



KESKO ANNUAL GENERAL MEETING  
REVIEW BY THE PRESIDENT AND CEO

# A GOOD RESULT FROM ALL DIVISIONS IN 2023

**Jorma Rauhala**  
President and CEO  
26 March 2024





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

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

**LONG CAREER IN KESKO WITH VARIOUS RESPONSIBILITIES**

With the company since 1992

**2017-2024** President, building and technical trade division  
Deputy CEO

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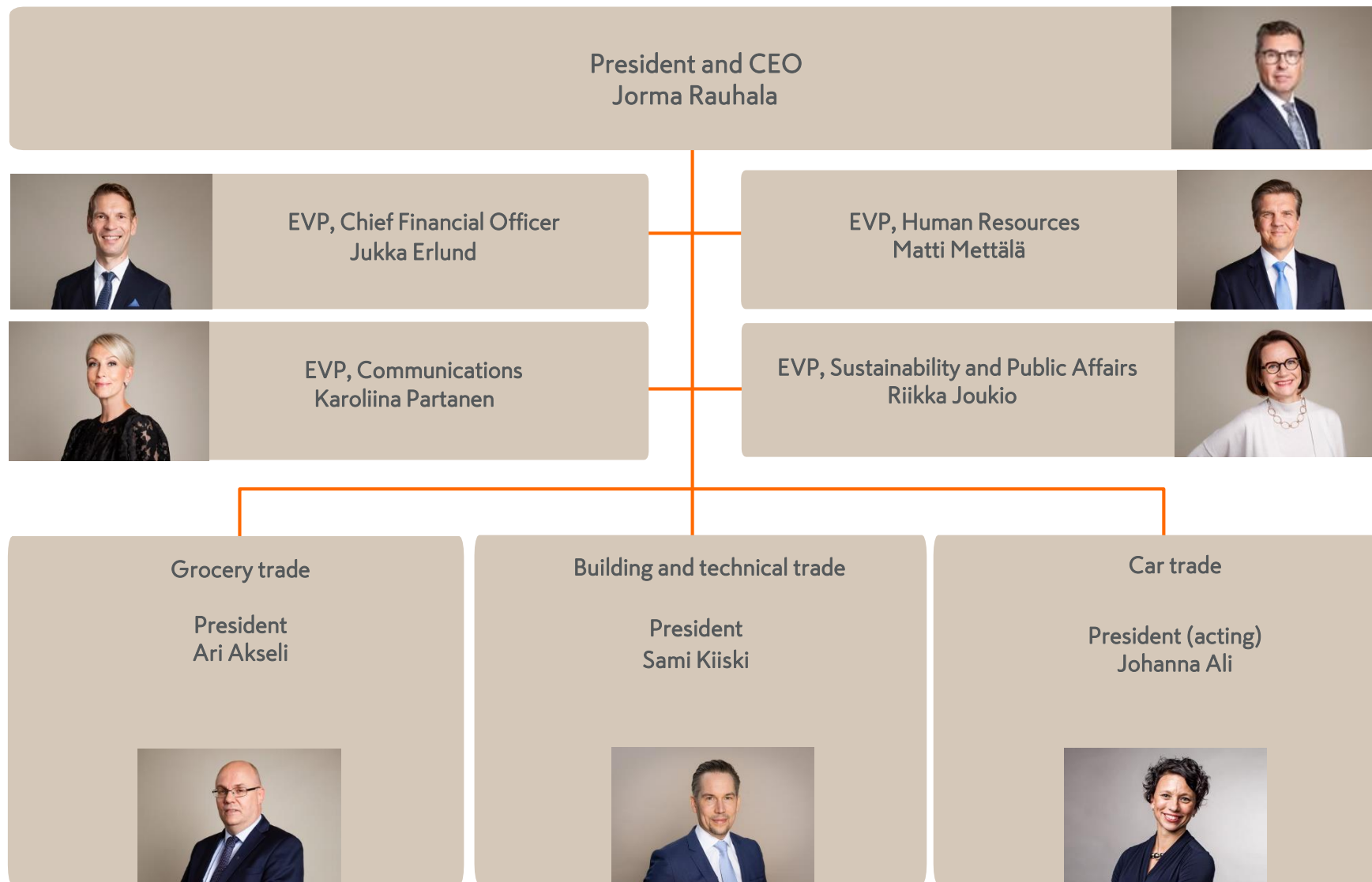
**2013-2017** President, grocery trade division

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**2007-2012** Managing Director, Kespro



# KESKO GROUP MANAGEMENT BOARD AS OF 1 APRIL 2024





# KEY EVENTS FOR KESKO IN 2023

- Good progress in strategy execution in all three divisions
- Sales growth continued in grocery trade, profitability good
- 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
- Number of registered shareholders rose by 27% to over 105,000
- Mikko Helander announced his retirement, Jorma Rauhala appointed as Kesko's new President and CEO as of 1 February 2024



