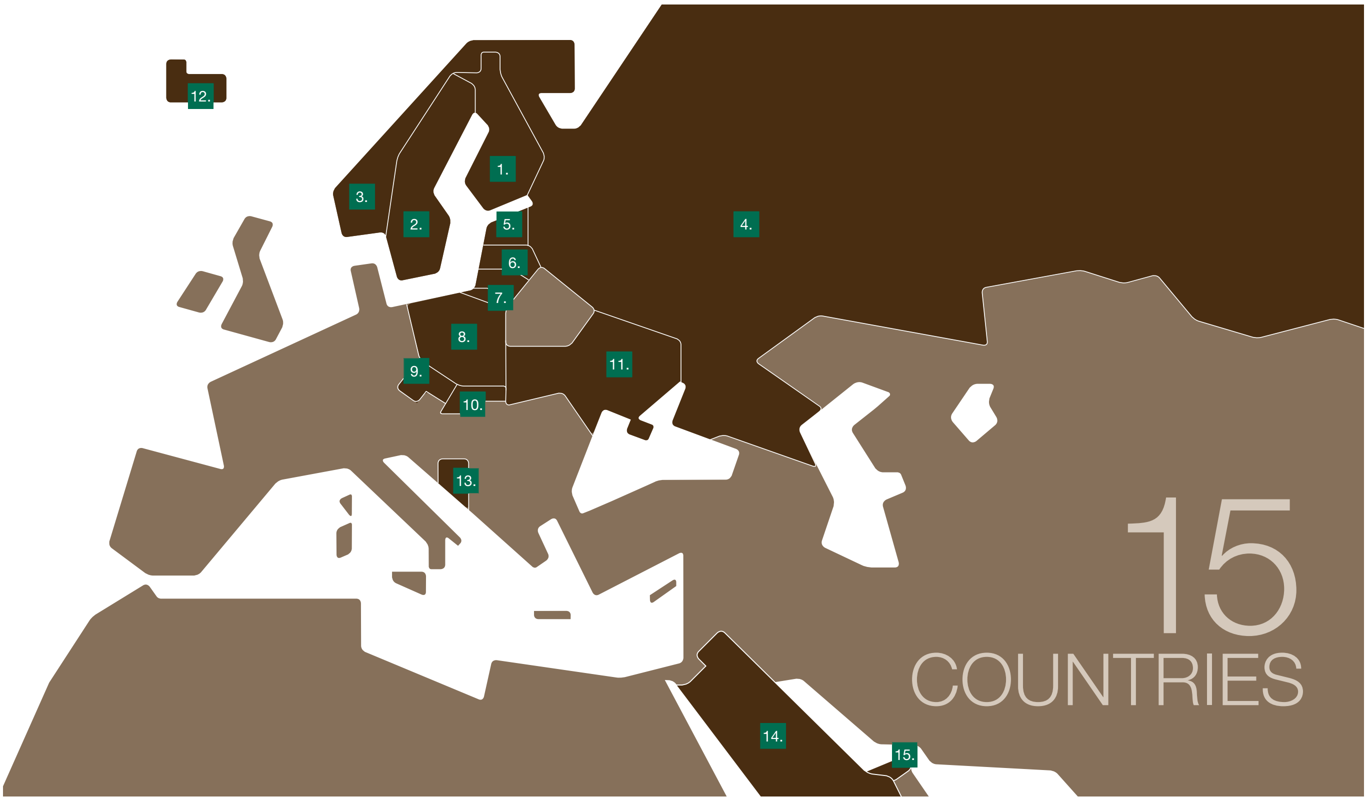
STOCKMANN
ANNUAL REPORT 2011

Stockmann Group in brief

Stockmann is a Finnish listed company engaged in the retail trade. Its three business divisions are the Department Store Division and the Lindex and Seppälä fashion chains. Stockmann was established in 1862 and celebrates its 150th anniversary in 2012. Stockmann has 16 department stores and over 700 stores in 15 countries. The Group's revenue in 2011 was EUR 2 005.3 million, and it employs approximately 16 000 people.



1. FINLAND
   - 7 department stores
   - 7 Academic Bookstores
   - 56 Lindex stores
   - 138 Seppälä stores
   - Hobby Hall mail order sales, 1 store
   - 13 Stockmann Beauty stores
   - 4 Zara stores
   - 1 outlet store

2. SWEDEN
   - 208 Lindex stores

3. NORWAY
   - 97 Lindex stores

4. RUSSIA
   - 7 department stores, 1 shopping centre
   - 17 Lindex stores
   - 48 Seppälä stores
   - 18 Bestseller stores
   - 1 concept store
   - 1 outlet store

5. ESTONIA
   - 1 department store
   - 7 Lindex stores
   - 20 Seppälä stores
   - 1 outlet store

6. LATVIA
   - 1 department store
   - 7 Lindex stores
   - 11 Seppälä stores

7. LITHUANIA
   - 10 Lindex stores
   - 10 Seppälä stores

8. POLAND
   - 4 Lindex stores

9. CZECH REPUBLIC
   - 13 Lindex stores

10. SLOVAKIA
    - 4 Lindex stores

11. UKRAINE
    - 2 Seppälä stores

12. ICELAND
    - 1 Lindex franchising store

13. BOSNIA AND HERZEGOVINA
    - 3 Lindex franchising stores

14. SAUDI ARABIA
    - 17 Lindex franchising stores

15. UNITED ARAB EMIRATES
    - 2 Lindex franchising stores

ONLINE STORES
- Lindex (EU countries and Norway)
- Stockmann, Hobby Hall, Academic Bookstore and Seppälä (Finland)

PURCHASING OFFICES
- Bangladesh, India, China, Pakistan and Turkey

Stockmann in 2011

The Stockmann Group's revenue increased in 2011 by 10.1 per cent to EUR 2 005.3 million. The growth was mostly due to the opening of the new department store in St Petersburg. Also the department stores in Moscow and Ekaterinburg, the enlarged Helsinki flagship department store, and success of the Lindex fashion chain contributed to the revenue growth.

The Group's operating profit declined to EUR 70.1 million since the revenue growth was unable to cover the higher costs resulting from the expansion. Profit for the period was EUR 30.8 million and earnings per share came to EUR 0.43.

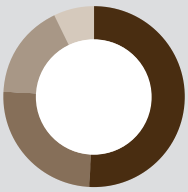
Stockmann plc shares are listed on NASDAQ OMX Helsinki. The company had 56 116 shareholders on 31 December 2011. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid.

Key figures

		2011	2010	2009	2008	2007
Revenue	EUR mill.	**2 005.3**	1 821.9	1 698.5	1 878.7	1 398.2
Staff expenses	EUR mill.	**390.0**	361.9	327.4	350.5	224.1
Share of revenue	%	**19.4**	19.9	19.3	18.7	16.0
Operating profit	EUR mill.	**70.1**	88.8	85.1	121.9	125.2
Share of revenue	%	**3.5**	4.9	5.0	6.5	9.0
Profit before taxes	EUR mill.	**35.7**	74.2	61.1	71.7	119.4
Investment in fixed assets	EUR mill.	**66.0**	165.4	152.8	182.3	977.4
Total assets	EUR mill.	**2 062.7**	2 053.8	1 925.7	1 764.1	1 823.7
Share capital	EUR mill.	**143.7**	142.3	142.2	123.4	112.2
Market capitalization at 31 December	EUR mill.	**911.8**	2 047.1	1 396.7	611.6	1 659.8
Dividend paid	EUR mill.	**35.9***	58.3	51.2	38.0	75.2
Dividend per share	EUR	**0.50***	0.82	0.72	0.62	1.35
Earnings per share**	EUR	**0.43**	1.10	0.82	0.65	1.56
Earnings per share, diluted**	EUR	**0.43**	1.09	0.81	0.65	1.55
Equity ratio	%	**42.2**	43.1	44.1	39.0	32.6
Return on equity	%	**3.5**	9.0	7.0	6.1	15.2
Return on capital employed	%	**4.1**	5.8	5.8	8.3	12.1
Personnel at 31 December		**15 960**	14 836	14 836	15 737	16 478

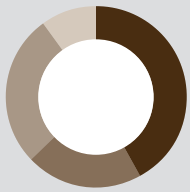
**) Board's proposal to the AGM.*
***) 2007 and 2008 restated due to a rights issue in 2009.*

Revenue by market 2011



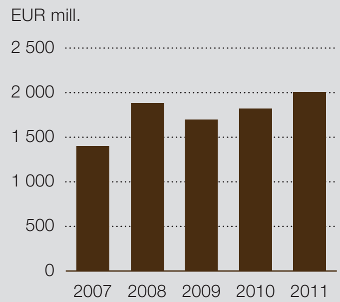
- 51% Finland
- 25% Sweden and Norway
- 17% Russia and Ukraine
- 7% Baltic countries and Central Europe

Personnel by market 2011

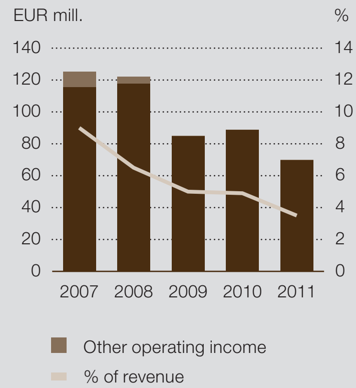


- 42% Finland
- 21% Sweden and Norway
- 27% Russia and Ukraine
- 10% Baltic countries and Central Europe

Revenue 2007–2011



Operating profit 2007–2011

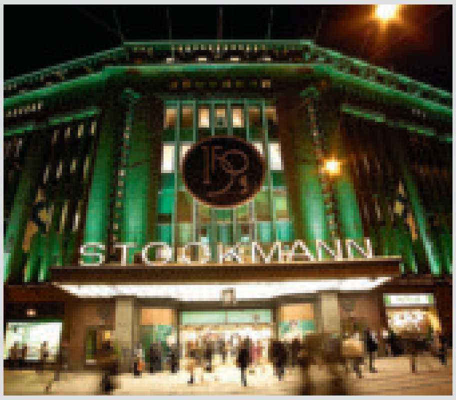


Business divisions in brief

The Stockmann Group offers its customers inspiring shopping experiences. The Department Store Division's extensive range covers fashion, leisure and homeware products, food products and books. The Lindex and Seppälä product ranges focus on affordable fashion.

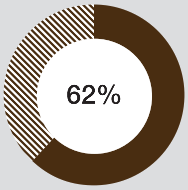
The Department Store Division comprises 16 department stores and 40 other stores in Finland, Russia and the Baltic countries, a shopping centre in St Petersburg and three online stores, including the leading Finnish distance retailer, Hobby Hall. Lindex operates in 14 countries with 423 of its own fashion stores and 23 franchising stores. Seppälä has 229 fashion stores in Finland, Russia, the Baltic countries and Ukraine. In addition, the Stockmann Group has seven purchasing offices in five Asian countries.

OVER
700
STORES

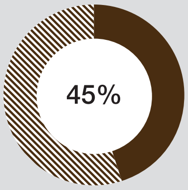


Department Store Division

Stockmann department stores offer a uniquely extensive and high-quality product range, a competitive price/quality ratio, and excellent and professional customer service in an inspiring shopping environment with an international ambience. Hobby Hall's online and mail order sales offer an easy, reliable and attractive alternative for buying quality products at affordable prices.



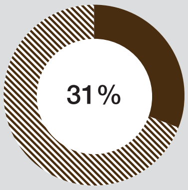
Share of Stockmann's revenue
EUR 1 236.9 million



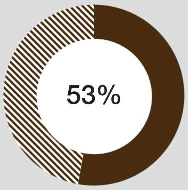
Share of Stockmann's operating profit
EUR 35.2 million

Lindex

Lindex's business idea is to offer inspiring affordable fashion. Lindex's product range covers a variety of fashion concepts within women's and children's wear, lingerie and cosmetics. The selection is characterised by well-considered details, the latest fashion trends and a fast turnover of new products. The concepts consist of products with a high sense of fashion as well as timeless favorites.



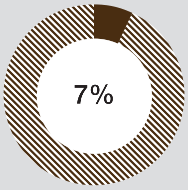
Share of Stockmann's revenue
EUR 624.1 million



Share of Stockmann's operating profit
EUR 41.2 million

Seppälä

Seppälä offers international fashion in women's, men's and children's wear. Its extensive product selection includes clothing, accessories, footwear and cosmetics. Seppälä's mission is to encourage and inspire people to enjoy fashion in their own way. Seppälä's appeal lies in its fast-changing collections and ability to offer fashion at reasonable prices.



Share of Stockmann's revenue
EUR 143.8 million

Share of Stockmann's operating profit
EUR 1.4 million

8
STRATEGY

150
YEARS
2

10
DEPARTMENT
STORE
DIVISION

16
LINDEX

Contents

20 SEPPÄLÄ

Stockmann 150 years

1862
STOCKMANN IS ESTABLISHED
G. F. Stockmann from Lübeck came to Finland in the 1850s to work at the Nuutajärvi Glassworks. He moved to Helsinki in 1859 to work as a manager for the glass-work's store by the Market Square. He gained control of this business on February 1, 1862, and this became Stockmann's founding date.

1880
DEPARTMENT STORE ON SENATE SQUARE
Stockmann opened a "continental department store" in a building on Senate Square. The building is currently known as the Kiseleff Bazaar Hall. The department store was located in what was then the very centre of Helsinki, and it developed over 50 years into one of the city's major landmarks.

1957
TAMPERE
Stockmann's first local department store was opened in Tampere. The department store was very successful, and was extended as early as 1965. The Tampere department store moved to its current location in 1981.

1981–1982
TAPIOLA AND TURKU
The department store in Tapiola, Espoo was opened in 1981. The following year, Stockmann expanded to Turku and opened an own department store there, when tenancy of the Turku City-Sokos premises was transferred to Stockmann.

1996
TALLINN
Stockmann opened its first foreign department store in Tallinn. Operations in Estonia had commenced in 1993, when Stockmann opened a fashion and household appliance store in Tallinn. In 1996, Estonia's first Seppälä store was also opened.

2007
LINDEX
Stockmann acquired Lindex, a Swedish company that is one of the leading fashion chains in Northern Europe. Lindex started by selling lingerie in 1954 and became an international company in 1969 when it expanded to Norway.


G. F. Stockmann (1825–1906)


Picture: Helsinki City Museum

1902
LIMITED COMPANY
The one-man business became a limited company called G. F. Stockmann Aktiebolag which was owned by G. F. Stockmann and his sons. In 1918, the business was transferred to the ownership of the Aktiebolaget Stockmann Osakeyhtiö limited company, which had a wider shareholder base.

1930
GRAND DEPARTMENT STORE
A new department store was opened in Helsinki city centre. The building designed by Sigurd Frosterus was completed in two stages: with four floors in 1926 and in its entirety in 1930. In 1930, Stockmann acquired the Academic Bookstore which was moved into the department store.

1942
LISTED COMPANY
Stockmann became a listed company when the company's shares were listed on the Helsinki Stock Exchange. Stock exchange listing had been planned already in the 1930s and took place during the Continuation War.

1985
HOBBY HALL
Stockmann acquired the Hobby Hall mail-order company, which had started its business in Finland in the 1960s under the Concert Hall Society name. In the beginning, the company's business idea was sales of classical music records, after which the selection expanded to other product areas.

1988
SEPPÄLÄ
Stockmann acquired the family-owned Seppälä fashion store chain. Established in 1930, Seppälä developed into a nationwide chain in the 1970s, and in 1988 it had around 50 stores at different locations in Finland.

1989
EXPANSION TO RUSSIA
Stockmann started its expansion to Russia by establishing its first stores in Moscow, in what was then the Soviet Union. One store focused on fashion and the other on food.

1992–2011
DEPARTMENT STORE CHAIN EXPANDS
1992 Itäkeskus, Helsinki
1998 Smolenskaya, Moscow (closed in 2008)
2001 Oulu
2003 Riga
2004 Mega North and Mega South, Moscow
2005 Jumbo, Vantaa
2007 Mega East, Moscow
2009 Metropolis, Moscow
2010 Golden Babylon, Moscow
2010 Nevsky Centre shopping centre and department store, St Petersburg
2011 Ekaterinburg

Stockmann: leading the way

When Stockmann's new department store was opened on the corner of Aleksanterinkatu and Mannerheimintie in 1930 it was full of things that had never been seen before in Helsinki. It was possible, for instance, to travel on a 'moving stairway' or in a lift, under the guidance of female lift attendants, or to buy a Coca-Cola from the Soda Fountain counter.

In 1950, Finland's first television broadcast took place in Stockmann's department store. The programme was televised on the fifth floor, and people could watch the broadcast in one of the store's display windows.

In 1986 Stockmann launched a brand new sales campaign by the name of Crazy Days. The same year also saw the launch of the Stockmann Loyal Customer scheme, which is today used in four countries and includes more than 2.5 million Loyal Customers.

Events in 2011

January
MORE ONLINE SALES

Previously serving Sweden, Finland and Denmark, Lindex's popular online store was expanded in January 2011 to cover the whole of the EU. In April, Norway was added to the list of countries served by Lindex Shop Online. Lindex's product selection is now available to customers online in 28 European countries.

January
NEW LOGISTICS CENTRE IN MOSCOW

The Department Store Division's new Russian logistics centre moved to new premises at the start of 2011. Located in northwest Moscow the logistics centre serves all the Stockmann department stores in Russia. Modern new facilities will allow more efficient transport of goods as operations expand.

February
FIRST – A NEW STANDARD FOR LOYAL CUSTOMERS

The Loyal Customer programme is a key factor in the success of Stockmann's department stores. In 2011 a new 'First' designation was established for Loyal Customers whose annual spending in the department stores exceeds EUR 8 000. Besides the many benefits, First customers can also enjoy personal service in the Helsinki city centre department store's First Lounge.

March
LINDEX EXPANDS IN EASTERN EUROPE

The first Lindex store in Poland was opened in the city of Walbrzych on 3 March 2011. By the end of the year, there were already four Lindex stores in Poland.

March
NEW DEPARTMENT STORE IN EKATERINBURG

Stockmann opened its 7th department store in Russia on 30 March 2011, in the Greenwich shopping centre in the heart of Ekaterinburg. The new department store offers a broad selection of fashion, home-ware and food products on three floors, occupying a total retail space of almost 8 000 square metres. The well-stocked Delicatessen in particular was an immediate hit with customers.

The department store has around 270 employees, all of whom, from the department store director downwards, were recruited in the Ekaterinburg region. Stockmann's capital expenditure on the project amounted to EUR 14 million.

The department store is Stockmann's first outside Moscow and St Petersburg in Russia. With a population of over 1.4 million, Ekaterinburg has considerable customer potential for Stockmann. Besides the department store, Ekaterinburg also features Lindex and Seppälä fashion stores.

April and October
25 YEARS OF CRAZY DAYS

Since its launch in April 1986, Stockmann's Crazy Days campaign has attracted millions of customers. Spring 2011 marked the 50th Crazy Days campaign. From the start the idea was to offer large volumes of brand products at significantly below market prices exclusively for this campaign.

Crazy Days is an international concept covering the Stockmann department store chain. The first campaign in the Tallinn department store was held in autumn 1997, and in Moscow in spring 2006. 2011 saw the Crazy Days shopping spirit spread to Stockmann's newest department stores as well: Crazy Days took place for the first time in St Petersburg in April, and Ekaterinburg in October.

