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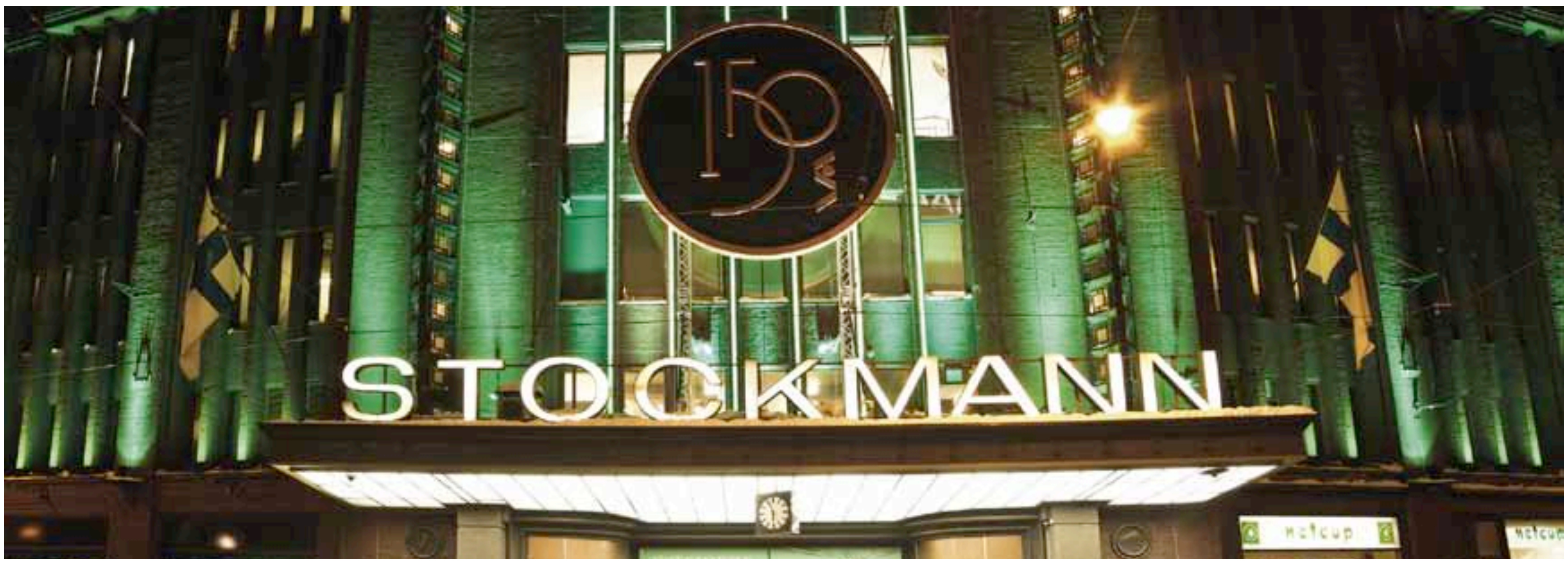
Capital Markets Day

12 September 2012

Hannu Penttilä
CEO

Stockmann Group today

- 150 years of history – founded in 1862
- 16 department stores and 715 fashion stores in 16 countries
- Over 100 million customers every year
- 15 457 employees in 15 countries
- 59 169 shareholders on Nasdaq OMX Helsinki



Two strong business divisions

Department Store Division

16 department stores and 31 other stores in 4 countries; 3 distance retail stores

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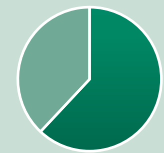
Share of revenue
61% in 1-6/2012



EUR 606 million

Fashion Chain Division

682 stores in 16 countries
(Lindex 459, Seppälä 223); 2 online stores

LINDEX Seppälä

Share of revenue
39% in 1-6/2012

EUR 381 million

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Stores as of 10 September 2012

Stockmann Group's strategy 2013–2017: Heading for profit (vol. 2)

