Financial Statements 2012
13 February 2013

Hannu Penttilä
CEO
150th anniversary year in brief

• Revenue grew by 5.5% to EUR 2 116 million, with revenue abroad exceeding revenue in Finland for the first time ever
• Operating profit up EUR 17.3 million to EUR 87.3 million, including a positive operating profit in Russia
• Earnings per share up more than the operating profit, to EUR 0.74 (EUR 0.43)
• Strong improvement in operating cash flow
Market environment in 2012

- Uncertainty and low consumer confidence in the Nordic countries
- Continuously weak affordable fashion market, particularly in Sweden
- Stable growth in the Russian and Baltic retail markets

Consumer confidence in Finland 2000–2012

Affordable fashion market in Sweden 2011–2012

*Average 10/1995 - 1/2013
Source: Statistics Finland

Source: Svensk Handel
Revenue and operating profit in 2012

**REVENUE (excl. VAT)**
EUR 2,116.4 million (EUR 2,005.3 mill.)
+5.5%

- **Department Store Division**
  EUR 1,302.7 mill.

- **Fashion Chain Division**
  EUR 814.0 mill.

**OPERATING PROFIT**
EUR 87.3 million (EUR 70.1 mill.)
+24.6%

- **Department Store Division**
  EUR 50.0 mill.

- **Fashion Chain Division**
  EUR 50.0 mill.
Revenue by market in 2012

- Revenue abroad 50.5% (48.8%) of the total

- Finland 49.5%
- Sweden and Norway 25.4%
- Russia and Ukraine 17.6%
- Baltic countries and Central Europe 7.5%
Stockmann today:
over 700 stores in 16 countries, operations in 21 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
- 56 Lindex stores
- 136 Seppälä stores

SWEDEN
- 210 Lindex stores

RUSSIA
- 7 department stores
- 1 shopping centre
- 1 concept store
- 22 Lindex stores
- 44 Seppälä stores
- 1 outlet store

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

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

LITHUANIA
- 10 Lindex stores
- 9 Seppälä stores

CZECH REPUBLIC
- 17 Lindex stores

SLOVAKIA
- 4 Lindex stores

POLAND
- 5 Lindex stores

ICELAND
- 1 Lindex franchising store

BOSNIA AND HERZEGOVINA
- 3 Lindex franchising stores

SERBIA
- 1 Lindex franchising store

CROATIA
- 1 Lindex franchising store

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

Status as of 31 December 2012

13.2.2013
Revenue in 2012

- Full-year revenue up 5.5% to EUR 2 116.4 million
  - In Finland up 2.1%
  - International operations up 9.1% or 6.1% in local currencies
- Strongest growth in the department stores in Russia and in Lindex’s new markets
- Revenue growth slowed down towards the end of the year
  - Growth 2.8% in Q4; revenue in Finland on a par with 2011
  - Christmas season as expected in department stores but slower performance in Hobby Hall, Seppälä and Lindex in the Nordic countries
Quarterly revenue, Stockmann Group

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

Note: +10%, +5%, +5%, +3% indicate percentage changes from the previous period.
Development of revenue, Stockmann Group

Year | Growth
--- | ---
2008 | +34%
2009 | -10%
2010 | +7%
2011 | +10%
2012 | +6%

International operations

Finland
Operating profit in 2012

- Full-year gross margin 49.5% (48.7%)
- Full-year operating costs up 6.8%
- Comparable gross margin and comparable operating costs lower, in particular in Q4
  - Q4 comparable gross margin 49.1% vs. reported 49.5%
  - Q4 growth of operating costs 6.7% vs. reported 8.6%
- Operating profit EUR 87.3 million (EUR 70.1 mill.)
  - Q4 operating profit EUR 56.8 million (EUR 59.3 mill.)
- Strong improvement in operating profit in Russia, good performance also in Sweden and the Baltic countries
- Finland down on 2011 and clearly below expectations
- Department Store Division and Lindex improved their operating profits, Seppälä’s result weaker than in 2011
Quarterly operating profit, Stockmann Group

-30
-20
-10
0
10
20
30
40
50
60
EUR mill.

