



KESKO IS A UNIQUE TRADING AND RETAILING COMPANY

Kesco Capital Markets Day, 7 December 2022

Mikko Helander

President and CEO

KESKO WAS FORMED DURING WORLD WAR II

- Four regional wholesaling companies merged in 1940
- One of the largest Finnish companies from the start
- Established and owned by retailer entrepreneurs



Source: Kesko, SA-kuva

IN 1960 KESKO WAS LISTED ON HELSINKI STOCK EXCHANGE

- Fast growth required more capital
- Kesko has made a profit every year and paid dividends each year except for 1967
- Today, Kesko has nearly 82,000 shareholders and the share is one of the most popular on the Helsinki Stock Exchange



Source: Finnish foundation for share promotion

KESKO HAS ALWAYS BEEN A FORERUNNER IN ADOPTING NEW TECHNOLOGIES AND CONCEPTS

- First self-service stores and hypermarkets
- Centralised logistics
- One of the first companies to adopt IT systems
- First modern DIY stores in Finland
- Private labels
- Customer loyalty programme



Source: Kesko, HS, Yrjö Juustila

LONG TRADITION IN SUSTAINABILITY

- Consistent sustainability work since the 1980s
- Sustainability efforts in the whole value chain from suppliers to end-customers
- Sustainability work strongly driven by businesses
- Only company in the world included every year since 2005 on the Global 100 list of the world's most sustainable companies



