



KESKO INTERIM REPORT Q3/2021

The Best Result in Kesko's History



Key Events in Q3

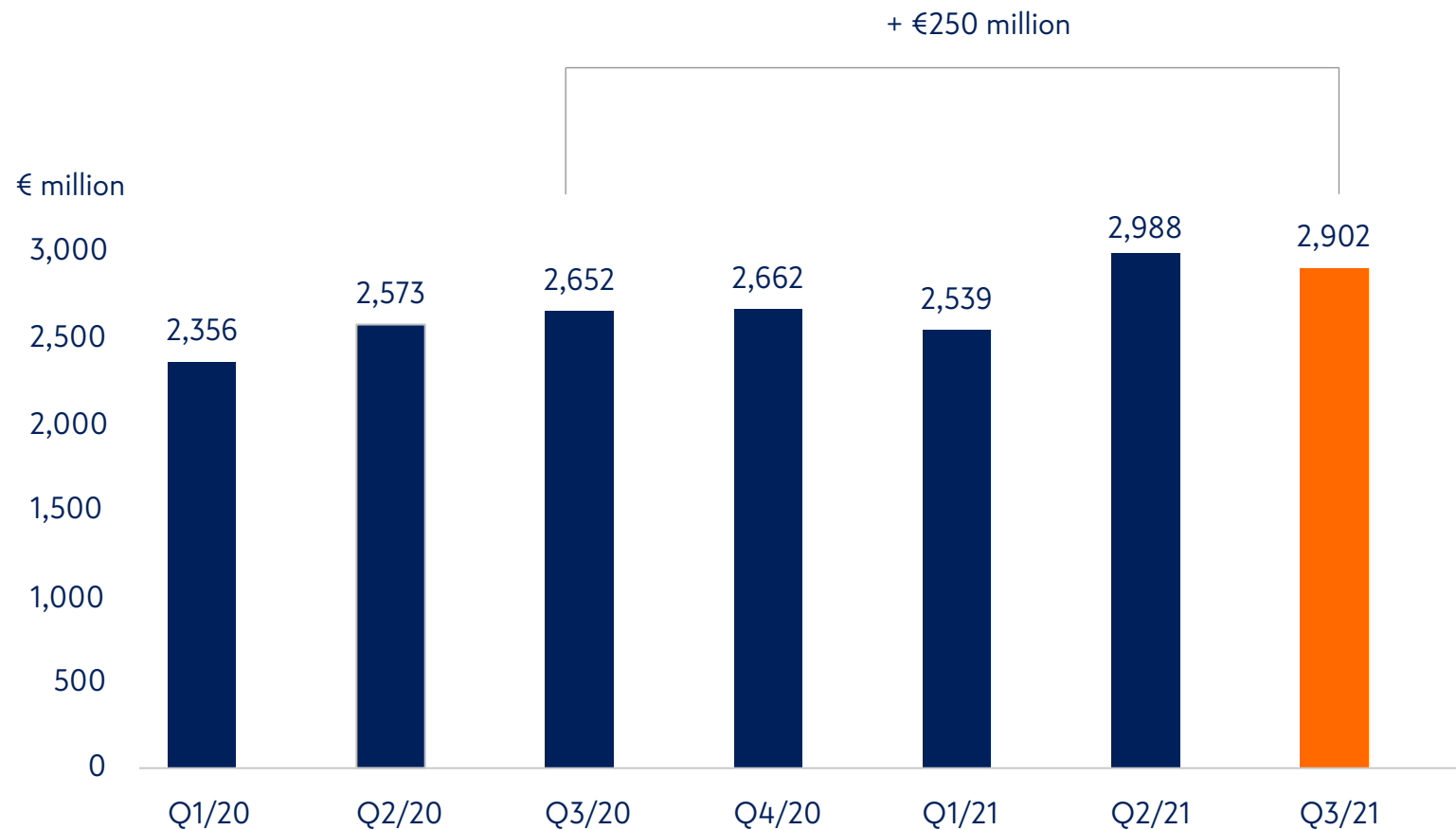
- The best result in history
- Record result and continued profitability improvement in grocery trade
- All-time best profit and profitability in building and technical trade
- Good result also in car trade
- Byggarnas Partner part of Kesko as of 1 Sept. 2021

	7-9/2021	7-9/2020
Net sales, € million	2,902.4	2,651.9
Net sales growth, %	7.8	4.6
Operating profit, € million	236.4	181.8
Operating margin, %	8.1	6.9
Profit before tax, € million	219.3	163.6
Earnings per share, basic, €	0.43	0.33
Cash flow from operating activities, € million	381.2	286.6

