OUR COMPANY IN BRIEF

International multichannel retailer founded in 1862

- Revenue* in 2015: EUR 1 435 million
- 9 Stockmann department stores in 3 countries
- 5 real estate properties in 4 countries
- 487 Lindex fashion stores in 19 countries and
- Stockmann, Lindex and Hobby Hall online stores
- Personnel* (year-end): 9 734

*Continuing operations

Group’s purchasing offices are located in: Bangladesh, China, India, Pakistan and Turkey.
FOCUS ON FASHION, COSMETICS, HOME AND FOOD

**REVENUE* BY PRODUCT AREA**

- Fashion: 65%
- Cosmetics: 8%
- Home: 8%
- Food: 14%
- Others: 5%

*Continuing operations, i.e. excluding Russian department stores*

**REVENUE* 2015 BY DIVISION**

- Stockmann Retail: 50%
- Fashion Chains: 46%
- Real Estate: 4%

**REVENUE* 2015 BY MARKET**

- Finland: 52%
- Sweden and Norway: 36%
- Baltics, Russia and other countries: 12%

*Continuing operations*
SHAREHOLDER STRUCTURE

- Listed on the Helsinki stock exchange (Nasdaq Helsinki) since 1942
- Approximately 52,000 shareholders
- Two series of shares
  - Series A: 10 votes
  - Series B: 1 vote; more liquid on the stock market
- Approx. 44% of shares owned by foundations, 25% by corporations and 20% by households
- Approx. 7% of shares are nominee-registered, including foreign shareholders

<table>
<thead>
<tr>
<th>Major shareholders</th>
<th>Shares %</th>
<th>Votes %</th>
</tr>
</thead>
<tbody>
<tr>
<td>HTT Holding Oy Ab (Hartwall Capital)</td>
<td>11.7</td>
<td>10.7</td>
</tr>
<tr>
<td>Föreningen Konstsamfundet</td>
<td>9.4</td>
<td>15.1</td>
</tr>
<tr>
<td>Svenska litteratursällskapet</td>
<td>7.6</td>
<td>15.7</td>
</tr>
<tr>
<td>Varma pension insurance company</td>
<td>6.9</td>
<td>4.7</td>
</tr>
<tr>
<td>Niemistö Grouping</td>
<td>5.8</td>
<td>9.4</td>
</tr>
</tbody>
</table>
NEW OPERATING STRUCTURE AS OF 1 JANUARY 2015

- Turnaround in profitability
- Increasing value of properties
- Stable growth in existing and new markets
FOCUSING ON THE KEY BUSINESSES

New direction
Withdrawal from non-core business
Exit from retail business in Russia
Independent development of Lindex
Stockmann Retail and Real Estate: strong partnership

Stockmann Retail
Real Estate
Lindex
OUR NEW STRATEGY IN BRIEF

Stockmann Retail, Real Estate and Lindex will focus on customer experience and efficiency in all operations.

Creating inspirational shopping experiences

CUSTOMER
“Every day is a new opening” – focus on providing a top-notch shopping experience and increasing sales

EFFICIENCY
“Every square metre to be profitable” – efficient use of retail space, optimal store network and effective support functions
MARKET ENVIRONMENT AND OUTLOOK FOR 2016

- Economic situation remains uncertain in Finland: slow GDP growth, low consumer purchasing power
- Relatively stable development expected in Sweden, Norway and the Baltic countries: somewhat higher GDP growth, competition increasing in the Baltics
- Weak outlook for Russia which may have a negative impact on rental income in Stockmann’s Russian real estate operations

- Stockmann Group’s revenue for 2016 is expected to be down on 2015 due to on-going strategic actions in order to improve profitability
- The operating result excluding non-recurring items is expected to be slightly positive in 2016.
  - Due to normal seasonal variation, the first-quarter operating result will be significantly negative
  - Capital expenditure estimated to be approximately EUR 60-65 million which is on a par with the estimated depreciation for 2016
STOCKMANN GROUP
IN 2015
RUSSIAN RETAIL AS DISCONTINUED OPERATIONS

