



STOCKMANN

Financial Statements, 13 February 2009

Hannu Penttilä
CEO



Stockmann Group 2008

1.

- + Due to the successful Lindex acquisition the Group's sales increased by 36% to EUR 2 265 mill.
- + Despite of the considerable increase in financing costs, the result was reasonable given the difficult market environment
- + Lindex's performance was excellent ---> best operating profit in the Group
- + Integration of Lindex proceeded well
- + Group's equity ratio (39%) and gearing (107.4) improved according to plan
- + Directed share issue in summer 2008 was successful
- + Relative gross margin of the Group improved considerably and was 48.3% (43.4% in 2007)
- + Capital tied up in inventories decreased and the stock level situation is good in all divisions
- + Long-term financing of the Group was rearranged in December



Stockmann Group 2008

2.

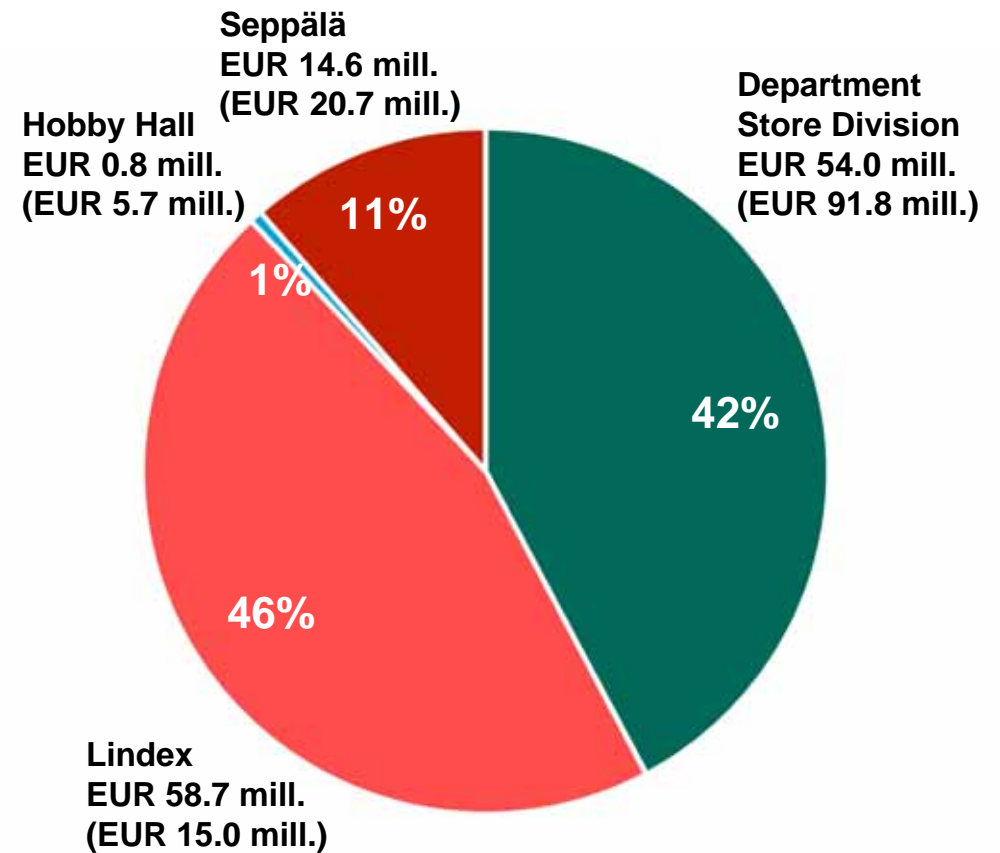
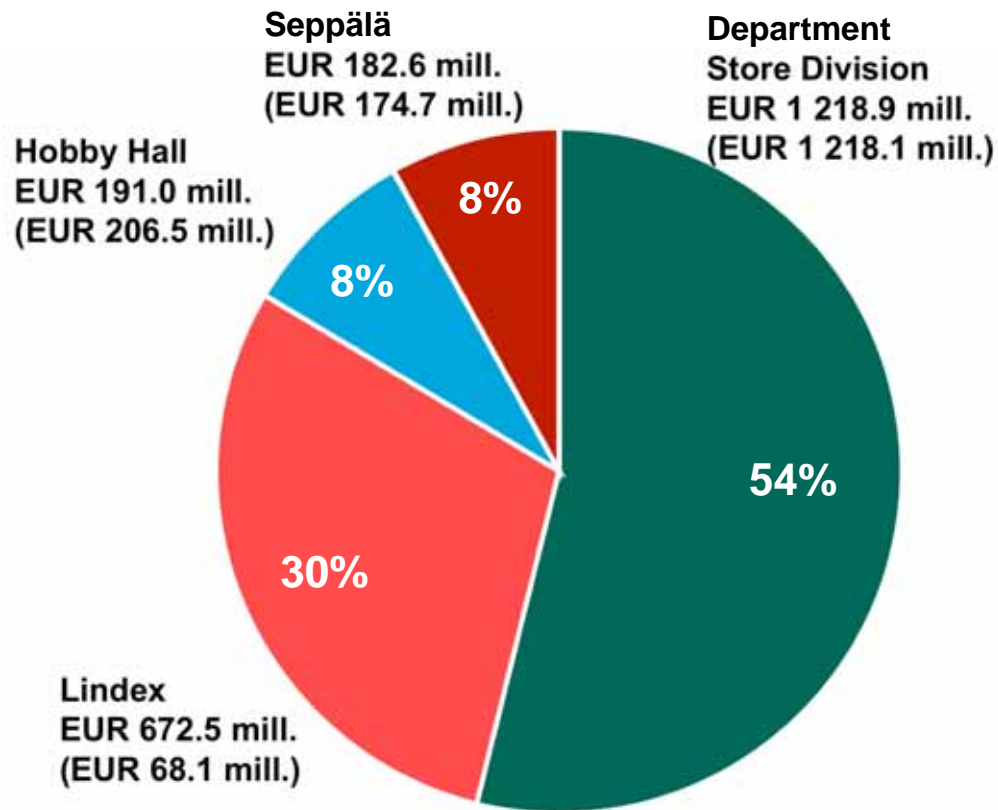
- **Global financial crisis has been reflected on the consumer demand since summer 2008, in Russia however not until the end of the year**
- **Business environment risk materialized in Russia → the department store in the Smolensky Passage shopping centre was forced to be closed in May, aggregate effect on last year's result was EUR 14 mill.**
- **Weakening exchange rate of the Swedish krona, the Norwegian krone and the Russian rouble**
- **The future is not foreseeable ---> need to reconsider the timing of the implementation of the growth strategy**



Sales and operating profit 2008

Sales
EUR 2 265.8 mill. (EUR 1 668.3 mill.)
+36%

Operating profit
EUR 121.9 mill. (EUR 125.2 mill.)
-3%



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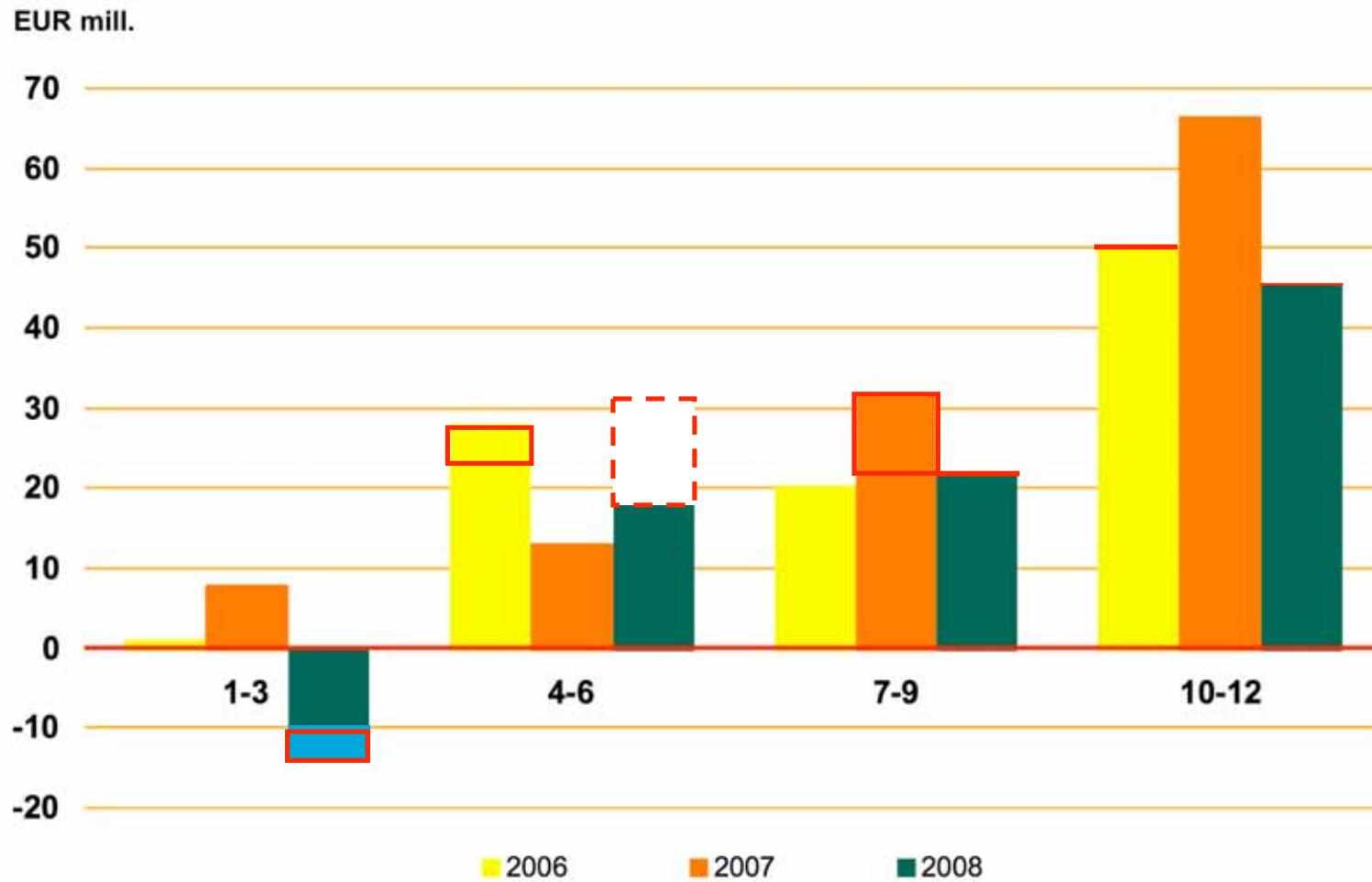


Key figures, Stockmann Group

		1-12/08	1-12/07
Sales	EUR mill.	2 265.8	1 668.3
Operating profit	EUR mill.	121.9	125.2
Profit before taxes	EUR mill.	71.7	119.4
Earnings per share	EUR	0.67	1.59
Earnings per share (without increase in deferred taxes)	EUR	1.13	
Cash flow from operating activities	EUR mill.	170.1	119.9
Equity ratio	%	39.0	32.6
Gearing	%	107.4	146.9
Board's proposal for dividend	EUR	0.62	1.35
– in addition the Board to be authorised to pay dividend at the most	EUR	0.38	



Profit before taxes, Stockmann Group



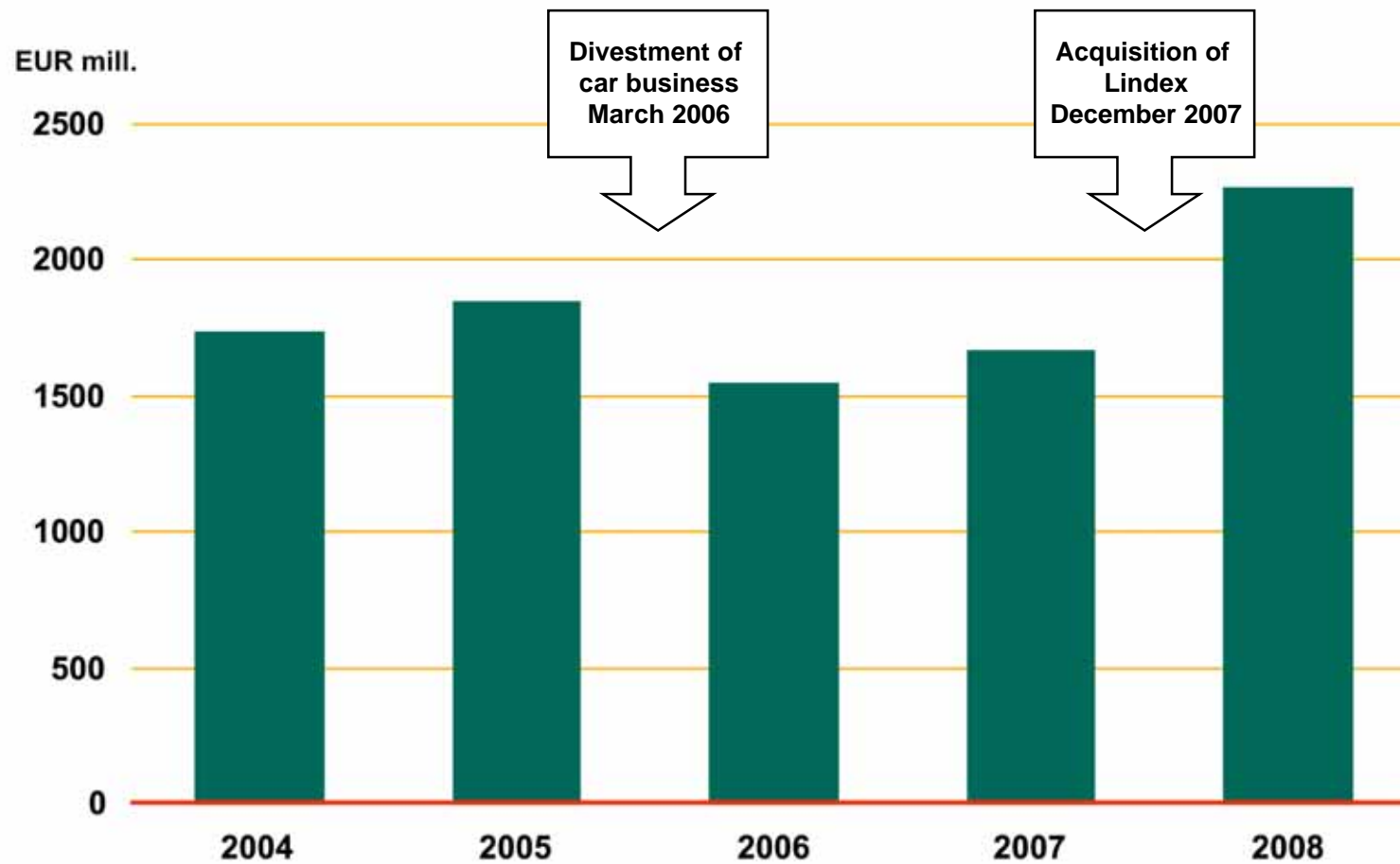
■ Q1/2008 operating profit is burdened by Lindex's EUR 4.5 mill. IFRS related expenses

