



STOCKMANN

Interim Report
1 January – 30 September 2009

Hannu Penttilä
CEO



Stockmann Group Q3/2009 and 1-9/2009

Positive points

1.

- + **Lindex is the star of the Group; operating profit and market share in the main markets increased, profitability excellent**
- + **Group's costs down by EUR 46.0 million compared with 1-9/2008
→ target for the year already exceeded**
- + **Relative gross margin in 1-9/2009 healthy 47.3 % (47.8 % in 2008)
despite continuing heavy competitive discounting in all markets**
- + **Stock level healthy, Group's inventories down EUR 21.3 million despite expansion**
- + **Financial expenses distinctly lower than in 2008
(EUR 18.8 million vs. EUR 37.4 in 1-9/2008)**
- + **Profit for the third quarter increased to EUR 16.9 million (EUR 15.6 million in 2008),
thanks to a decline in deferred taxes**



Stockmann Group Q3/2009 and 1-9/2009

Positive points

2.

- + Stronger balance sheet, equity ratio 43.4 (36.2) and net gearing 94 (130.7), thanks to
 - successful equity issues in August and September
 - continued capital release programme EUR 84.4 million; e.g. Helsinki parking facilities sold; net investments in 1-9/2009 only EUR 20.6 million**
- + Construction work of Stockmann Nevsky Centre in St Petersburg continues according to plan**
- + Helsinki main department store expansion and refurbishment project will be completed before the Christmas season 2010**
- + Preparations for the integration of Hobby Hall into the Department Store Division proceed as planned**
- + The best thing about Q3/2009 was that it ended; management believes that there are good opportunities to reach last year's sales level in Q4 and to improve operating profit; good start for Q4 in all businesses**

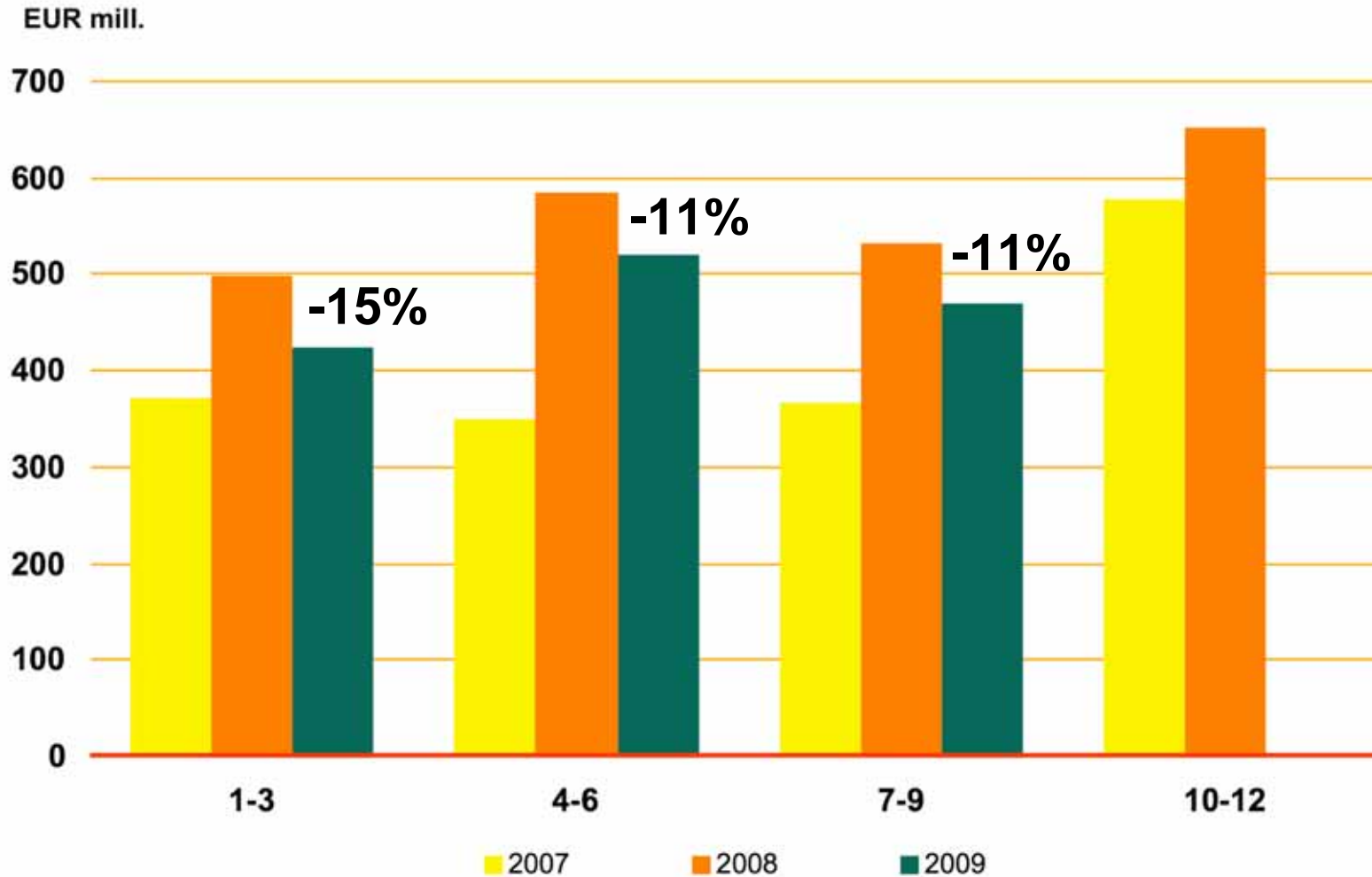


Stockmann Group Q3/2009 and 1-9/2009 Negative points

- **The economic downturn affected operations in all markets
→ however, there are signs of improving consumer confidence**
- **Indian summer, i.e. extremely warm weather until the last week of September affected sales of Autumn collections especially in department stores and Seppälä**
- **Swedish krona, Norwegian krone and Russian rouble clearly weaker than in 1-9/2008**
- **Difficult market situation especially in the Baltic countries continues**
- **Department Store Division's franchising operations clearly loss making**
- **Operating profit in Q3/2009 EUR 17.7 million (EUR 34.6 in 2008)**

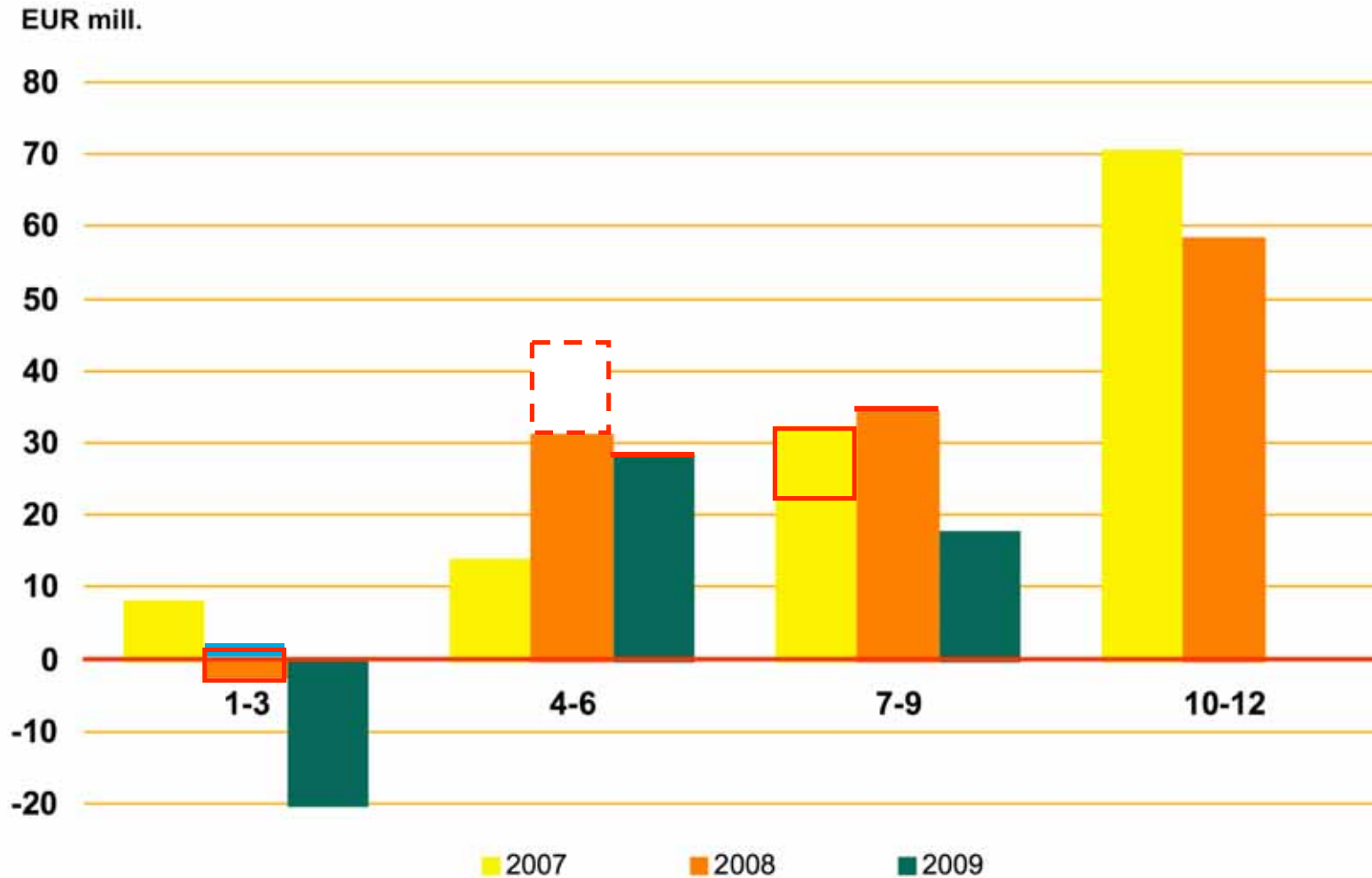


Sales, Stockmann Group





Operating profit, Stockmann Group



■ Q1/2008 operating profit is burdened by Lindex's EUR 4.5 mill. IFRS related expenses

