## Q3 2017 IN BRIEF

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
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<tbody>
<tr>
<td><strong>Group’s gross margin</strong></td>
<td>56.2% (56.6)</td>
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<tr>
<td><strong>Group’s adjusted operating result, EUR mill.</strong></td>
<td>-1.4 (4.8)</td>
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<tr>
<td><strong>Retail’s operating result, EUR mill.</strong></td>
<td>-10.8 (-13.9, excl. Hobby Hall)</td>
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### Stockmann Group
- Continuously improved performance in Stockmann Retail and Real Estate
- Impairment of EUR 150 million in Lindex goodwill
- Investigation of the sale of Stockmann Delicatessen in Finland on-going in the Competition and Consumer Authority

### Lindex
- Operating profit down by EUR 10.2 million
- Profitability improvement programme starts at Lindex

### Stockmann Retail
- Operating result up by EUR 5.3 million, or EUR 3.1 million excluding Hobby Hall
- Increased revenue both in Finland and in the Baltics

### Real Estate
- Operating profit up by EUR 1.2 million
- Investigation related to the divestment of Nevsky Centre is on-going
Stockmann Group, rolling 12-month adjusted operating profit (EBIT)
STOCKMANN GROUP, FINANCIAL PERFORMANCE* IN Q3 2017

- **Revenue** EUR 242.0 million (263.9)
  - Revenue on a par with the previous year in comparable businesses

- **Gross margin** 56.2% (56.6%)
  - Up in Stockmann Retail due to the divestment of Hobby Hall and down in Lindex

- **Operating costs** EUR 122.0 million (131.2)
  - Down by EUR 9.2 million due to lower personnel and other costs

- **EBITDA** EUR 14.0 million (18.9)

- **Depreciation** EUR 15.5 million (14.1)

- **Adjusted operating result** EUR -1.4 million (4.8)
  - Increased operating result in Stockmann Retail and Real Estate

- **Reported operating result** EUR -151.4 million (4.8)
  - Impairment charge of EUR 150 million in Lindex’s goodwill

*Continuing operations*

Delicatessen in Finland is classified as asset held for sale and reported as discontinued operations, and therefore not included in the presented figures.
### KEY FIGURES

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<tbody>
<tr>
<td><strong>Equity ratio</strong></td>
<td>%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>41.9</td>
<td>45.4</td>
<td>48.3</td>
</tr>
<tr>
<td><strong>Gearing</strong></td>
<td>%</td>
<td></td>
<td>95.0</td>
<td>80.8</td>
<td>68.3</td>
</tr>
<tr>
<td><strong>Net financial items</strong>*</td>
<td>EUR mill.</td>
<td>-4.8</td>
<td>-5.0</td>
<td>-20.1**</td>
<td>-14.0</td>
</tr>
<tr>
<td><strong>Result for the period</strong>*</td>
<td>EUR mill.</td>
<td>-158.0</td>
<td>-5.4</td>
<td>-186.0</td>
<td>-28.4</td>
</tr>
<tr>
<td><strong>Earnings per share</strong>*</td>
<td>EUR</td>
<td>-2.21</td>
<td>-0.09</td>
<td>-2.64</td>
<td>-0.45</td>
</tr>
<tr>
<td><strong>Net earnings per share, including discontinued operations</strong></td>
<td>EUR</td>
<td>-2.25</td>
<td>-0.12</td>
<td>-2.78</td>
<td>-0.47</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>EUR mill.</td>
<td>-29.9</td>
<td>-33.7</td>
<td>-59.7</td>
<td>-54.6</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>EUR mill.</td>
<td></td>
<td>204.6</td>
<td>205.4</td>
<td>180.7</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>EUR mill.</td>
<td>8.5</td>
<td>10.1</td>
<td>24.2</td>
<td>29.6</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>EUR mill.</td>
<td>15.5</td>
<td>14.1</td>
<td>45.4</td>
<td>42.1</td>
</tr>
<tr>
<td><strong>Property, plant and equipment</strong></td>
<td>EUR mill.</td>
<td></td>
<td>1 018.7</td>
<td>998.6</td>
<td>1 045.9</td>
</tr>
<tr>
<td><strong>Balance sheet total</strong></td>
<td>EUR mill.</td>
<td>2 082.0</td>
<td>2 234.7</td>
<td>2 241.2</td>
<td></td>
</tr>
</tbody>
</table>

* Continuing operations.

