KESKO

Q4 2012

Kesko corporation

FINANCIAL STATEMENTS RELEASE

January–December 2012

KESKO'S FINANCIAL STATEMENTS RELEASE FOR THE PERIOD 1 JAN. 2012 TO 31 DEC. 2012

Financial performance in brief:

- *The Group's net sales for January-December increased by 2.4%.*
- *The retail and B2B sales (excl. VAT) of the K-Group (i.e. Kesko and chain stores) for January-December increased by 2.9%*
- *The operating profit excluding non-recurring items was €234.7 million (€278.9 million).*
- *The Board proposes a dividend of €1.20 per share.*
- *The future outlook has been changed. The Kesko Group's net sales for 2013 are expected to match the level of the previous year. As a result of measures taken to enhance business operations and cost savings, the operating profit excluding non-recurring items for 2013 is expected to exceed the operating profit excluding non-recurring items for 2012, unless the overall consumer demand significantly weakens. The capital expenditure for 2013 is expected to be lower compared to the capital expenditure for the previous year.*

KEY PERFORMANCE INDICATORS

	1-12/2012	1-12/2011	10-12/2012	10-12/2011
Net sales, € million	9,686	9,460	2,459	2,481
Operating profit excl. non-recurring items, € million	234.7	278.9	71.8	71.5
Operating profit, € million	216.7	280.6	52.7	72.8
Profit before tax, € million	215.2	282.1	53.0	74.0
Capital expenditure, € million	378.3	425.4	103.8	104.5
Earnings per share, diluted, €	1.30	1.84	0.24	0.51
Earnings per share excl. non-recurring items, basic, €	1.50	1.84	0.45	0.50

	31.12.2012	31.12.2011
Equity ratio, %	52.5	53.9
Equity per share, €	22.43	22.20

FINANCIAL PERFORMANCE

NET SALES AND PROFIT FOR JANUARY-DECEMBER 2012

The Group's net sales in January-December 2012 were €9,686 million, which is 2.4% up on the corresponding period of the previous year (€9,460 million). In Finland, net sales increased by 1.0% and in other countries by 9.0%. International operations accounted for 18.2% (17.1%) of the net sales. Net sales grew in the food trade, the home and speciality goods trade and the building and home improvement trade.

The operating profit excluding non-recurring items for January-December was €234.7 million (€278.9 million), representing 2.4% (2.9%) of net sales. The profit performance was affected by several new store openings, higher level of costs and the expansion of Russian business operations. In addition, profitability was negatively impacted by a total write-off of €6 million related to personnel reductions. The operating profit excluding non-recurring items includes a €12 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio.

Operating profit was €216.7 million (€280.6 million). The operating profit includes a €-18.0 million (€1.7 million) net amount of non-recurring items. The non-recurring items include an impairment charge of €-23.4 million on Anttila's goodwill and a €21.3 million reversal of the impairment of Indoor's brands. In addition, non-recurring expenses in a total of €-16.8 million were recognised for restructuring Musta Pörssi's business operations. The Group's profit before tax for January-December was €215.2 million (€282.1 million).

The Group's earnings per share were €1.30 (€1.84). The Group's equity per share was €22.43 (€22.20).

In January-December, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €12,107 million, up 2.9% compared to the previous year. In January-December, the K-Group chains' sales entitling to K-Plussa points were €5,876 million excluding tax, up 3.2% compared to the previous year. The K-Plussa customer loyalty programme gained 93,285 new households in January-December. At the end of December, there was 2,219,516 K-Plussa households and over 3.8 million K-Plussa cardholders.

1-12/2012	Net sales, € million	Change, %	Operating profit excl. non- recurring items, € million	Change, € million
Food trade	4,311	+3.1	168.4	-3.8
Home and speciality goods trade	1,603	+2.5	19.8	-16.8
Building and home improvement trade	2,827	+4.1	13.6	-13.0
Car and machinery trade	1,114	-5.1	42.1	-9.7
Common operations and eliminations	-169	-3.9	-9.3	-0.9
Total	**9,686**	**+2.4**	**234.7**	**-44.2**

NET SALES AND PROFIT FOR OCTOBER-DECEMBER 2012

The Group's net sales in October-December were €2,459 million, which is 0.9% down on the corresponding period of the previous year (€2,481 million). Net sales decreased by 2.6% in Finland and increased by 8.4% in the other countries.

International operations accounted for 17.1% (15.6%) of the net sales. In the fourth quarter, net sales growth rate fell due to a decrease in the car trade net sales after the car tax change, a decrease in the net sales of the home and speciality goods trade, and a fall in the growth rate of the building and home improvement trade and the food trade.

The operating profit excluding non-recurring items for October-December was €71.8 million (€71.5 million), representing 2.9% of net sales (2.9%). The operating profit excluding non-recurring items was negatively impacted by a fall in the growth rate of sales, the expansion of the store site network and Russian business operations, in addition to the €6 million write-off related to personnel reductions. The operating profit excluding non-recurring items includes a €15 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio.

10-12/2012	Net sales, € million	Change, %	Operating profit excl. non- recurring items, € million	Change, € million
Food trade	1,132	+2.2	45.0	6.4
Home and speciality goods trade	487	-2.8	32.4	-0.6
Building and home improvement trade	657	+0.1	-10.8	-6.3
Car and machinery trade	227	-13.7	4.7	-2.2
Common operations and eliminations	-45	-6.8	0.5	3.1
Total	**2,459**	**-0.9**	**71.8**	**0.3**

Operating profit was €52.7 million (€72.8 million). The operating profit includes a €-19.1 million net amount of non-recurring items. The operating profit of the comparative period included €1.3 million of non-recurring items. The Group's profit before tax for October-December was €53.0 million (€74.0 million).

The Group's earnings per share were €0.24 (€0.51).

In October-December, the K-Group's (i.e. Kesko's and the chain stores') retail and B2B sales (VAT 0%) were €3,100 million, up 0.3% compared to the previous year. In October-December, the K-Group chains' sales entitling to K-Plussa points were €1,553 million excluding tax, up 0.8% compared to the previous year.

FINANCE

In January-December, the cash flow from operating activities was an excellent €381.7 million (€215.7 million). The cash flow from investing activities was €-390.7 million (€-441.1 million). It included a €24.5 million (€8.2 million) amount of proceeds from the sale of fixed assets.

The Group's liquidity remained at a strong level. In September, a €250 million bond was issued to finance the Group's capital expenditure and to extend the debt financing structure. At the end of the period, liquid assets totalled €489 million (€367 million). Interest-bearing liabilities were €624 million (€400 million) and interest-bearing net debt €135 million (€33 million) at the end of December. Equity ratio was 52.5% (53.9%) at the end of the period.

In January-December, the Group's net finance costs were €0.6 million (net finance income €0.8 million).

In October-December, the cash flow from operating activities was €174.0 million (€46.6 million). The cash flow from investing activities was €-115.7 million (€-110.1 million). It included a €1.9 million (€2.0 million) amount of proceeds from the sale of fixed assets.

In October-December, the Group's net finance income was €1.1 million (net finance income €0.8 million), which included a €3.8 million amount of interest in cooperative capital from Suomen Luotto-osuuskunta.

TAXES

The Group's taxes for January-December were €75.8 million (€85.2 million). The effective tax rate was 35.2% (30.2%), affected by loss-making foreign operations.

The Group's taxes for October-December were €27.1 million (€18.7 million). The effective tax rate was 51.2% (25.3%).

CAPITAL EXPENDITURE

In January-December, the Group's capital expenditure totalled €378.3 million (€425.4 million), or 3.9% (4.5%) of net sales. Capital expenditure in store sites was €310.0 million (€361.4 million), in IT €21.7 million (€20.4 million) and other capital expenditure was €46.6 million (€21.8 million). Capital expenditure in foreign operations represented 22.9% (31.7%) of total capital expenditure.

In October-December, the Group's capital expenditure totalled €103.8 million (€104.5 million), or 4.2% (4.2%) of net sales. Capital expenditure in store sites was €71.2 million (€88.6 million) and other capital expenditure was €32.6 million (€15.2 million). Capital expenditure in foreign operations represented 31.7% (18.5%) of total capital expenditure.

KESKO'S STRATEGIC FOCUS AREAS AND PROFITABILITY PROGRAMME

The key focus areas in Kesko's business operations are to strengthen sales growth and the return on capital in all divisions, to exploit business opportunities in e-commerce and in Russia, and to maintain good solvency and dividend payment capacity.

As a result of weakened general economic situation, tightened competition and an increase in the level of costs, Kesko is implementing the profitability programme announced previously, which aims to ensure price competitiveness and to improve profitability. The profitability programme includes significant measures aimed to increase sales, to enhance purchasing operations and to adjust costs, working capital and capital expenditures.