- Historical investment phase is over; now it's time to deliver the results!
- Core of the strategy as before: profitable growth in present and new markets
- New Group structure by establishing the Fashion Chain Division
  - More clarity for the two types of retail business
- Capital expenditure will remain clearly below depreciation:
  - Estimate for 2012: EUR 50 million
  - In 2013–2015 approx. EUR 60 million annually
  - Depreciation approx. EUR 70–75 million annually
  - Major part of investments to store refurbishments and expansion as well as enlargements to accelerate growth
  - Investments to IT systems to increase efficiency and e-commerce

Long-term financial targets remain unchanged

- The Stockmann Group's financial targets were set in 2008, before the financial crisis
- Very ambitious, but still achievable
- Not realistic to reach them by 2015 in the current market environment

- **Return on capital employed:** a minimum of 20%
- **Operating profit margin:** a minimum of 12%
- **Sales growth:** above industry average
- **Equity ratio:** a minimum of 40%

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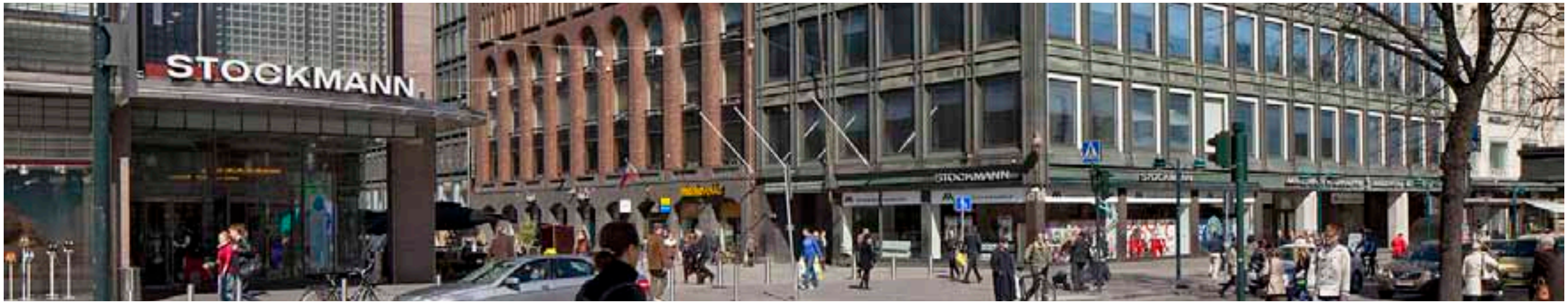
Focus on cash flows and the balance sheet

- Improved cash flows thanks to a close follow-up of stock levels, a lower level of capital expenditure and improved profitability of the business
  - Operating cash flow in 1-6/2012: EUR 14.9 million (1-6/2011: -74.6 million)
- Interest-bearing liabilities at 30 June 2012: EUR 902.9 million
- Bilateral long-term bank loans and committed credit facilities EUR ~800 million
  - No collateral, one covenant related to the Group’s equity ratio
- Short-term financing mainly through commercial papers
  - Unused long-term committed credit facilities as a back up
- Real estate assets valued at the historical book value, EUR ~500 million; market value exceeds clearly the book value



