INTERIM REPORT Q3 2019

STOCKMANN

STOCKMANN plc. Interim report 30.10.2019 at 8:00 EET

Stockmann Group's strategic transformation continued in the third quarter

July–September 2019, continuing operations

- Consolidated revenue was EUR 225.3 million (232.5), down 1.8% in comparable currency rates.
- Gross margin was 56.4% (58.7).
- Operating result was EUR 2.1 million (-4.9).
- Adjusted operating result was EUR 5.4 million (5.9, or 1.4 excluding Nevsky Centre).
- Earnings per share were EUR -0.27 (-0.21)
- Adjusted earnings per share were EUR -0.23 (-0.06).

January–September 2019, continuing operations

- Consolidated revenue was EUR 674.8 million (714.3), down 4.2% in comparable currency rates.
- Gross margin was 56.2% (57.5).
- Operating result was EUR -9.1 million (-2.2).
- Adjusted operating result was EUR 1.0 million (4.9, or -8.7 excluding Nevsky Centre).
- Earnings per share were EUR -0.83 (-0.56).
- Adjusted earnings per share were EUR -0.69 (-0.47).

The Group's 2019 figures include changes due to IFRS 16. Comparison figures for 2018 are not restated. The IFRS 16 items are presented in the table "Impact of IFRS 16".

Guidance for 2019 remains unchanged:

Stockmann expects the Group's adjusted operating profit, excluding Nevsky Centre but including the impact of IFRS 16, to be on a par with 2018.

Strategy process

Lindex's updated strategy for 2019–2023 has been approved. The aim is to further strengthen international growth and in particular digital transformation. Lindex has a strong market position in the Nordics, with a rapidly growing e-commerce business, well-performing flexible store network, and improving profitability. The Board of Directors sees great potential in Lindex, and has therefore decided to investigate strategic alternatives for the company's ownership. The process is developing as planned.

A two-year transformation process has started, which aims to position Stockmann as the number one source of inspiration of fashion, beauty and home. Much effort will be put into excellent customer service and inspiring customer experiences. Stockmann will develop its fashion, beauty and home selection to fit into the needs of the defined customer groups, and create newness with unique and sustainable brands. The company will also position itself for growth in the Baltics, both in the fashion and grocery businesses.

To turn Stockmann's result into profit, the business requires significant renewal and reduction of costs, with a savings target of at least EUR 40 million by spring 2021. Savings will start to be visible towards the end of 2019, and will be evident in the 2020 results.

CEO Jari Latvanen:

Stockmann's transformation process is on track. We are implementing our strategy as planned and fully focusing on developing our operations in order to offer excellent customer service and inspiring experiences. We are renewing the selections further to create newness with unique and sustainable brands and upgrading the stores to fit the needs of our defined customer groups. In particular the Tampere department store is currently undergoing a number of refurbishments to strengthen Stockmann's position as number one source of inspiration in fashion, beauty and home.

In the third quarter, Lindex had strong sales and it improved its operating result. Sales increased in all markets. Lindex continued the roll-out of its new e-commerce platform and launched a new partnership with Boozt. Lindex also opened its first franchising store in a new market, Denmark, in October with record breaking success.

Stockmann division's operating result improved slightly but was still negative. Revenue declined as rental income decreased due to real estate divestments and the renovation of the Delicatessen in Tallinn. In the Crazy Days campaign, which took place after the quarter in October, sales were on a par with the previous year. Sales were up by 2% in Finland, and down 8% in the Baltics. The online store had strong growth of 11%. We successfully launched the Crazy Days online store in Estonia and Latvia.

Stockmann has announced on a consent solicitation to start shortly upon the release of the January-September interim report to the current hybrid bond holders to agree to postpone the first reset date by 18 months. The postponement would give Stockmann financial flexibility and operating time in the process of the potential divestment of Lindex, and would enable the company to fully focus on implementing its current strategy.

We are heading into the last months of the year at full speed. We have a lot of interesting projects going on that will improve the customer experience, such as the renewed loyal customer programme which was launched in October. We will continue to put actions into practice while simultaneously investing heavily in the success of this year's Christmas sales.

KEY FIGURES

Continuing operations	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Revenue, EUR mill.	**225.3**	232.5	**674.8**	714.3	1 018.8
Gross margin, %	**56.4**	58.7	**56.2**	57.5	56.9
EBITDA, EUR mill.	**36.2**	9.0	**95.7**	39.8	76.0
Adjusted EBITDA, EUR mill.	**39.5**	19.8	**105.8**	46.8	84.3
Operating result (EBIT), EUR mill.	**2.1**	-4.9	**-9.1**	-2.2	-5.0
Adjusted operating result (EBIT), EUR mill.	**5.4**	5.9	**1.0**	4.9	28.4
Net financial items, EUR mill.	**-13.1**	-7.8	**-40.4**	-25.4	-34.6
Result before tax, EUR mill.	**-11.0**	-12.7	**-49.5**	-27.6	-39.6
Result for the period, EUR mill.	**-18.2**	-13.8	**-56.1**	-36.7	-43.7
Earnings per share, undiluted and diluted, EUR	**-0.27**	-0.21	**-0.83**	-0.56	-0.68
Personnel, average	**7 163**	7 487	**7 028**	7 258	7 241

Continuing and discontinued operations	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Net earnings per share, undiluted and diluted, EUR	**-0.27**	-0.21	**-0.83**	-0.56	-0.70
Cash flow from operating activities, EUR mill.	**4.4**	-3.1	**32.3**	0.8	82.9
Capital expenditure, EUR mill.	**8.4**	6.0	**24.2**	21.1	29.3
Equity per share, EUR			**10.68**	11.72	11.71
Net gearing, %			**125.8**	74.4	64.4
Equity ratio, %			**36.3**	44.9	46.2
Number of shares, undiluted and diluted, weighted average, 1 000 pc			**72 049**	72 049	72 049
Return on capital employed, rolling 12 months, excl. IFRS 16 items, %			**-0.3**	0.7	-0.4

ITEMS AFFECTING COMPARABILITY

EUR million	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
EBITDA	**36.2**	9.0	**95.7**	39.8	76.0
Adjustments to EBITDA					
Restructuring and transformation measures	**3.3**		**9.4**	3.2	3.3
Gain or loss on sale of properties			**0.7**	-7.0	-6.8
Value adjustment to assets held for sale		10.8		10.8	11.9
Adjustments total	**3.3**	10.8	**10.1**	7.1	8.4
Adjusted EBITDA	**39.5**	19.8	**105.8**	46.8	84.3

EUR million	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Operating result (EBIT)	**2.1**	-4.9	**-9.1**	-2.2	-5.0
Adjustments to EBIT					
Goodwill impairment					25.0
Restructuring and transformation measures	**3.3**		**9.4**	3.2	3.3
Gain or loss on sale of properties			**0.7**	-7.0	-6.8
Value adjustment to assets held for sale		10.8		10.8	11.9
Adjustments total	**3.3**	10.8	**10.1**	7.1	33.4
Adjusted operating result (EBIT)	**5.4**	5.9	**1.0**	4.9	28.4

IMPACT OF IFRS 16

EUR million, quarterly	Reported 7–9/2019	IFRS 16 items 7–9/2019	Excluding IFRS 16 items 7–9/2019	Reported 7–9/2018
Revenue	225.3	−0.5	225.8	232.5
EBITDA	36.2	24.5	11.7	9.0
Adjusted EBITDA	39.5	24.5	15.0	19.8
Depreciation	34.1	20.2	13.9	13.9
Operating result (EBIT)	2.1	4.3	−2.2	−4.9
Adjusted operating result (EBIT)	5.4	4.3	1.1	5.9
Net financial items	−13.1	−6.4	−6.7	−7.8
Net result	−18.2	−1.6	−16.7	−13.8
Cash flow from operating activities	4.4	18.1	−13.7	−3.1

