



KESKO PRESENTATION – 08/2021

Successful Strategy Execution Driving Profitable Growth

Jukka Erlund, CFO



K Group and Kesko Today

#1

Biggest in Finland,
#3 in Northern Europe
with retail sales of **€14bn**



Profitable growth
strategy in **3** core
divisions



1,800 stores and
comprehensive **digital**
services in **8** countries



Strong financial
position with good
dividend capacity



Market cap approx.
€14 bn with over **62,000**
shareholders

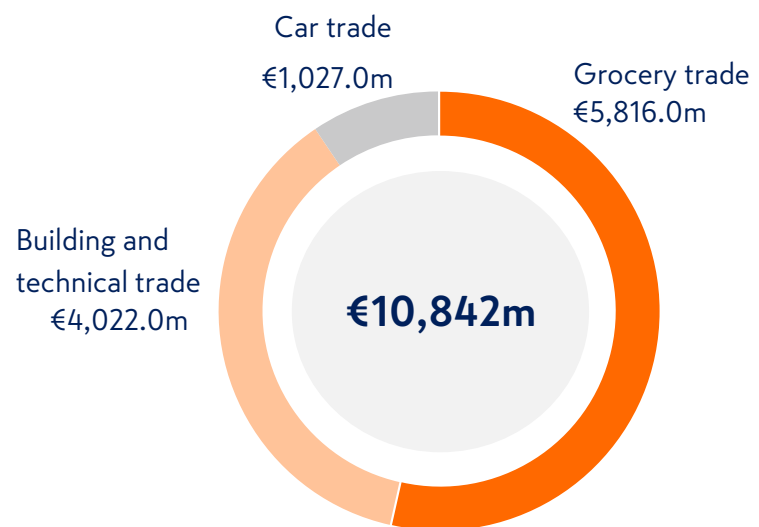


World's most sustainable
grocery trade company

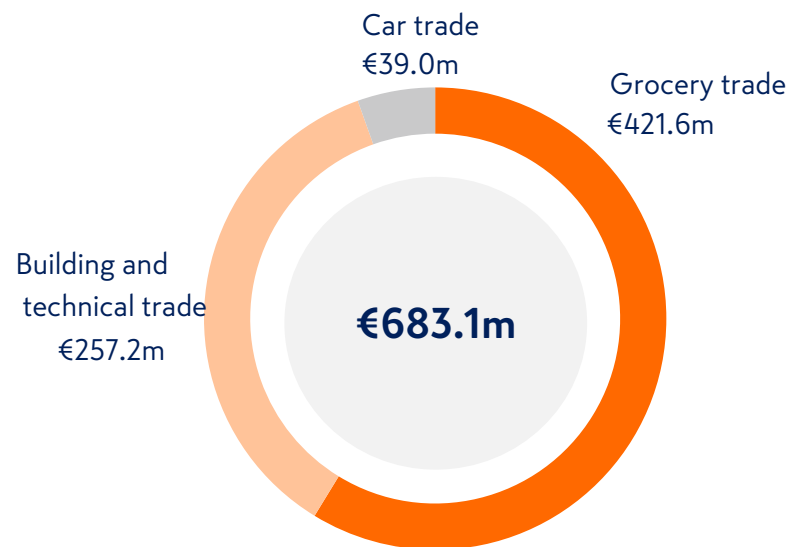


Kesko in a nutshell

Net Sales



Operating profit



Business Operations Focused in Three Divisions



€7.8
billion

Grocery trade

1,240 stores in Finland, of which 500 offer on-line services

K-retailers guarantee quality

#2 in Finnish retail, market share ~37%

#1 on the Finnish foodservice market



€5.7
billion

Building and technical trade

Serves three customer segments: technical professionals, professional builders, and consumers