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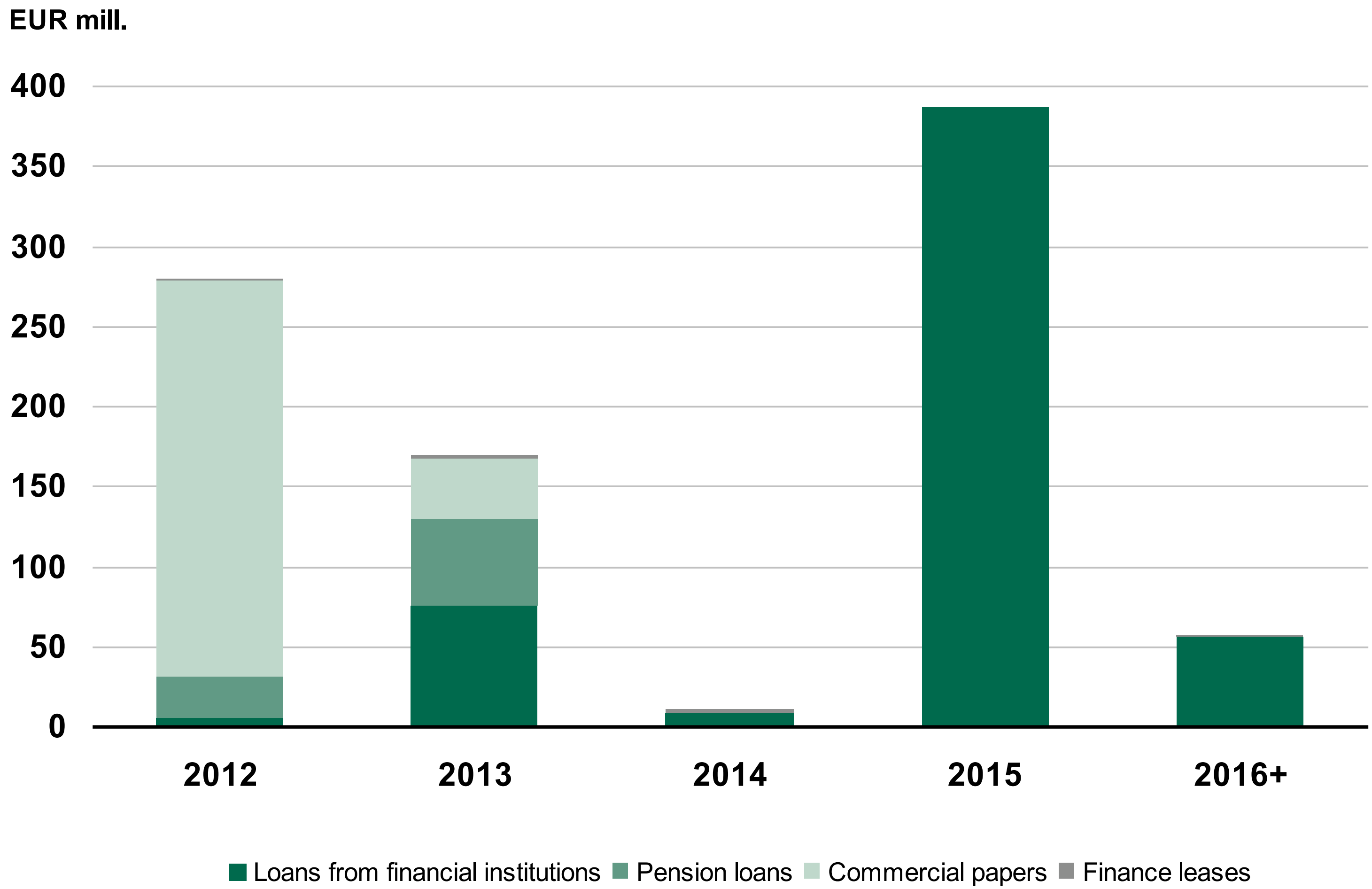
Maturity profile of the Group's interest-bearing liabilities



In addition, the Group has EUR 332 million in undrawn, long-term committed credit facilities

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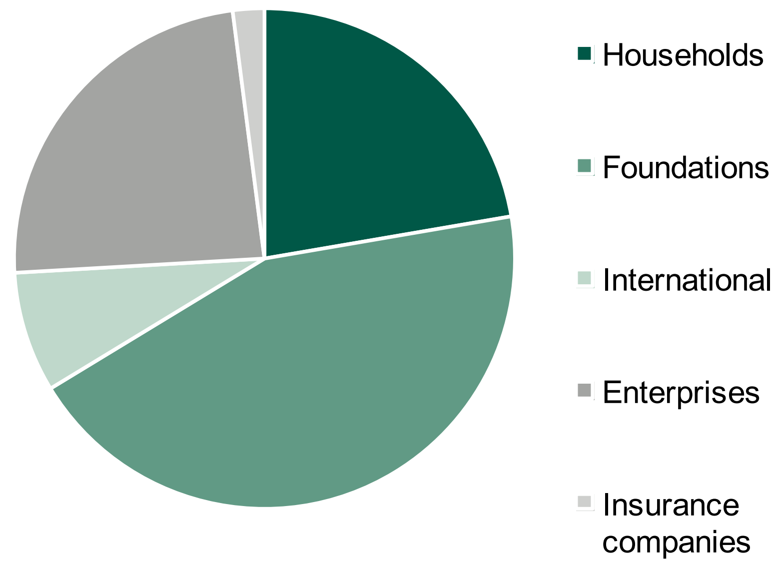
Shareholders and Loyal Customer share options

