Year 2013 in brief

- Weak market in Finland and Russia affected the performance
- Revenue EUR 2,037.1 million, down 2.3% excluding franchising
- Operating profit EUR 54.4 million (EUR 87.3 million)
  - Extensive cost savings programme initiated: operating costs down by EUR 24.6 million
  - Lindex continued excellent performance and increased its operating profit
- Earnings per share EUR 0.67 (EUR 0.74)
  - Declined less than the operating profit due to the Lindex tax refund

Department Store Division

- 16 department stores and 13 other stores in 4 countries; 3 online stores
- Revenue EUR 1,232.6 million
- Operating profit EUR 26.0 million

Fashion Chain Division

- 688 stores in 16 countries (Lindex 479, Seppälä 209); 2 online stores
- Revenue EUR 805.2 million
- Operating profit EUR 38.6 million
Market environment in 2013

- Difficult retail market in Finland, due to weak consumer confidence and declined purchasing power; fashion market down 4.9% (source: TMA)
- Growth in Russia was lower than expected, due to slow GDP growth and significantly weakened rouble – down over 10% in the second half of 2013
- Fashion market in Sweden on a par with the previous year (source: Stilindex)
- Retail market in the Baltic countries has been relatively stable

Source: Statistics Finland, Finnish Commerce Federation
Revenue and operating profit in 2013

**REVENUE (excl. VAT)**
EUR 2 037.1 million (EUR 2 116.4 mill.)
-3.7%

- **Fashion Chain Division**
  EUR 805.2 mill.

- **Department Store Division**
  EUR 1 232.6 mill.

**OPERATING PROFIT**
EUR 54.4 million (EUR 87.3 mill.)
-37.7%

- **Fashion Chain Division**
  EUR 38.6 mill.

- **Department Store Division**
  EUR 26.0 mill.
Revenue by market in 2013

- Finland: 48.3%
- Sweden and Norway: 26.9%
- Russia: 17.0%
- Baltic countries and Central Europe: 7.9%
- Baltic countries and Central Europe: 7.9%

13.2.2014
Stockmann today: over 700 stores in 16 countries, operations in 21 countries

Status as of 31 December 2013

13.2.2014
Revenue in 2013

• Full-year revenue EUR 2 037.1 million, down by 2.3% excluding terminated franchising operations
  – In Finland down by 4.5%
  – International operations up by 0.3%, or 2.2% in local currencies

• Lindex’s revenue improved in all countries except in Finland
  – Market share increased in all main markets

• Revenue of the Department Store Division and Seppälä declined
  – Weak Russian rouble negatively affected all businesses in Russia
  – Sales in Finland slowed down after the summer
Quarterly revenue, Stockmann Group

EUR mill.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td></td>
<td></td>
<td>-4.2%</td>
</tr>
<tr>
<td>4-6</td>
<td></td>
<td></td>
<td>+1.2%</td>
</tr>
<tr>
<td>7-9</td>
<td></td>
<td></td>
<td>-6.3%</td>
</tr>
<tr>
<td>10-12</td>
<td></td>
<td></td>
<td>-5.6%</td>
</tr>
</tbody>
</table>

* Excluding terminated franchising operations
Development of revenue, Stockmann Group

EUR mill.

-10%  +7%  +10%  +6%  -4%

International operations
Finland

* Excluding terminated franchising operations
Operating profit in 2013

- Full-year gross margin 48.6% (49.5%)
  - Lindex slightly up, the Department Store Division and Seppälä somewhat down
- Operating costs down by 2.8% i.e. EUR 24.6 million
- Operating profit EUR 54.4 million (EUR 87.3 mill.)
  - Q4 operating profit EUR 48.3 million (EUR 56.8 mill.)
- Good performance in Sweden/Norway and the Baltic countries
- Finland and Russia clearly down
- Lindex improved while operating profit in the Department Store Division and Seppälä declined
Quarterly operating profit, Stockmann Group

