Market environment in H1/2011

• World economy on a relatively good level
• Increasing concerns over the debt crises in the euro zone and the USA
• Consumers confidence in their own household economy still good
• Focus of private consumption towards large consumer durables like apartments and cars
• Market for affordable fashion developed poorly in H1, in particular in the Nordic countries
• Russian market has grown faster than those in the Nordic countries
• Growth strengthened in the Baltic countries
• High inflation and cost pressure in all markets
Stockmann Group in Q2/2011

• After poor Q1, the development turned into a better direction
• Revenue in Q2 up 13% to EUR 510.2 million (EUR 451.7 million)
• Stockmann’s recently completed investments boosted the growth
  – Revenue in the St Petersburg department store developed strongly
  – New department store opened in Ekaterinburg on 30 March
Stockmann Group in Q2/2011

• Affordable fashion market still weak, in particular in Sweden
  – Revenue for Lindex and Seppälä lower than anticipated
  – Lindex has gained market share in Sweden, Norway, and Finland
• Department stores in Finland have gained market share especially in fashion and food
• No more capacity problems in the sourcing market
  – Purchasing prices still on a high level
  – Autumn deliveries have arrived on time
Quarterly revenue

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EUR mill.</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td>1-3</td>
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<td>10-12</td>
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</tbody>
</table>
Revenue by market in Q2/2011

- Finland: 51%
- Russia: 16%
- Sweden: 19%
- Norway: 8%
- Estonia: 3%
- Latvia: 2%
- Lithuania, Czech Republic, Slovakia, Ukraine, Poland: 1%
Operating profit in Q2/2011

- Earnings trend turning into a positive direction
- Revenue growth not yet sufficient to cover increased costs, depreciation, and decline in the relative gross margin
- Relative gross margin at 49.5% (51.3%)
  - Increased purchasing costs
  - Actions to boost sales in affordable fashion
- Depreciation up EUR 3.7 million
- Costs on the rise due to expansion and accelerating inflation
  - Salaries, operational expenses in Russia etc.
- Operating profit EUR 25.6 million (EUR 30.9 million)
Quarterly operating profit

EUR mill.

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

2009  2010  2011
Earnings in January-June 2011

• Poor Q1 pressing down the figures
• Net financial expenses EUR 17.5 million (EUR 3.8 million)
  – Increased interest-bearing liabilities
  – Higher market interest rates
  – Non-recurring foreign exchange losses EUR 1.7 million (vs. gains EUR 4.8 million in H1/2010)
• Result before taxes EUR -21.9 million (EUR 18.0 million)
  – Tax credit of EUR 1.8 million booked on the loss
  – In H1/2010 the positive effect of taxes was EUR 9.9 million
• Result for the period EUR -20.1 million (EUR 27.9 million)
Financing and capital employed

• Long term financing agreed until 2015
• Cash flow from operating activities in Q2 EUR 70.9 million (EUR 57.8 million)
• Net working capital on 30 June up to EUR 191.2 million (EUR 140.4 million) due to increased inventories
  - Expansion and new stores
  - Timely deliveries from the Far East procurement markets
  - Strengthening of Swedish and Norwegian currencies
• Interest-bearing liabilities on 30 June at EUR 967.4 million (EUR 807.4 million)
## Key figures

<table>
<thead>
<tr>
<th></th>
<th>1-6/2011</th>
<th>1-6/2010</th>
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<tbody>
<tr>
<td>Revenue</td>
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<tr>
<td>Operating profit</td>
<td>EUR mill.</td>
<td>-4.4</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>EUR mill.</td>
<td>-21.9</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>EUR</td>
<td>-0.28</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>EUR mill.</td>
<td>-74.6</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>%</td>
<td>39.1</td>
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<tr>
<td>Gearing</td>
<td>%</td>
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</tr>
<tr>
<td>ROCE</td>
<td>%</td>
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</table>
Loyal Customer 2008 share options

