STOCKMANN IN BRIEF

No 1 source of inspiration for modern urban life

- International multichannel retailer **founded in 1862**
- Revenue **EUR 1 435 million** in 2015
- Personnel approx. **8,500** at year-end 2016
- Shareholders approx. **50,000** at year-end 2016

STOCKMANN RETAIL

- 9 department stores in 3 countries (Finland, Estonia, Latvia);
  online store stockmann.com

REAL ESTATE

- 5 real estates in 4 countries (Finland, Russia, Estonia, Latvia)

LINDEX

- 475 fashion stores in 17 countries;
  online store lindex.com;
  6 purchasing offices in 5 Asian countries
FOCUS ON THE KEY BUSINESSES

Lindex
- A world class fashion chain
- Increasing profitability – all time high EBIT in Q2 2016, 12 month rolling EBIT margin 8.8%
- Potential for growth following a year of consolidation

Real Estate
- A high-quality real estate portfolio
- Focus on efficient use of space
- Improving shopping experience with attractive new tenants
- Possible divestment of Nevsky Centre

Stockmann Retail
- Focus on fashion, beauty, home and food
- Several initiatives to improve efficiency
- Actions to secure sales development
- Target to reach a positive EBIT in 2018
TURNAROUND ON TRACK

- Improved result driven by divestments, restructuring and solid performance of Lindex and Real Estate
- Target to reach a slightly positive operating result for the Group in 2016
- Several initiatives to turn Stockmann Retail profitable by 2018

New direction Q4 2014
Withdrawal from non-core business: Seppälä, Academic Bookstore, Hobby Hall
Exit from retail business in Russia
Independent development of Lindex
Stockmann Retail and Real Estate: strong partnership

GROUP’S 12 MONTH ROLLING EBIT, ADJUSTED

EURm

GROUP’S QUARTERLY EBIT, ADJUSTED

EURm
NEW STRONG FINNISH OWNER TO HOBBY HALL

- Hobby Hall was part of the Stockmann Group since 1985
- Business sold to the Finnish family-owned SGN Group
- Closing took place on 31 December 2016 and the transfer of business on 1 January 2017
- Purchase price does not have a significant effect on Stockmann’s earnings, but will improve profitability
- Transaction included Hobby Hall’s entire assets, liabilities, business activities and personnel, excluding the logistics operations
- Approx. 150 employees transferred to SGN Group
- Logistics and related personnel moved to Posti Group as of 1 May 2016

Key figures
- Revenue FY2016 approx. EUR 72 million
- Operating result 1-9/2016 EUR -6.1 million
• **Stockmann Group**
  - Sixth consecutive quarter with improved operating result: for the first time in three years a positive figure for Q3
  - Efficiency programme progressing according to plan: operating costs EUR 140.8 million (EUR 157.9 million)

• **Stockmann Retail**
  - Improved operating profit and gross margin
  - Major cost savings achieved through the efficiency programme

• **Real Estate**
  - Several new tenants in department stores both in Finland and in the Baltics
  - Occupancy rate in Nevsky Centre up to 98.1%

• **Lindex**
  - Operating profit continued to grow
  - Sales increased in July and August, but decreased in September
LINDEX: A WORLD-CLASS FASHION BRAND

• Offers **inspiring and affordable fashion** for women
  – Strong concepts in women’s and children’s clothing, lingerie and cosmetics

• Established in 1954 in Sweden
  – Part of Stockmann Group since December 2007
  – Developed independently with a separate Board of Directors

• **475 fashion stores** in 17 countries, of which 39 franchising stores
  – Strong market position in the Nordic countries, particularly in Sweden
  – Online store in the EU area and Norway
  – All remaining stores in Russia closed in 2016
  – The first two stores opened in UK, London in 2015

• **Operating profit 2015** EUR 44.6 million (EUR 30.8 million)

• **Operating profit Q3 2016** EUR 15.7 million (EUR 15.5 million)
LINDEX: STRONG POSITION IN THE NORDIC REGION

• **Store network**
on 31 December 2016:
  - **475 stores in 17 countries**, of which 39 franchising stores
  - 2 new stores opened in Q4 2016, Kosovo & Saudi Arabia
  - 3 stores closed in Q4 2016, all in Finland

• **New stores and markets**
  - New franchising stores in the Balkan area in 2017
  - Investigates possibilities to enter new franchising markets in 2017
REAL ESTATE: A HIGH QUALITY REAL ESTATE PORTFOLIO

Key figures Q3
Gross leasable area (GLA) 144 000 sqm, of which 42% in Finland
Occupancy rate 98.7%

Helsinki flagship building
Occupancy rate 99.7
GLA 51 000
Usage by Retail 79%

Book House, Helsinki
Occupancy rate 94.6
GLA 9 000
Usage by Retail 30%

Tallinn department store building
Occupancy rate 99.8
GLA 22 000
Usage by Retail 83%

Riga department store building
Occupancy rate 100.0
GLA 16 000
Usage by Retail 86%

Nevsky Centre, St Petersburg
Occupancy rate 98.1
GLA 46 000
Usage by Retail 0%

Fair value of properties
Q3/2016, EUR mill.

