

K



Review by the President and CEO

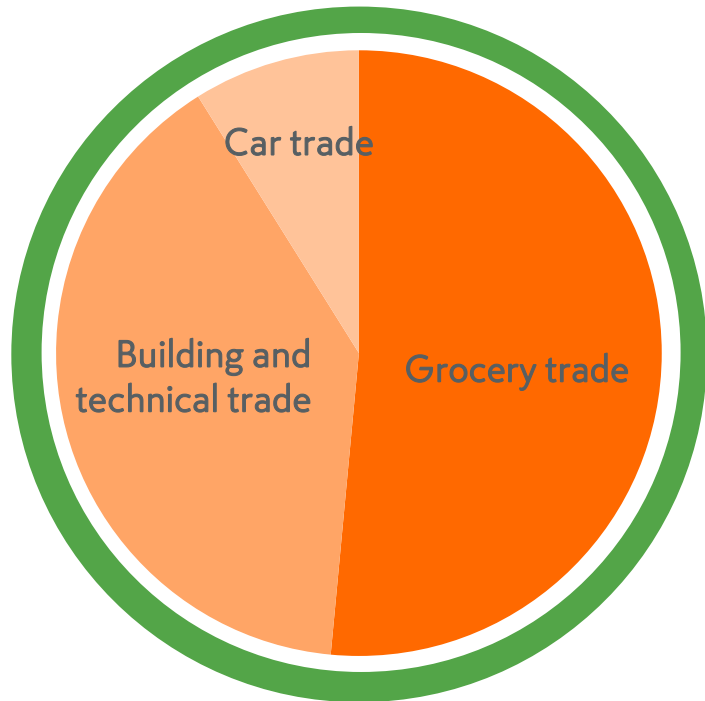
Kesko Corporation Annual General Meeting
8 April 2019

The background of the slide is a close-up photograph of dried, golden-brown wheat stalks growing out of parched, cracked earth. The cracks in the soil are deep and irregular, forming a network across the surface. The overall color palette is warm and earthy, dominated by browns and tans.

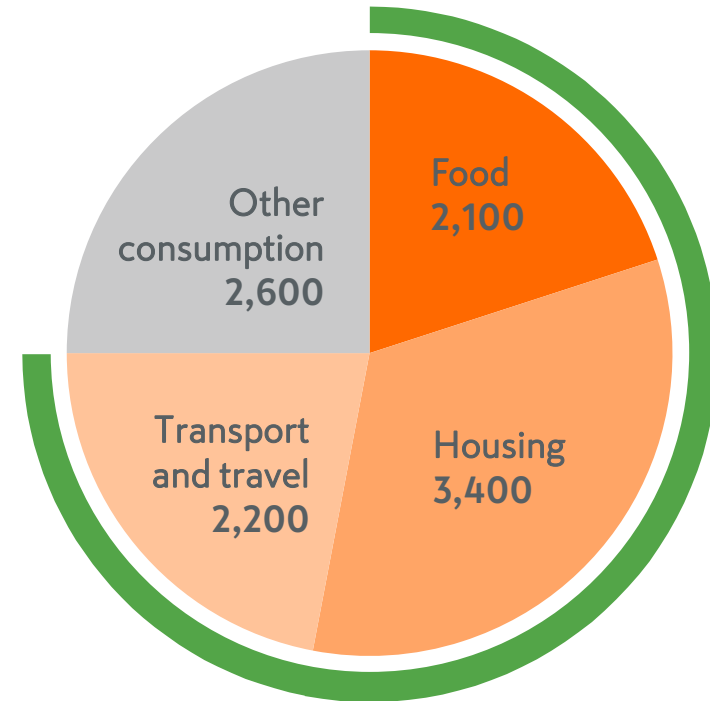
**Our greatest common challenge
is stopping climate change**

K Group offers sustainable solutions in areas that create 75% of people's carbon footprint

Kesko's net sales by division in 2018



Carbon footprint of an average Finn 10,300 kg CO₂e/year



Source: Sitra





**K Group is committed to
working with others
to stop climate change**

Actions in support of Finnish food

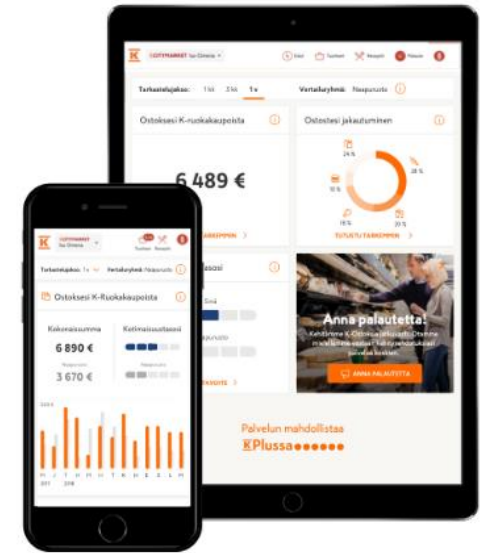


‘Thank the Producer’

