



KESKO INTERIM REPORT Q3/2022

SALES GROWTH IMPROVED PROFIT

Mikko Helander
President and CEO
27 October 2022

KEY EVENTS IN Q3

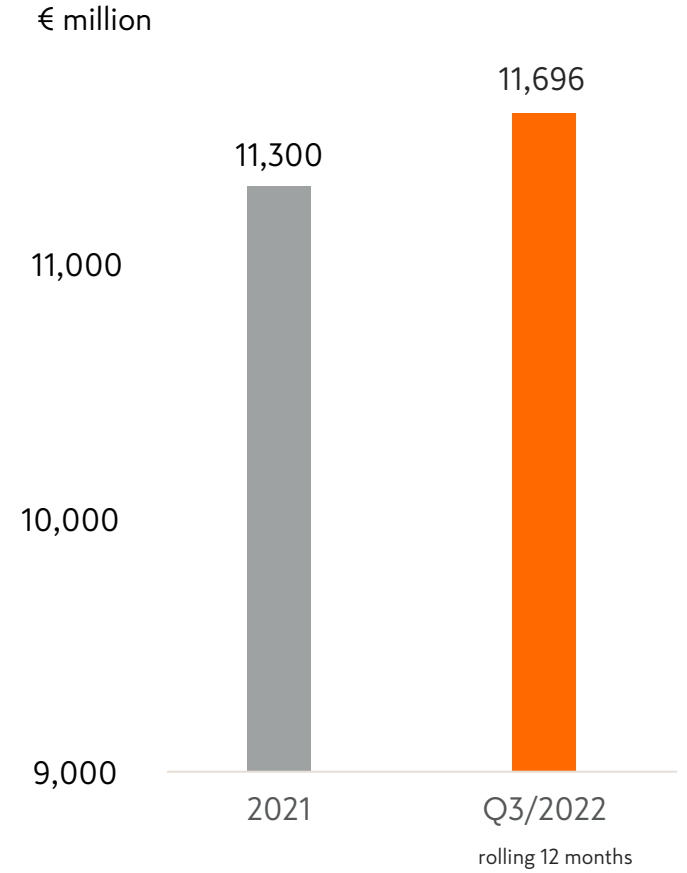
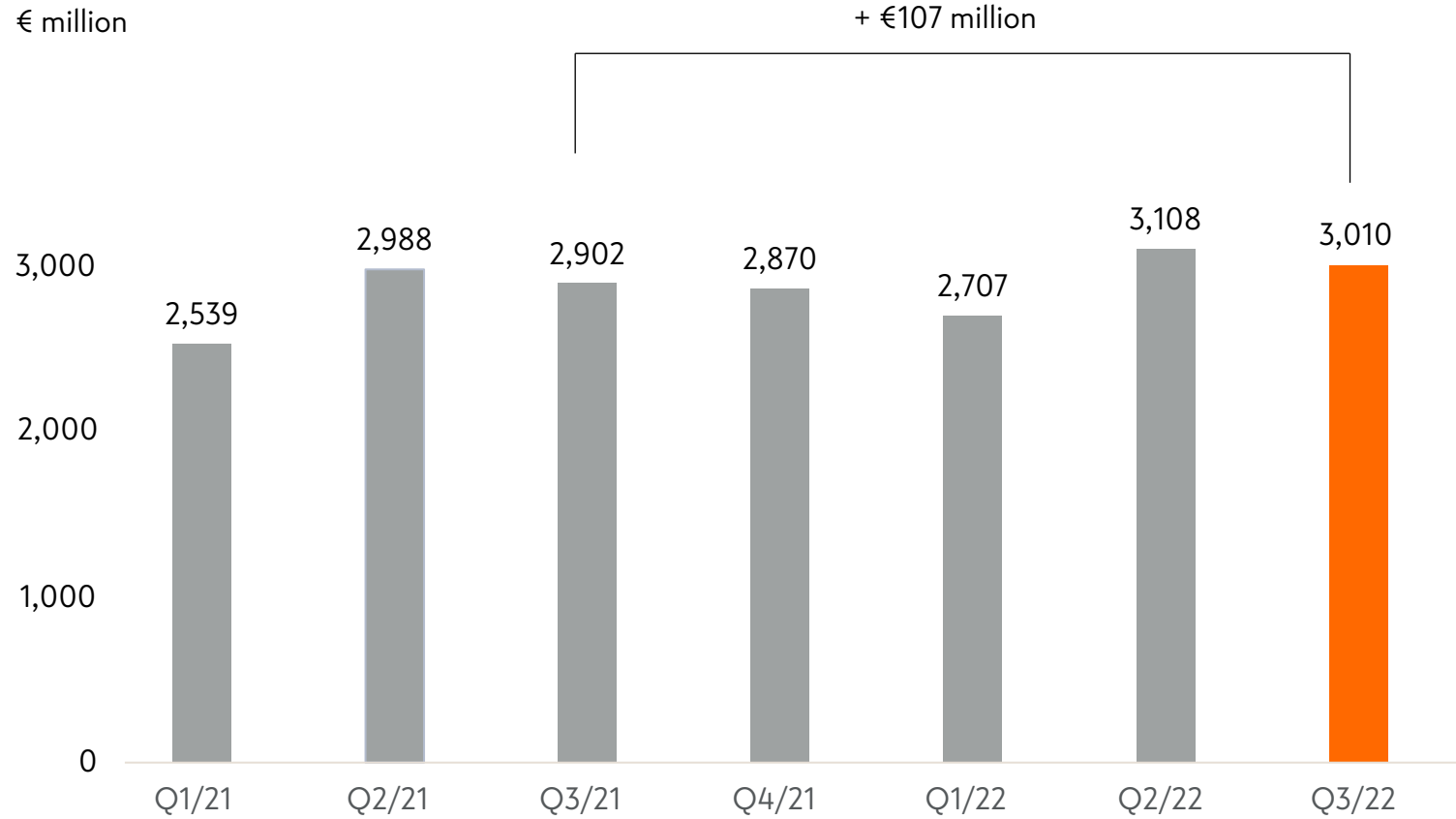
- All-time best quarter result – result has now improved for 14 consecutive quarters relative to comparison period
- In grocery trade, profitability improved despite the changes in operating environment
- In building and technical trade, good result thanks to strong B2B trade
- The acquisitions of Föllinge Såg and Djurbergs Järnhandel in Sweden completed

