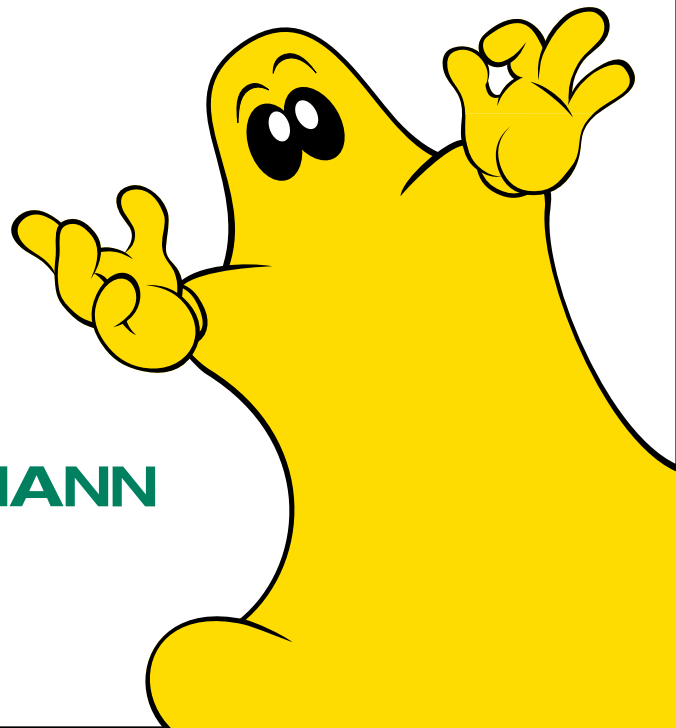


ANNUAL REPORT 1995





# ANNUAL REPORT FOR 1995, THE 134TH YEAR OF OPERATIONS

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The words Stockmann or company refer to OY Stockmann AB as the parent company as well as to all those companies in which the parent company has a direct or indirect holding of more than 50%.

The 20th Crazy Days campaign will be held in April 1996. The event will mark ten years for Stockmann's all-time success campaign.

## STOCKMANN

**Stockmann is a Finnish listed company that was established in 1862 and has about 12 000 shareholders. Stockmann is engaged in the retail trade and in all its areas of business strives to offer customers better value than its competitors.**

**The six commercial units are the Department Store Division, the Automotive Sales Division, Hobby Hall, Sesto, Seppälä and Academic Bookstore. Stockmann has operations in Finland, Estonia and Russia.**

### STOCKMANN'S CORE VALUES

#### **Profit orientation**

We are in business to make money; all our operations should support this goal. Healthy earnings mean a good return for investors and latitude of movement and risk-taking ability for the company. For good people who are committed to our common goals, it means a highly respected job and an opportunity for self-development.

#### **Customer orientation**

We earn money only by offering benefits which the customer perceives as real and better than those of our competitors. The sum total of these benefits is high customer satisfaction and loyalty. Competitive pricing, reliable quality and good customer service are vital elements in achieving these goals.

#### **Efficiency**

By performing better than our competitors, we boost sales, secure high cost-effectiveness and use capital efficiently.

#### **Commitment**

In all our activities, success calls for an understanding of the importance of Stockmann's company-wide success factors and the role of our own unit in achieving them as well as a commitment to the goals we all share together.

#### **Respect for our people**

We respect and value people's capacity for commitment, taking calculated risks and producing results. We reward success.



Department Store Division		1995	1994	1993
Sales	FIM mill.	2 661.8	2 479.4	2 219.3
Profit from operations before depreciation	FIM mill.	119.2	110.0	89.5
Operating profit	FIM mill.	70.7	67.4	49.6

Sesto		1995	1994	1993
Sales	FIM mill.	715.5	662.1	547.3
Profit from operations before depreciation	FIM mill.	6.8	11.5	16.3
Operating profit	FIM mill.	0.1	5.2	10.0

Automotive Sales Division		1995	1994	1993
Sales	FIM mill.	996.2	755.2	332.6
Profit from operations before depreciation	FIM mill.	23.4	17.9	3.8
Operating profit	FIM mill.	20.8	15.9	1.8

Seppälä		1995	1994	1993
Sales	FIM mill.	613.0	550.5	450.8
Profit from operations before depreciation	FIM mill.	86.1	73.0	39.3
Operating profit	FIM mill.	80.9	67.6	30.3

Hobby Hall		1995	1994	1993
Sales	FIM mill.	812.4	640.1	520.2
Profit from operations before depreciation	FIM mill.	65.6	48.1	17.1
Operating profit	FIM mill.	61.8	44.7	13.6

Academic Bookstore		1995	1994	1993
Sales	FIM mill.	444.8	394.1	393.6
Profit from operations before depreciation	FIM mill.	19.8	13.6	8.0
Operating profit	FIM mill.	15.8	9.7	4.0

**Key figures**

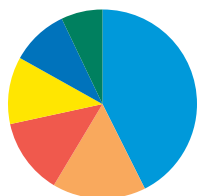
		1990	1991	1992	1993	1994	1995	Change 94/95
Sales	FIM mill.	3 990.3	3 799.3	3 939.5	4 463.8	5 486.1	6 249.1	763.0
Turnover	FIM mill.	3 289.8	3 108.1	3 233.1	3 659.2	4 507.0	5 162.7	655.7
Staff costs	FIM mill.	582.0	560.5	568.2	620.2	656.6	762.8	106.2
Staff costs of turnover	%	17.7	18.0	17.6	16.9	14.6	14.8	
Profit from operations before depreciation	FIM mill.	139.3	146.1	177.1	192.1	302.1	340.4	38.3
Operational result <sup>1)</sup>	FIM mill.	70.4	89.3	147.2	160.2	246.9	280.3	33.4
Investments	FIM mill.	96.2	124.2	144.7	185.2	132.9	273.7	140.8
Total assets	FIM mill.	1 576.5	2 533.3	2 624.1	2 657.6	2 899.7	3 176.2	276.5
Capital and reserves	FIM mill.	188.4	188.4	188.4	192.2	288.3	288.3	
Market capitalization Dec. 31	FIM mill.	1 351.2	1 402.8	1 504.9	2 397.5	3 390.3	3 446.2	55.9
Dividend paid	FIM mill.	37.7	47.1	47.1	57.7	86.5	100.9*	14.4
Dividend per share, adjusted for share issues	FIM	2.67	3.33	3.33	4.00	6.00	7.00*	FIM 1.00
Earnings per share, adjusted for share issues	FIM	2.42	4.70	8.53	8.01	12.79	13.71**	FIM 0.92
Equity ratio	%	64.2	64.7	65.5	67.1	65.7	63.6	
Return on investment	%	5.5	6.5	9.5	9.2	12.7	13.2	

<sup>1)</sup> Profit before extraordinary items, voluntary provisions and income taxes

\* Board proposal to AGM

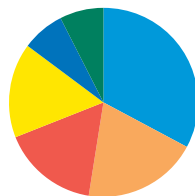
\*\* The dilution effect of bonds with warrants has been taken into account

**Sales**



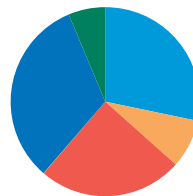
- 42.6 % Department Store Division
- 16.0 % Automotive Sales Division
- 13.0 % Hobby Hall
- 11.5 % Sesto
- 9.8 % Seppälä
- 7.1 % Academic Bookstore

**Sales by sector**



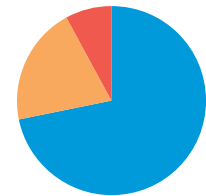
- 32.8 % Fashion
- 19.7 % Food
- 16.5 % Home
- 16.2 % Motor vehicles
- 7.5 % Leisure
- 7.3 % Books, Publications, Stationery

**Distribution of commercial profit (OPERATING PROFIT)**



- 28.3 % Department Store Division
- 8.3 % Automotive Sales Division
- 24.7 % Hobby Hall
- 0.0 % Sesto
- 32.4 % Seppälä
- 6.3 % Academic Bookstore

**Sources of income**



- 71.8 % Commercial units
- 20.3 % Real estate
- 7.9 % Net financial profit



**Stockmann's Managing Director Ari Heiniö fired the opening shot of the special exhibition "Finland at War 1939-45 - in Honour of Veterans" from a Sturm assault artillery piece in Aleksanterinkatu in front of the Helsinki department store.**

### Loyal customer campaign

The loyal customer campaign carried out by the department stores and Academic Bookstore achieved an excellent result in February: more than 10 000 new holders of a Stockmann card. This time the campaign focused on young people and families with children. In February, 1996 there were more than 400 000 loyal customers.

### The Finland At War - In Honour Of Veterans Exhibition

To commemorate the 50th anniversary of the end of the Winter War and Continuation War, Stockmann organized the exhibition "Finland at War 1939-45 - in Honour of Veterans" in the Argos Hall of the Helsinki department store in May. Cadets demonstrated the arms used by the Finnish defenders and illustrated the main events of the war by means of photographs, military gear and other objects of interest. A soldiers' canteen was set up during the exhibition. During the event, veterans were granted an extra discount on purchases.

### Ice hockey gold medal celebration

Stockmann took part in the gala celebration that was thrown for the world champion ice hockey team in Helsinki's Market Square at the beginning of May. Each player on the team received a Stockmann gift card.

### IADS and the department store business of the future

Stockmann hosted the 36th congress of the

International Association of Department Stores (IADS) in Helsinki in May. The theme of the congress was The Department Store Business of The Future and the participants included, in addition to the hosts, the directors of 30 department store companies from all over Europe.

Managing Director Ari Heiniö was nominated chairman of IADS.

### Cornerstone ceremony for the Stockmann department store in Tallinn

The cornerstone of the Stockmann department store to be opened in Tallinn, Estonia, in April 1996 was laid in June. In the first stage the department store, which is located on Liivalaia Street in the centre of Tallinn, will have two storeys, providing a total of about 5 300 square metres of retail space.

### Expansion and refurbishment of the Helsinki Delicatessen

The Delicatessen Department in the Helsinki department store expanded in September to occupy two floors of sales area. The department's retail area grew by about 40 per cent. Wider aisles and roomier service counters make shopping faster and easier.

### Etujätti hypermarkets opened in Turku and Friisilä, Espoo

The Sesto Etujätti hypermarkets formed a chain when, as a continuation of the Etujätti in Vantaa, an Etujätti hypermarket

was established in Turku in October, and a third one in Friisilä, Espoo, in November. A fourth Etujätti will be opened in the Koilliskeskus shopping centre in Tampere in May 1996. The new stores have about 5 000 square metres and they each are seeking about FIM 100 million in annual sales.

### Seppälä becomes Finland's largest chain of clothes stores

The Seppälä store network expanded with the addition of 10 new stores. At the end of 1995 the Seppälä chain had 71 stores of its own and three stores operated on a partnership basis.

### A tunnel between Forum and Stockmann

Plans were completed for building a pedestrian tunnel between the Forum shopping centre and Stockmann in Helsinki. The tunnel will run in the direction of Kälviäkatu under Mannerheimintie to the corner of the department store. The tunnel will be opened in March 1997.

### The Automotive Sales Division expands to Turku

Oy Ford Ab and Stockmann signed an agreement on the Ford dealership in the Turku economic area. Stockmann will begin Ford sales and service operations in Turku in May 1996. The expansion will mean growth of about a third in Stockmann's Ford sales.

### An annex is planned for the Tapiola Stockmann

The expansion plans for the Stockmann department store in Tapiola, Espoo, were made public in October. When completed, the Tapiola department store will gain a three-storey annex that will be erected above the main road, Merituulentie, in the spring 1998. The new building will link the department store's sales outlets to form an impressive complex and add nearly 4 000 square metres of new space to the department store.

### 25 years of Academic Bookstore Encounters

Academic Bookstore celebrated the 25th birthday of its Meeting Place in style in October. The guests of honour at the festivities were President Mauno Koivisto and Minister of Culture Claes Andersson.



## BOARD OF DIRECTORS, CORPORATE MANAGEMENT AND AUDITORS

<b>Board of Directors</b>	<b>Member since</b>	<b>Term ending in spring</b>
Chairman <b>Lasse Koivu</b>	1991	1997
Deputy Chairman <b>Erkki Etola</b>	1981	1996*
<b>Ari Heiniö</b>	1989	1996*
<b>Pertti Niemistö</b>	1989	1998
<b>Kurt Stenvall</b>	1988	1997
<b>Christoffer Taxell</b>	1985	1997
<b>Henry Wiklund</b>	1993	1996*

\* due to resign



The members of the Board of Directors of OY Stockmann AB and the personnel representatives on the Board. In the front from left to right: Lasse Koivu, Erkki Etola and Christoffer Taxell. In the back from left to right: Kurt Stenvall, Ari Heiniö, Pertti Niemistö, Henry Wiklund, Kim von Walzel and Leena Huppunen.

#### **Personnel representatives on the Board April 1, 1995 - March 31, 1996**

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**Leena Huppunen**, (Dec. 1, 1995-Mar. 31, 1996)  
Company Committee  
**Aino Paavilainen**, (Apr. 1, 1995-Nov. 30, 1995)  
Company Committee  
**Kim von Walzel**, middle management

#### **Management Committee**

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**Ari Heiniö**, Managing Director  
**Stig-Erik Bergström**, Deputy Managing Director; Finance,  
Treasury, Information Management, Real Estate  
**Hannu Penttilä**, Deputy Managing Director; Department Stores,  
International Operations  
**Risto Kiiski**, Director; Sesto  
**Aarno Pohtola**, Director; Automotive Sales Division

#### **Commercial unit management**

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**Marjatta Björn**, Seppälä  
**Risto Kiiski**, Sesto  
**Hannu Penttilä**, Department Store Division  
**Aarno Pohtola**, Automotive Sales Division  
**Doris Stockmann**, Academic Bookstore  
**Veikko Syvänen**, Hobby Hall

#### **Auditors**

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**Eric Haglund**, Authorized Public Accountant  
**Krister Hamberg**, Authorized Public Accountant

#### **Deputy Auditors**

**KPMG Wideri Oy Ab**



My warm thanks to our shareholders, partners in cooperation and our competent Stockmann staff for their positive contribution to the company's good result.

**A GOOD YEAR AGAIN**

1995 again went well for Stockmann. Sales, the number of customers and market shares were up. All our commercial units performed better than average, and most were the best in their field. This was our objective and we can feel deservedly satisfied with our accomplishment. In a European Finland, a further cause of satisfaction is our efficiency compared with the efficiency indicators of retailers in the main European countries.

There was plenty to be happy about: the positive earnings trend of all our commercial units is one of them. In saying this, I do not exclude Sesto, whose operating profit diminished as

a consequence of its deliberate commitment to establishing new stores.

The performance of the various units is described in the Board Report on Operations, and in detail in the reviews of the divisions. The only major disappointment I must record among the many successes during the year is the earnings trend of the Department Store Division's international operations in Russia. There too, the situation is now better under control than it has been.

Stockmann's sales grew last year by FIM 763 million to FIM 6 249 million, an increase of 13.9 per cent. The growth came mainly from an improve-

ment in commercial efficiency. Our operational result improved by FIM 33.4 million, reaching FIM 280.3 million, up by 13.5 per cent. If we compare our sales with the sales figures for the early years of the 1990s, we have boosted our sales from the figure of slightly less than FIM four billion in the early years of the recession to more than FIM 6.2 billion, an increase of about 60 per cent. By the same token, our operational result - taking as a benchmark the worst recessionary year for us, 1990 - has quadrupled to FIM 280.3 million from FIM 70.4 million. I believe that our shareholders too have reason for satisfaction: our dividend payouts during this period have risen to FIM 86.5 million from FIM 37.7 million, more than doubling, and according to the proposal of the Board of Directors, this year they will top FIM 100 million.

**The meaning of our core values**

A fundamental element of our ability to ride out the recession and to achieve positive performance is the core values which we defined for all our people in 1990. They are given, somewhat reworded, on the first spread of this annual report. They are as timely today as they were in the midst of the recession. That is why I wish to repeat the central promises embodied in the core values.

We assure our shareholders that we are in business to make money, with the objective of:

- *the company's good performance*
- *a good yield on our owners' investment*
- *maintaining the company's latitude of movement and risk-taking ability,*
- *cost-effectiveness and the efficient use of capital.*



To our customers we promise:

- real and better benefits than our competitors offer
- high satisfaction
- a good customer relationship
- competitive pricing
- reliable quality and
- good customer service.

And, finally, we want to offer our competent Stockmann staff:

- a highly respected job
- opportunity for self-development
- a possibility to take calculated risks and to produce results, and
- the joy of accomplishment and its due reward.

### Sources of earnings

In demonstrating Stockmann's "recession-resistance", I have been accustomed to emphasize that our commercial operations generate cash for us both in the form of profit from operations before depreciation and as rental income which the commercial units pay for the use of our real-estate holdings. In addition, we have received net financial income.

The share which commercial operations represent in the financial result has grown throughout the 1990s. Over the past six years the commercial units have increased their share of our net profit by about 30 percentage points, whereas the share from real estate and from treasury operations has diminished. In 1995, income from commercial operations amounted to 71.8 per cent, rental income to 20.3 per cent and net income from treasury operations to 7.9 per cent.

### Outlook for 1996

I believe that 1996 will still be a fairly good year for the wholesale and retail trade. A year ago in this review I

wrote that "a little further out, it nevertheless appears that the unsolved problems of our national economy are so great that our country is again headed for difficult times, even before we have managed to deal properly with our previous difficulties." As I write the present review, this assessment is more timely than ever before. The problems we face are chronically high unemployment, excessively high indebtedness and an immoderately high tax on work done or ordered. Our society does not seem capable of resolving these problems. Strong economic growth has been put forth as the only solution, but it will not be realized through wishful thinking. That is why I also repeat my promise that we shall henceforth take steps to see to it that we are able to maintain our profit-making ability also in the event that external conditions again become difficult. We shall do this as we have done before: by strengthening our competitive positions with the objective of retaining our lead and our position as the best company in the retail trade. At the same time, we shall strive to maintain a high equity ratio and to keep risks under control.

We can look back upon years of strong growth in recessionary conditions. I believe our sales will continue to grow in the current year just as favourably as they did in 1995. I conclude my review as I did last year, by promising that this year too we shall generate reasonably good earnings.

Helsinki, February 1996



Ari Heiniö

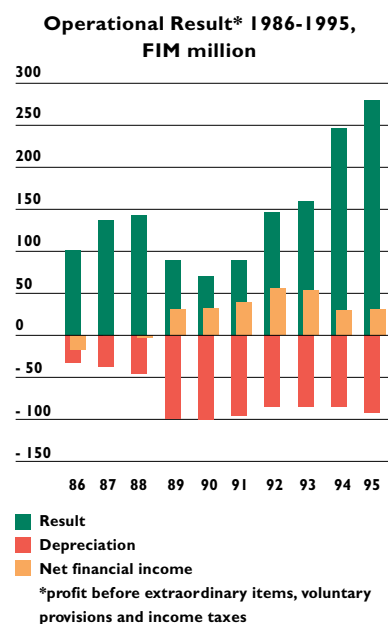
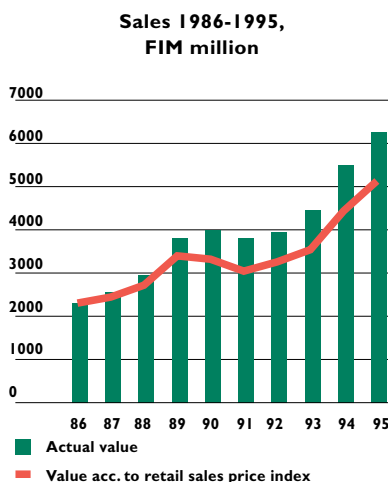
### Trend in the value of Stockmann's sales 1994/1995

	Change %
Stockmann, total	13.9
Department Store Division in Finland	9.6
Automotive Sales Division	31.9
Hobby Hall	26.9
Sesto	8.1
Seppälä	11.4
Academic Bookstore	12.9

### Trend in the value of retail sales in Finland\* 1994/1995

	Change %
Retail trade, total	4.5
Department stores	2.9
Vehicles, spare parts	15.7
Household appliances, furnishings	15.2
Supermarkets	-3.0
Textile and garment	8.5
Books and office supplies	13.5

\* source: Statistics Finland





## DEPARTMENT STORE DIVISION

**Stockmann's department stores in central and eastern Helsinki, Tapiola, Tampere and Turku offer customers a knowledgeable shopping environment and good service in a congenial atmosphere. The key to Stockmann's success is a unique and broad assortment of good products at competitive prices. Our operations abroad now comprise four stores in Moscow and one in St Petersburg. The store in Tallinn will be replaced by a full-fledged department store in April 1996.**

The sales and net profit of the Department Store Division improved during 1995. Gross sales inclusive of VAT were FIM 2 661.8 million. Turnover was FIM 2 210.7 million, a total increase of 7.6 per cent. Turnover in the department stores in Finland grew by nearly FIM 179.6 million, or 10.3 per cent, whereas the turnover for International operations declined by FIM 23.1 million.

