YEAR 2016: OPERATING RESULT BACK TO PROFIT

• Stockmann Group
  - Adjusted operating profit up by EUR 49 million
  - All divisions improved operating results
  - Target of the efficiency programme reached: operating costs down by EUR 66 million
  - Hobby Hall divested on 31 December 2016

• Lindex
  - All-time high sales in the first half of 2016
  - Operating profit up by over EUR 10 million

• Stockmann Retail
  - Improved operating result and gross margin
  - Operating costs down by over EUR 50 million

• Real Estate
  - Improved operating profit and fair value of properties
  - Several new attractive tenants in Finnish and Baltic properties

Gross margin

53.4%
(50.6%)

Adjusted operating profit, EUR mill.

20.2
(-28.5)

Reported operating profit, EUR mill.

17.6
(-52.5)
TURNAROUND ON TRACK

Stockmann Group, rolling 12-month adjusted operating profit (EBIT)
FOCUS ON KEY BUSINESSES

MERCHANDISE SALES 2016

- Fashion: 71%
- Food: 15%
- Home: 5%
- Cosmetics: 9%

All figures excluding Hobby Hall and discontinued operations

REVENUE 2016 BY DIVISION

- Stockmann Retail: 45%
- Lindex: 50%
- Real Estate: 5%

REVENUE 2016 BY MARKET

- Finland: 45%
- Sweden and Norway: 41%
- Baltics, Russia and other countries: 14%
STOCKMANN GROUP, FINANCIAL PERFORMANCE IN Q4 2016

- **Revenue** EUR 388.4 million (EUR 420.0 million)
  - Down by 6.5% in continuing product areas and businesses

- **Gross margin** 53.5 % (51.0 %)
  - Improvements in both Stockmann Retail and Lindex

- **Adjusted operating costs** EUR 155.9 million (EUR 176.2 million)
  - Costs down EUR 20.3 million due to lower personnel costs
  - Adjustments EUR 2.6 million (EUR 14.2 million)

- **Adjusted EBITDA** EUR 51.9 million (EUR 37.9 million)

- **Depreciation** EUR 15.4 million (EUR 19.4 million)
  - Less investments and reclassification of Nevsky Centre as investment property

- **Adjusted operating profit** EUR 36.5 million (EUR 18.5 million)
  - Improvements in both Stockmann Retail and Real Estate
  - Reported operating profit EUR 33.8 million (EUR 4.3 million)

- **Earnings per share** EUR 0.29 (EUR -0.27)
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<thead>
<tr>
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<tbody>
<tr>
<td>Equity ratio</td>
<td>%</td>
<td></td>
<td>48.3</td>
<td>46.1</td>
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<td>Gearing</td>
<td>%</td>
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<td>68.3</td>
<td>72.1</td>
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<td>Net financial costs*</td>
<td>EUR mill.</td>
<td>9.1</td>
<td>7.2</td>
<td>23.1</td>
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<td>Result for the period</td>
<td>EUR mill.</td>
<td>22.4</td>
<td>-19.1</td>
<td>-18.2</td>
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<td>Earnings per share</td>
<td>EUR</td>
<td>0.29</td>
<td>-0.27</td>
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<td>Net earnings per share,</td>
<td>EUR</td>
<td>0.36</td>
<td>-1.26</td>
<td>-0.12</td>
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<tr>
<td>including discontinued</td>
<td></td>
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<tr>
<td>operations</td>
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<td>Cash flow from operating</td>
<td>EUR mill.</td>
<td>96.1</td>
<td>97.0</td>
<td>41.5</td>
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<td>activities</td>
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<tr>
<td>Inventories</td>
<td>EUR mill.</td>
<td></td>
<td>180.7</td>
<td>170.8</td>
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<td>Capital expenditure</td>
<td>EUR mill.</td>
<td>14.7</td>
<td>16.5</td>
<td>44.2</td>
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<td>Depreciation</td>
<td>EUR mill.</td>
<td>15.4</td>
<td>19.4</td>
<td>59.2</td>
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<td>Property, plant and equipment</td>
<td>EUR mill.</td>
<td></td>
<td>1 045.9</td>
<td>1 016.2</td>
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<td>Balance sheet total</td>
<td>EUR mill.</td>
<td></td>
<td>2 241.2</td>
<td>2 273.9</td>
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</table>

* Includes adjustments of EUR 5.0 million (2015: EUR 3.3 million).
MARKET ENVIRONMENT AND OUTLOOK FOR 2017

• In Finland, economy has slowly begun to recover. GDP is expected to grow slightly. Consumers’ purchasing power is not expected to increase.