EUR million, YTD	Reported 1–9/2019	IFRS 16 items 1–9/2019	Excluding IFRS 16 items 1–9/2019	Reported 1–9/2018
Revenue	674.8	−1.6	676.4	714.3
EBITDA	95.7	75.5	20.2	39.8
Adjusted EBITDA	105.8	75.5	30.3	46.8
Depreciation	104.8	63.6	41.2	42.0
Operating result (EBIT)	−9.1	11.9	−21.0	−2.2
Adjusted operating result (EBIT)	1.0	11.9	−10.9	4.9
Net financial items	−40.4	−19.8	−20.5	−25.4
Net result	−56.1	−6.3	−49.9	−36.7
Assets	2 119.8	527.7	1 592.1	1 881.8
Interest-bearing net debt	968.6	516.1	452.5	627.8
Cash flow from operating activities	32.3	55.7	−23.3	0.8

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 the reported operating result (EBIT).

MARKET ENVIRONMENT

The uncertainties in the global economy, due to Brexit and the trade war between the USA and China, for example, remained during the third quarter.

The consumer confidence indicator in the Finnish economy has been negative since January 2019, and it was increasingly negative during the third quarter 2019. The fashion market in Finland in January-September was on a par with 2018 (-1.5%, source: Statistics Finland and Fashion and Sport Commerce Association, TMA).

In Sweden, the general economic situation continued its stable development. The fashion market in Sweden in January–September was down, at -1,5% (-2.5, source: Swedish Trade Federation, Stilindex).

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

REVENUE AND EARNINGS IN CONTINUING OPERATIONS

The Group's 2019 figures include changes due to IFRS 16. Comparison figures for 2018 are not restated. Further information on changes in accounting principles can be found in the notes to the Interim report.

July–September 2019

The Stockmann Group's third-quarter revenue was EUR 225.3 million (232.5). Revenue was down by 3.1% on the previous year in euros, or down by 1.8% in comparable currency rates.

The revenue in Finland was down by 0.4%, to EUR 80.1 million (80.4). Revenue in other countries was EUR 145.7 million (152.1); down by 4.2% or up by 1.4% in comparable currency rates excluding the Nevsky Centre.

The gross profit amounted to EUR 127.0 million (136.6) and the gross margin was 56.4% (58.7). The gross margin was down both in Lindex and in Stockmann.

Operating costs were down by EUR 36.6 million, since rental payments for leased premises are not recognised as a cost due to IFRS 16. Including rental payments, operating costs were down by EUR 11.6 million, or down by 4.2 million including adjustments related to restructuring and other transformation measures. Operating costs amounted to EUR 90.8 million (127.5).

The Group's adjusted EBITDA was EUR 39.5 million (19.8). Depreciation was EUR 34.1 million (13.9). The increase is due to the leases being recognised as right-of-use assets in the balance sheet and depreciated over the contract period as an impact of IFRS 16.

The operating result for the third quarter was EUR 2.1 million (-4.9). The operating result increased in both divisions. The adjusted operating result was EUR 5.4 million (5.9, or 1.4 excluding Nevsky Centre).The impact of IFRS 16 on the operating result was EUR 4.3 million.

Net financial expenses were EUR 13.1 million (7.8). The increase is due to the impact of IFRS 16. Excluding IFRS 16, financial expenses were down due to decreased interest-bearing liabilities. The result before taxes was EUR -11.0 million (-12.7).

January–September 2019

The Stockmann Group's revenue for the period was EUR 674.8 million (714.3). Revenue was down by 5.5% from the previous year in euros, or down by 4.3% in comparable currency rates.

The revenue in Finland was down by 3.9%, to EUR 251.9 million (262.2). Revenue in other countries was EUR 424.5 million (452.1); down by 6.1% or down by 0.8% in comparable currency rates and excluding the Nevsky Centre.

The gross profit amounted to EUR 379.3 million (410.9) and the gross margin was 56.2% (57.5). The gross margin was up in Lindex but down in Stockmann.

Operating costs were down by EUR 94.3 million, since rental payments for leased premises are not recognised as a cost due to IFRS 16. Excluding rental payments, operating costs were down by EUR 17.2 million, or by EUR 20.2 million including adjustments related to restructuring and other transformation measures. Operating costs amounted to EUR 283.6 million (377.8).

The Group's adjusted EBITDA was EUR 105.8 million (46.8). Depreciation was EUR 104.8 million (42.0). The increase is due to the leases being recognised as right-of-use assets in the balance sheet and depreciated over the contract period as an impact of IFRS 16.

The operating result for the period was EUR -9.1 million (-2.2). The adjusted operating result was EUR 1.0 million (4.9, or -8.7 excluding Nevsky Centre). The impact of IFRS 16 on the operating result was EUR 11.9 million.

Net financial expenses were EUR 40.4 million (25.4). The increase is due to the impact of IFRS 16. Excluding IFRS 16, financial expenses were down due to decreased interest-bearing liabilities. The result before taxes was EUR -49.5 million (-27.6).

Taxes for the period totalled EUR 6.7 million (9.2). Additional taxes of EUR 5.3 million were booked in the third quarter due to a tax reassessment decision related to tax year 2017 made by the Swedish tax authorities.

The result for the period was EUR -56.1 million (-36.7). Earnings per share for the period were EUR -0.83 (-0.56). Adjusted earnings per share were EUR -0.69 (-0.47). Equity per share was EUR 10.68 (11.72).

FINANCING AND CAPITAL EMPLOYED

Cash flow from operating activities came to EUR 4.4 million (-3.1) in the third quarter and EUR 32.3 million (0.8) in January–September. Due to IFRS 16, lease payments of EUR 55.7 million in January-September are transferred from cash flow from operating activities to cash flow from financial activities.

Total inventories were EUR 179.2 million (182.6) at the end of September, down in Stockmann and up on the previous year in Lindex.

Interest-bearing liabilities, excluding IFRS 16 lease liabilities, at the end of September were EUR 464.8 million (647.9), of which long-term debt amounted to EUR 420.8 million (422.9). The debt declined mainly due to the sale of the Nevsky Centre and Book House properties. The Group has undrawn, long-term committed credit facilities of EUR 167.1 million. The credit facilities include financial covenants related to equity ratio and leverage. In June 2019 Stockmann and financing banks agreed to waive the covenant criteria related to leverage for Q2 and Q3 in 2019.

In addition, the Group has undrawn uncommitted overdraft facilities amounting to 2.2 million and an uncommitted Commercial Paper programme of EUR 600.0 million of which EUR 35.9 million is in use. Stockmann also has a EUR 84.3 million hybrid bond which is treated as equity. At the end of September, the interest-bearing liabilities including IFRS 16 lease liabilities amounted to EUR 533.4 million. EUR 238.7 million of lease liabilities are related to Stockmann and EUR 294.7 million to Lindex (1.1.2019: Stockmann 243.5, Lindex 309.1). Further information about the hybrid bond can be found in the "Events after the reporting period" section.

Cash and cash equivalents totalled EUR 12.2 million (19.1) at the end of September. Assets on the balance sheet were EUR 2 119.8 million (1 881.8) at the end of September, up by EUR 527.7 million due to IFRS 16.

