



KESKO

GROWTH STRATEGY EXECUTION DRIVING GROWTH

May 2024

KESKO TODAY

KEY FINANCIALS

	Q1/2024	2023
Net sales, € million	11,715.2	11,783.8
Operating profit, € million*	685.6	712.0
Operating margin, %*	5.9	6.0
Profit before tax, € million*	599.5	630.4
Cash flow from operating activities, € million	1,235.1	1,149.5
Return on capital employed, %*	12.5	13.4
Capital expenditure, € million	776.1	678.9

*comparable rolling 12 months



Leading trading sector company in Northern Europe with retail and B2B sales of nearly **€16bn**



~45 000 employees in the whole K Group, **1,800 stores**, **3 divisions**, comprehensive **digital** services in **8 countries**



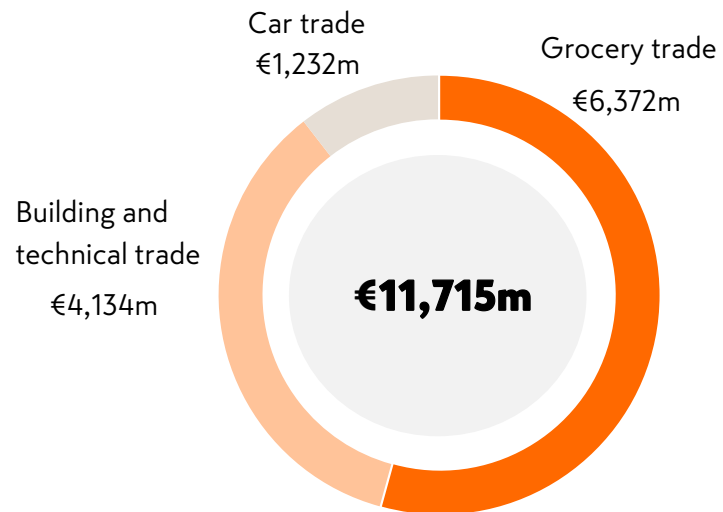
Sustainability at the core of the strategy



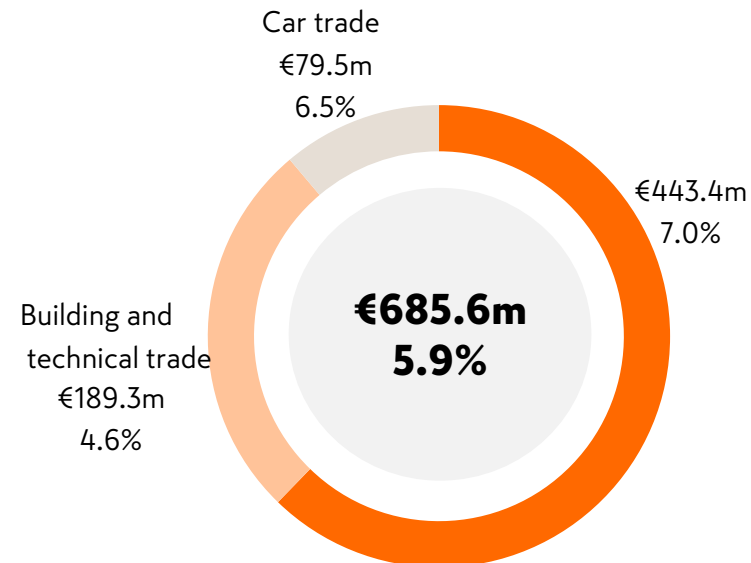
Market cap some **€6.5bn** with over **110,000** shareholders

KESKO SEGMENT KEY FIGURES

NET SALES



OPERATING PROFIT



JORMA RAUHALA APPOINTED KESKO'S PRESIDENT AND CEO AS OF 1 FEBRUARY 2024



MASTER OF SCIENCE (ECON.), BORN 1965

A STRONG TRACK-RECORD IN RESULT-DRIVEN LEADERSHIP

A LONG CAREER IN KESKO WITH VARIOUS RESPONSIBILITIES

- Joined Kesko Corporation in 1992
- President of building and technical trade division since 2017
- President of grocery trade division 2013-2017
- Managing Director of Kespro 2007-2012

A MODERN APPROACHABLE LEADER





GROCERY TRADE

STRONG POSITION IN FINNISH FOOD TRADE YIELDING GOOD RESULTS

STRONG POSITION IN ALL AREAS OF FINNISH FOOD TRADE

KCITYMARKET

KSupermarket

KMarket

KESPRO

- Strong No. 2 in Finnish grocery trade, with a market share of over 34%
 - Finland's most extensive network of grocery stores, some 1,200 stores run by K-retailers
 - Leading online grocery operator
 - Some 1.6 daily store visits by customers
- No. 1 in Finnish foodservice trade, with a market share of approx. 48%
 - Finland's biggest online store for food, some 70% sales via digital channels
 - Strong private labels, which account for over 50% of sales
- Advanced common operations: sourcing, logistics and IT

GROCERY TRADE DIVISION

GROCERY STORE BUSINESS



In brief:

Operates in Finland, business comprises three grocery store chains with some 1,200 stores across the country operated by some 900 K-retailer entrepreneurs. Three different store formats. Also online grocery services and popular private label products. Accounts for 82% of the division's net sales.

Customers:

B2C trade: some 1.8 million daily customer encounters and 4.5 million weekly visits to digital channels.
Over 3.3 million members of the K-Plussa customer loyalty programme.

Key figures:

Net sales €5,196.7 million; operating profit €369.8 million; operating margin 7.1%



Market and market shares:

Total Finnish grocery trade market €21–22 billion; Kesko the **second biggest operator** with a market share 34.3% (Nielsen). Market leader in Finnish online grocery.



Growth drivers:

GDP, purchasing power, price competition, urbanisation and changes in population structure, customer data and insight.

Competitors and peers:

Grocery store operators in Finland: S Group, Lidl
International peers: Ahold Delhaize, Axfood, Coop Group, Tesco, Kroger, Carrefour

GROCERY TRADE DIVISION

FOODSERVICE BUSINESS



In brief:

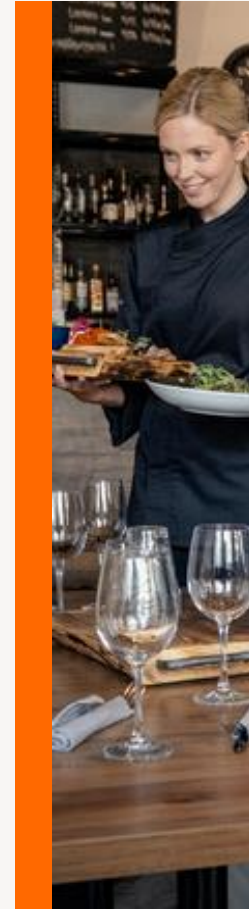
Operates in Finland, business comprises Kespro's foodservice wholesale with 13 cash-and-carry outlets and online sales (70% of total sales), a wide range of services and digital tools (e.g. training, menu development, reporting and forecasting), and Kespro's own brand products (50% of total sales).

Customers:

B2B trade: restaurants, cafés, workplace cafeterias, hotels and public operators such as municipalities and hospitals. Lunch and cafeteria type of sales account for ~ 70% of Kespro's sales.

Key figures:

Net sales €1,154.9 million; operating profit €75.0 million; operating margin 6.5%



Market and market share:

Total Finnish foodservice market €2.5 billion; Kespro **the market leader** with a market share of ~ 48%.



Growth drivers:

The growing popularity of eating out, GDP, purchasing power, price competition, urbanisation and changes in population structure.

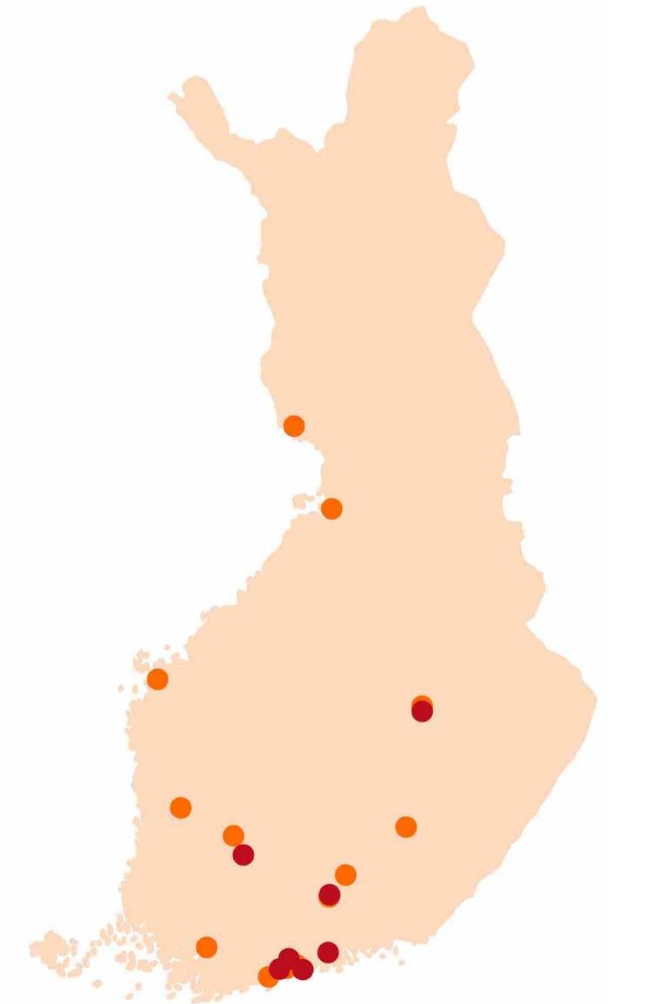
Competitors and peers:

Foodservice in Finland: Valio Aimo, Meira Nova, Metro-tukku
International peers: Marr, Snabbgross, Sysco

NEW HYPERMARKETS TO BE OPENED IN FINNISH GROWTH CENTRES

Several new growth centre hypermarkets in pipeline

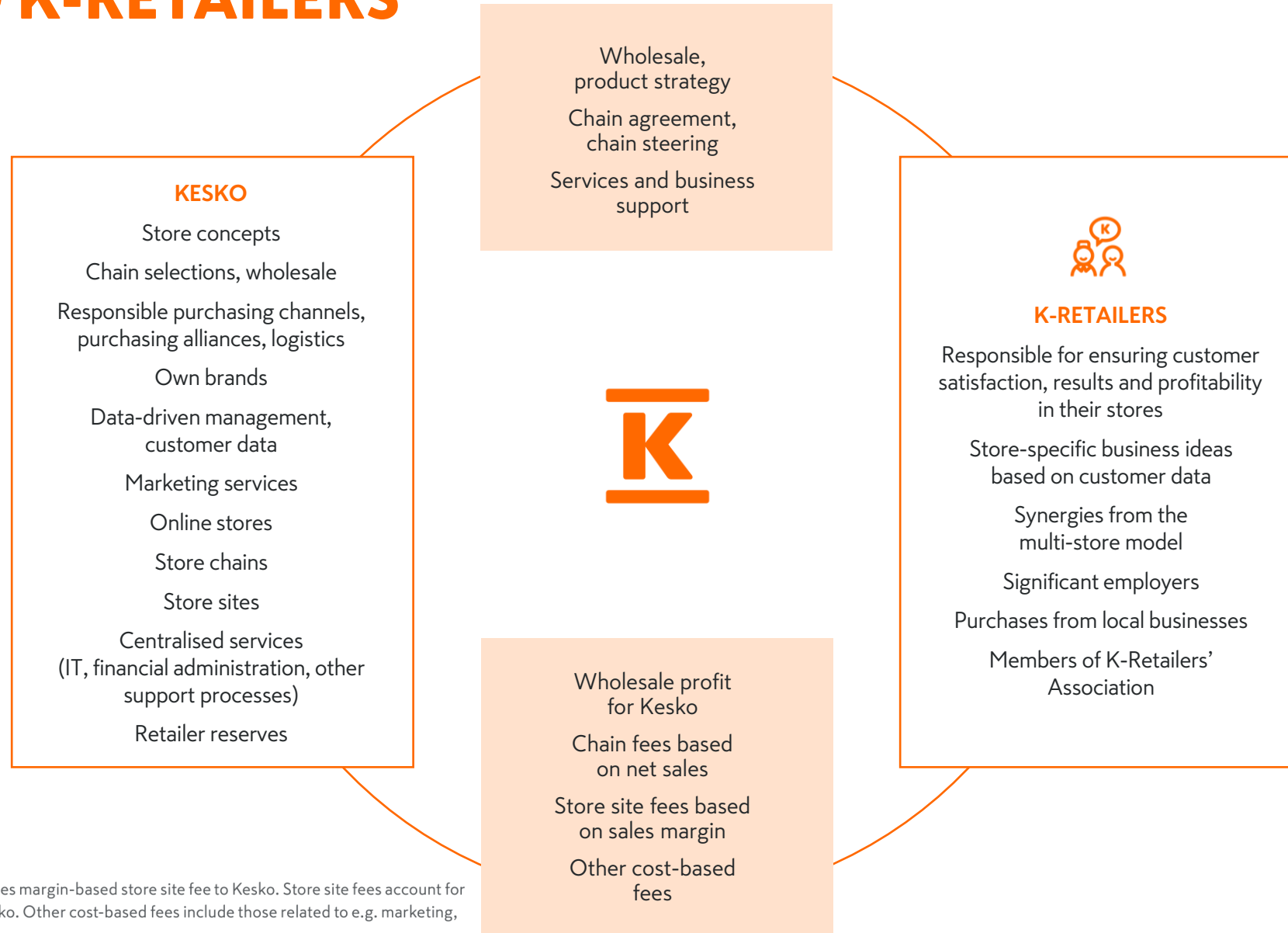
- K-Supermarket Columbus in Eastern Helsinki to be converted into a K-Citymarket hypermarket in 2024
- New K-Citymarket in Lempäälä near Tampere in 2025
- New K-Citymarket in Lahti in autumn 2025, replacing K-Citymarket Paavola
- New K-Citymarket in Haapaniemi, Kuopio in 2026
- New K-Citymarket in Kivistö, Vantaa, Helsinki metropolitan area in 2026
- New K-Citymarket in Porvoo in spring 2027, replacing an outdated hypermarket
- A bigger grocery store under planning for Espoon keskus in Finland's second biggest city Espoo
- In 2024, nearly 50 grocery stores to be updated and renovated, of which 13 hypermarkets
- Investments in store updates and new stores totalling €200-250 million in 2023, same store-site capex level to be expected in upcoming years



- K-Citymarket stores under planning/construction
- K-Citymarket stores remodelled in 2024



KESKO AND K-RETAILERS



The retailers pay a net sales-based chain fee and a sales margin-based store site fee to Kesko. Store site fees account for approximately half of the fees paid by retailers to Kesko. Other cost-based fees include those related to e.g. marketing, logistics and IT.

