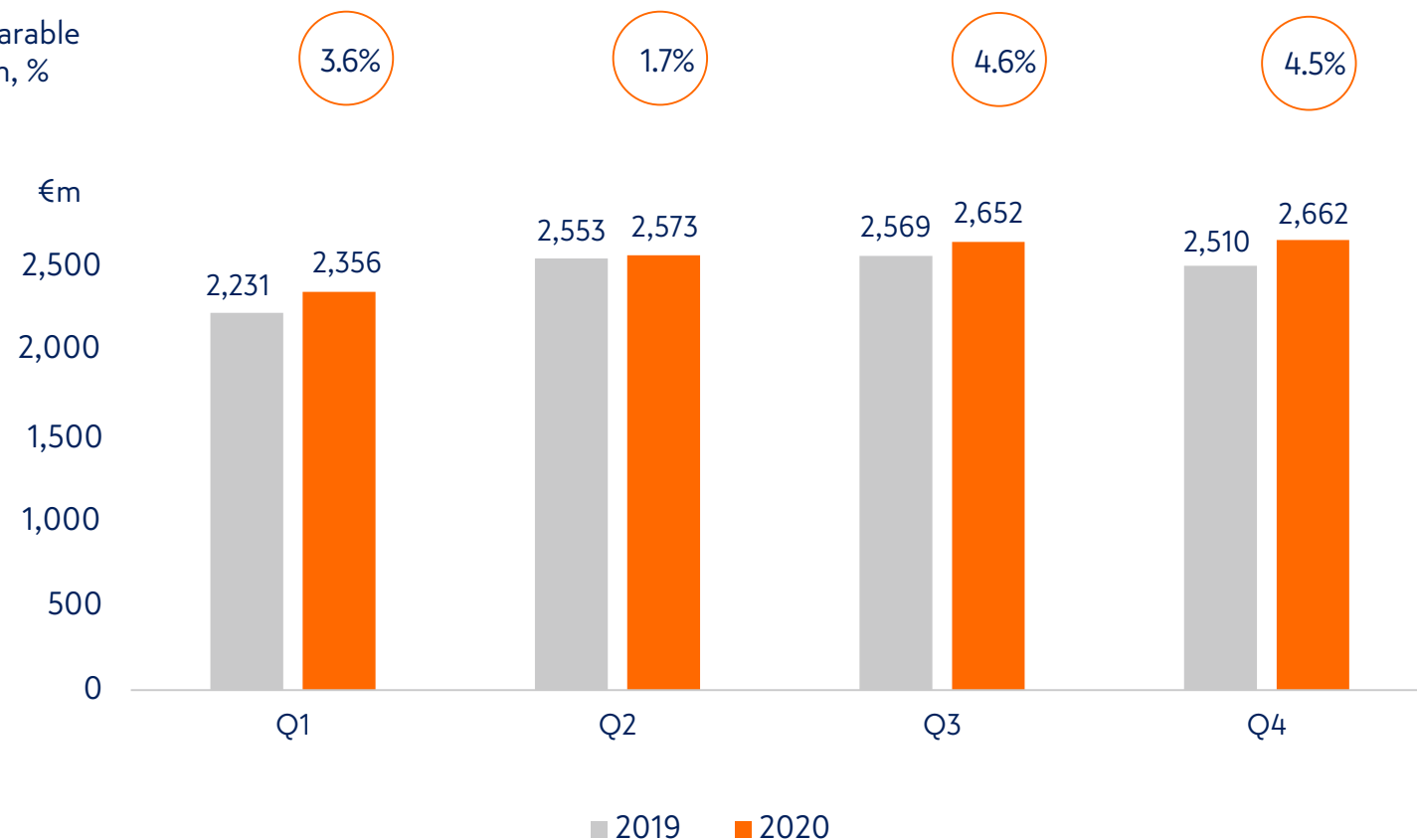
Q4 Comparable Performance Indicators

	10-12/2020	10-12/2019*
Net sales, € million	2,662.3	2,734.2
Illustrative net sales, € million	2,662.3	2,509.8
Operating profit, € million	165.6	129.7
Illustrative operating profit, € million	165.6	121.1
Illustrative operating margin, %	6.2	4.8
Earnings per share, basic, €	0.31	0.23

