



STOCKMANN

Financial Statements, February 7, 2008

Hannu Penttilä
CEO



Stockmann Group in 2007

1.

- **Aquisition of Lindex is a start for accelerated growth**
 - **strong position in the Nordic countries**
 - **opportunities for growth in Russia, the Baltic Countries & Eastern Europe**
 - **over 16 000 employees in eight countries**
- **Strong expansion of the "Old Stockmann" continued in all markets according to strategy**
- **Sales increased by 13 per cent to EUR 1 668 mill. (pro forma EUR 2.3 bill.)**
- **Growth 4 per cent in Finland and 40 per cent abroad**
- **The share of sales generated outside Finland grew to 30 percent (pro forma 47 per cent)**
- **Profit before taxes from continuing operations increased by 20 per cent to EUR 119.4 mill.**
- **EPS EUR 1.59**



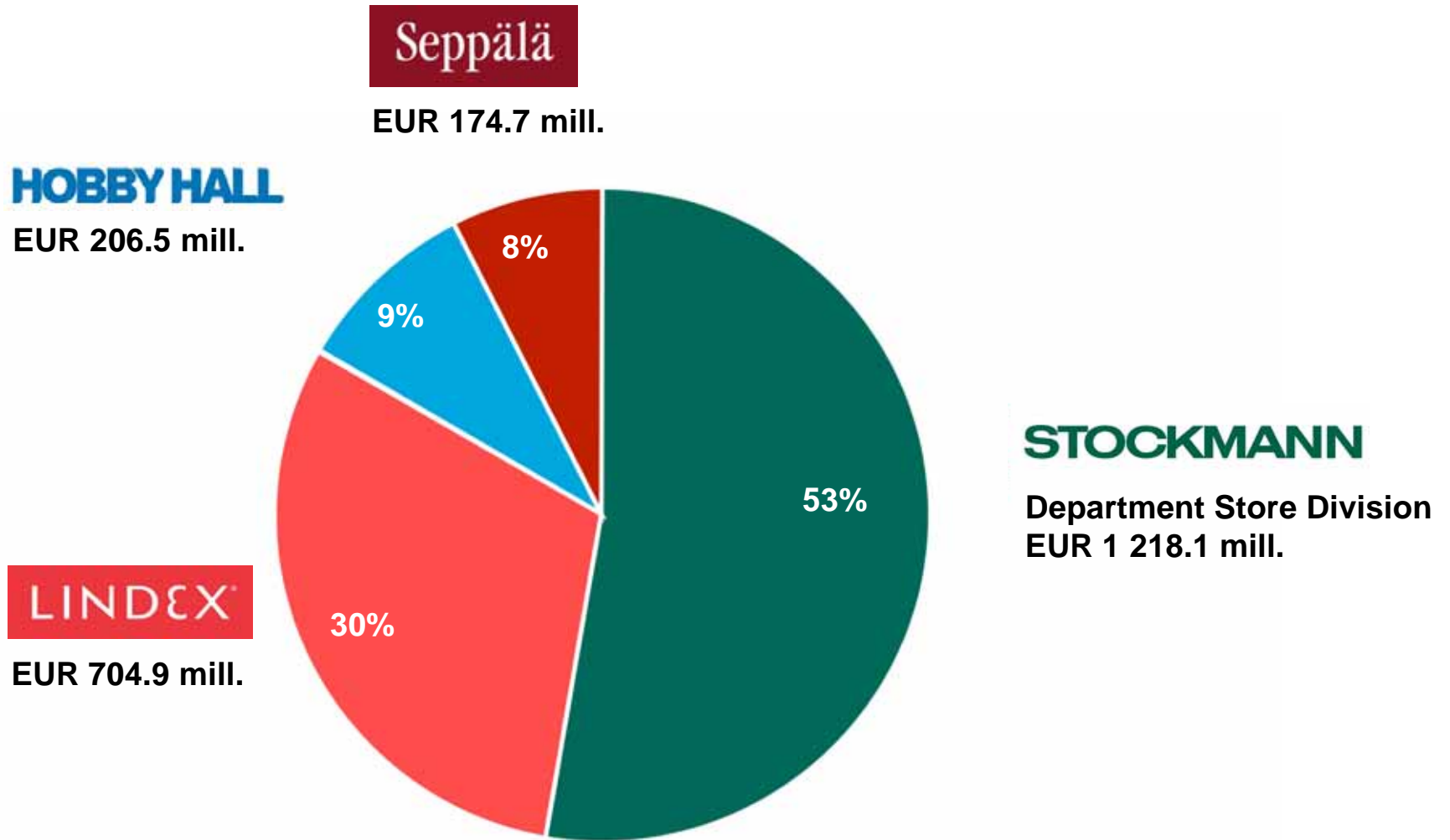
Stockmann Group in 2007

2.

- **The Department Store Division's operating profit increased clearly and was EUR 91.8 mill. (EUR 79.5 mill. 2007)**
- **Seppälä's operating profit EUR 20.7 mill. (EUR 21.1 mill.) was at the previous year's level despite of strong expansion**
- **Hobby Hall's operating profit EUR 5.7 mill. (EUR 7.1 mill.) was burdened by expansion costs to new markets and the start of the new IT-system**
- **Lindex contributed well in December and showed an operating profit of EUR 15 mill.**
- **The Stockmann Group's earnings increased clearly in Finland and in the Baltic Countries but fell in Russia as a consequence of fast expansion and problems with the customs clearance during the first half of the year**
- **Gross margin increased in all divisions and the Group's relative gross margin was 43.4 per cent (40.5 per cent)**
- **Investments 2007 were EUR 977 mill. (Lindex EUR 851 mill.)**



Pro forma sales 2007 EUR 2.3 billion



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Consolidated income statement

	1.1.–31.12.2007		1.1.–31.12.2006			
	Continuing operations	%	Continuing operations	Discontinued operations	Total	%
Sales	1 668.3		1 477.8	74.8	1 552.6	
Revenue	1 398.2	100.0	1 239.6	61.1	1 300.7	100.0
Other operating income	9.7	0.7	5.1	29.3	34.4	2.6
Total expenses	1 282.7	91.7	1 144.8	60.8	1 205.6	92.7
Operating profit	125.2	9.0	99.9	29.6	129.5	10.0
Financial income and expenses	-5.7	-0.4	-0.5	0.0	-0.6	0.0
Profit before taxes	119.4	8.5	99.4	29.6	128.9	9.9
Income taxes	31.1	2.2	24.2	0.1	24.3	1.9
Profit for the period	88.4	6.3	75.2	29.5	104.7	8.0



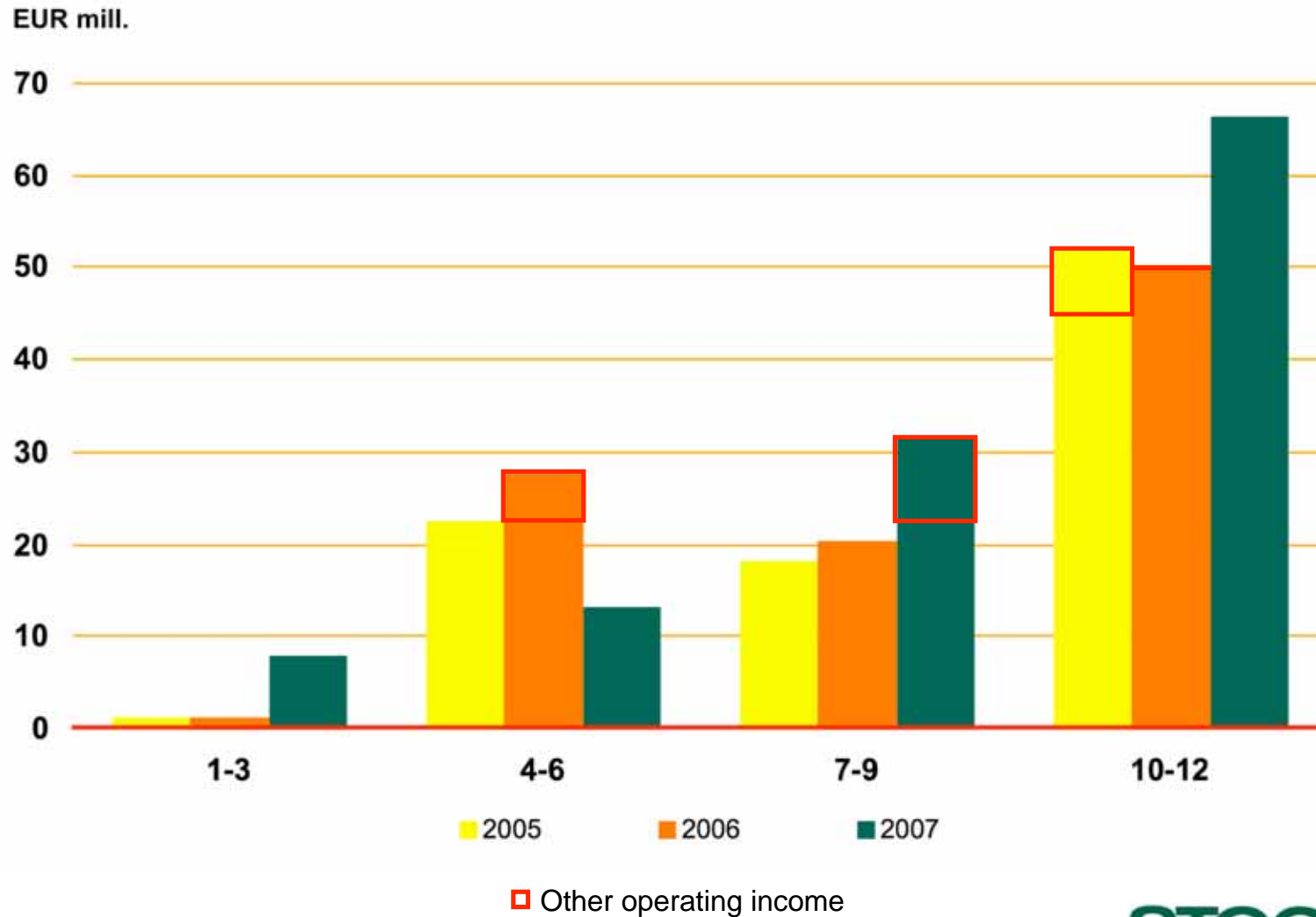
Key figures

		1-12/07	1-12/06*	Change %
Sales	EUR mill.	1 668.3	1 552.6	7.4
Revenue	EUR mill.	1 398.2	1 300.7	7.5
Other operating income	EUR mill.	9.7	34.4	-71.9
Profit before taxes	EUR mill.	119.4	128.9	-7.4
Investments	EUR mill.	977.4	125.5	678.9
Total assets	EUR mill.	1 823.7	767.6	137.6
Market capitalization	EUR mill.	1 659.8	2 028.6	-18.2
Earnings per share, undiluted	EUR	1.59	1.93	-17.6
Earnings per share, diluted	EUR	1.58	1.90	-16.6
Equity ratio	%	32.6	74.5	
ROCE, over rolling 12 months	%	12.1	22.9	

