Financial Statements Bulletin 2015

STOCKMANN

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Good progress in strategy execution: Q4 EBIT back to profit in continuing operations

Department store operations in Russia have been classified as discontinued operations. The comparison figures in the income statement and related items have been restated accordingly. The comments in the financial statement bulletin text refer only to continuing operations.

October-December 2015:
Consolidated revenue was EUR 420.0 million (EUR 476.3 million)
Revenue in continuing product areas and businesses was up 1.1 per cent.
Gross margin was up, to 51.0 per cent (45.9 per cent).
Operating result excluding non-recurring items (NRI) was EUR 18.5 million (EUR 11.2 million).
Reported operating result was EUR 4.3 million (EUR -28.1 million).

January-December 2015:
Consolidated revenue was EUR 1 434.8 million (EUR 1 605.5 million)
Revenue in continuing product areas and businesses was down by 1.3 per cent.
Operating result excluding NRI was EUR -28.5 million (EUR -37.8 million).
Earnings per share excluding NRI were EUR -0.60 (EUR -0.84).
Reported earnings per share were EUR -1.24 (EUR -1.34).

The Board of Directors will propose no dividend to be paid on the 2015 result.

Outlook for 2016:
Stockmann expects the Group's revenue for 2016 to be down on 2015 due to on-going strategic actions in order to improve profitability. The operating result excluding non-recurring items is expected to be slightly positive in 2016. Due to normal seasonal variation, the first-quarter operating result will be significantly negative.

CEO Per Thelin:
Stockmann's past year was historical, as rarely has there been a year so full of changes as in 2015. In line with our strategy, we have withdrawn from loss-making non-core businesses and product areas, and the decision to divest the Russian department stores was by far the biggest step taken in 2015.

As a consequence, we have booked material write-offs in the 2015 result and thereby safeguarded the future. This means that Stockmann can now focus on the customer experience in Stockmann department stores, Lindex stores and their online stores, and the real estate business. The first effects of our strategic actions are gradually emerging in our financial results. During the fourth quarter, the Group's operating result for continuing operations was up, producing a positive operating result. The gross margin improved by a good five per cent mostly due to fewer price-driven campaigns and the withdrawal from low-margin product areas in department stores. Operating costs declined and inventories were significantly down.

Particularly pleasing was that Lindex achieved its best ever fourth quarter sales due to successful Christmas campaigns. Its operating profit was up 73 per cent, to EUR 21.3 million, in the quarter. Real Estate proceeded as planned in increasing the efficiency of retail space and the value of properties. For Stockmann Retail, the fourth quarter was an improvement, but the division was still burdened by the heavy non-recurring expenses resulting from the strategic changes taken.

We begin the year 2016 with a better starting position than a year ago, but there is still a lot to be achieved. Boosting the profitability of Stockmann Retail is essential, in order to achieve the turnaround. Our target is to make a slightly positive operating result for the Group in 2016. All steps taken will drive us towards this goal.

KEY FIGURES

Continuing operations	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Revenue, EUR mill.	**420.0**	476.3	**1 434.8**	1 605.5
Gross margin, per cent	**51.0**	45.9	**50.6**	48.6
Operating result before depreciation (EBITDA), excluding non-recurring items*, EUR mill.	**37.9**	22.0	**43.4**	18.1
Operating result** excluding non-recurring items*, EUR mill.	**18.5**	11.2	**-28.5**	-39.3
Operating result**, EUR mill.	**4.3**	-28.1	**-52.5**	-77.2
Net financial costs, EUR mill.	**7.2**	5.4	**21.2**	23.3
Result before tax, excluding non-recurring items*, EUR mill.	**14.6**	5.8	**-46.4**	-64.1
Result before tax, EUR mill.	**-2.9**	-33.5	**-73.7**	-100.5
Result for the period, excluding non-recurring items*, EUR mill.	**16.6**	-4.1	**-43.0**	-60.3
Result for the period, EUR mill.	**-19.1**	-40.5	**-88.9**	-96.7
Earnings per share, undiluted, EUR	**-0.27**	-0.56	**-1.24**	-1.34
Personnel, average	**10 151**	12 308	**10 763**	12 157
Continuing and discontinued operations				
Net result for the period, EUR mill.	**-90.4**	-38.1	**-175.0**	-99.8
Net earnings per share, undiluted, EUR	**-1.26**	-0.53	**-2.43**	-1.39
Cash flow from operating activities, EUR mill.	**97.0**	116.9	**17.2**	29.6
Capital expenditure, EUR mill.	**16.5**	11.1	**53.4**	53.8
Equity per share, EUR			**14.53**	10.55
Net gearing, per cent			**72.1**	105.4
Equity ratio, per cent			**46.1**	39.3
Number of shares, undiluted, weighted average, 1 000 pc			**72 049**	72 049
Return on capital employed, rolling 12 months, per cent			**-7.6**	-4.9

