



**KESKO ANNUAL GENERAL MEETING**

# **REVIEW OF 2021 BY THE PRESIDENT AND CEO**

Mikko Helander  
President and CEO  
7 April 2022

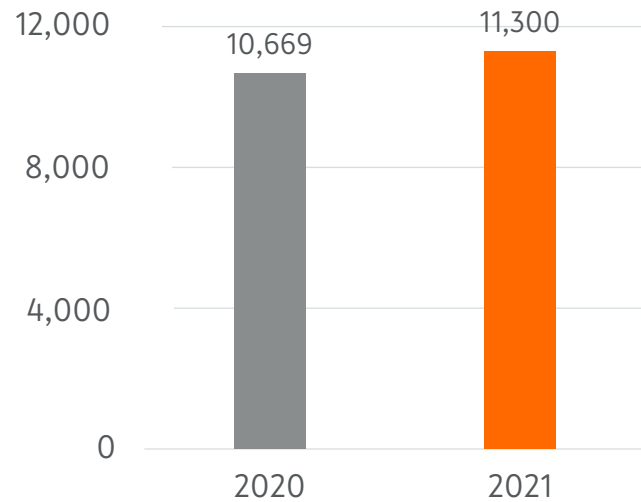
# A RECORD-RESULT IN 2021

	<b>1-12/2021</b>	<b>1-12/2020</b>
Net sales, € million	11,300.2	10,669.2
Operating profit, € million	775.5	600.2
Profit before tax, € million	712.9	527.6
Net profit for the period, € million	571.8	435.3
Earnings per share for net profit attributable to owners of the parent (€), basic and diluted	1.44	1.09
Cash flow from operating activities, total, € million	1,152.0	1,152.4

