

OUR YEAR 2018



**STOCKMANN**



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**STOCKMANN OFFERS** premium selections of brands, excellent customer service and experiences in its department stores, fashion stores and online. Our own *selection is focused on fashion, beauty and home products* and in the Baltics also on the Stockmann Delicatessen. The offering is complemented by partners high-quality products and services. *Our vision is to be the first source of inspiration for modern urban life* for our customers.

 **STOCKMANN**  
STOCKMANN.COM

**LINDEX**  
LINDEX.COM

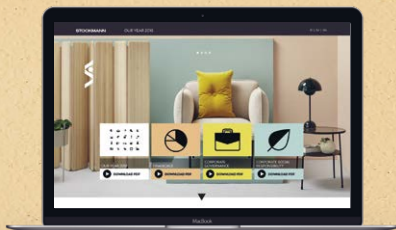




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### OUR REPORTING

Stockmann's 2018 reporting consists of four reviews: 'Our year 2018' Business Review, Financial Review, Corporate Governance, and Corporate Social Responsibility. The Financial Review includes the Report by the Board of Directors and the Financial Statements. The CSR Review covers the responsibility work in more detail and according to GRI Standards reporting guidelines.

All reviews are available in Finnish, Swedish and English. They can be found at [year2018.stockmanngroup.com](http://year2018.stockmanngroup.com). The Business Review is also available as a printed version.



**DIGITALISATION // JANUARY**

**MORE SPEED FROM DIGITAL ACCELERATION**

In January, Stockmann launched a digital acceleration project with the aim of increasing e-commerce and reinforcing the multichannel approach.

The speed of the digital acceleration has been rapid. During 2018, Stockmann doubled the selection on offer in its online store, introducing almost the entire product selection at the Helsinki department store to stockmann.com.

The considerably larger product selection is now available for clientele throughout Finland.

During the year a Click & Collect point for picking up online shopping at the Helsinki department store was opened. Stockmann will launch a marketplace in spring 2019, enabling new partners and product areas to be added to stockmann.com.

Lindex has put a large effort in its digital transformation and automation during the last years. Digital acceleration has affected own and third-party platforms, e-commerce and sales channels, as well as solutions for stores and customers.



about CSR work in our CSR Review at [year2018.stockmanngroup.com](http://year2018.stockmanngroup.com)

**NEW OFFERING // SERVICES**

**NEW RESTAURANTS AT STOCKMANN DEPARTMENT STORES**



Several new restaurants were opened at the Stockmann department stores during the year. A restaurant world consisting of three restaurants and operated by Royal Ravintolat was opened on the ground floor of the Helsinki department store. Cafe Powau, serving raw food delicacies, was opened at the Turku and Tampere department store, and Hanko Sushi opened a restaurant at the Tampere department store in the autumn. The open-air terrace on the roof of the Helsinki department store was reopened on 1 May, this time located one floor higher than before.



**MANAGEMENT // LINDEX**

**NEW CEO FOR LINDEX**

*Susanne Ehnbåge* was appointed new CEO of Lindex. She started at Lindex in August 2018.

**DIVERSITY // JUNE**

**CELEBRATION OF PRIDE & RETURN OF ONE WAY**

Stockmann was proud to be a partner of Helsinki Pride, celebrating the event more spectacularly than ever before. Stockmann e.g. provided a space for Pride House, which served as the event's information point, workshop and panel discussion area, and art exhibition space.

The beloved One Way was reintroduced to the Helsinki department store in September in the form of a pop up store showcasing unisex fashion. The store built upon the marketing emphasising individuality. The idea was to raise the issue of style norms that restrict people's dressing choices and to bend the traditional rules of the fashion industry. The pop up store was enthusiastically received and gained widespread international media attention.



**PARTNERS // MAY**

**SVENSKT TENN'S MAGNIFICENT COLOURS AT THE HELSINKI DEPARTMENT STORE**

The beloved Swedish brand Svenskt Tenn opened a pop-up store in the interior department of the Stockmann Helsinki department store in May. The pop-up selection includes the brand's colourful textiles and wallpapers as well as stylish interior design objects and furniture.