*In the fourth quarter of 2015, Stockmann recorded EUR 14.2 million non-recurring costs affecting operating result (2014: EUR 39.3 million) and EUR 21.8 million in taxes and financial costs in its continuing operations. During January-December 2015, non-recurring costs in continuing operations affecting the result for the period amounted to EUR 45.8 million (EUR 36.4 million), of which EUR 24.0 million (EUR 39.3 million) affected operating result. Non-recurring costs in discontinued operations were EUR 76.4 million in 2015.
** Operating result is not comparable since the figures for 2014 do not include the increased depreciation due to a valuation change of the real estate properties.

Strategy process

In 2015, Stockmann focused on the comprehensive turnaround of its business in accordance with the strategic direction set in late 2014. Since 1 January 2015, the company has been divided into three divisions: Stockmann Retail, Real Estate and Fashion Chains (Lindex as of 1 January 2016).

Stockmann Retail currently consists of the Stockmann department stores and Hobby Hall, together with their online stores. During 2015, the product selection in the department stores and the Stockmann online store was focused on the key product areas of fashion, cosmetics, food and home products. Consequently, Stockmann stopped offering its own selections in the product areas of electronics, books, sports equipment, toys and pet supplies. Hobby Hall's assets are reported as assets held for sale, and Stockmann is in the process of finding a new owner.

Real Estate develops and leases premises in the five Stockmann-owned properties. It is also responsible for sub-leasing of retail space in department stores which operate in leased premises. During 2015, several new tenants, which complement the selection offered to customers, started at Stockmann premises. Electronics is now being offered by Expert in Finland and by Euronics in the Baltic countries, and books are being offered by Bonnier Books which is the new owner of the Academic Bookstore. During the fourth quarter, the Helsinki city centre department store's product selection was complemented by the Hamleys toy store, the Musti ja Mirri pet supply store, the Halti outdoor store and the Espresso House coffee bar.

The Fashion Chains division comprises Lindex, after the divestment of Seppälä on 1 April 2015. Lindex continued its successful growth in 2015 with good development in its main markets in Scandinavia. Lindex entered the UK market in March when it opened its first store in London. The franchising business was expanded into two new countries, Kosovo and Albania. The stores in Russia will be closed by the summer 2016, as decided in early 2015.

According to its strategy, Stockmann discontinued business operations that were not considered to have the potential for profitable growth. The Seppälä fashion chain's business in Finland and Estonia was divested in a management buy-out as of 1 April 2015. The Academic Bookstore business was sold to the Swedish media company Bonnier Books AB as of 1 October 2015. The Stockmann Beauty chain was closed down during spring 2015. In April, a decision was made to close down the Oulu department store in Finland in early 2017.

As an important part of the turnaround, Stockmann launched an efficiency programme in February 2015 with an annual cost savings target of EUR 50 million, which will be reflected in the result mainly from 2016 onwards. A substantial part of the efficiency programme consists of the renewal of the processes and structure of Stockmann's support functions. The reorganisation led to a personnel reduction of nearly 200 people in Finland in 2015, of which 90 through lay-offs. Further cost-savings actions in the support functions will continue during 2016.

Another central part of the efficiency programme is to improve cooperation with suppliers, review the brand mix, and renegotiate terms and conditions with the key suppliers, in order to reduce fixed costs and to improve the gross margin. The inventory value was decreased by approximately EUR 70 million in 2015 by reducing the number of suppliers, by planning purchases more carefully and by discontinuing non-core product areas and businesses.

Stockmann will open a new distribution centre in April 2016. Operations from current warehouses in Finland will be moved in stages to the new centre in 2016 and from Riga in 2017. The centre will be highly automated, and will serve the department stores and Stockmann online store more efficiently. With the new distribution centre Stockmann is targeting an additional annual cost saving of approximately EUR 5.5 million compared with 2014, or EUR 3.5 million including the increased depreciation. Savings are expected to be achieved in full from 2018 onwards. These cost savings are not included in the efficiency programme's annual savings target of EUR 50 million.

