

BALTIKA GROUP

Q1 2008 results

Company presentation
June 2008



Baltika Group

BALTMAN
manton
MOSAIC
Ivo Nikkolo

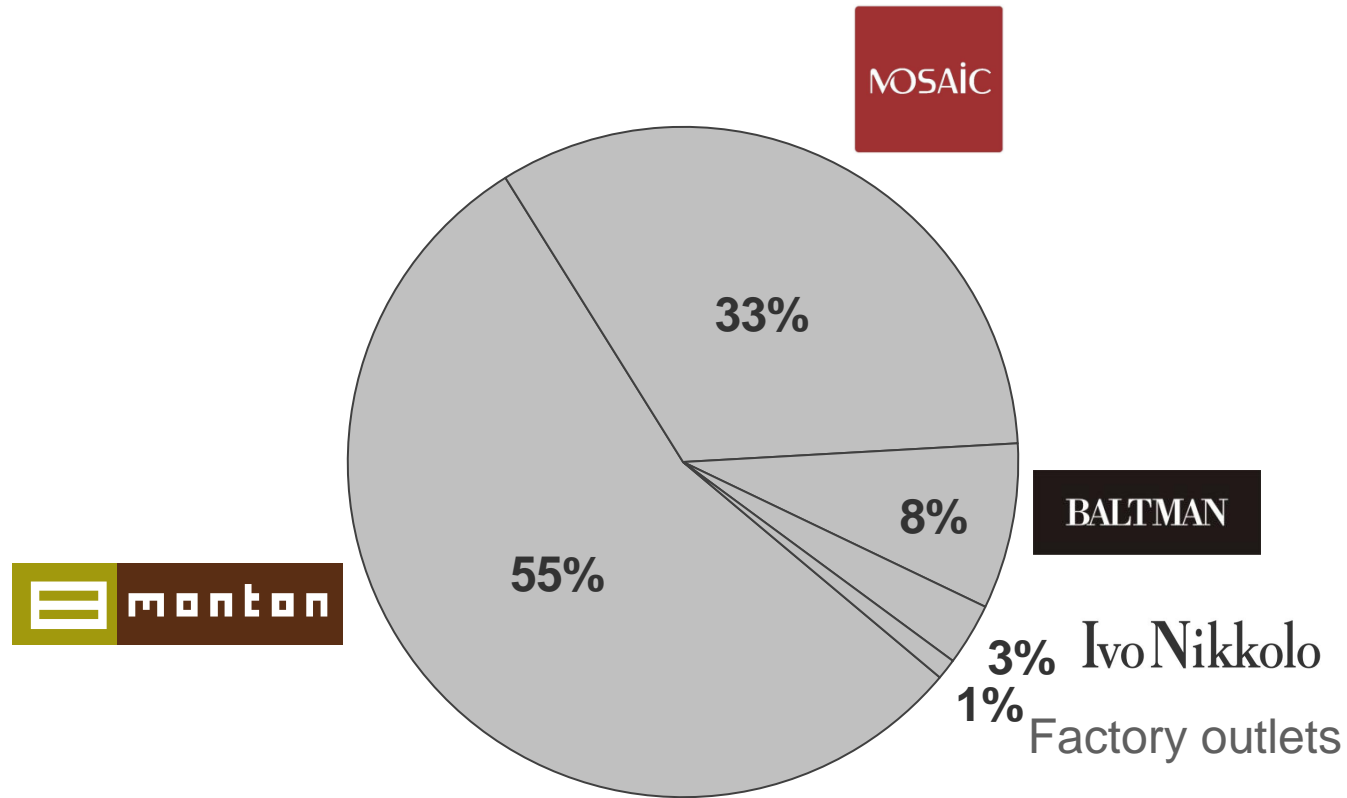
Overview

- Fashion retailer
- Vertically integrated business model
- Four concepts
- Seven markets
- 124 stores



BALTIKA CONCEPTS

Retail sales by concept, Q1 2008



Retail network (31 March 2008)

	Monton	Mosaic	Baltman	Nikkolo	Other	Total	sqm
Estonia	6	11	5	4	3	29	3,956
Latvia	6	7	3			16	3,507
Lithuania	10	11	6	2		29	5,106
Ukraine	10	11	1			22	4,243
Russia	11	10				21	5,179
Poland	3	2				5	1,047
Czech	2					2	926
Total	48	52	15	6	3	124	23,964





EUR mln	Q1 08	Q1 07	+/-
Retail sales	8.0	7.5	6%

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



MOSAIC

EUR mln	Q1 08	Q1 07	+/-
Retail sales	4.7	4.3	11%

- 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.



