

A photograph of two women smiling and looking towards the right. The woman on the left has dark hair and is wearing a patterned scarf. The woman on the right has blonde hair and is wearing a red and white striped shirt. The background is a blurred indoor setting, likely a conference room or meeting hall.

Welcome to the General Meeting

13 April 2015

President and CEO Mikko Helander

KESKO

Key events in 2014

- Profitability remained at a strong level
- In the food trade, profitability remained good
- In the building and home improvement trade, operating profit more than doubled and market share strengthened
- In the car trade, profitability remained good and Audi and Volkswagen were again market leaders
- Strong financial position, €600 million of liquid assets and net debt-free balance sheet
- New divisional structure: the grocery trade, the home improvement and speciality goods trade and the car and machinery trade

Kesko's year 2014 in figures

Net sales for 2014

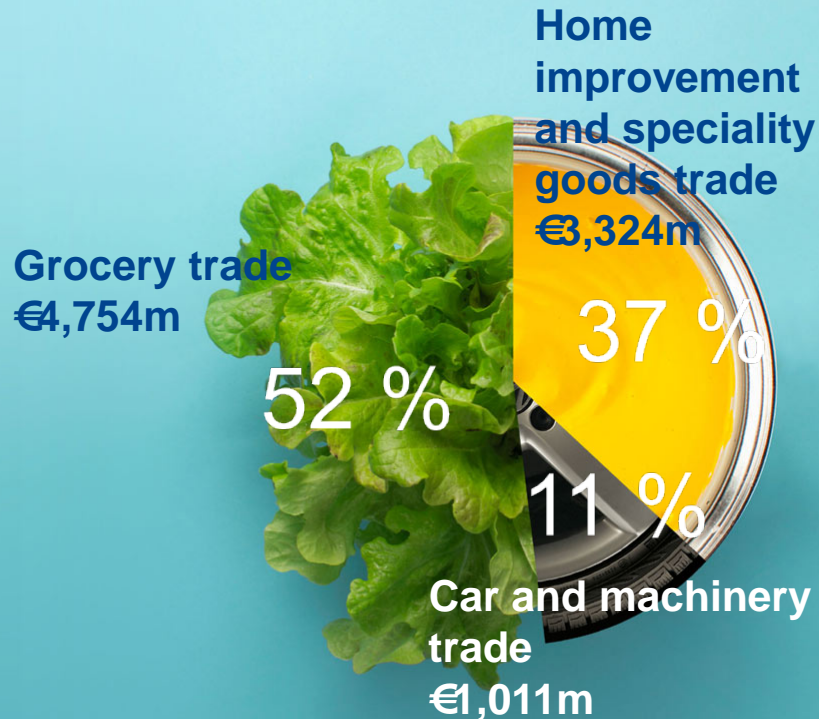
€9,071m

**Operating profit
excl. non-recurring items**

€233m

Personnel

23,800



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Results for 1-12/2014

	1-12/2014	1-12/2013
Net sales, M€	9,071	9,315
Fixed costs excl. non-recurring items, M€	-1,742	-1,768
Operating profit excl. non-recurring items, M€	233	239
Non-recurring items, M€	-81	10
Net financial items, M€	-6	-6
Income taxes, M€	-37	-58
Profit for the year, M€	108	185
Profit for the year excl. non-recurring items, M€	176	178

Financial position

	1-12/2014	1-12/2013
Equity ratio, %	54.5	54.5
Liquid assets, M€	598	681
Capital expenditure, M€	194	171
Interest-bearing net debt, M€	-99	-126
Inventories, M€	776	797
Return on capital employed, %*	9.9	9.8

* excl. non-recurring items

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Finland's highest-quality food trade operator

Grocery trade

- Number of stores 912
- Number of employees 6,176
- Net sales €4,754m, -2.2%
- Operating profit* €223.2m (4.7%)
- Return on capital employed* 22.2%

*excl. non-recurring items

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Europe's 5th largest operator in the building and home improvement trade

Home improvement and speciality goods trade

- Number of stores 647
- Number of employees 12,105
- Net sales €3,324m, -3.4%
- Operating profit* €0.3m (0.0%)
- Operating profit* excl. Anttila €63m (2.1%)
- Return on capital employed* 0.0%

*excl. non-recurring items

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Market leader in the Finnish car trade

