Q3 2012 in brief

• Steady revenue growth despite the uncertain market
  – Strongest growth for Lindex, particularly thanks to the campaign with Missoni
  – Good performance continued in the Russian and Baltic department stores

• Operating profit up due to improvements in Russia, Sweden and Norway

• Operating profit below last year’s figure in Finland
  – Signs of weakening consumer purchasing behaviour, but the Crazy Days campaign gave a good start for the last quarter of the year

• Outlook for the rest of 2012 unchanged

• Important projects launched to strengthen the company’s financial position
Two strong business divisions

**Department Store Division**
16 department stores and 31 other stores in 4 countries; 3 distance retail stores

- Share of revenue 60% in 1-9/2012
- EUR 879 million

**Fashion Chain Division**
684 stores in 16 countries (Lindex 461, Seppälä 223); 2 online stores

- Share of revenue 40% in 1-9/2012
- EUR 593 million
Revenue in Q3 2012

- Revenue up 5.2% to EUR 485.1 million (EUR 461.3 million)
  - Revenue in Finland up 1.2%
  - International operations up 8.9%
  - Revenue abroad 51.2% (49.5%) of the total in January-September
- Lindex’s revenue up in all countries except in Norway
- Department stores in Russia and in the Baltic countries developed well, but slower growth in Finland
- Seppälä’s revenue in Finland and Russia down on 2011
  - Brand renewal project started during the quarter
Revenue by market in Q3 2012

- Finland: 47%
- Sweden and Norway: 29%
- Russia and Ukraine: 16%
- Baltic countries and Central Europe: 8%
- Finland: 47%
Quarterly revenue

EUR mill.

- 1-3: +10%
- 4-6: +5%
- 7-9: +5%
- 10-12

2010 2011 2012
Operating profit in Q3 2012

• Relative gross margin 50.6% (49.1%)
  – Improved in Lindex and Department Store Division, but decreased in Seppälä
• Operating costs up 8.7%
• Comparable gross margin and comparable operating costs somewhat lower than the reported ones
• Depreciation on the same level as in Q3 2011
• Operating profit EUR 17.1 million (EUR 15.2 million)
  – Clear improvement in the Russian department stores and Lindex in Sweden and Norway
  – Department Store Division and Seppälä down on 2011 in Finland
Quarterly operating profit

EUR mill.

2010 2011 2012
## Key figures

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Revenue</td>
<td>EUR mill.</td>
<td>485.1</td>
<td>461.3</td>
<td>1 472.6</td>
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<tr>
<td>Operating profit</td>
<td>EUR mill.</td>
<td>17.1</td>
<td>15.2</td>
<td>30.5</td>
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<tr>
<td>Net financial costs</td>
<td>EUR mill.</td>
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<td>8.8</td>
<td>23.8</td>
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<td>Profit before taxes</td>
<td>EUR mill.</td>
<td>9.6</td>
<td>6.4</td>
<td>6.8</td>
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<td>Earnings per share</td>
<td>EUR mill.</td>
<td>0.11</td>
<td>0.08</td>
<td>0.08</td>
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<tr>
<td>Cash flow from operating activities</td>
<td>EUR mill.</td>
<td>-17.5</td>
<td>-113.7</td>
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<tr>
<td>Equity ratio</td>
<td>%</td>
<td></td>
<td></td>
<td>39.1</td>
</tr>
<tr>
<td>Gearing</td>
<td>%</td>
<td></td>
<td></td>
<td>111.0</td>
</tr>
<tr>
<td>ROCE</td>
<td>%</td>
<td></td>
<td></td>
<td>5.1</td>
</tr>
</tbody>
</table>
Stockmann today: over 700 stores in 16 countries

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

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

LITHUANIA
- 10 Lindex stores
- 9 Seppälä stores

RUSSIA
- 7 department stores
- 7 Academic Bookstores
- Hobby Hall mail order sales and 1 store
- 12 Stockmann Beauty stores
- 4 Zara stores
- 1 outlet store
- 55 Lindex stores
- 137 Seppälä stores

SWEDEN
- 208 Lindex stores

NORWAY
- 97 Lindex stores

ESTONIA
- 1 department store
- 8 Lindex stores
- 21 Seppälä stores
- 1 outlet store

CZECH REPUBLIC
- 16 Lindex stores

SLOVAKIA
- 4 Lindex stores

POLAND
- 5 Lindex stores

UKRAINE
- 2 Seppälä stores (closed down in October 2012)

SAUDI ARABIA
- 19 Lindex franchising stores

UNITED ARAB EMIRATES
- 5 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

Department Store Division, Lindex and Seppälä
Lindex and Seppälä
Group's purchasing offices

Status as of 30 September 2012
Events after the reporting period

• Crazy Days campaign gives a direction for the last quarter’s sales development in the department stores

• Two important projects are being investigated to strengthen the company’s financial position and implement the long-term strategy
Crazy Days revenue growth 1986–2012

- Growth 13 per cent in spring 2012
- Growth 8 per cent in autumn 2012
  - Russia up 21 per cent
  - Baltic countries and Finland up 3 per cent

1986 Spring campaign
1997 Autumn Tallinn
2005 Spring Riga
2006 Spring Russia
2012 Autumn Stockmann.com
Investigating opportunities for a corporate bond

- Issuing a bond on the credit market would diversify sources of finance and the maturity profile of the Group’s interest-bearing liabilities.

