Interim Report
1 January–31 March 2011

Hannu Penttilä
CEO
Stockmann Group in Q1/2011

• Consumer confidence in main markets at a high level
• Russian and Baltic markets have recovered
• Recently completed investments are contributing growth according to plan
  – Helsinki city centre department store
  – St Petersburg
• Affordable fashion market is developing very poorly in the main markets
  – Long, cold winter challenging for the fashion business
  – Number of visitors in stores declined
  – Favourable development in Q1/2010
Revenue by market in Q1/2011, Stockmann Group

- Finland: 52%
- Sweden: 19%
- Russia: 16%
- Norway: 7%
- Estonia: 3%
- Latvia: 3%
- Lithuania, Czech Republic, Slovakia, Ukraine, Poland: 1%
Quarterly revenue

+9%
Operating result in Q1/2011

• Relative gross margin at 47.4% (48.8%)
  – Good level, despite the difficult market development
  – Increasing sourcing costs put pressure on gross margin
• Costs and depreciation increasing as planned, but short-term revenue growth not sufficient
• Operating result EUR -29.9 million (EUR -9.2 million)
• Net financial expenses EUR 8.3 million (EUR 0.6 million)
  – Higher market interest rates and increased interest-bearing liabilities
  – Non-recurring foreign exchange losses EUR 0.7 million (vs. gains EUR 3.7 million in Q1/2010)
Quarterly operating profit

EUR mill.

2009  2010  2011

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

-30  -20  -10  0  10  20  30  40  50  60  70
## Key figures

<table>
<thead>
<tr>
<th></th>
<th>1-3/11</th>
<th>1-3/10</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>EUR mill.</td>
<td>407.7</td>
</tr>
<tr>
<td>Operating profit</td>
<td>EUR mill.</td>
<td>-29.9</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>EUR mill.</td>
<td>-38.3</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>EUR</td>
<td>-0.49</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>EUR mill.</td>
<td>-145.4</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>%</td>
<td>36.8</td>
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<tr>
<td>Gearing</td>
<td>%</td>
<td>119.7</td>
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<tr>
<td>ROCE</td>
<td>%</td>
<td>4.3</td>
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</table>
Market presence: over 700 stores in 14 countries

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

**SWEDEN**
- 207 Lindex stores

**NORWAY**
- 97 Lindex stores

**EU AREA**
- Lindex online store

**RUSSIA**
- 7 department stores
- 1 shopping centre
- 14 Lindex stores
- 44 Seppälä stores
- 20 Bestseller stores
- 1 Outlet store

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

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

**LITHUANIA**
- 9 Lindex stores
- 10 Seppälä stores

**UKRAINE**
- 2 Seppälä stores

**CZECH REPUBLIC**
- 13 Lindex stores

**SLOVAKIA**
- 4 Lindex stores

**POLAND**
- 1 Lindex store

**BOSNIA AND HERZEGOVINA**
- 2 Lindex franchising stores

**SAUDI ARABIA**
- 16 Lindex franchising stores

**UNITED ARAB EMIRATES**
- 1 Lindex franchising store
Outlook for 2011

- Recovery of the world economy continues
- Consumer confidence expected to stay at a good level in main markets
- Growth in the Russian market higher than in the Nordic countries
- Increasing inflation has an impact on purchasing power in all markets

- Completed investment projects in the Department Store Division have a positive impact on revenue for the whole year 2011
- Affordable fashion market is expected to improve towards the end of the year
- Sourcing prices are still putting pressure on consumer prices
- Good opportunities for profit growth particularly in H2/2011

- Stockmann Group’s revenue growth continues in 2011
- Operating profit expected to be above the previous year’s level
- Capital expenditure adjusted to EUR 70 million for 2011
Department Store Division

