Interim Report
1 January – 30 June 2010

Hannu Penttilä
CEO
Stockmann Group H1/2010

• Favourable development continued
• Consumer confidence strengthened in the main markets
• Sales growth continued after a strong Q1/2010
• Stronger Swedish krona and Russian rouble had a positive effect on the euro-denominated sales and a negative effect on costs
• The Group refinanced the long term loans in advance in July, maturities 5 years for EUR 650 million and 3 years for EUR 50 million
Stockmann Group H1/2010

- Revenue up by 5.3% in H1/2010 to EUR 824.3 million
- Operating profit up to EUR 21.8 million (EUR 6.6 million in 2009)
- Relative gross margin improved to 50.1% (46.7% in 2009)
- All divisions improved their gross margin and earnings
  - DSD operating profit EUR 0.6 million (EUR -7.9 million 2009)
  - Lindex operating profit EUR 21.6 million (EUR 19.9 million 2009)
  - Seppälä operating profit EUR 3.9 million (EUR 0.2 million 2009)
- Stock situation in control in all divisions, the number of items on sale considerably smaller than in 2009
- Group profit EUR 27.9 million (EUR -1.8 million)
- EPS EUR 0.39 (EUR -0.03 in 2009)
Stockmann Group Q2/2010

• Revenue up 5.1% to EUR 451.7 million
• Operating profit up 8% to EUR 30.9 million (EUR 28.6 million 2009)
• In Q2 pre-opening costs of ongoing investments (Helsinki enlargement, St Petersburg Nevsky Centre, stockmann.com) and Lindex expansion burdened the result → this will continue in Q3/2010
Revenue, Stockmann Group

EUR mill.

<table>
<thead>
<tr>
<th>Period</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td></td>
<td></td>
<td>+6%</td>
</tr>
<tr>
<td>4-6</td>
<td></td>
<td></td>
<td>+5%</td>
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<tr>
<td>7-9</td>
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<tr>
<td>10-12</td>
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</tbody>
</table>
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>Revenue</td>
<td>EUR mill.</td>
<td>824.3</td>
<td>782.9</td>
</tr>
<tr>
<td>Operating profit</td>
<td>EUR mill.</td>
<td>21.8</td>
<td>6.6</td>
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<tr>
<td>Profit before taxes</td>
<td>EUR mill.</td>
<td>18.0</td>
<td>-3.4</td>
</tr>
<tr>
<td>Earnings per share*</td>
<td>EUR</td>
<td>0.39</td>
<td>-0.03</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>EUR mill.</td>
<td>-16.1</td>
<td>22.7</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>%</td>
<td>43.3</td>
<td>35.3</td>
</tr>
<tr>
<td>Gearing</td>
<td>%</td>
<td>92.9</td>
<td>124.2</td>
</tr>
<tr>
<td>ROCE</td>
<td>%</td>
<td>6.7</td>
<td>6.7</td>
</tr>
</tbody>
</table>

* The dilution effect of options has been taken into account in the 2009 figures.
Distribution of revenue by market H1/2010, Stockmann Group
Stockmann Group, outlook for 2010

1. The Stockmann Group has started a historic H2/2010
2. Two major "eternal" projects will be finished in November 2010
All-Time Stockmann, Helsinki
Nevsky Centre, St Petersburg
Stockmann Group, outlook for 2010

• Sales growth will continue in H2/2010
• Completed investment projects will boost the sales towards the end of the year
• Pre-opening costs will burden the result in Q3/2010 as planned
• However, Q3/2010 operating profit is expected to be somewhat better than in Q3/2009
• For the full year all divisions are expected to show improved operating profits
• the Stockmann Group aims to achieve a significantly higher operating profit for the full year than in 2009
## Revenue (exclusive of VAT) in July 2010

<table>
<thead>
<tr>
<th>Division, Location</th>
<th>July 2010 EUR mill.</th>
<th>Change per cent</th>
<th>January-July 2010 EUR mill.</th>
<th>Change per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Store Division, Finland</td>
<td>52.3</td>
<td>4.1</td>
<td>427.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Department Store Division, international operations</td>
<td>19.9</td>
<td>19.2</td>
<td>136.2</td>
<td>6.8</td>
</tr>
<tr>
<td>Department Store Division, total</td>
<td>72.2</td>
<td>7.9</td>
<td>563.6</td>
<td>4.3</td>
</tr>
<tr>
<td>Lindex, Finland</td>
<td>6.6</td>
<td>6.3</td>
<td>37.5</td>
<td>3.7</td>
</tr>
<tr>
<td>Lindex, international operations</td>
<td>42.5</td>
<td>13.0</td>
<td>275.3</td>
<td>13.4</td>
</tr>
<tr>
<td>Lindex, total</td>
<td>49.2</td>
<td>12.0</td>
<td>312.8</td>
<td>12.2</td>
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<tr>
<td>Seppälä, Finland</td>
<td>9.6</td>
<td>6.8</td>
<td>54.6</td>
<td>4.0</td>
</tr>
<tr>
<td>Seppälä, international operations</td>
<td>4.5</td>
<td>2.9</td>
<td>28.1</td>
<td>10.8</td>
</tr>
<tr>
<td>Seppälä, total</td>
<td>14.1</td>
<td>5.5</td>
<td>82.7</td>
<td>6.2</td>
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<tr>
<td>Real estate + others</td>
<td>0.0</td>
<td></td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Operations in Finland, total</td>
<td>68.6</td>
<td>4.7</td>
<td>519.8</td>
<td>3.5</td>
</tr>
<tr>
<td>International operations, total</td>
<td>66.9</td>
<td>14.0</td>
<td>439.6</td>
<td>11.1</td>
</tr>
<tr>
<td>Stockmann total, continuing operations</td>
<td>135.5</td>
<td>9.1</td>
<td>959.4</td>
<td>6.9</td>
</tr>
<tr>
<td>Stockmann, total</td>
<td>135.5</td>
<td>8.8</td>
<td>959.4</td>
<td>5.7</td>
</tr>
</tbody>
</table>
Stockmann Group, long term financial targets