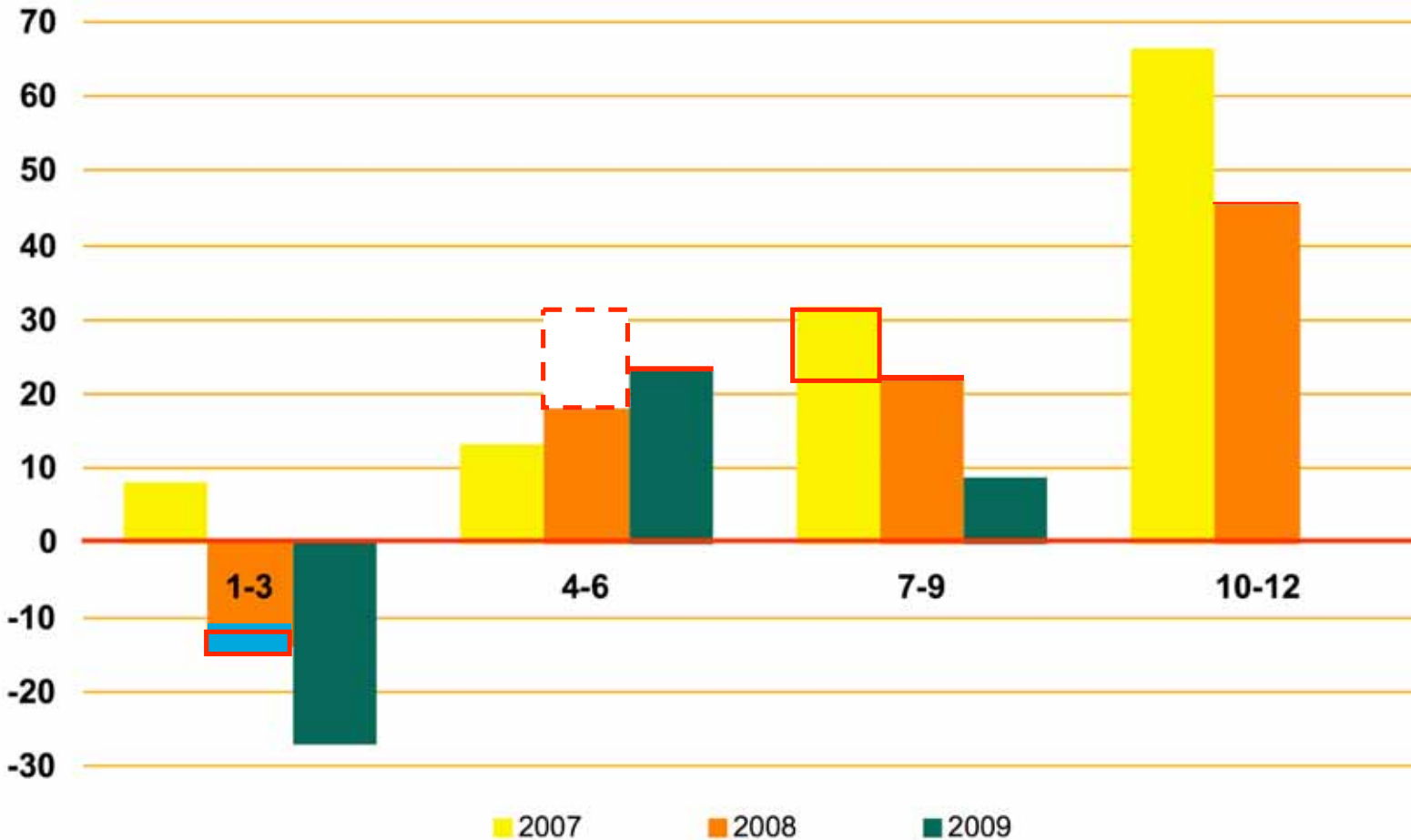
□ Other operating income
⋯ Provision for closing down the Smolenskaya dpt store

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Profit before taxes, Stockmann Group

EUR mill.



■ Q1/2008 operating profit is burdened by Lindex's EUR 4.5 mill. IFRS related expenses

■ Other operating income
■ Provision for closing down the Smolenskaya dept store.



Key figures, Stockmann Group

		1-9/2009	1-9/2008	1-12/2008
Sales	EUR mill.	1 415.0	1 613.0	2 265.8
Operating profit	EUR mill.	24.3	63.5	121.9
Net financial expenses	EUR mill.	-18.8	-37.4	-50.1
Profit before taxes	EUR mill.	5.5	26.1	71.7
Equity ratio	%	43.4	36.2	39.0
Net gearing	%	94.0	130.7	107.4
ROCE	%	5.1	12.2	8.3



Stockmann Group, full-year outlook

- **Visibility still weakish but improving**
- **All market areas in recession in 2009, worst situation in the Baltic countries**
- **In Russia, the trend in economy is to a great extent dependent on the price of energy → the present price level enables a firm rouble, and the immediate pressure to devaluation has diminished**
- **No major changes anticipated in the valuation of the Swedish krona during Q4**
- **According to present estimates, it is possible that sales in Q4 reach last year's level and that the operating profit will improve in Q4**
- **Sales and operating profit for the whole year will be lower than in 2008**
- **Financial expenses will be distinctly lower than in 2008**
- **The objective is a positive cash flow after net capital expenditure**

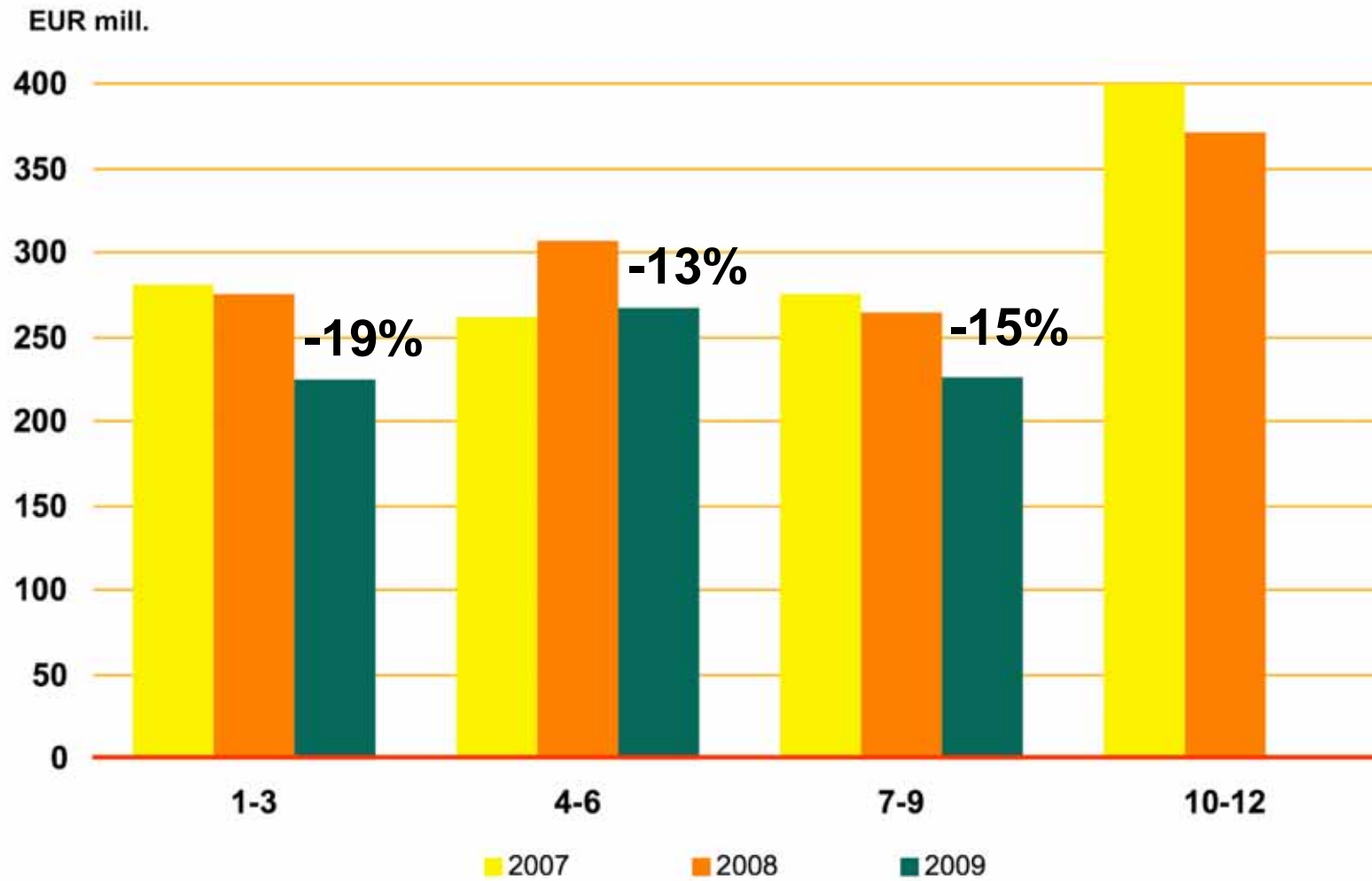
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Department Store Division