* Includes discontinued operations

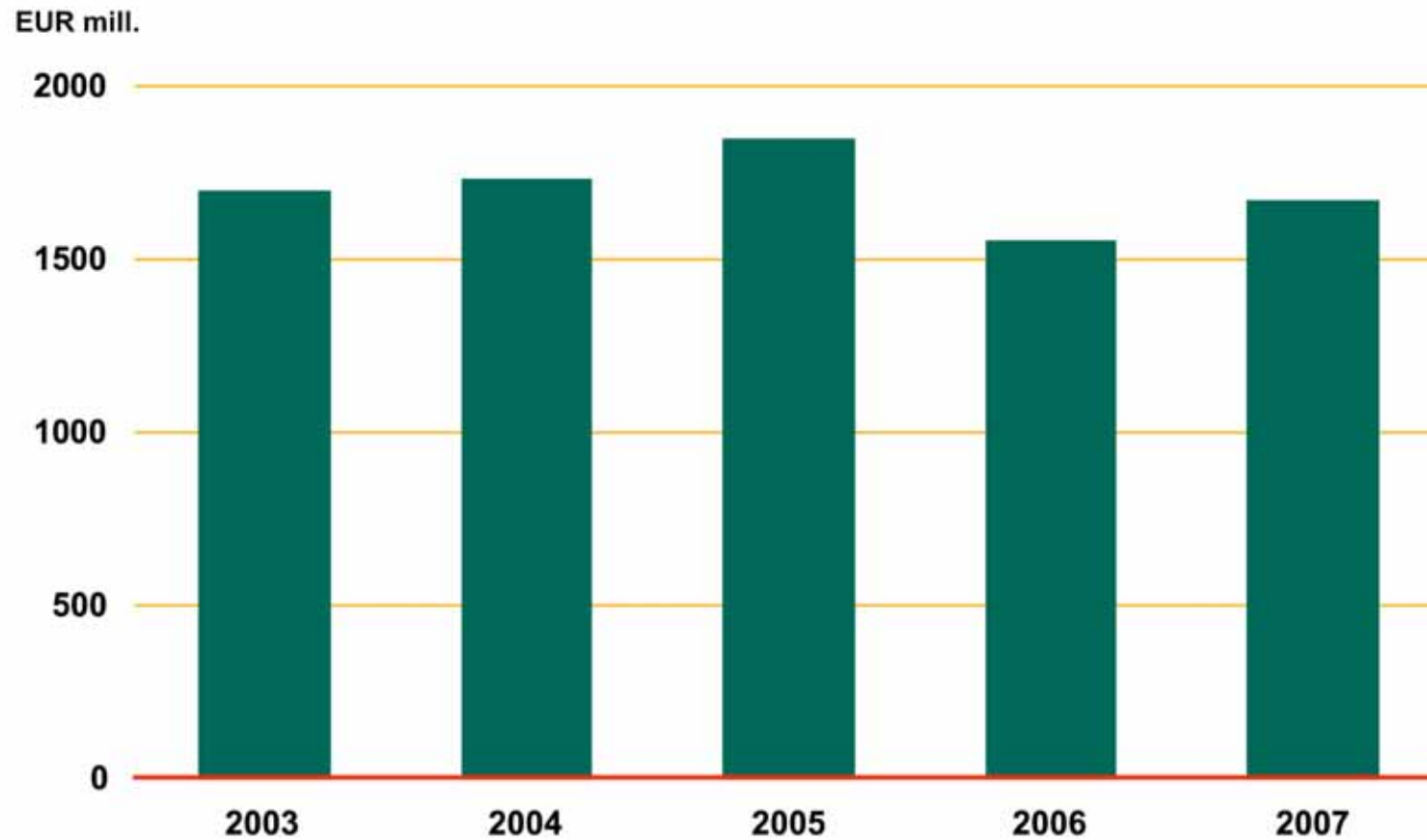


Group profit before taxes, continuing operations





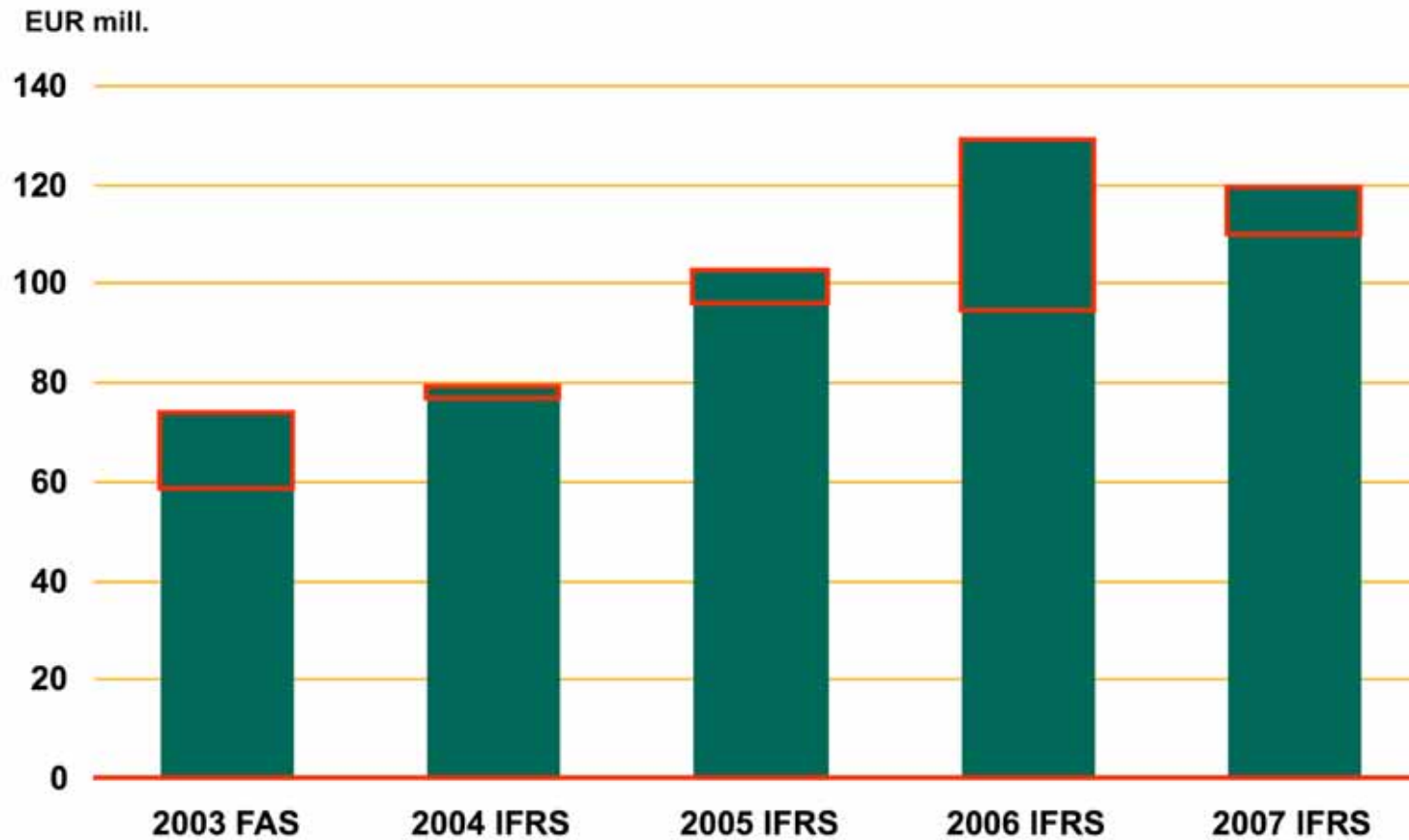
Group sales



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Group profit before taxes



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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Board's proposal to AGM

- **Stockmann continues to pay good dividends, DPS EUR 1.35 (EUR 1.30 in 2006), i.e. 85% of EPS**
- **Authorization for share issue max. 15 million shares**
 - **stock market is volatile at the moment**
 - **there is no immediate need to organize share issue under unfavourable market circumstances**
- **Share option programme for Loyal Customers based on purchases 2008–2009**



Outlook for 2008

1.

- **Integration of Lindex and Stockmann one of the key objectives for 2008**
 - the project has got a promising start
 - the first Lindex stores in Russia will be opened during the second half of the year
- **Expansion of the "Old Stockmann" continues according to strategy**
- **New department store (number 6 in Moscow) to be opened in 2010 in Rostokino shopping mall**
- **Uncertainty in the financial market has not markedly reflected on consumer demand in Stockmann's markets**
- **Growth of private consumption will continue and it will be faster in the Baltic Countries and Russia than in the Nordic markets**
- **Lindex will be a part of Stockmann for the whole year 2008**



Outlook for 2008

2.

- **Sales by all divisions is expected to grow**
- **This means a strong growth for the Stockmann Group, sales are expected to be approximately EUR 2.4–2.5 billion**
- **Operating profit from continuing operations is expected to increase and all divisions to improve their operating profit**
- **Financial costs increase markedly as a consequence of the Lindex acquisition**
- **Target is to improve the profit compared to profit of 2007**
- **First-quarter result will be loss-making and smaller than 1Q in 2007 due to timing of a promotion and a non-recurring imputed cost in accordance with IFRS**
- **Second quarter will be markedly better than in 2007**

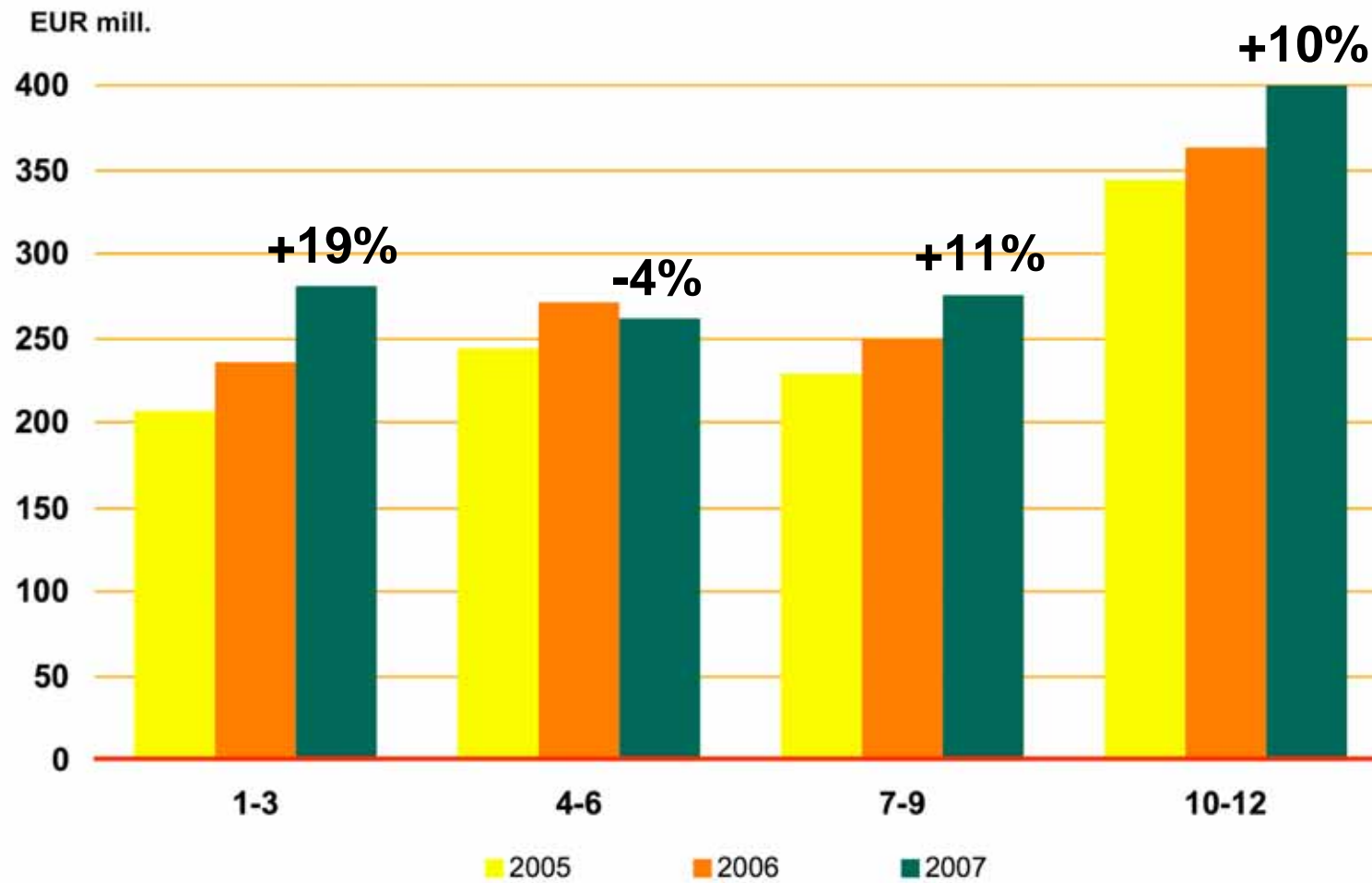
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Department Store Division

Heikki Väänänen
Executive Vice President



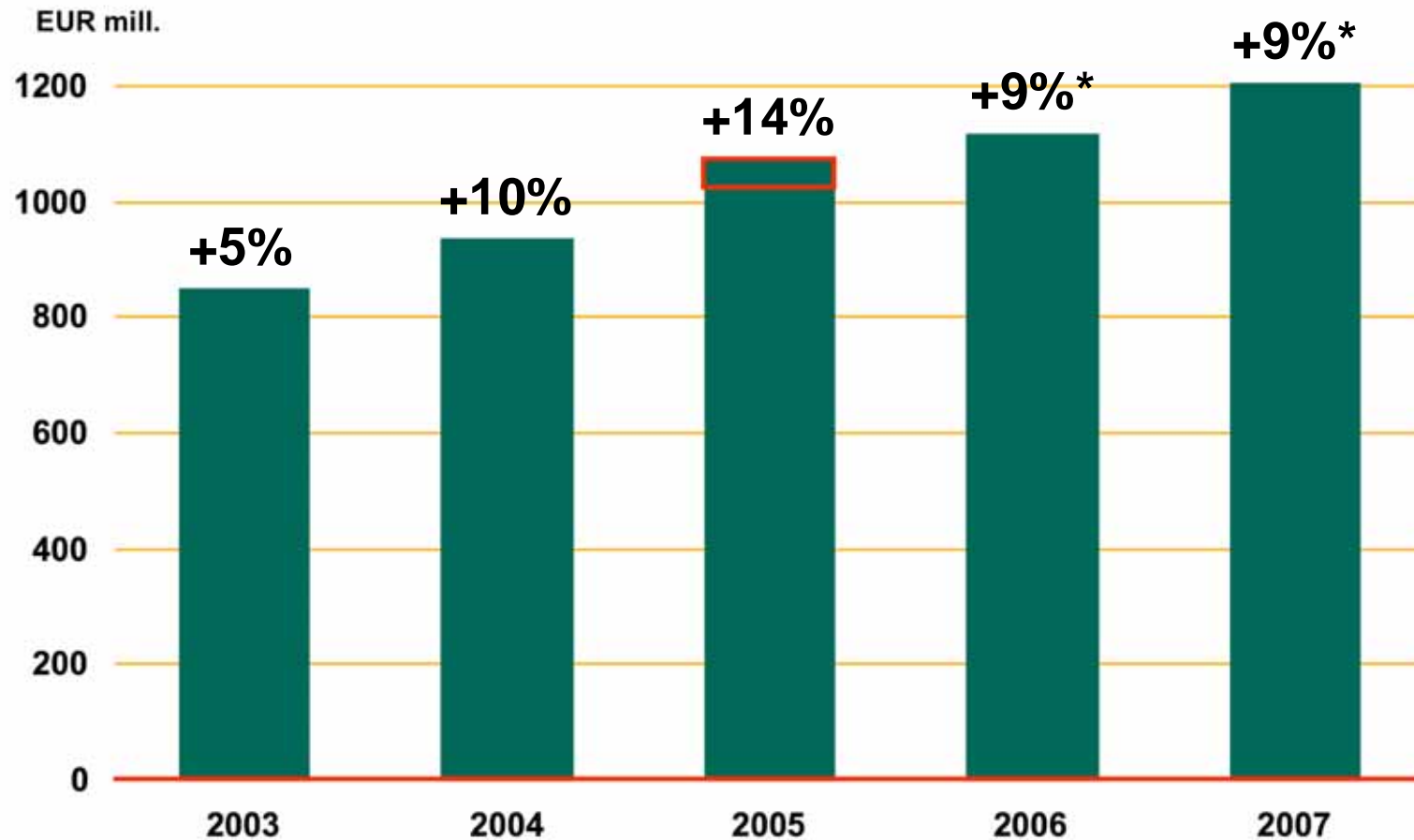
Sales Department Store Division



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Development of sales Department Store Division



