

FINANCIAL STATEMENTS 2019

Lauri Ratia, Chairman of the Board

Jari Latvanen, CEO

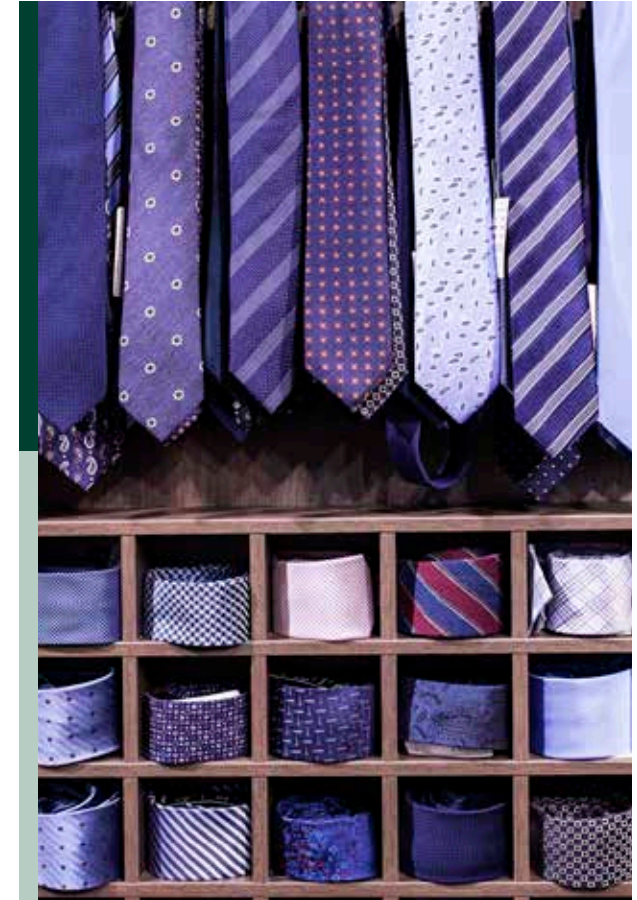
Pekka Vähähyppä, CFO

Stockmann Group | 13 February 2020



STRATEGIC TRANSFORMATION IN 2019

- The **rejuvenation programme** started in the spring and continued throughout the year
 - Cost savings and other measures started to be visible towards the end of 2019, and will be clearly evident in the 2020 results
 - Roughly one third of the savings target of was achieved during 2019
- **Renewed strategies** for both Stockmann and Lindex approved and are being implemented with a concrete investment plan
- New **management** in place since August
- Investigation for **strategic alternatives** for Lindex ownership is continuing
- **Long-term credit facilities renegotiated**
- **Successful consent solicitation** with hybrid bond holders completed
 - Three of the largest shareholders subscribed additional hybrid bond securities of EUR 21 million





STOCKMANN GROUP IN 2019

Group's gross margin

56.3%

(56.9)

Group's operating result,
EUR mill.

13.3

(-5.0)

- **Stockmann Group**

- Revenue EUR 960.4 million, down by 4.5% in comparable currency rates
- Adjusted operating profit EUR 29.0 million (28.4, or 10.4 excluding Nevsky Centre)
- Stockmann Retail and Real Estate divisions merged as of 1 July 2019
- Merchandize gross margin up to 54.1% from 53.6%

- **Lindex**

- Revenue EUR 575.8 million, down by 2.4%, growth in the online store 24.3%
- Gross margin improved, operating costs down by EUR 5.7 million
- Adjusted operating result improved by EUR 4.4 million

- **Stockmann**

- Revenue EUR 386.8 million, down mostly due to divestment of properties, online store stockmann.com grew
- Operating costs down by EUR 19.6 million
- Adjusted operating result below 2018, mostly due to divestment of Nevsky Centre



STOCKMANN

Jari Latvanen
CEO



STOCKMANN DIVISION IN 2019

- **Revenue** EUR 386.8 million (429.0)
 - Online sales increased by 10.8%
 - Divestment of Nevsky Centre had a negative impact on revenue
- **Operating result** EUR -20.4 million (-5.4 or -11.5 excluding Nevsky Centre)
 - Beginning of the year was weak, performance improved towards the end of the year
 - Adjusted operating result EUR -17.8 million (1.5 or -16.5 excluding Nevsky Centre)
- **Rejuvenation**
 - New strategy
 - Reduction in cost base
 - New online store platform project started – planned launch in summer 2020
 - Focus on working capital – clearly lower stock levels
- Launch of **Crazy Days online store in the Baltics** in October
- **New food court** in Tallinn Department store
- New **cultural identity**

