Financial Statements Bulletin 2018

STOCKMANN

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Stockmann Group's adjusted operating profit for 2018 improved

October-December 2018, continuing operations:
- Consolidated revenue was EUR 304.5 million (315.7), down 1.3% in comparable currency rates.
- Gross margin was 55.6% (56.8).
- Adjusted operating result was EUR 23.5 million (24.2).
- Reported operating result was EUR -2.8 million, including an impairment of EUR 25 million (13.6).

January-December 2018, continuing operations:
- Consolidated revenue was EUR 1 018.8 million (1 055.9), down 1.0% in comparable currency rates.
- Gross margin was 56.9% (55.8).
- Adjusted operating result was EUR 28.4 million (12.3).
- Reported operating result was EUR -5.0 million (-148.4).
- Adjusted earnings per share were EUR -0.22 (-0.59) and reported earnings per share were EUR -0.68 (-2.82).

The Board of Directors will propose that no dividend be paid for the financial year 2018.

Guidance for 2019:
Stockmann expects the Group's adjusted operating profit, excluding the impact of Nevsky Centre, to improve compared to 2018.

CEO Lauri Veijalainen:
The Stockmann Group's adjusted operating result improved by EUR 16 million compared to 2017. The improvement was mainly due to Lindex's successful turnaround. Real Estate continued its steady performance.

Lindex managed to grow its market share in its main markets, and its online sales continued to grow well throughout the year. Lindex's adjusted operating profit almost doubled, due to growth in sales, a better gross margin and cost savings.

Real Estate proceeded with its planned projects on real estate divestments. In May, Stockmann sold its Book House property in the centre of Helsinki. The strategy of withdrawal from Russia was fulfilled in October, when we signed an agreement for the sale of the Nevsky Centre shopping centre in St Petersburg. The transaction was completed in January 2019. The Group's net debt decreased by nearly EUR 200 million during the year mainly due to the divestment of the Book House and decrease in working capital. The sales proceeds from Nevsky Centre were also used for repaying a bank loan in January 2019.

Stockmann Retail did not achieve a positive result, despite our efforts. Full-year sales in 2018 fell short of our target, to our true disappointment. The operating result weakened mostly in the last quarter of the year, despite good growth in online sales in the quarter. In early 2019, we launched a project aiming at reducing the Group's expenses by EUR 20 million by the end of the year. The majority of these measures will affect the Retail division.

In 2019, we will continue the implementation of our strategic projects, seek to secure sales and improve the gross margin. We will also accelerate our renewal measures including our digital journey, the effects of which will become visible for our customers during the year.

KEY FIGURES

Continuing operations	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Revenue. EUR mill.	**304.5**	315.7	**1 018.8**	1 055.9
Gross margin. %	**55.6**	56.8	**56.9**	55.8
EBITDA. EUR mill.	**36.2**	34.1	**76.0**	67.6
Adjusted EBITDA. EUR mill.	**37.5**	39.8	**84.3**	73.2
Operating result (EBIT). EUR mill.	**-2.8**	13.6	**-5.0**	-148.4
Adjusted operating result (EBIT). EUR mill.	**23.5**	24.2	**28.4**	12.3
Net financial items. EUR mill.*	**-9.2**	-10.9	**-34.6**	-31.1
Result before tax. EUR mill.	**-12.0**	2.6	**-39.6**	-179.5
Result for the period. EUR mill.	**-7.0**	-12.2	**-43.7**	-198.1
Earnings per share. undiluted and diluted. EUR	**-0.12**	-0.19	**-0.68**	-2.82
Personnel. average	**7 191**	7 329	**7 241**	7 360

Continuing and discontinued operations**	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Net earnings per share. undiluted and diluted. EUR	**-0.14**	-0.20	**-0.70**	-2.98
Cash flow from operating activities. EUR mill.	**82.1**	82.2	**82.9**	18.8
Capital expenditure. EUR mill.	**8.2**	10.5	**29.3**	34.7
Equity per share. EUR			**11.71**	12.29
Net gearing. %			**64.5**	83.8
Equity ratio. %			**46.2**	43.0
Number of shares. undiluted and diluted. weighted average. 1 000 pc			**72 049**	72 049
Return on capital employed. rolling 12 months. %			**-0.4**	-9.1

* Includes a write-off of EUR 1.7 million related to remaining receivables from Hobby Hall in Q4 2018. In 2017, includes EUR 3.8 million related to Tuko Logistics Cooperative (Q2), EUR 2.0 million related to Seppälä (Q3) and EUR 1.5 million related to Hobby Hall (Q4), and a financial income of EUR 2.1 million related to annulled additional taxes (Q3).
** Discontinued operations include Stockmann Delicatessen food operations in Finland (2017).

Items affecting comparability

EUR million	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Adjusted EBITDA	**37.5**	39.8	**84.3**	73.2
Adjustments to EBITDA				
Restructuring arrangements	**-0.1**	-9.6	**-3.3**	-9.6
Fair value gains and losses on investment properties		4.0		4.0
Gain on sale of properties	**-0.1**		**6.8**	
Value adjustment to assets held for sale	**-1.1**		**-11.9**	
Adjustments total	**-1.3**	-5.6	**-8.4**	-5.6
EBITDA	**36.2**	34.1	**76.0**	67.6

EUR million	10-12/2018	10-12/2017	1-12/2018	1-12/2017
Adjusted operating result (EBIT)	**23.5**	24.2	**28.4**	12.3
Adjustments to EBIT				
Goodwill impairment	**-25.0**		**-25.0**	-150.0
Restructuring arrangements	**-0.1**	-14.6	**-3.3**	-14.6
Fair value gains and losses on investment properties		4.0		4.0
Gain on sale of properties	**-0.1**		**6.8**	
Value adjustment to assets held for sale	**-1.1**		**-11.9**	
Adjustments total	**-26.3**	-10.6	**-33.4**	-160.6
Operating result (EBIT)	**-2.8**	13.6	**-5.0**	-148.4

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).

MARKET ENVIRONMENT

The general economic situation remained strong in Finland in 2018, and consumer confidence was at a high level. However, the fashion market in Finland in January-December was -2.6% (2017: -1.7%, source: Fashion and Sport Commerce Association, TMA).

In Sweden, the general economic situation continued its relatively stable development, but the fashion market in January-December was -3.0% (-2.6%, source: Swedish Trade Federation, Stilindex).

The retail market in the Baltic countries continued its growth both in Estonia and Latvia.

REVENUE AND EARNINGS IN CONTINUING OPERATIONS

October-December 2018

The Stockmann Group's fourth-quarter revenue was EUR 304.5 million (315.7). Revenue was down by 3.5% from the previous year in euros, or down by 1.3% in comparable currency rates.

The revenue in Finland was down by 4.3%, to EUR 124.1 million (129.7). Revenue in other countries was EUR 180.5 million (186.0); down by 3.0% or up by 1.0% in comparable currency rates.

The gross profit amounted to EUR 169.3 million (179.3) and the gross margin was 55.6% (56.8). The gross margin was up in Lindex, but down in Stockmann Retail.

The Group's adjusted EBITDA was EUR 37.5 million (39.8). Depreciation was EUR 13.9 million (20.6, including an adjustment of EUR 5.0 million).

The adjusted operating result for the fourth quarter was EUR 23.5 million (24.2). The adjusted operating result improved in both Lindex and Real Estate, but was down in Stockmann Retail. Operating costs, excluding adjustments, were down by EUR 7.7 million.

Adjustments in EBIT were EUR -26.3 million (-10.6) in total and include an impairment of EUR 25 million related to Stockmann Retail's remaining goodwill.

The reported operating result for the quarter was EUR -2.8 million (13.6).

January-December 2018

The Stockmann Group's revenue for the year was EUR 1 018.8 million (1 055.9). Revenue was down by 3.5% from the previous year in euros, or down by 1.0% in comparable currency rates.

The revenue in Finland was down by 4.1%, to EUR 386.2 million (402.6). Revenue in other countries was EUR 632.6 million (653.3), down by 3.2%, or up by 1.0% in comparable currency rates.

Other operating income consisted of the sales gain from the Book House property, EUR 7 million (0).

The gross profit amounted to EUR 580.1 million (588.8). The gross margin was up, to 56.9% (55.8) due to improvements in Lindex's business.

The Group's adjusted EBITDA was EUR 84.3 million (73.2). Depreciation was EUR 55.9 million (65.9, including an adjustment of EUR 5.0 million).

The adjusted operating profit for 2018 was EUR 28.4 million (12.3). The adjusted operating profit improved in Lindex and Real Estate, but Stockmann Retail's adjusted operating result was lower than in the previous year.

