

A large, stylized graphic on the left side of the page. It consists of a white circle at the top, a white diagonal band extending downwards from the circle, and a white triangle at the bottom, all set against a black background.

STOCKMANN

HALF YEAR FINANCIAL REPORT 2019

Lauri Ratia, Executive Chairman
Stockmann Group | 9 August 2019



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
 - Stockmann plc, CFO, 2000–2008
 - Nestlé Nordic and Sweden, Director, Finance & Control, 1997–1999
 - Nestlé Finland, CFO, 1994–1996
 - OKO-Venture Capital, Director, 1991–1994
 - 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

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**
 - 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

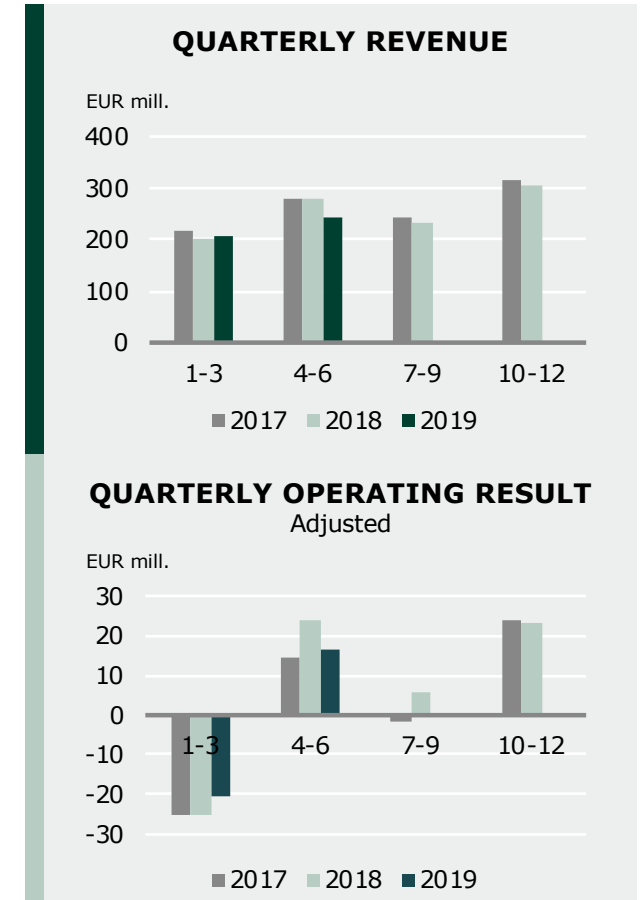
STOCKMANN GROUP

Kai Laitinen
CFO



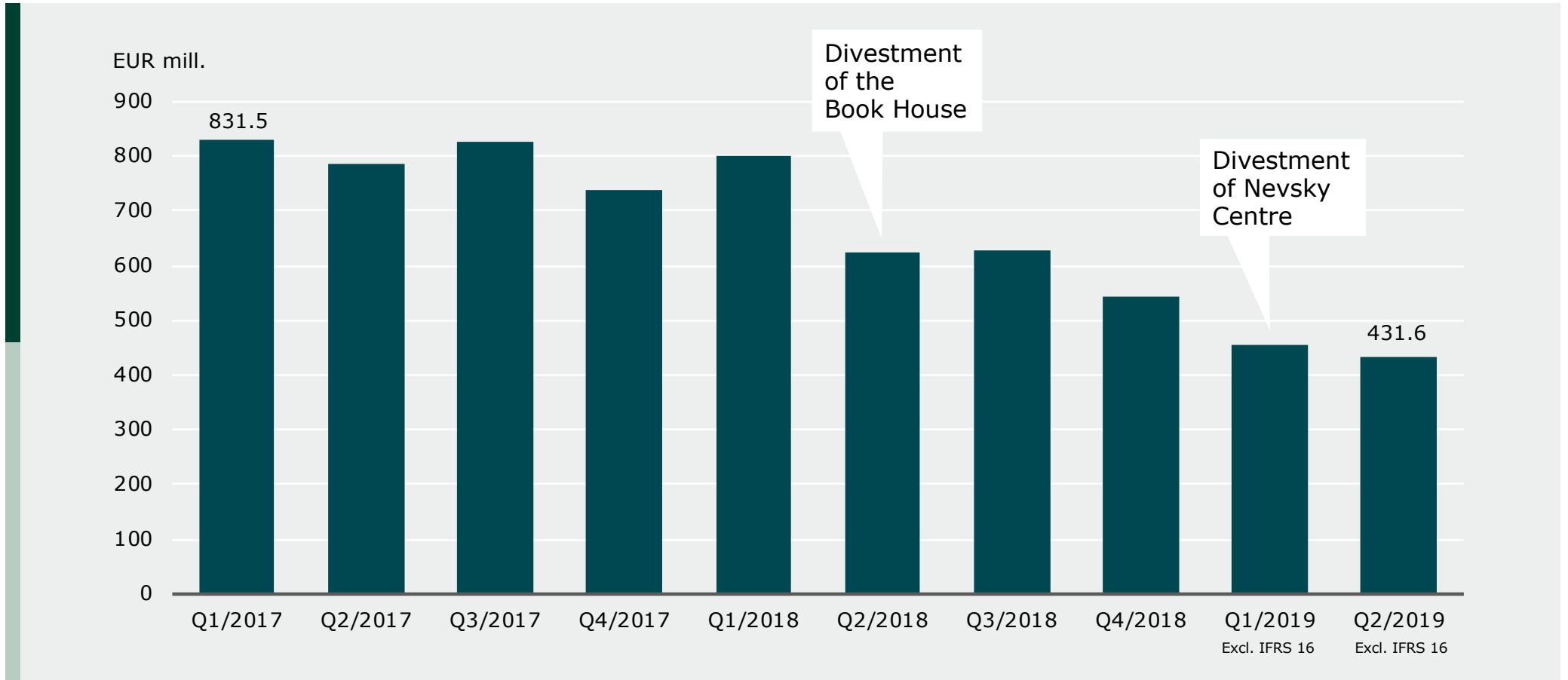
STOCKMANN GROUP, FINANCIAL PERFORMANCE IN Q2 2019

- **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)



