Q2 2012 in brief

- Revenue growth in Stockmann Group’s divisions and all market areas, despite the uncertain operating environment and continuously weak affordable fashion market
- Operating result up EUR 4.1 million thanks to improvements in particular in department stores in Russia and Lindex in the Nordic countries
- Lindex and Seppälä combined into a common Fashion Chain Division to accelerate growth and benefit from synergies
- Outlook for the rest of 2012 unchanged
Stockmann Group’s new structure

Stockmann Group
CEO Hannu Penttilä

Corporate Management and Administration

Fashion Chain Division
Director Göran Bille

Department Store Division
Director Maisa Romanainen

CEO
Göran Bille
CEO
Nina Laine-Haaja

10.8.2012
Two strong business divisions

**Department Store Division**
- 16 department stores and 34 other stores in 4 countries; 3 distance retail stores
- Share of revenue 61% in 1-6/2012
- EUR 606 million

**Fashion Chain Division**
- 682 stores in 15 countries (Lindex 457, Seppälä 225); 2 online stores
- Share of revenue 39% in 1-6/2012
- EUR 381 million
Revenue in Q2 2012

- Revenue up 5.3% to EUR 537.2 million (EUR 510.2 million)
- Revenue in Finland up 2.9%
- International operations up 7.8%
  - Revenue abroad 50.4% (48.7%) of the total in January-June
- St Petersburg department store leading the way; good performance in all the newest department stores in Russia
- Strong growth for Lindex in all countries except Sweden and Norway, where growth on a par with 2011 but increasing market share
- Weak development for Seppälä in Russia in May-June
Revenue by market in Q2 2012

- Finland: 50%
- Sweden and Norway: 25%
- Russia and Ukraine: 18%
- Baltic countries and Central Europe: 7%
Quarterly revenue

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td></td>
<td></td>
<td>+10%</td>
</tr>
<tr>
<td>4-6</td>
<td></td>
<td>+5%</td>
<td></td>
</tr>
<tr>
<td>7-9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EUR mill.
Operating profit in Q2 2012

• Relative gross margin at 49.7% (49.5%)
  - Improvements in Department Store Division and Lindex
  - Seppälä somewhat down
• Operating costs up 5.3%
  - Increase at the same pace as the revenue growth
• Depreciation slightly down on Q2 2011
• Operating profit EUR 29.7 million (EUR 25.6 million)
  - Department stores in Russia and Lindex in the Nordic countries, in particular, improved
  - Seppälä below the previous year due to weak sales of summer collections in Finland and Russia
Quarterly operating profit

EUR mill.

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

2010 2011 2012
## Key figures

<table>
<thead>
<tr>
<th></th>
<th>4-6/2012</th>
<th>4-6/2011</th>
<th>1-6/2012</th>
<th>1-6/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> EUR mill.</td>
<td>537.2</td>
<td>510.2</td>
<td>987.5</td>
<td>917.9</td>
</tr>
<tr>
<td><strong>Operating profit</strong> EUR mill.</td>
<td>29.7</td>
<td>25.6</td>
<td>13.4</td>
<td>-4.4</td>
</tr>
<tr>
<td><strong>Net financial costs</strong> EUR mill.</td>
<td>-7.5</td>
<td>-9.2</td>
<td>-16.2</td>
<td>-17.5</td>
</tr>
<tr>
<td><strong>Profit before taxes</strong> EUR mill.</td>
<td>22.2</td>
<td>16.4</td>
<td>-2.8</td>
<td>-21.9</td>
</tr>
<tr>
<td><strong>Earnings per share</strong> EUR mill.</td>
<td>0.26</td>
<td>0.21</td>
<td>-0.03</td>
<td>-0.28</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong> EUR mill.</td>
<td>88.2</td>
<td>70.9</td>
<td>14.9</td>
<td>-74.6</td>
</tr>
<tr>
<td><strong>Equity ratio</strong> %</td>
<td></td>
<td></td>
<td>41.0</td>
<td>39.1</td>
</tr>
<tr>
<td><strong>Gearing</strong> %</td>
<td></td>
<td></td>
<td>104.1</td>
<td>114.9</td>
</tr>
<tr>
<td><strong>ROCE</strong> %</td>
<td></td>
<td></td>
<td>5.1</td>
<td>3.9</td>
</tr>
</tbody>
</table>
Stockmann today:
over 700 stores in 15 countries

