



# Interim Report July–September 2024

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Henrik Henriksson, CFO  
25 October 2024

**LINDEXGROUP**



# Agenda

- Business update
- Financial update
- Way forward
- Q&A



# Business update







# Key messages Q3 2024

**The fashion market remained volatile** in the Group's key markets

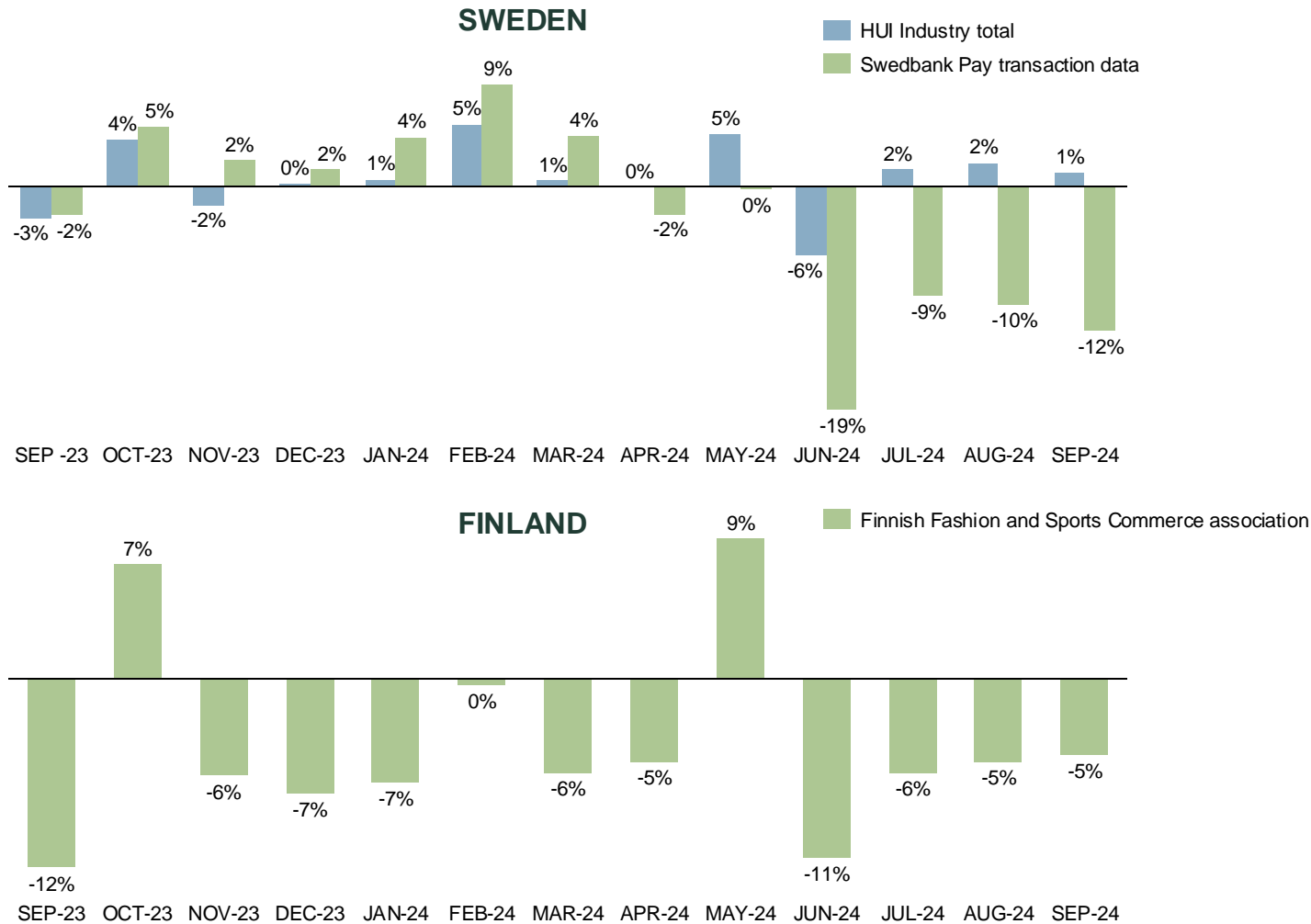
**Stockmann** division continued its **track of profitability improvement**

**Initiatives for future-proofing** progressed

**Only one disputed claim left** in the restructuring programme

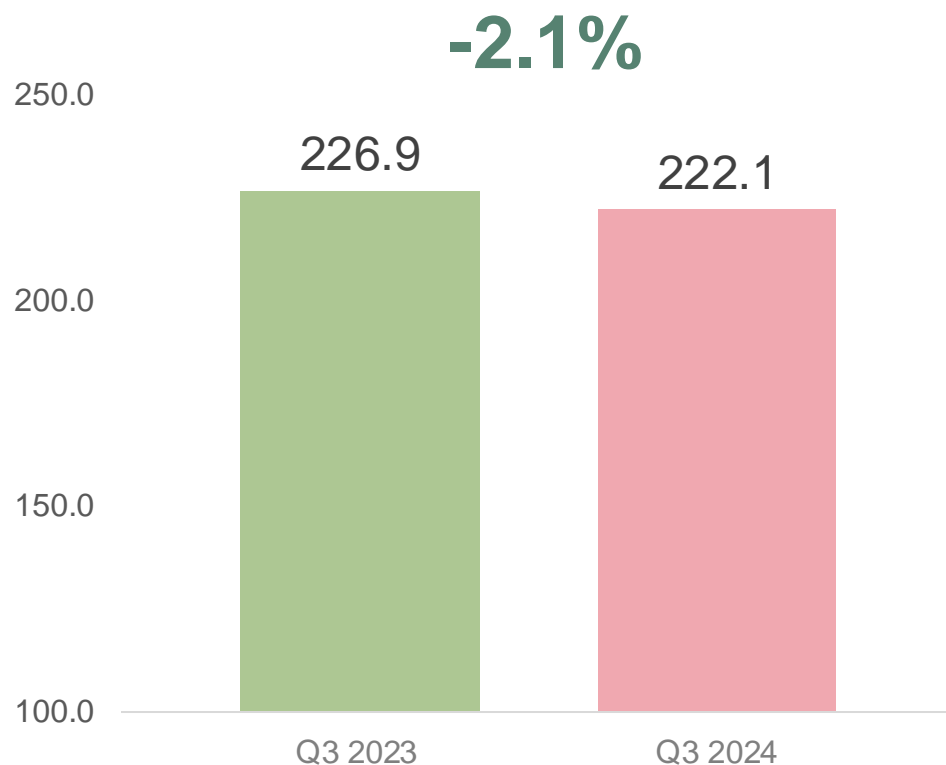
**Strategic assessment continuing**, expected to be finalised during 2024

