

Kesko's General Meeting

4 April 2011

Matti Halmesmäki, President and CEO



Kesko's four divisions



Food trade

44% of net sales

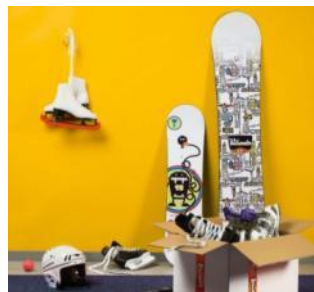
57% of operating profit



Building and home improvement trade

28% of net sales

8% of operating profit*



Home and speciality goods trade

18% of net sales

23% of operating profit



Car and machinery trade

11% of net sales

12% of operating profit*

Kesko's net sales for 2010 totalled €8,777 million (+3.9%)

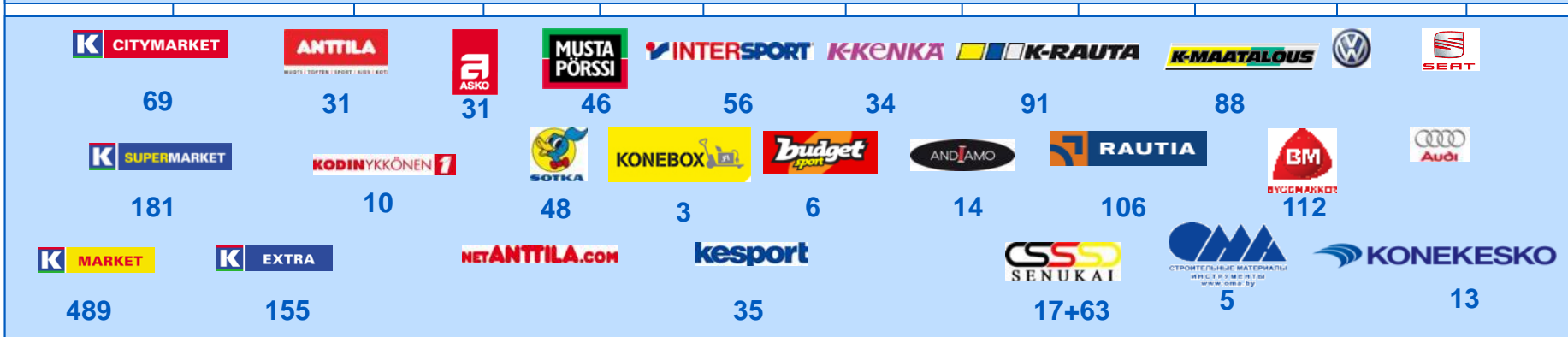
* Excluding non-recurring items

The K-Group is the largest operator in the Finnish retail trade - sales €13,035 million and growth 3.5% in 2010

| | Sales M€ |
|-------------------------------------|---------------|
| Food trade | 5,760 |
| Home and speciality goods trade | 2,093 |
| Building and home improvement trade | 3,996 |
| Car and machinery trade | 1,186 |
| Total (incl. VAT) | 13,035 |

Over 1.3 million customer visits every day

2,000 K-stores



Divisions

Food trade

Home and
specialty
goods trade

Building and
home improve-
ment trade

Car and
machinery
trade

Category management Store site acquisition Marketing Information management Support functions Business models and concepts

Kesko Group and Group control

Competence development Real estate Accounting and finance control Information management Communications and brands
Risk management Internal audit Corporate responsibility District operations Management system

KESKO

Listed company

Risk capacity

Finances

Culture and values

Group strategy

Portfolio strategy

Internationalisation strategy

Capital expenditure strategy

Synergies

Healthy growth

→ Increasing the Group value

Kesko's profit performance in 2010 was excellent

- The food trade's market share grew and profit continued to improve, K-food stores' customer satisfaction increased markedly. Competitive advantage projects and capital expenditures produce healthy growth.
- The profit of the home and speciality goods trade at record level, thanks to improved productivity and more efficient purchasing.
- The positive upturn in the building and home improvement trade was reinforced.
- The car and machinery trade on a strong growth path with a significant profit improvement .