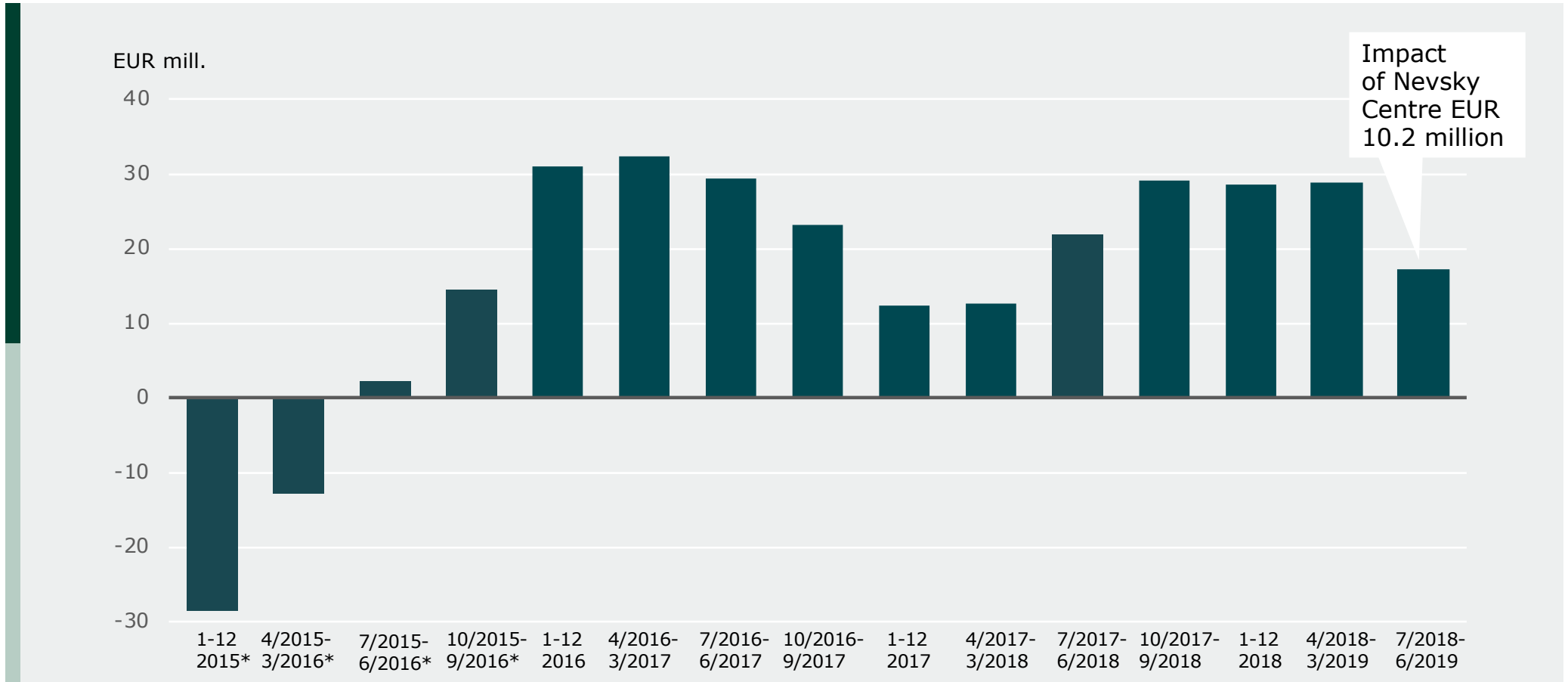


STOCKMANN GROUP, INTEREST-BEARING NET DEBT





GROUP'S ROLLING 12-MONTH ADJUSTED OPERATING PROFIT





IMPACT OF IFRS 16

EUR million, quarterly	Reported 4-6/2019	IFRS 16 items 4-6/2019	Excluding IFRS 16 items 4-6/2019	Reported 4-6/2018
Revenue	242.3	-0.5	242.8	279.4
EBITDA	45.6	25.5	20.0	43.5
Adjusted EBITDA	51.6	25.5	26.0	37.7
Depreciation	35.3	21.7	13.6	13.9
Operating result (EBIT)	10.2	3.8	6.4	29.6
Adjusted operating result (EBIT)	16.2	3.8	12.4	23.8
Net financial expenses	-13.6	-6.8	-6.8	-8.8
Net result	-5.5	-2.5	-3.1	8.0
Cash flow from operating activities	48.0	18.7	29.3	62.7



IMPACT OF IFRS 16

EUR million, YTD	Reported 1-6/2019	IFRS 16 items 1-6/2019	Excluding IFRS 16 items 1-6/2019	Reported 1-6/2018
Revenue	449.5	-1.1	450.6	481.8
EBITDA	59.5	51.0	8.5	30.8
Adjusted EBITDA	66.3	51.0	15.3	27.1
Depreciation	70.7	43.4	27.3	28.1
Operating result (EBIT)	-11.2	7.6	-18.8	2.7
Adjusted operating result (EBIT)	-4.4	7.6	-12.0	-1.0
Net financial expenses	-27.3	-13.5	-13.9	-17.5
Net result	-37.9	-4.7	-33.2	-22.9
Assets	2 121.8	541.3	1 580.5	1 881.6
Interest-bearing net debt	961.0	529.3	431.6	623.3
Cash flow from operating activities	27.9	37.6	-9.6	3.9



