



STOCKMANN

Overview of the Stockmann Group

11 January 2012
CEO Hannu Penttilä



Stockmann Group in brief

- International multichannel retailer, founded in 1862
- Three business divisions: Department Store Division, Lindex and Seppälä
- Revenue EUR 2 005 million in 2011; over 16 000 employees
- Listed on Nasdaq OMX Helsinki; approx. 56 000 shareholders



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Three business divisions



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Department Store Division

16 department stores, 40 stores in 4 countries,
3 distance retail stores in Finland

Share of revenue
62% in 2011



Share of operating
profit 34% in 2010



LINDEX

447 stores in 14 countries,
online store in EU countries and Norway

Share of revenue
31% in 2011



Share of operating
profit 57% in 2010



Seppälä

229 stores in 6 countries,
online store in Finland

Share of revenue
7% in 2011



Share of operating
profit 9% in 2010



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Department Store Division: More than I expected

- 16 department stores offering an extensive product range of international brands at competitive prices
 - Main product areas fashion, cosmetics, home, food, electronics, leisure and books in Academic Bookstores in Finland
- Hobby Hall, the leading distance retailer in Finland
- Stockmann Beauty cosmetics stores in Finland
- Stockmann, Academic Bookstore and Hobby Hall online stores
- Franchising stores (Zara in Finland, Bestseller in Russia)





Flagship stores in Helsinki and St Petersburg

Helsinki department store

- Opened originally in 1930
- Largest department store in the Nordic Countries
- Among the five largest department stores in Europe
- 12 million customers annually
- Approx. 50 000 m² of retail space, of which ~7 000 m² rented out
- Enlargement of 10 000 m² completed in 2010

Nevsky Centre shopping centre

- Opened in November 2010
- Property fully owned by Stockmann; commercial plot acquired in 2006
- Russia's largest Stockmann department store (20 000 m²)
- Over 70 other stores and service companies, offices, and an underground car park
- Retail space of 50 000 m²



Lindex: Affordable inspiring fashion



- Ladies' wear, lingerie, children's wear and cosmetics
- Strong Nordic presence: Sweden, Norway, Finland
- Rapid expansion into Baltic countries, Russia and Eastern Europe
- Franchising stores in Saudi Arabia, United Arab Emirates (Dubai), Bosnia and Herzegovina, and Iceland
- Online store operating in the EU area and Norway

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Seppälä: Your Own Life's fashion house