- Shareholders 59 169
  on 31 August 2012

- Loyal Customer 2008 share option programme completed
  - 0.9 million shares subscribed (1.2 million share options were subscribed of the potential 1.8 million share options)
    → EUR 7.8 million of new equity
- Loyal Customer 2012 share option programme started
  - Max 2.5 million share options based on purchases made in 2012 and 2013
  - Share subscription in 2014 and 2015

Shareholder structure
Distribution of shares



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Stockmann Group's strategy 2013–2017: Heading for profit (vol. 2)

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AKATEEMINEN KIRJAKAUPPA AKADEMISKA BOKHANDELN
HOBBY HALL

Strong unique brands

- Clear brand identities
- Target groups, product ranges, store concepts according to brand

LINDEX
Seppälä

Department Store and Fashion Chain Divisions

Increasing retail space	Store profitability	Multi-channel retailing

Efficient processes and systems

Stockmann Group's shared functions

Corporate administration, purchasing offices in Asia, ZAO Stockmann in Russia

Strategic actions

Strategic aim	Department Store Division	Fashion Chain Division
Increasing retail space	Itäkeskus relocation in 2013, Tampere enlargement in 2014, Tapiola relocation and enlargement in 2016.	Expansion in current and new markets: 15-20 stores annually. New franchising markets for Lindex (Serbia, Croatia) in 2012.
Store profitability	Closing down Bestseller's franchising stores (18) in Russia in 2012.	Closing down Seppälä's stores (2) in Ukraine in 2012. Evaluating all current store locations (sales vs. rental costs).
Multi-channel retailing	Renewed Akateeminen.com 6/2012. Online Crazy Days 10/2012.	Seppälä's online store to new markets.
Efficient processes and systems	Buyer-Planner Organisation in 2011–2012. New ERP and Group's financial system into use in 2013.	Seppälä moving to Lindex's ERP and financial systems. Harmonized buying/planning.

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Stores in 16 countries, operations in 21 countries

