Market environment in Q3/2011

- Increasing uncertainty in the market due to European debt crisis
- Weakened consumer confidence, but so far no significant effect on consumer behaviour
- Poor development in the affordable fashion market in Sweden
  - Overall market down approximately -8% in September 2011
- Positive market development in Russia and Baltic countries
- High inflation and cost pressure in all markets
- No more production capacity problems in the Far East
Stockmann Group’s revenue in Q3/2011

• Good revenue growth as a whole
  – Q3 revenue up 9.6% to EUR 461.3 million
• Newest units in Russia boosted the growth
  – St Petersburg department store strengthened its position as a shopping destination
  – Good start for the new Ekaterinburg department store
  – Favourable development in Moscow department stores
  – Lindex achieving a stronger presence in Russia
• Affordable fashion market still weak, particularly in Sweden
  – Despite the increased market share, Lindex’s sales in Sweden were lower than in 2010
  – Lindex increased its revenue in new market areas and gained market share in all main markets
  – Seppälä improved after slow first half of the year; all market areas up in Q3
Quarterly revenue

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td></td>
<td>380</td>
<td>410</td>
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<tr>
<td>4-6</td>
<td>380</td>
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<td>450</td>
<td>530</td>
</tr>
<tr>
<td>10-12</td>
<td></td>
<td>550</td>
<td>610</td>
</tr>
</tbody>
</table>

+9% increase in Q1, +13% increase in Q2, +10% increase in Q3.
Revenue by market in Q3/2011

- Finland 50%
- Russia 16%
- Sweden 19%
- Norway 8%
- Estonia 3%
- Latvia 3%
- Lithuania, Czech Republic, Slovakia, Ukraine, Poland 1%
Operating profit in Q3/2011

• Reasonable operating profit in the quarter, at EUR 15.2 million (EUR 18.4 million)
• Earnings trend turning into a positive direction
  - Department Store Division’s operating profit improved
  - Lindex and Seppälä still below 2010
• Relative gross margin in Q3 at 49.1% (50.0%)
  - Increased purchasing prices and actions to boost sales in affordable fashion
• Operating costs and depreciation increased due to expansion and the general cost increase
Quarterly operating profit

EUR mill.

2009  2010  2011

1-3
Earnings in January-September 2011

- Poor H1 pressing down the figures
- Net financial expenses EUR 26.3 million (EUR 10.4 million)
  - Increased interest-bearing liabilities
  - Higher market interest rates
  - Non-recurring foreign exchange losses EUR 1.9 million (vs. gains EUR 5.8 million in Jan-Sep 2010)
- Result before taxes EUR -15.5 million (EUR 29.8 million)
  - Tax credit of EUR 1.1 million booked on the loss
  - In Jan-Sep 2010 the positive effect of taxes was EUR 11.4 million
- Result for the period EUR -14.4 million (EUR 41.2 million)
## Key figures

<table>
<thead>
<tr>
<th></th>
<th>1-9/2011</th>
<th>1-9/2010</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>EUR mill.</td>
<td>1 379.2</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>EUR mill.</td>
<td>10.8</td>
</tr>
<tr>
<td><strong>Profit before taxes</strong></td>
<td>EUR mill.</td>
<td>-15.5</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td>EUR</td>
<td>-0.20</td>
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<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>EUR mill.</td>
<td>-113.7</td>
</tr>
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<td><strong>Equity ratio</strong></td>
<td>%</td>
<td>38.6</td>
</tr>
<tr>
<td><strong>Gearing</strong></td>
<td>%</td>
<td>119.2</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>%</td>
<td>3.6</td>
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</tbody>
</table>
Over 700 stores in 14 countries

- RUSSIA
  - 7 department stores
  - 1 shopping centre
  - 16 Lindex stores
  - 46 Seppälä stores
  - 20 Bestseller stores
  - 2 other stores

- FINLAND
  - 7 department stores
  - 7 Academic Bookstores
  - Hobby Hall mail order sales, online store and 1 store
  - 14 Stockmann Beauty stores
  - 56 Lindex stores
  - 138 Seppälä stores
  - 4 Zara stores
  - 1 Outlet store

