STRATEGIC TRANSFORMATION IS PROGRESSING

LINDEX
- Strategy and business plan for 2019–2023 approved
- Further strengthening international growth and digital transformation
- Board of Directors has decided to investigate strategic alternatives for the ownership

STOCKMANN
- Stockmann Retail and Real Estate divisions combined as of 1 July 2019
- Significant renewal of fashion, beauty and home selections
- Store rejuvenations:
  - Tallinn Delicatessen ongoing
  - Jumbo total store renewal in 2020
  - Helsinki flagship women’s fashion in 2020
- Programme to reduce costs by at least EUR 40 million by 2021
  - Savings will start to be visible towards end of 2019
- Position Stockmann for growth in the Baltics, both in fashion and grocery
JARI LATVANEN APPOINTED STOCKMANN’S NEW CEO

• Born 1964, MBA, Finnish citizen

• Previous work experience:
  – HKScan Oyj, CEO and President, 2016–2018
  – Stora Enso, Executive Vice President, Head of Consumer Board, 2014–2016
  – Findus, Chief Executive Officer Fincus Nordic, 2010–2014
  – Nestlé Czech Republic and Slovakia, Managing Director, 2008–2010
  – Nestlé SA, Assistant Vice President, Zone Europe, 2007–2008
  – Nestlé Sweden, Managing Director, 2003–2006
  – Nestlé Nordic, Marketing Director, 2001–2003

• Jari Latvanen will join Stockmann and the Group’s Management Team on 19 August 2019
PEKKA VÄHÄHYYPÄ APPOINTED STOCKMANN’S NEW CFO

• Born 1960, M.Sc. (Econ.), EMBA, Finnish citizen

• Previous work experience:
  – Finnair plc, CFO, 2015–2019
  – Finnair plc, Interim CEO, 2018
  – Stockmann plc, Executive Vice President and CFO, 2008–2015
  – Nestlé Nordic and Sweden, Director, Finance & Control, 1997–1999
  – Nestlé Finland, CFO, 1994–1996
  – A-lehdet Oy, CFO, 1986–1990

• Pekka Vähähyypä will join Stockmann and the Group’s Management Team on 19 August 2019
**Q2 2019 IN BRIEF**

- **Stockmann Group**
  - Revenue down by 12.1% in comparable currency rates
  - Adjusted operating result EUR 16.2 million (23.8, or 19.3 excluding Nevsky Centre)

- **Lindex**
  - Comparable revenue down by 2.5%, growth in the online store 23%
  - Improved gross margin and operating result on a par in SEK

- **Stockmann Retail**
  - Revenue down by 19% due to the timing of the Crazy Days campaign in Finland
  - Gross margin increased and operating costs declined

- **Real Estate**
  - Revenue and operating result declined due to the property divestments
  - Real Estate division merged with Stockmann Retail as of 1 July 2019

**Group’s gross margin**

58.6%  
(58.2)

**Group’s adjusted operating result, EUR mill.**

16.2  
(23.8, or 19.3 excluding Nevsky Centre)
STOCKMANN GROUP

Kai Laitinen
CFO
STOCKMANN GROUP, FINANCIAL PERFORMANCE IN Q2 2019

- **Revenue** EUR 242.3 million (279.4)
  - Down by 12.1% in comparable currency rates
- **Gross margin** 58.6% (58.2)
  - Up in both Lindex and Stockmann Retail
- **Operating costs** down by EUR 29.8 million
  - Decrease mainly due to IFRS 16
  - Comparable costs down by EUR 8.5 million
- **Adjusted EBITDA** EUR 51.6 million (37.7)
- **Depreciation** EUR 35.3 million (13.9)
  - Increase due to IFRS 16
- **Adjusted operating result** EUR 16.2 million
  (23.8 or 19.3 excluding Nevsky Centre)
  - IFRS 16 items EUR 3.8 million
- **Reported operating result** EUR 10.2 million (29.6)
- **Result for the quarter** EUR -5.5 million (8.0)
STOCKMANN GROUP, INTEREST-BEARING NET DEBT

EUR mill.

Q1/2017 831.5
Q2/2017
Q3/2017
Q4/2017
Q1/2018
Q2/2018
Q3/2018
Q4/2018
Q1/2019 Excl. IFRS 16
Q2/2019 Excl. IFRS 16

Divestment of the Book House

Divestment of Nevsky Centre
GROUP’S ROLLING 12-MONTH ADJUSTED OPERATING PROFIT

Impact of Nevsky Centre EUR 10.2 million

* 2015 includes Delicatessen in Finland
## IMPACT OF IFRS 16

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Revenue</td>
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<td>242.8</td>
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<td>EBITDA</td>
<td>45.6</td>
<td>25.5</td>
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<td>Adjusted EBITDA</td>
<td>51.6</td>
<td>25.5</td>
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<td>Depreciation</td>
<td>35.3</td>
<td>21.7</td>
<td>13.6</td>
<td>13.9</td>
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<td>Operating result (EBIT)</td>
<td>10.2</td>
<td>3.8</td>
<td>6.4</td>
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<tr>
<td>Adjusted operating result (EBIT)</td>
<td>16.2</td>
<td>3.8</td>
<td>12.4</td>
<td>23.8</td>
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<td>Net financial expenses</td>
<td>-13.6</td>
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<td>Net result</td>
<td>-5.5</td>
<td>-2.5</td>
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<tr>
<td>Cash flow from operating activities</td>
<td>48.0</td>
<td>18.7</td>
<td>29.3</td>
<td>62.7</td>
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## IMPACT OF IFRS 16