All the department stores in Finland posted excellent growth that was significantly better than that of competitors in different localities. Also in comparison with its international partners in cooperation, the leading department stores in the main countries of Europe, the Stockmann department stores had the best sales trend.

The gross margin of the department stores in Finland improved. Cost-effectiveness showed positive development. The materials functions deserve a special mention. By revamping the operational model, they were able to reach a lower cost level in markka amounts than prevailed five years earlier, although the number of department stores and the total volume has increased. As a result of this development, all the department stores again achieved their all-time best profit from operations before depreciation.

Department Store Division		1995	1994	1993
Sales	FIM mill.	2 661.8	2 479.4	2 219.3
Proportion of Group Sales	%	42.6	45.2	49.7
Profit from operations before depreciation	FIM mill.	119.2	110.0	89.5
Operating profit	FIM mill.	70.7	67.4	49.6
Return on investment	%	11.8	11.1	8.7
Investments	FIM mill.	93.6	59.8	54.6
Staff Dec. 31		3 903	3 602	3 018

Country campaigns are a showcase event at Stockmann department stores and underscore our commitment to offering interesting events. The cream of the crop amongst such campaigns has always been the *Italy* campaign, which is a big favourite with Finns. Featured in the autumn 1995 were fashion shows, delicatessen events and much more, including an exhibition of Leonardo da Vinci's inventions.



The turnover for International operations in markka terms declined by 7.6 per cent. New stores were not opened during the year. The difficulties of the Russian economy coupled with tougher, in part unhealthy competition and the low exchange rate of the US dollar against the Finnish markka caused a drop in both sales and the gross margin, pushing the previous year's loss-making result deeper into the red.

The largest capital expenditures during the year were the start-up of construction works on the department store in Tallinn, Estonia, the expansion of the Delicatessen Department in the Helsinki department store and other department renewals as well as the refurbishing of the fashion floor in the Tampere department store. In the area of information technology, a loyal customer management system was developed and the MOVE information system that serves the purchasing and materials functions within International operations was put into use in its entirety.

### Successful marketing

Outlays for marketing were stepped up on all fronts: in media advertising, magalogs, direct mail advertising beamed at loyal customers and in the department stores themselves.

The effort paid off and new records were set. Interesting campaigns led to a higher flow of customers and greater sales. Among the actions carried out in the spring period was a wide-ranging campaign to open the sports season. The main campaign in the autumn was "Italia, con amore". The previous records for our Crazy Days were again broken with ease in both the spring and the autumn. The new number of loyal customers rose to nearly 400 000, an increase of 50 000 customers during the year.

Improved services were developed for loyal customers. A good example



of this is the making up of new customer cards, including credit cards, on our own equipment while the customer is waiting. The renewal of the loyal customer systems provided better tools for understanding customers' needs in view of developing our assortments and services. The numbers of customers have shown a positive trend in all the department store localities and in all age groups. We reach customers when they are young.

### The Helsinki department store: renewal and development

The Helsinki department store's sales inclusive of VAT were FIM 1 272.6 million, up by 7.8 per cent. The

number of customers increased by 4 per cent. The growth in the department store's sales clearly exceeded the growth registered by competitors in the centre of Helsinki. Concessionary sales in the department store amounted to FIM 165 million, representing growth of 7 per cent.

The department store exceeded its target for sales and profit from operations before depreciation. The previous year's record financial result was improved on again by a significant margin.

The following departments had the best increase in sales during the year: Boutique (26%), Radio and TV (25%), Sports (22%), Men's Wear (19%) and Men's Accessories (12%).

The largest capital expenditure made during the year was for the extension of the Delicatessen Department to two sales floors during September. The department's retail area grew by about 40 per cent as a result of the extension. The extension works were carried out in accordance with the agreed plan and timetable. The renewed department has been very well received by customers.

**The long-awaited extension of the Delicatessen Department in the Helsinki Department Store to two levels was opened during the Italy campaign in September. The ceremonial cutting of the ribbon was performed by Mayor Kari Rahkamo, and the Italian ambassador and his wife were on hand for the event.**





The complete refurbishing of the fashion and leisure areas in the Tampere department store was a big success. Customers praised it and immediately chose Stockmann as the number one place to shop.

The commercial exploitation of the 7th floor of the department store continued with the opening in January of a new Home Improvements Department. The department's ranges of products include kitchens, bathroom fixtures, flooring material, storage solutions and large kitchen appliances.

A new Stockmann Gourmet delicatessen was opened at the International Terminal of the Helsinki-Vantaa International Airport and the two separate giftware and garment stores in operation there were combined.

The design work and permit applications for the tunnel project between the Forum car park and the department store, including additional retail space in the present basement, went ahead according to schedule. Plans call for opening the area for commercial use in early 1997.

**The Itäkeskus shopping centre continues to grow**

The Itäkeskus department store had sales inclusive of VAT of FIM 239.2

million. Sales increased by 16.3 per cent on the previous year and the number of customers grew by 13 per cent. Major changes did not take place in the Eastern Helsinki area during the year. Sales registered by the shopping centre grew by 8 per cent and the number of customers by 4 per cent.



The interest in special offers for loyal customers continued its strong growth. Sales of products in the special offer booklet increased by a quarter compared with the previous year.

Stockmann's market share in Eastern Helsinki thus grew markedly in all product areas. The departments that had the best increase in sales during the year were Audio Discs (35%), Men's Wear (28%), Bags and Footwear (24%), the Cafeteria, Ladies' Lingerie as well as Giftware (23%). In addition, the sales trend of the Delicatessen Department (10%) deserves mention, since due to the fall in prices, this corresponds to about a one fifth increase in volume.

The better-than-planned sales trend together with good cost control led to a profit from operations before depreciation that was clearly better than the previous year and above budget.

The largest changes in the individual departments were made in the "Profilo" areas of women's and men's fashions, where both the floors and the furnishings were renewed in the spring. After these changes were carried out, the sales trend in these areas has been good. In addition, the entrance to the Delicatessen Department was refurbished, and the fresh baked

goods counters in the Delicatessen and the Cafeteria were renewed.

### **Tapiola continues its good growth**

Sales by the department store in Tapiola inclusive of VAT were FIM 282.4 million, up by 11.3 per cent on the year. The number of customers grew in all the product areas and the increase on the previous year was 5 per cent.

The best increases in sales during the year were reported by Sports (27%), Music (24%), Men's Wear (19%), Gardening and Kennel (19%), Men's Accessories (18%), Ladies' Lingerie (18%) and Footwear (18%). In spite of the sharp fall in food prices, sales by the Delicatessen Department grew by 8 per cent.

Owing to the good sales trend and active cost control throughout the year, the department store improved both its sales and its profit from operations before depreciation compared with the previous year.

The competitive situation in the Espoo area has become increasingly tough in recent years. In order to ensure the significance and vitality of the Tapiola business centre, Stockmann has launched an expansion plan. The objective is to increase not only the retail space in the department store but also to provide additional parking space and to combine the present premises into a better functioning complex, whereby it is believed that the business centre's service capabilities will improve and gain in diversity. At the same time, the Sampokuja pedestrian precinct will be enhanced.

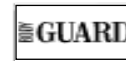
### **The Tampere store becomes the city's no. 1**

Sales by the Tampere department store inclusive of VAT were FIM 278.8 million, an improvement of 10.7 per cent. The number of customers grew by 7 per cent on the previous year. The

**The development of own brands has been a strong competitive trump card for the department stores. The distinctive look and price competitiveness of the products have been enhanced at the same time as new regular patrons have shown greater purchasing loyalty.**

good growth meant that the department store became the largest department store in Tampere, passing up Citysokos, which has considerably more floor space.

A factor that contributed to the good sales was the complete refurbishing of the fashion floor, which was carried out in the summer months without hurting sales to any measurable extent. On the fashion floor, all the surface materials and sales furnishings were renewed, and the women's and men's fashion departments were moved to new areas. The lighting was also renewed. During the refurbishing, several departments swapped places on different floors.



**Good treatment of loyal customers starts by giving good service right at the moment of joining: charge cards are made up on the spot and purchases can be made on them immediately.**



During the year, a number of impressive events are arranged in the Argos Hall of the Helsinki department store. The main occasion in May was the "Finland at War 1939-45 - in Honour of Veterans" exhibition.

The main attraction of the Finland at War exhibition was the arms used by the Finnish defenders as well as other military gear.



The best sales trends during the year were registered by Men's Wear (26%), Music (26%), Bedding (25%), Footwear (20%), Men's Accessories (20%) and Home Goods (20%). The Delicatessen Department increased its sales by 7 per cent, which is to be considered a very good accomplishment, bearing in mind the significant fall in the prices of food following Finland's membership of the EU.

Since the ratio of operating costs to sales declined, the profit from operations before depreciation hit an all-time high, far exceeding the target figure and the previous year's result.

**Turku posts record profits**

The Turku department store had sales inclusive of VAT of FIM 256.3 million, an increase of 10.0 per cent on the previous year. The market share of Turku's department store business grew markedly. The first full year of the refurbished fashion floor brought a sales increase of 14 per cent, which firmly established the Turku Stockmann as the largest clothing store outside Helsinki.

The product areas having the best sales trends were Sports (37%), Footwear (22%), Men's Accessories (20%), Ladies' Wear (18%) and Music (18%). The Delicatessen Department had sales growth of 3 per cent, which can be considered very good, taking into account the fall in prices and the extremely stiff competition.

Major department renewals were not carried out during the year. The development emphasis was on improving the quality of operations both in customer service and in internal functions.

The department store's profit from operations before depreciation exceeded its target by a wide margin and was by far the best in the thirteen year history of the Turku department store's operations.

**International operations deeper in the red**

International operations had sales inclusive of VAT of FIM 332.5 million, a 6.3 per cent drop on the previous year. The fall in sales, which was due to the causes discussed above, was the largest in the food and electronics stores in Moscow, whereas the sales trend of the Moscow fashion stores and the stores in St Petersburg and Tallinn was satisfactory, given the prevailing conditions.

Since the gross margin to turnover ratio also weakened, the result of operations was again in the red.

**Challenges in the new year**

During the current year the Department Store Division will bolster its positions with a view to future developments. The Helsinki department store's expansion plan via the tunnel project is continuing. The expansion plan of the Tapiola department store will also be carried ahead. The Household and Home areas of the Tampere department store will be refurbished. Within International operations the central objective is to bring the two consecutive years of losses to a halt and to successfully open the department store in Tallinn, Estonia.

### Sales by merchandise sector 1995

	% of total sales	Change %
Men's wear and accessories	10.9	19.2
Ladie's wear and accessories	18.4	10.2
Children's wear and junior wear	6.7	8.5
Footwear	3.0	18.6
Cosmetics	4.5	11.5
Fashions total	43.5	12.7
Home furnishings, fabrics, needlework, household	12.0	11.2
Leisure and sports	10.2	17.4
Food	19.6	4.6
Cafeterias, miscellaneous services	2.2	-9.9
Others total	44.0	8.2
International operations	12.5	-6.3
Total	100.0	8.0

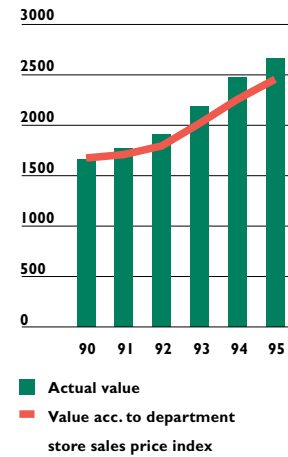
### Sales by Department Stores 1995

	FIM mill. 1995	FIM mill. 1994	Change %
Helsinki	1 272.6	1 180.4	7.8
Tapiola	282.4	253.6	11.3
Itäkeskus	239.2	205.6	16.3
Turku	256.3	233.0	10.0
Tampere	278.8	251.9	10.7
International operations	332.5	354.8	-6.3
Total	2 661.8	2 479.4	7.4

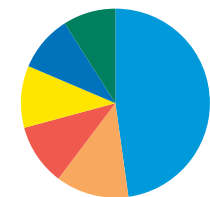
The handshake in honour of the champions' success-filled year was followed by the giving of a Stockmann gift card to each Finnish Lion on the gold medal ice-hockey team. The song in honour of the victory, *Den glider in (It glides in)*, originally composed for the Swedish team who came in second this time, also resounded throughout the department stores as an internal booster song. Deputy Managing Director Hannu Penttilä and Helsinki department store director Henri Bucht handed over the gift cards, which were received on the team's behalf by captain Timo Jutila.



### Sales by Department Store Division 1990-1995, FIM million

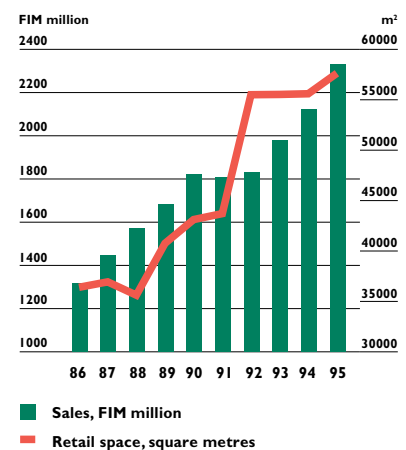


### Sales by Department Stores 1995



- 47.8 % Helsinki
- 12.5 % International operations
- 10.6 % Tapiola
- 10.5 % Tampere
- 9.6 % Turku
- 9.0 % Itäkeskus

### Sales volume by department stores and retail space, 1986-1995



A SUCCESS STORY FOR TEN YEARS NOW!

# Hullut Päivät

There is always a prime mover behind every success. This Crazy Days story is no exception. It began more than three decades ago in the Parisian department store Galeries Lafayette. From Paris it moved on to Bijenkorf in Amsterdam, when Stockmann got wind of the idea. The European success story just had to be brought to Finland! Called *Les Trois Jours* in France and *Dwaze Dagen* in Holland, the event was boldly named Crazy Days (Hullut Päivät - Galna Dagar in Finnish and Swedish) by Stockmann. The concept was crystal clear and the strategy was carried out in a disciplined manner right from the start.

In the year of the launch, 1986, Crazy Days were held only once, in the spring, but thereafter Stockmann continued with the craze twice a year and each time sales records were broken when comparing the spring-to-spring and autumn-to-autumn figures. Another unique feature was that the



Covering and uncovering is a game that lends excitement to the Crazy Days. Each day there are new unveilings.

best day during the Crazy Days has already surpassed the peak sales figures which the store has reached so far during its best season, December. The campaign has also expanded to the Automotive Sales Division and the Academic Bookstore.

The element of surprise, which at first was highlighted by strokes such as opening the department stores an hour later at 10 a.m., was first rendered via a multicoloured visual impact, right down to a special campaign bag with a ball design. Soon, however, it was decided to go over to a bold yellow, which became the colour of the ghost figure, too. Originally the ghost had a body, and was covered with cloth. It quickly developed into a drawn figure in which only parts of



What are the limits the Crazy Days can reach? Are there any? The spring 1996 will mark 10 years and 20 rounds in the history of the Crazy Days. Each time a new record has been set - and this trend is likely to continue. The efforts of competitors along similar lines have not cut into Stockmann's success - on the contrary! Competition forges champions.

the ghost can be seen: just the pupils in the most highly stylized version.

But Crazy Days is not just a large media campaign during which people buy plenty of new goods. Its year-round preparations culminate in four-day shopping festivities that have something of a carnival atmosphere and involve the entire personnel, management included. Everybody puts on yellow garb, and flashes of inspiration are by no means prohibited. The customers themselves, however, are the ones who create most of the atmosphere. The two Crazy Days events in 1995 drew a total of 1.6 million paying customers.

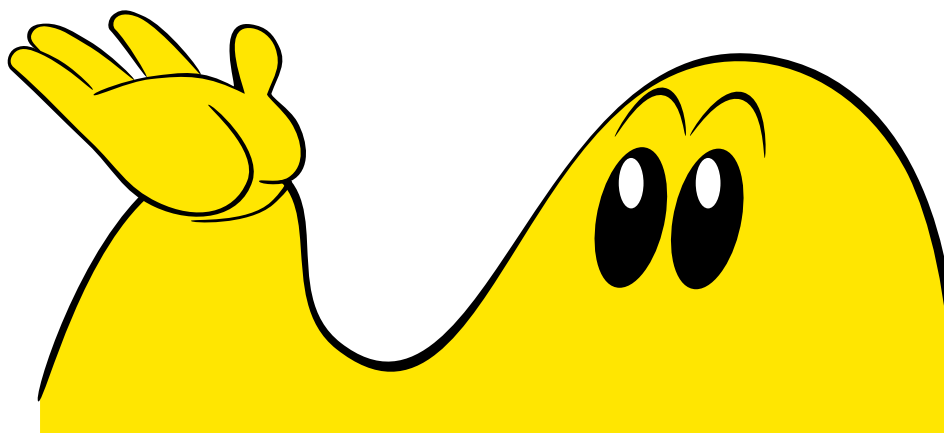
Competitors just couldn't content themselves with observing the yellow success story on the sidelines. Like all pioneering events in the world, the Crazy Days too had plenty of copycats. Their lack of content did not prevent them from using yellow and a ghost to create a crazy effect. But this has not hampered the success of the genuine Crazy Days. Spring 1996 will mark the celebration of the 20th round of the 10-year success story named Crazy Days. Simultaneously the FIM 1 billion magic limit will be exceeded.



The Crazy Days bag, which originally was multicoloured, is a splendid advertising medium. And for most people one is not enough!



The two Crazy Days events in 1995 drew a total of 1.6 million paying customers. The figure can be compared with the Helsinki Olympic Stadium, which holds less than 40 000 people at one time.







Stockmann's Automotive Sales Division serves its customers at five sales outlets in the Greater Helsinki area, and will soon open a Ford dealership in the Turku economic area. The division's success is based on high-quality products, a comprehensive range of makes and models, competitive prices thanks to large volumes, and good and reliable customer service. The vehicles sold are Ford, Nissan, Chrysler, Jeep, Volkswagen, Audi and Seat cars and vans and a wide range of trade-in vehicles.

The motor vehicle trade in Finland saw the second year of growth in succession. A total of 79 890 new cars were sold, or slightly less than 20 per cent more than in the previous year. In spite of these two years of growth, the total volume of the motor vehicle trade is still very low. It can be said that in car sales, we have gone from the "level of the 1960s to the level of the 1970s". Yet we are still very far from the level of the 1980s, when an average of about 140 000 new vehicles were sold annually.

Van sales swung to strong growth, with 6 809 new vans being registered, an increase of nearly 100 per cent on the year.

The small total volume and the ever keener competition are continuing to force a shakeout in the motor vehicle trade. A number of reorganizations were carried out in the retail vehicle trade. The trend appears to be towards larger retail sales units and a strengthening of their position. European makes of cars again increased

Automotive Sales Division		1995	1994	1993
Sales	FIM mill.	996.2	755.2	332.6
Proportion of Group sales	%	15.9	13.8	7.4
Profit from operations before depreciation	FIM mill.	23.4	17.9	3.8
Operating profit	FIM mill.	20.8	15.9	1.8
Return on investment	%	11.5	13.5	2.5
Investment	FIM mill.	4.0	5.1	6.2
Staff Dec. 31		340	335	314



VW Polo, the most popular car in its class.

their aggregate market share. The sales of Japanese vehicles, however, did not keep pace with the total market.

