



# INTERIM MANAGEMENT STATEMENT Q3 2021

Jari Latvanen, CEO

Stockmann Group | 29 October 2021



**STOCKMANN**





# STOCKMANN GROUP IN Q3 2021

**Group's gross margin**

**59.5%**

(57.4)

**Group's adjusted operating result, EUR million**

**33.3**

(16.5)

**Cash, EUR million**

**170.7**

(132.0)

- **Stockmann Group**

- Revenue EUR 237.8 million, up by 12.0% in comparable currency rates
- Gross margin improved
- Operating result increased clearly in both Lindex and Stockmann

- **Lindex**

- Revenue up by 15.7% to EUR 168.9 million, growth in the online sales was 54.5%
- Sales increased in all markets and business areas
- Operating costs increased by EUR 9.4 million
- Operating result improved by EUR 10.1 million to EUR 31.6 million
- Lindex generated its best-ever operating quarterly result

- **Stockmann**

- Revenue up by 11.7% to EUR 68.9 million, increase in the online store 26.3%
- Merchandise sales in the brick-and-mortar stores increased significantly
- Operating costs increased by EUR 1.8 million
- Operating result improved by EUR 4.9 million and was EUR 0.1 million



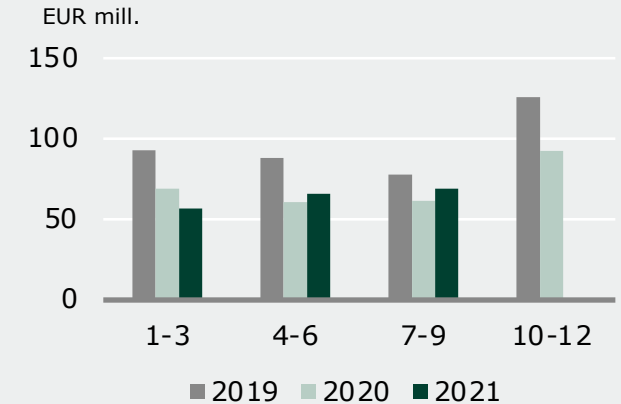
STOCKMANN  
DIVISION



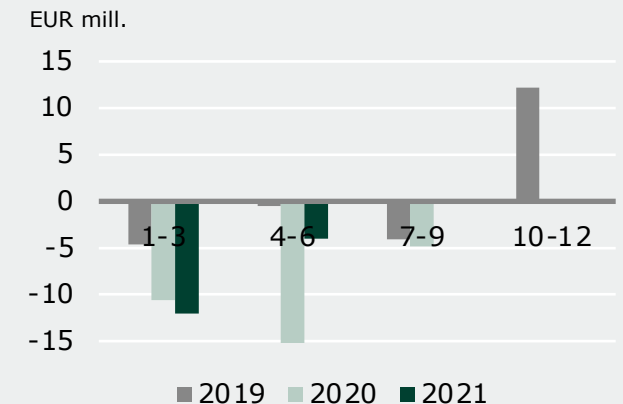
# STOCKMANN DIVISION, PERFORMANCE IN Q3 2021

- **Revenue** EUR 68.9 million (61.6)
  - Revenue was up by 11.7% or down by 11.3% compared to 2019
  - Merchandise sales in the brick-and-mortar store increased significantly by 13.6% despite lower visitor volumes compared to the previous year
  - The online store sales increased by 26.3% (166.4% compared to 2019)
  - Share of online sales was 8.0% for the quarter (7.1% in 2020, 2.7% in 2019)
- **Gross margin** declined to 46.0% (49.3)
  - The gross margin decreased compared to last year due to a different clearance mechanism
- **Operating costs** EUR 27.9 million (26.1) up by EUR 1.8 million
- **Operating result** EUR 0.1 million (-4.8)
- **Adjusted operating result** EUR 0.1 million (-4.8 in 2020, -4.1 in 2019)

