



STOCKMANN

Building up a Fashion Chain Division

Göran Bille

Director, Fashion Chain Division

Capital Markets Day, 12 September 2012



Stockmann Group's new structure

Stockmann Group

CEO Hannu Penttilä

Corporate Management and Administration

Fashion Chain Division

Director Göran Bille



CEO
Göran Bille



CEO
Nina Laine-Haaja

Department Store Division

Director Maisa Romanainen



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A strong business division focusing on fashion



Fashion Chain Division

684 stores in 16 countries
- Lindex 459, Seppälä 223
2 online stores:
- www.lindex.com
- www.seppala.fi
6 500 employees
150+ million visitors in stores annually
20+ million visitors online annually

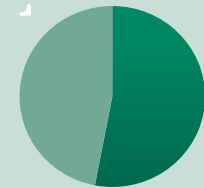


Share of the Group's revenue
38% in 2011



EUR 767.9 million

Share of the Group's EBIT
55% in 2011



EUR 42.6 million

Stores as of 10 September 2012



Two unique brands

- Both the Lindex and Seppälä brands will be further developed
- Clear and differentiated brand identities
- Possibility to reach a wider target group with two brands
- Distinct core customer groups
 - Lindex: Women interested in fashion
 - Seppälä: Women, younger target group
 - Children's wear complements the offering in both fashion chains
- Brand identity influences everything: store location, marketing, buying etc.
- The organizational structure makes it easier to make acquisitions and integrate new brands in the future



Accelerating growth

- Both fashion chains aim for a significant sales growth and international expansion
- Attractive brands and successful collections a key driver in achieving growth
- Expansion mainly on current markets
 - Seppälä will also look at other countries where Lindex currently operates
 - Refurbishments needed to keep up the competitiveness
- Review of all current store locations and stores' profitability
- Lindex will continue successful franchising business





Shared resources

- The new structure will strengthen operations – better use of the best resources
- Good experiences from the joint purchasing offices since 2008
- Now common processes and deeper co-operation in other support functions (finance, IT, logistics, security, HR, CSR, communication etc.)
- Seppälä will start using Lindex's ERP and financial systems
 - Pre-study in autumn 2012, implementation finalizing in 2013
 - Investment will not change the Group's capital expenditure estimate
 - Joint IT will bring cost efficiency in the long run
- Savings expected in operating costs
- Improving profitability by a higher gross margin
- Lindex and Seppälä will continue as separate legal entities
 - In Russia the current operating model to continue: both fashion chains will operate under the ZAO Stockmann legal company