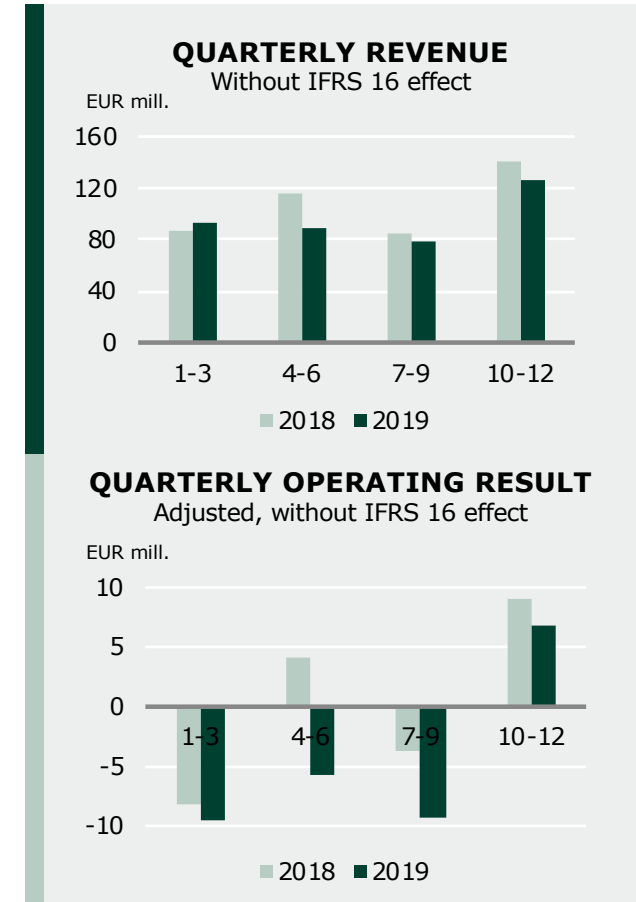




STOCKMANN DIVISION, PERFORMANCE IN Q4 2019

RESULT IMPROVED

- **Revenue** EUR 126.5 million (140.2)
 - Revenue declined due to the divestment of properties
 - Growth in the online store on a par with the previous year
- **Gross margin** 46.8% (45.8 excl. divested real estate business)
 - Focus on full price sales, less sales boosting's
 - Merchandise gross margin improved
- **Operating costs** down by EUR 9 million
 - Personnel and support function costs declined but rents were up
- **Operating result increased in Q4 and was EUR 8.2 million (7.8)**
 - Adjusted operating result EUR 6.8 million (9.1)
- Renewed **MyStockmann** loyal customer programme **launched** in October
 - Already approx. 200 000 downloads of the MyStockmann App
- Growth in **Crazy Days** campaign





NEW CULTURAL IDENTITY

OUR VISION:

**The marketplace
for a good life.**

OUR MISSION:

**We make a
new impression.
Every day.**

OUR BRAND PROMISE:

**A feeling
that lasts.**

OUR VALUES:



FOCUS ON CUSTOMER

I understand, inspire and solve.



ACT WITH COURAGE

I dare, renew and decide.



WE WORK TOGETHER

I care, participate and achieve.



OUR MISSION

We make
a new
impression.
Every day.





STOCKMANN'S STRATEGIC TRANSFORMATION CONTINUES

- New **customer and category oriented organisation** as of 1 February
- Several investments to **improve store experiences**
 - Full redesign of the Jumbo department store
 - The women's fashion, premium handbags area, watches & jewellery, accessories and cosmetics departments will be remodelled in 2020
 - MyStockmann Lounge to be opened in Helsinki flagship in April
- **Renewed offering** in fashion, beauty and home
 - Newness, premium, quality and sustainability
 - Pop up's
 - Over 50 new brands
- **Stockmann.com platform** to be renewed in the summer
- **MyStockmann** class leading loyalty system
 - Expanded to the Baltics in H2 2020
- **Marketing efforts** are targeted in a new focused way





