Q1 2017 IN BRIEF

• **Stockmann Group**
  - Operating result up by EUR 2.5 million
  - Improved operating results for Stockmann Retail and Real Estate, decline for Lindex

• **Lindex**
  - Comparable revenue increased in all markets except Sweden and Norway
  - Operating result down in the main markets

• **Stockmann Retail**
  - Improved operating result, up EUR 6.4 million excluding Hobby Hall
  - Operating costs significantly down due to the efficiency programme

• **Real Estate**
  - Increased revenue and operating profit
  - Higher rent levels, particularly in Nevsky Centre
  - Nevsky Centre reclassified as an asset held for sale

Gross margin

51.1%

(50.2%)

Operating result, EUR mill.

-27.8

(-30.3)
TURNAROUND CONTINUES WITH IMPROVED PERFORMANCE: OPERATING RESULT UP EUR 39 MILLION IN THE PAST 12 MONTHS

![Bar chart showing Stockmann Group, rolling 12-month adjusted operating profit (EBIT)]
STOCKMANN GROUP, FINANCIAL PERFORMANCE IN Q1 2017

- **Revenue** EUR 242.7 million (273.1)
  - Down by 2.9% in comparable businesses i.e. excluding Hobby Hall, Oulu department store and Lindex stores in Russia

- **Gross margin** 51.1% (50.2)
  - Up due to divestment of Hobby Hall

- **Operating costs** EUR 136.5 million (153.2)
  - Down by EUR 16.8 million mainly due to lower personnel costs

- **EBITDA** EUR -12.5 million (-16.2)

- **Depreciation** EUR 15.3 million (14.2)

- **Operating profit** EUR -27.8 million (-30.3)
  - Improvements in both Stockmann Retail and Real Estate

- **Earnings per share** EUR -0.43 (EUR -0.46)
## KEY FIGURES

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<th>1–12/2016</th>
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<tr>
<td><strong>Equity ratio</strong></td>
<td>%</td>
<td>46.1</td>
<td>44.8</td>
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<td><strong>Gearing</strong></td>
<td>%</td>
<td>79.9</td>
<td>81.6</td>
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<td><strong>Net financial items</strong></td>
<td>EUR mill.</td>
<td>-4.6</td>
<td>-4.3</td>
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<tr>
<td><strong>Result for the period</strong></td>
<td>EUR mill.</td>
<td>-29.6</td>
<td>-31.6</td>
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<td><strong>Earnings per share</strong></td>
<td>EUR</td>
<td>-0.43</td>
<td>-0.46</td>
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<tr>
<td><strong>Net earnings per share, including discontinued operations</strong></td>
<td>EUR</td>
<td>-0.43</td>
<td>-0.31</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>EUR mill.</td>
<td>-78.1</td>
<td>-75.3</td>
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<tr>
<td><strong>Inventories</strong></td>
<td>EUR mill.</td>
<td>205.6</td>
<td>203.4</td>
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<td><strong>Capital expenditure</strong></td>
<td>EUR mill.</td>
<td>7.8</td>
<td>5.9</td>
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<td><strong>Depreciation</strong></td>
<td>EUR mill.</td>
<td>15.3</td>
<td>14.2</td>
</tr>
<tr>
<td><strong>Property, plant and equipment</strong></td>
<td>EUR mill.</td>
<td>1 038.4</td>
<td>1 007.3</td>
</tr>
<tr>
<td><strong>Balance sheet total</strong></td>
<td>EUR mill.</td>
<td>2 259.1</td>
<td>2 286.9</td>
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MARKET ENVIRONMENT AND OUTLOOK FOR 2017

- In **Finland**, economy has slowly begun to recover. GDP and retail market are expected to grow slightly in 2017, but consumers’ purchasing power is not expected to increase and purchasing behaviour is changing.

- In **Sweden**, GDP growth estimate for 2017 remains on a higher level than in Finland. Steady growth in the fashion market stagnated in 2016, and market is expected to decline 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 consumers remains low.

- Stockmann expects the **Group’s revenue** for 2017 to decline due to changes in store network and product mix.

- **Adjusted operating profit** is expected to improve.
LINDEX
LINDEX, HIGHLIGHTS IN Q1 2017

- Positive sales development in women’s wear thanks to higher fashion level and greater clarity between concepts, but decline in other areas
- Increased sales in all markets except Sweden and Norway, which resulted in decrease in total sales and profitability
- Continued increase in online customers and sales
- Successful brand building in the spring campaign for women
- Launch of Re:Design, a collection of exclusive upcycled products
- Release of Sustainability Report 2016, showing great progress
  - 51% of our garments are made from more sustainable materials
  - 91% of our cotton comes from more sustainable sources
  - Launch of Even better denim styles containing post-consumer recycled cotton
- Global employee survey: record result particularly in commitment, internal communications, and leadership
- New Lindex Board member: Jukka Ruuska
LINDEX, FINANCIAL PERFORMANCE IN Q1 2017