The equity ratio at the end of September was 36.3% (44.9), and net gearing was 125.8% (74.4). IFRS 16 has a significant impact on the equity ratio and net gearing. Excluding IFRS 16, the equity ratio would have been 48.8% and net gearing 58.8%.

The Group's capital employed at the end of September was EUR 1 768.0 million, or EUR 1 234.6 million excluding IFRS 16 (1 492.5).

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 8.4 million (6.0) in the third quarter and EUR 24.2 million (21.1) in January–September. Most of the capital expenditure was used for both Lindex's and Stockmann's digitalisation, the renovation of Stockmann Delicatessen in Tallinn, and Lindex's store refurbishments.

REVENUE AND EARNINGS BY DIVISION

As of 1 July 2019, the Stockmann Group introduced a simplified organisational structure, where the Stockmann Retail and Real Estate divisions as well as the shared functions were combined into a new Stockmann division. Stockmann Group's reporting segments are Lindex and Stockmann.
The segments are reported excluding IFRS 16, as the management follow-up and analyses are based on the reporting without the IFRS 16 changes.

The comparison data for the Lindex segment is unchanged. The comparison data for the Stockmann segment includes previously separately reported figures for the Stockmann Retail and Real Estate segments, and Group functions that are not included in unallocated items or the Lindex segment. In the new segment reporting structure unallocated items include Corporate Management, Group Finance Management, Group Treasury and Internal Audit.

LINDEX

Lindex	**7–9/2019**	7–9/2018	**1–9/2019**	1–9/2018	1–12/2018
Revenue, EUR mill.	**147.6**	147.0	**416.1**	425.6	589.9
Gross margin, %	**61.9**	62.1	**62.0**	61.5	61.7
Operating result, EUR mill.	**11.6**	10.8	**17.8**	14.2	28.9
Adjusted operating result, EUR mill.	**12.0**	10.8	**18.1**	15.7	30.4
Capital expenditure, EUR mill.	**4.6**	4.3	**14.0**	14.6	20.1

July–September 2019

Lindex's revenue for the quarter was up by 0.4%, to EUR 147.6 million (147.0), or up by 2.6% in comparable currency rates. Same-store sales in comparable currency rates increased by 3.3%. In comparable currencies, sales increased in all markets. Growth in the online store was 24%.

The gross margin for the quarter was 61.9% (62.1). The gross margin was down due to currency effects.

Operating costs were down by 0.9 EUR million, and amounted to EUR 74.9 million (75.7). The costs declined mainly due to currency effects.

The operating result for the quarter was EUR 11.6 million (10.8).

January–September 2019

Lindex's revenue for the period was down by 2.2%, to EUR 416.1 million (425.6). The same-store sales in comparable currency rates were up by 0.9%. Growth in the online store was 28%.

The gross margin for the period was 62.0% (61.5).

Operating costs were down by EUR 7.0 million, and amounted to EUR 225.8 million (232.8, or adjusted 231.2). The costs declined mainly due to currency effects.

The operating result for the period was EUR 17.8 million (14.2, or adjusted operating result 15.7). Lindex's January-September 2019 adjusted operating result was EUR 18.1 million.

Store network

Lindex opened 3 stores and closed 8 stores during the third quarter.

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 continued the roll-out of its new e-commerce platform and launched a new partnership with Boozt.

Lindex store network	Total 31.12.2018	Total 30.6.2019	Closed stores Q3 2019	New stores Q3 2019	**Total 30.9.2019**
Finland	61	61	0	0	**61**
Sweden	204	199	0	0	**199**
Norway	96	91	0	1	**92**
Estonia	9	9	0	0	**9**
Latvia	10	10	0	0	**10**
Lithuania	9	9	0	0	**9**
Czech Republic	28	28	1	0	**27**
Slovakia	12	13	0	0	**13**
Poland	2	0	0	0	**0**
UK	2	2	0	0	**2**
Iceland*	7	6	0	0	**6**
Bosnia and Herzegovina*	7	9	0	0	**9**
Serbia*	5	6	0	0	**6**
Kosovo*	1	1	0	0	**1**
Albania*	1	1	0	0	**1**
Saudi Arabia*	17	17	7	2	**12**
Qatar*	2	2	0	0	**2**
Tunisia*	1	1	0	0	**1**
Total	**474**	**465**	**8**	**3**	**460**
Own stores	433	422	1	1	**422**
Franchising stores (*)	41	43	7	2	**38**

STOCKMANN

Stockmann	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Revenue, EUR mill.	**78.2**	85.5	**260.3**	288.7	429.0
Gross margin, %	**46.2**	53.0	**47.2**	51.7	50.5
Operating result, EUR mill.	**-9.5**	-14.6	**-28.6**	-13.2	-5.4
Adjusted operating result, EUR mill.	**-9.4**	-3.8	**-24.6**	-7.7	1.5
Capital expenditure, EUR mill.	**5.5**	2.6	**10.2**	6.5	9.2

July–September 2019

Stockmann's revenue for the quarter was EUR 78.2 million (85.5). Revenue includes merchandise turnover in department and online stores, rental income from tenants and subtenants, and other service income. Revenue was down by 8.6%. The revenue declined due to the divestment of the Book House property in May 2018 and the Nevsky Centre property in St Petersburg in January 2019 which affected the rental income from tenants. Growth in the online store was 14%.

Revenue in Finland was EUR 61.0 million (62.2). Revenue was down by 1.9% compared with the previous year. Revenue from the Baltic department stores was down by 4.7%, to EUR 17.2 million (23.4 including Nevsky Centre) partly due to property divestments and the renovation of the Delicatessen store in Tallinn.

The gross margin for the quarter was 46.2% (53.0 or 46.6 excl. real estate business). The gross margin declined mainly due to the divestment of the Book House and Nevsky Centre properties, which affected the rental income from tenants.

Operating costs were down by EUR 14.3 million, or down by EUR 3.5 million including a value adjustment of EUR -10.8 million related to Nevsky Centre, and were EUR 44.0 million (58.2). Personnel and support function costs declined but rents were up, mainly due to index increases and Lindex's new stores.

The operating result for the quarter was EUR -9.5 million (-14.6). Adjusted operating result was EUR -9.4 million (-3.8, or -8.3 excluding Nevsky Centre).

January–September 2019

Stockmann's revenue for the period was EUR 260.3 million (288.7). Revenue was down by 9.8%, partly due to the sale of the Book House and Nevsky Centre properties, which affected the rental income from tenants. Growth in the online store was 21%.

Revenue in Finland was EUR 201.5 million (210.9). Revenue was down by 4.5% compared with the previous year. Revenue the Baltic department stores was down 6.5%, to EUR 57.4 million (77.9).

The gross margin for the period was 47.2% (51.7 or 45.6 excl. real restate business).

Operating costs were EUR 146,9 million (157.6), down by EUR 10.6 million, or down by EUR 9.1 million including adjustments related to restructuring measures and sale of the properties.

The operating result for the period was EUR -28.6 million (-13.2, including value adjustments, gains and losses on sale of properties). Adjusted operating result was EUR -24.7 million (-7.7, or -21.2 excluding Nevsky Centre).

Properties

On 1 January 2019, the fair value of Stockmann's three department store properties amounted to EUR 681.0 million. The weighted average market yield requirement used in the fair value calculation was 4.8% (4.6). During the year, the depreciation of the properties is deducted from the fair value. At the end of the third quarter, the revalued amount of the properties was EUR 666.6 million.

