

BALTIKA GROUP:

Emerging regional leader in fashion retail

Company presentation
September 2007



Baltika Group

BALTMAN
monton
MOSAIC
Ivo Nikkolo

Baltika today



- Baltika Group is a rapidly growing fashion retailer in the Baltic States and Eastern Europe
 - four retail concepts
 - six retail markets
 - 125 stores and 23,000 m² sales area
 - vertically integrated business model
- The company aims to be the leading specialist fashion retailer in Central and Eastern Europe
- The Group employs 2,000 people
- Since 1997 listed on OMX Tallinn Stock Exchange

- Baltika's retail markets
- CEE region



Baltika's markets – macro overview 2006

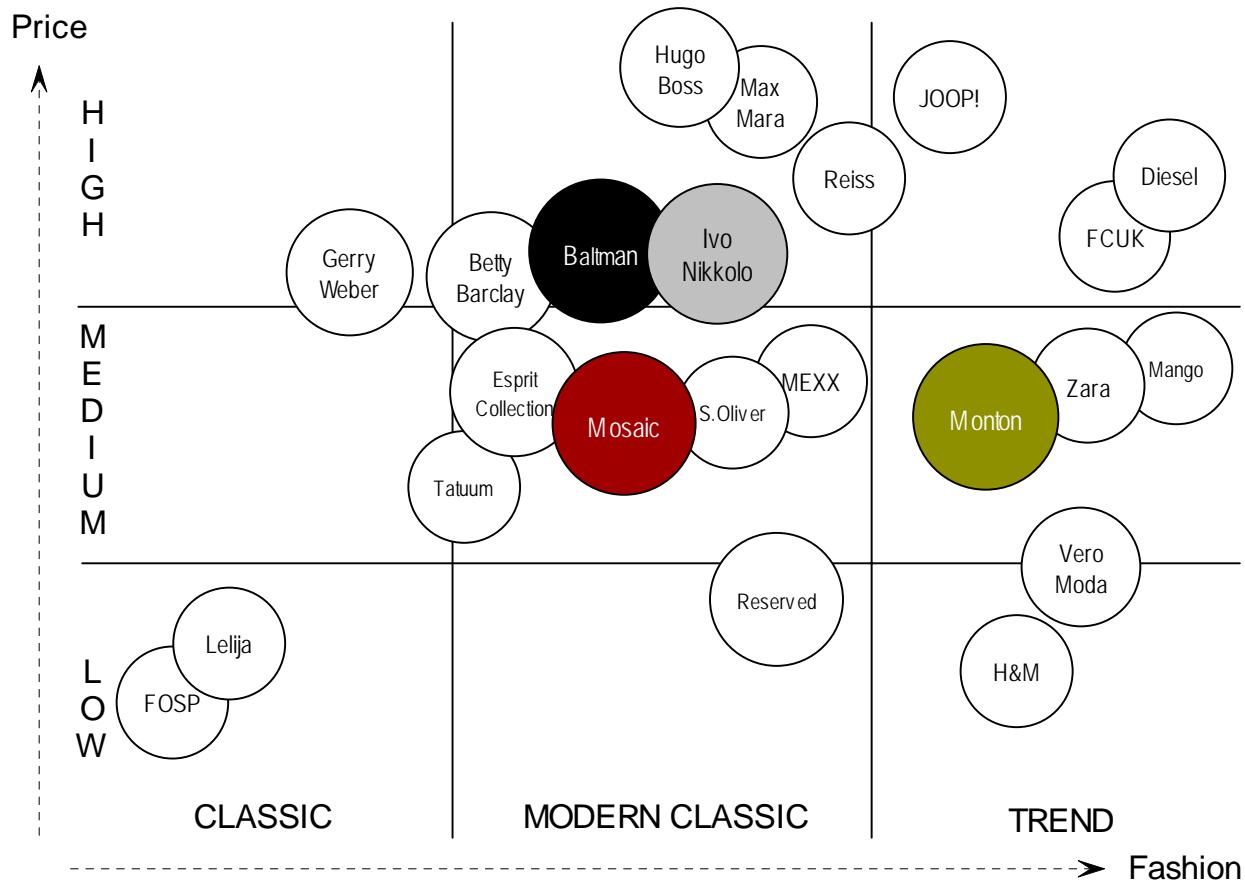
	Population (mln)	GDP (EUR bln)	GDP/cap. (EUR)	GDP growth	GDP growth 07f	CPI
Estonia	1.3	13	9,739	11.4%	8.6%	4.4%
Latvia	2.3	16	7,026	11.9%	9.0%	6.5%
Lithuania	3.4	24	7,015	7.5%	8.0%	3.7%
Poland	38.1	270	7,078	5.8%	6.0%	1.0%
Ukraine	46.6	85	1,822	7.1%	7.0%	9.1%
Russia	142.8	757	5,300	6.7%	7.0%	9.0%
Czech*	10.3	113	11,011	6.1%	5.2%	2.5%

