

KESKO FINANCIAL STATEMENTS RELEASE 2022

ALL DIVISIONS GENERATED GOOD RESULTS IN 2022

Mikko Helander
President and CEO
2.2.2023



KEY TOPICS IN 2022

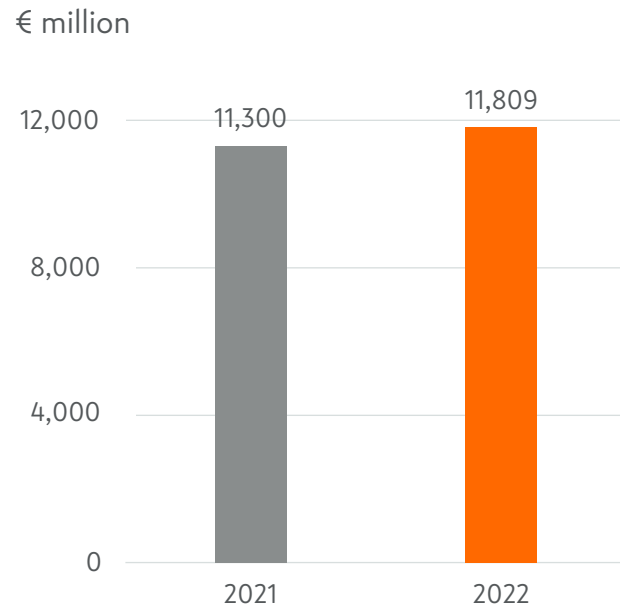
- Good progress in strategy execution in all divisions
- Grocery trade: profitability remained good
- Building and technical trade: a record result
- Car trade: good profitability despite availability issues
- Opening up purchasing agreements in grocery trade to secure Finnish food production
- Earnings per share grew, proposed dividend €1.08 / share

	1-12/2022	1-12/2021
Net sales, € million	11,809.0	11,300.2
Net sales growth, %*	4.4	8.2
Operating profit*, € million	815.1	775.5
Operating margin, %*	6.9	6.9
Profit before tax*, € million	763.2	710.4
Earnings per share*, basic, €	1.54	1.43
Cash flow from operating activities, € million	915.2	1,152.0