Operating costs, excluding adjustments, were down by EUR 19.8 million, partly due to currency rates. Cost savings measures, targeting savings of EUR 8 million in Stockmann and EUR 10 million in Lindex have been implemented. A portion of the savings will only be visible in the 2019 operating costs.

The reported operating result was EUR -5.0 million, including EUR 25 million impairment of Stockmann Retail's goodwill and other adjustments totalling EUR -8.4 million (-148.4, including EUR 150 million impairment of Lindex goodwill and other adjustments totalling EUR -10.6 million).

Net financial expenses were EUR -34.6 million (-31.1.) in 2018. The increase was due to the renewal of financing arrangements. Financial expenses included a write-off of EUR 1.7 million related to Hobby Hall, while in 2017 adjustments totalled EUR 5.2 million. Foreign exchange losses amounted to EUR 0.4 million (2.6). The result before taxes was EUR -39.6 million (-179.5).

Taxes for the year totalled EUR 4.2 million (18.7, including adjustments relating to fair value changes of real estate holdings and annulled additional taxes).

The result for the year was EUR -43.7 million (-198.1), or EUR -45.2 million (-209.4) including the discontinued operations of Stockmann Delicatessen in Finland.

Adjusted earnings per share for the period were EUR -0.22 (-0.59). Earnings per share for the period were EUR -0.68 (-2.82), or EUR -0.70 (-2.98) including discontinued operations. Equity per share was EUR 11.71 (12.29).

FINANCING AND CAPITAL EMPLOYED

Cash flow from operating activities came to EUR 82.1 million (82.2) in the fourth quarter and EUR 82.9 million (18.8) in January-December. Inventories were below the previous year's level both in Lindex and Stockmann Retail. Total inventories were EUR 141.9 million (162.2) at the end of the year. Cash tied in working capital was released mainly due to an ongoing working capital reduction programme and the impact of currency rates.

Interest-bearing liabilities at the end of December were EUR 587.8 million (763.6), of which long-term debt amounted to EUR 359.9 million (505.2). The debt declined due to the sale of the Book House property and the release of working capital. Part of the short-term debt has been raised in the commercial paper market. The Group has undrawn, long-term committed credit facilities of EUR 232.8 million. In addition, the Group has an uncommitted Commercial Paper programme of EUR 600.0 million, of which EUR 79.9 million is in use. Stockmann also has a EUR 84.3 million hybrid bond which is treated as equity.

Cash and cash equivalents totalled EUR 43.4 million (21.0) at the end of the year.

The equity ratio at the end of December was 46.2% (43.0), and net gearing was 64.5% (83.8).

The Group's capital employed at the end of December was EUR 1 431.5 million (1 648.7). The return on capital employed over the past 12 months was -0.4% (-9.1).

DISTRIBUTION OF FUNDS

Decisions by the 2018 Annual General Meeting were published in a stock exchange release on 22 March 2018. In accordance with a resolution of the meeting, no dividend was paid for the financial year 2017.

The Board of Directors will propose to the Annual General Meeting, to be held on 21 March 2019, that no distribution of funds is to be made for the 2018 financial year.

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 8.2 million (10.5) in the fourth quarter and EUR 29.3 million (34.7) in January-December. Most of the capital expenditure was used for both Lindex's and Stockmann Retail's digitalisation and Lindex's store refurbishments. Depreciation was EUR 55.9 million (65.9, including an adjustment of EUR 5.0 million).

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	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Revenue, EUR mill.	**164.3**	169.6	**589.9**	606.0
Gross margin, %	**62.1**	61.9	**61.7**	60.1
Operating result, EUR mill.	**14.8**	10.0	**28.9**	13.4
Adjusted operating result, EUR mill.	**14.8**	12.7	**30.4**	16.1
Capital expenditure, EUR mill.	**5.5**	7.4	**20.1**	22.6

October-December 2018

Lindex's revenue for the quarter was down by 3.1%, to EUR 164.3 million (169.6). The same-store sales at comparable exchange rates were up by 0.5%. Lindex's main markets Sweden and Norway had stronger sales growth than the other markets. Growth in the online store was 38.4%.

The gross margin for the quarter was 62.1% (61.9). The gross margin was up due to higher start margins.

Operating costs were down by EUR 7.4 million. The costs declined mainly due to currency exchange rates and the profitability improvement programme.

The operating profit for the quarter was EUR 14.8 million (10.0, or adjusted operating profit 12.7).

January-December 2018

Lindex's revenue for the year was down by 2.7%, to EUR 589.9 million (606.0). The same-store sales at comparable exchange rates were up by 1.0%. Growth in the online store was 46.6%.

The gross margin was 61.7% (60.1). The gross margin was up due to fewer markdowns and higher start margins.

Operating costs were down by EUR 15.0 million, including EUR 1.5 million in items treated as adjustments. The costs declined mainly due to currency rates and the profitability improvement programme.

The adjusted operating profit for the year was EUR 30.4 million (16.1) and the reported operating profit was EUR 28.9 million (13.4).

Store network

Lindex opened one store and closed three stores during the fourth quarter. In 2018, in total 13 stores were opened and 29 stores were closed. The total number of stores was 474 at the year-end, compared to 490 a year earlier. Lindex also expanded to the 3rd party e-commerce platforms Asos and Nelly during 2018.

In 2019, Lindex will continue to focus on optimising its store locations. Unprofitable stores will either move to new locations or close down. The total number of stores is estimated to decline slightly, compared to 2018. Expansion into new sales channels will continue.

Lindex store network	Total 31.12.2017	Total 30.9.2018	Closed stores 10–12/2018	New stores 10–12/2018	Total 31.12.2018
Finland	60	61	0	0	**61**
Sweden	210	205	1	0	**204**
Norway	99	96	0	0	**96**
Estonia	10	9	0	0	**9**
Latvia	10	10	0	0	**10**
Lithuania	9	9	0	0	**9**
Czech Republic	29	29	1	0	**28**
Slovakia	12	12	0	0	**12**
Poland	3	2	0	0	**2**
UK	2	2	0	0	**2**
Iceland*	7	7	0	0	**7**
Bosnia and Herzegovina*	7	7	0	0	**7**
Serbia*	5	4	0	1	**5**
Kosovo*	2	1	0	0	**1**
Albania*	1	1	0	0	**1**
Saudi Arabia*	21	18	1	0	**17**
Qatar*	2	2	0	0	**2**
Tunisia*	1	1	0	0	**1**
Total	**490**	**476**	**3**	**1**	**474**
Own stores	444	435	2	0	**433**
Franchising stores (*)	46	41	1	1	**41**

STOCKMANN RETAIL

Stockmann Retail	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Revenue, EUR mill.	**129.8**	136.2	**386.2**	410.2
Gross margin, %	**43.8**	47.3	**45.0**	45.2
Operating result, EUR mill.	**3.3**	7.5	**−27.5**	−20.6
Adjusted operating result, EUR mill.	**3.4**	7.5	**−25.7**	−20.6
Capital expenditure, EUR mill.	**1.3**	1.2	**3.2**	5.7

October-December 2018

Stockmann Retail's revenue for the quarter was EUR 129.8 million (136.2). Revenue was down by 4.7%. Growth in the online store was 16.9%.

Revenue in Finland was EUR 100.7 million (106.8). Revenue was down by 5.7% compared with the previous year. Revenue in the Baltic department stores was down by 0.9%, to EUR 29.1 million (29.4). Stockmann Retail's Crazy Days campaign took place in October, and the campaign sales were down by 9% in total. Sales improved towards the end of the year but in total were belowthat of the last quarter of 2017.

The gross margin for the quarter was 43.8% (47.3). The gross margin declined due to price-driven actions to boost sales, a timing difference in the sale campaign and a change in the calculation method for inventory obsolescence.

Operating costs were down by EUR 2.8 million. The costs declined due to savings in the support functions.

EBITDA was EUR 6.6 million (11.4). The operating result for the quarter was EUR 3.3 million (7.5).

January-December 2018

Stockmann Retail's revenue for the year was EUR 386.2 million (410.2 or 408.5 excluding the Oulu department store which was closed in January 2017). Revenue in comparable stores was down by 5.5%. Growth in the online store was 14.8%.

Revenue in Finland was EUR 297.1 million (319.6). Revenue in comparable stores was down by 6.5%. Revenue in the Baltic department stores was down by 1.7%, to EUR 89.1 million (90.6).

The gross margin was 45.0% (45.2), due to lower margins during the last quarter of the year.

Operating costs were down by EUR 3.2 million.

Adjusted EBITDA was EUR -12.5 million (-5.7). The adjusted operating result for the year was EUR -25.7 million (-20.6) and the reported operating result was EUR -27.5 million (-20.6).