## QUARTERLY REVENUE



## QUARTERLY OPERATING RESULT Adjusted





# STOCKMANN DIVISION, HIGHLIGHTS IN Q3 2021

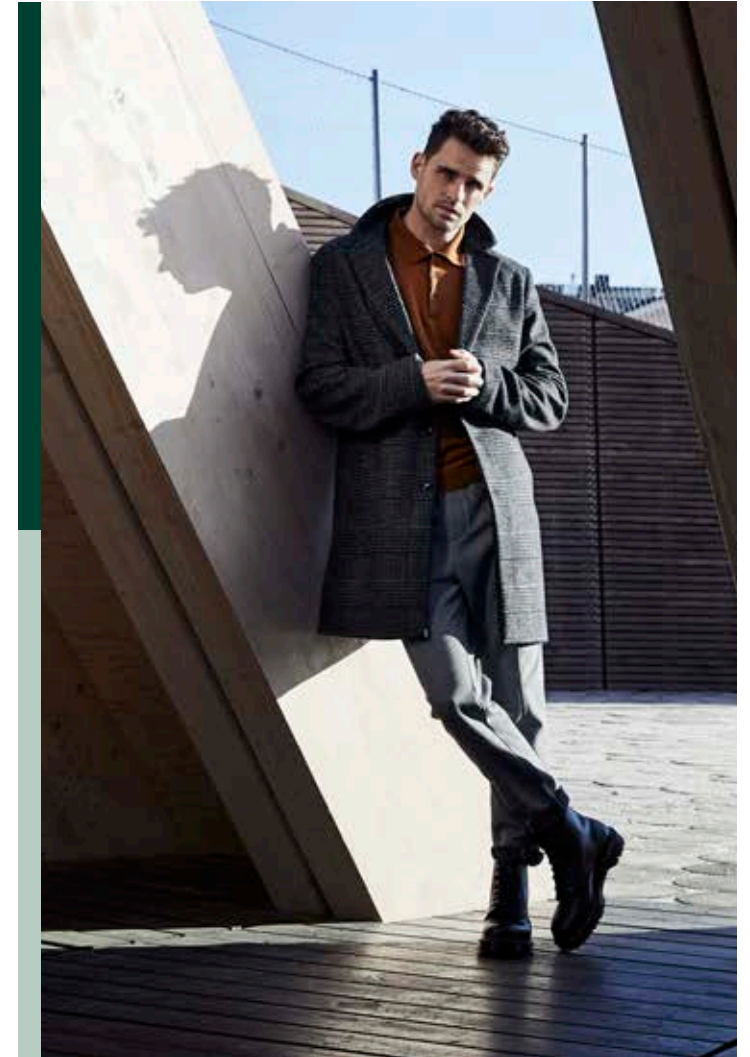
- **Clearly improved profitability** during the third quarter
  - The performance improved clearly by EUR 4.7 million compared to the previous year, reaching a positive result
- **Sales in the brick-and mortar stores** increased significantly by 13.6%
  - Customers continued to return to the brick-and-mortar stores, the growing vaccination rate among the population increased the customer volumes
  - The opening up of society, the return to work and the normalization of social life reflected straight away in the consumer behaviour
  - The demand for fashion turned immediately when the back of the pandemic was broken
  - Stockmann's sales development was clearly better than the market average
- **The 8-day-long Crazy Days campaign:** 29 September to 6 October
  - The first time since the outbreak of the COVID-19 epidemic, the campaign was arranged in both the department stores and online
  - Sales exceeded this year's Crazy Days spring campaign by 58%
- **Riga Delicatess re-opened** in September after a two-month full renovation





# STOCKMANN DIVISION'S WAY FORWARD

- **Stockmann conducted a CSR survey** to all its stakeholders for materiality assessment for the upcoming CSR strategy renewal
- Stockmann proceeds to the next stage of its customer-focused strategy by **renewing its operating model**
  - The goal is to improve customer satisfaction and business profitability with smoother processes and a more effective unified operating model in all three countries of operation
  - Approx. 105 current position will be ended, about 45 new positions are planned
  - The planned measures will bring estimated annual savings of nearly EUR 4 million gradually as of the second half of 2022
- Proceeding with our **operational efficiency**
- **The sale and lease-back** process of the department store properties located in Helsinki, Tallinn and Riga proceeds
  - The aforementioned properties must be sold by 31 December 2021 at the latest at the risk of the restructuring programme lapsing, unless the Supervisor postpones the deadline for the sale until 31 December 2022 for a justified reason. The supervisor has subsequently accepted a timeline with estimated sale latest during Q1 2022 in order to reach an optimal outcome for the company and the creditors.
- **Challenges in logistics** has affected the third quarter and will continue to affect the fourth quarter