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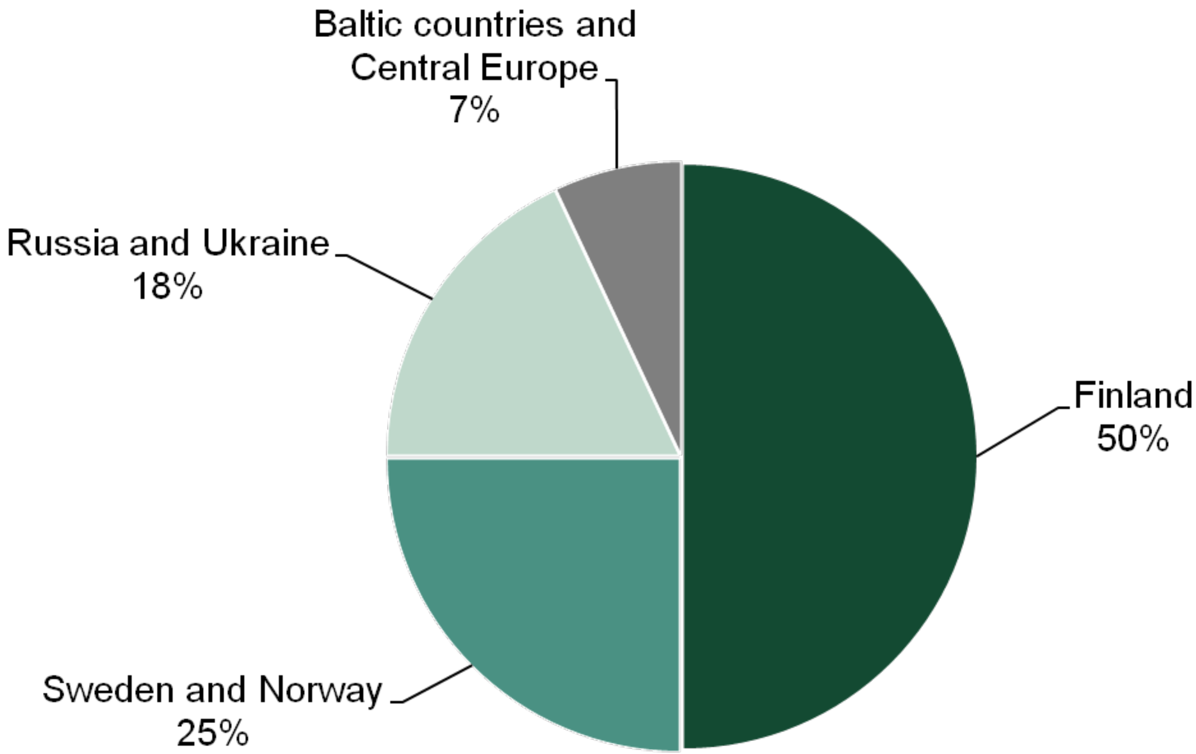
Revenue by market in Q2 2012



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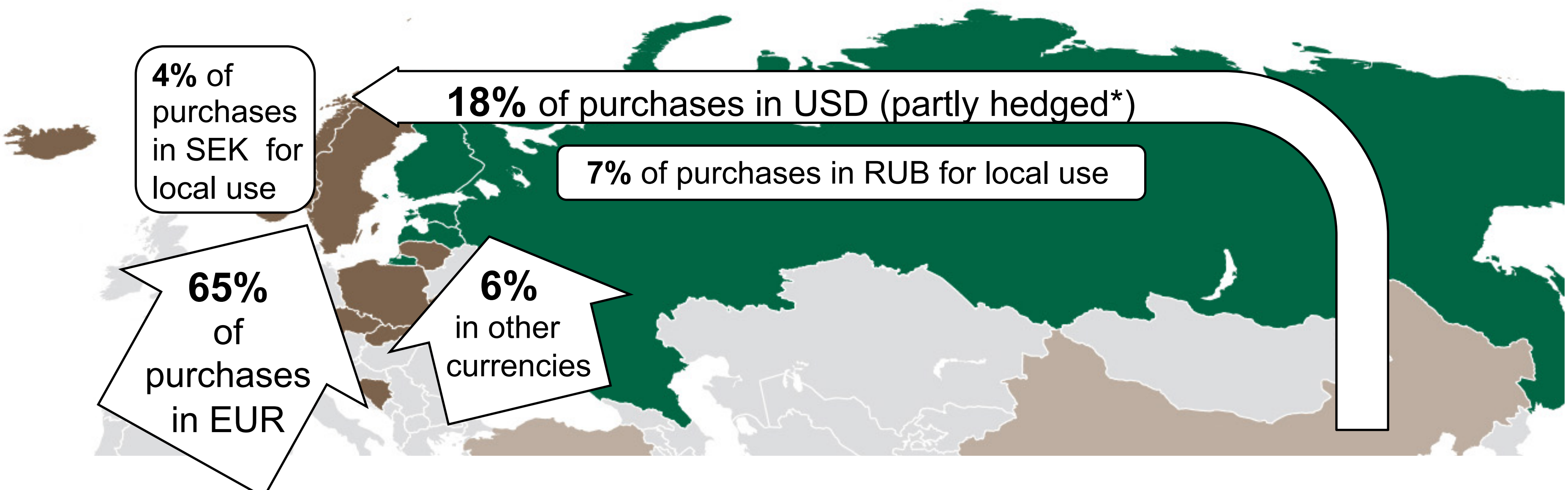
Currency effects