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





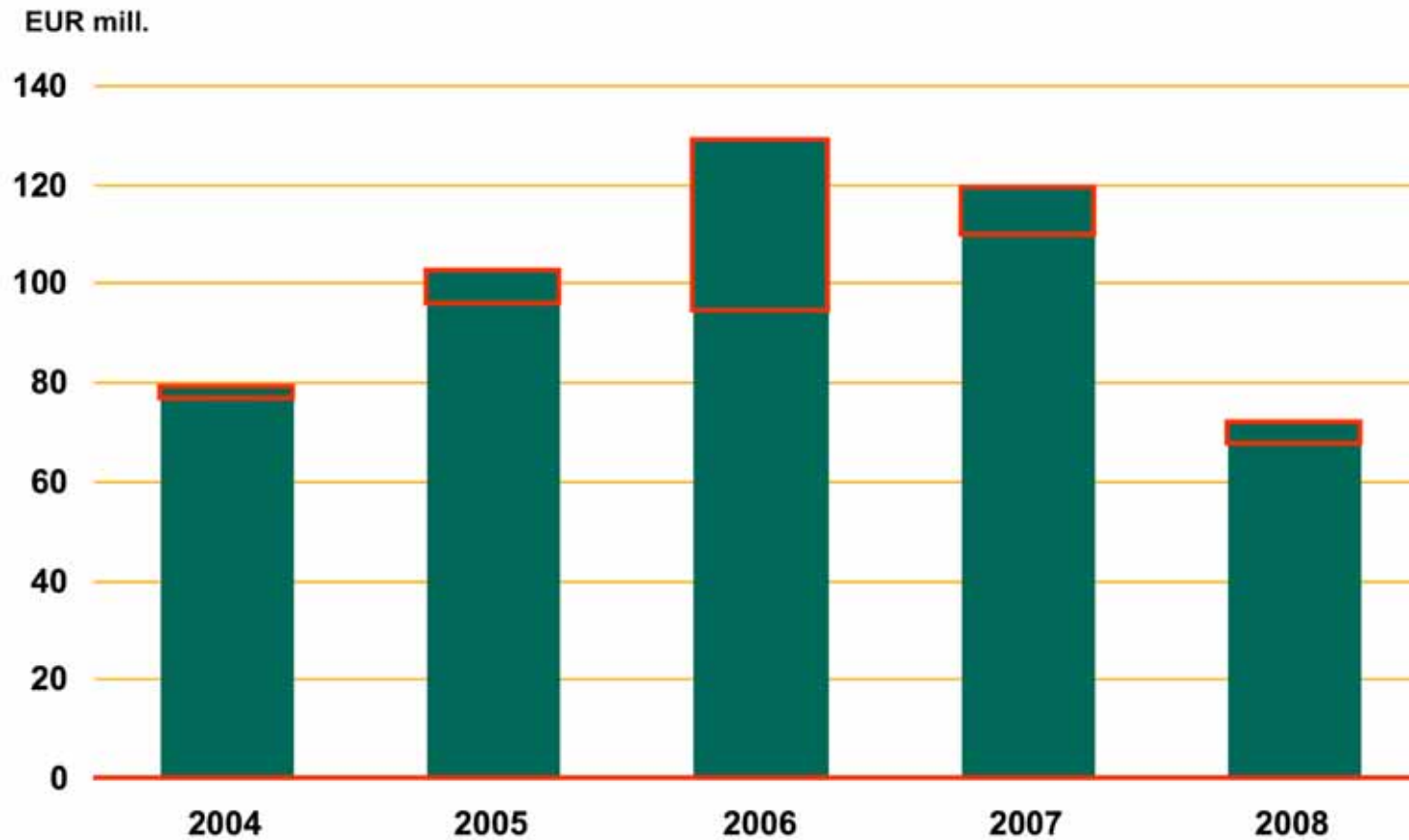
Sales, Stockmann Group



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Profit before taxes, Stockmann Group



Other operating income

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Development of share prices

Adjusted for share issues

EUR



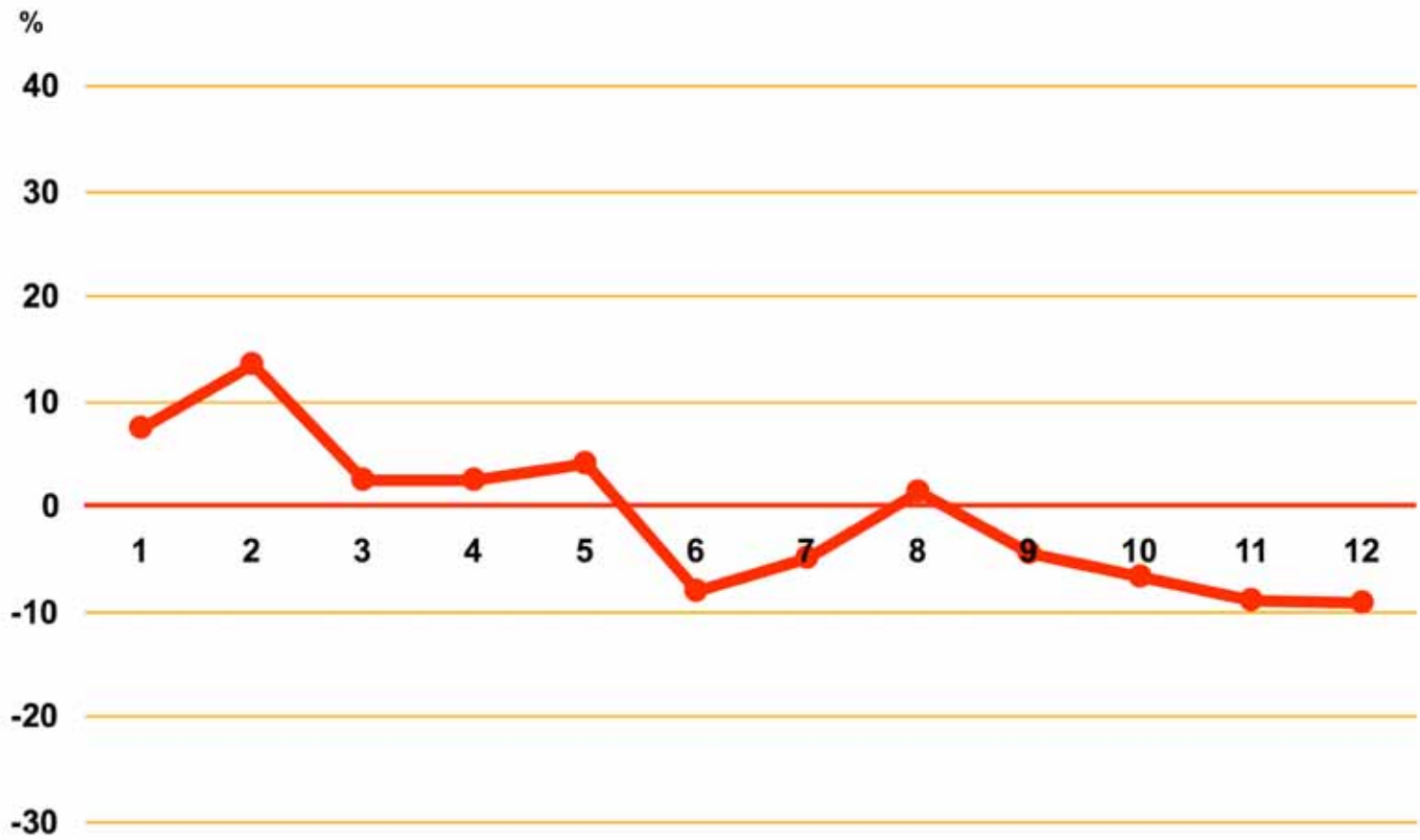
- OMX Helsinki Cap*
- Stockmann A
- Stockmann B

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

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Stockmann Group's monthly sales development in 2008 compared to 2007



Crazy Days adjusted

Index pro forma sales included in the sales figures of 2007





Challenges for 2009

1.

- **We will report poor sales figures during the first half of 2009**
- **The figures will improve relatively towards the end of the year compared with 2008**
- **Operating profit for Q1 will be in the red and weaker than 2008**
- **Need to reconsider the timing of the implementation of the long-term strategy
---> growth expectations are totally different from those in summer 2008
when the strategy was confirmed**
 - **postponements or cancellations of investments**
 - **the enlargement project of the Helsinki department store and the Nevsky Centre project in St Petersburg will be completed according to plans**
 - **all other investments which are not necessary for short-term cash flow will be reconsidered**
 - **target for gross capital expenditure in 2009 is EUR 150 mill. and for net capital expenditure to be considerably lower ---> project for releasing capital**
 - **target to have positive cash flow from operating activities after net investments in 2009**



Challenges for 2009

2.

- **Need to adapt cost structure to weakening market environment**
 - **keep good control on inventories, less advance orders**
 - **heavy efficiency improvement program in all divisions**
 - > **targeted savings EUR 28 mill.**
 - **all fixed salaries outside collective labour agreements are frozen at the level of 2008**
 - **the increase in tariff wages will be managed by keeping good control on working hours**
 - **structural changes ---> Hobby Hall will be part of the Department Store Division ---> this will have a considerable effect on costs in both integrating units**
 - **cost-cutting to cover everything: travelling, marketing, logistics, buying, administration etc.**
- **Financial expenses in 2009 will reduce significantly compared with 2008**
- **Target to keep the profitability of the Stockmann Group at a good level even in 2009**

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Department Store Division

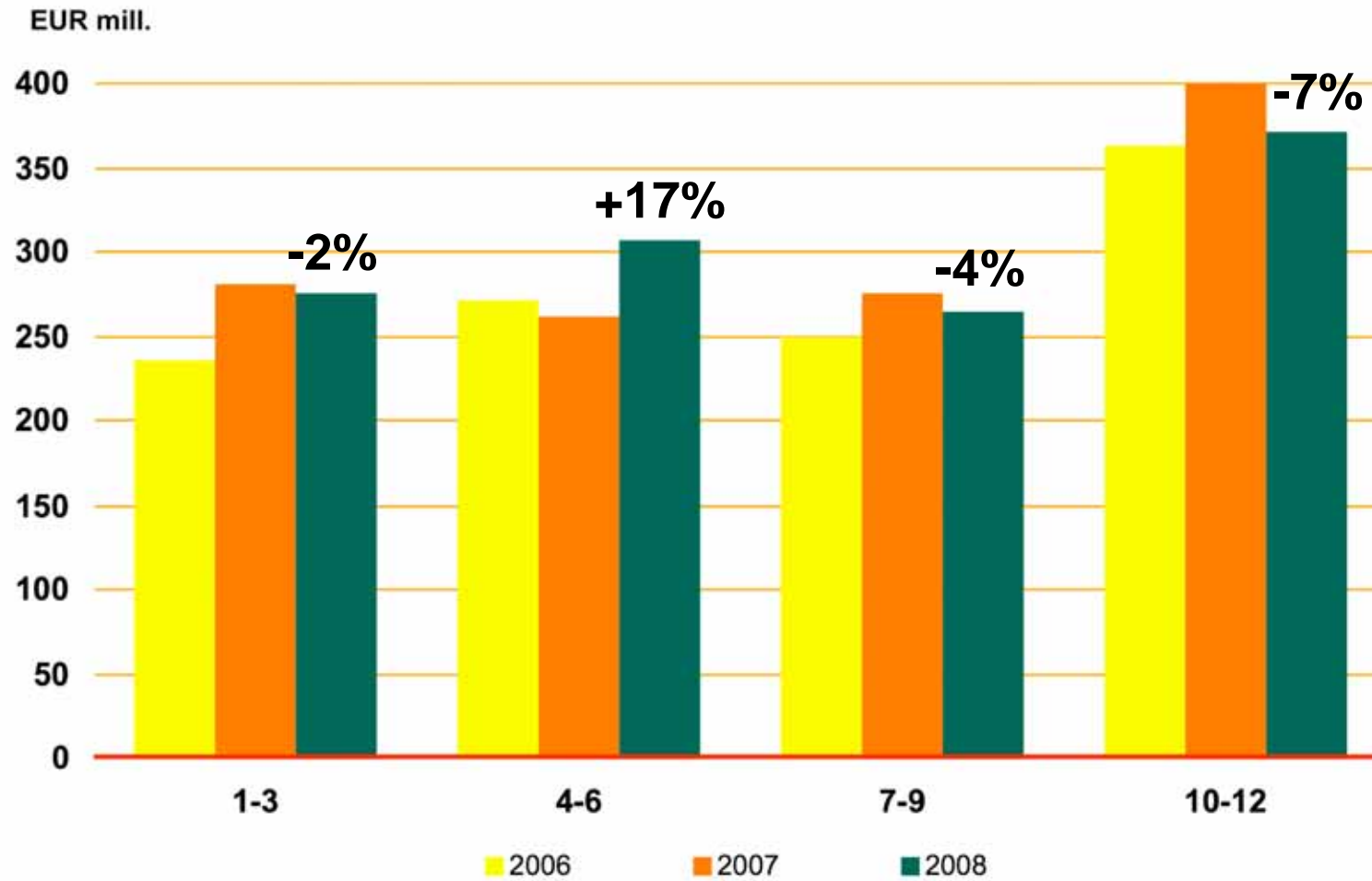


Sales 1-12/2008, Department Store Division

- **Sales EUR 1 218.9 million, at the previous year's level**
 - in Finland EUR 868.5 million, -0.4%
 - abroad EUR 350.4 million, +1%
 - boosted by good like-for-like sales growth of the department stores in Russia and the Baltics but adversely affected by the closing of the Smolenskaya department store in Moscow
 - share of the sales abroad was 29% (+1 percentage point)



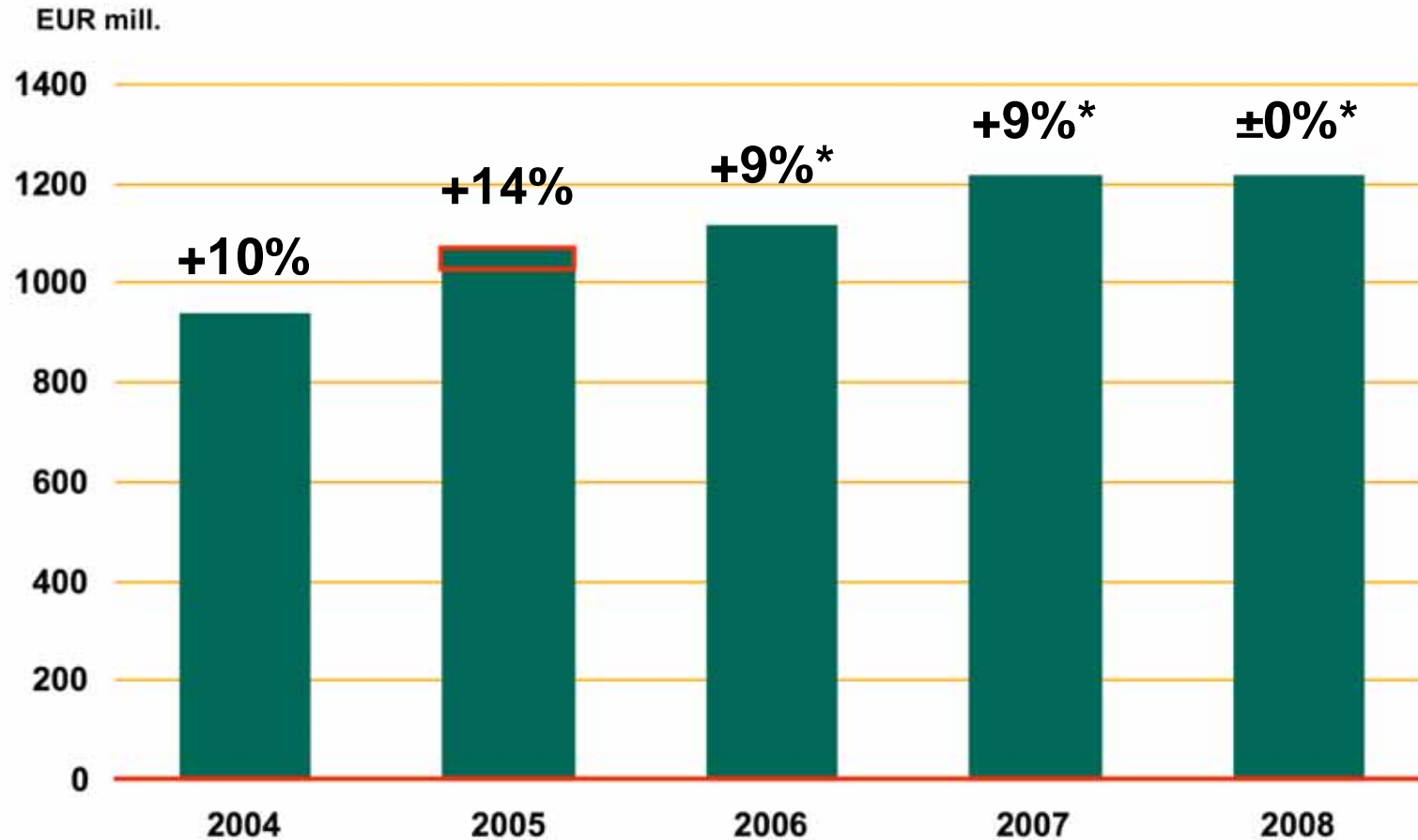
Sales, Department Store Division



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Development of sales, Department Store Division