The department store properties have a gross leasable area (GLA) of 88 000 m2, of which Stockmann was using 73% at the end of September 2019 and the rest was used by external partners. The occupancy rate of the properties remained at a high level, at 98.0% (99.4).

The Nevsky Centre property in St Petersburg was sold to PPF Real Estate in January 2019 with a transaction price of EUR 171.0 million.

Property	Gross leasable area. m2 30.9.2019	Occupancy rate. % 30.9.2019	Usage by Stockmann, % 30.9.2019
Helsinki flagship building	50 724	99.9	66
Tallinn department store building	21 527	94.2	82
Riga department store building	15 119	100.0	86
Total	**87 370**	**98.0**	**73**

PERSONNEL

The Group's average number of personnel in continuing operations was 7 163 (7 487) in the period. In terms of full-time equivalents, the average number of employees was 4 879 (5 274).

At the end of September, the Group had 7 195 employees (7 436), of whom 1 950 (2 241) were working in Finland. The number of employees working outside Finland was 5 245 (5 195), which represented 72.9% (69.9) of the total.

The Group's wages and salaries amounted to EUR 120.6 million in the period, compared with EUR 125.9 million in the previous year. The total employee benefits expenses were EUR 157.6 million (163.7), which is equivalent to 23.4% (22.9) of revenue.

CHANGES IN MANAGEMENT

Stockmann plc's Board of Directors appointed Jari Latvanen (born 1964), MBA, as Stockmann's new Chief Executive Officer as of 19 August 2019.

Pekka Vähähyyppä (born 1960), M.Sc (Econ.), EMBA, was appointed as Chief Financial Officer and as a member of the Stockmann Group's Management Team as of 19 August 2019. Kai Laitinen, CFO, left Stockmann in September in order to assume a new position outside the company. (Stock Exchange Release 9.8.2019).

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 quarter. 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 185.6 million (279.0) at the end of September.

The price of a Series A share was EUR 2.95 at the end of September, compared with EUR 2.00 at the end of 2018, while the price of a Series B share was EUR 2.30, compared with EUR 1.92 at the end of 2018.

A total of 0.9 million (0.9) Series A shares and 8.6 million (8.0) Series B shares were traded on Nasdaq Helsinki during the period. This corresponds to 3.0% (2.9) of the average number of Series A shares and 20.7% (19.2) of the average number of Series B shares.

The company does not hold any of its own shares, and the Board of Directors has no valid authorisations to purchase company shares or to issue new shares.

At the end of September, Stockmann had 44 048 shareholders, compared with 44 903 a year earlier.

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.

Stockmann's business is affected by seasonal fluctuations within a year. The first quarter is typically low in revenue and the fourth quarter typically higher in revenue. 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 involves risks 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 sustainable use of natural resources are important for the Group's brands in order to retain customer confidence in Stockmann.

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 and the US dollar 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's Crazy Days campaign took place in Finland and the Baltic countries at the beginning of October. The total campaign sales were on a par with the previous year. Sales were up 2% in Finland and down 8% in the Baltic countries. The strongest sales growth was achieved in the online store in Finland, where sales were up by 11%. The Crazy Days online store was launched for the first time in Estonia and Latvia.

Lindex opened its first store in Denmark at the beginning of October. The franchise store is located in Denmark's biggest shopping mall Field's in Copenhagen, and the store opening was a record-breaking success with 13 700 visitors during the opening weekend.

On 21 October 2019, Stockmann announced a consent solicitation to its EUR 85 million hybrid bond holders to postpone the first reset date by 18 months. The hybrid bond was issued in January 2016 with an early redemption option at the earliest on 31 January 2020 (Stock Exchange Release 10 December 2015 and 21 October 2019).

Stockmann is negotiating new terms for the financing facilities with the financing banks.

OUTLOOK FOR 2019

We expect that the uncertainties in the global economy will remain during the rest of the year.

In 2019, the retail growth is estimated to decline somewhat due to economic slowdown in Finland, but modest growth is expected to continue in Sweden (source: Federation of Finnish Commerce, HUI Research). 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).

Capital expenditure for 2019 is estimated to be approximately EUR 35 million.

Stockmann expects the Group's adjusted operating profit, excluding Nevsky Centre but including the impact of IFRS 16, to be on a par with 2018.

Helsinki, Finland, 29 October 2019

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS

This Interim report has been prepared in compliance with IAS 34. The figures are unaudited.

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–30.9.2019**	1.1.–30.9.2018	1.1.–31.12.2018
Continuing operations			
REVENUE	**674.8**	714.3	1 018.8
Other operating income	**0.0**	7.0	7.0
Fair value changes on investment properties		−0.2	−0.3
Materials and consumables	**−295.5**	−303.5	−438.7
Wages, salaries and employee benefit expenses	**−157.6**	−163.7	−222.0
Depreciation, amortisation and impairment losses	**−104.8**	−42.0	−80.9
Other operating expenses	**−126.0**	−214.2	−288.9
Total expenses	**−683.9**	−723.3	−1 030.5
OPERATING PROFIT/LOSS	**−9.1**	−2.2	−5.0
Financial income	**0.8**	0.4	0.6
Financial expenses	**−41.2**	−25.7	−35.3
Total financial income and expenses	**−40.4**	−25.4	−34.6
PROFIT/LOSS BEFORE TAX	**−49.5**	−27.6	−39.6
Income taxes	**−6.7**	−9.2	−4.2
PROFIT/LOSS FROM CONTINUING OPERATIONS	**−56.1**	−36.7	−43.7
Profit/loss from discontinued operations			−1.4
NET PROFIT/LOSS FOR THE PERIOD	**−56.1**	−36.7	−45.2
Profit/loss for the period attributable to:			
Equity holders of the parent company	**−56.1**	−36.7	−45.2
Earnings per share, EUR:			
From continuing operations (undiluted and diluted)	**−0.83**	−0.56	−0.68
From discontinued operations (undiluted and diluted)			−0.02
From the period result (undiluted and diluted)	**−0.83**	−0.56	−0.70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–30.9.2019**	1.1.–30.9.2018	1.1.–31.12.2018
PROFIT/LOSS FOR THE PERIOD	**−56.1**	−36.7	−45.2
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in revaluation surplus (IAS 16), before tax			8.7
Changes in revaluation surplus (IAS 16), tax			−1.7
Changes in revaluation surplus (IAS 16), net of tax			6.9
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	**−11.8**	2.3	2.8
Exchange differences on translating foreign operations, net of tax	**−11.8**	2.3	2.8
Cash flow hedges, before tax	**0.9**	0.6	0.6
Cash flow hedges, tax	**−0.2**	−0.1	−0.1
Cash flow hedges, net of tax	**0.7**	0.4	0.5
Other comprehensive income for the period, net of tax	**−11.1**	2.8	10.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**−67.2**	−34.0	−34.9
Total comprehensive income attributable to:			
Equity holders of the parent company, continuing operations	**−67.2**	−34.0	−33.5
Equity holders of the parent company, discontinued operations			−1.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	**30.9.2019**	30.9.2018	31.12.2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	**494.7**	538.3	516.1
Trademark	**85.0**	88.2	88.7
Intangible rights	**40.6**	36.9	39.6
Other intangible assets	**1.9**	2.4	2.3
Advance payments and construction in progress	**2.1**	1.4	0.9
Intangible assets, total	**624.3**	667.2	647.5
Property, plant and equipment			
Land and water	**102.5**	103.9	102.5
Buildings and constructions	**564.1**	573.0	578.5
Machinery and equipment	**57.7**	67.2	64.1
Modification and renovation expenses for leased premises	**5.1**	5.2	5.1
Right-of-use assets	**491.3**		
Advance payments and construction in progress	**1.3**	1.0	0.8
Property, plant and equipment, total	**1 222.0**	750.3	751.1
Investment properties	**0.5**	0.5	0.5
Non-current receivables	**0.4**	2.6	0.6
Non-current lease receivables	**16.0**		
Other investments	**0.3**	0.3	0.3
Deferred tax assets	**16.8**	15.2	14.7
NON-CURRENT ASSETS, TOTAL	**1 880.3**	1 436.0	1 414.7
CURRENT ASSETS			
Inventories	**179.2**	182.6	141.9
Current receivables			
Interest-bearing receivables	**0.1**	1.0	0.8
Lease receivables	**1.3**		
Income tax receivables	**4.2**	9.6	7.8
Non-interest-bearing receivables	**42.5**	60.1	43.7
Current receivables, total	**48.1**	70.7	52.2
Cash and cash equivalents	**12.2**	19.1	43.4
CURRENT ASSETS, TOTAL	**239.4**	272.4	237.6
ASSETS CLASSIFIED AS HELD FOR SALE		173.5	175.7
ASSETS, TOTAL	**2 119.8**	1 881.8	1 827.9