Stockmann focuses strongly on omnicommerce. New digital tools were introduced in 2015 for store staff and customers, in order to improve the shopping experience. Also a project of renewing the Stockmann online store started in the autumn, and the new online store is expected to be launched in 2016.

Events after the reporting period

Stockmann withdrew from its department store business in Russia by selling its Russian subsidiary AO Stockmann, to Reviva Holdings Limited on 1 February 2016. The purchase price was EUR 5 million and significant lease liabilities were also transferred to the new owner. Reviva is the owner of Debruss, the Russian franchisee of the international department store chain Debenhams. Reviva took over the operations of all current department stores in seven locations and plans to gradually transition the stores to the Debenhams brand by early 2017.

Due to the transaction, Stockmann recorded a non-recurring cost of EUR 78.5 million for the fourth quarter of 2015. Department store operations in Russia have been classified as discontinued operations in the financial statements for 2015. Comparison figures in the income statement and related items have been restated. The financial performance of the discontinued operations is described in a separate table at the end of in this financial statement bulletin.

Stockmann will continue in Russia as a real estate owner and run the operations of the Nevsky Centre shopping centre in St Petersburg. Reviva became a long-term anchor tenant of the shopping centre as of 1 February 2016. Stockmann will classify the shopping centre as an investment property in accordance with IAS 40 as of 1 February 2016, since the property will no longer be used by the Group's own operations. Investment properties are not depreciated, but any gains or losses due to changes in fair value are recognised through profit and loss for the period during which they arise.

Revenue and earnings in continuing operations

The retail market environment continued to be weak in Stockmann's main market areas in 2015. In Finland, consumer confidence and purchasing power remained low and the GDP growth was stagnant. The Finnish fashion market was down by 7.7 per cent in 2015 (TMA). In Sweden, the fashion market was up 2.0 per cent (Stilindex) in 2015. In Russia, the GDP declined and the rouble remained weak against the euro, which significantly weakened the purchasing power of Russian consumers. The retail market in the Baltic countries was relatively stable in 2015, though competition has increased particularly in Estonia.

The Stockmann Group's revenue for 2015 was EUR 1 434.8 million (EUR 1 605.5 million). In the continuing product areas and businesses, revenue was down by 1.3 per cent. Continuing product areas and businesses comprise the Group's revenue excluding Seppälä, Hobby Hall, Stockmann Beauty, the airport store and the product areas which Stockmann no longer offers by itself in department stores (electronics, books, sports equipment, toys and pet supplies).

Revenue in Finland was EUR 743.2 million (EUR 882.8 million). In continuing product areas and businesses, revenue was down by 3.1 per cent due to a decline in Stockmann Retail's revenue.

Revenue in international operations amounted to EUR 691.6 million (EUR 722.7 million). In continuing product areas and businesses, revenue was up by 0.3 per cent due to growth in Lindex's revenue. International operations accounted for 48.2 per cent (45.0 per cent) of the total revenue.

The Group's gross profit for the financial year amounted to EUR 725.6 million (EUR 780.3 million). The gross margin was up, to 50.6 per cent (48.6 per cent), due to fewer price-driven campaigns than in 2014, withdrawal from the low-margin electronics product area in department stores and the divestment of Seppälä.

Operating costs excluding non-recurring items were down by EUR 86.4 million, and amounted to EUR 682.2 million (EUR 768.6 million). The decline was due to cost savings measures and the divestment of Seppälä. Non-recurring items booked in operating costs were EUR 24.0 million (EUR 29.0 million), of which EUR 4.3 million related to the Academic Bookstore and Oulu store closing were booked in Stockmann Retail (EUR 1.2 million) and EUR 19.7 million related to Seppälä and other Group's restructuring costs in unallocated expenses (EUR 27.8 million, including Seppälä's non-recurring costs).

The Group's EBITDA excluding non-recurring items was up, to EUR 43.4 million (EUR 18.1 million). Depreciation was EUR 71.9 million (EUR 59.8 million). The increase was mostly due to a change in the valuation of the real estate properties.

The operating result for 2015, excluding non-recurring items, was EUR -28.5 million (EUR -37.8 million). The reported operating result was EUR -52.5 million (EUR -77.2 million). The operating result was up in the Real Estate and Fashion Chains divisions, but down in Stockmann Retail.