EUR mill.
Development of operating profit, Stockmann Group

![Graph showing the development of operating profit in EUR million and as a percentage of revenue from 2009 to 2013.](image)

- **Operational profit**
- **% of revenue**

**Legend:**
- Operating profit
- % of revenue
Profit for 2013

- Profit for the year EUR 48.4 million (EUR 53.6 million)
- Net financial expenses EUR 27.6 million (EUR 32.4 million)
  - Interest income of EUR 3.5 million due to the Lindex tax refund
- Profit before taxes EUR 26.8 million (EUR 54.9 million)
- Taxes EUR -21.6 million (EUR 1.4 million)
  - Income taxes EUR 6.2 million (EUR 7.0 million)
  - Credit due to the EUR 22.8 million tax refund and a lower corporate tax rate in Finland as of 1 January 2014
- Earnings per share EUR 0.67 (EUR 0.74)
  - Includes the tax refund of EUR 0.37
Earnings per share and dividend per share

- Dividend proposal per share: EUR 0.40 (59.5% of EPS)
- Total amount of proposed dividend: EUR 28.8 million

* Dividend proposal to the AGM

Earnings per share

Dividend per share

13.2.2014
## Key figures

<table>
<thead>
<tr>
<th></th>
<th>10-12/2013</th>
<th>10-12/2012</th>
<th>1-12/2013</th>
<th>1-12/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>EUR mill.</td>
<td>607.8</td>
<td>643.8</td>
<td>2 037.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>EUR mill.</td>
<td>48.3</td>
<td>56.8</td>
<td>54.4</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>EUR mill.</td>
<td>9.0</td>
<td>8.7</td>
<td>27.6</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>EUR mill.</td>
<td>0.51</td>
<td>0.66</td>
<td>0.67*</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>EUR mill.</td>
<td>183.2</td>
<td>141.2</td>
<td>125.4</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>EUR mill.</td>
<td>13.1</td>
<td>19.4</td>
<td>56.8</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>%</td>
<td></td>
<td></td>
<td>43.8</td>
</tr>
<tr>
<td>Gearing</td>
<td>%</td>
<td></td>
<td></td>
<td>87.3</td>
</tr>
<tr>
<td>ROCE</td>
<td>%</td>
<td></td>
<td></td>
<td>3.4</td>
</tr>
<tr>
<td>Board’s dividend proposal</td>
<td>EUR</td>
<td></td>
<td></td>
<td>0.40</td>
</tr>
</tbody>
</table>

* Includes Lindex tax refund of EUR 0.37 per share
Credit facilities refinanced in December 2013

- EUR 700 million new committed credit facilities, of which EUR 300 million undrawn, due in February 2019
- EUR 150 million bond due in March 2018

**Maturity structure of interest-bearing liabilities***

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial papers and overdrafts</th>
<th>Finance leases</th>
<th>Loans from financial institutions</th>
<th>Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>200</td>
<td>50</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>2015</td>
<td>50</td>
<td>10</td>
<td>50</td>
<td>5</td>
</tr>
<tr>
<td>2016</td>
<td>100</td>
<td>10</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>2017</td>
<td>150</td>
<td>10</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>2018</td>
<td>200</td>
<td>10</td>
<td>200</td>
<td>50</td>
</tr>
<tr>
<td>2019</td>
<td>350</td>
<td>10</td>
<td>350</td>
<td>50</td>
</tr>
</tbody>
</table>

* Pro forma after refinancing
Outlook for 2014

• European economy expected to improve slightly in 2014, but uncertainty in the retail market will continue particularly in Finland
• Purchasing power in Finland expected to remain low
• Russian rouble has devaluated considerably and therefore retail market outlook for Russia is expected to be low
• Affordable fashion market in Sweden is expected to improve slightly in 2014
• Baltic retail markets expected to remain relatively stable
• Cost savings programme to continue, mainly in the Department Store Division (structural changes) and Seppälä (additional store closings in Russia)
• Capital expenditure estimated to amount to approximately EUR 60 million

• At comparable exchange rates, the Stockmann Group’s revenue is expected to increase slightly in 2014
• Revenue growth is expected to take place in the second half of the year
• Operating profit expected to be somewhat higher than in 2013
• First-quarter operating result will be negative due to normal seasonal variation
## Revenue in January 2014

Revenue at comparable exchange rates was down by 2.4%.

