Financial Statements Bulletin 2014

STOCKMANN

STOCKMANN plc, Financial Statements Bulletin 13.2.2015 at 8.00 EET

A difficult year behind us – new direction taken

October-December 2014:
Consolidated revenue was EUR 548.5 million (EUR 607.8 million), down by 9.7 per cent, or down 4.7 per cent at comparable exchange rates.
Operating result excluding non-recurring items (NRI) was EUR 12.2 million (EUR 48.3 million).

January-December 2014:
Consolidated revenue was EUR 1 844.5 million (EUR 2 037.1 million), down by 9.5 per cent, or down 5.5 per cent at comparable exchange rates.
Operating result excluding NRI was EUR -42.9 million (EUR 54.4 million).
Result for the period excluding NRI was EUR -63.4 million (EUR 22.1 million).
Earnings per share excluding NRI were EUR -0.88 (EUR 0.30).
Non-recurring items were EUR -39.3 million or EUR -36.4 million with tax impact (EUR 26.3 million due to Lindex's tax refund)
Reported earnings per share were EUR -1.39 (EUR 0.67) including NRI of EUR -0.51 (EUR 0.37).

The Board of Directors will propose to the Annual General Meeting that no dividend be paid on the 2014 result.

Outlook for 2015:
Due to planned structural changes, Stockmann expects the Group's revenue in 2015 to be down on 2014. Operating result excluding non-recurring items is expected to improve, but to remain negative in 2015 due to the performance of the Stockmann Retail division. Operating results for the Real Estate and Fashion Chains divisions are expected to be positive.

CEO Per Thelin:
Stockmann had a difficult year in 2014, especially in its main markets, Finland and Russia. With the retail sector experiencing challenging times, our own actions have not been sufficient to respond to the weak economy and changes in the competitive environment. During the final quarter of 2014, the Russian rouble's record-low exchange rate further weakened Stockmann's earnings.

Now we are focusing on the future. During 2014, we started a major strategy process with the aim of improving Stockmann's long-term competitiveness. Structural measures are currently being taken in line with the new direction. We are leasing out retail space to tenants, which will increase the value of our properties and bring added value to the customer. The Stockmann Retail and Real Estate divisions' strong cooperation will play a key role in this. I am glad that we have found a committed owner for Seppälä, as this will enable the fashion chain to continue to operate in its home markets.

The past year proved that Stockmann's operations must be more agile, and we must focus more on sales and customer service, both in the department stores and online, in order to make good on our promise of offering a first-class shopping experience. Carrying out this strategy will require us to make tough choices on where to focus our efforts in the future. We are planning to close down three department stores in Russia and the one in Oulu. Lindex is also planning to withdraw from Russia. These plans are part of the efficiency programme that we are launching, in order to be profitable again.

The year 2015 will continue to be challenging, particularly in view of the many changes to come. The planned actions will take us in the right direction, although the turnaround will not happen overnight. Therefore we expect the operating result, excluding non-recurring items, to improve, but to remain negative in 2015. The effects of the new strategy will start to be reflected in Stockmann's performance mostly beginning in 2016.

KEY FIGURES

	10–12/2014	10–12/2013	**1–12/2014**	1–12/2013
Revenue, EUR mill.	**548.5**	607.8	**1 844.5**	2 037.1
Revenue growth, per cent	**-9.8**	-5.6	**-9.5**	-3.7
Relative gross margin, per cent	**43.8**	49.3	**46.6**	48.6
Operating result, EUR mill.	**-27.1**	48.3	**-82.2**	54.4
Net financial costs, EUR mill.	**4.0**	9.0	**21.4**	27.6
Result before tax, EUR mill.	**-31.1**	39.3	**-103.6**	26.8
Result for the period, EUR mill.	**-38.1**	36.5	**-99.8**	48.4
Earnings per share, undiluted, EUR	**-0.53**	0.51	**-1.39**	0.67
Equity per share, EUR			**10.55**	12.42
Cash flow from operating activities, EUR mill.	**116.9**	183.2	**29.4**	125.4
Capital expenditure, EUR mill.	**11.1**	13.1	**53.8**	56.8
Net gearing, per cent			**105.4**	87.3
Equity ratio, per cent			**39.3**	43.8
Number of shares, undiluted, weighted average, 1 000 pc			**72 049**	72 049
Return on capital employed, rolling 12 months, per cent			**-4.9**	3.4
Personnel, average	**14 620**	15 362	**14 533**	14 963

Strategy process

Stockmann started to revise its strategy in summer 2014 in order to improve the Group's long-term competitiveness. The strategic direction was set in late 2014, and actions are being taken in line with the new direction.

A new operating structure under three divisions – Stockmann Retail, Real Estate and Fashion Chains – was taken into use as of 1 January 2015. Stockmann will start reporting the fair market value of the Group's real estate properties from 2015 onwards. On 1 January 2015, the fair value of the properties in Helsinki, St Petersburg, Tallinn and Riga totalled EUR 908.3 million. Depreciation of the real estate will be calculated on the market value, and therefore the Group's 2015 depreciation will increase compared to 2014.

Stockmann's strategic goal is to change the company's legal structure in line with the new operating structure. As a result, the Board of Directors has decided to investigate the possibility to incorporate Stockmann's real estate and retail operations into separate subsidiaries.

Stockmann Retail will focus on the Stockmann department stores and stockmann.com online store, with the goal of offering a first-class shopping experience. Stockmann's future selection will have a stronger focus on fashion, cosmetics, food in Stockmann Delicatessen and home products. The offering will be aimed more closely at customers who value convenience, quality and inspiration.

Stockmann will gradually withdraw from its non-core businesses. A new owner is being sought for the Hobby Hall distance retail business, as announced earlier. In the Group's balance sheet at 31 December 2014, Hobby Hall's assets and liabilities are classified as assets held for sale. The Stockmann Beauty cosmetics stores will be closed down by the end of May.

The Real Estate division's aim is to increase the value of properties by maximising cash flows from leasing operations, and to enhance the customer experience with goods and services from attractive new retail tenants. Stockmann has agreed to lease retail space in its department stores to Expert ASA Oy. Expert will open its store in the Helsinki city centre store premises in May 2015, in Turku by the end of June and in Tampere during the autumn.

The Fashion Chains division currently includes the Lindex and Seppälä businesses. Seppälä's operations are being downsized and focused on its key markets, Finland and Estonia. On 2 February 2015, Stockmann signed a letter of intent to sell the ownership of Seppälä to Seppälä's current CEO, Eveliina Melentjeff, and her husband. The management buyout will take place on 1 April 2015 and will cover 82 Seppälä stores in Finland and 20 stores in Estonia. In addition, 41 stores in Finland will be closed in 2015. Due to the lease liabilities and other costs related to the store closures, Stockmann recorded EUR 24.7 million as non-recurring expenses in its financial statements.

By focusing on Lindex, Stockmann aims to give it the opportunity to grow into a truly global fashion brand. Lindex will be developed independently, under the governance of an operational Board of Directors, which has members representing Stockmann and external members.

