

STOCKMANN plc STOCK EXCHANGE BULLETIN May 7, 2002, 11.45 a.m.

INTERIM REPORT JANUARY 1 – MARCH 31, 2002

The Stockmann Group's sales were down 1.6 per cent to EUR 355.1 million (EUR 360.7 million in 2001). The Group's result from mainline operations improved markedly. Other operating income decreased compared with the same period a year earlier. Profit before extraordinary items improved and was EUR 1.4 million (EUR 1.0 million). The earnings estimate for 2002 is unchanged.

Sales and result

The Stockmann Group's sales in the first quarter of 2002 were EUR 355.1 million, down EUR 5.6 million and 1.6 per cent on the sales figure in the comparison period. Net turnover was EUR 297.6 million, a decrease of 1.0 per cent on net turnover in the comparison period.

The relative gross margin on operations improved in all the divisions and was 30.3 per cent (27.6 per cent). The Seppälä Division reported particularly strong growth. The Group's gross margin grew by EUR 6.9 million to EUR 90.1 million. Fixed costs increased by EUR 2.8 million and depreciation by EUR 0.4 million. The operating result from mainline operations was a loss of EUR 2.4 million, representing an improvement of EUR 3.7 million on the comparison period. Other operating income generated by capital gains on the sale of shares diminished by EUR 4.6 million from the comparison period and amounted to EUR 1.7 million. This meant that the consolidated operating result came in EUR 0.9 million under the comparison period and was a loss of EUR 0.7 million.

Net financial income increased by EUR 1.2 million from the same period a year earlier and totalled EUR 2.0 million.

Profit before extraordinary items was EUR 1.4 million, up EUR 0.4 million on the result a year earlier. Direct taxes were EUR 0.4 million, increasing by EUR 0.1 million on the first quarter of 2001. Net profit for the report period was EUR 1.0 million, compared with EUR 0.7 million a year earlier.

Earnings per share were 1.9 cent (1.4 cent). Equity per share was EUR 9.86 (EUR 9.78).

Sales and earnings trend by division

The Department Store Division's sales grew by 9 per cent to EUR 181.7 million. One of the factors contributing to the growth in sales was the department store that was opened in Oulu in September. Sales in Russia and Estonia grew strongly, and the share of International Operations within the Group's sales increased from 14 per cent to 15 per cent. The Oulu department

store reported a loss on operations, as estimated. This together with the costs of opening the Zara store weakened the Department Store Division's earnings in Finland. Operating profit generated by International Operations improved despite the costs of opening a new retail floor in the Moscow department store. The division's operating result diminished by a total of EUR 0.6 million and was a loss of EUR 1.1 million (a loss of EUR 0.5 million in Jan.-Mar. 2001).

Owing to the strong decline in the total motor vehicle market and to the divestment of three Mitsubishi-Skoda units, the Vehicle Division's sales decreased by 13 per cent to EUR 90.5 million. In March the order book for new vehicles nevertheless improved substantially. Despite the decrease in sales, the division's operating profit increased slightly from the previous year and was EUR 1.0 million (EUR 0.9 million).

Within distance retailing, in January-March unit deliveries for the total market in Finland declined by more than 17 per cent. Sales by the Hobby Hall Division diminished by 10 per cent, or EUR 6.5 million on the same period a year earlier, and totalled EUR 57.1 million. The relative gross margin improved thanks to a smaller proportion of low-margin sales. Fixed costs were smaller than in the comparison period, though credit losses increased. The division's operating result improved by EUR 0.5 million and was a loss of EUR 0.7 million (a loss of 1.2 million in Jan.-Mar. 2001).

The Seppälä Division's sales declined by 4 per cent on the first quarter of 2001 and were EUR 25.7 million. Stockmann's Swedish subsidiary SPL Seppälä AB wound up its operations according to plan by the end of January 2002. Because of smaller discount sales, Seppälä's January sales were significantly smaller than they were a year ago. In February-March, sales have grown compared with the previous year. The relative gross margin improved markedly in the report period, and the termination of loss-making operations in Sweden also had a salutary effect on earnings. The operating result improved by EUR 3.0 million and was a loss of EUR 2.0 million (a loss of EUR 5.0 million in Jan.-Mar. 2001).

