



# GOOD Q1 RESULT IN FOOD TRADE

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# STRONG POSITION IN FINNISH FOOD TRADE

 **K CITYMARKET**

 **K Supermarket**

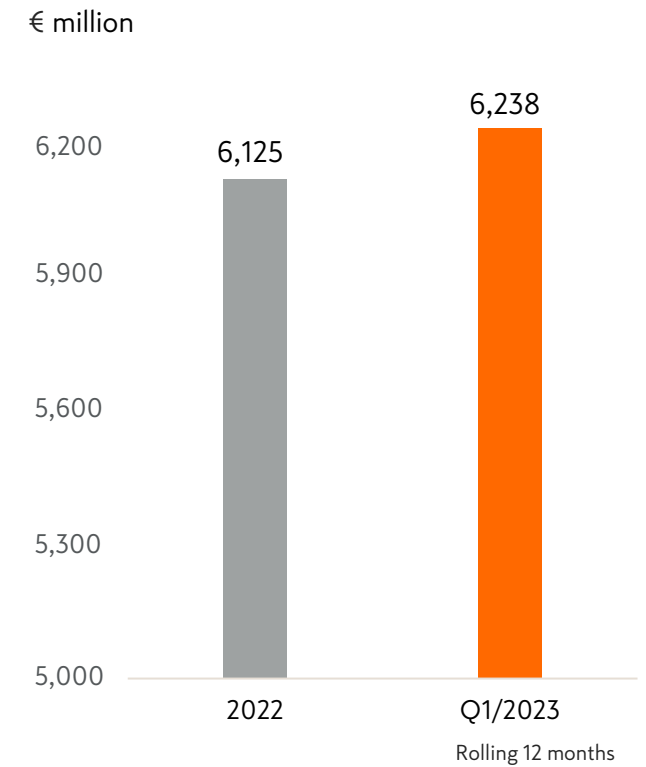
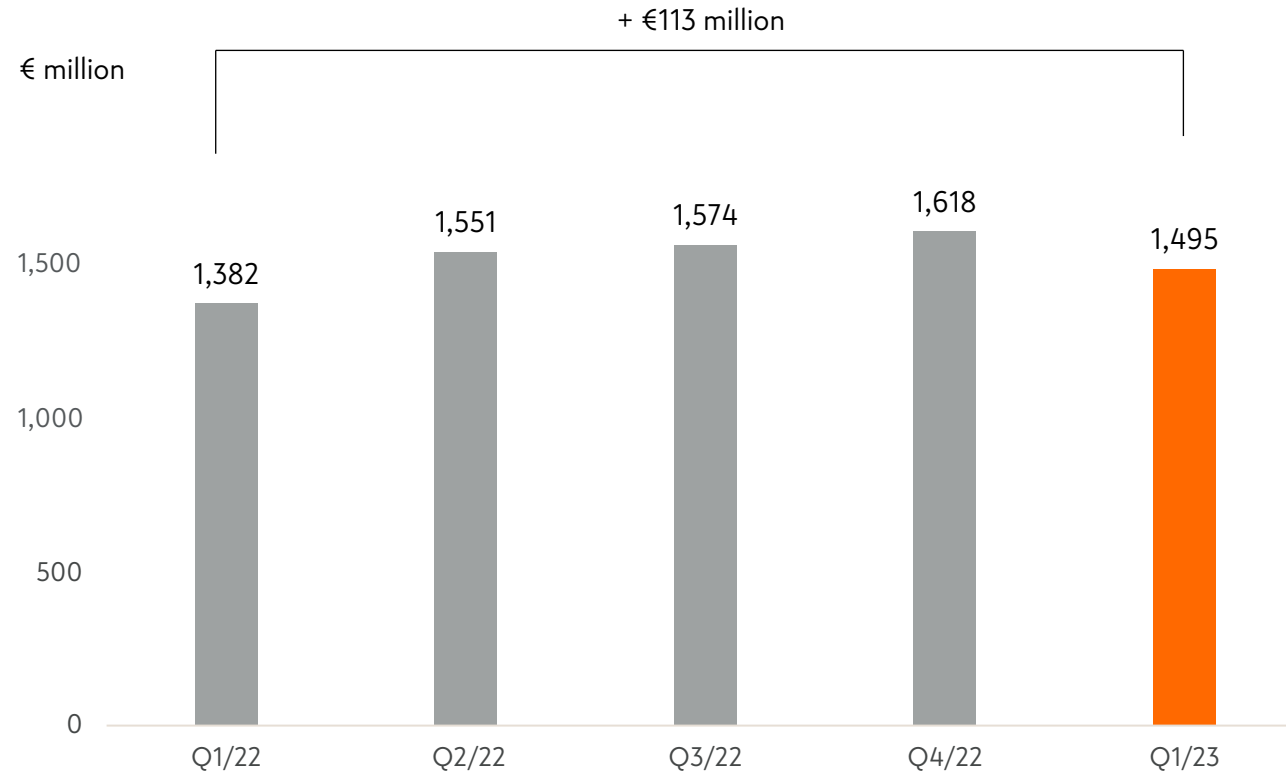
 **K Market**

