Q1 2018 IN BRIEF

• **Stockmann Group**
  - Adjusted operating result on a par with the previous year
  - Inventories on a healthy level and reduced clearance sales, thus improved gross margin
  - Profitability improvement programme proceeds with full speed in Lindex; efficiency measures carried out in Stockmann’s shared functions

• **Lindex**
  - Store portfolio review and restructure started
  - Adjusted operating result down by EUR 1.3 million

• **Stockmann Retail**
  - Revenue down, but gross margin up by 2.7 %-points
  - Adjusted operating result down by EUR 1.5 million

• **Real Estate**
  - Investigations regarding possible divestments of the Nevsky Centre and Book House actively continue
  - Operating profit up by EUR 1.1 million
STOCKMANN GROUP, FINANCIAL PERFORMANCE* IN Q1 2018

- **Revenue** down by 6.7%, to EUR 202.4 million (216.9**)
  - Down in Lindex and Stockmann Retail, up in Real Estate

- **Gross margin** 55.1% (53.3%)
  - Up in both in Lindex and Stockmann Retail, due to decreased markdowns

- **Adjusted operating costs** EUR 122.2 million (125.7)
  - Provisions related to efficiency measures EUR 2.0 million
  - Lindex reduced 71 positions mainly in its headquarters, 74 people laid off in Stockmann’s support functions

- **Adjusted EBITDA** EUR -10.6 million (-10.0)

- **Depreciation** EUR 14.2 million (15.0)
  - The Book House no longer depreciated as an investment property

- **Adjusted operating result** EUR -24.8 million and reported operating result EUR -26.9 million (-25.1)

* Continuing operations
** Incl. the department store in Oulu that was closed in January 2017

Delicatessen in Finland, which was divested on 31 December 2017, is reported as discontinued operations and not included in the presented figures.
<table>
<thead>
<tr>
<th></th>
<th>Q1/2018</th>
<th>Q1/2017</th>
<th>1-12/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity ratio</strong></td>
<td>%</td>
<td>41.6</td>
<td>46.1</td>
</tr>
<tr>
<td><strong>Net gearing</strong></td>
<td>%</td>
<td>94.6</td>
<td>79.9</td>
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<tr>
<td><strong>Net financial items</strong></td>
<td>EUR mill.</td>
<td>-8.7</td>
<td>-4.6</td>
</tr>
<tr>
<td><strong>Result for the period</strong></td>
<td>EUR mill.</td>
<td>-30.9</td>
<td>-26.9</td>
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<tr>
<td><strong>Earnings per share</strong></td>
<td>EUR</td>
<td>-0.45</td>
<td>-0.39</td>
</tr>
<tr>
<td><strong>Net earnings per share, including discontinued operations</strong></td>
<td>EUR</td>
<td>-0.45</td>
<td>-0.43</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>EUR mill.</td>
<td>-61.9</td>
<td>-78.1</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>EUR mill.</td>
<td>182.6</td>
<td>205.6</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>EUR mill.</td>
<td>7.8</td>
<td>7.8</td>
</tr>
<tr>
<td><strong>Depreciation, amortisation and impairment losses</strong></td>
<td>EUR mill.</td>
<td>14.2</td>
<td>15.0</td>
</tr>
<tr>
<td><strong>Balance sheet total</strong></td>
<td>EUR mill.</td>
<td>2 044.0</td>
<td>2 259.1</td>
</tr>
</tbody>
</table>

* Continuing operations.
** Includes in 2017 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.
MARKET ENVIRONMENT AND OUTLOOK FOR 2018

• Economic situations in Finland and Sweden are expected to improve with increasing GDP and customer confidence, but fashion market is not estimated to develop as good, due to changing purchasing behaviour.

• Retail outlook in the Baltic countries is expected to be better than in the Group’s other market areas.

• Efficiency measures mostly implemented in 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.
LINDEX, HIGHLIGHTS IN Q1 2018

• **Increased sales** outside of the Nordic countries
• Continued strong sales development in the **online store**
• Progress with the **Profitability improvement program**
• **Store portfolio restructure** initiated
  – 6 stores closed during Q1
  – Finland’s first **Lindex Lingerie** store opened in Stockmann’s Helsinki department store in March
• **New visual expression** launched in March
• Launch of **sustainability initiatives**
  – **10% of sales** (EUR 119 000) on International Woman’s Day, 8 March 2018, donated to HERhealth program
  – Joint project with WaterAid to increase clean drinking water in Bangladesh
LINDEX, FINANCIAL PERFORMANCE IN Q1 2018

- **Revenue** down 6.8% to EUR 114.8 million (123.2)
  - Same-store sales at comparable exchange rates down by 5.3%
  - Comparable store sales decreased in the Nordic countries and Lithuania

- **Gross margin** 57.7% (57.2%)
  - Up due to decreased markdowns

- **Operating costs** down by EUR 2.7 million
  - Down due to currency exchange rates

- **Adjusted operating result** EUR -15.9 million and reported operating result EUR -16.2 million (-14.7)
LINDEX STORE NETWORK

• **Store network on 31 March 2018**
  - 486 stores in 18 countries, of which 45 franchising stores
  - 2 stores opened and 6 closed in Q1 2018

