



Interim Report
Q3 2015

STOCKMANN

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New steps taken in strategy implementation, further slight improvement of operating result

July-September 2015:

Consolidated revenue was EUR 350.9 million (EUR 405.0 million), down 2.9 per cent at comparable exchange rates excluding Seppälä.

Gross margin was up, to 50.1 per cent (49.6 per cent).

Operating result excluding non-recurring items (NRI) was EUR -12.7 million (EUR -14.8 million).

January-September 2015:

Consolidated revenue was EUR 1 137.1 million (EUR 1 295.9 million), down 3.6 per cent at comparable exchange rates excluding Seppälä.

Operating result excluding NRI was EUR -56.9 million (EUR -55.1 million).

Result for the period excluding NRI was EUR -71.6 million (EUR -61.7 million).

Earnings per share excluding NRI came to EUR -0.99 (EUR -0.86).

Non-recurring items were EUR -13.0 million (EUR 0 million).

The outlook for 2015 remains unchanged: Due to planned structural changes, Stockmann expects the Group's revenue in 2015 to be down on 2014. The 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:

Implementation of our new strategy is proceeding according to plan. Many changes have taken place and they have required a lot of work from all Stockmann employees. There are still many steps ahead of us, as we are just at the beginning of the process of building a new Stockmann. However, the direction is clear, and we are moving purposefully towards our goal.

Stockmann wants to ensure inspiration, quality and convenient shopping for its customers. We are renewing our product offering in the department stores, with focus on creating a more up-to-date brand mix in our key product areas. We want to bring new experiences to our customers, and the Brooklyn campaign in September was a successful example of this. An attractive tenant mix will complement Stockmann's own offering, and together with our tenants we share the common goal of providing top-notch shopping experiences to our customers.

During the third quarter we completed the sale of the Academic Bookstore to Bonnier Books as planned. Books will remain in the offering for customers, as the Academic Bookstore will continue as a tenant in most of our Finnish department stores. Euronics opened its electronics stores in the Riga and Tallinn department stores in September. The cooperation has started well, and the new tenant expands our offering, as electronics have not been sold earlier in our Baltic department stores.

Despite the tough market environment and weak Russian rouble, Stockmann's operating result excluding non-recurring items improved slightly in the third quarter, and operating result before depreciation was already positive. Particularly Lindex made a strong improvement in its result thanks to increased sales and tight cost control. The Real Estate division continued its good performance. Stockmann Retail's operating result was still negative, despite a decline in operating costs. We are heading towards the most important season in the retail business, the Christmas season, and we will put all our effort in achieving our goals.

KEY FIGURES

	7-9/2015	7-9/2014	1-9/2015	1-9/2014	1-12/2014
Revenue, EUR mill.	350.9	405.0	1 137.1	1 295.9	1 844.5
Gross margin, per cent	50.1	49.6	48.8	47.8	46.6
Operating result before depreciation (EBITDA), EUR mill.	4.5	2.4	-8.2	-1.5	-11.3
Operating result*, EUR mill.	-16.0	-14.8	-69.9	-55.1	-82.2
Operating result* excluding non-recurring items, EUR mill.	-12.7	-14.8	-56.9	-55.1	-42.9
Net financial costs, EUR mill.	5.7	4.7	15.7	17.4	21.4
Result before tax, EUR mill.	-21.6	-19.5	-85.7	-72.6	-103.6
Result for the period, EUR mill.	-16.5	-13.6	-84.6	-61.7	-99.8
Earnings per share, undiluted, EUR	-0.23	-0.19	-1.17	-0.86	-1.39
Equity per share, EUR			14.19	11.14	10.55
Cash flow from operating activities, EUR mill.	-31.8	-51.9	-79.8	-87.3	29.6
Capital expenditure, EUR mill.	10.8	15.4	37.0	42.7	53.8
Net gearing, per cent			89.9	114.3	105.4
Equity ratio, per cent			43.8	39.0	39.3
Number of shares, undiluted, weighted average, 1 000 pc			72 049	72 049	72 049
Return on capital employed, rolling 12 months, per cent			-5.2	-0.3	-4.9
Personnel, average	13 008	14 344	13 258	14 504	14 533

* Operating result is not comparable since the figures for 2014 do not include the increased depreciation due to a change in the valuation of the real estate properties.

STRATEGY PROCESS

Stockmann is continuing to pursue the comprehensive turnaround of its business in accordance with the strategic direction set in late 2014. As of 1 January 2015, the company has been divided into three segments: Stockmann Retail, Real Estate and Fashion Chains.

Stockmann Retail currently consists of the Stockmann department stores and Hobby Hall, together with their online stores. The future product selection of the Stockmann department stores and the online store will focus on fashion, cosmetics, food and home products. This offering is complemented by an attractive range of goods and services from tenants. The goal shared by Stockmann's own retail operations and its tenants is to provide a top-notch shopping experience to Stockmann's customers.

Stockmann strongly focuses on omnicommerce and is investing in digital solutions. In September, Stockmann released the first version of its own mobile application designed to make shopping easier at Stockmann's department stores. The development of the app will continue and new functionalities will be introduced to it in stages. Stockmann has also developed a tablet tool for the sales staff, and this will be introduced in all the Finnish department stores during autumn 2015. Furthermore, the digital fitting room piloted in the spring at the Helsinki city centre department store will be expanded to the other Finnish department stores by the end of the year.

Stockmann has withdrawn from offering its own electronics and book selections. Expert has opened electronics stores in the Stockmann department stores in Helsinki city centre, Turku and Tampere, and Euronics has opened electronics stores in the Tallinn and Riga department stores. The sale of the Academic Bookstore business to the Swedish media company Bonnier Books AB was completed on 30 September 2015. Bonnier continues to operate the Academic Bookstore business in Stockmann's department store premises in six locations in Finland. Due to the transaction, Stockmann recorded a non-recurring item of EUR -3.2 million related to inventories and non-current assets for the third quarter of 2015. The book inventories on the closing date were higher than earlier estimated.

Stockmann will withdraw from offering its own toy and pet supplies selections during the last quarter of 2015. In Helsinki's flagship premises, Hamleys, the oldest toy shop in the world, will open its store in November 2015. Another new tenant in the Helsinki flagship will be the pet supplies store Musti ja Mirri. Both Hamleys and Musti ja Mirri are looking into cooperation possibilities with Stockmann in other department stores in Finland from 2016 onwards. Stockmann's own sports selection will be complemented by the Halti outdoor store at the Helsinki flagship store as of November. Stockmann has reduced its own sports equipment selection but will continue offering sports clothing and footwear in all of its stores.

As an important part of the turnaround, Stockmann launched an efficiency programme in February 2015 with an annual cost savings target of EUR 50 million. During the third quarter, improving cooperation with suppliers, reviewing the brand mix, and renegotiating terms and conditions with the key suppliers have continued to be major focus areas. The first effects of the supplier review are already visible in the inventories, which have declined by over EUR 45 million in Stockmann Retail, compared with the end of September in 2014. The efficiency programme will continue according to plan, and the effects of the programme will be reflected in Stockmann's performance mainly from 2016 onwards.