# NET SALES GROWTH CONTINUED

## GROUP

€ million

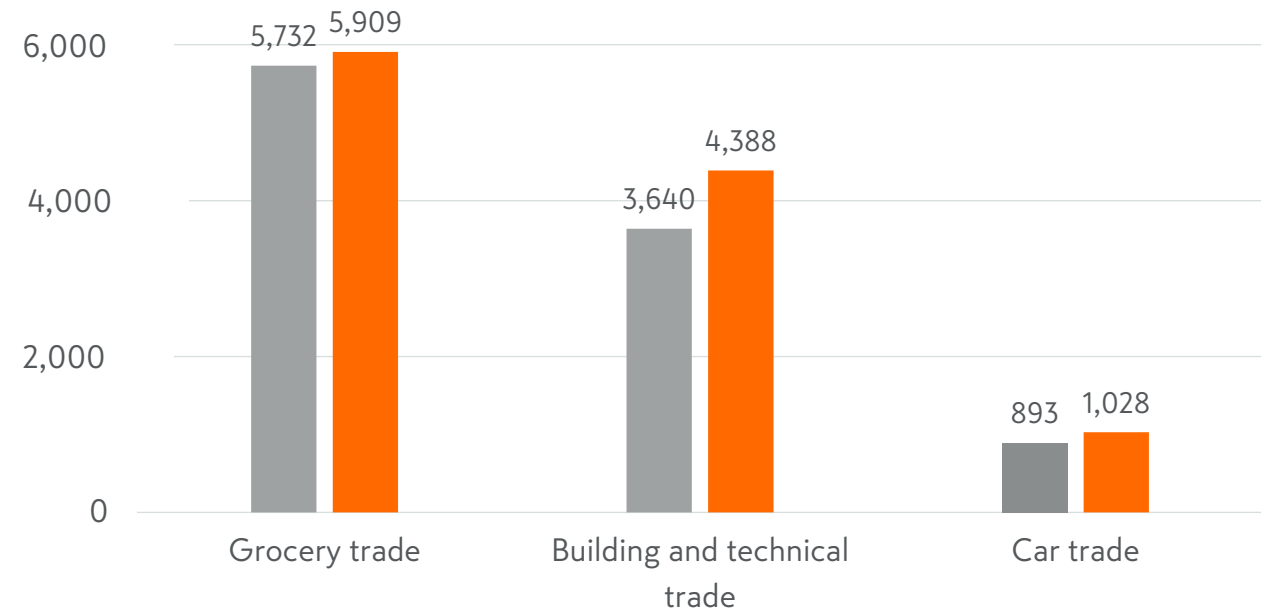


Comparable growth

8.2%

## DIVISIONS

€ million ■ 2020 ■ 2021



3.1%

14.7%

15.2%

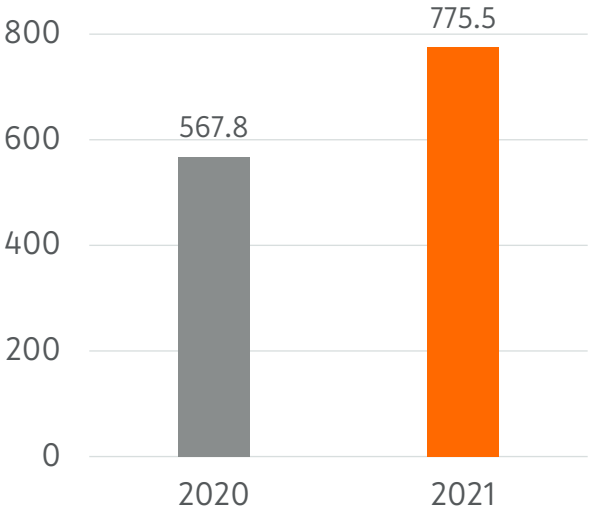
Illustrative comparison figures given for building and technical trade.  
Kesko Senukai treated as a joint venture in the illustrative figures and the 2021 figures.



