Interim report
Q3 2017

STOCKMANN

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Continuously improved performance in Stockmann Retail and Real Estate – Group's operating result negatively impacted by Lindex

July-September 2017, continuing operations:
- Consolidated revenue was EUR 242.0 million (263.9).
- Revenue in comparable businesses was on a par with Q3 2016.
- Gross margin was 56.2% (56.6).
- Adjusted operating result was EUR -1.4 million (4.8).
- Stockmann Retail's operating result up by EUR 5.3 million, Real Estate up by EUR 1.2 million and Lindex down by EUR 10.2 million.

January-September 2017, continuing operations:
- Consolidated revenue was EUR 740.1 million (827.8).
- Revenue in comparable businesses was down by 2.0%.
- Gross margin was 55.3% (55.7)
- Adjusted operating result was EUR -12.0 million (-4.1).
- Reported operating result was EUR -162.0 million (-4.1), including an impairment charge of EUR 150 million in Lindex's goodwill.
- Adjusted earnings per share were EUR -0.55 (-0.45).

- The food operations in Finland have been classified as an asset held for sale and reported as discontinued operations. The comments in the interim report refer only to continuing operations.

Guidance for 2017 remains unchanged (published on 26 September 2017):
Stockmann expects the Group's revenue for 2017 to decline due to weaker sales development of Lindex, and changes in the store network and product mix. Adjusted operating profit in continuing operations is expected to be approximately on a par with or slightly weaker than in 2016.

KEY FIGURES

		Restated		Restated	Restated
Continuing operations	**7–9/2017**	7–9/2016	**1–9/2017**	1–9/2016	1–12/2016
Revenue, EUR mill.	**242.0**	263.9	**740.1**	827.8	1 175.7
Gross margin, %	**56.2**	56.6	**55.3**	55.7	55.7
EBITDA, EUR mill.	**14.0**	18.9	**33.4**	38.1	85.6
Adjusted EBITDA*, EUR mill.	**14.0**	18.9	**33.4**	38.1	88.2
Operating result (EBIT), EUR mill.	**−151.4**	4.8	**−162.0**	−4.1	28.3
Adjusted operating result (EBIT)*, EUR mill.	**−1.4**	4.8	**−12.0**	−4.1	30.9
Net financial items, EUR mill.	**−4.8**	−5.0	**−20.1****	−14.0	−23.1
Result before tax, EUR mill.	**−156.2**	−0.2	**−182.1**	−18.0	5.2
Result for the period, EUR mill.	**−158.0**	−5.4	**−186.0**	−28.4	−7.5
Earnings per share, undiluted and diluted, EUR	**−2.21**	−0.09	**−2.64**	−0.45	−0.18
Personnel, average	**7 677**	8 310	**7 371**	8 332	8 151

Continuing and discontinued operations***	**7–9/2017**	7–9/2016	**1–9/2017**	1–9/2016	1–12/2016
Net earnings per share, undiluted and diluted, EUR	**−2.25**	−0.12	**−2.78**	−0.47	−0.12
Cash flow from operating activities, EUR mill.	**−29.9**	−33.7	**−59.7**	−54.6	41.5
Capital expenditure, EUR mill.	**8.5**	10.1	**24.2**	29.6	44.2
Equity per share, EUR			**12.09**	14.05	14.99
Net gearing, %			**95.0**	80.8	68.3
Equity ratio, %			**41.9**	45.4	48.3
Number of shares, undiluted and diluted, weighted average, 1 000 pc			**72 049**	72 049	72 049
Return on capital employed, rolling 12 months, %			**−7.5**	−3.5	1.8

* Adjustments include a write-off of EUR 150 million related to impairment in Lindex's goodwill. For full-year 2016, adjustments affecting operating result were EUR 2.6 million and were mostly related to ICT outsourcing.
** Includes a write-off of EUR 3.8 million related to Stockmann's investment in Tuko Logistics Cooperative in the second quarter of 2017, and a write-off of EUR 2 million related to Seppälä in the third quarter of 2017.
*** Discontinued operations include department store operations in Russia which were sold in the first quarter of 2016, and Stockmann Delicatessen food operations in Finland which are expected to be divested at the end of 2017.

Stockmann uses Alternative Performance Measures according to the guidelines of the European Securities and Market Authority (ESMA) to better reflect the operational business performance and to facilitate comparisons between financial periods. 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. EBITDA is calculated from the operating result excluding depreciation, amortisation and impairment losses. Adjusted EBITDA and adjusted operating result (EBIT) are measures which exclude non-recurring items and other adjustments affecting comparability from the reported EBITDA and reported operating result (EBIT). Stockmann also uses the term "revenue in comparable businesses" which refers to revenue excluding Hobby Hall, which was divested on 31 December 2016, the Oulu department store, which was closed on 31 January 2017, and the Lindex stores in Russia, which were closed in 2016.

CEO LAURI VEIJALAINEN:

Our determined journey continued during the third quarter. The performances in Stockmann Retail and Real Estate improved but due to weakened development of Lindex, the Group's operating result was down.

Stockmann Retail continued its result improvement in the third quarter. Comparable revenue was up 4.6% on the previous year both in Finland and in the Baltics, with growth particularly in fashion. Costs were continuously down, and the operating result improved by EUR 5.3 million. A strong fashion campaign was conducted and a new inspirational lifestyle magazine was introduced in September. Also new brands and seasonal pop-ups are being added to the selection.

Real Estate shows a stable earnings trend. The division improved its operating result by EUR 1.2 million in the third quarter. Improvements came particularly from the Nevsky Centre due to the improved economic situation in Russia.

Lindex had a tough July and August, but revenue improved towards the end of the quarter. Changes are being made to collections and campaigns, in order to boost sales for the important last quarter of the year. The top line is the key, but also efficiency and cost savings are being thoroughly looked at. A profitability improvement programme will be launched at Lindex, targeting to reduce fixed costs by over EUR 10 million annually. In addition, several actions will take place to improve gross profit.

The Crazy Days campaign in October was successful and generated growth for the first time in two years. The campaign reached a total sales growth of 2%. The online store was particularly successful and it already was our second largest unit by sales during the campaign. This gives us a good start for the most important season of the year. We will continue our efforts and determined work during the last quarter to ensure a good full-year performance.

STRATEGY

The Stockmann Group is focusing on developing retail operations and real estate business in its department store properties in Finland and the Baltic countries, as well as the development and expansion of the Lindex fashion chain. An investigation into the possible divestment of the Nevsky Centre property is on-going, and the company is currently in negotiations with potential buyers. In line with its strategy, Stockmann has withdrawn from unprofitable business operations and merchandise areas. After the planned divestment of the Delicatessen food business in Finland, Stockmann Retail mainly focuses on fashion, beauty and home products in its own selection. The Delicatessen operations in the Baltic countries will remain with Stockmann.

EVENTS AFTER THE REPORTING PERIOD

Stockmann Retail's Crazy Days campaign took place in October, after the end of the third quarter. Comparable campaign sales were up by 2%. The sales were up by 1% in Finland, and by 6% in the Baltic countries. The strongest sales were achieved in the home product area in Finland and in the food product area in the Baltic countries. Growth in the online store increased the most, making it Stockmann's second largest department store by sales during the campaign.

