STRATEGIC TRANSFORMATION CONTINUES

- Rejuvenation programme progressing as planned
- New strategy for Stockmann
- New Lindex strategy launched, strategic options assessed
- Board support for planned investment program
- New organisation and key leaders in place
- The cost savings projects on track
- A hybrid bond consent solicitation to start shortly upon the release of the January–September interim report to get bond holder’s agreement to postpone the first reset date by 18 months
Q3 2019 IN BRIEF

**Stockmann Group**
- Revenue EUR 225.3 million, down by 1.8% in comparable currency rates
- Adjusted operating profit EUR 5.4 million (5.9, or 1.4 excluding Nevsky Centre)
- Stockmann Retail and Real Estate divisions merged as of 1 July 2019

**Lindex**
- Comparable revenue EUR 147.6 million, up by 3.3%, growth in the online store 24%
- Gross margin declined due to currency effects
- Operating profit for the quarter improved

**Stockmann**
- Revenue EUR 78.2 million, down by 8.6% due to divestment of properties & renovation of Delicatessen in Tallinn
- Gross margin and operating costs declined
- Operating result improved EUR 5.1 million
- Growth in the online store stockmann.com 14%
STOCKMANN DIVISION, PERFORMANCE IN Q3 2019

FINANCIALS

- **Revenue** EUR 78.2 million (85.5)
  - Growth in the online store +14%, but revenue declined mainly due to the divestment of properties

- **Gross margin** 46.2% (46.6%)

- **Operating costs** EUR 44 million, down by EUR 3.5 million like for like
  - Personnel and support function costs declined but rents were up

- **Adjusted operating result** EUR -9.4 million (-3.8)

HIGHLIGHTS

- New values introduced and cultural renewal initiated
- Refurbishment of Tampere department store (fashion, sports, home)
- Crazy Days online store launched in the Baltics
- New buying and markdown practices introduced
- Preparing for the launch of the renewed loyalty program in October
STOCKMANN’S STRATEGIC TRANSFORMATION CONTINUES

• Strengthen Stockmann’s position as **the number one source of inspiration** in fashion, beauty and home
  – Developing operations to offer excellent customer service and inspiring experiences
  – Clear focus on defined customer groups
  – Renewing selections further to create newness with unique and sustainable brands

• **Digital in focus**
  – Further development of the newly launched renewed Loyal Customer programme
  – Increase the marketplace offering further with attractive Online Exclusive partners
  – Full focus on improving the e-commerce customer experience

• **Upgrading the stores to create inspiring experiences**
  – Refurbishments of several departments in the Tampere and Helsinki department stores
  – The company will also position itself for growth in the Baltics, both in the fashion and grocery businesses
• A completely renewed **Loyal Customer programme** was launched on 21 October 2019

• **Six different Loyal customer levels** based on purchases
  – The starting level is based on purchases made after October 2014
  – Lifetime program, no dropping from one level to another
  – Points will be collected from every purchase in the department stores or in the online store

• Most benefits with the new **MyStockmann application**

• Already over 50 000 downloads of the application
Crazy Days key facts
- Campaign held 2–6 October 2019 in Finland, Estonia and Latvia
- Eight department stores, the online store hullutpaivat.com in Finland and crazydays.com in Estonia and Riga

Campaign sales
- Total sales on a par with the previous year
  - Finland: +2%
  - Tallinn and Riga: -8%

The online store crazydays.com introduced for the first time in the Baltic countries

+11% sales in the online store

Healthier product selection vs. last year
- Stronger campaign sales
- Smaller stock left after the campaign

6 of Stockmann’s own brands in the TOP 20 brand list

16% increased customer traffic
LINDEX, PERFORMANCE IN Q3 2019

FINANCIALS

- **Revenue** up by 0.4% to EUR 147.6 million (147.0)
  - Same-store sales in comparable currencies increased by 3.3%
  - Online sales increased by 24%
- **Gross margin** decreased to 61.9% (62.1)
- **Operating costs** down by EUR 0.9 million
- **Operating result** EUR 11.6 million (10.8)

HIGHLIGHTS

- Continued roll-out of new **e-commerce platform**
- Launch of online partnership with **Boozt**
- Store opening in **Denmark** with **record breaking success**
- **460 stores** in 17 countries, of which 38 franchising, on 30 September 2019
LINDEX WAY FORWARD

