



KESKO ANNUAL GENERAL MEETING

2022 REVIEW BY THE PRESIDENT AND CEO

# THE BEST RESULT IN KESKO'S HISTORY

Mikko Helander  
President and CEO  
30.3.2023

Leading trading sector group  
in Northern Europe

**€15.8 BN**  
RETAIL SALES

**2 MILLION**  
DAILY CUSTOMER  
ENCOUNTERS

**1,200**  
RETAILERS

**1,800**  
STORES

**45,000**  
EMPLOYEES

**8**  
COUNTRIES

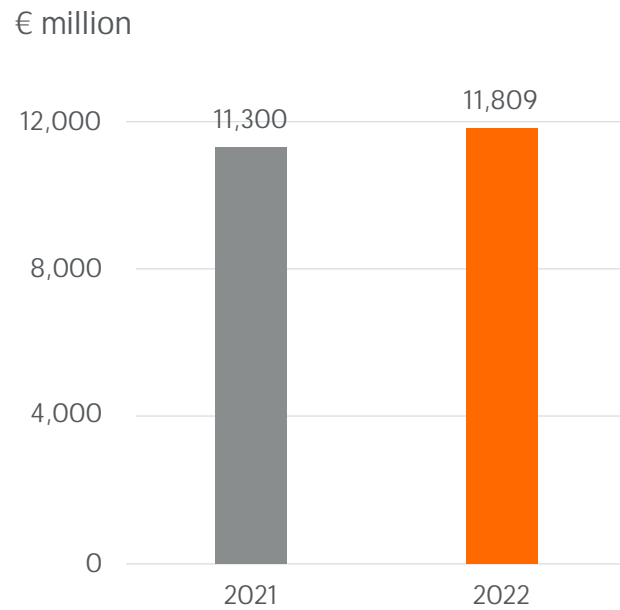


# KEY TOPICS IN 2022

- Good progress in strategy execution in all divisions
- Grocery trade: profit improved, all-time record result
- Building and technical trade: growth continued, another record result
- Car trade: good profitability despite availability issues
- Sustainability strategy updated, implementation more strongly part of business operations
- Opening up purchasing agreements in grocery trade to secure Finnish food production

