



Annual General Meeting

29 March 2010

Matti Halmesmäki

KESKO

Kesko is the leading provider of trading sector services and a highly valued listed company.



KESKO



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- The K-Group's sales were €12.6 billion, -9.1%
 - Sales in Finland €10.5 billion
 - K-food stores' sales €5.7 billion
 - The number of the K-Group personnel was c. 45,000, of whom 22,200 were Kesko employees

Kesko's four divisions



Food trade

44% of net sales

76% of operating profit*



Building and home improvement trade

27% of net sales

7% of operating profit*



Home and speciality goods trade

18% of net sales

17% of operating profit*



Car and machinery trade

11% of net sales

0% of operating profit*

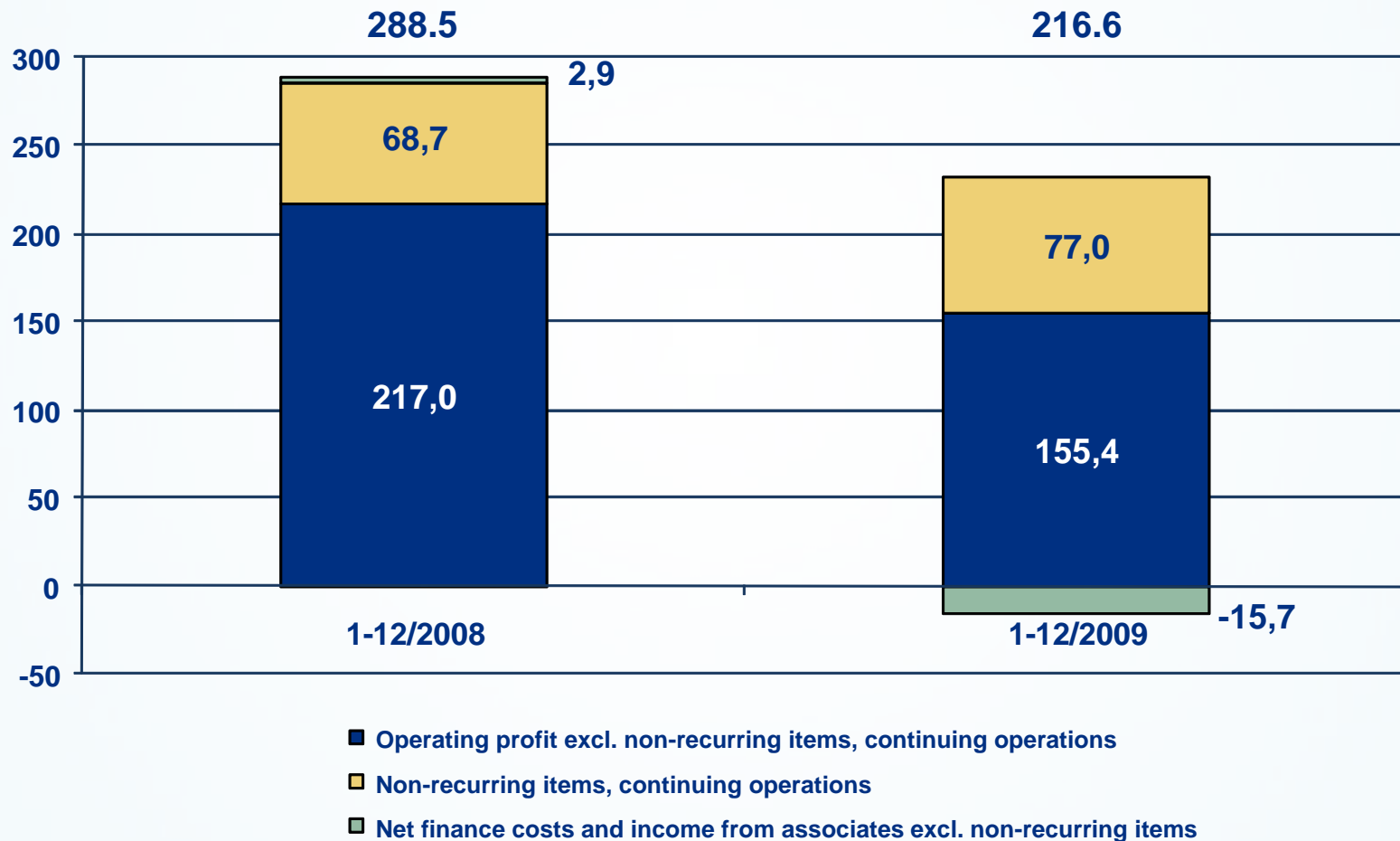
Situation in 2009

* Operating profit excl. non-recurring items

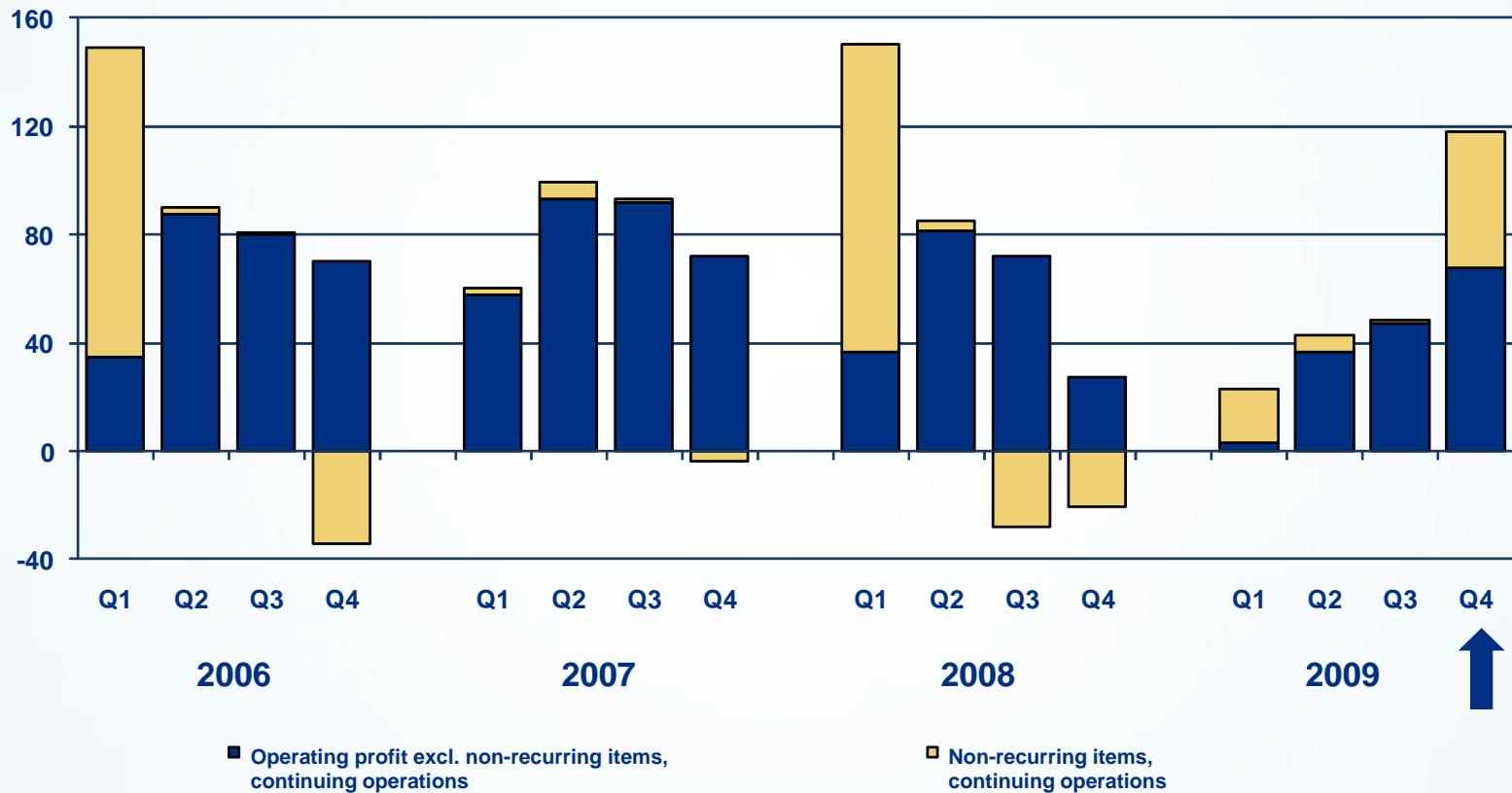
Kesko's year 2009 in brief

- Despite the difficult market situation, all divisions achieved positive results
- Solvency, cash flow and liquidity at excellent levels
- Currency hedging costs and a higher tax rate had a negative impact on the profit for the financial year
- Kesko was again included in 'The Global 100 Most Sustainable Corporations in the World' list
- The Board of Directors proposes to the Annual General Meeting that €0.90 per share be paid as dividends