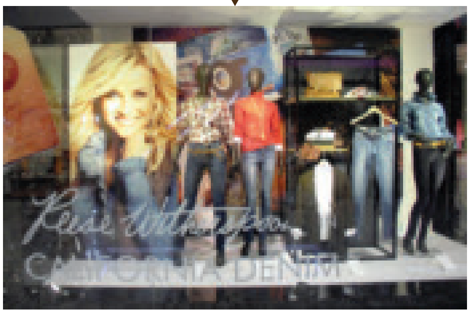
Crazy Days' sales have risen almost constantly throughout the 25-year history of the campaign. Previous sales records were beaten in 2011, in both the April and October campaigns. In all, the revenue from the two five-day campaigns corresponds to that of an average month for the department stores. It's no wonder that Crazy Days is the best-known retail sales campaign in Finland.

June
10 000 NEW SHAREHOLDERS

Almost 18 000 Loyal Customers used their Loyal Customer 2008 share options to subscribe to Stockmann's share in 2011, boosting Stockmann's shareholder total by about 10 000. At the end of 2011 Stockmann had a total of 56 116 shareholders.

August
MORE INSPIRATIONAL MARKETING

Lindex's new marketing communication concept 'Get the Look' was introduced in August 2011. The concept is designed to inspire fashion-conscious women with an affordable and complete look. The campaign's figurehead was the Oscar-winning actress Reese Witherspoon.



September
ENCOUNTERS AT THE ACADEMIC BOOKSTORE CONTINUE TO BE POPULAR

In 2011 the Estonian President Toomas Ilves (right on picture) was among those presenting their books at the Academic Bookstore's Kohtaamispaikka ("Encounters") events.

October
SEPPÄLÄ CLUB TO RUSSIA

The Seppälä Club, a loyal customer programme was launched in the 15 stores of the St Petersburg area. At the same time the Club was revamped in Finland and in the Baltic countries where it has more than 800 000 members.

November
DEPARTMENT STORES CELEBRATE KEY ANNIVERSARIES

The Stockmann department store in Tapiola, Espoo was opened in 1981. In Oulu, Stockmann began operating in 2001. These anniversaries were celebrated together with Loyal Customers in November 2011. The department stores make sure they are continuously renewed. Completely new premises are planned for the Tapiola store together with the Tapiola Group, the intention being to move to these premises in 2016.

November
NEW LINDEX STORE CONCEPT FOR OSLO AND REYKJAVIK

Lindex's new Norwegian flagship store was opened on 24 November 2011 on Karl Johan street in Oslo. Here was on view for the first time Lindex's new store concept.

In November, Lindex also opened its first franchising store in Reykjavik. The new store got off to a great start. Iceland became concurrently the 15th country of operation for the Stockmann Group.

November
SEPPÄLÄ'S FASHION ONLINE

Seppälä's co-operation with the internationally acclaimed Finnish designer Paola Suhonen culminated in November 2011 when the Paola Suhonen by Seppälä collection was presented at selected Seppälä stores and the new online store in Finland. The online store is a part of Seppälä's new-look website which serves as an online fashion community for the customers.

Gaining the benefits of capital expenditure

At the beginning of 2011, the mood in the world economy was relatively positive. No one could have guessed the kind of turmoil that our economic environment would experience during the year. The European sovereign debt crisis shocked the markets and uncertainty spread gradually also to consumer confidence and spending behaviour. In Stockmann's market areas, consumer uncertainty was reflected in particular in consumer demand in the Swedish fashion market where the overall market clearly declined after many years of good performance. In Finland, performance was more positive. In the Baltic countries and Russia, the overall retail market continued to grow much more strongly than in the Nordic countries.

Sales growth continued

The Stockmann Group's revenue increased during 2011, in particular as a result of significant capital expenditure projects that were completed at the end of 2010. The opening of the Nevsky Centre shopping centre and its Stockmann department store in St Petersburg increased revenue in Russia. Stockmann also strengthened its position by opening its seventh Russian department store in Ekaterinburg, which is next to the Urals, in March 2011. The impact of the enlargement and renovation project on sales performance at the Helsinki city centre department store was obvious.

Lindex strengthened its market position in all its countries of operation during 2011. In Sweden, even though revenue performance significantly outperformed the market it fell short of its targets as overall fashion industry sales in Sweden fell by five per cent. Seppälä's revenue remained at the level of the previous year. Both fashion chains continued to expand, in line with their strategies. Lindex's new markets are Poland, where four stores were opened during the year, and Iceland, where a franchising partner opened its first store in November. In total, Lindex and Seppälä had 24 more stores at the end of 2011 than the year before. Expansion will continue in 2012, but at a slower rate than previously.

In 2011, Stockmann made strong progress with its e-commerce, which is considered to be a growing part of the retail trade. All the Group's main brands – Stockmann, Lindex, Seppälä, Hobby Hall and the Academic Bookstore – have online stores, which operate in Finland. Lindex's online store operates in 28 European countries.

Earnings fell short of targets

During 2011, and in particular during its first quarter, revenue growth was unable to cover the higher costs and depreciation resulting from the expansion. The situation improved towards the end of the year, and fourth-quarter operating profit was higher than the previous year. The relative gross margin weakened somewhat as a result of high purchasing prices and price-led campaigns. Operating profit in 2011 was EUR 70.1 million, which is EUR 18.7 million less than the previous year. The Department Store Division's operating profit increased as a result of improved performance by Russia and the Baltic countries. The earnings of Lindex and Seppälä fell short of the previous year; however, Lindex was still responsible for over half of the Group's operating profit.

As operating profit was lower than expected, the high level of debt and financial expenses burdened Stockmann's earnings. The earnings for the financial year remained at EUR 30.8 million and earnings per share amounted to EUR 0.43. As the uncertainty continues it is clear that Stockmann must focus not only on improving earnings but also on the efficient use of capital.

The Board of Directors propose that EUR 0.50 per share will be paid as dividend for 2011, which is more than the earnings per share. The dividend proposal reflects the company's view that the weak earnings performance in the first half of 2011 was temporary in the long run.

Stockmann's timetable for achieving its long-term financial targets will be challenging if the current difficulties in the operating environment continue. The targets and their timetable will have to be checked when we have a better view on the course of the economic development.

> During its 150th anniversary year, Stockmann will focus on increasing profitability

Starting point for 2012

The unstable state of the world economy creates a challenging basis for assessing the future performance of the Stockmann Group. Visibility in the market conditions, especially in the Nordic countries, has never been this weak during my term as Chief Executive Officer. If a solution to restore market confidence can be found for the European sovereign debt crisis, recovery could even start during the current year. Continuing uncertainty means that we must all prepare for harder times and through this an automatic downward slide in the economy. The Russian market is likely to continue to perform better than the Nordic countries, provided that the price of crude oil does not significantly drop from its current level.

Stockmann's competitiveness has, however, remained good and we are still very well placed for sales growth and positive earnings performance when the general market condition improves. During 2012, Stockmann will concentrate on gaining the full benefit of its recently completed major capital expenditure projects on department stores and numerous store openings. Additionally, in all units, greater attention will be given to efficient use of capital and the cost structure. It is estimated that capital expenditure amounts will continue to fall and total about EUR 50 million in 2012.

Looking ahead to the anniversary year

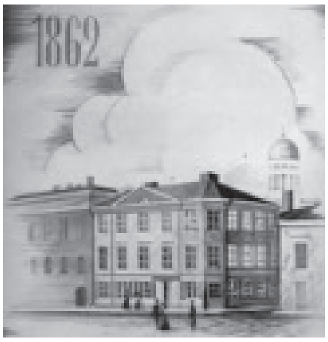
On 1 February 2012 it was 150 years since German-born shop manager G. F. Stockmann acquired a shop in the Lampa building located by the Market Square in Helsinki. The small glassware shop grew into a grand department store and then into a large international group in retail trade. Ahead of us is our anniversary year, which our customers will experience in the form of anniversary products, campaigns and events.

In the current stormy conditions in the world economy the future may look uncertain. But, when you put the events into the perspective of Stockmann's 150-year history, during which we have survived wars and various financial crises, things start to look a little different. This is why I believe that Stockmann will also rise from this recession even stronger than before.

I would like to thank our shareholders and partners for their confidence in us, and our personnel for their exceptional contribution during the challenging times in 2011. I would especially like to thank our customers, whose satisfaction is the key success factor in Stockmann's long life. I would like to wish all our stakeholder groups a very successful anniversary year in 2012.

Helsinki, Finland, 10 February 2012

Hannu Penttilä
CEO



FROM A SMALL STORE IN THE LAMPA BUILDING IN HELSINKI, STOCKMANN HAS GROWN INTO AN INTERNATIONAL RETAIL GROUP

Profitable growth as a strategic aim

Stockmann is a leading-edge operator in the international retail trade. Its operations are customer-focused and profit-oriented. Stockmann has considerable expertise in the department store business and the fashion trade and its brands are widely known in the Nordic countries, Russia and the Baltic countries. Stockmann's long-term strategic aim is to achieve profitable growth grounded in good sales performance on existing markets and expansion on the international market.

The core of the strategy remains unchanged even though the operating environment has become more challenging due to Europe's debt crisis and consumer uncertainty. The level of growth in the economy will determine whether or not the long-term targets or the timetables for achieving them need to be revised.

More efficient operation

In the past years Stockmann has invested considerably in improving its competitiveness: capital expenditure on fixed assets totalled almost EUR 1.5 billion in the period 2007–2010, of which EUR 850 million was in the acquisition of the Lindex fashion chain in December 2007. The major construction projects undertaken, namely the enlargement and renovation of the Helsinki city centre department store and construction of the Nevsky Centre shopping centre in St Petersburg, represent investments in Stockmann's competitiveness for the longer term.

Over the next few years the Stockmann Group will concentrate on gaining the full benefit from its recently completed major capital expenditure projects and on efficient use of capital. Capital expenditure in the period 2012–2014 is estimated to be significantly below depreciation.

The Department Store Division will focus on improving the profitability of the existing department stores, renewing and enlarging some of its department stores and strengthening the chain operations. The Group's fashion chains, Lindex and Seppälä, will continue their expansion, principally in Russia and Eastern Central Europe, though at a more modest rate than before. In all units, greater attention will be given to stock volumes and costs.

Revenue growth especially in Russia

Stockmann has operated in Russia since 1989, when the first stores were opened in Moscow. In 2011, Russia accounted for 16 per cent of the Group's revenue, and this percentage will grow as the department stores opened in recent years strengthen their market position. In Russia the Group will focus on its core business and developing its own brands. The decision was taken to discontinue the Bestseller franchising operation during 2012. The aim is to achieve a positive operating result in the Russia excluding Bestseller operations in 2012.

Stockmann expects the Group's revenue and operating profit in 2012 to be above the figures for 2011, provided that market sentiment does not significantly worsen.

Stockmann Group's core values

PROFIT ORIENTATION
We are in business to make money; all our operations should support this goal. Healthy earnings mean a good return for investors and latitude of movement and risk-taking ability for the company. For good people who are committed to our common goals, it means a highly respected job and an opportunity for self-development.

CUSTOMER ORIENTATION
We earn money only by offering benefits which the customer perceives as real and better than those of our competitors. The sum total of these benefits is high customer satisfaction and loyalty. Competitive pricing, reliable quality and good customer service are vital elements in achieving these goals.

EFFICIENCY
By performing better than our competitors, we boost sales, secure high cost-effectiveness and use capital efficiently.

COMMITMENT
In all our activities, success calls for an understanding of the importance of Stockmann's company-wide success factors and the role of our own unit in achieving them as well as a commitment to the goals we all share together.

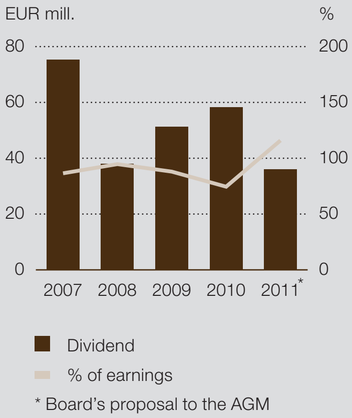
RESPECT FOR OUR PEOPLE
We respect and value people's capacity for commitment, taking calculated risks and producing result. We reward success.

RESPONSIBILITY
Our way of operating is ethical, just and shows respect for environmental values.

Long-term financial targets

	Return on capital employed	Operating profit, % of revenue	Equity ratio	Sales growth
Target set in 2010, up to 2015	Minimum 20%	Minimum 12%	Minimum 40%	Above industry average
Actual 2011	4.1%	3.5%	42.2%	Achieved
Actual 2010	5.8%	4.9%	43.1%	In line with industry average
Target set in 2008, up to 2013	Minimum 20%	Minimum 12%	Minimum 40%	Above industry average
Actual 2009	5.8%	5.0%	44.1%	In line with industry average
Actual 2008	8.3%	6.5%	39%	In line with industry average
Target set in 2006, up to 2011	22%	10%	Minimum 50%	Above industry average
Actual 2007	12.1%	9.0%	32.6%	In line with industry average
Actual 2006	22.9%	10.0%	74.5%	In line with industry average
Target set in 2005, up to 2010	Minimum 20%	Minimum 8%	Minimum 50%	Above industry average
Actual 2005	19.6%	6.7%	66.4%	Achieved
Target set in 2001	Minimum 15%	Minimum 5%		Above industry average
Actual 2004	14.3%	4.9%		Achieved
Actual 2003	13.2%	4.7%		Achieved
Actual 2002	12.6%	4.7%		Achieved
Actual 2001	9.8%	3.6%		Achieved

Dividend for the financial years 2007–2011



Dividend policy

Stockmann's Board of Directors has set the dividend payout target at more than half of the earnings derived from the company's ordinary operations. The financing required to grow operations is nevertheless taken into account in determining the dividend.

70 mill.
CUSTOMERS
IN 2011

WE PROVIDE EXCELLENT AND PROFESSIONAL
CUSTOMER SERVICE IN AN INSPIRING
SHOPPING ENVIRONMENT

A shopping experience that exceeds expectations

Stockmann's Department Store Division includes 16 department stores, the Nevsky Centre shopping centre and 40 other stores in Finland, Russia and the Baltic countries. The Hobby Hall, Stockmann and Academic Bookstore distance retailing operations form an essential part of the business.

After a number of years of considerable capital expenditure, the Department Store Division's main aim in 2011 was to make good progress with sales in the new and expanded department stores. Attention was also given to developing the chain operations and processes and to expanding the multichannel business. Topping the revenue growth figures were the St Petersburg department store, opened in November 2010, the enlarged and renovated Helsinki city centre department store and the Golden Babylon department store opened in Moscow in the early part of 2010. The department store business in Russia was expanded to Ekaterinburg, where a new department store was opened in March 2011.

Growth in all markets

The Department Store Division's revenue in 2011 was EUR 1 236.9 million. This was an increase of 12.5 per cent year on year. Operating profit came to EUR 35.2 million, equating to 2.8 per cent of revenue.

In Finland the market in general weakened distinctly towards the end of the year. The Department Store Division's revenue in Finland totalled EUR 861.4 million, up 4.2 per cent from a year earlier. The department stores increased their market share in most of the product categories, especially in fashion. The importance of the online business increased during the year, with considerable revenue growth not only in the traditionally strong Hobby Hall but also in the new Stockmann and the Academic Bookstore online stores.

In the Baltic countries there was a clear improvement in the retail sector, and the Stockmann department stores' revenue continued to improve substantially throughout the year in both countries of operation, Estonia and Latvia. Department store revenue in the Baltic countries grew by 11.5 per cent, to EUR 91.3 million.

There was moderate growth in consumer demand in the Russian market, but the growth figure was still below that seen in the pre-recession years. The Department Store Division's growth in Russia outperformed the market to a significant degree, and was boosted not only by the new openings but also the strong like-for-like sales improvement in the Moscow department stores. The Nevsky Centre shopping centre opened in St Petersburg in November 2010 established itself well in the heart of the city centre and strengthened the profitability of the Department Store Division in Russia. The Department Store Division's revenue in Russia amounted to EUR 284.2 million, an increase of 48.3 per cent on the previous year.

A specific aim of the Department Store Division in 2011 was to carefully control stocks and purchasing following the substantial expansion of the business. At the close of the year, the Department Store Division had a total retail space of 230 577 square metres, which was over 50 000 more than it had at the end of 2006, before the expansion phase began. The gross margin remained at the good level achieved the previous year, at 41.2 per cent (2010: 41.7 per cent). Stock rotation was held at a good level, although the stock value in euros was up due to the expansion. The major capital expenditure programme came to an end with the spring opening of the Ekaterinburg department store, and the capital expenditure undertaken in 2011 was significantly less than in previous years, at EUR 35.4 million (2010: EUR 131.1 million).

The Department Store Division employed 9 672 people at the end of 2011 (2010: 9 806), 5 715 in Finland and 3 957 abroad. The average number of employees, converted to full-time equivalents, increased by 575, to 7 645.

Focus on Loyal Customers

At the end of 2011 Stockmann's department stores had a total of more than 2.5 million Loyal Customers. Russia and the Baltic countries already accounted for half of this total. During the year, attention was given to acquiring more Loyal Customers, especially in the new department store locations of St Petersburg and Ekaterinburg. The rapid increase in Loyal Customers at these locations boosted sales.

The main tools in Loyal Customer communications are the monthly Loyal Customer benefits booklet and the Premiere magazine. This active contact with Loyal Customers is complemented by online newsletters and the Stockmann Facebook pages launched during the year. February 2011 saw the launch in Finland of a new 'First' designation for top Loyal Customers. The First customers are offered their own shopping days, the services of the First Lounge at the Helsinki city centre department store, and other benefits aimed specifically at this target group.

The Crazy Days campaign consolidated its position as one of the biggest department store campaigns in Europe. In the spring, the five-day event was expanded to St Petersburg, and in the autumn, Ekaterinburg. In both cities, customers were quick to take advantage of the campaign. The Crazy Days campaign again achieved new sales records

> The online store has become a strongly growing component of the Stockmann department store business

in all markets: sales grew by 18 per cent in the spring, and by 19 per cent in the autumn.

Multichannel retailing

Stockmann has invested considerably in developing its online business, and the Department Store Division now has three online stores: Hobby Hall, Stockmann.com and Akateeminen.com. The renewal of Hobby Hall continued, with 2011 focusing particularly on the marketing operation and expansion of the product selection in the homeware and leisure areas alongside the strong range of electronics goods. Hobby Hall experienced profitable growth during the year, especially due to the excellent improvement in online sales. Hobby Hall's Loyal Customer programme was also renewed during the year and is now being actively marketed to all potential Loyal Customers.

The latest arrival in the distance retail unit is the Stockmann.com webstore, which was launched in autumn 2010. In its first full year of operation the focus was on expanding the range and developing the efficiency of operations in close cooperation with the department stores. The very popular click and collect service was expanded to all department store localities during the year, and the online store has become an established and strongly growing component of the Stockmann department store business.

The biggest development focus in 2012 will be in revisions to the Academic Bookstore's online operations and look and feel. This will make use of the same technical platform used in the Department Store Division's other online stores. The Academic Bookstore's remodelled online store will bring a new look to the entire bookstore's marketing and the opportunity to benefit from the Loyal Customer base of the department stores in online as well as conventional sales.