** Includes a write-off of EUR 3.8 million related to Tuko Logistics Cooperative in Q2 2017, and a write-off of EUR 2 million related to Seppälä in Q3 2017.
MARKET ENVIRONMENT AND OUTLOOK FOR 2017

• **Market environment**
  - In **Finland**, economy has begun to recover, but consumers’ purchasing power is not expected to increase and purchasing behaviour is changing
  - In **Sweden**, fashion market expected to decline in 2017
  - In the **Baltics**, outlook better than for the other market areas
  - In **Russia**, economy expected to recover gradually

• **Stockmann Group’s operating result**
  - Improvements to come mainly from **Stockmann Retail**
  - **Real Estate** expected to continue its stable profitable performance
  - **Lindex** operating profit will be clearly down on the previous year’s record-high earnings


• Stockmann expects the Group’s revenue for 2017 to decline due to weaker sales development of Lindex, and changes in the store network and product mix

• Adjusted operating profit in continuing operations is expected to be approximately on a par with or slightly weaker than in 2016
LINDEX
LINDEX, HIGHLIGHTS IN Q3 2017

- Total sales declined, though growth outside of the Nordic market
- Short term actions initiated with focus to secure sales in Q4
- Efficiency analysis for improved profitability concluded
- Successful launch of the Pants solution concept – easier than ever to find the right trousers
- Release of Smart shopping app to further strengthen the omnichannel position
- Successful rollout of My Store, iPads in stores for increased efficiency
- Two new franchise markets: Tunisia and Qatar
LINDEX, FINANCIAL PERFORMANCE IN Q3 2017

- **Revenue** down 3.2% to EUR 151.1 million (156.1)
  - Comparable store sales -3.0% due to decrease in the Nordic countries and Estonia

- **Gross margin** 59.9% (63.7%)
  - Higher markdowns than in the previous year
  - Redefined treatment of inventory obsolescence improved the 2016 comparison figure

- **Operating costs** up EUR 0.9 million
  - Slightly up due to increased fixed costs

- **Operating profit** EUR 5.5 million (15.7)
  - Down due to lower sales and gross margin

- **Impairment** of EUR 150 million related to Lindex’s goodwill
  - Reported as a separate item in the Group’s Q3 segment information
• **Store network**
  on 30 September 2017
  - 482 stores in 18 countries, of which 45 franchising stores
  - 6 stores opened and 2 closed in Q3 2017
  - Two new franchising markets:
    - **Tunisia and Qatar**
    - Launch of e-commerce in **Iceland**

• **New stores & markets in 2017**
  - Over 15 new own stores in 2017
  - Certain loss-making stores closed during the year
  - Total number of stores at year-end approx. 490
LINDEX PROFITABILITY IMPROVEMENT PROGRAMME

INCREASING SALES

• Improve collections
  – Adjust assortment strategy
  – Shorten time from design to store
  – Secure the basic selection
  – Reduce stock-outs

• Marketing & digitalisation
  – Prioritise digital expansion
  – Increase share of digital marketing in media spend

IMPROVING PROFITABILITY

• Increase gross profit
  – Decrease clearance markdowns due to improvements in the offering
  – Increase efficiency in store operations

• Annual fixed cost savings of over EUR 10 million*
  – Actions in the headquarters, Nordic back-office organisations and the distribution centre
  – Personnel reductions mainly in the headquarters in Gothenburg
  – A provision of EUR 3 million to be booked in Q4 2017
  – Efficiency target to be achieved by the end of 2018

*Based on the current EUR/SEK currency exchange rate
LINDEX WAY FORWARD

• Implementing the **Profitability Improvement Program**
• Important **Pink Ribbon Campaign** for the fight against breast cancer – 15th year in a row
• Launch of new **Even Better Denim** styles, more sustainable than ever
• Securing the assortment and marketing to optimise **Christmas sales**
• Development of **new store formats and concepts**
• Continuing investments in **digital business and e-commerce**
STOCKMANN RETAIL, HIGHLIGHTS IN Q3 2017

• **Revenue** in comparable business up 4.6%
  - Revenue grew in all department stores
  - Strongest growth in Itis, Tallinn and Riga
  - Best performance in fashion merchandise area

