



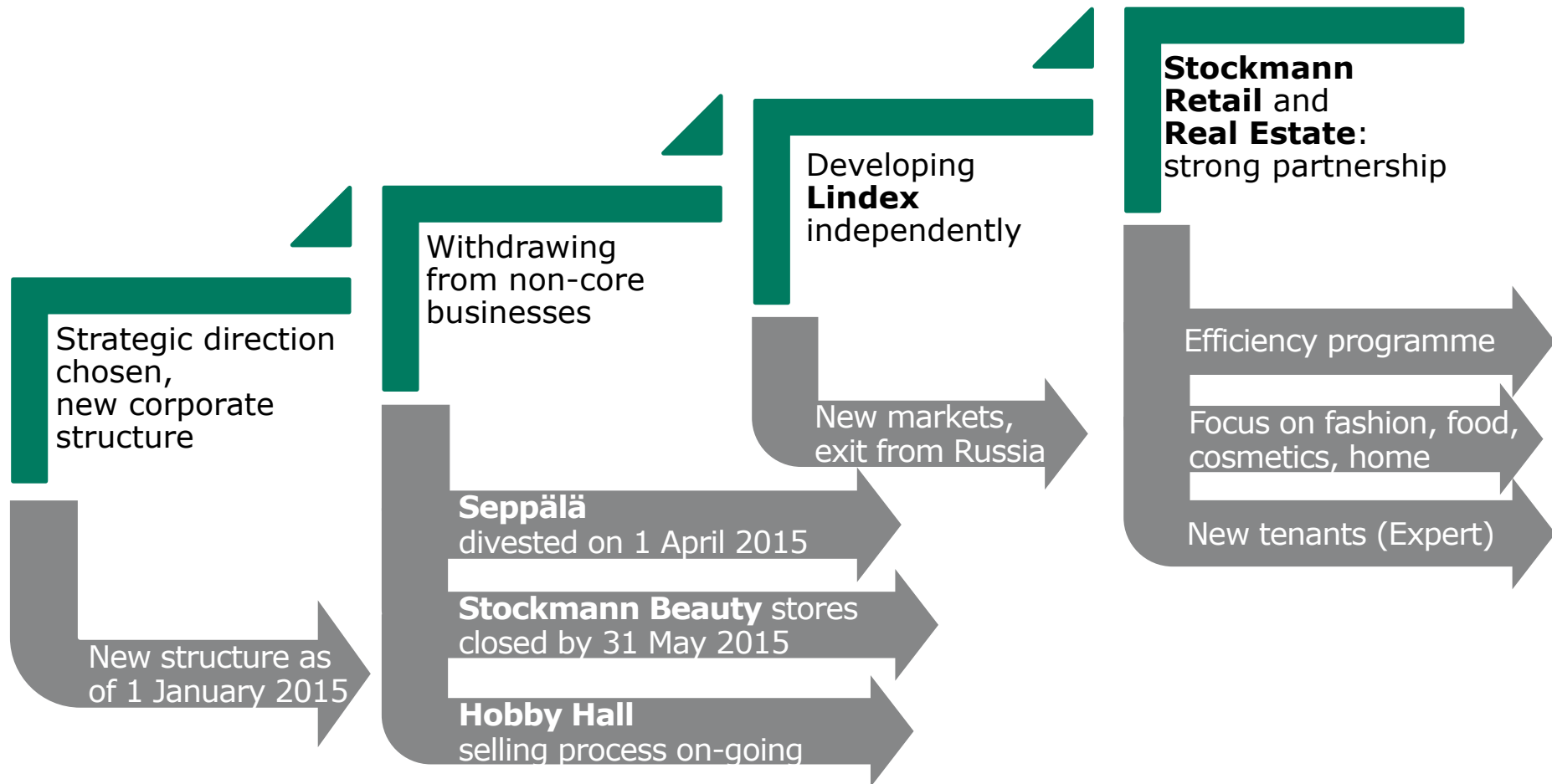
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Interim Report Q1 2015

