



KESKO'S FINANCIAL STATEMENTS RELEASE 2021

THE BEST RESULT IN KESKO'S HISTORY

Mikko Helander
President and CEO
3 February 2022

A RECORD RESULT €776 million

Our annual result has risen for seven consecutive years,
and our quarterly results have beaten their comparison quarters 11 consecutive times

The record result is strong proof that our growth strategy is working
and being successfully executed

KEY EVENTS IN 2021

- The best result in Kesko's history
- Net sales growth 8.2%
- In grocery trade, record retail sales and profit
- In building and technical trade, strong sales growth and all-time best profit
- In car trade, strong transformation and significant profit improvement

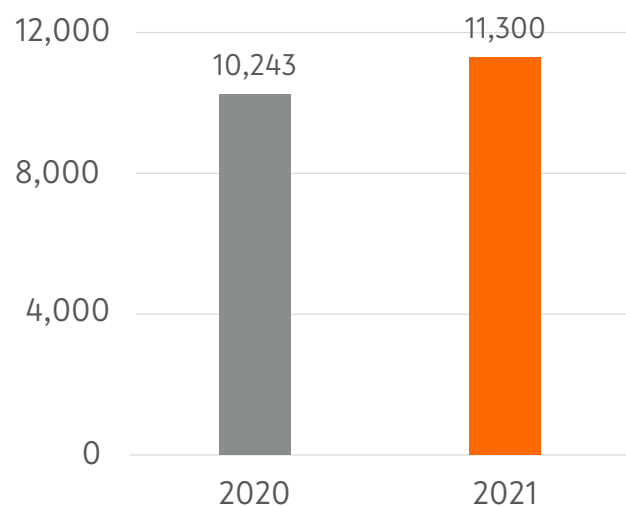
	1-12/2021	1-12/2020
Net sales, € million	11,300.2	10,669.2
Net sales growth*, %	8.2	3.6
Operating profit*, € million	775.5	567.8
Operating margin*, %	6.9	5.3
Profit before tax*, € million	710.4	481.9
Earnings per share*, basic, €	1.43	0.97
Cash flow from operating activities, € million	1,152.0	1,152.4