• **Stores & markets in 2018**
  - Focus on optimising store locations
  - Unprofitable stores will either move to new locations or close down
  - Some new store openings in attractive locations

• **Total number of stores at year-end**
  - Estimated to decrease by over 20
LINDEX WAY FORWARD

• **Profitability improvement program** proceeding with full speed
  – Aim to reduce costs and increase the gross margin
  – Implementing the reorganised organisation in the headquarter
  – Strong focus on sales and profit improvement
  – New sales programme in all countries to improve customer interaction

• Focus on **optimising the store concept portfolio**

• **Commercial and inspiring** assortment and campaigns to come

• New communication concept **Sustainable Woman** in April

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

• **Susanne Ehnbåge** starts as Lindex new CEO latest in August
STOCKMANN RETAIL, HIGHLIGHTS IN Q1 2018

• **Improvement in gross margin** due to less discounting
  – Compensated most of revenue decline

• Bold **Stockwomann campaign**
  – Campaign started in all department stores in March

• Actions for Chinese **tourists**
  – Alipay mobile payment into use in all department stores in Finland
  – Stockmann one of the first Finnish companies in popular WeChat application
  – City of Helsinki opens its tourist information point in Helsinki flagship in May

• Accelerated focus on **digitalisation**
  – Recruiting 30–40 new digital specialists
  – Reserve and collect expanded to all department stores – almost 650 reservations made every week
  – Introducing OP Bank as a new partner for digital development

• **New supply chain organisation** with focused category responsibilities and clear ownership: women’s fashion, men’s fashion, home, cosmetics

• **Jenni Pöllänen** appointed Director of the Helsinki flagship store, previously Director of the Tampere department store
STOCKMANN RETAIL, FINANCIAL PERFORMANCE* IN Q1 2018

- **Revenue** EUR 76.3 million (83.7)
  - Revenue in comparable stores down by 6.9%
  - Significantly smaller clearance sales than in 2017

- **Gross margin** 44.7% (42.0)
  - Up due to reduced clearance sales and less price-driven campaigns

- **Operating costs** EUR 47.9 million (46.2)
  - Increased rental costs in Helsinki, Tapiola and Tallinn
  - Efficiency measures in support functions will contribute to lower costs for the rest of the year

- **Adjusted operating result** EUR -16.2 million and reported operating result EUR -17.2 million (-14.7)

* Continuing operations

Delicatessen in Finland was divested on 31 December 2017 and is reported as discontinued operations, and therefore not included in the presented comparison figures.
• **Crazy Days key facts**
  - Campaign held on 11–15 April 2018 in Finland, Estonia and Latvia
  - Eight department stores and the online store hullutpaivat.com

• **Campaign sales**
  - Finland: +4%
  - Tallinn and Riga: +5%

**Total sales:**

+4%

**Online store sales:**

+19%

Hullutpaivat.com is Stockmann’s second largest store during the Crazy Days campaign.
REAL ESTATE
REAL ESTATE, HIGHLIGHTS IN Q1 2018

• Increased **revenue** and **operating profit**
  – Continued stable performance

• **Continuously refurbishing** the department stores
  – Enlarged summer roof terraces to Helsinki and Tallinn
  – New attractive tenants to all department stores

• Investigations of possible **property divestments** actively continue
  – Nevsky Centre in St. Petersburg
  – Book House in Helsinki which is classified as an asset held for sale as of 31 March 2018
REAL ESTATE, FINANCIAL PERFORMANCE IN Q1 2018

- **Occupancy rate** of own properties 99.5% (99.1%)
- **Net operating income** from own properties EUR 13.2 million (12.9)
  - Average monthly rent EUR 38.60 per sqm (37.76)
  - Net rental yield in January–March 5.4% (5.5)
- **Revenue** EUR 17.9 million (17.0)
  - Higher rent levels in all markets
- **Operating profit** EUR 7.5 million (6.4)
REAL ESTATE, STOCKMANN-OWNED PROPERTIES

Key figures
31.3.2018
Gross leasable area (GLA) 142 000 sqm, of which 42% in Finland
Occupancy rate 99.5%

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

Book House, Helsinki
Occupancy rate 100.0
GLA 9 000
Usage by Retail 2%

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
1.1.2018, EUR million
973.0
(1.1.2017: 950.1)

- Department store properties EUR 692 million
- Book House EUR 100 million
- Nevsky Centre EUR 181 million

Usage by Stockmann Retail
31.3.2018
- 74% in department store properties: Helsinki, Tallinn, Riga
- 46% in all own properties
UPCOMING RENEWALS IN THE HELSINKI DEPARTMENT STORE

MyHelsinki tourist information will be opened on the ground floor in May.

An enlargement of the terrace Stockmann Roof opens in spring.

Svenskt Tenn will open a pop-up store on the fourth floor in May.

New Pupu salad restaurant will be opened on the ground floor in May.

Two new restaurants opened in April: Hanko Sushi and Ooh La Laa.

Newest restaurant on the ground floor to open soon: Comptoir Farouge.
Q&A
FURTHER INFORMATION

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