



KESKO IS A UNIQUE TRADING AND RETAILING COMPANY

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CFO

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KESKO TODAY

KEY FINANCIALS

	Q3/2023*	2022
Net sales, € million	11,865.3	11,809.0
Operating profit, € million**	734.2	815.1
Operating margin, %**	6.2	6.9
Profit before tax, € million**	663.9	763.2
Cash flow from operating activities, € million	970.0	915.2
Earnings per share, basic, €**	1.33	1.54
Return on capital employed, %**	14.1	16.9
Capital expenditure, € million	629.0	449.2

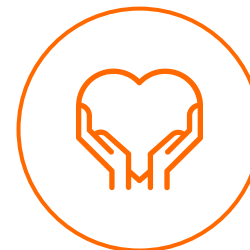
*rolling 12 months
**comparable



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



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



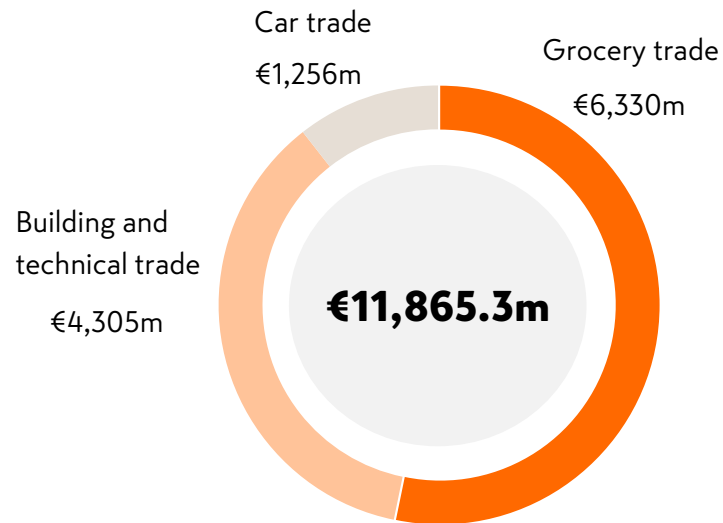
Sustainability at the core of the strategy



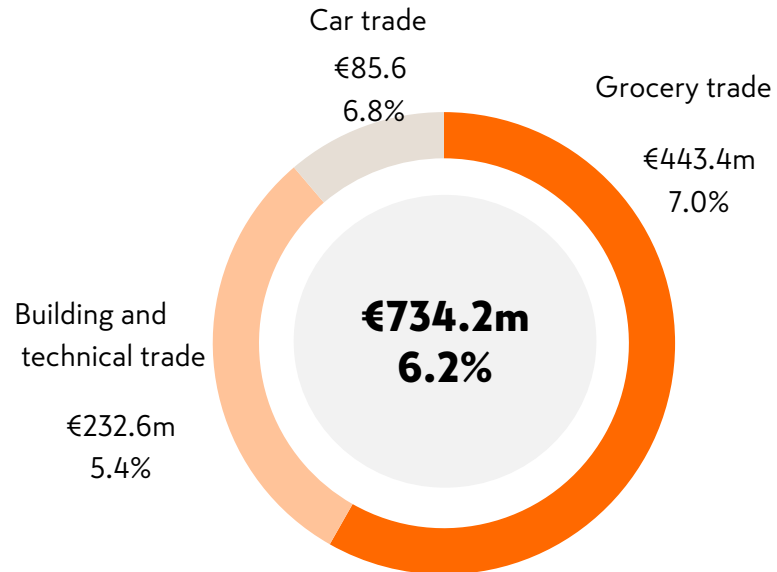
Market cap nearly **€6.5bn** with over **101,000** shareholders

KESKO SEGMENT KEY FIGURES

NET SALES



OPERATING PROFIT



THREE CORE BUSINESSES WITH RETAIL SALES OF OVER €16 BILLION

GROCERY TRADE



Sales
€8,509
million

BUILDING AND TECHNICAL TRADE



Sales
€6,165
million

CAR TRADE



Sales
€1,335
million

STRONG POSITION IN ALL AREAS OF FINNISH FOOD TRADE

KCITYMARKET

KSupermarket

KMarket

KESPRO

- Strong No. 2 in the Finnish consumer grocery trade market, with some 36% market share
 - Finland's most extensive grocery store network with 1,200 stores operated by K-retailers
 - The best consumer online grocery store in the market
 - 1.6 million customers every day
- No. 1 in Finnish foodservice business, with over 46% market share
 - Largest online food store in the market, 70% of sales online
 - Strong private labels, share of sales over 50%
- Shared advanced sourcing, logistics and IT systems