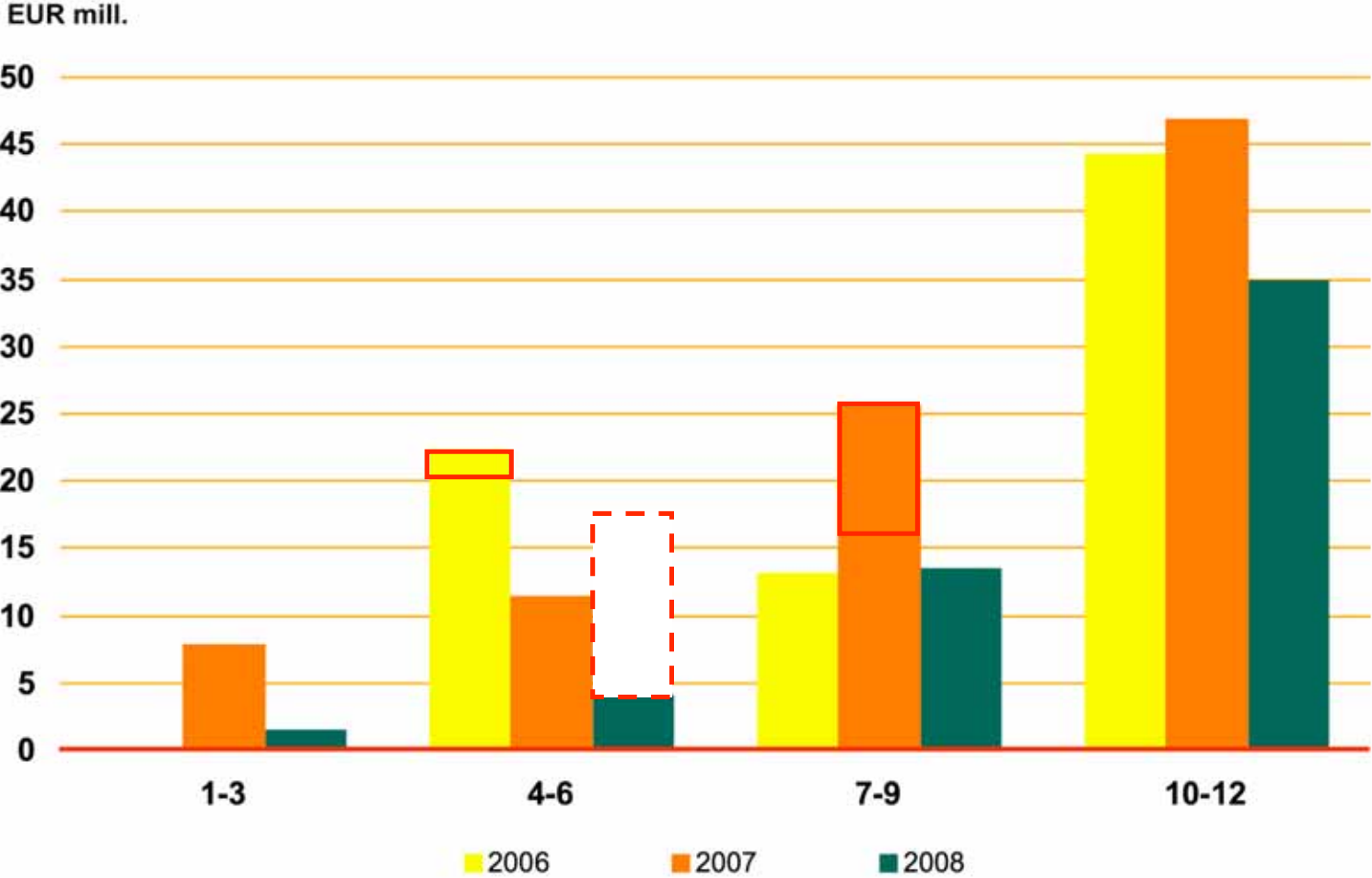
□ Sales by the Zara business in Russia that was divested at the beginning of 2006

* Continuing operations

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Operating profit, Department Store Division

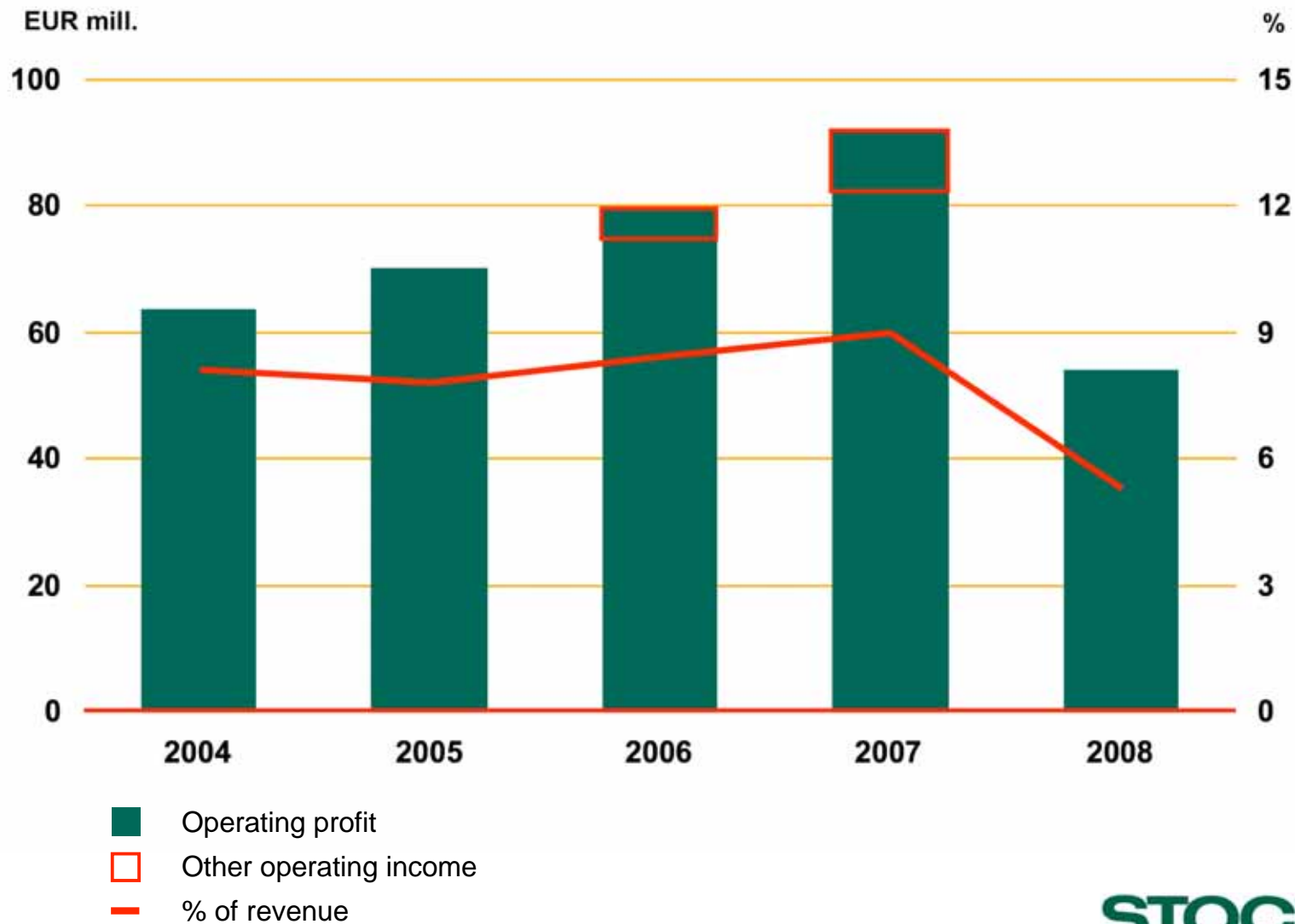


□ Other operating income
⋯ Provision for closing down the Smolenskaya dpt store.



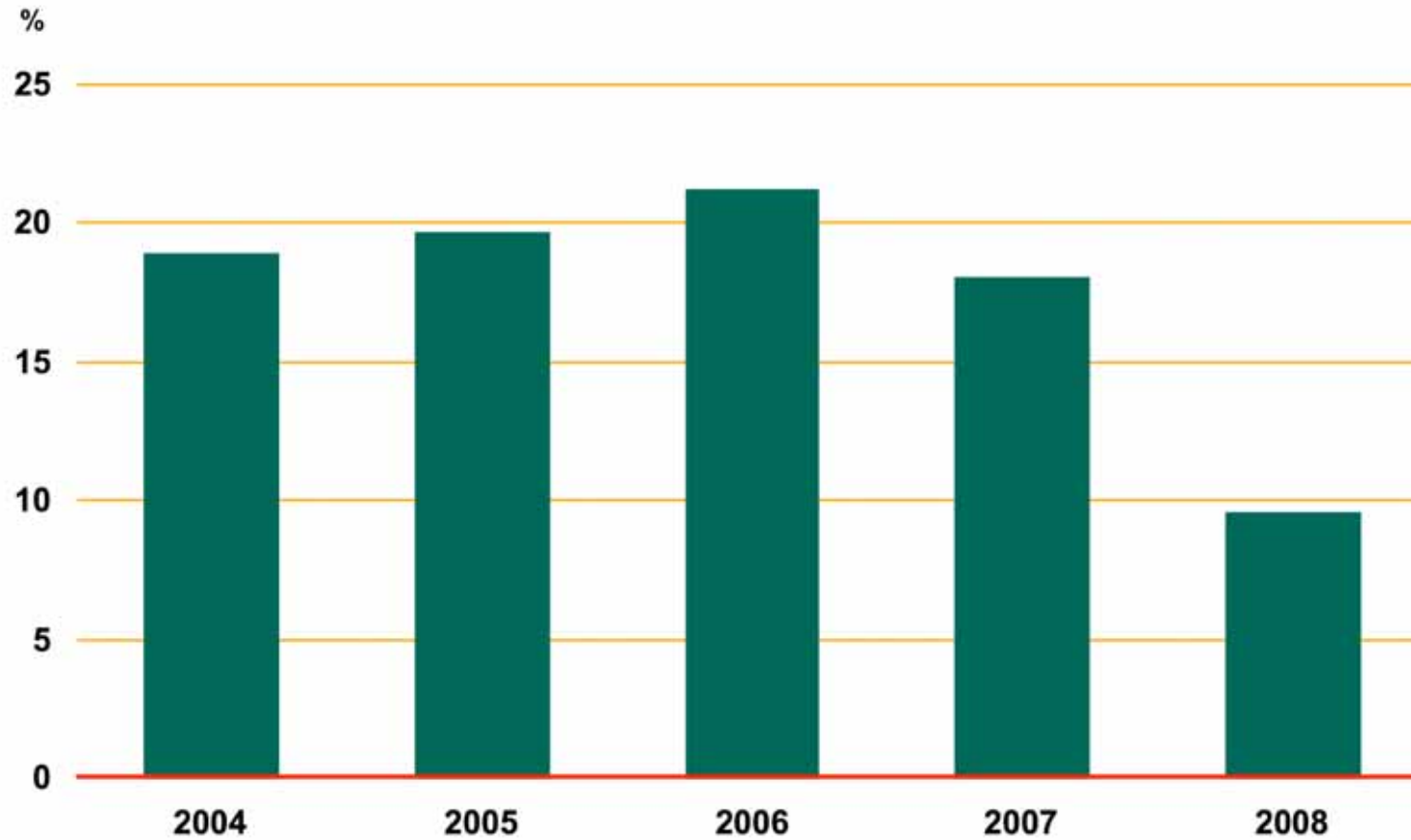


Development of operating profit, Department Store Division





ROCE %, Department Store Division





"All-time Stockmann" project in Helsinki

- **Contractor changed to SRV**
- **Project progressing according to the schedule**
- **Cost estimate for the enlargement part
appr. EUR 250 mill.**
- **Car park operator Q Park**
- **New areas opening in 2009**
 - **maintenance area in March 2009**
 - **first part of the new restaurant world F8
in the beginning of April 2009**
 - **car park in May 2009**
 - **new Deli-Meals area in August 2009**





Nevsky Centre project in St Petersburg

- **Nevsky Centre about 100 000 m² of which Stockmann department store and chain operations about 22 300 m²**
- **Rest of the premises will be leased to third parties**
- **Cost estimate EUR 185 mill.**
- **Construction work will be completed by summer 2010**
- **Commercial operations will begin by Christmas 2010**





Stockmann MasterCard launched in all markets

Total number of Loyal Customers 1.7 million

Russia
20 March 2008

Finland
17 April 2008

Latvia
3 November 2008

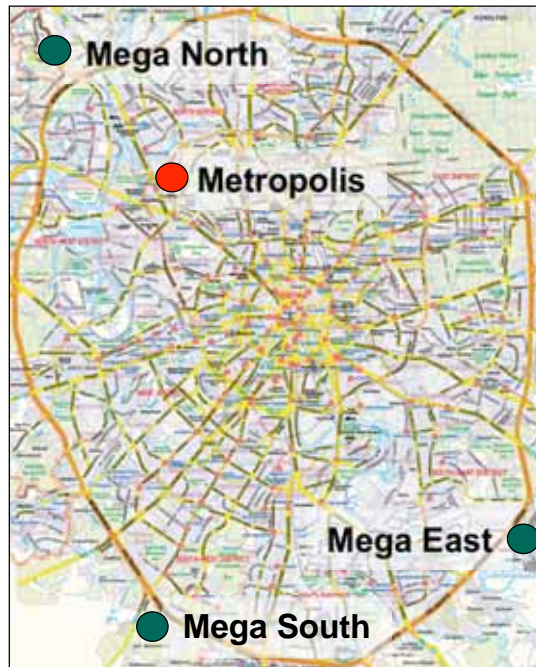
Estonia
26 January 2009





Metropolis department store opened in Moscow 13 February 2009

- Shopping centre area 100 000 m²
- Stockmann department store about 8 000 m²
- Over 3 000 parking spaces





Outlook for 2009

- Very challenging year in all markets
- Focus on
 - sales volume
 - special attention to Loyal Customer benefits, sales of own brands and food business
- Stock control
- Cost control and efficiency
- Preparing for Hobby Hall's integration to Department Store Division 1 January 2010

Käytä kaikki neljä kanta-asiakasseteliä helmikuussa. Saat yhteensä 60 euron edun!

Käytä alla fyra stamkundssedlar i februari. Din sammanlagda förmån blir 60 euro!

Kanta-asiakasseteli • Stamkundssedel
Tämä asiakasseteli vastaa 10 euron arvokseen ja 10 euron korvausta kassaveroista.
Sen lisäksi stamkundssedel on voimassa 10 euron edun, jota voit käyttää esimerkiksi kassaveroihin.

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Kanta-asiakasseteli • Stamkundssedel
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LINDEX®



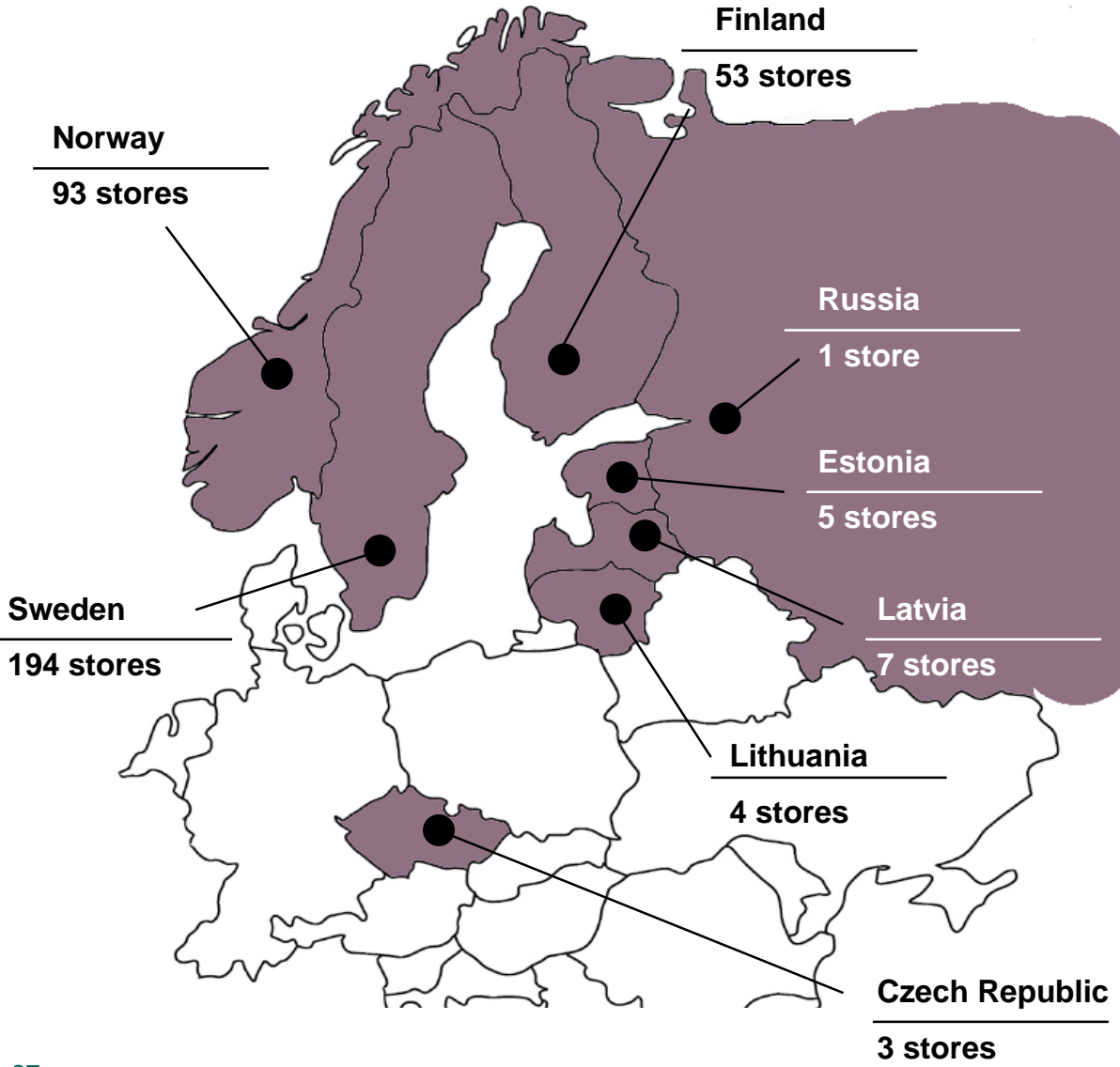
Highlights 2008

- **Operating result for the year 2008 was the best ever in Swedish krona**
- **Very strong gross margin, which also was the best ever**
- **Increase in market share; better development than the clothing market in Sweden, by far the largest market for Lindex**





