Q2 2013 in brief

- Revenue turned into growth, despite the weak market in particular in Finland
  - Finnish fashion market down 4.1% year-to-date; Swedish fashion market down 0.5% year-to-date but up 2.9% in the second quarter
  - Cold weather shortened the sales time for spring merchandise
  - Russian rouble weakened
- Operating profit slightly up in both divisions
  - Improvements in Russia and Sweden/Norway
  - First effects of the cost savings programme visible
- Outlook for 2013 unchanged
  - Lindex tax refund would improve profit for 2013
- New medium-term financial targets introduced
- Stockmann retains ownership of Nevsky Centre for the time being
Revenue in Q2 2013

- Revenue up 3.0%* to EUR 543.6 million
  - Strong growth for Lindex, also in the main markets of Sweden and Norway
  - Successful Crazy Days campaign in Stockmann department stores and online store
  - Seppälä’s revenue continued to decline, but initiatives for a turnaround are well under way
- Revenue in Finland down 0.9%*
- International operations up 6.7%*
  - Growth the same in comparable currencies
- Revenue abroad 51.8% (50.4%) of the total in January-June

* Excluding terminated franchising operations (Bestseller and Zara)
Revenue by market in Q2 2013

- Finland: 47.5%
- Sweden and Norway: 27.4%
- Russia: 17.3%
- Baltic countries and Central Europe: 7.8%
Quarterly revenue, Stockmann Group

* Excluding terminated franchising operations
Operating profit in Q2 2013

- Relative gross margin at 49.1% (49.7%)
  - Up in the Fashion Chain Division – also Seppälä’s gross margin surpassed 60%
  - Down in the Department Store Division mainly due to price driven campaigns

- Operating costs and depreciation on a par with the previous year
  - Cost savings programme and terminated franchising decreased Department Store Division’s costs
  - Lindex’s costs up, partly due to the strengthened Swedish krona

- Operating profit EUR 30.1 million (EUR 29.7 million)
  - Improved performance in both divisions
  - Up in the market areas of Sweden/Norway and Russia, down in Finland
Quarterly operating profit, Stockmann Group

EUR mill.

1-3 4-6 7-9 10-12

2011 2012 2013
## Key figures

<table>
<thead>
<tr>
<th></th>
<th>4-6/2013</th>
<th>4-6/2012</th>
<th>1-6/2013</th>
<th>1-6/2012</th>
<th>1-12/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue EUR mill.</td>
<td>543.6</td>
<td>537.2</td>
<td>974.9</td>
<td>987.5</td>
<td>2 116.4</td>
</tr>
<tr>
<td>Operating profit EUR mill.</td>
<td>30.1</td>
<td>29.7</td>
<td>-4.6</td>
<td>13.4</td>
<td>87.3</td>
</tr>
<tr>
<td>Net financial costs EUR mill.</td>
<td>8.5</td>
<td>7.5</td>
<td>14.5</td>
<td>16.2</td>
<td>32.4</td>
</tr>
<tr>
<td>Earnings per share EUR mill.</td>
<td>0.27</td>
<td>0.26</td>
<td>-0.24</td>
<td>-0.03</td>
<td>0.74</td>
</tr>
<tr>
<td>Cash flow from operating activities EUR mill.</td>
<td>101.4</td>
<td>88.2</td>
<td>-9.8</td>
<td>14.9</td>
<td>123.7</td>
</tr>
<tr>
<td>Capital expenditure EUR mill.</td>
<td>16.9</td>
<td>13.0</td>
<td>28.4</td>
<td>23.3</td>
<td>60.3</td>
</tr>
<tr>
<td>Equity ratio %</td>
<td></td>
<td></td>
<td>40.5</td>
<td>41.0</td>
<td>42.8</td>
</tr>
<tr>
<td>Gearing %</td>
<td></td>
<td></td>
<td>107.0</td>
<td>104.1</td>
<td>90.9</td>
</tr>
<tr>
<td>ROCE %</td>
<td></td>
<td></td>
<td>4.0</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Personnel, average</td>
<td>14 977</td>
<td>15 749</td>
<td>14 903</td>
<td>15 403</td>
<td>15 603</td>
</tr>
</tbody>
</table>
New financial targets

