Stockmann Group in 2010

- Completion of historical capital expenditure projects
  - Enlargement and renovation of the main department store in Helsinki
  - Nevsky Centre in St Petersburg
- Continued expansion of Lindex and Seppälä
- Stockmann.com online store launched
- Revenue back to growth track, up 7%
- Operating profit improved, in particular in Russia and the Baltics
- Earnings per share clearly up to EUR 1.10 (2009: EUR 0.82)
Revenue and operating profit in 2010

**REVENUE (excl. VAT)**
EUR 1,821.9 mill. (EUR 1,698.5 mill.)
+7.3%

- **Department Store Division**
  EUR 1,099.9 mill.

- **Lindex**
  EUR 578.7 mill.

- **Seppälä**
  EUR 143.2 mill.

**OPERATING PROFIT**
EUR 88.8 mill. (EUR 85.1 mill.)
+4.4%

- **Department Store Division**
  EUR 32.9 mill.

- **Lindex**
  EUR 54.8 mill.

- **Seppälä**
  EUR 9.0 mill.
Revenue by market in 2010, Stockmann Group

- Finland: 54%
- Sweden: 19%
- Russia: 13%
- Norway: 7%
- Estonia: 3%
- Latvia: 3%
- Lithuania: 1%
- Czech Republic: 0%
- Slovakia: 0%
- Ukraine: 0%
Revenue in 2010

• Consumer confidence increased in the main markets

• Revenue growth began in the early months of the year; accelerated growth towards the end of the year
  - Completed capital expenditure projects
  - Recovery of the economies in Russia and the Baltic countries

• Russian rouble and Swedish krona strengthened clearly compared with 2009

• Q4 revenue of Lindex and Seppälä, during Christmas trade in particular, decreased in the Nordic markets
Quarterly revenue, Stockmann Group

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>400</td>
<td>420</td>
<td>440</td>
</tr>
<tr>
<td>4-6</td>
<td>450</td>
<td>500</td>
<td>550</td>
</tr>
<tr>
<td>7-9</td>
<td>480</td>
<td>530</td>
<td>580</td>
</tr>
<tr>
<td>10-12</td>
<td>500</td>
<td>550</td>
<td>600</td>
</tr>
</tbody>
</table>
Development of revenue, Stockmann Group

Acquisition of Lindex December 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR mill.</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>-16%</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>+8%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>+34%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>-10%</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>+7%</td>
<td></td>
</tr>
</tbody>
</table>
Operating profit in 2010

- All divisions improved their relative gross margins; all-time high for Department Store Division and Seppälä; Lindex continued at a record level, at 63.1%
  - Consolidated gross margin 49.9% (48.1%)
- Department Store Division improved its operating profit by EUR 10.1 million
  - Pre-opening costs of nearly EUR 10 million burdened the result
- Lindex’s operating profit declined to EUR 54.8 million but is still good
  - Q4 profit down due to performance in the Nordic countries
- Seppälä improved its operating profit by 13 per cent to EUR 9.0 million
- Operating profit improved clearly in Russia and the Baltic countries but declined in the Nordic markets
Quarterly 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
Development of operating profit, Stockmann Group

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating profit</th>
<th>Other operating income</th>
<th>% of revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>120</td>
<td>30</td>
<td>10.5%</td>
</tr>
<tr>
<td>2007</td>
<td>110</td>
<td>20</td>
<td>10.0%</td>
</tr>
<tr>
<td>2008</td>
<td>100</td>
<td>10</td>
<td>9.5%</td>
</tr>
<tr>
<td>2009</td>
<td>90</td>
<td>0</td>
<td>8.5%</td>
</tr>
<tr>
<td>2010</td>
<td>80</td>
<td>0</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

EUR mill.
Profit for 2010, Stockmann Group

• Net financial expenses EUR 14.6 million, clearly lower than in 2009 (EUR 24.0 million)

• Profit before taxes EUR 74.2 million (EUR 61.1 million)

• Strong Swedish krona eliminated the deferred tax liability booked in 2008
  - 2008: Negative effect of EUR 27.2 million
  - 2009: Positive effect of EUR 10.9 million
  - 2010: Positive effect of EUR 16.3 million
  → In total +/- 0

• Profit for the year EUR 78.3 million (EUR 53.8 million)
Earnings per share and dividend, Stockmann Group

- Dividend proposal per share: EUR 0.82 (74.5% of EPS)
- Total amount of proposed dividend: EUR 58.3 mill.