Strong expansion during 2008



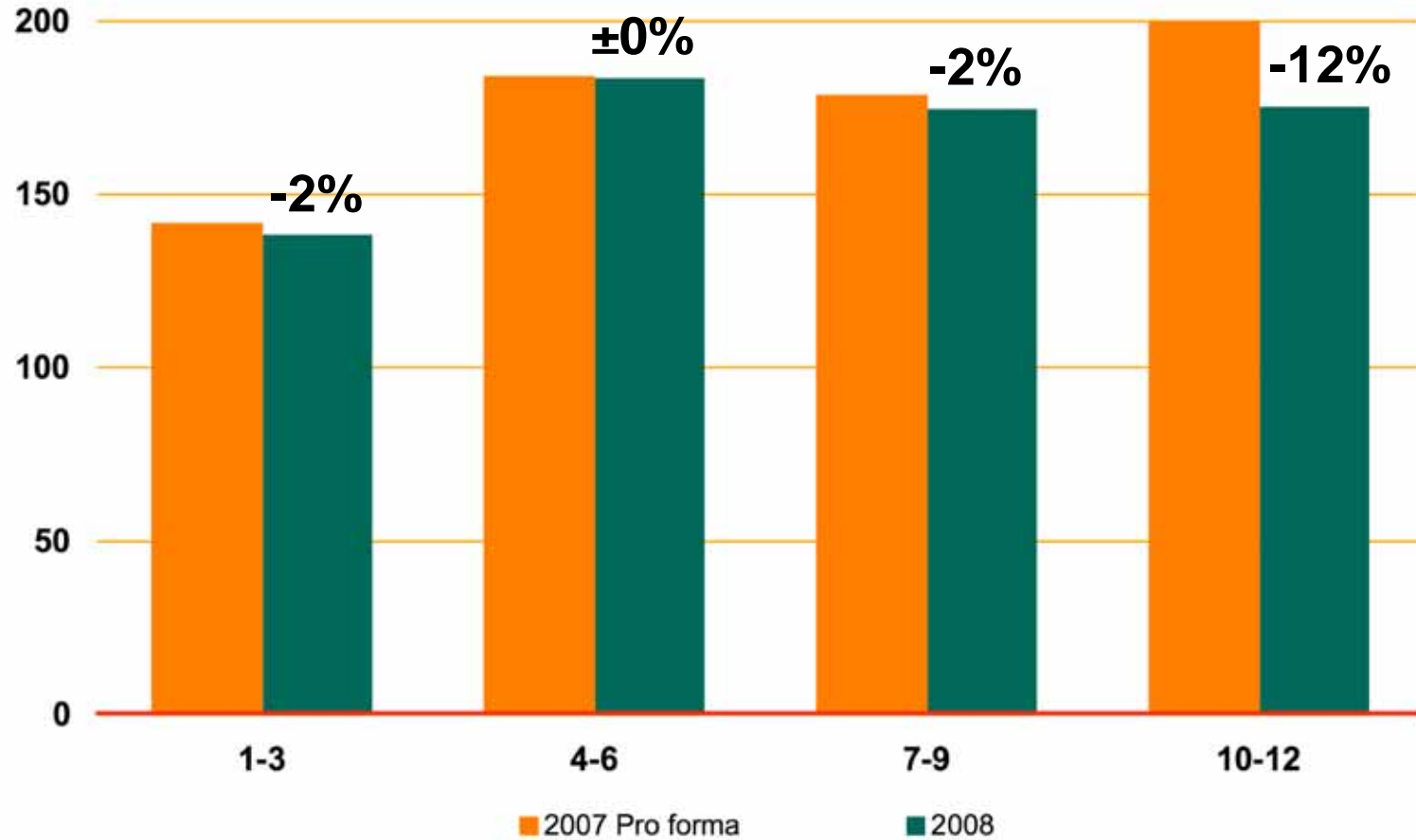
- 365 stores in total
- 21 new stores during 2008
- 2 new markets:
Russia and Saudi Arabia





Sales, Lindex

EUR mill.



In SEK the sales decreased by 3 percent during Q4 compared to the same period in 2007



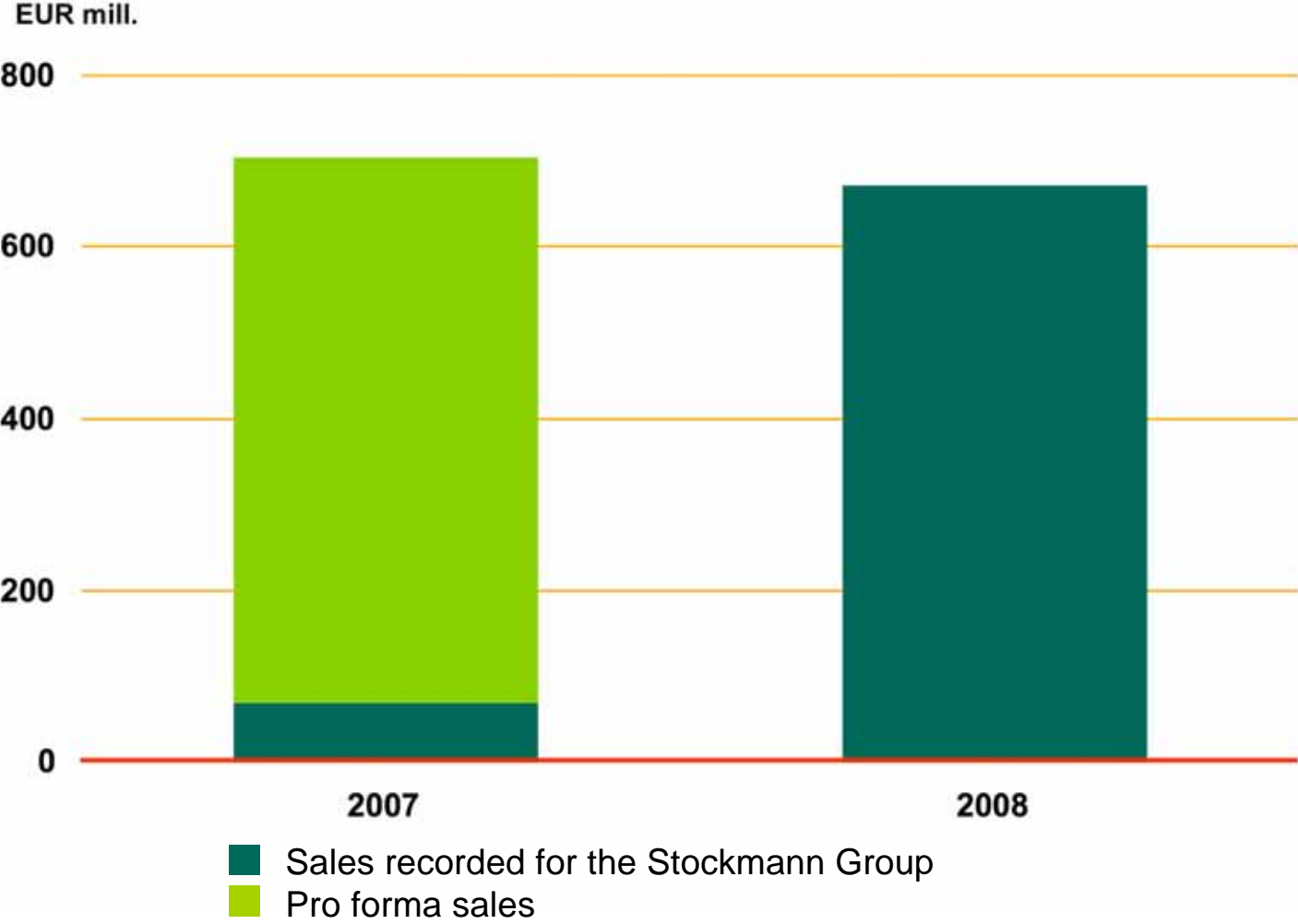
Sales development in Q4

- In Q4, sales dropped in all business areas, due to decline in market and the currency effect
- In SEK the sales increased in lingerie and cosmetics
- Lindex outperformed the market in Sweden and the Baltic countries during the fourth quarter
- Development in different markets:
 - Lindex sales dropped in Sweden, Norway and Finland, due to decline in market and the currency effect
 - sales increased in the Baltic countries
- Stock
 - inventory level decreased by 15.2%