A woman with long dark hair is sitting on large grey rocks in a natural setting. She is wearing a bright yellow, textured turtleneck sweater. Her right arm is raised and resting on a rock behind her. She is looking off to the side with a calm expression. The background shows more rocks and some green foliage.

LINDEX

Susanne Ehnbage  
Lindex CEO

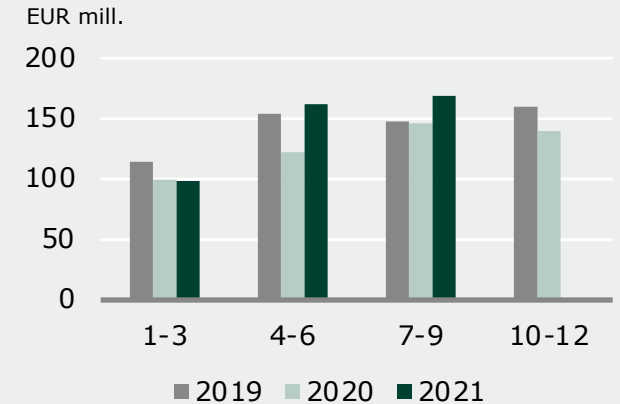




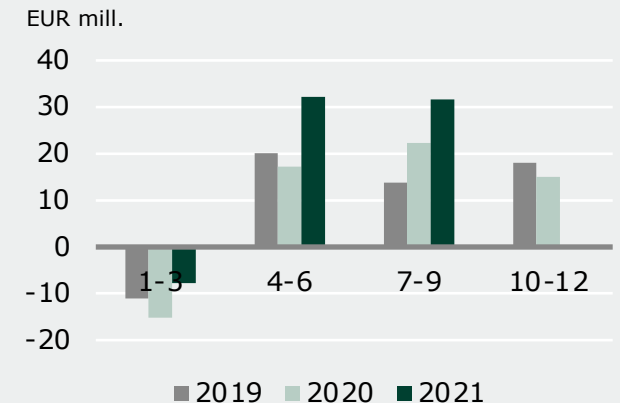
# LINDEX, FINANCIAL PERFORMANCE IN Q3 2021

- **Revenue** EUR 168.9 million (146.0)
  - Revenue up by 15.7% or up by 13.5% in comparable currency rates (12.4% compared to 2019)
  - Growth in online sales was 54.5% (215.1% compared to 2019)
  - Share of online sales was 17.9% (13.2% in 2020, 6.4% in 2019)
- **Gross margin** increased to 65.0% (60.8)
- **Operating costs** increased to 58.8 (49.4)
- **Operating result** EUR 31.6 million (21.5 in 2020, 13.4 in 2019)
- **Operating result** for the first nine months amounted to EUR 50.6 million (23.5 in 2020, 22.5 in 2019)