# NET SALES GROWTH CONTINUED

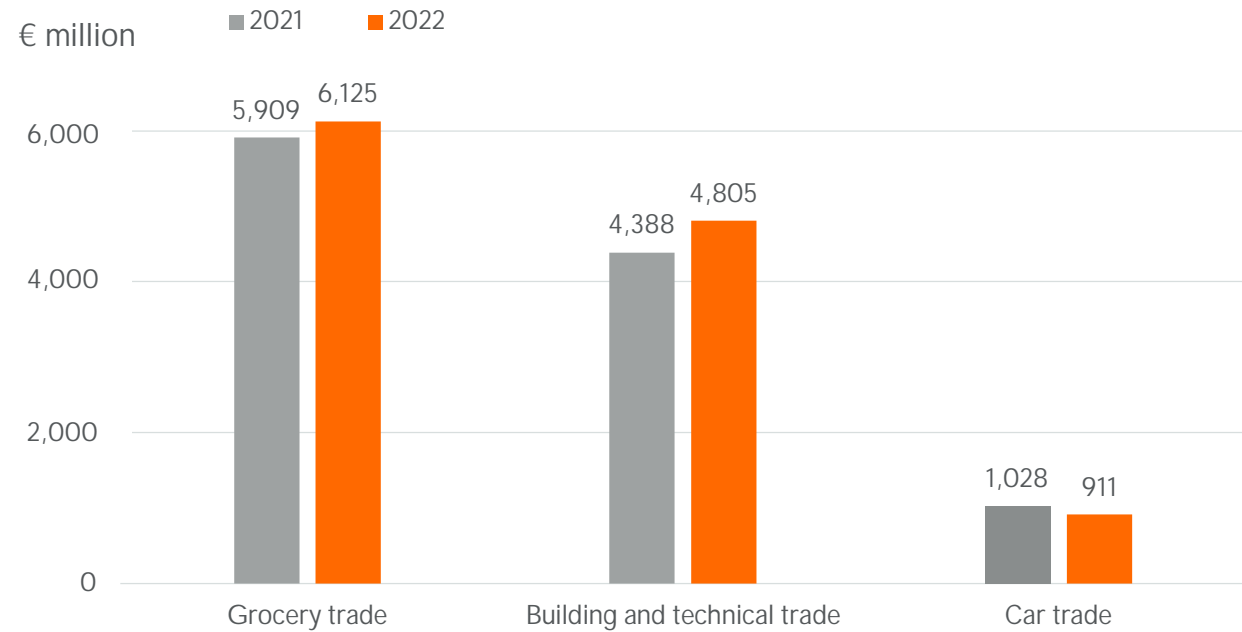
## GROUP



Comparable growth

4.4%

## DIVISIONS



3.6%

9.4%

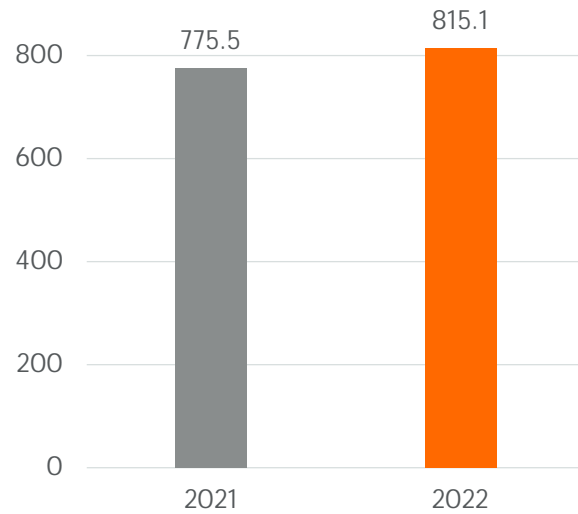
-11.4%



# OPERATING PROFIT IMPROVED

## GROUP

€ million



Operating margin

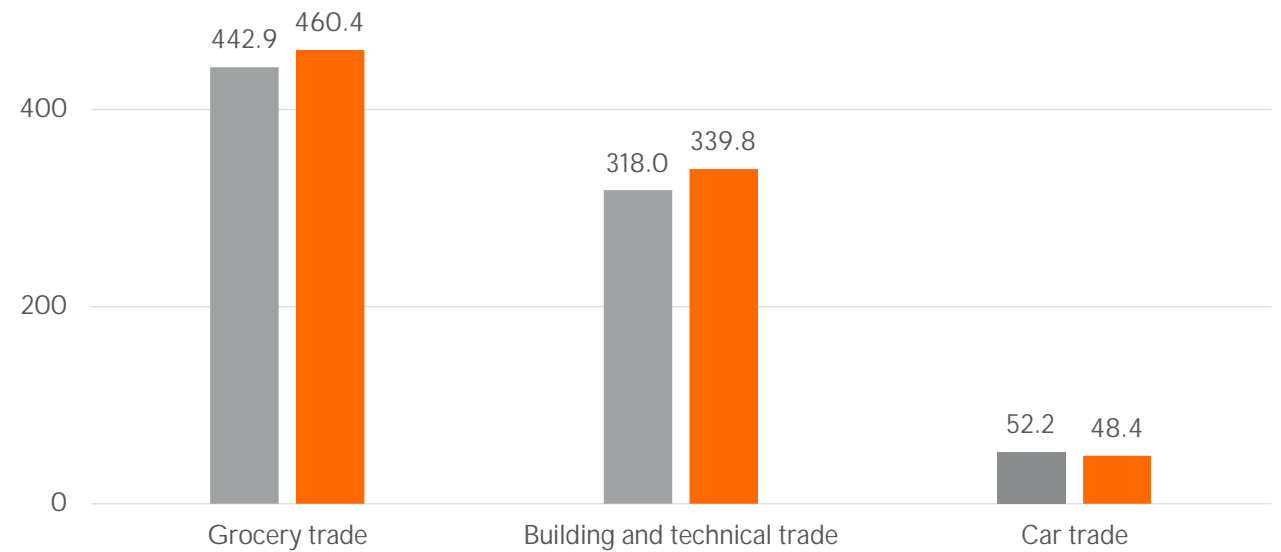
6.9%

6.9%

## DIVISIONS

€ million

■ 2021 ■ 2022



7.5%

7.5%

7.2%

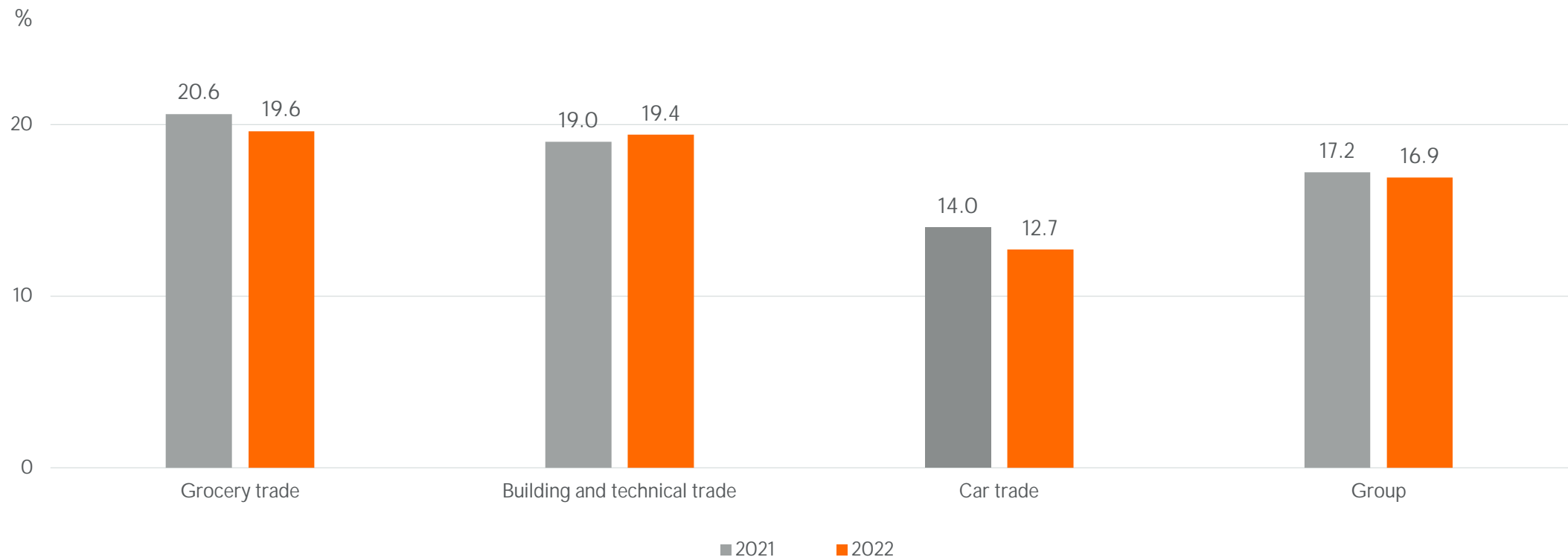
7.1%

5.1%

5.3%



# GOOD RETURN ON CAPITAL EMPLOYED



# RESULTS

	1-12/2022	1-12/2021
Net sales, € million	11,809.0	11,300.2
Operating profit, € million	816.5	775.2
Operating profit, comparable, € million	815.1	775.5
Profit before tax, € million	761.1	712.9
Earnings per share, €	1.53	1.44

# FINANCIAL POSITION

	2022	2021
Cash flow from operating activities, € million	915.2	1,152.0
Liquid assets, € million	314.1	387.7
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