FORERUNNER IN TRADING SECTOR DIGITALISATION

Using digitalisation to improve customer experience and make operations more efficient



Online and digital sales growing forcefully

Digital sales already
€2.0 billion

Growth in online sales
continues

Continuously improving
online efficiency and
customer experience



Data and analytics at the core of business operations

K Group's customer loyalty scheme in
Finland has 3.3 million customers

Data-based store-specific
business ideas and services

Extensive utilisation of data
in everyday decision-making

Versatile data services to partners



Digitalisation of stores and processes proceeding at a fast pace

Easy-to-use tools to make store
processes more efficient

Electronic shelf labels help improve
customer satisfaction and make
operations more efficient

Electronic in-store displays make
stores even more effective
marketing channels

Automation of supply chain and
background processes



Digitalisation increases customer loyalty

Targeted marketing

Personal benefits and offers

Digital Plussa money

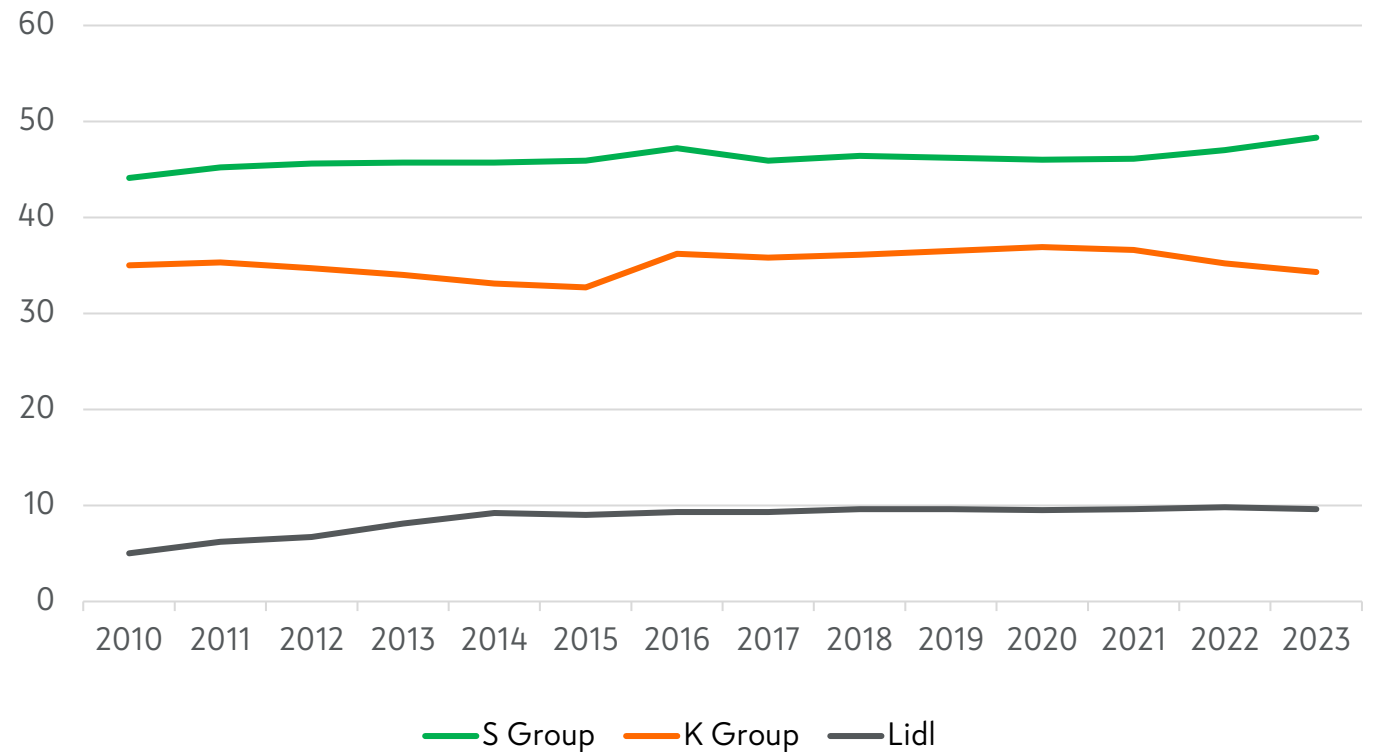
Personal purchase trackers, e.g.
carbon footprint calculator

Seamless customer experience
irrespective of channel

THREE MAIN OPERATORS IN THE FINNISH GROCERY TRADE

All operators enjoy good profitability

- Three main players in Finnish grocery trade
- Profits generated by Kesko, S Group and Lidl Finland at a good European level
- Co-operative S Group has opened close to 10 new hypermarkets in recent years, also Lidl has been active in openings, too
- Lidl opened first stores in Finland in 2002 and its growth has settled at a market share of below 10%



Source: Nielsen, 2024

Market share figures for 2016-2022 not comparable to preceding years (include discounters and service stations)



BUILDING AND TECHNICAL TRADE

A GOOD RESULT IN A BAD ECONOMIC CYCLE

LEADING PLAYER IN BUILDING AND TECHNICAL TRADE IN NORTHERN EUROPE

Total retail sales of €6.0 billion*, B2B accounts for over 80% of sales**

TECHNICAL TRADE

onninen 

- Net sales €2,344.7 million
- Operating profit €128.5 million
- Operating margin 5.5%
- 100% B2B

BUILDING AND HOME IMPROVEMENT TRADE

Rauta 

- Net sales € 1,912.1 million
- Operating profit €65 million
- Operating margin 3.4%
- Builders merchant for professional builders 67%
- DIY for consumers 33% of sales

BYGG 

BYGGMAKKER 

CS
SENUKAI

- Kesko Senukai joint venture
- Leading DIY operator in the Baltics, 70% DIY ***
- Kesko's share 50%
- Retail sales €1,177 million*

BUILDING AND TECHNICAL TRADE

TECHNICAL WHOLESALE



In brief:

Operates in 7 countries. Kesko subsidiary Onninen offers technical wholesale products and services (offering varies between countries) in stores, online and via on-site solutions. Finland accounts for 53 % of net sales

Customers:

100% B2B trade – customers include technical contractors like plumbers and electricians, industry, infrastructure builders, and retailers

Key figures:

Net sales €2,344.7 million; operating profit €128.5 million; operating margin 5.5%



Market and market shares:

Total market (est.) for 8 countries (incl. Denmark) €23 bn; Kesko's market shares Finland 45% (**market leader**), Sweden 10% (infra-structure), Norway 41% (electricals)*, Poland 5% , Estonia 11%, Latvia 5%, Lithuania 3%



Growth drivers:

Urbanisation, green transition, building and construction work becoming more technical and being outsourced to professionals, growing renovation need and infrastructure investment debt, digitalisation, market consolidation

Competitors and peers:

Dahl, Ahlsell, Rexel, Grainger, Würth, Sanistål, Elektroskandia, Solar

TECHNICAL TRADE

STILL FURTHER POTENTIAL FOR GROWTH

Market size €23 billion



Technical trade

Retail Market (€bn)

3.3

Market share

20 %

Market share of current operating market

41%*



Technical trade

Retail Market (€bn)

7.8

Market share

2%

Market share of current operating market

10%**



Technical trade

Retail Market (€bn)

3.5



Technical trade

Retail Market (€bn)

2.6

Market share

45%



Technical trade

Retail Market (€bn)

2.1

Market share

11%, 5%, 3%



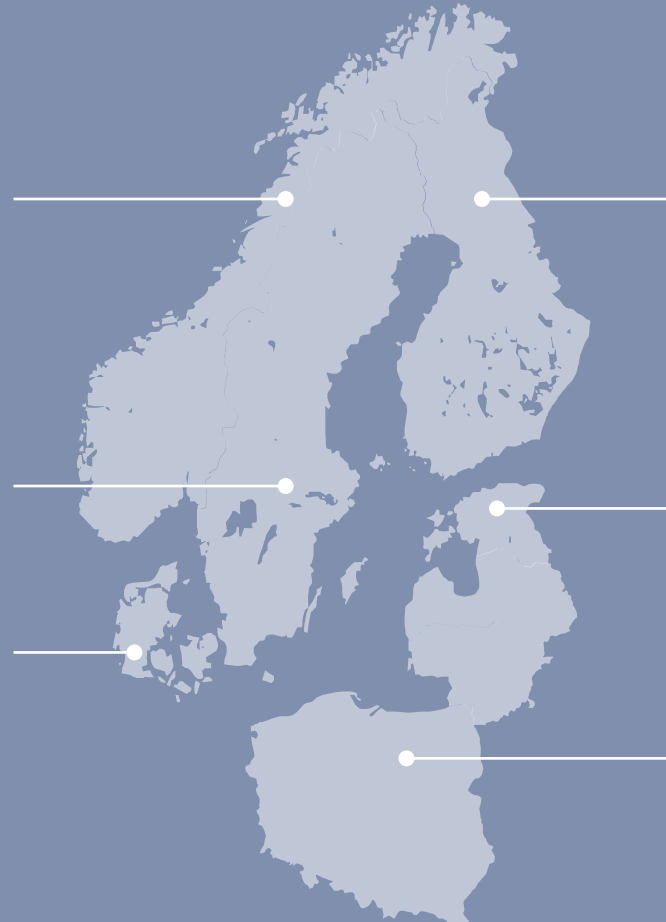
Technical trade

Retail Market (€bn)

6.0

Market share

5%



BUILDING AND TECHNICAL TRADE

BUILDING AND HOME IMPROVEMENT



In brief:

Operates in 7 countries; offers products and services for building, renovation, garden, interior decoration and home furnishing through various store chains, including K-Rauta (FI), K-Bygg (SE), Byggnakker (NO), Kesko Senukai (Baltics), Davidsen (DK) as of 1 Feb. 2024; Finland 49% of net sales

Customers:

68% building professionals, 32% consumers (DIY)

Key figures:

Net sales €1,912.1 million; operating profit €65 million; operating margin 3.4%



Market and market shares:

Total market (est.) for 8 countries (incl. Denmark) €25 bn; Kesko's market shares Finland 49% (**market leader**), Sweden 7%, Norway 13%, Baltic Countries 33%, entry to Denmark in 2024, market share 10%



Growth drivers:

Urbanisation, green transition, building and construction work becoming more technical and being outsourced to professionals, growing renovation need and infrastructure investment debt, digitalisation, market consolidation

Competitors and peers:

Stark, Beijer, Optimera, Mestergruppen, Bygma, Travis Perkins, Ferguson


BUILDING AND HOME IMPROVEMENT

SUCCESSFUL M&A CARRIED OUT - STILL FURTHER POSSIBILITIES

Market size €21 billion


	Professional Consumers builders
Retail Market (€bn)	3.7 1.9
Market share 2023	13%

	Professional Consumers builders
Retail Market (€bn)	3.6 2.4
Market share	7%

	Professional Consumers builders
Retail Market (€bn)	3.2 0.8
Market share	10%



	Professional Consumers builders
Retail Market (€bn)	1.8 1.0
Market share	49%

	Professional Consumers builders
Retail Market (€bn)	2,8
Market share	33%

CAR TRADE

GOOD RESULT IN CAR TRADE

FIN LPU-447

CAR TRADE



In brief:

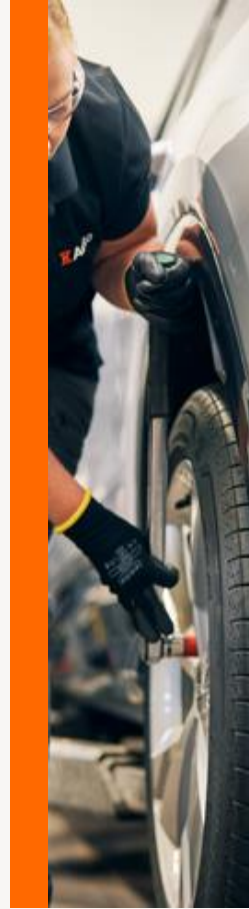
- Operates in Finland. The whole value chain - imports and sells Volkswagen Group car brands, sells used cars, and offers car-related services (e.g. servicing, leasing, EV charging)
- Division also includes two sports trade chains

Customers:

- Primarily Finnish consumers, also companies when leasing cars

Key figures:

- Net sales €1,262.3 million; operating profit €82.6 million; operating margin 6.5%
- Of which sports trade: net sales €183.9m, operating profit €9.5m, operating margin 5.1%



Market and market shares:

- Total first registrations of new cars in Finland approx. 90,000 in 2022, of which Kesko's K-Auto accounted for some 15.1 %

Growth drivers:

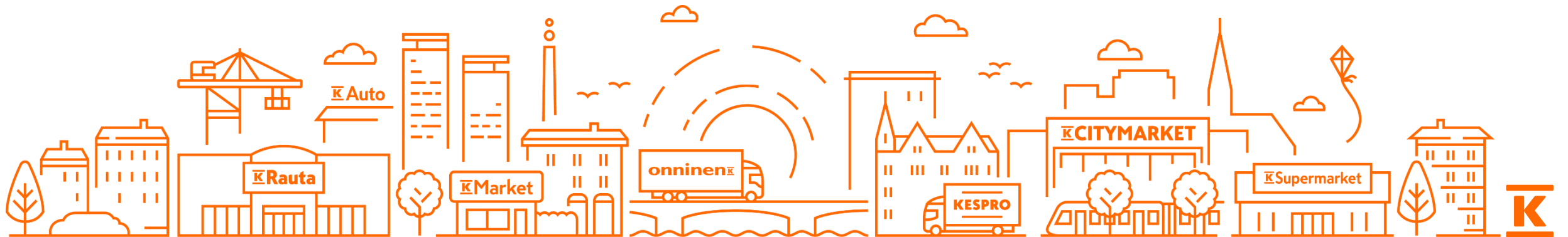
- E-mobility, updating Finland's outdated vehicle stock, digitalisation changing customer behaviour and helping to improve operational efficiency, new competitors entering European markets

Competitors and peers:

- Car trade: Veho, Kamux, Hedin, Rinta-Jouppi, Wetteri
- Sports trade: XXL, Stadium



DETERMINED STRATEGY EXECUTION BRINGS RESULTS



KESKO'S STRATEGY



GROWTH STRATEGY

FOCUS ON THREE DIVISIONS



GROCERY TRADE



**BUILDING AND TECHNICAL
TRADE**



CAR TRADE

ONE UNIFIED 

CUSTOMER EXPERIENCE

DIGITALISATION

SUSTAINABILITY

SUCCESSFUL STRATEGIC CHOICES AND CONSISTENT STRATEGY EXECUTION

➤ **Focusing on three selected divisions**

➤ **Becoming the market leader in neighbourhood grocery stores by acquiring Suomen Lähikauppa**

➤ **Divesting non-core operations, including businesses in Russia**

➤ **A forerunner in trading sector digitalisation in Europe**

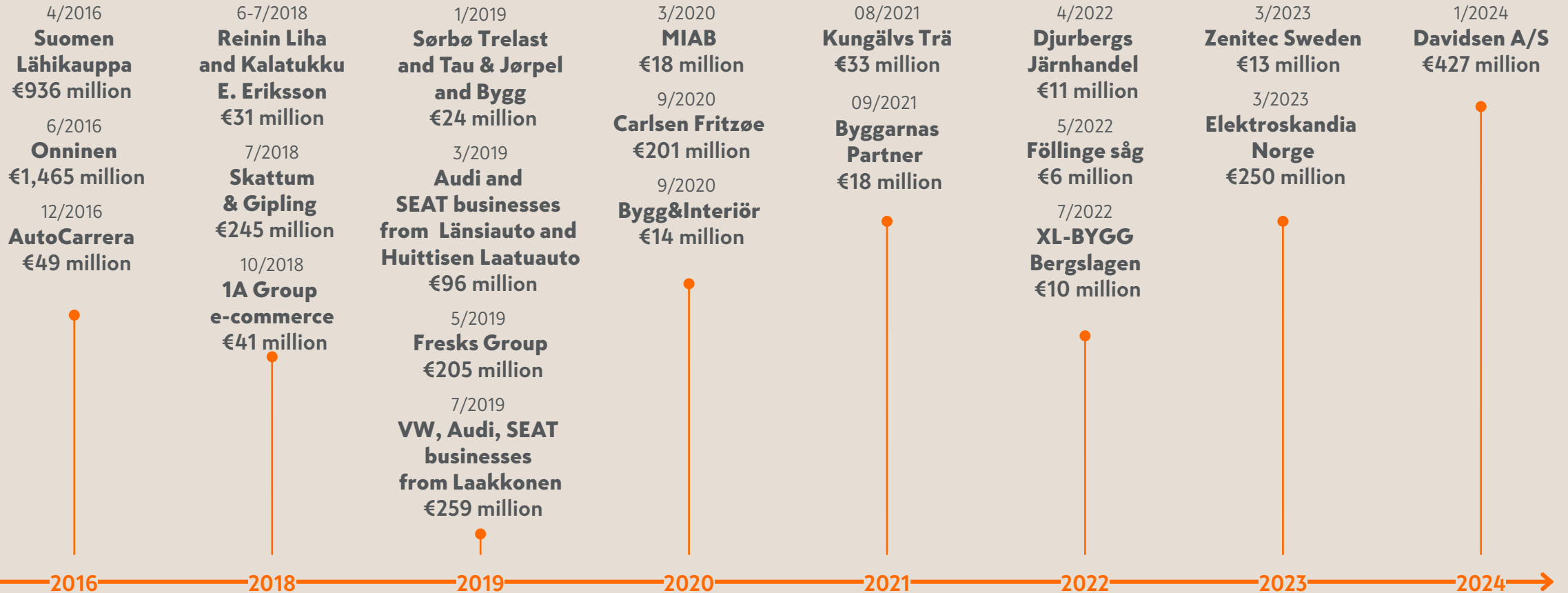
➤ **Shifting focus in building and home improvement trade towards B2B**