Net Sales

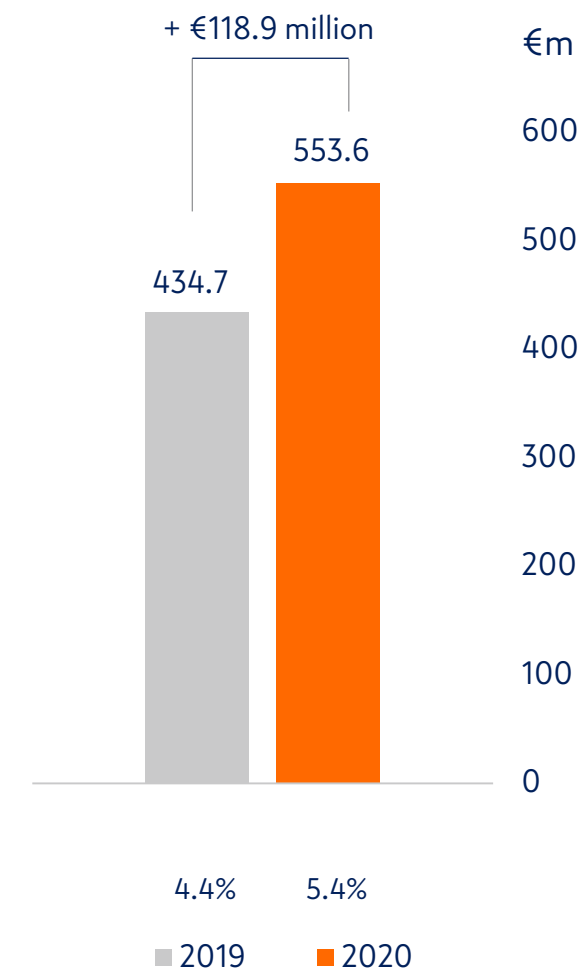
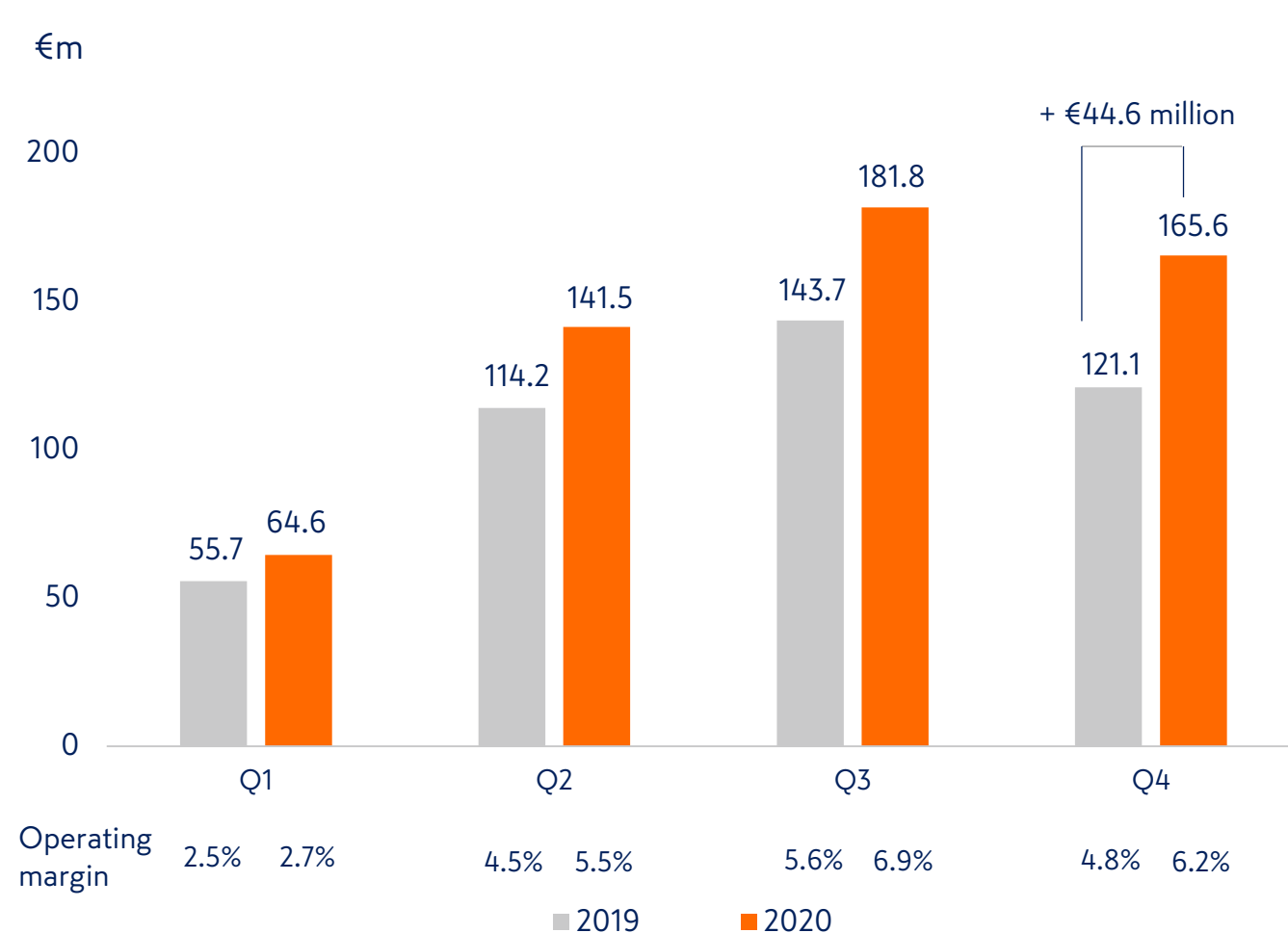
Illustrative figures

Comparable
growth, %



Comparable Operating Profit

Illustrative figures





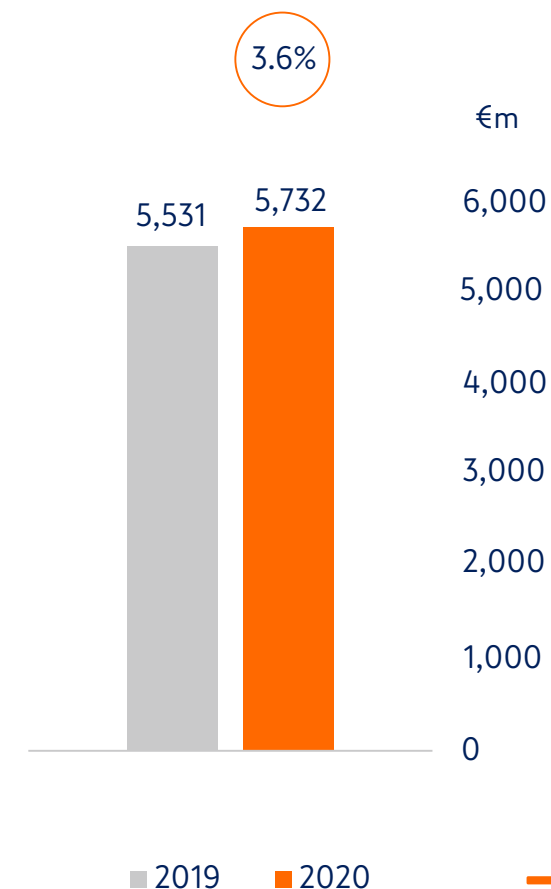
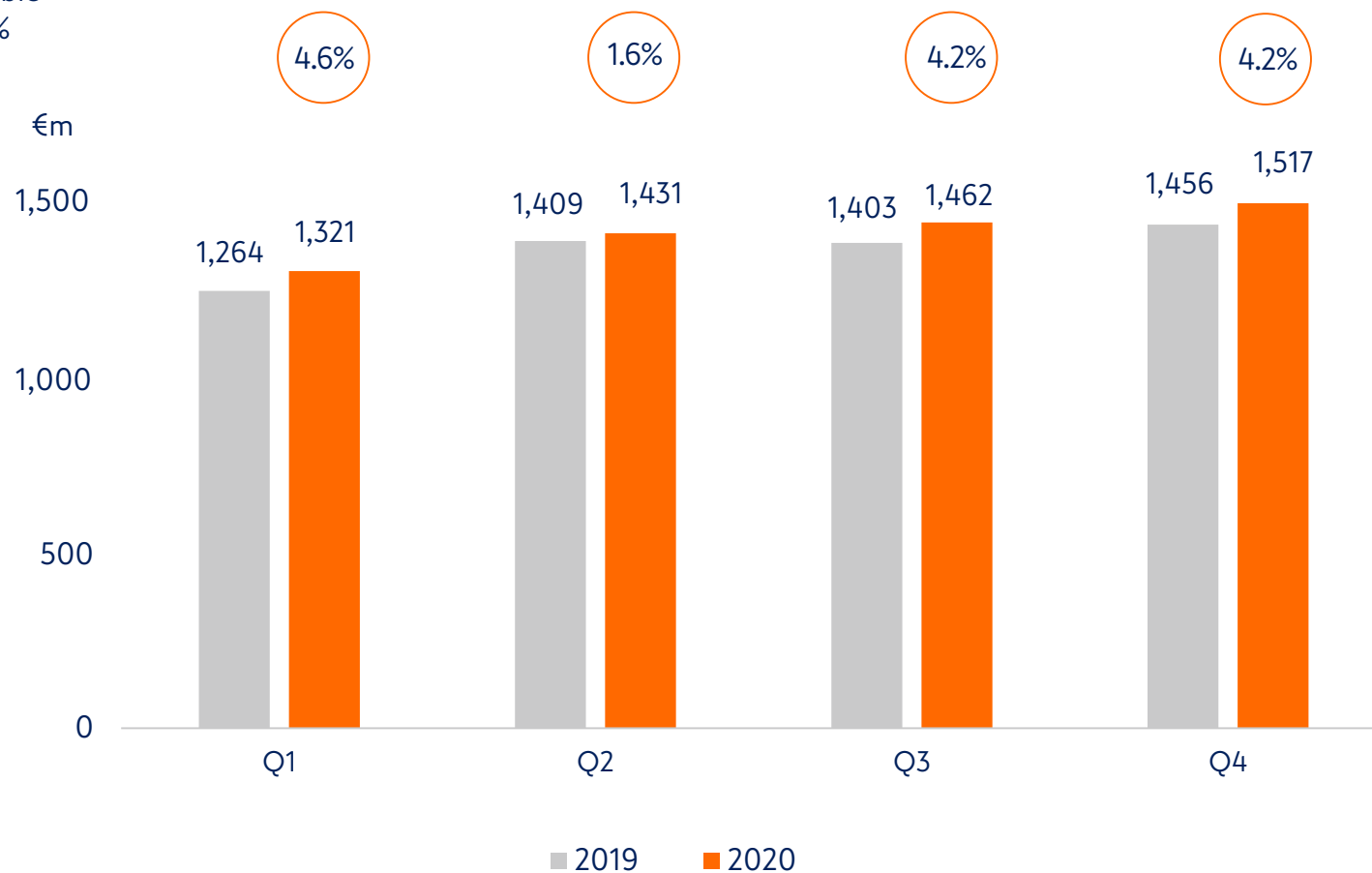
GROCERY TRADE