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

2010 2011 2012

13.2.2013
Development of operating profit, Stockmann Group

- Operating profit
- % of revenue

13.2.2013
Profit for 2012

- Net financial expenses EUR 32.4 million (EUR 34.4 mill.)
  - Non-recurring foreign exchange gains EUR 0.6 million (2011: losses EUR 1.1 mill.)
- Profit before taxes EUR 54.9 million (EUR 35.7 million)
- Taxes EUR 1.4 million (EUR 4.9 mill.)
  - Income taxes EUR 7.0 million (EUR 4.7 mill.)
  - Tax credit due to a exchange rate loss (strengthened Swedish krona) and decline in deferred tax liability (lowering corporate tax rate in Sweden as of 2013)
- Profit for the year EUR 53.6 million (EUR 30.8 mill.)
- Earnings per share EUR 0.74 (EUR 0.43)
Earnings per share and dividend per share

- Dividend proposal per share: EUR 0.60 (81.1% of EPS)
- Total amount of proposed dividend: EUR 43.2 million

* Dividend proposal to the AGM
## Key figures

<table>
<thead>
<tr>
<th></th>
<th>10-12/2012</th>
<th>10-12/2011</th>
<th>1-12/2012</th>
<th>1-12/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>EUR mill.</td>
<td>643.8</td>
<td>626.1</td>
<td>2116.4</td>
</tr>
<tr>
<td>Operating profit</td>
<td>EUR mill.</td>
<td>56.8</td>
<td>59.3</td>
<td>87.3</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>EUR mill.</td>
<td>8.7</td>
<td>8.1</td>
<td>32.4</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>EUR mill.</td>
<td>0.66</td>
<td>0.63</td>
<td>0.74</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>EUR mill.</td>
<td>141.1</td>
<td>179.8</td>
<td>123.7</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>EUR mill.</td>
<td>19.4</td>
<td>15.7</td>
<td>60.3</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gearing</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROCE</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board’s dividend proposal</td>
<td>EUR</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Maturity structure of interest-bearing liabilities

- EUR 150 million bond issued in November 2012, maturity in March 2018
- Interest-bearing debt in total EUR 848.5 million at year-end
- EUR 369.6 million in undrawn, long-term committed credit facilities
Nevsky Centre in St Petersburg

- Evaluation of the commercial value continues
- Timetable for the possible transaction unchanged: during 2013
- Operating income from the shopping centre continuously increasing, new tenants with higher rents coming in
Outlook for 2013

- European economy expected to remain unstable in 2013
- Long period of low growth seems probable in Finland
- Affordable fashion market in the Nordic countries expected to improve slightly in 2013, compared with poor development in 2011 and 2012
- Russian and Baltic markets likely to continue performing better than the Nordic markets
- Discontinuation of Bestseller (Russia) and Zara (Finland) franchising business to somewhat slow down the revenue growth, but improve operating profit in Russia
- Attention to improving cost efficiency in particular in Finland
- Capital expenditure estimated to amount to approximately EUR 60 million
- Stockmann Group’s revenue expected to increase in 2013, excluding the terminated franchising operations
- Operating profit expected to be higher than in 2012
- First-quarter operating result to be negative due to normal seasonal variation
### Revenue in January 2013

<table>
<thead>
<tr>
<th>EUR mill</th>
<th>1/2013</th>
<th>Change %</th>
<th>Change excl. terminated franchising %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exclusive of VAT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department Store Division, Finland</td>
<td>63.2</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Department Store Division, international operations</td>
<td>34.2</td>
<td>-4.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Department Store Division, total</td>
<td><strong>97.4</strong></td>
<td><strong>0.6</strong></td>
<td><strong>2.3</strong></td>
</tr>
<tr>
<td>Fashion Chain Division, Finland</td>
<td>11.3</td>
<td>-6.3</td>
<td></td>
</tr>
<tr>
<td>Fashion Chain Division, international operations</td>
<td>43.3</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Fashion Chain Division, total</td>
<td><strong>54.7</strong></td>
<td><strong>0.9</strong></td>
<td><strong>0.9</strong></td>
</tr>
<tr>
<td>Operations in Finland, total</td>
<td>74.4</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>International operations, total</td>
<td>77.6</td>
<td>-0.3</td>
<td>1.7</td>
</tr>
<tr>
<td>Stockmann Group, total</td>
<td><strong>152.0</strong></td>
<td><strong>0.6</strong></td>
<td><strong>1.7</strong></td>
</tr>
</tbody>
</table>
Department Store Division