REAL ESTATE

Real Estate	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Revenue, EUR mill.	**16.9**	16.8	**69.0**	67.1
Net operating income, Stockmann-owned properties, EUR mill.	**12.1**	12.2	**50.7**	50.6
Operating result, EUR mill.	**5.6**	9.8	**23.2**	29.0
Adjusted operating result, EUR mill.	**6.8**	5.8	**28.2**	25.0
Capital expenditure EUR mill.	**0.4**	1.4	**3.6**	4.9

October-December 2018

Real Estate's revenue for the quarter was EUR 16.9 million (16.8). The revenue increased slightly, even though the Book House was divested in May.

The net operating income of Stockmann-owned properties was EUR 12.1 million (12.2). The average monthly rent from these properties was EUR 38.82 per square metre (37.05).

The adjusted operating result for the quarter was EUR 6.8 million (5.8) and reported operating profit was EUR 5.6 million (9.8 million).

January-December 2018

Real Estate's revenue for the year was EUR 69.0 million (67.1), mainly due to higher rent levels and new tenants.

The net operating income of the Stockmann-owned properties was EUR 50.7 million (50.6). The average monthly rent from these properties was EUR 38.53 per square metre (37.11). Net rental yield in 2018 was 5.6% (5.4).

The adjusted operating result for the year was EUR 28.2 million (25.0), or excluding Nevsky Centre EUR 10.2 million (7.1). The adjusted operating profit improved mainly due to increased revenue and lower depreciation levels. The reported operating result was EUR 23.2 million (29.0), including a capital gain of EUR 7.0 million due to the divestment of the Book House and a negative valuation adjustment of EUR 11.9 million to the net assets of the Nevsky Centre due to the divestment of the property.

Properties

On 1 January 2018, the fair value of Stockmann's three department store properties amounted to EUR 691.5 million. During the year, the depreciation of the properties is deducted from the fair value. At the end of 2018, the revalued amount of Stockmann's department store properties was EUR 681.0 million. The decrease in the fair value was due to the increased market yield requirement in Finland. The weighted average market yield requirement used at the year-end was 4.8% (4.6%).

The three department store properties have a gross leasable area (GLA) of 88 000 m2, of which Stockmann Retail was using 73% at the end of December 2018. The occupancy rate of the properties remained at a high level, at 99.4% (99.9), with an average monthly rent of EUR 37.73 per square metre (35.09). Net rental yield was 4.5% (4.3). Due to the transfer of the Stockmann Delicatessen business operation in Finland in January 2018, the regional cooperatives started as Stockmann's tenants and subtenants in its properties. New partners which started operations in Stockmann's department stores in Finland and the Baltics in 2018 included the Fishmarket, Biang, Comptoir Farouge, Hanko Sushi and Pupu restaurants in the Helsinki flagship store, the Powau cafés in Tampere and Turku, Espresso House and Hanko Sushi in Tampere, and the Green Clean eco laundry in Riga.

The value of the Book House in Helsinki city centre was EUR 100.0 million on 1 January 2018. The property was sold to AEW Europe City Retail Fund for a price of EUR 108.6 million in May 2018.

The value of the Nevsky Centre in St Petersburg was EUR 181.0 million on 1 January 2018. In October 2018 Stockmann signed an agreement to sell the property to PPF Real Estate for a price of EUR 171.0 million. The transaction was closed in January 2019.

Property	Gross leasable area. m2 31.12.2018	Occupancy rate. % 31.12.2018	Usage by Stockmann Retail. % 31.12.2018
Helsinki flagship building	51 000	99,8	66
Tallinn department store building	22 000	98,0	82
Riga department store building	15 000	100,0	86
Total. Stockmann-owned department store properties	**88 000**	**99,4**	**73**
Nevsky Centre, St. Petersburg	46 000	99,7	0
Total, all Stockmann-owned properties	**133 000**	**99,5**	**48**

CHANGES IN MANAGEMENT

Susanne Ehnbåge, M.Sc.(Econ.), born 1979, was appointed CEO of Lindex and as a member of Stockmann's Management Team in January 2018. She joined Stockmann on 10 August 2018.

Elena Stenholm, M.Sc. (Pol.), born 1971, was appointed Director, Real Estate and as a member of the Stockmann Manage¬ment Team in June 2018. She joined Stockmann on 1 November 2018.

Outi Nylund, M.Sc.(Econ.), born 1975, was appointed Chief Customer Officer and as a member of the Stockmann Management Team in December 2018. Her areas of responsibility will include Stockmann's customership, brand development and marketing communications. She will join Stockmann on 1 May 2019.

Anna Salmi, M.Sc.(Econ.), born 1979, was appointed Chief Digital Officer, starting on 1 May 2019. Her areas of responsibility will include Stockmann's digital business operations, ICT and the development of data-driven business. Anna Salmi has worked at Stockmann since 2015. She is currently the Chief Customer Officer in charge of marketing, digital business operations and ICT.

The Annual General Meeting of Lindex decided in March to elect Stockmann's CEO Lauri Veijalainen, CFO Kai Laitinen, Director of Legal Affairs Jukka Naulapää and two representatives chosen by Lindex personnel to the Lindex Board of Directors. In the future, Lindex will be developed in more close cooperation with Stockmann. Former Lindex Board Members Eva Hamilton and Tracy Stone started as members of Stockmann's Board of Directors.

During the year, the following persons have resigned from Stockmann and the Management Team: Björn Teir, Director of Real Estate, and Petteri Naulapää, CIO.

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 year. The number of votes conferred by the shares was 346 826 495.

The share capital remained at EUR 144.1 million. The market capitalisation was EUR 140.8 million (321.0) at the end of December.

The price of a Series A share was EUR 2.00 at the end of December, compared with EUR 4.60 at the end of 2017, while the price of a Series B share was EUR 1.92, compared with EUR 4.35 at the end of 2017.

A total of 3.9 million (2.0) Series A shares and 14.0 million (13.7) Series B shares were traded on Nasdaq Helsinki during 2018. This corresponds to 12.7% (6.6) of the average number of Series A shares and 33.6% (32.9) 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.

Stockmann was notified on 20 December 2018 that the holdings of Stiftelsen för Åbo Akademi's (business identity code 0246312-1) voting rights of Stockmann plc's shares had decreased below 5 per cent in connection with a sale of shares on 20 December 2018.

Stockmann was notified on 20 December 2018 that the holdings of Föreningen Konstsamfundet r.f. (business identity code 0200196-4) had increased above 10 per cent of Stockmann plc's shares and the voting rights of the shares had increased above 20 per cent in connection with a purchase of shares on 20 December 2018.

At the end of December, Stockmann had 44 396 shareholders, compared with 46 672 a year earlier.

DISCLOSURE OF NON-FINANCIAL INFORMATION

Commitment to responsible operations is incorporated in Stockmann's values and daily operations. According to the Corporate Social Responsibility (CSR) strategy, Stockmann targets to inspire and support customers in making responsible choices and works for a more sustainable future. The responsibility goals, which are defined in the CSR strategy, have been set to support the Group strategy and business operations by enhancing customer focus and improving efficiency. The CSR work focuses on five key themes, Customer, Personnel, Products & Supply Chain, Environment and Finance & Governance, which have been identified through materiality analysis and stakeholder dialogue.

Customers

Stockmann builds ongoing dialogue to maintain and raise customer satisfaction. Efforts to improve customer dialogue include customer surveys, net promoter score (NPS) and brand tracking, engagement in social media and other feedback channels, to better understand customer needs and expectations. In 2018, the NPS at department stores in Finland was 51 (41), while the long-term target level is 60. To inspire and support its customers in making responsible choices, Stockmann actively shares information about its CSR work and sustainable choices in its selection, and engages in CSR and charity projects on a regular basis. Stockmann complies with valid competition and privacy legislations in its operations and promotes free competition in its sector. In 2018, there were two limited incidents concerning customers' personal data, one in Finland and one in Estonia. Stockmann has filed notifications to the local data protection authorities regarding the incidents. The Estonian data protection authority decided that no official procedure was required. The incident that took place in Finland is still pending with the authorities. Stockmann's annual target is zero incidents of breaches of customer privacy.

Personnel

The Stockmann Group's Human Resources (HR) policies are based on the company's values, HR strategy and Code of Conduct, on top of which the divisions have their own more detailed HR guidelines that support the success of individuals and the wellbeing of the personnel. The implementation of good HR policies is monitored through personnel surveys, performance appraisal discussions and other feedback channels. Cooperation also takes place in local personnel committees and the Group Employee Council. A failure by Stockmann to recruit, motivate and retain highly skilled personnel at every level of its organisation could have a material adverse effect on Stockmann's business.

