



BUILDING AND TECHNICAL TRADE – LEADING OPERATOR IN NORTHERN EUROPE

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Kesko Capital Markets Day 2022

A GOOD STRATEGY

KESKO GROWTH STRATEGY

BUILDING AND TECHNICAL TRADE GROWTH STRATEGY

FOCUS ON NORTHERN EUROPE

COUNTRY-SPECIFIC STRATEGIES:

FINLAND: GROWTH AND MARKET LEADERSHIP IN TECHNICAL TRADE, BUILDERS MERCHANT, DIY

SCANDINAVIA: GROWTH ESPECIALLY IN TECHNICAL TRADE AND BUILDERS MERCHANT. SELECTIVE PRESENCE IN DIY

POLAND AND BALTICS: GROWTH IN TECHNICAL TRADE

KESKO SENUKAI: LEADING DIY OPERATOR IN BALTICS

ONE UNIFIED



CUSTOMER EXPERIENCE

DIGITALISATION

SUSTAINABILITY



LEADING PLAYER IN BUILDING AND TECHNICAL TRADE IN NORTHERN EUROPE

Total retail sales of €6.5 billion*, B2B accounts for over 80% of sales**

TECHNICAL TRADE

onninen 

- Net sales €2,231 million
- Operating profit €170.7 million
- Operating margin 7.7%
- 100% B2B

BUILDING AND HOME IMPROVEMENT TRADE

Rauta 

- Net sales €2,387 million
- Operating profit €143.5 million
- Operating margin 6.0%
- Builders merchant for professional builders 67%
- DIY for consumers 33% of sales

