



STOCKMANN

HALF YEAR FINANCIAL REPORT 2020

Jari Latvanen, CEO

Stockmann Group | 24 July 2020



CORPORATE RESTRUCTURING PROCEEDS

- Stockmann plc decided to file for corporate restructuring proceedings on 6 April 2020
 - After the first week of March, the coronavirus (COVID-19) epidemic in Europe caused significant changes in Stockmann Group's operating environment
 - The strong sales growth in Stockmann's and Lindex' online stores could not compensate for the drastic decline in customer volumes in the current exceptional situation
 - As the company's business remains viable and can be restored to a sound basis, the Board of Directors of Stockmann decided, taking into consideration the company's financial structure, to file for restructuring proceedings for Stockmann plc
 - Lindex and Stockmann's department stores in Tallinn and Riga are not in scope of the restructuring proceedings
 - Stockmann plc's decision to file for restructuring was supported by debtors representing more than half of the debts
- The District Court of Helsinki ruled a temporary prohibition of collection for Stockmann plc on 6 April
 - Attorney Jyrki Tähtinen from Borenius Attorneys Ltd was appointed as administrator
- The District Court of Helsinki ruled to initiate proceedings on 8 April
- Creditors committee nominated on 21 April
- A proposal for the restructuring programme shall be drawn up before 11 December 2020



COVID-19 AFFECTED THE PERFORMANCE DRAMATICALLY IN H1

- Stockmann Group's strategy implementation developed as planned in the beginning of 2020.
- Group sales in January–February were on a healthy level, but after the first week of March, the coronavirus changed the situation. The decline in customer volumes and sales was massive, and Stockmann and Lindex launched immediately stringent cost-saving measures.
- The challenging situation has continued during the second quarter, but in June customers are gradually starting to find their way back to Stockmann's department stores and Lindex fashion stores.
- Stockmann's and Lindex's online stores are performing very well with improved sales growth, but they cannot compensate the massive sales decline in the brick and mortar stores.



STOCKMANN GROUP IN Q2 2020

Group's gross margin

54.1%

(58.6)

Group's operating result,
EUR mill.

-3.1

(10.2)

- **Stockmann Group**

- Revenue EUR 182.7 million, down by 23.2% in comparable currency rates
- Gross margin declined both in Lindex and Stockmann
- Adjusted operating result EUR -1.8 million (16.2)
- Coronavirus affected sales heavily, slowly recovering in June

- **Lindex**

- Revenue EUR 122.1 million, down by 20.7%, growth in the online store 102.1%
- Operating costs down by EUR 12.8 million
- Adjusted operating result declined by EUR 2.9 million

- **Stockmann**

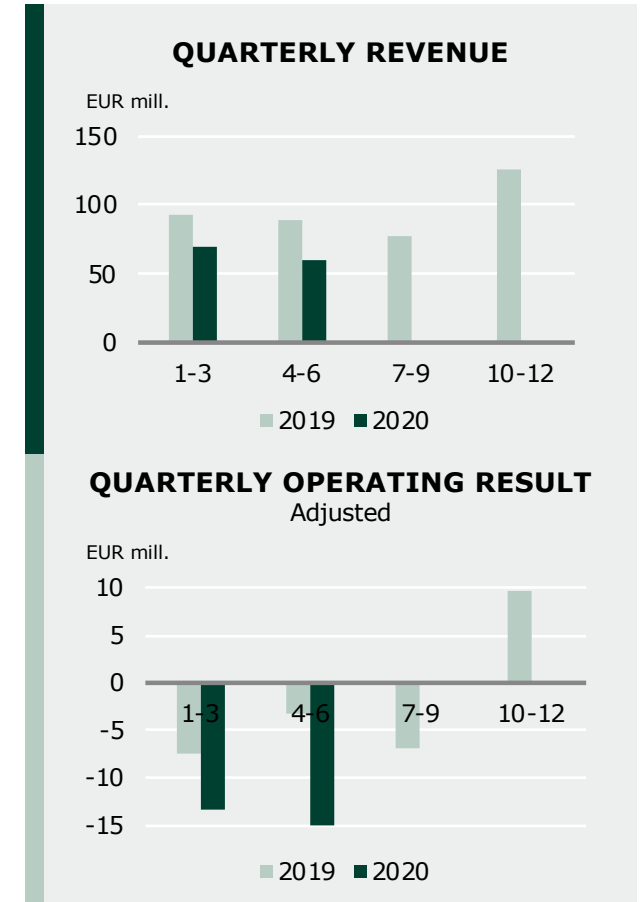
- Revenue EUR 60.6 million, down by 31.4%, growth in the online store 128.5%
- Operating costs down by EUR 10.2 million
- Adjusted operating result declined by EUR 14.6 million