The Group's average number of personnel in continuing operations was 7 241 (7 360) in 2018. In terms of full-time equivalents, the average number of employees was 5 299 (5 426). At the end of the year, the Group had 7 129 employees (7 325), of whom 2 145 (2 212) were working in Finland. The number of employees working outside Finland was 4 984 (5 113), which represented 69.9 % (69.8) of the total. Stockmann Retail employed 2 254 people (2 327), Real Estate 105 (113) and Lindex 4 509 (4 596), while 130 people (154) were employed in the Group's shared services in Finland and 131 (135) in production offices in Asia.

The Group's wages and salaries amounted to EUR 172.3 million in 2018, compared with EUR 183.6 million in 2017 and EUR 207.1 million in 2016. The total employee benefits expenses were EUR 222.0 million (236.2), which is equivalent to 21.8% (22.4) of revenue.

Among the Stockmann Group's employees, women represented 91% (91) and men 9% (9). 82% (82) were permanent employees, whereas 18% (18) had fixed-term employment contracts. The share of full-time employees was 36% (51). The Group's personnel turnover was 22% (19). In Finland, the turnover rate was 17% (17) and in Sweden 9% (6).

Products & Supply chain

Stockmann offers a wide selection of safe and lasting quality products. In the Stockmann department stores, the major part of merchandise is made up of international brand products, complemented with a wide selection of own brand products in the fashion and home areas, which are designed by Stockmann's own designers. At Lindex this applies to the majority of the products. Around 90% (93) of own brand fashion products are produced in risk countries as defined by amfori BSCI, mainly in China and Bangladesh. In 2018, there were zero product recalls in Stockmann's own brand and Lindex's products, as targeted.

To improve traceability and reduce the environmental impact of its products, Stockmann aims to increase the use of sustainable materials in its own brand garments. 55% (54) of the Lindex assortment was made from more sustainable materials in 2018 and approximately 96% (95) of all Lindex cotton was more sustainable, such as organic and Better Cotton. The target is that by 2020, 80% of Lindex's garments will be made from more sustainable materials, with more sustainable processes and more sustainable production facilities. 30% (10) of Stockmann's own brand garments in 2018 were made of sustainable materials, and 65% of own brand jersey garments were made of organic cotton.

Both Stockmann and Lindex publish comprehensive lists of own brands' suppliers and factories on the companies' websites.

Environment

Stockmann's objective is to reduce the environmental impact of its business operations and prevent adverse effects by cutting emissions, increasing the efficiency of energy and water consumption and carrying out waste sorting and recycling. To ensure continuous improvement, Stockmann monitors compliance with the Group's environmental systems and progress towards set environmental goals and objectives. Environmental work at Stockmann is based on the CSR strategy and on the environmental policy. The divisions independently set specific environmental targets, define indicators for monitoring the achievement of these targets and establish appropriate management practices. All Stockmann's operations in Finland are certified with the ISO 14001 environmental management system. The same operating methods have been adopted in the department stores in the Baltic countries. Environmental risks related to Stockmann's own business operations are not estimated to be material.

The Stockmann Group's waste recycling rate was 72.7% (72.7). The rate varies according to activity and location. In Finland it was 73.2% (70.4), in the Baltics 39.7% (43.5) and in Sweden in the Lindex logistics centre 96.4% (96.9). The Group's greenhouse gas emissions in 2018 were 57 030 tCO_2e (62 970). The highest share of emissions, around 78%, came from the generation of purchased energy, especially electricity, which remained on the same level as the previous year. Stockmann reports on its CO_2 emissions annually in the Group's CSR Review and in the international Climate Change Disclosure (CDP) survey. Water consumption in Stockmann's own operations is minimal and these operations take place in areas where there is currently no scarcity of water.

Environmental impacts are looked at over the product lifecycle. In retail, environmental impact comes largely from production and the use of the sold goods. Lindex develops production methods that save water, energy and chemicals, together with its suppliers, for example in denim production. To tackle product end-of-life, Stockmann and Lindex enable customers to recycle their used clothes, with the help of partnerships.

Finance & Governance

The Group's Code of Conduct (CoC), complemented with further policies, define the ways of working for all employees and management staff without exception. The principles of the CoC also apply to suppliers and partners, and effort is put into communicating the principles to them. The CoC covers compliance with legislation and ethical operations, free competition and consumer rights, employees and working conditions, environment, and corruption and conflicts of interest. Stockmann respects and promotes all human rights, as described in the Human Rights policy. The most significant risks related to human rights can be found in the supply chain and are related to working conditions.

Stockmann's policies relating to anti-corruption and anti-competitive behaviour are included in the Stockmann CoC and further specified in the anti-corruption policy. Stockmann's whistleblowing channel is a tool for the Group's own employees, business partners and other stakeholders to report suspected or detected violations of the Stockmann CoC or other corporate policies. Unethical business practices among Stockmann's employees or various stakeholders could cause reputational damage for Stockmann as well as a possible financial impact. During the year, Stockmann was not informed of any corruption-related lawsuits against the Group. There were no legal actions or fines for anti-competitive behaviour, anti-trust, or monopoly practices or their outcomes in 2018. At the end of 2018, 59% (30) of all Stockmann personnel in Finland had completed the CoC training. Of the members in the Stockmann support function and department store management teams, 94% (87) had completed the training. The long-term target is for 100% of the Group's personnel to have completed the training.

CSR risks and risk management

Stockmann Group's most significant CSR-related risks are identified to be found in the supply chains of the product selections. In the Stockmann department stores, the major part of merchandise is made up of international and domestic brand products. Suppliers of these products are expected to follow the Stockmann CoC or demonstrate a similar commitment. In addition, Stockmann department stores carry a wide selection of own brand products and at Lindex the majority of the selection is own brand products. A significant percentage of the own brand products are produced in areas classified as risk countries by amfori BSCI. The Group is exposed to risks related to the traceability and transparency of the supply chain, the realization of human and labour rights, and the environmental impacts of production and raw material. These risks are managed through responsible purchasing management practices, established policies and risk management methods, and are monitored in accordance with the CSR strategy and good corporate governance. The Group's own brand suppliers and producers are required to comply with Stockmann's supplier Code of Conduct (CoC), which is based on the amfori BSCI CoC that sets out 11 core labour rights, or another similar commitment. The Group has purchase offices with local personnel in five main production locations to oversee production quality and compliance with the CoC, and producers in risk countries are also subject to amfori BSCI audits.

Other identified CSR-related risks to the Group's business operations include risks related to personnel competence and wellbeing, product safety and environmental awareness. A failure to respond to risks within these areas could have an impact on the Group's brand image and reliability. Open dialogue and co-operation with the Group's stakeholders, and transparent CSR communication are an essential part of Stockmann's risk management.

Further information on Stockmann's CSR activities and results is published in Stockmann's CSR Review, which will be published in the week starting 25 February 2019 at year2018.stockmanngroup.com. The CSR Review is reported according to the Global Reporting Initiative (GRI).

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 changes in purchasing behaviour are considered to be the principal risk arising from the operating environment that could affect Stockmann during 2019.

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.

Fashion accounts for approximately 80% 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. These factors may have an impact on the Group's revenue and gross margin. In the retail sector, the products' value chain from raw material to customers often contains many stages and involvesrisks related to the fulfilment of human rights, good working conditions, and environmental and other requirements set out in Stockmann's Code of Conduct and other policies. Responsible management of the supply chain and the sustainable use of natural resources are important for the Group's brands in order to retain customer confidence in Stockmann. Further information on CSR-related risks can be found in the section Disclosure of non-financial information.

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

The Group's revenue, earnings and balance sheet are affected by changes in exchange rates between the Group's reporting currency, which is the euro, and the Swedish krona, the Norwegian krone, the US dollar, the Russian rouble and certain other currencies. Currency fluctuations may have an effect on the Group's business operations. Financial risks, mainly risks arising from interest rate fluctuations due to the Group's high level of debt and hence high interest costs, and risks related to refinancing, breaching financial covenants under finance agreements and liquidity may have an effect on the financial position. Interest rate fluctuations may also have an impact on goodwill and the valuation of properties owned by the Group, and thus on the fair value of these assets. Financial risks are managed in accordance with the risk policy confirmed by the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

Stockmann completed the sale of the Nevsky Centre shopping centre property in St. Petersburg to the new owner PPF Real Estate on 24 January 2019. The transaction included Stockmann's fully-owned Russian subsidiary, OOO Stockmann Nevsky Centre, which owns 100% of the Nevsky Centre property. The transaction price was EUR 171 million and the transaction had a positive cash flow effect of approximately EUR 141 million on Stockmann after taxes. Stockmann used the proceeds to repay its bank loan. As a result of the divestment of the Nevsky Centre property, Stockmann Group no longer has any own operations in Russia. Further information on the transaction is available in stock exchange releases published on 16 October 2018, 18 December 2018 and 24 January 2019.

