



KESKO

The trade maker

Annual General Meeting
27 March 2006

President and CEO
Matti Halmesmäki



Our vision

**'Kesko is the leading provider of services
in the trading sector'**

**can only be realised by exceeding our customers'
expectations, which is our most important value.**

I can't feel sorry when it was so nice to compete here and when my own run was so good.

Halfpipe snowboarder Antti Autti according to the Keski-suomalainen newspaper of 12 February

Source: Suomen Kuvalehti

Successful year 2005

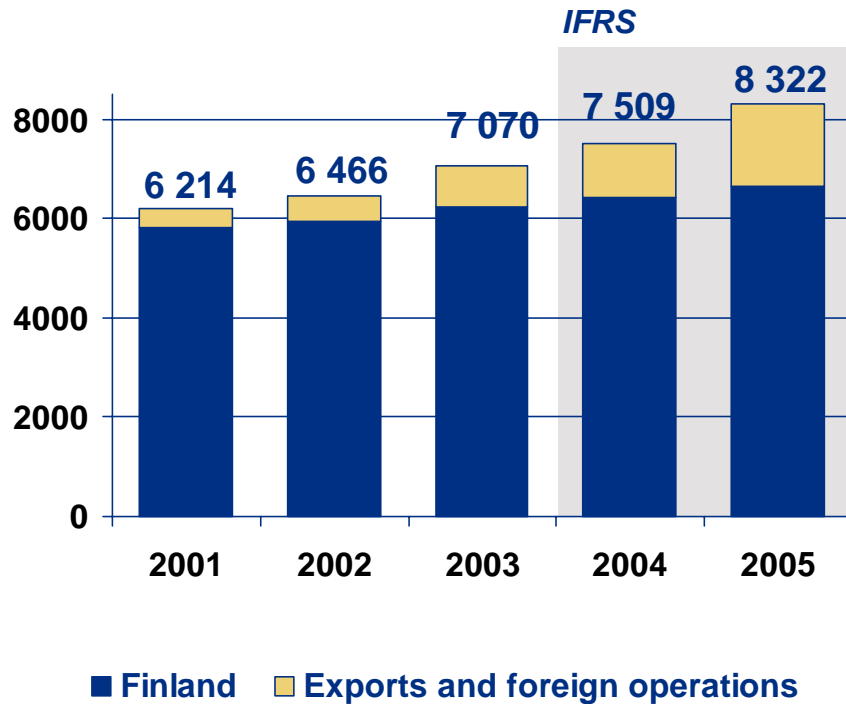
- + Kesko Group's net sales developed well (+10.8%) and the operating profit, excluding non-recurring items, was the best in its history
- + Rautakesko successfully implemented its internationalisation strategy and expanded operations into Norway and Russia through acquisitions
 - Over half of net sales already attributable to international operations
 - Domestic sales increased in excess of market growth
- + Keswell increased its profit and successfully expanded its furniture trade through acquisitions
- + VV-Auto's sales developed favourably and profit was good
- + Controllability and flexibility of chain operations was enhanced
- + Good share price and yield development

- K-food stores' sales growth remained below market growth
- Kesko Food's profit was negatively affected by incidental costs
- Kaukomarkkinat's sales and profit performance were poor

Net sales

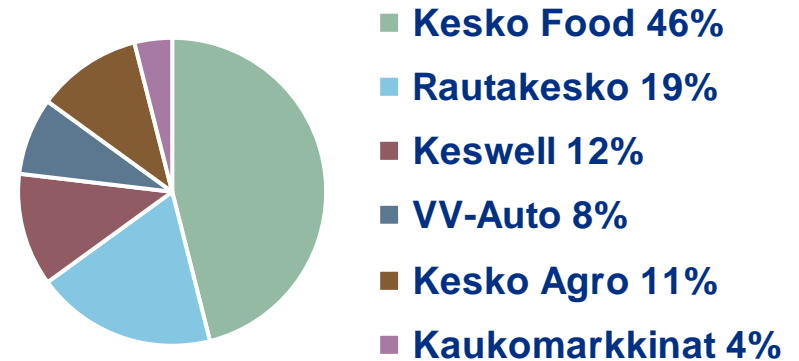
Group's net sales

In 2001-2005, EURm



Net sales by division

Total 8,322 EURm (2005)