29 April 2015

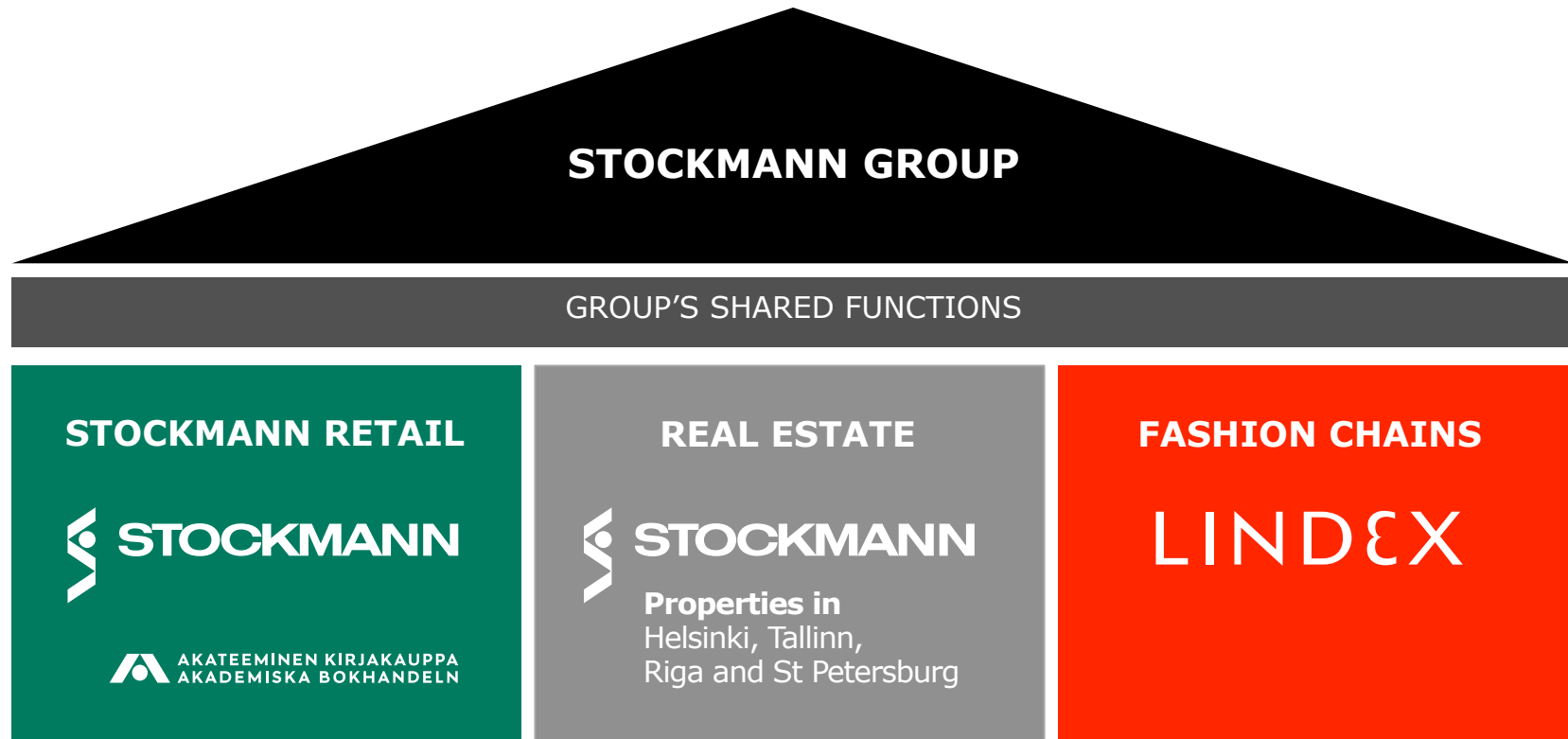


Stockmann Group's strategic path: Focusing on the key businesses





New operating structure as of 1 January 2015: Stockmann Retail, Real Estate, Fashion Chains



Includes Hobby Hall,
search for a new owner on-going

Included Seppälä until 1 April 2015

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Enhanced customer focus, rationalised scope of operations

Efficiency programme

- Annual cost savings of EUR 50 million targeted by end of 2016
- Releasing store space from Stockmann Retail and bringing in new tenants
- Store closures (3 stores in Megas in Moscow in 2016 and Oulu in early 2017 at the latest)
- Simplified processes and streamlined support functions (planning to reduce up to 420 people in support functions in Finland and Russia in 2015-2016)
- Less product categories and less suppliers

Improving performance

- Enhanced shopping experience
- Focus on fashion, food, cosmetics and home
- New co-operation models with suppliers
- New structures and ways of working for support functions
- More speed and agility to respond to customer needs
- Store at the core

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Stockmann's Q1 2015 in brief

- Many steps taken according to the new strategic direction
- Performance still weak, but signs of improvements can be seen
- Group's revenue at comparable exchange rates up
 - Increase mainly due to the Crazy Days campaign in Finland
- Good development in the key focus areas: fashion, cosmetics, food and home
 - Stockmann gained market share in fashion in Finland
- Lindex entered two new countries: UK (London flagship) and Kosovo (franchising)





