



KESKO INTERIM REPORT Q1/2021

Another Record Quarter

Mikko Helander, President and CEO, 28 April 2021

Key Events in Q1

- All-time best Q1 result
- Retail sales growth continued strong in K Group grocery stores
- Sales development good in building and technical trade
- Further improvements in cost efficiency
- Kesko achieved its financial targets
- Kesko ranked as the most sustainable grocery trade company in the world for the 7th time

| | 1-3/2021 | 1-3/2020 |
|---|----------|----------|
| Net sales, € million | 2,539.4 | 2,540.4 |
| Illustrative net sales, € million | 2,539.4 | 2,355.6 |
| Operating profit, € million* | 116.2 | 65.1 |
| Illustrative operating profit, € million* | 116.2 | 64.6 |
| Illustrative operating margin, %* | 4.6% | 2.7% |
| Profit before tax, € million* | 99.6 | 32.7 |
| Earnings per share, basic, €* | 0.20 | 0.08 |

* Comparable figures

Kesko Senukai treated as a joint venture in the illustrative figures

New Group Management Board Composition



Mikko Helander
President and CEO



Jorma Rauhala*
President, building and
technical trade

* Deputy CEO



Ari Akseli
President, grocery
trade



Matti Virtanen
President, car trade



Jukka Erlund
EVP,
Chief Financial
Officer



Anni Ronkainen
EVP,
Chief Digital Officer



Matti Mettälä
EVP, Human
Resources



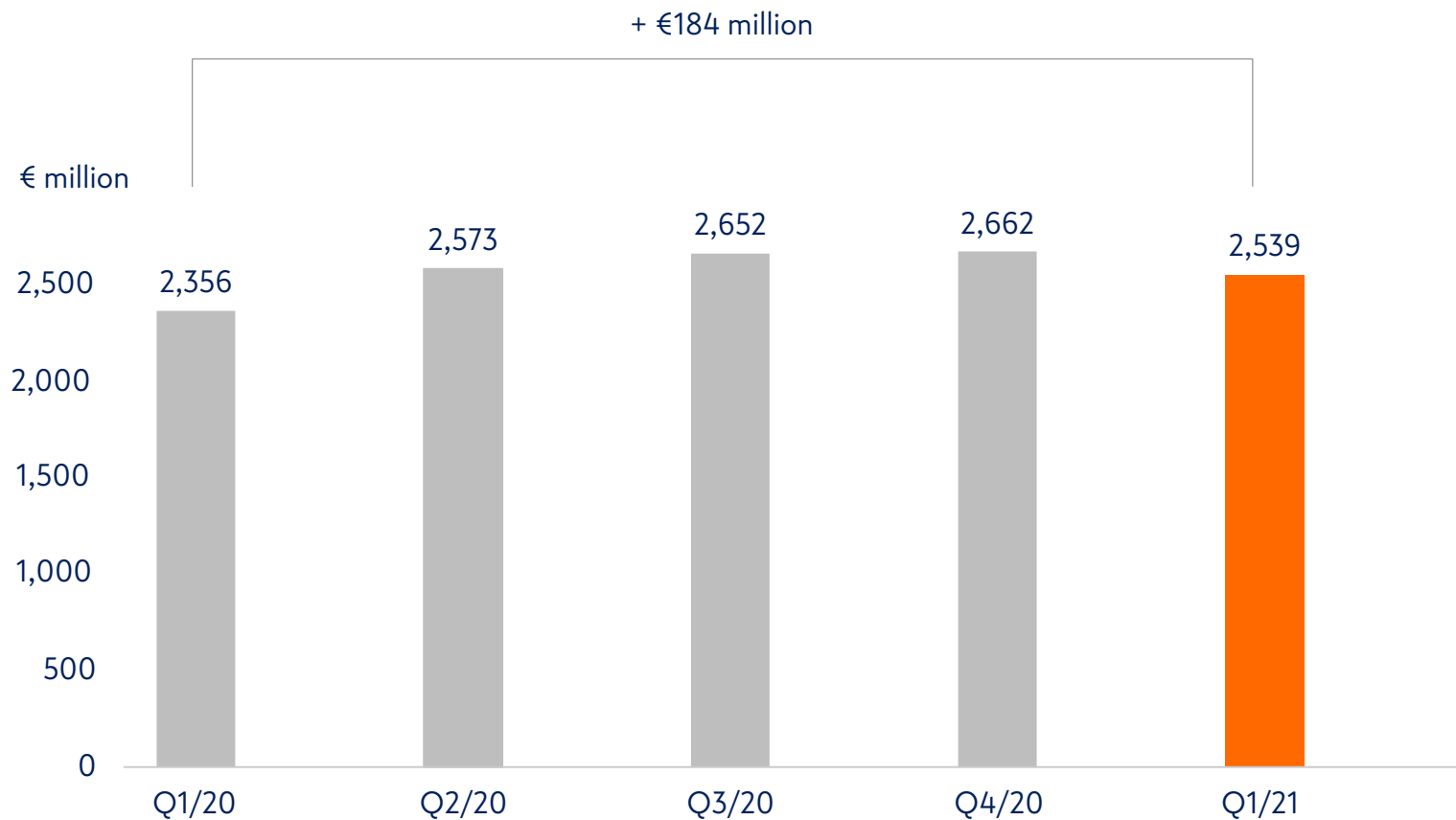
Karoliina Partanen
EVP,
Communications



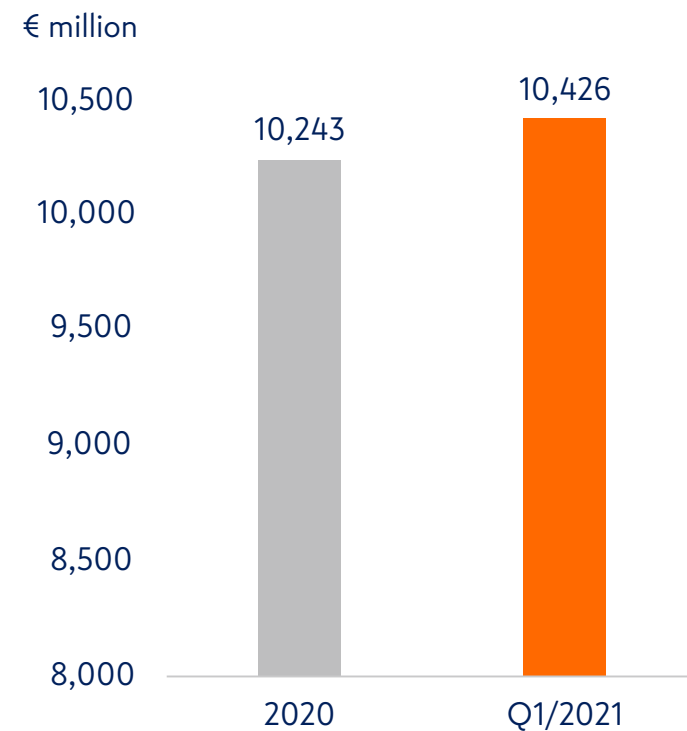
Riikka Joukio
EVP, Corporate
Responsibility and
Public Affairs