Maisa Romanainen
Executive Vice President



Sales, Department Store Division





Sales, Department Store Division

- Q3 sales were down 15% to EUR 225.7 million
- Sales down 11% in Finland, 28% in the Baltic countries, in Russia 2% in roubles and 21% in euros
- Share of international operations 27% (30% in Q3/2008)





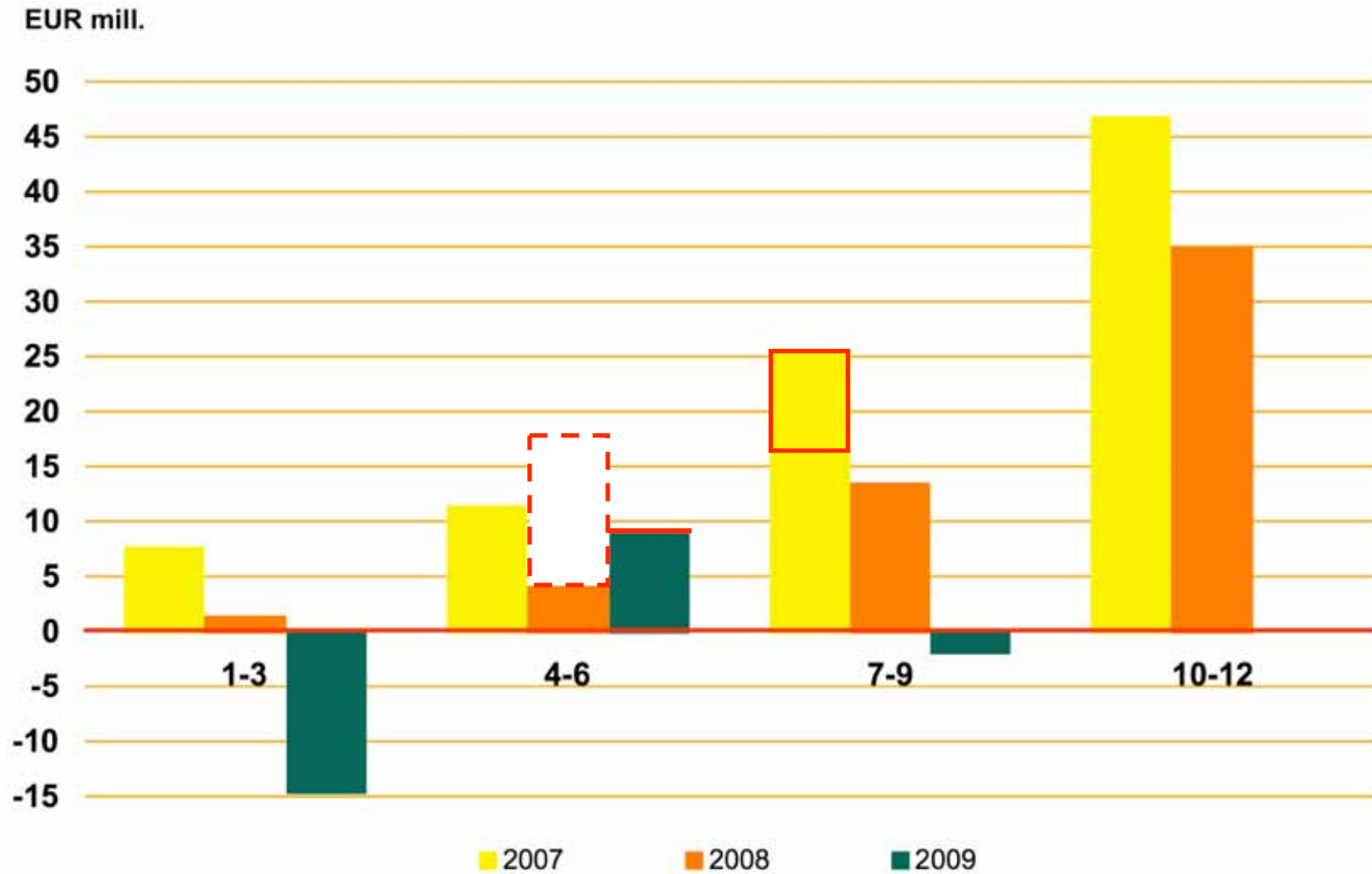
Sales, Department Store Division

- **Exceptionally warm weather in August-September disrupted the sales for outerwear, knitwear and other "heavy" fashion products. Season started only in mid-September in Finland and the Baltic countries, and in September in Russia**
- **In August, the Helsinki Department Store was suffering from several ongoing department relocations**

- + **Electronics, food, books and stationery all performed as forecasted, sales close to last year's level**
- + **Fast fashion, trendy items and premium brands performed as forecasted
→ since the opening of the new departments in Helsinki performing well**
- + **Clear change in demand mid-end September: sales coming close to last year's level or slightly above it in most areas → this trend continues in October as well**



Operating profit, Department Store Division



□ Other operating income
⋯ Provision for closing down the Smolenskaya dpt store.



Operating profit, Department Store Division

- **Q3 operating profit EUR -1.9 million (EUR 13.5 million in 2008).**
The 2008 figure includes cancellation of the EUR 3.3 million provision for the closure of Smolenskaya
- **Price competition and stock reductions in all markets affected sales volume and sales margins heavily**
- **Low volume of new autumn fashion sales had the biggest effect. Best performing areas have the lowest gross margins**
- + **Stock level down by 22% compared with last year**
- + **Sales margin 39.8%, last year 40.9% → drop only 1.1%**
- + **Cost savings will continue and amount will exceed the plan**



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Outlook for the rest of the year 2009

- Sales have improved in October especially in Finland and in Russia
- Sales of Q4 are forecasted to be close to 2008 level





Crazy Days campaign, autumn 2009



FINLAND SALES INDEX: 103 (autumn 2008)

BALTICS SALES INDEX: 79 (autumn 2008)

RUSSIA SALES INDEX EUR: 97 (autumn 2008)
SALES INDEX RUR: 120 (autumn 2008)

- **Total campaign sales on 2008 level amounting to EUR 63.4 million**
- **In Finland, good performance in all merchandise areas – best index 109 in electronics**
- **Russian sales index exceeded the 2007 level by 3% – Metropolis performing well**



Crazy Days campaign, autumn 2009

Neljä keltaista päivää!

www.hullutpaivat.com

KE-PE 8-21 LA 8-18
Hullut Päivät

Print ads

Galna Dagar
avslöjanden varje morgon

Från onsdag till lördag!

Bus stop banners



www.hullutpaivat.com

KE-PE 8-21 LA 8-18
Hullut Päivät

Alla esimerkkejä tarjoukistamme. Uutuuksia netissä joka päivä!

- 14,90 Ainoa termos ja malja
- 25,- Ainoa neulepää
- 13,90 30 päivän Dieto-erä (200g - 400g) 5-11/11
- 29,90 PS3-pelien valikoima
- 21,90 PC-peli World of Warcraft 60 päivästä alkaen
- 19,- Sitten Apple iPod nano 8 GB valitun värin kanssa

Newsletter

TORSTAI TORS DAG		PERJANTAI FREDAG	
<ul style="list-style-type: none"> 10,50 Jämsänleivän kakkari 2,80 Jämsänleivän kakkari 4,80 Jämsänleivän kakkari 1,99 Jämsänleivän kakkari 27,- Jämsänleivän kakkari 16,- Jämsänleivän kakkari 9,95 Jämsänleivän kakkari 3,50 Jämsänleivän kakkari 12,25 Jämsänleivän kakkari 2,69 Jämsänleivän kakkari 2,39 Jämsänleivän kakkari 6,65 Jämsänleivän kakkari 	<ul style="list-style-type: none"> 1,95 Jämsänleivän kakkari 2,85 Jämsänleivän kakkari 7,99 Jämsänleivän kakkari 2,00 Jämsänleivän kakkari 4,59 Jämsänleivän kakkari 	<ul style="list-style-type: none"> 10,90 Jämsänleivän kakkari 18,90 Jämsänleivän kakkari 2,85 Jämsänleivän kakkari 2,90 Jämsänleivän kakkari 4,75 Jämsänleivän kakkari 9,99 Jämsänleivän kakkari 	<ul style="list-style-type: none"> 59,90 Jämsänleivän kakkari 16,20 Jämsänleivän kakkari 2,55 Jämsänleivän kakkari 3,35 Jämsänleivän kakkari 4,80 Jämsänleivän kakkari 5,- Jämsänleivän kakkari 29,90 Jämsänleivän kakkari 19,90 Jämsänleivän kakkari 9,90 Jämsänleivän kakkari 2,- Jämsänleivän kakkari

