Stockmann Group in brief

- International multichannel retailer founded in 1862
- Listed on Nasdaq Helsinki since 1942
- Three business divisions: Lindex, Stockmann Retail and Real Estate

Key figures 2017

- Revenue EUR 1 055.9 million
- Adjusted operating result EUR 12.3 million
- Personnel average 7 360
- Shareholders approx. 47 000
ALMOST 500 STORES ACROSS EUROPE

3 divisions in 19 countries:

484 fashion stores,
8 department stores and
4 real estate properties

Group's purchasing offices are located in Bangladesh, China, India, Pakistan and Turkey.
REVENUE IN 2017

MERCHANDISE SALES 2017

- Fashion: 80%
- Cosmetics: 10%
- Home: 6%
- Food: 4%

All figures excluding discontinued operations

REVENUE 2017 BY DIVISION

- Real Estate: 6%
- Stockmann Retail: 38%
- Lindex: 56%

REVENUE 2017 BY MARKET

- Baltics, Russia and other countries: 17%
- Finland: 38%
- Sweden and Norway: 45%
STRATEGY FOCUSED ON CORE STRENGTHS

Brand focus on Stockmann & Lindex

Divestments of Seppälä, Academic Bookstore and Hobby Hall

Geographic focus on Nordic & Baltic countries

Exit from retail business in Russia

Merchandise focus on fashion, beauty & home

Divestment of Stockmann Delicatessen in Finland

Expanding the offering with partner products

Targeting a seamless omnichannel experience

Increase resources in digitalisation in Stockmann and Lindex

Expand food and service experiences in all department stores

Introduce partners to complement the offering also online
THREE BUSINESS DIVISIONS
LINDEX: A WORLD-CLASS FASHION BRAND

• **Inspiring and affordable fashion** for women
  – Several concepts in women’s and kids’ wear, lingerie and cosmetics

• **Established in 1954** in Sweden
  – Part of Stockmann Group since December 2007

• **Strong position in Sweden, Norway and Finland**
  – Nordic markets generate around 90% of total revenue

• **Strong focus on sustainability**
  – More than 50% of Lindex clothes are made of more sustainable materials

• **Profitability Improvement Programme**
  – Aim to reduce costs and increase the gross margin
  – Strong focus on sales and profit improvement

• **Focus and investment in the e-commerce**

• **Susanne Ehnbåge** started as Lindex new CEO in August

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**484 STORES**

**18 COUNTRIES**

**REVENUE 2017 EUR MILLION**

**606.0**

**OPERATING RESULT 2017 EUR MILLION**

**13.4**

(2016: 54.9)
STOCKMANN RETAIL: A PREMIUM SHOPPING EXPERIENCE

• Offering a **premium omnichannel** shopping experience in all department stores, complemented by the online store and digital services

• Selection focused on **fashion, cosmetics and home products**
  - Constantly renewing selection with new leading-edge brands and pop ups
  - Partners complete the offering with products (food, toys, electronics, jewellery, books, outdoor gear etc.) and services (cafés, hair and beauty saloons etc.)

• Actions to improve **customer service**

• **Focusing on digital** in 2018
  - Online is Stockmann’s fastest growing sales channel
  - Revenue growth by over 15% in 2017
  - Stockmann will recruit 30-40 digital specialists in 2018

<table>
<thead>
<tr>
<th>DEPARTMENT STORES</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTRIES</td>
<td>3</td>
</tr>
<tr>
<td>REVENUE 2017 EUR MILLION</td>
<td>410.2</td>
</tr>
<tr>
<td>OPERATING RESULT 2017 EUR MILLION</td>
<td>-20.6</td>
</tr>
<tr>
<td>(2016: -39.1 restated)</td>
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</tbody>
</table>
HELSINKI FLAGSHIP: NO 1 LIVING ROOM IN CITY CENTRE

Best brand selection in town by Stockmann and partners

Offering includes a broad range of shops, pop ups, cafés, restaurants, beauty and health services etc.

