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Stockmann Group
January 2015

CFO Pekka Vähähyppä



Stockmann in brief

- International multichannel retailer founded in 1862
- Preliminary revenue in 2014 approx. EUR 1 843 million
- Approx. 55 000 shareholders on Nasdaq OMX Helsinki



Department Store Division

16 department stores and 11 other stores in 4 countries; 3 online stores



Fashion Chain Division

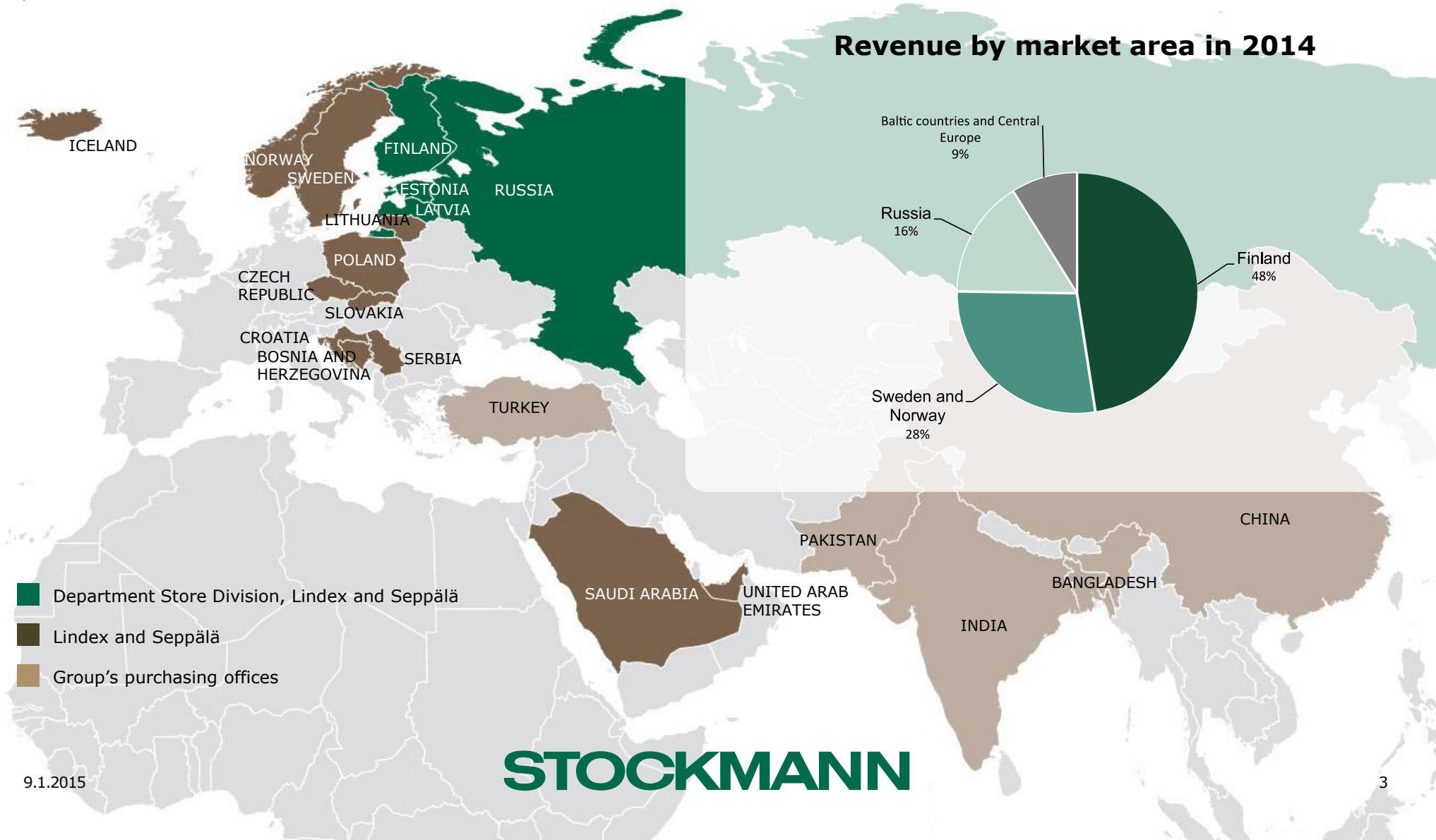
668 stores in 16 countries (Lindex 488, Seppälä 180); 2 online stores

LINDEX Seppälä

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Stockmann today: over 650 stores in 16 countries, operations in 21 countries





Per Thelin appointed Stockmann's new CEO as of 10 November 2014



- Born 1958, Swedish citizen
- Latest consultant and senior advisor (clients e.g. Atria, Electrolux Retail)
- Previous work experience:
 - President & CEO, Inflight Service Group 2010-2011
 - President & CEO, Venue Retail Group AB 2006-2009
 - CEO, MT Owner AB 2005-2006
 - President & CEO, Biltema 2003-2004
- 40 years experience in retail, starting at Foodmarket AB in 1970s

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New strategic direction

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Stockmann Group's new strategy