New food extra leaflet





New openings - All-Time Stockmann Helsinki



Men's fashion and shop-in-shops 08-09/2009

Ladies' shoes 08/2009



Large household appliances and Basement 09/2009

New escalator to Delicatessen 10/2009





All-Time Stockmann Helsinki – openings in 2010

- **New Delicatessen 1st phase** 03/2010
- **Children's world 2nd phase** 06/2010
- **Ladies' fashion** 06/2010
- **F8 restaurant à la carte** summer/2010
- **New Delicatessen 2nd phase** 09/2010
 - **New lifts from Q-Park** 09/2010
- **Cosmetics, pharmacy, confectionary K1** 09/2010
- **Grand opening** 11/2010
 - **Keskuskatu becomes a pedestrian street**



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Nevsky Centre project in St Petersburg

Opening November 2010



9 Oct 2009 Construction site from crane



9 Oct 2009 (+12.70m) Height nearly exceeding neighbouring building in Vosstanya 4



9 Oct 2009 (+12.70m) Atrium



New department stores in Rostokino shopping mall Moscow and Ekaterinburg, Russia

Rostokino Moscow opening 4 March 2010

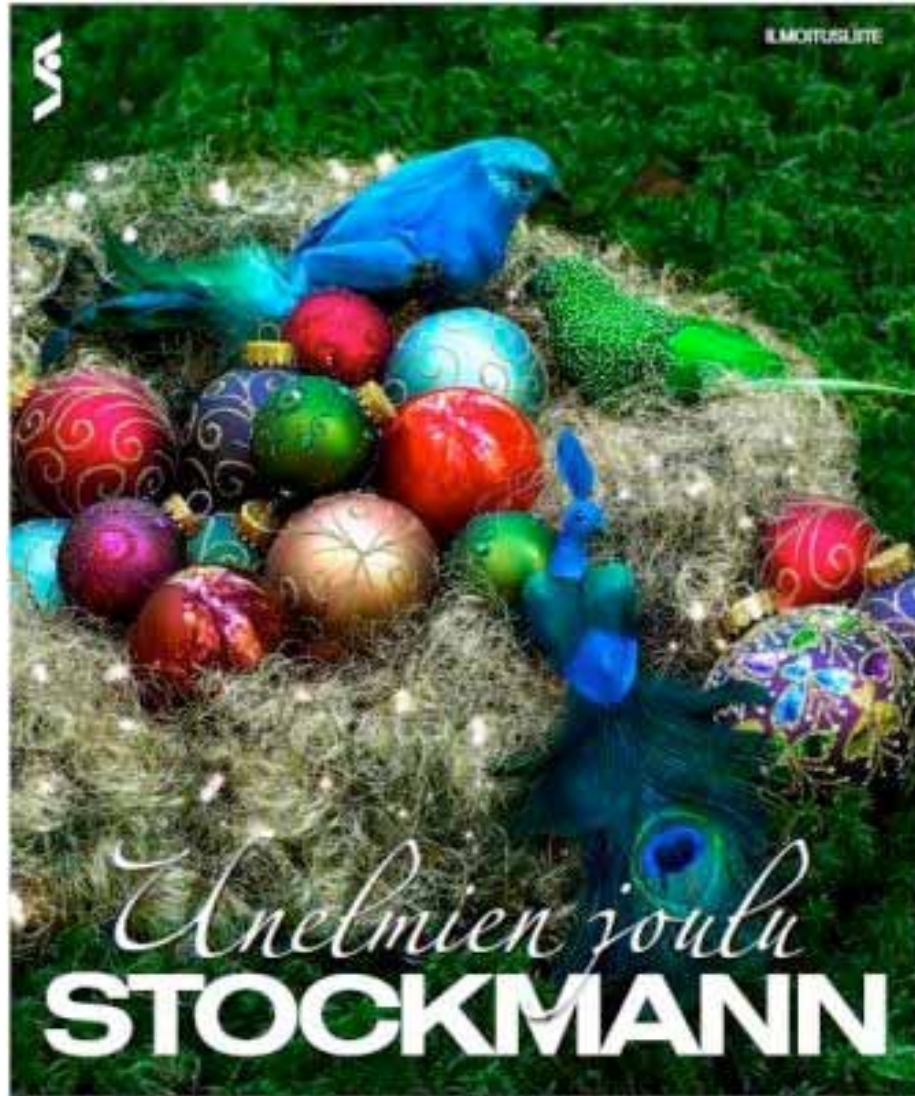


Ekaterinburg opening 03/2011





Christmas campaign 2009



1. Loppu Liner kylmäkastettu perhapilli ohutle 100 g 25,00/kg 5,99
2. Stockmann Gourmet, Smakoini viipaleita n. 200 g/kg 29,24
3. Kurssit: Smakoini leiväpöytä n. 4 x 100 g 25,00/kg 14,25
4. Stockmann Gourmet, Smakoini 200 g tai smakoini 400 g 17,29/kg, maks. 6,91
5. Stockmann Gourmet, Makureitti 150 g 25,00/kg 13,78
6. Kylmäkastettu ankerisohutle 100 g 25,00/kg 6,90
7. KYY Housuaujo valkoinen 0,75 L, alkoi nauttia 10/2009 29,00
8. Stockmann Gourmet, Kylmäkastettu viipaleita n. 200 g/kg 22,68
9. Stockmann Meats, Smakoini 1kg 21,00

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New private label Decor
for home in 2010



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LINDEX®

Lindex Q3/2009

- **All-time high operating result in the quarter**
-
- **Increased sales in all business areas**
 - **Gross margin is at a very good level and on a par with the previous year**
 - **Stock situation is healthy**
 - **Continued cost control**





Sales development in Q3/2009

- In local currencies, sales increased by 5%
- Lindex's euro-denominated sales decreased by 2.9%
- In local currencies, all business areas increase. Very positive development in Ladies' Wear.
- In local currencies, all markets increase, except Latvia
- Gained market share in comparable stores in Sweden, Lindex's main market





Expansion – new store development Q3/2009

- 9 new stores opened during Q3
- 24 new Lindex stores in 1-9/2009
- Lindex opened a new store in Slovakia in September and is now represented in 10 markets
- One new store opening in Moscow in November
- Further expansion in all markets

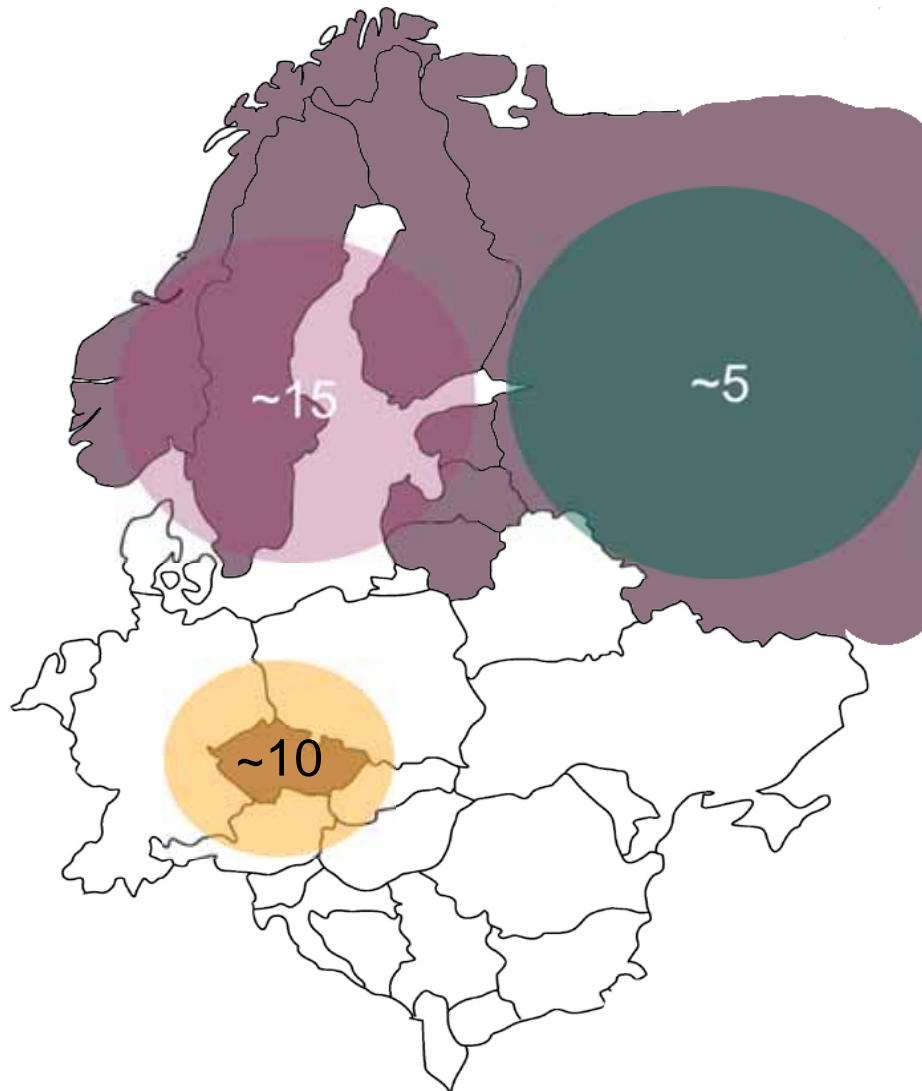
new
fashion
store!