# CAPITAL EXPENDITURE

	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

# 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' LISTING

- 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



WE CONTINUE TO THE EXECUTION  
OF OUR GROWTH STRATEGY

# STRATEGY

## GROWTH STRATEGY

FOCUS:



GROCERY TRADE



BUILDING AND  
TECHNICAL TRADE



CAR TRADE

ONE UNIFIED 

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CUSTOMER EXPERIENCE

DIGITALISATION

SUSTAINABILITY

# UPDATED SUSTAINABILITY STRATEGY

Management remuneration tied to sustainability targets

## SUSTAINABILITY STRATEGY

### VISION:

WE ENABLE SUSTAINABLE CHOICES FOR OUR CUSTOMERS AND DRIVE CHANGE THROUGHOUT THE VALUE CHAIN

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### FOCUS AREAS:

- CLIMATE AND NATURE
- VALUE CHAIN
- PEOPLE
- GOOD GOVERNANCE

### IMPLEMENTATION WITHIN DIVISIONS:

- GROCERY TRADE
  - BUILDING AND TECHNICAL TRADE
  - CAR TRADE
- 

### INDICES AND ASSESSMENTS AS INDICATORS OF PROGRESS:

Dow Jones Europe&World, MSCI ESG, Sustainalytics, CDP

# SUCCESSFUL STRATEGIC CHOICES



Focusing on three core businesses – speciality goods trade and Russian operations divested



Market leadership in neighbourhood stores through the Suomen Lähikauppa acquisition



Shifting the focus in building and home improvement trade to B2B



Expansion to technical wholesale with the acquisition of Onninen



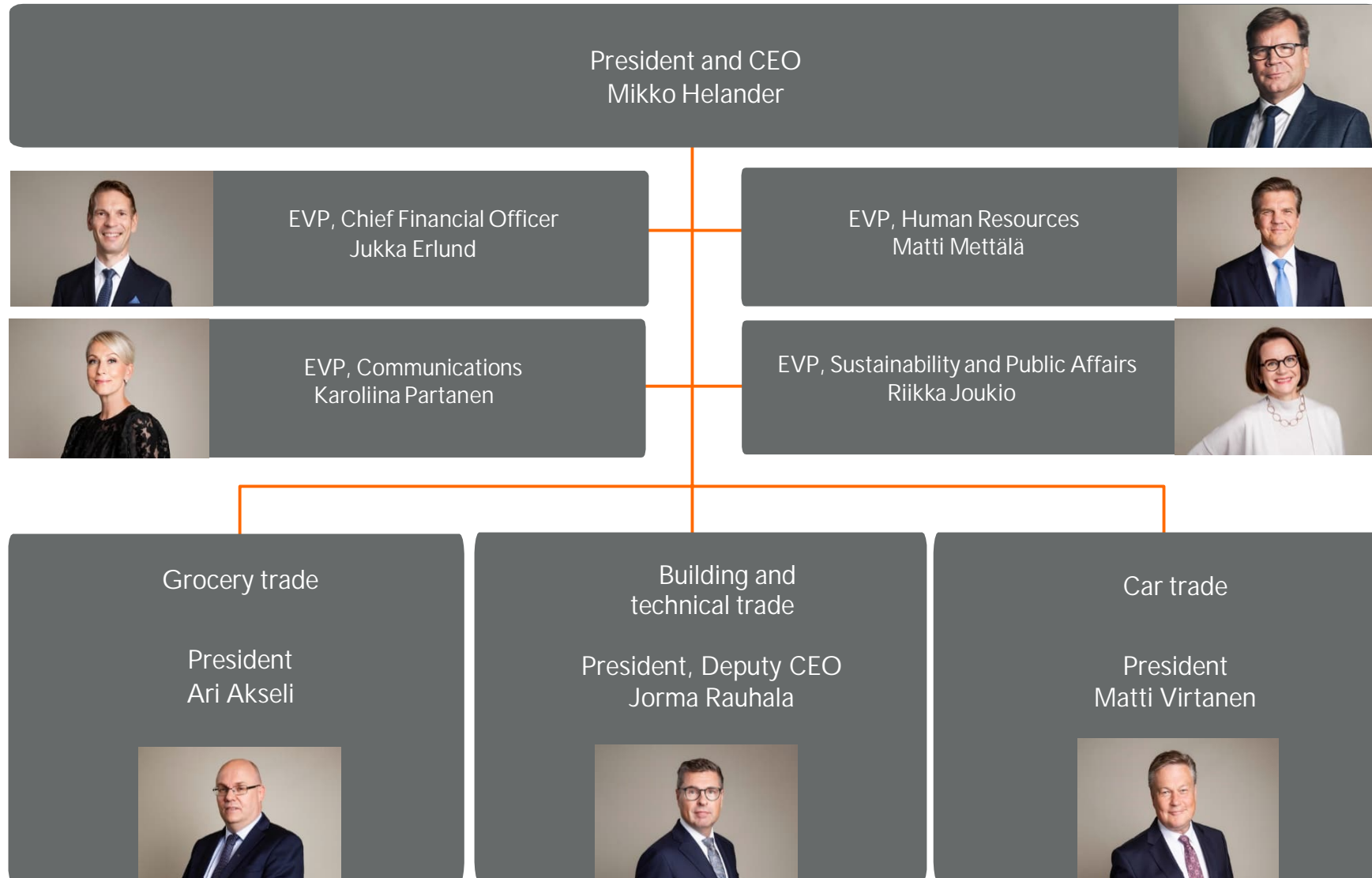
European trading sector forerunner in digitalisation