Kesko's solvency and liquidity are excellent

- Solvency and liquidity at excellent levels
- Electronic customer communications and e-commerce defined as the Group's strategic projects
- The number of K-Plussa cards reached 3.6 million



Kesko' sales will grow and profit will remain at the achieved level

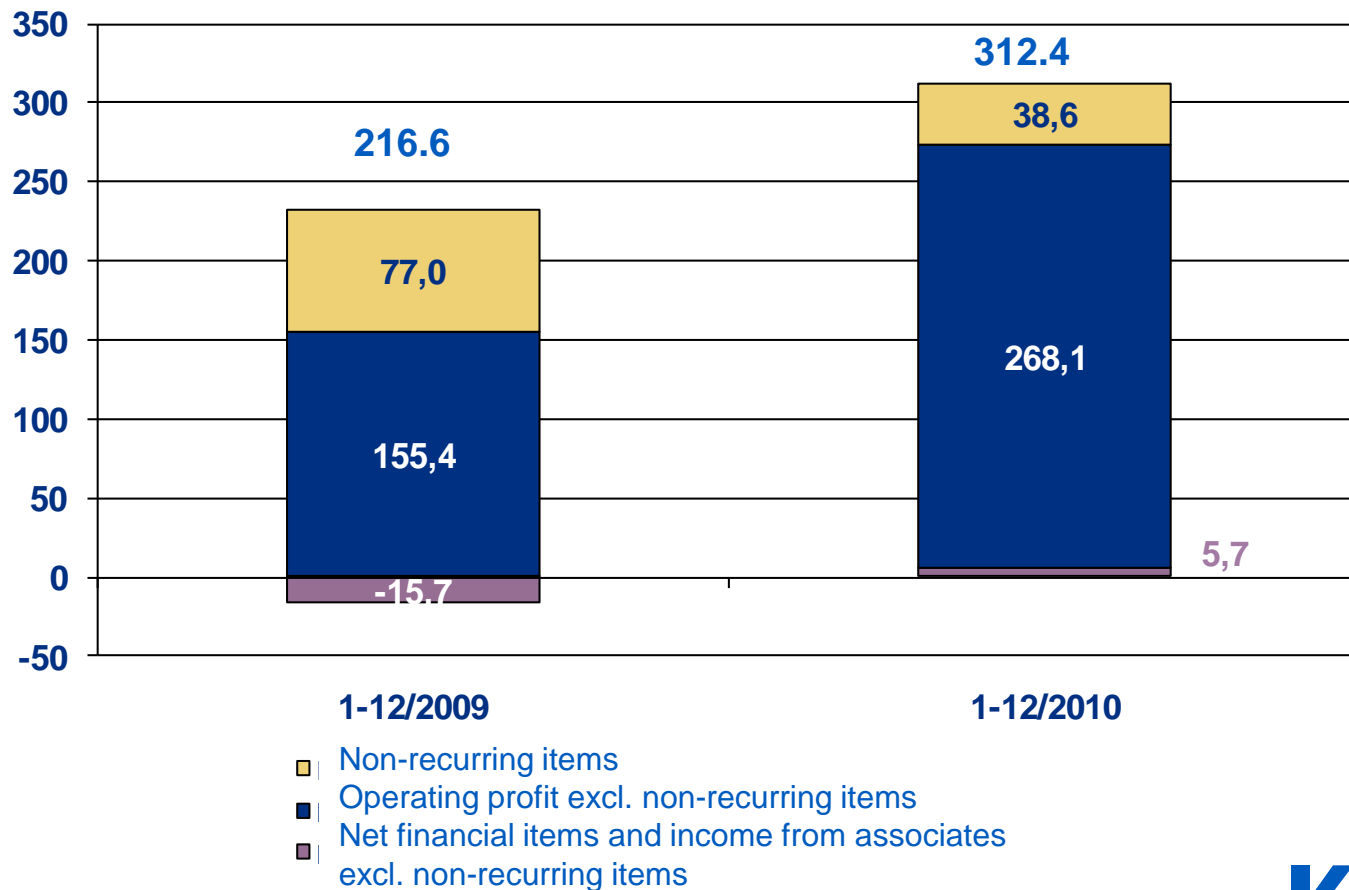
- The Kesko Group's net sales are expected to grow during the next twelve months. Throughout 2010, Kesko's profitability performance was excellent, except for the building and home improvement trade. During the next twelve months, the store site network will be significantly expanded, regardless of which, the operating profit excluding non-recurring items is expected to remain at the achieved level.