# KESKO HAS EXCELLENT PROFIT CAPACITY

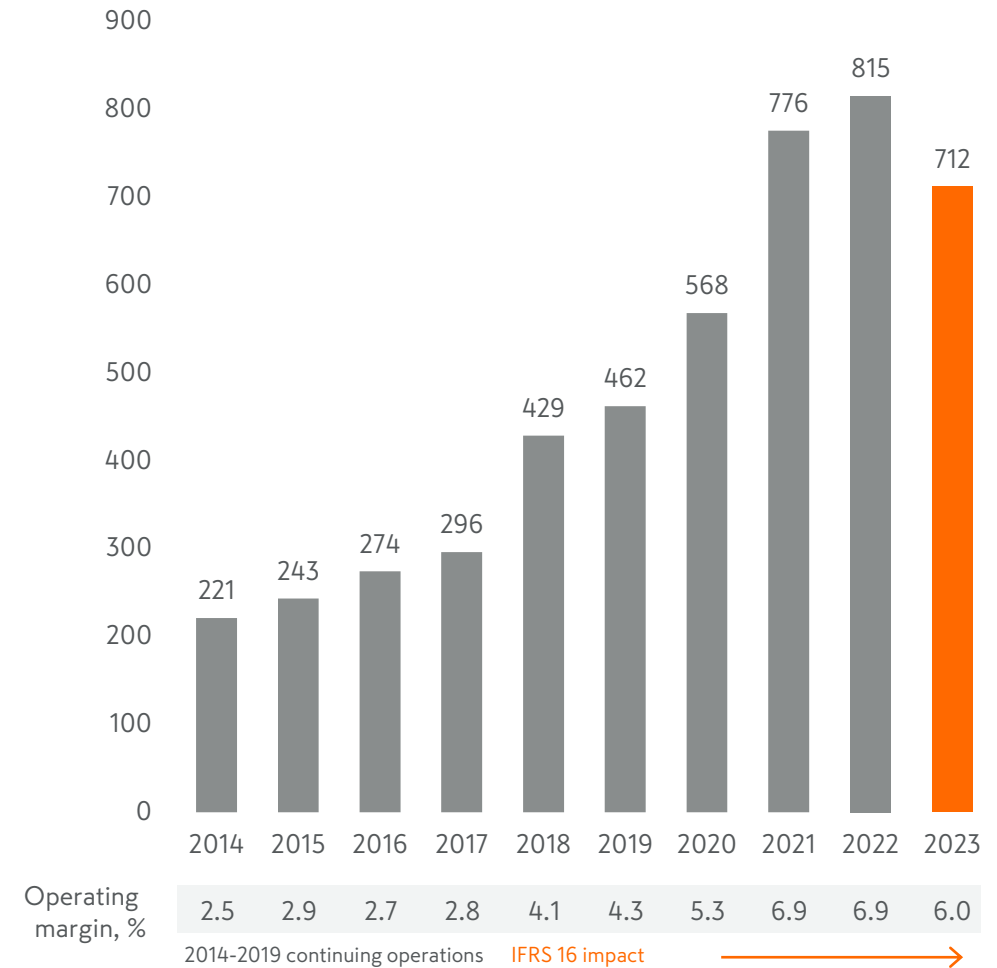
Operating profit for 2023

**€712 million**

– a good result in a weak cycle

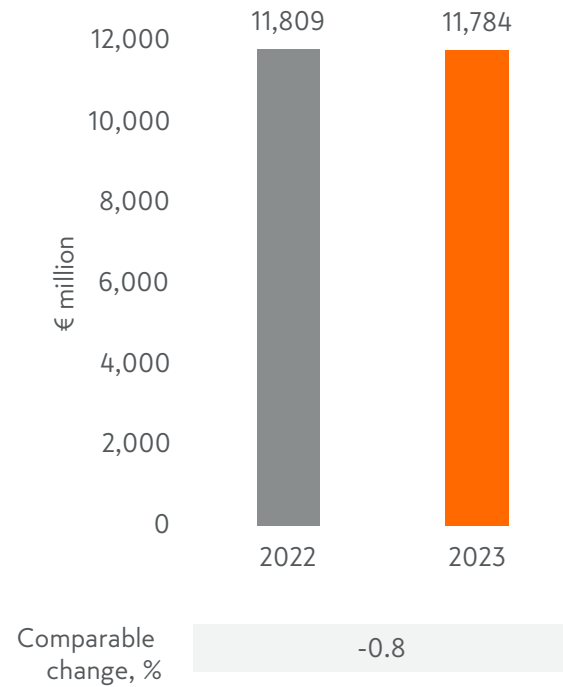
## Comparable operating profit, € million