- Sales approx. €37m, 2019e €50m
- Additional support of €1.7m to food producers so far
- Well-known Finnish brands joined the model in 2019

K-Ostokset service

- Gives customers data on their shopping habits
- Shows how much Finnish products are bought
- Recommends Finnish products





**The most sustainable trading
sector company in the world**

Shopping at **K Group** stores is a responsible act

Each day, more than **1.5** million customers choose K Group stores



IS TRANSFORMING

The world is changing fast

Saving the Earth
and climate



Accelerating technological
advancements

Globalisation



Urbanisation and
population growth

K Group has a big impact on Finland and Northern Europe

The biggest retailer in Finland, retail sales of nearly €13 billion



Purchases from Finland approx. €6.6 billion

Taxes paid and remitted €1.3 billion



Personnel 41,000 people, salaries paid €1.0 billion

Growth strategy

Focus



Grocery trade



Building and technical trade



Car trade

One unified 

Successful execution of the 2015 growth strategy

Investments in growth

€1.7 billion

Divestments

€1.0 billion

Acquisitions and divestments

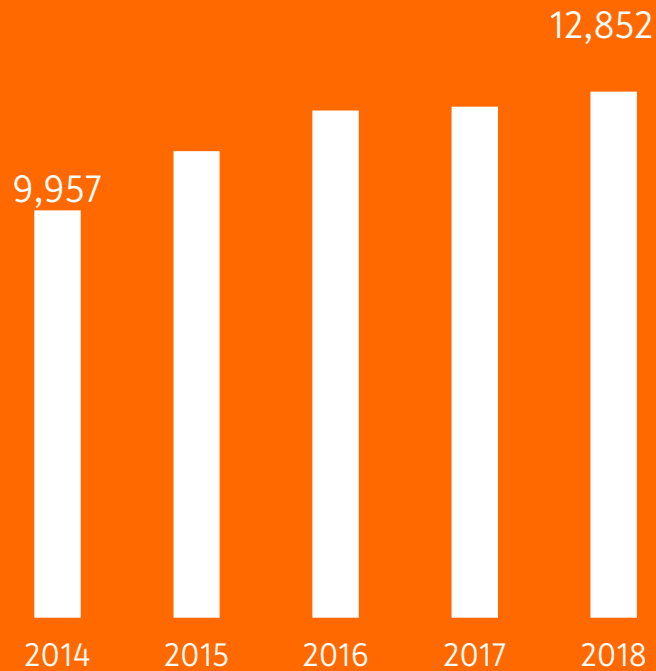
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Recent activity:

- Acquisition of Fresks builders' merchant stores in Sweden
- Divestment of Onninen's contractor business in Sweden
- Strengthening the dealer network in car trade
- Strengthening the Byggmakker chain in Norway
- Acquiring the online retailer 1A in the Baltics
- Divesting the K-Rautas in Russia