BYGG 

BYGGMAKKER 

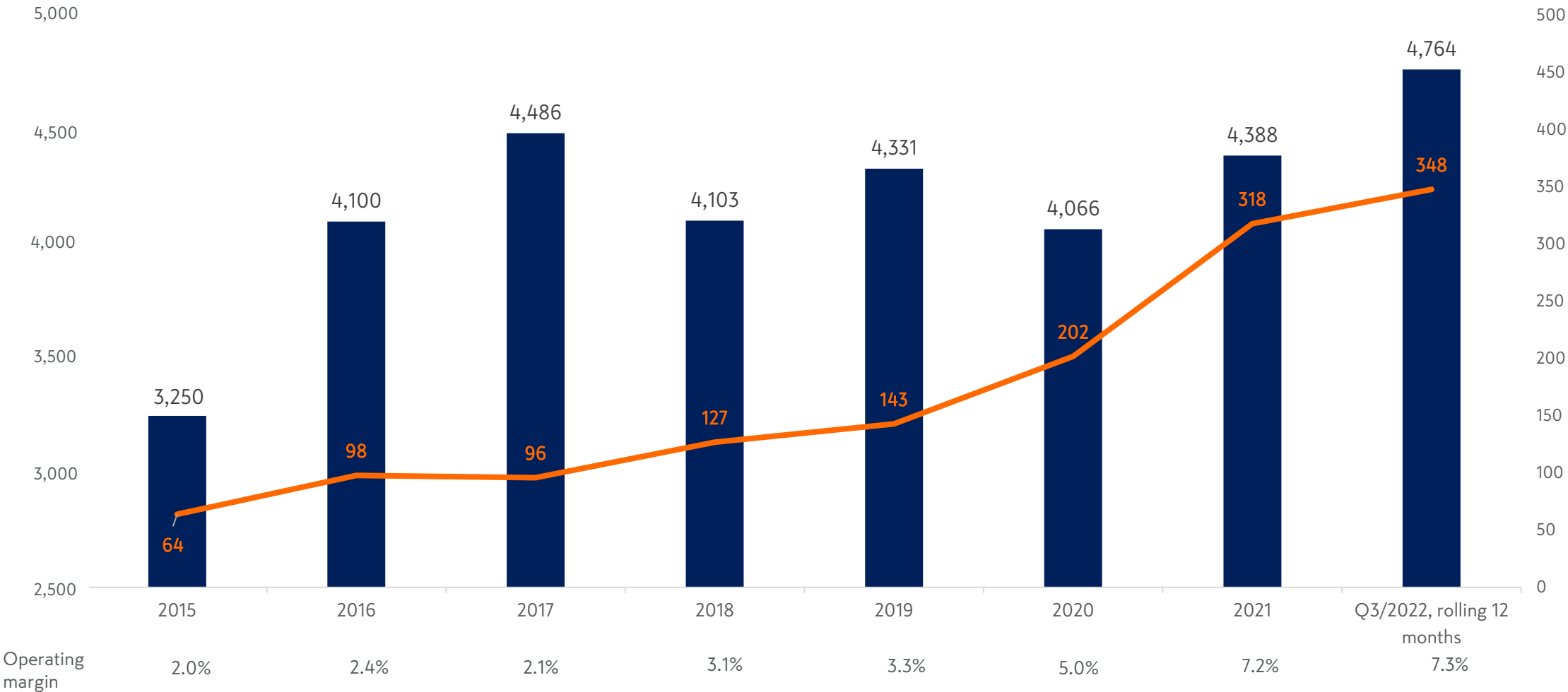
CSSEN
SENUKAI

- Kesko Senukai joint venture
- Leading DIY operator in the Baltics, 70% DIY ***
- Kesko's share 50%
- Retail sales €1,202 million*

Net sales and operating profit, Q3/2022 rolling 12 months

*Retail sales incl. B2B sales **excl. Kesko Senukai ***Kesko's estimate

STRONG GROWTH AND IMPROVING PROFITABILITY



4 Onninen acquired in 2016, Russian operations divested in 2018, IFRS impact since 2018, Kesko Senukai reporting change 7/2020

■ Net sales — Operating profit

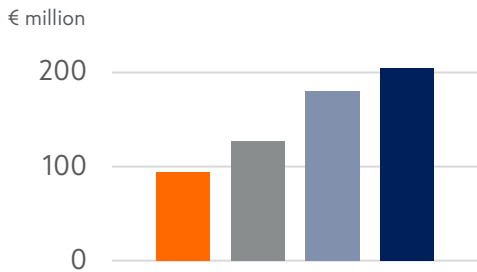


REASONS BEHIND OUR SUCCESS



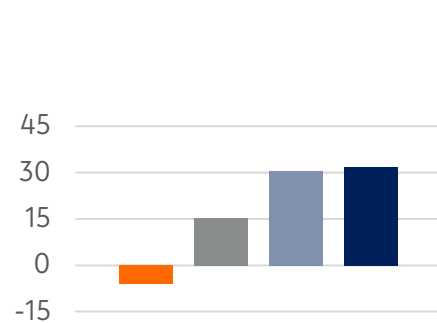
COUNTRY-SPECIFIC APPROACH YIELDING RESULTS

FINLAND



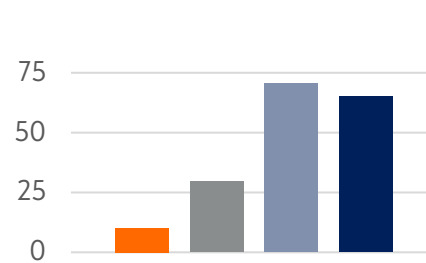
Strong market leader in technical trade and building and home improvement trade

SWEDEN



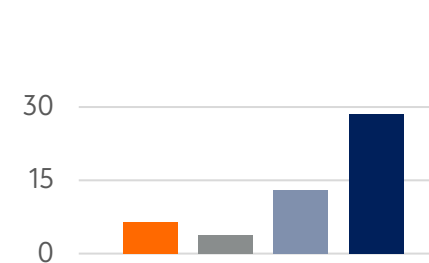
Good position achieved in the growing builders merchant market