MARKET ENVIRONMENT

The general economic situation has begun to recover in Finland. Consumer confidence continued to improve during the third quarter. However, in Stockmann's largest product area, fashion, the market in Finland continued to perform at a 2.5% lower level, in January-September (source: Textile and Fashion Suppliers and Retailers in Finland, TMA).

In Sweden, although the general economic situation has improved, the fashion market was down by 1.8% in January-September, compared with an increase of 0.5% in the previous year (source: Swedish Trade Federation, Stilindex).

The retail market in the Baltic countries continued its good performance.

REVENUE AND EARNINGS IN CONTINUING OPERATIONS

July-September 2017

The Stockmann Group's third-quarter revenue was EUR 242.0 million (7-9/2016: 263.9). The comparison figure for 2016 includes revenue from the closed and divested units (Hobby Hall and the Oulu department store). Revenue in comparable businesses was on a par with the previous year.

The revenue in Finland was EUR 83.5 million (103.3). Revenue in comparable businesses was up by 2.1%. Revenue in other countries was EUR 158.5 million (160.6), down by 1.3%.

The gross profit amounted to EUR 136.0 million (149.5) and the gross margin was 56.2% (56.6). The gross margin was up in Stockmann Retail due to the divestment of Hobby Hall, but down in Lindex.

Operating costs were down by EUR 9.2 million and amounted to EUR 122.0 million (131.2). Both personnel costs and other costs declined, due to the efficiency measures initiated in 2016 and the divestment of Hobby Hall.

The Group's EBITDA was EUR 14.0 million (18.9). Depreciation was EUR 15.5 million (14.1).

The adjusted operating result for the quarter was EUR -1.4 million (4.8). The operating result increased in Stockmann Retail and Real Estate, while Lindex's operating result decreased.

In September 2017, Stockmann concluded an impairment test for Lindex's and Retail's goodwill. As a result, Stockmann recognised EUR 150 million in impairment related to Lindex's goodwill. The write-down has been reported as an adjustment. The operating result, including the adjustment, for the quarter was EUR -151.4 million (4.8).

January-September 2017

The Stockmann Group's revenue for the period was EUR 740.1 million (1-9/2016: 827.8). The comparison figure for 2016 includes revenue from closed and divested units. Revenue in comparable businesses was down by 2.0%.

The revenue in Finland was EUR 272.9 million (343.3). Revenue in comparable businesses was up by 0.4%. Revenue in other countries was EUR 467.2 million (484.4), down by 3.3% in comparable businesses.

The gross profit amounted to EUR 409.5 million (461.1) and the gross margin was 55.3% (55.7).

Operating costs were down by EUR 48.1 million and amounted to EUR 376.1 million (424.2).

The Group's EBITDA was EUR 33.4 million (38.1). Depreciation was EUR 45.4 million (42.1).

The adjusted operating result for the period was EUR -12.0 million (-4.1). The operating result increased in Stockmann Retail and Real Estate, while Lindex's operating result decreased.

Adjustments include an impairment charge of EUR 150 million related to Lindex's goodwill. The operating result for the period, including the adjustment, was EUR -162.0 million (-4.1).

Net financial expenses were EUR 20.1 million (14.0). The expenses include a total write-off of EUR 3.8 million related to Stockmann's investment in Tuko Logistics Cooperative and a total write-off of EUR 2 million related to Seppälä. Foreign exchange losses amounted to EUR 1.3 million (2.0). The result before taxes was EUR -182.1 million (-18.0).

Taxes for the period totalled EUR -3.9 million (-10.4). The Board of Adjustment reached its decision on Stockmann's claim for rectification relating to the Finnish Tax Administration's decision on additional taxes for the years 2009–2011. According to the earlier decision, Stockmann would have been required to pay EUR 10.3 million in additional taxes and related interest. The Board of Adjustment annulled EUR 7.7 million of the additional tax imposed on Stockmann. Consequently, the additional tax is EUR 2.6 million. The decisions are related to a tax audit which examined transfer pricing and the market basis of interest rates in the Stockmann Group's internal financing between Finland and Russia during 2009-2011. The additional taxes of EUR 10.3 million were booked in the financial statements for 2015. In line with the Board of Adjustment's decision, Stockmann returned EUR 7.7 million to its third quarter income statement in 2017.

The adjusted result for the period was EUR -36.0 million and the result for the period was EUR -186.0 million (-28.4). The net result for the period, including discontinued operations, was EUR -196.1 million (-30.1 including discontinued operations of Stockmann Delicatessen and the Russian department stores).

Adjusted earnings per share for the period were EUR -0.55. Earnings per share for the period were EUR -2.64, or EUR -2.78 including discontinued operations (-0.45, or -0.47 including discontinued operations). Equity per share was EUR 12.09 (14.05).

FINANCING AND CAPITAL EMPLOYED

Cash flow from operating activities came to EUR -29.9 million (-33.7) in the third quarter and EUR -59.7 million (-54.6) in January-September. Cash and cash equivalents at the end of September totalled EUR 14.2 million, compared with EUR 12.3 million a year earlier.

Inventories were slightly below the previous year's level, at EUR 204.6 million (205.4).

Interest-bearing liabilities at the end of September were EUR 843.0 million (838.7), of which long-term debt amounted to EUR 443.7 million (563.0). Stockmann has a EUR 150 million bond due in March 2018 which was reported as part of the long-term debt until the end of 2016. Most of the other short-term debt has been raised in the commercial paper market. In addition, the Group has undrawn, long-term committed credit facilities of EUR 223.3 million and uncommitted, short-term credit facilities of EUR 371.1 million. Stockmann also has a EUR 84.3 million hybrid bond which is treated as equity.

The equity ratio at the end of September was 41.9% (45.4), and net gearing was 95.0% (80.8).

The Group's capital employed at the end of September was EUR 1 714.2 million (1 851.0). The return on capital employed over the past 12 months was -7.5% (-3.5).

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 8.5 million (10.1) in the third quarter and EUR 24.2 million (29.6) in January-September. Most of the capital expenditure in the third quarter was used for Lindex store refurbishments and digitalisation. Depreciation was EUR 45.4 million (42.1).

Capital expenditure for 2017 is estimated to be approximately EUR 40 million, which is less than the estimated depreciation for the year.

REVENUE AND EARNINGS BY DIVISION

Stockmann's divisions and reportable segments are Lindex, Stockmann Retail and Real Estate. Stockmann Retail includes non-food department store operations in Finland and non-food and food operations in the Baltic countries.

LINDEX

Lindex	7–9/2017	7–9/2016	1–9/2017	1–9/2016
Revenue, EUR mill.	**151.1**	156.1	**436.4**	461.9
Gross margin, %	**59.9**	63.7	**59.4**	63.3
Operating result, EUR mill.	**5.5**	15.7	**3.5**	35.3
Capital expenditure, EUR mill.	**5.9**	3.9	**15.1**	12.1

July-September 2017

Lindex's revenue for the quarter was down by 3.2%, to EUR 151.1 million (156.1). In comparable stores, revenue at comparable exchange rates was down by 3.0%. Sales improved towards the end of the quarter. Comparable sales decreased in the Nordic countries and Estonia, whereas sales increased in the other markets and in the online store.

