

BALTIKA GROUP

Q2 and 6m 2010 results

August 2010

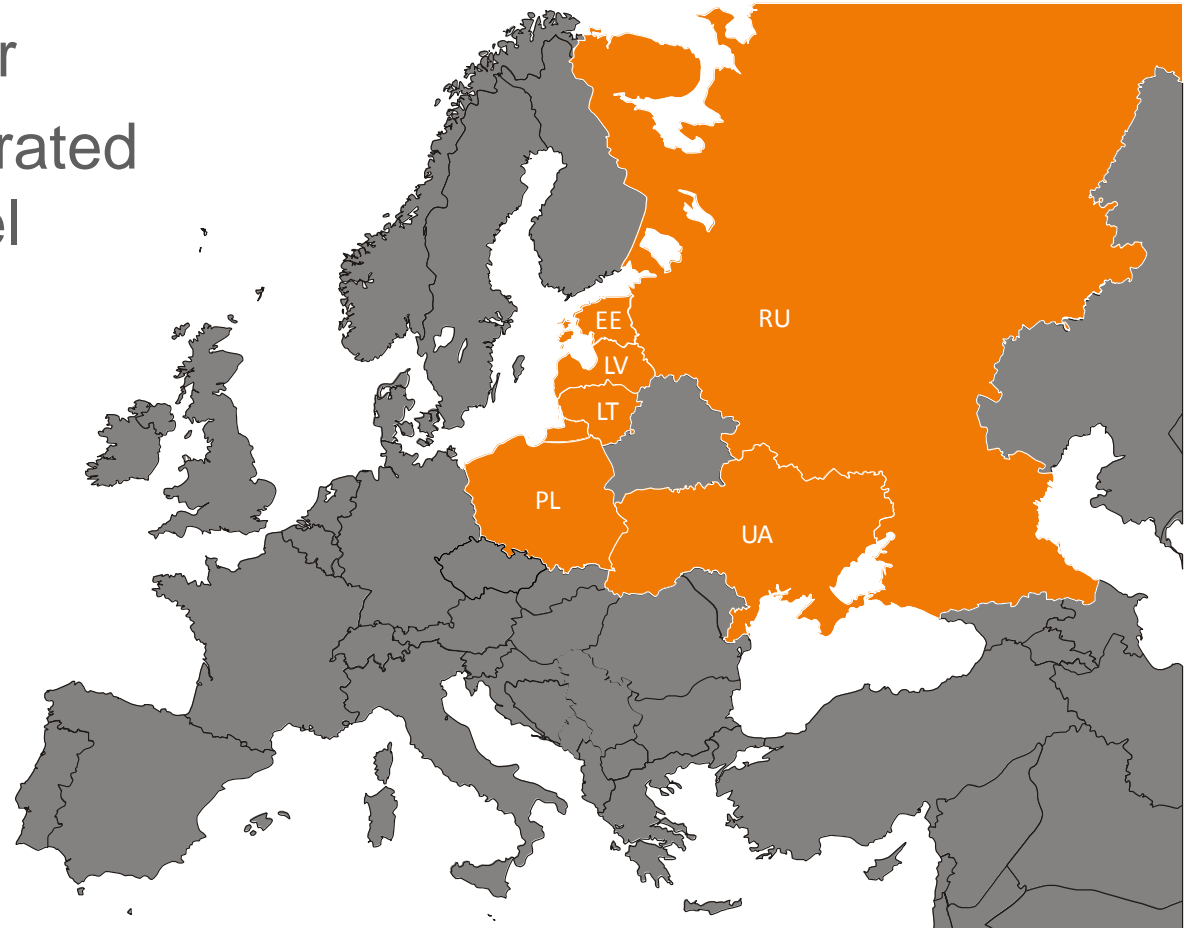


Baltika Group

BALTMAN
manton
MOSAIC
Ivo Nikkolo

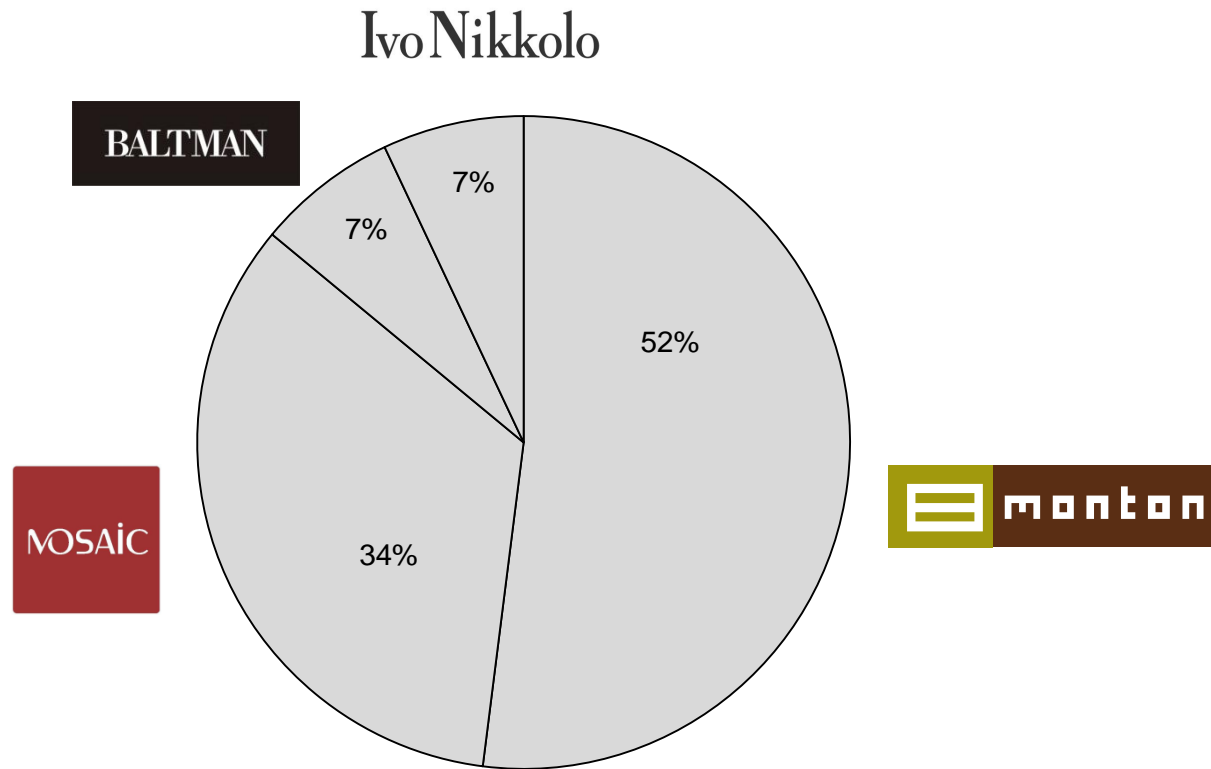
Overview

- Fashion retailer
- Vertically integrated business model
- Four concepts
- Six markets
- 128 stores



BALTIKA CONCEPTS

Retail sales by concept, 6m 2010



Retail network (30 June 2010)

	Monton	Mosaic	Baltman	Nikkolo	Other	Total	sqm
Estonia	7	12	5	5	2	31	5,735
Latvia	6	6	1	2		15	3,251
Lithuania	12	13	7	3		35	6,664
Ukraine	10	9	1			20	3,969
Russia	15	7				22	4,904
Poland	5					5	1,207
Total	55	47	14	10	2	128	25,730





EUR mln	6m 10	6m 09	+/-
Retail sales	11.4	13.7	-17%

- Fashion brand for men and women with a unique handwriting and well-focused quality range
- Stores in Estonia, Latvia, Lithuania, Ukraine, Russia and Poland
- Store format: 350-600 sqm

Monton fall/winter 2010



MOSAIC

EUR mln	6m 10	6m 09	+/-
Retail sales	7.4	8.9	-16%

- International brand offering contemporary stylish apparel for men and women for feeling good in the office and after 5 p.m. and also comfortable fashion clothes for their children
- Stores in Estonia, Latvia, Lithuania, Ukraine, Russia and Poland
- Store format: 200-350 sqm



Mosaic fall/winter 2010



BALTMAN

EUR mln	6m 10	6m 09	+/-
Retail sales	1.6	1.7	-7%

- Prestigious lifestyle brand for men, offering stylish, classic and high-quality clothing and personal service
- Stores in Estonia, Latvia, Lithuania
- Store format: 100-130 sqm



