



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

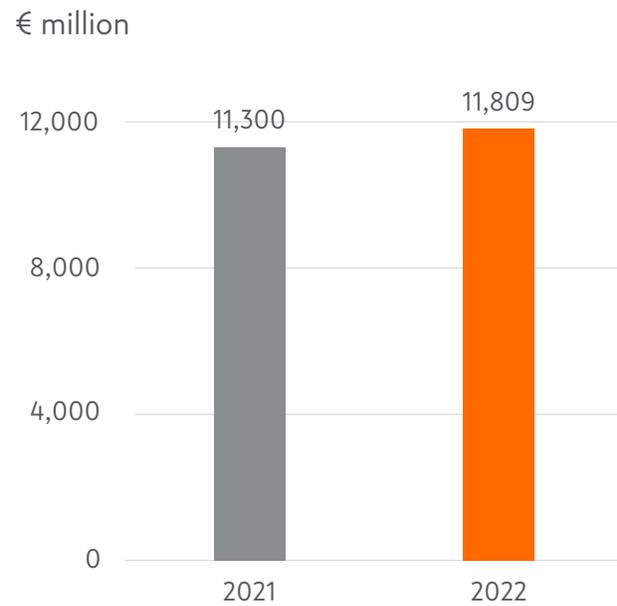


KEY TOPICS IN 2022

- 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

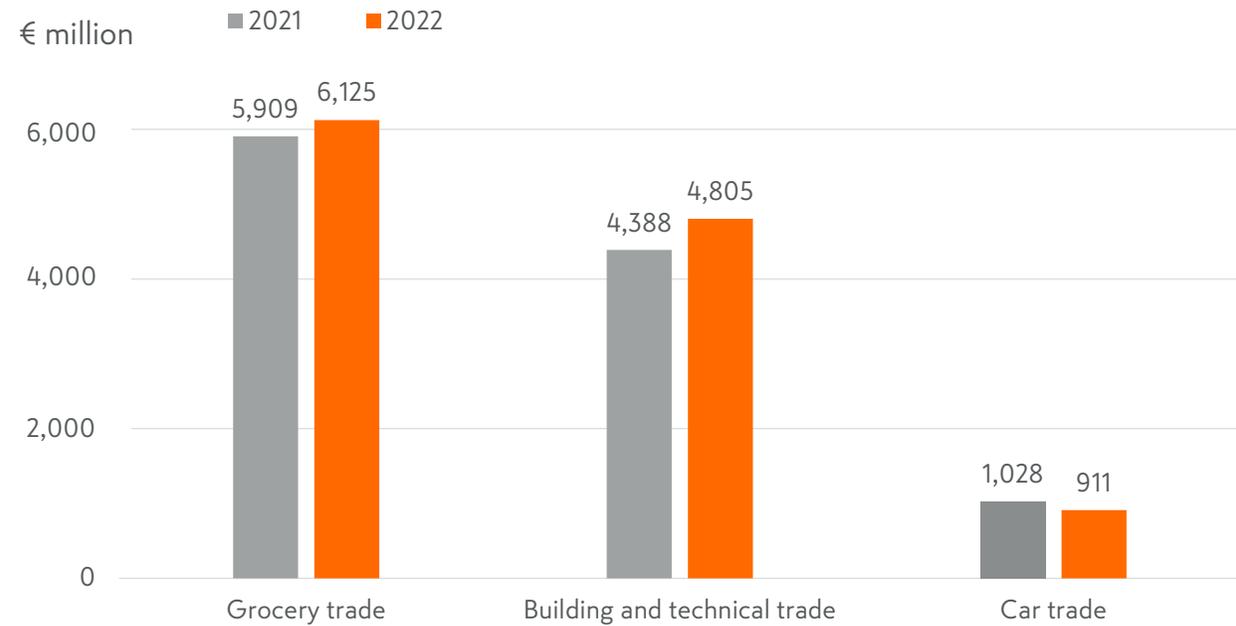
GROUP



Comparable growth

4.4%

DIVISIONS



3.6%

9.4%

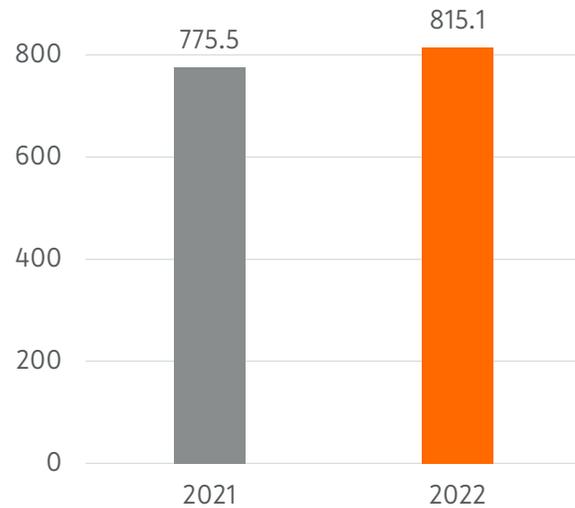
-11.4%