NORWAY



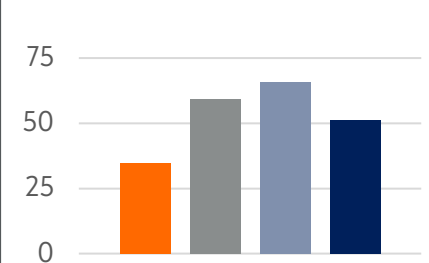
Strong market position in both technical trade and builders merchant

POLAND AND BALTICS



In technical trade strong position in Poland and in the Baltics

KESKO SENUKAI



Joint venture Kesko Senukai leading operator in the Baltics

Kesko Senukai is consolidated as a joint venture, Kesko's ownership 50%

Comparable operating profit

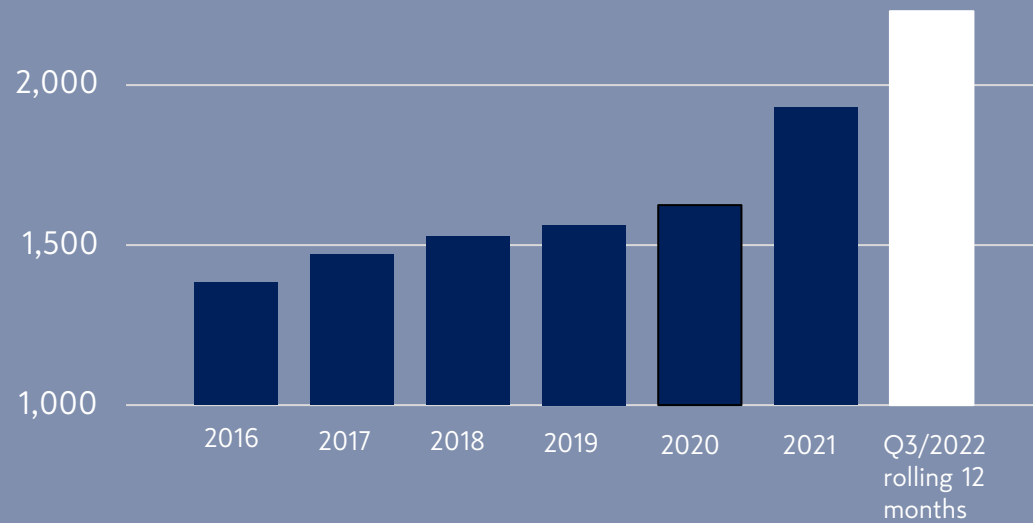
2019 2020 2021 rolling 12 months Q3/2022