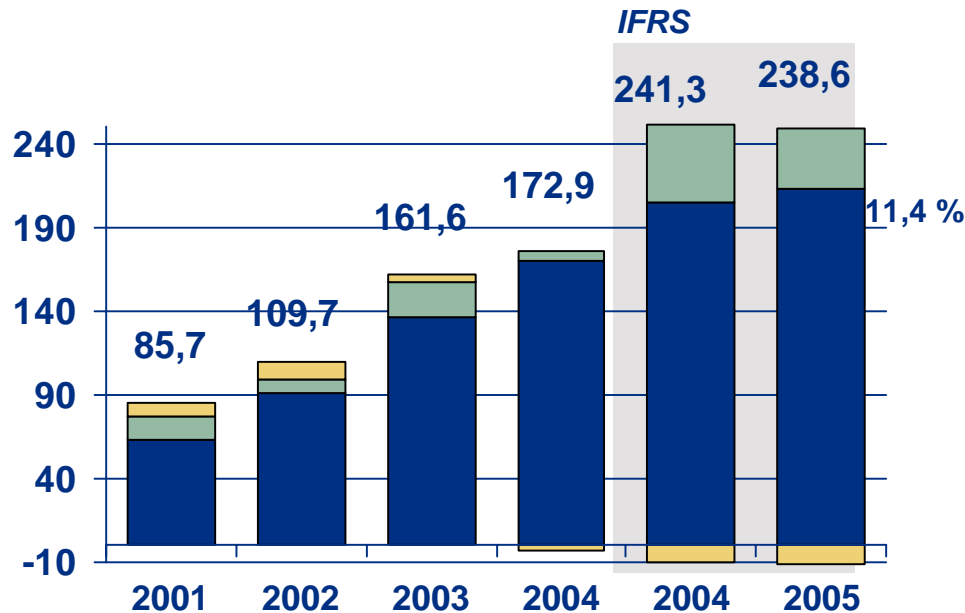


Profit and operating profit

Record year, operating profit excluding non-recurring items grew by 11.4% to EUR 212.5 million (EUR 201.1 million in 2004)

Group's profit

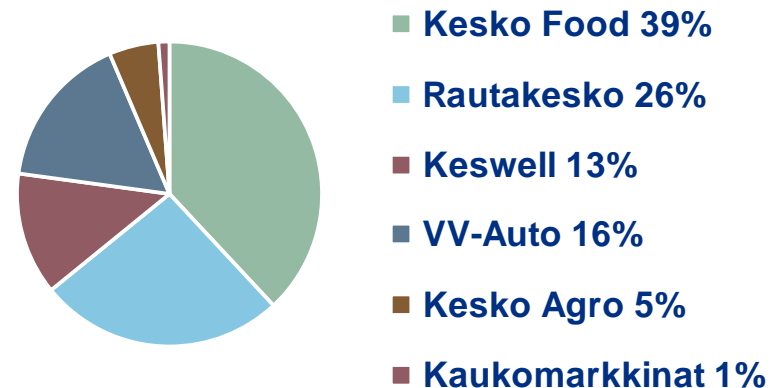
In 2001-2005, EUR m



- Financial income and expenses
- Non-recurring items
- Operating profit excl. non-recurring items

Operating profit excl. non-recurring items

Total 212.5 EURm (2005)



Financial objectives

Objective	Target level	Realisation in 2005
Kesko Group's net sales growth	In Finland, growth to exceed market growth	Realised: Rautakesko Keswell
	Increasing proportion of international operations	Net sales from abroad increased by 53%
Return on equity	12%	13%
Return on invested capital	12%	13%