# OPERATING PROFIT IMPROVED MARKEDLY

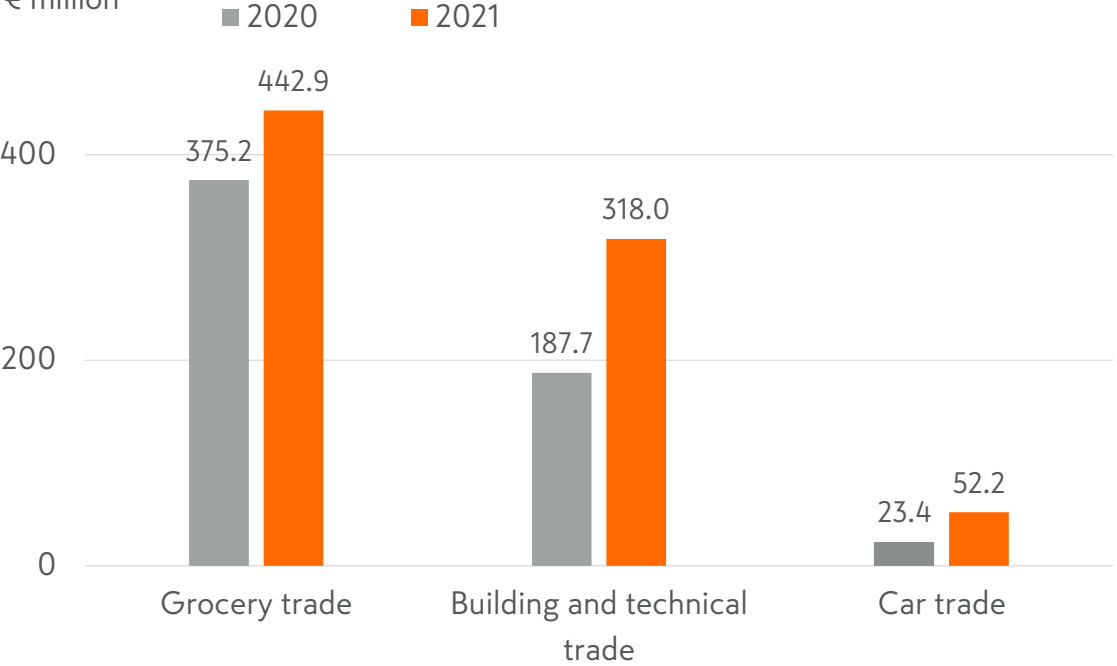
## GROUP

€ million



## DIVISIONS

€ million



Operating margin

5.3%

6.9%

6.5%

7.5%

5.2%

7.2%

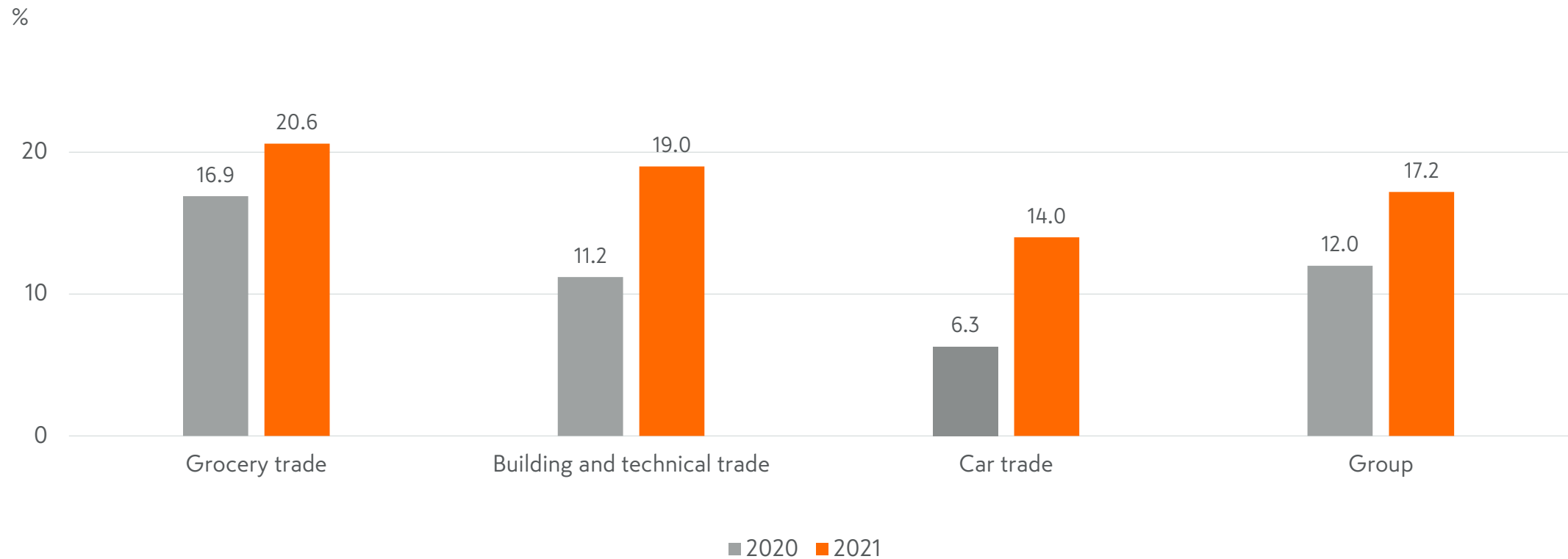
2.6%

5.1%

Illustrative comparison figures given for building and technical trade. Kesko Senukai treated as a joint venture in the illustrative figures and the 2021 figures.



# RETURN ON CAPITAL EMPLOYED CONTINUED TO STRENGTHEN



# STRONG FINANCIAL POSITION

	2021	2020
Cash flow from operating activities, € million	1,152.0	1,152.4
Liquid assets, € million	387.7	306.0
Capital expenditure, € million	276.6	398.4
Interest-bearing net debt excl. lease liabilities, € million	-21.3	285.3
Interest-bearing net debt/EBITDA (rolling, excl. IFRS 16 impact)	0.0	0.4
Lease liabilities, € million	1,928.6	2,025.0

# FINANCIAL TARGETS

<b>INDICATOR</b>	<b>Financial target</b>	<b>Level achieved in 2021</b>
Comparable operating margin, %	Over 6.0	6.9
Comparable return on capital employed, %	Over 14.5	17.2
Interest-bearing net debt/EBITDA, excluding the impact of IFRS 16	at maximum 2.5	0.0