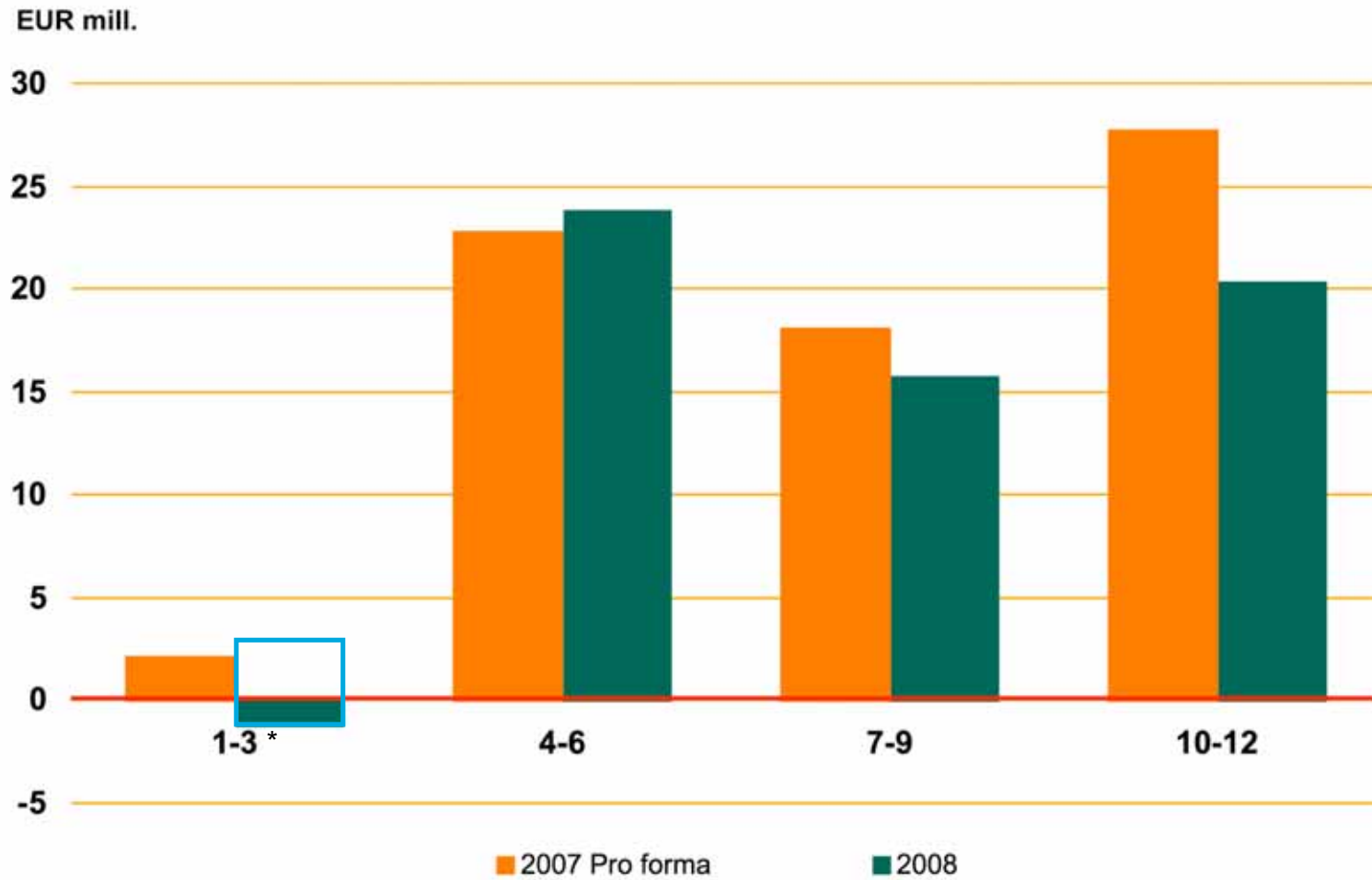
Development of sales, Lindex



In SEK the sales decreased by 1 percent compared to 2007



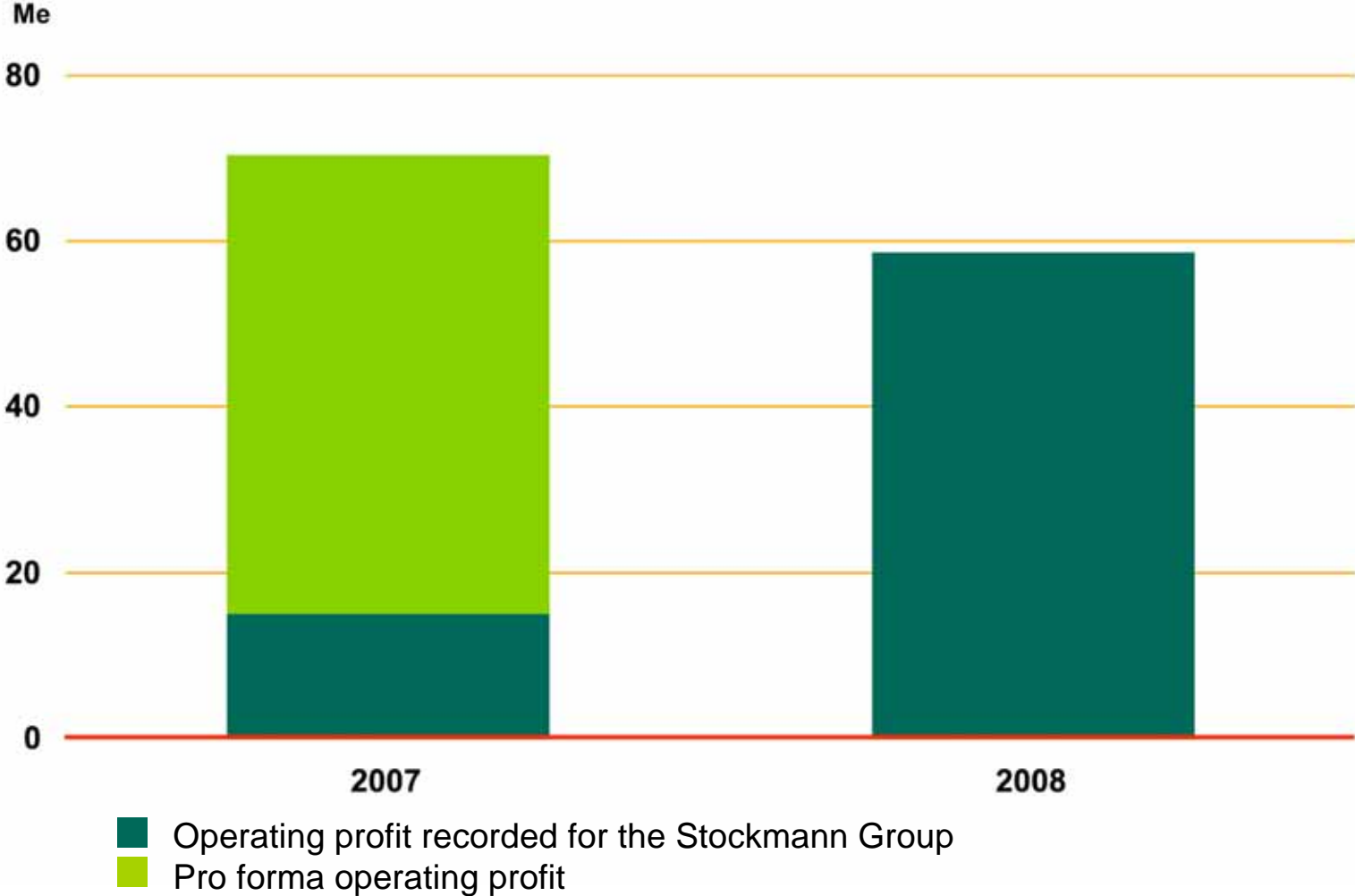
Operating profit, Lindex



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



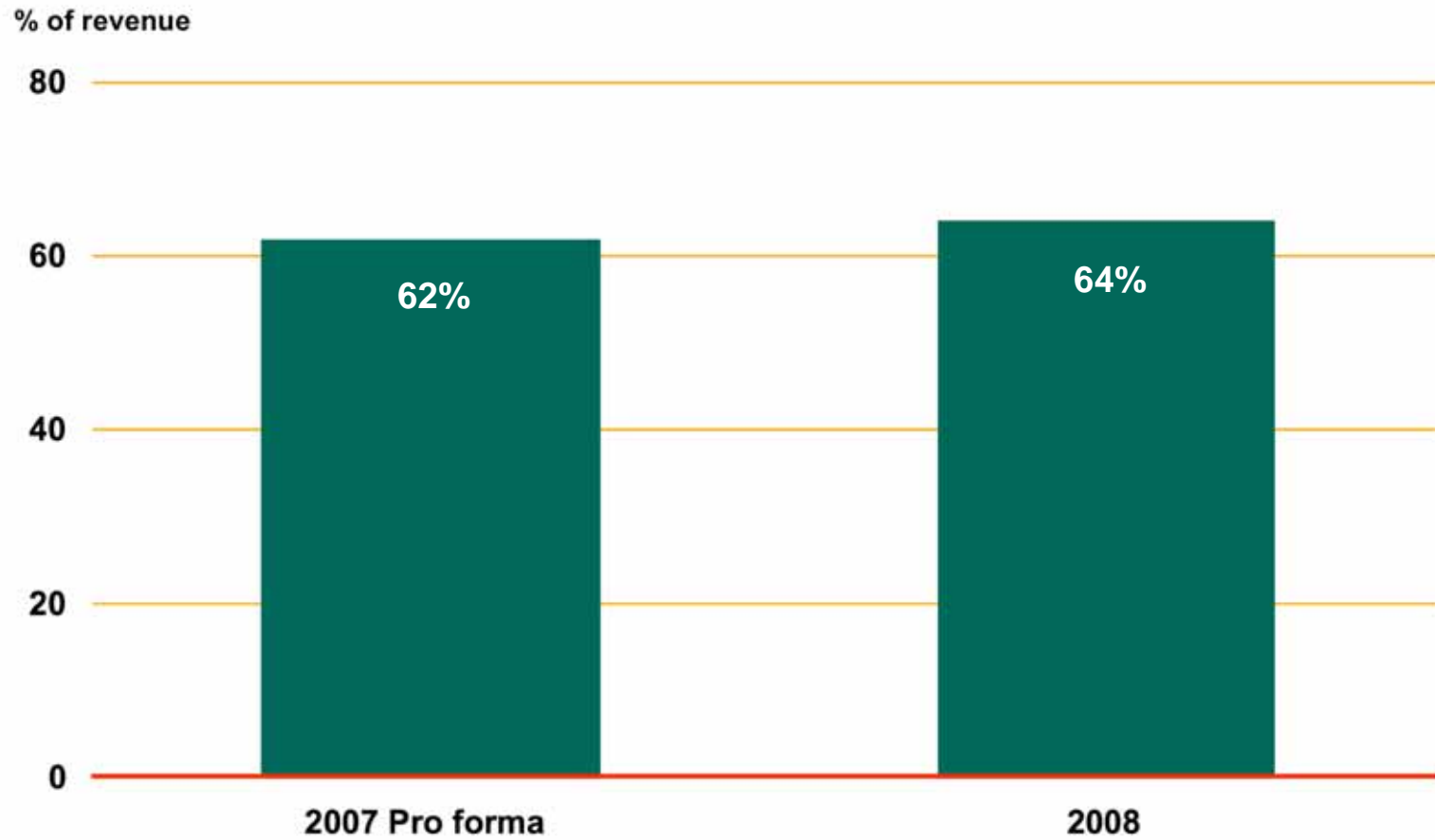
Development of operating profit, Lindex



In SEK the operating profit increased by 3 percent compared to 2007



Gross margin %, Lindex





Goodwill

- **Final Purchase Price Allocation of Lindex acquisition was made as per 31 December 2008**
- **A total of EUR 746.2 million of the cost of acquiring Lindex has been allocated to goodwill**
 - EUR 656.2 million of this has been allocated to the Lindex business segment**
 - EUR 65 million to the Seppälä business segment and**
 - EUR 25 million to the Department Store Division business segment**
- **The goodwill is denominated in Swedish krona, and, following the weakening of this currency, its value at the close of the financial year was EUR 646.5 million**
- **In the impairment testing carried out, no signs of impairment were found**



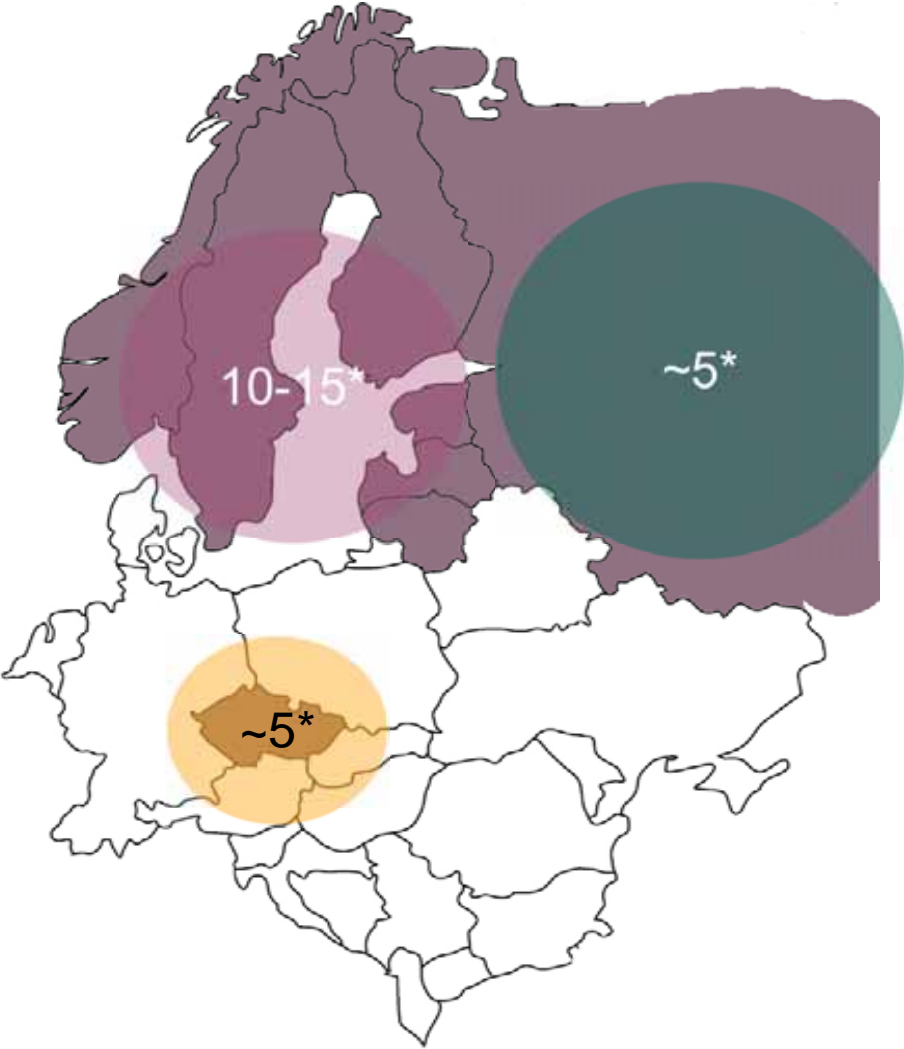
Executive summary 2008

- **New Distribution center**
- **Opening Saudi Arabia, franchising**
- **Opening Russia**
- **Extensive vision and value program for personnel**
- **Norway, refurbishment**
- **Integration with Stockmann works well and continues**
- **Tax case regarding German losses is appealed**



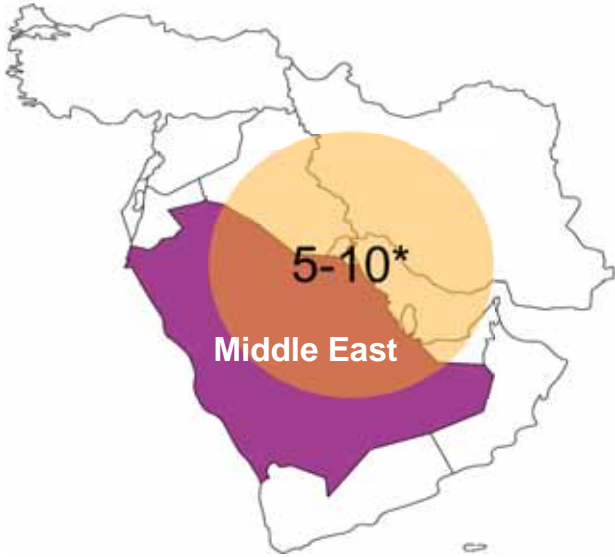


Expansion plan 2009



New Lindex stores:

Old markets	10-15
Central Europe	~5
Russia	~5
Middle East	5-10



* Estimated number of new stores



Major events in 2009

- **Finland, refurbishment**
- **Ongoing integration with Stockmann**
- **Further improvements in supply chain and distribution**
- **Flexibility to fend business cycles**
- **Expansion**
- **Target to maintain profitability on a good level**



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Seppälä



Sales 1–12/2008, Seppälä

- **Sales EUR 182.6 million, growth 4 %**
- **Abroad**
 - sales were up 19 %
 - share of sales abroad rose to 34 % (30 %)
 - sales in Russia grew particularly well until December
 - new stores have started as planned
 - good like-for-like growth
- **Finland**
 - sales were down 2 % on the previous year
 - good sales growth until November





Sales 1–12/2008, Seppälä

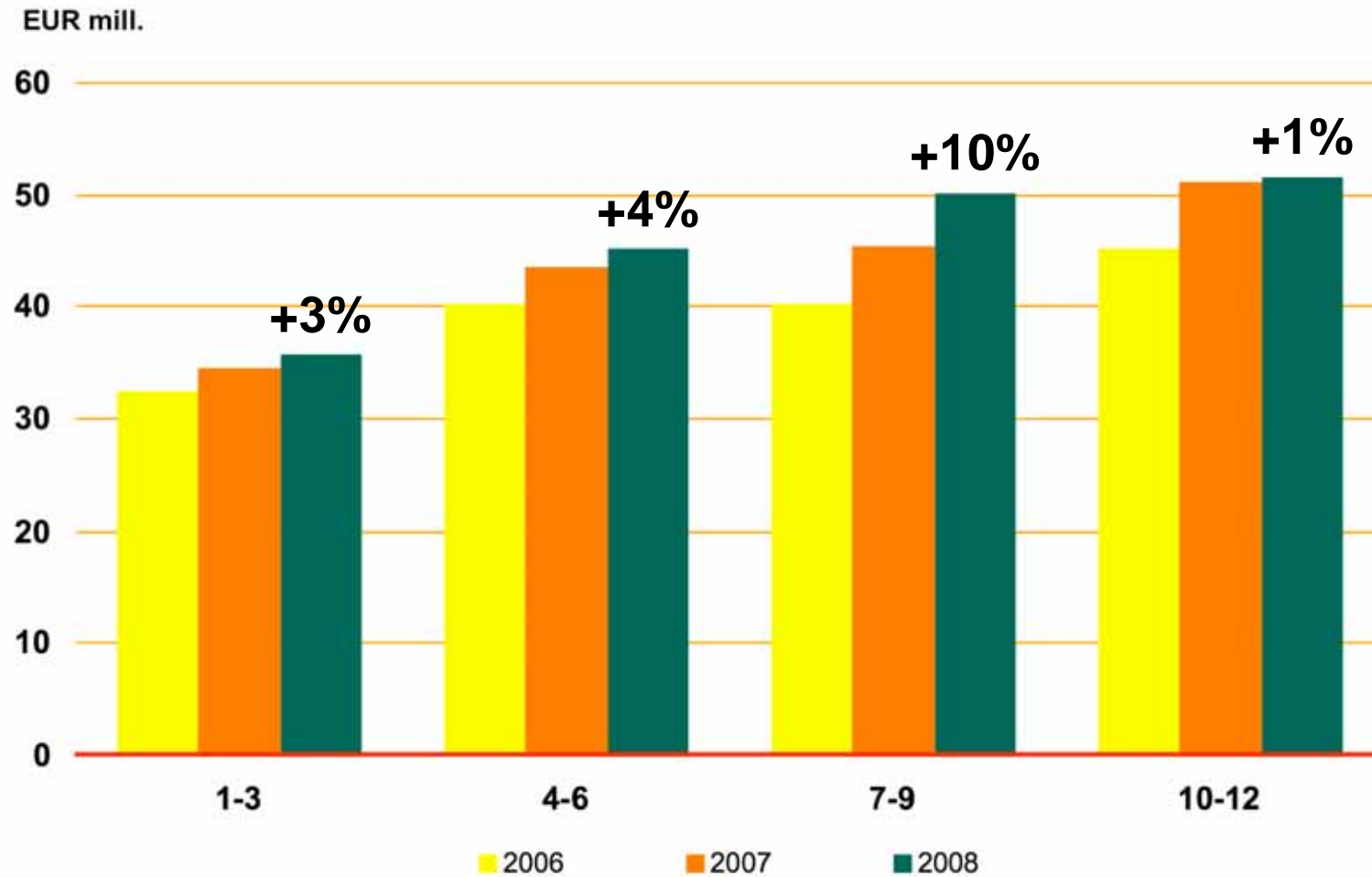
- Biggest growth in children's fashion and cosmetics for the whole year
- Biggest growth in women's fashion in autumn
- Growth of average purchase



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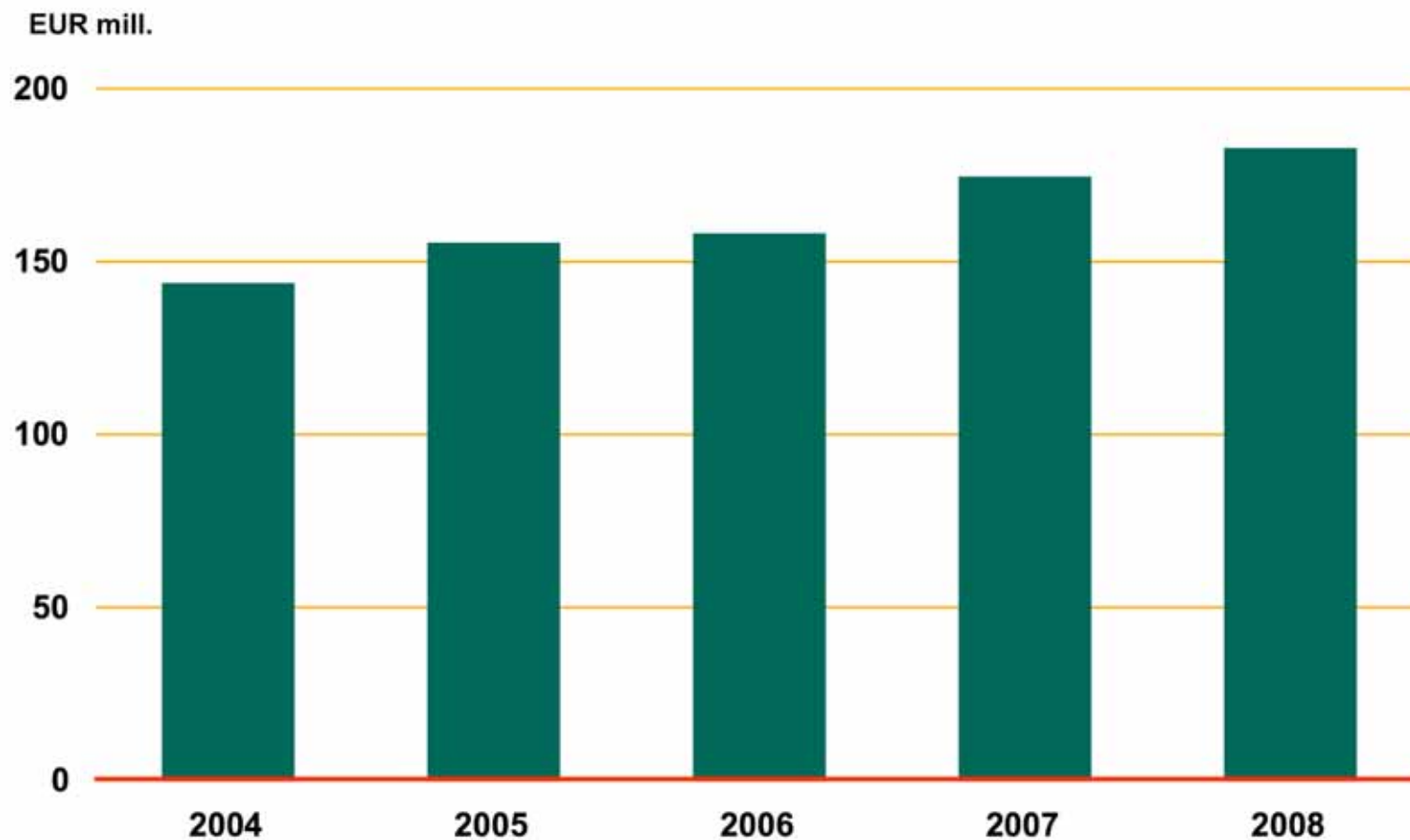


