

KESKO



Financial statements 2011

2 February 2012
CFO Jukka Erlund

Kesko had a year of profitable growth

- The K-Group's retail sales in 2011 were €11.8 bn, up 7.2% (VAT 0%)
- The Kesko Group's net sales were €9,460 million, up 7.8%
- Operating profit excluding non-recurring items was €279 million, up €11 million
- Focus on good solvency, return on capital and cost management in an uncertain economic situation
- On 25 January 2012, Kesko was included on 'The Global 100 Most Sustainable Corporations in the World' list for the eighth time
- Dividend proposal €1.20 per share
 - 65% of earnings per share excluding non-recurring items
 - Effective dividend yield 4.6%

Kesko had a year of profitable growth

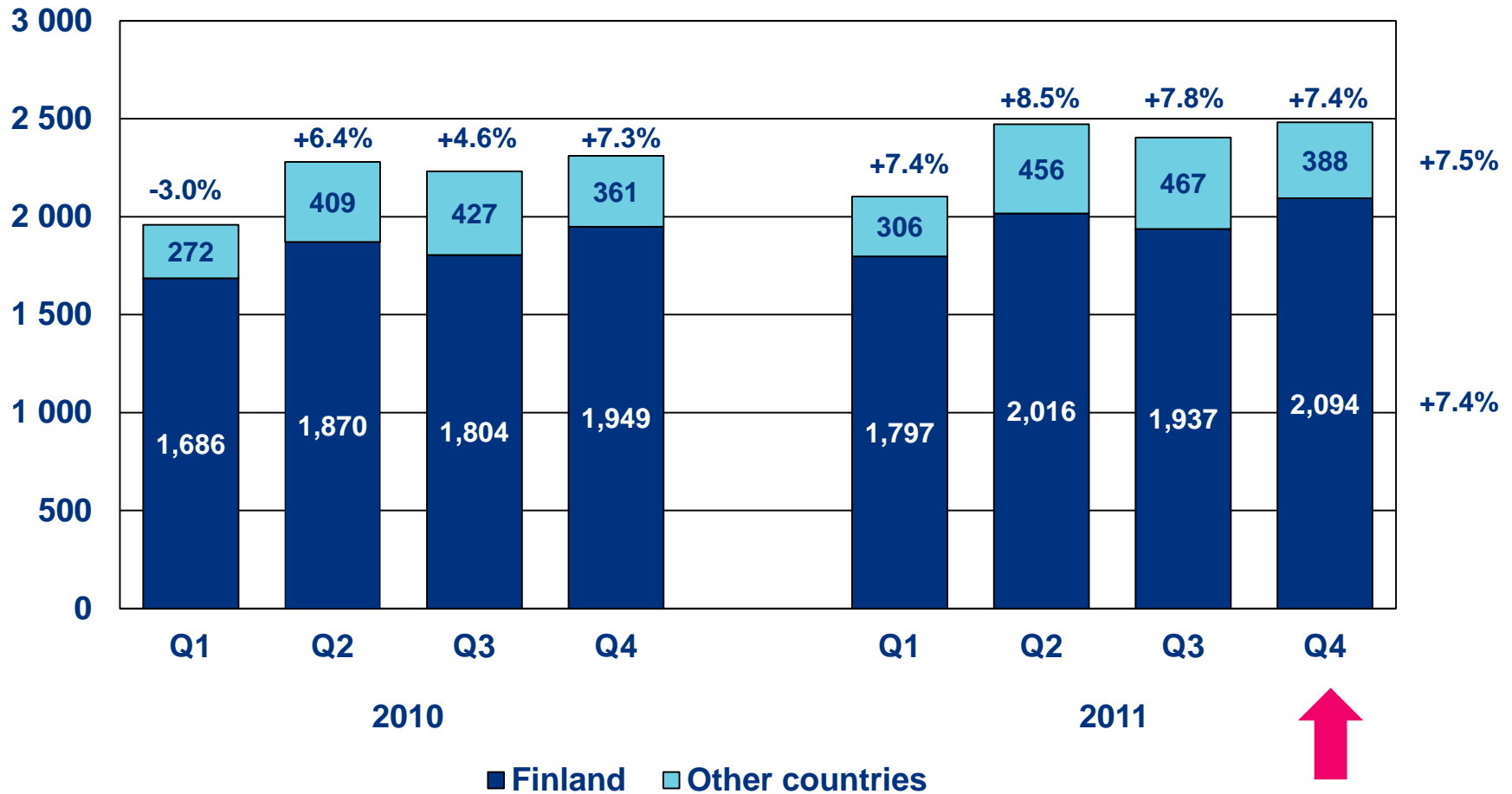
- In the food trade, market share and profit improved
 - Six new K-citymarkets and 17 K-supermarkets were opened, five K-citymarkets and 10 K-supermarkets are being built
 - Pirkka sales grew by +32%
- The profit of the home and speciality goods trade was weakened by the reform of Anttila's logistics and purchasing operations and the launch of Intersport operations in Russia
- Asko and Sotka achieved excellent sales and profits
- The sales of the building and home improvement trade increased markedly, profit performance remained slow
 - K-rauta is growing especially in Russia and the Baltic countries
- Volkswagen and Audi achieved record level profits and market shares
- The Kesko Group's net sales are expected to grow during the next twelve months. Owing to the uncertainty about economic development and consumer demand, and the costs involved in the expansion of the store site network as well as expansion of business operations in Russia, we are prepared for the 2012 operating profit excluding non-recurring items to be lower than the 2011 operating profit excluding non-recurring items.

Net sales by division 1.1.-31.12. (M€)

	2011	2010	Change
Food trade	4,182	3,896	+ 7%
Home and speciality goods trade	1,564	1,569	0%
Building and home improvement trade	2,716	2,519	+ 8%
Car and machinery trade	1,174	955	+ 23%
Group total	9,460	8,777	+ 8%