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<tr>
<td>Revenue</td>
<td>449.5</td>
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<td>481.8</td>
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<td>EBITDA</td>
<td>59.5</td>
<td>51.0</td>
<td>8.5</td>
<td>30.8</td>
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<tr>
<td>Adjusted EBITDA</td>
<td>66.3</td>
<td>51.0</td>
<td>15.3</td>
<td>27.1</td>
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<td>Depreciation</td>
<td>70.7</td>
<td>43.4</td>
<td>27.3</td>
<td>28.1</td>
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<tr>
<td>Operating result (EBIT)</td>
<td>-11.2</td>
<td>7.6</td>
<td>-18.8</td>
<td>2.7</td>
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<tr>
<td>Adjusted operating result (EBIT)</td>
<td>-4.4</td>
<td>7.6</td>
<td>-12.0</td>
<td>-1.0</td>
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<tr>
<td>Net financial expenses</td>
<td>-27.3</td>
<td>-13.5</td>
<td>-13.9</td>
<td>-17.5</td>
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<tr>
<td>Net result</td>
<td>-37.9</td>
<td>-4.7</td>
<td>-33.2</td>
<td>-22.9</td>
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<td>Assets</td>
<td>2 121.8</td>
<td>541.3</td>
<td>1 580.5</td>
<td>1 881.6</td>
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<td>Interest-bearing net debt</td>
<td>961.0</td>
<td>529.3</td>
<td>431.6</td>
<td>623.3</td>
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<td>Cash flow from operating activities</td>
<td>27.9</td>
<td>37.6</td>
<td>-9.6</td>
<td>3.9</td>
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# KEY FIGURES

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<tr>
<th></th>
<th>Q2/2019</th>
<th>Q2/2018</th>
<th>1-6/2019</th>
<th>1-6/2018</th>
<th>1-12/2018</th>
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<tr>
<td><strong>Equity ratio</strong></td>
<td>%</td>
<td></td>
<td></td>
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<tr>
<td>Excluding IFRS 16</td>
<td></td>
<td>37.2</td>
<td>45.7</td>
<td>46.2</td>
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<tr>
<td><strong>Net gearing</strong></td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Excluding IFRS 16</td>
<td></td>
<td>121.7</td>
<td>72.6</td>
<td>64.4</td>
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<tr>
<td><strong>Net financial items</strong></td>
<td>EUR mill.</td>
<td>-13.6</td>
<td>-8.8</td>
<td>-27.3</td>
<td>-17.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-34.6</td>
</tr>
<tr>
<td><strong>Result for the period</strong></td>
<td>EUR mill.</td>
<td>-5.5</td>
<td>8.0</td>
<td>-37.9</td>
<td>-22.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-43.7</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td>EUR</td>
<td>-0.10</td>
<td>0.09</td>
<td>-0.56</td>
<td>-0.35</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>-0.68</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>EUR mill.</td>
<td>48.0</td>
<td>62.7</td>
<td>27.9</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>EUR mill.</td>
<td></td>
<td>149.3</td>
<td>149.6</td>
<td>141.9</td>
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<tr>
<td><strong>Capital expenditure</strong></td>
<td>EUR mill.</td>
<td>9.3</td>
<td>7.4</td>
<td>15.8</td>
<td>15.1</td>
</tr>
<tr>
<td><strong>Depreciation, amortisation and impairment losses</strong></td>
<td>EUR mill.</td>
<td>35.3</td>
<td>13.9</td>
<td>70.7</td>
<td>28.1</td>
</tr>
<tr>
<td><strong>Balance sheet total</strong></td>
<td>EUR mill.</td>
<td></td>
<td>2 121.8</td>
<td>1 881.6</td>
<td>1 827.9</td>
</tr>
</tbody>
</table>

* Continuing operations.
MARKET ENVIRONMENT AND OUTLOOK FOR 2019

• The general economic situation was moderate in Finland during the second quarter. The consumer confidence declined clearly, but was still at a good level.
  – Fashion market in Finland in January–June was -1.5%
    (1–6/2018: -1.0%, source: Fashion and Sport Commerce Association, TMA)

• In Sweden, the general economic situation continued its stable development.
  – Fashion market in Sweden January–June was -2.1%
    (1–6/2018: -2.0%, source: Swedish Trade Federation, Stilindex)

• The retail market continued its growth both in Estonia and Latvia.

