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The Veturi shopping centre opened in Kouvola on 13 September 2012

Interim report

January-September 2012
24 October 2012
CFO Jukka Erlund

Kesko's January-September 2012

- Kesko's net sales €7.2 billion, up 3.6%
  - Sales growth has slowed

- Operating profit excluding non-recurring items €163 million (€207 million)
  - Profitability was weakened by investments in store site network and expansion of Russian business operations
  - Cost increase was higher than sales increase, but profitability improvement has begun as a result of enhancement measures

- Kesko's solvency and liquidity are excellent
  – Equity ratio 51.2%

- Operating profit excluding non-recurring items for the next twelve months is expected to exceed the level of the preceding twelve months

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Ensuring profitable growth

- Profitability programme is aimed to ensure competitiveness, improve return on capital and maintain good solvency
  - Economic outlook has weakened and cost level has risen significantly
  - Cost saving target €100 million, i.e. around 5% of total costs
    - Savings cover all divisions in all operating countries and are to be made especially on marketing expenses, personnel expenses, store site expenses and IT expenses
    - In respect of enhancement measures launched so far, the combined reduction need in workforce in all operating countries equals to some 900 full time employees, of which some 500 are in Finland. In addition to lay-offs, the planned reduction need comprises reductions of working hours, temporary lay-offs, as well as part-time and pension arrangements
    - Most of the cost savings are expected to be achieved in 2013
  - Capital expenditure will be adapted to €200-300 million per year

- The key is to strengthen sales in all divisions
  - Projects providing competitive advantage
  - E-commerce
  - Exploiting business opportunities in Russia

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Net sales by division 1.1.-30.9. (M€)

	2012	2011	Change
Food trade	3,179	3,074	+ 3%
Home and speciality goods trade	1,116	1,063	+ 5%
Building and home improvement trade	2,170	2,059	+ 5%
Car and machinery trade	887	911	- 3%
Group total	**7,227**	**6,979**	**+ 4%**

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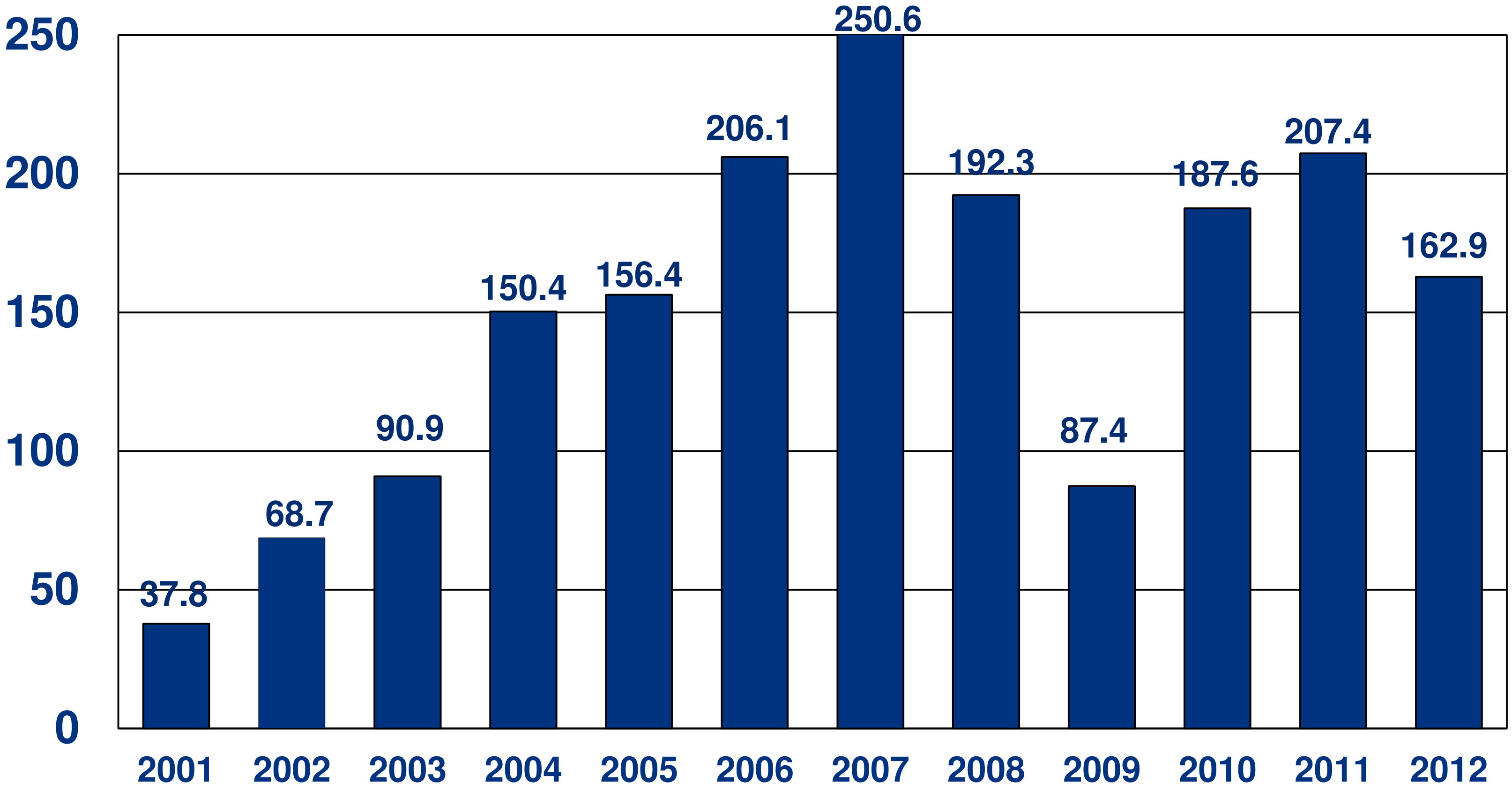
Operating profit excl. non-recurring items by division 1.1.-30.9. (M€)