OUTLOOK FOR 2019

In the Stockmann Group's largest operating countries, Finland and Sweden, the general economic situations improved and the GDP growth as well as the consumer confidence development continued to be positive in 2018. In 2019, the retail growth is estimated to decline somewhat due to economic slowdown in Finland, but the growth is expected to continue in Sweden (source: Federation of Finnish Commerce, HUI Research).

Purchasing behaviour is changing due to digitalisation and increasing competition. E-commerce is expected to grow steadily, but the development in brick and mortar continues to be challenging. The retail industry is facing major structural challenges through digitalisation and further internationalisation.

In the Baltic countries, the outlook for the retail trade is expected to be better than that for the Stockmann Group's other main market areas (source: OECD).

Stockmann continues its efforts to improve its performance and in January 2019 launched an initiative aimed at reducing the Group's cost level by EUR 20 million by the end of 2019. In addition, the goal is to improve gross margin and accelerate strategic development projects that will deliver visible results to customers during the year. Of these measures, EUR 15 million will be allocated to Stockmann's operations in Finland and the Baltic countries and EUR 5 million to Lindex, which will continue its profitability improvement programme.

In addition to operational performance improvements, reported EBITDA and the operating profit will improve due to a change in accounting principles when the new IFRS 16 Leases standard is taken into use as of 1 January 2019. The Group will apply the standard using the modified retrospective approach, which means that the comparative figures for 2018 will not be restated.

Capital expenditure for 2019 is estimated to be approximately EUR 35 million, which is less than the estimated depreciation for the year.

GUIDANCE FOR 2019

Stockmann expects the Group's adjusted operating profit, excluding the impact of Nevsky Centre, to improve compared to 2018.

CORPORATE GOVERNANCE STATEMENT

Stockmann will publish a separate Corporate Governance Statement for 2018 in line with the recommendation by the Finnish Corporate Governance Code. The statement will be published during the week starting on 25 February 2019 (week 9).

Helsinki, Finland, 13 February 2019

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

This Financial Statements Bulletin has been prepared in compliance with IAS 34. The food operations in Finland, which were divested on 31 December 2017, have been reported as discontinued operations. The figures are unaudited.

CHANGES IN ACCOUNTING PRINCIPLES

As from 1 January 2018, the Stockmann Group has applied the new IFRS 15 and IFRS 9 standards.

IFRS 15 Revenue from Contracts with Customers replaces the IAS 18 and IAS 11 standards and related interpretations. The IFRS 15 standard provides a five-step model outlining the amount and the timing of revenue recognition. According to the new standard, revenue is recognised as control is passed, either over time or at a point in time. Most of the Group's revenue comes from the in-store sale of goods and servic¬es that is paid for with cash or credit card, and the revenue is recognised at the time of sales. Online store sales or sales to franchising-partners are recognised as revenue when all goods or services related to the order are delivered to the customer or franchising partners and the customer obtains control over goods or services at a point in time. Thus the adoption of IFRS 15 has not had an effect on consolidated figures.

IFRS 9 Financial instruments and its amendments replace the IAS 39 standard. The IFRS 9 standard includes revised guidelines for the recognition and measurement of financial instruments. The standard also contains a new accounting model for expected credit losses that is applied in determining the impairment recognised for financial assets. In the Stockmann Group, the amount of future credit losses is estimated on the basis of experience and recognised in profit or loss as a percentage of all outstanding trade and lease receivables. The impairment is recognized to the extent of the expected credit losses for the entire validity period of the receivable. The requirements related to general hedge accounting have also been revised. Hedge accounting is applied in the Group to certain foreign currency-denominated derivatives that hedge foreign currency denominated net investments in foreign operations as well as for cash flow hedges of foreign currency risk in forecasted purchases and sales in foreign currency. Realised foreign exchange rate gains on the hedge of a net investment in a foreign operations and internal loans are included in the cash flow from investment activities in the consolidated cash flow statement. The hedging relationship must meet requirements of the risk management and be ef¬fective, but the effectiveness testing is not required to carry out at each financial statements date. The new standard has not had an effect on the consoli¬dated figures.

Otherwise the accounting policies and calculation methods applied are the same as those in the 2017 financial statements.

IFRS 16 Leases was published in January 2016 and applies to financial periods beginning on or after 1 January 2019. The Stockmann Group will adopt the standard from the beginning of the financial period 2019 onwards. The standard replaces IAS 17 and the related interpreta¬tions. The IFRS 16 standard requires lessees to recognise leases on the balance sheet as a lease liability and as a right-of-use asset. Stockmann will use the exemption provided by IFRS 16 not to recognize in the balance sheet lease liability for leases which have a lease term of 12 months or less, and for leases in which the underlying asset is of low value. The Group will apply the standard using the modified retrospective approach, which means that the comparative figures for the year preceding adoption will not be restated.

The new standard will have a significant impact on the Group's assets and liabilities. Based on current analysis, the right-of-use asset and the lease liability will be composed of leased business premises, warehouses, cars, and other machinery and equipment. At the time the standard is initially applied, the lease liability is recognised at the present value of the minimum lease payments payable on the basis of leases, discounted using the incremental borrowing rate. The amount of lease liability will be included in the acquisition cost of right-of-use assets at the date of initial application. Right-of-use assets transferred to the lessee under a sublease agreement and classified as a finance lease will be derecognised and are presented as a net invest¬ment in a sublease in the balance sheet. On 31 December 2018, the minimum lease payments payable on the basis of leases for the Group's business premises totalled EUR 583.6 million (note "Contingent liabilities and derivative contracts"). Stockmann estimates that at the time the standard is initially applied on 1 January 2019 the lease liabilities in the Group will amount to approximately EUR 550 million.

The reporting of leases in accordance with the new standard will also have a significant impact on the consolidated income statement. The lessee will not recognise any lease payment as a cost but instead depreciation or a possible impairment loss for the period will be recognised through profit or loss. Stockmann estimates that the Group's EBITDA will increase by approximately EUR 100 million and operating result (EBIT) by approximately EUR 12 million whereas the Group's result for the period will decrease by approximately EUR 9 million in the financial year 2019 as a result of adopting of the standard. The interest on lease liability, which is calculated using the discount rate at the lease commencement date, will be recognised as a financial expense; and variable lease payments that are not included in the lease liability will be recognised as lease expenses. Lease income from a sublease classified as a finance lease shall not be included in the profit or loss, instead the interest income from a net investment in a sublease is included in financial items. Stockmann estimates that the adoption of the new standard will increase financial expenses by approximately EUR 24 million in the financial year 2019. In addition, the adoption of IFRS 16 will also have impact on the net cash flows from operating activities, as the amortisation of lease liabilities is presented in cash flows from financing activities. The IFRS 16 standard has also a significant impact on certain key figures: with the new standard, the Group's equity ratio at the end of financial year 2018 would have been approximately 35% (reported 46.2%) and the net gearing approximately 130% (reported 64.5%).

