Interim Report
1 January – 30 June 2009

Hannu Penttilä
CEO
Stockmann Group Q2 and H1/2009

Positive points

+ Negative sales and profit trend weakened
+ Operating profit in Q2 acceptable EUR 28.6 million (EUR 31.4 million in 2008)
+ Costs down by EUR 34.1 million compared with H1/2008 ---> yearly target already exceeded
+ Relative gross margin in H1/2009 healthy 46.7% (47.2% in 2008) despite heavy competitive discounting in all markets
+ Stock level healthy, Group’s inventories down EUR 15 million despite expansion
+ Development of Lindex very positive ---> sales growth in local currencies and larger market share in the Nordic markets
Stockmann Group Q2 and H1/2009

Positive points

+ Construction work of Stockmann Nevsky Centre in St Petersburg continues according to plan
+ New parking facilities in Helsinki have been taken into use
+ Implementation of the programme to release capital is proceeding as planned
+ Preparations for the integration of Hobby Hall into the Department Store Division proceed as planned
+ Management believes that the worst decline in sales is over -> figures are going to improve relatively during H2/2009
Stockmann Group Q2 and H1/2009
Negative points

- The economic downturn affected operations in all markets ---> however, there are some signs of improving consumer confidence

- Swedish krona, Norwegian krone and Russian rouble clearly weaker than in H1/2008 ---> stabilisation in Q2/2009

- Difficult market situation especially in the Baltic countries ---> Hobby Hall to withdraw from the market

- Operating profit in H1/2009 EUR 6.6 million (EUR 28.8 million in 2008), down EUR 22.3 million
Sales, Stockmann Group

EUR mill.

-15%
-11%
Operating profit, Stockmann Group

Q1/2008 operating profit is burdened by Lindex’s EUR 4.5 mill. IFRS related expenses.
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>
<th></th>
<th>1-6/2009</th>
<th>1-6/2008</th>
<th>1-12/2008</th>
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<tbody>
<tr>
<td>Sales (EUR mill.)</td>
<td>944.5</td>
<td>1,081.5</td>
<td>2,265.8</td>
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<tr>
<td>Operating profit (EUR mill.)</td>
<td>6.6</td>
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<td>Net financial expenses (EUR mill.)</td>
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<td>Profit before taxes (EUR mill.)</td>
<td>-3.4</td>
<td>4.3</td>
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<td>Equity ratio (%)</td>
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<td>Net gearing (%)</td>
<td>124.2</td>
<td>131.1</td>
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<tr>
<td>ROCE (%)</td>
<td>6.7</td>
<td>12.2</td>
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## Preliminary sales in July 2009

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<tr>
<th></th>
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<tbody>
<tr>
<td>Department Store Division, Finland</td>
<td>51.7</td>
<td>-8.3</td>
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<td>Department Store Division, international operations</td>
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<td>Department Store Division, total</td>
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<td>Lindex, Finland</td>
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<td>Hobby Hall, international operations</td>
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<td>Operations in Finland, total</td>
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<td>International operations, total</td>
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<tr>
<td>Stockmann, total</td>
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<td>-7.0</td>
<td>1 094.6</td>
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</table>
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 enables a firm rouble
- Q3 sales and operating profit will remain lower than in the previous year due to weak economy and consumer uncertainty
- It is possible that the Stockmann Group will come close to reaching the previous year’s sales figures and operating profit in Q4
- Sales and operating profit for the whole year will be lower than in 2008
- Financial expenses will be distinctly lower than in 2008
- The objective is a positive cash flow after net capital expenditure
Sales, Department Store Division

-19%  -13%

EUR mill.
Sales, Department Store Division

- Q2 sales were down 13% to EUR 267.0 million
- Sales down 11% in Finland and 18% in international operations
- Share of international operations 26% (27% in Q2/2008)

- H1 sales down 16% to EUR 491.5 million
- Sales down 12% in Finland and 25% in international operations
- Share of international operations 26% (30% in H1/2008)
Sales, Department Store Division

- Consumer demand weakened in all market areas due to the general state of the economy, market situation continued to be difficult especially in the Baltic countries
- Russian rouble weakened considerably and remained at a clearly lower level during the first half of the year
- Comparison figures for the first half of 2008 include strong growth until summer – growth was especially strong in the Baltics
- Smolenskaya department store was closed in May 2008 – comparison figures include Smolenskaya sales until the closure
- Market for electronic appliances continued to be especially weak

+ Positive signs visible in Finland and Russia towards the end of the period
+ Rouble-denominated sales in same-store department stores were at the previous year’s level in H1 and increased in Q2
+ Strong development in the Metropolis department store: daily sales are comparable to those in the Mega East department store
+ Helsinki department store has been able to perform up to chain average in spite of several ongoing renovations and changes inside the store
+ Several product areas are actually growing
+ Loyal customer sales outperformed the average, and the number of cardholders is increasing
Operating profit, Department Store Division

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

- H1 operating profit EUR -5.3 million (EUR 5.6 million 2008).