Reported figures

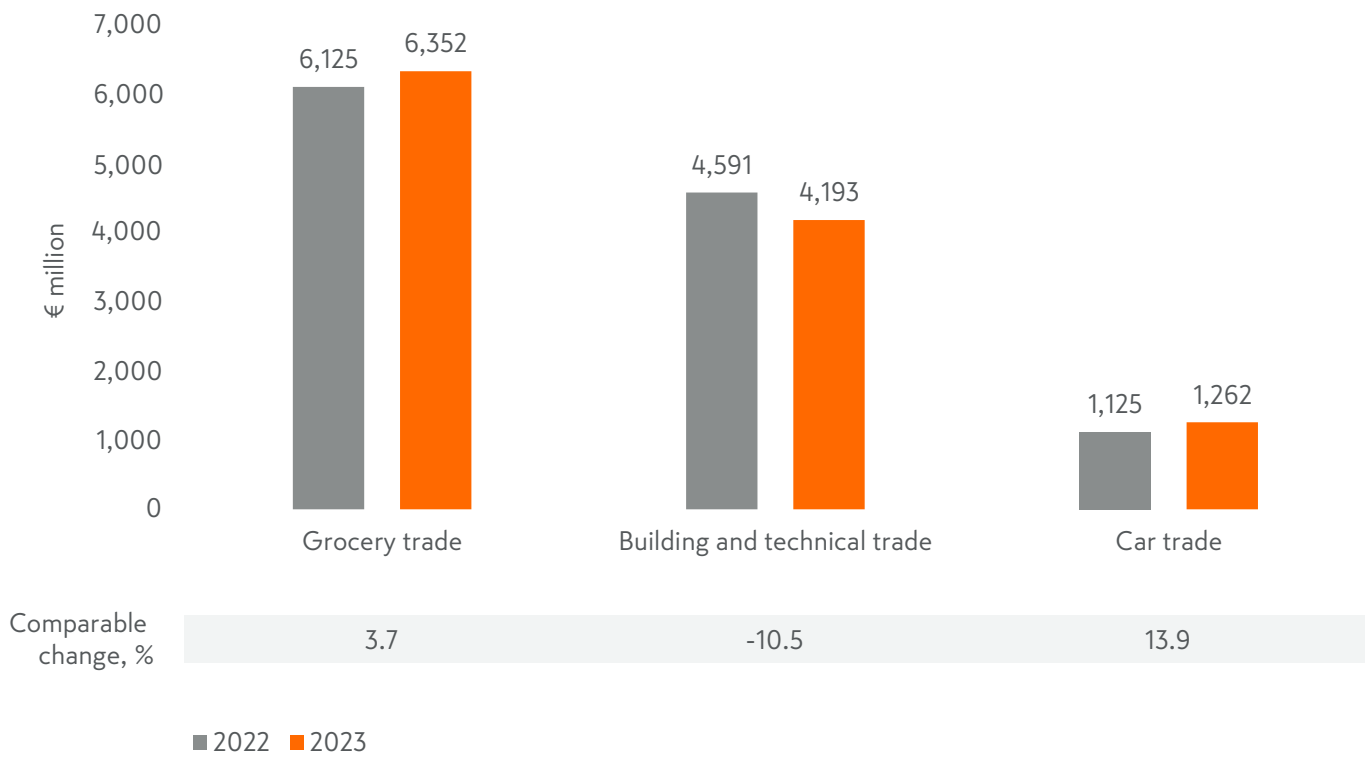


# NET SALES 2023

## GROUP

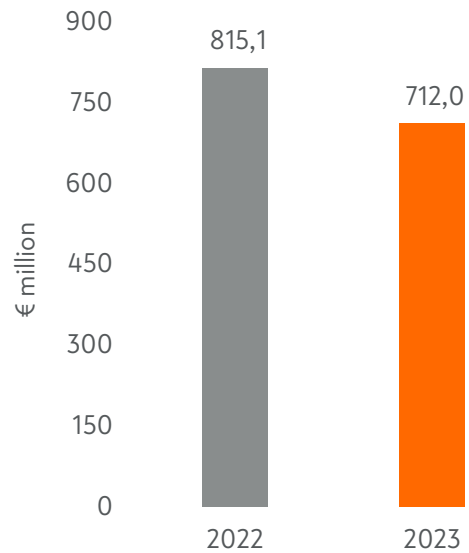


## DIVISIONS



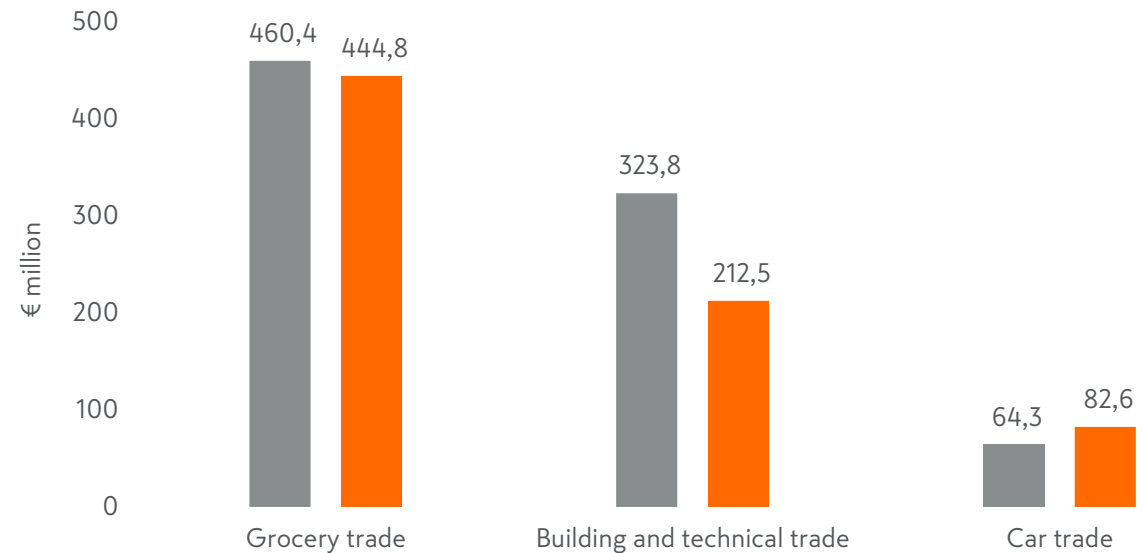
# OPERATING PROFIT 2023

## GROUP



Operating margin, %	2022	2023
	6.9	6.0

## DIVISIONS



Operating margin, %	Grocery trade	Building and technical trade	Car trade
	7.5	7.1	5.7
	7.0	5.1	6.5

■ 2022 ■ 2023

# RESULTS

	2023	2022
Net sales, € million	11,783.8	11,809.0
Change in net sales, %*	-0.8	4.4
Operating profit, € million	695.4	816.5
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, €	1.25	1.53
Earnings per share, basic, €*	1.28	1.54
Cash flow from operating activities, € million	1,049.5	915.2



# FINANCIAL POSITION

	<b>2023</b>	<b>2022</b>
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

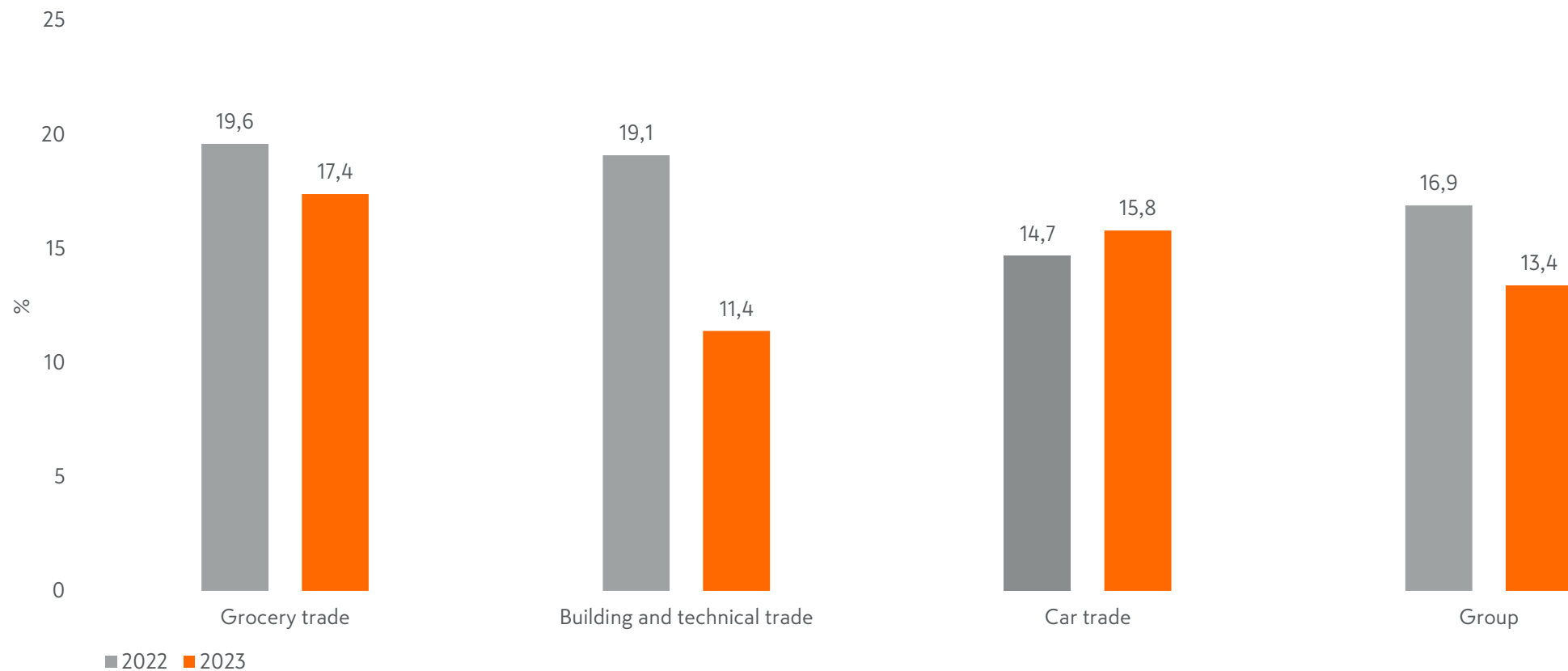
Capital expenditure grew due to acquisitions and logistics projects

	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

# COST CONTROL

	<b>2023</b>	<b>2022</b>
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

# RETURN ON CAPITAL EMPLOYED 2023





KESKO ANNUAL GENERAL MEETING

# KESKO TODAY



# KESKO'S STRATEGY



## GROWTH STRATEGY

### FOCUS ON THREE DIVISIONS



**GROCERY TRADE**



**BUILDING AND TECHNICAL  
TRADE**



**CAR TRADE**

ONE UNIFIED 

**CUSTOMER EXPERIENCE**

**DIGITALISATION**

**SUSTAINABILITY**



# SUCCESSFUL STRATEGIC CHOICES AND CONSISTENT STRATEGY EXECUTION

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➤ **Focusing on three selected divisions**