FCD's action plan for 2012-2013

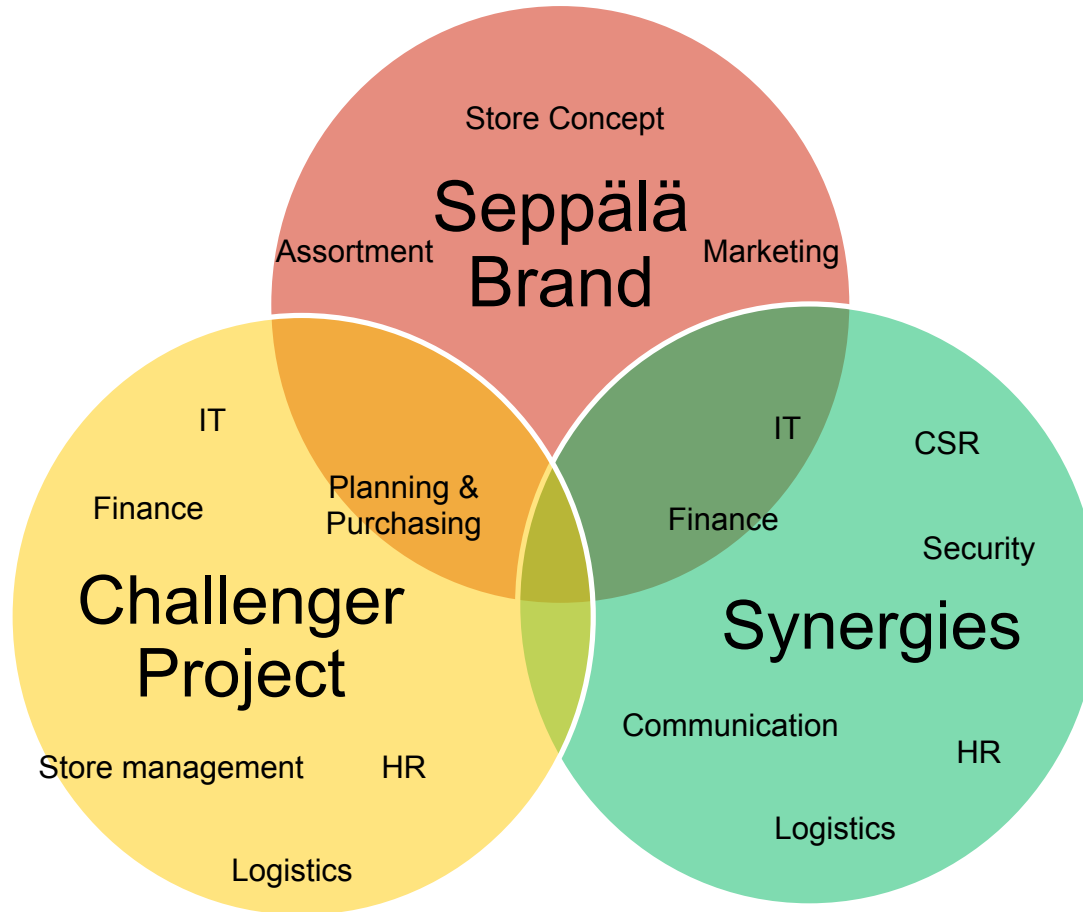
- Consistent change management as a key success factor
- Further developing ways of cooperation and sharing best practices between Lindex and Seppälä – striving for operational excellence
- Finding the best operating model for Finance and IT

- Improving performance through shared resources and synergies
- Increasing sales and win market shares by strong brands and collections
- Major benefits from volume growth and gross margin improvements
- Store expansion and at the same time a review of the current store network

- We expect to see the first outcomes of the joint effort in 2013



Focus in the coming years



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LINDEX



Lindex – a world-class fashion experience

- Lindex is one of the leading fashion chains in Europe, with more than 450 stores in 16 countries and online store in 28 European countries
- Business idea is to offer inspiring affordable fashion to fashion-conscious women
- Founded in Alingsås, Sweden in 1954
- Part of the Stockmann Group since December 2007
- More than 5 000 employees in 16 countries



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Fashion offering

- Product range covers a variety of fashion concepts within women's and children's wear, lingerie, and cosmetics
- The selection is characterized by well-considered details, the latest fashion trends and a fast turnover of new products
- Products with a high sense of fashion as well as timeless favourites
- Market position:
 - Ladies wear: number three overall in the Nordic region
 - Lingerie: market leader in Sweden and Norway
 - Children's wear: shared number one in Sweden, very strong in other Nordic countries





Collaboration with famous talents helps to build the fashion image

- Latest designer cooperation with the famous Italian fashion house Missoni resulted in a unique collection of 70 fashion items
- Lindex and Missoni cooperate to support breast cancer research
- Collection launch on 25 September 2012