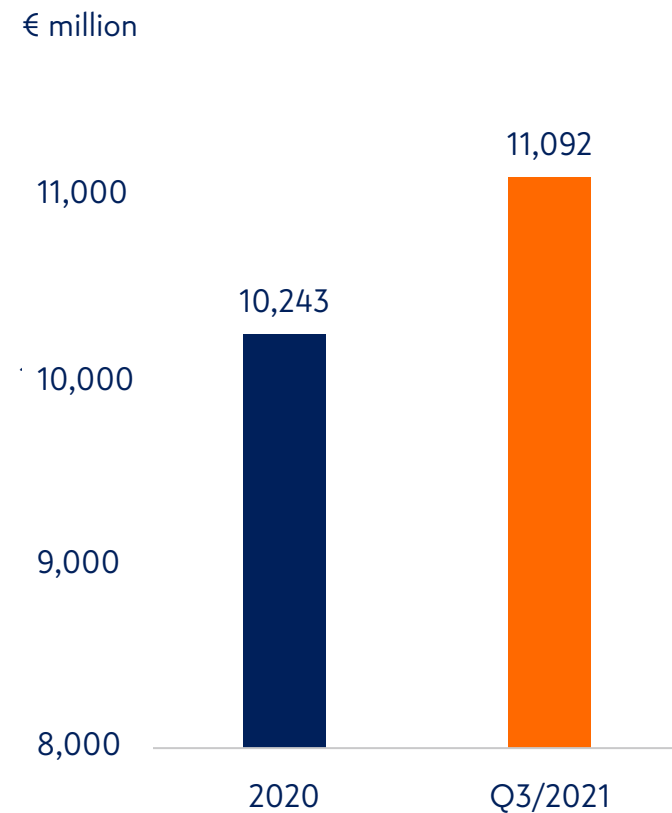
Comparable figures

Net Sales

Growth, comparable 7.8%

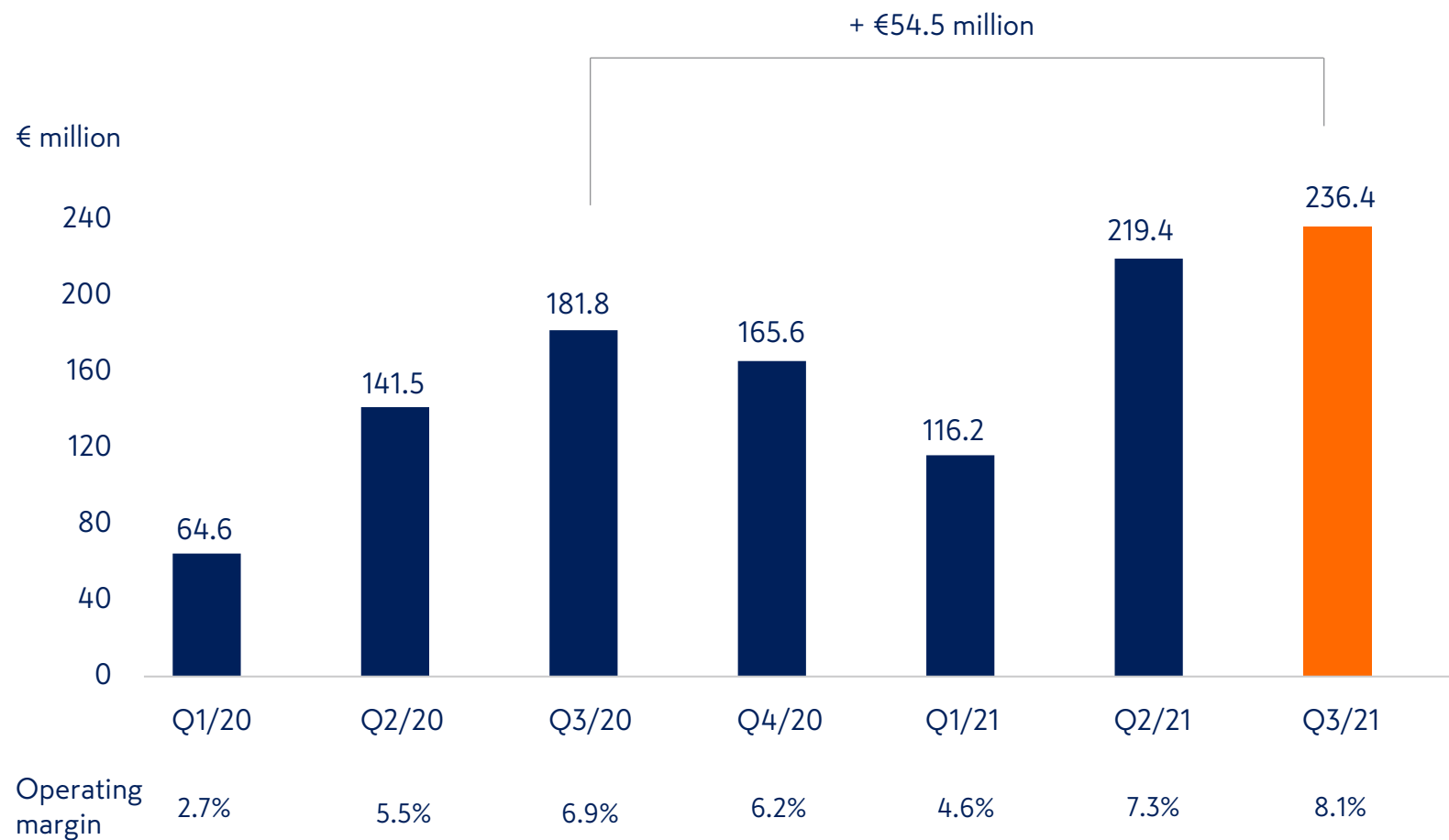


Rolling 12 months

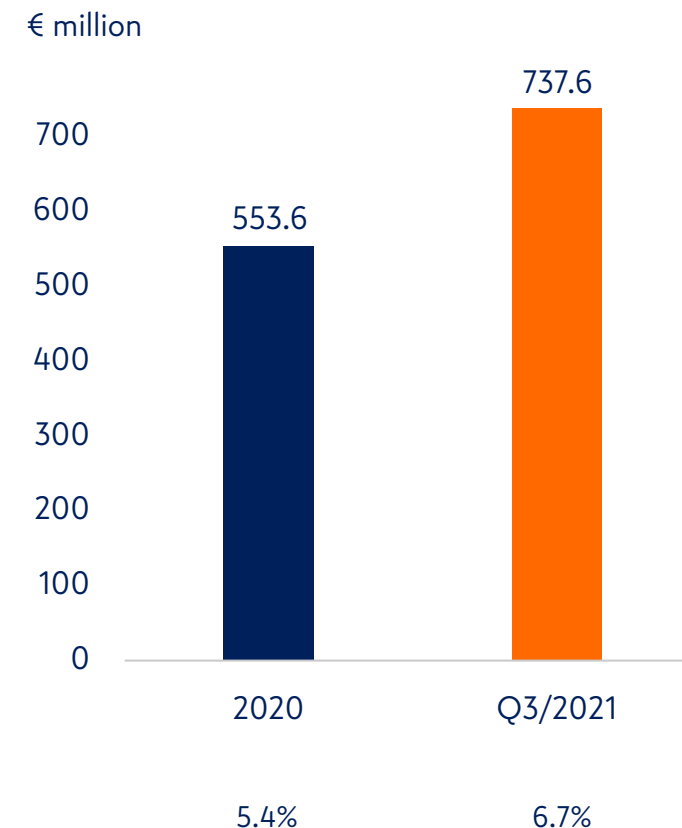


Comparable Operating Profit

Growth, comparable €54.5 million

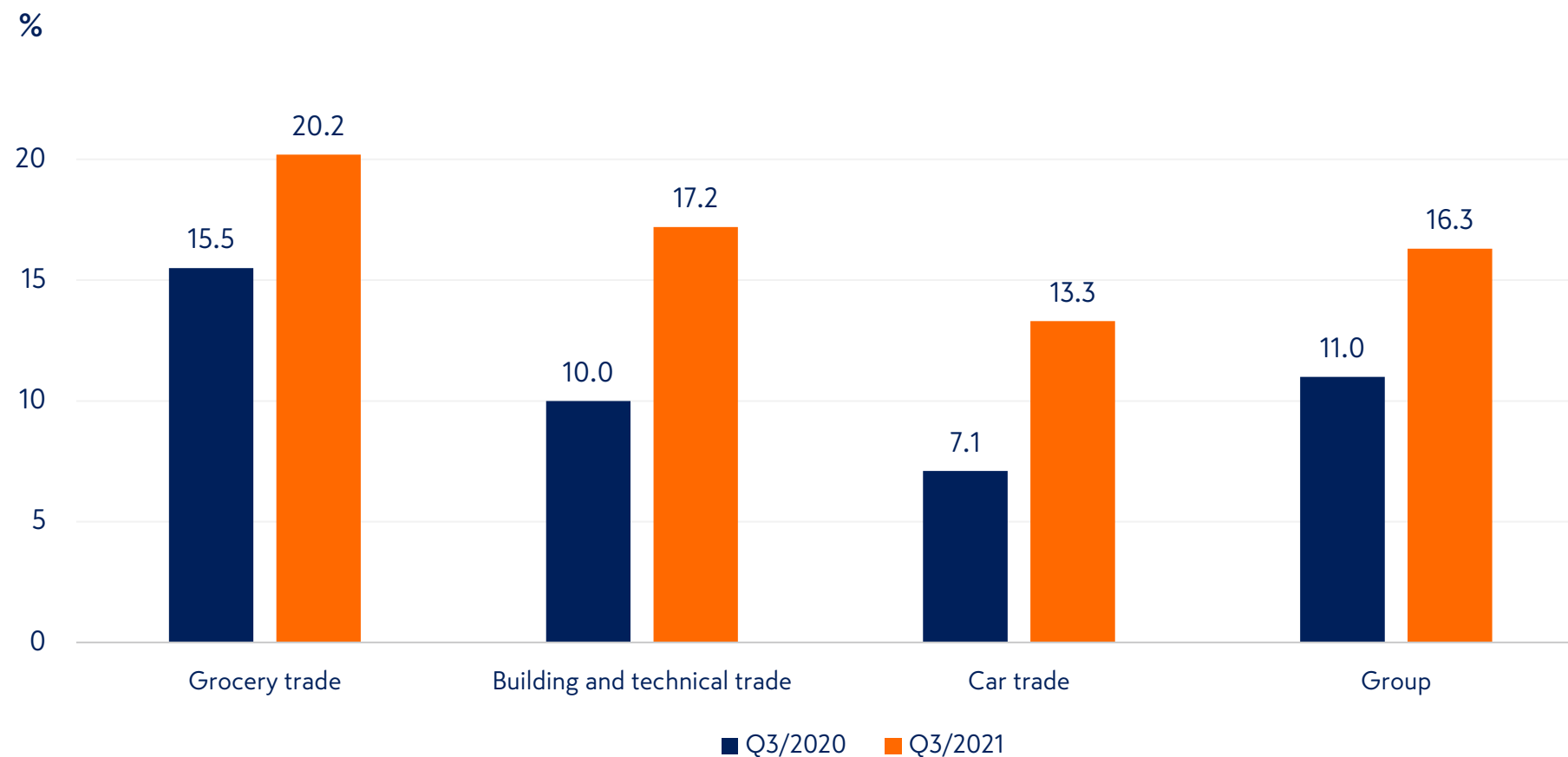


Rolling 12 months



Return on Capital Employed

Return on capital employed continue to strengthen



Strong Financial Position

	Q3/2021	Q3/2020
Cash flow from operating activities, € million	381.2	286.6
Liquid assets, € million	527.7	304.1
Capital expenditure, € million	69.1	174.8
Interest-bearing net debt excl. lease liabilities, € million	-46.0	347.3
Interest-bearing net debt/EBITDA (excl. IFRS 16 impact, rolling)	-0.1	0.5
Lease liabilities, € million	1,953.9	2,014.1

