Quarterly Report
January 1 – March 31, 2008

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CEO
Stockmann Group in Q1/2008

- Q1 sales & result give totally false picture of Stockmann’s performance
  - Crazy Days campaign in Finland in April, instead of March 2007
  - Easter in March, instead of April 2007 ---> 3 trading days less in March, and in addition, fashion chains’ sales in March 2007 were excellent
  - Hobby Hall’s Q1 sales not comparable
  - Lindex’s Q1 result burdened by extra IFRS-costs

- Group sales increased by +48% from January 1 to April 23, 2008
  - compared to April 2007, sales in April 2008 will be approximately double
  - despite of poor figures for Q1, we are progressing exactly according to our plan

- Group sales increased by 34 per cent and were EUR 497.5 mill. (EUR 371.7 mill.), due to integration of Lindex
Stockmann Group in Q1/2008

- Sales by Seppälä increased, other divisions declined:
  - Department Store Division -2% (Finland -12%, abroad +29%)
  - Lindex pro forma -2% (-1% in local currencies)
  - Seppälä +3% (Finland -8%, abroad +32%)
  - Hobby Hall -15%, not comparable
- Sales decreased in Finland by 6.4% and increased abroad by 159%
- Share of sales outside Finland increased to 47% (24% Q1/2007)
Stockmann Group in Q1/2008

- Operating profit EUR -2.5 mill. (EUR 8.2 mill.)
- Profit EUR -11.6 mill. due to increased financial expenses
- Other operating income EUR 3.8 mill. from sales of an unbuilt plot
- Lindex’s result is burdened by EUR 4.5 mill. IFRS expenses
- Gross margin increased to 44.1% (38.5%)
- Seppälä and Lindex improved their gross margin, Department Stores Division’s gross margin was on the previous year’s level, Hobby Hall’s gross margin decreased
- Operating profit decreased in all divisions
- Equity ratio (26.9) and gearing (197.4) declined as anticipated
Sales, Stockmann Group

EUR mill.

+34%

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

2006  2007  2008
Profit before taxes, Stockmann Group

EUR mill.

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

2006  2007  2008

Other operating income
Outlook for the end of the year, Stockmann Group

1. Q2 will correct the figures
   • Hobby Hall will reach comparable figures during Q2
   • The Group will continue its investment program as planned
   • The final building permit for the Stockmann Nevsky Centre project in St Petersburg was granted in the beginning of March
The building permit was granted on March 6, 2008
Outlook for the end of the year, Stockmann Group

- AGM granted the Board an authorization to pass a resolution on the issuance of shares and special rights entitling holders to shares
- Unsecurity in the global economy has not reflected in consumer demand in Stockmann’s market areas
- Growth of consumer demand will continue and be faster in the Baltics and Russia than in the Nordic countries
Outlook for the end of the year, Stockmann Group

- Lindex will be part of the Group for the whole year 2008
- Sales of all divisions are expected to develop favourably
- Group sales are expected to be EUR 2.4–2.5 billion in 2008
- Decrease of sales in Q1 will be compensated during Q2, especially in April
- Operating profit of Q2 will be clearly better than in the previous year
- Operating profit of continuing operations is expected to increase
- All divisions will improve operating profit
- Despite of increasing financial expenses, target is that profit in 2008 is better than in 2007
Sales, Department Store Division

-2%
Sales Q1/2008, Department Store Division

- In Finland, Crazy Days were run in March 2007 and this time in April 2008
- Total growth was -12% in Finland and 29% abroad
- Share of sales abroad was 33% (25%) of total sales
Operating profit, Department Store Division

EUR mill.

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


Other operating income
Operating profit Q1/2008, Department Store Division

- Operating profit was EUR 1.5 mill. (EUR 7.8 mill.)
Crazy Days

EUR mill.

