



KESKO ROAD SHOW PRESENTATION

SUCCESSFUL STRATEGY EXECUTION DRIVING GROWTH

August - September 2022

K GROUP AND KESKO TODAY

#1

Leading trading sector company in Northern Europe with retail sales of over €15bn



Profitable growth strategy in 3 core divisions



~45 000 employees, 1,800 stores and comprehensive digital services in 8 countries



Strong financial position with good dividend capacity



Market cap nearly €9 bn with over 76,000 shareholders

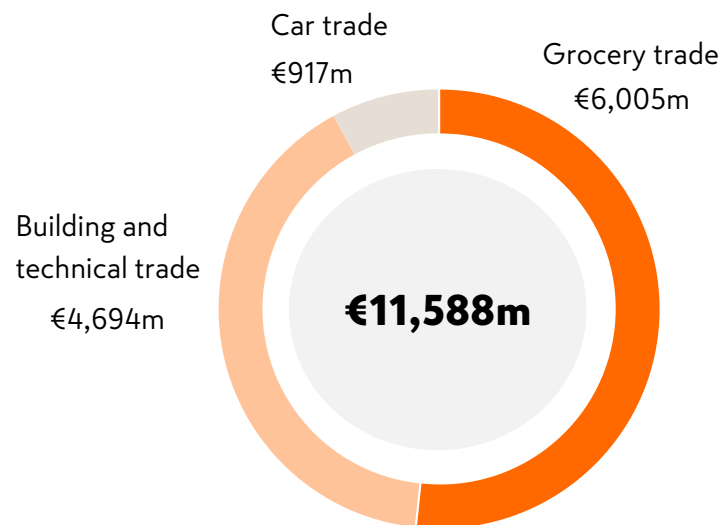


Sustainability at the core of the strategy

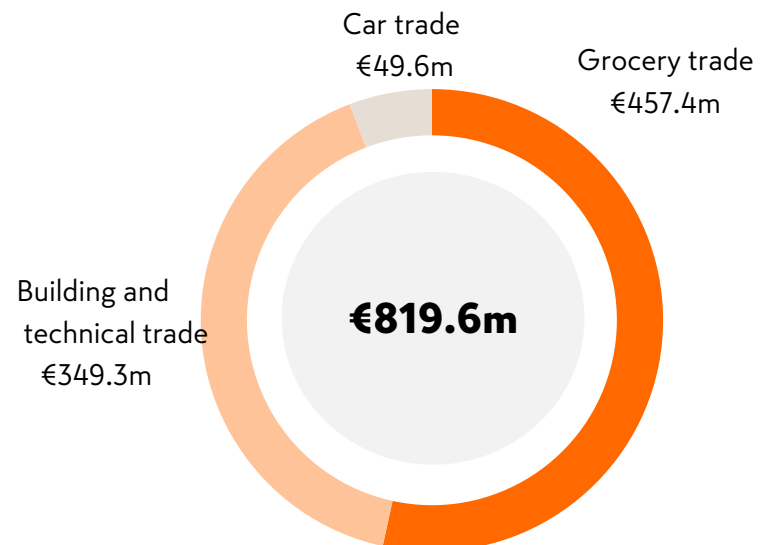


KESKO IN A NUTSHELL

NET SALES



OPERATING PROFIT



BUSINESS OPERATIONS FOCUSED IN THREE DIVISIONS



GROCERY TRADE

~1,200 stores in Finland, of which more than 500 offer on-line services

K-retailers guarantee quality

#2 in Finnish retail, market share ~37%

#1 on the Finnish foodservice market ~44%



BUILDING AND TECHNICAL TRADE

Serves three customer segments: technical professionals, professional builders, and consumers

