Interim Report
Q1 2016

STOCKMANN

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Improved operating result despite decline in revenue

January-March 2016:
- Consolidated revenue was EUR 273.1 million (EUR 345.8 million)
- Revenue in continuing product areas and businesses was down 12.5 per cent, mostly due to the timing of the Crazy Days campaign.
- Gross margin was up, to 50.2 per cent (46.8 per cent).
- Operating result was EUR -30.3 million (EUR -42.0 million).
- Result for the period was EUR -31.6 million (EUR -47.2 million).
- Earnings per share were EUR -0.46 (EUR -0.66).

- Divestment of the Russian department store business was completed on 1 February 2016. The business is reported as a discontinued operation.
- Per Thelin stepped down as the CEO and Lauri Veijalainen was appointed interim CEO on 4 April 2016.
- An agreement has been signed to sell the Hobby Hall distance retailing business to SGN Group. The transaction will take place on 31 December 2016.
- 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 operating result excluding non-recurring items is expected to be slightly positive in 2016.

Interim CEO Lauri Veijalainen:
Stockmann's strategy implementation is proceeding in accordance with the direction and plan, which were accepted by the Board in late 2014. Achieving a comprehensive turnaround will take time, but already during the first quarter of the year, we were able to cut the Group's operating losses. The strategic actions are expected to improve our operating result so that it will be slightly positive in 2016.

We have divested several loss-making operations, including the Russian retail business, which took place in February as planned. Stockmann Retail has also withdrawn from several loss-making product areas, Real Estate has introduced several new tenants to our properties and Lindex has continued its stable growth. We can also now announce that we have found a new owner for Hobby Hall, and this divestment completes Stockmann's strategic aim to withdraw from the non-core businesses.

Stockmann's revenue was down in the first quarter, due to the timing of the Crazy Days campaign in the department stores. The campaign, which took place after the reporting period, and which celebrated its 30th anniversary, achieved a reasonable result with sales growth in fashion and cosmetics.

We will continue to make determined efforts to achieve the turnaround, with special emphasis on ensuring that we are working actively to change our cost structure to match the scope of our operations. The results of the efficiency programme launched in 2015 are gradually becoming visible in our results for the current year. Lindex is already benefiting from the efficiency actions made during 2015 and improved its operating result during the first quarter. I am confident that the ongoing and planned actions will take us towards a more efficient and customer-oriented Stockmann.

KEY FIGURES

Continuing operations	1–3/2016	1–3/2015	1–12/2015
Revenue, EUR mill.	**273.1**	345.8	1 434.8
Gross margin, per cent	**50.2**	46.8	50.6
Operating result before depreciation (EBITDA), EUR mill.	**–16.2**	–24.5	43.4*
Operating result, EUR mill.	**–30.3**	–42.0	–28.5*
Net financial costs, EUR mill.	**4.3**	4.1	21.2
Result before tax, EUR mill.	**–34.6**	–46.2	–46.4*
Result for the period, EUR mill.	**–31.6**	–47.2	–43.0*
Earnings per share, undiluted, EUR	**–0.46**	–0.66	–1.24
Personnel, average	**9 299**	11 702	10 763

Continuing and discontinued operations	1–3/2016	1–3/2015	1–12/2015
Net earnings per share, undiluted, EUR	**–0.31**	–0.78	–2.43
Cash flow from operating activities, EUR mill.	**–75.3**	–65.2	17.2
Capital expenditure, EUR mill.	**5.9**	16.5	53.4
Equity per share, EUR	**14.20**	14.65	14.53
Net gearing, per cent	**81.6**	84.6	72.1
Equity ratio, per cent	**44.8**	43.9	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	**–5.3**	–4.7	–7.6

* Excluding non-recurring items of EUR 45.8 million, of which EUR 24.0 million affected the operating result. No non-recurring items were booked in the first quarter.

Strategy

In the first quarter of 2016, Stockmann continued to focus on the comprehensive turnaround of its business according to the strategy. Stockmann withdrew from its department store business in Russia by selling its Russian subsidiary AO Stockmann, to Reviva Holdings Limited on 1 February 2016. The business has been classified as a discontinued operation. All major structural changes in the non-core units have now been made, and the company will focus on developing its three divisions: Stockmann Retail, Real Estate and Lindex.

Stockmann Retail will fully concentrate on the development of the selected focus areas, i.e. fashion, cosmetics, food and home products, in its department and online stores in Finland and in the Baltic countries. Stockmann will invest in the renewal of its department stores in order to offer even better customer experiences. The largest investments will be made in the department stores in Tapiola and Helsinki city centre. Stockmann will open an entirely new department store in Tapiola in March 2017 with a new, omnichannel store concept. In Helsinki, the city centre department store is undergoing a significant refurbishment, which includes renewals of several entire departments such as women's accessories, cosmetics, and home products.

In addition, Stockmann is investing in omnichannel commerce. The new Stockmann online store is expected to be launched in the second half of 2016. New digital tools are being developed for store staff and customers, in order to improve the shopping experience. A pilot for B-2-B digital service was launched during the first quarter of 2016. Stockmann will open a new, more efficient distribution centre in May 2016, which will combine the existing warehouses into one and improve the omnichannel operations by speeding up delivery times, among other things. The current warehouses in Finland will be moved in stages to the new centre in 2016 and from Riga in 2017.

Real Estate concentrates on developing and completing the offering in the department stores with attractive products and services from external tenants. During the first quarter, XS Toys opened its toy store in the department store in Riga and will open its store in the Tallinn department store in August. The cooperation will also expand to Finland, as XS Toys will open stores in the Turku, Tampere, Jumbo and Itis department stores before the Christmas season in 2016. In addition, agreements were signed for the Gastrobar in the Helsinki flagship store, Isku home decoration store in the Book House building in Helsinki, and Scandinavian Outdoor and Halti outdoor stores in Tampere and Turku department stores.

Lindex continued its successful growth with good development in its main markets in the Nordic countries. Seven stores in Russia were closed during the first quarter, and the remaining three stores will be closed by mid May 2016.