Spring
Autumn
Department store to Vilnius

- New shopping centre to be built with a total area of 110 000 sqm
- The leased area will be around 13 000 sqm
- Estimated opening date at the end of 2010
The department stores in Moscow

Other cities in Russia:

• St Petersburg 2009
• Ekaterinburg 2009
Large projects, Department Store Division

Helsinki centre department store

• Sales have increased
• New car park will be opened in summer 2009

St Petersburg

• Official construction permission received on March 6
• Construction work is progressing, and the building is estimated to be completed by the end of 2009
Smolenskaya department store

- Lease period of 10 + 10 years on equal terms
- Arbitration proceedings were held in March but the decision is still pending
The department store project in Ekaterinburg
Launch of new credit card

Department Store Division, situation 31.12.2007

- 1 600 000 cards
- 600 000 credit cards
Sales Q1/2008, Lindex

• In the first quarter Lindex sales were EUR 138.3 mill.
  - decline of 2 per cent compared to the corresponding pro forma 2007
• The sales declined especially in March compared to the previous year
  - timing of Easter was different than 2007
• The sales growth continued in the Baltic countries
Sales, Lindex

EUR mill.

1-3: -2%
4-6
7-9
10-12

200
150
100
50
0

2007 Pro forma
2008

STOCKMANN
Operating profit, Lindex
Operating profit Q1/2008, Lindex

• Despite of decline in sales, the profitability of Lindex improved during Q1/2008 compared to the corresponding pro forma Q1/2007
  - increase in the relative gross margin
  - continued cost control

• Reported EBIT was EUR -1.2 mill. vs. corresponding pro forma EBIT of EUR 2.2 mill. in Q1/2007
  - imputed IFRS depreciations and non-recurring expense items of EUR 4.5 mill. booked as cost in Q1/2008
Franchise Saudi Arabia

• Expansion to new market area with a local franchising partner
• Responsibilities
  - Lindex provides business concept and merchandise as a wholesaler
  - franchising partner takes care of retailing, including personnel and investments
• Same product assortment as in all Lindex stores
• Objective is to open the first store in Saudi Arabia in September 2008, thereafter six other stores by the end of the year
• Expansion to other countries in the Middle East
  - up to 50 stores within five years
**Expansion – new store developments in 2008**

**New markets:**
7 new franchise stores

**Existing markets:**
2 new stores in Sweden
4 new stores in Norway
2 new stores in Finland
1 new store in Estonia
1 new store in Lithuania
1 new store in Czech Republic
1 new store in Russia

- New Lindex stores, total: 19 new stores and approximately 10 under negotiation
- By the end of year 2008 approximately 360 + own stores and 7 franchising stores
Major events in 2008

- Continued fashion focus
- Distribution Center up and running
- Market entry to Russia
- Franchise Saudi Arabia
- Norway refurbishment
- E-commerce
- Integration Stockmann
- Continued expansion in Central Europe
Seppälä
Sales Q1/2008, Seppälä

- Sales EUR 35.7 mill., growth 3%
- Abroad
  - sales were up 32%
  - sales grew each month but in March the growth slowed down due to a late spring
  - share of sales abroad rose to 35% (27%)
- Finland
  - Q1 sales were down 8% from previous year
  - sales increased in January–February but remained on a low level in March
    - three trading days less than last year
    - Easter not favourable for clothing sales
    - spring kickoff in the middle of April
Strong growth abroad

• New stores to Russia, Lithuania and Estonia
  - in Lithuania, the seventh store was opened in Siaulei
  - Russia’s 28th and St Petersburg’s 11th store was opened in the Severnyi Mall shopping centre
  - Estonia’s 16th store was opened in Võru

• Good growth in like-for-like sales in Russia
Sales, Seppälä

+3%

EUR mill.

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

2006  2007  2008
Operating profit Q1/2008, Seppälä

- Operating result EUR -0.6 mill. (EUR 0.8 mill.)
- Relative gross margin increased from previous year
- Fixed costs and depreciation grew faster than sales because of heavy investments in opening new stores
- Sales of men’s clothing have increased particularly well and profitability has improved clearly
Operating profit, Seppälä

EUR mill.

