BALTIKA GROUP

2010 results

May 2011

Baltika Group

BALTMAN

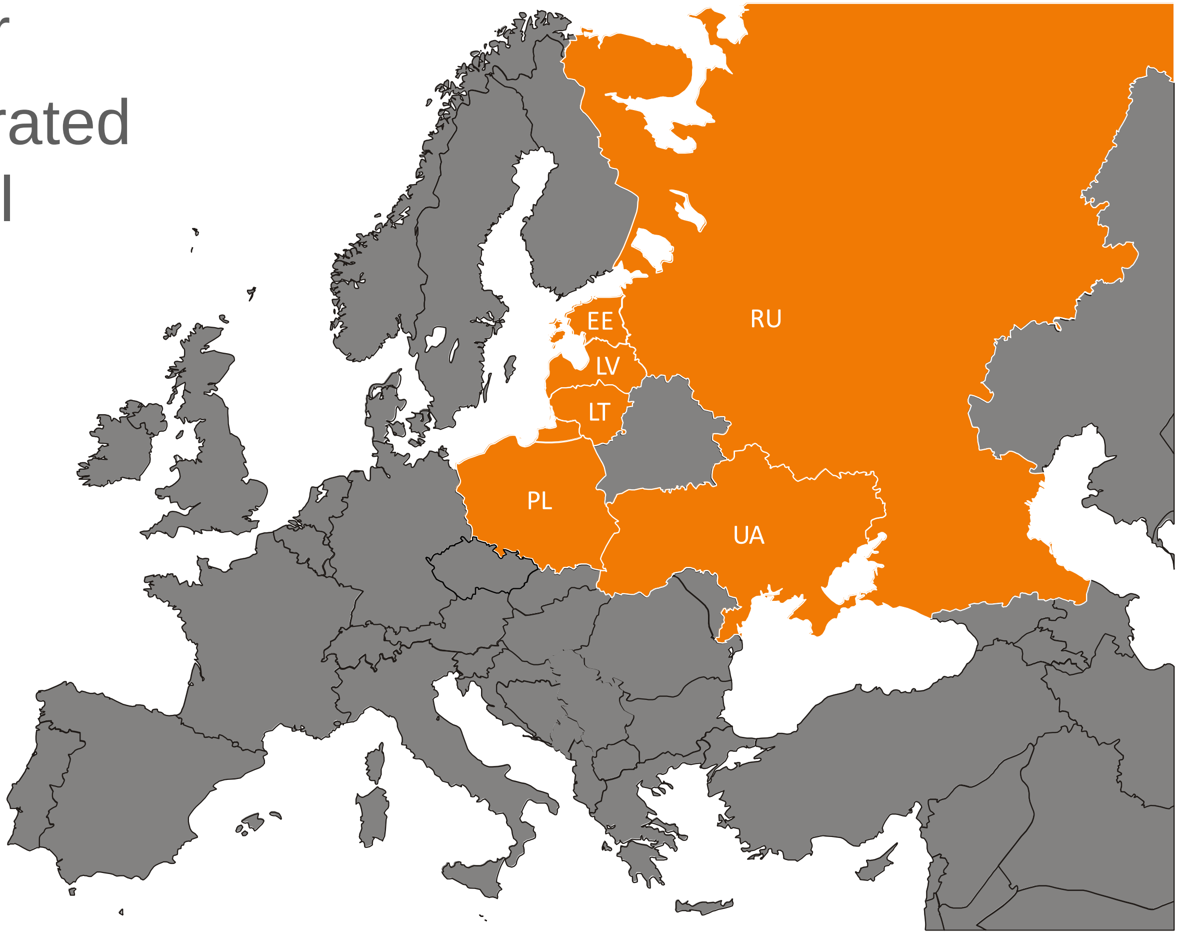
monton

MOSAIC

Ivo Nikkolo

Overview