The gross margin for the quarter was 59.9% (63.7). The gross margin was down mostly due to higher markdowns. Redefined treatment of inventory obsolescence had a positive impact on the 2016 comparison figure. Increasing the gross margin is a part of the profitability improvement programme, which will be launched at Lindex.

Operating costs were up by EUR 0.9 million due to increased fixed costs. The profitability improvement programme targets to reduce fixed costs by over EUR 10 million annually, to be reached by the end of 2018. A provision of EUR 3.0 million related to the organisational restructuring measures will be booked in the fourth quarter of 2017.

Operating profit for the quarter was EUR 5.5 million (15.7), as a result of lower sales and gross margin compared with the previous year.

January-September 2017

Lindex's revenue for the period was down by 5.5%, to EUR 436.4 million (461.9), or, excluding Russian stores, down by 5.3 %. In comparable stores, revenue at comparable exchange rates was down by 3.4%.

The gross margin for the period was 59.4% (63.3).

Operating costs were down by EUR 1.8 million mainly due to currency exchange rates. The operating profit for the period was EUR 3.5 million (35.3).

Store network

Lindex opened 6 stores and closed 2 stores during the third quarter. Two new franchising markets Qatar and Tunisia, were entered. Lindex will continue its store expansion with over 15 new stores in 2017. At the same time, certain loss-making stores are being closed. The total number of own stores and franchise stores at year-end is estimated to be approximately 490.

Lindex store network	Total 31.12.2016	Total 30.6.2017	Closed stores 7–9/2017	New stores 7–9/2017	**Total 30.9.2017**
Finland	58	60	2	0	**58**
Sweden	209	210	0	0	**210**
Norway	102	100	0	0	**100**
Estonia	10	10	0	0	**10**
Latvia	9	9	0	0	**9**
Lithuania	8	8	0	0	**8**
Czech Republic	25	26	0	1	**27**
Slovakia	9	9	0	1	**10**
Poland	4	3	0	0	**3**
UK	2	2	0	0	**2**
Iceland*	4	5	0	1	**6**
Bosnia and Herzegovina*	7	7	0	0	**7**
Serbia*	3	4	0	1	**5**
Kosovo*	2	2	0	0	**2**
Albania*	1	1	0	0	**1**
Saudi Arabia*	22	22	0	0	**22**
Qatar*	0	0	0	1	**1**
Tunisia*	0	0	0	1	**1**
Total	**475**	**478**	**2**	**6**	**482**
Own stores	436	437	2	2	**437**
Franchising stores (*)	39	41	0	4	**45**

STOCKMANN RETAIL

Stockmann Retail	7–9/2017	Restated 7–9/2016	1–9/2017	Restated 1–9/2016
Revenue, EUR mill.	**81.2**	99.2	**274.0**	341.1
Gross margin, %	**44.2**	41.9	**44.1**	40.3
Operating result, EUR mill.	**−10.8**	−16.1	**−28.1**	−51.6
Operating result, excluding Hobby Hall, EUR mill.	**−10.8**	−13.9	**−28.1**	−45.5
Capital expenditure, EUR mill.	**1.2**	4.6	**4.5**	13.4

July-September 2017

Stockmann Retail's revenue for the quarter was EUR 81.2 million (99.2). The comparison figure also includes the revenue of the closed and divested units (Hobby Hall, Oulu department store). Revenue in comparable businesses was up by 4.6%.

Revenue in Finland was EUR 62.4 million (81.6). Revenue in comparable businesses was up 3.9%, driven by good performance in fashion sales. Revenue from international operations was up by 6.9%, to EUR 18.8 million (17.6). Revenue grew in both the Tallinn and Riga department stores and in almost all product areas.

The gross margin for the quarter was 44.2% (44.3, or 41.9 including Hobby Hall).

Operating costs excluding Hobby Hall were down by EUR 4.6 million. Operating costs amounted to EUR 43.0 million (47.6, or 54.6 including Hobby Hall). The decline was due to the efficiency measures initiated in 2016.

EBITDA was EUR -7.0 million (-10.8, or -13.0 including Hobby Hall). The operating result for the quarter was EUR -10.8 million (-13.9, or -16.1 including Hobby Hall).

January-September 2017

Stockmann Retail's revenue for the period was EUR 274.0 million (341.1). Revenue in comparable businesses was up by 1.6%.

Revenue in Finland was EUR 212.8 million (282.3). Revenue in comparable businesses was up by 0.9%. Revenue from international operations was up by 4.0%, to EUR 61.2 million (58.9).

The gross margin for the period was 44.1% (41.9, or 40.3 including Hobby Hall).

Operating costs excluding Hobby Hall were down by EUR 18.8 million. The operating costs amounted to EUR 138.1 million (156.9, or 179.3 including Hobby Hall).

EBITDA was EUR -17.2 million (-35.9, or -42.0 including Hobby Hall). Operating result for the period was EUR -28.1 million (-45.5, or -51.6 including Hobby Hall).

REAL ESTATE

Real Estate	7–9/2017	7–9/2016	1–9/2017	1–9/2016
Revenue, EUR mill.	**16.5**	14.9	**50.3**	44.5
Net operating income, Stockmann-owned properties, EUR mill.	**12.6**	10.9	**38.4**	33.2
Operating result, EUR mill.	**6.3**	5.1	**19.2**	16.5
Capital expenditure, EUR mill.	**1.1**	1.5	**3.5**	4.0

July-September 2017

Real Estate's revenue for the quarter was EUR 16.5 million (14.9). The main reason for the increase was higher rental income from the Nevsky shopping centre.

The net operating income of the Stockmann-owned properties was EUR 12.6 million (10.9). The average monthly rent from these properties was EUR 36.6 per square metre (32.9).

Operating costs were at the same level as in the previous year. The operating profit for the quarter was EUR 6.3 million (5.1), resulting from the increased revenue.

January-September 2017

Real Estate's revenue for the period was EUR 50.3 million (44.5).

The net operating income of the Stockmann-owned properties was EUR 38.4 million (33.2). The average monthly rent from these properties was EUR 37.2 per square metre (32.7).

Operating costs for the period increased, mostly due to changes in Russian operations. The operating profit for the period was EUR 19.2 million (16.5).

Properties

The five properties owned by Stockmann have a gross leasable area (GLA) of 142 000 m2 in total. At the end of September, Stockmann Retail was using 51% (52) of the total GLA. Excluding the Nevsky Centre, 75% (77) was being used by Stockmann Retail. The occupancy rate of the properties remained at a high level, at 99.5% (98.9). The net rental yield in the reporting period was 5.4% (4.9).

During the third quarter of 2017, AT Lastenturva opened a baby equipment shop in the Helsinki flagship store. The Hamleys toy store will be replaced by XS Toys in the Helsinki flagship store during the last quarter of the year. XS Toys is already runs toy stores in all of the other Stockmann department stores. In September, Teenuspunkt opened an extended shoemaker service point in the Tallinn department store. The capital expenditure for the quarter was used for property improvements.