Kesko's operating profit excl. non-recurring items by division 1.1.-31.12 (M€)

| | 2010 | 2009 | Change, M€ |
|-------------------------------------|--------------|--------------|--------------|
| Food trade | 160.1 | 133.1 | 27.0 |
| Home and speciality goods trade | 66.0 | 29.5 | 36.5 |
| Building and home improvement trade | 24.0 | 11.9 | 12.1 |
| Car and machinery trade | 33.1 | 0.3 | 32.7 |
| Common operations and eliminations | -15.0 | -19.4 | 4.4 |
| Total | 268.1 | 155.4 | 112.8 |

The Group's profit before tax 1-12/2010 (M€)



Food trade in 2010

- The growth rate of K-food stores' grocery sales exceeded that of the market. Sales €4,345 million (VAT 0%), +4.2%
- Sales of Pirkka products grew by 11.2% (VAT 0%)
- K-food stores' price competitiveness improved.
- More efficient purchasing, logistics, store site and chain operations raised profitability to a record level.
- Operating profit excl. non-recurring items €160.1 million, +€27.0 million



K-food stores focus on food and service

- The best fruit, vegetable and bakery departments, and service counters offering fresh meat, fish and ready meals
- The widest selection – including products from local producers
- Pirkka – always a safe choice
- Exciting store environment and good service



Pirkka – the right to know what you are eating

- Pirkka is celebrating its 25th anniversary this year
- The Pirkka range already includes 2,000 products
- By far the most highly valued and best-known private label in Finland
- Already 50 Pirkka Organic products and 40 Pirkka Fairtrade products
- Pirkka product prices are as much as one third lower than those of corresponding branded products
- Pirkka test kitchen has developed recipes for over 50 years
- Pirkka Product Research has the ISO 17025 accreditation, an international recognition of quality competence
- Pirkka products' sales performance in 2010 was good (+11.2%, VAT 0%)



We make capital expenditures on the store site network

Food trade

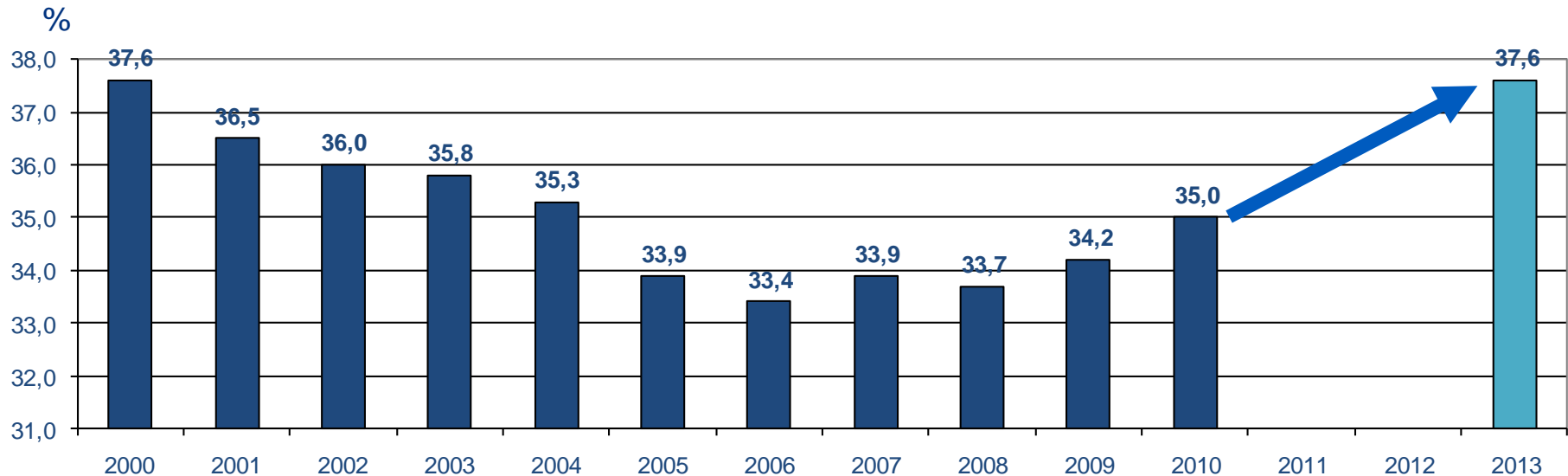
- Heavy capital expenditures on the expansion and refurbishment of the store site network
- In 2010, two new K-citymarkets, seven K-supermarkets and eight K-markets were opened
- In 2011, six K-citymarkets, 30 K-supermarkets and six K-markets will be opened