The Stockmann Group's fourth-quarter (October-December) revenue was EUR 420.0 million (EUR 476.3 million). In continuing product areas and businesses, revenue was up by 1.1 per cent.

The fourth-quarter revenue in Finland was EUR 223.8 million (EUR 262.8 million). In continuing product areas and businesses, revenue was down by 3.0 per cent. Revenue in other countries amounted to EUR 196.2 million (EUR 213.7 million). In continuing product areas and businesses, revenue was up by 5.6 per cent.

The fourth-quarter gross profit amounted to EUR 214.1 million (EUR 218.8 million) and the gross margin was 51.0 per cent (45.9 per cent).

Operating costs excluding non-recurring items were down by EUR 27.1 million, and amounted to EUR 176.2 million (EUR 203.3 million). Non-recurring items include EUR 14.2 million (EUR 27.8 million including Seppälä's non-recurring costs) of restructuring costs booked in unallocated Group expenses.

EBITDA excluding non-recurring items was EUR 37.1 million (EUR 22.0 million). Depreciation was up due to a change in the value of real estate properties, and amounted to EUR 19.4 million (EUR 14.6 million).

The operating result for the quarter, excluding non-recurring items, was EUR 18.5 million (EUR 11.2 million). The reported operating result was EUR 4.3 million (EUR -28.1 million).

The Stockmann Group received tax reassessment decisions from the Finnish and Swedish tax authorities requiring the Group companies to pay EUR 19.6 million in additional taxes, punitive tax increases and related interest. Stockmann considers the decisions to be unfounded and will appeal against them. Stockmann has been granted postponements to the payments, but the additional tax of EUR 19.3 million and the related interest of EUR 0.4 million have been booked in the income statement in the fourth quarter.

Net financial expenses for the financial year, including non-recurring items, were down by EUR 2.6 million, to EUR 21.2 million (EUR 23.8 million). The decline was due to lower interest rates.

The result before taxes for the financial year, excluding non-recurring items, was EUR -46.8 million (EUR -64.1 million) and the reported result before taxes was EUR -73.7 million (EUR -100.5 million). Taxes, including non-recurring items, were EUR 15.1 million in 2015 (2014: tax credit of EUR 3.8 million).

The result for 2015, excluding non-recurring items, was EUR -43.0 million (EUR -60.3 million). The reported result was EUR -88.9 million (EUR -96.7 million). Net result for 2015 was EUR -175.0 million (EUR -99.8 million), including a loss of EUR -86.1 million (EUR -3.1 million) from discontinued operations.

Excluding non-recurring items, earnings per share for 2015 were EUR -0.60 (EUR -0.84). Reported earnings per share were EUR -1.24 (EUR -1.34), or EUR -2.43 (EUR -1.39) including discontinued operations. Equity per share was EUR 14.53 (EUR 10.55).

Revenue and earnings by division in continuing operations

Since 1 January 2015, Stockmann's divisions and reportable segments have been Stockmann Retail, Real Estate and Fashion Chains. Stockmann Retail and Real Estate were previously reported together as the Department Store Division. The department store operations in Russia which were part of Stockmann Retail have been classified as discontinued operations. Comparison figures in the income statement and related items have been restated. Fashion Chains comprises Lindex, as Seppälä's operations were divested on 1 April 2015. Stockmann's real estate properties have been measured at their fair market values according to the IAS 16 standard since 1 January 2015. The segments' comparison data for 2014 is shown for illustrative purposes. See Accounting Principles at the end of this bulletin for further information.

Stockmann Retail

Stockmann Retail's full-year revenue was EUR 740.8 million (EUR 836.4 million). In continuing product areas and businesses, revenue was down by 4.0 per cent.

Revenue in Finland was EUR 649.7 million (EUR 740.5 million). In continuing product areas and businesses, revenue was down by 3.8 per cent. Stockmann gained market share in 2015 in fashion, cosmetics and home product areas, but the market share in food was down.

Revenue from international operations, which consist of two department stores in the Baltic countries, was EUR 91.1 million (EUR 95.9 million) and accounted for 12.3 per cent (11.5 per cent) of the division's total revenue. In continuing product areas and businesses, revenue was down by 4.9 per cent. Cosmetics and food were the strongest product areas in the Baltic stores.