• **Successful campaigns**
  - Summer sale in July
  - Beauty Days and Back to Business in August
  - Loyal Customer Day in Tapiola and Tallinn in September
  - CASA Stockmann participation in Habitare fair in September

• **Stockmann Magazine**
  - Brand new lifestyle magazine available in Finnish and Swedish
  - Distributed in the department stores during the fashion campaign weeks

• **Sale of the Finnish Stockmann Delicatessen to S Group**
  - Investigation of the transaction on-going in the Finnish Competition and Consumer Authority (FCCA)
  - Decision expected by 18 December 2017
STOCKMANN RETAIL, FINANCIAL PERFORMANCE* IN Q3 2017

• **Revenue** EUR 81.2 million (99.2)
  – Revenue in comparable businesses up 4.6%
  – Finland up 3.9% and Baltics up 6.9%

• **Gross margin** 44.2% (44.3 or 41.9 incl. Hobby Hall)

• **Operating costs** EUR 43.0 million (47.6 or 54.6 incl. Hobby Hall)
  – Decline was due to the efficiency measures initiated in 2016

• **Operating result** EUR -10.8 million (-13.9 or -16.1 incl. Hobby Hall)

*Continuing operations*

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INCREASED FASHION SALES IN Q3
Crazy Days key facts
- Campaign held on 11-15 October 2017 in Finland, Estonia and Latvia
- Eight department stores and the online store hullutpaivat.com

Campaign sales
- Total sales: +2%
- Finland: +1%
- Tallinn and Riga: +6%

Hullutpaivat.com is Stockmann’s second largest store during the Crazy Days campaign

+25% Sales in the online store

1.2 million sales transactions (receipts) in brick-and-mortar stores

60 000 Online store orders

2 million campaign products in all markets

-50% PLASTIC BAG CONSUMPTION
REAL ESTATE
REAL ESTATE, HIGHLIGHTS IN Q3 2017

• Increased **revenue** and **operating profit**
  - Stable performance
  - Improvements particularly in Russia due to higher rental income from **Nevsky Centre**

• **Partners** offer new experiences to customers in the stores
  - XS Toys to start as a new toy store tenant in Helsinki flagship
  - AT Lastenturva opened a baby equipment shop in Helsinki flagship
  - Hoivanet a new partner offering child care services in Helsinki
  - First Espresso House café in Tampere will open at Stockmann early 2018

• Investigation into the divestment of **Nevsky Centre** is on-going
REAL ESTATE, FINANCIAL PERFORMANCE IN Q3 2017

- **Occupancy rate** of own properties 99.5% (98.9%)
- **Net operating income** from own properties EUR 12.6 million (10.9)
  - Average monthly rent EUR 36.6 per sqm (32.9)
  - Net rental yield in January–September 5.4% (4.9%)
- **Revenue** EUR 16.5 million (14.9)
  - Higher rental income from Nevsky Centre
- **Operating costs** on a par with the previous year
- **Operating profit** EUR 6.3 million (5.1)
REAL ESTATE, STOCKMANN-OWNED PROPERTIES

**Key figures**
30.9.2017
Gross leasable area (GLA) 142 000 sqm, of which 42% in Finland
Occupancy rate 99.5%

Real estate:
- **Helsinki flagship building**
  - Occupancy rate 99.8
  - GLA 51 000
  - Usage by Retail 76% (68*)
- **Book House, Helsinki**
  - Occupancy rate 100.0
  - GLA 9 000
  - Usage by Retail 30% (6*)
- **Nevsky Centre, St Petersburg**
  - Occupancy rate 98.6
  - GLA 46 000
  - Usage by Retail 0%
- **Tallinn department store building**
  - Occupancy rate 100.0
  - GLA 22 000
  - Usage by Retail 84%
- **Riga department store building**
  - Occupancy rate 100.0
  - GLA 15 000
  - Usage by Retail 86%

**Fair value of properties**
950.1
(1.1.2016: 918.2)

**Usage of properties**
30.9.2017
- **Stockmann Retail**
  - 51%
- **External tenants**
  - 49%

Excluding Nevsky Centre, share of Stockmann Retail **75%** or **69%** when the Delicatessen transaction is completed.

* When the Delicatessen transaction is completed.