*First opening in the Czech Republic will take place in Q4 2007 (in Prague)

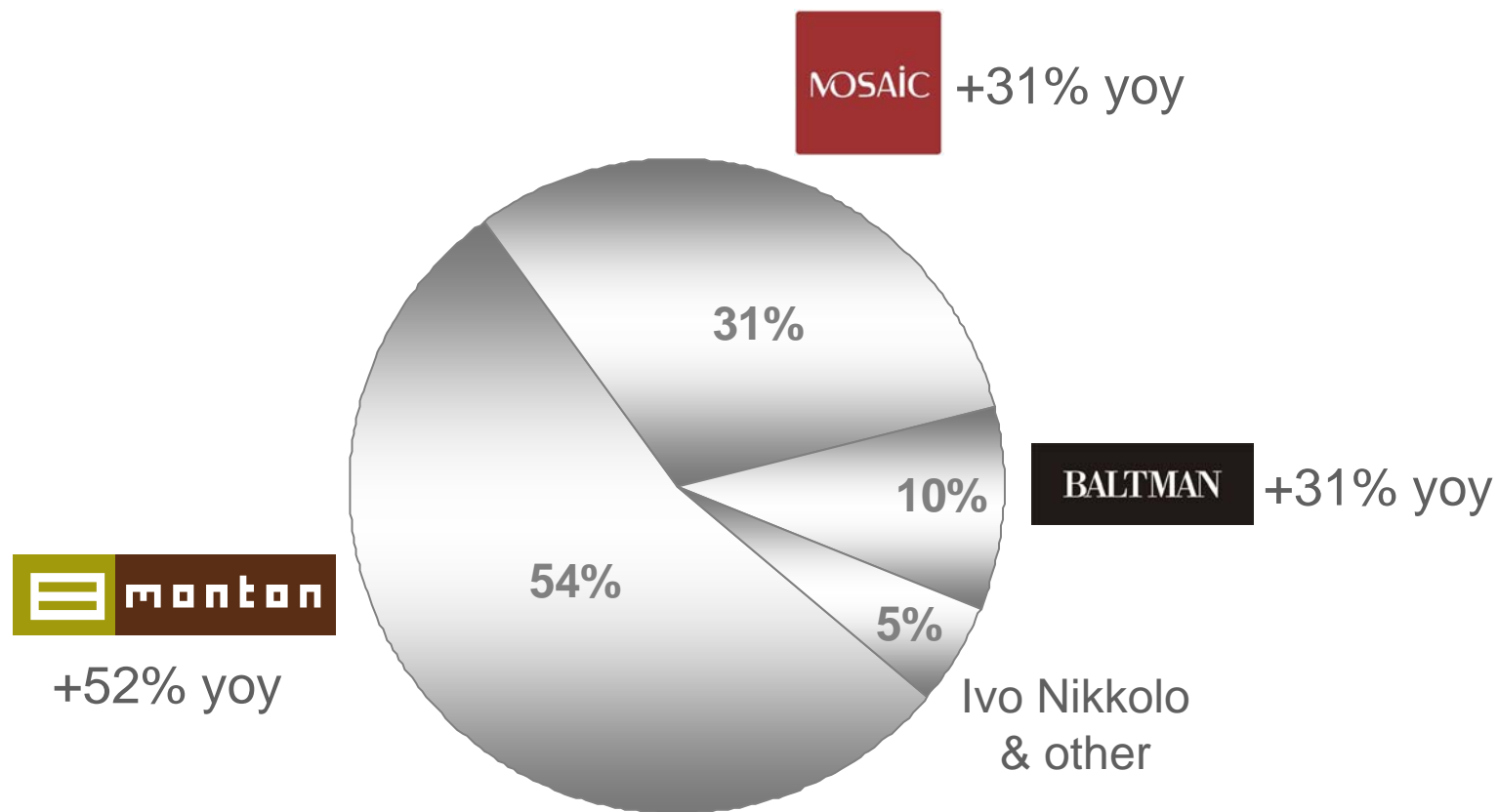


RETAIL CONCEPTS

Brand positioning



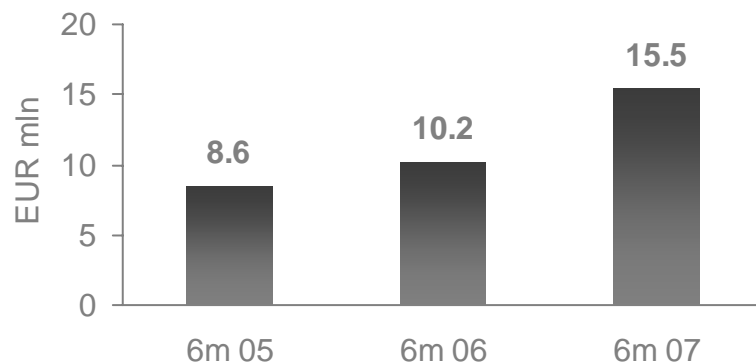
Retail sales by concepts, 6m 2007



monton

- Fast fashion brand for men and women with a unique handwriting and well-focused quality range
- Target group: 25-35 years; average income
- Stores in Estonia, Latvia, Lithuania, Ukraine, Russia and Poland
- Store format: 350-600 square metres
- www.montonfashion.com

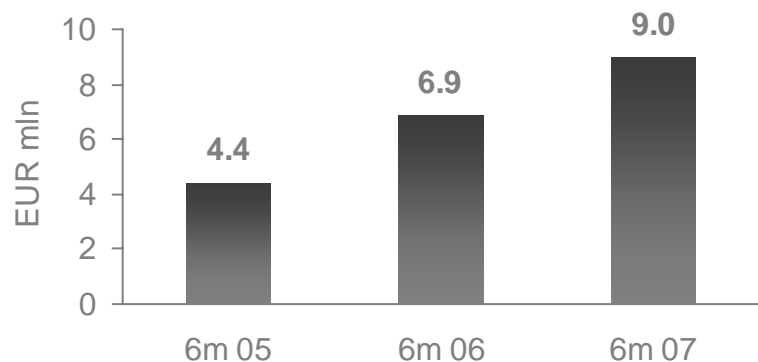
Sales development



MOSAIC

- 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
- Target group: 35 years, a person with family, children 2-10 years; average income
- Stores in Estonia, Latvia, Lithuania, Ukraine, Russia and Poland
- Store format: 200-350 square metres
- www.mosaic-fashion.com

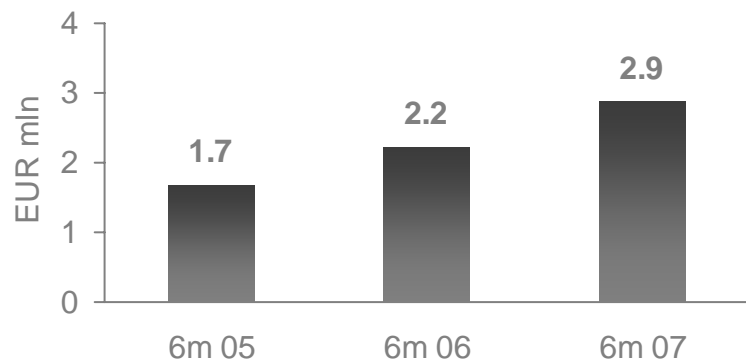
Sales development



BALTMAN

- Prestigious lifestyle brand for men, offering stylish, classic and high-quality clothing and personal service
- Target group: 30-40 years; higher income
- Stores in Estonia, Latvia, Lithuania, Ukraine and Russia
- Store format: 100-130 square metres
- www.baltman.eu

Sales development



Ivo Nikkolo

- Designer fashion brand for ladies allowing the customer to express her own individuality and complement her lifestyle
- Acquired by Baltika in September 2006 in order to enter premium fashion market for ladies
- Target group: 25-35 years; higher income
- Stores in Estonia and Lithuania
- Sales in 6m 2007 EUR 0.7 million
- www.ivonikkolo.com



Retail network (30 June 2007)