Stockmann has decided to launch an efficiency programme, including four planned department store closures, and the closure of Lindex's operations in Russia, with an annual cost savings target of EUR 50 million. Information on the programme will be published in a separate stock exchange release on 13 February 2015.

Revenue and earnings

The retail market environment was weak in 2014. In Finland, GDP growth was continuously low, consumer confidence weakened and purchasing power declined. The Finnish fashion market was down by 6.4 per cent in 2014 (TMA index). In Sweden, the fashion market for the full year was on a par with 2013 (Stilindex). In Russia, economic growth stagnated and the rouble reached all-time low during the fourth quarter of 2014, significantly weakening the purchasing power of Russian consumers. The retail market in the Baltic countries was relatively stable in 2014 and in particular in Latvia where trade was boosted at the beginning of 2014 when the country joined the euro.

The Stockmann Group's revenue for the financial year was down by 9.5 per cent to EUR 1 844.5 million (2013: EUR 2 037.1 million), or down by 5.5 per cent at comparable exchange rates. If the terminated franchising operations are excluded, revenue declined by 9.3 per cent. Revenue was down in both divisions.

Revenue in Finland was down by 10.2 per cent, to EUR 882.8 million (EUR 983.2 million). Excluding the terminated Zara franchising, revenue was down by 9.9 per cent.

Revenue in other countries amounted to EUR 961.7 million (EUR 1 053.9 million). Revenue was down by 0.6 per cent at comparable exchange rates. The Russian rouble, the Swedish krona and the Norwegian krone continued to be weaker than in 2013, and therefore the euro-denominated revenue was down by 8.7 per cent. Operations outside of Finland accounted for 52.1 per cent (51.7 per cent) of the total revenue.

The Group's gross profit for the financial year was down, to EUR 859.9 million (EUR 990.1 million). The gross margin was 46.6 per cent (48.6 per cent).

Operating costs include EUR 39.3 million of non-recurring expenses, of which EUR 24.7 million was due to Seppälä's store closures. These expenses have mainly been allocated to the Stockmann Group's common costs since the closing stores will not be included in Seppälä's planned management buyout. Operating costs excluding non-recurring items (NRI) were down by 3.4 per cent or EUR 29.6 million. Including NRI, costs were EUR 871.1 million (EUR 861.4 million). Operating costs accounted for 47.2 per cent (42.3 per cent) of revenue. Depreciation was EUR 71.0 million (EUR 74.5 million).

The consolidated operating result for 2014, excluding NRI, was EUR -42.9 million. The reported operating result was EUR -82.2 million (EUR 54.4 million). The operating result was weaker than in 2013 in both divisions and declined particularly in Finland.

The Stockmann Group's fourth-quarter (October-December) revenue was down by 9.7 per cent to EUR 548.5 million (10-12/2013: EUR 607.8 million). At comparable exchange rates revenue was down by 4.7 per cent.

Fourth-quarter revenue in Finland was down by 8.7 per cent, to EUR 280.8 million (EUR 307.5 million). Revenue in other countries amounted to EUR 267.7 million (EUR 300.3 million), which is 10.9 per cent less than in 2013. At comparable exchange rates revenue was on a par with the previous year.

The fourth-quarter gross profit amounted to EUR 240.2 million (EUR 300.7 million) and the gross margin was 43.8 per cent (49.5 per cent). Operating costs excluding NRI were down by 9.7 per cent, or EUR 22.6 million. Including NRI, costs were up by 7.2 percent, to EUR 250.0 million (EUR 233.2 million). Depreciation was EUR 17.3 million (EUR 19.2 million).

Operating result for the quarter, excluding NRI, was EUR 12.2 million and the reported operating result was EUR -27.1 million (EUR 48.3 million). The result declined in both divisions and in all the main markets.

Net financial expenses for the financial year were down by EUR 6.1 million, to EUR 21.4 million (EUR 27.6 million). The decline was mainly due to low interest rate levels. In 2013, Lindex received non-recurring interest income of EUR 3.5 million from the tax authorities and this is included in the net financial expenses. Non-recurring foreign exchange gains amounted to EUR 0.9 million (2013: losses EUR 1.5 million).

Result before taxes for the financial year, excluding NRI was EUR -64.3 million (EUR 23.3 million) and reported result before taxes was EUR -103.6 million (EUR 26.8 million). A tax credit of EUR 3.8 million was booked for 2014. In 2013, the tax credit was EUR 21.6 million and it included Lindex's tax refund of EUR 22.8 million. Result for the year, excluding NRI, was EUR -63.4 million (EUR 22.1 million) and reported result for the year was EUR -99.8 million (EUR 48.4 million).

Earnings per share for the financial year excluding NRI were EUR -0.88 (EUR 0.30). Reported earnings per share amounted to EUR -1.39 (EUR 0.67), and, diluted for share options, to EUR -1.39 (EUR 0.67). Equity per share was EUR 10.55 (EUR 12.42).

Revenue and earnings by division

Department Store Division (Stockmann Retail and Real Estate as of 1 January 2015)

The Department Store Division's full-year revenue was down by 10.7 per cent, EUR 1 101.2 million (EUR 1 232.6 million), or down by 7.2 per cent in comparable currency rates.

Revenue in Finland was EUR 745.9 million (EUR 833.5 million) in 2014. Excluding the Zara franchising, revenue was down by 10.2 per cent. Revenue declined at all department stores but revenue from the Stockmann online store was strongly up, by 21.6 per cent. Hobby Hall's revenue in 2014 was EUR 97.6 million (EUR 112.2 million).

Revenue from international operations was EUR 355.2 million (EUR 399.1 million) and accounted for 32.3 per cent (32.4 per cent) of the division's total revenue. Revenue was up in the Baltic countries, by 2.2 per cent to EUR 98.6 million (EUR 96.5 million), and on a par with 2013 in Russia, measured in roubles. Due to the weak Russian rouble, euro-denominated revenue was down by 15.2 per cent to EUR 256.6 million (EUR 302.6 million) in Russia.

The gross margin for the financial year was 37.5 per cent (40.1 per cent). The decline was due to the weakened Russian rouble and price-driven campaigns in Finland. Operating costs excluding NRI decreased by EUR 20.6 million, mostly due to the cost savings programme carried out during the year. Non-recurring items amounted to EUR 6.7 million and they mostly include write-downs of inventory and non-current assets. The operating result excluding NRI was EUR -34.2 million. The reported operating result was EUR -40.9 million (EUR 26.0 million).

The Department Store Division's fourth-quarter revenue was down by 10.3 per cent, to EUR 351.7 million (EUR 392.1 million), or down by 5.1 per cent in comparable currency rates. The Crazy Days campaign achieved a good result, but Christmas sales were lower than expected.

Revenue in Finland was down by 8.8 per cent, to EUR 244.2 million (EUR 267.8 million) in the quarter. Euro-denominated revenue from international operations was EUR 107.5 million (EUR 124.3 million). Rouble-denominated revenue was up by 7.6 per cent in Russia.

The gross margin for the quarter was 35.5 per cent (41.9 per cent) and it declined particularly in Russia due to the weakened rouble. Operating costs excluding non-recurring items were down by EUR 16.1 million. Operating profit excluding non-recurring items was EUR 11.6 million. Reported operating profit was EUR 4.9 million (EUR 34.0 million).