# Fashion market development



- Fashion market continued to be volatile and challenging in Lindex Group's key markets.
- Market data is indicating a range between minus 12 % to plus 2 %, depending on market and source.

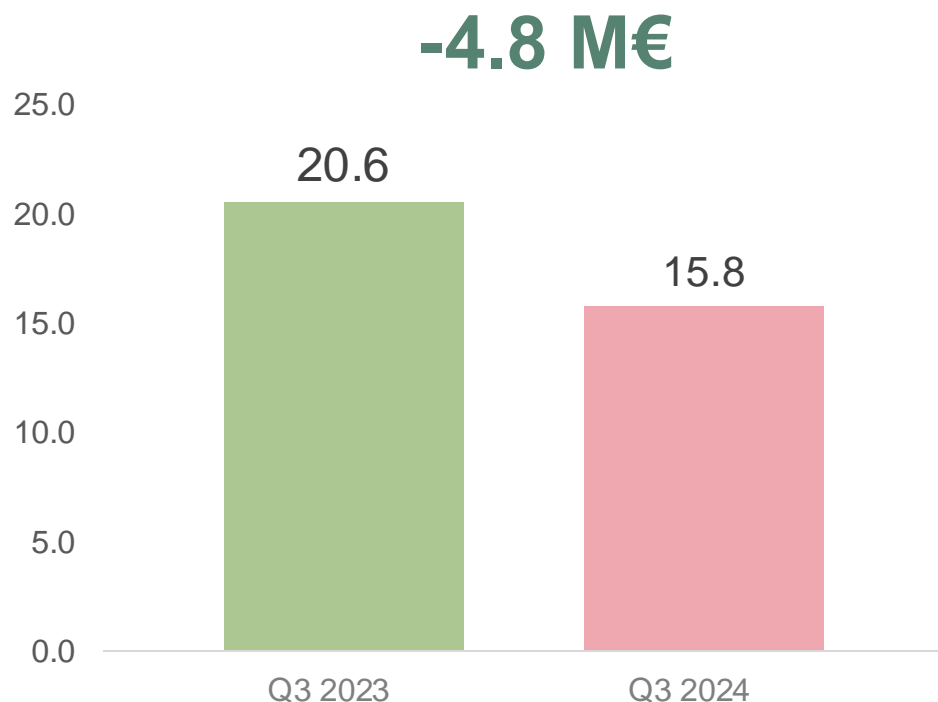
REVENUE, M€



## Q3: Lindex Group's revenue decreased slightly

- Group's revenue was impacted mainly by logistical challenges and decrease in fashion sales
- In Lindex Group's key markets, the fashion market remained volatile
- Exceptionally warm weather impacted the Group's revenue negatively

## ADJUSTED OPERATING RESULT, M€



## Q3: Result impacted by lower revenue and increased costs

- The Group's adjusted operating result declined due to the lower revenue and increased costs in the Lindex division
- Gross profit declined slightly due to a decrease in revenue and higher share of promotions aimed to drive demand
- The decline was partly mitigated by the Stockmann division's improved cost efficiency



# Lindex: increased headwinds while future-proofing business

- Profitability weakened by logistical challenges, higher share of promotions and increased costs
- Strong digital growth in line with the strategy, presence on marketplaces further expanded
- New operating model introduced to secure Lindex's future growth and profitability
- Good progress in major ongoing investments and digital transformation
- Successful Back-to-School Campaign and launch of Lindex's innovative Kids performance wear





# Stockmann improved despite the challenging market

- Profitability improved as a result of successful cost efficiency measures
- Overall fashion market clearly declined in the division's key markets
- Operational efficiency enhanced by new automated packing solution for e-com, data-driven staff planning solution and HR system
- Continued development of department stores as inspiring shopping destinations, renovations in Helsinki flagship and Tallinn
- After the review period, the Crazy Days campaign performed better than previous year against a difficult market





# Guidance 2024

(specified on 25 October 2024)

In 2024, Lindex Group expects its revenue in local currencies to be in the range of -2% to +0% compared to 2023. The Group's adjusted operating result is estimated to be EUR 70–80 million. Foreign exchange rate fluctuations may have a significant effect on the adjusted operating result.