	Monton	Mosaic	Baltman	Nikkolo	Other	Total	m ²
Estonia	6	11	5	3	4	29	3,949
Latvia	5	6	3			14	2,789
Lithuania	11	11	6	2		30	5,239
Ukraine	10	10	1			21	4,046
Russia	12	11	1		1	25	5,941
Poland	3	2				5	1,047
Total	47	51	16	5	5	124	23,011



Store look



FINANCIAL REVIEW

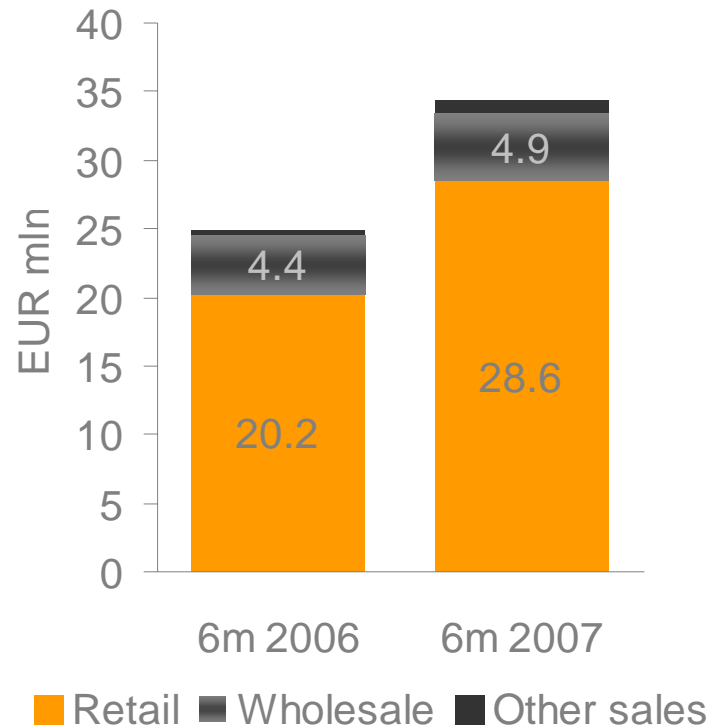
Key figures in 6m 2007

EUR '000	30.06.07	30.06.06	+/-
Net sales	34,259	24,939	37.4%
Gross profit	18,921	13,937	35.8%
Operating profit	2,574	2,514	2.4%
Net profit	1,941	2,319	-16.3%
Gross margin	55.2%	55.9%	
Operating margin	7.5%	10.1%	
Net margin	5.7%	9.3%	
No of directly managed stores	124	94	32%
Retail space (m ²)	23,011	14,517	59%
Inventory turnover	5.34	5.34	0%
ROE	28.5%	39.7%	
ROA	14.1%	21.4%	



Sales development in 6m 2007

Sales by segment



Growth yoy

Average retail space (m ²)	56%
Sales per m ²	-10%
Like-for-like sales	7%
Retail sales	41%
Wholesale	13%
Total sales	37%



Sales by segment

EUR mln	6m 07	6m 06	+/-
Retail	28.6	20.2	41.5%
Wholesale	4.9	4.3	12.9%
Subcontracting	0.54	0	n/a
Other	0.25	0.40	-37.3%
Total	34.3	24.9	37.4%



Sales by segment: 8 months 2007

EUR mln	8m 07	8m 06	+/-
Retail	38.8	27.2	42.5%
Wholesale	6.6	6.4	5%
Subcontracting	0.7	0	n/a
Other	0.3	0.5	-47.5%
Total	46.4	34.1	36.1%



