Interim Report
Q3 2016

STOCKMANN

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Group's third-quarter operating result back to profit

July-September 2016:
- Consolidated revenue was EUR 288.9 million (EUR 317.9 million).
- Revenue in continuing product areas and businesses was down by 5.5 per cent.
- Gross margin was up, to 54.8 per cent (51.8 per cent).
- Operating profit was EUR 2.9 million (EUR -10.6 million).

January-September 2016:
- Consolidated revenue was EUR 914.7 million (EUR 1 014.7 million).
- Revenue in continuing product areas and businesses was down by 3.0 per cent.
- Gross margin was up, to 53.3 per cent (50.4 per cent).
- Operating result was EUR -16.3 million (EUR -56.8 million).
- Result for the period was EUR -40.6 million (EUR -69.7 million).
- Earnings per share were EUR -0.62 (EUR -0.97).

- Continuously good performance for Lindex and Real Estate; Stockmann Retail remains a challenge despite improved Q3 operating result.
- Department store operations in Russia have been classified as discontinued operations. The comparison figures in the income statement and related items have been restated accordingly. The comments in the report refer only to continuing operations.

Outlook for 2016 remains unchanged:
Stockmann expects the Group's revenue for 2016 to be down on 2015 due to ongoing strategic actions in order to improve profitability. The adjusted operating result is expected to be slightly positive in 2016.

KEY FIGURES

Continuing operations	**7–9/2016**	7–9/2015	**1–9/2016**	1–9/2015	1–12/2015
Revenue, EUR mill.	**288.9**	317.9	**914.7**	1 014.7	1 434.8
Gross margin, per cent	**54.8**	51.8	**53.3**	50.4	50.6
Operating result, EUR mill.	**2.9**	−10.6	**−16.3**	−56.8	−52.5
Adjustments to operating result*, EUR mill.	**0.0**	3.2	**0.0**	9.8	24.0
Adjusted operating result (EBIT), EUR mill.	**2.9**	−7.4	**−16.3**	−47.0	−28.5
Adjusted operating result before depreciation (EBITDA), EUR mill.	**17.6**	10.0	**27.6**	5.4	43.4
Net financial costs, EUR mill.	**5.0**	4.9	**14.0**	14.0	21.2
Result before tax, EUR mill.	**−2.1**	−15.5	**−30.2**	−70.8	−73.7
Result for the period, EUR mill.	**−7.3**	−10.4	**−40.6**	−69.7	−88.9
Earnings per share, undiluted, EUR	**−0.12**	−0.14	**−0.62**	−0.97	−1.24
Personnel, average	**9 144**	10 750	**9 200**	10 966	10 763

Continuing and discontinued operations	**7–9/2016**	7–9/2015	**1–9/2016**	1–9/2015	1–12/2015
Net earnings per share, undiluted, EUR	**−0.12**	−0.23	**−0.47**	−1.17	−2.43
Cash flow from operating activities, EUR mill.	**−33.7**	−31.8	**−54.6**	−79.8	17.2
Capital expenditure, EUR mill.	**10.1**	10.8	**29.6**	37.0	53.4
Equity per share, EUR			**14.05**	14.19	14.53
Net gearing, per cent			**80.8**	89.9	72.1
Equity ratio, per cent			**45.4**	43.8	46.1
Number of shares, undiluted, weighted average, 1 000 pc			**72 049**	72 049	72 049
Return on capital employed, rolling 12 months, per cent			**−3.5**	−5.2	−7.6

*Adjustments in 2015 were related to the Academic Bookstore, the Oulu store, Seppälä and the Group's other restructuring costs.

Stockmann has revised the terminology used in its reporting due to the new guidelines of the European Securities and Market Authority (ESMA). Alternative Performance Measures are used to better reflect the operational business performance and to facilitate comparisons between financial periods. Starting from the second quarter of 2016, the previously used term "excluding non-recurring items" has been replaced with the term "adjusted", and, as a consequence, "operating profit (EBIT) excluding non-recurring items" has been replaced with the term "adjusted operating profit (EBIT)". Correspondingly, "adjusted EBITDA" is calculated from adjusted operating profit excluding depreciation.

Stockmann uses the term "continuing product areas and businesses" which refers to operations excluding Russian retail operations (Stockmann and Lindex), Seppälä, Hobby Hall, Stockmann Beauty, the airport store and the product areas the company has withdrawn from in department stores (electronics, books, sports equipment, toys and pet supplies). Gross profit and gross margin are also used as alternative performance measures. Gross profit is calculated by deducting the costs of goods sold from the revenue, and gross margin is calculated by dividing gross profit by the revenue as a percentage.

CEO Lauri Veijalainen:
Stockmann continues to implement its strategy by focusing on its core businesses, Stockmann Retail, Real Estate and Lindex. In the third quarter, the Group's operating result of EUR 2.9 million (EUR -10.6 million) improved for the sixth consecutive quarter. Particularly gratifying was the fact that, for the first time in three years, the third-quarter Group result was positive.

The results are gradually starting to follow the right track. The Group's gross margin improved during the quarter, to 54.8 per cent, with improvements made in both Stockmann Retail and Lindex. Lindex continued its earnings growth, though the September sales were weak in the Swedish fashion market for retailers. Stockmann Retail improved its operating result due to several cost savings measures through the efficiency programme, although sales were below expectations and the turnaround must be sped up. During the quarter we successfully continued the refurbishments in the Helsinki flagship store and the renovation of the Delicatessen in the Turku department store. In addition, we made major reorganisations of our operations during the summer.

Real Estate's performance was continuously stable, with the situation in the Nevsky Centre in St Petersburg improving as the occupancy rate rose during the quarter through new signed tenant agreements. As a change to the current strategy, the Board of Directors has decided to investigate a possible divestment of the Nevsky Centre.

The Crazy Days campaign took place in October, after the end of the quarter. We are rather satisfied with the results, and this is a good starting point for the last quarter of the year. We will put all of our efforts into the upcoming Christmas season to ensure successful results, as they play a crucial role in Stockmann's full-year performance.

Strategy

The Stockmann Group is focusing on developing its retail operations and real estate business in its department store properties. Furthermore, development and expansion of the Lindex fashion chain will continue. Stockmann will consider to divest the Nevsky Centre shopping centre in St Petersburg.

Stockmann is investing in the renewal of its department stores in order to offer an improved customer experience. Stockmann will open a completely new department store in Tapiola in March 2017. In the Helsinki flagship store, significant refurbishments were ongoing during the third quarter. The new women's accessories and the home departments were opened in August. Furthermore, many new partners opened their stores within the Helsinki flagship store. The renewals will be finalised in November when, for example, new cafés and cosmetic brands will be introduced.

In the Turku department store, a project to renovate the Delicatessen food department started in the second quarter and will be ready by November. In Tallinn, the department store's fifth floor underwent major renovation work, and was re-opened in October with several new partner services and shops. In Riga, several new tenant shops were opened on the second floor of the department store.

The new Stockmann online store will be launched during the fourth quarter of 2016. The online store will operate on a new platform and will gradually gain several new features, such as online availability for the goods in the brick-and-mortar stores. A new Crazy Days online store was launched in October when the campaign took place.

Efficiency programme

In February 2015, Stockmann launched an efficiency programme with an annual cost savings target of EUR 50 million. The target will be visible in the result by the end of 2016. Actions in the programme have included the renewal of Stockmann's support functions and reducing the headcount, renegotiations of supplier terms and conditions, and release of store space from Stockmann's own retail operations to external tenants.