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, which will be reflected in the result mainly from 2016 onwards. The renewal of the processes and structure in Stockmann's support functions is a substantial part of the efficiency programme. In 2015, the renewal led to a reduction of nearly 200 employees in Finland, and since the start of the year, to further reductions of around 35 employees. Other actions include renegotiated terms and conditions with suppliers, which will be visible in lower costs of goods sold and for indirect procurement in other operating costs. The release of store space from own retail operations to external tenants will result in lower rental costs. In addition, with the new distribution centre Stockmann is targeting an annual cost saving of approximately EUR 5.5 million compared with 2014, or EUR 3.5 million including the increased depreciation, to be achieved in full from 2018 onwards.

Events after the reporting period

Per Thelin and the Board of Directors jointly agreed that Per Thelin would leave his position as Chief Executive Officer of Stockmann plc on 4 April 2016. Thelin had been the CEO of Stockmann since November 2014. The Board of Directors has initiated a process to find a new CEO. Lauri Veijalainen, Chief Financial Officer, was appointed the interim CEO of Stockmann as of 4 April 2016.

The Annual General Meeting of Lindex decided in April to elect Susanne Najafi as a new member to the Lindex Board of Directors. She will replace Per Thelin in the Board. Per Sjödell will continue as the Chairman of the Lindex Board of Directors. Stockmann's Board of Directors has also reassessed the independence of its members in accordance with Recommendation 15 in the Finnish Corporate Governance Code. According to the assessment those Board members (Najafi, Sjödell), who are paid an additional remuneration for their duties in the Lindex Board of Directors, are not considered independent of Stockmann.

Stockmann signed an agreement on 27 April 2016 to sell the Hobby Hall business to SGN Group. The closing of the transaction will take place on 31 December 2016 and the transfer of business will take place on 1 January 2017. The purchase price is not expected to have a significant effect on Stockmann's earnings. The transaction includes Hobby Hall's entire assets and liabilities. Sales and support operations, excluding logistics, and the related personnel will move to SGN Group when the transaction takes place. As of 1 May 2016, Hobby Hall's logistics operations and all warehouse personnel will move to Posti Group. In the 2016 financial reporting, Hobby Hall will continue to be reported as a part of the Stockmann Retail segment, but its assets will be reported as assets held for sale in the balance sheet.

Revenue and earnings in continuing operations

The general economic situation continued to be uncertain in Stockmann's main market areas at the beginning of 2016. In Finland, consumer confidence and purchasing power remained low, and the retail market environment continued to be weak during the first quarter. The Finnish fashion market was down by 12.7 per cent in January-March (source: TMA). In Sweden, the fashion market was up by 1.2 per cent in January-March (source: Stilindex). The retail market in the Baltic countries was relatively stable, though competition has increased particularly in Estonia.

The Stockmann Group's first-quarter (January-March) revenue was EUR 273.1 million (EUR 345.8 million). In continuing product areas and businesses, revenue was down by 12.5 per cent. The decline was mostly due to the timing of the Crazy Days campaign in Stockmann Retail. This year the campaign was held in Finland in April, instead of March as was the case in the previous year. Revenue was up in Real Estate and Lindex. The fashion chain Seppälä's revenue is included in the 2015 comparison figure, as the fashion chain was divested on 1 April 2015.

The first-quarter revenue in Finland was EUR 132.9 million (EUR 205.1 million). In continuing product areas and businesses, revenue was down by 27.2 per cent. Revenue in other countries amounted to EUR 140.3 million (EUR 140.7 million). In continuing product areas and businesses, revenue was up by 4.2 per cent.

The first-quarter gross profit amounted to EUR 137.0 million (EUR 161.7 million) and the gross margin was 50.2 per cent (46.8 per cent). The increase was due to the withdrawal of low-margin product areas and timing of the Crazy Days campaign in Stockmann Retail, and the divestment of Seppälä.

Operating costs were down by EUR 32.9 million, and amounted to EUR 153.2 million (EUR 186.1 million). No non-recurring items were booked for the quarter.

EBITDA was EUR -16.2 million (EUR -24.5 million). Depreciation was down, to EUR 14.2 million (EUR 17.6 million), partly as the Nevsky Centre property is no longer depreciated due to its classification as an investment property.

The operating result for the quarter was up, to EUR -30.3 million (EUR -42.0 million). The increase of the operating result was affected by the divestment of Seppälä in 2015. The operating result was also up in Lindex and in the Real Estate division, but down in Stockmann Retail.

Net financial expenses for the quarter were up by EUR 0.2 million, to EUR 4.3 million (EUR 4.1 million). Interest rates were lower than in 2015, but non-recurring foreign exchange losses amounted to EUR 0.3 million (2015: gains EUR 0.9 million).

The result before taxes for the quarter was EUR -34.6 million (EUR -46.2 million). The result for January-March was EUR -31.6 million (EUR -47.2 million). The net result for the quarter, including discontinued operations, was EUR -21.2 million (EUR -56.2 million), since the loss of the divestment of Russian department stores was EUR 10.0 million smaller than estimated in 2015. The result from the discontinued operations is shown in a separate table at the end of this report.

Earnings per share for January-March were EUR -0.46 (EUR -0.66), or EUR -0.31 (EUR -0.78) including discontinued operations. Equity per share was EUR 14.20 (EUR 14.65).

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, have been classified as discontinued operations. 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-March was EUR 135.2 million (EUR 197.9 million). In continuing product areas and businesses, revenue was down by 26.5 per cent. The decline was mostly due to the timing of the Crazy Days campaign. This year the campaign was held in Finland in April, instead of March as was the case in the previous year. Revenue in February was also weaker than expected.

Revenue in Finland was EUR 116.0 million (EUR 177.2 million), which includes Hobby Hall's revenue of EUR 17.0 million. In continuing product areas in the department stores, revenue was down by 29.7 per cent. The decline was due to the timing of the Crazy Days campaign. Comparable sales in the first three weeks of March, without the Crazy Days effect, were down by 1.6 per cent.

Revenue from international operations, which consist of two department stores in the Baltic countries, was EUR 19.2 million (EUR 20.7 million) and accounted for 14.2 per cent (10.5 per cent) of the division's total revenue. In continuing product areas and businesses, revenue was down by 5.3 per cent.

The gross margin during the quarter was 38.4 per cent (35.8 per cent) due to the discontinuation of low-margin product areas in 2015 and the timing of the Crazy Days campaign.