Fashion Chain Division

The Fashion Chain Division's full-year revenue was down by 7.7 per cent, to EUR 743.2 million (EUR 805.2 million). Revenue was down by 9.1 per cent in Finland, to EUR 136.7 million (EUR 150.4 million), and down by 7.4 per cent in international operations, to EUR 606.4 million (EUR 654.8 million). Revenue outside Finland accounted for 81.6 per cent (81.3 per cent) of the division's total revenue.

Lindex's full-year euro-denominated revenue was down by 5.4 per cent and totalled EUR 650.6 million (EUR 688.0 million). Revenue in comparable currency rates was on a par with the previous year. The performance was mixed: revenue grew in Norway and the newest markets but declined in Sweden, Finland and Estonia. Seppälä's revenue was down by 21.1 per cent, to EUR 92.6 million (EUR 117.3 million). Seppälä closed 34 stores (net) in 2014, which partly explains the poor performance. The comparable revenue excluding the store closures was down by 11.9 per cent.

The Fashion Chain Division's gross margin for 2014 was 60.4 per cent (61.7 per cent). Lindex's gross margin was 61.9 per cent (62.6 per cent) and Seppälä's gross margin was 50.3 per cent (56.4 per cent).

The division's full-year operating profit was EUR 0.0 million (EUR 38.6 million). Lindex recorded an operating profit of EUR 30.8 million (EUR 52.9 million). Seppälä's operating result was significantly down. Operating result excluding NRI was EUR -27.2 million and reported operating result was EUR -30.8 million (EUR -14.4 million). In addition, EUR 21.0 million of non-recurring items related to store closures have been allocated in the Stockmann Group's common costs.

The division's fourth-quarter revenue was down by 8.8 per cent, to EUR 196.9 million (EUR 215.9 million). Lindex's revenue declined by 6.9 per cent to EUR 174.0 million (EUR 186.9 million), mainly due to the weakened Swedish and Norwegian currencies. Revenue in comparable currency rates was down by 1.0 per cent. Seppälä's revenue was down by 20.8 per cent, to EUR 22.9 million (EUR 28.9 million). The comparable revenue excluding the store closures was down by 10.6 per cent.

The division's gross margin was 59.7 per cent (63.3 per cent) in the fourth quarter. Lindex's gross margin was 61.4 per cent (64.5 per cent). In 2013, the gross margin for the quarter was up due to a one-time customs refund. Seppälä's gross margin was 46.9 per cent (55.2 per cent). Operating result for the quarter, excluding NRI, was EUR 6.6 million, compared with EUR 17.6 million a year earlier. Lindex made an operating profit of EUR 12.3 million (EUR 22.2 million), while Seppälä's operating result totalled EUR -5.7 million excluding NRI. The reported operating result was EUR -9.4 million (EUR -4.6 million).

Financing and capital employed

Cash and cash equivalents totalled EUR 29.3 million at the close of the year, compared with EUR 33.9 million a year earlier. Cash flow from operating activities was EUR 29.6 million (EUR 125.4 million) for the financial year, and EUR 116.9 million (EUR 183.2 million, including Lindex's tax refund of EUR 26.3 million) for the fourth quarter.

Net working capital excluding cash and cash equivalents amounted to EUR 51.3 million at the close of the year, compared with EUR 133.9 million a year earlier.

Inventories were EUR 239.3 million (EUR 285.8 million). Compared with the previous year, the stock levels were down in both divisions.

Current receivables amounted to EUR 80.1 million (120.9 million). The decline was mostly due to classification of Hobby Hall's interest-bearing receivables as part of assets held for sale. Non-interest-bearing liabilities amounted to EUR 268.1 million (EUR 272.8 million).

Interest-bearing liabilities at the close of the year stood at EUR 833.9 million (EUR 814.8 million), of which EUR 613.2 million (EUR 469.4 million) was long-term debt. In addition, the Group had EUR 296.6 million in undrawn, long-term committed credit facilities and EUR 408.7 million in undrawn uncommitted credit facilities. Most of the short-term debt has been acquired in the commercial paper market.

The equity ratio at the close of the year was 39.3 per cent (43.8 per cent), and net gearing was 105.4 per cent (87.3 per cent).

The return on capital employed over the past 12 months was -4.9 per cent (3.4 per cent). The Group's capital employed decreased by EUR 115.6 million and stood at EUR 1 594.6 million (EUR 1 710.2 million) at the end of the year.

Dividends

Decisions by the 2014 Annual General Meeting were published in a stock exchange release on 18 March 2014. In accordance with a resolution of the meeting, a dividend of EUR 0.40 per share was paid on the 2013 financial year, totalling EUR 28.8 million, in April 2014.

At the end of the financial year, on 31 December 2014, the funds available for profit distribution on the parent company's balance sheet amounted to EUR 190.8 million, of which EUR -174.5 million was the net result for the financial year. The funds on the balance sheet declined in 2014 due to the partial write down of investments in the Russian retail operations. The Board of Directors will propose to the Annual General Meeting, to be held on 19 March 2015, that no dividend be paid on the 2014 financial year. EUR 190.8 million would remain in unrestricted equity.

Cost savings programme in 2014

Stockmann carried out structural changes and other cost saving measures across the organisation in 2014. Changes took place in the Department Store Division's marketing at the beginning of the year and in the division's other support functions and Corporate Administration in the autumn.

A new sales organisation model for the department stores in Finland and a centralised centre for customer service were taken into use as of 1 September. In the new model, sales staff focus on selling and customer service, while administration, support services and customer service over the telephone and through online channels are centralised. The comparable annual savings target of these changes is around EUR 10 million and will be fully achieved from 2015 onwards.

In December, Stockmann decided to close down its 11 Stockmann Beauty cosmetic stores in Finland. The stores will be closed by the end of May 2015.

Seppälä decided in August to close its remaining 16 stores in Russia. After codetermination negotiations that ended in December, a decision was made to withdraw from Latvia and Lithuania and to close down 41 stores in Finland during 2015.

A new distribution centre for Stockmann's department stores and online store in Finland and the Baltic countries was decided to take into use in 2016. In addition to operational improvements, Stockmann is targeting an annual cost saving of approximately EUR 6.5 million, excluding depreciation of the automation technology investment. Savings are expected to be achieved in full from 2018 onwards.

Capital expenditure

Capital expenditure during the financial year totalled EUR 53.8 million (EUR 56.8 million), which was lower than depreciation, which was at EUR 71.0 million (74.4 million). Fourth-quarter capital expenditure was EUR 11.1 million (EUR 13.1 million), and deprecation was EUR 17.3 million (EUR 19.2 million).

The Department Store Division's capital expenditure for the financial year totalled EUR 28.9 million (EUR 26.9 million). In 2014 a new enterprise resource planning (ERP) system was fully taken into use. A total of EUR 7.0 million was invested in this project in 2014. The construction of a new distribution centre for Finland and the Baltic countries started during the year. The distribution centre will be located in rented premises, but in 2014, Stockmann invested EUR 5.3 million in automation technology to be used in the centre. The enlarged Tampere department store opened in November 2014. EUR 5.2 million was invested in the project in 2014.