In Stockmann's support functions, additional measures targeting savings of approximately EUR 20 million during 2017 were launched in June. Codetermination negotiations with the personnel were concluded at the beginning of August. As a result, approximately 300 positions were reduced, mainly through lay-offs. Stockmann did not reduce the number of department store sales assistants, as it wants to ensure excellent customer service.

Stockmann also carried out codetermination negotiations with the personnel in Hobby Hall in September. The negotiations concerned around 200 persons, and as a result, 38 positions were reduced in October. The goal is a leaner organisation with more efficient processes and ways of working. Annual cost savings of approximately EUR 3 million are expected with these measures.

Stockmann's new, highly automated distribution centre was taken into use in May 2016 and the operation has gradually been ramped up to full capacity. The new distribution centre will speed up delivery times and produce annual cost savings of approximately EUR 5.5 million compared with 2014. The savings will be achieved in full from 2018 onwards. However, during the transition period of 2016, Stockmann Retail's logistics costs will be up by around EUR 2 million due to overlapping rental and other costs.

Revenue and earnings in continuing operations

The general economic situation continued to be uncertain in Stockmann's main market areas during the third quarter of 2016. Consumer confidence and purchasing power remained low in Finland, and the retail market environment continued to be relatively weak in the third quarter. The Finnish fashion market was down by 2.5 per cent in January-September (source: TMA). In Sweden, due to the very weak development in September, the fashion market was up by only 0.5 per cent in the accumulated period of January-September (source: Stilindex). The retail market in the Baltic countries continued to be relatively stable, although competition has increased particularly in Estonia.

The Stockmann Group's revenue in January-September was EUR 914.7 million (EUR 1 014.7 million). In continuing product areas and businesses, revenue was down by 3.0 per cent. The Seppälä fashion chain's revenue is included in the 2015 comparison figure until its divestment on 1 April 2015.

Revenue in Finland was EUR 430.3 million (EUR 519.4 million). In continuing product areas and businesses, revenue was down by 7.5 per cent. Revenue in other countries amounted to EUR 484.4 million (EUR 495.3 million). In continuing product areas and businesses, revenue was up by 0.9 per cent.

Other operating income was EUR 1.3 million (EUR 0.2 million), which consisted of the selling of shares in the Kirjavälitys book logistics company and the Friisinkeskus real estate company in Espoo, Finland.

The Group's gross profit during January-September amounted to EUR 487.9 million (EUR 511.5 million) and the gross margin was 53.3 per cent (50.4 per cent). The increase was mainly due to improved gross margin in Stockmann Retail.

Operating costs were down by EUR 55.5 million, and amounted to EUR 460.3 million (EUR 515.9 million). The decline was due to cost saving measures in all divisions.

EBITDA was EUR 27.6 million (EUR -4.4 million, or EUR 5.4 million excluding adjustments). Depreciation was down, to EUR 43.8 million (EUR 52.4 million), due to reduced investments and the reclassification of the Nevsky Centre as an investment property.

The operating result for January-September was up, to EUR -16.3 million (EUR -56.8 million, or the adjusted operating result of EUR -47.0 million). All divisions improved their operating results.

The Stockmann Group's third-quarter (July-September) revenue was EUR 288.9 million (EUR 317.9 million). In continuing product areas and businesses, revenue was down by 5.5 per cent.

The third-quarter revenue in Finland was EUR 128.3 million (EUR 148.1 million). In continuing product areas and businesses, revenue was down by 8.2 per cent. Revenue in other countries amounted to EUR 160.6 million (EUR 169.8 million). In continuing product areas and businesses, revenue was down by 3.5 per cent.

The third-quarter gross profit amounted to EUR 158.4 million (EUR 164.8 million) and the gross margin was 54.8 per cent (51.8 per cent). The gross margin was up in both Stockmann Retail and Lindex.

Operating costs were down by EUR 17.1 million due to the efficiency programme, and amounted to EUR 140.8 million (EUR 157.9 million).

EBITDA was EUR 17.6 million (EUR 6.8 million, or EUR 10.0 million excluding adjustments). Depreciation was down, to EUR 14.7 million (EUR 17.5 million).

The operating profit for the quarter was up, to EUR 2.9 million (EUR -10.6 million, or the adjusted operating profit of EUR -7.4 million). The operating result was up particularly in Stockmann Retail.

Net financial expenses for January-September were EUR 14.0 million (EUR 14.0 million). Foreign exchange losses amounted to EUR 2.0 million (EUR 0.5 million).

The result before taxes for the January-September period was EUR -30.2 million (EUR -70.8 million).

Income taxes of EUR 10.4 million (EUR -1.1 million) for the period consist of the taxes of Lindex and other subsidiaries. Income taxes in the previous year included deferred tax asset from losses.

The result for the reporting period was EUR -40.6 million (EUR -69.7 million). The net result for the period, including discontinued operations, was EUR -30.1 million (EUR -84.6 million). The result from discontinued operations is shown in a separate table at the end of this report.

Earnings per share for January-September were EUR -0.62 (EUR -0.97), or EUR -0.47 (EUR -1.17) including discontinued operations. Equity per share was EUR 14.05 (EUR 14.19).

Revenue and earnings by division in continuing operations

Stockmann's divisions and reportable segments are Stockmann Retail, Real Estate and Lindex. The department store operations in Russia, which were part of Stockmann Retail until the divestment on 1 February 2016, were classified as discontinued operations in the fourth quarter of 2015. The comparison figures in the income statement and related items have been restated. Stockmann's department store properties have been measured at their fair market values according to the IAS 16 standard since 1 January 2015. The Nevsky Centre shopping centre has been classified as an investment property in accordance with IAS 40 as of 1 February 2016, since the property is no longer used in the Group's own operations. Investment properties are not depreciated, but any gains or losses due to changes in fair value are recognised through profit and loss for the period during which they arise. See Accounting Principles at the end of this bulletin for further information.

Stockmann Retail

Stockmann Retail's revenue in January-September was EUR 428.1 million (EUR 512.3 million). In continuing product areas and businesses, revenue was down by 8.7 per cent.

Revenue in Finland was EUR 369.2 million (EUR 449.5 million), which includes Hobby Hall's revenue of EUR 52.7 million. In continuing product areas in the department stores, revenue was down by 9.7 per cent, mainly due to store renewal works in the Helsinki flagship store and fewer price-driven campaigns than in 2015.

Revenue from international operations, which consist of two department stores in the Baltic countries, was EUR 58.9 million (EUR 62.8 million) and accounted for 13.8 per cent (12.3 per cent) of the division's total revenue. In continuing product areas and businesses, revenue was down by 3.2 per cent.

The gross margin during the reporting period was 39.6 per cent (38.0 per cent). The gross margin improved due to more efficient buying, fewer discounts given in campaigns and changes in product areas.

Operating costs during January-September were down by EUR 34.0 million, and amounted to EUR 222.0 million (EUR 256.0 million). Costs decreased due to lower personnel costs in support functions and reduced rental costs as more space was allocated to tenants.

The division's operating result for the period was EUR -63.8 million (EUR -73.3 million), of which the department store business accounted for EUR -57.7 million (EUR -69.5 million) and Hobby Hall for EUR -6.1 million (EUR -3.8 million).

Stockmann Retail's revenue in July-September was EUR 124.2 million (EUR 145.1 million). In continuing product areas and businesses, revenue was down by 9.1 per cent.