K GROUP IS THE LEADING TRADING SECTOR COMPANY IN NORTHERN EUROPE

45,000
EMPLOYEES

3
CORE DIVISIONS

NEARLY
DEBT FREE*

1,800
STORES

8
COUNTRIES

RETAIL SALES
€15.7
BILLION

*Excl. lease liabilities

KESKO HAS A GOOD STRATEGY



OUR SUCCESS IS NOT A COINCIDENCE

The right strategic choices and their successful execution



FOCUSING ON THREE CORE BUSINESSES



MASSIVE DIVESTMENTS OF NON-CORE BUSINESSES, INCLUDING RUSSIAN OPERATIONS



TRANSFORMING BUILDING MATERIALS TRADE TO BE B2B-DRIVEN



EXPANSION TO TECHNICAL TRADE BY ACQUIRING ONNINEN



MARKET LEADERSHIP IN NEIGHBOURHOOD STORES THROUGH THE SUOMEN LÄHIKAUPPA ACQUISITION



DIGITAL FORERUNNER IN THE EUROPEAN RETAIL INDUSTRY



STRONG GROWTH IN BUILDING AND TECHNICAL TRADE IN NORTHERN EUROPE

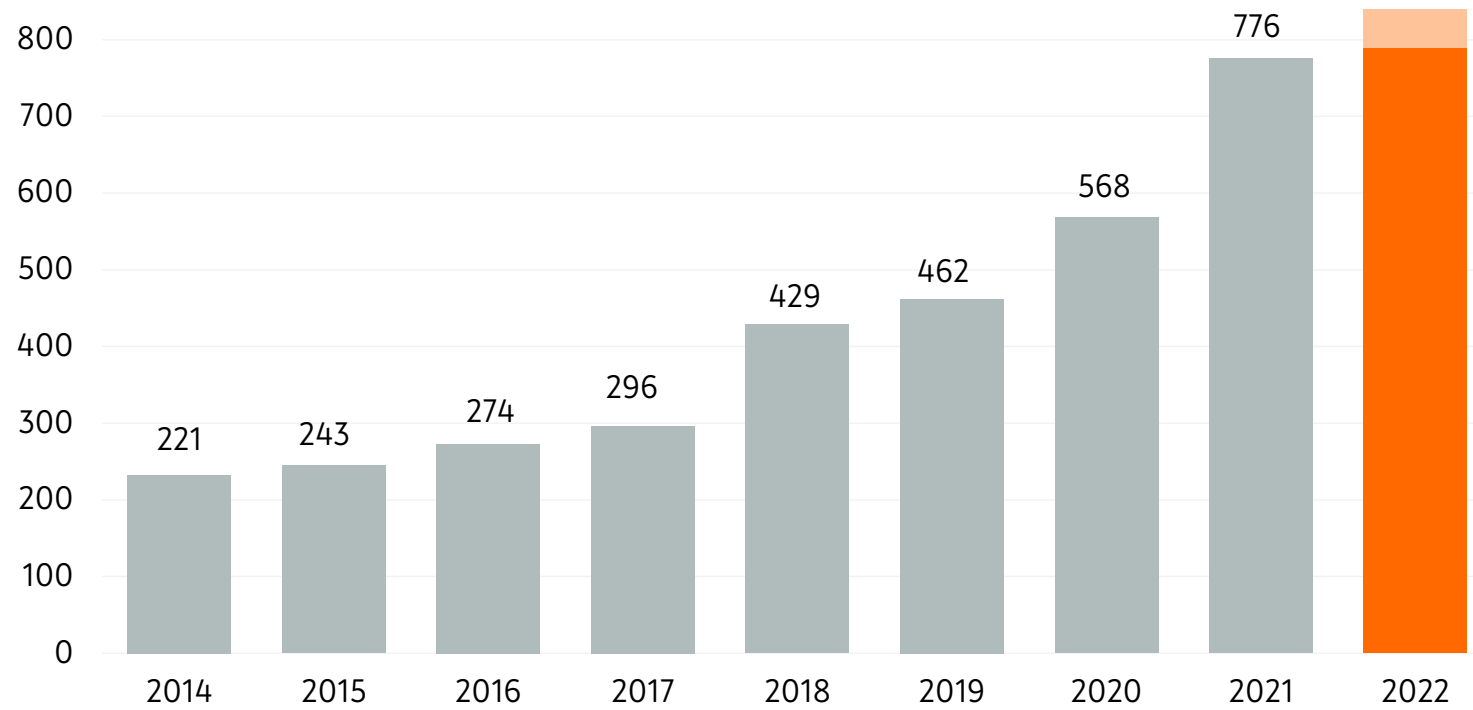


GLOBAL SUSTAINABILITY FORERUNNER

GOOD PROFITABILITY

Comparable operating profit
Reported figures, € million

Updated Q3/2022
guidance 790-840



2014-2019 continuing operations

IFRS 16 impact

ALL DIVISIONS HAVE GOOD PROFITABILITY

GROCERY TRADE



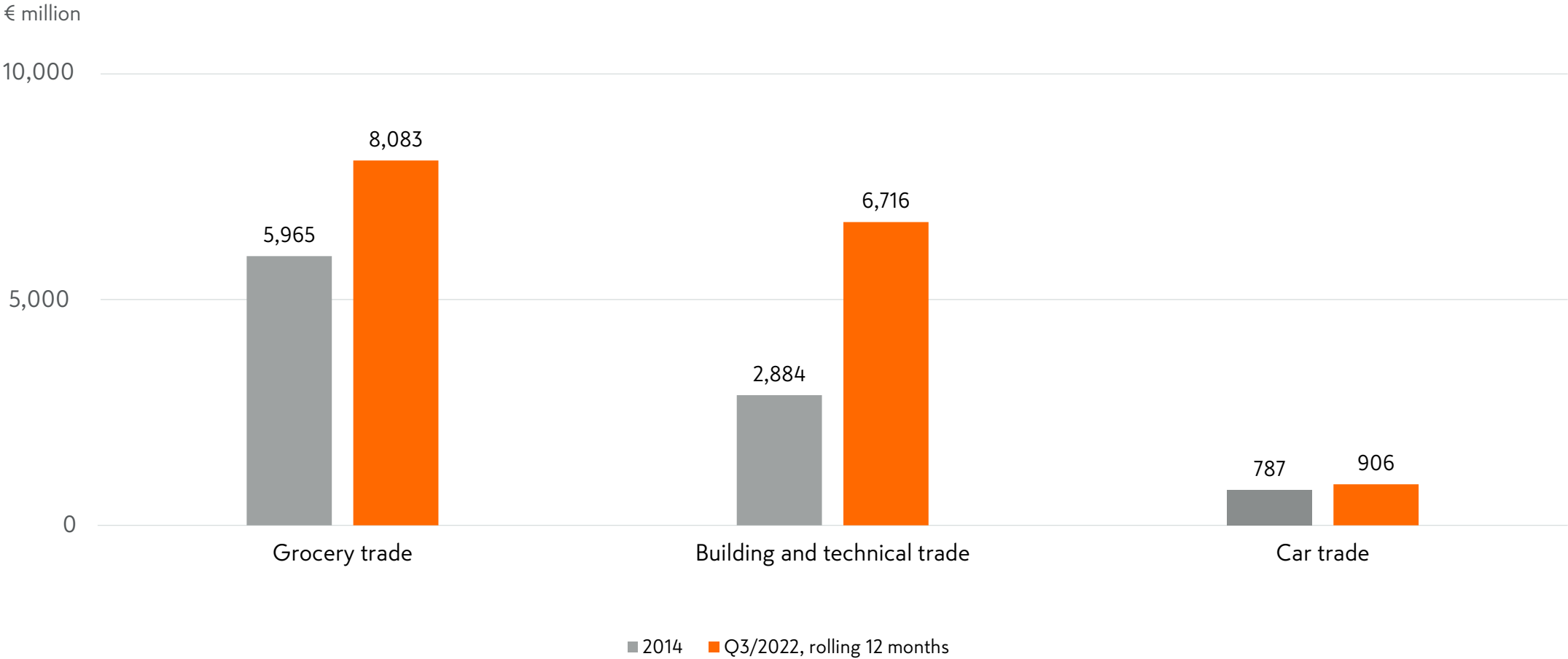
BUILDING AND TECHNICAL TRADE



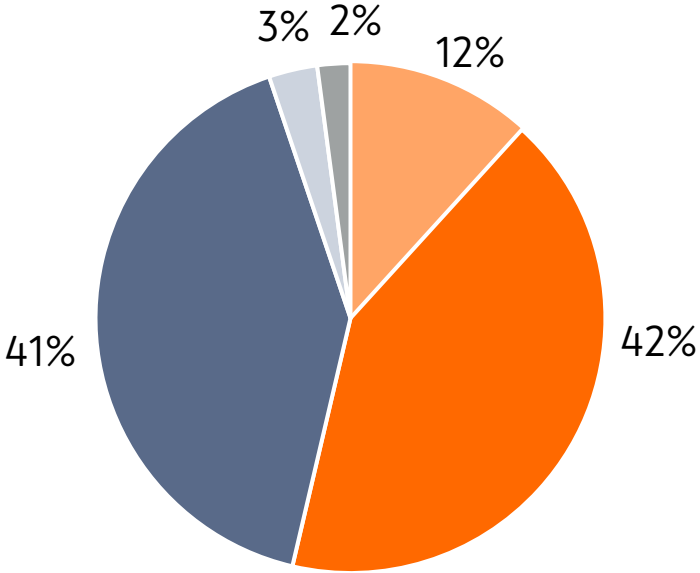
CAR TRADE



IMPRESSIVE €6.1 BILLION GROWTH IN CORE BUSINESS RETAIL SALES



SALES VIA DIGITAL CHANNELS ALREADY €1.7 BILLION



- K-ruoka.fi (online grocery)
- Kespro
- Onninen
- Building & home improvement
- Sports trade



MEETING FINANCIAL TARGETS WELL

We are coming back to financial targets when the political and economic situation becomes more stable

Operating margin, comparable	<u>Over 6%</u>
Return on capital employed, comparable, %	<u>Over 14.5%</u>
Interest-bearing net debt/EBITDA, excluding IFRS 16 impact	At maximum 2.5

