

The logo graphic on the left side of the slide consists of a white circle positioned within a white triangle that points upwards. This triangle is part of a larger white shape that resembles a stylized letter 'S' or a series of connected geometric forms, all set against a dark green background.

**STOCKMANN**

# INTERIM MANAGEMENT STATEMENT Q1 2020

Jari Latvanen, CEO

Stockmann Group | 30 April 2020



# COVID-19 AFFECTED THE PERFORMANCE DRAMATICALLY

- Stockmann Group's strategic measures developed as planned in the beginning of 2020. Group sales in January–February were on a healthy level with a 3.5% growth.
- After the first week of March, the coronavirus situation changed everything, the decline in customer volumes and sales was massive. Sales declined by 49.1% in March.
- The timing of the coronavirus was extremely unfortunate for Stockmann's very important Crazy Days campaign, and the campaign was forced to be held only online
  - Despite a strong 82 % online growth, the sales could not compensate the drastic decline in the department stores
- In March, Stockmann launched cost-saving measures and initiated codetermination negotiations
  - In Finland, the department store operations adjusted personnel resources with temporary layoffs
  - Lindex initiated measures to cut costs and to adjust its personnel resources in different operating countries



# CORPORATE RESTRUCTURING PROCEEDINGS

- 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 must be drawn up before 11 December 2020



# STOCKMANN GROUP IN Q1 2020

**Group's gross margin**

**54.2%**

(53.2)

**Group's operating result,  
EUR mill.**

**-30.5**

(-21.4)

- **Stockmann Group**

- Revenue EUR 168.4 million, down by 17.6% in comparable currency rates
- Adjusted operating result EUR -29.4 million (-20.6, or -21.8 excluding Nevsky Centre)
- Good development in January–February, coronavirus affected sales heavily in March

- **Lindex**

- Revenue EUR 99.4 million, down by 13.2%, growth in the online store 36.6%
- Gross margin improved, operating costs down by EUR 2.7 million
- Adjusted operating result declined by EUR 4.2 million

- **Stockmann**

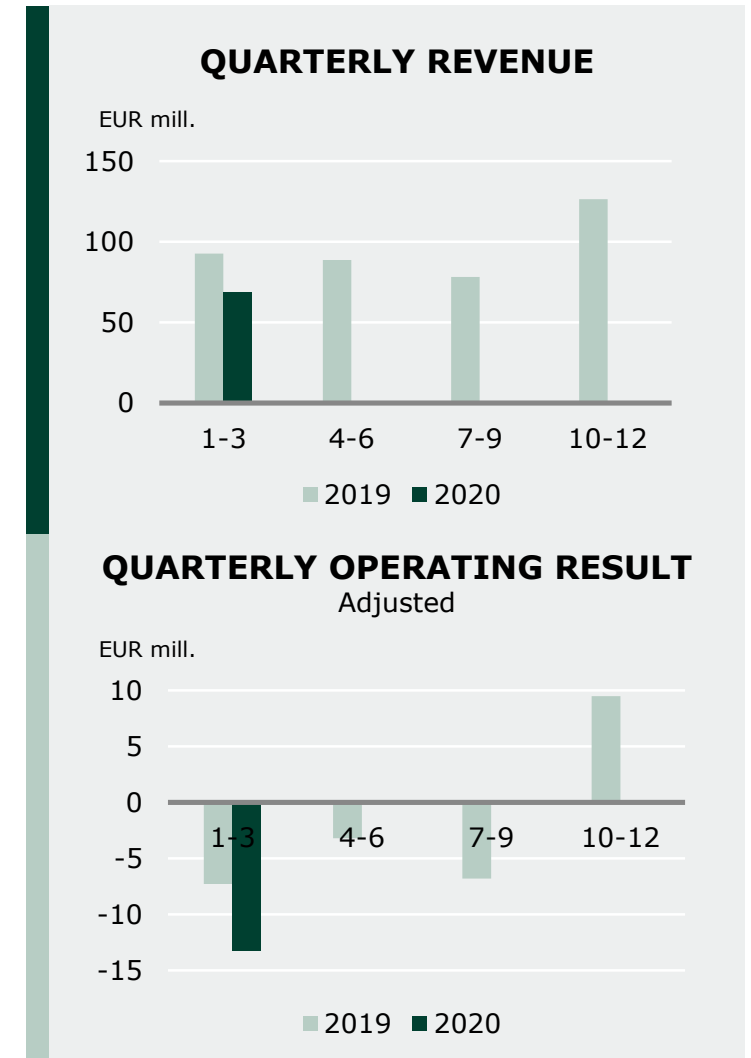
- Revenue EUR 68.9 million, down by 25.7%, growth in the online store 73.5%
- Crazy Days online store growth 82%
- Operating costs down by EUR 8.2 million
- Adjusted operating result declined by EUR 6.0 million