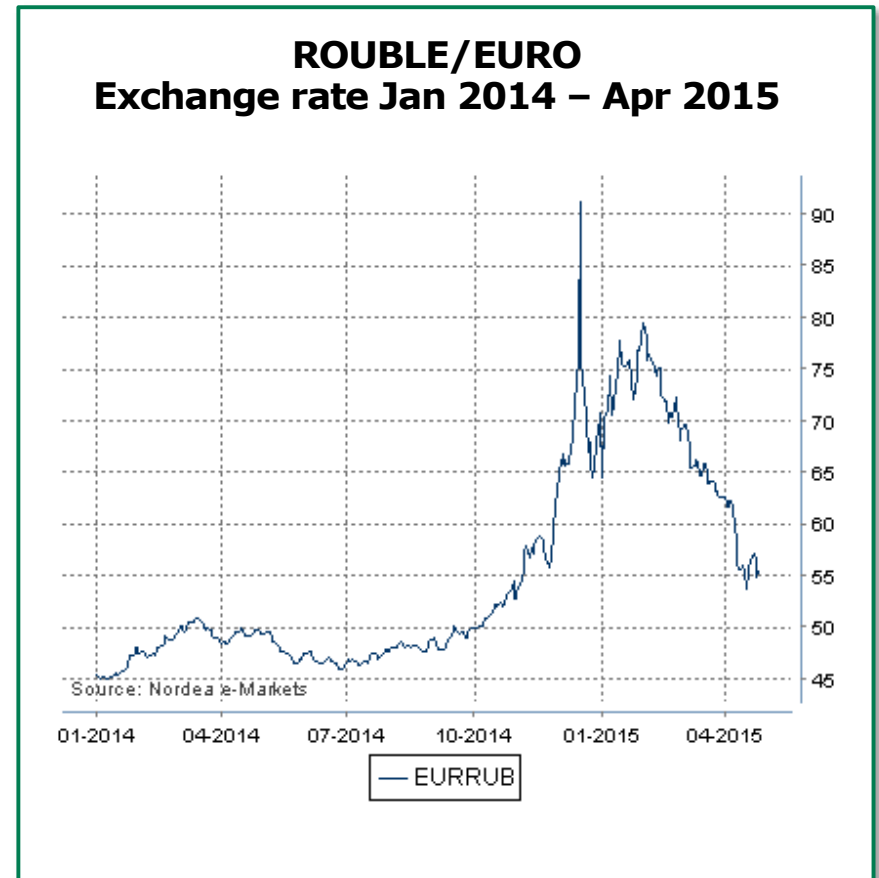
Stockmann Group





Retail market in brief

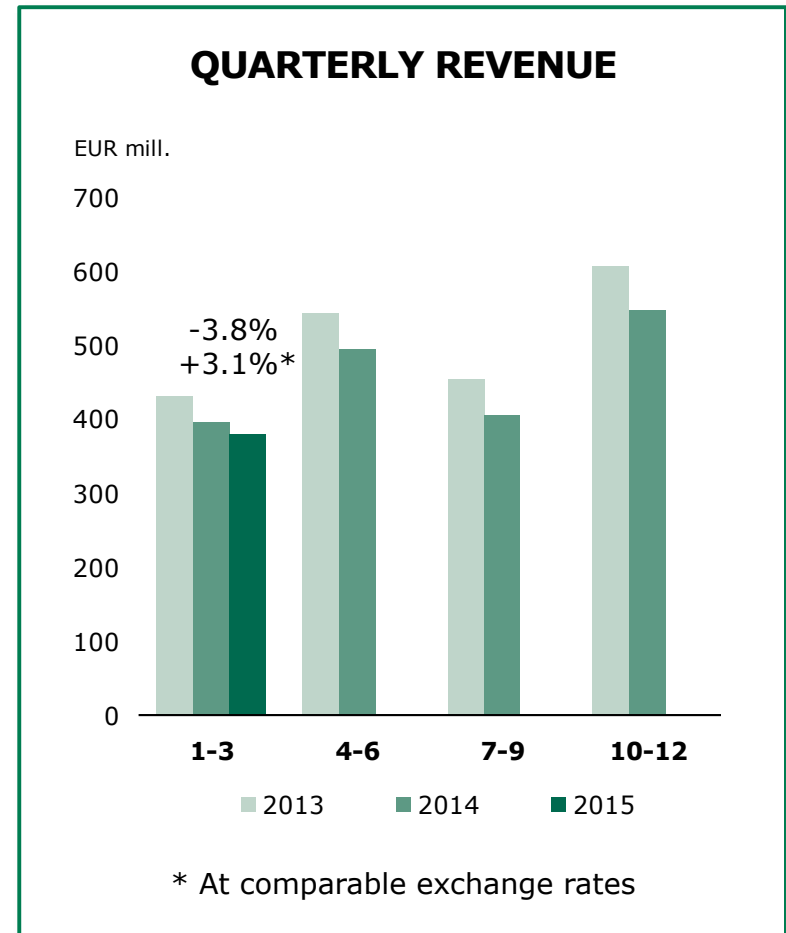
- **Finland**
 - Retail market remained weak
 - Fashion market down 3.7% (TMA) during the first quarter
- **Baltic countries**
 - Relatively stable market development
- **Sweden**
 - Fashion market up 1.2% (Stilindex) during the first quarter
- **Russia**
 - Market continuously insecure
 - Rouble has strengthened recently, but the average rate in Q1 2015 still almost 50% weaker than a year ago





Revenue in Q1 2015

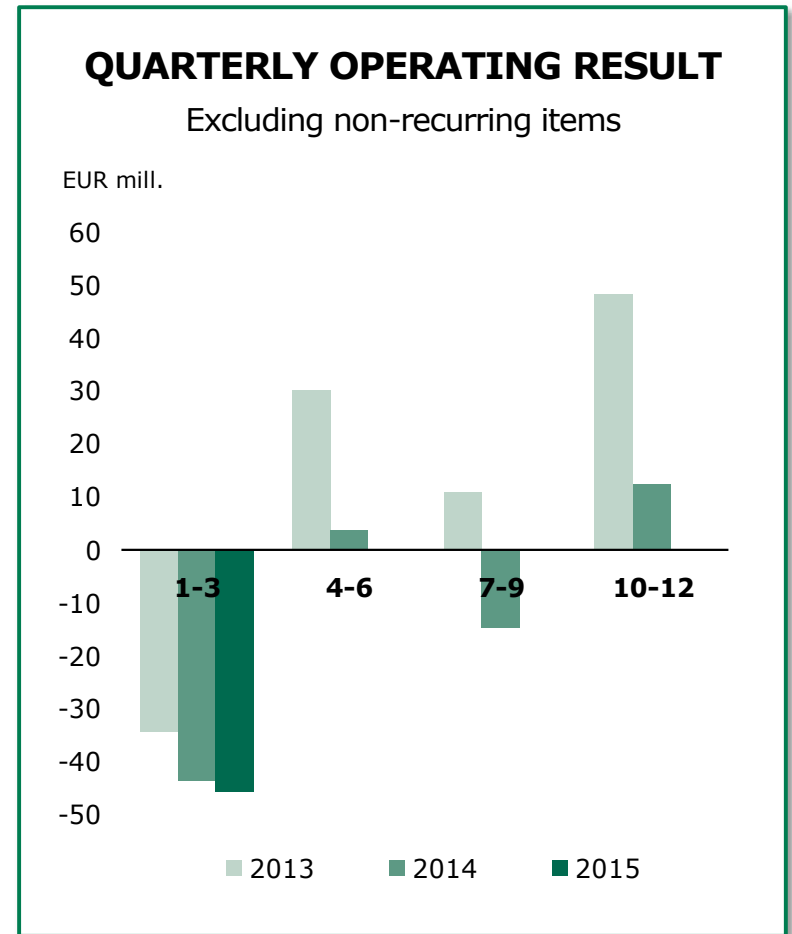
- Revenue down by 3.8%, to EUR 380.4 million (EUR 395.6 million)
 - Weak currency exchange rates of the Russian rouble, Swedish krona and Norwegian krone
- Revenue up 3.6% at comparable exchange rates
- Revenue in Finland up 7.6%
 - Timing of the Crazy Days campaign boosted growth
- Revenue in international operations down 14.5%, or down 0.2% at comparable exchange rates