~470 stores in total in 8 countries

#1 in Northern Europe



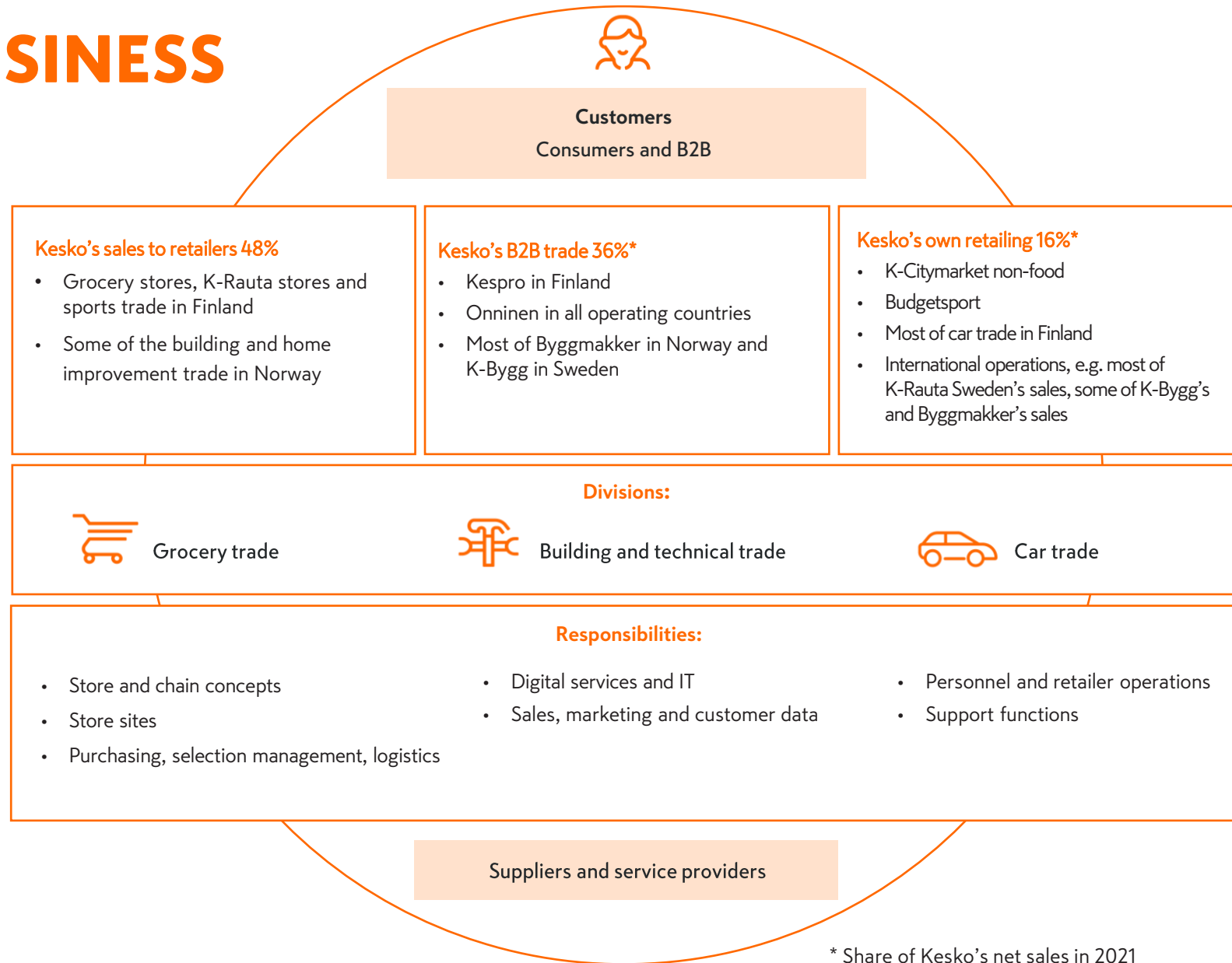
CAR TRADE

Volkswagen, Audi, SEAT, Porsche, Bentley, and MAN trucks

Used car sales and services

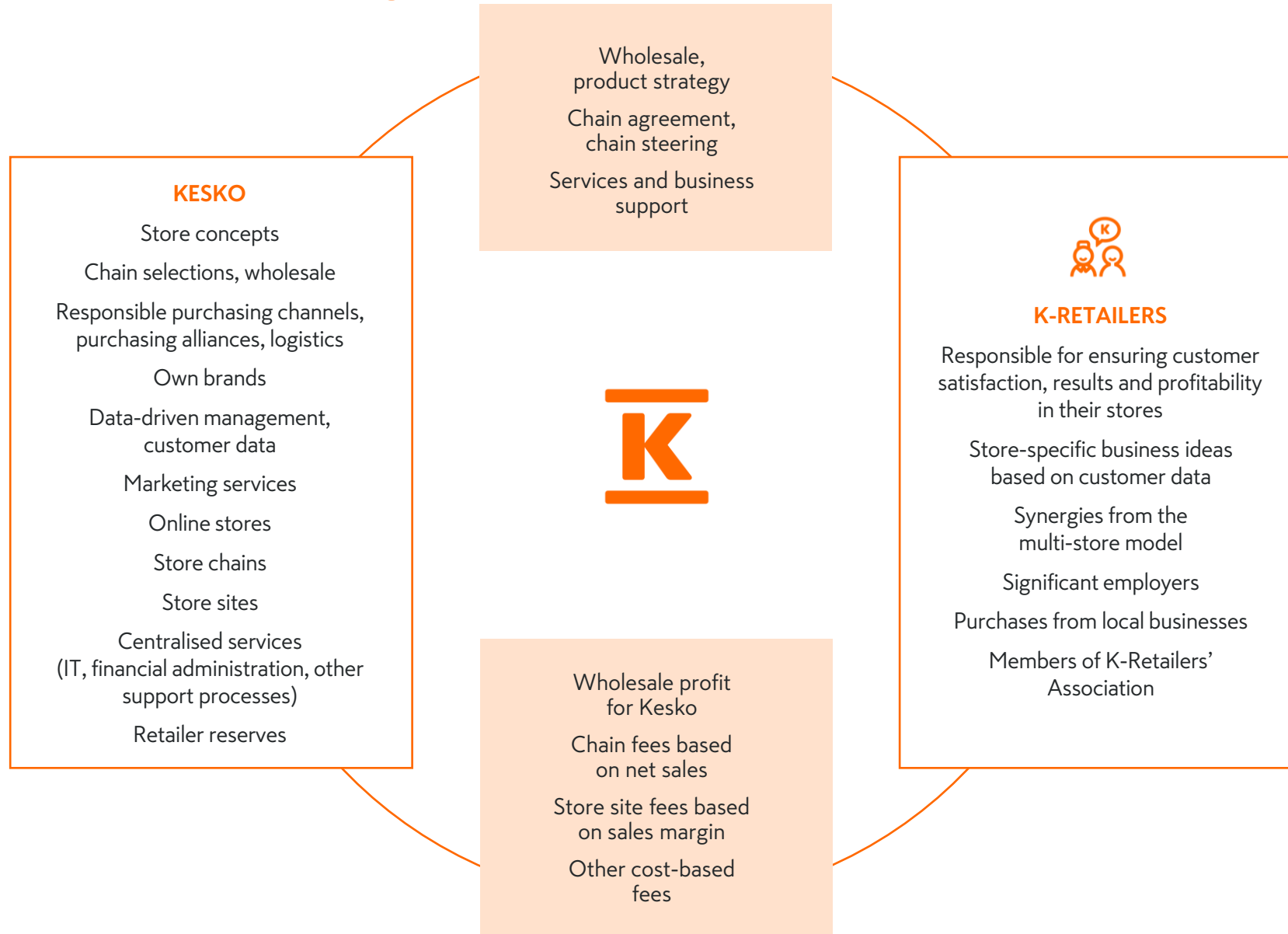
#1 in Finland

KESKO'S BUSINESS MODEL



* Share of Kesko's net sales in 2021

KESKO AND K-RETAILERS



SUCCESSFUL STRATEGY



GROWTH STRATEGY

FOCUS:



GROCERY TRADE



BUILDING AND
TECHNICAL TRADE



CAR TRADE

ONE UNIFIED



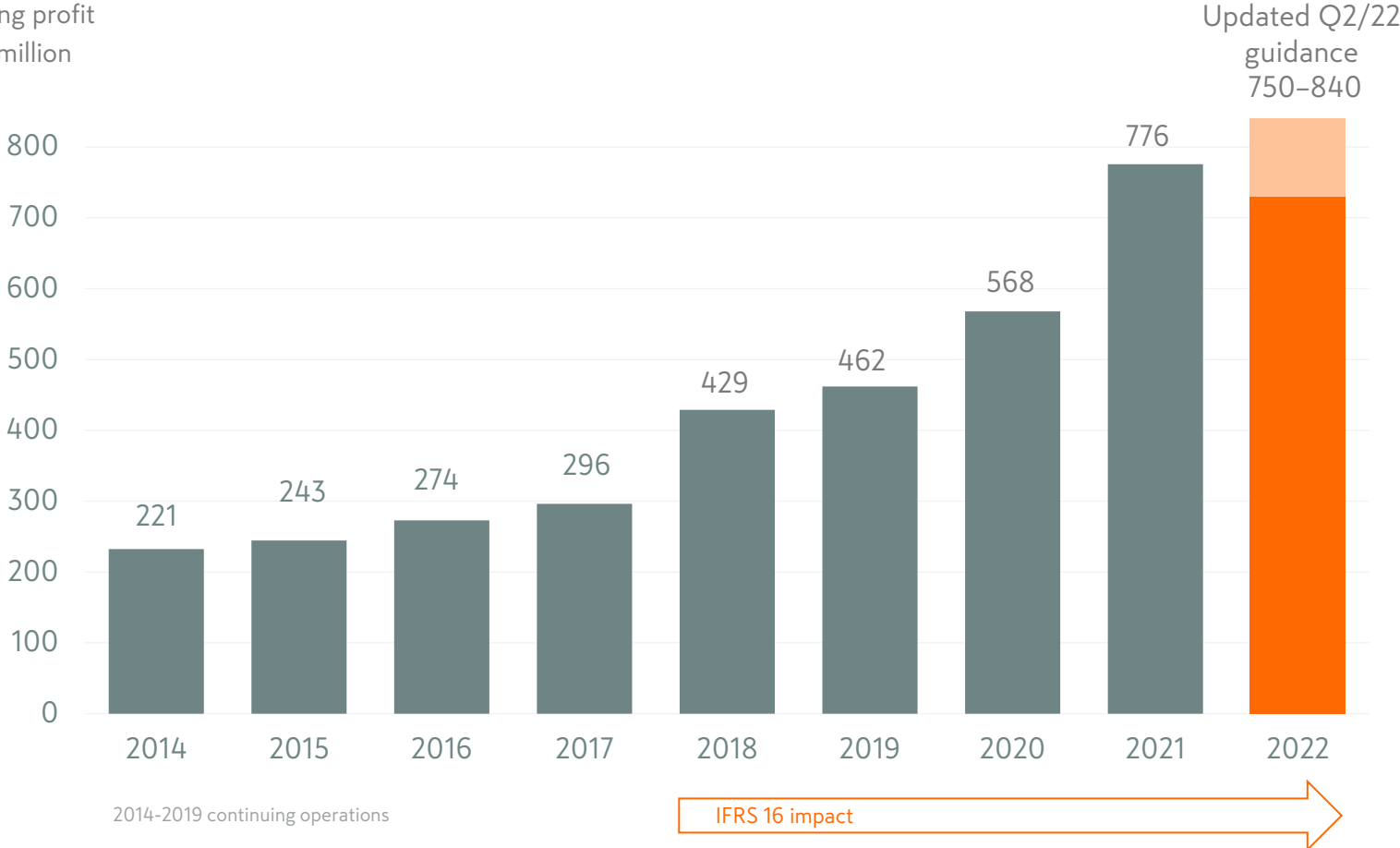
CUSTOMER EXPERIENCE

DIGITALISATION

SUSTAINABILITY

CONTINUED PROFITABILITY IMPROVEMENT

Comparable operating profit
Reported figures, € million



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

€5.6 bn

Compared to end of 2021

Steady cost ratio
improvement

16.4%

2014: 19.2%

Costs / reported Group net sales
IFRS 16 impact since 2018

STRONG STRATEGY EXECUTION

OVER 30 ACQUISITIONS AND DIVESTMENTS

Investments in growth
€3 billion

- ↑ Acquisition of Carlsen Fritzøe Handel AS
- ↑ Acquisition of Fresks stores
- ↑ Byggmakker acquisitions
- ↑ Acquisition of Onninen
- ↑ Acquisition of Suomen Lähikauppa

Divestments
€1 billion

- ↓ Divestment of operations in Russia
- ↓ Divestment of agricultural trade
- ↓ Divestment of machinery trade businesses
- ↓ Divestment of Anttila department stores

TRANSFORMATION FROM A TRADITIONAL RETAILING COMPANY INTO A FOCUSED K GROUP

KESKO

K CITYMARKET

K SUPERMARKET

KESPRO

K MARKET

K EXTRA

K-RAUTA

RAUTIA

K-MAATALOUS

KODINYKKÖNEN 1

ASKO

SOTKA

ANTILA

muuli

YAMARIN

MUSTA PÖRSSI

KONEKESKO

K PYOKA

BM
BYGGMAKKER

VV-AUTO

K-PAYTA



K

K CITYMARKET

K Supermarket

K Market

KESPRO

K Rauta

onninen

K BYGG

BM BYGGMAKKER

K Auto

K Plussa

K

GROCERY TRADE

Growing sales and improving profitability by offering the best customer experience in the business and differentiating ourselves from the competition



A leading operator in Finnish grocery trade

Total market share 38%

50% share of the neighbourhood store market

Leading operator in online grocery

Well-functioning retailer business model and store-specific business ideas



Strong market leader in foodservice

Significant synergies with grocery stores

Eating out a growing trend

Good growth in sales and market share



Forerunner in trading sector digitalisation

The K-Plussa customer loyalty scheme: 3.3 million customers

Extensive utilisation of customer and other data in decision-making

The best multichannel customer experience



Efficient logistics and IT

Efficient, scalable logistics

Business-oriented, cost-efficient IT services

Significant investments in robotics and automation

BUILDING AND TECHNICAL TRADE

Seeking growth through sector consolidation in Northern Europe and continuous development of operations in each country



Strong market leader in Finland

K-Rauta's market share 44%

Onninen's market share 44%

Good growth in sales and market share for both K-Rauta and Onninen

Leading operator in both B2B and B2C trade



Big growth potential in Scandinavia

Strong growth in sales and profitability in Norway

Strong progress in sales and profitability in Sweden

Seeking further growth in Scandinavia with acquisitions



Onninen's position in Poland strong

Growing Onninen's sales further, improving profitability

Growth opportunities also through acquisitions



Market leader in the Baltics

Good development in Kesko Senukai's sales and profitability

Further significant growth potential in the Baltics

Strong commitment to growing and developing Kesko Senukai

CAR TRADE

Raising sales and profitability to a new level by offering the best customer experience in Finland, transforming and updating our operations, and collaborating more closely with the Volkswagen Group