Stockmann will open a new distribution centre for Finland and the Baltic countries in April 2016. The centre will be highly automated, and will serve the department store and Stockmann online store more efficiently. The current warehouse operations in four locations in the Helsinki region will be transferred to the new distribution centre in stages in 2016 and the Baltic warehouse operations in Riga will be transferred in 2017. Hobby Hall logistics in Viinikkala and Tammisto will, for the time being, remain as before. Since the centralised distribution centre will require fewer employees than at present, Stockmann started codetermination negotiations concerning all warehouse operations in Finland in February 2014. As a result of the negotiations, the number of jobs will be reduced by approximately 110, of which most will be through layoffs. When starting the negotiations, the reduction need was estimated at a maximum of 220 jobs, or 200 full-time equivalents in Finland. With the new distribution centre Stockmann is targeting an additional annual cost saving of approximately EUR 5.5 million compared to 2014, or EUR 3.5 million including the increased depreciation due to the investment in automation technology. Savings are expected to be achieved in full from 2018 onwards. The cost savings are not included in the efficiency programme's annual savings target of EUR 50 million.

REVENUE AND EARNINGS

The retail market continued to be weak in the third quarter of 2015, in particular in Finland where consumer confidence and consumers' purchasing power remained low. The fashion market in January-September was down by 8.5 per cent in Finland (TMA index). In Sweden, the market was very volatile in the third quarter with strong growth in July and September, but there was a heavy drop in sales in August. Year-to-date the market is up 1.3 per cent compared with last year (Stilindex). The general market environment in Russia continued to be insecure and the Russian rouble remained weak against the euro. The market environment in the Baltic countries remained relatively stable, though the competition is increasing in both Estonia and Latvia.

Stockmann Group's revenue in January-September was EUR 1 137.1 million (EUR 1 295.9 million), down 8.6 per cent excluding Seppälä. The decrease was partly due to the very weak Russian rouble and changes in the offerings in the department stores. Revenue at comparable exchange rates and excluding Seppälä was down by 3.6 per cent.

Revenue in Finland was EUR 519.4 million (EUR 601.9 million), down 13.7 per cent or down 8.5 per cent excluding Seppälä. The decline was partly due to the withdrawal from the own electronics product category in the department stores and the online store, stockmann.com.

In international operations, revenue was down 11.0 per cent and amounted to EUR 617.7 million (EUR 694.0 million). Revenue at comparable exchange rates and excluding Seppälä was up 0.8 per cent. International operations accounted for 54.3 per cent (53.6 per cent) of the total revenue.

The Group's gross profit in the reporting period amounted to EUR 555.4 million (EUR 619.6 million). The gross margin was 48.8 per cent (47.8 per cent) due to improvements in both Stockmann Retail and Lindex.

Operating costs were significantly down, by EUR 57.6 million, or EUR 70.6 million excluding non-recurring items, and amounted to EUR 563.5 million (EUR 621.1 million). The decline was due to cost savings measures in all divisions and the divestment of Seppälä. Non-recurring items include EUR 4.3 million booked for the Mega and Oulu store closings and EUR 5.5 million for Seppälä in the second quarter and EUR 3.2 million booked for the inventories and non-current assets of the Academic Bookstore in the third quarter.

Depreciation was EUR 61.8 million (EUR 53.6 million). The increase was due to a change in the valuation of the real estate properties and an accelerated depreciation schedule for the Mega department stores in Russia.

The consolidated operating result for January-September, excluding non-recurring items, was EUR -56.9 (EUR -55.1 million). The reported operating result was EUR -69.9 million (EUR -55.1 million). The operating result was up in the Real Estate and Fashion Chains divisions, but down in Stockmann Retail.

The Group's third-quarter (July-September) revenue was EUR 350.9 million (EUR 405.0 million), down 7.8 per cent excluding Seppälä. At comparable exchange rates and excluding Seppälä, revenue was down 2.9 per cent.

Revenue in Finland in the third quarter was EUR 148.1 million (EUR 179.9 million). Excluding Seppälä, revenue was down 9.1 per cent. The decline was partly due to the withdrawal from the own electronics product category in the department stores and the online store, stockmann.com.

In international operations, revenue excluding Seppälä was down by 6.8 per cent and amounted to EUR 202.8 million (EUR 225.1 million). At comparable exchange rates, the Group's revenue, excluding Seppälä, was up 2.3 per cent.

The gross margin for the quarter was 50.1 per cent (49.6 per cent).

Operating costs were down by EUR 27.2 million, or EUR 30.4 million excluding non-recurring items, and amounted to EUR 171.5 million (EUR 198.7 million). Depreciation was EUR 20.5 million (EUR 17.2 million).

The operating result for the quarter, excluding non-recurring items, was EUR -12.7 million (EUR -14.8 million). The reported operating result was EUR -16.0 million (EUR -14.8 million), including EUR -3.2 million of non-recurring items.

Net financial expenses during the reporting period were down by EUR 1.7 million, to EUR 15.7 million (EUR 17.4 million), due to lower interest rates. Non-recurring foreign exchange losses amounted to EUR 2.3 million (EUR 0.4 million).

The result before taxes for January-September, excluding non-recurring items, was EUR -72.7 million and the reported result before taxes was EUR -85.7 million (EUR -72.6 million). The result for the period, excluding non-recurring items, was EUR -71.6 million and the reported result was EUR -84.6 million (EUR -61.7 million).

Earnings per share for January-September, excluding non-recurring items, were EUR -0.99. Reported earnings per share amounted to EUR -1.17 (EUR -0.86) and, diluted for options, EUR -1.17 (EUR -0.86). Equity per share was EUR 14.19 (EUR 11.14).

REVENUE AND EARNINGS BY DIVISION

Since 1 January 2015, Stockmann's divisions and reportable segments have been Stockmann Retail, Real Estate and Fashion Chains. Previously, Stockmann Retail and Real Estate were reported together as the Department Store Division. Fashion Chains comprises Lindex, as Seppälä's operations in Finland and Estonia were divested on 1 April 2015. Stockmann's real estate properties have been measured at their fair market values according to the IAS 16 standard since 1 January 2015. The segments' comparison data for 2014 is shown for illustrative purposes. See Accounting Policies at the end of the report for further information.

Stockmann Retail

Stockmann Retail's revenue in January-September was EUR 634.7 million (EUR 729.8 million). Revenue at comparable exchange rates was down 7.6 per cent. The Russian rouble continued to be weak and thus the euro-denominated revenue was down 13.0 per cent.