Comparable net sales of the car and machinery trade +26%

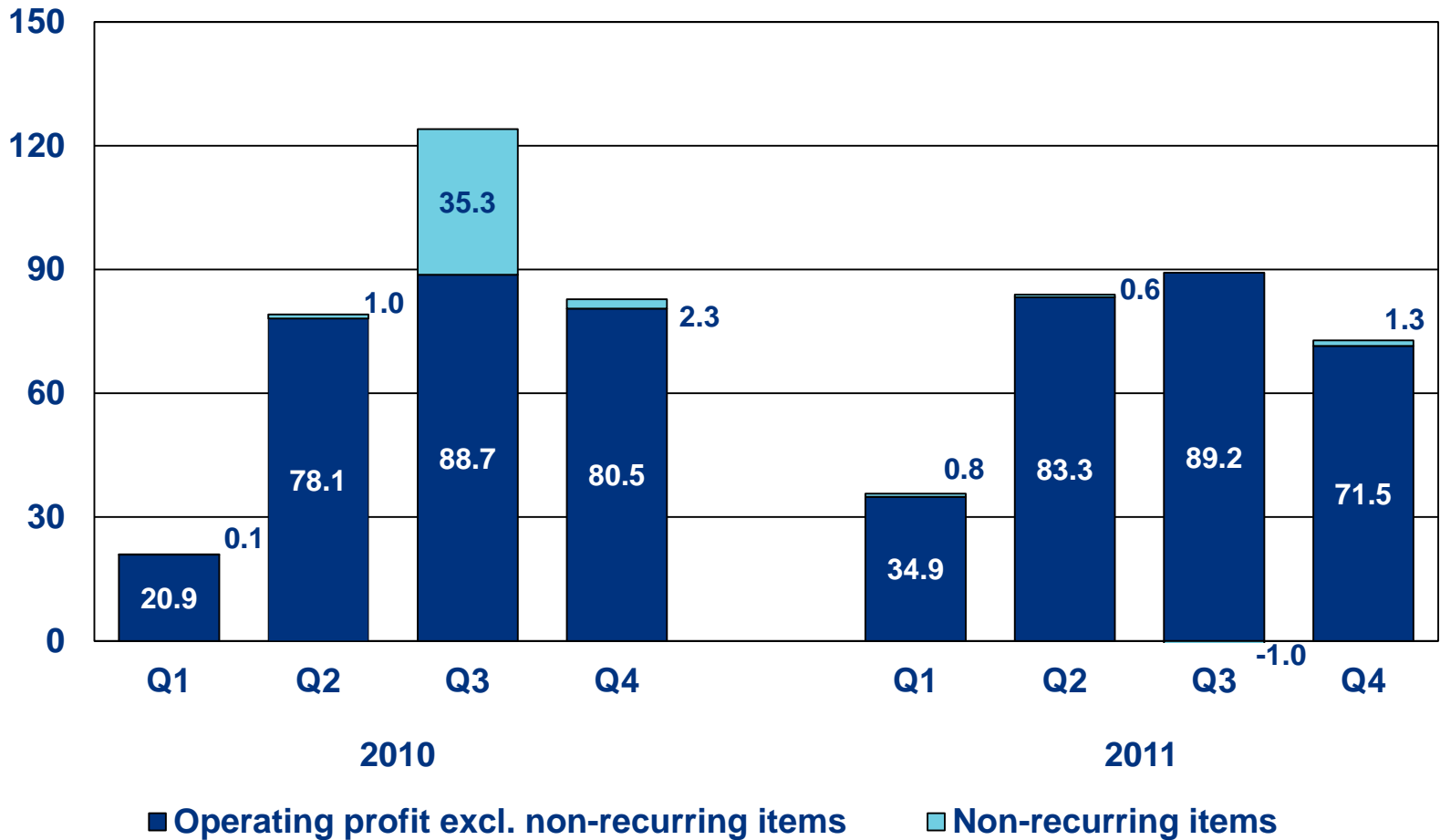
Group's net sales by quarter (M€)



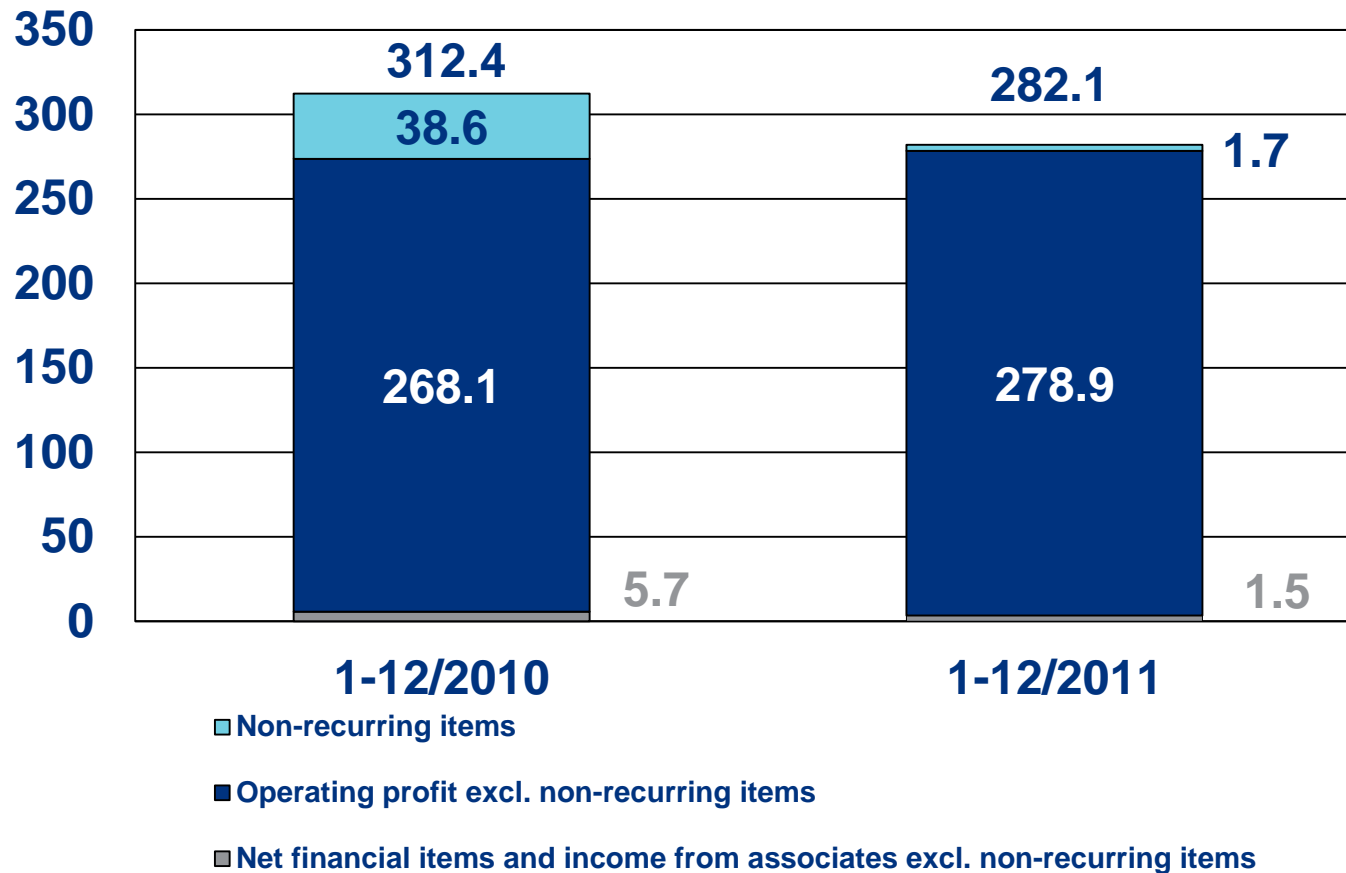
Operating profit excl. non-recurring items by division 1.1.-31.12. (M€)