	2012	2011	Change M€
Food trade	123	134	-10
Home and speciality goods trade	- 13	4	-16
Building and home improvement trade	24	31	-7
Car and machinery trade	37	45	-7
Group total	**163**	**207**	**-45**

Operating profit excl. non-recurring items for January-September (2001–2012)



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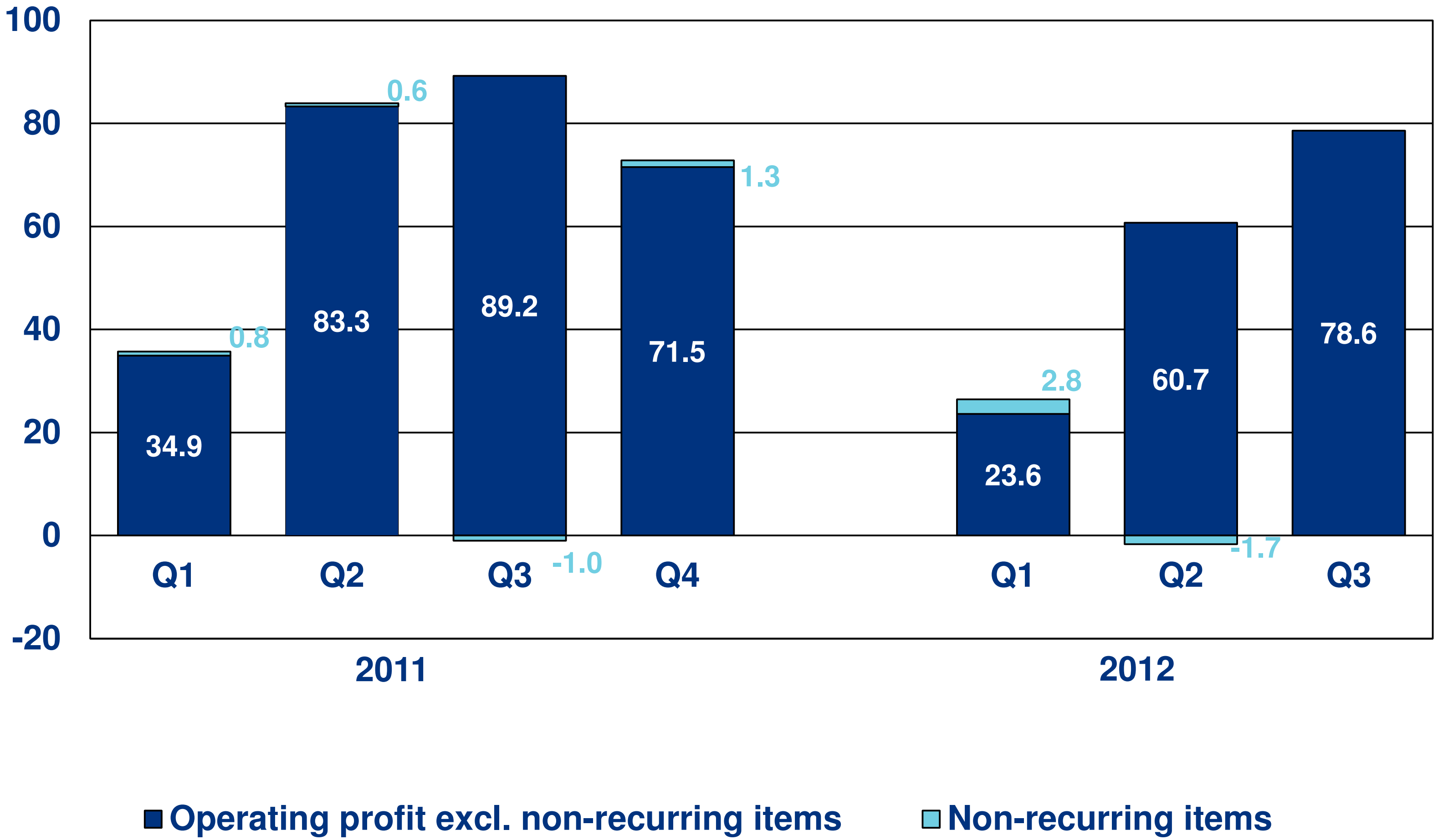
Operating profit by quarter (M€)



