Stockmann Group Q1/2010

+ Demand and consumer confidence strengthened
+ All divisions improved their competitive position
+ Central currencies strengthened (Russian rouble, Swedish krona and Norwegian krone)
+ Revenue took an upward turn, growth accelerated towards the end of the quarter
+ Revenue EUR 372.6 million, up 5.5%
+ Relative gross margin increased clearly (48.8 vs 44.2 in Q1/2009)
+ Operating costs increased but are well under control
+ Operating loss decreased by EUR 12.9 million to EUR -9,2 million
+ EBIT trend positive in all the markets compared to Q1/2009
+ Net financing expenses very low, due to non-recurring foreign exchange gains and low interest rate
+ Deferred tax liability decreased \(\rightarrow\) profit for the period EUR +2.2 million (EUR -23.8 million in 2009)
+ Earnings per share (EPS) EUR +0.03 (EUR -0.38 in 2009)
Stockmann Group Q1/2010

+ Stock level healthy in all divisions

+ Big investment projects (Helsinki, St Petersburg) proceed as planned and on schedule

+ Nevsky Centre premises are estimated to be 100% leased when the centre opens for business

+ Investments that have been taken into use have clearly improved the competitive position of the company

+ Good timing in getting the investments in commercial use
Revenue, Stockmann Group

EUR mill.

0 100 200 300 400 500 600

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

+6%

2008 2009 2010
Operating profit, 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**

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<tr>
<td><strong>Revenue</strong></td>
<td>EUR mill.</td>
<td>372.6</td>
<td>353.2</td>
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<tr>
<td><strong>Operating profit</strong></td>
<td>EUR mill.</td>
<td>-9.2</td>
<td>-22.0</td>
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<td><strong>Profit before taxes</strong></td>
<td>EUR mill.</td>
<td>-9.8</td>
<td>-26.9</td>
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<td><strong>Earnings per share</strong>*</td>
<td>EUR</td>
<td>0.03</td>
<td>0.38</td>
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<td><strong>Cash flow from operating activities</strong></td>
<td>EUR mill.</td>
<td>-73.8</td>
<td>-94.6</td>
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<td><strong>Equity ratio</strong></td>
<td>%</td>
<td>41.9</td>
<td>34.0</td>
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<tr>
<td><strong>Gearing</strong></td>
<td>%</td>
<td>92.9</td>
<td>140.1</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>%</td>
<td>6.7</td>
<td>6.9</td>
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* The dilution effect of options has been taken into account in the 2009 figures.
Stockmann Group, outlook for 2010

1. The economic environment improved somewhat during the Q1
2. Better availability of financing in the international market
3. Signs of growth in the Nordic and Russian market
4. No near future growth in consumer demand in the Baltic market → the downward slide has come to a halt, however
5. All business units are well prepared to improve their results as the market takes an upward turn
6. This happened already during the Q1 and the growth is expected to continue
Stockmann Group, outlook for 2010

- Sales boost thanks to completion of big investment projects and opening of new stores and premises in the latter half of the year
- Good start for Q2 through the extremely successful Crazy Days campaign in the Department Store Division → new sales records in all our markets
- Operating profit for Q2/2010 will be better than in Q2/2009
- The full-year operating profit of all divisions is expected to improve
- Target is to clearly improve the Group’s operating profit in 2010 compared to 2009

Post-2010
- Yearly investment level approx. EUR 90-100 million lower than in recent years
- Full utilization of the Nevsky Centre and the Helsinki expansion
Hobby Hall has been integrated into the Department Store Division since 1 January 2010. The Department Store Divisions figures and indexes include Hobby Hall (exclusive of HH’s discontinued international operations).

Revenue including Hobby Hall’s discontinued international operations ±0.
Revenue, Department Store Division

• Q1 revenue was EUR 226.0 million and increased by 0.5% including Hobby Hall’s terminated Baltic operations. Q1 revenue increased by 2.6% in comparable units

• Revenue increased in Finland by 2.3%. International operations’ revenue increased by 3.5%*

• Share of international operations was 24% (26% in Q1/2009)

* Excluding Hobby Hall’s discontinued international operations
Revenue, Department Store Division

+ Revenue improved each month in Q1. March revenue increased by 9.8% – 16% in the department stores in Finland and 20% in the department stores in Russia.