Baltman fall/winter 2010



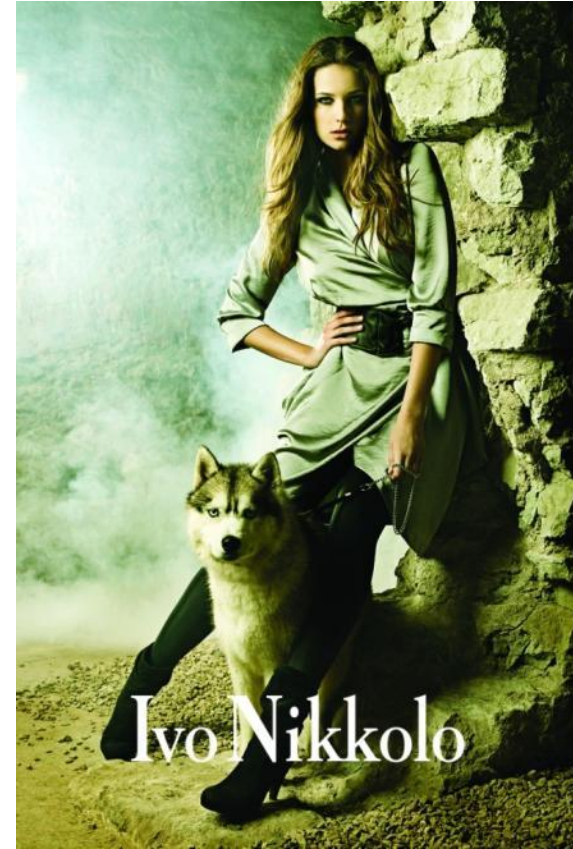
Ivo Nikkolo

EUR mln	6m 10	6m 09	+/-
Retail sales	1.4	1.2	14%

- Designer fashion brand for ladies allowing the customer to express her own individuality and complement her lifestyle
- Acquired in September 2006
- Stores in Estonia, Latvia and Lithuania
- Store format: 100-150 sqm



Ivo Nikkolo fall/winter 2010



FINANCIAL REVIEW

1H 2010: adaptation

- Sales efficiency 1H 2010 -10% yoy
- Shop operating expenses per m² -7% yoy
- Inventory per m² -21% yoy
- Inventories decreased by EUR 3.6 mln
- Distribution costs -14% yoy
- Administrative expenses -3% yoy
- Openings 4, closings 9
- By 30.06.2010 128 stores, 25,730 m²

Strengthening the financial position

As part of the financial strengthening package, the Group has:

- disposed of some non-core assets (in Q1 an industrial property at Ahtme, at the end of March a coat manufacturing operation in Rakvere, and in Q2 a manufacturing property in Rakvere and the MasCara and Herold brands), EEK 23 mln for the Group;
- conducted negotiations with suppliers for the grant of more favourable settlement terms and price concessions;
- conducted negotiations with the banks in order to restructure the existing loan portfolio;
- increased share capital by issuing additional shares. In June, the annual general meeting approved a share issue that increased share capital by 8,850,000 shares, raising 106.2 million kroons (6.8 million euros) for the Group.
- Management believes that a successful implementation of the financial strengthening package will secure the Group with a sustainable financial position until the end of the economic crisis.

Baltika Group strategy 2014

- Baltika Group corporate strategy for 2010-2014, developed in cooperation with international consultancy company Roland Berger
- The aim is to maximise the potential of Baltika's retail markets and brands and enhance the efficiency of its business model
- The Group's average annual growth rate until 2014 will be 9% and by 2014 revenue should rise to 1.13 billion kroons
- In addition to the customers' increasing purchasing power and growth in consumer spending, sales growth will be underpinned by Baltika Group brands' increasing focus on the needs of their target customers
- In order to improve profitability, Baltika will continue controlling its market and store portfolios and brand development

Key figures: Q2

EUR '000	Q2 10	Q2 09	+/-
Revenue	12,591	13,679	-7.9%
Gross profit	7,027	6,703	+4.8%
Operating profit	-0,511	-2,135	+76%
Net profit	-0,885	-2,225	+60%
Gross margin	56%	49%	
Operating margin	-4.1%	-15.6%	
EBT margin	-6.8%	-16.4%	
Net margin	-7.0%	-16.3%	