OPERATING PROFIT IMPROVED

GROUP

€ million



Operating margin

6.9%

6.9%

DIVISIONS

€ million

■ 2021 ■ 2022



7.5%

7.5%

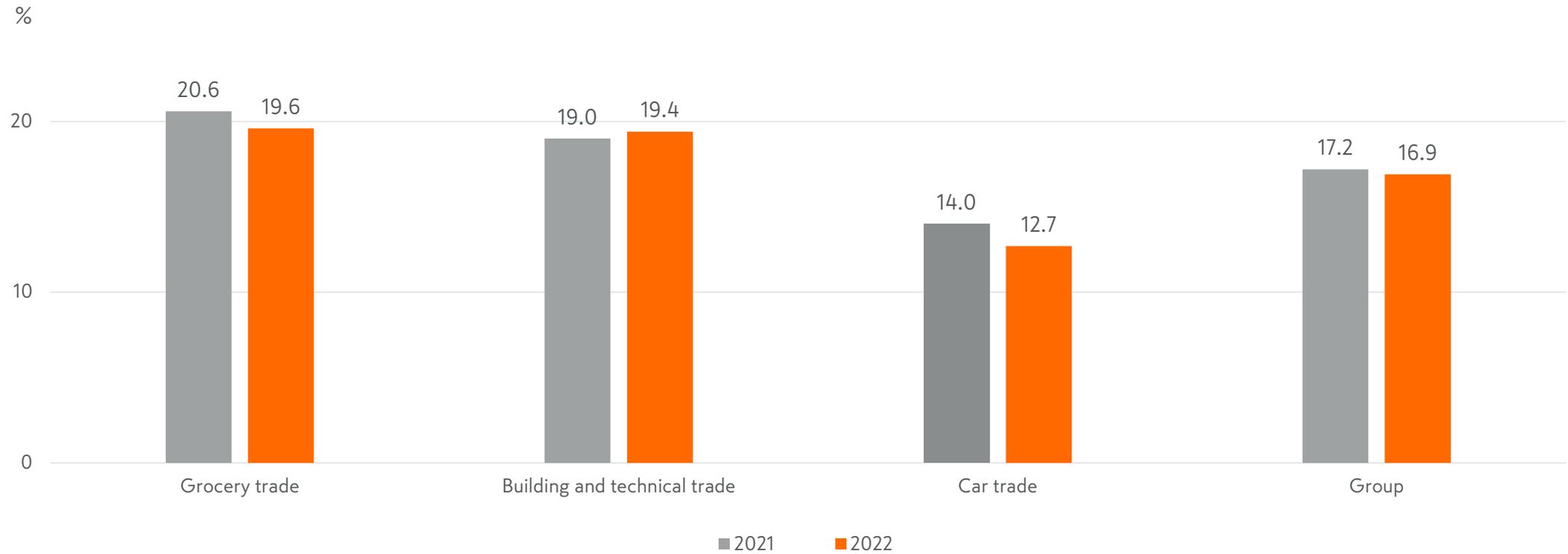
7.2%

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 

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

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:

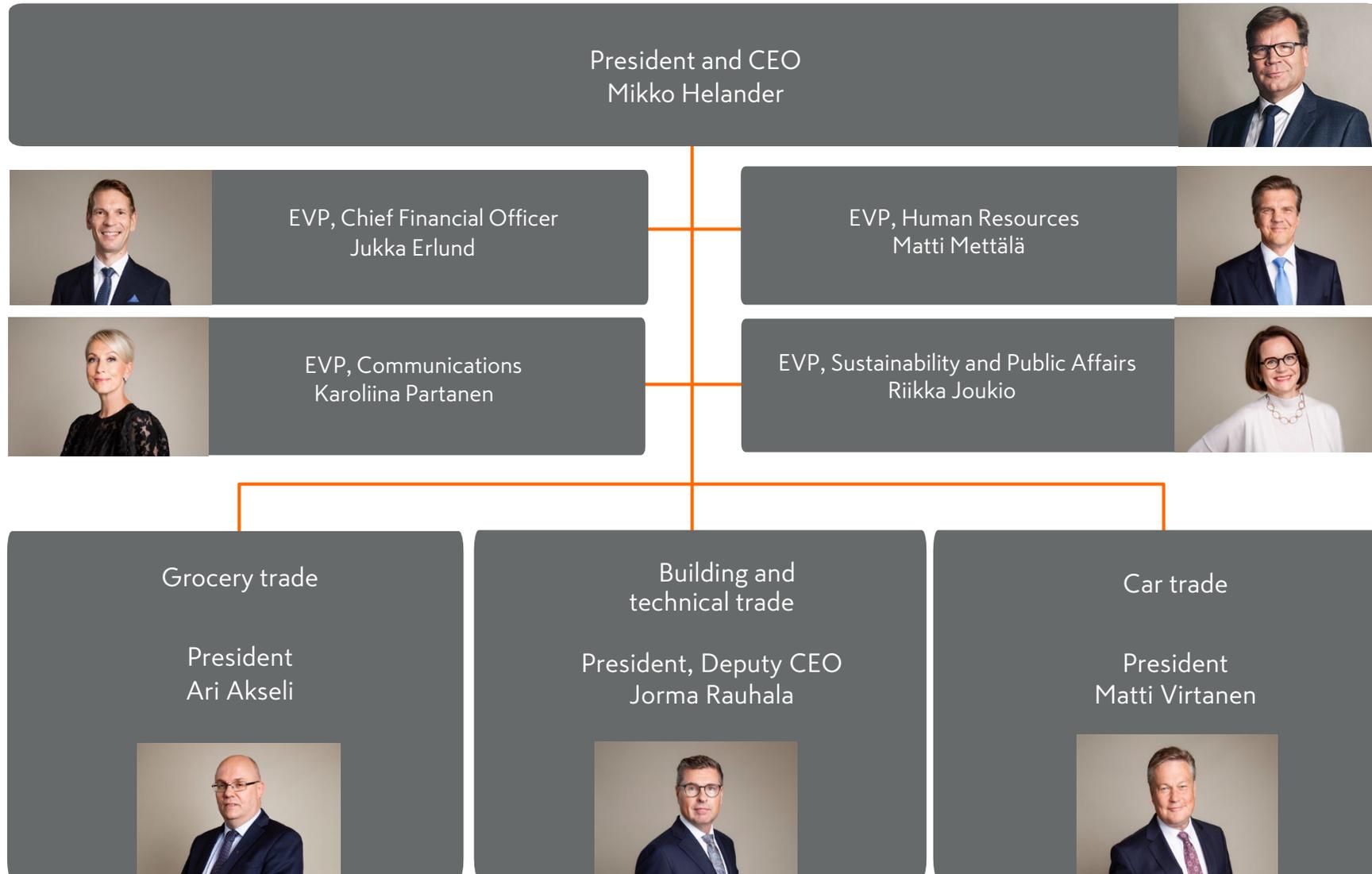
Dow Jones Europe&World, MSCI ESG, Sustainalytics, CDP