On 1 January 2017 the fair value of Stockmann's properties amounted to EUR 950.1 million. The value of department store properties was EUR 769.1 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 5.7% (6.0).

During the year, the depreciation of department store properties is deducted from the fair value. The Nevsky Centre, which is being treated as an asset held for sale as of 31 March 2017, has not been depreciated. At the end of the third quarter, the revalued amount of all Stockmann-owned properties was EUR 935.5 million, which is the fair value less the subsequent accumulated depreciation of the department store buildings. An investigation related to the divestment of Nevsky Centre is on-going.

Property	Gross leasable area, m2 30.9.2017	Occupancy rate, % 30.9.2017	Usage by Stockmann Retail, % 30.9.2017
Helsinki flagship building	51 000	99.8	76
Book House, Helsinki	9 000	100.0	30
Tallinn department store building	22 000	100.0	84
Riga department store building	15 000	100.0	86
Total, all Stockmann-owned department store properties	**97 000**	**99.9**	**75**
Nevsky Centre, St. Petersburg	46 000	98.6	0
Total, all Stockmann-owned properties	**142 000**	**99.5**	**51**

After the planned divestment of Stockmann Delicatessen in Finland has taken place, Stockmann Retail will use approximately 69% of the total GLA in Stockmann-owned department store properties.

PERSONNEL

The Group's average number of personnel in continuing operations was 7 371 (8 332) in the reporting period. The decline was due to personnel reductions mostly in Stockmann Retail's shared support functions, and the divestment of Hobby Hall. In terms of full-time equivalents, the average number of employees was 5 405 (6 005).

At the end of September, the Group had 7 599 employees (8 012), of whom 2 321 (2 742) were working in Finland. The number of employees working outside Finland was 5 278 (5 270), which represented 69.5% (65.8%) of the total. In addition, 753 employees worked in the Stockmann Delicatessen operations in Finland.

The Group's wages and salaries amounted to EUR 134.4 million in the period, compared with EUR 155.2 million in 2016. The total employee benefits expenses were EUR 174.7 million (201.8), which is equivalent to 23.6% (24.3) of revenue.

CHANGES IN MANAGEMENT

Elisabeth Peregi, M.Sc. (Econ.) born 1971, started as the Lindex interim CEO and a member of the Management Team on 21 August 2017. Ingvar Larsson, former CEO of Lindex, resigned on the same date.

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.

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

The share capital remained at EUR 144.1 million during the period. The market capitalisation was EUR 434.1 million (497.8) at the end of the period.

The price of a Series A share was EUR 6.06 at the end of September, compared with 7.09 EUR at the end of 2016, while the price of a Series B share was EUR 6.00, compared with EUR 7.06 at the end of 2016.

A total of 0.7 million (2.6) Series A shares and 8.8 million (9.5) Series B shares were traded during the reporting period on Nasdaq Helsinki. This corresponds to 2.2 % (8.5) of the average number of Series A shares and 21.2% (22.9) 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 the review period, Stockmann had 47 566 shareholders, compared with 50 660 a year earlier.

In August, Stockmann was notified of a change in the indirect ownership of shares, due to Hartwall Capital Oy Ab acquirring control in HTT STC Holding Oy Ab. The number of Stockmann shares owned by HTT STC Holding remained unchanged. (Stock exchange announcement 11 August 2017)

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 affects 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. Uncertainties related to purchasing power and behaviour are considered to be the principal risks that could affect Stockmann during 2017.

The 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, particularly if related to the biggest tenants of the properties, may have an effect on the fair value of the real estate.

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. Interest rate fluctuations may also impact the yield related to the properties owned by the Group, and thus the fair value of these assets. Financial risks are managed in accordance with the financial risk policy confirmed by the Board of Directors.

Other risk factors affecting the Stockmann Group's operations are presented in the Report by the Board of Directors for 2016.

OUTLOOK FOR 2017

In the Stockmann Group's largest operating country, Finland, the economy has begun to recover. GDP and the retail market are expected to grow in 2017. However, consumers' purchasing power is not expected to increase and purchasing behaviour is changing due to digitalisation and increasing competition.

The Swedish economy remained stable in 2016 and the GDP growth estimate for 2017 remains on a higher level than in Finland. The steady growth in the fashion market stagnated in 2016, and the market is expected to decline in 2017.

In the Baltic countries, GDP growth is estimated to continue. The outlook for these countries is expected to be better than that for the Stockmann Group's other market areas.

The Russian economy is expected to recover gradually, but the purchasing power of Russian consumers remains low.

Stockmann will continue improving the Group's long-term competitiveness and profitability. The efficiency measures launched in summer 2016 will be fully visible in the 2017 operating costs. Improvements in the operating result in 2017 are estimated to come mainly from the Stockmann Retail division, which is still loss-making, while Real Estate is expected to continue its stable profitable performance. Lindex's operating profit for 2017 will be clearly down on the previous year's record-high earnings. The planned sale of the Delicatessen business in Finland is expected to improve the Group's profitability from 2018 onwards.

Capital expenditure for 2017 is estimated to be approximately EUR 40 million, which is less than the estimated depreciation for the year.

GUIDANCE FOR 2017

The Stockmann Group's profit guidance for the year was revised on 26 September 2017, due to weaker than estimated performance in Lindex's business.

Stockmann expects the Group's revenue for 2017 to decline due to weaker sales development of Lindex, and changes in the store network and product mix. Adjusted operating profit in continuing operations is expected to be approximately on a par with or slightly weaker than in 2016.

Helsinki, Finland, 26 October 2017

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

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 2016 financial statements. Stockmann Delicatessen food operations in Finland have been classified as assets held for sale and reported as discontinued operations. The change is in effect from the half year report 2017 onwards and it has effect only on the Stockmann Retail segment. The comparison figures for continuing operations in the income statement and related items are restated accordingly. The figures are unaudited.