* Comparable

NET SALES GROWTH CONTINUED

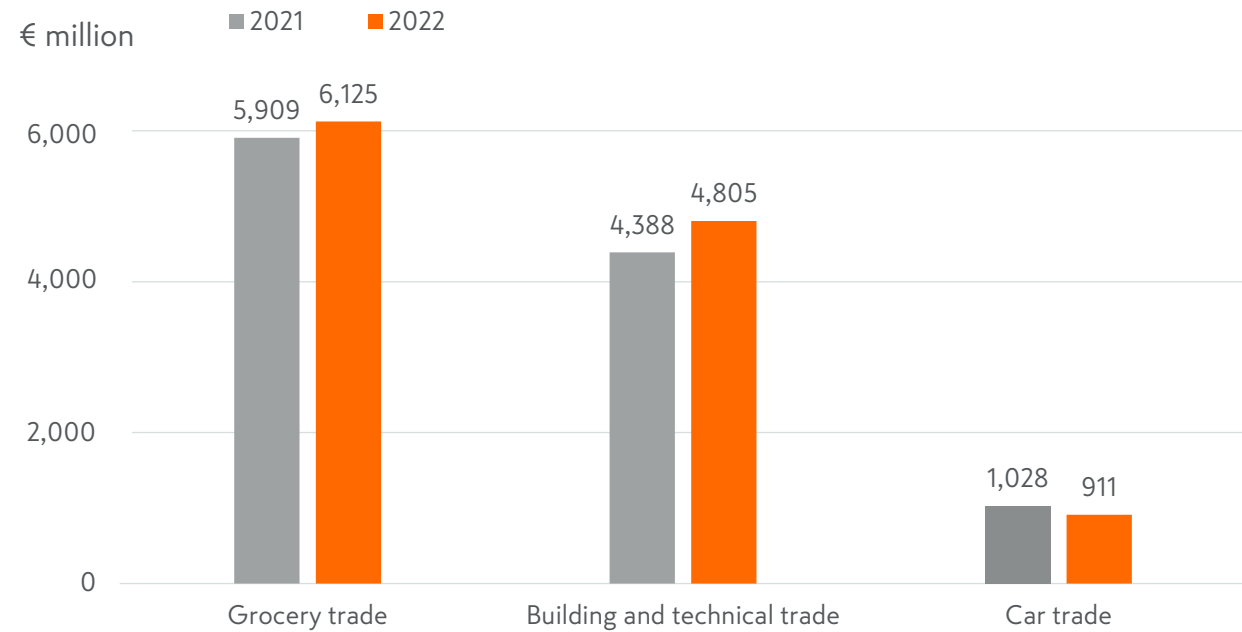
GROUP



Comparable growth

4.4%

DIVISIONS



3.6%

9.4%

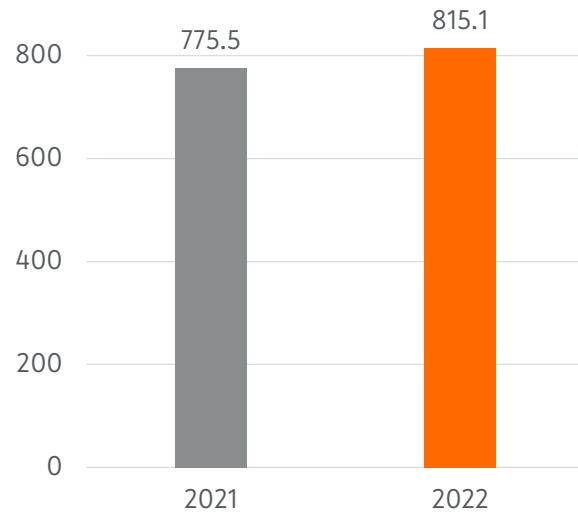
-11.4%



OPERATING PROFIT IMPROVED

GROUP

€ million



DIVISIONS

€ million

■ 2021 ■ 2022



Operating margin

6.9%

6.9%

7.5%

7.5%

7.2%

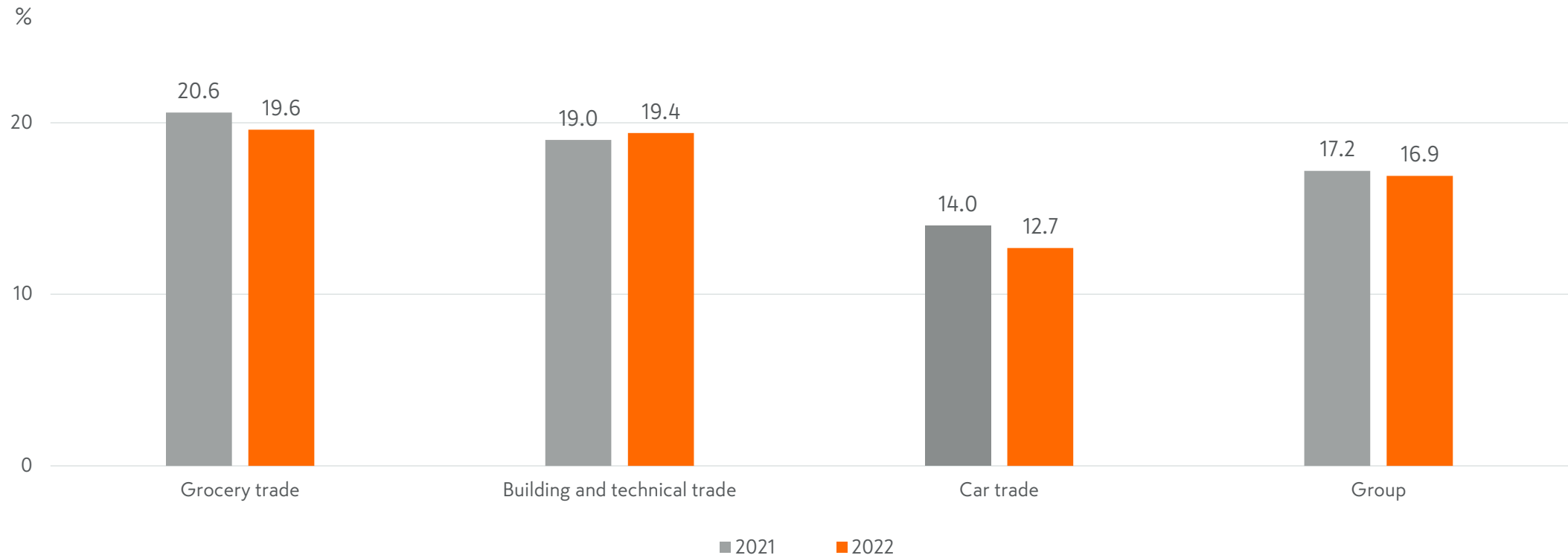
7.1%

5.1%

5.3%



GOOD RETURN ON CAPITAL EMPLOYED



STRONG FINANCIAL POSITION

	2022	2021
Cash flow from operating activities, € million	915.2	1,152.0
Liquid assets, € million	314.1	387.7
Capital expenditure, € million	449.2	276.6
Interest-bearing net debt excl. lease liabilities, € million	184.1	-21.3
Interest-bearing net debt/EBITDA (rolling, excl. IFRS 16 impact)	0.2	0.0
Lease liabilities, € million	1,920.1	1,928.6

INVESTMENTS IN GROWTH CONTINUED

	2022	2021
Capital expenditure in store sites, € million	268.1	129.0
Acquisitions, € million	50.1	13.8
IT investments, € million	41.8	42.2
Other investments, € million	89.2	91.6
Total, € million	449.2	276.6

**GOOD Q4 RESULTS IN ALL DIVISIONS
IN A WEAKENED MARKET**



KEY PERFORMANCE INDICATORS IN Q4

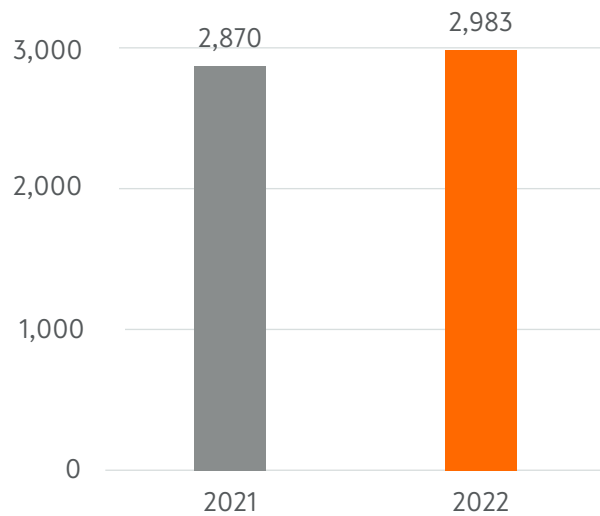
	10-12/2022	10-12/2021
Net sales, € million	2,983.4	2,870.3
Net sales growth, %*	4.3	7.2
Operating profit*, € million	192.6	203.5
Operating margin, %*	6.5	7.1
Cash flow from operating activities, € million	263.0	269.2