Store network – 459 stores in total

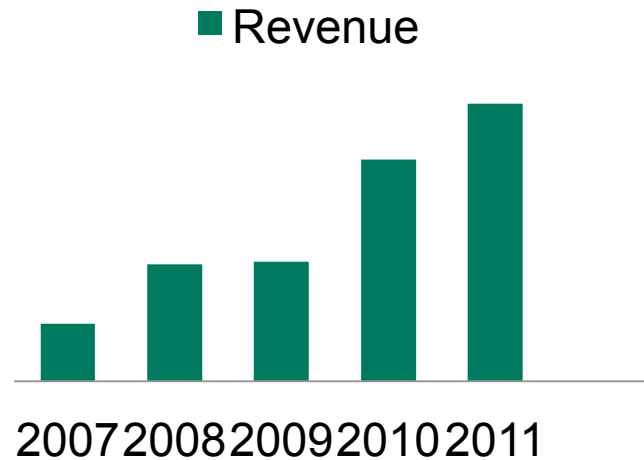


- 459 stores on 10 September 2012
 - Sweden 208
 - Norway 97
 - Finland 55
 - Baltic countries 25
 - Russia 21
 - Central Europe (Czech Republic, Slovakia, Poland) 24
 - Franchise 29
- 13 new stores (net) since the beginning of 2012
 - Including 6 franchise stores
- Lindex.com online store operations in 28 countries: EU and Norway



E-commerce

- Launch in 2007
- 2011: 28 countries (EU + Norway)
- Multi-channel 24/7
- Deliveries, exchanges and returns in stores
