



**STOCKMANN**

# FINANCIAL STATEMENTS 2020

Jari Latvanen, CEO

Stockmann Group | 5 March 2021



# STOCKMANN GROUP FULL YEAR 2020

## COVID-19 HAD BIG IMPACT ON OPERATIONS

### Group's gross margin

**56.1%**

(56.3)

### Group's adjusted operating result, EUR million

**4.9**

(39.8)

### Cash, EUR million

**152.3**

Growth EUR 127.4 million during 2020

- **Stockmann Group**

- Revenue EUR 790.7 million, down by 18.1% in comparable currency rates
- EUR 250 million in impairment to Lindex's goodwill, write-down reported as an adjustment
- E-com share of total revenue increased from 6,3% to 16,0%.
- Cash amounted to EUR 152.3 million

- **Lindex**

- Revenue down by 11.9% to EUR 507.1 million, growth in the online sales was 102.6%
- Operating costs down by EUR 40.6 million
- Operating result EUR 38.6 million, at par with previous year (EUR 38.2 million)
- Adjusted operating result was EUR 39.4 million

- **Stockmann**

- Revenue down by 26.2% to EUR 283.6 million, growth in the online store 106.9%
- Operating costs down by EUR 26.7 million
- Operating result declined by EUR 33.7 million to -30.8 million
- Adjusted operating result was EUR -30.8 million



# STOCKMANN GROUP IN Q4 2020 - CHALLENGING FULL YEAR ENDED WITH PROFITABLE ADJUSTED FOURTH QUARTER

**Group's gross margin**

**58.0%**

(56.6)

**Group's adjusted operating result, EUR million**

**14.2**

(30.7)

**Cash, EUR million**

**152.3**

Growth EUR 20.3 million during Q4

- **Stockmann Group**

- Revenue EUR 232.0 million, down by 18.1% in comparable currency rates
- EUR 250 million in impairment to Lindex's goodwill, write-down reported as an adjustment
- Cash amounted to EUR 152.3 million

- **Lindex**

- Revenue down by 12.6% to EUR 139.6 million, growth in the online sales was 144.6%
- Operating costs down by EUR 10.7 million
- Operating result declined by EUR 0.7 million to EUR 15.1 million
- Adjusted operating result was EUR 15.1 million

- **Stockmann**

- Revenue down by 26.6% to EUR 92.4 million, growth in the online store 98.4%
- Operating costs down by EUR 1.8 million
- Operating result declined by EUR 13.7 million to -0.2 million
- Adjusted operating result was EUR -0.2 million



# CORPORATE RESTRUCTURING PROGRAMME

- Stockmann plc filed for corporate restructuring proceedings on 6 April 2020, the District Court of Helsinki approved the restructuring programme on 9 February 2021. Stockmann plc's restructuring proceedings ended and the programme implementation started 9 February 2021.
- The restructuring programme is based on the continuation of Stockmann's department store operations, the sale and lease-back of the department store properties located in Helsinki, Tallinn and Riga and the continuation of Lindex's business operations as a fixed part of the Stockmann Group.
- The duration of the programme is eight years.
  - It is possible to exit from the restructuring earlier by repaying the restructuring debt in advance.

## According to the programme:

- The properties in Helsinki, Tallinn and Riga will be sold and leased back with the aim to repay the secured restructuring debt with these proceeds
- 20% of the unsecured restructuring debt will be cut or converted to equity. The remaining unsecured restructuring debt will be repaid during 2022-2028 or converted to a new secured five-year bullet bond.
- Half of the hybrid bond will be cut and the remaining half will be converted to equity or cut
- The company's A and B share series will be combined. Each one (1) A share will entitle to receive 1.1 B shares.