FINLAND
- 7 department stores
- 7 Academic Bookstores
- Hobby Hall mail order sales
- 12 Stockmann Beauty stores
- 4 Zara stores
- 1 outlet store
- 56 Lindex stores
- 136 Seppälä stores

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

LITHUANIA
- 10 Lindex stores
- 9 Seppälä stores

RUSSIA
- 7 department stores
- 1 shopping centre
- 1 concept store
- 21 Lindex stores
- 46 Seppälä stores
- 13 Bestseller stores
- 1 outlet store

SWEDEN
- 208 Lindex stores

NORWAY
- 96 Lindex stores

ESTONIA
- 1 department store
- 7 Lindex stores
- 11 Seppälä stores

UKRAINE
- 2 Seppälä stores

CZECH REPUBLIC
- 15 Lindex stores

SLOVAKIA
- 4 Lindex stores

POLAND
- 5 Lindex stores

BOSNIA AND HERZEGOVINA
- 3 Lindex franchising stores

ICELAND
- 1 Lindex franchising store

SAUDI ARABIA
- 19 Lindex franchising stores

ONLINE STORES
- stockmann.com in Finland
- akateeminen.com in Finland
- hobbyhall.fi in Finland
- lindex.com in the EU area and Norway
- seppala.fi in Finland

Status as of 30 June 2012
Current topics

• Stockmann Group’s long-term financial targets will stay as they are, despite the economic uncertainty, but timetable (by 2015) will not be realistic in the current market environment

• Number of Stockmann’s shareholders increased to 59 495, due to exercise of Loyal Customer share options

• Russia’s WTO membership ratified in July 2012

• Analyst day in Helsinki on 12 September 2012, from 12 pm onwards – welcome!

Long-term financial targets

• Return on capital employed: a minimum of 20%

• Operating profit margin: a minimum of 12%

• Sales growth: above industry average

• Equity ratio: a minimum of 40%
## Revenue in July 2012

<table>
<thead>
<tr>
<th>EUR mill, exclusive VAT</th>
<th>7/2012</th>
<th>Change, %</th>
<th>1-7/2012</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Store Division, Finland</td>
<td>53.6</td>
<td>-1.4</td>
<td>462.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Department Store Division, international operations</td>
<td>29.8</td>
<td>2.4</td>
<td>226.8</td>
<td>16.1</td>
</tr>
<tr>
<td><strong>Department Store Division, total</strong></td>
<td><strong>83.3</strong></td>
<td><strong>0.0</strong></td>
<td><strong>689.6</strong></td>
<td><strong>6.8</strong></td>
</tr>
<tr>
<td>Fashion Chain Division, Finland</td>
<td>15.1</td>
<td>-2.3</td>
<td>95.5</td>
<td>6.0</td>
</tr>
<tr>
<td>Fashion Chain Division, international operations</td>
<td>50.4</td>
<td>4.5</td>
<td>350.7</td>
<td>6.7</td>
</tr>
<tr>
<td><strong>Fashion Chain Division, total</strong></td>
<td><strong>65.5</strong></td>
<td><strong>2.9</strong></td>
<td><strong>446.2</strong></td>
<td><strong>6.5</strong></td>
</tr>
<tr>
<td>Other operations</td>
<td>0.0</td>
<td></td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td><strong>Operations in Finland, total</strong></td>
<td><strong>68.7</strong></td>
<td><strong>-1.6</strong></td>
<td><strong>558.6</strong></td>
<td><strong>3.3</strong></td>
</tr>
<tr>
<td>International operations, total</td>
<td>80.2</td>
<td>3.7</td>
<td>577.5</td>
<td>10.2</td>
</tr>
<tr>
<td><strong>Stockmann, total</strong></td>
<td><strong>148.9</strong></td>
<td><strong>1.2</strong></td>
<td><strong>1136.1</strong></td>
<td><strong>6.7</strong></td>
</tr>
</tbody>
</table>
Outlook for the rest of 2012