904.3

Usage of properties
Q3/2016

External tenants 48%
Stockmann Retail 52%
REAL ESTATE: EFFICIENT USE OF SPACE

• **Increasing the value** of Stockmann-owned properties by strengthening external cash flows
  - Properties are valued at their fair value in the balance sheet, based on appraisals 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

• Cost-effective, professional real estate service organisation

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

• **Operating profit Q3 2016** EUR 5.1 million (EUR 4.5 million)
POSSIBLE DIVESTMENT OF NEVSKY CENTRE IN ST PETERSBURG

The Board of Directors has decided to investigate a possible divestment of the Nevsky Centre shopping centre.

- The shopping centre opened in the heart of St Petersburg in November 2010, and has today over 90 tenants.

### Gross Leasable Area
- sqm
- 46 000

### Usage by Stockmann
- Retail 0%

### Occupancy rate
- %
- 98.1

Situation Q3 2016
STOCKMANN RETAIL: A TOP-NOTCH SHOPPING EXPERIENCE

- Focus on fashion, cosmetics, food and home products
- Nine department stores in three countries and a growing online store in Finland
- Withdrawal from several unprofitable categories in 2015: electronics, books, sports equipment, toys and pet supplies
- Targeting customers who value convenience and quality
  - Offering personal customer service
  - Digital services facilitating omnichannel shopping
  - Focus on inspirational shopping experiences
- Operating result 2015 EUR -68.6 million (EUR -62.3 million), excluding non-recurring items and discontinued operations
- Operating result Q3 2016 EUR -18.0 million (EUR -28.9 million)
ACTIONS TO SECURE SALES

• **Selection**: Over 50 new brands and seasonal pop-ups, complemented by new tenants
• **Service**: Improved customer service in stores, new online store to facilitate omnichannel shopping
• **Scene**: Major refurbishments of store premises completed and a new store to be opened in Tapiola, Finland, in March 2017
• **Specials**: Targeted marketing to reactivate passive loyal customers and reach new customer groups
• Changes in the store network and product mix will continue to negatively affect total sales in 2017.

Leading-edge, seamless, premium shopping experience in fashion, food, beauty and home products
OVER 50 NEW BRANDS INTRODUCED IN SELECTION
ACTIONS TO REDUCE COSTS

- Operating costs down by over EUR 50 million in 2016, compared to 2015
- Divestment of Hobby Hall and closing of Oulu department store to reduce revenue in 2017 by approx. EUR 100 million and to improve EBIT by approx. EUR 10 million (net effect)
- Target to achieve a positive EBIT in 2018 for Stockmann Retail
MATURITY STRUCTURE OF INTEREST-BEARING LIABILITIES

- EUR 700m committed credit facilities, of which EUR 253m undrawn, due in February 2019
- EUR 150m bond due in March 2018
- EUR 85m hybrid bond* with early redemption option 31 January 2020
- Real estate portfolio valued at EUR >900m of which Nevsky Centre EUR 181m, not used as a collateral to the facilities

* Treated as equity and not included in liabilities

Status as of 30.9.2016
2016 FINANCIAL STATEMENTS RELEASE to be published on 15 February 2017

Further information:
www.stockmanngroup.com
investor.relations@stockmann.com
STOCKMANN GROUP’S REVENUE IN 2015: EUR 1 435 MILLION

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

REVENUE* BY PRODUCT AREA

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

REVENUE* 2015 BY DIVISION

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

REVENUE* 2015 BY MARKET

- Finland: 52%
- Sweden and Norway: 36%
- Baltics, Russia and other countries: 12%
- Others: 4%

*Continuing operations
GROUP’S FINANCIAL PERFORMANCE IN Q3 2016

- **Revenue** EUR 288.9 million (EUR 317.9 million)
  - In continuing product areas and businesses, revenue was down by 5.5%
  - Down by 8.2% in Finland and by 3.5% in other countries

- **Gross margin** 54.8% (51.8%)
  - Gross margin continuously up
  - Improvements both in Stockmann Retail and Lindex

- **Operating costs** EUR 140.8 million (EUR 157.9 million)
  - Costs down due to cost savings measures in all divisions

- **Depreciation** EUR 14.7 million (EUR 17.5 million)
  - Nevsky Centre treated as an investment property and not depreciated

- **Operating profit** EUR 2.9 million (EUR -10.6 million or the adjusted operating profit of EUR -7.4 million)
  - Operating result up EUR 10.9 million in Stockmann Retail
  - Adjustments in Q3 2015 related to the Academic Bookstore

- **Income taxes** EUR 10.4 million (EUR -1.1 million)
  - Taxes of Lindex and other subsidiaries (2015: deferred tax asset from losses)