Financing and invested capital

Liquidity was good. Liquid assets totalled EUR 19.7 million, compared with EUR 25.6 million at the end of 2001.

Loan repayments in the first quarter amounted to EUR 0.1 million. No new long-term loans were drawn down. The amount of long-term loans at the end of March was EUR 43.6 million. The equity ratio grew from 64.7 per cent in the comparison period to 68.9 per cent. The equity ratio at the end of 2001 was 69.5 per cent.

The Group's invested capital at March 31, 2002, was EUR 577.1 million (EUR 604.2 million). The return on investment over the

past 12 months increased and was 9.5 per cent (8.6 per cent). Capital invested in the Vehicle Division diminished by EUR 29.4 million to EUR 39.6 million. The Department Store Division's tied-up capital was increased in the first quarter by the Oulu department store that was opened in September 2001. The tied-up capital in the Hobby Hall Division and in the Seppälä Division also increased.

Total contingent liabilities grew by EUR 1.8 million from the end of 2001 and were EUR 66.5 million. Stockmann has no associated companies whose contingent liabilities must be disclosed.

Capital expenditures and current projects

Capital expenditures during the report period totalled EUR 7.4 million (EUR 7.5 million).

The Department Store Division's capital expenditures in the report period came to EUR 3.5 million. The division's most important capital expenditure in 2002 is the Riga department store, for which construction works got under way in February. Stockmann's total capital expenditure for the site will come to about EUR 23.5 million. According to current estimates, the building will be completed in autumn 2003.

The Moscow department store was enlarged by 1 500 square metres of retail space by leasing one additional floor in the department store building. Stockmann's investment costs were limited to the finishing and interior decoration works on the premises. The new floor was opened in March.

A Zara franchise store was opened in Helsinki in leased premises at the beginning of April. Zara sales have got off to a very promising start.

The first shops in the Stockmann Beauty cosmetics chain are to be opened towards the end of 2002.

The Hobby Hall Division's capital expenditures in the report period totalled EUR 0.7 million. They went for the development of information systems, a store that is to be opened in the Herttoniemi district of Helsinki in May as well as for expanding the store in the Tammisto district of Vantaa.

Other capital expenditures in the report period amounted to EUR 3.2 million.

Annual General Meeting

The Annual General Meeting held on April 2 passed a resolution according to which the dividend to be paid for the 2001 financial year is EUR 0.60 per share, or a total of EUR 30.6 million.

The members of the Board of Directors due to resign were Erkki Etola, managing director, Oy Etola Ab, and Henry Wiklund, titular kamarineuvos. Both were re-elected to seats on the Board of Directors for the next three-year term.

At its organization meeting on April 2, 2002, the Board of Directors re-elected Lasse Koivu, managing director, Föreningen Konstsamfundet, as its chairman and managing director Erkki Etola as its vice chairman.

Re-elected as regular auditors were Wilhelm Holmberg, Authorized Public Accountant, and Krister Hamberg, Authorized Public Accountant. KPMG Wideri Oy Ab will continue to act as the deputy auditor.

Shares and shareholders

The company's market capitalization at the end of March was EUR 722.2 million. At the end of 2001 the market capitalization was EUR 696.0 million.

Stockmann shares outperformed the HEX All-share Index in the report period but trailed the HEX Portfolio Index. At the end of March the stock exchange price of the Series A share was EUR 14.06, compared with EUR 13.70 at the end of 2001, and the Series B share was selling at EUR 14.05, as against EUR 13.40 at the end of 2001.

At the end of March 2002 Stockmann held 163 000 of its own Series A shares and 250 000 of its own Series B shares. The nominal value of these shares is a total of EUR 826 000, and they represent 0.8 per cent of all the shares outstanding as well as 0.7 per cent of the total votes. The shares were bought back at a total price of EUR 6.2 million.

The company's Board of Directors does not have valid authorizations to increase the share capital or to float issues of convertible bonds or bonds with warrants or to buy back its own shares.