	2011	2010	Change M€
Food trade	172	160	+ 12
Home and speciality goods trade	37	66	-29
Building and home improvement trade	27	24	+ 3
Car and machinery trade	52	33	+ 19
Group total	279	268	+ 11

Operating profit by quarter (M€)



Group's profit before tax 1-12/2011 (M€)



Food trade

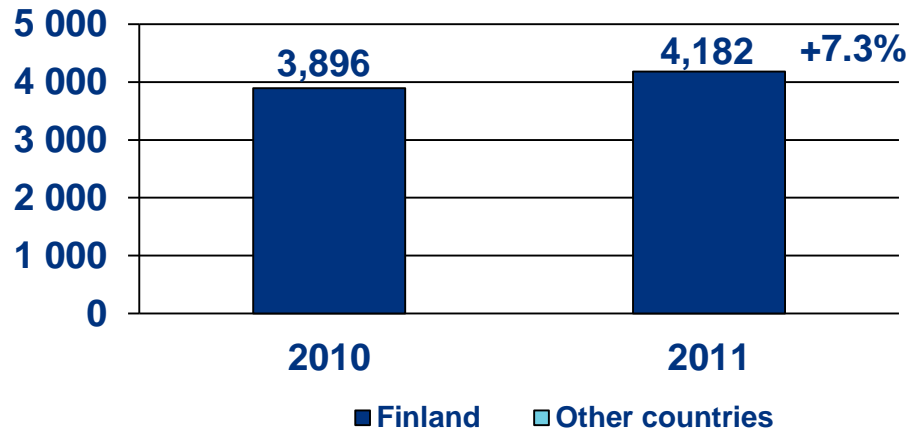


Total 964 stores

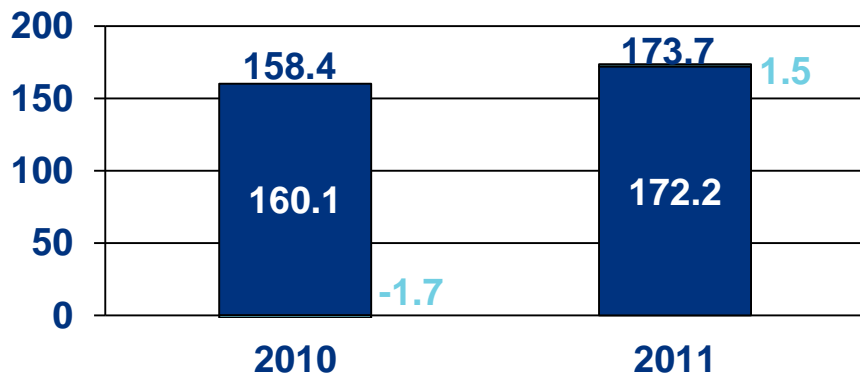
- Retail sales €5,314 million, +6% (VAT 0%)
- Net sales €4,182 million, +7%
- Operating profit excl. non-recurring items €172 million, + €12 million

Food trade 1-12/2011

Net sales 1-12, M€



Operating profit 1-12, M€



■ Non-recurring items ■ Operating profit excl. non-recurring items

- The net sales of the food trade were up by 7.3%
 - The sales performance of K-citymarket and K-supermarket was especially good
 - The sales of Pirkka products were up by 32%
- Sales growth and cost management improved the profit
- Kespro's growth and profitability strengthened further
- Capital expenditure in store sites was €211.3 million (€102.4 million)
- During the year, six new K-citymarkets and 17 K-supermarkets were opened
- Five K-citymarkets and 10 K-supermarkets are being built

KESKO

Home and speciality goods trade

ANTTILA

NETANTTILA.COM

KODINYKKÖNEN 

 **CITYMARKET**

 **INTERSPORT**

 **Budget Sport**

 **ASKO**

 **SOTKA**

 **MUSTA PÖRSSI**

 **KONEBOX**

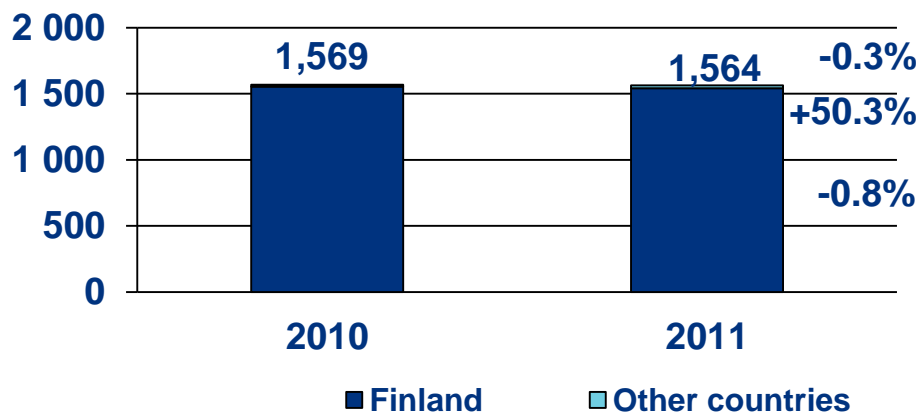
 **KOOKENKÄ**

Total 446 stores

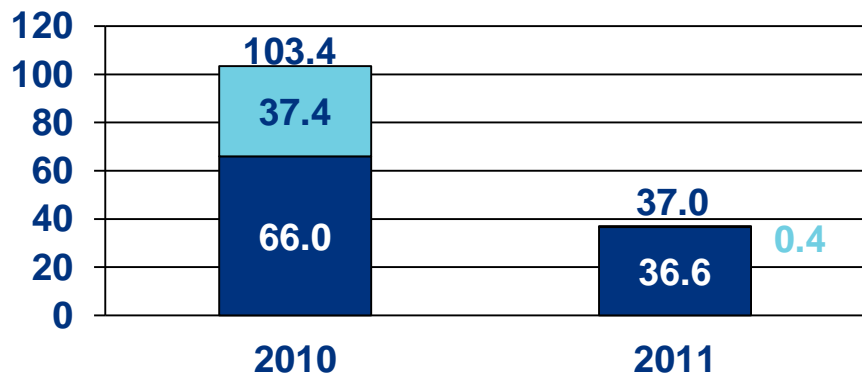
- Retail sales €1,697 million, - 1% (VAT 0%)
- Net sales €1,564 million, 0%
- Operating profit excl. non-recurring items €37 million, - €29 million