otvorenie nášho nového
obchodu **29. októbra!**

LINDEX

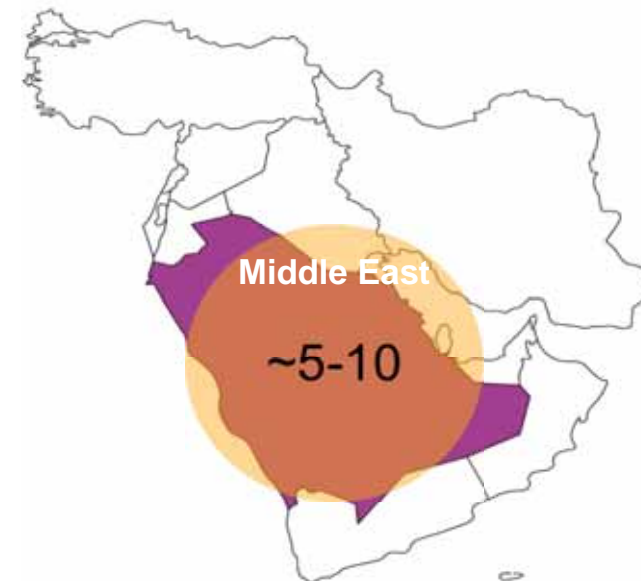


Estimated number of new stores 2009



2009: 24 new stores opened during the year. 10 new stores will open before the year 2009 expires.

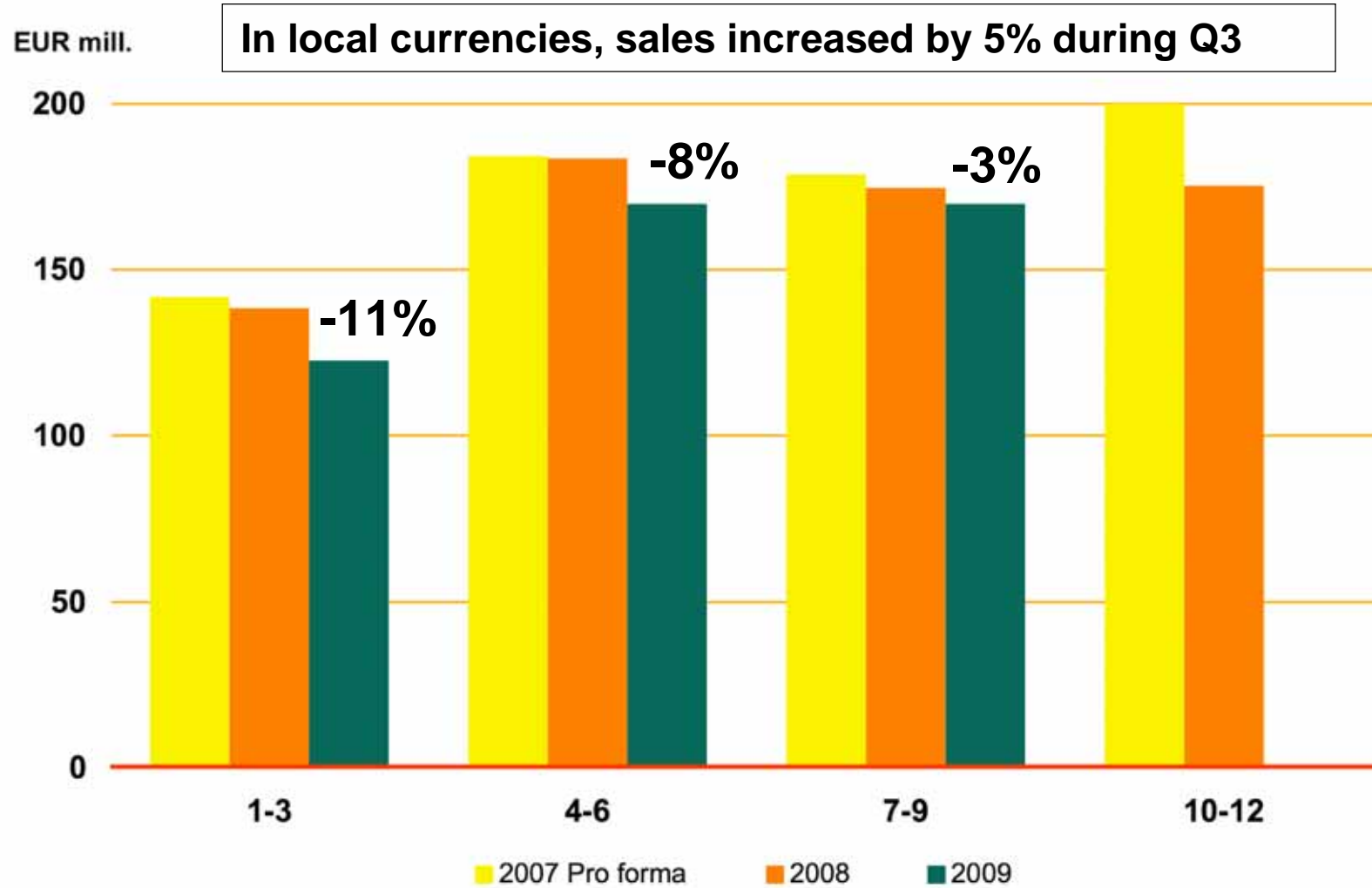
2010: Lindex will continue to expand and open new stores



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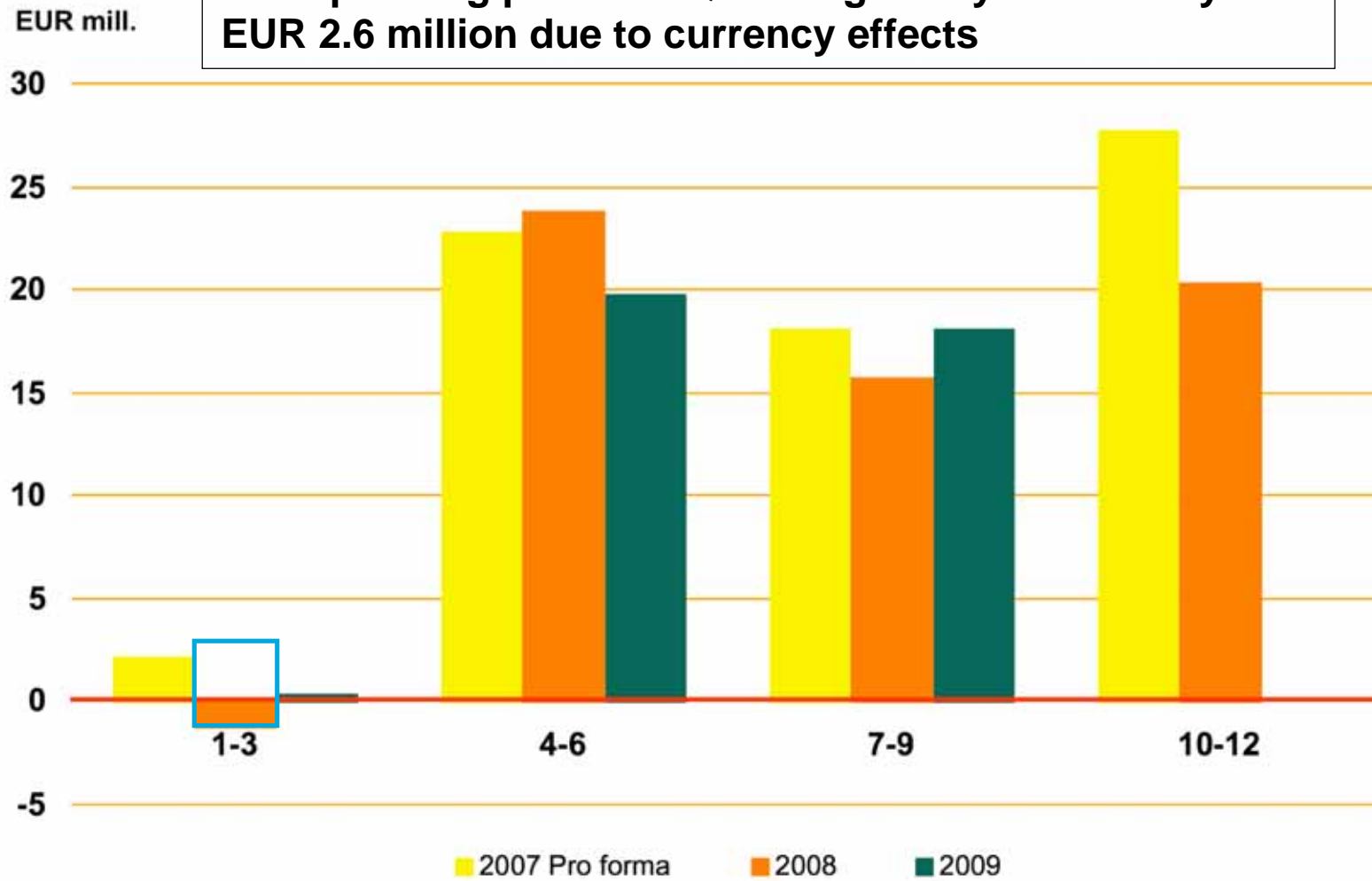
Sales, Lindex