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➤ **Becoming the market leader in neighbourhood grocery stores by acquiring Suomen Lähikauppa**

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➤ **Divesting non-core operations, including businesses in Russia**

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➤ **A forerunner in trading sector digitalisation in Europe**

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➤ **Shifting focus in building and home improvement trade towards B2B**

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➤ **Strong growth in building and technical trade in Northern Europe**

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➤ **Expanding operations to technical trade by acquiring Onninen**

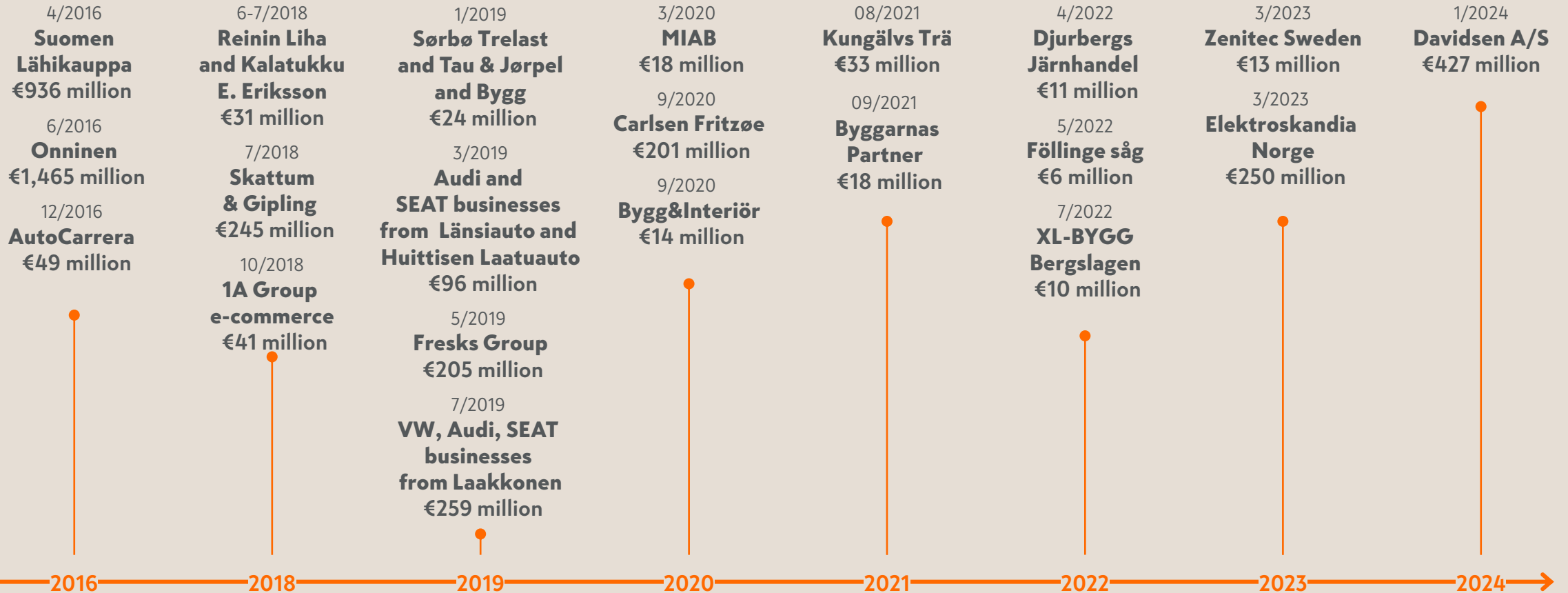
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➤ **Global pioneer in sustainability**

# TRANSFORMATION FROM A TRADITIONAL RETAILER INTO 'ONE UNIFIED K'



# ACQUISITIONS HAVE PLAYED A SIGNIFICANT ROLE IN INTERNATIONAL GROWTH

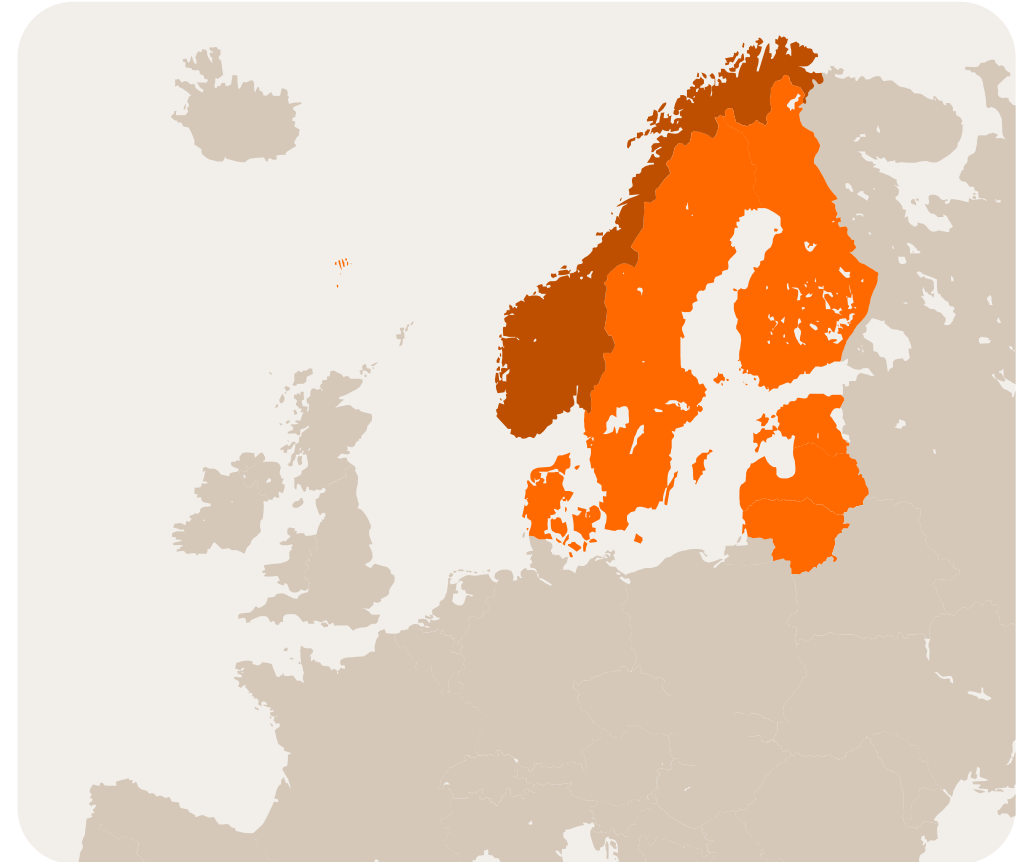


Figures either net sales or sales figures published in connection with the acquisition