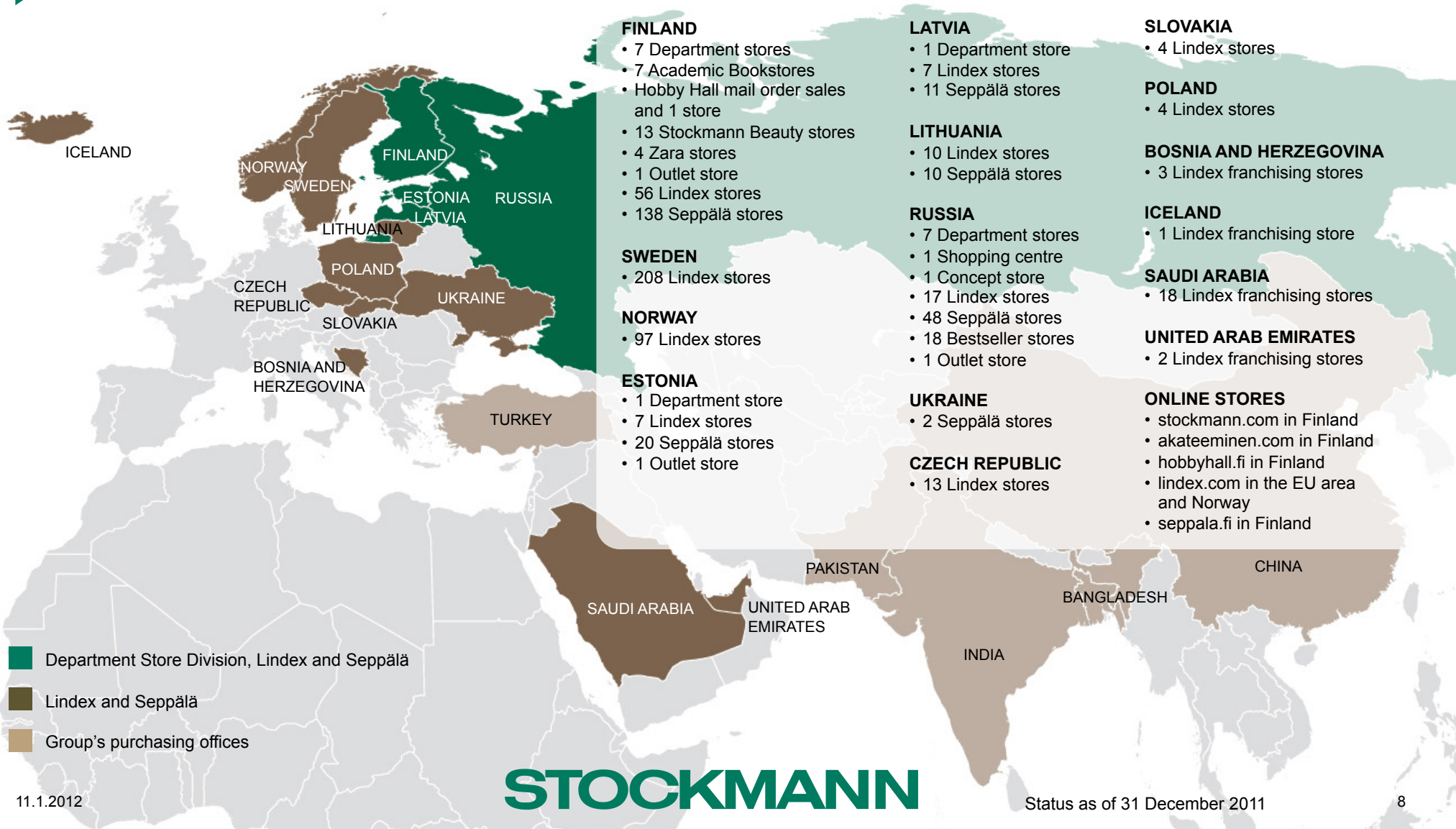
- International fashion for women, men, and children at reasonable prices
- Clothing, accessories, shoes, and cosmetics
- The most extensive chain of fashion stores in Finland
- Long presence in Baltic countries, Russia and Ukraine
- Online store opened in Finland in November 2011