Key figures: 6 months

EUR '000	6m 10	6m 09	+/-
Revenue	23,638	27,805	-15%
Gross profit (-loss)	12,151	12,770	-5%
Operating profit (-loss)	-2,514	-5,657	+3,143
Net profit (-loss)	-2,912	-6,224	+3,312
Gross margin	51,4%	46%	
Operating margin	-10.6%	-20.3%	
EBT margin	-12.2%	-22.4%	
Net margin	-12.3%	-22.4%	
ROE	-60.8%	-54.7%	
ROA	-15.3%	-20.1%	



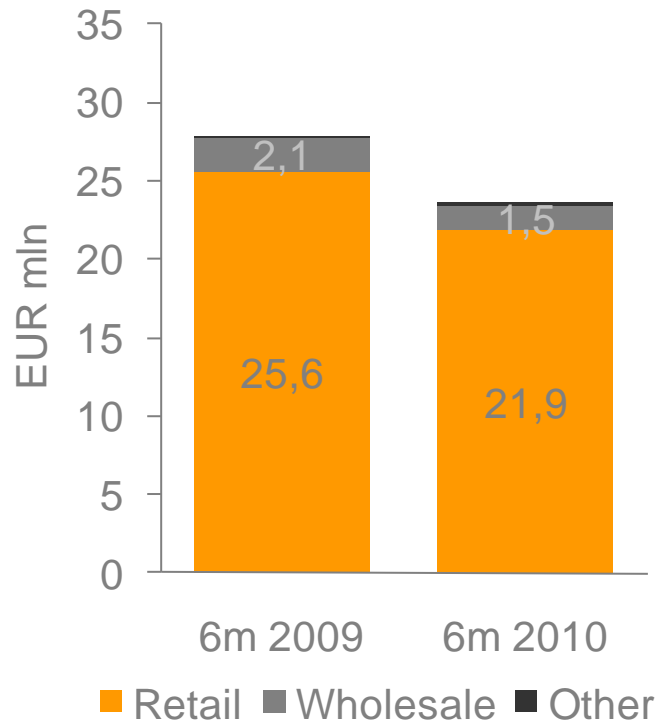
Stores and sales area

	30.06.10	30.06.09	+/-
Estonia	31	33	
Lithuania	35	35	
Russia	22	30	
Ukraine	20	22	
Latvia	15	16	
Poland	5	6	
Czech Republic	0	2	
Total stores	128	144	-16
Sales area (sqm)	25,730	29,041	-3,311



Sales development

Sales by segment



Sales growth breakdown

Average sales area (sqm)	-5%
Sales per sqm	-10%
Comparable store sales	-16%
Retail sales	-14%
Wholesale	-31%
Total sales	-15%



Retail sales by region

EUR mln	6m 10	6m 09	+/-	Share %
Baltics	13.03	15.3	-15%	60%
Eastern Europe	8.18	8.8	-17%	37%
Central Europe	0.7	1.52	-53%	3%
Total	21.91	25.62	-18%	100%



Retail sales by market

EUR mln	6m 10	6m 09	+/-	Share %
Estonia	5.7	5.8	-2%	26%
Russia	4.8	4.8	0%	22%
Lithuania	4.5	6.1	-26%	21%
Ukraine	3.4	4.0	-17%	15%
Latvia	2.8	3.4	-18%	13%
Poland	0.7	1.0	-28%	3%
Czech Republic	0.0	0.5	-100%	0%
Total	21.9	25.6	-14%	100%



Investments

EUR mln	6m 10	6m 09	+/-
Total investments	0.12	5.5	-97%
Incl. retail system	0.1	0.7	-85%