EUR mill.	**30.9.2019**	30.9.2018	31.12.2018
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**144.1**	144.1	144.1
Share premium fund	**186.1**	186.1	186.1
Revaluation surplus	**333.6**	360.2	358.2
Invested unrestricted equity fund	**250.4**	250.4	250.4
Other funds	**44.9**	44.2	44.2
Translation reserve	**−23.5**	−12.1	−11.6
Retained earnings	**−250.1**	−212.6	−212.1
Hybrid bond	**84.3**	84.3	84.3
Equity attributable to equity holders of the parent company	**769.8**	844.6	843.7
EQUITY, TOTAL	**769.8**	844.6	843.7
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**127.7**	128.0	128.3
Non-current interest-bearing financing liabilities	**420.8**	422.9	359.9
Non-current lease liabilities	**442.2**		
Non-current non-interest-bearing liabilities and provisions	**2.3**	19.1	17.5
NON-CURRENT LIABILITIES, TOTAL	**993.1**	570.1	505.7
CURRENT LIABILITIES			
Current interest-bearing financing liabilities	**44.0**	225.0	227.9
Current lease liabilities	**91.1**		
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**191.4**	180.8	190.1
Income tax liabilities	**27.8**	20.5	20.9
Current provisions	**2.5**	4.4	5.0
Current non-interest-bearing liabilities, total	**221.8**	205.7	215.9
CURRENT LIABILITIES, TOTAL	**356.9**	430.7	443.8
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		36.5	34.7
LIABILITIES, TOTAL	**1 350.0**	1 037.2	984.3
EQUITY AND LIABILITIES, TOTAL	**2 119.8**	1 881.8	1 827.9

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–30.9.2019**	1.1.–30.9.2018	1.1.–31.12.2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	**−56.1**	−36.7	−45.2
Adjustments for:			
Depreciation, amortisation and impairment losses	**104.8**	42.0	80.9
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.9**	4.5	5.6
Interest and other financial expenses	**41.2**	25.7	35.3
Interest income	**−0.8**	−0.4	−0.6
Income taxes	**6.7**	9.2	4.2
Other adjustments	**0.3**	−2.1	−3.0
Working capital changes:			
Increase (-) /decrease (+) in inventories	**−41.0**	−24.8	16.3
Increase (-) / decrease (+) in trade and other current receivables	**2.6**	2.6	11.9
Increase (+) / decrease (-) in current liabilities	**15.2**	16.0	10.5
Interest expenses paid	**−42.8**	−23.4	−24.4
Interest received from operating activities	**0.8**	0.4	0.6
Other financing items from operating activities	**−1.1**		
Income taxes paid from operating activities	**1.6**	−12.1	−9.2
Net cash from operating activities	**32.3**	0.8	82.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets	**−25.2**	−22.1	−28.1
Proceeds from sale of tangible and intangible assets	**139.7**	123.8	122.5
Exchange rate gain on the hedge of a net investment and internal loan*)	**9.9**	21.1	31.6
Net cash used in investing activities	**124.4**	122.8	126.0
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from current liabilities	**35.9**	73.9	79.9
Repayment of current liabilities	**−226.9**	−249.1	−249.1
Proceeds from non-current liabilities	**108.0**	187.0	215.0
Repayment of non-current liabilities	**−49.4**	−122.5	−213.8
Payment of lease liabilities	**−55.7**		
Interest on hybrid bond	**−6.6**	−6.6	−6.6
Net cash used in financing activities	**−194.7**	−117.3	−174.6
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−37.9**	6.2	34.3
Cash and cash equivalents at the beginning of the period	**43.4**	21.0	21.0
Cheque account with overdraft facility	**−0.4**	−12.2	−12.2
Cash and cash equivalents at the beginning of the period	**43.0**	8.8	8.8
Net increase/decrease in cash and cash equivalents	**−37.9**	6.2	34.3
Effects of exchange rate fluctuations on cash held	**−0.8**	−0.2	−0.1
Cash and cash equivalents at the end of the period	**12.2**	19.1	43.4
Cheque account with overdraft facility	**−7.9**	−4.3	−0.4
Cash and cash equivalents at the end of the period	**4.3**	14.8	43.0

*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 1.1.2018	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								−36.7		**−36.7**
Exchange differences on translating foreign operations							2.3			**2.3**
Cash flow hedges				0.4						**0.4**
Total comprehensive income for the period, net of tax				0.4			2.3	−36.7		**−34.0**
Disposal of revalued assets			−58.4					58.4		
Interest paid on hybrid bond								−6.6		**−6.6**
Other changes in equity total			−58.4					51.8		**−6.6**
EQUITY 30.9.2018	144.1	186.1	360.2	0.3	250.4	43.8	−12.1	−212.6	84.3	**844.6**

EUR mill.	Share capital	Share premum fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	**Total**
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		
Other changes in equity total			−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**

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 1.1.2019	144.1	186.1	358.2	0.4	250.4	43.8	−11.6	−212.1	84.3	**843.7**
Profit/loss for the period								−56.1		**−56.1**
Exchange differences on translating foreign operations							−11.8			**−11.8**
Cash flow hedges				0.7						**0.7**
Total comprehensive income for the period, net of tax				0.7			−11.8	−56.1		**−67.2**
Disposal of revalued assets			−24.7					24.7		**0.0**
Interest paid on hybrid bond								−6.6		**−6.6**
Other changes								−0.0		**−0.0**
Other changes in equity total			−24.7					18.1		**−6.6**
EQUITY 30.9.2019	144.1	186.1	333.6	1.1	250.4	43.8	−23.5	−250.1	84.3	**769.8**

NOTES TO THE FINANCIAL STATEMENTS, CONDENSED

CHANGES IN ACCOUNTING PRINCIPLES

As from 1 January 2019, Stockmann Group has applied IFRS 16 Leases standard.

IFRS 16 replaces the standard IAS 17 and the related interpretations. The IFRS 16 requires lessees to recognise leases on the balance sheet as a lease liability and as a right-of-use asset. The Stockmann Group applies the standard using the modified retrospective approach, which means that the comparative figures for the year preceding adoption are not restated. Stockmann uses 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 lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if it is reasonably certain to exercise that option. In the Stockmann Group Lindex uses a scoring system based on the operating profit to determine if prolongation of original rental period is included in the lease term. Operating profit is measured as a percentage compared to turnover and the higher the percentage the more likely the option to extend will be exercised. Lessor accounting remains substantially unchanged from the IAS 17.