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

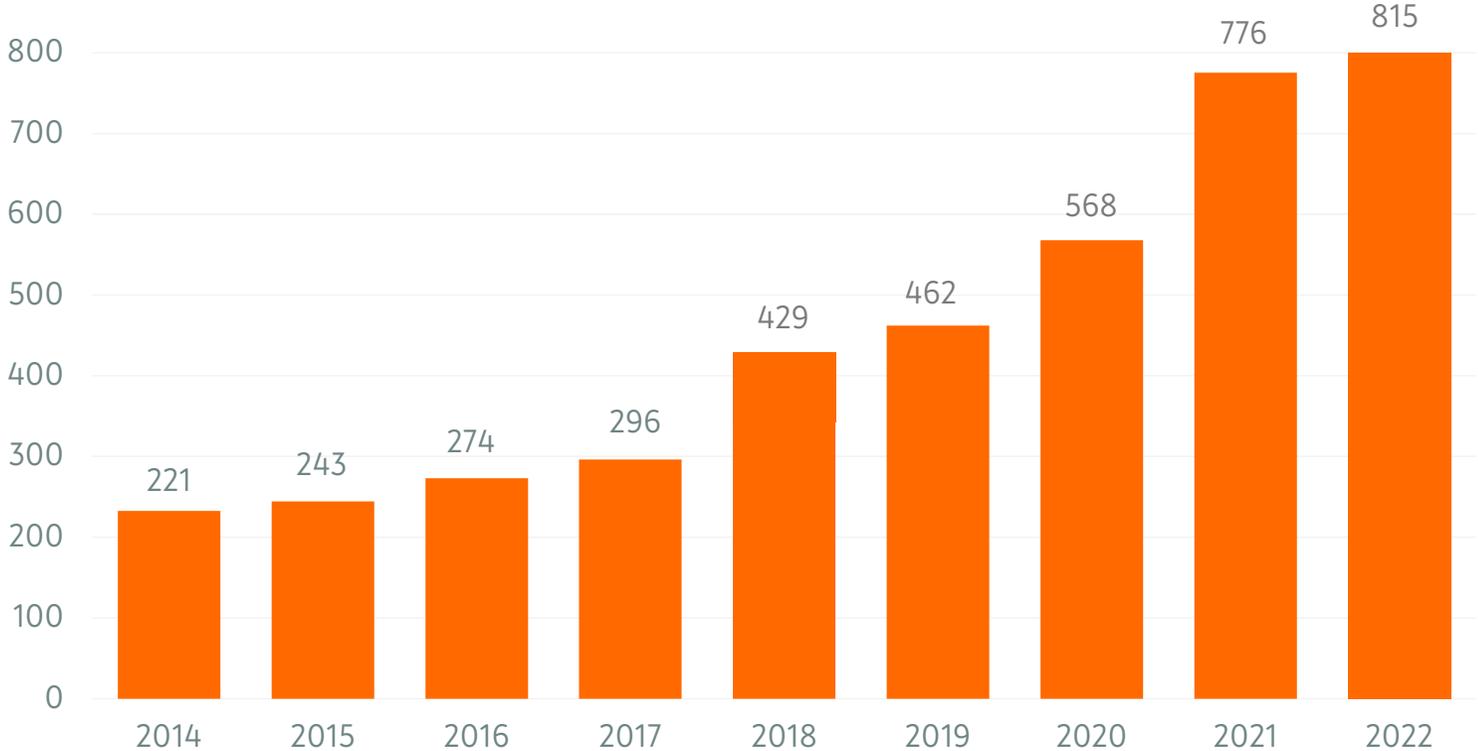
KESKO GROUP MANAGEMENT BOARD



GOOD PROFITABILITY DEVELOPMENT

Comparable operating profit

Reported figures, € million