The gross margin for the financial year was 38.1 per cent (36.4 per cent) due to less price-driven campaigns and withdrawal from the low-margin electronics product area in department stores.

Operating costs excluding non-recurring items were down by EUR 23.9 million, and amounted to EUR 378.2 million (EUR 402.1 million). The decline was mostly due to decreased personnel costs. Non-recurring items were EUR 4.3 million (EUR 1.2 million) which were booked for the Academic Bookstore and department store closings in the second and third quarters of the year.

The operating result, excluding non-recurring items, was EUR -68.6 million (EUR -62.3 million). The reported operating result was EUR -72.9 million (EUR -63.5 million).

Stockmann Retail's fourth-quarter revenue was EUR 228.5 million (EUR 273.3 million). In continuing product areas and businesses, revenue was down by 4.1 per cent. The strongest product area was cosmetics.

Revenue in Finland was EUR 200.2 million (EUR 242.3 million) in the quarter. In continuing product areas and businesses, revenue was down by 4.1 per cent. Revenue from international operations was EUR 28.3 million (EUR 31.0 million). In continuing product areas and businesses, revenue was down by 4.4 per cent.

The gross margin for the quarter was 39.2 per cent (34.6 per cent), due to less price-driven campaigns during the Christmas period, lower inventories in the season sale, and withdrawal from the low-margin electronics product area in department stores.

Operating costs were down by EUR 12.6 million, to EUR 89.9 million.

The operating result for the quarter was EUR 0.4 million (EUR -2.9 million).

Real Estate

Stockmann owns five properties with a gross leasable area (GLA) of 144 000 m2 in total, of which 42 per cent is located in Finland. The occupancy rate of the properties totalled 98.5 per cent at the end of the year.

Rapid progress was made during the year to release retail space from Stockmann's own operations for the use of tenants. Over 15,000 m2 were released in total, of which over 10,000 m2 from Stockmann's own properties were transferred to tenants. In Stockmann's own properties, 67 per cent of the GLA was used by Stockmann Retail at the end of 2015, compared with 74 per cent at the beginning of the year. After the divestment of the Russian department store business as of 1 February 2016, the share of GLA in Stockmann's own use was around 53 per cent.

PROPERTIES

	Gross leasable area, m2 31.12.2015	Occupancy rate, % 31.12.2015	Usage by Stockmann Retail, % 1.1.2015	Usage by Stockmann Retail, % 31.12.2015
Helsinki flagship building	51 000	99.7	87	80
Book House, Helsinki	9 000	94.6	87	30
Tallinn department store building	22 000	99.6	88	85
Riga department store building	16 000	100.0	92	88
Nevsky Centre, St Petersburg	46 000	96.9	44	44*
Total, all own properties	**144 000**	**98.5**	**74**	**67**

* As of 1 February 2016, the usage will decline to 0 per cent.

On 1 January 2015 the fair value of Stockmann's properties amounted to EUR 908.3 million. During the year, properties' depreciation was deducted from the fair value. The properties were revalued on 31 December 2015 at their fair value which amounted to EUR 918.2 million. The weighted average market yield requirement used in the fair value calculation was 6.0 per cent.

Real Estate's revenue for 2015 was on a par with the previous year, at EUR 59.3 million (EUR 59.4 million). The average monthly rent in own properties was EUR 33.07 per square metre. Net operating income from Stockmann's own properties, which is operating income less maintenance expenses, was EUR 45.4 million (EUR 45.5 million). Net rental yield was 5.0 per cent

The operating profit for the financial year was EUR 16.3 million (EUR 15.9 million).

Real Estate's fourth-quarter revenue was EUR 14.8 million (EUR 15.0 million). The decline was due to weak economic development in Russia. The average monthly rent in own properties was EUR 31.78 per square metre. Net operating income from Stockmann's own properties was EUR 9.1 million (EUR 11.4 million).

Operating profit for the quarter was EUR 1.7 million (EUR 3.9 million). The decline was mostly due to a change of allocation in maintenance expenses, which was done retroactively for full-year 2015.