Operating costs were down by EUR 9.5 million, and amounted to EUR 73.4 million (EUR 82.9 million). The decline was due to the the impact of the efficiency programme launched in 2015, such as the reduction in personnel and rental costs, and the timing of the Crazy Days campaign, which had an impact on the related personnel and marketing expenses.

The operating result was EUR -25.3 million (EUR -22.6 million), of which EUR -1.5 million (EUR -0.7 million) was Hobby Hall's operating result.

Sales in the Crazy Days campaign, which took place after the first quarter, in April, was down 3 per cent, with an increase particularly in fashion and cosmetics, but a decrease in food. The campaign sales were down by 3 per cent in Finland, and down by 1 per cent in the Baltic countries. Sales in the online store were up significantly compared with the previous year.

Real Estate

Stockmann's five own properties have a gross leasable area (GLA) of 144 000 m2 in total. The occupancy rate of the properties totalled 99.1 per cent at the end of the quarter (99.0 per cent).

During 2015 rapid progress was made to release retail space from Stockmann's own operations for the use of tenants. This development continued in the first quarter of 2016. Reviva Holdings Limited became a long-term anchor tenant of Nevsky Centre with a GLA of around 20 000 m2 on 1 February 2016 when it acquired the Russian department stores from Stockmann.

In Stockmann's own properties, 53 per cent of the GLA was used by Stockmann Retail at the end of March 2016, compared with 75 per cent at the end of March 2015 and 67 per cent at the year-end.

PROPERTIES

	Gross leasable area, m2 31.3.2016	Occupancy rate, % 31.3.2016	Usage by Stockmann Retail, % 1.1.2016	Usage by Stockmann Retail, % 31.3.2016
Helsinki flagship building	51 000	99.7	80	80
Book House, Helsinki	9 000	94.6	30	30
Tallinn department store building	22 000	100.0	85	85
Riga department store building	16 000	100.0	88	86
Nevsky Centre, St Petersburg	46 000	98.7	44	0
Total, all own properties	**144 000**	**99.1**	**67**	**53**

On 1 January 2016 the fair value of Stockmann's properties amounted to EUR 918.2 million, of which department store properties' value was EUR 737.2 million and 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 the fair value. Nevsky Centre, which is treated as an investment property, is not depreciated. At the end of the first quarter, the revalued amount of all own properties was EUR 914.0 million, which is the fair value less the subsequent accumulated depreciation of the department store buildings.

Real Estate's revenue in January-March was EUR 14.8 million (EUR 14.6 million). The average monthly rent in own properties was EUR 32.62 per square metre (EUR 32.95). Net operating income from own properties was EUR 12.2 million (EUR 11.8 million). Net rental yield was 5.3 per cent (5.2 per cent).

Operating profit for the quarter was EUR 6.0 million (EUR 4.6 million). The improvement was mainly due to new depreciation principles for Nevsky Centre.

During the first quarter, XS Toys started as a new tenant in the Riga department store. XS Toys will also open its toy stores in the Tallinn department store in August and in the Turku, Tampere, Jumbo and Itis department stores before the Christmas season. An agreement was signed with Isku on opening a home decoration store in the Book House building in Helsinki in June. The store will provide an extensive range of home products and home improvement-related services and will also include Keittiömaailma, Värisilmä and Vallila shop-in-shops inside the store. Scandinavian Outdoor and Halti will open their outdoor stores in Tampere and Turku department stores in the third quarter. The Helsinki city centre department store's service offering broadens in the summer, as a new Gastrobar concept opens its doors on the first floor. Stockmann's tenant Expert will also rebrand its stores in Stockmann's premises in Helsinki, Turku and Tampere under a new concept, called Power, before the summer.

Lindex

Lindex's revenue in January-March was up 2.5 per cent, to EUR 130.2 million (EUR 127.0 million). Revenue at comparable exchange rates was up 2.7 per cent. Lindex increased its market share in all Nordic countries. Good development continued particularly in the main market of Sweden.

Lindex's gross margin was 58.4 per cent (61.7 per cent). The decrease was mainly due to increased markdowns as the mid-season sale took place in March, instead of April as was the case in 2015.

Operating costs were down by EUR 4.2 million. Marketing costs decreased due to the timing of spring campaigns, and office costs decreased due to the efficiency programme started in 2015. Lindex's operating result in January-March was EUR -8.5 million (EUR -10.8 million).

In 2015, the Fashion Chains division also included Seppälä until the divestment on 1 April 2015. The division's first-quarter revenue was EUR 142.3 million, including Seppälä's revenue of EUR 15.3 million. The operating result was EUR -23.0 million, including Seppälä's operating result of EUR -12.1 million.

Financing and capital employed

Cash and cash equivalents totalled EUR 13.7 million at the end of March 2016, compared with EUR 15.4 million a year earlier. Cash flow from operating activities came to EUR -75.3 million (EUR -65.2 million).

In the consolidated balance sheet on 31 March 2016, Hobby Hall's assets are classified as assets held for sale. Net working capital excluding cash, cash equivalents and assets held for sale amounted to EUR 55.3 million at the end of March, compared with EUR 79.5 million a year earlier.

Inventories were EUR 203.4 million (EUR 257.1 million). The decline was due to the divestment of Seppälä and the discontinued product areas in Stockmann Retail.

Current receivables amounted to EUR 67.7 million (EUR 86.3 million). Non-interest-bearing liabilities amounted to EUR 215.8 million (EUR 263.9 million).

Interest-bearing liabilities at the end of March were EUR 857.5 million (EUR 908.0 million), of which long-term debt amounted to EUR 533.2 million (EUR 650.2 million). In addition, the Group had EUR 300.0 million in undrawn, long-term committed credit facilities and EUR 322.4 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 March was 44.8 per cent (43.9 per cent), and net gearing was 81.6 per cent (84.6 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 -5.3 per cent (-4.6 per cent). The Group's capital employed was EUR 1 880.5 million at the end of March, compared with EUR 1 963.6 million a year earlier.

Capital expenditure

Capital expenditure totalled EUR 5.9 million (EUR 16.5 million) in January-March. Depreciation was EUR 14.2 million (EUR 17.6 million).

Stockmann Retail's capital expenditure for the quarter totalled EUR 2.0 million (EUR 10.4 million). A major part of this was used for the renewal of the Stockmann online store which will be taken into use in the second half of 2016. Also major refurbishments in the Helsinki department store were started.