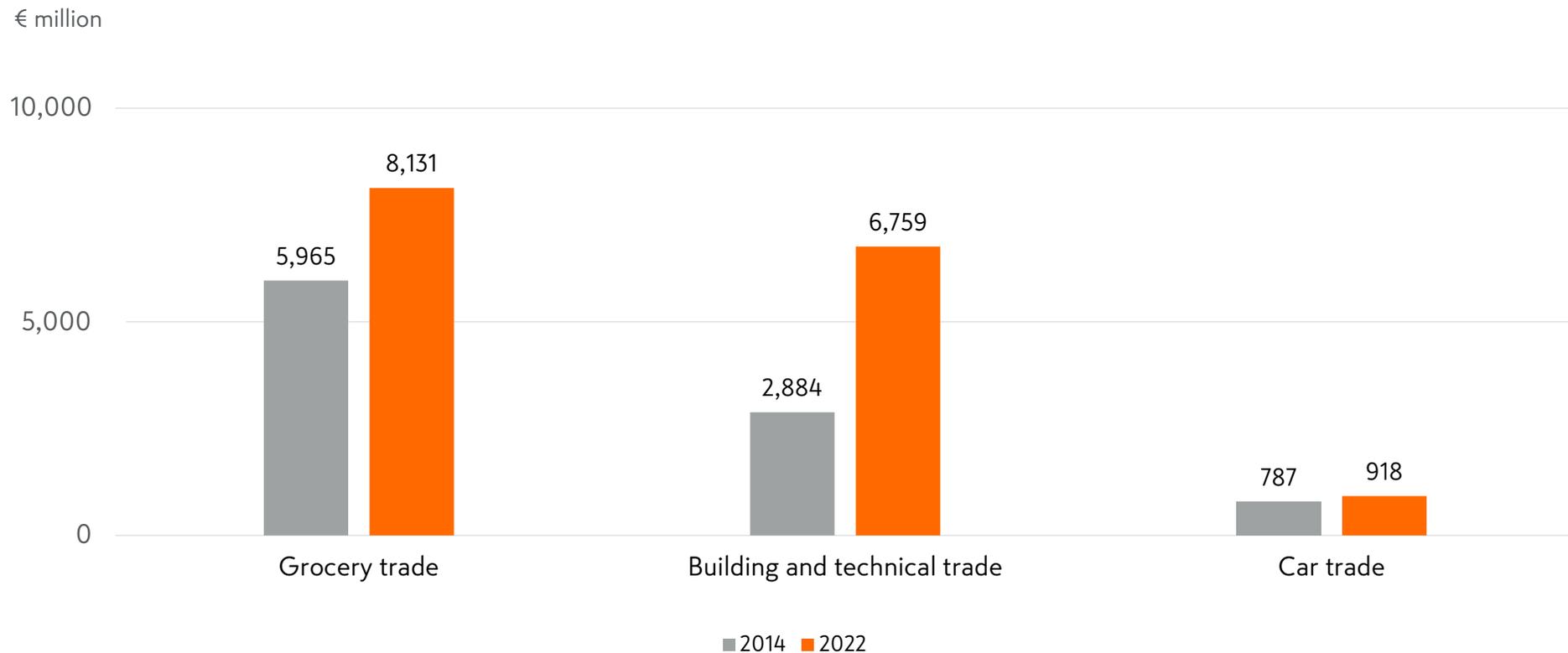
2014 - 2019 continuing operations

IFRS 16 impact

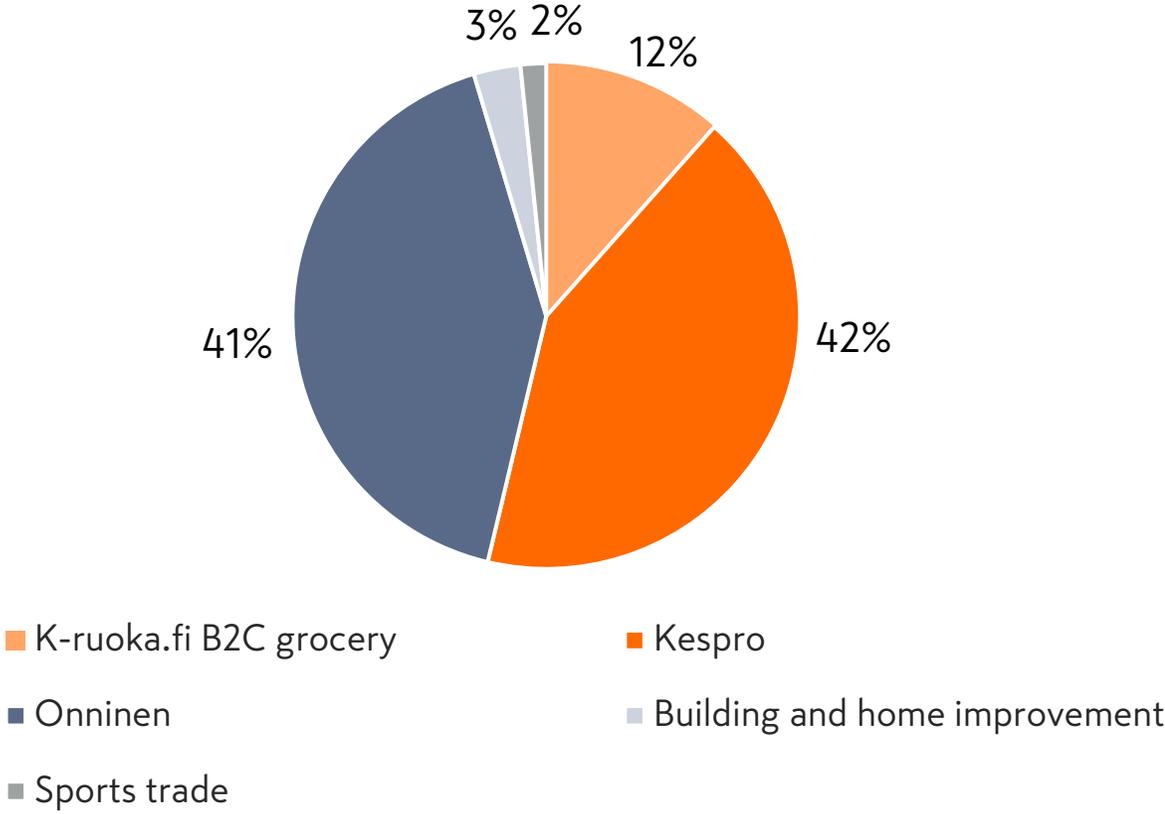


GROWTH IN CORE BUSINESS SALES €6.2 BILLION

CORE BUSINESS RETAIL AND B2B SALES