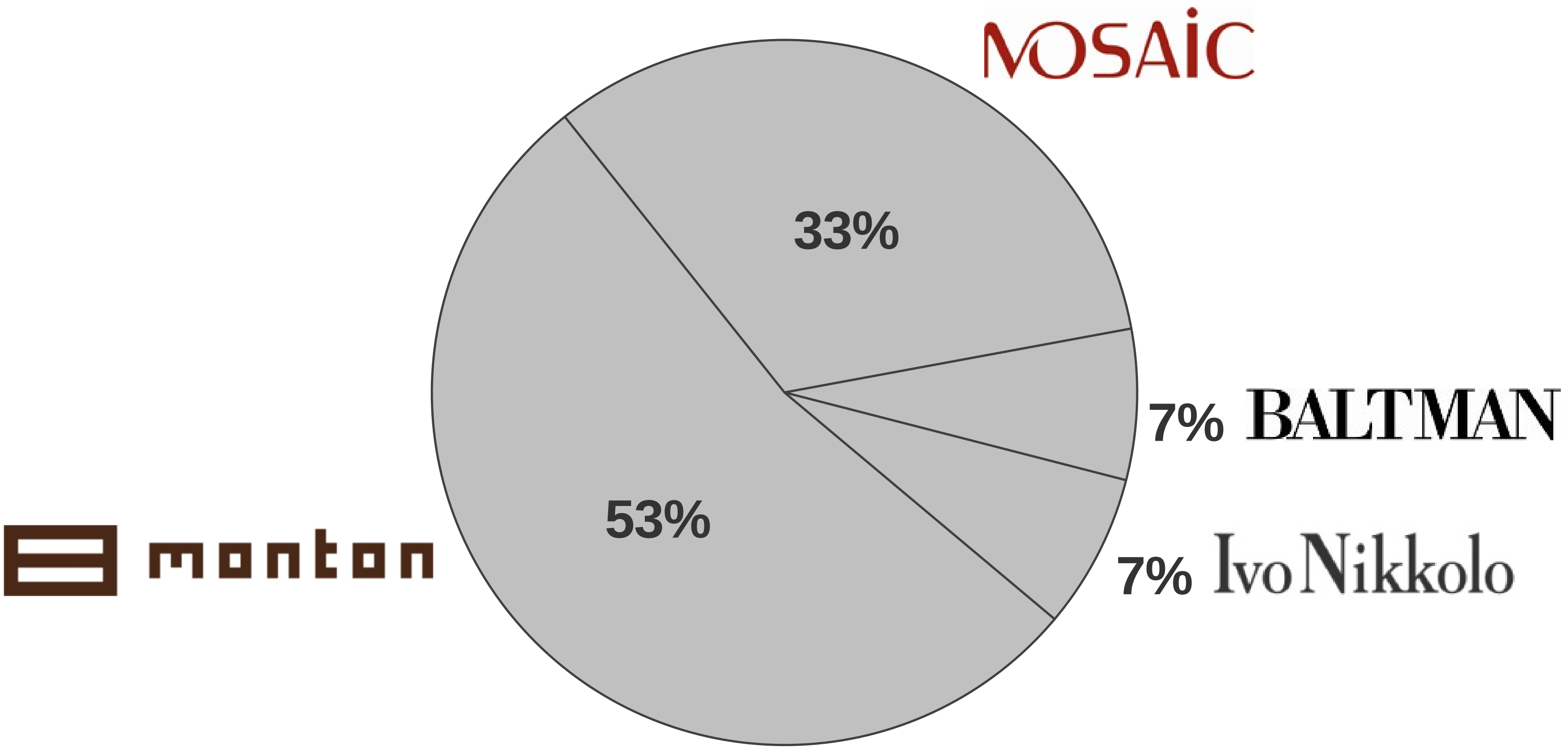
- Fashion retailer
- Vertically integrated business model
- Four brands
- Six markets
- 120 stores