- LATVIA
  - 1 department store
  - 7 Lindex stores
  - 11 Seppälä stores

- SWEDEN
  - 208 Lindex stores

- LITHUANIA
  - 10 Lindex stores
  - 10 Seppälä stores

- NORWAY
  - 96 Lindex stores

- ESTONIA
  - 1 department store
  - 7 Lindex stores
  - 21 Seppälä stores
  - 1 Outlet store

- SLOVAKIA
  - 4 Lindex stores

- POLAND
  - 3 Lindex stores

- UKRAINE
  - 2 Seppälä stores

- RUSSIA
  - 7 department stores
  - 1 shopping centre
  - 16 Lindex stores
  - 46 Seppälä stores
  - 20 Bestseller stores
  - 2 other stores

- BOSNIA AND HERZEGOVINA
  - 2 Lindex franchising stores

- SAUDI ARABIA
  - 16 Lindex franchising stores

- UNITED ARAB EMIRATES
  - 2 Lindex franchising store

- ONLINE STORES
  - stockmann.com in Finland
  - akateeminen.com in Finland
  - hobbyhall.fi in Finland
  - lindex.com in the EU area and Norway

Status as of 7 October 2011
Outlook for the rest of 2011

• Economic growth forecasts for the final months of 2011 have rapidly deteriorated because of the European debt crisis
  – Consumer confidence weakening
• Forecasting the consumer purchasing in Q4 2011 more challenging than before
  – Russian markets expected to grow faster than those in the Nordic countries; weakening of the rouble may negatively affect consumer behaviour
  – Growth in the Baltic countries expected to continue
  – High inflation will affect consumers’ purchasing power in all markets
• Affordable fashion market expected to improve compared with the weak final months of 2010
  – Except for Sweden, where demand is more difficult to estimate
• Completed investments in the Department Store Division will positively affect revenue in 2011
  – Positive effect on operating profit visible from the last quarter of 2011 onwards
Outlook for the rest of 2011 (cont.)

• Revenue and operating profit in Q4 2011 estimated to develop positively; new sales record in Crazy Days campaign (+19%) made a very good start for the quarter
• Revenue for the full year expected to continue growing
• Full-year operating profit expected to decline on 2010
• Capital expenditure in 2011 approximately EUR 65 million (EUR 165.4 million) which is below the estimated depreciation for the full year
Department Store Division
Maisa Romanainen
Executive Vice President
Revenue in Q3 2011

• Revenue up 13.2% to EUR 266 million
  - Logistics worked well in all markets – improved availability of autumn fashion
• Finland up 3.6% to EUR 154.8 million
  - Growth in Helsinki city centre department store clearly above average
• International operations up 29.4% to EUR 111.2 million
  - New units in St Petersburg and Ekaterinburg contributed strongly
  - All units in Moscow showed good comparable growth
  - Baltic countries, especially Tallinn, continued positive development
  - Share of international operations 41.8% (36.5%)
Revenue in January-September 2011

- Revenue up by 14% to EUR 828.4 million
  - Finland up 4.9% to EUR 579.0 million
  - International operations up 42.5% to EUR 249.4 million
  - International operations accounted for 30.1% of revenue (24.1%)
- Growth exceeded market average in all markets
- Further strengthened position as the leading fashion house in Finland
- Very good performance in food sales – trend for fresh, organic, high quality food supports Stockmann Delicatessen
- Increased online sales both in Hobby Hall and at Stockmann.com
Hobby Hall has been integrated into the Department Store Division since 1 January 2010. The Department Store Division’s figures and indexes include Hobby Hall (exclusive of HH’s closed international operations).
Operating profit in Q3 2011

- Relative gross margin 41.2% (41.5%)
  - Weaker rouble rate transferred to prices without losing competitiveness
  - Product mix favourable as new items available early
  - Hobby Hall able to shift sales towards products with better margins

- Operating profit EUR 2.9 million (EUR 1.4 million)
  - Clear improvement in all markets due to strong increase in volume
  - Fixed costs 35.8% of revenue (37.9%); cost increases mainly from new and enlarged units which now growing strongly in revenue
  - Depreciation clearly higher than in the previous year due to expansion
Operating profit in January-September 2011

- Relative gross margin 40.8% (41.2%)
- Operating result EUR -4.4 million (EUR 1.9 million)
  - Challenging Q1 still visible in January-September result
  - Hobby Hall’s good development continued
  - Bestseller franchising business challenging due to the weak rouble and very competitive affordable fashion segment in Russia
- Stock turnover remained healthy
Quarterly operating profit, Department Store Division

EUR mill.