Dividend policy



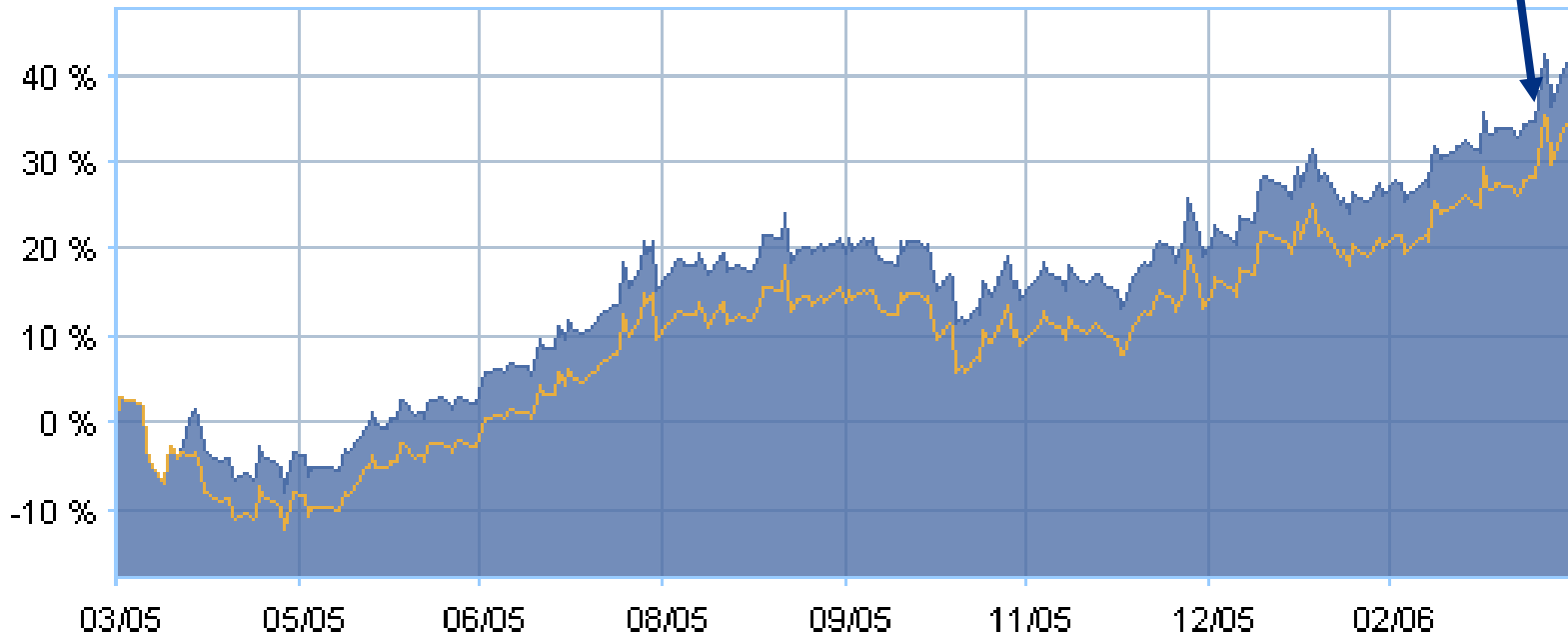
Kesko Corporation will distribute at least half of its earnings per share as dividends, taking however the company's financial position and operating strategy into account.

Trends in Kesko B share price and yield

3/2005 – 3/2006

16 March 2006
"All-time high"
at EUR 27.79

- Total return (dividends reinvested) = 39.84%
- Share price change = 33.18%



Outlook for the future

The aim is that Kesko Group's sales for the first six months of 2006 will grow by over 10%. Due to the expansion of operations and business re-arrangements, the Group's sales will grow more strongly in other countries than in Finland.

During the first six months of the year, Kesko Food's sales growth is estimated to exceed last year's growth, while the sales growth of Rautakesko, Keswell and VV-Auto is expected to exceed market growth. The development of machinery and technical trade will decelerate due to the divestment of certain operations decided upon.

Kesko Group's profitability will remain good. It is expected that the operating profit for the first six months of the year, non-recurring items excluded, will attain the level of the previous year.