Leading operator in new car sales

Combined market share of the brands we represent nearly 20%

Nearly 50% market share in all-electric cars

A forerunner in e-mobility



Used cars a significant separate business

Updating used car sales, utilising digitalisation

More efficient sourcing of used cars

Sales of accessories and additional services



Increasing service sales

Updating our servicing and repair business

Updating spare part logistics

Expanding the K Charge network

Growing the leasing business, especially private leasing

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 exceed €1.5 billion

Growth in online sales continues strong

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

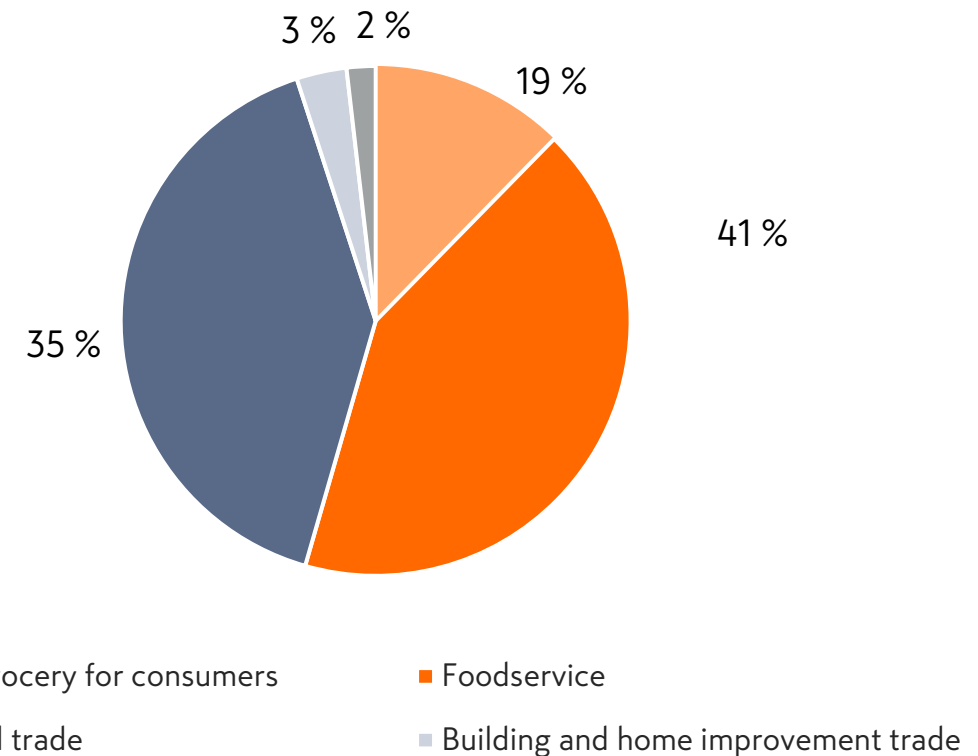
Personal purchase trackers, e.g. carbon footprint calculator

Seamless customer experience irrespective of channel

DIGITAL SALES WORTH OVER €1.6 BILLION

- Digital trade has a crucial role in Kesko's growth strategy
- B2B especially strong in digital trade:
 - Kespro & Onninen
- Good online growth also in B2C

DIGITAL TRADE SALES
€1,637 million



- Online grocery for consumers
- Foodservice
- Technical trade
- Building and home improvement trade
- Sports trade

Q2 2022, rolling 12-months



KESKO UPDATED ITS 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 SUSTAINABILITY
- RESPONSIBILITY FOR PEOPLE
- GOOD GOVERNANCE

IMPLEMENTATION WITHIN DIVISIONS:

- GROCERY TRADE
 - BUILDING AND TECHNICAL TRADE
 - CAR TRADE
-

INDICES AND ASSESSMENTS AS INDICATORS OF PROGRESS:

Dow Jones World, MSCI ESG, Global 100, CDP

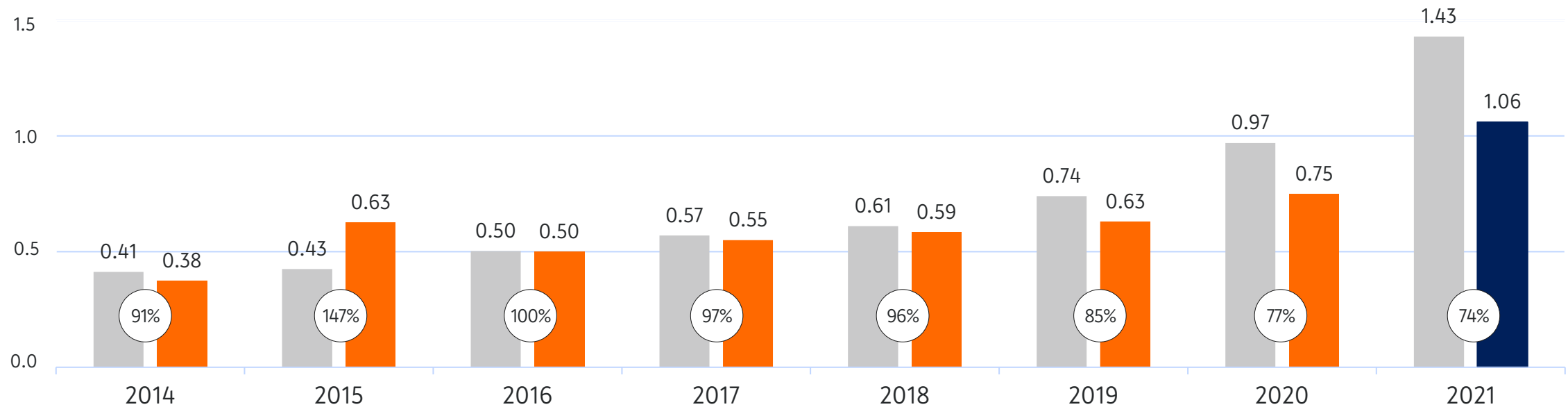
FINANCIAL TARGETS

| 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 |

SOLID DIVIDEND TRACK-RECORD

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.

Dividend in four instalments in 2022



Continuing operations, post split

■ Earnings per share

■ Dividend

¹⁹₁₉ 2014-2016 comparable EPS, Group. 2017-2019 comparable EPS, continuing operations





KESKO HALF-YEAR FINANCIAL REPORT Q2/2022

THE BEST Q2 IN KESKO'S HISTORY – RECORD RESULT IN BUILDING AND TECHNICAL TRADE

Mikko Helander
President and CEO
26.7.2022

KEY EVENTS IN Q2

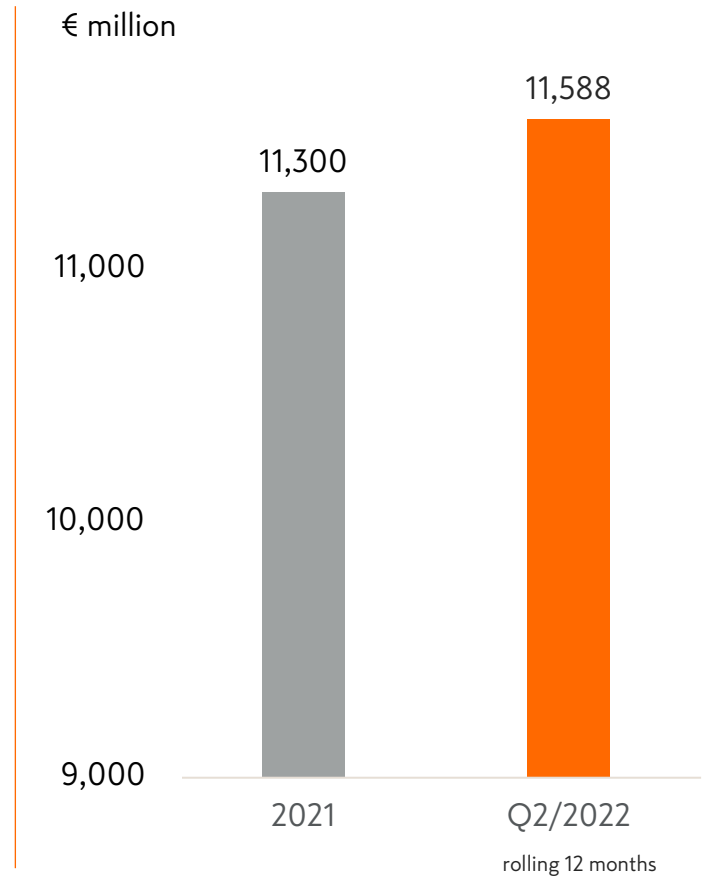
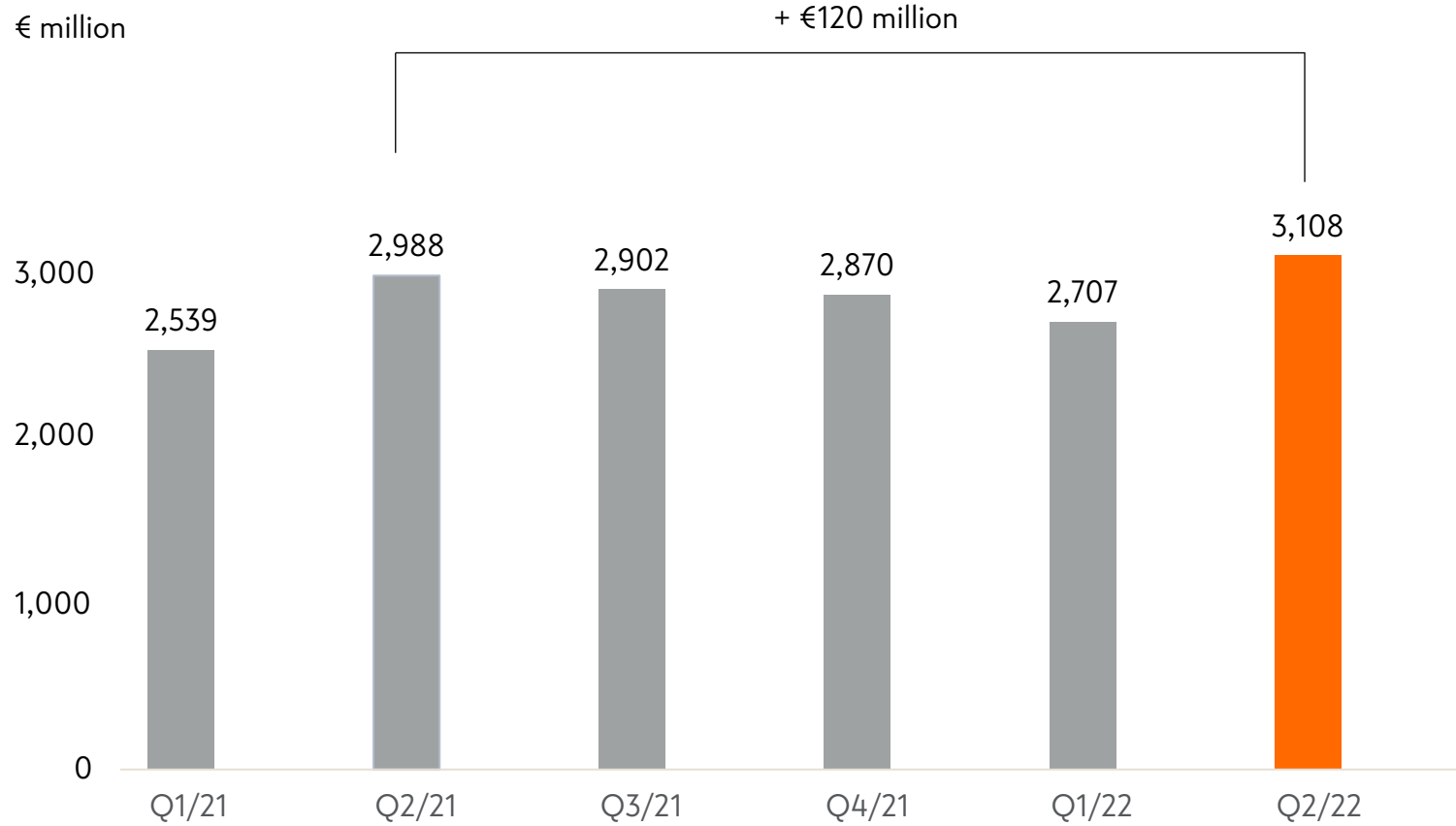
- The best Q2 result in Kesko's history, impact of the pandemic on Kesko's businesses has clearly diminished
- Building and technical trade: record result
- Grocery trade: sales grew and profitability stayed at a good level
- Car trade: profitability improved in a difficult operating environment

