Q3 2013 in brief

- Very weak market, particularly in Finland
  - Fashion market down 5.2% year-to-date in Finland (TMA) and down 0.8% in Sweden (Stilindex)
- Stockmann’s revenue and operating profit short of the targets
  - Negative currency effects (RUB, SEK, NOK)
  - Lindex gained market share and improved its earnings
  - Department Store Division’s and Seppälä’s profit down on 2012
- Cost savings for 2013 achieved as planned and structural changes started
- Outlook revised, despite the successful Crazy Days campaign in October
- Lindex will expand into China in 2014
  - Franchising agreement signed for 100 stores
Revenue in Q3 2013

- Revenue down by 4.6%*, to EUR 454.4 million
  - Lindex continued growth, despite negative currency effect and timing of the Pink Ribbon campaign
  - Department Store Division’s and Seppälä’s revenue declined
- Revenue in Finland down by 7.5%*
- International operations down by 2.4%*
  - Russian, Swedish and Norwegian currencies weakened against the euro
  - Revenue in comparable currencies on a par with Q3 2012
- Revenue abroad 52.7% (51.2%) of the total in January-September

* Excluding terminated franchising operations (Bestseller and Zara)
Revenue by market in Q3 2013

- Finland: 45.3%
- Sweden and Norway: 30.8%
- Russia: 15.7%
- Baltic countries and Central Europe: 8.2%
Quarterly revenue, Stockmann Group

EUR mill.

<table>
<thead>
<tr>
<th>Period</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>1-3</td>
<td></td>
<td></td>
<td>-4.2%</td>
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<tr>
<td>4-6</td>
<td></td>
<td></td>
<td>+1.2%</td>
</tr>
<tr>
<td>7-9</td>
<td></td>
<td></td>
<td>-3.2%</td>
</tr>
<tr>
<td>10-12</td>
<td></td>
<td></td>
<td>-6.3%</td>
</tr>
</tbody>
</table>

* Excluding terminated franchising operations
Operating profit in Q3 2013

- Relative gross margin 49.5% (50.6%)
  - Decline in both divisions due to price driven campaigns and weakened Russian rouble
- Operating costs down by 6.6%
  - Costs EUR 13.8 million less than in 2012, thanks to the cost savings programme and terminated franchising operations
- Operating profit EUR 10.7 million (EUR 17.1 million)
  - Lindex improved its performance, Department Store Division and Seppälä down on 2012
  - Profit up in Sweden/Norway, down in Russia and Finland
Quarterly operating profit, Stockmann Group

EUR mill.

<table>
<thead>
<tr>
<th></th>
<th>1-3</th>
<th>4-6</th>
<th>7-9</th>
<th>10-12</th>
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<tbody>
<tr>
<td>2011</td>
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<td>2012</td>
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<td>2013</td>
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</table>
EUR 25.1 million tax refund for Lindex

- AB Lindex has received a tax refund from the Swedish tax authorities
  - Consisting of EUR 22 million in taxes and EUR 3.1 million in interests
- Refund resulted from the German and Swedish tax authorities’ earlier decision to eliminate the Lindex Group’s double taxation in the tax years 1999 - 2005
  - Double taxation resulted from 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
- Refund recognized in the income statement in September when the final decision was made
  - Positive effect on earnings per share by EUR 0.35
- Payment in October and thus the refund will be visible in the Q4 cash flow from operating activities
### Key figures

<table>
<thead>
<tr>
<th></th>
<th>7-9/2013</th>
<th>7-9/2012</th>
<th>1-9/2013</th>
<th>1-9/2012</th>
<th>1-12/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> EUR mill.</td>
<td>454.4</td>
<td>485.1</td>
<td>1 429.3</td>
<td>1 472.6</td>
<td>2 116.4</td>
</tr>
<tr>
<td><strong>Operating profit</strong> EUR mill.</td>
<td>10.7</td>
<td>17.1</td>
<td>6.1</td>
<td>30.5</td>
<td>87.3</td>
</tr>
<tr>
<td><strong>Net financial costs</strong> EUR mill.</td>
<td>4.1</td>
<td>7.5</td>
<td>18.6</td>
<td>23.8</td>
<td>32.4</td>
</tr>
<tr>
<td><strong>Earnings per share</strong> EUR mill.</td>
<td>0.40*</td>
<td>0.11</td>
<td>0.16*</td>
<td>0.08</td>
<td>0.74</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong> EUR mill.</td>
<td>-47.9</td>
<td>-32.4</td>
<td>-57.8</td>
<td>-17.5</td>
<td>123.7</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong> EUR mill.</td>
<td>15.3</td>
<td>17.6</td>
<td>43.7</td>
<td>40.9</td>
<td>60.3</td>
</tr>
<tr>
<td><strong>Equity ratio</strong> %</td>
<td></td>
<td></td>
<td>39.9</td>
<td>39.1</td>
<td>42.8</td>
</tr>
<tr>
<td><strong>Gearing</strong> %</td>
<td></td>
<td></td>
<td>111.5</td>
<td>111.0</td>
<td>90.9</td>
</tr>
<tr>
<td><strong>ROCE</strong> %</td>
<td></td>
<td></td>
<td>3.6</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Personnel, average</strong></td>
<td>14 685</td>
<td>15 505</td>
<td>14 830</td>
<td>15 437</td>
<td>15 603</td>
</tr>
</tbody>
</table>