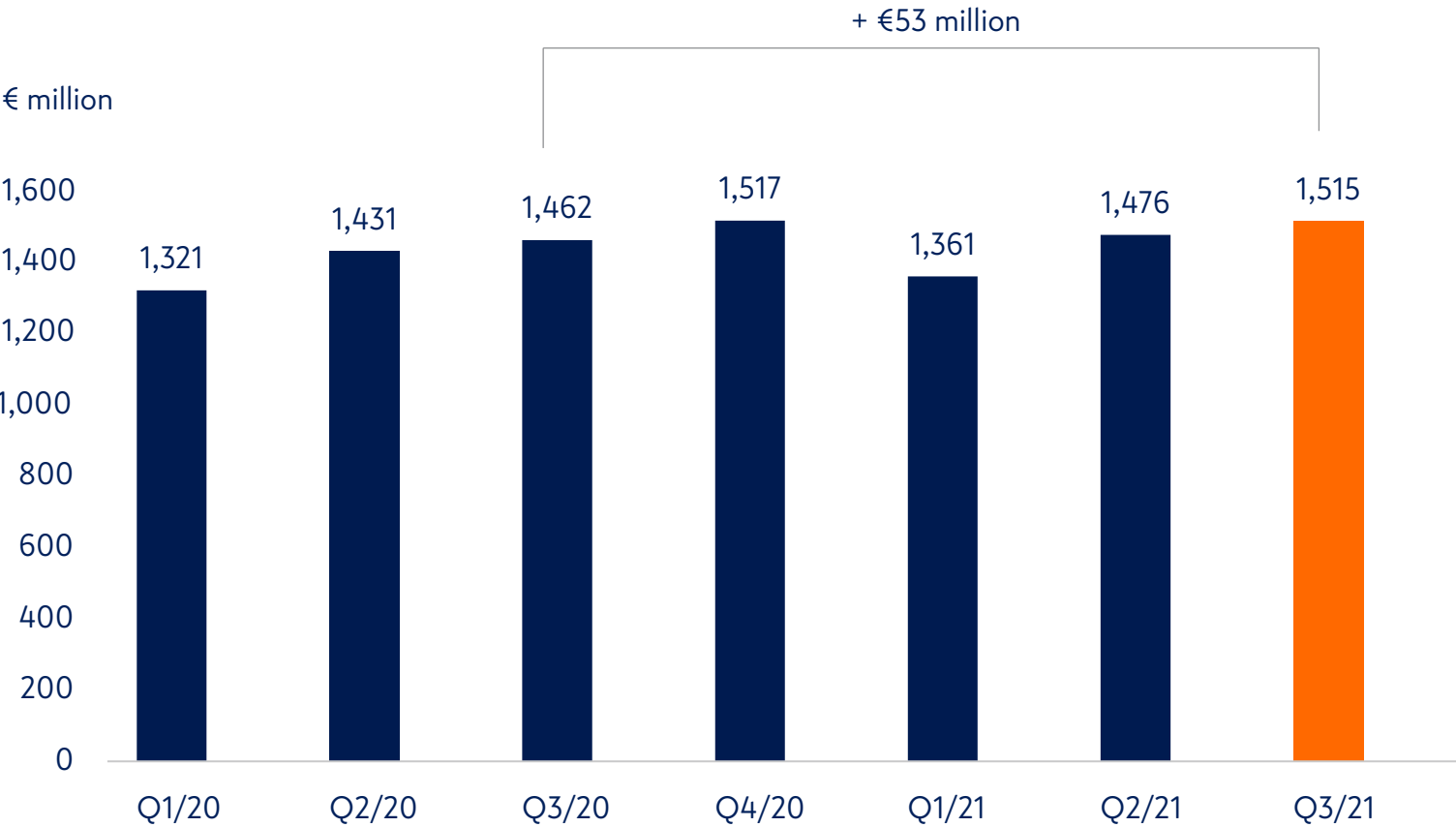


GROCERY TRADE

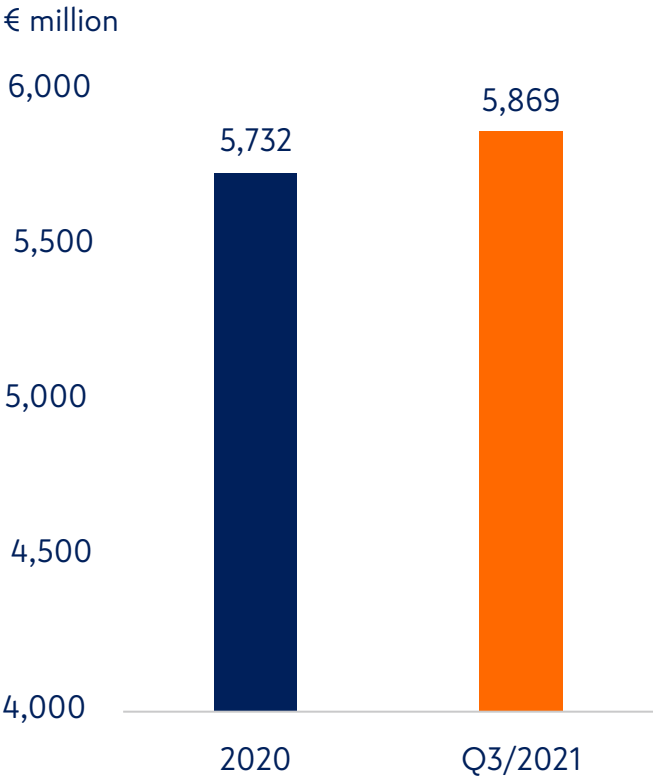
Strong Development Continued in Food Trade