Operating result in Q1 2015

- Gross margin 45.1% (45.5%)
 - Increase in Fashion Chains, down in Stockmann Retail
- Operating costs down by EUR 4.6 million, to EUR 201.2 million
 - Decline in personnel costs due to savings measures done in 2014
- Depreciation EUR 20.4 million (EUR 18.2 million)
 - Increase due to revaluation of properties and accelerated depreciation schedule of the Mega department stores in Russia
- Operating result EUR -49.9 million (EUR -43.9 mill.)
 - Up in Real Estate, down in Stockmann Retail and Fashion Chains





Key figures

As of 1 January 2015, real estate properties have been measured at fair values, which impacts several key figures. The revaluation is not applied retrospectively for 2014.

		1-3/2015	1-3/2014	1-12/2014
Net financial costs	EUR mill.	-5.3	-5.5	-21.4
Earnings per share	EUR	-0.78	-0.56	-1.39
Cash flow from operating activities	EUR mill.	-65.2	-112.9	29.6
Inventories	EUR mill.	257.1	336.8	239.3
Capital expenditure	EUR mill.	16.5	9.4	53.8
Depreciation	EUR mill.	20.4	18.2	71.0
Property, plant and equipment	EUR mill.	1 022.7	606.7	590.5
Balance sheet total	EUR mill.	2 406.9	2 071.7	1 936.5
Equity ratio	%	43.9	39.9	39.3
Gearing	%	84.3	107.8	105.4



Outlook for 2015 remains unchanged

- Outlook for retail market in **Russia** remains very uncertain: all-time-low rouble, weak economy and purchasing power, which will also decrease the number of Russian shoppers in Finland and in the Baltic countries
 - No growth is expected in the retail market in **Finland** in 2015, demand for non-food goods remains uncertain
 - Affordable fashion market in **Sweden** and retail market in the **Baltic countries** expected to remain relatively stable
 - Efficiency programme launched with annual savings target of EUR 50 million; effects visible mostly beginning in 2016
 - **Capital expenditure** estimated to amount to approximately EUR 70 million
 - **Depreciation** is estimated to total over EUR 80 million
- Stockmann Group's **revenue** is expected to be down on 2014 due to planned structural changes. The **operating result** excluding non-recurring items is expected to improve from 2014 but to remain negative due to the performance of the Stockmann Retail division. The operating results for the Real Estate and Fashion Chains divisions are expected to be positive.



Stockmann Retail



Q1 in brief

- Strategic initiatives under way to improve customer service, selection and customer loyalty
 - More sales people during the busiest trading hours
 - New events and activities
 - Co-operation launched with Finnair
- Increased revenue in Finland thanks to a good Crazy Days campaign – sales up in all key focus areas
 - Market share up in fashion in Finland during all three months
- Weak rouble affects operations in Russia, though price increases improved performance in Russia





Several actions aim for improved operations



New Distribution Centre in 2016

- Centralising current six warehouses (five in Finland, one in Riga) into one in Tuusula, Finland
- Serving Stockmann's Finnish and Baltic department stores and the online store more efficiently



Improving Herkku (Delicatessen)

- Focus on inspiration and competitive advantages: freshness, quality and easiness
- Efficiency improvements in store operations, incl. waste management
- New chain director appointed to lead the entire operation



Optimising product categories

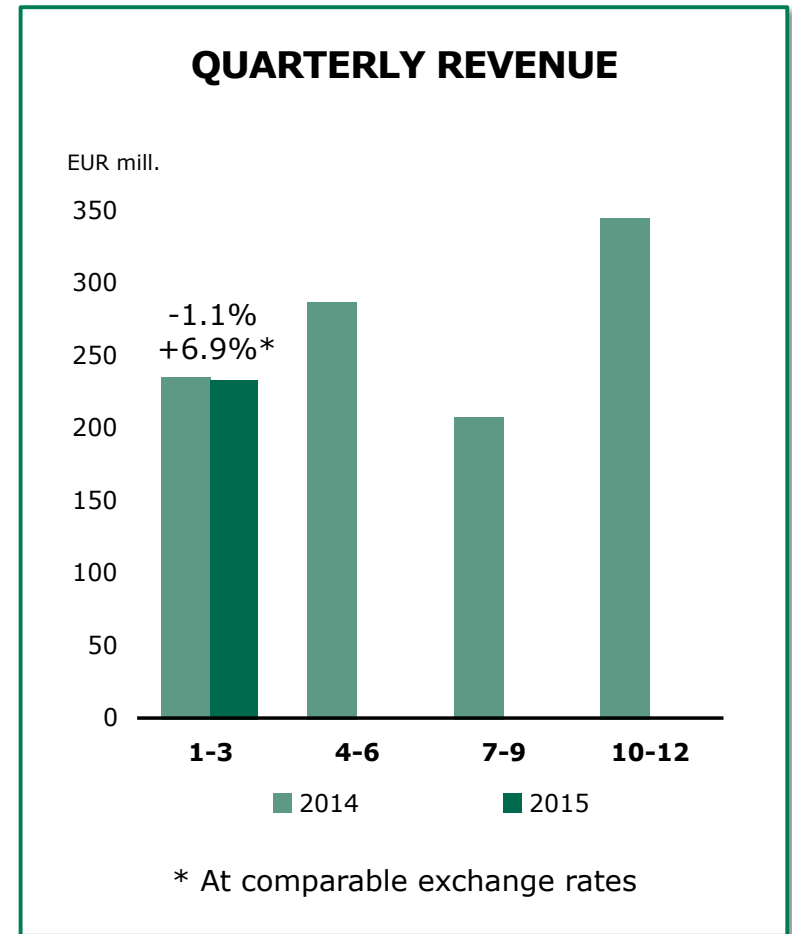
- Revising brand mix in all categories
- Increasing communication on renewal and choices
- Better supplier collaboration and reviewing the number of suppliers

