



Q1

**Kesko Corporation  
Interim Report**

January-March 2020

28.4.2020



## KESKO CORPORATION INTERIM REPORT 28.4.2020 AT 08.00

## Kesco Q1 2020: Record Q1 result, impact of coronavirus epidemic seen from mid-March onwards

### FINANCIAL PERFORMANCE IN BRIEF, CONTINUING OPERATIONS:

- Net sales for the Group's continuing operations in January-March totalled €2,540.4 million (€2,400.8 million), an increase of 4.0% in comparable terms, reported net sales up by 5.8%
- Comparable operating profit totalled €65.1 million (€57.5 million)
- Operating profit totalled €65.9 million (€51.6 million)
- Cash flow from operating activities totalled €135.7 million, and it grew operatively by €27.0 million
- Comparable return on capital employed was 9.6% (9.5%) (rolling 12 months)
- Comparable profit before tax totalled €32.7 million (€34.6 million)
- Comparable earnings per share were €0.33 (€0.33)

### KEY PERFORMANCE INDICATORS

	1-3/2020	1-3/2019	1-12/2019
<b>Continuing operations</b>			
Net sales, € million	2,540.4	2,400.8	10,720.3
Operating profit, comparable, € million	65.1	57.5	461.6
Operating margin, comparable	2.6	2.4	4.3
Operating profit, € million	65.9	51.6	447.8
Profit before tax, comparable, € million	32.7	34.6	370.7
Profit before tax, € million	33.1	28.8	403.3
Cash flow from operating activities, € million	135.7	157.0	893.1
Capital expenditure, € million	99.0	97.3	686.1
<b>Earnings per share, €, basic and diluted</b>			
Continuing operations	0.35	0.28	3.31
Discontinued operations	-	0.00	0.12
Group, total	0.35	0.27	3.42
<b>Earnings per share, comparable, €, basic</b>			
Continuing operations	0.33	0.33	2.97

	1-3/2020	1-3/2019	1-12/2019
<b>Continuing operations</b>			
Return on capital employed, comparable, %, rolling 12 months	9.6	9.5	9.6
<b>Group</b>			
Return on equity, comparable, %, rolling 12 months	15.0	12.3	15.1

	31.3.2020	31.3.2019	31.12.2019
<b>Group</b>			
Equity ratio, %	30.0	31.8	31.2
Equity per share, €	20.09	19.79	20.44

## OUTLOOK AND GUIDANCE FOR 2020

Outlook for Kesko Group's continuing operations is given for year 2020, in comparison with year 2019.

Due to the COVID-19 pandemic and global economic uncertainty, the company estimates that its comparable operating profit for continuing operations will amount to €400–450 million in 2020, thus falling somewhat short of the 2019 comparable operating profit of €461.6 million. The company does not issue a guidance regarding net sales.

Kesko estimates that consumer demand for food will remain good despite the exceptional circumstances brought on by the COVID-19 pandemic. Sales are expected to grow in grocery stores and especially in the online sales of groceries. In the foodservice business and home and speciality goods trade, sales are expected to decrease. Under the current circumstances, it is difficult to provide assessments on sales development in the building and technical trade. A weakening in the overall economy is expected to be reflected in sales to B2B customers. In addition, restrictions on store opening hours affect country-specific sales development in the building and technical trade division. In the car trade, both new and used car sales are expected to decrease compared to 2019.

Due to the weakened economic situation, Kesko has initiated extensive cost adjustment measures to ensure profitability and secure cash flow. The measures include temporary personnel lay-offs and extensive adjustment of other costs.

### PRESIDENT AND CEO MIKKO HELANDER:

Despite the exceptional circumstances, Kesko recorded its all-time-best first-quarter comparable operating result. Our net sales increased by 5.8%, totalling €2,540.4 million. Our comparable operating profit totalled €65.1 million, representing an increase of €7.6 million.

At the start of the quarter, sales were strong in all divisions. In the grocery trade, net sales grew by 4.6%, and comparable operating profit rose to €60.4 million. Growth continued in the building and technical trade, both in the building and home improvement trade and Onninen's technical wholesale. Net sales increased by 6.8% and comparable operating profit rose to €9.3 million. In the car trade, net sales increased by 11.0% due to acquisitions, but decreased by 4.6% in comparable terms. The comparable operating profit for the car trade decreased to €6.1 million.

The COVID-19 epidemic began to affect our operations significantly from mid-March onwards.

In the grocery trade division, the impacts vary. Thanks to our retailer business model, Kesko has been able to respond to the situation in an agile manner. Growth in food retail has been strong both in K-food stores and the K-Ruoka.fi online service. K-food store grocery sales grew in all chains in March with a total rate of 9.8%. We have been able to quickly increase capacity for online grocery sales, and K-ruoka.fi has become the biggest online grocery store in Finland. At their highest, our online grocery sales have grown at a pace of over 800% a week. The closures of restaurants, schools and workplaces have pressed Kesko's sales to approximately 50% of normal levels in recent weeks.

So far, the epidemic has impacted sales in the building and technical trade division only slightly. Development in B2C sales in the building and home improvement trade has been good in Finland and Sweden. Sales levels have also stayed good in B2B trade. Onninen's sales development has been very good so far. However, sales in the Baltics have decreased, primarily due to restrictions in Lithuania causing stores to stay closed.

In the car trade, demand has weakened significantly. Sales of new and used cars are down, while servicing and spare part sales have remained at almost normal levels.

Although there are ongoing efforts worldwide to stop the epidemic, we must prepare for the possibility that these exceptional circumstances will last for some time. We have taken necessary actions in all our functions at Kesko. Our key priority is to ensure the safety of our customers and personnel. We have also focused on securing our purchasing and supply chains. To secure our cash flow, we have adjusted costs with e.g. temporary personnel lay-offs, we will adjust cash flow from investing activities below €200 million in 2020, and we have increased the availability of financing. We have also paid special attention to securing trade receivables and to ensuring financing.

During the reporting period, Kesko initiated a strategic review concerning the business operations in the Baltics and Belarus.

Kesko's financial position is strong. The Annual General Meeting originally convened for 30 March 2020 will be held today, 28 April 2020, at 10.30 am. In line with the Board of Directors' original proposal, the proposed dividend is €2.52 per share, to be paid in two instalments. The Board also repeats its proposal for a share split in which three new shares are issued to shareholders for each current one held.

Due to the COVID-19 epidemic and global economic uncertainty, we estimate that Kesko's comparable operating profit for continuing operations will amount to €400–450 million in 2020, thus falling somewhat short of the 2019 comparable operating profit of €461.6 million. Under these exceptional circumstances, we can be happy with this profit level.

## IMPORTANT EVENTS

### PROFIT WARNING ISSUED ON 18 MARCH 2020 DUE TO COVID-19 AND GLOBAL ECONOMIC UNCERTAINTY

Kesko Corporation issued a profit warning on 18 March 2020. Due to COVID-19 and global economic uncertainty, Kesko cancelled its previous outlook statement regarding the net sales for continuing operations and changed the outlook statement regarding the comparable operating profit for continuing operations, both issued in connection with the financial statements release on 5 February 2020. In the profit warning release, the company estimated that the comparable operating profit for continuing operations in 2020 will amount to €400–450 million, thus falling somewhat short of the record comparable operating profit for 2019. The company does not issue a guidance regarding net sales.

### CANCELLATION OF THE ANNUAL GENERAL MEETING CONVENED FOR 30 MARCH 2020 AND RECONVENING A NEW MEETING

On 19 March 2020, Kesko announced it would cancel the Annual General Meeting convened for 30 March 2020 due to the coronavirus epidemic.

After the end of the reporting period on 7 April 2020, the company reconvened its Annual General Meeting for 28 April 2020. The company has employed various precautionary measures to be able to hold the meeting and to ensure the safety of the people who must be present at the meeting venue. Kesko will strive to keep the meeting and the presentations as short as possible, and only necessary matters included on the agenda of the Notice of General Meeting shall be discussed. The Board of Directors' proposals to the 28 April 2020 Annual General Meeting match those published on 5 February 2020 for the cancelled 30 March 2020 meeting, apart from the record and pay dates for the first proposed dividend instalment, the record date and planned date of book-entry account registrations for the share issue without payment (share split), and the proposal concerning charitable donations.

## FINANCIAL PERFORMANCE OF CONTINUING OPERATIONS

### NET SALES AND PROFIT FOR JANUARY-MARCH 2020

1-3/2020	Net sales, € million	Change, %	Change, comparable, %	Operating profit, comparable, € million	Change, € million
Grocery trade	1,321.5	+4.6	+4.6	60.4	+3.6
Building and technical trade excl. speciality goods trade	934.9	+7.8	+6.1	9.3	+5.4
Speciality goods trade	66.3	-5.4	-2.4	-2.3	-1.6
Building and technical trade, total	1,001.1	+6.8	+5.5	7.0	+3.8
Car trade	222.6	+11.0	-4.6	6.1	-1.6
Common functions and eliminations	-4.8	(..)	(..)	-8.4	+1.9
<b>Total</b>	<b>2,540.4</b>	<b>+5.8</b>	<b>+4.0</b>	<b>65.1</b>	<b>+7.6</b>

(..) Change over 100%

Despite the COVID-19 epidemic and related restrictions, the net sales for the Group's continuing operations increased by 5.8%. Kesko's businesses and operating countries have been affected by the exceptional circumstances in different ways. Net sales grew in the grocery trade and the building and technical trade, but decreased in the car trade. The Group's net sales increased by 5.2% in Finland, or by 3.7% in comparable terms. In other countries, net sales increased by 8.3%, or by 5.2% in comparable terms. International operations accounted for 20.3% (19.9%) of the Group's net sales. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed in 2019.

In the grocery trade division, net sales grew in all food store chains. However, net sales decreased in K-Citymarket's home and speciality goods trade and Kespro's restaurant and institutional kitchen trade.

Net sales for the building and technical trade grew in comparable terms in Finland, Sweden, Poland, the Baltics and Belarus. Growth was especially strong in Onninen's technical wholesale. Net sales were also boosted by the acquisition of K-Bygg in Sweden in 2019. Net sales growth in euro terms was diminished by the weakening of the Swedish krona and the Norwegian krone against the euro.

Reported net sales for the car trade increased due to the acquisitions carried out, but in comparable terms, net sales decreased.

The comparable operating profit for the Group's continuing operations grew by €7.6 million in January-March. In the grocery trade, profitability was improved by the good sales development of the K-food store chains. A decrease in net sales in K-Citymarket's home and speciality goods trade and Kespro's restaurant and institutional kitchen trade had a weakening impact on the comparable operating profit towards the end of the reporting period. In the building and technical trade division, the comparable operating profit for building and home improvement trade grew in Finland and Sweden. In Norway, the comparable operating profit was at the same level as the year before. In the Baltic States and Belarus, the comparable operating profit fell short of the level of the comparison period. The acquisitions carried out in Norway and Sweden in 2018 and 2019 accounted for €-3.0 million (€-3.0 million) of the comparable operating profit. Acquisitions have increased seasonal fluctuations in profit. Onninen's comparable operating profit clearly strengthened and grew in Finland, Sweden and Norway. In the Baltics and Poland, Onninen's comparable operating profit was at level of the previous year. The comparable operating profit for the car trade was down due to weakened demand towards the end of the reporting period.