KEY FIGURES

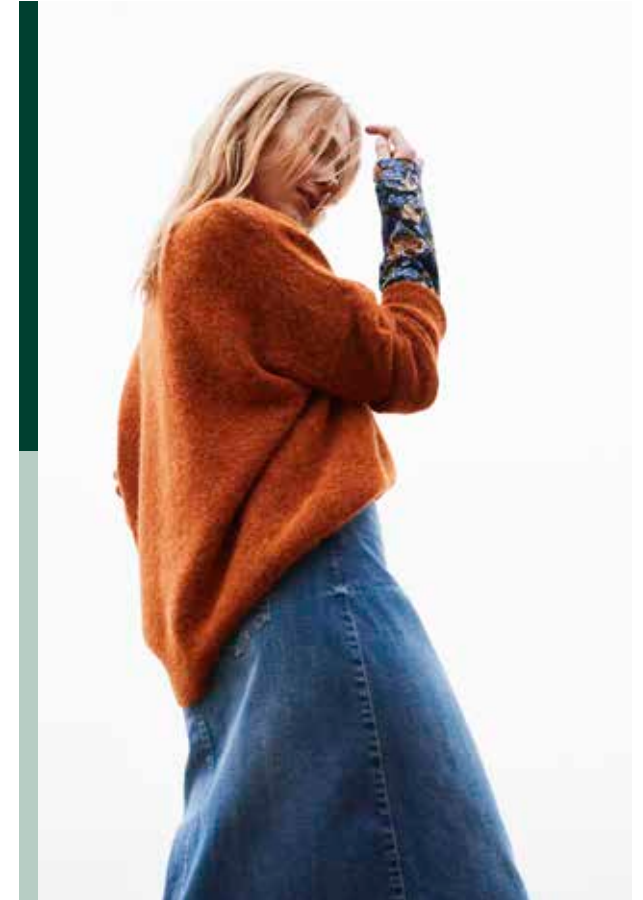
		Q2/2019	Q2/2018	1-6/2019	1-6/2018	1-12/2018
Equity ratio	%			37.2	45.7	46.2
- Excluding IFRS 16				50.3		
Net gearing	%			121.7	72.6	64.4
- Excluding IFRS 16				54.6		
Net financial items*	EUR mill.	-13.6	-8.8	-27.3	-17.5	-34.6
Result for the period*	EUR mill.	-5.5	8.0	-37.9	-22.9	-43.7
Earnings per share*	EUR	-0.10	0.09	-0.56	-0.35	-0.68
Cash flow from operating activities	EUR mill.	48.0	62.7	27.9	3.9	82.9
Inventories	EUR mill.			149.3	149.6	141.9
Capital expenditure	EUR mill.	9.3	7.4	15.8	15.1	29.3
Depreciation, amortisation and impairment losses	EUR mill.	35.3	13.9	70.7	28.1	80.9
Balance sheet total	EUR mill.			2 121.8	1 881.6	1 827.9

* 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



The background features a white central area with grey geometric shapes. A large grey curved shape is at the top right, and a grey triangular shape is at the bottom left.

LINDEX

Susanne Ehnbåge
CEO



LINDEX, PERFORMANCE IN Q2 2019

FINANCIALS

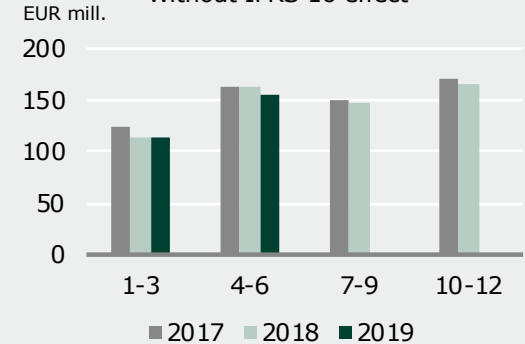
- **Revenue** down by 6.0% to EUR 154.0 million (163.8)
 - Same-store sales in comparable currencies decreased by 2.5%
 - Online sales increased by 23%
- **Increased gross margin** 64.3% (63.7)
- **Operating costs** down by EUR 3.0 million
- **Operating result** EUR 18.8 million (19.6, or adjusted 20.8)
 - 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