**Continued growth in sales**

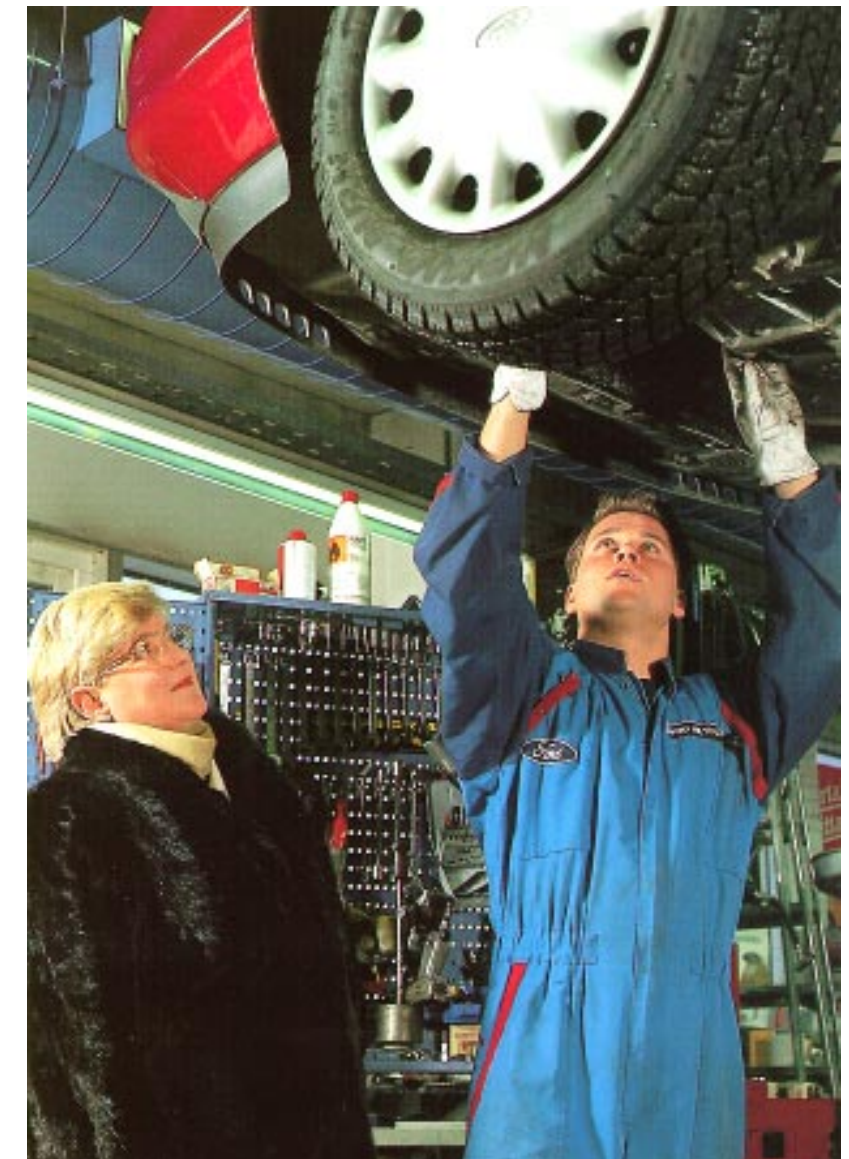
Sales by the Automotive Sales Division inclusive of VAT were about a billion Finnish markkaa. Turnover was FIM 818.0 million, an increase of FIM 196.5 million, or 31.6 per cent, on the previous year. The growth in sales was achieved in comparable conditions, which means that the Automotive Sales Division succeeded in increasing its sales clearly faster than the average growth of the market.

Operating profit rose to FIM 20.8 million from FIM 15.9 million. The improved result was due to increased sales and successful cost containment.

The largest capital expenditure during the year was the expansion of the Pitäjänmäki car showroom by about 500 square metres.



At many of our outlets, the customer can always deal directly with the same familiar mechanic. This form of service will be developed further. In the photograph, mechanic Jyrki Hiltunen is shown together with a customer going over a car that has come in for repairs.



**Market leader in the Greater Helsinki area**

The Automotive Sales Division is organized according to its principals into three product lines. Three of the makes sold by Stockmann - Volkswagen, Nissan and Ford - were amongst the five top selling makes of car. Volkswagen increased its nationwide sales by 26.3 per cent, Ford by 12.9 per cent and Nissan by 0.2 per cent.

Stockmann sold more than 9 500 vehicles, of which 5 270 were new

vehicles. The breakdown of unit sales was 3 421 for the VW line (+ 35.7%), 1 386 for the Ford line (+ 20.6%) and 463 for the Nissan line (+ 32.7%).

The Automotive Sales Division retained its market leadership in the new vehicle trade in the Greater Helsinki area with a market share of more than 20 per cent. More than every fifth new vehicle sold in the Greater Helsinki area thus comes from Stockmann.



**Sales by the Automotive Sales Division 1995**

	FIM mill.	Change %
New vehicles	632.4	49.9
Trade-in vehicles	216.5	13.1
Spare parts	98.3	2.0
Service	48.9	7.8
Total	996.2	31.9



**The test-winning Ford Fiesta.**

The number of trade-in vehicles sold was 4 276 (+ 8.4%). Sales in this area did not reach the targets set. A factor contributing to this was the shortage throughout the year of "right-priced" trade-in vehicles. On the other hand, our commitment to always standing behind the high quality of the products and service sold to our customers places its own limitations on what we can offer. The price level of trade-in vehicles continued to rise during the year. The stock turn for trade-in vehicles remained good.

**Servicing capacity**

The capacity of our servicing and repair operations was in full use at all our outlets.

The waiting lists at the repair shops were again from time to time too long from the standpoint of good customer service. Accordingly, steps have been taken to provide additional capacity.

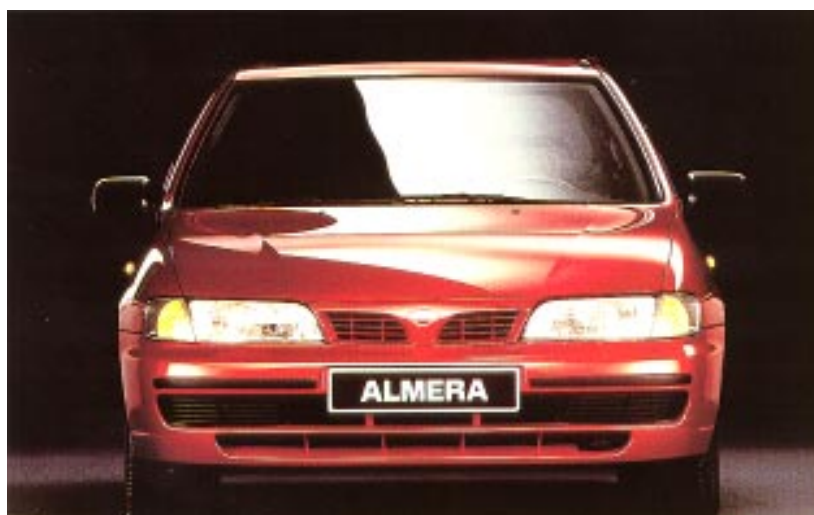
**The growth pace tails off**

The cautious revival in Finland's motor vehicle trade appears to be continuing in 1996. Strong growth in de-

mand will nevertheless not take place. It is estimated that in 1996 about 87 000 new cars will be sold, which would mean total growth of slightly less than 10 per cent. For authorized repair shop operations, a slowdown is expected, because the number of cars under five years old will continue to decline.

The Automotive Sales Division is in a good position to outperform most of its competitors in 1996, too. Ford, Nissan and Volkswagen are likely to remain among the five most sold makes of car. Within servicing and repair operations, the predicted fall in demand on the market will probably not lead to a shortage of work at our repair shops.

The Automotive Sales Division will continue its active efforts to achieve rapid improvement in its customer service in all the subareas of its operations. In February 1995, the Ford operations received the ISO-9002 quality certificate. During 1996 the objective is to obtain quality certification



**The new, safe Nissan Almera.**



**Audi A8, a technically sophisticated car.**

for all the functions of Stockmann's Automotive Sales Division under the ISO-9002 quality system.

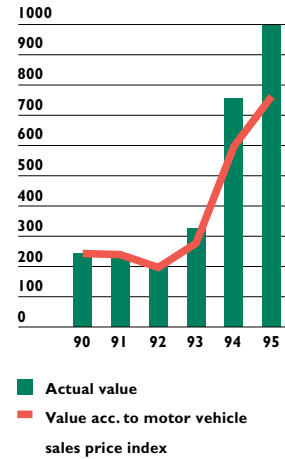
In the first half of the year, the Automotive Sales Division will introduce its own system for the continuous monitoring of customer satisfaction. The system will provide real-time results that will make possible a significant improvement in the quality of operations and above all in the level of customer service. This will furthermore enable the division to make a better assessment of the needs of different customer groups. The objective is to offer the best customer service in the locality. In future the significance of customer service will gain in prominence, thereby creating for

Stockmann's Automotive Sales Division a permanent competitive edge.

Stockmann Auto will expand its operations by opening a Ford dealership in the Turku economic area on May 17, 1996. The expansion of Ford sales to Turku will mean a growth of about one third in Stockmann's Ford sales. The opportunity that has now opened up to expand to one of Stockmann's department store localities fits in excellently with the growth strategy of Stockmann's Automotive Sales Division.



**Sales by the Automotive Sales Division 1990-1995, FIM million**





**Hobby Hall is a pioneer in mail order operations in Finland and is the clear market leader in this area. Its offerings consist primarily of household and leisure articles. Hobby Hall's colour catalogue, which is distributed in Finland and now also in Estonia, offers more than a million customers a fast and convenient way to buy quality products at affordable prices.**

Mail order sales showed stronger growth than the rest of the retail trade in Finland in 1995 and again increased their market share. By international standards, mail order nevertheless still occupies a small share in Finland. Of the large mail order sellers, Hobby Hall had clearly the best performance.

**A record year**

Hobby Hall's objective was to increase its volumes and market share. This was accomplished. Hobby Hall's sales rose to FIM 812.4 million, representing growth of a hefty 26.9 per cent. Turnover grew by 28.5 per cent and was FIM 634.7 million. Operating profit rose to FIM 61.8 million, growing by FIM 17.1 million. The financial result was the best in Hobby Hall's history.

Hobby Hall's mail orders increased by 22 per cent in Finland, and 1.5 million packages were dispatched. Successful campaigns and product offers contributed to the favourable trend. Sales of the products in the Loyal Customers' Spring and Summer Catalogue, which came out in the spring, doubled compared with the previous year. Various leisure products such as bicycles sold well. The product assortment of the quarterly, addressed main catalogues was increased.

HOBBY HALL		1995	1994	1993
Sales	FIM mill.	812.4	640.1	520.2
Proportion of Group sales	%	13.0	11.7	11.7
Profit from operations before depreciation	FIM mill.	65.6	48.1	17.1
Operating profit	FIM mill.	61.8	44.7	13.6
Return on investment	%	24.3	23.9	8.1
Investments	FIM mill.	10.3	5.0	1.2
Staff Dec. 31		399	333	281



**Packages leaving the order dispatch centre in Vantaa are presorted into the largest postal zones. The record day came just before Christmas, when more than 23,000 packages were shipped.**

The round sum concept, that was originally planned to increase the volumes of catalogue sales, was expanded successfully and directed at loyal customers as a separate catalogue. These new sales channels have good prospects.

**Sales in Estonia grow**

Sales in Estonia quintupled, growing by more than FIM 40 million compared with last year's figures. There are already more than 80 000 Estonian customers, and the number is growing all the time. The order office opened in Tallinn will speed up order processing, improve customer service and create a basis for increased sales. A 270 square metre store will be opened on the ground floor of the

Tallinn office at the beginning of 1996. Its main task will be to support mail order sales in Estonia.

**Delivery reliability remains good**

In spite of the substantial volume growth in mail order sales, the delivery reliability and speed remained relatively good. Personnel were added at the order dispatch centre in Vantaa and a regular night shift was started. Capacity is nevertheless now being stretched to the limit. To accommodate future growth, additional building will have to be undertaken in order to develop functions further.

The mainframe computer and disc drive units were renewed at the end

of 1995. Increases were made in the telephone service capacity, too, in order to handle the growing number of orders that are phoned in. In addition to personal service, a customer can now place a phone order at any time, recording it on an answering machine that is connected to the mainframe computer.

**Stores set a record**

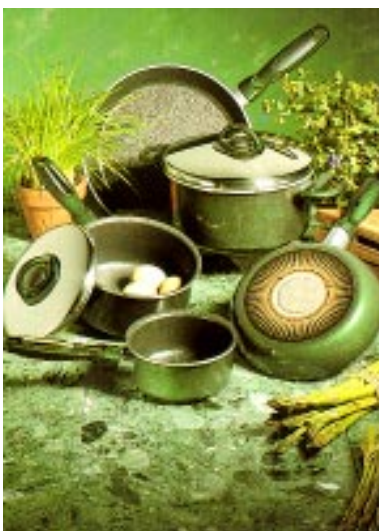
The stores in Vantaa and Helsinki both increased their sales by 23 per cent, reaching an aggregate total of nearly FIM 100 million.

**Objectives for 1996**

Maintaining the good level of sales as well as controlled growth are the main objectives for 1996. During 1995 new operators from both Finland and abroad have appeared on the market. With the opening up of borders, this trend is expected to continue. Keener competition will also come from other retailers.

Hobby Hall's customer-centred operating model and business idea offer good potential for continuing success.

**HOBBY HALL**

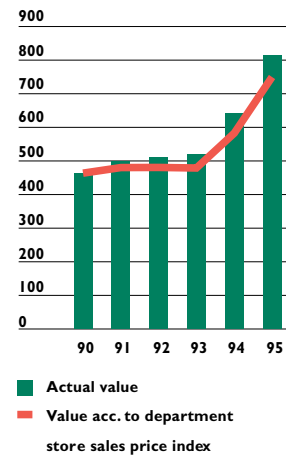


Hobby Hall's operational concept is to sell integrated product lines. Shown in the picture is the Tefal Ar-matal series.



Men were offered high quality Italian Rodri-go branded garments.

**Sales by Hobby Hall 1990-1995, FIM million**



Household textiles are Hobby Hall's largest product group. Nevertheless, sales of clothes amounted to about FIM 100 million.



**The traditional Sesto stores and the modern Sesto Etujätti hypermarkets in the Greater Helsinki area, Turku and soon in Tampere offer customers supermarket goods at affordable prices.**

Nationwide sales of supermarket goods declined by about 3 per cent in 1995. This was due to the fact that the price of food fell by 8.5 per cent according to a survey conducted by the consumer authorities, whereas the amount of sales grew by 3.3 per cent. The price of food was reduced by the lowering of the value added tax from 22 per cent to 17 per cent as well as the deregulation of food imports when Finland became a member of the European Union at the beginning of 1995.

The Sesto stores had aggregate sales in 1995 of FIM 715.5 million. On a same-store basis this represented a 2.6 per cent fall in sales on the previous year's figure of FIM 662.1 million. Including the new stores, sales grew by 8.1 per cent. Sales by new stores that were opened during 1995 totalled FIM 30.5 million.

Sesto's turnover was FIM 604.9 million, an increase of 11.6 per cent on the previous year. Operating profit fell by FIM 5.1 million. The largest reason for this was the establishment and opening costs of new Sesto units - ie, in Turku and Espoo as well as in Vaasankatu street in Helsinki - in the autumn of 1995, which cut a total of about FIM 6.3 million from the profit from operations before depreciation. Furthermore, the fall in sales prices due to Finland's membership of the EU reduced the same-store gross margin in Finnish markka terms.

**Capital expenditures increase**

Sesto's capital expenditures rose to FIM 17.8 million from the previous year's figure of FIM 16.6 million.

SESTO		1995	1994	1993
Sales	FIM mill.	715.5	662.1	547.3
Proportion of Group sales	%	11.4	12.1	12.3
Profit from operations before depreciation	FIM mill.	6.8	11.5	16.3
Operating profit	FIM mill.	0.1	5.2	10.0
Return on investment	%	0.1	7.8	22.9
Investments	FIM mill.	17.8	16.6	5.8
Staff Dec. 31		674	570	474



**The third Sesto Etujätti hypermarket was opened in Friisilä, Espoo, on November 22, 1995.**

During 1995, three new stores were opened and the largest part of the expenditures went for the machinery and furnishings in them.

The expansion of the Etujätti hypermarket chain, which was started in Tammisto, Vantaa, in 1994 was continued by opening similar hypermarkets in Turku's Länsikeskus shopping centre and in Friisilä, Espoo. A fourth Etujätti hypermarket will be opened in Linnainmaa, Tampere, in May 1996.

The traditional chain of Sestos in the Greater Helsinki area was also added to by opening a fourteenth store in Vaasankatu in Helsinki. The objective is to increase the coverage of the Sesto chain in the Greater Helsinki area whenever an appropriate store location turns up.

At the end of the year, there were a total of 17 Sesto stores. With the ad-

dition of the new stores, Sesto's number of personnel has increased by about a hundred people during the year and now totals 674 employees. Converted to full-time staff, the number of personnel at the end of the year was 516 people.

**New stores**

The Tampere Etujätti hypermarket to be opened in May 1996 is a new kind of project in that it involves the building of about 3 000 square metres of rental space for outside businesses in addition to the 5 000 square metres for the hypermarket itself. The tenants are, among others, Hong Kong (a department store), Konepistepojat (a home appliance dealer), Kotipizza and an optician's shop, thereby ensuring a large measure of diversity for the Tampere Linnainmaa business centre.

### Sales by type of store

	1995	1994	Change %
Traditional stores	587.1	574.8	2.1
Etujätti hypermarkets	128.4	87.3	47.2
Total	715.5	662.1	8.1

### Sales by merchandise sector

	Proportion of total sales %	Change %
Food	83.8	7.6
Household articles	13.4	11.2
Textiles	2.8	4.7
Total	100.0	8.1

### Outlook for 1996

The business cycle barometer published by the Federation of Finnish Commerce and Trade forecasts a slight fall in the supermarket goods trade in 1996. Since costs will rise slightly, it will be increasingly important to monitor income and costs actively. An EDP-based sales and income monitoring system which shows product-specific income in real time was put into use within the Sesto chain in Novem-

ber 1995. All the personnel in charge of buying and ordering as well as general managers will make use of this system, which furnishes information for forming the most profitable product assortment.

Finland's membership of the EU has led to a deregulation of food imports from the EU area, and this makes possible a greater diversity of the assortments, thus benefiting customers and differentiating the chain's profile with respect to competitors. Accordingly, during 1995 a decision has been taken to set up a joint food import department for Stockmann's Department Store Division and the Sesto Division. At present, five people work in the food importing function.

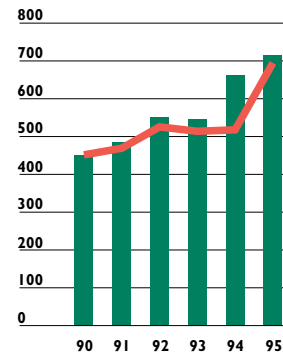
With the creation of a chain of Etujätti hypermarkets, it was considered necessary to sharpen the Sesto organization by establishing two chain manager's positions. The chain managers of the traditional Sestos and the Etujätti hypermarkets will each be responsible for the profitability, development, marketing and expenses of their own chains.

The most important objective in 1996 is to make the rapidly expanded Sesto Division operate efficiently and profitably in its present geographical areas of operations.



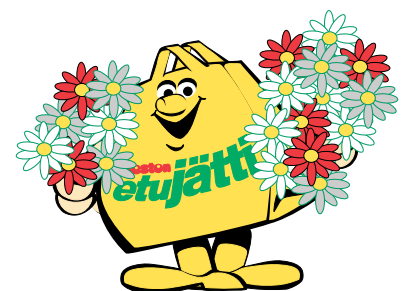
Sesto's entire personnel will participate in customer service training during the spring 1996.

Sales by Sesto 1990-1995, FIM million



■ Actual value  
 ■ Value acc. to food retail price index

**sesto**



**seston etujätti**

- You always buy affordably
- You always buy conveniently
- You always buy quality
- You buy everything at one time



**Seppälä offers its youthfully minded customers a sensible alternative for dressing fashionably. Seppälä sells women's, men's and children's wear and cosmetics at 74 stores in Finland. Centralized, chain-store operations guarantee very affordable prices and reliable quality.**

The volume of the textile and garment trade grew by 6.6 per cent. The growth in disposable income also showed up in Seppälä's sales in its existing stores. Seppälä's turnover was FIM 502.7 million, a year-on-year increase of 11.3 per cent. Sales of women's, men's and children's fashions as well as cosmetics outstripped last year's figures. The improvements made in product assortments and in finding the right price-quality ratio were well received by customers.