**Maturity profile of the interest-bearing liabilities**

In addition, the Group has EUR 288 million in undrawn, long-term committed credit facilities and EUR 243 million in uncommitted credit facilities.

Status as of 30 September 2012
Evaluating the commercial value of Nevsky Centre in St Petersburg

• Shopping centre with a total space of approx. 100 000 sqm
• Property fully owned by Stockmann; capital expenditure EUR 185 million
• Russia’s largest Stockmann department store (19 000 sqm), a car park and over 70 stores, service providers and other companies as Stockmann’s tenants
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 declined in the summer
  – 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 grew in September but the outlook for the rest of the year is still uncertain
  – 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 Q3

• Continuously strong performance of the Russian and Baltic department stores, whereas the Finnish growth slowed down with uncertainty in the market
  – Important autumn season opened with a store-wide “Shopping Guide” campaign in all markets
  – New own brand for women “Noom” was successfully launched in all markets
  – Academic Bookstore’s renewed online store launched with strong growth towards the end of the period
  – Nevsky Centre KPI’s in St Petersburg developing positively, including the car park performance
Revenue in Q3 2012

• Revenue grew by 2.5%, to EUR 272.7 EUR million (EUR 266.0 mill.)
• Revenue up by 1.2% in Finland
  – Market for electronics and books remains challenging
  – Strong growth for Stockmann.com
• Revenue of international operations up by 5.7%
  – 32.4% (30.1%) of the division’s total revenue
  – Best volume growth in the newest Russian stores
  – Revenue of the Bestseller stores, to be closed by the end of 2012, down by 55%
Quarterly revenue, Department Store Division

EUR mill.

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

2010 2011 2012
Operating profit in Q3 2012

• Operating profit EUR 2.8 million (EUR 2.9 mill.)
  – Profitability of Russian and Baltic department stores developed well
  – Operating profit did not reach the 2011 level in Finland with revenue growing slower than costs.
  – Costs and gross margin are not fully comparable with 2011
  – Gross margin 42.4% (41.2%)
• Stock level is healthy in all markets
• Jan-Sept operating profit increased by EUR 10.8 million to EUR 6.5 mill. (EUR -4.4 mill.)
  – Including the Bestseller losses of EUR -4.9 million (EUR -3.6 mill.)
Quarterly operating profit, Department Store Division

EUR mill.

2010 2011 2012

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

- ERP renewal project proceeding according to the plans with implementations in 2013 and 2014
- Tampere, Itäkeskus and Tapiola renewal and enlargement projects proceeding as earlier announced with major construction works somewhat effecting revenue
- Eight Bestseller stores in Russia closed in January-September, three of them in the third quarter
- Division’s capital expenditure in January-September was EUR 19.1 million (EUR 29.0 mill.)
- In Nevsky Centre tenant mix changes have started as planned – Starbucks to open in Q4
## Crazy Days 10-14 October 2012

<table>
<thead>
<tr>
<th></th>
<th>Fall 2012/ Fall 2011</th>
<th>Fall 2012/ Fall 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>3%</td>
<td>12%</td>
</tr>
<tr>
<td>Baltics</td>
<td>3%</td>
<td>16%</td>
</tr>
<tr>
<td>Russia</td>
<td>21%</td>
<td>93%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8%</strong></td>
<td><strong>29%</strong></td>
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</tbody>
</table>
Outlook for the rest of 2012

• Very important Q4 had a good start with the Crazy Days revenue growth
• Strong marketing efforts in all markets, channels and media to ensure volume growth in Christmas season
• Special attention to increasing amount of Russian tourists during year-end
• Growth potential of the Russian market and uncertainty of the Finnish consumer behaviour in focus when planning the coming year – leading to careful optimization and allocation of buying volumes
Fashion Chain Division

Pekka Vähähyypä  
CFO, Executive Vice President
Focus areas for the Fashion Chain Division

Seppälä Brand
- Assortment
- Marketing

Challenger Project
- IT
- Planning & Purchasing
- Store management
- Logistics

Synergies
- IT
- CSR
- Security
- Communication
- HR
- Logistics
Quarterly revenue, Fashion Chain Division

EUR mill.