Items affecting comparability, € million	1-3/2020	1-3/2019	1-12/2019
<b>Operating profit, comparable</b>	<b>65.1</b>	<b>57.5</b>	<b>461.6</b>
Items affecting comparability			
+gains on disposal	+6.4	+0.0	+4.6
-losses on disposal	-0.0	-0.0	-0.9
+/-structural arrangements	-5.5	-5.8	-17.5
Items affecting comparability, total	+0.8	-5.8	-13.8
<b>Operating profit</b>	<b>65.9</b>	<b>51.6</b>	<b>447.8</b>

The most significant items affecting comparability were the €6.4 million sales gain from the divestment of machinery trade operations in the Baltics in the building and technical trade division, completed on 31 March 2020, and the €5.2 million costs related to corporate restructuring in common functions. The most significant items affecting comparability the year before were the €5.5 million costs related to the divestment of Onninen's HEPAC contractor business in Sweden in the building and technical trade.

K Group's (Kesko and chain stores) retail and B2B sales (VAT 0%) for January-March totalled €3,064.7 million, representing a growth of 3.8% compared to the previous year (pro forma). The K-Plussa customer loyalty programme added 45,216 new households in January-March 2020. The number of K-Plussa households stood at 2.4 million at the end of March and there were 3.5 million K-Plussa cardholders in total.

## NET FINANCE COSTS, INCOME TAX AND EARNINGS PER SHARE

	1-3/2020	1-3/2019	1-12/2019
<b>Continuing operations</b>			
Net finance costs	-32.3	-23.7	-91.4
Interests on lease liabilities	-23.1	-24.6	-95.4
Profit before tax, comparable, € million	32.7	34.6	370.7
Profit before tax, € million	33.1	28.8	403.3
Income tax, € million	-6.4	-6.1	-69.6
Earnings per share, comparable, €	0.33	0.33	2.97
Earnings per share, €	0.35	0.28	3.31
<b>Group</b>			
Equity per share, €	20.09	19.79	20.44

Net finance costs for the Group's continuing operations were up in January-March due to exchange differences, change in the fair value of interest rate derivatives, and valuation losses on investments of liquid assets. Of the exchange differences, €-4.6 million was due to exchange rate losses on euro-denominated loan financing at the Belarussian subsidiary OMA in the building and technical trade division, and €-1.4 million due to the weakening of the Norwegian krone, Swedish krona and Polish zloty. The share of result of associates and joint ventures amounted to €-0.6 million (€0.8 million), or €-0.2 million (€0.8 million) in comparable terms.

The Group's effective tax rate decreased to 19.5% (21.2%).

The comparable profit before tax for the Group's continuing operations decreased in January-March following the increase in net finance costs and decrease in the share of result of associates and joint ventures. Earnings per share for the Group's continuing operations grew year-on-year, and the comparable earnings per share matched the level of the previous year.

## CASH FLOW AND FINANCIAL POSITION

€ million	1-3/2020	1-3/2019	1-12/2019
<b>Continuing operations</b>			
Cash flow from operating activities	135.7	157.0	893.1
Cash flow from investing activities	-35.1	-86.0	-620.3
<b>Group</b>			
Cash flow from financing activities	-20.6	-80.8	-295.4
Liquid assets	265.4	237.6	169.0
Interest-bearing liabilities	3,085.2	2,699.3	3,037.3
Lease liabilities	2,337.4	2,287.1	2,422.2
Interest-bearing net debt excl. lease liabilities	482.4	174.6	446.1
Interest-bearing net debt/EBITDA, excluding the impact of IFRS 16, rolling 12 months	0.9	0.4	0.9
Gearing, %	134.9	119.2	134.0
Equity ratio, %	30.0	31.8	31.2

In January-March, the cash flow from operating activities for the Group's continuing operations totalled €135.7 million (€157.0 million). The cash flow from operating activities for continuing operations in the comparison period included a €48.3 million return of surplus assets paid by Kesko Pension Fund, meaning that operatively, cash flow from operating activities increased by €27.0 million. The cash flow from operating activities for discontinued operations in the comparison period totalled €4.8 million. The Group's cash flow from operating activities totalled €135.7 million (€161.7 million).

The cash flow from investing activities for the Group's continuing operations totalled €-35.1 million (€-86.0 million), improved by the positive cash flow of €19.6 million derived from the divestment of the Baltic machinery

trade operations. The acquisition of the store property of K-Citymarket in Järvenpää, previously leased by Kesko, is reported under cash flow from financing activities.

Kesko Group's liquidity remained strong in the first quarter under the exceptional circumstances brought on by the COVID-19 epidemic affecting business and the financial markets. Kesko Group initiated significant adjustment measures in all its operating countries to secure cash flow. Under the exceptional circumstances, Kesko is forcefully adjusting costs and capital expenditure and effectively managing the credit risk associated with amounts due from customers.

## CAPITAL EXPENDITURE

	1-3/2020	1-3/2019	1-12/2019
<b>Capital expenditure, continuing operations</b>	<b>99.0</b>	<b>97.3</b>	<b>686.1</b>
Store sites	63.2	32.2	227.7
Acquisitions	-	37.7	290.5
IT	5.6	6.6	33.9
Other investments	30.2	20.7	134.0

Capital expenditure in store sites increased by €29.7 million in the grocery trade. The increase was partly due to the acquisition of the store property of K-Citymarket in Järvenpää. Other investments increased due to cars obtained for the leasing fleet and rental cars sold with repurchase commitments in the car trade, €4.4 million.

## PERSONNEL

	1-3/2020	1-3/2019	1-12/2019
<b>Average number of personnel converted into full-time employees, continuing operations</b>	<b>20,936</b>	<b>19,878</b>	<b>20,846</b>
<b>Personnel at the end of the reporting period 31.3.</b>	<b>31.3.2020</b>	<b>31.3.2019</b>	<b>31.12.2019</b>
Finland	12,449	11,845	12,657
Other countries	11,892	11,681	12,511
Total	24,341	23,526	25,168

The growth in personnel numbers in continuing operations is attributable to acquisitions carried out in Finland and Sweden. In mid-March, Kesko initiated adjustment measures due to a reduction in workloads brought on by COVID-19 epidemic. In total, some 2,500 Kesko employees working in business operations and support functions are estimated to be affected by the various adjustment measures. Of those, temporary lay-off measures will affect some 2,000 employees in Finland. Adjustment measures are also taking place in Kesko's operations in Sweden, Norway, Poland and the Baltic countries.

## SEGMENTS

### SEASONAL NATURE OF OPERATIONS

The Group's operating activities are affected by seasonal fluctuations. The net sales and the operating profits of the reportable segments are not earned evenly throughout the year. Instead, they vary by quarter depending on the characteristics of each segment. In terms of the level of operating profit, the second and third quarter are the strongest, whereas the impact of the first quarter on the full year profit is smallest. The acquisitions of Suomen Lähikauppa, Onninen and the Norwegian Skattum Handel AS, Gipling AS and the DIY retail business of Sørbø and the Swedish Fresks Group have increased seasonal fluctuations between quarters. The operating profit levels of these companies are at their lowest in the first quarter.

## GROCERY TRADE

### January-March 2020

	1-3/2020	1-3/2019	1-12/2019
Net sales, € million	1,321.5	1,263.9	5,531.2
Operating profit, comparable, € million	60.4	56.8	327.9
Operating margin, comparable	4.6	4.5	5.9
Return on capital employed, comparable, %, rolling 12 months	14.6	13.2	14.5
Capital expenditure, € million	62.7	28.6	180.8
Personnel, average	5,948	5,839	6,063

Net sales, € million	1-3/2020	1-3/2019	Change, %	Change, comparable, %	1-12/2019
Sales to K-food stores					
K-Citymarket, food	293.0	265.1	+10.5	+10.5	1,150.4
K-Supermarket	357.5	327.5	+9.2	+9.2	1,417.0
K-Market	320.3	299.0	+7.1	+7.1	1,336.3
K-Citymarket, non-food	122.7	127.8	-4.0	-4.0	584.6
Kespro	208.3	215.7	-3.4	-3.4	944.9
Others	19.7	28.8	-31.6	-31.6	98.0
<b>Total</b>	<b>1,321.5</b>	<b>1,263.9</b>	<b>+4.6</b>	<b>+4.6</b>	<b>5,531.2</b>

In the grocery trade, net sales grew in January-March in all food store chains. However, net sales decreased in K-Citymarket's home and speciality goods trade and Kespro's restaurant and institutional kitchen trade.

The total grocery market in Finland (incl. VAT) is estimated to have grown by approximately 7.6% in January-March (Kesko's own estimate) and retail prices are estimated to have risen by some 1.0% (incl. VAT, Kesko's own estimate based on the price development estimate of the Finnish Grocery Trade Association). K Group's grocery sales grew by 7.8% (incl. VAT), thus exceeding the market growth. K Group's sales grew in all food store chains. Online sales of groceries grew by 160%, and accounted for approximately 1.4% of K Group's grocery sales (incl. VAT). All K Group food store chains offer online grocery sales services. The number of K-food stores offering online grocery sales services rose to 271 during the reporting period.

In the grocery trade, profitability was improved by the good development of grocery sales in the K-food store chains. A decrease in net sales in K-Citymarket's home and speciality goods trade and Kespro's restaurant and institutional kitchen trade had a weakening impact on the comparable operating profit towards the end of the reporting period. Operating profit for the grocery trade totalled €59.8 million (€56.8 million). Items affecting comparability totalled €-0.5 million (€0.0 million).

Capital expenditure in the grocery trade totalled €62.7 million (€28.6 million), increased in part by the acquisition of the store property of K-Citymarket in Järvenpää.

One new K-Market opened in January-March (replacement new building). Remodelling and expansions took place at a total of 13 stores.

The most significant store sites under construction are K-Supermarket stores in the centre of Jyväskylä and at Vaajakoski, Tampere and Lahti.

Store numbers	3/2020	3/2019	12/2019
K-Citymarket	81	81	81
K-Supermarket	242	244	243
K-Market	773	780	777
Neste K	73	72	73
Other	75	79	78
Total	1,244	1,256	1,252

In addition, 271 K-food stores offer online grocery sales services to their customers.