* Comparable

Q4 NET SALES GREW IN ALL DIVISIONS

GROUP

€ million



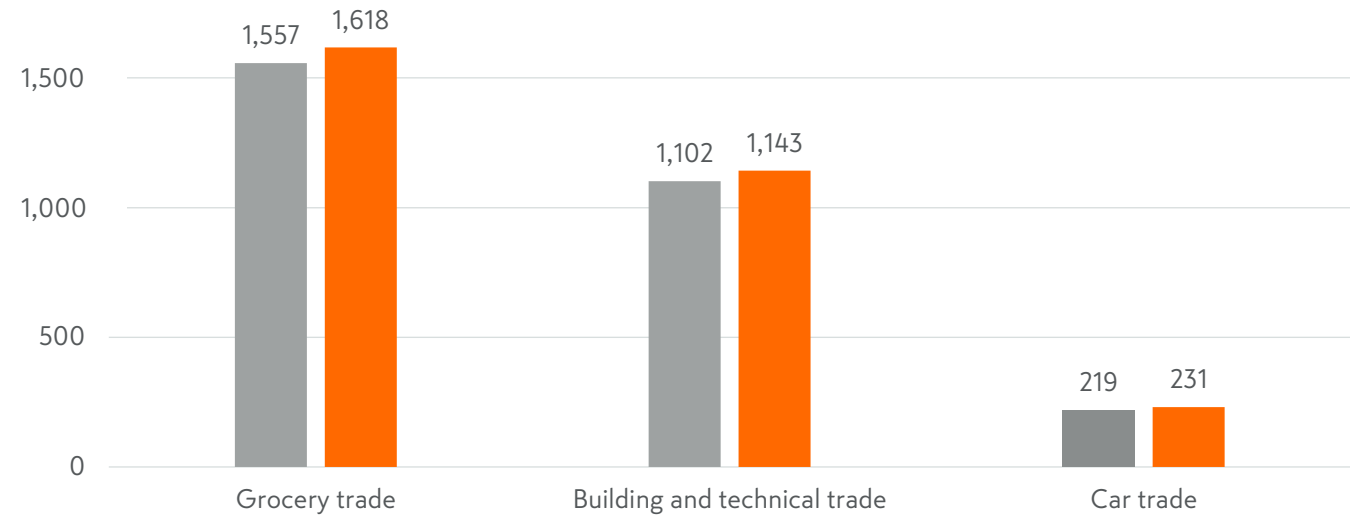
Comparable growth

4.3%

DIVISIONS

€ million

■ 2021 ■ 2022



3.9%

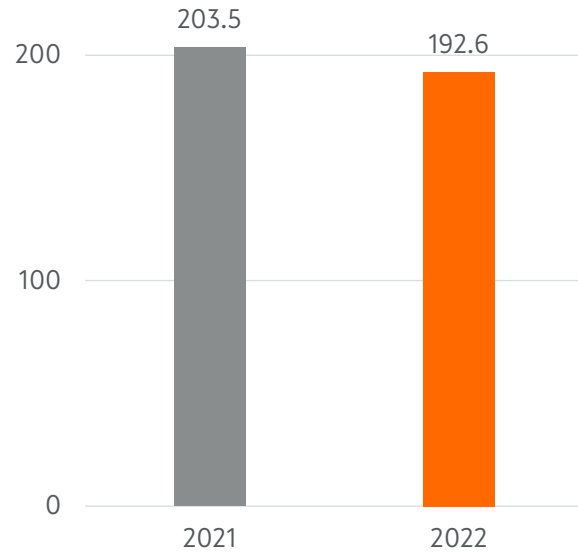
4.6%

5.7%

Q4 OPERATING PROFIT AT A GOOD LEVEL

GROUP

€ million



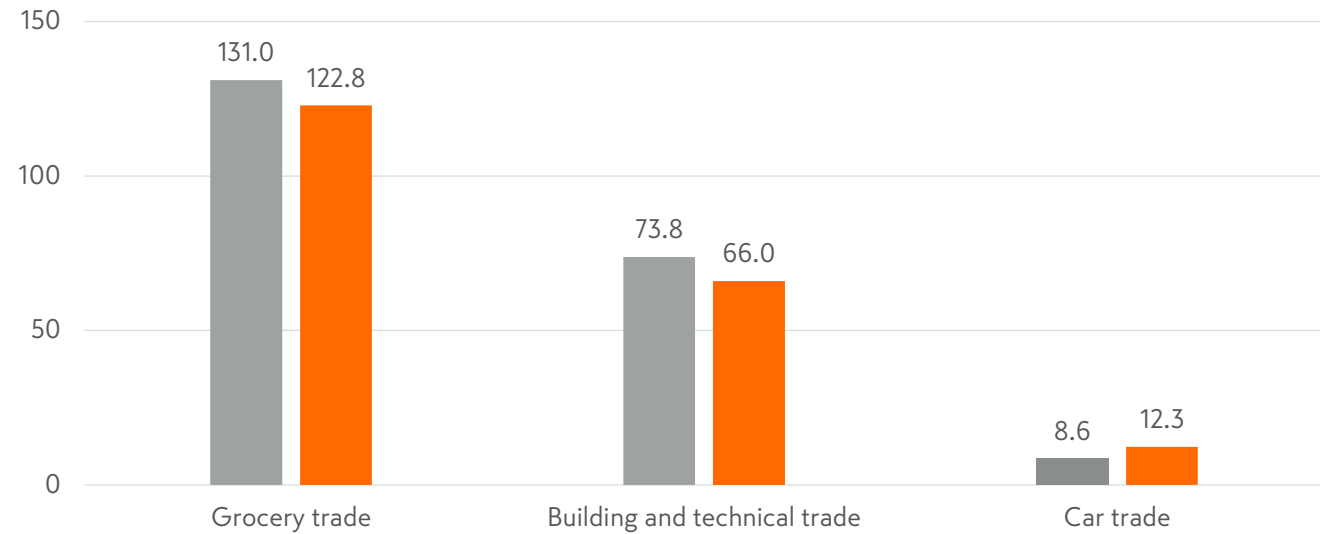
Operating margin

7.1%

6.5%

DIVISIONS

€ million ■ 2021 ■ 2022



8.4%

7.6%

6.7%

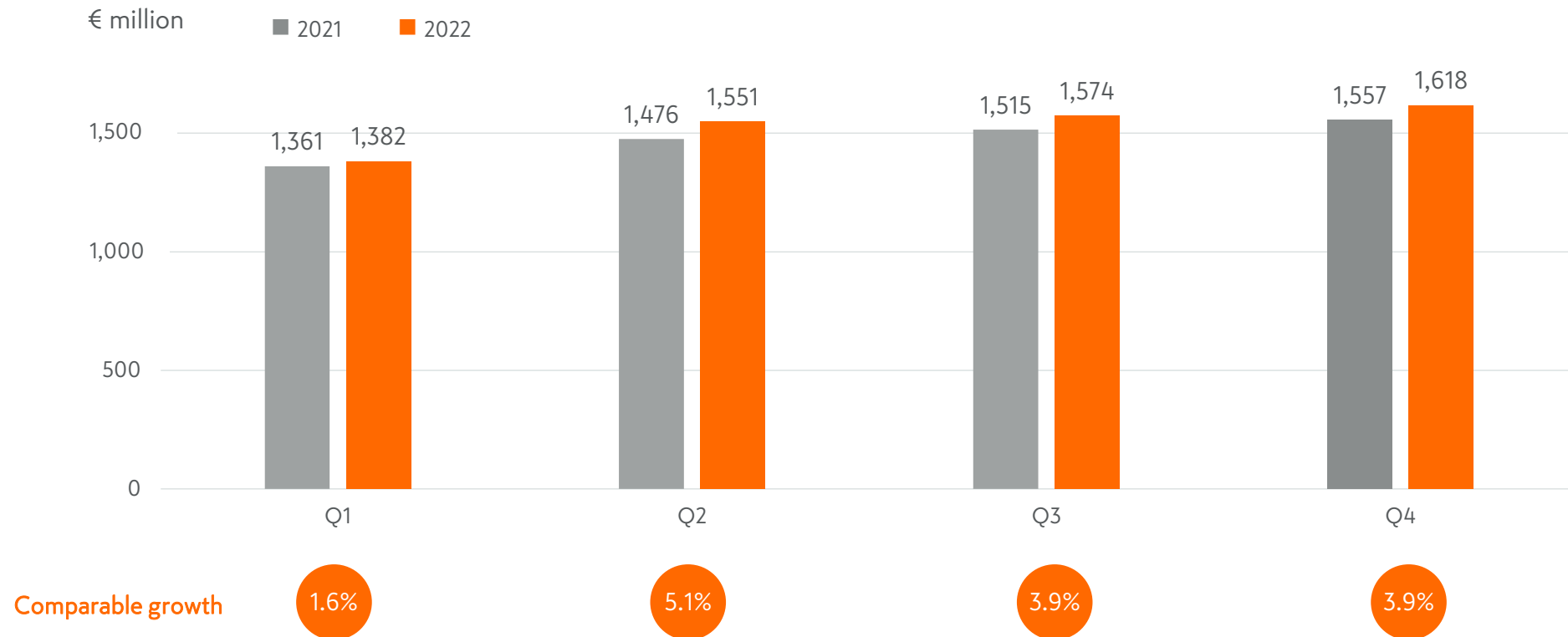
5.8%

3.9%

5.3%

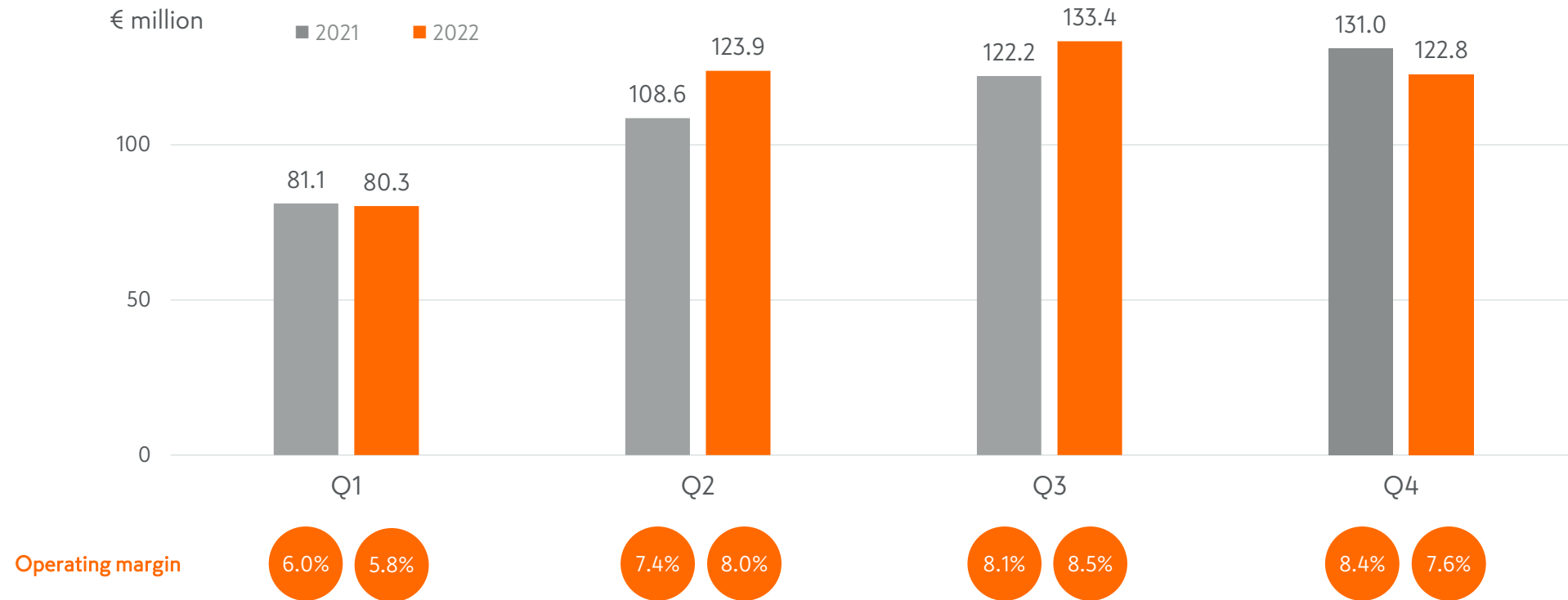
GROCERY TRADE

Q4 NET SALES GREW



GROCERY TRADE

Q4 OPERATING PROFIT DECREASED

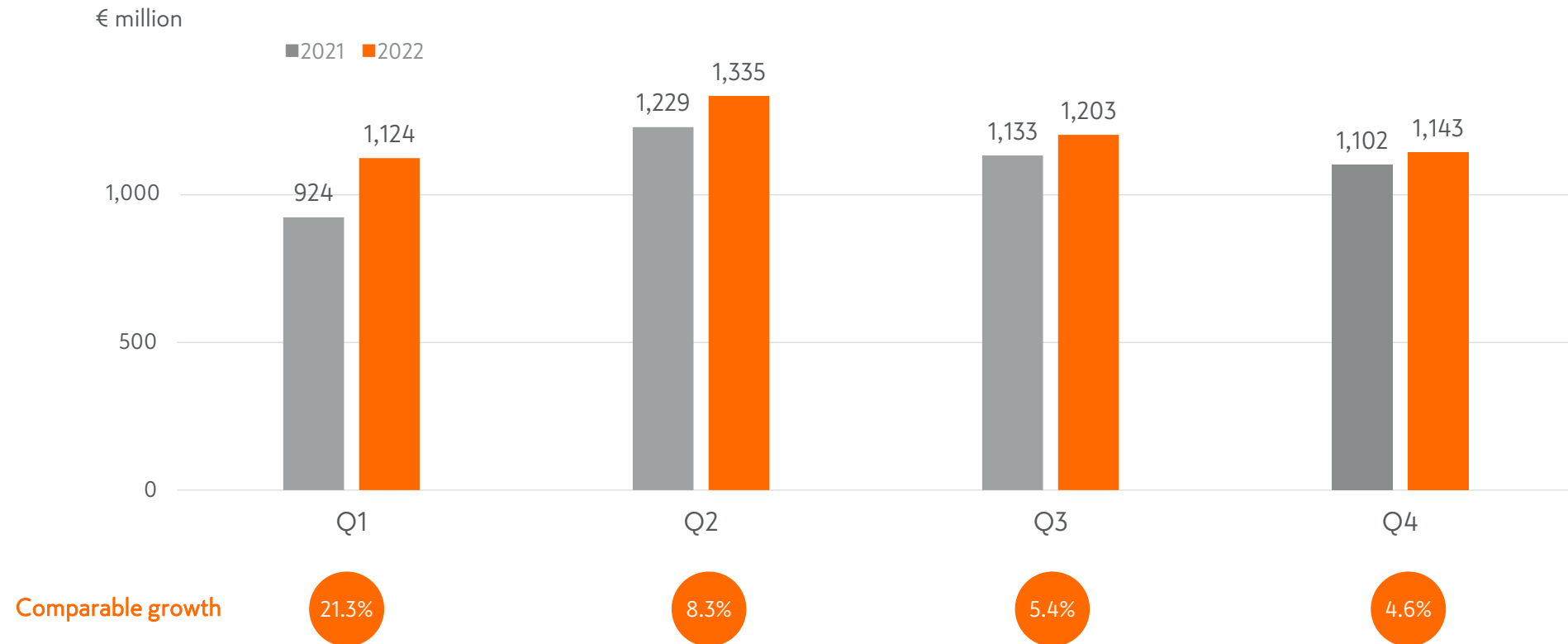


PROFITABILITY REMAINED AT A GOOD LEVEL DESPITE MARKET WEAKENING

- Grocery sales in K Group grocery stores grew by 1.1%, but fell short of the market
- Changes in customer behaviour due to the rise in food prices and growth in the share of campaign sales year-on-year had a diminishing impact on profitability
- The rise in costs caused by inflation had a negative impact on the result
- Kespro's sales grew by 14.3%, market share continued to grow
- B2C online grocery sales up by 1.0%, growth supported by collaboration with Wolt
- K-Citymarket's home and speciality goods (non-food) sales decreased by 1.4%