**Net profit continues to improve**

Seppälä achieved its main objectives: boosting sales and keeping up its good earnings trend. Sales inclusive of VAT were FIM 613.0 million. The growth in sales was increased by the fact that the new stores opened last year operated for the entire year, and new stores were also opened in 1995. Since the gross margin and cost-effectiveness improved further, profit from operations before depreciation grew by FIM 13.3 million. A very good return on investment was achieved by keeping a close watch on the efficiency of capital employed.

**Mothers no longer have the final say about what their children wear.**

SEPPÄLÄ		1995	1994	1993
Sales	FIM mill.	613.0	550.5	450.8
Proportion of Group sales	%	9.8	10.0	10.1
Profit from operations before depreciation	FIM mill.	86.1	73.0	39.3
Operating profit	FIM mill.	80.9	67.6	30.3
Return on investment	%	86.9	83.7	42.2
Investments	FIM mill.	11.0	7.2	5.9
Staff Dec. 31		580	563	534

**Seppälä's spring collection was presented at a large fashion show in January.**



**New Seppäläs**

The sales network was expanded so that Seppälä stores are closer to the customer than ever before. During 1995 stores were opened in Kesuskatu in Helsinki, in Lielähti and Hervanta in Tampere, in Tammisaari, Kangasala, Loimaa, Ylivieska, Pello, Äänekoski and at the Forum mall in Jyväskylä. The store in Riihimäki moved into new premises. All in all, there were 71 of Seppälä's own stores and three stores operating on a partnership basis at the end of 1995.



**Operating procedures enhanced**

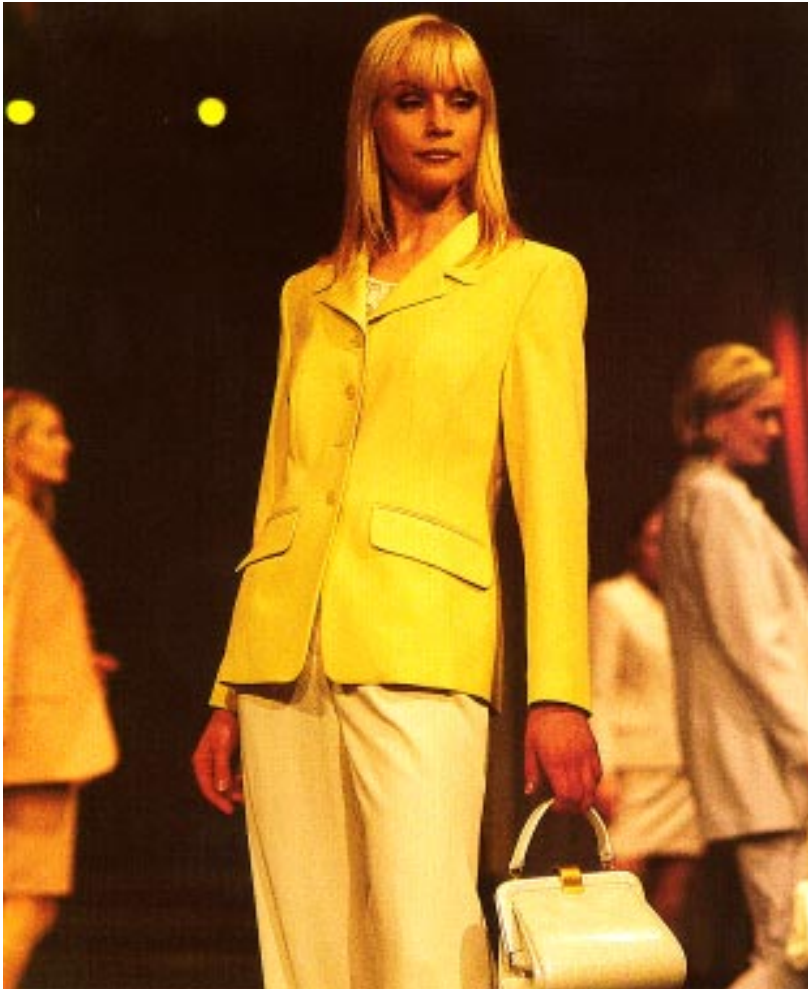
The commitment of the personnel and outlays for enhancing operating procedures had a substantial impact on the improvement in earnings. Turnover per employee also grew.

Output in key areas was developed by placing additional new tools in use. Training was deployed to improve capabilities in areas such as management, the control of materials flows and merchandising.

The importance of positively functioning materials flows was emphasized, and this will be actively developed in the years ahead. Seppälä's purchasing operations were affected by

**Seppälä**





Women's wear showed the greatest sales growth compared with the previous year.

the arrangements that have been made in the European Economic Area as well as the changes in import quotas and customs. These developments were kept under control and exploited.

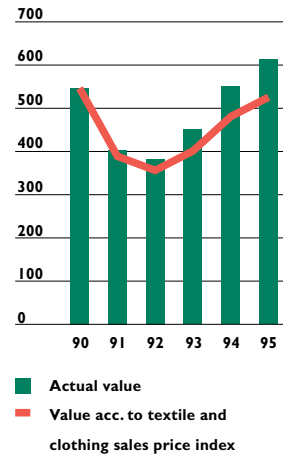
The upgrading of the point-of-sale system in the entire chain of stores began in the autumn and will be completed this spring. Customers will perceive the upgraded cashier functions in the form of more flexible service.

Apart from information technology, capital expenditures were made on opening new stores and improving the interiors of a number of existing stores.

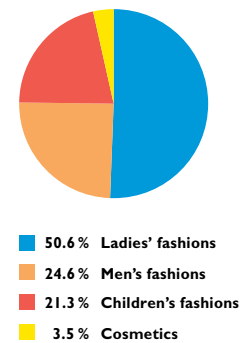
### Outlook for the current year

In 1996 the growth in private consumption is generally not expected to continue on a strong trend any longer. Seppälä nevertheless is confident that positive development will continue in its own business. A decision has been made to open four new stores. By the summer, stores will be opened in Huitinen, Heinola, Kuusankoski and Tullintori in Tampere. In cooperation with Stockmann's Department Store Division, a Seppälä store will be opened in Tallinn, Estonia, on the premises of the Hotel Viru.

Sales by Seppälä 1990-1995, FIM million



Sales by Seppälä 1995



A fashion-conscious man dresses casually and comfortably.





**Academic Bookstore offers its customers books, stationery, microcomputers, newspapers and magazines in Finland's major university towns. The bookstore's main success factors are its superior assortments and a high level of personnel expertise.**

Book sales grew by 4 per cent and sales of products through the bookstores by about 6 per cent. Sales of office supplies got off to a good start in the first part of the year and improved by 10 per cent, but the figures for some of the autumn months fell short of the levels reached a year ago. Sales of computers and multimedia products increased handsomely during the year, though the Christmas sales of these products were a small disappointment.

**Academic Bookstore's financial result**

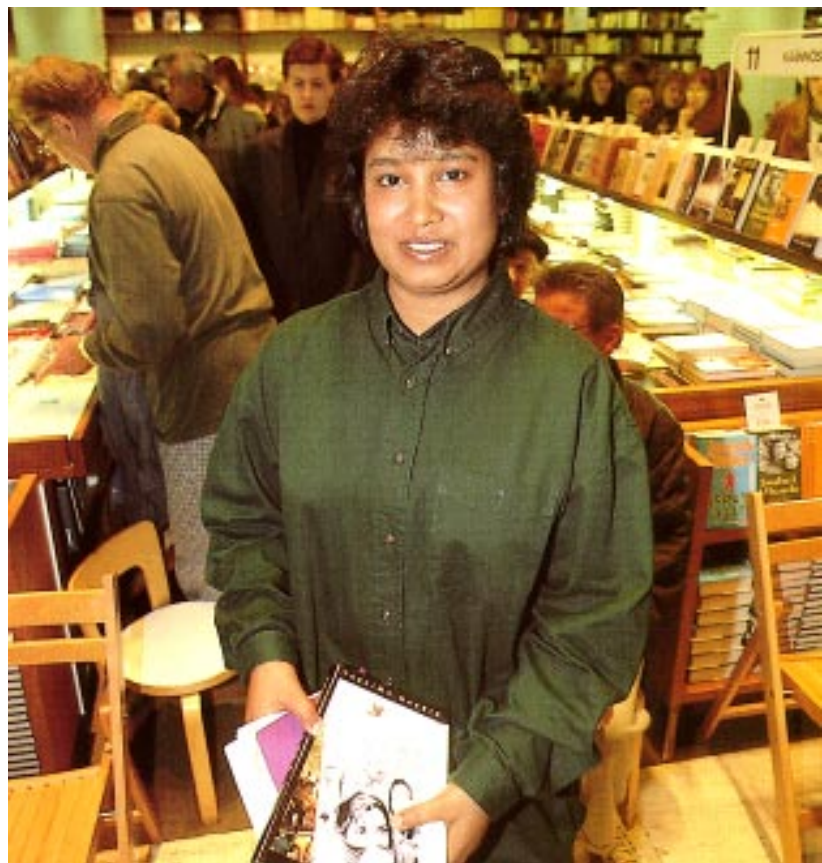
Academic Bookstore's sales inclusive of VAT were FIM 444.8 million, up by 12.9 per cent. Aggregate sales clearly exceeded the targets set. Turnover was FIM 390.2 million, an increase of 14.1 per cent on the year.

In-store sales of books grew by 14.0 per cent. Institutional sales improved by 17 per cent, mainly thanks to book sales to municipal libraries. There was keen competition in sales to libraries, but Academic Bookstore succeeded in expanding its market share in the municipal sector.

Sales by the stationery product segment rose by 26 per cent. The strongest growth was registered in sales of multimedia products and computers. Turnover for magazine subscriptions fell by 4 per cent.

Academic Bookstore's gross margin improved by 14 per cent. In spite of this, the growth in total costs was only

Academic Bookstore		1995	1994	1993
Sales	FIM mill.	444.8	394.1	393.6
Proportion of Group sales	%	7.1	7.2	8.8
Profit from operations before depreciation	FIM mill.	19.8	13.6	8.0
Operating profit	FIM mill.	15.8	9.7	4.0
Return on investment	%	18.8	11.6	5.4
Investments	FIM mill.	4.1	4.6	4.5
Staff Dec. 31		579	528	501



**Academic Bookstore's Meeting Places celebrated their 25th year. Amongst the guests invited to appear at the Meeting Place during the week's celebrations was Bangladesh writer Taslima Nasrin. Freedom of speech was one of the themes discussed during her appearance.**

9 per cent. This together with the good margin on sales enabled Academic Bookstore to improve its result: operating profit increased to FIM 15.8 million from FIM 9.7 million. An essential factor in achieving the improvement in earnings was the benefits derived from chain operations.

**Events in 1995**

A number of actions were responsible for the good earnings trend. During

the year a review of the entire marketing process of Academic Bookstore was conducted. A basic plan defining a new marketing policy was also prepared. A renewed marketing organization will begin putting this into effect from the beginning of 1996. Since the summer Academic Bookstore has had its home pages on the Internet under Cultnet/Booknet.

Consolidation of the office and materials functions increased the control-

lability and efficiency of the chain. Since May, the chain's entire flow of goods has moved via the price labelling and stock functions located in Vantaa. In May a new subscription order system, Lehti-Eidos, was put into use. This lowered data processing operating costs. At the same time, a new customer-centred organization for the Institutional Sales Department came into force. The sales organization for institutional sales is divided into



The family decision-maker choosing a multimedia computer with his father.

## AKATEEMINEN KIRJAKAUPPA

### Sales by Academic Bookstore 1995

	FIM mill.	Change %
Helsinki	285.7	9.2
Tampere	32.8	26.7
Turku	30.7	13.9
Tapiola	21.3	14.5
Jyväskylä	17.0	13.7
Itäkeskus	15.1	34.2
Oulu	14.8	13.7
Lappeenranta	14.2	10.9
Joensuu	13.4	48.6
Total	444.8	12.9

three parts: universities and government administration, companies and municipalities.

The renewed Academic Bookstore in Tampere has proved to be a success and the unit's turnover rose by 29 per cent. In December the store in Lappeenranta gained additional space and its interior was refurbished.

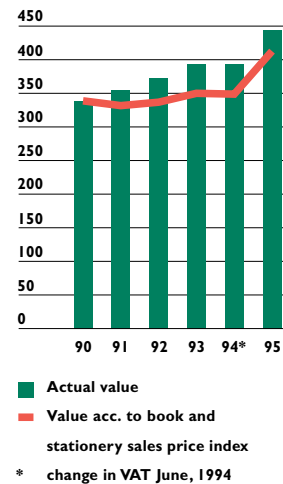
Development of the personnel and management has been carried ahead. There were 472 permanent employees at the turn of the year, and the total personnel including seasonal help numbered 579 people. There was more Christmas help than in previous years.

### Objectives for 1996

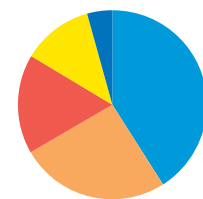
The chain operations of Academic Bookstore will be further enhanced. The objective of the overhauled marketing function is to increase the flow of customers and to find new customers as well as to sell via larger volumes and assortments. An external advertising agency has been engaged to assist Academic Bookstore with its marketing and advertising. Outlays will also be made for visual marketing and upgrading the appearance of the stores in the chain. The entire logistics process of the Academic Bookstore chain will be reviewed with the aim of making operations more effective.

The clearest growth areas for Academic Bookstore's sales in 1996 are multimedia and computers, areas in which the total market will grow. The total markets for books, stationery and magazine subscriptions will not grow significantly, but Academic Bookstore will strive to increase its market share in these product areas, too.

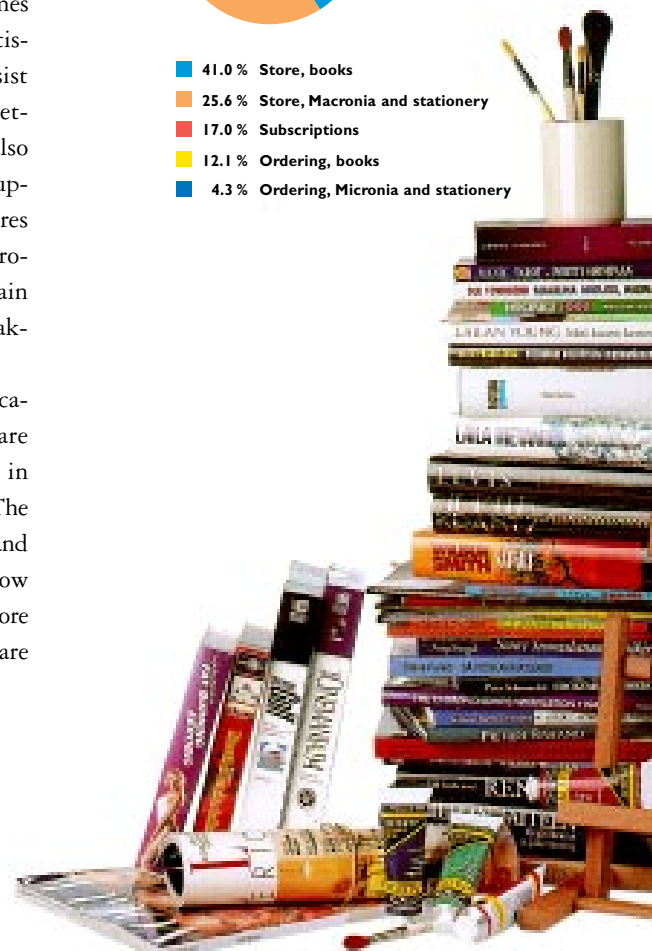
### Sales by Academic Bookstore 1990-1995, FIM million



### Sales by Academic Bookstore (exclusive of tax)



- 41.0 % Store, books
- 25.6 % Store, Macronia and stationery
- 17.0 % Subscriptions
- 12.1 % Ordering, books
- 4.3 % Ordering, Micronia and stationery





**Stockmann's sales grew by 13.9 per cent to FIM 6 249 million. Turnover grew by 14.5 per cent and was FIM 5 163 million.**

**Operating profit grew by 14.6 per cent to FIM 248.5 million. Profit before extraordinary items, voluntary provisions and income taxes was FIM 280.3 million. Growth on the previous year was FIM 33.4 million, or 13.5 per cent.**

**The Board of Directors proposes that the dividend be raised from 6 marks to 7 marks per share.**

**Retail sales in Finland**

Retail sales in Finland grew by 4.5 per cent. In volume terms, the growth was 3.6 per cent. The continued growth was a positive development. It must nevertheless be noted that the sales volumes are still markedly lower than they were towards the end of the 1980s.

Retail prices in the supermarket goods trade fell on average by 6.1 per cent owing to the deregulation of food imports in the EU area and a lowering of the value added tax. The volume of sales of supermarket goods also managed to grow by 3.3 per cent.

**Stockmann's sales and market shares grow**

Stockmann's sales grew in both value and volume by a clearly greater margin that did the retail trade on the whole. Sales were up by 13.9 per cent, reaching FIM 6 249 million. The growth was achieved mainly through active sales activities. Commercial efficiency was increased further compared with the previous year on a same-store basis.

Turnover grew by 14.5 per cent to FIM 5 163 million. The strongest growth was registered by the Automotive Sales Division and Hobby Hall.

The growth of all the units exceeded the average growth of their respective segments of the retail trade.

The share which turnover from international operations represents in Stockmann's turnover declined to 6.2 per cent from 6.9 per cent a year earlier. The aggregate turnover on international operations from all the units was FIM 320.5 million.

**An improved result**

Stockmann's profitability and financial result improved. All in all, the earnings trend was better than could be predicted at the close of the 1994 financial year.

The gross margin grew by FIM 167.9 million to FIM 1 636.9 million, or 11.4 per cent. Since costs grew in the same proportion, reaching FIM 1 296.5 million or 11.1 per cent, profit from operations before depreciation improved by FIM 38.3 million, to FIM 340.4 million, or 12.7 per cent. Depreciation grew by FIM 6.6 million on the previous year and totalled FIM 91.8 million. Operating profit thus grew by FIM 31.6 million and was FIM 248.5 million.

Net income from treasury operations was up by FIM 1.8 million on the previous year and totalled FIM 31.7 million.

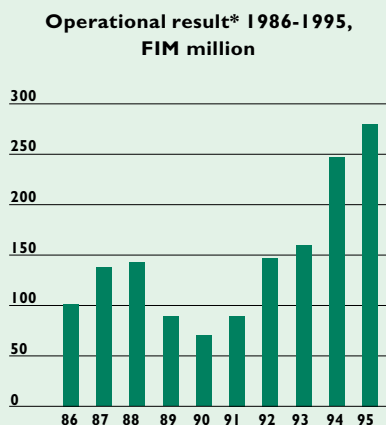
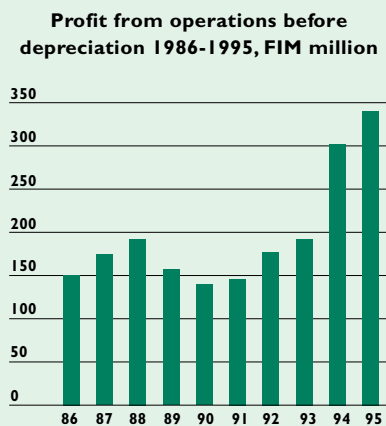
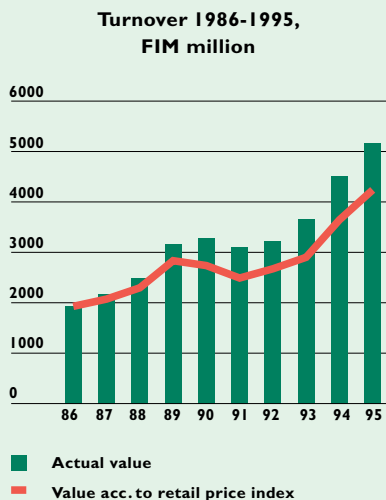
The operational result, or profit before extraordinary items, voluntary provisions and income taxes grew by FIM 33.4 million, or 13.5 per cent, to FIM 280.3 million. Profit before voluntary provisions and income taxes was FIM 281.6 million. Income taxes grew by FIM 13.7 million to FIM 79.2 million, or 21.0 per cent. Profit for the period grew by FIM 13.9 million, reaching FIM 192.5 million.