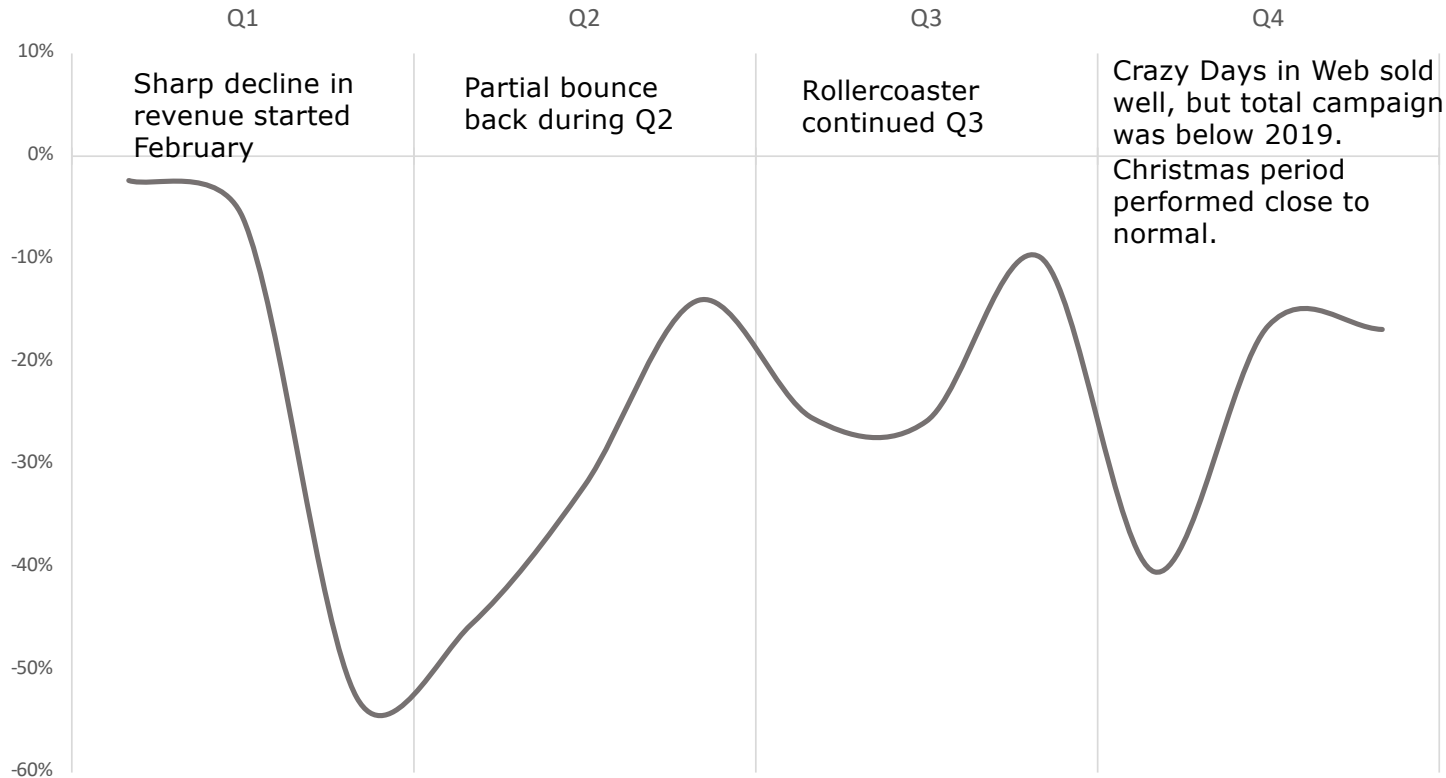
More information about the programme in Stockmanns stock exchange releases.

# STOCKMANN DIVISION



# STOCKMANN IN 2020 – CHALLENGING YEAR DUE TO COVID 19

Revenue development vs previous year



- Total revenue 2020 decreased 26 %
- Revenue in Brick and Mortar declined due to lack of visitors
- Online revenue increased by 107%
- Share of online revenue grew up to 16,7 % (5,9 %)