*Comparable

NET SALES GROWTH CONTINUED

GROUP

€ million

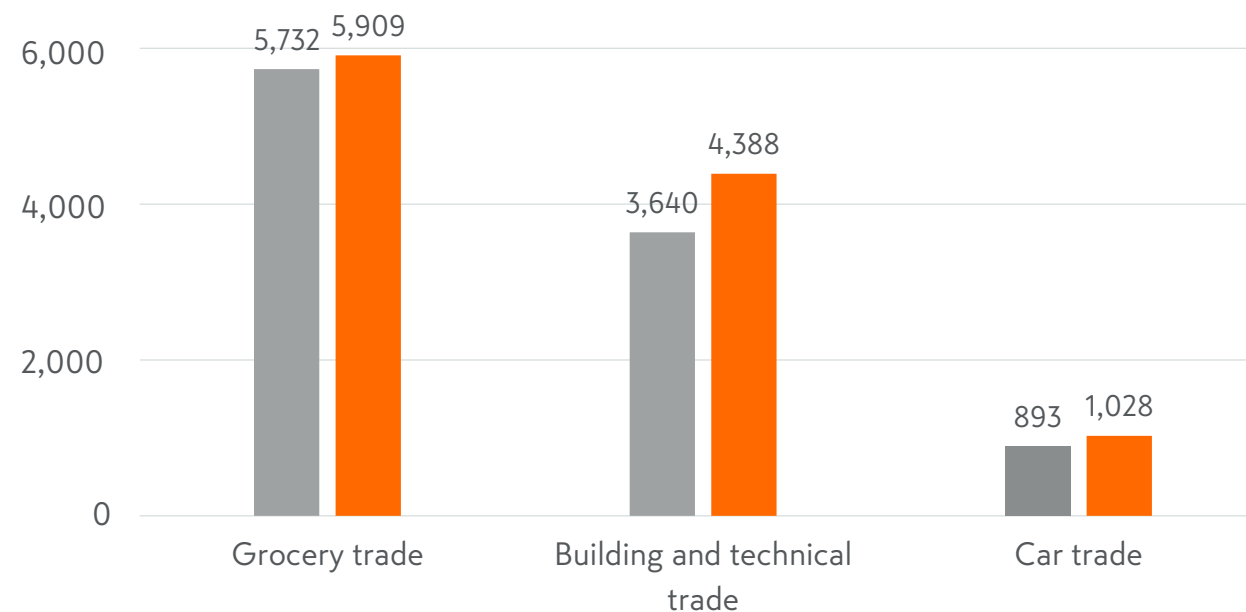


Comparable growth

8.2%

DIVISIONS

€ million ■ 2020 ■ 2021



3.1%

14.7%

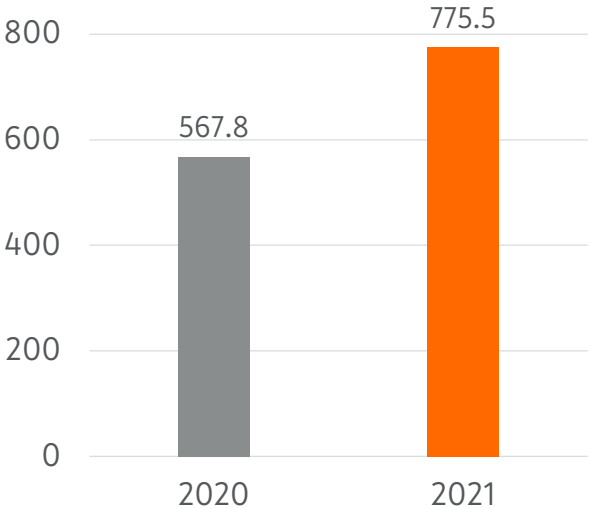
15.2%



OPERATING PROFIT IMPROVED MARKEDLY

GROUP

€ million



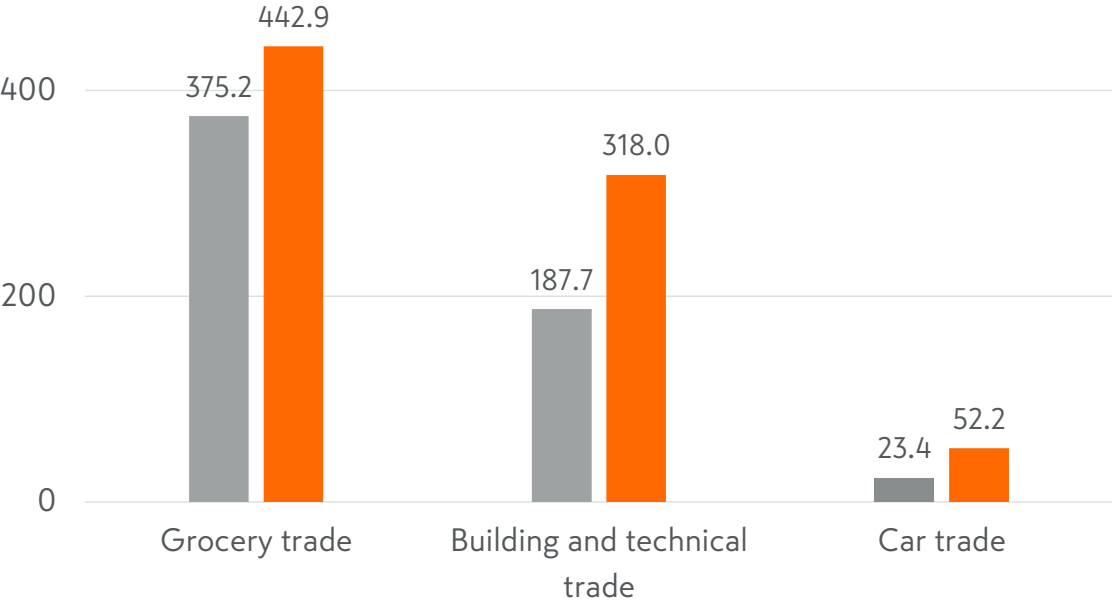
Operating margin

5.3%

6.9%

DIVISIONS

€ million ■ 2020 ■ 2021



6.5%

7.5%

5.2%

7.2%

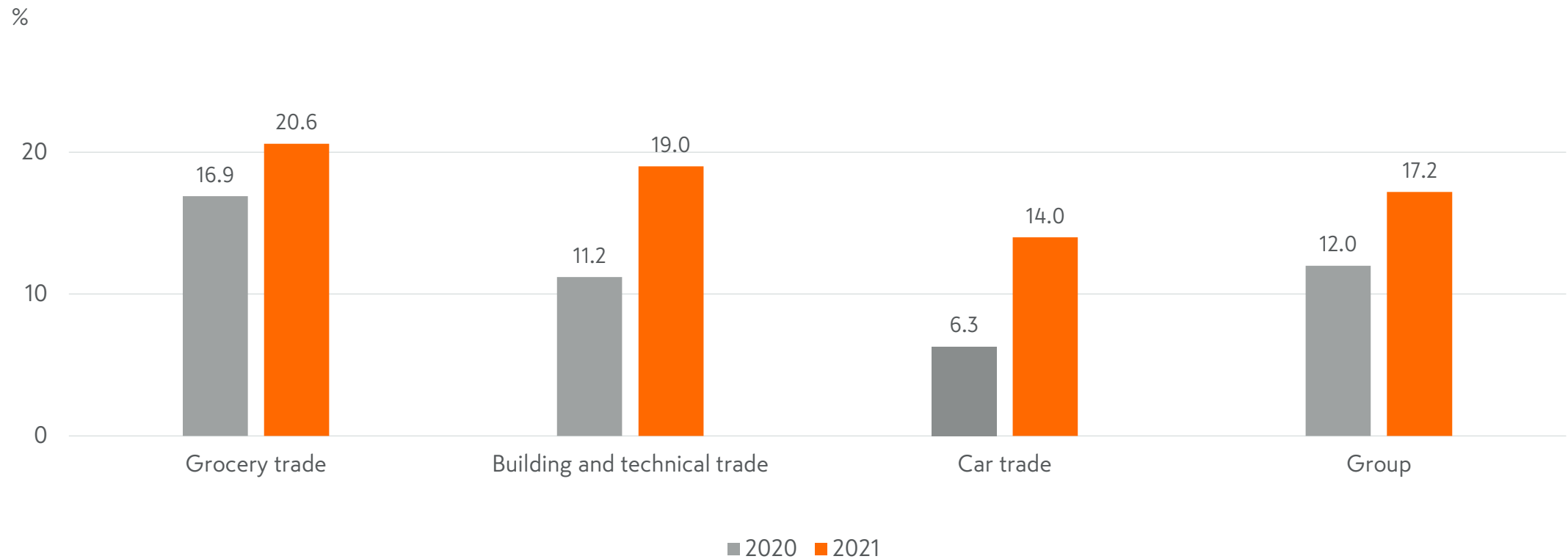
2.6%

5.1%

Illustrative comparison figures given for building and technical trade. Kesko Senukai treated as a joint venture in the illustrative figures and the 2021 figures.