- **Stockmann sold its Russian subsidiary** AO Stockmann to Reviva Holdings Limited as of 1 February 2016
  - 7 Russian department stores, warehouse, outlet, administration, inventories and personnel
  - Purchase price EUR 5 million and transfer of significant lease liabilities
  - EUR 78.5 million booked as non-recurring costs for Q4 2015

- Department store operations in Russia classified as **discontinued operations in 2015** income statement
  - Result for 2015 in discontinued operations EUR -86.1 million

- Reviva became the **anchor tenant of Nevsky Centre** with a long-term rental agreement as of 1 February 2016
  - Nevsky Centre classified as an investment property in accordance with IAS 40
  - Investment properties are not depreciated, but gains or losses due to changes in fair value recognized through profit and loss

- Requires **increased cost efficiency in the support functions** in Finland, as Russia does not pay internal charges for shared operations anymore

**SEGMENTS**
- **Stockmann Retail:** Stockmann department store, online store and Hobby Hall
- **Real Estate:** properties in Helsinki, St Petersburg, Tallinn and Riga as well as sub-leased premises
- **Lindex** (earlier Fashion Chains): fashion stores and online store

**MARKET AREAS**
- Finland
- Sweden & Norway
- Baltics, Russia and other countries
GROUP’S FINANCIAL PERFORMANCE* IN 2015

- Gross margin 50.6% (48.6%)
- Operating result excl. non-recurring items, EUR mill. -28.5 (-37.8)
- Reported operating result, EUR mill. -52.5 (-77.2)

- **Market development** for fashion: Finland -7.7% and Sweden +2.0%

- **Revenue** EUR 1,434.8 million (EUR 1,605.5 million)
  - Down 1.3% in continuing product areas and businesses
  - Down 3.1% in Finland, up 0.3% in international operations

- **Operating costs** excl. non-recurring items down by EUR 86.4 million, to EUR 682.2 million (EUR 768.6 million)
  - Non-recurring items in operating costs EUR 24.0 million (EUR 29.0 million), due to e.g. Seppälä, Academic Bookstore and restructuring costs

- **EBITDA** excl. non-recurring items EUR 43.4 million (EUR 18.1 million)
  - Depreciation EUR 71.9 million (EUR 59.8 million)

- **Result for 2015** excl. non-recurring items EUR -43.0 million (EUR -60.3 million)
  - Non-recurring items in taxes and financial costs EUR 21.8 million, mostly due to tax reassessment decisions
  - Reported result EUR -88.9 million (EUR -96.7 million)
  - Net result EUR -175.0 million (EUR -99.8 million), including a loss of EUR -86.1 million from discontinued operations

* Continuing operations, except net result for 2015
## KEY FIGURES IN 2015

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Equity ratio</strong>*</td>
<td>%</td>
<td></td>
<td>46.1</td>
<td>39.3</td>
</tr>
<tr>
<td><strong>Gearing</strong>*</td>
<td>%</td>
<td></td>
<td>72.1</td>
<td>105.4</td>
</tr>
<tr>
<td><strong>Net financial costs</strong></td>
<td>EUR mill.</td>
<td>7.2</td>
<td>5.4</td>
<td>21.2</td>
</tr>
<tr>
<td><strong>Earnings per share, continuing operations, excluding NRI</strong></td>
<td>EUR</td>
<td>0.23</td>
<td>-0.06</td>
<td><strong>-0.60</strong></td>
</tr>
<tr>
<td><strong>Net earnings per share, including discontinued operations</strong></td>
<td>EUR</td>
<td>-1.26</td>
<td>-0.53</td>
<td><strong>-2.43</strong></td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>EUR mill.</td>
<td>97.0</td>
<td>116.9</td>
<td>17.2</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>EUR mill.</td>
<td></td>
<td>170.8</td>
<td>239.3</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>EUR mill.</td>
<td>16.5</td>
<td>11.1</td>
<td>53.4</td>
</tr>
<tr>
<td><strong>Depreciation</strong>*</td>
<td>EUR mill.</td>
<td>19.4</td>
<td>14.6</td>
<td>71.9</td>
</tr>
<tr>
<td><strong>Property, plant and equipment</strong>*</td>
<td>EUR mill.</td>
<td></td>
<td>1 016.2</td>
<td>590.5</td>
</tr>
<tr>
<td><strong>Balance sheet total</strong>*</td>
<td>EUR mill.</td>
<td></td>
<td>2 237.9</td>
<td>1 936.5</td>
</tr>
</tbody>
</table>