Grocery Trade Net Sales

Growth 3.6%

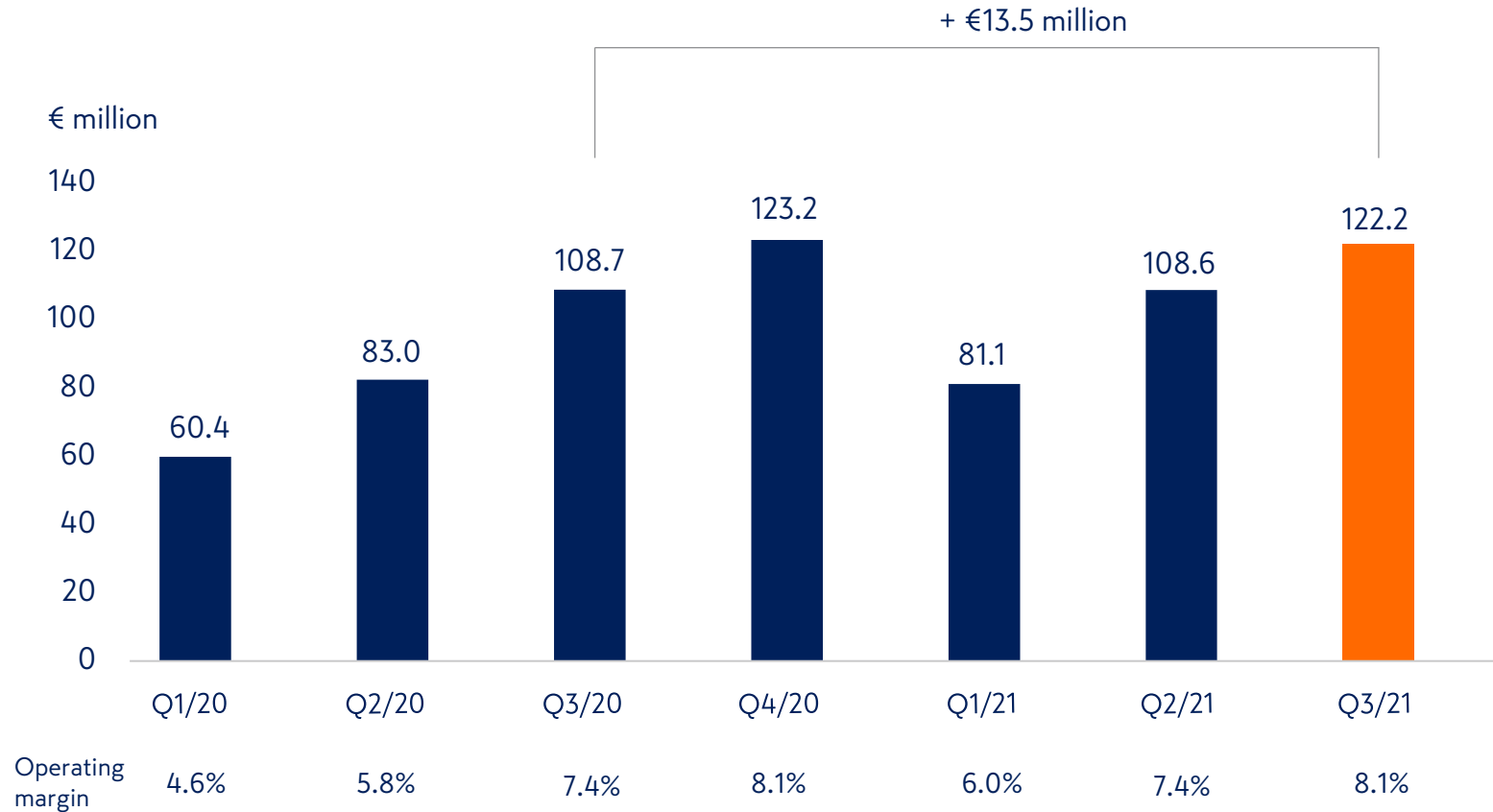


Rolling 12 months

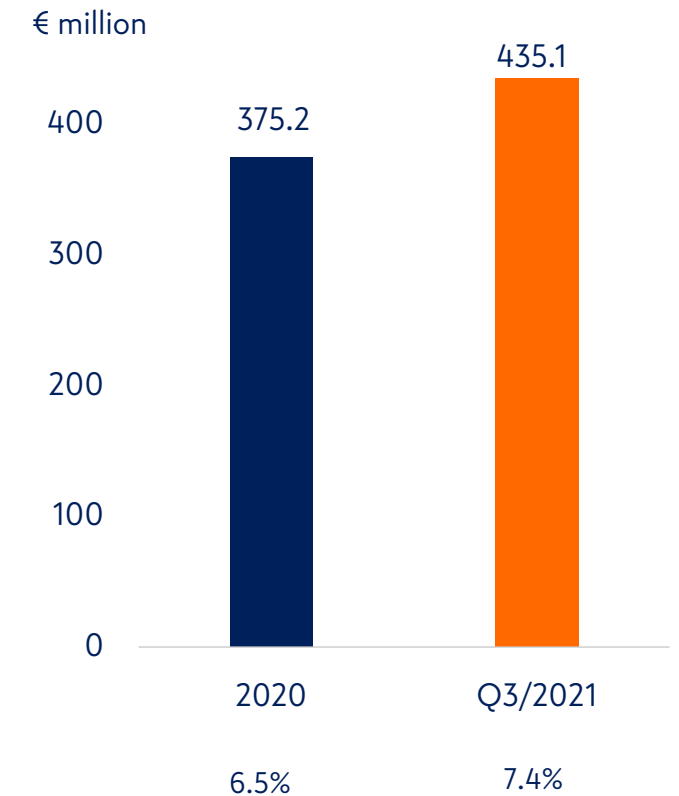


Grocery Trade Operating Profit

Growth €13.5 million



Rolling 12 months



Grocery Trade Q3

Market Q3

- Food market grew:
 - Grocery trade total market growth 3.3%*, retail prices up by 1.2%**
 - Foodservice market growth 5.2%*
- Demand in grocery trade continued strong
- Growth in online grocery demand normalised
- Demand for restaurant-quality ready meals growing

K Group

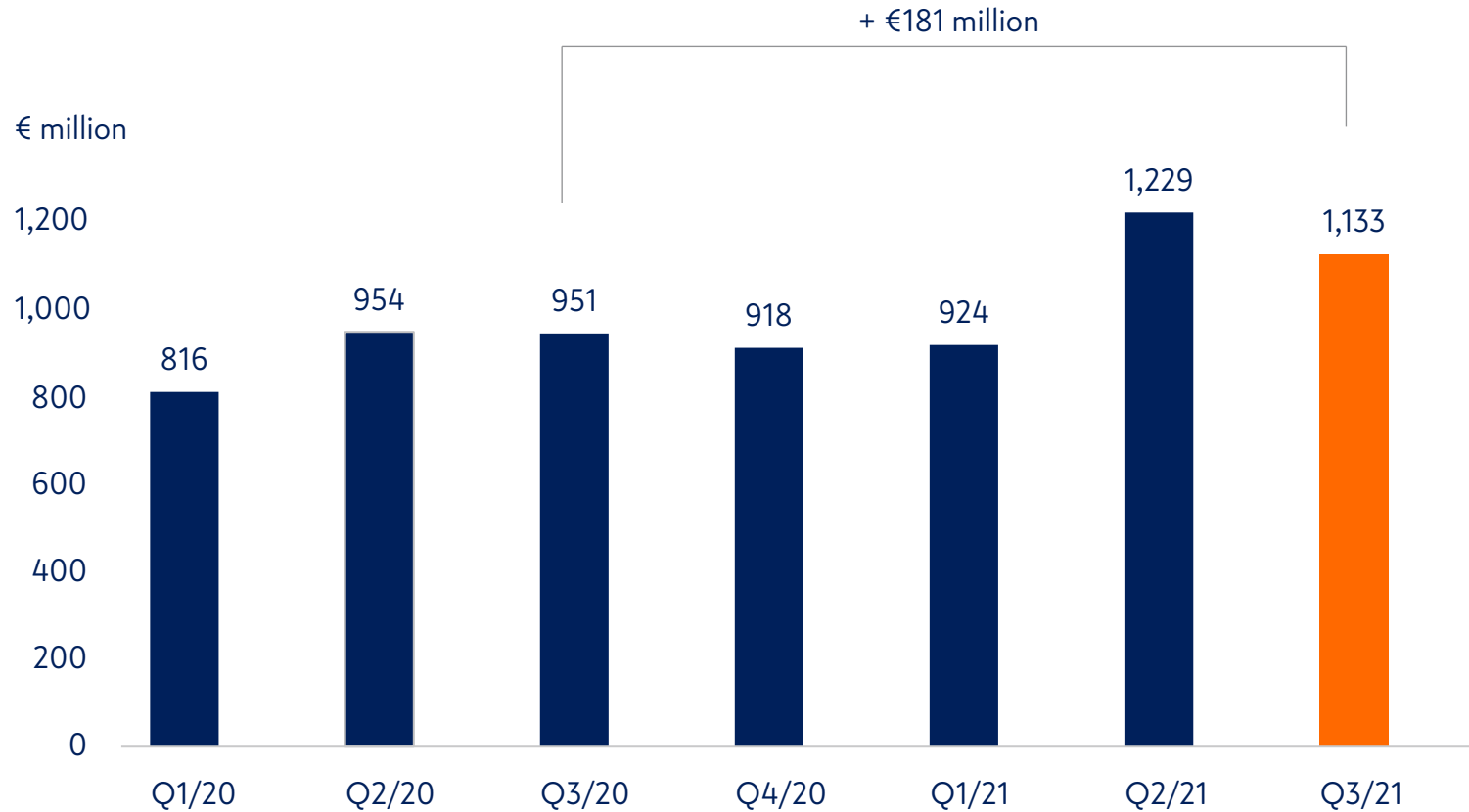
- Market share in food trade strengthened: sales of K Group grocery stores +3.3%, Kespro's net sales +8.9%
- Sales grew in all grocery store chains
- Record result, profitability continued to improve
- Online grocery sales grew by 17.3%, up by 334% compared to 2019



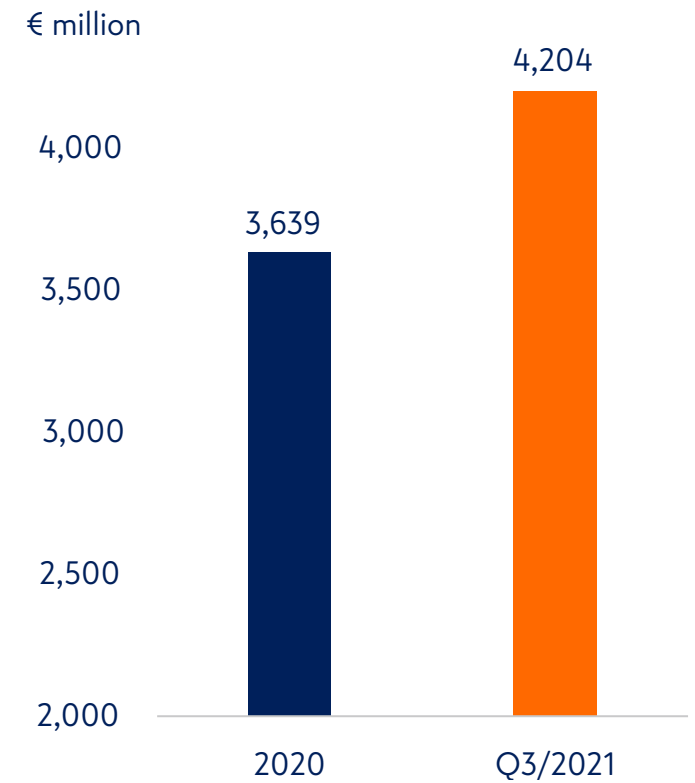
BUILDING AND TECHNICAL TRADE
**Strong Development Continued in
All Operating Countries**