## QUARTERLY REVENUE



## QUARTERLY OPERATING RESULT Adjusted







# LINDEX, HIGHLIGHTS IN Q3 2021

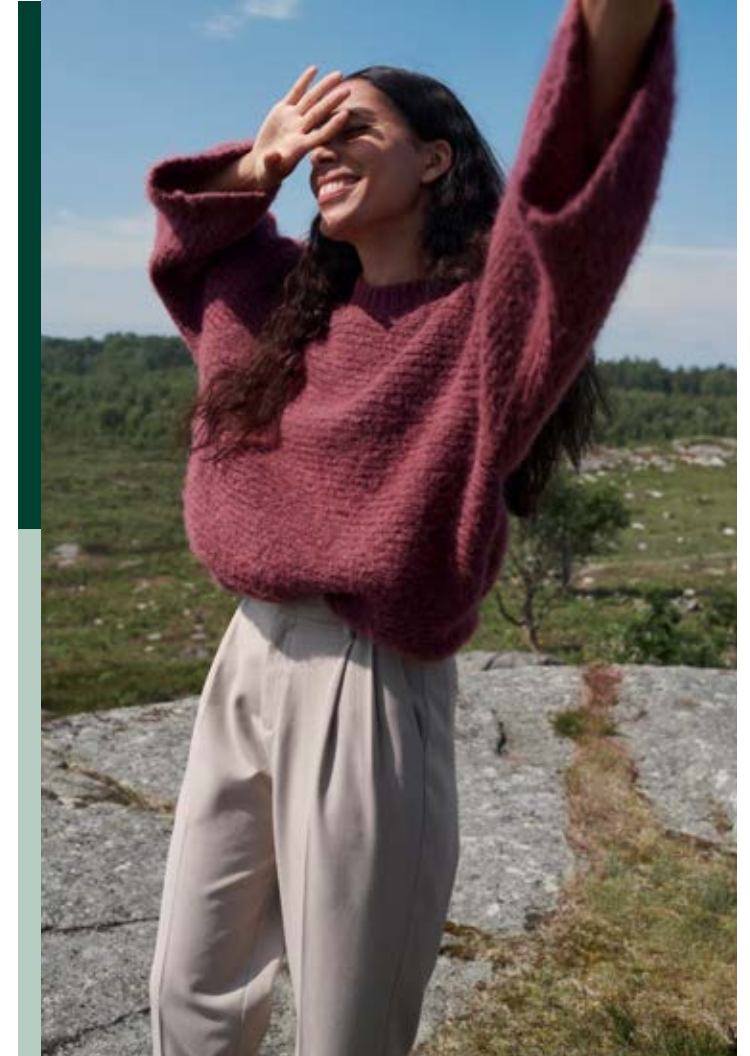
- **Best operating result ever** in Lindex history
- Strong **sales growth** in **all markets** and **business areas**
  - Lingerie strongest growth, increased by 18%
- **Increased gross margin** thanks to lower markdowns and better start margins
- **Lindex app** available in **all B&M markets**
- Growing **online editions** and **cross functional collections**
- **Continued progress** within Lindex **sustainability promise**
  - Appointed a **Global Women Empowerment Manager**
  - Signed new **International Accord** for health and safety
  - Offer Lindex **second hand** in selected stores
  - Supporting a **sustainable lifestyle** with 'Your Smart Wardrobe' and **design for longevity**





# LINDEX WAY FORWARD

- Focus on **multichannel development** for **global growth**
  - Optimising our store portfolio with omni focus
  - Strengthening our omnichannel set-up
  - Continue planning of new omnichannel Distribution Centre
- Continue develop our **inspiring** and **strong offering** based on customer needs
- Proceed our **sustainability transformation** and work to reach our goals
- Supporting the important **Pink Ribbon campaign** for cancer research – donated 16 MEUR since start







# STOCKMANN GROUP

Pekka Vähähyppä  
CFO





# RESTRUCTURING PROGRAMME EXECUTION PROCEEDS ACCORDING TO THE PLAN

- **Stronger balance sheet after successful conversions of restructuring debt into equity and into a new bond in July 2021**
- **Combination of share classes and increase in number of shares; impact in share liquidity**
- **Remaining undisputed restructuring debt EUR 21.8 million**
- Combination of the A and B share classes in April 2021
- Half (EUR 54.1 million) of the hybrid bond was cut during Q1 2021
- EUR 72.2 million of Stockmann's unsecured restructuring debt and hybrid bond has been converted into shares in Stockmann in July 2021
- EUR 66,1 million of Stockmann's unsecured restructuring debt has been converted into a new secured five-year bullet bond in July 2021
- The sale and lease-back process of the department store properties located in Helsinki, Tallinn and Riga proceeds