	7-9/2022	7-9/2021
Net sales, € million	3,009.8	2,902.4
Net sales growth, %*	3.4	7.8
Operating profit*, € million	242.8	236.4
Operating margin, %*	8.1	8.1
Earnings per share*, basic, €	0.47	0.43

* Comparable

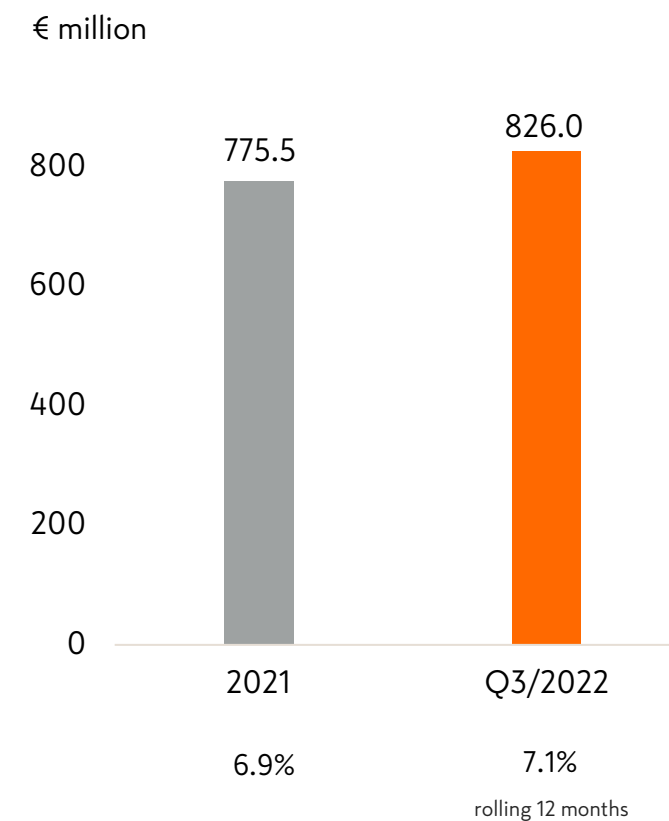
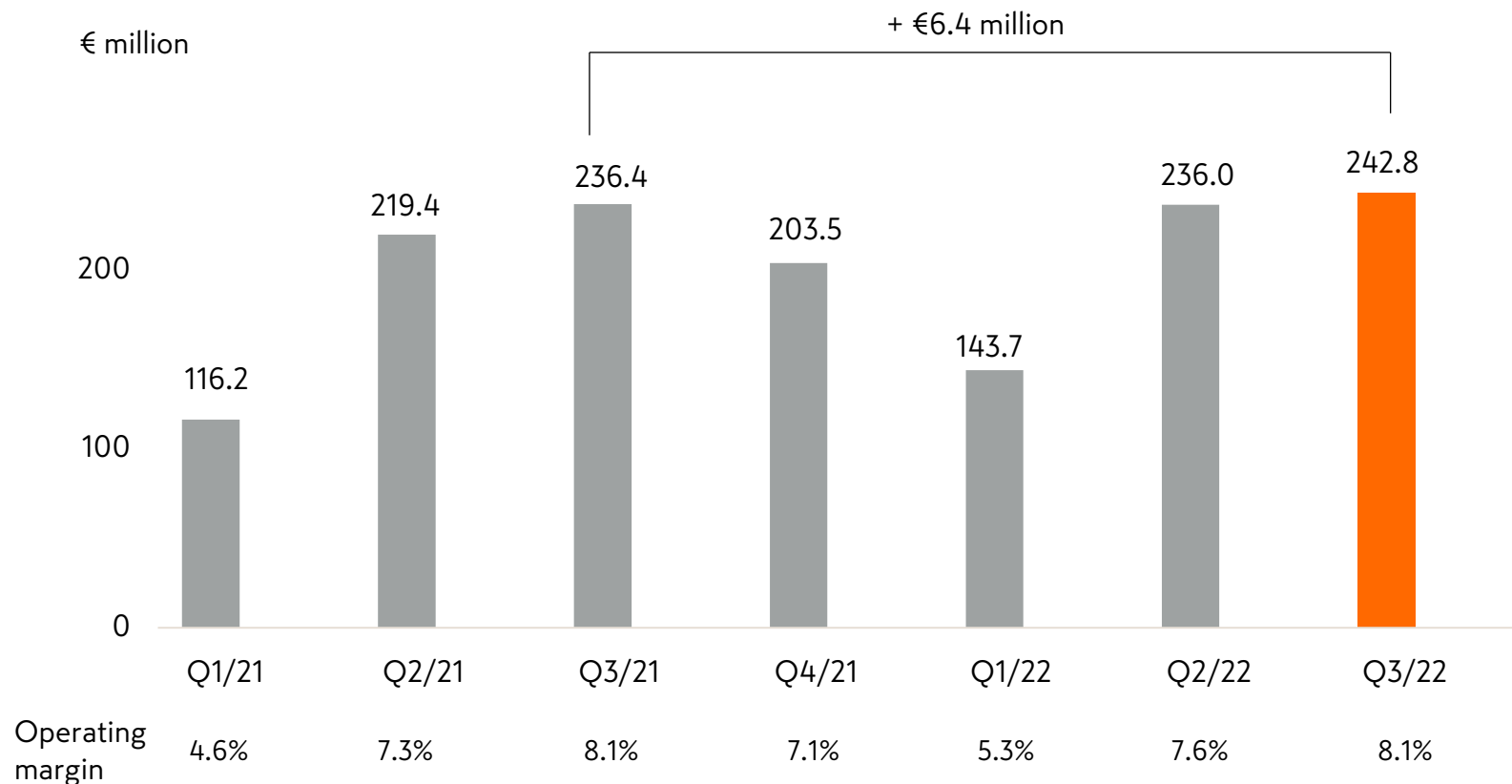
NET SALES

Comparable growth 3.4%



COMPARABLE OPERATING PROFIT

Growth €6.4 million



RETURN ON CAPITAL EMPLOYED CONTINUED TO IMPROVE



STRONG FINANCIAL POSITION

Excellent cash flow in grocery trade and building and technical trade,
significantly lower inventories in car trade in Q3/2021 due to availability issues