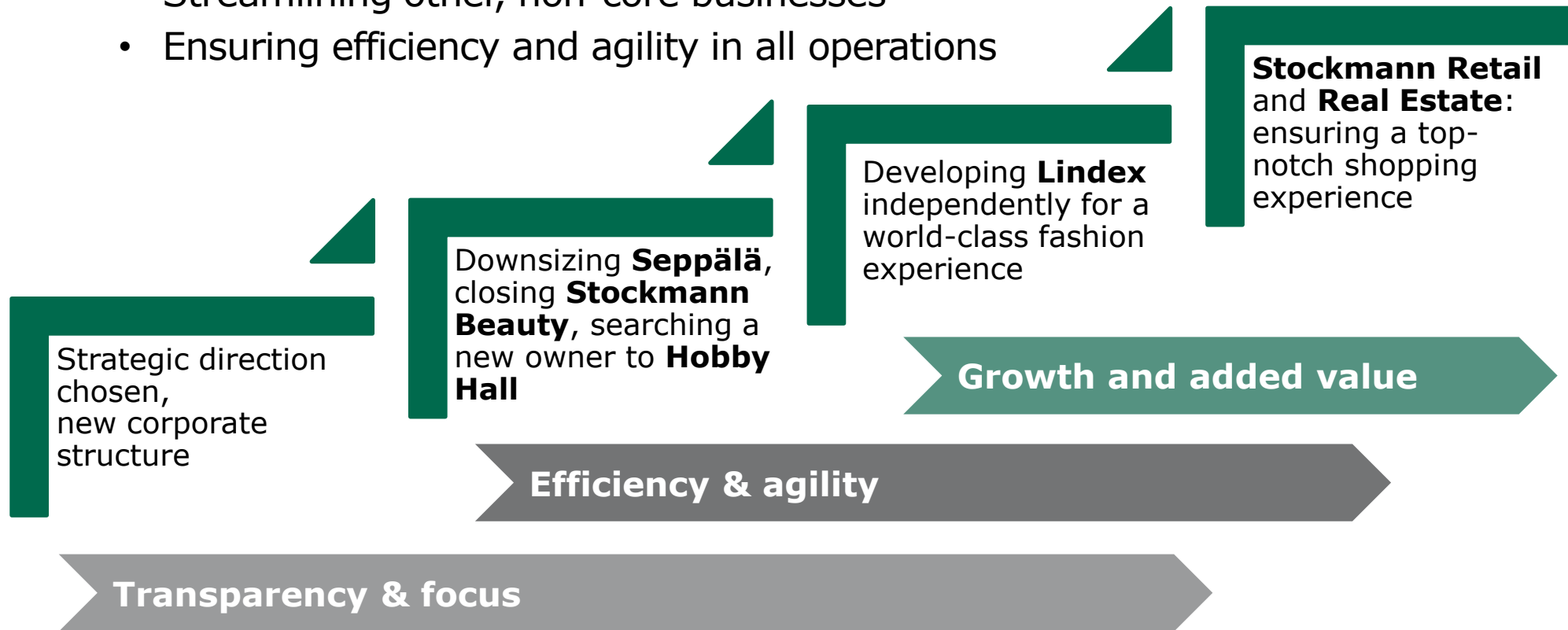
- Process of revising Stockmann's strategy started in summer 2014
- New reporting structure as of 1 January 2015
- **Stockmann Retail** will focus on Stockmann department and online stores
 - A new owner is searched for Hobby Hall
 - Closing down Stockmann Beauty cosmetic stores in Finland
- **Real Estate** aims to maximize the value of the real estate holdings
 - Focus on the Group's properties in Helsinki, St Petersburg, Tallinn, and Riga
- **Fashion Chains'** focus is increasingly on Lindex
 - **Lindex's** goal is to expand successfully on international markets and to support this strategy, an operational Board of Directors was elected in October
 - **Seppälä's** operations are planned to be downsized significantly in Finland and in Estonia, and to be close down in Latvia, Lithuania, and Russia

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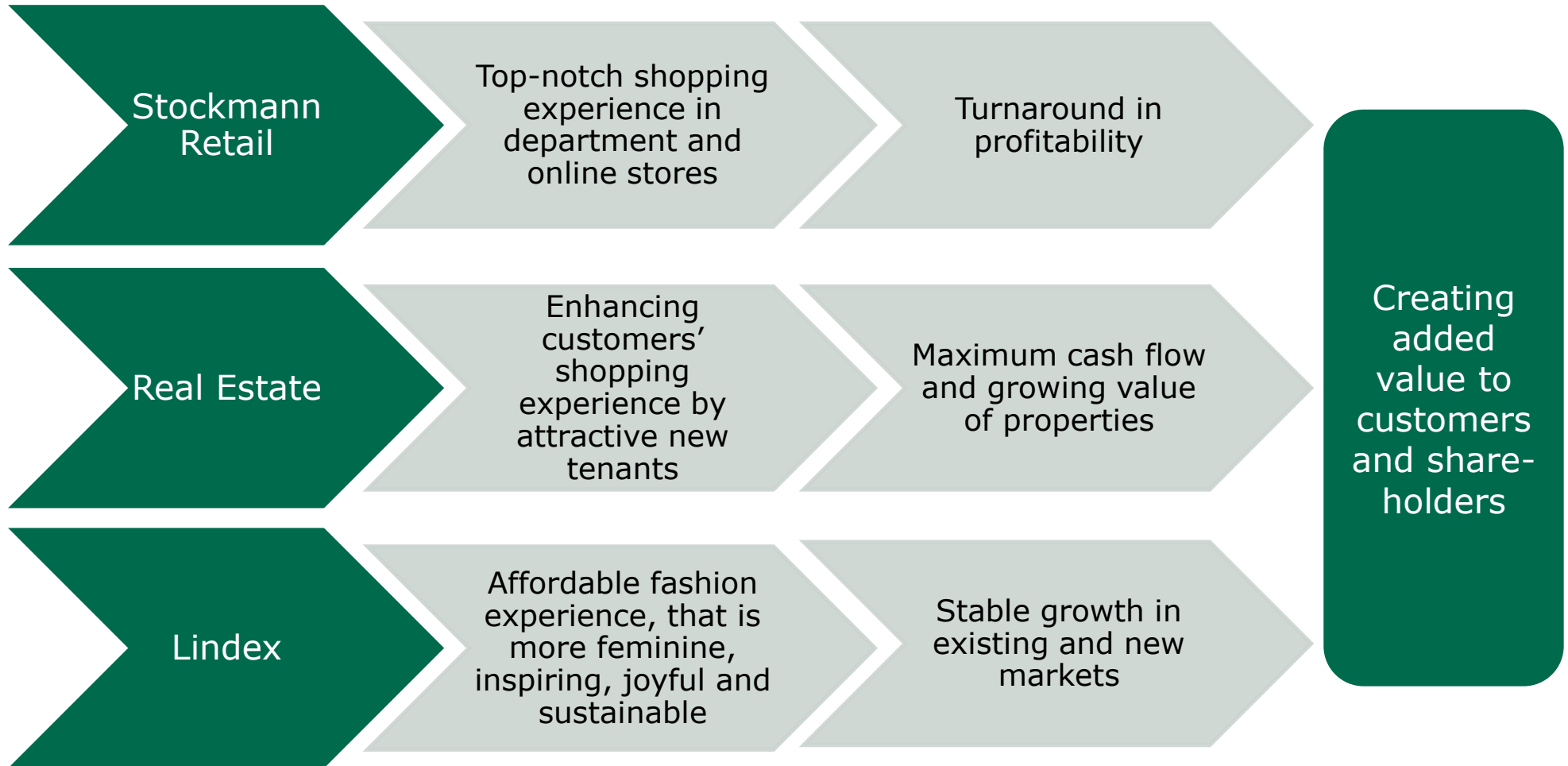
Stockmann Group's strategic path