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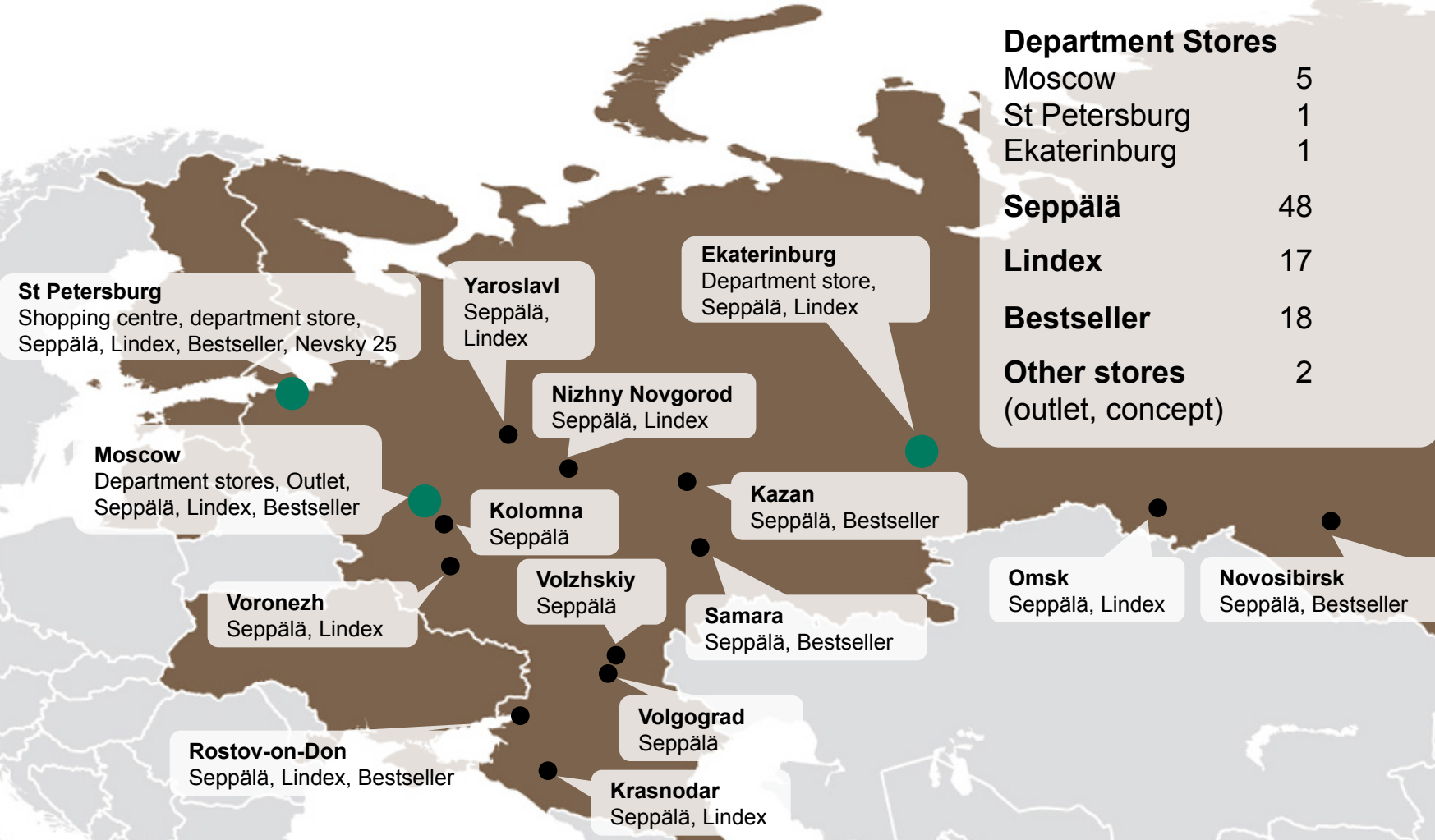