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–31.12.2018**	1.1.–31.12.2017
Continuing operations		
REVENUE	**1 018.8**	1 055.9
Other operating income	**7.0**	0.0
Fair value changes on investment properties	**−0.3**	3.7
Materials and consumables	**−438.7**	−467.1
Wages, salaries and employee benefit expenses	**−222.0**	−236.2
Depreciation, amortisation and impairment losses	**−80.9**	−215.9
Other operating expenses	**−288.9**	−288.8
Total expenses	**−1 030.5**	−1 208.0
OPERATING PROFIT/LOSS	**−5.0**	−148.4
Financial income	**0.6**	0.7
Financial expenses	**−35.3**	−31.8
Total financial income and expenses	**−34.6**	−31.1
PROFIT/LOSS BEFORE TAX	**−39.6**	−179.5
Income taxes	**−4.2**	−18.7
PROFIT/LOSS FROM CONTINUING OPERATIONS	**−43.7**	−198.1
Profit/loss from discontinued operations	**−1.4**	−11.3
NET PROFIT/LOSS FOR THE PERIOD	**−45.2**	−209.4
Profit/loss for the period attributable to:		
Equity holders of the parent company	**−45.2**	−209.4
Earnings per share, EUR:		
From continuing operations (undiluted and diluted)	**−0.68**	−2.82
From discontinued operations (undiluted and diluted)	**−0.02**	−0.16
From the period result (undiluted and diluted)	**−0.70**	−2.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–31.12.2018**	1.1.–31.12.2017
PROFIT/LOSS FOR THE PERIOD	**−45.2**	−209.4
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Changes in revaluation surplus (IAS 16), before tax	**8.7**	38.0
Changes in revaluation surplus (IAS 16), tax	**−1.7**	−7.5
Changes in revaluation surplus (IAS 16), net of tax	**6.9**	30.5
Items that may be subsequently reclassified to profit and loss		
Exchange differences on translating foreign operations, before tax	**2.8**	−7.2
Exchange differences on translating foreign operations, net of tax	**2.8**	−7.2
Cash flow hedges, before tax	**0.6**	−2.0
Cash flow hedges, tax	**−0.1**	0.4
Cash flow hedges, net of tax	**0.5**	−1.6
Other comprehensive income for the period, net of tax	**10.3**	21.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**−34.9**	−187.7
Total comprehensive income attributable to:		
Equity holders of the parent company, continuing operations	**−33.5**	−176.4
Equity holders of the parent company, discontinued operations	**−1.4**	−11.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	31.12.2018	31.12.2017
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	**516.1**	563.8
Trademark	**88.7**	92.4
Intangible rights	**39.6**	38.5
Other intangible assets	**2.3**	2.7
Advance payments and construction in progress	**0.9**	0.6
Intangible assets, total	**647.5**	698.0
Property, plant and equipment		
Land and water	**102.5**	103.9
Buildings and constructions	**578.5**	587.6
Machinery and equipment	**64.1**	76.2
Modification and renovation expenses for leased premises	**5.1**	4.4
Advance payments and construction in progress	**0.8**	1.2
Property, plant and equipment, total	**751.1**	773.2
Investment properties	**0.5**	100.5
Non-current receivables	**0.6**	3.0
Other investments	**0.3**	0.3
Deferred tax assets	**14.7**	33.2
NON-CURRENT ASSETS, TOTAL	**1 414.7**	1 608.2
CURRENT ASSETS		
Inventories	**141.9**	162.2
Current receivables		
Interest-bearing receivables	**0.8**	2.2
Income tax receivables	**7.8**	3.6
Non-interest-bearing receivables	**43.7**	79.6
Current receivables, total	**52.2**	85.4
Cash and cash equivalents	**43.4**	21.0
CURRENT ASSETS, TOTAL	**237.6**	268.6
ASSETS CLASSIFIED AS HELD FOR SALE	**175.7**	184.6
ASSETS, TOTAL	**1 827.9**	2 061.4

EUR mill.	31.12.2018	31.12.2017
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**144.1**	144.1
Share premium fund	**186.1**	186.1
Revaluation surplus	**358.2**	418.6
Invested unrestricted equity fund	**250.4**	250.4
Other funds	**44.2**	43.8
Translation reserve	**−11.6**	−14.5
Retained earnings	**−212.1**	−227.6
Hybrid bond	**84.3**	84.3
Equity attributable to equity holders of the parent company	**843.7**	885.1
EQUITY, TOTAL	**843.7**	885.1
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**128.3**	146.7
Non-current interest-bearing financing liabilities	**359.9**	505.2
Non-current non-interest-bearing liabilities and provisions	**17.5**	20.7
NON-CURRENT LIABILITIES, TOTAL	**505.7**	672.6
CURRENT LIABILITIES		
Current interest-bearing financing liabilities	**227.9**	258.3
Current non-interest-bearing liabilities		
Trade payables and other current liabilities	**190.1**	183.5
Income tax liabilities	**20.9**	16.4
Current provisions	**5.0**	5.7
Current non-interest-bearing liabilities, total	**215.9**	205.7
CURRENT LIABILITIES, TOTAL	**443.8**	464.0
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**34.7**	39.6
LIABILITIES, TOTAL	**984.3**	1 176.3
EQUITY AND LIABILITIES, TOTAL	**1 827.9**	2 061.4

Includes continuing and discontinued operations

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1/1–12/31/2018**	1/1–12/31/2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss for the period	**–45.2**	–209.4
Adjustments for:		
Depreciation, amortisation and impairment losses	**80.9**	215.9
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**5.6**	0.3
Interest and other financial expenses	**35.3**	31.8
Interest income	**–0.6**	–0.7
Income taxes	**4.2**	18.7
Other adjustments	**–3.0**	11.9
Working capital changes:		
Increase (-) /decrease (+) in inventories	**16.3**	15.5
Increase (-) / decrease (+) in trade and other current receivables	**11.9**	3.1
Increase (+) / decrease (-) in current liabilities	**10.5**	–33.4
Interest expenses paid	**–24.4**	–23.6
Interest received from operating activities	**0.6**	0.6
Income taxes paid from operating activities	**–9.2**	–11.8
Net cash from operating activities	**82.9**	18.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	**–28.1**	–33.7
Proceeds from sale of tangible and intangible assets	**122.5**	
Exchange rate gain on the hedge of a net investment and internal loan*	**31.6**	7.1
Dividends received from investing activities		0.0
Net cash used in investing activities	**126.0**	–26.6
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from current liabilities	**79.9**	246.1
Repayment of current liabilities	**–249.1**	–380.6
Proceeds from non-current liabilities	**215.0**	737.4
Repayment of non-current liabilities	**–213.8**	–582.9
Loan arrangement expenses		–10.4
Interest on hybrid bond	**–6.6**	–7.4
Net cash used in financing activities	**–174.6**	2.3
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**34.3**	–5.5
Cash and cash equivalents at the beginning of the period	**21.0**	20.2
Cheque account with overdraft facility	**–12.2**	–5.7
Cash and cash equivalents at the beginning of the period	**8.8**	14.5
Net increase/decrease in cash and cash equivalents	**34.3**	–5.5
Effects of exchange rate fluctuations on cash held	**–0.1**	–0.2
Cash and cash equivalents at the end of the period	**43.4**	21.0
Cheque account with overdraft facility	**–0.4**	–12.2
Cash and cash equivalents at the end of the period	**43.0**	8.8

Includes continuing and discontinued operations
*Realised foreign exchange rate gain on the hedge of a net investment in a foreign operation and internal loan.

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 1.1.2017	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								−209.4		**−209.4**
Changes in revaluation surplus (IAS 16)			30.5							**30.5**
Exchange differences on translating foreign operations							−7.2			**−7.2**
Cash flow hedges				−1.6						**−1.6**
Total comprehensive income for the period, net of tax			30.5	−1.6			−7.2	−209.4		**−187.7**
Interest paid on hybrid bond								−7.4		**−7.4**
Other changes			−10.3			−0.1		10.3		
Total transactions with the equity owners			−10.3			−0.1		2.9		**−7.4**
EQUITY 31.12.2017	144.1	186.1	418.6	−0.1	250.4	43.8	−14.5	−227.6	84.3	**885.1**

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 1.1.2018	144.1	186.1	418.6	−0.1	250.4	43.8	−14.5	−227.6	84.3	**885.1**
Profit/loss for the period								−45.2		**−45.2**
Changes in revaluation surplus (IAS 16)			6.9							**6.9**
Exchange differences on translating foreign operations							2.8			**2.8**
Cash flow hedges				0.5						**0.5**
Total comprehensive income for the period, net of tax			6.9	0.5			2.8	−45.2		**−34.9**
Disposal of revalued assets			−58.4					58.4		
Interest paid on hybrid bond								−6.6		**−6.6**
Other changes			−8.9					8.9		
Total transactions with the equity owners			−67.3					60.7		**−6.6**
EQUITY 31.12.2018	144.1	186.1	358.2	0.4	250.4	43.8	−11.6	−212.1	84.3	**843.7**

Includes continuing and discontinued operations

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	Q4 2018	Q4 2017	1.1.–31.12.2018	1.1.–31.12.2017
Lindex	**164.3**	169.6	**589.9**	606.0
Stockmann Retail	**129.8**	136.2	**386.2**	410.2
Real Estate	**16.9**	16.8	**69.0**	67.1
Unallocated	**0.1**	0.0	**0.4**	0.0
Eliminations	**−6.6**	−6.8	**−26.6**	−27.5
Group total	**304.5**	315.7	**1 018.8**	1 055.9

Reported operating profit/loss, EUR mill.	Q4 2018	Q4 2017	1.1.–31.12.2018	1.1.–31.12.2017
Lindex	**14.8**	10.0	**28.9**	13.4
Stockmann Retail	**3.3**	7.5	**−27.5**	−20.6
Real Estate	**5.6**	9.8	**23.2**	29.0
Unallocated	**−1.4**	−13.7	**−4.5**	−20.2
Goodwill impairment	**−25.0**		**−25.0**	−150.0
Group total	**−2.8**	13.6	**−5.0**	−148.4
Financial income	**0.3**	0.3	**0.6**	0.7
Financial expenses	**−9.5**	−11.3	**−35.3**	−31.8
Consolidated profit/loss before taxes	**−12.0**	2.6	**−39.6**	−179.5