- Focusing on key businesses
- Streamlining other, non-core businesses
- Ensuring efficiency and agility in all operations





Strategic direction: Placing the inspirational customer experience at the core





Developing Lindex into a world-class brand

- New Board of Directors elected to develop and govern Lindex independently, but as part of the Stockmann Group
 - External Board members have extensive experience in fashion and international businesses
- Lindex aims to achieve growth by opening new stores both in existing and new markets
 - Lindex will open its first own store in London in March 2015, in the Westfield Stratford City shopping centre
 - The local UK online store already been launched
 - Plans to enter the Chinese market will be studied further



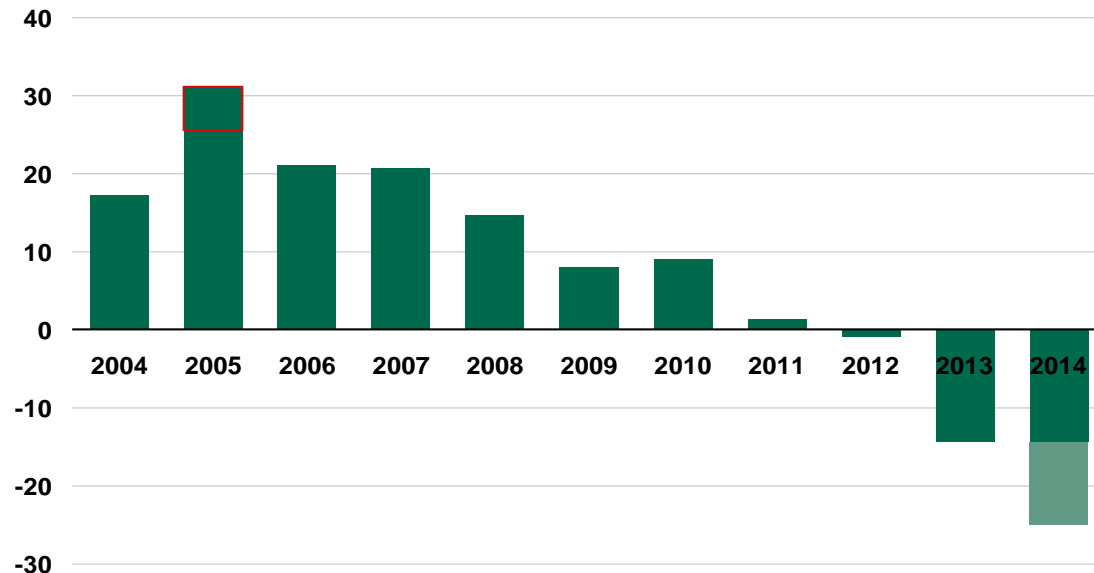


Downsizing Seppälä's operations

- Focus on smaller-scale operations in Finland and Estonia due to unprofitable business
 - Around 70 stores to remain in Finland and 19 in Estonia; closing around 50 stores in Finland during 2015
 - Closing remaining 30 stores in Latvia, Lithuania and Russia during 2015

Seppälä's operating result 2004–2014

EUR mill.