Stockmann today: over 700 stores in 15 countries





Stockmann in Russia: Department stores, Seppälä, Lindex, and Bestseller

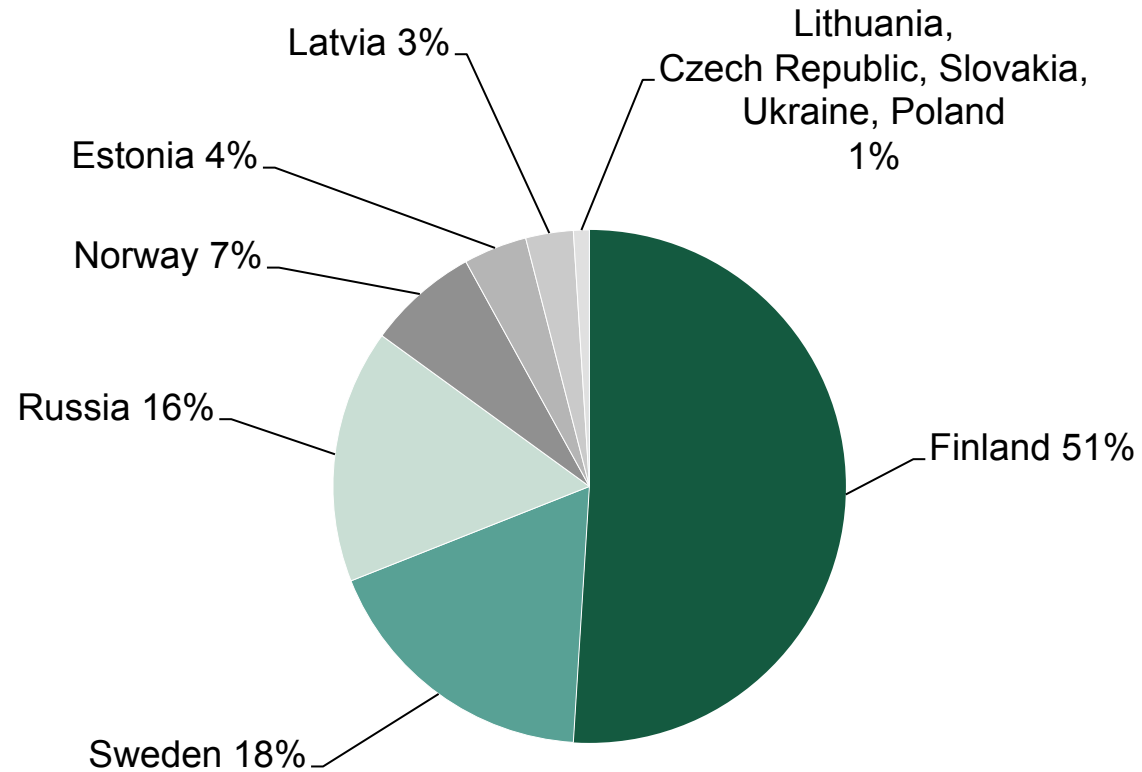


Department Stores	
Moscow	5
St Petersburg	1
Ekaterinburg	1
Seppälä	48
Lindex	17
Bestseller	18
Other stores (outlet, concept)	2

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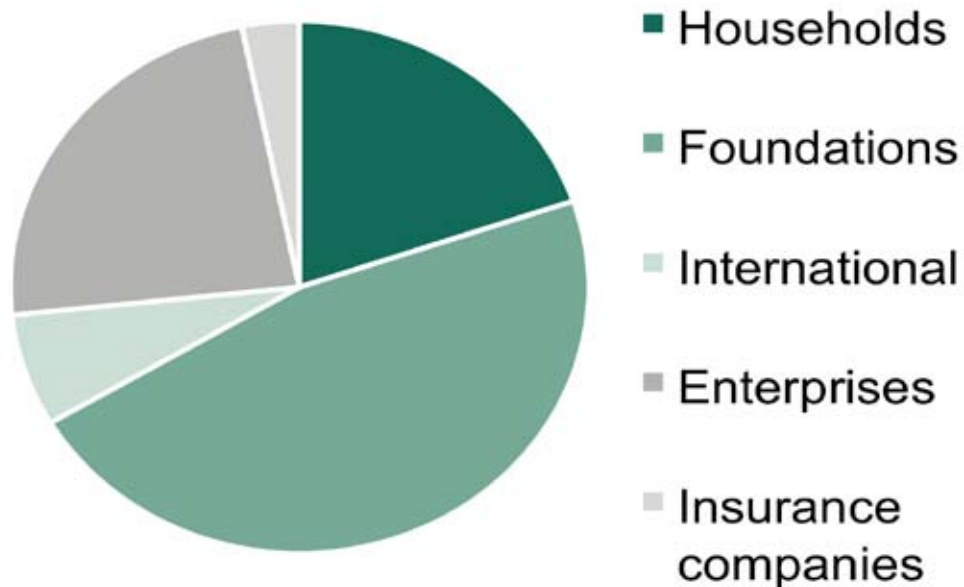
Revenue by market in 2011





Over 56 000 shareholders on NASDAQ OMX Helsinki

Shareholder types, shares



- Two series of shares:
 - Series A: 10 votes
 - Series B: 1 vote
- Both series of shares are listed on the Helsinki stock exchange
- Series B share is more liquid on the stock market
- Market cap EUR 912 million as of 31 December 2011



Largest shareholders

31 December 2011

	Votes %	Shares%
HTT Holding Oy Ab	10.7	11.7
Konstsamfundet	15.0	9.4
Svenska Litteratursällskapet	15.7	7.6
Niemistö Group	9.4	5.8
Varma pension insurance company	1.0	4.7
Etola Group	6.1	4.3
Stiftelsen för Åbo Akademi	6.4	4.2
Folkhälsan	2.7	2.2