RETURN ON CAPITAL EMPLOYED CONTINUED TO STRENGTHEN



STRONG FINANCIAL POSITION

	2021	2020
Cash flow from operating activities, € million	1,152.0	1,152.4
Liquid assets, € million	387.7	306.0
Capital expenditure, € million	276.6	398.4
Interest-bearing net debt excl. lease liabilities, € million	-21.3	285.3
Interest-bearing net debt/EBITDA (excl. IFRS 16 impact)	0.0	0.4
Lease liabilities, € million	1,928.6	2,025.0

CAPITAL EXPENDITURE

	2021	2020
Store sites, € million	129.0	125.8
Acquisitions, € million	13.8	159.1
IT, € million	42.2	25.6
Other investments, € million	91.6	87.9
Total, € million	276.6	398.4



ALL-TIME BEST Q4

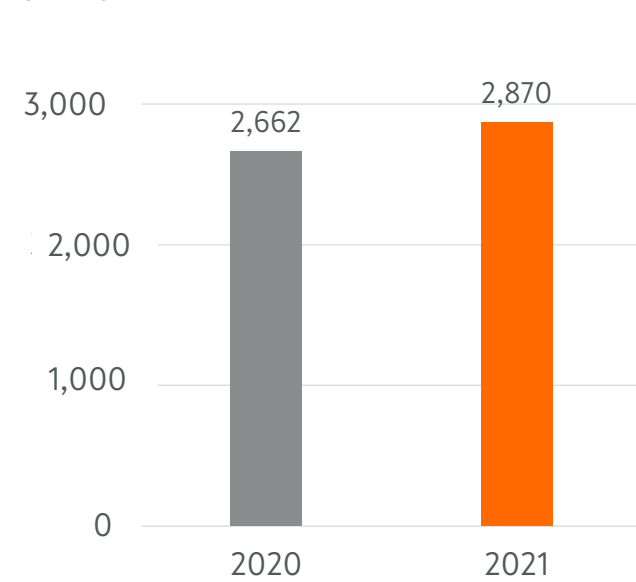
KEY Q4 PERFORMANCE INDICATORS

	10-12/2021	10-12/2020
Net sales, € million	2,870.3	2,662.3
Net sales growth*, %	7.2	4.5
Operating profit*, € million	203.5	165.6
Operating margin*, %	7.1	6.2
Profit before tax*, € million	187.9	150.4
Earnings per share*, basic, €	0.40	0.31
Cash flow from operating activities, € million	269.2	308.4