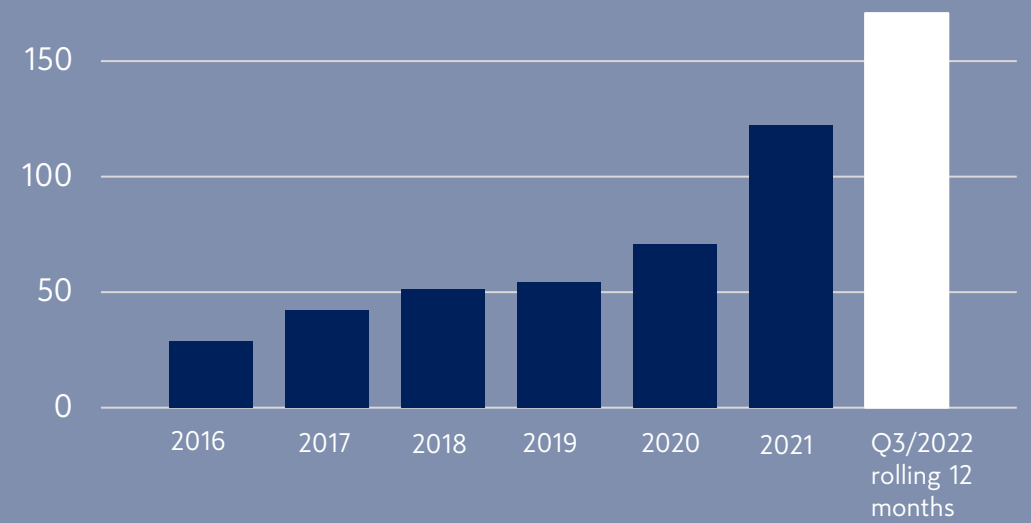
TECHNICAL TRADE A PERFECT FIT

Onninen's strong performance as part of Kesko

Net sales 2016-2021 and Q3/2022



Comparable operating profit 2016-2021 and Q3/2022

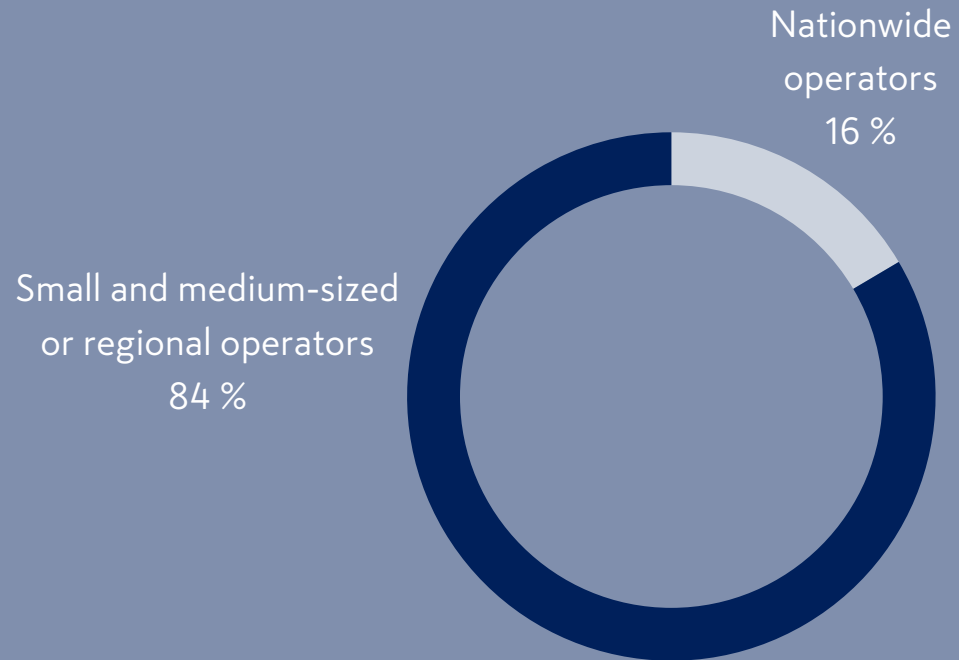


7 Pro-forma, excl. divested contractor business in Sweden
IFRS 16 impact since 2018



CUSTOMER BASE IN TECHNICAL TRADE OFFERS GREAT GROWTH POTENTIAL

Green transition and renovation maintain demand over cycles

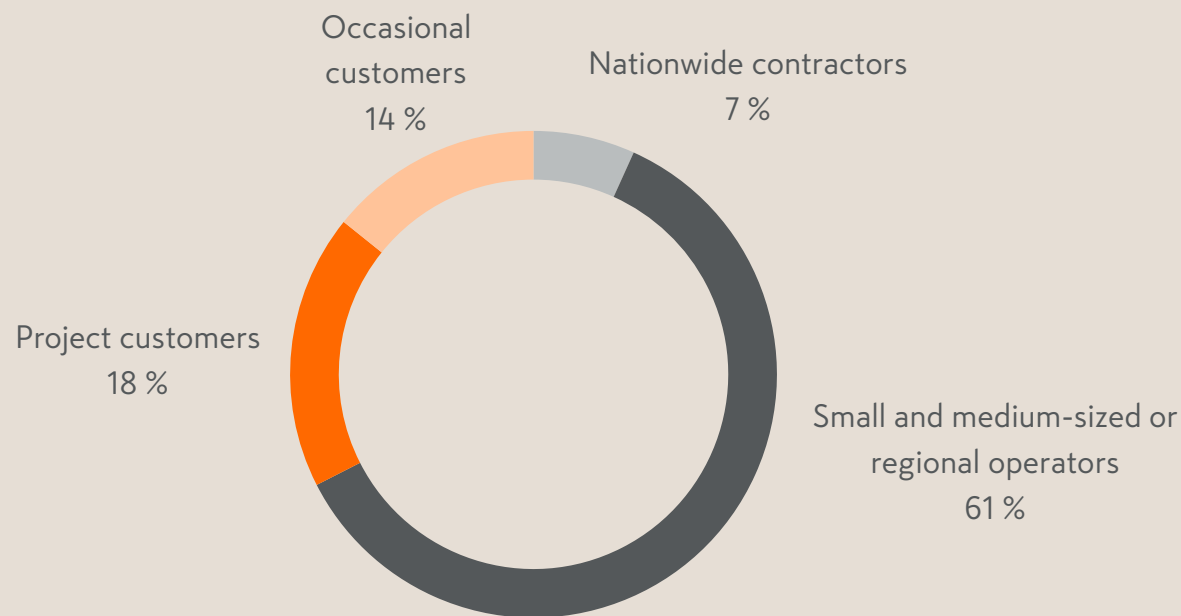


MAIN PRODUCT CATEGORIES

- Heating, plumbing
- Electricals
- Ventilation and refrigeration

BUILDING AND HOME IMPROVEMENT TRADE CUSTOMERS FOCUSED ON RENOVATION

Majority of customers small and medium-sized operators



■ Builders merchant for professional builders