CONSOLIDATED INCOME STATEMENT

		Restated	Restated
EUR mill.	**1.1.–30.9.2017**	1.1.–30.9.2016	1.1.–31.12.2016
Continuing operations			
REVENUE	**740.1**	827.8	1 175.7
Other operating income	**0.0**	1.2	1.2
Materials and consumables	**−330.6**	−366.7	−520.4
Wages, salaries and employee benefit expenses	**−174.7**	−201.8	−270.4
Depreciation, amortisation and impairment losses	**−195.4**	−42.1	−57.3
Other operating expenses	**−201.4**	−222.4	−300.6
Total expenses	**−902.1**	−833.1	−1 148.7
OPERATING PROFIT/LOSS	**−162.0**	−4.1	28.3
Financial income	**0.4**	0.9	0.8
Financial expenses	**−20.5**	−14.9	−23.9
Total financial income and expenses	**−20.1**	−14.0	−23.1
PROFIT/LOSS BEFORE TAX	**−182.1**	−18.0	5.2
Income taxes	**−3.9**	−10.4	−12.7
PROFIT/LOSS FROM CONTINUING OPERATIONS	**−186.0**	−28.4	−7.5
Profit/loss from discontinued operations	**−10.1**	−1.7	4.3
NET PROFIT/LOSS FOR THE PERIOD	**−196.1**	−30.1	−3.2
Profit/loss for the period attributable to:			
Equity holders of the parent company	**−196.1**	−30.1	−3.2
Earnings per share, EUR:			
From continuing operations (undiluted and diluted)	**−2.64**	−0.45	−0.18
From discontinued operations (undiluted and diluted)	**−0.14**	−0.02	0.06
From the period result (undiluted and diluted)	**−2.78**	−0.47	−0.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–30.9.2017**	1.1.–30.9.2016	1.1.–31.12.2016
PROFIT/LOSS FOR THE PERIOD	**−196.1**	−30.1	−3.2
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in revaluation surplus (IAS 16), before tax			48.3
Changes in revaluation surplus (IAS 16), tax			−9.7
Changes in revaluation surplus (IAS 16), net of tax			38.6
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	**−3.3**	−3.9	−2.9
Exchange differences on translating foreign operations, net of tax	**−3.3**	−3.9	−2.9
Cash flow hedges, before tax	**−2.9**	−0.8	1.1
Cash flow hedges, tax	**0.6**	0.2	−0.2
Cash flow hedges, net of tax	**−2.2**	−0.6	0.8
Other comprehensive income for the period, net of tax	**−5.5**	−4.5	36.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**−201.6**	−34.6	33.4
Total comprehensive income attributable to:			
Equity holders of the parent company, continuing operations	**−191.5**	−45.1	18.3
Equity holders of the parent company, discontinued operations	**−10.1**	10.5	15.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	**30.9.2017**	30.9.2016	31.12.2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	**578.3**	730.4	735.6
Trademark	**94.2**	94.5	95.2
Intangible rights	**46.5**	43.1	45.3
Other intangible assets	**2.9**	3.3	3.2
Advance payments and construction in progress	**0.8**	6.2	3.7
Intangible assets, total	**722.6**	877.5	883.1
Property, plant and equipment			
Land and water	**114.3**	109.4	114.3
Buildings and constructions	**639.9**	613.9	654.8
Machinery and equipment	**76.8**	81.4	81.0
Modification and renovation expenses for leased premises	**4.7**	4.4	6.1
Advance payments and construction in progress	**1.9**	8.5	8.7
Property, plant and equipment, total	**837.7**	817.6	864.9
Investment properties		181.0	181.0
Non-current receivables	**4.7**	9.6	7.2
Available-for-sale investments	**0.3**	5.4	5.5
Deferred tax assets	**37.8**	40.3	38.3
NON-CURRENT ASSETS, TOTAL	**1 603.0**	1 931.4	1 980.0
CURRENT ASSETS			
Inventories	**204.6**	205.4	180.7
Current receivables			
Interest-bearing receivables	**1.2**	1.0	1.6
Income tax receivables	**4.3**	0.1	0.0
Non-interest-bearing receivables	**59.5**	69.9	58.7
Current receivables, total	**65.0**	71.0	60.3
Cash and cash equivalents	**14.2**	12.3	20.2
CURRENT ASSETS, TOTAL	**283.9**	288.7	261.2
ASSETS CLASSIFIED AS HELD FOR SALE	**195.1**	14.6	
ASSETS, TOTAL	**2 082.0**	2 234.7	2 241.2

EUR mill.	**30.9.2017**	30.9.2016	31.12.2016
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**144.1**	144.1	144.1
Share premium fund	**186.1**	186.1	186.1
Revaluation surplus	**398.3**	368.9	398.3
Invested unrestricted equity fund	**250.4**	250.4	250.4
Other funds	**43.1**	44.0	45.4
Translation reserve	**−10.5**	−8.3	−7.2
Retained earnings	**−224.6**	−57.2	−21.1
Hybrid bond	**84.3**	84.3	84.3
Equity attributable to equity holders of the parent company	**871.3**	1 012.3	1 080.3
EQUITY, TOTAL	**871.3**	1 012.3	1 080.3
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**165.2**	157.4	163.6
Non-current interest-bearing financing liabilities	**443.7**	563.0	525.3
Non-current non-interest-bearing liabilities and provisions	**4.0**	3.5	3.1
NON-CURRENT LIABILITIES, TOTAL	**612.8**	723.9	691.9
CURRENT LIABILITIES			
Current interest-bearing financing liabilities	**399.3**	275.7	236.5
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**174.3**	171.5	203.3
Income tax liabilities	**17.6**	22.8	24.9
Current provisions	**0.0**	5.9	4.4
Current non-interest-bearing liabilities, total	**191.9**	200.1	232.6
CURRENT LIABILITIES, TOTAL	**591.2**	475.8	469.0
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**6.6**	22.7	
LIABILITIES, TOTAL	**1 210.7**	1 222.4	1 161.0
EQUITY AND LIABILITIES, TOTAL	**2 082.0**	2 234.7	2 241.2

Includes continuing and discontinued operations

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1.1.–30.9.2017	1.1.–30.9.2016	1.1.–31.12.2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	**−196.1**	−30.1	−3.2
Adjustments for:			
Depreciation, amortisation and impairment losses	**195.4**	43.8	59.2
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.2**	−1.1	−1.1
Interest and other financial expenses	**20.5**	14.9	23.9
Interest income	**−0.4**	−0.9	−0.8
Income taxes	**3.9**	10.4	12.7
Other adjustments	**−7.0**	−12.0	0.7
Working capital changes:			
Increase (-) /decrease (+) in inventories	**−28.8**	−39.3	−2.8
Increase (-) / decrease (+) in trade and other current receivables	**−3.7**	−8.8	−4.1
Increase (+) / decrease (-) in current liabilities	**−18.0**	−10.6	−15.5
Interest expenses paid	**−13.3**	−11.9	−16.6
Interest received from operating activities	**0.4**	0.7	0.8
Other financing items from operating activities	**−0.1**	−1.4	−1.4
Income taxes paid from operating activities	**−12.8**	−8.1	−10.3
Net cash from operating activities	**−59.7**	−54.6	41.5
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intagible assets	**−22.9**	−29.5	−40.2
Proceeds from sale of tangible and intangible assets		5.7	7.0
Dividends received from investing activities	**0.0**	0.1	0.1
Net cash used in investing activities	**−22.9**	−23.7	−33.2
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from current liabilities	**240.6**	267.5	230.5
Repayment of current liabilities	**−230.5**	−218.1	−217.9
Proceeds from non-current liabilities	**131.4**	47.5	105.7
Repayment of non-current liabilities	**−60.2**	−30.5	−127.1
Payment of finance lease liabilities		−0.2	−0.2
Interest on hybrid bond	**−7.4**		
Net cash used in financing activities	**73.8**	66.2	−8.9
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−8.9**	−12.0	−0.5
Cash and cash equivalents at the beginning of the period	**20.2**	19.1	19.1
Cheque account with overdraft facility	**−5.7**	−4.1	−4.1
Cash and cash equivalents at the beginning of the period	**14.5**	15.0	15.0
Net increase/decrease in cash and cash equivalents	**−8.9**	−12.0	−0.5
Effects of exchange rate fluctuations on cash held	**0.0**	0.0	0.0
Cash and cash equivalents at the end of the period	**14.2**	12.3	20.2
Cheque account with overdraft facility	**−8.7**	−9.3	−5.7
Cash and cash equivalents at the end of the period	**5.5**	3.0	14.5