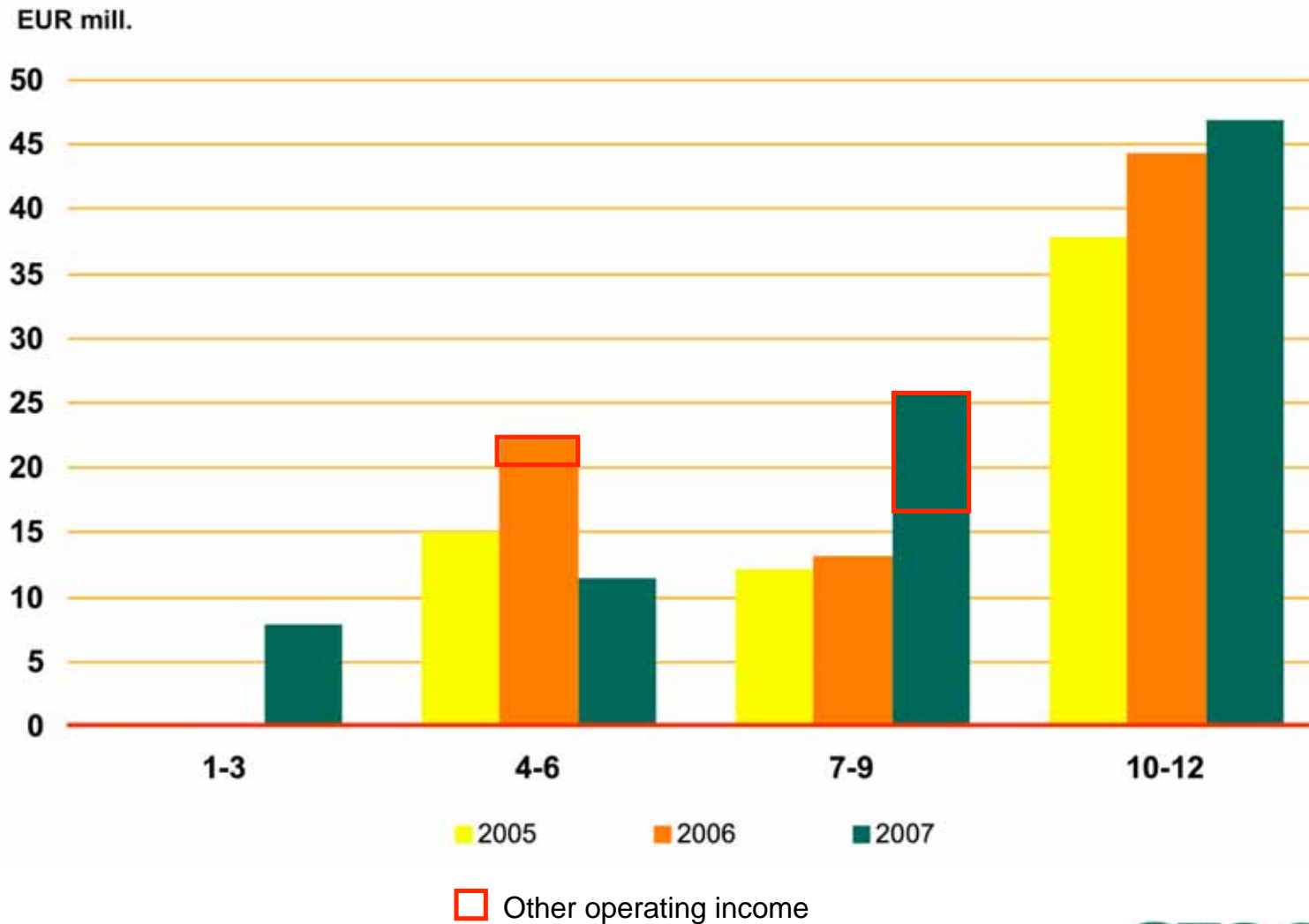
□ Sales by the Zara business in Russia that was divested at the beginning of 2006

* Continuing operations

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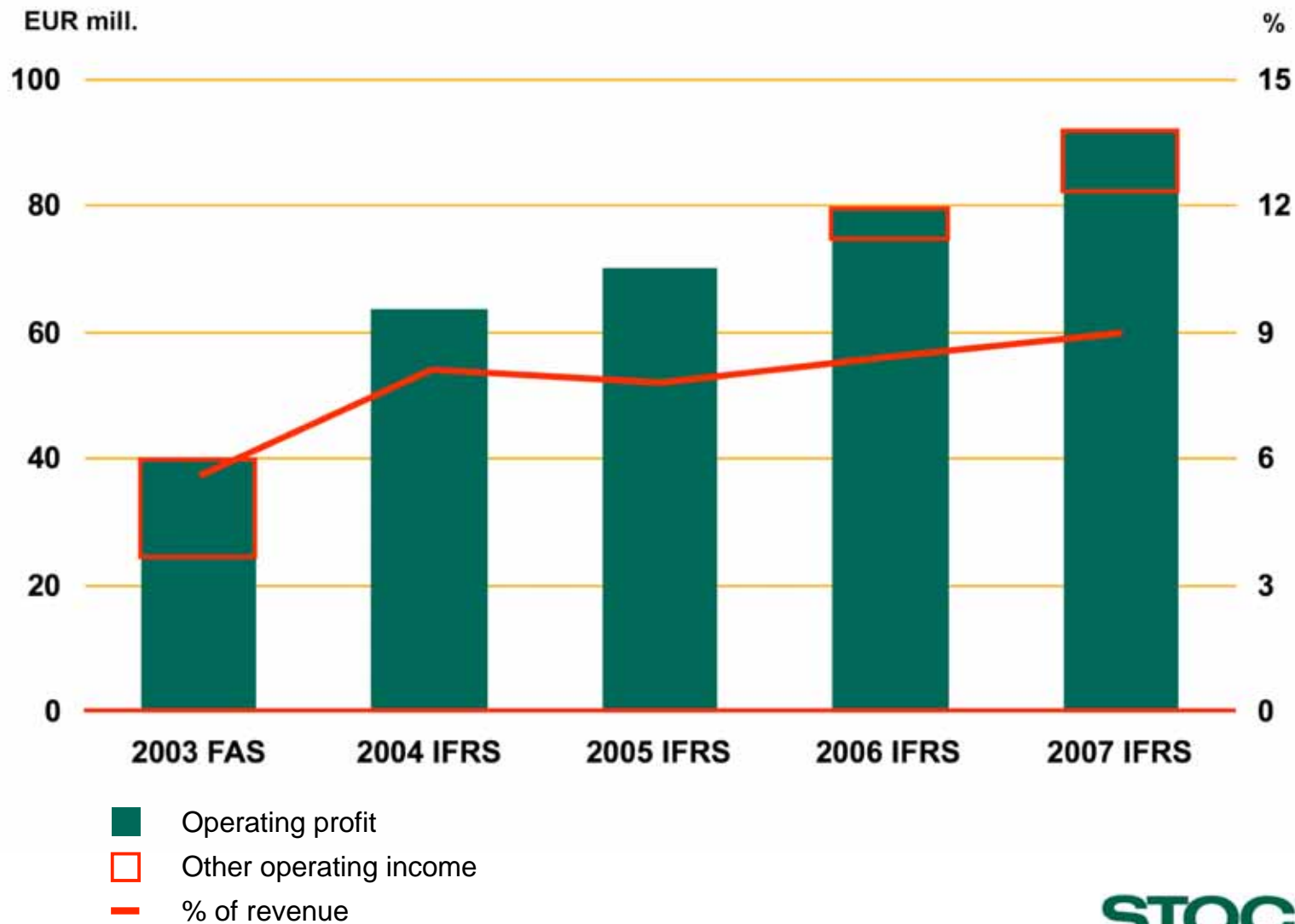


Operating profit Department Store Division



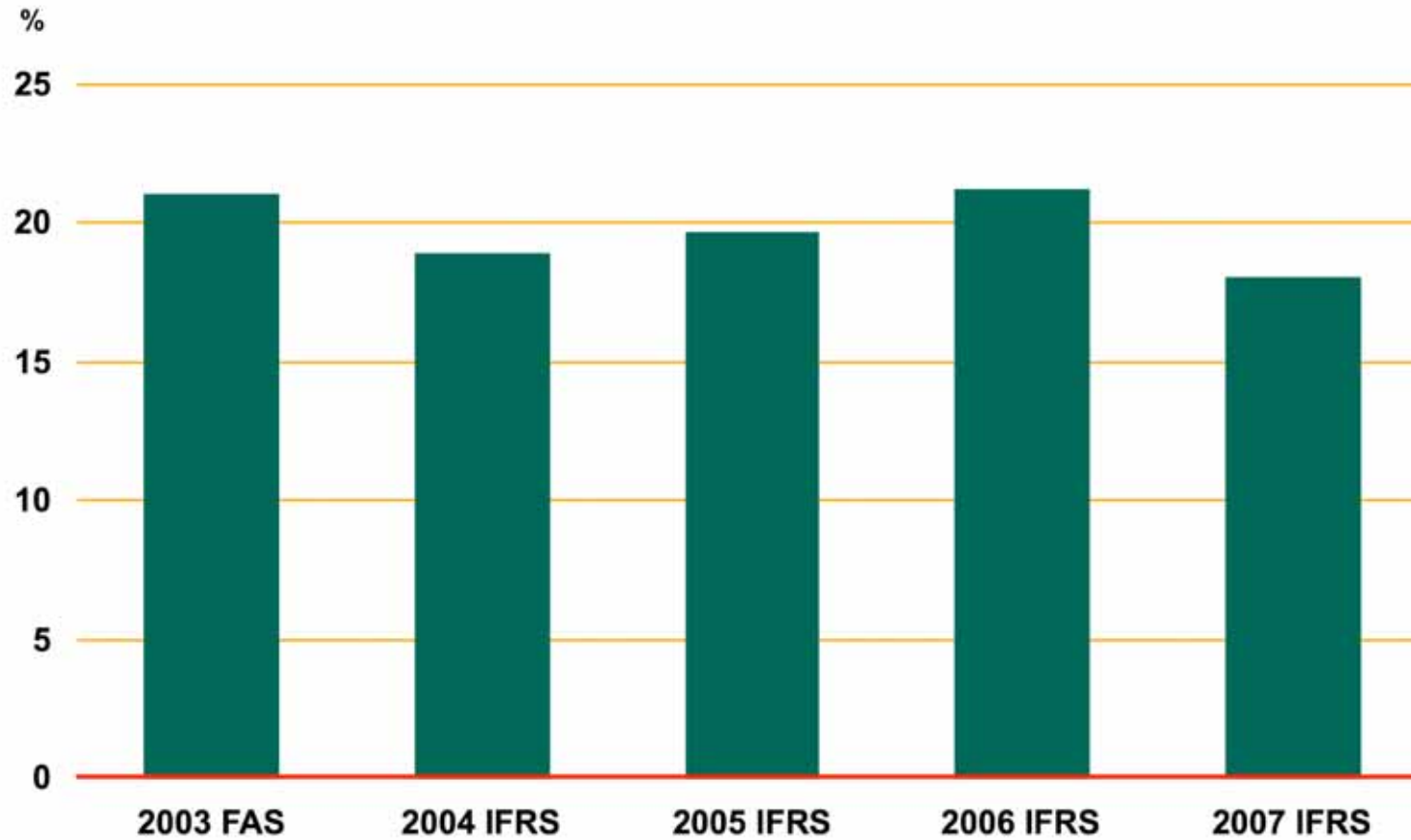


Development of operating profit Department Store Division





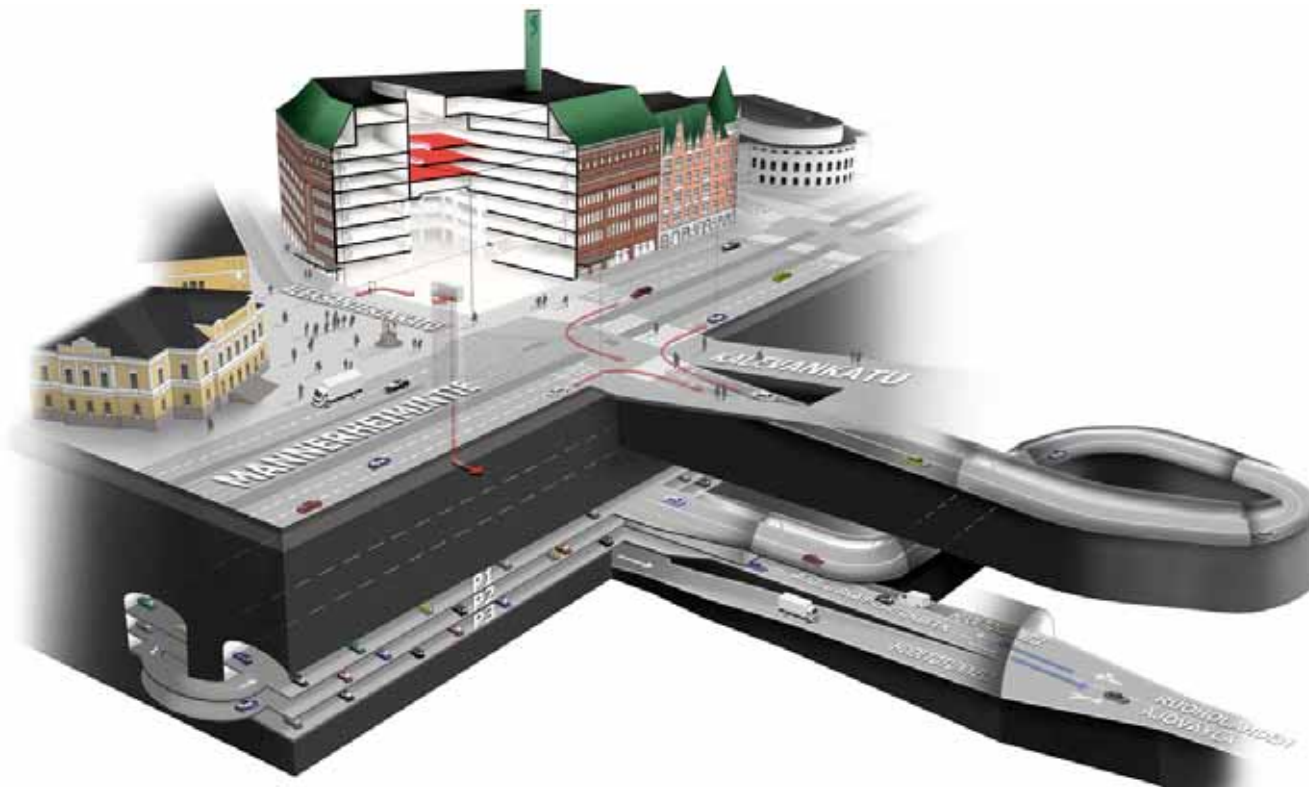
ROCE % Department Store Division





Renovation and enlargement of the Helsinki centre department store

- **The renovation within the department store building has been mainly completed; henceforth, the construction works are mostly focused on the enlargement part**
- **Cost estimate for the enlargement part is EUR 190 mill.**
- **The enlargement will be completed phase by phase and it will be ready to welcome the customers in 2010**