# STOCKMANN DIVISION



# STOCKMANN DIVISION, PERFORMANCE IN Q1 2020

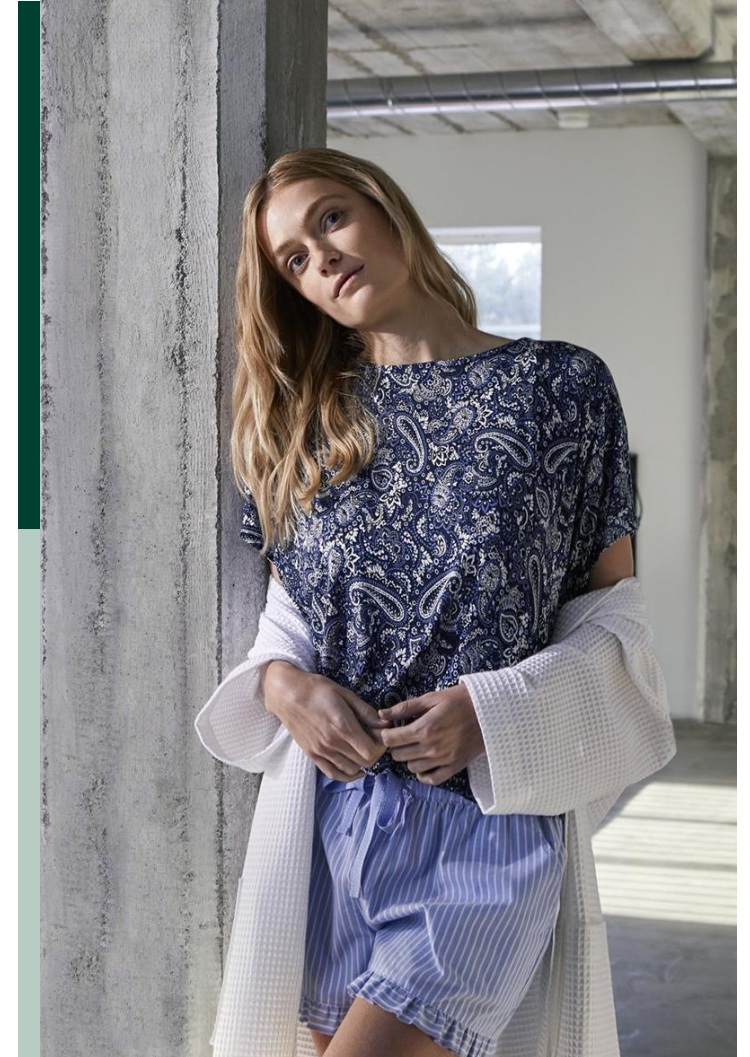
- **Revenue** EUR 68.9 million (92.7)
  - Revenue was down by 25.7%
  - Sales in January–February on the previous year’s level
  - Sales declined by 55.3% in March due to the coronavirus situation
  - Growth in the online store 73.5%
  - Share of online sales was 12.4% for the quarter (5.3)
- **Gross margin** 43.9% (46.0)
  - Gross margin declined mainly due to the coronavirus situation, which affected the rental income from tenants
- **Operating costs** down by EUR 8.2 million
  - Decline in personnel and support function costs
- **Operating result** EUR -13.3 million (-8.1)
  - Adjusted operating result EUR -13.3 million (-7.3)