+ Revenue in the Baltic department stores, especially Riga, is showing first signs of recovery

+ Helsinki flagship is leading the way – first part of the renewed food department opened 1 March and sales show very strong growth along with other new and renovated areas

+ Metropolis has its first full year and growth performance is strong

+ Strong revenue growth in Q1 especially in groceries but also in children’s fashion, electronics and cosmetics

+ Sunday sales have been better than estimated

- Spring sports equipment, garden furniture and other Hobby Hall’s strong spring selection sales delayed due to weather conditions
Operating profit, Department Store Division

EUR mill.

-15 -10 -5 0 5 10 15 20 25 30 35 40

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

2008 2009 2010

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

- Q1 operating profit improved by EUR 8.0 million to EUR -8.2 million (EUR -16.2 million in Q1 2009). Operating profit improved in all markets and all business areas.

  + Sales margin % improved considerably due to increased revenue and less price-driven campaigns
  + Stock situation remained healthy during the whole Q1 and is still clearly below last year’s level
  + Stock turnover improved in all markets and business areas
  + Tight cost control continues
  + Investments proceed according to budgets and on schedule

- Rostokino opening is burdening the result – a new unit in its start-up period
- Investment projects targeted at Q3 and Q4 openings are in full swing and have a cost effect already in Q1 and Q2
All-time record for Crazy Days!

• Five-day campaign in Finland and Baltics, four days in Russia
• Increased print advertising, direct marketing and use of digital media

+ Revenue increased by 22% – 20% in Finland, 17% in Baltics and 35% in Moscow
+ In Finland and in Moscow, all days improved on last year
+ Growth was achieved even during the first four days in Finland compared to the whole four-day campaign last year – and even in 2008
+ Sales by the new Rostokino department store were at targeted level
+ Increase in both the number of customers and average purchase
+ Sell-through improved – stock situation remains healthy

Autumn 2010 Crazy Days will be a five-day campaign in all countries
Crazy Days campaign, spring 2010

Print ads

Crazy Days catalogue

Newsletters

Ghost's own Facebook profile
Main events 2010

- Sunday opening was decontrolled in Finland
- 1 March 2010 opening of the new, enlarged Delicatessen (1st phase) in Helsinki
- 4 March 2010 opening of Rostokino DS in Moscow
- 11 Nov. 2010 opening of Nevsky Centre Department store and shopping centre in St Petersburg
- Launching of the new Loyal customer media “Premiere”
- Opening of Delicatessen in Helsinki, totally renovated and enlarged
- 27 Nov. 2010 opening of enlarged and renovated Helsinki flagship DS
- www.stockmann.com opening
New look in Loyal Customer communication

Premiere magazine

Loyal Customer leaflets
New Delicatessen in Helsinki
Delicatessen growth continues, completed by September 2010

- Direct access to Q-Park with 4 elevators
- Old Delicatessen sales area 1 800 sqm
- Delicatessen sales area at the moment 3 200 sqm
- Delicatessen sales area in September 4 500 sqm
Helsinki Department Store continues to grow, completed by 27 November 2010

Opening of Keskuskatu, autumn 2010

F8 enlargement, summer 2010

New departments, among others:

- Children’s department
- Men’s fashion
- Cosmetics and daily cosmetics
- Pharmacy, confectionery
- Women’s fashion and accessories
- Gardening
- Home decoration, carpets
- Souvenirs…

Grand opening 28 November 2010
Nevsky Centre in St Petersburg, completed by 11 November 2010
Nevsky Centre in St Petersburg

- Construction is proceeding according to cost estimates and on schedule
- Tenant occupancy rate over 90% → will be 100% by the opening
- Recruiting has started actively
- Loyal Customer marketing to start during summer
Fifth department store in Moscow, Golden Babylon shopping center in Rostokino, opened 4 March 2010

• Biggest shopping center in Eastern Europe and in Moscow with 170 000 sqm
• Stockmann department store sales area 10 000 sqm on three floors
• 6 500 parking spaces
Enlargement of Tampere department store

• On 26 April 2010 Stockmann has signed an agreement with the landlords TSOP and Fennia regarding the enlargement of the Tampere department store

• The Tampere department store’s selling space will be expanded by approx. 4,000 sqm from approx. 11,000 sqm to 15,000 sqm. At the same time, the premises will be connected to new parking facilities under Hämeenkatu street in Tampere city centre.