RENEWAL OF THE HELSINKI FLAGSHIP



Trend area



Denim area

LINDEX

Lauri Ratia
Chairman of the Board



LINDEX IN 2019

- **Very strong full-year result and profitability**
 - Operating result amounted to EUR 32.1 million and increased by EUR 3.2 million
 - Adjusted operating result amounted to EUR 34.8 million and increased by EUR 4.4 million
 - Increased profitability in all markets, sales channels and business areas
 - Significantly improved gross margin, 62.7% (61.7)
 - Good cost efficiency
- **Sales** in local currencies is on par with previous year and comparable sales in local currencies increased by 1.2%
 - **Revenue** down by 2.4% to EUR 575.8 million (589.9)
 - Online sales increased by 24.3%
 - Strong sales development compared to the market, especially Sweden with +3.9% compared to the market (Svensk Handels stilindex)
- **Digital growth** both through own channels and in collaboration with partners
- **Profitable store network**
 - **464 stores** in 18 countries, of which 40 franchising, on 31 December 2019



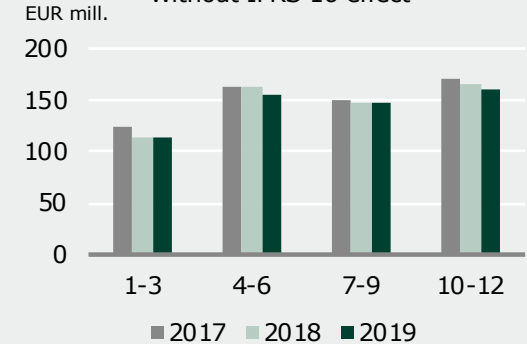


LINDEX, FINANCIAL PERFORMANCE IN Q4 2019

- **Strong quarterly result and profitability**
 - Operating result EUR 14.4 (14.8)
 - Adjusted operating result EUR 16.7 million (14.8)
 - Increased profitability in all markets, sales channels and business areas
 - Increased due to stronger gross margin and good cost control
- **Sales** in local currencies is on par with previous year and comparable sales in local currencies increased by 0,9 percent
 - Revenue down by 2.8% to EUR 159.7 million (164.3)
 - Online sales increased by 16.0%
- **Gross margin** increased to 64.4% (62.1)
- **Operating costs** increased by 1.6% due to non recurring items