Maisa Romanainen
Executive Vice President
Director of Department Store Division
Highlights of 2012

- Operating profit up by EUR 12.8 million to EUR 48.0 million
- 150 years of Stockmann
- Very good year in Russia – profitable even including the closing of loss-making Bestseller
- Finnish market situation challenging with slow market growth and low consumer confidence
- Strong growth of Stockmann.com with the introduction of Crazy Days
- Renewal of Akateeminen.com
- 382 000 new loyal customers during 2012 – altogether 3.1 million loyal customers
- Russian tourists boosted sales in Finland, especially during the Christmas season
Revenue in Q4 2012

- Revenue up 3.7% to EUR 423.5 million (EUR 408.5 mill.)
  - Revenue in Finland up 1.6%
  - Revenue abroad up 9.3%
- Best performance in Russia
  - St Petersburg’s growth strongest, all Russian department stores improved
  - Baltic stores continued well
  - Finnish department stores developed as expected, Hobby Hall a disappointment with weak sales in electronics
  - Stockmann.com grew rapidly
- Strong 8% overall growth in the Crazy Days campaign
- Increased market share in main product categories in all markets
Quarterly revenue, Department Store Division

EUR mill.

1-3: +9%
4-6: +7%
7-9: +3%
10-12: +4%
Operating profit in Q4 2012

- Operating profit EUR 41.6 million (EUR 39.6 mill.)
- Gross margin 42.9% (42.1%)
- Clear profit improvement in Russia with the St Petersburg department store and Nevsky Centre leading the way
- Increased rental income in Nevsky Centre with an improved tenant portfolio and growth in parking usage
- Comparable operating costs developed as planned – cost cuttings in Finland at the year-end
- Good stock level in most product categories, stock rotation on the previous year’s level
Performance in 2012

- Full year revenue up 5.3% to EUR 1 302.7 million (EUR 1 236.9 mill.)
  - Finland up 2.3%
  - Russia up 19% (or 13.5% with the closed Bestseller operations)
  - Baltic countries up 8.2%
  - Revenue abroad accounted for 32.4% (30.4%) of the total
- Gross margin remained good and was 41.9% (41.2%)
- Operating profit up by EUR 12.8 mill. to EUR 48.0 million (EUR 35.2 mill.)
- Clearly positive operating profit in Russia even with the loss-making Bestseller stores included; Bestseller’s operating result EUR -7.3 million
- Profitability in the Baltic countries improved again
- In Finland operating profit down on 2011 with the challenging market situation effecting both department stores and Hobby Hall
- Very good development in cosmetics, fashion brands and home categories; challenges in electronics, books and private label fashion business
Development of revenue, Department Store Division

<table>
<thead>
<tr>
<th>Year</th>
<th>International Operations</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>+0%</td>
<td>900</td>
</tr>
<tr>
<td>2009</td>
<td>-12%</td>
<td>660</td>
</tr>
<tr>
<td>2010</td>
<td>+8%</td>
<td>720</td>
</tr>
<tr>
<td>2011</td>
<td>+12%</td>
<td>780</td>
</tr>
<tr>
<td>2012</td>
<td>+5%</td>
<td>810</td>
</tr>
</tbody>
</table>
Development of operating profit, Department Store Division