• In Sweden, GDP growth estimate remains on a higher level than in Finland. Steady growth in the fashion market stagnated in 2016, and growth rate is expected to remain at the same level in 2017.

• In the Baltic countries, GDP growth is estimated to continue. The outlook is expected to be better than for the other market areas.

• In Russia, economy is expected to recover gradually, but purchasing power of Russian customers remains low.

• Stockmann expects the Group’s revenue for 2017 to decline mainly due to changes in store network and product mix
  – Revenue of Hobby Hall and Oulu in total EUR 104.7 million in 2016

• Adjusted operating result is expected to improve
  – Improvement will mainly come from Stockmann Retail which is still loss-making
  – First-quarter operating result will be negative due to normal seasonal variations

• Capital expenditure is estimated to be approximately EUR 45-50 million, which is less than the estimated depreciation for 2017
CHANGES IN SALES REPORTING IN 2017

- Due to the new Market Abuse Regulation (MAR) and changes in the rules by the Nasdaq Helsinki, monthly sales figures are not regarded as insider information anymore.
  - Sales development should be published as a press release, not as a stock exchange announcement.
- As a consequence, Stockmann has decided that it will no longer publish monthly sales releases in 2017
- Merchandise sales do not give a comprehensive view of the monthly revenue, or the profitability
  - Part of merchandise sales is replaced by rental income from tenants in Real Estate
  - Part of merchandise sales is replaced by service and sales income due to new business models in Stockmann Retail, such as concession
- In 2016
  - Group’s merchandise sales excluding Hobby Hall EUR 1 165 million vs. revenue excluding Hobby Hall EUR 1 228 million
  - Retail’s merchandise sales excluding Hobby Hall EUR 536 million vs. revenue excluding Hobby Hall EUR 561 million
  - (Figures excluding Hobby Hall updated to the presentation)

Group’s revenue in January 2017
(vs. January 2016)

Lindex -6.2%
- Comparable currencies -4%
Stockmann Retail -1.4%
- Finland -1.6%
- Baltics -0.3%

Group, total -2.7%

Excluding Hobby Hall and Oulu department store
ENTERING THE NEXT PHASE: FOCUS ON CUSTOMER EXPERIENCE

- Key focus for Stockmann is to create new reasons to visit our stores, in order to increase traffic and sales
- We are on track to reach our target of achieving a positive operating profit for Stockmann Retail by the end of 2018

**People & culture**
- One Stockmann
- Empowered employees

**Efficiency**
- Focus on core businesses
- Cost efficiency
- Effective supply chain with a new distribution centre

**Customer**
- Premium shopping experience
- Leading-edge selection in fashion, beauty, home and food
- Excellent customer service and inspiring scene

TURNAROUND ON TRACK

Stockmann Group, rolling twelve-month adjusted operating profit (€ million)
LINDEX, HIGHLIGHTS IN 2016

- **Best sales ever** for the first half of 2016, **all-time high** result for Q2
- Successful campaigns and improvements in meeting the customer
- Tough autumn with reduced traffic in the stores and high comparable sales figures
- **Reduced** number of unprofitable stores and lower costs
- Launch of new communication concept: **We Make Fashion Feel Good**
- **Kid’s wear**: Well received introduction of Holly & Whyte
- Successful integration of **plus sizes** into all core concepts
- Great progress in the **sustainability work**
  - More than 50% of Lindex clothes are made of more sustainable materials
  - Launch of **Reuse Recycle** possibility in all Nordic markets
- Launch of new **store concept**
  - Focus on enhanced digital shopping experience
  - Customer in focus
LINDEX, FINANCIAL PERFORMANCE IN Q4 2016