Maisa Romanainen
Executive Vice President
Revenue in Q1/2011

- Revenue up 13.4% to EUR 256.4 million (EUR 226.0 million)
- In Finland up 5.6% to EUR 180.8 million
  - Enlarged Helsinki department store leading the revenue increase in Finland
  - Hobby Hall’s revenue increased; continuing in the leading position in the Finnish market
- In international operations up 37.7% to EUR 75.6 million
  - Revenue in Russia was up significantly due to the new department store in St Petersburg and favourable development in the newest department stores in Moscow
  - Positive trend continued in both department stores in the Baltic countries
- Revenue abroad accounted for 29.4% (24.3%) of the Division’s total revenue
Revenue in Q1/2011

• Strong revenue growth in particular in the fashion product area
  – Fashion market share increased in Finland
• Food continued a strong development across the markets
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 Result in Q1/2011

- Relative gross margin at the previous year’s level, at 39.7% (39.6%).
- Despite the price pressure, the gross margin development was healthy across the units.
- Operating result EUR -14.8 million (EUR -8.2 million)
- Stock turnover remained at a good level
- Good development in Hobby Hall
- Costs and depreciations clearly higher than a year earlier mainly due to the expansion and the relocation of the logistics center in Moscow
Quarterly 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

2009 2010 2011

STOCKMANN
The new Ekaterinburg department store

- Opening in Ekaterinburg, Russia, on 30 March 2011
- Operates in leased premises in the lively and modern Greenwich shopping centre in the heart of Ekaterinburg
- Retail space of approx. 7 800 sqm
- Stockmann’s total investment EUR 14 million, of which EUR 7.8 million booked in the first quarter
Other events in Q1

• Move of the Moscow logistics center to new modern premises in Shodnya completed
• Agreement on an ERP system renewal project with Oracle – project to last several years
• Introduction of the Stockmann “First” card in Finland as the highest customer loyalty programme level
• Introduction of two new own brands – Cube & co for boys and E´Ny for modern women
• Successful Hobbalot campaign in Hobby Hall
Crazy Days
– celebrating the 50th Campaign!

REVENUE

<table>
<thead>
<tr>
<th>Country</th>
<th>Date</th>
<th>IND s11/s10</th>
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<tbody>
<tr>
<td>Finland</td>
<td>6.-10.4.2011</td>
<td>ind 105</td>
</tr>
<tr>
<td>Baltics</td>
<td>13.-17.4.2011</td>
<td>ind 118</td>
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<tr>
<td>Russia</td>
<td>13.-17.4.2011</td>
<td>ind 170</td>
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<tr>
<td>DSD total</td>
<td>13.-17.4.2011</td>
<td>ind 118</td>
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Crazy Days for the first time in St. Petersburg
Activities and outlook for 2011

- The Department Store Division’s investments completed in autumn 2010 will have a positive impact on the revenue in 2011. Several of the department stores in Russia are, however, still in their start-up phase.

- Main activities in 2011 are targeted to support the revenue and customer flow of new and enlarged department stores. The target is to grow the loyal customer base specially in St Petersburg and Ekaterinburg – and to continue development and revenue growth of stockmann.com in Finland.

- Investment level will be clearly below 2010, and concentrate mainly on IT and process investments during the rest of the year 2011.
Revenue in Q1/2011

• The quarter started very weakly but improved in March
  – Sales development has not met expectations
  – Revenue has been negatively affected by a shift in consumer behavior
• Lindex’s euro-denominated revenue increased by 7%
• In local currencies, revenue decreased by 2.1%
• Sales in Ladies’ wear was on par while sales in Lingerie and Children’s wear decreased slightly
• Weaker sales than expected in main markets, but good development in Lindex’s new markets, Russia and Central Europe
Quarterly revenue, Lindex

In local currencies, revenue decreased by 2.1% in Q1/2011

+7%
Operating result in Q1/2011

- Sales volume clearly lower than expected
- Costs are affected by the increased number of new stores and the strong Swedish krona
- Gross margin was at a good level but lower than last year, 62.1% (64.3%), mainly due to increased purchase prices and increased sales activities to meet competition
- Stock level is higher than last year but under control
- Operating profit EUR -7.9 million (EUR 2.1 million)
Quarterly operating profit, Lindex
Expansion – new stores in Q1/2011