• Challenging to assess the outlook, especially long-term retail market, due to unstable world economy and the unresolved European debt crisis
  – Indications of weakening consumer behaviour in particular in Finland where consumers’ confidence in their own economy has declined
  – Market in Russia likely to continue to perform better than in the Nordic countries; growth in the Baltic countries expected to continue
  – Affordable fashion market in Sweden is expected to improve in the autumn, compared with the weak second half of 2011
  – High uncertainty and low consumer confidence may affect consumers’ willingness to purchase in all markets
• Discontinuation of Bestseller franchising business by the end of 2012 to improve operating profit from 2013 onwards
  – Targeting a positive full-year operating profit, excluding Bestseller, in Russia in 2012
• Capital expenditure clearly below depreciation, approx. EUR 50 million
• Stockmann Group’s revenue and operating profit expected to be above the figures for 2011, provided that market sentiment does not significantly worsen
Department Store Division

Maisa Romanainen
Executive Vice President
Director of Department Store Division
Key activities and highlights in Q2

- Very successful Crazy Days in April boosted Q2 revenue in all markets
- Total Crazy Days revenue growth 13%
  - 5% in Finland
  - 4% in the Baltic countries
  - 38% in Russia
- Academic Bookstore’s web store changed to a new format in June
- Hobby Hall celebrated its 50th anniversary on 29 June 2012 with campaigns following the theme
- Nevsky Centre’s visitor amounts, car park and tenants’ revenue developing positively
Revenue in Q2 2012

- Revenue up 6.5 per cent to EUR 326.0 million (EUR 306.0 million)
- Finland up 2.8 per cent to EUR 221.2 million (EUR 215.1 million) and international operations up 15.3 per cent to EUR 104.8 million (EUR 90.9 million)
  - Good performance was headed by newest stores in Russia; the Baltics continued good development
  - Stockmann.com grew strongly as expected whereas Hobby Hall performed somewhat under expectations
  - Revenue of the Bestseller franchising down by 35 per cent, as expected
Quarterly revenue, Department Store Division

EUR mill.

+9%
+7%

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

2010 2011 2012

10.8.2012
Operating profit in Q2 2012

- Gross margin continued positive development and was 41.6 per cent (41.3 per cent)
  - Well planned buying resulted to an improved gross margin and healthy stock levels
- Q2 operating profit to EUR 10.2 million (EUR 7.6 million)
- H1 operating profit significantly up, by EUR 10.9 million to EUR 3.7 million (EUR -7.2 million)
  - All department stores in Russia improved clearly
  - Bestseller franchising operations’ losses on expected level
  - Operating costs increased slower than the revenue
Quarterly operating profit, Department Store Division

EUR mill.
Projects

• Itäkeskus department store in Helsinki to be relocated by the end of 2013
  - Retail space remaining at 11 000 sqm
  - Stockmann’s investment minor

• Tampere department store’s enlargement project ready in 2014
  - Retail space increasing to 15 000 sqm
  - Investment approximately EUR 6 million

• Tapiola department store in Espoo to move into a new building in 2016
  - Retail space to increase

• Project to introduce a new enterprise resource planning (ERP) system proceeding as planned
  - Main part of implementations scheduled for 2013
Outlook for the rest of 2012

• Heading towards the important autumn season in uncertain market conditions: focus will remain on achieving volume targets, controlling the stock situation with careful buying, and keeping a tight cost control in all units.
• September’s store-wide campaign will present a wide selection of design in all product areas – including the new Stockmann fashion brand Noom for urban casual women.
• Stockmann.com will introduce online Crazy Days with a limited selection offered via e-commerce in autumn 2012.
• Academic Bookstore flagship in Helsinki will renew the children’s department. Also the brand’s marketing concept will be renewed during 2013.
Fashion Chain Division

Göran Bille
Director of Fashion Chain Division
CEO of Lindex
Background for the Fashion Chain Division

• There are many similarities between Seppälä and Lindex.

• It is more likely to find and gain economies of scale with closer cooperation between Seppälä and Lindex, instead of finding the same for all divisions in the Stockmann Group.

• It is therefore a good idea to divide the Stockmann Group into two divisions; DSD and Fashion Chain Division (Seppälä and Lindex).

• Stockmann Group's new structure will bring more clarity for the Group’s two types of retail business: department stores and fashion stores.
Future goals for the Fashion Chain Division

• Both the Lindex and Seppälä brands will be further developed according to their unique brand identities while focusing on their core customer groups.

• Both fashion chains aim for a significant sales growth in the future. The new structure will accelerate growth, strengthen operations and provide possibilities for further expansion.

• Shared resources between Lindex and Seppälä will accelerate growth and enable more cost efficient operations – benefits from economies of scale.
Quarterly revenue, Fashion Chain Division

EUR mill.