- Long term financial targets:
  - 20% ROCE
  - 12% EBIT
  - 40% equity ratio
  - sales growth above market average

- Targets were last confirmed just prior to the global financial crisis in summer 2008
- Targets still the same → realistic schedule to reach all the targets in 2015
Revenue, Department Store Division

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 closed international operations).

Revenue including Hobby Hall’s closed international operations Q1 ±0, Q2 +3%
Revenue, Department Store Division

- H1 revenue increased by 3.8% exclusive of Hobby Hall’s closed operations abroad. H1 revenue was EUR 491.5 million, up 1.9% including Hobby Hall’s closed Baltic operations.
- Revenue increased by 3.4% in Finland and by 4.9% in international operations
- Share of international operations was 24% (23% in H1/2009)

- Q2 revenue increased by 4.8% exclusive of Hobby Hall’s closed operations abroad. Q2 revenue was EUR 265.5 million, up 3.1% including Hobby Hall’s closed Baltic operations.
- Revenue increased by 4.4% in Finland and by 6.2% in international operations
- Share of international operations was 23% (23% in Q2 2009)
H1 revenue Department Store Division

+ The department stores in Finland have solid revenue growth
+ New and renovated areas in the Helsinki department store are showing strong growth, and the department store is leading the way in Finland
+ Revenue increased strongly in Russia with the strengthened rouble and the Metropolis department store opened in 2009 leading the way
+ The start of operations in the newly opened department store in Moscow’s Golden Babylon shopping centre has met expectations. The shopping centre is still developing, with unoccupied space.
H1 revenue Department Store Division

+ Strongest growth in groceries and electronics, but fashion, home and cosmetics have good growth in H1 too
+ Very positive trend for the franchising chains Zara and Bestseller
- The Baltic market challenging again in Q2
- Distance retailing challenging during the first part of the year – however, revenue improved towards the end of the period
Operating profit, Department Store Division

EUR mill.

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

2008 2009 2010

Other operating income
Provision for closing down the Smolenskaya dpt store.
H1 Operating profit, Department Store Division

• H1 operating profit EUR 0.6 million, up EUR 8.4 million (EUR -7.9 million in 2009)
• Q2 operating profit was EUR 8.8 million, up EUR 0.4 million (EUR 8.4 million in 2009)

+ Positive profit trend in H1 in all markets
+ Strong gross margin 41.6% (38.0% in 2009)
+ Stock situation remains healthy, stock turnover improved further
+ Strengthening of the rouble has a positive effect on the gross margin
+ Investment projects proceeding according to plans, capital expenditure for the period EUR 59.1 million

- Costs of large investment projects (St Petersburg, Helsinki and stockmann.com) burden the result until Q4
- Costs increase in Russia due to the strengthened rouble
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
- Launching of the new Loyal customer media "Premiere"
- Opening of Delicatessen in Helsinki, totally renovated and enlarged
- 11 Nov. 2010 opening of Nevsky Centre department store and shopping centre in St Petersburg
- 27 Nov. 2010 opening of enlarged and renovated Helsinki flagship DS
- www.stockmann.com opening
Helsinki Department Store All-Time Stockmann project finished in 11/2010

- Finished during summer: women’s fashion, women’s accessories, children’s fashion and toys, parts of renewed cosmetics and parts of home
- New brands: Mango, Karen Millen, Ralf Lauren home collection, Calvin Klein home etc.
- To be finished during autumn: food department, final parts of cosmetics and accessories, final parts of men’s fashion, gardening, bedding, mats, enlarged electronics, pharmacy etc.
Enlargement of F8 opened
New Delicatessen

Completely new and renovated Delicatessen with 4500 sqm completed for the September campaign; direct access to Q-Park
Keskuskatu opening in autumn 2010

Keskuskatu to become a lively pedestrian street integrated with department store campaigns
Nevsky Centre in St Petersburg completed in November