The Group level cost saving target is a total of around €100 million. Cost savings will be implemented in all divisions and in all operating countries. Most of the cost savings are expected to be achieved in 2013. The measures for staff cost enhancement have been implemented as announced previously, and the reduction of labour in the whole Group is 885 person-years, of which 486 in Finland. In addition to terminations, the reductions include reduced working hours and retirement arrangements. Other significant savings will be implemented by adjusting especially marketing and store site expenses and by centralising ICT purchases. In addition, special enhancement measures will be targeted at operations with poor profitability. The number of personnel in Rautakesko's foreign operations will be adjusted by some 400 person-years, Anttila's chain concepts will be reformed and costs will be adjusted, an e-commerce based operating model will be implemented for Musta Pörssi and its store site network will be strongly adjusted. The chain concept of Intersport's business operations in Russia will be reformed and unprofitable store sites will be closed.

In the next few years, capital expenditure will be aligned with funds generated from operations to some €200-300 million per year.

PERSONNEL

In January-December, the average number of employees in the Kesko Group was 19,741 (18,960) converted into full-time employees. In Finland, the average increase was 170 people, while outside Finland, it was 611.

At the end of December 2012, the total number of employees was 24,031 (23,375), of whom 13,229 (13,124) worked in Finland and 10,802 (10,251) outside Finland. Compared to the end of December 2011, there was an increase of 105 people in Finland and 551 people outside Finland.

In January-December, the Group's staff cost was €602.9 million, an increase of 5.7% compared to the previous year. The staff cost for October-December decreased by 0.8% compared to the previous year and was €155.0 million. The staff cost for the last quarter was reduced by a €15 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio.

SEGMENT INFORMATION

SEASONAL NATURE OF OPERATIONS

The Group's operating activities are affected by seasonal fluctuations. The net sales and operating profits of the reportable segments are not earned evenly throughout the year. Instead, they vary by quarter depending on the characteristics of each segment.

FOOD TRADE

	1-12/2012	1-12/2011	10-12/2012	10-12/2011
Net sales, € million	4,311	4,182	1,132	1,108
Operating profit excl. non- recurring items, € million	168.4	172.2	45.0	38.6
Operating profit as % of net sales excl. non-recurring items	3.9	4.1	4.0	3.5
Capital expenditure, € million	200.0	221.5	43.3	62.3

Net sales, € million	1-12/2012	Change, %	10-12/2012	Change, %
Sales to K-food stores	3,327	+2.4	877	+0.6
Kespro	787	+6.3	203	+7.9
Others	197	+3.3	53	+7.9
Total	**4,311**	**+3.1**	**1,132**	**+2.2**

JANUARY-DECEMBER 2012

In the food trade, the net sales for January-December were €4,311 million (€4,182 million), up 3.1%. During the same period, the grocery sales of K-food stores increased by 3.9% (VAT 0%). The sales of Pirkka products grew by 11.8% (VAT 0%). In the grocery market, retail prices are estimated to have changed by some 5% compared to the previous year (VAT 0%, Kesko's own estimate based on the Consumer Price Index of Statistics Finland), and the total market (VAT 0%) is estimated to have grown by some 5% in January-December compared to the previous year (Kesko's own estimate).

In January-December, the operating profit excluding non-recurring items of the food trade was €168.4 million (€172.2 million), or €3.8 million down on the previous year. The operating profit performance was impacted by the expansion of the store site network and costs related to launching business operations in Russia. Profitability improved towards the end of the year as a result of enhanced operations and cost adjustments. Operating profit was €171.1 million (€173.7 million). Non-recurring income included €2.7 million of gains on disposals of properties.

The capital expenditure of the food trade was €200.0 million (€221.5 million).

OCTOBER-DECEMBER 2012

In the food trade, the net sales for October-December were €1,132 million (€1,108 million), up 2.2%. The last quarter had one less delivery days than in the previous year. During the same period, the grocery sales of K-food stores increased by 2.6% (VAT 0%).

In October-December, the operating profit excluding non-recurring items of the food trade was €45.0 million (€38.6 million), or €6.4 million up on the previous year. Profitability improved towards the end of the year as a result of enhanced operations and cost adjustments. The costs for the reporting period were increased by the launch of business operations in Russia and costs related to personnel reductions. Operating profit was €45.0 million (€40.0 million).

The capital expenditure of the food trade for October-December was €43.3 million (€62.3 million).

In October-December 2012, the most significant new store openings included Kesko's first food store in Russia, opened in St. Petersburg, and one new K-citymarket and three K-supermarkets opened in Finland.

The most significant store sites being built in Finland are the new K-citymarkets in Kokkola and in the Puuvilla shopping centre in Pori. The objective in Russia is to open three new food stores in 2013.

Numbers of stores	2012	2011
K-citymarket	80	75
K-supermarket	210	205
K-market (incl. service station stores)	452	453
K-ruoka, Russia	1	-
Others	194	231

HOME AND SPECIALITY GOODS TRADE

	1-12/2012	1-12/2011	10-12/2012	10-12/2011
Net sales, € million	1,603	1,564	487	501
Operating profit excl. non-recurring items, € million	19.8	36.6	32.4	32.9
Operating profit as % of net sales excl. non-recurring items	1.2	2.3	6.7	6.6
Capital expenditure, € million	61.1	61.8	13.4	11.3

Net sales, € million	1-12/2012	Change, %	10-12/2012	Change, %
K-citymarket home and speciality goods	664	+3.4	206	-0.5
Anttila	468	-1.3	152	-6.5
Intersport, Finland	181	+6.9	55	+4.5
Intersport, Russia	28	-	8	+28.5
Indoor	184	+3.4	46	-1.8
Musta Pörssi	57	-22.3	16	-28.2
Kenkäkesko	23	+3.6	4	-2.1
Total	**1,603**	**+2.5**	**487**	**-2.8**

JANUARY-DECEMBER 2012

In the home and speciality goods trade, the net sales for January-December were €1,603 million (€1,564 million), up 2.5%. The sales of K-citymarket home and speciality goods, Intersport Finland, Budget Sport, as well as Asko and Sotka grew from the previous year. In addition, the sales performances of all online stores were positive. The sales of Anttila and Musta Pörssi decreased from the previous year.

The operating profit excluding non-recurring items of the home and speciality goods trade for January-December was €19.8 million (€36.6 million). Intersport Finland, Budget Sport, Asko and Sotka achieved positive profit performances. Profit was negatively impacted by a decrease in Anttila's sales and profitability, and the loss from Intersport's business operations in Russia. The operating profit excluding non-recurring items was positively impacted by a €8.7 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio. Operating profit was €0.3 million (€37.0 million). Non-recurring items include an impairment charge of €-23.4 million on Anttila's goodwill and a €21.3 million reversal of the impairment of Indoor's brands. In addition, a non-recurring expense of €-16.8 million was recognised for a significant adjustment of Musta Pörssi's store network. An online store has been established as Musta Pörssi's primary customer channel, supported by a limited network of stores operating in shopping centres.

The capital expenditure of the home and speciality goods trade for January-December was €61.1 million (€61.8 million).

OCTOBER-DECEMBER 2012

In the home and speciality goods trade, the net sales for October-December were €487 million (€501 million), down 2.8%. Intersport Finland, Budget Sport and Intersport in Russia increased their sales. E-commerce sales also increased. The sales of Anttila and Musta Pörssi decreased from the previous year.

The operating profit excluding non-recurring items of the home and speciality goods trade for October-December was €32.4 million (€32.9 million), or €0.6 million down on the previous year. The operating profit excluding non-recurring items was positively impacted by a €8.7 million amount recognised as revenue in connection with the transfer of the pension insurance portfolio. Profit was negatively impacted by a decrease in Anttila's sales and the loss-making Intersport operations in Russia, partly attributable to restructuring costs recognised for the adjustment of the store site network. Operating profit was €12.9 million (€32.9 million).

The capital expenditure of the home and speciality goods trade was €13.4 million (€11.3 million).

In October-December 2012, the most significant new store openings included one Kodin1 department store and one K-citymarket, as well as the citymarket.fi, mustaporssi.fi and kookenka.fi online stores.

Numbers of stores*	2012	2011
K-citymarket, home and speciality goods	81	75
Anttila department stores	32	31
Kodin1 department stores for home goods and interior decoration	13	11
Intersport	62	56
Budget Sport	10	8
Asko and Sotka	83	81
Musta Pörssi	32	35
Kookenkä	45	37
Anttila, Baltics (NetAnttila)	3	3
Intersport, Russia	29	36
Asko and Sotka, Baltics	10	9

**incl. online stores*

BUILDING AND HOME IMPROVEMENT TRADE

	1-12/2012	1-12/2011	10-12/2012	10-12/2011
Net sales, € million	2,827	2,716	657	657
Operating profit excl. non-recurring items, € million	13.6	26.6	-10.8	-4.4
Operating profit as % of net sales excl. non-recurring items	0.5	1.0	-1.6	-0.7
Capital expenditure, € million	63.1	109.8	20.7	20.6

Net sales, € million	1-12/2012	Change, %	10-12/2012	Change, %
Rautakesko, Finland	1,229	-0.3	273	-8.1
K-rauta, Sweden	214	-0.5	46	-5.9
Byggmakker, Norway	636	+7.4	145	+1.3
Rautakesko, Estonia	64	+7.0	16	+3.0
Rautakesko, Latvia	51	-2.9	13	-2.5
Senukai, Lithuania	266	+6.7	73	+7.3
Stroymaster, Russia	284	+19.6	70	+13.2
OMA, Belarus	87	+7.7	23	(..)
Total	**2,827**	**+4.1**	**657**	**+0.1**

JANUARY-DECEMBER 2012

In the building and home improvement trade, the net sales for January-December were €2,827 million (€2,716 million), up 4.1%. The sales of the building and home improvement trade increased especially in Russia, which was attributable to market growth, as well as a new store opened in Moscow during the year. The market growth rate of the building and home improvement trade fell during the last quarter in the other operating countries, especially in the Nordic countries.

