Stockmann in brief

- International multichannel retailer founded in 1862
- Preliminary revenue in 2013 approx. EUR 2 037 million
- Approx. 60 000 shareholders on Nasdaq OMX Helsinki

**Department Store Division**

16 department stores and 14 other stores in 4 countries; 3 online stores

**Fashion Chain Division**

686 stores in 16 countries (Lindex 476, Seppälä 210); 2 online stores
Over 700 stores in 16 countries, operations in 21 countries.

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Revenue by market in 2013:

- Finland: 48%
- Sweden and Norway: 26%
- Russia: 17%
- Baltic countries and Central Europe: 9%

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Baltic countries and Central Europe

- Finland
- Sweden and Norway
- Russia
- Baltic countries and Central Europe
Strategy and financial targets
Stockmann Group’s strategy and financial targets updated in summer 2013

- Aiming to continue profitable growth
- Long-term financial targets replaced with new medium-term targets, to be reached by the end of 2016
- Focus on improving profitability and return on capital employed (ROCE)
- More efficient use of capital: capital expenditure to stay at a low level in 2014 and 2015

### Financial targets 2016

- Return on capital employed: 10%
- Operating profit margin: 7%
- Sales growth: above industry average
- Equity ratio: 40%
Maturity structure of interest-bearing liabilities

• 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
Strategic focus areas

- Operations in Russia
- Multichannel retailing
- Renewing store network (Department store renovations, Lindex franchising)
- Seppälä’s turnaround
- Efficient processes and systems
Nevsky Centre in St Petersburg

- Shopping centre with a total space of approx. 100 000 sqm
- Russia’s largest Stockmann department store and over 80 other tenants
- Evaluation of the commercial value carried out in 2013
  - Stockmann will continue under the current operating model for the time being
- Promising outlook
  - Rental income from existing tenants increasing
  - Number of visitors and utilisation rate of parking facilities growing
  - Constantly improving tenant mix
<table>
<thead>
<tr>
<th>Store Name</th>
<th>Location</th>
<th>Opening Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEGA SOUTH MOSCOW</td>
<td>Moscow</td>
<td>4/2004</td>
</tr>
<tr>
<td>MEGA NORTH MOSCOW</td>
<td>Moscow</td>
<td>12/2004</td>
</tr>
<tr>
<td>MEGA EAST MOSCOW</td>
<td>Moscow</td>
<td>2/2007</td>
</tr>
<tr>
<td>METROPOLIS MOSCOW</td>
<td>Moscow</td>
<td>2/2009</td>
</tr>
<tr>
<td>ROSTOKINO MOSCOW</td>
<td>Moscow</td>
<td>3/2010</td>
</tr>
<tr>
<td>NEVSKY CENTRE ST. PETERSBURG</td>
<td>St. Petersburg</td>
<td>11/2010</td>
</tr>
<tr>
<td>EKATERINBURG</td>
<td>Ekaterinburg</td>
<td>3/2011</td>
</tr>
</tbody>
</table>
Renewing department stores in Finland

Enlargement of the Tampere department store ready in 2014

New enlarged Tapiola department store scheduled for 2016

New Itis department store opened in November 2013
Lindex expansion into China

- Franchising partnership with Suning, one of the largest companies in China
- The first franchising store to opened in Shanghai in 9/2014
- Target to establish 100 Lindex stores in China between 2015 and 2018
- Lindex products available also in Suning’s online store

About Suning

- Established in 1990
- Among TOP 50 enterprises in China
- Annual revenue approx. EUR 28.6 billion
- Total staff approx. 180,000
- Over 1,700 retail stores in over 700 cities
Seppälä’s turnaround

• Comprehensive renewal covers marketing strategy, product selection and store concept
  – Core target group redefined
  – New flagship store opened in Helsinki in September
  – Changes into collections and fashion design

• Closing down unprofitable stores in all operating countries
  – 11 store closings in 2013
  – Focus on profitability and brand renewal
Cost savings programme 2013 - 2014

• Measures to reduce fixed operating costs in both divisions
  – Savings target was over EUR 10 million in 2013
• Temporary lay-offs of personnel in Finland
  – Additional savings target EUR 7 million by summer 2014
• Structural changes started in the Department Store Division and in Group Administration
  – Changes in marketing organisation taken place, aiming at annual savings of EUR 4 million
  – Changes in other units coming in stages
• Synergies and increased cost-efficiency in the Fashion Chain Division according to the previously announced plan
Financial performance and outlook
Quarterly revenue, Stockmann Group

EUR mill.