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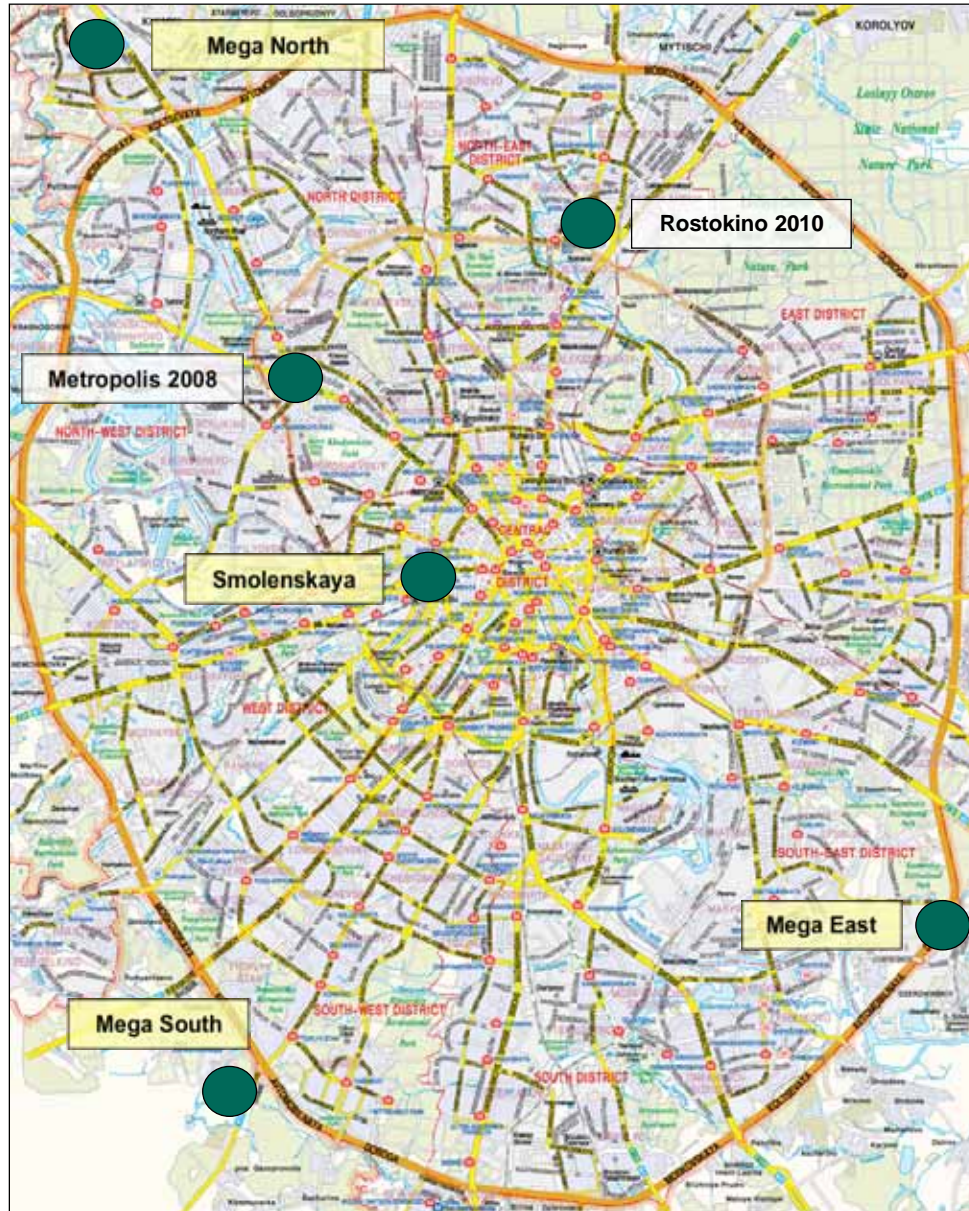
St Petersburg project

- **Piling and foundation works progress according to the plans**
- **The building will be completed towards the end of 2009**
- **Cost estimate is EUR 170 mill.**





Rostokino, the sixth department store in Moscow



- The Rostokino shopping centre is the largest in Moscow
- We have signed a lease agreement of a 12 000 square metre department store
- Opening in 2010



Department Store Division's speciality chains





Outlook for 2008

- **Sales anticipated to grow in all markets**
- **Opening of a fifth department store in Moscow**
- **5–10 speciality stores to be opened in Russia**
- **Operating profit on ordinary operations estimated to improve in 2008**

The logo consists of the word "LINDEX" in a white, bold, sans-serif font, with a registered trademark symbol (®) to the upper right of the "X". The text is centered within a solid red rectangular background.

LINDEX®

Göran Bille
CEO



Major events in 2007

- **Continued focus on the supply chain development**
- **Increased focus of ladies' wear**
- **Entered two new markets**
- **Started up the new Distribution Center in Gothenburg**
- **New ownership**
- **Complete closing of the Germany operations**
- **E-commerce**

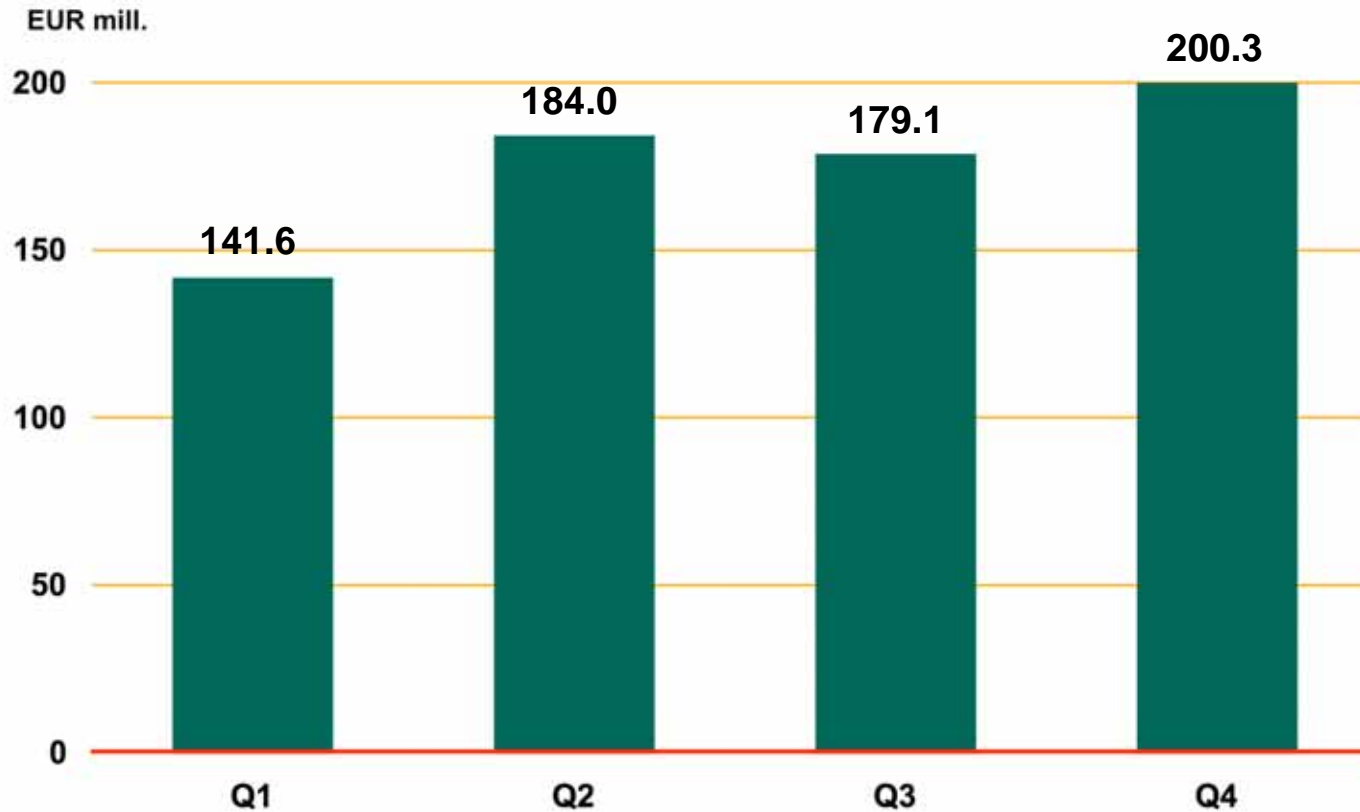


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Sales 2007 pro forma
EUR 704.9 mill.

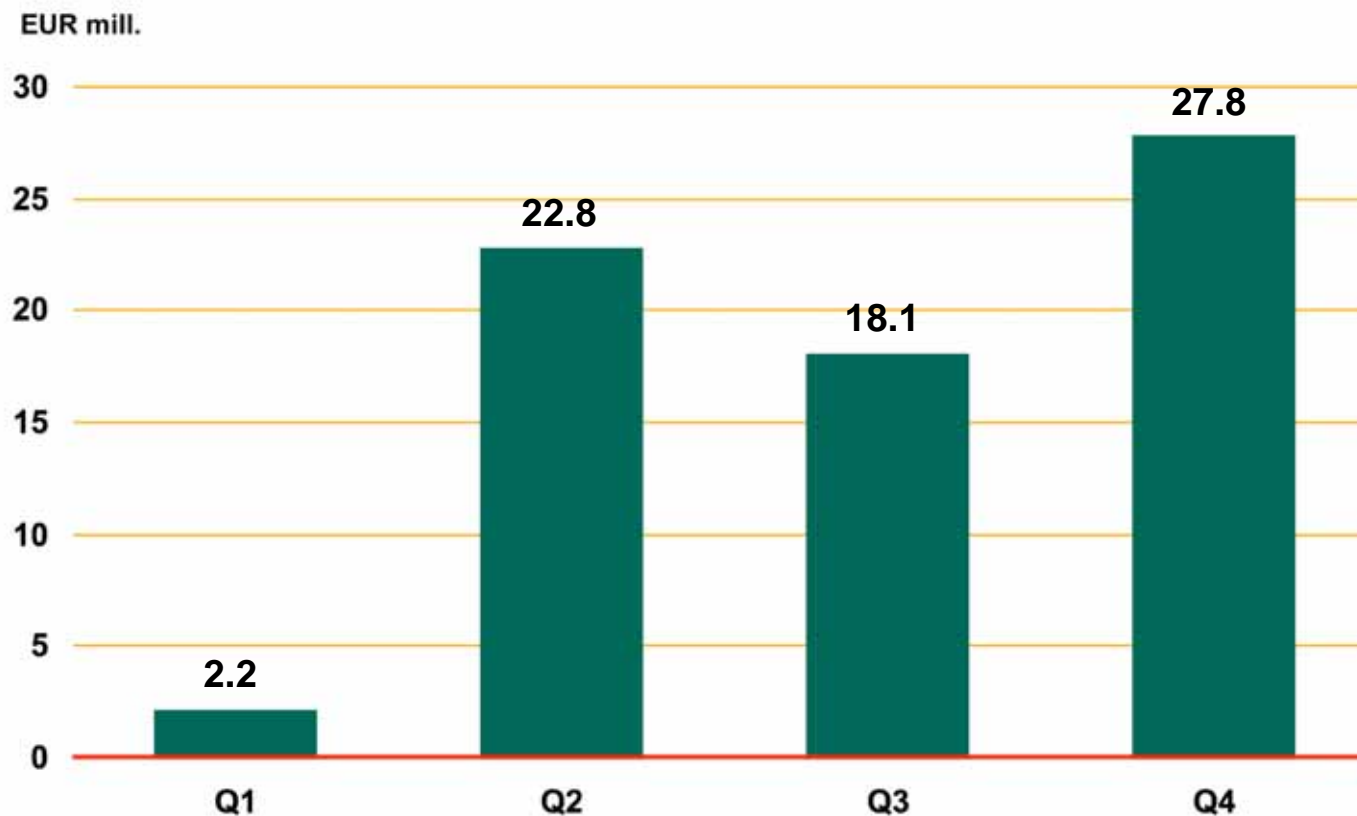
**Increased sales in all countries:
Sweden 6%, Norway 5%, Finland 2%, Estonia 63%, Latvia 138%**





Operating Profit 2007 pro forma EUR 70.9 mill.

- Pro forma 2007 does not include non-recurring items
- The financial goal of 14–15% EBITA in 2009 is maintained





Expansion – New Store Development

New markets:

- 2 new stores in Lithuania
- 1 new Store in the Czech Republic

Existing markets:

- 1 new store in Estonia
- 1 new store in Latvia
- 4 new stores in Norway
- 2 new stores in Sweden





Sales increases in all business areas

- In 2007, Lindex sales increased in all business areas:
 - ladies' wear (+7,2%)
 - lingerie (+2,9%)
 - children's wear (+5,9%)
 - cosmetics (+21,5%)
- Increased market share in Sweden





Future challenges and outlook for 2008

- **Continued fashion focus**
- **Expansion Russia**
- **Continued expansion in Central Europe**
- **Distribution Center**
- **Increase of sales**
- **Opening of 20–25 new stores**
- **Operating profit higher than 2007**



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Seppälä

Terhi Okkonen
Managing Director



Sales 2007

- **EUR 174.7 mill., up 11%**
 - **sales up 49% abroad**
 - **sales in Finland at the previous year's level**
 - **the share of sales abroad of the total sales increased to 30%**



Strong expansion in Russia continues

- **11 new stores in Russia**
 - **a store was opened in three new million plus cities: Samara, Rostov-on-Don and Novosibirsk**
 - **operations were started in Yaroslavl and Voronezh, cities with a population under a million**
 - **new stores were opened in St Petersburg, Moscow and Nizhny Novgorod**
- **two new stores were opened in Lithuania and one in Estonia**
- **Like-for-like growth in sales was strong in all the markets abroad**