Adjustments to Operating profit/loss, EUR mill.	Q4 2018	Q4 2017	1.1.–31.12.2018	1.1.–31.12.2017
Lindex	**0.0**	−2.7	**−1.5**	−2.7
Stockmann Retail	**−0.1**		**−1.8**	
Real Estate	**−1.2**	4.0	**−5.0**	4.0
Unallocated		−11.9		−11.9
Goodwill impairment	**−25.0**		**−25.0**	−150.0
Group total	**−26.3**	−10.6	**−33.4**	−160.6

Adjusted Operating profit/loss, EUR mill.	Q4 2018	Q4 2017	1.1.–31.12.2018	1.1.–31.12.2017
Lindex	**14.8**	12.7	**30.4**	16.1
Stockmann Retail	**3.4**	7.5	**−25.7**	−20.6
Real Estate	**6.8**	5.8	**28.2**	25.0
Unallocated	**−1.4**	−1.7	**−4.5**	−8.3
Group total	**23.5**	24.2	**28.4**	12.3

Depreciation, amortisation and impairment losses, EUR mill.	Q4 2018	Q4 2017	1.1.–31.12.2018	1.1.–31.12.2017
Lindex	**4.9**	5.2	**19.7**	20.5
Stockmann Retail	**3.3**	4.0	**13.2**	14.9
Real Estate	**5.3**	5.8	**21.3**	23.2
Unallocated	**0.5**	5.6	**1.7**	7.3
Goodwill impairment	**25.0**		**25.0**	150.0
Group total	**38.9**	20.6	**80.9**	215.9

Capital expenditure, EUR mill.	Q4 2018	Q4 2017	1.1.–31.12.2018	1.1.–31.12.2017
Lindex	**5.5**	7.4	**20.1**	22.6
Stockmann Retail	**1.3**	1.2	**3.2**	5.7
Real Estate	**0.4**	1.4	**3.6**	4.9
Unallocated	**1.1**	0.5	**2.5**	1.5
Group total	**8.2**	10.5	**29.3**	34.7

Assets, EUR mill.	31.12.2018	31.12.2017
Lindex	**802.6**	830.0
Stockmann Retail	**138.0**	189.1
Real Estate	**678.2**	786.4
Unallocated	**33.4**	71.3
Assets classified as held for sale	**175.7**	184.6
Group total	**1 827.9**	2 061.4

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	Q4 2018	Q4 2017	1.1.–31.12.2018	1.1.–31.12.2017
Finland	**124.1**	129.7	**386.2**	402.6
Sweden*) and Norway	**126.6**	131.8	**449.1**	474.7
Baltic countries, Russia and other countries	**53.9**	54.3	**183.5**	178.6
Group total	**304.5**	315.7	**1 018.8**	1 055.9
Finland %	**40.7%**	41.1%	**37.9%**	38.1%
International operations %	**59.3%**	58.9%	**62.1%**	61.9%

Operating profit/loss, EUR mill.	Q4 2018	Q4 2017	1.1.–31.12.2018	1.1.–31.12.2017
Finland	**3.4**	−3.8	**−27.0**	−34.0
Sweden*) and Norway	**10.0**	9.8	**26.1**	20.5
Baltic countries, Russia and other countries	**8.9**	7.6	**20.9**	15.2
Market areas total	**22.2**	13.6	**20.0**	1.6
Goodwill impairment	**−25.0**		**−25.0**	−150.0
Group total	**−2.8**	13.6	**−5.0**	−148.4

Non-current assets, EUR mill.	31.12.2018	31.12.2017
Finland	**642.9**	791.3
Sweden and Norway	**642.5**	668.3
Baltic countries, Russia and other countries	**287.3**	298.5
Group total	**1 572.8**	1 758.1
Finland %	**40.9%**	45.0%
International operations %	**59.1%**	55.0%

*) Includes franchising income

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

EUR mill.	31.12.2018	31.12.2017
Discontinued operations		
Profit/loss for the financial period from discontinued operations		
Income	**0.0**	118.7
Expenses	**−1.5**	−129.5
Profit/loss before and after taxes	**−1.4**	−10.8
Profit/loss relating to the sales of discontinued operations after income tax		−0.5
Result from discontinued operation	**−1.4**	−11.3
Cash flows from discontinued operations		
Cash flow from operations		−9.6
Cash flow from investments	**14.3**	−0.9
Cash flow total	**14.3**	−10.5
Other assets classified as held for sale and the relating liabilities		
Intangible assets and property, plant and equipment	**172.8**	183.0
Other receivables	**0.5**	0.9
Cash and cash equivalents	**2.4**	0.7
Other liabilities	**34.6**	39.6
Net assets	**141.1**	145.0

KEY FIGURES OF THE GROUP

	31.12.2018	31.122017
Equity ratio, %	**46.2**	43.0
Net gearing, %	**64.5**	83.8
Cash flow from operating activities per share, year-to-date, EUR	**1.15**	0.26
Interest-bearing net debt, EUR mill.	**543.3**	739.4
Number of shares at the end of the period, thousands	**72 049**	72 049
Weighted average number of shares, undiluted and diluted, thousands	**72 049**	72 049
Market capitalisation, EUR mill.	**140.8**	321.0
Operating profit/loss, % of revenue *)	**−0.5**	−14.1
Equity per share, EUR	**11.71**	12.29
Return on equity, rolling 12 months, %	**−5.2**	−21.3
Return on capital employed, rolling 12 months, %	**−0.4**	−9.1
Average number of employees, converted to full-time equivalents *)	**5 299**	5 426
Capital expenditure, year-to-date, EUR mill.	**29.3**	34.7

*) Continuing operations

DEFINITIONS OF KEY FIGURES

Performance measures according to IFRS

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

Alternative performance measures

Equity ratio. % = $\dfrac{\text{Equity total}}{\text{Total assets – advance payments received}} \times 100$

Net gearing. % = $\dfrac{\text{Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables}}{\text{Equity total}} \times 100$

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

Return on equity. % = $\dfrac{\text{Result for the period (12 months)}}{\text{Equity total (average over 12 months)}} \times 100$

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

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

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

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

EXCHANGE RATES OF EURO

Closing rate for the period	**31.12.2018**	31.12.2017
RUB	**79.7153**	69.3920
NOK	**9.9483**	9.8403
SEK	**10.2548**	9.8438
Average rate for the period	**1.1.–31.12.2018**	1.1.–31.12.2017
RUB	**74.0687**	65.9183
NOK	**9.6002**	9.3316
SEK	**10.2584**	9.6376

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Restated Q1 2017
Continuing operations								
Revenue	304.5	232.5	279.4	202.4	315.7	242.0	281.3	216.9
Other operating income	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0
Fair value changes on investment properties	0.0	−0.2	0.0	0.0	3.9	−0.2	0.0	
Materials and consumables	−135.3	−95.9	−116.7	−90.8	−136.5	−106.0	−123.4	−101.2
Wages, salaries and employee benefit expenses	−58.3	−51.3	−55.9	−56.5	−61.5	−57.2	−59.1	−58.4
Depreciation, amortisation and impairment losses	−38.9	−13.9	−13.9	−14.2	−20.6	−165.5	−14.9	−15.0
Other operating expenses	−74.7	−76.2	−70.3	−67.7	−87.5	−64.6	−69.3	−67.4
Operating profit/loss	−2.8	−4.9	29.6	−26.9	13.6	−151.4	14.6	−25.1
Financial income	0.3	0.1	0.1	0.2	0.3	0.1	−0.3	0.6
Financial expenses	−9.5	−7.9	−8.9	−8.9	−11.3	−4.9	−10.5	−5.2
Total financial income and expenses	−9.2	−7.8	−8.8	−8.7	−10.9	−4.8	−10.8	−4.6
Profit/loss before tax	−12.0	−12.7	20.8	−35.6	2.6	−156.2	3.8	−29.7
Income taxes	5.0	−1.1	−12.8	4.7	−14.8	−1.8	−4.9	2.8
Profit/loss from continuing operations	−7.0	−13.8	8.0	−30.9	−12.2	−158.0	−1.1	−26.9
Profit/loss from discontinued operations	−1.4				−1.2	−3.1	−4.3	−2.7
Net profit/loss for the period	−8.4	−13.8	8.0	−30.9	−13.3	−161.1	−5.4	−29.6