In Finland, the net sales for January-December were €1,229 million (€1,233 million), a decrease of 0.3%. The building and home improvement product lines contributed €851 million to the net sales in Finland, a decrease of 4.6%. The agricultural supplies trade contributed €378 million to the net sales, up 10.8%.

The retail sales of the K-rauta and Rautia chains in Finland matched the previous year's level at €1,073 million (VAT 0%). The sales of Rautakesko B2B Service, mainly deriving from basic building materials, decreased by 7.5%. As a whole, the Rautakesko chains' retail and B2B sales performance is estimated to have exceeded that of the Finnish market. The retail sales of the K-maatalous chain were €463 million (VAT 0%), up 11.1%.

In January-December, the net sales from the foreign operations of the building and home improvement trade were €1,598 million (€1,483 million), an increase of 7.8%. In Sweden, net sales were down by 4.1% in terms of kronas. In Norway, net sales increased by 3.0% in terms of krones. In Russia, net sales increased by 16.8% and in Belarus, by 67.5% in terms of roubles. Foreign operations contributed 56.5% (54.6%) to the net sales of the building and home improvement trade.

The operating profit excluding non-recurring items of the building and home improvement trade for January-December was €13.6 million (€26.6 million). In addition to contracted sales towards the year end, profit performance was impacted by new store openings in Sweden and Russia, and write-offs on inventories, trade receivables and raised import duties. Operating profit was €11.9 million (€26.3 million).

In January-December, the capital expenditure of the building and home improvement trade totalled €63.1 million (€109.8 million), of which 51.4% (85.8%) abroad.

OCTOBER-DECEMBER 2012

In the building and home improvement trade, the net sales for October-December were €657 million (€657 million), up 0.1%. During the last quarter, the growth rate of building and home improvement market fell especially in the Nordic countries and Latvia. In Russia, sales growth continued, in St. Petersburg, the growth rate fell.

In Finland, net sales were €273 million (€297 million), a decrease of 8.1%. The building and home improvement product lines contributed €172 million to the net sales in Finland, a decrease of 15.0%. The agricultural supplies trade contributed €100 million to the net sales, up 6.7%.

In October-December, the retail sales of the K-rauta and Rautia chains in Finland decreased by 4.0% to €247 million (VAT 0%). The sales of Rautakesko B2B Service decreased by 23.2%. The retail sales of the K-maatalous chain were €133 million (VAT 0%), up 15.0%.

The net sales from foreign operations in the building and home improvement trade were €385 million (€360 million), an increase of 6.8%. The net sales from foreign operations grew by 1.8% in terms of local currencies. In Sweden, net sales were down by 11.0% in terms of kronas. In Norway, net sales decreased by 4.0% in terms of krones. In Norway, the chain agreements of two retailers expired at the end of 2012. Their contribution to Byggmakker's net sales slightly exceeded 20%. In Russia, net sales increased by 9.1% in terms of roubles and in Belarus, net sales increased by 61.5% in terms of roubles compared to 2011 due to high price increases. Foreign operations contributed 58.5% (54.9%) to the net sales of the building and home improvement trade.

The operating profit excluding non-recurring items of the building and home improvement trade for October-December was €-10.8 million (€-4.4 million). In addition to contracted sales towards the year end, profit performance was impacted by new store openings in Sweden and Russia, and write-offs on inventories, trade receivables, raised import duties and personnel reductions. Operating profit was €-10.8 million (€-4.5 million).

The capital expenditure of the building and home improvement trade totalled €20.7 million (€20.6 million), of which 50.4% (85.8%) abroad.

In October-December, two building and home improvement stores were opened in Belarus. In December, a K-rauta was closed in Helsingborg, Sweden and a K-rauta in Tallinn, Estonia. A replacement K-rauta is being built in Turku and a K-rauta in Moscow.

Numbers of stores	2012	2011
K-rauta*	42	41
Rautia*	99	106
K-maatalous*	83	88
K-rauta, Sweden	21	21
Byggmakker, Norway	106	110
K-rauta, Estonia	8	9
K-rauta, Latvia	8	8
Senukai, Lithuania	17	17
K-rauta, Russia	14	14
OMA, Belarus	9	6

**in 2012, 1 K-rauta store and 48 Rautia stores also operated as K-maatalous stores, in 2011, 1 K-rauta store and 49 Rautia stores also operated as K-maatalous stores*

CAR AND MACHINERY TRADE

	1-12/2012	1-12/2011	10-12/2012	10-12/2011
Net sales, € million	1,114	1,174	227	263
Operating profit excl. non-recurring items, € million	42.1	51.8	4.7	7.0
Operating profit as % of net sales excl. non-recurring items	3.8	4.4	2.1	2.6
Capital expenditure, € million	26.6	29.9	3.2	9.4

Net sales, € million	1-12/2012	Change, %	10-12/2012	Change, %
VV-Auto	790	-6.9	168	-17.3
Konekesko	325	-0.5	59	-2.4
Total	**1,114**	**-5.1**	**227**	**-13.7**

JANUARY-DECEMBER 2012

In January-December, the net sales of the car and machinery trade were €1,114 million (€1,174 million), down 5.1%.

VV-Auto's net sales for January-December were €790 million (€849 million), a decrease of 6.9% compared to the previous year, as a result of a decrease of the total market. In Finland, new registrations of passenger cars decreased by 11.8% and those of vans by 20.9% compared to the previous year. In January-December, the combined market share of passenger cars and vans imported by VV-Auto was 20.2% (20.7%). Volkswagen was the best selling passenger car and van brand in Finland in 2012.

Konekesko's net sales for January-December were €325 million (€326 million), down 0.5% compared to the previous year. Net sales in Finland were €211 million, down 3.6%. The net sales from Konekesko's foreign operations were €116 million, up 4.9%.

In January-December, the operating profit excluding non-recurring items of the car and machinery trade was €42.1 million (€51.8 million), down €9.7 million. Regardless of the sales decrease, profitability remained at a good level. The operating profit for January-December was €42.1 million (€51.9 million).

The capital expenditure of the car and machinery trade for January-December was €26.6 million (€29.9 million).

OCTOBER-DECEMBER 2012

In October-December, the net sales of the car and machinery trade were €227 million (€263 million), down 13.7%.

VV-Auto's net sales for October-December were €168 million (€203 million), a decrease of 17.3%. The sales decrease of the car trade was attributable to more difficult conditions in the market for passenger cars and vans. In October-December, the combined market share of passenger cars and vans imported by VV-Auto was 19.8% (21.6%).

Konekesko's net sales for October-December were €59 million (€61 million), down 2.4% compared to the previous year.

In October-December, the operating profit excluding non-recurring items of the car and machinery trade was €4.7 million (€7.0 million), down €2.2 million compared to the previous year. Profitability was weakened by the sales decrease of the car trade. The operating profit for October-December was €4.7 million (€7.0 million).

The capital expenditure of the car and machinery trade in October-December was €3.2 million (€9.4 million).

Numbers of stores	2012	2011
VV-Auto, retail trade	10	9
Konekesko	1	2

CHANGES IN THE GROUP COMPOSITION

No significant changes took place in the Group composition during the reporting period.

SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of December 2012, the total number of Kesko Corporation shares was 98,712,340, of which 31,737,007, or 32.2%, were A shares and 66,975,333, or 67.8%, were B shares. At 31 December 2012, Kesko Corporation held 608,591 own B shares as treasury shares, the subsidiaries do not hold Kesko Corporation shares. Treasury shares account for 0.91% of the number of B shares and 0.62% of the total number of shares, and 0.16% of votes carried by all shares of the company. Each A share entitles to ten (10) votes and each B share to one (1) vote. The company cannot vote with treasury shares and no dividend is paid on them. At the end of December 2012, Kesko Corporation's share capital was €197,282,584. During the reporting period, the number of B shares was increased five times to account for the shares subscribed for with the options based on the 2007 option scheme. The increases were made on 5 June 2012 (4,500 B shares), 31 July 2012 (600 B shares), 30 October 2012 (26,038 B shares), 28 November 2012 (17,550 B shares) and 27 December 2012 (18,610 B shares) and announced in stock exchange notifications on the same days. The shares subscribed for were listed for public trading on NASDAQ OMX Helsinki (Helsinki Stock Exchange) with the old B shares on 6 June 2012, 1 August 2012, 31 October 2012, 29 November 2012 and 28 December 2012. The combined subscription price of €962,365.02 received by the company was recorded in the reserve of invested non-restricted equity.