Renewing the department stores in Finland

Sales at the enlarged Helsinki city centre department store grew in line with expectations, and the store has consolidated its position as both the flagship of the chain and the leading department store in the whole of Finland. The Helsinki department store also ranks among the top in a European comparison in terms of revenue and in terms of its approximately 50 000 square metres of retail space. Considerable resources were devoted during the year to the department store's customer service and to developing various additional services such as the Delicatessen order service, the interior design service and the cosmetics service. An organic food department was opened in the Helsinki department store's remodelled Delicatessen in the autumn, offering hundreds of different organic products.

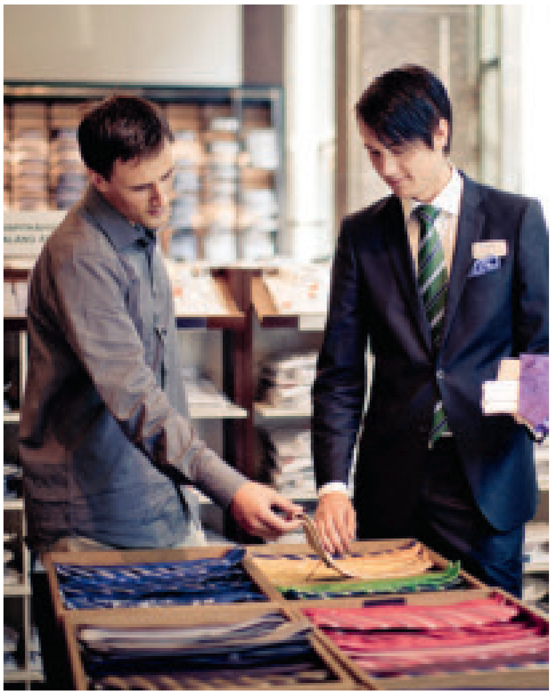
The design and planning of the enlargement and renovation project at the Tampere department store was under way throughout the year, and the construction work is expected to begin in the spring or summer of 2012, depending on the final approval for the city's local detailed plan. The plan is that all of the store's departments will have enlarged, integrated premises, and the store will gain an additional 4 000 square metres of retail space. The construction work is expected to be completed during the first half of 2014 when also the department store's direct link to the car park being built underneath Hämeenkatu street will be opened. The Tampere department store will operate in leased premises, and the construction

> Stockmann's strong growth in Russia has not relied only on new openings

project is being carried out by the lessors.

At Tapiola in Espoo, Stockmann has made an agreement with Tapiola Group concerning the transfer of the Stockmann department store to completely new premises. The new

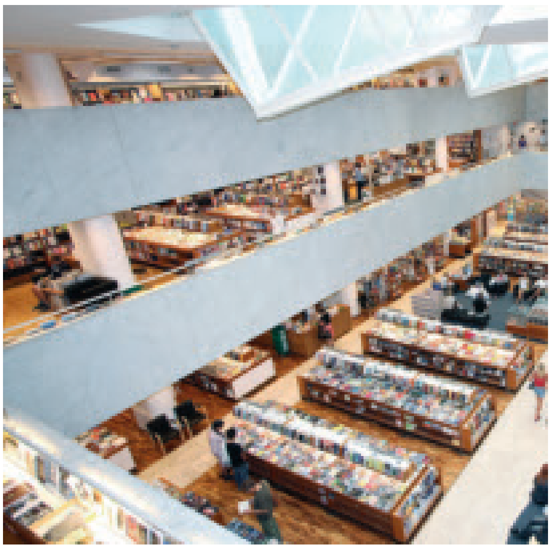
building, to be constructed by Tapiola Group, is expected to be opened in 2016 and is designed to incorporate premises for a department store with approximately 15 000 square metres of retail space. The final timetable is dependent on the completion and approval of the general plan for the Tapiola district. The department store will continue to operate in its existing premises without interruption until the completion of the new building.



Growth continues at department stores in Russia

Stockmann's department store business in Russia expanded considerably during 2011. The first year of operation of the Nevsky Centre in St Petersburg was characterised by strong growth, and the Stockmann department store established its position among the largest units in the chain. The shopping centre's leasing occupancy rate remained at good level throughout the year. The department store's customer volume was growing strongly, boosted especially by the Crazy Days campaigns and the Christmas season. Among the merchandise areas, the Delicatessen's sales took off particularly well, and this brings a daily flow of customers to the shopping centre and provides a very substantial competitive edge. In addition to the department store and shopping centre, a store specialising in Stockmann's own brands was opened in St Petersburg in August at Nevsky Prospect 25, where Stockmann has operated since 1998.

The most distant unit in Russia opened its doors in March 2011 in Ekaterinburg; this is the chain's 16th department store and the seventh in Russia. Customers have flocked to the new department store in the Greenwich shopping centre in the middle of the city.



The launch of the Stockmann concept in this new market exceeded expectations.

Stockmann's strong growth in Russia has not relied only on new openings, as sales in all its Moscow department stores have also grown and profitability improved during the year. The Department Store Division's logistics centre is also in Moscow, where it has moved to new premises in Shodnya. The move led to some challenges for goods movements in the early part of the year, but the logistics centre was in full operation in the autumn. Following this the new premises with their good connections have significantly improved the logistics efficiency. At the same time it has been possible to outsource the goods handling for the Crazy Days campaign to a partner, in line with the model adopted in Finland.

The Bestseller fashion chain based on franchising had 18 stores in Russia at the end of 2011, which was three fewer than a year earlier. The chain has suffered from profitability problems since it was set up, and the decision was taken to discontinue this significantly loss-making operation during 2012 in cooperation with the franchiser. Regarding the Bestseller brands, the aim is to focus in future on the department store sales in all the countries of operation.

New tools, efficient processes

For the department stores' support operations, 2011 was a year in which there was considerable development of processes. A substantial reorganisation project was launched in buying functions, with the aim of achieving a chain operation which serves all markets and uses a buyer-planner set up for purchases, based on the international model. The new organisational model and supporting processes were prepared extensively during the year, and the operating model will be expanded from the start of 2012 in stages from the pilot teams to the entire buying organisation.

In the spring, Stockmann launched a major project to renew the enterprise resource planning (ERP) systems, and work on this in close cooperation with the company's partners took place throughout the year. The project is aimed at replacing the existing ERP systems with an Oracle system in the next few years. The first element of the implementation is expected to take place in autumn 2012. In association with the project all the business processes are to be extensively reviewed and efficiency improved through the adoption of consistent and effective practices and procedures.

Targets for the anniversary year

This year, 2012, is a special year for the Stockmann department stores: it is 150 years since the first Stockmann store was opened in Helsinki. The anniversary year will be celebrated with customers through a variety of events and campaigns, with a strong focus on Stockmann's pioneering role as a retailer of international and domestic brand products and as a retailer with excellent customer service. The campaign began in February and will continue through the year as a key theme in Stockmann's marketing.

The uncertain market trend in all countries of operation brings with it challenges for 2012. The aim is nevertheless to improve the profitability of operations. In purchase planning and in setting cost levels, efforts have been made to prepare for changes in consumer demand and to meet the challenges of the market. The new operating model for purchasing will bring improved opportunities for anticipating demand, managing stock levels and building attractive product selections in all markets.

The St Petersburg and Ekaterinburg department stores are still going through their start-up phase and the performance of Stockmann's business in Russia is expected to be significantly above the average in 2012 as well. The country has a huge number of potential Loyal Customers, and this is an area that is being given considerable attention. The discontinuing of the Bestseller franchising stores in Russia will improve the profitability of operations in the future.

> The anniversary year campaigns have a strong focus on Stockmann's pioneering role as a retailer

The moderate capital expenditure in 2012 will focus mainly on information system projects and developing the online stores. The enlargement and renovation projects at the department stores in Finland will be continued, but the associated expenditure on furnishings, fixtures and fittings will be not be made until later years.

Department Store Division in 2011

More than I expected

Customer promise: A uniquely extensive and high-quality product range, a competitive price/quality ratio and excellent customer service in an inspiring shopping environment with an international ambience.

Product selections: Fashion, cosmetics, food products, leisure products, homeware, electronics, books and stationery.

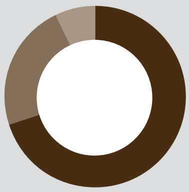
Countries of operation: Finland, Russia, Estonia and Latvia.

Chain: 16 department stores, 1 shopping centre, 7 Academic Bookstores, 13 Stockmann Beauty cosmetics stores, 4 Zara fashion stores, 18 Bestseller fashion stores, 3 outlet stores and 2 other stores, and the Hobby Hall, Stockmann and Academic Bookstore online stores.

Key figures

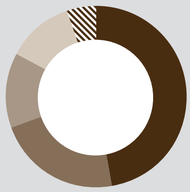
EUR mill.	2011	2010	Change %
Revenue	**1 236.9**	1 099.9	12
Share of the Group's revenue, %	**61.7**	54.9	
Operating profit	**35.2**	32.9	7
Return on capital employed, %	**6.6**	4.6	
Capital employed	**712.2**	709.6	0
Investments	**35.4**	131.1	-73
Staff, December 31	**9 672**	9 806	-1
Sales area, square metres	**230 577**	225 000	2

Department Store Division's revenue by market 2011



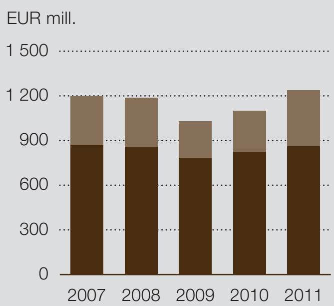
70% Finland
23% Russia
7% Baltic countries

Department Store Division's revenue by merchandise sector 2011



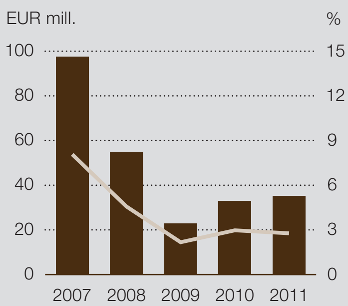
47% Fashion
22% Food
13% Leisure
12% Home
5% Books, publications, stationery

Department Store Division's revenue 2007–2011



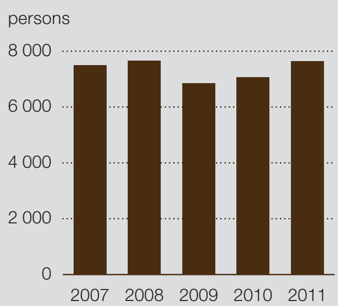
International operations
Finland

Department Store Division's operating profit 2007–2011



Operating profit
% of revenue

Department Store Division's staff* 2007–2011



* Average number converted to full-time staff

THE PERFECT LOOK
FOR FASHION-
CONSCIOUS WOMEN

26 NEW
STORES
IN 2011

Inspiring and affordable fashion

Lindex is one of the leading fashion chains in Europe, with nearly 450 stores in 14 countries. The fashion chain's product range covers several different concepts within women's and children's wear, lingerie and cosmetics. In 2011, the Lindex chain expanded substantially and its position strengthened due to an increase in market share.

Demand for fashion wear was weak in 2011. With the exception of the difficult Swedish market, Lindex's business performed well in all the other countries. The company has increased its market share in all its markets, and customers have identified with Lindex's fashion. Areas of focus in 2011 included reinforcing the range of women's wear and creating a new communication concept, 'Get the Look' which turned out to be a success.

Lindex's revenue totalled EUR 624.1 million in 2011, which is 7.8 per cent higher than the 2010 figure. Revenue in local currencies was also up, in total by 3.4 per cent. Revenue performance was weakened by the general economic uncertainty. Nevertheless, Lindex's sales grew strongly during the year in comparable stores in all countries other than Sweden.

During the year, the gross margin was reduced by increased production costs in the Far East, which Lindex did not transfer to consumer prices. Moreover, competition on local markets was intense at times due to special offer- and price-oriented campaigns, further reducing the gross margin. The relative gross margin for the year was 61.3 per cent (2010: 63.1 per cent). Goods suppliers' production capacity in 2011 was higher than previously, and deliveries kept to their schedules. Sales volumes were lower than forecast, which meant that inventories were slightly larger than anticipated.

Operating profit was EUR 41.2 million, which was 24.8 per cent lower than the previous year. The main reason for this decrease in earnings was the weakened gross margin and the cost of the major expansion undertaken in recent years. The goal for 2012 is to increase like-for-like sales and to continue expanding market shares in all market and product areas.

Lindex had 4 653 employees in total at the end of 2011 (2010: 4 709). During the year, the operations of the company's head office were renewed, and 20 jobs were made redundant by improving work processes. Job cuts were also carried out in the store network, mainly in Sweden.

Strong expansion

Lindex's growth strategy and strong business idea have enabled fast and successful international expansion in recent years. Encouraged by good experiences in the Czech Republic and Slovakia, Lindex expanded to neighbouring Poland in 2011, where there is an abundance of fashion-conscious customers, and therefore, good potential for success.

Lindex commenced franchising cooperation with a new partner during the year by opening a store in Reykjavik, Iceland in November. Well-planned and scheduled franchising cooperation has been a successful way of growing with partners and entering markets in which expansion would otherwise not be possible.

In 2011, Lindex slowed its substantial rate of expansion of recent years as planned. During the year, one store was opened both in Norway and the Czech Republic, two stores were opened in Sweden, two in Finland and two in Lithuania, four in Poland and six in Russia. A total of eight franchising stores were also opened in Iceland, Saudi Arabia, the United Arab Emirates, and Bosnia and Herzegovina. Seven stores were closed during the year. At the end of the year Lindex had a total of 446 stores in 14 countries.

New online store, new communication concept

Lindex expanded in 2011 by opening several stores in new markets and through its online store Lindex Shop Online. The online store, which was launched in 2007, quickly became successful and popular in Sweden, Finland and Denmark. In January 2011, Lindex Shop Online was launched in all 27 EU member states, and in Norway in April. The company's website, lindex.com, was given a new look during the year. The online store's selection is constantly updated with both timeless classics and the latest fashion.

In autumn 2011, Lindex's new communication concept, 'Get the Look', was launched. The concept inspires fashion-conscious women with affordable outfits. In the concept, a world-class fashion experience is created for customers by combining the latest trends with timeless favourites. The figurehead of the new concept during the campaign launch was a favorite actress of personnel, Reese Witherspoon, and the campaign has been very popular in all of Lindex's markets.

Lindex's award-winning store concept was further developed during the year, and in November the fashion chain opened a flagship store on Karl Johan street, one of Oslo's most sought-after addresses, based on the new concept. The new concept is influenced by the Lindex brand's Scandinavian background by using for example natural materials in the interior design and combining various structures and forms. Lindex's distinctive red colour is also a prevalent feature in the décor. Sustainable development is an essential part of the new concept. In addition to responsible material selections, the stores' energy consumption has also been taken into account.

> The figurehead of the new 'Get The Look' concept was actress Reese Witherspoon

The fashion chain's energy consumption is currently one of the lowest in the industry.

Sustainable design

The inspiring fashion of Lindex, which is suitable for all occasions, is created by own designers. Well-considered details, latest fashion trends and a fast turnover of new products are all trademarks of Lindex's garments. The concepts contain both timeless classics and products with a high sense of fashion. The company's Scandinavian heritage stands for good design, creativity, style, simplicity and quality also internationally. Lindex also has considerable experience in the sale of lingerie, and therefore has a unique knowledge and understanding of the fit and comfort of products.

In 2012, the women's collection will be complemented with a more refined concept, and Lindex will continue its strategic co-operation with designers and celebrities in order to strengthen its brand.

Sustainable development is a part of everyday work at Lindex. As an international participant in the fashion industry, the company is responsible for its operations and its impacts on people and the environment. Lindex's garments for babies are produced from organic cotton, and approximately 6 per cent of the total production volume is produced from sustainable materials. The Affordable Luxury special collection, which is produced from sustainable materials, will be launched in spring 2012. In its social influence, Lindex concentrates on projects that focus on children and women. For the ninth year running Lindex participated in a campaign against breast cancer and sold the Cancer Foundation's Pink Ribbon bracelets in its stores. Together with its customers and personnel, Lindex collected almost one million euros for the fight against breast cancer.

Outlook for 2012

Lindex is monitoring business cycles in order to face the challenges for the fashion industry in 2012.

Due to lower investments, attention will be focused on attaining better profitability throughout the entire operations. Lindex wants to offer customers excellent service in an unique shopping atmosphere, thus increasing additional sales per customer. More focus will be put on securing the processes which cover the entire chain and the grouping of the stores. This will improve the allocation of collections, reduce the stock level and enable adjusting the operations

> The majority of new stores will be located in Eastern Central Europe and Russia

according to local practices in Lindex's new markets.

Lindex is planning to open 15–20 new stores in 2012, excluding franchising stores. The majority of the stores will be located in Eastern Central Europe and Russia. The fashion chain's strong business idea, the business-cycle independence of lingerie and children's wear and the stabilisation of goods suppliers' supply chain provide a good outlook for 2012.

Lindex in 2011

A world-class fashion experience

Business idea: Inspiring affordable fashion to fashion-conscious women.

Product range: Women's and children's wear, lingerie, cosmetics.

Countries of operation: Sweden, Norway, Finland, Estonia, Latvia, Lithuania, Russia, Czech Republic, Slovakia, Poland and franchising countries Saudi Arabia, United Arab Emirates, Bosnia and Herzegovina, and Iceland.

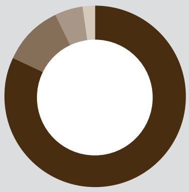
Chain: 446 Lindex stores in 14 countries and online store in 28 European countries (EU and Norway).

Key figures

EUR mill.	2011	2010	Change %
Revenue	**624.1**	578.7	8
Share of the Group's revenue, %	**31.1**	28.9	
Operating profit	**41.2**	54.8	-25
Return on capital employed, %	**5.7**	6.3	
Capital employed	**937.8**	867.6	8
Investments	**23.7**	28.2	-16
Staff, December 31	**4 653**	4 709	-1
Number of stores*	**446**	428	4

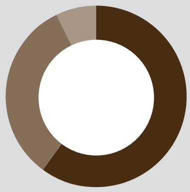
* 23 of them are Lindex's franchising stores

Lindex's revenue by market 2011



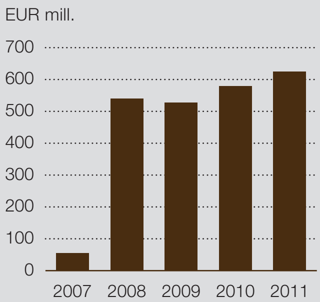
- 82% Sweden and Norway
- 11% Finland
- 5% Baltic countries and Central Europe
- 2% Russia

Lindex's revenue by merchandise sector 2011



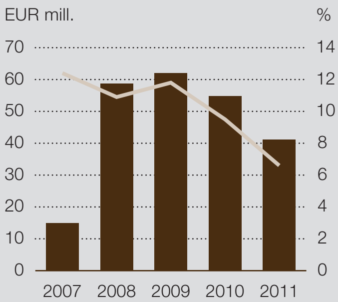
- 60% Ladies' fashion
- 33% Children's fashion
- 7% Cosmetics

Lindex's revenue 2007–2011*



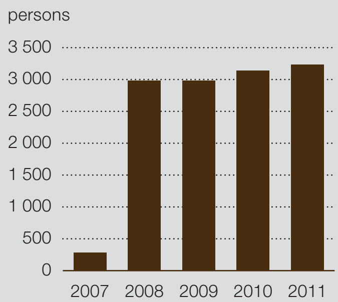
* Revenue recorded for the Stockmann Group since 6 December 2007

Lindex's operating profit 2007–2011*



* Operating profit recorded for the Stockmann Group since 6 December 2007

Lindex's staff* 2007–2011



* Average number converted to full-time staff

229

STORES IN

SIX COUNTRIES

WE ENCOURAGE PEOPLE TO ENJOY
FASHION: TRUST YOURSELF

Fashion your own way

Seppälä offers international fashion via 229 stores located in Finland, the Baltic countries, Russia and Ukraine. At the end of 2011 Seppälä also opened an online store in Finland. Seppälä's diverse and affordable product selection in women's, men's and children's wear gives customers the scope to enjoy fashion in their own way.