	Q3/2022	Q3/2021
Cash flow from operating activities, € million	318.8	381.2
Grocery trade, € million	191.8	175.6
Building and technical trade, € million	146.7	139.9
Car trade, € million	18.3	90.0
Liquid assets, € million	313.4	527.7
Capital expenditure, € million	89.9	69.1
Interest-bearing net debt excl. lease liabilities, € million	167.1	-46.0
Interest-bearing net debt/EBITDA (rolling, excl. IFRS 16 impact)	0.2	-0.1
Lease liabilities, € million	1,948.6	1,953.9

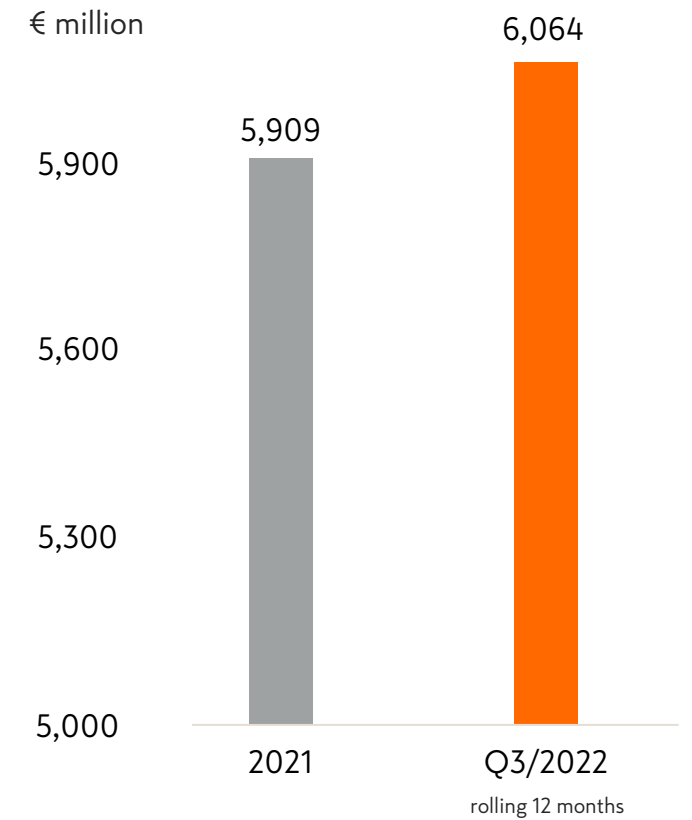
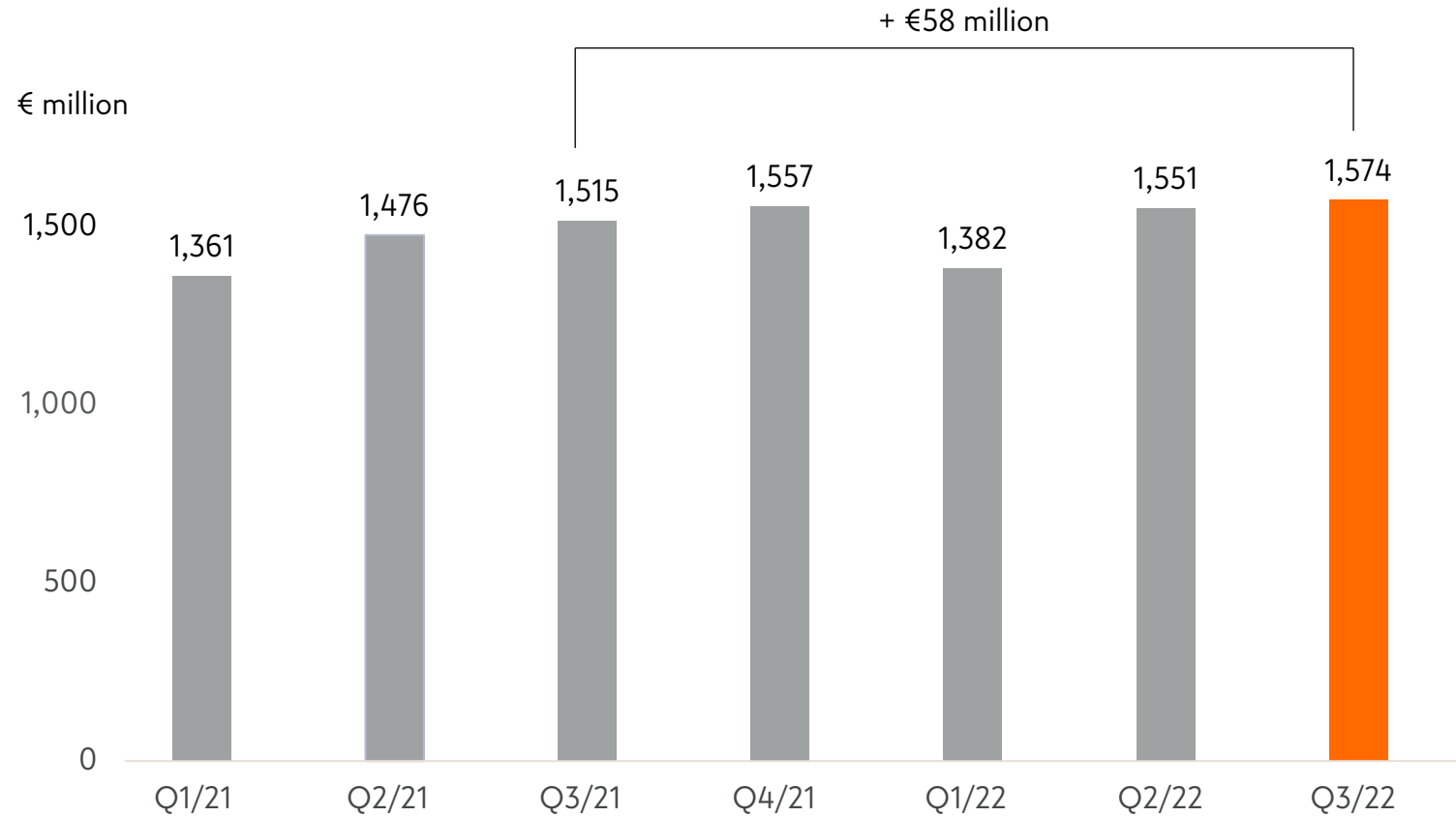