Personnel strength

During the report period the Stockmann Group had an average payroll of 7 991 employees, or 343 more than in the comparison period. The increase in staff was due for the most part to the opening of the Oulu department store in September. Converted to full-time staff, the average number of employees increased by 237 and was 6 535.

At the end of March 2002 the number of staff working abroad was

1 225 people. At the end of March 2001, Stockmann had 1 237 people working abroad.

Full-year outlook

Retail sales excluding the motor trade are estimated to increase by about 3.5 per cent in Finland in 2002. At the beginning of the year, the total motor trade was estimated to decline further. The situation can be changed by the growth in the volume of orders begun in March.

Stockmann's consolidated sales are estimated to grow faster than the market average.

Sales in 2002 are expected to top EUR 1.6 billion.

The Group's second-quarter earnings are anticipated to improve on the previous year's figure. The Department Store Division's operating profit in the second quarter is expected to be on a par with the previous year. The second-quarter operating result of the Vehicle Division, Hobby Hall Division and Seppälä Division are estimated to improve on the results reported a year earlier.

The earnings estimate for 2002, which was stated in the Annual Report, is unchanged. The estimate is that profit before extraordinary items in 2002 will be higher than the figure reported for 2001.

Helsinki, May 7, 2002

STOCKMANN plc

Profit and loss account, Group EUR mill.

	1-3/02	1-3/01	Change %	1-12/01
Net turnover	297.6	300.6	-1	1 281.9
Other operating income	1.7	6.3		7.0
Raw materials and services	207.5	217.5	-5	870.1
Staff expenses	43.7	42.3	3	179.0
Depreciation	7.2	6.8	6	28.5
Other operating expenses	41.6	40.1	4	165.0
Operating profit	-0.7	0.2		46.3
Financial income and expenses, total	2.0	0.8	150	4.9
Profit before extraordinary items	1.4	1.0	33	51.2
Extraordinary items	0.0	0.0		0.0
Profit before taxes	1.4	1.0	33	51.2
Direct taxes (corresponding to profit before taxes)	0.4	0.3	33	16.4

Minority interest	0.0	0.0		0.0
Profit for the period	1.0	0.7	33	34.8
Earnings per share, EUR	0.02	0.01		0.68
Earnings per share, diluted, EUR	0.02	0.01		0.68
Equity per share, EUR	9.86	9.78		9.85
Return on equity, %, moving 12 months	6.9	5.7		6.9
Return on investment, %, moving 12 months	9.5	8.6		9.8
Average number of employees, converted to full-time staff	6 535	6 298		6 581

Sales by division, EUR mill.

	1-3/02	1-3/01	Change %	1-12/01
Department Store Division	181.7	166.6	9	755.4
Vehicle Division	90.5	103.8	-13	409.4
Hobby Hall	57.1	63.5	-10	237.4
Seppälä	25.7	26.7	-4	135.2
Real Estate	6.4	6.1	5	24.0
Eliminations	-6.3	-5.9		-23.8
Total	355.1	360.7	-2	1 537.6

Net turnover by division, EUR mill.

	1-3/02	1-3/01	Change %	1-12/01
Department Store Division	153.8	141.5	9	633.5
Vehicle Division	74.6	85.3	-13	337.2
Hobby Hall	47.8	52.2	-8	200.2
Seppälä	21.1	22.0	-4	111.1
Real Estate	6.3	6.0		24.0
Eliminations	-6.0	-6.4		-23.9
Total	297.6	300.6	-1	1 281.9

Operating profit by division, EUR mill.

	1-3/02	1-3/01	Change %	1-12/01
Department Store Division	-1.1	-0.5		34.1
Vehicle Division	1.0	0.9	18	3.2
Hobby Hall	-0.7	-1.2		4.4
Seppälä	-2.0	-5.0		1.7
Real Estate	4.5	4.3	3	16.2
Other operating income	1.7	6.3	-73	7.0
Eliminations	-4.0	-4.6	-13	-20.4
Total	-0.7	0.2		46.3

Capital expenditures, gross, by division, EUR mill.