As of 1 January 2015, real estate properties have been measured at fair values, and the fair values are depreciated during the financial. This impacts several key figures marked with *. The revaluation is not applied retrospectively for 2014.
FIRST EFFECTS OF THE EFFICIENCY PROGRAMME ARE VISIBLE

Annual cost savings of EUR 50 million targeted from 2016 in stages

Simplified processes and streamlined support functions
- Nearly 200 jobs reduced in Finland in 2015; in total up to 260 in 2015-2016
- Savings in non-FTE costs, e.g. indirect procurement
- Reduced office costs at Lindex headquarters, store closings in Russia 2015–2016

Improved cooperation with suppliers
- Reviewing brand mix and renegotiations terms with key suppliers
- Improved gross margin, decline in inventories

Releasing own retail space
- Over 15,000 sqm released during 2015
- Reducing operating costs, mainly rents

Further cost savings to be achieved in 2016 and 2017:

Divestment of Russian department stores
- Department store closure in Oulu in 2017
  - Reduced operating costs (personnel, rents)

New distribution centre in 2016
- Annual cost savings of EUR 5.5 million due to reduced personnel, rental and transport costs
  - Depreciation up EUR 2 million annually
EUR 700 million committed credit facilities, of which EUR 300 million undrawn as of 31 December 2015, due in February 2019

EUR 150 million bond due in March 2018

In addition, EUR 85 million hybrid bond* issued in December 2015, with an early redemption option on 31 January 2020

*Treated as equity and not included in liabilities
STOCKMANN RETAIL: A TOP-NOTCH SHOPPING EXPERIENCE

- **Operating result 2015** EUR -68.6 million (EUR -62.3 million), excluding non-recurring items and discontinued operations
  - Reported operating result EUR -72.9 million (EUR -63.5 million)
- **Capital expenditure 2015** EUR 25.8 million (EUR 27.2 million)
- **Nine department stores** in three countries and a growing **online store** in Finland
- Our focus is on **fashion**, **cosmetics**, **food** and **home products**
  - Withdrawing from sales of own electronic products, books, sports equipment, toy and pet supplies during 2015
  - New tenants complete our selections
  - Over 15,000 sqm retail space released in 2015
- **Targeting offerings to customers who value** **convenience** and **quality**
  - Focusing on customer service
  - Renewing our loyal customer programme
  - Offering inspirational shopping experiences
SEVERAL ACTIONS AIM FOR IMPROVED OPERATIONS

We are investing in digital services and in improving shopping environments

- Tablets for sales personnel, digital fitting rooms and Stockmann App in 2015
- New stockmann.com online store in 2016
- New women’s accessories department in the Helsinki city centre department store in 2016
- An entirely new department store in Tapiola in the Spring 2017

New distribution centre
- Centralising 4 warehouses in Finland and 1 in Latvia into a common terminal
- Automated operations to serve the Finnish and Baltic department stores and the online store more efficiently

Stockmann Delicatessen
- Focus on competitive advantages: freshness, quality and easiness
- Efficiency improvements in store operations, including waste management

Optimising the selection
- Revising brand mix in all categories
- Increasing communication on renewal and choises
- Better supplier collaboration and reviewing the number of suppliers
AIMING AT TOP-NOTCH MULTICHERNEL SHOPPING EXPERIENCES
REAL ESTATE
REAL ESTATE: EFFICIENT USE OF SPACE

• **Operating result 2015** EUR 16.3 million (EUR 15.9 million)

• **Capital expenditure 2015** EUR 4.8 million (EUR 1.7 million)

• The target is to *increase the value* of the Stockmann-owned properties by strengthening the cash flow
  – The properties are valued at their fair value in the balance sheet, based on calculations from external evaluators
  – Long-term investments in order to develop the value of the properties