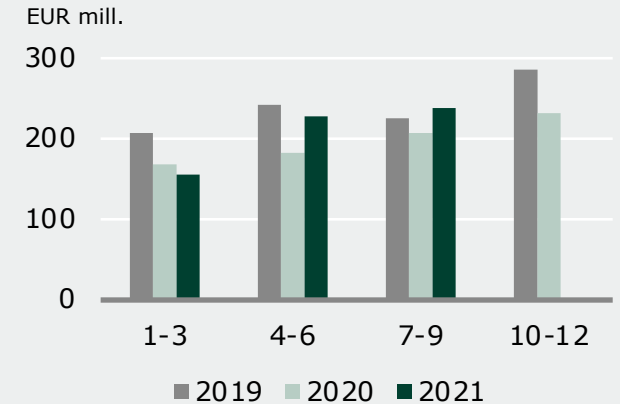




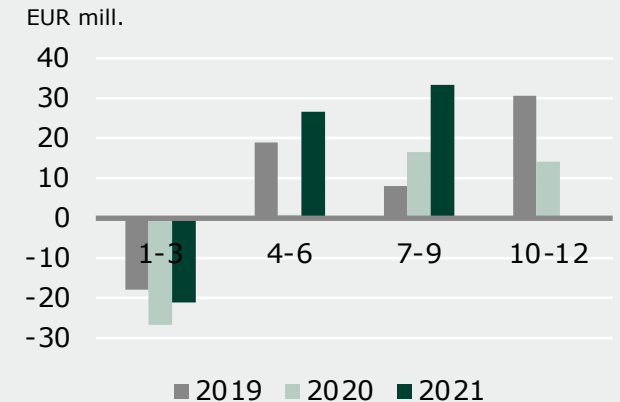
# STOCKMANN GROUP, FINANCIAL PERFORMANCE IN Q3 2021

- **Revenue** EUR 237.8 million (207.6)
  - Up 12.0% in comparable currency rates
- **Gross margin** 59.5% (57.4)
  - Gross margin up in Lindex but down in Stockmann
- **Operating costs** EUR 85.6 million (75.9)
- **Operating result** EUR 33.2 million (14.3)
- **Adjusted operating result** EUR 33.3 million (16.5)

## QUARTERLY REVENUE



## QUARTERLY OPERATING RESULT Adjusted





# KEY FIGURES

		7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Equity ratio</b>	%			16.9	25.2	14.6
- Excluding IFRS 16				22.9	34.5	20.8
<b>Adjusted operating result</b>	EUR mill.	33.3	16.5	39.0	-9.3	4.9
<b>Operating result</b>	EUR mill.	33.2	14.3	31.8	-14.0	-252.4
<b>Net financial items</b>	EUR mill.	-4.2	-9.9	-12.7	-29.4	-41.6
<b>Result for the period</b>	EUR mill.	23.3	3.3	12.9	-44.9	-291.6
<b>Earnings per share</b>	EUR	0.15	0.01	0.08	-0.69	-3.88
<b>Cash flow from operating activities</b>	EUR mill.	31.9	23.3	66.6	109.2	147.4
<b>Cash and cash equivalents</b>	EUR mill.			170.7	132.0	152.5
<b>Inventories</b>	EUR mill.			167.6	150.1	135.3
<b>Capital expenditure</b>	EUR mill.	4.5	4.2	9.1	14.6	19.4
<b>Depreciation, amortisation and impairment losses</b>	EUR mill.	-25.9	-31.7	-77.9	-98.1	-379.9
<b>Lease liabilities</b>	EUR mill.			321.8	435.1	371,2
<b>Balance sheet total</b>	EUR mill.			1 410.5	1 687.1	1 428.1





# GUIDANCE AND OUTLOOK FOR 2021

## **Guidance for 2021:**

Stockmann expects a clear increase to the Group revenue and the adjusted operating result to be clearly positive assuming that no major COVID-19 restrictions are imposed.

## **Market outlook for 2021:**

Uncertainty in the global economy is expected to persist throughout 2021, and the COVID-19 pandemic is having a significant impact on the economy across the world, until coronavirus situation is under better control. The retail market is expected to remain challenging due to changes in consumer behaviour and confidence, which are also affected by the coronavirus situation.

The Stockmann division will continue to execute the restructuring programme in 2021 and Lindex to drive efficiencies and explore new growth opportunities.







# Q&A

## **Further information**

[stockmanngroup.com](https://stockmanngroup.com)

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