# STOCKMANN DIVISION, CORONA IMPACT AND ACTIONS

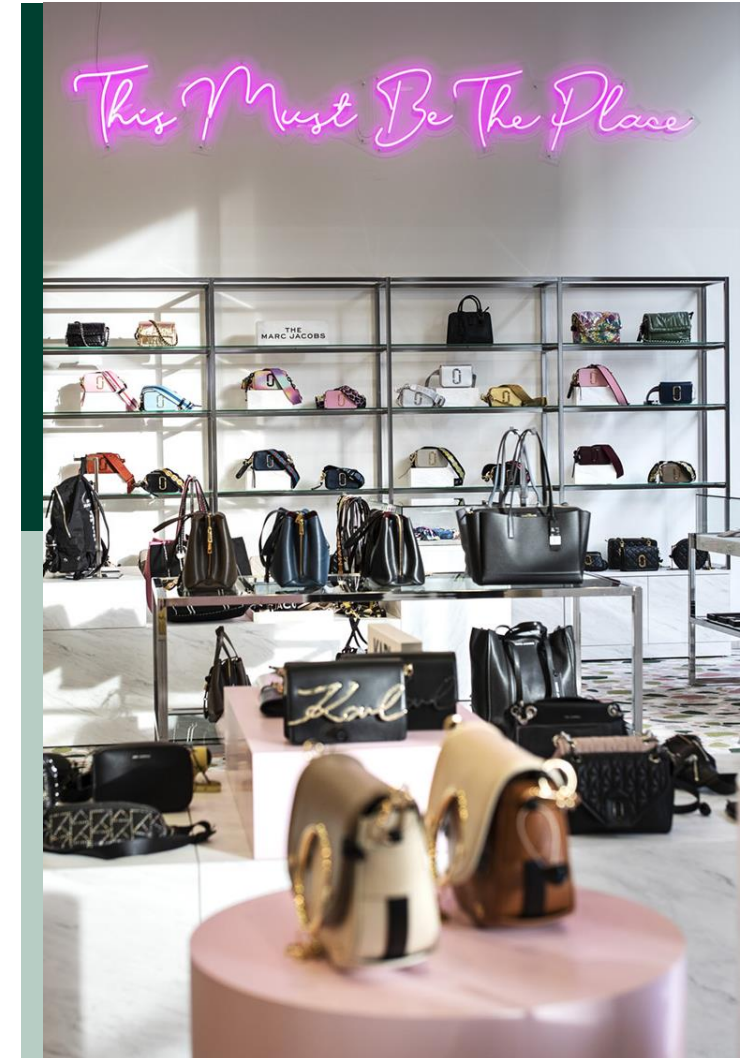
- Operations adapted to the current epidemic, for example Crazy Days executed as an online campaign only to ensure safety, no make up services and increased attention and measures to improve hygiene in department stores
- Broader offering in web store to cope lack of customers in department stores due to government restrictions
- Restaurants and cafés were closed in the department stores
- Codetermination negotiations initiated in March on temporary layoffs of employees





# STOCKMANN DIVISION, HIGHLIGHTS IN Q1 2020

- New **Atelier area with Finnish design** opened in the Helsinki department store in January
- In February, a versatile selection of accessories were added to **Construe**, Stockmanns brand for men
- **A premium area for designer bags** was opened in the Helsinki department store in the end of February with several top brands, e.g. Marc Jacobs, Kenzo, Karl Lagerfeld, MCM, Burberry, See By Chloe, Marni, A.P.C. and Zadig&Voltaire
- In March, Stockmann opened two new services for its customers, **Sales services** and **Gift services**. The customer can order products by phone and get them delivered home or to a recipient the same day