The Fashion Chain Division's capital expenditure for the financial year totalled EUR 21.4 million (EUR 24.7 million). Lindex opened 24 stores and closed 12 stores in 2014. Seven stores were opened in the fourth quarter: three in Finland, one in Norway and one in Slovakia, and one franchising store each in Iceland, and Bosnia and Herzegovina. Four stores were closed: three in Russia and one in Saudi Arabia. In total there were 491 Lindex stores in 16 countries at the end of the year.

Lindex entered into a franchising partnership with the Chinese company Suning in 2013 with the aim of opening the first Lindex store in China in September 2014. Suning unilaterally withdrew from the franchising agreement at the end of March 2014. Plans to enter the Chinese market will be studied further in 2015.

Seppälä opened three stores and closed 37 stores in 2014. Three stores were opened in the fourth quarter: two in Finland and one in Estonia. Eight stores were closed: two in Finland, one in Latvia, one in Lithuania, and four stores in Russia. In total there were 175 Seppälä stores in five countries at the end of 2014.

The Group's other capital expenditure totalled EUR 3.5 million (EUR 5.4 million), of which a major part was invested in the Group's new financial management systems.

STORE NETWORK

Stockmann Group	Total 31.12.2013	Total 30.9.2014	New stores in Q4 2014	Closed stores in Q4 2014	**Total 31.12.2014**
Department stores*	16	16			**16**
Stockmann Beauty stores	11	11			**11**
Hobby Hall and outlet stores in the Department Store Division	2	2			**2**
Lindex stores	479	488	7	4	**491**
of which franchising	35	35	2	1	**36**
of which own stores	444	453	5	3	**455**
Seppälä stores	209	180	3	8	**175**

* Academic Bookstores are included in the department stores in Finland.

New Projects

Capital expenditure for 2015 is estimated to amount to approximately EUR 70 million. Most of the capital expenditure will be used for the expansion and refurbishment of the Lindex stores, automation technology in Stockmann's new distribution centre, IT system renewals as well as property and store concept renewals.

Lindex will continue to expand, with a net addition of 10-15 (net) stores in 2015, including franchising stores. In March, Lindex will open its first store in the UK, in the Westfield Stratford City shopping centre in London. Lindex is also planning to close down all its stores in Russia.

Shares and share capital

Stockmann has two series of shares. Series A shares each confer 10 votes, while Series B shares each confer one vote. The shares carry an equal right to dividends. The par value is EUR 2.00 per share.

As of the end of 2014, Stockmann had 30 595 765 Series A shares and 41 452 918 Series B shares, or a total of 72 048 683 shares. The number of votes conferred by the shares was 347 410 568.

The share capital remained at EUR 144.1 million in 2014. The market capitalisation at the end of the year was EUR 460.1 million (EUR 796.0 million).

At the close of 2014, the price of a Series A share was EUR 6.42, compared with EUR 11.06 at the end of 2013, while the price of a the Series B share was EUR 6.36, compared with EUR 11.04 at the end of 2013. Share performance was below the OMX Helsinki Cap and the OMX Helsinki indexes in 2014. A total of 0.9 million (0.4 million) Series A shares and 17.6 million (14.6 million) Series B shares were traded during the year. This corresponds to 3.0 per cent (1.5 per cent) of the average number of Series A shares and 42.5 per cent (35.1 per cent) of the average number of Series B shares.

The company does not hold any of its own shares, and the Board of Directors has no valid authorisations to purchase shares of the company or to issue new shares.

At the end of 2014, Stockmann had 55 343 shareholders, compared with 59 475 a year earlier. Stockmann did not receive any flagging announcements arising from changes in major shareholdings during 2014.

Personnel

The Group's average number of personnel in 2014 was 14 533, which is 430 less than in the previous year (14 963 in 2013 and 15 603 in 2012). The decline took place in the Department Store Division and in Seppälä. In terms of full-time equivalents, the average number of employees decreased by 328 to a total of 11 094 (11 422 in 2013 and 11 898 in 2012).

At the end of 2014, the Group had 14 456 employees (15 441) of whom 6 382 (7 033) were working in Finland. The number of employees working outside of Finland was 8 074 (8 408) representing 56 per cent (54 per cent) of the total. The Department Store Division employed 8 229 people (8 955), Lindex 5 031 (4 999) and Seppälä 1 060 (1 346), while 136 people were employed in the Corporate Administration (141).

The Group's wages and salaries amounted to EUR 303.2 million in 2014, compared with EUR 313.1 million in 2013 and EUR 319.4 million in 2012. The total employee benefits expenses were EUR 383.3 million (EUR 397.8 million), which is equivalent to 20.8 per cent (19.5 per cent) of revenue.

Changes in management

Hannu Penttilä stepped down from his position as the Chief Executive Officer on 26 August 2014 and retired on 31 December 2014, as he had reached the retirement age specified in his service agreement. Kaj-Gustaf Bergh, Chairman of Stockmann's Board of Directors, acted as temporary CEO from 26 August until 10 November when the new CEO, Per Thelin, started in his position.

Board member Kjell Sundström was appointed Chief Strategy Officer as of 23 May 2014. He is heading the strategy process with a fixed-term contract of up to 12 months.

Ingvar Larsson was appointed CEO of Lindex and Director of the Fashion Chain Division as of 6 June 2014, when his predecessor, Göran Bille, resigned from his post.

New directors in the Stockmann Group's Management Committee were appointed as of 1 November 2014: Jouko Pitkänen was appointed Director, Stockmann Retail, Tove Westermarck was appointed Development Director, Björn Teir was appointed Director, Real Estate, and Lauri Veijalainen was appointed Deputy Director, Real Estate. He continues also as Development Director of the Group's international operations. Executive Vice President and Director of the Department Store Division, Maisa Romanainen, resigned from her post in June and left Stockmann in October.

Board of Directors of Lindex

At an extraordinary shareholders' meeting in October, a new operational Board of Directors was chosen for AB Lindex. Stockmann's Board member Per Sjödell was elected as Chairman of the Board. Kjell Sundström, Board member and Chief Strategy Officer of Stockmann, Rossana Mariano, CEO and founder of PR agency RMPR, Tracy Stone, Global Sales Director of GANT, and Pekka Vähähyyppä, CFO of Stockmann, were elected as members of the Board. Caroline Kull Magnusson and Ann-Britt Neckvall will continue as employee representatives.

In December, an extraordinary shareholders' meeting further elected Eva Hamilton, former CEO of Sveriges Television (SVT), and Per Thelin, Stockmann's CEO, as new members of the Board. Thelin replaced Stockmann's CFO Pekka Vähähyyppä in the Board and also serves as the Vice Chairman.

Corporate Social Responsibility

Commitment to responsible operations forms a core part of Stockmann's values and daily operations. Stockmann is committed to the UN's Global Compact initiative, and the company's Code of Conduct defines ways of working for all employees and management staff without exception. In the supply chain for Lindex's, Seppälä's and Stockmann's own brands the manufacturers must comply with the Supplier Code of Conduct, which is based on the Business Social Compliance Initiative's Code of Conduct.