Q4 NET SALES GREW MARKEDLY

GROUP

€ million

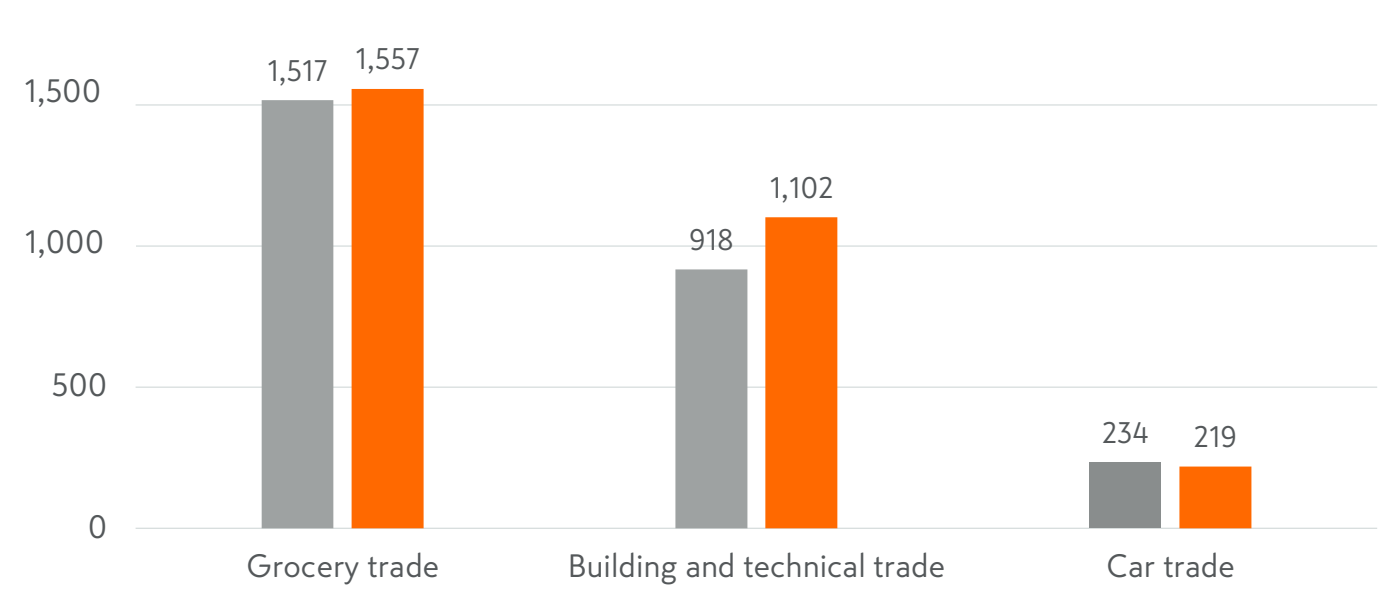


Comparable growth

7.2%

DIVISIONS

€ million ■ 2020 ■ 2021



2.6%

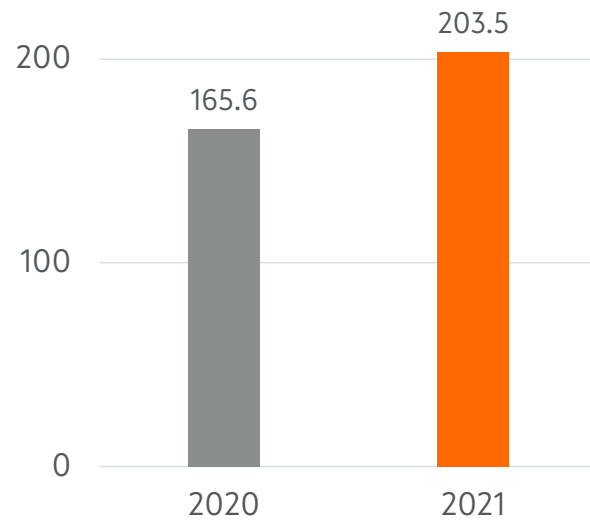
18.5%

-6.3%

ALL-TIME BEST Q4 OPERATING PROFIT

GROUP

€ million

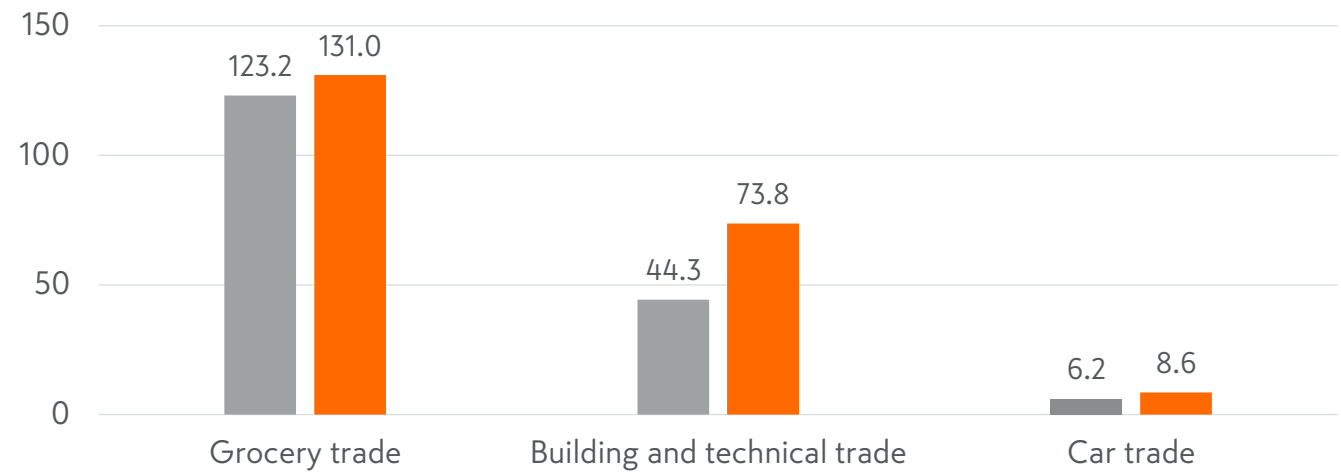


Operating margin 6.2%

7.1%

DIVISIONS

€ million ■ 2020 ■ 2021



8.1%

8.4%

4.8%

6.7%

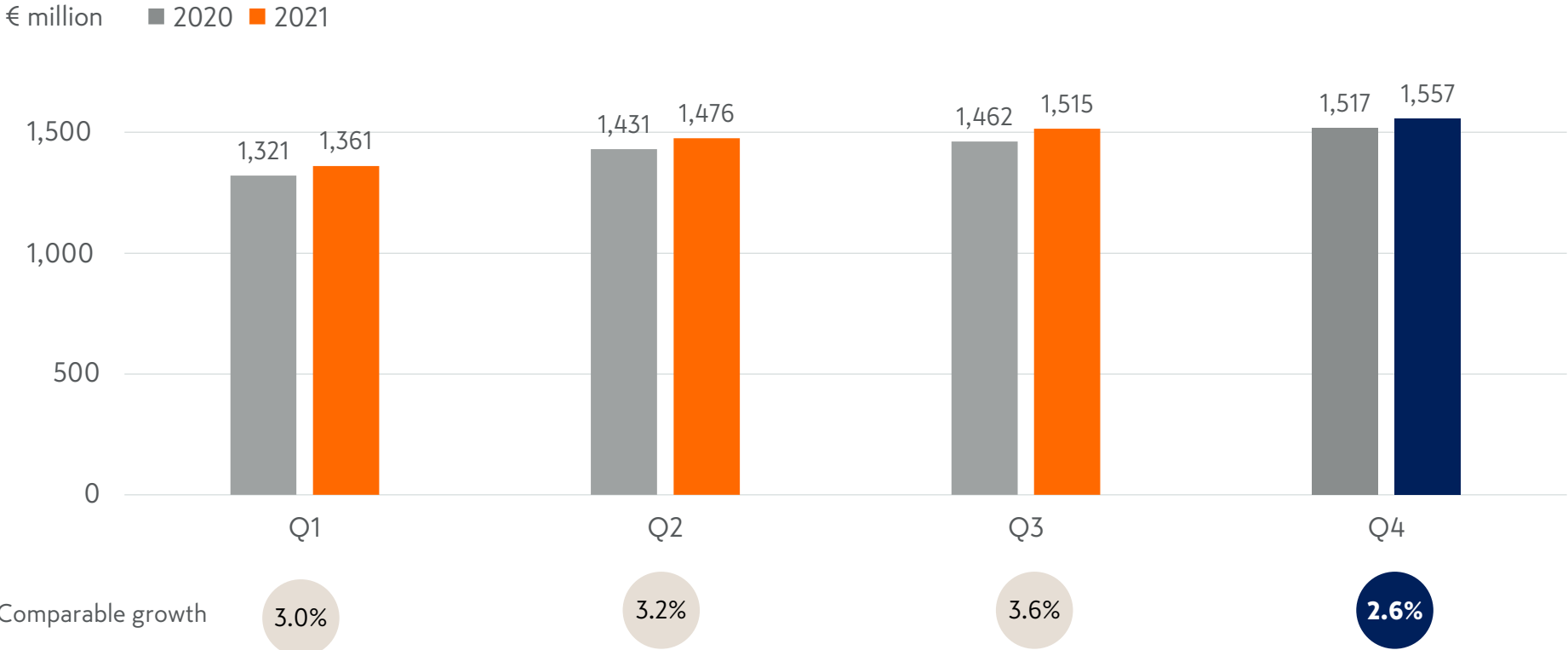