Revenue in Finland was down 9.6 per cent, to EUR 449.5 million (EUR 497.0 million). Excluding electronics and Hobby Hall, revenue was down 6.0 per cent. The significant decline in tax free sales to Russian tourists also negatively affected the revenue. However, Stockmann has been able to increase its market share in fashion in the weak market environment.

In international operations, revenue at comparable exchange rates was down 2.7 per cent. Euro-denominated revenue was down 20.4 per cent to EUR 185.2 million (EUR 232.8 million), due to the weak Russian rouble. International operations accounted for 29.2 per cent (31.9 per cent) of the division's total revenue.

The gross margin during the period was up, to 37.6 per cent (36.8 per cent). The increase was mainly due to the less price-driven campaigns.

Operating costs were down due to decreased personnel and other costs, and totalled EUR 303.1 million (EUR 315.7 million). Operating costs include EUR 4.3 million in non-recurring items booked for the Oulu and Mega store closings and EUR 3.2 million booked for the inventories and fixed assets of the Academic Bookstore.

Stockmann Retail's January-September operating result, excluding non-recurring items, was EUR -78.9 million (EUR -66.6 million). The reported operating result was EUR -86.4 million (EUR -66.6 million).

In July-September revenue was down 14.2 per cent, to EUR 178.1 million (EUR 207.5 million). Revenue at comparable exchange rates was down 7.7 per cent.

Revenue in Finland totalled EUR 126.9 million (EUR 142.0 million). Revenue was down 10.6 per cent. Excluding electronics and Hobby Hall, revenue was down 3.5 per cent. Revenue was up in July but the exceptionally warm weather had a negative impact on the revenue in August.

In international operations, revenue at comparable exchange rates was up 0.1 per cent. Euro-denominated revenue was down 22.0 per cent due to the weak rouble, to EUR 51.2 million (EUR 65.6 million).

The third-quarter gross margin was down, to 37.6 per cent (38.1 per cent). In Finland the gross margin was on a par with the previous year, due to the clearing out of book inventories before the sale of the Academic Bookstore. Excluding books the gross margin was up in Finland. In Russia the gross margin was down due to currency effects.

Operating costs were down, by EUR 3.0 million, including EUR 3.2 million in non-recurring items booked for the sale of Academic Bookstore, and amounted to EUR 93.6 million (EUR 96.6 million).

Stockmann Retail's operating result in July-September, excluding NRI, was EUR -31.0 million (EUR -23.6 million). The reported operating result was EUR -34.2 million (EUR -23.6 million).

The Crazy Days campaign took place in October, after the end of the quarter. Campaign sales were up 4.0 per cent at comparable exchange rates, excluding the product categories from which Stockmann has withdrawn (electronics and books). Sales performance was particularly strong in Finland, both in the online and department stores, and fashion and food achieved the best growth of all product categories.

The campaign's comparable sales were up 1.1 per cent in Finland, but down 3.6 per cent in the Baltic countries. In Russia, the sales in roubles were up 14.5 per cent, but euro-denominated sales were down 17.9 per cent. The total euro-denominated sales were down 5.4 per cent due to the weak rouble.

Real Estate

Stockmann owns five properties with a gross leasable area (GLA) of approximately 144 000 square metres in total, of which 42 per cent is in Finland. 71 per cent of the GLA was used by Stockmann Retail at the end of September and the rest was used by external tenants. The occupancy rate for the properties totalled 98.7 per cent at the end of the quarter.

On 1 January 2015 the fair value of Stockmann's properties amounted to EUR 908.3 million. The weighted average market yield requirement used in the fair value calculation was 6.0 per cent. At the end of the third quarter, the revalued amount was EUR 888.8 million, which is the fair value less the subsequent accumulated depreciation.

Real Estate's revenue in January-September was EUR 44.9 million (EUR 44.8 million). Net operating income from Stockmann's own properties, which is operating income less maintenance expenses, was EUR 36.4 million (EUR 34.0 million). Net rental yield was 5.3 per cent and the average rent was EUR 33.42 per square metre.

Operating costs were down and as a consequence, Real Estate's operating profit in January-September was EUR 14.6 million (EUR 12.0 million).

In July-September Real Estate's revenue was somewhat up, at EUR 15.0 million (EUR 14.8 million). Net operating income from Stockmann's own properties was EUR 11.7 million (EUR 11.0 million) in the quarter. The average rent was EUR 33.23 per square metre.

Operating profit in July-September was EUR 4.5 million (EUR 3.6 million).

During the third quarter, Expert started as a new tenant in Stockmann's department stores in Tampere and Euronics in Tallinn and Riga. Other new tenants that started operations in the quarter were Costa Coffee in Riga and the Apteekki Syke pharmacy in Tampere. Bonnier started as a tenant on 1 October in the Helsinki Book Building, and the Tampere, Itis and Jumbo department stores. In Tapiola and Turku, Stockmann's rental agreements were transferred to Bonnier on the same date. Several new tenants will start in the Helsinki city centre store in November, including Hamleys toy store, Halti sports and outdoor store, Musti ja Mirri pet store and Espresso House cafe.

Fashion Chains

Lindex's January-September revenue totalled EUR 467.8 million (EUR 476.6 million), down 1.9 per cent due to the weak Swedish krona and Norwegian krone. Revenue at comparable exchange rates was up 1.7 per cent.

Lindex's gross margin for the period was 62.1 per cent (62.0 per cent).

Operating costs were down by EUR 8.6 million, mainly due to lower marketing costs and savings measures in office and store costs. Depreciation was also down. Lindex's operating profit in January-September was EUR 23.3 million (EUR 18.5 million).

Lindex's revenue in July-September was EUR 166.2 million (EUR 166.0 million), up 0.1 per cent. Revenue at comparable exchange rates was up 3.2 per cent, with growth in all countries apart from Russia and Poland.

Lindex's gross margin was somewhat down, at 61.6 per cent (62.0 per cent). Lindex made an operating profit of EUR 15.5 million (EUR 10.0 million) in the third quarter. The growth was due to lower store, marketing and office expenses. In 2014, Lindex celebrated its 60th anniversary in September, which brought extraordinary costs.

The Fashion Chains' operating profit for January-September was EUR 10.0 million, which includes Seppälä's operating result of EUR -13.3 million (EUR -21.5 million). Seppälä's operations were divested on 1 April 2015.

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 14.0 million at the end of September 2015, compared with EUR 18.3 million a year earlier. Cash flow from operating activities came to EUR -79.8 million (EUR -87.3 million) in January-September and EUR -31.8 million (EUR -51.9 million) in July-September.

In the consolidated balance sheet, Hobby Hall's assets and liabilities have been classified as assets held for sale since 31 December 2014. Net working capital excluding cash, cash equivalents and assets held for sale amounted to EUR 123.1 million at the end of September, compared with EUR 220.0 million a year earlier and EUR 51.3 million at the close of 2014.

Inventories amounted to EUR 261.2 million (EUR 334.4 million), with a significant decrease of over EUR 45 million in Stockmann Retail's stock level.