## BUILDING AND TECHNICAL TRADE

### January-March 2020

	1-3/2020	1-3/2019	1-12/2019
<b>Net sales, € million</b>	1,001.1	937.6	4,331.1
Building and technical trade excl. speciality goods trade	934.9	867.5	3,984.5
Building and home improvement trade	562.2	507.3	2,447.8
Onninen	391.4	370.2	1,587.7
Speciality goods trade	66.3	70.1	346.7
<b>Operating profit, comparable, € million</b>	7.0	3.2	142.8
Building and technical trade, excl. speciality goods trade	9.3	3.9	133.3
Building and home improvement trade	-1.3	-1.3	83.3
Onninen	10.7	5.1	50.0
Speciality goods trade	-2.3	-0.7	9.5
<b>Operating margin, comparable</b>	0.7	0.3	3.3
Building and technical trade excl. speciality goods trade	1.0	0.5	3.3
Building and home improvement trade	-0.2	-0.3	3.4
Onninen	2.7	1.4	3.2
Speciality goods trade	-3.5	-1.0	2.7
Return on capital employed, comparable, %, rolling 12 months	7.4	7.5	7.4
Capital expenditure, € million	10.9	35.5	332.7
Personnel, average	12,850	12,133	12,630

	1-3/2020	1-3/2019	Change, %	Change, comparable, %	1-12/2019
<b>Net sales, € million</b>					
Building and home improvement trade, Finland	222.8	217.2	+2.6	+2.6	908.4
K-Rauta, Sweden	32.3	33.3	-3.0	-0.7	163.7
K-Bygg, Sweden	42.5	-	-	-	132.8
Byggmakker, Norway	80.5	86.9	-7.3	-1.2	386.9
Kesko Senukai, Baltics	152.0	144.6	+5.1	+5.1	715.5
OMA, Belarus	33.9	26.7	+26.8	+28.5	146.6
<b>Building and home improvement trade, total</b>	562.2	507.3	+10.8	+3.9	2,447.8
Onninen, Finland	228.9	201.1	+13.9	+13.9	909.6
Onninen, Sweden*	29.5	35.5	-16.8	+12.7	121.2
Onninen, Norway	58.2	63.0	-7.6	-0.7	237.8
Onninen, Baltics	18.8	18.0	+4.4	+4.4	85.2

Onninen, Poland	56.7	53.5	+6.0	+6.5	237.2
<b>Onninen, total*</b>	<b>391.4</b>	<b>370.2</b>	<b>+5.7</b>	<b>+9.7</b>	<b>1,587.7</b>
<b>Building and technical trade, excl. speciality goods trade, total</b>	<b>934.9</b>	<b>867.5</b>	<b>+7.8</b>	<b>+6.1</b>	<b>3,984.5</b>
Leisure trade, Finland	43.5	49.2	-11.6	-11.6	203.7
Machinery trade	22.8	20.9	+9.1	+21.7	143.0
<b>Speciality goods trade, total</b>	<b>66.3</b>	<b>70.1</b>	<b>-5.4</b>	<b>-2.4</b>	<b>346.7</b>
<b>Total</b>	<b>1,001.1</b>	<b>937.6</b>	<b>+6.8</b>	<b>+5.5</b>	<b>4,331.1</b>

\* Onninen's comparable net sales in Sweden calculated minus internal net sales in Sweden to K-rauta.

Net sales for the building and technical trade grew in January-March despite the coronavirus epidemic and related restrictions. Net sales grew in comparable terms in Finland, Sweden, Poland, the Baltics and Belarus. Net sales in Sweden were also boosted by the acquisition of K-Bygg in 2019. The weakening of the Swedish krona and the Norwegian krone against the euro diminished net sales development in Sweden and Norway in euro terms. The comparable change % has been calculated in local currencies and excluding the impact of acquisitions and divestments completed in 2019. The exceptional circumstances related to COVID-19 have impacted the division's businesses and operating countries in different ways from March onwards.

In Finland, net sales for the building and technical trade in January-March totalled €484.6 million (€460.6 million), up by 5.2%. In comparable terms, net sales in Finland increased by 5.8%. Net sales from international operations totalled €516.5 million in January-March (€477.0 million), up by 8.3%. In comparable terms, net sales from international operations grew by 5.2%. International operations contributed 51.6% (50.9%) of the net sales for the division.

Net sales for the building and home improvement trade grew in Finland, Sweden, the Baltics and Belarus. In Sweden, K-rauta's net sales nearly matched the level of the year before, and net sales for K-Bygg were up by 6.1% compared to the 2019 (pro forma) net sales (K-Bygg has been included in the Group's figures as of 17 May 2019). In comparable terms, net sales decreased slightly in Norway.

Onninen's net sales grew in comparable terms in Finland, Sweden, Poland and the Baltics. In Norway net sales were almost flat year-on-year in comparable terms in local currency.

In the speciality goods trade, net sales in the leisure trade were down due to mild winter weather and a drop in customer visits due to the coronavirus epidemic.

Comparable operating profit for the building and technical trade increased by €3.8 million in January-March year-on-year. In the building and home improvement trade, the comparable operating profit was at the same level as the year before. The comparable operating profit for the building and home improvement trade grew in Finland and Sweden. In Norway, the comparable operating profit was at the same level as the year before. In the Baltic States, the comparable operating profit fell clearly short of the level of the comparison period. Kesko Senukai's profitability was burdened significantly by restrictions put in place in Lithuania due to the epidemic, which meant the store were closed from mid-March to mid-April. The acquisitions carried out in Norway and Sweden in 2018 and 2019 accounted for €-3.0 million (€-3.0 million) of the comparable operating profit. Acquisitions have increased seasonal fluctuations in profit. Onninen's comparable operating profit grew in Finland, Sweden and Norway. In the Baltics and Poland, Onninen's comparable operating profit matched the level of the previous year.

Operating profit for the building and technical trade totalled €13.5 million (€-2.1 million). Items affecting comparability totalled €6.5 million (€-5.4 million). The most significant item affecting comparability was the €6.4 million sales gain from the divestment of machinery trade operations in the Baltics, completed on 31 March 2020. The most significant items affecting comparability in the comparison period were the €5.5 million costs related to the divestment of Onninen's HEPAC contractor business in Sweden.

Capital expenditure for the building and technical trade totalled €10.9 million (€35.5 million). Capital expenditure for the comparison period included €25.5 million in acquisitions.

A new B2B centre hosting a K-Rauta Procenter and an Onninen Mega Express store opened in Pasila, Helsinki during the reporting period. The centre also hosts a JIT terminal for K-Rauta PRO customers and a call-off

warehouse for Onninen's Infra customers. One K-Senukai store opened in Lithuania, and two Onninen Express stores in Poland.

The most significant store sites under construction are one K-Bygg store in Sweden, and one Onninen Express store in Finland and two in Poland.

Store numbers	3/2020	3/2019	12/2019
<b>Building and technical trade</b>			
K-Rauta, Finland	132	133	131
K-Rauta, Sweden	18	18	18
K-Bygg, Sweden	33	-	34
Byggmakker, Norway	62	65	63
K-Rauta, Estonia	8	8	8
K-Senukai, Latvia	11	10	11
K-Senukai, Lithuania	24	23	23
OMA, Belarus	16	17	17
Onninen, Finland	56	56	57
Onninen, Sweden	-	13	-
Onninen, Norway	18	24	18
Onninen, Baltics	17	15	17
Onninen, Poland	36	36	36
<b>Speciality goods trade</b>			
Intersport, Finland	53	54	54
Budget Sport	10	11	10
The Athlete's Foot	9	7	9
Kookenkä	32	35	34
Total	535	525	540

In addition, building and technical trade stores offer extensive e-commerce services to their customers. Three Onninen stores in Finland operate on the same store premises with K-Rauta.

## CAR TRADE

### January-March 2020

	1-3/2020	1-3/2019	1-12/2019
Net sales, € million	222.6	200.5	863.9
Operating profit, comparable, € million	6.1	7.7	26.8
Operating margin, comparable	2.7	3.8	3.1
Return on capital employed, comparable, %, rolling 12 months	7.7	18.1	9.5
Capital expenditure, € million	19.7	26.7	131.3
Personnel, average	1,292	929	1,179

Net sales, € million	1-3/2020	1-3/2019	Change, %	Change, comparable, %	1-12/2019
Car trade	222.6	200.5	+11.0	-4.6	863.9

Net sales for the car trade increased by 11.0% due to the acquisitions carried out, but decreased in comparable terms by 4.6%. The comparable change % has been calculated excluding the impact of acquisitions and divestments completed in 2019. The coronavirus epidemic decreased customer demand for both new and used cars towards the end of the reporting period. Net sales for after-sales services and leasing increased by 14.4%, or by 1.1% in comparable terms. After-sales services and leasing accounted for some 18% of the division's net sales.

The combined market performance of first registrations of passenger cars and vans was -4.1% (-14.6%) in January-March. The combined market share of the Volkswagen, Audi, SEAT, Porsche and Bentley passenger cars and Volkswagen and MAN vans imported by the car trade division was 16.0% (16.5%) in January-March.

The comparable operating profit for the car trade decreased due to weakened demand towards the end of the reporting period.

Operating profit for the car trade in January-March totalled €6.1 million (€7.6 million).

Capital expenditure for the car trade totalled €19.7 million (€26.7 million). Capital expenditure on cars obtained for the leasing fleet and rental cars sold with repurchase commitments increased by €4.4 million. The acquisitions of Volkswagen, Audi and SEAT businesses from Huittisten Laatuauto and Länsiauto, totalling €12.3 million, were completed during the comparison period.

Store numbers	3/2020	3/2019	12/2019
K-Auto	42	23	42
AutoCarrera	4	3	3
Total	46	26	45

## CHANGES IN GROUP COMPOSITION

On 31 March 2020, Konekesko Oy divested its remaining shares in its Baltic subsidiaries.

In 2019, Byggmakker Sør AS assumed ownership of the building and home improvement stores and store properties of the Norwegian Sørbo on 31 January 2019. K-Caara assumed ownership of car trade businesses acquired from Huittisten Laatuauto and LänsiAuto on 1 March 2019. K-rauta AB assumed ownership of the Swedish building and home improvement group Fresks on 17 May 2019. The divestment of Onninen AB's HEPAC contractor business was completed on 15 May 2019. K-Caara assumed ownership of the Volkswagen, Audi and SEAT businesses acquired from Laakkonen Group on 1 July 2019. The Finnish agricultural machinery trade operations were divested on 1 August 2019.

## SHARES, SECURITIES MARKET AND BOARD AUTHORISATIONS

At the end of March 2020, the total number of Kesko Corporation shares was 100,019,752, of which 31,737,007, or 31.7%, were A shares and 68,282,745, or 68.3%, were B shares. On 31 March 2020, Kesko Corporation held 837,321 of its own B shares as treasury shares. These treasury shares accounted for 1.23% of the total number of B shares, 0.84% of the total number of shares, and 0.22% of the votes attached to all shares in the company. The total number of votes attached to all shares was 385,652,815. Each A share carries ten (10) votes and each B share one (1) vote. The company cannot vote with own shares held by it as treasury shares and no dividend is paid on them. At the end of March 2020, Kesko Corporation's share capital totalled €197,282,584.

The price of a Kesko A share quoted on Nasdaq Helsinki was €58.80 at the end of 2019, and €50.40 at the end of March 2020, representing a decrease of 14.29%. Correspondingly, the price of a B share was €63.08 at the end of 2019, and €51.60 at the end of March 2020, representing a decrease of 18.20%. In January-March 2020, the highest A share price was €64.80 and the lowest €41.60. The highest B share price was €69.98 and the lowest €41.64. The Nasdaq Helsinki All-Share index (OMX Helsinki) was down by 20.4% and the weighted OMX Helsinki Cap index by 20.2% in January-March 2020. The Retail Sector Index was down by 18.4%.