 **KESPRO**

- No. 2 in the Finnish consumer grocery trade market with a market share of some 36%
  - Finland's widest grocery store network, with more than 1,200 stores operated by K-retailers
  - Best online grocery customer experience
  - Some 1.6 million customer visits per day
- No. 1 in the Finnish foodservice wholesale market with a 46% market share
  - Largest and most versatile foodservice operator in Finland, some 70% of sales via digital channels
  - Strong private labels, share of sales over 50%
- Efficient common operations: sourcing, logistics and IT

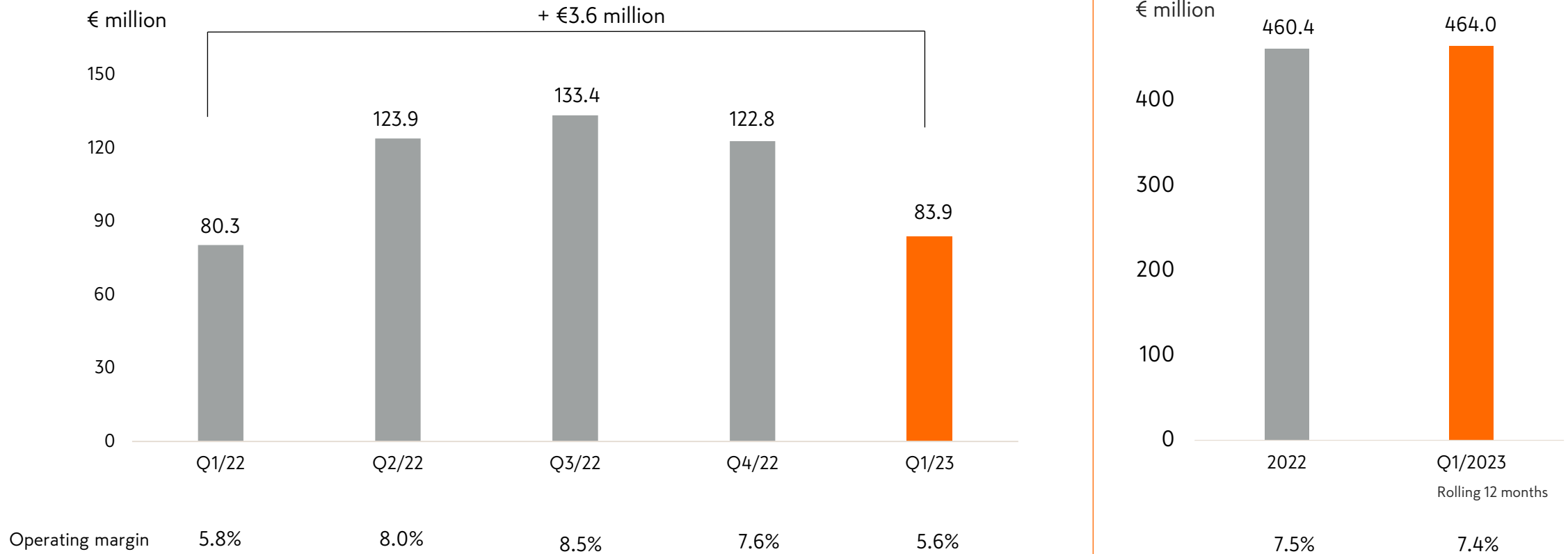
