Stockmann Group Q1/2009
Minus

- the economic downturn affected operations in all market areas
  ---> consumers’ confidence was fading
- sales down 10% in Finland
- sales down 20% abroad (-9% without changes in exchange rates)
- euro-nominated aggregate sales down 15%
- Swedish krona, Norwegian krone and Russian rouble clearly weaker than in the first quarter of 2008
- consolidated result was down to EUR -23.8 million (EUR -11.6 million in 2008, including a non-recurring capital gain of EUR 3.8 million)
Stockmann Group Q1/2009
Plus

1. 

+ Cost-savings programme got started ---> costs down EUR 10.2 million; the EUR 28 million savings target is realistic

+ Financial expenses fell as planned, net financial expenses totalled EUR 4.8 million (EUR 11.3 million in 2008)

+ Relative gross margin improved to 44.2 % (44.1% in 2008)

+ Operating profits of Lindex and Hobby Hall increased

+ Lindex and Seppälä gained market share in their home markets

+ Operation of the department store in the Metropolis shopping centre in Moscow got started better than expected

+ Construction work of the Nevsky Centre in St Petersburg moves ahead as planned
Stockmann Group Q1/2009

Plus

+ Preparations for the integration of Hobby Hall into the Department Store Division proceed as planned

+ We believe that the worst decline in sales is over --> figures are going to improve relatively during the second half of the year

+ On 14 April 2009 the International Commercial Arbitration Court (ICAC) in Moscow ruled in favour of Stockmann in the case concerning the closing down of the Smolenskaya department store

- the sentenced amount of damages down to USD 7 million + legal expenses

- the ruling has to be confirmed by a Russian court of general jurisdiction in order to accomplish enforceability
Sales, Stockmann Group

EUR mill.

-15%
Q1/2008 operating profit is burdened by Lindex’s EUR 4.5 mill. IFRS related expenses

Other operating income

Provision for closing down the Smolenskaya dpt store
Profit before taxes, Stockmann Group

Q1/2008 operating profit is burdened by Lindex's EUR 4.5 mill. IFRS related expenses.

Other operating income

Provision for closing down the Smolenskaya dpt store.
## Key figures, Stockmann Group

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>EUR mill.</td>
<td>424.8</td>
<td>497.5</td>
</tr>
<tr>
<td>Operating profit</td>
<td>EUR mill.</td>
<td>-22.0</td>
<td>-2.5</td>
</tr>
<tr>
<td>Net financial expenses</td>
<td>EUR mill.</td>
<td>-4.8</td>
<td>-11.3</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>EUR mill.</td>
<td>-26.9</td>
<td>-13.8</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>%</td>
<td>34.0</td>
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</tr>
<tr>
<td>Net gearing</td>
<td>%</td>
<td>140.1</td>
<td>197.4</td>
</tr>
<tr>
<td>ROCE</td>
<td>%</td>
<td>6.9</td>
<td>10.7</td>
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Stockmann Group, full-year outlook

• Visibility still poor but improving
• All market areas in recession in 2009, worst situation in the Baltic countries
• In Russia the trend in the economy is to a great extent dependent on the price of energy ---> the present price level potentially enables a firm Rouble and makes it possible for Russia to hold up better than the rest of Europe
• Second-quarter sales will remain lower than in the previous year
• Sales are expected to improve relatively during the second half of 2009 compared with the second half of 2008
• In the previous year the costs associated with the closing of the Smolenskaya department store affected the second-quarter profit. Second-quarter operating profit somewhat down on 2008.
• Adaptation and rationalisation measures to be continued as planned
• Financial expenses distinctly lower than in 2008
• The objective is a positive cash flow after net capital expenditure, and to maintain the profitability of operations at a good level during 2009
Sales, Department Store Division

-19%
Sales Q1/2009, Department Store Division

- Sales were down 19% to EUR 224.5 million
- Sales were down 13% in Finland and 31% abroad
- International operations accounted for 28% of the division’s sales (33% in 2008)
Sales Q1/2009, Department Store Division

- The general state of the economy weakened consumer demand in all market areas, the most difficult market situation in the Baltic countries

- The figures for spring 2008 used for comparison included strong growth in Finland and especially in the Baltic countries as well as sales by the Smolenskaya department store that was closed in May 2008