At the end of March 2020, the market capitalisation of the A shares was €1,599.5 million. The market capitalisation of the B shares was €3,480.2 million, excluding the shares held by the parent company. The combined market capitalisation of the A and B shares was €5,079.7 million, down by €1,034.9 million from the end of 2019.

In January-March, a total of 0.9 million Kesko A shares were traded on Nasdaq Helsinki. The exchange value of the A shares was €50.1 million. Meanwhile, 18.3 million B shares were traded, with an exchange value of €1,117.6 million. Nasdaq Helsinki accounted for approximately 69.0% of the trading on Kesko's A and B shares in January-March. Kesko shares were also traded on multilateral trading facilities, the most significant of which was Cboe (source: Euroland).

At the end of March 2020, the number of shareholders was 44,940, which is 3,765 more than at the end of 2019. At the end of March, foreign ownership of all shares was 34.6%, and foreign ownership of B shares 49.58%.

Kesko has a share-based commitment and incentive scheme. To implement the scheme, Kesko's Board of Directors may decide, within share issue authorisations granted by the company's General Meeting, to transfer Kesko B shares held by the company as treasury shares. In January-March 2020, Kesko Corporation transferred 94,806 Kesko B shares held as treasury shares to members of management and other selected key persons in accordance with the terms and conditions of share award plans. 764 B shares were returned to the company without consideration based on the same terms and conditions. Kesko issued a related stock exchange release on 12 March 2020. Kesko issued a stock exchange release on 5 February 2020 regarding the most recent share-based commitment and incentive plans.

Kesko Corporation's Annual General Meeting will be held on 28 April 2020. The Board of Directors has proposed to the Annual General Meeting a resolution on a share issue without payment in which new shares will be issued to the shareholders without payment in proportion to their existing holdings so that three (3) new A shares are issued for each current A share, and three (3) new B shares for each current B share. In addition, new B shares will similarly be issued without payment to the company on the basis of B shares held by the company. Based on the number of shares on the date of the Board's proposal, a total of 95,211,021 new A shares and a total of 204,848,235 new B shares will be issued. The shares will be issued to shareholders who are registered in the company's register of shareholders maintained by Euroclear Finland Ltd on the record date of the share issue, 30 April 2020. The share issue without payment will be executed in the book-entry system and will not require any action on the part of the shareholders. The new shares will generate shareholder rights as of 30 April 2020 when they have been registered in the Trade Register. The registration of the new shares in the shareholders' book-entry accounts is planned to take place on 4 May 2020.

Kesko's Board also proposes that the 28 April 2020 Annual General Meeting authorises the Board to decide on the issuance of new B series shares as well as of own B shares held by the company as treasury shares, with the number of B shares thereby issued totalling at maximum 40,000,000. This would equal to approximately 10% of all shares in the company after the new shares to be issued in the share issue without payment proposed by the Board were registered.

The Board proposals in their entirety are included in the Notice of General Meeting published as a stock exchange release on 7 April 2020, which is also available on the Kesko website.

Kesko's Annual General Meeting of 11 April 2018 approved the Board's proposal for its authorisation to decide on the issuance of a maximum of 10,000,000 new B shares (2018 Share issue authorisation). The authorisation is valid until 30 June 2021. The Board also holds a valid authorisation to decide on the transfer of a maximum of 1,000,000 own B shares held by the company as treasury shares (2016 Share issue authorisation). The authorisation is valid until 30 June 2020. The authorisations have been communicated in stock exchange releases issued on 11 April 2018 and 4 April 2016.

## KEY EVENTS DURING THE REPORTING PERIOD

The Market Court in Finland announced its decision on Kesko's acquisition of the Heinon Tukku foodservice wholesale company, prohibiting the transaction. (Press release 17.2.2020)

Kesko agreed to acquire the Swedish Mark & Infra i Sverige AB (MIAB), a company specialising in the sales of water and sewage products. The acquisition will strengthen Onninen's technical wholesale offering to Infra customers in Sweden. (Press release 6.3.2020)

Kesko issued a profit warning due to the COVID-19 pandemic and related global economic uncertainty. Kesko cancelled its previous outlook statement regarding the net sales for continuing operations and changed the outlook statement regarding the comparable operating profit for continuing operations, both issued in connection with the financial statements release on 5 February 2020. (Stock exchange release 18.3.2020)

Kesko's Board of Directors decided to cancel the Annual General Meeting convened for 30 March 2020 due to developments concerning the COVID-19 coronavirus, and to reconvene a new meeting later on. (Stock exchange release 19.3.2020)

The Danish Agro Group company DA Agravis Machinery Holding A/S acquired Konekesko Oy's remaining stake in its Baltic subsidiaries. (Press release 31.3.2020)

## KEY EVENTS AFTER THE REPORTING PERIOD

Kesko announced that it would adjust its operations due to the coronavirus epidemic. Temporary lay-off measures are estimated to affect approximately 2,000 Kesko employees in Finland – Kesko has managed to significantly reduce the number with employee transfers between units. (Press release 3.4.2020)

Kesko's Board of Directors convened the Annual General Meeting for 28 April 2020. Due to the seriousness of the coronavirus epidemic, Kesko urged its shareholders to seriously consider not attending the Annual General Meeting in person. (Stock exchange release 7.4.2020)

## SUSTAINABILITY

Kesko ranked 99th on the 2020 Global 100 Most Sustainable Corporations in the World list, being the most sustainable grocery trade company in the world for the sixth year in a row.

In February, new climate targets were set to make K Group carbon neutral by 2025. K Group will seek to systematically reduce emissions to reach zero emissions from its own operations by 2030. During a 2025-2030 transition period, Kesko will compensate for emissions.

According to K Group's new cotton policy, by the end of 2024, all cotton sourced for the mywear clothes, myhome home textiles and Pirkka socks sold in K Group stores and K-Rauta's PROF workwear and Cello interior textiles will be more sustainably produced. Sustainable cotton is certified organic cotton, recycled cotton, Better Cotton or Fairtrade cotton. Kesko has been a member of the Better Cotton Initiative (BCI) since March 2020.

Kesko published its 2019 Annual Report in early March. The Sustainability section of the Annual Report was the 20th sustainability report published by Kesko.

As a responsible entity, K Group is doing everything it can to prevent COVID-19 from spreading. In March, Kesko and K-stores increased measures and developed new solutions to ensure the safety of customers and personnel in the stores.

## RISK MANAGEMENT

The impacts of COVID-19 on Kesko's operations in all operating countries represent a material change to the risks described in Kesko's 2019 Report by the Board of Directors and financial statements. The key risks related to the virus concern the health and safety of personnel and customers, and Kesko's sales, cash flow and profit.

Because of the virus, Kesko switched to crisis management and launched preparedness management teams at both Group and division levels. The primary objectives are to ensure the health and safety of personnel and customers and operational continuity for Kesko and the stores, secure cash flow under all circumstances, and maintain security of supply for groceries in Finland.

Risk management in Kesko Group is guided by the risk management policy approved by Kesko's Board of Directors. The policy defines the goals and principles, organisation, responsibilities and practices of risk management in Kesko Group. In the management of financial risks, the Group's treasury policy, confirmed by Kesko's Board of Directors, is observed. The management of business operations and common functions are responsible for the execution of risk management. Kesko Group applies a business-oriented and comprehensive approach to risk assessment and management. This means that key risks are systematically identified, assessed, managed, monitored and reported as part of business operations at Group, division, company and function levels throughout the Group.

The Group's risk map, the most significant risks and uncertainties, as well as material changes in and responses to them are reported to the Kesko Board's Audit Committee quarterly in connection with the review of interim reports, the half year financial report and financial statements. The Audit Committee Chairman reports on risk management to the Board as part of the Audit Committee report. The most significant risks and uncertainties are reported to the market by the Board in the Report by the Board of Directors and any material changes in them in the interim reports and the half year financial report.

The risks and uncertainties related to economic development are described in more detail in the outlook section of this release.

### **ANNUAL GENERAL MEETING**

Kesko's Annual General Meeting will be held on 28 April 2020, starting at 10.30 am EET.

Helsinki, 27 April 2020  
Kesko Corporation  
Board of Directors

The information in this interim report is unaudited.

Further information is available from Jukka Erlund, Executive Vice President, Chief Financial Officer, telephone +358 105 322 113, Hanna Jaakkola, Vice President, Investor Relations, telephone +358 105 323 540, and Eva Kaukinen, Vice President, Group Controller, telephone +358 105 322 338. A Finnish-language webcast of the results briefing can be viewed at 9.00 am (EET) at [www.kesko.fi](http://www.kesko.fi). An English-language audio conference on the results briefing will be held today at 12.00 noon (EET). The audio conference login is available on Kesko's website at [www.kesko.fi](http://www.kesko.fi).

Kesko Corporation's half year financial report for January-June 2020 will be published on 23 July 2020. In addition, Kesko Group's sales figures are published monthly. News releases and other company information are available on Kesko's website at [www.kesko.fi](http://www.kesko.fi).

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**KESKO CORPORATION**

DISTRIBUTION  
Nasdaq Helsinki Ltd  
Main news media  
[www.kesko.fi](http://www.kesko.fi)

## TABLES SECTION

### Accounting policies

This interim report has been prepared in accordance with IAS 34. The interim report has been prepared in accordance with the same accounting principles as the annual financial statements for 2019.

Consolidated income statement (€ million), condensed				
	1-3/2020	1-3/2019	Change, %	1-12/2019
<b>Continuing operations</b>				
Net sales	2,540.4	2,400.8	5.8	10,720.3
Cost of goods sold	-2,192.7	-2,081.3	5.4	-9,190.6
<b>Gross profit</b>	<b>347.7</b>	<b>319.6</b>	<b>8.8</b>	<b>1,529.7</b>
Other operating income	205.8	188.7	9.1	823.1
Employee benefit expense	-197.0	-184.0	7.1	-775.4
Depreciation, amortisation and impairment charges	-40.9	-35.3	15.8	-161.5
Depreciation and impairment charges for right-of-use assets	-83.9	-80.8	3.8	-325.0
Other operating expenses	-165.8	-156.5	5.9	-643.0
<b>Operating profit</b>	<b>65.9</b>	<b>51.6</b>	<b>27.7</b>	<b>447.8</b>
Interest income and other finance income	2.3	3.1	-25.9	14.0
Interest expense and other finance costs	-5.6	-2.8	-98.0	-9.1
Interest expense for lease liabilities	-23.1	-24.6	-6.0	-95.4
Foreign exchange differences	-6.0	0.6	(..)	-0.8
Share of result of associates and joint ventures	-0.6	0.8	(..)	46.8
<b>Profit before tax</b>	<b>33.1</b>	<b>28.8</b>	<b>15.0</b>	<b>403.3</b>
Income tax	-6.4	-6.1	5.6	-69.6
Net profit for the period from continuing operations	26.6	22.7	17.5	333.6
<b>Discontinued operations</b>				
Net profit for the period from discontinued operations	-	-0.5	-	11.6
<b>Net profit for the period</b>	<b>26.6</b>	<b>22.2</b>	<b>20.0</b>	<b>345.2</b>
Attributable to				
Owners of the parent	34.6	26.9	28.4	339.2
Non-controlling interests	-8.0	-4.7	67.7	6.0
<b>Earnings per share (€) for profit attributable to owners of the parent</b>				
Basic and diluted, continuing operations	0.35	0.28	26.1	3.31
Basic and diluted, discontinued operations	-	-0.00	-	0.12
Basic and diluted, Group total	0.35	0.27	28.3	3.42

