



KESKO

# **GROWTH STRATEGY EXECUTION DRIVING GROWTH**

February 2024

# KESKO TODAY

## KEY FINANCIALS

	2023	2022
Net sales, € million	11,783.8	11,809.0
Operating profit, € million*	712.0	815.1
Operating margin, %*	6.0	6.9
Profit before tax, € million*	630.4	763.2
Cash flow from operating activities, € million	1,149.5	915.2
Earnings per share, basic, €*	1.28	1.54
Return on capital employed, %*	13.4	16.9
Capital expenditure, € million	678.9	449.2

\*comparable



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



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



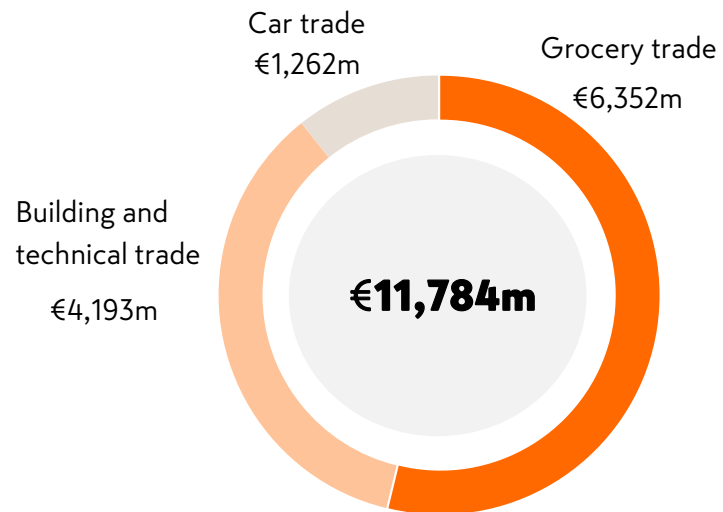
**Sustainability** at the core of the strategy



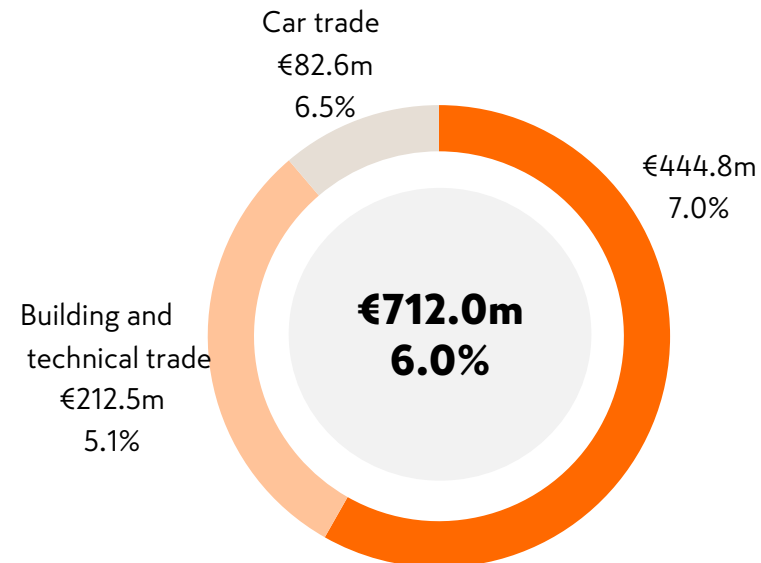
Market cap over **€7.0bn** with over **107,000** shareholders

# KESKO SEGMENT KEY FIGURES

## NET SALES



## OPERATING PROFIT



# JORMA RAUHALA APPOINTED KESKO'S PRESIDENT AND CEO AS OF 1 FEBRUARY 2024



**MASTER OF SCIENCE (ECON.), BORN 1965**

**A STRONG TRACK-RECORD IN RESULT-DRIVEN LEADERSHIP**

**A LONG CAREER IN KESKO WITH VARIOUS RESPONSIBILITIES**

- Joined Kesko Corporation in 1992
- President of building and technical trade division since 2017
- President of grocery trade division 2013-2017
- Managing Director of Kespro 2007-2012

**A MODERN APPROACHABLE LEADER**



Chairman of the board Esa Kiiskinen, 30 Jan 2024:

# THE EXECUTION OF KESKO'S GROWTH STRATEGY CONTINUES

- Kesko today is a strong, modern and international trading sector company
- Kesko's established strategy has proven effective and has yielded excellent results
- Under Mikko Helander, Kesko has undergone a major transformation, with growth and a significant increase in shareholder value
- We see no reason to make any notable changes to the strategy
- Our main focus is on maintaining our strong position in all areas of food trade, and further growing our building and technical trade business internationally
- Kesko is well-positioned to continue to grow profitably also going forward





GROCERY TRADE

# STRONG POSITION IN FINNISH FOOD TRADE YIELDING GOOD RESULTS

# GROCERY TRADE



## In brief:

Operates in Finland, business comprises three grocery store chains with some 1,100 stores across the country, online grocery services and popular private label products, as well as foodservice trade operations (Kespro).  
Grocery stores are operated by K-retailers

## Customers:

B2C trade 82% (grocery stores), some 1.2 million grocery store customer visits each day  
B2B trade 18% (Kespro); foodservice customers include restaurants, workplace cafeterias, and public operators

## Key figures:

Net sales € 6,352m million; operating profit €444.8 million; operating margin 7.0%



## Market and market shares:

Total Finnish grocery trade market €21–22 billion, food-service market €2.5 billion; market shares 35% (grocery stores) and 48% (foodservice); a leading operator in online grocery

## Growth drivers:

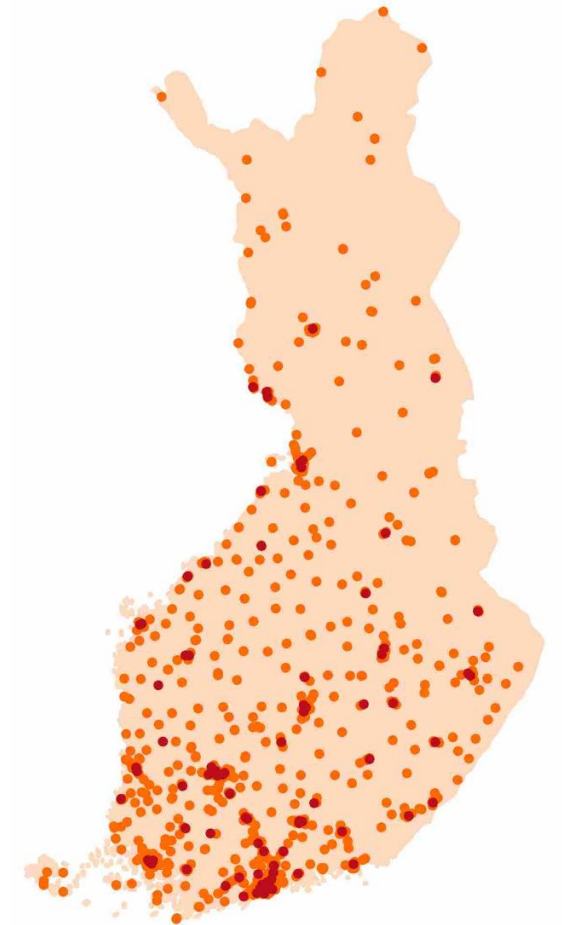
GDP, purchasing power, price competition, urbanization and changes in population structure, customer data and insight, growing trend of eating out

## Competitors and peers:

Grocery stores in Finland: S Group, Lidl  
International peers: Ahold Delhaize, Axfood, Coop Group, Tesco, Kroger, Carrefour  
Foodservice in Finland: Valio Aimo, Meira Nova, Metro-tukku,  
International peers: Marr, Snabbgross, Sysco

# FINLAND'S MOST EXTENSIVE AND VERSATILE NETWORK OF GROCERY STORES WITH 1,200 STORES

- K Group grocery store retail sales approx. €7.3 billion
- Three different formats: K-Citymarket, K-Supermarket and K-Market
  - Kesko discontinues operating the Neste K service stations by the end of 2024, as the role of grocery trade at the stations has diminished, net sales €56 million
- Market share over 35%\*, up by some 3 percentage points since 2015
- Some 1.2 million customer visits to the stores every day, customer flows growing
- Market leader in online grocery with an over 40% market share\*\*
- K Group new store openings to grow from 2024 onwards



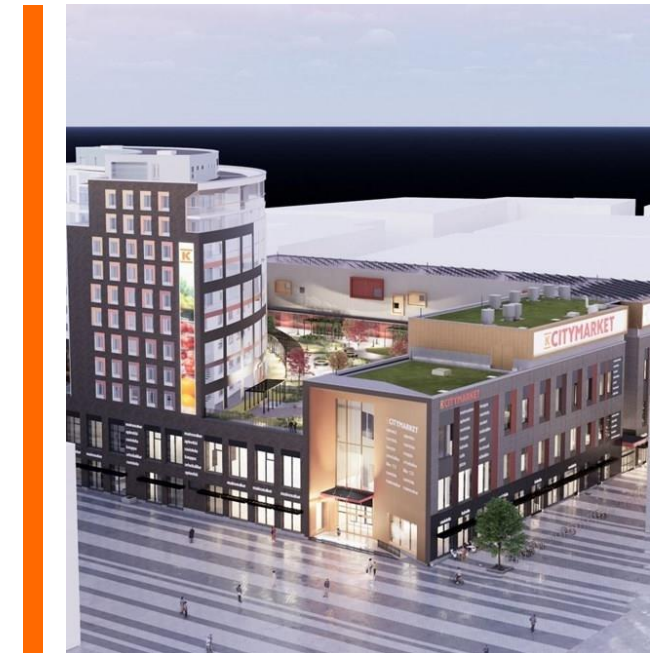
- K-Citymarket
- K-Supermarket, K-Market and NesteK



# NEW HYPERMARKETS TO BE OPENED IN FINNISH GROWTH CENTRES

Several new hypermarkets within next two years

- K-Supermarket Columbus in Eastern Helsinki to be converted into a K-Citymarket hypermarket in 2024
- New K-Citymarket in Lempäälä near Tampere in 2025
- New K-Citymarket in Haapaniemi, Kuopio in 2026
- New K-Citymarket in Kivistö, Vantaa, Helsinki metropolitan area in 2026
- Planning and permits for K-Citymarket store in Porvoo close to completion
- A bigger grocery store in the planning for Espoon keskus in Finland's second biggest city, Kesko has also purchased two plots in Lahti for the purpose of building a new hypermarket to replace the K-Citymarket in Paavola
- In 2024, nearly 50 grocery stores to be updated and renovated, of which 13 hypermarkets
- Investments in store updates and new stores totalling €200-250 million in 2023, same store-site capex level to be expected in upcoming years