Seppälä in 2014

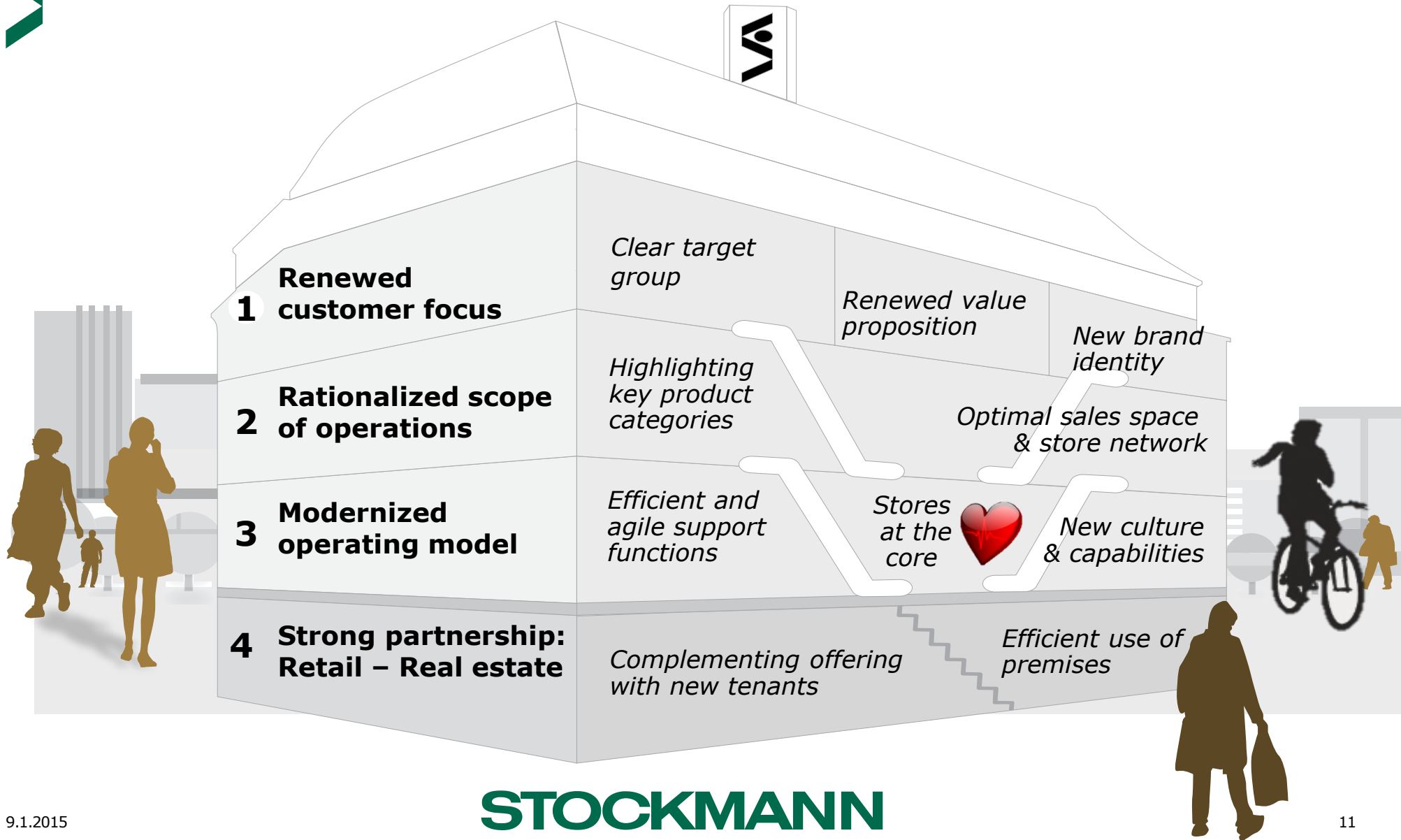
- 182 stores (Finland 130, Baltics 36, Russia 16)
- Personnel approx. 1100 (Finland 800, Baltics 200, Russia 100)
- Revenue 92.3 mEUR in 2014

- EBIT
- Other operating income
- Preliminary estimate for 2014 over EUR 25 million, excl. non-recurring items

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Stockmann Retail's four strategic building blocks





Aiming at fundamentally transforming the current department store business

FROM

- Everything for everybody
- Wide assortment offered to a wide target group
- Revenue growth through broad assortment and retail space expansion
- Wholesale business model
- It is all about the Stockmann offering

TO

- Clear value proposition and target group
- Optimized assortment highlighting key categories and signature areas
- Seeking higher turnover and better profitability by optimizing space allocation
- New business models besides e.g. concession, consignment, risk sharing
- Strengthening the Retail offering by complementary tenant mix



Renewed value proposition: Signed for you

*Stockmann is the destination for
inspirational shopping
providing a top-notch shopping experience*



*Best-in-
class
service*

*Best mix of
brands and
choices*

*Loyalty is
truly
rewarded*

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Highlighting key product categories

- Stockmann's future selection will have a stronger focus on fashion, cosmetics, food in Stockmann Delicatessen and home products
 - Stockmann is planning to withdraw from the electronics and home appliances product category, sold today in department stores in Finland and at stockmann.com
- Stockmann Retail's offering will be complemented with goods and services from attractive new retail tenants
- Stockmann is negotiating to lease retail space from its department stores to Expert ASA Oy, a fast growing consumer electronics retail chain in Finland
 - Plan is to open the first Expert store in the Helsinki department store premises in May 2015
 - Aim is to expand the cooperation later to several other Stockmann department stores in Finland

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Investing for the future



Department stores and commercial concepts

- Towards the store of the future: inspiring in-store experience
- E.g. New Tapiola department store to open in 2017



Omnichannel infrastructure

- Foundations for seamless experience across the channels
- E.g. Customer relationship management (CRM) and omnichannel sales tools



New distribution center to open in 2016

- Combines existing warehouses to one efficient center and enables the growth of ecommerce

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Market environment and financial performance in 2014