■ DIY for consumers

* Kesko's estimate

MAIN PRODUCT CATEGORIES

Professional builders

- Building materials
- Timber
- Surface materials

Consumers

- Surface materials & bathroom
- Tools
- Garden and leisure

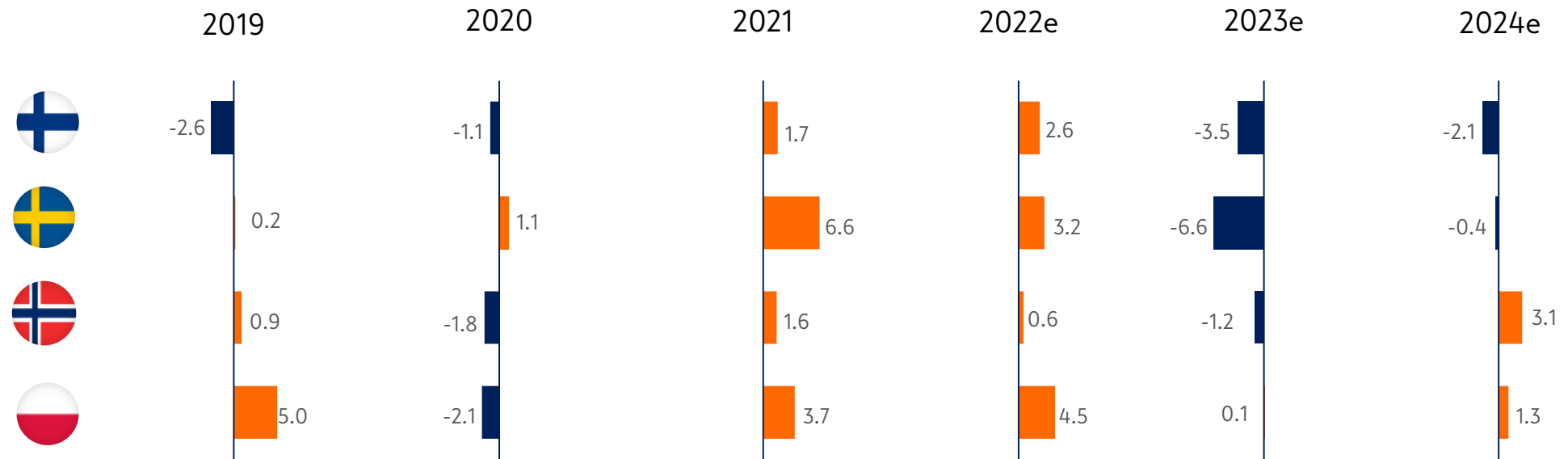


MARKET AND GROWTH DRIVERS



TOTAL CONSTRUCTION IS ESTIMATED TO SLIGHTLY DECLINE

Renovation construction is estimated to continue to grow



Total construction output % change

Source: Euroconstruct '94th Summary Report', November 2022

ALL BUSINESSES WELL POSITIONED TO BENEFIT FROM MEGATRENDS



**GREEN
TRANSITION**



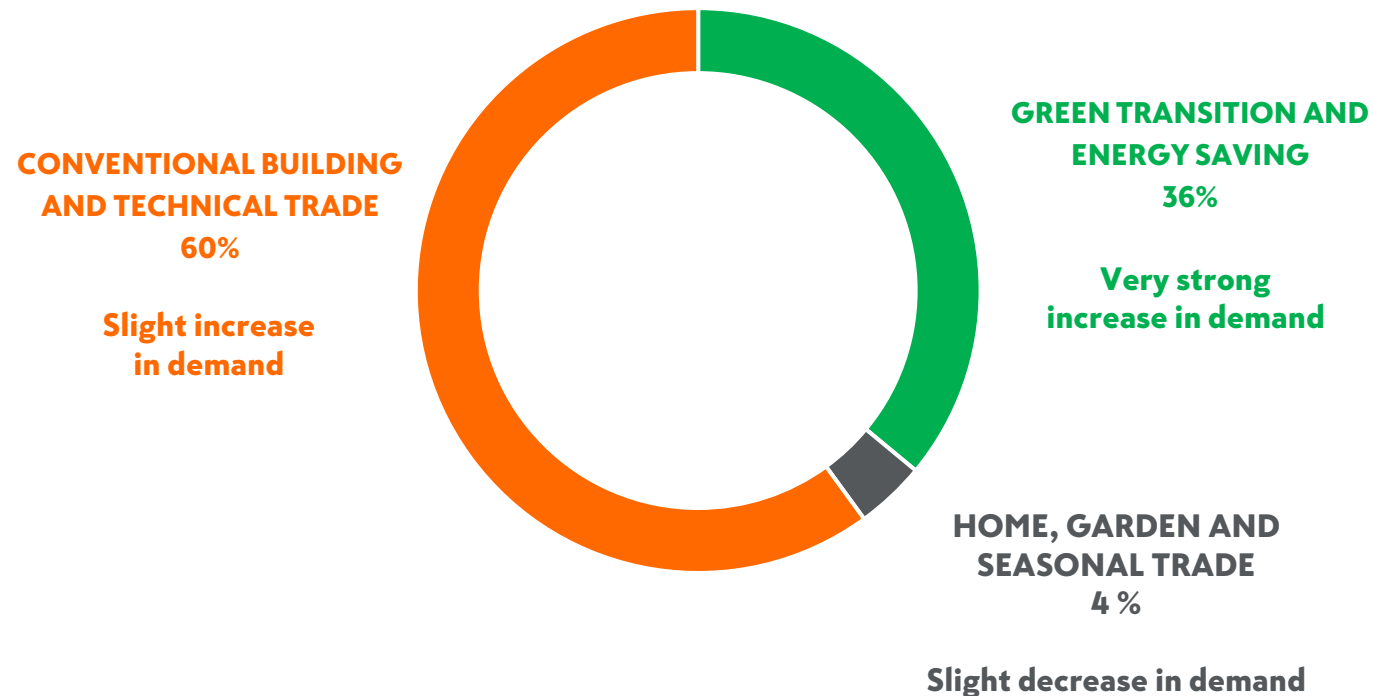
RENOVATION



**ENERGY
SAVING**


GREEN TRANSITION ALREADY VISIBLE – KESKO'S SALES OF ENERGY-SAVING PRODUCTS BOOMING


SALES PORTFOLIO % OF TOTAL SALES / CLUSTER