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Revenue in Q1 2015

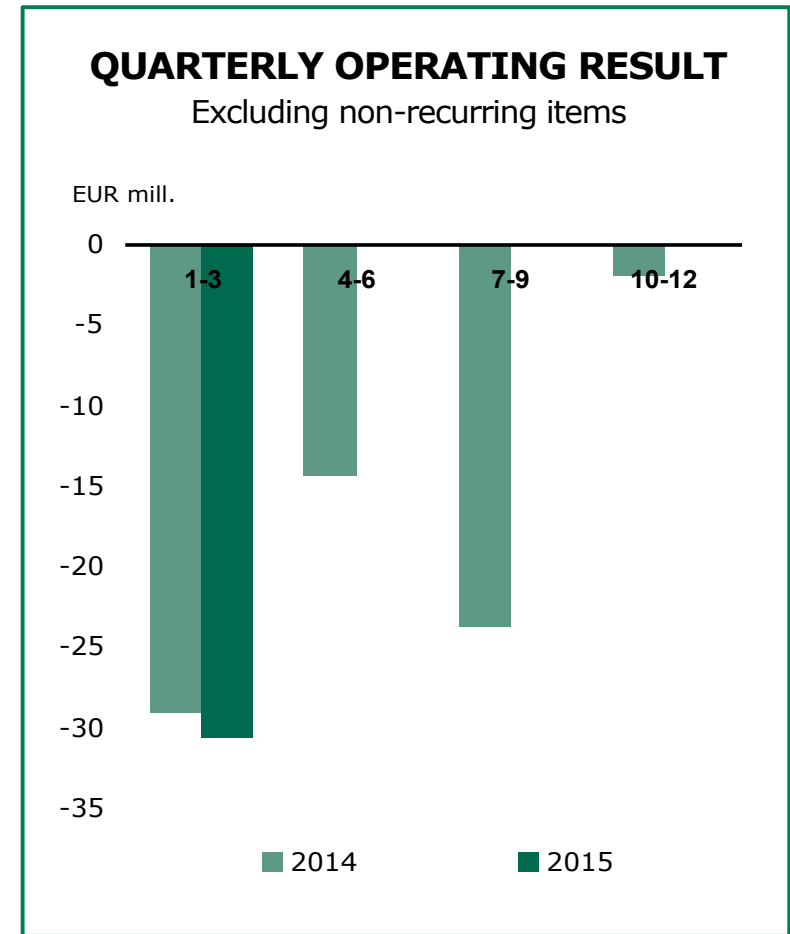
- Revenue down by 1.1%, to EUR 232.6 million (EUR 235.2 million)
 - Revenue at comparable exchange rates up 6.9 per cent
- Finland up 10.5% due to the timing of the Crazy Days campaign
- International operations down 25.8% mainly due to the weak Russian rouble
 - Revenue at comparable exchange rates down 3.5%
- Best development in cosmetics
- Ramping down electronics proceeds according to the plan





Operating result in Q1 2015

- Gross margin 34.9% (35.6%)
 - Slightly down due to sales campaigns (e.g. Crazy Days) in Finland
 - Price increases compensated the weak exchange rate in Russia
- Operating costs down by EUR 1.6 million
- Depreciation increased
 - Accelerated depreciation schedule of the Mega department stores in Russia
- Operating result EUR -30.5 million (EUR -28.9 million)





Crazy Days in March and April 2015

- Campaign took place in Finland in March, and in Russia and in the Baltic countries in April
- Total sales down 1.4% at comparable exchange rates
- Sales in key product areas (fashion, cosmetics, food and home) were up in Finland
 - A smaller selection of electronics affected sales in Finland
 - Strongest growth in the online store
- Strong growth in Russia, sales up 9.9% in roubles, but down by 12.9% in euros
- Sales in the Baltics down by 3.9%



REVENUE

Spring 2015 vs. 2014

Finland	-5.5%
Baltics	-3.9%
Russia	+9.9% (RUB) -12.9% (EUR)
TOTAL	-1.4% (comparable) -7.6% (EUR)

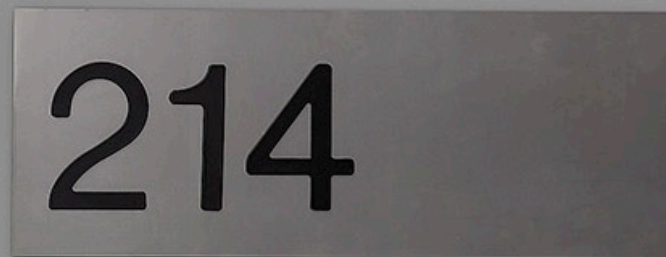
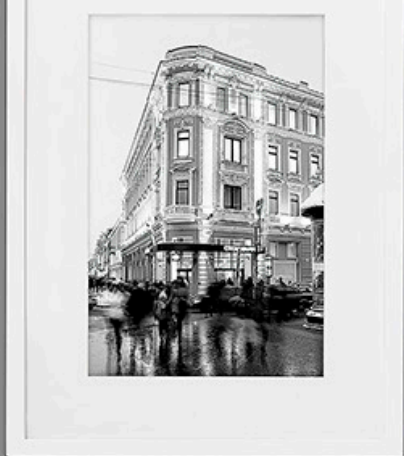