Net Sales

Growth in comparable terms 5.9%

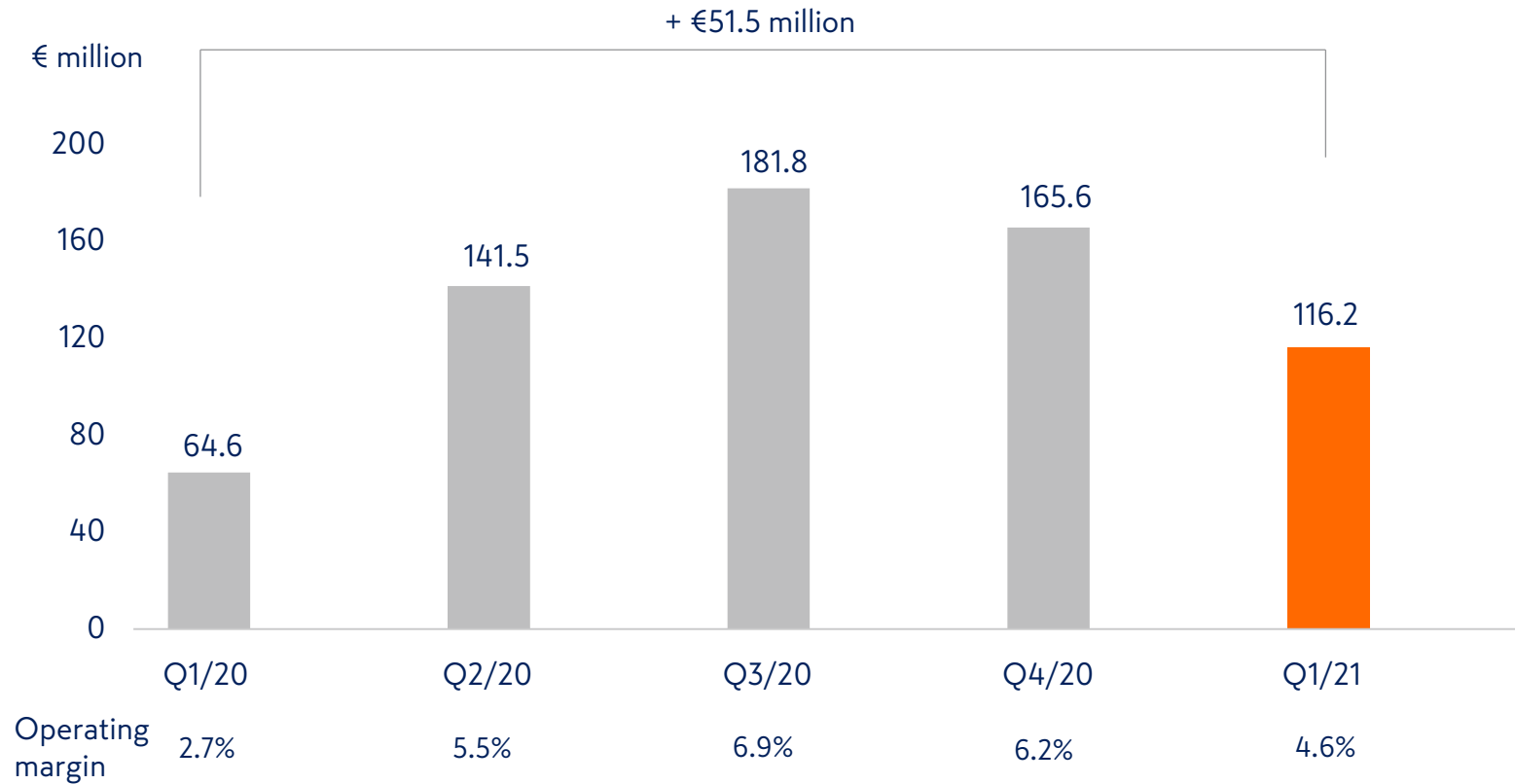


Rolling 12 months

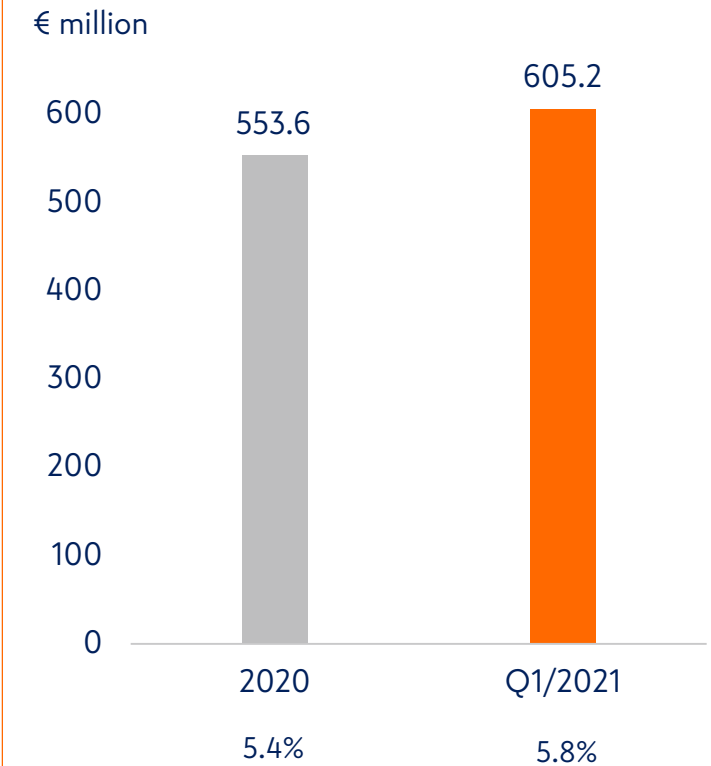


Comparable Operating Profit

Growth in comparable terms €51.5 million

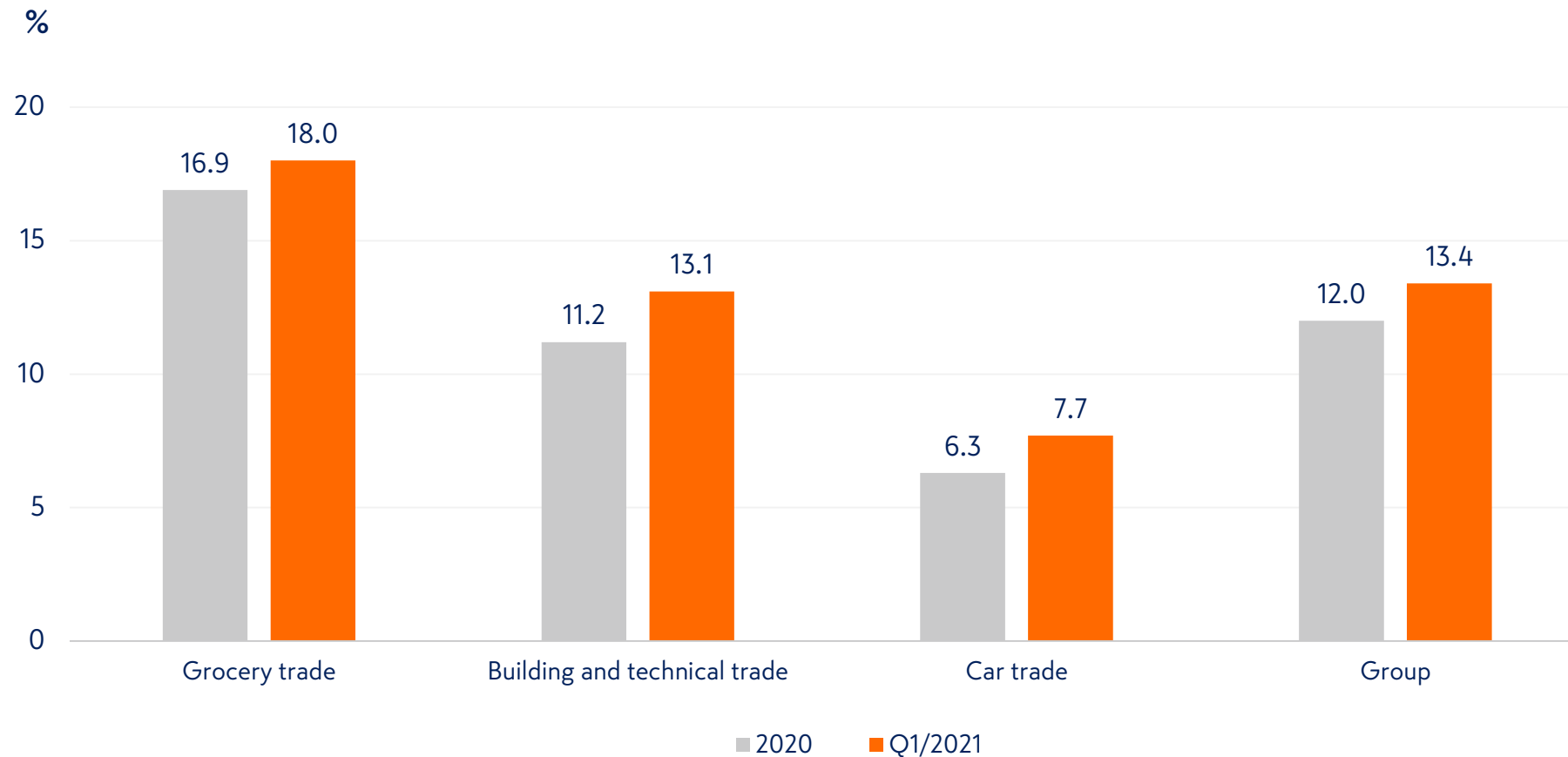


Rolling 12 months



Return on Capital Employed

ROCE target clearly exceeded



Strong Financial Position

| | Q1/2021 | Q1/2020 |
|--|---------|---------|
| Cash flow from operating activities, € million | 155.1 | 135.7 |
| Liquid assets, € million | 316.3 | 265.4 |
| Capital expenditure, € million | 44.2 | 99.0 |
| Interest-bearing net debt excl. lease liabilities, € million | 249.1 | 482.4 |
| Interest-bearing net debt/EBITDA (rolling, excl. IFRS 16 impact) | 0.3 | 0.9 |
| Lease liabilities, € million | 1,988.8 | 2,337.4 |