# STRATEGY



# GOOD STRATEGY



**GROWTH STRATEGY**

**FOCUS:**

-  GROCERY TRADE
-  BUILDING AND TECHNICAL TRADE
-  CAR TRADE

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ONE UNIFIED 

CUSTOMER EXPERIENCE

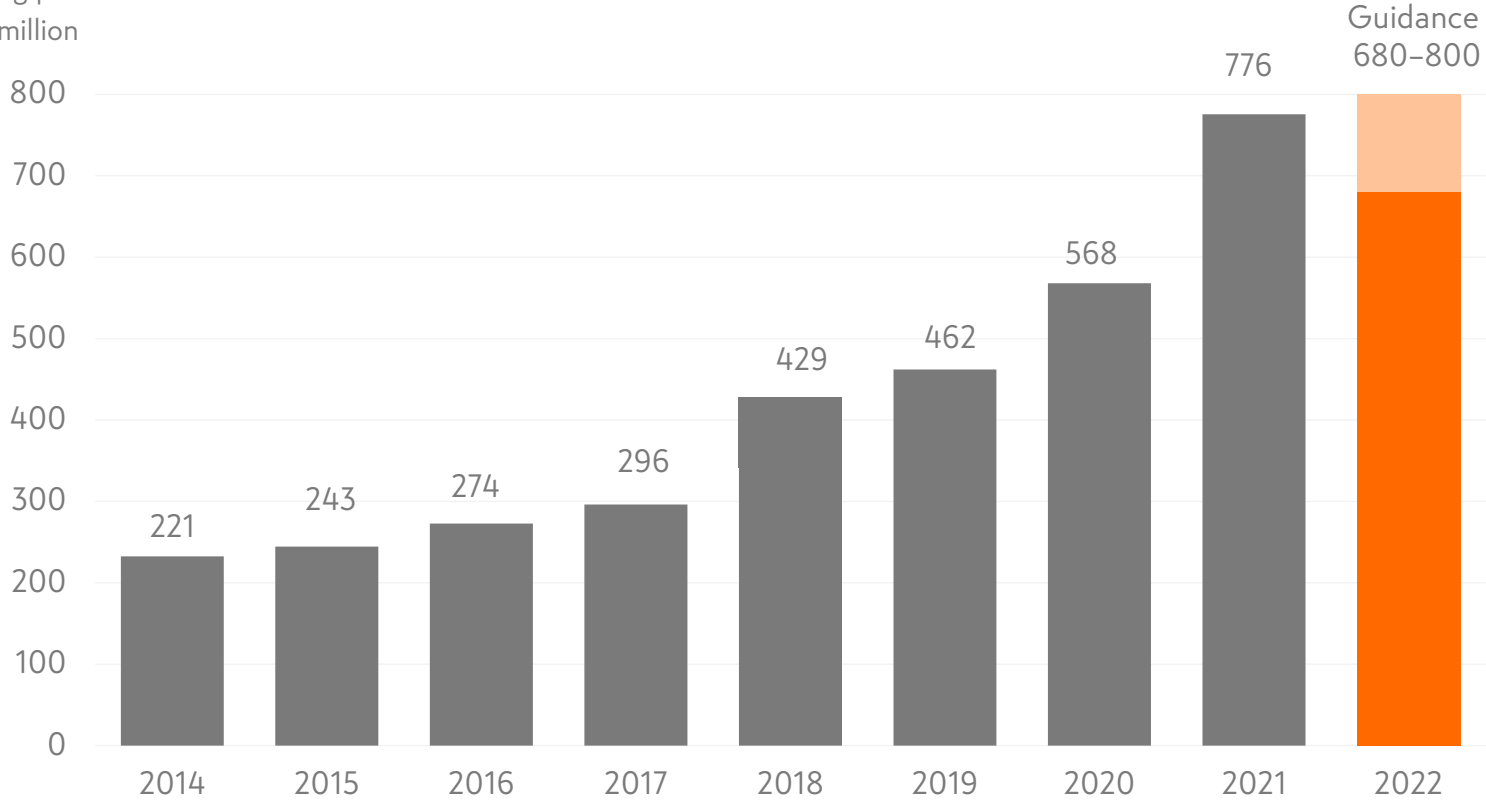
DIGITALISATION

SUSTAINABILITY



# CONTINUED PROFITABILITY IMPROVEMENT

Comparable operating profit  
Reported figures, € million



2014-2019 continuing operations

IFRS 16 impact



# SALES GROWTH THROUGH EXISTING STORES AND SYSTEMS HAS IMPROVED OUR EFFICIENCY

Plenty of additional potential

Retail and B2B sales  
growth for core  
businesses since 2014

**€5.6 bn**

Compared to end of 2021

Steady cost ratio  
improvement

**16.4%**

2014: 19.2%

Costs / reported Group net sales  
IFRS 16 impact since 2018

# EXCELLENT CUSTOMER EXPERIENCES AND EFFICIENCY THE BASIS FOR GOOD PROFITABILITY IN GROCERY TRADE

## KEY FACTORS

- The most extensive network of stores across Finland combined with efficient online sales
- K-retailers and store-specific business ideas built on data ensure the best customer experience in grocery retail
- Plenty of further potential in implementing store-specific business ideas, investments in store modernisation continue
- Strong market leader in the growing foodservice wholesale, significant synergies with our grocery stores