<b>Consolidated statement of comprehensive income (€ million)</b>				
	<b>1-3/2020</b>	<b>1-3/2019</b>	<b>Change, %</b>	<b>1-12/2019</b>
Net profit for the period	26.6	22.2	20.0	345.2
Continuing operations				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Actuarial gains/losses	-0.7	13.0	(..)	-3.6
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences related to a foreign operation	-47.1	5.7	(..)	3.8
Cash flow hedge revaluation	-6.3	-0.3	(..)	-1.0
Other items	-	-	-	-0.3
Total other comprehensive income for the period, net of tax, continuing operations	-54.0	18.4	(..)	-1.2
Total other comprehensive income for the period, net of tax, discontinued operations	-	0.0	-	-
<b>Total comprehensive income for the period</b>	<b>-27.4</b>	<b>40.5</b>	<b>(..)</b>	<b>344.1</b>
Attributable to				
Owners of the parent	-14.2	44.3	(..)	336.7
Non-controlling interests	-13.2	-3.8	(..)	7.4

(..) Change over 100 %

<b>Consolidated statement of financial position (€ million), condensed</b>				
	<b>31.3.2020</b>	<b>31.3.2019</b>	<b>Change, %</b>	<b>31.12.2019</b>
<b>ASSETS</b>				
Non-current assets				
Property, plant and equipment	1,530.1	1,239.4	23.4	1,487.9
Right-of-use assets	2,116.9	2,057.4	2.9	2,191.3
Intangible assets	652.5	499.4	30.6	684.6
Shares in associates and joint ventures and other financial assets	77.5	143.6	-46.1	78.4
Loans and receivables	67.9	73.6	-7.7	67.5
Pension assets	91.3	115.6	-21.0	93.2
<b>Total</b>	<b>4,536.2</b>	<b>4,129.1</b>	<b>9.9</b>	<b>4,602.9</b>
Current assets				
Inventories	1,083.6	972.0	11.5	1,037.7
Trade receivables	877.0	910.6	-3.7	804.7
Other receivables	225.2	182.1	23.5	223.2
Financial assets at fair value through profit or loss	29.5	41.0	-28.2	10.1
Financial assets at amortised cost	32.9	58.5	-43.8	34.5
Cash and cash equivalents	203.1	137.9	47.2	124.4
<b>Total</b>	<b>2,451.2</b>	<b>2,302.1</b>	<b>6.5</b>	<b>2,234.5</b>
Non-current assets held for sale	0.5	92.5	-99.5	61.9
<b>Total assets</b>	<b>6,987.8</b>	<b>6,523.8</b>	<b>7.1</b>	<b>6,899.3</b>

	31.3.2020	31.3.2019	Change, %	31.12.2019
<b>EQUITY AND LIABILITIES</b>				
Equity	1,992.4	1,961.1	1.6	2,025.8
Non-controlling interests	97.6	103.2	-5.4	115.0
Total equity	2,090.0	2,064.4	1.2	2,140.8
Non-current liabilities				
Interest-bearing liabilities	471.4	176.3	(..)	477.3
Lease liabilities	2,015.3	1,974.8	2.0	2,039.0
Non-interest-bearing liabilities	33.2	29.3	13.3	29.8
Deferred tax liabilities	6.8	3.2	(..)	6.8
Pension obligations	0.4	0.4	1.3	0.4
Provisions	19.6	23.2	-15.7	19.7
Total	2,546.7	2,207.2	15.4	2,573.0
Current liabilities				
Interest-bearing liabilities	276.4	235.9	17.2	137.8
Lease liabilities	322.1	312.3	3.1	383.2
Trade payables	1,192.7	1,120.3	6.5	1,029.9
Other non-interest-bearing liabilities	545.5	531.2	2.7	607.3
Provisions	14.4	18.8	-23.3	16.4
Total	2,351.1	2,218.5	6.0	2,174.7
Liabilities related to non-current assets held for sale	-	33.8	-	10.9
<b>Total equity and liabilities</b>	<b>6,987.8</b>	<b>6,523.8</b>	<b>7.1</b>	<b>6,899.3</b>

(..) Change over 100 %

Consolidated statement of changes in equity (€ million)								
	Share capital	Reserves	Currency translation differences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
<b>Balance at 1.1.2020</b>	<b>197.3</b>	<b>464.8</b>	<b>-21.3</b>	<b>0.6</b>	<b>-35.4</b>	<b>1,419.8</b>	<b>115.0</b>	<b>2,140.8</b>
Share-based payments					1.2			1.2
Disposal of subsidiaries		-0.0	0.2			-21.2	-4.1	-25.3
Other changes		0.0				0.7		0.7
Transactions with owners, total		-0.0	0.2		1.2	-20.5	-4.1	-23.4
<b>Comprehensive income</b>								
Profit for the period						34.6	-8.0	26.6
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						-0.8		-0.8
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			-41.8			-0.0	-5.2	-47.1
Cash flow hedge revaluation				-7.8				-7.8
Tax related to comprehensive income				1.6		0.2		1.7
Total comprehensive income for the period			-41.8	-6.3		33.9	-13.2	-27.4
<b>Balance at 31.3.2020</b>	<b>197.3</b>	<b>464.8</b>	<b>-63.0</b>	<b>-5.6</b>	<b>-34.2</b>	<b>1,433.2</b>	<b>97.6</b>	<b>2,090.0</b>

	Share capital	Reserves	Currency translation differences	Re-valuation reserve	Treasury shares	Retained earnings	Non-controlling interests	Total
<b>Balance at 1.1.2019</b>	<b>197.3</b>	<b>464.7</b>	<b>-23.7</b>	<b>1.7</b>	<b>-36.9</b>	<b>1,311.0</b>	<b>107.0</b>	<b>2,021.1</b>
Share-based payments					2.8			2.8
Other changes						-0.0		-0.0
Transactions with owners, total					2.8	-0.0		2.7
<b>Comprehensive income</b>								
Profit for the period, continuing operations						27.4	-4.7	22.7
Profit for the period, discontinued operations						-0.5		-0.5
Items that will not be reclassified subsequently to profit or loss								
Actuarial gains/losses						16.2		16.2
Items that may be reclassified subsequently to profit or loss								
Translation differences on foreign operations			4.7			0.0	1.0	5.7
Cash flow hedge revaluation				-0.4				-0.4
Tax related to comprehensive income				0.1		-3.2		-3.1
Comprehensive income, discontinued operations			0.1			-0.1		0.0
Total comprehensive income for the period			4.7	-0.3		39.9	-3.8	40.5
<b>Balance at 31.3.2019</b>	<b>197.3</b>	<b>464.7</b>	<b>-19.0</b>	<b>1.3</b>	<b>-34.1</b>	<b>1,350.9</b>	<b>103.2</b>	<b>2,064.4</b>

<b>Consolidated statement of cash flows (€ million), condensed</b>				
	<b>1-3/2020</b>	<b>1-3/2019</b>	<b>Change, %</b>	<b>1-12/2019</b>
<b>Cash flows from operating activities</b>				
Profit before tax, continuing operations	33.1	28.8	15.0	403.3
Depreciation according to plan	40.9	35.3	15.8	161.5
Depreciation and impairment for right-of-use assets	83.9	80.8	3.8	325.0
Finance income and costs	9.2	-0.9	(..)	-4,1
Interest expense for lease liabilities	23.1	24.6	-6.1	95.5
Other adjustments	-4.1	46.5	(..)	0.3
Change in working capital				
Current non-interest-bearing receivables, increase (-)/decrease (+)	-97.6	-75.6	29.1	26.3
Inventories, increase (-)/decrease (+)	-79.9	-67.1	19.0	-47.8
Current non-interest-bearing liabilities, increase (+)/decrease(-)	163.3	132.7	23.1	33.1
Financial items and tax	-36.2	-48.1	-24.7	-100.0
Net cash from operating activities, continuing operations	135.7	157.0	-13.6	893.1
Net cash from operating activities, discontinued operations	-	4.8	-	3.5
<b>Net cash from operating activities, total</b>	<b>135.7</b>	<b>161.7</b>	<b>-16.1</b>	<b>896.6</b>
<b>Cash flows from investing activities</b>				
Investing activities	-56.7	-87.8	-35.4	-658,3
Proceeds from sale of tangible and intangible assets	2.0	1.6	24.9	34,4
Proceeds from sale of subsidiaries	19.6	-	-	-
Increase in non-current receivables	0.1	0.2	-63.8	3.6
Net cash used in investing activities, continuing operations	-35.1	-86.0	-59.2	-620.3
Net cash used in investing activities, discontinued operations	-	3.3	-	3.5
<b>Net cash used in investing activities, total</b>	<b>-35.1</b>	<b>-82.7</b>	<b>-57.6</b>	<b>-616.8</b>
<b>Cash flows from financing activities</b>				
Interest-bearing liabilities, increase (+)/decrease (-)	135.0	-4.6	(..)	209.1
Lease liabilities, increase (+)/decrease (-)	-122.8	-79.7	54.1	-330.9
Current interest-bearing receivables, increase (-)/ decrease (+)	0.2	1.1	-80.3	-0.4
Dividends paid	-	-	-	-238.2
Increase in share capital	-	-	-	6.4
Short-term money market investments, increase (-)/decrease (+)	-20.0	10.9	(..)	64.6
Other items	-13.1	-8.5	54.3	-6.2
Net cash used in financing activities, continuing operations	-20.6	-80.8	-74.5	-295.4
Net cash used in financing activities, discontinued operations	-	-	-	-
<b>Net cash used in financing activities, total</b>	<b>-20.6</b>	<b>-80.8</b>	<b>-74.5</b>	<b>-295.4</b>
<b>Change in cash and cash equivalents</b>	<b>80.0</b>	<b>-1.7</b>	<b>(..)</b>	<b>-15.6</b>
Cash and cash equivalents at 1 Jan., continuing operations	124.4	139.2	-10.6	139.2
Cash and cash equivalents at 1 Jan., discontinued operations	-	0.4	-	0.4

Exchange differences and cash and cash equivalents related to assets held for sale	-1.3	0.3	(..)	0.4
Cash and cash equivalents at 31 Mar., continuing operations	203.1	137.9	47.2	124.4
Cash and cash equivalents at 31 Mar., discontinued operations	-	0.3	-	-

(..) Change over 100%

<b>Cash flow from leases (€ million)</b>				
	1-3/2020	1-3/2019	Change, %	1-12/2019
Interest expense for lease liabilities	-23.1	-24.6	-6.0	-95.4
Decrease in lease liabilities	-86.0	-79.0	8.8	-328.3
<b>Total</b>	<b>-109.1</b>	<b>-103.6</b>	<b>5.3</b>	<b>-423.7</b>