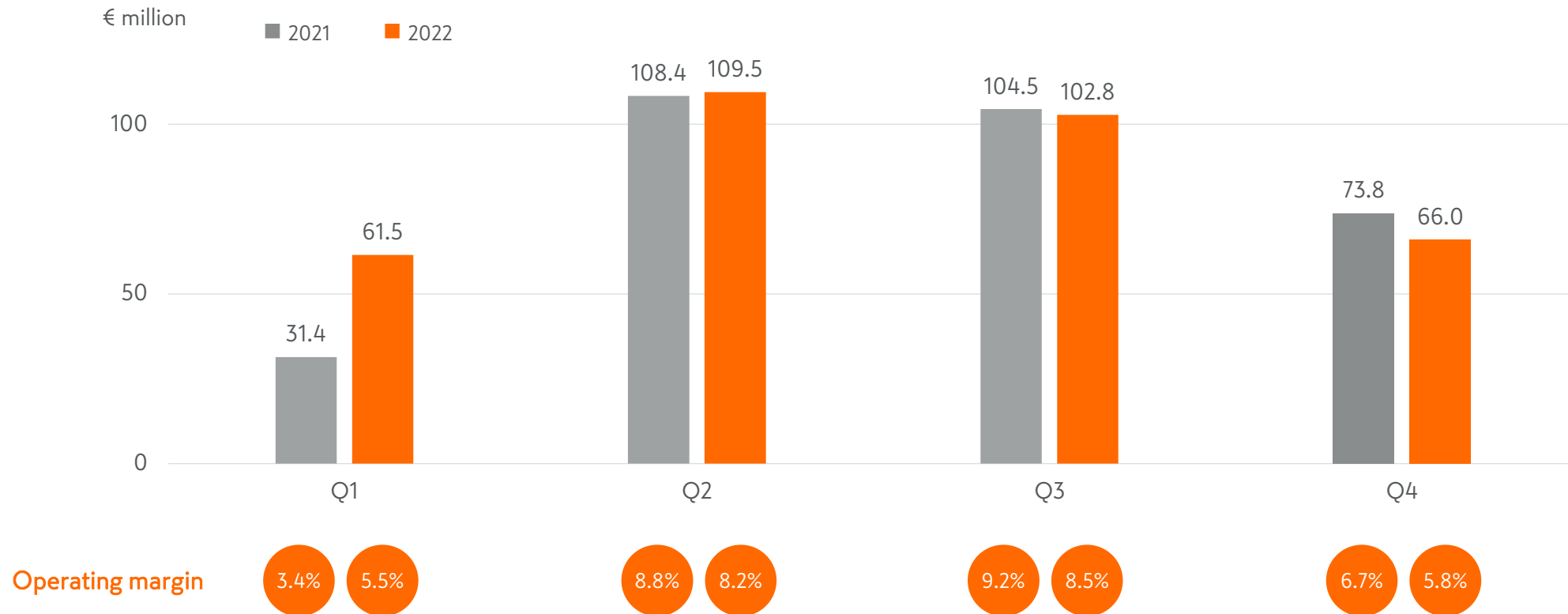
BUILDING AND TECHNICAL TRADE

Q4 NET SALES GREW



BUILDING AND TECHNICAL TRADE

Q4 OPERATING PROFIT DECREASED

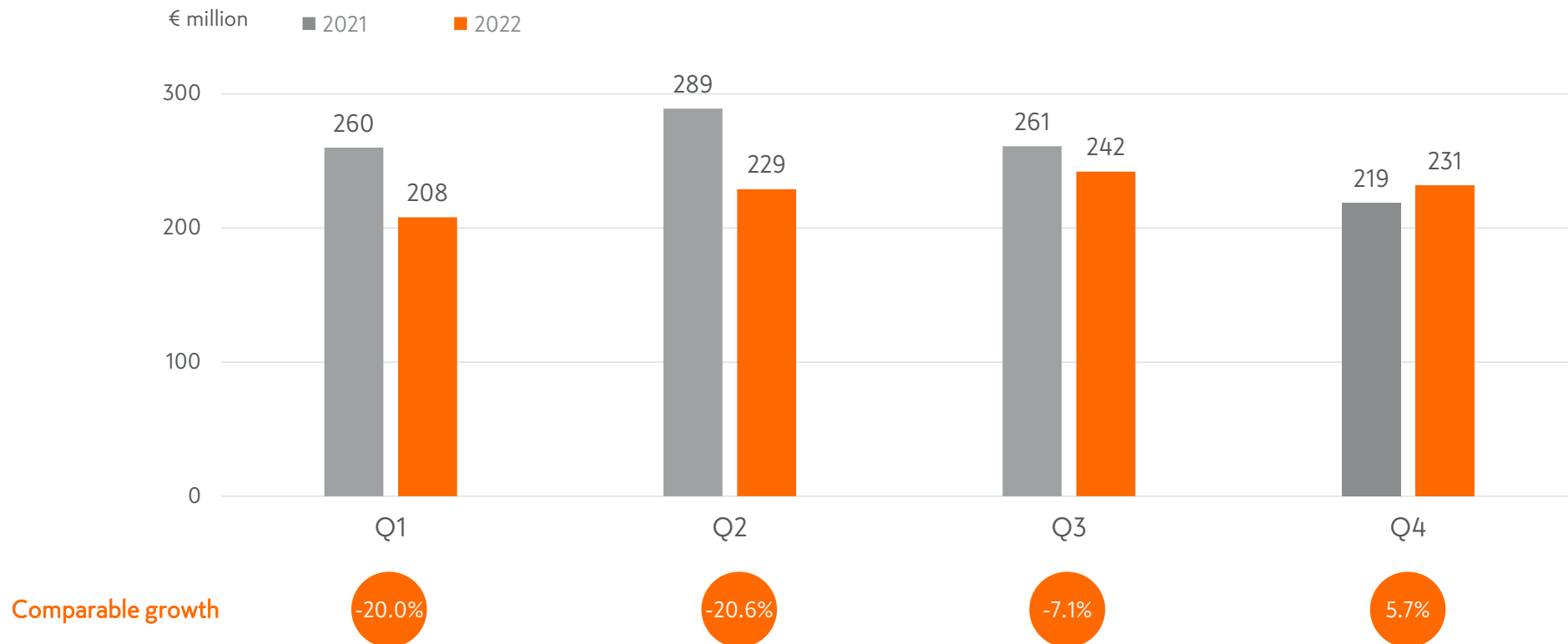


GOOD RESULT IN A WEAKENING MARKET

- Sales grew in all operating countries, profitability weakened
- Strong sales growth continued in technical wholesale and profit improved further
- In building and home improvement trade, sales declined in consumer trade in particular
- Sales decreased in sports trade, but profitability stayed at a good level
- Kesko Senukai's share of result boosted comparable operating profit by €6.9 million