* Includes Lindex tax refund of EUR 0.35 per share
Outlook for 2013

- The world economy expected to perform poorly in the rest of 2013
  - Long period of low or no growth seems probable in Finland
  - Outlook in Sweden expected to improve slightly towards the end of 2013
  - Outlook for Russia is uncertain due to weak rouble and lowered GDP forecasts
  - Retail market in the Baltic countries has been relatively stable
- 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 in 2013 to be slightly down on 2012, excluding the terminated franchising operations
- Even though most of Stockmann’s operating profit is generated during the fourth quarter of the year, operating profit for 2013 is not expected to reach the previous year’s level
Department Store Division

Maisa Romanainen
Executive Vice President
Director of Department Store Division
Q3 2013 in brief

- Weak retail development continued in Finland
  - Department Store Division still better than the market especially in fashion categories
  - Cosmetics, women’s fashion and food performed relatively well; men’s fashion, books and electronics challenging
- Continuously strong growth in Stockmann.com
- Rouble rate weakened clearly and was 8.7% below the 2012 level in Q3
  - Autumn merchandise mainly re-priced to match the new exchange rate
  - Nevsky Centre’s rental income strong
- Cost savings programme proceeding as planned
  - Operating costs down by EUR 11.2 million in Q3, of which over half due to the savings programme
Revenue in Q3 2013

- Revenue down by 7%*, to EUR 245.2 million (EUR 272.7 mill.)
- Revenue in Finland down by 6.7%*, to EUR 166.6 million
- Revenue from international operations EUR 78.6 million
  - Euro-denominated revenue down by 7.8%*
  - In local currency revenue slightly up on 2012
- Revenue in January-September EUR 840.5 million (EUR 879.2 mill.), down by 1.9%*

* Excluding terminated franchising operations (Bestseller and Zara)
Quarterly revenue, Department Store Division

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>1-3</td>
<td>300</td>
<td>320</td>
<td>310</td>
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<tr>
<td>4-6</td>
<td>300</td>
<td>300</td>
<td>290</td>
</tr>
<tr>
<td>7-9</td>
<td>300</td>
<td>300</td>
<td>290</td>
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<tr>
<td>10-12</td>
<td>400</td>
<td>400</td>
<td>400</td>
</tr>
</tbody>
</table>

* Excluding terminated franchising operations
Operating profit in Q3 2013

- Operating result -3.6 EUR million (EUR 2.8 million)
- Gross margin 40.0% (42.4%)
  - Decline in Russia in particular due to the weakened rouble
- Operating costs down by EUR 11.2 million
- January-September operating result down, to EUR -8.0 million (EUR 6.5 million), although operating costs decreased by EUR 20.9 million
- Stock level at the end of the quarter relatively good, only slightly above the 2012 level
Quarterly operating profit, Department Store Division

EUR mill.

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

2011 2012 2013

30.10.2013
Structural changes

- Oracle ERP now functional in Russia and the Baltic countries and as well as in the book category in Finland.
- Co-determination negotiations initiated in marketing operations in Finland, covering about 150 employees. The restructuring could lead to a personnel reduction of up to 70 people. Target is to reach annual cost savings of EUR 4 million, to start in 2014 and in full during 2015.
- Planning for structural changes across other parts of the organisation has begun with the aim of improving long-term efficiency. The changes will take place in stages.
On-going projects

• New premises for the Itäkeskus department store will be opened on 4 November
  - Completely renewed store with 12 000 sq.m, improved parking, enlarged Delicatessen and several new international brands

• Renovation and enlargement of the Tampere department store continues, targeting to be ready for Christmas trading 2014

• Academic Bookstore’s 1st floor renovation will be ready in Q4, with a new Starbucks opening in the premises

• Outlet stores in Finland and Estonia were closed in the quarter
Crazy Days in October 2013

- Crazy Days campaign, which took place after Q3, achieved a new all-time high revenue with growth of 2% in total
- Revenue grew by 2% in Finland and in the Baltic countries
- Revenue in Russia 3% in euros and 12% in roubles
- Stockmann online store contributed strongly to the growth in Finland
- Marketing mix shifted towards digital channels and social media
Outlook for 2013