➤ **Strong growth in building and technical trade in Northern Europe**

➤ **Expanding operations to technical trade by acquiring Onninen**

➤ **Global pioneer in sustainability**

ACQUISITIONS HAVE PLAYED A SIGNIFICANT ROLE IN INTERNATIONAL GROWTH

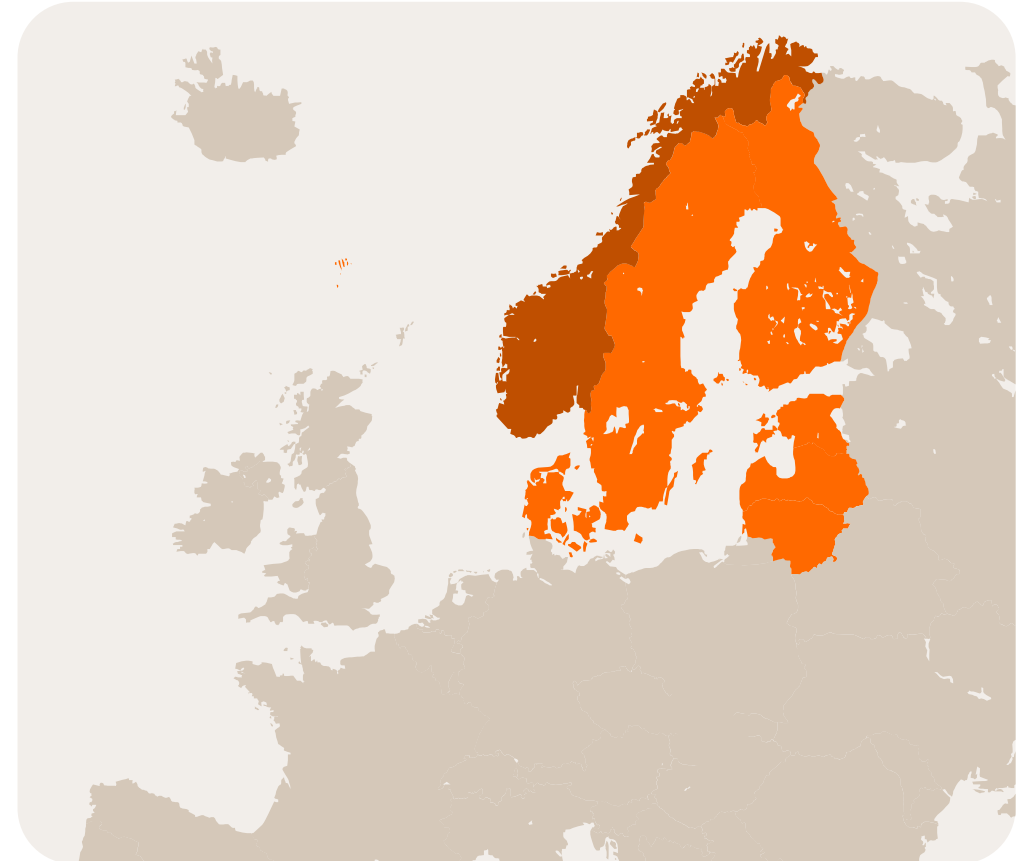


Figures either net sales or sales figures published in connection with the acquisition

ELETROSKANDIA STRENGTHENED ONNINEN'S POSITION IN TECHNICAL TRADE IN NORWAY

ONNINEN NOW THE MARKET LEADER IN ELECTRICAL WHOLESALE IN NORWAY

- Kesko acquired Elektroskandia Norge in March 2023
- One of the most significant distributors of electricals in Norway
 - Net sales of some €250 million (2022)
 - Around 270 employees
 - Nine stores
 - Four sales offices across the country
 - A highly automated distribution centre near Oslo
- The deal made Onninen the market leader in electrical wholesale in Norway, with a market share of over 40%

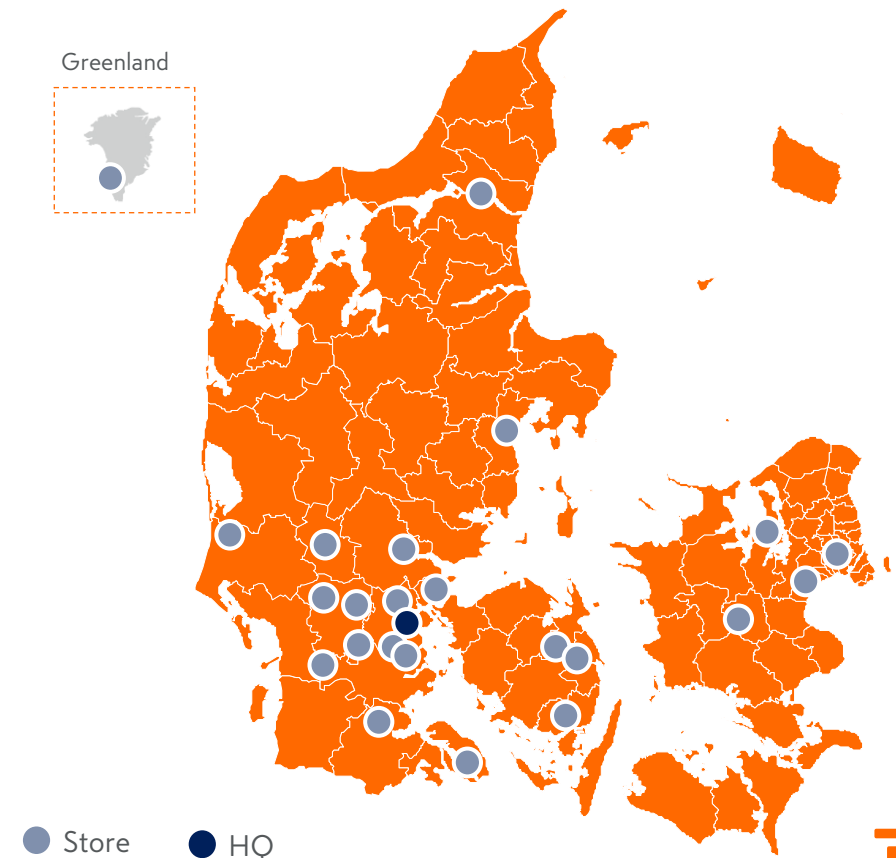


EXPANDING OPERATIONS TO DENMARK AND ACQUIRING DAVIDSEN

PARTICIPATING IN SECTOR CONSOLIDATION IN NORTHERN EUROPE PART OF KESKO'S STRATEGY

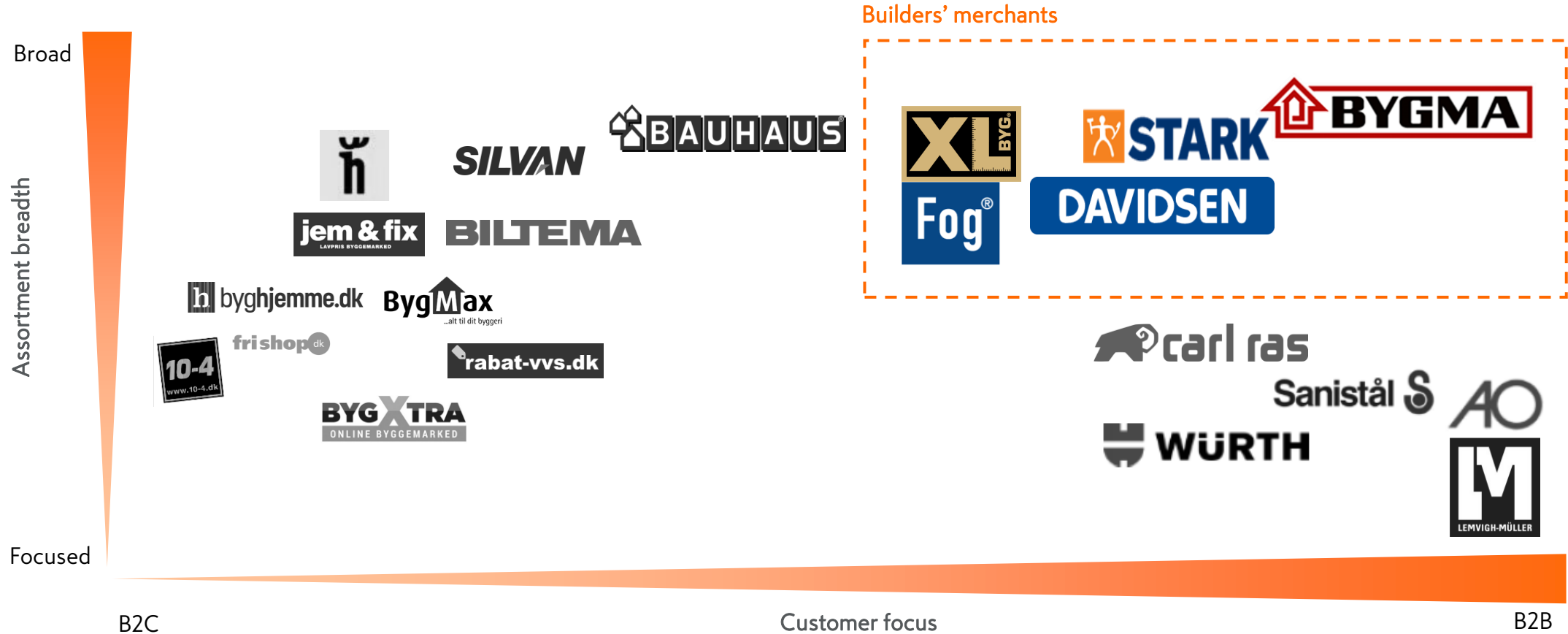
- Kesko acquired 90% of the previously family-owned Davidsen Koncernen A/S, enterprise value approx. €190 million
- Davidsen is one of the biggest building and home improvement trade operators in Denmark, with focus on B2B customers
 - Net sales €427 million, operating profit €7 million (excl. IFRS 16 impact) in 2023
 - Some 850 employees
 - 23 stores, Davidsen owns 19 of the store properties
 - Market share some 10% in all of Denmark, 30% in Southern Denmark
- Plenty of potential for further consolidation on the Danish market, good opportunities for growth both organically and via acquisitions

DAVIDSEN STORE NETWORK



COMPETITIVE LANDSCAPE IN DANISH BUILDING AND HOME IMPROVEMENT BUSINESS

Competitive landscape and positioning, illustrative



KESKO SET TO CONTINUE GROWTH IN BUILDING AND TECHNICAL TRADE

Slowdown in economic growth accelerating market consolidation

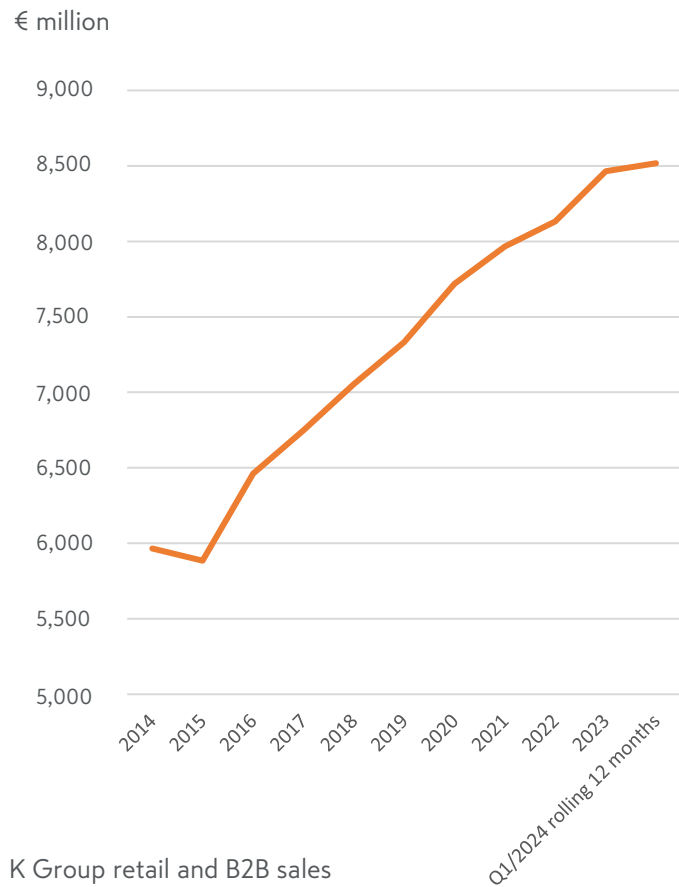
- Kesko intends to continue to take an active part in the consolidation of the building and technical trade B2B market in Northern Europe also going forward
- The objective is to be among the leading operators not only in Finland and Norway but also in Sweden and Denmark
- Growth in technical trade in Poland and the Baltics also important
- The joint venture Kesko Senukai a leading operator in building and home improvement trade in the Baltics

TRANSFORMATION FROM A TRADITIONAL RETAILER INTO 'ONE UNIFIED K'