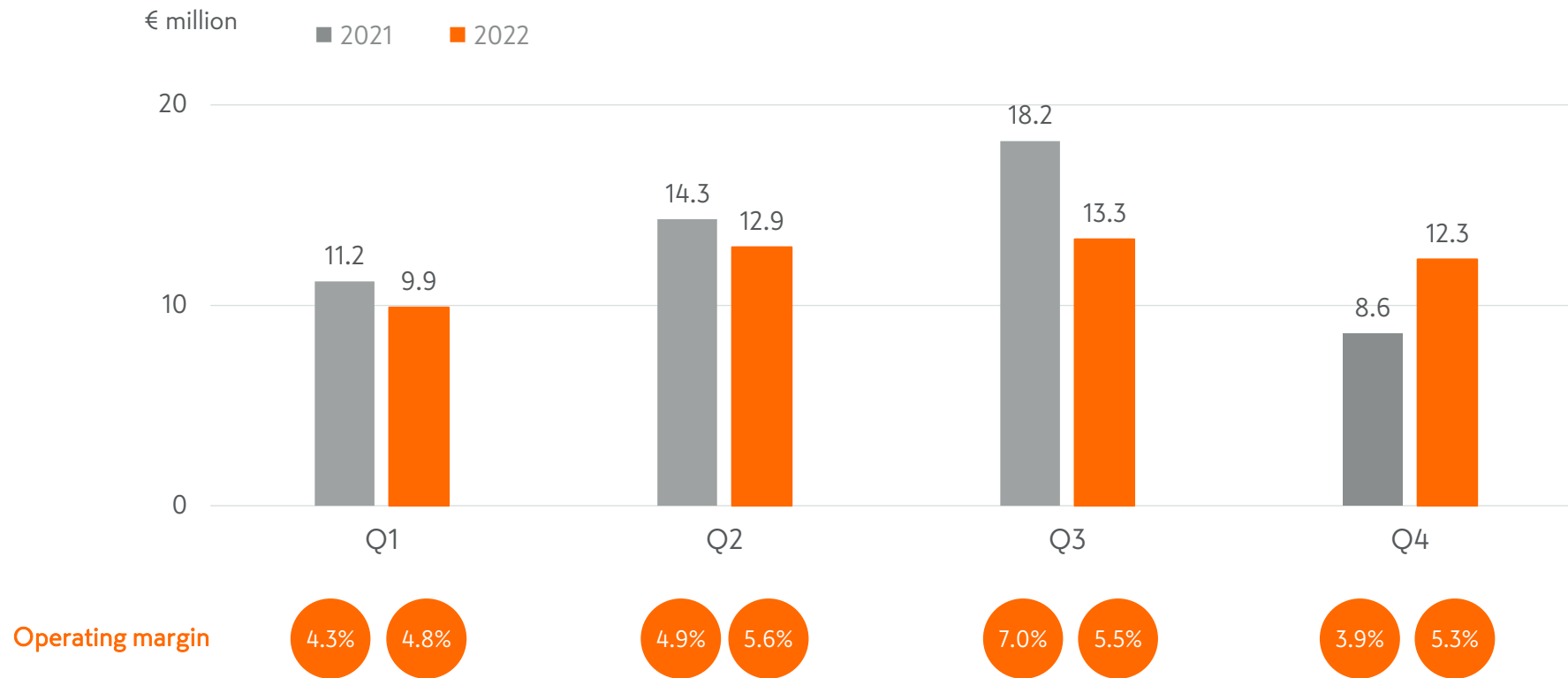
CAR TRADE

Q4 NET SALES GREW



CAR TRADE

Q4 OPERATING PROFIT GREW



GOOD RESULT DESPITE AVAILABILITY ISSUES

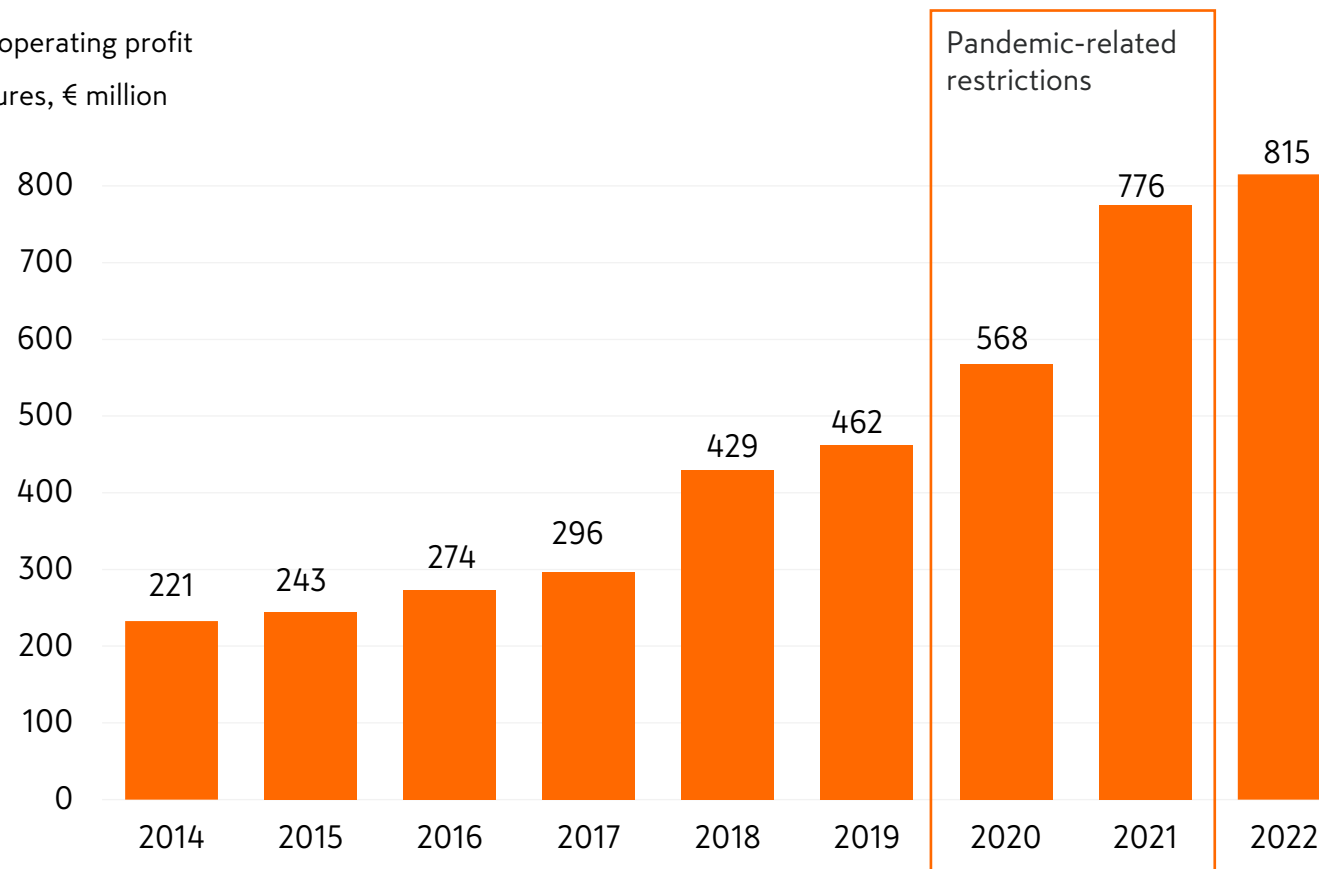
- In new cars, net sales grew and profitability improved as issues with car availability eased slightly
- Growth in used car sales continued strong despite market weakening
- Profit was improved by sales growth and better sales margins
- Profitability was also improved by efforts to increase operational efficiency and a reduction in a provision related to warranty expenses
- In the service business, sales grew and profitability remained good

**ALL DIVISIONS ARE IN GOOD SHAPE
FOR PROFIT**



OUR PROFIT HAS IMPROVED ALSO AFTER PANDEMIC-RELATED RESTRICTIONS WERE LIFTED

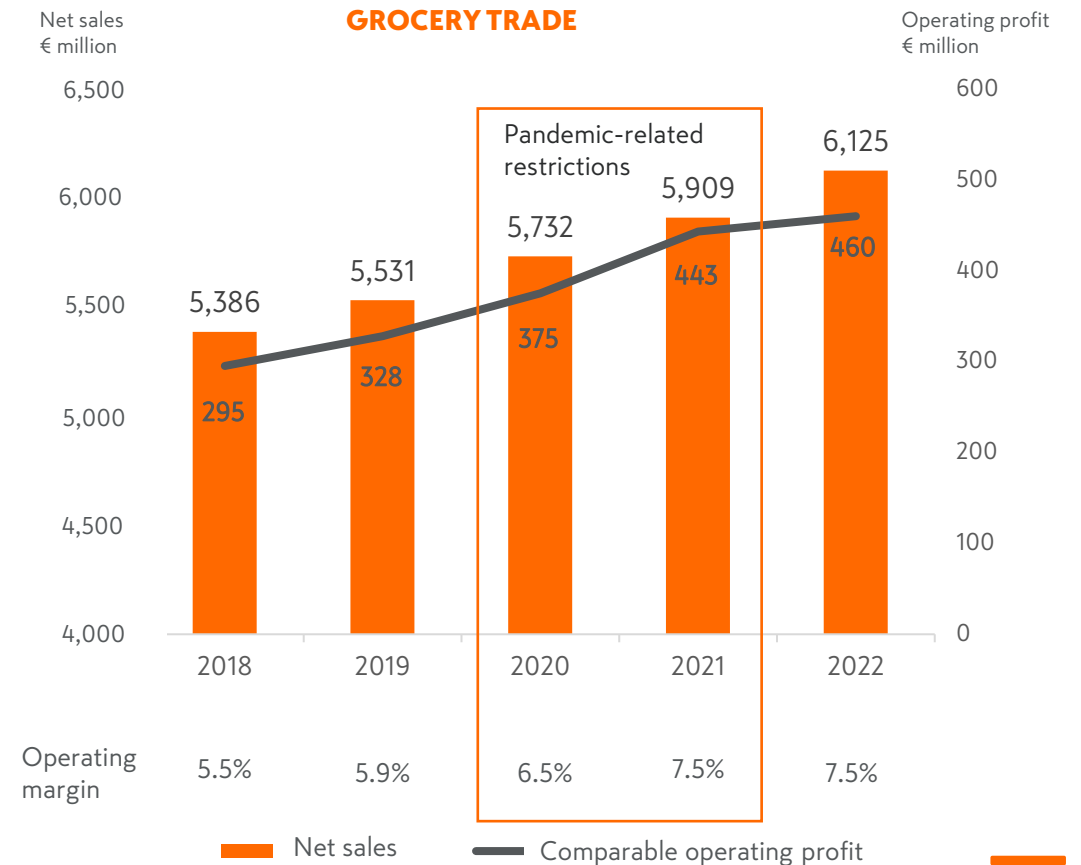
Comparable operating profit
Reported figures, € million