Group's pre-tax profit for 1-12/2009 (M€), continuing operations



Operating profit by quarter (M€), continuing operations



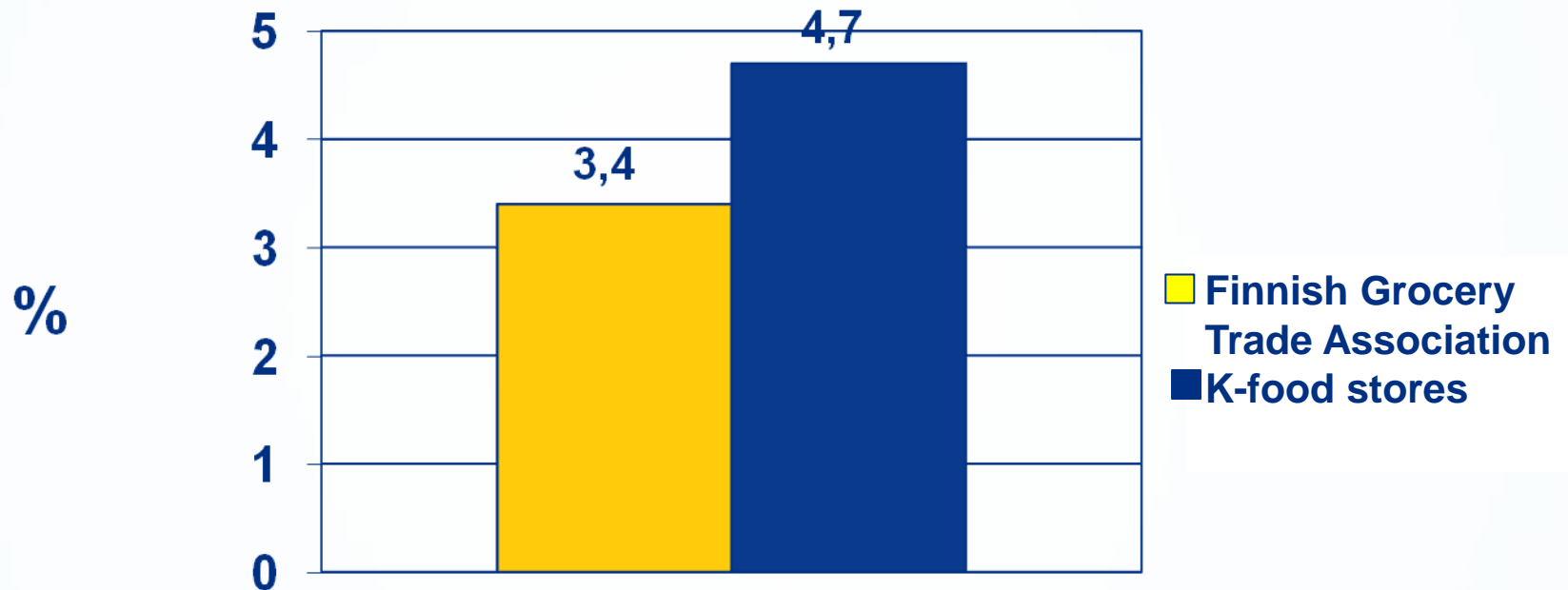


K-food stores focus on food and service

- K-food stores' grocery sales increased by 5.6% (VAT 0%)
 - K-citymarket's sales growth 14.3%
- Operating profit excl. non-recurring items was €133.1 million
- Profitability and efficiency in the food trade improved on the previous year



K-food trade's market share increased in 2009



Sales performance (incl. VAT) in 1-12/2009

Source: Finnish Grocery Trade Association, Kesko Food

Pirkka – the right to know what you are eating

- High quality level
- By far the most highly valued and best known own retail brand in Finland
- Pirkka product prices are as much as one third lower than those of corresponding branded products
- Popularity of Pirkka products has continued
- Pirkka Test Kitchen has produced recipes for more than 50 years
- Pirkka Product Research received top-level international recognition for quality competence – the ISO 17025 accreditation





Home and speciality goods trade's diversified selections and well-known brands

- In the **home and speciality goods trade** net sales in 2009 were €1,558 million, down 3.0%
- Operating profit excl. non-recurring items was €29.5 million
- K-citymarket's and Intersport's sales and profitability developed favourably throughout the year
- At year end, Anttila's profitability was improved by successful Christmas trading. Indoor also clearly improved its year-on-year profitability by the end of the year
- Musta Pörssi's sales and profitability performance deteriorated

ANTTILA

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KODINYKKÖNEN 1



INTERSPORT

kesport

budget sport

MUSTA PÖRSSI

KONEBOX

K-KENKA

AND I AMO





Products and services for building, interior decoration and agriculture

- In the **building and home improvement trade** net sales in 2009 were €2,312 million, down 22.4%
- Operating profit excl. non-recurring items was €11.9 million
- Difficult year in the building and home improvement trade, especially in the B2B trade