The dividends paid for 1994 increased by FIM 28.8 million and totalled FIM 86.5 million. The Board of Directors will now propose to the Annual General Meeting that the dividend be raised from FIM 6.00 to FIM 7.00 per share, which will raise the total dividend payout to FIM 100.9 million.

The return on investment grew to 13.2 per cent and the return on equity to 10.2 per cent. The corresponding figures for the previous year were 12.7 per cent and 10.0 per cent. Earnings per share improved by FIM 0.92 to a total EPS figure of FIM 13.71

**Turnover, FIM million**

	1995	1994	Change %
Department Store Division	2 210.7	2 054.2	7.6
- department stores in Finland	1 930.3	1 750.7	10.3
- international operations	280.5	303.6	- 7.6
Automotive Sales Division	818.0	621.6	31.6
Hobby Hall	634.7	494.0	28.5
Sesto	604.9	542.0	11.6
Seppälä	502.7	451.7	11.3
Academic Bookstore	390.2	342.0	14.1
Real estate	100.3	98.6	1.8
Eliminations	- 98.9	- 97.1	1.8
<b>Total</b>	<b>5 162.7</b>	<b>4 507.0</b>	<b>14.5</b>



\* Profit before extraordinary items, voluntary provisions and income taxes

### Most of the commercial units post increased operating profit

As in 1994, Seppälä was Stockmann's most profitable unit both in terms of operating profit and return on investment, thanks to its good earnings trend and efficient use of capital.

Operating profit of the Department Store Division grew by FIM 3.3 million on the previous year, to FIM 70.7 million. The department stores in Finland improved their turnover. In spite of positive expectations, the Department Store Division's international operations reported a deeper operating loss.

All the department stores in Finland gained market share. The costs of operations as a ratio of turnover declined markedly and each department store achieved an all-time best result.

The Automotive Sales Division, which racked up the best sales growth, 31.9 per cent, retained its position as Stockmann's second largest commercial unit. In two years the division's sales have trebled and its operating profit has grown by more than tenfold. Operating profit of the Automotive Sales Division was FIM 20.8 million, or FIM 4.9 million more than a year earlier.

Hobby Hall increased its sales by 26.9 per cent, becoming Stockmann's third largest commercial unit and passing up Sesto. Since costs grew more slowly than the FIM-denominated gross margin, Hobby Hall improved its operating profit significantly, to FIM 61.8 million from the previous year's FIM 44.7 million. The sales growth was strong in both Finland and Estonia.

Sesto's operating profit was FIM 0.1 million, or FIM 5.1 million less than a year ago. The costs of opening new Etujätti hypermarkets cut into the operating profit. Owing to good

growth in sales, Sesto was able to increase its FIM-denominated gross margin even though the price level of foods declined.

Seppälä's gross margin in Finnish markka terms grew even faster than its sales. Because the growth in costs was under control, Seppälä again succeeded in increasing its operating profit, this time by FIM 13.3 million, reaching FIM 80.9 million on the year. The very high return on investment grew even further and was again the best in Seppälä's history – 86.9 per cent.

Academic Bookstore reported a smaller growth in costs than the increase in the gross margin. This meant an increase in Academic Bookstore's operating profit to FIM 15.8 million from the previous year's figure of 9.7 million.

### Own real estate generates earnings

The bulk of the income from real estate consists of internal rents paid by the business units. The internal rents for our own real estate correspond to market rents. The operating profit of the Real Estate Unit grew by FIM 4.3 million and was FIM 73.4 million.

### A good financial position

Stockmann's financial position was good throughout the year. After the payment of FIM 79.2 million in income taxes, the cash flow of FIM 294.2 million sufficed comfortably to pay dividends of FIM 86.5 million and over 3/4 of the capital expenditures totalling FIM 273.7 million. FIM 100.7 million was also used as working capital.

During the year, loans under the pension relending scheme were paid back in the amount of FIM 23.6 million. FIM 57.6 million of new pension



relending loans was raised. In connection with the construction of the department store in Tallinn, Estonia, a loan denominated in Estonian crowns and totalling EEK 35.0 million, or FIM 13.3 million, was raised. Other current liabilities include the issue of Stockmann's commercial paper to a nominal value of FIM 65.0 million. Liquid funds were reduced by FIM 87.8 million during the year.

Stockmann's equity ratio remained at a very high level and was 63.6 per cent.

**Treasury operations**

On the financial market, both short and long interest rates fell sharply during 1995. The external value of the Finnish markka as measured by the ECU index strengthened by 1.3 per cent during the year.

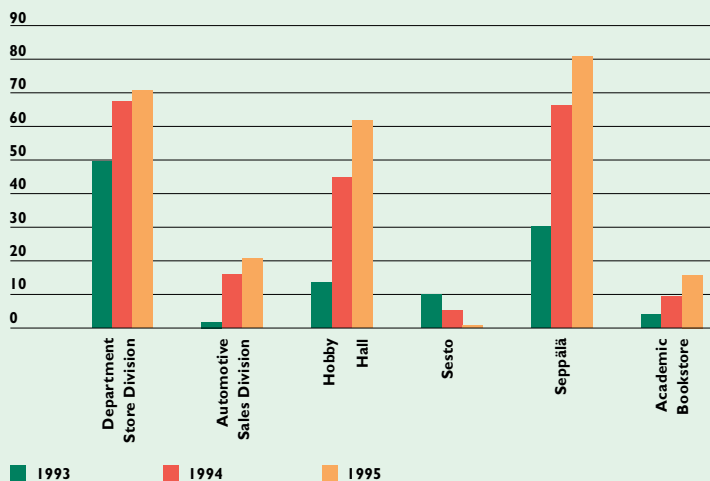
Stockmann's cash assets were invested during the year in both long- and short-term interest-bearing instruments. Derivative instruments were used to hedge against a fall in interest rates, and consequently the net yield from treasury operations was maintained in 1995 at the previous year's level, even though the average cash flow was lower than it was a year ago. The running yield on the investment portfolio exceeded the average six-month Helibor yield by a significant margin in 1995.

**Capital expenditures more than double**

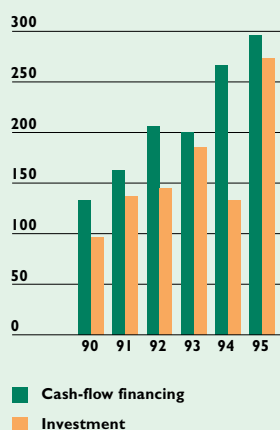
Capital expenditures totalled FIM 273.7 million, as against FIM 132.9 million a year earlier.

Capital expenditures for machinery and equipment amounted to FIM 89.5 million, for buildings FIM 137.8 million, for land FIM 16.5 million and for securities FIM 3.6 million. FIM 26.4 million went for other capitalized expenditures.

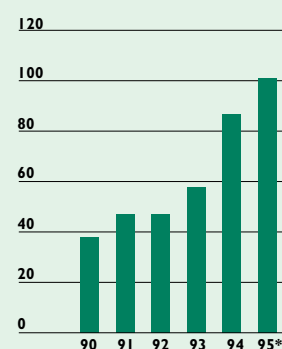
**Operating profit of commercial units 1993-1995, FIM million**



**Cash-flow financing and investments 1990-1995, FIM million**

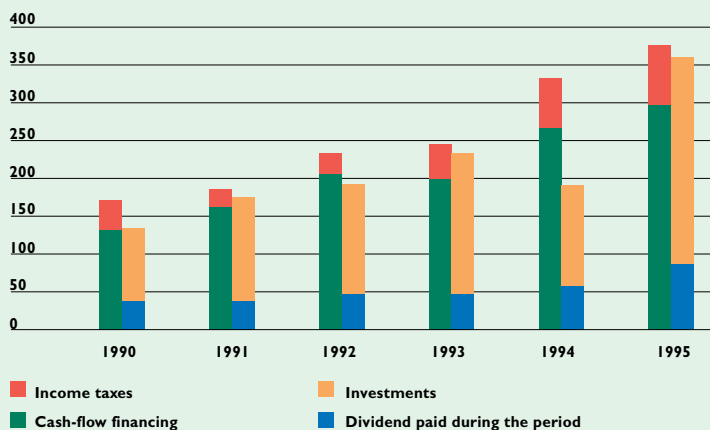


**Dividend paid for the period 1990-1995, FIM million**



\* Board proposal to AGM

**Cash-flow financing, income taxes, dividend paid and investments 1990-1995, FIM million**



The department store in Tallinn was the largest investment project, and FIM 40 million was spent on it in 1995. The construction got under way in the spring of 1995, and the department store will be opened on April 1, 1996.

The most important other investments, totalling FIM 103 million, were the Sesto Etujätti hypermarkets in Turku and Friisilä, Espoo, which were opened in the late autumn 1995, as well as the Etujätti that is under construction in Tampere and will be opened in May 1996. The extension to the Delicatessen Department in the Helsinki department store was completed in the autumn 1995 at a total cost of FIM 22 million.

Other timely investment projects include the building of a pedestrian tunnel between the Forum car park and Stockmann's and the related expansion of the retail areas in the Helsinki department store, the project for building the Stockmann Auto facility in Turku, for which the investments will be allocated to the current year, as well as the project for expanding the department store in Tapiola, near Helsinki, which will be completed in 1997 at the earliest.

### Number of staff grows

Staff costs totalled FIM 762.8 million, compared with FIM 656.6 million a year earlier. Staff costs increased by FIM 106.2 million or 16.2 per cent.

Stockmann's payroll in December was 6 568 employees, or 558 employees more than a year ago. At the end of the year the number of staff working in the units abroad was 565 people, of whom 41 were Finns.

Converted to full-time staff, the payroll was 5 624 employees, or 434 people more than a year earlier.

The parent company's staff, converted to a full-time basis, was 4 344

people, an increase of 261 employees.

The average number of employees during the year was 6 015 people, or 767 people more than in 1994.

The increase in the total payroll was mainly due to the transfer of personnel of the stores in Moscow to Stockmann's employ at the end of November 1994. The parent company's staff, converted to a full-time basis, was 4 654 people, an increase of 287 employees.

During the year Stockmann employed about 600 external summer employees, and 580 employees for the Christmas season.

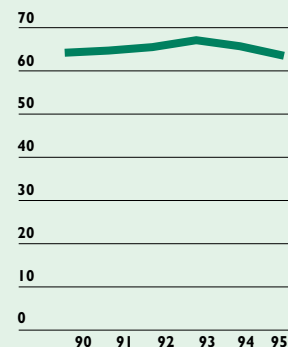
### Outlook for 1996

The amount of private consumption is estimated to increase during 1996. The retail trade too is expecting a further increase in its volumes.

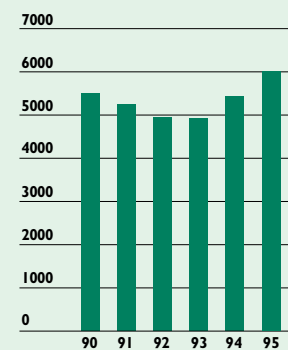
On the other hand, the growth of the Finnish economy is falling clearly short of the figures forecast. In the latter part of 1995 the growth rate fell sharply and for a while was hovering around zero. This means that the solutions to the major problems facing the Finnish economy, which rest on the assumption of markedly stronger economic growth, will not be realized in the near future. Consumers' belief in an economic recovery is also faltering, and this is likely to weaken growth.

Stockmann's performance trend is nevertheless estimated to remain good even in these conditions. The growth in sales is forecast to continue rising nearly as strongly as it did in 1995. The expectations for growth are based on energetic sales activity and the establishment of new stores, of which the latter will again represent a significant part of the growth. In particular, Sesto's sales will grow strongly as the sales figures for the Etujätti hypermarkets in Turku and Espoo are

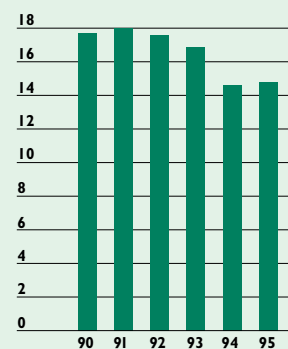
Equity ratio  
1990-1995, %



Average number of staff  
1990-1995



Staff costs 1990-1995,  
% of turnover





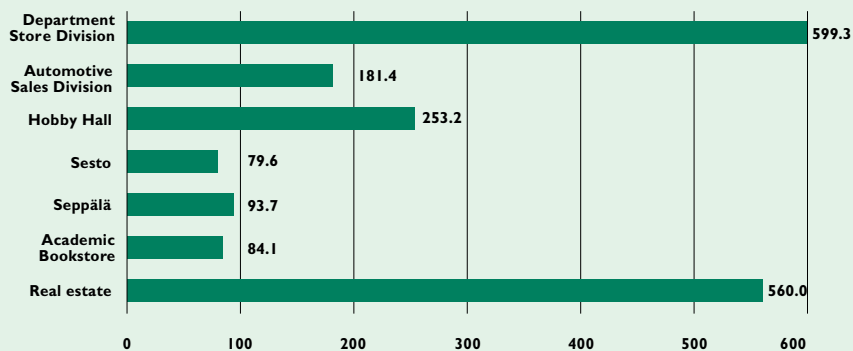
recorded for the entire financial year, and as sales are further bolstered by the opening of an Etujätti in Tampere in May. Other important projects that will affect the growth in sales are the opening of the department store in Tallinn, Estonia, in April and the related openings of Seppälä and Hobby Hall stores in Tallinn. One such new outlet is the Automotive Sales Depart-

ment's dealership and showroom in Turku.

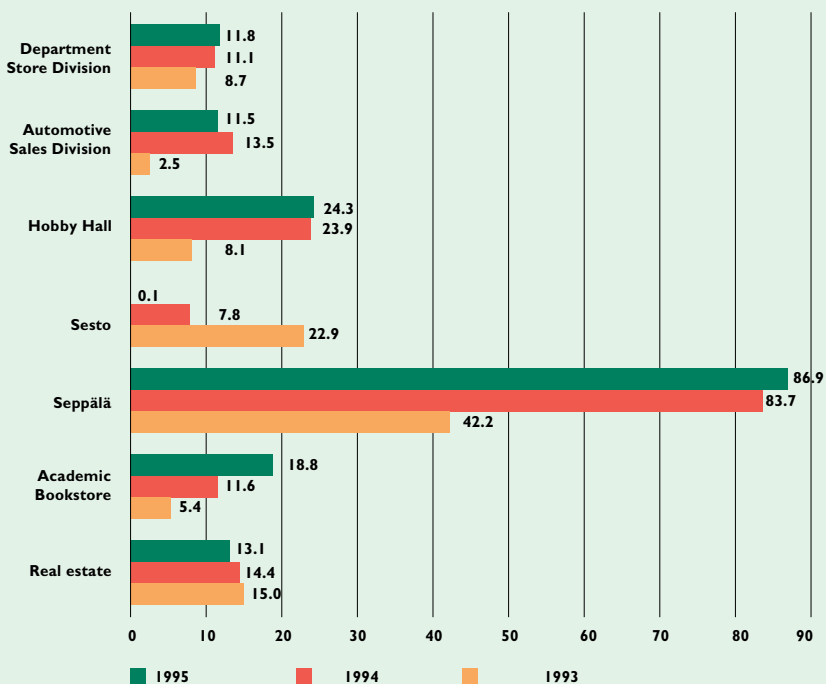
New outlets result in outlays that initially cut into profits. On the other hand, thanks to the restructuring actions that have already been carried out or will soon be, the loss posted by the Department Store Division's international operations is estimated to decrease significantly in 1996.

The Board of Directors estimates that the 1996 profit before extraordinary items, voluntary provisions and income taxes will be at least as good as it was in 1995.

**Capital invested 1995,  
FIM million**



**Return on Investment\* 1993-1995,**  
\* operating profit as a ratio of capital invested





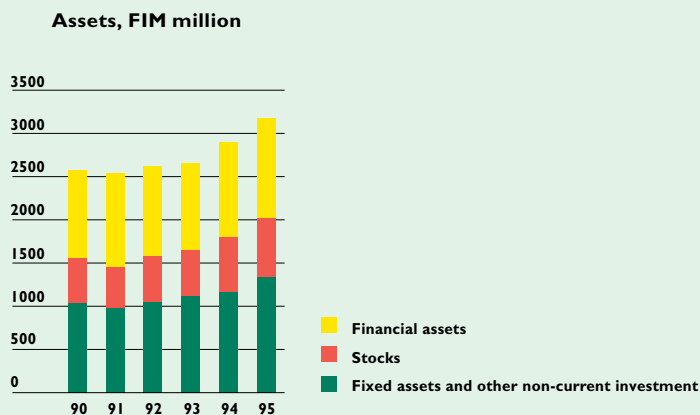
**STOCKMANN'S PROFIT AND LOSS ACCOUNT (CONSOLIDATED)**

	Jan. I -Dec.31, 1995 FIM million	Jan. I -Dec.31, 1994 FIM million	Change %
<b>Turnover</b> <sup>1)</sup>	<b>5 162.7</b>	4 507.0	14.5
Costs:			
Raw materials and consumables: <sup>2)</sup>			
Purchases during the financial period	<b>3 558.6</b>	3 134.7	
Increase in inventories	<b>-32.8</b>	- 96.7	
Staff costs <sup>3)</sup>	<b>762.8</b>	656.6	
Rents	<b>196.7</b>	191.2	
Other costs <sup>4)</sup>	<b>337.0</b> <b>4822.3</b>	319.1   4 204.9	14.7
<b>Profit from operations before depreciation</b>	<b>340.4</b>	302.1	12.7
Depreciation on fixed assets and other capitalized expenditure <sup>5)</sup>	<b>91.8</b>	85.2	7.8
<b>Operating profit</b>	<b>248.5</b>	216.9	14.6
Financial income and expenses : <sup>6)</sup>			
Dividend income	<b>4.6</b>	2.3	
Interest income	<b>63.2</b>	63.3	
Other financial income	<b>2.9</b>	0.0	
Interest expenses	<b>30.7</b>	27.4	
Other financial expenses	<b>8.3</b> <b>31.7</b>	8.3   29.9	6.0
<b>Profit before extraordinary items, voluntary provisions and income taxes</b>	<b>280.3</b>	246.9	13.5
Extraordinary income and charges: <sup>7)</sup>			
Extraordinary income	<b>1.3</b>	0.0	
<b>Profit before voluntary provisions and income taxes</b>	<b>281.6</b>	246.9	14.0
Increase in accelerated depreciation <sup>5)</sup>	<b>- 70.1</b>	- 10.9	
Decrease in voluntary provisions	<b>60.3</b>	8.2	
Income taxes:			
For the period	<b>81.0</b>	62.5	
For previous periods	<b>- 1.8</b> <b>79.2</b>	3.0   65.5	21.0
<b>Profit for the period</b>	<b>192.5</b>	178.6	7.8



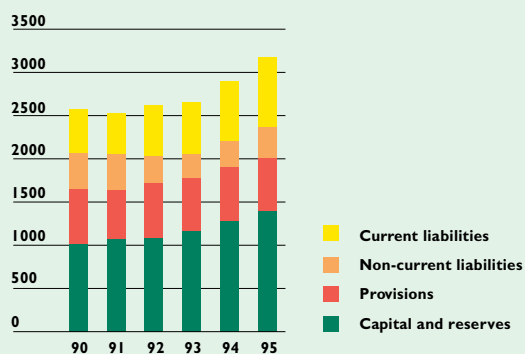
STOCKMANN'S BALANCE SHEET (CONSOLIDATED)

Assets	Dec.31, 1995 FIM million		Dec.31, 1994 FIM million	
<b>Fixed assets and other non-current investments</b>				
Intangible assets <sup>8)</sup>				
Other capitalized expenditure	85.2		75.1	
Tangible assets <sup>8)</sup>				
Land and water	102.5		86.0	
Buildings	749.4		625.7	
Machinery and equipment	262.7		234.6	
Other tangible assets	0.3		0.3	
	<u>1 114.9</u>		<u>946.6</u>	
Financial assets <sup>9)</sup>				
Bonds and shares	146.3	1 346.3	142.7	1 164.4
<b>Current assets</b>				
Stocks				
Raw materials and consumables	676.9		640.8	
Receivables <sup>11-13)</sup>				
Trade receivables	692.4		565.3	
Loan receivables	19.8		13.0	
Prepaid expenses and accrued income	77.6		58.9	
Other receivables	22.7		28.9	
	<u>812.5</u>		<u>666.1</u>	
Investments <sup>14)</sup>				
Bonds and other promissory notes	245.8		319.2	
Cash in hand and at bank	94.8	1 829.9	109.2	1 735.3
	<u>3 176.2</u>		<u>2 899.7</u>	