2.6%

3.9%

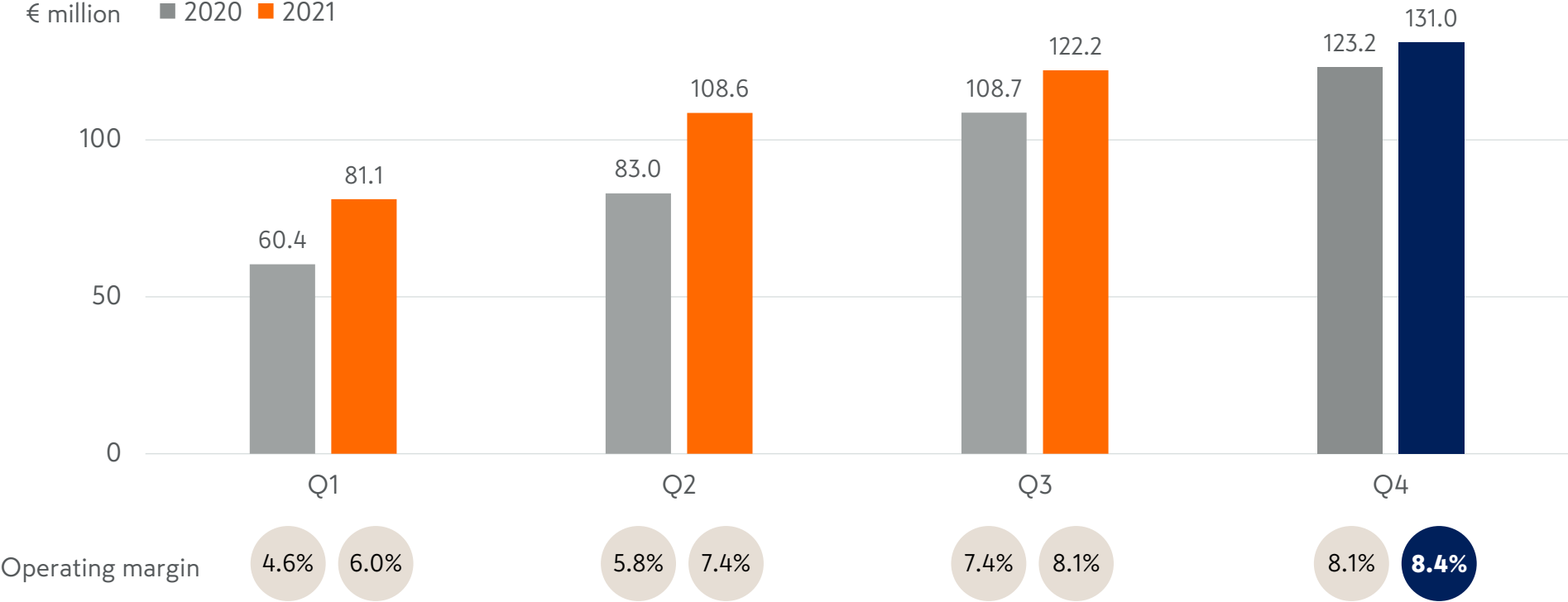
GROCERY TRADE

GOOD DEVELOPMENT CONTINUED IN FOOD TRADE

NET SALES GREW IN Q4



EXCELLENT Q4 OPERATING PROFIT



GROCERY TRADE Q4

MARKET

- Demand for grocery trade remained good: total market growth 1.0%*, retail price growth 2.1%*
- Foodservice market growth 16%*
- Restrictions on restaurants in Finland impacted the foodservice business towards the end of the quarter