# STOCKMANN DIVISION IN FULL YEAR 2020\*

- **Revenue** EUR 283.6 million (384.7)
  - Online sales increased by 106.9 %
  - Share of sales 16,7% of total revenue (5,9%)
- **Operating result** EUR -30.8 million (0.3)
  - Adjusted operating result EUR -30.8 million (2.9)
- Successful launch of **new webstore** in October
- **Renewed women's third floor and new natural cosmetics department** in Helsinki Flagship, renewals also in Tapiola and Tampere department stores
- Several **new services**: gift service, virtual fashion and beauty advisers
- **Over 70 new designer brands**
- **Two new collections** Essentials by Stockmann and new A+more by Pupunlandia launched

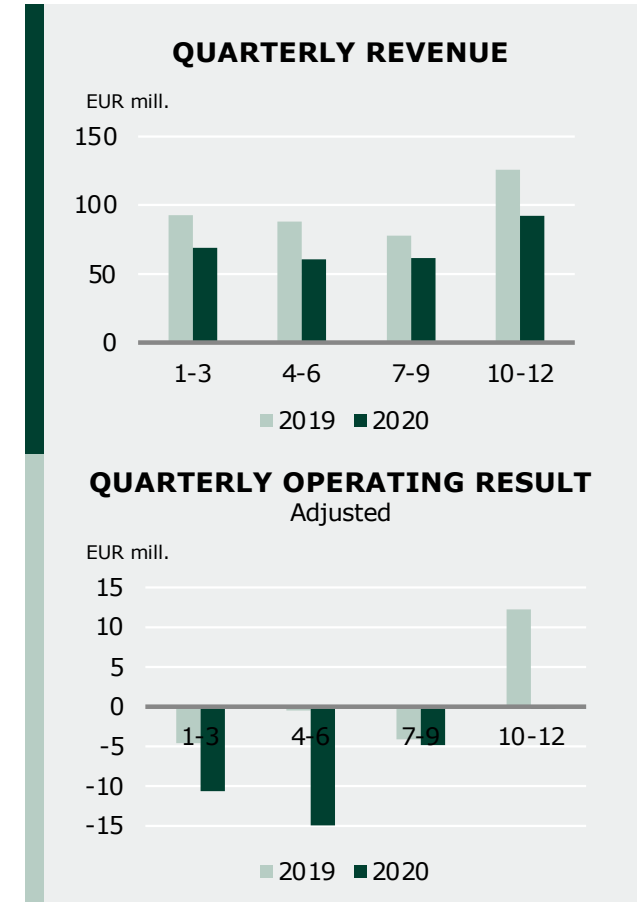
\*) The figures are presented according to earlier disclosed change in reporting related to property valuation





# STOCKMANN DIVISION, PERFORMANCE IN Q4 2020

- **Revenue** EUR 94.2 million (126.0)
  - Revenue was down by 26.6%
  - Sales declined due to the ongoing coronavirus situation
  - Growth in the online store 98.4%
  - Share of online sales was 21.5% for the quarter (8.0)
- **Gross margin** 45.7% (46.6)
  - The gross margin declined due to the coronavirus situation, which affected mostly rental income from tenants
- **Operating costs** down by EUR 1.8 million
  - Lower personnel costs and Group function costs adapted to lower sales performance due to the corona virus
- **Operating result** EUR -0.2 million (13.5)
  - Adjusted operating result EUR -0.2 million (12.2)







# STOCKMANN DIVISION'S WAY FORWARD

- Continued development and actions to drive **customer centricity** and delivering **financial commitments**
- Successful execution of Stockmann plc's **restructuring programme**
- Focus strategic investments in **digital development, customer loyalty and inspirational environment**
- Strengthening **omni-channel capabilities** to ensure **seamless service** across all channels
- Developing **inspirational and sustainable premium offering** – continuing newness and services in all channels
- Continue implementing the **cost efficiency measures**