- Price competition and aggressive price-driven promotions were dominant in all markets. Consequently, and due to the earlier start of Summer Sale (17 June) in all markets, H1 gross margin was below the previous year’s level.
- Food sales in the Baltic countries clearly above average, and while having a positive effect on sales and customer flow, they have a negative effect on gross margin
  + Gross margin in the department stores in Russia improved on Q2/2008. Due to the weak beginning of the year, the H1 gross margin remained lower than in 2008 in Finland and the Baltic countries
  + Stock levels were down by EUR 13 million or 11% – stocks were significantly lower in all markets, especially in the Baltics
  + Costs have been adjusted to lower sales volumes in all markets, total cost-savings amount close to EUR 24 million in H1

- Outlook for H2 more positive than in H1, mainly in Russia and Finland. Both sales and operating profit indexes are expected to improve towards the end of the year in all markets.
All Time Stockmann project in Helsinki

Project proceeds according to plans and schedule

- New logistics area opened in March and is functioning well
- F8 restaurant world and 7th floor services have surpassed the tenants’ expectations, customer flow very good
- New car park opened – long-awaited relief from parking challenges
- Construction works still going on in the Keskuskatu area
- 1st part of the new Delicatessen to be opened in March 2010, second part in November 2010

Transformation works inside the store proceed fast, several renewed departments to open by end August:
  - Deli/Meals area
  - Ladies’ shop-in-shops, coats and shoes
  - Men’s shop-in-shops and shoes
  - Part of the children’s area
  - Basement
  - Part of the home area

Target is to get these ready by the Loyal Customer event in the Flagship store towards the end of August
Nevsky Centre project in St Petersburg

- Construction work proceeds according to plan and schedule
- Leasing of premises proceeds as planned despite the difficult market situation. Colliers chosen as a partner for leasing office premises.
- Project for commercial opening has started, Eija Vartila nominated as director as from 1 June.
Other investment projects

• New part of Greenwich mall in Ekateringburg to be opened in 2009 including Seppälä, Lindex and Bestseller stores. Department store opening postponed to 2011.

• Implementation and timetable of the Rostokino project in North Moscow is still being reassessed
Loyal Customer marketing
Integration of Hobby Hall into the Department Store Division

- Integration of Hobby Hall into the Department Store Division is proceeding as planned. Marketing, logistics and administration already integrated under Department Store Division’s directors.
- Project for launching the Department Store Division’s distance retail in 2010 is moving on with full speed
- Hobby Hall’s Tallinn store in Rocca al Mare to be transformed into Department Store Division’s Outlet store for the Baltics in August
Lindex Q2/2009

• Increased sales in all markets (except Latvia, index 99.6)
• Gross margin is affected by the dollar, but is still at a very healthy level (63.5 per cent vs 62.8 per cent)
• Stock situation is under control
• Continued cost control
• Strong operating result
Sales development in Q2/2009

• Lindex euro-denominated sales decreased by 8%
• In local currencies, sales increased by 3.3%
• In local currencies, positive development in all business areas and markets (except Latvia, index 99.6)
• Increased sales and gained market share in comparable stores in Sweden, Lindex’s main market
Expansion – new store development Q2/2009

- 5 new stores opened during Q2
- 13 new Lindex stores in 2009 (H1)
- Further expansion in all markets
Estimated number of new stores 2009

A total of approx. 30–35 new Lindex stores in 2009

Slovakia
New market. Two new stores opening in September.

Russia
One new store opening in Moscow in November. A total of 7 new stores in Russia.

Middle East
~5-10
In local currencies, sales increased by 3.3% during Q2
Operating profit, Lindex

The operating profit for Q2 is negatively affected by EUR 3.3 million due to currency effects.

Q1/2008 operating profit is burdened by EUR 4.5 mill. IFRS related expenses.
Exciting design partnership

• The former top model Emma Wiklund of Sweden will debut as a designer with the 2009 Pink Collection – by Emma Wiklund

• In November, the Swedish designer Ewa Larsson will design ”Affordably luxury”, a party collection

• Lindex has confidence in the autumn assortment. Lindex fashion has been well received by both the fashion press and bloggers throughout the Nordic region.
Terhi Okkonen
Managing Director
Sales H1/2009, Seppälä

- Sales EUR 78 million, decline 4%

Abroad
- sales were down 8%
- sales decreased heavily in the Baltic countries
- in Russia, rouble-denominated sales increased by 20%
- conversion rate increased in all market areas
- two new stores each in Russia and Latvia and one new store each in Lithuania and Ukraine
- one store closing in Russia
- share of sales abroad 32% (33%)

Finland
- sales were down 2% on the previous year
- sales of women’s clothing increased particularly well (+7%)
- Two new stores opened and two stores closed
Sales, Seppälä

EUR mill.