K GROUP

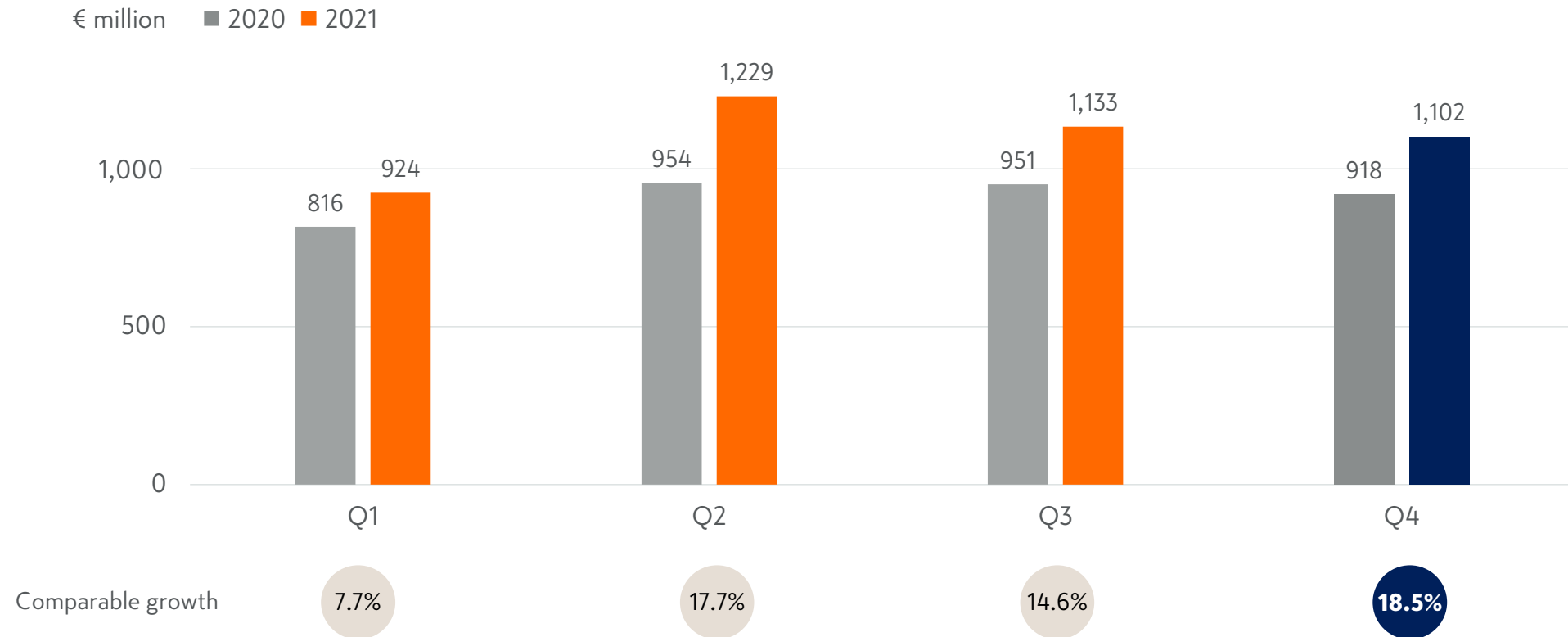
- A record result
- Grocery trade retail sales +0.1%, Kespro's sales +20%
- K-Citymarket non-food sales +4%
- Online grocery sales grew by 14% in FY 2021, but decreased in Q4

* Finnish Grocery Trade Association PTY incl. VAT

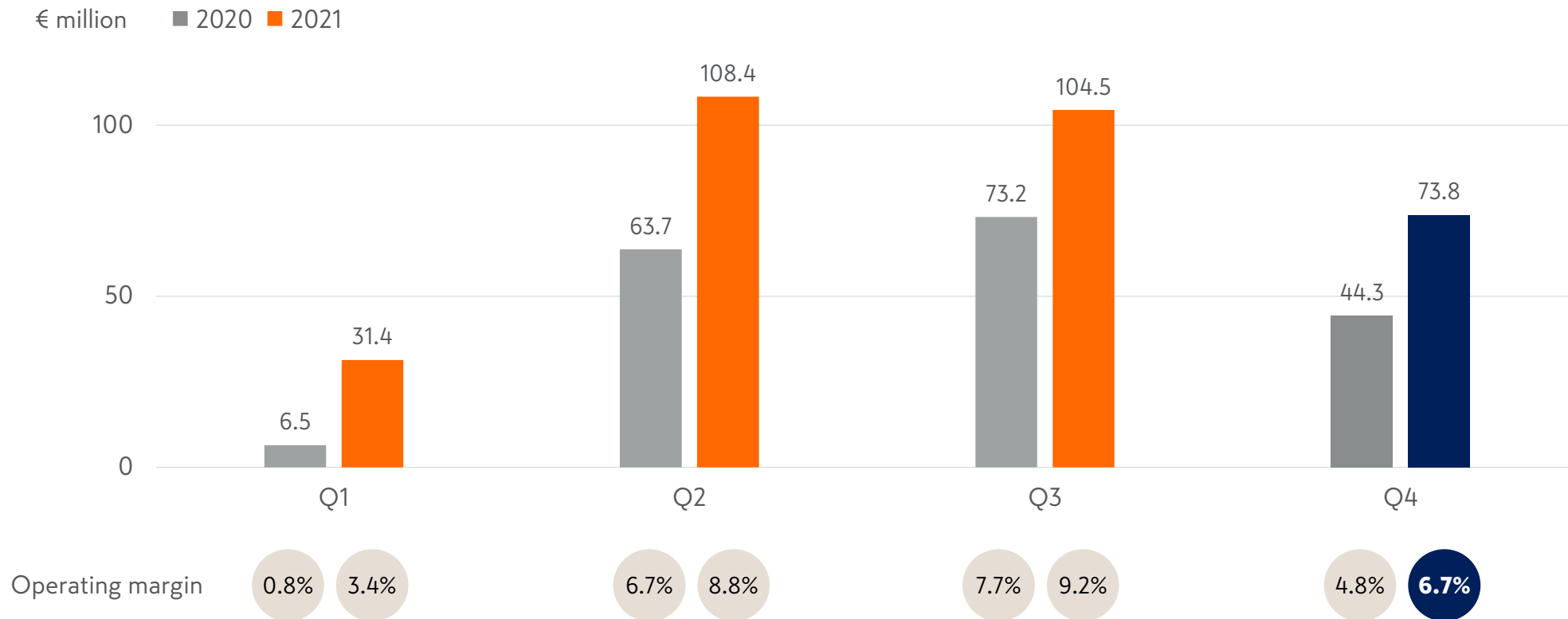
BUILDING AND TECHNICAL TRADE

PROFIT GROWTH CONTINUED STRONG

Q4 NET SALES GREW MARKEDLY



STRONG GROWTH IN Q4 OPERATING PROFIT



Comparable figures

Illustrative comparison figures given for building and technical trade. Kesko Senukai treated as a joint venture in the illustrative figures and the 2021 figures.