Kesko Food will expand into Russia

- In 2012-2013, Kesko Food will open four large grocery stores in Russia: two in St. Petersburg and two in Moscow
- The aim is to acquire sites for at least ten large-scale grocery stores in both St. Petersburg and Moscow .
- The capital expenditure is estimated at €300 million in 2011-2015
- Rautakesko now operates a total of 12 K-rauta stores in St. Petersburg and Moscow. Business operations in Moscow were started in 1996. Store site cooperation with Rautakesko generates synergy benefits.
- Kesko Food continues to explore business acquisition opportunities in both St. Petersburg and Moscow.
- According to Kesko Food's business plan, the objective is to achieve €500 million in net sales and a positive operating result in Russia by 2015.

K-food trade's profitable growth in excess of the market is accelerating



K-food trade's market share in 2000 - 2013

Home and speciality goods trade in 2010

- Retail sales of the home and speciality goods trade totalled €1,712 million, +1.6% (VAT 0%)
- Operating profit excl. non-recurring items €66 million, +36.5 million
- K-citymarket's home and speciality goods, Intersport and Budget Sport showed best sales performance
- K-citymarket, Asko and Sotka, as well as Anttila and Intersport achieved significant profit improvements
- Anttila's new logistics centre was completed and it is being put into operation as planned



Adoption of automated and electronic operating systems

Home and speciality goods trade

- Synergy benefits are achieved by combining Anttila's and K-citymarket's purchasing functions; a joint purchasing organisation took effect on 1 March 2011
- An important competitive advantage project is electronic customer communications, including intensive growth of e-commerce
- In the sports trade, expansion into the Baltic and Russian markets is explored in cooperation with the international Intersport chain

Anttila's new logistics centre was completed in Kerava in late 2010



Building and home improvement trade in 2010

- Retail sales of the K-Group's building and home improvement stores totalled €3,314 million, +7.5% (VAT 0%)
- Operating profit excl. non-recurring items was €24.0 million, +€12.1 million
- The building and home improvement trade market has returned to growth in all operating countries.
- Significant capital expenditure on store site network expansion in Finland and other operating countries, especially in Russia
- New stores were opened in Jyväskylä, Stockholm, Tula, Kaluga and Minsk



New enterprise resource planning system adopted in all operating countries

- Synergy benefits are achieved by investing in centrally directed purchasing and selections development, and in the joint logistics network
- The new enterprise resource planning system will harmonise the business models which support the chain stores' and Rautakesko's business operations , and the retail stores' information systems in all operating countries



Building and home improvement trade in Russia

- Rautakesko operates in Russia since 1996
- In 2010, Rautakesko's net sales in Russia were €204 million, up 20.5% on the previous year. At the end of the year, the personnel numbered 1.661
- Rautakesko operates 12 K-rauta stores in Russia, nine of which in St. Petersburg and three in the nearby areas of Moscow
- Three K-rauta stores are being built, one of which will open in St. Petersburg in April, and two in Moscow in late 2011
- In addition, ten new K-rauta stores are planned to open in 2012 - 2015
- Rautakesko's objective is to achieve €800 million in net sales in Russia by the end of 2015. Capital expenditure will amount to some €300 million.



Car and machinery trade in 2010

- Comparable net sales in the car and machinery trade grew by 16,5 % (VAT 0%)
- Operating profit excl. non-recurring items €33.1 million, +€32.7 million
- Operating profit improved as a result of increased car sales and cost savings in the machinery trade
- The market share of Audi, Volkswagen and Seat reached 19%
- Audi and Volkswagen Center Airport was opened in Aviapolis, Vantaa
- In the first part of 2011, VV-Auto's sales have grown by 32.3%



K-Plussa is the most extensive and diverse customer loyalty programme in Finland

- K-Plussa customers number over 3.6 million
- K-Plussa points from over 3,000 outlets and from over 40 business partners
- Pirkka magazine is the most popular magazine in Finland and distributed to every home

All K-Group stores in Finland will have similar, easy-to-use and secure chip & pin terminals