<table>
<thead>
<tr>
<th>EUR million Exclusive of VAT</th>
<th>Jan 2014</th>
<th>Change, % excl. terminated franchising*</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Store Division, Finland</td>
<td>57.3</td>
<td>-6.9</td>
<td>-9.4</td>
</tr>
<tr>
<td>Department Store Division, international operations</td>
<td>33.0</td>
<td>-3.7</td>
<td>-3.7</td>
</tr>
<tr>
<td>Department Store Division, total</td>
<td>90.2</td>
<td>-5.7</td>
<td>-7.4</td>
</tr>
<tr>
<td>Fashion Chain Division, Finland</td>
<td>11.0</td>
<td>-3.2</td>
<td>-3.2</td>
</tr>
<tr>
<td>Fashion Chain Division, international operations</td>
<td>42.7</td>
<td>-1.5</td>
<td>-1.5</td>
</tr>
<tr>
<td>Fashion Chain Division, total</td>
<td>53.7</td>
<td>-1.9</td>
<td>-1.9</td>
</tr>
<tr>
<td>Operations in Finland, total</td>
<td>68.3</td>
<td>-6.2</td>
<td>-8.3</td>
</tr>
<tr>
<td>International operations, total</td>
<td>75.7</td>
<td>-2.5</td>
<td>-2.5</td>
</tr>
<tr>
<td>Stockmann Group, total</td>
<td>143.9</td>
<td>-4.3</td>
<td>-5.3</td>
</tr>
</tbody>
</table>

Change-%: change compared with the corresponding period of the previous year.

*Change compared with the revenue excluding the Zara franchising operations in Finland which were terminated on 1 March 2013.
Department Store Division

Maisa Romanainen
Executive Vice President
Director of Department Store Division
2013 in brief

• Very challenging situation in the main markets
  – Weak retail climate in Finland
  – Clearly devaluated rouble in Russia
• Strong growth in online sales: stockmann.com nearly doubled its revenue
• Structural changes initiated and cost cutting targets exceeded
  – Operative costs down by EUR 31.4 million
• Positive performance in Nevsky Centre and Nevsky department store
  – Decision in summer 2013 to continue with the current operating model
Revenue in Q4 2013

- Revenue down by 5.8%*, to EUR 392.1 million (EUR 423.5 million)
  - In Finland down by 4.7%*
  - In international operations down by 8.0%*; revenue in rouble up in Russia
- Crazy Days campaign successful, especially in stockmann.com
- Christmas season disappointing in Finland and suffered from the historically weak rouble in Russia
- Exceptionally warm weather affected negatively outerwear sales in all markets
- Very positive performance in cosmetics and women’s accessories; decline in electronics affected particularly Hobby Hall

* Excluding terminated franchising operations (Bestseller and Zara)
Quarterly revenue, Department Store Division

EUR mill.