- 682,657 new Series B shares subscribed with the Loyal Customer share options in June 2011
- Subscription price EUR 8.79 per share
- Approx. EUR 6 million new equity
- Share capital increased by EUR 1.4 million

- 17,510 Stockmann Loyal Customers used their subscription right
- 55,916 shareholders at the end of June (44,155 a year earlier)
Market presence: over 700 stores in 14 countries

- **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

- **Sweden**
  - 206 Lindex stores

- **Norway**
  - 96 Lindex stores

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

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

- **Lithuania**
  - 9 Lindex stores
  - 10 Seppälä stores

- **Russia**
  - 7 department stores
  - 1 shopping centre
  - 15 Lindex stores
  - 46 Seppälä stores
  - 20 Bestseller stores
  - 2 Outlet stores

- **Czech Republic**
  - 13 Lindex stores

- **Slovakia**
  - 4 Lindex stores

- **Poland**
  - 2 Lindex stores

- **Bosnia and Herzegovina**
  - 2 Lindex franchising stores

- **Saudi Arabia**
  - 15 Lindex franchising stores

- **United Arab Emirates**
  - 1 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 5 August 2011
Revenue in July 2011

(Exclusive of VAT)

<table>
<thead>
<tr>
<th></th>
<th>Change 7/2011, %</th>
<th>Change 1-7/2011, %</th>
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</thead>
<tbody>
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<td><strong>14.6</strong></td>
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<td>Lindex, Finland</td>
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<td><strong>Lindex, total</strong></td>
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<tr>
<td>Seppälä, Finland</td>
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<td>Seppälä, international operations</td>
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<td>1.8</td>
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<tr>
<td><strong>Seppälä, total</strong></td>
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<td><strong>-2.8</strong></td>
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<tr>
<td>Operations in Finland, total</td>
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<td>4.0</td>
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<tr>
<td>International operations, total</td>
<td>15.5</td>
<td>19.2</td>
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<tr>
<td><strong>Stockmann, total</strong></td>
<td><strong>8.6</strong></td>
<td><strong>11.0</strong></td>
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Outlook for 2011

- World economy still relatively well on track, but challenging to forecast the market development
  - Uncertainty can affect purchasing behaviour of consumers
- Russian markets expected to grow faster than those in the Nordic countries
- Growth in the Baltic countries expected to continue
- Higher inflation will affect consumers’ purchasing power in all markets

- Affordable fashion market is expected to improve in the rest of the year in comparison to 2010
  - Production capacity problems have eased
  - Autumn deliveries taken place on time
- Completed investments in the Department Store Division will positively affect revenue for 2011
  - Effect on the operating profit become visible from the last quarter of 2011 onwards
Outlook for 2011 (cont.)

• Stockmann Group’s revenue continues to grow for the rest of the year
• Operating profit for the second half of 2011, and especially its final quarter, will outperform the previous year
• The Group targets the full-year operating profit to be up on the previous year
  – Challenging target due to the weak earnings in the first half of the year and requires that there will be no significant slowdown in the economic growth for the rest of 2011
• Capital expenditure in 2011 approximately EUR 70 million (EUR 165.4 million), below the estimated depreciation for the full year
Department Store Division

Maisa Romanainen
Executive Vice President
Revenue in Q2/2011

- Revenue increased by 15.3% to EUR 306.0 million (EUR 265.5 million)
- Department stores’ development above market average in each market
- Successful Crazy Days in April with 18% growth in total
- In Finland revenue up by 5.6%
  - Helsinki continuously strong in all areas
  - Good growth in Hobby Hall especially in e-commerce
- In international operations revenue up by 47.5%
  - Revenue in Russia up 65% with St Petersburg and Yekaterinburg leading the way
  - All Moscow units showed strong revenue growth
  - Positive development in the Baltic countries, both in Tallinn and Riga
Revenue in H1/2011