Outlook for the rest of 2015

- Revenue in April 2015 will be significantly down in Finland due to timing of the Crazy Days campaign
- Withdrawing from electronics will impact revenue negatively in 2015
- Market conditions will remain challenging in Finland, but online sales expected to grow
- Volatility in the rouble exchange rate will keep the outlook for Russia insecure
- Baltic countries expected to continue stable development
- Actions in line with the new strategy continue: strong marketing campaigns, improving service and store experience, renewing offering with suppliers



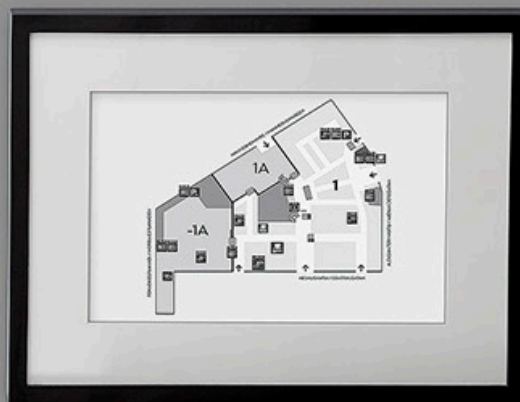
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Real Estate



NDERSGATAN





Stockmann's real estate in brief

- Five own properties
 - Helsinki flagship building
 - Book building in Helsinki
 - Nevsky Centre in St Petersburg
 - Tallinn store building (*picture*)
 - Riga store building
- Gross leasable area (GLA) approx. 144 000 sqm
 - 42 per cent in Finland
 - 75 per cent used by Stockmann Retail
- Fair value EUR 908.3 million on 1 January 2015 and EUR 901.6 million at the end of quarter (fair value less subsequent depreciation in Q1)
 - Weighted average market yield requirement 6.0%

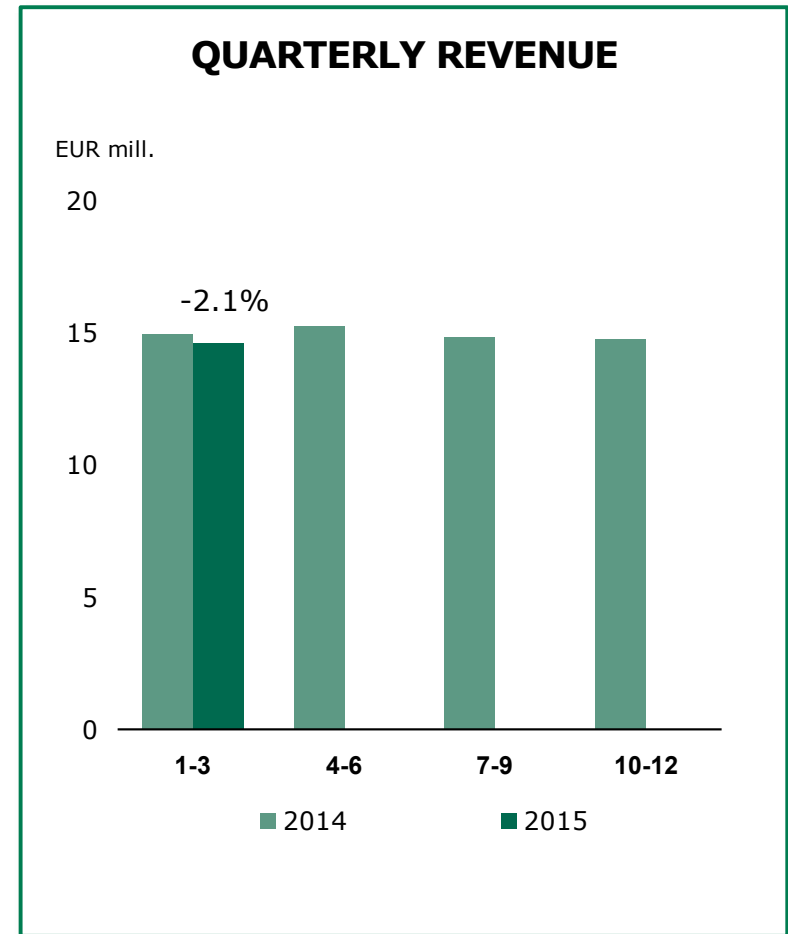




Real Estate's revenue in Q1 2015

- Revenue down by 2.1%, to EUR 14.6 million (EUR 14.9 million)
 - Slight decline in Nevsky Centre as a consequence of the weaker Russian rouble
- Net operating income* EUR 11.8 million (EUR 11.1 million)
- Net rental yield 5.2% (4.8%)
- Average rent EUR 32.95 per sqm
- Occupancy rate 99.0 per cent at the end of quarter