In April, Stockmann was the first fashion seller in Finland to disclose its factory list for suppliers that produce the major part of Stockmann's own fashion brands. Lindex disclosed its supplier and factory list already in 2013. Seppälä published its corresponding list in late 2014.

In October, the international climate initiative CDP (Carbon Disclosure Project) published its report on Nordic companies' reporting and management of carbon emissions. Stockmann received a score of 93 B, which was a significant improvement on the previous year (84 C).

Further information on Stockmann's CSR activities and results will be available in the CSR report, which will be published later in the spring at the company's website stockmanngroup.com.

Risk factors

Stockmann is exposed to risks that arise from the operating environment, risks related to the company's own operations and financial risks. The general economic situation is affecting consumers' purchasing behaviour and purchasing power in all of the Group's market areas. Rapid and unexpected movements in markets may influence the behaviour of both the financial markets and consumers. Uncertainties related to the general economic situation, particularly those related to consumers' purchasing power, and currency fluctuations are considered to be the principal risks that will continue to affect Stockmann during 2015.

Business risks in Russia are greater than in the Nordic countries or the Baltic countries. The operating environment is unstable and the crisis in Ukraine has considerably increased geopolitical tensions. Trade sanctions against Russia by the EU and the USA and counter-measures by Russia may further affect Stockmann's operations. A significant share of the products, that Stockmann sells in Russia, are imported, so trade sanctions would weaken Stockmann's business in the country. The weakening Russian rouble will continue to have a negative impact on consumers' purchasing power.

Fashion accounts for over two thirds of the Group's revenue. An inherent feature of the fashion trade is the short life cycle of products and their dependence on trends, the seasonality of sales and the susceptibility to abnormal changes in weather conditions. Responsible management of the supply chain is important for the Group's brands in order to retain customer confidence in Stockmann. The Group addresses these factors as part of its day-to-day management of operations.

The Group's operations are based on flexible logistics and efficient flows of goods. Delays and disturbances in the flow of goods and information can have a temporary adverse effect on operations. Every effort is made to manage these operational risks by developing appropriate back-up systems and alternative ways of operating, and by seeking to minimise disturbances to information systems. Operational risks are also met by taking out insurance cover.

The Group's revenue, earnings and balance sheet are affected by changes in exchange rates between the Group's reporting currency, which is the euro, and the Swedish krona, the Norwegian krone, the Russian rouble, the US dollar and certain other currencies. Currency fluctuations may have a significant effect on the Group's business operations. Financial risks, including risks arising from interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors.

Outlook for 2015

The Russian rouble has weakened considerably and economic growth in Russia is expected to remain at a low level in 2015, having a continuously negative impact on consumers' purchasing power. The weakening purchasing power is also expected to decrease the number of Russian shoppers in Finland and in the Baltic countries. The crisis in Ukraine, sanctions against Russia and their counter-measures may further affect the Russian economy during the year. As a consequence, the outlook for the Russian retail market remains very uncertain.

In Finland, no growth is expected in the retail market in 2015. The demand for non-food products, in particular, remains uncertain. Purchasing power is estimated to remain low, which will have a negative effect on consumer purchasing behaviour.

The affordable fashion market in Sweden and the retail market in the Baltic countries are expected to remain relatively stable. Low consumer confidence may, however, affect consumers' willingness to make purchases in all market areas.

Stockmann's new strategy aims at improving the Group's long-term competitiveness and profitability. An efficiency programme is being launched with planned store closures and an annual cost savings target of EUR 50 million. The effects will start to be reflected in Stockmann's performance mostly beginning in 2016.

Capital expenditure for 2015 is estimated to amount to approximately EUR 70 million. The operating result will be adversely affected by the increase in depreciation due to the fair market valuation of the real estate.

Due to planned structural changes, Stockmann expects the Group's revenue in 2015 to be down on 2014. Operating result excluding non-recurring items is expected to improve, but to remain negative in 2015 due to the performance of the Stockmann Retail division. Operating results for the Real Estate and Fashion Chains divisions are expected to be positive.

Corporate Governance Statement

Stockmann will publish a separate Corporate Governance Statement for 2014 in line with the recommendation by the Finnish Corporate Governance Code. The statement will be published on the company's website and as part of Annual Report 2014 in February.

Helsinki, Finland, 12 February 2015

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

ACCOUNTING POLICIES

This Financial Statements Bulletin has been prepared in compliance with IAS 34. The accounting policies and calculation methods applied are the same as those in the 2014 financial statements. The figures are unaudited.

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–31.12.2014**	1.1.–31.12.2013
REVENUE	**1 844.5**	2 037.1
Other operating income	**0.0**	0.0
Materials and consumables	**−984.6**	−1 046.9
Wages, salaries and employee benefits expenses	**−383.3**	−397.8
Deprecation, amortisation and impairment losses	**−71.0**	−74.4
Other operating expenses	**−487.8**	−463.6
Total expenses	**−1 926.7**	−1 982.7
OPERATING PROFIT/LOSS	**−82.2**	54.4
Finance income	**1.3**	4.5
Finance expenses	**−22.7**	−32.1
Total finance income and expenses	**−21.4**	−27.6
PROFIT/LOSS BEFORE TAX	**−103.6**	26.8
Income taxes	**3.8**	21.6
PROFIT/LOSS FOR THE PERIOD	**−99.8**	48.4
Profit/loss for the period attributable to:		
Equity holders of the parent company	**−99.8**	48.4
Non-controlling interest	**0.0**	0.0
EPS, undiluted, adjusted for share issue, EUR	**−1.39**	0.67
EPS, diluted, adjusted for share issue, EUR	**−1.39**	0.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–31.12.2014**	1.1.–31.12.2013
PROFIT/LOSS FOR THE PERIOD	**−99.8**	48.4
Net other comprehensive income which will not be reclassified to profit or loss in subsequent periods		
Remeasurement gains/losses on defined benefit pension liability	**0.0**	0.1
Net other comprehensive income which will be reclassified to profit or loss in subsequent periods		
Exchange differences on translating foreign operations	**−10.1**	−5.8
Cash flow hedges	**4.0**	0.5
Other comprehensive income for the period, net of tax	**−6.1**	−5.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**−105.9**	43.1
Total comprehensive income attributable to:		
Equity holders of the parent company	**−105.9**	43.1
Non-controlling interest	**0.0**	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	31.12.2014	31.12.2013
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Trademark	**96.8**	102.6
Intangible rights	**60.0**	38.8
Other intangible assets	**3.9**	3.1
Advance payments and construction in progress	**3.3**	24.0
Goodwill	**748.1**	793.2
Intangible assets, total	**912.2**	961.8
Property, plant and equipment		
Land and water	**43.1**	42.1
Buildings and constructions	**426.9**	440.4
Machinery and equipment	**80.9**	95.8
Modification and renovation expenses for leased premises	**26.5**	32.4
Advance payments and construction in progress	**13.2**	5.8
Property, plant and equipment, total	**590.5**	616.5
Non-current receivables	**3.4**	0.5
Available-for-sale investments	**7.8**	7.9
Deferred tax asset	**25.9**	17.3
NON-CURRENT ASSETS, TOTAL	**1 539.7**	1 604.0
CURRENT ASSETS		
Inventories	**239.3**	285.8
Current receivables		
Interest-bearing receivables	**2.4**	43.1
Income tax receivables	**2.0**	0.8
Non-interest-bearing receivables	**75.7**	76.9
Current receivables, total	**80.1**	120.9
Cash and cash equivalents	**29.3**	33.9
CURRENT ASSETS, TOTAL	**348.8**	440.6
ASSETS CLASSIFIED AS HELD FOR SALE	**48.0**	0.0
ASSETS, TOTAL	**1 936.5**	2 044.6