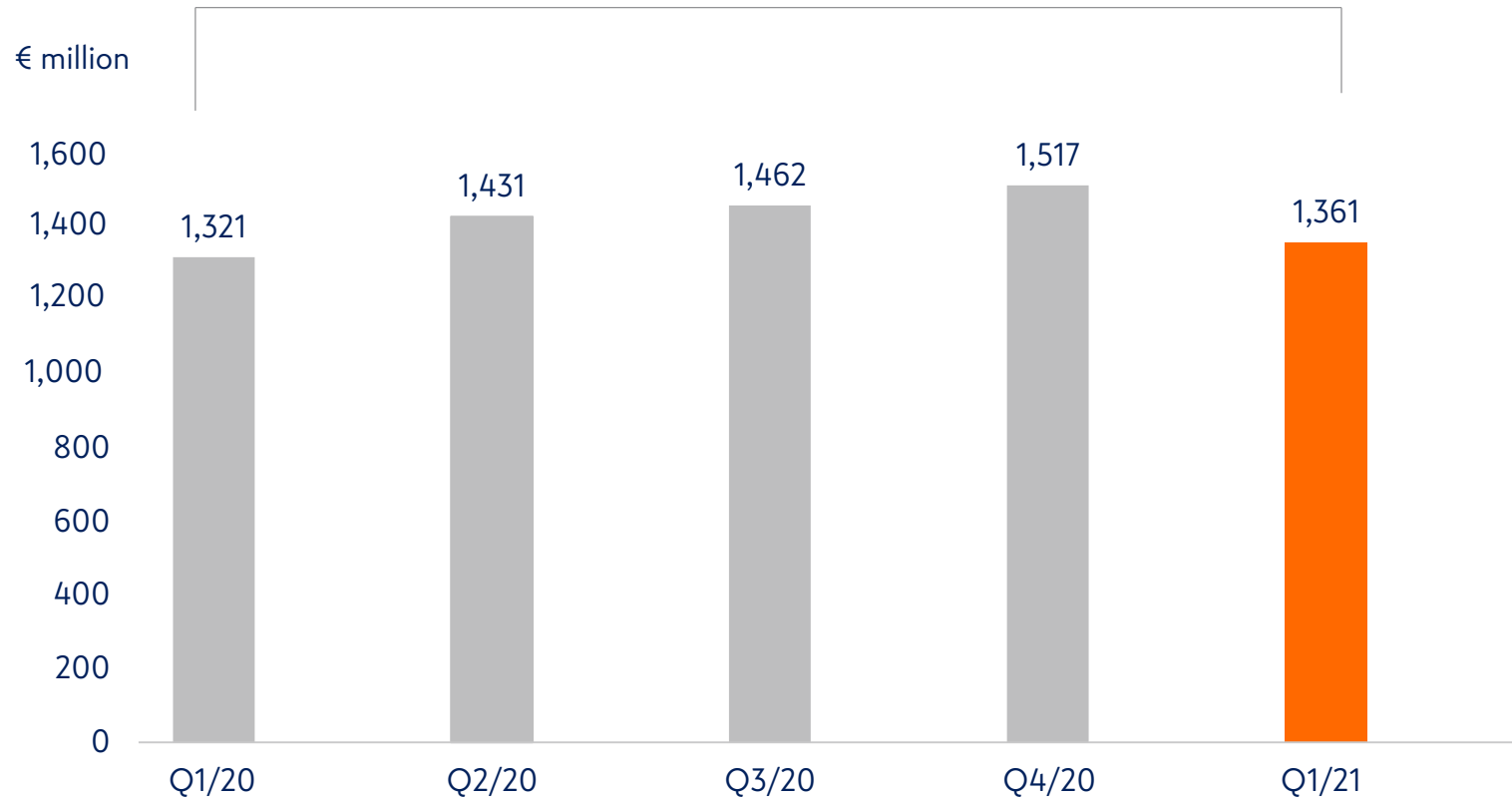
GROCERY TRADE

Strong Growth Continued

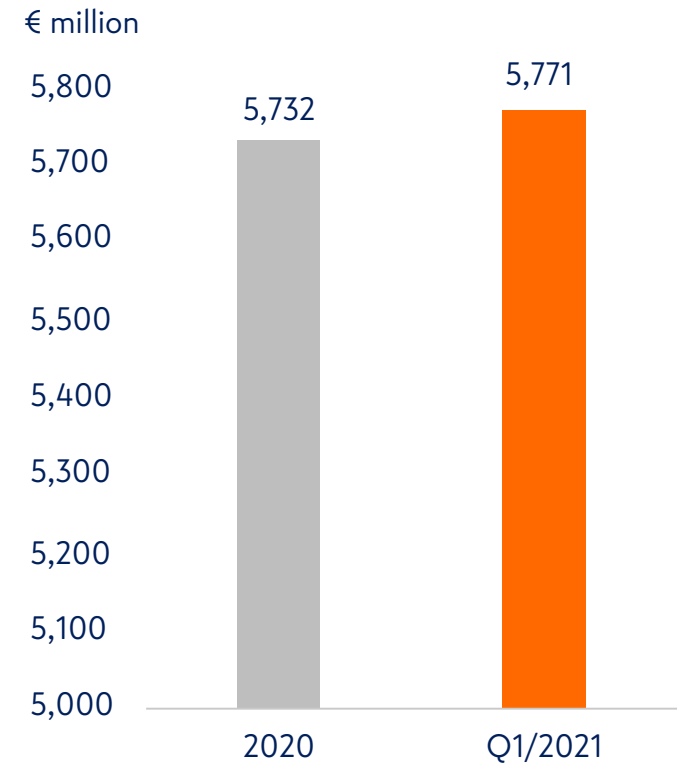
Grocery Trade Net Sales

Growth 3.0%

+ €39 million

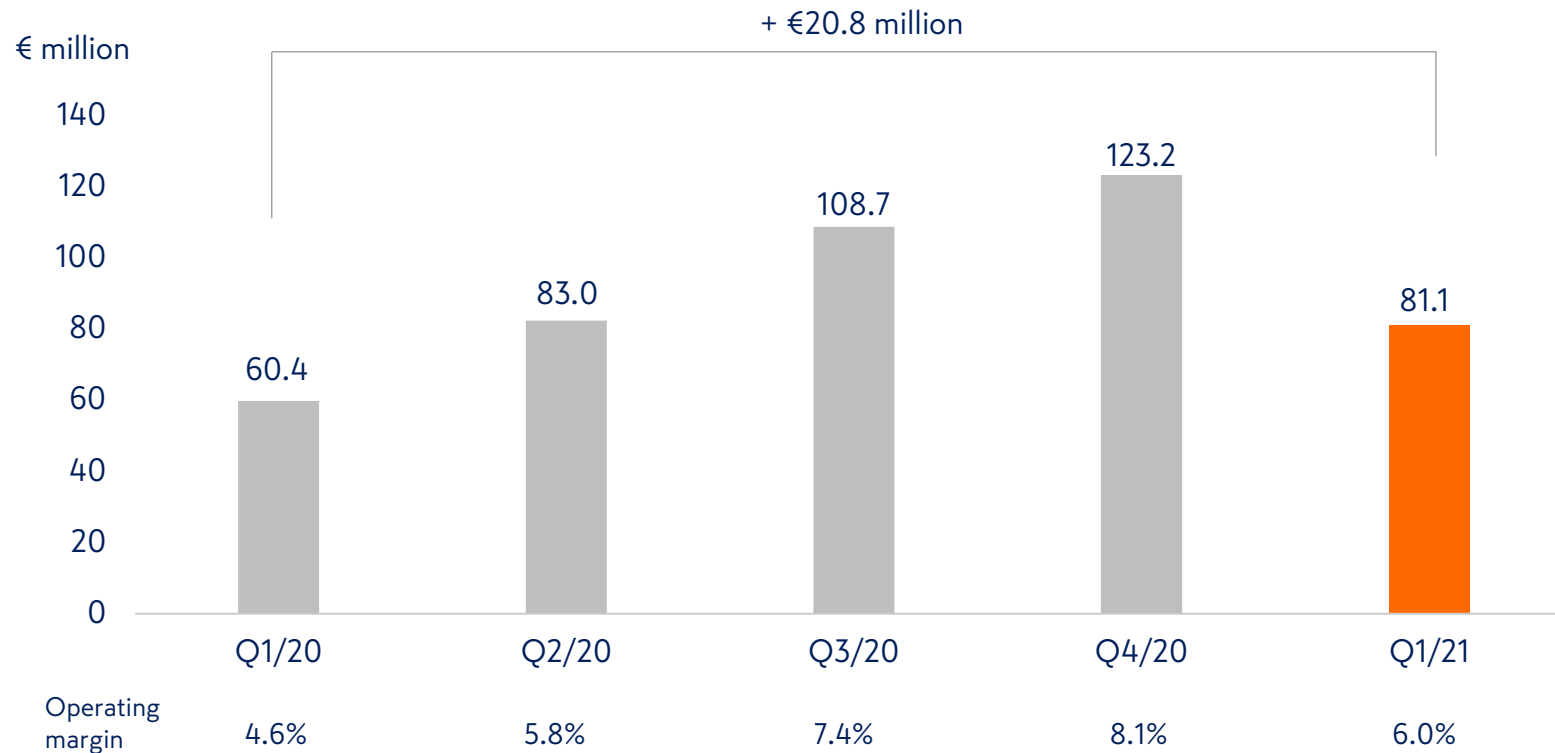


Rolling 12 months

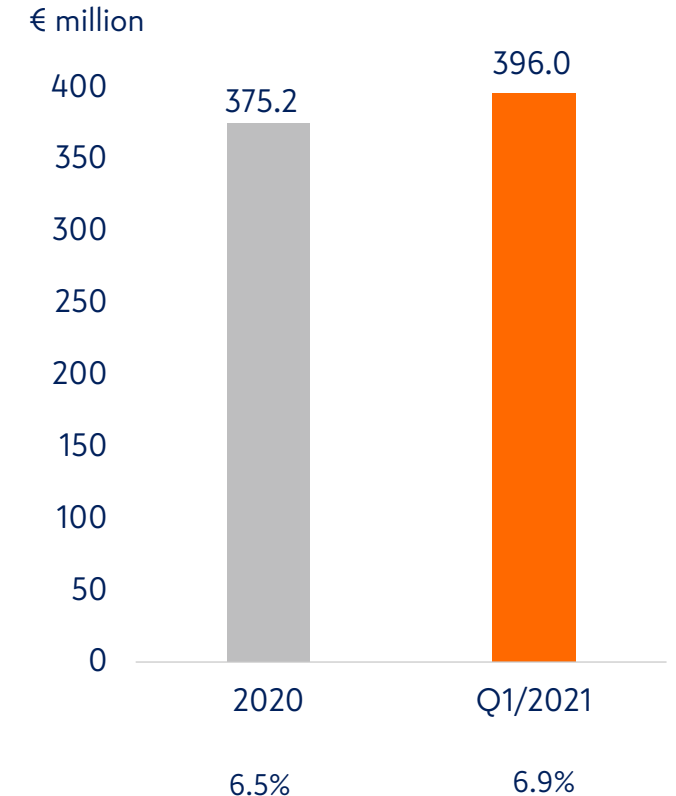


Grocery Trade Operating Profit

Growth €20.8 million



Rolling 12 months



Grocery Trade Q1

Market Q1

- Total grocery trade market growth 5.8%*, grocery prices up by 1.4%*
- Consumption focused on domestic purchases, especially retail
- Growth in demand for online grocery continued strong
- Foodservice market significantly diminished due to the pandemic

K Group

- Grocery sales in K-food stores up by 6.1%
- Sales grew clearly in all grocery store chains
- Our market share rose to 37.8%
- 48% of retail sales growth came from growth in online grocery
- We have managed to keep our foodservice business in profit