* Dividend proposal to the AGM
## Key figures, Stockmann Group

<table>
<thead>
<tr>
<th></th>
<th>1-12/10</th>
<th>1-12/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>EUR mill.</td>
<td>1 821.9</td>
</tr>
<tr>
<td>Operating profit</td>
<td>EUR mill.</td>
<td>88.8</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>EUR mill.</td>
<td>74.2</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>EUR</td>
<td>1.10</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>EUR mill.</td>
<td>91.8</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>%</td>
<td>43.1</td>
</tr>
<tr>
<td>Gearing</td>
<td>%</td>
<td>87.7</td>
</tr>
<tr>
<td>ROCE</td>
<td>%</td>
<td>5.8</td>
</tr>
<tr>
<td>Board’s proposal for dividend</td>
<td>EUR</td>
<td>0.82</td>
</tr>
</tbody>
</table>
Market outlook for 2011

• The world economy has started to pick up and consumer confidence is expected to remain strong

• Growth in the Russian market is expected to be higher than in the Nordic countries and elsewhere in Europe

• A positive turnaround also in the Baltic countries but the pace at which this continues is hard to assess

• Volatility in the European financial market

• Shortage of production capacity in the Far East procurement market will create upward pressure on consumer prices
Outlook for 2011

• The Department Store Division will open a new department store in Ekaterinburg at the end of March

• Completed capital expenditure projects will impact the Group’s revenue for the full year, but several department stores in Russia and the stockmann.com online store are still in their starting phase

• Lindex and Seppälä will continue to open new stores; Lindex enters a new market, Poland

• The Group’s revenue growth is estimated to continue in 2011

• The Group’s operating profit is expected to be above the previous year’s figure

• Capital expenditure clearly less in 2011 than in recent years, at approx. EUR 85 million

• First-quarter operating profit will be negative due to normal seasonal variation
Department Store Division

Maisa Romanainen
Executive Vice President
Revenue in 2010

• Sales development outperformed market average
  - Stockmann department stores in Finland +6%
  - Food +11%, fashion +8%
• All major product areas showing positive development in all markets
• Less price driven campaigns
• Share of sales registered with the loyal customer card still growing – customer loyalty is very high
• St Petersburg and Helsinki department stores performed at a planned, very good level since they were opened
• Baltics still very difficult in Q1 - Q3, but a clear improvement towards the end of the year
• International operations grew by 16%, rouble-denominated sales in Russia by 19%
• Share of international operations 24.9% (23.1% in 2009)
Revenue in Q4 2010

• Successful opening of the St Petersburg department store and Nevsky Centre; international operations in total up +32.9%

• Enlarged and renovated Helsinki flagship department store opened

• Stockmann.com launched in Finland

• Christmas sales clearly outperformed market average in Finland, revenue growth 6% (vs. market average 2%)

• Very good Christmas sales for Hobby Hall distance retailing

• Baltics showing a positive sales development

• All-time record Crazy Days with 22% revenue increase
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).
Development of revenue, Department Store Division

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>+9%</td>
</tr>
<tr>
<td>2007</td>
<td>+9%</td>
</tr>
<tr>
<td>2008</td>
<td>±0%</td>
</tr>
<tr>
<td>2009</td>
<td>-12%</td>
</tr>
<tr>
<td>2010</td>
<td>+8%</td>
</tr>
</tbody>
</table>
Operating profit in 2010

- All-time high relative gross margin; stock rotation improved further
  - Russian operations improved despite large openings of department stores in Moscow and St Petersburg
- Franchising business – Zara in Finland and Bestseller in Russia – recovering from downturn
- Costs under control despite a very heavy opening and investment program
  - Cost pressure due to stronger rouble in Russia, Sunday openings in Finland, energy prices etc.
  - Major investments as planned and budgeted
- Several units in their starting phase with a few years until “normal” profit levels can be reached
- Price pressure due to increasing raw material prices and a shortage of capacity in Far East starting to show first signs
Operating profit in Q4

- Continued good development of relative gross margin
- Very positive development in Russia, also the Baltic countries turning better
- Less price driven campaigns, less discounts
- Opening costs of new units – St Petersburg, Helsinki, and stockmann.com – burdening the operating profit
Quarterly operating profit, Department Store Division

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

![Graph showing the development of operating profit, other operating income, and percentage of revenue from 2006 to 2010. The graph indicates a decline in operating profit and other operating income over the years.]
Historical year 2010