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**
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**
Profit/loss for the period								−30.1		**−30.1**
Exchange differences on translating foreign operations							−3.9			**−3.9**
Cash flow hedges				−0.6						**−0.6**
Total comprehensive income for the period, net of tax				−0.6			−3.9	−30.1		**−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**

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**
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**
Profit/loss for the period								−3.2		**−3.2**
Changes in revaluation surplus (IAS 16)			38.6							**38.6**
Exchange differences on translating foreign operations							−2.9			**−2.9**
Cash flow hedges				0.8						**0.8**
Total comprehensive income for the period, net of tax			38.6	0.8			−2.9	−3.2		**33.4**
Other changes			−9.2					9.2		
Total transactions with the equity owners			−9.2					9.2		
EQUITY 31.12.2016	144.1	186.1	398.3	1.5	250.4	43.9	−7.2	−21.1	84.3	**1 080.3**

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**
EQUITY 1.1.2017	144.1	186.1	398.3	1.5	250.4	43.9	−7.2	−21.1	84.3	**1 080.3**
Profit/loss for the period								−196.1		**−196.1**
Exchange differences on translating foreign operations							−3.3			**−3.3**
Cash flow hedges				−2.2						**−2.2**
Total comprehensive income for the period, net of tax				−2.2			−3.3	−196.1		**−201.6**
Interest paid on hybrid bond								−7.4		**−7.4**
Total transactions with the equity owners								−7.4		**−7.4**
EQUITY 30.9.2017	144.1	186.1	398.3	−0.8	250.4	43.9	−10.5	−224.6	84.3	**871.3**

Includes continuing and discontinued operations

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	1.1.–30.9.2017	Restated 1.1.–30.9.2016	Restated 1.1.–31.12.2016
Lindex	**436.4**	461.9	633.2
Stockmann Retail	**274.0**	341.1	508.3
Real Estate	**50.3**	44.5	60.1
Segments, total	**760.8**	847.5	1 201.5
Unallocated	**0.0**	0.0	0.0
Eliminations	**−20.7**	−19.7	−25.8
Group total	**740.1**	827.8	1 175.7

Operating profit/loss, EUR mill.	1.1.–30.9.2017	Restated 1.1.–30.9.2016	Restated 1.1.–31.12.2016
Lindex	**3.5**	35.3	54.9
Stockmann Retail	**−28.1**	−51.6	−39.1
Real Estate	**19.2**	16.5	21.1
Segments, total	**−5.4**	0.2	36.9
Unallocated	**−6.5**	−4.2	−8.6
Goodwill impairment	**−150.0**		
Group total	**−162.0**	−4.1	28.3
Financial income	**0.4**	0.9	0.8
Financial expenses	**−20.5**	−14.9	−23.9
Consolidated profit/loss before taxes	**−182.1**	−18.0	5.2

Depreciation, amortisation and impairment losses, EUR mill.	1.1.–30.9.2017	Restated 1.1.–30.9.2016	Restated 1.1.–31.12.2016
Lindex	**15.3**	14.9	19.9
Stockmann Retail	**10.9**	9.7	12.9
Real Estate	**17.4**	16.1	21.6
Segments, total	**43.7**	40.7	54.3
Unallocated	**1.7**	1.4	3.0
Goodwill impairment	**150.0**		
Group total	**195.4**	42.1	57.3

Capital expenditure, EUR mill.	1.1.–30.9.2017	1.1.–30.9.2016	1.1.–31.12.2016
Lindex	**15.1**	12.1	17.7
Stockmann Retail	**4.5**	13.4	21.2
Real Estate	**3.5**	4.0	5.3
Segments, total	**23.2**	29.5	44.1
Unallocated	**1.0**	0.1	0.1
Group total	**24.2**	29.6	44.2

Assets, EUR mill.	1.1.–30.9.2017	1.1.–30.9.2016	1.1.–31.12.2016
Lindex	**855.7**	1 002.7	1 008.9
Stockmann Retail	**224.4**	241.7	217.2
Real Estate	**748.9**	910.1	947.9
Segments, total	**1 829.0**	2 154.5	2 174.0
Unallocated	**57.9**	65.6	67.2
Assets classified as held for sale	**195.1**	14.6	
Group total	**2 082.0**	2 234.7	2 241.2

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–30.9.2017	Restated 1.1.–30.9.2016	Restated 1.1.–31.12.2016
Finland	**272.9**	343.3	504.4
Sweden*) and Norway	**342.9**	367.3	503.4
Baltic countries, Russia and other countries	**124.3**	117.2	167.9
Group total	**740.1**	827.8	1 175.7
Finland %	**36.9%**	41.5%	42.9%
International operations %	**63.1%**	58.5%	57.1%

Operating profit/loss, EUR mill.	1.1.–30.9.2017	Restated 1.1.–30.9.2016	Restated 1.1.–31.12.2016
Finland	**−30.2**	−45.9	−39.2
Sweden*) and Norway	**10.7**	40.9	59.5
Baltic countries, Russia and other countries	**7.6**	1.0	7.9
Market areas total	**−12.0**	−4.1	28.3
Goodwill impairment	**−150.0**		
Group total	**−162.0**	−4.1	28.3

Non-current assets, EUR mill.	1.1.–30.9.2017	1.1.–30.9.2016	1.1.–31.12.2016
Finland	**792.2**	738.9	801.0
Sweden and Norway	**684.3**	837.1	843.6
Baltic countries, Russia and other countries	**277.7**	315.4	297.2
Group total	**1 754.2**	1 891.4	1 941.7
Finland %	**45.2%**	39.1%	41.3%
International operations %	**54.8%**	60.9%	58.7%

*) Includes franchising income

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

EUR mill.	30.9.2017	Restated 30.9.2016	Restated 31.12.2016
Discontinued operations			
Profit/loss for the financial period from discontinued operations			
Income	**80.9**	100.1	140.6
Expenses	**91.1**	111.9	150.9
Profit/loss before and after taxes	**−10.1**	−11.8	−10.3
Profit/loss relating to the sales of Retail Russia after income tax		10.1	14.6
Result from discontinued operation	**−10.1**	−1.7	4.3
Cash flows from discontinued operations			
Cash flow from operations	**−9.4**	−10.5	−8.8
Cash flow from investments	**−0.9**	3.7	1.8
Cash flow total	**−10.3**	−6.8	−7.1
Discontinued operations, assets classified as held for sale and relating liabilities			
Intangible assets and property, plant and equipment	**6.0**		
Inventories	**3.7**		
Current liabilities		4.0	
Net assets	**9.7**	−4.0	
Other assets classified as held for sale and the relating liabilities			
Intangible assets and property, plant and equipment	**183.0**	0.4	
Inventories		10.8	
Other receivables	**0.7**	3.2	
Cash and cash equivalents	**1.6**	0.2	
Other liabilities	**6.6**	18.7	
Net assets	**178.7**	−4.1	