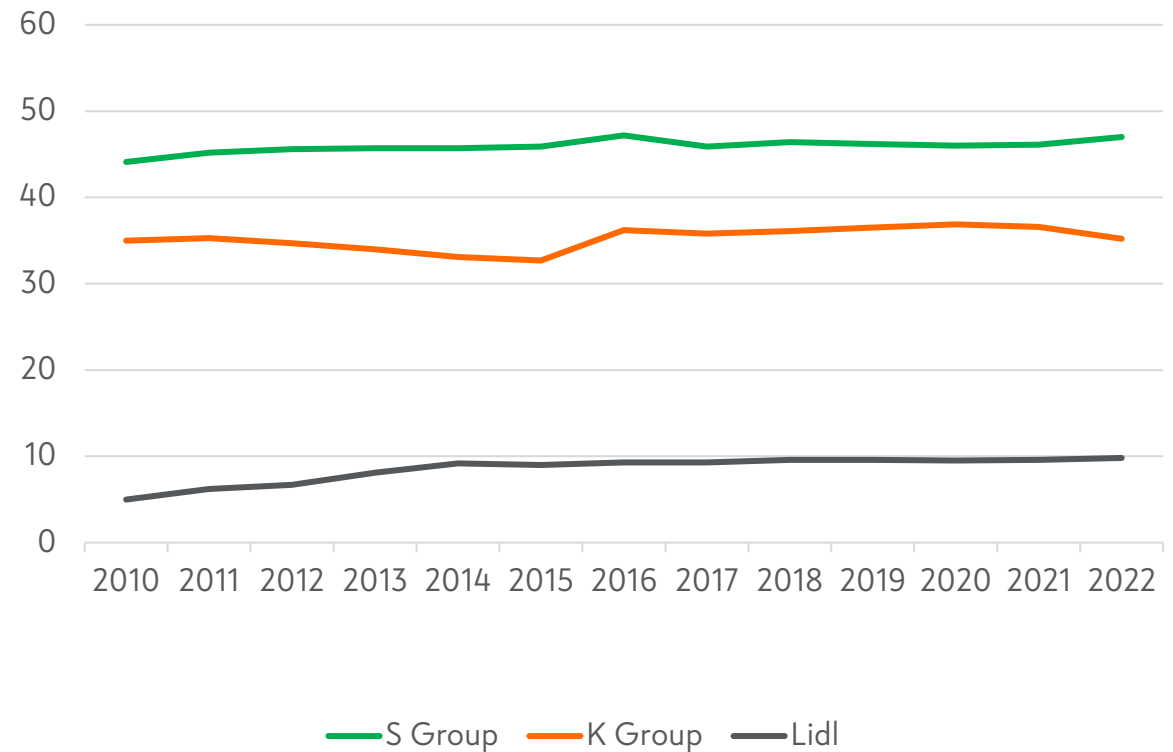


K-Citymarket Kivistö, Vantaa

# FOUNDATION FOR FINNISH GROCERY TRADE HEALTHY

All operators enjoy good profitability, only minor changes in market shares since 2010

- Three main players in Finnish grocery trade
- Profits generated by Kesko, S Group and Lidl Finland at a good European level
- No significant changes in K Group and S Group market shares since 2010
- S Group has opened close to 10 new hypermarkets in recent years, also Lidl has been active in opening
- Lidl opened first stores in Finland in 2002 and its growth has settled at a market share of below 10%



Source: Nielsen, 2023

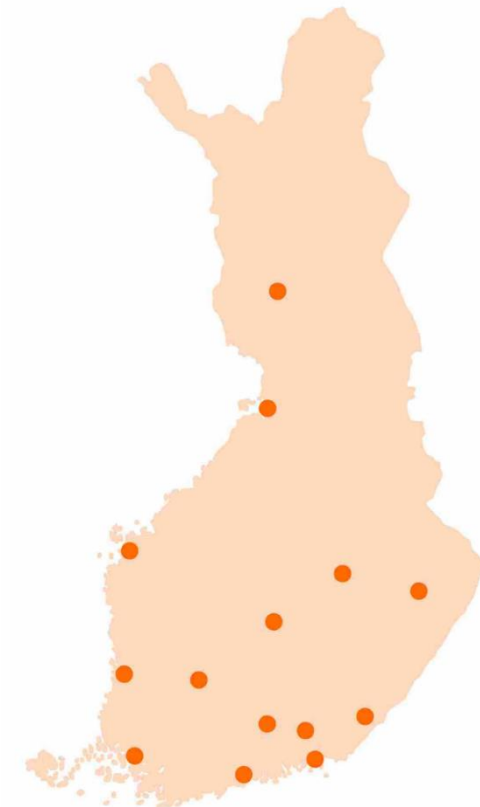
Market share figures for 2016-2022 not comparable to preceding years (include discounters and service stations)



# KESKO THE ONLY OPERATOR IN THE FOODSERVICE BUSINESS WITH A NETWORK THAT SPANS THE WHOLE COUNTRY

- In addition to its major B2C grocery business, Kesko is the leading operator in Finnish foodservice business, which is exceptional on a European scale
- Enables significant efficiency and synergy benefits in purchasing, logistics and IT
- Foodservice net sales already amount to €1,154.9 million, of which 70% via digital channels
- Kespro's comparable operating profit totalled €75.0 million (2022: €59.2 m)
- A clear market leader with a 48% market share and growing sales
- A wide customer base ranging from private restaurants to public sector operators. Some 70% of sales come from lunch sales, work cafeterias and the public sector

**KESPRO CASH-AND-CARRY OUTLETS  
AND CENTRAL WAREHOUSE**



# KESKO AND K-RETAILERS





BUILDING AND TECHNICAL TRADE

# A GOOD RESULT IN A BAD ECONOMIC CYCLE

# LEADING PLAYER IN BUILDING AND TECHNICAL TRADE IN NORTHERN EUROPE

Total retail sales of €6.0 billion\*, B2B accounts for over 80% of sales\*\*

## TECHNICAL TRADE

**onninen** 

- Net sales €2,344.7 million
- Operating profit €128.5 million
- Operating margin 5.5%
- 100% B2B

## BUILDING AND HOME IMPROVEMENT TRADE

**Rauta** 

- Net sales € 1,912.1 million
- Operating profit €65 million
- Operating margin 3.4%
- Builders merchant for professional builders 67%
- DIY for consumers 33% of sales

**BYGG** 

**BYGGMAKKER** 

**CSSEN**  
**SENUKAI** 

- Kesko Senukai joint venture
- Leading DIY operator in the Baltics, 70% DIY \*\*\*
- Kesko's share 50%
- Retail sales €1,177 million\*

# BUILDING AND TECHNICAL TRADE

## TECHNICAL WHOLESALE



### In brief:

Operates in 7 countries. Kesko subsidiary Onninen offers technical wholesale products and services (offering varies between countries) in stores, online and via on-site solutions. Finland accounts for 53 % of net sales

### Customers:

100% B2B trade – customers include technical contractors like plumbers and electricians, industry, infrastructure builders, and retailers

### Key figures:

Net sales €2,344.7 million; operating profit €128.5 million; operating margin 5.5%



### Market and market shares:

Total market (est.) for 8 countries (incl. Denmark) €23 billion; Kesko's market shares Finland 44%, Sweden 11% (infrastructure), Norway 41% (electricals)\*, Poland 5%, Estonia 10%, Latvia 6%, Lithuania 3%

### Growth drivers:

Urbanisation, green transition, building and construction work becoming more technical and being outsourced to professionals, growing renovation need and infrastructure investment debt, digitalisation, market consolidation

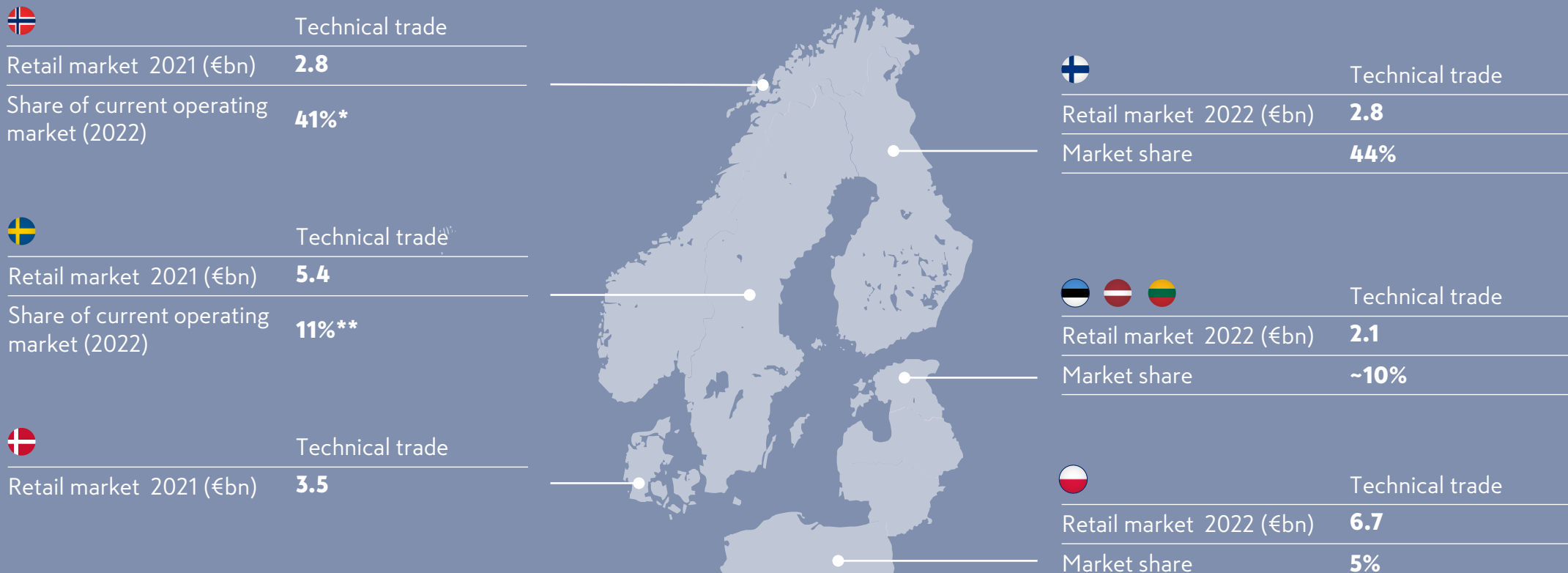
### Competitors and peers:

Dahl, Ahlsell, Rexel, Grainger, Würth, Sanistål, Elektroskandia, Solar

## TECHNICAL TRADE

# STILL FURTHER POTENTIAL FOR GROWTH

Market size €23 billion



\* Norway: Kesko currently operates only in the electrical market. Proforma incl. Elektroskandia.