Sales and Profit Growth Continued Strong

Grocery Trade Net Sales

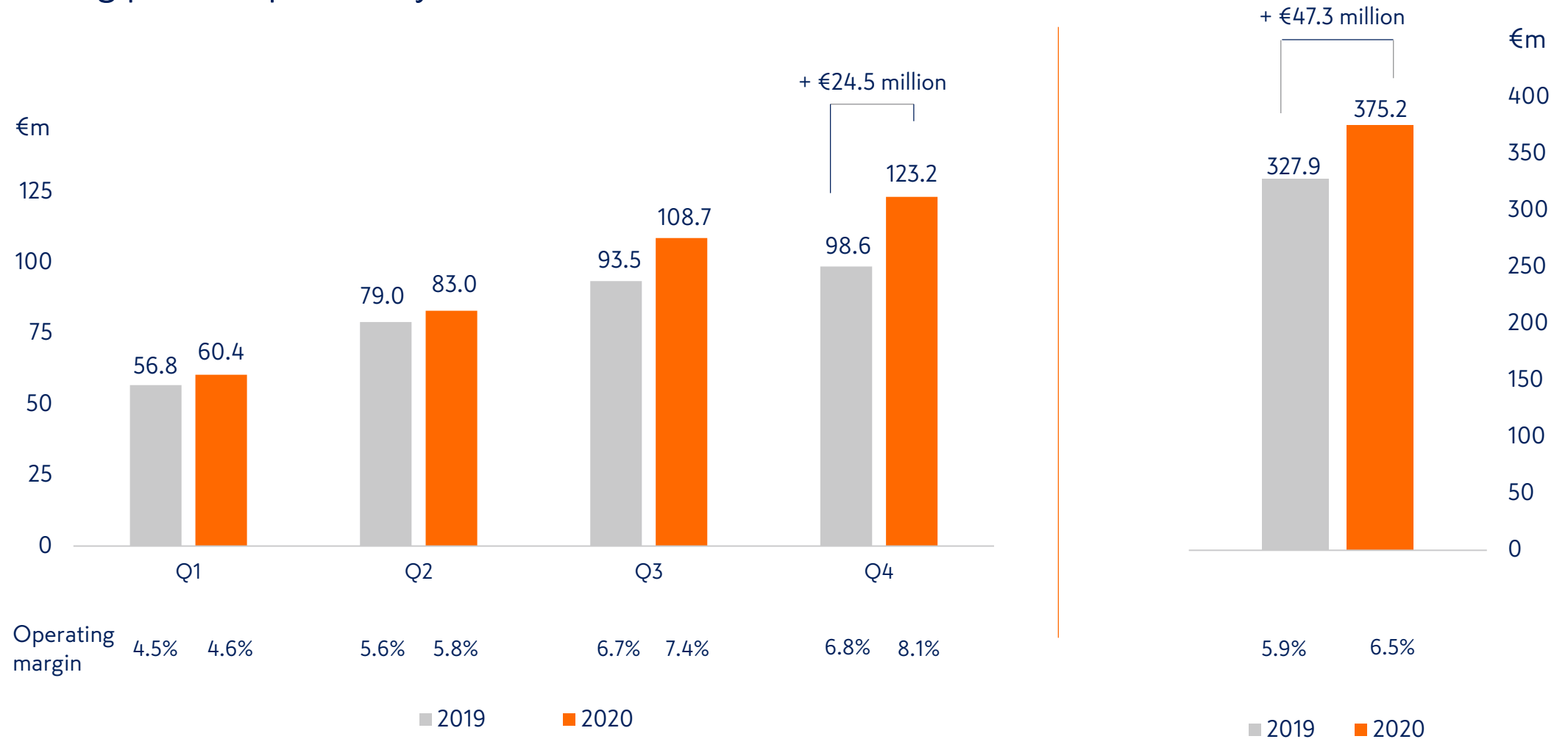
Q4 net sales up by 4.2%

Comparable
growth, %



Grocery Trade Operating Profit

Q4 operating profit improved by €24.5 million



Grocery Trade Q4

Market Q4

- Total grocery trade market growth 9.4%*, grocery prices up by 1.4%
- Covid-19 pandemic has caused household consumption to focus on domestic purchases, especially retail
- Growth in demand for online grocery sales has continued strong
- Foodservice volumes down due to the pandemic