- 65% of total purchases in 2011 in EUR
- 24% of total purchases in other currencies than EUR, with a transaction risk
- 11% of total purchases in other currencies than EUR for local use, no transaction risk
- 45% of sales in 2011 in foreign currencies (SEK, RUB, NOK, LAT, etc.)
- Assets in SEK mostly hedged by loans in SEK and derivatives
- Financial statements in Russia are consolidated in EUR (according to IAS 21), which substantially limits the currency exchange risks



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* 2/3 of net USD cash flows hedged on 31 Dec 2011 for the next 6 months

Operations in Russia

- Store network: 7 department stores, 1 shopping centre, 21 Lindex stores, 44 Seppälä stores, 10 Bestseller stores, 1 Stockmann concept store and 1 outlet
- Revenue up 20 per cent to EUR 175.6 million in January-June 2012
  - Bestseller's revenue 22.5 million in 2011, down 35 per cent in 2012
- Operating profit EUR -5.9 million in January-June 2012 (EUR -17.0 million)*
  - Positive operating profit in Q2 2012: EUR 1.4 million (Q2 2011: -3.4 million)*
  - Positive development in all Russian department stores, particularly in Nevsky Centre

* Market area Russia and Ukraine, including Bestseller operations and the provision for closing down operations in Ukraine.

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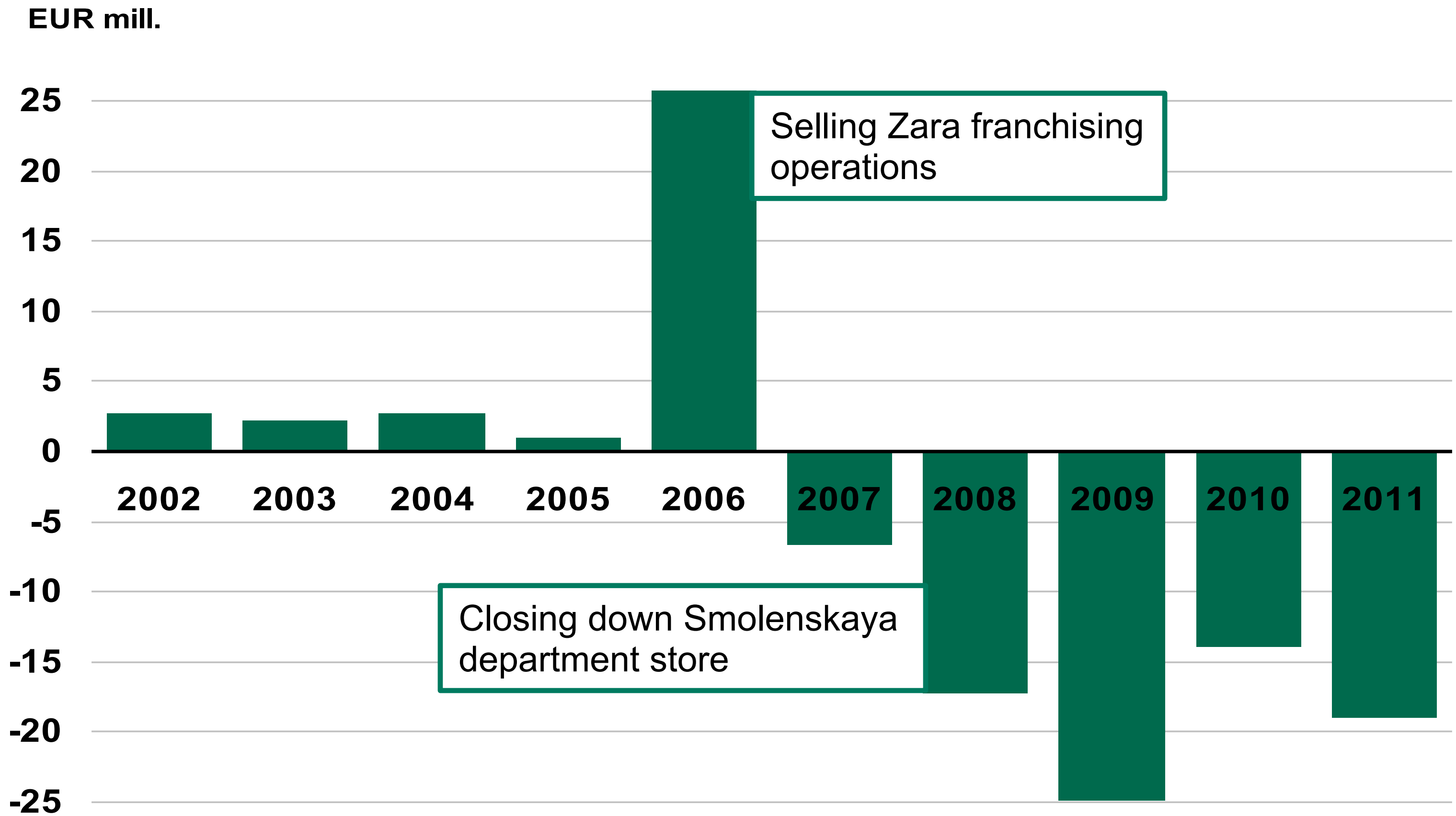
Development of the operating profit in Russia