Home and speciality goods trade 1-12/2011

Net sales 1-12, M€



Operating profit 1-12, M€



- Sales at the level of the previous year
 - Sales growth was achieved by Asko and Sotka
- Profitability of K-citymarket and Anttila was weakened by the expansion of store site network, reform of purchasing operations and the launch of Anttila's new logistics centre
- Profit was also impacted by the costs from launching Russian Intersport operations
- In addition to K-citymarkets, a Kodin Ykkönen was opened in Kuopio and an Asko and a Sotka in Porvoo
- Musta Pörssi stores number 32 (-14)

Building and home improvement trade



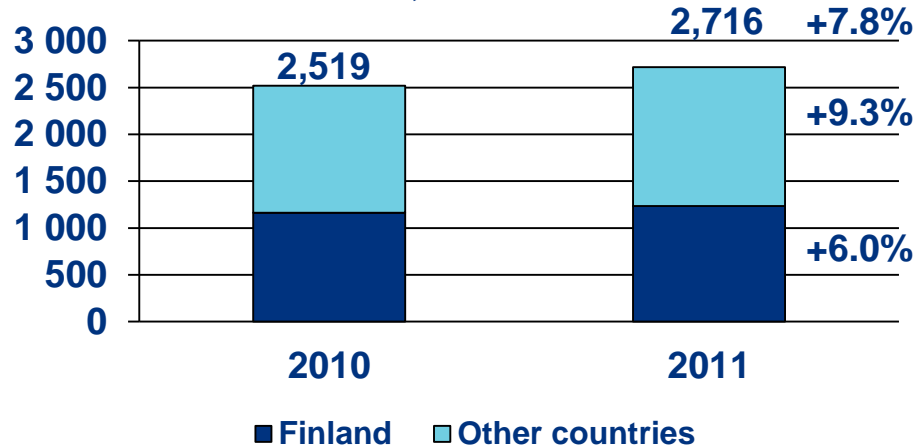
Total 400 stores

- Retail sales €3,557 million, +9% (VAT 0%)
- Net sales €2,716 million, +8%
- Operating profit excl. non-recurring items €27 million, + €3 million

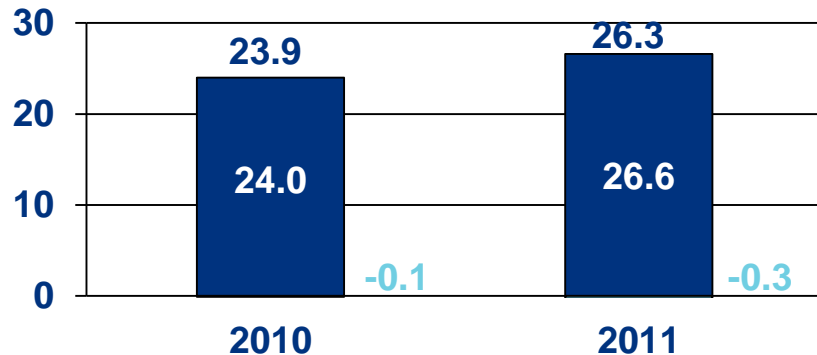
Building and home improvement trade

1-12/2011

Net sales 1-12, M€



Operating profit 1-12, M€



■ Non-recurring items ■ Operating profit excl. non-recurring items

- Sales of the building and home improvement trade grew in all markets except Sweden
 - Sales growth mainly derived from basic building materials with low margins
 - In Russia, 18.2% sales growth in terms of roubles
 - Expansion of store network increased costs
- Profit weakened by the introduction of international ERP system
- Capital expenditure €109.8 million (€78.2 million)
- New K-rauta was opened in Kuopio, Haaparanta, St. Petersburg and Moscow
- Three K-rauta stores are being built

Car and machinery trade



Audi



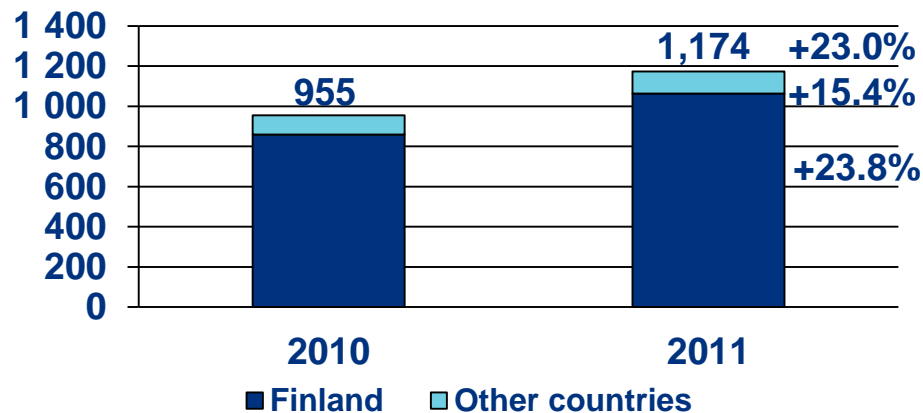
SEAT



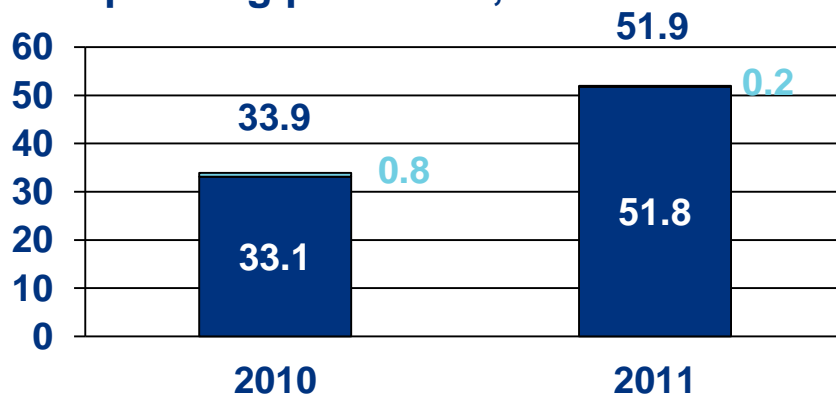
- Net sales €1,174 million, +23%
- Operating profit excl. non-recurring items €52 million, + €19 million