Operating profit, Lindex

The operating profit for Q3 is negatively affected by EUR 2.6 million due to currency effects



Q1/2008 operating profit is burdened by EUR 4.5 mill. IFRS related expenses



Successful autumn for Lindex

- **Successful PR events that have created a good buzz in fashion press and bloggers throughout the Nordic countries**
- **Lindex Norway celebrates its 40 years of operation**
- **Lindex is nominated as a candidate for the best fashion store and best store interior in Sweden**
- **Lindex opened store no 200 in Sweden 22 October 2009**



Seppälä

Terhi Okkonen
Managing Director



Sales Q3 and 1-9/2009, Seppälä

- Sales 1-9/2009 EUR 122 million, down 7%
- Sales Q3/2009 EUR 44 million, down 12%

Abroad 1-9/2009

- sales were down 12%
- sales decreased heavily in the Baltic countries
- in Russia, rouble-denominated sales increased by 18%
- two new stores each in Russia, Latvia and Lithuania, one new store in Ukraine
- one store closing in Russia
- share of sales abroad 33% (34%)

Finland 1-9/2009

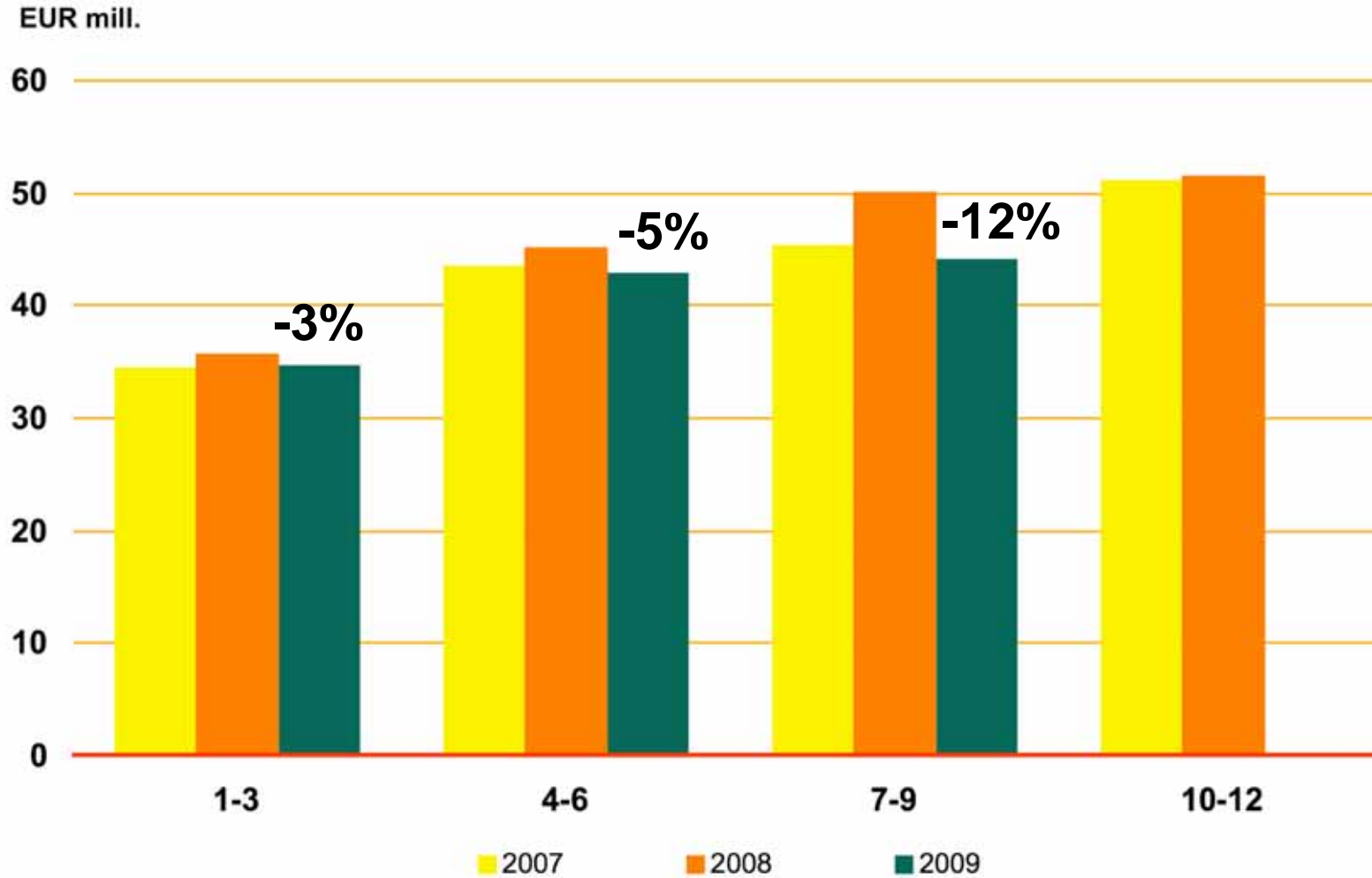
- sales were down 5% on the previous year
- good sales development in women's clothing continued
- start of autumn outerwear sales postponed to October
- two new stores opened and two stores closed



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Sales, Seppälä





Operating profit Q3 and 1-9/2009, Seppälä

- **Operating profit 1-9/2009** **EUR 3.1 million (EUR 10.4 million)**
- **Operating profit Q3/2009** **EUR 2.9 million (EUR 5.9 million)**

Factors that affected the result:

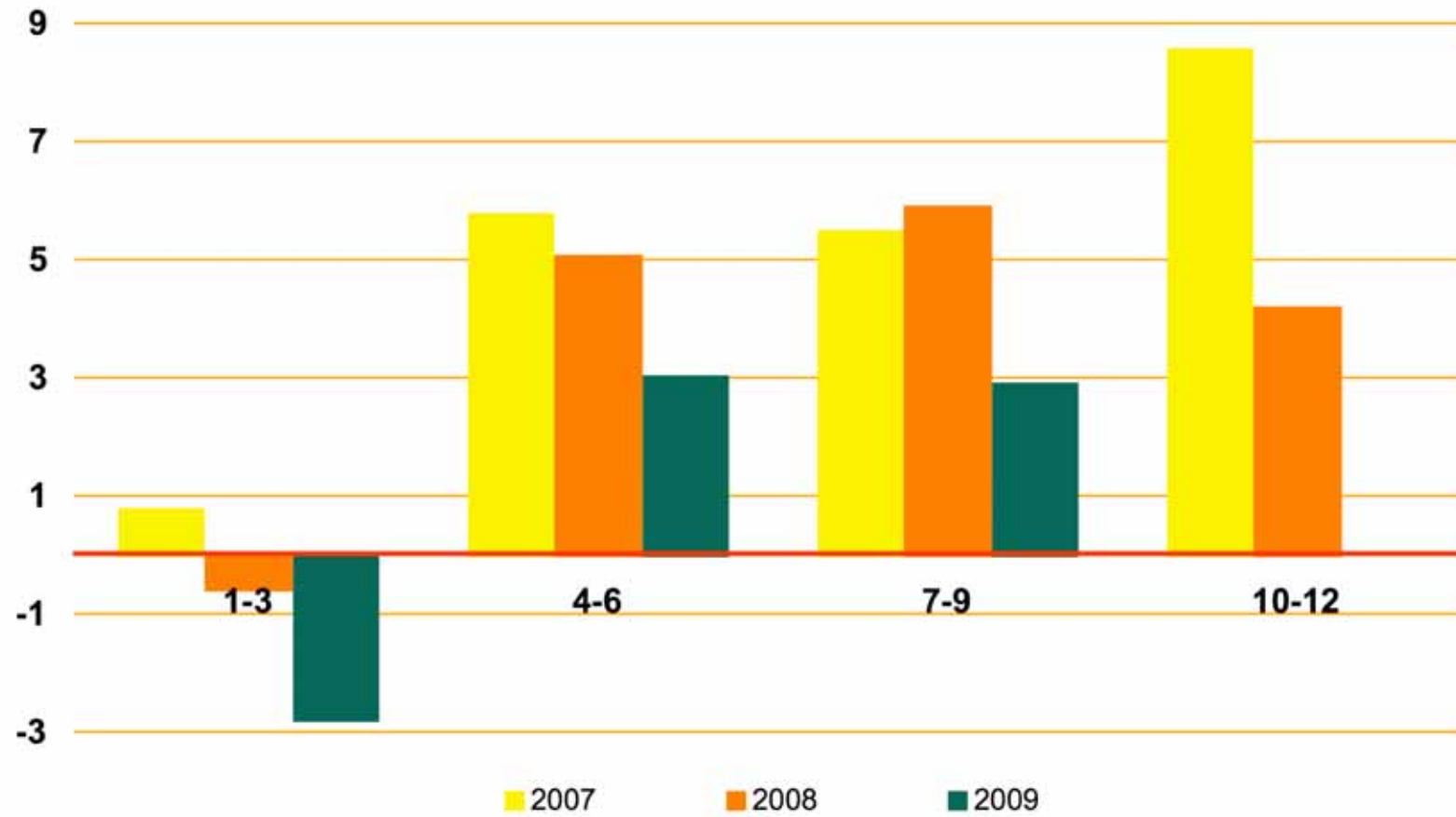
- **Weakened consumer demand in the Baltic countries**
→ increased low-price campaign sales
- **Weakening of Russian rouble**
- **Visitors in shopping centres and stores declined,**
→ conversion rate at the previous year's level
- **The adjustment of purchases and allocations started to have an effect on stock level in July**
→ stock level below last year at the end of September
- **Lag in sales caused growth in stock until July**
→ big discounts were needed for stock reductions
- **Starting costs of new stores increased costs and depreciations**
- **The cost-cutting programme started to have an effect in May**
→ costs below last year

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Operating profit, Seppälä

EUR mill.