Building and Technical Trade Net Sales

Growth, comparable 14.6%

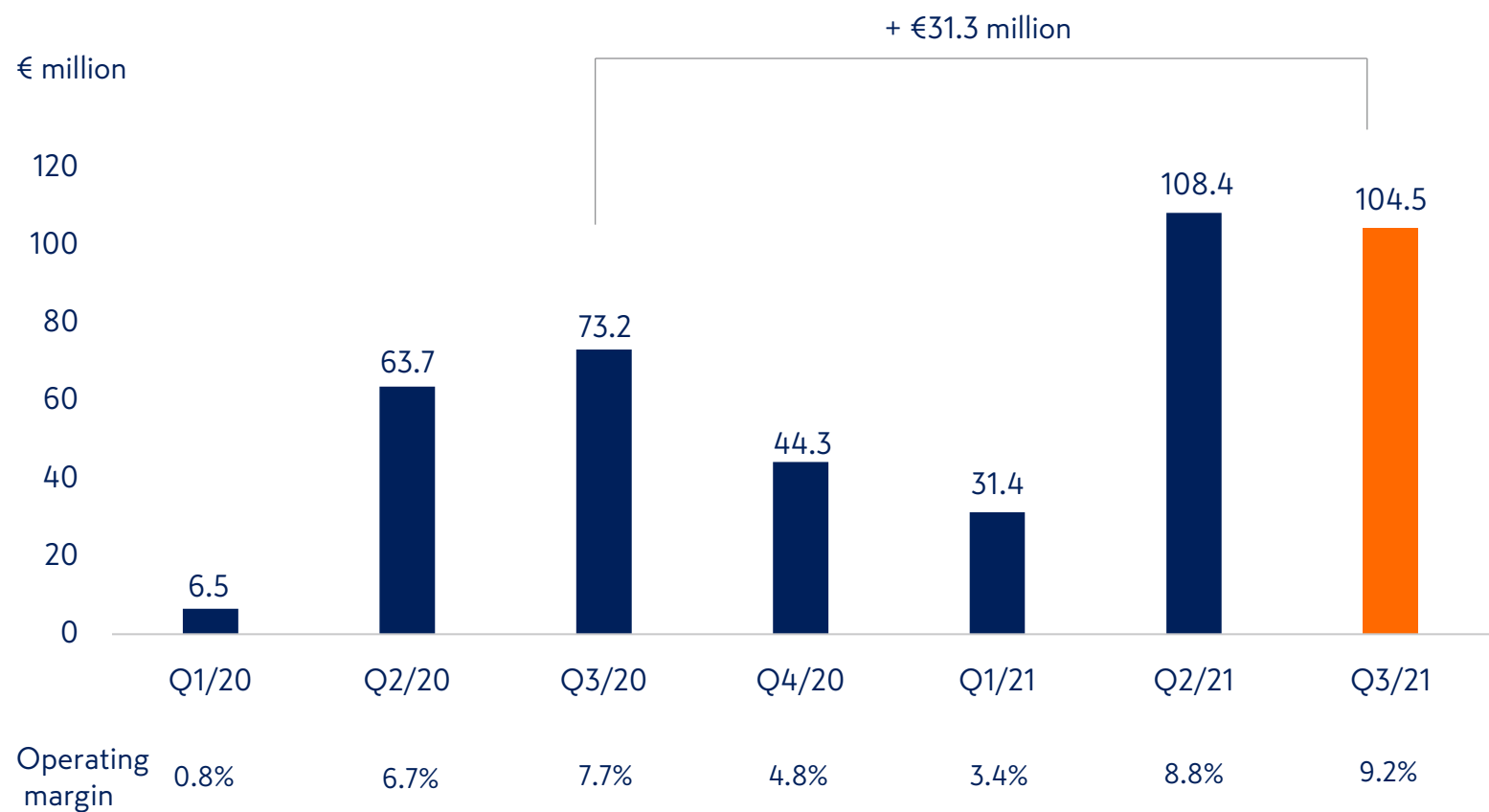


Rolling 12 months

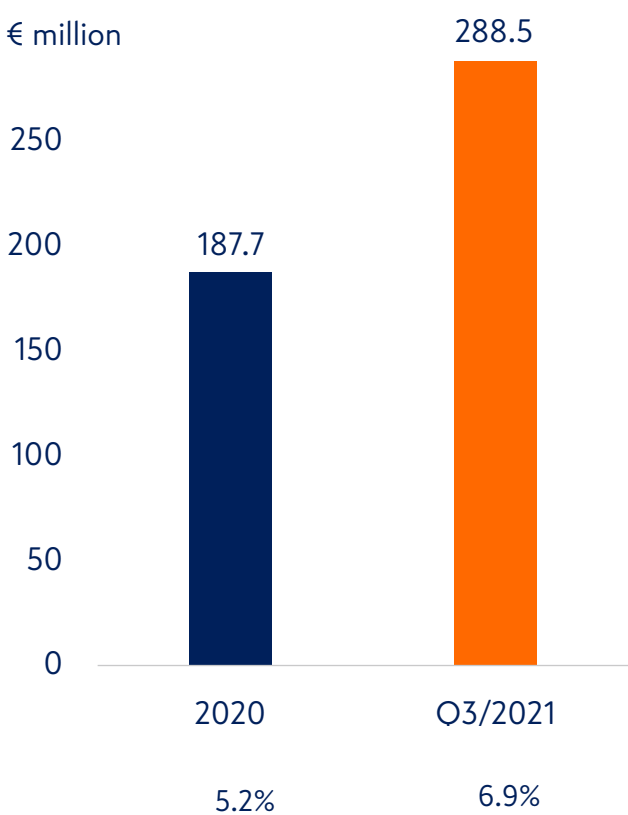


Building and Technical Trade Operating Profit

Growth €31.3 million



Rolling 12 months



Building and Technical Trade Q3

Market Q3

- Construction and renovation still growing in Northern Europe
- Demand in B2B trade has continued strong
- Demand in B2C trade still good although down from last year's peak levels
- Availability issues in many product categories
- Raw material costs have risen especially for wood, plastic and metal products

K Group

- Record result – sales and profitability improved in all operating countries
- Profit for K-Rauta and Onninen in Finland continued to improve
- In Norway, sales and profitability for Bygghem and Onninen improved significantly
- Good development continued in Sweden
- In sports trade, sales and market share grew, profitability has improved markedly