-4.2%  
-3.2%*

+1.2%  
+3.0%*

-6.3%  
-4.6%*

-5.5%  
-4.4%*

* Excluding terminated franchising operations
Quarterly operating profit, Stockmann Group

EUR mill.
EUR 25.1 million tax refund for Lindex

- AB Lindex has received a tax refund from the Swedish tax authorities
  - Consisting of EUR 22 million in taxes and EUR 3.1 million in interests
- Refund resulted from the German and Swedish tax authorities’ earlier decision to eliminate the Lindex Group’s double taxation in the tax years 1999 - 2005
  - Double taxation resulted from presumptive income tax for Lindex GmbH
  - AB Lindex was obliged to pay approximately EUR 26 million in taxes and interests on this income in 2008
- Refund recognized in the income statement in September when the final decision was made
  - Positive effect on earnings per share by EUR 0.35
- Payment in October and thus the refund will be visible in the Q4 cash flow from operating activities
### Revenue in December and full year 2013

<table>
<thead>
<tr>
<th>EUR mill</th>
<th>12/2013</th>
<th>Change</th>
<th>1-12/2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preliminary figures, exclusive of VAT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department Store Division, Finland</td>
<td>102.5</td>
<td>-5.7</td>
<td>833.6</td>
<td>-3.3</td>
</tr>
<tr>
<td>Department Store Division, international operations</td>
<td>41.0</td>
<td>-13.9</td>
<td>399.1</td>
<td>-2.7</td>
</tr>
<tr>
<td><strong>Department Store Division, total</strong></td>
<td>143.5</td>
<td>-8.2</td>
<td>1 232.7</td>
<td>-3.1</td>
</tr>
<tr>
<td>Fashion Chain Division, Finland</td>
<td>17.8</td>
<td>-8.6</td>
<td>150.4</td>
<td>-10.1</td>
</tr>
<tr>
<td>Fashion Chain Division, international operations</td>
<td>70.9</td>
<td>-1.9</td>
<td>654.9</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Fashion Chain Division, total</strong></td>
<td>88.7</td>
<td>-3.3</td>
<td>805.4</td>
<td>-1.1</td>
</tr>
<tr>
<td>Lindex, total</td>
<td>75.6</td>
<td>0.1</td>
<td>688.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Seppälä, total</td>
<td>13.1</td>
<td>-19.3</td>
<td>117.3</td>
<td>-18.0</td>
</tr>
<tr>
<td>Unallocated</td>
<td>0.0</td>
<td></td>
<td>-0.8</td>
<td></td>
</tr>
<tr>
<td>Operations in Finland, total</td>
<td>120.2</td>
<td>-5.5</td>
<td>983.3</td>
<td>-4.4</td>
</tr>
<tr>
<td>International operations, total</td>
<td>111.9</td>
<td>-6.6</td>
<td>1 054.0</td>
<td>-0.3</td>
</tr>
<tr>
<td><strong>Stockmann Group total</strong></td>
<td>232.1</td>
<td>-6.1</td>
<td>2 037.3</td>
<td>-2.3</td>
</tr>
</tbody>
</table>

*Change compared with the revenue excluding the terminated Bestseller franchising operations in Russia in 2012 and the Zara franchising operations in Finland in spring 2013.*
Year 2013 in brief

• Stockmann Group’s revenue in 2013 was slightly down on 2012, excluding the terminated franchising operations
• Weak market environment in Finland, particularly towards the end of the year; long period of low or no growth seems probable
• Operating environment in Sweden improved slightly towards the end of 2013
• Growth in Russia was lower than expected in the second half of the year due to slow GDP development and weakened rouble
• Retail market in the Baltic countries has been relatively stable

• Operating profit for 2013 is not expected to reach the previous year’s level
• Financial Statements Bulletin to be published on 13 February 2014
Further information:
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