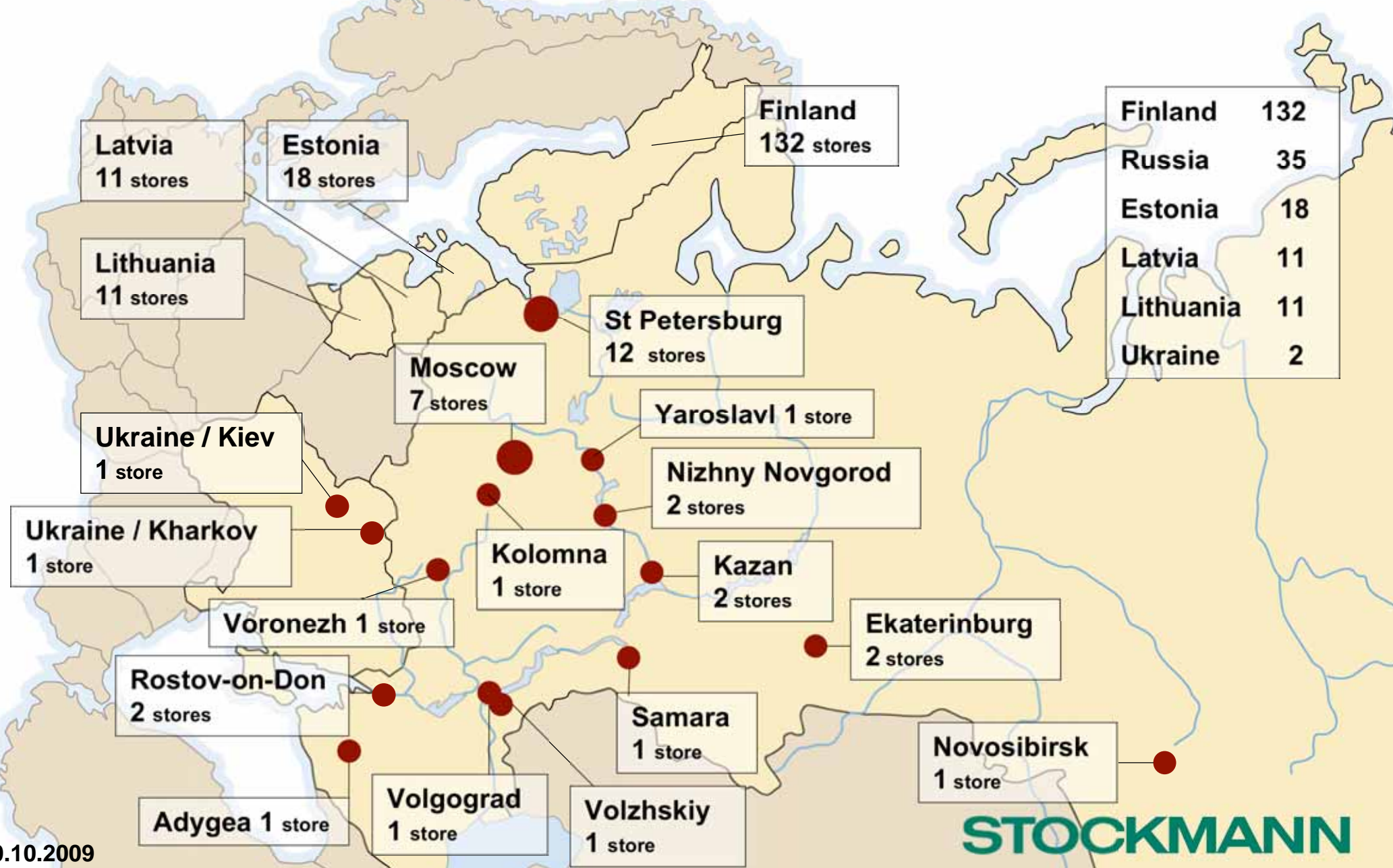
Full-year outlook, Seppälä

- Sales with healthy margins have improved in October
- Profitability to remain at a good level
- Opening of 4 new stores;
Finland 2, Russia 1, Estonia 1
- The current financial climate gives more potential for medium and lower price fashion categories
- Purchases downsized to correspond the weakened demand
- Change in the product mix to take the market situation into account
- Fashion Hit of the week → tactical sales boosting campaign with fashion touch
- Cost cuts in every sector and in every market





Seppälä has 209 stores
in over a hundred cities in six countries





Anne Lindberg By Seppälä Teija Laaksamo By Seppälä



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HOBBY HALL

Raija-Leena Söderholm
Managing Director



Sales Q3/2009 and 1-9/2009, Hobby Hall

Q3 Sales Hobby Hall

EUR 30.9 million (-26%)

All functions in the Baltic countries closed down by the end of August

Q3 Sales Finland

EUR 30.4 million (-12%)

January - September sales

EUR 114.1 million (-17%)

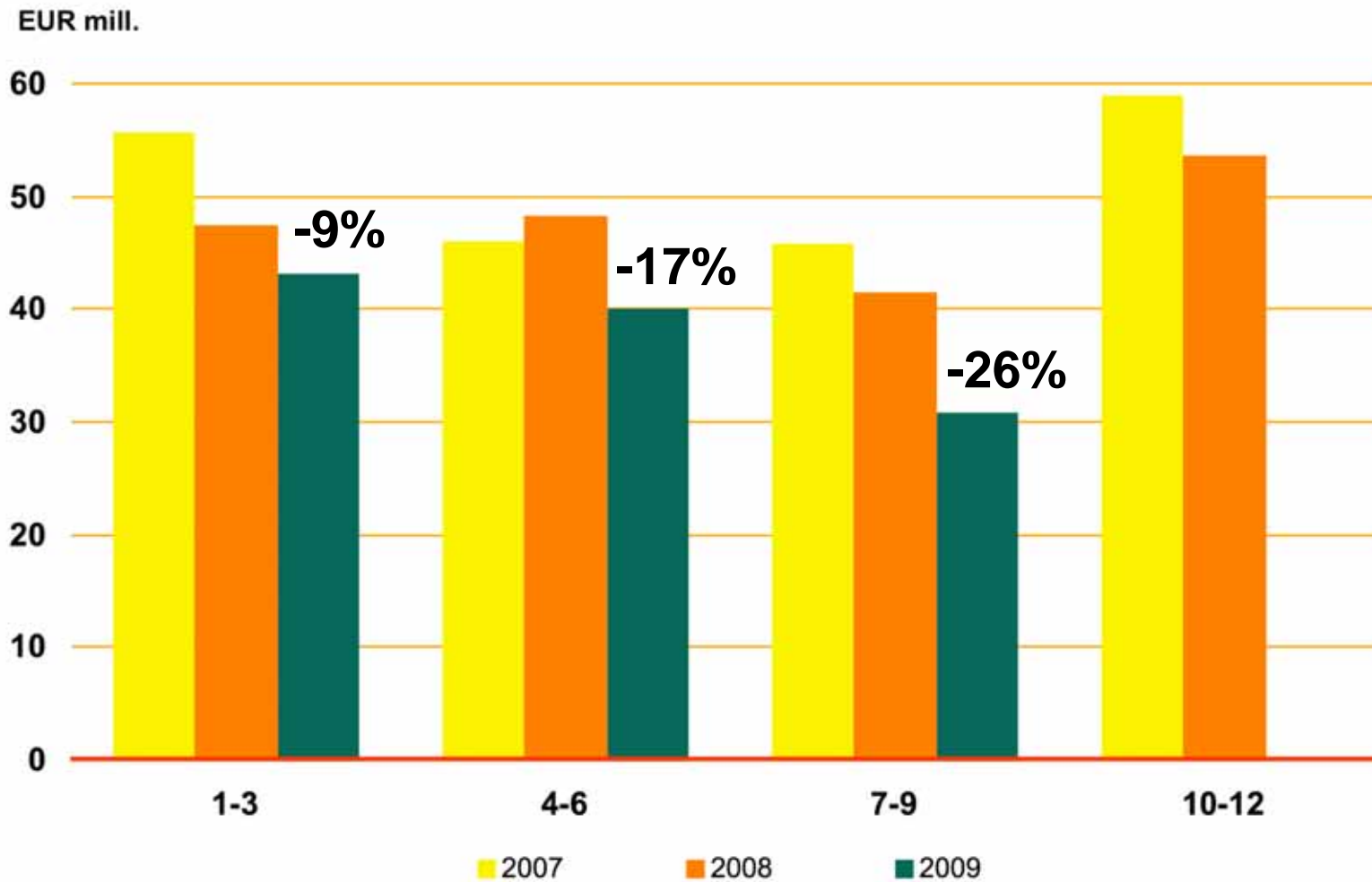
January - September sales in Finland

EUR 102.5 million (-9%)