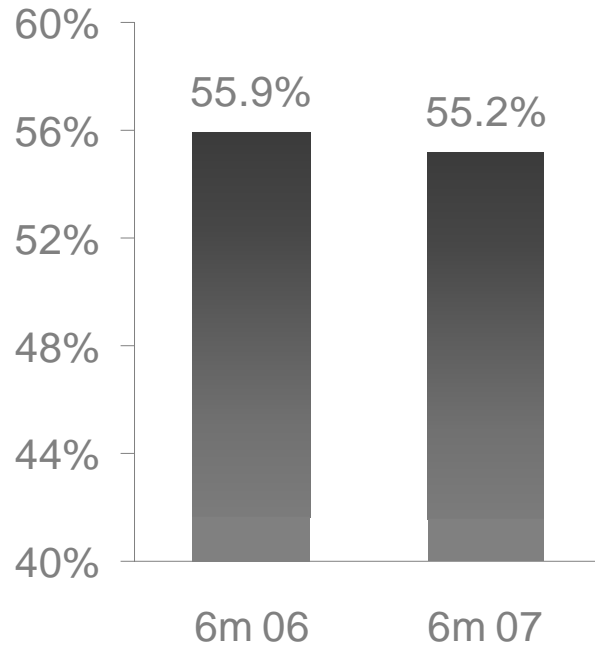
Sales by country

EUR mln	6m 07	6m 06	+/-	% sales
Estonia	8.8	7.0	25%	26%
Latvia	4.4	3.1	43%	13%
Lithuania	6.7	5.0	35%	19%
Ukraine	4.6	3.5	31%	13%
Russia	7.8	4.7	67%	23%
Poland	0.9	1.1	-24%	3%
Other	1.1	0.5	108%	3%
Total	34.3	24.9	37%	100%