We exceed our customers' expectations



KESKO



K-food stores



Finland



53 stores



150 stores



395 stores



233 stores

Total of 1,041 stores in Finland

The Baltic countries, joint venture (with ICA AB)

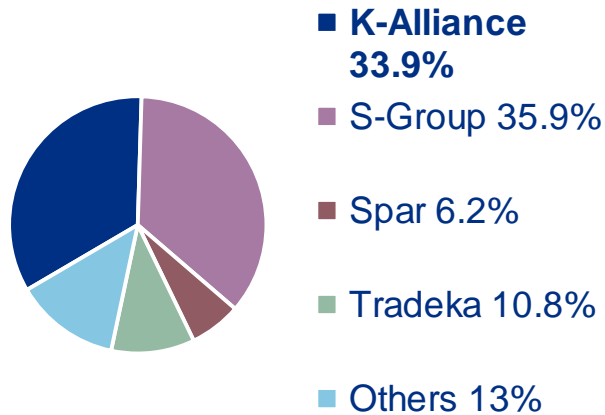


Total of 178 stores in the Baltic countries

Market shares

Finland

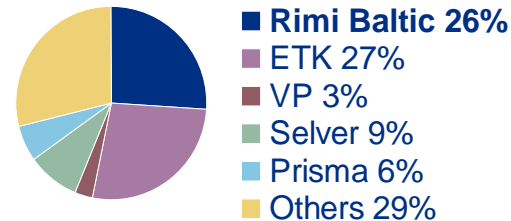
Source: AC Nielsen store register 2005



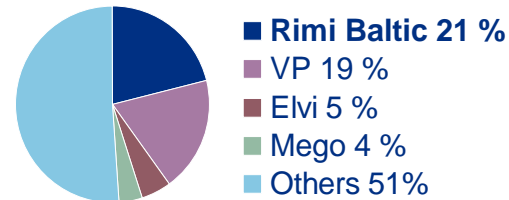
The Baltic countries

(2004)