- Stockmann Group’s long-term targets replaced with new medium-term targets, to be achieved by the end of 2016
- Key strategic initiatives to reach the targets
  - Operations in Russia, in particular the department store business
  - Structural changes within the Department Store Division
  - Seppälä’s turnaround
  - Continuing international expansion of Lindex
  - Strongly expanding online sales in both divisions
  - More efficient use of capital

Financial targets 2016

- Return on capital employed: 10%
- Operating profit margin: 7%
- Sales growth: above industry average
- Equity ratio: 40%
Nevsky Centre in St Petersburg

• Evaluation of the commercial value of the Nevsky Centre shopping centre carried out
• Stockmann will continue under the current operating model for the time being
• Promising outlook for the shopping centre business
  – Rental income from existing tenants increasing
  – Number of visitors and utilisation rate of parking facilities growing
  – Constantly improving tenant mix
A significant tax refund expected for AB Lindex

- German and Swedish tax authorities have made a resolution to eliminate the Lindex Group’s double taxation in the tax years 1997-2004
  - Double taxation resulted from the presumptive income tax for Lindex GmbH
  - AB Lindex was obliged to pay approximately EUR 26 million in taxes and interests on this income in 2008
  - Legal proceedings have been on-going since 2008
- The German local tax authorities confirmed the resolution in July 2013
- Resolution is now being processed by the Swedish tax authorities
  - Tax authorities are expected to reimburse Lindex a major part of the taxes paid in 2008
- Possible refund will be recognized in the income statement, and it will increase the Stockmann Group’s profit for 2013
### Revenue in July 2013

<table>
<thead>
<tr>
<th>EUR mill, exclusive VAT</th>
<th>7/2013</th>
<th>Change, %*</th>
<th>1-7/2013</th>
<th>Change, %*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Store Division, Finland</td>
<td>50.9</td>
<td>-1.6</td>
<td>450.0</td>
<td>-0.9</td>
</tr>
<tr>
<td>Department Store Division, international operations</td>
<td>27.2</td>
<td>-5.8</td>
<td>223.3</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Department Store Division, total</strong></td>
<td><strong>78.1</strong></td>
<td><strong>-3.1</strong></td>
<td><strong>673.3</strong></td>
<td><strong>0.1</strong></td>
</tr>
<tr>
<td>Fashion Chain Division, Finland</td>
<td>14.5</td>
<td>-3.9</td>
<td>85.5</td>
<td>-10.4</td>
</tr>
<tr>
<td>Fashion Chain Division, international operations</td>
<td>53.4</td>
<td>5.9</td>
<td>362.4</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Fashion Chain Division, total</strong></td>
<td><strong>67.9</strong></td>
<td><strong>3.7</strong></td>
<td><strong>448.0</strong></td>
<td><strong>0.4</strong></td>
</tr>
<tr>
<td>Other operations</td>
<td>-0.1</td>
<td></td>
<td>-0.5</td>
<td></td>
</tr>
<tr>
<td>Operations in Finland, total</td>
<td>65.4</td>
<td>-2.3</td>
<td>535.1</td>
<td>-2.7</td>
</tr>
<tr>
<td>International operations, total</td>
<td>80.6</td>
<td>1.7</td>
<td>585.7</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>Stockmann Group, total</strong></td>
<td><strong>146.0</strong></td>
<td><strong>-0.1</strong></td>
<td><strong>1 120.8</strong></td>
<td><strong>0.1</strong></td>
</tr>
</tbody>
</table>

* Change compared with revenue excluding the terminated franchising operations.
NOTE: preliminary figures
Outlook for 2013

- The world economy expected to perform poorly in 2013
- Long period of low or no growth seems probable in Finland
- Affordable fashion market in Sweden expected to improve slightly towards the end of 2013
- Although the Russian rouble is weakening, Russian and Baltic markets are likely to continue performing better than the Nordic markets
- Discontinuation of Bestseller and Zara franchising operations will slow revenue growth somewhat, but improve operating profit in Russia
- Attention to improving cost efficiency particularly in Finland, where a cost savings programme has been initiated
- Capital expenditure estimated to amount to approx. EUR 60 million
- Stockmann expects the Group’s revenue to increase in 2013, excluding the terminated franchising operations
- Operating profit expected to not exceed the figure for 2012
- Lindex is expected to receive a significant tax refund which will improve the Stockmann Group’s profit for the year
Department Store Division