Sales, Seppälä





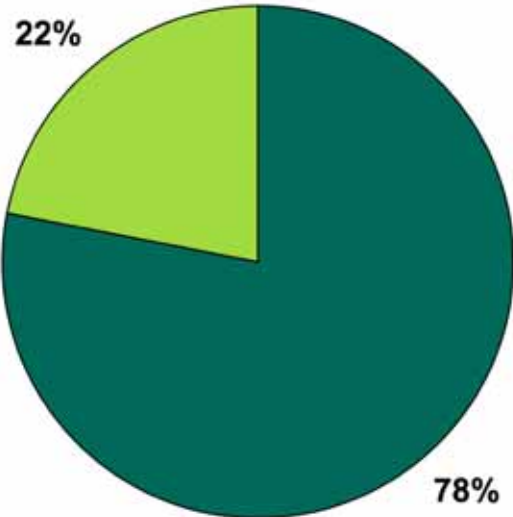
Development of sales, Seppälä



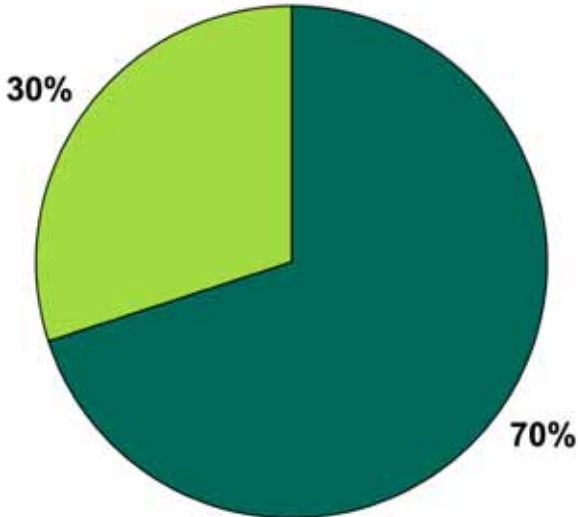


Sales in Finland and abroad

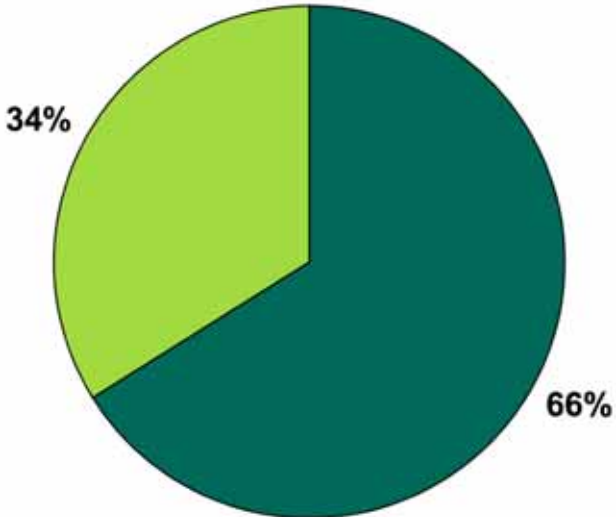
2006



2007



2008



■ Sales in Finland
■ International operations



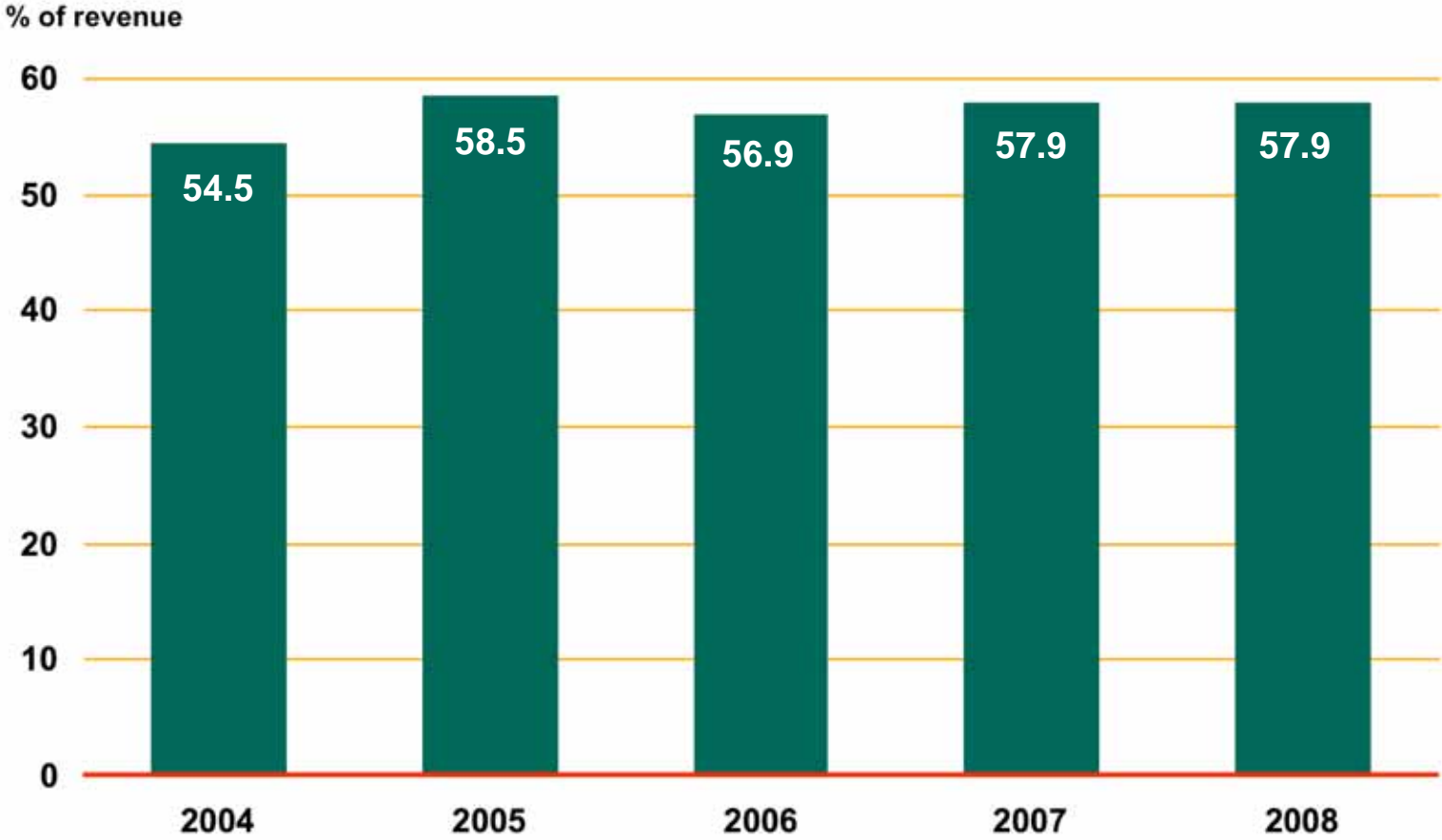
Operating profit 1–12/2008, Seppälä

- **Good operating profit EUR 14.6 million (EUR 20.7 million)**
- **Operating profit on ordinary operations 9.6% of revenue (14.3%)**
- **Relative gross margin at previous year's level 57.9%**
 - growing steadily until Q4
- **Fixed costs and depreciation grew faster than sales**
 - new stores in countries where Seppälä had operations (18 stores)
 - market entry to Ukraine (1 store)
 - total refurbishment in existing stores (16 stores)
 - partly new look in existing stores (40 stores)
 - launch of loyal customer programme – Seppälä club
 - almost 300 000 members within 9 months
 - launch of the new Seppälä By collection
 - investing in design management and in own designers