• Implementation of **updated strategy**
  – To further strengthening international growth and digital transformation
• Continued **online expansion** and new **franchising markets**
• Signed local partner for online sales in **China**
• New **business venture** within Lingerie
• New **flexible store formats**
  – Baby pop-up store at Helsinki airport
• Secure strong commercial fashion offer to optimise the important **Christmas sales period**
• Important **Pink Ribbon** Campaign supporting cancer research
  – The 17 year in a row
STOCKMANN GROUP, FINANCIAL PERFORMANCE IN Q3 2019

- **Revenue** EUR 225.3 million (232.5)
  - Down by 1.8 % in comparable currency rates
- **Gross margin** 56.4% (58.7)
  - Down in both Lindex and Stockmann
- **Operating costs** down by EUR 36.6 million
  - Decrease mainly due to IFRS 16
  - Comparable costs down by EUR 4.2 million
- **Adjusted EBITDA** EUR 39.5 million (19.8)
- **Depreciation** EUR 34.1 million (13.9)
  - Increase due to IFRS 16
- **Operating result** EUR 2.1 million (-4.9)
- **Adjusted operating result** EUR 5.4 million
  (5.9 or 1.4 excluding Nevsky Centre)
  - IFRS 16 items EUR 4.3 million
- **Result for the quarter** EUR -18.2 million (-13.8)
STOCKMANN GROUP, INTEREST-BEARING NET DEBT

EUR mill.


831.5
452.5

Divestment of the Book House

Divestment of Nevsky Centre

Excl. IFRS 16
GROUP’S ROLLING 12-MONTH COMPARABLE OPERATING PROFIT*

* Adjusted operating profit excluding impact of IFRS 16  ** 2015 includes Delicatessen in Finland
# KEY FIGURES

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<tbody>
<tr>
<td><strong>Equity ratio</strong></td>
<td>%</td>
<td>36.3</td>
<td>44.9</td>
<td>46.2</td>
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<tr>
<td>- Excluding IFRS 16</td>
<td></td>
<td>48.8</td>
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<td><strong>Net gearing</strong></td>
<td>%</td>
<td>125.8</td>
<td>74.4</td>
<td>64.4</td>
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<tr>
<td>- Excluding IFRS 16</td>
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<td>58.8</td>
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<td><strong>Net financial items</strong></td>
<td>EUR mill.</td>
<td>-13.1</td>
<td>-7.8</td>
<td>-40.4</td>
<td>-25.4</td>
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<tr>
<td><strong>Result for the period</strong>*</td>
<td>EUR mill.</td>
<td>-18.2</td>
<td>-13.8</td>
<td>-56.1</td>
<td>-36.7</td>
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<tr>
<td><strong>Earnings per share</strong>*</td>
<td>EUR</td>
<td>-0.27</td>
<td>-0.21</td>
<td>-0.83</td>
<td>-0.56</td>
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<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>EUR mill.</td>
<td>4.4</td>
<td>-3.1</td>
<td>32.3</td>
<td>0.8</td>
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<td><strong>Inventories</strong></td>
<td>EUR mill.</td>
<td>179.2</td>
<td>182.6</td>
<td>141.9</td>
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<td><strong>Capital expenditure</strong></td>
<td>EUR mill.</td>
<td>8.5</td>
<td>6</td>
<td>24.2</td>
<td>21.1</td>
</tr>
<tr>
<td><strong>Depreciation, amortisation and impairment losses</strong></td>
<td>EUR mill.</td>
<td>34.1</td>
<td>13.9</td>
<td>104.8</td>
<td>42.0</td>
</tr>
<tr>
<td><strong>Balance sheet total</strong></td>
<td>EUR mill.</td>
<td>2 119.8</td>
<td>1 881.8</td>
<td>1 827.9</td>
<td></td>
</tr>
</tbody>
</table>

* Continuing operations.
MARKET ENVIRONMENT AND OUTLOOK FOR 2019

- The uncertainties in the global economy, due to eg. Brexit and the trade war between USA and China, remained in Q3

- Consumer confidence indicator in the Finnish economy has been negative from January 2019, but it was increasingly negative during Q3. The fashion market in Finland in January-September was on a par with 2018 (-1.5%, source: Statistic Finland and Fashion and Sport Commerce Association, TMA)

- In Sweden, the general economic situation continued its stable development. The fashion market in Sweden in January–September was down, at -1,5% (-2.5, 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
CONSTRUE
Stockmann’s own new brand for men

Q&A

Further information
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