Car and machinery trade 1-12/2011

Net sales 1-12, M€



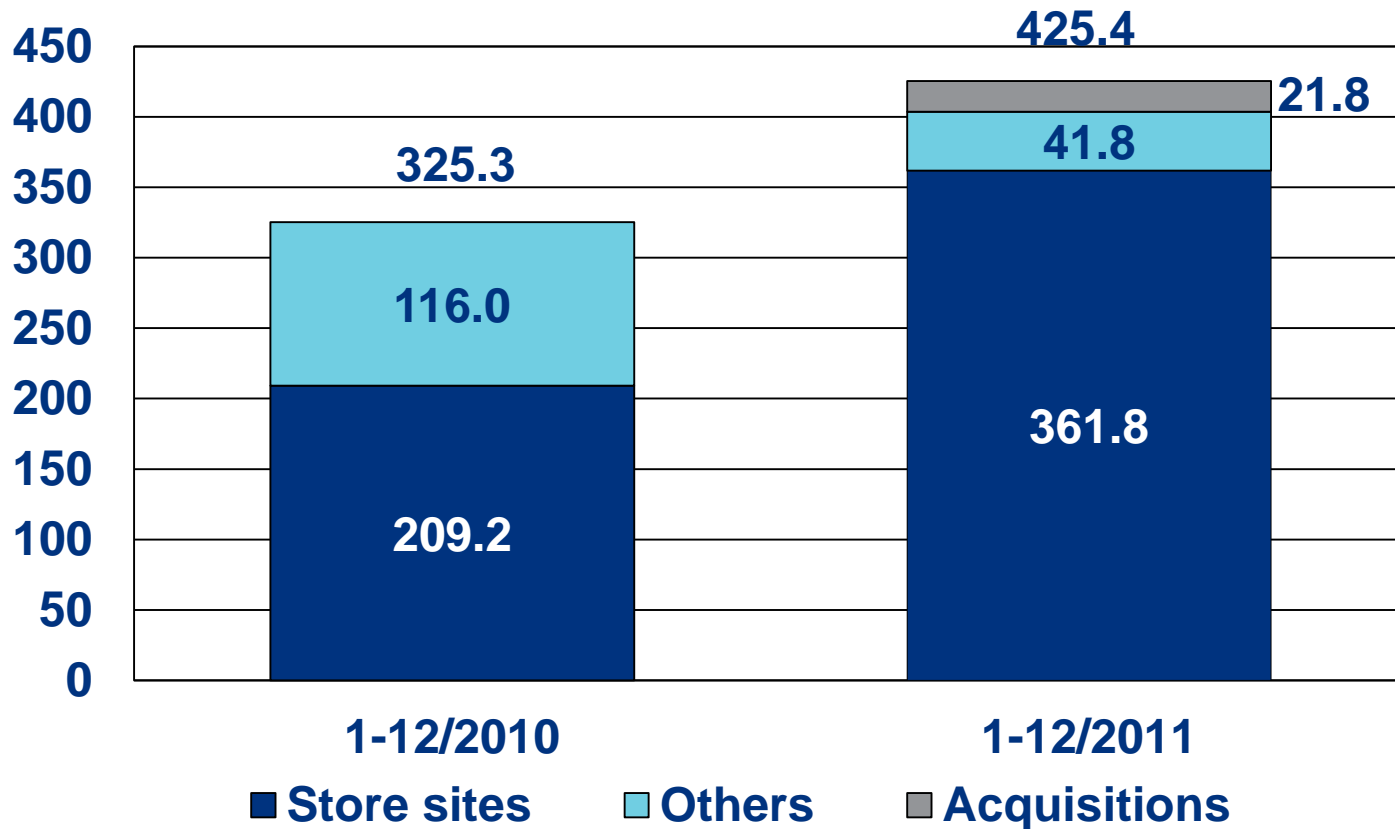
Operating profit 1-12, M€



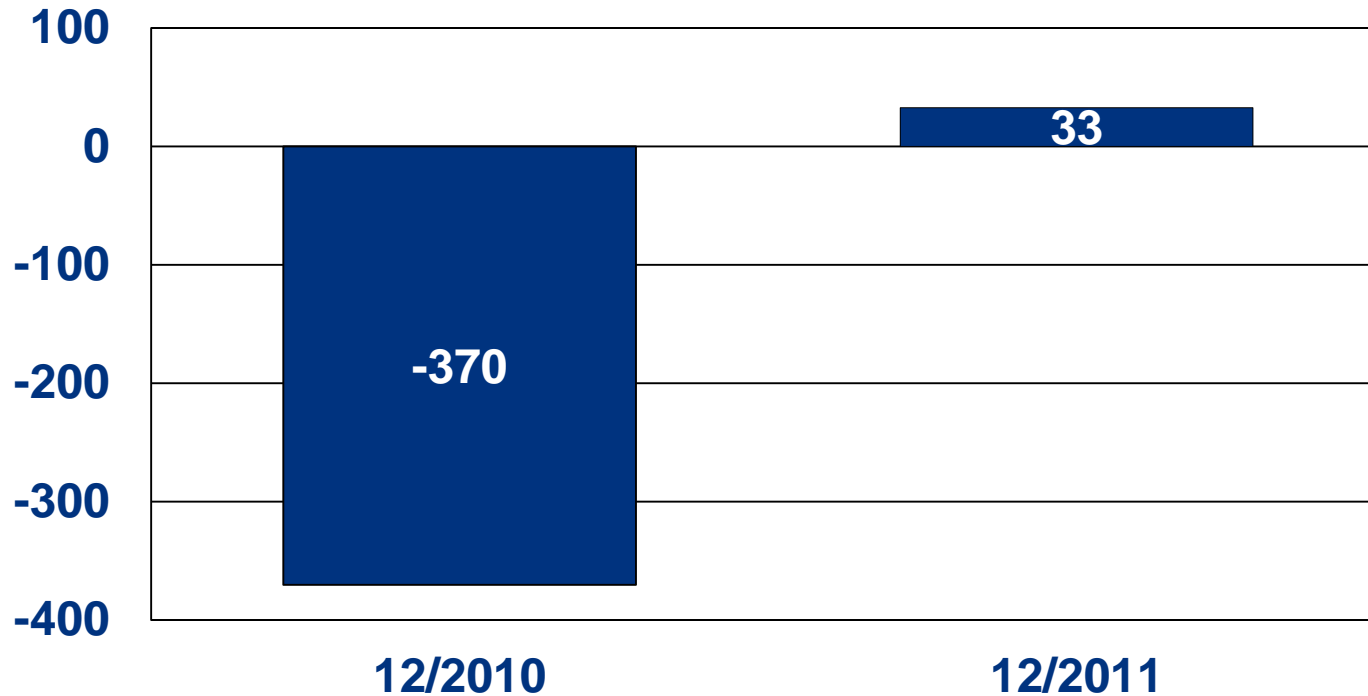
■ Non-recurring items ■ Operating profit excl. non-recurring items

- Sales and profit of the car and machinery trade stood at record level
- Volkswagen was the best selling passenger car and van brand in Finland in 2011
- Market share of Audi, Volkswagen and Seat at all-time high of 20.7%
- Konekesko's comparable net sales grew by 23.5%
 - Sales of Claas combines grew especially well in the Baltics
- In the spring, a Volkswagen Center will be opened in Espoo and Turku

Group's capital expenditure (M€)