STOCKMANN DIVISION



STOCKMANN DIVISION, PERFORMANCE IN Q2 2020

- **Revenue** EUR 60.6 million (88.3)
 - Revenue was down by 31.4%
 - Sales declined due to the coronavirus situation
 - Growth in the online store 128.5%
 - Share of online sales was 27.7% for the quarter (8.3)
- **Gross margin** 35.6% (48.8)
 - Gross margin declined mainly due to the coronavirus situation, which affected the rental income from tenants
- **Operating costs** down by EUR 10.2 million
 - Decline in personnel and support function costs
- **Operating result** EUR -17.8 million (-6.4)
 - Adjusted operating result EUR -17.8 million (-3.2)





STOCKMANN DIVISION, HIGHLIGHTS IN Q2 2020

- **Revenue development** better than expected
- **Good development** in the **online store**: growth 128.5%
 - In May, the online sales already achieved the 2019 full-year level
- Good results from the **cost savings measures**
- **Cash reserves strengthened clearly**
- The amount of **capital tied up in stock** is significantly lower than a year ago
- **Improved customer streams** from June onwards
- We launched around **50 new brands** under the first half of the year
- **Employee satisfaction** improving





STOCKMANN DIVISION WAY FORWARD

- We will continue to build Stockmann as a source of inspiration for urban life within fashion, home and beauty
- Restructuring program proceeds aiming to finalise rental negotiations with improved terms during Q3. The restructuring program will be filed by 11 December 2020
- We will continue adapting our cost structure in views of the situation in our operating environment
- We will keep investing in the inspirational shopping experience both on brick and mortar and digital channels
 - New webstore launch in Q4
 - Helsinki flag ship and Jumbo department store renovations
 - Development of our loyal customer program
- We are ready to launch the autumn fashion and new collections
- We will continue improving our services together with our customers



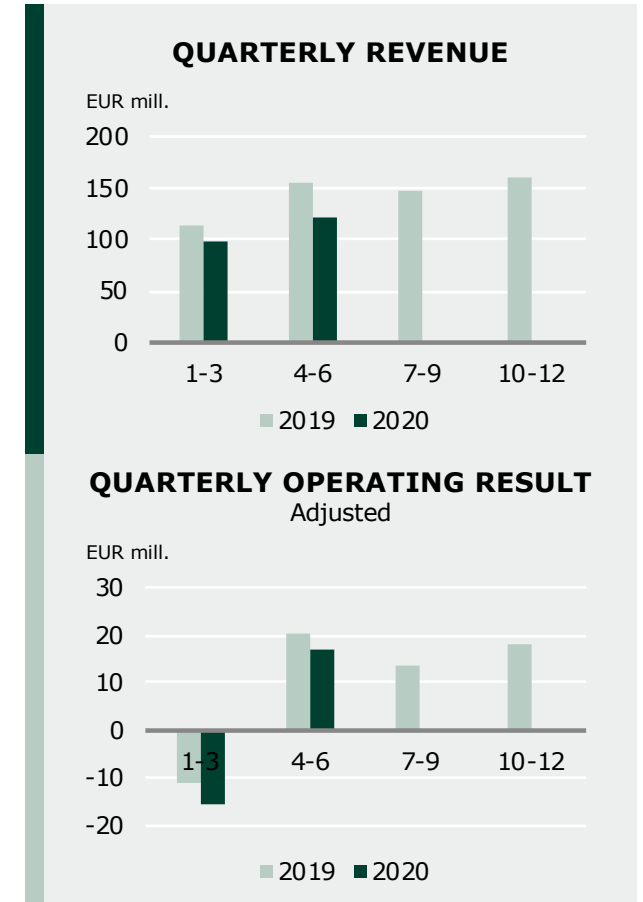
LINDEX

Susanne Ehnbage
Lindex CEO



LINDEX, FINANCIAL PERFORMANCE IN Q2 2020

- **Revenue** EUR 122.1 million (154.0)
 - Revenue down by 20.7% or down by 18.4% in comparable currency rates
 - Growth in online sales was 102.1%
 - Share of online sales was 16.2% for the quarter (6.6)
 - Sales declined in April–May by 27.8% in comparable currency rates
 - In June, sales declined by 0.1%
- **Gross margin** decreased to 63.3% (64.3)
- **Operating costs** decreased by EUR 12.8 million mainly thanks to strong cost saving actions related to the corona virus situation
- **Operating result** EUR 17.2 million (20.1)
 - Significant effects from Corona in sales, partly compensated by cost saving actions