Revenue in Finland was EUR 106.6 million (EUR 126.9 million), which includes Hobby Hall's revenue of EUR 16.3 million. In continuing product areas in the department stores, revenue was down by 10.4 per cent.

Revenue from international operations was EUR 17.6 million (EUR 18.2 million) and accounted for 14.2 per cent (12.5 per cent) of the division's total revenue. In continuing product areas and businesses, revenue was down by 1.8 per cent.

The gross margin during the third quarter was 40.2 per cent (38.4 per cent). The margin was up due to more efficient buying, changes in product areas and fewer price-driven campaigns.

Operating costs during July-September were down by EUR 16.2 million, and amounted to EUR 64.2 million (EUR 80.4 million).

The operating result during the quarter was EUR -18.0 million (EUR -28.9 million), of which the department store business accounted for EUR -15.8 million (EUR -26.7 million) and Hobby Hall for EUR -2.2 million (EUR -2.2 million).

The Crazy Days campaign took place in October, after the end of the quarter. The new Crazy Days online store was launched in Finland, and online orders increased significantly during the campaign. Comparable campaign sales were down by 2 per cent. The sales were down by 2 per cent in Finland, and on a par with the previous year in the Baltic countries. The strongest sales were achieved in cosmetics in Finland and in food in the Baltic countries.

Real Estate

The five properties owned by Stockmann have a gross leasable area (GLA) of 144 000 m2 in total. The occupancy rate of the properties totalled 98.9 per cent at the end of the third quarter (98.7 per cent).

In Stockmann's properties, 52 per cent of the GLA was used by Stockmann Retail at the end of September (71 per cent). The decline was mostly due to the transfer of the department store in the Nevsky Centre to a new owner as of 1 February 2016.

PROPERTIES

	Gross leasable area, m2 30.9.2016	Occupancy rate, % 30.9.2016	Usage by Stockmann Retail, % 1.1.2016	Usage by Stockmann Retail, % 30.9.2016
Helsinki flagship building	51 000	99.7	80	79
Book House, Helsinki	9 000	94.6	30	30
Tallinn department store building	22 000	99.8	85	83
Riga department store building	16 000	100	88	86
Nevsky Centre, St Petersburg	46 000	98.1	44	0
Total, all Stockmann-owned properties	**144 000**	**98.9**	**67**	**52**

On 1 January 2016 the fair value of Stockmann's properties amounted to EUR 918.2 million, of which the department store properties' value was EUR 737.2 million and the Nevsky Centre's value was EUR 181.0 million. The weighted average market yield requirement used in the fair value calculation was 6.0 per cent. During the year, the depreciation of department store properties is deducted from their fair value. However, the Nevsky Centre, which is treated as an investment property, is not depreciated. At the end of the third quarter, the revalued amount of all Stockmann-owned properties was EUR 904.3 million, which is the fair value less the subsequent accumulated depreciation of the department store buildings.

Real Estate's revenue in January-September was EUR 44.5 million (EUR 44.9 million). The average monthly rent from Stockmann's properties was EUR 32.69 per square metre (EUR 33.42). Net operating income from these properties was EUR 33.2 million (EUR 35.9 million). The decline was due to temporary rent adjustments in the Nevsky Centre and the timing of operating expenses.
Net rental yield was 4.9 per cent (5.3 per cent).

Operating profit for the reporting period was EUR 16.5 million (EUR 14.6 million), mainly due to lower depreciation due to the change in accounting principle relating to the Nevsky Centre.

The division's revenue in July-September was EUR 14.9 million (EUR 15.0 million). Net operating income from properties owned by Stockmann was EUR 10.9 million (EUR 11.6 million). The decline was partly due to the timing when operating expenses were recognized in 2015.

Operating profit for the quarter was EUR 5.1 million (EUR 4.5 million).

Several new tenants' stores were opened in the third quarter. In the Helsinki flagship department store, Longchamp opened a handbag store in the renewed women's accessories department, White Dress opened a wedding and evening dress store, and Polarn o. Pyret opened a children's clothing store. Suomen Asunnonvaihtokeskus opened the Open Market real estate service point in October. Joe and the Juice and Bar Primero will offer new food and beverage experiences from November, and Mumin Kaffe from February 2017.

XS Lelut opened toy stores in the Itis and Tampere department stores in September. Halti and Scandinavian Outdoor opened outdoor stores both in the Turku and Tampere department stores in September.

In Tallinn, Estonia, the department store's completely renovated fifth floor opened in October. New service providers and stores include the MySushi, Ron Maca and Chat restaurants, Mademoiselle café, Melior Clinics, the Vepsäläinen furniture store and the Hästens store among others. Also the XS Toys store was opened in July, and the Sangar men's shirts store in October.

In Riga, Latvia, the Laiks watch and jewellery store, Metropole optics, the Wood Religion barber shop with integrated Monokel tailor made men's suits shop and the Zvaigzne ABC bookstore opened on the department store's second floor in October.

Lindex

Lindex's revenue in January-September was down by 1.3 per cent, to EUR 461.9 million (EUR 467.8 million). Revenue at comparable exchange rates was up 0.1 per cent, or 0.9 per cent in comparable stores. The first half of the year was a success, but sales were down in the third quarter due to weak performance in September.

Lindex's gross margin was 62.4 per cent (62.1 per cent).

Operating costs were down by EUR 12.8 million as a result of closing the stores in Russia and lower office and store costs.

Lindex's operating profit in January-September was EUR 35.3 million (EUR 23.3 million).

Lindex's revenue in July-September was down by 6.2 per cent, to EUR 156.1 million (EUR 166.2 million). Revenue at comparable exchange rates was down by 5.0 per cent, or 4.3 per cent in comparable stores. Sales increased in July and August, but decreased in September due to the exceptionally warm weather in the main markets and fewer visitors in the stores.

Lindex's gross margin for the quarter was 62.8 per cent (61.6 per cent). The gross margin was up due to higher start prices and a one-time adjustment which affected the margin positively.

Operating costs were down by EUR 4.1 million due to lower store and office costs.

Lindex's operating profit in July-September was EUR 15.7 million (EUR 15.5 million).

In 2015, the Fashion Chains division also included Seppälä until its divestment on 1 April 2015. The division's revenue in January-September was EUR 483.8 million, including Seppälä's revenue of EUR 16.1 million. The operating result was EUR 10.0 million, including Seppälä's operating result of EUR -13.3 million.

Financing and capital employed

Cash and cash equivalents totalled EUR 12.3 million at the end of September 2016, compared with EUR 14.0 million a year earlier. Cash flow from operating activities came to EUR -54.6 million (EUR -79.8 million).

In the consolidated balance sheet on 30 September 2016, Hobby Hall's assets and liabilities are classified as assets held for sale. Net working capital excluding cash, cash equivalents and assets held for sale amounted to EUR 76.3 million at the end of September, compared with EUR 123.1 million a year earlier.

Inventories were EUR 205.4 million (EUR 261.2 million). The decline was mostly due to the discontinued product areas and the divestment of Russian operations in Stockmann Retail.

Current receivables amounted to EUR 71.0 million (EUR 74.0 million). Non-interest-bearing liabilities amounted to EUR 200.1 million (EUR 212.1 million).

Interest-bearing liabilities at the end of September were EUR 838.7 million (EUR 941.5 million), of which long-term debt amounted to EUR 563.0 million (EUR 557.6 million). In addition, the Group had EUR 252.6 million in undrawn, long-term committed credit facilities and EUR 347.1 million in uncommitted, short-term credit facilities. Most of the short-term debt has been acquired in the commercial paper market. Stockmann also has a EUR 84.3 million hybrid bond which is treated as equity.