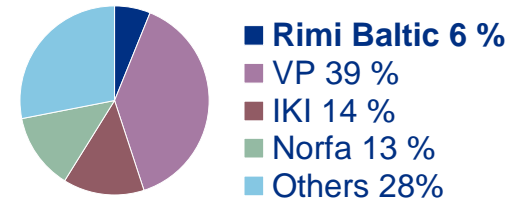
Estonia



Latvia



Lithuania



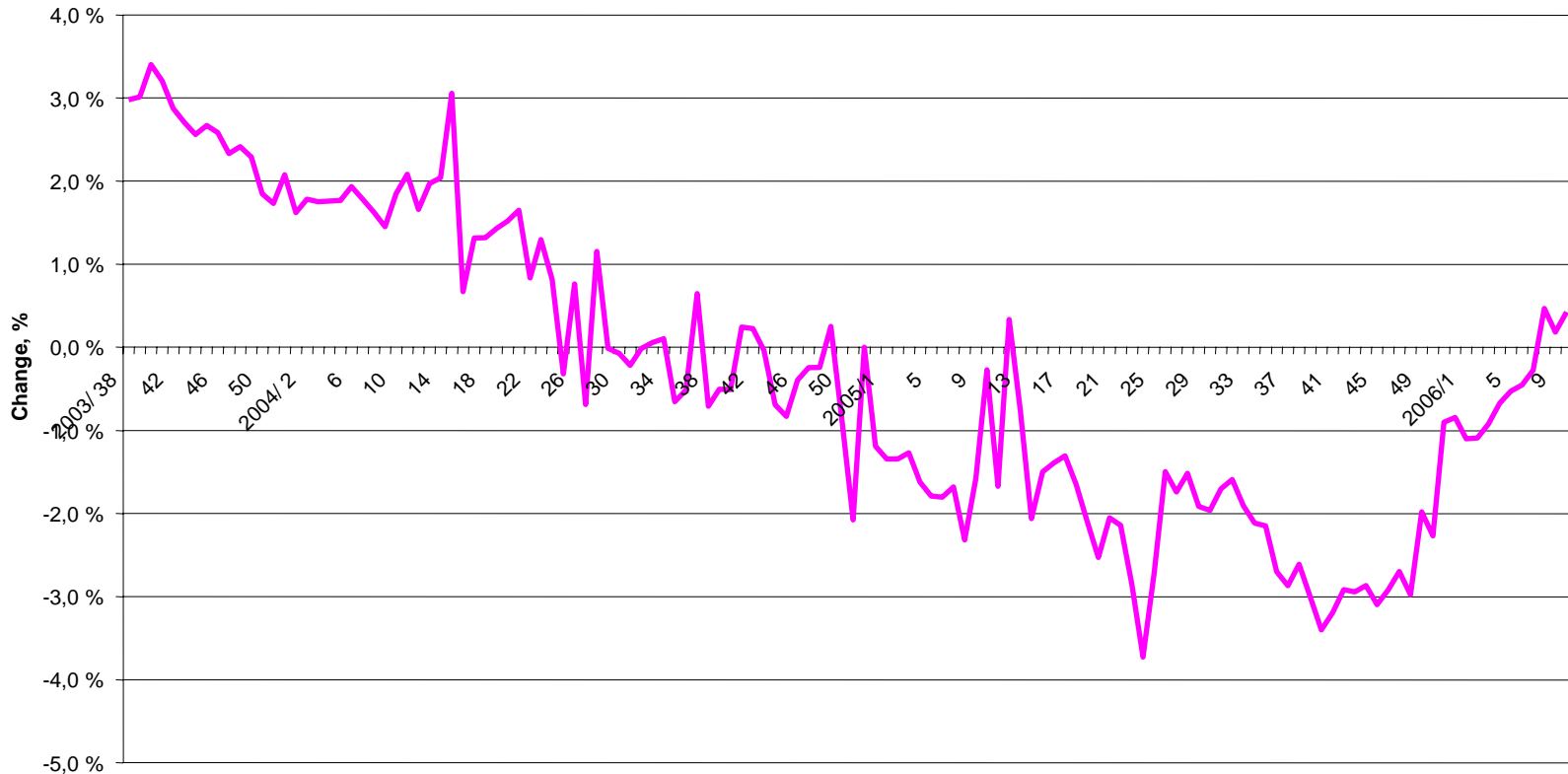
The comeback of K-food stores

- Better quality at competitive prices to customers
- Retailer-entrepreneurs to all K-food stores
 - Over 600 applications during the first months of the year
- Supply chain efficiency
 - Lower prices and better result
- Growth to exceed market growth