1-3: -3.7%, -2.1%*
4-6: -0.3%, +2.6%*
7-9: -10.1%, -7.0%*
10-12: -7.4%, -5.8%*

* Excluding terminated franchising operations

13.2.2014
Operating profit in Q4 2013

• Gross margin 41.9% (42.9%)
  – Gross margin in Finland in relatively good level, despite price-driven campaigns
  – Margin declined in Russia due to the weakened rouble
  – Winter sale started according to normal schedule, except in the Baltics where postponed due to Latvia joining euro

• Operating profit EUR 34.0 million (EUR 41.6 million)
  – Cost savings continued and operating costs down by EUR 10.6 million

• Year-end stock level lower than a year earlier due to strong stock control
Quarterly operating profit, Department Store Division

<table>
<thead>
<tr>
<th>Year</th>
<th>1-3</th>
<th>4-6</th>
<th>7-9</th>
<th>10-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-2</td>
<td>-1</td>
<td>-1</td>
<td>-2</td>
</tr>
<tr>
<td>2012</td>
<td>0</td>
<td>10</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>2013</td>
<td>30</td>
<td>40</td>
<td>30</td>
<td>40</td>
</tr>
</tbody>
</table>

EUR mill.
Revenue in 2013

- Revenue down by 3.1%*, to EUR 1 232.6 million (EUR 1 302.7 million)
- In Finland, revenue down by 3.3%*, to EUR 833.5 million
  - In weak market, Stockmann still took market share in nearly all product categories
  - Tampere, Itäkeskus and Tapiola stores suffered from the construction works
  - Revenue from stockmann.com was significantly up, and represented 5% of revenue in the categories sold online; Hobby Hall’s revenue declined due to the challenging electronics market
- Revenue from international operations down by 2.7%*, to EUR 399.1 million and accounted for 32.4% of the division’s total revenue
  - In the Baltic countries, revenue down by 2.3%, to EUR 96.5 million, partly due to different timing of the sale campaign
  - In Russia, revenue down by 2.8%*, to EUR 302.6 million, due to the devaluated Russian rouble from June onwards
    - Rouble was in average 6% lower in 2013 than in 2012
    - Year-end rate against the euro was 12% lower than a year earlier
  - In like-for-like exchange rates, revenue from international operations up by 1.8%
Operating profit in 2013

• Gross margin 40.1% (41.9%)
  – Decline due to price-driven campaigns in all markets and the weakened Russian rouble
• Nevsky Centre and Nevsky department store continued positive development
  – Increasing customer flow, improving parking profitability and well improved tenant mix
  – 40% of tenant agreements were re-negotiated and 24 new tenants introduced in 2013
• Operating costs decreased by EUR 31.4 million, mainly due to the extensive cost savings programme and the terminated franchising operations
• Operating profit declined after three years of positive development and was EUR 26.0 million (EUR 48.0 million)
Development of revenue, Department Store Division

<table>
<thead>
<tr>
<th>Year</th>
<th>International operations</th>
<th>Finland</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>+8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>+12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>+5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>-5%</td>
<td></td>
<td>* Excluding terminated franchising operations</td>
</tr>
</tbody>
</table>

* Excluding terminated franchising operations
Development of gross margin, Department Store Division

% of revenue

- 2009: 39.8%
- 2010: 41.7%
- 2011: 41.2%
- 2012: 41.9%
- 2013: 40.1%
Development of operating profit, Department Store Division

![Graph showing the development of operating profit and % of revenue from 2009 to 2013.](image-url)

- **Operating profit**
- **% of revenue**

13.2.2014
Structural changes in the Department Store Division

- Structural changes initiated in order to improve the cost structure and adapt to the retail market development
- In autumn 2013, the marketing restructuring led to a reduction of 50 jobs with the targeted savings of EUR 4 million, fully effective in 2015
- Planning for future store operations and customer service started in 2013
- Real estate management and development targeting to increase focus on square metre efficiency
- Plan to introduce a new distribution centre was announced in February 2014
New distribution centre for Finland and the Baltic countries in 2016

- A new centralised distribution centre will be opened in 2016 in Jussla in Tuusula, Finland
  - Constructor SRV, investor Ilmarinen
- Current warehouse operations in five locations in Finland to be transferred in 2016 and the Baltic warehouse in Latvia to be transferred in 2017
- Annual cost saving target of approx. EUR 6.5 million
  - Reduced personnel, transportation and real estate expenses
  - Plan is to have highly automated operations, which would require considerably fewer employees than at present (max 200 FTEs less in Finland and 50 less in Latvia)