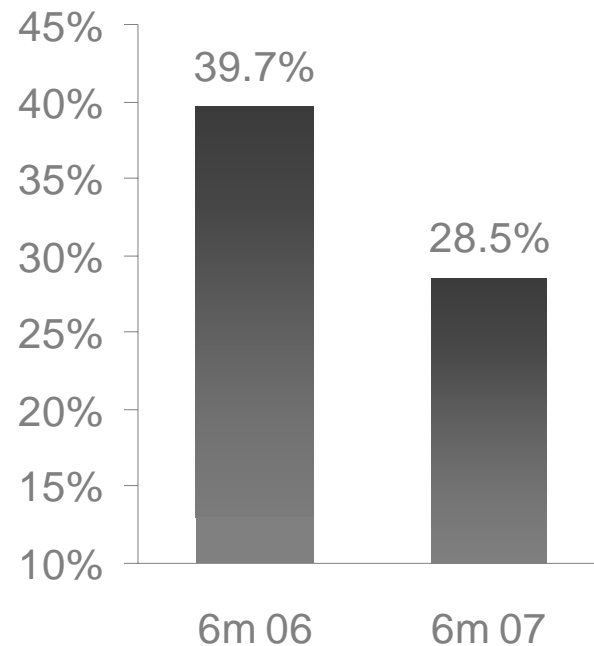


Profitability

Gross margin

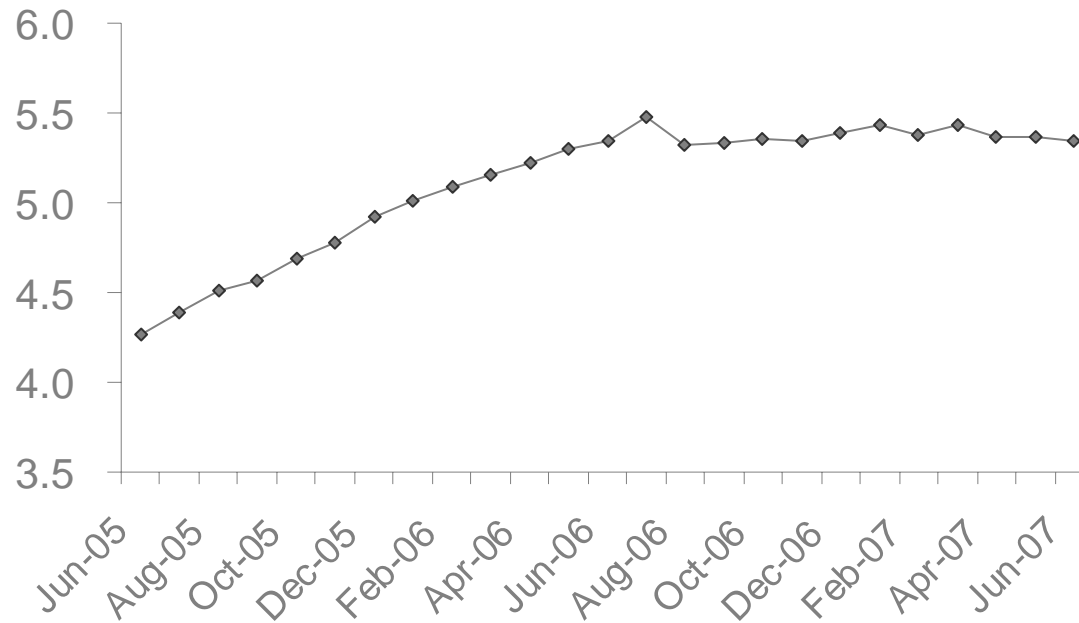


ROE



Inventory management

Inventory turnover ratio*



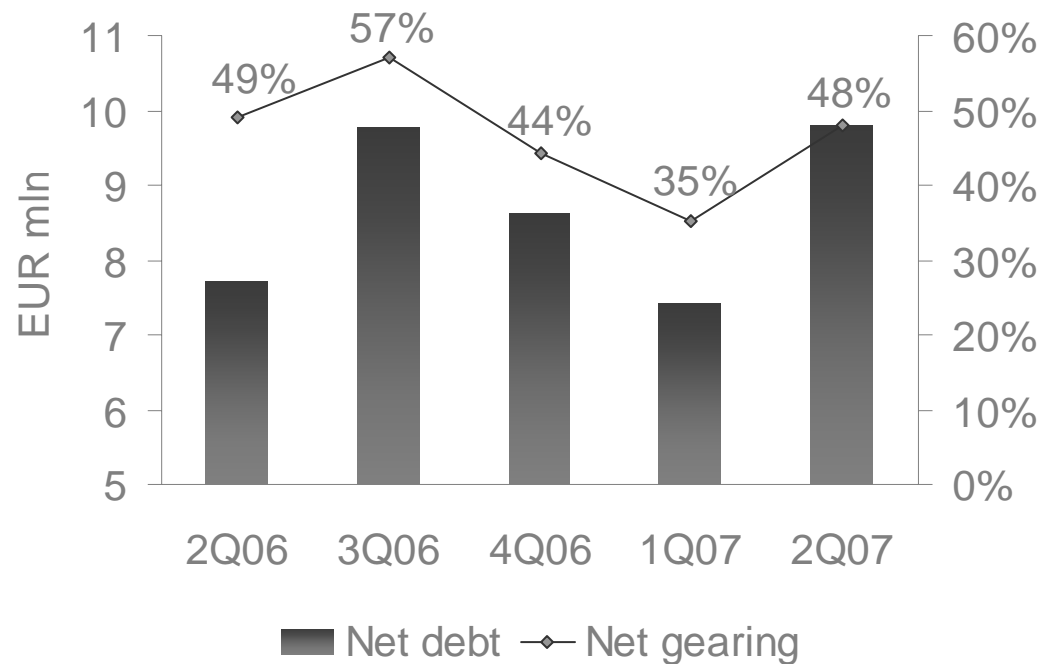
*Net sales/Average inventories (12-month trailing figures)



Financial position

- Total borrowings as of the end of 6m 2007 at EUR 11.2 million
- Yoy increase in debt level as a result of major expansion

Quarterly net debt and net gearing



Outlook and goals for 2007

- The Group's goal in 2007 is to increase net sales at least 33%. During the year, 21-24 new stores are planned to be opened taking the Group's total to 129-132 by the end of the year;
- Continuing expansion into CEE, Baltika plans to enter one or two new markets (the Czech Republic and Romania);
- Gross margin will be improved (54.5% in 2006);
- The brands will launch new product groups: Mosaic childrenswear and Monton footwear;
- Ivo Nikkolo starts expansion into Latvia and Lithuania;
- Investments are continuing into information technology related to the management of inventory and overall retail system;
- In the fall of 2007, a new production building will be completed in the suburbs of Tallinn for relocation of the Group's production company Baltika Tailor that is currently located in the city centre at Veerenni 24. After that, the real estate owned by Baltika at Veerenni 24 is ready for extensive development.