LINDEX, HIGHLIGHTS IN Q2 2020

- **Quick actions** to support the strong **growing online sales** and changed customer behaviour
 - Doubled and even tripled sales for almost all lindex.com markets
 - Continued growth with our third party partnerships - Launch on Zalando in June
- Closed **physical stores** for the majority of our markets but a more **stabilised situation** in the end of May and June **due to re-opening**
 - 366 of 460 stores open in the beginning of the quarter and 459 stores re-opened by end of June
- Implemented fast and **effective cost saving actions** throughout the quarter to meet the corona effects
- **Well balanced stock** despite the decrease in sales
- Tests of different ideas, solutions and **sales opportunities**
 - Good deal store and outlet store
 - Inspiring online live shopping
- Publish of Lindex **sustainability report** for 2019, describing our goals, progress and challenges
- **Design collaboration** with the Swedish designer **Joy Zandén**
- **460 stores** in 18 countries, of which 38 franchising, 30 June 2020





LINDEX WAY FORWARD

- Reviewed and re-prioritised our **strategic investments** with continuing focus on the **digital development**
- Continue strengthening our **e-commerce** and **omnichannel** setup
- Optimising our inspiring and **more sustainable offer** with the **customer's needs in focus**
 - Growing our online editions
 - Launch of Better denim collection
- Securing a **profitable store portfolio** incl. rental negotiation, store location and opening hours
- Pre launch for **Closely** - engaging customers and recruiting test pilots
- Focusing on continued development and actions enabling a strong performance and **resilient Lindex** moving **forward**