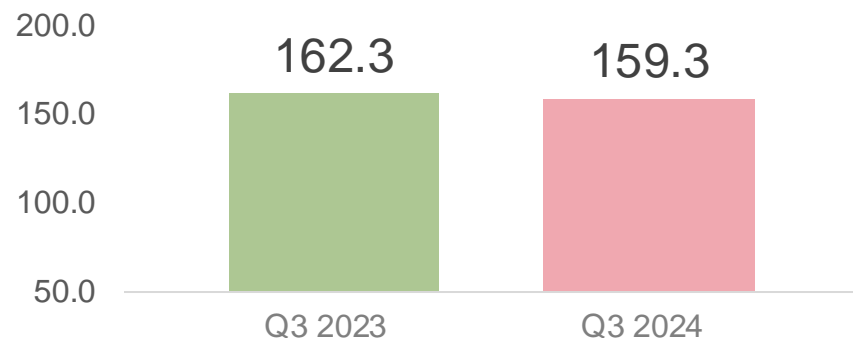


# Financial update



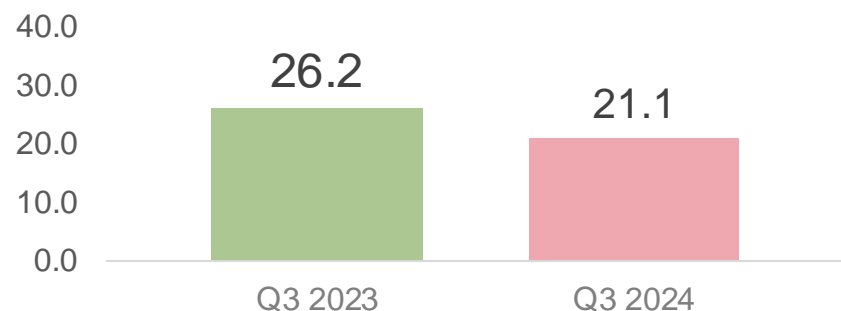
## LINDEX DIVISION REVENUE, M€

**-1.8%**



## LINDEX DIVISION ADJUSTED OPERATING RESULT, M€

**-5.1 M€**

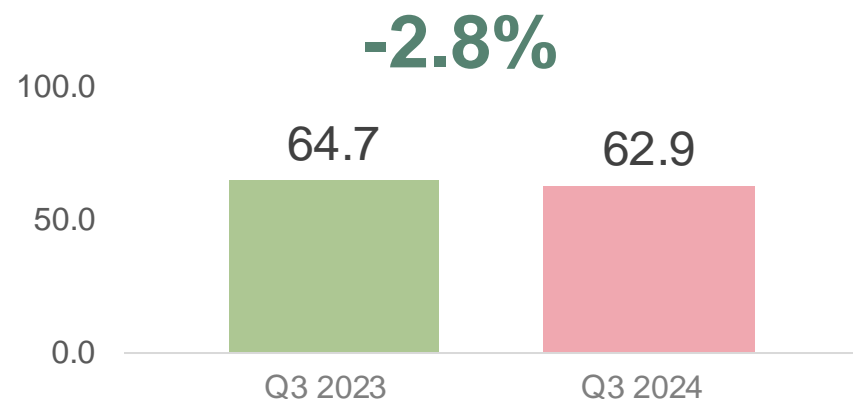


# Q3: The Linindex division's result impacted by logistical challenges

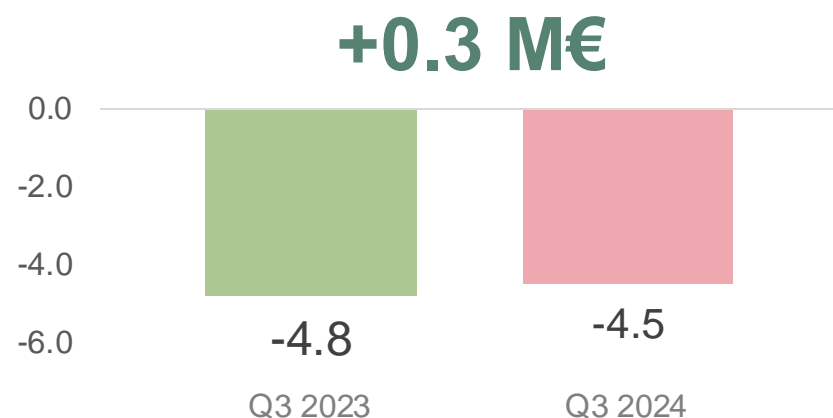
- Revenue decreased due to lower stock availability caused by logistical challenges in the latter part of the quarter
  - In local currencies, revenue decreased by 2.5%
- Gross margin weakened to 63.3% (64.2) mainly due to higher share of promotions driving demand and higher freight costs
- Operating costs slightly increased due to inflation and digital development enabling future growth
- Adjusted operating result declined due to lower revenue and increased costs