| | 4-6/2022 | 4-6/2021 |
|-------------------------------|----------|----------|
| Net sales, € million | 3,108.5 | 2,988.2 |
| Net sales growth*, % | 3.9 | 12.0 |
| Operating profit*, € million | 236.0 | 219.4 |
| Operating margin*, % | 7.6 | 7.3 |
| Earnings per share*, basic, € | 0.45 | 0.40 |

* Comparable

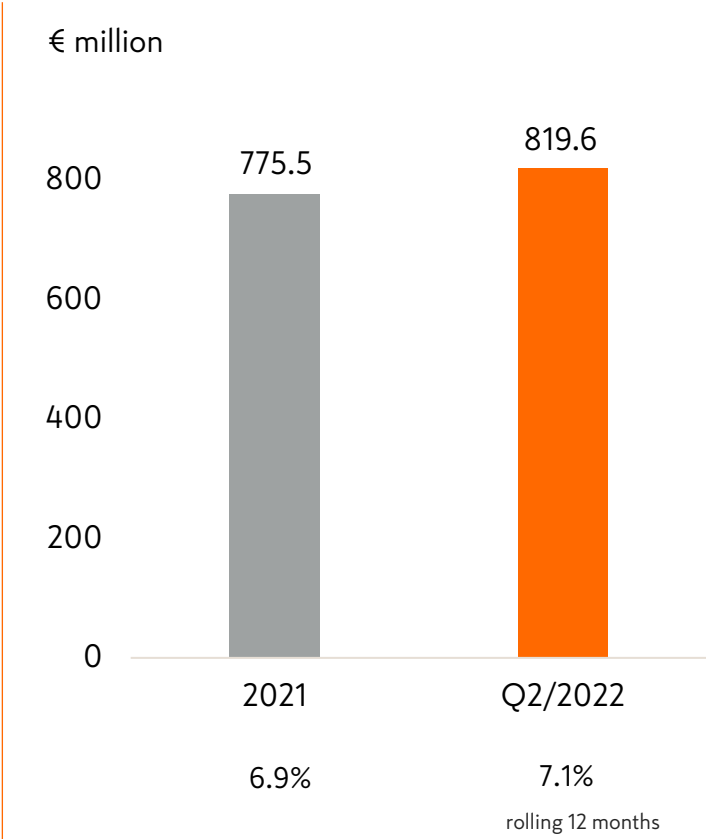
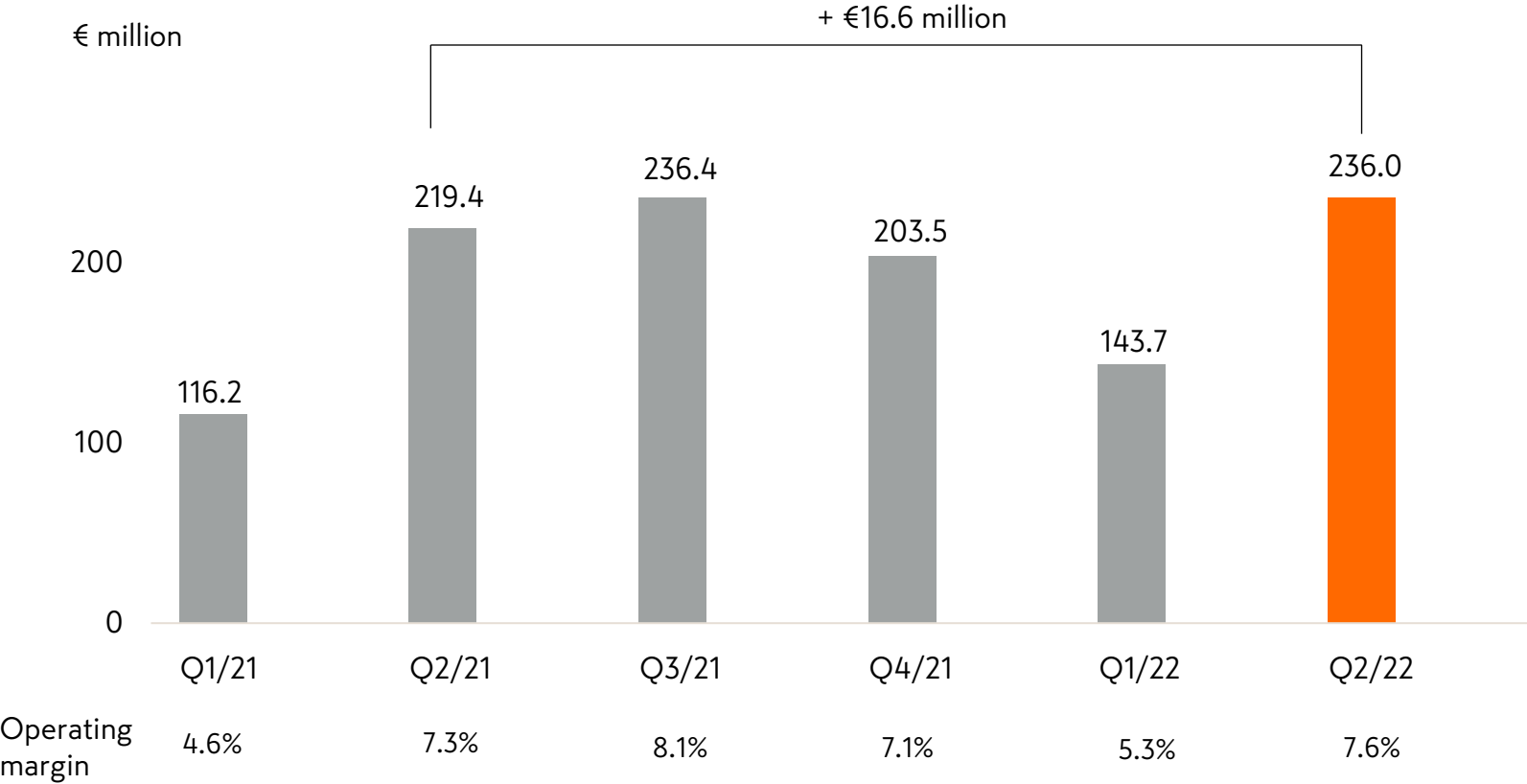
NET SALES

Comparable growth 3.9%

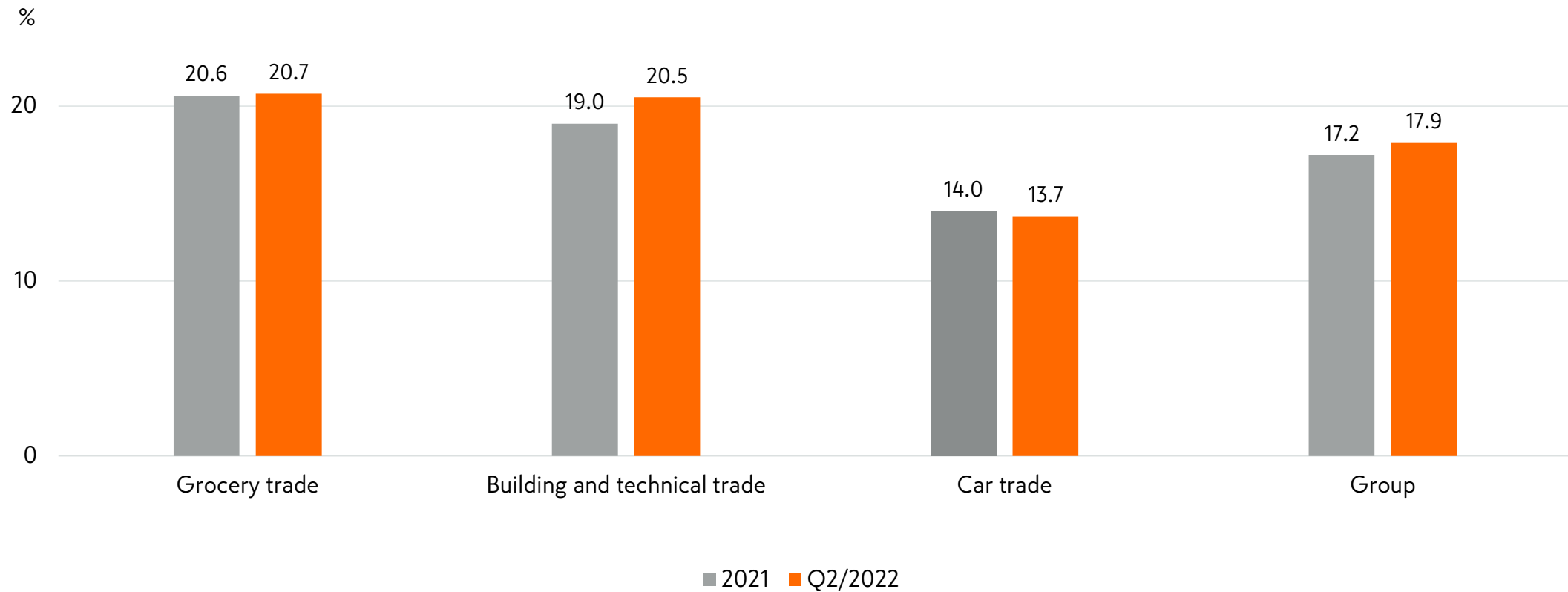


COMPARABLE OPERATING PROFIT

Growth in comparable terms €16.6 million



RETURN ON CAPITAL EMPLOYED CONTINUED TO IMPROVE



STRONG FINANCIAL POSITION

| | Q2/2022 | Q2/2021 |
|--|---------|---------|
| Cash flow from operating activities, € million | 262.4 | 346.6 |
| Liquid assets, € million | 345.3 | 366.7 |
| Capital expenditure, € million | 124.6 | 82.7 |
| Interest-bearing net debt excl. lease liabilities, € million | 197.8 | 194.4 |
| Interest-bearing net debt/EBITDA (rolling, excl. IFRS 16 impact) | 0.2 | 0.2 |
| Lease liabilities, € million | 1,960.9 | 1,965.6 |