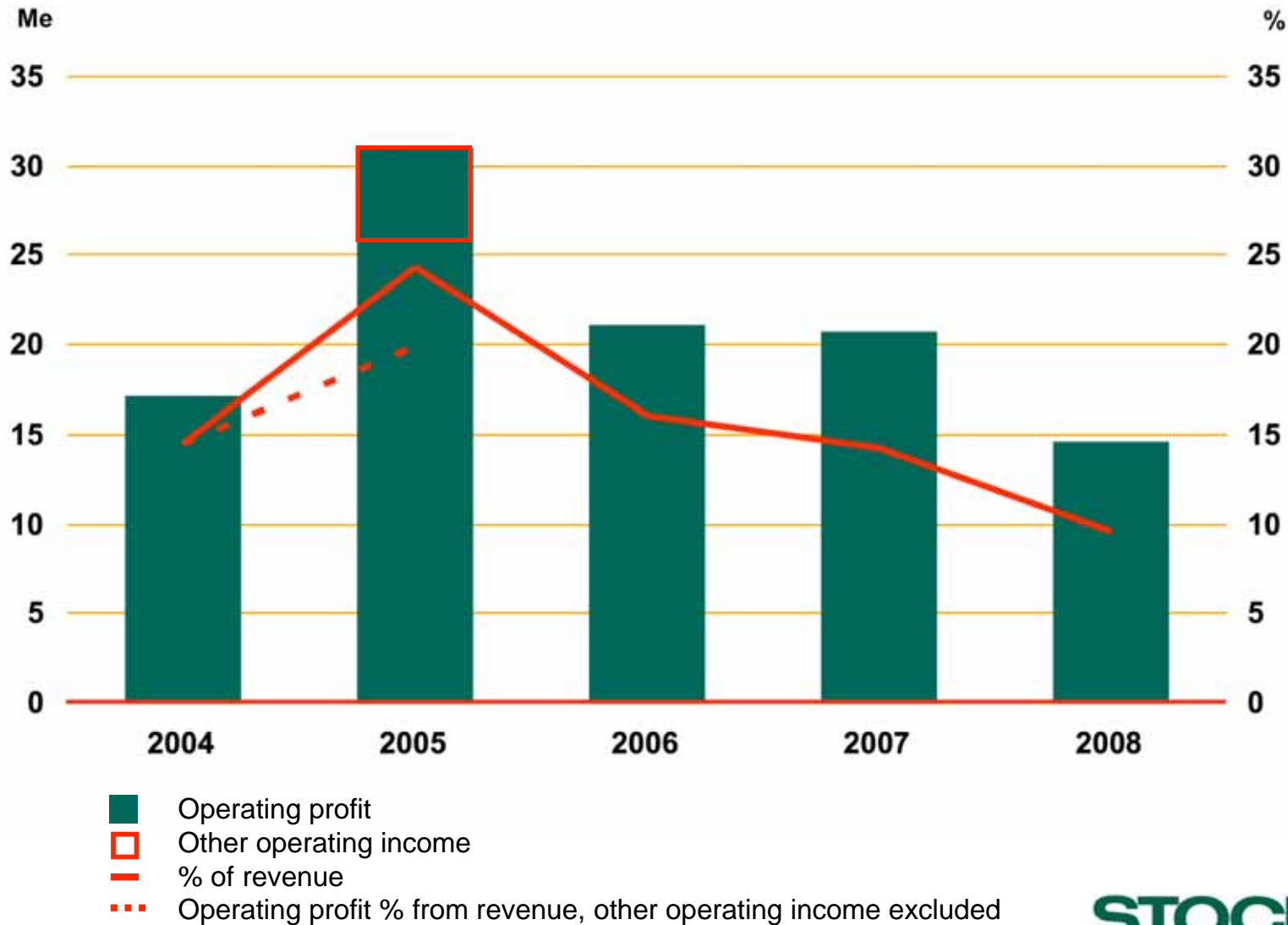


Gross margin %, Seppälä



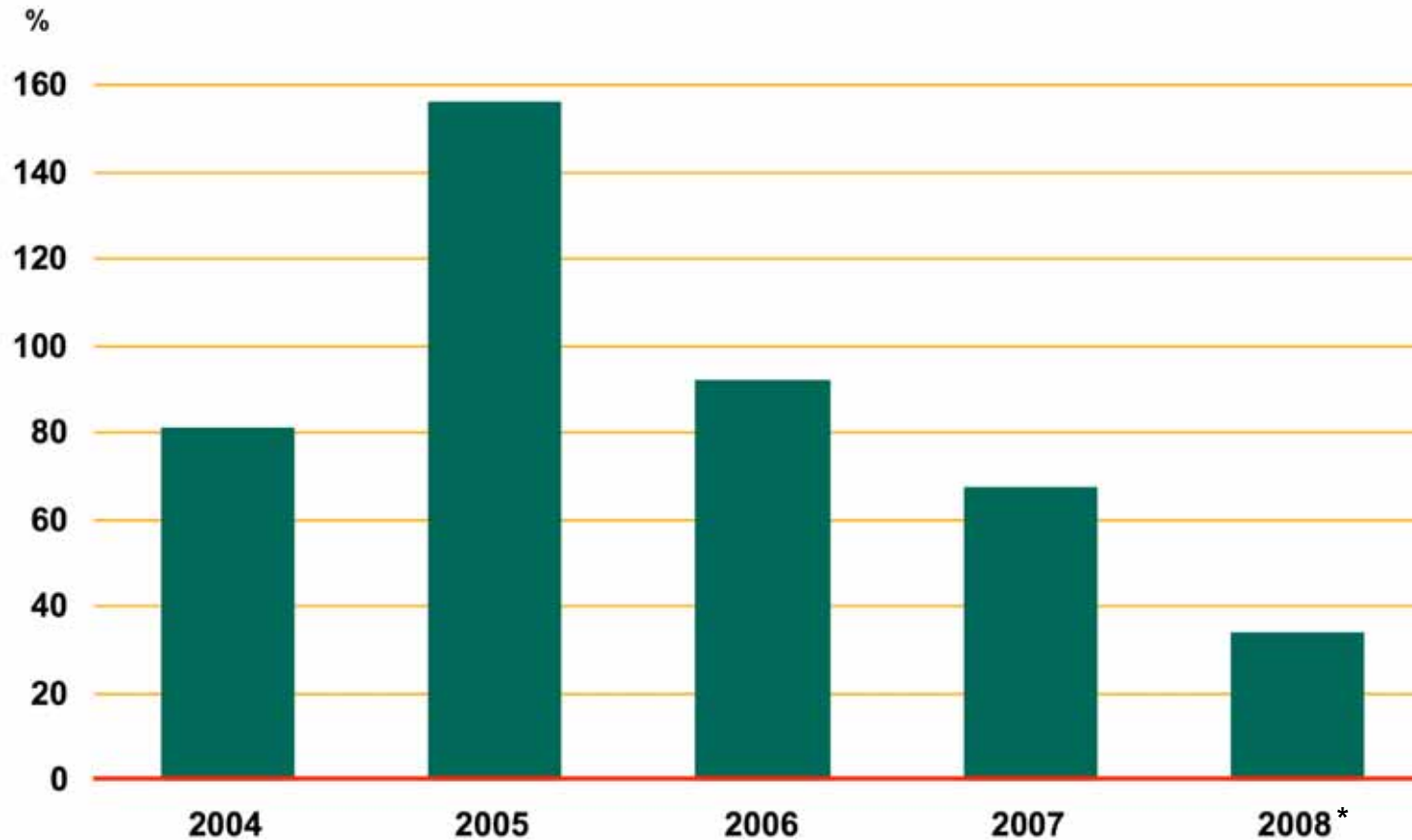


Development of operating profit, Seppälä





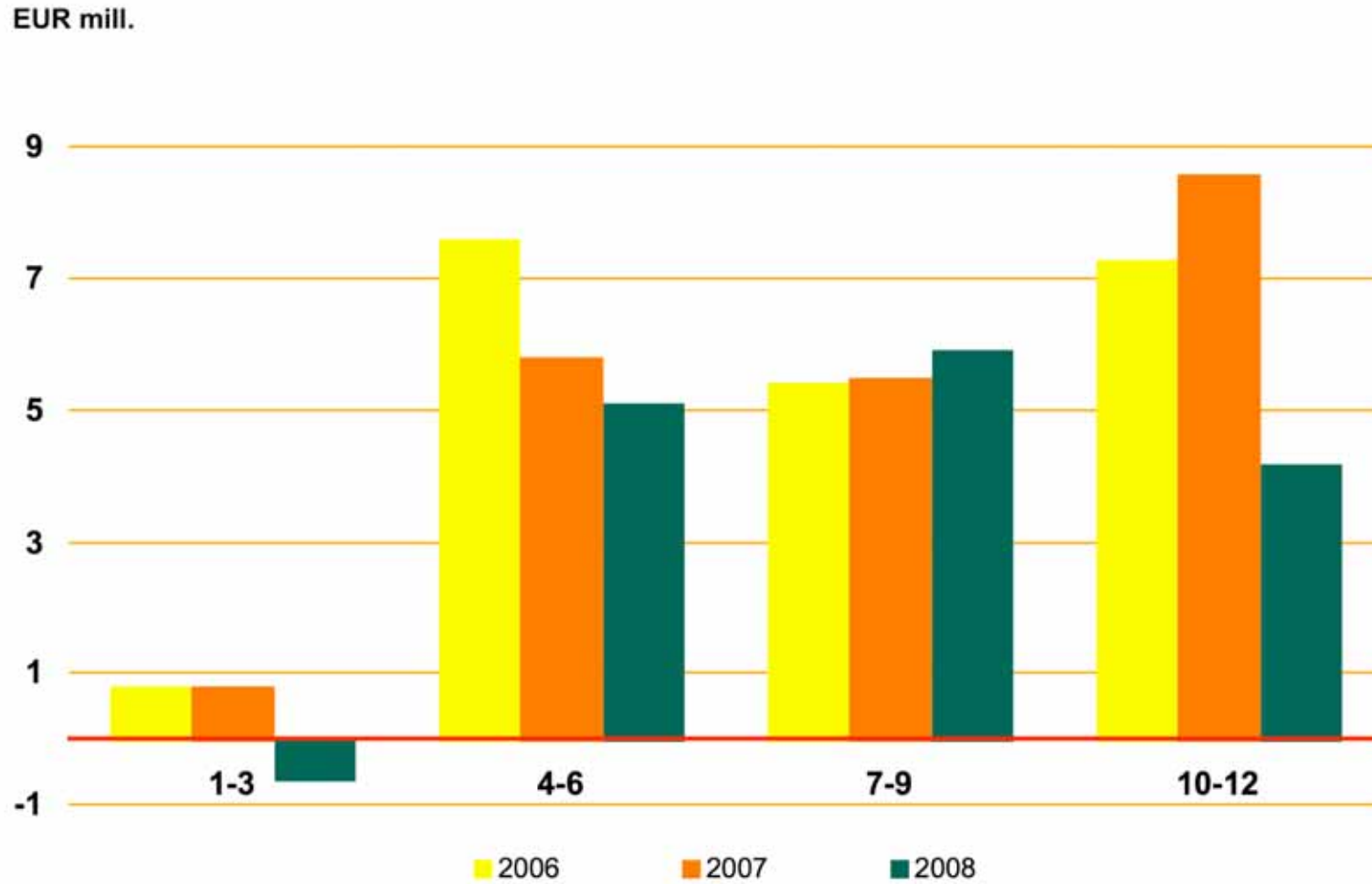
ROCE %, Seppälä



* Capital employed includes goodwill EUR 65 mill. from Lindex acquisition



Operating profit, Seppälä





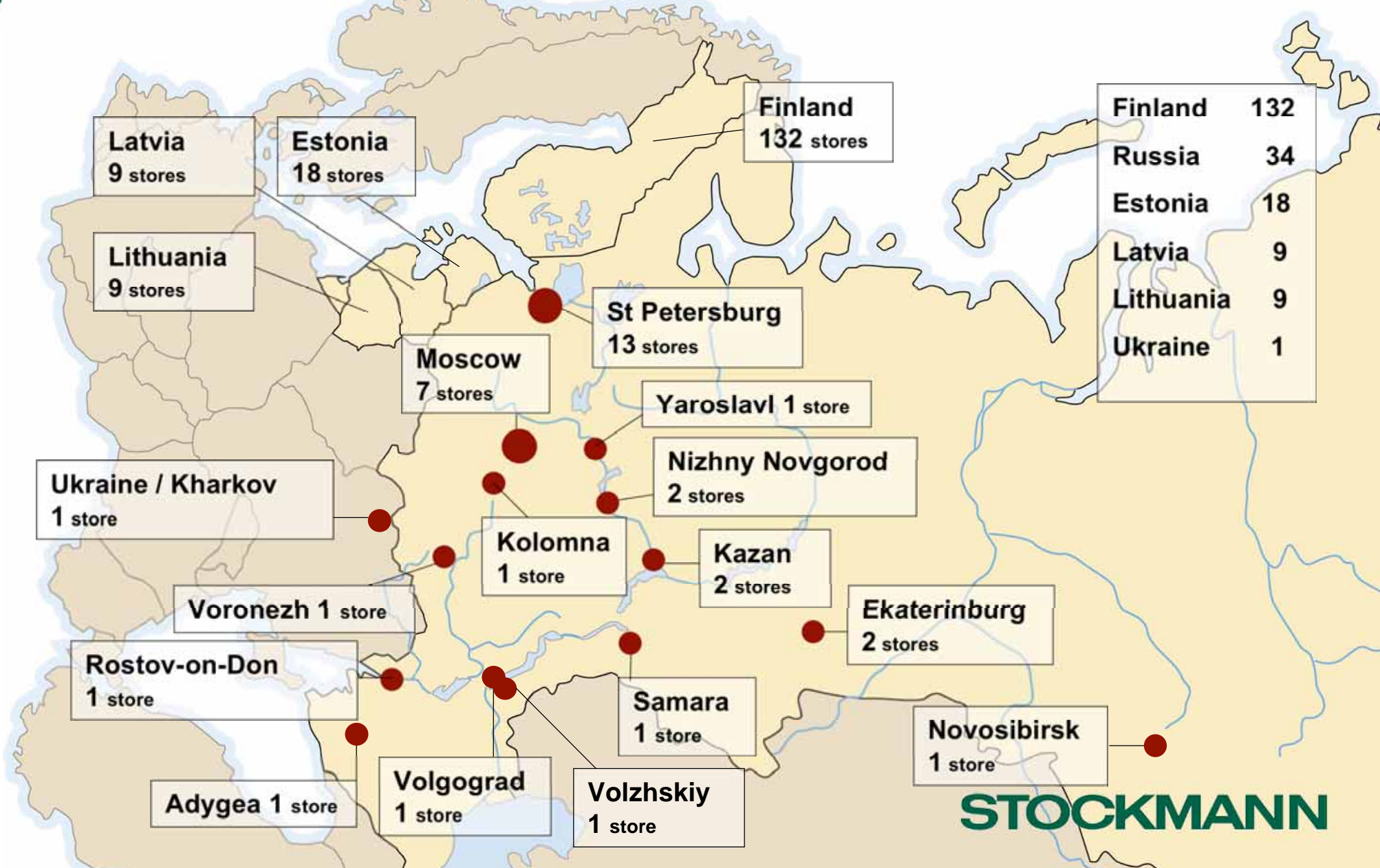
Outlook for 2009, Seppälä

- **Profitability to stay at good level**
 - moderate investment program
 - approximately 10 new stores
 - less advance purchases than last year
 - cost cuts in every sector
- **Current financial climate gives more potential for medium and lower price categories**
- **Seppälä's concept works well in the current market situation**
 - famous for good prices
 - good and even improved fashion image
 - attracts a much wider target group of women than earlier
 - strong product and concept development within the past two years including collections, stores, CRM and customer service





Seppälä has 203 stores in over a hundred cities in six countries





Seppälä is the most well-known fashion chain in Finland

- **Seppälä has become increasingly well-known**
- **Seppälä is the second most attractive location for fashion shopping in Finland. In the Helsinki metropolitan area the attractiveness has increased by nearly 30% during the autumn**
- **Every sixth Finnish woman aged 15-55 years has shopped in Seppälä during the past month**
- **Seppälä is appreciated especially for pleasant shopping in the store and the price/quality ratio of the clothes**
- **The launching of the Seppälä By collections in September increased interest and attractiveness of Seppälä in all age groups. Seppälä's image for fashionable and good-looking clothes strengthened clearly.**

*Source: Seppälä Brand Tracking November 2008
(target group women aged 15–55 years nationwide).*



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HOBBY HALL



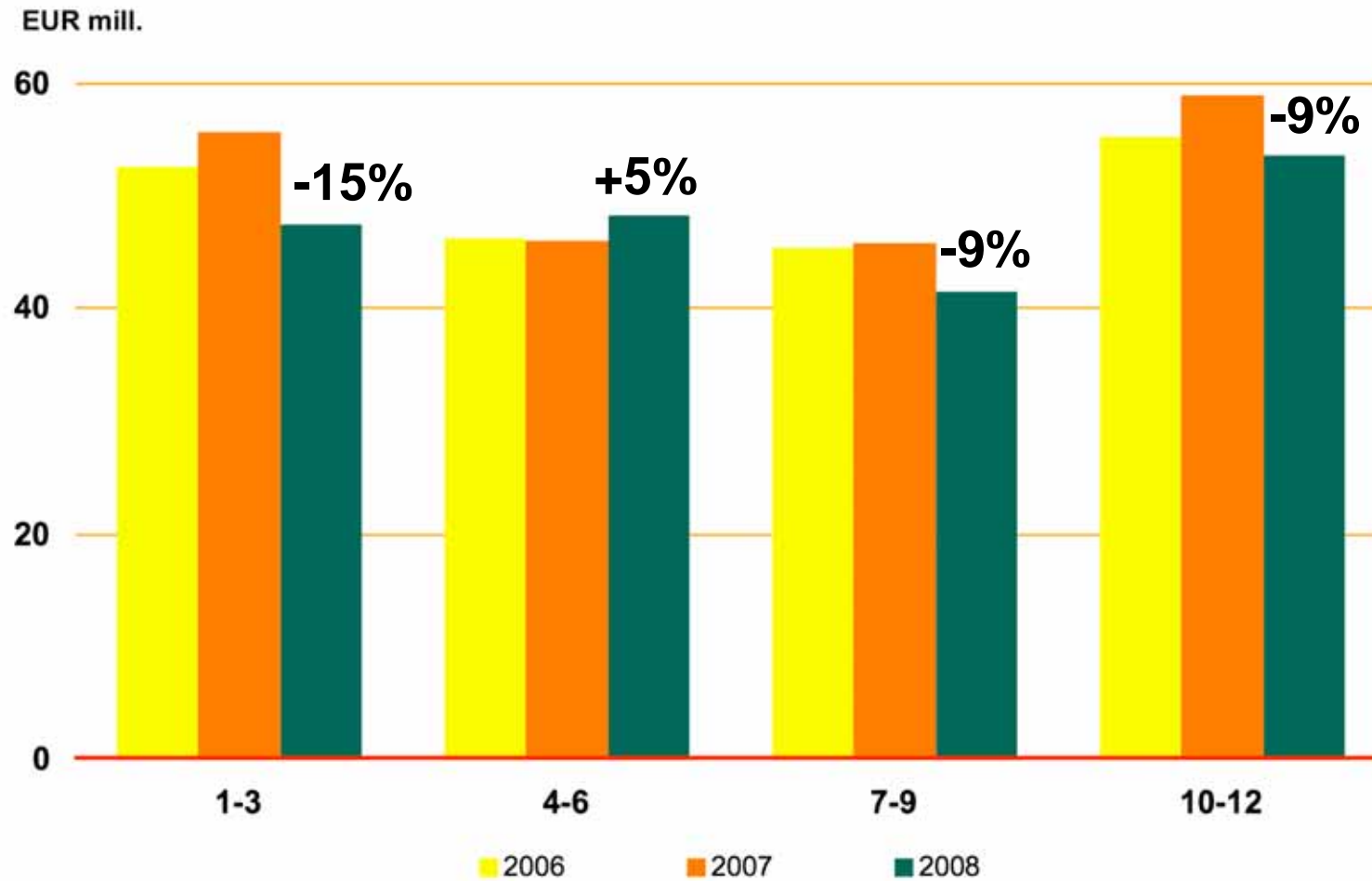
Sales 2008

- **Total sales EUR 191.0 mill., -7%**
 - sales in Finland EUR 157.4 mill., -7%
 - sales abroad EUR 33.6 mill., -12%,
 - sales in Lithuania started well and the result was even better than expected
 - sales in Lithuania +27%
- **Share of sales abroad 18%**
- **Sales decrease mainly due to electronic products, for which the total market has diminished and the general price trend has been on the decline**
- **The share of online sales of the total distance sales was:**
 - in Finland 65%
 - in Estonia 40%