### STOCKMANN DIVISION REVENUE, M€



### STOCKMANN DIVISION ADJUSTED OPERATING RESULT, M€

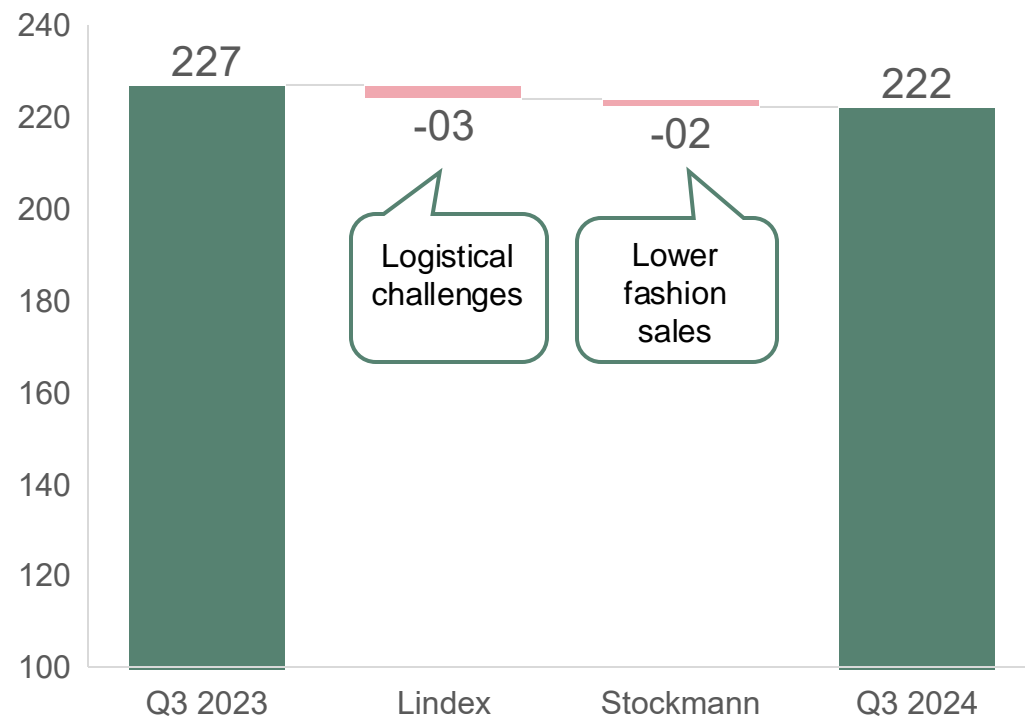


## Q3: Overall fashion market declined clearly in Stockmann's key markets

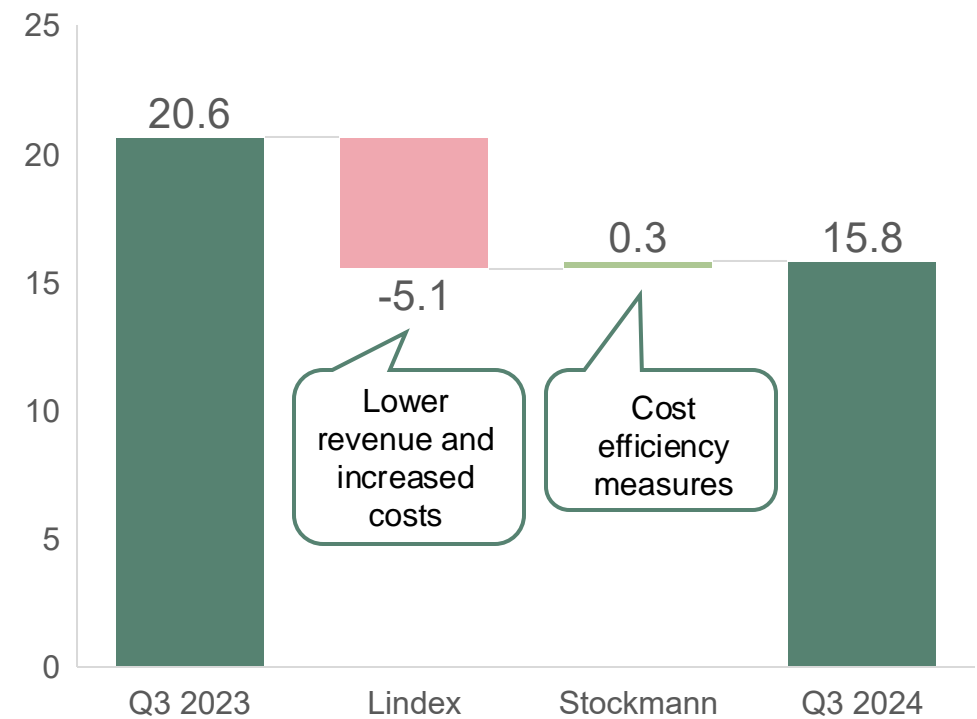
- Revenue decline was impacted by the sales decrease in the division's biggest category, fashion
- Gross margin increased to 45.3% (44.4) due to better clearance sales margin and good inventory management
- Successful cost efficiency measures continued
- Adjusted operating result slightly improved