BUILDING AND TECHNICAL TRADE Q4

MARKET

- Construction and renovation still growing in Northern Europe
- Growth focused on B2B trade
- Demand in B2C trade has come down from peak levels
- Product prices have continued to rise
- Availability issues in some product categories

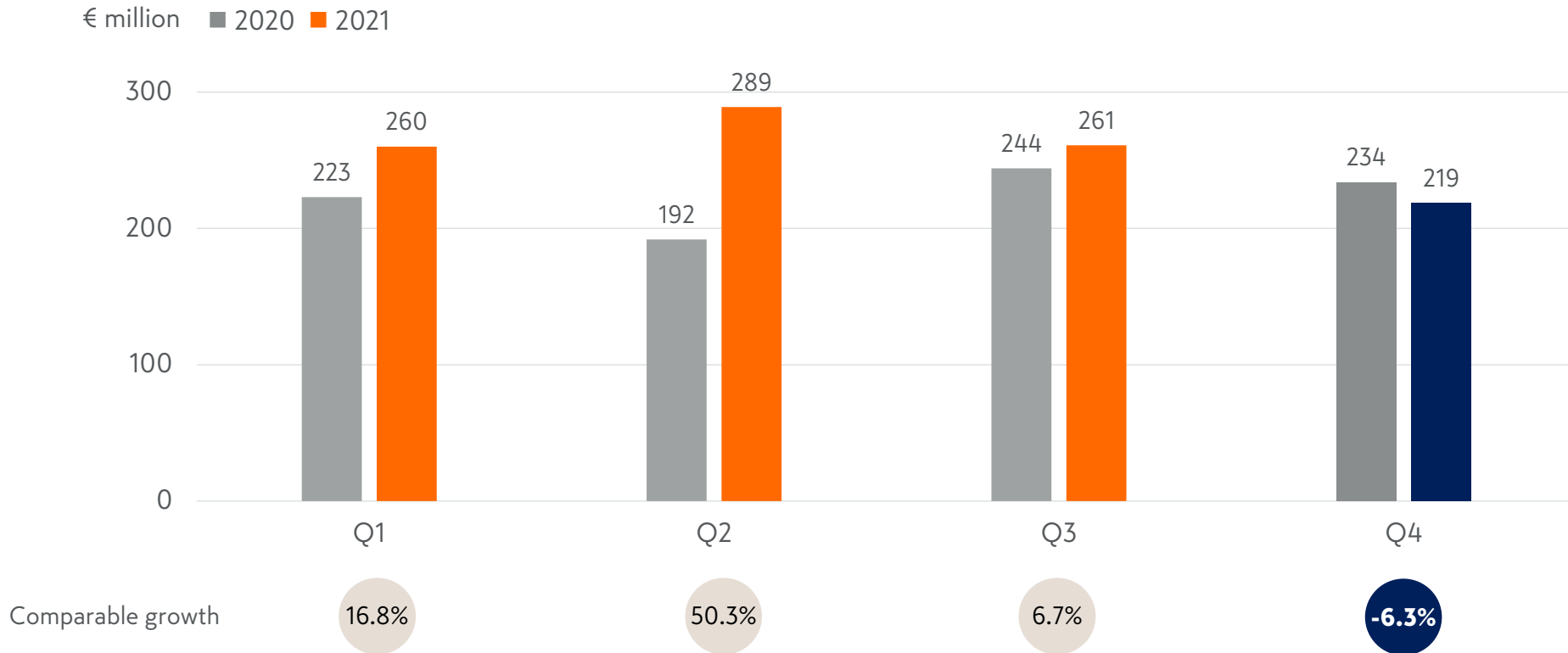
K GROUP

- Record result, sales and profitability improved in all operating countries and units
- In Finland, continued marked growth in the sales of Onninen and K-Rauta, profit improved further
- In Norway, Onninen's development particularly strong, profit also improved for Byggmakker
- In Sweden, good development continued
- In sports trade, market share grew and profitability continued to strengthen