Financial summary

EUR '000	2002	2003	2004	2005	2006	6m 06	6m 07
Sales	31,025	31,767	37,189	43,518	57,487	24,939	34,259
Gross profit*	n/a	n/a	17,796	22,438	31,353	13,937	18,921
<i>Gross margin*</i>	n/a	n/a	47.9%	51.6%	54.5%	55.9%	55.2%
Operating profit	892	-3,673	1,201	4,787	6,221	2,514	2,574
<i>Operating margin</i>	2.9%	-11.6%	3.2%	11.0%	10.8%	10.1%	7.5%
Net profit	434	-4,311	1,067	4,644	5,584	2,318	1,941
<i>Net margin</i>	1.4%	-13.6%	2.9%	10.7%	9.7%	9.3%	5.7%
Total current assets	16,200	14,264	12,532	14,494	21,842	17,973	24,398
Incl. cash	640	820	800	1,659	804	1,118	1,364
Total non-current assets	7,635	6,787	7,739	9,607	16,274	12,764	16,267
Total assets	23,835	21,051	20,271	24,101	38,116	30,737	40,664
Trade and other payables	3,185	4,818	3,533	4,878	9,250	6,042	9,086
Total borrowings	9,339	8,872	7,697	5,933	9,421	8,956	11,158
Total equity	11,311	7,360	9,042	13,290	19,444	15,738	20,420
Incl. minority interest	451	455	449	40	515	465	483
Total liabilities & equity	23,835	21,051	20,271	24,101	38,116	30,737	40,664

*Comparable gross profit figures available after the change in the income statement format (introduced in 2005).