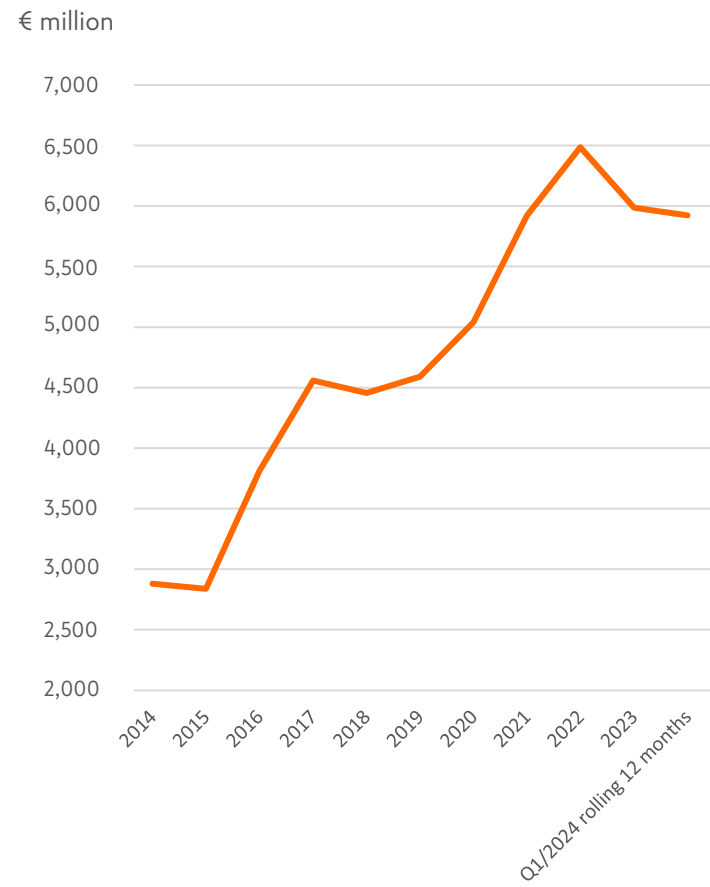


ANNUAL SALES FOR CORE BUSINESSES HAVE GROWN BY €5.9 BILLION SINCE 2014

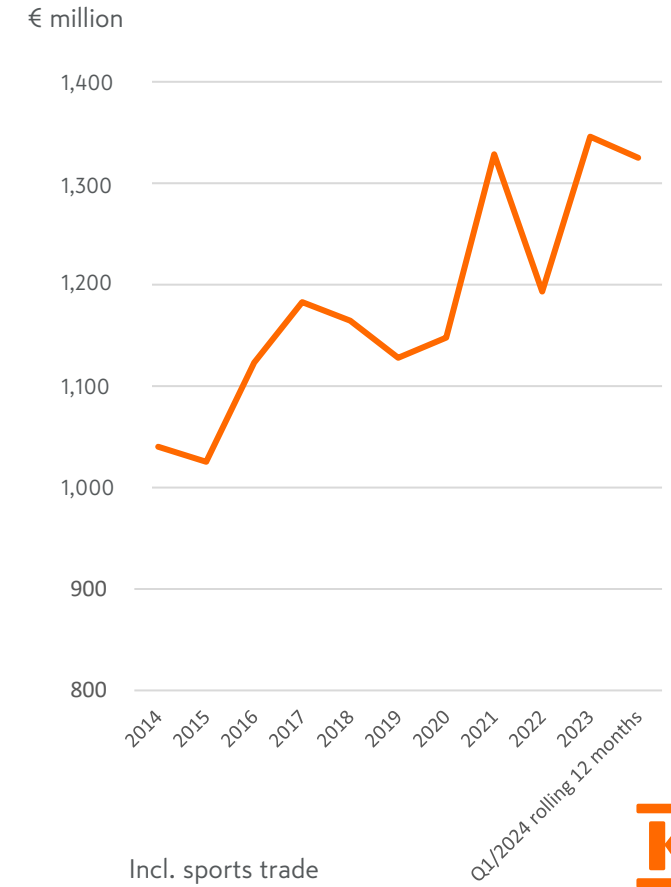
GROCERY TRADE



BUILDING AND TECHNICAL TRADE

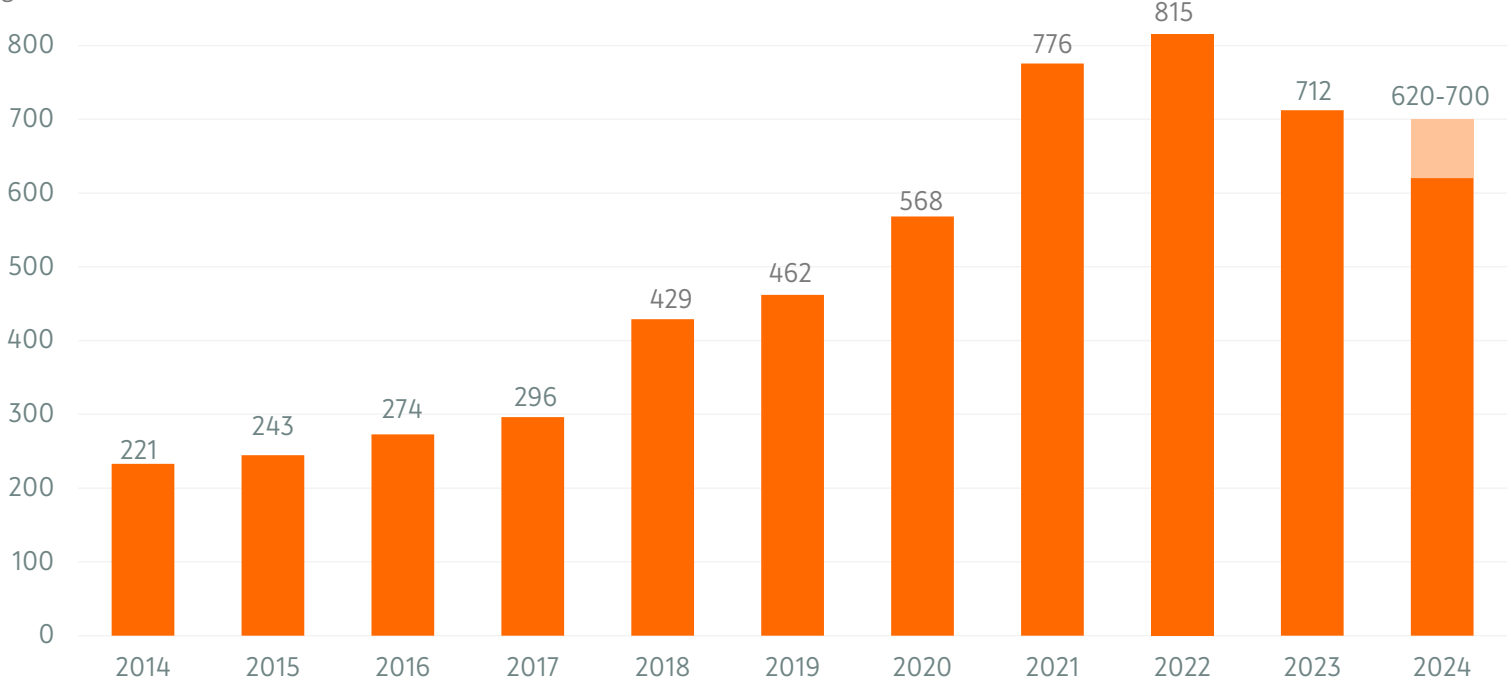


CAR TRADE



STRONG PROFIT GENERATION ALSO IN A WEAKER MARKET

Comparable operating profit
Reported figures, € million

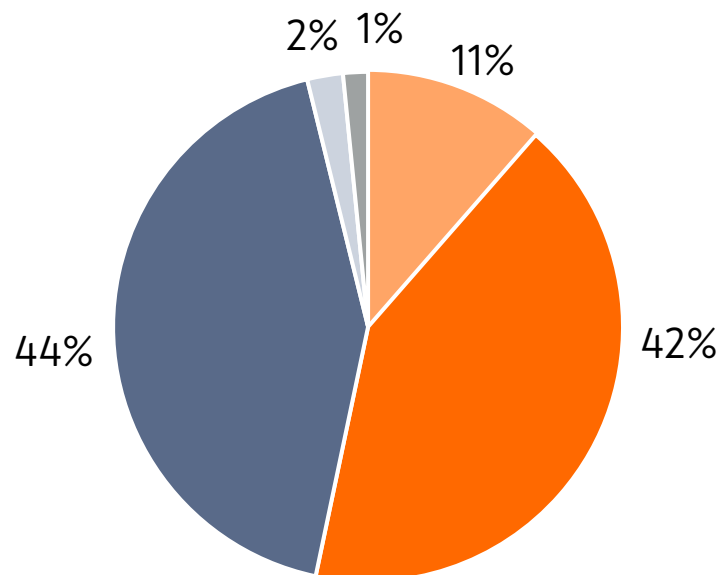


2014 - 2019 continuing operations

IFRS 16 impact



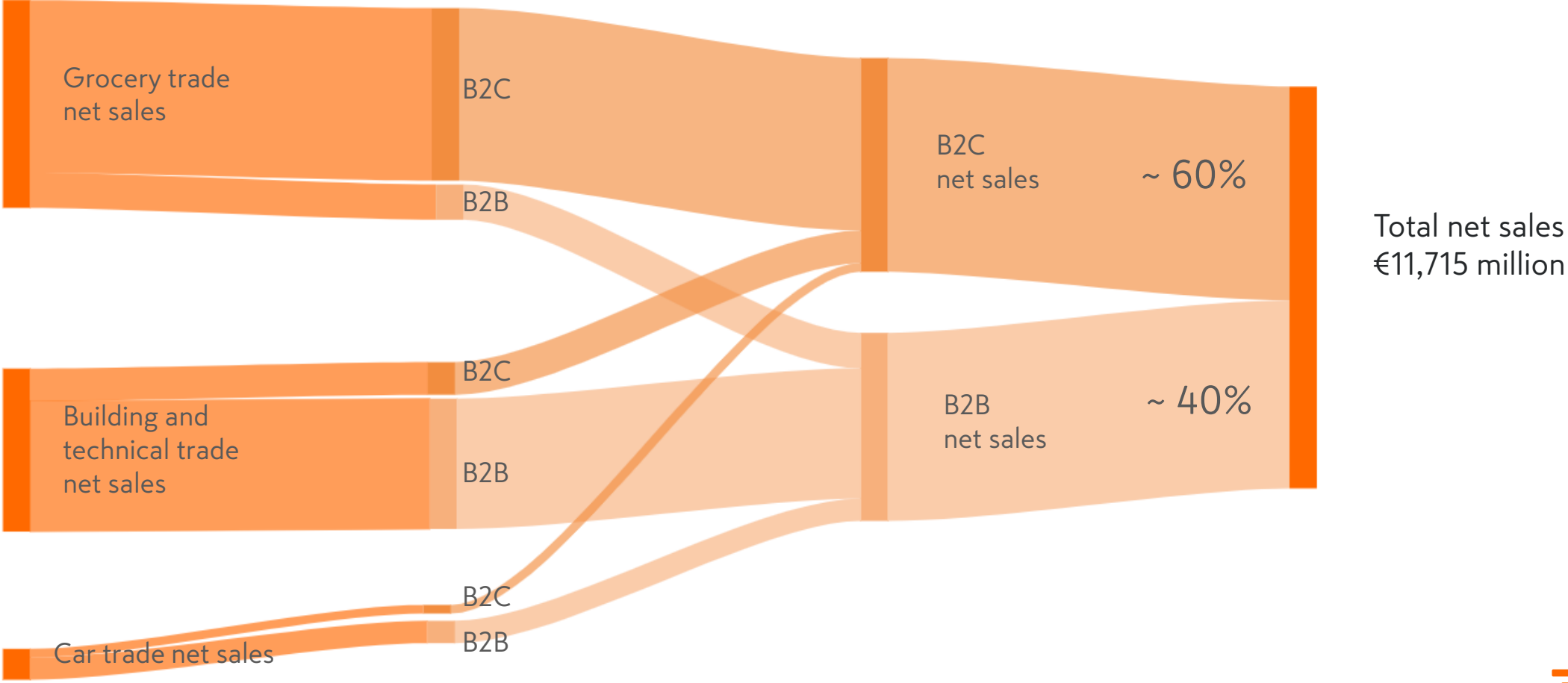
SALES VIA DIGITAL CHANNELS OVER €2.0 BILLION



- K-ruoka.fi (online grocery)
- Kespro (food service)
- Onninen
- Building and home improvement
- Sportstrade

B2B TRADE'S ROLE HAS STRENGTHENED SIGNIFICANTLY

Net sales breakdown - B2C trade and B2B trade



*Q1 2024, rolling 12 months

SUSTAINABILITY IS INTEGRATED INTO OUR BUSINESS



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

EXECUTION BY THE BUSINESS DIVISIONS

Grocery trade
Building and technical trade
Car trade

PROGRESS MEASURED USING INDICES AND ASSESSMENTS

Dow Jones Sustainability Indices, MSCI ESG, Sustainalytics, and CDP

FOCUS AREAS AND KEY OBJECTIVES IN ESG

WE ENABLE SUSTAINABLE CHOICES FOR OUR CUSTOMERS AND DRIVE CHANGE THROUGHOUT THE VALUE CHAIN



CLIMATE AND NATURE

Achieving carbon neutral K Group

- Carbon neutrality by 2025 and zero emissions by 2030 in our own operations and transports
- Challenging our suppliers to set their CO₂ reduction targets
- Reducing emissions from the use of sold products

Kesko commits to reducing greenhouse gas emissions from its whole value chain to net zero by the year 2050.

Promoting biodiversity

- Continuing our biodiversity work by creating a biodiversity programme and setting goals for our biodiversity impacts

Enhancing circular economy

- Sustainable packaging for all our own brand products by 2025
- Reducing food waste by half by 2030



VALUE CHAIN

Ensuring sustainability in the supply chain

- 100% of suppliers from high-risk countries audited for social responsibility
- Extending audits to take climate and environmental aspects into account

Enabling sustainable choices for our customers

- Increasing the share of sustainable products of net sales
- Making sustainable choices attractive through selections, data-based tools and communications

Creating value for society through sustainable value chains

- Strengthening the Finnish food chain and security of supply



OUR PEOPLE

Increasing the safety and wellbeing of our employees

- Supporting people's health, wellbeing and success
- Ultimate target zero injuries

Fostering diversity, inclusion and equal opportunities for our current and future employees

- Diversity and inclusion programme
- Equal pay
- Gender equality on all levels of the organisation



GOOD GOVERNANCE

Committing to K Code of Conduct

Remunerating based on sustainability performance

Strengthening sustainability competencies

Using data in a responsible and ethical way that creates value

KESKO IS ONE OF THE MOST SUSTAINABLE TRADING SECTOR OPERATORS IN THE WORLD

Kesko's sustainability has been recognised in various independent assessments



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



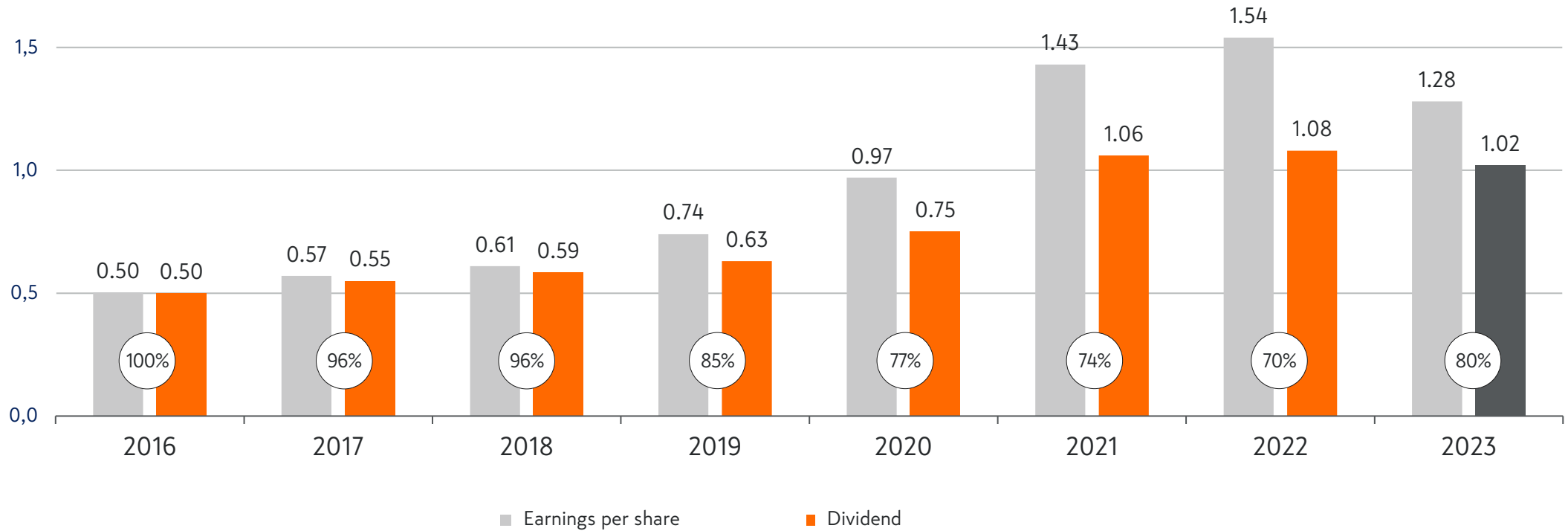
FINANCIAL TARGETS

FINANCIAL TARGETS	
Operating margin, comparable	Over 6%
Return on capital employed, comparable, %	Over 14.5%
Interest-bearing net debt/EBITDA, excluding IFRS 16 impact	at maximum 2.5

DIVIDEND

Dividend for 2023: €1.02 / share, to be paid in four instalments.

Kesko's dividend policy: In the long-term, Kesko aims to distribute a steadily growing dividend of some 60-100% of its comparable earnings per share, taking into account the company's financial position and strategy.





KESKO INTERIM REPORT Q1/2024

A GOOD RESULT IN A CHALLENGING MARKET

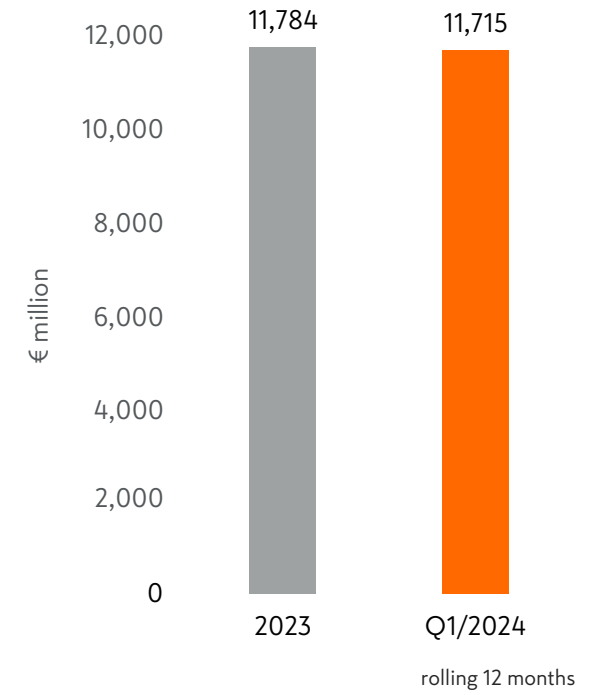
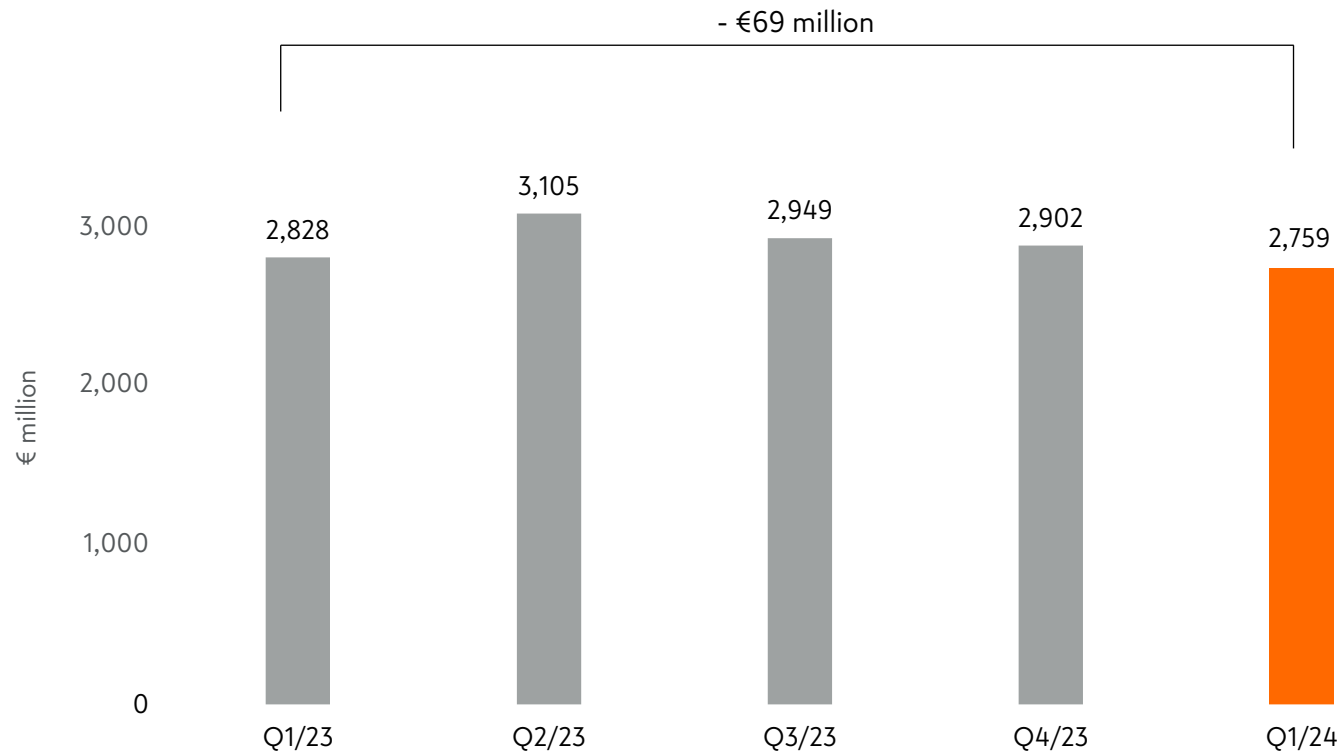
KEY EVENTS IN Q1/2024