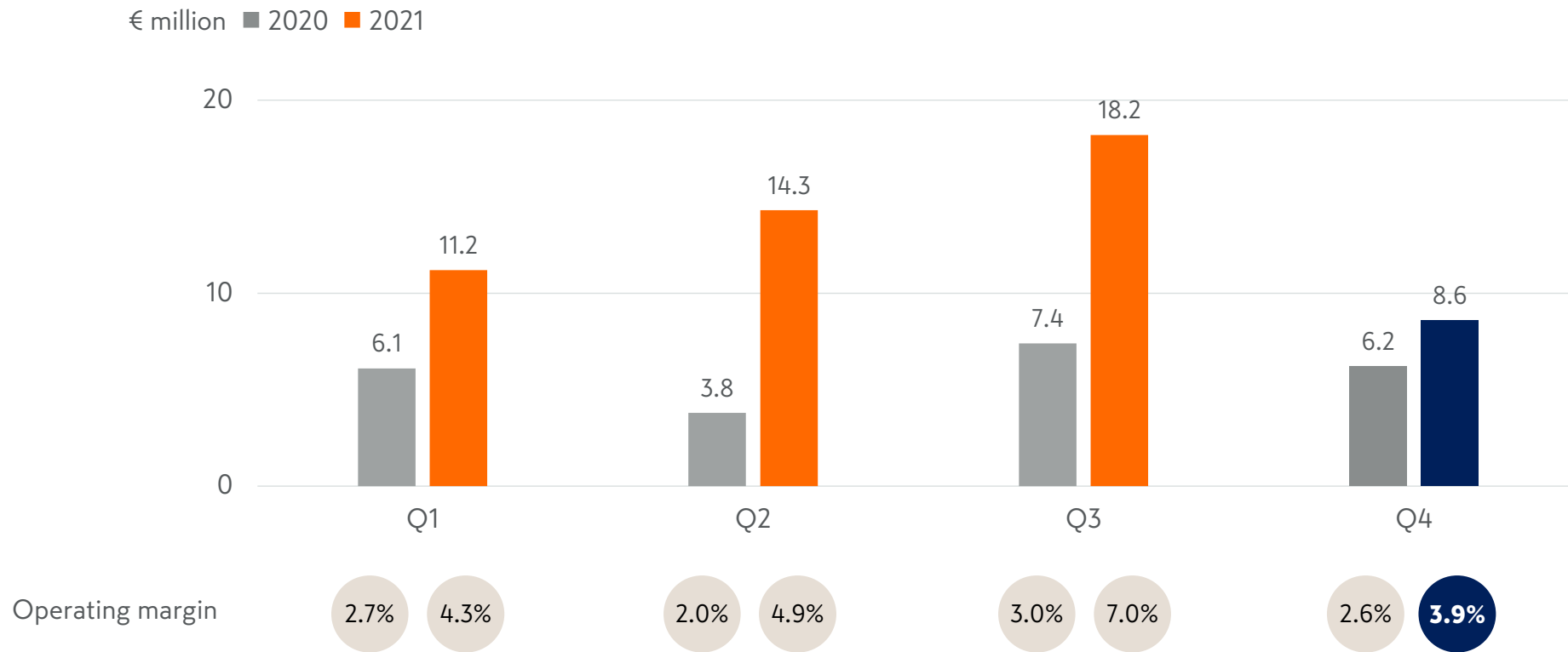
CAR TRADE

TRANSFORMATION PROCEEDING AND YIELDING RESULTS

AVAILABILITY ISSUES CAUSED NET SALES TO DECREASE IN Q4



OPERATING PROFIT GREW IN Q4



CAR TRADE Q4

MARKET

- Demand for new and used cars and servicing decreased
- First registrations of new cars down by 15.5% due to component shortages
- Shortage of used cars, prices rising
- New all-electric cars and rechargeable hybrids accounted for 40% of passenger car first registrations

K GROUP

- Profit improved thanks to sales margin growth and cost savings
- New car sales down due to availability issues
- Share of all-electric cars and rechargeable hybrids 47%
- Market share of brands represented by K Group 14.7% (17.9%)
- Transformation of our operations proceeding well, all businesses in profit

OUTLOOK FOR 2022 GOOD

GUIDANCE FOR 2022

Kesko estimates that its comparable operating profit in 2022 will be in the range of €680-800 million.

In 2021, Kesko's comparable operating profit totalled €776 million.

WE CONTINUE THE EXECUTION OF OUR GROWTH STRATEGY



RECORD-RESULT IN 2021

PROFITABILITY IN FOOD TRADE ON SOLID BASIS

€443 million

- The most extensive and versatile network of grocery stores across Finland combined with effective online sales
- K-retailers and store-specific business ideas built on data ensure the best customer experience in grocery retail
- Still plenty of potential in implementing store-specific business ideas, we continue investments in updating the stores
- Kespro strong market leader in growing foodservice wholesale, significant synergies with our grocery stores
- Once the pandemic eases, demand for services is expected grow and food sales are expected to partly shift from B2C trade to foodservice wholesale
- Food price inflation is expected to support sales growth

STRENGTHENING OUR MARKET-LEADING POSITION IN ONLINE GROCERY

448%

GROWTH IN ONLINE GROCERY
SINCE 2019

- The biggest online grocer in Finland: operations cover over 500 K Group grocery stores
- Very competitive in prices: own brand products, big purchase volumes
- Extensive customer loyalty scheme: general and customer-specific Plussa offers, Plussa money, affordable deliveries
- Seamlessly combining physical and online stores: store-specific business ideas, local products, service products
- Biggest selections on the market: as much as 40,000 products available
- A variety of delivery options: home delivery, click & collect, fast delivery. Some 2 million deliveries in 2021.
- Excellent customer experience: NPS 81, feedback emphasises wide selections and high quality
- Constant development : the first automation-assisted in-store collection system in Finland H1/2022

GOOD GROWTH OUTLOOK FOR BUILDING AND TECHNICAL TRADE

RECORD-RESULT IN 2021

€318 million

- Growth supported by our focus on the growing B2B trade, complemented by good B2C trade
- Still further potential to improve operations and customer experiences by developing sales processes, increasing the level of digitalisation, and improving the efficiency of internal operations
- We aim to accelerate growth with acquisitions also going forward
- Green transition, changes in population structure and urbanisation will continue to underpin construction growth
- Once the pandemic eases, demand in B2C trade is expected to normalise, while demand in B2B – which now accounts for 75% of the division's sales – is expected to remain good
- Price inflation is expected to support growth, but prolonged price inflation would lead to lower construction volumes

TRANSFORMATION EFFORTS TO GROW SALES AND IMPROVE PROFITABILITY IN CAR TRADE

RECORD-RESULT IN 2021

€52 million

- Our focus on selling new cars, used cars, and services offers significant growth potential
- Good collaboration with the Volkswagen Group
- Competitiveness to improve through efforts to improve customer experience, digitalisation of operations, and better efficiency of internal processes
- Demand expected to be boosted by the need to reduce traffic emissions and update the Finnish vehicle stock
- Delivery issues related to the availability of semiconductors will continue to hinder business also in 2022



DIVIDEND PROPOSAL

BOARD OF DIRECTORS' DIVIDEND PROPOSAL

**€1.06
/SHARE**

- Proposed to be paid in four instalments in 2022
 - €0.27/April, €0.26/June, €0.27/September, €0.26/December
- Total dividends to be paid €421 million
- Growth in dividend per share 41%



**FOR
SHOPPING
TO BE FUN**