- New Itäkeskus store to open on 4 November; Academic Bookstore’s new premises to open in November with 120-year festivities
- Market environment is expected to remain challenging especially in Finland and in Russia where rouble rate is estimated to remain weak
- Q4 is by far the most important season with both Crazy Days and Christmas. Active marketing and campaigning in all markets and product categories planned to ensure targeted revenue levels and to boost Christmas sales
Fashion Chain Division

Göran Bille
Director, Fashion Chain Division
CEO of Lindex
Lindex Q3 2013 in brief

- New franchise agreement for China
- New Brand store in Stockholm
- Focus on women’s wear has given results
- Autumn campaigns well received by customers
- Successful Matthew Williamson PR event in Stockholm
- Lindex nominated as ‘Fashion Chain of the Year’ by HABIT fashion awards 2013 in Sweden
- Lindex together with DHL nominated in the category for ‘Environmental improvement’ in the European Supply Chain Excellence Awards, London
Seppälä Q3 2013 in brief

- New Store Concept launched in Forum, Helsinki in August
- Renewed brand has received positive feedback
  - E.g. Cosmopolitan Magazine’s Bloggers Choice award for Seppälä in the Helsinki Fashion Weekend
- Market situation remained difficult and sales was below the previous year’s figure
- New ERP and financial systems successfully taken into use on 1 October without delays or problems in stores
Lindex revenue in Q3 2013

- Revenue up 1.2% to EUR 178.0 million (EUR 175.8 million)
  - In local currencies, total revenue up 4.1%
  - In local currencies, comparable revenue up 1.6%
- Sales comparison with 2012 is affected by the successful Missoni campaign in September 2012
- Increased revenue in women’s wear and kids’ wear; lingerie and cosmetic were slightly lower compared to the previous year
- Revenue up in all markets except in Finland where the market situation is still challenging
Seppälä revenue in Q3 2013

- Revenue down by 14% to EUR 31.4 million (EUR 36.5 million)
  - Revenue in Finland down by 13% to EUR 20.3 million
  - Revenue in other countries down by 15% to EUR 11.1 million
  - Comparable revenue down by 8.4%
- All business areas below the previous year, biggest revenue losses in women’s wear and accessories
- Estonia the best performer among market areas, but still below 2012
Quarterly revenue, Fashion Chain Division

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2011</th>
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<td>10-12</td>
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EUR mill.
Lindex operating profit in Q3 2013

- Operating profit EUR 18.2 million (EUR 15.6 million)

- Gross margin lower than last year, 61.6% (62.1%)
  - Increased level of price reductions

- Store expenses on a par with the previous year, office expenses decreased mainly due to lower costs for marketing production

- Stock level at the end of the quarter higher than in 2012, but well balanced
Seppälä operating profit in Q3 2013

• Operating result EUR -2.2 million (0.5 million)

• Gross margin 54.8% (56.6%)
  – Mid Season Sale started to increase stock turnover
  – Big discounts given in all markets

• Cost level lower than in the previous year, but decline in sales leads to a negative result

• Stock level higher than in 2012 at the end of the quarter
  – Buying and sales actions on-going to improve the situation
Quarterly operating profit, Fashion Chain Division
International expansion

- Lindex: 6 stores opened in Q3
  - Finland 1, Sweden 1, Norway 1, Russia 1, Czech Republic 1 and Croatia 1
  - 3 store closures in Q3; Sweden, Czech Republic and Saudi Arabia
- Seppälä: 4 stores closed in Q3
  - Russia 3 and Finland 1
  - One new store in Russia
- Status as of 30 September 2013
  - 476 Lindex stores in 16 countries, of which 32 franchising stores
  - 210 Seppälä stores in 5 countries
- Target for 2013
  - Lindex 485 stores (+16 in 2013)
  - Seppälä 209 stores (-11 in 2013)
Lindex to expand into China

- Franchising partnership with Suning, one of the largest companies in China
- The first franchising store to open in Shanghai in September 2014
- Target to establish 100 Lindex stores in China between 2015 and 2018
- Lindex products available also in Suning’s online store

About Suning

- Established in 1990
- Among TOP 50 enterprises in China
- Annual revenue approx. EUR 28.6 billion
- Total staff approx. 180,000
- Over 1 700 retail stores in over 700 cities
Lindex outlook for 2013

- In Sweden and Norway sales expectations for Q4 are slightly positive
- Market situation in Finland will continue to be challenging
- Strong growth in sales is expected in new markets
- Launch of LXM in October
- Launch of Matthew Williamson Lindex collection in October
Seppälä outlook for 2013

- Autumn and winter campaigns continue with Seppälä’s new brand message
  
  October: *LET THERE BE STORM*
  
  November: *GO CRAZY AND PARTY!*
  
  December: ☘️*I LOVE*

- Market environment continues to be challenging
- Focus on November and December sales with strong campaigns and good offers
- Emphasis on selling novelties
- Stock optimising a key priority also in the future – now supported by the new ERP system