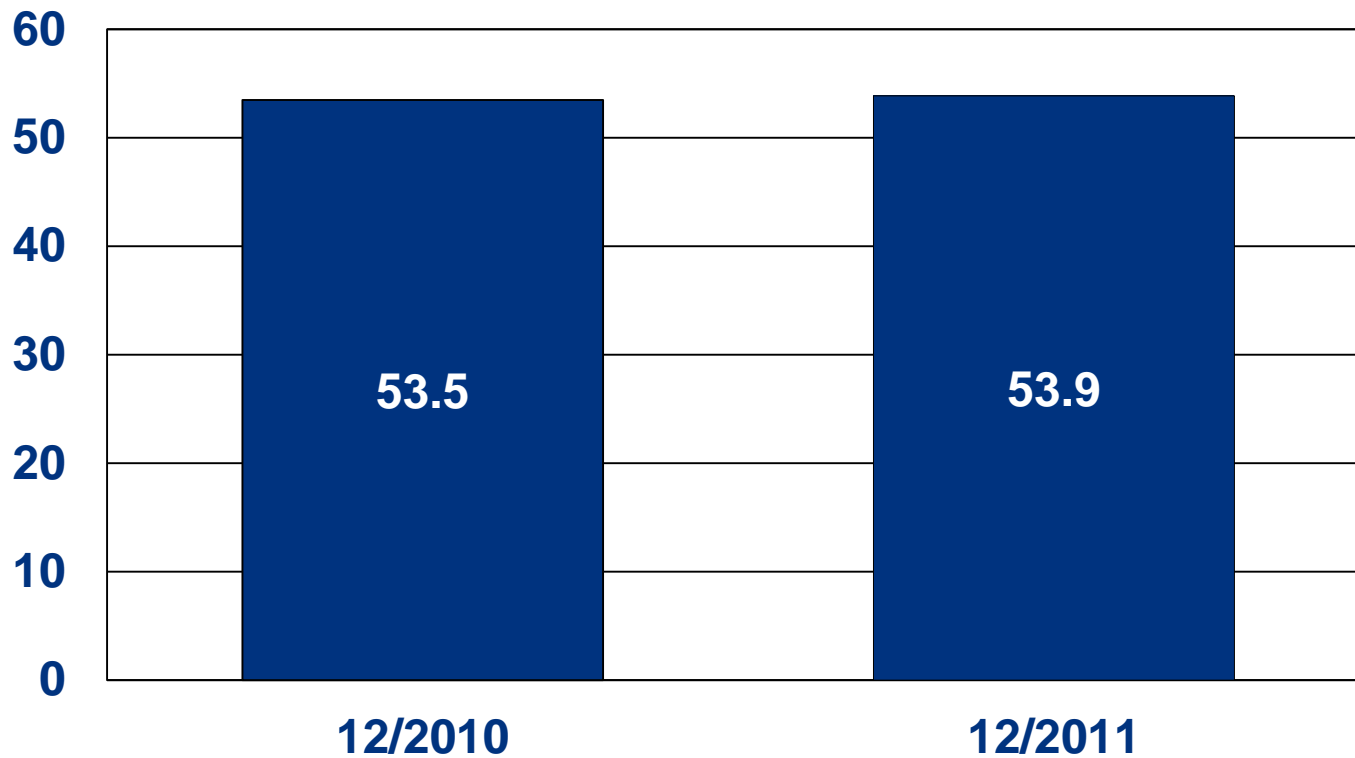


Interest-bearing net debt (M€)

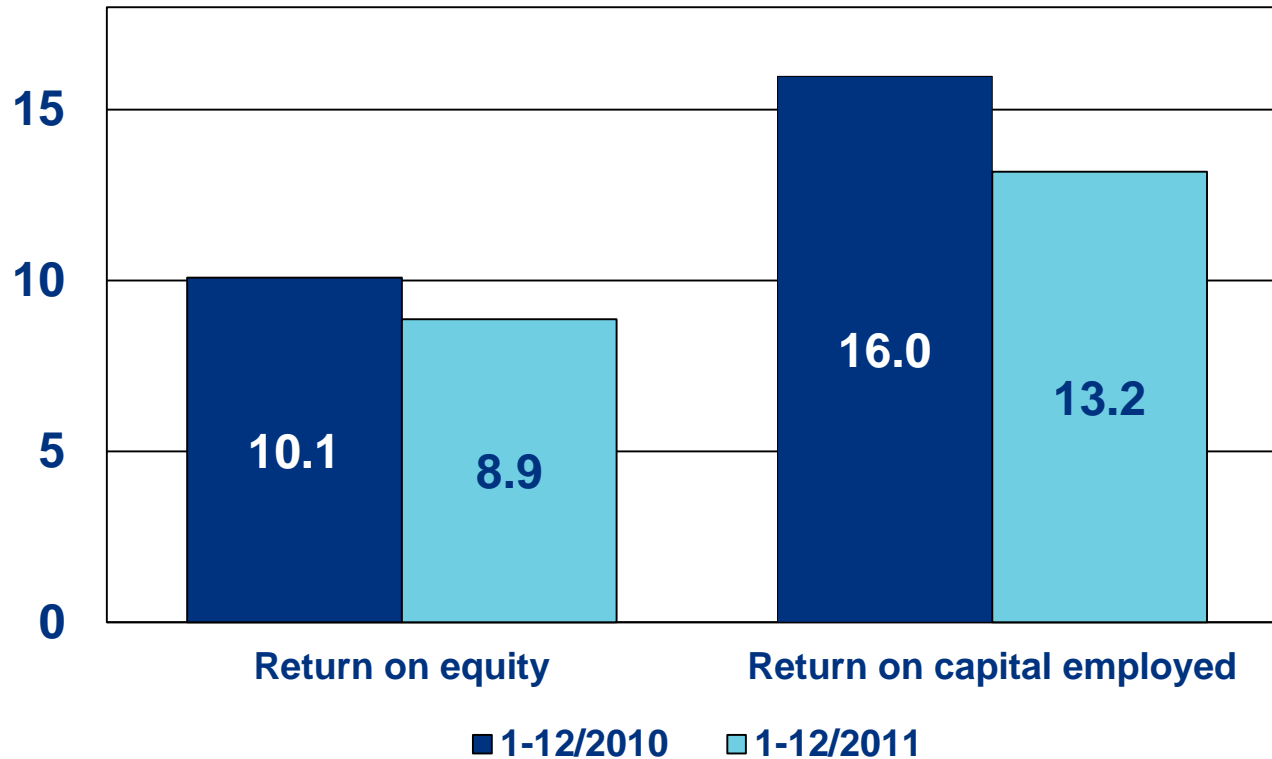


Liquid assets 12/2011: €367 million (12/2010: €847 million)