K Group

- Retail sales in K-food stores up by 10.1%
- Sales grew clearly in all chains
- Excellent Christmas sales, market share strengthened markedly also in December
- Growth in K-Ruoka online sales 368%
- Kespro's market share continued to grow, profitability was kept at a good level

Market share growing strongly
in grocery trade

37.6%

31.5% in 2015

Retail sales growth in Finland since 2015

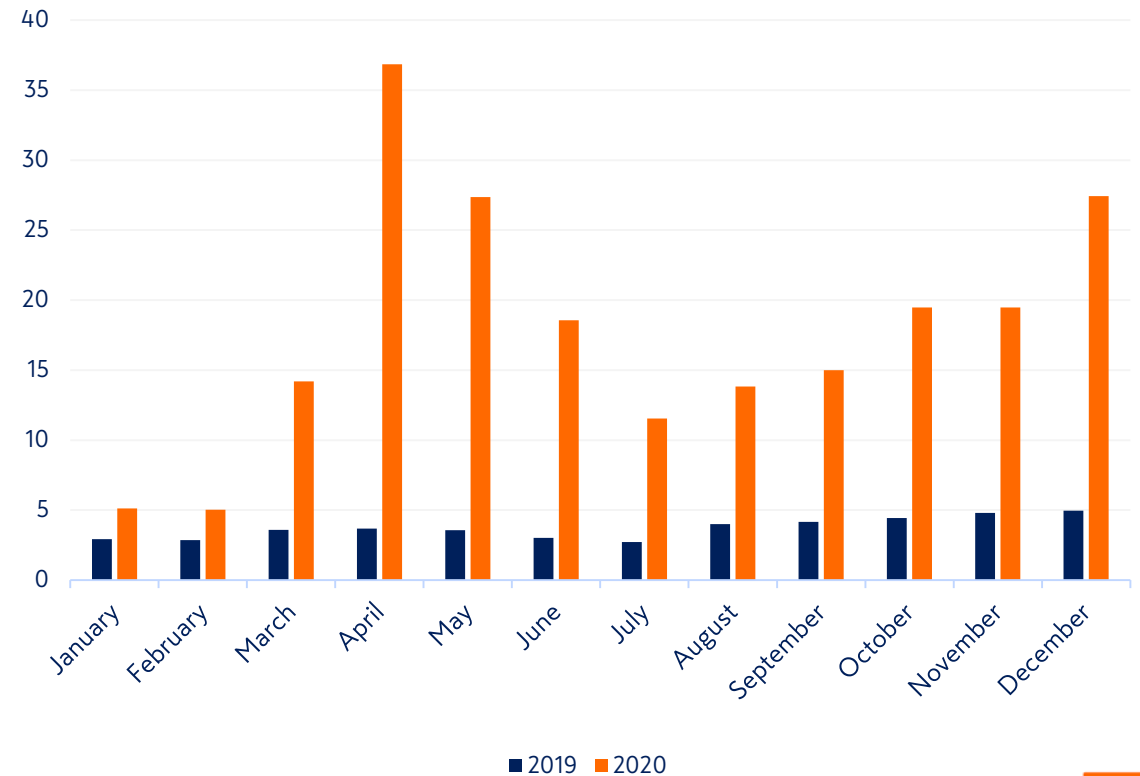
€1.8 billion



Strong Growth Continues in Online Grocery Sales

- Online grocery sales via K-Ruoka up by some 400% in 2020
- K Group's market share now over 50%
- Excellent customer satisfaction: in December, NPS 83
- Some 470 K-food stores now offer online sales services, an increase of 241 stores in 2020
- Online accounts for 3.5% of grocery sales