-3%

-5%

2007  2008  2009

1-3  4-6  7-9  10-12
Operating profit H1/2009, Seppälä

- Operating profit H1/2009 EUR 0.2 million (EUR 4.5 million)
- Operating profit Q2/2009 EUR 3.0 million (EUR 5.1 million)
- Factors that affected the result:
  - weakened consumer demand in the Baltic countries
    ---> increased low-price campaign sales
  - due to the sale season, the weakening of the Russian rouble
    could not be fully taken into account in the prices in Q1,
    but Q2 relative gross margin was at the previous year’s level
  - lag in sales caused growth in stock and bigger discounts
    ---> relative gross margin decreased by 1 percentage unit
  - starting costs of new stores increased costs and depreciation
  - the cost-cutting programme started to have an effect in May
    ----> costs below the previous year’s level
Operating profit, Seppälä

EUR mill.

<table>
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<tr>
<th>Quarter</th>
<th>2007</th>
<th>2008</th>
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<tr>
<td>1-3</td>
<td>-2.5</td>
<td>-3.0</td>
<td>-3.0</td>
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<tr>
<td>4-6</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
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<tr>
<td>7-9</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
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<tr>
<td>10-12</td>
<td>9.0</td>
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Gross margin %, Seppälä

January–June

<table>
<thead>
<tr>
<th>Year</th>
<th>% of revenue</th>
</tr>
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<tbody>
<tr>
<td>2005</td>
<td>57.6</td>
</tr>
<tr>
<td>2006</td>
<td>55.9</td>
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<tr>
<td>2007</td>
<td>56.7</td>
</tr>
<tr>
<td>2008</td>
<td>58.0</td>
</tr>
<tr>
<td>2009</td>
<td>57.0</td>
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</table>
Full-year outlook, Seppälä

- Profitability to remain at a good level
- Opening of approximately 5 more stores
- 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 to take the market situation into account
  - share of women’s and children’s wear increased
  - fashionable volume products added to the assortment
- Cost cuts in every sector and in every market
Seppälä has 208 stores in over a hundred cities in six countries.

- **Finland**: 132 stores
- **Russia**: 35 stores
- **Estonia**: 18 stores
- **Latvia**: 11 stores
- **Lithuania**: 10 stores
- **Ukraine**: 2 stores

St Petersburg: 12 stores
Moscow: 12 stores
Kolomna: 1 store
Volzhskiy: 1 store
Kazan: 2 stores
Nizhny Novgorod: 2 stores
Ekaterinburg: 2 stores
Voronezh: 1 store
Kolomna: 1 store
Rostov-on-Don: 2 stores
Adygea: 1 store
Novosibirsk: 1 store
Samara: 1 store
Volgograd: 1 store

5.8.2009
Raija-Leena Söderholm
Managing Director
Sales Q2/2009 and H1/2009, Hobby Hall

Q2 sales
• EUR 40.2 million (-17%)
  - decrease in Finland -11%
  - decrease in the Baltic countries -41%

H1 sales
• EUR 83.2 million (-13%)
  - decrease in Finland -8%
  - decrease in the Baltic countries -37%

• Operations in the Baltic countries terminated by the end of August 2009
• The share of sales generated outside Finland decreased to 13% (19% in the previous year)
Sales, Hobby Hall

EUR mill.

-9%
-17%

2007  2008  2009
Operating profit Q2/2009 and H1/2009, Hobby Hall

**Q2/2009**

- Operating profit was EUR -0.8 million  
  (EUR 0.7 million in the previous year)

**H1/2009**

- Operating profit was EUR -2.6 million  
  (EUR -1.4 million in the previous year)

- Hobby Hall has decided to withdraw from the unprofitable Baltic market by the end of August 2009
- Hobby Hall’s stock level is 26% lower and stock value is EUR 6.1 million smaller than in the previous year
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
Hobby Hall’s renewed webstore opened 21 July 2009

- Technically completely new (IBM WebSphere Commerce)
- Visually clearer, yet a familiar and safe look
- New functionalities and services make shopping easier
- Implementation has proceeded according to plan

--->

Has roused interest among customers:
In the opening week:
number of visitors up +32% and orders +19% compared with the previous year
Hobby Hall’s renewed webstore

- Larger product photos
- More developed search options
- Clear and informative
- Customers’ own pages
  - personified offers
  - order tracking
  - purchasing history
  - instruction manuals
  - more new functionalities to be launched in autumn
Full-year outlook, Hobby Hall

• Withdrawal from the Baltic countries by the end of August 2009
• Hobby Hall’s Hämeentie store to be closed by the end of the year 2009
• After these efficiency improving actions, Hobby Hall will be operating only in Finland
• The integration of Hobby Hall into the Department Store Division in the beginning of 2010 is proceeding as planned