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Retail market in brief

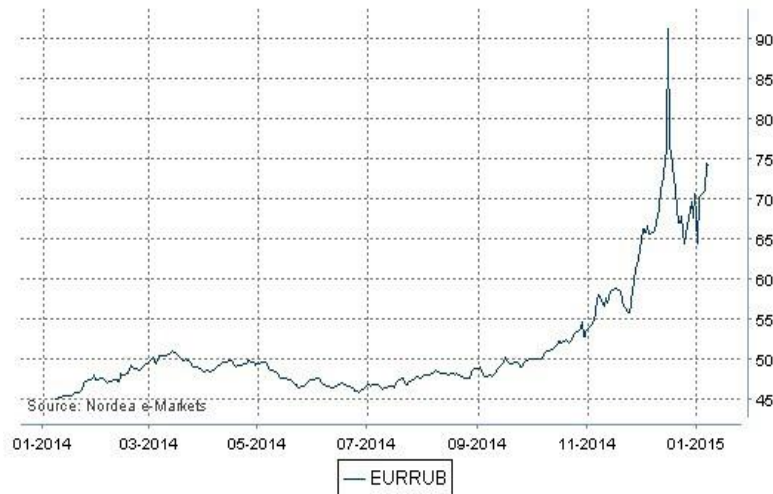
- Finland
 - Extremely difficult market situation continued: low consumer confidence, declining purchasing power, and drop in demand for non-food products
 - Fashion market in Finland down 10% in November and in January-November market down 6% (TMA)
 - Structural changes in competition, online business, consumer behaviour
- Russia
 - Continuously weak economy and all-time-low Russian rouble, with a negative impact on purchasing power
 - Food import ban into Russia was set in force in August
 - Declining number of Russian tourists has a negative impact on sales in Finland and the Baltic countries, particularly from H2 2014 onwards
- Baltic countries
 - Stable market development – in Latvia the transition into euro in the beginning of 2014 boosted sales
- Sweden
 - Fashion market in 2014 on a par with 2013

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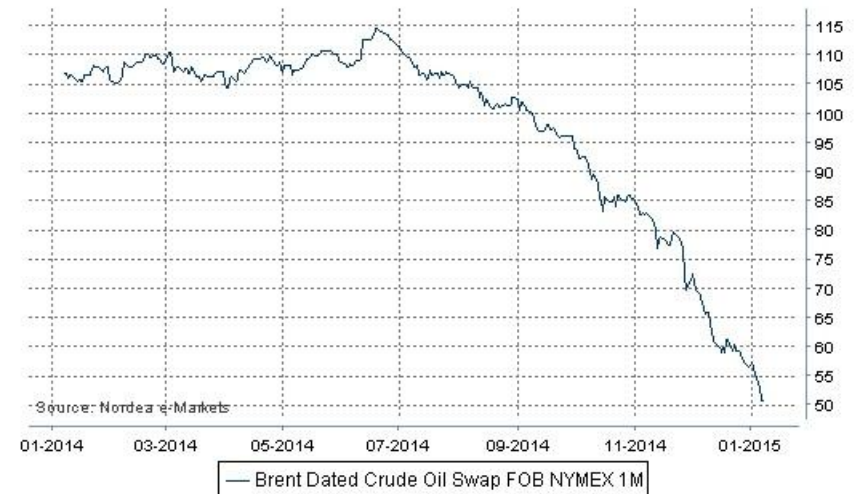


Value of rouble and oil has collapsed in 2014

Rouble/EUR exchange rate in 2014



Oil price in 2014





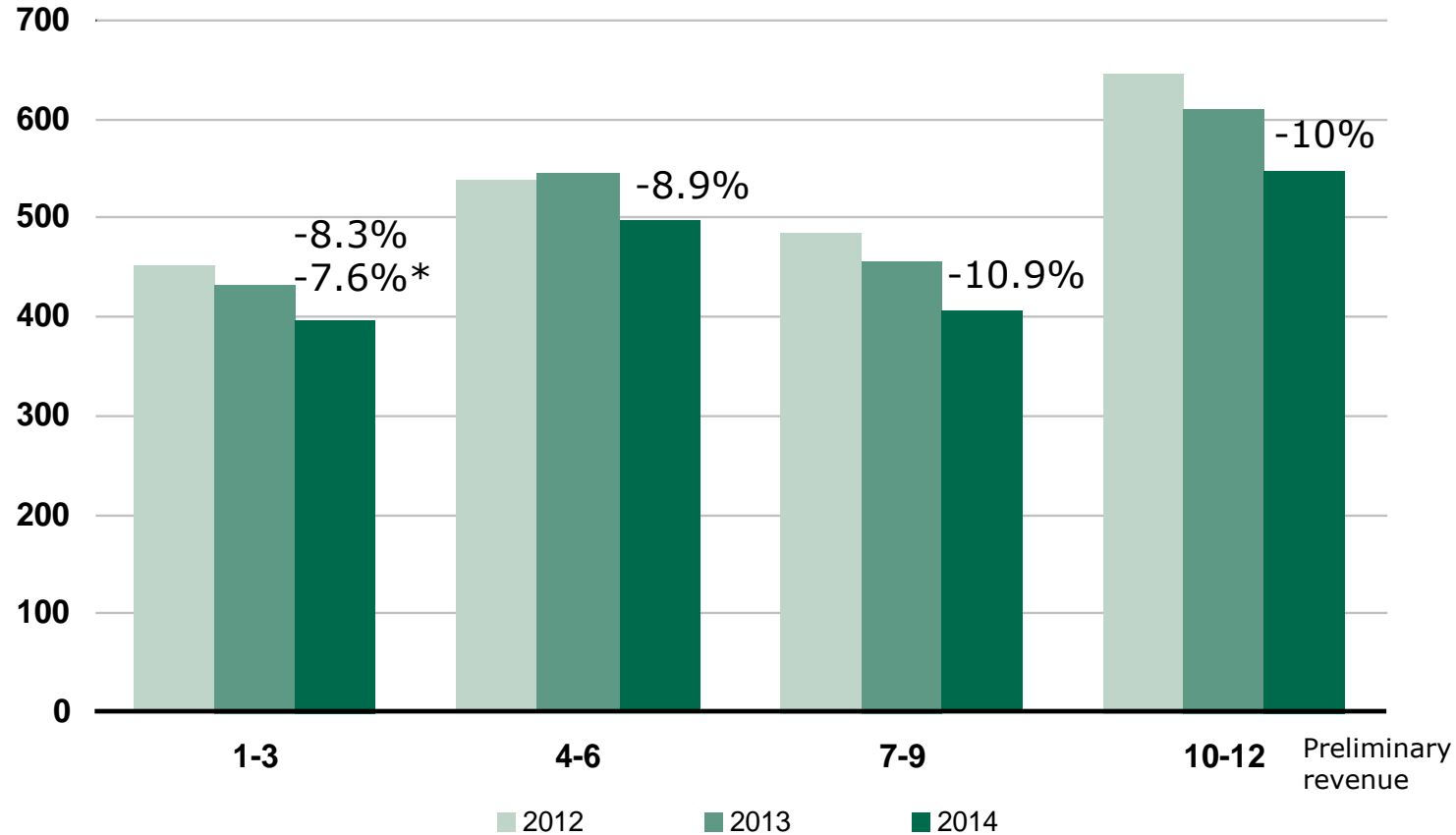
Omnichannel retail vs. traditional retail