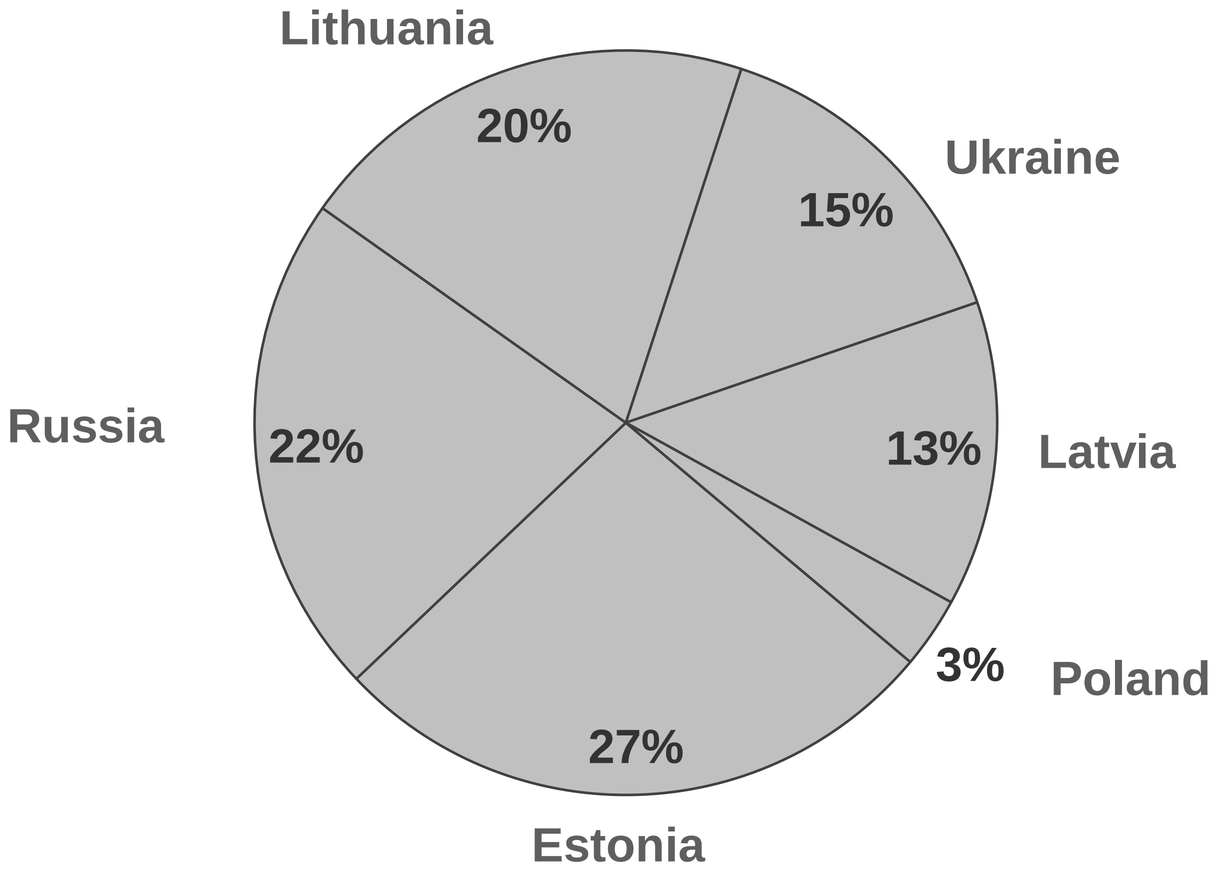
Baltika Group

BALTIKA BRANDS AND MARKETS RESULTS

Retail sales by brand



Retail sales by market

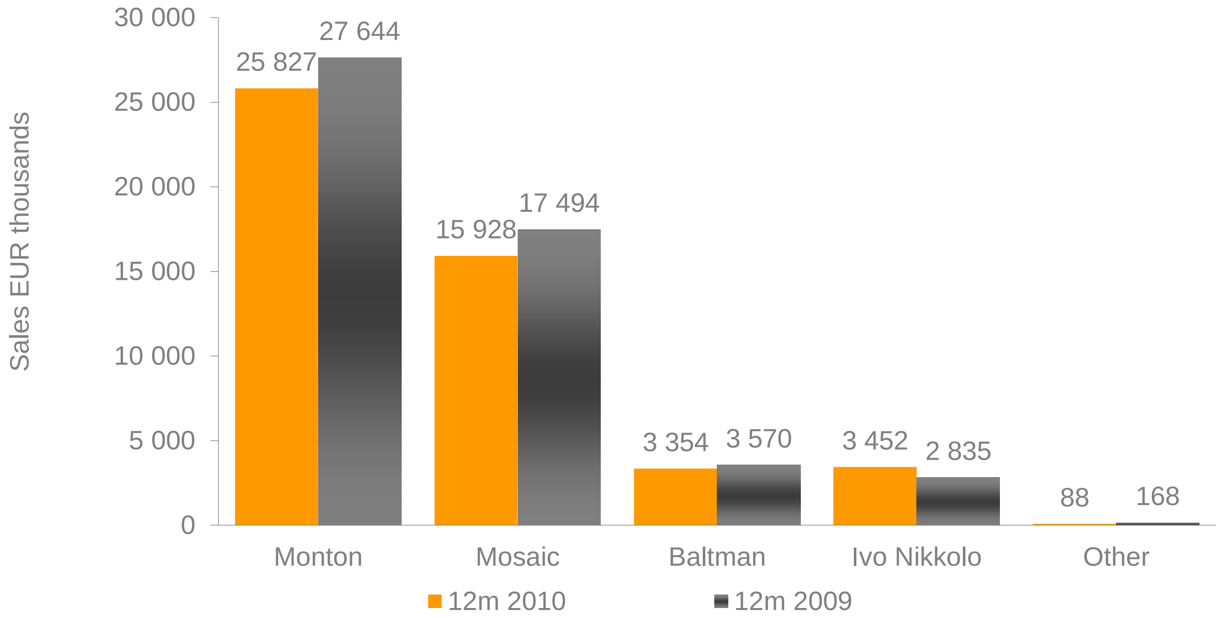


Stores and sales area

	31.12.2010	31.12.2009	+/-
Total stores	120	133	-13
Sales area, sqm	24,424	26,900	-2,476

- Store portfolio adjustment to achieve more efficient sales area in the final phase of the recession
- Takeover of an additional store from Russian wholesale partner (takeover of 7 stores in 2009)
- In total 5 openings and 19 closings
- Total investments in retail system EUR 0.3 mln

Brands



MONTON

- Fashion brand for men and women with a unique handwriting and well-focused quality range
- Stores in Estonia, Latvia, Lithuania, Ukraine, Russia and Poland
- Strategic store format: 250-350 sqm

MOSAIC

- Mosaic is a brand for women and men, who are practical, responsible and well-organized and have a need for uncomplicated and reliable fashion
- Stores in Estonia, Latvia, Lithuania, Ukraine, Russia and Poland
- Strategic store format: 150-250 sqm