GROCERY TRADE

PROFIT CONTINUED TO IMPROVE

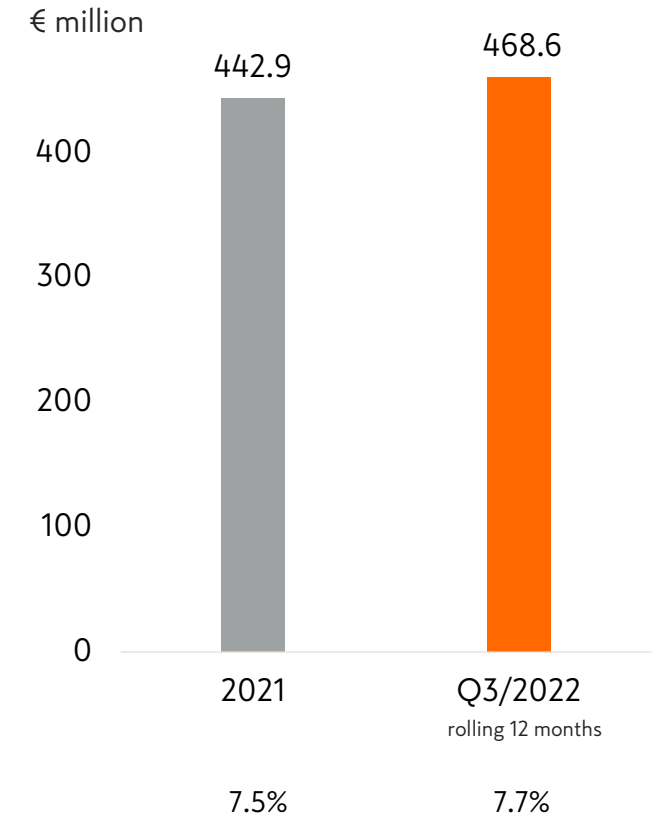
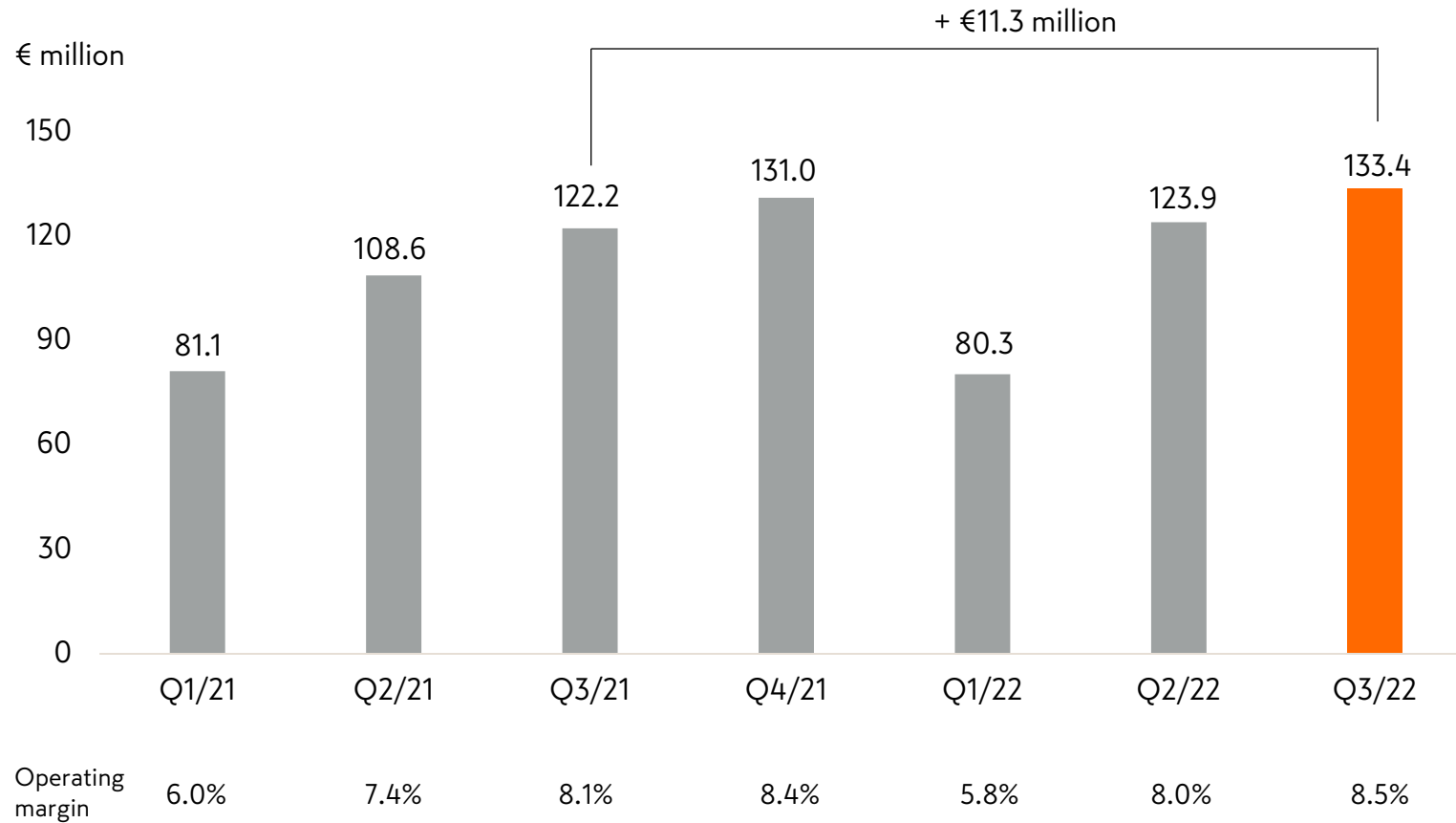
GROCERY TRADE

NET SALES GREW BY 3.9%



GROCERY TRADE

OPERATING PROFIT €133.4 MILLION



PROFIT IMPROVED THANKS TO GOOD DEVELOPMENT IN KESPRO AND K GROUP GROCERY STORES

- Grocery sales in K Group grocery stores up by 0.9%, which is below the market
- Added focus on price competitiveness in grocery stores
 - Marketing based on the “premium & bargains” concept
 - Success in price comparisons for different stores in the media
- Kespro’s sales up by 15.1%, market share growth continued strong, market share now 46%
- Online consumer grocery sales up by 3.4%, online growth supported by the collaboration launched with Wolt
 - K-Ruoka.fi named the best online grocery store in Finland
- K-Citymarket’s home and speciality goods (non-food) sales down by 2.7%