The price of a Kesko A share quoted on NASDAQ OMX Helsinki was €24.82 at the end of 2011, and €24.39 at the end of December 2012, representing a decrease of 1.7%. Correspondingly, the price of a B share was €25.96 at the end of 2011, and €24.77 at the end of December 2012, representing a decrease of 4.6%. In January-December, the highest A share price was €27.65 and the lowest was €19.99. For B share, they were €27.81 and €18.08 respectively. In January-December, the Helsinki stock exchange (OMX Helsinki) All-Share index was up by 8.3% and the weighted OMX Helsinki CAP index by 9.6%. The Retail Index was down by 0.8%.

At the end of December 2012, the market capitalisation of A shares was €774 million, while that of B shares was €1,644 million, excluding the shares held by the parent company. The combined market capitalisation of A and B shares was €2,418 million, a decrease of €89 million from the end of 2011. In 2012, a total of 2.3 (2.1) million A shares were traded on the Helsinki stock exchange, up 8.3%. The exchange value of A shares was €57 million. The total number of B shares traded was 68.5 (63.3) million, up 8.2%. The exchange value of B shares was €1,560 million. The Helsinki stock exchange accounted for 76% of all trading in Kesko shares in 2012. In addition, Kesko shares were traded on multilateral trading facilities, the most significant of which were BATS Chi-X with 20% and Turquoise with 4% (source: Fidessa).

The company operates the 2007 option scheme for management and other key personnel, under which the share subscription period of 2007A share options has expired, that of 2007B share options runs from 1 April 2011 to 30 April 2013, and that of 2007C share options runs from 1 April 2012 to 30 April 2014. The 2007B and 2007C share options are included on the official list of the Helsinki stock exchange. During the reporting period, a total of 501,899 2007B share options were traded at a total value of €1,198,991, and correspondingly, a total of 250,729 2007C share options were traded at a total value of €2,435,669.

The Board has the authority, granted by the Annual General Meeting of 16 April 2012 and valid until 30 June 2015, to issue a total maximum of 20,000,000 new B shares. In addition, the Board has the authority, granted by the Annual General Meeting of 4 April 2011 and valid until 30 June 2014, to decide on the issuance of a total maximum of 1,000,000 own B shares held by the company itself. The authority granted by the Annual General Meeting of 4 April 2011 to acquire a total maximum of 1,000,000 own B shares expired on 30 September 2012. Based on the authority to issue own shares and the fulfilment of the vesting criteria of the 2011 vesting period of Kesko's three-year share-based compensation plan, the Board granted a total of 92,751 company shares held by the company itself to the persons included in the target group. The matter was announced in a stock exchange release on 12 April 2012. After the vesting period, a total of 1,342 shares already transferred have been returned to the company in accordance with the terms of the share-based compensation plan. The returns were announced in stock exchange notifications on 20 July 2012 and 9 November 2012. Further information on the Board's authorities is available at www.kesko.fi.

At the end of December 2012, the number of shareholders was 44,554, which is 3,339 more than at the end of 2011. At the end of December, foreign ownership of all shares was 18%. At the end of December, foreign ownership of B shares was 27%.

FLAGGING NOTIFICATIONS

Kesko Corporation did not receive flagging notifications during the reporting period.

MAIN EVENTS DURING THE REPORTING PERIOD

The second phase of the transfer of the Kesko Group companies' statutory pension insurance liability portfolio, agreed between the Kesko Pension Fund and Ilmarinen Mutual Pension Insurance Company, was carried out with effect from 1 January 2012. (Stock exchange release on 15 February 2012)

On 12 April 2012, Kesko transferred a total of 90,889 own B shares held by the company itself to the about 150 Kesko management employees and other named key persons included in the target group of the 2011 vesting period of Kesko's three-year share-based compensation plan. In addition, on the same basis, Kesko transferred a total of 1,862 own B shares held by the company itself in May. After the transfers, the company itself held 607,249 own B shares. (Stock exchange release on 12 April 2012).

On 11 September 2012, Kesko Corporation issued a €250 million unsecured bond. The six-year bond will mature on 11 September 2018 and it carries a fixed annual interest at the rate of 2.75 percent. NASDAQ OMX Helsinki admitted the bond to public trading as from 12 September 2012. (Stock exchange release on 4 and 11 September 2012).

Matti Mettälä, 49, Master of Laws, was appointed Senior Vice President and member of Kesko's Corporate Management Board responsible for human resources and stakeholder relations starting from 1 October 2012. Starting from 1 October 2012, Kesko's Corporate Management Board is composed of Matti Halmesmäki, Chair; Terho Kalliokoski, responsible for the food trade; Minna Kurunsaari, responsible for the home and speciality goods trade and Kesko's electronic marketing and services projects; Arja Talma, responsible for the building and home improvement trade; Pekka Lahti, responsible for the car and machinery trade; Jukka Erlund, responsible for finance, treasury and IT management; and Matti Mettälä, responsible for human resources and stakeholder relations. (Stock exchange release on 21 September 2012)

Kesko's profitability programme is progressing. The objective is to achieve cost savings of €100 million. Most of the savings are expected to be achieved in 2013. The profitability programme covers all of Kesko's divisions. The aim is to reduce especially marketing, personnel, rent and information system expenses. (Stock exchange release on 24 September 2012)

The Financial Supervisory Authority gave its permission to the Kesko Pension Fund to return the surplus assets accumulated in its department B, which managed the pension fund's statutory pension insurance provision, to the Kesko Group companies. The surplus returned from the pension fund to the Group companies generated a cash inflow of approximately €71 million. (Stock exchange release on 14 December 2012).

RESOLUTIONS OF THE 2012 ANNUAL GENERAL MEETING AND DECISIONS OF THE BOARD'S ORGANISATIONAL MEETING

Kesko Corporation's Annual General Meeting, held on 16 April 2012, adopted the financial statements for 2011 and discharged the Board members and the Managing Director from liability. The General Meeting also resolved to distribute €1.20 per share as dividends on 98,035,931 shares held outside the company at the date of dividend distribution, or a total amount of €117,643,117.20. The dividend pay date was 26 April 2012. The General Meeting resolved to leave the number of Board members unchanged at seven and elected Esa Kiiskinen, Ilpo Kokkila, Tomi Korpisaari, Maarit Näkyvä, Seppo Paatelainen, Toni Pokela and Virpi Tuunainen as Board members for a three-year term of office as stated in the Articles of Association. The General Meeting elected PricewaterhouseCoopers Oy as the company's auditor, with Johan Kronberg, APA, as the company's auditor with principal responsibility. The General Meeting also approved the Board's proposal to issue a total maximum of 20,000,000 new B shares until 30 June 2015, and the Board's proposal that it be authorised until the 2013 Annual General Meeting to decide on the donation of a total maximum of €300,000 for charitable or corresponding purposes.

The organisational meeting of Kesko Corporation's Board of Directors, held after the Annual General Meeting, elected Esa Kiiskinen as its Chair and Seppo Paatelainen as its Deputy Chair. The Board elected Maarit Näkyvä as the Chair, Seppo Paatelainen as the Deputy Chair and Virpi Tuunainen as a member of the Audit Committee, and Esa Kiiskinen as the Chair, Seppo Paatelainen as the Deputy Chair and Ilpo Kokkila as a member of the Remuneration Committee. The Board elects the Board Chair and Deputy Chair for the whole three-year term of a Board member, and the Committee Chairs, Deputy Chairs and members for one year at a time.

The resolutions of the Annual General Meeting and the decisions of the Board's organisational meeting were announced in more detail in stock exchange releases on 16 April 2012.

RESPONSIBILITY

In January 2012, Kesko was included on 'The Global 100 Most Sustainable Corporations in the World' list for the eighth time.

In February, World Finance Magazine recognised Kesko for the best corporate governance in Finland in terms of development and reporting for a second successive year.

In March, the US Ethisphere Institute listed Kesko as one of the World's Most Ethical Companies for 2012.

Kesko's Board of Directors granted scholarships in a total of €41,000 to talented young athletes and art students.

For the tenth time, Kesko was included in the Dow Jones sustainability indexes DJSI World and DJSI Europe. Kesko's total score increased from the previous year and Kesko was given the highest scores in four areas in its sector.

Kesko was again included in the FTSE4Good index. Kesko's overall rating for 2012 was 96 out of 100, which is four points up from the previous year. The score given to Kesko's work for curbing climate change was 5 on the scale of 0-5.

Kesko was included in the STOXX Global ESG Leaders index for the second time. Kesko is also one of the 100 companies on SSP Fonder's list of the world's 100 most responsible companies.

In October, Kesko was awarded the highest score in the Consumer Staples sector in the assessment by the Nordic Carbon Disclosure Leadership climate index. Kesko was included in the index for a second successive year.