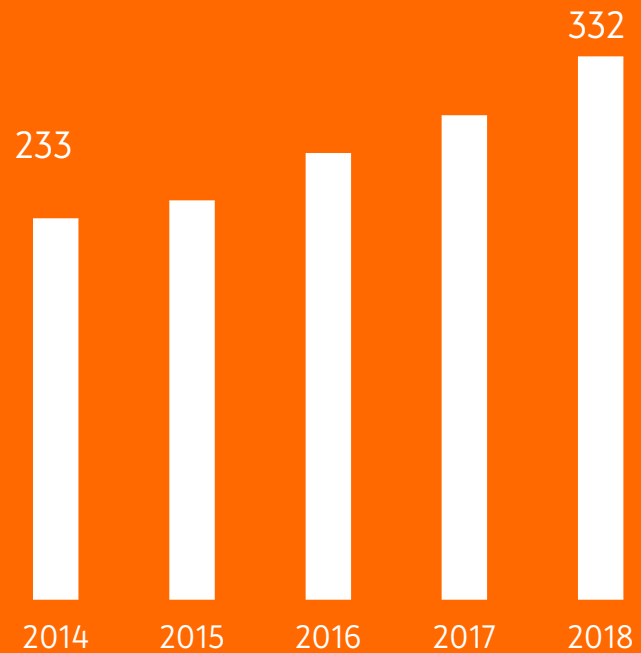
Our strategy is yielding results

**K Group's
retail sales +29%**



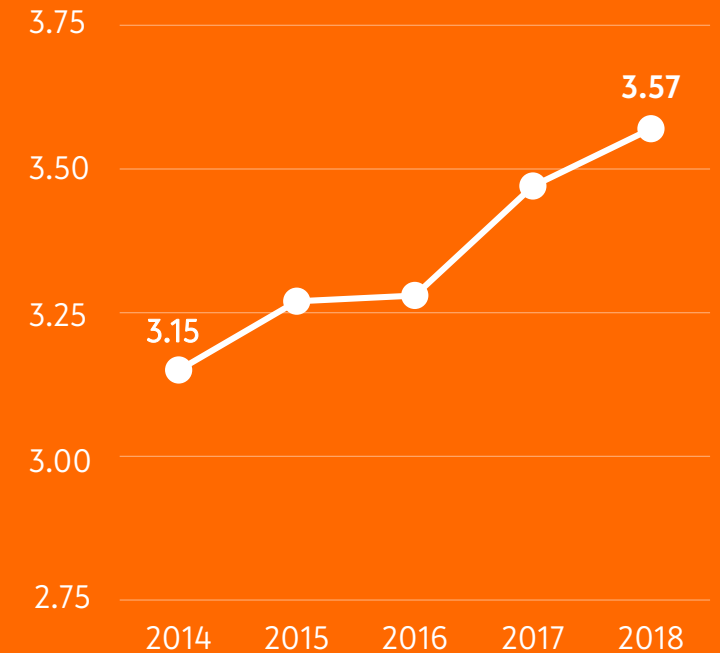
Pro forma, excluding divested operations

**Kesko's
comparable operating profit +43%**



Continuing operations 2017-2018

**K Group's
reputation and trust***



*T-Media, Reputation&Trust





**K-retailers' profitability
has developed well
in all chains**

**Strong trust towards Kesko
among the K-retailers**





**K-food stores'
market share rising strongly**

36.1%

31.9% in 2014

Market shares based on Nielsen's new calculation method adopted in 2018





**K-Rauta's
market share growing well**

42%

39.1% in 2014



Good returns for shareholders

Dividend yield/year 2014-2018

5.4%

Increase in value 1/2014-3/2019

102%

Total return* 1/2014-3/2019

159%

Dividend proposal for 2018

€2.34

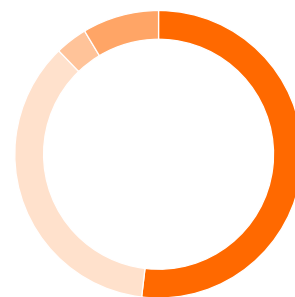
* dividends reinvested



Kesko's net sales in 2018

€10,383m

Growth in comparable terms 3.5%



- 52% Grocery trade
- 36% Building and technical trade excl. speciality goods trade
- 4% Speciality goods trade
- 9% Car trade

Continuing operations

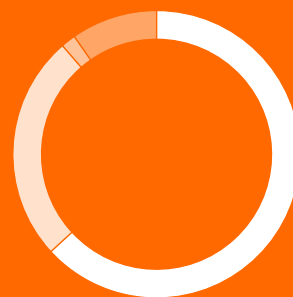




Kesko's comparable operating profit
in 2018 all-time-best

€332m

€296 million in 2017



- 63% Grocery trade
- 26% Building and technical trade excl. speciality goods trade
- 2% Speciality goods trade
- 10% Car trade

Continuing operations





Kesko's comparable return on capital employed in 2018

14.0%

13.3% in 2017

Continuing operations





Kesko's comparable
return on equity in 2018

11.7%

10.9% in 2017



Strong financial position

Equity ratio, %

51.4% (50.4%)

Liquid assets:

€250m (€398m)

Interest-bearing net debt / EBITDA

0.4 (0.3)

Cash flow from operating activities*:

€437m (€292m)

*Continuing operations

Impact of IFRS 16

Reported 2018

2018 IFRS 16

€472m

EBITDA

€876m

€332m

Operating profit

€429m

€327m

Profit before tax

€325m

€2,052m

Non-current assets

€4,112m

€411m

Interest-bearing liabilities

€2,700m

14.0%

Return on capital employed

9.8%

EBITDA, operating profit and profit before tax comparable



**We continue to execute
our growth strategy**

Profitable growth in all divisions



Grocery trade

- Improving customer experience
- Competitive advantage with retailer entrepreneurs
- Growing the foodservice business



Building and technical trade

- Improving profitability
- Country-specific focus
- Strategic acquisitions and divestments



Car trade

- Partnership with the VW Group
- New technologies and services
- Growing our dealer network

One unified



Kesko Group Management Board



Mikko Helander
President and CEO



Jorma Rauhala
President of the building and
technical trade division,
Deputy CEO



Ari Akseli
President of the
grocery trade division



Johan Friman
President of the
car trade division



Jukka Erlund
EVP, Chief
Financial Officer



Matti Mettälä
EVP, HR, Corporate
Responsibility and
Regional Relations



Mika Majoinen
EVP, Group
General Counsel



Anni Ronkainen
EVP, Chief Digital
Officer



Thank you!

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