500 stores in total in 8 countries

#1 in Northern Europe



€1.0
billion

Car trade

Volkswagen, Audi, SEAT, Porsche, Bentley, and MAN trucks

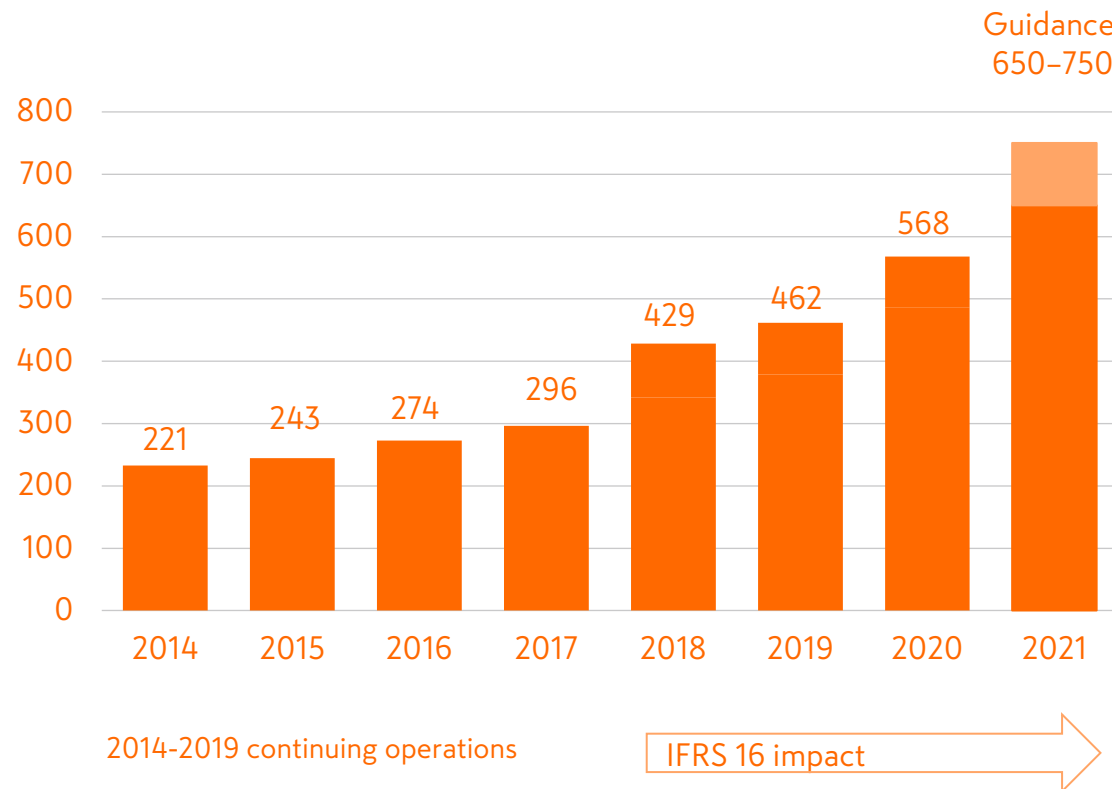
#1 in Finland

We continue the execution of our successful strategy



Profitability Has Improved Significantly Thanks to Our Good Strategy and Its Strong Execution

Comparable operating profit
Reported figures, € million



- Good performance underpinned by strategy that centres on growth, focus and transformation
- More than 30 m&a-transactions: acquisitions to support core business growth, successful divestments
- Extensive digitalisation of business operations – forerunner in utilising customer data and automation
- Significant improvements in customer experience through business transformation and store development
- A forerunner in sustainability – the world’s most sustainable grocery trade company

Forerunner in Trading Sector Digitalisation

Using digitalisation to improve customer experience and make operations more efficient



Online and digital sales growing forcefully

Digital sales already exceed €1.3 billion

Growth in online sales continues strong

Continuously improving online efficiency and customer experience



Data and analytics at the core of business operations

K Group's customer loyalty scheme in Finland has 3.3 million customers

Data-based store-specific business ideas and services

Extensive utilisation of data in everyday decision-making

Versatile data services to partners



Digitalisation of stores and processes proceeding at a fast pace

Easy-to-use tools to make store processes more efficient

Electronic shelf labels help improve customer satisfaction and make operations more efficient

Electronic in-store displays make stores even more effective marketing channels

Automation of supply chain and background processes



Digitalisation increases customer loyalty

Targeted marketing

Personal benefits and offers

Digital Plussa money

Personal purchase trackers, e.g. carbon footprint calculator

Seamless customer experience irrespective of channel

Corporate Responsibility and Sustainability

Enabling sustainable choices for our customers, sustainability as a guiding value in all operations