Global sustainability pioneer

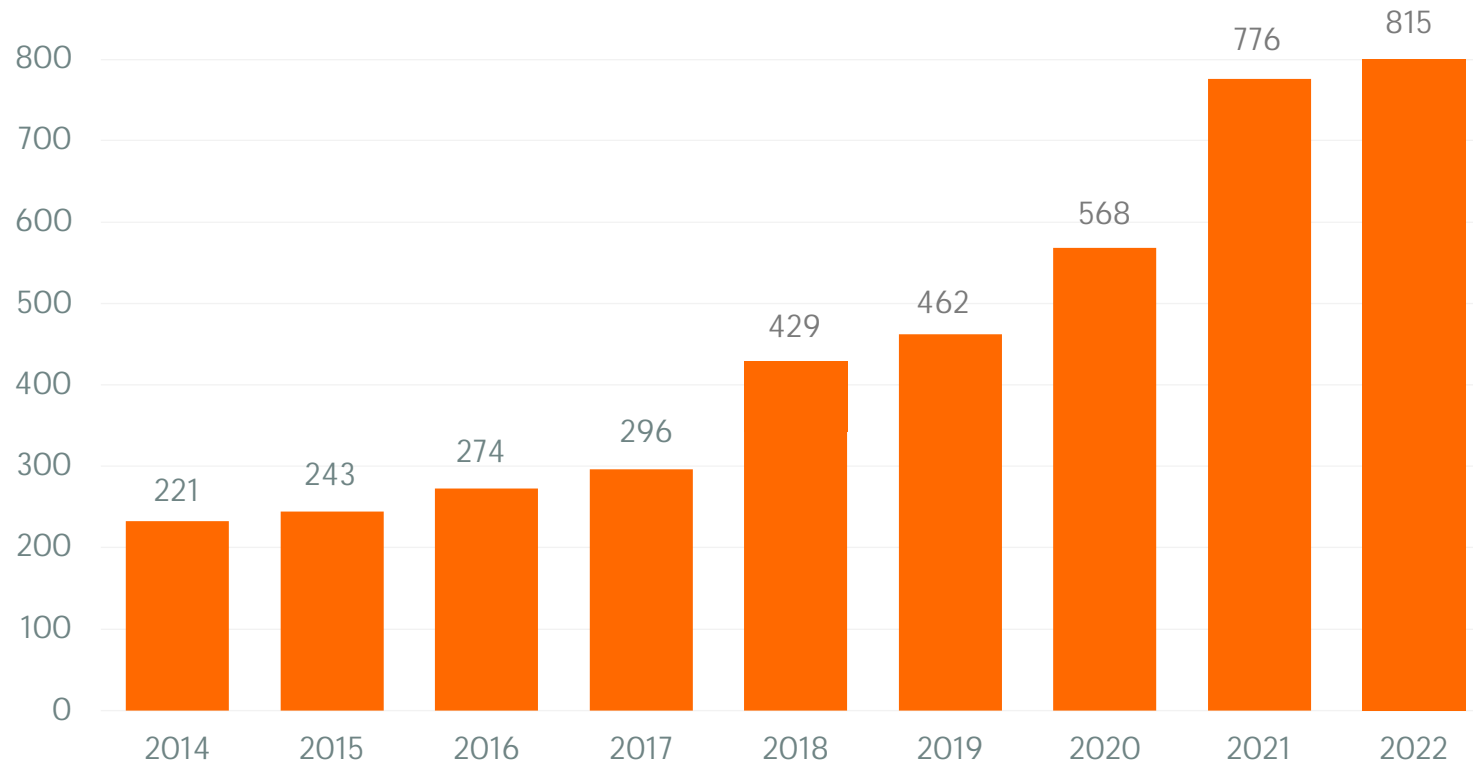
# A WELL-FUNCTIONING ORGANISATION

## KESKO GROUP MANAGEMENT BOARD



# GOOD PROFITABILITY DEVELOPMENT

Comparable operating profit  
Reported figures, € million



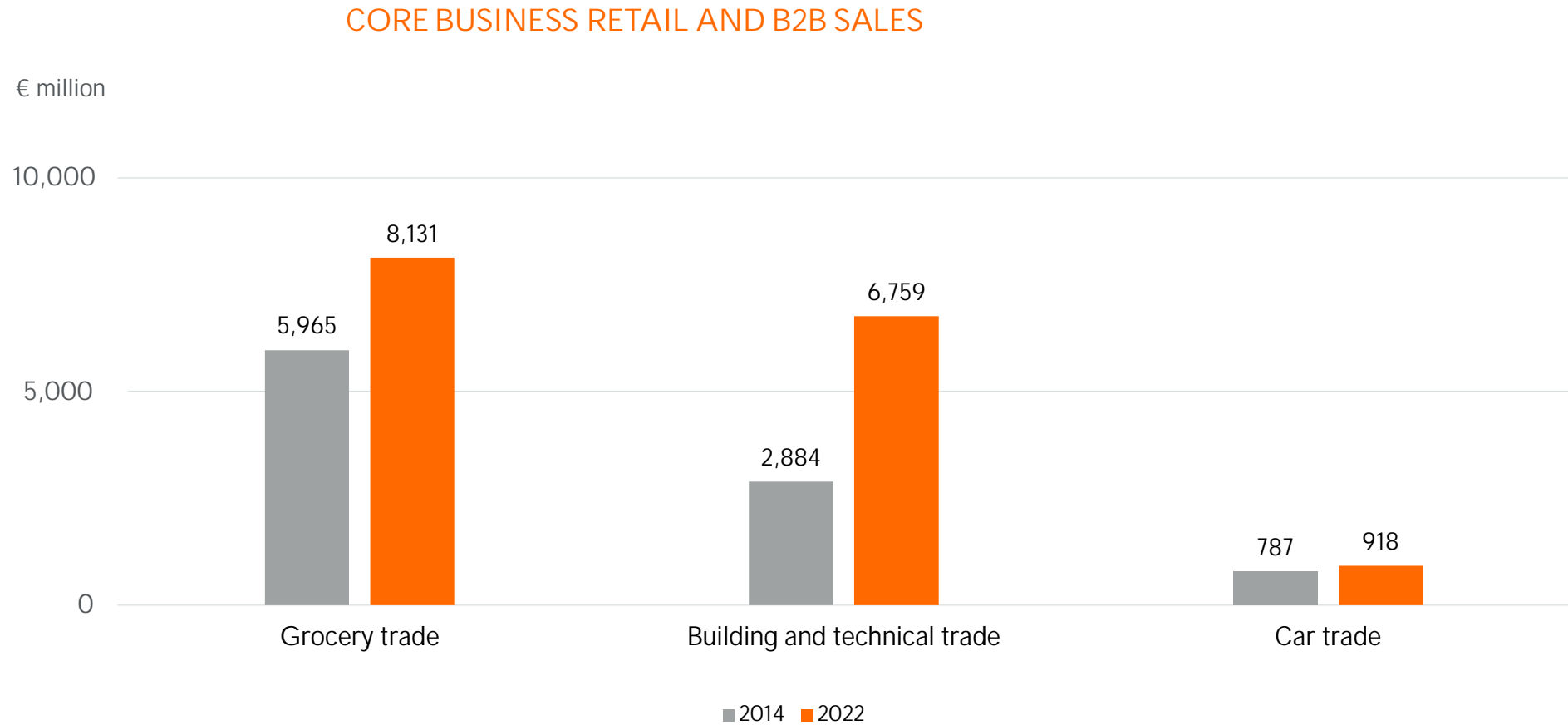
2014 - 2019 continuing operations

IFRS 16 impact

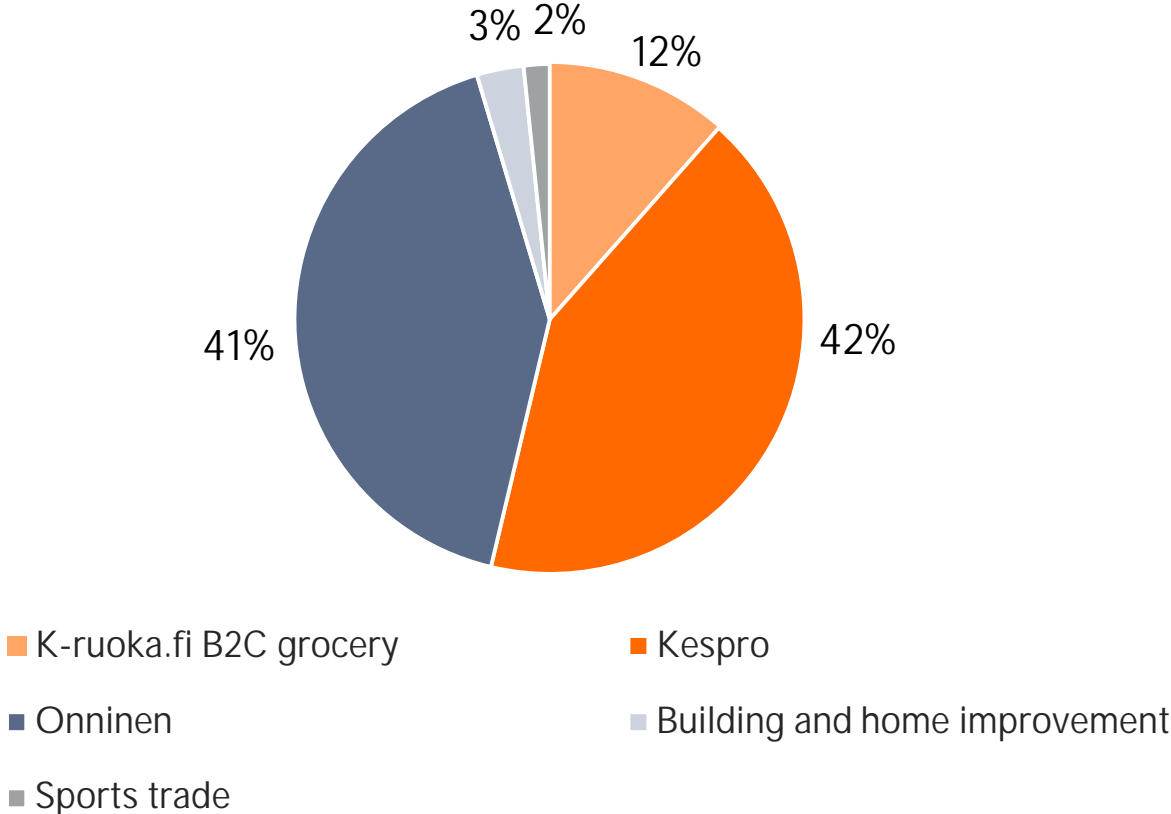




# GROWTH IN CORE BUSINESS SALES €6.2 BILLION



# SALES VIA DIGITAL CHANNELS ALREADY SOME €1.8 BILLION

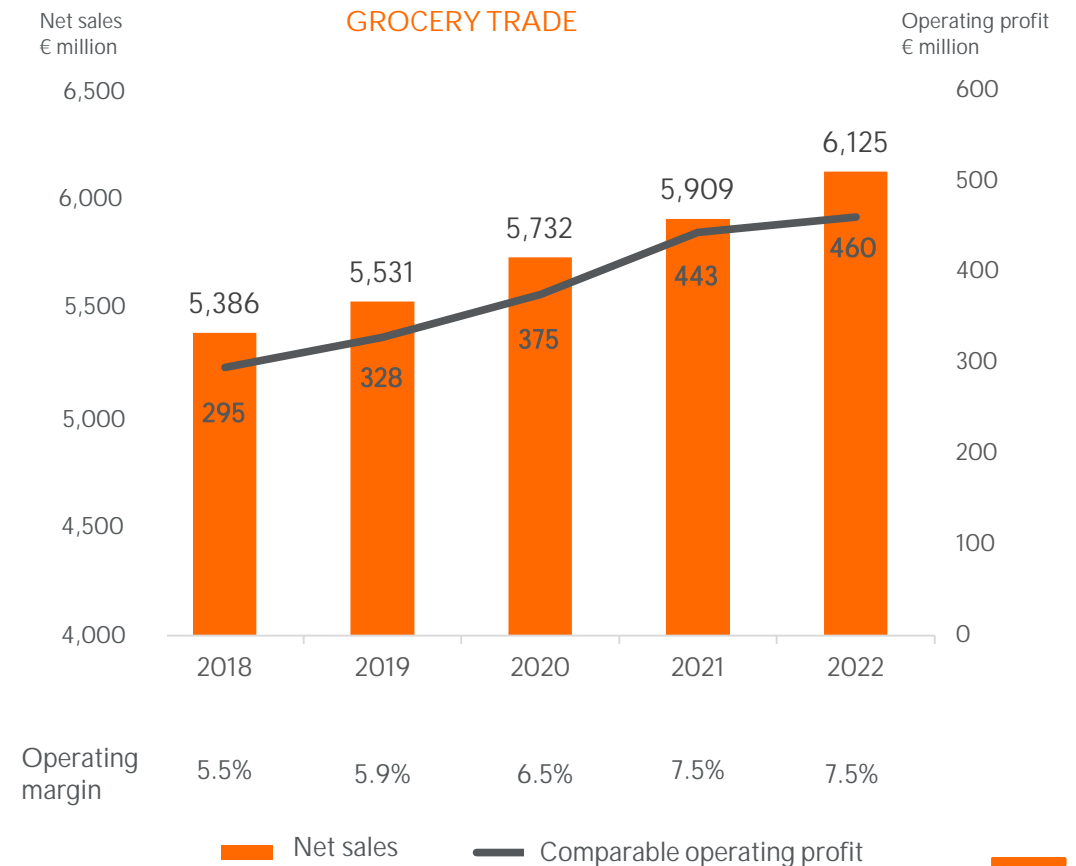