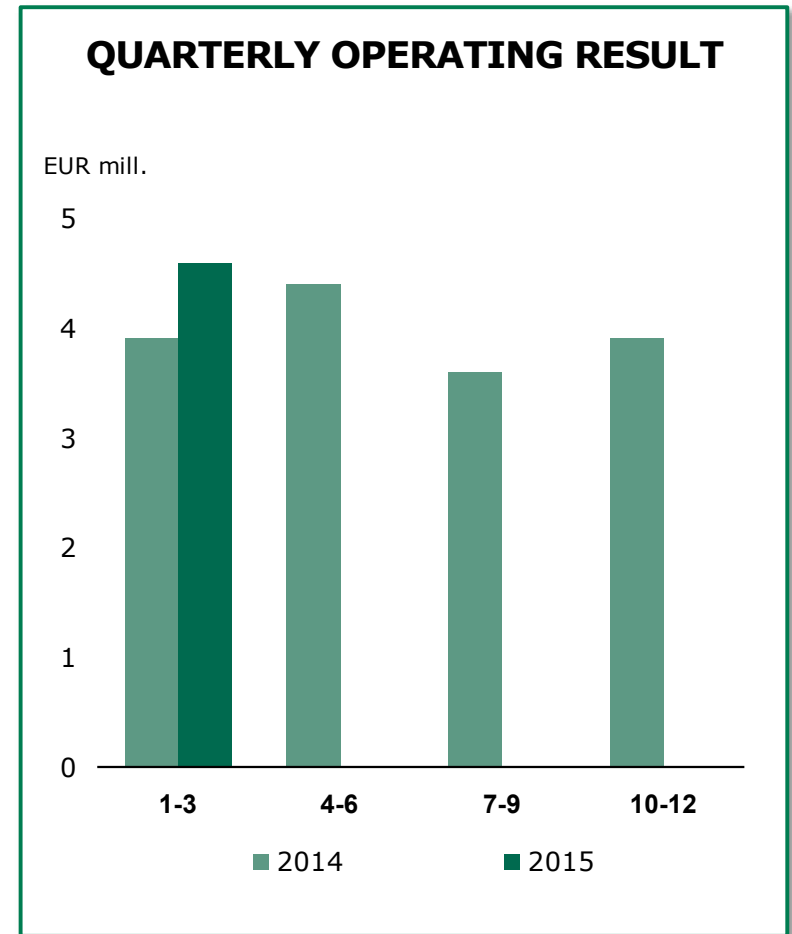
* Rental income less maintenance expenses





Real Estate's operating result in Q1 2015

- Operating profit EUR 4.6 million (EUR 3.9 million)
 - Operating costs down on 2014
- Minor capital expenditure for maintenance done during the quarter





Improving the store experience with new tenants

- Bringing new tenants into the department stores in all markets will continue during the year
- Expert will open its electronics store in the Helsinki flagship store in May, in Turku in June and in Tampere in September 2015

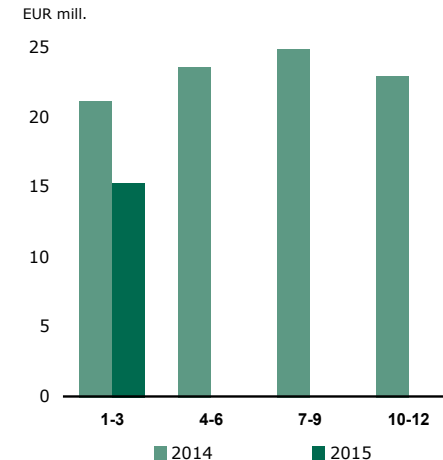




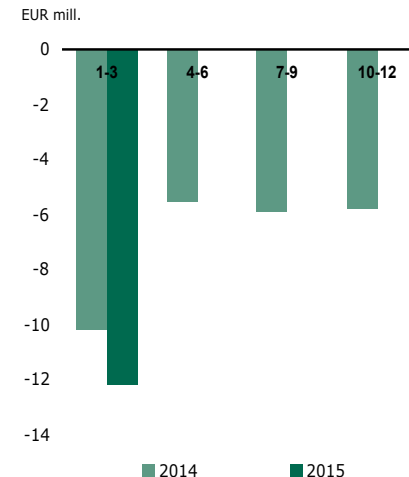
Seppälä in Q1 2015

- Last quarter as part of Stockmann, new ownership as of 1 April 2015
- Revenue down by 27.7 per cent, to EUR 15.3 million (EUR 21.1 million)
 - Finland EUR 11.9 million
 - Other countries EUR 3.4 million
 - 22 stores closed during the quarter
 - 47 stores less than a year ago which is 24% of the total store network
- Gross margin 45.7% (43.5%)
- Operating result was EUR -12.1 million (EUR -10.1 million)
 - In Q4 2014, EUR 24.7 million booked for store closures as non-recurring costs

QUARTERLY REVENUE



QUARTERLY OPERATING RESULT



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Lindex in Q1 2015

- Stable development with slight increase in sales in local currencies, but operating profit down on 2014
- Successful openings in the UK and in Kosovo (new franchising market)
- Launch of a new store interior concept in the UK
- High marketing and PR recognition of the spring campaign #superrolemodel
 - Support to WaterAid project through round-up actions in stores
- Decision made to close down operations in Russia
- New Design & Purchasing Director
- Strategic priorities and actions for increased profitability initiated: 40 positions reduced in the head office