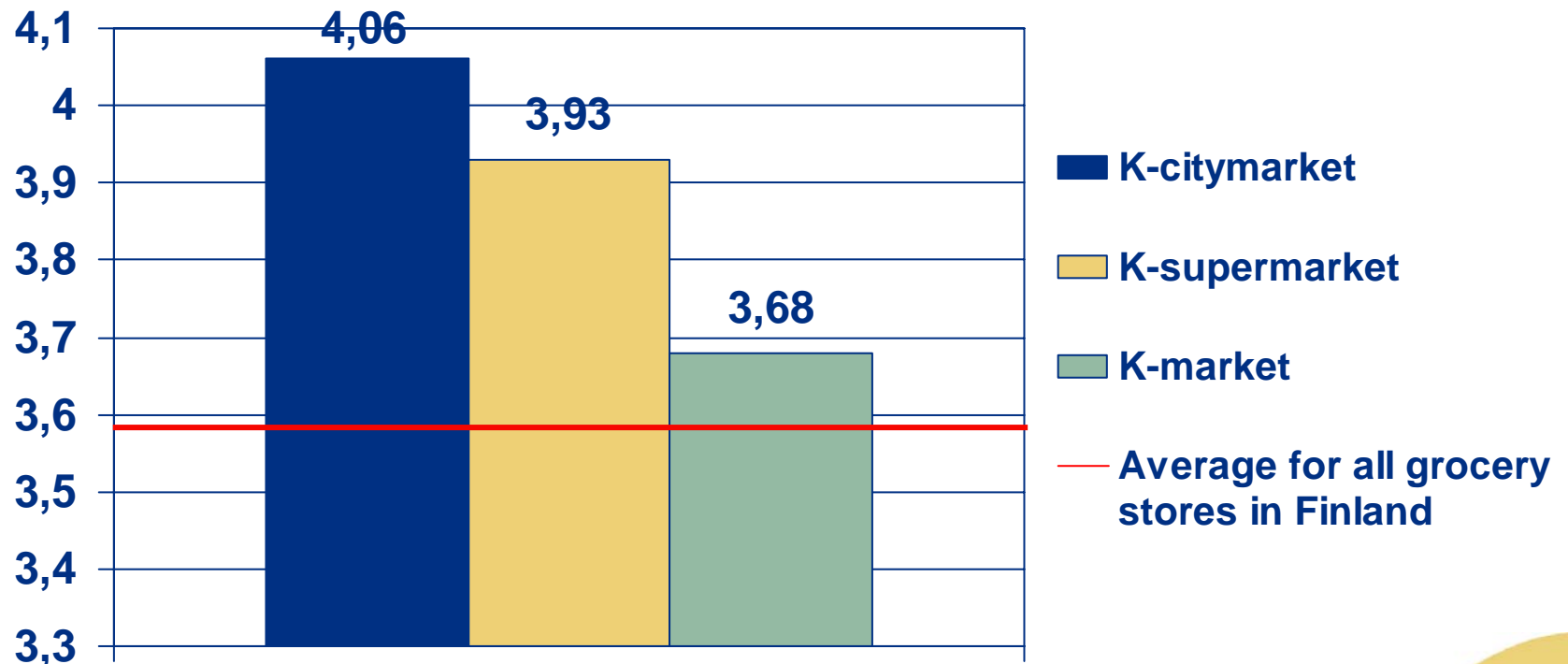
Retail sales of Kesko Food's chain stores

Trends in grocery retail sales in Finland, rolling 12 weeks starting from 38/2003



Overall rating given by customers to K-food store chains is better than the sector average

750,000 daily customer visits



Source: TNS Gallup Ltd., Consumer-customer satisfaction 2005

Pirkka – one of the 50 Finnish Superbrands

- Kesko's private label range celebrates its 20th anniversary
- Pirkka was the only grocery trade private label included among Finland's 50 strongest brands in October 2005 (Superbrands Finland)
- Pirkka range includes nearly 1,400 products



**Food Product of
the Year 2005**

PÍRKKA

Enemmän vähemmällä

Jo 20 vuotta

Increasingly international Rautakesko



Finland



Total of 180 stores

Sweden, Norway, the Baltic countries and Russia



Total of 172 stores

Byggmakker in Norway



- Rautakesko acquired Norway's Norgros AS on 7 July 2005
- Byggmakker, managed by Norgros, is Norway's leading hardware and builders' supplies stores chain with a 19% market share
- Total number of stores is 133, of which 20 are its own and the others are owned by retailer-entrepreneurs
- Operations are being developed intensively, nine new stores in 2006
- In 2005, the chain's sales totalled EUR 975 million

We started expanding into Russia

- Rautakesko acquired the St. Petersburg Stroymaster DIY store chain on 28 July 2005
- The chain comprises five DIY stores in the St. Petersburg area
- In addition, two large K-rauta stores are being constructed
- In 2005, sales totalled EUR 80 million
- Stroymaster has an approx. 15% share of the hardware and builders' supplies market in the St. Petersburg area



We continue to grow our hardware and builders' supplies trade

- Strengthening our leading market position in Finland, two new K-rauta stores and one Rautia store
- Strengthening synergy benefits in international business operations
- New logistics centre (55,000 m²) in Lithuania. At the end of 2005, fourth Mega-size hardware and builders' supplies department store opened in Kaunas (area over 1.5 ha)
- Four new K-rauta stores in Latvia
- Nine new Bygghjelp stores in Norway
- Two new K-rauta stores in Sweden
- Healthy, strong growth, particularly in Russia