KESKO EXPANDS ITS COLLABORATION WITH WOLT

- In a short time, Kesko and quick commerce pioneer Wolt have established an effective concept for fast grocery deliveries in Finland
- Big demand for fast grocery deliveries across the country
- 127 K-Market stores at 40 locations now offer fast deliveries in collaboration with Wolt
- By the end of the year, the number of stores will rise to some 160
- Online grocery sales took an upturn in Q3/2022 thanks to fast deliveries



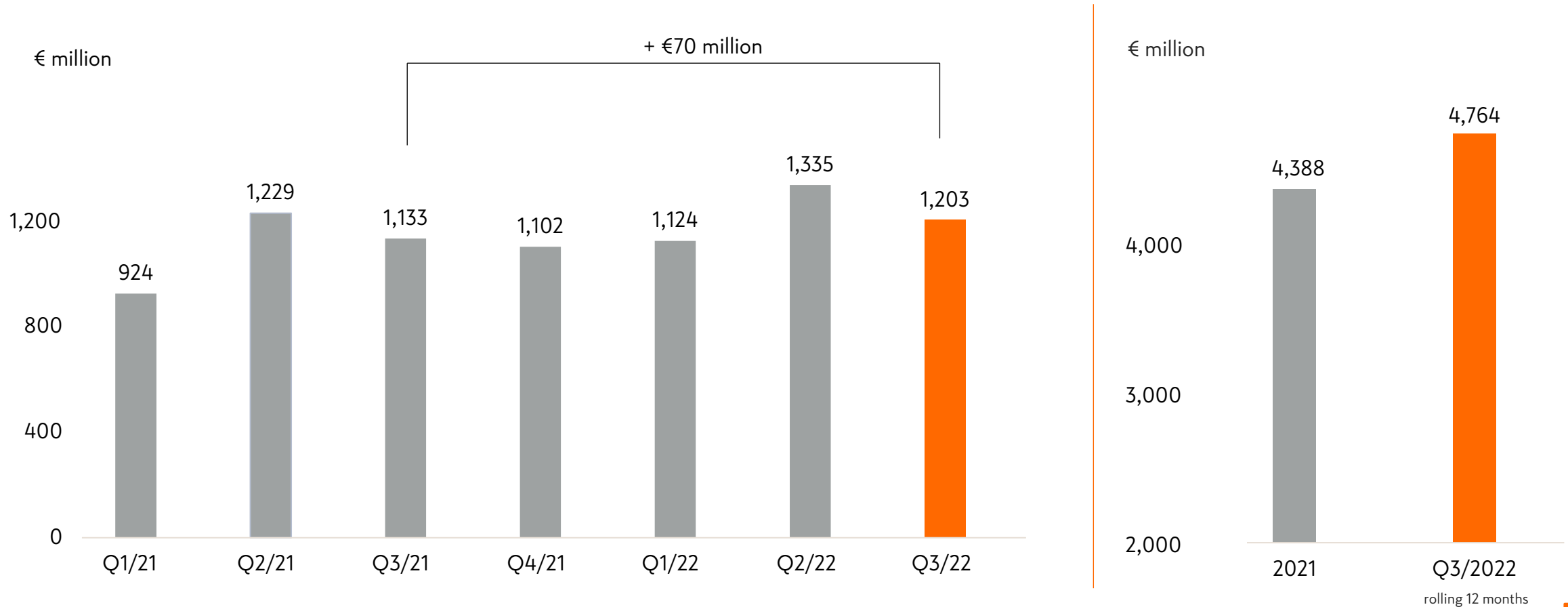
A man and a woman are standing in a warehouse filled with large, stacked pipes. The woman is on the left, looking towards the man on the right. The man is holding a large pipe. The entire image has an orange tint.