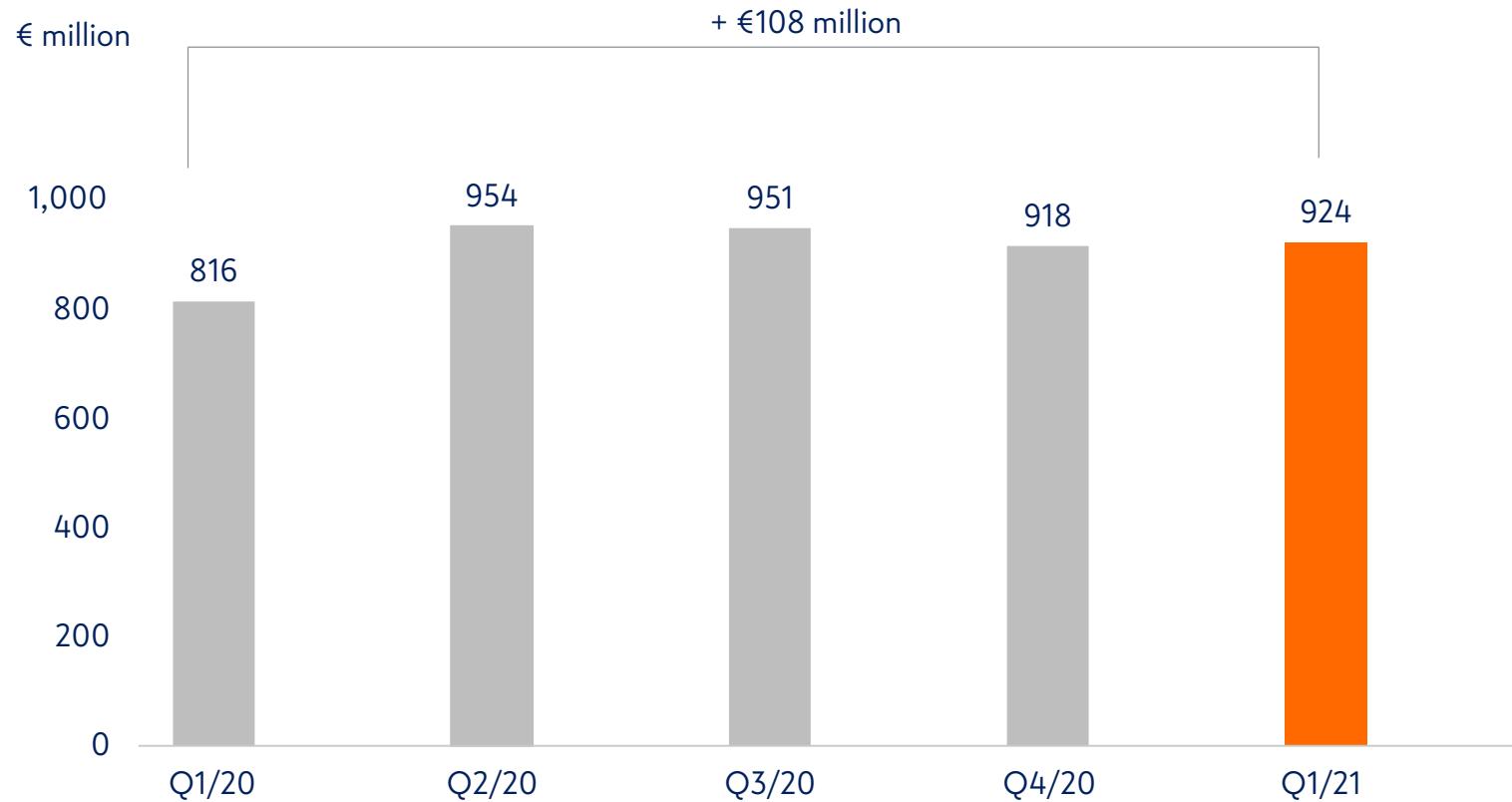


BUILDING AND TECHNICAL TRADE

Strong Development Continued in All Areas

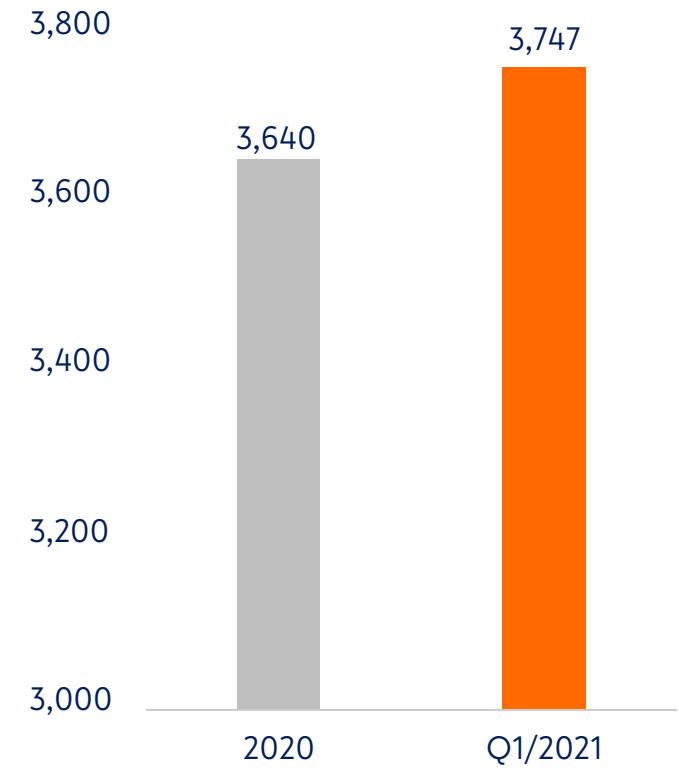
Building and Technical Trade Net Sales

Growth in comparable terms 7.7%



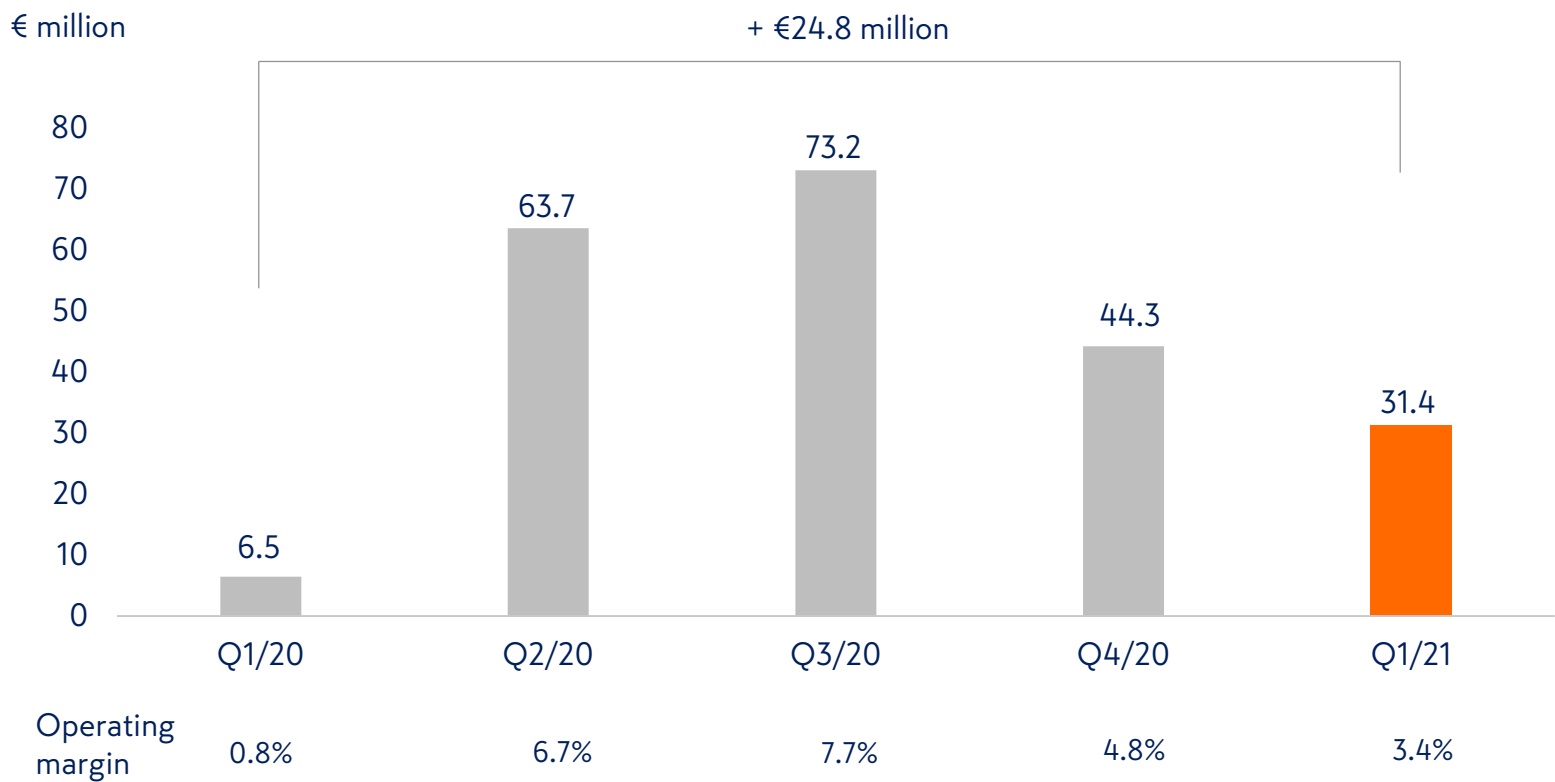
Rolling 12 months

€ million

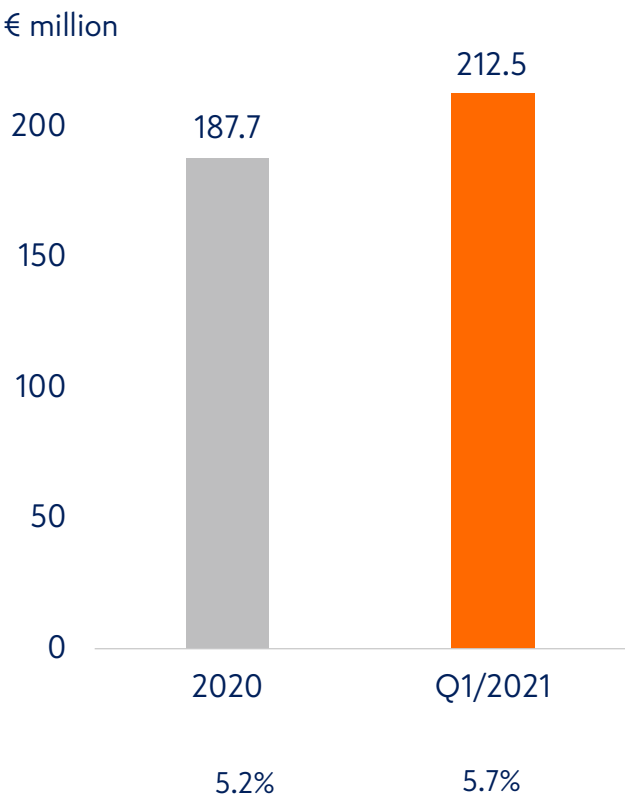


Building and Technical Trade Comparable Operating Profit

Growth €24.8 million



Rolling 12 months



Building and Technical Trade Q1

Market Q1

- Construction activity remained at a good level in Northern Europe
- B2C trade continued high as consumption was domestically focused
- Demand in technical wholesale has not grown in Finland nor in Sweden
- Increased issues with availability