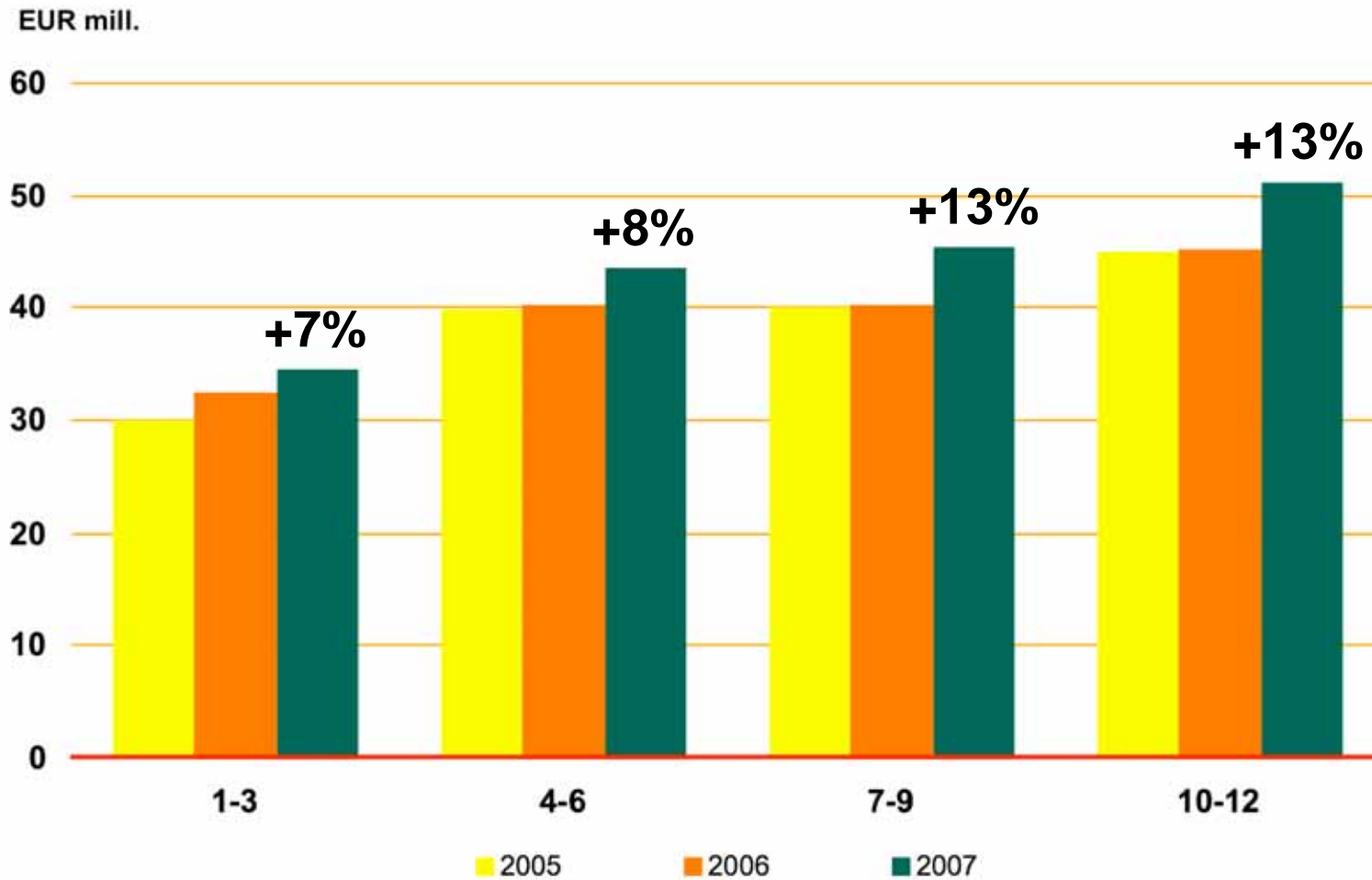


Sales in Finland

- **Aggregate sales in 2007 remained at the previous year's level**
 - **spring and summer collections were very successful and sales grew by one per cent in the summer**
 - **sales of autumn clothing got a good start in August and sales grew by 2 per cent in August-September**
 - **sales grew by 2 percent in Q4 too**
- **A new store was opened in the centre of Tampere and Kerava**
- **15 stores were renovated in accordance with the new store concept**

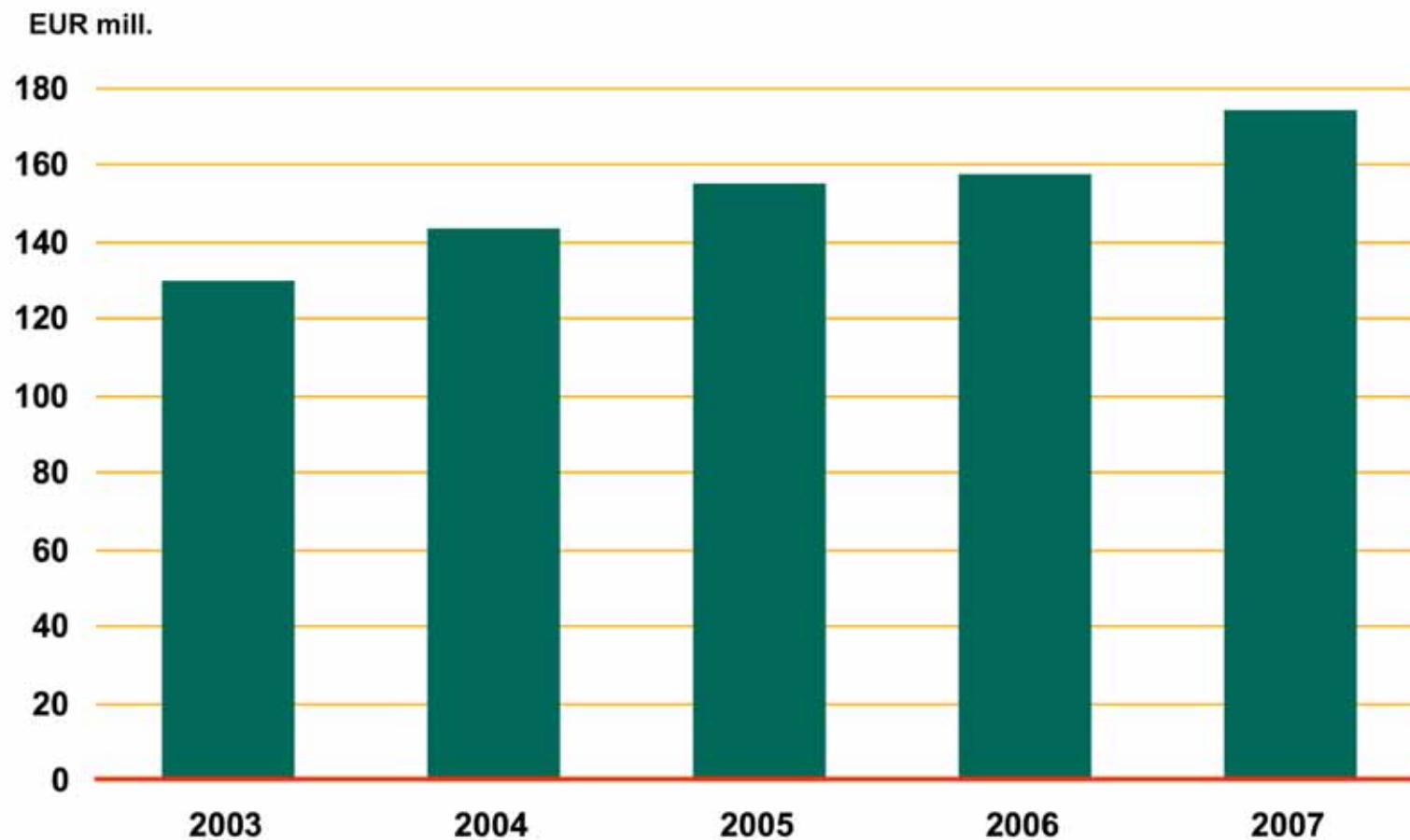


Sales Seppälä



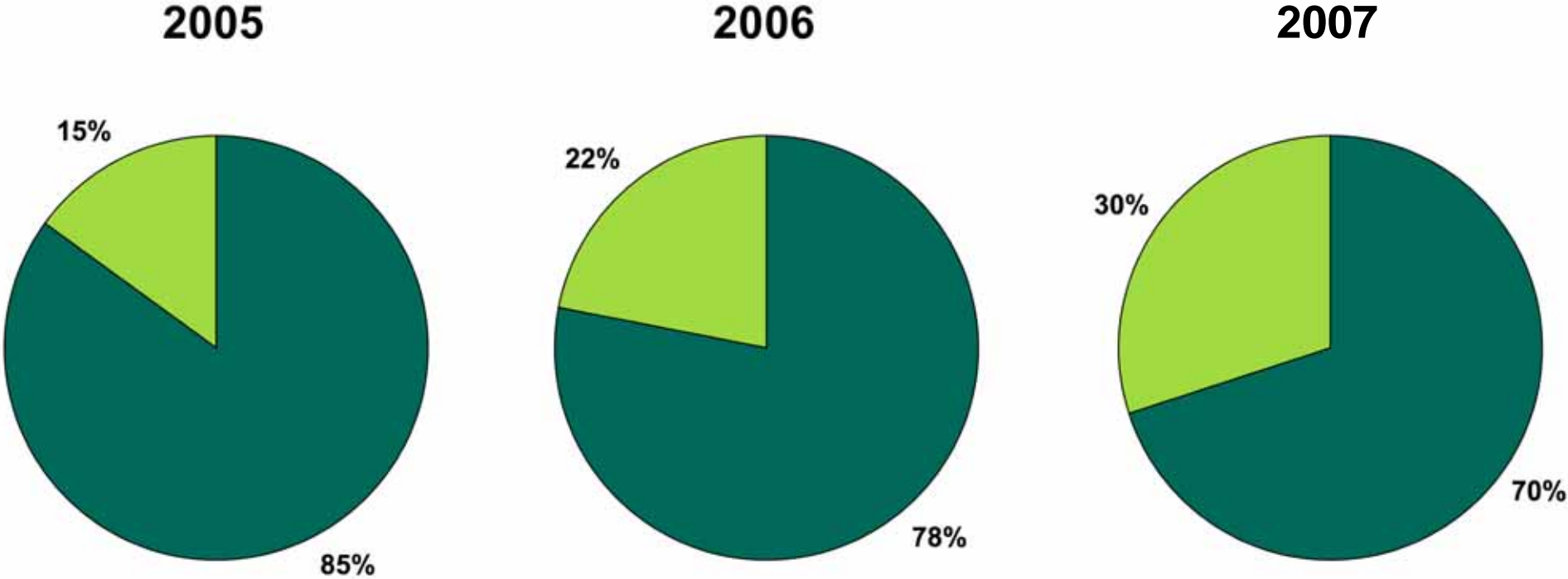


Development of sales Seppälä





Sales in Finland and abroad



■ Sales in Finland
■ International operations

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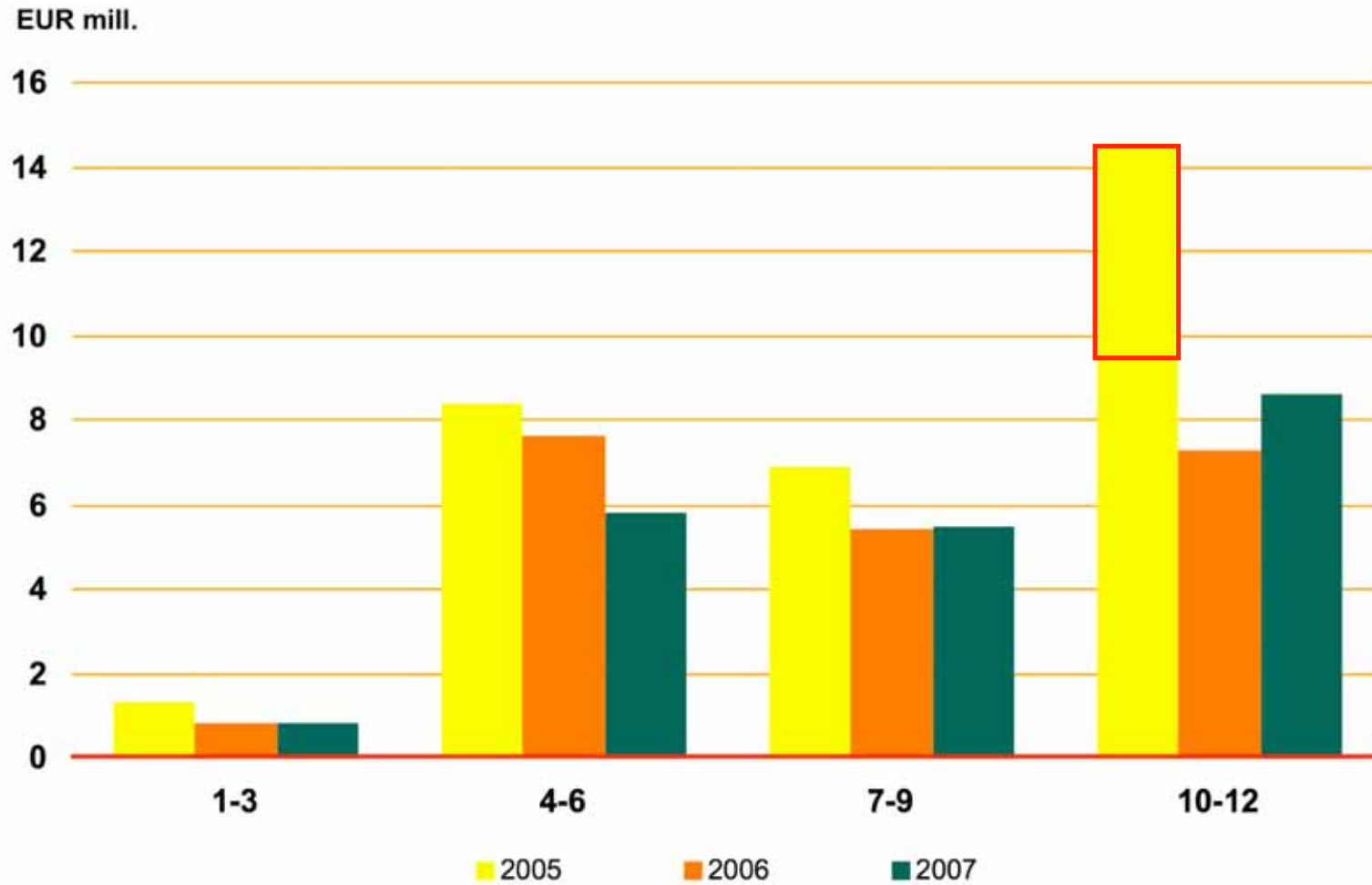


Excellent earnings again

- **Operating profit EUR 20.7 mill. was almost at the previous year's level (EUR 21.1 mill.)**
- **Operating profit on ordinary operations 14.3% of revenue (16.1%)**
- **Relative gross margin improved: 57.9% (56.9%)**
- **Due to strong establishment of new stores fixed costs and depreciation increased faster than sales**
- **In addition to investments in new stores, the cash register system was upgraded in Finland and Estonia**
- **All market areas generated a positive operating profit**