# Q3: Changes in Group revenue and adjusted operating result

## CHANGES IN REVENUE, M€



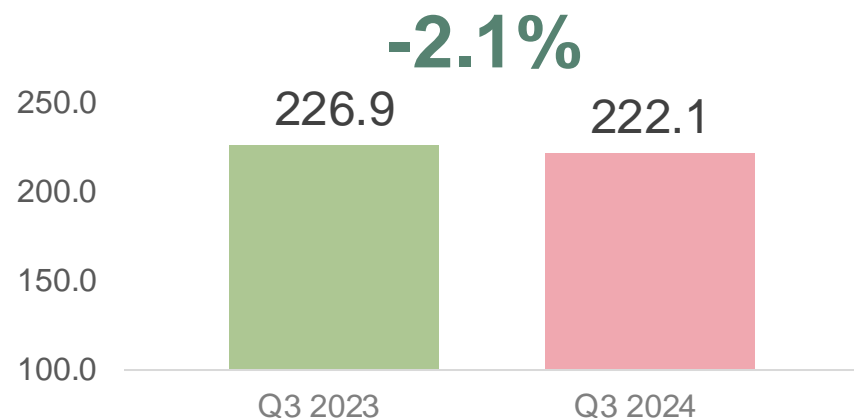
## CHANGES IN ADJUSTED OPERATING RESULT, M€



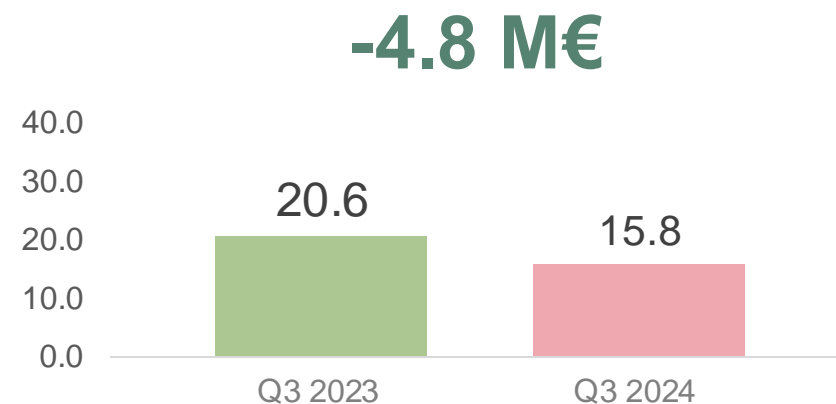


# Q3: Group key figures

REVENUE, M€



ADJUSTED OPERATING RESULT, M€



**15.0 M€**  
(20.3)  
operating result

**1.8 M€**  
(8.7)  
net result

**58.2%**  
(58.5)  
gross margin

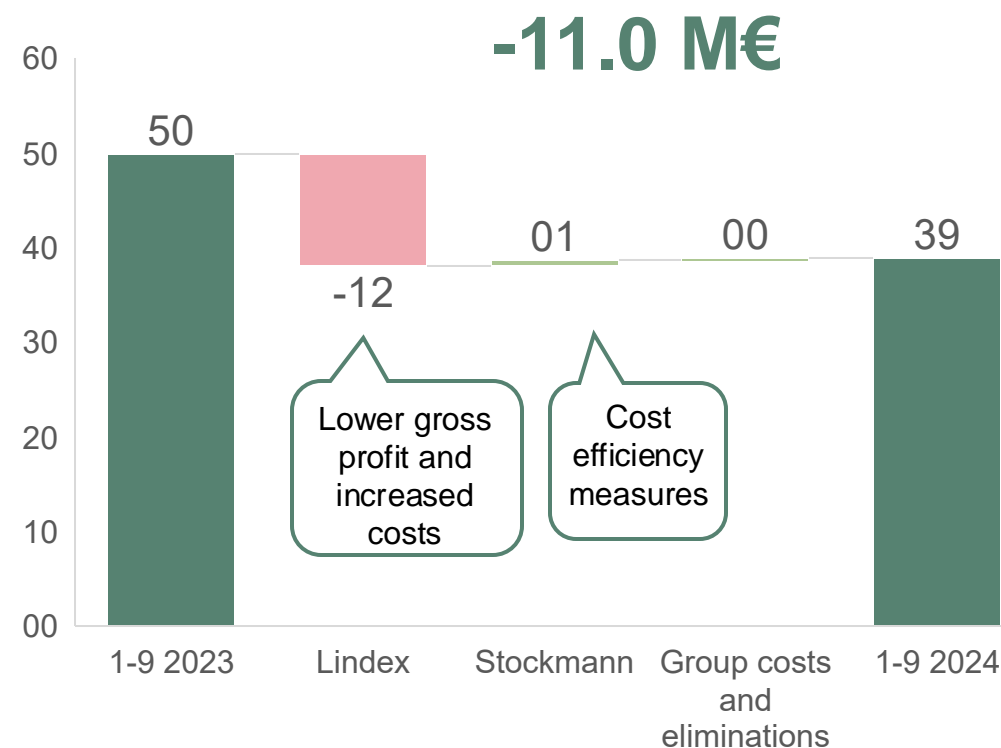
**0.01 €**  
(0.05)  
EPS

# 1–9 2024: Changes in Group revenue and adjusted operating result

CHANGES IN REVENUE, M€



CHANGES IN ADJUSTED OPERATING RESULT, M€

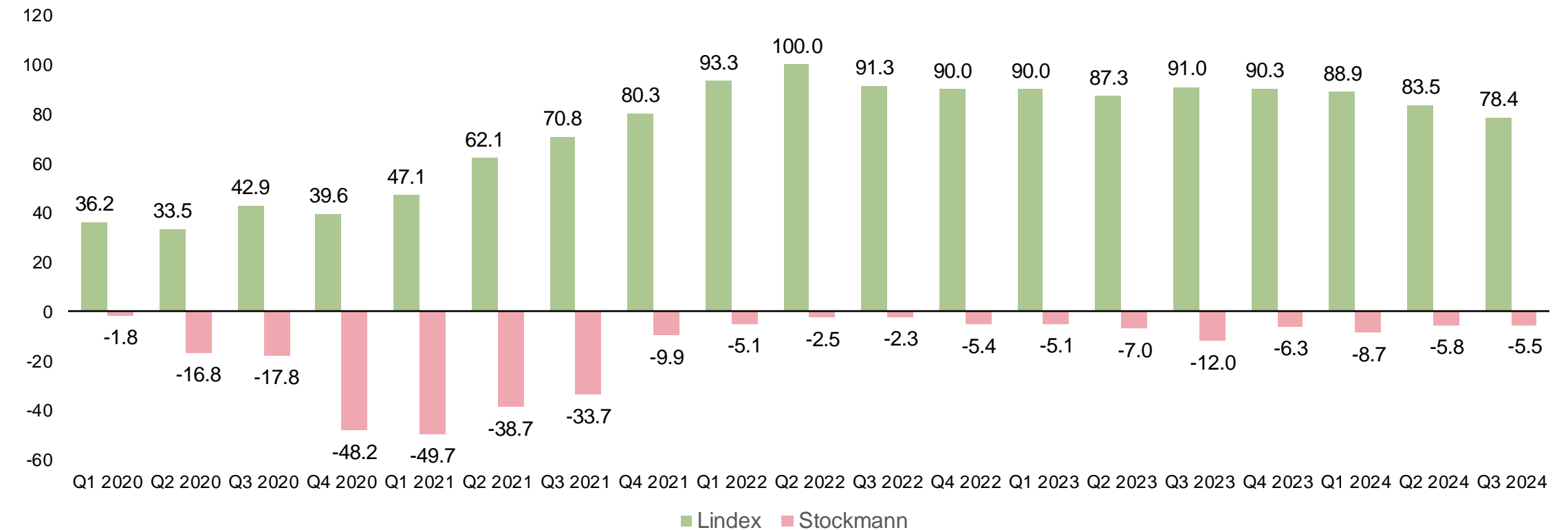




# The divisions' profitability levels

## ADJUSTED OPERATING RESULT ROLLING TWELVE MONTHS, M€

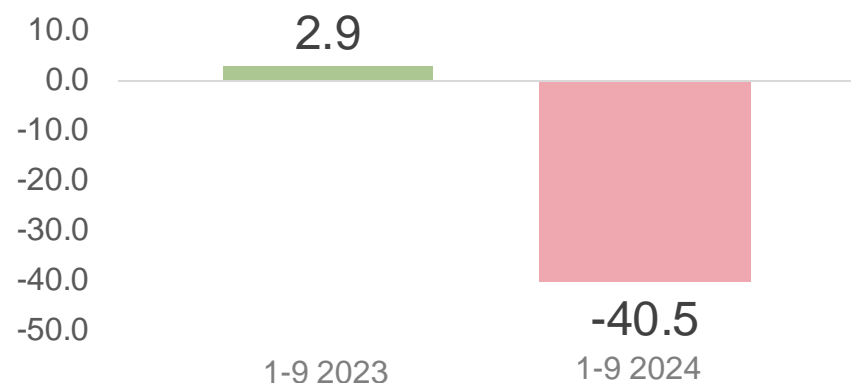