Equity ratio, %



Return on capital, %



Excl. non-recurring items 1-12/2011 8.8%
1-12/2010 8.7%

Excl. non-recurring items 1-12/2011 13.1%
1-12/2010 14.0%

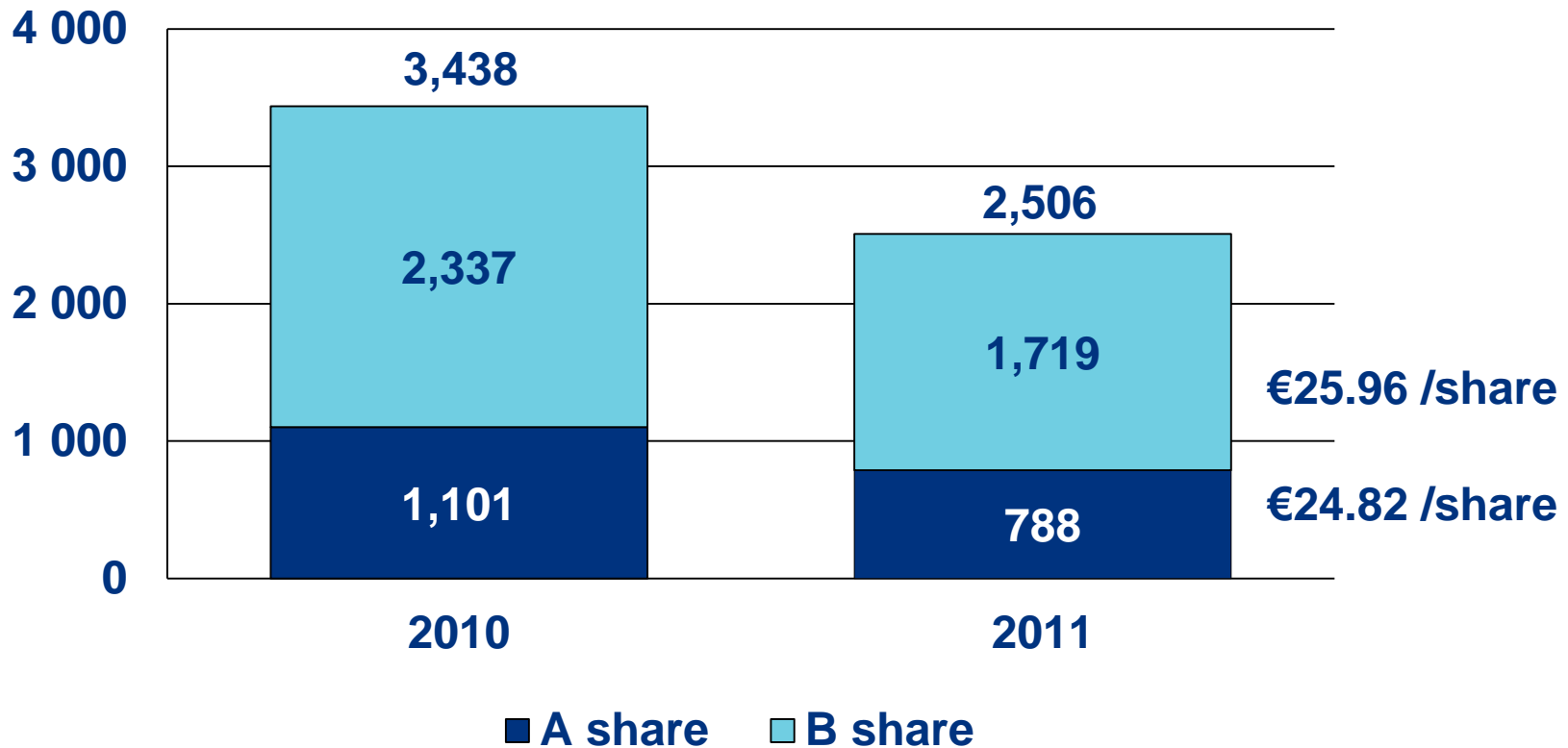
Performance indicators

	1-12/2011	1-12/2010
Net sales, € million	9,460	8,777
Operating profit, € million	281	307
Operating profit excl. non-recurring items, € million	279	268
Group's profit before tax, € million	282	312
Capital expenditure, € million	425	325
Earnings/share, €, diluted	1.84	2.06
Earnings/share excl. non-recurring items, €, basic	1.84	1.78
Return on capital employed excl. non- recurring items, %	13.1	14.0
Return on equity excl. non-recurring items, %	8.8	8.7
Equity/share, €	22.20	21.81
Equity ratio, %	53.9	53.5
Cash flow from operating activities, € million	216	438
Cash flow from investing activities, € million	-441	-240