\*\* Sweden: Kesko currently operates only in the water & sewage and infra markets

Figures for 2022



# BUILDING AND TECHNICAL TRADE

## BUILDING AND HOME IMPROVEMENT



### In brief:

Operates in 7 countries; offers products and services for building, renovation, garden, interior decoration and home furnishing through various store chains, including K-Rauta (FI), K-Bygg (SE), Byggnakker (NO), Kesko Senukai (Baltics), Davidsen (DK) starting from 1 Feb 2024  
Finland accounts for 49% of net sales

### Customers:

68% building professionals, 32% consumers (DIY)

### Key figures:

Net sales €1,912.1 million; operating profit €65 million;  
operating margin 3.4%



### Market and market shares:

Total market (est.) for 8 countries (incl. Denmark) €25 billion;  
Kesko's market shares Finland 45%, Sweden 8%, Norway 13%,  
Estonia 17%, Latvia 19%, Lithuania 40%, Kesko entered  
Denmark 2024; market share 9 %

### Growth drivers:

Urbanisation, green transition, building and construction work becoming more technical and being outsourced to professionals, growing renovation need and infrastructure investment debt, digitalisation, market consolidation

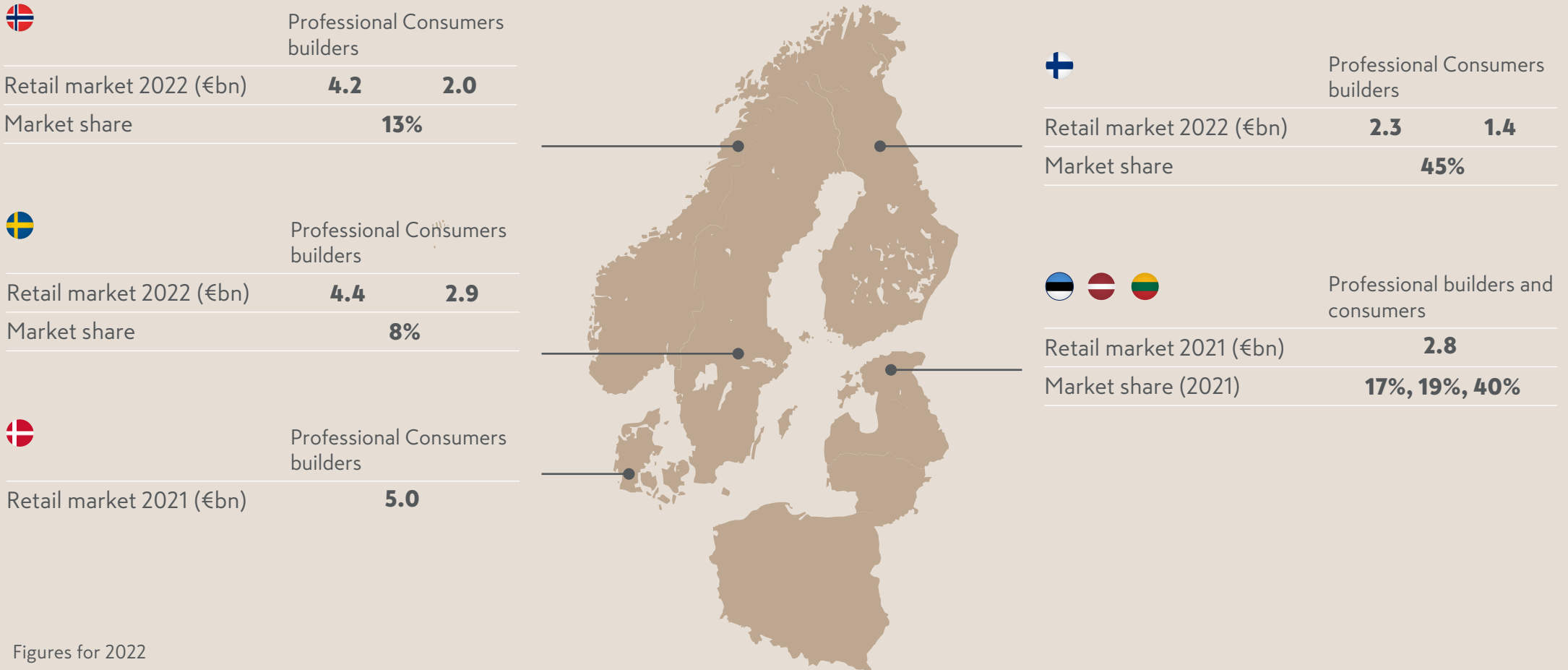
### Competitors and peers:

Stark, Beijer, Optimera, Mestergruppen, Bygma, Travis Perkins, Ferguson

BUILDING AND HOME IMPROVEMENT

# SUCCESSFUL ACQUISITIONS CARRIED OUT – STILL FURTHER POSSIBILITIES

Market size €25 billion



CAR TRADE

# GOOD RESULT IN CAR TRADE

FIN LPU-447

# CAR TRADE



## In brief:

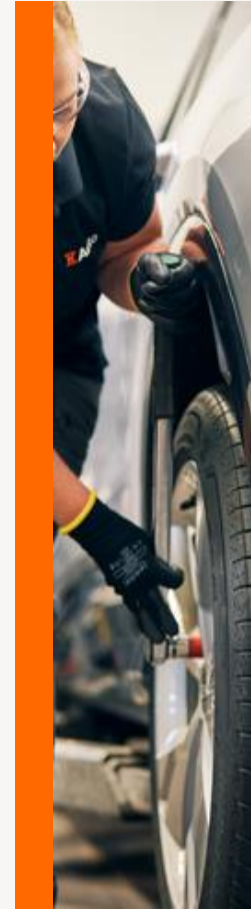
- Operates in Finland. The whole value chain - imports and sells Volkswagen Group car brands, sells used cars, and offers car-related services (e.g. servicing, leasing, EV charging)
- Division also includes two sports trade chains

## Customers:

- Primarily Finnish consumers, also companies when leasing cars

## Key figures:

- Net sales €1,262.3 million; operating profit €82.6 million; operating margin 6.5%
- Of which sports trade: net sales €183.9m, operating profit €9.5m, operating margin 5.1%



## Market and market shares:

- Total first registrations of new cars in Finland approx. 90,000 in 2022, of which Kesko's K-Auto accounted for some 15.1 %

## Growth drivers:

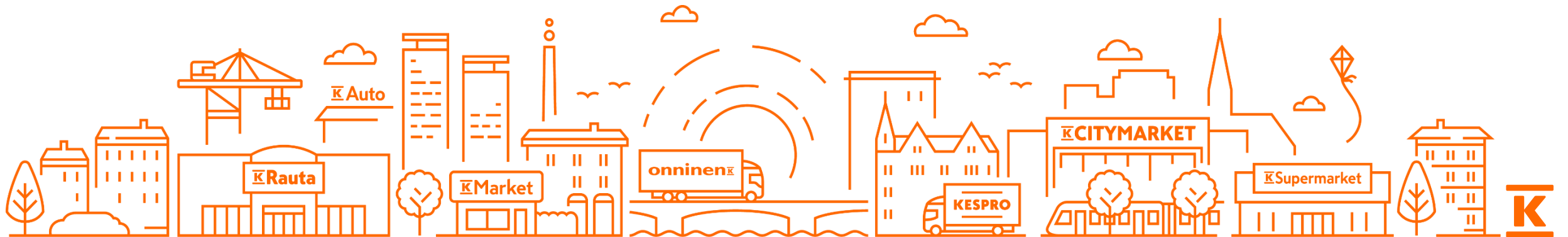
- E-mobility, updating Finland's outdated vehicle stock, digitalisation changing customer behaviour and helping to improve operational efficiency, new competitors entering European markets

## Competitors and peers:

- Car trade: Veho, Kamux, Hedin, Rinta-Jouppi, Wetteri
- Sports trade: XXL, Stadium



# DETERMINED STRATEGY EXECUTION BRINGS RESULTS



# SUCCESSFUL STRATEGY

## GROWTH STRATEGY

FOCUS:



GROCERY TRADE



BUILDING AND  
TECHNICAL TRADE



CAR TRADE

ONE UNIFIED



CUSTOMER EXPERIENCE

DIGITALISATION

SUSTAINABILITY

# GOOD PERFORMANCE IS NOT A COINCIDENCE

The right strategic choices and their successful execution



**FOCUSING ON THREE CORE BUSINESSES**



**MASSIVE DIVESTMENTS OF NON-CORE BUSINESSES, INCLUDING RUSSIAN OPERATIONS**



**TRANSFORMING BUILDING MATERIALS TRADE TO BE B2B-DRIVEN**



**EXPANSION TO TECHNICAL TRADE BY ACQUIRING ONNINEN**



**MARKET LEADERSHIP IN NEIGHBOURHOOD STORES THROUGH THE SUOMEN LÄHIKAUPPA ACQUISITION**



**DIGITAL FORERUNNER IN THE EUROPEAN RETAIL INDUSTRY**

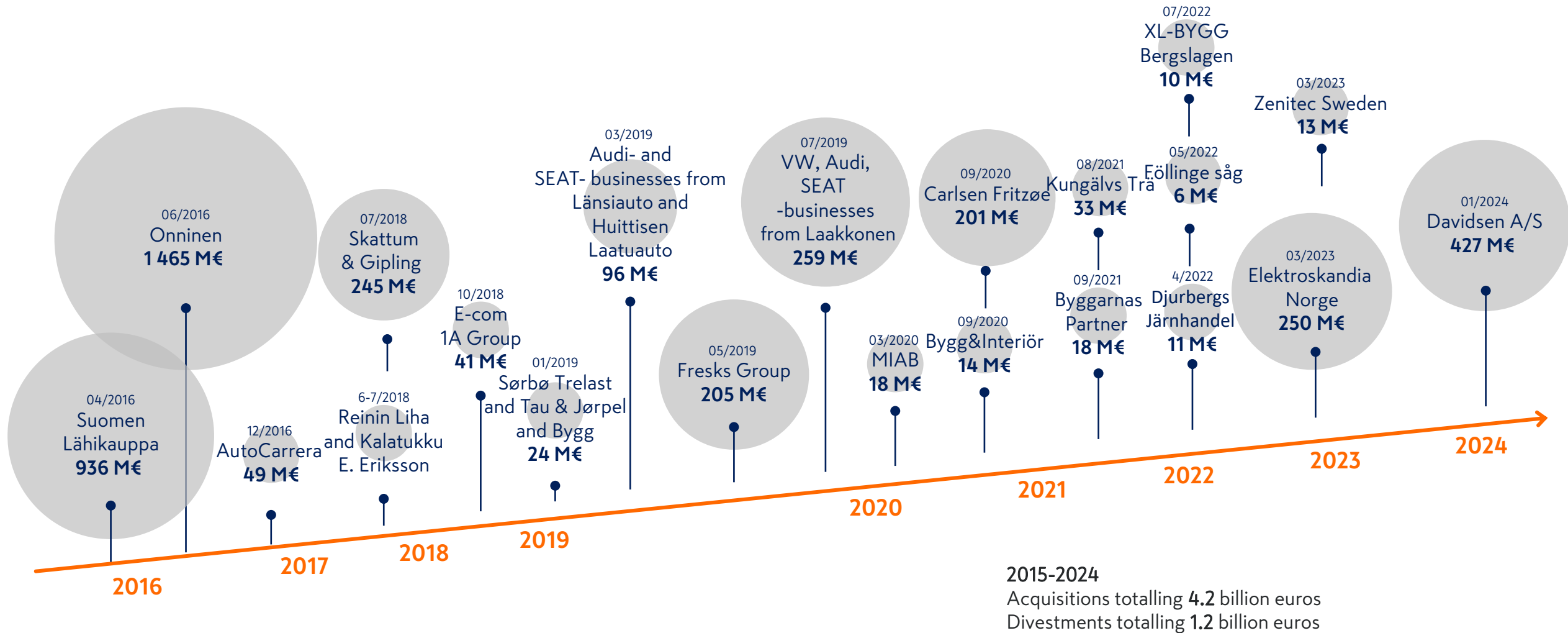


**STRONG GROWTH IN BUILDING AND TECHNICAL TRADE IN NORTHERN EUROPE**



**GLOBAL SUSTAINABILITY FORERUNNER**

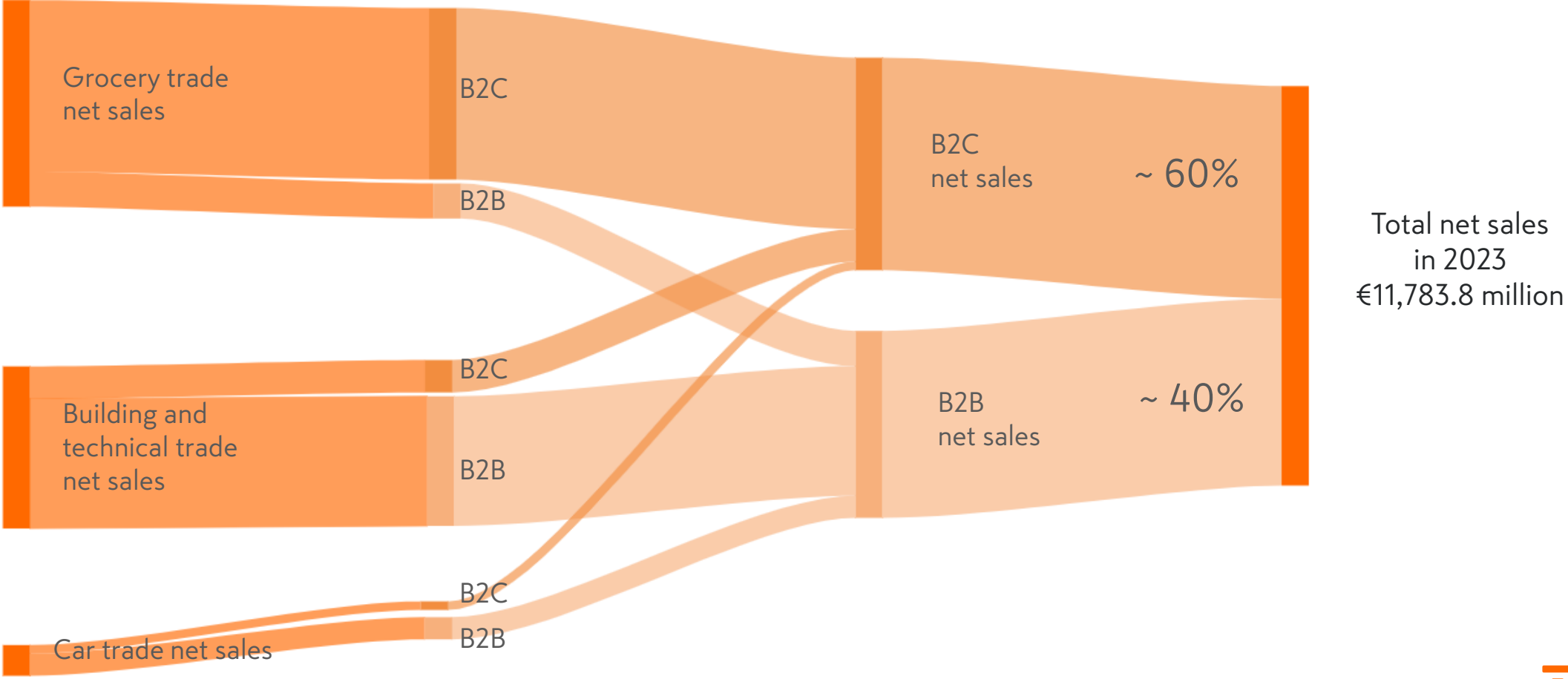
# ACQUISITIONS SUPPORT SALES AND PROFITABILITY





# B2B TRADE'S ROLE HAS STRENGTHENED SIGNIFICANTLY

Net sales breakdown - B2C trade and B2B trade



# TRANSFORMATION FROM A TRADITIONAL RETAILER INTO A MORE FOCUSED, UNIFIED K



**K**CITYMARKET

**K**Supermarket

**K**Market

**K**ESPRO

**K**Rauta

onninen**K**

**K**BYGG

**BM** BYGGMAKKER**K**

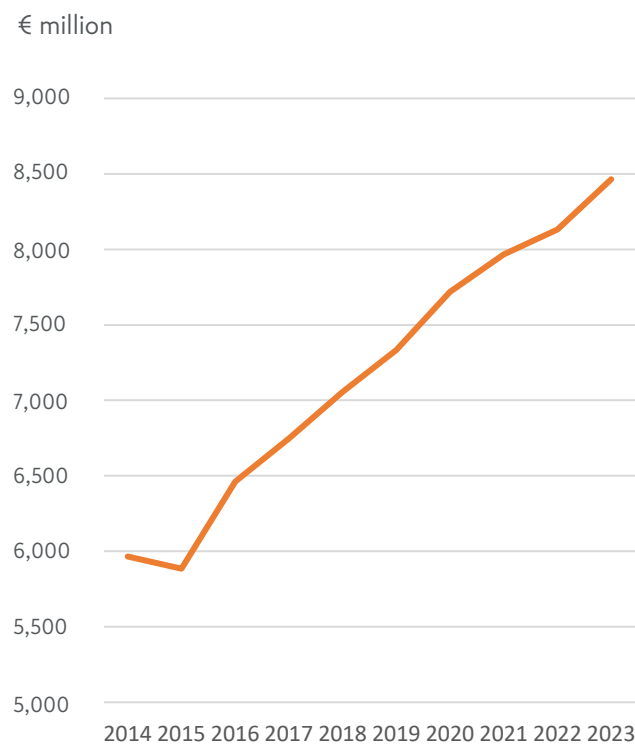
**K**Auto

**K**Plusa  
●●●●●

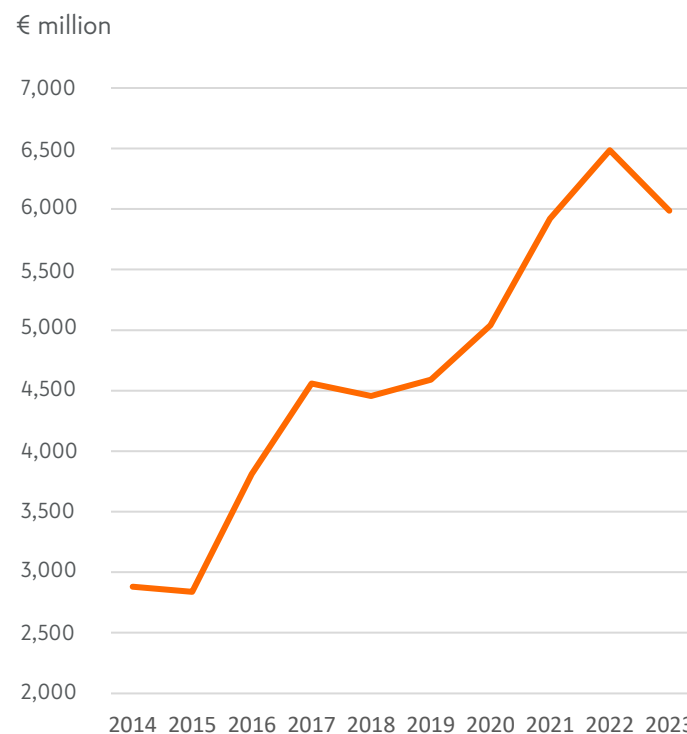


# ANNUAL SALES FOR CORE BUSINESSES HAVE GROWN BY SOME €6 BILLION SINCE 2014

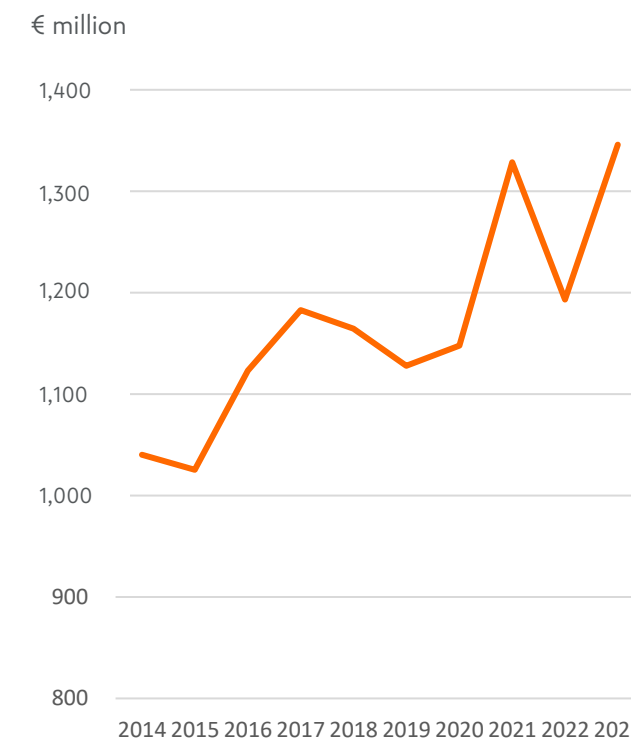
## GROCERY TRADE



## BUILDING AND TECHNICAL TRADE



## CAR TRADE



# SALES GROWTH THROUGH EXISTING STORES AND SYSTEMS HAS IMPROVED OUR EFFICIENCY

Plenty of additional potential

Retail and B2B sales  
growth for core  
businesses since 2014

**€6.0 bn**

Steady cost ratio  
improvement

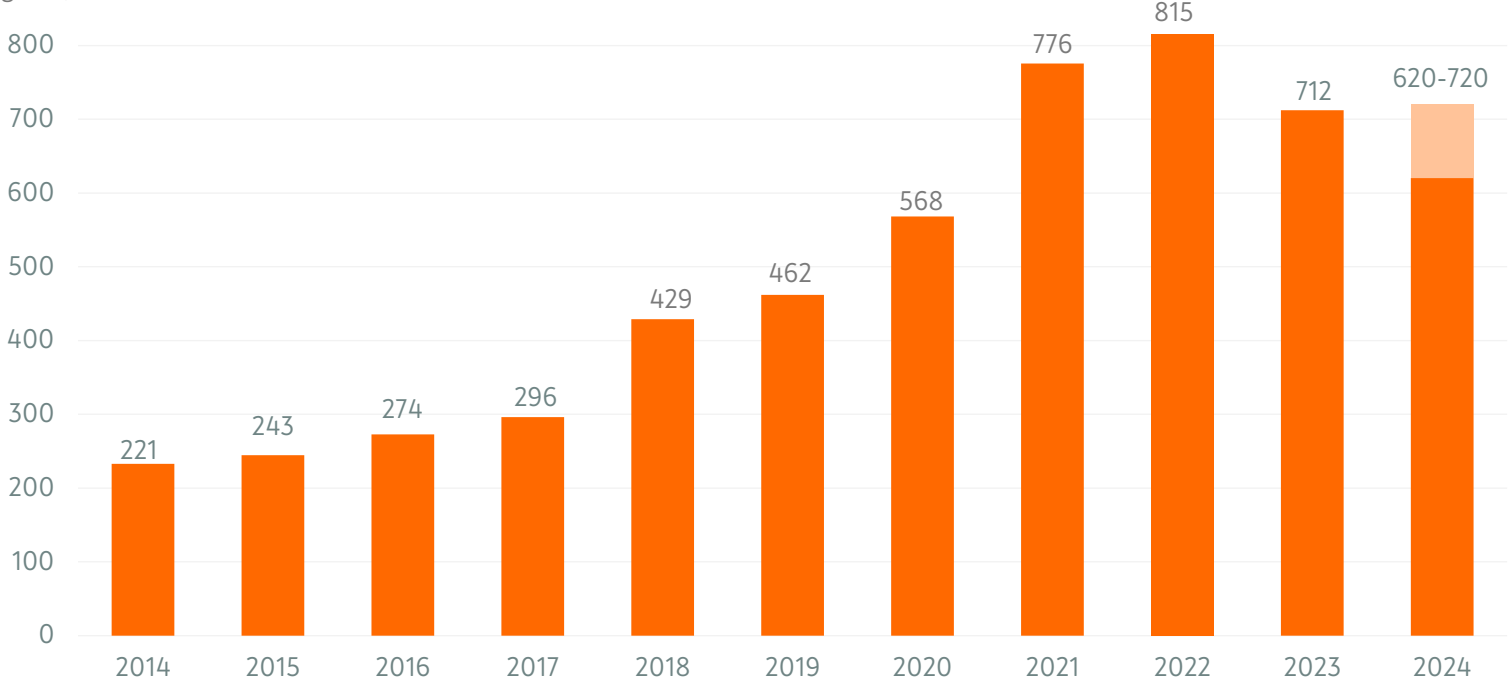
**16.6%**

2014: 19.2%

Costs / reported Group net sales, FY2023, rolling 12 months  
IFRS 16 impact since 2018