- The strong devaluation of the Russian rouble affects consumer demand in Russia and weakens euro-nominated sales

- In Finland, sales of electronics decreased substantially in the first part of the year compared with the vigorous growth in the previous year – following the market situation

+ Sales in the Metropolis department store, opened in Moscow on 13 February, have got started better than expected

+ In March – April there have actually been small positive signs

+ The Crazy Days campaign took place in all market areas in the beginning of April and worked out well, particularly in Russia and Finland. The Baltic countries were a challenge in this respect, too
Operating profit, Department Store Division

- Other operating income
- Provision for closing down the Smolenskaya dpt store.
Operating profit Q1/2009, Department Store Division

- The Department Store Division’s operating result was EUR -14.5 million (Eur 1.5 million)

- Gross margin diminished in all market areas owing to a keen price competition and campaigning

+ Stocks are still lower than the 2008 level – purchases have been cut for the whole year

+ Cost savings programme has gone ahead as planned; cost savings in Q1 EUR 4.9 million. The savings target for the year will be reached by the end of the year.
Crazy Days campaign, spring 2009

FINLAND

• Sales slightly below the previous year’s level (sales index 92 on spring 2008)
• Electronics have a strong impact on campaign results – when electronics are left out of the comparison, the result is very close to the 2008 level (sales index 96 on spring 2008)

INTERNATIONAL OPERATIONS

• In Russia sales index 86 on spring 2008. Sales by the Smolenskaya department store - now closed - were a big part of the campaign
• In comparable department stores Mega East, Mega South and Mega North the sales in roubles increased by 12% but in euros decreased by 5%
• The first Crazy Days campaign in the new Metropolis department store a positive surprise
• In the Baltic countries sales index 76 on spring 2008. The difficult financial situation has affected even the Crazy Days and sales were clearly lower than in the previous year
All-Time Stockmann project, Helsinki flagship store

- Stockmann’s flagship department store is being enlarged and renovated in 2006-2010
- Approx. 10,000 m² new sales area gained
  - by taking to commercial use areas now in other use
  - by building new areas
- Completely new logistics and maintenance areas
- New underground car park for 600 vehicles with large parking places (+400)
- The Delicatessen food department on one floor, sales area doubles
- Keskuskatu will be a pedestrian street
- Total sales area approximately 50,000 m² when the expansion is completed
- Cost estimate is EUR 250 million
All-Time Stockmann project timetable

- Implementation decision made 12/05
- Construction work started in the beginning of 2006
- Project to be completed in the end of 2010

- New areas opening in 2009
  - maintenance area in March 2009
  - 1st part of the new restaurant world F8 in the beginning of April 2009
  - car park in May 2009
  - new Deli-Meals area in August 2009

- New areas opening in 2010
  - 1st part of Delicatessen in March 2010
  - 2nd part of restaurant world in June 2010
  - 2nd part of Delicatessen in November 2010
All-Time Stockmann project in Helsinki. The first phase of new restaurant world ”F8” opened 30 March.

The restaurant world is operated by Fazer Amica. Currently 569 seats.
New Beauty World
opened on the 7th floor in March 2009

Main partners in the beauty world:

Lancôme Beauty Institute
Thann Sanctuary Day Spa & Shop
Crystal hair Kérastase Institute
Motivus
The HAIR by Redken Loft
Jeweller E. Lindroos
New maintenance area opened in March 2009

In the centre of Helsinki, 125 transport vehicles per day have moved from the streets to the underground maintenance area.
New Stockmann QPark opens 15 May

Operated by Qpark, 600 parking spaces
New Delicatessen food department opens 2010

- Current Delicatessen 2 800 m² on two floors
- New Delicatessen 4 800 m² on one floor
Keskuskatu becomes a pedestrian street 2010
New Metropolis department store opened 13 February

Sales have been better than estimated
Nevsky Centre project in St Petersburg

Pre-lease agreement with the Russian restaurant operator Ginza has been finalized this week. They will operate the approx. 2 200 m² main restaurant world on the 6th floor of the shopping centre.
Other projects, Department Store Division

• The preliminary agreement on opening a department store in Vilnius has been cancelled

• The project in the Greenwich shopping centre in Ekaterinburg has been reorganized so that in the first phase towards the end of 2009, Seppälä, Lindex and Bestseller will open a store each in the department store premises. In the second phase in spring 2011 these stores move to their final premises and the department store opens.