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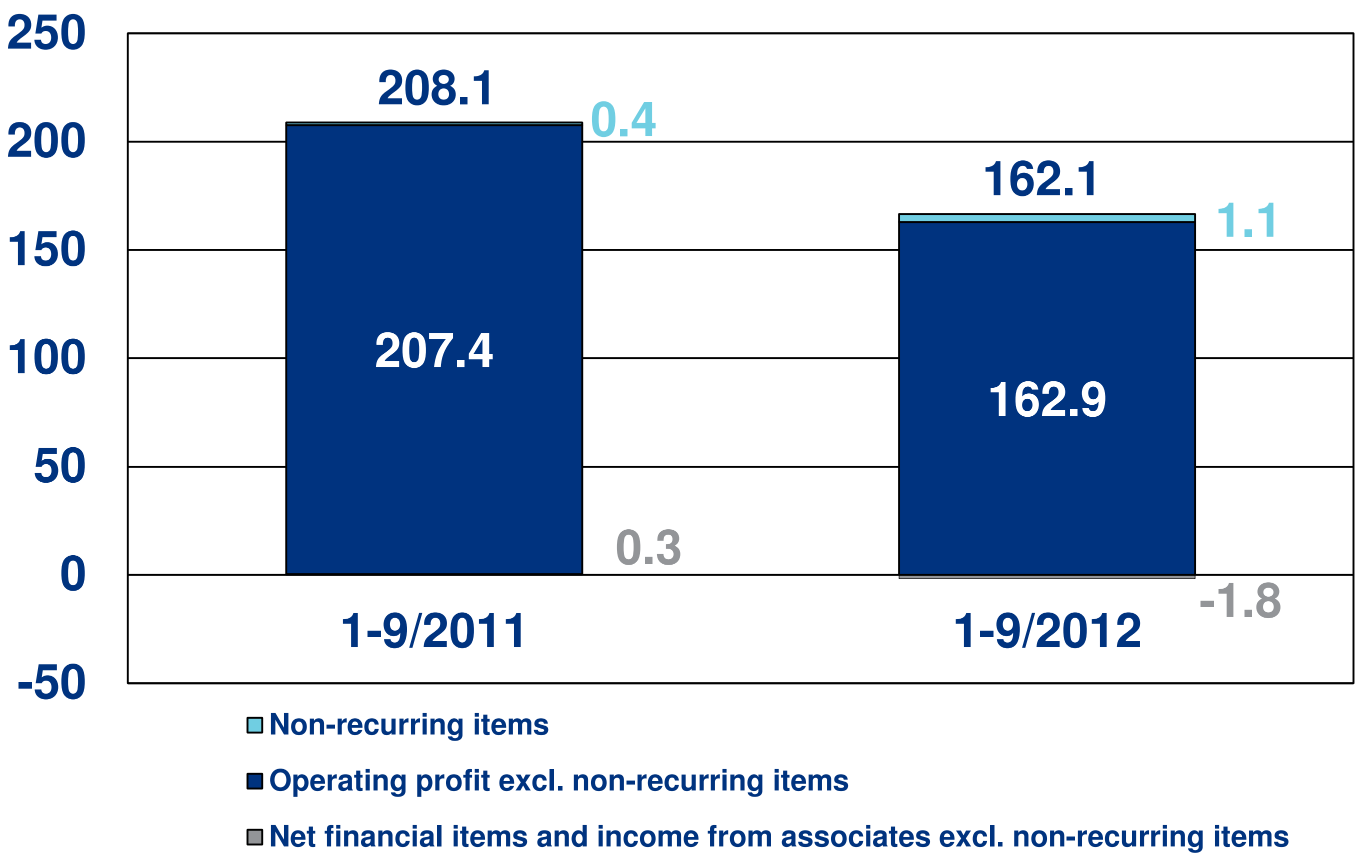
Group's profit before tax 1-9/2012 (M€)



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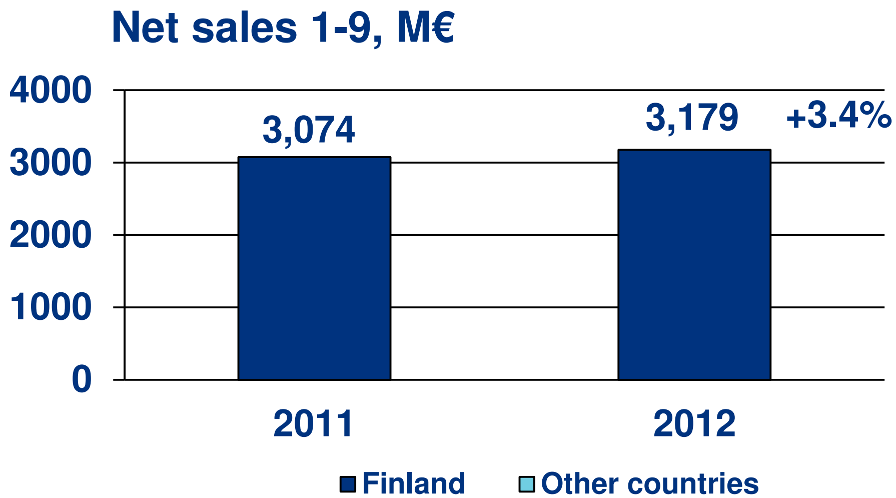
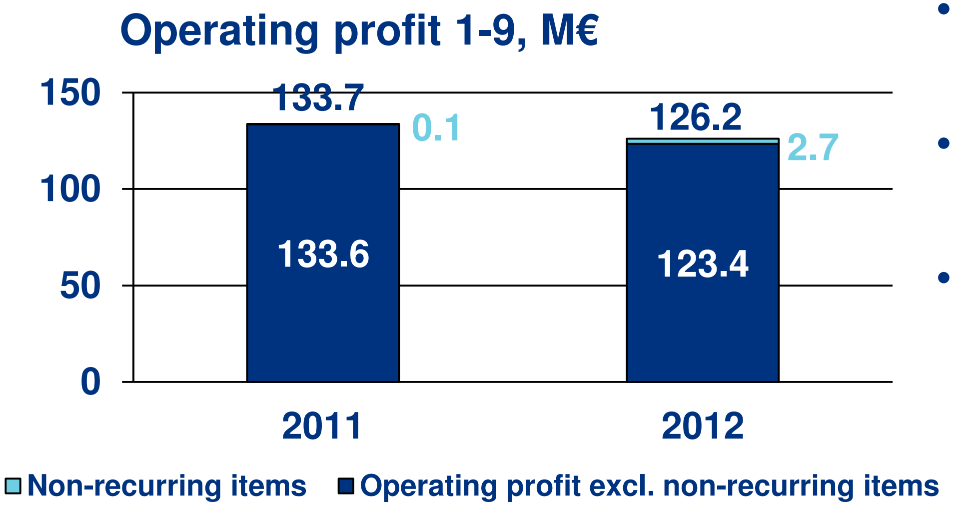
Food trade 1-9/2012