Real Estate's capital expenditure for the quarter was EUR 0.4 million (EUR 0.1 million), which was used for property maintenance and refurbishments for new tenants.

Lindex's capital expenditure for January-March totalled EUR 3.5 million (EUR 5.8 million). Lindex opened 8 stores during the first quarter: 1 in Sweden, 2 in Norway, 1 in Slovakia, 1 in Bosnia and Herzegovina and 3 in Saudi Arabia. 12 stores were closed in the quarter: 1 in Sweden, 2 in Norway, 7 in Russia, 1 in Saudi Arabia and the only franchising store in Croatia.

The Group's other capital expenditure totalled EUR 0.1 million (EUR 0.2 million).

STORE NETWORK

Stockmann Group	Total 31.12.2015	New stores in Q1 2016	Closed/divested stores in Q1 2016	**Total 31.3.2016**
Department stores	16		7	**9**
Outlet stores	1		1	**0**
Hobby Hall stores	1			**1**
Lindex stores	487	8	12	**483**
of which franchising	37	4	2	**39**
of which own stores	450	4	10	**444**

New Projects

Capital expenditure for 2016 is estimated to amount to approximately EUR 60-65 million and to be on a par with the estimated depreciation for 2016. The depreciation is expected to decline due to the classification of 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 as well as 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 will close down its remaining stores in Russia and certain loss-making stores in other market areas. As of 31 March 2016, Lindex still has three stores in Russia which will be closed by mid May.

Decisions of the Annual General Meeting

The Annual General Meeting of Stockmann plc, held in Helsinki on 15 March 2016, adopted the financial statements for the financial year 1 January - 31 December 2015, granted discharge from liability to the responsible officers and, in accordance with the proposal of the Board of Directors, resolved not to pay a dividend for the financial year 2015.

The Annual General Meeting rejected, after voting, a proposal by the company's shareholder HTT STC Holding Ltd for the combination of share series. The Annual General Meeting rejected, after voting, the proposal to authorise the Board to decide on the issuance of shares.

The Annual General Meeting resolved that eight members be elected to the Board of Directors. In accordance with the proposal of the Shareholders' Nomination Board, Kaj-Gustaf Bergh, Torborg Chetkovich, Jukka Hienonen, Per Sjödell, and Dag Wallgren were re-elected as members of the Board of Directors. Susanne Najafi, Leena Niemistö and Michael Rosenlew were elected as new members. The Board members' term of office will continue until the end of the next Annual General Meeting. It was resolved to keep the Board members' fixed annual remuneration unchanged, and the remuneration will continue to be paid mainly in shares. The members of the Board are also paid a meeting remuneration for each Board and committee meeting, as decided by the Annual General Meeting.

Henrik Holmbom, Authorised Public Accountant, and Marcus Tötterman, Authorised Public Accountant, were re-elected as regular auditors. KPMG Oy Ab, an audit firm, will continue as the deputy auditor.

The Board of Directors, which convened after the Annual General Meeting, elected Jukka Hienonen as its Chairman, and Leena Niemistö as its Vice Chairman.

The Board of Directors decided to establish an Audit Committee and a Compensation Committee among its members. Dag Wallgren was elected as Chairman of the Audit Committee, and Torborg Chetkovich and Michael Rosenlew were elected as the other members of the committee. Jukka Hienonen was elected as Chairman of the Compensation Committee and Kaj-Gustaf Bergh and Leena Niemistö as the other members of the committee.

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 March 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 quarter. The market capitalisation was EUR 488.9 million (EUR 526.2 million).

At the end of March, the price of a Series A share was EUR 6.78, compared with EUR 6.22 at the end of 2015, while the price of a Series B share was EUR 6.79, compared with EUR 6.25 at the end of 2015. A total of 0.4 million (2.2 million) Series A shares and 3.2 million (14.6 million) Series B shares were traded during the quarter on Nasdaq Helsinki. This corresponds to 1.5 per cent (7.2 per cent) of the average number of Series A shares and 7.6 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 March, Stockmann had 51 805 shareholders, compared with 54 811 a year earlier.

Personnel

The Group's average number of personnel in continuing operations was 9 299 (11 702) in the quarter. The decline was mainly due to the divestment of Seppälä in 2015 and the decrease in the number seasonal employees in Stockmann Retail due to the timing of the Crazy Days campaign. In terms of full-time equivalents, the average number of employees was 6 688 (6 813).

At the end of March, the Group had 9 425 employees (12 552) in continuing operations of whom 4 249 (6 844) were working in Finland. The number of employees working outside of Finland was 5 176 (5 708) and representing 54.9 per cent (45.5 per cent) of the total.

The Group's wages and salaries during the first quarter in continuing operations amounted to EUR 58.0 million, compared with EUR 66.3 million in 2015. The total employee benefits expenses were EUR 75.7 million (EUR 86.9 million), which is equivalent to 27.7 per cent (25.1 per cent) of revenue.

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 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 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 the general economic situation, and particularly those related to consumers' purchasing power are considered to be the principal risks that will continue to 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 a significant effect on the Group's business operations. Financial risks, including risks arising from interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors.

Outlook for 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.

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.

Stockmann will continue operating its shopping centre in St Petersburg. Economic development in Russia is expected to remain weak in 2016. This may have 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.

Capital expenditure for 2016 is estimated to be approximately EUR 60-65 million which is on a par with 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 operating result excluding non-recurring items is expected to be slightly positive in 2016.