RISK MANAGEMENT

Kesko's risk management is proactive and an integral part of its management and day-to-day activities. The objective of risk management is to ensure the delivery of customer promises, profit performance, dividend payment capacity, shareholder value, the implementation of responsible operating practices and the continuity of operations in the Kesko Group.

Risk management in the Kesko Group is guided by the risk management policy confirmed by the Board of Directors. The policy defines the objectives and principles, organisation, responsibilities and practices of risk management in the Kesko Group. The management of financial risks is based on the Group's finance policy, which is confirmed by Kesko's Board of Directors. The business division and Group managements are responsible for the execution of risk management.

The Kesko Group applies a business-oriented and comprehensive approach to risk assessment and management. This means that key risks are systematically identified, assessed, managed, monitored and reported at the Group, division, company and unit levels in all operating countries.

Kesko has a uniform risk assessment and reporting system. Risk identification is based on business objectives and opportunities and the defined risk appetite. Risks are prioritised on the basis of their significance by assessing the impact and probability of their materialisation and the level of risk management. When assessing the impact of materialisation, the impacts on reputation, people's wellbeing and the environment are considered in addition to financial impacts.

In connection with the strategy process, the divisions assess the risks and opportunities concerning each strategic period. Near-future risks are identified and assessed in accordance with the rolling planning framework. Risk assessment also covers the risks concerning each division's subsidiaries and significant projects.

A division's risk assessment, which includes risk management responses, responsible persons and schedules, is considered by the division's management board or the division parent company's Board quarterly prior to the disclosure of the interim report. The Group functions also assess the risks concerning their responsibility areas.

Risks and management responses are reported in accordance with Kesko's reporting responsibilities. The divisions report on risks and changes in risks to the Group's risk management function on a quarterly basis. Risks are discussed by the risk reporting team including representatives of the divisions and the Group functions. On that basis, the Group's risk management function prepares the Group's risk map, which presents the most significant risks and uncertainties and their management.

The Group's risk map is considered by the Kesko Board's Audit Committee in connection with considering the quarterly interim reports and the financial statements. The Chair of the Audit Committee reports on risk management to the Board as part of the Audit Committee's report. The Kesko Board considers the Kesko Group's most significant risks and uncertainties and their management responses, and assesses the efficiency and performance of risk management at least once a year. The most significant risks and uncertainties are reported to the market by the Board in the financial statements, and any material changes in them in the interim reports.

The following describes the risks and uncertainties assessed as significant.

SIGNIFICANT RISKS AND UNCERTAINTIES

A possible further weakening of economic development, increases in taxes and public payments resulting from the indebtedness of the public sector, coupled with increasing unemployment will weaken purchasing power and consumer confidence, in addition to negatively impacting especially the home and speciality goods trade, the building and home improvement trade and the car and machinery trade. In the food trade, the impacts can be seen in consumption moving towards more affordable alternatives.

E-commerce and e-services are becoming increasingly popular in the retail trade. International e-commerce increases consumers' alternatives at the same time when buying and marketing of products and services become more personalised and increasingly take place online. Buying decisions are increasingly often made based on online information. The achievement of objectives requires attractive e-services and retail websites, utilisation of a multi-channel approach and electronic customer communications to support it. The risk is that the progress of our e-commerce and e-service development projects is outpaced by competitors, or that competing online stores and e-services are more attractive to customers.

As part of capital expenditure prioritisation, Kesko has specified its expansion plans in Russia for the food trade, the building and home improvement trade and the sports trade. The key in expansion is to succeed in the acquisition and building of well located store sites, the development of store concepts, purchasing operations and logistics, as well as the recruitment of key personnel. The country risks in Russia, such as corruption, unpredictability of officials and rapid changes in laws and their application, coupled with unexpected changes in the operating environment can delay the expansion and make business operations more difficult.

The implementation of changes in business operations requires increasingly sophisticated management and control systems and information systems supporting them. Rautakesko's expansion abroad, for example, and the adoption of a uniform selection management, and the integration of K-citymarket home and speciality goods and Anttila with related changes in business operations are long-term projects. Failures in change management, technological choices and the adoption of new operating models and systems would delay the implementation of changes in business operations.

The regulations on the food trade are tightening. Public discussion about food prices and the position of operators in the supply chain has increased. Increasing regulations restricting competitive trading conditions are being imposed in Finland and also by the European Union. Such a development can weaken the trading sector's possibilities to serve customers and operate efficiently.

Kesko's chain operations are, contrary to most competitors, based on a retailer business model to a significant extent. The benefits of the retailer business model include the retailer's knowledge of local customers and ability to rapidly respond to changes in customer needs or competitive situations. Decision-making concerning the development of the chains' operations and the implementation of changes in business operations can, however, be outpaced by competitors.

The trading sector is characterised by increasingly complicated and long supply chains and a dependency on information systems, data communications and external service providers. Failures in information and payment systems, or in other parts of the supply chain can cause significant losses in sales and weaken customer satisfaction.

For the purpose of increasing market share, good store sites are a key competitive factor. The acquisition of store sites can be delayed by zoning and permit procedures and the availability and pricing of sites. Considerable amounts of capital or lease liabilities are tied up in store properties for years. Resulting from changes in the market situation, or an increase in the share of e-commerce, there is a risk that a store site becomes unprofitable and operations are discontinued while long-term liabilities remain.

A failure in product safety control or in the quality assurance of the supply chain can result in financial losses, the loss of customer confidence or, in the worst case, a health hazard to customers.

In lines of business strongly dependent on individual principals and suppliers, such as the car and machinery trade, ownership arrangements and changes in a principal's or supplier's strategy concerning product selections, pricing and distribution channel solutions can mean weakened competitiveness, decreased sales, or loss of business.

Crimes are increasingly committed through data networks and crime is becoming more professional. A failure especially in the protection of payment transactions and personal information can cause losses, claims for damages and endanger reputation. There is a risk that controls against such crime are not sufficient.

Different aspects of responsibility, such as ethicality of production and sourcing, fair and equal treatment of employees and environmental protection are increasingly important for customers and other stakeholders. Possible failures of responsibility would result in negative publicity for Kesko. Kesko's challenges in responsibility work include communicating its responsibility policies to suppliers, retailers and customers, and ensuring responsibility in the supply chain.

Compliance with laws and agreements is an important part of Kesko's responsibility. Non-compliance can result in fines, compensations for damages and other financial losses, and a loss of confidence and reputation.

Kesko's objective is to produce and publish reliable and timely information. If some information published by Kesko proved to be incorrect, or communications failed to meet regulations in other respects, it can result in losing investor and other stakeholder confidence and in possible sanctions.

Accidents, natural phenomena and epidemics can cause damages or business interruptions which cannot be prevented. There is also the risk that insurances do not cover all unexpected accidents and damages.

Other risks and uncertainties related to profit performance are described in the Group's future outlook.

FUTURE OUTLOOK

Estimates of the future outlook for the Kesko Group's net sales and operating profit excluding non-recurring items are given for the 12 months following the reporting period (1/2013-12/2013) in comparison with the 12 months preceding the reporting period (1/2012-12/2012).

Resulting from the problems of European national economies, the outlook for the general economic situation and consumer demand are characterised by significant uncertainty. In addition, tightening taxation and cuts in public finances are expected to weaken the growth in the trading sector.

In the Finnish grocery trade, the market is expected to remain steady. As a result of the weakened economic situation, the markets for the home and speciality goods trade, the building and home improvement trade and the car and machinery trade in Finland are expected to fall. In Russia, the market development in both the building and home improvement trade and the grocery trade is expected to be positive.

The Kesko Group's net sales for 2013 are expected to match the level of the previous year. As a result of measures taken to enhance business operations and cost savings, the operating profit excluding non-recurring items for 2013 is expected to exceed the operating profit excluding non-recurring items for 2012, unless the overall consumer demand significantly weakens. The capital expenditure for 2013 is expected to be lower compared to the capital expenditure for the previous year.

PROPOSAL FOR PROFIT DISTRIBUTION

The parent's distributable profits are €1,141,220,145.13, of which the profit for the financial year is €154,424,274.87.

The Board of Directors proposes to the Annual General Meeting to be held on 8 April 2013 that a dividend of €1.20 per share be paid on shares held outside the company at the date of dividend distribution. No dividend is paid on treasury shares held by the company at the record date of dividend distribution.

At the date of the proposal for distributions of profits, 4 February 2013, a total of 98,103,749 shares were held outside the Company, amounting to a total dividend of €117,724,498.80.

ANNUAL GENERAL MEETING

The Board of Directors decided to convene the Annual General Meeting at the Helsinki Fair Centre on 8 April 2013 at 13.00. Kesko Corporation will publish a notice of the Annual General Meeting at a later date.

ANNUAL REPORT 2012 AND CORPORATE GOVERNANCE STATEMENT

Kesko will publish the 2012 Annual Report, which contains the report by Kesko's Board of Directors and the financial statements for 2012, and a separate Corporate Governance Statement on week 10 on its website at www.kesko.fi.