- Grocery sales of K-food stores increased by 4.3%
  - Sales of Pirkka products grew by 14%
- Profit performance was impacted by the expansion of the store site network and the launching of business operations in Russia
- Capital expenditure in store sites was €146 million (€154 million)
- Four K-citymarkets and nine K-supermarkets were opened
- Two K-citymarkets and six K-supermarkets are being built
- The first K-food store in St. Petersburg will be opened in December

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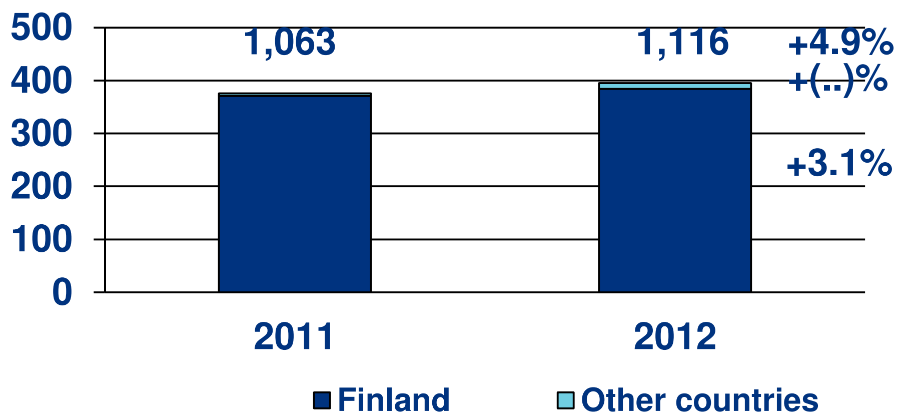
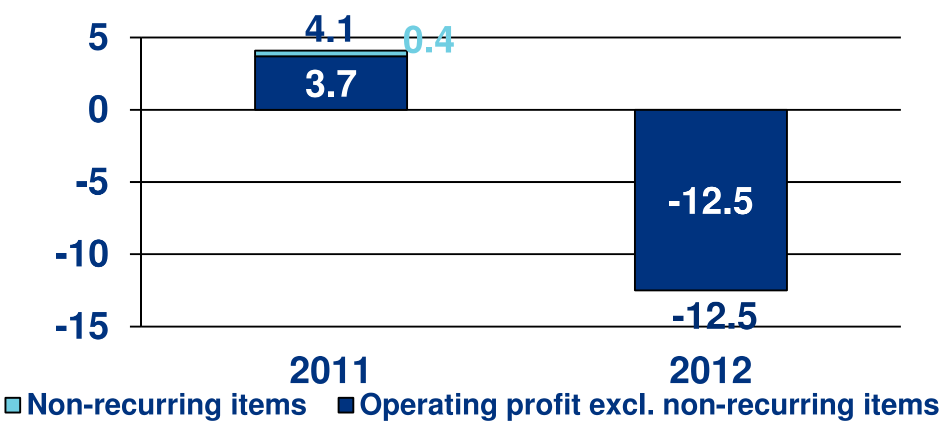
Home and speciality goods trade 1-9/2012

Net sales 1-9, M€



Operating profit 1-9, M€



- Sales of K-citymarket, Intersport and Budget Sport increased, as well as the sales of furniture by Asko and Sotka
- Profit was negatively impacted by an increase in Anttila's and K-citymarket's costs and the restructuring costs of Intersport operations in Russia
- Four K-citymarkets, two Anttila department stores and two Kodin1 department stores were opened
- citymarket.fi online store is opened on 24 October
- Capital expenditure was €48 million (€50 million)