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

2009  2010  2011

1-3  4-6  7-9  10-12
Crazy Days in October 2011 – again a new record!

- Very important Crazy Days campaign organized in Finland on 5-9 October and in international department stores on 12-16 October
- Concept successfully introduced in Ekaterinburg and organised for the second time in St Petersburg with strong performance
- Turnover indexes Fall 2011 / Fall 2010:
  - Department Store Division total 119
  - Per market: Finland 108, Baltics 113, Russia 159
- Growth in all main product areas in all markets
- All 16 department stores increased sales
Crazy Days – a success story since 1986

1986-2011

203% 25% 15% 18% 9% 9% 4% 14% 23% 8% 26% 10% 22% 0% 13% 8% 7% 28% 20% 26% 11% 3% 22% 19%


1997 Tallinn

2005 Spring Riga
2006 Spring Russia

26.10.2011
Outlook for the rest of 2011

• Q4 clearly the most important season of the year – an excellent start with the Crazy Days campaign.
• Hobby Hall’s Hobbalot volume campaign organized in October.
• Visible and intensive campaigning to support Christmas sales – in all channels and in all markets including loyal customer marketing, print media, TV, and digital media. Stockmann.com strongly present in Finnish marketing.
• Even though the market situation remains challenging in all markets, Department Store Division targets to continue good revenue growth in Q4.
Revenue in Q3/2011

• Sales improved during the third quarter
• Euro-denominated revenue in Q3 increased by 5.6% to EUR 157.8 million
  – In local currencies, revenue up 3.0%
  – January-September revenue up 8.1% to EUR 446.7 million
• Sales increased in all business areas with the strongest performance in Children’s wear
• Strong sales increase in all markets except in Sweden (-3.0%)
  – Excluding Sweden, revenue +12.2% in local currencies
• Increased market shares in all main markets
Quarterly revenue, Lindex

In local currencies, revenue increased by 3.0% in Q3/2011
Operating profit in Q3/2011

• Q3 operating profit was EUR 11.4 million (EUR 16.2 million)
  - January-September operating profit EUR 20.8 million (EUR 37.8 million)
• Costs were affected by the increased number of new stores, launching the new marketing concept “Get the look”, and the strong Swedish krona
• Gross margin was lower than last year, at 60.4% (62.1 %), due to increased purchasing prices and actions to boost sales
• Stock situation is high but planned, due to this year’s timely deliveries from the Far East and increased number of new stores
Quarterly operating profit, Lindex
New stores in 2011

- 9 stores opened and 2 closed in Q3/2011
- In total 440 stores
- Approx. 30 new Lindex stores in total in 2011

- Sweden
- Norway
- Finland
- Russia
- Baltic countries
- Poland
- Czech Republic
- Slovakia
- Bosnia-Herzegovina
- Middle East

Approx. 5 stores opened in each region.
Successful campaign

• "Get the Look" with Reese Witherspoon in autumn 2011

• The TV commercial was shown in Sweden, Norway, Finland, Estonia and for the first time ever also in Czech Republic

• Great PR in all countries, which has increased traffic and brand awareness among customers and other stakeholders
Outlook for the rest of 2011

• Market development expected to remain challenging for the rest of the year, especially in Sweden. But Lindex believes in a strong Q4 compared to the previous year

• Cost cutting program launched
Pink Ribbon and Lindex Pink Bracelet

• Lindex is fighting against breast cancer with the Pink Ribbon Campaign in October.