IFRS 16 has a significant impact on the Group's assets and liabilities. The right-of-use asset and lease liability in the Group is 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 average weighted discounting rate at the time the standard initially applied was 5.2 per cent in the Stockmann Group. The amount of lease liability is 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 are derecognised and presented as a net investment in a sublease in the balance sheet. At the time the standard is initially applied on 1 January 2019 the lease liability in the Group was amount to EUR 552.7 million.

The reporting of leases in accordance with the IFRS 16 has also a significant impact on the consolidated income statement. The lessee doesn't recognise any lease payment as a cost, but instead depreciation or a possible impairment loss for the period is recognised through profit or loss. The interest on lease liability, which is calculated using the discount rate at the lease commencement date, is recognised as a financial expense; and variable lease payments that are not included in the lease liability is recognised as lease expenses. Lease income from a sublease classified as a finance lease are not included in the profit or loss, instead the interest income from a net investment in a sublease is included in financial items. Stockmann Group's EBITDA increased EUR 75.5 million, the operating result increased EUR 11.9 million and financial expenses increased EUR 19.8 million whereas the net result for the period January-September 2019 decreased EUR 6.3 million as a result of adopting of the standard.

The adoption of IFRS 16 has also impact on the presentation of net cash flows from operating and financing activities, as the lease payments, earlier affecting operating activities only, are under the new standard presented as the amortisation of lease liabilities in cash flows from financing activities and as interest expenses in operating activities. The Group's net cash flows from operating activities increased by EUR 55.7 million and the cash flows from financing activities decreased accordingly in the period January-September 2019 as a result of adopting of the standard. The IFRS 16 has also a significant impact on certain key figures: with the standard the Group's equity ratio at 31 December 2018 would have been 35.4 per cent (reported 46.2%) and the net gearing 129.9 per cent (reported 64.5%).

The segment information presented by the Stockmann Group is based on the management's internal reporting, whereby the highest level of operational decision-making and the other Group's management examine the profitability of the operating segments. The impact of the IFRS 16 is not allocated to the operating segments in the management's internal reporting and thus in the Group's segment reporting the IFRS 16 impact is presented as a reconciling item in a Group level.

The lease liability as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

EUR mill.	
Operating lease commitment at 31 December 2018 as disclosed in the Group's financial statements	583.6
Discounting using the incremental borrowing rate	−105.9
Extension options reasonably certain to be exercised	151.9
Other fixed costs	−29.4
Leases not yet commenced to which the Group is commited	−22.1
Short-term leases	−12.6
Variable lease payments	−6.1
Other differences	−6.7
Lease liability recognised at 1 January 2019	552.7

GROUP'S OPERATING SEGMENTS*

Revenue, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Lindex	**147.6**	147.0	**416.1**	425.6	589.9
Stockmann	**78.2**	85.5	**260.3**	288.7	429.0
IFRS 16 impact	**−0.5**		**−1.6**		
Group total	**225.3**	232.5	**674.8**	714.3	1 018.8

Reported operating profit/loss, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Lindex	**11.6**	10.8	**17.8**	14.2	28.9
Stockmann	**−9.5**	−14.6	**−28.6**	−13.2	−5.4
Unallocated	**−4.3**	−1.1	**−10.1**	−3.1	−3.5
Goodwill impairment					−25.0
IFRS 16 impact	**4.3**		**11.9**		
Group total	**2.1**	−4.9	**−9.1**	−2.2	−5.0
Financial income excluding IFRS 16 interest income	**0.0**	0.1	**0.1**	0.4	0.6
Interest income from IFRS 16 contracts	**0.2**		**0.7**		
Financial expenses excluding IFRS 16 interest expenses	**−6.7**	−7.9	**−20.6**	−25.7	−35.3
Interest expenses from IFRS 16 contracts	**−6.6**		**−20.5**		
Consolidated profit/loss before taxes	**−11.0**	−12.7	**−49.5**	−27.6	−39.6

Adjustments to Operating profit/loss, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Lindex	**−0.4**	0.0	**−0.4**	−1.5	−1.5
Stockmann	**−0.1**	−10.8	**−4.0**	−5.5	−6.8
Unallocated	**−2.8**		**−5.7**		
Goodwill impairment					−25.0
Group total	**−3.3**	−10.8	**−10.1**	−7.1	−33.4

Adjusted Operating profit/loss, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Lindex	**12.0**	10.8	**18.1**	15.7	30.4
Stockmann	**−9.4**	−3.8	**−24.6**	−7.7	1.5
Unallocated	**−1.5**	−1.1	**−4.4**	−3.1	−3.5
IFRS 16 impact	**4.3**		**11.9**		
Group total	**5.4**	5.9	**1.0**	4.9	28.4

Depreciation, amortisation and impairment losses, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Lindex	**4.8**	4.8	**14.5**	14.9	19.7
Stockmann	**9.0**	9.1	**26.7**	27.1	36.2
Goodwill impairment					25.0
IFRS 16 impact	**20.2**		**63.6**		
Group total	**34.1**	13.9	**104.8**	42.0	80.9

Capital expenditure, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Lindex	**4.6**	4.3	**14.0**	14.6	20.1
Stockmann	**3.8**	1.7	**10.2**	6.5	9.2
IFRS 16 additions	**9.5**		**49.7**		
Group total	**18.0**	6.0	**74.0**	21.1	29.3

Assets, EUR mill.	30.9.2019	30.9.2018	31.12.2018		
Lindex	**771.4**	802.8	**802.6**		
Stockmann	**835.8**	894.6	**849.1**		
Unallocated	**1.8**	11.0	**0.6**		
Assets classified as held for sale		173.5	**175.7**		
IFRS 16 impact	**510.7**				
Group total	**2 119.8**	1 881.8	**1 827.9**		

IFRS 16 impact on revenue, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Stockmann	**−0.5**		**−1.6**		
Total	**−0.5**		**−1.6**		

IFRS 16 impact on operating profit/loss, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Lindex	**1.8**		**4.7**		
Stockmann	**2.5**		**7.2**		
Total	**4.3**		**11.9**		

IFRS 16 impact on depreciation, amortisation and impairment losses, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Lindex	**14.8**		**47.3**		
Stockmann	**5.4**		**16.3**		
Total	**20.2**		**63.6**		

IFRS 16 Lease liabilities, EUR mill.	30.9.2019	30.9.2018	31.12.2018		
Lindex	**294.7**				
Stockmann	**238.7**				
Total	**533.4**				

* Segment information 2018 is adjusted for comparison purposes

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Finland	**80.1**	80.4	**251.9**	262.2	386.2
Sweden*) and Norway	**110.3**	110.9	**316.0**	322.5	449.1
Baltic countries, Russia and other countries	**35.4**	41.2	**108.5**	129.6	183.5
Market areas total	**225.8**	232.5	**676.4**	714.3	1 018.8
IFRS 16/subleases affecting rent income	**−0.5**		**−1.6**		
Group total	**225.3**	232.5	**674.8**	714.3	1 018.8
Finland %	**35.5%**	34.6%	**37.2%**	36.7%	37.9%
International operations %	**64.5%**	65.4%	**62.8%**	63.3%	62.1%