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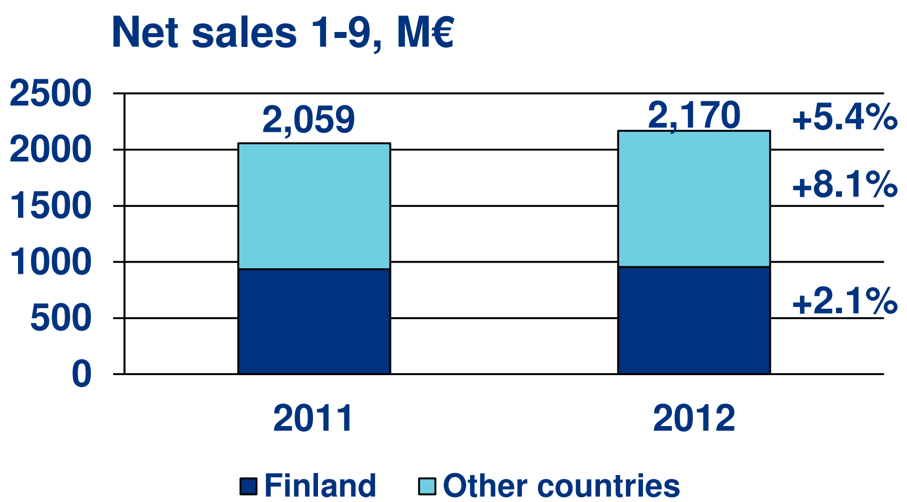
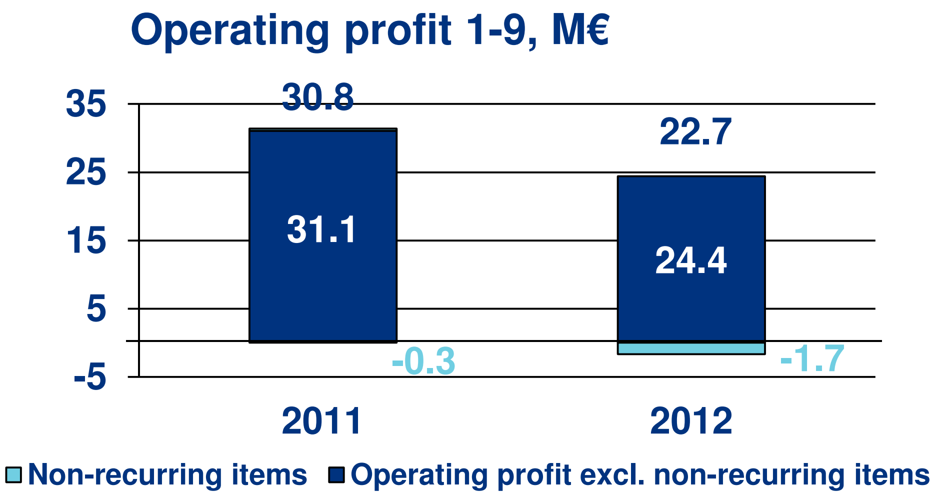
Building and home improvement trade 1-9/2012





- Market growth slowed in the building and home improvement trade
  - Sales increase continued in Russia
- Profitability of the building and home improvement trade was negatively impacted by new store sites, obsolete inventories written off and credit losses
- Capital expenditure was €42 million (€89 million)
- A K-rauta store was opened in Moscow, Uppsala and Linköping, as well as in Kouvola and Ylivieska

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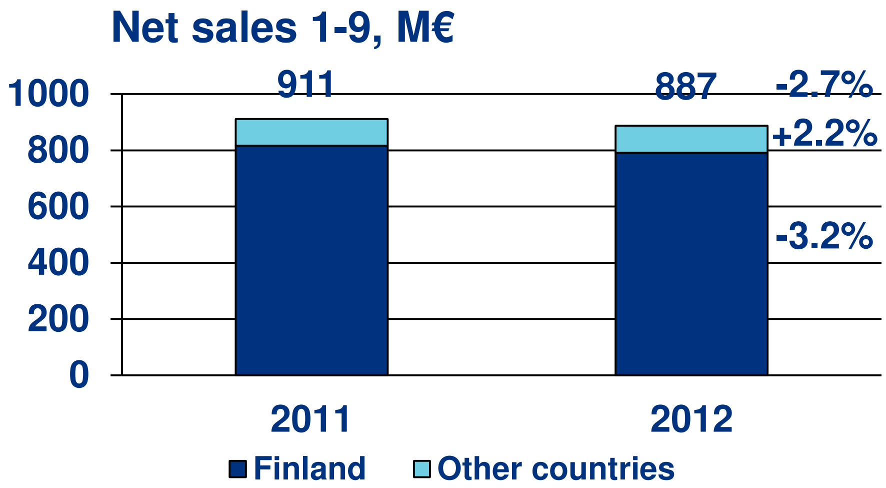
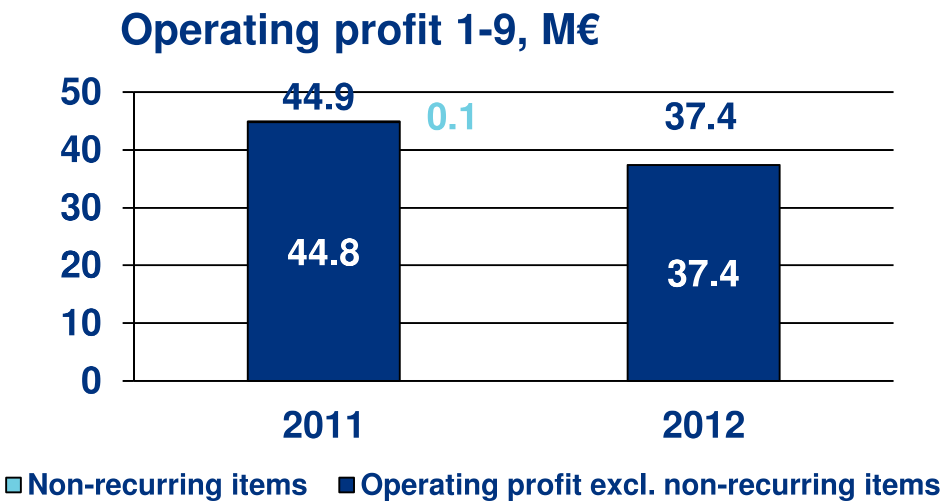
Car and machinery trade 1-9/2012





- VV-Auto's sales performance for January-September -3.7% and for July-September -15.4%, partly attributable to heavy decline in total market
- Market share of Audi, Volkswagen and Seat passenger cars and vans for January-September stood at the previous year's level of 20.4%
- Regardless of the sales decrease in the car and machinery trade, profitability remained at a good level
- Capital expenditure was €23 million (€21 million)
  - A Volkswagen Center was opened in Espoo and Turku