 - In Sweden, sales clearly returned to growth
 - Situation in the Baltic market remained weak
- Due to lowered costs and inventories, and trade receivables management, the result was clearly positive

 **K-RAUTA**

 **RAUTIA**

 **K-MAATALOUS**

 **K-PAYTA**

 **BM**
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Car and machinery trade's leading brands and comprehensive services

- In the **car and machinery trade** net sales in 2009 were €947 million, down 36.0%
- Operating profit excl. non-recurring items was €0.3 million
- Sharp decline in the car trade market eased at the end of the year
- Audi's, Volkswagen's and Seat's market share rose to 18.5%(17.1%), and order book was higher compared with the previous year
- Difficult market situation in the machinery trade continued



K-Group's customer loyalty to be increased

by the store and chain-specific and shared customer programmes

K-store's customer programme

- Products, services and benefits to meet local customer needs and to fit the competitive situation
- Targeted special benefits, services and events for the store's best customers

K-chain's customer programme

- Products, services and benefits to meet the chain's customer needs and to fit the competitive situation
- Targeted special benefits and services for the chain's important customer groups, such as
 - K-food chains' benefits for key and loyal customers
 - Asko's VIP customer programme and Kodin Ykkönen's Ykkösasiakas programme
 - K-rauta's and Rautia's benefits for builders and renovators



Shared customer programme



TARJOUSTAKUU
K-PLUSSA-TARJOUKSISSA
AINA VÄHINTÄÄN **-10%**



LISÄKSI K-PLUSSA-
PISTEILLÄ ETUSI JOPA **-5%**



Easy shopping



Points to bank account



Pirkka magazine



Life cycle clubs

K-stores are visited by more than 1 million customers every day

- K-Plussa cardholders total over 3.6 million and K-Plussa households over 2 million
- 19,600 new K-Plussa customers in 2009
- Pirkka magazine further increased its position as the most widely read magazine in Finland. Its readership increased by 40,000 to 2,840,000