EUR mill.	31.12.2014	31.12.2013
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**144.1**	144.1
Share premium fund	**186.1**	186.1
Invested unrestricted equity fund	**250.4**	250.5
Other funds	**47.4**	43.4
Translation reserve	**-5.9**	4.1
Retained earnings	**138.3**	266.8
Equity attributable to equity holders of the parent company	**760.4**	894.9
Non-controlling interest	**0.0**	0.0
EQUITY, TOTAL	**760.4**	894.9
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**62.0**	61.5
Non-current interest-bearing financing liabilities	**613.2**	469.4
Provisions for pensions	**0.0**	0.1
Non-current non-interest-bearing liabilities and provisions	**0.3**	0.4
NON-CURRENT LIABILITIES, TOTAL	**675.5**	531.4
CURRENT LIABILITIES		
Current interest-bearing financing liabilities	**220.7**	345.4
Current non-interest-bearing liabilities		
Trade payables and other current liabilities	**237.2**	269.4
Income tax liabilities	**0.0**	3.3
Current provisions	**30.8**	0.2
Current non-interest-bearing liabilities, total	**268.1**	272.8
CURRENT LIABILITIES, TOTAL	**488.8**	618.3
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**11.8**	0.0
LIABILITIES, TOTAL	**1 176.1**	1 149.7
EQUITY AND LIABILITIES, TOTAL	**1 936.5**	2 044.6

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss for the period	**−99.8**	48.4
Adjustments for:		
Depreciation, amortisation and impairment losses	**71.0**	74.4
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**4.8**	0.6
Interest and other financial expenses	**22.7**	32.1
Interest income	**−1.3**	−4.5
Income taxes	**−3.8**	−21.6
Other adjustments	**30.8**	0.5
Working capital changes:		
Increase (-) /decrease (+) in inventories	**13.7**	6.8
Increase (-) / decrease (+) in trade and other current receivables	**42.5**	0.5
Increase (+) / decrease (-) in current liabilities	**−19.7**	−4.8
Interest expenses paid	**−20.9**	−26.4
Interest received from operating activities	**0.2**	4.3
Other financing items from operating activities	**−1.6**	−1.8
Income taxes paid from operating activities	**−9.0**	17.0
Net cash from operating activities	**29.6**	125.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intagible assets	**−55.1**	−61.1
Proceeds from sale of investments	**0.0**	0.0
Dividends received from investing activities	**0.1**	0.2
Net cash used in investing activities	**−55.0**	−60.9
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	**0.0**	0.0
Proceeds from current liabilities	**207.4**	324.0
Repayment of current liabilities	**−332.9**	−316.2
Proceeds from non-current liabilities	**478.2**	86.4
Repayment of non-current liabilities	**−298.9**	−114.9
Payment of finance lease liabilities	**−0.5**	−4.7
Dividends paid	**−28.8**	−43.1
Net cash used in financing activities	**24.5**	−68.5
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−0.9**	−4.0
Cash and cash equivalents at the beginning of the period	**33.9**	36.1
Cheque account with overdraft facility	**−6.1**	−3.9
Cash and cash equivalents at the beginning of the period	**27.8**	32.2
Net increase/decrease in cash and cash equivalents	**−0.9**	−4.0
Effects of exchange rate fluctuations on cash held	**−1.7**	−0.4
Cash and cash equivalents at the end of the period	**29.3**	33.9
Cheque account with overdraft facility	**−4.1**	−6.1
Cash and cash equivalents at the end of the period	**25.3**	27.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Share premum fund	Hedging reserve*	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2013	144.1	186.1	−1.0	250.5	43.9	10.0	259.7	**893.3**	0.0	**893.3**
Dividend distribution							−43.2	**−43.2**		**−43.2**
Options exercised							1.9	**1.9**		**1.9**
Other changes	0.0	0.0					−0.1	**−0.1**		**−0.1**
Comprehensive income for the period										
Profit/loss for the period							48.4	**48.4**		**48.4**
Remeasurement gains/losses on defined benefit pension liability							0.1	**0.1**		**0.1**
Exchange differences on translating foreign operations						−5.8		**−5.8**		**−5.8**
Cash flow hedges			0.5					**0.5**		**0.5**
Total comprehensive income for the period*			0.5			−5.8	48.5	**43.1**		**43.1**
SHAREHOLDERS' EQUITY 31.12.2013	144.1	186.1	−0.5	250.5	43.9	4.1	266.8	**894.9**	0.0	**894.8**

EUR mill.	Share capital	Share premum fund	Hedging reserve*	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	**Total**	Non-controlling interest	**Total**
SHAREHOLDERS' EQUITY 1.1.2014	144,1	186,1	−0,5	250,5	43,9	4,1	266,8	**894,9**	0,0	**894,9**
Dividend distribution							−28,8	**−28,8**		**−28,8**
Options exercised							0,2	**0,2**		**0,2**
Share premium				−0,0				**0,0**		**0,0**
Other changes	0,0	0,0					0,0	**0,0**		**0,0**
Comprehensive income for the period										
Profit/loss for the period							−99,8	**−99,8**		**−99,8**
Remeasurement gains/losses on defined benefit pension liability							0,0	**0,0**		**0,0**
Exchange differences on translating foreign operations						−10,1		**−10,1**		**−10,1**
Cash flow hedges			4,0					**4,0**		**4,0**
Total comprehensive income for the period*			4,0			−10,1	−99,8	**−105,9**		**−105,9**
SHAREHOLDERS' EQUITY 31.12.2014	144,1	186,1	3,4	250,4	43,9	−5,9	138,3	**760,4**	0,0	**760,4**

* Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
Department Store Division	1 101.2	1 232.6
Fashion Chain Division	743.2	805.2
Segments, total	1 844.4	2 037.8
Unallocated	0.1	−0.8
Group total	1 844.5	2 037.1

Operating profit/loss, EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
Department Store Division	−40.9	26.0
Fashion Chain Division	0.0	38.6
Segments, total	−40.9	64.6
Unallocated	−41.3	−10.2
Group total	−82.2	54.4
Reconciliation to the item profit/loss before tax:		
Financial income	1.3	4.5
Financial expenses	−22.7	−32.1
Consolidated profit before taxes	−103.6	26.8

Depreciation, amortisation and impairment losses, EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
Department Store Division	41.5	42.2
Fashion Chain Division	26.7	29.7
Segments, total	68.2	71.8
Unallocated	2.8	2.6
Group total	71.0	74.4