# STRONG PROFIT GENERATION ALSO IN A WEAKER MARKET

Comparable operating profit  
Reported figures, € million



2014 - 2019 continuing operations

IFRS 16 -impact



# 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  
€2.0 billion

Growth in online sales  
continues

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

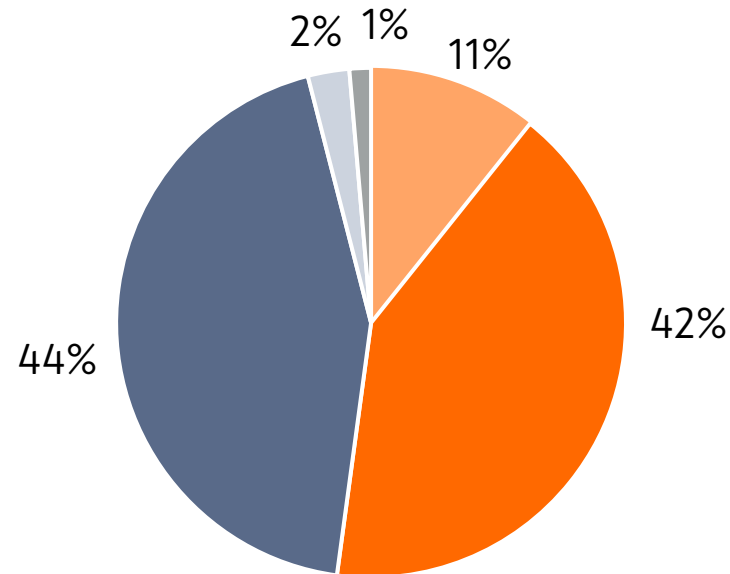
Personal benefits and offers

Digital Plussa money

Personal purchase trackers, e.g.  
carbon footprint calculator

Seamless customer experience  
irrespective of channel

# SALES VIA DIGITAL CHANNELS ALREADY € 2.0 BILLION



- K-ruoka.fi (online grocery)
- Kespro (food service)
- Onninen
- Building and home improvement
- Sportstrade

# 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

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#### 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



# FOCUS AREAS AND KEY OBJECTIVES

WE ENABLE SUSTAINABLE CHOICES FOR OUR CUSTOMERS AND DRIVE CHANGE THROUGHOUT THE VALUE CHAIN



## CLIMATE AND NATURE

### Achieving carbon neutral K Group

- Carbon neutrality by 2025 and zero emissions by 2030 in our own operations and transports
- Challenging our suppliers to set their CO<sub>2</sub> reduction targets
- Reducing emissions from the use of sold products

Kesko commits to reducing greenhouse gas emissions from its whole value chain to net zero by the year 2050.

### Promoting biodiversity

- Continuing our biodiversity work by creating a biodiversity programme and setting goals for our biodiversity impacts

### Enhancing circular economy

- Sustainable packaging for all our own brand products by 2025
- Reducing food waste by half by 2030



## VALUE CHAIN

### Ensuring sustainability in the supply chain

- 100% of suppliers from high-risk countries audited for social responsibility
- Extending audits to take climate and environmental aspects into account

### Enabling sustainable choices for our customers

- Increasing the share of sustainable products of net sales
- Making sustainable choices attractive through selections, data-based tools and communications

### Creating value for society through sustainable value chains

- Strengthening the Finnish food chain and security of supply



## OUR PEOPLE

### Increasing the safety and wellbeing of our employees

- Supporting people's health, wellbeing and success
- Ultimate target zero injuries

### Fostering diversity, inclusion and equal opportunities for our current and future employees

- Diversity and inclusion programme
- Equal pay
- Gender equality on all levels of the organisation



## GOOD GOVERNANCE

### Committing to K Code of Conduct

Remunerating based on sustainability performance

Strengthening sustainability competencies

Using data in a responsible and ethical way that creates value

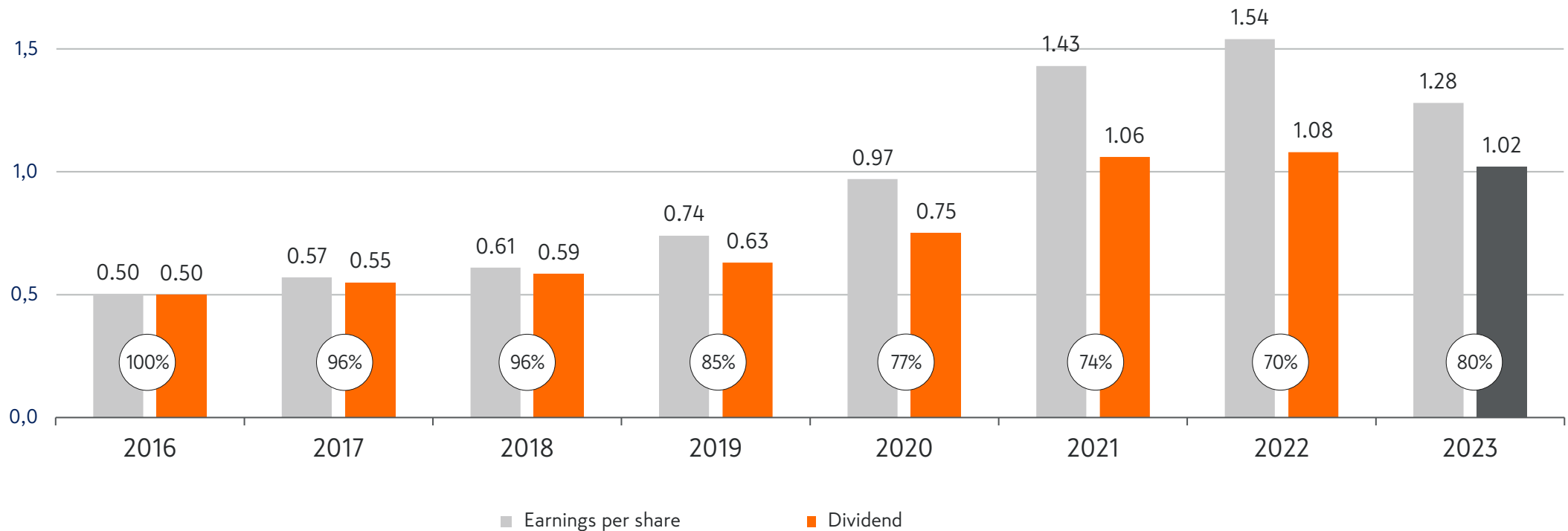
# FINANCIAL TARGETS

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

# DIVIDEND

Dividend proposal to be paid in 2023: €1.02 / share in four instalments.

**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.



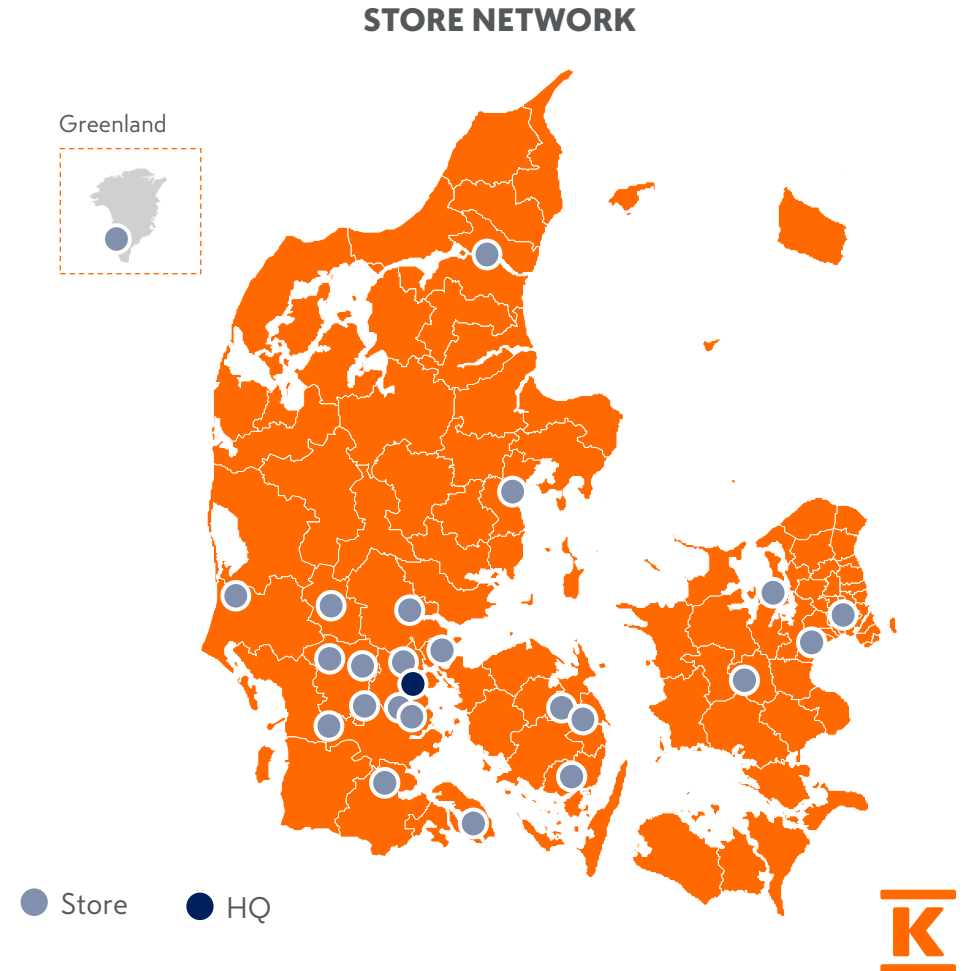


**LATEST NEWS:**

**KESKO ACQUIRES THE DANISH BUILDERS'  
MERCHANT DAVIDSEN AND ENTERS DENMARK**

# DAVIDSEN IN BRIEF

- Kesko acquires 90% of the family-owned Davidsen A/S
- Family-owned builders' merchant company headquartered in Kolding, Denmark
- One of the largest building materials retailers focusing on the B2B segment with ~9% market share, ~30% market share in Southern Denmark
- 23 stores, of which 19 are owned by the company
- Davidsen has some 850 employees
- In 2023, the company's net sales approximately €427 million with an EBITDA of €12 million and EBIT of €7 million (excl. IFRS 16 impact)