BALTMAN

EUR mln	Q1 08	Q1 07	+/-
Retail sales	1.2	1.4	-15%

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



Ivo Nikkolo

EUR mln	Q1 08	Q1 07	+/-
Retail sales	0.42	0.27	53%

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



FINANCIAL REVIEW

Key figures

EUR '000	31.03.08	31.03.07	+/-
Revenue	17,004	17,022	-0.1%
Gross profit	8,847	8,941	-1.1%
Operating profit (loss)	-465	1,538	-130%
Net profit (loss)	-704	1,385	-151%
Gross margin	52.0%	52.5%	
Operating margin	-2.7%	9.0%	
Net margin	-4.1%	8.1%	
ROE	1.8%	35.7%	
ROA	0.9%	17.8%	



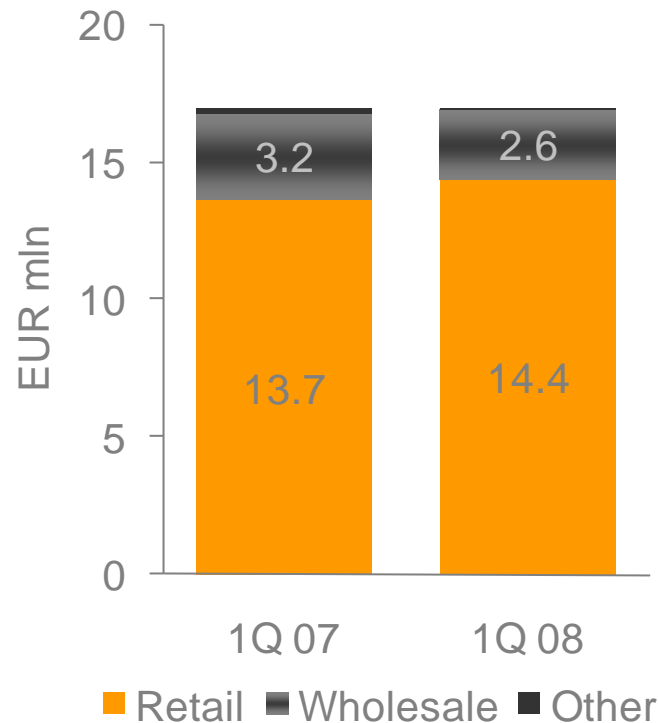
Stores and sales area

	31.03.08	31.03.07	+/-
Lithuania	29	26	
Estonia	29	28	
Russia	21	24	
Ukraine	22	22	
Latvia	16	13	
Poland	5	5	
Czech Republic	2	-	
Total stores	124	118	5%
Sales area (sqm)	23,964	20,901	15%



Sales development

Sales by segment



Sales growth breakdown

Average sales area (sqm)	20%
Sales per sqm	-12%
Like-for-like sales	-4.5%
Retail sales	6%
Wholesale	-19%
Total sales	0%



Sales by region

EUR mln	Q1 08	Q1 07	+/-	Share %
Baltics	9.8	9.5	2%	57%
Eastern Europe	6.2	6.7	-7%	36%
Central Europe	0.6	0.4	46%	4%
Other	0.4	0.4	10%	3%
Total	17.0	17.0	0%	100%



Retail sales by market

EUR mln	Q1 08	Q1 07	+/-	Share %
Lithuania	3.3	3.1	9%	23%
Estonia	3.3	3.3	-1%	23%
Russia	2.6	2.5	3%	18%
Ukraine	2.4	2.4	0%	17%
Latvia	2.1	1.9	12%	15%
Poland	0.5	0.4	15%	3%
Czech Republic	0.1	0	-	1%
Total	14.4	13.7	6%	100%



Investments

EUR mln	Q1 08	Q1 07	+/-
Total investments	1.4	1.5	-6%
Incl. retail system	0.6	1.3	-52%