# ELETROSKANDIA STRENGTHENED ONNINEN'S POSITION IN TECHNICAL TRADE IN NORWAY

## ONNINEN NOW THE MARKET LEADER IN ELECTRICAL WHOLESALE IN NORWAY

- Kesko acquired Elektroskandia Norge in March 2023
- One of the most significant distributors of electricals in Norway
  - Net sales of some €250 million (2022)
  - Around 270 employees
  - Nine stores
  - Four sales offices across the country
  - A highly automated distribution centre near Oslo
- The deal made Onninen the market leader in electrical wholesale in Norway, with a market share of over 40%

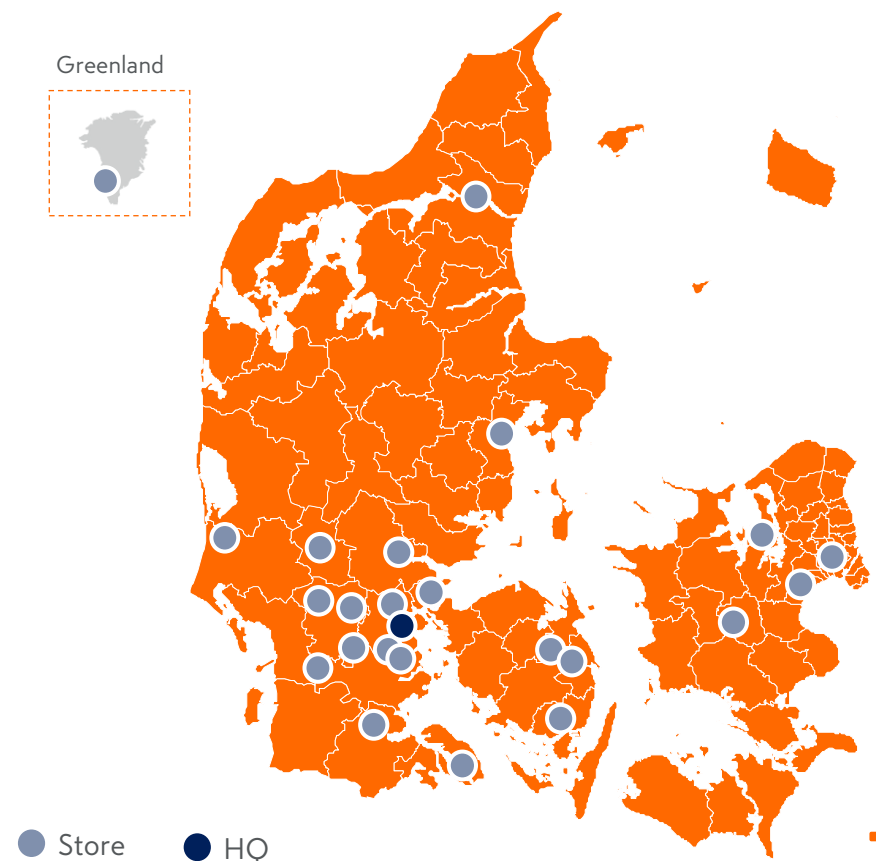


# EXPANDING OPERATIONS TO DENMARK AND ACQUIRING DAVIDSEN

## PARTICIPATING IN SECTOR CONSOLIDATION IN NORTHERN EUROPE PART OF KESKO'S STRATEGY

- Kesko acquired 90% of the previously family-owned Davidsen Koncernen A/S, enterprise value approx. €190 million
- Davidsen is one of the biggest building and home improvement trade operators in Denmark, with focus on B2B customers
  - Net sales €427 million, operating profit €7 million (excl. IFRS 16 impact) in 2023
  - Some 850 employees
  - 23 stores, Davidsen owns 19 of the store properties
  - Market share some 9% in all of Denmark, 30% in Southern Denmark
- Plenty of potential for further consolidation on the Danish market, good opportunities for growth both organically and via acquisitions