BUILDING AND TECHNICAL TRADE

GOOD RESULT THANKS TO STRONG B2B TRADE

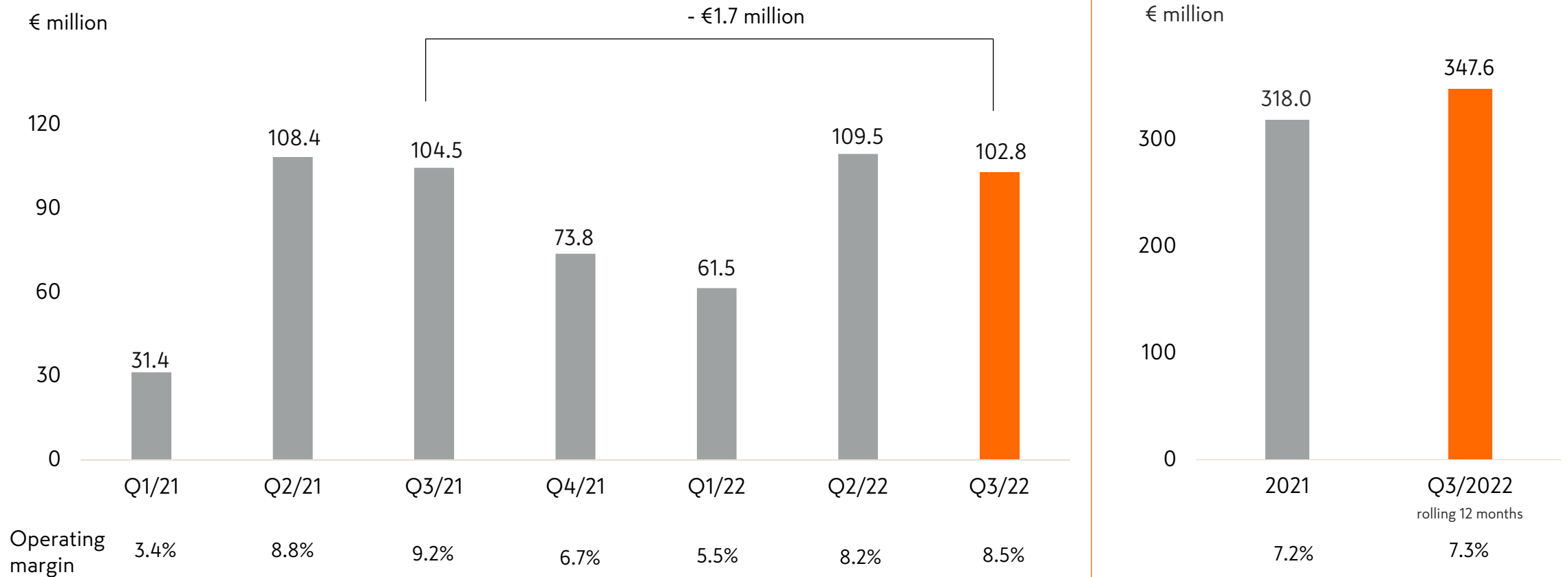
BUILDING AND TECHNICAL TRADE

NET SALES GREW BY 5.4%



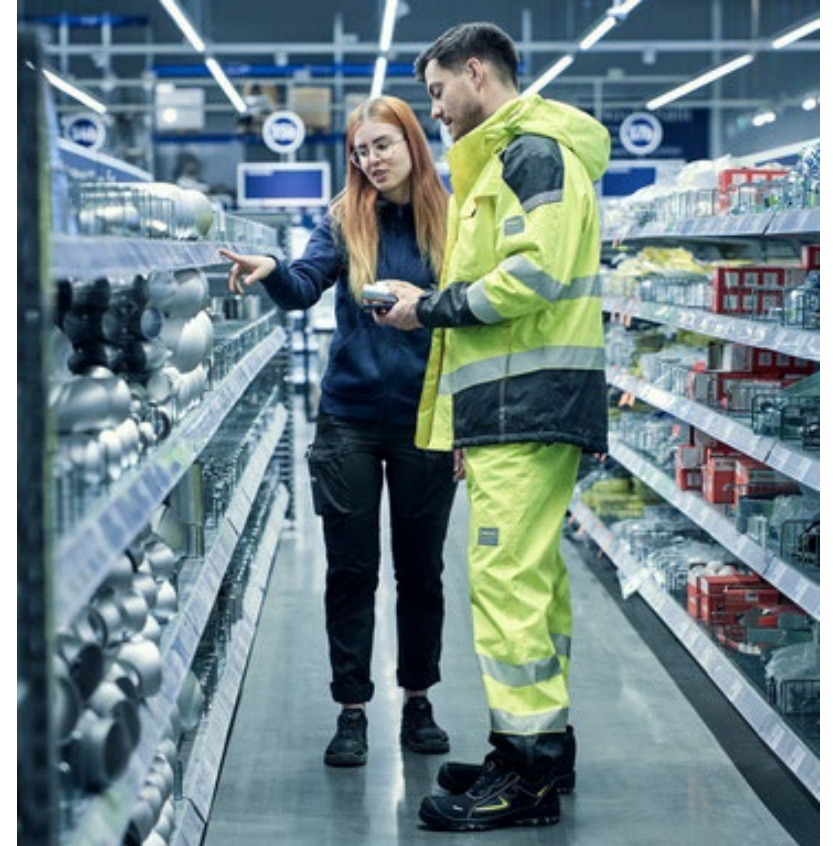
BUILDING AND TECHNICAL TRADE

OPERATING PROFIT €102.8 MILLION



GOOD RESULT IN ALL BUSINESSES

- In Finland, strong result from both Onninen and K-Rauta
- In Norway, profitability good for both Onninen and Byggmakker
- In Sweden, good result thanks to B2B-focused K-Bygg, Onninen and MIAB
- Onninen's result good also in Poland and the Baltics
- Strong result also in sports trade, profitability down from the exceptionally high levels seen in the comparison period
- The share of result reported by Kesko from the Kesko Senukai joint venture down by €4.4 million



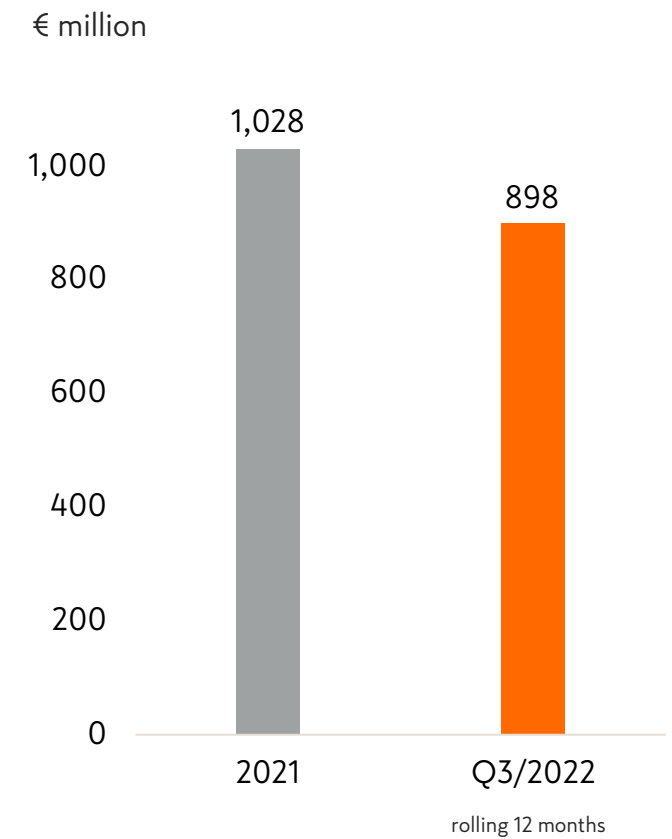
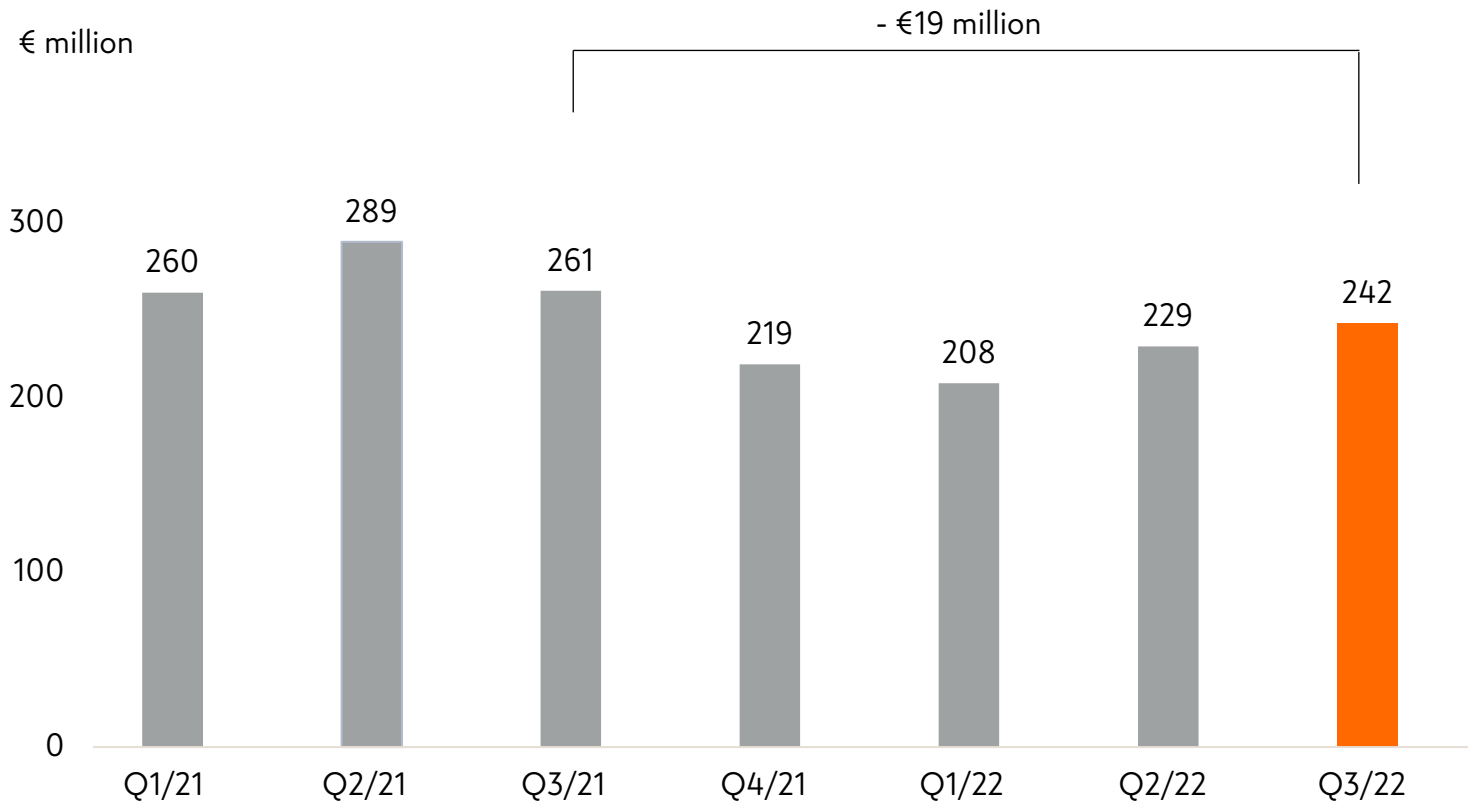