EUR mill.



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# 1–9 2024: Operating free cash flow and capital expenditure

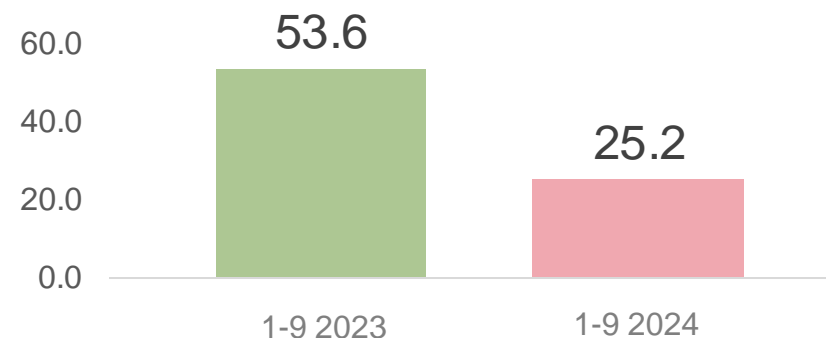
OPERATING FREE CASH FLOW, M€\*



- Inventories were EUR 198.6 (193.3) million

\* The operating free cash flow is excluding Lindex omnichannel distribution centre and IAC.

CAPITAL EXPENDITURE (EXCL. IFRS 16 ITEMS), M€



- CAPEX, excl the Lindex omnichannel distribution centre EUR 19.4 (15.0) million
- Omnichannel distribution centre EUR 5.8 (38.6) million

By the end of September, EUR 84 million of the total omnichannel distribution centre investment of EUR 110 million has been paid