2014-2019 continuing operations, IFRS 16 impact as of 2018

PROFITABILITY IN FOOD TRADE ON A SOLID BASIS

- Significant share of the €20 billion total food sales in Finland
- Finland’s most extensive and versatile store network with 913 K-retailers
- Data-based store-specific business ideas, a forerunner in digitalisation
- Strong market leader in the growing foodservice wholesale business
- Biggest market operator in online grocery sales
- Among sector best in Europe in terms of profitability, efficiency and sustainability



PRICE INCREASINGLY IMPORTANT IN FOOD TRADE

K Group grocery stores successful in shopping basket price comparisons

- Constantly competitive prices in our stores
- Most extensive and versatile offering of affordable private label products
- The best offers and great personalised benefits
- Increased offering of affordable product batches



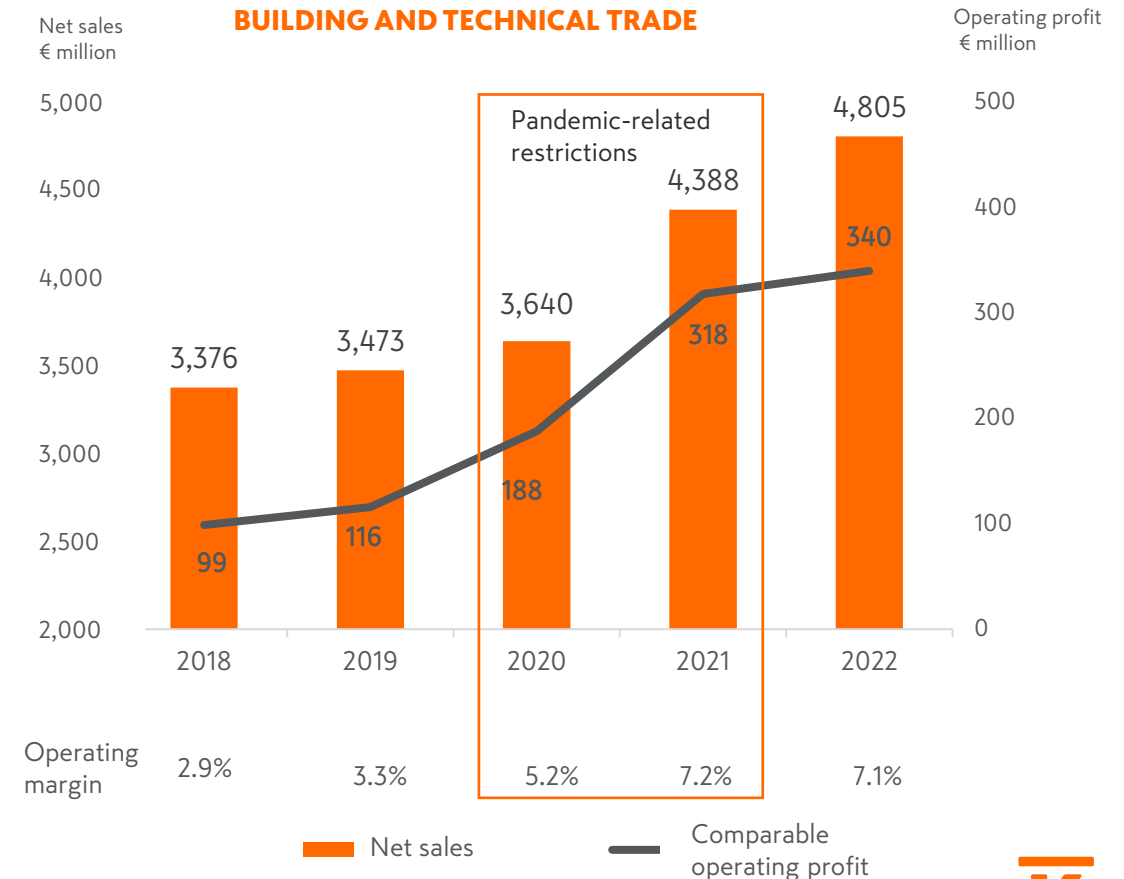
Price comparison by Helsingin Sanomat 6 Oct. 2022



Helsingin Sanomat 26 Jan. 2023

STRONG BASIS FOR THE FUTURE IN BUILDING AND TECHNICAL TRADE

- Leading sector operator in Northern Europe, among the best in Europe in terms of profitability
- Over 80% of sales to B2B customers
- Green transition, efforts to improve energy-efficiency, and growing renovation building set to maintain demand
- Efficient sales and operating practices supporting profitability
- Sales and services via digital channels growing fast in all markets
- Acquisitions and their successful integration yielding results

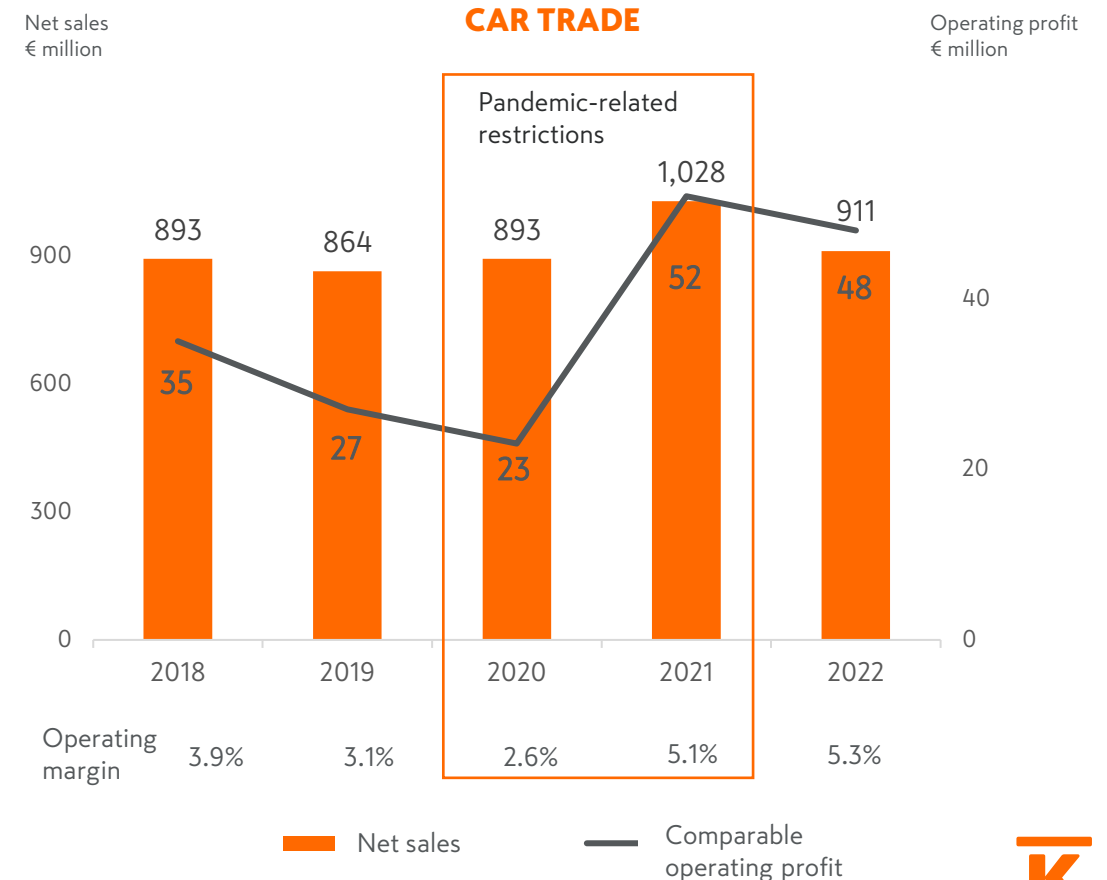


2018-2020: illustrative figures in which Kesko Senukai has been consolidated as a joint venture. Kesko Senukai's treatment changed from a subsidiary to a joint venture on 1 July 2020.