CSR // SEPTEMBER

### THE CSR WORK PROGRESSED WELL

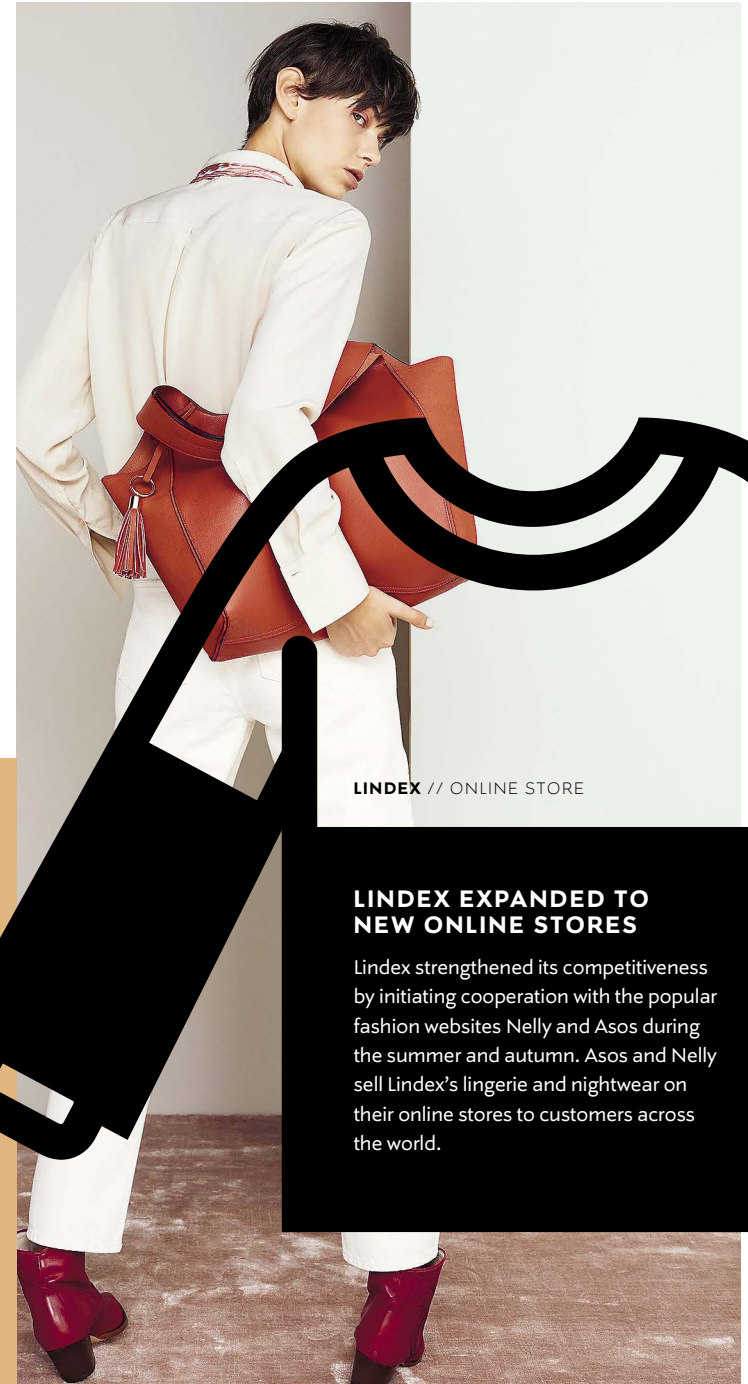
The share of products made from responsible materials increased significantly in 2018. In Stockmann's own brands, the share already accounts for more than 30%, in Lindex the percentage is 55%. Stockmann department stores have offered the opportunity to recycle clothes and accessories through Emmy collection boxes since 2017. This cooperation expanded in September when Emmy collection points were added at the Tallinn department store. Also Stockmann's CSR strategy was renewed during the year.



FOOD // JANUARY

### DIVESTMENT OF DELICATESSEN COMPLETED

The transfer of the Stockmann Delicatessen's business operations in Finland to S Group's regional cooperatives was completed in January 2018. The Delicatessen stores continued as high-quality groceries in all Stockmann department stores. In Finland, the regional cooperatives started as Stockmann's tenants and subtenants in its properties. In the Baltic countries, the Delicatessen business operations remained with Stockmann. The Delicatessen in the department store in Tallinn will be renewed in 2019.



LINDEX // ONLINE STORE

### LINDEX EXPANDED TO NEW ONLINE STORES

Lindex strengthened its competitiveness by initiating cooperation with the popular fashion websites Nelly and Asos during the summer and autumn. Asos and Nelly sell Lindex's lingerie and nightwear on their online stores to customers across the world.

MARKETING // MARCH

### STOCKWOMANN

To celebrate International Women's Day, Stockmann changed its name to Stockwomann in March. The colourful, two-month campaign featured the well-known actress *Seela Sella*. In particular, Stockwomann offered inspiration for bold style choices, challenging women to question the style norms that possibly limit their choices. Stockmann Magazine was also published under the title Stockwomann Magazine. The beautiful cover of the magazine's spring issue received an award at the international Folio: Eddie & Ozzie Awards in New York.