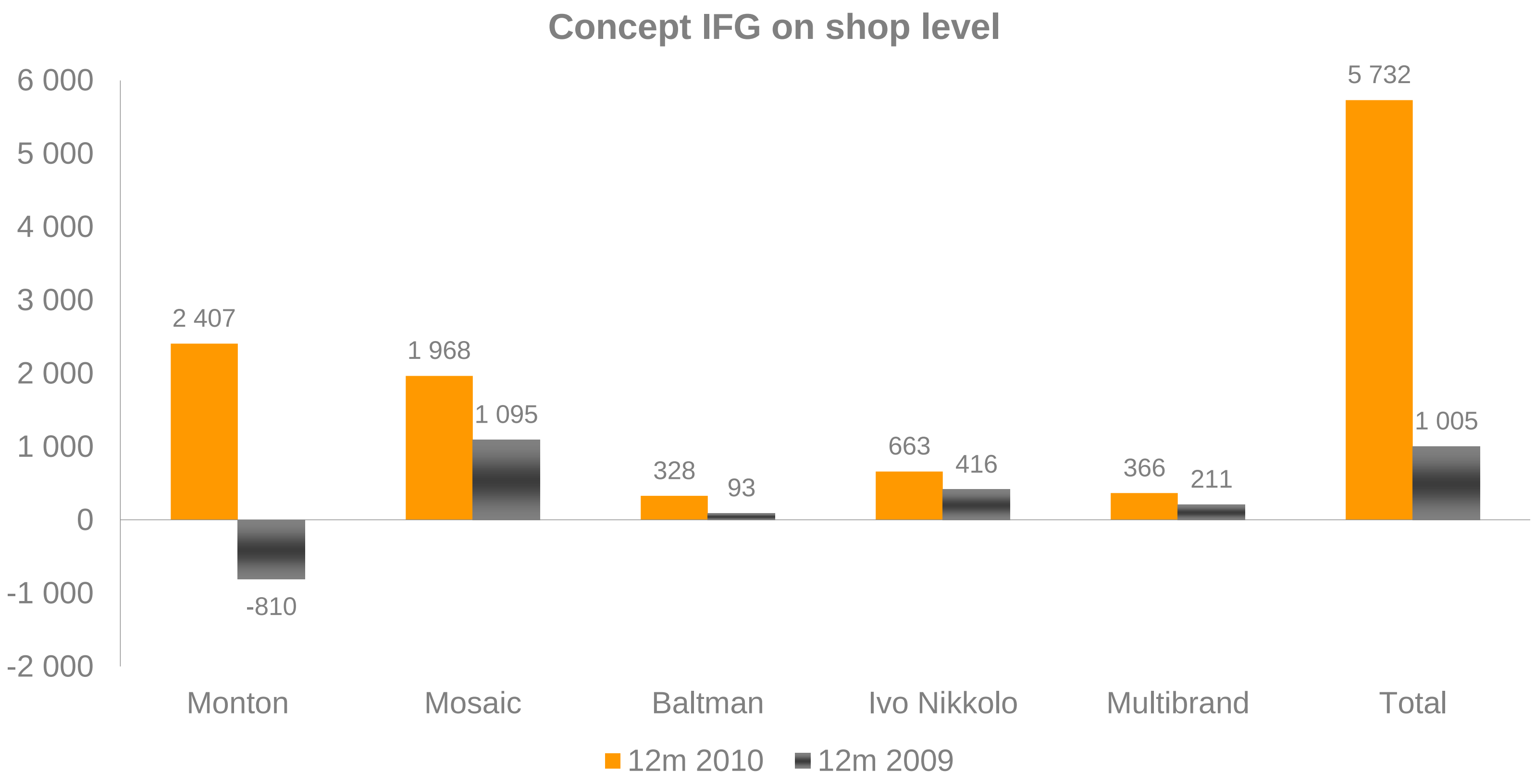
BALTMAN

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

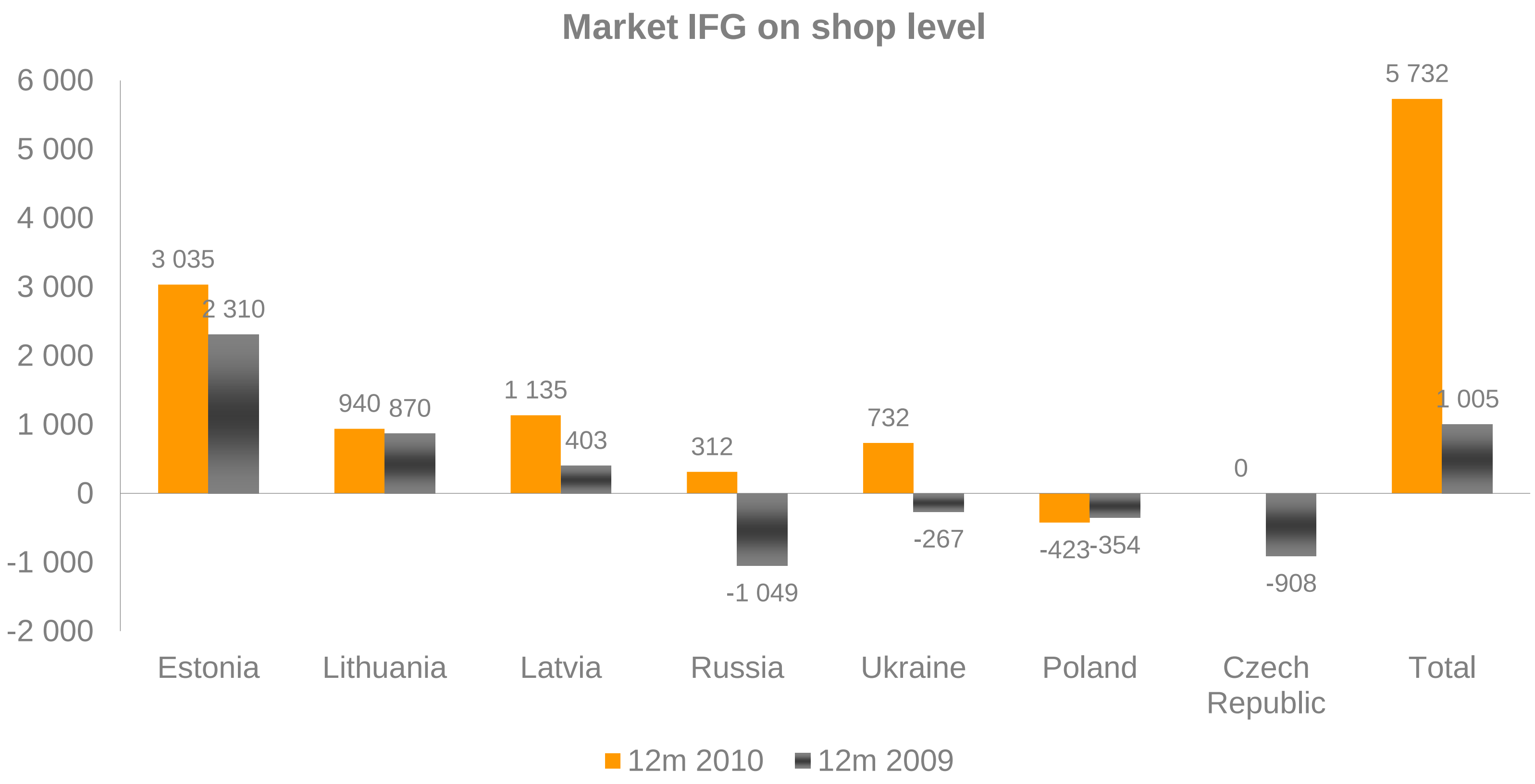
IVO NIKKOLO

- 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
- Strategic store format: 100 sqm

2010 results by concept



2010 results by market



FINANCIAL REVIEW

Key figures

EUR ‘000	2010	2009	%
Revenue	52,207	56,253	-7,2%
Gross profit (loss)	27,036	26,986	0,2%
Operating profit (loss)	-4,719	-9,926	-52,5%
Net profit (loss)	-6,332	-10,244	-38,2%