• The implementation and timetable of the project in Rostokino in north Moscow is being reassessed

• On 17 April a new Stockmann Beauty store was opened in Turku, Finland

• Integration of Hobby Hall into Stockmann proceeding according to the plan
Strong campaigning continues
Lindex Q1/2009

- Continuous very strong gross margin
- Healthy inventory level
- Cost control
- Strong concept with Children’s wear and Lingerie as less sensitive to the recession
- Decent quarter in this market situation
Sales development in Q1/2009

• In the first quarter, Lindex sales decreased by 11% in Euro
• In local currencies sales increased by 1%
• In local currencies positive development in Lingerie, Cosmetics and Children’s Wear
• All mature markets on a par with the previous year in local currencies
Expansion – new store developments Q1/2009

- 10 new stores opened during Q1
- Another 3 stores opened in April
- 378 Lindex stores in total as of today

- Re-opening of brand store in Gothenburg, Sweden
- Second store opened in Russia, in Krasnodar
- Women’s only lingerie store in Saudi Arabia
Sales, Lindex

In local currencies sales increased 1% during Q1

![Bar chart showing sales in local currencies from 1-3 to 10-12 with 200 EUR mill. on the y-axis. The chart includes bars for 2007 Pro forma, 2008, and 2009 with a notable decrease of -11% in 1-3 compared to other quarters.]
Q1/2008 operating profit is burdened by EUR 4.5 mill. IFRS related expenses.
Gross margin

• Strong gross margin
  - good purchase prices
  - improvements in the supply chain
  - better flow in stores
  - good inventory level
Lower costs

• Total costs have decreased by 6%
• Reducing costs according to plan
• All costs except rents and costs related with premises have decreased
• Ongoing renegotiation of all external agreements
• Renegotiation of rental agreements in the Baltic countries
• Cost control focus will continue during 2009

• Target to maintain profitability at a good level
Refurbishment project Finland

- Enhanced shopping experience for the Finnish customer
- 5 stores will be refurbished according to new store concept during 2009
  - 1 done so far
- Visual merchandising project in all Finnish stores during 2009
  - 6 pilot stores done so far
- Good sales improvement and improved conversion rate in pilot stores
Estimated number of new stores 2009

Approx. 35 new Lindex stores in total during 2009
Sales Q1/2009, Seppälä

- Sales EUR 34.7 million, -3%
- Abroad
  - sales decreased by -8%
  - sales decreased heavily in Baltic countries
  - in Russia the weakening of rouble has decreased the sales in euros. Seppälä’s rouble-nominated sales increased by 20 per cent.
  - conversion rate increased in all countries
  - share of sales abroad 33% (35%)
- Finland
  - sales were on a par with the previous year
    ---> Seppälä gained market share
  - sales of children’s fashion grew and women’s fashion increased particularly well
New stores

• Store openings: Finland 1, Russia 1, Latvia 2, Lithuania 1, Ukraine 1
• Second store opened in Ukraine on 26 March 2009 on the main street of Kiev
• One store closed in Russia and one in Finland
Sales, Seppälä

EUR mill.

1-3: -3%

4-6

7-9

10-12

2007

2008

2009
Operating profit Q1/2009, Seppälä

• Operating profit EUR -2.8 mill. (EUR -0.6 mill.)
• Factors that affected the result:
  - weakened consumer demand in the Baltic countries. Increased low-price campaign sales
  - due to the sale season we could not fully take account of the weakening of the Russian rouble in the prices
  - starting costs of new stores increased costs in Q1/2009.
    15 new stores opened since Q4/2008
Operating profit, Seppälä

EUR mill.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>1-3</td>
<td>-3</td>
<td>1</td>
<td>-2</td>
</tr>
<tr>
<td>4-6</td>
<td>5</td>
<td>5</td>
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</tr>
<tr>
<td>7-9</td>
<td>5</td>
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</tr>
<tr>
<td>10-12</td>
<td>9</td>
<td>4</td>
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</tr>
</tbody>
</table>
Full-year outlook, Seppälä