LEADING PLAYER IN BUILDING AND TECHNICAL TRADE IN NORTHERN EUROPE

Total retail sales of €6.5 billion*, B2B accounts for over 80% of sales**

TECHNICAL TRADE

onninen 

- Net sales €2,348.6 million
- Operating profit €143.9 million
- Operating margin 6.1%
- 100% B2B

BUILDING AND HOME IMPROVEMENT TRADE

Rauta 

- Net sales €2,022.7 million
- Operating profit €72.2 million
- Operating margin 3.6%
- Builders merchant for professional builders 67%
- DIY for consumers 33% of sales

BYGG 

BM BYGGMAKKER 

CS
SENUKAI

- Kesko Senukai joint venture
- Leading DIY operator in the Baltics, 70% DIY ***
- Kesko's share 50%
- Retail sales €1,187 million*

LEADING CAR TRADE PLAYER IN FINLAND

K Auto

- Kesko operates a major part of VW Group's businesses
 - Market leaders in new car sales 14.1%
 - Fast growing used car business
 - Nationwide service and charging networks
 - Sport trade part of car trade starting from the 1st April, 2023
- Net sales €1 256 million
 - Operating profit €85.6 million
 - Operating margin 6.8%
 - All business units profitable
 - One shared K-Auto brand



Hyötyautot

A WELL-PERFORMING STRATEGY

GROWTH STRATEGY

FOCUS:



GROCERY TRADE



BUILDING AND
TECHNICAL TRADE



CAR TRADE

ONE UNIFIED



CUSTOMER EXPERIENCE

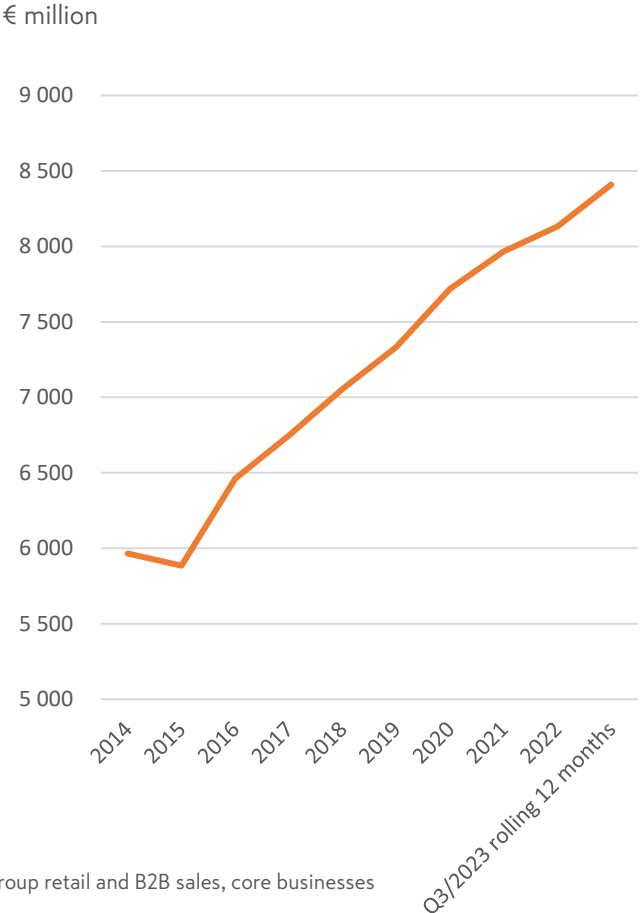
DIGITALISATION

SUSTAINABILITY

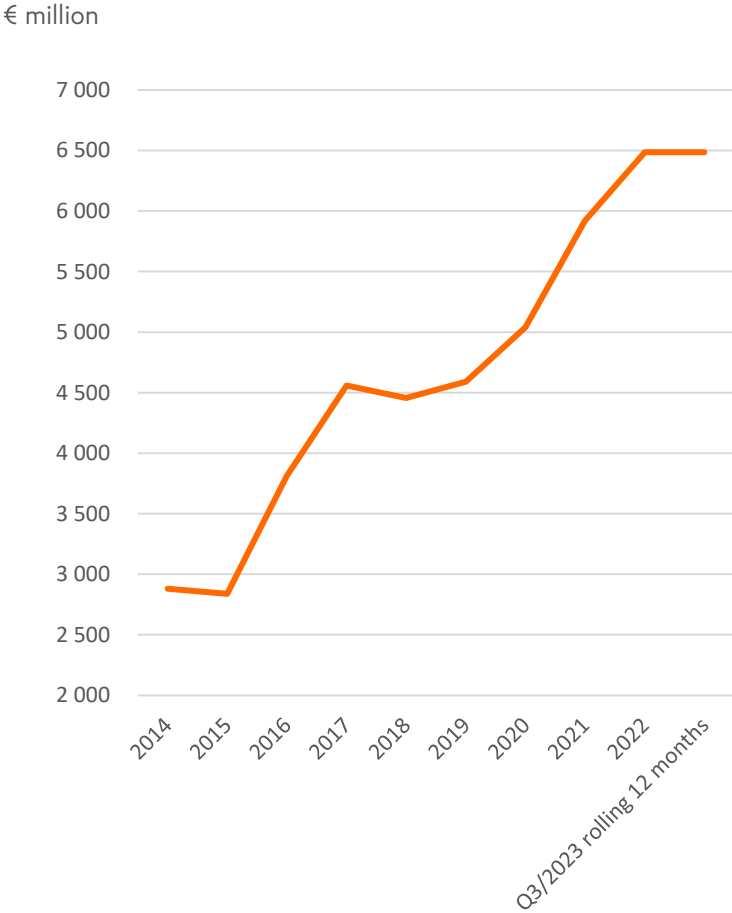
SALES GROWTH OF CORE BUSINESSES

€6.0 BILLION SINCE 2014

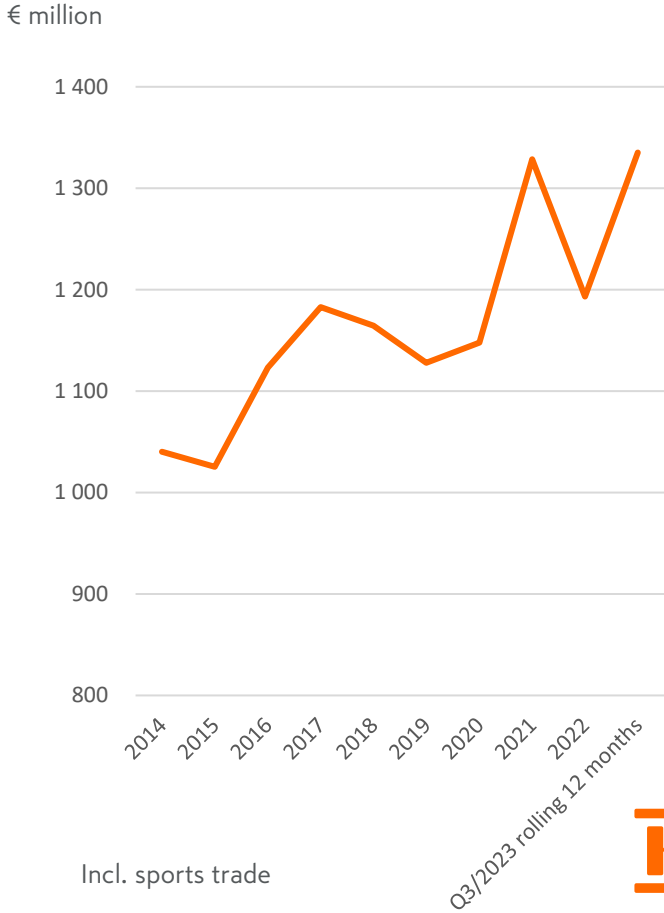
GROCERY TRADE



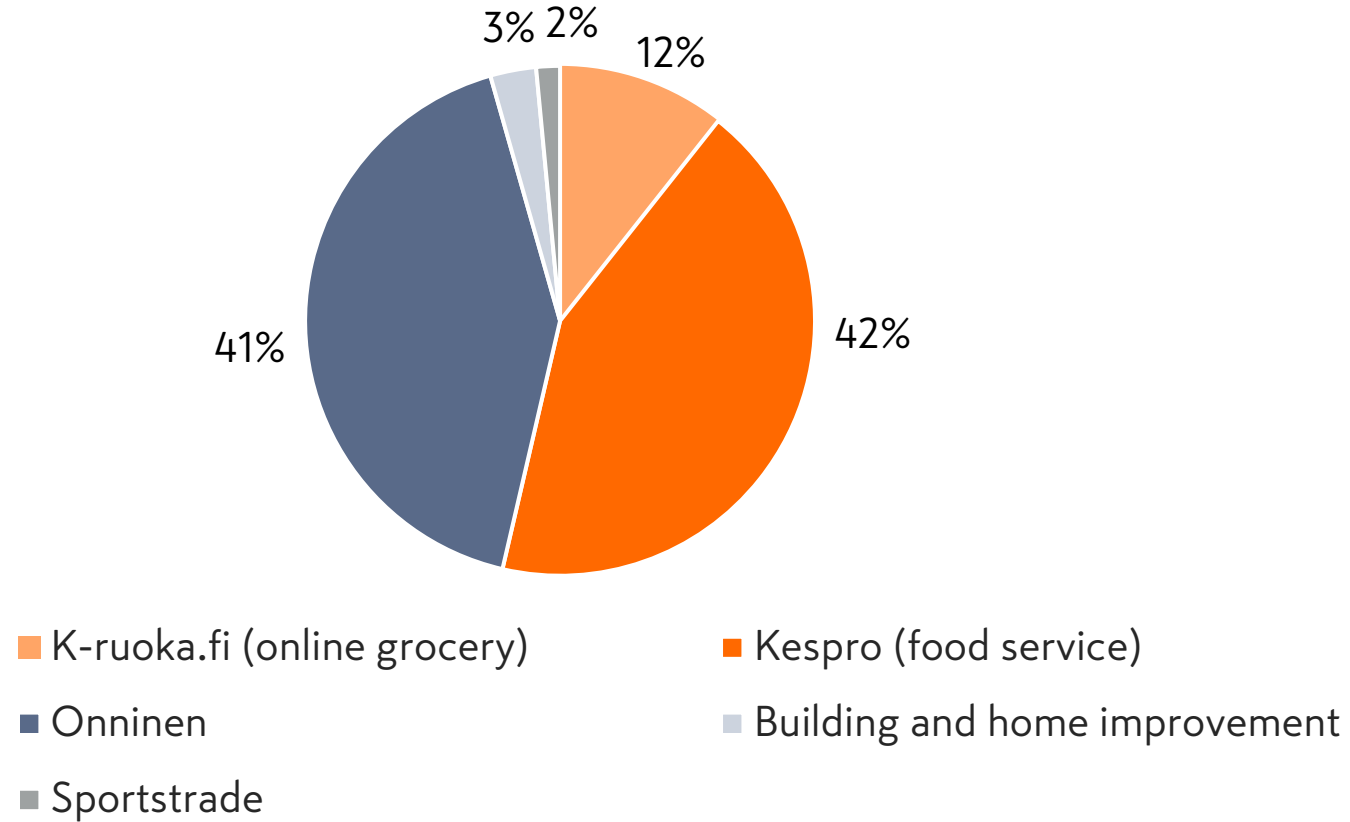
BUILDING AND TECHNICAL TRADE



CAR TRADE