2006-2008 STRATEGY REVIEW

Strategy review: markets

	Actual End 2005	Actual June 2007	Strategy objective End 2008*
Total stores	86	124	160-180
Incl. Baltic States	57	73	80-85
Russia and Ukraine	21	46	80-90
Poland	8	5	5-9

* Enter one or two new markets:

- Baltika established a subsidiary in the **Czech Republic** in May 2007
- First opening in Prague in Q4 2007 – Monton
- Preparations to enter **Romania** in 2008



Strategy review: brands

 **monton**

- Store format increase to 400-600 m²
- New shop concept in Q3 2006
- June 2007: 7 stores 350-600 m²
- New product groups: lingerie, beachwear, footwear (fall 2007)

MOSAIC

- Name change in February 2006 (35 stores)
- New shop concept Q2 2006
- Store format increase to 180-300 m²
- June 2007: 19 stores 180-300 m²
- More collections per season
- Childrenswear launched in April 2007

Ivo Nikkolo

- Ladies premium brand acquired in September 2006 (3 stores in Estonia)
- June 2007: 5 stores (entry to Lithuania)
- New shop concept Q1 2007



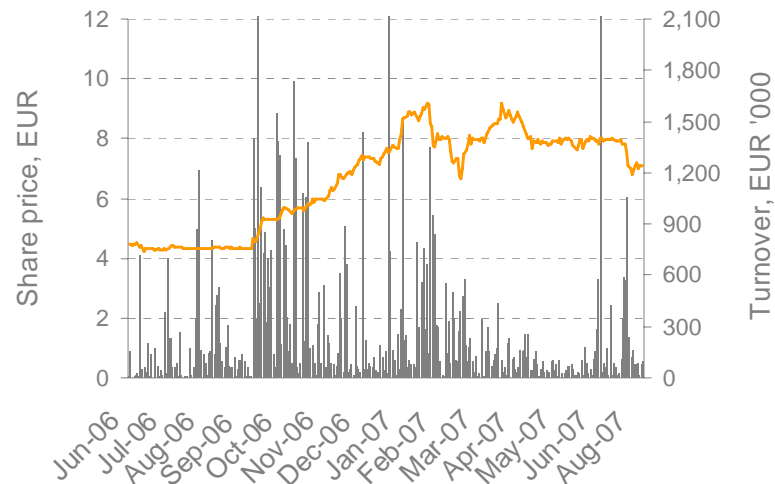
Strategy review: financial objectives

	Actual 2005	Objective/actual 2007	Strategy objective 2008
Sales, EEK mln	681	1,200+	1,362
Gross margin	51.6%	2006: 54.5% 6m 07: 55.2%	at least: 52%
ROE	44.1%	2006: 35.9% 6m 07: 28.5%	at least: 30%



Share data

Share price history



EUR	2003	2004	2005	2006	6m 07
Shares ('000)	16,498	16,902	17,469	18,645	18,645
Share price	0.70	0.62	4.33	7.40	7.84
DPS	0	0.02	0.04	0.05	n/a
EPS	-0.26	0.06	0.27	0.31	0.10
BVPS	0.45	0.53	0.76	1.04	1.10
P/E	neg.	9.7	16.1	23.9	27.6
P/BV	1.6	1.2	5.7	7.1	7.2

Shareholders' structure (30.06.2007)

BMIG OÜ	20.5%
SEB Ab Clients	6.5%
Morgan Stanley Client Account	5.9%
Clearstream Banking Lux. Clients	5.6%
Other	61.5%
Total	100.0%

No of shares outstanding	18,644,850
No of shares fully diluted	19,016,850
Market cap (30.06.2007)	EUR 146mln
OMX code	BLT1T
Bloomberg code	BLT1T ET
Next interim results	23-Oct-07



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