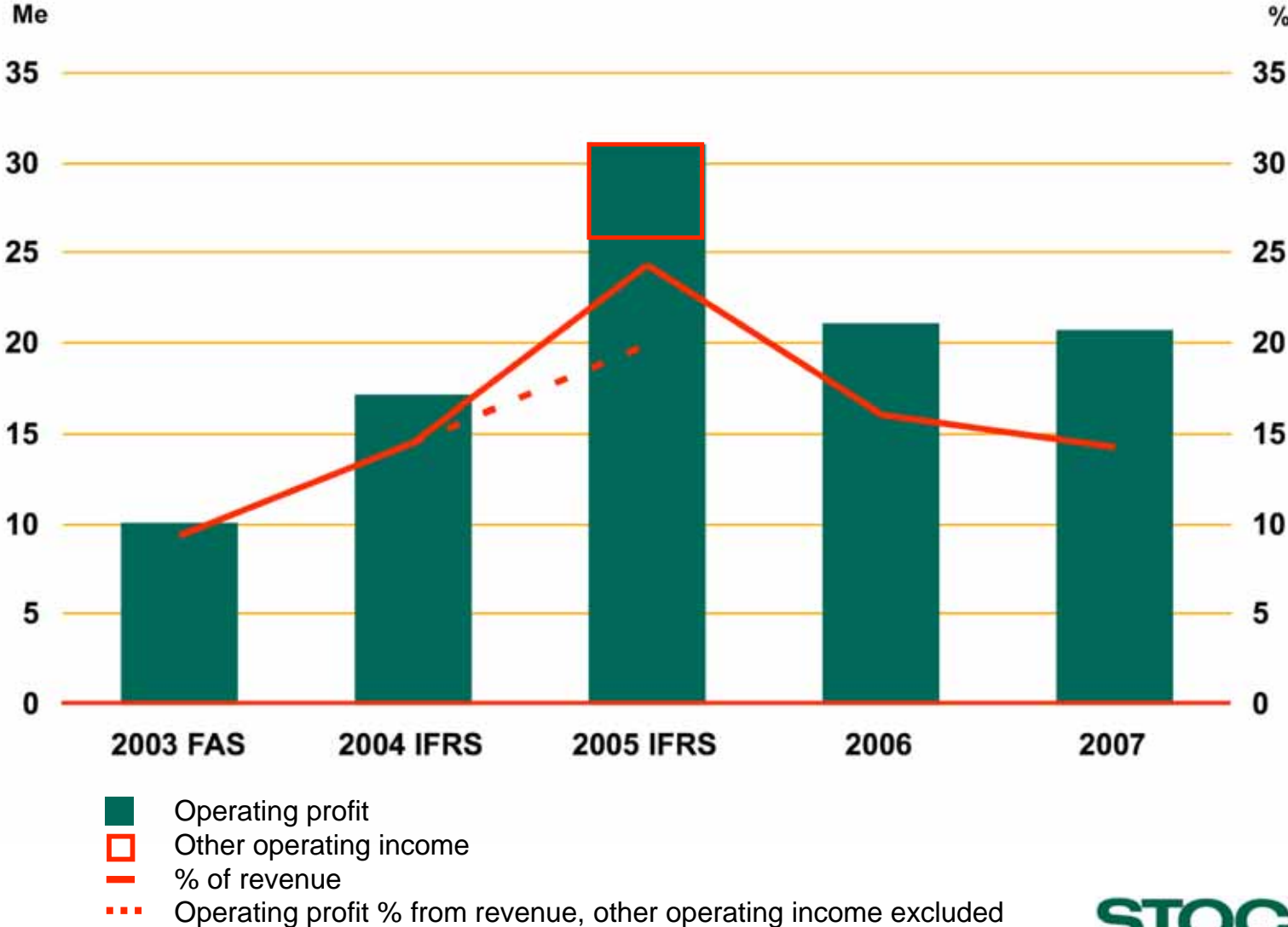
Operating profit Seppälä



Other operating income

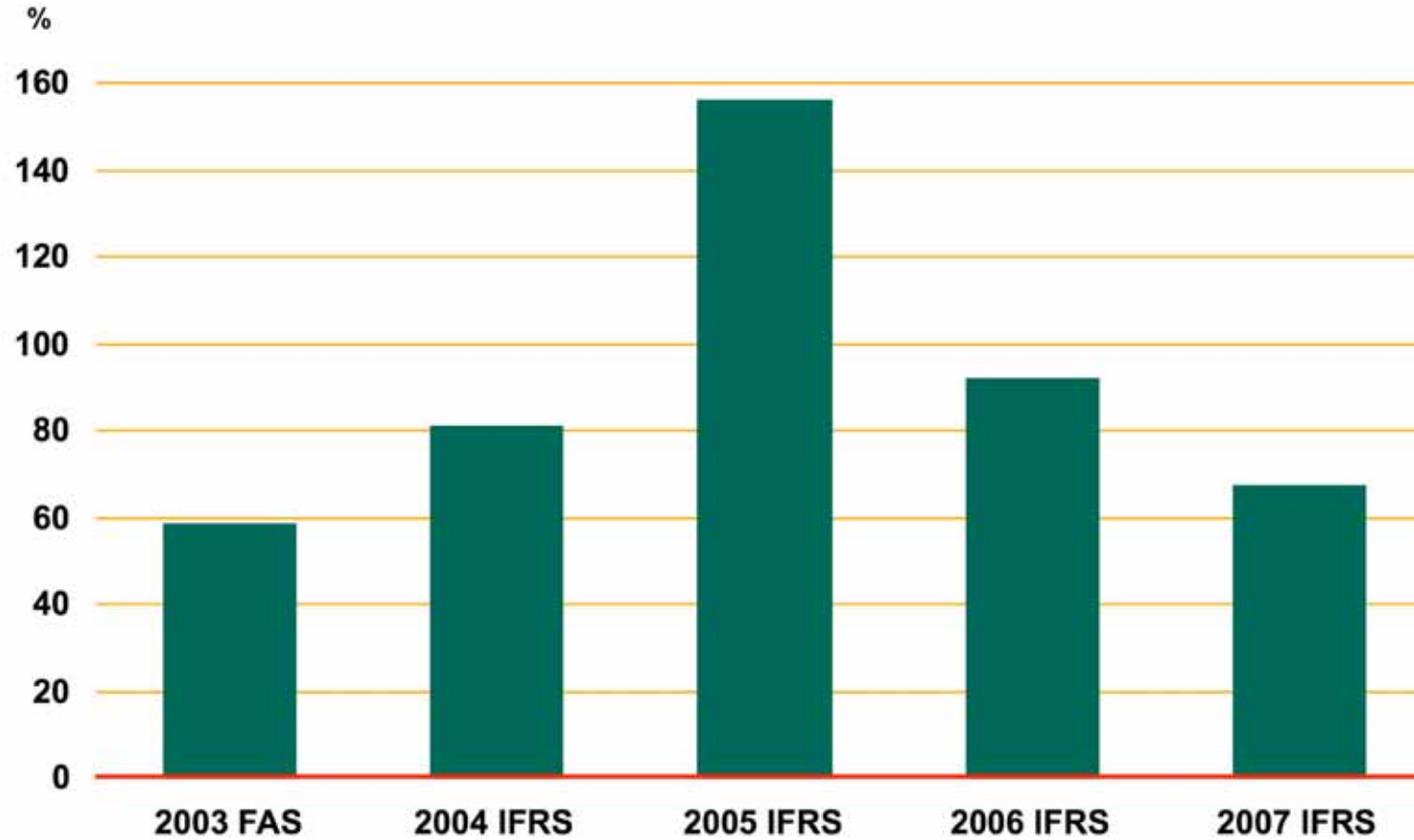


Development of operating profit Seppälä





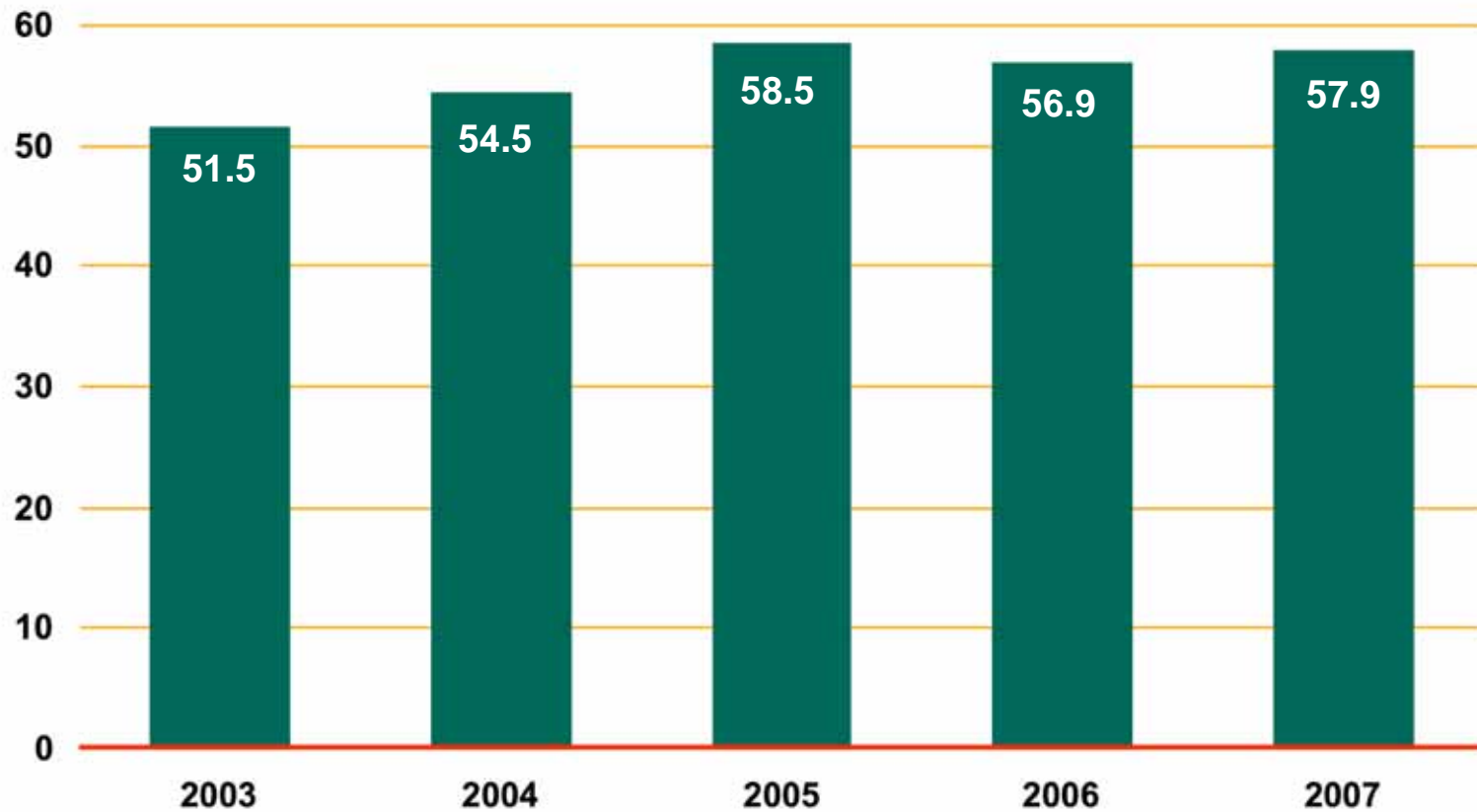
ROCE % Seppälä





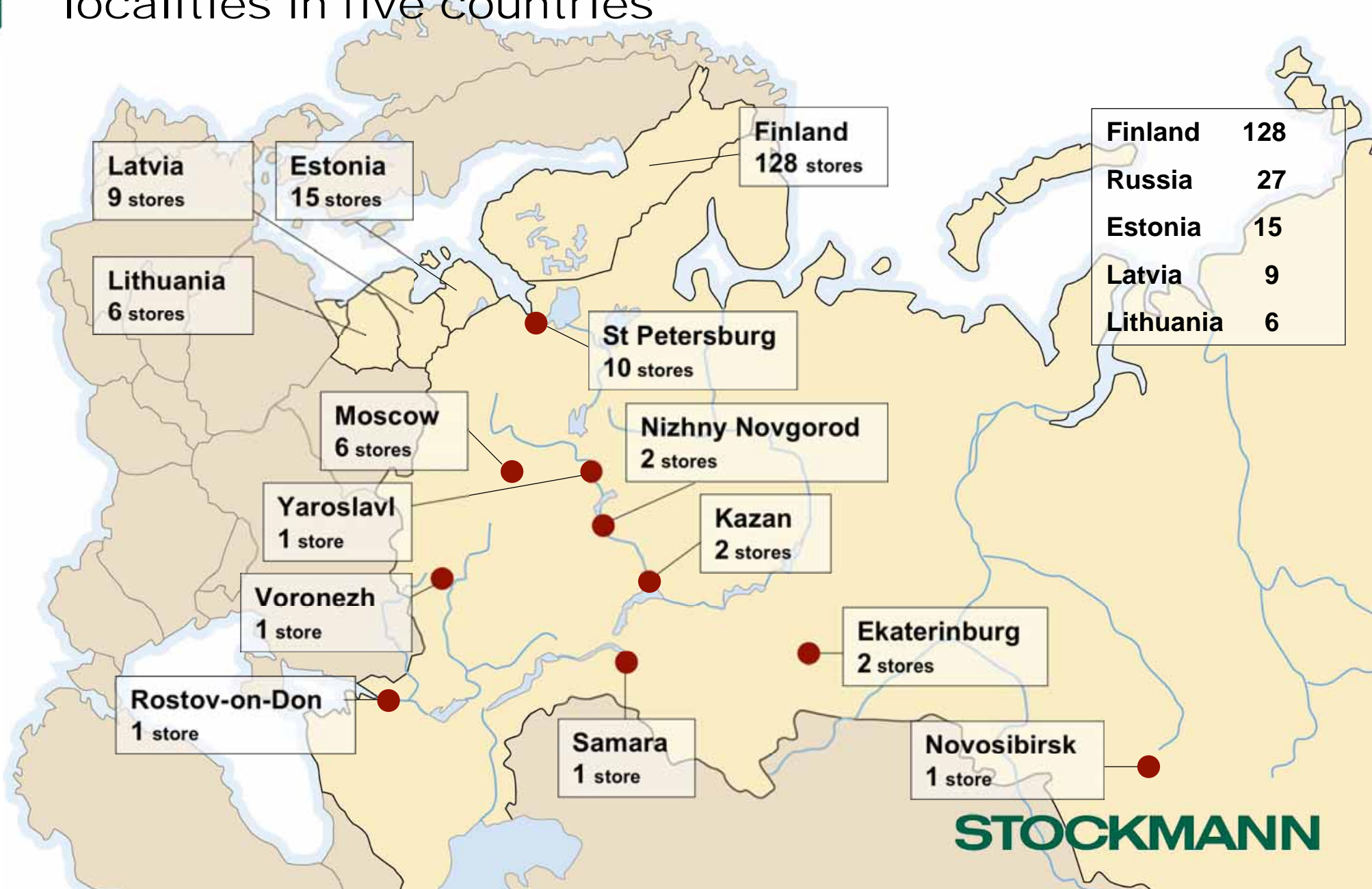
Gross margin % Seppälä

% of revenue





Seppälä has 185 stores in over a hundred localities in five countries





Finnish Fashion Action of the Year

The Federation of Finnish Textile and Clothing Industries gave Seppälä an honourable mention for its Supermodel of My Own Life concept in the federation's "Finnish Fashion Action of the Year" competition. To qualify as fashion action of the year, an entry must strengthen the image of the Finnish textile and clothing industry, awaken positive discussion and make the Finnish textile and garment trade well known in a personal way.