Online grocery sales, € million



Figures incl. VAT and collection and transport fees

Managing customer experience
brings results in grocery trade

NPS **65.1**

NPS in 2015: 53.1

Over **2 million**

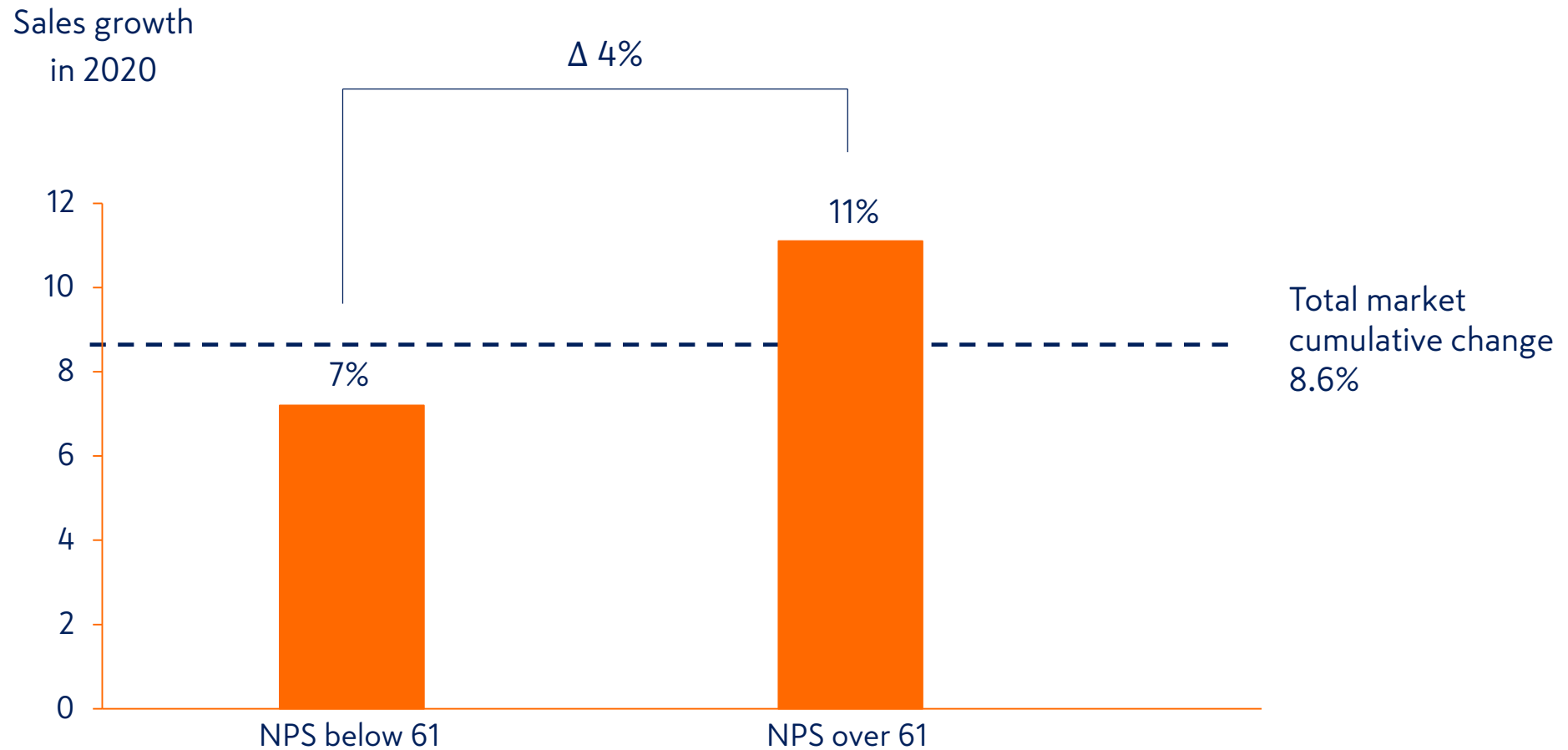
instances of customer feedback

178,000 in 2015



Growing Sales by Improving Customer Experience

Higher NPS supports faster-than-market growth



Still Plenty of Potential in Implementing Store-Specific Business Ideas

- We have a good and functional retailer business model our competitors cannot copy
- We are developing and changing stores more based on customer data
- Store digitalisation improves customer experience and makes operations more efficient
- Some 50% of K-food stores currently visibly implementing store-specific business ideas widely



Kespro fared well in a difficult market

Net sales

€778 million

Change -16.8 %

Kespro's market share continued to grow and we were able to keep profitability at a good level under the circumstances



Strong Basis for Continued Growth in the Grocery Trade



Further potential
to improve
customer experience



Pioneering
digital solutions



Strong market position
in foodservice



Further improving efficiency
per square metre and other
operational efficiency



Continued investments in growth and transformation



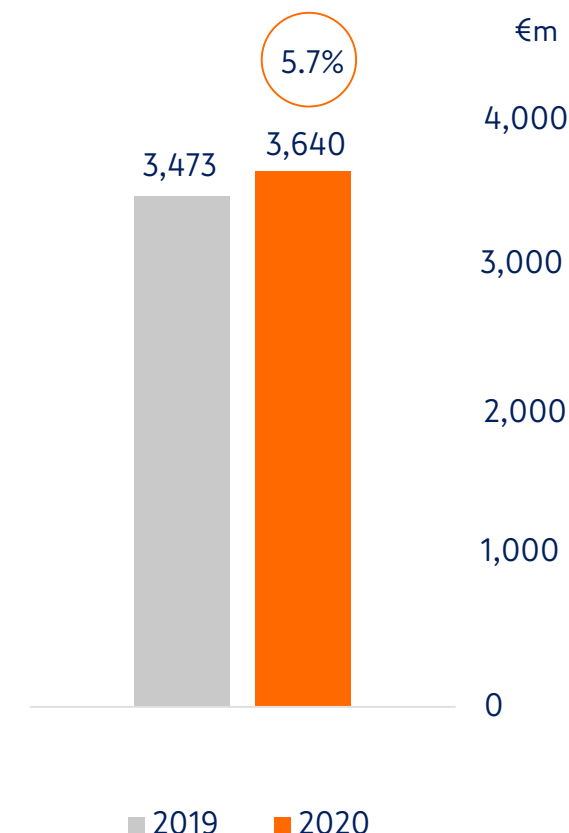
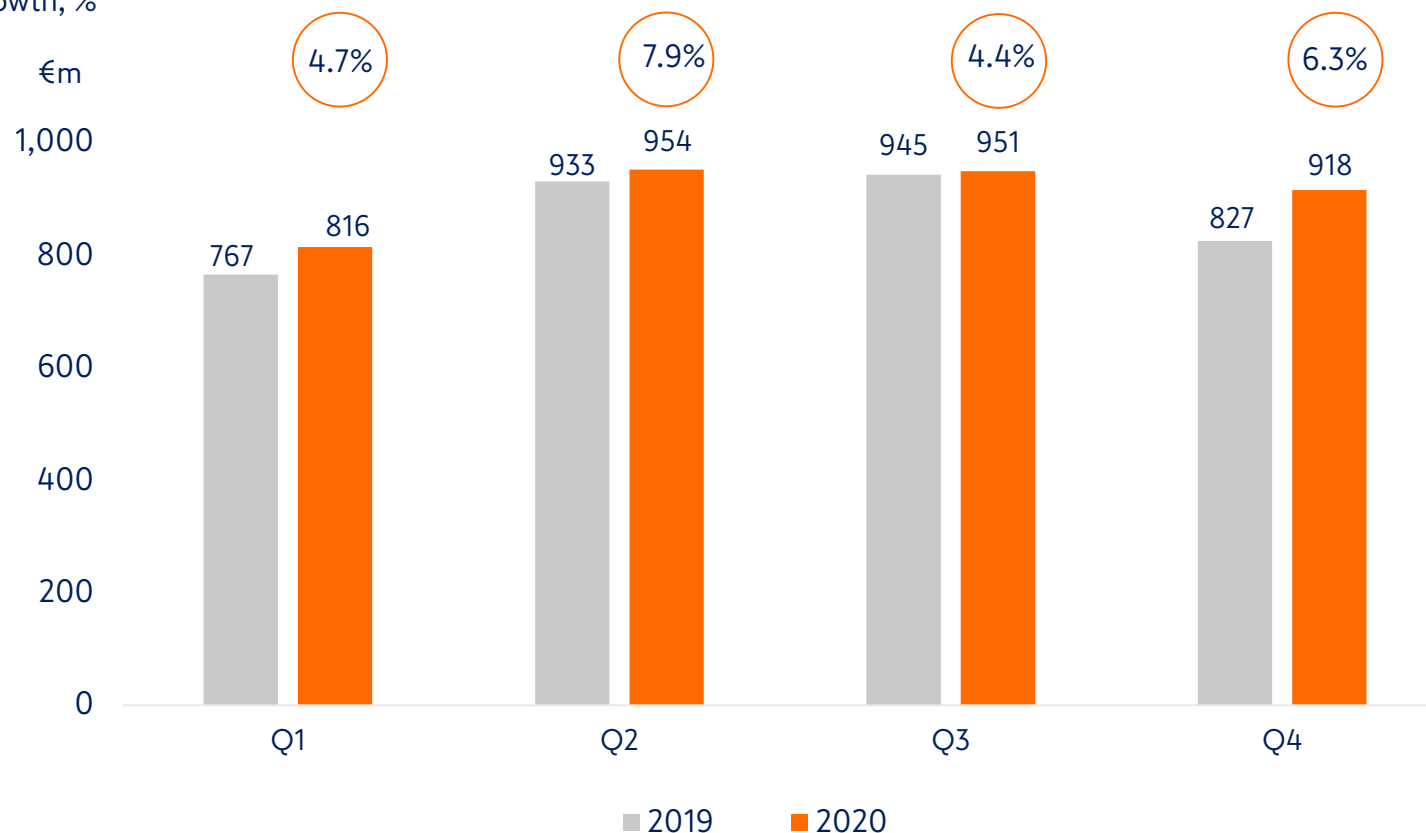
BUILDING AND TECHNICAL TRADE