Liabilities	Dec.31, 1995 FIM million		Dec.31, 1994 FIM million	
<b>Capital and reserves</b> <sup>15,16)</sup>				
Restricted equity				
Series A shares	165.8		165.8	
Series B shares	122.5		122.5	
Total share capital	288.3		288.3	
Reserve fund	360.4		360.4	
Revaluation fund	140.0		140.0	
Distributable equity				
Contingency fund	260.0		260.0	
Translation difference	0.1			
Retained earnings	153.3		62.1	
Profit for the period	192.5	1 394.6	178.6	1 289.4
<b>Provisions</b> <sup>17)</sup>				
Accelerated depreciation	435.4		365.3	
Voluntary provisions				
Investment provisions	2.7		10.2	
Transitional provisions	188.3		241.1	
	191.0	626.4	251.3	616.6
<b>Creditors</b> <sup>12, 18-20)</sup>				
Non-current				
Loans from credit institutions	13.3			
Pension loans	335.9		301.9	
Other non-current liabilities	1.5		1.5	
	350.7		303.4	
Current				
Loans from credit institutions			1.4	
Pension loans	23.8		16.8	
Trade payables	374.1		272.6	
Accrued liabilities and deferred income	244.6		250.0	
Other current liabilities	161.9		149.5	
	804.4	1 155.2	690.3	993.7
		3 176.2		2 899.7

Financing, FIM million





STOCKMANN'S FUNDS STATEMENT (CONSOLIDATED)

	1995 FIM million	1994 FIM million
<b>Generated from operations</b>		
Cash-flow financing		
Profit from operations before depreciation	340.4	302.1
Financial income and expenses	31.7	29.9
Extraordinary items	1.3	0.0
Income taxes	- 79.2	- 65.5
	<b>294.2</b>	<b>266.6</b>
<b>Change in working capital</b>		
Stocks		
increase (-), decrease (+)	- 36.1	- 96.7
Current trade receivables		
increase (-), decrease (+)	- 146.4	- 132.3
Non-interest-bearing current liabilities		
increase (-), decrease (+)	81.8	36.7
	<b>- 100.7</b>	<b>- 192.3</b>
<b>Cash flow from operations</b>	<b>193.5</b>	<b>74.2</b>
<b>Investments</b>		
Investments in fixed assets	- 273.7	- 132.9
	<b>- 273.7</b>	<b>- 132.9</b>
<b>Cash flow before financing</b>	<b>- 80.2</b>	<b>- 58.7</b>
<b>Financing</b>		
Non-current loans: increase (+)	70.9	46.9
Non-current loans: decrease (-)	- 23.6	- 21.1
Current loans: increase (+)	32.4	56.2
Distribution of profit	- 86.8	- 58.0
Other changes in capital and reserves	- 0.5	
	<b>- 7.6</b>	<b>24.0</b>
Change in liquid funds according to the funds statement	<b>- 87.8</b>	<b>- 34.6</b>
Change in liquid funds according to the balance sheet	<b>- 87.8</b>	<b>- 34.6</b>
<b>Liquid funds as at January 1</b>	<b>428.4</b>	<b>463.0</b>
Change	<b>- 87.8</b>	<b>- 34.6</b>
<b>Liquid funds as at December 31</b>	<b>340.6</b>	<b>428.4</b>

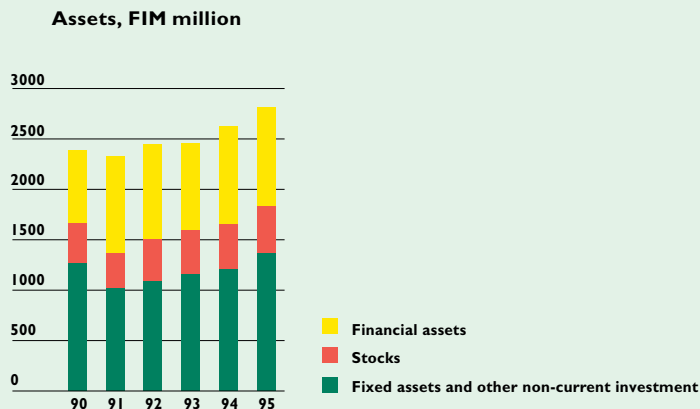
ROY STOCKMANN AB PROFIT AND LOSS ACCOUNT (PARENT COMPANY)

	Jan.1-Dec.31, 1995 FIM million		Jan.1-Dec.31,1994 FIM million		Change %
<b>Turnover</b> <sup>1)</sup>	<b>3 964.8</b>		3 616.8		9.6
Costs:					
Raw materials and consumables: <sup>2)</sup>					
Purchases during the financial period	<b>2 795.6</b>		2 521.8		
Increase in inventories	<b>- 29.2</b>		- 9.7		
Staff costs <sup>3)</sup>	<b>613.9</b>		545.2		
Rents	<b>134.0</b>		153.1		
Other costs <sup>4)</sup>	<b>234.5</b>	<b>3 748.8</b>	228.9	3 439.4	9.0
<b>Profit from operations before depreciation</b>	<b>216.0</b>		177.4		21.8
Depreciation on fixed assets and other capitalized expenditure <sup>5)</sup>	<b>79.2</b>		72.7		9.0
<b>Operating profit</b>	<b>136.8</b>		104.6		30.8
Financial income and expenses: <sup>6)</sup>					
Dividend income	<b>4.6</b>		2.3		
Interest income	<b>64.9</b>		65.8		
Other financial income	<b>2.7</b>		0.0		
Interest expenses	<b>37.1</b>		29.8		
Other financial expenses	<b>8.1</b>	<b>27.0</b>	8.3	30.0	(10.1)
<b>Profit before extraordinary items, voluntary provisions and income taxes</b>	<b>163.8</b>		134.6		21.7
Extraordinary income and charges <sup>7)</sup>					
Extraordinary income	<b>1.3</b>		0.0		
<b>Profit before voluntary provisions and income taxes</b>	<b>165.1</b>		134.6		22.6
Increase in accelerated depreciation <sup>5)</sup>	<b>- 59.6</b>		- 12.4		
Decrease in voluntary provisions	<b>52.8</b>		6.2		
Income taxes:					
For the period	<b>39.2</b>		33.9		
For previous periods	<b>- 1.9</b>	<b>37.3</b>	3.0	36.9	1.2
<b>Profit for the period</b>	<b>120.9</b>		91.4		32.4



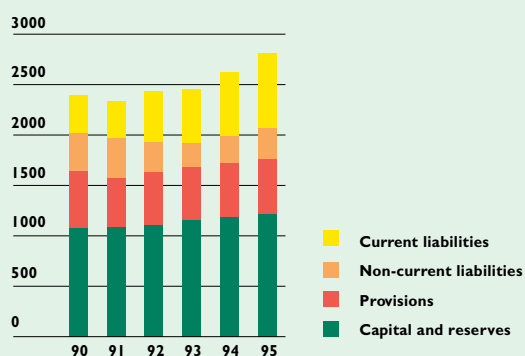
ROY STOCKMANN AB BALANCE SHEET (PARENT COMPANY)

Assets	Dec.31, 1995 FIM million		Dec.31, 1994 FIM million	
<b>Fixed assets and other non-current investments</b>				
Intangible assets <sup>8)</sup>				
Other capitalized expenditure	74.5		67.1	
Tangible assets <sup>8)</sup>				
Land and water	48.6		51.7	
Buildings	674.7		548.5	
Machinery and equipment	221.5		208.3	
Other tangible assets	0.3		0.3	
	<u>945.1</u>		<u>808.8</u>	
Financial assets <sup>9,10)</sup>				
Bonds and shares	331.1		315.4	
Loan receivables	22.0		22.0	
	<u>353.1</u>	1 372.7	<u>337.4</u>	1 213.3
<b>Current assets</b>				
Stocks				
Raw materials and consumables	471.1		442.0	
Receivables <sup>11-13)</sup>				
Trade receivables	461.6		385.5	
Loan receivables	177.0		115.2	
Prepaid expenses and accrued income	36.0		49.7	
Other receivables	21.4		23.8	
	<u>696.0</u>		<u>574.2</u>	
Investments <sup>14)</sup>				
Bonds and other promissory notes	245.8		319.2	
Cash in hand and at bank	30.8	1 443.7	72.3	1 407.6
	<u>2 816.4</u>		<u>2 620.9</u>	



Liabilities	Dec.31, 1995 FIM million	Dec.31, 1994 FIM million
<b>Capital and reserves</b> <sup>15,16)</sup>		
Restricted equity		
Series A shares	165.8	165.8
Series B shares	<u>122.5</u>	<u>122.5</u>
Total share capital	288.3	288.3
Reserve fund	360.4	360.4
Revaluation fund	140.0	140.0
Distributable equity		
Contingency fund	260.0	260.0
Retained earnings	53.9	49.3
Profit for the period	120.9   223.5	91.4   189.3
<b>Provisions</b> <sup>17)</sup>		
Accelerated depreciation	379.4	319.8
Voluntary provisions		
Transitional provisions	<u>159.1</u>	<u>211.9</u>
	159.1   538.5	211.9   531.7
<b>Creditors</b> <sup>12,18-20)</sup>		
Non-current		
Loans from credit institutions	13.3	0.0
Pension loans	299.3	271.8
Other non-current liabilities	<u>1.5</u>	<u>1.5</u>
	314.1	273.3
Current		
Pension loans	21.1	14.5
Trade payables	234.0	185.6
Accrued liabilities and deferred income	163.9	167.1
Other current liabilities	<u>321.3</u>	<u>259.4</u>
	740.3   1 054.5	626.5   899.8
	<b>2 816.4</b>	<b>2 620.9</b>

Financing, FIM million





STOCKMANN AB FUNDS STATEMENT (PARENT COMPANY)

	1995 FIM million	1994 FIM million
<b>Generated from operations</b>		
Cash-flow financing		
Profit from operations before depreciation	216.0	177.5
Financial income and expenses	27.0	30.1
Extraordinary items	1.3	
Income taxes	- 37.3	- 36.9
	<b>206.9</b>	<b>170.7</b>
<b>Change in working capital</b>		
Stocks		
increase (-), decrease (+)	- 29.2	- 9.7
Current trade receivables		
increase (-), decrease (+)	- 121.8	- 141.5
Non-interest-bearing current liabilities		
increase (-), decrease (+)	86.1	42.7
	<b>- 64.9</b>	<b>- 108.4</b>
<b>Cash flow from operations</b>	<b>142.0</b>	<b>62.3</b>
<b>Investments</b>		
Investments in fixed assets	- 238.6	- 120.9
	<b>- 238.6</b>	<b>- 120.8</b>
<b>Cash flow before financing</b>	<b>- 96.6</b>	<b>- 58.5</b>
<b>Financing</b>		
Non-current loans: increase (+)	61.4	40.2
Non-current loans: decrease (-)	- 20.6	- 14.6
Current loans: increase (+)	27.7	55.2
Distribution of profit	- 86.8	- 58.0
	<b>- 18.3</b>	<b>22.9</b>
Change in liquid funds according to the funds statement	<b>- 114.9</b>	<b>- 35.6</b>
Change in liquid funds according to the balance sheet	<b>- 114.9</b>	<b>- 35.6</b>
<b>Liquid funds as at January 1</b>	<b>391.4</b>	<b>427.0</b>
Change	<b>- 114.9</b>	<b>- 35.6</b>
<b>Liquid funds as at December 31</b>	<b>276.6</b>	<b>391.4</b>



## NOTES TO THE FINANCIAL STATEMENTS

### Accounting policy

#### General principles

The financial statements have been prepared on the basis of original purchase value.

#### Scope of the Consolidated Financial Statements

The Consolidated Financial Statements cover the parent company OY Stockmann AB and those companies in which the parent company controls, directly or indirectly, more than 50% of the voting rights conferred by the shares. Property management companies in which Group companies have more than a 20% interest have not been treated as an associated company and the Group includes no other associated companies.

#### Internal transactions

Transactions between Group companies have been eliminated.

#### Shares in subsidiaries

Shareholding between Group companies has been eliminated by the purchase cost method. The difference between the purchase price of subsidiary shares and equity has been allocated in part to fixed assets. The proportion exceeding going values is shown as a separate goodwill item which is amortized on a straight-line basis over a period of five or ten years.

Of the voluntary provisions of subsidiaries at the time of acquisition, 72% has been deemed to constitute equity. The remaining 28% is included under liabilities in the Consolidated Balance Sheet. In reducing the voluntary provision of a subsidiary at the time of acquisition, only the portion corresponding to a reduction in the deferred tax liability is entered as income for the Group. This item is shown in Extraordinary income in the consolidated financial statements.

#### Subsidiaries abroad

The financial statement figures for Russian subsidiaries have been translated into Finnish markkaa using the monetary-non-monetary method according to which fixed assets, stocks and equity are translated into Finnish markkaa at the average rate quoted by the Bank of Finland at the time of acquisition and the other balance sheet items at the average rate quoted on the balance sheet date. The profit and loss account is translated monthly at the average rate quoted monthly by the Bank of Finland.

#### Stocks

Stocks are valued according to the principle of lowest value i.e., stocks are recorded in the balance sheet at acquisition cost or a lower repurchase price or the probable market price, whichever is lower. The cost of stocks is determined as being the direct cost of acquisition according to the FIFO principle.

#### Foreign currency-denominated receivables and liabilities

Foreign currency-denominated receivables and liabilities are valued according to the average rates quoted by the Bank of Finland on the balance sheet date. Gains and losses on foreign exchange in financial operations are entered as net amounts under Other financial expenses.

#### Fixed assets and depreciation

Fixed assets are valued according to the original cost less planned depreciation. The balance sheet values furthermore include revaluations of land areas and buildings.

The following terms are applied to depreciation in the consolidated accounts:

- Planned depreciation, based on the original cost and the estimated economically useful life of each fixed asset as follows:
  - for buildings: 25-50 years
  - for machinery and equipment: 7-12 years
  - for other capitalized expenditures: 5-10 years
  - for lightweight store furnishings, motor vehicles and data processing equipment: 5 years,
- Booked depreciation, which is based on tax legislation.

The difference between booked and planned depreciation is stated as an increase or decrease in the accelerated depreciation shown in the profit and loss account. In the balance sheet, the accelerated difference between planned and booked depreciation is shown under Provisions on the liabilities side of the balance sheet.



## NOTES TO THE FINANCIAL STATEMENTS

### Profit and loss account

#### 1 Turnover

Of the turnover of the Department Store Division and Hobby Hall, Russia accounted for FIM 250.3 million in 1995 and FIM 280.1 million in 1994, and Estonia for FIM 70.2 million in 1995 and FIM 30.5 million in 1994. International operations generated a total of 6.2% of Stockmann's turnover in 1995 and 6.9% in 1994. Credit losses amounted to FIM 9.6 million in 1995 and FIM 14.8 million in 1994.

#### 2 Gross margin

	Group 1995		Group 1994		Parent company 1995		Parent company 1994	
	FIM mill.	%	FIM mill.	%	FIM mill.	%	FIM mill.	%
Turnover	<b>5 162.7</b>	<b>100.0</b>	4 507.0	100.0	<b>3 964.8</b>	<b>100.0</b>	3 616.8	100.0
Raw materials and consumables	<b>3 525.8</b>	<b>68.3</b>	3 038.0	67.4	<b>2 766.4</b>	<b>69.8</b>	2 512.1	69.5
Gross margin	<b>1 636.9</b>	<b>31.7</b>	1 469.0	32.6	<b>1 198.4</b>	<b>30.2</b>	1 104.7	30.5

#### 3 Staff costs

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
Salaries and emoluments paid to the boards of directors and managing directors	<b>3.6</b>	3.4	<b>1.7</b>	1.8
Other wages and salaries	<b>592.8</b>	522.0	<b>484.4</b>	437.6
Statutory salary-related expenses				
Pension insurance	<b>81.8</b>	63.0	<b>63.1</b>	51.2
Other statutory salary-related expenses	<b>68.6</b>	54.9	<b>52.0</b>	44.0
Voluntary salary-related expenses	<b>15.8</b>	13.3	<b>12.7</b>	10.7
Total	<b>762.8</b>	656.6	<b>613.9</b>	545.2
Taxation value of fringe benefits	<b>5.7</b>	6.5	<b>5.1</b>	6.0

#### Management pension liabilities

The agreed retirement age for Group company managing directors is 55-65 years. The agreed retirement age for the parent company managing director is 60 years.

#### 4 Other costs

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
Marketing expenses	<b>138.8</b>	121.8	<b>64.0</b>	61.7
Warehouse, packaging and transportation	<b>16.4</b>	15.5	<b>11.1</b>	14.3
Repairs	<b>21.9</b>	19.5	<b>17.4</b>	14.7
Electricity, heating and fuel	<b>21.6</b>	20.0	<b>18.3</b>	17.3
Travel and conferences	<b>15.6</b>	15.8	<b>11.7</b>	13.4
Real-estate maintenance	<b>35.8</b>	34.1	<b>30.0</b>	30.6
Post and telecommunications	<b>17.3</b>	19.3	<b>11.9</b>	12.2
Other expense items	<b>69.6</b>	73.3	<b>70.1</b>	64.7
Total	<b>337.0</b>	319.1	<b>234.5</b>	228.9

#### 5 Planned depreciation

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
Planned depreciation				
Other capitalized expenditure	<b>16.3</b>	14.5	<b>14.7</b>	12.7
Buildings	<b>14.3</b>	13.3	<b>11.5</b>	10.5
Machinery and equipment	<b>61.3</b>	57.4	<b>53.1</b>	49.5
Total	<b>91.8</b>	85.2	<b>79.2</b>	72.7

## NOTES TO THE FINANCIAL STATEMENTS

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
Change in accelerated depreciation				
Profit and loss account				
Other capitalized expenditure	3.7	1.7	1.5	2.1
Buildings	59.3	7.5	56.0	8.6
Machinery and equipment	7.1	1.7	2.1	1.7
<b>Total</b>	<b>70.1</b>	<b>10.9</b>	<b>59.6</b>	<b>12.4</b>

FIM mill.	1995	1994
	Planned depreciation	
OY Stockmann AB	79.2	72.7
Oy Hobby Hall Ab	5.8	5.4
Seppälä group	5.2	5.4
Suomen Pääomarahoitus Oy	0.9	0.9
Kiinteistö Oy Vantaan Rasti	0.8	0.8
A/O Kalinka-Stockmann	0.0	0.0
<b>Total</b>	<b>91.8</b>	<b>85.2</b>

Planned depreciation is calculated on the original cost and economically useful life of each item of fixed assets on a straight-line basis. The planned depreciation periods are:

Other capitalized expenditure	5-10 years
Buildings	25-50 years
Machinery and equipment	5-12 years

### 6 Financial income and expenses

#### Internal income and expenses of the Group

FIM mill.	Parent company	
	1995	1994
Financial income from Group companies		
Interest income on long-term investment	1.6	1.7
Interest income on short-term investment	2.5	2.6
Financial expenses paid for Group companies		
Interest expenses	8.6	4.7

#### Interest income

Interest income is reduced by a FIM 5.1 million write-down on bonds in 1994. The write-down has been made when the acquisition cost of a bond was lower than the market value at the balance sheet date.