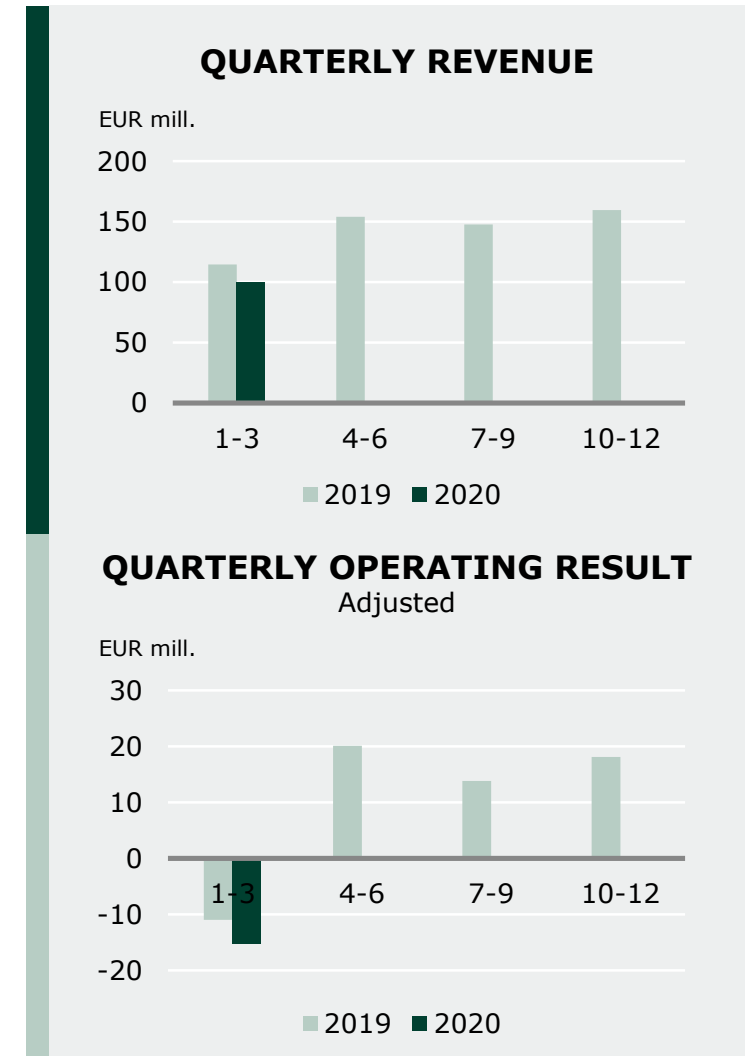
# LINDEX

Susanne Ehnbage  
Lindex CEO



# LINDEX, FINANCIAL PERFORMANCE IN Q1 2020

- **Revenue** EUR 99.4 million (114.5)
  - Revenue down by 13.2% or down by 10.8% in comparable currency rates
  - Growth in the online store was 36.6%
  - Share of online sales was 9.2% for the quarter (5.8)
- **Gross margin** increased to 61.4% (59.2)
- **Operating costs** decreased by EUR 2.7 million thanks to cost saving actions made in the second half of March
- **Adjusted operating result** EUR -15.2 million (-11.0)
  - Significant effects from Corona in sales from second week of March
  - Strong start of the quarter until the Corona effects. January and February showed an increased result





# LINDEX, CORONA IMPACT AND ACTIONS

- **Monthly sales in Q1**
  - Sales growth in January–February was 5.7%
  - In March, sales declined by 43.6%
- **Online sales development in March**
  - March 1–12 increased by 32%
  - March 13–31 increased by 156%
- **Acted fast and implemented a major programme of actions**
  - Implemented different actions to support the increase in customer shopping online and growing sales
  - Adapted our order situation
  - Started immediate cost savings programs, reprioritised and postponed costs and investments
  - Started immediate rental negotiations with landlords
  - Renegotiated supplier agreements
  - Made immediate personnel reductions and short term lay-offs in all markers according to the local labour laws
  - Acted according to our country specific programs of government and authorities support
- **Our strategic investments in the digital development continues**



# LINDEX, HIGHLIGHTS IN Q1 2020

- **Strong digital focus** throughout the quarter
- Celebrated for **honest underwear campaign**
- Successful launch of **Lindex Baby Home**
- Continued **global and digital growth**
  - Partner up with Zalando
  - Expanded to China – launched baby assortment on Tmall
- Awarded global prize for “**Best Emerging Franchise 2020**”
- **460 stores** in 18 countries, of which 39 franchising, 31 March 2020