## NET SALES 2021

**€5.9 billion**

## OPERATING PROFIT 2021

**€443 million**

Comparable figures

# GOOD GROWTH POTENTIAL IN BUILDING AND TECHNICAL TRADE

## KEY FACTORS

- Growth supported by our focus on the growing B2B trade, supported by good B2C trade
- We can further improve operations and customer experiences by developing sales, internal processes, and digital services
- We aim to accelerate growth with acquisitions also going forward
- Green transition, changes in population structure and urbanisation will continue to underpin construction growth going forward

## NET SALES 2021

**€4.4 billion**

## OPERATING PROFIT 2021

**€318 million**

Comparable figures

# SUCCESSFUL CHANGES IN CAR TRADE FORM A BASIS FOR GROWTH AND GOOD PROFITABILITY

## KEY FACTORS

- Our focus on selling new cars, used cars, and services lends us growth potential
- Good collaboration with the Volkswagen Group
- Competitiveness to improve with efforts to improve customer experience, digitalisation of operations, and better efficiency of internal processes
- The need to reduce traffic emissions and update the Finnish vehicle stock is expected to increase demand

## NET SALES 2021

**€1 billion**

## OPERATING PROFIT 2021

**€52 million**

Comparable figures

# KESKO UPDATED ITS 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 SUSTAINABILITY
- RESPONSIBILITY FOR PEOPLE
- GOOD GOVERNANCE

#### IMPLEMENTATION WITHIN DIVISIONS:

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

#### INDICES AND ASSESSMENTS AS INDICATORS OF PROGRESS:

Dow Jones World, MSCI ESG, Global 100, CDP



# OUTLOOK



# THE WAR IN UKRAINE AND ITS IMPACTS

- Kesko divested its operations in Russia between 2016 and 2018 for a total of some €347 million
- We discontinued the purchase of Russian products and food exports to Russia when the war began
- The war and the sanctions imposed will have a significant impact on the global economy
- We are actively monitoring the situation and will adjust our management and operations as necessary
- We will update our business plans if the situation so requires
- We prepare for possible disruptions in supply chains and for cyber threats

# GUIDANCE FOR 2022

Kesko estimates that its comparable operating profit in 2022 will be in the range of €680-800 million.

In 2021, Kesko's comparable operating profit totalled €776 million.