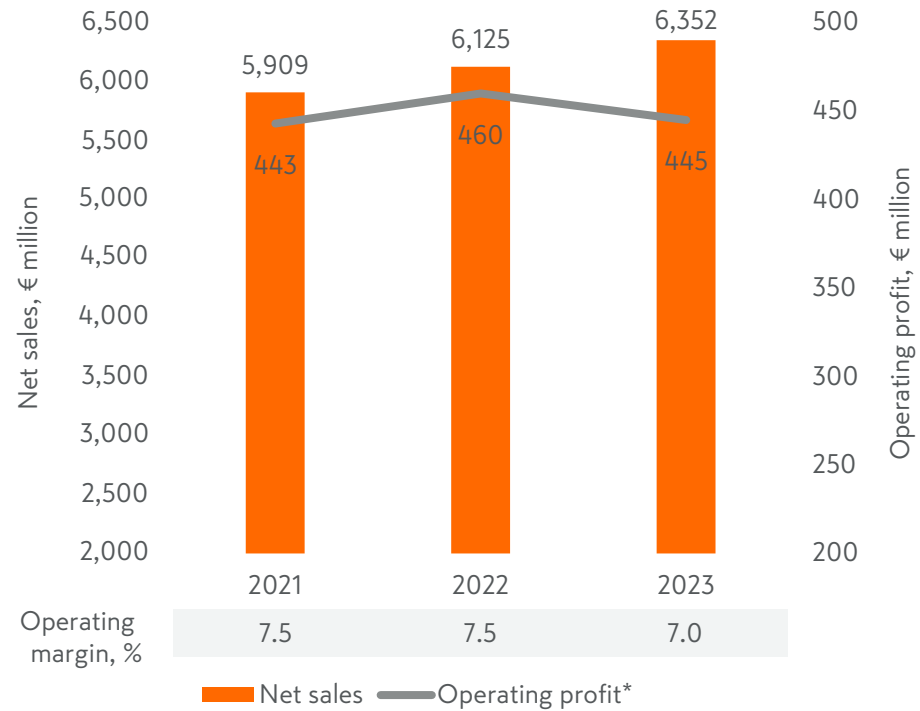
### DAVIDSEN STORE NETWORK





# A STRONG FOUNDATION FOR GROCERY TRADE

## GROCERY TRADE



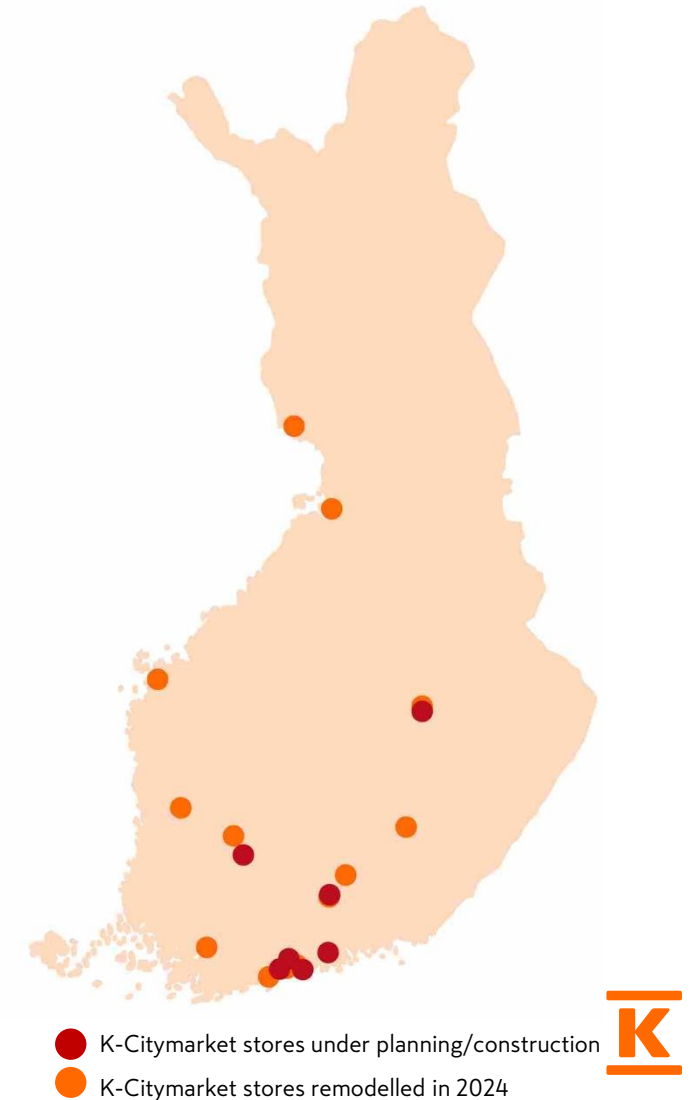
- Strong No. 2 in Finnish grocery trade with a market share of ~34.3%
- No. 1 in the Finnish foodservice market with a market share of approx. 48%
- Extensive store network with 1,208 grocery stores and 909 K-retailers
- Online grocery growing
- Some 1.6 million daily customer encounters





# NEW K-CITYMARKET HYPERMARKET STORES TO OPEN OVER THE NEXT FEW YEARS

- K-Supermarket in Vuosaari, Helsinki converted into a K-Citymarket in 2024
- New K-Citymarket in Ideapark, Lempäälä in 2025
- New K-Citymarket in Haapaniemi, Kuopio in 2026
- New K-Citymarket in Kivistö, Vantaa in 2026
- Planning and permits underway for a new K-Citymarket in Porvoo
- A bigger grocery store planned for the Espoontori shopping centre in Espoo
- New K-Citymarket planned for Paavola, Lahti, to replace the existing K-Citymarket Paavola store
- In 2024, Kesko will renovate and remodel 13 K-Citymarket stores
- Kesko will be investing some €200–250 million in its grocery store network annually

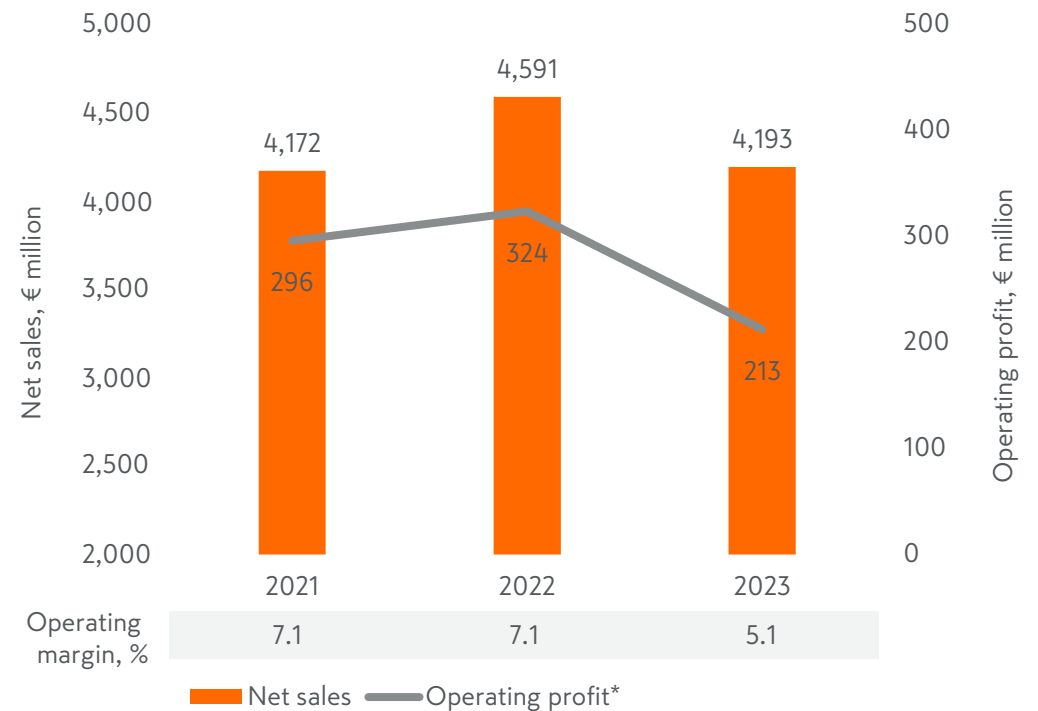


# GOOD PERFORMANCE IN A CHALLENGING MARKET IN BUILDING AND TECHNICAL TRADE



- Leading sector operator in Northern Europe
- The clear market leader in Finland in both building and home improvement trade and technical trade
- Over 80% of sales come from B2B
- Urbanisation, investments in energy efficiency, and renovation building underpinning demand
- Further good growth potential in acquisitions in Scandinavia