#### Other financial expenses

Other financial expenses include foreign exchange losses on treasury operations in 1995 of FIM 4.7 million and foreign exchange gains of FIM 3.7 million. The corresponding figures for 1994 were FIM 9.5 million and FIM 6.0 million

### 7 Extraordinary income and charges

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
Profit on sale of fixed assets	1.3	0.0	1.3	0.0
<b>Total</b>	<b>1.3</b>	<b>0.0</b>	<b>1.3</b>	<b>0.0</b>



## NOTES TO THE FINANCIAL STATEMENTS

### Balance sheet

#### 8 Intangible and tangible assets

Fim mill.	Group		Parent company	
	1995	1994	1995	1994
<b>Other capitalized expenditure</b>				
Cost Jan. I	113.5	91.2	99.4	77.0
Increases Jan. I-Dec. 31	26.4	29.5	22.1	28.4
Decreases Jan. I-Dec. 31	9.0	7.1	7.4	6.0
Cost Dec. 31	130.9	113.5	114.1	99.4
Accelerated planned depreciation Dec. 31	45.8	38.6	39.6	32.3
Book value Dec. 31	85.2	75.1	74.5	67.1
Accelerated difference between total and planned depreciation Jan. I	7.4	5.7	3.9	1.8
Increase in accelerated depreciation Jan. I-Dec. 31	3.7	1.7	1.5	2.1
Accelerated difference between total and planned depreciation Dec. 31	11.1	7.4	5.4	3.9
<b>Land and water</b>				
Cost Jan. I	86.0	77.0	51.7	47.0
Increases Jan. I-Dec. 31	16.5	9.0	1.2	4.7
Decreases Jan. I-Dec. 31			4.4	
Book value Dec. 31	102.5	86.0	48.6	51.7
<b>Buildings</b>				
Cost Jan. I	719.9	696.5	636.2	612.8
Increases Jan. I-Dec. 31	137.8	23.4	137.8	23.4
Cost Dec. 31	857.7	719.9	774.0	636.2
Accelerated planned depreciation Dec. 31	108.2	94.2	99.3	87.8
Book value Dec. 31	749.4	625.7	674.7	548.5
Accelerated difference between total and planned depreciation Jan. I	268.5	261.0	237.0	228.4
Increase in accelerated depreciation Jan. I-Dec. 31	59.3	7.5	56.0	8.6
Accelerated difference between total and planned depreciation Dec. 31	327.8	268.5	293.0	237.0
<b>Machinery and equipment</b>				
Cost Jan. I	457.4	417.9	396.7	368.8
Increases Jan. I-Dec. 31	89.5	70.3	66.3	59.0
Decreases Jan. I-Dec. 31	32.5	30.8	20.5	31.1
Cost Dec. 31	514.6	457.4	442.5	396.7
Accelerated planned depreciation Dec. 31	251.7	222.8	221.0	188.4
Book value Dec. 31	262.7	234.6	221.5	208.3
Accelerated difference between total and planned depreciation Jan. I	89.4	87.7	78.9	77.1
Increase in accelerated depreciation Jan. I-Dec. 31	7.1	1.7	2.1	1.7
Accelerated difference between total and planned depreciation Dec. 31	96.5	89.4	81.0	78.9
<b>Other tangible assets</b>				
Cost Jan. I	0.3	0.3	0.3	0.3
Book value Dec. 31	0.3	0.3	0.3	0.3

#### Revaluation included in balance sheet values

Fim mill.	Group		Parent company	
	1995	1994	1995	1994
Land and water	35.1	35.1	35.1	35.1
Buildings	157.7	157.7	157.7	157.7
Total	192.8	192.8	192.8	192.8

#### Taxation and fire insurance values

Fim mill.	Group		Parent company	
	1994	1993	1994	1993
<b>Taxation values</b>				
Land and water	342.6	335.8	329.7	331.7
Shares in subsidiaries	-	-	210.9	147.0
Other shares	99.7	112.3	94.6	107.2
<b>Buildings</b>				
Taxation values	145.6	152.3	101.5	104.7
Fire insurance values	1290.1	1289.7	1195.1	1194.7

## NOTES TO THE FINANCIAL STATEMENTS

### 9 Bonds and shares

	Number	Proportion of votes %	Holding %	Par value million units	Book value FIM mill.	Net profit FIM mill.	Equity FIM mill.
<b>Parent company holdings</b>							
Shares in subsidiaries							
A/O Kalinka-Stockmann	100	100.0	100.0	RUR 65.00	0.12	-38.0	-38.4
A/O Stockmann-Krasnoselskaya	100	100.0	100.0	RUR 55.00	0.03	0.0	0.0
Stockmann AS	13 000	100.0	100.0	EEK 13.00	4.89	0.0	4.9
Aspius Oy	100	100.0	100.0	FIM 0.02	4.35	0.0	1.8
Oy Hobby Hall Ab	120 000	100.0	100.0	FIM 60.00	111.79	48.6	165.6
Oy Hullut Päivät-Galna Dagar Ab	10	100.0	100.0	FIM 0.02	0.02	0.0	0.0
Oy Suomen Pääomarahoitus- Finlands Kapitalfinans Ab	1 000	100.0	100.0	FIM 10.00	10.00	0.0	12.7
Sewex Oy	30 000	100.0	100.0	FIM 30.00	30.00	61.8	161.7
Upper Limit Oy	100	100.0	100.0	FIM 0.15	9.65	0.0	3.2
Kiinteistö Oy Friisinkeskus	1 000	100.0	100.0	FIM 0.05	0.05	0.0	0.9
Kiinteistö Oy Vantaan Valimotie	500 000	100.0	100.0	FIM 5.00	5.00	0.0	4.8
Kiinteistö Oy Vantaan Rasti	388	100.0	100.0	FIM 3.00	29.26	-0.8	26.4
Shares in subsidiaries, total					205.14	71.6	343.5
Other bonds and shares							
Aktia Säästöpankki Oy	5 000		-	0.10	0.10		
Asunto Oy Albertinkatu 28	238		1.0	0.01	0.56		
Asunto Oy Eino Leinonkatu 7	1583		25.0	2.69	8.53		
Asunto Oy Harjula	2		2.0	-	0.52		
Helsingin Keskustukku Oy	45		12.0	0.23	0.48		
Helsinki Telephone Company	352		-	-	0.78		
Oy Kamppiparkki Ab	17		-	0.34	3.15		
Kesko Oy	1 267 000		1.0	12.67	50.19		
Kirjavälitys Oy	32 963		14.0	0.82	1.12		
MTV Oy	400		1.0	0.20	1.12		
NCC	14 000		-	SEK 0.35	0.36		
Oy Partek Ab	38 966		-	0.39	4.60		
Pitäjänmäen Kiinteistöt Oy	3 030		6.0	18.18	18.18		
Polar-Yhtymä Oy	100 000		-	1.00	2.50		
Povarstock Oy	756		10.0	7.56	19.76		
Central Share Register of Finland Cooperative	4		-	-	0.28		
Tuko Oy	264 222		1.0	2.64	0.58		
Unitas Oy, series A	500 000		-	5.00	7.83		
Werner Söderström Oy, series B	9 018		-	0.09	0.14		
Sampo Insurance Company Ltd.	12 829		-	0.26	1.05		
Others					4.10		
Other bonds and shares, total					125.93		
<b>Total</b>					<b>331.07</b>		
<b>Subsidiaries' holdings</b>							
Share in subsidiaries							
Bullworker Myynti Oy	3	100.0	100.0	0.02	0.02	0.0	0.0
Oy Concert Hall Society Ab	10	100.0	100.0	-	-	0.0	0.0
Share in subsidiaries, total					0.02	0.0	0.0
Other shares							
Arabian Kiinteistö Oy	3 443		34.2	0.04	9.86		
Arabian Kiinteistö Oy, uudet	811		8.0	0.02	2.35		
Arabian Pienteollisuustalo Oy	1 590		12.0	0.01	5.92		
Orion-Yhtymä	3 222		-	0.02	0.20		
Helsinki Telephone Company	150		-	-	0.55		
Sampo Insurance Company Ltd.	591		-	-	0.13		
Asunto Oy Rukantyyky	110		7.0	-	0.76		
Others					0.52		
Other shares, total					20.30		
<b>Total</b>					<b>20.32</b>		

### Changes in the Group structure

The subsidiary Stockmann AS was established in Estonia at the end of the year 1995. From the beginning of 1996 the company will handle the mail order sales of Hobby Hall's products and from April 1996, department store trade as well as Seppälä's operations. A new subsidiary was also established in Moscow, A/O Stockmann-Krasnoselskaya, which for the time being is dormant. A further purchase during 1995 was the real-estate company Upper Limit Oy, which owns the plot on which the Sesto Etujätti hypermarket in Tampere is being built.



## NOTES TO THE FINANCIAL STATEMENTS

### 10 Long-term investment in subsidiaries by parent company

FIM mill.	Parent company	
	1995	1994
Shares	205.1	190.5
Loan receivables	22.0	22.0
<b>Total</b>	<b>227.1</b>	<b>212.5</b>

### 11 Receivables

Receivables falling due in one year or more

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
Loan receivables	14.5	12.1	14.5	12.1
Other receivables	27.9	26.7	26.4	21.4
<b>Total</b>	<b>42.4</b>	<b>38.8</b>	<b>40.9</b>	<b>33.5</b>

### 12 Receivables and debts from Group companies

FIM mill.	Parent company	
	1995	1994
Loan receivables	160.8	124.8
Other current liabilities	147.2	113.1

### 13 Receivables from members of the boards of directors and managing directors

The managing directors and members of the boards of Group companies have been granted loans in a total amount of FIM 2.8 million (FIM 3,0 million in 1994).

The loan periods range from 5 to 15 years and the interest rate is pegged to the Bank of Finland base rate.

### 14 Difference between cost and market value of current assets, bonds and other promissory notes

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
Market value Dec. 31	251.7	322.7	251.7	322.7
Book value Dec. 31	245.8	319.2	245.8	319.2
<b>Difference</b>	<b>6.0</b>	<b>3.5</b>	<b>6.0</b>	<b>3.5</b>

### 15 Change in capital and reserves

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
<b>Share capital</b>				
Series A shares Jan. 1	165.8	165.8	165.8	165.8
Series A shares Dec. 31	165.8	165.8	165.8	165.8
Series B shares Jan. 1	122.5	26.4	122.5	26.4
Bonus issue 1994	0.0	96.1	0.0	96.1
Series B shares Dec. 31	122.5	122.5	122.5	122.5
<b>Share capital, total</b>	<b>288.3</b>	<b>288.3</b>	<b>288.3</b>	<b>288.3</b>
<b>Reserve fund Jan. 1</b>	<b>360.4</b>	<b>456.5</b>	<b>360.4</b>	<b>456.5</b>
Bonus issue 1994	0.0	-96.1	0.0	-96.1
<b>Reserve fund Dec. 31</b>	<b>360.4</b>	<b>360.4</b>	<b>360.4</b>	<b>360.4</b>
<b>Revaluation fund Jan. 1</b>	<b>140.0</b>	<b>140.0</b>	<b>140.0</b>	<b>140.0</b>
<b>Revaluation fund Dec. 31</b>	<b>140.0</b>	<b>140.0</b>	<b>140.0</b>	<b>140.0</b>
<b>Restricted equity, total</b>	<b>788.7</b>	<b>788.7</b>	<b>788.7</b>	<b>788.7</b>
<b>Contingency fund Jan. 1</b>	<b>260.0</b>	<b>260.0</b>	<b>260.0</b>	<b>260.0</b>
<b>Contingency fund Dec. 31</b>	<b>260.0</b>	<b>260.0</b>	<b>260.0</b>	<b>260.0</b>

## NOTES TO THE FINANCIAL STATEMENTS

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
Other distributable equity Jan.1	240.7	120.0	140.7	107.2
Distribution of profit	-86.8	-58.0	-86.8	-58.0
Effect on equity of reduction in the tax rate applied in consolidation	-0.6	-	-	-
Profit for the period	192.5	178.6	120.9	91.4
Translation difference	0.1	-	-	-
Other distributable equity Dec.31	346.0	240.7	174.8	140.7
Other distributable equity, total	606.0	500.7	434.8	400.7
Capital and reserves, total	1 394.6	1 289.4	1 223.5	1 189.3

### 16 Share capital, December 31, 1995

Par value, FIM 20	Parent company shares
Series A shares (ten votes each)	8 289 631
Series B shares (one vote each)	6 124 979
Total	14 414 610

### 17 Provisions

According to a 28% tax rate, the deferred tax liability on voluntary provisions and accelerated depreciation in the Consolidated Balance Sheet was FIM 175.4 million as at December 31, 1995 and at a tax rate of 25% it was FIM 154.1 million on December 31, 1994.

### 18 Bonds with warrants

In 1994 a FIM 1.5 million issue of bonds with warrants targeted at the Group management was floated, which according to the terms and conditions of the issue provides for a bullet payment on April 12, 1998. Annual interest which is one percentage point under the 12-month Helibor interest rate quoted by the Bank of Finland will be paid on the loan. The warrants attaching to the bond issue entitle their holders to subscribe Series B shares as follows: 90 000 shares from January 2 to October 31, 1996 at a price of FIM 213.34 each or from January 2 to October 31, 1997 at a price of FIM 226.67 each or from January 2 to April 12, 1998 at a price of FIM 240.00 each; 90 000 shares from January 2 to October 31, 1997 at a price of FIM 226.67 each or from January 2 to April 12, 1998 at a price of FIM 240.00; and 90 000 shares from January 2 to April 12, 1998 at a price of FIM 240.00 each.

### 19 Loans with maturities longer than five years

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
Pension loans	250.3	224.8	223.9	203.7

### 20 Other current loans

Other current liabilities included FIM 126.3 million of interest-bearing borrowed capital in 1995 and a corresponding amount of FIM 105.2 million in 1994.

### 21 Pledges and mortgages given for loans, guarantees and contingent liabilities

FIM mill.	Group		Parent company	
	1995	1994	1995	1994
For loans of the company				
Mortgages on land and buildings	366.3	327.0	320.4	295.5
For liabilities of a Group company				
Mortgages on land and buildings			21.1	31.5
Guarantees			28.4	32.9
Pledges	0.3	0.3		
On behalf of others				
Guarantees	1.4	1.0	1.4	1.0
Other contingent liabilities				
Leasing commitments <sup>(1)</sup>	2.3	1.5	2.3	1.5
Other commitments	1.0	5.0	1.0	5.0
Total				
Mortgages on land and buildings	366.3	327.0	341.5	327.0
Guarantees	1.4	1.0	29.8	33.9
Pledges	0.3	0.3		
Other commitments	3.3	6.5	3.3	6.5
Total	371.3	334.8	374.6	367.4

<sup>(1)</sup> Leasing commitments from 1997 onward total FIM 1.5 million.

### 22 Pension liability

The pension liability of Group companies is insured with external pension insurance companies and is fully covered.



## SHARE CAPITAL AND SHARES

The share capital of OY Stockmann AB is divided into Series A and Series B shares. Series A shares carry ten votes and Series B shares one vote. The shares of both series entitle their holders to an equal dividend.

### Share capital

The company's shares were transferred to the electronic book-entry registration system in September 1994. At the closing of the books, 99.72 per cent of the company's shares outstanding had been registered in the book-entry system.

There were approximately 12 000 shareholders as at March 1, 1996.

#### Share capital of OY Stockmann AB at December 31, 1995

Series A	8 289 631 shares at FIM 20 each =	FIM 165 792 620
Series B	6 124 979 shares at FIM 20 each =	FIM 122 499 580
Total	14 414 610 shares at FIM 20 each =	FIM 288 292 200

The company's Board of Directors does not have existing authorizations to increase the share capital or to float issues of convertible bonds or bonds with warrants.

### Share price trend

During the financial year the prices of shares traded on the Helsinki Stock Exchange declined by 7.3 per cent as measured by the general index. The index for the Other services category fell by 6.6 per cent.

The last traded price of Stockmann's Series A shares during the financial year was FIM 248, representing an increase of 2.5 per cent since the start of the financial year. The last sale of Series B shares was made at a price of FIM 227, which was 0.5 per cent higher than at the beginning of the financial year.

### Share turnover

Shares of OY Stockmann AB were traded on the Helsinki Stock Exchange as follows during the financial year:

	number	% of respective total	average FIM
Series A	741 570	8.9	231
Series B	2 081 793	34.0	204
Total	2 823 363	19.6	

The total value of the shares traded was FIM 604.3 million.

The market capitalization of the company as at December 31, 1995 was FIM 3 446 million, calculated according to the buying rate of the shares.

### Share issues 1990 - 1995

1993

A targeted issue. Retailer-owned Wholesale Corporation Kesko subscribed 87 000 Series A shares at a price of FIM 172.48 and 104 000 Series B shares at a price of FIM 144.36 each.

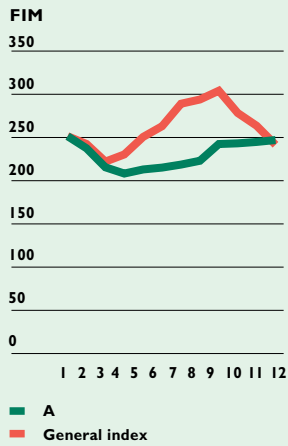
1994

Issue of bonds with warrants. The company floated a FIM 1.5 million issue of bonds with warrants targeted at management, which was subscribed in its entirety and will be repaid, according to the terms and conditions of the issue, in one instalment on April 12, 1998. Annual interest payable on the loan is one percentage point below the 12-month Helibor interest rate quoted by the Bank of Finland. The A, B and C warrants entitle their holders to subscribe 90 000 Stockmann Series B shares as follows: with warrant A, from January 2 to October 31, 1996 at a price of FIM 213.34 or from January 2 to October 31, 1997 at a price of FIM 226.67 or from January 2 to April 12, 1998 at a price of FIM 240.00 and with warrant B, from January 2 to October 31, 1997 at a price of FIM 226.67 or from January 2 to April 12, 1998 at a price of FIM 240.00, and with warrant C, from January 2 to April 12, 1998 at a price of FIM 240.00.

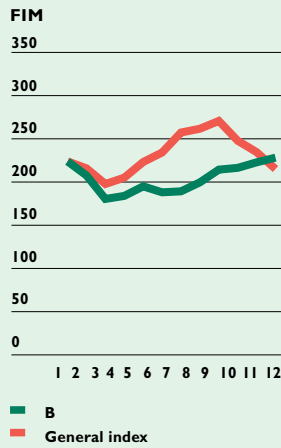
Bonus issue. One new Series B share free of charge for two old Series A and/or Series B shares.



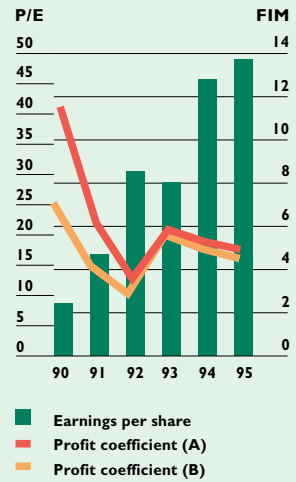
**Series A shares price trend 1995**



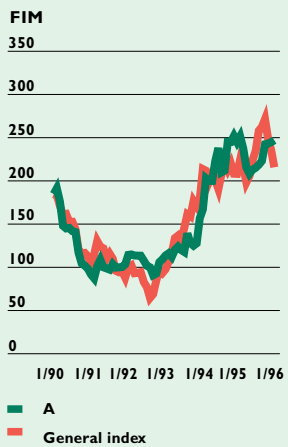
**Series B shares price trend 1995**



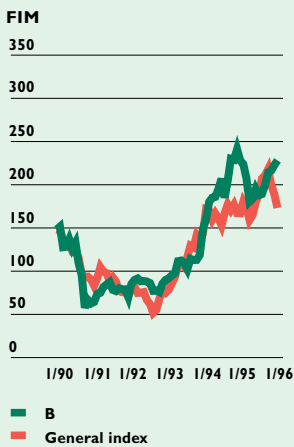
**Earnings per share and P/E ratio 1990-1995 (adjusted for share issues)**



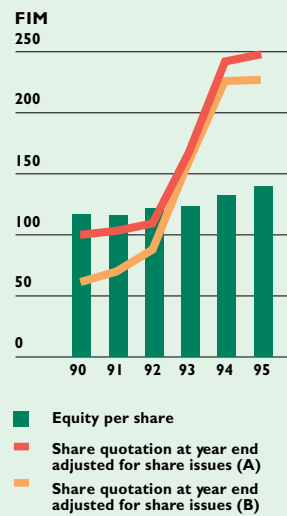
**Series A share price trend 1990-1995 (adjusted for share issues)**



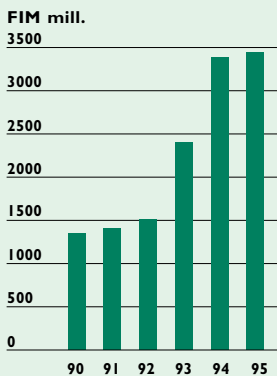
**Series B share price trend 1990-1995 (adjusted for share issues)**



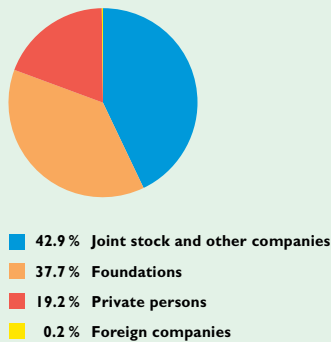
**Equity per share and share price 1990-1995**



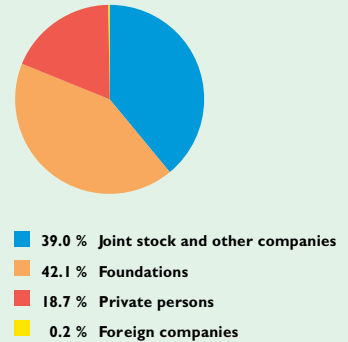
**Market capitalization 1990-1995**



**Distribution of shares**



**Distribution of votes**





## SHAREHOLDERS ON MARCH 1, 1996

The figures are based on data in the book-entry register which shows that there are 34 254 unregistered shares on which information is lacking. The shares not entered in the book-entry register represent 0.3% of the total number of shares, 14 414 610.