Gross margin	51.8%	48.0%	7,9%
Operating margin	-9.0%	-17.6%	-48,9%
EBT margin	-11.3%	-19.6%	-42,3%
Net margin	-12.2%	-18.1%	-32,6%
ROE	-52.6%	-73.8%	-28,7%
ROA	-14.9%	-21.2%	-29,7%
OPEX	31,755	36,912	-14,0%

Key figures by quarters 2010 vs 2009

EUR ‘000	Q1	Q2	Q3	Q4
Sales	-22%	-8%	-6%	7%
Sales per m2 (retail)	-18%	-1%	-3%	21%
Gross profit	-16%	4%	-9%	16%

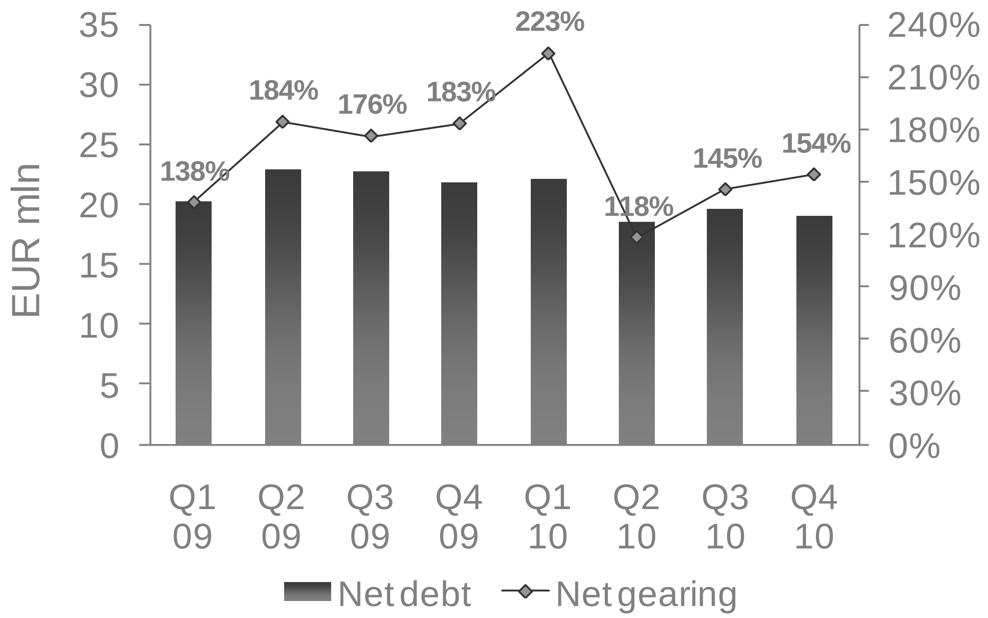
Investments

EUR mln	2010	2009	+/-
Total investments	0.4	6.6	-94%
Incl. retail system	0.3	1.5	-80%