- The largest shareholders are represented in the Board of Directors
- They are long-term owners of Stockmann and support the Group's strategy



Strategy

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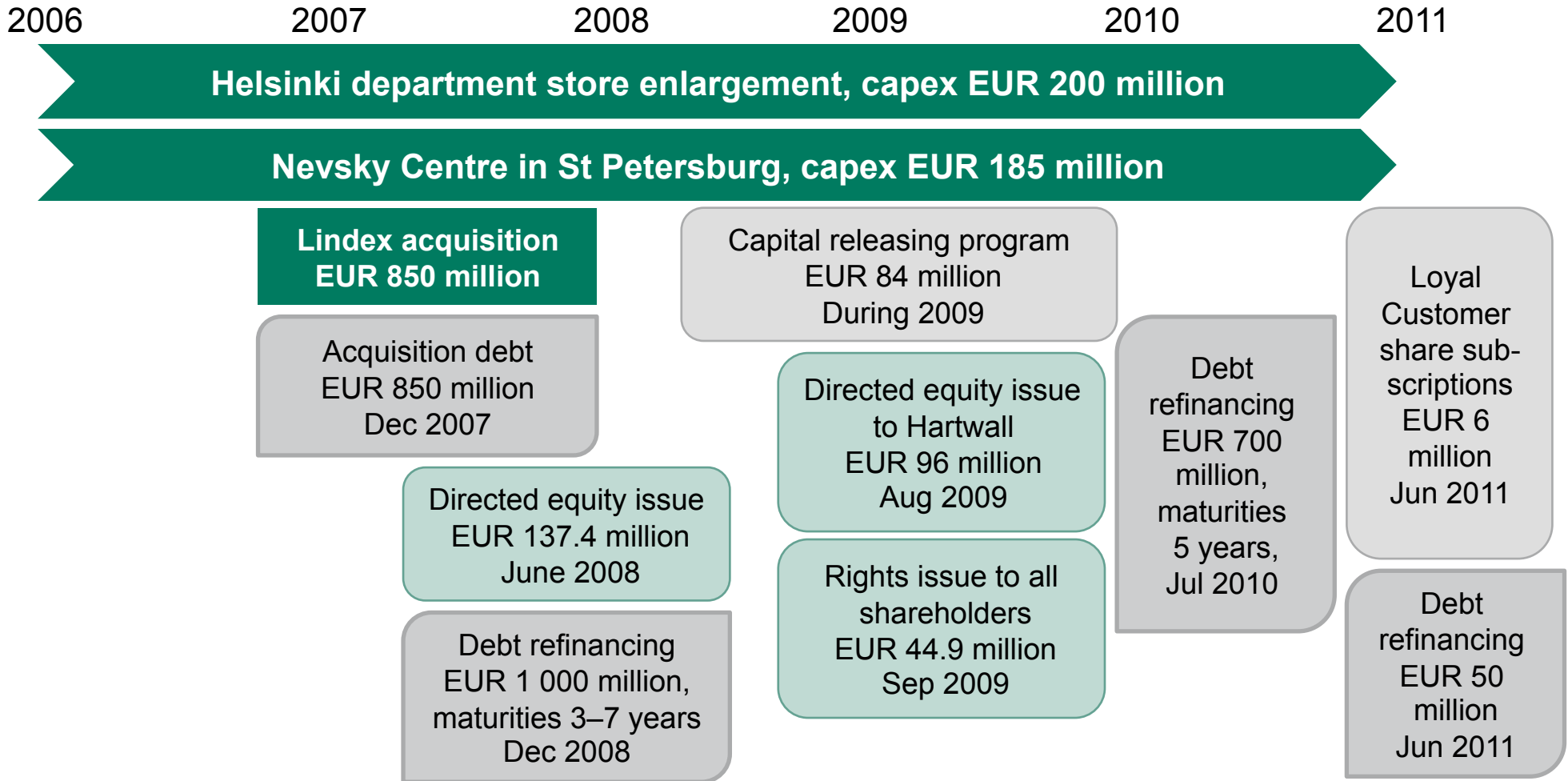
Historical investment program successfully completed