CAR TRADE

PROFITABILITY AT A GOOD LEVEL

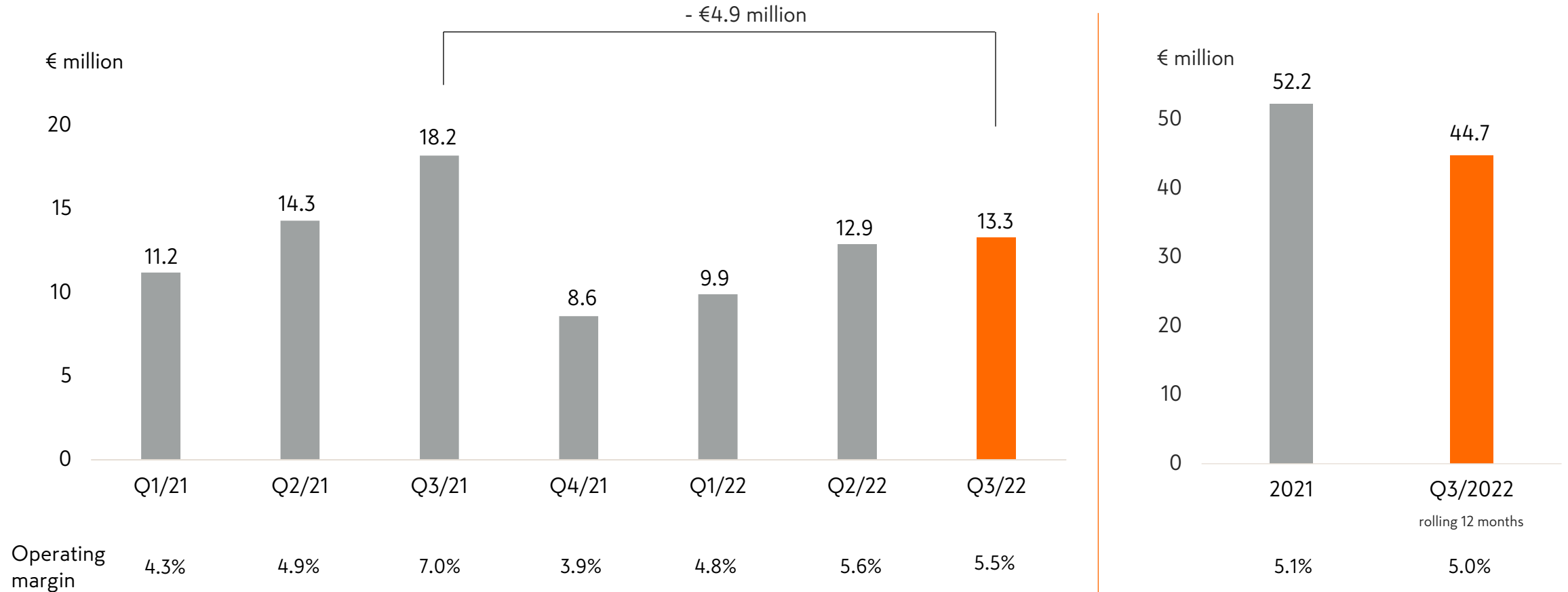
CAR TRADE

NET SALES DOWN BY 7.1%



CAR TRADE

OPERATING PROFIT €13.3 MILLION



GOOD RESULT DESPITE AVAILABILITY ISSUES

- Net sales down due to delivery issues with new cars
- Profitability at a good level thanks to better sales margins and efficiency measures
- Good progress in efforts to grow the used car business
- Service business net sales grew
- K Charge network growing, charging has more than doubled in a year





**KESKO IS A UNIQUE
TRADING SECTOR COMPANY**

ALL DIVISIONS ARE GENERATING GOOD RESULTS

GROCERY TRADE



BUILDING AND TECHNICAL TRADE



CAR TRADE



KESKO HAS A STRONG POSITION IN FINNISH FOOD TRADE

We are doing well also in a price-driven market

K GROCERY STORES

- Market share 36.6% *, most extensive store network in Finland with 1,200 stores
- No. 1 choice for customers who value service and quality
- Good choice also for customers seeking affordable prices
- Leading online grocery store in Finland
- European forerunner in utilising digitalisation and customer data
- Efficient, high-quality processes and systems lend a significant competitive advantage