<b>Group's performance indicators</b>				
	1-3/2020	1-3/2019	Change, pp	1-12/2019
<b>Continuing operations</b>				
Return on capital employed, %	5.3	4.6	0.7	9.3
Return on capital employed, %, rolling 12 mo	9.4	8.9	0.5	9.3
Return on capital employed, comparable, %	5.2	5.1	0.1	9.6
Return on capital employed, comparable, %, rolling 12 mo	9.6	9.5	0.0	9.6
			Change, %	
Capital expenditure, € million	99.0	97.3	1.8	686.1
Capital expenditure, % of net sales	3.9	4.1	-3.8	6.4
Cash flow from operating activities, € million	135.7	157.0	-13.6	893.1
Cash flow from investing activities, € million	-35.1	-86.0	-59.2	-620.3
Cash flow from operating activities/share, €	1.37	1.59	-13.6	9.01
<b>Group</b>				
Return on equity, %	5.0	4.3	0.7	16.6
Return on equity, %, rolling 12 mo	16.8	9.4	7.4	16.6
Return on equity, comparable, %	4.8	5.4	-0.6	15.1
Return on equity, comparable, %, rolling 12 mo	15.0	12.3	2.6	15.1
Equity ratio, %	30.0	31.8	-1.8	31.2
Gearing, %	134.9	119.2	15.7	134.0
Interest-bearing net debt/EBITDA excluding the impact of IFRS 16, rolling 12 mo	0.9	0.4	0.5	0.9
Equity per share, €	20.09	19.79	1.5	20.44
Interest-bearing net debt, € million	2,819.8	2,461.7	14.5	2,868.4
Interest-bearing net debt excluding lease liabilities, € million	482.4	174.6	(..)	446.1
Diluted number of shares, average for the reporting period, 1,000 pcs	99,108	99,027	0.1	99,074
Personnel, average, continuing operations	20,936	19,878	1,058	20,846
<b>Earnings per share, basic and diluted, €</b>				
Continuing operations	0.35	0.28	26.1	3.31
Discontinued operations	-	-0.00	-	0.12
Group total	0.35	0.27	28.3	3.42
<b>Earnings per share, comparable, basic, €</b>				
Continuing operations	0.33	0.33	-0.2	2.97

(..) Change over 100%

Group's performance indicators by quarter	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020
<b>Continuing operations</b>					
Net sales, € million	2,400.8	2,781.4	2,803.9	2,734.2	2,540.4
Change in net sales, %	-0.5	4.1	6.1	3.0	5.8
EBITDA, comparable, € million	173.4	242.2	275.4	258.0	190.5
Operating profit, € million	51.6	119.9	148.6	127.8	65.9
Operating margin, %	2.1	4.3	5.3	4.7	2.6
Operating profit, comparable, € million	57.5	122.5	152.0	129.7	65.1
Operating margin, comparable, %	2.4	4.4	5.4	4.7	2.6
Finance income/costs, € million	-23.7	-23.1	-23.3	-21.3	-32.3
Interest expense for lease liabilities	-24.6	-24.2	-23.1	-23.5	-23.1
Profit before tax, € million	28.8	114.1	154.8	105.7	33.1
Profit before tax, %	1.2	4.1	5.5	3.9	1.3
Return on capital employed, %	4.6	10.3	12.0	10.1	5.3
Return on capital employed, comparable, %	5.1	10.5	12.3	10.2	5.2
Cash flow from operating activities/share, €	1.59	2.74	1.93	2.76	1.37
Capital expenditure, € million	97.3	373.4	132.2	83.3	99.0
<b>Group</b>					
Return on equity, %	4.3	20.3	25.7	17.7	5.0
Return on equity, comparable, %	5.4	17.7	20.7	17.8	4.8
Equity ratio, %	31.8	27.9	29.6	31.2	30.0
Equity per share, €	19.79	18.44	19.69	20.44	20.09
<b>Earnings per share, basic and diluted, €</b>					
Continuing operations	0.28	0.86	1.27	0.90	0.35
Discontinued operations	-0.00	0.11	-0.01	0.02	-
Group total	0.27	0.97	1.26	0.92	0.35
<b>Earnings per share, comparable, basic and diluted, €</b>					
Continuing operations	0.33	0.73	1.01	0.90	0.33

## Segment information, continuing operations

Net sales by segment, € million	1-3/2020	1-3/2019	Change, %	1-12/2019	Rolling 12 mo 3/2020
Grocery trade, Finland	1,321.5	1,263.9	4.6	5,531.2	5,588.7
<b>Grocery trade total</b>	<b>1,321.5</b>	<b>1,263.9</b>	<b>4.6</b>	<b>5,531.2</b>	<b>5,588.7</b>
- of which intersegment trade	3.7	2.7	36.4	10.2	11.2
Building and technical trade, Finland	484.6	460.6	5.2	1,991.6	2,015.6
Building and technical trade, other countries*	516.5	477.0	8.3	2,339.6	2,379.1
<b>Building and technical trade total</b>	<b>1,001.1</b>	<b>937.6</b>	<b>6.8</b>	<b>4,331.1</b>	<b>4,394.7</b>
- of which intersegment trade	-0.2	-0.1	33.5	-0.6	-0.7
Car trade, Finland	222.6	200.5	11.0	863.9	885.9
<b>Car trade total</b>	<b>222.6</b>	<b>200.5</b>	<b>11.0</b>	<b>863.9</b>	<b>885.9</b>
- of which intersegment trade	1.4	0.5	(..)	3.4	4.4
Common functions and eliminations	-4.8	-1.2	(..)	-5.9	-9.5
<b>Finland total</b>	<b>2,023.9</b>	<b>1,923.9</b>	<b>5.2</b>	<b>8,380.7</b>	<b>8,480.8</b>
<b>Other countries total*</b>	<b>516.5</b>	<b>477.0</b>	<b>8.3</b>	<b>2,339.6</b>	<b>2,379.1</b>
<b>Continuing operations, total</b>	<b>2,540.4</b>	<b>2,400.8</b>	<b>5.8</b>	<b>10,720.3</b>	<b>10,859.9</b>

(..) Change over 100%

\* Net sales in countries other than Finland

Operating profit by segment, € million	1-3/2020	1-3/2019	Change	1-12/2019	Rolling 12 mo 3/2020
Grocery trade	59.8	56.8	3.0	334.6	337.6
Building and technical trade	13.5	-2.1	15.6	127.6	143.2
Car trade	6.1	7.6	-1.5	25.5	24.0
Common functions and eliminations	-13.5	-10.7	-2.8	-39.9	-42.7
<b>Continuing operations, total</b>	<b>65.9</b>	<b>51.6</b>	<b>14.3</b>	<b>447.8</b>	<b>462.1</b>
Operating profit by segment, comparable, € million	1-3/2020	1-3/2019	Change	1-12/2019	Rolling 12 mo 3/2020
Grocery trade	60.4	56.8	3.6	327.9	331.5
Building and technical trade	7.0	3.2	3.8	142.8	146.6
Car trade	6.1	7.7	-1.6	26.8	25.1
Common functions and eliminations	-8.4	-10.3	1.9	-35.9	-34.0
<b>Continuing operations, total</b>	<b>65.1</b>	<b>57.5</b>	<b>7.6</b>	<b>461.6</b>	<b>469.3</b>

Operating margin by segment, %, comparable	1-3/2020	1-3/2019	Change, pp	1-12/2019	Rolling 12 mo 3/2020
Grocery trade	4.6	4.5	0.1	5.9	5.9
Building and technical trade	0.7	0.3	0.4	3.3	3.3
Car trade	2.7	3.8	-1.1	3.1	2.8
<b>Continuing operations, total</b>	<b>2.6</b>	<b>2.4</b>	<b>0.2</b>	<b>4.3</b>	<b>4.3</b>

EBITDA by segment, comparable, € million	1-3/2020	1-3/2019	Change	1-12/2019	Rolling 12 mo 3/2020
Grocery trade	129.2	123.9	5.3	604.4	609.7
Building and technical trade	46.0	39.6	6.3	291.9	298.2
Car trade	14.7	12.4	2.2	52.7	54.9
Common functions and eliminations	0.6	-2.6	3.2	-0.1	3.1
<b>Continuing operation, total</b>	<b>190.5</b>	<b>173.4</b>	<b>17.1</b>	<b>948.9</b>	<b>966.0</b>

Capital employed by segment, cumulative average, € million	1-3/2020	1-3/2019	Change	1-12/2019	Rolling 12 mo 3/2020
Grocery trade	2,264.8	2,232.7	32.2	2,261.8	2,266.0
Building and technical trade	2,019.9	1,770.3	249.6	1,923.8	1,980.9
Car trade	392.6	202.8	189.9	280.5	326.4
Common functions and eliminations	337.6	331.6	6.0	337.2	338.5
<b>Continuing operation, total</b>	<b>5,015.1</b>	<b>4,537.4</b>	<b>477.6</b>	<b>4,803.3</b>	<b>4,911.7</b>

Return on capital employed by segment, %, comparable	1-3/2020	1-3/2019	Change, pp	1-12/2019	Rolling 12 mo 3/2020
Grocery trade	10.7	10.2	0.5	14.5	14.6
Building and technical trade	1.4	0.7	0.7	7.4	7.4
Car trade	6.2	15.2	-9.0	9.5	7.7
<b>Continuing operations, total</b>	<b>5.2</b>	<b>5.1</b>	<b>0.1</b>	<b>9.6</b>	<b>9.6</b>

Capital expenditure by segment, € million	1-3/2020	1-3/2019	Change	1-12/2019	Rolling 12 mo 3/2020
Grocery trade	62.7	28.6	34.1	180.8	214.8
Building and technical trade	10.9	35.5	-24.7	332.7	308.1
Car trade	19.7	26.7	-6.9	131.3	124.4
Common functions and eliminations	5.8	6.5	-0.7	41.3	40.6
<b>Continuing operations, total</b>	<b>99.0</b>	<b>97.3</b>	<b>1.7</b>	<b>686.1</b>	<b>687.9</b>

#### Segment information by quarter, continuing operations

Net sales by segment, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020
Grocery trade	1,263.9	1,408.6	1,402.7	1,456.0	1,321.5
Building and technical trade	937.6	1,161.8	1,180.1	1,051.6	1,001.1
Car trade	200.5	211.9	222.9	228.5	222.6
Common functions and eliminations	-1.2	-1.0	-1.8	-1.9	-4.8
<b>Continuing operations, total</b>	<b>2,400.8</b>	<b>2,781.4</b>	<b>2,803.9</b>	<b>2,734.2</b>	<b>2,540.4</b>

Operating profit by segment, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020
Grocery trade	56.8	85.6	93.7	98.5	59.8
Building and technical trade	-2.1	43.7	57.7	28.4	13.5
Car trade	7.6	4.9	4.9	8.0	6.1
Common functions and eliminations	-10.7	-14.3	-7.8	-7.1	-13.5
<b>Continuing operations, total</b>	<b>51.6</b>	<b>119.9</b>	<b>148.6</b>	<b>127.8</b>	<b>65.9</b>

Items in operating profit affecting comparability, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020
Grocery trade	0.0	6.6	0.3	-0.2	-0.5
Building and technical trade	-5.4	-4.7	-2.6	-2.6	6.5
Car trade	-0.1	-0.1	-0.1	-1.0	-
Common functions and eliminations	-0.4	-4.3	-1.0	1.8	-5.1
<b>Continuing operations, total</b>	<b>-5.8</b>	<b>-2.6</b>	<b>-3.5</b>	<b>-1.9</b>	<b>0.8</b>