The equity ratio at the end of September was 45.4 per cent (43.8 per cent), and net gearing was 80.8 per cent (89.9 per cent). At the end of 2015, the equity ratio was 46.1 per cent and net gearing was 72.1 per cent.

The return on capital employed over the past 12 months was -3.5 per cent (-5.2 per cent). The Group's capital employed was EUR 1 851.0 million at the end of September, compared with EUR 1 964.0 million a year earlier.

Capital expenditure

Capital expenditure totalled EUR 29.6 million (EUR 37.0 million) in January-September. Depreciation was EUR 43.8 million (EUR 52.4 million).

Stockmann Retail's capital expenditure for the reporting period totalled EUR 13.4 million (EUR 19.8 million). A major part of this was used in the quarter for the renewals in the Helsinki and Turku department stores and the new e-commerce platform for the online store.

Real Estate's capital expenditure for the reporting period was EUR 4.0 million (EUR 1.9 million), which was used for property maintenance and refurbishments for new tenants mainly in the Helsinki flagship department store and the Tallinn department store.

Lindex's capital expenditure for January-September totalled EUR 12.1 million (EUR 14.7 million). Lindex opened one store in Saudi Arabia during the third quarter. Four stores were closed in the quarter: one in the Czech Republic, one in Poland and two in the United Arab Emirates where the operation was closed down.

The Group's other capital expenditure totalled EUR 0.1 million (EUR 0.4 million).

STORE NETWORK

Stockmann Group	Total 31.12.2015	Total 30.6.2016	New stores in Q3 2016	Closed stores in Q3 2016	**Total 30.9.2016**
Department stores	16	9			**9**
Outlet stores	1	0			**0**
Hobby Hall stores	1	1			**1**
Lindex stores	487	479	1	4	**476**
of which franchising	37	38	1	2	**37**
of which own stores	450	441		2	**439**

New Projects

Capital expenditure for 2016 is estimated to amount to approximately EUR 40-45 million. The depreciation is expected to decline due to reduced investments and the reclassification of the Nevsky Centre as an investment property. Most of the capital expenditure will be used for the refurbishment of the Lindex stores, IT and omnicommerce system renewals, and Stockmann's property and store concept renewals.

Lindex will continue to open new stores in 2016. However, the total number of stores is expected to decline on 2015, as Lindex has closed down its remaining stores in Russia and will close certain loss-making stores in other market areas. Lindex will also open new franchising stores in the Balkan area in the end of 2016 and 2017 and investigate possibilities to enter new franchising markets in 2017.

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 2016, Stockmann had 30 530 868 Series A shares and 41 517 815 Series B shares, or a total of 72 048 683 shares. The number of votes conferred by the shares was 346 826 495.

The share capital remained at EUR 144.1 million at the end of the period. The market capitalisation was EUR 497.8 million (EUR 490.6 million).

At the end of September, the price of a Series A share was EUR 7.10, compared with EUR 6.22 at the end of 2015, while the price of a Series B share was EUR 6.77, compared with EUR 6.25 at the end of 2015. A total of 2.6 million (2.2 million) Series A shares and 9.5 million (14.6 million) Series B shares were traded during the quarter on Nasdaq Helsinki. This corresponds to 8.5 per cent (7.2 per cent) of the average number of Series A shares and 22.9 per cent (35.2 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 company shares or to issue new shares.

At the end of September, Stockmann had 50 660 shareholders, compared with 53 230 a year earlier.

Changes in management

Stockmann plc's Board of Directors appointed Lauri Veijalainen (born 1968), B.Sc., MBA, as Stockmann's new Chief Executive Officer as of 12 September 2016.

Mikko Huttunen (born 1968), M.Sc.(Econ.), was appointed Stockmann's Director of Human Resources and a member of the Management Team as of 15 August 2016.

Anna Salmi (born 1979), M.Sc.(Econ.), was appointed Stockmann's Chief Customer Officer and a member of the Management Team as of 28 October 2016.

Personnel

The Group's average number of personnel in continuing operations was 9 200 (10 966) in the reporting period. The decline was mainly due to the divestment of Seppälä in 2015 and personnel reductions in Stockmann Retail. In terms of full-time equivalents, the average number of employees was 6 296 (7 253).

At the end of September, the Group had 8 816 employees (11 169) in continuing operations, of whom 3 546 (5 475) were working in Finland. The number of employees working outside Finland was 5 270 (5 694), which represented 59.8 per cent (51.0 per cent) of the total.

The Group's wages and salaries in continuing operations amounted to EUR 166.5 million in the period, compared with EUR 200.4 million in 2015. The total employee benefits expenses were EUR 216.6 million (EUR 239.6 million), which is equivalent to 23.7 per cent (23.6 per cent) of revenue.

Shareholder's 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 2016, 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 2017 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 Leena Niemistö, Chairman of the Board, Selective Investor Oy Ab, representing Kari Niemistö. In addition, Chairman of the Board Jukka Hienonen will join the Nomination Board as a member.

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. Consumers' purchasing behaviour is also influenced by digitalisation, increasing competition and changing purchasing trends. Rapid and unexpected movements in markets may influence the behaviour of both the financial markets and consumers. A weak operating environment may also affect the operations of Stockmann's tenants and consequently may have a negative impact on rental income and the occupancy rate of Stockmann's properties. These may have an effect on the fair value of the real estate. Uncertainties related to consumers' purchasing behaviour and purchasing power are considered to be the principal risks that can affect Stockmann during 2016.

Fashion accounts for over two thirds of the Group's revenue. An inherent feature of the fashion trade is the short lifecycle 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 US dollar, the Russian rouble and certain other currencies. Currency fluctuations may have an effect on the Group's business operations. Financial risks, mainly risks arising from interest rate fluctuations due to the Group's high level of debt may have an effect on the financial costs and the financial position. Financial risks are managed in accordance with the risk policy confirmed by the Board of Directors.

Outlook for 2016

In the Stockmann Group's main operating country, Finland, the general economic situation remains uncertain and only slow GDP growth is estimated. Consumers' purchasing power is expected to remain low, and the development of the non-food retail market is likely to continue being weak. At the same time, competition is increasing.

The GDP growths for Sweden, Norway and the Baltic countries are estimated to be somewhat higher than in Finland. The affordable fashion market in Sweden is expected to remain relatively stable. In the Baltic countries, more competition is expected in the retail market.

Economic development in Russia is expected to remain weak in 2016. This has had a negative impact on the rental income from tenants in Stockmann's real estate business.

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 be reflected in Stockmann's performance from 2016 onwards. The new organisational model which was taken into use in the third quarter, will reduce costs by approximately EUR 20 million during 2017.

Capital expenditure for 2016 is estimated to be approximately EUR 40-45 million which is less than the estimated depreciation for 2016.

Stockmann expects the Group's revenue for 2016 to be down on 2015 due to on-going strategic actions in order to improve profitability. The adjusted operating result is expected to be slightly positive in 2016.

Helsinki, Finland, 28 October 2016

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

Accounting Principles
This Interim Report has been prepared in compliance with IAS 34. The accounting policies and calculation methods applied are the same as those in the 2015 financial statements except the changes described below. The figures are unaudited.