*During 2018, we continued our self-renewal, focusing particularly on our digital business. Our next target is to speed up the pace of our transformation.*

**LAURI VEIJALAINEN**  
CEO

# OUR STRATEGIC PROJECTS ARE PROGRESSING

The finest achievement of the year in the Stockmann Group was Lindex's successful turnaround after a weak year in 2017. Lindex managed to grow its market share in its primary markets, and its online sales continued to perform well throughout the year. Lindex's adjusted operating profit almost doubled, thanks to growth in sales, a better gross margin and cost savings, which was reflected as an improvement in the entire Group's adjusted operating result.

Real Estate proceeded with its projects according to plan. In May, Stockmann sold its Book House property in the centre of Helsinki to AEW Europe City Retail Fund. The strategy of withdrawal from Russia was fulfilled in October, when we signed an agreement for the sale of the Nevsky Centre shopping centre property in St Petersburg to PPF Real Estate, a real estate investment company. The transaction was completed and the property was transferred to its new owner in January 2019. The deal marked the end of Stockmann's long-standing own operations in Russia, but Stockmann's presence continues through a licence agreement. Stockmann used the sales proceeds for repaying its bank loans. As a result, the Group's net debt decreased by EUR 196 million during the year. Net debt was further down by approx. EUR 141 million in January 2019 due to the divestment of Nevsky Centre.

Stockmann Retail did not achieve a positive result, despite our efforts. Full-year sales in 2018 fell considerably short of our target, to our true disappointment. The operating result weakened mostly in the final quarter of the year. In early 2019, we launched a project aiming at reducing the Group's cost level by EUR 20 million by the end of the year. In addition, we will seek to improve the gross margin and to accelerate our renewal measures, the effects of which will become visible for our customers during the year. The majority of these measures will affect the Retail division.

In early 2018, we launched the digital acceleration project which aimed at growing our online sales and strengthening our multichannel operations. We have focused on increasing digital know-how and recruited

a large number of digital experts to fill new positions. Our determined work has produced good results, as late last year the selection in the Stockmann online store was doubled when virtually the entire selection of the Helsinki department store was made available online. We will continue our systematic efforts to develop our digital operations at Stockmann and Lindex in 2019.

In October, we announced our plans to launch a marketplace focusing on fashion, beauty and home design in the spring of 2019. We have been building the marketplace together with our partners since the spring of 2018. The marketplace will enable us to bring new partners, operating models and product areas to our online store, opening up the digital doors to new brands. At the same time, we are considerably expanding our own product selection and digital services at stockmann.com. Our goal is to provide the industry's best customer experience in the digital space, too.

The highlights of our responsibility work in 2018 included the revision of our CSR strategy, a significant increase in organic cotton and other environmentally friendly fibres in clothes sold under Stockmann's and Lindex's own brands, and a reduction in our carbon footprint. We also introduced a larger number of responsible alternative products to our selections in all product areas.

I would like to thank all Stockmann employees as well as our customers, shareholders and stakeholders for their fruitful cooperation and their efforts during the year. Our goal in 2019 is to bolster our position in our markets by enhancing the customer experience, our digital services and the company's profitability. We will continue to work systematically to achieve our change in direction and to develop our business operations in a comprehensive way.

**Lauri Veijalainen**  
Chief Executive Officer  
@LauriVeija

## UNIQUE CUSTOMER EXPERIENCE THROUGH DIGITALISATION

*An excellent customer experience and utilising the opportunities offered by digitalisation are at the core of Stockmann's and Lindex's operations in the current strategy period, which started in 2018.*

The retail trade is undergoing major change as digitalisation transforms business models in the sector. Online shopping is growing at a rapid pace, price competition is getting tighter and competition has become global, especially as a result of marketplaces. At the same time, consumers want unique experiences from brick and mortar stores. Responsible consumption is growing in importance. To respond to these megatrends, Stockmann Group's strategy for 2018–2021 focuses on digital change and developing a unique customer experience.

Stockmann Retail's goal is to offer customers a unique Stockmann experience that is leading-edge and seamless in all channels. This unique Stockmann experience will ensure that the department store of the future stands out from the competition. Stockmann's selection focuses on fashion, beauty and home products and in the Baltic countries also on food, which creates a comprehensive customer experience that includes a high-quality selection and the latest trends, with a wide range of services and experiences, an inspiring shopping environment and personal benefits. Every encounter offers a top-notch shopping experience at department stores and the online store. Stockmann's strengths are a modern, broad and up-to-date selection that is especially suited to a Nordic lifestyle. We inspire and support our customers to be responsible consumers by offering responsible alternatives.