- 11.11.2010 opening of the Nevsky Centre department store and shopping centre in St Petersburg
- 4.3.2010 opening of Rostokino department store in Moscow
- 1.3.2010 opening of the new, enlarged Delicatessen (1st phase) in Helsinki
- February Sunday opening was decontrolled in Finland
- Opening of Delicatessen in Helsinki, totally renovated and enlarged
- January Launching of the new loyal customer media “Premiere”
- Bestseller 20 stores in Russia 1.1.2011 (19 stores 1.1.2010)
- Zara 4 stores in Finland 1.1.2011 (4 stores 1.1.2010)
- Stockmann Beauty 14 stores in Finland 1.1.2011 (15 stores 1.1.2010)
- 27.11.2010 opening of enlarged and renovated Helsinki flagship department store
- Stockmann.com online store opening
New department store to Ekaterinburg in 2011

• First department store outside Moscow and St Petersburg in Russia
• Prime location in city centre – Greenwich shopping centre
• 8000 sqm, similar to Metropolis department store in Moscow
• Premises operated by Seppälä, Lindex and Bestseller stores in 2010
• Opening scheduled for the end of March 2011
Inside Greenwich shopping centre, Ekaterinburg
Key actions in 2011

• Focusing on revenue and profitability of newly opened major investments in Helsinki and St Petersburg
• Tampere enlargement project ongoing, but opening postponed to 2013 due to delays in the city detail planning process
• Moving of Russian logistics center and customs department to a new location in north-west part of Moscow; fully operational by the end of Q1 2011; estimated investment EUR 4 million
• Long-term ERP renewal project to start, supporting the development of buying organization, processes, and tools for improved efficiency
• Several initiatives to further develop distance and online retail for all three online stores – stockmann.com, Hobby Hall and Academic Bookstore
• Introduction of a new loyal customer level, First, in Finland
• Development of Stockmann’s own brands – introduction of E’Ny for women’s modern fashion and CUBE for young boys in Q1 2011
Outlook for 2011

- Revenue to grow in all markets with Helsinki and St Petersburg leading the way
- Upward pressure on consumer prices due to shortage of capacity and increasing raw material prices especially in all fashion products
- Investments back at a "normal" level after a very heavy 5-year investment period
- Target is to improve operating profit in 2011
Göran Bille
Managing Director
Financial highlights of 2010

• Modest sales development on main markets
• Stronger sales development on new markets
• Due to capacity problems at suppliers, sales have been negatively affected during autumn
• Strong gross margin
• Operating costs affected by expansion
• Good operating result for 2010, but lower than expected
Revenue in Q4 2010

• Lindex’s euro-denominated revenue increased by 6.6%
• In local currencies, revenue decreased by 2.0%
• All business areas decreased except for children’s wear
• Continued positive development in Lindex’s new markets, Russia and the Czech Republic
• Revenue has been negatively affected by late deliveries from Asia; lower stock level than in the previous year
Quarterly revenue, Lindex

In local currencies, revenue decreased by 2.0% in Q4 2010

EUR mill.

+17%
+8%
+9%
+7%
Development of revenue, Lindex

In local currencies, revenue increased by 0.7% in 2010
Operating profit in 2010

- Late deliveries in the third and fourth quarter had an adverse effect on revenue
- Relative gross margin improved slightly
- Higher costs due to expansion
Quarterly operating profit, Lindex

Q1/2008 operating profit is burdened by EUR 4.5 mill. IFRS related expenses
Gross margin %, Lindex

% of revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Pro forma</td>
<td>60.3%</td>
</tr>
<tr>
<td>2008</td>
<td>63.9%</td>
</tr>
<tr>
<td>2009</td>
<td>62.9%</td>
</tr>
<tr>
<td>2010</td>
<td>63.1%</td>
</tr>
</tbody>
</table>
Development of operating profit, Lindex

EUR mill. %

2007: 70
2008: 60
2009: 50
2010: 10

- Operating profit recorded for the Stockmann Group
- Pro forma operating profit
- % of revenue
Strong expansion during 2010

- 428 stores in total, including 17 franchise stores
- 33 new stores (net) during 2010
- 2 new markets: Bosnia-Herzegovina and United Arab Emirates (Dubai)
Major events in 2010

• Several strategically important store openings in Europe, e.g. in the capital cities Prague and Bratislava

• Lindex franchise partners entered the markets of Bosnia-Herzegovina and Dubai

• Opening of a new distribution centre in the Czech Republic for Central Europe, Russia, and the Baltic countries

• Shop Online launched in Finland and plans for international launch published

• Collaboration with the international designer, Narciso Rodriguez, who created a successful ”Pink Collection by Narciso Rodriguez”
Expansion plan for 2011