- Result in line with expectations in a challenging market, good cost efficiency and strong cash flow from operating activities
- Grocery trade: net sales increased, profit stable
- Building and technical trade: profitability weakened as expected due to the weak construction cycle
- Car trade: net sales and profit at a good level
- Danish Davidsen part of Kesko's building and technical trade as of 1 Feb. 2024
- Changes in Group Management Board: Jorma Rauhala as new President and CEO, Sami Kiiski as new President of building and technical trade division, Johanna Ali as new acting President of car trade division

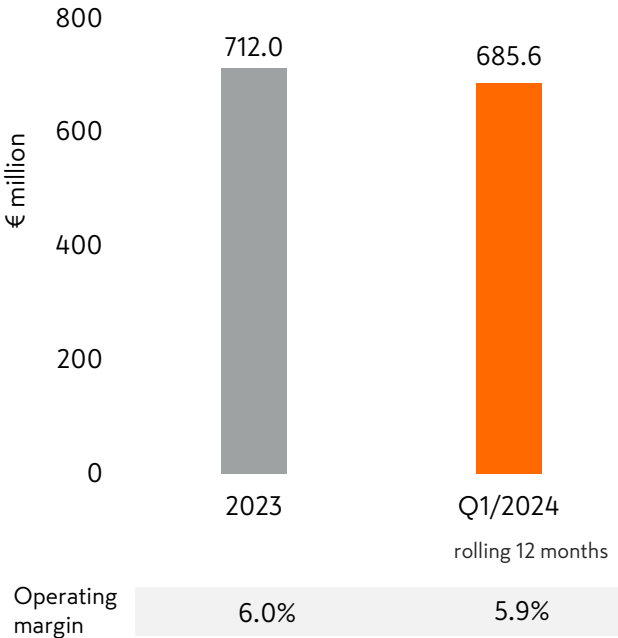
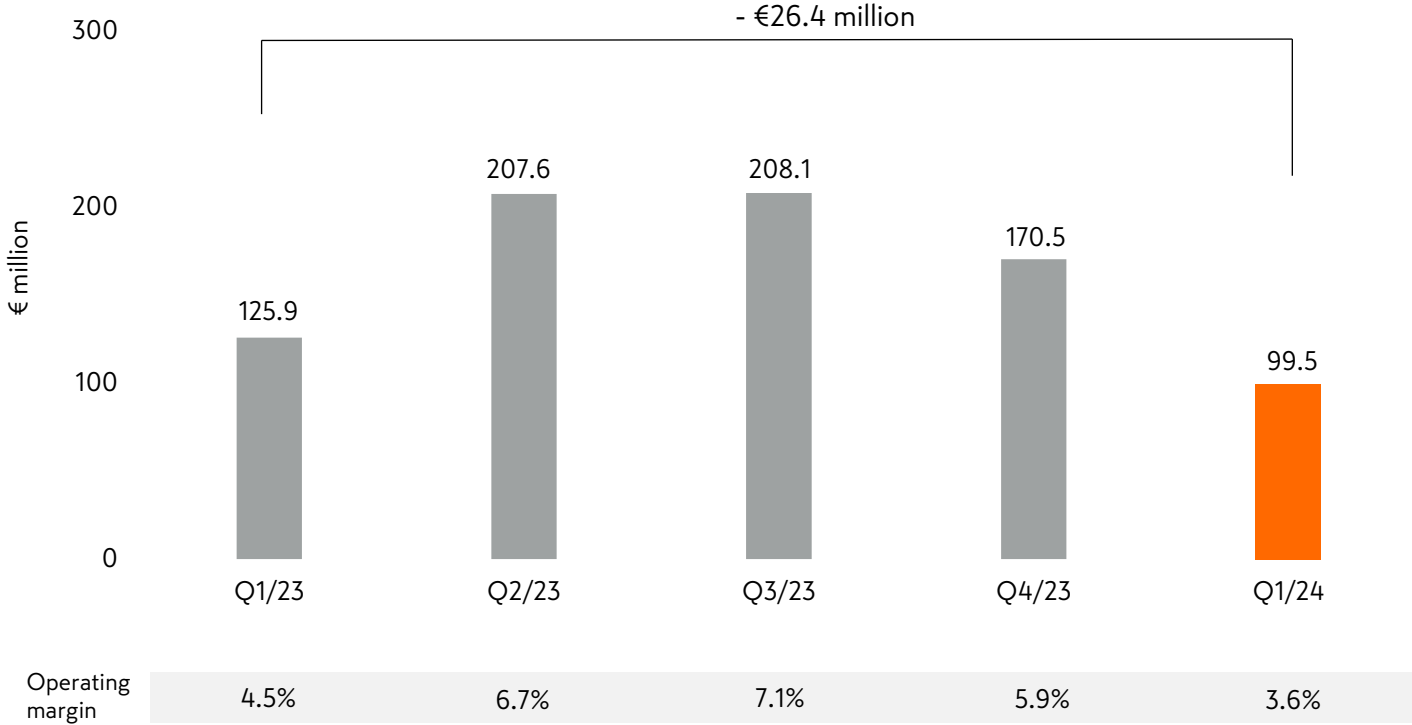
	Q1/2024	Q1/2023
Net sales, € million	2,759.5	2,828.0
Change in net sales*, %	-5.5	+4.4
Operating profit*, € million	99.5	125.9
Operating margin, %*	3.6	4.5
Profit before tax*, € million	77.1	108.0
Earnings per share*, basic, €	0.16	0.22
Cash flow from operating activities, € million	112.6	27.0

* Comparable

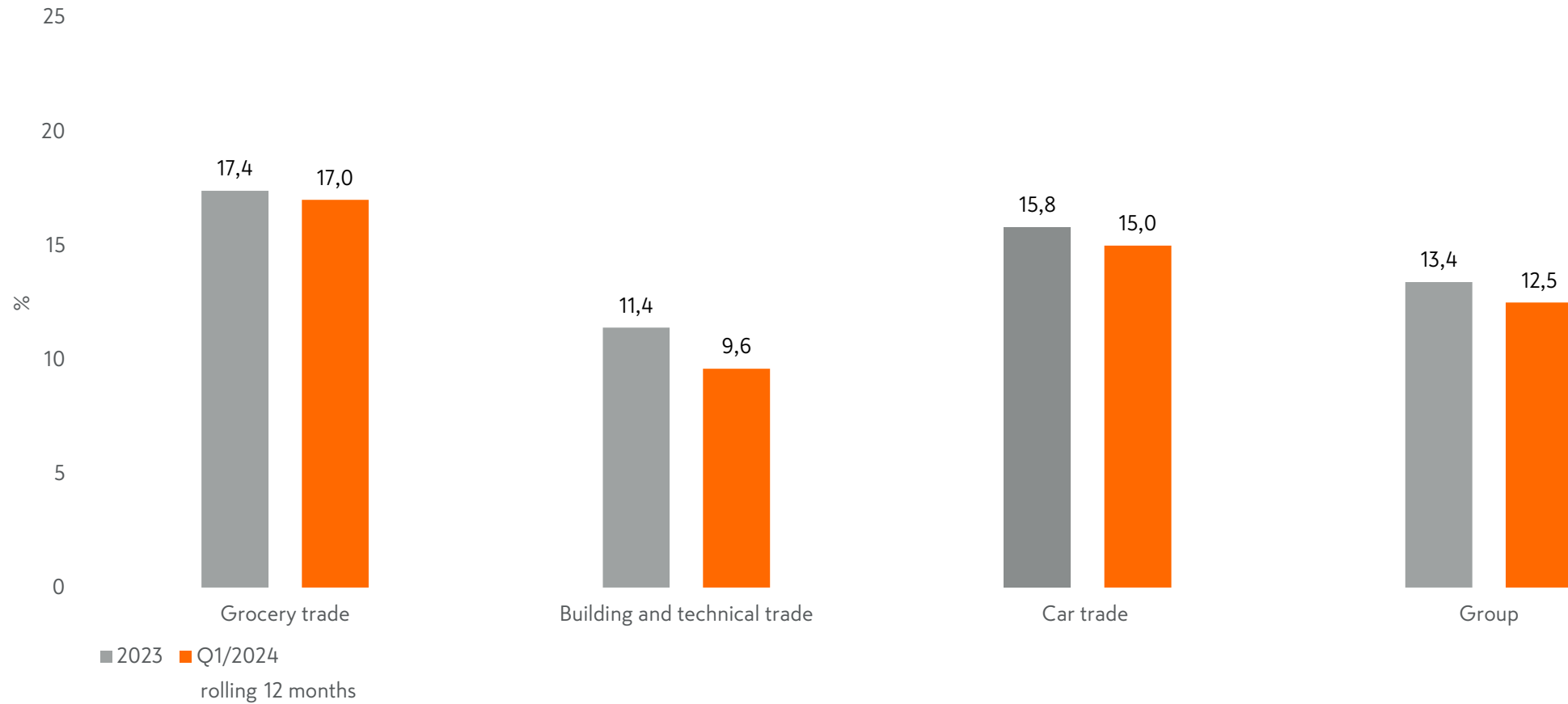
NET SALES



OPERATING PROFIT



RETURN ON CAPITAL EMPLOYED



FINANCIAL POSITION

	Q1/2024	Q1/2023
Cash flow from operating activities, € million	112.6	27.0
Liquid assets, € million	145.1	159.8
Capital expenditure, € million	329.0	231.8
Interest-bearing net debt excl. lease liabilities, € million	881.7	495.6
Interest-bearing net debt / EBITDA (excl. IFRS 16 impact, rolling 12 months)	1.1	0.6
Lease liabilities, € million	2,023.6	1,984.3

CAPITAL EXPENDITURE

Capital expenditure up due to investments in store sites and acquisitions

- Kesko continued investments in its network of grocery store sites
- Two properties acquired from eQ Commercial Properties Fund: the Sinikallio shopping centre in Mankkaa, Espoo, and the property for K-Citymarket Salo
- Kesko acquired Davidsen in Denmark, transaction completed on 31 January 2024
- Other investments include Onninen and K-Auto's shared logistics centre in Hyvinkää, Finland, where construction is expected to be completed in 2025

	Q1/2024	Q1/2023
Store sites, € million	110.3	56.4
Acquisitions, € million	170.0	133.6
IT, € million	6.6	5.5
Other investments, € million	42.2	36.4
Total, € million	329.0	231.8

EXPENSES

Excluding acquisitions, expenses stable year-on-year

	Q1/2024	Q1/2023
Fixed costs, € million	507.1	487.8
- Employee benefit expenses, € million	204.8	197.5
- Other expenses, € million	162.8	161.3
- Depreciation, € million	139.4	129.0
Cost ratio, %	18.4	17.2

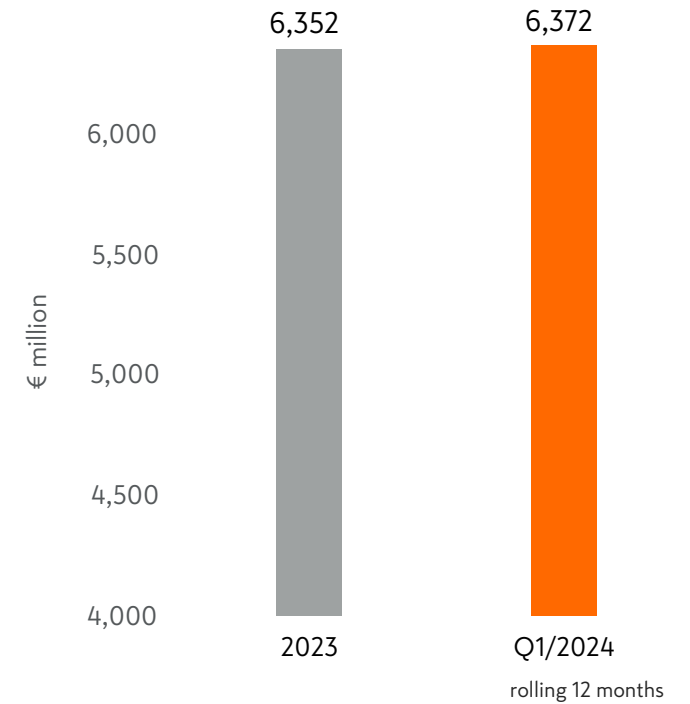
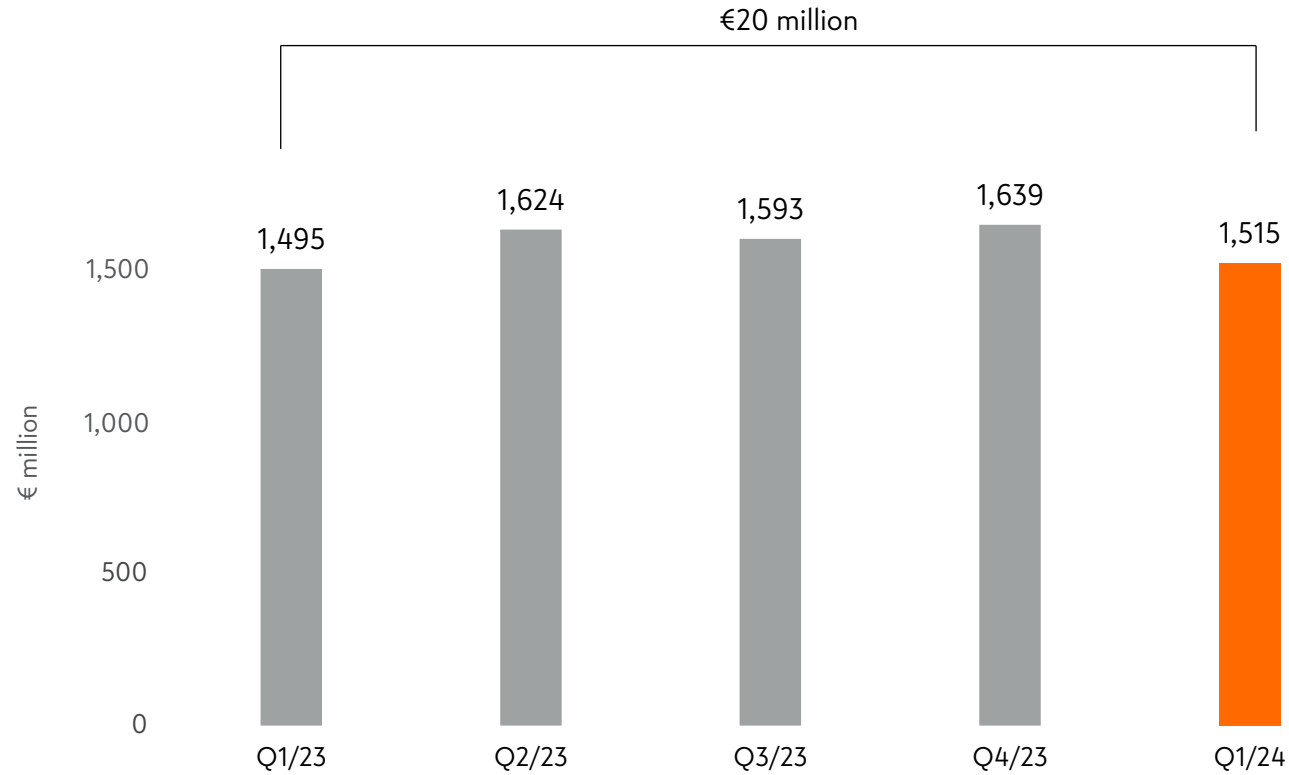