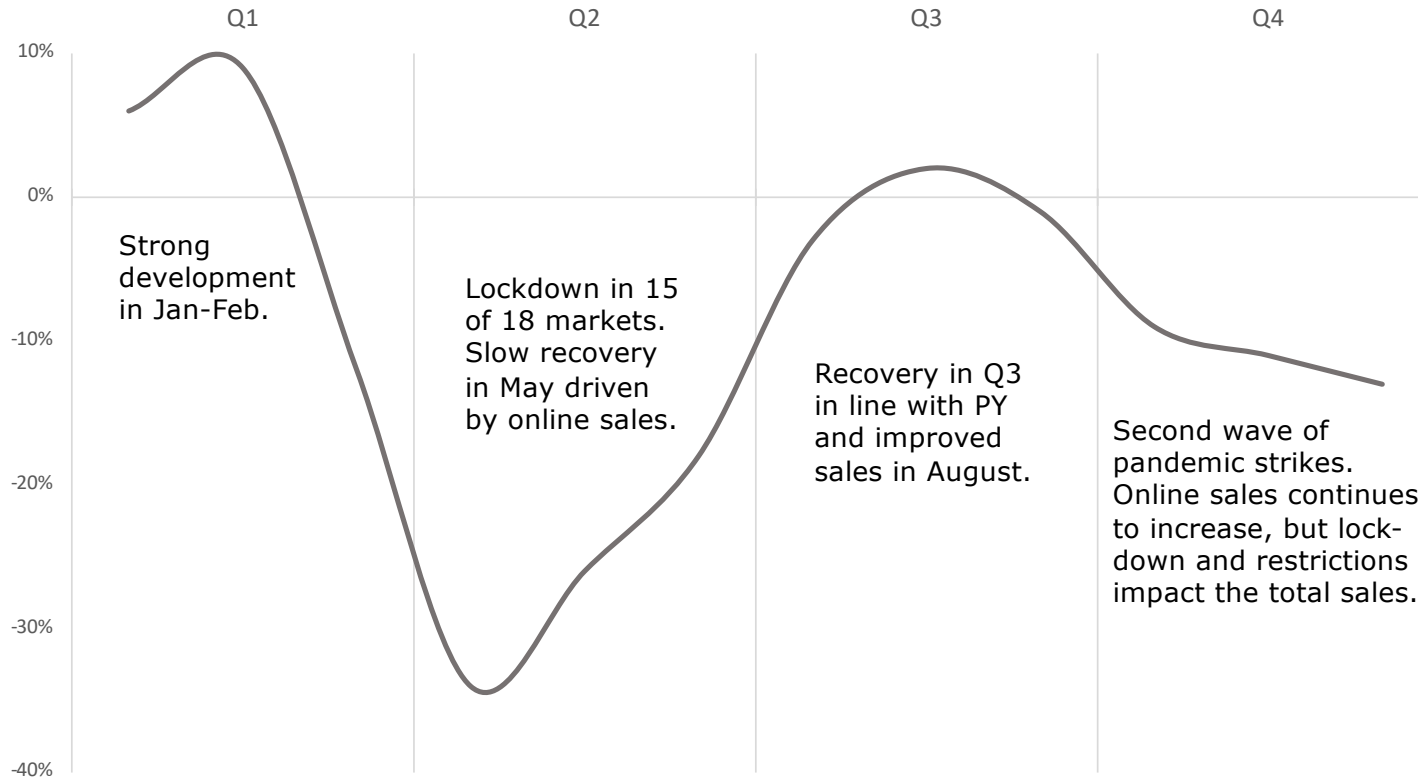
# LINDEX

Susanne Ehnbage  
Lindex CEO



# LINDEX IN 2020 - AN EXTRAORDINARY YEAR - STRONG ONLINE SALES

Sales development in local currencies vs previous year

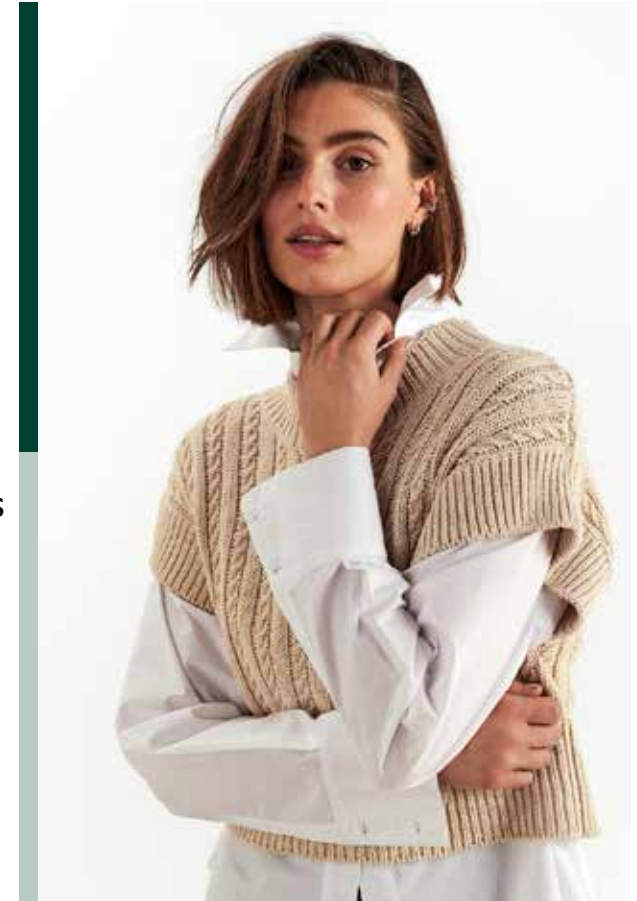


- Total sales decreased 10.9% in comparable currency rates
- Growth in online sales increased by 103%



# LINDEX IN 2020

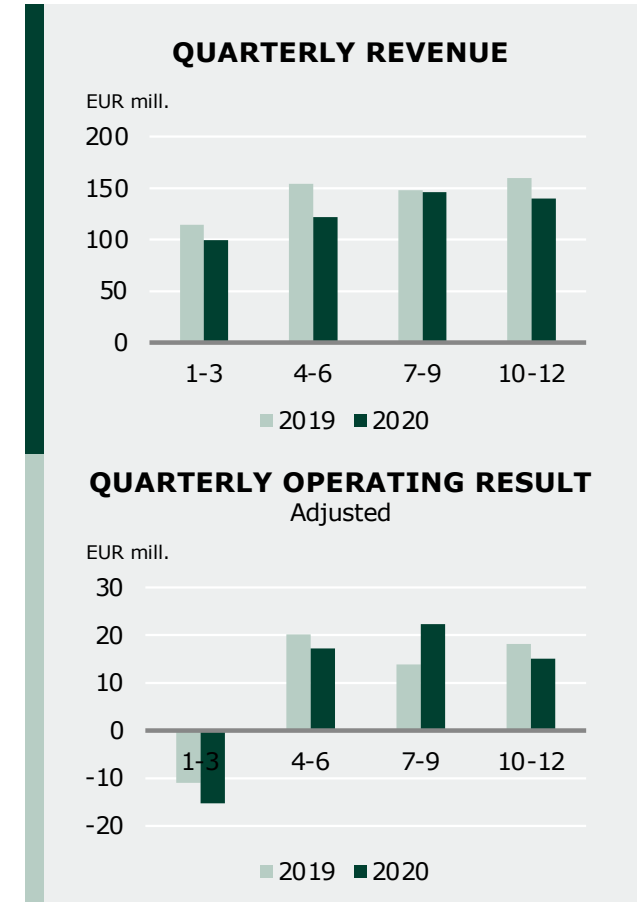
- **Operating full-year result** same level as previous year
  - Operating result amounted to EUR 38.6 million (38.2)
  - **Gross margin** strengthened and decreased **operating costs**
- **Total sales** decreased, online sales growth doubled
  - Sales decreased by 11.9% or down by 10.9% in comparable currency rates
  - Growth in online sales increased by 102.6%
  - Share of online sales was 15.6% (6.6)
  - Better sales development than the market in all our Nordic countries
  - Kids' wear strongest business area
- **Strong digital growth and focus** throughout the year
- Implemented fast and **effective cost saving actions** to meet the corona effects
- Launched a **cost reduction program**
- **Well balanced stock** despite the corona situation
- Tests of different **new sales opportunities** and solutions
- **Re-design** of placed orders
- Successful launch of **Closely**
- **458 stores** in 18 countries, of which 38 franchising, on 31 December 2020