Operating profit/loss, EUR mill.	Q3 2019	Q3 2018	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
Finland	**−12.3**	−19.0	**−36.5**	−30.4	−27.0
Sweden*) and Norway	**10.9**	8.9	**16.0**	16.1	26.1
Baltic countries, Russia and other countries	**−0.8**	5.1	**−0.5**	12.0	20.9
Market areas total	**−2.2**	−4.9	**−21.0**	−2.2	20.0
Goodwill impairment					−25.0
IFRS 16 impact	**4.3**		**11.9**		
Group total	**2.1**	−4.9	**−9.1**	−2.2	−5.0

Non-current assets, EUR mill.	30.9.2019	30.9.2018	31.12.2018		
Finland	**628.9**	674.9	**642.9**		
Sweden and Norway	**616.5**	638.1	**642.5**		
Baltic countries, Russia and other countries	**111.6**	280.6	**287.3**		
Market areas total	**1 357.0**	1 593.7	**1 572.8**		
IFRS 16 impact	**508.7**				
Group total	**1 865.7**	1 593.7	**1 572.8**		
Finland %	**46.3%**	42.4%	**40.9%**		
International operations %	**53.7%**	57.6%	**59.1%**		

*) Includes franchising income

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

EUR mill.	30.9.2019	30.9.2018	31.12.2018
Discontinued operations			
Profit/loss for the financial period from discontinued operations			
Income			0.0
Expenses			−1.5
Profit/loss before and after taxes			−1.4
Cash flows from discontinued operations			
Cash flow from investments		15.5	14.3
Cash flow total		15.5	14.3
Other assets classified as held for sale and the relating liabilities			
Intangible assets and property, plant and equipment		172.9	172.8
Other receivables		0.6	0.5
Cash and cash equivalents			2.4
Other liabilities		36.5	34.6
Net assets		136.9	141.1

KEY FIGURES OF THE GROUP

	30.9.2019	30.9.2018	31.12.2018
Equity ratio, %	**36.3**	44.9	46.2
Net gearing, %	**125.8**	74.4	64.4
Cash flow from operating activities per share, year-to-date, EUR	**0.45**	0.01	1.15
Interest-bearing net debt, EUR mill.	**968.6**	627.3	543.3
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.	**185.6**	279.0	140.8
Operating profit/loss, % of revenue	**−1.3**	−0.3	−0.5
Equity per share, EUR	**10.68**	11.72	11.71
Return on equity, rolling 12 months, % *)	**−7.2**	−5.8	−5.2
Return on capital employed, rolling 12 months, % *)	**−0.3**	0.7	−0.4
Average number of employees, converted to full-time equivalents	**4 879**	5 274	5 299
Capital expenditure, year-to-date, EUR mill.	**24.2**	21.1	29.3

*) Excluding IFRS 16 impact

DEFINITIONS OF KEY FIGURES

Performance measures according to IFRS

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

Alternative performance measures

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

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

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

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

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

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

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

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

*) Calculated without the IFRS 16 impact since the comparison figures have not been restated

EXCHANGE RATES OF EURO

Closing rate for the period	**30.9.2019**	30.9.2018	31.12.2018
NOK	**9.8953**	9.4665	9.9483
SEK	**10.6958**	10.309	10.2548
Average rate for the period	**1.1.–30.9.2019**	1.1.–30.9.2018	1.1.–31.12.2018
NOK	**9.7701**	9.5877	9.6002
SEK	**10.5676**	10.2384	10.2584

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Continuing operations							
Revenue	**225.3**	242.3	207.2	304.5	232.5	279.4	202.4
Other operating income	**0.0**	0.0	0.0	0.0	0.0	7.0	0.0
Fair value changes on investment properties				0.0	−0.2	0.0	0.0
Materials and consumables	**−98.3**	−100.3	−96.9	−135.3	−95.9	−116.7	−90.8
Wages, salaries and employee benefit expenses	**−49.8**	−54.3	−53.5	−58.3	−51.3	−55.9	−56.5
Depreciation, amortisation and impairment losses	**−34.1**	−35.3	−35.4	−38.9	−13.9	−13.9	−14.2
Other operating expenses	**−41.1**	−42.1	−42.8	−74.7	−76.2	−70.3	−67.7
Operating profit/loss	**2.1**	10.2	−21.4	−2.8	−4.9	29.6	−26.9
Financial income	**0.3**	0.3	0.3	0.3	0.1	0.1	0.2
Financial expenses	**−13.3**	−13.8	−14.1	−9.5	−7.9	−8.9	−8.9
Total financial income and expenses	**−13.1**	−13.6	−13.8	−9.2	−7.8	−8.8	−8.7
Profit/loss before tax	**−11.0**	−3.3	−35.2	−12.0	−12.7	20.8	−35.6
Income taxes	**−7.3**	−2.2	2.8	5.0	−1.1	−12.8	4.7
Profit/loss from continuing operations	**−18.2**	−5.5	−32.4	−7.0	−13.8	8.0	−30.9
Profit/loss from discontinued operations				−1.4			
Net profit/loss for the period	**−18.2**	−5.5	−32.4	−8.4	−13.8	8.0	−30.9

Earnings per share per quarter

EUR	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
From continuing operations (undiluted and diluted)	**−0.27**	−0.10	−0.47	−0.12	−0.21	0.09	−0.45
From the period result (undiluted and diluted)	**−0.27**	−0.10	−0.47	−0.14	−0.21	0.09	−0.45

Segment information per quarter*

EUR mill.	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenue							
Lindex	**147.6**	154.0	114.5	164.3	147.0	163.8	114.8
Stockmann	**78.2**	88.8	93.3	140.2	85.5	115.7	87.5
IFRS 16 impact	**−0.5**	−0.5	−0.5				
Group total	**225.3**	242.3	207.2	304.5	232.5	279.4	202.4
Reported operating profit/loss							
Lindex	**11.6**	18.8	−12.6	14.8	10.8	19.6	−16.2
Stockmann	**−9.5**	−8.9	−10.3	7.8	−14.6	11.2	−9.8
Unallocated	**−4.3**	−3.5	−2.3	−0.4	−1.1	−1.2	−0.8
Goodwill impairment				−25.0			
IFRS 16 impact	**4.3**	3.8	3.8				
Group total	**2.1**	10.2	−21.4	−2.8	−4.9	29.6	−26.9
Adjustments to Operating profit/loss							
Lindex	**−0.4**			0.0	0.0	−1.2	−0.3
Stockmann	**−0.1**	−3.2	−0.8	−1.3	−10.8	7.0	−1.7
Unallocated	**−2.8**	−2.8					
Goodwill impairment				−25.0			
Group total	**−3.3**	−6.0	−0.8	−26.3	−10.8	5.7	−2.0
Adjusted Operating profit/loss							
Lindex	**12.0**	18.8	−12.6	14.8	10.8	20.8	−15.9
Stockmann	**−9.4**	−5.7	−9.5	9.1	−3.8	4.2	−8.1
Unallocated	**−1.5**	−0.6	−2.3	−0.4	−1.1	−1.2	−0.8
IFRS 16 impact	**4.3**	3.8	3.8				
Group total	**5.4**	16.2	−20.6	23.5	5.9	23.8	−24.8