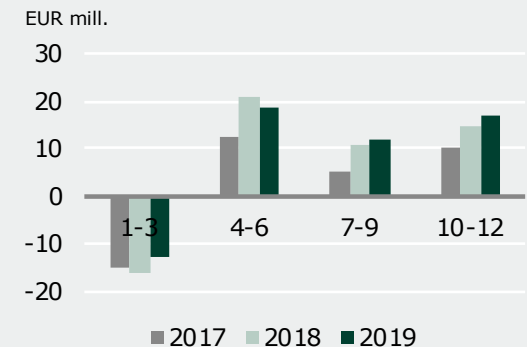
QUARTERLY REVENUE

Without IFRS 16 effect



QUARTERLY OPERATING RESULT

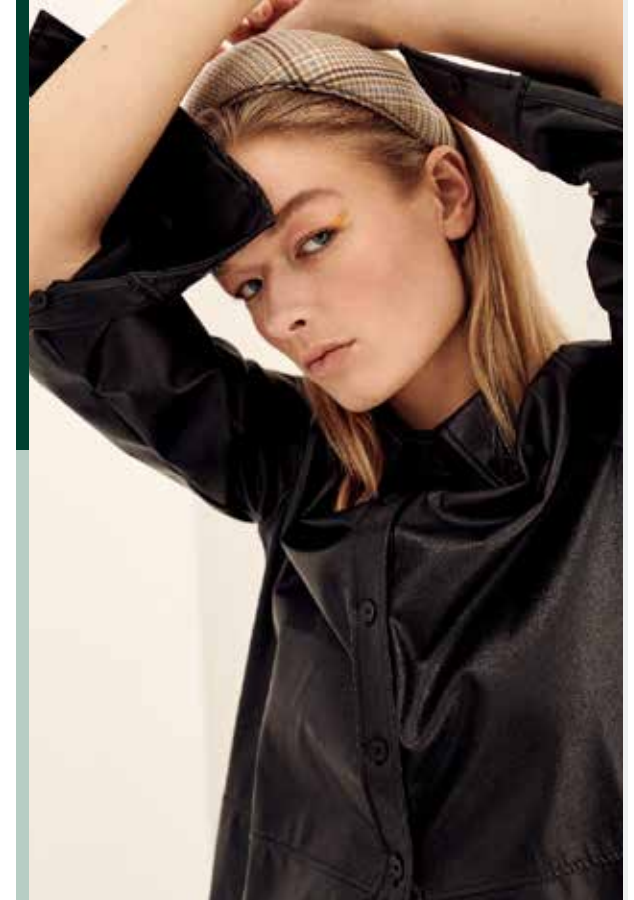
Adjusted, without IFRS 16 effect





LINDEX WAY FORWARD

- Focus on **grow current business**, driving **efficiencies** as well as exploring **new growth opportunities**
- Continue strengthening our **omnichannel** set up
- Optimise our **inspiring customer offer** based on **customer insights** and **needs**
- Launch **online sales in China**
- Continued **global** and **online expansion**
 - Signed contract with Zalando
- Launch of **Lindex Baby Home**
- Investor in **Closely**, a new Swedish underwear brand for women