## BUILDING AND TECHNICAL TRADE

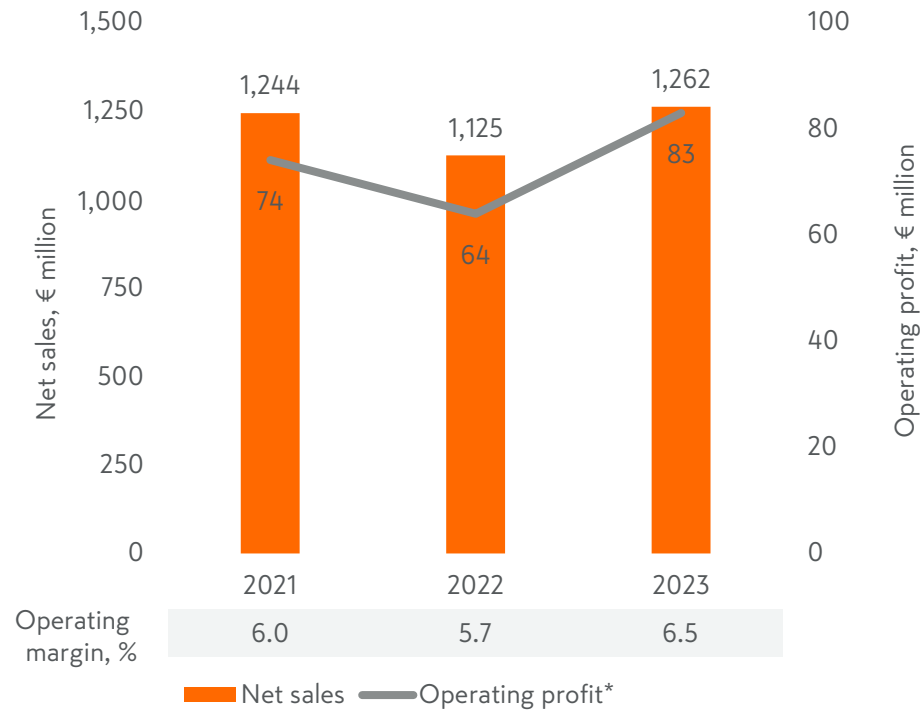


\* Comparable

# GOOD POTENTIAL FOR CONTINUED GROWTH IN CAR TRADE



## CAR TRADE



- Comprehensive offering: new cars, used cars, and services
- Long-standing collaboration with the Volkswagen Group
- Transformation and efficiency-improvement measures yielding results
- No. 1 in Finland in EV sales and charging networks
- Sports trade part of the division since 1 April 2023

\* Comparable

# SUSTAINABILITY IS INTEGRATED INTO OUR BUSINESS



## 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  
People  
Good governance

### EXECUTION BY THE BUSINESS DIVISIONS

Grocery trade  
Building and technical trade  
Car trade

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### PROGRESS MEASURED USING INDICES AND ASSESSMENTS

Dow Jones Sustainability Indices, MSCI ESG, Sustainalytics, and CDP

# KESKO IS ONE OF THE MOST SUSTAINABLE TRADING SECTOR OPERATORS IN THE WORLD

Kesko's sustainability has been recognised in various independent assessments



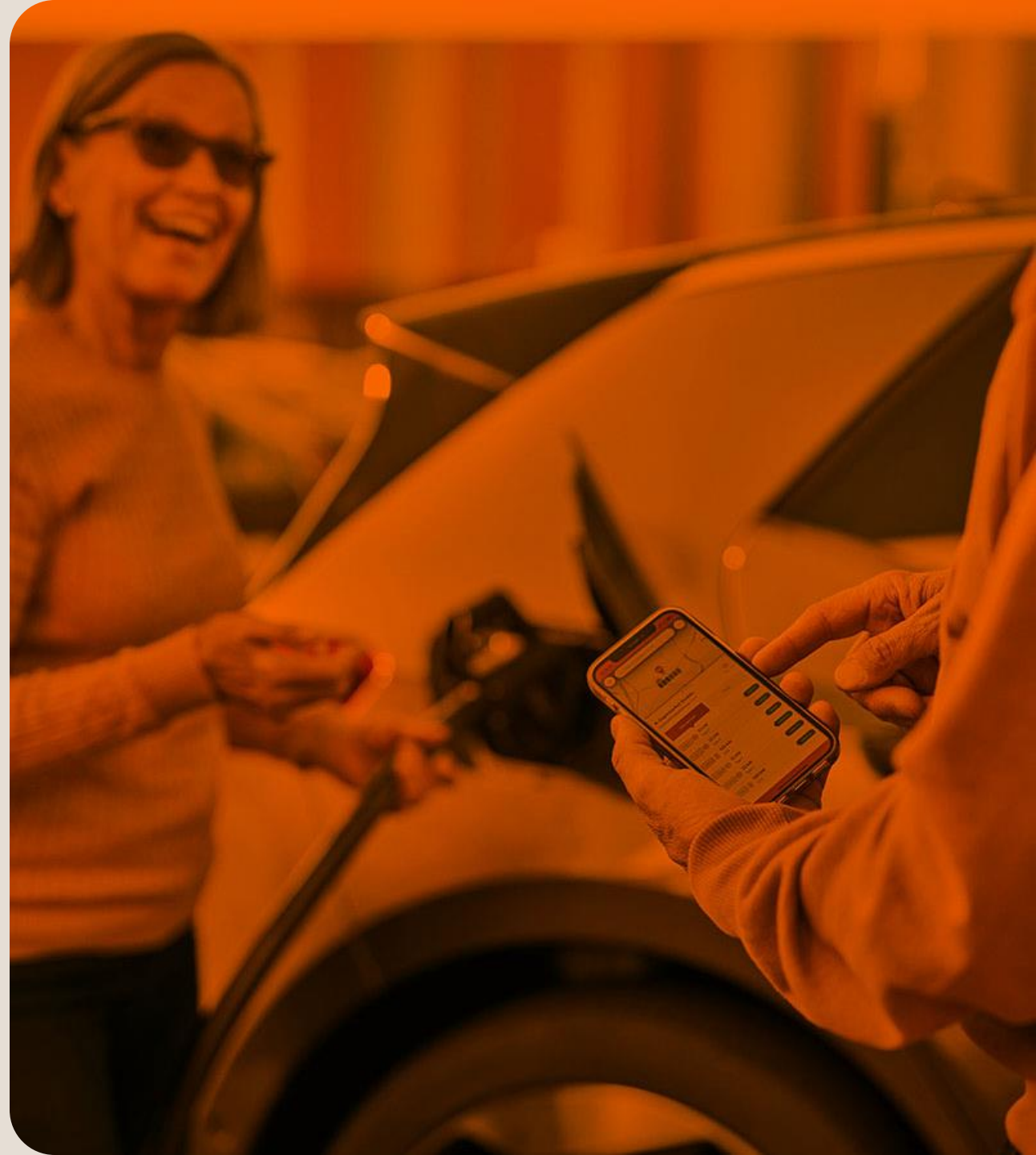
Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA