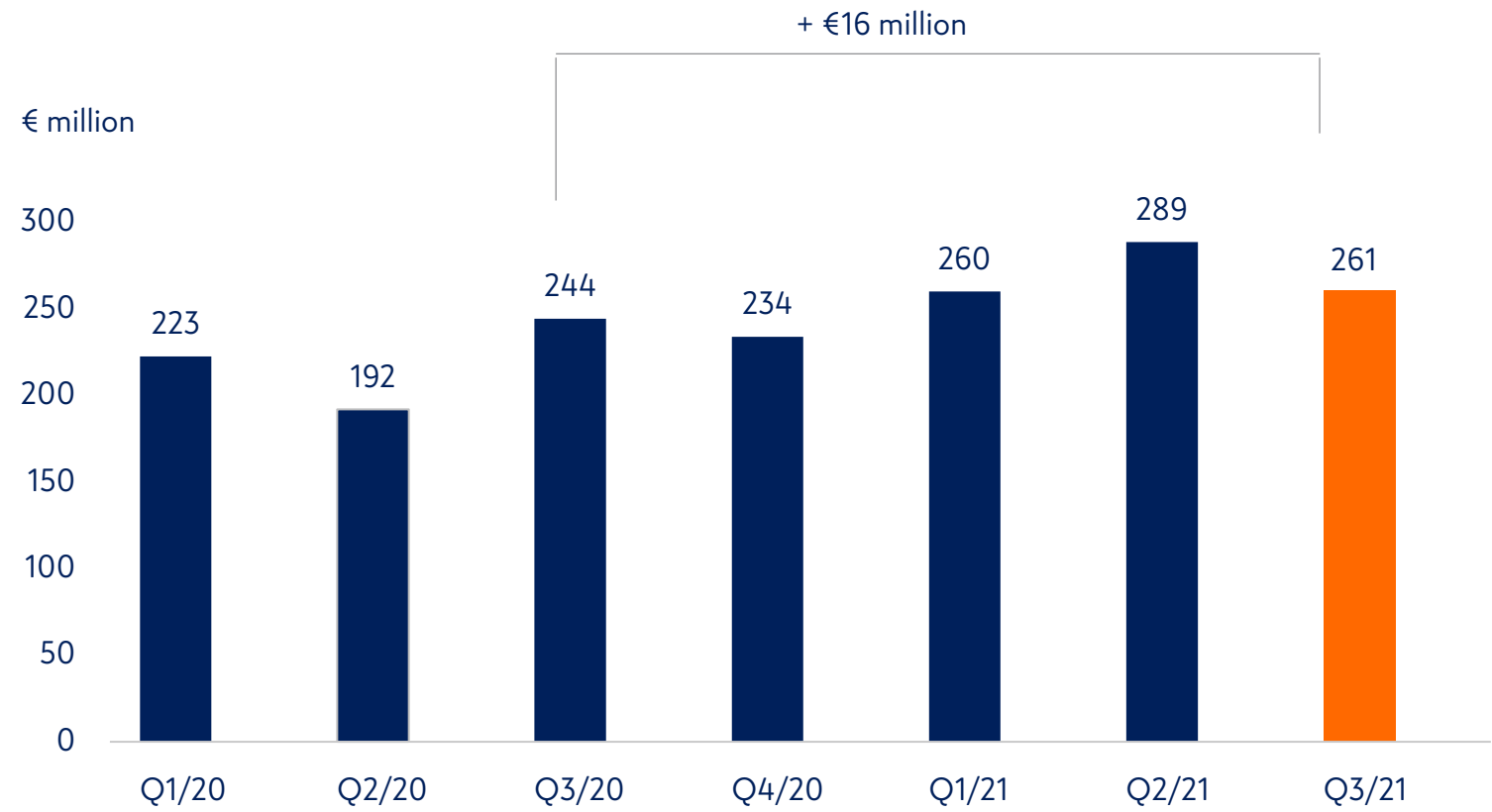


CAR TRADE

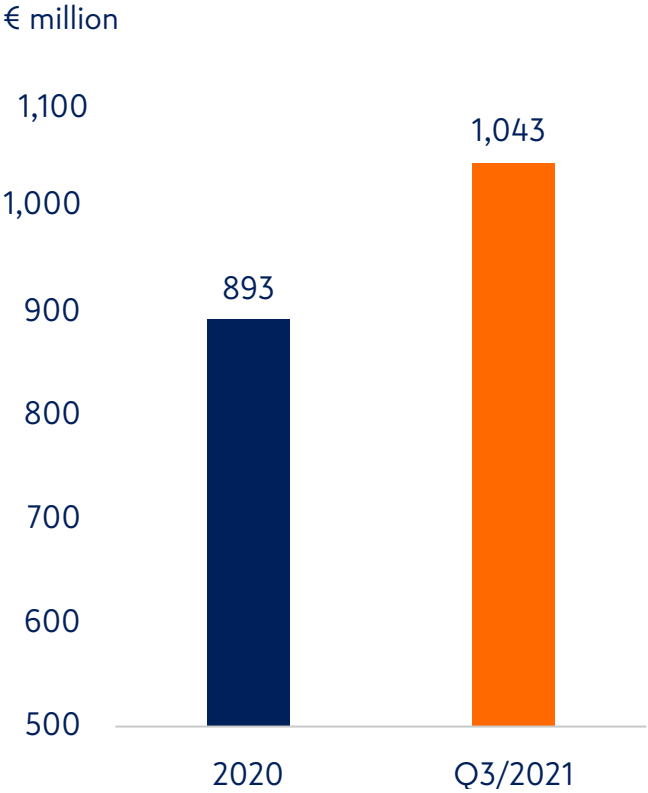
Transformation Efforts Proceeding and
Yielding Results

Car Trade Net Sales

Growth 6.7%

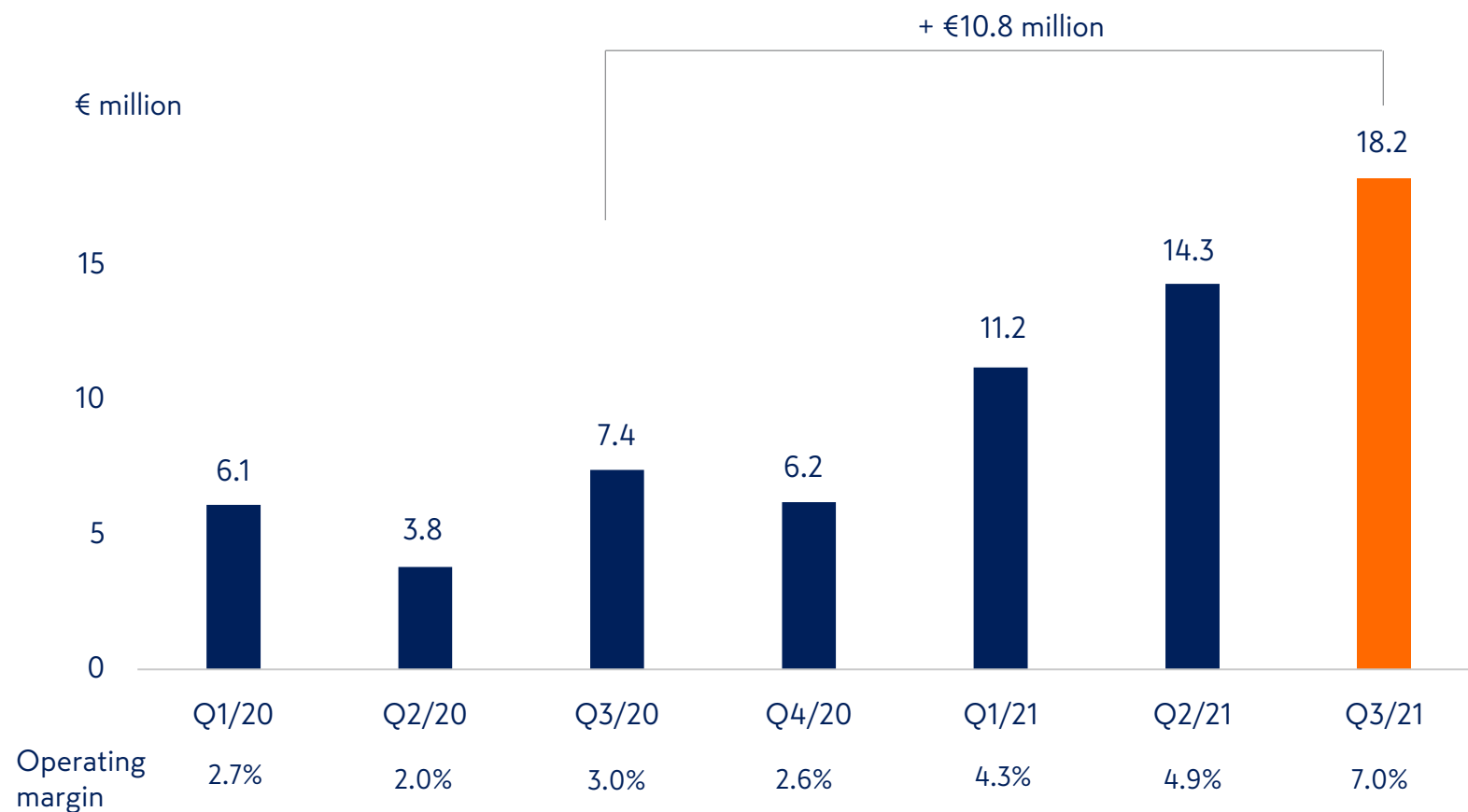


Rolling 12 months

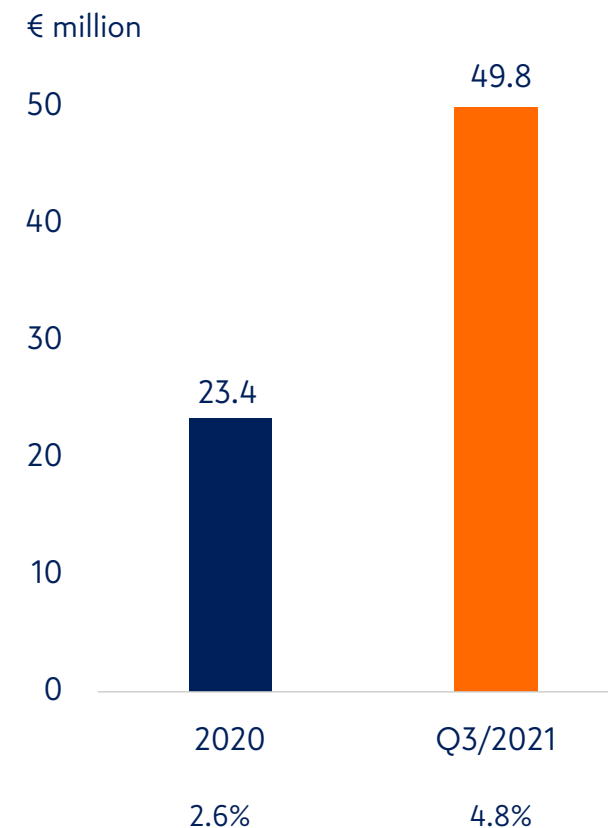


Car Trade Operating Profit

Growth €10.8 million



Rolling 12 months



Car Trade Q3

Market Q3

- Demand for cars has recovered, demand for servicing has grown
- Car availability an issue globally due to growing demand and component shortages
- Finnish government proposed that new electric cars be exempt from car tax as of 1 Oct.
- Due to availability issues and change in EV taxation, first registrations down by 16.7%
- New all-electric cars and rechargeable hybrids account for 30% of passenger car first registrations

K Group

- Market share of our brands has risen to 16.6% (15.8%)
- New passenger car sales down by 12.5% due to availability issues and EV tax proposal
- All-electric cars and rechargeable hybrids account for 42% of sales
- Profitability improved thanks to sales and sales margin growth, cost adjustment measures and exceptional items with a positive profit impact
- The transformation of our operations is proceeding and yielding results, all businesses in profit