Helsinki, 4 February 2013
Kesko Corporation
Board of Directors

The information in the financial statements release is unaudited.

Further information is available from Jukka Erlund, Senior Vice President, CFO, telephone +358 1053 22113, and Eva Kaukinen, Vice President, Corporate Controller, telephone +358 1053 22338. A Finnish-language webcast from the media and analyst briefing on the financial statements can be accessed at www.kesko.fi at 11.00. An English-language web conference on the financial statements will be held today at 14.30 (Finnish time). The web conference login is available on Kesko's website at www.kesko.fi.

Kesko Corporation's interim report for January-March will be released on 25 April 2013. In addition, the Kesko Group's sales figures are published each month. News releases and other company information are available on Kesko's website at www.kesko.fi.

KESKO CORPORATION

Merja Haverinen
Vice President, Corporate Communications

ATTACHMENTS:

Accounting policies
Consolidated statement of comprehensive income
Consolidated statement of financial position
Consolidated statement of changes in equity
Consolidated statement of cash flows
Group's performance indicators
Net sales by segment
Operating profit by segment
Operating profit excl. non-recurring items by segment
Operating margin excl. non-recurring items by segment
Capital employed by segment
Return on capital employed excl. non-recurring items by segment
Capital expenditure by segment
Segment information by quarter
Personnel average and at the end of the reporting period
Group's commitments
Calculation of performance indicators
K-Group's retail and B2B sales

DISTRIBUTION

NASDAQ OMX Helsinki
Main news media
www.kesko.fi

ATTACHMENTS:

ACCOUNTING POLICIES

This financial statements release has been prepared in accordance with the IAS 34 standard. The financial statements release has been prepared in accordance with the same principles as the annual financial statements for 2011, with the exception of the following changes due to the adoption of new and revised IFRS standards and IFRIC interpretations.

IFRS 7 Financial instruments: Disclosures – Derecognition (Amendment)
IAS 12 Income taxes – Deferred tax (Amendment)
Annual amendments to the IFRS (Annual Improvements)

The above amendments to standards and interpretations do not have a material impact on the reported income statement, statement of financial position or notes.

CONSOLIDATED INCOME STATEMENT (€ MILLION), CONDENSED

	1-12/2012	1-12/2011	Change, %	10-12/2012	10-12/2011	Change, %
Net sales	9,686	9,460	2.4	2,459	2,481	-0.9
Cost of goods sold	-8,367	-8,163	2.5	-2,108	-2,126	-0.8
Gross profit	**1,319**	**1,297**	**1.7**	**351**	**356**	**-1.3**
Other operating income	747	705	6.0	197	188	4.5
Staff cost	-603	-571	5.7	-155	-156	-0.8
Depreciation and impairment charges	-158	-125	27.1	-45	-35	30.0
Other operating expenses	-1,088	-1,026	6.0	-295	-280	5.3
Operating profit	**217**	**281**	**-22.8**	**53**	**73**	**-27.6**
Interest income and other finance income	21	22	-5.2	8	6	32.5
Interest expense and other finance costs	-17	-18	-4.3	-6	-5	24.4
Exchange differences	-5	-3	31.3	-1	-1	81.8
Income from associates	-1	1	(..)	-1	0	(..)
Profit before tax	**215**	**282**	**-23.7**	**53**	**74**	**-28.4**
Income tax	-76	-85	-11.1	-27	-19	44.8
Net profit for the period	**139**	**197**	**-29.2**	**26**	**55**	**-53.2**
Attributable to						
Owners of the parent	128	182	-29.5	24	50	-52.8
Non-controlling interests	11	15	-25.9	2	5	-57.0
Earnings per share (€) for profit attributable to equity holders of the parent						
Basic	1.31	1.85	-29.4	0.24	0.51	-52.7
Diluted	1.30	1.84	-29.2	0.24	0.51	-52.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€ MILLION)

	1-12/2012	1-12/2011	Change, %	10-12/2012	10-12/2011	Change, %
Net profit for the period	139	197	-29.2	26	55	-53.2
Other comprehensive income						
Exchange differences on translating foreign operations	0	-17	(..)	-3	2	(..)
Adjustment for hyperinflation	4	6	-37.8	1	6	36.2
Cash flow hedge revaluation	-3	-15	-82.8	-1	-3	-56.8
Revaluation of available-for- sale financial assets	9	0	(..)	-3	0	(..)
Other items	0	0	54.2	0	0	-
Tax relating to other comprehensive income	1	4	-81.9	3	1	(..)
Total other comprehensive income for the period, net of tax	10	-22	(..)	-3	6	(..)
Total comprehensive income for the period	**150**	**175**	**-14.3**	**23**	**61**	**-62.3**
Attributable to						
Owners of the parent	136	170	-20.2	20	52	-60.4
Non-controlling interests	14	4	(..)	3	9	-72.7

(..) Change over 100%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (€ MILLION), CONDENSED

	31.12.2012	31.12.2011	Change, %
ASSETS			
Non-current assets			
Tangible assets	1,678	1,490	12.6
Intangible assets	192	189	1.4
Investments in associates and other financial assets	105	69	53.4
Loans and receivables	91	80	10.6
Pension assets	147	200	-26.6
Total	**2,213**	**2,029**	**9.0**
Current assets			
Inventories	814	868	-6.2
Trade receivables	703	700	0.4
Other receivables	153	218	-29.8
Financial assets at fair value through profit or loss	137	98	40,4
Available-for-sale financial assets	249	186	34.2
Cash and cash equivalents	103	84	22.5
Total	**2,160**	**2,153**	**0.3**
Non-current assets held for sale	2	8	-71.2
Total assets	**4,375**	**4,190**	**4,4**
EQUITY AND LIABILITIES			
Equity	2,200	2,175	1.2
Non-controlling interests	67	58	14.4
Total equity	**2,267**	**2,233**	**1.5**
Non-current liabilities			
Interest-bearing liabilities	450	210	(..)
Non-interest-bearing liabilities	10	18	-44.1
Deferred tax liabilities	79	91	-15.9
Pension obligations	2	2	-4.7
Provisions	21	10	98.0
Total	**562**	**332**	**68.5**
Current liabilities			
Interest-bearing liabilities	174	190	-8.2
Trade payables	808	886	-8.7
Other non-interest-bearing liabilities	524	526	-0.3
Provisions	40	24	66.1
Total	**1,546**	**1,625**	**-4.8**
Total equity and liabilities	**4,375**	**4,190**	**4.4**

(..) Change over 100%

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (€ MILLION)

	Share capital	Reserves	Currency translation differences	Revaluation reserve	Treasury shares	Retained earnings	Non controlling interests	Total
Balance at 1 Jan. 2011	**197**	**441**	**-3**	**14**	**0**	**1,503**	**59**	**2,210**
Shares subscribed with options		0						0
Treasury shares					-23			-23
Share-based payments					1	2	0	3
Dividends						-128	-4	-133
Other changes		0	0			0	0	0
Net profit for the period						182	15	197
Other comprehensive income								
Exchange differences on translating foreign operations		0	-1				-17	-17
Adjustment for hyperinflation						1	6	6
Cash flow hedge revaluation				-15				-15
Revaluation of available-for-sale financial assets				0				0
Other items						0		0
Tax relating to other comprehensive income				4				4
Total other comprehensive income			-1	-11		0	-11	-22
Balance at 31 Dec. 2011	**197**	**441**	**-3**	**3**	**-22**	**1,559**	**58**	**2,233**
Balance at 1 Jan. 2012	**197**	**441**	**-3**	**3**	**-22**	**1,559**	**58**	**2,233**
Shares subscribed with options		1						1
Share-based payments					3	0	0	3
Dividends						-118	-5	-123
Other changes			1		0	3	0	3
Net profit for the period						128	11	139
Other comprehensive income								
Exchange differences on translating foreign operations		0	1				-1	0
Adjustment for hyperinflation						0	3	4
Cash flow hedge revaluation				-3				-3
Change in revaluation reserve				9				9
Other items						0		0
Tax relating to other comprehensive income				1				1
Total other comprehensive income		0	1	7		0	2	10
Balance at 31 Dec. 2012	**197**	**442**	**-2**	**10**	**-19**	**1,573**	**67**	**2,267**