+12%
+4%

2010 2011 2012

1-3 4-6 7-9 10-12
Quarterly operating profit, Fashion Chain Division

EUR mill.

2010 | 2011 | 2012

1-3  | -15 | -10 |
4-6  | 20  | 15  |
7-9  | 25  | 20  |
10-12| 25  | 20  |
Key activities and highlights in Q2

- Successful summer campaign with strong products and visual impact in stores
- Release of Missoni and Lindex collaboration with great PR coverage
- Gross margin improved thanks to a lower level of price reductions and better pricing
- Increased operating profit also in this quarter
Revenue in Q2 2012

• Euro-denominated revenue increased by 4.3% to EUR 172.7 million in the quarter
  − Revenue in local currencies increased by 1.8%
  − Revenue in comparable stores on a par with the previous year
• Sales growth in all business areas
• Strong sales increase in all markets except from Sweden and Norway
• Increased market share in all main markets
Quarterly revenue, Lindex

In local currencies, revenue increased by 1.8% in Q2 2012.
Operating profit in Q2 2012

- Operating profit increased by EUR 3.1 million to EUR 20.4 million (EUR 17.3 million)
- Gross margin increased to 62.9% (61.6%), thanks to a lower level of price reductions and better pricing
- The ratio between costs and revenue has improved
- The stock level is well-balanced
Quarterly operating profit, Lindex

EUR mill.

-10 -5 0 5 10 15 20 25

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

2010 2011 2012

10.8.2012
International expansion

- 8 store openings and 2 closures in Q2
- 457 stores in total at the end of June
- Target for the full year 2012: approximately 20 new stores + franchising stores
- Two new franchising markets in the second half of 2012: Croatia and Serbia
Outlook for the rest of 2012

• Lindex in collaboration with Missoni to support breast cancer research
  – Unique collection in all business areas, 10% of the sales price goes to the fight against breast cancer
  – The collection will be released on 25 September
• New franchising markets – Serbia and Croatia
• Further improvements in supply chain
• Launch of a new Denim Shop for Women’s Wear and Children’s Wear
Key activities and highlights in Q2

• Baby collection launch in April

• Good growth in children’s wear

• Colourful and visible summer campaign, but focus too much on sun clothing

• Market share increased in Finland until May

• Baltic countries the only one market to meet the quarter’s revenue and earnings targets

• Stock level improving
Revenue in Q2 2012

• Q2 revenue EUR 38.3 million, at the same level as in the previous year
  – Up 1% in Finland, down 2% abroad
• H1 revenue up 5% to EUR 69.7 million
  – Up 6% in Finland and 4% abroad

• Revenue growth in Finland and particularly in Russia slowed down towards the end of Q2, due to weak sales of summer collections
• Growth in all Baltic countries in every month of the quarter
• Customer flow increased in the Baltic countries, decreased in other markets
Quarterly revenue, Seppälä

EUR mill.

2010 2011 2012

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

2010 2011 2012

+12% ±0%

10.8.2012
Operating profit in Q2 2012

- Q2 operating profit EUR 1.4 million (EUR 2.6 million)
- Relative gross margin in Q2 at 58.5% (62.1%)
- H1 operating profit EUR -3.3 million (EUR -2.3 million), including closing costs of Ukraine of EUR 0.5 million

- Year started with a high sale stock
- Price driven campaigns to boost sales in the second quarter
- Positive profit development in the Baltic countries, weak in other markets
- Stock level at the end of June lower than in 2011
Quarterly operating profit, Seppälä

EUR mill.

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

-5  -4  -3  -2  -1  0  1  2  3  4  5

Non-recurring expenses

2010  2011  2012

10.8.2012
International expansion

- 2 store openings and 4 closures in Q2
- 225 stores at the end of June 2012
- 1 store opened and 1 closed in July-August, after the reporting period
- Some closings coming mainly in Finland and Russia during the rest of 2012
Outlook for the rest of 2012

• Supermodel of own life campaign continues: Sara La Fountain, famous chef
• Special fashion campaigns with good prices: shoes & bags, knits, outwear
• Designer co-operation in November *(press launch 29 August)*
• 900 000 Seppälä Club members – Strong focus on our loyal customer group: special offers, VIP-night
• Visible Christmas campaign with “Must buy” -products