Financial position

- Total borrowings at the end of 2010 at EUR 19.0 mln

Net debt and net gearing



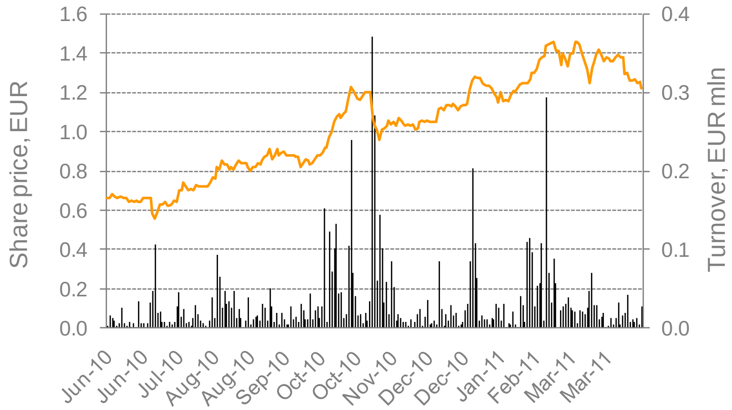
Strengthening the financial position

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

- disposed of some non-core assets (in Q1 2010 an industrial property at Ahtme, at the end of March a coat manufacturing operation in Rakvere, and in Q2 2010 a manufacturing property in Rakvere and the MasCara and Herold brands): 1.5 million euros for the Group;
- conducted negotiations with suppliers for the grant of more favourable settlement terms and price concessions;
- conducted negotiations with banks in order to restructure the existing loan portfolio;
- increased share capital by issuing additional shares. In June 2010, the annual general meeting approved a share issue that increased share capital by 8,850,000 shares, raising 6.8 million euros for the Group.

Share data

Share price and turnover



EUR	2006	2007	2008	2009	2010
Share price	**7.40**	**3.90**	**1.15**	**0.73**	**1.139**
DPS	**0.05**	**0**	**0**	**0**	**0**
EPS	**0.31**	**0.14**	**-0.07**	**-0.55**	**-0.27**
BVPS	**1.04**	**1.16**	**1.02**	**0.64**	**0.45**
P/E	**23.9**	**27.9**	**Neg.**	**Neg.**	**Neg.**
P/B	**7.1**	**3.4**	**1.1**	**1.1**	**2.5**

Shareholder structure (31.12.2010)

BMIG OÜ	16.8%
ING Luxembourg S.A.	11.8%
E. Miroglio S.A.	10.9%
Other	60.5%
Total	**100.0%**

No of shares outstanding	27,494,850
No of shares fully diluted	33,337,350
Market cap (15.04.2011)	EUR 34.1mln
NASDAQ OMX symbol	BLT1T
Bloomberg code	BLT1T ET
Next interim results	4-Aug-11

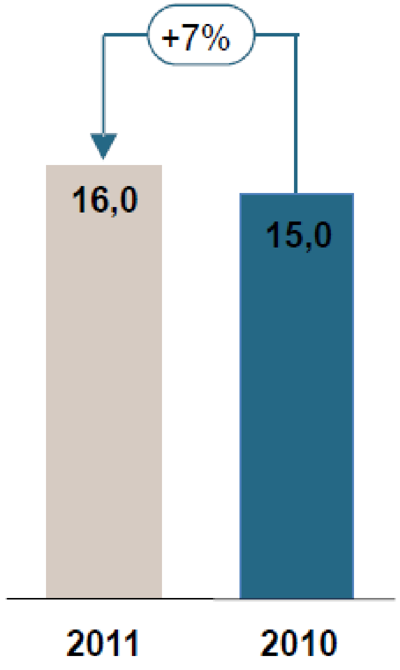
First four months of 2011

First four months of 2011

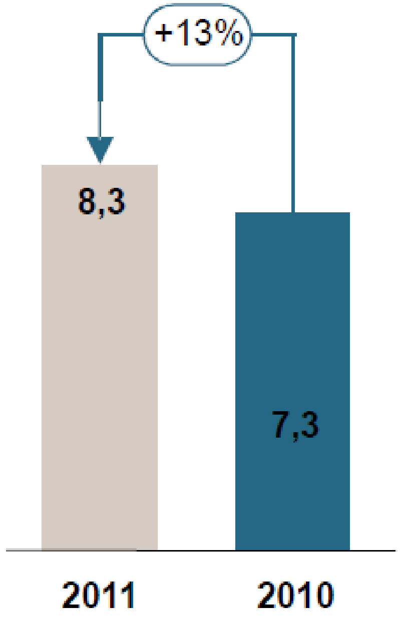
- Increased sales and gross profit
- Start-up of 2014 strategy projects