K-Plussa card in 2.1 million households

K-stores' and business partners' customer programmes

- K-Plussa card is accepted in more than 3,000 outlets

Chains' own customer programmes

Joint customer programme



Kaikki mitä tarvitset

K-Plussa point benefit up to 5%



K-Plussa benefit always
at least 10%



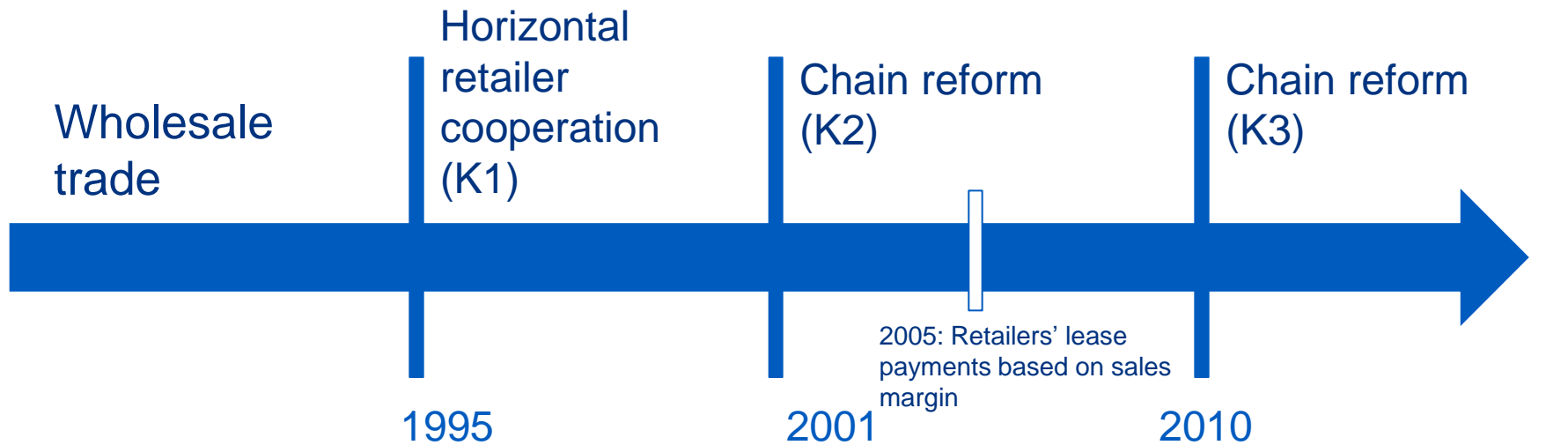
Easy shopping
Points to bank account

Kesko is a highly valued listed company

- The purpose of a listed company is to increase the shareholder value with a long perspective.
- The Kesko share is known as a value share, investing in which enables investing in growing international markets.
- Increasing the shareholder value is only possible by being competitive, valued by customers and by achieving profitable growth.
- Consistent dividend policy.
- Reliable, transparent reporting, corporate governance and risk management, as well as solvency.
 - World Finance Magazine recognised Kesko for the best corporate governance in Finland in terms of development and reporting.
 - The Group's business performance is reported in division-specific (segment-specific) analyses : the food trade, the home and speciality goods trade, the building and home improvement trade and the car and machinery trade.
- Operations are measured in terms of shareholder value development and in surveys.

Kesko's key competitive advantage is chain operation with K-retailers

- development of chain operations



- Vertical model
- Joint selections and pricing
- New profit generation model and new fees
- Shared information systems
- New fixed term chain agreements

- Tools for retailers for use in local competition
- Electronic tools
- New agreements

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Chain operation benefits in Kesko Food and K-food stores

Price and quality

- The K-Group's price competitiveness has improved.
- A strong focus has been placed on the development of the quality of the K-Group operations, and according to measurements, improvements have been achieved in different areas.

Selection

- The average number of articles in stores has continued to increase strongly.
- Products of local origin have not been removed, instead their number has increased.
- Selections continue to differ from each other by chain, by region and by store.
- No significant changes have taken place in the number of suppliers or profiles.

New products

- The number of new products launched annually has grown steadily, and especially the proportion of Pirkka products of all new products has grown.
- Chain selections have ensured a faster breakthrough for new products.
- Capital expenditures on store sites, new concepts and store refurbishments have increased.

Efficiency

- A store's operational functions have become more efficient and volume has increased.
- Purchasing has become more efficient due to international sources, auctions and wider use of private labels.
- More efficient logistics processes have played a part in the reduction of costs and in customer perception of quality, in terms of fresher products and better availability.