# DAVIDSEN TRANSACTION KEY POINTS

- The agreed debt-free enterprise value for 100% of the company is approximately €190 million, of which Kesko will acquire 90%, which equals approximately €170 million
- The Davidsen family continues with a 10% ownership and will support the company's development and expansion
- The company will continue under Davidsen brand and current local management will continue leading the company
- The rationale behind the acquisition is strategic. However, transaction offers some synergies in sourcing, selections and leveraging best-practices
- Kesko finances the acquisition with a customary bank loan
- Davidsen is consolidated into Kesko Group's financial reporting as of 1 February 2024
- Kesko will record an expense of approximately €4 million regarding the fair value of Davidsen inventories in Q1-Q2/2024



# BIG POTENTIAL IN BUILDING AND HOME IMPROVEMENT MARKET IN DENMARK

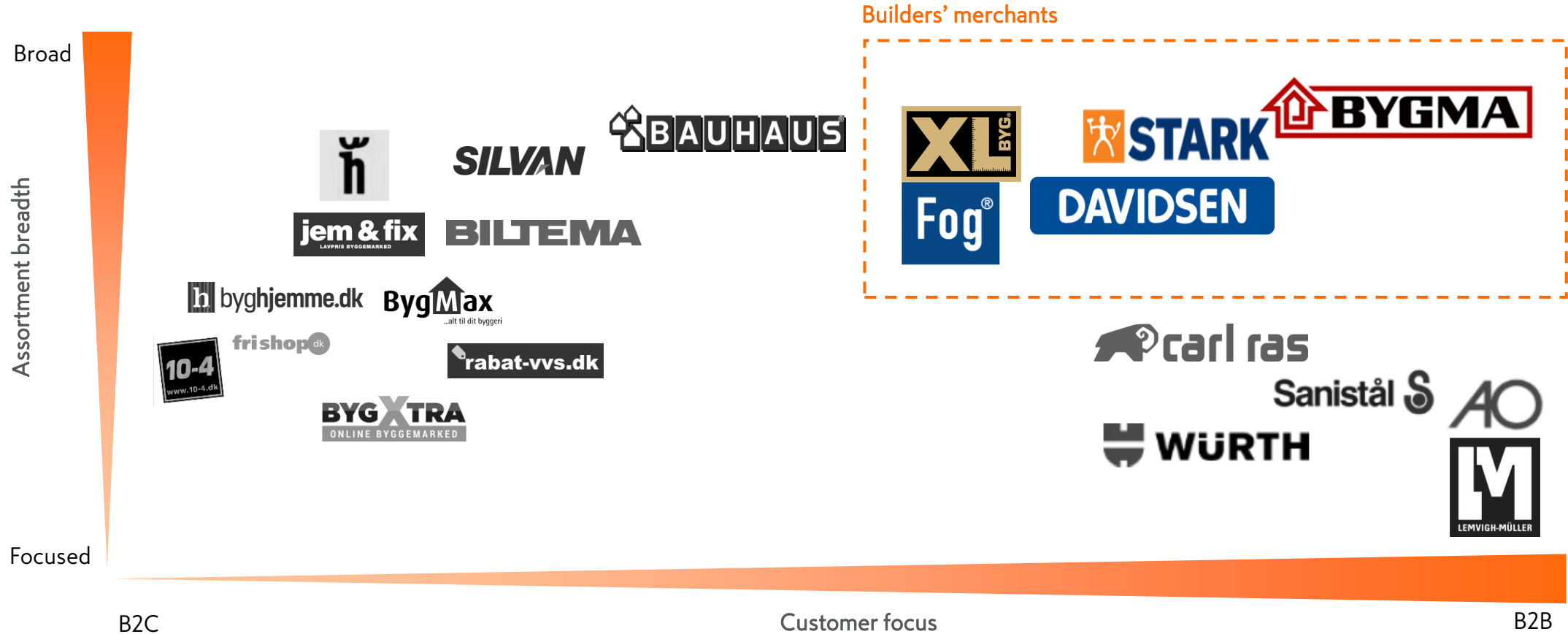
- The Danish building and home improvement market was approximately €5.7 billion in 2022, which is over 1.5x the size of the Finnish market of €3.7 billion
- Three largest builders' merchant companies Stark, Bygma and Davidsen represent some 50% of the market
- Approximately 30 independent retailers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



Davidsen Aahlborg

# COMPETITIVE LANDSCAPE IN DANISH BUILDING AND HOME IMPROVEMENT BUSINESS

Competitive landscape and positioning, illustrative





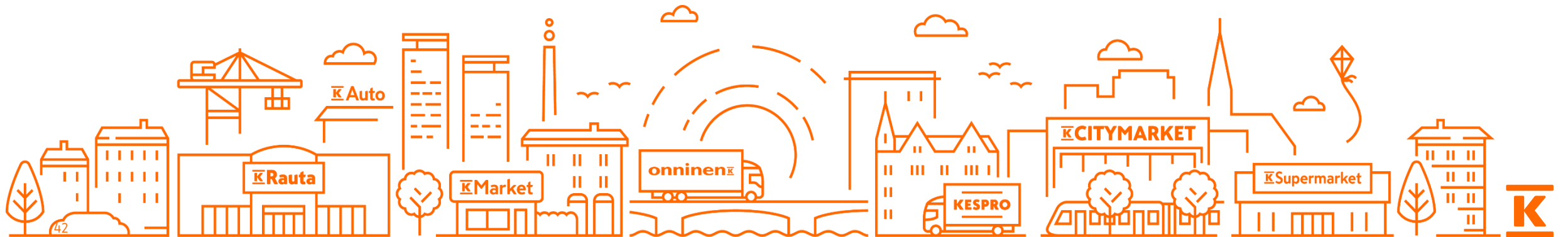
# KESKO SET TO CONTINUE GROWTH IN BUILDING AND TECHNICAL TRADE

Slowdown in economic growth accelerating market consolidation

- Kesko intends to continue to take an active part in the consolidation of the building and technical trade B2B market in Northern Europe also going forward
- The objective is to be among the leading operators not only in Finland and Norway but also in Sweden and Denmark
- Growth in technical trade in Poland and the Baltics also important
- The joint venture Kesko Senukai a leading operator in building and home improvement trade in the Baltics

**KESKO FINANCIAL STATEMENTS RELEASE 2023**

# **A GOOD RESULT FROM ALL DIVISIONS**



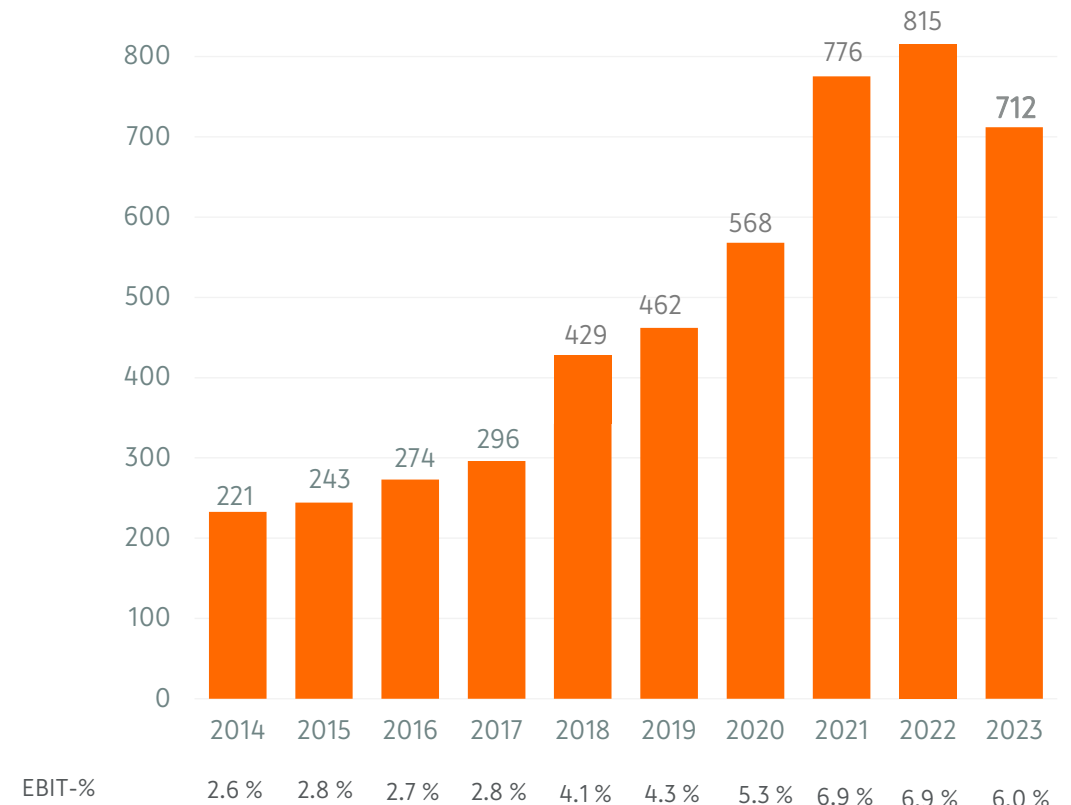
# KESKO'S PROFIT-MAKING ABILITY IS EXCELLENT

Operating profit in 2023

**€712 million**

a good result in a weak cycle

Comparable operating profit  
Reported figures, € million



2014 - 2019 continuing operations

IFRS 16 impact



# KEY EVENTS IN 2023

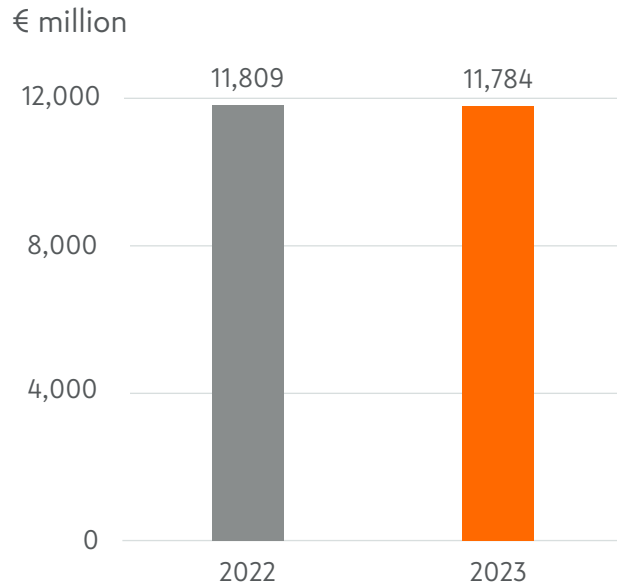
- Very good profitability in the grocery trade division
- Profitability in building and technical trade remained good despite weak construction cycle
- Sales and profit improved clearly in all car trade businesses
- Elektroskandia acquired in Norway and Davidsen in Denmark
- President and CEO Mikko Helander announced he would retire, Jorma Rauhala appointed as new President and CEO as of 1 February 2024
- Number of shareholders rose by 27% to above 105,000
- The Board proposes to the Annual General Meeting a dividend of €1.02 / share, to be paid in four instalments

	2023	2022
Net sales, € million	11,783.8	11,809.0
Net sales growth, %*	-0.8	4.4
Operating profit, € million*	712.0	815.1
Operating margin, %*	6.0	6.9
Profit before tax, € million*	630.4	763.2
Earnings per share, basic, €* €	1.28	1.54
Cash flow from operating activities, € million	1,049.5	915.2