- Revenue increased by 14.4% to EUR 562.4 million (EUR 491.5 million)
  - Finland up by 5.6%; international operations up by 42.9%
  - Revenue abroad accounted for 29.6% (23.7%) of the Division’s total revenue
- Position in Finland strengthened – growth exceeding clearly the market growth, particularly in fashion
- Substantial growth in Russia – revenue up 50% in H1, but the market growth clearly below the pre-crisis level
- Food sales good in all markets – market trends of freshness, quality, and organic are positive for Stockmann’s concept
- Changes in Hobby Hall’s selection and marketing well received
- Market situation remains challenging
- Start-up of the Russian logistics centre was difficult in H1; supply chain functions now well towards the autumn season
- Book market continuously difficult
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).

Quarterly revenue, Department Store Division

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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 Q2/2011

- Relative gross margin somewhat below the last year’s level at 41.3% (42.1%)
  - Strong price pressure due to increased inflation in all markets
  - Weaker Russian rouble
  - Growing share of food sales, mainly in Russia with the new St Petersburg department store
- Operating profit EUR 7.6 million (EUR 8.8 million)
  - Clearly closer to the previous year’s level than in Q1
- Stock situation at the end of the period satisfactory
- Summer sale started with pre-sale in Russia and Finland in June with a similar concept as in the year-end sale
Operating result in H1/2011

• Relative gross margin at the last year’s level at 40.6% (41.0%)
• Operating result EUR -7.2 million (EUR 0.6 million)
• Operating result improved towards the end of the period with an increased positive impact from the new units
• Best profit improvements in Hobby Hall and in the Baltic countries
• Strong increase in costs and depreciation came mainly from the new units and the enlarged Helsinki department store
Quarterly operating profit, Department Store Division

EUR mill.

2009  2010  2011

1-3

4-6

7-9

10-12

10.8.2011
The new Tapiola Department Store

• A preliminary agreement signed between Stockmann and the Tapiola Group on developing the Tapiola department store.

• Aim is to open an enlarged and completely renewed department store in new premises built by the Tapiola Group, as part of the Tapiola renewal by the City of Espoo.

• Detailed plans to be finalized during the Tapiola city planning process.

• Target is to open the store in new leased premises in 2016.

• Tapiola department store has currently approx. 11 500 sqm of retail space and is Stockmann’s second largest department store in Finland.
Other events

• Oracle ERP implementation project is progressing according to plans, with first implementations to be done in 2012. Project will last several years.
• Hobby Hall customer loyalty program was modified – free admission to the program available from June onwards.
• Tampere enlargement project is proceeding according to plans with an opening target in 2013.
Activities and outlook for 2011

- The important autumn season to be opened with a store-wide Berlin theme campaign in all markets.
- It will be followed by a 5-day Crazy Days campaign which will be launched for the first time in Yekaterinburg.
- Tapiola department store will celebrate its 30-year anniversary and the Oulu department store its 10-year anniversary.
Activities and outlook for 2011

• There is significant growth potential in organic and fresh products in food sales, and as the leading food store, the Delicatessen in Helsinki flagship department store got a dedicated “Luomu” (organic) area in August.

• A new store will be opened in the refurbished Nevsky 25 store premises in St Petersburg with a selection of fashion and home items.

• Autumn and Christmas seasons are a significant part of the revenue and earnings in the Department Store Division. With the new and enlarged units, the division has a good starting point for the important H2.
Göran Bille
Managing Director
Revenue in Q2/2011

• Sales improved during the quarter
• Euro-denominated revenue increased by 11.8% to EUR 165.6 million (EUR 148.1 million)
  − In local currencies, revenue up by 6.5%.
• Sales increased in all business areas with the strongest performance in Ladies’ wear
• All markets increased except Latvia (-0.7%)
  − The strongest sales increase in the new markets, Russia and Central Europe
• Increased market shares in all main markets
Quarterly revenue, Lindex

In local currencies, revenue increased by 6.5% in Q2/2011
Operating profit in Q2/2011

• Operating profit was EUR 17.3 million (EUR 19.5 million)
• Costs were affected by the increased number of new stores and the strong Swedish krona
• Gross margin was lower than last year, at 61.6% (64.3%), mainly due to increased purchasing prices and increased sales activities in the market
• Stock situation is higher than last year, due to this year’s timely deliveries from the Far East and strengthening of Swedish and Norwegian currencies
Quarterly operating profit, Lindex

EUR mill.