K Group

- Good development continued for K-Rauta and Onninen in Finland
- Development in Norway continued strong in all operations
- In Sweden, K-Rauta and K-Bygg did well in the market
- We have been able to ensure product availability
- Sales and profit developed well in the sports trade

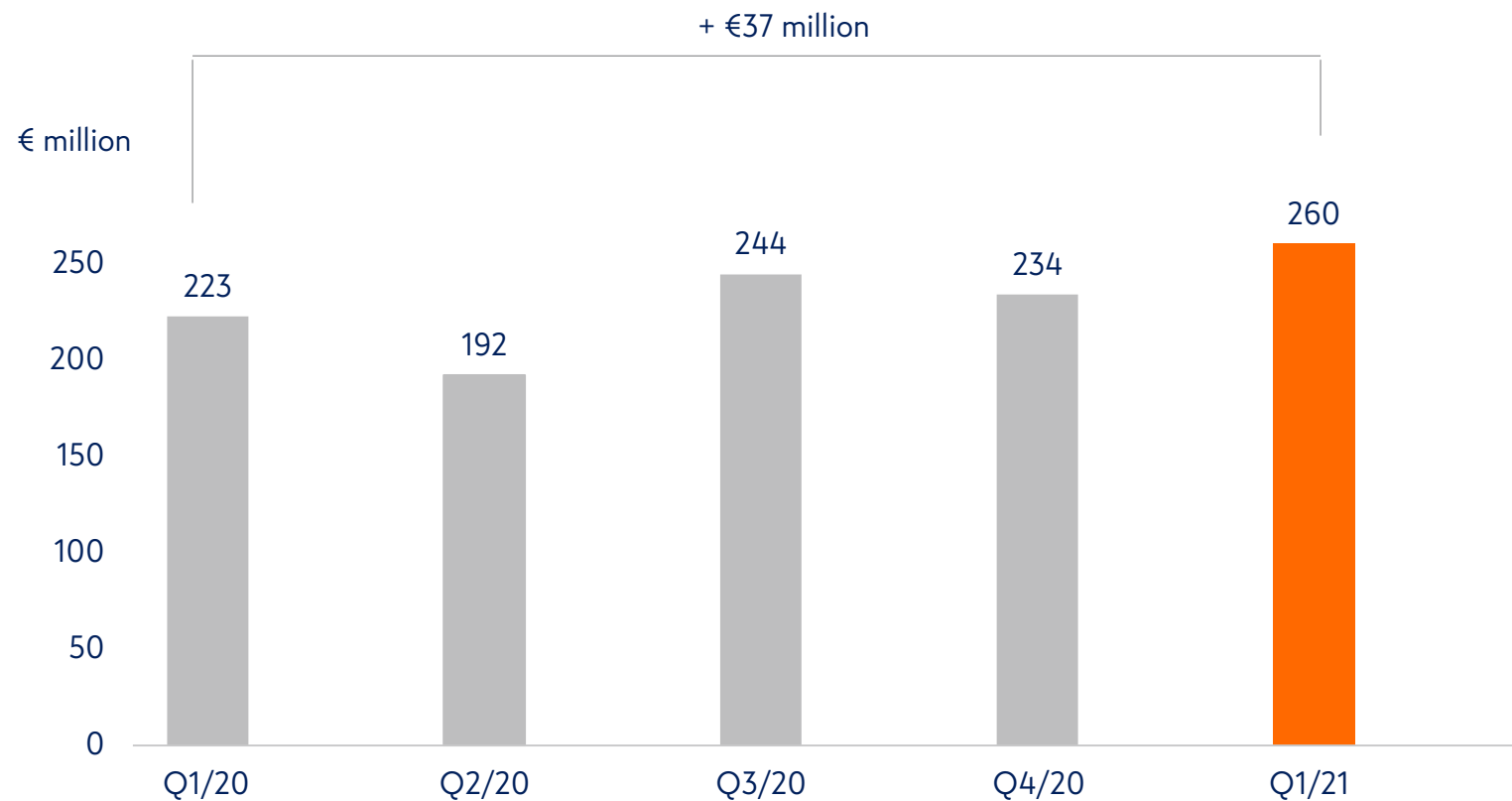


CAR TRADE

Demand Recovering and Sales Up

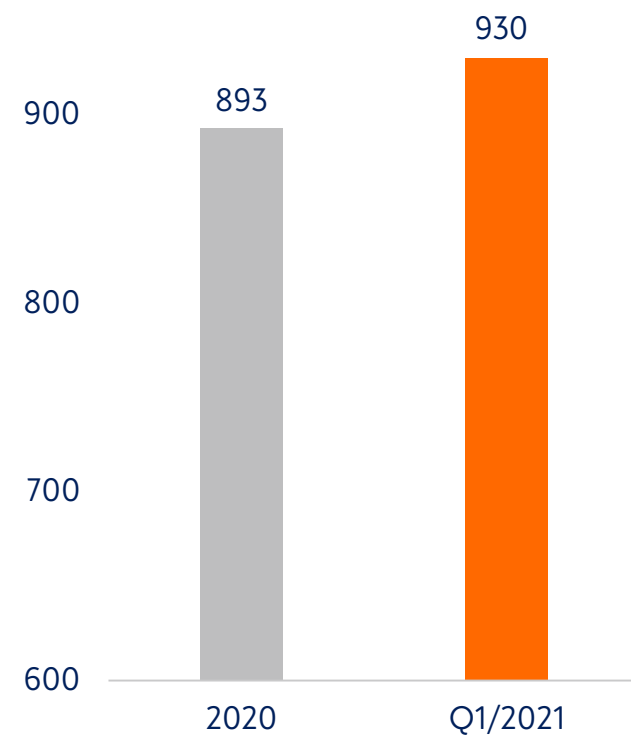
Car Trade Net Sales

Growth 16.8%



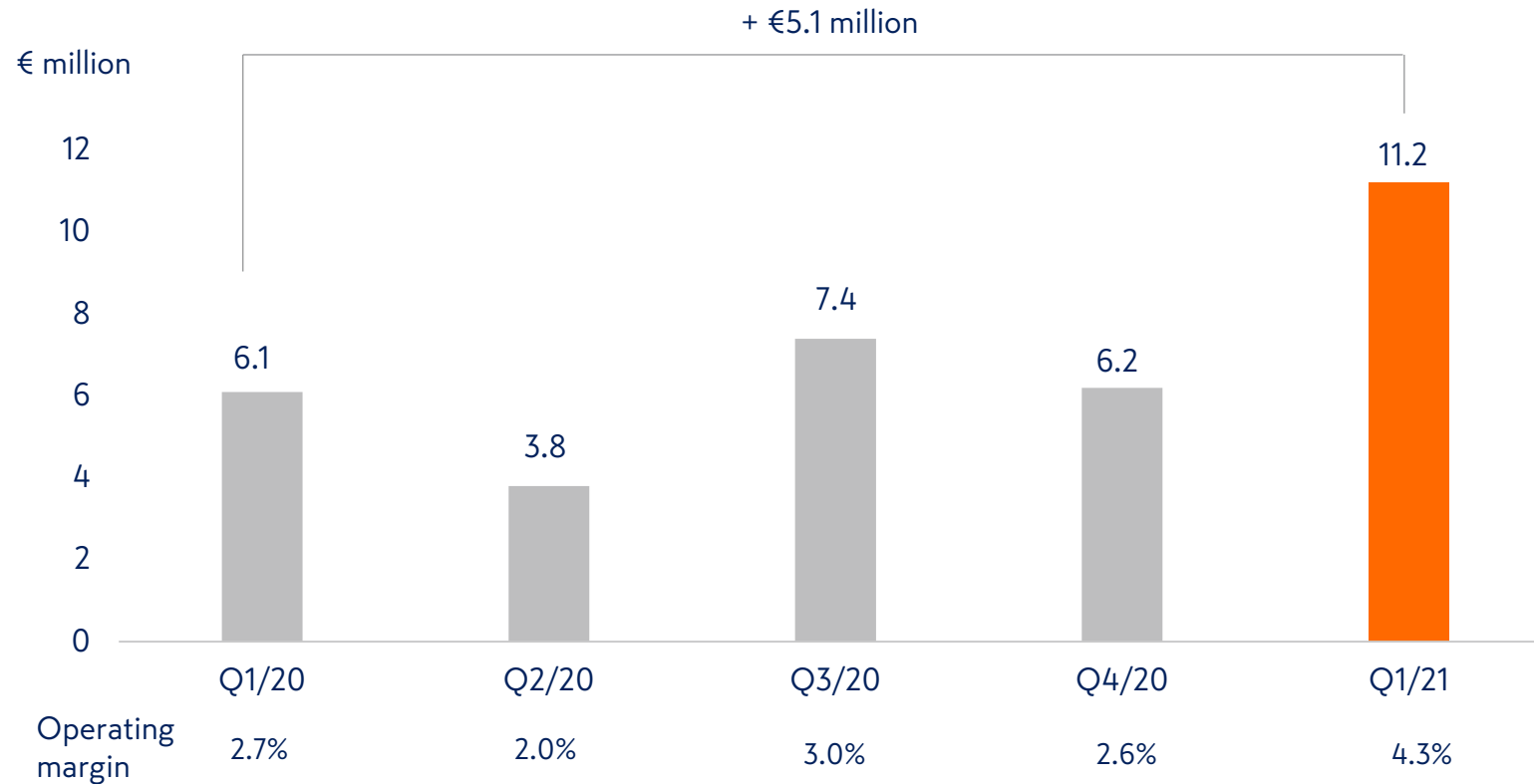
Rolling 12 months

€ million



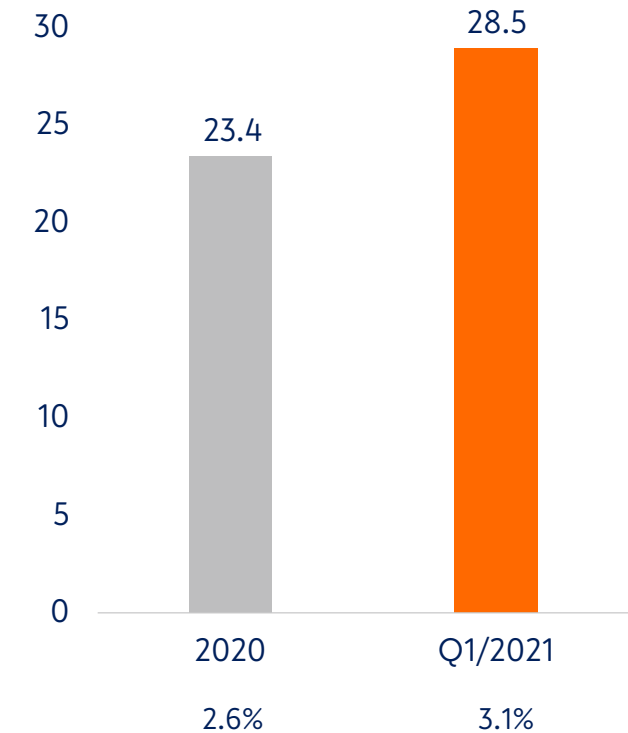
Car Trade Operating Profit

Growth €5.1 million