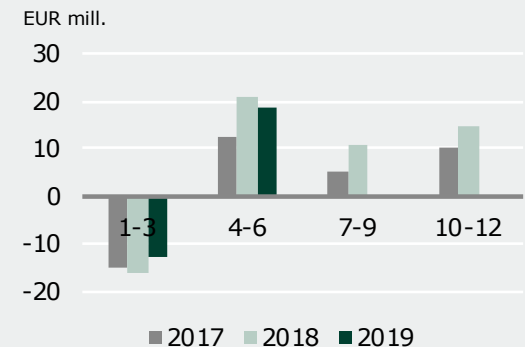
QUARTERLY REVENUE

Without IFRS 16 effect



QUARTERLY OPERATING RESULT

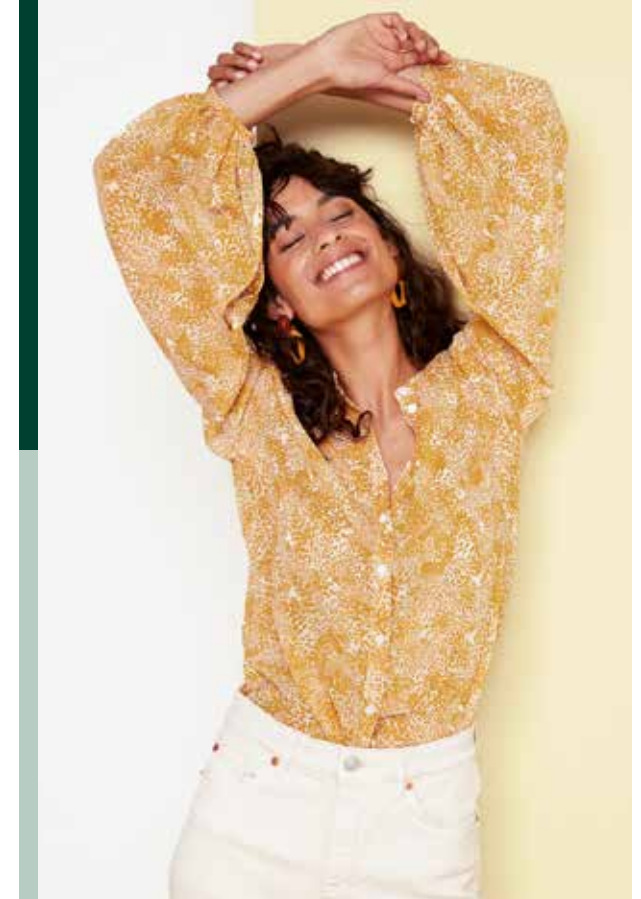
Adjusted, without IFRS 16 effect





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



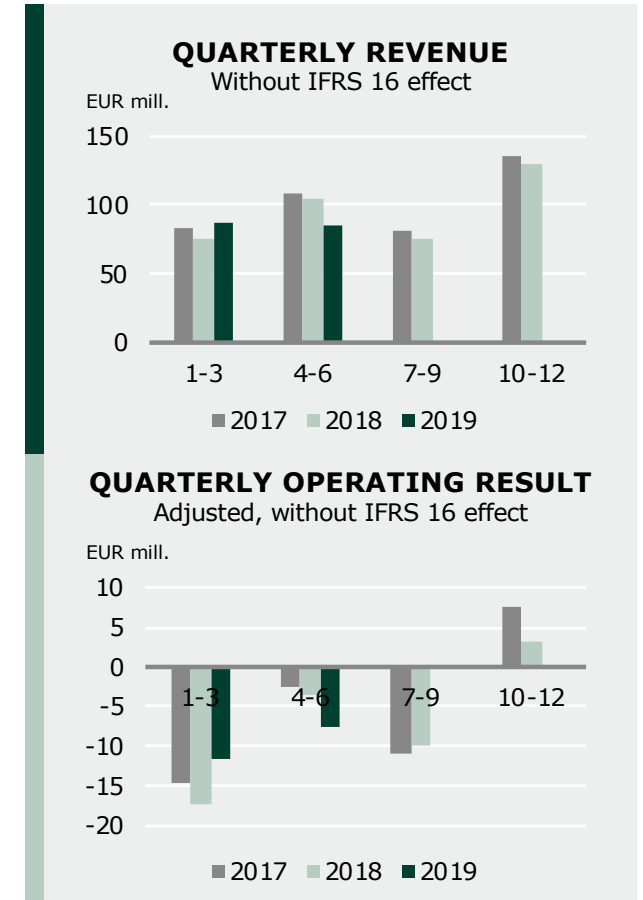
STOCKMANN RETAIL, PERFORMANCE IN Q2 2019