The new centre will serve Stockmann’s nine Finnish and Baltic department stores more efficiently than before and will enable strong growth for the Stockmann online store in Finland and its expansion to the Baltic countries.
On-going projects

- Capital expenditure of EUR 10.3 million in a unified Oracle ERP system in 2013
  - Implementation in Russia and in the Baltics and for the Academic Bookstore in Finland in 2013
  - Further implementations in Finland will take place in 2014
- Renovation and enlargement of the Tampere department store to be completed in late 2014
- Renewal of the Tapiola department store proceeding as part of the Espoo City’s planning and Länsimetro (metro expansion) project

Ladies’ shoe department in the Helsinki flagship will be enlarged and renewed during 2014.

Nespresso will open its first boutique store in Finland on Keskuskatu as part of the tenant mix renewal of the Helsinki flagship.
Outlook for 2014

• Uncertainty in the Finnish retail market is expected to continue. However, stockmann.com is targeting continuously strong revenue growth and the online store’s development is in focus in 2014.

• The Russian rouble has continued to weaken in the beginning of 2014, and the economic growth in Russia is estimated to be low. Retail market in the Baltic countries looks stable.

• Structural changes will be implemented in stages, and strong cost control will continue throughout the year.
Fashion Chain Division

Göran Bille
Director, Fashion Chain Division
CEO of Lindex
2013 in brief, Lindex

- Lindex exceeded 6 billion SEK in retail value
- New franchise agreement for China
- New customer reward program “More at Lindex” launched in Finland and Sweden
- New e-commerce distribution centre in Partille, Sweden
- Focus on women’s department has given results
- Introduction of LXM collection for men
- Successful summer campaign with Penelope Cruz
- Design collaboration – Matthew Williamson
- Really successful Christmas campaign
- Increased sales in all markets except Finland
2013 in brief, Seppälä

- Seppälä started to renew its brand by redefining the target customer and the message
- New brand has received positive feedback
- New store concept launched in Forum store in Helsinki, Finland with good feedback
- ERP and financial systems renewed, following Lindex’s example
- 12 store closings, most of them in Russia
- Market situation remained difficult and sales were below the previous year
Revenue in Q4 2013, Lindex

- Revenue up 1.6 per cent to EUR 186.9 million (EUR 184.0 million)
  - Total revenue up 5.5% in local currencies
  - Comparable revenue up 4.0% in local currencies
- Increased total sales in all product areas, except cosmetics
- All countries increased both their comparable and total sales
- In all mature markets (Sweden, Norway, Finland) the sales development in comparable stores was better than the market.
  - Market situation continued to be challenging in Finland
Revenue in Q4 2013, Seppälä

- Revenue down 21.8% to EUR 28.9 million (EUR 37.0 million)
  - Revenue in Finland: 20.1 million (EUR 24.8 million)
  - Revenue in other countries: EUR 8.8 million (EUR 12.2 million)

- Fashion market difficult in the main markets – warm weather affected the sales of winter clothing
- All product areas and all markets below the previous year
Quarterly revenue, Fashion Chain Division

EUR mill.

-4.9%  +3.6%  -1.4%  -2.3%

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

2011  2012  2013
Operating profit in Q4 2013, Lindex

- Operating profit increased by 26.9% to EUR 22.2 million (EUR 17.5 million)
- Gross margin higher than in the previous year; 64.5% (62.3%)
  - Mainly due to a better start margin and a non-recurring customs refund
- Store expenses decreased marginally compared to the previous year, mainly due to lower personnel costs
- Office costs increased, mainly due to higher marketing production costs
- Stock is higher than at the end of 2012, but well balanced
Operating result in Q4 2013, Seppälä

• Operating result EUR -4.6 million (EUR 1.8 million)
• Gross margin 55.2% (60.5%)
  – Stock turnover boosted by starting winter sale earlier than before, and this effected the gross margin negatively
• Cost level below the previous year
  – Increase only in marketing, driven by brand building as planned
• Loss of revenue main driver for the decrease in operating profit
• Estonia the best performer among markets, but still down on 2012
• Stock level on a par with 2012, due to actions done to rotate the stock
Quarterly operating profit, Fashion Chain Division

EUR mill.