(..) Change over 100%

CONSOLIDATED STATEMENT OF CASH FLOWS (€ MILLION), CONDENSED

Cash flows from operating activities	1-12/2012	1-12/2011	Change,%	10-12/2012	10-12/2011	Change,%
Profit before tax	215	282	-23.7	53	74	-28.4
Planned depreciation	155	125	23.9	43	35	23.9
Finance income and costs	1	-1	(..)	-2	-1	(..)
Other adjustments	98	-6	(..)	91	-28	(..)
Change in working capital						
Current non-interest-bearing operating receivables, increase (-)decrease (+)	5	-89	(..)	61	-42	(..)
Inventories, increase (-)/decrease (+)	57	-119	(..)	22	-72	(..)
Current non-interest-bearing liabilities, increase (+)/decrease (-)	-70	127	(..)	-75	109	(..)
Financial items and tax	-79	-103	-23.5	-18	-29	-37.9
Net cash from operating activities	**382**	**216**	**77,0**	**174**	**47**	**(..)**
Cash flows from investing activities						
Capital expenditure	-411	-449	-8.4	-118	-112	4.7
Sales of fixed assets	24	8	(..)	2	2	-5.1
Increase in non-current receivables	-4	0	(..)	0	0	(..)
Net cash used in investing activities	**-391**	**-441**	**-11.4**	**116**	**-110**	**5.1**
Cash flows from financing activities						
Interest-bearing liabilities, increase (+)/decrease (-)	230	-58	(..)	-8	-20	-59.7
Current interest-bearing receivables, increase (-)/decrease (+)	37	-37	(..)	86	-39	(..)
Dividends paid	-123	-133	-7.5	-1	-1	14.2
Equity increase	1	0	(..)	1	0	(..)
Acquisition of own shares	-	-23	(..)	-	1	(..)
Short-term money market investments, increase (-)/ decrease (+)	-2	199	(..)	-39	36	(..)
Other items	-14	1	(..)	-3	0	(..)
Net cash used in financing activities	**130**	**-51**	**(..)**	**36**	**-22**	**(..)**
Change in cash and cash equivalents	**121**	**-277**	**(..)**	**94**	**-86**	**(..)**
Cash and cash equivalents and current portion of available-for-sale financial assets at 1 Jan.	231	509	-54.7	258	315	-18.3
Currency translation difference adjustment and revaluation	0	-2	-93.8	0	1	(..)
Cash and cash equivalents and current portion of available-for-sale financial assets at 31 Dec.	352	231	52.5	352	231	52.5

(..) Change over 100%

GROUP'S PERFORMANCE INDICATORS

	1-12/2012	1-12/2011	Change, pp
Return on capital employed, %	8.5	13.2	-4.6
Return on capital employed excl. non-recurring items, %	9.3	13.1	-3.9
Return on equity, %	6.2	8.9	-2.7
Return on equity excl. non-recurring items, %	7.1	8.8	-1.8
Equity ratio, %	52.5	53.9	-1.4
Gearing, %	6.0	1.5	4.5

	1-12/2012	1-12/2011	Change, %
Capital expenditure, € million	378.3	425.4	-11.1
Capital expenditure, % of net sales	3.9	4.5	-13.3
Earnings per share, basic, €	1.31	1.85	-29.4
Earnings per share, diluted, €	1.30	1.84	-29.2
Earnings per share excl. non-recurring items, basic, €	1.50	1.84	-18.2
Cash flow from operating activities, € million	382	216	77.0
Cash flow from investing activities, € million	-391	-441	-11.4
Equity per share, €	22.43	22.20	1.0
Interest-bearing net debt	135	33	(..)
Diluted number of shares, average for reporting period	98,472	98,919	-447
Personnel, average	19,741	18,960	781

(..) Change over 100 %

Group's performance indicators by quarter	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011	1-3/ 2012	4-6/ 2012	7-9/ 2012	10-12/ 2012
Net sales, € million	2,103	2,472	2,404	2,481	2,318	2,460	2,449	2,459
Change in net sales, %	7.4	8.5	7.8	7.4	10.2	-0.5	1.9	-0.9
Operating profit, € million	35.7	83.9	88.2	72.8	26.3	59.0	78.6	52.7
Operating margin, %	1.7	3.4	3.7	2.9	1.1	2.4	3.2	2.1
Operating profit excl. non- recurring items, € million	34.9	83.3	89.2	71.5	23.6	60.7	78.6	71.8
Operating margin excl. non-recurring items, %	1.7	3.4	3.7	2.9	1.0	2.5	3.2	2.9
Finance income/costs, € million	-0.6	0.3	0.3	0.8	-0.1	-0.3	-1.3	1.1
Profit before tax, € million	36.1	84.0	88.0	74.0	26.3	58.5	77.3	53.0
Profit before tax, %	1.7	3.4	3.7	3.0	1.1	2.4	3.2	2.2
Return on capital employed, %	7.2	16.0	16.4	12.8	4.3	9.2	12.2	8.1
Return on capital employed excl. non-recurring items, %	7.0	15.9	16.6	12.5	3.9	9.5	12.2	11.1
Return on equity, %	4.5	10.6	10.9	10.0	3.3	7.3	9.9	4.6
Return on equity excl. non-recurring items, %	4.4	10.6	11.1	9.8	3.0	7.5	9.9	8.2
Equity ratio, %	54.4	52.1	54.0	53.9	52.7	51.1	51.2	52.5
Capital expenditure, € million	64.1	130.5	126.3	104.5	104.1	67.8	102.6	103.8
Earnings per share, diluted, €	0.25	0.55	0.53	0.51	0.17	0.38	0.51	0.24
Equity per share, €	22.04	21.21	21.66	22.20	22.42	21.59	22.21	22.43

SEGMENT INFORMATION

Net sales by segment (€ million)	1-12/2012	1-12/2011	Change,%	10-12/2012	10-12/2011	Change,%
Food trade total	**4,311**	**4,182**	**3.1**	**1,132**	**1,108**	**2.2**
- of which intersegment trade	172	168	2.3	43	44	-1.7
Home and speciality goods trade, Finland	1,557	1,541	1.0	474	490	-3.3
Home and speciality goods trade, other countries*	45	23	95.7	13	11	15.5
Home and speciality goods trade total	**1,603**	**1,564**	**2.5**	**487**	**501**	**-2.8**
- of which intersegment trade	18	20	-8.3	6	7	-9.3
Building and home improvement trade, Finland	1,229	1,233	-0.3	273	297	-8.1
Building and home improvement trade, other countries*	1,598	1,483	7.8	385	360	6.8
Building and home improvement trade total	**2,827**	**2,716**	**4.1**	**657**	**657**	**0.1**
- of which intersegment trade	0	12	-96.8	0	3	(..)
Car and machinery trade, Finland	998	1,064	-6.2	207	247	-16.0
Car and machinery trade, other countries*	116	110	4.7	20	16	19.6
Car and machinery trade total	**1,114**	**1,174**	**-5.1**	**227**	**263**	**-13.7**
- of which intersegment trade	1	1	-3.7	0	0	72.1
Common operations and eliminations	-169	-176	-3,9	-45	-48	-6,8
Finland total	**7,924**	**7,844**	**1.0**	**2,038**	**2,094**	**-2.6**
Other countries total*	**1,762**	**1,616**	**9.0**	**420**	**388**	**8.4**
Group total	**9,686**	**9,460**	**2.4**	**2,459**	**2,481**	**-0.9**

** Net sales in countries other than Finland.*
(..) Change over 100%

Operating profit by segment (€ million)	1-12/2012	1-12/2011	Change	10-12/2012	10-12/2011	Change
Food trade	171.1	173.7	-2.6	45.0	40.0	5.0
Home and speciality goods trade	0.3	37.0	-36.7	12.9	32.9	-20.1
Building and home improvement trade	11.9	26.3	-14.4	-10.8	-4.5	-6.3
Car and machinery trade	42.1	51.9	-9.8	4.7	7.0	-2.3
Common operations and eliminations	-8.8	-8.3	0.5	0.9	-2.6	3.5
Group total	**216.7**	**280.6**	**-63.9**	**52.7**	**72.8**	**-20.1**

Operating profit excl. non-recurring items by segment (€ million)	1-12/2012	1-12/2011	Change	10-12/2012	10-12/2011	Change
Food trade	168.4	172.2	-3.8	45.0	38.6	6.4
Home and speciality goods trade	19.8	36.6	-16.8	32.4	32.9	-0.6
Building and home improvement trade	13.6	26.6	-13.0	-10.8	-4.4	-6.3
Car and machinery trade	42.1	51.8	-9.7	4.7	7.0	-2.2
Common operations and eliminations	-9.3	-8.3	-0.9	0.5	-2.6	3.1
Group total	**234.7**	**278.9**	**-44.2**	**71.8**	**71.5**	**0.3**

Operating margin excl. non-recurring items by segment	1-12/2012	1-12/2011	Change pp	10-12/2012	10-12/2011	Change pp
Food trade	3.9	4.1	-0.2	4.0	3.5	0.5
Home and speciality goods trade	1.2	2.3	-1.1	6.7	6.6	0.1
Building and home improvement trade	0.5	1.0	-0.5	-1.6	-0.7	-1.0
Car and machinery trade	3.8	4.4	-0.6	2.1	2.6	-0.6
Group total	**2.4**	**2.9**	**-0.5**	**2.9**	**2.9**	**0.0**

Capital employed by segment, cumulative average (€ million)	1-12/2012	1-12/2011	Change	10-12/2012	10-12/2011	Change
Food trade	758	601	157	810	661	149
Home and speciality goods trade	512	437	75	526	472	54
Building and home improvement trade	758	696	62	744	709	35
Car and machinery trade	187	158	30	184	184	0
Common operations and eliminations	321	236	85	324	256	68
Group total	**2,536**	**2,129**	**408**	**2,588**	**2,282**	**306**