• The Pink Ribbon and the Bracelet have sold well and together with our customers we look forward to contributing to the important fight against breast cancer.
Give the Look – Christmas campaign

• Strong collections and price focus on Christmas gifts in all business areas.
• Target is to be The Christmas Destination 2011!
Terhi Okkonen
Managing Director
Revenue in Q3 and January-September 2011

• Q3 revenue up 2% to EUR 37.6 million
  – Up 1% in Finland, up 5% abroad
• Jan-Sep revenue down 1% to EUR 103.8 million
  – Down 3% in Finland, up 2% abroad
  – Share of revenue abroad 36% (35%)
• Revenue increased in all market areas in Q3, particularly in the Baltic countries
• In Finland good development in August and September: market share increased
• Very good development in children’s wear
• Market for affordable fashion weaker than expected; increased competition
• Number of visitors decreased in all markets, but average purchase increased
• Price offers and need for clothing motivate customers now more than usually
Quarterly revenue, Seppälä
Operating profit in Q3 and January-September 2011

- Operating profit in Q3/2011
  EUR 1.5 million (EUR 2.2 million)
- Operating profit in Jan-Sep 2011
  EUR -0.8 million (EUR 6.2 million)
- Relative gross margin on a good level
  - Q3 57.7% (58.3%)
  - Jan-Sep 58.3% (59.3%)
- Price driven campaigns to boost sales
- Bigger summer sale than in 2010
- Increased purchasing prices
- Increased costs and depreciation due to store openings and refurbishments
Quarterly operating profit, Seppälä

EUR mill.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>-3</td>
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<td>2</td>
<td></td>
</tr>
<tr>
<td>10-12</td>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
New and refurbished stores

- 5 store openings in Jan-Sep
  - Finland 2
  - Russia 3
- 4 closings in Finland
- 13 stores renovated according to the new store concept

- 4 new stores to be opened in the rest of 2011
  - 2 in Finland
  - 2 in Russia
225 Seppälä stores in over 100 cities in six countries

- **Finland**: 136 stores
- **Russia**: 46 stores
- **Estonia**: 20 stores
- **Latvia**: 11 stores
- **Lithuania**: 10 stores
- **Ukraine**: 2 stores

**Cities with Seppälä stores**:
- **St Petersburg**: 15 stores
- **Moscow**: 10 stores
- **Kolomna**: 1 store
- **Kazan**: 2 stores
- **Ekaterinburg**: 4 stores
- **St Petersburg**: 15 stores
- **Yaroslavl**: 1 store
- **Nizhny Novgorod**: 2 stores
- **Voronezh**: 3 stores
- **Volzhskiy**: 1 store
- **Samara**: 1 store
- **Omsk**: 1 store
- **Novosibirsk**: 1 store
- **Rostov-on-Don**: 2 stores
- **Krasnodar**: 1 store
- **Volgograd**: 1 store
- **Volzhskiy**: 1 store

**Countries and number of stores**
- **Finland**: 136 stores
- **Russia**: 46 stores
- **Estonia**: 20 stores
- **Latvia**: 11 stores
- **Lithuania**: 10 stores
- **Ukraine**: 2 stores
• Trust Yourself campaign
• Main stars: Supermodel of your own life: Chisu (singer) & Felix Zenger (beat boxer)
• Outdoor advertising, fashion magazines, online advertising
• Seppälä Club & www.seppala.fi
• Store windows, in-store displays
Outlook for the rest of 2011

- Strong campaigns for the important last quarter of the year
  - Trust Yourself campaign continues
  - Paola Suhonen by Seppälä collection
  - Seppälä Christmas campaign
- Fashion Community on the web to open in all market areas
  - Online store to be launched in Finland
- Every reason to believe in strong sales in Q4
Co-operation with the famous Finnish designer Paola Suhonen

Special collection with 13 products

Marketing:
Short film (27 min) produced and shot by Paola Suhonen
→ TV, fashion magazines, online advertising

Press launch 17 August - In stores 1 Nov 2011

Movie *Gone with the River* to be seen at the tv channel Liv on 26 Oct at 21:30
Seppälä Fashion Community

• **www.seppala.fi** is an active place to enjoy fashion, 800 000 unique visitors in 2010
• Seppälä Fashion Community to be opened in every country with local language in November 2011
• Shop Online opening in Finland in November 2011
• All products presented with pictures, a lot of outfits and inspiration, and many social media features
• Goals to enable online shopping and increase in-store sales
Seppälä Christmas

- Strong media campaign:
  - TV & outdoor
  - Online advertising + Seppälä Shop Online
  - Stores & windows
  - Newsletters & Seppälä Club calendar

- Key products:
  - Bathrobes
  - Jumpsuits
  - Accessories