- Operating profit
- % of revenue

13.2.2013
On-going projects

- Oracle ERP project at full speed with main implementations in 2013
- Renewals in Finland:
  - New Itis opening at Christmas 2013
  - Tampere renewal ready in 2014
  - Tapiola proceeds with Espoo plans
  - Helsinki Academic renewal to start
- Zara franchising with 4 stores in Finland to end 1 March 2013
- Outlet in Moscow to new premises in Belaja Datcha 15 February 2013
- Nevsky 25 concept store in St Petersburg to close 28 February 2013
- Several e-commerce projects targeting to increase offering and improve distribution
Outlook for 2013

- Uncertain market development is expected to continue in Finland; development in the Baltic countries and especially in Russia is estimated to be more positive. Stockmann.com revenue growth to continue strong – however, share of total volume is still not significant.
- Strong effort in optimised purchase volumes, stock levels and allocation between markets, channels and product categories.
- Tight cost control and savings targeting to improve profitability in particular in the Finnish market.
Fashion Chain Division

Göran Bille
Director, Fashion Chain Division
CEO of Lindex
Highlights of 2012

- Higher sales and higher gross profit together with cost control gave a higher operating profit compared to the previous year
- Lindex Franchise opened in two new markets, Serbia and Croatia
- New customer rewards programme “More at Lindex” launched, starting from Norway
- Lindex Missoni and the Holly & Whyte campaigns with Gwyneth Paltrow were strong commercial campaigns and great successes in 2012 with strong products and visual impact in stores and web shop
- Record-break in Lindex’s yearly donation to breast cancer foundations: EUR 1.8 million for all markets (EUR 0.9 mill.)
Revenue in Q4/2012

- Euro-denominated revenue in Q4 up by 3.8% to EUR 184.0 million (EUR 177.4 mill.)
  - In local currencies, total revenue down 2.2%
  - In local currencies, comparable revenue down 4.6%

- In local currencies and comparable stores sales decreased in all product areas

- Sales increase in Estonia, Lithuania, Russia and Central Europe
Quarterly revenue, Lindex

In local currencies, revenue decreased by 2.2% in Q4 2012.
Operating profit in Q4/2012

- Q4 operating profit EUR 17.5 million (EUR 20.5 mill)

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

- Gross margin higher than in the previous year, at 62.3% (61.3%), mainly due to lower price reductions

- The stock well balanced and obsolescence lower compared to 2011
Quarterly operating profit, Lindex

EUR mill.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>-7</td>
<td>-6</td>
<td>-5</td>
</tr>
<tr>
<td>4-6</td>
<td>20</td>
<td>18</td>
<td>22</td>
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<tr>
<td>7-9</td>
<td>15</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>10-12</td>
<td>20</td>
<td>23</td>
<td>22</td>
</tr>
</tbody>
</table>

13.2.2013
Outlook for 2013

- New celebrity model for the spring campaign
- Successful designer collaborations to continue during 2013
- Major focus on e-commerce with an improved site, mobile function, new warehouse and focus on conversion
- Roll out of Lindex new customer rewards programme “More at Lindex”
- Uncertain market environment in most markets
- The key goal is improving profitability in all markets. In addition to sales growth, important factors are cost control, carefully planned purchasing, and optimizing stock levels
Highlights of 2012

• Revenue lower than the target and slightly down on 2011
• Operating profit declined due to weak sales and lower gross margin
• Seppälä Brand project started – targeting to be a bold international brand and improve performance in all markets
• Fashion Chain Division, established in June 2012, aims at improving efficiency and finding synergies between Lindex and Seppälä
• Baby collection launch in Q2 – sales of children’s clothing increased from 2011
• Designer collaboration collection with Tiia Vanhatapio in the autumn
Revenue in Q4 2012

- Revenue down 7% to EUR 37.0 million (EUR 40.0 mill.)
  - Down 8% in Finland
  - Down 6% abroad
- Baltic countries continued on a growth path
- Revenue in Finland and Russia lower than in 2011
- Visitor amounts increased in Baltic countries, decreased in other markets
- Market share decreased due to tough competition
- All product areas decreased from the previous year’s sales
Operating profit in Q4 2012