Rolling 12 months

€ million



Car Trade Q1

Market Q1

- New car first registrations -0.6%
- Market returning to normal levels
- Used car market continues to grow
- Component shortage a growing issue for the car industry worldwide

K Group

- Updated strategy for the car trade division
- Sales returned to pre-pandemic levels
- New models support sales, order backlog significantly strengthened
- Growing market shares for brands represented by K Group
- We are forcefully changing and developing our own operations



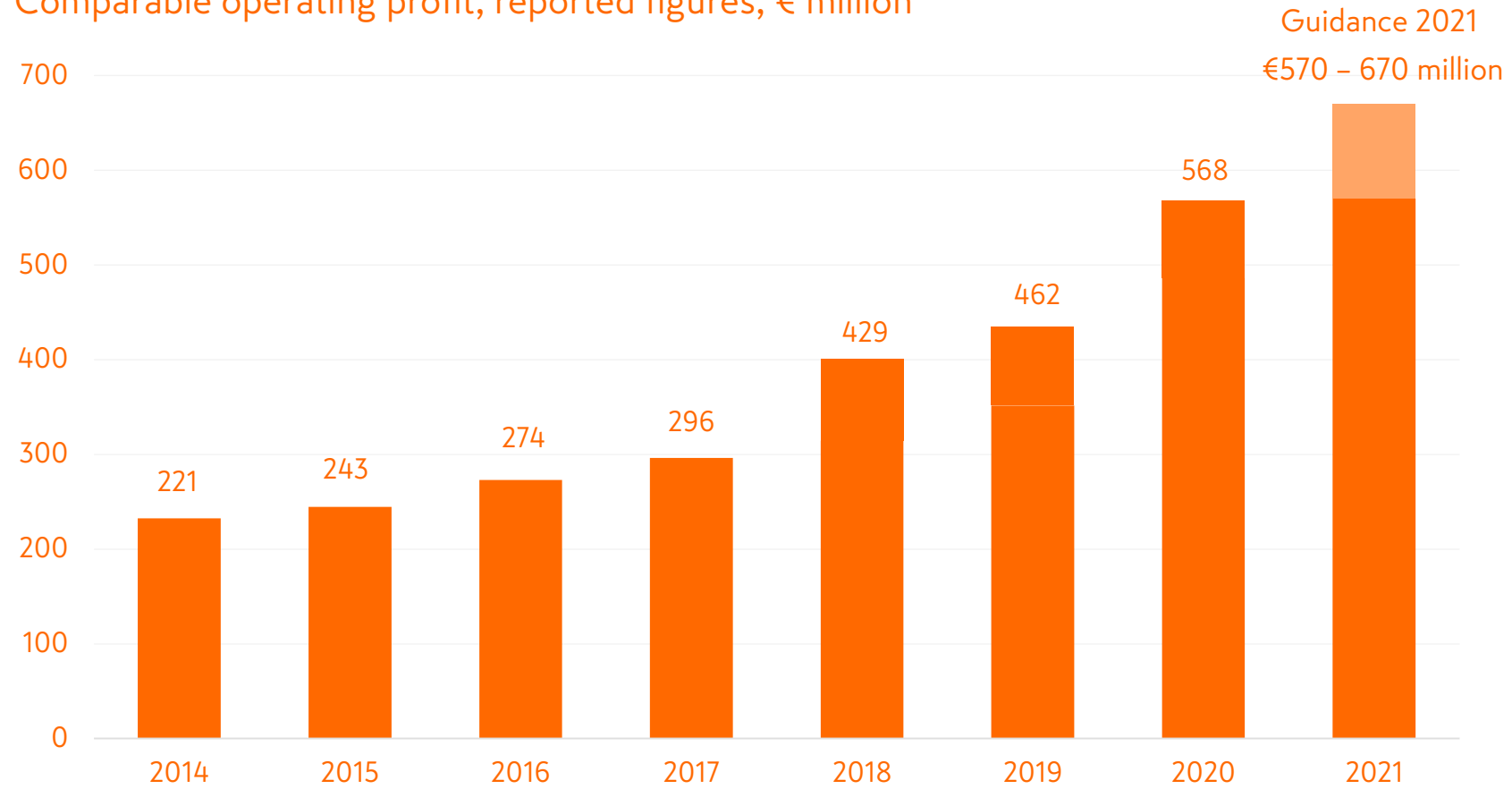
**Growth Strategy Will Underpin Strong
Development Also in Years to Come**