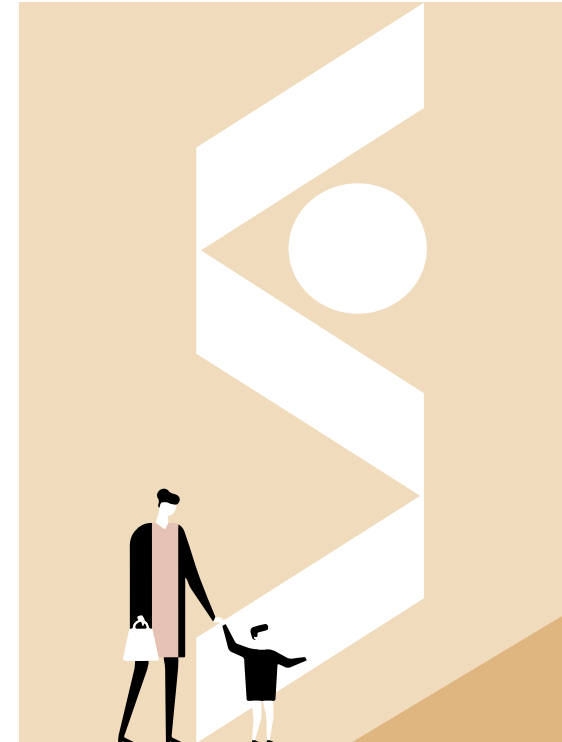
Lindex's strategy is to bolster the Lindex brand and its internationalisation. Its ambition is to be one of the most sustainable, open and trusted companies in the

fashion industry. According to its new vision, Lindex wants to empower and inspire women everywhere. It offers a wide selection of fashion, including several women's fashion concepts, kids' wear, lingerie and cosmetics. Lindex's fashion products are well-fitting, trendy and of high quality. The clothes are sustainable and responsibly made. Lindex's international operations are based on its own and franchising partners' stores. Customer focus and drive towards continuous improvement have made it a strong player in the multichannel space.

Real Estate focuses on increasing the value of the real estate owned by Stockmann Group in the centre of Helsinki, Tallinn and Riga and leads the management of leased properties. It operates closely with Stockmann Retail to improve customer experience by finding the best partners that offer experiences and complement Stockmann's own selection. The strategic goal of the division is to develop the company's real estate into unique destinations in the cities in which they are located. It focuses in particular on increasing the attractiveness of the top floors of the department store in the centre of Helsinki.

Both Lindex and Stockmann Retail invest heavily in the digitalisation of their business. The number of products in the online store has been increased by introducing the full selection of the department store and partners' products to the store. Stockmann is planning to expand its online store to the Baltic countries. In spring 2019 Stockmann will launch a marketplace in Finland that will concentrate on fashion, beauty and home design. It will also update its loyal customer system during the year. Lindex and Stockmann Retail ensure a personal experience by using customer data and technology and introducing flexible delivery alternatives to online shopping such as the Click & Collect services. Stockmann focuses on improving digital skills, and digital HR services have been introduced to shift planning, for example. Lindex has made digitalisation into an essential element supporting its business strategy and it has formed partnerships to sell its products in other international online stores.

The Group's strategic goal is to reduce the debt level and working capital, and to simplify and speed up processes which will enable it to improve operating efficiency and reduce the cost level.



### OUR STRATEGIC AIMS FOR 2018–2021 //

SIGNIFICANT DIGITAL ACCELERATION

FUTURE STORE

FASHION, BEAUTY AND HOME EXPERIENCE

UNIQUE URBAN DESTINATIONS

OPERATIONAL EXCELLENCE & COST EFFICIENCY

PEOPLE & CUSTOMER-CENTRIC CULTURE



**MEGATRENDS AFFECTING RETAIL //**

Digitalisation | Sustainability | Urban demographics | Global competition  
Hybrid consumerism | Unique experiences



**OUR VISION //** STOCKMANN IS THE CUSTOMERS

# NO1

SOURCE OF INSPIRATION FOR MODERN, URBAN LIFE



**OUR BUSINESS //**

## LINDEX

Inspiring & affordable fashion

## STOCKMANN RETAIL

Leading-edge & premium, seamless customer experience

## REAL ESTATE

Shopping experiences & property value development

**OUR OFFER //**



FASHION



BEAUTY



HOME

SELECTION | SERVICE | SCENE | SPECIALS

**FOOD & PARTNERS COMPLEMENTING OWN OFFERING**



- The best curated mix of brands from around the world
- Services that you can't find anywhere else
- An inspiring and attractive shopping environment
- Inspiration and specials tailored to our customers