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

2011 2012 2013

2011 2012 2013
Performance in 2013, Lindex

- Euro-denominated revenue for the full year increased by 2.5%, to EUR 688.0 million (EUR 670.9 million)
  - Revenue up by 3.5% in local currencies

- Gross margin was higher than last year, 62.6% (62.3%)
  - Mainly due to lower markdowns, a non-recurring customs refund, and a positive effect from currency hedging

- Full-year operating profit EUR 52.9 million (EUR 51.0 million)
Performance in 2013, Seppälä

• Revenue for the full year declined by 18.1%, to EUR 117.3 million (EUR 143.1 million)
  – Comparable revenue down by 13.5%

• Gross margin 56.4% (57.6%)
  – More price-driven campaigns to maintain stock turnover
  – This caused the markdowns to be higher than in 2012 which had a negative effect on gross margin

• Full-year operating result EUR -14.4 million (EUR -1.0 million)
  – Main driver the loss of revenue, as fixed costs were below the previous year’s level
Development of revenue, Fashion Chain Division

![Chart showing revenue growth from 2009 to 2013 with specific percentage changes for each year.]

- 2009: -4%
- 2010: +8%
- 2011: +6%
- 2012: +6%
- 2013: -1%

EUR mill.

Legend:
- Seppälä
- Lindex
Relative gross margin, Fashion Chain Division

<table>
<thead>
<tr>
<th>Year</th>
<th>Seppälä</th>
<th>Lindex</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>62.9%</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>58.2%</td>
<td>63.1%</td>
</tr>
<tr>
<td>2011</td>
<td>59.8%</td>
<td>61.3%</td>
</tr>
<tr>
<td>2012</td>
<td>58.5%</td>
<td>62.6%</td>
</tr>
<tr>
<td>2013</td>
<td>57.6%</td>
<td>56.4%</td>
</tr>
</tbody>
</table>
Development of operating profit, Fashion Chain Division

EUR mill. %

-20 0 20 40 60 80 100 120 140 160
2009 2010 2011 2012 2013

Lindex
Seppälä
% of revenue (Fashion Chain Division total)

13.2.2014
International expansion

- Lindex: 8 stores opened and 5 stores closed in Q4
- Seppälä: 1 store closed in Q4

- Store network at year-end 2013
  - Lindex 479 stores (+10 in 2013) in 16 countries, includes 35 franchising stores
  - Seppälä 209 stores (-11 in 2013) in 5 countries

- Store network in 2014
  - Lindex targets to open over 20 stores (net), including franchising
  - Seppälä targets to close over 20 stores in Russia
Outlook for 2014, Lindex

- Sweden and Norway expected to improve slightly in 2014, but tough market situation to continue in Finland
- Continued sales growth in the new markets
- Lindex 60 years celebration
- Design collaboration and campaigns with famous models will continue
- New collections – Mom and Extended
- Launch of a new underwear concept
- First stores in China
- Focus areas for 2014
  - China
  - Development of omnichannel retail
  - Underwear
  - Express Lindex
Outlook for 2014, Seppälä

- Market situation challenging: Seppälä faces new competitors in Baltics and tough market situation in Finland and Russia
- Financial outlook difficult. More non-profitable stores will be closed – target over 20 store closings in Russia
- Aim is to increase customer flow and revenue for the remaining stores, to proof the new concept
- Launch of a new denim brand in the first quarter of 2014, as part of the brand renewal work