KESPRO

- Unrivalled market leader in foodservice wholesale with a market share of 46%
- Sales of over €1 billion, over 70% of sales through digital channels
- Extensive selections, strong own brands
- A wide customer base from private restaurants to public sector operators
- Significant synergies with K Group grocery stores

K GROUP THE LEADING OPERATOR IN TECHNICAL WHOLESALE AND BUILDING AND HOME IMPROVEMENT TRADE IN NORTHERN EUROPE

– TOTAL RETAIL AND B2B SALES OF €6.5 BILLION

Green transition, efforts to improve energy-efficiency and growing renovation building set to keep up demand

FINLAND



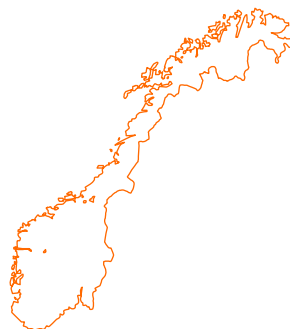
- Sales €2.9 billion
- B2B sales 80%

SWEDEN



- Sales €700 million
- B2B sales 71%

NORWAY



- Sales €1.2 billion
- B2B sales 83%

POLAND AND BALTICS



- Sales €500 million
- B2B sales 100%

KESKO SENUKAI

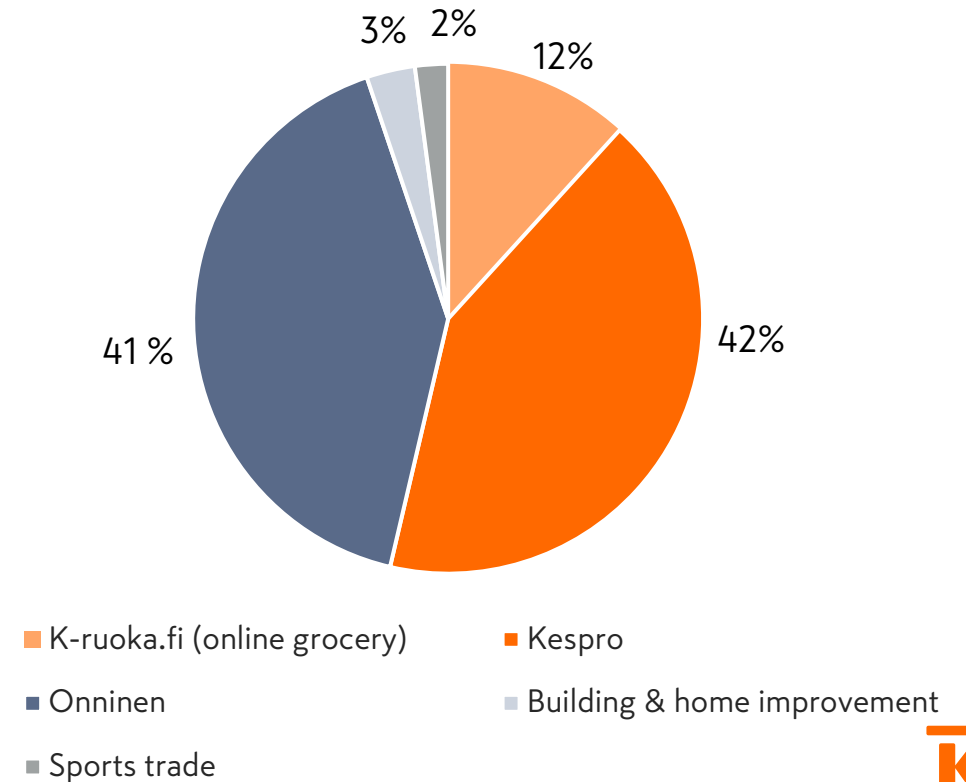


- Sales €1.2 billion
- B2B sales <30 %*

SALES VIA DIGITAL CHANNELS GROWING FAST – ALREADY TOTALLING €1.7 BILLION

- Finland's biggest and best online store for technical wholesale
- Kespro's online store undisputedly the biggest in foodservice wholesale in Finland
- The best consumer online grocery service on the market
- Finland's leading online store for sports
- K-Rauta's online store named the best in the business in Sweden

SALES VIA DIGITAL CHANNELS
€1,717 MILLION



Q3/2022, rolling 12 months





**KESKO IS A RESPONSIBLE AND
SUSTAINABLE OPERATOR**

WE ARE INCREASING EFFICIENCY IN ENERGY USE

- Some 50-80% of K Group's electricity consumption in 2022-2025 hedged
- We aim to cut our electricity use by as much as 20% during peak times
- Results can already be seen: our electricity use in September was down by 4%
- We are also preparing for disruptions in energy distribution



STRATEGY AND OUTLOOK

KESPRO
JOTTA ULKONA SYÖMINEN
OLISI SUOSITUMPA



A GOOD STRATEGY

We continue strategy execution in all business areas

We continue to invest in growth

Ensuring operational efficiency important due to weakened economic outlook and rising inflation



GUIDANCE 2022

Kesko estimates that its comparable operating profit in 2022 will be in the range of €790 – 840 million. Before, the company estimated that the comparable operating profit would be in the range of €750 – 840 million.

In 2021, Kesko's comparable operating profit totalled €775.5 million.

OUTLOOK FOR 2023

Kesko's net sales and operating profit are expected to remain at a good level also in 2023 despite the challenges in the company's operating environment.

The grocery trade market is expected to remain stable as a whole, in part supported by price inflation. Kesko is a strong operator in all areas of food trade. Consequently, operating profit is expected to remain at a good level despite rising costs.

The construction market is expected to decrease somewhat compared to 2022. New building construction is expected to decrease, but renovation building and construction related to the green transition are expected to continue to grow. B2B trade accounts for over 80% of the sales for Kesko's building and technical trade division. Good profit levels in building and technical trade are underpinned by the significant share of renovation building and the strong demand for products related to saving energy and the green transition.

In the car trade market, the availability and demand for cars are expected to remain below their long-term average in 2023. Despite the market situation, profitability in Kesko's car trade division is expected to remain at a good level thanks to the transformation and efficiency measures carried out.