- Revenue growth +140% since 2008

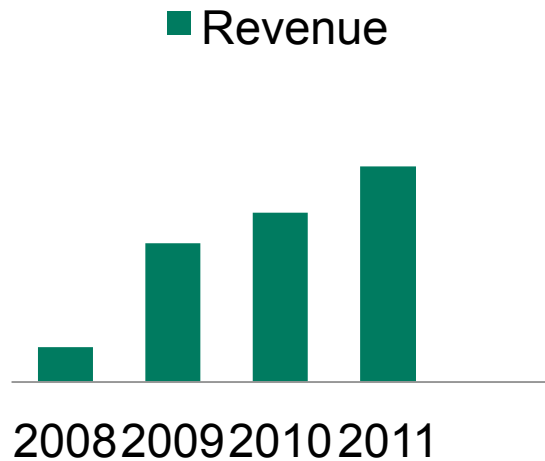


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Franchising

- Since 2008 franchise business in the Middle East
- Since 2010 in the Balkan (Bosnia Herzegovina)
- Since 2011 in Reykjavik, Iceland
- 29 franchising stores in total
- New markets Serbia and Croatia in September 2012
- Revenue growth +55% since 2009



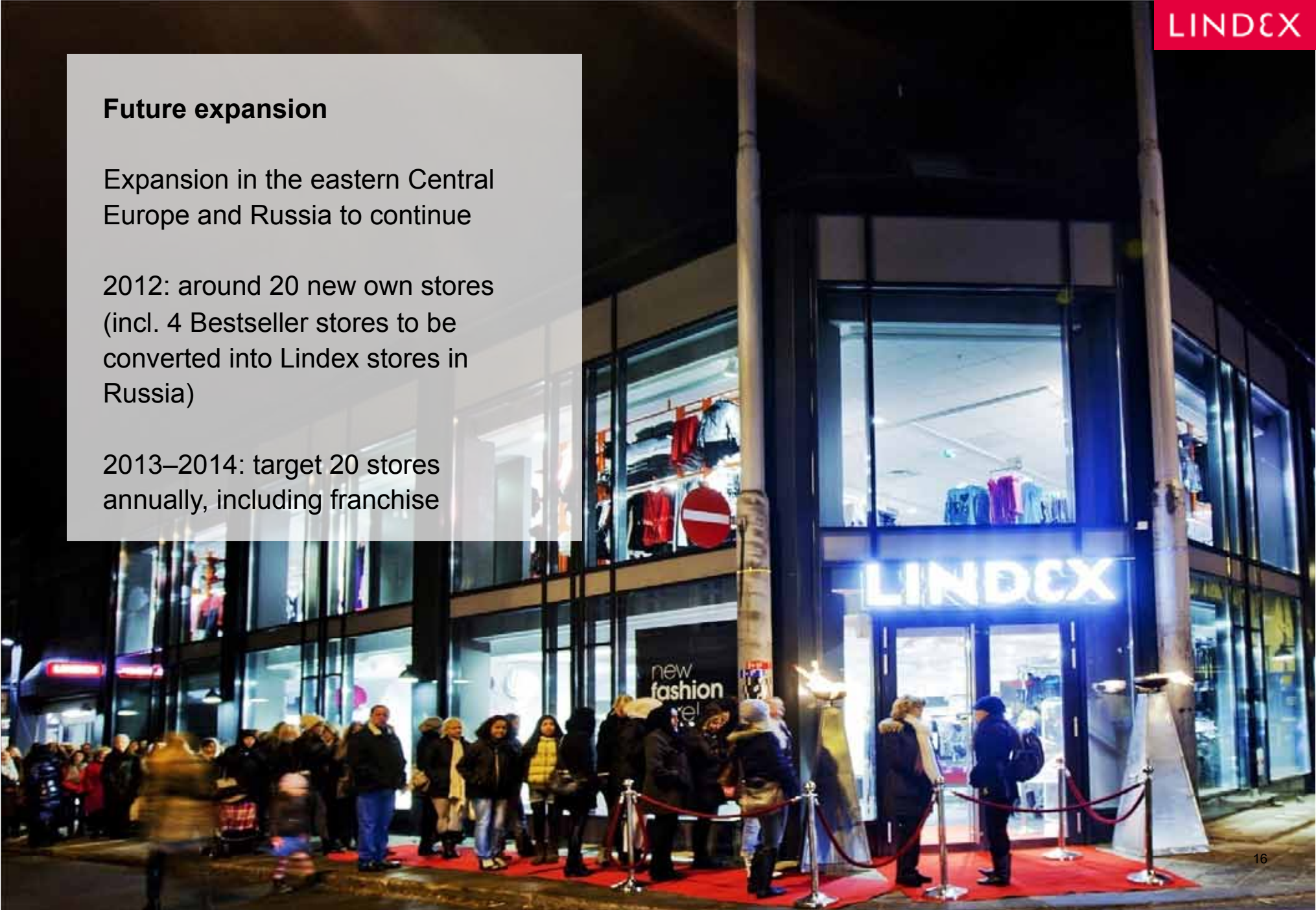
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Future expansion