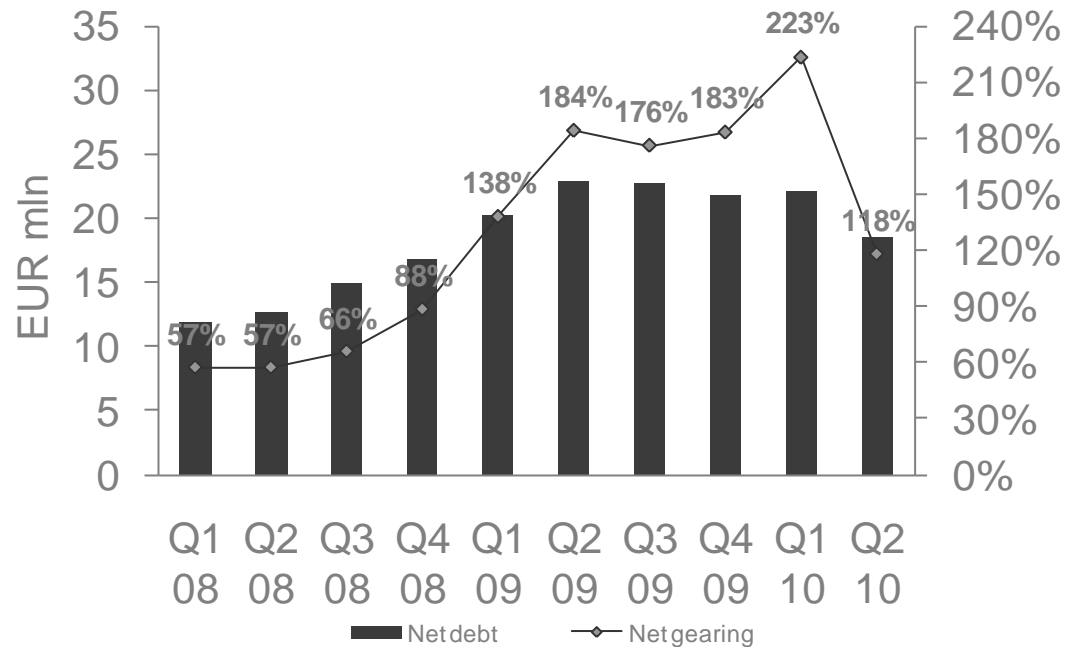
- H1 2010: retail: 9 closings, 4 openings



Financial position

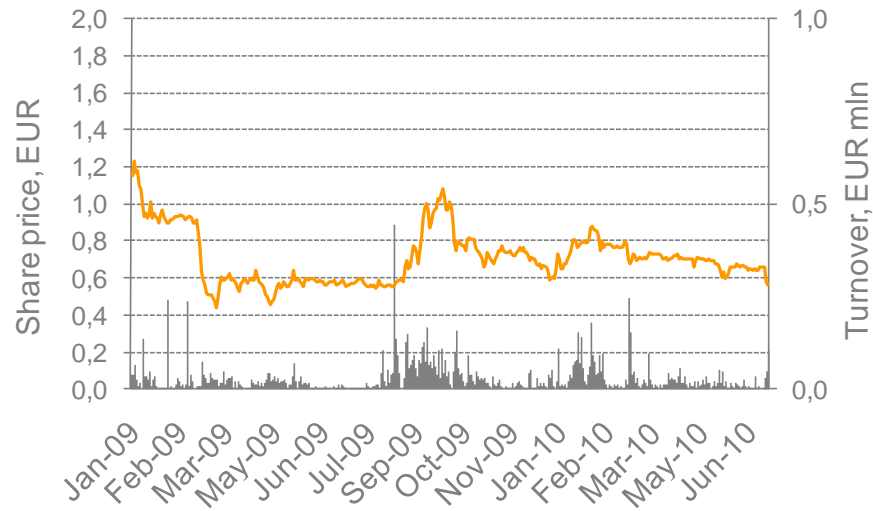
- Total borrowings at the end of Q2 2010 at EUR 20.9 mln

Net debt and net gearing



Share data (listed shares)

Share price and turnover



Shareholder structure (30.06.2010)

BMIG OÜ	24.8%
Svenska Handelsbanken Clients	10.2%
Other	65%
Total	100.0%



Shareholder structure after the share emission (05.07.2010)

	Number of shares	Holding
BMIG OÜ	4 624 860	16.82%
DCF Fund (II) Baltic States	3 250 000	11.82%
E.Miroglio S.A.	3 000 000	10.91%
East Capital Baltic Fund	2 966 694	10.79%
Svenska Handelsbanken Clients Account	1 912 000	6.95%
Meelis Milder	726 336	2.64%
Other	11 014 960	40.06%
Total	27 494 850	100.00%



Phone +372 630 2
Fax +372 630 2814
www.baltikagroup.com/investors
Veerenni 24, 10135 Tallinn, Estonia

www.baltikagroup.com
www.montonfashion.com
www.mosaic-fashion.com
www.ivonikkolo.com
www.baltman.eu



Baltika Group

BALTMAN
monton
MOSAIC
Ivo Nikkolo