The year 2011 was a challenging one on the market for affordable fashion. The number of visitors was down in all market areas. The competition was intense in Finland and Russia, where sales had to be stimulated through price-led campaigns throughout the year. Sales were also adversely affected by the weather, particularly the exceptionally warm autumn. Seppälä's revenue totalled EUR 143.8 million, which is on the 2010 level. 65.1 per cent of revenue was generated in Finland. Revenue outside Finland grew by 2.9 per cent, as a result of the good sales performance in the Baltic countries.

The relative gross margin was 58.5 per cent and didn't make the previous years' grade (2010: 59.8 per cent). The gross margin was diminished by a significant rise of the purchasing prices and the need of ongoing campaigning in a difficult market situation. Purchasing prices stopped rising in the end of summer 2011 due to the easing of capacity problems in the Far East, which is estimated to positively impact the 2012 gross margin.

The strong expansion during the past years has significantly increased fixed costs and depreciation which grew clearly faster than gross margin in 2011. As a result, operating profit was EUR 1.4 million, down by EUR 7.6 million from the previous year's total. Seppälä achieved an improved result in the Baltic countries in 2011 thanks to increased sales performance. Instead the profitability of the stores in Finland and Russia, which performed well in 2010, was clearly reduced.

At the end of the year Seppälä had 1 506 employees (2010: 1 513), of whom 60 per cent were employed in Finland in the stores or in Seppälä's head office.

New-look stores

In 2011 the focus was on developing the store chain and especially on remodelling existing stores. Seppälä's latest store concept was launched at the end of 2010 in the chain's flagship store in Nevsky Centre shopping centre in St Petersbrug. In all, 10 stores were given a new look in line with this international store concept during the year.

In Finland, Seppälä has the most extensive fashion store network in the country, and in 2011 four new stores were added to the network. In Russia, Seppälä has a presence in 21 locations. The most important of these is St Petersburg, where there are already 15 Seppälä stores. Five new stores were opened in Russia during the year, of which four in the Moscow and St Petersburg regions and one in Ryazan, a new city for Seppälä. Unprofitable stores were closed at four sites in Finland. In total there were 229 stores at the end of 2011, which was five more than a year earlier: 138 in Finland, 48 in Russia, 41 in the Baltic countries and two in Ukraine.

Community for the fashion-conscious

In November 2011 Seppälä launched its redesigned website, which focuses on the latest trends for customers in its online fashion community in the language of each country of operation. The website presents Seppälä's fashion and latest fashion events, trends and also gives style tips, for instance on mixing and matching different fashion items. The new website also allows customers to make online purchases in Finland. The new website in Finland reached its goal of visitors already during the first month of operation, when the site had a total of almost 200 000 visitors. In addition, the online purchases started according to plans and in particular the Christmas gift products sold well.

The Seppälä Club loyal customer programme was also redesigned during the year. Seppälä's fashion community website now plays a growing role in the loyal customer programme. Seppälä Club members also receive information regularly on special offers and new fashion items via newsletters and text messages. The Seppälä Club already has about half a million Finnish members and 300 000 members in the Baltic countries. The Club was launched in the St Petersburg area in October 2011, and during its first month it acquired 50 000 new members.

Seppälä's successful marketing concept 'Supermodel of My Own Life' moved into a new phase in spring 2011, and the campaign's new slogan is 'Trust Yourself'. The aim is to encourage customers to enjoy fashion and to look good in their own way. The models in the new campaign are well-known Finns who are highly competent, self-confident and charismatic. During the year these models included the singer Chisu and the actress Jenni Banerjee. The advertising campaign was very visible in magazines and online, and in outdoor and in-store advertising.

Top Finnish know-how

Seppälä's design is created by talented Finnish fashion designers. The design team of about twenty professionals monitors international trends and combines these with the wishes and styles of Seppälä's customers. The end result is 12 commercial collections each year and more than 5 000 products that are all sold under Seppälä's own brands. The product range has focused in 2011 increasingly on both easy-to-purchase work clothes and fashionable, high volume basic items.

Alongside the strong in-house design focus during 2011, Seppälä also worked with the internationally acclaimed Finnish designer Paola Suhonen. Her collection, Paola Suhonen by Seppälä, was presented at selected Seppälä stores including the online

> The cooperation with designer Paola Suhonen reinforced Seppälä's reputation as an international fashion house

store in November 2011. The collection was also presented in a short film screenwrited and filmed in summer in New York by Paola Suhonen, who studies movie making. Based on the movie a tv campaign and other marketing material for the collection was produced. The cooperation reinforced Seppälä's reputation as an international fashion house and brought new target groups as customers.

From the summer 2011 onwards, Seppälä increased its market share in Finland. The biggest growth in market share was in chil-

> Development of the existing store network will continue in 2012

dren's wear which increased sales in Seppälä stores though the total market was down. The biggest sales growth was seen in women's wear and accessories which had a share of 68 percent of Seppälä's total revenue. Sales of men's wear were below 2010.

Seppälä expanded its range of sustainable fashion during the year. This included a summer collection made with organic cotton. Subcontractor audits and product inspections were continued in cooperation with the Stockmann Group purchasing offices. One of Seppälä's designers attended Sustainable Fashion Academy training in Sweden.

Objectives for 2012

Seppälä's main objective for 2012 is to improve its profitability. This will require successful collections and marketing campaigns to ensure good sales performance. Stabilisation of purchasing prices and an even more efficient stock control enables to improve the relative gross margin.

Development of the existing store network and its return on capital will continue in 2012. The profitability of the stores will be assessed critically with some store openings and as well as some closed down in all market areas. The number of stores will remain unchanged and capital expenditure will be significantly below the last years. A few stores in Finland will be remodelled in line with the new store concept during the year. The idea is to ensure that existing stores remain attractive to customers and to bring in more visitors.

Seppälä in 2011

Seppälä – a unique fashion house

Mission: To encourage customers to enjoy fashion in their own way.

Product range: Fashion wear for women, men and children as well as accessories, footwear, bags and cosmetics.

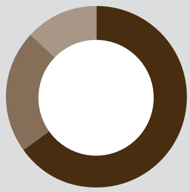
Countries of operation: Finland, Russia, Estonia, Latvia, Lithuania, and Ukraine.

Chain: 229 Seppälä stores in six countries and an online store in Finland.

Key figures

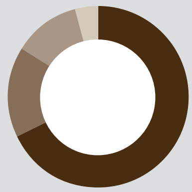
EUR mill.	2011	2010	Change %
Revenue	**143.8**	143.2	0
Share of the Group's revenue, %	**7.2**	7.1	
Operating profit	**1.4**	9.0	-85
Return on capital employed, %	**4.8**	9.1	
Capital employed	**98.6**	98.6	
Investments	**4.3**	4.7	-9
Staff, December 31	**1 506**	1 513	0
Number of stores	**229**	225	2

Seppälä's revenue by market 2011



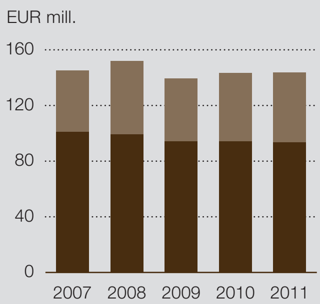
65% Finland
22% Russia and Ukraine
13% Baltic countries

Seppälä's revenue by merchandise sector 2011



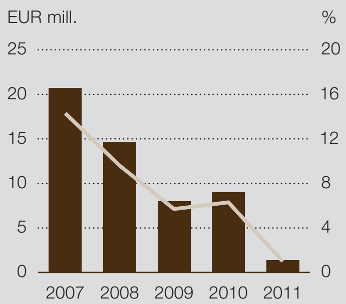
68% Ladies' fashion
16% Children's fashion
12% Men's fashion
4% Cosmetics

Seppälä's revenue 2007–2011



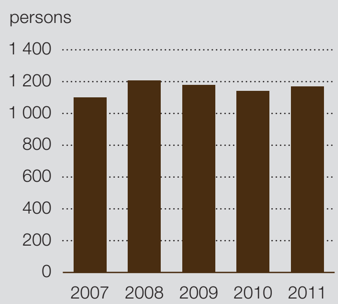
International operations
Finland

Seppälä's operating profit 2007–2011



Operating profit
% of revenue

Seppälä's staff* 2007–2011



* Average number converted to full-time staff

Corporate Governance Statement of the Stockmann Group

Stockmann complies in its decision-making and corporate governance with the Finnish Companies Act, the Finnish Corporate Governance Code 2010, aimed at Finnish listed companies on the Helsinki exchange (NASDAQ OMX Helsinki Ltd), the rules of its Articles of Association and other applicable legislation. The Code can be accessed on the website of the Securities Market Association at cgfinland.fi. Stockmann adheres to the Code in full.

This Corporate Governance Statement of the Stockmann Group is compiled in accordance with the Code's recommendation 54 and it is also accessible on the company's website stockmanngroup.fi. The corporate bodies of the parent company Stockmann plc, which are responsible for the Group's administration and operations, are the general meeting of shareholders, the Board of Directors and the chief executive officer (CEO).

General meeting of shareholders

The highest decision-making body of Stockmann plc is the general meeting of shareholders. The Annual General Meeting shall be held each year before the end of June. Stockmann has two series of shares, of which each Series A share confers ten votes at a general meeting and each Series B share one vote. The Notice of Annual General Meeting, the documents and the proposals for the decisions at the Annual General Meeting are accessible for the shareholders at least three weeks prior to the meeting at the company's head quarter and at the website stockmanngroup.fi.

The Annual General Meeting approves the company's annual financial statements, decides on the dividend and the election of members of the Board of Directors as well as decides on release from responsibility for the members of the Board of Directors and the CEO.

Board of Directors

Under Stockmann's Articles of Association, the company's Board must have at least five and no more than nine members. The term of Board members begins from the Annual General Meeting in which they are elected and ends at the conclusion of the subsequent Annual General Meeting. The Board of Directors elects amongst its members a chairman and vice chairman. The present Board has eight members, which were elected at the Annual General Meeting 2011 and of which none is full-time: as Board members continued chairman Christoffer Taxell, vice chairman Erkki Etola and as members Kaj-Gustaf Bergh, Eva Liljeblom, Kari Niemistö, Charlotta Tallqvist-Cederberg and Carola Teir-Lehtinen. Dag Wallgren was elected as a new member. M.Sc. (Econ.) Henry Wiklund (b. 1948), managing director for Svenska litteratursällskapet i Finland r.f. 1986–2008, was member of the Board and member of the Board's Appointments and Compensation Committee until the Annual General Meeting 2011.

To be elected as a member of the Board, a person must have the qualifications required for the duties and sufficient time to carry them out. The majority of Board members must also be independent of the company, and at least two of these members must also be independent of major shareholders of the company. Additional information of the members of the Board of Directors is available on the Pages 26 and 27.

Duties of the Board

The duties and liabilities of the Board are determined by the Articles of Association, the Limited Liability Companies Act and other applicable legislation. The Board of Directors attends to the company's administration and ensures the appropriate organisation of its operations. The Board must also ensure that supervision of the company's accounting and financial management is appropriately arranged.

It is the Board's duty to promote the interests of the company and all of its shareholders. In order to carry out its duties, the Board:
- convenes general meetings of shareholders
- directs and oversees the company's management
- appoints and discharges the company's chief executive officer
- approves the chief executive officer's service agreement and other benefits
- approves the salaries and other benefits of the executives in the Group Management Committee
- approves the company's risk management principles
- approves the company's long-term strategic and financial objectives
- approves the budget
- decides on significant individual investments and corporate and property acquisitions.

The Board conducts an annual internal self-evaluation of its working practices under recommendation 7 of the Finnish Corporate Governance Code.

The Board of Directors has adopted rules of procedure defining the principles governing the Board's composition and method of election, its tasks, decision-making procedure and meeting practice as well as the principles of the Board's self-assessment.

Board meetings

The Board of Directors convened 9 times in 2011. The rate of attendance was 100 per cent. Of the company's active management, the following regularly attend the Board Meeting: the CEO, the executive vice presidents and the director of legal affairs acting as secretary at the meeting, all of whom are not members of the Board. Two staff representatives also attend, also not members of the Board. One of these is elected by Stockmann's Group Council and the other by the association representing Stockmann's senior salaried employees.

Board Committees

The Board has established an Appointments and Compensation Committee. It attends to the duties defined in recommendations 28–30 of the Finnish Corporate Governance Code as being the responsibility of the Appointments Committee, and in recommendations 31–33 as being the responsibility of the Compensation Committee. The Board attends to the duties of the Audit Committee referred to in recommendations 24–27.

The duties of the Appointments and Compensation Committee are the preparation of appointment and compensation matters concerning the CEO, the executive vice presidents and the other members of the Management Committee, preparations concerning the election of members of the Board of Directors for proposal to the general meeting of shareholders, and the preparation of compensation matters concerning the Board of Directors. The Committee meets as necessary, but at least once a year.

The Appointments and Compensation Committee comprises four members of the Board of Directors, who are independent of the company. In March 2011 the Board re-elected Christoffer Taxell as the Committee's Chairman, and elected managing director Erkki Etola, managing director Charlotta Tallqvist-Cederberg and managing director Dag Wallgren as its other members. The CEO has the right to attend meetings of the Committee.

The Committee met six times in 2011. The rate of attendance was 100 per cent.

Chief executive officer

The Board of Directors appoints the company's chief executive officer (CEO) and decides on the terms and conditions of the post. These terms and conditions are set forth in writing in a CEO agreement. The CEO is in charge of the company's line operations in accordance with the instructions and regulations issued by the Board of Directors. Hannu Penttilä has been the company's CEO since 1 March 2001. He has been in Stockmann's service since 1978.

Other executives

Apart from the CEO, the Board of Directors appoints the executive vice presidents and the other members of the Management Committee. Maisa Romanainen, director of the Department Store Division and Pekka Vähähyyppä, chief financial officer (CFO), have acted as the company's executive vice presidents since 6 November 2008.

The Group's Management Committee comprises the CEO, the executive vice presidents, other directors of the divisions, the development director for the Group's international operations, as well as the director of legal affairs, who acts as secretary to the Management Committee. Headed by the CEO, the Management Committee is responsible for directing line operations and for preparing strategic and financial plans.

Audit

The auditors elected by the general meeting examine the company's accounting records, financial statements and administration. The company has a minimum of one and a maximum of three auditors, who have a minimum of one and a maximum of three deputies.

The Annual General Meeting 2011 elected Jari Härmälä, Authorized Public Accountant, Stockmann's regular auditor since 2007 and Henrik Holmbom, Authorized Public Accountant, Stockmann's regular auditor since 2003, representing KPMG, a firm of authorized public accountants, as regular auditors and KPMG Oy Ab, Authorized Public Accountants, as the deputy auditor. As auditors for the company's subsidiaries in different countries have acted member firms of the KPMG network of independent firms located in the countries in question.

Main features of the internal control and risk management systems pertaining to the financial reporting process

Stockmann's risk management principles are approved by Stockmann's Board of Directors. Assessment of the risks pertaining to financial reporting and the related management measures are determined as a part of the risk management process. Stockmann's internal control is linked to the risk management process so that some of the aspects which are subject to control are selected on the basis of risk assessments. An essential part of internal control is the Internal Audit, which operates as a separate unit within Corporate Administration under the CEO and reports its observations to the Board of Directors. The Internal Audit is examining and assessing the effectiveness of business operations and internal control as well as producing information and recommendations to management on how to enhance these functions.

The Group's CFO and the Finance and Control Department are responsible for ensuring that the Group's financial reporting is undertaken. Group-level directions are complied with in Stockmann's financial reporting. The reporting is based on information from commercial and administrative processes and data produced by the financial management systems. The Group's Finance and Control Department determines the control measures applied to the financial reporting process. These control measures include various process descriptions, reconciliations and analyses used for ensuring the validity of the information used in the reporting and of the reporting itself.

The financial reporting results are monitored and any anomalies in relation to forecasts or in comparison with the previous year's figures are analysed on a regular basis. Such analyses are used to detect any reporting errors and to produce materially accurate information on the company's finances.

All of the divisions and the Group's Finance and Control Department are responsible for the effectiveness of control within their own sphere of responsibility. The Group's Finance and Control Department is responsible for assessments of the reporting processes. In addition, Internal Audit conducts audits of the business and financial reporting processes. The company's Board of Directors is responsible for the implementation of internal control in regard to financial reporting.

Approved by the Board of Directors of Stockmann plc on 8 February 2012

Board of Directors

Christoffer Taxell
b. 1948, LL.M.

Chairman for the Boards of Föreningen Konstsamfundet r.f. and Stiftelsen för Åbo Akademi
Chairman of the Board since 2007, member since 1985
Chairman of the Board's Appointments and Compensation Committee
Independent of the company
Shareholding: A 2 375, B 12 868

Erkki Etola
b. 1945, M.Sc.(Eng.)

Managing director, Oy Etola Ab
Vice Chairman of the Board since 1992, member since 1981
Member of the Board's Appointments and Compensation Committee
Independent of the company and major shareholders
Shareholding: A 1 996 767, B 1 055 052

Kaj-Gustaf Bergh
b. 1955, LL.M., B.Sc.(Econ.)

Managing director, Föreningen Konstsamfundet r.f.
Member of the Board since 2007
Independent of the company
Shareholding: A 1 077, B 6 673

Eva Liljeblom
b. 1958, D.Sc.(Econ.)

Rector, professor, Hanken School of Economics
Member of the Board since 2000
Independent of the company and major shareholders
Shareholding: A 257, B 6 898

Kari Niemistö
b. 1962, M.Sc.(Econ.)

Managing director, Selective Investor Oy Ab
Member of the Board since 1998
Independent of the company and major shareholders
Shareholding: A 3 168 650, B 1 026 838

Charlotta Tallqvist-Cederberg
b. 1962, M.Sc.(Econ.)

Managing director, CTC Consulting Oy Ab
Member of the Board since 2010
Member of the Board's Appointments and Compensation Committee
Independent of the company and major shareholders
Shareholding: B 3 078

Carola Teir-Lehtinen
b. 1952, M.Sc.

Professional Board member
Member of the Board since 2004
Independent of the company and major shareholders
Shareholding: B 7 832

Dag Wallgren
b. 1961, M.Sc.(Econ.)