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

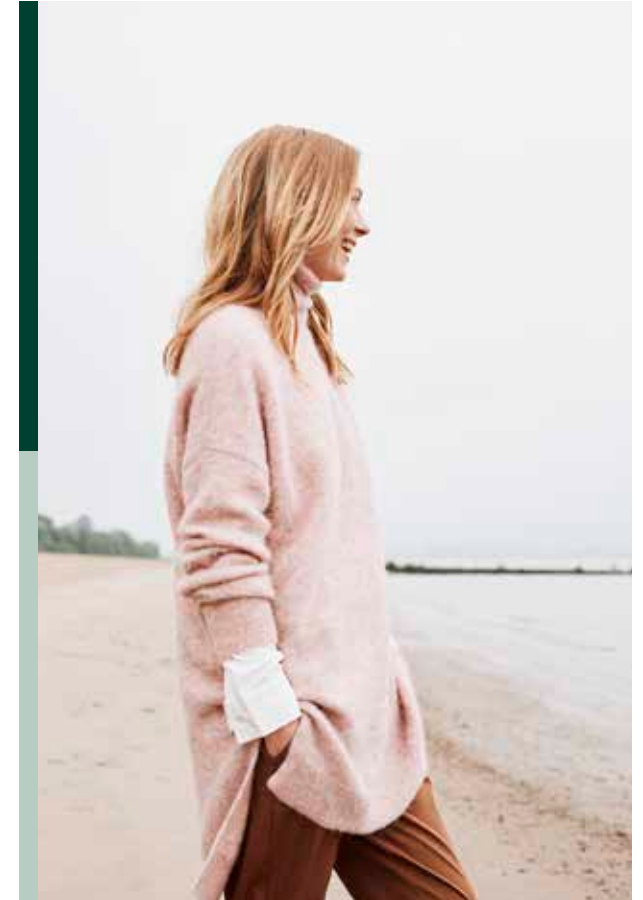
- Marketplace successfully opened in stockmann.com
 - Online Exclusive partners complete Stockmann's online offering
- Good sales in the pop up for tourists in the Helsinki flagship
 - Alipay introduced in the Riga department store
- Renewal of Delicatessen in the Tallinn department store





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



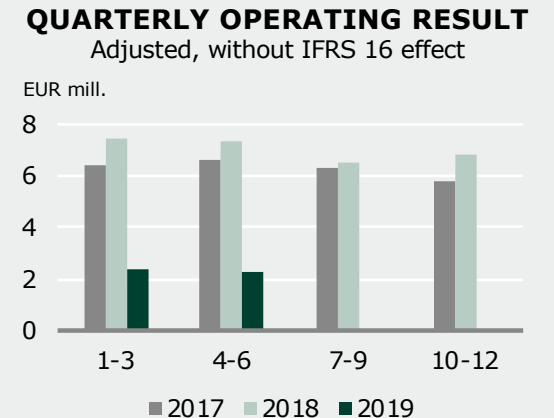
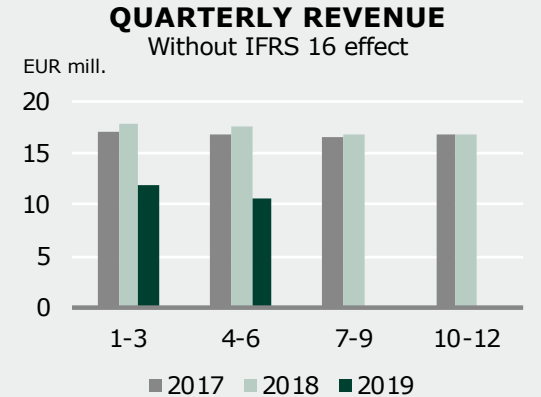
REAL ESTATE, FINANCIAL PERFORMANCE IN Q2 2019

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