• One new store opened in a new market in Wałbrzych, located in southern Poland
• A total of 6 new stores opened during the first quarter
• Further expansion in all markets continues, focus on Central Europe and Russia
• Lindex Shop Online opened in all EU countries in January 2011
Estimated number of new stores in 2011

Number of new stores in 2011 is adjusted to approximately 30, including franchising stores.
News & outlook for 2011

• Market development expected to improve towards the end of the year
• Strong spring campaigns and collections
• Lindex Shop Online makes it possible to buy Lindex fashion collections online in all 27 EU countries
• Lea Rytz Goldman – new Design & Buying Director recruited
• New marketing communication concept to be launched in autumn 2011, in cooperation with a new advertising agency
Lindex is launching a new spring campaign styled by Rachel Zoe

The American stylist and fashion icon Rachel Zoe has selected her favourite items from the Lindex collection. The campaign started on 18 April in all Lindex stores in 12 countries and also online in 27 countries.
Design collaboration with Ewa Larsson

In May Lindex will launch the fourth collection of Affordable Luxury by the designer Ewa Larsson. Her earlier collections were very popular, and this spring's collection offers a sophisticated feeling with inspiration from female style icons.
Revenue in Q1/2011

- Revenue EUR 27.9 million, -9%
  - Decrease 10% in Finland
  - Decrease 9% in international operations
  - Share of revenue abroad 36% (36%)
- Visitors decreased in all markets
- Market for affordable fashion was weaker than expected
- Increased competition
- Price offers and need for clothing motivate customers now more than usually
- High inflation is decreasing purchasing power
Quarterly revenue, Seppälä

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<tr>
<td>1-3</td>
<td>30</td>
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<td>-9%</td>
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EUR mill.
Operating result in Q1/2011

- Relative gross margin decreased to 53.8% (56.7%)
- Operating profit EUR -4.9 million (EUR -0.9 million)

- Price driven campaigns to boost sales
- Increased sourcing prices
- Late deliveries in Russia due to shortage of capacity in Far East

However,
- Average purchase increased abroad
- Conversion rate increased in Finland
- Positive development in the Baltic countries
Quarterly operating profit, Seppälä
New and refurbished stores in 2011

• No new stores opened in Q1 2011, one store closed in Finland
• In April three stores opened:
  – One in Finland: Helsinki Kannelmäki
  – Two in Russia:
    St Petersburg, Galleria
    Moscow, Gagarinski
• 7 stores renovated according to the new store concept
227 Seppälä stores in over 100 cities in six countries

- **Finland**: 138 stores
- **Russia**: 45 stores
- **Estonia**: 21 stores
- **Latvia**: 11 stores
- **Lithuania**: 10 stores
- **Ukraine**: 2 stores

**Cities**:

- **Moscow**: 10 stores
- **St Petersburg**: 14 stores
- **Kolomna**: 1 store
- **Krasnodar**: 1 store
- **Nizhny Novgorod**: 2 stores
- **Ekaterinburg**: 4 stores
- **Kazan**: 2 stores
- **Voronezh**: 3 stores
- **Volzhskiy**: 1 store
- **Samara**: 1 store
- **Rostov-on-Don**: 2 stores
- **Volgograd**: 1 store
- **Krasnodar**: 1 store
- **Omsk**: 1 store
- **Novosibirsk**: 1 store
Actions and outlook for 2011

• Seppälä Club to be renewed in Finland, strengthened in Baltic countries and launched in Russia
• Web pages, www.seppala.fi, to be renewed in Finland
• More fashionable volume products with a good price
• More marketing and campaigns

• 3 new stores to be opened
• Less refurbishments than in the previous year
• Cost control in every sector
Thank you