Good Development Continued in All Areas

Building and Technical Trade Net Sales

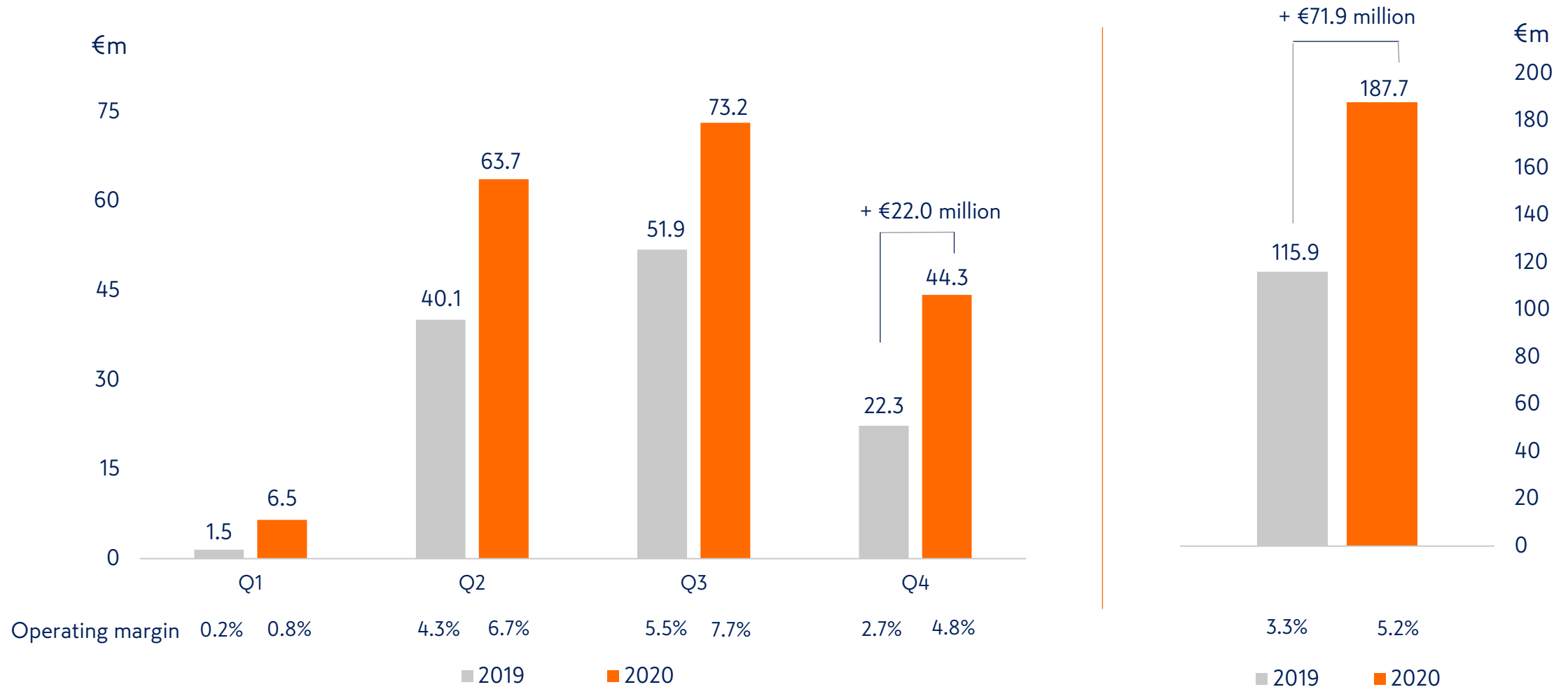
Illustrative figures

Comparable
growth, %



Building and Technical Trade Operating Profit

Illustrative figures



Building and Technical Trade Q4

Market Q4

- Construction activity stayed at a good level in Northern Europe
- Household consumption more focused on domestic purchases because of the pandemic
- B2C trade remained active
- Growth in B2B trade flattened in both building and home improvement trade and technical wholesale

K Group

- Net sales and profit grew in Finland, Sweden, Norway and Poland
- Sales to consumers grew clearly
- B2B trade continued to grow in both building and home improvement trade and Onninen's technical wholesale
- The acquisitions completed improved profitability

Building and Technical Trade Growing and Performing Well in Finland

Comparable operating profit*

€126.5 million

B2B's share of sales

74%



Significant Turnaround in Sweden

Comparable operating profit

€15.4 million

B2B's share of sales

64%



Good Development for Bygghem and Onninen in Norway

Comparable operating profit

€29.5 million

B2B's share of sales

77%



Onninen Has Developed Well as Part of Kesko

Net sales

€1,626 million

comparable growth nearly 20% on 2015

Comparable operating profit

€71 million

growth some €40 million* compared to 2015



onninen
express



Strong Execution of Country-Specific Strategies Enables Growth Also Going Forward