New Lindex stores
- Old markets: 10-15
- Central Europe: 10
- Russia: 10-15

Via franchise
- Saudi Arabia, Bosnia-Herzegovina, and Dubai: 5-10

In total approximately 40 new stores

* Estimated number of new stores
Key actions and outlook for 2011

• Launch of Lindex Shop Online in all EU countries in January
• The first Lindex store in Poland to open in March
• Launch of a new store concept
• Continuing exciting design collaborations
• Revenue and operating profit are expected to grow in 2011
Terhi Okkonen
Managing Director
Revenue in 2010

• International operations up 8.1% in total
  - Biggest sales increase in Russia
  - Sales in Baltics showing positive signs; increase in Q4
  - Share of revenue abroad 34% (32%)
• In Finland revenue on a par with the previous year
• Increased sales in ladies’ fashion and shoes
• Low sales in children’s clothing
• Good sales development during spring and summer
• Revenue down during autumn, especially in December
• Successful launch of Seppälä Club in Baltic countries
Revenue in Q4 2010

• Q4 revenue up 6.7% in international operations and down 4.9% in Finland
• Growth in the Baltic countries first time after the downturn
• Good sales of the Christmas collection but unsatisfactory sales volume for other collections
• Shortage of season’s basic products in outerwear and knitwear
Quarterly revenue, Seppälä

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>28</td>
<td>30</td>
<td>31</td>
</tr>
<tr>
<td>4-6</td>
<td>32</td>
<td>34</td>
<td>36</td>
</tr>
<tr>
<td>7-9</td>
<td>38</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>10-12</td>
<td>42</td>
<td>42</td>
<td>41</td>
</tr>
</tbody>
</table>

EUR mill.

+7%  +6%  ±0%  -1%
Development of revenue, Seppälä

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>+2%</td>
</tr>
<tr>
<td>2007</td>
<td>+11%</td>
</tr>
<tr>
<td>2008</td>
<td>+5%</td>
</tr>
<tr>
<td>2009</td>
<td>-8%</td>
</tr>
<tr>
<td>2010</td>
<td>+3%</td>
</tr>
</tbody>
</table>
Operating profit in 2010

- Operating profit increased by 13 per cent to EUR 9.0 million in 2010 (2009: EUR 8.0 million)
- Good sales of new products
- Fewer discount campaigns compared with 2009, except in December
- Record high relative gross margin, at 59.8 %
- Cost cutting program continued
- Stock level improved in all markets; better product flow management
Quarterly operating profit, Seppälä

EUR mill.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
</tr>
<tr>
<td>4-6</td>
<td>5</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7-9</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>10-12</td>
<td>4</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>
Gross margin %, Seppälä

<table>
<thead>
<tr>
<th>Year</th>
<th>% of revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>56.9</td>
</tr>
<tr>
<td>2007</td>
<td>57.9</td>
</tr>
<tr>
<td>2008</td>
<td>57.9</td>
</tr>
<tr>
<td>2009</td>
<td>58.2</td>
</tr>
<tr>
<td>2010</td>
<td>59.8</td>
</tr>
</tbody>
</table>
Development of operating profit, Seppälä

- Operating profit
- % of revenue
New and refurbished stores in 2010

• 12 store openings in 2010:
  Finland 4, Russia 6, Estonia 2
• Flagship store opened in St Petersburg in November 2010
• 15 stores renovated according to the new store concept in 2010
225 Seppälä stores in over 100 cities in six countries

- Finland: 138 stores
- Russia: 43 stores
- Estonia: 21 stores
- Latvia: 11 stores
- Lithuania: 10 stores
- Ukraine: 2 stores

- Moscow: 13 stores
- St Petersburg: 13 stores
- Nizhny Novgorod: 2 stores
- Samara: 1 store
- Yaroslavl: 1 store
- Kolomna: 1 store
- Voronezh: 3 stores
- Ekaterinburg: 4 stores
- Novosibirsk: 1 store
- Omsk: 1 store
- Adygea: 1 store
- Volgograd: 1 store
- Volzhskiy: 1 store
- Latvia: 11 stores
- Estonia: 21 stores
- Lithuania: 10 stores
- Ukraine: 2 stores
- Rostov-on-Don: 2 stores
- Ukraine / Kharkov: 1 store
- Ukraine / Kiev: 9 stores
Actions and outlook for 2011

• Approximately 8 - 12 new stores
• Refurbishments in selected stores
• Optimizing the product mix: more fashionable volume products with good price
• Managing difficult market situation on the procurement market
• Continued cost control
• Seppälä Club to be renewed in Finland, strengthened in Baltic countries and launched in Russia
• Revenue and operating profit are expected to grow also in 2011
Tips from Spring & Summer Collection 2011
Thank you!

Stockmann Capital Markets Day will be held in St Petersburg on 7 September 2011