Opportunities for controlled expansion in the Russian market

DIY market, Moscow and St. Petersburg

- Population
 - Moscow 10.4 million + Moscow Oblast 6.6 million
 - St. Petersburg 4.7 million

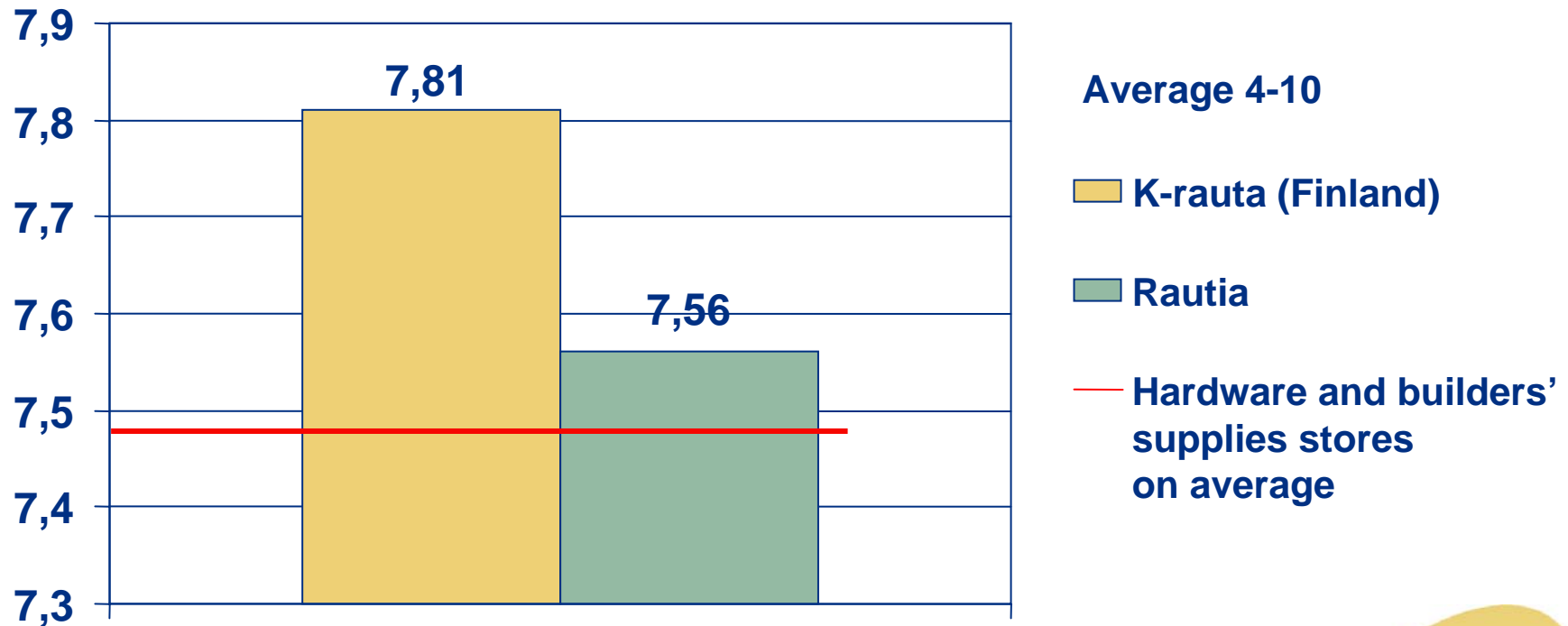
DIY market in 2005 (estimate)

- Moscow + Moscow Oblast: EUR 3.0-3.2 billion
- St. Petersburg: EUR 0.6-0.7 billion
- Total share of the Russian DIY market approx. 40%
- Growth in the sector in recent years approx. 15%
- Strong growth is expected to continue in the next couple of years

The aim is to invest EUR 100 million in the hardware and builders' supplies trade in Russia.