• Stockmann’s own investment in the project will amount to EUR 6 million

• The new premises are targeted to open by the end of 2012
Other

• Capital expenditure for the period totalled EUR 33 million
• Opening of Ekaterinburg department store in May 2011. Part of the premises now occupied by Seppälä, Lindex and Bestseller.
• Opening of www.stockmann.com in autumn 2010 according to targets set
• 1 Bestseller store opened in Ekaterinburg, 1 closed in Moscow
Outlook for the rest of the year 2010

Improved revenue and operating profit in Q1 gives a good starting point for the rest of the year. Target is to improve operating profit in 2010 on the previous year.
In local currencies, revenue increased by +8.1% during Q1
Revenue development in Q1/2010

• Lindex’s euro-denominated revenue increased by 17.3%

• In local currencies, revenue increased by 8.1%

• Increased sales in Ladies’ Wear and Children’s Wear. Lingerie was on a par with the previous year.

• Strong sales in Sweden, Lindex main market and good development in Lindex new markets, Russia and the Czech Republic
Lindex Q1/2010

• Good start for the year with a strong operating result in the first quarter
• Operating profit EUR 2.1 million (EUR 0.2 million)
• Gross margin was at a good level and on a par with the previous year
• The stock situation is very healthy
Q1/2008 operating profit is burdened by EUR 4.5 mill. IFRS related expenses
Expansion – new store development in Q1/2010

• One new store opened in a new market in Dubai, United Arab Emirates
• One new store opened in Bratislava, capital of Slovakia
• In total, 9 new stores opened during the first quarter
• Further expansion in all markets, with appr. 40 new Lindex stores in total during 2010. Focus is in Central Europe and Russia.
Estimated number of new stores 2010

Approx. 40 new Lindex stores in total during 2010

New markets:
- United Arab Emirates
- Bosnia-Hercegovina
• In May, the Swedish designer Ewa Larsson will design “Affordable luxury” for Lindex. It is an exclusive fashion collection which consists of well-designed garments with international design inspiration.
New store openings and outlook for the rest of the year

- Successful opening in Prague, the Czech Republic in April
- Opening in Bosnia-Hercegovina in the beginning of May. Lindex is then represented in 12 countries.
- Lindex’s shop online to be launched in Finland in May
- Full-year objective to achieve a higher operating profit than in 2009

The opening in Prague on 1 April was very succesful.
Revenue Q1/2010, Seppälä

- Revenue EUR 30.8 million, +7%

- Abroad
  - revenue increased by +12%
  - revenue still weak in Baltic countries, but some positive signs appearing
  - in Russia very good comparable growth
  - share of revenue abroad 36% (34%)

- Finland
  - revenue increased +4%
  - Seppälä gained market share in women’s fashion
  - increased revenue in all product categories, revenue of men’s and women’s fashion increased particularly well
  - the number of active Seppälä Club members increased significantly and the average purchase of Club members is considerably higher
Revenue, Seppälä

EUR mill.

+7%
New stores

• Store openings Q1:
  Finland 1, Russia 1, Estonia 1
• In April two new stores:
  Finland 1, Estonia 1
• 4 - 6 new stores to be opened
Operating profit, Seppälä

EUR mill.

-3 -2 -1 0 1 2 3 4 5 6

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

2008 2009 2010
Operating profit Q1/2010, Seppälä

Increased by EUR +1.9 million to EUR -0.9 million (EUR -2.8 million)

- good sales of new products
- fewer discount campaigns
- less merchandise on sale
- remarkable increase in relative gross margin
- continued cost control
- stock level significantly below the last year’s level
Outlook for 2010, Seppälä

- Moderate investment programme
- Optimizing of the product mix
- Continued cost control
- The current financial climate gives more potential for medium and lower price fashion categories
- Full-year objective to achieve higher operating profit than in 2009
Seppälä has 218 stores in over a hundred cities in six countries.
Limited collection by Seppälä
Feminine? Masculine? Yes.