- Lindex acquisition in 2007
 - Capital expenditure EUR 850 million
- Enlargement of the Helsinki city centre department store 2006–2010
 - 10,000 m² new commercial premises and renovation work in the whole building
 - New underground customer car park and goods handling facilities
 - Capital expenditure EUR 200 million
- Nevsky Centre 2006–2010
 - 50,000 m² store and office space
 - Stockmann department store and over 70 other companies as tenants
 - Capital expenditure EUR 185 million





Financing the capital expenditure





Strategy 2012–2016: Heading for profit

- The slow market development affects the strategy, but the core remains as it is: profitable growth in present and new markets
- After the major investment program successfully completed, the capital expenditure will decrease and be clearly below depreciation in 2012–2014
- Now focus on utilizing the full potential of existing assets
- Close follow-up of costs and inventories
- Long-term financial targets remain unchanged, but understanding the big challenges, if the present market development continues
- Planned enlargements and renovations of current department stores: Tampere 2013, Tapiola 2016
- Expansion of Lindex to continue
 - Focus on Russia and Eastern Central Europe (Czech Republic, Poland, and Slovakia)





Financial development and future outlook

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Stockmann Group's revenue in Q3/2011

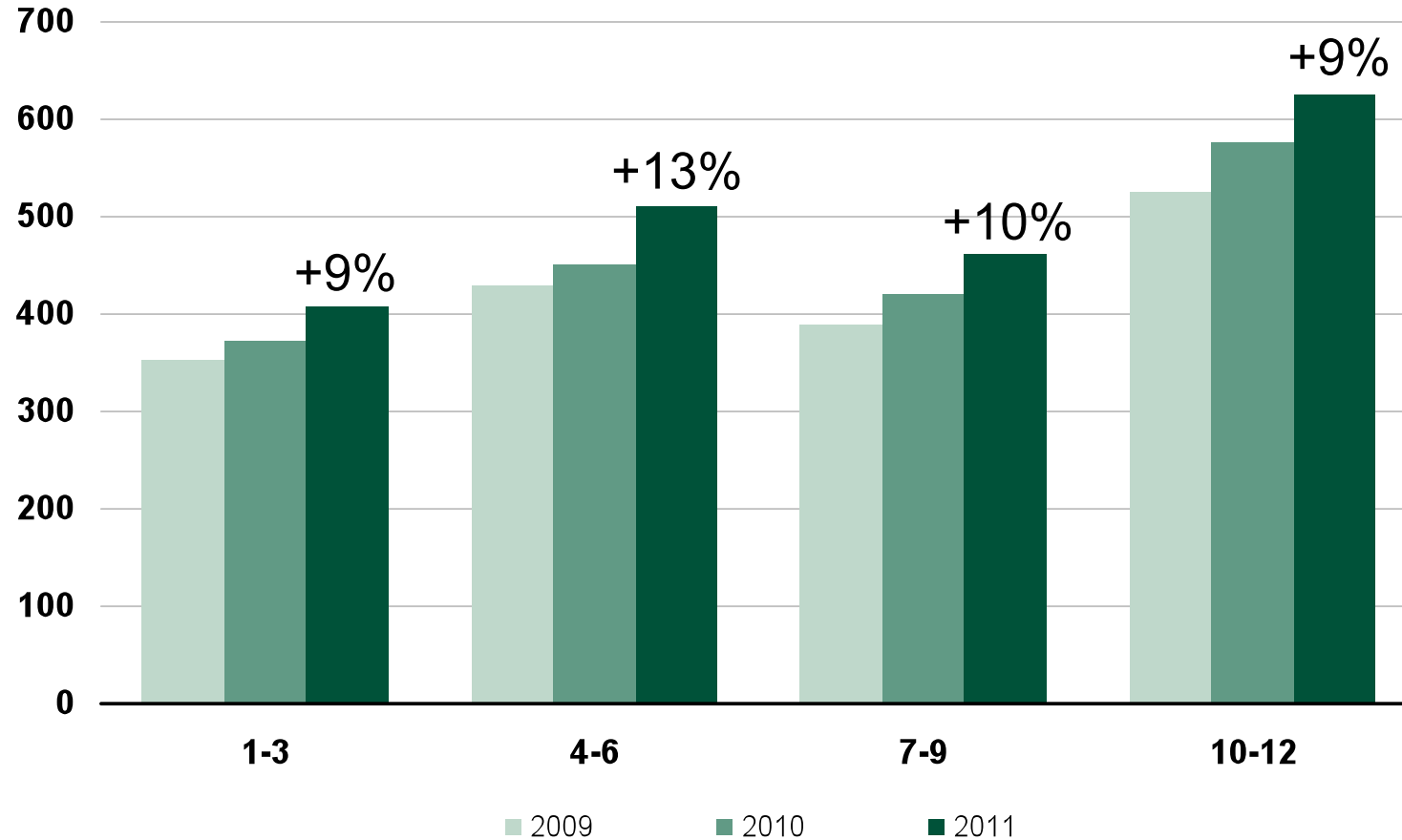
- Good revenue growth as a whole
 - Q3 revenue up 9.6% to EUR 461.3 million
- Newest units in Russia boosted the growth
 - St Petersburg department store strengthened its position as a shopping destination
 - Good start for the new Ekaterinburg department store
 - Favourable development in Moscow department stores
 - Lindex achieving a stronger presence in Russia
- Affordable fashion market was still weak, particularly in Sweden where total market was down 8%
 - Despite the increased market share, Lindex's sales in Sweden were lower than in 2010
 - Lindex increased its revenue in new market areas and gained market share in all main markets
 - Seppälä improved after slow first half of the year; all market areas up in Q3