-1 1 3 5 7 9

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

2006 2007 2008
New store concept also to Finland
Premium T-shirt – close to a man’s heart
Seppälä Club was launched successfully
Full-year outlook, Seppälä

• Profitable growth will continue
• At least 15 more stores to be opened during the rest of the year
• A couple of new stores to be opened in Finland and in the Baltic countries
• In Finland about 10 removals and refurbishments and in the Baltic countries refurbishment of two stores
• In Russia, new stores will be opened in cities where Seppälä already is operating, as well as in six new cities
• The first store in Ukraine is planned to be opened in August–September
• Operating profit for 2008 is expected to improve on the figure a year earlier
Seppälä has 188 stores in over a hundred localities in five countries:

- Finland: 128 stores
- Russia: 28 stores
- Estonia: 16 stores
- Latvia: 9 stores
- Lithuania: 7 stores

Map showing locations and store counts:

- Moscow: 6 stores
- St Petersburg: 11 stores
- Yaroslavl: 1 store
- Kolomna: 2 stores
- Lipetsk: 2 stores
- Nizhny Novgorod: 2 stores
- Kazan: 2 stores
- Rostov-on-Don: 1 store
- Krasnodar: 1 store
- Volgograd: 1 store
- Samara: 1 store
- Voronezh: 1 store
- Ekaterinburg: 2 stores
- Novosibirsk: 1 store
- Ufa: 1 store
- Lipetsk: 1 store
- Yaroslavl: 1 store
- Omsk: 1 store

Countries represented include:

- Finland
- Russia
- Estonia
- Latvia
- Lithuania
Sales Q1/2008, Hobby Hall

- Total sales EUR 47.4 mill. (-15%), not comparable with Q1 2007
- Sales diminished both in Finland and abroad
- Share of sales abroad 18.2% (20.1%)
Facts influencing the Q1 sales trend

• Q1 sales not comparable
  - the new ERP system that was introduced in April 2007 affects sales figures of the report period
  - change in the recording of sales

• Early Easter in March this year
  - impact especially on telesales and in-store sales
  - slowdown to the start of the bicycle season

• Delivery schedule of catalogues different from Q1 2007
  - One catalogue was delivered later (in April)

• Due to a mild winter, the demand for clothing and winter sports equipment was weakened

• Some product groups of electronics have continuously suffered from price erosion
Sales, Hobby Hall

EUR mill.

-15%

2006  2007  2008
Online sales share still accelerating

• Online sales grew by 11% in Finland, and their share of distance retailing reached 57% (45% in 2007)

• The figures of the Baltic countries segment are not comparable because online sales were started in Lithuania in February 2007
Share of online sales of distance retail

Finland and Estonia

- Mail order sales
- Online sales
Operating profit Q1/2008, Hobby Hall

- Operating profit was EUR -2.1 mill. (EUR 1.5 mill.)
- Affected by lower sales and start-up costs for operations in Russia
Operating profit, Hobby Hall

EUR mill.

2006 2007 2008

Other operating income
Full-year outlook, Hobby Hall

- Sales will be comparable in Q2
- Revamped online store will be tested during the summer
  - implementation after the tests has been completed
- The cash register systems and telephone system will be upgraded during the summer
- Hobby Hall’s Rocca Al Mare store in Tallinn will move to new, larger premises in the same shopping centre in Q4
- Opening of an online store in Sweden will be deferred. In 2008, Hobby Hall will concentrate on seeking growth and profitability in its present market areas
- Hobby Hall’s head office will move into new leased premises in September 2008
- Special emphasis on the new market areas of Lithuania and Russia
- Sales are expected to develop positively, especially strongly in Q2
- Operating profit is expected to improve from the previous year
Strong emphasis on home and decoration

• Hobby Hall offers complete furnishings, including household appliances and equipment, entertainment electronics, furniture, dishes and kitchen utensils, textiles, carpets and linen

• Co-operation e.g. with the Finnish television programme ”Huippumallit haussa” (”Finland’s Next Top Model”)