KEY FIGURES OF THE GROUP

	30.9.2017	30.9.2016	31.12.2016
Equity ratio, %	**41.9**	45.4	48.3
Net gearing, %	**95.0**	80.8	68.3
Cash flow from operating activities per share, year-to-date, EUR	**−0.83**	−0.76	0.58
Interest-bearing net debt, EUR mill.	**826.5**	816.6	736.4
Number of shares at the end of the period, thousands	**72 049**	72 049	72 049
Weighted average number of shares, undiluted and diluted, thousands	**72 049**	72 049	72 049
Market capitalisation, EUR mill.	**434.1**	497.8	509.6
Operating profit/loss, % of turnover *)	**−21.9**	−0.5	2.4
Equity per share, EUR	**12.09**	14.05	14.99
Return on equity, rolling 12 months, %	**−18.0**	−11.8	−0.3
Return on capital employed, rolling 12 months, %	**−7.5**	−3.5	1.8
Average number of employees, converted to full-time equivalents *)	**5 405**	6 005	5 955
Capital expenditure, year-to-date, EUR mill.	**24.2**	29.6	44.2

*) Continuing operations, comparison figures restated

DEFINITIONS OF KEY FIGURES:

Equity ratio, % = 100 x $\frac{\text{Equity total}}{\text{Total assets – advance payments received}}$

Net gearing, % = 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 capitalisation = Number of shares multiplied by the quotation for the respective share series on the balance sheet date

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

Return on equity, % = 100 x $\frac{\text{Result for the period (12 months)}}{\text{Equity total (average over 12 months)}}$

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

Capital employed = Total assets – deferred tax liabilities and other non-interest-bearing liabilities (average over 12 months)

Equity per share = $\frac{\text{Equity attributable to the parent company's shareholders}}{\text{Number of shares on the balance sheet date}}$

Cash flow from operating activities per share = $\frac{\text{Cash flow from operating activities}}{\text{Average number of shares}}$

EXCHANGE RATES OF EURO

Closing rate for the period	**30.9.2017**	30.9.2016	31.12.2016
RUB	**68.2519**	70.5140	64.3000
NOK	**9.4125**	8.9865	9.0863
SEK	**9.6490**	9.6210	9.5525
Average rate for the period	**1.1.–30.9.2017**	1.1.–30.9.2016	1.1.–31.12.2016
RUB	**64.9392**	76.2670	74.1780
NOK	**9.2358**	9.3781	9.2919
SEK	**9.5832**	9.3709	9.4674

INFORMATION PER QUARTER

Consolidated income statement per quarter			Restated	Restated	Restated	Restated	Restated	Restated
EUR mill.	**Q3 2017**	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Continuing operations								
Revenue	**242.0**	281.3	216.9	348.0	263.9	320.7	243.2	374.5
Other operating income	**0.0**	0.0	0.0	0.0	0.6	0.6	0.0	0.0
Materials and consumables	**-106.0**	-123.4	-101.2	-153.6	-114.4	-137.5	-114.8	-176.0
Wages, salaries and employee benefit expenses	**-57.2**	-59.1	-58.4	-68.6	-60.4	-70.8	-70.6	-75.3
Depreciation, amortisation and impairment losses	**-165.5**	-14.9	-15.0	-15.2	-14.1	-14.5	-13.5	-19.0
Other operating expenses	**-64.8**	-69.3	-67.4	-78.2	-70.8	-81.0	-70.6	-101.0
Operating profit/loss	**-151.4**	14.6	-25.1	32.3	4.8	17.5	-26.4	3.2
Financial income	**0.1**	-0.3	0.6	-0.1	0.2	0.3	0.4	0.6
Financial expenses	**-4.9**	-10.5	-5.2	-9.0	-5.3	-5.0	-4.7	-7.7
Total financial income and expenses	**-4.8**	-10.8	-4.6	-9.1	-5.0	-4.7	-4.3	-7.2
Profit/loss before tax	**-156.2**	3.8	-29.7	23.2	-0.2	12.8	-30.6	-3.9
Income taxes	**-1.8**	-4.9	2.8	-2.3	-5.2	-8.2	3.0	-16.3
Profit/loss from continuing operations	**-158.0**	-1.1	-26.9	20.9	-5.4	4.6	-27.6	-20.2
Profit/loss from discontinued operations	**-3.1**	-4.3	-2.7	6.0	-1.8	-6.3	6.4	-70.2
Net profit/loss for the period	**-161.1**	-5.4	-29.6	26.9	-7.2	-1.7	-21.2	-90.4

Earnings per share per quarter			Restated	Restated	Restated	Restated	Restated	Restated
EUR	**Q3 2017**	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
From continuing operations (undiluted and diluted)	**-2.21**	-0.03	-0.39	0.27	-0.09	0.05	-0.40	-0.28
From the period result (undiluted and diluted), EUR	**-2.25**	-0.09	-0.43	0.36	-0.12	-0.04	-0.31	-1.26

Segment information per quarter			Restated	Restated	Restated	Restated	Restated	Restated
EUR mill.	**Q3 2017**	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Revenue								
Lindex	**151.1**	162.1	123.2	171.3	156.1	175.6	130.2	184.6
Stockmann Retail	**81.2**	109.1	83.7	167.1	99.2	136.7	105.2	183.0
Real Estate	**16.5**	16.8	17.0	15.7	14.9	14.7	14.8	14.4
Unallocated	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eliminations	**-6.8**	-6.9	-7.0	-6.1	-6.3	-6.4	-7.1	-7.5
Group total	**242.0**	281.3	216.9	348.0	263.9	320.7	243.2	374.5
Operating profit/loss								
Lindex	**5.5**	12.6	-14.7	19.6	15.7	28.1	-8.5	20.5
Stockmann Retail	**-10.8**	-2.6	-14.7	12.5	-16.1	-14.2	-21.3	-0.7
Real Estate	**6.3**	6.6	6.4	4.6	5.1	5.4	6.0	1.7
Segments, total	**1.0**	16.6	-23.0	36.7	4.6	19.3	-23.7	21.5
Unallocated	**-2.4**	-2.0	-2.1	-4.4	0.2	-1.8	-2.6	-18.2
Goodwill impairment	**-150.0**							
Group total	**-151.4**	14.6	-25.1	32.3	4.8	17.5	-26.4	3.3