**KESKO IS IN A GOOD POSITION TO
CONTINUE PROFITABLE GROWTH**

GROCERY TRADE OUTLOOK 2023

- The grocery trade market is expected to remain stable as a whole, in part supported by price inflation
- Kesko is a strong player in all areas of food trade
- Consequently, operating profit is expected to remain at a good level despite rising costs



BUILDING AND TECHNICAL TRADE OUTLOOK 2023

- B2B trade accounts for over 80% of sales
- In 2023, the construction market is expected to decrease somewhat compared to 2022
- Renovation building and construction related to the green transition are expected to continue to grow
- Good profit level is supported by the large share of renovation and strong demand for products related to saving energy and the green transition



CAR TRADE OUTLOOK 2023

- In the car trade market, the availability and demand for cars are expected to remain below their long-term average in 2023
- Despite the market situation, profitability in Kesko's car trade division is expected to remain at a good level thanks to the transformation and efficiency measures carried out



KESKO OUTLOOK 2023

Net sales and operating profit are expected to remain at a good level despite the challenges in the operating environment



STRONG STRATEGY EXECUTION WILL BOOST SUCCESS ALSO IN THE FUTURE

KEY PRIORITIES:

- Utilising our exceptionally strong position in all areas of Finnish food trade to maintain good development in sales growth and profitability
- Continuing growth and profitability improvement in building and technical trade by fully utilising opportunities in a changing operating environment
- Further improving efficiency in all operations by taking full advantage of data, technology and better business practises



THANK YOU!