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

2009  2010  2011
Expansion – new stores in 2011

- Approx. 30 new Lindex stores in total in 2011
- 3 stores opened and one closed in Q2/2011
- Franchising agreement with a new partner in Iceland; store opening in Reykjavik in November
News & outlook for 2011

• New Brand Store in Oslo, on Karl Johan, to be opened on 24 November
• New store interior Fab concept to be launched in November
• Strong autumn campaigns and collections
Lindex is launching a new communication concept

In week 34 we are launching our new communication concept “Get the Look”.

By showing how to style the latest trends with the favourites among the basic garments, we give our customers a complete look.

When Lindex presents its new concept, the Oscar-winning and internationally renowned famous talent will star in the leading role....

The name will be released on 11 August at 09:00 CET.
Pink Ribbon

Lindex is fighting against breast cancer with the Pink Bracelet

For the autumn 2011 Lindex is introducing a Pink Bracelet that will help to contribute even more to the fight against breast cancer.

The bracelet will be available in every Lindex store in Sweden, Norway and Finland as well as in Shop Online at www.lindex.com from 26 September onwards.

Lindex is committed to the fight against breast cancer since 2003 when Lindex became a main partner in the Pink Ribbon Campaign. In 2010 Lindex donated SEK 7.2 million (almost EUR 0.8 million) to breast cancer research.
Terhi Okkonen
Managing Director
Revenue in Q2 and H1/2011

- Q2 revenue up 2% to EUR 38.3 million
  - Down 2% in Finland, up 9% abroad
- H1 revenue down 3% to EUR 66.2 million
  - Down 5% in Finland, up 1% abroad
  - Share of revenue abroad 36% (34%)
- Good sales development in every market in June – in the Baltic countries all Q2
- Market for affordable fashion weaker than expected; increased competition
- Number of visitors decreased in all markets; conversion and average purchase increased
- Price offers and need for clothing motivate customers now more than usually
- High inflation is decreasing purchasing power
Quarterly revenue, Seppälä

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Operating profit in Q2 and H1/2011

- Operating profit in Q2/2011
  EUR 2.6 million (EUR 4.8 million)
- Operating result in H1/2011
  EUR -2.3 million (EUR 3.9 million)
- Relative gross margin for Q2 on a good level, 62.1% (62.5%); for H1 somewhat lower at 58.6% (59.9%)
- Price driven campaigns to boost sales, especially at the beginning of 2011
- Increased purchasing prices and shortage of capacity in the Far East
- Costs and depreciation increased due to store openings and refurbishments
- Positive earnings development in the Baltic countries
Quarterly operating profit, Seppälä

EUR mill.
New and refurbished stores

• 4 store openings in Q2/2011
  - Finland 1
  - Russia 3
• 1 closing in Finland in Q1/2011
• More than 10 stores renovated according to the new store concept
228 Seppälä stores
in over 100 cities in six countries

Finland 138 stores
Estonia 21 stores
Latvia 10 stores
Lithuania 10 stores
Ukraine 2 stores

Russia 46 stores
Estonia 21 stores
Latvia 11 stores
Lithuania 10 stores
Ukraine 2 stores
Actions and outlook for 2011

- Seppälä Club to be renewed in Finland, strengthened in the 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, 2 stores to be closed in the rest of 2011
- Less refurbishments than in the previous year
- Cost control in every sector