Managing director, Svenska litteratursällskapet i Finland r.f.
Member of the Board since 2011
Member of the Board's Appointments and Compensation Committee
Independent of the company
Shareholding: B 1 762

Rita Löwenhild
b. 1952, Chief shop steward, Department Store Division

Personnel representative on the Board, elected by the Group Council

Minna Mähönen
b. 1972, Planning manager, ladies fashion, Department Store Division

Personnel representative on the Board, elected by Stockmann's senior salaried employees

Stockmann plc shares and options in the personal ownership as well as in the ownership of their related persons at 31 December 2011. Additional information on the main job experience and principal postitions of trust of the Board of Directors, up-to-date information on their shareholdings as well as the rules of procedure of the Board and the Board's Appointments and Compensation Committee are available on the Stockmann Group's website at stockmanngroup.fi.

Personnel representatives on the Board 1.4.2011–31.3.2012. At meetings of the Board of Directors, personnel representatives have the right to attend and to speak. They are not members of the Board of Directors.

Management Committee

Hannu Penttilä
b. 1953, LL.M.
CEO 2001–
Joined Stockmann in 1978

Essential job experience:
Stockmann, executive vice president 1994–2001, director for the Department Store Division 1992–2001, director for the department store in Helsinki 1986–1991, director for the department store in Tapiola, Espoo 1985–1986, laywer 1978–1984; Ministry of Labour, inspector, junior ministerial secretary 1976–1978
Shareholding: A 111, B 15 082
Options: 2006C 13 600, 2010A 40 000, 2010B 27 000

Pekka Vähähyyppä
b. 1960, M.Sc.(Econ.), EMBA
Executive vice president and CFO 2008–
Joined Stockmann in 2000

Essential job experience:
Svenska Nestlé, CFO 1997–2000; Nestlé Norden, Head of Finance and Control 1997–2000; Suomen Nestlé, CFO 1994–1997; OKO Venture Capital, director 1990–1994
Shareholding: B 5 813
Options: 2006C 6 800, 2010A 24 000, 2010B 16 000

Maisa Romanainen
b. 1967, M.Sc.(Econ.)
Executive vice president and director for the Department Store Division 2008–
Joined Stockmann in 1996

Essential job experience:
Stockmann, director, department stores in Finland and the Baltic countries 2008, director for the department stores abroad 2005–2007, director for the Tallinn department store 2000–2005, director for the Smolenskaya department store, Moscow 1998–2000
Shareholding: B 1 500
Options: 2006C 4 250, 2010A 24 000, 2010B 16 000, 2008 Loyal Customer share options 244

Göran Bille
b. 1955, B.Sc.(Econ.)
Managing director, Lindex 2004–
Joined Stockmann in 2007

Essential job experience:
H&M Rowells, managing director 2003–2004; H&M, country manager, Sweden 1998–2003, buying manager 1987–1998
Shareholding: B 15 877
Options: 2006C 6 800, 2010A 24 000, 2010B 16 000

Jukka Naulapää
b. 1966, LL.M.
Director, legal affairs 2006–
Joined Stockmann in 1998

Essential job experience:
Stockmann, secretary to the management committee 2001–, laywer 1998–2006; Law Firm Hepo-Oja & Lunnas Oy, attorney 1991–1998
Shareholding: B 50
Options: 2010A 12 000, 2010B 8 000, 2010B 8 000, 2008 Loyal Customer share options 164

Terhi Okkonen
b. 1961, EMBA
Managing Director, Seppälä until 31 December 2011, as of 1 January 2012 at the Department Store Division's service
Joined Stockmann in 1991

Essential job experience:
Stockmann, sales director for the Helsinki department store 1998–2005, director for the Itäkeskus department store, Helsinki 1996–1997, buying manager 1991–1996
Shareholding: B 1 633
Options: 2006C 6 800, 2010A 18 000, 2010B 12 000

Lauri Veijalainen
b. 1968
Development Director for the Group's international operations 2010–
Joined Stockmann in 2010

Essential job experience:
IKEA, Russia and CIS countries, CFO 2003–2010; Skanska Moscow, CFO and administrative director 1998–2003
Shareholding: B 1 125
Options: 2010A 18 000, 2010B 12 000

Stockmann plc shares and options in the personal ownership as well as in the ownership of their related persons at 31 December 2011. Additional information on the main job experience and principal postitions of trust of the CEO and Management Committee, up-to-date information on their shareholdings and Remuneration Statement 2011 are available on the Stockmann Group's website at stockmanngroup.fi.

Nina Laine-Haaja
b. 1961, EMBA
Managing Director, Seppälä as of 1 January 2012
Joined Stockmann in 1986

Essential job experience:
Seppälä, director, store operations 2006–2011, member of the management committee 2001–, field manager 1994–2006
Shareholding: B 110
Options: 2006C 3 400, 2010A 6 000, 2010B 4 000, 2008 Loyal Customer share options 66

The complete financial statements, including the notes to the statements, are available on Stockmann's website, at stockmanngroup.fi

Report by the Board of Directors

Stockmann's consolidated revenue grew by 10.1 per cent to EUR 2 005.3 million (EUR 1 821.9 million). Operating profit was EUR 70.1 million (EUR 88.8 million). Profit for the year was EUR 30.8 million (EUR 78.3 million). Earnings per share came to EUR 0.43 (EUR 1.10). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid.

Revenue and earnings

General market development was positive at the start of 2011. Uncertainty in the market increased after the second quarter of the year, mainly due to the unresolved European debt crisis. This weakened consumer confidence in Finland towards the end of the year. Demand for affordable fashion remained weak throughout the whole year in Sweden. Positive market development continued in Russia and the Baltic countries.

The Stockmann Group's revenue for the financial year was up by 10.1 per cent to EUR 2 005.3 million (2010: EUR 1 821.9 million). Revenue in Finland was up by 3.9 per cent to EUR 1 026.2 million. Revenue in other countries amounted to EUR 979.1 million, an increase of 17.4 per cent. Growth was strongest in Russia, in particular due to the St Petersburg department store which was opened in November 2010 in the Nevsky Centre shopping centre. The Swedish krona and the Norwegian krone strengthened against the euro where as the Russian rouble weakened slightly during the year. If like-for-like exchange rates are used, the Group's revenue abroad has grown 15.1 per cent. Revenue abroad accounted for 48.8 per cent (45.8 per cent) of the Group's total revenue.

Other operating income amounted to EUR 0.2 million (EUR 0.0 million) as a result of the sale of shares of a real estate property located in Espoo, Finland in September.

The Group's gross margin for the financial year increased by EUR 68.1 million, to EUR 976.9 million. The relative gross margin was 48.7 per cent (49.9 per cent) due to the decline in the gross margin of the affordable fashion businesses. Operating costs increased by EUR 71.1 million, mainly due to expansion and high inflation. Depreciation increased by EUR 15.9 million. The Group's operating profit for the financial year was EUR 70.1 million (EUR 88.8 million).

Net financial expenses were up by EUR 19.8 million, to EUR 34.4 million (EUR 14.6 million) for the financial year. The growth was due to increased interest-bearing liabilities and higher market interest rates than in 2010. In addition, net financial expenses were increased by non-recurring foreign exchange losses of EUR 1.1 million. A year earlier, net financial expenses were reduced by non-recurring foreign exchange gains of EUR 7.2 million.

Profit before taxes for the financial year amounted to EUR 35.7 million (EUR 74.2 million). The taxes burdening the result totalled EUR 4.9 million. In 2010, the positive effect of taxes on earnings was EUR 4.2 million which includes a tax credit due to an unrealised exchange rate loss. Profit for the year was EUR 30.8 million (EUR 78.3 million).

Earnings per share for the financial year came to EUR 0.43 (EUR 1.10), and, diluted for share options, EUR 0.43 (EUR 1.09). Equity per share was EUR 12.11 (EUR 12.45).

Revenue and earnings performance by operating segment

Department Store Division

The Department Store Division's revenue was up by 12.5 per cent. Revenue was EUR 1 236.9 million (EUR 1 099.9 million). Revenue in Finland was up by 4.2 per cent to EUR 861.4 million (EUR 826.4 million). The revenue growth was boosted by the good performance in the enlarged Helsinki city centre department store and success of the Crazy Days campaigns in April and October.

The euro-denominated revenue of international operations increased by 37.3 per cent. Revenue abroad accounted for 30.4 per cent (24.9 per cent) of the Division's total revenue. The Department Store Division's revenue in the Baltic countries increased by 11.5 per cent to EUR 91.3 million and in Russia by 48.3 per cent to EUR 284.3 million. Revenue in Russia was up significantly thanks to the new department stores in St Petersburg and Ekaterinburg as well as good performance in Moscow.

The relative gross margin for the financial year remained on a good level, at 41.2 per cent (41.7 per cent). The Department Store Division's operating profit increased to EUR 35.2 million (EUR 32.9 million) due to good performance in the fourth quarter of the year. Recently opened department stores raised operating costs and depreciation whereas in 2010 pre-opening costs negatively affected the operating profit.

Revenue of Bestseller franchising stores in Russia amounted to EUR 22.5 million (EUR 25.5. million) and made an operating result of EUR -5.7 million (EUR -1.3 million). The business has made loss for Stockmann every year since it started in 2005. As announced earlier, Stockmann and Bestseller A/S have agreed to end the franchising co-operation in Russia by the end of 2012.

Lindex

Lindex's full-year revenue totalled EUR 624.1 million, which was 7.8 per cent more than a year earlier (EUR 578.7 million).

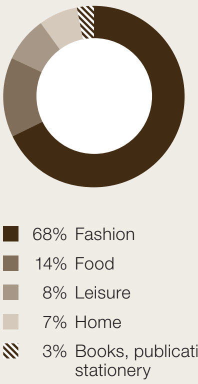
Revenue

	2011 EUR mill.	2010 EUR mill.	Change EUR mill.	Change %
Department Store Division, Finland	**861.3**	826.4	34.9	4.2
Department Store Division, international operations	**375.6**	273.5	102.1	37.3
Department Store Division, total	**1 236.9**	1 099.9	137.0	12.5
Lindex, Finland	**70.8**	66.8	3.9	5.9
Lindex, international operations	**553.3**	511.9	41.4	8.1
Lindex, total	**624.1**	578.7	45.4	7.8
Seppälä, Finland	**93.6**	94.4	-0.8	-0.8
Seppälä, international operations	**50.2**	48.8	1.4	2.9
Seppälä, total	**143.8**	143.2	0.6	0.4
Unallocated	**0.5**	0.0	0.5	
Operations in Finland, total	**1 026.2**	987.8	38.4	3.9
International operations, total	**979.1**	834.1	145.0	17.4
Total	**2 005.3**	1 821.9	183.4	10.1

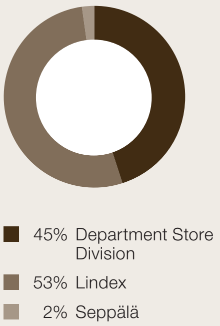
Operating profit and return on capital employed (ROCE)

	2011 EUR mill.	2010 EUR mill.	Change EUR mill.	2011 ROCE %	2010 ROCE %
Department Store Division	**35.2**	32.9	2.4	**6.6**	4.6
Lindex	**41.2**	54.8	-13.6	**5.7**	6.3
Seppälä	**1.4**	9.0	-7.6	**4.8**	9.1
Unallocated	**-7.8**	-7.9	0.2		
Total	**70.1**	88.7	-18.6	**4.1**	5.8

Revenue by merchandise sector 2011

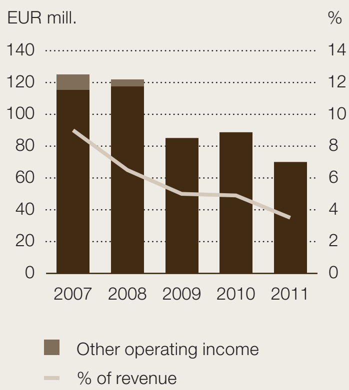


Operating profit by operating segment 2011



Revenue 2007–2011

Operating profit 2007–2011



Revenue in Finland was up by 5.9 per cent and in other countries by 8.1 per cent. In local currencies, revenue was up by 3.4 per cent.

The revenue growth was due to good performance in all markets except Sweden, especially in new markets in Central Europe and Russia. In Sweden, Lindex increased its market share during 2011 although the revenue in the local currency was down 2.1 per cent on the previous year.

The relative gross margin for the financial year was down due to increased purchasing prices and actions to boost sales, but was still good at 61.3 per cent (63.1 per cent). Slow sales in Sweden, expansion costs and increases in store rental costs decreased the operating profit to EUR 41.2 million (EUR 54.8 million).

Seppälä

Seppälä's revenue increased by 0.4 per cent year on year, to a total of EUR 143.8 million (EUR 143.2 million). Revenue in Finland was down 0.8 per cent and up 2.9 per cent abroad. Revenue abroad accounted for 34.9 per cent (34.1 per cent) of total revenue, with the strongest growth in the Baltic countries.

The relative gross margin for the financial year was 58.5 per cent (59.8 per cent). The decrease was due to higher purchasing prices and actions to boost sales. Seppälä's operating profit was down to EUR 1.4 million (EUR 9.0 million). Earnings performance improved in the Baltic countries but declined in Finland and in particular Russia where the gross margin was down and store rental costs were on the rise.

Financing and capital employed

Cash and cash equivalents totalled EUR 33.2 million at the close of the year, as against EUR 36.7 million a year earlier. Cash flow from operating activities came to EUR 66.2 million (EUR 91.8 million) in the financial year.

Net working capital amounted to EUR 137.9 million at the close of the year, as against EUR 79.5 million a year earlier. The stock level was higher than the previous year, primarily as a result of the newly opened stores and the strengthening of the Swedish krona. Non-interest-bearing liabilities decreased by EUR 28.9 million compared with the previous year and amounted to EUR 262.2 million (EUR 291.1 million).

At the end of the year, interest-bearing liabilities stood at EUR 862.5 million (EUR 813.3 million), of which EUR 533.9 million (EUR 521.3 million) was long-term debt. A significant proportion of the long-term debt is tied to the Swedish krona and its strengthening at the end of 2011 increased the amount of loan capital presented in euros. Most of the short-term debt has been acquired in the commercial paper market. In addition, the Group has EUR 332 million in undrawn, long-term committed credit facilities.

The equity ratio at the close of the year was 42.2 per cent (43.1 per cent), and net gearing was 95.3 per cent (87.7 per cent).

The return on capital employed over the past 12 months was 4.1 per cent (5.8 per cent). The Group's capital employed increased by EUR 33.8 million and stood at EUR 1 732.9 million (EUR 1 699.1 million) at the end of the financial year.

Dividends

In accordance with the resolution of the Annual General Meeting, a dividend of EUR 0.82 per share was paid on the 2010 financial year, which came to a total of EUR 58.3 million.

At the end of the financial year, on 31 December 2011, the funds available for profit distribution on the parent company's balance sheet amounted to EUR 426.4 million, of which EUR 33.3 million was net profit for the financial year. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid on the 2011 financial year. The proposed dividend is 116.2 per cent of earnings per share. Under this proposal, a total of EUR 35.9 million would be paid in dividends. EUR 390.5 million will remain in unrestricted equity.

Capital expenditure

Capital expenditure during the financial year totalled EUR 66.0 million (EUR 165.4 million) which was clearly lower than depreciation at EUR 77.7 million (EUR 61.8 million).

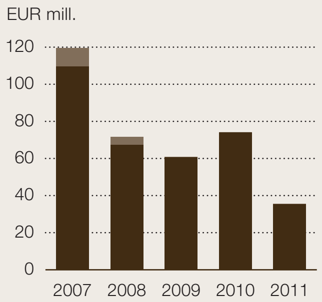
The Department Store Division's capital expenditure totalled EUR 35.4 million (EUR 131.1 million) in 2011. Stockmann opened a new department store in Ekaterinburg in Russia on 30 March 2011. Stockmann invested EUR 14.7 million in the project, of which EUR 8.4 million was recognised in 2011. The Department Store Division's new Russian logistics centre in Moscow was opened in early 2011. The capital expenditure on the new centre totalled EUR 4.7 million.

In March, an enterprise resource planning (ERP) system project was launched in the Department Store Division. This extensive project will last several years. A total of EUR 7.2 million was spent on the project in 2011.

In August, a new Stockmann concept store focusing on fashion and home products was opened in St Petersburg in leased premises where the company previously had a store before opening the St Petersburg department store. In total there were 16 department stores and 40 stores, including 13 Stockmann Beauty stores, 4 Zara stores, 18 Bestseller stores, 3 outlets and 2 other stores in the Department Store Division in 4 countries at the end of 2011 (2010: 15 department stores and 43 stores).

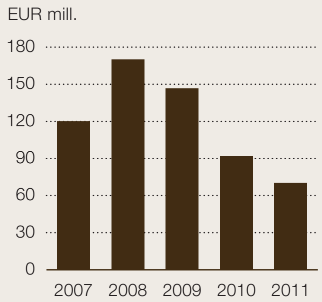
Lindex's capital expenditure totalled EUR 23.7 million (28.2 million) in 2011. Lindex opened 30 stores in 2011, one of which in Iceland which was a new market for the Stockmann Group. Lindex opened in 2011 its online store in the entire area of the EU and Norway. In total there were 447 Lindex stores in 14 countries at the end of 2011 (2010: 428 stores).

Profit before taxes 2007–2011

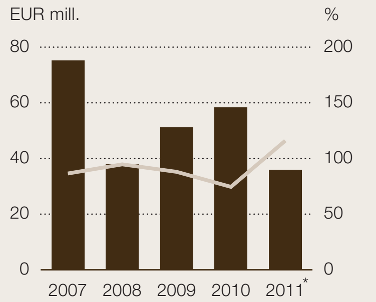


Other operating income

Cash flow from operating activities 2007–2011

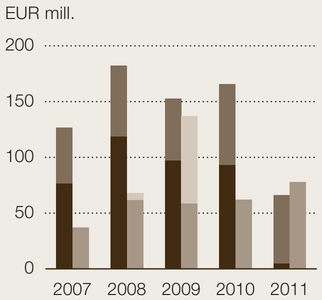


Dividend for the financial years 2007–2011



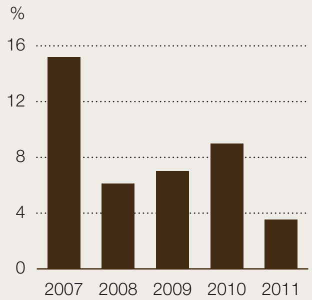
Dividend
% of earnings
* Board's proposal to the AGM

Investments, depreciation and divestments 2007–2011*

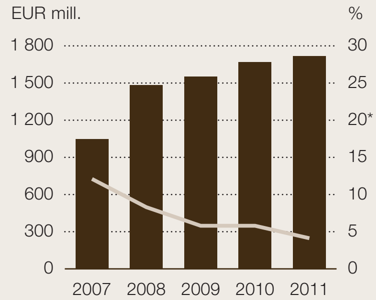


Investments in real estate
Other investments
Depreciation
Divestments
* Exclusive of the acquisition of Lindex in 2007

Return on equity 2007–2011

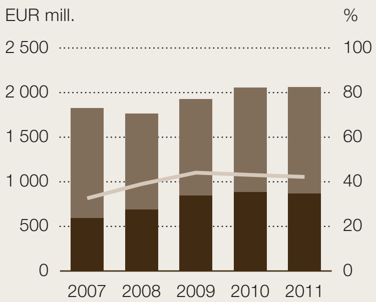


Capital employed and ROCE 2007–2011



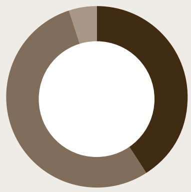
Capital employed
ROCE %
* Long-term minimum target

Equity ratio 2007–2011



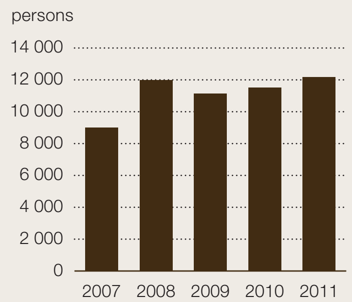
Liabilities
Shareholder's equity
Equity ratio, %

Capital employed 2011



41% Department Store Division
54% Lindex
5% Seppälä

Staff* 2007–2011



* Average number converted to full-time staff

Seppälä's capital expenditure totalled EUR 4.3 million (4.7 million) in 2011. Seppälä opened 7 new stores during 2011. In November, Seppälä opened its online store in Finland. In total there were 229 Seppälä stores in 6 countries at the end of 2011 (2010: 225 stores).