+12%  +4%  +9%

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

2010  2011  2012

31.10.2012
Quarterly operating profit, Fashion Chain Division

EUR mill.

2010 2011 2012
Key activities and highlights in Q3

• Fantastic quarter that ended up with Lindex Missoni campaign with strong products and visual impact in stores and web shop
• Great PR coverage worldwide – initiated by fashion show in Stockholm
• 10% of the total sales of Missoni collection will be donated to the fight against breast cancer
• Higher sales, higher gross profit together with cost efficiency gave a higher operating profit in Q3 2012 compared to previous year
Revenue in Q3/2012

- Sales improved during the third quarter
- Euro-denominated revenue increased by 11.4% to EUR 175.8 million
  - In local currencies, total revenue up 4.2%
  - In local currencies, comparable revenue up 2.4%
  - January-September revenue up 9.0% to EUR 486.8 million
- Sales increased in women’s wear and children’s wear
- Strong sales increase in all markets except in Norway
- Increased market shares in all markets except Norway
Quarterly revenue, Lindex

In local currencies, revenue increased by 4.2% in Q3 2012
Operating profit in Q3/2012

• Q3 operating profit was EUR 15.6 million (EUR 11.4 million)
  – January-September operating profit EUR 33.5 million (EUR 20.8 million)

• Costs were affected by the increased number of new stores and the strong Swedish krona

• Gross margin was higher than last year, at 61.9% (60.4%), mainly due to fewer price reductions

• The stock level has decreased in total and is well-balanced
Quarterly operating profit, Lindex

EUR mill.

1-3 4-6 7-9 10-12
2010 2011 2012

2010 2011 2012
International expansion

- 5 stores opened and 1 closed in Q3
- Lindex franchising opened in two new markets, Serbia and Croatia
- In total 461 stores (440 stores)
- Target for full year 2012 is approximately 470 stores
Fight against breast cancer

- Lindex is fighting against breast cancer through the Pink Ribbon Campaign in October
- New for this year is the collaboration with Missoni that has increased the impact of the donation – 10% of the sales on the Lindex Missoni collection is to be donated, in addition to the sales coming from the pink bracelet and the pink ribbon
- The donation will amount to EUR 1.8 million for all markets (2011: EUR 0.9 million)
- Together with our customers we look forward to contributing to the important fight against breast cancer
Outlook for the rest of 2012

- Strong collections and good prices for the Christmas Campaign covering all business areas
- Uncertain market environment in the Nordic countries
Nina Laine-Haaja
CEO
Key activities and highlights in Q3

• Revenue and operating profit below the Q3 targets
  – Baltic countries continued their good performance
  – Conversion rate improved, but less visitors in the stores
• Brand renewal project started in order to improve operations in the coming years
• Fashion Chain Division will bring increased efficiency and synergies
• Successful designer collection launch in collaboration with Tiia Vanhatapio in August
Revenue in Q3 2012

- Q3 revenue EUR 36.5 million
  - Down 3% from the previous year
- Baltic countries continue on a growth path
- Revenue in Finland and particularly in Russia was lower than in 2011
- In Finland Seppälä’s growth 4% in January-August, while the market growth has been 3%
  - September market figure not yet available, but growth is expected to slow down
- Visitor amounts increased in the Baltic countries but decreased in other markets
Quarterly revenue, Seppälä
Operating profit in Q3 2012

• Operating profit EUR 0.5 million (EUR 1.5 million)
• Gross margin 56.6% (57.7%)
  – Down in women’s wear, but up in men’s and children’s wear
  – Price-driven campaigns to boost sales
• Operating profit in January-September EUR -2.8 million (EUR -0.8 million), including closing costs of operations in Ukraine
  – Positive profit development in the Baltic countries; Finland and Russia below 2011
• Stock level lower than in 2011
Quarterly operating profit, Seppälä

EUR mill.

Non-recurring expenses

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

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

2010 2011 2012

31.10.2012
International expansion

• Store network:
  – 1 store opening and 3 store closures in Q3
  – 223 stores in total at the end of September 2012
  – Closing of the stores in Ukraine in October 2012

• Total number of stores at the end of 2012 will be around 10 stores less than in 2011

New store: 180 Porvoo Taidetehdas, Finland
Outlook for 2012

• Tiia Vanhatapio campaign in November + VIP night
  – To increase brand image in Finland and attract new women interested in fashion to shop at Seppälä
  – To boost online sales and attract more customers to visit www.seppala.fi
• Magical Christmas campaign with “must buy” products and luxury feeling
  – Visible marketing in December: TV, radio, outdoor, fashion magazines
Outlook for 2012

SEPPÄLÄ PARTY COLLECTION 2012
- Interesting and commercial party collection