Current receivables amounted to EUR 74.0 million (EUR 145.4 million). The decline was due to the classification of Hobby Hall's current receivables as assets held for sale. Non-interest-bearing liabilities amounted to EUR 212.1 million (EUR 259.8 million).

Interest-bearing liabilities at the end of September were EUR 941.5 million (EUR 935.5 million), of which long-term debt amounted to EUR 557.6 million (EUR 636.0 million). In addition, the Group has EUR 290.8 million in undrawn, long-term committed credit facilities and EUR 289.1 million in uncommitted credit facilities.

The equity ratio was 43.8 per cent (39.0 per cent) at the end of September. Net gearing at the end of September was 89.8 per cent (114.3 per cent). At the end of 2014, the equity ratio was 39.3 per cent and net gearing was 105.4 per cent.

The return on capital employed over the past 12 months was -5.2 per cent (-0.3 per cent in 2014). The Group's capital employed was EUR 1 964.0 million at the end of September, compared with EUR 1 738.1 million a year earlier.

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 37.0 million (EUR 42.7 million) in January-September and EUR 10.8 million (15.2 million) in July-September. Depreciation was EUR 61.8 million (EUR 53.6 million) during the reporting period and EUR 20.5 million (EUR 17.2 million) in the third quarter.

Stockmann Retail's capital expenditure for the reporting period totalled EUR 19.8 million (EUR 22.7 million). A major part of this was used for the new distribution centre.

Real Estate's capital expenditure for the reporting period totalled EUR 1.9 million (EUR 1.2 million), which was for property maintenance and refurbishments for new tenants.

Lindex's capital expenditure for January-September was EUR 14.7 million (EUR 16.0 million). Lindex opened three stores during the third quarter: a flagship store in the Czech Republic in the Palladium shopping centre in Prague, one store in Slovakia and one franchising store in Saudi Arabia. Seven stores were closed in the quarter: one in Sweden and six in Russia.

The Group's other capital expenditure came to a total of EUR 0.6 million (EUR 2.8 million).

STORE NETWORK

Stockmann Group	Total 31.12.2014	Total 30.6.2015	New stores in Q3 2015	Closed stores in Q3 2015	Total 30.9.2015
Department stores*	16	16			16
Stockmann Beauty stores	11	0			0
Outlet stores	1	1			1
Hobby Hall stores	1	1			1
Lindex stores	491	492	3	7	488
of which franchising	36	37	1		38
of which own stores	455	455	2	7	450

* Academic Bookstores were included in the department stores in Finland until 1 October 2015.

NEW PROJECTS

Capital expenditure for 2015 is estimated to be approximately EUR 70 million, mostly for the expansion and refurbishment of Lindex's stores, automation technology in Stockmann's new distribution centre, IT system renewals, and property and store concept renewals. Construction of the new Tapiola department store property has started.

Depreciation for 2015 is estimated to total over EUR 80 million (EUR 71 million). The increase is due to the fair market valuation of the real estate.

Lindex will continue to open new stores in 2015, including franchising stores. During the last quarter Lindex will open its second store in the UK, in London Westfield. In Russia, the fashion chain will close down all its stores during 2015 and 2016. Therefore the total number of stores at the end of 2015 is estimated to remain on a par with 2014.

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 September 2015, 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 totalled EUR 144.1 million at the end of the period (EUR 144.1 million). The market capitalization was EUR 490.6 million (EUR 623.1 million). At the end of 2014 the market capitalization stood at EUR 460.1 million.

At the end of September, the price of Stockmann's Series A shares was EUR 6.59, compared with EUR 6.42 at the end of 2014, and the Series B shares were selling at EUR 6.97, compared with EUR 6.36 at the end of 2014. A total of 2.0 million (0.6 million) Series A shares and 11.2 million (12.8 million) Series B shares were traded on Nasdaq OMX Helsinki during the reporting period. This corresponds to 6.4 per cent of the average number of Series A shares and 27.1 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 September 2015, Stockmann had 53 230 shareholders, compared with 56 018 a year earlier. Stockmann received a flagging announcement in June, when the holdings of Varma Mutual Pension Insurance Company in Stockmann's shares rose above 5 per cent.

PERSONNEL

The Group's average number of personnel in the reporting period was 13 258, which is 1 246 less than in the same period in 2014 (14 504). The number was down mainly due to the divestment of Seppälä. In terms of full-time equivalents, the average number of employees decreased by 1 280 to a total of 9 814 (11 094).

At the end of September, the Group had 13 384 employees (14 089). The number of personnel working outside Finland was 7 909 (8 398), which was 59.1 per cent (59.6 per cent) of the total.

The Group's wages and salaries amounted to EUR 200.4 million, compared with EUR 223.3 million a year earlier. The total of employee benefits expenses was EUR 256.7 million (EUR 283.6 million), which is equivalent to 22.6 per cent (21.9 per cent) of revenue.

CHANGES IN MANAGEMENT

Lauri Veijalainen, B.Sc., MBA (born 1968) was appointed Chief Financial Officer of the Stockmann Group as of 12 August 2015. He was previously Deputy Director for Stockmann's Real Estate division and Development Director for the Group's international operations. He continues as a member of the Stockmann Management Team. Lauri Veijalainen succeeded CFO Pekka Vähähyppä, who left Stockmann on 14 August 2015.

SHAREHOLDERS' NOMINATION BOARD

According to the decision of Stockmann's Annual General Meeting, the Nomination Board consists of representatives of the four shareholders holding the largest voting power, as registered in Stockmann's shareholder register as of 1 September 2015, along with the Chairman of the Board of Directors as an expert member. The Nomination Board is preparing proposals for the Annual General Meeting in 2016 on the composition and remuneration of the Board of Directors.

The shareholders have nominated the following members to the Nomination Board: Magnus Bargum, Treasurer, Society of Swedish Literature in Finland, Kaj-Gustaf Bergh, Managing Director, Föreningen Konstsamfundet r.f., Ole Johansson, Chairman of the Board, Hartwall Capital Oy Ab, representing HTT STC Holding Oy Ab, and Kari Niemistö, Managing Director, Selective Investor Oy Ab.

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 the markets may influence the behaviour of both the financial actors 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. A weak operating environment may also cause a decline in rental income from tenants and in the occupancy rate of properties. These may have an effect on the fair value of the real estate.

The Stockmann Group entities are subject to tax audits which may lead to reassessment of taxes. In June 2015, Stockmann plc received a tax audit report proposing an increase in taxable income in Finland. The tax authorities will make the decision on the matter in due course after Stockmann's reply to the audit report. The proposed increase would result in a negative effect on Stockmann's result of approximately EUR 8 million, excluding interest. Stockmann Sverige AB is currently also undergoing a tax audit process. According to the preliminary tax audit report, the Swedish tax authorities are proposing an increase in taxable income for financial year 2013. The proposed increase would result in a negative effect of approximately EUR 6 million, excluding interest. Stockmann expects to receive the final tax audit report in the near future. According to Stockmann's management, the taxes have been paid correctly in both cases, and no increase in taxable income should be made.