Information on market areas

EUR mill.	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenue							
Finland	**80.1**	84.7	87.1	124.1	80.4	106.0	75.8
Sweden** and Norway	**110.3**	118.3	87.4	126.6	110.9	124.5	87.1
Baltic countries, Russia and other countries	**35.4**	39.7	33.3	53.9	41.2	48.9	39.5
Market areas total	**225.8**	242.8	207.8	304.5	232.5	279.4	202.4
IFRS 16 impact	**−0.5**	−0.5	−0.5				
Group total	**225.3**	242.3	207.2	304.5	232.5	279.4	202.4
Finland %	**35.5%**	34.9%	41.9%	40.7%	34.6%	37.9%	37.4%
International operations %	**64.5%**	65.1%	58.1%	59.3%	65.4%	62.1%	62.6%
Operating profit/loss							
Finland	**−12.3**	−12.2	−12.0	3.4	−19.0	5.7	−17.1
Sweden** and Norway	**10.9**	18.1	−13.0	10.0	8.9	17.3	−10.1
Baltic countries, Russia and other countries	**−0.8**	0.5	−0.2	8.9	5.1	6.6	0.3
Market areas total	**−2.2**	6.4	−25.2	22.2	−4.9	29.6	−26.9
Goodwill impairment				−25.0			
IFRS 16 impact	**4.3**	3.8	3.8				
Group total	**2.1**	10.2	−21.4	−2.8	−4.9	29.6	−26.9

* Segment information for Q1 2019, Q2 2019 and 2018 is adjusted for comparison purposes
** Includes franchising income

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	30.9.2019	30.9.2018	31.12.2018
Mortgages on land and buildings *)	**1 671.7**	1 501.7	1 671.7
Pledges and guarantees	**1.7**	2.0	1.9
Electricity commitments	**1.2**	1.5	1.3
Liabilities of adjustments of VAT deductions made on investments to immovable property	**3.8**	5.6	5.7
Total	**1 678.3**	1 510.7	1 680.6
*) Fair value of land and buildings	**667.1**	848.4	852.5
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**	4.4	6.0

Lease agreements on the Group's business premises, EUR mill.	30.9.2019	30.9.2018	31.12.2018
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	**10.9**	125.9	122.7
After one year		503.3	458.7
Total	**10.9**	629.2	581.4

Group's lease payments, EUR mill.	30.9.2019	30.9.2018	31.12.2018
Within one year	**0.3**	0.7	0.7
After one year	**0.5**	1.5	1.4
Total	**0.8**	2.2	2.2

Group's derivative contracts, EUR mill.	30.9.2019	30.9.2018	31.12.2018
Nominal value			
Currency derivatives	**452.6**	401.6	470.1
Electricity derivatives	**1.7**	1.6	1.4
Total	**454.3**	403.2	471.5

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	30.9.2019	30.9.2018	31.12.2018
Acquisition cost at the beginning of the period	**2 032.3**	2 169.8	2 169.8
Right-of-use assets 1.1.	**517.5**		
Fair value change from revaluation of the real estates		−0.2	8.4
Translation difference +/-	**−51.6**	−35.0	−38.6
Increases during the period	**74.0**	21.1	29.3
Decreases during the period	**−7.5**	−130.8	−136.6
Transfers between items during the period	**0.0**	0.0	0.0
Transfers to non-current assets classified as held for sale		0.0	0.0
Acquisition cost at the end of the period	**2 564.7**	2 024.8	2 032.3
Accumulated depreciation and impairment losses at the beginning of the period	**−633.3**	−598.0	−598.0
Translation difference +/-	**13.0**	4.2	11.1
Depreciation on reductions during the period	**7.2**	28.9	34.6
Accumulated depreciation on transfers to non-current assets classified as held for sale		−0.0	−0.0
Depreciation, amortisation and impairment losses during the period	**−104.8**	−42.0	−80.9
Accumulated depreciation and impairment losses at the end of the period	**−717.8**	−606.9	−633.3
Carrying amount at the beginning of the period	**1 399.1**	1 571.8	1 571.8
Carrying amount at the end of the period	**1 846.9**	1 417.9	1 399.1

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

Goodwill, EUR mill.	30.9.2019	30.9.2018	31.12.2018
Carrying amount at the beginning of the period	**516.1**	563.8	563.8
Translation difference +/-	**−21.4**	−25.6	−22.7
Impairment losses			−25.0
Carrying amount at the end of the period	**494.7**	538.3	516.1

RIGHT-OF-USE ASSETS

30.9.2019, EUR mill.	Buildings	Machinery and equipment	Total
Right-of-use assets 1.1.	515.8	1.8	517.5
Translation difference +/-	−12.7	−0.0	−12.7
Increases during the period	49.5	0.2	49.7
Decreases during the period		−0.0	−0.0
Acquisition cost at the end of the period	552.6	1.9	554.5
Translation difference +/-	0.4	0.0	0.4
Depreciation on reductions during the period		0.0	0.0
Depreciation, amortisation and impairment losses during the period	−63.0	−0.5	−63.6
Accumulated depreciation and impairment losses at the end of the period	−62.6	−0.5	−63.2
Carrying amount at the beginning of the period			
Carrying amount at the end of the period	489.9	1.4	491.3

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

Financial assets, EUR mill.	Level	**Carrying amount 30.9.2019**	**Fair value 30.9.2019**	Carrying amount 30.9.2018	Fair value 30.9.2018	Carrying amount 31.12.2018	Fair value 31.12.2018
Derivative contracts, hedge accounting applied	2	**2.9**	**2.9**	0.3	0.3	0.6	0.6
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**0.1**	**0.1**	10.5	10.5	0.2	0.2
Electricity derivatives	1	**0.2**	**0.2**	0.1	0.1	0.6	0.6
Financial assets at amortised cost							
Non-current receivables		**0.4**	**0.4**	2.6	2.6	0.6	0.6
Non-current lease receivables		**16.0**	**16.0**				
Current receivables, interest-bearing		**0.1**	**0.1**	1.0	1.0	0.8	0.8
Current lease receivables		**1.3**	**1.3**				
Current receivables, non-interest-bearing		**39.2**	**39.2**	49.2	49.2	42.3	42.3
Cash and cash equivalents		**12.2**	**12.2**	19.1	19.1	43.4	43.4
Other investments	3	**0.3**	**0.3**	0.3	0.3	0.3	0.3
Financial assets by measurement category, total		**72.7**	**72.7**	83.1	83.1	88.8	88.8

Financial liabilities, EUR mill.	Level	**Carrying amount 30.9.2019**	**Fair value 30.9.2019**	Carrying amount 30.9.2018	Fair value 30.9.2018	Carrying amount 31.12.2018	Fair value 31.12.2018
Derivative contracts, hedge accounting applied	2	**0.7**	**0.7**			3.0	3.0
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	**0.1**	**0.1**	1.0	1.0	0.0	0.0
Electricity derivatives	1			-0.0	-0.0		
Financial liabilities at amortised cost							
Non-current interest-bearing liabilities	2	**420.8**	**419.7**	422.9	409.7	359.9	339.0
Non-current lease liabilities		**442.2**	**442.2**				
Current liabilities, interest-bearing	2	**44.0**	**44.0**	225.0	225.2	227.9	228.1
Current lease liabilities		**91.1**	**91.1**				
Current liabilities, non-interest-bearing		**190.6**	**190.6**	179.7	179.7	187.0	187.0
Financial liabilities by measurement category, total		**1 723.0**	**1 188.5**	828.7	815.6	777.9	757.2

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.	**30.9.2019**	30.9.2018	31.12.2018
Carrying amount Jan. 1	**0.3**	0.3	0.3
Translation difference +/-	**-0.0**	-0.0	-0.0
Total	**0.3**	0.3	0.3

STOCKMANN

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