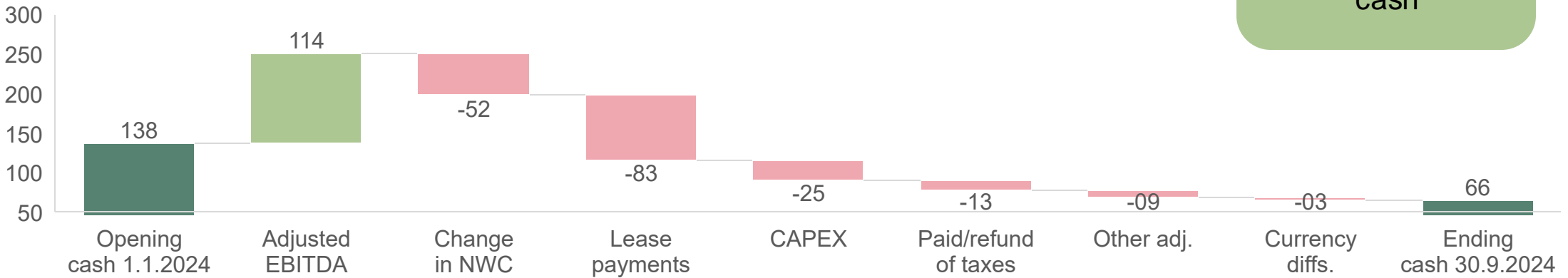


# Changes in cash position

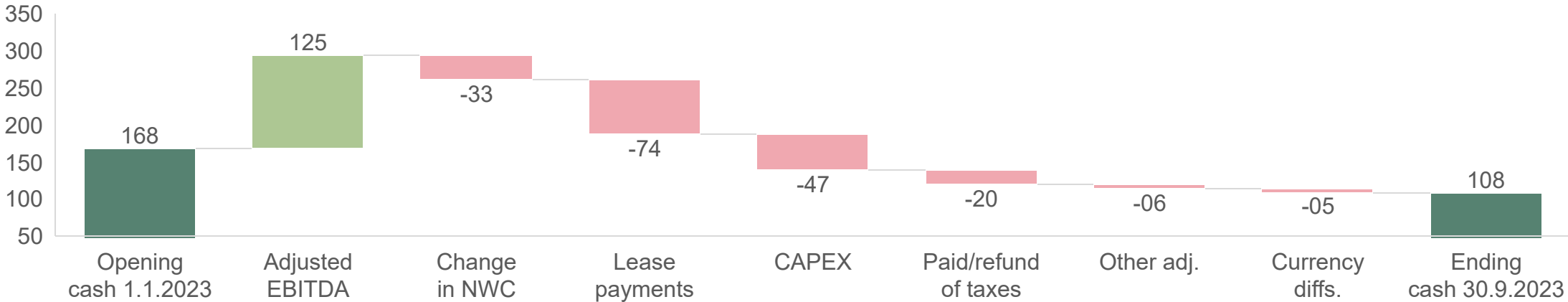
65.9 M€  
(108.0)  
cash

CHANGES IN CASH POSITION PER ITEM, M€

2024  
1–9

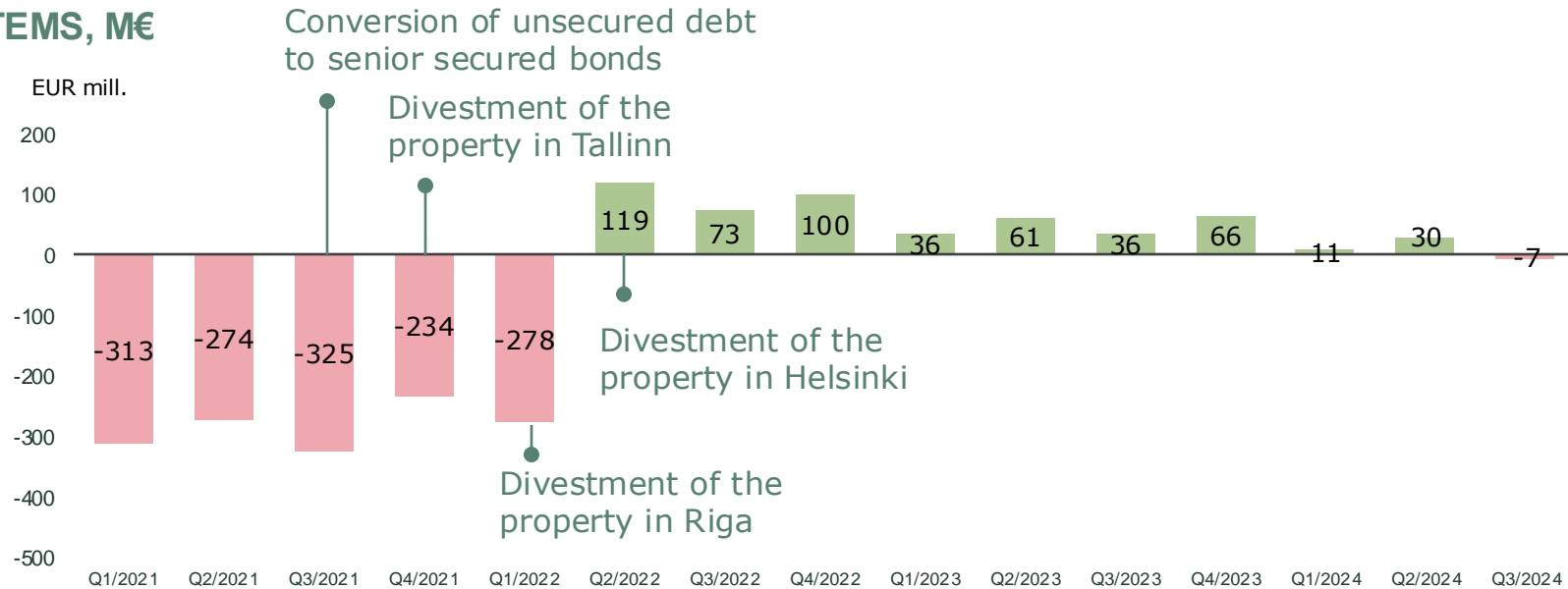


2023  
1–9



# Good financial position for future growth

## NET DEBT EXCL. IFRS 16 ITEMS, M€



**61.9%**  
(58.8)  
equity ratio  
(excl. IFRS 16)

**29.2%**  
(29.1)  
equity ratio

**612.2 M€**  
(549.4)  
lease liabilities

**73.1 M€**  
(71.9)  
interest-bearing  
liabilities (excl. IFRS 16)



# Q3 2024 financials summary

## LINDEXGROUP

Revenue decreased slightly in **challenging market environment**

## LINDEX

Result impacted by **logistical challenges** and **increased costs**



Adjusted operating **result improved** in Q3 and 1-9 2024



Way forward





# Lindex: Clear strategy for value creation

**Accelerate growth**

**Transform to a  
sustainable business**

**Decouple cost  
from growth**

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# Lindex new omnichannel distribution centre enabling future growth

