



KESKO CORPORATION STOCK EXCHANGE RELEASE 27.05.2021 AT 08.00

## **Kesko continues the implementation of its successful growth strategy, updates financial targets**

**The Board of Directors of Kesko Corporation has confirmed an updated version of the company's strategy, and has set new medium-term financial targets for the company. The strategy centres on profitable growth in three selected business divisions: grocery trade, building and technical trade, and car trade. The new medium-term financial targets for profitability are a comparable operating margin of over 6.0% (previously 5.5%) and a comparable return on capital employed of over 14.5% (previously 12.5%).**

"Kesko is one of the leading retail companies in Northern Europe. Our growth strategy, first established in 2015, has proven effective, and its successful execution has seen the company's net sales grow and profitability improve significantly. This has also translated into considerable growth in the company's shareholder value. We will continue to execute the growth strategy in our three business divisions, taking targeted division-specific actions based on our strategy process this spring to ensure further growth in sales and profitability. Continuous improvement of customer experience, further development of digital services, and corporate responsibility and sustainability will become even more central to our strategy than before," says Mikko Helander, Kesko's President and CEO.

"Today, K Group operates in eight countries. K Group is formed by Kesko and independent retailer entrepreneurs in Finland. The retailer entrepreneurs lend us a significant competitive advantage, and we employ the retailer business model whenever it serves us in terms of that," says Helander.

In the grocery trade division, Kesko will strive to maintain its position as the most customer-oriented and profitable grocery retailer in Finland and the market leader in online grocery trade. The growth strategy is based on store-specific business ideas, extensive utilisation of data and strong digital capabilities, combined with efficient processes. The division aims to further strengthen its market-leading position in Finnish foodservice.

In the building and technical trade division, Kesko will continue to strengthen its leading position in Northern Europe. The business division serves professional builders and technical wholesale customers as well as consumers. It strives to offer them a seamless customer experience in physical stores and digital channels. The division will continue to execute country-specific growth strategies, seeking growth both organically and via acquisitions.

In the car trade division, Kesko aims to offer the best customer experience on the market and to strengthen its market position. The division's growth strategy is based on strong collaboration with the world's biggest car manufacturer the Volkswagen Group, more extensive utilisation of digitalisation, improved operational efficiency, and growing the sales of used cars and services.

“Corporate responsibility and sustainability have been at the core of Kesko’s operations for decades, and Kesko has been ranked as the most sustainable grocery trade company in the world multiple times in the Global 100 ranking. We will engage even more forcefully in corporate responsibility work in each business, with the objective of enabling sustainable lifestyles for our customers,” says Helander.

### **Kesko’s new financial targets**

The new medium-term financial targets for profitability, as approved by Kesko’s Board of Directors, are a comparable operating margin of over 6.0% and a comparable return on capital employed of over 14.5%. As for financial position, the Group continues to target a maximum interest-bearing net debt/EBITDA of 2.5, excluding the impact of IFRS 16. Kesko Group’s previous financial targets were a comparable operating margin of 5.5%, a comparable return on capital employed of 12.5%, and interest-bearing net debt/EBITDA of less than 2.5 excluding the impact of IFRS 16.

<b>Indicator</b>	<b>Target</b>	<b>Previous target</b>	<b>Level achieved in 2020</b>
Operating margin, comparable, %	over 6.0	5.5	5.3
Return on capital employed, comparable, %	over 14.5	12.5	12.0
Interest-bearing net debt/EBITDA, excluding IFRS 16 impact	at maximum 2.5	at maximum 2.5	0.4

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