Expansion in the eastern Central Europe and Russia to continue

2012: around 20 new own stores (incl. 4 Bestseller stores to be converted into Lindex stores in Russia)

2013–2014: target 20 stores annually, including franchise





Sustainability

- Lindex works today with tomorrow in mind: we are not only responsible for our products but through our long-term CSR work we also take responsibility for good working conditions, environmental sustainability, ethics, and human rights
- Code of Conduct and follow-up inspections of all Lindex suppliers
- Projects benefiting women and children
- One of the main sponsors of the Pink Ribbon campaign
- Education in CSR to all Lindex employees





2012 – where are we now

- Strong sales increase in all markets except from Sweden
- Increased market shares in all main markets in January-June
- Gross margin improved thanks to lower purchasing prices
 - 62.5% in January-June (61.8%)
- Increased operating profit
 - EUR 17.8 million in January-June (EUR 9.4 million)

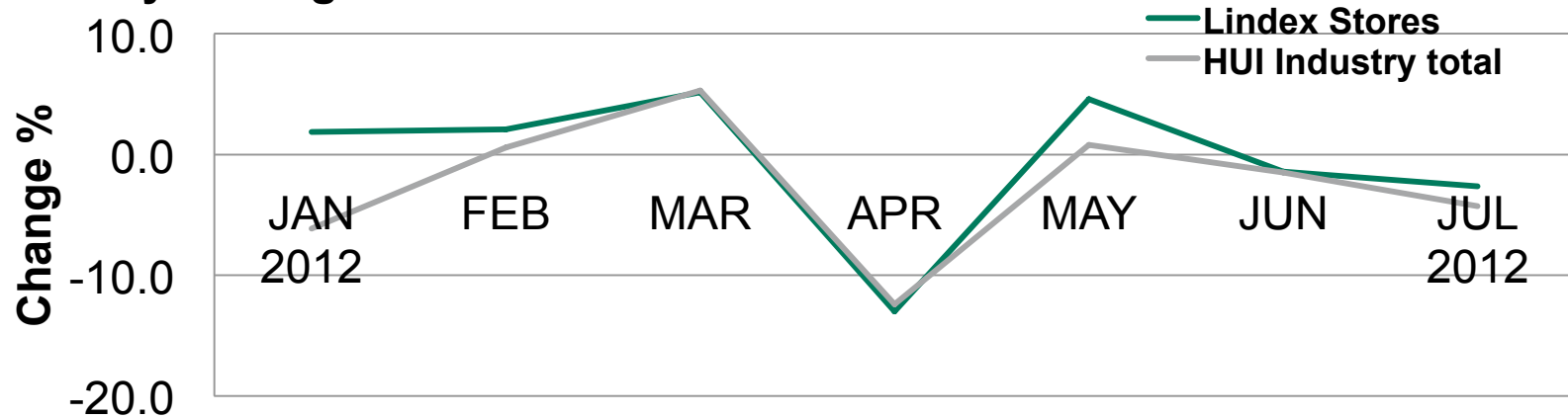


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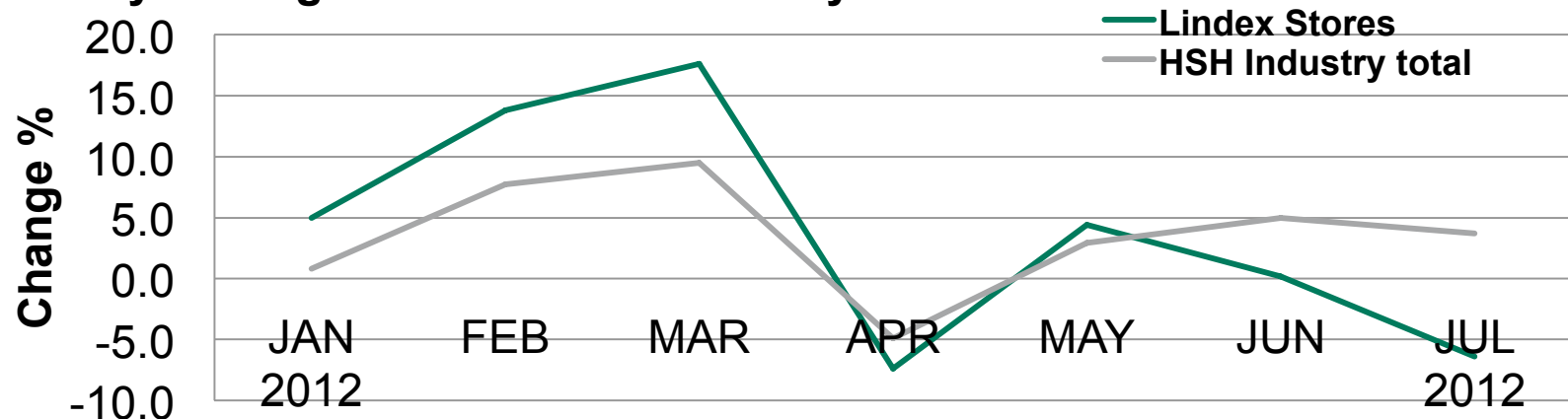


Market position in Sweden and Norway

Monthly sales growth in 2012 in Sweden



Monthly sales growth in 2012 in Norway



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Focus areas in 2012

To reach our Vision
“A World Class Fashion Experience”
the following focus areas are the joint
priorities during 2012