Shareholders groups	Shareholders		Shares	
	No	%	No	%
Private persons	10 747	94.9	2 758 161	19.2
Joint stock and other companies	346	3.0	6 170 769	42.9
Foundations and other corporate bodies	202	1.8	5 421 963	37.7
Foreign companies and corporate bodies	34	0.3	29 463	0.2
<b>Total</b>	<b>11 329</b>	<b>100.0</b>	<b>14 380 356</b>	<b>100.0</b>

Shareholders by number of shares owned	Shareholders		Shares	
	No	%	No	%
Number of shares				
1 - 100	5 570	49.2	246 863	1.7
101 - 1000	5 199	45.9	1 370 222	9.5
1001 - 10 000	481	4.2	1 256 325	8.7
10 001 - 100 000	55	0.5	1 622 110	11.3
100 001 -	24	0.2	9 884 836	68.7
<b>Total</b>	<b>11 329</b>	<b>100.0</b>	<b>14 380 356</b>	<b>100.0</b>

### Major shareholders on March 1, 1996

	Shares %	Votes %
1 The Society for Promotion of the Arts	12.39	14.30
2 Etola companies	9.14	10.67
3 The Society of Swedish Literature in Finland	5.10	7.12
4 Stiftelsen för Åbo Akademi (foundation)	4.90	5.61
5 Niemistö Group	4.42	5.11
6 Sampo Insurance Company Limited + Industrial Insurance	3.91	5.00
8 Merita Ltd	3.62	4.36
6 Pension Varma Mutual Insurance Company	3.51	4.28
9 Jenny ja Antti Wihurin rahasto (fund)	2.44	2.82
10 Wilhelm och Else Stockmanns stiftelse (foundation)	1.72	2.46
11 Stiftelsen Bensows Barnhem Granhyddan (foundation)	1.49	1.75
12 Helene och Walter Grönqvists Stiftelse (foundation)	1.17	1.59
13 Samfundet Folkhälsan i Svenska Finland (The public health association Folkhälsan)	1.37	1.48
14 Jansson Georg Robert dödsbo (estate)	1.01	1.43
15 Kesko Oy	1.95	1.20
16 Stiftelsen Brita Maria Renlunds minne (foundation)	0.84	0.97
17 William Thuring's Stiftelse (foundation)	0.59	0.86
18 Juselius Sigrid Stiftelse (foundation)	0.74	0.85
19 Pensionsfoundation Polaris	0.52	0.56
20 Kelonia Oy Ab	0.36	0.42

The Board members, the managing director and the deputy managing directors own a total of 22 027 shares representing 0.15% of the shares outstanding and carrying 0.18% of the total voting rights as at December 31, 1995.

On the basis of the warrants issued, a total of 270 000 Series B shares can be subscribed from January 1, 1996 to April 12, 1998, these shares represent 1.83% of the shares outstanding and 0.30% of the voting rights.

## KEY FIGURES AND PER SHARE DATA

Calculation principles recommended by the Helsinki Stock Exchange were applied in computing the key figures that illustrate Stockmann's financial performance and status. Planned depreciation figures were used for depreciation based on the original cost values and economically useful lives of the items concerned. The figures illustrating the application of capital are based on balance sheet values.

### Key figures

	1990	1991	1992	1993	1994	1995
Return on equity	2.1	4.0	7.2	6.5	10.0	10.2
Return on investment	5.5	6.5	9.5	9.2	12.7	13.2
Quick ratio	2.0	2.3	1.8	1.7	1.6	1.4
Current ratio	3.0	3.3	2.7	2.6	2.5	2.3
Equity ratio	64.2	64.7	65.5	67.1	65.7	63.6
Debt service ratio	1.0	2.5	3.1	1.2	5.4	5.3

### Per-share data<sup>1</sup>

	1990	1991	1992	1993	1994	1995
Earnings per share, FIM	2.42	4.70	8.53	8.01	12.79	13.71 <sup>*)</sup>
Equity per share, FIM	117.11	116.02	121.59	123.66	132.23	140.21
Share quotation on December 31, FIM						
- Series A	100.00	103.33	109.33	167.33	242.00	248.00
- Series B	61.33	70.00	88.00	160.00	226.00	227.00
Dividend per share, FIM	2.67	3.33	3.33	4.00	6.00	7.00 <sup>**)</sup>
Dividend per earnings, %	110.3	70.9	39.0	49.9	46.9	51.1 <sup>*)</sup>
Effective yield of shares, %						
- Series A	2.7	3.2	3.1	2.4	2.5	2.8 <sup>**)</sup>
- Series B	4.4	4.8	3.8	2.5	2.7	3.1 <sup>**)</sup>
P/E-ratio for shares						
- Series A	41.2	22.0	12.8	20.9	18.9	18.1 <sup>*)</sup>
- Series B	25.3	14.9	10.3	20.0	17.7	16.6 <sup>*)</sup>
Market capitalization December 31, 1995	1 351.2	1 402.8	1 504.9	2 397.5	3 390.3	3 446.2

<sup>1</sup> Adjusted for share issues

<sup>\*)</sup> The dilution effect of bonds with warrants has been taken into account in 1995 figures

<sup>\*\*)</sup> Board proposal to the Annual General Meeting

### Definitions of key indicators

Return on equity	=	100 x	$\frac{\text{profit before extraordinary items - income taxes for the period}}{\text{capital and reserves + provisions (average)}}$
Return on investment	=	100 x	$\frac{\text{profit before extraordinary items + interest paid and other financial expenses}}{\text{total assets - non-interest bearing liabilities (average)}}$
Quick ratio	=		$\frac{\text{financial assets}}{\text{current liabilities}}$
Current ratio	=		$\frac{\text{current assets + financial assets}}{\text{current liabilities}}$
Equity ratio	=	100 x	$\frac{\text{capital and reserves + provisions}}{\text{total assets - advance payments received}}$
Debt service ratio	=		$\frac{\text{profit before extraordinary items + depreciation + financial expenses - income taxes for the period}}{\text{financial expenses + instalments on non-current loans}}$
Earnings per share	=		$\frac{\text{profit before extraordinary items - income taxes for the period}}{\text{average number of shares, adjusted for share issues}}$
Equity per share	=		$\frac{\text{capital and reserves + provisions}}{\text{number of shares at the balance sheet date, adjusted for share issues}}$
Share quotation on Dec. 31, adjusted for share issues	=		share quotation at the balance sheet date, adjusted for share issues
Dividend per share	=		dividend per share, adjusted for share issues
Dividend per earnings	=	100 x	$\frac{\text{dividend per share}}{\text{earnings per share}}$
Effective yield of shares	=	100 x	$\frac{\text{dividend per share, adjusted for share issues}}{\text{share quotation on December 31, adjusted for share issues}}$
P/E ratio for shares	=		$\frac{\text{share quotation on December 31, adjusted for share issues}}{\text{earnings per share}}$
Market capitalization	=		number of shares multiplied by quotation for respective share type on balance sheet date



## PROPOSAL FOR THE DISTRIBUTION OF PARENT COMPANY PROFIT

According to the Consolidated Balance Sheet, the distributable equity totalled FIM 606.0 million on December 31, 1995.

The parent company distributable equity totalled FIM 434.8 million.

According to the Parent Company Balance Sheet of December 31, 1995, the following amounts are at the disposal of the Annual General Meeting:

- retained earnings from previous years	53 883 044.92
- profit for the period	<u>120 941 225.57</u>
	174 824 270.49

The Board of Directors proposes that this amount be distributed as follows:

- a dividend of 35% be paid on the par value, i.e. FIM 7 per share	100 902 270.00
- reserved for benevolent purposes	300 000.00
- carried over on the profit account	<u>73 622 000.49</u>
	174 824 270.49

Helsinki, March 11, 1996

BOARD OF DIRECTORS

Lasse Koivu

Erkki Etola

Ari Heiniö

Pertti Niemistö

Kurt Stenvall

Christoffer Taxell

Henry Wiklund

## AUDITORS' REPORT

### to the shareholders of OY Stockmann AB

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of OY Stockmann AB for the year ended 31 December 1995. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, notes to the financial statements and funds statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Principles. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies Act.

We have acquainted ourselves with the interim report made public by the company during the year. It is our understanding that the interim report has been prepared in accordance with the rules and regulations governing the preparation of such reports in Finland.

Helsinki, March 13, 1996

Eric Haglund, Authorized Public Accountant

Krister Hamberg, Authorized Public Accountant



## ADDRESSES

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 HANNU PENTTILÄ, Deputy Managing Director  
 TIINATARMA-LINDBERG, Company Lawyer  
 EVA MANSIKKA-MIKKOLA, Accounting Manager  
 ANNETTE LINDAHL, Communications Director  
 REIJO HAKAOJA, Director,  
 Information Technology  
 PIIRKKO SALMINEN, Financial Manager  
 RAIMO HÄNDELIN, Internal Audit, Manager  
 MERJA LÖNNROTH-LAAKSONEN, Personnel Director  
 KURT BLOMQVIST, Real Estate, Manager

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 P.O.Box 147, 00381 HELSINKI  
 tel. +358-0-12151  
 fax + 358-0-121 5812  
 telex 121 048 stckm fi

Buying  
 fax +358-0-121 5960, +358-0-121 5665 and  
 +358-0-121 5299

Marketing  
 fax +358-0-121 5512

#### Management

HANNU PENTTILÄ, Director  
 HENRI BUCHT, Helsinki department store  
 and department stores in Finland  
 JUKKA HIENONEN, International operations  
 LEENA LASSILA, buying; fashion  
 KARL W.STOCKMANN, buying; other goods,  
 International operations  
 MAARET KUISMA, marketing  
 RISTO PENTTILÄ, administration

#### Helsinki department store

Aleksanterinkatu 52  
 P.O.Box 220, 00101 HELSINKI  
 tel. +358-0-1211  
 fax +358-0-121 3632  
 HENRI BUCHT, Director

Export and Shopping Service  
 fax +358-0-121 3781  
 telex 121 519 stoex fi

Business to Business Service  
 fax +358-0-121 3782  
 telex 121 519 stoex fi

#### Itäkeskus department store

Itäkatu I C, 00930 HELSINKI  
 tel. +358-0-121 461  
 fax +358-0-121 4655  
 TERHI OKKONEN, Director

#### Tampere department store

Hämeenkatu 4,  
 P.O.Box 291, 33101 TAMPERE  
 tel. +358-31-248 0111  
 fax +358-31-213 3573  
 SEPPO RÖNNKÖNEN, Director

#### Tapiola department store

Länsituulentie 5, 02100 ESPOO  
 tel. +358-0-12121  
 fax +358-0-121 2269  
 ANJA TAINA, Director

#### Turku department store

Yliopistonkatu 22  
 P.O.Box 626, 20101 TURKU  
 tel. +358-21-265 6611  
 fax +358-21-265 6714  
 CAROLA NYMARK, Director ad.int.

#### International operations

Joint operations  
 Stockmannintie I H  
 P.O.Box 147, 00381 HELSINKI  
 tel. +358-0-12151  
 fax +358-0-121 5250  
 JUKKA HIENONEN, Director

#### RUSSIA

Moscow Office and Business to Business  
 Service  
 Prospect Mira 176, MOSCOW  
 tel. and fax 7-095-286 0292

#### Stores

Moscow:  
 Danilov, Dolgoruk, Leninski,  
 Zacepskij Val

St. Petersburg

#### ESTONIA

##### Tallinn department store

Stockmann AS  
 Liivalaia 53  
 EE 0001 TALLINN  
 tel. 372-6-33 9500  
 fax 372-6-33 9501  
 JUHA OKSANEN, Director

### AUTOMOTIVE SALES DIVISION

#### Management

AARNO POHTOLA, Director  
 FREDRIK EKLUNDH, Ford  
 JYRKI JAALA, Nissan, Chrysler, Jeep  
 MARKKU LÖNNQVIST, VW, Audi, Seat  
 MATTI RISTIMÄKI, Ford Turku  
 KALEVI TIKKA, trade-in-vehicles  
 EERO LEMBERG, Herttoniemi/service  
 PEKKA VAISTO, Pitäjänmäki/service

#### Ford product line (Stockmann Auto)

HELSINKI, Pitäjänmäki  
 Kutomotie 1A  
 P.O.Box 157, 00381 HELSINKI  
 tel. +358-0-12151  
 fax +358-0-121 5401

HELSINKI, Herttoniemi  
 Mekaanikonkatu 17  
 00810 HELSINKI  
 tel. +358-0-12 1481  
 fax +358-0-121 4848

#### TURKU

Satakunnantie 164  
 20320 TURKU  
 tel. +358-21-273 6900  
 fax +358-21-273 6940

#### Nissan, Chrysler, Jeep product line

HELSINKI, Herttoniemi  
 Mekaanikonkatu 10  
 00810 HELSINKI  
 tel. +358-0-121 721  
 fax +358-0-121 7300

#### Volkswagen, Audi, Seat product line

HELSINKI, Herttoniemi  
 Mekaanikonkatu 10  
 00810 HELSINKI  
 tel. +358-0-12 1721  
 fax +358-0-121 7300

HELSINKI, Pitäjänmäki  
Kutomotie 1A  
P.O.Box 157,00381 HELSINKI  
tel. +358-0-12151  
fax +358-0-121 5401

ESPOO  
Isonniitynkuja 2  
02270 ESPOO  
tel- +358-0-80 4601  
fax +358-0-8046 0222

VANTAA  
Kiitoradantie 2  
01530 VANTAA  
tel. +358-0-82 5991  
fax +358-0-82 1280

#### HOBBY HALL

Hämeentie 157  
00560 HELSINKI  
tel. +358-0-77 7611  
fax +358-0-7776 1381

#### Management

VEIKKO SYVÄNEN, Director  
YRJÖ STENBERG, finance  
SEPPO JURVAINEN, data management  
PENTTI TIISTOLA, materials management

Stores  
Helsinki, Vantaa.  
Estonia: Tallinn

#### SESTO

Office  
Stockmannintie 1 H  
P.O.Box 152,00381 HELSINKI  
tel. +358-0-12151  
fax +358-0-121 5671

#### Management

RISTO KIISKI, Director  
OLAVI LEHTINEN, marketing, buying  
EERO LESTELÄ, Etujätti hypermarkets  
JORMA VÄISTÖ, Sesto stores  
ARJA RISSANEN, administration

Sesto stores  
Annankatu, Eino Leinon katu, Forum,  
Herttoniemi, Kauniainen, Lauttasaari, Lähderanta,  
Mellunmäki, Olari, Puistola, Reimarla, Teh-  
taankatu, Tikkurila, Vaasankatu

Etujätti hypermarkets  
Espoo, Vantaa, Turku, Tampere (May 1996)

#### SEPPÄLÄ

Office  
Tikkurilantie 62  
P.O.Box 234, 01531 VANTAA  
tel. +358-0-82 5981  
fax +358-0-870 1383  
telex 121 940 style fi

#### Management

MARJATTA BJÖRN, Director  
AKIF BESHAR, field, administration  
MERJA ILMAKUNNAS, children's wear,  
cosmetics  
ANJA RISSANEN, ladies' wear  
TIMO SINKKONEN, men's wear

#### Stores

Espoo, Forssa, Hamina, Heinola, Helsinki, Hol-  
lola, Hyvinkää, Huittinen, Hämeenlinna, Iisalmi,  
Imatra, Joensuu, Jyväskylä, Jämsä, Järvenpää,  
Kajaani, Kangasala, Kankaanpää, Kauhajoki, Kemi,  
Kempele, Kerava, Kokkola, Kotka, Kouvola, Kuo-  
pio, Kuusamo, Kuusankoski, Lahti, Lappeenranta,  
Laukaa, Lieksa, Lohja, Loimaa, Mikkeli, Nokia,  
Oulu, Pello, Pieksämäki, Pietarsaari, Pori, Por-  
voo, Raahе, Rauma, Raisio, Riihimäki, Rovanie-  
mi, Salo, Savonlinna, Seinäjoki, Tammisaari, Tam-  
pere, Tornio, Turku, Uusikaupunki, Vaasa, Valkea-  
koski, Vammala, Vantaa, Varkaus, Ylivieska, Ää-  
nekoski.  
Estonia: Tallinn

#### ACADEMIC BOOKSTORE

Keskuskatu 1  
P.O.Box 128,00101 HELSINKI  
tel. +358-0-12141  
fax +358-0-121 4245

#### Management

DORIS STOCKMANN, Director  
STIG-BJÖRN NYBERG, retail book sales,  
Helsinki  
KIRSTI LEHMUSTO-ERÄNEN, marketing  
KARIN VON KOSKULL, institutional sales  
JOUNI HAANPÄÄ, stationery, office supplies,  
microcomputers  
KARI LITMANEN, office  
RAIJA RÖNKKÖNEN, data management

#### Local branches

Itäkeskus, Tapiola, Joensuu, Jyväskylä, Lappeen-  
ranta, Oulu, Tampere, Turku

#### NEW AREA CODES WILL BE INTRODUCED ON OCTOBER 12, 1996!

The new Helsinki area code is	09
The new Tampere area code is	03
The new Turku area code is	02



### **Annual General Meeting**

The 1996 Annual General Meeting of the shareholders of OY Stockmann AB will be held on Tuesday, April 16 at 4.00 p.m. in the Finlandia Hall Concert Hall, at the address Karamzininkatu 4, Helsinki.

Registrations for the meeting must be received no later than on April 11, 1996 at 4.00 p.m., telephone (358-0-) 121 3133, (358-0-)121 3802 or (358-0-) 121 3327.

Those shareholders are entitled to participate in the Annual General Meeting, whose shares have been registered with the Central Share Register of Finland Co-operative no later than on April 4, 1996.

Also a shareholder whose shares have not been transferred to the book-entry system has the right to participate in the Annual General Meeting provided that the shareholder has been registered in the company's Share Register before September 28, 1994. In this case the shareholder must present, at the Annual General Meeting, his share(s) or other documentation indicating that title to the shares has not been transferred to the book-entry system.

### **Payment of dividend**

The Board of Directors proposes to the Annual General Meeting that a dividend of 7.00 markka per share be paid for the year 1995. The dividend decided by the Annual General Meeting will be paid to a shareholder who on the record of day confirmed by the Board, April 19, 1996 has been entered in the Share Register kept by the Central Share Register of Finland Cooperative. The Board proposes to the Annual General Meeting that the dividend be paid on April 24, 1996 upon termination of the reconciliation period.

### **Changes in name and address**

Changes in name and address must be reported to the book-entry Share Register in which the book-entry account has been entered.

### **Financial information**

Stockmann publishes an Annual Report in April and a mid-year Interim Report in August. Both reports are mailed to all registered shareholders.

The Annual Report and Interim Report are published in Finnish, Swedish and English. They can be ordered from OY Stockmann AB, Corporate Communications, by telephone (int. +358-0)1211, telefax (int. +358-0) 121 3153 or by writing to the address OY Stockmann AB, Corporate Communications P.O. Box 220, FIN-00101 Helsinki, Finland.





Aleksanterinkatu 52 B, P.O.Box 220, FIN-00101 HELSINKI, Finland, tel. +358 0 1211