The company does not consider any other material changes to have taken place in its risk factors presented in the 2014 financial statements.

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 weak purchasing power is also expected to decrease the number of Russian shoppers in Finland and in the Baltic countries. Sanctions against Russia and their counter-measures continue to 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 expected 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 strategy aims at improving the Group's long-term competitiveness and profitability through a comprehensive turnaround of its business. An efficiency programme was launched in February 2015 with an annual cost savings target of EUR 50 million. The programme is progressing according to plan, and its main effects will start to be reflected in Stockmann's performance mainly from 2016 onwards.

Capital expenditure for 2015 is estimated to be approximately EUR 70 million. The operating result will be adversely affected by the increase in depreciation as a result of the fair market valuation of the real estate. Depreciation for 2015 is estimated to total over EUR 80 million.

Due to planned structural changes, Stockmann expects the Group's revenue in 2015 to be down on 2014. The 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.

Helsinki, Finland, 28 October 2015

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

ACCOUNTING POLICIES

This Interim Report has been prepared in compliance with IAS 34. Since 1 January 2015, Stockmann's new divisions and reportable segments have been Stockmann Retail, Real Estate and Fashion Chains. Previously, Stockmann Retail and Real Estate were reported together as the Department Store Division. The previous year's segment reporting figures used for comparison have been adjusted accordingly.

As of 1 January 2015, Stockmann has applied the revaluation model as prescribed by the IAS 16 standard to its properties, replacing the previously applied cost model. The properties are carried at their revalued amount, which is the fair value at the date of revaluation less accumulated depreciation. The increase in the carrying amount as a result of revaluation, net of tax liability, is recognised in the revaluation reserve in equity. Revaluation is not applied retrospectively but the figures used for comparison in the segment reporting have been adjusted accordingly for illustrative purposes.

The comparison also illustrates the key figures if Stockmann Retail had paid rent to the Real Estate division on the facilities in its use in the properties in the centre of Helsinki in 2014. The comparison figures include the actual rent paid in 2014 on properties in St Petersburg, Tallinn and Riga.

In all other respects, 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.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
REVENUE	1 137.1	1 295.9	1 844.5
Other operating income	0.2	0.0	0.0
Materials and consumables	-581.9	-676.3	-984.6
Wages, salaries and employee benefit expenses	-256.7	-283.6	-383.3
Depreciation, amortisation and impairment losses	-61.8	-53.6	-71.0
Other operating expenses	-306.9	-337.5	-487.8
Total expenses	-1 207.2	-1 351.0	-1 926.7
OPERATING PROFIT/LOSS	-69.9	-55.1	-82.2
Financial income	0.4	0.4	1.3
Financial expenses	-16.2	-17.9	-22.7
Total financial income and expenses	-15.7	-17.4	-21.4
PROFIT/LOSS BEFORE TAX	-85.7	-72.6	-103.6
Income taxes	1.1	10.8	3.8
PROFIT/LOSS FOR THE PERIOD	-84.6	-61.7	-99.8
Profit/loss for the period attributable to:			
Equity holders of the parent company	-84.6	-61.7	-99.8
Non-controlling interest	-0.0	0.0	0.0
EPS, undiluted, adjusted for share issue, EUR	-1.17	-0.86	-1.39
EPS, diluted, adjusted for share issue, EUR	-1.17	-0.86	-1.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
PROFIT/LOSS FOR THE PERIOD	-84.6	-61.7	-99.8
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement gains/losses on defined benefit pension liability, before tax	-0.0		-0.0
Remeasurement gains/losses on defined benefit pension liability, tax	0.0	0.0	0.0
Remeasurement gains/losses on defined benefit pension liability, net of tax	-0.0		-0.0
Changes in revaluation surplus (IAS 16), before tax	438.1		
Changes in revaluation surplus (IAS 16), tax	-87.7		
Changes in revaluation surplus (IAS 16), net of tax	350.4		
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	-1.1	-4.6	-9.3
Exchange differences on translating foreign operations, tax	-0.0	-0.4	-0.8
Exchange differences on translating foreign operations, net of tax	-1.1	-5.0	-10.1
Cash flow hedges, before tax	-3.4	3.9	5.1
Cash flow hedges, tax	0.7	-0.8	-1.1
Cash flow hedges, net of tax	-2.6	3.1	4.0
Other comprehensive income for the period, net of tax	346.7	-1.9	-6.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	262.1	-63.6	-105.9
Total comprehensive income attributable to:			
Equity holders of the parent company	262.1	-63.6	-105.9
Non-controlling interest	-0.0	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	30.9.2015	30.9.2014	31.12.2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	96.6	99.4	96.8
Intangible rights	54.3	60.4	60.0
Other intangible assets	3.8	4.0	3.9
Advance payments and construction in progress	1.8	5.8	3.3
Goodwill	746.9	768.3	748.1
Intangible assets, total	903.5	937.9	912.2
Property, plant and equipment			
Land and water	139.1	42.1	43.1
Buildings and constructions	749.7	429.8	426.9
Machinery and equipment	72.2	81.6	80.9
Modification and renovation expenses for leased premises	19.7	27.8	26.5
Advance payments and construction in progress	23.2	17.9	13.2
Property, plant and equipment, total	1 003.9	599.2	590.5
Non-current receivables	8.4	0.6	3.4
Available-for-sale investments	7.7	7.8	7.8
Deferred tax assets	32.7	16.9	25.9
NON-CURRENT ASSETS, TOTAL	1 956.1	1 562.3	1 539.7
CURRENT ASSETS			
Inventories	261.2	334.4	239.3
Current receivables			
Interest-bearing receivables	1.7	37.0	2.4
Income tax receivables	0.7	19.3	2.0
Non-interest-bearing receivables	71.6	89.1	75.7
Current receivables, total	74.0	145.4	80.1
Cash and cash equivalents	14.0	18.3	29.3
CURRENT ASSETS, TOTAL	349.2	498.0	348.8
ASSETS CLASSIFIED AS HELD FOR SALE	32.2		48.0
ASSETS, TOTAL	2 337.5	2 060.4	1 936.5
EQUITY AND LIABILITIES			
EQUITY			
Share capital	144.1	144.1	144.1
Share premium fund	186.1	186.1	186.1
Revaluation surplus	350.4		
Invested unrestricted equity fund	250.4	250.4	250.4
Other funds	44.7	46.5	47.4
Translation reserve	-7.0	-0.8	-5.9
Retained earnings	53.7	176.4	138.3
Equity attributable to equity holders of the parent company	1 022.5	802.6	760.4
Non-controlling interest		0.0	0.0
EQUITY, TOTAL	1 022.5	802.6	760.4
NON-CURRENT LIABILITIES			
Deferred tax liabilities	147.3	62.0	62.0
Non-current interest-bearing financing liabilities	557.6	636.0	613.2
Provisions for pensions	0.0	0.1	0.0
Non-current non-interest-bearing liabilities and provisions	7.8	0.4	0.3
NON-CURRENT LIABILITIES, TOTAL	712.7	698.5	675.5
CURRENT LIABILITIES			
Current interest-bearing financing liabilities	383.9	299.5	220.7
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	203.4	255.2	237.2
Income tax liabilities	0.8	4.4	0.0
Current provisions	7.9	0.2	30.8
Current non-interest-bearing liabilities, total	212.1	259.8	268.1
CURRENT LIABILITIES, TOTAL	596.0	559.3	488.8
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	6.3		11.8
LIABILITIES, TOTAL	1 315.0	1 257.8	1 176.1
EQUITY AND LIABILITIES, TOTAL	2 337.5	2 060.4	1 936.5