focus ON
2012

Deliver the Look

Service & Sales

Stock Turnover

New Markets

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Seppälä



Seppälä – fashion your own way

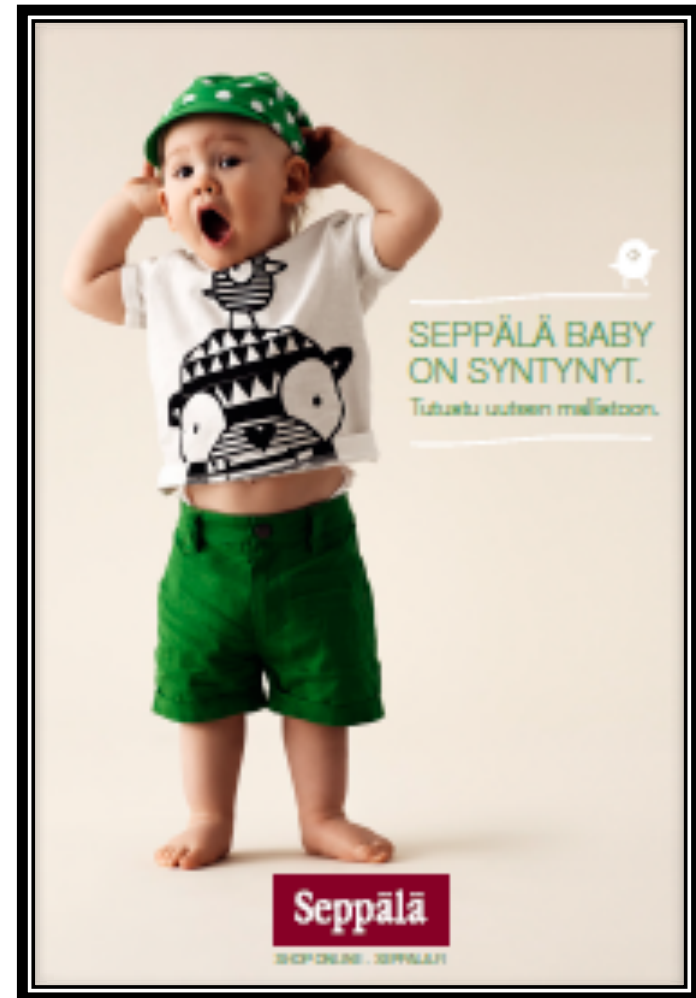
- Seppälä's mission is to inspire and encourage people to enjoy fashion according to their own style
- Seppälä has 223 stores in 6 countries and an online store in Finland
- Seppälä was founded in 1930 when the first store was opened in Kouvola, Finland
- Seppälä became a part of the Stockmann Group in 1988
- Employees: 1 500





Fashion offering

- Products include fashion for women, men, young people and children as well as accessories, footwear, bags, and cosmetics
- Baby collection was launched in April 2012
- Seppälä Collections are designed by 16 own designers, which makes up over 5 000 unique Seppälä products per year





Store network

- 223 stores on 10 September 2012:
 - Finland 137
 - Russia 44
 - Baltic countries 40
- 4 store openings and 11 closings since the beginning of 2012
- Closing of the operations in Ukraine by the end of 2012
- The new FCD structure enables Seppälä to enter new markets in a cost-efficient way





E-commerce and Seppälä Club

- Online store opened in Finland in November 2011
- First results are promising
- E-commerce has an important role in Seppälä's expansion strategy

- Seppälä Club operates in 5 countries
- 900 000 Seppälä Club members
- Strong focus on the loyal customer group





2012 – where are we now

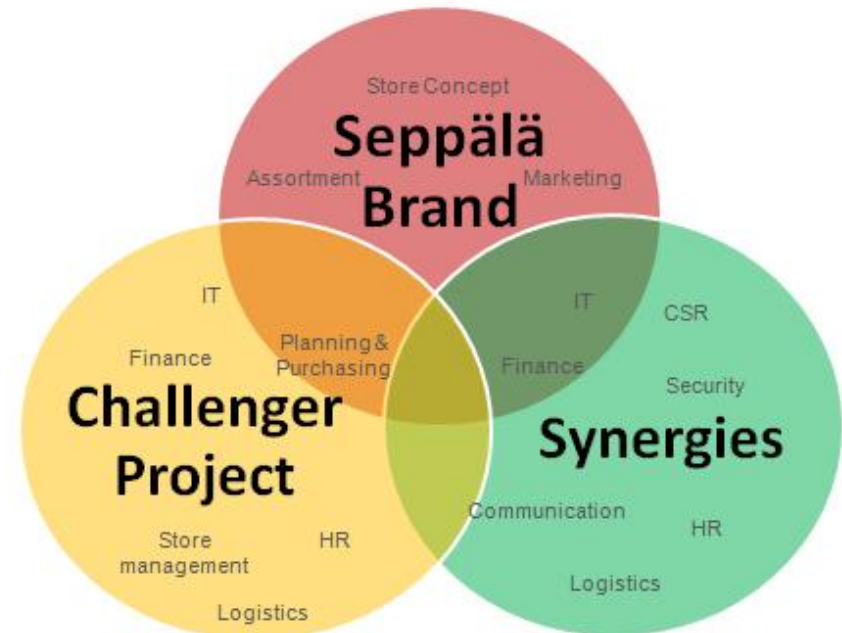
- Total revenue up in January-June, best development in the Baltic countries
- Market share increased in Finland from January until May
- Poor performance in Russia particularly in the summer
- Gross margin declined due to price-driven campaigns and markdowns
 - 56.5% in January-June (58.6%)
- Decline in operating profit
 - Operating profit EUR -3.3 million in January-June (EUR -2.3 million), including closing costs of Ukraine of EUR 0.5 million