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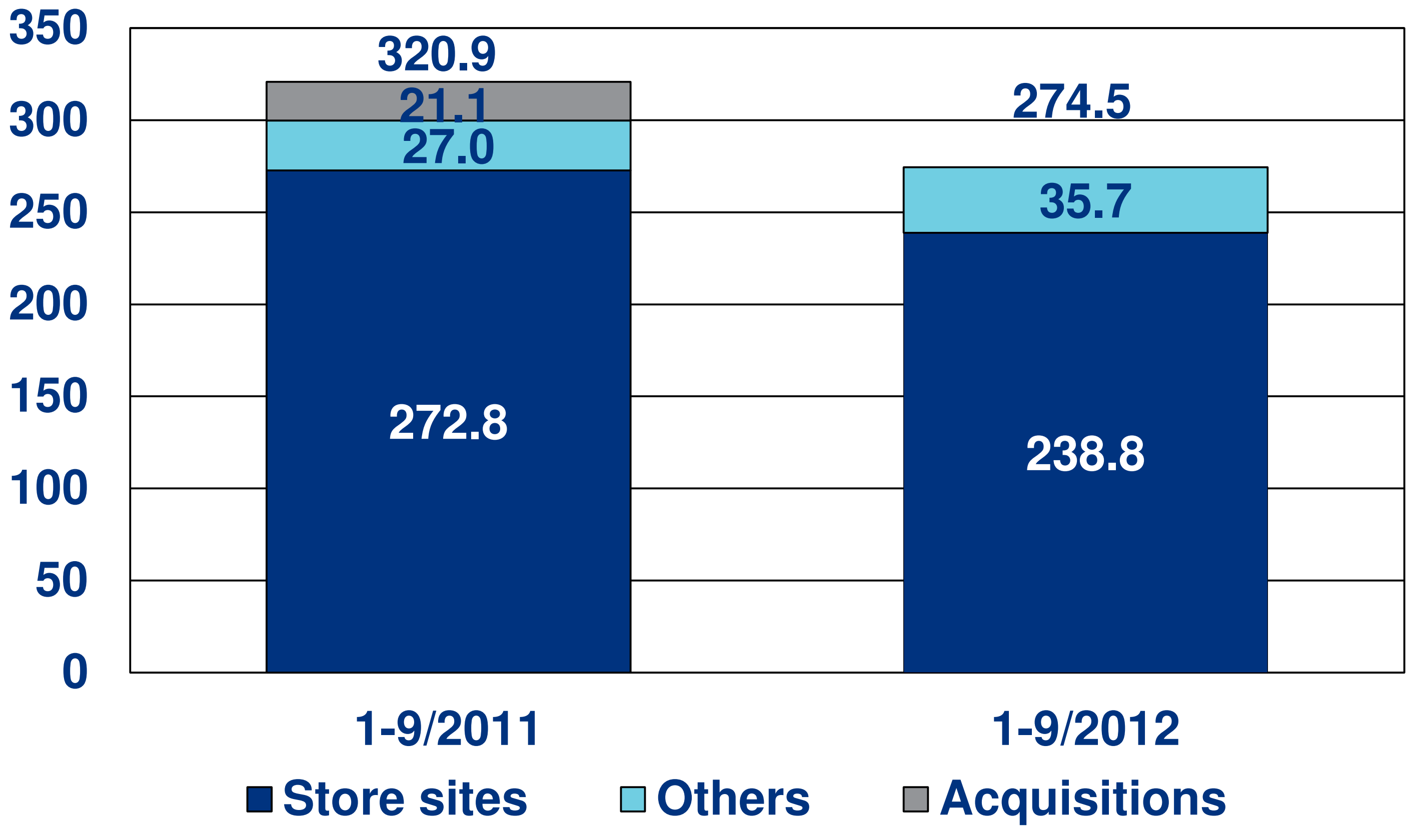
Group's capital expenditure (M€)