Share price trend 12 mo

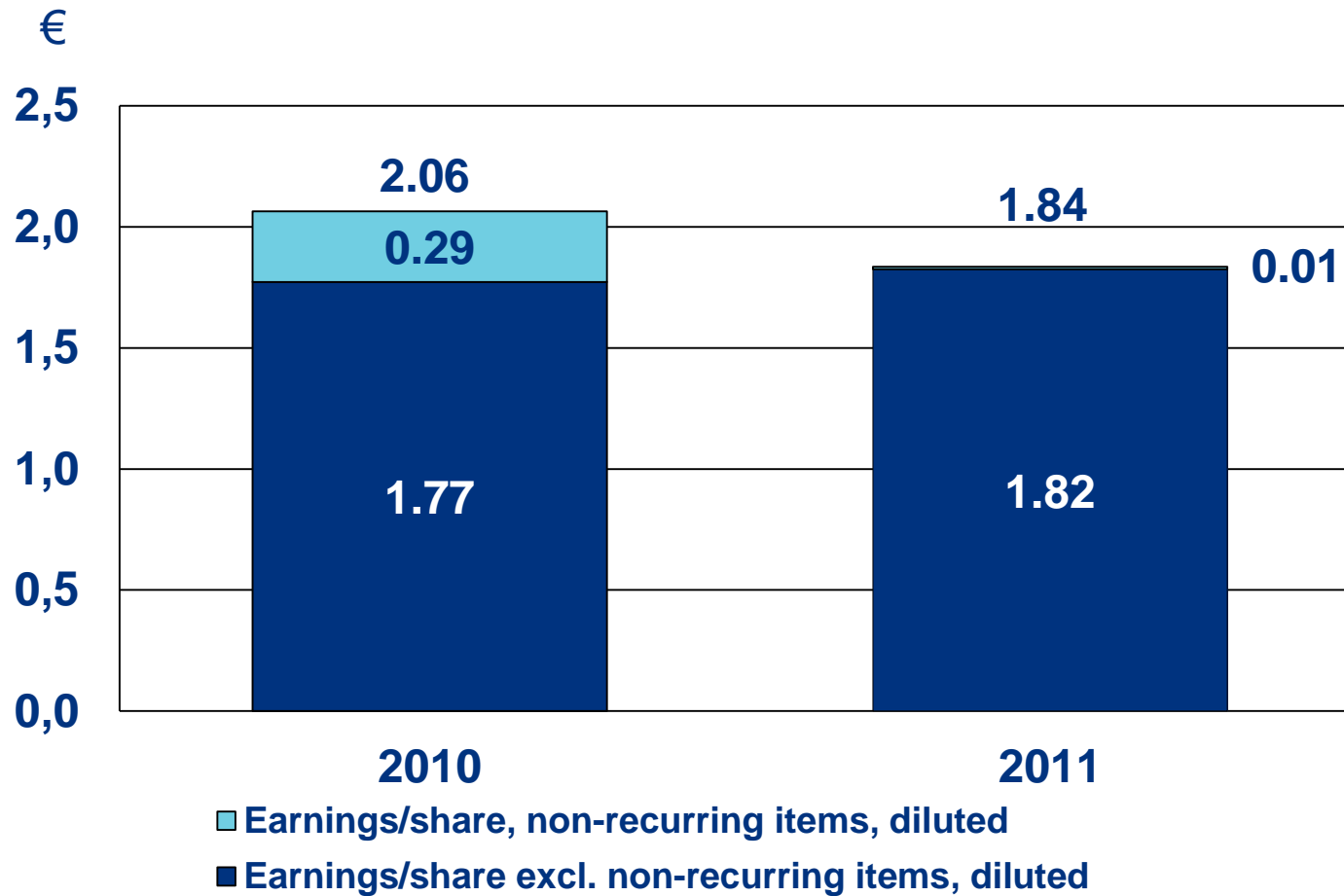


Market capitalisation 31.12. (M€)

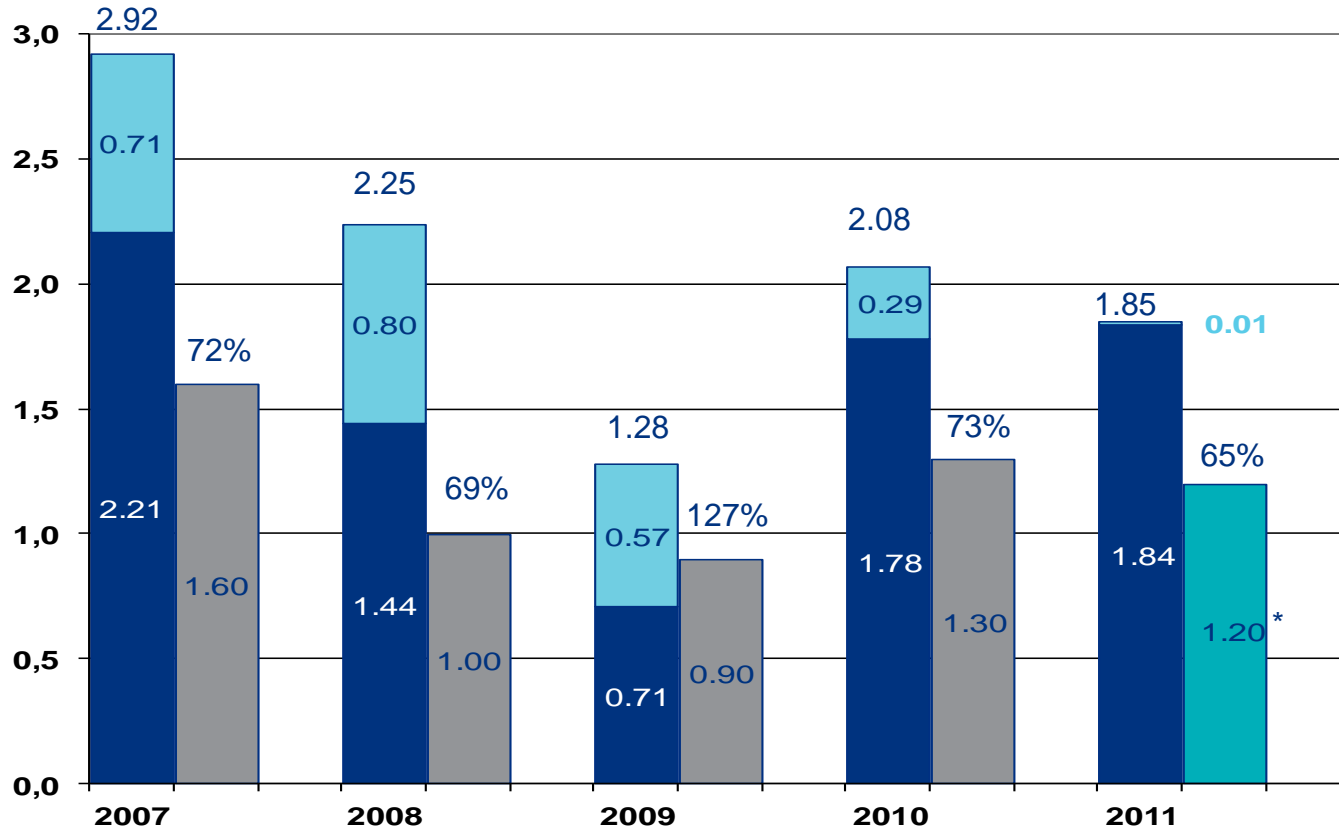


Earnings/share

(diluted)



Earnings/share € and dividend/share €



■ Earnings/share, basic

■ Non-recurring items

■ Dividend

*Board's proposal to the AGM

Effective dividend yield	2007	2008	2009	2010	2011
	4.2%	5.6%	3.9%	3.7%	4.6%

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 accounting period (1/2012-12/2012) in comparison with the 12 months preceding the accounting period (1/2011-12/2011).

Resulting from the problems of European economies and financial markets, the total production performance and consumer confidence have weakened, which is why significant uncertainties are associated with the outlook for consumer demand. In addition, cuts in public finances and tightening taxation may have a negative impact on the development of purchasing power and consumer demand.

The steady growth in the grocery trade is expected to continue. Growth in the home and speciality goods trade and the building and home improvement trade is expected to even out in line with the overall consumer demand. In the car and machinery trade, the market is expected to turn down, which is partly attributable to the Finnish car tax increase effective 1 April 2012.

The Kesko Group's net sales are expected to grow during the next twelve months. Owing to the uncertainty about economic development and consumer demand, and the costs involved in the expansion of the store site network as well as expansion of business operations in Russia, we are prepared for the 2012 operating profit excluding non-recurring items to be lower than the 2011 operating profit excluding non-recurring items.

Thank you!

К-РАУТА

**МЫ
ОТКРЫТЫ
ЕЖЕДНЕВНО**

8-23