Operating profit by segment, comparable, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020
Grocery trade	56.8	79.0	93.5	98.6	60.4
Building and technical trade	3.2	48.4	60.3	30.9	7.0
Car trade	7.7	5.0	5.0	9.0	6.1
Common functions and eliminations	-10.3	-10.0	-6.7	-8.9	-8.4
<b>Continuing operations, total</b>	<b>57.5</b>	<b>122.5</b>	<b>152.0</b>	<b>129.7</b>	<b>65.1</b>

Operating margin by segment, %, comparable	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020
Grocery trade	4.5	5.6	6.7	6.8	4.6
Building and technical trade	0.3	4.2	5.1	2.9	0.7
Car trade	3.8	2.4	2.3	3.9	2.7
<b>Continuing operations, total</b>	<b>2.4</b>	<b>4.4</b>	<b>5.4</b>	<b>4.7</b>	<b>2.6</b>

EBITDA by segment, comparable, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020
Grocery trade	123.9	147.3	161.8	171.4	129.2
Building and technical trade	39.6	86.2	97.8	68.2	46.0
Car trade	12.4	10.5	12.7	17.0	14.7
Common functions and eliminations	-2.6	-1.9	3.1	1.3	0.6
<b>Continuing operations, total</b>	<b>173.4</b>	<b>242.2</b>	<b>275.4</b>	<b>258.0</b>	<b>190.5</b>

Operating profit by segment excluding the impact of IFRS 16, comparable, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020
Grocery trade	41.3	63.5	77.7	83.1	45.3
Building and technical trade	-3.5	41.6	54.0	24.1	1.6
Car trade	7.5	4.8	4.7	8.7	5.8
Common functions and eliminations	-10.4	-10.3	-7.2	-9.2	-8.7
<b>Continuing operations, total</b>	<b>34.9</b>	<b>99.7</b>	<b>129.3</b>	<b>106.6</b>	<b>44.0</b>

EBITDA by segment excluding the impact of IFRS 16, comparable, € million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-3/2020
Grocery trade	57.8	81.3	96.7	103.0	63.6
Building and technical trade	5.1	50.6	63.6	32.8	11.0
Car trade	11.3	9.2	10.0	14.2	11.7
Common functions and eliminations	-3.2	-3.0	0.9	-0.9	-1.2
<b>Continuing operations, total</b>	<b>71.1</b>	<b>138.0</b>	<b>171.4</b>	<b>149.1</b>	<b>85.0</b>

#### Change in tangible and intangible assets (€ million)

	31.3.2020	31.3.2019
<b>Opening net carrying amount</b>	<b>2,172.6</b>	<b>1,683.5</b>
Depreciation, amortisation and impairment charges	-40.9	-35.3
Investments in tangible and intangible assets	96.1	87.9
Deductions	-3.0	-6.2
Acquisitions	-	5.2
Transfers to non-current assets held for sale and between items	-0.3	-0.9
Exchange differences	-41.8	4.7
<b>Closing net carrying amount</b>	<b>2,182.7</b>	<b>1,738.8</b>

#### Right-of-use assets (€ million)

	31.3.2020	31.3.2019
<b>Opening net carrying amount</b>	<b>2,191.3</b>	<b>2,057.0</b>
Depreciation, amortisation and impairment charges	-84.1	-80.9
Net increases	30.8	73.4
Transfers between items	-	5.3
Exchange differences	-21.1	2.7
<b>Closing net carrying amount</b>	<b>2,116.9</b>	<b>2,057.4</b>

The net increase in right-of-use assets includes a €-33.8 million transfer to tangible assets due to the use of a lease purchase option.

### Related party transactions (€ million)

The Group's related parties include its management (the Board of Directors, the Managing Director and the Group Management Board) and the companies controlled by them, their family members and companies controlled by the family members, the Group's subsidiaries, associates and joint ventures as well as Kesko Pension Fund.

The following transactions were carried out with related parties:		
	1-3/2020	1-3/2019
Sales of goods and services	23.0	21.9
Purchases of goods and services	-1.4	-2.1
Other operating income	3.9	3.7
Other operating expenses	-0,5	-0,3
Finance income and costs	1.4	1.4
	<b>31.3.2020</b>	<b>31.3.2019</b>
Receivables	71.3	70.4
Liabilities	20.9	35.1
	<b>31.3.2020</b>	<b>31.3.2019</b>
Items related to leases		
Cash flow from leases	-12.2	-14.3
Lease liabilities	374.7	436.3

### Fair value hierarchy of financial assets and liabilities (€ million)

	Level 1	Level 2	Level 3	31.3.2020
<b>Financial assets at fair value through profit or loss</b>	<b>29.5</b>		<b>20.5</b>	<b>50.0</b>
<b>Derivative financial instruments at fair value through profit or loss</b>				
Derivative financial assets		10.8		10.8
Derivative financial liabilities		12.3		12.3

	Level 1	Level 2	Level 3	31.3.2019
<b>Financial assets at fair value through profit or loss</b>	<b>41.0</b>		<b>19.5</b>	<b>60.5</b>
<b>Derivative financial instruments at fair value through profit or loss</b>				
Derivative financial assets		3.3		3.3
Derivative financial liabilities		-3.6		-3.6

Level 1 instruments are traded in active markets and their fair values are directly based on quoted market prices. The fair values of level 2 instruments are derived from market data. The fair values of level 3 instruments are not based on observable market data.

### Personnel, average and at 31.3.

Personnel average by segment	1-3/2020	1-3/2019	Change
Grocery trade	5,948	5,839	109
Building and technical trade	12,850	12,133	717
Car trade	1,292	929	363
Common functions	846	977	-131
Continuing operations. total	20,936	19,878	1,058

Personnel at 31.3.*by segment	2020	2019	Change
Grocery trade	7,934	7,668	266
Building and technical trade	14,155	13,812	343
Car trade	1,345	1,005	340
Common functions	907	1,041	-134
Continuing operations, total	24,341	23,526	815

\* Total number including part-time employees

### Group's commitments (€ million)

	31.3.2020	31.3.2019	Change, %
Own commitments	418.5	384.1	9.0
For others	3.0	52.8	-94.3
Lease liabilities for leases not recognised in the balance sheet	84.0	239.4	-155.3
<b>Liabilities arising from derivative instruments (€ million)</b>			
			<b>Fair value</b>
Values of underlying instruments at	<b>31.3.2020</b>	<b>31.3.2019</b>	<b>31.3.2020</b>
Interest rate derivatives			
Interest rate options	-	70.0	-
Interest rate swaps	420.0	280.2	-4.7
Currency derivatives			
Forward and future contracts	203.7	120.9	10.1
Currency swaps	-	20.1	-
Commodity derivatives			
Electricity futures	12.3	11.3	-7.0

Lease liabilities not recognised in the balance sheet include primarily the nominal amount of liability for agreements that will enter into force in the future.

### Calculation of performance indicators

Kesko uses alternative performance measures to reflect business performance and profitability. These indicators should be examined together with the IFRS-compliant performance indicators.

Change in comparable net sales is used to reflect changes in the Group's business volume between periods. The indicator reflects the change in net sales excluding the impact of acquisitions and divestments, in local currencies. The comparable net sales have been calculated by including in the net sales the business operations that have been part of Kesko Group in both the reporting period as well as the comparison period. Other structural arrangements related to acquisitions and divestments have been adjusted in the same manner as acquisitions.

Performance indicators reflecting comparable profit and profitability are used to improve the comparability of operational performance between periods. Gains and losses on disposal of real estate, shares and business operations, impairment charges and significant restructuring costs are identified as items affecting comparability. Gains on disposal have been presented within other operating income, and losses on disposal within other operating expenses in the income statement.

Alternative performance measures that have been adjusted for the impact of IFRS 16 are used to illustrate continuity in business profitability and financial position and the achievement of certain financial targets. The EBITDA excluding the impact of IFRS 16 corresponds to EBITDA before the adoption of IFRS 16, and the interest-bearing net debt excluding lease liabilities correspond to interest-bearing net debt before the adoption of the standard. These restated indicators are included as components in the Group's financial targets' performance indicators.

In addition, the financial performance indicators required by the Decree of the Ministry of Finance on obligation of securities issuers to disclose periodic information have been presented as alternative performance measures. The management uses these indicators to monitor and analyse business performance, profitability and financial position.

Operating profit, comparable	Operating profit +/- items affecting comparability
Items affecting comparability	- gains on disposal + losses on disposal + impairment charges +/- structural arrangements
Return on capital employed*, %	Operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, rolling 12 months	Operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on capital employed*, %, comparable	Comparable operating profit x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for the reporting period
Return on capital employed, %, comparable, rolling 12 months	Comparable operating profit for the preceding 12 months x 100 / (Non-current assets + Inventories + Receivables + Other current assets - Non-interest-bearing liabilities) on average for 12 months
Return on equity*, %	(Profit/loss before tax - Income tax) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, rolling 12 months	(Profit/loss for the preceding 12 months before tax - Income tax for the preceding 12 months) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity*, %, comparable	(Profit/loss adjusted for items affecting comparability before tax - Income tax adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Return on equity, %, comparable, rolling 12 months	(Profit/loss for the preceding 12 months adjusted for items affecting comparability before tax - Income tax for the preceding 12 months adjusted for the tax effect of items affecting comparability) x 100 / Shareholders' equity, average of the beginning and end of the reporting period
Equity ratio, %	Shareholders' equity x 100 / (Total assets - Advances received)
Gearing, %	Interest-bearing net liabilities x 100 / Shareholders' equity

Interest-bearing net debt	Interest-bearing liabilities + Lease liabilities – Current financial assets at fair value through profit or loss – Current financial assets at amortised cost – Cash and cash equivalents
Interest-bearing net debt excluding lease liabilities	Interest-bearing net debt – Lease liabilities
EBITDA	Operating profit + Depreciation and amortisation + Impairments
EBITDA excluding the impact of IFRS 16	EBITDA – Rents for right-of-use assets
Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16	Interest-bearing net debt excluding lease liabilities / EBITDA excluding the impact of IFRS 16
Capital expenditure	Includes investments in tangible and intangible assets, subsidiary shares, shares in associates and joint ventures and other shares. Additions of right-of-use assets for leases in the consolidated statement of financial position are not capital expenditure. Redemption of a leased property (right-of-use asset) is reported as capital expenditure.
Earnings/share, basic	(Profit/loss - Non-controlling interests) / Average number of shares
Earnings/share, diluted	(Profit – Non-controlling interest) / Average diluted number of shares
Earnings/share, basic, comparable	(Profit/loss adjusted for items affecting comparability - Non-controlling interests) / Average number of shares
Equity/share	Equity attributable to owners of the parent / Basic number of shares at the balance sheet date
Cash flow from operating activities/share	Cash flow from operating activities / Average number of shares

\* Indicators for return on capital have been annualised.