- **Earnings per share** EUR -0.12 (EUR -0.14)
STOCKMANN RETAIL IN Q3 2016

- **Revenue** EUR 124.2 million (EUR 145.1 million)
  - Revenue down by 9.1% in continuing product areas and businesses

- **Gross margin** 40.2 % (38.4 %)
  - Gross margin up due to more efficient buying, changes in product areas and fewer price-driven campaigns

- **Operating costs** EUR 64.2 million (EUR 80.4 million)

- **Operating result** EUR -18.0 million (EUR -28.9 million)
  - Department store business: EUR -15.8 million (EUR -26.7 million)
  - Hobby Hall: EUR -2.2 million (EUR -2.2 million)

- **Capital expenditure** EUR 4.6 million (EUR 6.9 million)
  - Refurbishments in Helsinki flagship and Turku Delicatessen
  - Building up new online stores stockmann.com and hullutpaivat.com
• **Fair value** of the properties  
  - EUR 904.3 million (1 January 2016: EUR 918.2 million)  
  - Nevsky Centre treated as an investment property and not depreciated

• **Occupancy rate** 98.9% (98.7%)  
  - The renovated fifth floor in Tallinn now fully occupied  
  - Occupancy rate in Nevsky Centre up to 98.1% (96.7%)

• **GLA** in own properties: Stockmann Retail using 52% (71%)  
  - Decline due to transfer of the department store in Nevsky Centre to a new owner

• **Net operating income** from Stockmann-owned properties  
  EUR 10.9 million (EUR 11.6 million)  
  - Down due to timing of expenses and temporary rent adjustments in Nevsky Centre  
  - Average monthly rent EUR 32.86 per sqm (EUR 33.23)

• **Revenue** EUR 14.9 million (EUR 15.0 million)

• **Operating profit** EUR 5.1 million (EUR 4.5 million)

• **Capital expenditure** EUR 1.5 million (EUR 1.0 million)
LINDEX IN Q3 2016

- **Revenue** down 6.2% to EUR 156.1 million (EUR 166.2 million)
  - At comparable exchange rates down 5.0%, or 4.3% in comparable stores
  - Sales increased in July and August, but decreased in September due to exceptionally warm weather in the main markets

- **Gross margin** 62.8% (61.6%)
  - Gross margin was up due to higher start prices
  - One-time adjustment affected the margin positively

- **Operating costs** down by EUR 4.1 million
  - Lower store and office costs, partly due to closure of operations in Russia

- **Operating profit** EUR 15.7 million (EUR 15.5 million)

- **Capital expenditure** EUR 3.9 million (EUR 2.9 million)
## KEY FIGURES

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<tr>
<th></th>
<th>1–9/2016</th>
<th>1–9/2015</th>
<th>1-12/2015</th>
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<tbody>
<tr>
<td><strong>Equity ratio</strong></td>
<td>%</td>
<td>45.4</td>
<td>43.8</td>
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<tr>
<td><strong>Gearing</strong></td>
<td>%</td>
<td>80.8</td>
<td>89.9</td>
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<td><strong>Net financial costs</strong></td>
<td>EUR mill.</td>
<td>14.0</td>
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<td><strong>Result for the period</strong></td>
<td>EUR mill.</td>
<td>-40.6</td>
<td>-69.7</td>
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<td><strong>Earnings per share</strong></td>
<td>EUR</td>
<td>-0.62</td>
<td>-0.97</td>
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<tr>
<td><strong>Net earnings per share, including discontinued operations</strong></td>
<td>EUR</td>
<td>-0.47</td>
<td>-1.17</td>
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<td><strong>Cash flow from operating activities</strong></td>
<td>EUR mill.</td>
<td>-54.6</td>
<td>-79.8</td>
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<td><strong>Inventories</strong></td>
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<td>205.4</td>
<td>261.2</td>
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<td><strong>Capital expenditure</strong></td>
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<td>29.6</td>
<td>37.0</td>
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<td><strong>Depreciation</strong></td>
<td>EUR mill.</td>
<td>43.8</td>
<td>52.4</td>
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<td><strong>Property, plant and equipment</strong></td>
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<td><strong>Balance sheet total</strong></td>
<td>EUR mill.</td>
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<td>2 337.5</td>
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OUR DIRECTION

CÚVISON
Stockmann is NO 1 SOURCE OF INSPIRATION FOR MODERN, URBAN LIFE

Stockman Retail to reach profitability in 2018

Improve cash flow

OUR VALUES
- We inspire our customers
- We encourage each other to achieve top results
- We take responsibility for our performance

CUSTOMERS

GROUP SALES
Increase visitor traffic

REASONS TO VISIT

EVIDENCE

SELECTION
SERVICE
SCENE
SPECIALS

FASHION
FOOD
BEAUTY
HOME

Leading-edge seamless premium shopping experience through our retail, concessions & tenants

DEPARTMENT STORES IN FINLAND AND BALTES

$OCOM
ONLINE STORE

STOCKMANN