• **Strengthening Stockmann’s offering** with goods and services from attractive tenants
  – Replaces product areas that Stockmann has withdrawn from
  – Brings the customers new and improved shopping experiences
  – Over 10 000 sqm from own department store use to tenants in 2015

• **Cost-effective real estate services** in own and leased properties

• **Professional service organisation**, supporting all tenants
  – Stockmann’s own security operations established as a subsidiary, offers security services to all tenants in the flagship department store in Helsinki
OUR PROPERTIES

Key figures
Gross leasable area (GLA) 144 000 sqm, of which 42% in Finland
Occupancy rate, year-end, 98.5%

Helsinki flagship building
Occupancy rate 99.7
GLA 51 000

Book Building, Helsinki
Occupancy rate 94.6
GLA 9 000

Nevsky Centre,
St Petersburg
Occupancy rate 96.9
GLA 46 000

Tallinn department store building
Occupancy rate 99.6
GLA 22 000

Riga department store building
Occupancy rate 100.0
GLA 16 000

Fair value of properties, EUR mill.
918.2
(1.1.2015: 908.3)

Usage by external tenants
31 December 2015
33%
(1.1.2015: 26%)

After divestment of Russian department stores, 1 February 2016:
47%
NEW TENANTS IN 2015 AND 2016

• **Expert** in Helsinki and Turku (Q2), Tampere (Q3)
• **Euronics** in Tallinn and Riga (Q3)
• **Bonnier/Academic Bookstore** in Helsinki, Tampere, Itis and Jumbo; in Turku and Tapiola lease agreements transferred to Bonnier (Q4)
• **Hamleys, Halti, Musti ja Mirri** and **Espresso House** in Helsinki (Q4)
• **Pharmacy Syke** in Tampere
• **Costa Coffee** in Riga (Q2) and **Katharinenthal café** in Tallinn (Q4)
• **University Pharmacy** in Tallinn (2016)
• **Intera Partners** in Bookhouse office premises in Helsinki (2016)
• **Technopolis UMA workspace** in Bookhouse in Helsinki (2016)
• **XS Toys** in Tallinn and Riga (2016)

• In total **over 15 000 sqm released** from Stockmann Retail in 2015, of which **over 10 000 sqm transferred** to tenants in own properties
OPERATIONS CONTINUE IN NEVSKY CENTRE

• Opened in the heart of St Petersburg in November 2010
• Over 90 tenants, of which 37 contracts signed or renegotiated in 2015
• New anchor tenant Reviva with a long-term rental agreement
• New brands e.g. InWear/Matinique, InvidiaUomo, Conte of Florence
LINDEX: A WORLD-CLASS FASHION BRAND

- **Operating result 2015** EUR 44.6 million (EUR 30.8 million)
- **Capital expenditure 2015** EUR 21.9 million (EUR 21.4 million)
- Offers **inspiring and affordable fashion** for women
  - Strong concepts in clothes for women and children, lingerie and cosmetics
- Established in **1954** in Sweden
  - Part of Stockmann Group since December 2007
- **487 fashion stores** in 19 countries, of which 37 franchising stores in 8 countries (31.12.2015)
  - Strong position especially in the Nordic countries
  - Online store in the EU area and Norway
- **Best Christmas sales ever** in 2015
  - Operating profit increased 72 per cent during the last quarter
• In total **487 stores in 19 countries** at year-end, of which 37 franchising stores in 8 countries
  • 17 new stores in 2015
  • 21 closed stores in 2015, of which 9 in Russia

• New market **opening in the UK**: first store opened in Q1 and second in Q4 2015

• Growing **franchising business** with two new markets in 2015: Kosovo (Q1) and Albania (Q4)

• **Target for 2016**: Total number of stores to decline
  • In Russia, remaining 10 stores will be closed by summer 2016
LINDEX IN 2016: WE MAKE FASHION FEEL GOOD

- Clear focus on sales growth with customer in mind and continued good cost control
- Further focus and investment in the digital development of our business
- Enhanced shopping experience throughout the customer journey
FURTHER INFORMATION:
www.stockmanngroup.com
investor.relations@stockmann.com