- Profitability to stay at a good level
- Expansion
  - 8 - 10 stores to be opened in Finland and in Russia
  - 2 - 3 stores to be closed in Finland and in the Baltics
- The current financial climate gives more potential for medium and lower price categories
- Seppälä’s concept works well in the current market situation
  - famous for good prices
  - good and even improved fashion image
  - attracts a much wider target group of women than earlier
- Purchases downsized to correspond the weakened demand
- Change in the product mix taking account of the market situation
  - share of women’s and children’s wear increased
  - fashionable volume products added to the assortment
- Cost cuts in every sector
Seppälä has 208 stores in over a hundred cities in six countries

- **Finland**: 133 stores
- **Russia**: 34 stores
- **Estonia**: 18 stores
- **Latvia**: 11 stores
- **Lithuania**: 10 stores
- **Ukraine**: 2 stores

Cities with stores include:

- **Moscow**: 12 stores
- **St Petersburg**: 12 stores
- **Voronezh**: 1 store
- **Kolomna**: 1 store
- **Samara**: 1 store
- **Volzhskiy**: 1 store
- **Rostov-on-Don**: 1 store
- **Adygea**: 1 store
- **Latvia**: 11 stores
- **Lithuania**: 10 stores
- **Estonia**: 18 stores
- **Finland**: 133 stores
- **Russia**: 34 stores
- **Ukraine**: 2 stores

Specific cities mentioned:

- **Moscow**: 7 stores
- **St Petersburg**: 12 stores
- **Voronezh**: 1 store
- **Kolomna**: 1 store
- **Samara**: 1 store
- **Volzhskiy**: 1 store
- **Rostov-on-Don**: 1 store
- **Adygea**: 1 store
- **Latvia**: 11 stores
- **Lithuania**: 10 stores
- **Estonia**: 18 stores
- **Finland**: 133 stores
- **Russia**: 34 stores
- **Ukraine**: 2 stores

Additional cities:

- **Kolomna**: 1 store
- **Volgograd**: 1 store
- **Novosibirsk**: 1 store
- **Yaroslavl**: 1 store
- **Kazan**: 2 stores
- **Nizhny Novgorod**: 2 stores
- **Ekaterinburg**: 2 stores
- **Voronezh**: 1 store
- **Samara**: 1 store
- **Volzhskiy**: 1 store
- **Rostov-on-Don**: 1 store
- **Adygea**: 1 store
- **Latvia**: 11 stores
- **Lithuania**: 10 stores
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Map showing cities and stores across countries.
Seppälä Club celebrates its first birthday

• We keep in touch with the club members weekly by e-mail and SMS
• The club members find our messages interesting, they read and react to them eagerly
• The club members' average purchase and their share of aggregate sales is on the increase
• The members have received our various kinds of happenings and activities very positively
Launch of the Mschic by Seppälä cosmetics series and a wake-up call for the spring by a dress campaign

Katja Tuhkasaari, designer, says no to trousers and presents 35 colourful dresses and slogans for women for whom trousers stand for November, dresses for May.

The face for Seppälä's new cosmetics series is Christel Parman from Turku, Finland.
HOBBY HALL
Sales Q1/2009, Hobby Hall

- Total sales EUR 43.1 mill., -9%
  - sales in Finland: EUR 37.2 mill., -4%
  - sales abroad: EUR 5.8 mill., -32%
- Share of sales abroad 14%
- Sales decline mainly due to electronic products, for which the total market has diminished and the general price trend has been on the decline
- Relative gross margin has improved by 1.1%
- The share of online sales of the total distance sales was:
  - in Finland 64%
  - in Estonia 43%
Sales, Hobby Hall

EUR mill.

-9%
Sales by merchandise sector Q1/2009, Hobby Hall

Electronics and household appliances: 51%
Leisure: 21%
Home and interior: 28%
Operating profit Q1/2009, Hobby Hall

- Operating result EUR -1.7 mill. (Q1 2008: EUR -2.1 mill.)
  - sales decreased by 9%
  - the business in Russia was discontinued in January 2009
Operating profit, Hobby Hall

EUR mill.

-2 -1 0 1 2 3

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

2007 2008 2009

Other operating income
Outlook for 2009, Hobby Hall

- Hobby Hall will be integrated into the Department Store Division from the beginning of 2010
- During 2009 all Hobby Hall operations are facing an integration process seeking for the best practices and efficiency before becoming a part of the Department Store Division
- New functions in the web store will be launched by the summer 2009
- The main target is to improve gross margin and operating profit