We Continue the Execution of Our Growth Strategy

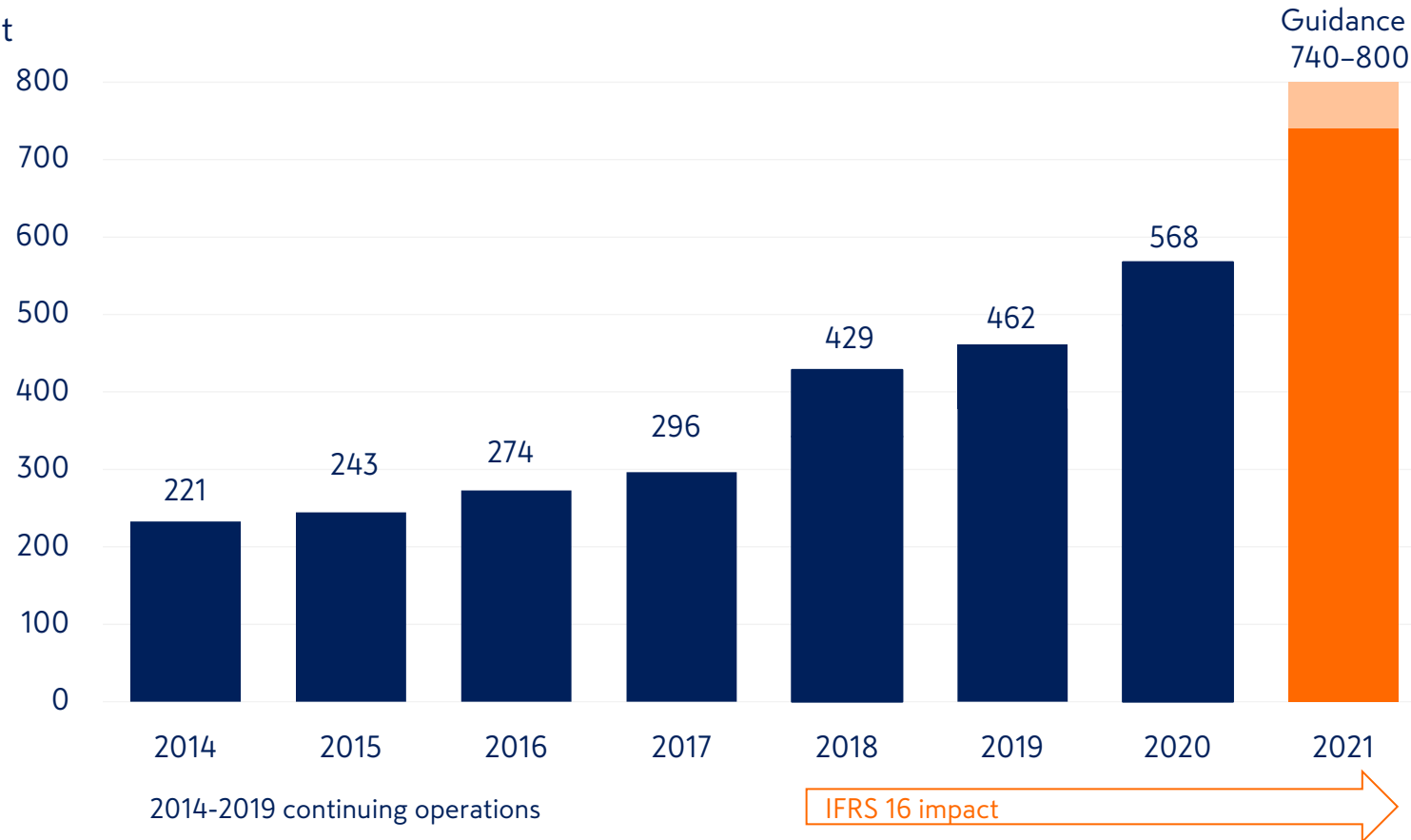
We Have a Good Strategy



Profitability Has Constantly Improved

The good recent market development has contributed to profitability improvement

Comparable operating profit
Reported figures, € million



Sales Growth Through Existing Stores and Systems Has Significantly Improved Efficiency

Plenty of further untapped potential

Retail and B2B
sales growth
for core businesses
since 2014

€4.2bn

versus end of 2020

Steady cost ratio
improvement

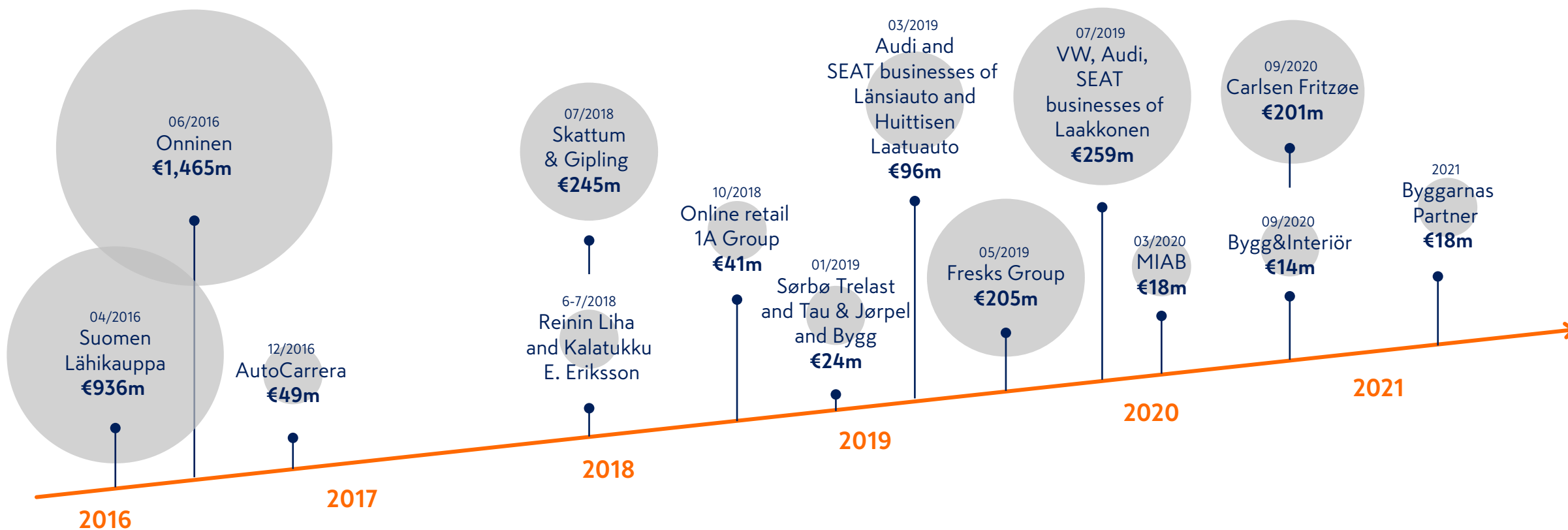
16.4%

2014: 19.2%

IFRS 16 impact from 2018
Q3/2021, rolling 12 months
Costs / reported Group net sales

Acquisitions Significantly Supporting Profitability

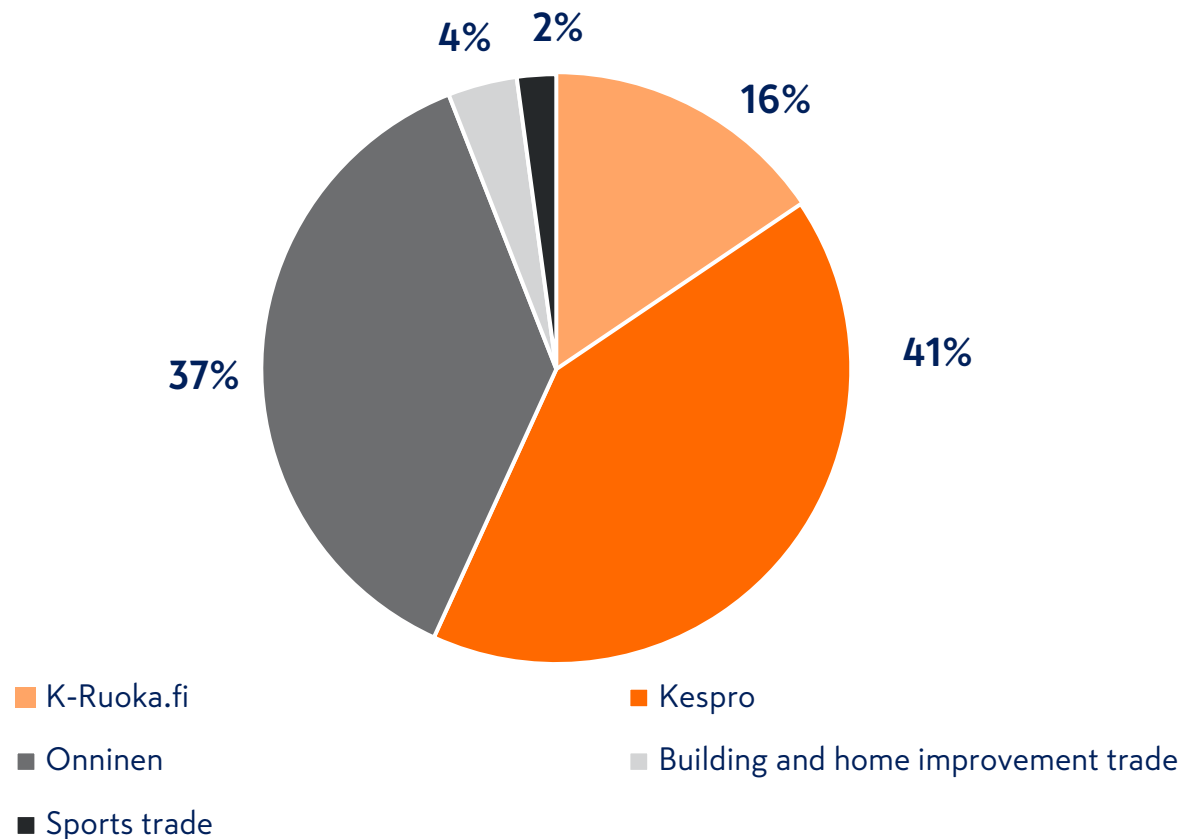
Integration of acquired businesses has been successful