# LINDEX, FINANCIAL PERFORMANCE IN Q4 2020

- **Revenue** EUR 139.6 million (159.7)
  - Revenue down by 12.6% or down by 11.2% in comparable currency rates
  - Growth in online sales was 144.6%
  - Share of online sales was 21.8% (7.3%)
- **Gross margin** increased to 66.1% (64.4)
- **Operating costs** decreased by EUR 10.7 million
- **Operating result** EUR 15.1 million (15.8)
  - Adjusted operating result EUR 15.1 million (18.1)





# LINDEX WAY FORWARD

- Continued development and actions enabling a strong performance and **resilient Lindex**
- Continue implementing the **cost reduction programme**
- Focus on strategic investments in **digital development, sustainability, sales channels** and **innovation**
- Continued global and online expansion
  - Good cooperation with global fashion market places
  - Expansion to new franchising market – Malta
- Launch of new assortment strategy women's wear
  - Greater clarity in concepts and collections
- Broader assortment with new inclusive activewear



# STOCKMANN GROUP

Pekka Vähähyppä  
CFO



# STOCKMANN GROUP – REPORTING CHANGES AND OTHER ISSUES

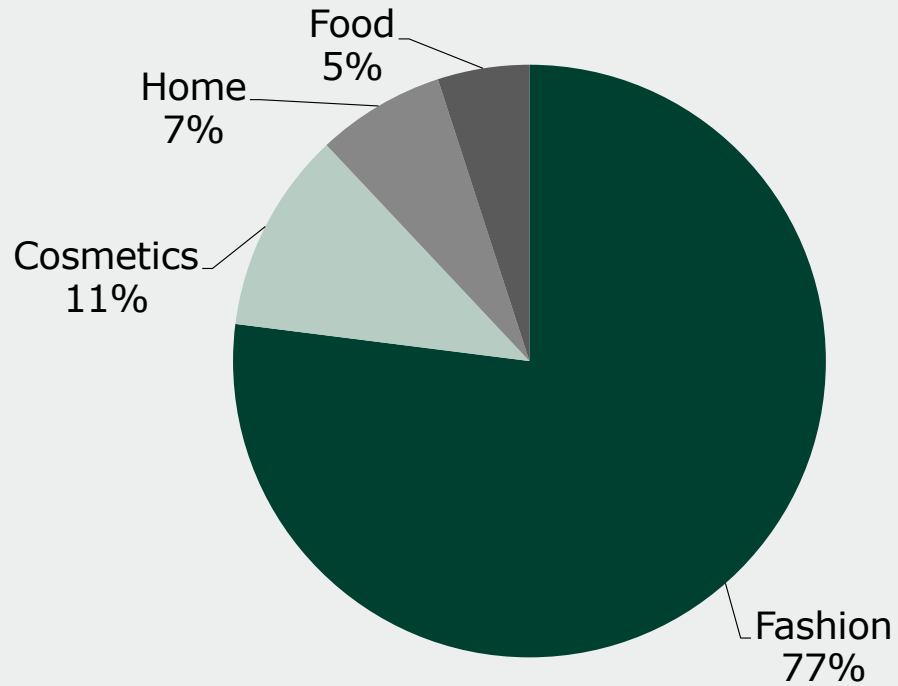
- Stockmann plc filed for corporate restructuring proceedings on 6 April 2020, the District Court of Helsinki approved the restructuring programme on 9 February 2021. Stockmann plc's restructuring proceedings ended and the programme implementation started 9 February 2021.
- Stockmann changed from the revaluation model to a cost model for its property, plant and equipment in the financial year 2020. The change in accounting policy has been implemented retrospectively in the opening balance for the comparative period as of 1 January 2019. As a result of the reporting method change, the accounting value of Stockmann Group's real estate properties decreased from EUR 667.6 million to EUR 254.9 million and the amount of equity from EUR 800.9 million to EUR 469.6 million as at 31 December 2019.
- The properties are presented as assets for sale in the balance sheet 31.12.2020, in accordance with the restructuring programme.
- As a result of an impairment test Stockmann recognised EUR 250 million in impairment related to Lindex's goodwill in the fourth quarter. The write-down is reported as an adjustment.
- Stockmann division re-negotiated lease agreements during the restructuring proceedings. Lease liabilities as of 31.12.2020 were EUR 371.2 million, down 30% (EUR 158.6 million) during 2020.