Maisa Romanainen
Executive Vice President
Director of Department Store Division
Q2 2013 in brief

- EBIT improved to EUR 11.6 million (10.2 mill.)
- Market situation challenging in Finland
- Rouble rate weakened approx. 4% in Q2 and affected the Russian business
- Strong start for Q2 with Crazy Days’ 10% growth
- Stockmann.com revenue increased rapidly
- All KPIs in St Petersburg – visitor flow, tenant mix, parking and department store performance – clearly improving
- Cost savings programme visible already in Q2; further savings targeted, including temporary lay-offs in Finland
- Stock situation improved clearly with price-driven actions and controlled buying
Revenue in Q2 2013

- Revenue EUR 325.1 million (EUR 326.0 mill.), up by 2.6% excluding the terminated franchising operations
  - Revenue in Finland, excluding the Zara franchising operations, up 1.0% and totalled EUR 217.6 million (EUR 221.2 mill.).
  - Revenue in international operations, excluding the terminated Bestseller franchising operations, up 6.2% and totalled EUR 107.5 million
- Finnish department stores outperformed the general fashion market, despite the construction works in Tapiola, Tampere and Itäkeskus
- Russia continued its good performance although euro-denominated revenue was affected by the weakened rouble
Quarterly revenue, Department Store Division

EUR mill.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td></td>
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<tr>
<td>4-6</td>
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<td>7-9</td>
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</tr>
<tr>
<td>10-12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Excluding terminated franchising operations

-3.7%
-2.1%*
-0.3%
+2.6%*
Operating profit in Q2 2013

- Operating profit improved to EUR 11.6 million (EUR 10.2 mill.)
- Relative gross margin somewhat down at 39.4% (41.6%) due to strong price-driven campaigning and weakening of the rouble
- Target was to reduce stock level after the challenging Q1 and this was achieved – stock is now healthy
- Operating costs down by EUR 9.1 million, as a result of the cost savings programme and the terminated franchising operations
Quarterly operating profit, Department Store Division

EUR mill.

2011 2012 2013

1-3

4-6

7-9

10-12

9.8.2013
Strong presence in the Finnish e-commerce

• Department Store Division is one of the leading operators in Finnish online retail with three stores – Stockmann.com, Hobby Hall and Akateeminen.com.
  - Stockmann.com brings out a wide selection with almost 100,000 items from over 1,000 brands in fashion, home and leisure available countrywide in Finland. With the popular click and collect function and the mobile store it offers a truly multichannel experience. Stockmann.com is an important part of Crazy Days with significant further growth potential.
  - Hobby Hall has turned from traditional mail order to mainly online retail operation. It has been strong in electronics but growth is in home, sports and leisure. Hobby Hall is among the best-known and most preferred online stores in Finland.
  - Akateeminen.com was re-launched in the summer. Book retail is shifting towards web with growth potential largely in online business. Akateeminen.com offers millions of book titles from around the world with constant updates in the selection.
On-going projects

• Implementation of the Oracle ERP system took successfully place in Russia in June and the project will continue as planned until 2014.

• Construction and move of the completely renewed Itäkeskus store will be ready for Christmas 2013. The renovation and enlargement of Tampere department store continues with target to open in the end of 2014. Tapiola store renewal targets for year 2016.

• Academic Bookstore’s flagship will be renewed in stages during 2013 and 2014. First part of the renovation including Starbucks and multichannel elements will be ready for Christmas 2013.