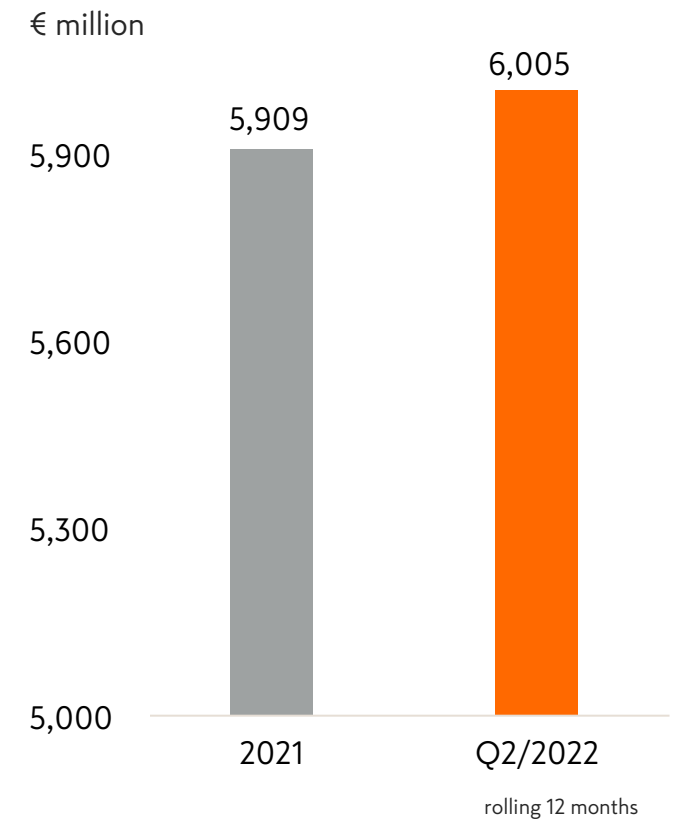
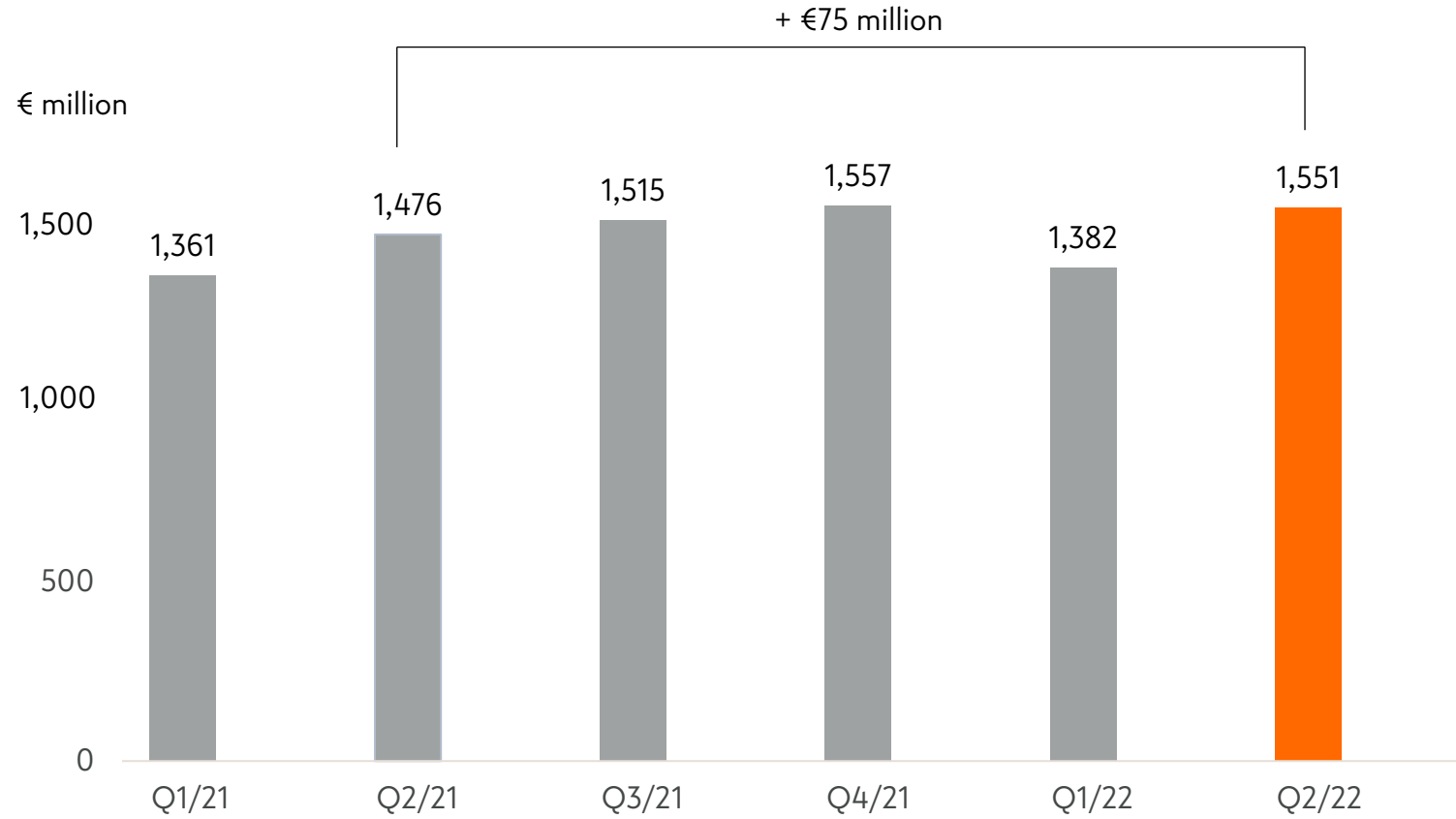


GROCERY TRADE

**STRONG POSITION IN ALL AREAS OF
FOOD TRADE HELPED OUR PERFORMANCE
IN A CHANGING MARKET**

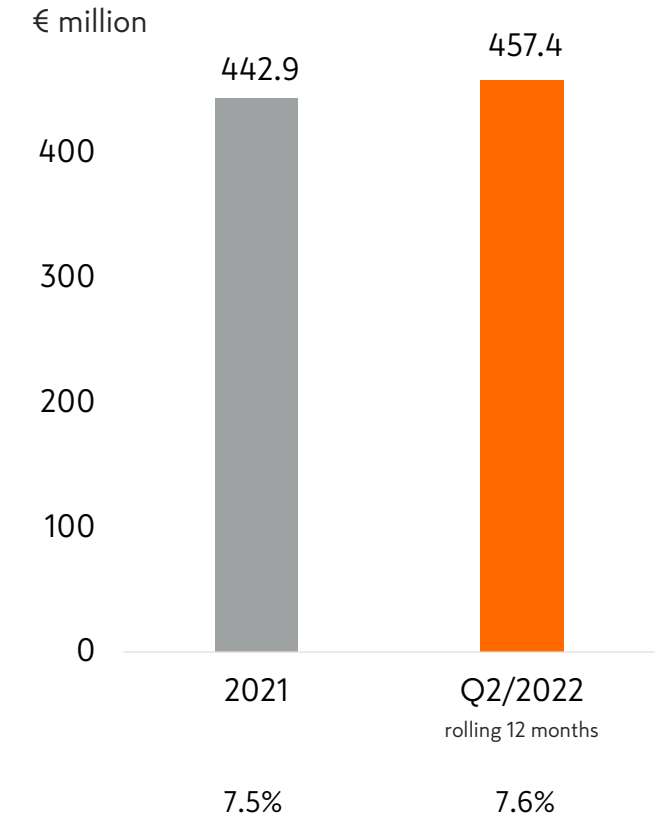
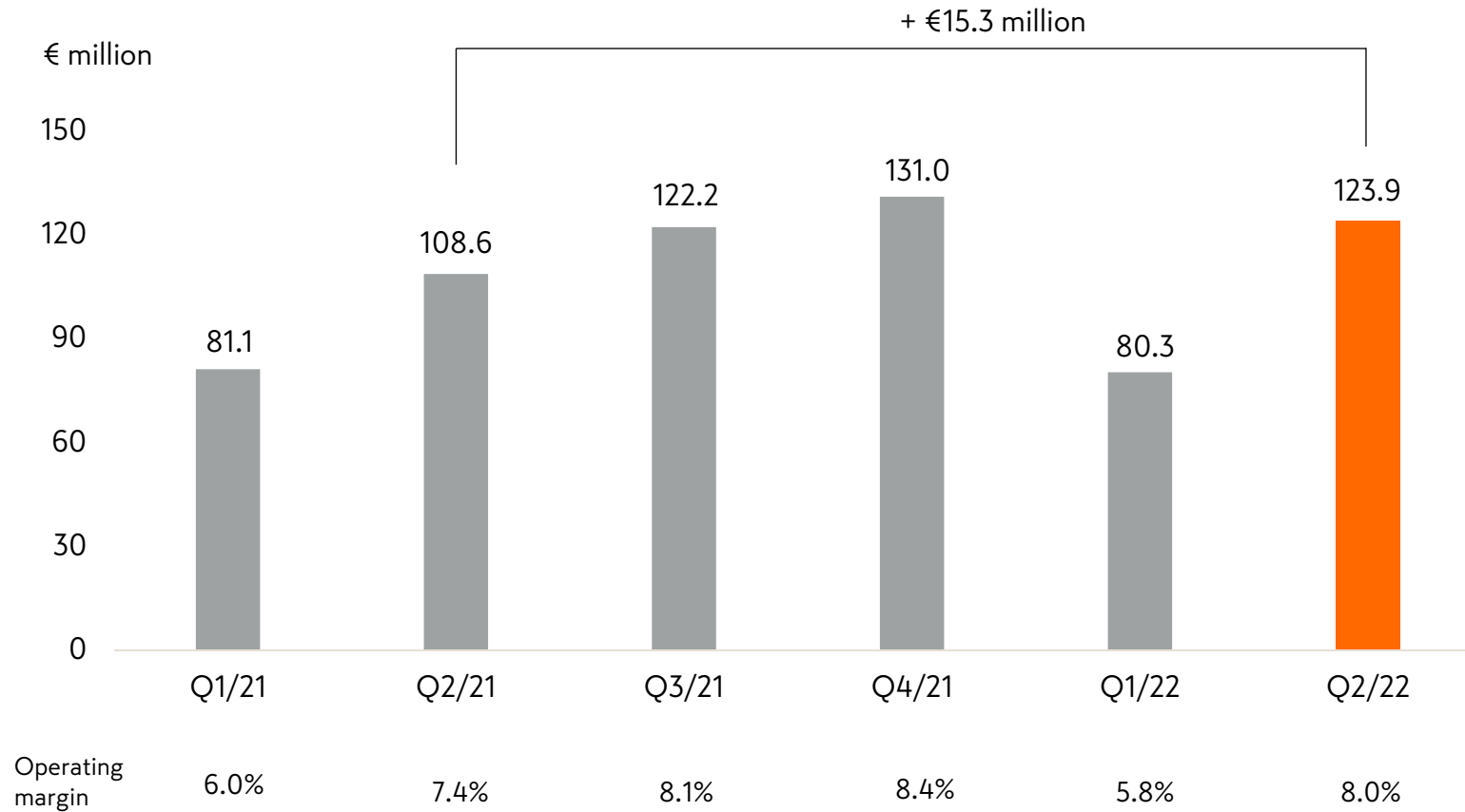
GROCERY TRADE