2022, excl. VAT



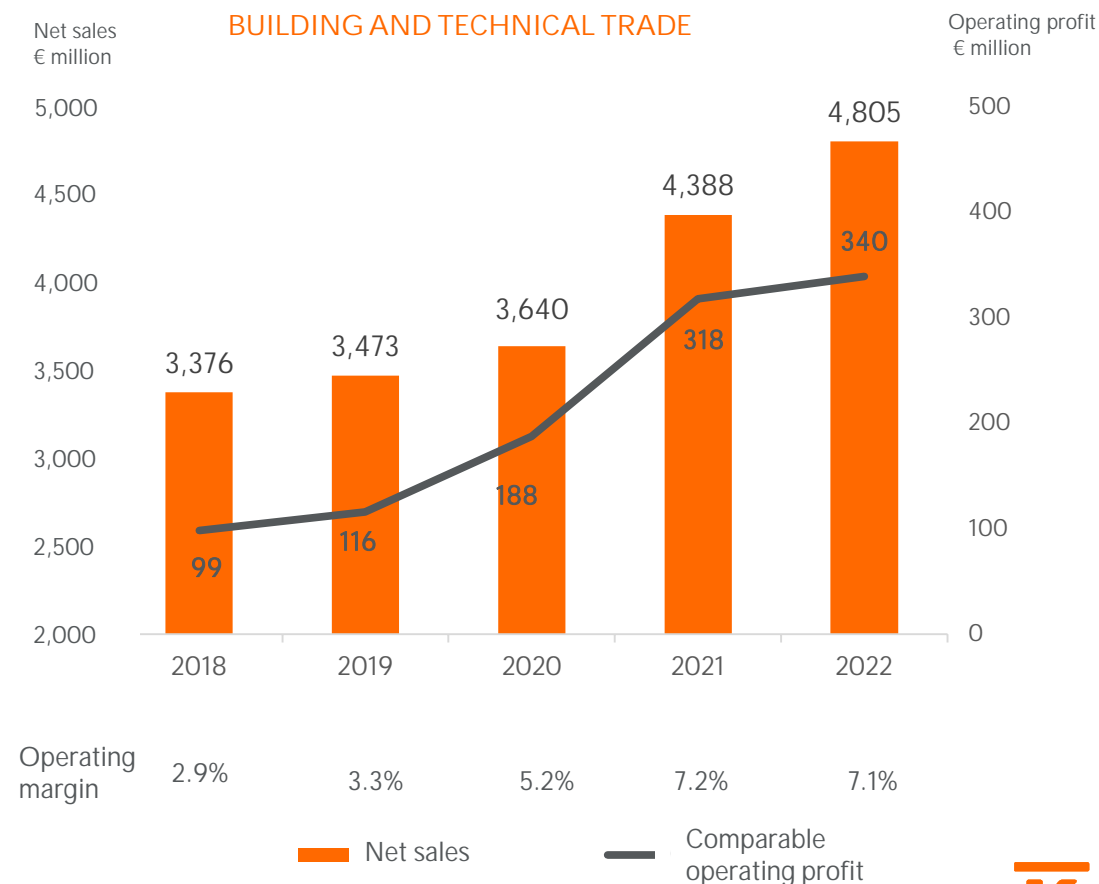
# PROFITABILITY IN FOOD TRADE ON A SOLID BASIS

- Significant share of the €20 billion total food sales in Finland
- Finland's most extensive and versatile store network with 913 K-retailers
- Forerunner in data use and digitalisation, utilising the most extensive and versatile customer loyalty programme in Finland
- 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



# STRONG POSITION IN BUILDING AND TECHNICAL TRADE

- Leading sector operator in Northern Europe, among the best in Europe in terms of profitability
- Clear market leader in Finland in building and home improvement trade and technical wholesale
- Over 80% of sales to B2B customers
- Green transition, energy-efficiency, and renovation building maintaining demand
- Acquisitions in Scandinavia continue to offer good growth potential