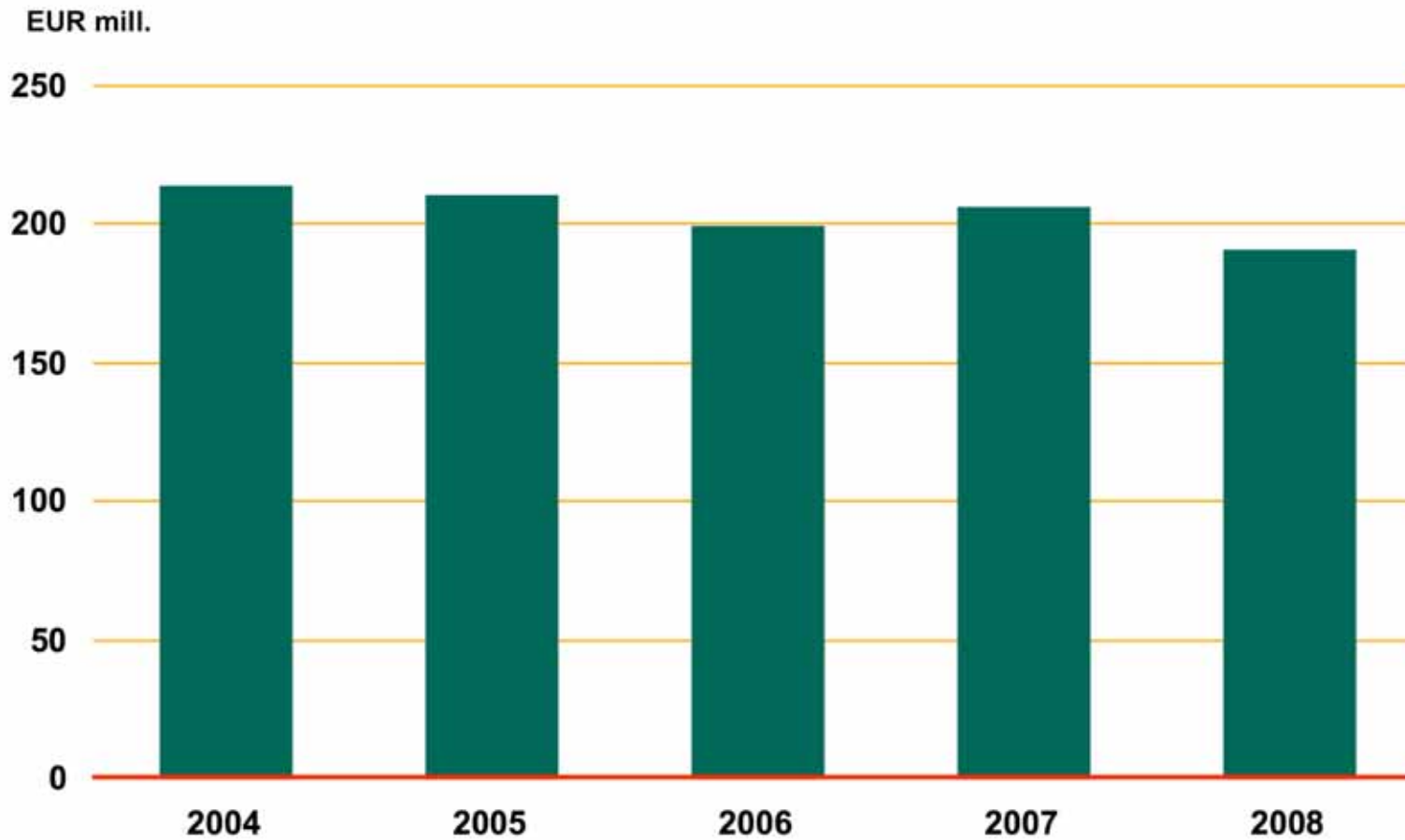


Sales, Hobby Hall



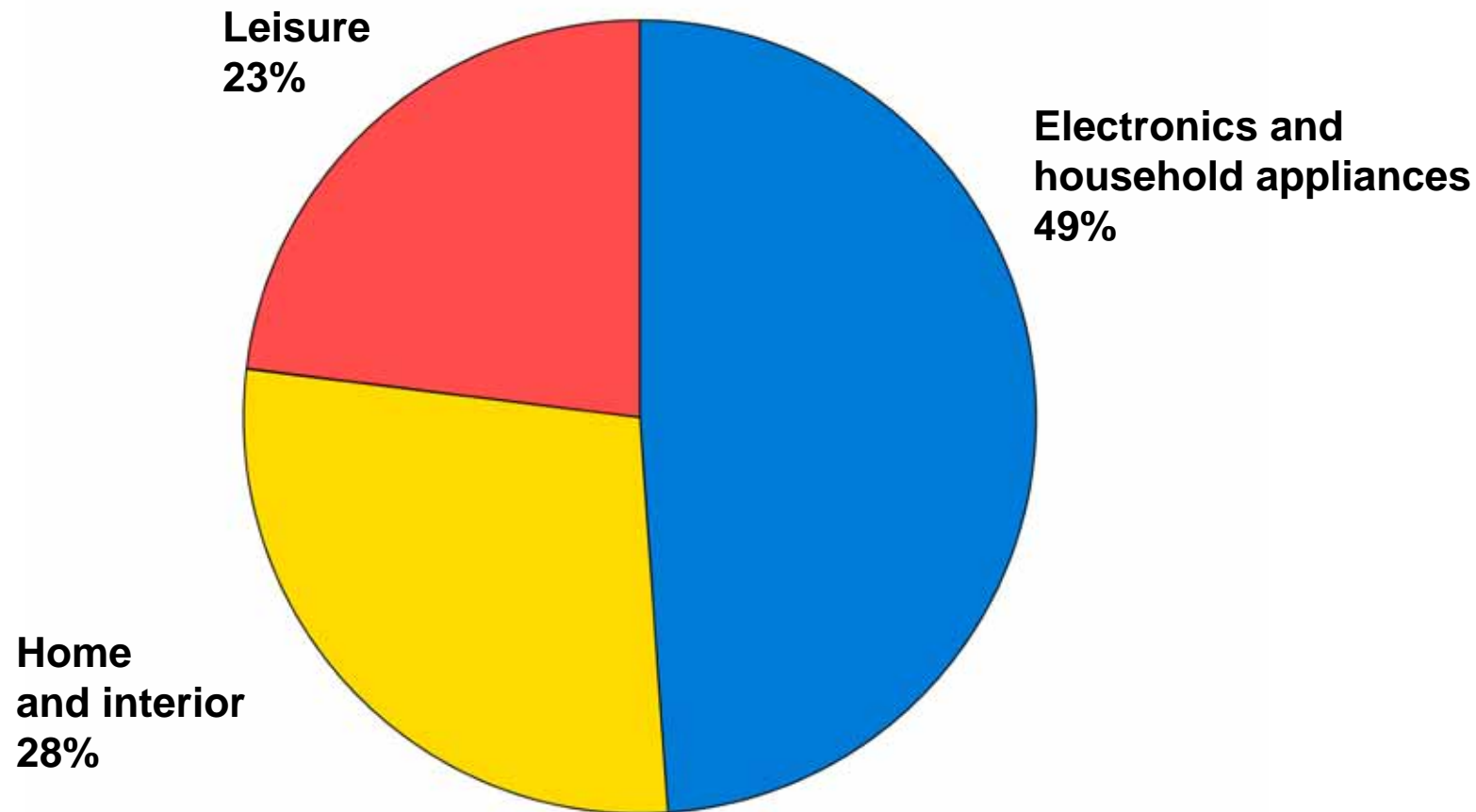


Sales development, Hobby Hall





Sales by merchandise sector 2008





Operating profit 2008

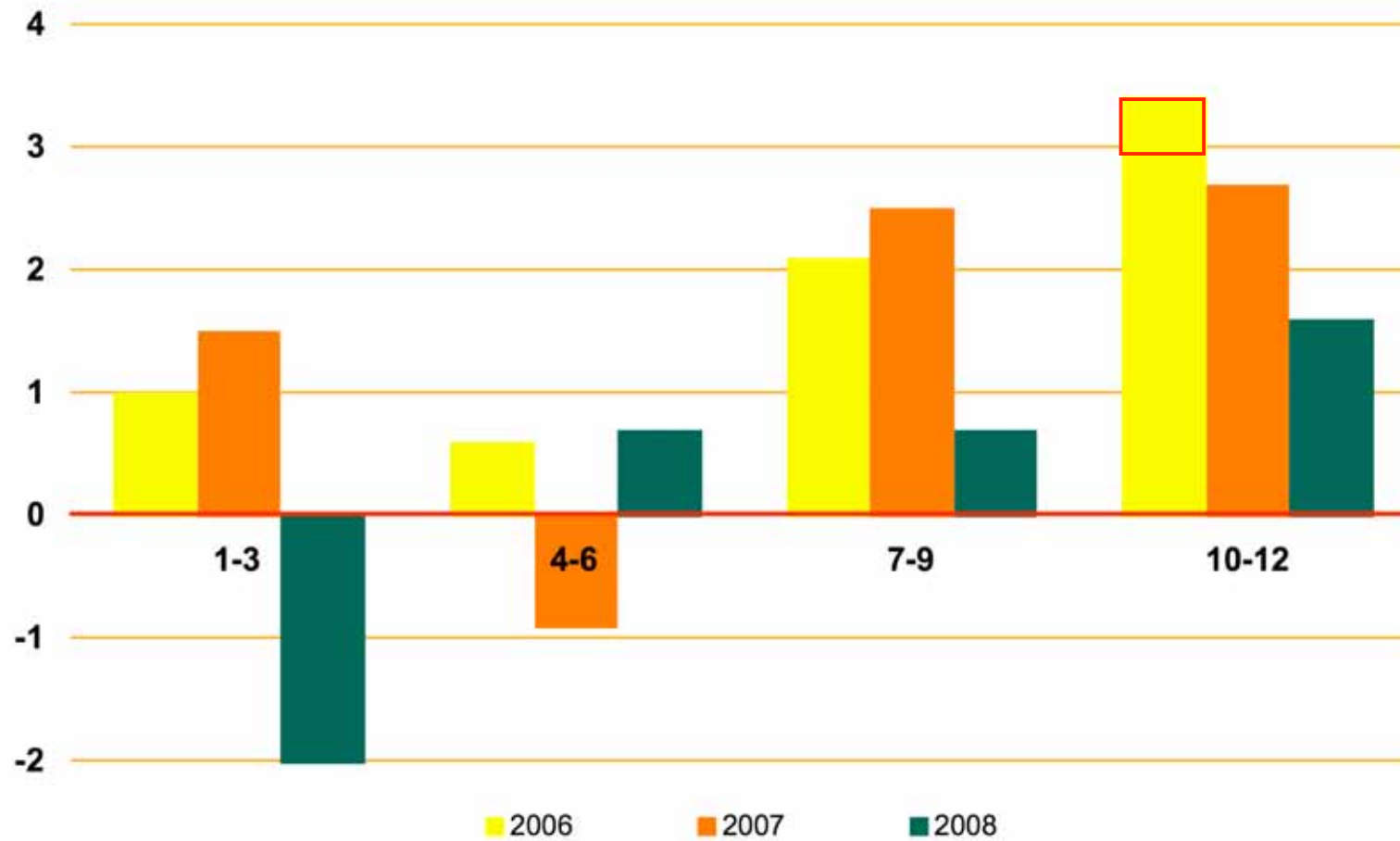
- **Operating profit EUR 0.8 mill., down 86%**
 - sales decreased by 7%
 - the operating loss for the business in Russia;
operations in Russia were discontinued as from the start of 2009





Operating profit, Hobby Hall

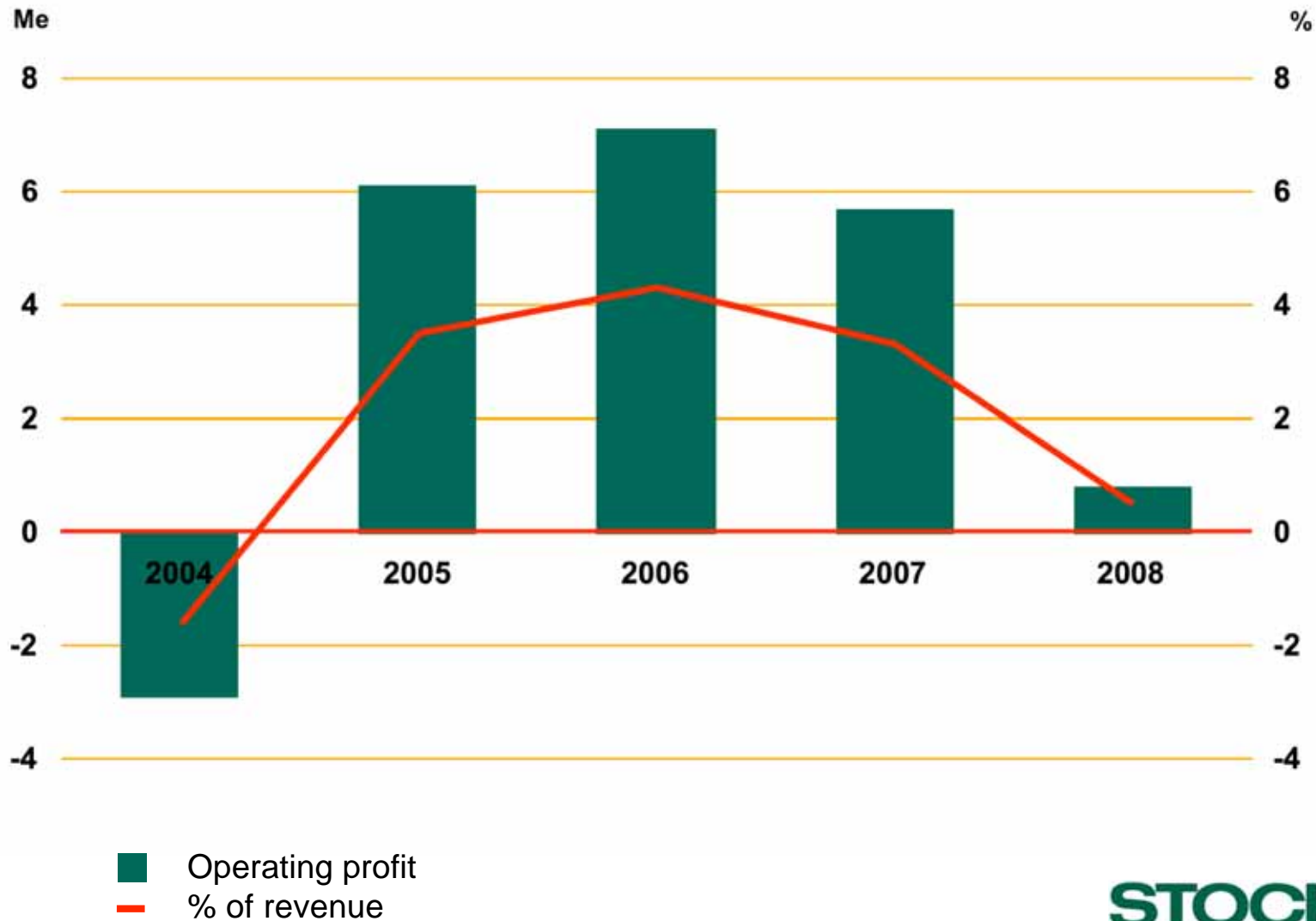
EUR mill.



Other operating income

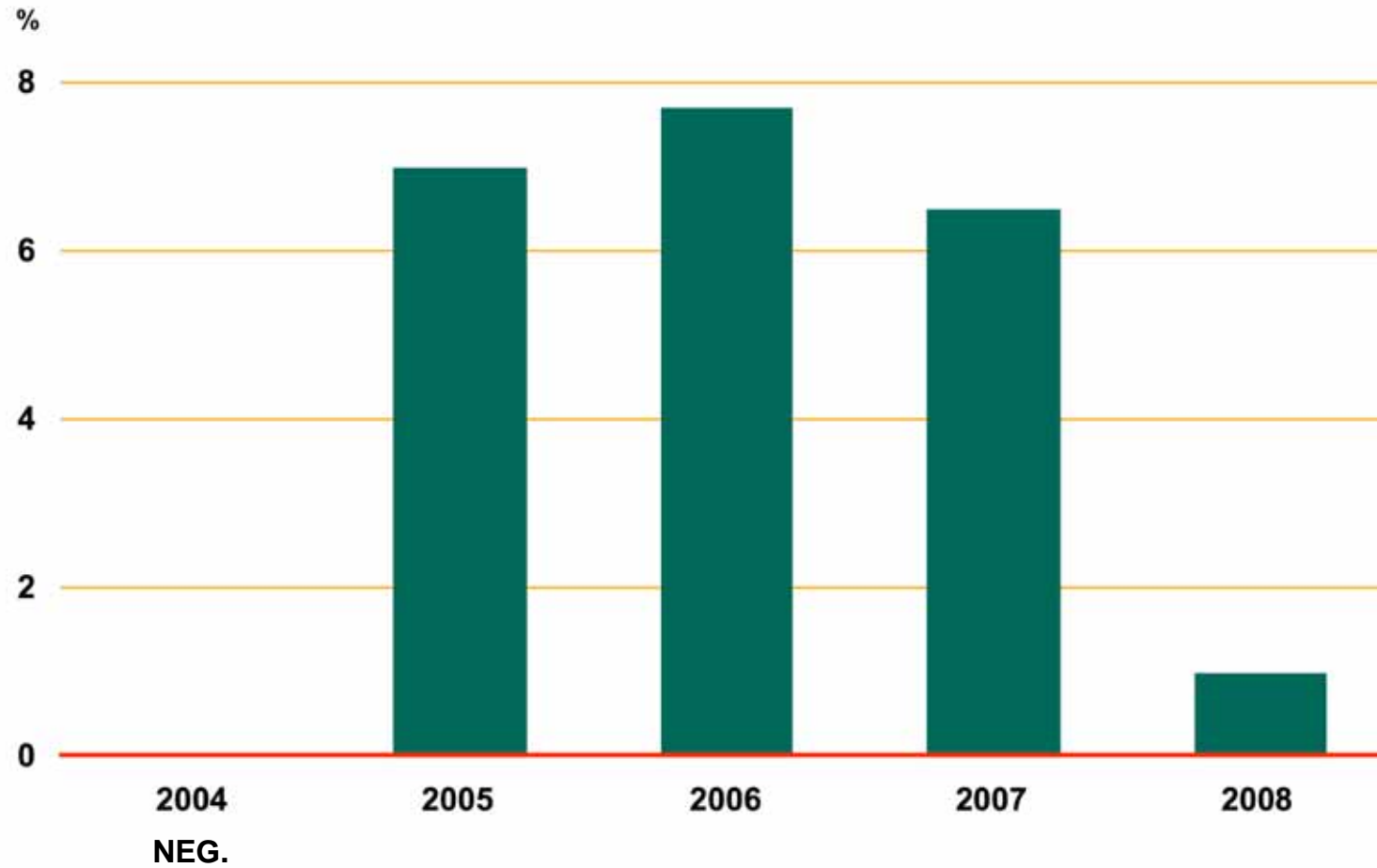


Development of operating profit, Hobby Hall





ROCE %, Hobby Hall





Outlook for 2009

- **Hobby Hall to be integrated with the Department Store Division from the beginning of 2010**
- **During 2009 all Hobby Hall operations are facing an integration process seeking for the best practices and efficiency before becoming part of the Department Store Division**
- **New features in the web store will be launched during spring/summer 2009**
- **The main target is to improve profitability**