Return on capital employed excl. non-recurring items by segment, %	1-12/2012	1-12/2011	Change, pp	10-12/2012	10-12/2011	Change, pp
Food trade	22.2	28.6	-6.4	22.2	23.4	-1.2
Home and speciality goods trade	3.9	8.4	-4.5	24.6	27.9	-3.3
Building and home improvement trade	1.8	3.8	-2.0	-5.8	-2.5	-3.3
Car and machinery trade	22.5	32.8	-10.4	10.3	15.2	-4.9
Group total	**9.3**	**13.1**	**-3.8**	**11.1**	**12.5**	**-1.4**

Capital expenditure by segment (€ million)	1-12/2012	1-12/2011	Change	10-12/2012	10-12/2011	Change
Food trade	200	221	-21	43	62	-19
Home and speciality goods trade	61	62	-1	13	11	2
Building and home improvement trade	63	110	-47	21	21	0
Car and machinery trade	27	30	-3	3	9	-6
Common operations and eliminations	28	2	25	23	1	22
Group total	**378**	**425**	**-47**	**103**	**105**	**-1**

SEGMENT INFORMATION BY QUARTER

Net sales by segment (€ million)	1-3/2011	4-6/2011	7-9/2011	10-12/2011	1-3/2012	4-6/2012	7-9/2012	10-12/2012
Food trade	948	1,077	1,049	1,108	1,010	1,091	1,078	1,132
Home and speciality goods trade	348	339	376	501	369	352	395	487
Building and home improvement trade	570	757	731	657	629	782	759	657
Car and machinery trade	279	342	290	263	353	274	259	227
Common operations and eliminations	-42	-43	-42	-48	-42	-41	-41	-45
Group total	**2,103**	**2,472**	**2,404**	**2,481**	**2,318**	**2,460**	**2,449**	**2,459**

Operating profit by segment (€ million)	1-3/2011	4-6/2011	7-9/2011	10-12/2011	1-3/2012	4-6/2012	7-9/2012	10-12/2012
Food trade	42.1	45.9	45.7	40.0	37.6	38.9	49.6	45.0
Home and speciality goods trade	-7.4	2.8	8.7	32.9	-12.9	-0.6	0.9	12.9
Building and home improvement trade	-9.1	18.8	21.0	-4.5	-9.0	13.6	18.0	-10.8
Car and machinery trade	12.2	19.7	13.0	7.0	15.6	10.3	11.5	4.7
Common operations and eliminations	-2.2	-3.3	-0.2	-2.6	-5.1	-3.2	-1.4	0.9
Group total	**35.7**	**83.9**	**88.2**	**72.8**	**26.3**	**59.0**	**78.6**	**52.7**

Operating profit excl. non-recurring items by segment (€ million)	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011	1-3/ 2012	4-6/ 2012	7-9/ 2012	10-12/ 2012
Food trade	41.4	45.8	46.4	38.6	34.9	38.9	49.6	45.0
Home and speciality goods trade	-7.4	2.4	8.7	32.9	-12.9	-0.6	0.9	32.4
Building and home improvement trade	-9.1	18.8	21.3	-4.4	-9.0	15.3	18.0	-10.8
Car and machinery trade	12.2	19.6	13.0	7.0	15.6	10.3	11.5	4.7
Common operations and eliminations	-2.2	-3.3	-0.2	-2.6	-5.1	-3.2	-1.4	0.5
Group total	**34.9**	**83.3**	**89.2**	**71.5**	**23.6**	**60.7**	**78.6**	**71.8**

Operating margin excl. non-recurring items by segment	1-3/ 2011	4-6/ 2011	7-9/ 2011	10-12/ 2011	1-3/ 2012	4-6/ 2012	7-9/ 2012	10-12/ 2012
Food trade	4.4	4.3	4.4	3.5	3.5	3.6	4.6	4.0
Home and speciality goods trade	-2.1	0.7	2.3	6.6	-3.5	-0.2	0.2	6.7
Building and home improvement trade	-1.6	2.5	2.9	-0.7	-1.4	2.0	2.4	-1.6
Car and machinery trade	4.4	5.7	4.5	2.6	4.4	3.8	4.4	2.1
Group total	**1.7**	**3.4**	**3.7**	**2.9**	**1.0**	**2.5**	**3.2**	**2.9**

PERSONNEL, AVERAGE AND AT 31 DEC.

Personnel average by segment	1-12/2012	1-12/2011	Change
Food trade	2,794	2,706	88
Home and speciality goods trade	6,139	5,754	385
Building and home improvement trade	9,105	8,874	231
Car and machinery trade	1,254	1,206	48
Common operations	450	420	29
Group total	**19,741**	**18,960**	**781**

Personnel at 31.12.*by segment	2012	2011	Change
Food trade	3,114	2,984	130
Home and speciality goods trade	8,950	8,765	185
Building and home improvement trade	10,204	9,895	309
Car and machinery trade	1,259	1,250	9
Common operations	504	481	23
Group total	**24,031**	**23,375**	**656**

** total number incl. part-time employees*

Group's commitments (€ million)	31.12.2012	31.12.2011	Change, %
Own commitments	176	182	-3.1
For associates	65		-
For others	10	8	21.8
Lease liabilities for machinery and equipment	26	26	0.1
Lease liabilities for real estate	2,302	2,303	-0.0

LIABILITIES ARISING FROM DERIVATIVE INSTRUMENTS

Values of underlying instruments at 31 Dec.	31.12.2012	31.12.2011	Fair value 31.12.2012
Interest rate derivatives			
Interest rate swaps	203	208	0.75
Currency derivatives			
Forward and future contracts	245	358	-3.34
Option agreements	11	-	0.03
Currency swaps	100	100	-9.47
Commodity derivatives			
Electricity derivatives	41	32	-3.63

CALCULATION OF PERFORMANCE INDICATORS

Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets – Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed excl. non- recurring items*, %	Operating profit excl. non-recurring items x 100 / (Non-current assets + Inventories + Receivables + Other current assets – Non-interest-bearing liabilities) on average for the reporting period
Return on equity*, %	((Profit/loss before tax - income tax) x 100 / Shareholders' equity
Return on equity excl. non-recurring items*, %	(Profit/loss adjusted for non-recurring items before tax - income tax adjusted for the tax effect of non-recurring items) x 100 / Shareholders' equity
Equity ratio, %	Shareholders' equity x 100 / (Balance sheet total - prepayments received)
Earnings/share, diluted	(Profit/loss – non-controlling interests) / Average number of shares adjusted for the dilutive effect of options
Earnings/share, basic	(Profit/loss – non-controlling interests) / Average number of shares
Earnings/share excl. non-recurring items, basic	(Profit/loss adjusted for non-recurring items – non-controlling interests) / Average number of shares
Equity/share	Equity attributable to equity holders of the parent / Basic number of shares at the balance sheet date
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity
Interest-bearing net debt	Interest-bearing liabilities – money market investments – cash and cash equivalents

** Indicators for return on capital have been annualised.*

K-GROUP'S RETAIL AND B2B SALES, VAT 0% (PRELIMINARY DATA):

	1.1.-31.12.2012		1.10.-31.12.2012	
K-Group's retail and B2B sales	**€ million**	**Change, %**	**€ million**	**Change, %**
K-Group's food trade				
K-food stores	4,736	3.4	1,228	1.7
Kespro	779	6.4	201	8.0
Food trade total	**5,515**	**3.8**	**1,428**	**2.6**
K-Group's home and speciality goods trade				
Home and speciality goods stores, Finland	1,705	1.9	512	-0.6
Home and speciality goods stores, other countries	45	94.8	13	15.0
Home and speciality goods trade total	**1,750**	**3.1**	**524**	**-0.3**
K-Group's building and home improvement trade				
K-rauta and Rautia	1,073	0.0	246	-4.2
Rautakesko B2B Service	209	-7.5	48	-23.2
K-maatalous	463	11.1	133	15.0
Finland total	**1,746**	**1.7**	**427**	**-1.9**
Building and home improvement stores, other Nordic countries	1,203	3.9	293	-1.8
Building and home improvement stores, Baltic countries	383	5.4	102	5.3
Building and home improvement stores, other countries	370	16.7	93	27.8
Building and home improvement trade total	**3,701**	**4.1**	**915**	**1.3**
K-Group's car and machinery trade				
VV-Autotalot	412	-2.4	91	-15.2
VV-Auto, import	396	-11.4	80	-20.9
Konekesko, Finland	210	-3.2	40	-10.5
Finland total	**1,017**	**-6.3**	**211**	**-16.7**
Konekesko, other countries	120	5.5	19	15.5
Car and machinery trade total	**1,138**	**-5.2**	**230**	**-14.7**
Finland total	**9,980**	**1.9**	**2,575**	**-0.8**
Other countries total	**2,125**	**7.6**	**523**	**5.5**
Retail and B2B sales total	**12,104**	**2.9**	**3,098**	**0.2**