Quarterly revenue

EUR mill.



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Earnings in Q3/2011

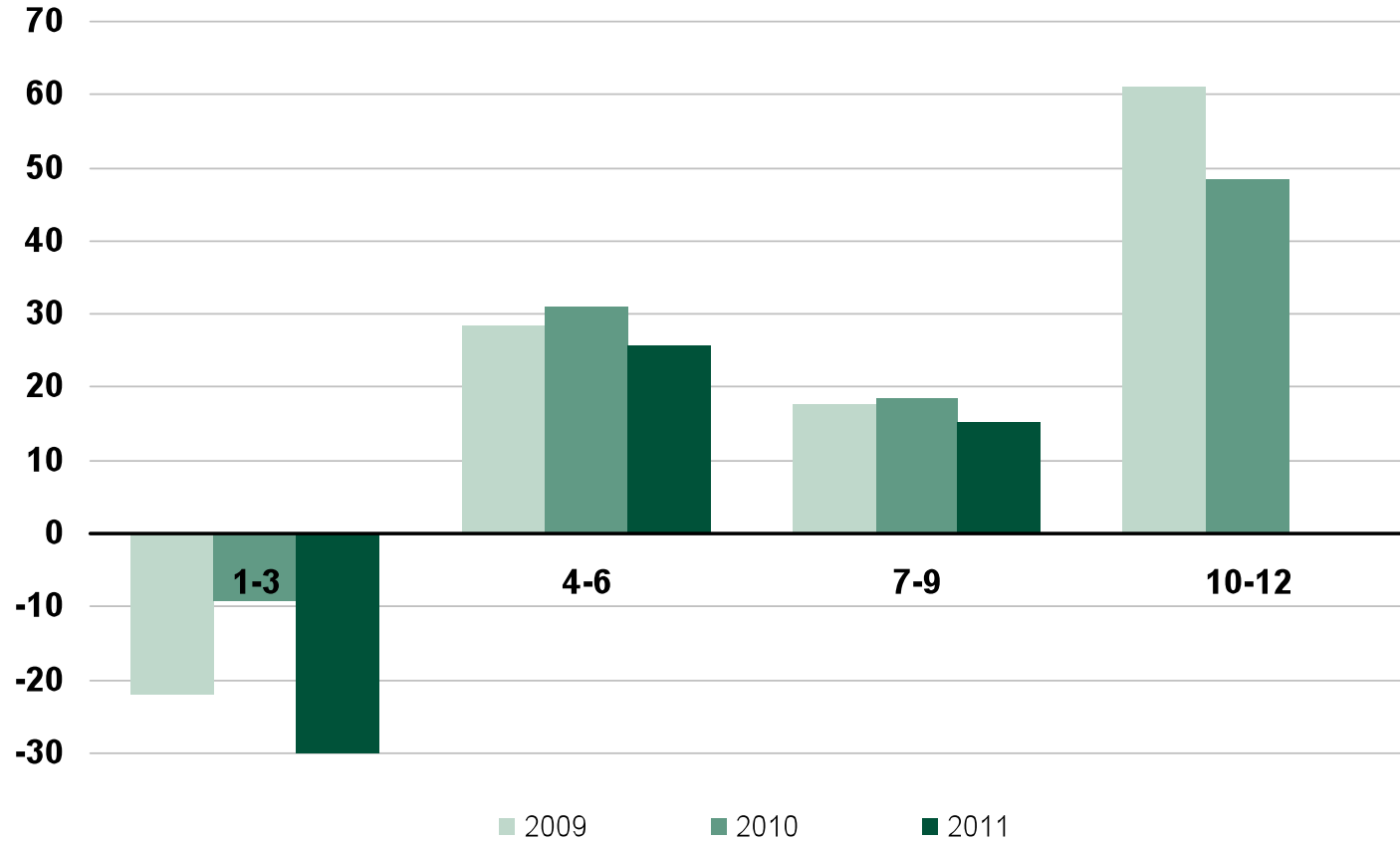
- Reasonable operating profit in the quarter, at EUR 15.2 million (EUR 18.4 million)
- Earnings trend turning into a positive direction
 - Department Store Division's operating profit improved
 - Lindex and Seppälä still below 2010
- Relative gross margin in Q3 at 49.1% (50.0%)
 - Increased purchasing prices and actions to boost sales in affordable fashion
- Operating costs and depreciation increased due to expansion and the general cost increase
- Profit for the period EUR 5.7 million (EUR 13.4 million), partly due to high financial expenses
- Earnings per share EUR 0.08 (EUR 0.19)





Quarterly operating profit

EUR mill.



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Revenue in December 2011

EUR mill Exclusive of VAT	12/2011	Change %	1-12/2011	Change %
Department Store Division, Finland	109.9	1.4	861.3	4.2
Department Store Division, international operations	44.0	21.5	375.6	37.3
Department Store Division, total	153.9	6.4	1 236.8	12.4
Lindex, Finland	8.7	18.4	70.8	5.9
Lindex, international operations	65.4	9.1	553.3	8.1
Lindex, total	74.1	10.1	624.1	7.8
Seppälä, Finland	12.5	9.5	93.6	-0.8
Seppälä, international operations	5.1	8.1	50.2	2.9
Seppälä, total	17.6	9.1	143.8	0.4
Other operations	0.0		0.4	
Operations in Finland, total	131.1	3.1	1 026.1	3.9
International operations, total	114.5	13.5	979.1	17.4
Stockmann Group total	245.6	7.7	2 005.2	10.1

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Current market development and future outlook

- Stockmann Group's Christmas season sales developed as expected, especially the fashion chains improved their performance
 - Lindex revenue +10%, Seppälä +9%
- Outlook for 2011 remains unchanged: Full-year operating profit expected to decline on 2010
- Capital expenditure in 2011 approximately EUR 65 million (EUR 165.4 mill)
 - Capital expenditure will remain clearly below depreciation also in 2012
- Market in Russia and Baltic countries likely to continue to grow; more uncertainty in Finland and Sweden
- Visibility very weak due to unsolved European debt crisis
- When the general market conditions improve, Stockmann is well placed for positive development in 2012
- Financial Statements Bulletin to be published on 9 February 2012



Thank you!