	1-3/02	1-3/01	Change %	1-12/01
Department Store Division	3.5	2.8	24	19.0
Vehicle Division	0.1	0.3	-80	1.1
Hobby Hall	0.7	1.1	-39	4.0
Seppälä	0.1	1.1	-95	3.1
Real Estate	3.1	0.5		3.2
Others	0.0	1.6		0.8
Total	7.4	7.5	-1	31.1

Funds statement, Group EUR mill.

	1-3/02	1-3/01	1-12/01
Cash flow from operations	1.5	-40.7	51.1
Cash flow into and from investments	-4.3	1.3	-20.6
Financial cash flow			
Dividend paid	0.0	0.0	-30.6
Change in long-term loans	-0.1	-0.1	-9.2
Change in short-term loans	-3.0	23.5	-6.7
Financial cash flow, total	-3.1	23.4	-46.6
Change in cash funds	-5.9	-16.0	-16.0
Cash funds at start of the period	25.6	41.7	41.7
Cash funds at end of the period	19.7	25.7	25.6

Balance sheet, Group EUR mill.

	31.3.02	31.3.01	31.12.01
Non-current assets	344.4	345.4	345.5
Current assets			
Stocks	197.5	228.2	165.6
Debtors	174.6	177.8	191.5
Liquid funds	19.7	25.7	25.6
Assets	736.1	777.0	728.2
Capital and reserves	506.8	502.5	505.9
Minority interest	0.2	0.2	0.2
Provisions	1.4		1.8
Deferred tax liability	25.9	25.8	25.9
Non-current creditors	43.6	43.8	43.7
Current creditors			
Interest-bearing	24.9	58.1	28.4
Non-interest bearing	133.4	146.7	122.3
Liabilities	736.1	777.0	728.2
Equity ratio %	68.9	64.7	69.5
Gearing %	9.6	15.2	9.1
Cash flow per share, EUR	0.03	-0.79	1.00
Interest-bearing net debt, EUR mill.	-27.8	-36.1	-63.4
Number of shares at March 31, 2002,	51 383	51 383	51 383

thousands			
Weighted average number of shares, thousands	50 970	50 970	50 970

Contingent liabilities, Group EUR mill.

	31.3.02	31.3.01	31.12.01
Mortgages on land and buildings	3.4	3.5	3.4
Pledges	0.1	0.1	0.1
Guarantees	0.5		0.5
Other commitments	62.5	52.1	60.7
Total	66.5	55.7	64.7

Derivative instruments

	31.3.02	31.3.01	31.12.01
Nominal value			
Foreign exchange derivatives	27.4	49.6	30.3
Interest rate derivatives	70.0	9.0	70.0
Fair value			
Foreign exchange derivatives	-0.5	-0.6	-0.3
Interest rate derivatives	0.8	0.0	0.3

Foreign exchange derivatives are related to the hedging of future cash flows from operations.

Profit and loss account, Group quarterly, EUR mill.

	Q1/02	Q4/01	Q3/01	Q2/01
Net turnover	297.6	371.6	290.6	319.1
Other operating income	1.7	0.4	0.2	0.0
Raw materials and services	207.5	235.1	198.5	219.0
Staff expenses	43.7	53.0	40.1	43.7
Depreciation	7.2	7.6	7.0	7.1
Other operating expenses	41.6	47.9	37.3	39.7
Operating profit	-0.7	28.4	8.0	9.7
Financial income and expenses, total	2.0	2.2	0.4	1.5
Profit before extraordinary items	1.4	30.6	8.4	11.2
Extraordinary items	0.0	0.0	0.0	0.0
Profit before taxes	1.4	30.6	8.4	11.2
Direct taxes (corresponding to profit before taxes)	0.4	10.4	2.4	3.2
Minority interest	0.0	0.0	0.0	0.0
Profit for the period	1.0	20.2	6.0	7.9

Profit and loss account, Group quarterly, EUR mill.