- Share of online sales is growing, but online stores are not yet compensating for the dramatic decline in traditional retail
 - Stockmann focuses on developing omnichannel retail i.e. combining the department store network and online business
1. Inspirational department stores
 2. Click and collect points in all stores: every fourth order is currently delivered through stores
 3. Developing Stockmann.com
 - Revenue growth 29% with almost 3 million visitors in H1 2014
 - Share of online 8% of revenue in the product categories sold online
 - Expansion into new product areas, e.g. cosmetics in October 2014
 - Over 1 300 brands already sold online
 - Developing paying methods: one time credit introduced in November 2014
 - Online expansion into the Baltic countries planned for 2015



Quarterly revenue, Stockmann Group

EUR mill.



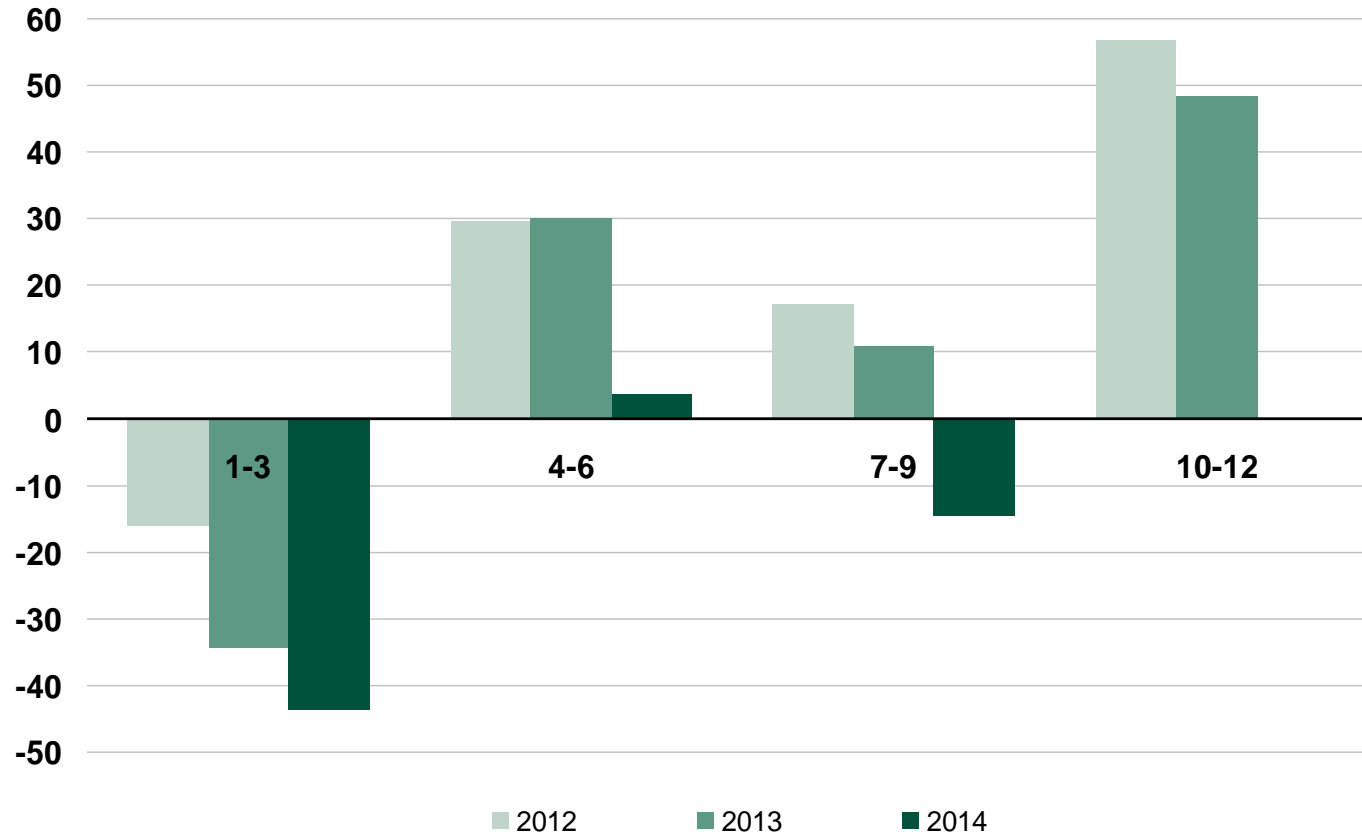
* Excluding terminated franchising operations

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Quarterly operating profit, Stockmann Group

EUR mill.