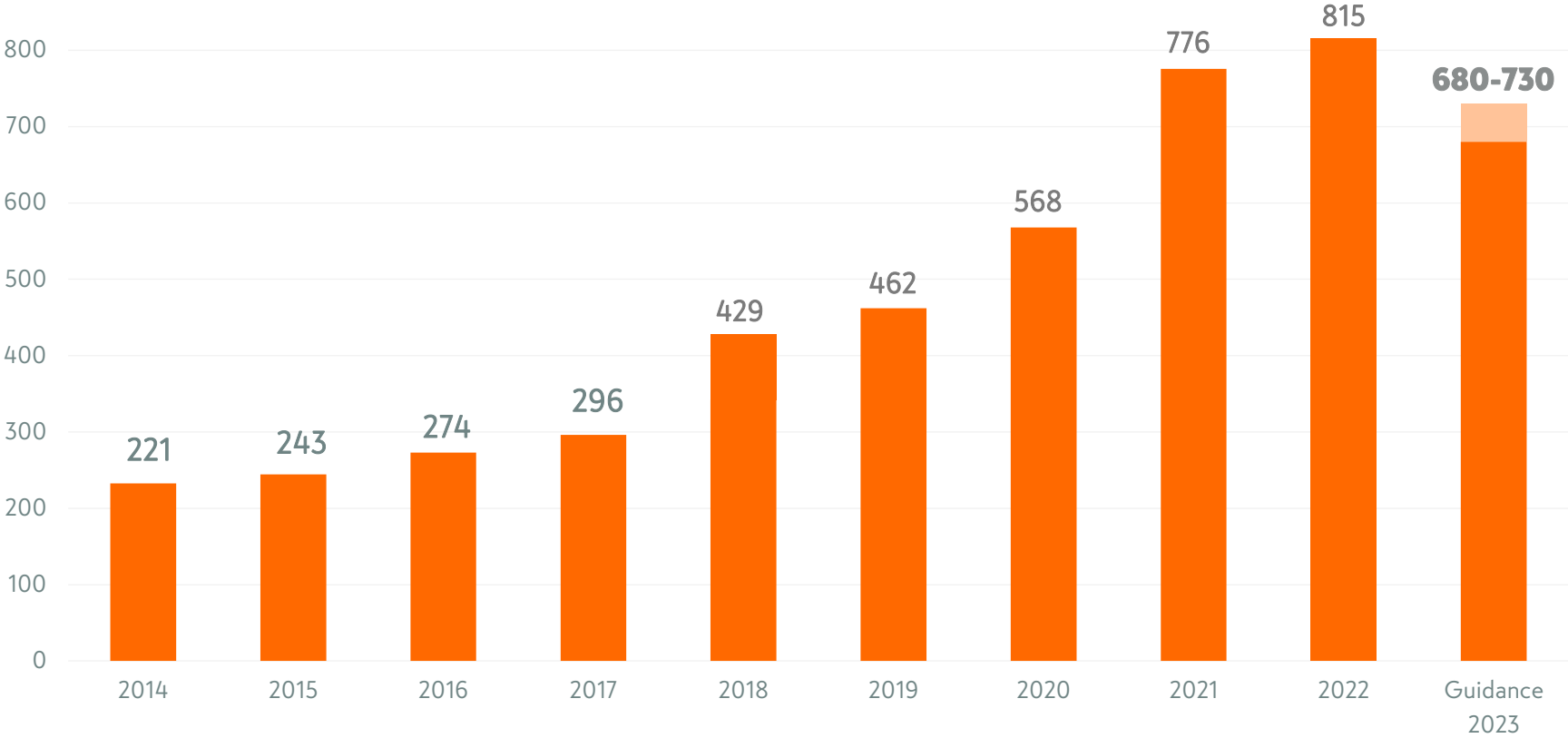


SALES VIA DIGITAL CHANNELS ALREADY € 2.0 BILLION



STRONG PROFIT GENERATION ALSO IN A WEAKER MARKET

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

€6.0 bn

Compared to Q3/2023

Steady cost ratio
improvement

16.4%

2014: 19.2%

Costs / reported Group net sales, Q3/2023, rolling 12 months
IFRS 16 impact since 2018

KESKO IS IN GOOD SHAPE TO GENERATE PROFITS

- A good strategy: focusing on our own strengths
- Strong customer relationships, some 2 million daily customer visits
- Ability to respond quickly to changes in operating environment
- Continuously improving efficiency and managing cost ratio
- Strong balance sheet and efficient use of capital
- Investments in growth and efficiency
- Acquisitions and their integration



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 Indices, MSCI ESG, Sustainalytics, CDP