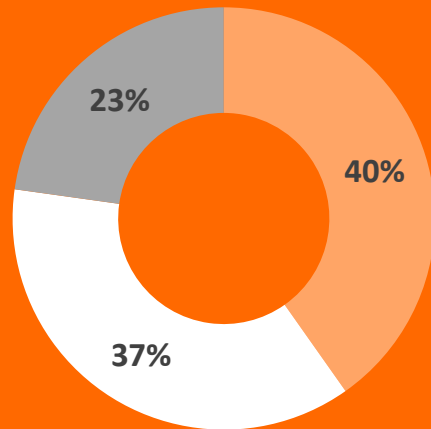


# **CREATING VALUE FOR OUR SHAREHOLDERS**

# THE NUMBER OF KESKO SHAREHOLDERS RISING FAST

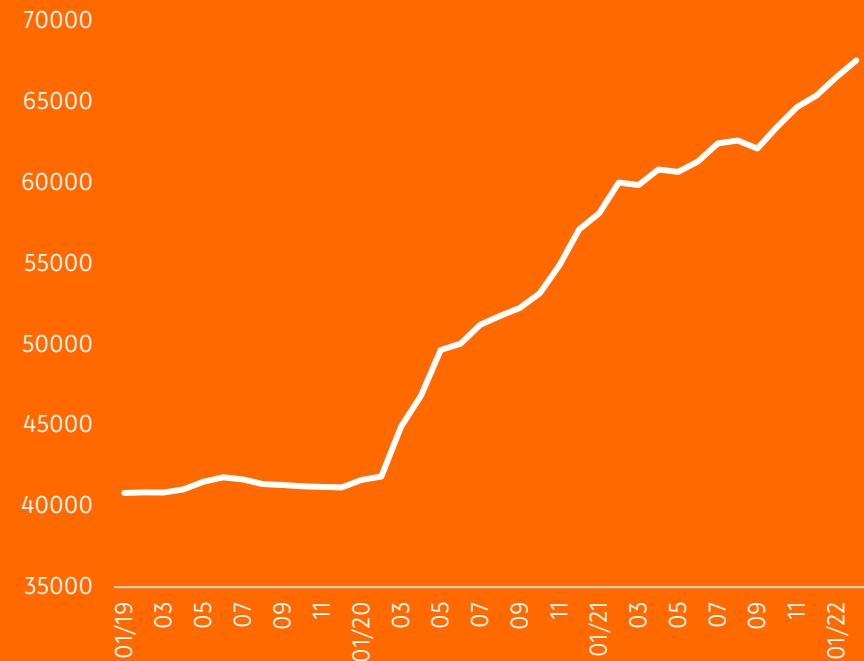
MORE THAN 67,500 SHAREHOLDERS

## A BALANCED OWNERSHIP STRUCTURE



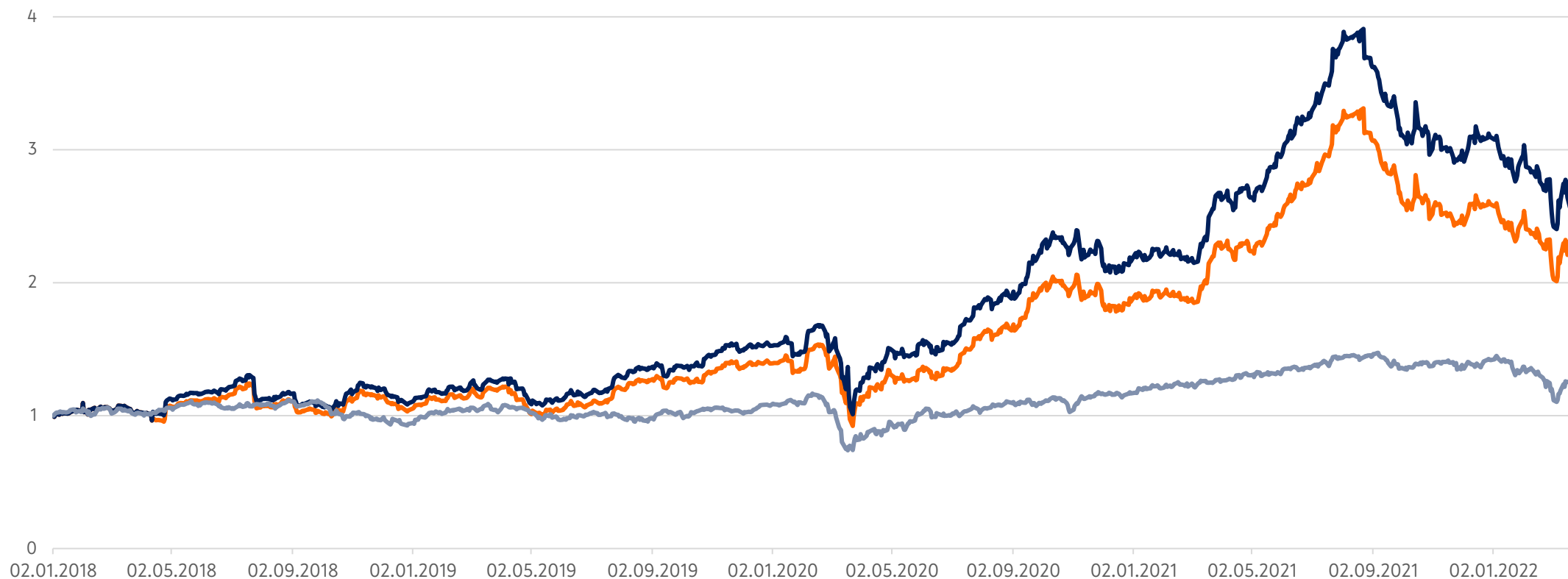
- Nominee-registered and foreign ownership
- Finnish institutions, incl. K-Retailers' Association
- Finnish households

## GROWTH IN SHAREHOLDER NUMBERS



# CONTINUED GOOD RETURNS FOR OUR OWNERS

MARKET CAPITALISATION OVER €10 BILLION, DIVIDEND YIELD OVER 4%



— Kesko B

— Kesko B total return

— OMX Helsinki 25



# THE BOARD'S DIVIDEND PROPOSAL

## €1.06 / SHARE

- Proposed to be paid in four instalments in 2022
  - €0.27/April, €0.26/June, €0.27/September, €0.26/December
- Total dividends to be paid €421 million
- Growth in dividend per share 41%



**FOR  
SHOPPING  
TO BE FUN**