# GROCERY TRADE

## NET SALES UP BY 8.2%



## GROCERY TRADE

# OPERATING PROFIT €83.9 MILLION



# GROCERY TRADE KEY FACTS IN Q1

- Grocery sales in K Group stores grew by 2.1%, sales to the grocery stores up by 4.6%
- Customer visits in K Group stores increased
- K-Citymarket's home and speciality goods (non-food) sales increased by 3.8%
- Good development in Kespro's sales, up by 28.0%
- Grocery retail prices increased by 14.7%

**HALVIMMAT  
OSTOSKORIT  
OMISSA KÄSISSÄSI!**

[K-Citymarket.fi/hintakori](https://www.k-citymarket.fi/hintakori)

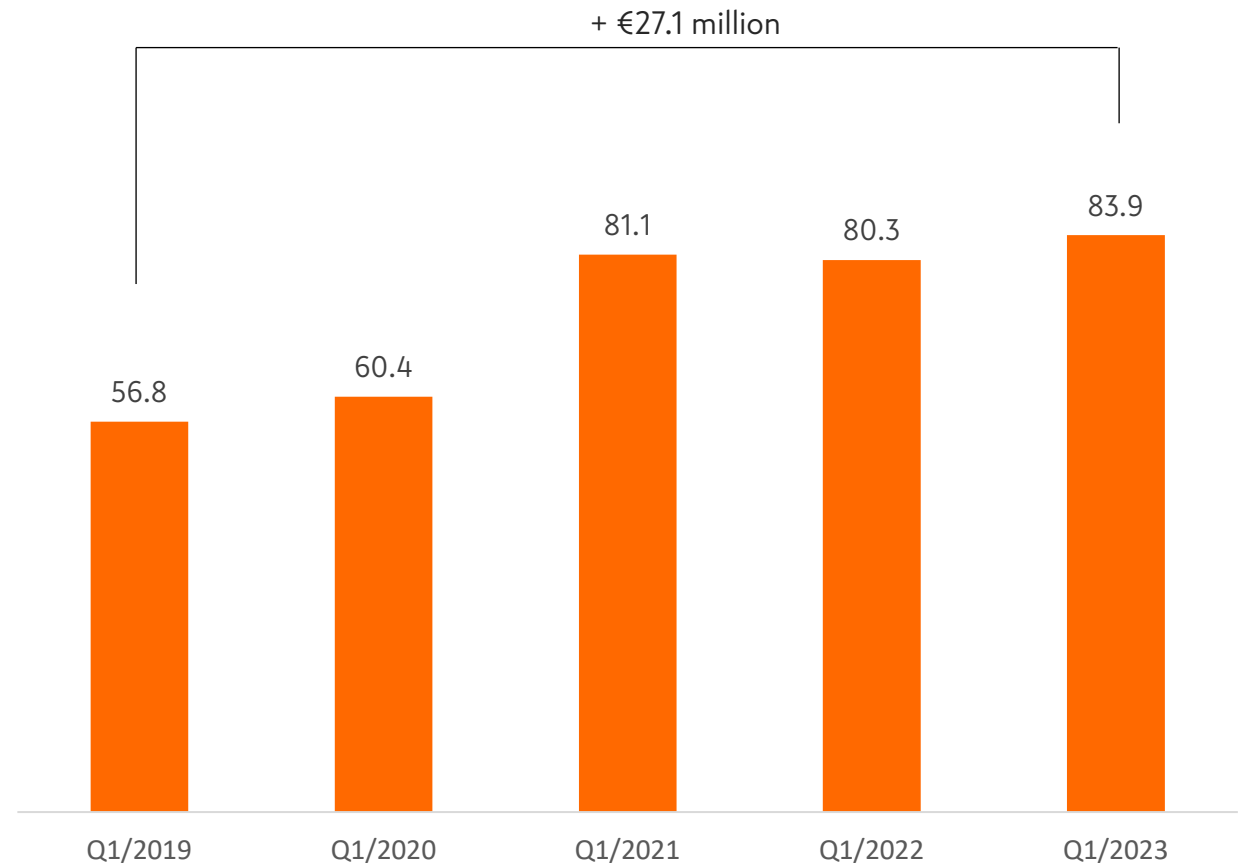
K-MENU OSTOSKORI	PÄRKKA OSTOSKORI	HERKKU- OSTOSKORI
13 <sup>47</sup>	20 <sup>66</sup>	30 <sup>39</sup>