Changes with the new Fashion Chain Division

- Seppälä Brand renewal
- New ERP and financial systems from Lindex into use
- Synergies – Sharing best practices: Shared resources will accelerate growth and enable more cost efficient operations within Communication, IT, Finance, CSR, HR, Security, and Logistics
- Current management team continues; CEO Nina Laine-Haaja reports to Director, Fashion Chain Division, Göran Bille

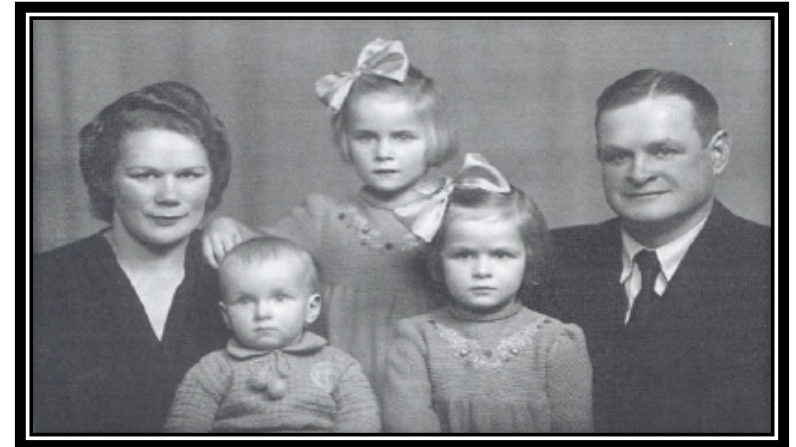




Seppälä Heritage

Where do we come from...

- First in the market to introduce international fashion and youth trends
- Strong ideology that fashion is for everyone and everyone can look good
- Attitude and courage
- Unique spirit





The Seppälä Brand

- **International focus**

Seppälä will develop a strong focus for being an international fashion chain, as the Fashion Chain Division opens many new possibilities for further expansion. This strategy will also help Seppälä to succeed in the current markets.

- **Brand identity**

Seppälä's brand identity will be evaluated and clarified to ensure success in the international strategy. The goal is to find unique brand values which will make Seppälä a strong player in the competition and an interesting brand in the customer's eyes.



The Seppälä Brand

- Major focus on:
 - **Assortment strategy**
The current wide product assortment will be narrowed to respond to the needs of the target group.
 - **New marketing concept**
Will strengthen the international strategy and brand identity.
 - **New store concept**
A new store concept development is in process. Store size and location strategy will be developed to support the expansion plan.



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Time frame

2012 Autumn

- Brand platform
- Target group definitions
- Assortment strategy
- Marketing communication strategy
- New store concept

2013 Spring

- First renewals in collections can be seen
- First step in the new marketing concept
- Location strategy

2013 Autumn

- Seppälä Woman + By Seppälä
- New marketing concept launch
- New store concept: Forum opening in Helsinki

2014–2015

- New store openings
- Entering new countries
- Web shop expansion

Leadership and People: Concentrating strongly on change management and engaging personnel with the new strategy.