Continue putting
basics in order and
improving efficiency



Continue to improve
customer experience



Continue to develop
digital sales channels and
services further



Utilise B2C trade activity
also going forward



Continue sector consolidation in Northern Europe

Towards the Best in Europe





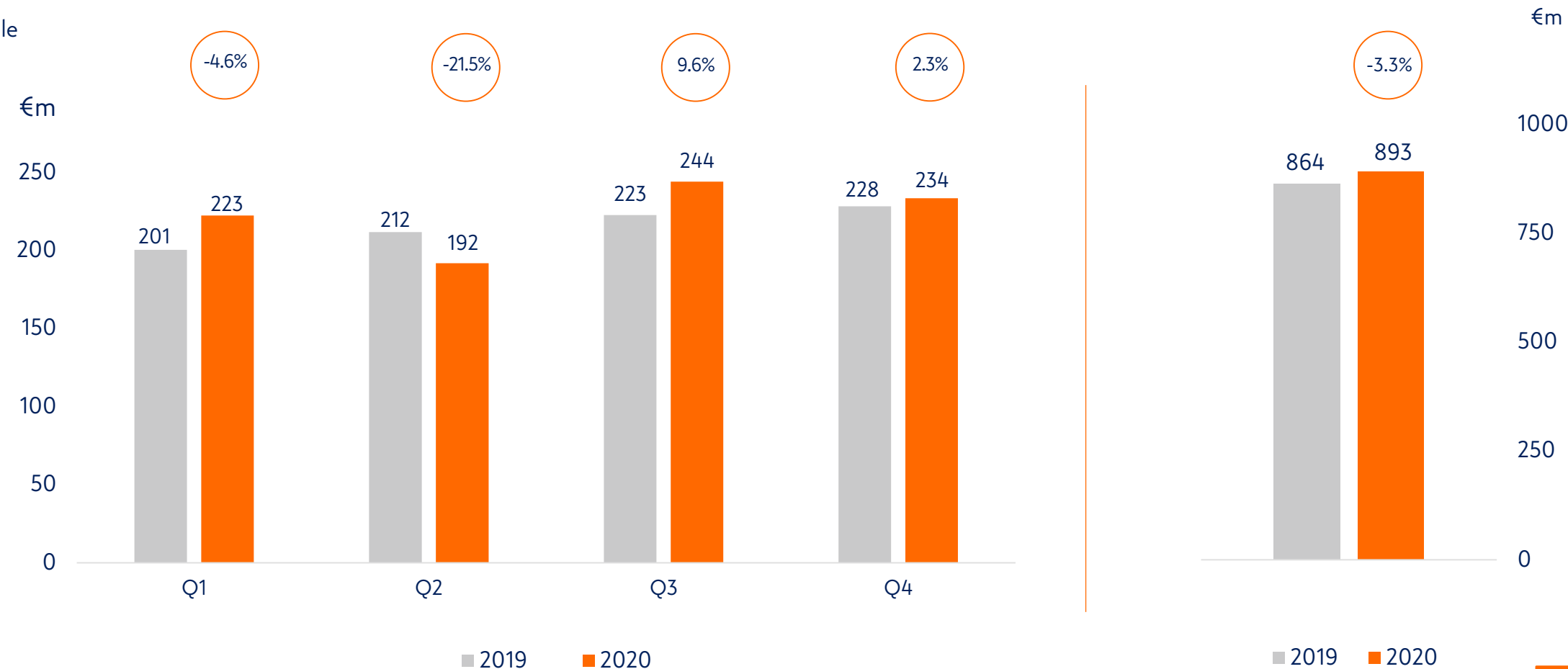
CAR TRADE

New Models Support Sales Growth

Car Trade Net Sales

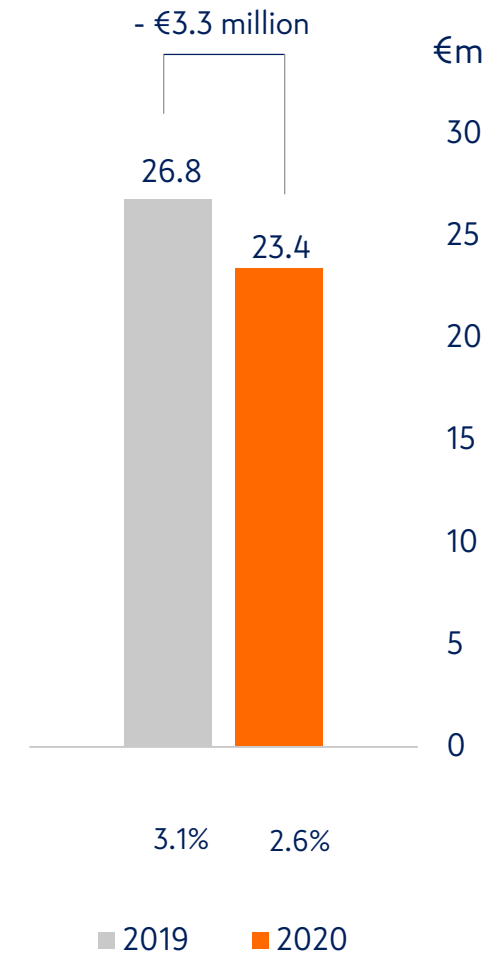
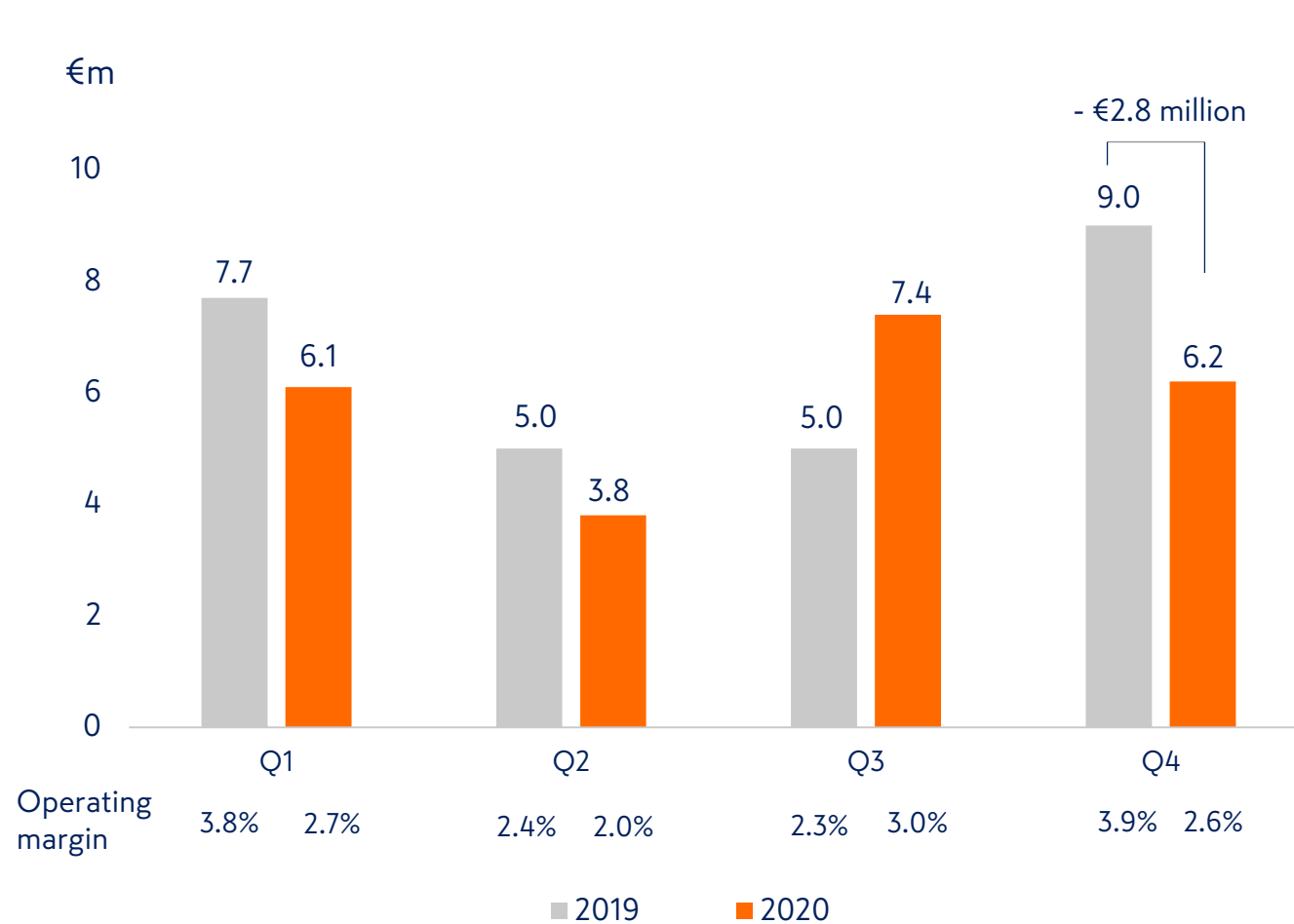
Q4 net sales up by 2.3%