The Russian rouble has been used as the functional currency for the Russian real estate operations as of 1 February 2016 when the sale of the Russian department store business was completed. The effects of the change in the functional currency are treated non-retroactively, meaning that all items are translated from euros into roubles using the exchange rate prevailing on the date when the functional currency was changed. The arising amounts related to non-monetary items are treated using their original acquisition costs. The change has no material impact on the Group's equity.

Stockmann classifies the Nevsky Centre shopping centre as an investment property in accordance with IAS 40 as of 1 February 2016, since the property is no longer used by the Group's own operations. Investment properties are not depreciated, but any gains or losses due to changes in fair value are recognised through profit and loss for the period during which they arise.

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–30.9.2016**	1.1.–30.9.2015	1.1.–31.12.2015
Continuing operations			
REVENUE	**914.7**	1 014.7	1 434.8
Other operating income	**1.3**	0.2	0.2
Materials and consumables	**−428.1**	−503.4	−709.3
Wages, salaries and employee benefit expenses	**−216.6**	−239.6	−321.5
Depreciation, amortisation and impairment losses	**−43.8**	−52.4	−71.9
Other operating expenses	**−243.8**	−276.2	−384.8
Total expenses	**−932.3**	−1 071.7	−1 487.5
OPERATING PROFIT/LOSS	**−16.3**	−56.8	−52.5
Financial income	**0.9**	0.3	0.9
Financial expenses	**−14.9**	−14.3	−22.1
Total financial income and expenses	**−14.0**	−14.0	−21.2
PROFIT/LOSS BEFORE TAX	**−30.2**	−70.8	−73.7
Income taxes	**−10.4**	1.1	−15.1
PROFIT/LOSS FROM CONTINUING OPERATIONS	**−40.6**	−69.7	−88.9
Profit/loss from discontinued operations	**10.5**	−14.8	−86.1
NET PROFIT/LOSS FOR THE PERIOD	**−30.1**	−84.6	−175.0
Profit/loss for the period attributable to:			
Equity holders of the parent company	**−30.1**	−84.6	−175.0
Non-controlling interest		−0.0	−0.0
Earnings per share, EUR			
From continuing operations (undiluted and diluted)	**−0.62**	−0.97	−1.24
From discontinued operations (undiluted and diluted)	**0.15**	−0.21	−1.20
From the period result (undiluted and diluted)	**−0.47**	−1.17	−2.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–30.9.2016**	1.1.–30.9.2015	1.1.–31.12.2015
PROFIT/LOSS FOR THE PERIOD	**−30.1**	−84.6	−175.0
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
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	473.0
Changes in revaluation surplus (IAS 16), tax		−87.7	−94.5
Changes in revaluation surplus (IAS 16), net of tax		350.4	378.5
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	**−3.9**	−1.1	1.5
Exchange differences on translating foreign operations, tax		−0.0	0.1
Exchange differences on translating foreign operations, net of tax	**−3.9**	−1.1	1.6
Cash flow hedges, before tax	**−0.8**	−3.4	−3.6
Cash flow hedges, tax	**0.2**	0.7	0.8
Cash flow hedges, net of tax	**−0.6**	−2.6	−2.8
Other comprehensive income for the period, net of tax	**−4.5**	346.7	377.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**−34.6**	262.1	202.2
Total comprehensive income attributable to:			
Equity holders of the parent company, continuing operations	**−45.1**	276.9	288.4
Equity holders of the parent company, discontinued operations	**10.5**	−14.8	−86.1
Non-controlling interest		−0.0	−0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	30.9.2016	30.9.2015	31.12.2015
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	**94.5**	96.6	98.9
Intangible rights	**43.1**	54.3	48.7
Other intangible assets	**3.3**	3.8	3.7
Advance payments and construction in progress	**6.2**	1.8	1.9
Goodwill	**730.4**	746.9	764.7
Intangible assets, total	**877.5**	903.5	917.9
Property, plant and equipment			
Land and water	**109.4**	139.1	140.4
Buildings and constructions	**613.9**	749.7	777.8
Machinery and equipment	**81.4**	72.2	63.2
Modification and renovation expenses for leased premises	**4.4**	19.7	5.5
Advance payments and construction in progress	**8.5**	23.2	29.3
Property, plant and equipment, total	**817.6**	1 003.9	1 016.2
Investment properties	**181.0**		
Non-current receivables	**9.6**	8.4	9.7
Available-for-sale investments	**5.4**	7.7	5.4
Deferred tax assets	**40.3**	32.7	45.2
NON-CURRENT ASSETS, TOTAL	**1 931.4**	1 956.1	1 994.5
CURRENT ASSETS			
Inventories	**205.4**	261.2	170.8
Current receivables			
Interest-bearing receivables	**1.0**	1.7	1.6
Income tax receivables	**0.1**	0.7	0.2
Non-interest-bearing receivables	**69.9**	71.6	53.8
Current receivables, total	**71.0**	74.0	55.5
Cash and cash equivalents	**12.3**	14.0	19.1
CURRENT ASSETS, TOTAL	**288.7**	349.2	245.4
ASSETS CLASSIFIED AS HELD FOR SALE	**14.6**	32.2	34.0
ASSETS, TOTAL	**2 234.7**	2 337.5	2 273.9

EUR mill.	30.9.2016	30.9.2015	31.12.2015
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**144.1**	144.1	144.1
Share premium fund	**186.1**	186.1	186.1
Revaluation surplus	**368.9**	350.4	368.9
Invested unrestricted equity fund	**250.4**	250.4	250.4
Other funds	**44.0**	44.7	44.6
Translation reserve	**-8.3**	-7.0	-4.3
Retained earnings	**-57.2**	53.7	-27.1
Hybrid bond	**84.3**		84.3
Equity attributable to equity holders of the parent company	**1 012.3**	1 022.5	1 046.9
EQUITY, TOTAL	**1 012.3**	1 022.5	1 046.9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**157.4**	147.3	163.9
Non-current interest-bearing financing liabilities	**563.0**	557.6	534.7
Provisions for pensions		0.0	
Non-current non-interest-bearing liabilities and provisions	**3.5**	7.8	4.8
NON-CURRENT LIABILITIES, TOTAL	**723.9**	712.7	703.4
CURRENT LIABILITIES			
Current interest-bearing financing liabilities	**275.7**	383.9	248.7
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**171.5**	203.4	207.5
Income tax liabilities	**22.8**	0.8	20.5
Current provisions	**5.9**	7.9	2.5
Current non-interest-bearing liabilities, total	**200.1**	212.1	230.5
CURRENT LIABILITIES, TOTAL	**475.8**	596.0	479.2
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**22.7**	6.3	44.4
LIABILITIES, TOTAL	**1 222.4**	1 315.0	1 227.0
EQUITY AND LIABILITIES, TOTAL	**2 234.7**	2 337.5	2 273.9