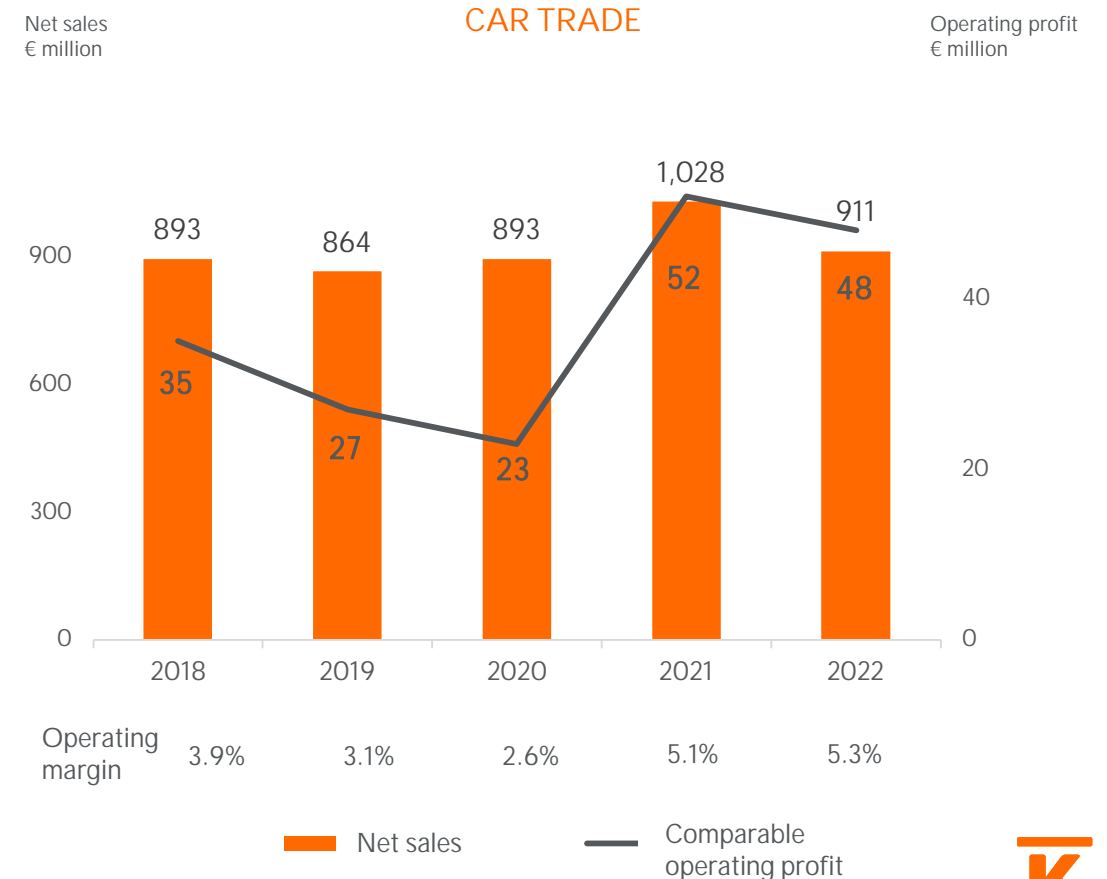


2018-2020: illustrative figures in which Kesko Senukai has been consolidated as a joint venture. Kesko Senukai's treatment changed from a subsidiary to a joint venture on 1 July 2020.



# GOOD POST-TRANSFORMATION FOUNDATION FOR FURTHER PROFITABILITY IMPROVEMENT IN CAR TRADE

- 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



# 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.

GROWING OUR  
SHAREHOLDER VALUE  
IS IMPORTANT

# PROFITABLE GROWTH AND TRANSFORMATION

KESKO'S MARKET CAPITALISATION

€8.2 billion

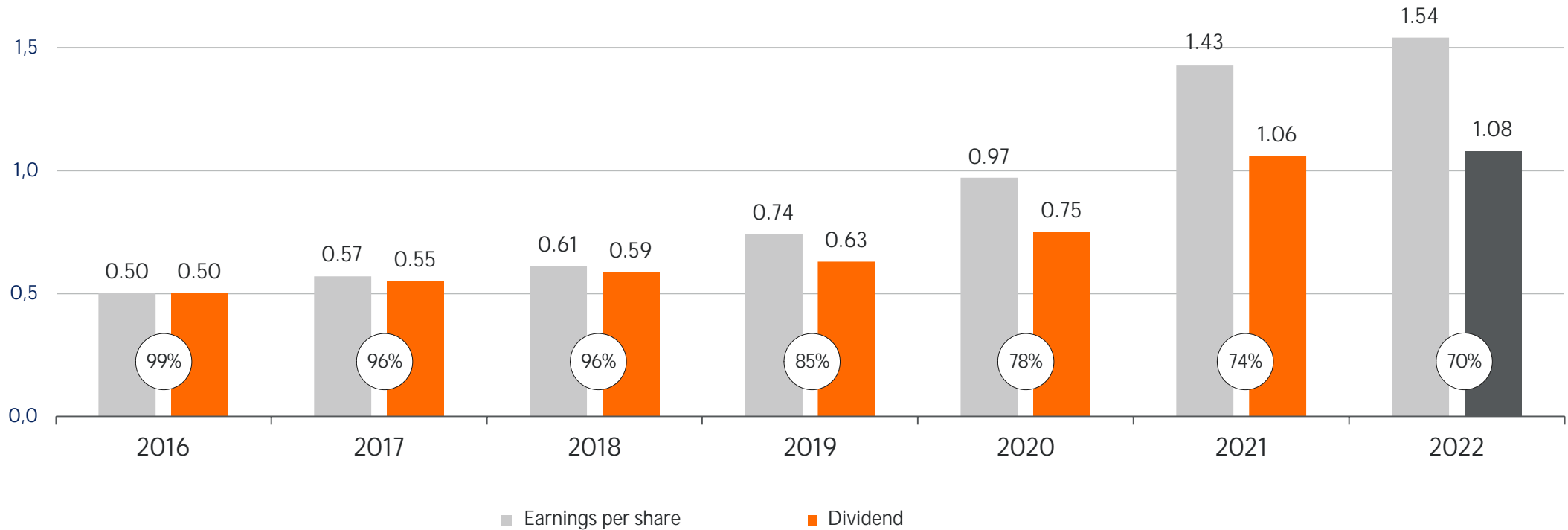
5-YEAR TOTAL RETURN OF A  
KESKO B SHARE