Capital expenditure, gross, EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
Department Store Division	28.9	26.9
Fashion Chain Division	21.4	24.7
Segments, total	50.3	51.5
Unallocated	3.5	5.2
Group total	53.8	56.8

Assets, EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
Department Store Division	786.6	868.0
Fashion Chain Division	1 050.2	1 124.2
Segments, total	1 836.8	1 992.2
Unallocated	51.7	52.1
Non-current assets classified as held for sale	48.0	
Group total	1 936.5	2 044.3

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
Finland 1)	**882.8**	983.2
Sweden and Norway 2)	**513.7**	548.2
Baltic countries and Central Europe 1) *	**161.0**	159.9
Russia 1)	**286.9**	345.7
Group total	**1 844.5**	2 037.1
Finland %	**47.9%**	48.3%
International operations %	**52.1%**	51.7%

Operating profit/loss, EUR mill. **	1.1.–31.12.2014	1.1.–31.12.2013
Finland 1)	**−91.2**	−0.9
Sweden and Norway 2)	**38.6**	59.0
Baltic countries and Central Europe 1) *	**−0.9**	2.7
Russia 1)	**−28.7**	−6.4
Group total	**−82.2**	54.4

Non-current assets, EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
Finland 1)	**485.1**	480.2
Sweden and Norway 2)	**796.5**	850.4
Baltic countries and Central Europe 1) *	**37.0**	40.7
Russia 1)	**195.2**	215.1
Group total	**1 513.9**	1 586.4
Finland %	**32.0%**	30.3%
International operations %	**68.0%**	69.7%

1) Department Store Division, Fashion Chain Division
2) Fashion Chain Division
* Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland
** Includes re-allocation of purchasing office costs

EXCHANGE RATES OF EURO

Closing rate for the period	31.12.2014	31.12.2013
RUB	**72.3370**	45.3246
LTL	**3.4528**	3.4528
NOK	**9.0420**	8.3630
SEK	**9.3930**	8.8591
Average rate for the period	**1.1.–31.12.2014**	1.1.–31.12.2013
RUB	**51.0421**	42.3362
LTL	**3.4528**	3.4528
NOK	**8.3561**	7.8075
SEK	**9.0980**	8.6514

KEY FIGURES OF THE GROUP

	31.12.2014	31.12.2013
Equity ratio, per cent	**39.3**	43.8
Net gearing, per cent	**105.4**	87.3
Cash flow from operating activities per share, EUR	**0.41**	1.74
Interest-bearing net debt, EUR mill.	**799.4**	737.8
Number of shares at the end of the period, thousands	**72 049**	72 049
Weighted average number of shares, thousands	**72 049**	72 049
Weighted average number of shares, diluted, thousands	**72 049**	72 049
Market capitalization, EUR mill.	**460.1**	796.0
Operating profit/loss, per cent of turnover	**−4.5**	2.7
Equity per share, EUR	**10.55**	12.42
Return on equity, rolling 12 months, per cent	**−12.1**	5.4
Return on capital employed, rolling 12 months, per cent	**−4.9**	3.4
Average number of employees, converted to full-time equivalents	**11 094**	11 422
Capital expenditure, EUR mill.	**53.8**	56.8

DEFINITIONS OF KEY FIGURES:

Equity ratio, per cent = 100 x $\dfrac{\text{Equity + minority interest}}{\text{Total assets – advance payments received}}$

Net gearing, per cent = 100 x $\dfrac{\text{Interest-bearing liabilities – cash and cash equivalents – non-current interenst-bearing receivables}}{\text{Equity total}}$

Interest-bearing net debt = Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables

Market capitalization = Number of shares multiplied by the quotation for the respective share series on the balance sheet day

Earnings per share, adjusted for share issue = $\dfrac{\text{Profit before tax – minority interest – income taxes}}{\text{Average number of shares, adjusted for share issue}}$

Return on equity, per cent, rolling 12 months = 100 x $\dfrac{\text{Profit for the period (12 months)}}{\text{Equity + minority interest (average over 12 months)}}$

Return on capital employed, per cent, rolling 12 months = 100 x $\dfrac{\text{Profit before taxes + interest and other financial expenses (12 months)}}{\text{Capital employed (average over 12 months)}}$

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	**548.5**	405.0	495.3	395.6	607.8	454.4	543.6	431.3
Other operating income	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and consumables	**-308.3**	-203.9	-256.8	-215.5	-307.1	-229.6	-276.5	-233.7
Wages, salaries and employee benefits expenses	**-99.7**	-87.3	-98.9	-97.5	-106.2	-89.6	-101.7	-100.3
Depreciation, amortisation and impairment losses	**-17.3**	-17.2	-18.2	-18.2	-19.2	-18.4	-18.3	-18.6
Other operating expenses	**-150.3**	-111.4	-117.8	-108.3	-127.0	-106.2	-117.0	-113.4
Operating profit	**-27.1**	-14.8	3.5	-43.9	48.3	10.7	30.1	-34.6
Finance income	**0.8**	0.2	0.1	0.1	0.3	3.8	-1.0	1.4
Finance expenses	**-4.8**	-4.9	-7.4	-5.6	-9.3	-7.9	-7.5	-7.4
Total financial income and expenses	**-4.0**	-4.7	-7.3	-5.5	-9.0	-4.1	-8.5	-6.0
Profit before tax	**-31.1**	-19.5	-3.8	-49.3	39.3	6.5	21.6	-40.7
Income taxes	**-7.0**	5.9	-4.3	9.2	-2.8	22.4	-2.1	4.1
Profit/loss for the period	**-38.1**	-13.6	-8.1	-40.1	36.5	28.9	19.5	-36.5

Earnings per share per quarter

EUR	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Undiluted	**-0.53**	-0.19	-0.11	-0.56	0.51	0.40	0.27	-0.51
Diluted	**-0.53**	-0.19	-0.11	-0.56	0.51	0.40	0.27	-0.51

Segment information per quarter

EUR mill.	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue								
Department Store Division	**351.7**	214.0	293.7	241.7	392.1	245.2	325.1	270.2
Fashion Chain Division	**196.9**	190.9	201.6	153.8	215.9	209.4	218.7	161.3
Unallocated	**-0.1**	0.1	0.1	0.1	-0.1	-0.2	-0.2	-0.2
Group total	**548.5**	405.0	495.3	395.6	607.8	454.4	543.6	431.3
Operating profit/loss								
Department Store Division	**4.9**	-16.8	-6.9	-22.1	34.0	-3.6	11.6	-15.9
Fashion Chain Division	**2.9**	4.2	13.2	-20.3	17.6	16.1	22.3	-17.4
Unallocated	**-34.9**	-2.1	-2.8	-1.5	-3.3	-1.8	-3.8	-1.3
Group total	**-27.1**	-14.8	3.5	-43.9	48.3	10.7	30.1	-34.6