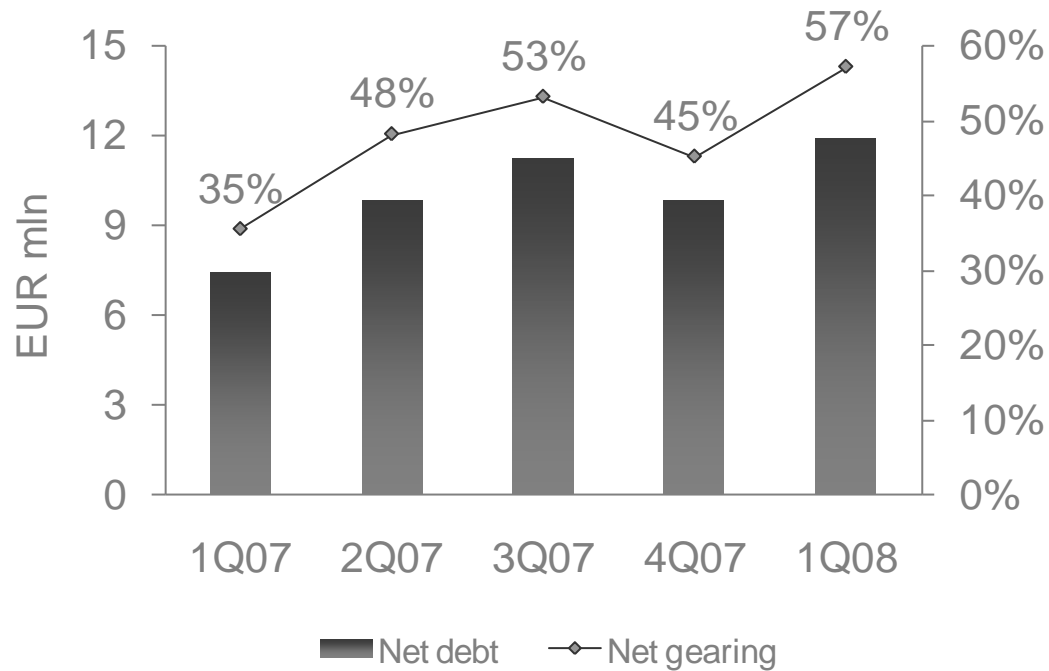
- H1 2008: streamlining store portfolio, 5 openings
- H2 2008: 12-17 openings
- Total investments into core business in 2008 ca EUR 6.4mln
- Additional investments into Baltika's business centre phase I (see p. 21)



Financial position

- Total borrowings at the end of Q1 2008 at EUR 12.7mln

Net debt and net gearing



OUTLOOK 2008

Sales and stores

- H1 2008: Improving sales efficiency & streamlining store portfolio
 - Open 5, close 7 stores
 - Retail revenue growth 10%
 - Wholesale revenues decline 20%
- H2 2008: Restoring growth
 - Open 12-17, close 4-8 stores
 - Retail revenue growth 10-12%
 - Wholesale revenues decline 5%
- Revenue target for 2008: EUR 77mln, +5% yoy
- Year end number of stores & sales area: 133-138 & 28,000 sqm
- Preparations to enter new markets in Central and Eastern Europe

Profitability

- Strong gross margin in 2006 (54.5%) and 2007 (55.3%).
- Focus on improving the margin in 2008, however, input prices rising as a result of an increase in raw materials prices and logistics expenses.
- Return on equity target (30%) can not be achieved in core business (due to slower than expected development in H2 2007 and H1 2008).



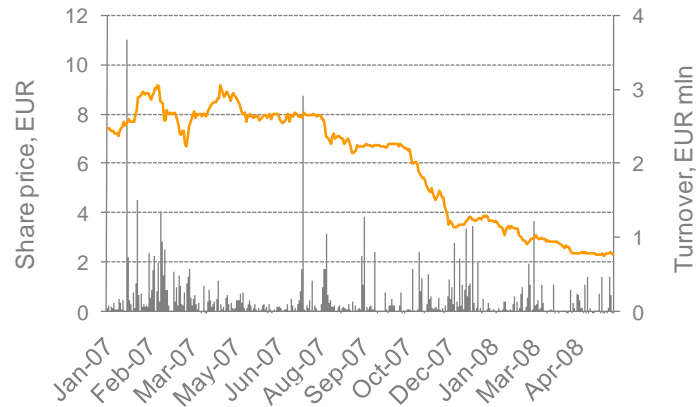
Real estate development

- Development of city centre property at Veerenni 24, Tallinn.
- Phase I - completed in May 2009
- Factory building transformed into a business centre
- 10,000 sqm of office, commercial and service space
- Baltika's head office and retail premises: 4,500 sqm
- Income earned in connection with an increase in the value of the property



Share data

Share price and turnover



EUR	2004	2005	2006	2007	3m08
Share price	0.62	4.33	7.40	3.90	2.43
DPS	0.02	0.04	0.05	0	-
EPS	0.06	0.27	0.31	0.14	-0.04
BVPS	0.53	0.76	1.04	1.16	1.12
P/E	9.7	16.1	23.9	27.9	87.6
P/B	1.2	5.7	7.1	3.4	2.2

Shareholder structure (31.03.2008)

BMIG OÜ	23.5%
Svenska Handelsbanken Clients	7.5%
Morgan Stanley Client Account	7.5%
SEB Ab Clients	5.2%
Other	56.3%
Total	100.0%

No of shares outstanding	18,644,850
No of shares fully diluted	18,830,850
Market cap (31.03.2008)	EUR 45mln
NASDAQ OMX symbol	BLT1T
Bloomberg code	BLT1T ET
Next interim results	24-Jul-08



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