New dep. stores	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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Future outlook for Russia

- Targeting a positive full-year operating profit, excluding Bestseller, in 2012
- Market in Russia likely to continue to perform better than in the Nordic countries
  - Oil price has a key role in general economic development and consumer purchasing behaviour
- Russia's WTO membership took place in August 2012
  - Membership will bring greater clarity to the competitive environment and processes
  - Reductions in import duties estimated to be several millions for the Stockmann Group in the future after the transition period

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2012 – Where are we now?

- Unresolved European debt crisis continuously the headline news in media
- Some signs of weakening consumer confidence in Finland
- Russia and the Baltic countries continuously developing positively

- Stockmann Group has been able to grow and improve the operating profit by EUR 17.8 million during the first half of 2012
- Good development in department stores in Russia and Baltic countries and in Nevsky Centre as a whole
- Lindex has won market shares in all markets

Revenue in August 2012

EUR mill, exclusive VAT	8/2012	Change, %	1-8/2012	Change, %
Department Store Division, Finland	64.4	1.1	527.2	2.6
Department Store Division, international operations	27.6	7.2	254.4	15.0
Department Store Division, total	**92.0**	**2.9**	**781.6**	**6.3**
Fashion Chain Division, Finland	14.8	5.6	110.3	6.0
Fashion Chain Division, international operations	57.2	7,9	407.9	6.9
Fashion Chain Division, total	**72.0**	**7.4**	**518.2**	**6.7**
Other operations	0.0		0.4	
Operations in Finland, total	79.2	1.9	637.8	3.2
International operations, total	84.8	7.7	662.3	9.9
Stockmann Group, total	**164.0**	**4.8**	**1 300.1**	**6.5**

Outlook for the rest of 2012

- Challenging to assess the outlook, especially long-term retail market, due to unstable world economy and the unresolved European debt crisis
  - Indications of weakening consumer behaviour in particular in Finland where consumers' confidence in their own economy has declined
  - Market in Russia likely to continue to perform better than in the Nordic countries; growth in the Baltic countries expected to continue
  - Affordable fashion market in Sweden is expected to improve in the autumn compared with the weak second half of 2011
  - High uncertainty and low consumer confidence may affect consumers' willingness to purchase in all markets
- Discontinuation of Bestseller franchising business by the end of 2012 to improve operating profit from 2013 onwards
  - Targeting a positive full-year operating profit, excluding Bestseller, in Russia in 2012
- Capital expenditure clearly below depreciation, approx. EUR 50 million
- Stockmann Group's revenue and operating profit expected to be above the figures for 2011, provided that market sentiment does not significantly worsen

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150