Cooperation with K-retailers is a competitive asset

- K-retailers with knowledge of local customers and their needs are our competitive asset
- 1,302 K-retailers at the end of 2009
- K-retailers' average age is 46, the youngest is 25 and the oldest 89
- 19.5% of K-retailers are female
- 80% of K-stores are family enterprises
- In 2009, 10 Kesko employees started a retailer career



The objective is to achieve levels of customer satisfaction and sales growth that exceed those of the competition

Sales growth exceeding that of the market

Sales and services for consumer customers

Responsible and cost-efficient business models

Investments in K-food stores in 2010-2012

- 20 new K-citymarkets
- 60 new K-supermarkets
- 70 new K-markets



Electronic shopping and automated operations

- Electronic shopping and online stores for consumers
- New websites for chains
- Electronic financial management processes, paperless invoicing
- Logistics projects
- Automatic ordering and electronic product availability information
- Demand forecasting
- Payment security project
- Group's extranet and intranet reforms
- Customer relationship strategy

Payment security in K-stores



1. Main objectives

- To improve card payment security
- To achieve significant savings in card payment costs

2. Project benefits for customers

- All K-Group stores use the same, easy-to-use and secure card payment solution
- An international operating practice that meets the requirements of all information security standards for card payments

3. Nearly 7,000 chip payment terminals to be installed

4. Schedule

- Chip payment terminals will be largely adopted in the K-Group stores during the year. By the first half of 2011, all stores will be using them.

Kesko's responsible operations and sustainable development

- Kesko's revised responsibility programme sets targets for curbing climate change, for transport, responsible sourcing and personnel's wellbeing
- In 1995-2006 we saved relatively some 20% of electric energy and some 60% of heat energy
- High (c. 90%) waste recovery rate in warehouse operations
- Electricity purchased by Kesko for the K-Group is carbon free
- Freezers in all new food stores have lids
- Food store signs are illuminated with LEDs
- Responsible product selections
 - Use and purchase of endangered fishes is avoided
 - The widest choice of Fairtrade products in Finland

Kesko is included in the world's leading responsibility indexes

The most important indexes and assessments:

- Dow Jones Sustainability Index: the DJ World Index lists more than 300 companies and the pan-European index more than 150 companies. The reviews are carried out by SAM Group of Switzerland.
- SAM publishes the Sustainability Yearbook every year. In 2010, only the top 15% in each sector qualified for inclusion. Kesko's responsibility work qualified in the silver class in the food and drug retail sector.
- The World Economic Forum: 'The Global 100 Most Sustainable Corporations' list has been published at the World Economic Forum in Davos since 2005. Kesko has been included every year.
- In March 2009, Kesko was included in the FTSE4Good indexes focusing on responsible investment. FTSE Group, one of the world's leading providers of market indices, works with investors in over 77 countries.



**Dow Jones
Sustainability Indexes**
Member 2008/09



FTSE4Good

Work and productivity programme in Kesko and K-stores





K-Group is a good place to work

- Kesko and K-stores employ a total of some 45,000 people in the Nordic and Baltic countries and Russia
- Wide variety of development and career progress possibilities
- New, popular K-trainee programme attracted nearly 700 applicants
- A total of some 23,000 working days were devoted to training
- Over 17,000 people participated in the Master Sales Assistant training