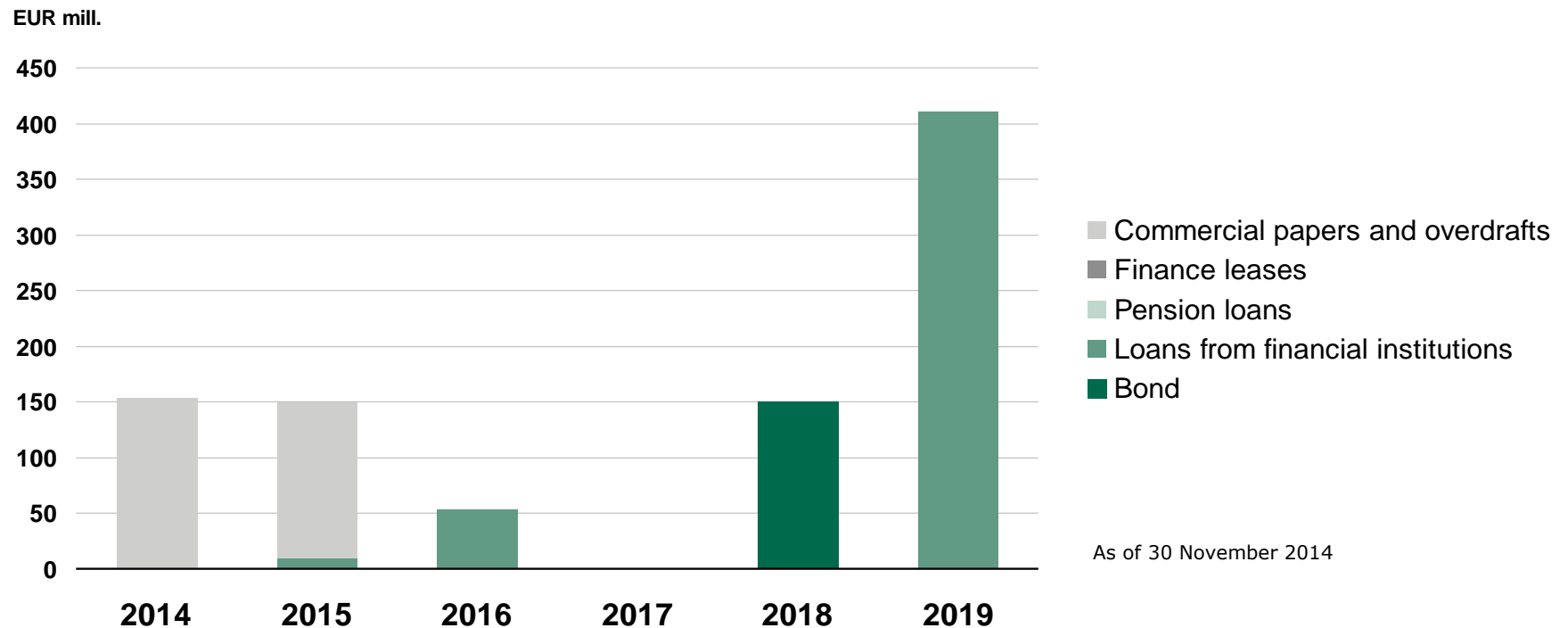


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Maturity structure of interest-bearing liabilities

- EUR 700 million committed credit facilities, of which nearly EUR 300 million undrawn, due in February 2019
- EUR 150 million bond due in March 2018





Stockmann's outlook for 2014

- Guidance revised on 14 October 2014:
Stockmann estimates that the Group's euro-denominated revenue in 2014 will decline on 2013. The Group's operating result excluding non-recurring items is expected to be negative in 2014
- Capital expenditure estimated to amount to approximately EUR 60 million in 2014
- Target in Stockmann's on-going strategy process is to improve the Group's long-term competitiveness and profitability



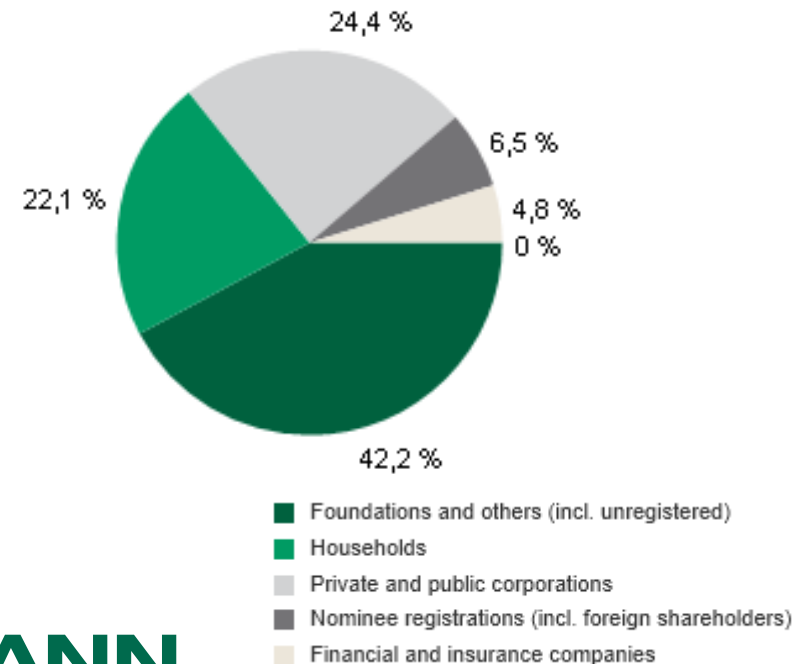
Appendixes

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Over 55 000 shareholders on Nasdaq Helsinki