Sales, Hobby Hall





Operating profit Q3/2009 and 1–9/2009, Hobby Hall

Q3 operating profit

Operating profit EUR -0.9 million (0.7 previous year)

January – September operating profit

Operating profit EUR -3.5 million (-0.8 previous year)





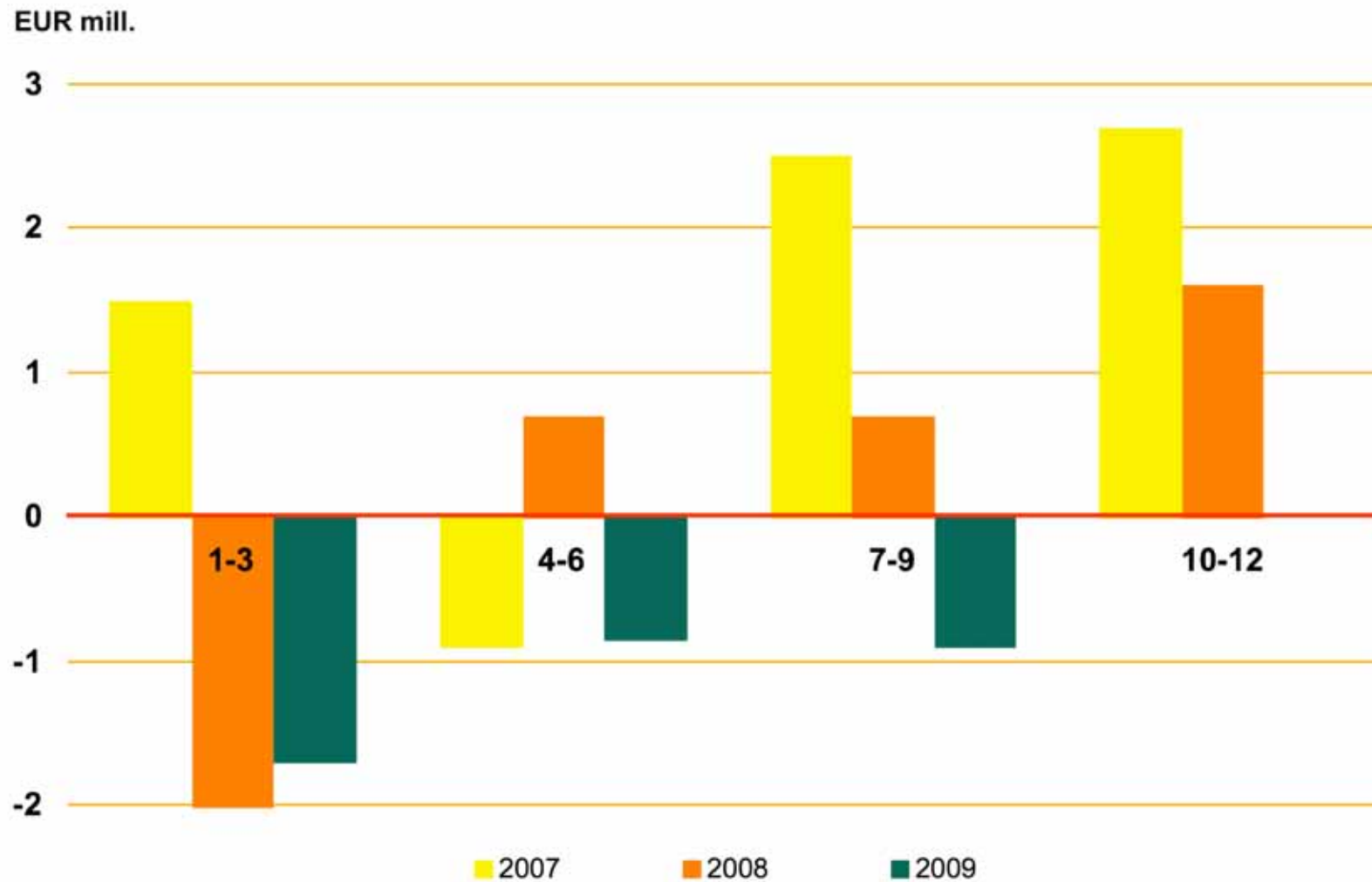
Operating profit Q3/2009 and 1-9/2009, Hobby Hall

- **Operating profit mainly affected by the non-profitable Baltic operations, now closed**
- **Stock level under the previous years' level**
- **Gross margin % in Finland increased compared with the previous year**
- **Cost-savings programme proceeding as planned**



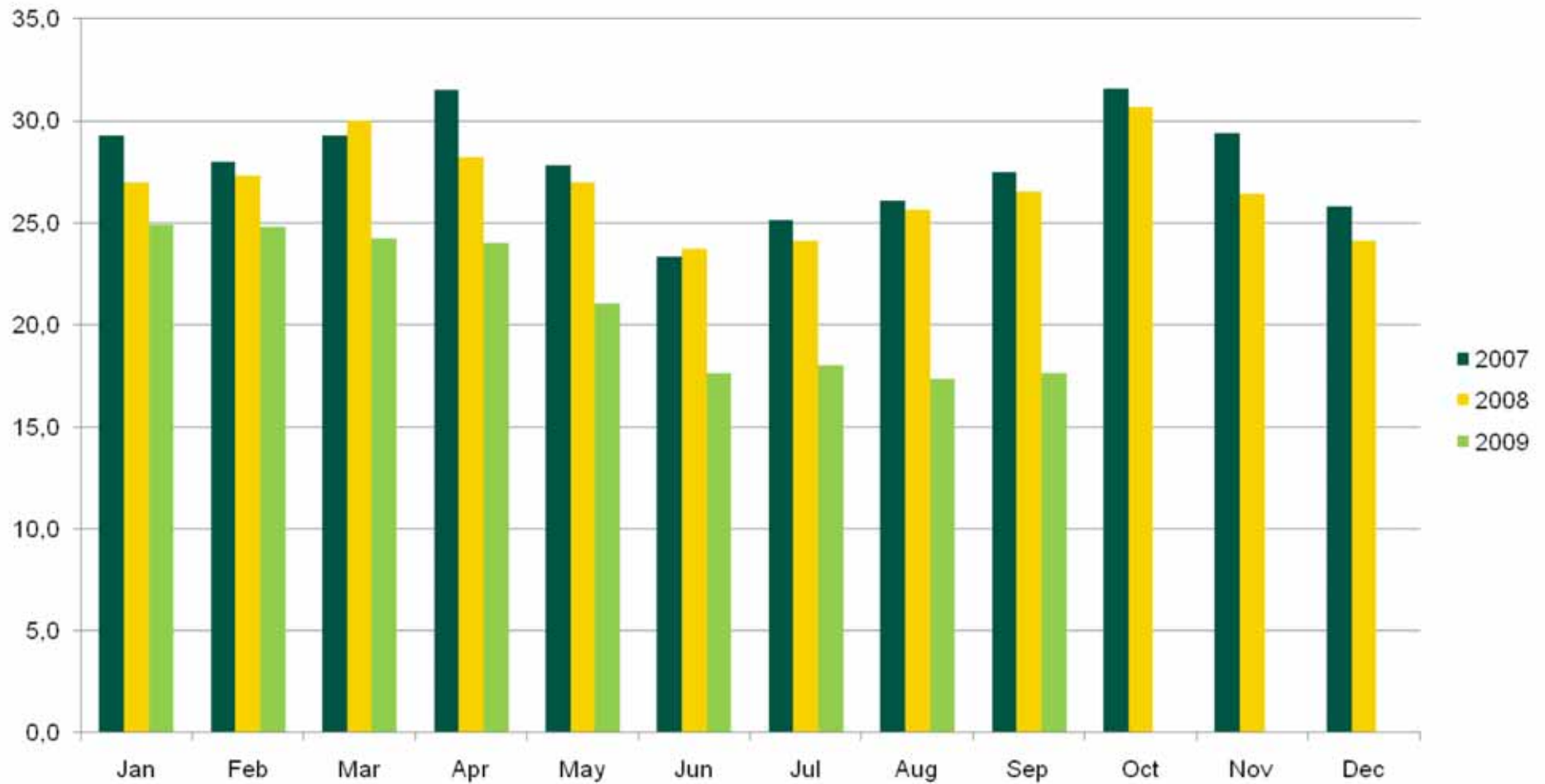


Operating profit, Hobby Hall





Stock development 2007-2009, EUR million





Outlook for the end of the year, Hobby Hall

- **Concentration only on the Finnish market during Q4**
- **Hobby Hall's Hämeentie store to be closed by the end of year 2009**
- **Cost-savings programme proceeding as planned**
- **The integration of Hobby Hall into the Department Store Division is proceeding as planned**
- **Finnish market is estimated to make positive Ebit for the full year 2009**