## Reconciliation of performance indicators to IFRS financial statements

€ million	1-3/2019	4-6/2019	7-9/2019	10-12/2019	1-12/2019	1-3/2020
<b>Continuing operations</b>						
<b>Items affecting comparability</b>						
Gains on disposal	0.0	1.0	0.4	3.3	4.6	6.4
Losses on disposal	-0.0	-	-	-0.9	-0.9	-0.0
Impairment charges	-	-	0.0	-	-	-
Structural arrangements	-5.8	-3.5	-3.8	-4.3	-17.5	-5.5
<b>Items in operating profit affecting comparability</b>	<b>-5.8</b>	<b>-2.6</b>	<b>-3.5</b>	<b>-1.9</b>	<b>-13.8</b>	<b>0.8</b>
Items in financial items affecting comparability	-	17.4	29.0	-0.1	46.3	-0.4
Items in income taxes affecting comparability	0.1	-1.5	0.5	1.3	0.4	1.1
Items in net profit attributable to non-controlling interests affecting comparability	-	-	-	-	-	-
<b>Total items affecting comparability</b>	<b>-5.8</b>	<b>13.4</b>	<b>26.0</b>	<b>-0.7</b>	<b>32.9</b>	<b>1.5</b>
<b>Items in EBITDA affecting comparability</b>	<b>-5.6</b>	<b>-5.4</b>	<b>-2.0</b>	<b>-1.5</b>	<b>-14.5</b>	<b>0.2</b>
<b>Operating profit, comparable</b>						
Operating profit	51.6	119.9	148.6	127.8	447.8	65.9
Net of						
Items in operating profit affecting comparability	-5.8	-2.6	-3.5	-1.9	-13.8	0.8
<b>Operating profit, comparable</b>	<b>57.5</b>	<b>122.5</b>	<b>152.0</b>	<b>129.7</b>	<b>461.6</b>	<b>65.1</b>
<b>Operating profit excluding the impact of IFRS 16, comparable</b>						
Operating profit, comparable	57.5	122.5	152.0	129.7	461.6	65.1
Net of						
Rents for right-of-use assets	-102.3	-104.2	-104.0	-108.6	-419.1	-105.4
Plus						
Depreciation and impairment charges for right-of-use assets	79.7	81.4	81.3	85.8	328.2	84.4
<b>Operating profit excluding the impact of IFRS 16, comparable</b>	<b>34.9</b>	<b>99.7</b>	<b>129.3</b>	<b>106.6</b>	<b>370.5</b>	<b>44.0</b>
<b>EBITDA</b>						
Operating profit	51.6	119.9	148.6	127.8	447.8	65.9
Plus						
Depreciation and impairment charges	35.3	41.1	41.7	43.4	161.5	40.9
Depreciation and impairment charges for right-of-use assets	80.8	75.8	83.1	85.4	325.0	83.9
<b>EBITDA</b>	<b>167.8</b>	<b>236.8</b>	<b>273.3</b>	<b>256.5</b>	<b>934.4</b>	<b>190.7</b>

<b>EBITDA, comparable</b>						
EBITDA	167.8	236.8	273.3	256.5	934.4	190.7
Net of						
Items in EBITDA affecting comparability	-5.6	-5.4	-2.0	-1.5	-14.5	0.2
<b>EBITDA, comparable</b>	<b>173.4</b>	<b>242.2</b>	<b>275.4</b>	<b>258.0</b>	<b>948.9</b>	<b>190.5</b>
<b>EBITDA excluding the impact of IFRS 16</b>						
EBITDA	167.8	236.8	273.3	256.5	934.4	190.7
Net of						
Rents for right-of-use assets	-102.5	-105.7	-106.0	-110.4	-424.6	-105.3
<b>EBITDA excluding the impact of IFRS 16</b>	<b>65.2</b>	<b>131.1</b>	<b>167.4</b>	<b>145.8</b>	<b>509.6</b>	<b>85.4</b>
<b>EBITDA excluding the impact of IFRS 16, comparable</b>						
EBITDA, comparable	173.4	242.2	275.4	258.0	948.9	190.5
Net of						
Rents for right-of-use assets	-102.3	-104.2	-104.0	-108.6	-419.1	-105.4
<b>EBITDA excluding the impact of IFRS 16, comparable</b>	<b>71.1</b>	<b>138.0</b>	<b>171.4</b>	<b>149.1</b>	<b>529.6</b>	<b>85.0</b>
<b>Profit before tax, comparable</b>						
Profit before tax	28.8	114.1	154.8	105.7	403.3	33.1
Net of						
Items in operating profit affecting comparability	-5.8	-2.6	-3.5	-1.9	-13.8	0.8
Items in financial items affecting comparability	-	17.4	29.0	-0.1	46.3	-0.4
<b>Profit before tax, comparable</b>	<b>34.6</b>	<b>99.2</b>	<b>129.3</b>	<b>107.7</b>	<b>370.7</b>	<b>32.7</b>
<b>Net profit, comparable</b>						
Profit before tax, comparable	34.6	99.2	129.3	107.7	370.7	32.7
Net of						
Income tax	6.1	23.3	25.3	14.9	69.6	6.4
Items in income tax affecting comparability	0.1	-1.5	0.5	1.3	0.4	1.1
<b>Net profit, comparable</b>	<b>28.4</b>	<b>77.3</b>	<b>103.5</b>	<b>91.4</b>	<b>300.7</b>	<b>25.2</b>
<b>Net profit attributable to owners of the parent, comparable</b>						
Net profit, comparable	28.4	77.3	103.5	91.4	300.7	25.2
Net of						
Net profit attributable to non-controlling interests	-4.7	5.2	3.7	1.8	6.0	-8.0
Items in net profit attributable to non-controlling interests affecting comparability	-	-	-	-	-	-
<b>Net profit attributable to owners of the parent, comparable</b>	<b>33.2</b>	<b>72.1</b>	<b>99.8</b>	<b>89.7</b>	<b>294.7</b>	<b>33.1</b>
<b>Earnings per share, comparable, €</b>						
Net profit attributable to the owners of the parent, comparable	33.2	72.1	99.8	89.7	294.7	33.1
Average number of shares, basic, 1,000 pcs	99,027	90,059	99,069	99,074	99,074	99,108
<b>Earnings per share, comparable, €</b>	<b>0.33</b>	<b>0.73</b>	<b>1.01</b>	<b>0.90</b>	<b>2.97</b>	<b>0.33</b>

<b>Return on capital employed, %</b>						
Operating profit	51.6	119.9	148.6	127.8	447.8	65.9
Capital employed, average	4,537.4	4,673.8	4,956.6	5,064.1	4,803.3	5,015.1
<b>Return on capital employed, %</b>	<b>4.6</b>	<b>10.3</b>	<b>12.0</b>	<b>10.1</b>	<b>9.3</b>	<b>5.3</b>
<b>Return on capital employed, comparable, %</b>						
Operating profit, comparable	57.5	122.5	152.0	129.7	461.6	65.1
Capital employed, average	4,537.4	4,673.8	4,956.6	5,064.1	4,803.3	5,015.1
<b>Return on capital employed, comparable, %</b>	<b>5.1</b>	<b>10.5</b>	<b>12.3</b>	<b>10.2</b>	<b>9.6</b>	<b>5.2</b>
<b>Group</b>						
<b>Return on equity, %</b>						
Net profit	22.2	101.7	128.6	92.8	345.2	26.6
Equity, average	2,042.7	2,000.3	1,997.6	2,099.8	2,080.9	2,115.4
<b>Return on equity, %</b>	<b>4.3</b>	<b>20.3</b>	<b>25.7</b>	<b>17.7</b>	<b>16.6</b>	<b>5.0</b>
<b>Return on equity, comparable, %</b>						
Net profit, comparable	27.6	88.6	103.5	93.5	313.2	25.2
Equity, average	2,042.7	2,000.3	1,997.6	2,099.8	2,080.9	2,115.4
<b>Return on equity, comparable, %</b>	<b>5.4</b>	<b>17.7</b>	<b>20.7</b>	<b>17.8</b>	<b>15.1</b>	<b>4.8</b>
<b>Equity ratio, %</b>						
Shareholders' equity	2,064.4	1,936.3	2,058.8	2,140.8	2,140.8	2,090.0
Total assets	6,523.8	6,985.0	6,987.9	6,899.3	6,899.3	6,987.8
Advances received	35.4	37.0	24.4	34.6	34.6	28.5
<b>Equity ratio, %</b>	<b>31.8</b>	<b>27.9</b>	<b>29.6</b>	<b>31.2</b>	<b>31.2</b>	<b>30.0</b>

### K Group's retail and B2B sales, VAT 0% (preliminary data)

Kesko and K-retailers together form K Group. The table below depicts K Group's retail and B2B sales by chain, comprising the combined retail and B2B sales of Kesko's own retailing and B2B trade and retailer-owned chain stores.

K Group's retail and B2B sales	1.1.-31.3.2020	
	€ million	Change, % <sup>*)</sup>
<b>K Group's grocery trade</b>		
K-Citymarket, food	434.4	10.4
K-Citymarket, non-food	123.1	-4.0
K-Supermarket	516.0	8.2
K-Market	452.8	5.9
Neste K	29.2	-3.5
Others	9.1	5.0
<b>Retail sales, total</b>	<b>1,564.7</b>	<b>6.8</b>
Kespro	210.8	-2.6
<b>Grocery trade, total</b>	<b>1,775.4</b>	<b>5.6</b>
<b>K Group's building and technical trade</b>		
K-Rauta	207.5	7.9
Rautakesko B2B Service	61.2	2.1
Onninen, Finland	223.6	13.7
Leisure trade, Finland	53.1	-24.1
<b>Finland, total</b>	<b>545.4</b>	<b>5.1</b>
K-Rauta, Sweden	32.1	-3.2
K-Bygg, Sweden	43.3	4.4
Onninen, Sweden	21.7	11.7
Byggmakker, Norway	95.6	-6.1
Onninen, Norway	62.4	-6.9
Kesko Senukai, Baltic countries	152.4	0.9
Onninen, Baltic countries	18.7	5.3
OMA, Belarus	33.9	26.9
Onninen, Poland	56.9	6.1
<b>Other countries, total</b>	<b>517.0</b>	<b>1.0</b>
<b>Building and technical trade, total</b>	<b>1,062.4</b>	<b>3.1</b>
<b>K Group's car trade</b>		
K-Caara	152.4	-4.7
K-Auto, import	63.7	-13.3
AutoCarrera	10.8	67.7
<b>Car trade, total</b>	<b>226.8</b>	<b>-5.4</b>
<b>Finland, total</b>	<b>2,547.7</b>	<b>4.4</b>
<b>Other countries, total</b>	<b>517.0</b>	<b>1.0</b>
<b>Retail and B2B sales, total</b>	<b>3,064.7</b>	<b>3.8</b>

\*) The Change, % compared to the year before has been calculated to illustrate a situation in which the car trade acquisitions completed in July 2019, the acquisition of Fresks and the divestment of Onninen AB's HEPAC contractor business in May 2019, the divestment of the Finnish agricultural machinery trade operations completed in August 2019, and the divestment of the Baltic machinery trade operations completed in March 2020, had been completed on 1 January 2019.