Outlook for 2008

- **Profitable growth continues**
- **About twenty new stores to be opened:**
 - **A few stores can be opened in Finland, Latvia and Lithuania**
 - **Over ten new stores to be opened in Russia**
 - **in the cities where Seppälä already has operations**
 - **operations to start in a couple of new cities**
 - **expansion to the Ukranian market**
- **Further strengthening of the present well-functioning strategy:
Seppälä makes people good-looking by inspiring and encouraging
them to enjoy fashion with their own style**
- **The target is to post an improved operating profit**

HOBBY HALL

Raija Saari
Managing Director



Sales grew 2007

- **Total sales EUR 206.5 mill. , +3%**
 - sales in Finland EUR 168.5 mill., +1%
 - sales abroad EUR 38.0 mill., +17%
- **Share of sales abroad 18%**

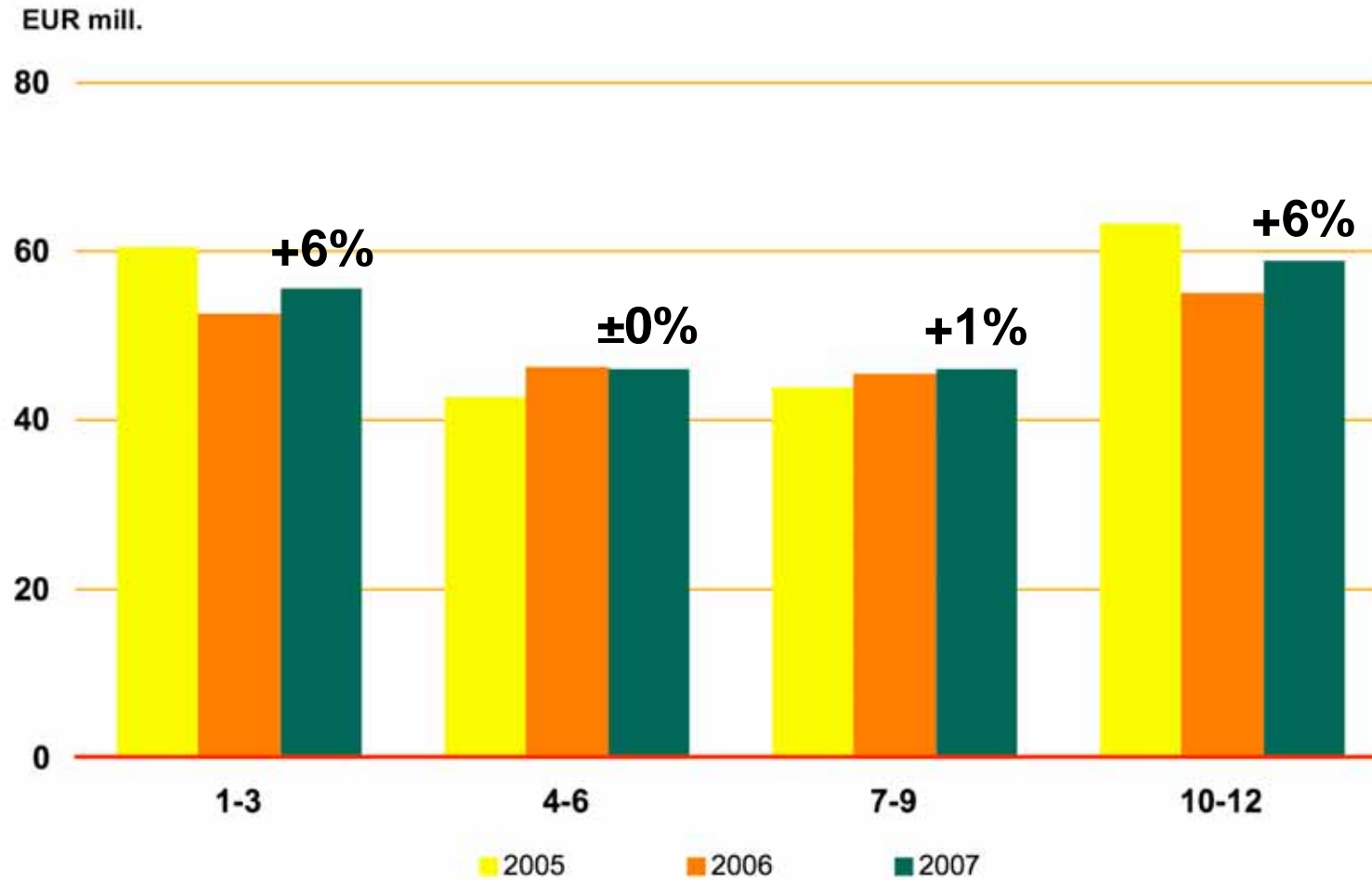


Q4 sales grew by 6%

- **Launch in Russia**
- **One extra campaign in Finland, Estonia and Latvia**
- **Best sales growth in home textiles and household goods**
- **Sales increased well also in electronics and household appliances**



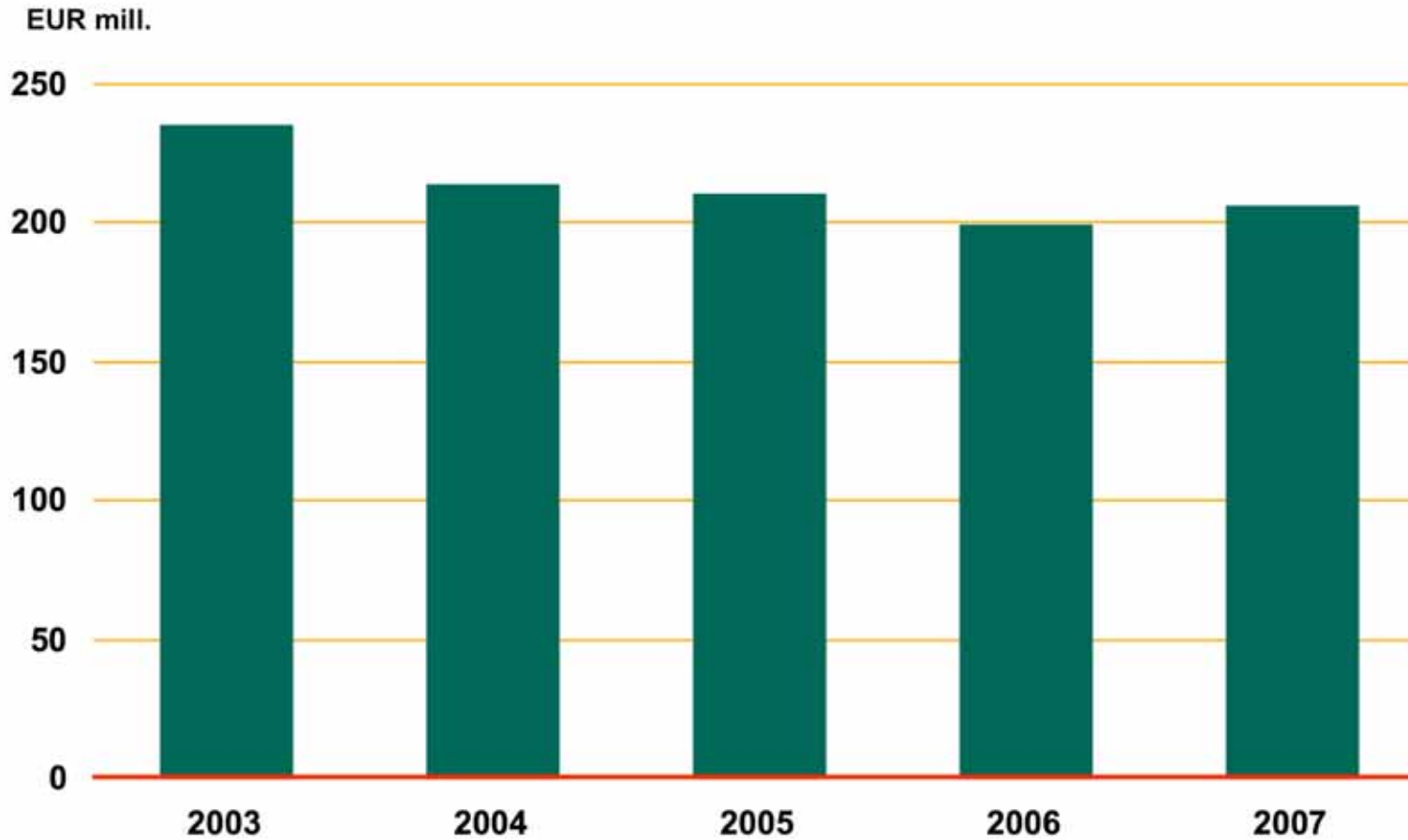
Sales Hobby Hall





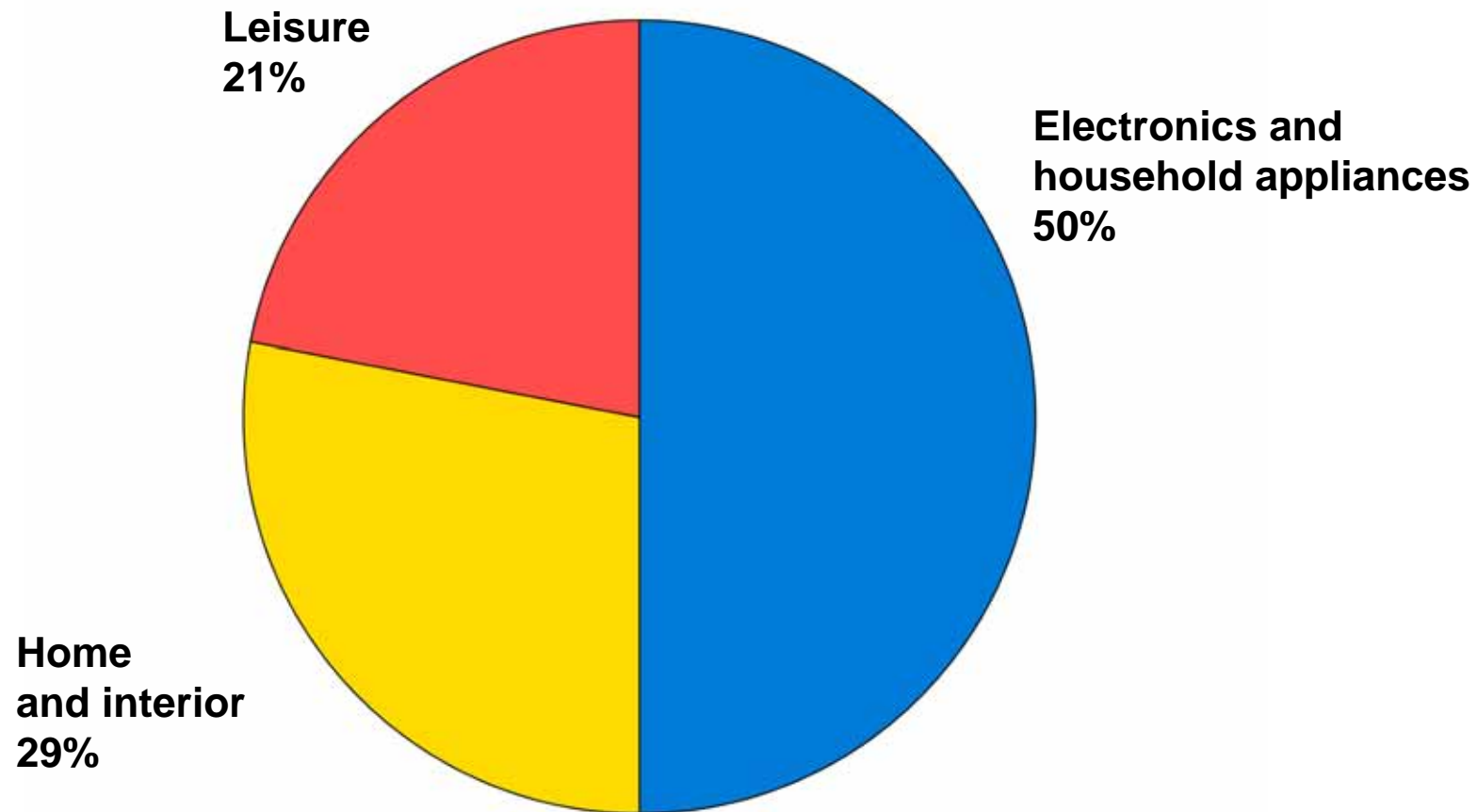
Sales development Hobby Hall

HOBBY HALL





Sales by merchandise sector 2007





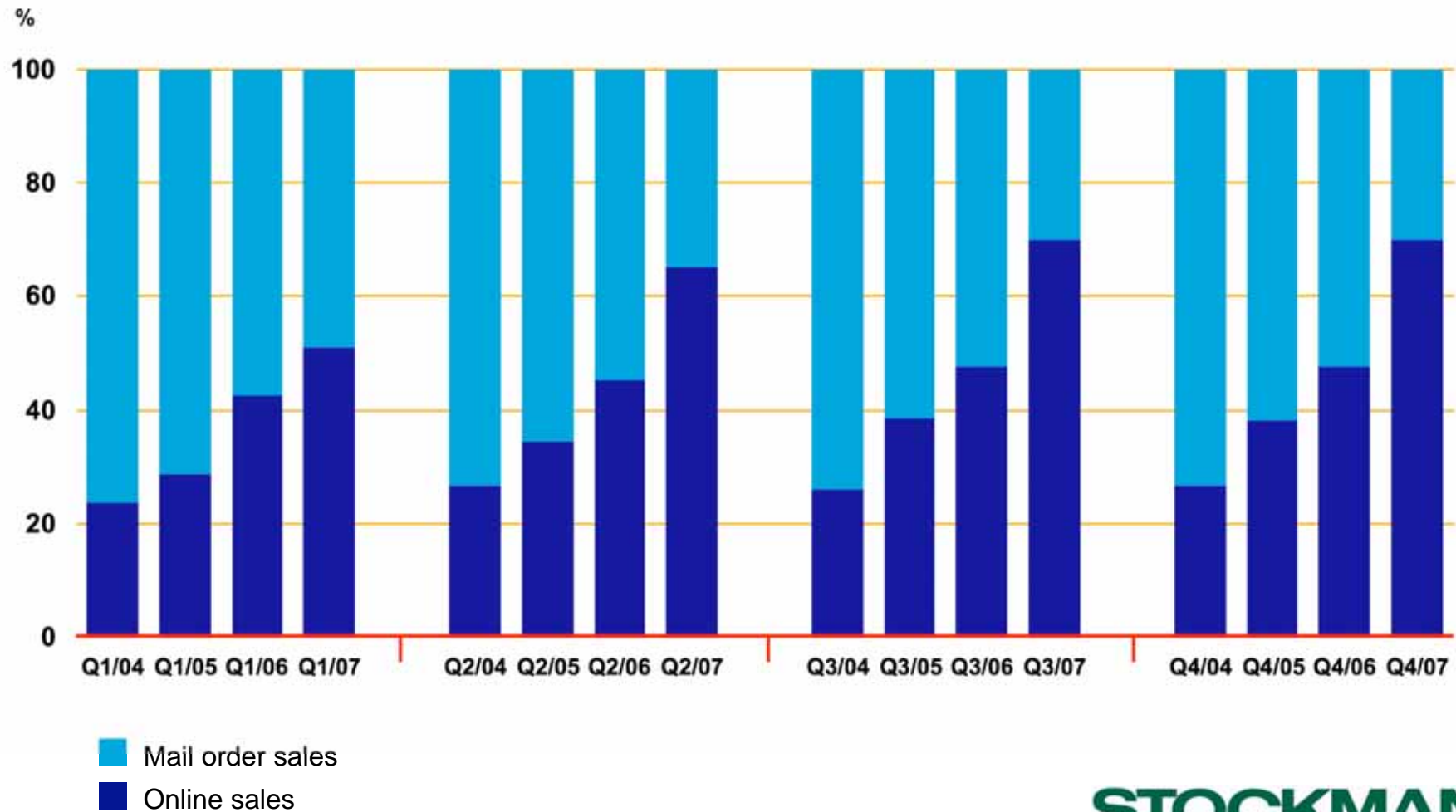
Strong growth in online sales

- **Online sales grew in Finland by 37%**
 - share of online sales of total distance sales 66% (47% in 2006)
- **Online sales grew in Estonia by 9%**
 - share of online sales of total distance sales 40% (33% in 2006)
- **Share of online sales in Latvia 12% and in Lithuania 22%**