SALES VIA DIGITAL CHANNELS ALREADY SOME €1.8 BILLION

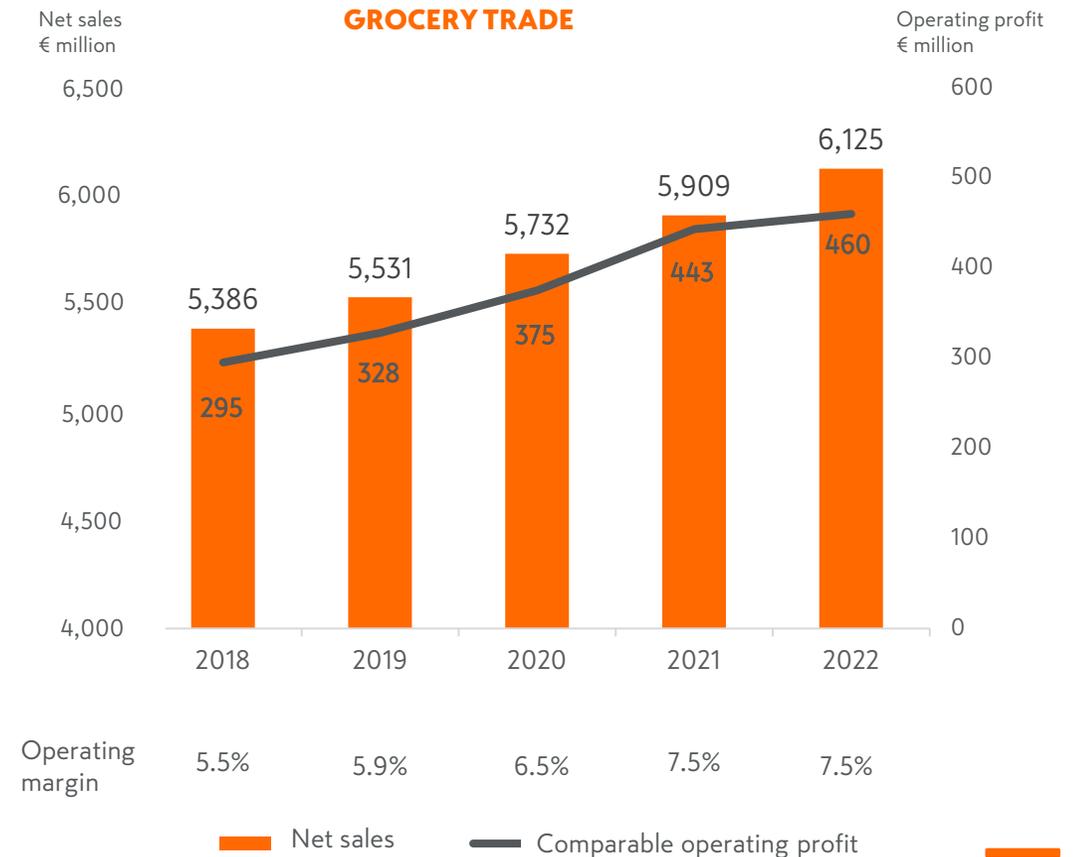


2022, excl. VAT



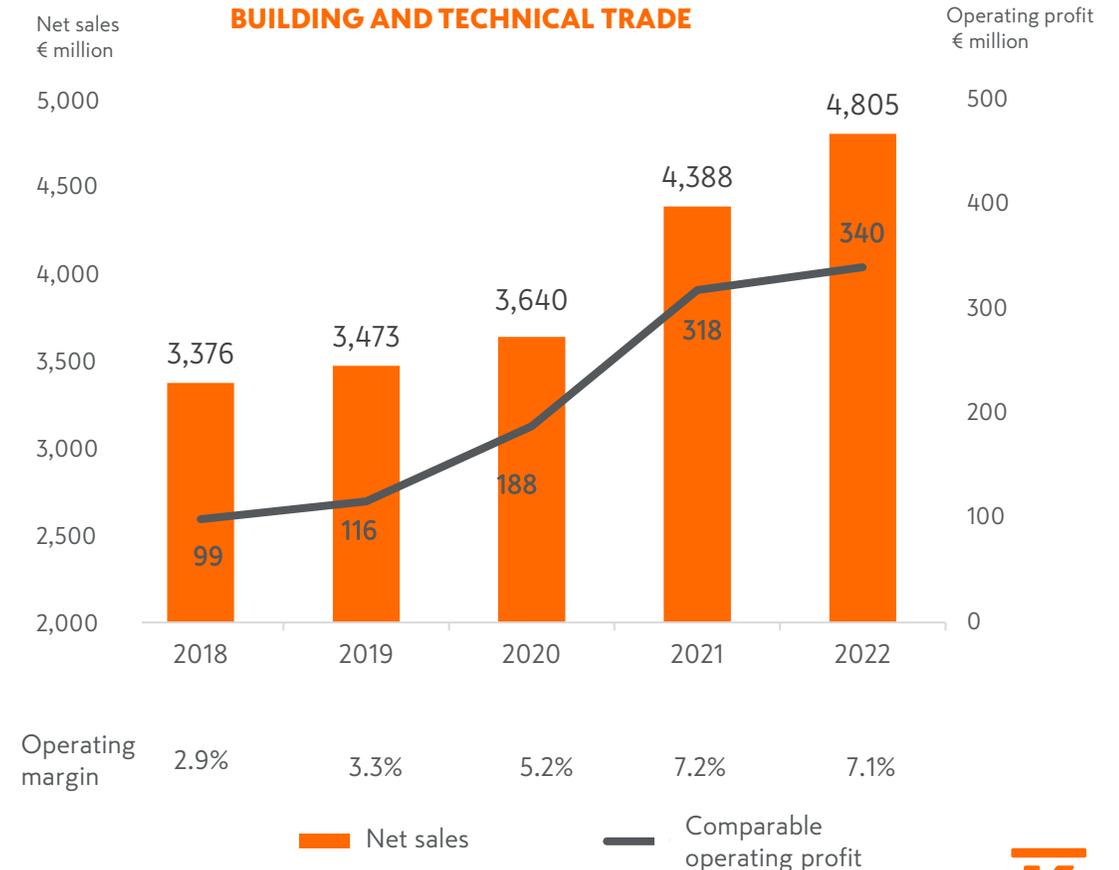
PROFITABILITY IN FOOD TRADE ON A SOLID BASIS

- 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