Overall rating given by customers to K-Alliance hardware and builders' supplies stores is better than the sector average

12,6 million annual customer visits



Source: Taloustutkimus Oy: chain stores study; hardware and builders' supplies stores (15-79-yr old consumers)

K-Alliance's home and speciality goods store chains



Department store trade

Furniture and interior decoration trade

Sports goods trade

ANTTILA



Home technology trade

Shoe trade

Optical trade



K-KENKÄ



K-Alliance's home and speciality goods stores have 29.5 million customer visits annually.

Anttila



- In 2005, Anttila's net sales totalled EUR 516 million, representing an increase of 3.4%
- 27 Anttila department stores
- 7 Kodin Ykkönen department stores
- NetAnttila is one of the biggest online department stores in Finland
- Number of personnel 2,860
- Anttila department stores have approx. 22.6 million customer visits annually

Asko and Sotka

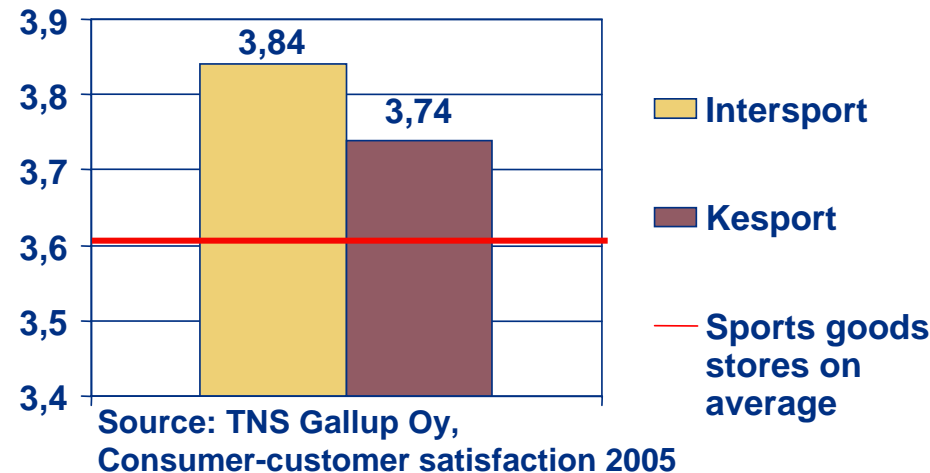


- Asko and Sotka are the leading furniture and interior decoration stores in Finland
- In Finland, Asko chain stores totalled 29 and Sotka chain stores 52
- Total of eight stores in Estonia, Latvia and Sweden
- Two stores are being built in Riga
- Approx. 1.1 million customer visits annually

Intersport

- Intersport is the leading chain in the Finnish sports goods trade
- Intersport stores total 58
- The aim is to expand into the Baltic sports goods market
- A new sports store, Budget Sport, based on low prices will open in spring 2006
- Approx. 3.5 million customer visits annually

Overall rating by customers better than the sector average



Audi number one in Premium class, Volkswagen in a strong market position



17 sales outlets



40 sales outlets



26 sales outlets

- VV-Auto made a record profit in 2005
- During the beginning of 2006, VV-Auto expanded retail operations in the Greater Helsinki area
- Audi made a new registration record in the fifth year in succession and is the market leader and the most wanted brand in its class

Konekesko has had cooperation with Yamaha since 1966

- Yamaha outboards have been market leaders in Finland since 1977
- Konekesko's own Yamarin boat brand is the market leader in reinforced plastic outboard motor boats in the Nordic countries
- Yamarin boats are manufactured in five factories and the value of exports exceeds EUR 20 million
- Product selection also includes Yamaha motorbikes, quad bikes, snowmobiles and Finnmaster boats and boating equipment



KESKO

K-maatalous is an essential part of the food chain



Finland



In Finland, a total of 101
K-maatalous stores

The Baltic countries



In the Baltic countries, a
total of 12 stores

- Strong position in the Finnish market, market share 35%
- Market leader in the Baltic countries

**When we exceed
our customers' expectations every day
we also create the best value for our
shareholders.**





**Kesko wants to be the best
with its partners in selected
markets and to increase
shareholder value:**

KESKO IS A VALUE SHARE

Thank you!