\* Comparable

# NET SALES 2023

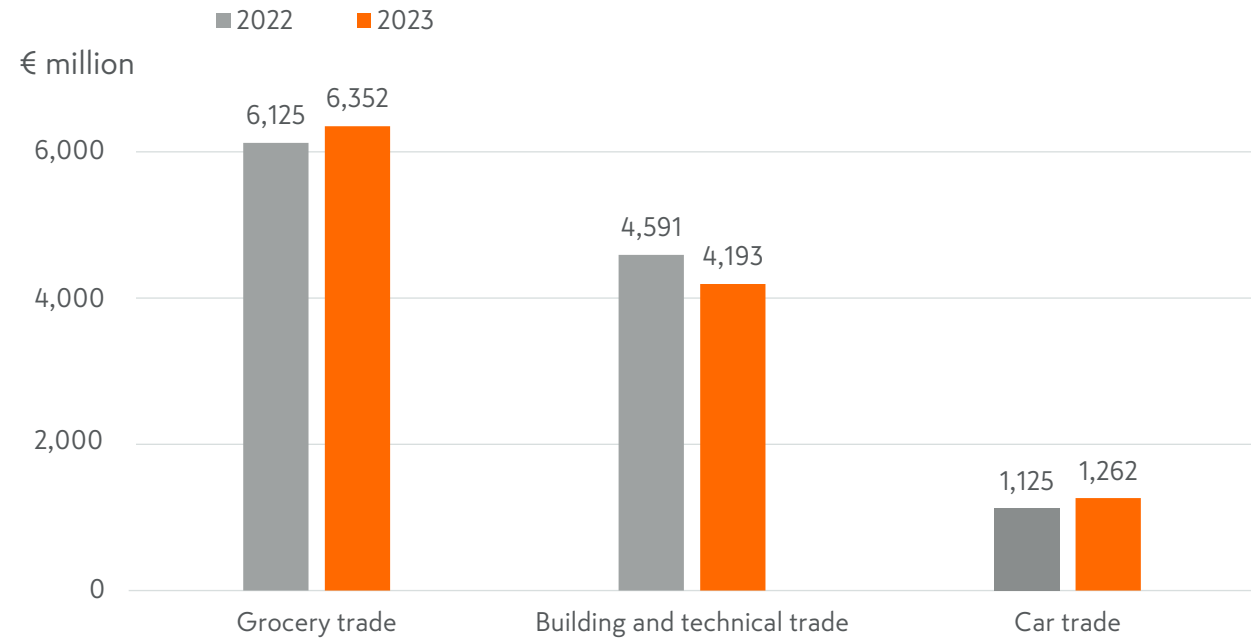
## GROUP



Change, comparable

-0.8%

## DIVISIONS



3.7%

-10.5%

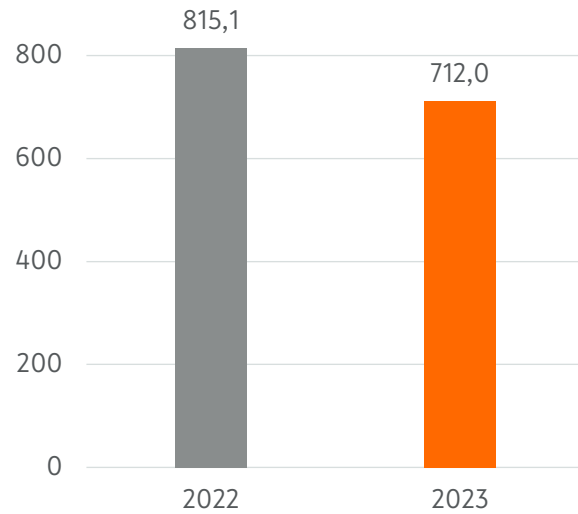
13.9%



# OPERATING PROFIT 2023

## GROUP

€ million



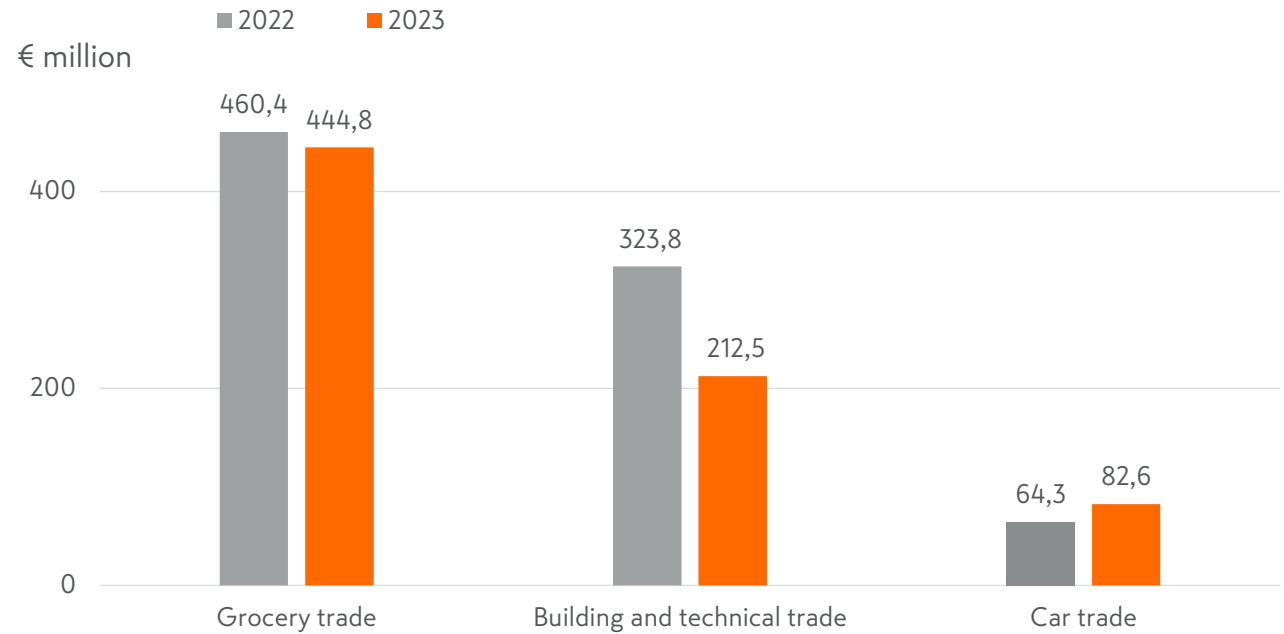
Operating margin

6.9%

6.0%

## DIVISIONS

€ million



7.5%

7.0%

7.1%

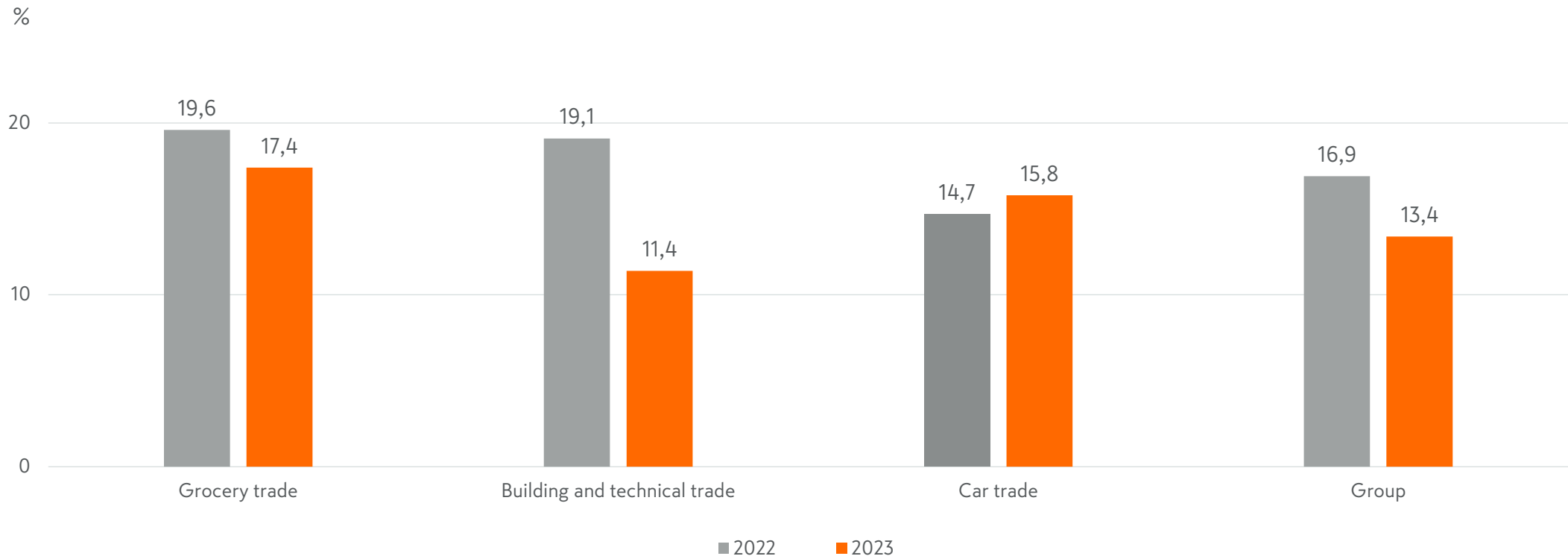
5.1%

5.7%

6.5%



# RETURN ON CAPITAL EMPLOYED 2023



# STRONG FINANCIAL POSITION

Cash flow from operating activities rose above one billion euros

	2023	2022
Cash flow from operating activities, € million	1,049.5	915.2
Liquid assets, € million	227.3	314.1
Capital expenditure, € million	678.9	449.2
Interest-bearing net debt excl. lease liabilities, € million	561.9	184.1
Interest-bearing net debt/EBITDA (rolling, excl. IFRS 16 impact)	0.7	0.2
Lease liabilities, € million	1,997.9	1,920.1



# CAPITAL EXPENDITURE

Capital expenditure grew due to acquisitions and logistics projects

	2023	2022
Capital expenditure in store sites, € million	286.5	268.1
Acquisitions, € million	141.1	50.1
IT investments, € million	25.0	41.8
Other investments, € million	226.3	89.2
Total, € million	678.9	449.2

# SUCCESSFUL COST MANAGEMENT

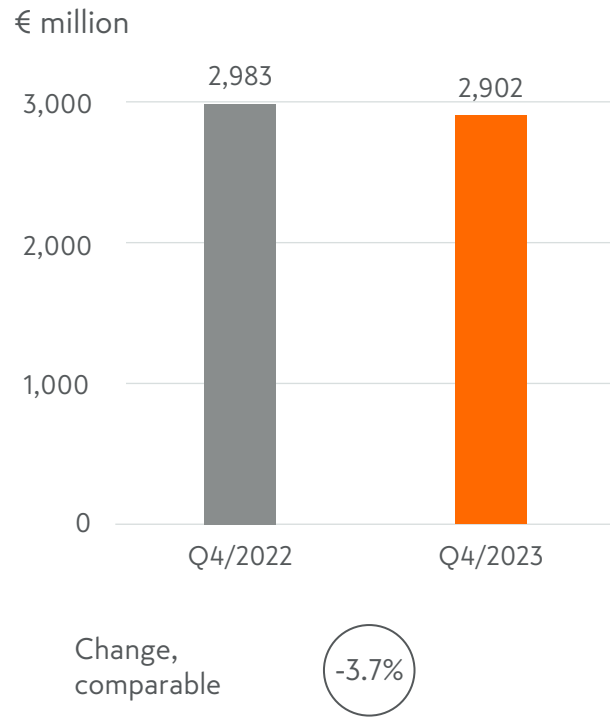
	2023	2022
Fixed costs, € million	1,959.1	1,946.0
- Personnel expenses, € million	779.1	784.7
- Other expenses, € million	646.6	668.6
- Depreciation, € million	533.3	492.7
Cost ratio, %	16.6	16.5