A Well-Functioning Strategy



Steady Profit Improvement

Comparable operating profit, reported figures, € million



2014-2019 continuing operations

IFRS 16 impact

Grocery Trade Well-Positioned to Continue Sales Growth Also in Upcoming Years

Estimates for the Finnish market

- Total demand may stay above pre-pandemic levels
- Foodservice to return to a growth track
- Online grocery sales will remain permanently higher and continue to grow
- Customers value quality and good service, price also important
- Importance of sustainability and locally produced food to increase

We will continue our own strong actions

- We will continue to redesign stores based on store-specific business ideas
- Utilising customer data in everyday store operations and business development
- Continued strong development of digital services and online sales
- Growing our lead in foodservice

Strong Country-Specific Actions to Support Growth in Building and Technical Trade Also in Upcoming Years

Estimates for the Northern European market

- Building and renovation estimated to stay at a good level in Finland and Scandinavia
- Share of B2B trade to continue to grow
- B2C trade expected to return to normal levels
- Growth in digital services and online sales to continue
- Market consolidation to continue

We seek profitable growth in all operating countries

- In Finland, we will continue to strengthen the market-leading positions of K-Rauta and Onninen
- In Norway, we will continue to further increase the sales and profitability of Bygghuset and Onninen
- In Sweden, we will continue to develop K-Bygg, K-Rauta and Onninen
- Good growth potential also in the Baltics and Poland
- Continued development of digital services and online sales
- Acquisitions to continue especially in Scandinavia

Transformation in Mobility Offers Growth Potential in Upcoming Years

Volkswagen Group

- World's leading car manufacturer
- Investing €46 billion in electric mobility
- Iconic brands: Volkswagen, Audi, Porsche etc.

Market in Finland

- Pressure to update the vehicle stock
- Focus in taxation shifting from car ownership to use
- Increase in fully electric and hybrid cars
- Lower-emission combustion engine cars also needed

Our transformation continues

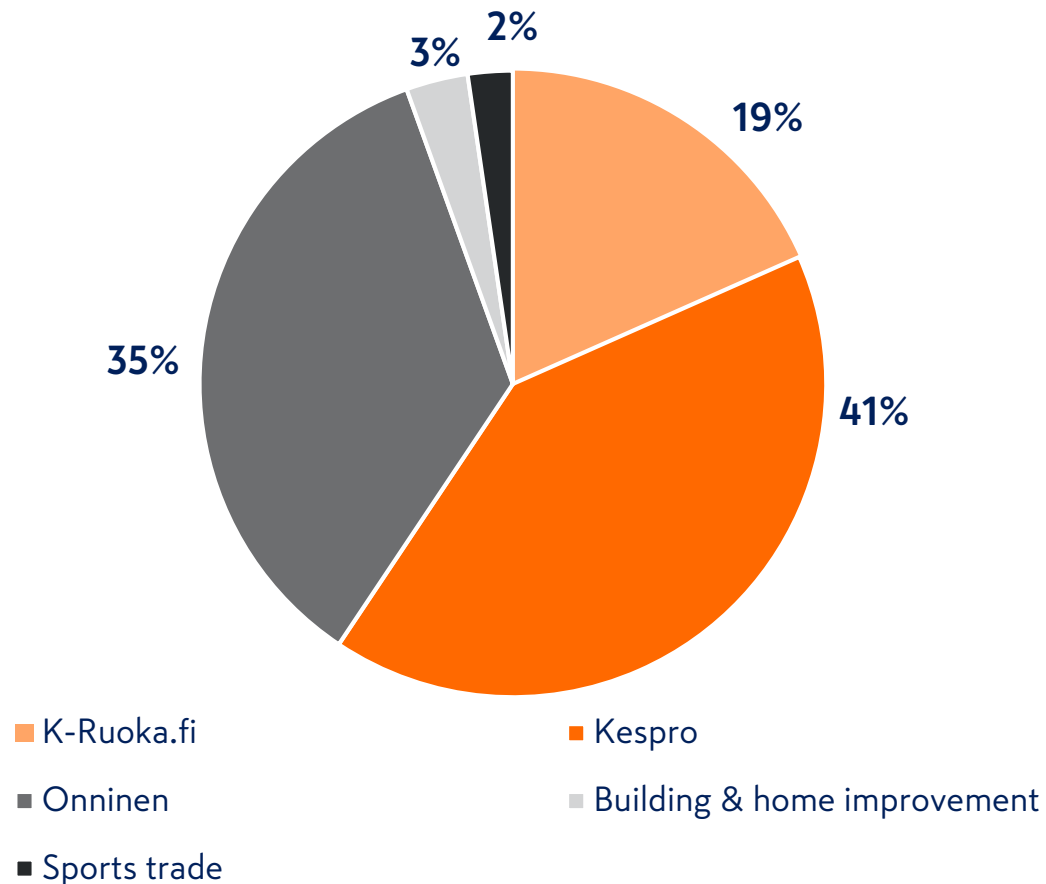
- Improving profitability
- Accelerating sales growth
- Improving customer experience
- Tightening our collaboration with the Volkswagen Group
- Growing used car sales



Kesko a Leading Operator in Digital Trade in Northern Europe

Digital Trade Sales of Nearly €1.3 billion

Online store sales of nearly €1 billion



Digital trade sales, Q1 2021, rolling 12 months

- Online stores for consumers:
 - K-Ruoka, K-Rauta, Bygghem, Intersport, Budgetsport
- Online stores for B2B customers:
 - Kespronet, Onninen, K-Rauta, K-RautaPRO, Bygghem
- Electronic EDI order system for B2B customers

Kesko's Online Stores Fast-Growing and Profitable Business

+343%

K-Ruoka.fi

74%

K-Rauta.fi

+25%

Onninen.fi

+101%

Sports trade

Q1/2021, rolling 12 months

**Rapid online growth thanks to our
functional and successfully executed
digital strategy**

Biggest Online Grocery Operator on the Market

Retail sales

€230m

Q1/21, rolling 12 months

Market share

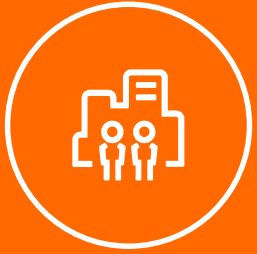
54%

in 2020

Growth

343%

Q1/21, rolling 12 months



The Best Online Grocery Customer Experience on the Market

- The most user-friendly online store application on the market
- The biggest selection of up to 30,000 products
- Competitive prices
- Fast and reliable home delivery and pick-up services
- Of the 1,200 K-food stores, 500 now offer online grocery sales services
- Local K-retailers with tailored store-specific business ideas
- Pirkka the best-known private label in Finland
- Loyalty programme and customer-specific marketing



Solid Foundation in Efficient Processes and Capabilities

- Extensive, versatile supply channels
- Nationwide store network enabling efficient home deliveries
- Collection constantly becoming more efficient
- Nearly all Finnish households part of the K-Plussa loyalty scheme
- Extensive utilisation of data and new technologies
- Efficient and reliable IT and logistics
- Wide-ranging corporate responsibility work with a long-term focus

**Online sales of groceries will grow
significantly in Finland during this decade**

**We aim to continue to be the clear
market leader in Finnish online grocery trade
also going forward**



Guidance

Guidance

Kesko estimates that its comparable operating profit in 2021 will be in the range of €570-670 million.

Before, the company estimated that the comparable operating profit would be
in the range of €520-620 million.

The illustrative comparable operating profit in 2020 was €554 million.



KESKO CELEBRATES ITS 80TH ANNIVERSARY