**OUR FOCUS //**

# CUSTOMER

Giving more inspiration, experiences and reasons to visit

**OUR VALUES //**

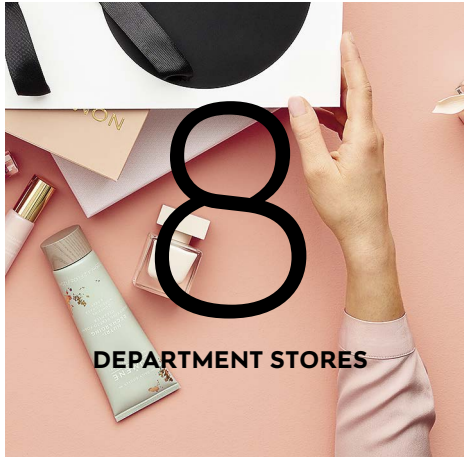
We inspire our customers

We make courageous decisions

We encourage each other to achieve top results

We take responsibility for our promises





DEPARTMENT STORES



## BUSINESS DIVISIONS IN BRIEF

**STOCKMANN, FOUNDED IN 1862**, is a Finnish listed company engaged in the retail trade. The Group has three business divisions: Lindex, Stockmann Retail and Real Estate. It has about **44 000 shareholders and a personnel of about 7 000**. Increasing digitalisation and reinforcing the multi-channel approach are at the core of Stockmann's future. The selection is focused on *fashion, beauty and home*.

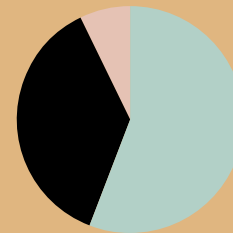


FASHION STORES

OPERATIONS IN

22

COUNTRIES



REVENUE / by division

LINDEX	56%
STOCKMANN RETAIL	37%
REAL ESTATE	7%

REVENUE / EUR mill.

1 019

1 056 (2017)

OPERATING PROFIT\* / EUR mill.

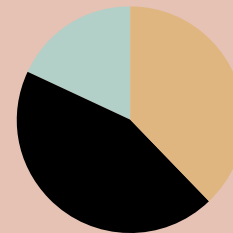
\* Adjusted

28.4

12.3 (2017)



DEPARTMENT STORE PROPERTIES



REVENUE / by market

FINLAND	38%
SWEDEN & NORWAY	44%
BALTICS, RUSSIA & OTHER COUNTRIES	18%

LINDEX



## LINDEX

In its stores and online store, Lindex offers world-class fashion experiences and a wide selection of women's wear, kid's wear, lingerie and cosmetics.

REVENUE / EUR mill.

**589.9**

606.0 (2017)

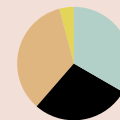
OPERATING RESULT\* / EUR mill.

**30.4**

16.1 (2017)

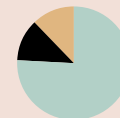
SALES / By merchandise area

WOMEN'S FASHION	33%
LINGERIE	28%
KIDS WEAR	34%
COSMETICS	5%



REVENUE / By market area

SWEDEN & NORWAY	76%
FINLAND	12%
BALTICS & OTHER COUNTRIES	12%



STOCKMANN RETAIL



## STOCKMANN RETAIL

Stockmann Retail offers high-quality selections of international brands, professional customer service and excellent customer experiences in modern and inspiring multichannel shopping environments.

REVENUE / EUR mill.

**386.2**

410.2 (2017)

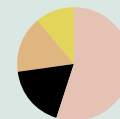
OPERATING RESULT\* / EUR mill.

**-25.7**

-20.6 (2017)

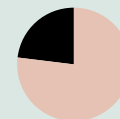
SALES / By merchandise area

FASHION	55%
BEAUTY	18%
HOME	16%
FOOD	11%



REVENUE / By market area

FINLAND	77%
BALTICS	23%



REAL ESTATE



## REAL ESTATE

Real Estate manages the properties owned and leased by Stockmann. In addition to a pleasant environment and efficient use of space, the goal is to increase the real estate value and offer first-class shopping experiences by brands complementing Stockmann's own selection.

REVENUE / EUR mill.

**69.0**

67.1 (2017)

OPERATING RESULT\* / EUR mill.

**28.2**

25.0 (2017)

OWN DEPARTMENT STORE PROPERTIES

NET OPERATING INCOME, EUR mill.	32.8
OCCUPANCY RATE, %	99.4
FAIR VALUE OF PROPERTIES, EUR mill.	681.0

REVENUE / By market area

FINLAND	58%
BALTICS & OTHER COUNTRIES	42%



\* Adjusted



## FASHION

Lindex offers in their stores Personal Shopper Services to can reserve time alone or with friends. In addition to style tips, the service includes among other things help with individual outfits assembling.



FASHION, SHARE OF  
GROUP'S SALES

80%

# STOCKMANN & LINDEX – STRONG AND INSPIRING FASHION HOUSES

*Fashion is our largest and most important product area, accounting for already 80% of Stockmann's sales. Stockmann and Lindex offer extensive, diverse and high-quality selections of wonderful fashion for every occasion.*

The Stockmann department stores and online store offer fashion from up-to-the-minute brands, including the latest international fashion and high-quality Finnish brands. We want to inspire our customers by offering them attractive and thought-provoking fashion and introducing the latest trends to their daily lives. The selections are renewed regularly, and during the year we introduced several new and attractive Finnish and international fashion brands to our selections. The pop-up stores of numerous brands added another fresh element to the department stores. The products are designed by Stockmann's own Design Studio. Stockmann's own fashion products were awarded the right to use the Design in Finland label.

