

Tokmanni Group financial statements bulletin 2010

TOKMANNI'S NET SALES UP BY 5.4%

The Tokmanni Group's net sales were up by EUR 32 million in 2010, to a total of EUR 634 million. Net sales increased steadily throughout the year, and Tokmanni gained many new customers. The company is particularly satisfied with the sales growth achieved, as a considerable amount of development work was undertaken within the Group during 2009 and 2010. This focused on renewal of information systems and operating structures, including sales management and the purchasing organisation.

The number of customer visits to the Tokmanni Group's stores totalled more than 50 million in 2010, and there was also an increase in the number of paying customers and in their average spend. This is an indicator of the general consumer trend towards shopping at lower price stores, which will benefit Tokmanni in the future.

Growth in consumer demand in the retail sector is expected in 2011, and in this favourable environment the Group aims to grow faster than the average growth in consumer demand. The annual 5% growth of the past two years demonstrates that the Group is continuing to expand its market share in Finnish consumer goods retailing. In 2010, the department store and hypermarket sales growth of the Finnish Grocery Trade Association members was 2.7%, which confirms that the Tokmanni Group's growth was clearly above the average.

The Tokmanni Group is a firm believer in locating stores close to its customers, as this is to everyone's advantage. Consumers should be able to obtain their basic supplies at a competitive price close to home. This is why in 2010 the Group continued to actively open new stores and increase its total retail floorspace. In 2011, new store openings will include stores at Lohja, Nokia and Lahti.

TOKMANNI GROUP FOCUSES STRONGLY ON FINNISHNESS

The Group's growth nationally has brought Finnish-made products and supplies within reach of an ever larger customer base, while at the same time creating new jobs across the country. In all, 85% of the Group's product range is purchased from Finnish partners.

The Group aims to maintain an extensive store network in Finland that also covers sparsely populated areas and smaller towns. Growth of this kind is restricted by the current regulations concerning retail construction, which weaken the shopping opportunities of consumers especially in sparsely populated areas, and limit productivity and the search for improved competitiveness in the sector.

The Tokmanni Group is intent on opposing the pressures to raise consumer prices that result from the structure of the production chain. These pressures should not be fed through to the customer. The Group's aim is to preserve customer confidence in Tokmanni's ability to operate stores with affordable prices and an extensive, high quality product range. In 2010 the Group continued its strong focus on sharpening up processes to ensure that prices remain affordable. Tokmanni actively works to keep its customer pledge, ensuring that seven of every ten products are offered at prices below those of competitors.

EBITA GREW TO EUR 27.1 MILLION, UP BY EUR 5.7 MILLION

Price competition on Finland's retail market intensified considerably during 2010. This was evident in the increased number of special offer campaigns during the year. Tokmanni managed very well in this competitive environment. It adapted its operating model to take account of the heightened competition by arranging successful campaigns, and it focused even more strongly on meeting customer expectations concerning the product selection.

The net profit for 2010 was burdened by extensive non-recurring project and development costs. There were also unforeseeable additional costs generated by the exceptional weather conditions during the year and the dockworkers' industrial dispute and overtime ban. Special measures were also taken to reduce shrinkage, which nevertheless grew by about EUR 4.6 million on the previous year's figure.

The Group's like-for-like earnings before interest, taxes and amortization (EBITA) came to EUR 27.1 million, up by EUR 5.7 million or 27% on the previous year's figure. The earnings trend was satisfactory, taking into account the Group's investment in future earnings capacity and the changes that have taken place in the market environment.

As a consequence of the Group's corporate transactions, the parent company and consolidated balance sheets include an amount of goodwill, the amortization of which came to EUR 16.7 million in 2010. The amortization does not, however, affect the Group's cash flow.

Customers welcomed the deregulation of Sunday opening hours, and Sunday is set to become an important shopping day in the future. This deregulation also brought store costs permanently to a new level.

The amount of the Group's interest-bearing debt decreased by EUR 35 million. Finance costs came to EUR 13.8 million. As a result of the more effective use of working capital, the company's liquidity position has improved and is now strong. This will enable rapid growth in the coming years.

ESSENTIAL TO IDENTIFY CONSUMER NEEDS

Higher net sales and an improved result are expected for 2011. Finns are typically economical and cautious in their purchasing and have an eye for detail, and so satisfying these demands and earning the trust of consumers is something that Tokmanni strives for. Our aim is to offer a wide range of appealing products suited to customers' needs at affordable prices. To achieve this we need to take local preferences into account on a continuous basis, and we need to respond quickly to changes in demand.

The company's Annual Report 2010 will be published on the Tokmanni Group website (www.tokmanni-group.fi) at the end of March 2011.

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Tokmanni Group

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The Tokmanni Group is Finland's largest discount retailer. The Group has a total of 143 stores in seven different store chains: Tokmanni, Tarjoustalo, Vapaa Valinta, Robinhood, Maxi-Makasiini, Maxi-Kodintukku and Säästöporssi. The Group's store network covers the entire country, from south to north and east to west. The northernmost store is in Oulu and the southernmost in Hanko. The Tokmanni Group's consolidated net sales in 2010 amounted to EUR 634 million. The company currently employs more than 2,900 people.

TOKMANNI

TARJOUSTALO

maxi makasiini

maxi kodintukku

**Säästötalo
ROBINHOOD**

VAPAA VALINTA

Porssi

www.tokmanni-konserni.fi

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