Digital Sales Now Worth €1.4 billion

Digital trade sales €1.4 billion

Q3/2021, rolling 12 months

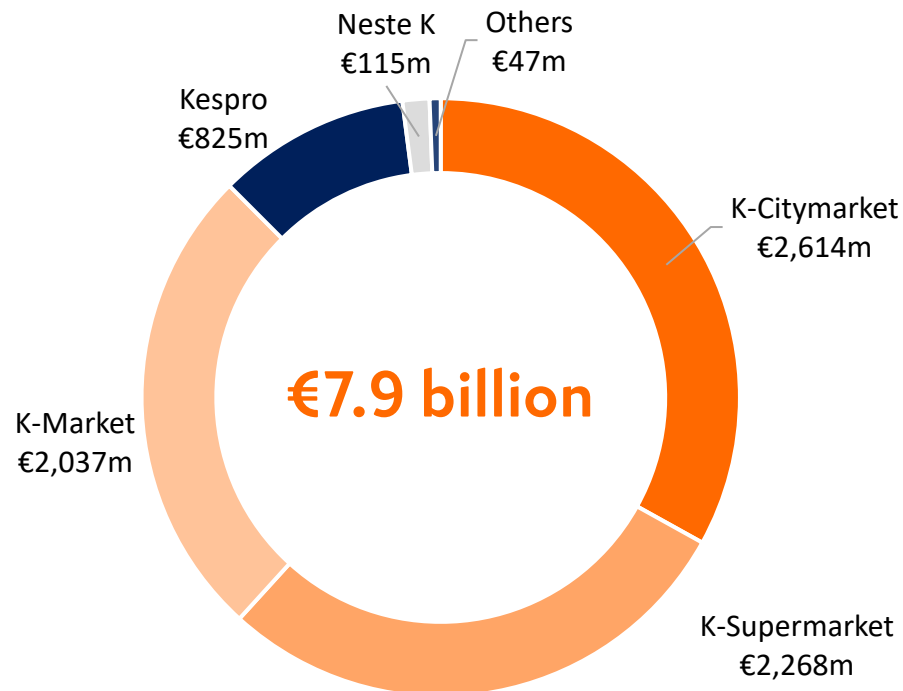


- In B2B trade, particularly strong growth in Kespro's and Onninen's digital sales
- Strong online growth also in B2C:
 - K-Ruoka +55% (groceries)
 - K-Rauta +51% (building & home improvement)
 - Sports trade +51%

Figures Q3/2021, rolling 12 months

Strong Combination in Food Trade Forms Foundation for Profitable Growth Also Going Forward

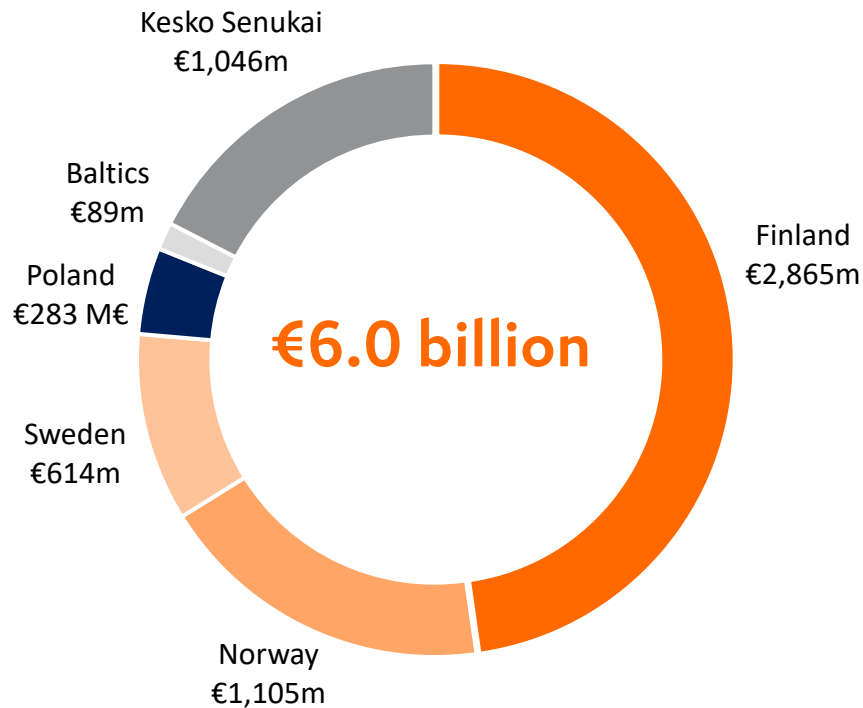
Retail and B2B sales, Q3/2021, rolling 12 months



- K Group grocery stores together with Kespro's foodservice business form a strong, unique combination
- One of the most profitable food trade operators in Europe
- Market share in food trade has grown significantly
- Well-functioning K-retailer business model lends a significant competitive advantage
- A forerunner in food trade digitalisation in Europe
- Efficient sourcing, logistics and IT

Strong Country-Specific Actions Support Growth in Building and Technical Trade

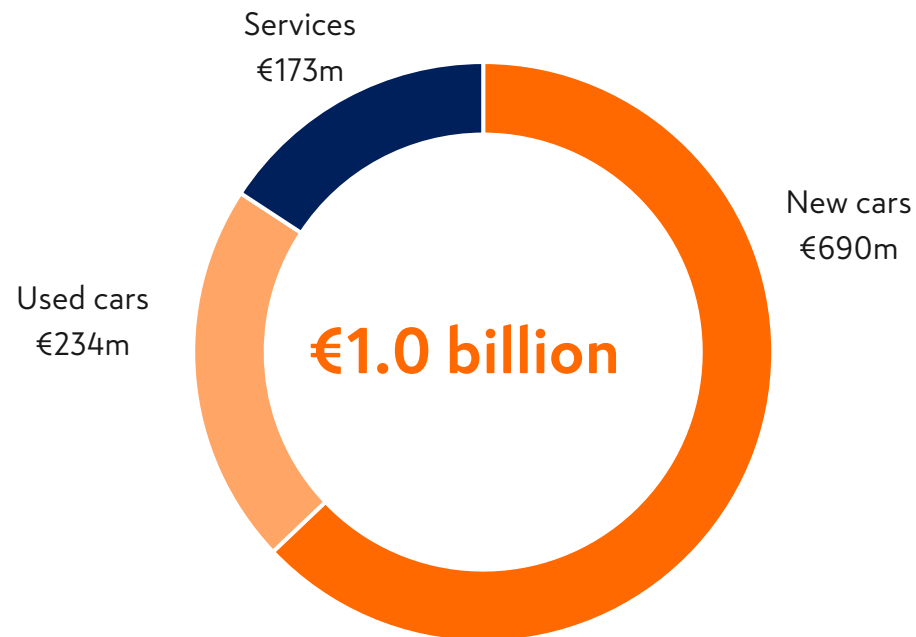
Retail and B2B sales, Q3/2021, rolling 12 months



- Strong position in Finland
- A significant operator in Scandinavia
- 75% of sales come from B2B trade, where demand is growing forcefully
- Successful acquisitions have helped to significantly accelerate growth and improve profitability
- Good position on the developing Baltic markets
- Sales through digital channels growing

Wider Car Sector Transformation and Our Own Transformation Efforts Support Sales Growth

Retail and B2B sales, Q3/2021, rolling 12 months



- Digitalisation and customer experience central to strategy
- Transformation programme is proceeding well, forming a basis for growth
- Strong product offering by the Volkswagen Group
- K-Auto a forerunner in e-mobility
- Growing the used car business
- More growth potential by modernising service sales
- K Charge a key focus area

Operating Environment Good

- Nordic countries among the most stable and well-functioning societies globally
- Good general economic development
- Household savings have grown and people have money to spend
- Domestic consumption remains high
- Green transition will increase investments and offer growth opportunities



Guidance

Guidance

Kesko estimates that its comparable operating profit in 2021 will be in the range of €740-800 million.

In 2020, Kesko's illustrative comparable operating profit totalled €554 million.



CELEBRATING 80 YEARS OF KESKO