Lindex's extensive international operations are based on its own stores and those of its franchising partners, as well as on its online store. In 2018, Lindex entered into cooperation with the Nelly and Asos online retailers. Lindex's collections offer modern and classical choices for every occasion, including women's fashion, lingerie and kid's wear. All the collections are Lindex own design. Lindex's collections are feminine, stylish and well-fitting. The clothes collections consist of three basic brands, namely Easy, Sharp and Holly & Whyte, all of which offer modern clothing for the fashion-conscious woman. And to complete every outfit, Lindex offers an extensive range of accessories. The kid's clothes are a combination of good functionality, trends and quality, making them suitable for daily use and special occasions.

Responsibility is a crucial aspect in the collections and, to that end, the number of products manufactured from responsible materials has been increased in recent years. The share of products manufactured using responsible materials increased from 10% to more than 30% in Stockmann's own brands in 2018. In products made from cotton jersey, the corresponding figure is 65%. In Lindex's selection, products manufactured from responsible materials accounted for 55% of the collections. Lindex is committed to its goal in which 80% of its products will be made with materials with a lower environmental impact by 2020.



Stockmann's diverse **fashion services** offer style inspiration and assist customers with their clothing-related questions. The fashion services experts help customers find suitable stylish outfits, selecting products for everyday and special occasions for the customers to try on. The sewing service can alter new clothes purchased from Stockmann to ensure the best fit. Customers looking for a perfectly fitting suit, shirt or blazer and trouser combination can turn to the tailor's service. The lingerie service helps customers find the best-fitting underwear. /



## BEAUTY

The super-popular K-Beauty, or Korean cosmetics, focuses on thorough skin care routines. The range of Korean cosmetics grew during the year with interesting brands such as Tonymole and Mizon.

BEAUTY, SHARE OF  
GROUP'S SALES

10%



# NATURAL BEAUTY & QUALITY BRANDS

*Stockmann offers a diverse selection of high-quality beauty products in both its department stores and its online store. Lindex's offering is also complemented by a wide range of cosmetics and skin care products as well as beauty products.*

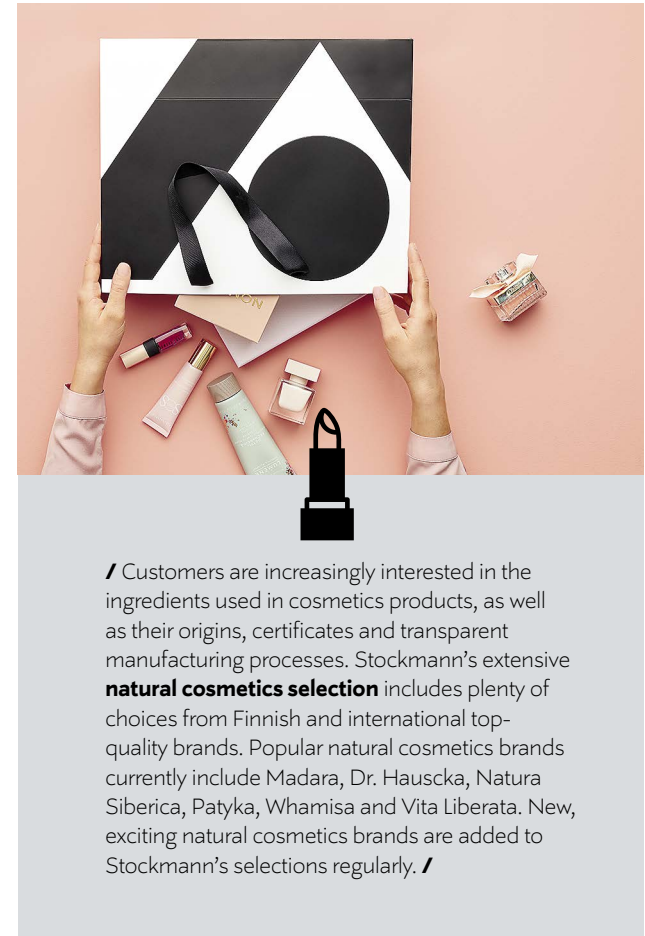
**B**eauty accounts for a total of 10% of the sales by merchandise area, and Stockmann offers holistic beauty products from approx. 800 brands. In 2018, the beauty selection was complemented with many world-famous beauty brand favourites. Similarly, Korean cosmetics, which have gained huge popularity, arrived at Stockmann, and natural cosmetics continued to increase their share of sales.