Approx. 12 million visitors in 2017

Sales over EUR 300 million in 2017
REAL ESTATE: PROFESSIONAL PROPERTY MANAGEMENT

- Increasing the value of the Stockmann-owned properties by improving cash flows
  - Long-term investments in order to develop the value of the properties

- Strengthening Stockmann’s offering with goods and services from attractive tenants
  - Complements the Stockmann product offering
  - Brings the customers new shopping experiences

- Providing professional and cost-effective property and facility management
  - Supporting the business of all tenants
  - Security operations established as an own subsidiary, offering security services in all Finnish department stores

4 PROPERTIES

4 COUNTRIES

REVENUE 2017 EUR MILLION
67.1

OPERATING RESULT 2017 EUR MILLION
29.0
(2016: 21.1)
REAL ESTATE, STOCKMANN-OWNED PROPERTIES

Key figures
30.6.2018
Gross leasable area (GLA) 134 000 sqm, of which 38% in Finland
Occupancy rate 99.4%

Helsinki department store
Occupancy rate 99.8
GLA 51 000
Usage by Retail 67%

Tallinn department store
Occupancy rate 98.0
GLA 22 000
Usage by Retail 82%

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

Nevsky Centre, St Petersburg
Occupancy rate 99.6
GLA 46 000
Usage by Retail 0%

Fair value of properties
30.6.2018, EUR million

863.3

• Department store properties EUR 682.3 million
• Nevsky Centre EUR 181.0 million

Usage by Stockmann Retail
30.6.2018
• 73% in department store properties: Helsinki, Tallinn, Riga
• 48% in all own properties
FINANCIALS
LONG-TERM CREDIT FACILITIES

Maturity structure of interest-bearing liabilities

- EUR 609 million committed credit facilities, of which EUR 341 million drawn as of 30 June 2018
  - EUR 112 million paid during H1/2018
  - EUR 147 million prepayment in January 2019
  - EUR 350 million, of which EUR 195 million drawn, due in January 2021
- EUR 250 million senior bond due in January 2022
- Credit facilities and bond secured with real estate collateral
- In addition, EUR 85 million hybrid bond* with an early redemption option on 31 January 2020

* Treated as equity and not included in liabilities

Situation 30.6.2018

- Bond
- Commercial papers + others
- Loans and overdrafts from financial institutions
- Undrawn committed credit facilities

STOCKMANN
POSSIBLE DIVESTMENT OF NEVSKY CENTRE IN ST PETERSBURG

- The Board of Directors decided in late 2016 to investigate a possible divestment of the Nevsky Centre shopping centre.
- The investigation process continues.
- 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**  
%  
99.6
## Q2 2018 IN BRIEF

### Stockmann Group
- Adjusted operating result up by EUR 9.3 million
- Strong performance at Lindex

### Lindex
- Comparable sales up 4.5%, gross margin up by 3.1 %-points
- Adjusted operating result up by EUR 8.3 million

### Stockmann Retail
- Revenue down, but gross margin remained on a good level
- Operating result down by EUR 1.0 million

### Real Estate
- Book House property in Helsinki sold in May with a capital gain of EUR 7.0 million
- Solid performance, several new restaurants opened during the quarter
- Investigations regarding a possible divestment of Nevsky Centre actively continue

<table>
<thead>
<tr>
<th>Group’s gross margin</th>
<th>58.2%</th>
<th>(56.1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group’s adjusted operating profit, EUR mill.</td>
<td>23.8</td>
<td>(14.6)</td>
</tr>
<tr>
<td>Group’s reported operating profit, EUR mill.</td>
<td>29.6</td>
<td>(14.6)</td>
</tr>
</tbody>
</table>
STOCKMANN GROUP, FINANCIAL PERFORMANCE* IN Q2 2018

- **Revenue** down by 0.6%, to EUR 279.4 million (281.3)
  - Up in Lindex and Real Estate, down in Stockmann Retail
  - Weakened SEK exchange rate had a negative impact on the revenue

- **Gross margin** 58.2% (56.1%)
  - Up in Lindex due to successful, renewed collections
  - Slightly down in Stockmann Retail due to higher markdowns in the summer clearance sales

