



## Q&A with President and CEO Mikko Helander on 23 July 2021 at Kesko's media and analyst briefing for the Q2/2021 interim report

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**Maria Wikström, Danske Bank:** Correct me if I'm wrong, but wasn't this a historical quarter with both grocery trade and building and technical trade reaching the same EBIT?

**Mikko Helander:** Well, Ari [Akseli, President of grocery trade division] would like to point out that grocery trade's EBIT was €200,000 higher.

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**Maria Wikström, Danske Bank:** Moving to own retailing has clearly been beneficial for you in building and technical trade in Norway – could you tell me what is the ratio between franchising stores and own retailing there?

**Mikko Helander:** Well first, let me note that we do not engage in franchising in Finland or elsewhere, instead we have independent retailers running the stores. As you rightly said, in Norway the share of retailer-run stores has decreased significantly as, in line with our strategy, we've acquired Byggmakker stores from retailers. The acquisition of Carlsen Frizoe decreased the share of retailer sales further, and Onninen, of course, is entirely operated by Kesko. I would estimate that some 80% of the Byggmakker chain is now operated by Kesko. Accounting for full net sales in Norway including Onninen, Kesko's share is above 90%.

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**Maria Wikström, Danske Bank:** How do you see the consolidation market in building and technical trade in the Nordics?

**Mikko Helander:** We see very good potential for growth both organically and via acquisitions. Going forward, it is very important for us that all businesses within all divisions are performing well. In building and technical trade, the good performance and record-result are due to all our operating countries performing well at the moment. That gives us a very good basis to continue growth both organically and with acquisitions. The acquisition of Byggarnas Partner is a good example of this, and it is no secret that we are eyeing many other interesting targets everywhere in Northern Europe, apart from Finland.

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**Maria Wikström, Danske Bank:** Could you give an update on the situation with Kesko Senukai?

**Mikko Helander:** As noted, we are doing well in all countries: that includes Kesko Senukai in the Baltics. We've seen good sales growth there and I expect that trend to continue. We've also been able to significantly increase profitability there. The business is going well and we are firmly committed to developing and growing Kesko Senukai. We disagree on certain matters with the other major shareholder of Kesko Senukai, and are working through the issues in court of arbitration. Our



communication is good and we are looking to establish common ground. I have trust in Kesko Senukai, and the business is running smoothly.

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**Maria Wikström, Danske Bank:** You're buying a plot in Nurmijärvi to establish a new logistics centre for grocery trade. Could you provide an update on that?

**Mikko Helander:** Things are proceeding according to plan. Our grocery trade business has grown massively in recent years. We are growing out of our efficient logistics centre in Vantaa and have very limited opportunities to expand operations there. We have now found and bought a good plot of land for logistics purposes, and that will enable us to expand our logistics in this decade and the next, thus ensuring that our sales growth will not be hampered by logistics issues. We'll develop the Nurmijärvi plot alongside our Vantaa centre, and construction is set to take place over a decade.

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**Hanna Jaakkola, VP, Investor relations:** We have a question online from Olli Vilppo, Inderes: "How do you see prices developing in building and technical trade going forward?"

**Mikko Helander:** Prices are going up, although the development varies between product categories. In some categories, products are scarce and availability is an issue. This applies to timber and various raw materials. The increase in prices has not yet affected our outlook much, but will have more of an impact from Q3 onwards. I once again want to thank our people for being able to ensure product availability, that is one of the reasons we've outperformed competitors. We'll most likely see prices rising, and we'll transfer the rise in costs quickly to sales prices.

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**Hanna Jaakkola, VP, Investor relations:** Finally, what is happening in [foodservice company] Kespro?

**Mikko Helander:** As the figures we presented today show, Kespro is also doing well. Kespro has been able to significantly increase its market share also during the pandemic, and now that the market is recovering, sales are growing forcefully. Kespro's position has grown even stronger. With eating out being a growing trend, this is another thing Kesko can be happy about. Having a strong foodservice business alongside grocery trade is a factor that separates Kesko from other European operators in the sector.