NET SALES GREW BY 5.1%



GROCERY TRADE

OPERATING PROFIT €123.9 MILLION



IMPROVED PROFIT THANKS TO GOOD DEVELOPMENT IN KESPRO AND GROCERY STORES

- Kespro's performance continued strong, sales growth 29.4%
- Sales to K Group grocery stores grew by 1.0%
- Consumer online grocery sales down by 8.8% from last year's exceptional levels
- K-Citymarket's home and speciality goods (non-food) sales down by 0.9%
- Operational efficiency improved further

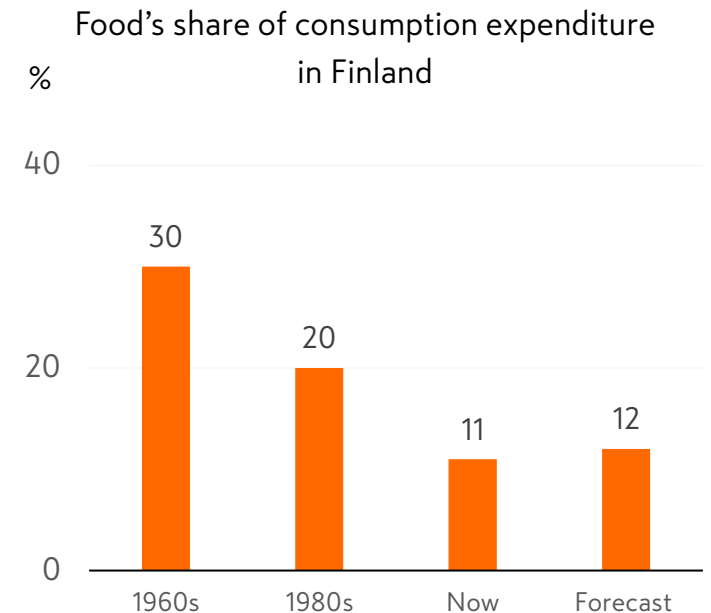


GROCERY TRADE

MARKET AND OPERATING ENVIRONMENT

Despite inflation, food's share of consumption expenditure expected to continue to stay low

- Shopping in grocery stores returning to normal levels
- Foodservice market returning to normal as restrictions have been lifted
- Consumer online grocery sales above pre-pandemic levels
- Rising food prices causing the whole food trade market to grow, but also impacting consumer behaviour
- Demand and consumption of quality products underpinned by good consumer purchasing power and improved employment rates



Source: Statistics Finland, National Accounts, Kesko's own estimate

KESKO A STRONG OPERATOR IN ALL AREAS OF FOOD TRADE

We are able to meet various differing customer needs

- Interest towards quality food has grown, and the trend continues
- Popularity of eating out and high-quality ready meals continues to grow
- At the same time, price is an increasingly important consideration for many consumers
- Only K Group grocery stores offer both premium and bargains under one roof
- Kespro is the leading partner for private and public foodservice customers
- Growing, versatile online sales services for both B2B customers and consumers

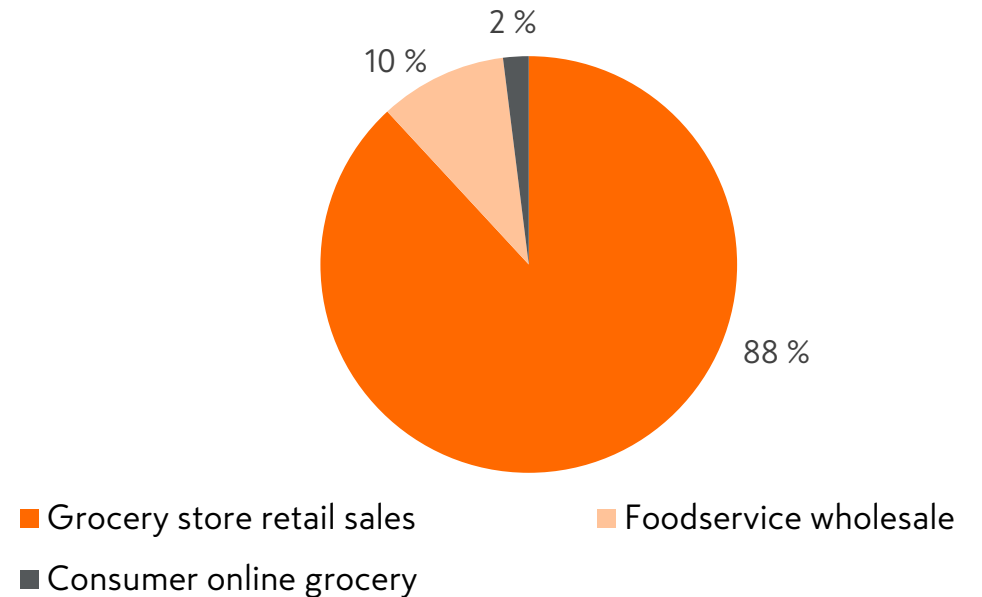


GROCERY TRADE

TOTAL FINNISH FOOD TRADE MARKET SOME €20 BILLION

Kesko the only operator that is strong in all three areas

- Sales heavily focused on grocery stores, 88% of total sales
- Foodservice wholesale to companies and public operators the fastest growing area
- Consumer online grocery growing, but accounts for just 2% of the total market