Lindex also offers an extensive and a fresh selection of make-up and make-up accessories under its own brand, which was established in 2015, and other brands. In addition to its standard selection of cosmetics, the company also offers make-up in trendy seasonal colours. Lindex sells its own brand of cosmetics at its brick-and-mortar stores as well as through its online store. All of Lindex's skincare products fulfil the requirements of the Nordic Swan Ecolabel, and they also come with Lindex's own Sustainable Choice label.

Stockmann's selection of fragrances was expanded in 2018 with the niche brands BYREDO, Jo Malone London, Atelier Cologne and Maison Margiela, which have been eagerly awaited by lovers of fragrances and aesthetics. Similarly, the globally successful natural cosmetics brand KORA Organics was added to Stockmann's selection. Founded by Miranda Kerr, who is also known for her modelling work, this cosmetics brand offers vegan and certified natural cosmetics products. Deciem's brands, which have achieved cult status, are available at the pop-up stores in the department stores and on stockmann.com. The serums containing Deciem's active ingredients are the trusted products of many a cosmetics connoisseur.

Stockmann aims to provide its customers with inspiring and responsible beauty choices and, to this end, has grown its natural cosmetics selection considerably. As a result, sales of natural cosmetics grew by 24% in 2018.

In addition to individual products and brands, holistic wellbeing and skincare routines have increasingly gained in importance as elements of comprehensive beauty care. Beauty products are now expected to be pampering and provide a feeling of wellbeing and positivity.



Customers are increasingly interested in the ingredients used in cosmetics products, as well as their origins, certificates and transparent manufacturing processes. Stockmann's extensive **natural cosmetics selection** includes plenty of choices from Finnish and international top-quality brands. Popular natural cosmetics brands currently include Madara, Dr. Hauscka, Natura Siberica, Patyka, Whamisa and Vita Liberata. New, exciting natural cosmetics brands are added to Stockmann's selections regularly. /

HOME, SHARE OF  
GROUP'S SALES

6%

FOOD, SHARE OF  
GROUP'S SALES

4%

DESIGN  
FROM  
FINLAND



## HOME

It is important for Stockmann to highlight and support domestic design. In connection with Helsinki Design Week in the autumn, Stockmann offered a place for sculptor Man Yau's installation at the Helsinki department store.





# ALL YOU NEED FOR THE HOME & INTERIOR DECORATION

*Stockmann offers a varied and comprehensive selection of home and interior design products for those who appreciate beauty in their daily lives and on special occasions.*

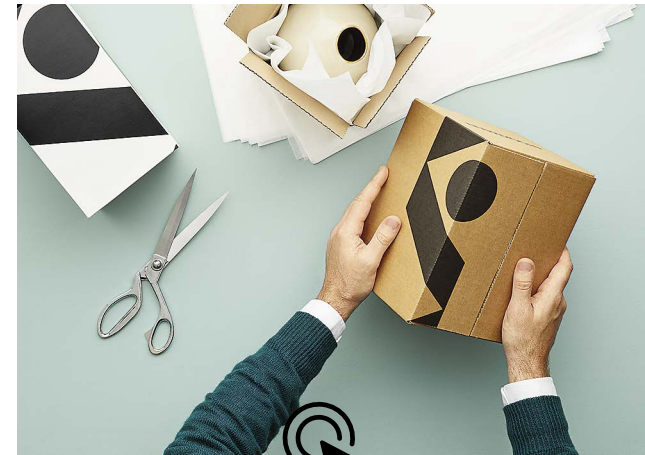
The selections include classic and novelty products from Finnish, Scandinavian and global brands alike. Moreover, Stockmann's selection features exclusive and advance-sale products, and there are numerous rotating pop-up stores at the department stores.

Responsibility is more strongly represented than before in the products, selections and materials of Stockmann's home brands, Casa Stockmann and Stockmann Villa. With the aim of growing the responsible selection, Stockmann added a product range consisting of bedroom textiles manufactured from organic cotton to the Casa Stockmann selection in the summer. Throughout the early spring, the Helsinki department store hosted a Responsible Choices pop-up store that showcased responsible home products. The store featured numerous home textiles and interior design and bathroom products manufactured from natural materials.

The majority of the Casa Stockmann textile products are manufactured in Europe. The Casa Stockmann products are designed at Stockmann's own design studio in Pitäjänmäki in Helsinki, and the product range has displayed the Design from Finland label since 2017.

Stockmann participated for the second time in Habitare, the interior, design and furniture fair held every autumn at the Helsinki Fair Centre. The Casa Stockmann stand presented the latest interior design trends and Stockmann's in-house design.