# Q4 2023 RESULTS

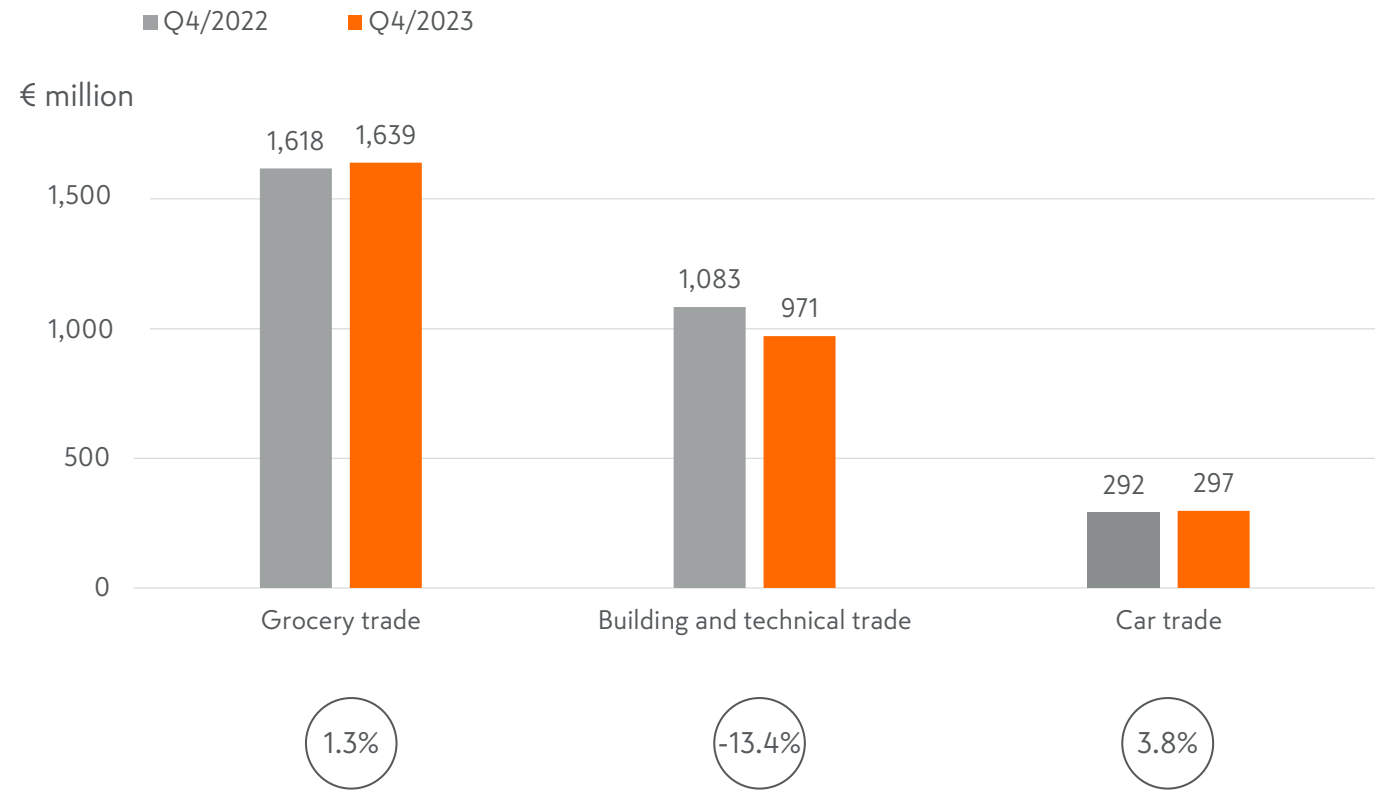


# NET SALES Q4

## GROUP



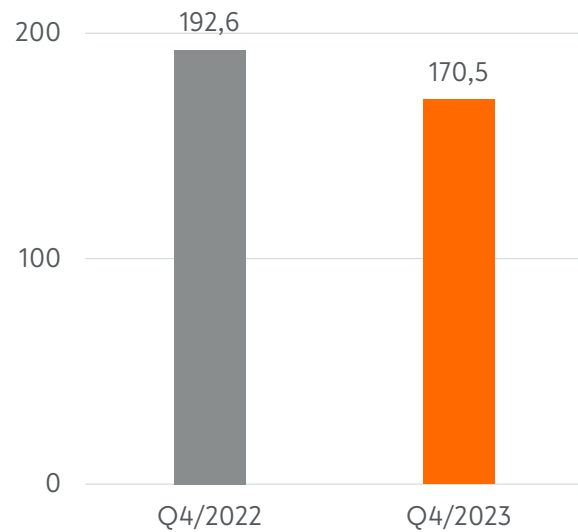
## DIVISIONS



# OPERATING PROFIT Q4

## GROUP

€ million



Operating margin

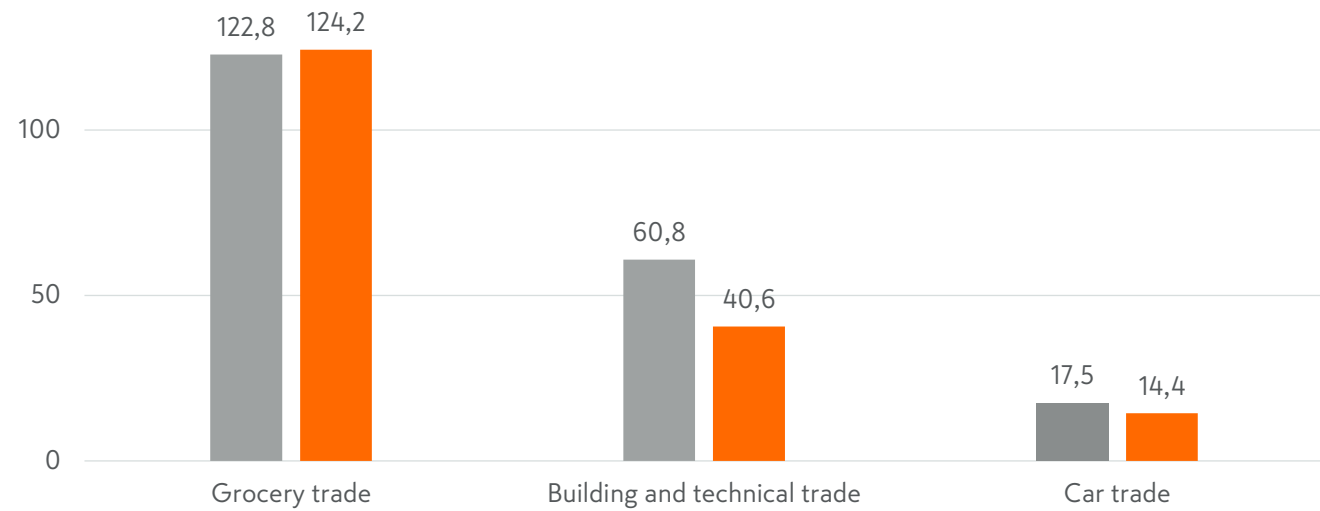
6.5%

5.9%

## DIVISIONS

€ million

■ Q4/2022 ■ Q4/2023



7.6%

7.6%

5.6%

4.2%

6.0%

4.8%

# KEY EVENTS IN GROCERY TRADE IN Q4

- Improved purchasing power and slowing inflation impacted the market positively
- Tight price competition continues in Finnish grocery trade
- Decline in market share continued to slow down
- Campaigns and other marketing efforts saw customer flows grow further, user numbers for the K-Ruoka app grew significantly
- Grocery sales in our stores grew by 2.6%, online grocery sales by 17.9%
- Kespro's sales grew by 4.9%, again clearly outpacing the market
- Kespro's comparable operating profit rose to €17.9 million, operating margin 6.2%
- Price inflation for groceries continued to decline, amounting to 3.7%
- K-Citymarket non-food sales grew slightly



# KEY EVENTS IN BUILDING AND TECHNICAL TRADE IN Q4

## BUILDING AND HOME IMPROVEMENT TRADE

- Construction activity has declined in Northern Europe as a result of inflation and rising interest rates, the biggest drop seen in residential building
- Q4 operating profit totalled €5.0 million despite seasonal fluctuations and marked weakening of the market
- In our biggest market Finland, operating margin stood at 4.1 % and our market share grew further
- Net sales for building and home improvement trade decreased in all operating countries in both B2B and B2C trade
- Share of result reported by Kesko from the Kesko Senukai joint venture €13.5 million, up by €2.3 million
- Successful management of costs and working capital
- Credit losses low



# KEY EVENTS IN BUILDING AND TECHNICAL TRADE IN Q4

## TECHNICAL TRADE

- Net sales for technical trade decreased by 0.7%, or by 9.4% in comparable terms, due to the weakening of the construction markets
- A significant share of the decrease in comparable sales was attributable to solar power products, where sales were exceptionally high in the comparison period due to a rapid rise in electricity prices
- Market share continued to grow in Finland
- Q4 operating profit totalled €22.1 million
- Operating margin in Onninen's biggest market Finland was 5.0%
- Credit losses low





# KEY EVENTS IN CAR TRADE IN Q4

- New car deliveries flat year-on-year
- Used car sales markedly up, market share in used cars continued to grow
- Good development also in service sales
- Q4 profit for the car trade businesses at a good level of €10.6 million
- Order book for new cars took an upturn
- Net sales for sports trade down by 15.1%, but profitability still good at 7.5%



# OUTLOOK AND GUIDANCE



# OUTLOOK

In grocery trade, B2C trade and the foodservice market are expected to remain stable despite tightened price competition, and inflation is expected to slow down in 2024. Profitability in grocery trade is estimated to remain good also in 2024.

In building and technical trade, the market is expected to continue to decline in 2024. The economic cycle will have the biggest impact on new residential building, while the decline in other building construction, renovation building and infrastructure construction is expected to be smaller. The cycle is expected to turn in 2025. Profitability in building and technical trade is estimated to fall short of the 2023 level, but to still remain at a reasonably good level in 2024.

In car trade, new car sales are expected to fall short of the 2023 level. Sales of used cars and services are expected to grow. Profitability in car trade is estimated to still remain good in 2024, but to fall short of the 2023 level.

# GUIDANCE FOR 2024

Kesko's operating environment is estimated to remain challenging in 2024.

Kesko's net sales and operating profit are estimated to remain at a good level in 2024 despite the challenges in the company's operating environment. Kesko estimates that its comparable operating profit in 2024 will be in the range of €620–720 million.

The guidance is based on an estimate of a relatively short recession in Kesko's operating countries. Key uncertainties impacting Kesko's outlook are developments in inflation and interest rate levels, and geopolitical crisis and tensions.