SUCCESSFUL STORE OPENINGS



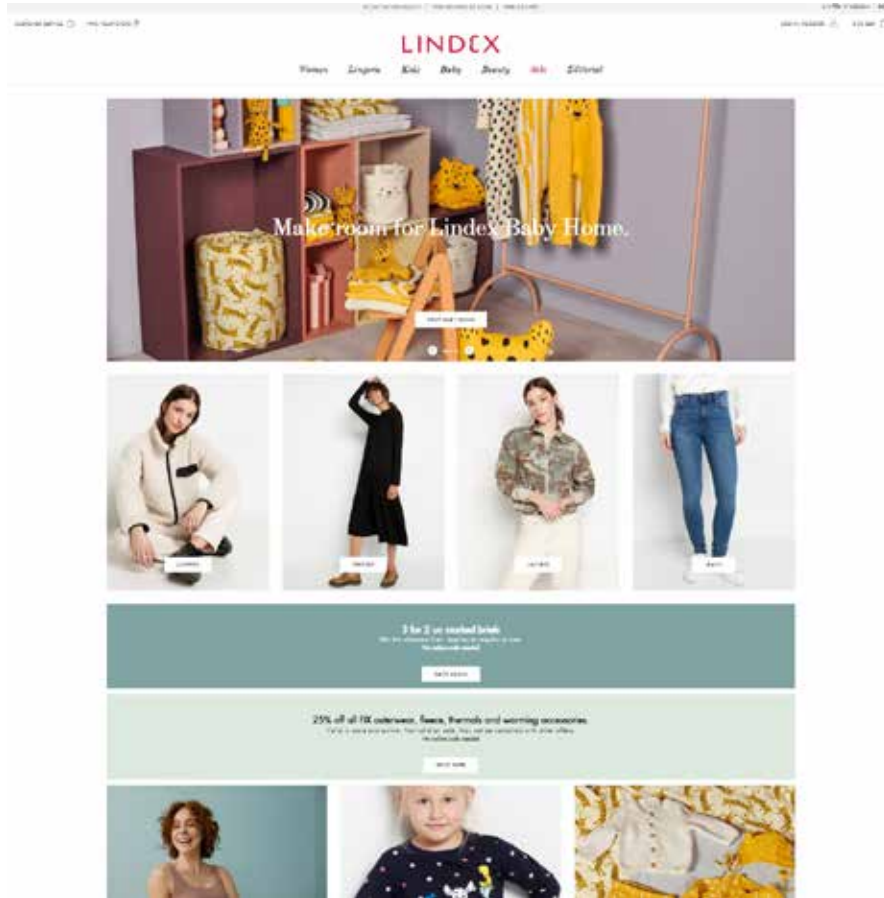


LINDEX CELEBRATED FOR HONEST UNDERWEAR CAMPAIGN





LINDEX BABY HOME



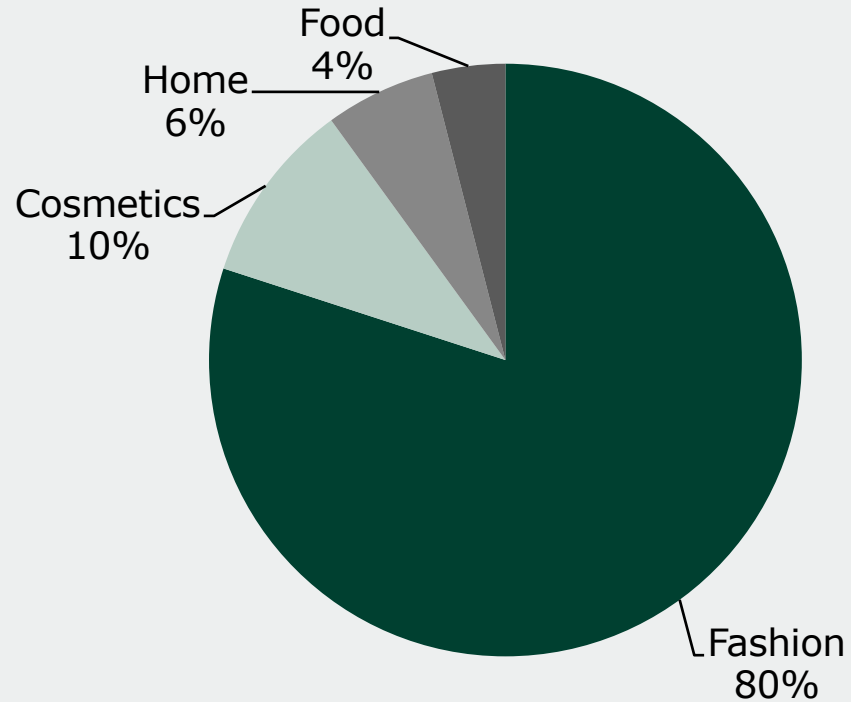
STOCKMANN GROUP

Pekka Vähähyppä
CFO

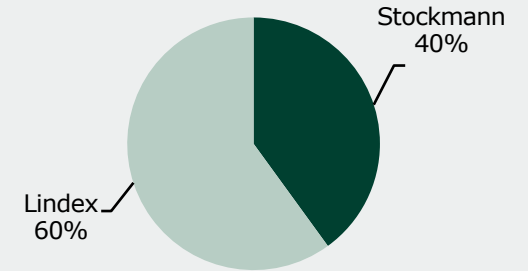


STOCKMANN GROUP, REVENUE IN 2019

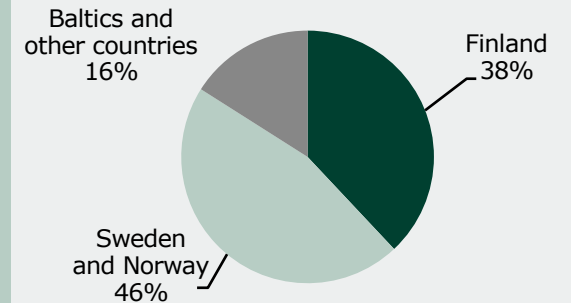
MERCHANDISE SALES 2019



REVENUE 2019 BY DIVISION



REVENUE 2019 BY MARKET

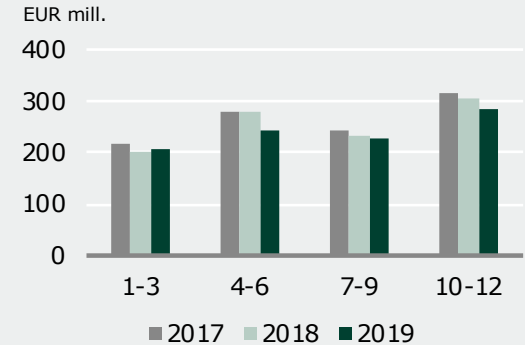




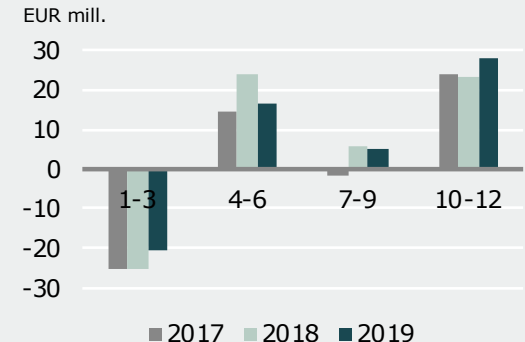
STOCKMANN GROUP, FINANCIAL PERFORMANCE IN Q4 2019

- **Revenue** EUR 285.7 million (304.5)
 - Down by 5.1% in comparable currency rates
- **Gross margin** 56.6% (55.6)
 - Merchandise gross margin up in both divisions
 - Total gross margin not comparable due to property divestments
- **Operating costs** down by EUR 28.6 million
 - Decrease mainly due to IFRS 16
 - Comparable costs down by EUR 7.8 million
- **Adjusted EBITDA** EUR 62.8 million (37.5)
- **Depreciation** EUR 34.8 million (13.9)
 - Increase due to IFRS 16
- **Operating result** EUR 22.4 million (-2.8)
- **Adjusted operating result** EUR 28.0 million (23.5 or 19.9 excluding Nevsky Centre)
 - IFRS 16 items EUR 4.2 million
- **Result for the quarter** EUR 1.9 million (-7.0)