Source: The Finnish Grocery Trade Association PTY

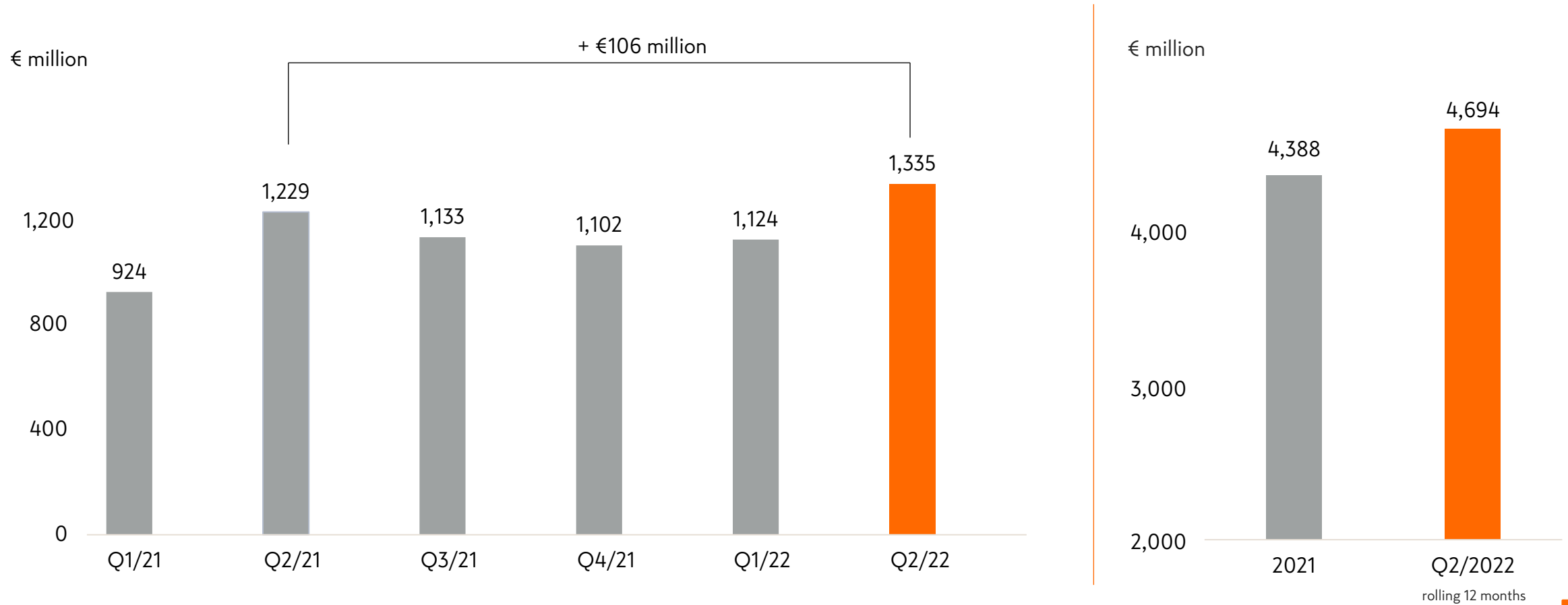
BUILDING AND TECHNICAL TRADE

FOCUS ON B2B TRADE LED TO A RECORD RESULT

Onninen
express

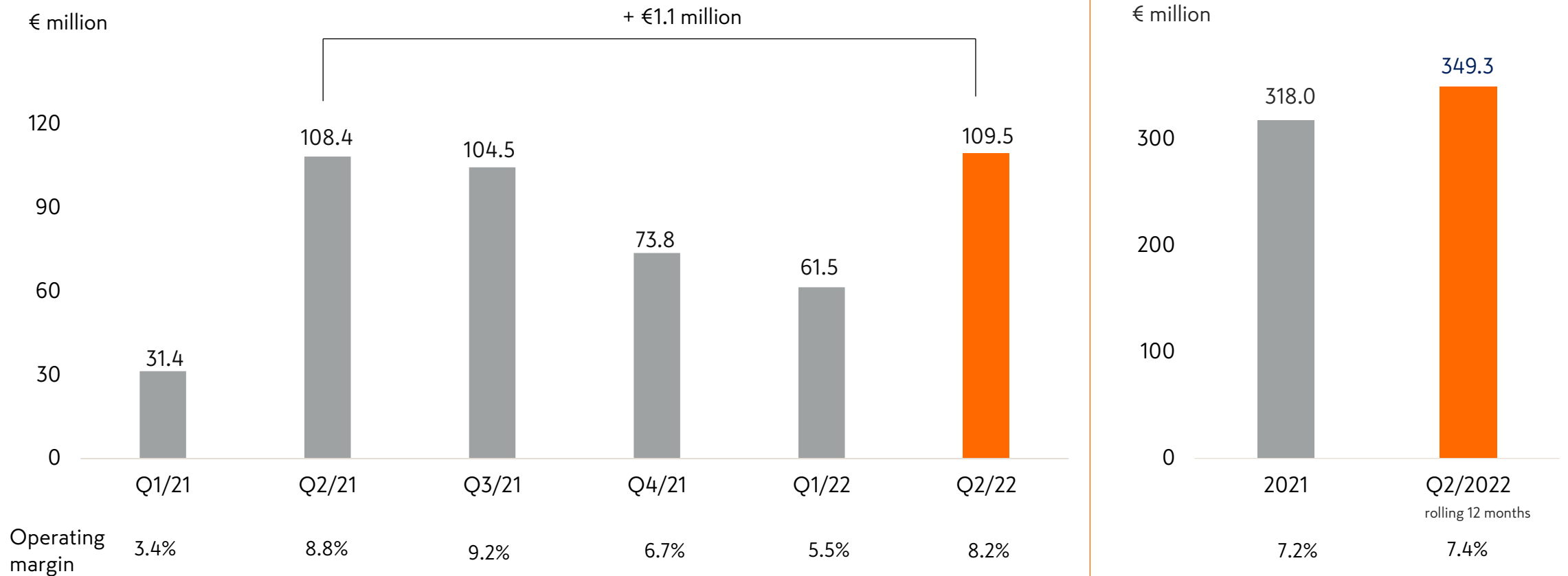
BUILDING AND TECHNICAL TRADE

NET SALES GREW BY 8.6%



BUILDING AND TECHNICAL TRADE

OPERATING PROFIT €109.5 MILLION



SALES GROWTH CONTINUED IN B2B TRADE

- Onninen's performance continued strong in all operating countries
- B2B sales continued to grow also in building and home improvement trade, but the pace slowed down
- B2C sales still at a good level, but clearly down from the peak pandemic levels
- Finland: sales growth and profit improvement especially in Onninen
- Sweden: sales growth attributable to K-Bygg, which focuses on B2B trade
- Norway: Onninen's performance good, Byggmakker's sales and profit down
- Share of result of Kesko Senukai, which focuses on B2C trade, down by €5.9 million due, in particular, to rapidly accelerated inflation



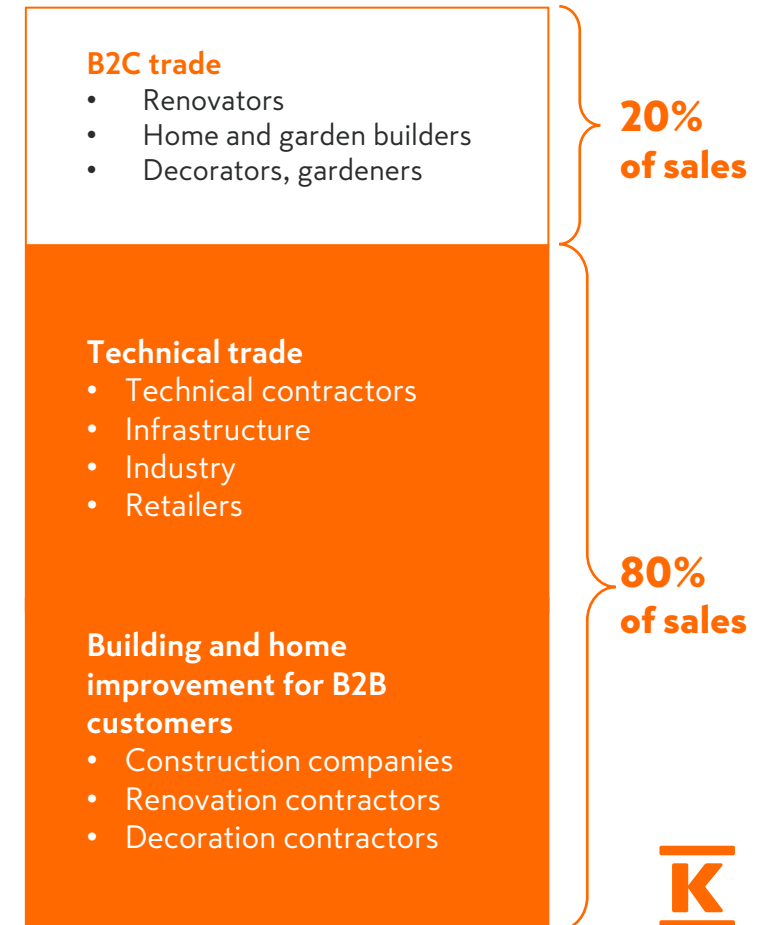
MARKET AND OPERATING ENVIRONMENT

- Construction and renovation activity has continued high in Northern Europe
- Growth comes from B2B trade
- Volumes down in B2C trade, returning to normal pre-pandemic levels
- Rise in prices causing the market to grow
- Rising interest rates are expected to affect the construction market
- Prolonged war and resulting issues with energy prices and availability increase uncertainty
- Green transition underpinning demand

CONSTRUCTION INCREASINGLY OUTSOURCED TO PROFESSIONALS

Kesko's sales 80% B2B, 20% consumers

- Construction and renovation have become increasingly technical and subject to tighter regulation: as a result, they are increasingly outsourced to professionals
- Green transition growing the market: energy production, e-mobility, home energy efficiency etc.
- Plenty of repair debt in buildings and infrastructure, renovation continues to grow
- Kesko's position in B2B trade is strong in all operating countries
- Good, versatile services for consumers important also going forward



SERVING THREE CUSTOMER SEGMENTS ACCORDING TO LOCAL CUSTOMER NEEDS

Technical professionals



- Technical contractors
- Infrastructure
- Industry
- Retailers
- Renovation 40%, new build is 60% of technical trade business



Professional builders



- Construction companies
- Renovation contractors
- Decoration contractors
- Renovation 60%, new build is 40% of the professional builder business



Consumers



- Renovators
- Home and garden builders
- Decorators
- Gardeners



80% of sales

20% of sales

GOOD PERFORMANCE IN ALL OPERATING COUNTRIES HAS YIELDED RECORD RESULTS

COMPARABLE OPERATING PROFIT 2021 AND 2020



€180.7 million



€126.5 million

Strong market leader in Finland

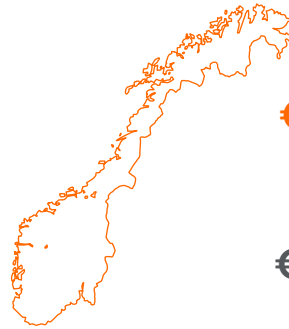


€30.5 million



€15.4 million

Good position achieved in Sweden – further growth potential

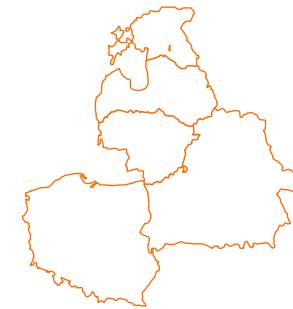


€70.4 million



€29.5 million

Position in Norway has strengthened considerably – still further room for growth



Profit improved in all countries

Market leader in the Baltics. Onninen holds a strong position in Poland.