- Operating profit EUR 1.8 million (EUR 2.2 mill.)
- Relative gross margin 60.5% (58.9%)
  - Less price driven campaigns during fall 2012, focus on selling more normal priced products
- Better result in Russia in Q4 than in 2011
- Successful cost control continued, though rent level still increasing in Russia
- Good sales of the Christmas collection on all markets
- Stock level at year-end lower than in 2011
  - Year started with a high sale merchandise stock and higher general stock level than in 2011, but stock level declined during the year
Quarterly operating profit, Seppälä

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EUR mill.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>-5.4</td>
</tr>
<tr>
<td>4-6</td>
<td>2.1</td>
</tr>
<tr>
<td>7-9</td>
<td>1.5</td>
</tr>
<tr>
<td>10-12</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Non-recurring expenses

2010 | 2011 | 2012
--- | --- | ---
-5.4 | 2.1 | 1.5 | 2.0

13.2.2013
Outlook for 2013

• Strong focus on developing Seppälä brand: collections, marketing, store concept
  ‒ Cooperation started with a new marketing agency from Sweden, “We Are Group”
  ‒ New Purchasing and Design Manager from Spain is starting in the new position during spring

• Fashion Chain Division continues to look for synergies between Lindex and Seppälä; Seppälä is taking Lindex’s ERP system into use during 2013
Fashion Chain Division
Fashion Chain Division’s performance in 2012

- Full-year revenue up 6.0% to EUR 814.0 million
- Lindex’s euro-denominated revenue up 7.5% to EUR 670.9 million, in local currencies up 2.8%
  - Growth in all markets except in Norway
- Seppälä’s revenue down 0.5% to EUR 143.1 million
  - Good performance in the Baltic countries, weaker in Finland and Russia
- Gross margin totalled 61.5% (60.8%)
  - Lindex: 62.3% (61.3%), mainly due to lower reductions and higher start margin
  - Seppälä 57.6% (58.5%), but improved towards the end of the year
- Operating profit EUR 50.0 million mainly due to good performance in Sweden and Baltic countries
  - Lindex: EUR 51.0 million (EUR 41.2 mill.)
  - Seppälä: EUR -1.0 million (EUR 1.4 million)
Development of revenue, Fashion Chain Division

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>600</td>
<td>-4%</td>
</tr>
<tr>
<td>2009</td>
<td>680</td>
<td>+8%</td>
</tr>
<tr>
<td>2010</td>
<td>730</td>
<td>+6%</td>
</tr>
<tr>
<td>2011</td>
<td>780</td>
<td>+6%</td>
</tr>
<tr>
<td>2012</td>
<td>800</td>
<td>+6%</td>
</tr>
</tbody>
</table>

EUR mill.
Relative gross margin, Fashion Chain Division

% of revenue

2008 2009 2010 2011 2012

63.2% 62.9% 63.1% 61.3% 62.3%
57.9% 58.2% 59.8% 58.5% 57.6%

Seppälä
Lindex
Development of operating profit, Fashion Chain Division

EUR mill.

2008 2009 2010 2011 2012

% of revenue

Seppälä
Lindex

% of revenue

13.2.2013

15
10
5
0

80
60
40
20
0

2008
2009
2010
2011
2012
International expansion for Lindex and Seppälä

- Lindex: 8 stores opened in Q4
- Seppälä: 3 stores closed in Q4, including closing of operations in Ukraine

Store network at year-end:
- Lindex Franchise 30 stores (2011: 23 stores) in 6 countries
- Lindex in total 469 stores (446 stores) in 16 countries
- Seppälä in total 220 stores (229 stores) in 5 countries

Target for 2013:
- Lindex in total 489 stores
- Seppälä closing some unprofitable stores mainly in Russia
Fashion Chain Division’s key development projects continue

Seppälä Brand
- Store Concept
- Assortment
- Marketing

“Challenger” ERP Project
- IT
- Finance
- Planning & Purchasing
- Store management
- Logistics

Synergies
- IT
- CSR
- Security
- Communication
- HR
- Logistics

13.2.2013