The Group's other capital expenditure came to a total of EUR 2.6 million (EUR 1.4 million). The Group's financial management systems will be replaced gradually in connection with the renewal of the Department Store Division's ERP system.

New projects

The capital expenditure for 2012 is estimated to be approximately EUR 50 million which is less than depreciation that is estimated to amount to around EUR 75 million.

Lindex will expand its store network by approximately 15–20 new stores in 2012, excluding franchising stores. Seppälä will open and close some stores in 2012. The approximate total number of Seppälä stores will remain the same as in 2011. Stockmann will close down its Bestseller franchising stores in Russia by the end of 2012. Some of the Bestseller stores will be converted into Lindex stores.

Stockmann signed in 2010 a contract for the enlargement of its Tampere department store, which operates in leased premises. The enlargement of around 4 000 square metres will increase the department store's retail space to approximately 15 000 square metres. Due to further delays in the city planning process, the target for completing the enlargement has been postponed to the year 2014. Stockmann's investment will be approximately EUR 6 million.

In June 2011 Stockmann signed a preliminary agreement on the renewal of the Stockmann department store in Tapiola, Espoo. The objective of the agreement is to open an enlarged and completely renewed department store in 2016 in a new building owned by the Tapiola Group, close by the existing department store property. The project is a part of a larger renewal plan for the Tapiola area and is taken further together with the owner of the property. The plans will be finalized during the city planning and building permit process.

Shares and share capital

Stockmann has two series of shares. Series A shares each confer 10 votes, while Series B shares each confer one vote. The shares carry an equal right to dividends. The par value is EUR 2.00 per share. As of the end of the year, Stockmann had 30 627 563 Series A shares and 41 213 266 Series B shares, or a total of 71 840 829 shares.

The Board of Directors of Stockmann approved 694 829 Series B share subscriptions with the 2008 Loyal Customer share options in 2011. The subscription right was used by 17 812 Stockmann loyal customers. As a consequence, Stockmann's share capital was increased by approximately EUR 1.4 million. The share capital totalled EUR 143 681 658 at the end of 2011.

The company's market capitalization at the end of 2011 was EUR 911.8 million (2010: EUR 2 047.1 million).

Stockmann's share prices during 2011 declined more than the OMX Helsinki Cap index and the OMX Helsinki index. At the close of 2011, the price of the Series A shares was EUR 13.65, compared with EUR 29.40 at the end of 2010, and the Series B shares were selling at EUR 11.98, as against EUR 28.30 at the end of 2010. A total of 0.5 million (1.0 million) Series A shares and 15.4 million (14.6 million) Series B shares were traded during the year. This corresponds to 1.6 per cent of the average number of Series A shares and 37.4 per cent of the average number of Series B shares.

The company does not hold any of its own shares, and the Board of Directors has no valid authorisations to purchase shares of the company.

At the end of 2011, Stockmann had 56 116 shareholders, compared with 44 596 a year earlier. The increase in the number of shareholders was mainly due to exercise of Loyal Customer share options. Stockmann did not receive any flagging announcements due to changes in major shareholdings in 2011.

Personnel

The Group's personnel totalled an average of 15 964 in 2011, which was 799 more than the previous year (15 165 in average in 2010 and 14 656 in 2009). The increase in personnel was attributable in particular to the opening of department stores in Ekaterinburg in March 2011 and in St Petersburg in November 2010.

Converted to full-time equivalents, Stockmann's average number of employees grew by 669, to 12 172 employees (11 503 in 2010 and 11 133 in 2009). The Group's wages and salaries amounted to EUR 307.7 million, compared with EUR 287.6 million a year earlier and 261.2 million in 2009. The employee benefits expenses totalled EUR 390.0 million (EUR 361.9 million) which accounted for 19.4 per cent (19.9 per cent) of revenue.

At the end of 2011, the Group had 15 960 employees (16 184) of which 7 237 were working in Finland. The number of employees working outside of Finland was 8 723 (8 754) which was 55 per cent (54 per cent) of the total. At the end of 2011, 9 672 employees were employed by the Department Store Division (9 806), 4 653 by Lindex (4 709), 1 506 by Seppälä (1 513) and 129 in Corporate Administration (156).

Changes in management

Seppälä's Managing Director, Terhi Okkonen transferred to the Stockmann Department Store Division and left the Group's Management Committee on 1 January 2012. Director of Seppälä Store Operations, Nina Laine-Haaja, EMBA (born 1961), was appointed the new Managing Director of Seppälä and became a member of the Group's Management Committee as of 1 January 2012. Nina Laine-Haaja has worked for the company in various positions since 1986 and has been a member of Seppälä's management team since 2001.

Risk factors

The Stockmann Group has own business operations in the Nordic countries, Russia, the Baltic countries, and eastern Central Europe. The general economic development is influencing consumers' purchasing behaviour and purchasing power in all of the Group's market areas. Rapid and unexpected movements in markets and the recent world events may influence the behaviour of both financial markets and consumers. In addition, increasing prices of necessity goods such as food and energy will increase inflation and can decrease the consumers' purchasing power.

Business risks in Russia are greater than in the Nordic countries or the Baltic countries, and the operating environment is less stable owing to factors such as the undeveloped state of business culture and the country's infrastructure. The role of the grey economy is still considerable and plays a part in distorting competition. Russia's membership in the World Trade Organisation (WTO) which is expected to take place in 2012 would bring greater clarity to the competition environment, for instance via reductions in import duties. The energy prices, mainly oil price, have a significant impact on the development of the Russian economy and consumer purchasing.

Fashion accounts for over two thirds of the Group's revenue. An inherent aspect of the fashion trade is the short life cycle of products and their dependence on trends, the seasonality of sales and the susceptibility to abnormal changes in weather conditions. The Group addresses these factors as part of its day-to-day management of operations. With the exclusion of major exceptional situations, these factors are not expected to have a significant effect on the Group's revenue or earnings.

The Group's operations are based on flexible logistics and efficient flows of goods. Delays and disturbances in the flow of goods and information can have a temporary adverse effect on operations. Every effort is made to manage these operational risks by developing appropriate back-up systems and alternative ways of operating, and by seeking to minimise disturbances to information systems. Operational risks are also met by taking out insurance cover. Operational risks are not considered to have any significant effect on Stockmann's business activities.

The Group's revenue, earnings and balance sheet are affected by changes in exchange rates between the Group's reporting currency, the euro, and the Swedish krona, the Norwegian krone, the Russian rouble, the US dollar and certain other currencies. Financial risks, including risks arising from interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors, and these risks are not considered to have a significant effect on the Group's business operations.

Outlook for 2012

The unstable state of the world economy and the unsolved European debt crisis create a challenging basis for assessing the future outlook. The retail market conditions are continuously difficult to forecast. The Russian market is likely to continue to perform better than the Nordic countries, provided that the price of oil does not significantly drop from its current level. The growth of the consumer markets in the Baltic countries is expected to continue. However, high uncertainty and low consumer confidence may continue to affect consumers' willingness to purchase in all markets.

The market for affordable fashion developed poorly in 2011, in particular in Sweden. The development is expected to improve in 2012 compared with 2011. The production capacity problems in the Far East procurement market have eased. Raw material and purchasing prices have also stabilised.

Stockmann's decision to discontinue the loss-making Bestseller franchising operation during 2012 will slightly affect the revenue in Russia but improve the operating profit in the future. Stockmann is targeting to achieve a positive operating result excluding Bestseller operations in Russia in 2012.

During 2012, Stockmann will concentrate on gaining the full benefit of its recently completed capital expenditure projects and the efficient use of capital. Additionally, attention will be given to improving cost efficiency in all units. The Group's capital expenditure is estimated to remain clearly below depreciation and to total approximately EUR 50 million in 2012.

Stockmann expects the Group's revenue and operating profit to be above the figures for 2011, provided that market sentiment does not significantly worsen. The first-quarter operating result will be negative due to normal seasonal variation.

Corporate governance

Stockmann plc's Corporate Governance Statement is published on the company's website at stockmanngroup.fi and as part of the Annual Report on Pages 24 and 25.

Helsinki, Finland, 8 February 2012

STOCKMANN plc
Board of Directors

Shares and share capital

The share capital of Stockmann plc is divided into Series A and Series B shares. Series A shares carry ten votes and Series B shares one vote. The par value of both series of shares is EUR 2.00 and the shares of both series entitle their holders to an equal dividend.

The company's shares are in the book-entry system and they are listed on the NASDAQ OMX Helsinki. The trading code for the Series A share is STCAS and for the Series B share STCBV. The number of registered shareholders at 31 December 2011 was 56 116 (44 596 shareholders at 31 December 2010). The increase in the number of shareholders was mainly due to exercise of Loyal Customer share options.

The company's market capitalization at 31 December 2011 was EUR 911.8 million (EUR 2 047.1 million at 31 December 2010).

Price trend of Stockmann's shares and options

	Closing prices Dec. 31, 2011 EUR	Closing prices Dec. 31, 2010 EUR	Change %
Series A	13,65	29,40	-53,6
Series B	11,98	28,30	-57,7
Option 2006C	--	3,16	

Turnover of Stockmann's shares and options 2011

	Number of shares	% of total shares	EUR	Average price EUR
Series A	475 815	1.6	8 848 372	18.71
Series B	15 401 595	37.4	291 593 694	18.68
Option 2006C	28 199		24 611	0.87
Total	15 905 609		300 466 677	

Share capital of Stockmann plc, 31 December 2011

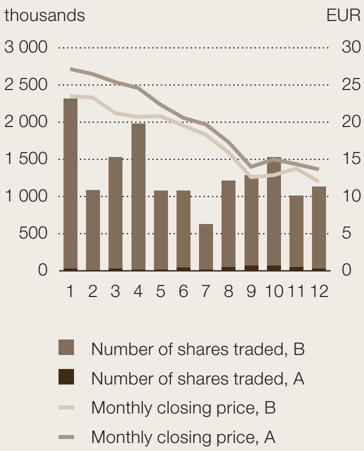
Series A	30 627 563	shares at EUR 2 each	61 255 126	EUR
Series B	41 213 266	shares at EUR 2 each	82 426 532	EUR
Total	71 840 829		143 681 658	EUR

Loyal Customer share options 2008

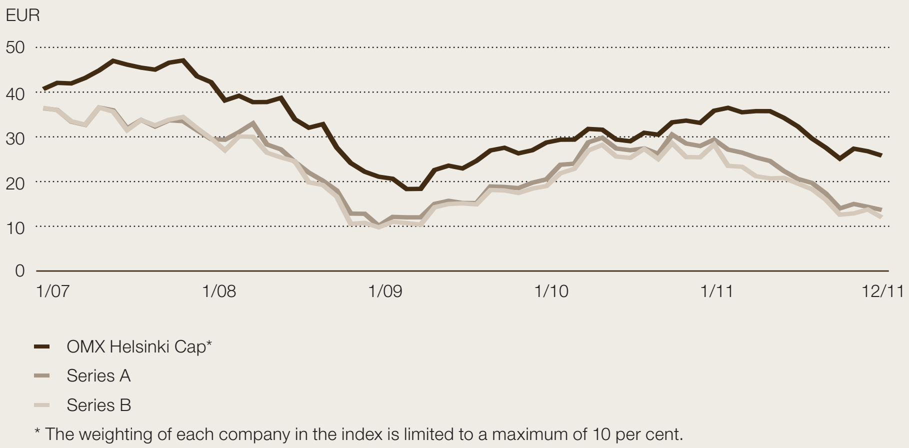
The Annual General Meeting held on 18 March 2008 approved the Board of Directors' proposal on granting share options to Stockmann's Loyal Customers. In accordance with the resolution of the Annual General Meeting, a total maximum of 2 500 000 share options will be granted to Stockmann's Loyal Customers without consideration. The share options will be granted to Loyal Customers whose purchases during 1 January 2008–31 December 2009, together with purchases made on parallel cards for the same account are at least EUR 6 000 in total amount. For purchases of at least EUR 6 000, a Loyal Customer will receive 20 share options without consideration. In addition, for each full EUR 500 by which the purchases exceed EUR 6 000, the Loyal Customer will receive two additional share options. The purchases entitled to a total of 1 803 322 share options, of which 1 248 819 Loyal Customer share options were subscribed.

Each share option entitles its holder to subscribe for one of Stockmann plc Series B shares. In accordance with the resolution of the Annual General Meeting on 17 March 2009, the subscription price is the volume-weighted average price of the Series B share on the Helsinki exchange during the period 1 February–28 February 2009, or EUR 11.28. On the record date for each dividend payout, the subscription price of the shares to be subscribed for with share options will be lowered by the amount of dividends declared after the commencement of the period for determining the subscription price and prior to the share subscription.

Turnover and price trend of Series A and Series B shares 2011



Price trend of Series A and Series B shares compared with OMX Helsinki Cap Index 2007–2011



* The weighting of each company in the index is limited to a maximum of 10 per cent.

The subscription periods for the shares are in May in the years 2011 and 2012. During the share subscription period in 2011, a total of 694 829 Series B shares of Stockmann plc were subscribed. The subscription price of the remaining shares after the rights issue of 2009 and the dividend payout proposed by the Board of Directors for the 2011 financial year is EUR 8.29.

Key employee share options 2006

The Annual General Meeting held on 21 March 2006 approved the Board of Directors' proposal on granting share options to key employees of the Stockmann Group. A total of 1 500 000 share options can be granted to key employees belonging to the senior and middle management of Stockmann and its wholly-owned subsidiary. Of the share options, 375 000 will bear the marking 2006A, 375 000 the marking 2006B, 375 000 the marking 2006C, and 375 000 the marking 2006D. The subscription period with the share options 2006A and 2006B have expired. The subscription period for shares with share option 2006C is 1 March 2010–31 March 2012. 2006D share options have lapsed because the criteria linked to the Group's financial targets as determined by the Board of Directors prior to the distribution of these share options have not been met.

One share option will entitle its holder to subscribe for one Stockmann plc Series B share. The subscription price of the share with share options 2006A and 2006B were the volume-weighted average price of the company's Series B share on the Helsinki exchange during 1 February–28 February 2006, plus 10 per cent or EUR 36.69, and with share option 2006C, the volume-weighted average price of the company's Series B share on the Helsinki exchange during 1 February–29 February 2008, plus 10 per cent or EUR 31.02. On the record date for each dividend payout, the subscription price of the shares to be subscribed for with share options will be lowered by the amount of dividends declared after the commencement of the period for determining the subscription price and prior to the share subscription. The subscription price after the rights issue of 2009 and the dividend payout proposed by the Board of Directors for the 2011 financial year on the basis of share option 2006C is EUR 26.68 per share.

Key employee share options 2010

The Annual General Meeting held on 16 March 2010 approved the Board of Directors' proposal on granting share options to key employees of the Stockmann Group. A total of 1 500 000 share options can be issued without payment to the key employees of Stockmann and its subsidiaries. Of the share options 500 000 shall be marked with the identifier 2010A, 500 000 with the identifier 2010B, and 500 000 with the identifier 2010C. The share subscription period for the share options 2010A shall be 1 March 2013–31 March 2015, for share options 2010B 1 March 2014–31 March 2016 and for share options 2010C 1 March 2015–31 March 2017.

Each share option entitles its owner to subscribe for one Stockmann plc Series B share. The share subscription price relating to the share options 2010A shall be the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 February–28 February 2010 increased by 20 per cent or EUR 26.41, the share options 2010B the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 February–28 February 2011 increased by 10 per cent or EUR 25.72, and the share options 2010C the trade volume weighted average price of the company's Series B shares on the Helsinki exchange during the period 1 February–29 February 2012 increased by a minimum of 10 per cent. The subscription price of each share subscribed for based on the share options shall be decreased on the record date for each dividend payout by the amount of dividends decided after the commencement of the determination period for the subscription price and prior to the share subscription. The subscription prices after the dividend payout proposed by the Board of Directors for the 2011 financial year on the basis of share option 2010A is EUR 24.37 per share and of share option 2010B EUR 25.22 per share.

Own shares

At 31 December 2011, the company did not hold any of its own shares, and the Board of Directors had no valid authorisations to purchase shares of the company.