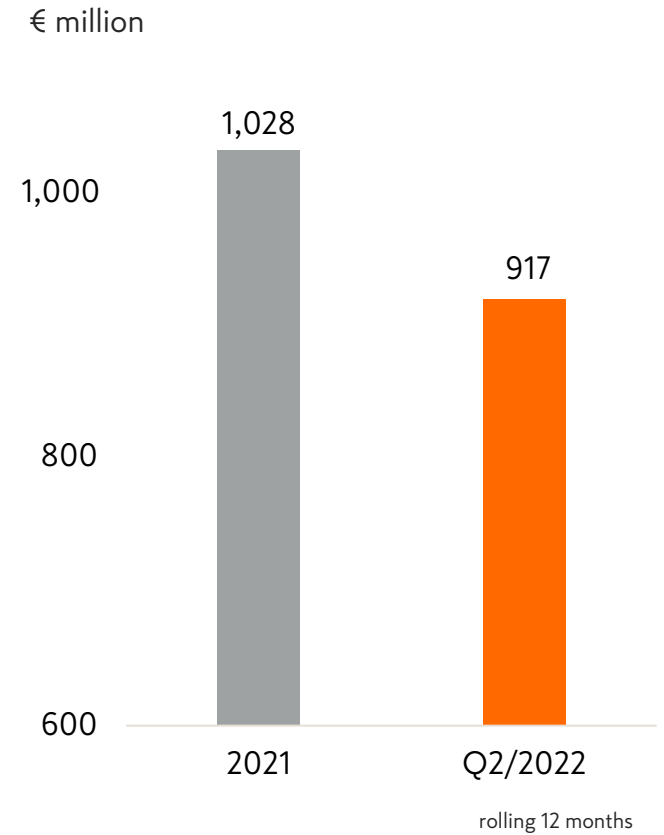
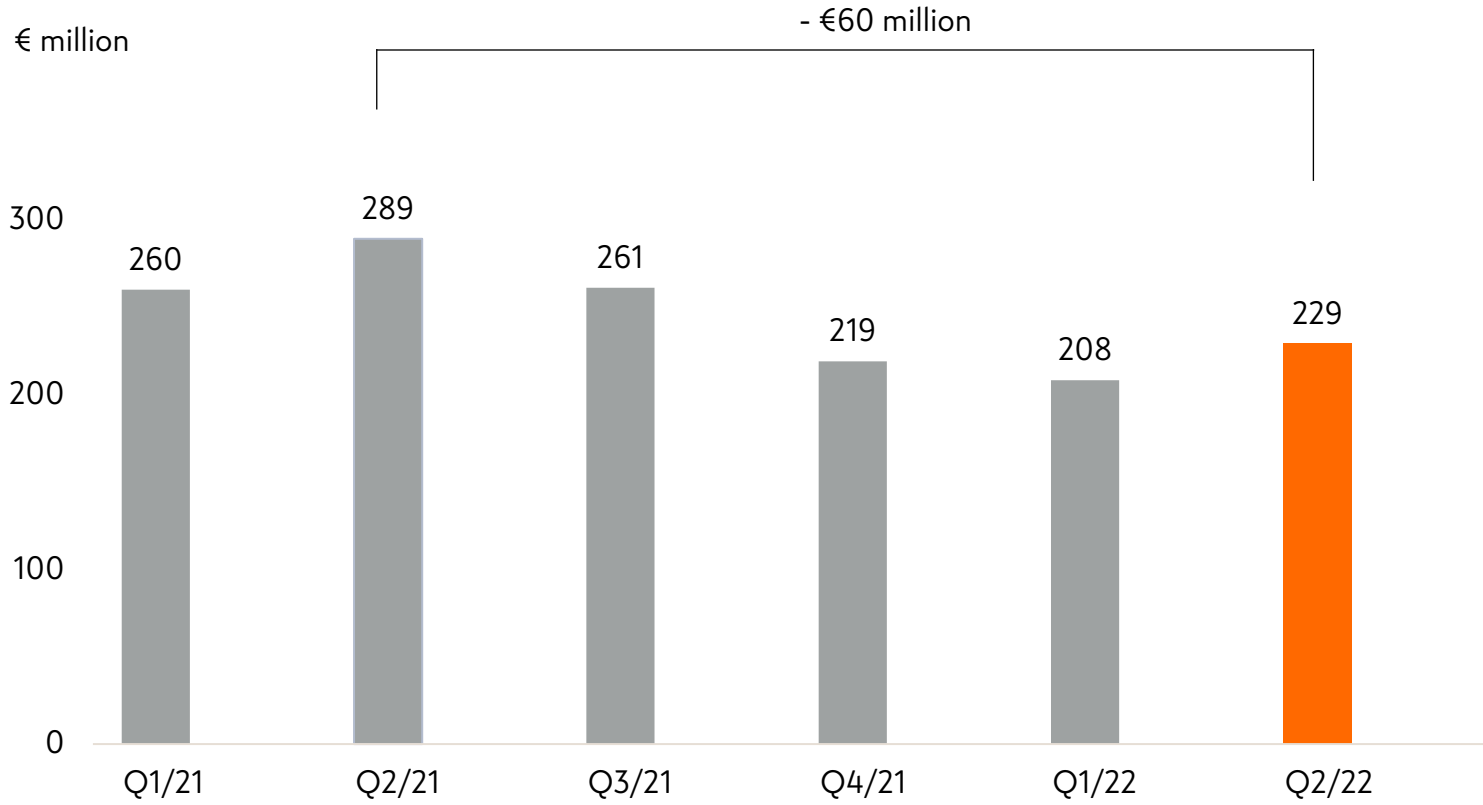


CAR TRADE

**ACTIVE MEASURES IN
ALL CAR TRADE AREAS RESULTED IN
IMPROVED PROFITABILITY**

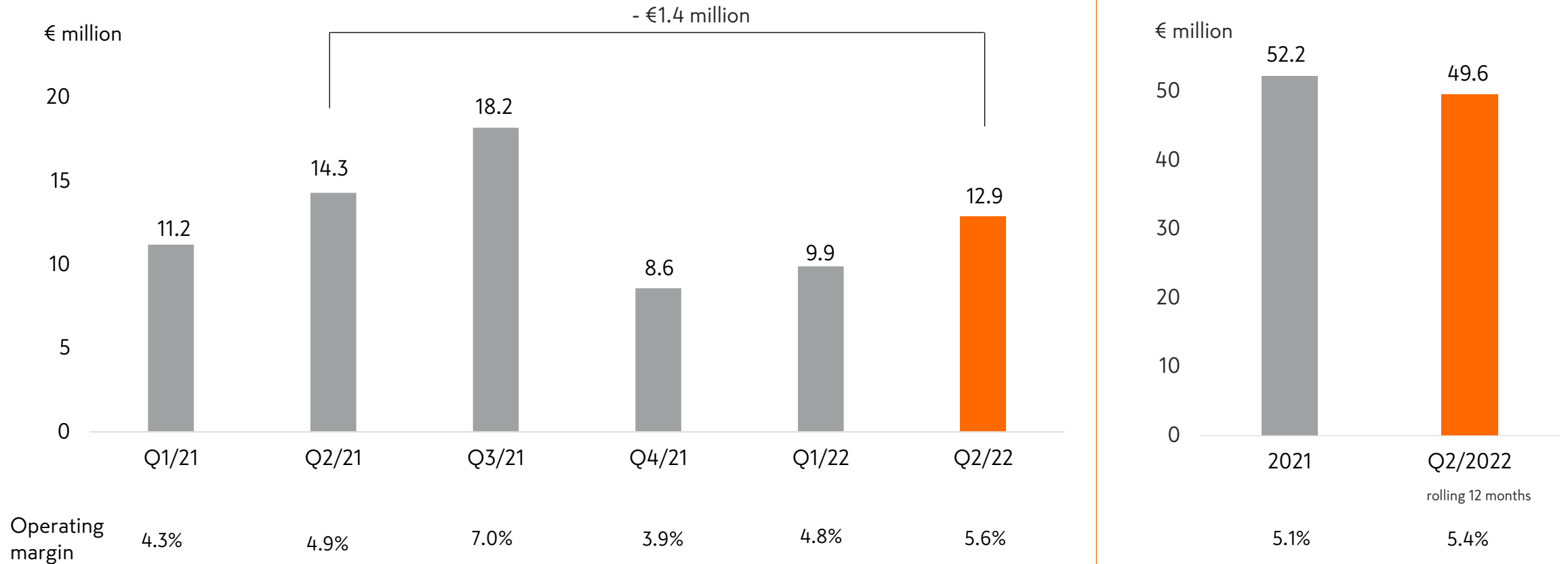
CAR TRADE

NET SALES DOWN BY 20.6%



CAR TRADE

OPERATING PROFIT €12.9 MILLION



GOOD RESULT IN A DIFFICULT MARKET

- Net sales down due to availability issues with new cars
- Sales continued strong despite the availability issues, order book at a record level
- Profitability boosted by sales margin growth and cost-efficiency
- Measures to grow the used car business proceeding according to plan
- Net sales for the service business grew and profitability improved
- K Charge network growing, charging has more than doubled in a year



MARKET AND OPERATING ENVIRONMENT

- Car trade registrations down due to availability issues, used car sales also down
- Service business demand stable, charging services growing
- Share of electric and hybrid cars of passenger car sales growing fast, tax breaks and rise in fuel prices accelerating demand
- Component shortages and the war in Ukraine adversely affecting car availability globally
- Issues related to energy prices and availability in Europe increasing uncertainty regarding new car production

BETTER PROFITABILITY THROUGH TRANSFORMATION

Significant profit improvement potential once car availability returns to normal levels

- All operations turned to profit: new cars, used cars, and services
- New cars: the most extensive and versatile selection of low-emission electric, hybrid and combustion engine vehicles by the Volkswagen Group
- Used cars: growing the business profitably
- Service business: revamping operations, continuous improvement of customer experience
- Better management of sales, customer service, and operations
- Digitalisation of sales and internal processes, data-driven management
- Better utilisation of synergies and customer relationships with the other divisions



SUMMARY AND GUIDANCE

**KESKO'S QUARTER-RESULT HAS IMPROVED ON
ITS COMPARISON PERIOD FOR 13 CONSECUTIVE QUARTERS**

**THE IMPACT OF THE PANDEMIC ON KESKO'S BUSINESSES
HAS CLEARLY DIMINISHED**

**THE RECORD RESULT IS A STRONG INDICATION THAT
OUR STRATEGY IS WORKING AND PEOPLE IN K GROUP ARE DOING
AN EXCELLENT JOB UNDER CHANGING CIRCUMSTANCES**

GUIDANCE FOR 2022

Kesko estimates that its 2022 comparable operating profit will be in the range of €750 – 840 million.

Previous estimate for 2022 comparable operating profit was €730 – 840 million.

Comparable operating profit in 2021 was €776 million.



**FOR SHOPPING
TO BE FUN**