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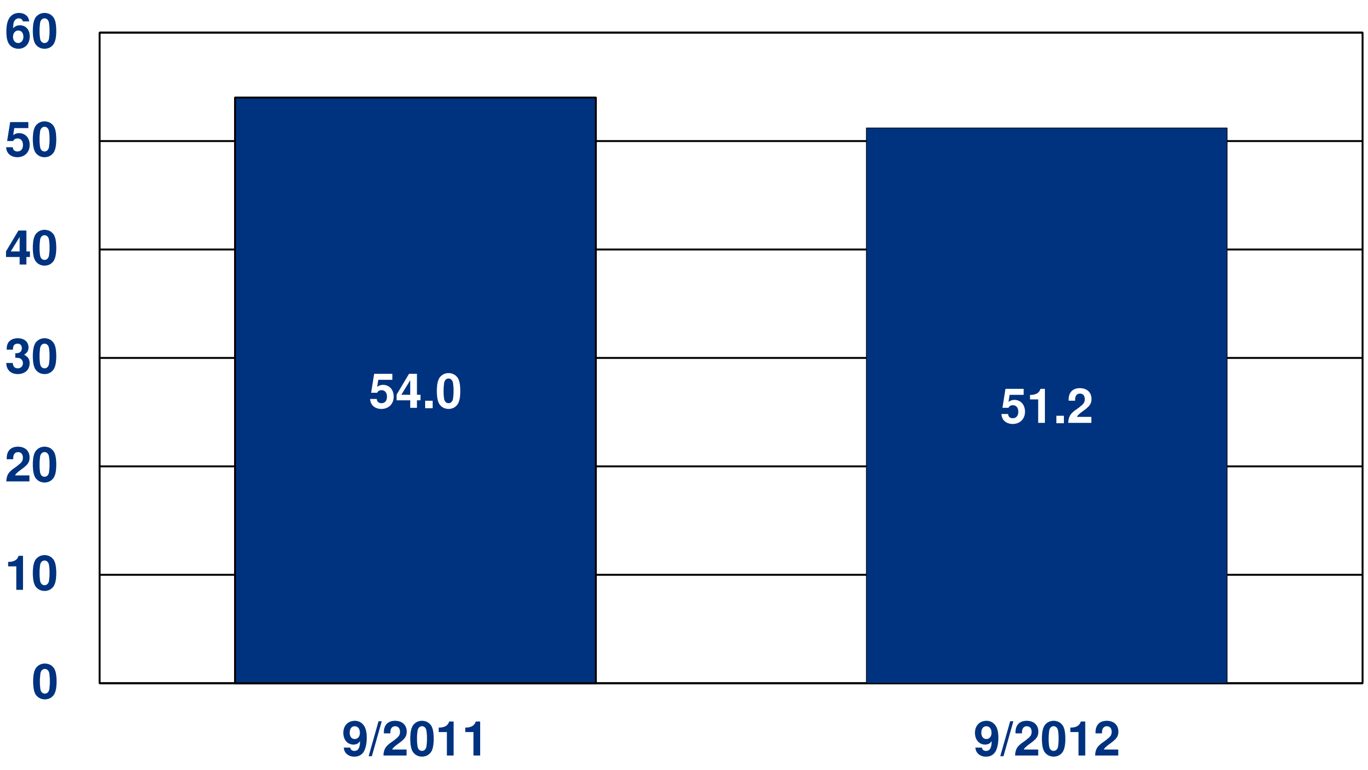
Equity ratio, %



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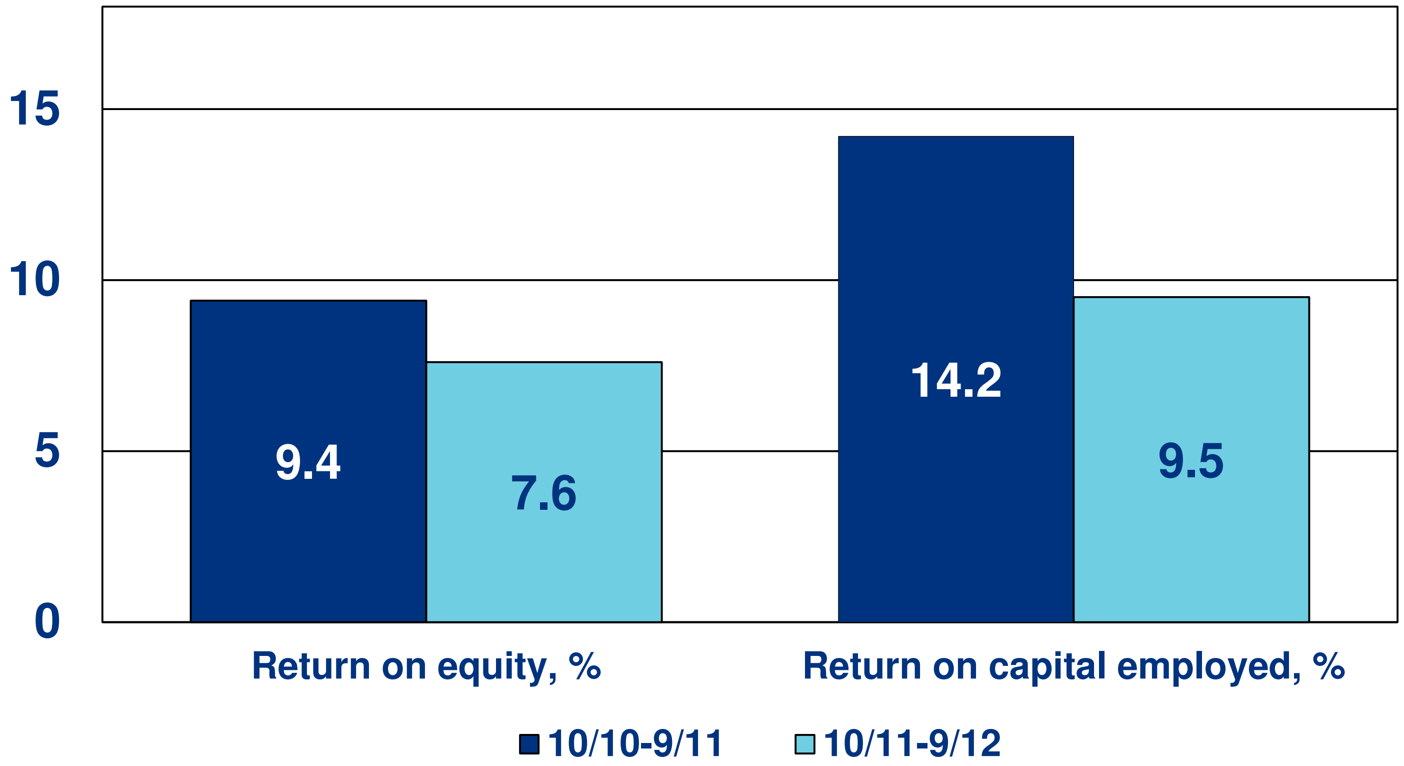
Return on capital excl. non-recurring items, moving 12 mo (%)