Increased sales and gross profit

Sales EUR m (accumulated, Jan-Apr 2011)



Gross profit EUR m (accumulated, Jan-Apr 2011)



Baltika Group

Profitability by brand improved significantly

Current trading by brand 2011 [EUR thousands] (Retail only)

Brand	Sales Jan-Apr (accumulated)	Development [%]	GP development [%]	GPTotal	Sales efficiency improvement [%]
Monton	8 143	12%	11%	4 431	19%
Mosaic	4 245	-2%	-6%	2 090	11%
Baltman	914	8%	25%	457	31%
Ivo Nikkolo	940	26%	20%	492	36%
Multibrand	532	32%	23%	247	36%
Other	4	-14%	-15%	4	-14%
Total	**14 778**	**8%**	**7%**	**7 721**	**18%**

Profitability by market improved significantly

Current trading by country 2011 [EUR thousands] (Retail only)

Market	Sales Jan-Apr (accumulated)	Development [%]	GP development [%]	GPTotal	Sales efficiency improvement [%]
Estonia	4 002	17%	14%	2 074	15%
Russia	3 403	12%	8%	1 878	11%
Lithuania	2 902	0%	0%	1 465	24%
Latvia	2 068	24%	21%	1 100	21%
Ukraine	1 988	-7%	-8%	974	17%
Poland	415	-7%	16%	230	10%
Total	**14 778**	**8%**	**7%**	**7 721**	**18%**

Baltika Group

Strategy 2010-2014

- 2011 is the year of creating strategic presumptions of Baltika Group 2014 strategy
- The Group's corporate strategy for 2010-2014 was developed in cooperation with global consulting firm Roland Berger
- The aim is to maximise the potential of Baltika's retail markets and brands and enhance the efficiency of its business model
- 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
- The Group's average annual growth rate until 2014 will be 9% and by 2014 the Group should achieve:
  - revenue 72 million euros
  - EBITDA margin 14.7%
  - EBITDA 10.6 million euros

2011 action plan

- Refreshing the Monton and Mosaic brands as well as their retail concepts in partnership with the international creative agency Dan Pearlman and gradually renovating the stores
- The test version of the Monton e-shop
- Discontinuing Mosaic's children's collection and increasing the brand's ladieswear collection
- Developing Baltman's special-order suit service – increasing the offering of quality products aimed a specific customers in both Estonia and foreign countries
- Preparing for Ivo Nikkolo's international growth
- Multi-channelling – preparing for growth through different sales channels

Measurements for increasing efficiency and profitability

- Decision that the Group will discontinue its operations in the Polish market as of 31 July 2011. A provision for the expenses that might be incurred on closing the Polish operations was made already in 2010. Therefore, the discontinuance of operations should have no one-off negative impact on the Group's results.
- During the period until the year-end, the management board will cut general administrative and operating expenses by at least 320 thousand euros.
- The stores that perform below expectations will remain under careful scrutiny. In the first half of 2011, the Group will close five stores (four of them were closed in the first quarter) and in the second half-year a further six (including four in Poland). This will have a significant positive impact on the profitability of the retail system.
- Management of the Russian market will be strengthened.
- The Group's brand management processes will be analysed so as to find additional opportunities for increasing revenue and cutting expenses.
- In the first quarter of 2011 the Group reinforced its top management: in January the position of retail operations director was filled by Luke Dobbs who has extensive industry experience from British retail chains and in February the position of chief financial officer was taken over by Maigi Pärnik who has a strong finance and IT background. The Group is also developing a centralised visual merchandising function.

To achieve 2011 targets, the Group proposes an additional share emission

The company will use 3.15 million euros, raised from the emission:

- 1.5 million euros to guarantee financing buying of inventory quantities corresponding to increasing sales
- 1.0 million euros for financing development projects, including new store concepts for Monton and Mosaic
- 0.65 million euros reserve

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