10/2021-09/2022



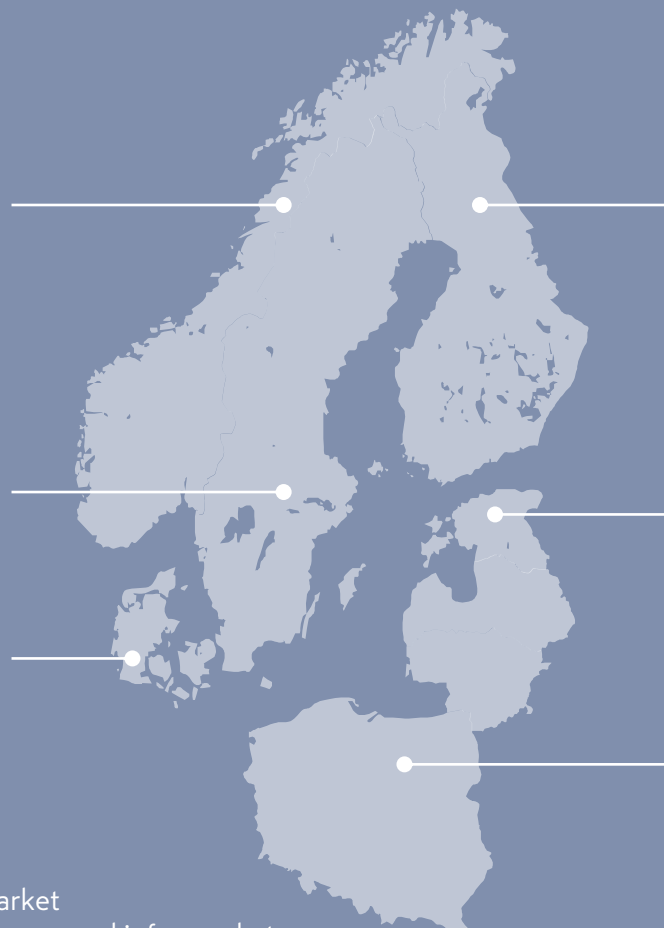
BIG POTENTIAL FOR GROWTH IN TECHNICAL TRADE


Total market €22 billion

	Technical trade
Retail market 2021 (€bn)	2.8
Share of current operating market	21%*


	Technical trade
Retail market 2021 (€bn)	5.4
Share of current operating market	7%**

	Technical trade
Retail market 2021 (€bn)	3.5



	Technical trade
Retail market 2021 (€bn)	2.5
Market share	44%

	Technical trade
Retail market 2021 (€bn)	1.6
Market share	~10%

	Technical trade
Retail market 2021 (€bn)	6.2
Market share	5%

* Norway: Kesko currently operates only in the electrical market


** Sweden: Kesko currently operates only in the water & sewage and infra markets

BUILDING AND HOME IMPROVEMENT GROWTH STRONGLY FOCUSED ON BUILDERS MERCHANT


Total market €24 billion


	Professional Consumers builders
Retail market 2021 (€bn)	3.6 2.2
Market share	14%

	Professional Consumers builders
Retail market 2021 (€bn)	3.9 3.2
Market share	7%

	Professional Consumers builders
Retail market 2021 (€bn)	5.0



	Professional Consumers builders
Retail market 2021 (€bn)	2.1 1.5
Market share	44%

	Professional Consumers builders
Retail market 2021 (€bn)	2.8
Market share	17%, 19%, 40%



FOCUS ON GROWTH AND PROFIT IMPROVEMENT

- ✓ ACTIVE SALES WORK AND SALES MANAGEMENT
- ✓ MARGIN MANAGEMENT
- ✓ ENSURING STRONG PROFITABILITY THROUGH OPERATIONAL EFFICIENCY
- ✓ UTILISING DIGITALISATION IN SALES AND IMPROVING THE EFFICIENCY OF OWN OPERATIONS
- ✓ ACQUISITIONS IN SCANDINAVIA

THANK YOU!