Earnings per share per quarter

EUR	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Restated Q1 2017
From continuing operations (undiluted and diluted)	−0.12	−0.21	0.09	−0.45	−0.19	−2.21	−0.03	−0.39
From the period result (undiluted and diluted)	−0.14	−0.21	0.09	−0.45	−0.20	−2.25	−0.09	−0.43

Segment information per quarter

EUR mill.	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Restated Q1 2017
Revenue								
Lindex	164.3	147.0	163.8	114.8	169.6	151.1	162.1	123.2
Stockmann Retail	129.8	75.4	104.7	76.3	136.2	81.2	109.1	83.7
Real Estate	16.9	16.7	17.5	17.9	16.8	16.5	16.8	17.0
Unallocated	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Eliminations	−6.6	−6.6	−6.7	−6.7	−6.8	−6.8	−6.9	−7.0
Group total	304.5	232.5	279.4	202.4	315.7	242.0	281.3	216.9
Reported operating profit/loss, EUR mill.								
Lindex	14.8	10.8	19.6	−16.2	10.0	5.5	12.6	−14.7
Stockmann Retail	3.3	−10.0	−3.6	−17.2	7.5	−10.8	−2.6	−14.7
Real Estate	5.6	−4.3	14.3	7.5	9.8	6.3	6.6	6.4
Unallocated	−1.4	−1.4	−0.8	−0.9	−13.7	−2.4	−2.0	−2.1
Goodwill impairment	−25.0					−150.0		
Group total	−2.8	−4.9	29.6	−26.9	13.6	−151.4	14.6	−25.1
Adjustments to Operating profit/loss, EUR mill.								
Lindex	0.0	0.0	−1.2	−0.3	−2.7			
Stockmann Retail	−0.1		0.0	−1.7				
Real Estate	−1.2	−10.8	7.0		4.0			
Unallocated					−11.9			
Goodwill impairment	−25.0					−150.0		
Group total	−26.3	−10.8	5.7	−2.0	−10.6	−150.0		
Adjusted Operating profit/loss, EUR mill.								
Lindex	14.8	10.7	20.8	−15.9	12.7	5.5	12.6	−14.7
Stockmann Retail	3.4	−10.0	−3.6	−15.5	7.5	−10.8	−2.6	−14.7
Real Estate	6.8	6.5	7.4	7.5	5.8	6.3	6.6	6.4
Unallocated	−1.4	−1.4	−0.8	−0.9	−1.7	−2.4	−2.0	−2.1
Group total	23.5	5.9	23.8	−24.8	24.2	−1.4	14.6	−25.1

Information on market areas

EUR mill.	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Restated Q1 2017
Revenue								
Finland	124.1	80.4	106.0	75.8	129.7	83.5	108.1	81.3
Sweden*) and Norway	126.6	110.9	124.5	87.1	131.8	117.9	127.7	97.4
Baltic countries, Russia and other countries	53.9	41.2	48.9	39.5	54.3	40.7	45.5	38.2
Group total	304.5	232.5	279.4	202.4	315.7	242.0	281.3	216.9
Finland %	40.7%	34.6%	37.9%	37.4%	41.1%	34.5%	38.4%	37.5%
International operations %	59.3%	65.4%	62.1%	62.6%	58.9%	65.5%	61.6%	62.5%
Operating profit/loss								
Finland	3.4	−19.0	5.7	−17.1	−3.8	−11.2	−3.0	−16.0
Sweden*) and Norway	10.0	8.9	17.3	−10.1	9.8	7.1	13.1	−9.5
Baltic countries, Russia and other countries	8.9	5.1	6.6	0.3	7.6	2.7	4.4	0.5
Market areas total	22.2	−4.9	29.6	−26.9	13.6	−1.4	14.6	−25.1
Goodwill impairment	−25.0					−150.0		
Group total	−2.8	−4.9	29.6	−26.9	13.6	−151.4	14.6	−25.1

*) Includes franchising income

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	**31.12.2018**	31.12.2017
Mortgages on land and buildings	**1 501.7**	1 801.7
Pledges and guarantees	**1.9**	2.9
Electricity commitments	**1.3**	1.6
Liabilities of adjustments of VAT deductions made on investments to immovable property	**5.7**	12.7
Total	**1 510.6**	1 818.9
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:	**6.0**	6.0

Lease agreements on the Group's business premises, EUR mill.*)	**31.12.2018**	31.12.2017
Minimum rents payable on the basis of binding lease agreements on business premises		
Within one year	**122.7**	129.3
After one year	**458.7**	555.8
Total	**581.4**	685.1

Group's lease payments, EUR mill.	**31.12.2018**	31.12.2017
Within one year	**0.7**	0.7
After one year	**1.4**	1.7
Total	**2.2**	2.4

Group's derivative contracts, EUR mill.	**31.12.2018**	31.12.2017
Nominal value		
Currency derivatives	**470.1**	805.7
Electricity derivatives	**1.4**	1.4
Total	**471.5**	807.1

*) The calculation of lease agreements on business premises in 2018 has been defined by excluding the service and marketing costs. The comparison figures have not been changed. The effect is approximately EUR 28.3 million.

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**31.12.2018**	31.12.2017
Acquisition cost at the beginning of the period	**2 169.8**	2 361.7
Fair value change from revaluation of the real estates	**8.4**	41.7
Translation difference +/-	**−38.6**	−31.9
Increases during the period	**29.3**	34.7
Decreases during the period	**−136.6**	−27.8
Transfers to non-current assets classified as held for sale	**0.0**	−208.6
Acquisition cost at the end of the period	**2 032.3**	2 169.8
Accumulated depreciation and impairment losses at the beginning of the period	**−598.0**	−432.7
Translation difference +/-	**11.1**	6.3
Depreciation on reductions during the period	**34.6**	17.3
Accumulated depreciation on transfers to non-current assets classified as held for sale	**0.0**	27.0
Depreciation, amortisation and impairment losses during the period	**−80.9**	−215.9
Accumulated depreciation and impairment losses at the end of the period	**−633.3**	−598.0
Carrying amount at the beginning of the period	**1 571.8**	1 929.0
Carrying amount at the end of the period	**1 399.1**	1 571.8

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

Goodwill, EUR mill.	**31.12.2018**	31.12.2017
Carrying amount at the beginning of the period	**563.8**	735.6
Translation difference +/-	**−22.7**	−21.8
Impairment losses	**−25.0**	−150.0
Carrying amount at the end of the period	**516.1**	563.8

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY. AND HIERARCHICAL CLASSIFICATION OF FAIR VALUES

Financial assets. EUR mill.	Level	**Carrying amount 31.12.2018**	**Fair value 31.12.2018**	Carrying amount 31.12.2017	Fair value 31.12.2017
Derivative contracts. hedge accounting applied	2	**0.6**	**0.6**	0.5	0.5
Financial assets at fair value through profit or loss					
Derivative contracts. hedge accounting not applied					
Currency derivatives	2	**0.2**	**0.2**	4.8	4.8
Electricity derivatives	1	**0.6**	**0.6**		
Financial assets at amortised cost					
Non-current receivables		**0.6**	**0.6**	3.0	3.0
Current receivables. interest-bearing		**0.8**	**0.8**	2.2	2.2
Current receivables. non-interest-bearing		**42.3**	**42.3**	74.3	74.3
Cash and cash equivalents		**43.4**	**43.4**	21.0	21.0
Other investments	3	**0.3**	**0.3**	0.3	0.3
Financial assets by measurement category. total		**88.8**	**88.8**	106.1	106.1

Financial liabilities. EUR mill.	Level	**Carrying amount 31.12.2018**	**Fair value 31.12.2018**	Carrying amount 31.12.2017	Fair value 31.12.2017
Derivative contracts. hedge accounting applied	2	**3.0**	**3.0**	0.7	0.7
Financial liabilities at fair value through profit or loss					
Derivative contracts. hedge accounting not applied					
Currency derivatives	2	**0.0**	**0.0**	5.6	5.6
Electricity derivatives	1			0.2	0.2
Financial liabilities at amortised cost					
Non-current interest-bearing liabilities	2	**359.9**	**339.0**	505.2	504.2
Current liabilities. interest-bearing	2	**227.9**	**228.1**	258.3	258.5
Current liabilities. non-interest-bearing		**187.0**	**187.0**	177.2	177.2
Financial liabilities by measurement category. total		**777.9**	**757.2**	947.2	946.3

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

There 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 other investments. EUR mill.	**31.12.2018**	31.12.2017
Carrying amount Jan. 1	**0.3**	5.5
Translation difference +/-	**0.0**	-0.1
Sale of shares		0.0
Write-off related to the investment in Cooperative		-3.8
Transfers to non-current assets held for sale		-1.4
Total	**0.3**	0.3

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