Work and productivity

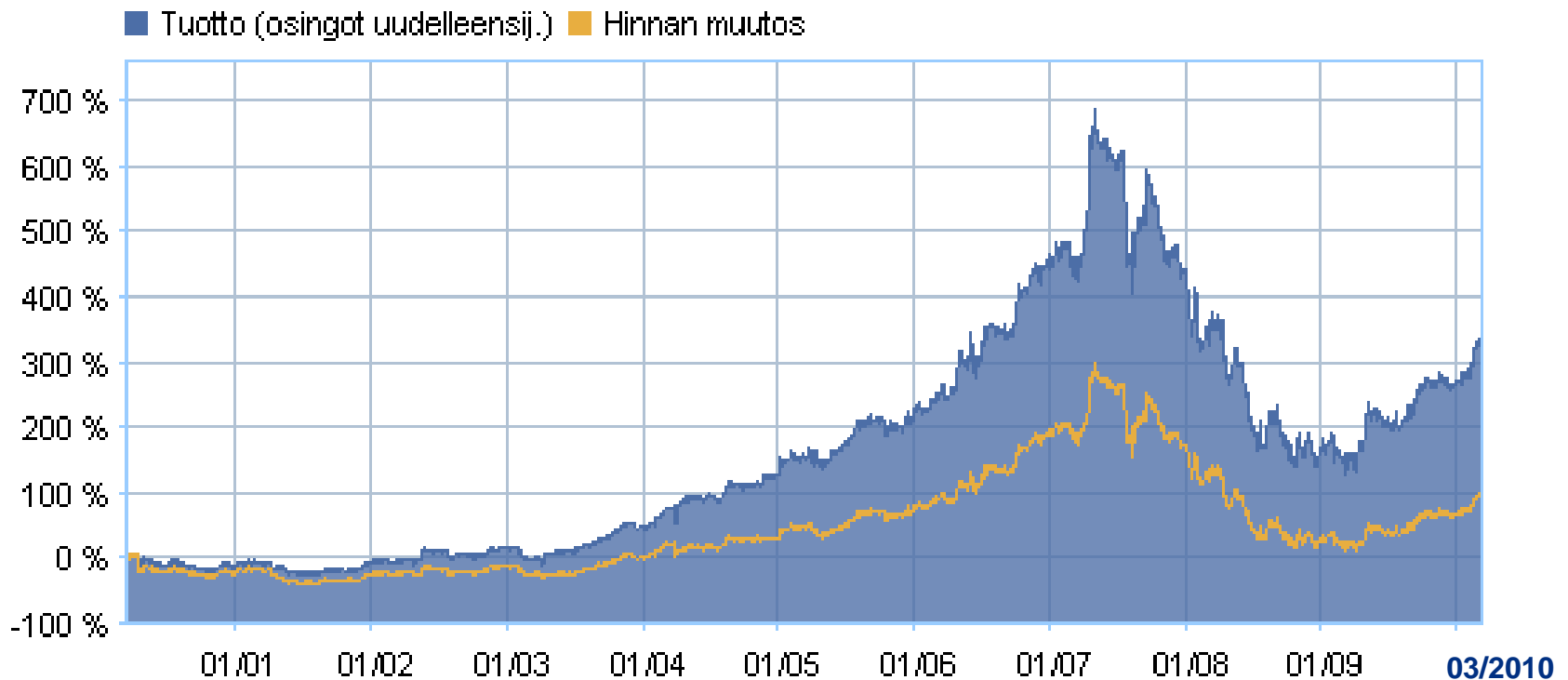
- Staff cost decreased by €43 million (-7.4%), number of personnel by c. 2,500
- Work shift planning and more efficient working hours in retail stores
- Increased employee commitment
- Reduced number of retirements on disability pension
- Better satisfaction with the realisation of equality

Shareholder value is increased by improving profit and profitability.

Dividend policy

- Kesko Corporation distributes at least 50% of its earnings per share excluding non-recurring items as dividends, taking however the company's financial position and operating strategy into account.
- The Board of Directors proposes to the Annual General Meeting that €0.90 per share be paid as dividends, or a total amount of €88,547,166.90
- Earnings per share €1.28
- The proposed dividend represents 70.5% of earnings per share and 126.8% of earnings per share excluding non-recurring items
- Effective dividend yield 3.9% (B share)

Share yield, 10 years



Share price change: 105.13%

Yield (dividends reinvested): 351.39%



Thank you!

Our journey together continues.



KESKO