- **Operating costs** including adjustments EUR 125.0 million (128.4)

- **Adjusted EBITDA** EUR 37.7 million (29.5)

- **Depreciation** EUR 13.9 million (14.9)

- **Adjusted operating profit** EUR 23.8 million and reported operating profit EUR 29.6 million (14.6)

- **Result for the quarter** EUR 8.0 million (-1.1)

* Continuing operations. Delicatessen in Finland, which was divested on 31 December 2017, is reported as discontinued operations and not included in the presented figures.
ROLLING 12-MONTH ADJUSTED OPERATING PROFIT (EBIT)

* 2015 includes Delicatessen in Finland
# KEY FIGURES

<table>
<thead>
<tr>
<th></th>
<th>Q2/2018</th>
<th>Q2/2017</th>
<th>1-6/2018</th>
<th>1-6/2017</th>
<th>1-12/2017</th>
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<tr>
<td>Equity ratio</td>
<td>%</td>
<td></td>
<td>45.7</td>
<td>46.9</td>
<td>43.0</td>
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<tr>
<td>Net gearing</td>
<td>%</td>
<td></td>
<td>72.7</td>
<td>76.5</td>
<td>83.8</td>
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<td>Net financial items*</td>
<td>EUR mill.</td>
<td>-8.8</td>
<td>-10.8**</td>
<td>-17.5</td>
<td>-15.4**</td>
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<td></td>
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<td></td>
<td></td>
<td>-31.1**</td>
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<tr>
<td>Result for the period*</td>
<td>EUR mill.</td>
<td>8.0</td>
<td>-1.1</td>
<td>-22.9</td>
<td>-28.0</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-198.1***</td>
</tr>
<tr>
<td>Earnings per share*</td>
<td>EUR</td>
<td>0.09</td>
<td>-0.03</td>
<td>-0.35</td>
<td>-0.42</td>
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<td></td>
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<td></td>
<td>-2.82***</td>
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<td>Cash flow from operating activities</td>
<td>EUR mill.</td>
<td>79.7</td>
<td>48.2</td>
<td>17.9</td>
<td>-29.9</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>25.9</td>
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<tr>
<td>Inventories</td>
<td>EUR mill.</td>
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<td>149.6</td>
<td>166.2</td>
<td>162.2</td>
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<td>Capital expenditure</td>
<td>EUR mill.</td>
<td>7.4</td>
<td>7.9</td>
<td>15.1</td>
<td>15.7</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>34.7</td>
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<tr>
<td>Depreciation, amortisation and impairment losses</td>
<td>EUR mill.</td>
<td>13.9</td>
<td>14.9</td>
<td>28.1</td>
<td>29.9</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>215.9***</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>EUR mill.</td>
<td></td>
<td>1 881.6</td>
<td>2 199.5</td>
<td>2 061.4</td>
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</table>

* Continuing operations.

** Includes a write-off of EUR 3.8 million related to Stockmann’s investment in Tuko Logistics Cooperative (Q2 2017), EUR 2.0 million related to Seppälä (Q3 2017), EUR 1.5 million related to Hobby Hall (Q4 2017).

*** Includes an impairment of Lindex goodwill of EUR 150 million (Q3 2017).
NET DEBT CLEARLY DOWN IN Q2 2018

Divestment of Book House, working capital release and improved profitability

Decline by EUR 178.5 mill.
MARKET ENVIRONMENT AND OUTLOOK FOR 2018

• Good GDP development and consumer confidence expected to continue in Finland and Sweden in 2018
• Purchasing behaviour changing due to digitalisation and increasing competition, which affects the fashion market negatively
  – In the first half of 2018, fashion market in Finland -1.0% and in Sweden -2.0%
• In the Baltic countries good outlook for the retail trade expected to continue
• Efficiency measures implemented at Lindex and Stockmann, will be fully visible in the 2019 operating costs

Guidance for 2018 unchanged:
• The Group’s revenue for 2018 expected to be on a par with the previous year. Adjusted operating profit expected to improve in 2018.
FURTHER INFORMATION

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