**K CITYMARKET** HERKKU-  
KAUPPA  
HALPA  
KAUPPA

The advertisement features three baskets of groceries on a red background. The baskets are labeled 'K-MENU', 'PÄRKKA', and 'HERKKU-OSTOSKORI'. Below each basket, the price is shown in a large font with a smaller number above it, indicating a discount. The K-Citymarket logo is at the bottom left, and a 'HERKKU-KAUPPA HALPA KAUPPA' logo is at the bottom right.

# Q1 RESULT IN GROCERY TRADE HAS RISEN TO A NEW LEVEL

- Q1 result in grocery trade has risen by nearly 50% compared to 2019
- In 2019, consumer purchasing power was good and the popularity of eating out growing
- Rising interest rates and inflation have significantly weakened consumer purchasing power from 2022 onwards: affordable prices and offers have grown in importance
- Post-pandemic normalisation in shopping habits: customers visiting multiple stores, online shopping down, eating out growing again



Comparable operating profit, € million

# FOCUS ON CUSTOMER LOYALTY AND GOOD PROFITABILITY

## K GROUP GROCERY STORE MARKET SHARE 36.1%

- Market share down by 1.3 percentage points in 2022
- Of this, 0.8 percentage points attributable to competitors opening new stores to exceptional degree in 2021 and 2022
- Other market-related factors: people seeking affordable options and shopping in multiple stores, eating out and travel growing
- Customer visits have increased, but average purchase is down
- New store openings by competitors estimated to continue have an impact in 2023, but to a lesser extent than in 2022
- We continue the execution of a strategy that focuses on differentiation, while also further improving our price image
- Strong proactive measures together with a slowdown in food price inflation expected to improve our success in the market

## KESPRO'S MARKET SHARE 46.1%

- Market share up by 2.2 percentage points in 2022
- Diverse customer base, strong growth in all customer segments: restaurants (+38.6%), workplace cafeterias (+54.0%), and public operators (+20.7%)
- Kespro is the only operator that can extensively serve all customer segments across the country
- Extensive, versatile digital services, 70% of sales already via digital channels
- The market for eating out on a growth trend