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	-84.6	-61.7	-99.8
Adjustments for:			
Depreciation, amortisation and impairment losses	61.8	53.6	71.0
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	0.7	1.3	4.8
Interest and other financial expenses	16.2	17.9	22.7
Interest income	-0.4	-0.4	-1.3
Income taxes	-1.1	-10.8	-3.8
Other adjustments	-15.8	0.2	30.8
Working capital changes:			
Increase (-) / decrease (+) in inventories	-22.0	-51.6	13.7
Increase (-) / decrease (+) in trade and other current receivables	21.8	-6.2	42.5
Increase (+) / decrease (-) in current liabilities	-37.3	-6.7	-19.7
Interest expenses paid	-13.5	-14.9	-20.9
Interest received from operating activities	0.4	0.2	0.2
Other financing items from operating activities		-1.8	-1.6
Income taxes paid from operating activities	-5.8	-6.5	-9.0
Net cash from operating activities	-79.8	-87.3	29.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets	-37.8	-43.7	-55.1
Proceeds from sale of tangible and intangible assets	0.7		
Acquisition of subsidiaries, net of cash acquired	-0.3		
Loans granted	-5.0		
Dividends received from investing activities	0.1	0.1	0.1
Net cash used in investing activities	-42.2	-43.6	-55.0
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from current liabilities	325.6	275.7	207.4
Repayment of current liabilities	-211.8	-332.9	-332.9
Proceeds from non-current liabilities	47.3	453.9	478.2
Repayment of non-current liabilities	-55.0	-256.7	-298.9
Payment of finance lease liabilities	-0.9	-0.6	-0.5
Dividends paid		-28.8	-28.8
Net cash used in financing activities	105.2	110.6	24.5
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	-16.8	-20.3	-0.9
Cash and cash equivalents at the beginning of the period	29.3	33.9	33.9
Cheque account with overdraft facility	-4.1	-6.1	-6.1
Cash and cash equivalents at the beginning of the period	25.3	27.8	27.8
Net increase/decrease in cash and cash equivalents	-16.8	-20.3	-0.9
Effects of exchange rate fluctuations on cash held	0.0	-0.3	-1.7
Cash and cash equivalents at the end of the period	14.0	18.3	29.3
Cheque account with overdraft facility	-5.5	-11.0	-4.1
Cash and cash equivalents at the end of the period	8.4	7.3	25.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Share premium fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted 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
Profit/loss for the period								-61.7	-61.7		-61.7
Exchange differences on translating foreign operations							-5.0		-5.0		-5.0
Cash flow hedges				3.1					3.1		3.1
Total comprehensive income for the period*				3.1			-5.0	-61.7	-63.6		-63.6
SHAREHOLDERS' EQUITY 30.9.2014	144.1	186.1		2.6	250.4	43.9	-0.8	176.4	802.6	0.0	802.6

EUR mill.	Share capital	Share premium fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted 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
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

EUR mill.	Share capital	Share premium fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interest	Total
SHAREHOLDERS' EQUITY 1.1.2015	144.1	186.1		3.4	250.4	43.9	-5.9	138.3	760.4	0.0	760.4
Profit/loss for the period								-84.6	-84.6	-0.0	-84.6
Changes in revaluation surplus (IAS 16)			350.4						350.4		350.4
Remeasurement gains/losses on defined benefit pension liability								-0.0	-0.0		-0.0
Exchange differences on translating foreign operations							-1.1		-1.1		-1.1
Cash flow hedges				-2.6					-2.6		-2.6
Total comprehensive income for the period*			350.4	-2.6			-1.1	-84.6	262.1		262.1
SHAREHOLDERS' EQUITY 30.9.2015	144.1	186.1	350.4	0.8	250.4	43.9	-7.0	53.7	1 022.5		1 022.5

* Adjusted with deferred tax liability

GROUP'S OPERATING SEGMENTS*

Revenue, EUR mill.	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
Stockmann Retail	634.7	729.8	1 075.3
Fashion Chains	483.8	546.3	743.2
Real Estate	44.9	44.8	59.4
Segments, total	1 163.4	1 320.8	1 877.9
Unallocated	0.2	0.2	0.1
Eliminations	-26.5	-25.1	-33.6
Group total	1 137.1	1 295.9	1 844.5
Operating profit/loss, EUR mill.	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
Stockmann Retail	-86.4	-66.6	-68.6
Fashion Chains	10.0	-2.9	0.0
Real Estate	14.6	12.0	15.9
Segments, total	-61.8	-57.6	-52.6
Unallocated	-8.2	-6.4	-41.3
Group total	-69.9	-64.0	-93.9
Reconciliation to reported operating profit/loss: Change in depreciation (IAS 16)		8.9	11.7
Reported Group total	-69.9	-55.1	-82.2
Reconciliation to the item profit/loss before tax: Financial income	0.4	0.4	1.3
Financial expenses	-16.2	-17.9	-22.7
Consolidated profit/loss before taxes	-85.7	-72.6	-103.6
Depreciation, amortisation and impairment losses, EUR mill.	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
Stockmann Retail	21.8	19.1	25.3
Fashion Chains	17.2	20.3	26.7
Real Estate	20.7	20.9	27.8
Segments, total	59.7	60.4	79.9
Unallocated	2.0	2.1	2.8
Group total	61.8	62.5	82.7
Capital expenditure, gross, EUR mill.	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
Stockmann Retail	19.8	22.7	27.2
Fashion Chains	14.7	16.0	21.4
Real Estate	1.9	1.2	1.7
Segments, total	36.4	39.9	50.3
Unallocated	0.6	2.8	3.5
Group total	37.0	42.7	53.8
Assets, EUR mill.	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
Stockmann Retail	302.2	435.2	316.6
Fashion Chains	1 031.8	1 087.9	1 050.2
Real Estate	901.5	914.9	908.3
Segments, total	2 235.6	2 438.0	2 275.1
Unallocated	67.6	65.4	51.7
Assets classified as held for sale	34.4		48.0
Group total	2 337.5	2 503.4	2 374.8