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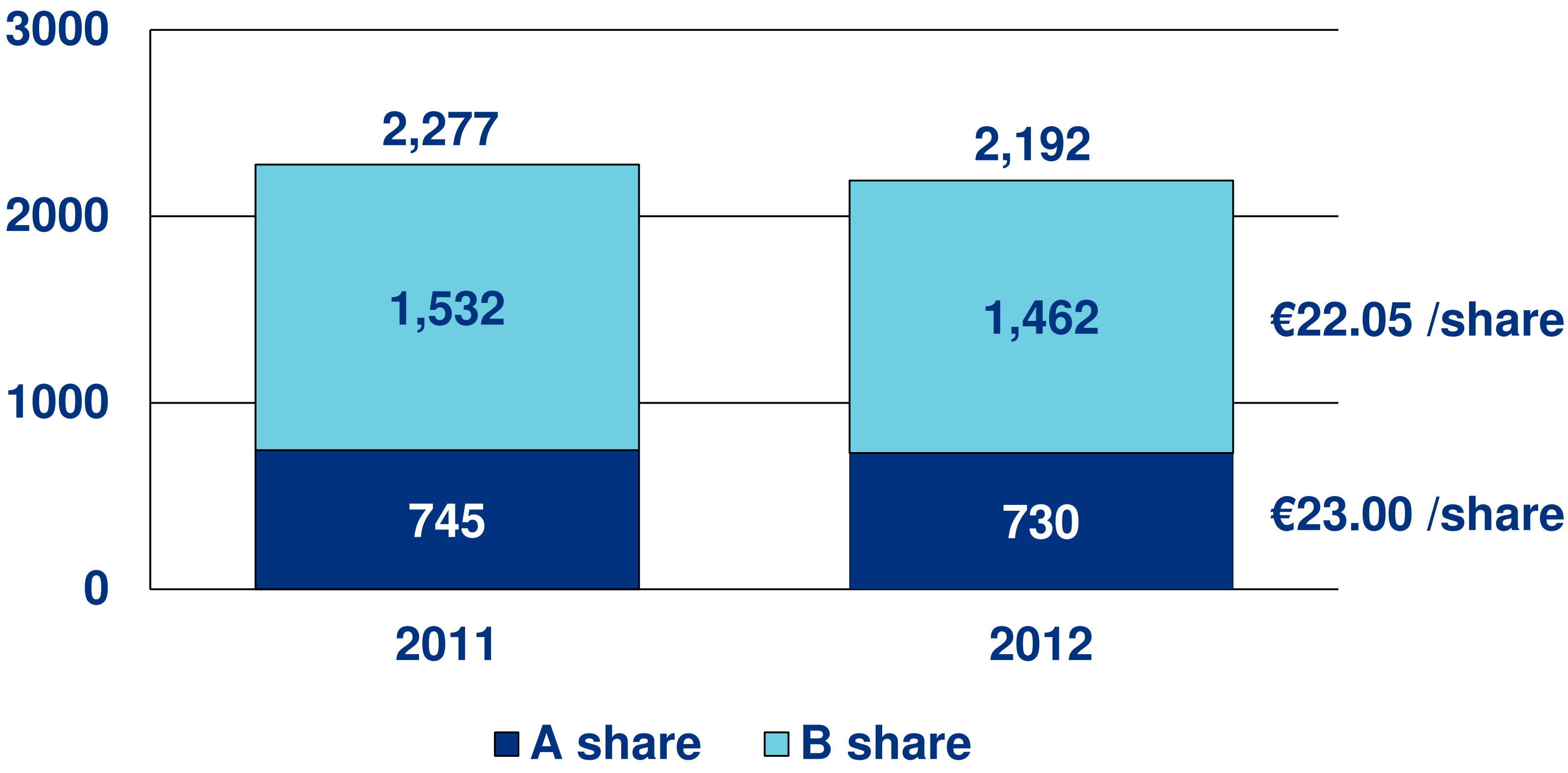
Market capitalisation 30.9. (M€)



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Performance indicators

	1-9/2012	1-9/2011
Net sales, € million	7,227	6,979
Operating profit excl. non-recurring items, € million	163	207
Group's profit before tax, € million	162	208
Capital expenditure, € million	274	321
Earnings/share excl. non-recurring items, €, basic	1.06	1.34
Return on capital employed excl. non-recurring items, %, moving 12 mo	9.5	14.2
Return on equity excl. non-recurring items, %, moving 12 mo	7.6	9.4
Equity/share, €	22.21	21.66
Equity ratio, %	51.2	54.0
Interest bearing net debt, € million	284	-64
Cash flow from operating activities, € million	207	169

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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 (10/2012-9/2013) in comparison with the 12 months preceding the reporting period (10/2011-9/2012).

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

The market of the grocery trade is expected to remain stable. Market development in the home and speciality goods trade, the building and home improvement trade and the car and machinery trade is expected to weaken.

The Kesko Group's net sales are expected to grow during the next twelve months. As a result of measures taken to enhance sales and purchasing operations as well as cost savings to be implemented, the operating profit excluding non-recurring items for the next twelve months is expected to exceed the operating profit excluding non-recurring items for the preceding twelve months. Capital expenditure is expected to be lower compared to the capital expenditure for the preceding twelve months.

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Thank you!