- Listed in the Helsinki stock exchange in 1942
- Two series of shares
 - Series A: 10 votes
 - Series B: 1 vote
- Series B share is more liquid on the stock market
- Company's market value approx. EUR 460 million
- Major shareholders, shares (votes):
 - HTT Holding Oy Ab 11.7% (10.7%)
 - Föreningen Konstsamfundet 9.4% (15.1%)
 - Svenska litteratursällskapet 7.6% (15.7%)
 - Niemistö Grouping 5.8% (9.4%)
 - Varma Mutual Pension Insurance 4.4% (0.9%)
 - Stiftelsen för Åbo Akademi 4.3% (6.7%)





Current department stores in Russia

MEGA SOUTH MOSCOW



Opened 4/2004

MEGA NORTH MOSCOW



Opened 12/2004

MEGA EAST MOSCOW



Opened 2/2007

METROPOLIS MOSCOW



Opened 2/2009

ROSTOKINO MOSCOW



Opened 3/2010

NEVSKY CENTRE ST. PETERSBURG



Opened 11/2010

EKATERINBURG



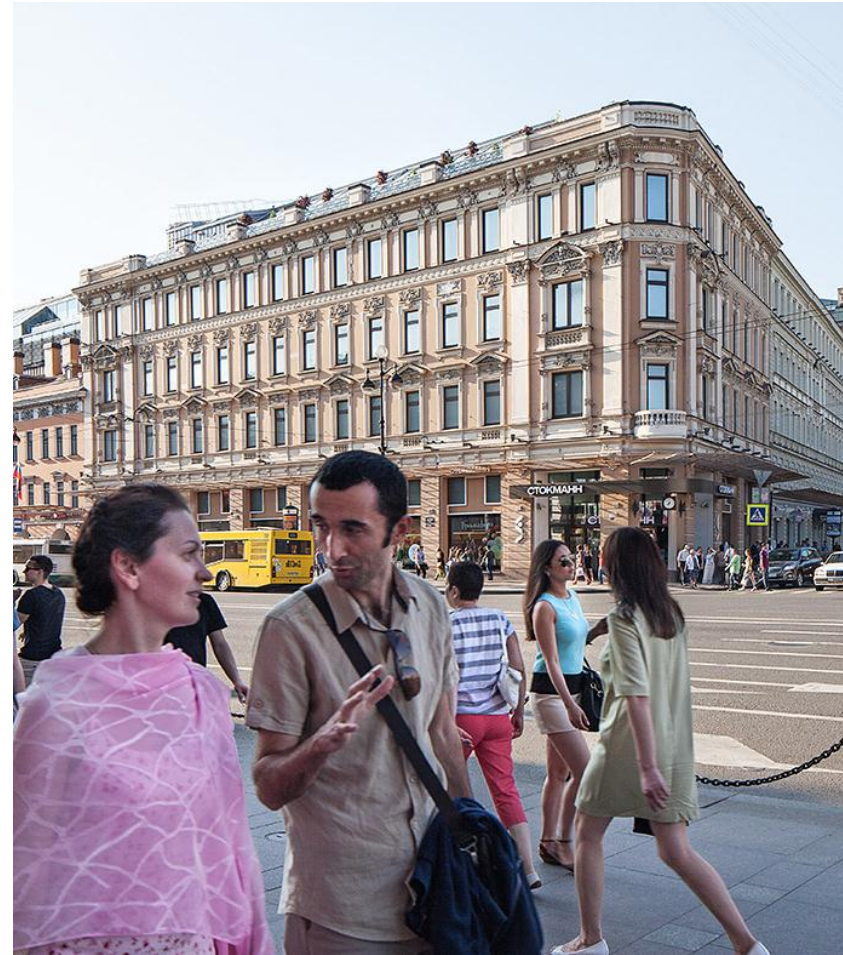
Opened 3/2011

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Stockmann Group's revenue in Q3 2014

- Revenue down 10.9%, to EUR 405.0 million (EUR 454.4 million), or down 8.1% at comparable exchange rates
- Revenue in Finland down 12.6%
- International operations down 9.4%, or down 4.7% at comparable exchange rates
 - Revenue was down on all markets
 - The Russian rouble, the Swedish krona and the Norwegian krone continued weaker than in 2013





Stockmann Group's operating profit in Q3 2014

- Gross margin 49.6% (49.5%)
 - Increase in Lindex's margin
- Operating costs EUR 198.7 million (EUR 195.7 million)
 - Marketing costs up in both divisions
 - In the Q3 2013 operating costs were down due to non-recurring cost savings; savings from structural changes mainly visible from 2015 onwards
- Depreciation EUR 17.2 million (EUR 18.4 million)
- Operating profit EUR -14.8 million (EUR 10.7 million)
 - Operating profit declined in both divisions and in particular in Finland
- Result for the quarter EUR -13.6 million (EUR 28.9 million, or EUR 3.8 million excluding Lindex tax refund of EUR 25.1 million)