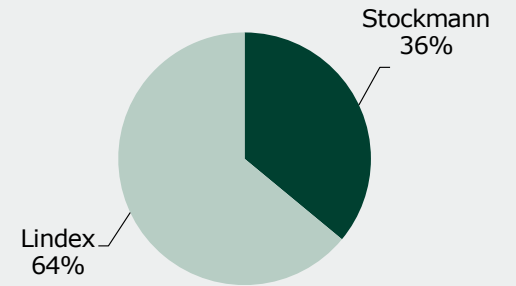


# STOCKMANN GROUP, REVENUE IN 2020

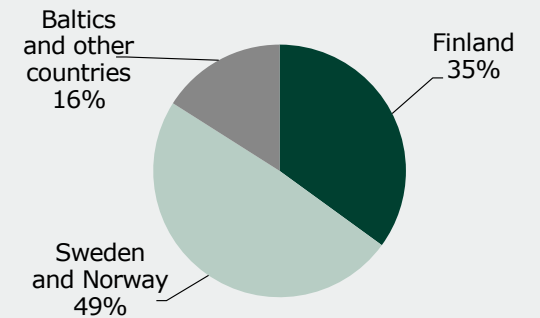
## MERCHANDISE SALES 2020



## REVENUE 2020 BY DIVISION EUR 790.7 million



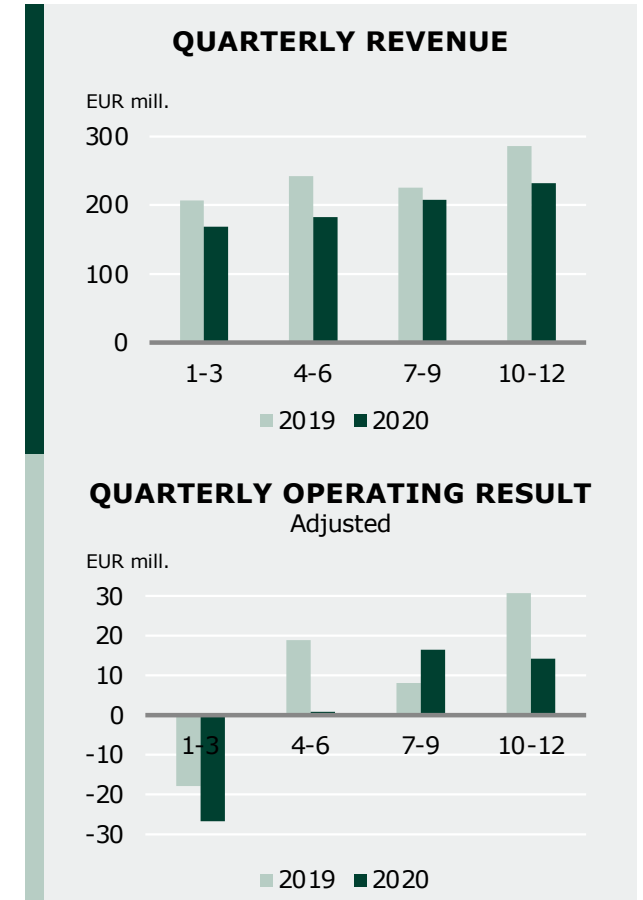
## REVENUE 2020 BY MARKET





# STOCKMANN GROUP, FINANCIAL PERFORMANCE YEAR 2020

- **Revenue** EUR 790.7 million (960.4)
  - Down by 16.9% in comparable currency rates
- **Gross margin** 56.1% (56.3)
  - Gross margin up in Lindex but down in Stockmann
- **Operating costs** down 16.0%, by EUR 62.1 million
- **Adjusted operating result** EUR 4.9 million (39.8)
  - Operating result EUR -252.4 million (24.1)
- **Group cash EUR 152 million**
- As a result of an impairment test Stockmann recognised EUR 250 million in impairment related to Lindex’s goodwill in the fourth quarter. The write-down is reported as an adjustment.