Car and machinery trade

- Number of employees 1,244
 - Net sales €1,011m, -2.5%
 - Operating profit* €29.6m (2.9%)
 - Return on capital employed* 18.3%
- *excl. non-recurring items

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Kesko is a significant operator in Russia

- 13 K-rauta stores in the St. Petersburg and Moscow areas
- Six K-ruoka stores in St. Petersburg and two new ones underway
- Intersport chain has 17 stores in Russia
- Net sales in Russia €368m in 2014
- Operating profit excl. non-recurring items of the building and home improvement trade in Russia €13m
- Other business operations at their early stages with negative operating profits
- Capital employed in Russian operations €31m



Change

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Strategy work is underway

- Kesko will be a more focused and unified company in the future
- Objective is to achieve profitable growth in selected areas
- All business operations will be developed in order to increase shareholder value
- Synergies will be fully exploited at customer interface and in internal operations
- Special themes include digitalisation, strengthening of retailer entrepreneurship, customer experience and identity



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Anttila's divestment improves profitability and makes Kesko's business operations more focused

- Anttila's net sales in 2014 €324m
- Operating loss €64m
- Transaction price €1m
- Kesko will record an approximately €130 million non-recurring item on the transaction for the first quarter of 2015

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Kesko's profitability is expected to improve

- Kesko's net sales for 2015 are expected to be lower than the net sales for 2014 and the operating profit excluding non-recurring items for 2015 is expected to exceed the operating profit excluding non-recurring items for 2014.
- The general economic situation and the expected trend in consumer demand vary in Kesko's different operating countries
 - In Finland, demand in the trading sector is expected to be weak also in the current year and the competitive situation is expected to tighten further, especially in the grocery trade and the home and speciality goods trade
 - In Sweden and Norway and the Baltic countries, growth in the trading sector demand is expected to continue
 - In Russia, the economic situation and consumers' purchasing power will weaken

The objective is to implement the real estate arrangement during the first half of 2015

- The intention is to sell some of the store sites owned by Kesko to a joint venture to be set up
- The fair value of store sites planned to be sold to the joint venture from Finland and Sweden around 670 million at maximum
- If implemented, the sale of store sites is estimated to generate a significant non-recurring selling profit
- The transaction is subject to terms and conditions acceptable to Kesko

Kesko's management was revamped



Mikko Helander,
President and CEO



Jorma Rauhala,
grocery trade



Terho Kalliokoski,
home improvement
and speciality goods trade



Pekka Lahti,
car and
machinery trade



Anni Ronkainen,
Chief Digital Office



Matti Mettälä,
human resources



Jukka Erlund,
CFO



Anne Leppälä-Nilsson,
legal affairs



Lauri Peltola,
corporate responsibility, communications and
stakeholder relations

Management's special focus areas

- New strategy and its practical implementation
- More speed and higher responsiveness: elimination of complexity, clear-cut responsibilities and decision-making at the right organisational levels
- Creating the best digital customer experience
- Stopping the decline of the grocery trade market share and turning the trend upward in Finland
- Improving the profitability of the building and home improvement trade in Scandinavia
- Ensuring the continuation of the positive trend in the building and home improvement trade in Russia and the Baltic countries
- Implementation of the real estate arrangement in the first half of 2015

Visible presence in Finnish society



KESKO



Kesko is the fourth most significant company in Finland

According to the report by the Prime Minister's Office, Kesko accounts for nearly one percent of the Finnish GDP

We meet our customers more than one million times every day around the year

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A woman is shown in profile, sitting on a rock by a river. She is wearing a grey beanie, a cream-colored cable-knit sweater, a dark blue quilted vest, and blue rubber boots. She is holding a fishing rod that extends across the frame. The background consists of tall, dry reeds or grasses along the riverbank. The overall scene is calm and serene.

Position involves responsibility

Participation and initiative in social debate

Taking care that debate takes place and that social decisions are made based on facts and not on impressions

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We want to promote the success of both Finland and Kesko

- High-quality Finnish foodstuffs – or Finnish food manufacturing industry and agriculture – are not something to be taken for granted
- Strong Finnish grocery trade provides an opportunity for domestic products to enter the market and thereby for domestic food manufacturing industry to succeed
- Successful food manufacturing industry provides a basis for Finnish agriculture
- Agriculture plays an important part in the wellbeing of Finnish people and in maintaining the vitality of the whole country



The world's
most sustainable
retail operator

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