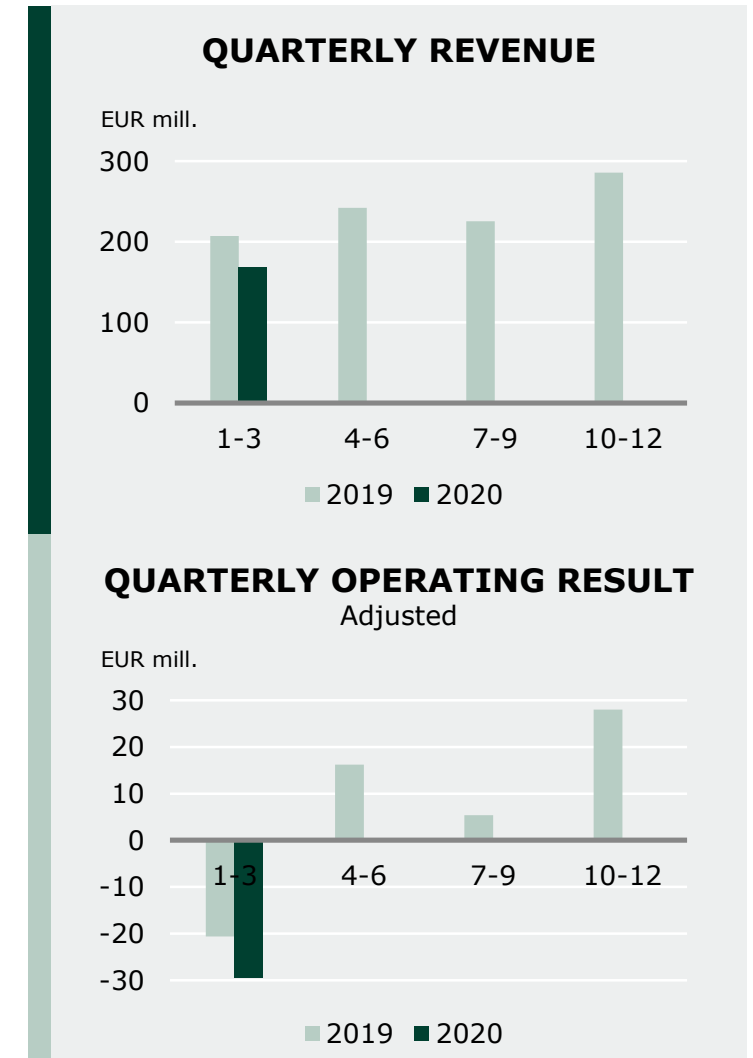
# STOCKMANN GROUP

Pekka Vähähyppä  
CFO



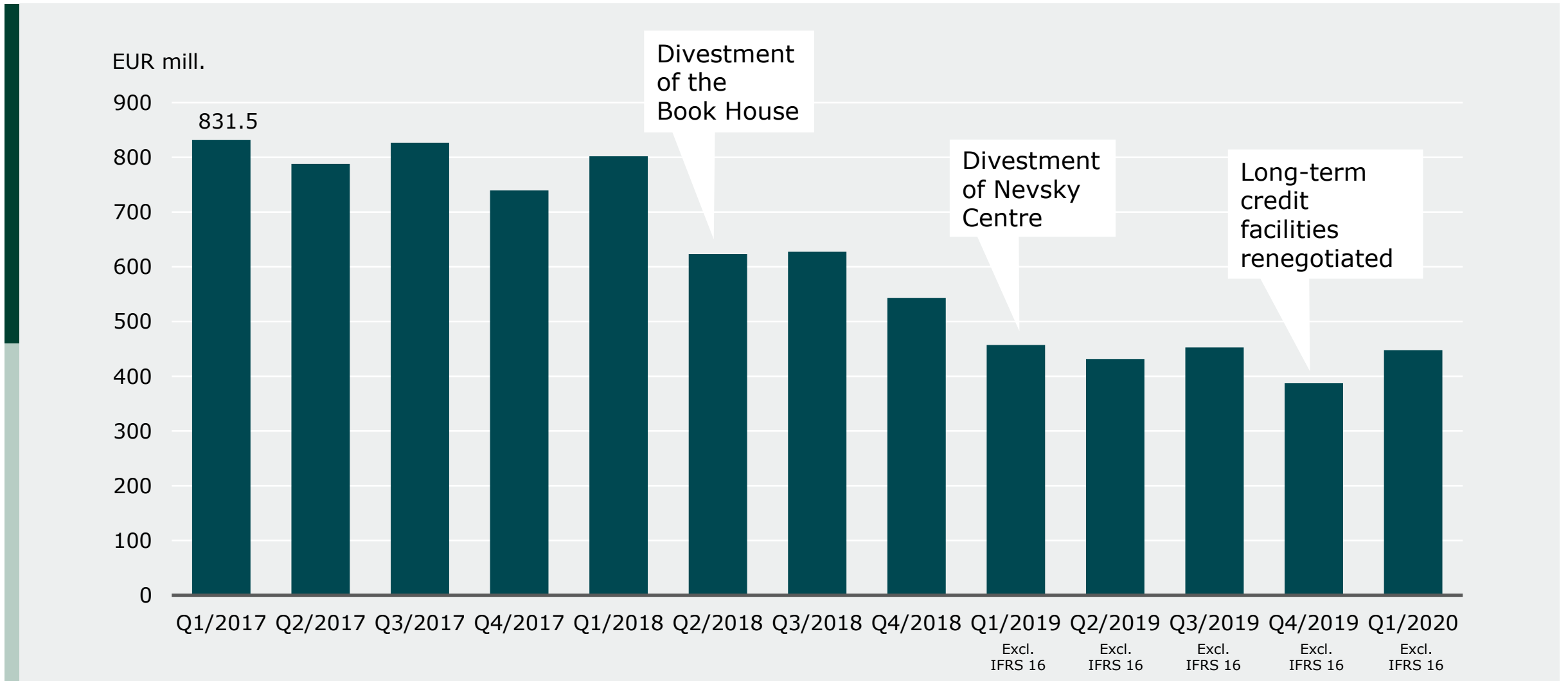
# STOCKMANN GROUP, FINANCIAL PERFORMANCE IN Q1 2020

- **Revenue** EUR 168.4 million (207.2)
  - Down by 17.6% in comparable currency rates
- **Gross margin** 54.2% (53.2)
  - Merchandise gross margin up Lindex but down in Stockmann
- **Operating costs** down by EUR 10.9 million
- **Depreciation** EUR 36.3 million (35.4)
- **Operating result** EUR -30.5 million (-21.4)
- **Adjusted operating result** EUR -29.4 million (-20.6 or -21.8 excluding Nevsky Centre)
- **Result for the quarter** EUR -37.4 million (-32.4)
- At the end of March all the covenant criteria were fulfilled





# STOCKMANN GROUP, INTEREST-BEARING NET DEBT





# KEY FIGURES

		Q1/2020	Q1/2019	1-12/2019
<b>Equity ratio</b>	%	35.8	36.7	38.1
- Excluding IFRS 16		47.8	49.1	51.2
<b>Net gearing</b>	%	126.5	123.7	112.4
- Excluding IFRS 16		60.3	57.1	48.4
<b>Net financial items</b>	EUR mill.	-11.4	-13.8	-52.7
<b>Result for the period</b>	EUR mill.	-30.5	-21.4	-54.3
<b>Earnings per share</b>	EUR	-0,55	-0,47	-0.84
<b>Cash flow from operating activities</b>	EUR mill.	-22.4	-20.1	102.3
<b>Inventories</b>	EUR mill.	171.4	164.8	145.8
<b>Capital expenditure</b>	EUR mill.	6.3	6.5	33.8
<b>Depreciation, amortisation and impairment losses</b>	EUR mill.	36.3	35.4	139.6
<b>Balance sheet total</b>	EUR mill.	2 082.4	2 186.6	2 103.2





# OUTLOOK AND GUIDANCE 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.





# STOCKMANN GROUP TRANSFORMATION PROCESS

Lauri Ratia  
Executive Chairman



# STOCKMANN IS ON A RIGHT TRACK

- The strategic choices made in spring 2019 have proven to be correct, and the Group's business operations in Stockmann and Lindex have developed as planned in 2019 and in January–February 2020. At the end of March all the financing covenants were fulfilled
- However, Corona epidemic has caused steep declines in customer volumes that have affected Stockmann Group's business environment deeply. We expect the customer volumes to recover only gradually
- The view of both the Board of Directors and the Management is that Stockmann Division's business remains viable and can be restored to a sound basis
- Our primary goal is to safeguard the sustainability of Stockmann Division's business, jobs of our employees and continue developing the Group's healthy business operations for the future
- We will focus on our target to be the number one source of inspiration in fashion, home and beauty in Finland and Baltics
- Development of Lindex continues with a target of becoming one of the leading fashion houses in Europe
- The process concerning strategic alternatives for the ownership of Lindex is put on hold





# Q&A

**Further information**

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