* Segment information for 2014 is adjusted for comparison purposes

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
Finland 1)	519.4	601.9	882.8
Sweden and Norway 2)	366.7	375.9	513.7
Baltic countries and Central Europe 1) *	105.4	113.0	161.0
Russia 1)	145.6	205.1	286.9
Group total	1 137.1	1 295.9	1 844.5
Finland %	45.7%	46.4%	47.9%
International operations %	54.3%	53.6%	52.1%
Operating profit/loss, EUR mill.	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
Finland 1)	-64.8	-56.4	-95.7
Sweden and Norway 2)	32.8	25.7	38.6
Baltic countries and Central Europe 1) *	-10.1	-2.1	-1.1
Russia 1)	-27.9	-31.3	-35.8
Group total	-69.9	-64.0	-93.9
Finland %	92.7%	87.9%	
International operations %	7.3%	12.1%	
Non-current assets, EUR mill.	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
Finland 1)	722.4	792.3	825.5
Sweden and Norway 2)	857.0	819.9	796.5
Baltic countries and Central Europe 1) *	127.1	122.7	124.6
Russia 1)	218.1	253.6	303.1
Group total	1 924.6	1 988.6	2 049.8
Finland %	37.5%	39.8%	40.3%
International operations %	62.5%	60.2%	59.7%

1) Stockmann Retail, Real Estate, Fashion Chains

2) Fashion Chains

* Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland, the United Kingdom

EXCHANGE RATES OF EURO

Closing rate for the period	30.9.2015	30.9.2014	31.12.2014
RUB	73.2416	49.7653	72.3370
NOK	9.5245	8.1190	9.0420
SEK	9.4083	9.1465	9.3930
Average rate for the period	1.1.–30.9.2015	1.1.–30.9.2014	1.1.–31.12.2014
RUB	66.5056	48.0330	51.0421
NOK	8.8113	8.2749	8.3561
SEK	9.3707	9.0389	9.0980

KEY FIGURES OF THE GROUP

	30.9.2015	30.9.2014	31.12.2014
Equity ratio, per cent	43.8	39.0	39.3
Net gearing, per cent	89.9	114.3	105.4
Cash flow from operating activities per share, EUR	-1.11	-1.21	0.41
Interest-bearing net debt, EUR mill.	918.0	880.2	799.4
Number of shares at the end of the period, thousands	72 049	72 049	72 049
Weighted average number of shares, thousands	72 049	72 049	72 049
Weighted average number of shares, diluted, thousands	72 049	72 049	72 049
Market capitalization, EUR mill.	490.6	623.1	460.1
Operating profit/loss, per cent of turnover	-6.2	-4.3	-4.5
Equity per share, EUR	14.19	11.14	10.55
Return on equity, rolling 12 months, per cent	-13.4	-3.0	-12.1
Return on capital employed, rolling 12 months, per cent	-5.2	-0.3	-4.9
Average number of employees, converted to full-time equivalents	9 814	11 094	11 094
Capital expenditure, EUR mill.	37.0	42.7	53.8

DEFINITIONS OF KEY FIGURES:

Equity ratio, per cent	= 100 x	$\frac{\text{Equity} + \text{non-controlling interest}}{\text{Total assets} - \text{advance payments received}}$
Net gearing, per cent	= 100 x	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents} - \text{interest-bearing receivables}}{\text{Equity total}}$
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	=	$\frac{\text{Profit before taxes} - \text{non-controlling interest} - \text{income taxes}}{\text{Average number of shares, adjusted for share issue}}$
Return on equity, per cent, rolling 12 months	= 100 x	$\frac{\text{Profit for the period (12 months)}}{\text{Equity} + \text{non-controlling interest (average over 12 months)}}$
Return on capital employed, per cent, rolling 12 months	= 100 x	$\frac{\text{Profit before taxes} + \text{interest and other financial expenses (12 months)}}{\text{Capital employed (average over 12 months)}}$

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Revenue	350.9	405.8	380.4	548.5	405.0	495.3	395.6	607.8
Other operating income	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Materials and consumables	-174.9	-198.2	-208.7	-308.3	-203.9	-256.8	-215.5	-307.1
Wages, salaries and employee benefit expenses	-76.1	-88.4	-92.2	-99.7	-87.3	-98.9	-97.5	-106.2
Depreciation, amortisation and impairment losses	-20.5	-20.9	-20.4	-17.3	-17.2	-18.2	-18.2	-19.2
Other operating expenses	-95.4	-102.5	-109.0	-150.3	-111.4	-117.8	-108.3	-127.0
Operating profit/loss, EUR mill.	-16.0	-4.1	-49.9	-27.1	-14.8	3.5	-43.9	48.3
Financial income	0.1	0.2	0.1	0.8	0.2	0.1	0.1	0.3
Financial expenses	-5.8	-5.0	-5.4	-4.8	-4.9	-7.4	-5.6	-9.3
Total financial income and expenses	-5.7	-4.8	-5.3	-4.0	-4.7	-7.3	-5.5	-9.0
Profit/loss before tax	-21.6	-8.9	-55.1	-31.1	-19.5	-3.8	-49.3	39.3
Income taxes	5.1	-3.0	-1.0	-7.0	5.9	-4.3	9.2	-2.8
Profit/loss for the period	-16.5	-11.9	-56.2	-38.1	-13.6	-8.1	-40.1	36.5

Earnings per share per quarter

EUR	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Undiluted	-0.23	-0.16	-0.78	-0.53	-0.19	-0.11	-0.56	0.51
Diluted	-0.23	-0.16	-0.78	-0.53	-0.19	-0.11	-0.56	0.51

Segment information per quarter **

EUR mill.	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Revenue								
Stockmann Retail	178.1	224.0	232.6	345.5	207.5	287.0	235.2	392.1
Fashion Chains	166.4	175.2	142.3	196.9	190.9	201.6	153.8	215.9
Real Estate	15.0	15.2	14.6	15.0	14.8	15.2	14.9	
Unallocated	0.1	0.1	0.0	-0.1	0.1	0.1	0.1	-0.1
Eliminations	-8.7	-8.8	-9.0	-8.8	-8.3	-8.5	-8.4	
Group total	350.9	405.8	380.4	548.5	405.0	495.3	395.6	607.8
Operating profit/loss, EUR mill.								
Stockmann Retail	-34.2	-21.7	-30.5	-1.8	-23.6	-14.2	-28.9	34.0
Fashion Chains	15.3	17.7	-23.0	2.9	4.2	13.2	-20.3	17.6
Real Estate	4.5	5.5	4.6	3.9	3.6	4.4	3.9	
Unallocated	-1.6	-5.5	-1.0	-34.9	-2.1	-2.8	-1.5	-3.3
Group total	-16.0	-4.1	-49.9	-29.9	-17.9	0.6	-46.7	48.3
Reconciliation to reported operating profit/loss:								
Change in depreciation (IAS 16)				2.9	3.1	2.9	2.9	
Reported Group total	-16.0	-4.1	-49.9	-27.1	-14.8	3.5	-43.9	48.3