VERSATILITY IN CAR TRADE LEADING TO GOOD RESULTS

- Availability of new cars has improved
- Comprehensive offering: new cars, used cars, and services
- Long-term collaboration with the Volkswagen Group
- Efforts to transform our operations and make them more efficient yielding results
- No. 1 in Finland in electric car sales and EV charging network



SUSTAINABILITY



KESKO IS ONE OF THE MOST SUSTAINABLE TRADING SECTOR COMPANIES IN THE WORLD

Dow Jones Sustainability Indices:

- Among the most esteemed sustainability indices, based on an extensive sustainability assessment by Standard & Poor's Global
- Kesko ranked highest in the 'Food & Staples Retailing' category in Europe: **1. Kesko**, 2. Metro, 3. Ahold Delhaize
- Kesko ranked 3rd highest globally in the 'Food & Staples Retailing' category:
1. CP ALL (Thailand), 2. President Chain Store (Taiwan), **3. Kesko**

Global 100:

- Annual listing by Corporate Knights of the 100 most sustainable corporations in the world, based on an assessment of over 6,000 large listed companies
- Kesko the only company in the world to have made the list every single year since its inception in 2005
- In 2023, Kesko and Sprouts Farmers Market Inc (USA) were the only grocery sector companies on the list

A RESPONSIBLE OPERATOR IN THE FINNISH FOOD CHAIN

- Kesko sells €7 billion worth of Finnish food each year, some 80% of Kesko's grocery selections are of Finnish origin
- Security of supply: without strong Finnish food trade, Finnish agriculture and food industry would not exist in their current form
- Long-term work to develop and strengthen the Finnish food chain
- Kesko responded quickly to the crisis facing the Finnish agriculture and food industry by being the first operator to open up already made purchase agreements with the food industry in March 2022
- This set an example to others and has helped agriculture and food industry operators in a difficult situation

OUTLOOK AND GUIDANCE FOR 2023



OUTLOOK AND GUIDANCE FOR 2023

Kesko estimates that its comparable operating profit in 2023 will be in the range of €680–800 million.

The guidance is based on an estimate for a relatively short recession in Kesko's operating countries. Key uncertainties impacting Kesko's outlook are developments in inflation and interest rate levels and Russia's ongoing offensive war in Ukraine.

OUTLOOK AND GUIDANCE FOR 2023

In the grocery trade division, B2C trade as a whole is estimated to remain stable, and the foodservice market is predicted to continue to grow. Price inflation will support sales development in euro terms, but will also increase costs. Operating profit is expected to remain at a good level.

The construction market is expected to decrease somewhat compared to 2022. New building construction is estimated to decrease, but renovation building and construction related to the green transition are estimated to continue to grow. Operating profit is expected to remain at a good level also in building and technical trade.

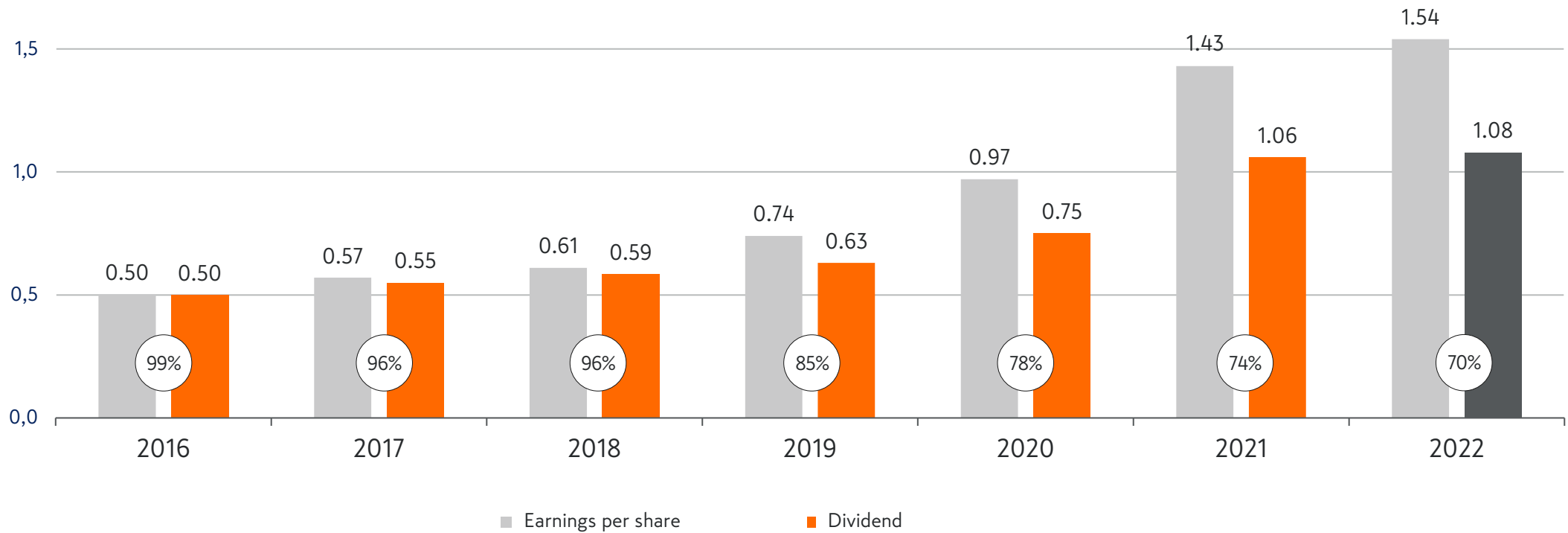
In the car trade division, car availability is estimated to improve, but demand is estimated to remain below long-term average. Profitability in the car trade division is expected to remain at a good level.

DIVIDEND PROPOSAL



DIVIDEND

- Board dividend proposal to the Annual General Meeting: €1.08 / share
- Proposed to be paid in four instalments in 2023



A woman with her hair in a ponytail, wearing a dark jacket with 'onni' on the sleeve and dark pants, is kneeling in a warehouse aisle. She is holding a roll of material, possibly a mat or fabric, and looking at it. The warehouse has high metal shelving units on both sides, filled with various items. The entire image has a strong orange color cast. The text 'GROWTH STRATEGY EXECUTION CONTINUES' is overlaid in large white letters across the center.

GROWTH STRATEGY EXECUTION CONTINUES

KESKO ACQUIRES ELEKTROSKANDIA IN NORWAY

- Kesko subsidiary Onninen will acquire technical trade company Elektroskandia Norge from Rexel Group in Norway
- Elektroskandia has net sales of €250 million and some 270 employees
- Comes with a highly automated distribution centre and 13 stores and sales points
- Following the acquisition, Kesko's sales in Norway will approach €1.5 billion
- The acquisition is subject to approval from local competition authorities



GREAT RESULT!

**EXCELLENT WORK FROM EVERYBODY
AT KESKO AND K GROUP**

A BIG THANK YOU TO ALL!



FOR
SHOPPING
TO BE FUN