QUARTERLY REVENUE

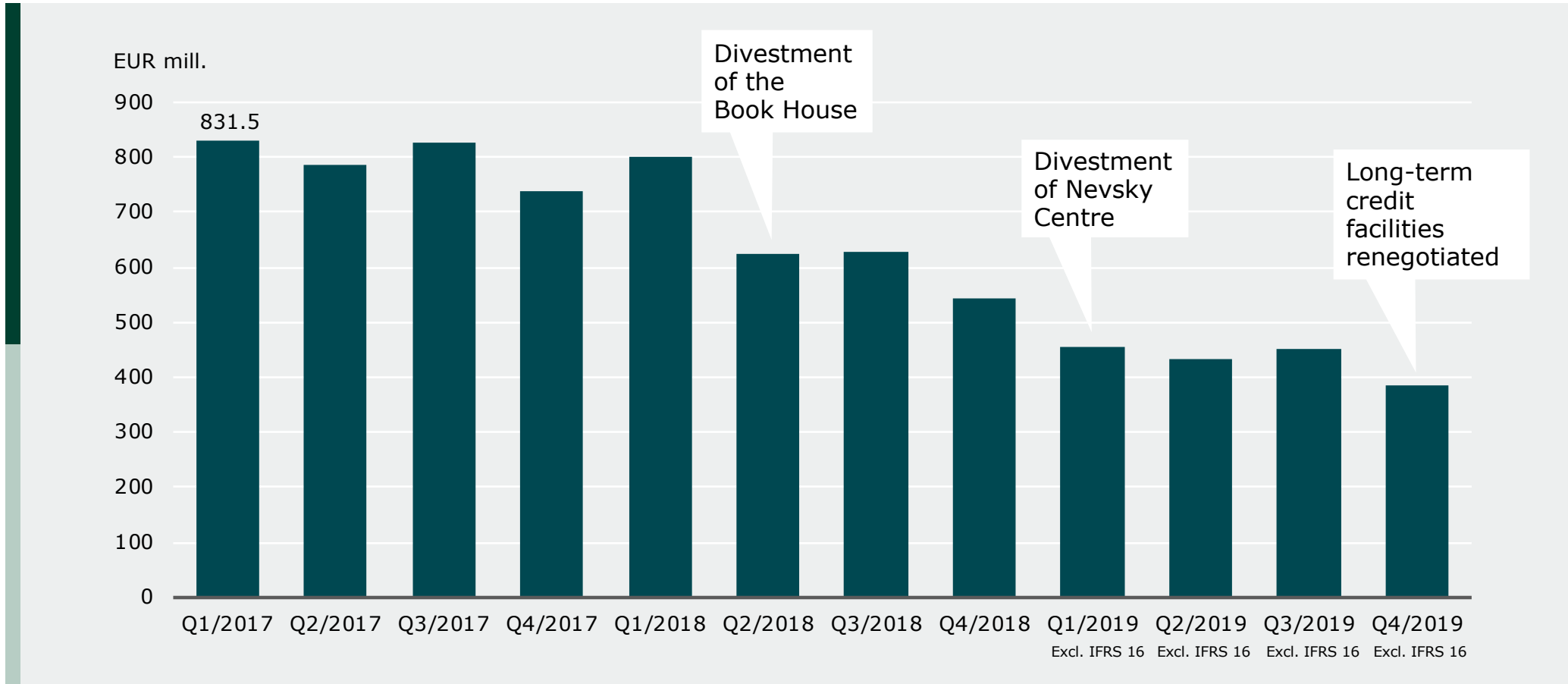


QUARTERLY OPERATING RESULT Adjusted



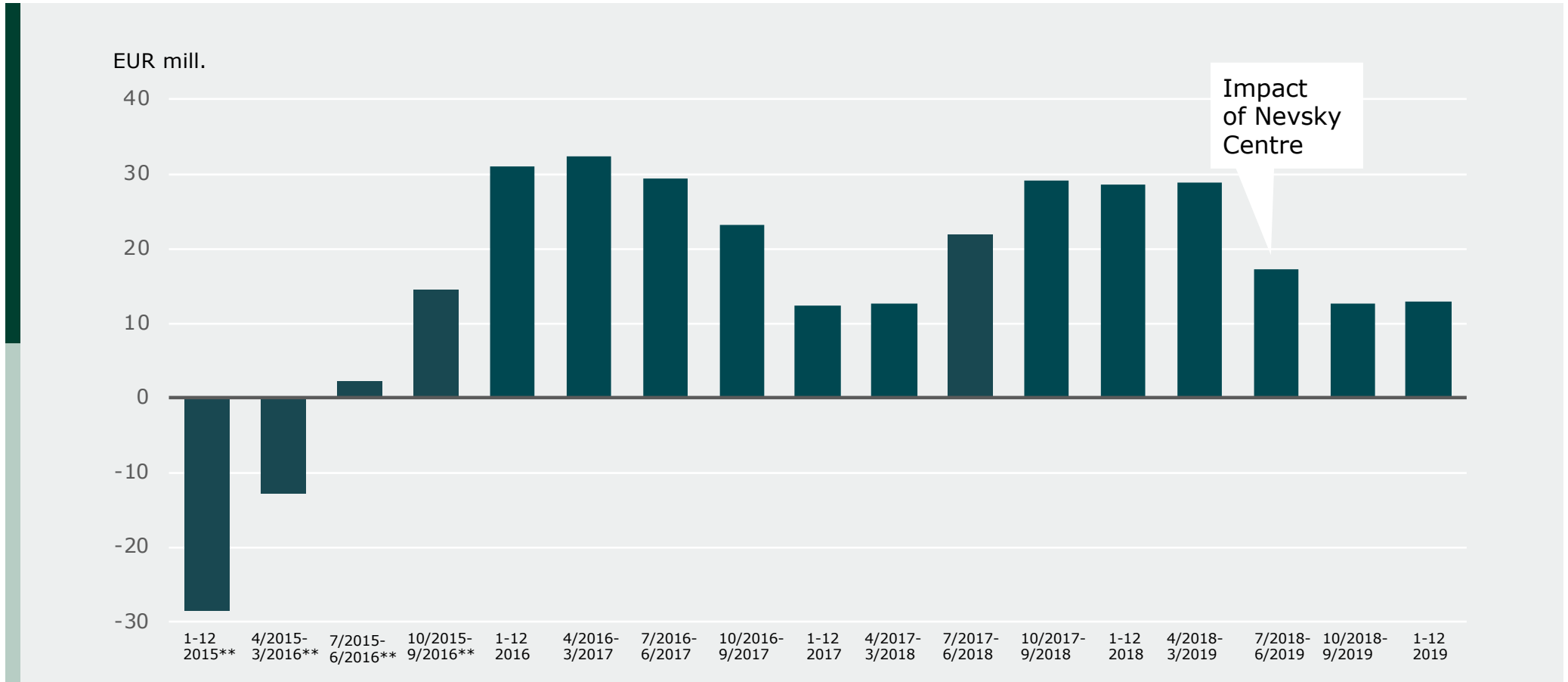


STOCKMANN GROUP, INTEREST-BEARING NET DEBT





GROUP'S ROLLING 12-MONTH COMPARABLE OPERATING PROFIT*





KEY FIGURES - 2019 IFRS 16, 2018 NOT RESTATED

		Q4/2019	Q4/2018	1-12/2019	1-12/2018
Equity ratio	%			38.1	46.2
- Excluding IFRS 16				51.2	
Net gearing	%			112.4	64.5
- Excluding IFRS 16				48.4	
Net financial items	EUR mill.	-12.3	-9.2	-52.7	-34.6
Result for the period*	EUR mill.	1.9	-7.0	-54.3	-43.7
Earnings per share*	EUR	-0.01	-0.12	-0.84	-0.68
Cash flow from operating activities	EUR mill.	69.9	82.1	102.3	82.9
Inventories	EUR mill.			145.8	141.9
Capital expenditure	EUR mill.	9.6	8.2	33.8	29.3
Depreciation, amortisation and impairment losses	EUR mill.	34.8	38.9	139.6	80.9
Balance sheet total	EUR mill.			2 103.2	1 827.9

* Continuing operations.