Helsinki, Finland, 27 April 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 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 of the functional currency are treated non-retroactively, meaning that all items are translated from euros to 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 to 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.–31.3.2016**	1.1.–31.3.2015	1.1.–31.12.2015
REVENUE	**273.1**	345.8	1 434.8
Other operating income	**0.0**	0.0	0.2
Materials and consumables	**−136.1**	−184.1	−709.3
Wages, salaries and employee benefit expenses	**−75.7**	−86.9	−321.5
Depreciation, amortisation and impairment losses	**−14.2**	−17.6	−71.9
Other operating expenses	**−77.5**	−99.3	−384.8
Total expenses	**−303.5**	−387.9	−1 487.5
OPERATING PROFIT/LOSS	**−30.3**	−42.0	−52.5
Financial income	**0.4**	0.9	0.9
Financial expenses	**−4.7**	−5.0	−22.1
Total financial income and expenses	**−4.3**	−4.1	−21.2
PROFIT/LOSS BEFORE TAX	**−34.6**	−46.2	−73.7
Income taxes	**3.0**	−1.0	−15.1
PROFIT/LOSS FROM CONTINUING OPERATIONS	**−31.6**	−47.2	−88.9
Profit/loss from discontinued operations	**10.4**	−8.9	−86.1
NET PROFIT/LOSS FOR THE PERIOD	**−21.2**	−56.2	−175.0
Equity holders of the parent company	**−21.2**	−56.2	−175.0
Non-controlling interest		0.0	−0.0
Earnings per share, EUR			
From continuing operations (undiluted and diluted)	**−0.46**	−0.66	−1.24
From discontinued operations (undiluted and diluted)	**0.14**	−0.12	−1.20
From the period result (undiluted and diluted)	**−0.31**	−0.78	−2.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–31.3.2016**	1.1.–31.3.2015	1.1.–31.12.2015
PROFIT/LOSS FOR THE PERIOD	**−21.2**	-56.2	-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		438.3	473.0
Changes in revaluation surplus (IAS 16), tax		-88.3	-94.5
Changes in revaluation surplus (IAS 16), net of tax		350.0	378.5
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	**0.2**	1.2	1.4
Exchange differences on translating foreign operations, tax	**−0.5**	0.1	0.2
Exchange differences on translating foreign operations, net of tax	**−0.2**	1.3	1.6
Cash flow hedges, before tax	**−3.3**	0.1	-3.6
Cash flow hedges, tax	**0.7**	0.0	0.8
Cash flow hedges, net of tax	**−2.6**	0.1	-2.8
Other comprehensive income for the period, net of tax	**−2.8**	351.4	377.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**−24.0**	295.2	202.2
Total comprehensive income attributable to:			
Equity holders of the parent company, continuing operations	**−34.4**	304.2	288.4
Equity holders of the parent company, discontinued operations	**10.4**	-8.9	-86.1
Non-controlling interest		0.0	-0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	**31.3.2016**	31.3.2015	31.12.2015
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Trademark	**98.6**	97.9	98.9
Intangible rights	**46.8**	56.2	48.7
Other intangible assets	**3.6**	3.8	3.7
Advance payments and construction in progress	**3.0**	3.0	1.9
Goodwill	**761.7**	756.4	764.7
Intangible assets, total	**913.6**	917.3	917.9
Property, plant and equipment			
Land and water	**110.4**	139.1	140.4
Buildings and constructions	**622.6**	762.6	777.8
Machinery and equipment	**59.8**	81.1	63.2
Modification and renovation expenses for leased premises	**4.4**	24.9	5.5
Advance payments and construction in progress	**29.1**	15.0	29.3
Property, plant and equipment, total	**826.3**	1 022.7	1 016.2
Investment properties	**181.0**		
Non-current receivables	**10.4**	3.3	9.7
Available-for-sale investments	**5.5**	8.0	5.4
Deferred tax assets	**45.4**	25.5	45.2
NON-CURRENT ASSETS, TOTAL	**1 982.1**	1 976.7	1 994.5
CURRENT ASSETS			
Inventories	**203.4**	257.1	170.8
Current receivables			
Interest-bearing receivables	**1.0**	2.8	1.6
Income tax receivables	**3.9**	5.1	0.2
Non-interest-bearing receivables	**62.8**	78.4	53.8
Current receivables, total	**67.7**	86.3	55.5
Cash and cash equivalents	**13.7**	15.4	19.1
CURRENT ASSETS, TOTAL	**284.8**	358.8	245.4
ASSETS CLASSIFIED AS HELD FOR SALE	**20.0**	71.4	34.0
ASSETS, TOTAL	**2 286.9**	2 406.9	2 273.9

EUR mill.	**31.3.2016**	31.3.2015	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**	350.0	368.9
Invested unrestricted equity fund	**250.4**	250.4	250.4
Other funds	**42.0**	47.4	44.6
Translation reserve	**-4.6**	-4.6	-4.3
Retained earnings	**-48.3**	82.2	-27.1
Hybrid bond	**84.3**		84.3
Equity attributable to equity holders of the parent company	**1 022.9**	1 055.6	1 046.9
Non-controlling interest		0.0	
EQUITY, TOTAL	**1 022.9**	1 055.6	1 046.9
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**162.8**	150.0	163.9
Non-current interest-bearing financing liabilities	**533.2**	650.2	534.7
Provisions for pensions	**0.0**	0.0	0.0
Non-current non-interest-bearing liabilities and provisions	**4.5**	0.4	4.8
NON-CURRENT LIABILITIES, TOTAL	**700.5**	800.6	703.4
CURRENT LIABILITIES			
Current interest-bearing financing liabilities	**324.3**	257.8	248.7
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**193.3**	242.6	207.5
Income tax liabilities	**20.2**	1.7	20.5
Current provisions	**2.3**	19.6	2.5
Current non-interest-bearing liabilities, total	**215.8**	263.9	230.5
CURRENT LIABILITIES, TOTAL	**540.1**	521.7	479.2
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**23.3**	29.0	44.4
LIABILITIES, TOTAL	**1 264.0**	1 351.2	1 227.0
EQUITY AND LIABILITIES, TOTAL	**2 286.9**	2 406.9	2 273.9