Retail transition and trends



New ageing generation

- More highly educated
- Wealthier than before
- More active

**Wealthier and
more willing to consume**



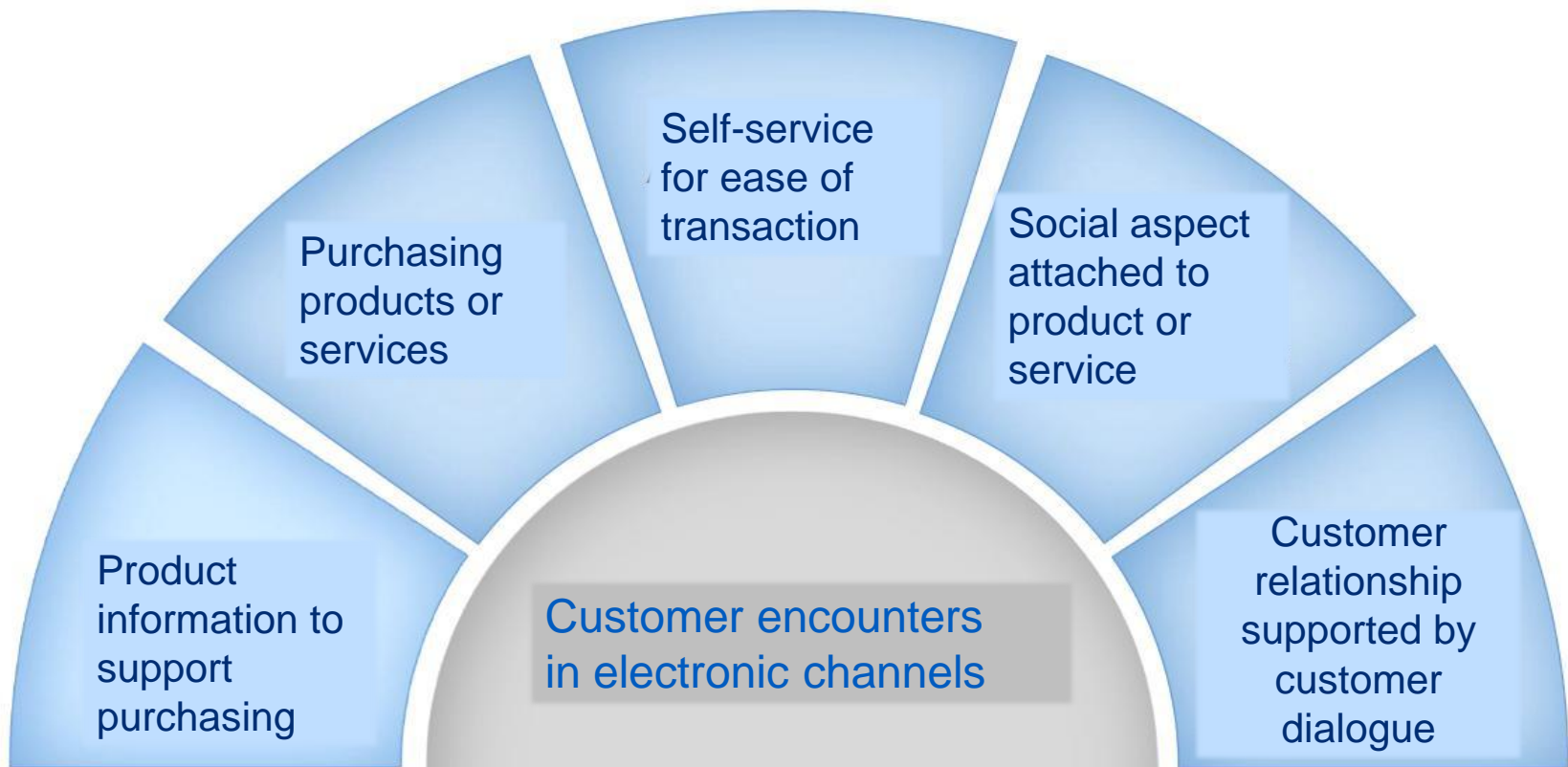
Generation Y, young adults, impact the trading sector

- Will be using the web as a diversified shopping channel
- Demand versatile and technically sophisticated web services
- Also expect to be offered lots of services free of charge
- Customer loyalty is not a central characteristic
- Consumers equally, or even more, knowledgeable as sales assistants
- Consumers' intensive dialogue impacts choices
- Transfer marketing from the current media to the web and from mass marketing to targeted marketing