During the fourth quarter, Academic Bookstore started as a new tenant in Stockmann's department stores in Helsinki, Jumbo, Itis and Tampere. In Tapiola and Turku the lease agreements for premises earlier used by Stockmann Retail were transferred to Bonnier Books. New tenants in the Helsinki flagship store in the fourth quarter included the Hamleys toy store, the Halti outdoor store, the Musti ja Mirri pet supply store and the Espresso House coffee bar. In Tallinn, the Katharienthal café started as a new tenant. Stockmann has signed an agreement with Technopolis on leasing out space in the 3rd floor of the Book House, as of spring 2016. The premises will be transformed into coworking office spaces. In Baltic department stores, agreements were signed with XS Toys for opening toys stores in Riga and Tallinn during spring 2016.

Fashion Chains

Lindex's full-year revenue was on a par with the previous year and totalled EUR 652.3 million (EUR 650.6 million). Revenue at comparable exchange rates was up 3.3 per cent with growth in all countries except Russia and Poland where Lindex closed stores during 2015. The strongest product area was children's wear.

Lindex's gross margin was 62.3 per cent (61.9 per cent). The increase mainly due to less markdowns.

Operating costs were down by EUR 8.5 million. This was due to savings measures mainly in office and marketing costs.

Due to good cost efficiency, Lindex recorded an operating profit of EUR 44.6 million (EUR 30.8 million) in 2015.

Lindex's fourth-quarter revenue was up 6.0 per cent to EUR 184.6 million (EUR 174.0 million). Revenue at comparable exchange rates was up 7.6 per cent. This was the best ever sales result for Lindex during the fourth quarter and was a result of successful campaigns in all markets.

Lindex's gross margin was 62.6 per cent (61.4 per cent). The increase was due to less markdowns and changes in product mix and pricing.

Operating costs remained on a par with those in the fourth quarter in 2014, although they include the closing costs for the remaining Russian stores. Lindex made an operating profit of EUR 21.3 million (EUR 12.3 million) due to increased sales and the improved gross margin.

The Fashion Chains' financial figures include Seppälä until the divestment on 1 April 2015. The division's full-year revenue was EUR 668.4 million (EUR 743.2 million). The division's operating profit for 2015 was EUR 30.5 million (EUR 0.0 million), which includes Seppälä's operating result of EUR -14.0 million (EUR -30.8 million) for the first quarter of 2015.

Financing and capital employed

Cash and cash equivalents totalled EUR 19.1 million at the close of 2015, compared with EUR 29.3 million a year earlier. Cash flow from operating activities was EUR 17.2 million (EUR 29.6 million) for the financial year, and EUR 97.0 million (EUR 116.9 million) for the fourth quarter.

In the consolidated balance sheet on 31 December 2015, Stockmann Retail's assets and liabilities in Russian operations and in Hobby Hall were classified as assets held for sale. Net working capital excluding cash, cash equivalents and assets held for sale amounted to EUR -4.2 million at the close of the year, compared with EUR 51.3 million a year earlier.

Inventories were EUR 170.8 million (EUR 239.3 million) with a decrease of EUR 25.1 million in Stockmann Retail's stock level.

Current receivables amounted to EUR 55.5 million (EUR 80.1 million). The decline was due to a change in the fair value of derivatives and the reclassification of Stockmann Retail's current receivables in Russia as assets held for sale. Non-interest-bearing liabilities amounted to EUR 230.5 million (EUR 268.1 million).

Interest-bearing liabilities at the close of the year were EUR 783.4 million (EUR 833.9 million), of which long-term debt amounted to EUR 534.7 million (EUR 613.2 million). In addition, the Group had EUR 300.0 million in undrawn, long-term committed credit facilities and EUR 398.5 million in uncommitted credit facilities. Most of the short-term debt has been acquired in the commercial paper market.

Stockmann issued a EUR 85 million hybrid bond in December 2015. The bond is treated as equity in the financial statements. It has no maturity but the company may exercise an early redemption option at the earliest on 31 January 2020. The hybrid bond was partly used in December 2015 to pay down debt maturing in 2016.

The equity ratio at the close of the year was 46.1 per cent (39.3 per cent), and net gearing was 72.1 per cent (105.4 per cent).

The return on capital employed in 2015 was -7.6 per cent (-4.9 per cent). The Group's capital employed was EUR 1 835.1 million (EUR 1 594.6 million) at the close of the year.

Dividends

Decisions by the 2015 Annual General Meeting were published in a stock exchange release on 19 March 2015. In accordance with a resolution of the meeting, no dividend was paid for the financial year 2014.