Includes continuing and discontinued operations

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–31.3.2016**	1.1.–31.3.2015	1.1.–31.12.2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	**−21.2**	−56.2	−175.0
Adjustments for:			
Depreciation, amortisation and impairment losses	**14.2**	20.4	89.1
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.0**	0.2	1.1
Interest and other financial expenses	**4.7**	5.3	27.0
Interest income	**−0.4**	−0.1	−1.1
Income taxes	**−3.0**	1.0	15.1
Other adjustments	**−0.6**	−0.7	−24.1
Working capital changes:			
Increase (-) /decrease (+) in inventories	**−36.8**	−16.7	73.0
Increase (-) / decrease (+) in trade and other current receivables	**−6.4**	−92.2	47.0
Increase (+) / decrease (-) in current liabilities	**−16.5**	89.7	−11.2
Interest expenses paid	**−6.3**	−6.7	−17.8
Interest received from operating activities	**0.3**	0.1	0.8
Other financing items from operating activities	**−1.4**	−6.9	−1.5
Income taxes paid from operating activities	**−1.9**	−2.5	−5.1
Net cash from operating activities	**−75.3**	−65.2	17.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	**−5.0**	−16.9	−53.9
Proceeds from sale of tangible and intangible assets	**1.3**	0.4	0.9
Acquisition of subsidiaries, net of cash acquired		−0.3	−0.3
Proceeds from sale of investments	**0.0**	0.0	0.0
Loans granted		0.0	−7.0
Dividends received from investing activities	**0.1**		0.1
Net cash used in investing activities	**−3.7**	−16.8	−60.3
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of hybrid bond			84.3
Proceeds from current liabilities	**292.0**	239.5	218.0
Repayment of current liabilities	**−217.9**	−211.8	−207.4
Proceeds from non-current liabilities		36.3	51.2
Repayment of non-current liabilities	**−1.7**	−0.1	−112.9
Payment of finance lease liabilities	**−0.2**	−0.7	−0.6
Dividends paid			0.0
Net cash used in financing activities	**72.2**	63.2	32.7
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−6.8**	−18.9	−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	**−6.8**	−18.9	−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	**13.7**	15.4	19.1
Cheque account with overdraft facility	**−5.4**	−9.0	−4.1
Cash and cash equivalents at the end of the period	**8.2**	6.4	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								−56.2		**−56.2**		**−56.2**
Changes in revaluation surplus (IAS 16)			350.0							**350.0**		**350.0**
Exchange differences on translating foreign operations							1.3			**1.3**		**1.3**
Cash flow hedges				0.1						**0.1**		**0.1**
Total comprehensive income for the period *)			350.0	0.1			1.3	−56.2		**295.2**		**295.2**
EQUITY 31.3.2015	144.1	186.1	350.0	3.5	250.4	43.9	−4.6	82.2		**1 055.6**	0.0	**1 055.6**

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								−21.2		**−21.2**		**−21.2**
Exchange differences on translating foreign operations							−0.2			**−0.2**		**−0.2**
Cash flow hedges				−2.6						**−2.6**		**−2.6**
Total comprehensive income for the period *)				−2.6			−0.2	−21.2		**−24.0**		**−24.0**
EQUITY 31.3.2016	144.1	186.1	368.9	−1.9	250.4	43.9	−4.6	−48.3	84.3	**1 022.9**		**1 022.9**

* Adjusted with deferred taxes
Includes continuing and discontinued operations

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.12.2015
Stockmann Retail	**135.2**	197.9	740.8
Fashion Chains	**130.2**	142.3	668.4
Real Estate	**14.8**	14.6	59.3
Segments, total	**280.2**	354.8	1 468.5
Unallocated	**0.0**	0.0	0.3
Eliminations	**−7.1**	−9.0	−34.0
Group total	**273.1**	345.8	1 434.8

Operating profit/loss, EUR mill.	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.12.2015
Stockmann Retail	**−25.3**	−22.6	−72.9
Fashion Chains	**−8.5**	−23.0	30.5
Real Estate	**6.0**	4.6	16.3
Segments, total	**−27.7**	−41.0	−26.1
Unallocated	**−2.6**	−1.0	−26.4
Group total	**−30.3**	−42.0	−52.5
Reconciliation to reported operating profit/loss:			
Reported Group total	**−30.3**	−42.0	−52.5
Financial income	**0.4**	0.9	0.9
Financial expenses	**−4.7**	−5.0	−22.1
Consolidated profit/loss before taxes	**−34.6**	−46.2	−73.7

Depreciation, amortisation and impairment losses, EUR mill.	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.12.2015
Stockmann Retail	**3.7**	4.0	13.7
Fashion Chains	**5.0**	6.1	22.3
Real Estate	**4.9**	6.9	27.4
Segments, total	**13.6**	17.0	63.4
Unallocated	**0.6**	0.6	8.5
Change in depreciation (IAS 16)			
Group total	**14.2**	17.6	71.9

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

Capital expenditure, gross, EUR mill.	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.12.2015
Stockmann Retail	**2.0**	10.4	25.8
Fashion Chains	**3.5**	5.8	21.9
Real Estate	**0.4**	0.1	4.8
Segments, total	**5.8**	16.3	52.5
Unallocated	**0.1**	0.2	1.0
Group total	**5.9**	16.5	53.4

Assets, EUR mill.	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.12.2015
Stockmann Retail	**231.6**	347.4	209.6
Fashion Chains	**1 044.5**	1 051.4	1 038.4
Real Estate	**909.5**	909.0	917.3
Segments, total	**2 185.6**	2 307.8	2 165.3
Unallocated	**81.3**	27.7	74.6
Assets classified as held for sale	**20.0**	71.4	34.0
Group total	**2 286.9**	2 406.9	2 273.9

Includes continuing and discontinued operations

INFORMATION ON MARKET AREAS

Revenue, EUR mill. *	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.12.2015
Finland	132.9	205.1	743.2
Sweden and Norway **)	103.9	99.6	512.6
Baltic countries, Russia and other countries	36.4	41.2	179.0
Group total	273.1	345.8	1 434.8
Finland %	48.6%	59.3%	51.8%
International operations %	51.4%	40.7%	48.2%

Operating profit/loss, EUR mill. *	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.12.2015
Finland	−25.5	−32.2	−102.9
Sweden and Norway **)	−2.6	−4.5	55.4
Baltic countries, Russia and other countries	−2.2	−5.3	−5.0
Group total	−30.3	−42.0	−52.5

Non-current assets, EUR mill.	1.1.–31.3.2016	1.1.–31.3.2015	1.1.–31.12.2015
Finland ***)	742.0	796.5	771.4
Sweden and Norway **)	875.0	805.0	878.6
Baltic countries, Russia and other countries	320.1	357.2	299.9
Group total	1 937.1	1 958.7	1 949.9
Finland %	38.3%	40.7%	39.6%
International operations %	61.7%	59.3%	60.4%

* Segment information for Q1/2015 is adjusted for comparison purposes
** Includes franchising income
*** Includes non-current assets classified as held for sale