	Q1/01	Q4/00	Q3/00	Q2/00
Net turnover	300.6	350.7	284.5	300.3
Other operating income	6.3	1.4	0.5	0.5
Raw materials and services	217.5	233.3	198.8	208.2
Staff expenses	42.3	48.7	37.4	40.5
Depreciation	6.8	5.1	7.1	6.8
Other operating expenses	40.1	43.1	34.9	36.5
Operating profit	0.2	21.9	6.8	8.8
Financial income and expenses, total	0.8	0.2	1.2	2.2
Profit before extraordinary items	1.0	22.0	8.1	11.0
Extraordinary items	0.0	-0.6	0.0	0.0
Profit before taxes	1.0	21.4	8.1	11.0
Direct taxes (corresponding to profit before taxes)	0.3	7.3	2.3	3.2
Minority interest	0.0	0.0	0.0	0.0
Profit for the period	0.7	14.3	5.7	7.8

Sales by division, EUR mill.

	Q1/02	Q4/01	Q3/01	Q2/01
Department Store Division	181.7	241.2	173.0	174.5
Vehicle Division	90.5	92.8	93.2	119.6
Hobby Hall	57.1	66.9	50.2	56.7
Seppälä	25.7	40.8	33.6	34.0
Real Estate	6.4	5.9	6.0	6.0
Eliminations	-6.3	-5.8	-5.8	-6.3
Total	355.1	441.9	350.2	384.6

Sales by division, EUR mill.

	Q1/01	Q4/00	Q3/00	Q2/00
Department Store Division	166.6	222.7	163.2	167.3
Vehicle Division	103.8	91.1	96.6	109.1
Hobby Hall	63.5	64.7	47.4	52.0
Seppälä	26.7	41.2	35.2	34.5
Real Estate	6.1	5.9	5.9	5.8
Eliminations	-5.9	-5.8	-5.8	-5.9
Total	360.7	419.9	342.5	362.8

Net turnover by division, EUR mill.

	Q1/02	Q4/01	Q3/01	Q2/01
Department Store Division	153.8	201.7	144.9	145.3
Vehicle Division	74.6	76.3	76.8	98.8

Hobby Hall	47.8	59.2	41.6	47.1
Seppälä	21.1	33.5	27.6	27.9
Real Estate	6.3	6.1	5.9	6.1
Eliminations	-6.0	-5.1	-6.2	-6.2
Total	297.6	371.6	290.6	319.1

Net turnover by division, EUR mill.

	Q1/01	Q4/00	Q3/00	Q2/00
Department Store Division	141.5	187.8	136.8	139.8
Vehicle Division	85.3	75.3	79.4	89.7
Hobby Hall	52.2	53.2	39.0	42.9
Seppälä	22.0	33.9	29.0	28.3
Real Estate	6.0	6.0	5.6	5.7
Eliminations	-6.4	-5.5	-5.3	-6.0
Total	300.6	350.7	284.5	300.3

Operating profit by division, EUR mill.

	Q1/02	Q4/01	Q3/01	Q2/01
Department Store Division	-1.1	21.8	4.7	8.1
Vehicle Division	1.0	0.1	1.3	0.9
Hobby Hall	-0.7	6.7	0.3	-1.4
Seppälä	-2.0	3.6	1.0	2.1
Real Estate	4.5	3.8	3.7	4.4
Other operating income	1.7	0.4	0.2	0.0
Eliminations	-4.0	-8.0	-3.4	-4.4
Total	-0.7	28.4	8.0	9.7

Operating profit by division, EUR mill.

	Q1/01	Q4/00	Q3/00	Q2/00
Department Store Division	-0.5	19.1	5.9	5.6
Vehicle Division	0.9	0.2	1.4	1.1
Hobby Hall	-1.2	1.0	-1.2	0.9
Seppälä	-5.0	2.2	0.1	1.9
Real Estate	4.3	4.2	3.6	4.0
Other operating income	6.3	1.4	0.5	0.5
Eliminations	-4.6	-6.2	-3.5	-5.1
Total	0.2	21.9	6.8	8.8

This Interim Report is unaudited.

Helsinki, May 7, 2002

STOCKMANN plc

Hannu Penttilä
Managing Director

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A press and analyst conference will be held today, May 7, 2002, at 14.00 p.m. at Kansallissali, Aleksanterinkatu 44, Helsinki.