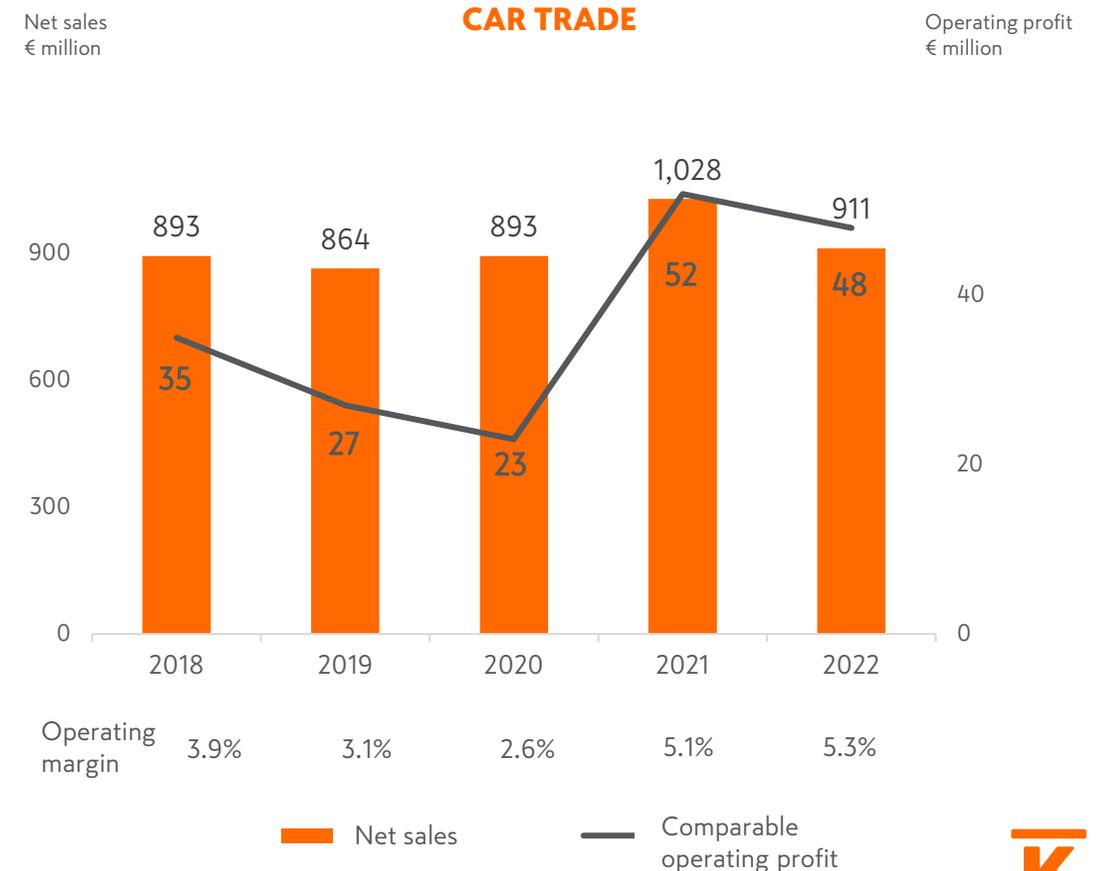


2018-2020: illustrative figures in which Kesko Senukai has been consolidated as a joint venture. Kesko Senukai's treatment changed from a subsidiary to a joint venture on 1 July 2020.