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

EUR mill.	31.3.2016	31.3.2015	31.12.2015
Discontinued operations			
Profit/loss for the financial period from discontinued operations			
Income	13.2	33.8	177.4
Expenses	12.8	42.8	186.4
Profit/loss before and after taxes	0.4	−8.9	−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	10.0		−77.2
Result from discontinued operation	10.4	−8.9	−86.1
Cash flows from discontinued operations			
Cash flow from operations	0.0	−5.1	−11.7
Cash flow from investments	0.1	−0.1	1.1
Cash flow from financing		4.6	8.3
Cash flow total	0.1	−0.5	−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	7.5	0.6
Inventories	14.8	28.2	10.9
Other receivables	4.4	32.5	8.5
Cash and cash equivalents	0.4	3.1	0.7
Other liabilities	19.3	29.0	21.0
Net assets	0.7	42.4	−0.3

KEY FIGURES OF THE GROUP

	31.3.2016	31.3.2015 Restated	31.12.2015
Equity ratio, per cent	**44.8**	43.9	46.1
Net gearing, per cent	**81.6**	84.6	72.1
Cash flow from operating activities per share, EUR	**−1.05**	−0.84	0.24
Interest-bearing net debt, EUR mill.	**833.8**	887.1	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	72 049
Market capitalization, EUR mill.	**488.9**	526.2	449.4
Operating profit/loss, per cent of turnover *)	**−11.1**	−12.2	−3.7
Equity per share, EUR	**14.20**	14.65	14.53
Return on equity, rolling 12 months, per cent	**−13.5**	−12.3	−19.4
Return on capital employed, rolling 12 months, per cent	**−5.3**	−4.7	−7.6
Average number of employees, converted to full-time equivalents *)	**6 680**	8 318	7 643
Capital expenditure, EUR mill.	**5.9**	16.5	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 $\frac{\text{Profit for the period (12 months)}}{\text{Equity + non-controlling interest (average over 12 months)}}$

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

* Without own shares owned by the company

EXCHANGE RATES OF EURO

Closing rate for the period	**31.3.2016**	31.3.2015	31.12.2015
RUB	**76.3051**	62.4400	80.6736
NOK	**9.4145**	8.7035	9.6030
SEK	**9.2253**	9.2901	9.1895
Average rate for the period	**1.1.–31.3.2016**	1.1.–31.3.2015	1.1.–31.12.2015
RUB	**82.4039**	71.0205	67.9919
NOK	**9.5268**	8.7352	8.9442
SEK	**9.3241**	9.3804	9.3532

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Continuing operations								
Revenue	**273.1**	420.0	317.9	351.0	345.8	476.3	358.6	427.9
Other operating income	**0.0**	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Materials and consumables	**-136.1**	-205.9	-153.1	-166.1	-184.1	-257.5	-174.4	-214.6
Wages, salaries and employee benefit expenses	**-75.7**	-81.9	-71.7	-81.0	-86.9	-93.7	-80.9	-91.6
Depreciation, amortisation and impairment losses	**-14.2**	-19.4	-17.5	-17.4	-17.6	-14.6	-14.4	-15.5
Other operating expenses	**-77.5**	-108.5	-86.2	-90.7	-99.3	-138.6	-100.4	-105.2
Operating profit/loss, EUR mill.	**-30.3**	4.3	-10.6	-4.1	-42.0	-28.1	-11.6	1.1
Financial income	**0.4**	0.6	-0.2	-0.4	0.9	0.1	0.1	0.0
Financial expenses	**-4.7**	-7.7	-4.7	-4.6	-5.0	-5.5	-5.5	-7.3
Total financial income and expenses	**-4.3**	-7.2	-4.9	-5.0	-4.1	-5.4	-5.3	-7.2
Profit/loss before tax	**-34.6**	-2.9	-15.5	-9.1	-46.2	-33.5	-16.9	-6.1
Income taxes	**3.0**	-16.3	5.1	-3.0	-1.0	-7.0	5.9	-4.3
Profit/loss from continuing operations	**-31.6**	-19.1	-10.4	-12.1	-47.2	-40.5	-11.0	-10.4
Profit/loss from discontinued operations	**10.4**	-71.3	-6.1	0.2	-8.9	2.4	-2.6	2.4
Net profit/loss for the period	**-21.2**	-90.4	-16.5	-11.9	-56.2	-38.1	-13.6	-8.1

Earnings per share per quarter

EUR	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
From continuing operations (undiluted and diluted)	**-0.46**	-0.27	-0.14	-0.17	-0.66	-0.56	-0.15	-0.14
From the period result (undiluted and diluted), EUR	**-0.31**	-1.26	-0.23	-0.16	-0.78	-0.53	-0.19	-0.11

Segment information per quarter

EUR mill.	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenue								
Stockmann Retail	**135.2**	228.5	145.1	169.2	197.9	273.3	161.2	219.6
Fashion Chains	**130.2**	184.6	166.4	175.2	142.3	196.9	190.9	201.6
Real Estate	**14.8**	14.4	15.0	15.2	14.6	15.0	14.8	15.2
Unallocated	**0.0**	0.0	0.1	0.1	0.0	-0.1	0.1	0.1
Eliminations	**-7.1**	-7.5	-8.7	-8.8	-9.0	-8.8	-8.3	-8.5
Group total	**273.1**	420.0	317.9	351.0	345.8	476.3	358.6	427.9
Operating profit/loss, EUR mill.								
Stockmann Retail *	**-25.3**	0.4	-28.9	-21.8	-22.6	-2.9	-20.3	-16.5
Fashion Chains	**-8.5**	20.5	15.3	17.7	-23.0	2.9	4.2	13.2
Real Estate	**6.0**	1.7	4.5	5.5	4.6	3.9	3.6	4.4
Unallocated	**-2.6**	-18.2	-1.6	-5.5	-1.0	-34.9	-2.1	-2.8
Group total	**-30.3**	4.3	-10.6	-4.1	-42.0	-30.9	-14.7	-1.7
Reconciliation to reported operating profit/loss:								
Change in depreciation (IAS 16)						2.9	3.1	2.9