Ambitious climate objectives

Carbon neutral by 2025

Zero own emissions by 2030

Encouraging suppliers and customers to reduce emissions



Sustainable choices for customers

World's most sustainable grocery trade company

Enabling e-mobility

Purchases from responsible suppliers

Promoting local products and Finnish work



Sustainability central to all operations

Strong sustainability work in all businesses

The best people and excellent employee experience

A good, trusted partner

A good corporate citizen

Kesko's Sustainability Efforts Recognised Internationally

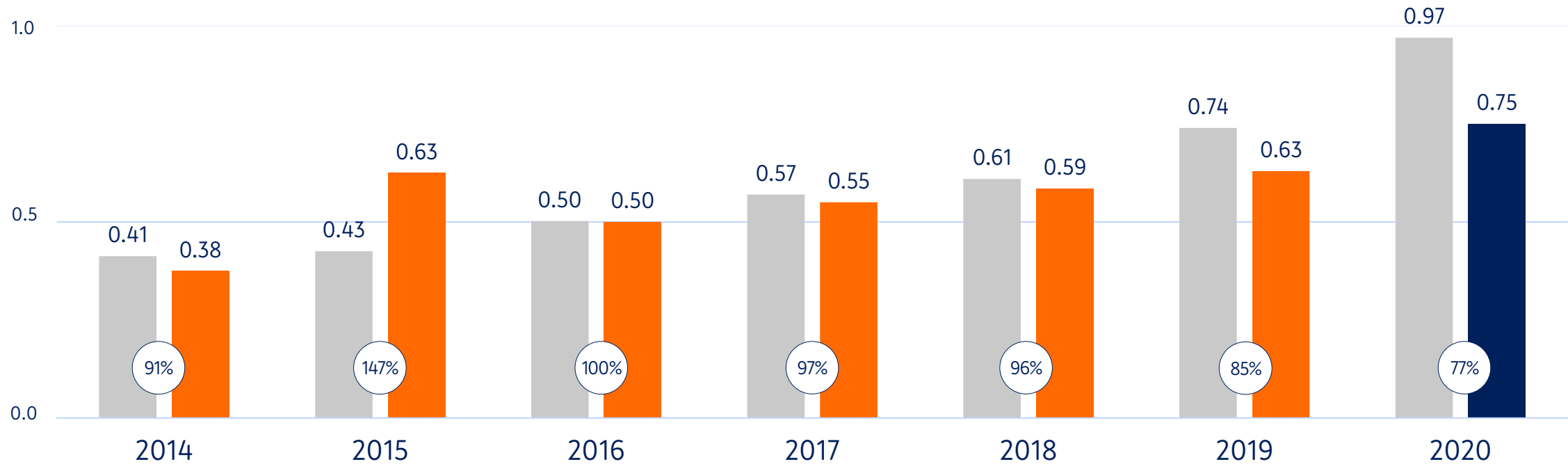


Financial Targets

Financial Targets	
Operating margin, comparable	Over 6%
Return on capital employed, comparable, %	Over 14.5%
Interest-bearing net debt/EBITDA, excluding IFRS 16 impact	at maximum 2.5

Solid Dividend Track-record

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.



Continuing operations, post split

■ Earnings per share

■ Dividend



Strong Financial Position

Cash flow from operating activities operatively at last year's level

	Q2/2021	Q2/2020
Cash flow from operating activities, € million	346.6	421.8
Liquid assets, € million	366.7	461.8
Capital expenditure, € million	82.7	69.1
Interest-bearing net debt excl. lease liabilities, € million	194.4	330.0
Interest-bearing net debt/EBITDA (rolling, excl. IFRS 16 impact)	0.2	0.6
Lease liabilities, € million	1,965.6	2,312.1

Guidance

Kesko estimates that its comparable operating profit in 2021 will be in the range of €650-750 million.
In 2020, Kesko's illustrative comparable operating profit totalled €554 million.



**KESKO CELEBRATES
ITS 80TH
ANNIVERSARY**