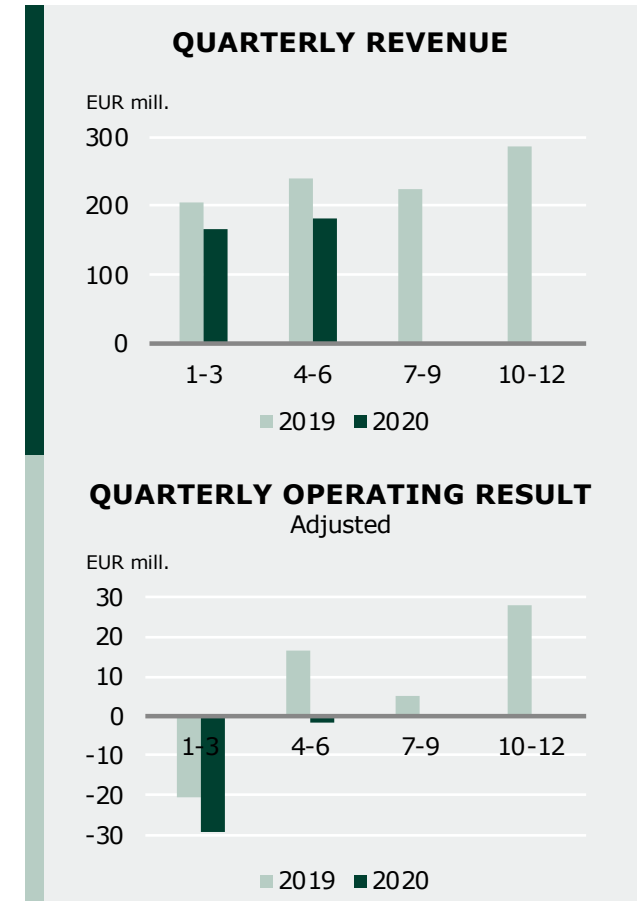
STOCKMANN GROUP

Pekka Vähähyppä
CFO



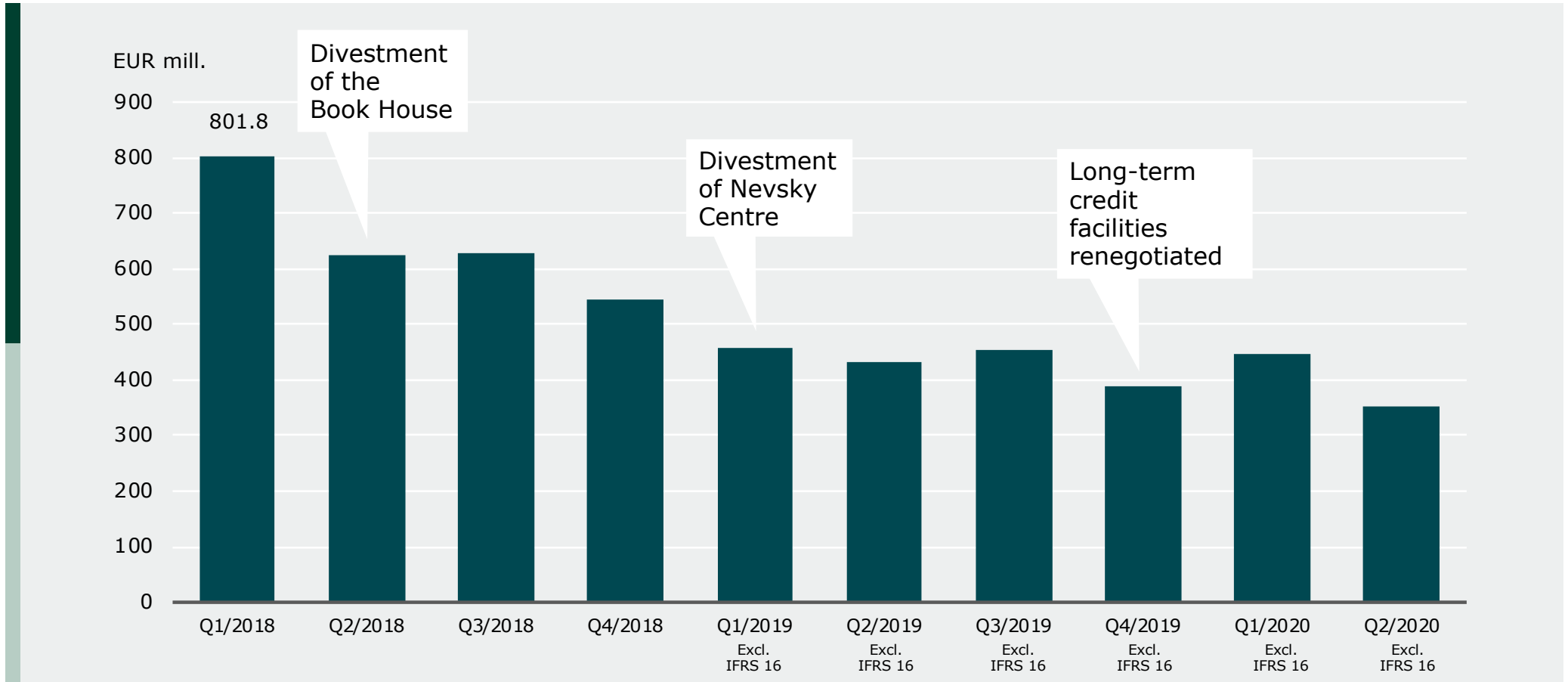
STOCKMANN GROUP, FINANCIAL PERFORMANCE IN Q2 2020

- **Revenue** EUR 182.7 million (242.3)
 - Down by 23.2% in comparable currency rates
- **Gross margin** 54.1% (58.6)
 - Gross margin declined both in Lindex and Stockmann
- **Operating costs** down by EUR 29.9 million
- **Depreciation** EUR 35.4 million (35.3)
- **Operating result** EUR -3.1 million (10.2)
- **Adjusted operating result** EUR -1.8 million (16.2)
- **Result for the quarter** EUR -15.0 million (-5.5)
- **Cash and cash equivalents** totalled EUR 125.5 million (15.7)
 - Increase partly due to the corporate restructuring of the parent company





STOCKMANN GROUP, INTEREST-BEARING NET DEBT





KEY FIGURES

		4-6/2020	4-6/2019	1-6/2020	1-6/2019	1-12/2019
Equity ratio	%			35.5	37.2	38.1
- Excluding IFRS 16				46.5	50.3	51.2
Net gearing	%			109.9	121.7	112.4
- Excluding IFRS 16				47.0	54.6	48.4
Net financial items	EUR mill.	-8.2	-13.6	-19.5	-27.3	-52.7
Result for the period	EUR mill.	-15.0	-5.5	-52.4	-37.9	-54.3
Earnings per share	EUR	-0.24	-0.10	-0.79	-0.56	-0.84
Cash flow from operating activities	EUR mill.	108.3	48.0	85.9	27.9	102.3
Cash and cash equivalents	EUR mill.			125.5	15.7	24.9
Inventories	EUR mill.			134.8	149.3	145.8
Capital expenditure	EUR mill.	4.0	9.3	10.3	15.8	33.8
Depreciation, amortisation and impairment losses	EUR mill.	35.4	35.3	71.8	70.7	139.6
Balance sheet total	EUR mill.			2 118.0	2 121.8	2 103.2



OUTLOOK AND GUIDANCE FOR 2020

- **Outlook for 2020:** Outbreak of the global coronavirus has caused significant changes in the operating environment of the Stockmann Group, with extreme decline in customer volumes and cash flow. The uncertainties in the global economy are expected to remain in 2020 and the coronavirus situation will have significant impacts on the world economy. The retail market is expected to remain challenging due changes in consumer behavior and confidence, which also are affected by the coronavirus situation.
- **On 18 March 2020 Stockmann revised its guidance:** Due to the rapid changes in the business environment, Stockmann's previous outlook, published on 13 February 2020, is not valid anymore. Stockmann will provide a new guidance when the visibility in our markets is clearer.
- Stockmann is working on drawing up a proposal for the restructuring programme, which according to the decision of the District Court, must be drawn up before 11 December 2020.



Q&A

Further information
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