GROCERY TRADE

GOOD PERFORMANCE IN Q1

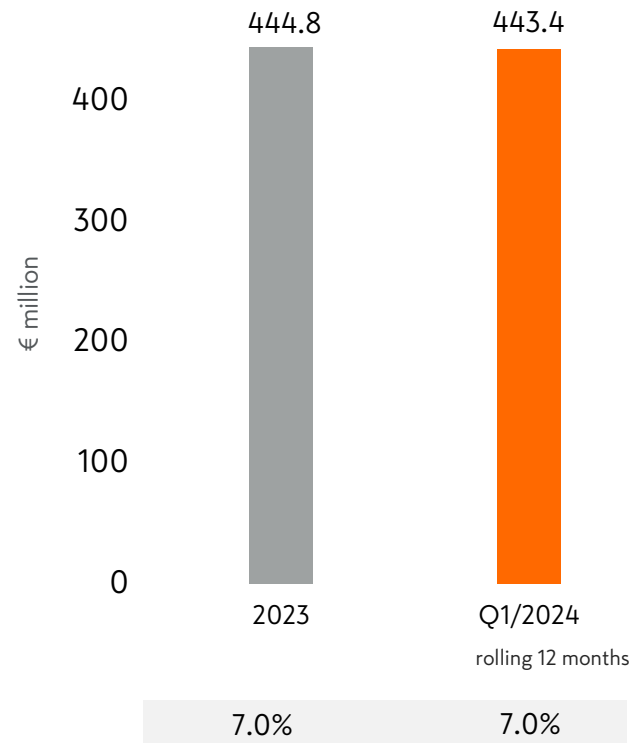
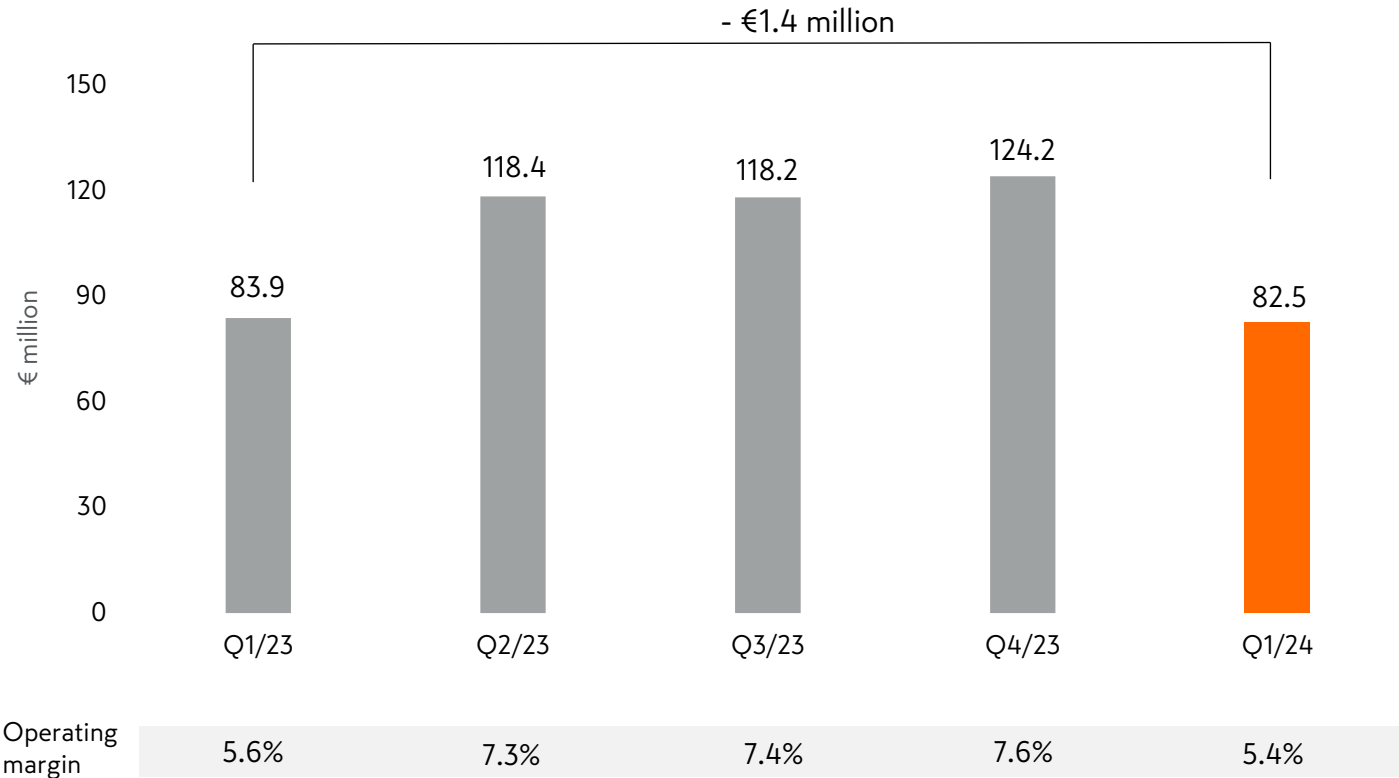


GROCERY TRADE NET SALES



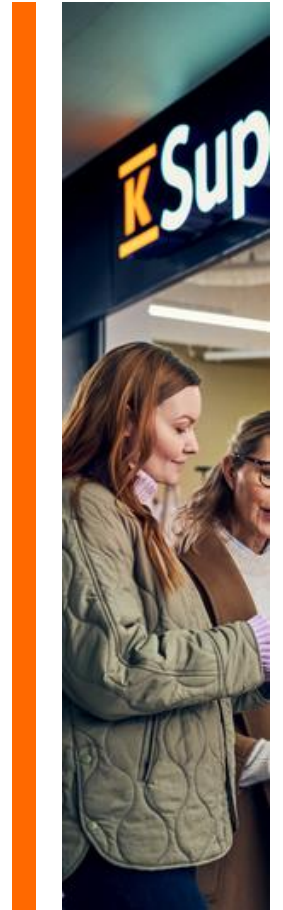
GROCERY TRADE

OPERATING PROFIT



KEY EVENTS IN GROCERY TRADE IN Q1

- Net sales and profit at a good level despite our actions towards more competitive price levels
 - K Group's grocery sales grew by 3.3%, online grocery sales up by 19.9%
 - Kespro's net sales up by 0.7%, growth again outpacing the market
 - K-Citymarket's non-food sales up by 1.1%
- Total grocery market growth approx. 3.9%; K Group's market share decline continued to slow down
- Grocery price inflation in Finland approx. 0.6%
- Consumption has become more polarised: price still an important criterion, but consumers also value quality and convenience
- Customer flows continued to grow thanks to e.g. campaigns





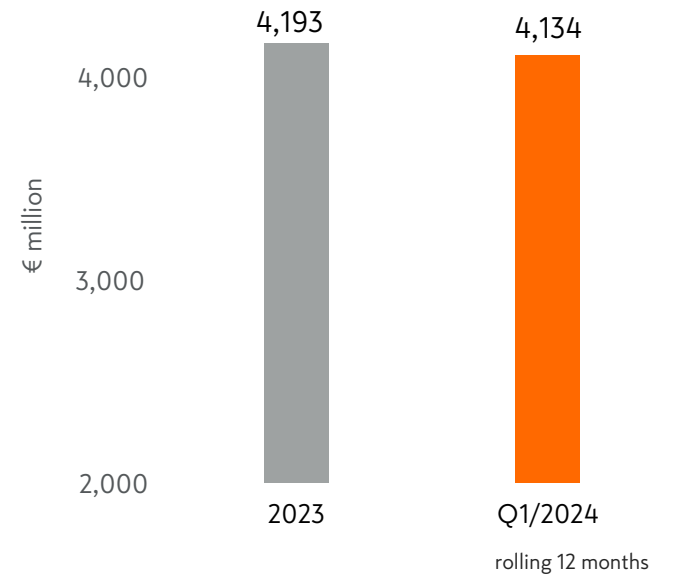
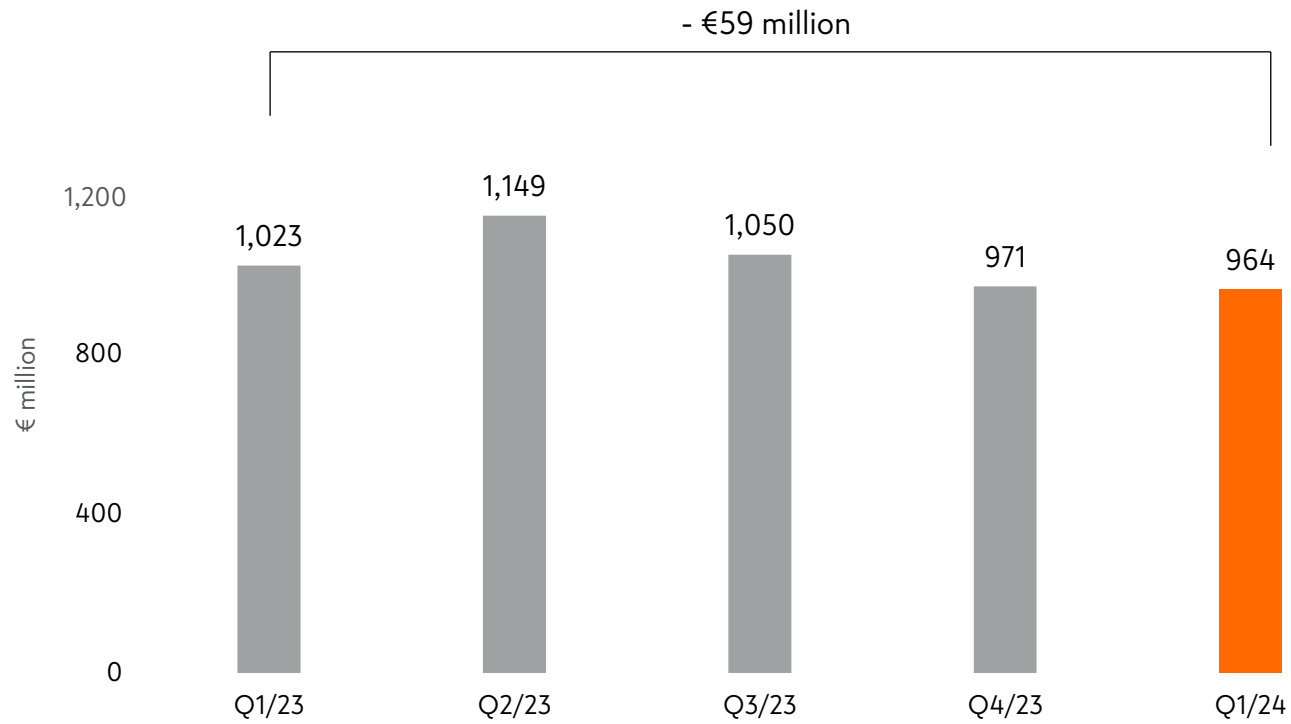
BUILDING AND TECHNICAL TRADE

RESULT IN LINE WITH EXPECTATIONS IN A WEAK CYCLE



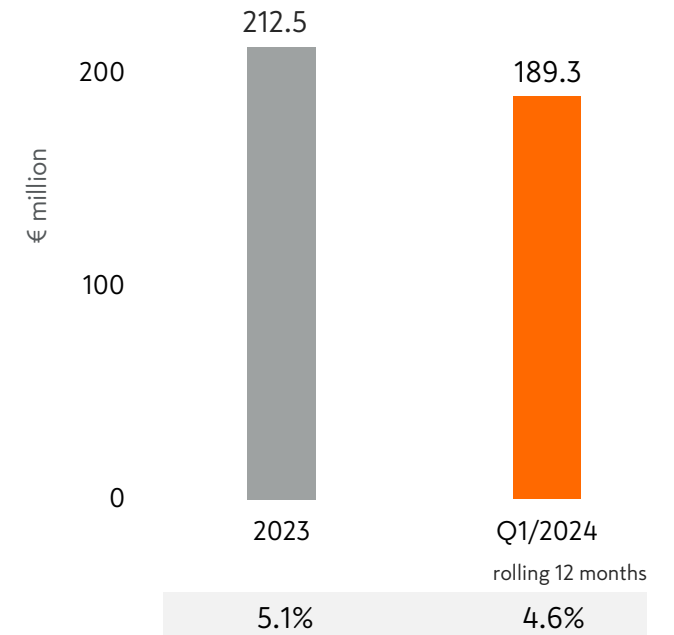
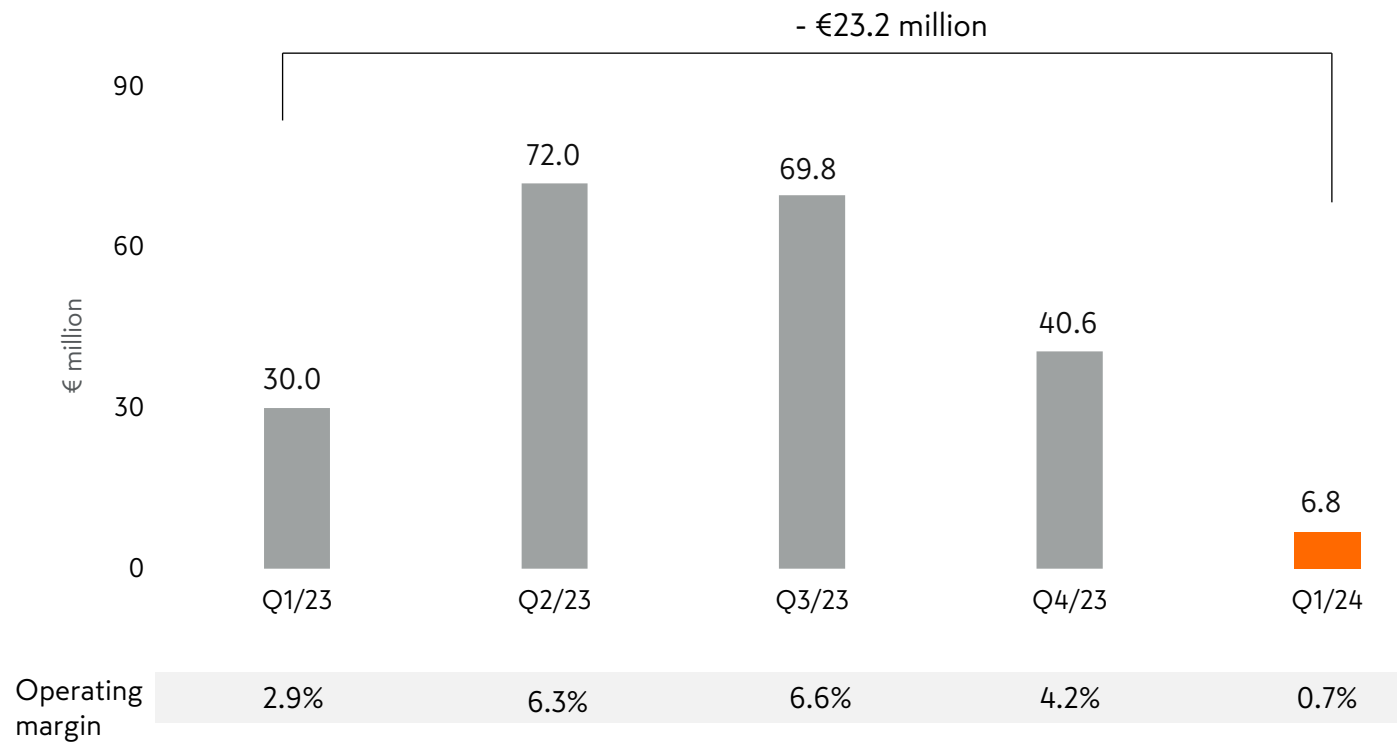
BUILDING AND TECHNICAL TRADE