# OUR FOCUS AREAS IN A CHALLENGING MARKET



**Updating store-specific  
business ideas to respond  
to changes in operating  
environment**



**Improving price  
competitiveness  
and price image**



**Maintaining the best  
quality and widest  
selections**



**Further  
improving  
efficiency**



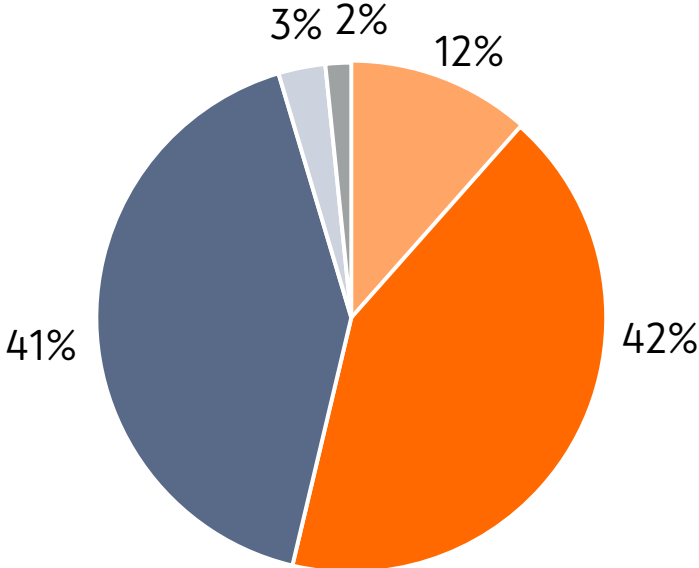


**K PREMIUM**

**& BARGAINS**



# KESKO'S SALES VIA DIGITAL CHANNELS ALREADY TOTAL NEARLY €1.9 BILLION

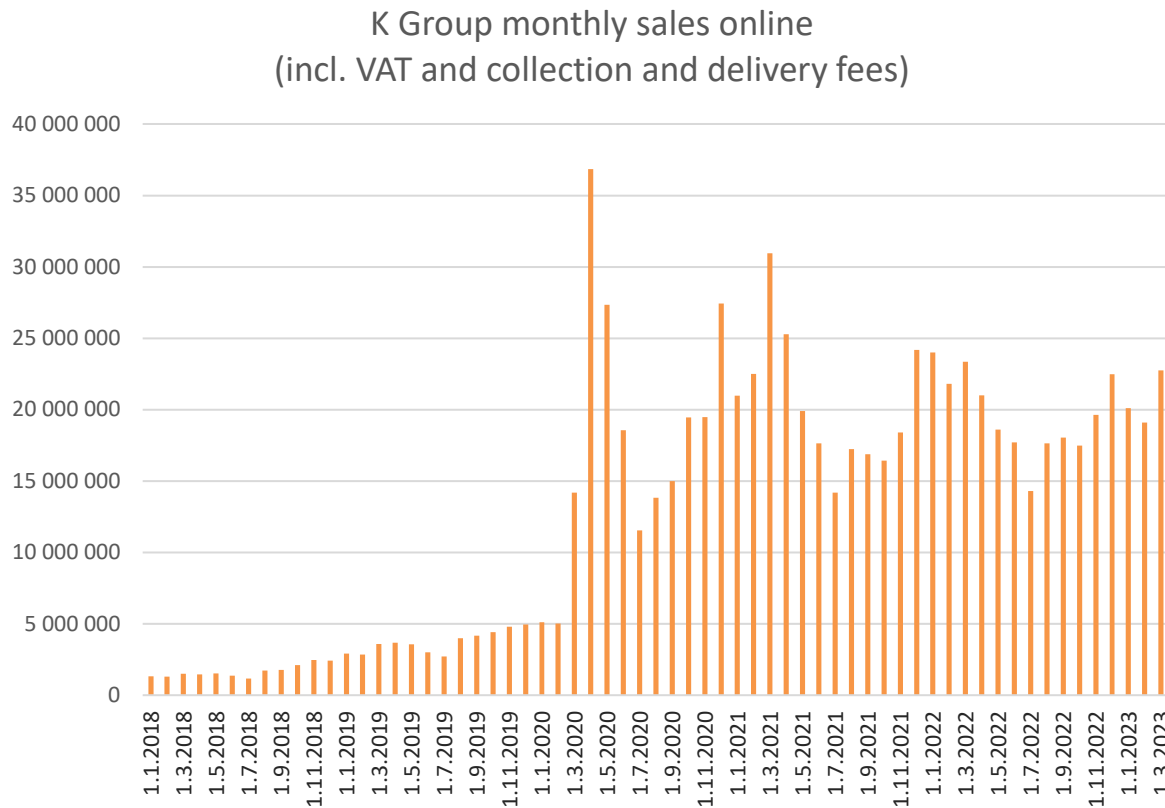


- K-ruoka.fi (B2C grocery)
- Kespro (B2B food)
- Onninen (technical wholesale)
- Building and home improvement
- Sports trade