# KEY FIGURES

		10-12/2020	10-12/2019	1-12/2020	1-12/2019
<b>Equity ratio</b>	%			14.6	27.8
- Excluding IFRS 16				20.8	40.9
<b>Net gearing</b>	%			336.1	191.7
- Excluding IFRS 16				160.6	81.1
<b>Operating result</b>	EUR mill.	-238.4	25.1	-252.4	24.1
<b>Net financial items</b>	EUR mill.	-12.2	-12.3	-41.6	-52.7
<b>Result for the period</b>	EUR mill.	-246.8	4.0	-291.6	-45.6
<b>Earnings per share</b>	EUR	-3.33	0.02	-4.05	-0.72
<b>Cash flow from operating activities</b>	EUR mill.	38.2	69.9	147.4	102.3
<b>Cash and cash equivalents</b>	EUR mill.			152.3	24.9
<b>Inventories</b>	EUR mill.			135.3	145.8
<b>Capital expenditure</b>	EUR mill.	4.8	9.6	19.4	33.8
<b>Depreciation, amortisation and impairment losses</b>	EUR mill.	-281.7	-32.2	379.9	128.8
<b>Lease liabilities</b>	EUR mill.			371,2	529,8
<b>Balance sheet total</b>	EUR mill.			1 428.1	1 690.3



# PRO FORMA BALANCE SHEET ITEMS

## Balance sheet items after events after reporting period

EUR Mill.	Reported 31.12.2020	Unsecured debt conversion to shares	Hybrid bonds conversion and cut	Non-current part of unsecured debt	Shopping Center Itis - rental agreement change	Pro forma Balance sheet
<b>EQUITY</b>						
Share capital	144,1					<b>144,1</b>
Share premium fund	186,1					<b>186,1</b>
Invested unrestricted equity fund	250,4	24,3	54,1			<b>328,8</b>
Other funds	43,8					<b>43,8</b>
Translation reserve	20,4					<b>20,4</b>
Retained earnings	-541,7			51,8	1,0	<b>-488,9</b>
Hybrid bond	105,8			-105,8		
<b>EQUITY, TOTAL</b>	<b>209,0</b>	24,3			1,0	<b>234,4</b>
<b>LIABILITIES</b>						
Non-current liabilities	36,1			97,3		<b>133,4</b>
Non-current lease liabilities	290,7				-20,8	<b>270,0</b>
Current liabilities	794,4	-24,3		-97,3		<b>672,8</b>
Current lease liabilities	80,5				-2,5	<b>78,0</b>
<b>LIABILITIES, TOTAL</b>	<b>1 201,8</b>	-24,3			-23,3	<b>1 154,2</b>



# GUIDANCE AND OUTLOOK FOR 2021

## **Guidance for 2021:**

The prolonged COVID-19 pandemic gives rise to a lack of clarity in Stockmann's business environment. As the outlook is unclear, Stockmann will provide a new guidance when the market visibility improves.

## **Outlook for 2021:**

Uncertainty in the global economy is expected to persist throughout 2021, and the COVID-19 pandemic is having a significant impact on the economy across the world, until coronavirus situation is under better control. The retail market is expected to remain challenging due to changes in consumer behaviour and confidence, which are also affected by the coronavirus situation.

The Stockmann division will begin to execute the restructuring programme in 2021. Lindex will continue to drive efficiencies and explore new growth opportunities.



# Q&A

A woman with dark, wavy hair is shown from the chest up, wearing a light blue, long-sleeved button-down shirt. She is looking upwards and to the right with a thoughtful expression. The background is a soft, out-of-focus light blue and white.

**Further information**  
[stockmanngroup.com](https://stockmanngroup.com)  
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