Includes continuing and discontinued operations

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–30.9.2016**	1.1.–30.9.2015	1.1.–31.12.2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	**−30.1**	−84.6	−175.0
Adjustments for:			
Depreciation, amortisation and impairment losses	**43.8**	61.8	89.1
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**−1.1**	0.7	1.1
Interest and other financial expenses	**14.9**	16.2	27.0
Interest income	**−0.9**	−0.4	−1.1
Income taxes	**10.4**	−1.1	15.1
Other adjustments	**−12.0**	−15.8	−24.1
Working capital changes:			
Increase (-) /decrease (+) in inventories	**−39.3**	−22.0	73.0
Increase (-) / decrease (+) in trade and other current receivables	**−8.8**	21.8	47.0
Increase (+) / decrease (-) in current liabilities	**−10.6**	−37.3	−11.2
Interest expenses paid	**−11.9**	−13.5	−17.8
Interest received from operating activities	**0.7**	0.4	0.8
Other financing items from operating activities	**−1.4**	0.0	−1.5
Income taxes paid from operating activities	**−8.1**	−5.8	−5.1
Net cash from operating activities	**−54.6**	−79.8	17.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	**−29.5**	−37.8	−53.9
Proceeds from sale of tangible and intangible assets	**5.7**	0.7	0.9
Acquisition of subsidiaries, net of cash acquired		−0.3	−0.3
Loans granted	**0.0**	−5.0	−7.0
Dividends received from investing activities	**0.1**	0.1	0.1
Net cash used in investing activities	**−23.7**	−42.2	−60.3
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of hybrid bond			84.3
Proceeds from current liabilities	**267.5**	325.6	218.0
Repayment of current liabilities	**−218.1**	−211.8	−207.4
Proceeds from non-current liabilities	**47.5**	47.3	51.2
Repayment of non-current liabilities	**−30.5**	−55.0	−112.9
Payment of finance lease liabilities	**−0.2**	−0.9	−0.6
Net cash used in financing activities	**66.2**	105.2	32.7
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−12.0**	−16.8	−10.4
Cash and cash equivalents at the beginning of the period	**19.1**	29.3	29.3
Cheque account with overdraft facility	**−4.1**	−4.1	−4.1
Cash and cash equivalents at the beginning of the period	**15.0**	25.3	25.3
Net increase/decrease in cash and cash equivalents	**−12.0**	−16.8	−10.4
Effects of exchange rate fluctuations on cash held	**0.0**	0.0	0.2
Cash and cash equivalents at the end of the period	**12.3**	14.0	19.1
Cheque account with overdraft facility	**−9.3**	−5.5	−4.1
Cash and cash equivalents at the end of the period	**3.0**	8.4	15.0

*) Includes continuing and discontinued operations

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Share premum fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	**Total**	Non-controlling interest	**Total**
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**
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**

EUR mill.	Share capital	Share premum fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	**Total**	Non-controlling interest	**Total**
EQUITY 1.1.2015	144.1	186.1		3.4	250.4	43.9	−5.9	138.3		**760.4**	0.0	**760.4**
Proceeds from hybrid bond									85.0	**85.0**		**85.0**
Hybrid bond expenses									−0.7	**−0.7**		**−0.7**
Profit/loss for the period								−175.0		**−175.0**	−0.0	**−175.0**
Changes in revaluation surplus (IAS 16)			378.5							**378.5**		**378.5**
Other changes			−9.6					9.6		**0.0**		**0.0**
Remeasurement gains/losses on defined benefit pension liability								0.0		**0.0**		**0.0**
Exchange differences on translating foreign operations							1.6			**1.6**		**1.6**
Cash flow hedges				−2.8						**−2.8**		**−2.8**
Total comprehensive income for the period *)			378.5	−2.8			1.6	−175.1		**202.2**		**202.2**
EQUITY 31.12.2015	144.1	186.1	368.9	0.6	250.4	43.9	−4.3	−27.1	84.3	**1 046.9**		**1 046.9**

EUR mill.	Share capital	Share premum fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	**Total**	Non-controlling interest	**Total**
EQUITY 1.1.2016	144.1	186.1	368.9	0.6	250.4	43.9	−4.3	−27.1	84.3	**1 046.9**		**1 046.9**
Profit/loss for the period								−30.1		**−30.1**		**−30.1**
Exchange differences on translating foreign operations							−3.9			**−3.9**		**−3.9**
Cash flow hedges				−0.6						**−0.6**		**−0.6**
Total comprehensive income for the period *)				−0.6			−3.9	−30.1		**−34.6**		**−34.6**
EQUITY 30.9.2016	144.1	186.1	368.9	0.1	250.4	43.9	−8.3	−57.2	84.3	**1 012.3**		**1 012.3**

*) Adjusted with deferred taxes
Includes continuing and discontinued operations

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	1.1.–30.9.2016	1.1.–30.9.2015	1.1.–31.12.2015
Stockmann Retail	428.1	512.3	740.8
Fashion Chains	461.9	483.8	668.4
Real Estate	44.5	44.9	59.3
Segments, total	934.4	1 041.0	1 468.5
Unallocated	0.0	0.2	0.3
Eliminations	−19.7	−26.5	−34.0
Group total	914.7	1 014.7	1 434.8

Operating profit/loss, EUR mill.	1.1.–30.9.2016	1.1.–30.9.2015	1.1.–31.12.2015
Stockmann Retail	−63.8	−73.3	−72.9
Fashion Chains	35.3	10.0	30.5
Real Estate	16.5	14.6	16.3
Segments, total	−12.0	−48.6	−26.1
Unallocated	−4.2	−8.2	−26.4
Group total	−16.3	−56.8	−52.5
Financial income	0.9	0.3	0.9
Financial expenses	−14.9	−14.3	−22.1
Consolidated profit/loss before taxes	−30.2	−70.8	−73.7

Depreciation, amortisation and impairment losses, EUR mill.	1.1.–30.9.2016	1.1.–30.9.2015	1.1.–31.12.2015
Stockmann Retail	11.4	12.5	13.7
Fashion Chains	14.9	17.2	22.3
Real Estate	16.1	20.7	27.4
Segments, total	42.4	50.4	63.4
Unallocated	1.4	2.0	8.5
Group total	43.8	52.4	71.9

Comparison figures related to the income statement have been restated due to the Retail Russia being classified as discontinued operations.

Capital expenditure, gross, EUR mill.	1.1.–30.9.2016	1.1.–30.9.2015	1.1.–31.12.2015
Stockmann Retail	13.4	19.8	25.8
Fashion Chains	12.1	14.7	21.9
Real Estate	4.0	1.9	4.8
Segments, total	29.5	36.4	52.5
Unallocated	0.1	0.4	1.0
Group total	29.6	36.8	53.4

Assets, EUR mill.	1.1.–30.9.2016	1.1.–30.9.2015	1.1.–31.12.2015
Stockmann Retail	241.7	302.2	209.6
Fashion Chains	1 002.7	1 031.8	1 038.4
Real Estate	910.1	901.5	917.3
Segments, total	2 154.5	2 235.6	2 165.3
Unallocated	65.6	67.6	74.6
Assets classified as held for sale	14.6	34.4	34.0
Group total	2 234.7	2 337.5	2 273.9

Includes continuing and discontinued operations

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	**1.1.–30.9.2016**	1.1.–30.9.2015	1.1.–31.12.2015
Finland	**430.3**	519.4	743.2
Sweden and Norway *)	**367.3**	366.7	512.6
Baltic countries, Russia and other countries	**117.2**	128.6	179.0
Group total	**914.7**	1 014.7	1 434.8
Finland %	**47.0%**	51.2%	51.8%
International operations %	**53.0%**	48.8%	48.2%

Operating profit/loss, EUR mill.	**1.1.–30.9.2016**	1.1.–30.9.2015	1.1.–31.12.2015
Finland	**−58.1**	−83.7	−102.9
Sweden and Norway *)	**40.9**	32.8	55.4
Baltic countries, Russia and other countries	**1.0**	−5.9	−5.0
Group total	**−16.3**	−56.8	−52.5