• Finnish Outlet store will move to Helsinki city centre in September when City Outlet opens in the Helsinki flagship store.
Outlook for 2013

- Autumn will be opened with the “My Shopping Guide” campaign in September. Marketing efforts will be increasingly digital in all markets towards the Christmas season. Academic Bookstore is celebrating its 120 years in book business.
- In the important H2, Department Store Division will focus strongly in profitability with active campaigning, optimised buying, healthy gross margin, and several cost cutting measures.
Fashion Chain Division

Göran Bille
Director, Fashion Chain Division
CEO of Lindex
Lindex Q2 2013 in brief

- Successful summer campaign with Penelope Cruz
- New customer reward program “More at Lindex” launched in Sweden
- New e-commerce distribution centre in Partille, Sweden
- Autumn design collaboration with Matthew Williamson released

See the release film at http://www.youtube.com/lindex
Seppälä Q2 2013 in brief

- New marketing cooperation started in the spring

- Market situation difficult and Seppälä lost sales compared to the previous year

- May and June showed improvement from the beginning of the year

- Implementation of the new ERP system according to the plan, the first deployment made in May
Lindex revenue in Q2 2013

• Revenue up 7.8 per cent to EUR 186.2 million (EUR 172.7 million)
  - In local currencies, revenue up 6.4%
  - In local currencies, comparable revenue up 4.1%

• Main reasons for good sales are the better assortment overall and the successful Penélope Cruz campaign

• Increased sales in women’s wear and kids’ wear, lingerie sales on a par, and declined cosmetic sales compared to the previous year

• Increased sales in all markets except Finland where the market situation is still challenging
Seppälä revenue in Q2 2013

• Revenue down 15.2 per cent to EUR 32.5 million (EUR 38.3 million)
  - In Finland revenue down 14%
  - In other countries down 17%
  - Comparable revenue down 11%
• Fashion market difficult in Finland – the gloomy economic outlook effects customer behaviour
• May and June more promising after the poor beginning of the year
Quarterly revenue, Fashion Chain Division

EUR mill.

-4.9%  
+3.6%

2011 2012 2013

1-3 4-6 7-9 10-12
Lindex operating profit in Q2 2013

• Operating profit EUR 22.9 million (EUR 20.4 million)

• Gross margin higher than last year, 64.1% (62.9%)
  – Lower level of price reductions and more positive currency effects
  – Also a non-recurring customs refund improved the gross margin

• Operating profit increased mainly due to the higher sales level
  – Costs were up due to the strengthened Swedish krona and higher marketing costs since there is seasonal fluctuation between the campaigns

• The stock is higher than in 2012, but well-balanced
Seppälä operating profit in Q2 2013

- Operating profit EUR -0.6 million (EUR 1.4 million)
- Relative gross margin up, to 61.4% (58.5%)
  - Sales of novelties increased relatively compared to 2012
  - Lower level of price reductions
- Fixed costs in the previous year’s level
  - Cost savings made wherever it’s not effecting the Challenger programme and Seppälä’s brand building
- Stock level slightly higher than in 2012, but well-balanced
Quarterly operating profit, Fashion Chain Division

EUR mill.

-20 -15 -10 -5 0 5 10 15 20 25

1-3 4-6 7-9 10-12

2011 2012 2013

STOCKMANN

31
International expansion

- **Lindex**: 3 stores opened in Q2
  - 1 in Sweden and 2 in Saudi Arabia
  - 2 store closures: Norway and Saudi Arabia
- **Seppälä**: 2 stores closed in Q2
  - 2 in Russia
  - No store openings in Q2
  - 15 stores closed during the past 12 months; 1 store opened
- **Status as of 30 June 2013**
  - 473 Lindex stores in 16 countries, of which 32 franchising stores
  - 213 Seppälä stores in 5 countries
- **Target for 2013**
  - Lindex 484 stores (+15 in 2013)
  - Seppälä 210 stores (-10 in 2013)
British fashion designer Matthew Williamson designs a unique autumn collection for Lindex. The design collection, to be released on 4 October, is part of the Cancer Society’s Pink Ribbon campaign, in which 10% of sales go to the fight against breast cancer.

- Major focus on e-commerce with improved site, mobile function, new warehouse and focus on conversion.
- Continued positive development in women’s wear due to changes in the floor plan and also due to a better mix between basics and fashion.
Seppälä outlook for 2013

- Seppälä’s autumn is going to be visible and courageous: Bold campaigns with a new face and the Challenger attitude – we fight back with the new Seppälä brand
- New store concept launched in Forum Store on 29 August 2013
- Challenger program’s “big bang” milestone in Q3, new systems and processes into use
- Balanced stock level by optimising purchases to the market situation

- This Autumn is going to be...

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