Q1/2023, sales excl. VAT



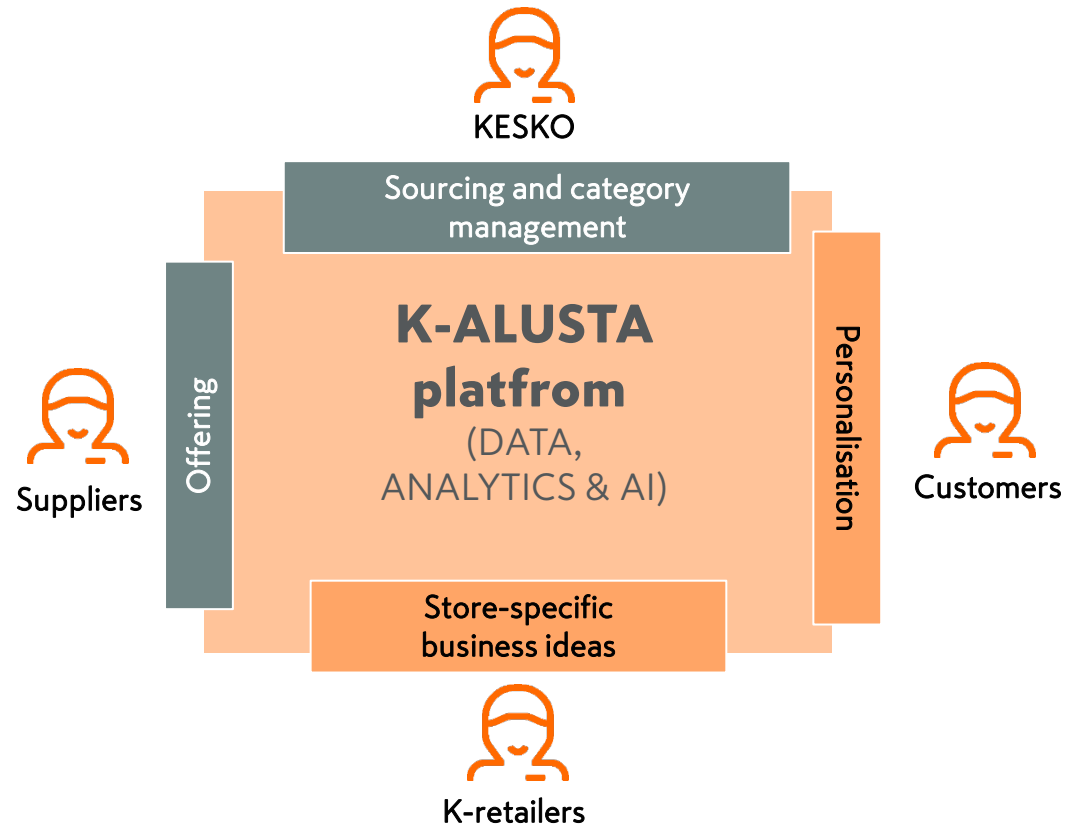
# ONLINE GROCERY SALES PERMANENTLY AT A HIGHER LEVEL



- Online's share of K Group's B2C grocery sales grew from 0.3% in 2018 to 3.0% in Q1/2023
- Online sales have normalised after the pandemic, estimated to settle above pre-pandemic levels
- Profitable business
- Online grocery in Finland expected to grow significantly during this decade – tightening competition



# ADDED VALUE THROUGH DIGITALISATION



# OUR FORMULA FOR PROFITABLE GROWTH



**CUSTOMER SATISFACTION:  
SELECTIONS THAT MEET CUSTOMER NEEDS**



**EFFICIENT PROCESSES IN  
PROCUREMENT AND LOGISTICS**



**RETAIL SALES GROWTH €2.4 BILLION:  
FIXED COSTS ON BIGGER SALES**



**DATA UTILISATION**



**BUSINESS MODEL THAT ENABLES  
GROWTH AND AGILITY**



**NEW EARNINGS OPPORTUNITIES**



**OPTIMISING STORE NETWORK AND FURTHER  
INCREASING EFFICIENCY PER STORE SQUARE METRE**

# WE CONTINUE THE EXECUTION OF OUR GROWTH STRATEGY