Comparable
growth, %



Car Trade Operating Profit

Q4 operating profit down by €2.8 million



Car Trade Q4

Market Q4

- First registrations of passenger cars and vans in Finland down by 10.0%
- Market for used cars growing
- Demand for servicing, repair and spare part services at a good level
- Continued active debate over changes to car taxation

K Group

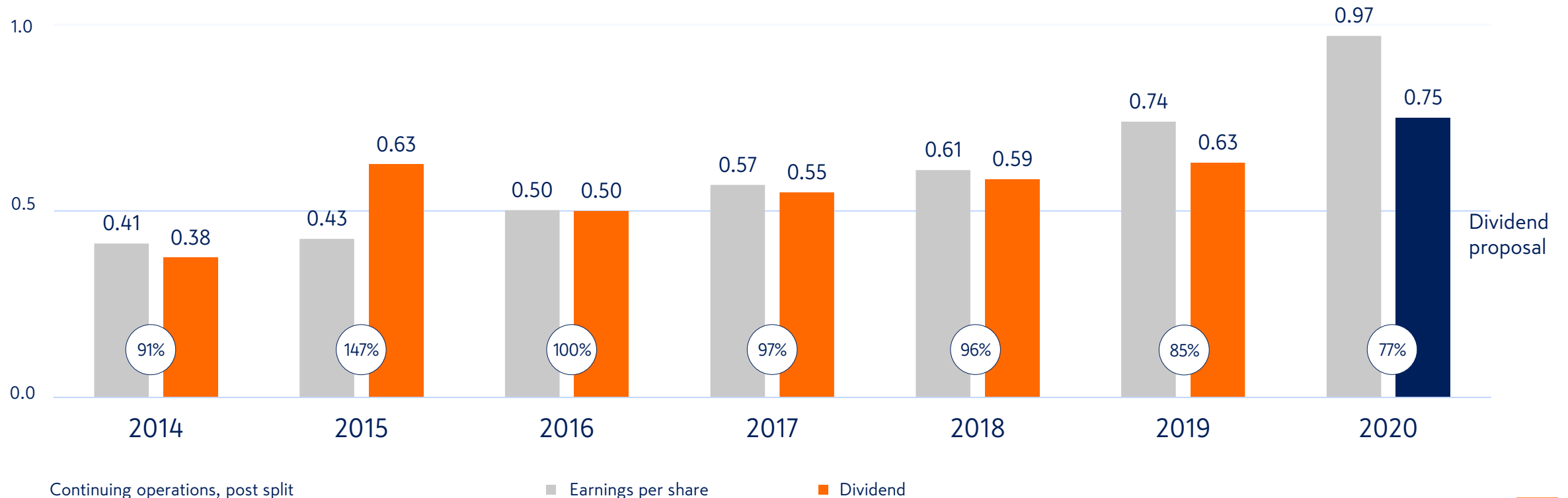
- K-Auto's sales up by 2.1%
- Order book for new cars +36% at year-end
- Used car sales up by 13.8%
- Own leasing fleet over 3,200 cars in Q4
- Volkswagen the most registered brand of all-electric cars in Finland in 2020



Dividend Proposal & Outlook

Board's Dividend Proposal: €0.75/Share, Nearly €300 Million

Kesko's dividend policy: In the long-term, Kesko aims to distribute a steadily growing dividend of some 60-100% of its comparable earnings per share, taking into account the company's financial position and strategy. Kesko has paid dividends in two instalments starting with the dividend paid for the year 2018.



Outlook

Kesko Group's outlook is given for the year 2021, in comparison with the year 2020.

Kesko estimates that its comparable operating profit in 2021 will be in the range of €520-620 million. The illustrative comparable operating profit in 2020 was €554 million.

The range for Kesko Group's 2021 profit guidance is wide due to the uncertainties related to the Covid-19 pandemic. The pandemic situation and progress with vaccinations have a significant impact on the overall economy, consumer behaviour and trading sector demand in Kesko's operating countries. During the pandemic, household consumption has focused on domestic purchases, which is expected to have a positive impact on some of Kesko's businesses also in 2021.

Overall, the outlook for Kesko's business in 2021 is positive. We anticipate moderate growth in Finnish grocery trade. Recovery in the foodservice business largely depends on the pandemic situation. Renovation building is expected to grow in the Northern European construction market. In housing construction, new construction volumes are expected to decrease overall, but to remain stable in the construction of small housing and vacation homes. The Finnish car trade market is expected to grow in 2021.



KESKO CELEBRATES ITS 80TH ANNIVERSARY

Contact

Hanna Jaakkola

Vice President, Investor Relations

tel. +358 40 5666 070

hanna.jaakkola@kesko.fi