- Extensive testing made in preparation for go-live in Q4 2024
- Planned to be operational on a large scale during 2025 supporting efficiency and growth thanks to a significant capacity increase
- One stock operation to enable sales and stock optimization
- Flexible and scalable omnichannel warehouse for all Lindex sales channels
- Reduced transaction cost for e-com orders
- Sustainable distribution centre through BREEAM "Very Good certification", solar energy, working environment and prepared foundation for future enabling of transportation electrification
- From 2026 onwards, EUR 10 million annual savings through improved margins, higher stock turnover and other efficiencies



**2023**  
Construction begins

**2024**  
Commencement of operations

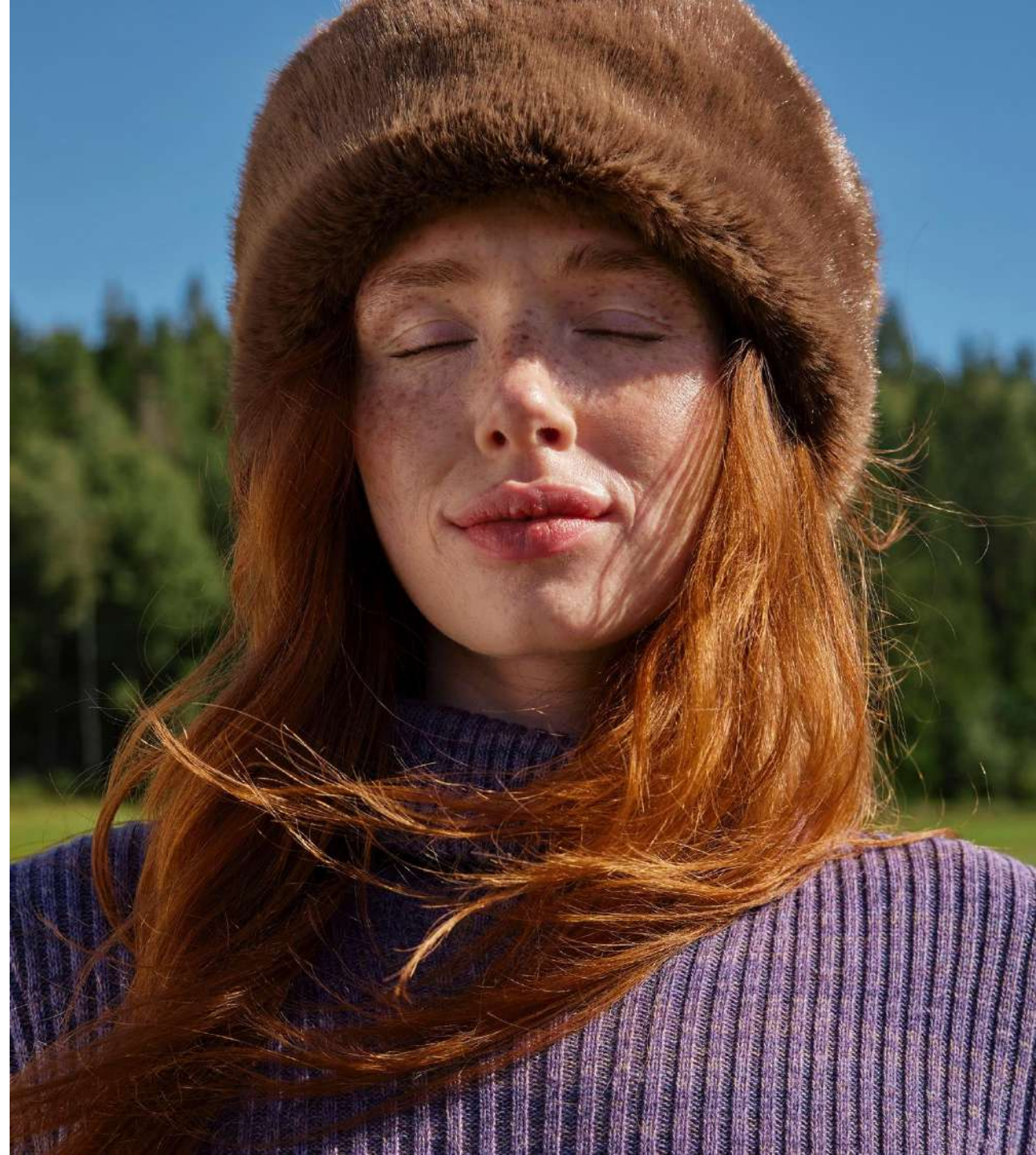
**2025**  
Closing of old logistics centres

**2026**  
10M€ annual savings



# Lindex - Important launches for successful growth

- Investments driving future growth while focusing on cost efficiency
- Continue implementing the digital store program to enhance operational efficiency
- Grow in e-commerce and marketplaces as well as through new sales channels
- Digitalise our supply chain







# Stockmann: Customer-centric strategy to ensure profitability and future growth

**Elevate offering:  
Increase focus  
on premium and  
luxury**

**Grow and  
leverage  
loyal customer  
base**

**Optimise  
omnichannel  
performance**

**Improve  
operational  
efficiency**



# Stockmann: Strategy execution with focus on profitability and operational efficiency

- Customer-centric offering development with focus on premium & luxury, Helsinki flagship and e-com leading the way
- Operational and cost efficiency as high priority to improve profitability in volatile market
  - Digitalisation and leveraging technology
  - Organisational and process efficiency
- Derive value from loyal customer base through technology and enhanced processes
- Own the festive season through premium offering and experiences to secure commercial success







# Q&A

**Further information**

[lindex-group.com](https://lindex-group.com)

[investor.relations@stockmann.com](mailto:investor.relations@stockmann.com)

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