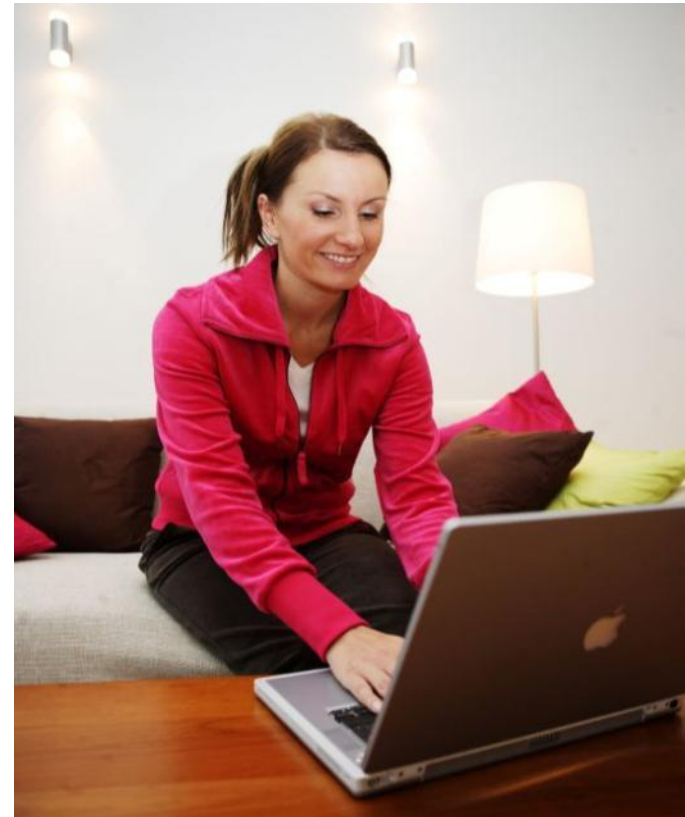
Generation Y = 20-34-year-old young adults

Electronic customer communications are diversified and comprehensive



Increasing e-commerce

- Increasing number of online buyers:
1.4 million Finns / mo
- 38% of Finns have purchased from foreign online stores
- Online store also creates buying impulses and provides a source of product information
- Consumers' product knowledge and requirements increase
- Prices become increasingly transparent



Kesko's responsibility programme sets targets

- Combating climate change
- Energy efficiency
- Transportation and travel
- Responsible purchasing and product selection
- Wellbeing of employees
- Recycling and material efficiency
- Environmental management at stores
- Creating a strong responsibility image
- Kesko's Corporate Responsibility Report provides information on the progress of the programme



Investors are interested in responsibility

Latest recognitions for corporate responsibility

- **Best Corporate Governance Company Finland**
 - In February 2011, the World Finance magazine recognised Kesko for the best corporate governance in Finland
- **The Global 100 Most Sustainable Corporations**
 - Kesko's ranking 26th (33rd in 2009) on the list published in January 2011
 - list published since 2005, Kesko included in 7 years
- **SAM (Sustainable Asset Management) Sustainability Yearbook 2011**
 - In January 2011, Kesko's sustainability work qualified in the Silver Class in the Food & Drug Retailers sector
 - The Sustainability Yearbook includes companies of which only the top 15% in each sector qualify among the world's leaders according to SAM's assessment.
 - **Corporate Responsibility Reporting 2010**
 - Kesko's report was selected as the second best in the competition
- **The US Ethisphere Institute**
 - selected Kesko the winner of the Food Stores sector on the list of the 2011 World's Most Ethical Companies in March 2011



FTSE4Good

Food & Drug Retailers

SUSTAINABILITY LEADERS 2010/2011

As of December 31, 2010

| | Company | Country |
|------------------|------------------|----------------|
| SAM Gold Class | J Sainsbury plc* | United Kingdom |
| SAM Silver Class | Kesko Oyj | Finland |
| | Ahold N.V. | Netherlands |
| | Carrefour S.A. | France |
| | Safeway Inc. ** | United States |
| | Tesco plc | United Kingdom |

* SAM Sector Leader

**SAM Sector Mover

Thank you!

Kesko 70 years

Kesko was established on 14 October 1940 by four regional wholesale companies founded by retailers.

Kesko was registered in the Trade Register on 3 January 1941 and started operations.

Kesko was listed on the stock exchange in 1960.

May our journey together continue.