Information on market areas

EUR mill.	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenue								
Finland	**132.9**	223.8	148.1	166.2	205.1	262.6	180.1	231.2
Sweden and Norway **	**103.9**	145.8	129.8	137.4	99.6	137.8	129.0	142.4
Baltic countries, Russia and other countries	**36.4**	50.4	40.0	47.4	41.2	76.0	49.5	54.3
Group total	**273.1**	420.0	317.9	351.0	345.8	476.3	358.6	427.9
Finland %	**48.6%**	53.3%	46.6%	47.4%	59.3%	55.1%	50.2%	54.0%
International operations %	**51.4%**	46.7%	53.4%	52.6%	40.7%	44.9%	49.8%	46.0%
Operating profit/loss								
Finland	**-25.5**	-19.2	-27.3	-24.1	-32.2	-42.7	-29.2	-21.0
Sweden and Norway **	**-2.6**	22.6	18.6	18.7	-4.5	12.9	10.2	19.9
Baltic countries, Russia and other countries	**-2.2**	1.0	-1.9	1.3	-5.3	-1.2	4.3	-0.6
Group total	**-30.3**	4.3	-10.6	-4.1	-42.0	-31.0	-14.6	-1.7

* Includes Hobby Hall's operating result:
Q1 2016 EUR -1.5 million, Q4 2015 EUR -1.9 million, Q3 2015 EUR -2.2 million, Q2 2015 EUR -1.0 million, Q1 2015 EUR -0.7 million.
** 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.	**31.3.2016**	31.3.2015	31.12.2015
Mortgages on land and buildings	**1.7**	1.7	1.7
Pledges and guarantees	**13.7**	8.0	8.0
Liabilities of adjustments of VAT deductions made on investments to immovable property	**14.5**	16.7	17.6
Total	**29.9**	26.4	27.3
On 17 December 2015 Stockmann issued a hybrid bond of EUR 85 mill. The accrued interest on the bond at the end of the period was:	**1.9**		0.3

Lease agreements on the Group's business premises, EUR mill.	**31.3.2016**	31.3.2015	31.12.2015
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**131.4**	180.4	158.7
After one year	**645.8**	760.1	726.6
Total	**777.3**	940.5	885.3
Retail Russia as per 31.3.2015 EUR 110.9 mill. and 31.12.2015 EUR 94.0 mill. included.			

Group's lease payments, EUR mill.	**31.3.2016**	31.3.2015	31.12.2015
Within one year	**0.6**	0.6	0.7
After one year	**1.1**	1.3	1.0
Total	**1.7**	1.9	1.7

Group's derivate contracts, EUR mill.	**31.3.2016**	31.3.2015	31.12.2015
Nominal value			
Currency derivatives	**543.0**	483.6	523.3
Electricity derivates	**1.6**	2.1	1.8
Total	**544.5**	485.7	525.1

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**31.3.2016**	31.3.2015	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 31.12.			34.7
Translation difference +/-	**−3.0**	12.3	19.0
Increases during the period	**5.9**	16.5	53.4
Decreases during the period	**−10.2**	−1.1	−46.3
Transfers between items during the period	**0.0**	0.0	0.0
Transfers to non-current assets classified as held for sale	**1.0**	−20.3	−128.0
Acquisition cost at the end of the period	**2 325.4**	2 406.4	2 331.8
Accumulated depreciation and impairment losses at the beginning of the period	**−397.6**	−457.9	−457.9
Translation difference +/-	**−0.7**	−2.3	0.2
Depreciation on reductions during the period	**8.6**	0.5	39.4
Accumulated depreciation on transfers to non-current assets classified as held for sale	**−0.7**	13.7	109.7
Depreciation, amortisation and impairment losses during the period	**−14.2**	−20.4	−89.1
Accumulated depreciation and impairment losses at the end of the period	**−404.6**	−466.4	−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	**1 920.9**	1 940.0	1 934.1

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

Goodwill, EUR mill.	**31.3.2016**	31.3.2015	31.12.2015
Acquisition cost at the beginning of the period	**764.7**	748.1	748.1
Translation difference +/-	**−3.0**	8.3	16.6
Acquisition cost at the end of the period	**761.7**	756.4	764.7
Carrying amount at the beginning of the period	**764.7**	748.1	748.1
Carrying amount at the end of the period	**761.7**	756.4	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 31.32016	Fair value 31.3.2016	Carrying amount 31.3.2015	Fair value 31.3.2015	Carrying amount 31.12.2015	Fair value 31.12.2015
Derivative contracts, hedge accounting applied	2	**0.0**	**0.0**	4.5	4.5	1.2	1.2
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**0.6**	**0.6**	2.3	2.3	0.5	0.5
Electricity derivatives	1						
Financial assets at amortised cost							
Non-current receivables		**10.4**	**10.4**	3.3	3.3	9.7	9.7
Current receivables, interest-bearing		**1.0**	**1.0**	2.8	2.8	1.6	1.6
Current receivables, non-interest-bearing		**62.2**	**62.2**	71.7	71.7	52.1	52.1
Cash and cash equivalents		**13.7**	**13.7**	15.4	15.4	19.1	19.1
Available-for-sale financial assets	3	**5.5**	**5.5**	8.0	8.0	5.4	5.4
Financial assets, total		**93.4**	**93.4**	107.8	107.8	89.6	89.6

Financial liabilities, EUR mill.	Level	Carrying amount 31.3.2016	Fair value 31.3.2016	Carrying amount 31.3.2015	Fair value 31.3.2015	Carrying amount 31.12.2015	Fair value 31.12.2015
Derivative contracts, hedge accounting applied	**2**	2.4	2.4	0.0	0.0	0.3	0.3
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**4.2**	**4.2**	1.9	1.9	5.3	5.3
Electricity derivatives	1	**0.6**	**0.6**	0.2	0.2	0.5	0.5
Financial liabilities at amortised cost							
Non-current interest-bearing liabilities	2	**533.2**	**533.5**	650.2	647.0	534.7	534.9
Current liabilities, interest-bearing	2	**324.3**	**325.1**	257.8	258.0	248.7	249.4
Current liabilities, non-interest-bearing		**186.5**	**186.5**	240.6	240.6	201.6	201.6
Financial liabilities, total		**1 051.3**	**1 052.3**	1 150.6	1 147.7	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.	31.3.2016	31.3.2015	31.12.2015
Carrying amount Jan. 1	**5.4**	7.8	7.8
Translation difference +/-	**0.1**	0.0	0.0
Sale of shares		0.1	−0.1
Fair value change		0.0	−1.6
Transfers to non-current assets held for sale	**0.0**	0.0	−0.6
Total	**5.5**	8.0	5.4

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