- **Revenue** down 5.4% to EUR 123.2 million (130.2), or down 4.8% excluding Russian stores in 2016
  - At comparable exchange rates down 1.5% in comparable stores
  - Comparable sales increased in women’s wear and in all markets except Sweden and Norway

- **Gross margin** 57.2% (59.4%)
  - Higher markdowns than in the previous year
  - Redefined treatment of inventory obsolescence improved the 2016 comparison figure by 0.6 percentage points

- **Operating costs** down EUR 0.8 million
  - Slightly lower store costs

- **Operating profit** EUR -14.7 million (-8.5)
• **Store network** on 31 March 2017
  - 476 stores in 16 countries, of which 39 franchising stores
  - 4 stores opened and 3 closed in Q1 2017

• **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 commercial **summer** and **autumn campaigns** to come
- Actions to **improve operating profit**
- **Increased investments** and competence in the digital business
  - Launch of Lindex mobile app
  - Release of new responsive web site
- Continuously increased **customer** and **sales focus**
STOCKMANN RETAIL, HIGHLIGHTS IN Q1 2017

- **Operating result** excluding Hobby Hall improved by EUR 6.4 million
  - Efficiency programme generates cost savings according to plan
- Continuous updates to brands in **selection, service, store environment** and **marketing**
  - Non-food sales in Q1 on a par with the previous year
- **New Stockmann Tapiola** successfully opened on 16 March 2017
  - **Visitors** during the first whole sales week increased 65%
  - **Sales** during the first whole sales week increased 36%
STOCKMANN RETAIL, FINANCIAL PERFORMANCE IN Q1 2017

- **Revenue** EUR 109.5 million (135.2)
  - Down by 2.9% in comparable businesses (excluding Hobby Hall and Oulu store)
  - Timing of Easter had a negative effect on sales in Delicatessen in Finland
  - Revenue grew in both Tallinn and Riga department stores

- **Gross margin** 39.7% (38.4%)
  - Up due to the divestment of Hobby Hall
  - Close to the 2016 level in department store operations

- **Operating costs** EUR 57.0 million (66.4 or 73.4 incl. Hobby Hall)
  - Costs excluding Hobby Hall down by EUR 9.4 million
  - Savings in personnel costs due to the efficiency program

- **Operating result** EUR -17.4 million (-23.8 or -25.3 incl. Hobby Hall)
Crazy Days key facts
- Campaign held on 5-9 April 2017 in Finland, Estonia and Latvia
- Eight department stores and the online store hullutpaivat.com

Sales close to the 2016 level
- Total sales development: -1%
  - Finland: -1%
  - Tallinn and Riga: +2%
- Strong growth in the online store: now Stockmann’s second largest store during the Crazy Days campaign

50 000+
online store orders

3 million
campaign products
in all markets

GHOST DOUGHNUTS SOLD
63 000

OVER A MILLION
sales transactions (receipts) in brick-and-mortar stores
REAL ESTATE
REAL ESTATE, HIGHLIGHTS IN Q1 2017

• Increased **revenue** and **operating profit**

• **New partners** in the department stores
  – Mumin Kaffe on the 5th floor in Helsinki flagship
  – Robert’s Coffee, flower shop and hair salon in new Tapiola store
  – Westerback jewelry and watch shops in Turku and Tapiola stores
  – Solaris sunglasses in Helsinki flagship and Itis stores

• **Book House** is now fully leased
  – UMA Esplanadi coworking space by Technopolis to expand as of 2 May

• Development of properties continues in **Baltics**
  – A rooftop terrace opening in Tallinn in the summer

• Several **new tenants and higher rent levels** in Nevsky Centre
  – Strenghtened **Russian rouble** exchange rates
  – Investigation of the possibility to divest Nevsky Centre in progress
REAL ESTATE, FINANCIAL PERFORMANCE IN Q1 2017

- **Fair value** of the properties EUR 944.7 million at 31 March 2017 (EUR 950.1 million on 1 January 2017)
- **Occupancy rate** 99.1% (99.1%)
- **Net operating income** from own properties EUR 12.9 million (12.1)
  - Average monthly rent EUR 37.76 per sqm (32.62)
  - Net rental yield 5.5% (5.3%)
- **Revenue** EUR 17.0 million (14.8)
  - Higher rent levels particularly in Nevsky Centre
- **Operating profit** EUR 6.4 million (6.0)
STOCKMANN ROOF, A NEW HELSINKI DOWNTOWN TERRACE

• Location in the heart of Helsinki, on the roof of Stockmann’s flagship department store (8th floor) – a new reason to visit Stockmann for shoppers and tourists!

• Own entrance from Pohjoisesplanadi street, enabling longer opening hours than for the rest of the department store

• Operated by Stockmann’s partner Royal Ravintolat Oy

• Beverages and drinks, assorted food from Hanko Sushi, and possibility to arrange company events with servings from Restaurant Teatteri

• Opening in the middle of May
FURTHER INFORMATION:
www.stockmannngroup.com
investor.relations@stockmann.com
twitter: @stockmannngroupF