• **Guidance for 2019 remains unchanged:**
  Stockmann expects the Group’s adjusted operating profit, excluding Nevsky Centre but including the impact of IFRS 16, to be on a par with 2018
  – 2018: EUR 10.4 million
LINDEX

Susanne Ehnbåge
CEO
LINDEX, PERFORMANCE IN Q2 2019

FINANCIALS

• **Revenue** down by 6.0% to EUR 154.0 million (163.8)
  – Same-store sales in comparable currencies decreased by 2.5%
  – Online sales increased by 23%

• **Increased gross margin** 64.3% (63.7)

• **Operating costs** down by EUR 3.0 million

• **Operating result** EUR 18.8 million (19.6, or adjusted 20.8)
  – In SEK, the operating result was on a par with the previous year

HIGHLIGHTS

• Release of new **e-commerce platform** and opening of new **e-commerce warehouse**

• Well-received design collaboration with By Malina

• Signed agreement of **store opening in Denmark**

• Launch of Lindex **sustainability promise** for future generations

• **465 stores** in 17 countries, of which 43 franchising, on 30 June 2019
LINDEX WAY FORWARD

• **Updated strategy** for 2019–2023 approved
  – Further strengthening international growth and digital transformation
• **Sales growth** and continued good cost control in focus
• Important autumn **season start**
  – Strong commercial fashion offer with relevant products for the period
  – Well balanced stock with high share of new items
• Proceeding in the **digital development**
  – Continued growth, both through own channels and with online partners
  – Roll-out of new e-commerce platform for all Lindex markets
  – Meet future needs in new efficient e-commerce warehouse
• **Store portfolio** efficiency
  – Continued focus on rental reductions
  – New flexible store formats
STOCKMANN RETAIL

Tove Westermarck
Chief Operating Officer
STOCKMANN RETAIL, PERFORMANCE IN Q2 2019

FINANCIALS

• **Revenue** EUR 84.9 million (104.7)
  - Revenue down by 19.0% due to the timing of the Crazy Days campaign in Finland and renewal in Tallin Delicatessen

• **Gross margin** 46.7% (45.4)

• **Operating costs** down by EUR 4.0 million including adjustments
  - Personnel and support function costs declined but rents were up

• **Adjusted operating result** EUR -7.4 million (-3.6)

HIGHLIGHTS

• Marketplace successfully opened in stockmann.com
  - Online Exclusive partners complete Stockmann’s online offering

• Good sales in the pop up for tourists in the Helsinki flagship
  - Alipay introduced in the Riga department store

• Renewal of Delicatessen in the Tallinn department store
STOCKMANN RETAIL’S WAY FORWARD

• Targeting a Fashion & Style authority position
  – Clear focus on a core target customer, modern working professional
  – Renewing Fashion, Home and Beauty offering – our promise: inspiring quality
  – Create newness with relevant, sustainable and unique brands
  – Several new brands: NA-KD, Scotch & Soda and Olivia Klein
  – New contemporary own brand for men: Construe

• Strengthen digital shopping channel
  – Accelerate growth – online sales in H1 up by 22%
  – Introduce new partners and products in stockmann.com

• Create inspiring store experiences
  – Renovation of Tallinn Delicatessen ongoing, ready in September
  – Jumbo store will be completely redesigned and renovated in 2020
  – Several upgrades in Helsinki flagship: e.g in men’s fashion and Denim Wall in women’s fashion

• New Loyalty programme to be introduced in Q4
RENEWED JUMBO DEPARTMENT STORE WILL OPEN IN 2020

Picture: Suunnittelutoimisto Amerikka Oy
REAL ESTATE

Elena Stenholm
Director, Real Estate
REAL ESTATE, FINANCIAL PERFORMANCE IN Q2 2019

FINANCIALS

• **Revenue** EUR 10.5 million (17.5)
  – Down due to the divestment of the Book House property in Helsinki and the Nevsky Centre property in St Petersburg

• **Net operating income** from own properties EUR 7.9 million (12.9)
  – Average monthly rent EUR 37.59 per sqm (38.58)

• **Adjusted operating result** EUR 2.3 million (7.4, or 2.8 excluding Nevsky Centre)

HIGHLIGHTS

• New jewellery area in Helsinki flagship
• Workland coworking space in Tallinn
REAL ESTATE, STOCKMANN-OWNED PROPERTIES

- **Fair value** of the department store properties: EUR 681.0 million (1 January 2019)
- **Gross leasable area** (GLA) 88 000 sqm, of which Stockmann Retail is using 73%
- **Occupancy rate** 98.0% (99.4)
- Combining Stockmann Retail and Real Estate to offer a unified customer experience

**Helsinki flagship property**
- Occupancy rate 98.9%
- GLA 51 000 sqm
- Usage by Retail 66%

**Tallinn department store property**
- Occupancy rate 94.2%
- GLA 22 000 sqm
- Usage by Retail 82%

**Riga department store property**
- Occupancy rate 100.0%
- GLA 15 000 sqm
- Usage by Retail 86%
Q&A

Further information
stockmanngroup.com
investor.relations@stockmann.com