Information on market areas			Restated	Restated	Restated	Restated	Restated	Restated
EUR mill.	**Q3 2017**	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Revenue								
Finland	**83.5**	108.1	81.3	161.1	103.3	137.1	102.9	178.3
Sweden*) and Norway	**117.9**	127.7	97.4	136.2	122.8	140.6	103.9	145.8
Baltic countries, Russia and other countries	**40.7**	45.5	38.2	50.7	37.8	43.0	36.4	50.4
Group total	**242.0**	281.3	216.9	348.0	263.9	320.7	243.2	374.5
Finland %	**34.5%**	38.4%	37.5%	46.3%	39.2%	42.8%	42.3%	47.6%
International operations %	**65.5%**	61.6%	62.5%	53.7%	60.8%	57.2%	57.7%	52.4%
Operating profit/loss								
Finland	**-11.2**	-3.0	-16.0	6.7	-12.4	-12.0	-21.5	-20.2
Sweden*) and Norway	**7.1**	13.1	-9.5	18.7	16.0	27.4	-2.6	22.6
Baltic countries, Russia and other countries	**2.7**	4.4	0.5	7.0	1.2	2.0	-2.2	1.0
Market areas total	**-1.4**	14.6	-25.1	32.3	4.8	17.5	-26.4	3.3
Goodwill impairment	**-150.0**							
Group total	**-151.4**	14.6	-25.1	32.3	4.8	17.5	-26.4	3.3

*) Includes franchising income

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	30.9.2017	30.9.2016	31.12.2016
Mortgages on land and buildings	**1.7**	1.7	1.7
Pledges and guarantees	**2.9**	11.2	11.4
Liabilities of adjustments of VAT deductions made on investments to immovable property	**12.6**	15.2	15.4
Total	**17.2**	28.1	28.5
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:	**4.4**	5.2	6.8

Lease agreements on the Group's business premises, EUR mill.	30.9.2017	30.9.2016	31.12.2016
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**125.4**	124.4	127.8
After one year	**546.9**	598.9	581.2
Total	**672.3**	723.3	708.9

Group's lease payments, EUR mill.	30.9.2017	30.9.2016	31.12.2016
Within one year	**0.7**	0.5	0.7
After one year	**0.9**	1.0	0.9
Total	**1.6**	1.5	1.6

Group's derivative contracts, EUR mill.	30.9.2017	30.9.2016	31.12.2016
Nominal value			
Currency derivatives	**471.8**	448.9	469.3
Electricity derivatives	**0.6**	1.1	1.8
Total	**472.4**	450.0	471.1

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	30.9.2017	30.9.2016	31.12.2016
Acquisition cost at the beginning of the period	**2 361.7**	2 331.8	2 331.8
Fair value change from revaluation of the real estates	**-0.2**	-0.3	47.9
Translation difference +/-	**-11.4**	-41.2	-34.3
Increases during the period	**24.2**	29.6	44.2
Decreases during the period	**-6.6**	-7.6	-27.9
Transfers between items during the period	**0.0**	0.0	0.0
Transfers to non-current assets classified as held for sale	**-216.3**	1.0	
Acquisition cost at the end of the period	**2 151.4**	2 313.1	2 361.7
Accumulated depreciation and impairment losses at the beginning of the period	**-432.7**	-397.6	-397.6
Translation difference +/-	**2.7**	1.1	-0.3
Depreciation on reductions during the period	**5.6**	4.1	24.4
Accumulated depreciation on transfers to non-current assets classified as held for sale	**28.7**	-0.7	
Depreciation, amortisation and impairment losses during the period	**-195.4**	-43.8	-59.2
Accumulated depreciation and impairment losses at the end of the period	**-591.1**	-437.0	-432.7
Carrying amount at the beginning of the period	**1 929.0**	1 934.1	1 934.1
Carrying amount at the end of the period	**1 560.3**	1 876.1	1 929.0

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

Goodwill, EUR mill.	30.9.2017	30.9.2016	31.12.2016
Carrying amount at the beginning of the period	**735.6**	764.7	764.7
Translation difference +/-	**-7.4**	-34.3	-29.1
Impairment losses	**-150.0**		
Carrying amount at the end of the period	**578.3**	730.4	735.6

Of the total goodwill of EUR 728.3 million, EUR 703.3 million was allocated to Lindex cash generating unit (CGU) and EUR 25 million to Stockmann Retail CGU. Because there were indications that the value of Lindex's asset items in the statement of financial position was greater than Lindex's recoverable amount of the assets, the recoverable amount of the assets in Lindex was determined using the same principles as in the financial statements. In the impairment testing, the cash flow forecasts for Lindex are based on market-area forecasts approved by Stockmann Group's management. The cash flow forecast covers a five-year period management-approved forecast and beyond this period the cash flows are extrapolated using a steady 1.7 per cent growth rate. The discount rate used is 7.5 per cent (8.1% in 2016). As a result of the impairment test, an impairment loss of EUR 150 million was recognised in the income statement. Following the impairment loss recognised in Lindex CGU, the recoverable amount of goodwill is equal to the carrying amount of EUR 553,3 million. Any adverse change in a key assumption may result in further impairment.

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 30.9.2017**	**Fair value 30.9.2017**	Carrying amount 30.9.2016	Fair value 30.9.2016	Carrying amount 31.12.2016	Fair value 31.12.2016
Derivative contracts, hedge accounting applied	2	**0.3**	**0.3**	0.6	0.6	2.0	2.0
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**2.9**	**2.9**	11.3	11.3	5.5	5.5
Electricity derivatives	1	**0.1**	**0.1**				
Financial assets at amortised cost							
Non-current receivables		**4.7**	**4.7**	9.6	9.6	7.2	7.2
Current receivables, interest-bearing		**1.2**	**1.2**	1.0	1.0	1.6	1.6
Current receivables, non-interest-bearing		**56.2**	**56.2**	57.9	57.9	51.1	51.1
Cash and cash equivalents		**14.2**	**14.2**	12.3	12.3	20.2	20.2
Available-for-sale financial assets	3	**0.3**	**0.3**	5.4	5.4	5.5	5.5
Financial assets, total		**79.8**	**79.8**	98.2	98.2	93.2	93.2

Financial liabilities, EUR mill.	Level	**Carrying amount 30.9.2017**	**Fair value 30.9.2017**	Carrying amount 30.9.2016	Fair value 30.9.2016	Carrying amount 31.12.2016	Fair value 31.12.2016
Derivative contracts, hedge accounting applied	2	**1.3**	**1.3**	0.5	0.5	0.1	0.1
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**1.6**	**1.6**	0.3	0.3	2.7	2.7
Electricity derivatives	1	**0.0**	**0.0**	0.2	0.2	0.2	0.2
Financial liabilities at amortised cost							
Non-current interest-bearing liabilities	2	**443.7**	**444.0**	563.0	564.8	525.3	529.7
Current liabilities, interest-bearing	2	**399.3**	**401.6**	275.7	276.3	236.5	237.0
Current liabilities, non-interest-bearing		**171.4**	**171.4**	170.6	170.6	200.4	200.4
Financial liabilities, total		**1 017.3**	**1 019.8**	1 010.4	1 012.8	965.1	970.1

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.	**30.9.2017**	30.9.2016	31.12.2016
Carrying amount Jan. 1	**5.5**	5.4	5.4
Translation difference +/-	**−0.1**	0.2	0.3
Sale of shares	**0.0**	−0.2	−0.2
Write-off related to the investment in Cooperative	**−3.8**		
Transfers to non-current assets held for sale	**−1.4**		
Total	**0.3**	5.4	5.5

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