- Retail premises 100% leased out. Office space negotiations ongoing.
- Construction proceeds according to plans – technical installations and surface works going on in the entire building
- Installations of furniture and equipment started at the department store premises
- Tenant fit-outs started in several areas
- Loyal customer marketing ongoing
Nevsky Centre in St Petersburg – recent pictures from the site
stockmann.com – wrapped up in autumn

- stockmann.com webstore will be opened during autumn. Piloting has started with the Group’s personnel.
- A very wide assortment: Finnish and international brands in fashion, home and electronics, as well as all Stockmann private brands
- A genuine multichannel store integrated with the Stockmann department stores
- Opening stage to cover Finland in Finnish and Swedish
- Utilizing Hobby Hall’s IT platform and logistic processes

- Access to the Group’s web pages for investors: stockmanngroup.fi or linked via stockmann.com
Other

• Opening of the Ekaterinburg department store according to plans, May 2011
• In Tallinn, Stockmann purchased a property next to the department store for EUR 1.6 million, which will enable the department store to expand in the future
• Tampere enlargement targeted to year-end 2012
• Academic Bookstore will open an e-book platform during autumn
Outlook for the rest of the year 2010

• Target is to improve operating profit in 2010 on the previous year

• Strengthened consumer confidence in the Finnish and Russian markets and upcoming openings will support positive development

• Q3 will be burdened with the pre-opening costs of the Helsinki department store enlargement, Nevsky Centre in St Petersburg and the stockmann.com web store
Göran Bille
Managing Director
Lindex Q2/2010

• Lindex’s euro-denominated sales increased
• Gross margin is strong and on a par with the previous year
• Stock situation is very healthy
• The costs are affected by expansion, 39 stores more than last year
Sales development in Q2/2010

• Lindex’s euro-denominated sales increased by 8%
• In local currencies, sales decreased by -1.3%
• In local currencies, Lindex’s sales developed as follows:
  - Ladies wear dropped in sales
  - Children’s wear and Cosmetics increased in sales
  - Lingerie was on a par with the previous year
• Positive development in Lindex’s new markets, Russia and the Czech Republic
Expansion – new stores in Q2/2010

- 7 new stores opened during Q2
- A total of 16 new Lindex stores in 2010
- One new store opened in Prague, capital of Czech Republic
- Premiere of Lindex shop Online in Finland
- Further expansion in all markets during 2010. Focus is in Central Europe and Russia.
- Full-year target: operating profit better than last year
Estimated number of new stores 2010

Approx. 40 new Lindex stores in total during 2010

New markets for 2010:
- Bosnia and Herzegovina
- United Arab Emirates
In local currencies, revenue decreased by -1.3% during Q2.
Q1/2008 operating profit is burdened by EUR 4.5 mill. IFRS related expenses
In October, the American top designer will design "Pink Collection with Narciso Rodriguez". The collection will be sold to raise money to benefit breast cancer research.

Lindex has confidence in the autumn assortment. Lindex fashion has been well received by both the fashion press and bloggers throughout the Nordic region.
Revenue H1/2010, Seppälä

- Revenue EUR 68.5 million, +6%

Abroad
- revenue increased by +12%
- revenue still weak in the Baltic countries, slight increase in revenue in Q2
- good growth in Russia
- share of revenue abroad 34% (33%)

Finland
- revenue increased by +3%
- Seppälä gained market share
- excellent sales trend in women’s clothing continued
- good growth even though revenue decreased in June as expected as the summer sale campaigns were smaller
Revenue, Seppälä

EUR mill.

+7%  +6%

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

2008  2009  2010
New stores, refurbishment

- Store openings in H1/2010: Finland 2, Russia 2, Estonia 2
- 4 - 6 new stores to be opened, in Finland and Russia
- 20 stores to be renovated according to the new store concept
Operating profit H1/2010, Seppälä

- Operating profit H1/2010 up +3.7 million to EUR 3.9
- Operating profit Q2/2010 up +1.8 million to EUR 4.8

- good sales of new products
- fewer discount campaigns
- less merchandise on sale
- remarkable increase in the relative gross margin, all-time high relative gross margin
- continued cost control
- the stock situation is very healthy
- profit improved in all market areas
Operating profit, Seppälä

EUR mill.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
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<tbody>
<tr>
<td>1-3</td>
<td>-3</td>
<td>-3</td>
<td>-3</td>
</tr>
<tr>
<td>4-6</td>
<td>5</td>
<td>4</td>
<td>5</td>
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<tr>
<td>7-9</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>10-12</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>
Gross margin %, Seppälä

January–June

% of revenue

2006  2007  2008  2009  2010

55.9  56.7  58.0  57.0  59.9
Outlook for 2010, Seppälä

- The current financial climate gives more potential for medium and lower price fashion categories
- Optimizing of the product mix
- Moderate investment programme
- Continued cost control
- Full-year objective to achieve a higher operating profit than in 2009
Seppälä Club

• 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 number of active Seppälä Club members has increased significantly and the average purchase of Club members is considerably higher
• The members have received our various kinds of happenings and activities very positively
• Seppälä Club to be launched in the Baltic countries in early autumn 2010
Seppälä has 219 stores in over a hundred cities in six countries.
Back to school and Back to business