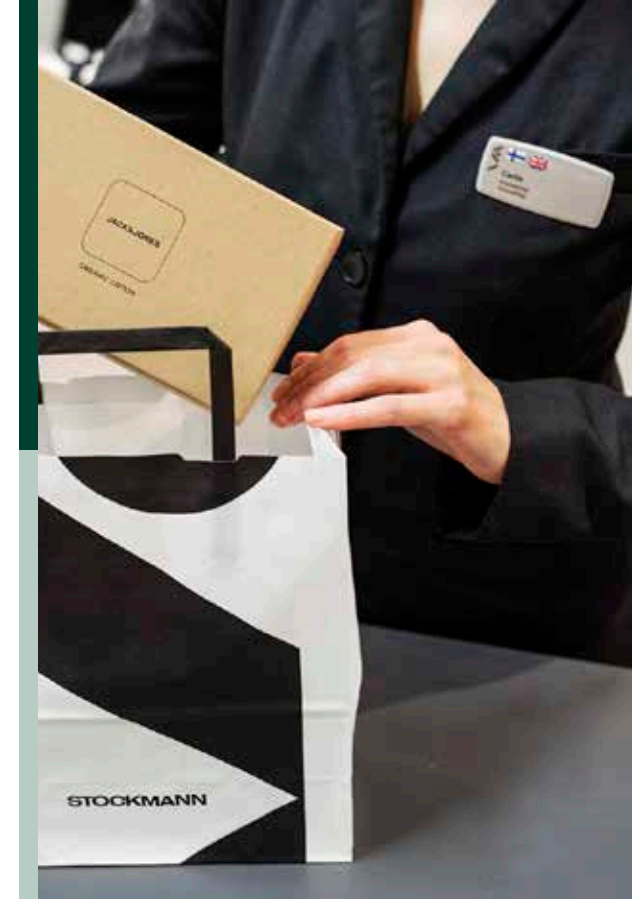


OUTLOOK AND GUIDANCE FOR 2020

- We expect that the uncertainties in the global economy will remain during 2020. In 2020, the GDP in Stockmann's main markets is expected to show moderate growth. We expect the retail market to remain challenging due changes in consumer behavior and increasing competition, and moderate consumer confidence indicator.
- The rejuvenation programme in Stockmann will continue throughout 2020. Lindex will continue to drive efficiencies and explore new growth opportunities.
- Capital investment projects will be reviewed and decided throughout the year, the total planned capital expenditure amounts to approximately EUR 45 million.

Guidance for 2020

- Stockmann expects the Group's operating profit to improve clearly in 2020 (2019: EUR 13.3 million)

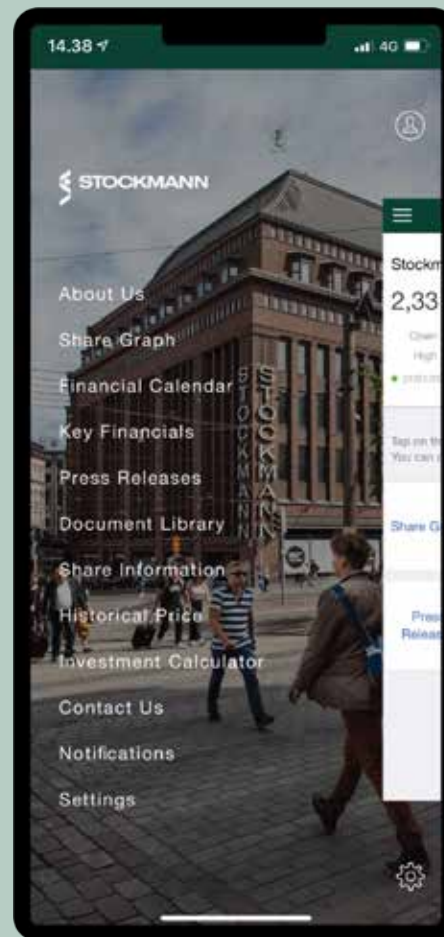


Q&A

Further information

stockmanngroup.com

investor.relations@stockmann.com



Stockmann Investor Relations app
available for Android and iOS