Changes in the share capital as from 1 January 2007

	Entered in the Trade Register	Subscription price, EUR	Number of new shares	Additional share capital, EUR million	New total share capital, EUR million
2007 With the 2000 key employee options C	2007	14.85	18 000 B	0.0	111.7
2007 With the 2000 key employee options A	2007	11.55	43 572 B	0.1	111.8
2007 With the 2000 key employee options B	2007	12.55	62 537 B	0.1	111.9
2007 With the 2000 key employee options C	2007	13.55	114 600 B	0.2	112.1
2008 Directed Issue	2008	24.50	2 017 806 A	4,0	116.2
2008 Directed Issue	2008	24.50	3 591 554 B	7.2	123.4
2008 With the 2006 Loyal Customer options	2009	29.60	364 B	0.0	123.4
2009 Directed Issue	2009	17.00	2 433 537 A	4.9	128.2
2009 Directed Issue	2009	17.00	3 215 293 B	6.4	134.7
2009 Rights offering	2009	12.00	1 611 977 A	3.2	137.9
2009 Rights offering	2009	12.00	2 129 810 B	4.3	142.1
2010 With the 2006 Loyal Customer options	2010	27.93	52 047 B	0.1	142.3
2011 With the 2008 Loyal Customer options	2011	8.79	694 829 B	1.4	143.7

Coming subscriptions with share options*

		Subscription period	Subscription price, EUR	Number of new B shares, thousands	Additional share capital, EUR million	New total share capital, EUR million	Holding %	Proportion of votes %
2012	With the 2008 Loyal Customer options	2 May 12–31 May 12	11.28 1)	554	1.1	144.8	0.8	0.2
			less dividends after March 18, 2008					
2012	With the 2006C key employee options	1 January 11–31 March 12	31.02 2)	375	0.8	145.5	0.5	0.1
			less dividends after March 21, 2006					
2013–	With the 2010A key employee options	1 January 13–31 March 15	26.41 3)	484				
2015	With the 2010B key employee options	1 January 14–31 March 16	25.72 4)	334	1.6	147.2	1.1	0.2
			less dividends after March 16, 2010					

** If all share options are exercised*
1) Subscription price after 2011 dividend payout proposed by the Board of Directors: EUR 8.29
2) Subscription price after 2011 dividend payout proposed by the Board of Directors: EUR 26.68
3) Subscription price after 2011 dividend payout proposed by the Board of Directors: EUR 24.37
4) Subscription price after 2011 dividend payout proposed by the Board of Directors: EUR 25.22

Ownership structure, 31 December 2011

	Number	Shareholders %	Percentage of shares	Percentage of votes
Households	54 247	96.7	22.2	16.8
Private and public corporations	1 084	1.9	23.9	24.9
Foundations and associations	537	0.9	45.9	55.9
Nominee registrations (incl. foreign shareholders)	206	0.4	4.9	1.6
Financial and insurance companies	42	0.1	3.0	0.8
Unregistered shares			0.1	0.0
Total	56 116	100.0	100.0	100.0

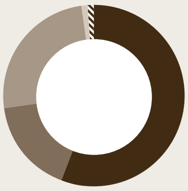
Number of shares, 31 December 2011

	Number	Shareholders %	Percentage of shares	Percentage of votes
1–100	35 393	63.1	1.9	0.7
101–1 000	17 213	30.7	8.0	5.0
1 001–10 000	3 235	5.7	11.0	6.6
10 001–100 000	229	0.4	7.6	4.2
100 001–1 000 000	34	0.1	18.7	19.3
1 000 001–	12	0.0	52.8	64.2
Total	56 116	100.0	100.0	100.0

Major shareholders, 31 December 2011

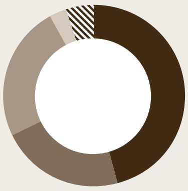
		Percentage of shares	Percentage of votes
1	HTT Holding Oy Ab	11.7	10.7
2	Föreningen Konstsamfundet grouping	9.4	15.0
3	Society of Swedish Literature in Finland	7.6	15.7
4	Niemistö grouping	5.8	9.4
5	Varma Mutual Pension Insurance Comapany	4.7	1.0
6	Etola Group	4.3	6.1
7	Stiftelsen för Åbo Akademi	4.2	6.4
8	Samfundet Folkhälsan i svenska Finland r.f.	2.2	2.7
9	Jenny ja Antti Wihuri's Fund	1.9	2.1
10	Inez och Julius Polins Fond	1.5	0.8
11	Tapiola Mutual Pension Insurance Company	1.5	0.3
12	Sigrid Jusélius Foundation	1.4	2.7
13	Ilmarinen Mutual Pension Insurance Company	1.2	0.7
14	Wilhelm och Else Stockmanns Stiftelse	1.1	2.2
15	The State Pension Fund	0.9	0.2
16	Helene och Walter Grönqvists Stiftelse	0.8	1.4
17	Mutual Insurance Company Pension Fennia	0.8	0.2
18	Stiftelsen Bensows Barnhem Granhyddan r.s.	0.8	1.0
19	William Thurings Foundation	0.5	0.7
20	Kaleva Mutual Insurance Company	0.5	0.1
	Other	37.2	20.6
Total		100.0	100.0

Distribution of votes 2011



- 56% Foundations and associations
- 17% Households
- 25% Private and public corporations
- 1% Banks and insurance companies
- 1% Nominee registrations (incl. foreign shareholders)

Distribution of shares 2011



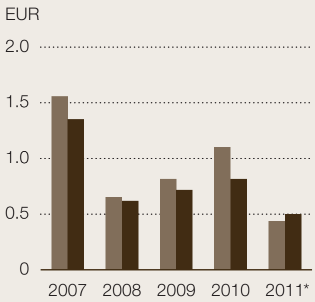
- 46% Foundations and associations
- 22% Households
- 24% Private and public corporations
- 3% Banks and insurance companies
- 5% Nominee registrations (incl. foreign shareholders)

Per-share data

		2011	2010	2009****	2008****	2007
Earnings per share***	EUR	**0.43**	1.10	0.82	0.65	1.56
Earnings per share, diluted***	EUR	**0.43**	1.09	0.81	0.65	1.55
Equity per share	EUR	**12.11**	12.45	11.94	11.22	10.66
Dividend per share*	EUR	**0.50**	0.82	0.72	0.62	1.35
Dividend per earnings*/***	%	**116.2**	74.5	88.0	94.7	86.5
Cash flow per share***	EUR	**0.93**	1.29	2.23	2.85	2.12
Effective dividend yield*	%					
Series A		**3.7**	2.8	3.5	6.1	4.6
Series B		**4.2**	2.9	3.8	6.3	4.6
P/E ratio of shares***						
Series A**		**31.9**	26.7	25.0	15.4	18.9
Series B**		**28.0**	25.7	23.2	14.9	19.0
Share quotation at 31 December	EUR					
Series A		**13.65**	29.40	20.50	10.10	29.50
Series B		**11.98**	28.30	19.00	9.77	29.66
Highest price during the period	EUR					
Series A		**29.85**	31.50	22.00	34.75	37.49
Series B		**28.48**	30.50	20.00	32.00	37.84
Lowest price during the period	EUR					
Series A		**13.44**	20.60	10.68	10.10	29.05
Series B		**11.60**	18.85	9.63	9.33	29.47
Average price during the period	EUR					
Series A		**18.71**	26.97	16.11	20.35	33.90
Series B		**18.68**	25.41	14.80	20.90	33.77
Share turnover	thousands					
Series A		**476**	1 022	512	859	695
Series B		**15 402**	14 582	17 290	29 327	20 682
Share turnover	%					
Series A		**1.6**	3.3	1.7	3.2	2.8
Series B		**37.4**	36.0	42.7	83.5	65.6
Market capitalization at 31 December	EUR mill.	**911.8**	2 047.1	1 396.7	611.6	1 659.8
Number of shares at 31 December	thousands	**71 841**	71 146	71 094	61 703	56 094
Series A		**30 628**	30 628	30 628	26 582	24 564
Series B		**41 213**	40 518	40 466	35 121	31 529
Weighted average number of shares***	thousands	**71 496**	71 120	65 676	59 710	56 649
Series A		**30 628**	30 628	28 373	27 103	25 046
Series B		**40 868**	40 493	37 303	32 606	31 603
Weighted average number of shares, diluted***	thousands	**71 789**	71 897	65 995	59 710	56 861
The own shares owned by the company	thousands				364	370
Series A						
Series B					364	370
Total number of shareholders at 31 December	no	**56 116**	44 596	43 929	42 888	39 137

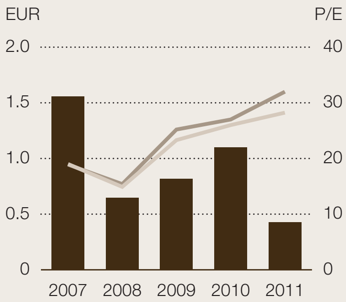
** Board's proposal to the AGM. According to the proposal, a dividend of EUR 0.50 per share will be paid.*
*** The dilution effect of options has been taken into account in the 2011 figures.*
**** 2007 and 2008 restated due to right issue in 2009.*
***** 2008 and 2009 restated due to an error.*

Earnings per share and dividend per share 2007–2011



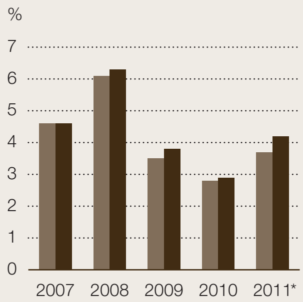
Earnings per share
Dividend per share
* Dividend according to the Board's proposal

Earnings per share and P/E ratio 2007–2011



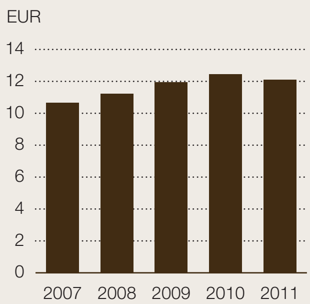
Earnings per share
Profit coefficient (A)
Profit coefficient (B)

Effective dividend yield 2007–2011

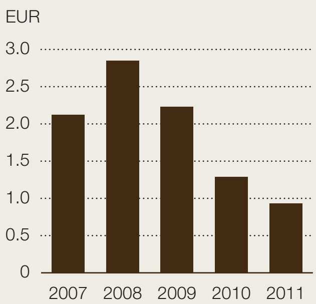


Series A
Series B
* Dividend according to the Board's proposal

Equity per share 2007–2011



Cash flow per share 2007–2011



Definition of per-share data

Earnings per share	=	(Profit before taxes – minority interest – income taxes) / (Average number of shares, adjusted for share issues [1])	
Equity per share	=	(Equity – fund for own shares) / (Number of shares on the balance sheet date)	
Dividend per earnings, %	=	(Dividend per share) / (Earnings per share, adjusted for share issues [1])	x 100
Cash flow per share	=	(Cash flow from operating activities) / (Average number of shares, adjusted for share issues [1])	
Effective dividend yield, %	=	(Dividend per share) / (Share quotation at 31 December, adjusted for share issues)	x 100
P/E ratio of shares	=	(Share quotation at 31 December, adjusted for share issues) / (Earnings per share, adjusted for share issues [1])	

Share quotation at 31 December	=	Share quotation on the balance sheet date
Highest share price during the period	=	Highest price of the company's shares during the period
Lowest share price during the period	=	Lowest price of the company's shares during the period
Average share price over the period	=	Share turnover in euro terms divided by the number of shares traded during the period
Share turnover	=	Quantitative share turnover, adjusted for share issues
Market capitalization at 31 December	=	Number of shares multiplied by the quotation for the respective share series on the balance sheet date

1) Without the own shares owned by the company

Key figures

		2011	2010	2009**	2008**	2007
Revenue	EUR mill.	**2 005.3**	1 821.9	1 698.5	1 878.7	1 398.2
Change on the previous year	%	**10.1**	7.3	-9.6	34.4	7.5
Operating profit	EUR mill.	**70.1**	88.8	85.1	121.9	125.2
Change on the previous year	%	**-21.0**	4.4	-30.2	-2.6	-3.4
Share of revenue	%	**3.5**	4.9	5.0	6.5	9.0
Profit before taxes	EUR mill.	**35.7**	74.2	61.1	71.7	119.4
Change on the previous year	%	**-51.9**	21.5	-14.9	-39.9	-7.4
Share of revenue	%	**1.8**	4.1	3.6	3.8	8.5
Share capital	EUR mill.	**143.7**	142.3	142.2	123.4	112.2
Series A	EUR mill.	**61.3**	61.3	61.3	53.2	49.1
Series B	EUR mill.	**82.4**	81.0	80.9	70.2	63.1
Dividends*	EUR mill.	**35.9**	58.3	51.2	38.0	75.2
Return on equity	%	**3.5**	9.0	7.0	6.1	15.2
Return on capital employed	%	**4.1**	5.8	5.8	8.3	12.1
Capital employed	EUR mill.	**1 715.7**	1 668.5	1 551.0	1 481.7	1 047.2
Capital turnover rate		**1.2**	1.1	1.1	1.3	1.3
Inventories rate		**3.9**	3.8	4.9	4.4	4.3
Equity ratio	%	**42.2**	43.1	44.1	39.0	32.6
Net gearing	%	**95.3**	87.7	72.2	107.6	146.9
Investment in fixed assets	EUR mill.	**66.0**	165.4	152.8	182.3	977.4
Share of net turnover	%	**3.3**	9.1	9.0	9.7	69.9
Interest-bearing debtors	EUR mill.	**45.6**	41.4	44.5	52.2	98.8
Interest-bearing liabilities	EUR mill.	**862.5**	813.3	789.2	775.7	905.6
Interest-bearing net debt	EUR mill.	**783.7**	735.1	568.3	688.2	773.6
Total assets	EUR mill.	**2 062.7**	2 053.8	1 925.7	1 764.1	1 823.7
Staff expenses	EUR mill.	**390.0**	361.9	327.4	350.5	224.1
Share of net turnover	%	**19.4**	19.9	19.3	18.7	16.0
Personnel, average	persons	**15 964**	15 165	14 656	15 669	11 161
Net turnover per person	EUR thousands	**125.6**	120.1	115.9	119.9	125.3
Operating profit per person	EUR thousands	**4.4**	5.9	5.8	7.8	11.2
Staff expenses per person	EUR thousands	**24.4**	23.9	22.3	22.4	20.1

** Board's proposal to the AGM. According to the proposal, a dividend of EUR 0.50 per share will be paid.*
*** 2008 and 2009 restated due to an error.*

Definition of key figures

Profit before taxes = Operating profit + financial income less financial expenses

Return on equity, % = $\frac{\text{Profit for the period}}{\text{Equity + minority interest (average over the year)}} \times 100$

Return on capital employed, % = $\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed}} \times 100$

Capital employed = Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)

Capital turnover rate = $\frac{\text{Revenue}}{\text{Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)}}$

Inventories rate = $\frac{365}{\text{Inventories turnover time}}$

Equity ratio, % = $\frac{\text{Equity + minority interest}}{\text{Total assets less advance payments received}} \times 100$

Net gearing, % = $\frac{\text{Interest-bearing liabilities less cash and cash equivalents}}{\text{Equity total}} \times 100$

Interest-bearing net debt = Interest-bearing liabilities less cash and cash equivalents less interest-bearing liabilities

Consolidated statement of comprehensive income

EUR mill.	1.1.–31.12.2011	1.1.–31.12.2010
REVENUE	**2 005.3**	**1 821.9**
Other operating income	**0.2**	0.0
Materials and consumables	**-1 028.4**	-913.0
Wages, salaries and employee benefits expenses	**-390.0**	-361.9
Deprecation, amortisation and impairment losses	**-77.7**	-61.8
Other operating expenses	**-439.4**	-396.4
Total expenses	**-1 935.5**	**-1 733.1**
OPERATING PROFIT	**70.1**	**88.8**
Finance income	**0.5**	8.2
Finance expenses	**-34.9**	-22.8
Total finance income and expenses	**-34.4**	**-14.6**
PROFIT BEFORE TAX	**35.7**	**74.2**
Income taxes	**-4.9**	4.2
PROFIT FOR THE PERIOD	**30.8**	**78.3**
Profit for the period attributable to:		
Equity holders of the parent company	**30.8**	78.3
Non-controlling interest	**0.0**	0.0
EPS, undiluted, adjusted for share issue, EUR	**0.43**	**1.10**
EPS, diluted, adjusted for share issue, EUR	**0.43**	**1.09**

Other comprehensive information

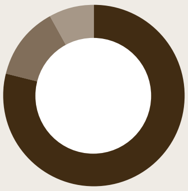
PROFIT FOR THE PERIOD	**30.8**	**78.3**
Other comprehensive income		
Exchange differences on translating foreign operations	**2.1**	8.5
Cash flow hedges	**2.4**	-0.7
Other comprehensive income for the period, net of tax	**4.4**	**7.8**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**35.2**	**86.1**
Total comprehensive income attributable to:		
Equity holders of the parent company	**35.2**	86.1
Non-controlling interest	**0.0**	0.0

Consolidated statement of financial position

EUR mill.	31.12.2011	31.12.2010
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Trademark	**102.3**	101.6
Intangible rights	**19.9**	19.7
Other intangible assets	**0.4**	1.0
Advance payments and construction in progress	**10.5**	
Goodwill	**788.5**	783.8
Intangible assets, total	**921.5**	**906.1**
Property, plant and equipment		
Land and water	**42.2**	43.8
Buildings and constructions	**470.3**	485.4
Machinery and equipment	**125.0**	123.8
Modification and renovation expenses for leased premises	**45.7**	49.8
Advance payments and construction in progress	**8.1**	23.2
Property, plant and equipment, total	**691.2**	**726.0**
Non-current receivables	**0.5**	**0.8**
Available-for-sale investments	**5.0**	**5.0**
Deferred tax asset	**11.6**	**8.7**
NON-CURRENT ASSETS, TOTAL	**1 629.9**	**1 646.7**
CURRENT ASSETS		
Inventories	**264.7**	**240.3**
Current receivables		
Interest-bearing receivables	**45.6**	41.4
Income tax receivables	**13.6**	15.5
Non-interest-bearing receivables	**75.6**	73.2
Current receivables, total	**134.8**	**130.1**
Cash and cash equivalents	**33.2**	**36.7**
CURRENT ASSETS, TOTAL	**432.8**	**407.1**
ASSETS, TOTAL	**2 062.7**	**2 053.8**

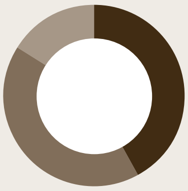
EUR mill.	31.12.2011	31.12.2010
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**143.7**	142.3
Share premium fund	**186.1**	186.1
Other funds	**294.9**	287.8
Translation reserve	**5.6**	3.5
Retained earnings	**239.7**	266.0
Equity attributable to equity holders of the parent company	**869.9**	**885.7**
Non-controlling interest	**0.0**	**-0.0**
EQUITY, TOTAL	**869.9**	**885.7**
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**68.1**	63.8
Non-current interest-bearing liabilities	**533.9**	521.3
Provisions for pensions	**0.4**	0.2
Non-current non-interest-bearing liabilities and provisions	**0.1**	0.0
NON-CURRENT LIABILITIES, TOTAL	**602.5**	**585.2**
CURRENT LIABILITIES		
Current interest-bearing liabilities	**328.6**	**292.0**
Current non-interest-bearing liabilities		
Trade payables and other current liabilities	**259.5**	289.2
Income tax liabilities	**2.2**	1.7
Current provisions		
Current non-interest-bearing liabilities, total	**261.7**	**290.9**
CURRENT LIABILITIES, TOTAL	**590.3**	**582.9**
LIABILITIES, TOTAL	**1 192.8**	**1 168.1**
EQUITY AND LIABILITIES, TOTAL	**2 062.7**	**2 053.8**

Assets 2011



- 79% Non-current assets
- 13% Investories
- 8% Current assets

Equity and liabilities 2011



- 42% Equity
- 42% Interest-bearing liabilities
- 16% Non-interest-bearing liabilities

Consolidated cash flow statement

EUR mill.	1.1.–31.12.2011	1.1.–31.12.2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**30.8**	78.3
Adjustments for:		
Depreciation, amortisation & impairment losses	**77.7**	61.8
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.3**	0.1
Interest and other financial expenses	**34.9**	22.8
Interest income	**-0.5**	-8.2
Income taxes	**4.9**	-4.2
Other adjustments	**1.5**	-1.1
Working capital changes:		
Increase (-) /decrease (+) in inventories	**-23.8**	-34.3
Increase (-) / decrease (+) in trade and other current receivables	**1.6**	-1.1
Increase (+) / decrease (-) in current liabilities	**-27.1**	15.7
Interest and other financial expenses paid	**-32.5**	-22.5
Interest received from operating activities	**0.3**	0.8
Income taxes paid from operating activities	**-2.0**	-16.4
Net cash from operating activities	**66.2**	**91.8**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intagible assets	**-63.9**	-166.7
Proceeds from sale of tangible and intangible assets	**5.2**	0.7
Purchase of investments	**0.0**	0.1
Dividends received from investing activities	**0.1**	0.3
Net cash used in investing activities	**-58.6**	**-165.7**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	**6.0**	1.5
Proceeds from current liabilities	**263.7**	236.8
Repayment of current liabilities	**-284.7**	-50.3
Proceeds from non-current liabilities	**90.4**	518.8
Repayment of non-current liabilities	**-25.5**	-721.8
Payment of finance lease liabilities	**-2.5**	-1.5
Dividends paid	**-58.3**	-51.2
Net cash used in financing activities	**-10.9**	**-67.7**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-3.4**	**-141.6**
Cash and cash equivalents at the beginning of the period	**36.7**	176.4
Cheque account with overdraft facility	**-0.3**	-0.5
Cash and cash equivalents at the beginning of the period	**36.4**	**175.9**
Net increase/decrease in cash and cash equivalents	**-3.4**	-141.6
Effects of exchange rate fluctuations on cash held	**0.1**	2.1
Cash and cash equivalents at the end of the period	**33.2**	36.7
Cheque account with overdraft facility	**-0.1**	-0.3
Cash and cash equivalents at the end of the period	**33.2**	**36.4**