+130%



# DIVIDEND

- Board dividend proposal to the Annual General Meeting: €1.08 / share
- Total amount of dividends paid: €429 million
- Proposed to be paid in four instalments in 2023

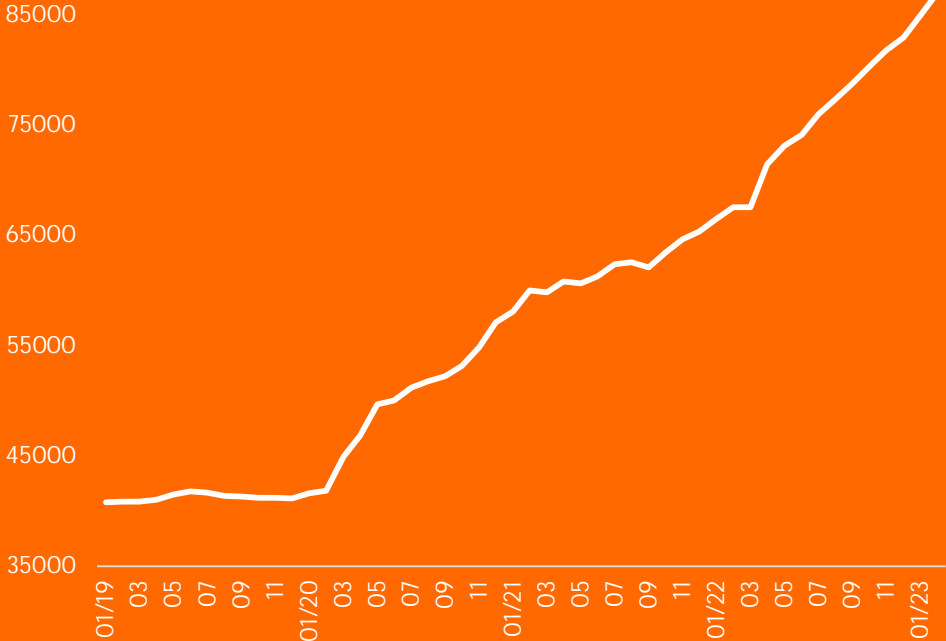


Accounting for share split

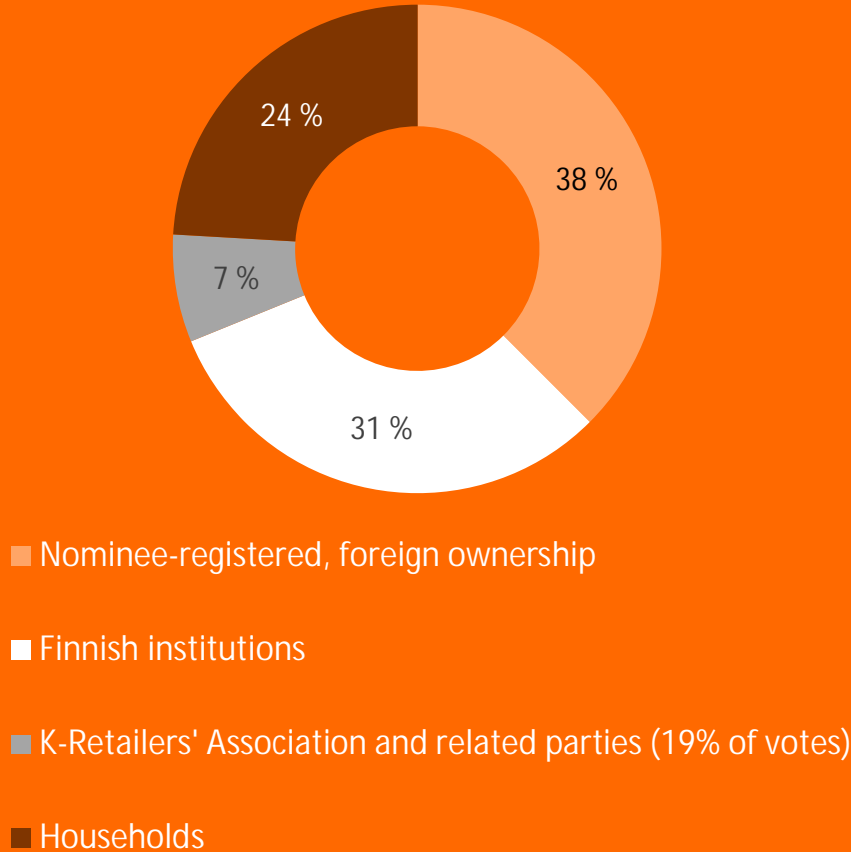
2014-2016 comparable EPS, Group; 2017-2019 comparable EPS, continuing operations

# NUMBER OF SHAREHOLDERS GROWING

OVER 87,000 SHAREHOLDERS



BALANCED OWNERSHIP STRUCTURE





# SHAREHOLDER'S K-PLUSSA

- 3.3 million Finns are part of K Group's K-Plusa customer loyalty programme
- Customers whose annual purchases from K Group stores total €6,000 receive 'Best Customer' benefits
- With the new Shareholder's K-Plusa, the same benefits can be obtained with annual purchases of €3,000 and at least 100 shares in Kesko
- The aim is to increase sales and improve customer loyalty among Kesko's Finnish shareholders

## K GROUP 'BEST CUSTOMER' TIER

€6,000  
annual purchases /  
Plusa household

OR

€3,000 annual  
purchases / person  
+  
≥ 100 Kesko shares



THANK YOU!



FOR  
SHOPPING  
TO BE FUN