NET SALES



BUILDING AND TECHNICAL TRADE

OPERATING PROFIT



KEY EVENTS IN BUILDING AND TECHNICAL TRADE IN Q1

- Overall, net sales and operating profit development in line with expectations
- Construction cycle weak in all operating countries; net sales and operating profit also impacted by the number of delivery days being down year-on-year due to the timing of Easter, which had a negative impact of over €3 million on operating profit
- In particular, net sales and gross margin for solar power products fell short of the exceptional levels seen in the comparison period amidst the energy crisis
- The integration of Elektroskandia, acquired in Norway a year ago, will be completed this spring – a positive profit impact from H2 onwards
- The conversion of K-Rauta stores into K-Bygg stores proceeding as planned in Sweden; five loss-making K-Rauta stores closed, conversions completed by year-end
- Davidsen in Denmark part of Kesko as of 1 Feb. 2024; comparable operating profit impacted by a €2.7 million expense recorded for the fair value mainly related to Davidsen’s inventories
- Share of result from Kesko Senukai €-0.4 million (€-3.8 million)

	Q1/2024	Q1/2023
Net sales, € million	963.6	1,023.0
Technical trade	522.5	565.0
Building and home improvement trade	455.6	474.7
Operating profit*, € million	6.8	30.0
Technical trade	15.5	34.8
Building and home improvement trade	-8.3	-0.9
Operating margin, %*	0.7	2.9
Technical trade	3.0	6.2
Building and home improvement trade	-1.8	-0.2

* Comparable

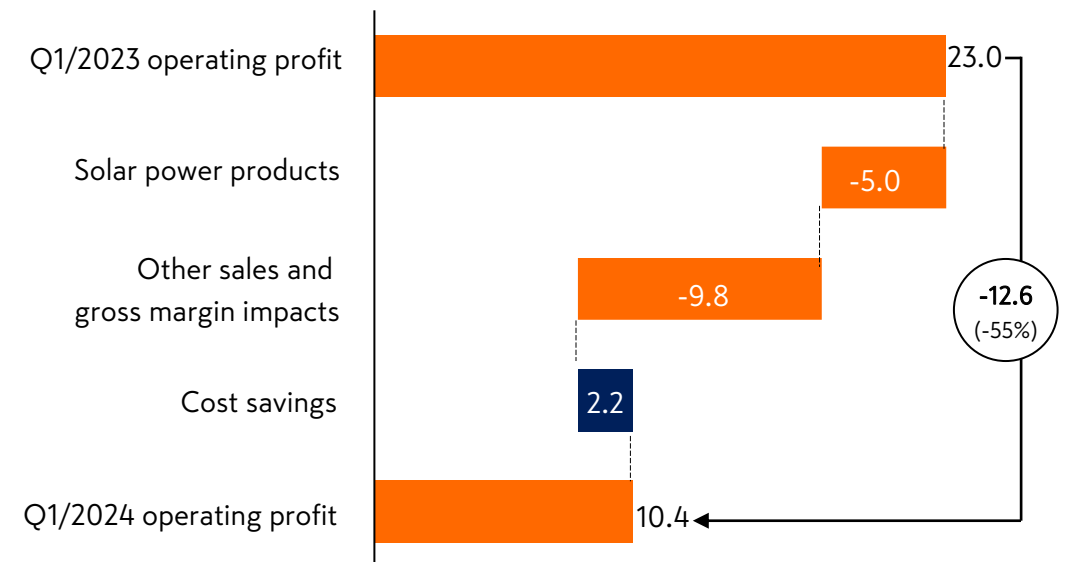


ONNINEN FINLAND'S OPERATING PROFIT DOWN

Solar power product sales exceptionally strong in the comparison period

- Technical trade market continued to weaken especially due to the heavy decline in new building construction
- Net sales for Onninen Finland down by 16.8% y/y, totalling €260.9 million
- Onninen's market share in Finland continued to strengthen further
- Onninen Finland's comparable operating profit €10.4 million, some 40% of the decrease due to decline in the net sales and gross margin for solar power products
- Gross margin from solar power products sold in 2023
Q1: 41%, Q2: 42%, Q3: 13% and Q4: 4%
- Margins down due to excess supply of solar power products on the market, inventories expected to return to normal levels this summer

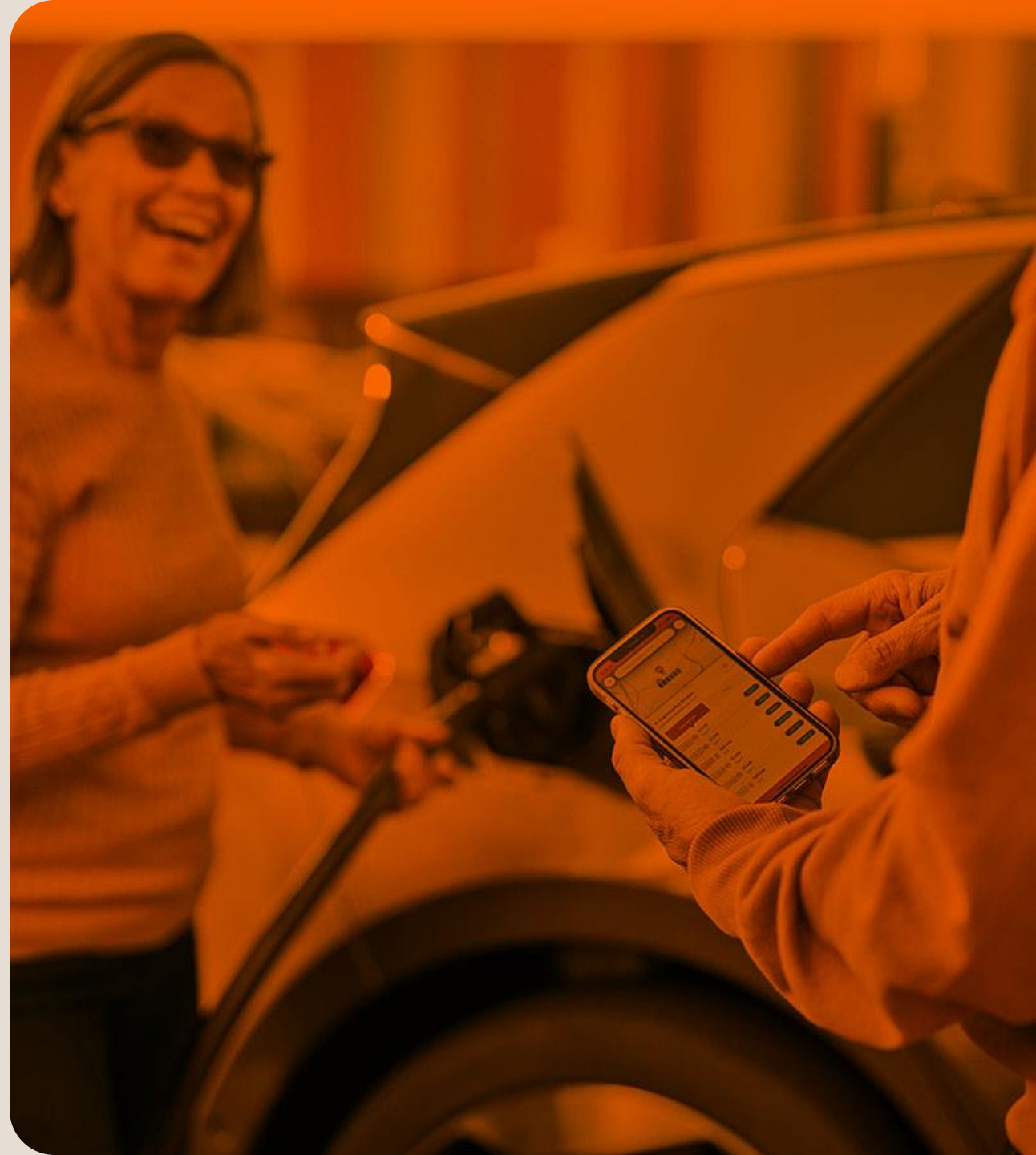
ONNINEN FINLAND, COMPARABLE OPERATING PROFIT



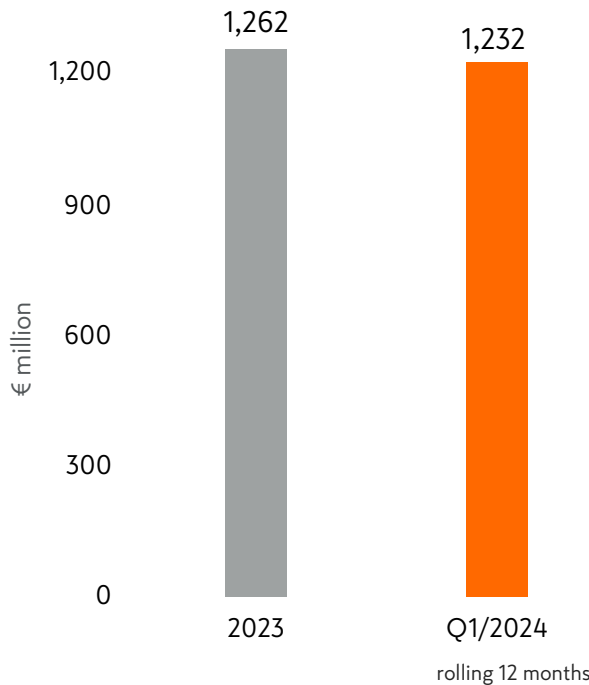
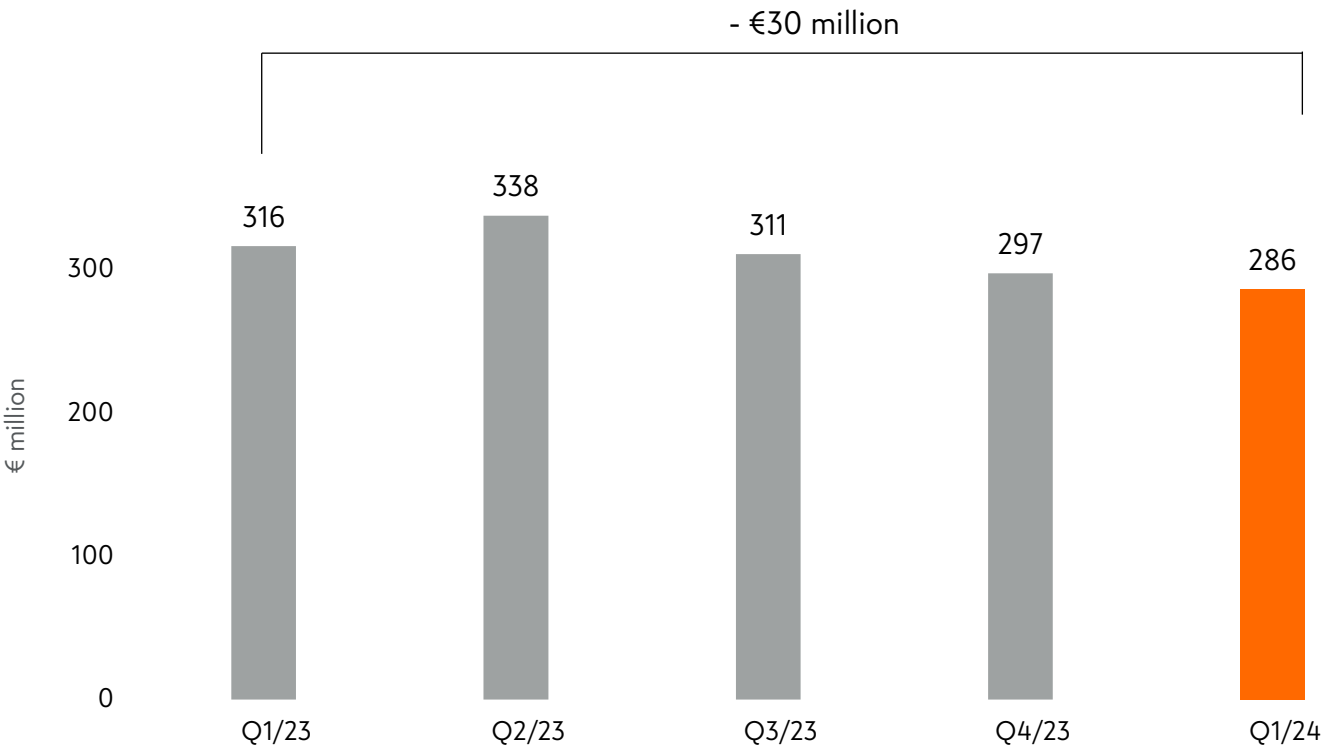


CAR TRADE

PROFITABILITY AT A GOOD LEVEL

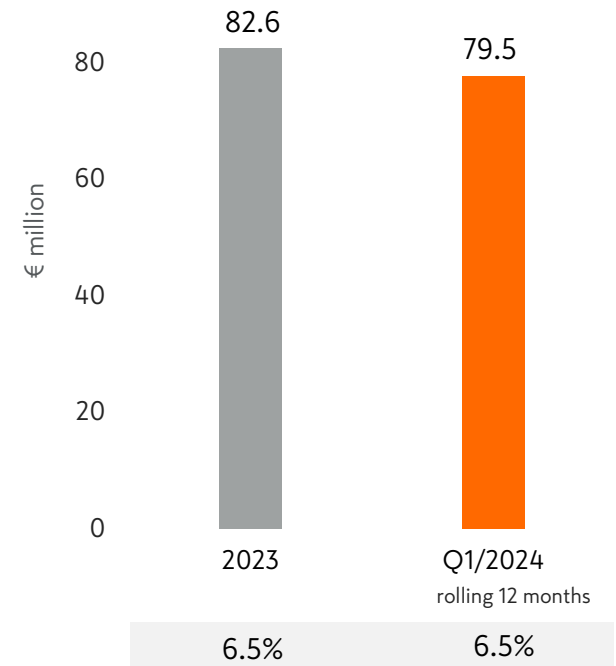
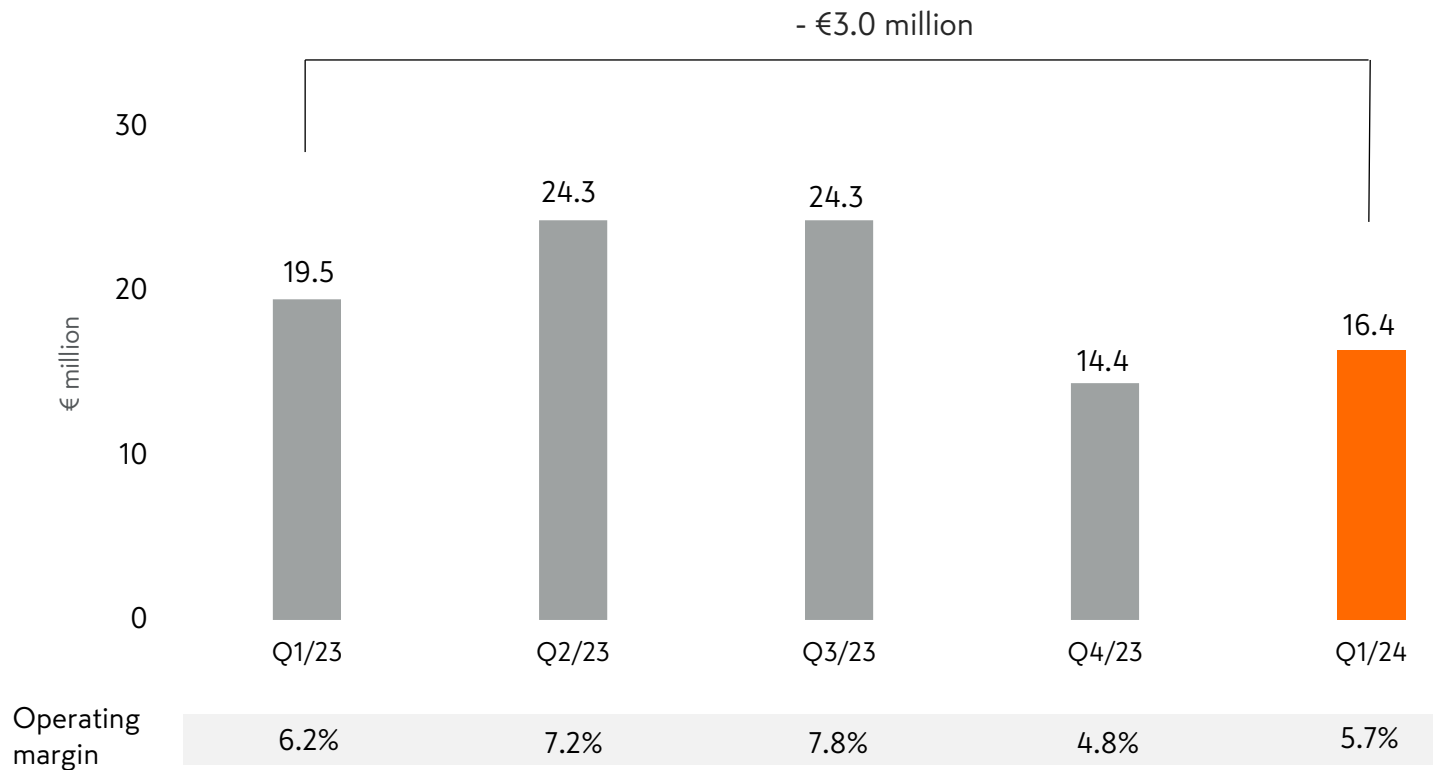