- **Revenue** down 7.2% to EUR 171.3 million (EUR 184.6 million)
  - At comparable exchange rates down 4.7%, or 4.0% in comparable stores
  - Fantastic sales on Black Friday in November, but Christmas trade did not reach its target particularly in Finland and in Sweden

- **Gross margin** 67.6% (62.6%)
  - Increase due to a redefined treatment of inventory obsolescence and a correction related to allocation of warehouse expenses
  - Gross margin 65.0% (62.6%) excluding effect from the correction

- **Operating costs** up by EUR 2.3 million
  - Due to currency exchange rates, costs in SEK down on the previous year

- **Operating profit** EUR 19.6 million (EUR 21.3 million)

- **Operating profit 2016** EUR 54.9 million (EUR 44.6 million)

- **Capital expenditure 2016** EUR 17.7 million (EUR 21.9 million)
• **Store network**
  on 31 December 2016
  – **475 stores in 16 countries**, of which 39 franchising stores
  – 2 stores opened and 3 closed in Q4 2016
  – 13 stores opened and 25 closed in full-year 2016

• **New stores & markets in 2017**
  – Over 15 new own stores in 2017
  – Net increase of stores lower, due to some store closures in all markets
  – New franchising stores in the Balkan area
  – New franchising markets Qatar and Tunis
LINDEX WAY FORWARD

• Strong sales focus with customer in center
• Launch of new assortment strategy for all product areas in order to achieve greater clarity
• Digital expansion and increased focus on enhanced customer experience online
STOCKMANN RETAIL, HIGHLIGHTS IN 2016

• Operating **result improved** by approx. EUR 20 million
  – **Efficiency programme** generates cost savings according to plan

• Withdrawal from non-profitable businesses affected revenue significantly
  – Changes in product mix and reduced store space
  – Department store operations in Russia sold on 1 February 2016
  – Hobby Hall sold on 31 December 2016

• Building premium shopping environments
  – Large refurbishments in accessories, beauty and home departments in the **Helsinki Flagship** department store
  – **Delicatessen in Turku** completely refurbished
  – **New department store in Tapiola** will open on 16 March 2017

• Improved online presence
  – New **Crazy Days** online store launched in October
  – New **stockmann.com** online store launched in November
  – More continuous digital marketing instead of price driven campaigns

• New **distribution centre** in full capacity since autumn 2016
STOCKMANN RETAIL, FINANCIAL PERFORMANCE IN Q4 2016

- **Revenue** EUR 207.6 million (EUR 228.5 million)
  - Down by 8.3% in continuing product areas and businesses
  - Best development in the Baltic stores
  - Revenue declined most in Oulu, where the store was closed on 31 January 2017
  - Department store in Tapiola suffered from renovations in the area

- **Gross margin** 41.7% (39.2%)
  - Up due to more efficient buying, changes in product mix and less discounts

- **Operating costs** EUR 69.2 million (EUR 87.0 million)
  - Costs down by EUR 17.8 million mostly due to lower personnel costs

- **Operating result** EUR 14.0 million (EUR 0.4 million)
  - Department store business: EUR 13.0 million (EUR 2.4 million)
  - Hobby Hall: EUR 1.1 million (EUR -1.9 million)

- **Operating result 2016** EUR -49.8 million (EUR -72.9 million)
- **Capital expenditure 2016** EUR 21.2 million (EUR 25.8 million)
OVER 30 NEW BRANDS AND POP-UPS IN SPRING 2017

COLE HAAN
PINKO
The North Face
Jack Wolfskin
metsofa
elvite
DEFEND PARIS
Japan Rags
OSCAR JACOBSON
ÉTOILE ISABEL MARANT
SUPERGA
Gastro
Defend
A more
RIP CURL
Delicatellov.
KOSTA BODA
COFUR
SKANDINAVISK
iiris hantverk:
VIVARAISE
STOCKMANN