KESKO ACQUIRES THE DANISH BUILDERS' MERCHANT DAVIDSEN AND ENTERS DENMARK

KESKO ACQUIRES THE BUILDERS' MERCHANT DAVIDSEN IN DENMARK

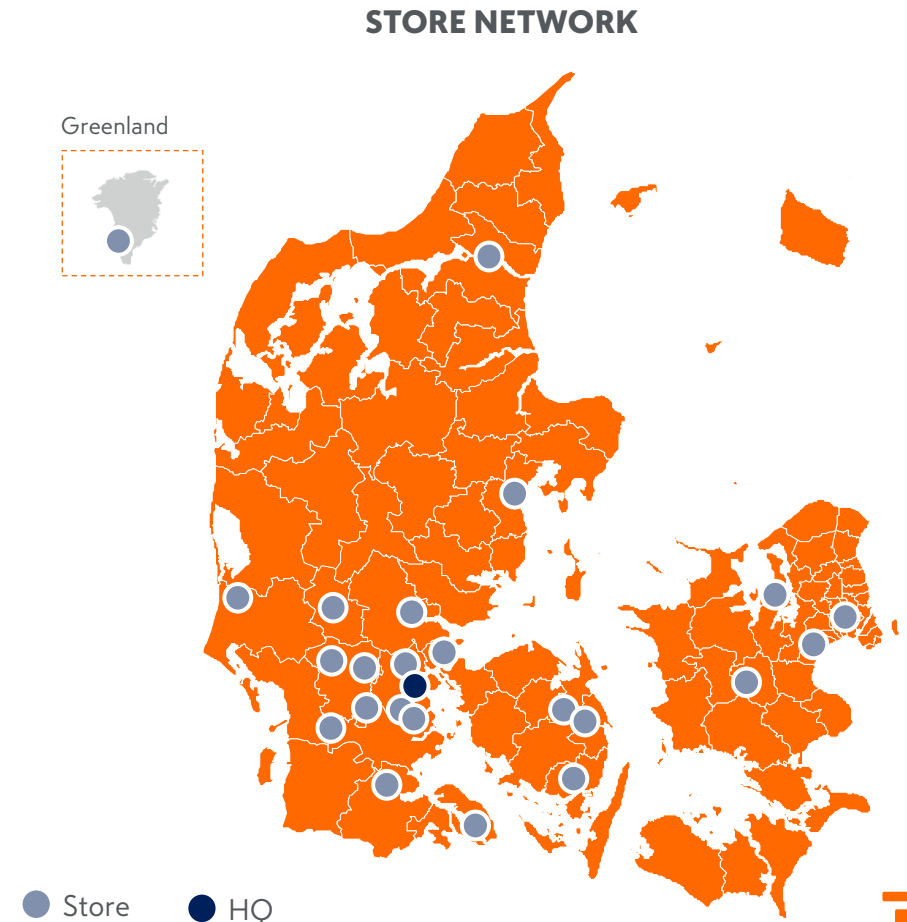
- Kesko acquires 90% of the family-owned Davidsen A/S
- Kesko's debt-free purchase price for a 90% ownership is approx. €170 million
- The Davidsen family continues with a 10% ownership and will support the company's development and growth
- Davidsen's net sales in 2022 totalled €560 million and the company is focused on B2B customers
- 23 stores, of which 19 are owned by the company
- The company has some 850 employees
- The transaction is expected to be completed Q1/2024 at the latest



Davidsen Aahlborg

DAVIDSEN AND THE BUILDERS' MERCHANT MARKET

- Danish building and home improvement market was approximately €5.7 billion in 2022, which is over 1.5x the size of the Finnish market of €3.7 billion
- Three largest builders' merchant companies Stark, Bygma and Davidsen represent some 50% of the market
- Approximately 30 independent retailers form together a broad XL chain, which has some 20% of the market
- There are also a large number of small, local builders' merchant companies
- Davidsen acquisition creates a good platform to grow and participate consolidation of the Danish building and home improvement market



OUTLOOK 2024

KESPRO

JOTTA ULKONA SYÖMINEN
OLISI SUOSITUMPA



OUTLOOK FOR 2024

Kesko's operating environment is estimated to remain challenging in 2024. Kesko's operating profit is expected to remain at a good level also in 2024 despite the challenges in the company's operating environment.

In grocery trade, B2C trade and the foodservice market are expected to remain stable, 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, orders for new cars are expected to fall short of the 2023 level. Demand for used cars and services is estimated to stay at a good level. Profitability in car trade is estimated to decrease from the excellent level of 2023, but to continue to remain at a good level in 2024.



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