KESKO ANNUAL GENERAL MEETING

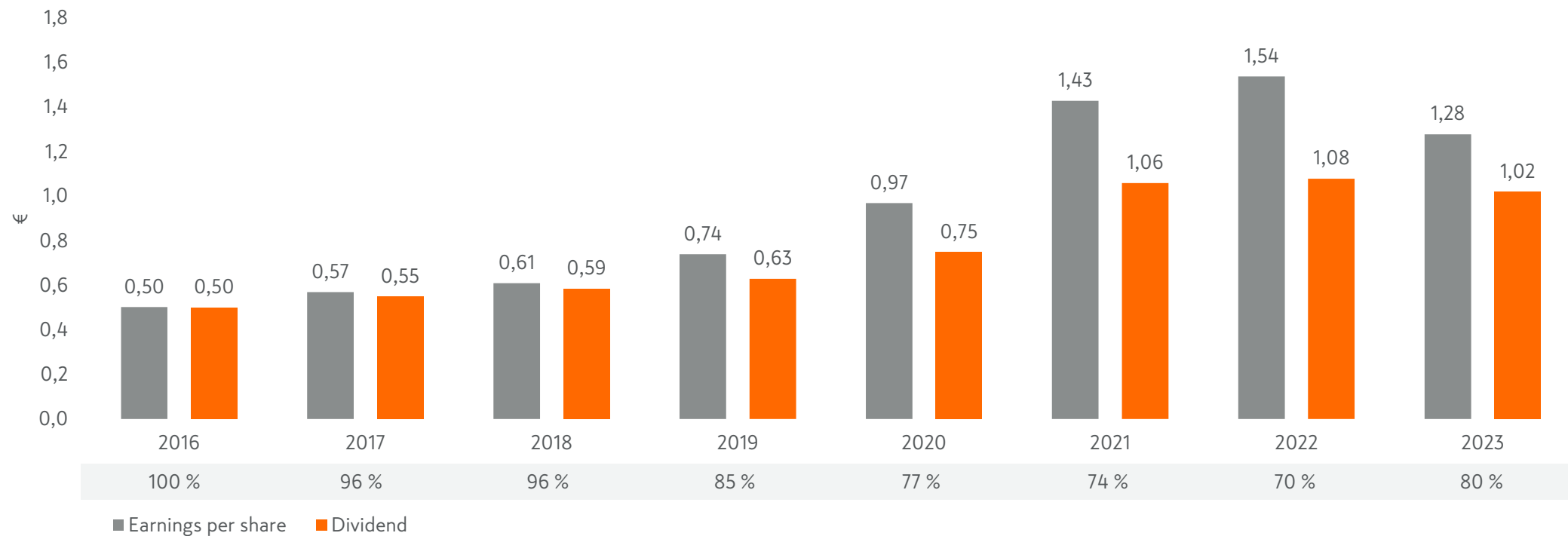
# DIVIDEND PROPOSAL





# THE BOARD'S DIVIDEND PROPOSAL TO THE ANNUAL GENERAL MEETING: €1.02 / SHARE

Proposed to be paid in four instalments

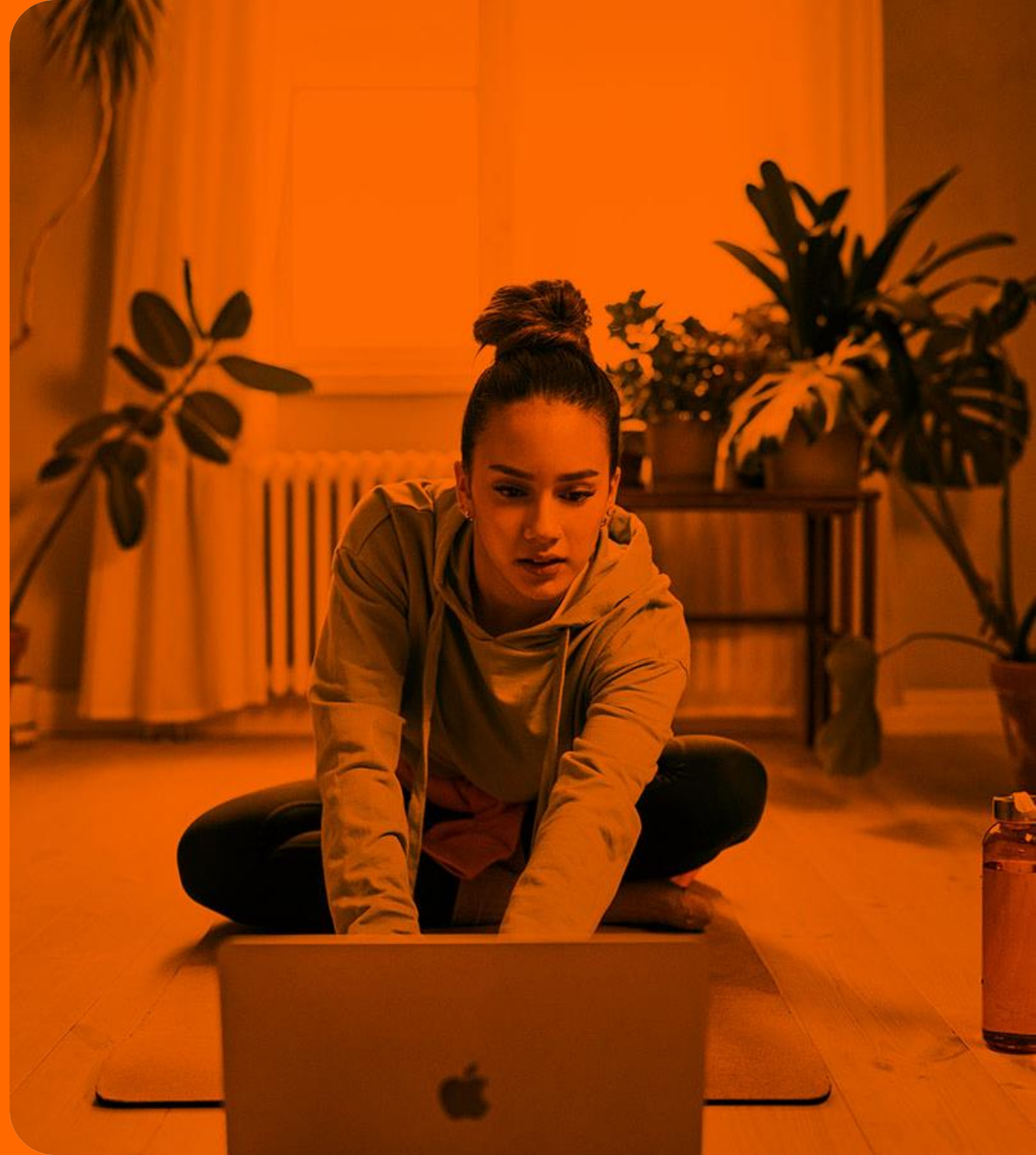


Accounting for share split  
 2016 comparable EPS, Group; 2017-2019 comparable EPS, continuing operations



KESKO ANNUAL GENERAL MEETING

# THE FUTURE



# OUTLOOK FOR THE FUTURE



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.

# PROFIT 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.

# 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 – Kesko has undergone a transformation, grown, and created significant value for its shareholders
- No reason to make any notable changes to the strategy – during the annual strategy review this spring, main focus will be on the competitive advantages of the three divisions
- Main focus is on maintaining our strong position in all areas of food trade, and further growing the building and technical trade business internationally





**Thank you!**