Non-current assets, EUR mill.	**1.1.–30.9.2016**	1.1.–30.9.2015	1.1.–31.12.2015
Finland **)	**738.9**	721.8	771.4
Sweden and Norway	**837.1**	857.0	878.6
Baltic countries, Russia and other countries	**315.4**	345.2	299.9
Group total	**1 891.4**	1 924.0	1 949.9
Finland %	**39.1%**	37.5%	39.6%
International operations %	**60.9%**	62.5%	60.4%

Comparison figures related to the income statement have been restated due to the Retail Russia being classified as discontinued operations.
*) Includes franchising income
**) Includes non-current assets classified as held for sale

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

EUR mill.	**30.9.2016**	30.9.2015	31.12.2015
Discontinued operations			
Profit/loss for the financial period from discontinued operations			
Income	**13.2**	122.5	177.4
Expenses	**12.8**	137.4	186.4
Profit/loss before and after taxes	**0.4**	−14.8	−9.0
Intra-group charges and rent income are eliminated and therefore not included in income nor expenses.			
Profit/loss relating to the sales of Retail Russia after income tax	**10.1**		−77.2
Result from discontinued operation	**10.5**	−14.8	−86.1
Cash flows from discontinued operations			
Cash flow from operations	**0.0**	−5.6	−11.7
Cash flow from investments	**6.0**	−0.1	1.1
Cash flow from financing		5.6	8.3
Cash flow total	**6.0**	−0.1	−2.3
Discontinued operations, assets classified as held for sale and relating liabilities			
Current receivables			13.3
Current liabilities	**4.0**		23.4
Net assets	**−4.0**		−10.1
Other assets classified as held for sale and the relating liabilities			
Intangible assets and property, plant and equipment	**0.4**	0.6	0.6
Inventories	**10.8**	13.3	10.9
Other receivables	**3.2**	18.1	8.5
Cash and cash equivalents	**0.2**	0.2	0.7
Other liabilities	**18.7**	6.3	21.0
Net assets	**−4.1**	25.9	−0.3

KEY FIGURES OF THE GROUP

	30.9.2016	30.9.2015 Restated	31.12.2015
Equity ratio, per cent	**45.4**	43.8	46.1
Net gearing, per cent	**80.8**	89.9	72.1
Cash flow from operating activities per share, EUR	**−0.76**	−1.11	0.24
Interest-bearing net debt, EUR mill.	**816.6**	918.0	753.6
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	72049
Market capitalisation, EUR mill.	**497.8**	490.6	449.4
Operating profit/loss, per cent of turnover *)	**−1.8**	−5.6	−3.7
Equity per share, EUR	**14.05**	14.19	14.53
Return on equity, rolling 12 months, per cent	**−11.8**	−13.4	−19.4
Return on capital employed, rolling 12 months, per cent	**−3.5**	−5.2	−7.6
Average number of employees, converted to full-time equivalents *)	**6 610**	7 724	7 643
Capital expenditure, EUR mill.	**29.6**	37.0	53.4

*) Continuing operations

DEFINITIONS OF KEY FIGURES:

Equity ratio, per cent = 100 x $\frac{\text{Equity + non-controlling interest}}{\text{Total assets – advance payments received}}$

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

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 date

Earnings per share = $\frac{\text{Result for the period attributable to the parent company's shareholders less tax-adjusted interest on hybrid bond adjusted for share issue}}{\text{Average number of shares, adjusted for share issue*}}$

Return on equity, per cent, rolling 12 months = 100 x $\frac{\text{Result for the period (12 months)}}{\text{Equity + non-controlling interest (average over 12 months)}}$

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

* Without own shares owned by the company

EXCHANGE RATES OF EURO

Closing rate for the period	**30.9.2016**	30.9.2015	31.12.2015
RUB	**70.5140**	73.2416	80.6736
NOK	**8.9865**	9.5245	9.6030
SEK	**9.6210**	9.4083	9.1895
Average rate for the period	**1.1.–30.9.2016**	1.1.–30.9.2015	1.1.–31.12.2015
RUB	**76.2670**	66.5056	67.9919
NOK	**9.3781**	8.8113	8.9442
SEK	**9.3709**	9.3707	9.3532

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	**Q3 2016**	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Continuing operations								
Revenue	**288.9**	352.7	273.1	420.0	317.9	351.0	345.8	476.3
Other operating income	**0.6**	0.6	0.0	0.0	0.0	0.2	0.0	0.0
Materials and consumables	**−131.1**	−160.9	−136.1	−205.9	−153.1	−166.1	−184.1	−257.5
Wages, salaries and employee benefit expenses	**−64.7**	−76.1	−75.7	−81.9	−71.7	−81.0	−86.9	−93.7
Depreciation, amortisation and impairment losses	**−14.7**	−15.0	−14.2	−19.4	−17.5	−17.4	−17.6	−14.6
Other operating expenses	**−76.1**	−90.2	−77.5	−108.5	−86.2	−90.7	−99.3	−138.6
Operating profit/loss, EUR mill.	**2.9**	11.1	−30.3	4.3	−10.6	−4.1	−42.0	−28.1
Financial income	**0.2**	0.3	0.4	0.6	−0.2	−0.4	0.9	0.1
Financial expenses	**−5.3**	−5.0	−4.7	−7.7	−4.7	−4.6	−5.0	−5.5
Total financial income and expenses	**−5.0**	−4.7	−4.3	−7.2	−4.9	−5.0	−4.1	−5.4
Profit/loss before tax	**−2.1**	6.5	−34.6	−2.9	−15.5	−9.1	−46.2	−33.5
Income taxes	**−5.2**	−8.2	3.0	−16.3	5.1	−3.0	−1.0	−7.0
Profit/loss from continuing operations	**−7.3**	−1.7	−31.6	−19.1	−10.4	−12.1	−47.2	−40.5
Profit/loss from discontinued operations	**0.1**	0.0	10.4	−71.3	−6.1	0.2	−8.9	2.4
Net profit/loss for the period	**−7.2**	−1.7	−21.2	−90.4	−16.5	−11.9	−56.2	−38.1

Earnings per share per quarter

EUR	**Q3 2016**	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
From continuing operations (undiluted and diluted)	**−0.12**	−0.04	−0.46	−0.27	−0.14	−0.17	−0.66	−0.56
From the period result (undiluted and diluted)	**−0.12**	−0.04	−0.31	−1.26	−0.23	−0.16	−0.78	−0.53

Segment information per quarter

EUR mill.	**Q3 2016**	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Revenue								
Stockmann Retail	**124.2**	168.7	135.2	228.5	145.1	169.2	197.9	273.3
Fashion Chains	**156.1**	175.6	130.2	184.6	166.4	175.2	142.3	196.9
Real Estate	**14.9**	14.7	14.8	14.4	15.0	15.2	14.6	15.0
Unallocated	**0.0**	0.0	0.0	0.0	0.1	0.1	0.0	−0.1
Eliminations	**−6.3**	−6.4	−7.1	−7.5	−8.7	−8.8	−9.0	−8.8
Group total	**288.9**	352.7	273.1	420.0	317.9	351.0	345.8	476.3
Operating profit/loss, EUR mill.								
Stockmann Retail	**−18.0**	−20.5	−25.3	0.4	−28.9	−21.8	−22.6	−2.9
Fashion Chains	**15.7**	28.1	−8.5	20.5	15.3	17.7	−23.0	2.9
Real Estate	**5.1**	5.4	6.0	1.7	4.5	5.5	4.6	3.9
Unallocated	**0.2**	−1.8	−2.6	−18.2	−1.6	−5.5	−1.0	−34.9
Group total	**2.9**	11.1	−30.3	4.3	−10.6	−4.1	−42.0	−30.9
Reconciliation to reported operating profit/loss:								
Change in depreciation (IAS 16)								2.9