Information on market areas

EUR mill.	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Revenue								
Finland 1)	148.1	166.2	205.1	280.8	179.9	231.4	190.6	307.5
Sweden and Norway 2)	129.8	137.4	99.6	137.8	129.0	142.4	104.5	149.7
Baltic countries and Central Europe 1) *	33.2	38.5	33.7	48.1	36.5	41.5	35.0	48.1
Russia 1)	39.8	63.7	42.1	81.9	59.6	80.0	65.4	102.5
Group total	350.9	405.8	380.4	548.5	405.0	495.3	395.6	607.8
Finland %	42.2%	41.0%	53.9%	51.2%	44.4%	46.7%	48.2%	50.6%
International operations %	57.8%	59.0%	46.1%	48.8%	55.6%	53.3%	51.8%	49.4%
Operating profit/loss								
Finland 1)	-21.1	-18.5	-25.3	-39.3	-17.6	-14.5	-24.2	16.5
Sweden and Norway 2)	18.6	18.7	-4.5	12.9	10.2	19.9	-4.5	22.4
Baltic countries and Central Europe 1) *	-3.3	-0.6	-6.2	1.0	0.2	0.7	-3.0	4.5
Russia 1)	-10.2	-3.7	-13.9	-4.5	-10.8	-5.5	-15.1	4.9
Group total	-16.0	-4.1	-49.9	-29.9	-17.8	0.6	-46.7	48.3

1) Stockmann Retail, Real Estate, Fashion Chains

2) Fashion Chains Division

* Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland, the United Kingdom

** Segment information for 2014 is adjusted for comparison purposes

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	30.9.2015	30.9.2014	31.12.2014
Mortgages on land and buildings	1.7	1.7	1.7
Pledges and guarantees	8.4	7.9	7.9
Liabilities of adjustments of VAT deductions made on investments to immovable property	17.0	19.9	19.9
Total	27.1	29.6	29.5
Lease agreements on the Group's business premises, EUR mill.	30.9.2015	30.9.2014	31.12.2014
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	160.0	179.0	180.1
After one year	692.7	793.8	758.9
Total	852.8	972.8	939.0
Group's lease payments, EUR mill.	30.9.2015	30.9.2014	31.12.2014
Within one year	0.6	0.5	0.6
After one year	1.1	1.5	1.3
Total	1.7	2.0	1.9
Group's derivate contracts, EUR mill.	30.9.2015	30.9.2014	31.12.2014
Nominal value			
Currency derivatives	488.6	355.8	432.5
Electricity derivatives	2.1	0.8	1.5
Total	490.7	356.5	434.1

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	30.9.2015	30.9.2014	31.12.2014
Acquisition cost at the beginning of the period	1 960.6	2 060.6	2 060.6
Fair value valuation of the real estate	438.3		
Acquisition cost at the beginning of the period total	2 398.9	2 060.6	2 060.6
Translation difference +/-	-3.3	-30.1	-59.8
Increases during the period	37.0	42.7	53.8
Decreases during the period	-31.2	-9.2	-92.6
Transfers between items during the period	0.3	0.0	0.0
Transfers to non-current assets classified as held for sale	-0.5		-1.5
Acquisition cost at the end of the period	2 401.2	2 064.0	1 960.6
Accumulated depreciation and impairment losses at the beginning of the period	-457.9	-482.3	-482.3
Translation difference +/-	1.9	1.2	6.9
Depreciation on reductions during the period	23.2	7.8	87.7
Accumulated depreciation on transfers to non-current assets classified as held for sale	0.8		0.6
Depreciation, amortisation and impairment losses during the period	-61.8	-53.6	-71.0
Accumulated depreciation and impairment losses at the end of the period	-493.8	-526.9	-457.9
Carrying amount at the beginning of the period	1 502.7	1 578.3	1 578.3
Carrying amount at the end of the period	1 907.4	1 537.1	1 502.7
The calculation of consolidated assets includes following changes in consolidated goodwill:			
Goodwill, EUR mill.	30.9.2015	30.9.2014	31.12.2014
Acquisition cost at the beginning of the period	748.1	793.2	793.2
Translation difference +/-	-1.2	-24.9	-45.1
Acquisition cost at the end of the period	746.9	768.3	748.1
Carrying amount at the beginning of the period	748.1	793.2	793.2
Carrying amount at the end of the period	746.9	768.3	748.1

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 30.9.2015	Fair value 30.9.2015	Carrying amount 30.9.2014	Fair value 30.9.2014	Carrying amount 31.12.2014	Fair value 31.12.2014
Derivative contracts, hedge accounting applied	2	1.3	1.3	3.2	3.2	4.4	4.4
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	3.1	3.1	4.3	4.3	6.6	6.6
Electricity derivatives	1						
Financial assets at amortised cost							
Non-current receivables		8.4	8.4	0.6	0.6	3.4	3.4
Current receivables, interest-bearing		1.7	1.7	37.0	37.0	2.4	2.4
Current receivables, non-interest-bearing		67.2	67.2	81.5	81.5	64.7	64.7
Cash and cash equivalents		14.0	14.0	18.3	18.3	29.3	29.3
Available-for-sale financial assets	3	7.7	7.7	7.8	7.8	7.8	7.8
Financial assets, total		103.3	103.3	152.8	152.8	118.6	118.6

Financial liabilities, EUR mill.	Level	Carrying amount 30.9.2015	Fair value 30.9.2015	Carrying amount 30.9.2014	Fair value 30.9.2014	Carrying amount 31.12.2014	Fair value 31.12.2014
Derivative contracts, hedge accounting applied	2	0.3	0.3	0.0	0.0		
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	1.1	1.1	0.4	0.4	0.4	0.4
Electricity derivatives	1	0.5	0.5	0.1	0.1	0.2	0.2
Financial liabilities at amortised cost							
Non-current interest-bearing liabilities	2	557.6	557.8	636.0	632.1	613.2	607.2
Current liabilities, interest-bearing	2	383.9	384.6	299.5	299.9	220.7	221.0
Current liabilities, non-interest-bearing		202.0	202.0	254.8	254.8	236.7	236.7
Financial liabilities, total		1 145.3	1 146.2	1 190.8	1 187.3	1 071.2	1 065.6

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 were no transfers between 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 valued at fair value during the reporting period.

Change in fair value of available-for-sale financial assets, EUR mill.	30.9.2015	30.9.2014	31.12.2014
Carrying amount Jan. 1	7.8	7.9	7.9
Translation difference +/-	0.0	0.0	0.0
Sale of shares	-0.1	0.0	0.0
Total	7.7	7.8	7.8



STOCKMANN

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