Information on market areas per quarter

EUR mill.	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue								
Finland 1)	**280.8**	179.9	231.4	190.6	307.5	206.0	258.3	211.4
Sweden and Norway 2)	**137.8**	129.0	142.4	104.5	149.7	140.1	148.9	109.5
Baltic countries and Central Europe 1) *	**48.1**	36.5	41.5	35.0	48.1	37.1	42.5	32.3
Russia 1)	**81.9**	59.6	80.0	65.4	102.5	71.3	93.9	78.1
Group total	**548.5**	405.0	495.3	395.6	607.8	454.4	543.6	431.3
Finland %	**51.2%**	44.4%	46.7%	48.2%	50.6%	45.3%	47.5%	49.0%
International operations %	**48.8%**	55.6%	53.3%	51.8%	49.4%	54.7%	52.5%	51.0%
**Operating profit/loss ** **								
Finland 1)	**-38.2**	-16.4	-13.4	-23.1	16.5	-1.0	2.2	-18.5
Sweden and Norway 2)	**12.9**	10.2	19.9	-4.5	22.4	17.3	23.4	-4.1
Baltic countries and Central Europe 1) *	**1.1**	0.3	0.7	-2.9	4.5	0.7	1.0	-3.5
Russia 1)	**-2.8**	-8.9	-3.7	-13.3	4.9	-6.2	3.5	-8.5
Group total	**-27.1**	-14.8	3.5	-43.9	48.3	10.7	30.1	-34.6

1) Department Store Division, Fashion Chain Division
2) Fashion Chain Division
* Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland
** Includes re-allocation of purchasing office costs

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS OFF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Contingent liabilities of the Group, EUR mill.	**31.12.2014**	31.12.2013
Mortages on land and buildings	**1.7**	1.7
Pledges and guarantees	**7.9**	8.1
Liabilities of adjustments of VAT deductions made on investments to immovable property	**19.9**	23.3
Total	**29.5**	33.0

Lease agreements on the Group´s business premises, EUR mill.	**31.12.2014**	31.12.2013
Minimum rents payable on the basis of binding lease agreements on business premises		
Within one year	**180.1**	187.5
After one year	**758.9**	694.3
Total	**939.0**	881.8

Group´s lease payments, EUR mill.	**31.12.2014**	31.12.2013
Within one year	**0.6**	0.6
After one year	**1.3**	1.1
Total	**1.9**	1.7

Group´s derivate contracts, EUR mill.	**31.12.2014**	31.12.2013
Nominal value	**0.0**	0.0
Currency derivatives	**432.5**	582.8
Electricity derivates	**1.5**	0.9
Total	**434.1**	583.7

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**31.12.2014**	31.12.2013
Acquisition cost at the beginning of the period	**2 060.6**	2 054.7
Translation difference +/-	**−59.8**	−38.7
Increases during the period	**53.8**	56.8
Decreases during the period	**−92.6**	−9.3
Transfers between items during the period	**0.0**	−2.8
Transfers to non-current assets classified as held for sale	**−1.5**	0.0
Acquisition cost at the end of the period	**1 960.6**	2 060.6
Accumulated depreciation and impairment losses at the beginning of the period	**−482.3**	−423.5
Translation difference +/-	**6.9**	7.3
Depreciation on reductions during the period	**87.7**	8.3
Accumulated depreciation on transfers to non-current assets classified as held for sale	**0.6**	0.0
Depreciation, amortisation and impairment losses during the period	**−71.0**	−74.4
Accumulated depreciation and impairment losses at the end of the period	**−457.9**	−482.3
Carrying amount at the beginning of the period	**1 578.3**	1 631.2
Carrying amount at the end of the period	**1 502.7**	1 578.3

The calculation of consolidated assets includes following changes in consolidated goodwill:

Goodwill, EUR mill.	**31.12.2014**	31.12.2013
Acquisition cost at the beginning of the period	**793.2**	818.8
Translation difference +/-	**−45.1**	−25.6
Acquisition cost at the end of the period	**748.1**	793.2
Carrying amount at the beginning of the period	**793.2**	818.8
Carrying amount at the end of the period	**748.1**	793.2

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES CLASSIFIED ACCORDING TO IAS 39, AND HIERARCHICAL CLASSIFICATION OF FAIR VALUES

Financial assets, EUR mill.	Level	Carrying amount 31.12.2014	Fair value 31.12.2014	Carrying amount 31.12.2013	Fair value 31.12.2013
Derivative contracts, hedge accounting applied	2	**4.4**	**4.4**	0.2	0.2
Financial assets at fair value through profit or loss					
Derivative contracts, hedge accounting not applied					
Currency derivatives	2	**6.6**	**6.6**	6.9	6.9
Electricity derivatives	1	**0.0**	**0.0**	0.0	0.0
Financial assets at amortized cost					
Non-current receivables		**3.4**	**3.4**	0.5	0.5
Current receivables, interest-bearing		**2.4**	**2.4**	43.1	43.1
Current receivables, non-interest-bearing		**64.7**	**64.7**	69.8	69.8
Cash and cash equivalents		**29.3**	**29.3**	33.9	33.9
Available-for-sale financial assets	3	**7.8**	**7.8**	7.9	7.9
Financial assets, total		**118.6**	**118.6**	162.4	162.4

Financial liabilities, EUR mill.	Level	Carrying amount 31.12.2014	Fair value 31.12.2014	Carrying amount 31.12.2013	Fair value 31.12.2013
Derivative contracts, hedge accounting applied	2	**0.0**	**0.0**	0.9	0.9
Financial liabilities at fair value through profit or loss					
Derivative contracts, hedge accounting not applied					
Currency derivatives	2	**0.4**	**0.4**	2.9	2.9
Electricity derivatives	1	**0.2**	**0.2**	0.2	0.2
Financial liabilities at amortized cost					
Non-current interest-bearing liabilities	2	**613.2**	**607.2**	469.4	466.5
Current liabilities, interest-bearing	2	**220.7**	**221.0**	345.4	346.3
Current liabilities, non-interest-bearing		**236.7**	**236.7**	265.5	265.5
Financial liabilities, total		**1 071.2**	**1 065.6**	1 084.3	1 082.3

The Group uses the following hierarchy of valuation techniques to determine and disclose the fair value of financial instruments:
Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets.
Level 2: The valuation techniques use as input data quoted market prices which are regularly available from stock exchanges, brokers or pricing services. Level 2 financial instruments are over-the-counter (OTC) derivative contracts which are classified either for recognition at fair value on the income statement or as hedging instruments.
Level 3: Techniques, which require most management's judgment.

There haven't been any transfers between the levels during the financial year.

Financial assets on level 3 are investments in shares of unlisted companies. The fair value of the shares is determined by techniques based on the management's judgment. Profits or losses from the investments are recorded to other operating income or expenses in the income statement, because acquisition and divestment decisions on the investments are made for business reasons. The following calculation illustrates changes in financial assets valuated at fair value during the reporting period

Change in fair value of available-for-sale financial assets, EUR mill.	31.12.2014	31.12.2013
Carrying amount Jan. 1	**7.9**	5.0
Transfers between items	**0.0**	2.8
Total	**7.8**	7.9

Stockmann plc
Aleksanterinkatu 52 B
P.O. Box 220
FI-00101 HELSINKI, FINLAND
Tel. +358 9 1211
stockmanngroup.com