Information on market areas

EUR mill.	**Q3 2016**	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Revenue								
Finland	**128.3**	169.1	132.9	223.8	148.1	166.2	205.1	262.6
Sweden and Norway *)	**122.8**	140.6	103.9	145.8	129.8	137.4	99.6	137.8
Baltic countries, Russia and other countries	**37.8**	43.0	36.4	50.4	40.0	47.4	41.2	76.0
Group total	**288.9**	352.7	273.1	420.0	317.9	351.0	345.8	476.3
Finland %	**44.4%**	47.9%	48.6%	53.3%	46.6%	47.4%	59.3%	55.1%
International operations %	**55.6%**	52.1%	51.4%	46.7%	53.4%	52.6%	40.7%	44.9%
Operating profit/loss								
Finland	**−14.3**	−18.3	−25.5	−19.2	−27.3	−24.1	−32.2	−42.7
Sweden and Norway *)	**16.0**	27.4	−2.6	22.6	18.6	18.7	−4.5	12.9
Baltic countries, Russia and other countries	**1.2**	2.0	−2.2	1.0	−1.9	1.3	−5.3	−1.2
Group total	**2.9**	11.1	−30.3	4.3	−10.6	−4.1	−42.0	−31.0

*) Includes franchising income
Comparison figures related to the income statement have been restated due to the Retail Russia being classified as discontinued operations.

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	**30.9.2016**	30.9.2015	31.12.2015
Mortgages on land and buildings	**1.7**	1.7	1.7
Pledges and guarantees	**11.2**	8.4	8.0
Liabilities of adjustments of VAT deductions made on investments to immovable property	**15.2**	17.0	17.6
Total	**28.1**	27.1	27.3
Hybrid bond			
On 17 December 2015 Stockmann issued a hybrid bond of EUR 85 mill. The accrued interest on the bond at the end of period was:	**5.2**		0.3

Lease agreements on the Group's business premises, EUR mill.	**30.9.2016**	30.9.2015	31.12.2015
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**124.4**	160.0	158.7
After one year	**598.9**	692.7	726.6
Total	**723.3**	852.8	885.3
Retail Russia as per 30.9.2015 EUR 98.6 mill and 31.12.2015 EUR 94.0 mill included.			

Group's lease payments, EUR mill.	**30.9.2016**	30.9.2015	31.12.2015
Within one year	**0.5**	0.6	0.7
After one year	**1.0**	1.1	1.0
Total	**1.5**	1.7	1.7

Group's derivative contracts, EUR mill.	**30.9.2016**	30.9.2015	31.12.2015
Nominal value			
Currency derivatives	**448.9**	488.6	523.3
Electricity derivatives	**1.1**	2.1	1.8
Total	**450.0**	490.7	525.1

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**30.9.2016**	30.9.2015	31.12.2015
Acquisition cost at the beginning of the period	**2 331.8**	1 960.6	1 960.6
Fair value valuation of the real estates 1.1.		438.3	438.3
Acquisition cost at the beginning of the period total	**2 331.8**	2 398.9	2 398.9
Fair value change from revaluation of the real estates	**−0.3**		34.7
Translation difference +/-	**−41.2**	−3.3	19.0
Increases during the period	**29.6**	37.0	53.4
Decreases during the period	**−7.6**	−31.2	−46.3
Transfers between items during the period	**0.0**	0.3	
Transfers to non-current assets classified as held for sale	**1.0**	−0.5	−128.0
Acquisition cost at the end of the period	**2 313.1**	2 401.2	2 331.8
Accumulated depreciation and impairment losses at the beginning of the period	**−397.6**	−457.9	−457.9
Translation difference +/-	**1.1**	1.9	0.2
Depreciation on reductions during the period	**4.1**	23.2	39.4
Accumulated depreciation on transfers to non-current assets classified as held for sale	**−0.7**	0.8	109.7
Depreciation, amortisation and impairment losses during the period	**−43.8**	−61.8	−89.1
Accumulated depreciation and impairment losses at the end of the period	**−437.0**	−493.8	−397.6
Carrying amount at the beginning of the period	**1 934.1**	1 502.7	1 502.7
Carrying amount at the end of the period	**1 876.1**	1 907.4	1 934.1

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

Goodwill, EUR mill.	**30.9.2016**	30.9.2015	31.12.2015
Acquisition cost at the beginning of the period	**764.7**	748.1	748.1
Translation difference +/-	**−34.3**	−1.2	16.6
Acquisition cost at the end of the period	**730.4**	746.9	764.7
Carrying amount at the beginning of the period	**764.7**	748.1	748.1
Carrying amount at the end of the period	**730.4**	746.9	764.7

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 30.9.2016**	**Fair value 30.9.2016**	Carrying amount 30.9.2015	Fair value 30.9.2015	Carrying amount 31.12.2015	Fair value 31.12.2015
Derivative contracts, hedge accounting applied	2	**0.6**	**0.6**	1.3	1.3	1.2	1.2
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**11.3**	**11.3**	3.1	3.1	0.5	0.5
Financial assets at amortised cost							
Non-current receivables		**9.6**	**9.6**	8.4	8.4	9.7	9.7
Current receivables, interest-bearing		**1.0**	**1.0**	1.7	1.7	1.6	1.6
Current receivables, non-interest-bearing		**57.9**	**57.9**	67.2	67.2	52.1	52.1
Cash and cash equivalents		**12.3**	**12.3**	14.0	14.0	19.1	19.1
Available-for-sale financial assets	3	**5.4**	**5.4**	7.7	7.7	5.4	5.4
Financial assets, total		**98.2**	**98.2**	103.3	103.3	89.6	89.6

Financial liabilities, EUR mill.	Level	**Carrying amount 30.9.2016**	**Fair value 30.9.2016**	Carrying amount 30.9.2015	Fair value 30.9.2015	Carrying amount 31.12.2015	Fair value 31.12.2015
Derivative contracts, hedge accounting applied	**2**	0.5	**0.5**	0.3	0.3	0.3	0.3
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**0.3**	**0.3**	1.1	1.1	5.3	5.3
Electricity derivatives	1	**0.2**	**0.2**	0.5	0.5	0.5	0.5
Financial liabilities at amortised cost							
Non-current interest-bearing liabilities	2	**563.0**	**564.8**	557.6	557.8	534.7	534.9
Current liabilities, interest-bearing	2	**275.7**	**276.3**	383.9	384.6	248.7	249.4
Current liabilities, non-interest-bearing		**170.6**	**170.6**	202.0	202.0	201.6	201.6
Financial liabilities, total		**1 010.4**	**1 012.8**	1 145.3	1 146.2	991.2	992.1

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 valuated at fair value during the reporting period.

Change in fair value of available-for-sale financial assets, EUR mill.	**30.9.2016**	30.9.2015	31.12.2015
Carrying amount Jan. 1	**5.4**	7.8	7.8
Translation difference +/-	**0.2**	0.0	0.0
Sale of shares	**−0.2**	−0.1	−0.1
Fair value change			−1.6
Transfers to non-current assets held for sale			−0.6
Total	**5.4**	7.7	5.4

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