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

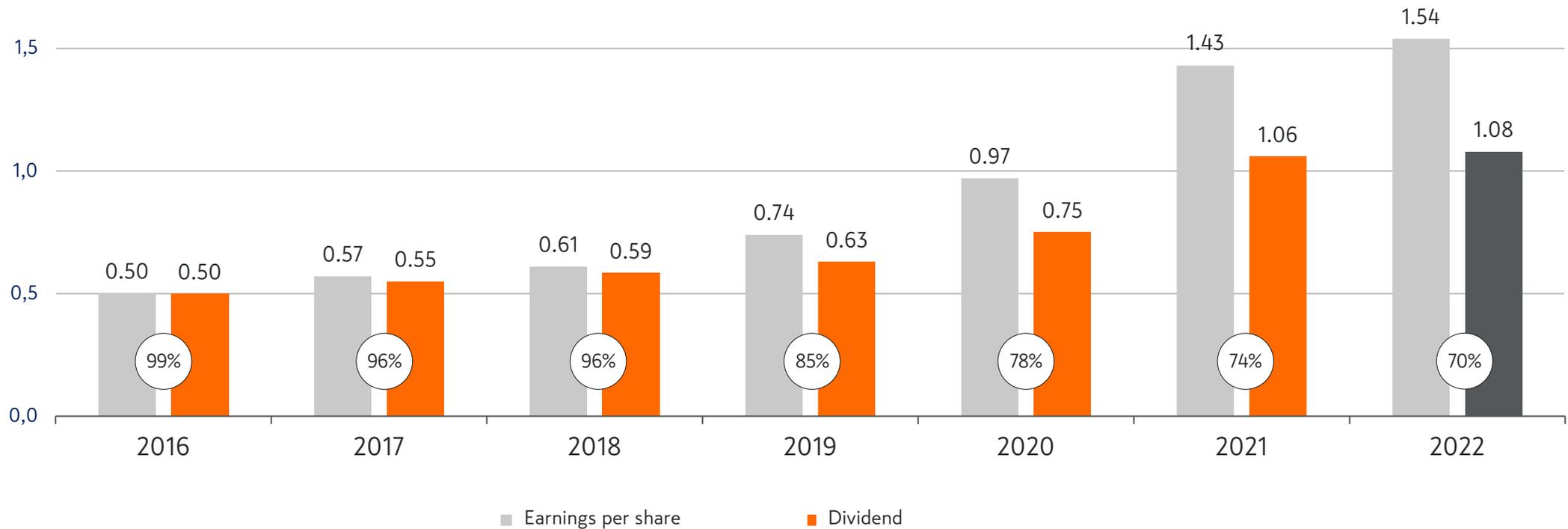
€8.2 billion

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

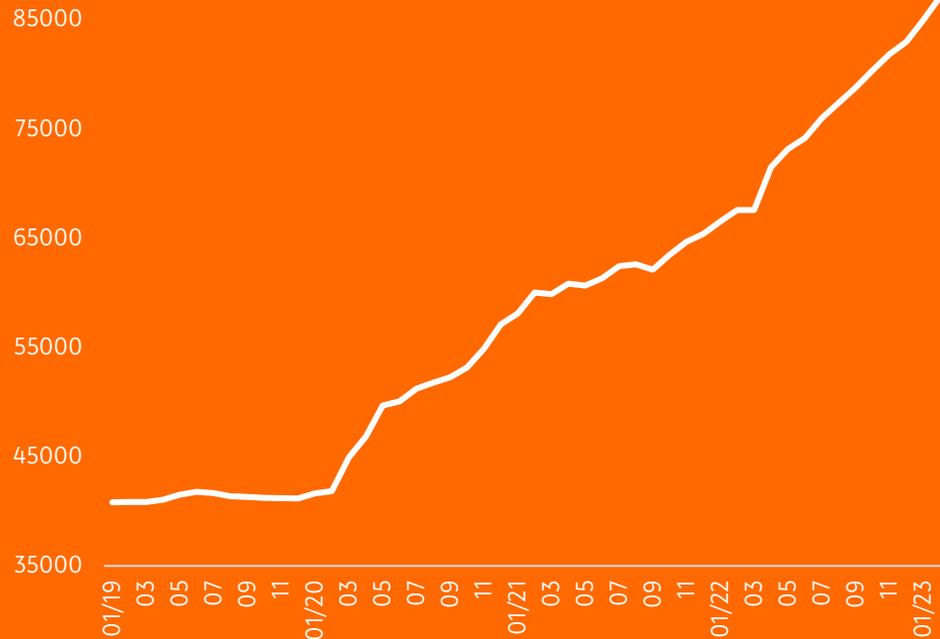


Accounting for share split

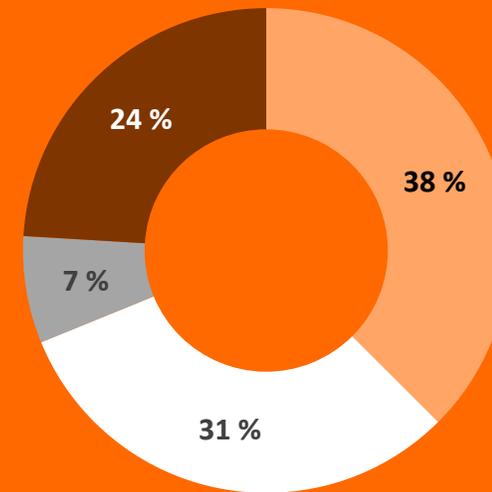
2014-2016 comparable EPS, Group; 2017-2019 comparable EPS, continuing operations

NUMBER OF SHAREHOLDERS GROWING

OVER 87,000 SHAREHOLDERS



BALANCED OWNERSHIP STRUCTURE



- Nominee-registered, foreign ownership
- Finnish institutions
- K-Retailers' Association and related parties (19% of votes)
- Households





SHAREHOLDER'S K-PLUSSA

- 3.3 million Finns are part of K Group's K-Plussa customer loyalty programme
- Customers whose annual purchases from K Group stores total €6,000 receive 'Best Customer' benefits
- With the new Shareholder's K-Plussa, 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 /
Plussa household

OR

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



THANK YOU!



**FOR
SHOPPING
TO BE FUN**