Stockmann's own selection is complemented by several partners and brands. In the spring, the wishes of many interior designers were granted when the highly popular Swedish brand Svenskt Tenn opened a pop-up store at Stockmann's Helsinki department store. Known for its iconic textiles and design classics, the well-known brand opened its pop-up store in May, and due to its huge popularity, the store will remain open until the end of 2019. The pop-up selection includes the brand's colourful textiles and wallpapers as well as stylish interior design objects and furniture. Likewise, the popular furniture and interior design products of well-loved brand Hakola, which are manufactured in Southern Ostrobothnia, were first added to the selections of the Helsinki department store and the online store.



! In the autumn a new **Click & Collect** point was opened on floor -1A of the Helsinki department store for the collection of online store shopping. The pick-up point serves customers daily until midnight and opens at the same time as the rest of the department store. Since the opening of the collection point, Q-Park has also extended its opening hours, which means customers can conveniently pick up larger online purchases for their homes by car. The pleasant Click & Collect point also features a fitting room where customers can try on any clothes or accessories they have ordered. !



# FINANCIAL PERFORMANCE IN 2018

The Stockmann Group's revenue in 2018 was EUR 1 018.8 million (1 055.9), down 1.0% in comparable currency rates. The Stockmann Group's adjusted operating result improved by EUR 16 million compared to 2017 and was EUR 28.4 million (12.3). The improvement was mainly due to Lindex's successful turnaround. Also Real Estate continued its steady performance.

Lindex's adjusted operating profit almost doubled. Real Estate completed the planned sale of the Book House and Nevsky Centre properties.

Stockmann Retail did not achieve a positive result. The operating result weakened mostly in the last quarter of the year, despite good growth in online sales in the quarter. In early 2019, a project aiming at reducing the Group's expenses by EUR 20 million by the end of the year was launched. The majority of these measures will affect the Retail division.

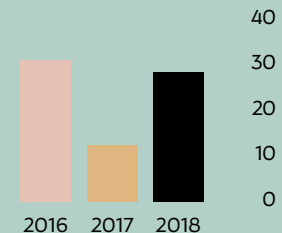
The Group's net debt decreased by nearly EUR 200 million during the year mainly due to the divestment of the Book House and decrease in working capital. Adjusted earnings per share were EUR -0.22 (-0.59) and reported earnings per share were EUR -0.68 (-2.82). The Board of Directors will propose no dividend to be paid for the 2018 financial year.

## KEY FIGURES

	2018	2017
REVENUE, EUR mill.	1 018.8	1 055.9
GROSS MARGIN, per cent	56.9	55.8
EBITDA, adjusted, EUR mill.	84.3	73.2
OPERATING RESULT, EUR mill.	-5.0	-148.4
- Adjusted, EUR mill.	28.4	12.3
ADJUSTMENTS TO OPERATING RESULT, EUR mill.	-33.4	-160.6
NET FINANCIAL COSTS, EUR mill.	34.6	31.1
RESULT BEFORE TAX, EUR mill.	-39.6	-179.5
RESULT FOR THE YEAR, EUR mill., continuing operations	-43.7	-198.1
EARNINGS PER SHARE, undiluted, EUR	-0.68	-2.82
- Including discontinued operations, EUR	-0.70	-2.98
CASH FLOW FROM OPERATING ACTIVITIES, EUR mill.	82.9	18.8
CAPITAL EXPENDITURE, EUR mill.	29.3	34.7
NET GEARING, per cent	64.5	83.8
EQUITY RATIO, per cent	46.2	43.0
EQUITY PER SHARE, EUR	11.71	12.29
PERSONNEL, average	7 241	7 360

The figures include a goodwill impairment of EUR 150 million in 2017 and EUR 25 million in 2018.

## OPERATING RESULT EUR mill. / adjusted



**READ MORE**  
in Stockmann's IR Application  
[myirapp.com/stockmann/](http://myirapp.com/stockmann/)



**READ MORE**  
in the Financial Review at  
[year2018.stockmanngroup.com](http://year2018.stockmanngroup.com)



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## ANNUAL GENERAL MEETING

The Annual General Meeting 2019 of the shareholders of Stockmann plc will be held on Thursday 21 March 2019 at 14:00 in the Finlandia Hall, Mannerheimintie 13, Helsinki, Finland. Registration is due by 15 March 2019 at 16:00. Read more on matters related to the AGM at [stockmanngroup.com](http://stockmanngroup.com):

- Notice to the AGM
- Registration for the AGM
- Proposals for the AGM



### READ MORE

in the Governance Review at  
[year2018.stockmanngroup.com](http://year2018.stockmanngroup.com)



## IR CALENDAR IN 2019

21 March 2019

Annual General Meeting

24 April 2019

January-March interim report

9 August 2019

January-June half year report

29 October 2019

January-September interim report



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