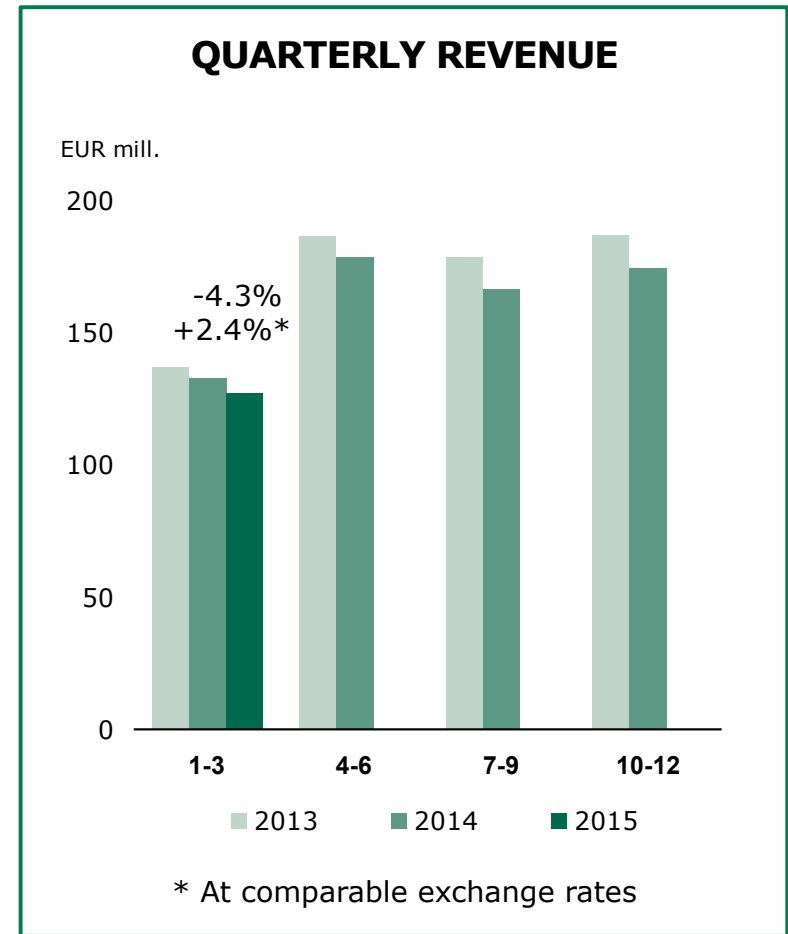




Lindex's revenue in Q1 2015

- Revenue down 4.3%, to EUR 127.0 million (EUR 132.7 million)
 - Decline due to the weak Swedish krona
- Revenue at comparable currencies up 2.4%
 - All countries except the Baltics increased their sales
 - Comparable revenue* up 0.9%
- Increase in lingerie and children's wear, decline in women's wear

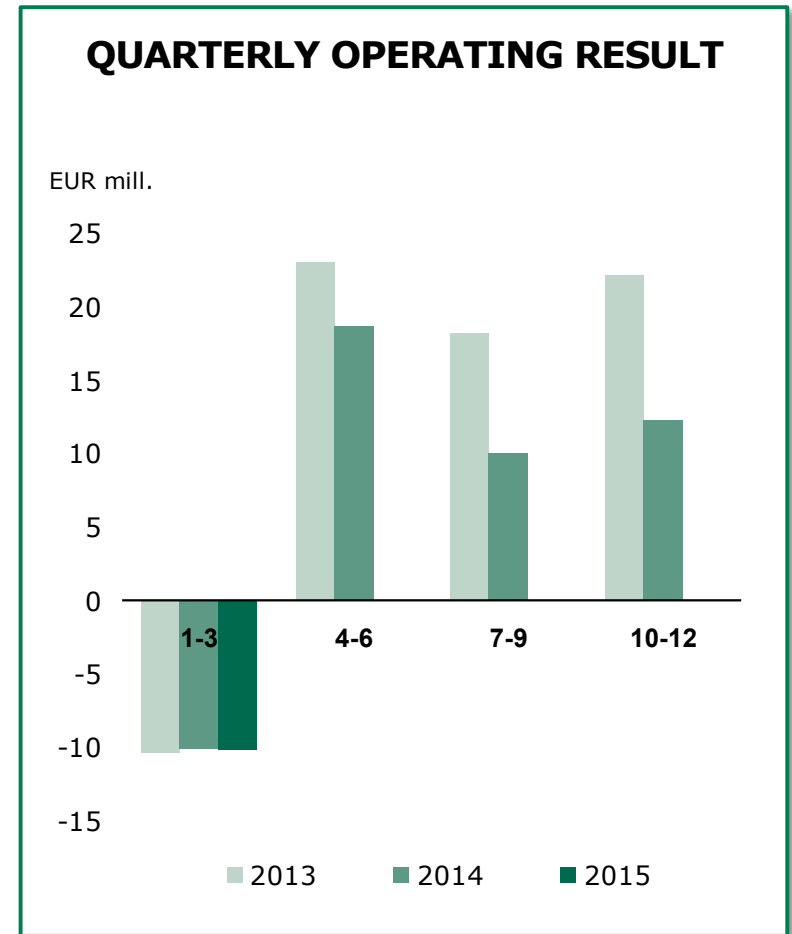
* Excluding stores opened/closed during the past 12 months





Lindex's operating result in Q1 2015

- Gross margin 61.7% (60.8%)
 - Increase mainly due to lower markdowns
- Operating costs up in Swedish krona but euro-denominated costs down
 - Store opening in the UK increased costs
- Operating result EUR -10.8 million (EUR -10.2 million)
 - Decline due to lower sales volume





International expansion

- Lindex opened 6 stores and closed 3 stores during the first quarter
 - New markets: UK and Kosovo
- Store network at 31 March 2015
 - 494 stores in 18 countries, of which 36 franchising stores
- Lindex targets to open 10–15 stores (net), including franchising, in 2015





Outlook for the rest of 2015

- Markets in Sweden, Norway and Finland expected to somewhat improve
- Increased competition and weaker development expected in the Baltics
- Continuous sales growth expected in Central Europe
- Low visibility for the Russian market, operations will gradually be closed down
- Launch of own cosmetics label in April
- Bra-volution forever campaign with Lindex employees
- Strong summer and autumn campaigns to come
- Second store opening in London Westfield, UK