STOCKMANN

15.2.2017
THE NEW STOCKMANN TAPIOLA WILL OPEN ON 16 MARCH 2017

• Completely new department store concept
• Effective sales area 9 000 sqm in total
• Broad walking boulevards, displaying seasonal themes, new arrivals and offers for loyal customers
• Several new international and Finnish brands in the selection
• Resting place for customers with possibilities to use tablets and coffee machines
• Responsibility taken into account already in the planning phase
  – Led lighting, energy efficient refrigerators
  – ISO 14001 Environmental Management System
• New underground Tapiola Park with 2 000 parking spaces
  – One hour free parking for Stockmann’s First and Exclusive loyal customers
• Easily accessible by car, forthcoming underground bus terminal and metro
STOCKMANN TAPIOLA, NEW LOCATION

New department store

Old department store
STOCKMANN TAPIOLA, NEW DELICATESSEN

- Focus on **fresh food**, high-quality products and **convenience**
- Extensive **service counters** with generous offerings – open throughout the week, even Sundays
- Personal and professional **customer service**
- **Food Market** with a broad selection of ecological products and small local suppliers
- Piloting **“Ready to cook” convenience food** in the meat and fish counters, will extend later to the other department stores
- Assortments for **special diets**: gluten-free, vegetarian etc.
- New service: **Delicatessen’s Hand-made Meals to Go**
  - Order online, pick from Delicatessen or get the bag brought to your home
- **Easy access** from new parking facilities
- Long **opening hours**: Mon-Fri 7-23, Sat 7-21, Sun 10-21
REAL ESTATE
REAL ESTATE, HIGHLIGHTS IN 2016

- **Fair value of department store properties** increased by over EUR 30 million in 2016
- Stable increase in operating profit, partly due to reclassification of Nevsky Centre as an investment property
- **New high-end brands and services** in the totally renewed street floor in the Helsinki flagship store
- Extending product offering in the Finnish department stores with toys, outdoor gear, jewelries & watches etc.
- Completely renewed **fifth floor** in the department store in Tallinn, with new food & beverage experiences, services and product areas
- New partners in the second floor of **Riga department store**
- Finalising new tenant mix in the Book House
- Several new tenants in the Nevsky Centre shopping centre
- Investigation of the **possibility to divest Nevsky Centre** in progress
REAL ESTATE, FINANCIAL PERFORMANCE IN Q4 2016

• **Fair value** of the properties EUR 950.1 million at year-end (EUR 918.2 million on 1 January 2016)

• **Occupancy rate** 99.1% (98.5%)
  - Increase in Book House in Helsinki and in Tallinn

• **Net operating income** from Stockmann-owned properties EUR 11.1 million (EUR 9.0 million)
  - Average monthly rent EUR 33.36 per sqm (EUR 33.07) in 2016

• **Revenue** EUR 15.7 million (EUR 14.4 million)
  - Up due to less temporary rent adjustments in Nevsky Centre and new tenants in the department store buildings

• **Operating profit** EUR 4.6 million (EUR 1.7 million)
  - Change in allocation of maintenance expenses in 2015
  - Nevsky Centre treated as an investment property and not depreciated

• **Operating profit 2016** EUR 21.1 million (EUR 16.3 million)

• **Capital expenditure 2016** EUR 5.3 million (EUR 4.8 million)
REAL ESTATE, PROPERTIES

Key figures
Gross leasable area (GLA) 142 000 sqm, of which 42% in Finland
Occupancy rate 99.1%

Helsinki flagship building
Occupancy rate 99.8
GLA 51 000
Usage by Retail 78%

Book House, Helsinki
Occupancy rate 100.0
GLA 9 000
Usage by Retail 30%

Tallinn department store building
Occupancy rate 99.8
GLA 22 000
Usage by Retail 84%

Riga department store building
Occupancy rate 100.0
GLA 15 000
Usage by Retail 86%

Nevsky Centre, St Petersburg
Occupancy rate 97.6
GLA 46 000
Usage by Retail 0%

Fair value of properties
950.1
(918.2)

Usage of properties

Excluding Nevsky Centre, share of Stockmann Retail 76%
NEW CAFÉS IN THE HELSINKI FLAGSHIP
FURTHER INFORMATION:
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investor.relations@stockmann.com