CAR TRADE NET SALES



CAR TRADE

OPERATING PROFIT



Comparable figures

Figures including sports trade

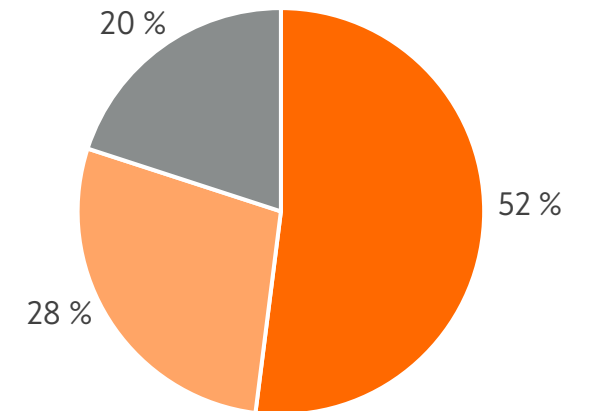


KEY EVENTS IN CAR TRADE IN Q1

- K-Auto's order book for new cars grew compared to the end of 2023, new car orders exceeded the market
- Used car sales also grew, and market share continued to strengthen
- Positive development in service sales: growth in servicing, damage repairs, and spare parts, strong growth continued in the K-Lataus EV charging business
- Sports trade net sales down by 21.4%, retail sales down by 7.0%; market share in sports trade increased

K-AUTO, NET SALES

■ New cars ■ Used cars ■ Services



Net sales for the division's car trade businesses in Q1/2024, rolling 12 months

PROFIT GUIDANCE AND OUTLOOK



OUTLOOK

In grocery trade, B2C trade and the foodservice market are expected to remain stable despite tightened price competition, and inflation is expected to slow down in 2024. Profitability in grocery trade is estimated to remain good also in 2024.

In building and technical trade, the market is expected to continue to decline in 2024. The economic cycle will have the biggest impact on new residential building, while the decline in other building construction, renovation building and infrastructure construction is expected to be smaller. The cycle is expected to turn in 2025. Profitability in building and technical trade is estimated to fall short of the 2023 level, but to still remain at a reasonably good level in 2024.

In car trade, new car sales are expected to fall short of the 2023 level. Sales of used cars and services are expected to grow. Profitability in car trade is estimated to still remain good in 2024, but to fall short of the 2023 level.

PROFIT GUIDANCE FOR 2024

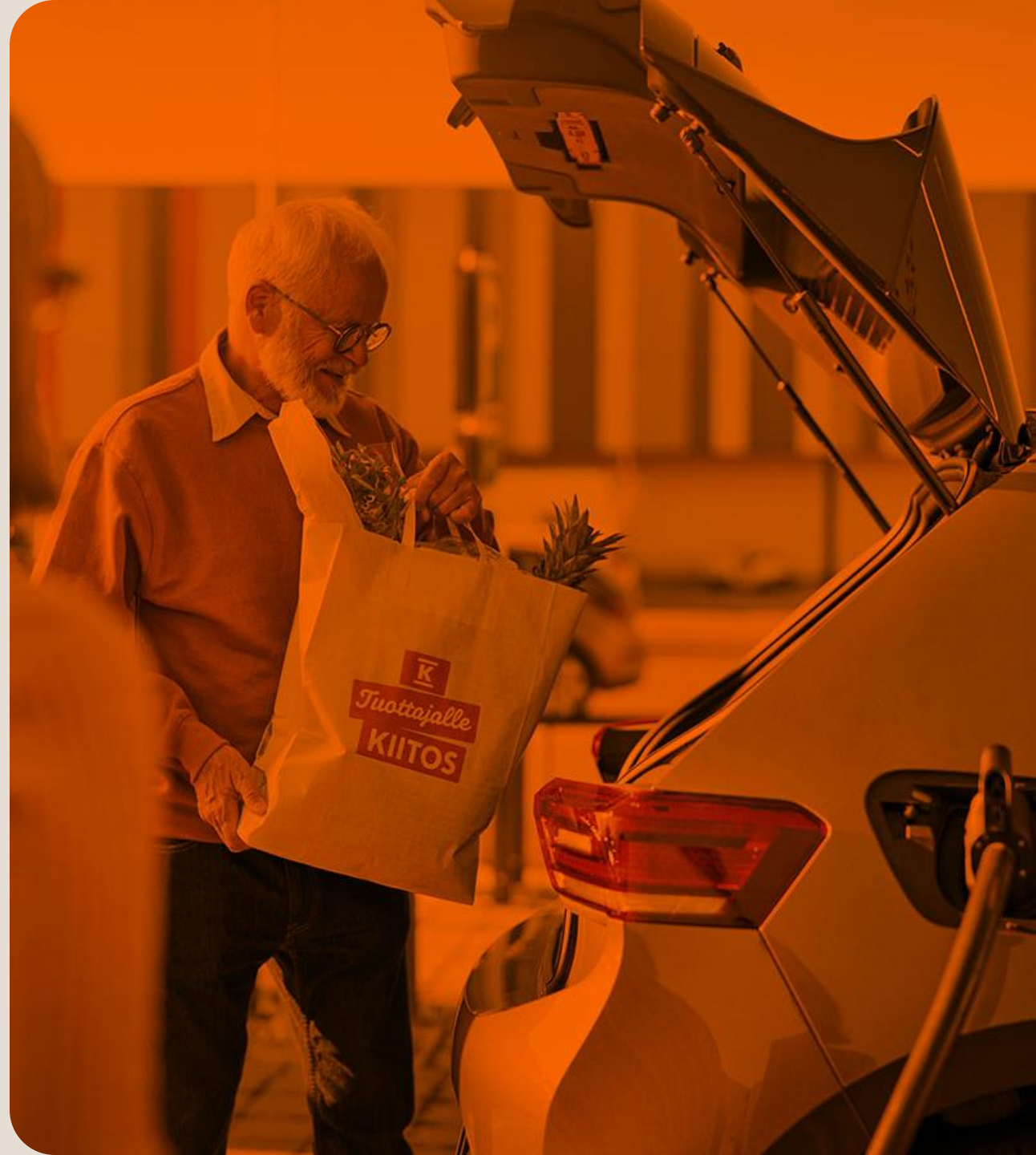
Kesko Group's profit guidance is given for the year 2024, in comparison with the year 2023.

Kesko's operating environment is estimated to remain challenging in 2024.

Kesko's net sales and operating profit are estimated to remain at a good level in 2024 despite the challenges in the company's operating environment. Kesko estimates that its comparable operating profit in 2024 will amount to €620–700 million. Previously, the comparable operating profit was estimated to amount to €620–720 million. The operating profit guidance adjustment is related to the weaker-than-anticipated outlook for construction in 2024.



TOPICAL THEMES



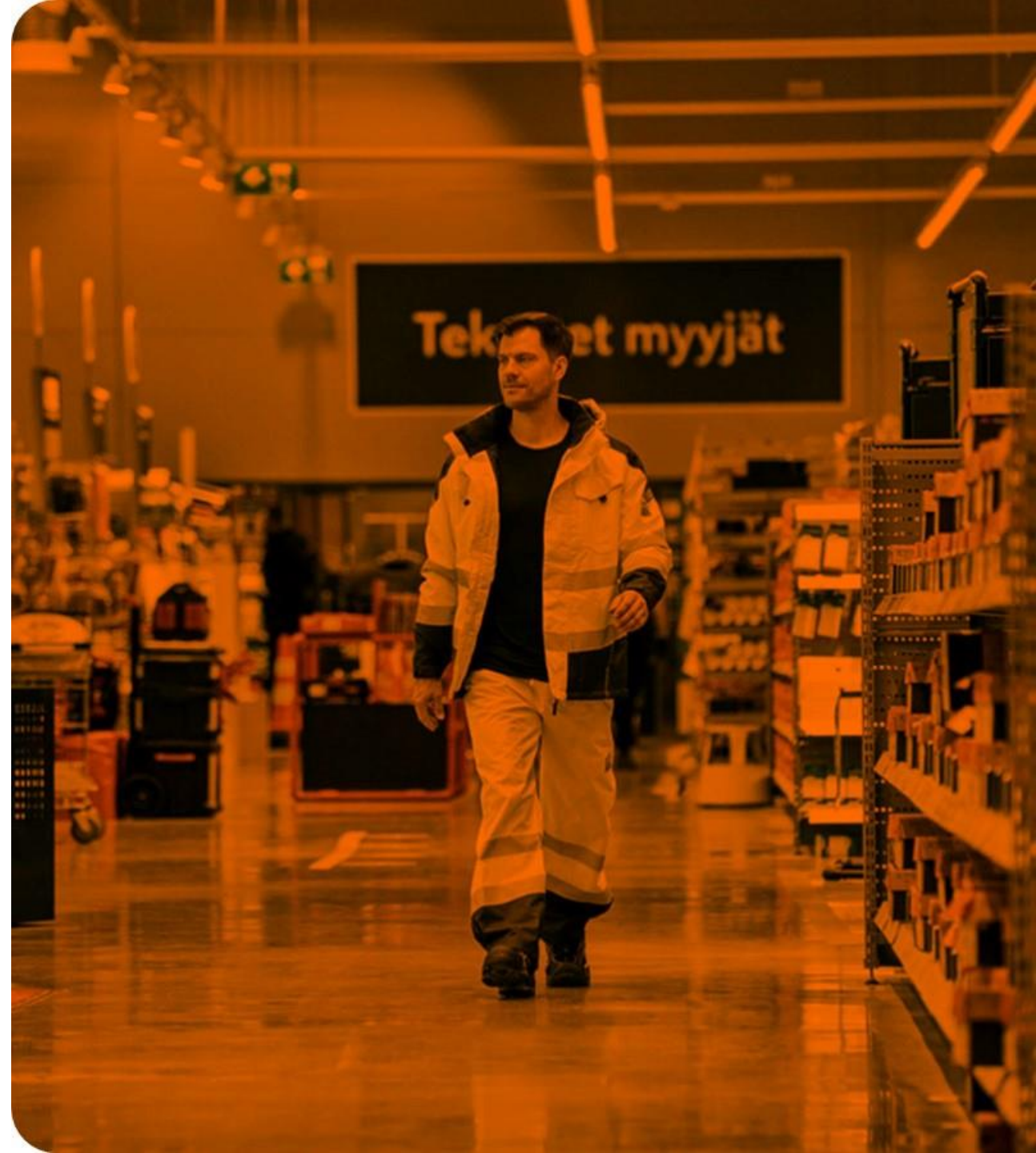
PRIORITIES IN GROCERY TRADE

- Development of our store site network continues in 2024
 - 1 new K-Citymarket store, 13 store updates
 - 3 new K-Supermarket stores, 12 store updates
 - 6 new K-Market stores, 20 store updates
- Further development of store-specific business ideas
- Further improvement of operational efficiency
- Actions towards competitive price levels and targeted offers, and improving price image
- Clarifying our competitive advantages as part of the strategy review process this spring



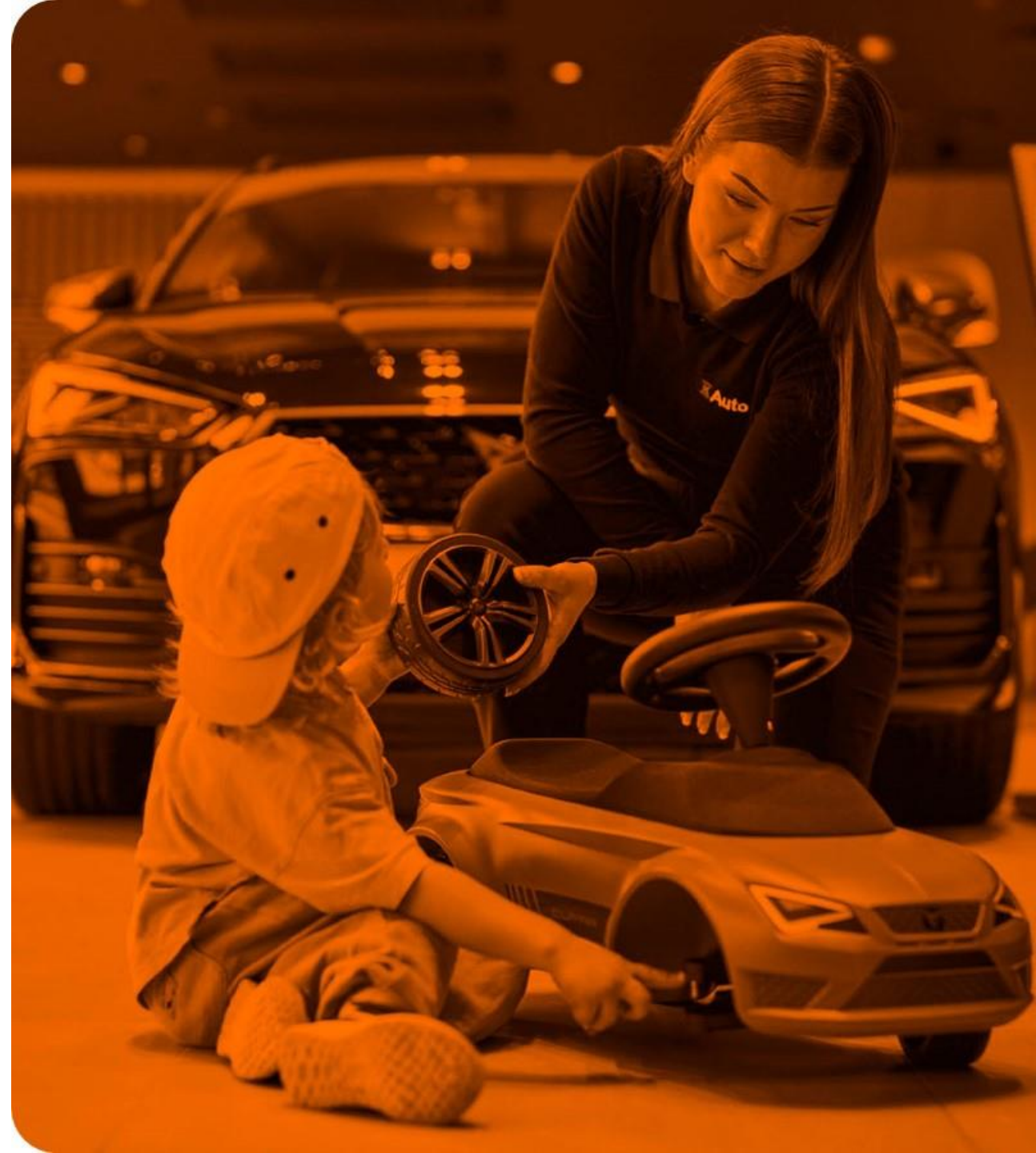
PRIORITIES IN BUILDING AND TECHNICAL TRADE

- Proactive sales
- Continued cost savings programme
- Developing the Onninen Express network in Finland and the Baltic countries, building central warehouses for Onninen
- Converting K-Rauta stores in Sweden into K-Bygg stores, finalising Zenitec's integration
- Finalising the Elektroskandia integration in Norway
- Combining Davidsen's operations with Kesko's in Denmark
- Potential new acquisitions



PRIORITIES IN CAR TRADE

- Maintaining good profitability
- Growth that outpaces the market in all business areas
- Launching important new car models
- Continued growth in used cars
- Expanding offering in the service business
- Growing multichannel sales and network
- Further developing and expanding K-Lataus EV charging



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