Share of online sales of distance retail

Finland and Estonia





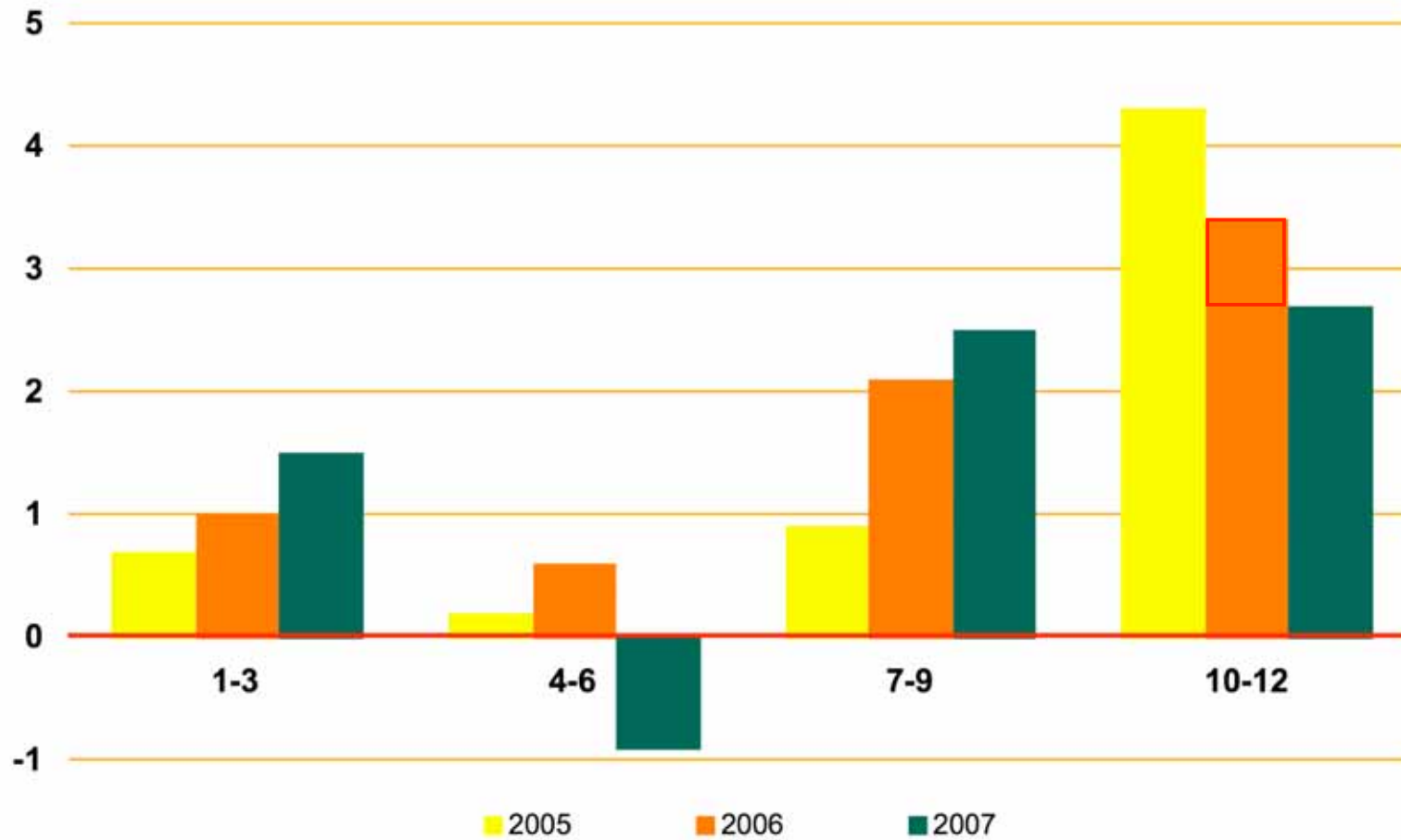
Development projects influenced operating profit

- **Operating profit EUR 5.7 mill., down 20%**
(EUR 7.1 mill. in 2006, including EUR 0.4 mill. capital gain)
 - **new ERP system which was implemented in April 2007**
had a strong impact on the sales and customer service and caused extra costs
=> in the long run it will reduce costs and manual work and improve customer service
 - **operations started in two new markets; Lithuania in February and Russia in December**
=> especially the launching costs in Russia had an effect on the operating profit in Q4



Operating profit Hobby Hall

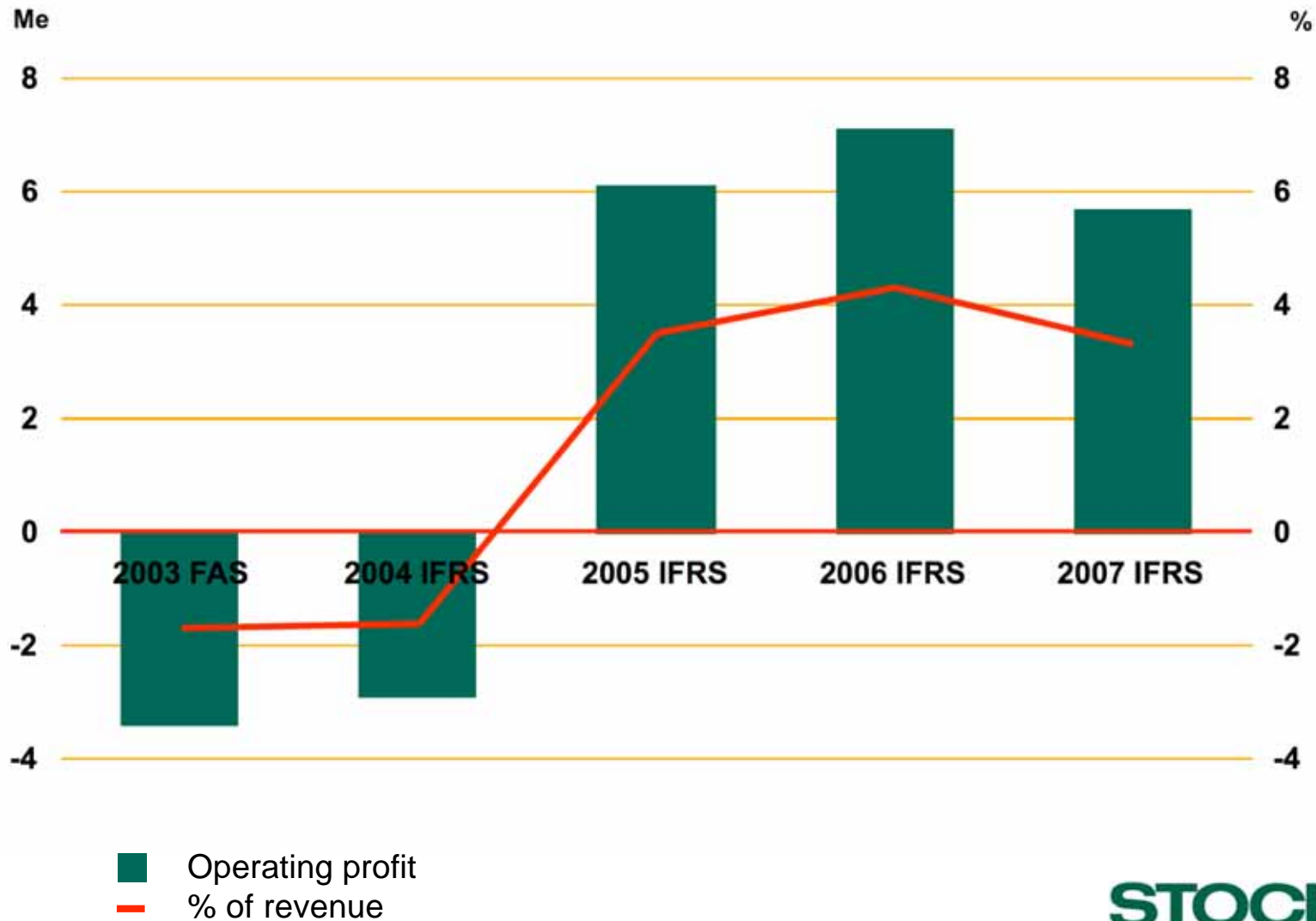
EUR mill.



Other operating income

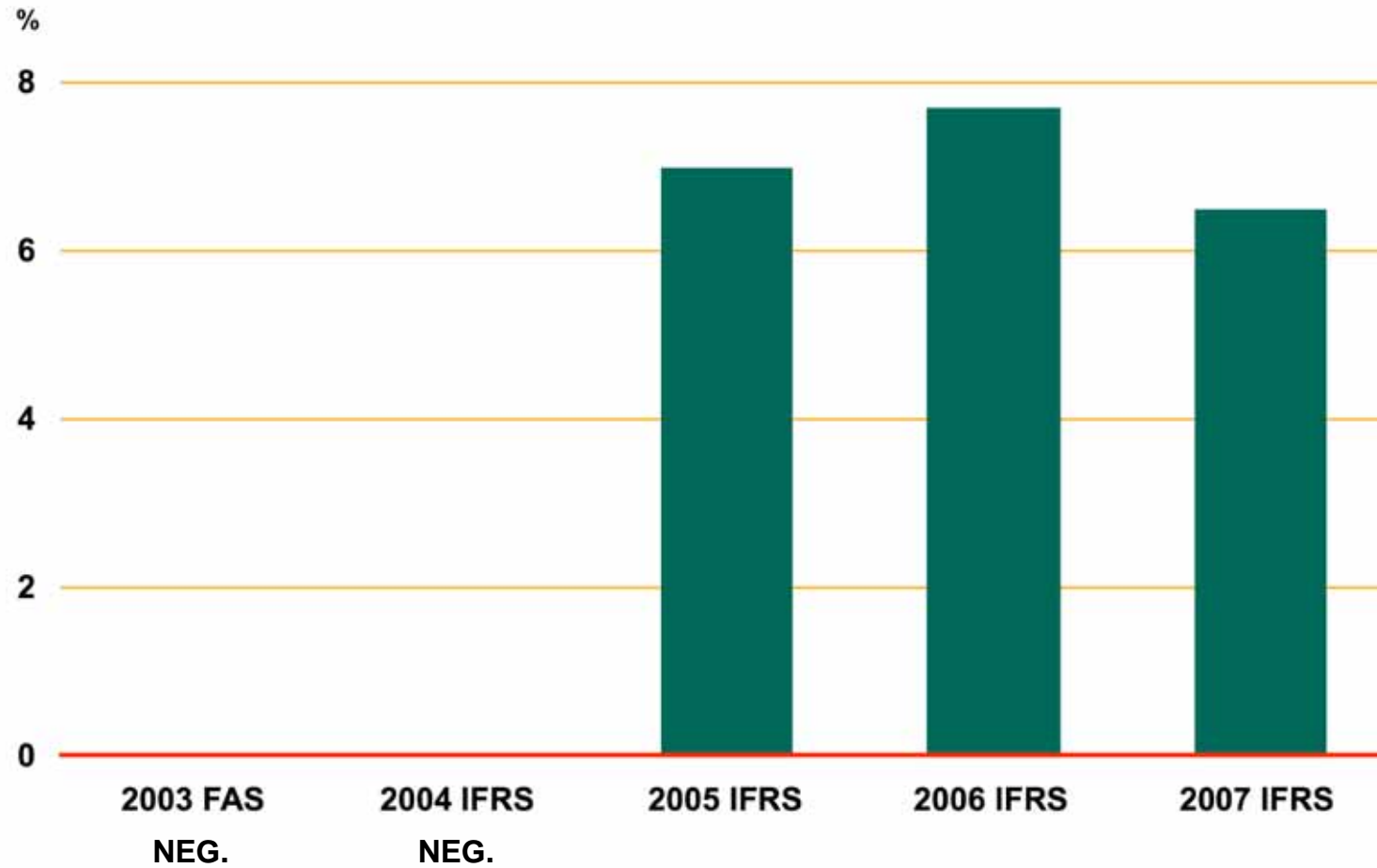


Development of operating profit Hobby Hall





ROCE % Hobby Hall





New markets: Lithuania and Russia

- **Sales in Lithuania started well and the result was even better than expected**
- **In Russia, sales started slower than expected due to**
 - **delays in deliveries from Finland to Russia**
 - **problems with IT connections and reports between Hobby Hall and the logistics partner in Russia**



Russia 2008

- **Target is to increase efficiency and to gradually increase sales**
- **Operations started with a limited assortment of goods (mainly home products) and in the autumn 2008 the assortment will be expanded**
- **Today, we are delivering parcels only to Moscow and St Petersburg areas but during 2008 the areas will be expanded**



Outlook for 2008

- **Launching costs in Russia affect operating profit especially in Q1**
- **New web store will be launched during spring/summer 2008**
- **Online sales keep growing**
- **Web store in Sweden will be launched in 2008**
- **Development projects continue**
 - **new cash register system implementation in Q2**
 - **new telephone system implementation in autumn**
 - **ERP development work continues**
 - **utilization of CRM system will be improved**
- **Head office moves to new premises in Q3**
- **Main target is to increase operating profit, sales and the return on capital employed**