Consolidated statement of changes in equity

EUR mill.	Share capital*	Share premium fund	Hedging reserve**	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interest	Total
SHAREHOLDERS' EQUITY 1.1.2010	**142.2**	**186.1**	**0.0**	**243.3**	**44.1**	**-5.0**	**238.1**	**848.8**	**-0.0**	**848.8**
Dividend distribution							-51.1	**-51.1**		**-51.1**
Share issue	0.1							**0.1**		**0.1**
Options exercised							0.3	**0.3**		**0.3**
Share premium				1.3				**1.3**		**1.3**
Total comprehensive income for the period**			-0.7			8.5	78.3	**86.1**		**86.1**
Other changes					-0.2		0.2	**-0.0**		**-0.0**
SHAREHOLDERS' EQUITY 31.12.2010	**142.3**	**186.1**	**-0.6**	**244.6**	**43.8**	**3.5**	**266.0**	**885.7**	**-0.0**	**885.7**

EUR mill.	Share capital*	Share premium fund	Hedging reserve**	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interest	Total
SHAREHOLDERS' EQUITY 1.1.2011	**142.3**	**186.1**	**-0.6**	**244.6**	**43.8**	**3.5**	**266.0**	**885.7**	**-0.0**	**885.7**
Dividend distribution							-58.3	**-58.3**		**-58.3**
Share issue	1.4							**1.4**		**1.4**
Options exercised							1.2	**1.2**		**1.2**
Share premium				4.6				**4.6**		**4.6**
Total comprehensive income for the period**			2.4			2.1	30.8	**35.2**		**35.2**
Other changes					0.1		0.1	**0.1**		**0.1**
SHAREHOLDERS' EQUITY 31.12.2011	**143.7**	**186.1**	**1.7**	**249.2**	**43.9**	**5.6**	**239.7**	**869.9**	**-0.0**	**869.9**

** Including a share issue*
*** Adjusted with deferred tax liability*

Parent company income statement, FAS

EUR mill.	1.1.–31.12.2011	% of revenue	1.1.–31.12.2010	% of revenue
REVENUE	**849.4**		**814.5**	
Other operating income	**23.1**	2.7	**17.6**	2.2
Materials and services				
Materials and consumables:				
Purchases during the financial year	**500.6**		492.0	
Change in inventories, increase (-), decrease (+)	**-0.3**		-13.9	
Materials and services, total	**500.4**	58.9	**478.1**	58.7
Wages, salaries and employee benefits expenses	**170.4**	20.1	**162.4**	19.9
Depreciation, amortisation and reduction in value	**18.9**	2.2	**14.6**	1.8
Other operating expenses	**147.5**	17.4	**139.5**	17.1
OPERATING PROFIT	**35.2**	4.1	**37.5**	4.6
Financial income and expenses	**39.4**	4.6	**40.5**	5.0
PROFIT BEFORE EXTRAORDINARY ITEMS	**74.7**	8.8	**78.0**	9.6
Extraordinary items				
Extraordinary income	**8.7**		12.5	
Extraordinary expenses	**-38.4**		-53.0	
Extraordinary items, total	**-29.7**	-3.5	**-40.5**	-5.0
PROFIT BEFORE APPROPRIATIONS AND TAXES	**44.9**	5.3	**37.5**	4.6
Appropriations	**-11.6**	-1.4	**-15.9**	-2.0
Income taxes				
For the financial year	**0.1**		0.0	
For previous financial years	**-0.1**		0.0	
Income taxes, total	**0.0**	0.0	**0.1**	0.0
PROFIT FOR THE PERIOD	**33.3**	3.9	**21.5**	2.6

Parent company balance sheet, FAS

EUR mill.	31.12.2011	31.12.2010
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	**11.6**	11.5
Goodwill	**1.5**	1.9
Advance payments and projects in progress	**8.1**	0.9
Intangible assets, total	**21.2**	**14.3**
Property, plant, equipment		
Land and water	**12.5**	12.5
Buildings and constructions	**318.7**	325.3
Machinery and equipment	**12.5**	12.2
Modification and renovation expenses for leased premises	**4.9**	6.5
Other tangible assets	**0.1**	0.1
Advance payments and construction in progress	**2.4**	5.6
Property, plant, equipment, total	**351.0**	**362.0**
Investments		
Holdings in Group undertakings	**216.3**	194.5
Other shares and participations	**10.5**	16.0
Investments, total	**226.7**	**210.5**
NON-CURRENT ASSETS, TOTAL	**598.9**	**586.8**
CURRENT ASSETS		
Inventories		
Materials and consumables	**94.7**	94.4
Inventories, total	**94.7**	**94.4**
Non-current receivables		
Loans owed by Group undertakings	**1 084.8**	1 071.3
Non-current receivables, total	**1 084.8**	**1 071.3**
Current receivables		
Trade receivables	**60.9**	53.8
Amounts owed by Group undertakings	**59.4**	58.1
Other receivables	**3.8**	4.3
Prepayments and accrued income	**11.4**	13.2
Current receivables, total	**135.5**	**129.3**
Receivables, total	**1 220.4**	**1 200.6**
Cash and cash equivalents	**13.8**	**8.9**
CURRENT ASSETS, TOTAL	**1 328.9**	**1 303.9**
ASSETS, TOTAL	**1 927.7**	**1 890.7**

Parent company balance sheet, FAS

EUR mill.	31.12.2011	31.12.2010
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**143.7**	142.3
Premium fund	**186.3**	186.3
Reserve for invested unrestricted equity	**254.4**	249.7
Other funds	**43.7**	43.7
Retained earnings	**95.0**	131.8
Net profit for the period	**33.3**	21.5
EQUITY, TOTAL	**756.5**	**775.4**
ACCUMULATED APPROPRIATIONS	**106.1**	**94.4**
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	**462.9**	397.6
Pension loans	**48.2**	96.3
Amounts owed to Group undertakings	**86.6**	72.6
Non-current liabilities, total	**597.7**	**566.5**
Current liabilities		
Loans from credit institutions	**12.7**	52.8
Pension loans	**48.2**	48.2
Other interest bearing loans	**263.7**	186.5
Trade payables	**60.4**	61.6
Amounts owed to Group undertakings	**2.5**	2.4
Other payables	**36.0**	28.8
Accrued expenses and prepaid income	**44.0**	74.1
Current liabilities, total	**467.5**	**454.4**
LIABILITIES, TOTAL	**1 065.2**	**1 020.9**
EQUITY AND LIABILITIES, TOTAL	**1 927.7**	**1 890.7**

Parent company cash flow statement, FAS

EUR mill.	1.1.–31.12.2011	1.1.–31.12.2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	**33.3**	21.5
Adjustments:		
Depreciation	**18.9**	14.6
Other adjustments	**30.9**	42.0
Financial income and expenses	**-39.4**	-40.5
Appropriations	**11.6**	15.9
Income taxes	**0.0**	0.1
Changes in working capital:		
Change in trade and other receivables	**-1.9**	8.5
Change in inventories	**-0.3**	-13.9
Change in trade payables and other liabilities	**-22.7**	54.3
Interest and other financial expenses paid	**-32.1**	-21.0
Interest received	**46.7**	34.0
Income taxes paid	**5.9**	-9.2
NET CASH FROM OPERATING ACTIVITIES	**51.0**	**106.4**
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on tangible and intangible assets	**-15.9**	-50.2
Additions to holdings in Group undertakings	**-23.0**	-81.2
Proceeds from disposal of other investments	**4.9**	
Loans granted		-61.7
Proceeds of repayments of loans	**14.0**	56.5
Dividends received	**20.1**	34.1
NET CASH FROM INVESTING ACTIVITIES	**0.1**	**-102.4**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (+) /repayment of (-) loan receivables	**-31.5**	-57.7
Proceeds from issue of share capital	**6.1**	1.5
Proceeds from (+) /repayment of (-) short-term loans	**-19.9**	186.9
Repayments of long-term loans	**-29.3**	-721.5
Proceeds from long-term loans	**112.7**	527.2
Dividends paid	**-58.3**	-51.2
Proceeds from (+) / payment of (-) extraordinary items	**-25.9**	-33.9
NET CASH FROM FINANCING ACTIVITIES	**-46.1**	**-148.7**
Change in cash and cash equivalents	**4.9**	**-144.8**
Cash and cash equivalents at start of the financial year	**8.9**	**153.6**
Cash and cash equivalents at end of the financial year	**13.8**	**8.9**

Proposal for the distribution of parent company profit

The parent company's distributable funds according to the balance sheet at 31 December 2011 were EUR 426.4 million.

According to the Parent Company Balance Sheet at 31 December 2011 the following amounts are at disposal of the Annual General Meeting:

• Retained earnings, including the contingency fund and the reserve for invested unrestricted equity	393 185 612.35
• Net profit for the financial year	33 258 137.40
	426 443 749.75

The Board of Directors proposes that this amount be distributed as follows:

• on the 71 840 829 shares owned by external parties be paid a dividend of EUR 0.50 per share for the financial year 2011	35 920 414.50
• to be carried forward to the contingency fund, reserve for invested unrestricted equity and retained earnings	390 523 335.25
	426 443 749.75

No material changes have taken place in the company's financial position after the close of the financial year. The company's liquidity is good, and in the view of the Board of Directors, the proposed dividend payout will not jeopardize the company's ability to meet its payment obligations.

Helsinki, Finland, 8 February 2012

Signatures of the Board of Directors and the CEO to the Report by the Board of Directors and the Financial Statements:

Board of Directors

Christoffer Taxell
Erkki Etola
Kaj-Gustaf Bergh
Eva Liljeblom
Kari Niemistö
Charlotta Tallqvist-Cederberg
Carola Teir-Lehtinen
Dag Wallgren

CEO

Hannu Penttilä

Auditors' report

To the Annual General Meeting of Stockmann plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Stockmann plc for the year ended December 31, 2011. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki February 15, 2012

Jari Härmälä	Henrik Holmbom
Authorized Public Accountant	Authorized Public Accountant

Consolidated income statement per quarter

EUR mill.	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenue	**626.1**	461.3	510.2	407.7	**576.9**	420.7	451.7	372.6
Other operating income	**0.1**	0.2	0.0	0.0	**0.0**	0.0	0.0	0.0
Materials and consumables	**-321.9**	-234.6	-257.5	-214.3	**-291.7**	-210.2	-220.2	-190.9
Wages, salaries and employee benefits expenses	**-104.4**	-88.7	-98.9	-98.0	**-102.9**	-82.7	-90.4	-85.8
Depreciation, amortisation and impairment losses	**-20.8**	-18.9	-18.9	-19.1	**-17.1**	-15.3	-15.2	-14.2
Other operating expenses	**-119.7**	-104.1	-109.4	-106.2	**-116.6**	-94.0	-95.0	-90.8
Operating profit	**59.3**	15.2	25.6	-29.9	**48.5**	18.4	30.9	-9.2
Finance income	**0.3**	0.0	0.9	-0.7	**2.9**	0.3	1.3	3.7
Finance expenses	**-8.5**	-8.8	-10.0	-7.7	**-7.1**	-6.9	-4.5	-4.3
Total financial income and expenses	**-8.1**	-8.8	-9.2	-8.3	**-4.2**	-6.6	-3.2	-0.6
Profit before tax	**51.1**	6.4	16.4	-38.3	**44.3**	11.9	27.8	-9.8
Income taxes	**-5.9**	-0.7	-1.7	3.5	**-7.3**	1.5	-2.1	12.0
Profit for the period	**45.2**	5.7	14.7	-34.8	**37.1**	13.4	25.7	2.2

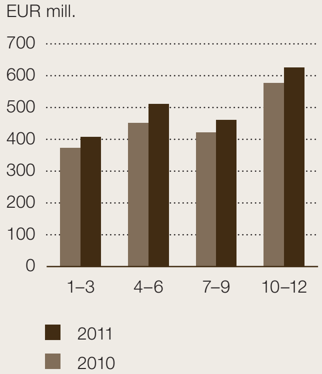
Earnings per share per quarter

EUR	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Undiluted	**0.63**	0.08	0.21	-0.49	**0.52**	0.19	0.36	0.03
Diluted	**0.63**	0.08	0.20	-0.48	**0.51**	0.19	0.36	0.03

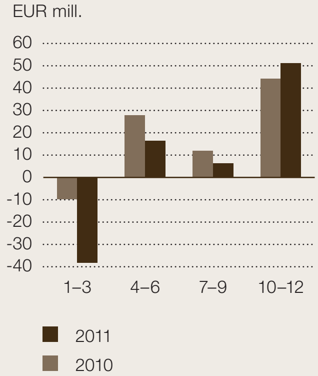
Operating segments per quarter

EUR mill.	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
REVENUE								
Department Store Division	**408.5**	266.0	306.0	256.4	**373.4**	235.0	265.5	226.0
Lindex	**177.4**	157.8	165.6	123.3	**165.6**	149.4	148.1	115.7
Seppälä	**40.0**	37.6	38.3	27.9	**37.9**	36.8	37.7	30.8
Unallocated	**0.3**	-0.2	0.3	0.1	**0.0**	-0.5	0.5	0.1
Group total	**626.1**	461.3	510.2	407.7	**576.9**	420.7	451.7	372.6
OPERATING PROFIT								
Department Store Division	**39.6**	2.9	7.6	-14.8	**30.9**	1.4	8.8	-8.2
Lindex	**20.4**	11.4	17.3	-7.9	**17.1**	16.2	19.5	2.1
Seppälä	**2.2**	1.5	2.6	-4.9	**2.8**	2.2	4.8	-0.9
Unallocated	**-2.9**	-0.6	-1.9	-2.3	**-2.3**	-1.4	-2.2	-2.1
Group total	**59.3**	15.2	25.6	-29.9	**48.5**	18.4	30.9	-9.2

Revenue by quarter 2010–2011



Profit before taxes by quarter 2010–2011



Information on the Group's market areas

Revenue, EUR mill.	**1.1.–31.12.2011**	1.1.–31.12.2010
Finland 1)	**1 026.2**	987.8
Sweden and Norway 2)	**509.3**	480.6
Baltic countries and Central Europe 1) *	**141.3**	123.7
Russia and Ukraine 1)	**328.5**	229.8
Group total	**2 005.3**	**1 821.9**
Finland %	**51.2%**	54.22%
International operations %	**48.8%**	45.78%

Operating profit, EUR mill.	**1.1.–31.12.2011**	1.1.–31.12.2010
Finland 1)	**37.8**	44.9
Sweden and Norway 2)	**47.9**	57.1
Baltic countries and Central Europe 1) *	**3.3**	1.0
Russia and Ukraine 1)	**-19.0**	-14.2
Group total	**70.1**	**88.8**
Finland %	**53.9%**	50.57%
International operations %	**46.1%**	49.43%

1) Department Store Division, Lindex, Seppälä
2) Lindex
** Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland*

Information for shareholders

Annual General Meeting

The 2012 Annual General Meeting of the shareholders of Stockmann plc will be held on Thursday 15 March 2012 at 2.00 p.m. in the Concert Hall of Finlandia Hall at the address Karamzininkatu 4, Helsinki.

Registrations for the meeting must be received no later than on 9 March 2012 at 4.00 p.m., telephone +358 9 121 3260 or the company's website stockmanngroup.fi. Those shareholders are entitled to participate in the Annual General Meeting, who have been entered on 5 March 2012 as shareholders in the Shareholder Register kept by Euroclear Finland Ltd.

The Annual General Meeting approves the company's annual financial statements, decides on the dividend and the election of members of the Board of Directors, among other things. The Meeting also decide on proposals by the Board of Directors to amend the Articles of Association and to issue share options to the Loyal Customers of Stockmann.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share be paid for the 2011 financial year. The dividend decided by the Annual General Meeting will be paid to a shareholder who on the record date for dividend payment, 20 March 2012, has been entered in the Shareholder Register kept by Euroclear Finland Ltd. The Board proposes to the Annual General Meeting that the dividend be paid on 25 April 2012.

Financial and investor information

Stockmann will publish the following financial reports in 2012:

- January–March Interim Report 27 April 2012
- January–June Interim Report 10 August 2012
- January–September Interim Report 31 October 2012

In addition to these reports, a monthly release on the Group's and units' revenue will be released. Financial reports and releases are published in Finnish, Swedish and English.

All of Stockmann's stock exchange releases, financial reports and the CSR report 2011 which will be published in spring 2012 are available on the Group's website at stockmanngroup.fi.

Investor Relations

E-mail: investor.relations@stockmann.com

Report and release requests

STOCKMANN, Corporate Communications
P.O. Box 70, FI-00621 Helsinki, Finland
Telephone +358 9 121 3089
Fax +358 9 121 3153
E-mail: info@stockmann.com

Changes in name and address

We kindly request shareholders to report changes of address to the bank or to Euroclear Finland Ltd in accordance with the place where the shareholder's book-entry account is kept. If you have ordered a printed copy of Stockmann's Annual Report, please also inform Stockmann's Corporate Communications.

Contact information

Corporate Management

Stockmann plc
P.O. Box 220 (Aleksanterinkatu 52 B)
FI-00101 HELSINKI, FINLAND
Tel. +358 9 1211
Fax +358 9 121 3101
info@stockmann.com

Corporate Administration

P.O. Box 70 (Läkkisepäntie 23)
FI-00621 HELSINKI, FINLAND
Tel. +358 9 1211
Fax +358 9 121 7775

Contact information for the Group's purchasing offices:

stockmanngroup.fi

Department Store Division

P.O. Box 147 (Kutomotie 1 C)
FI-00381 HELSINKI, FINLAND
Tel. +358 9 121 51
Fax +358 9 121 5812

stockmann.com

Customer service: asiakaspalvelu@stockmann.com
Tel. +358 9 121 3124

hobbyhall.fi

Customer service: hobbyhall.fi/asiakaspalvelu
Tel. +358 10 192 020

akateeminen.com

Orders and inquiries: kirjatilaukset@akateeminen.com
Tel. +358 9 121 4322
Sales to corporate customers: akatilaus@akateeminen.com
Tel. +358 9 121 4430

Contact information for the department stores and stores:

Finland: stockmann.com
Russia: stockmann.ru
Estonia: stockmann.ee
Latvia: stockmann.lv

Lindex

P.O. Box 233 (Nils Ericsonsplatsen 3)
401 23 GOTHENBURG, SWEDEN
Tel. +46 31 739 5000
Fax +46 31 151 495

lindex.com

Customer service: customerservice-eng@lindex.com

Seppälä

P.O. BOX 234 (Tikkurilantie 146)
FI-01531 VANTAA, FINLAND
Tel. +358 9 121 7200
Fax +358 9 825 1100

seppala.fi

Customer service: seppala.fi/asiakaspalvelu
Tel. +358 10 802 235

STOCKMANN

Aleksanterinkatu 52 B
P.O. Box 220
FI-00101 Helsinki, Finland
Tel. +358 9 1211
stockmann.com