At the end of the financial year, on 31 December 2015, the funds available for distribution on the parent company's balance sheet amounted to EUR 68.2 million. The Board of Directors will propose to the Annual General Meeting, to be held on 15 March 2016, that no dividend be paid on the 2015 financial year. The net result for the financial year 2015 will be carried over in the retained earnings.

Capital expenditure

Capital expenditure during the financial year totalled EUR 53.4 million (EUR 53.8 million), which was lower than depreciation, which was at EUR 71.9 million (59.8 million). Fourth-quarter capital expenditure was EUR 16.5 million (EUR 11.1 million), and deprecation was EUR 19.4 million (EUR 14.6 million).

Stockmann Retail's capital expenditure for the financial year totalled EUR 25.8 million (EUR 27.2 million), including discontinued operations. A major part of this was used for the new distribution centre which will be taken into use in 2016.

Real Estate's capital expenditure for the year totalled EUR 4.8 million (EUR 1.7 million), which was for property maintenance and refurbishments for new tenants.

Lindex's capital expenditure for the financial year totalled EUR 21.9 million (EUR 21.4 million). Lindex opened 17 stores and closed 21 stores in 2015. Six stores were opened in the fourth quarter: 1 in Sweden, the Czech Republic, Slovakia, the UK, Saudi Arabia and in a new franchising market in Albania. Seven stores were closed: 2 in Russia, 3 in Saudi Arabia, 1 in Finland and 1 in the Czech Republic. In total there were 487 Lindex stores in 19 countries at the end of the year, of which 37 were franchising stores.

The Group's other capital expenditure totalled EUR 1.0 million (EUR 3.5 million).

STORE NETWORK

Stockmann Group	Total 31.12.2014	Total 30.9.2015	New stores in Q4 2015	Closed stores in Q4 2015	**Total 31.12.2015**
Department stores*	16	16			**16****
Stockmann Beauty stores	11	0			**0**
Outlet stores	1	1			**1****
Hobby Hall stores	1	1			**1**
Lindex stores	491	488	6	7	**487**
of which franchising	36	38	2	3	**37**
of which own stores	455	450	4	4	**450**

* Academic Bookstores were included in the department stores in Finland until 1 October 2015.
** 7 department stores and 1 outlet divested as of 1 February 2016.

New Projects

Capital expenditure for 2016 is estimated to amount to approximately EUR 60–65 million and to be on a par with the estimated depreciation for 2016. The depreciation is expected to decline due to the classification of Nevsky Centre as an investment property. Most of the capital expenditure will be used for the refurbishment of the Lindex stores, the automation technology in Stockmann's new distribution centre, IT and omnicommerce system renewals as well as property and store concept renewals.

Lindex will continue to open new stores in 2016. However, the total number of stores is expected to decline in 2016, as Lindex will close down its remaining 10 stores in Russia and certain loss-making stores in other market areas.

Shares and share capital

Stockmann has two series of shares. Series A shares each confer 10 votes, while Series B shares each confer one vote. The shares carry an equal right to dividends. The par value is EUR 2.00 per share.

As of the end of 2015, Stockmann had 30 553 216 Series A shares and 41 495 467 Series B shares, or a total of 72 048 683 shares. The number of votes conferred by the shares was 347 027 627.

The share capital remained at EUR 144.1 million in 2015. The market capitalisation at the end of the year was EUR 449.4 million (EUR 460.1 million).

At the close of 2015, the price of a Series A share was EUR 6.22, compared with EUR 6.42 at the end of 2014, while the price of a Series B share was EUR 6.25, compared with EUR 6.36 at the end of 2014. A total of 2.2 million (0.9 million) Series A shares and 14.6 million (17.6 million) Series B shares were traded during the year on Nasdaq Helsinki. This corresponds to 7.2 per cent (3.0 per cent) of the average number of Series A shares and 35.2 per cent (42.5 per cent) of the average number of Series B shares.

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

At the end of 2015, Stockmann had 52 415 shareholders, compared with 55 343 a year earlier. Stockmann was notified that the holdings of Varma Mutual Pension Insurance Company in Stockmann plc's shares had increased above 5 per cent on 15 June 2015.

Personnel

The Group's average number of personnel in continuing operations was 10 762 in 2015 (12 157 in 2014 and 12 500 in 2013). The decline was mostly due to the divestment of Seppälä. In terms of full-time equivalents, the average number of employees was 7 643 (8 916 in 2014 and 11 422 in 2013).

At the end of 2015, the Group had 9 734 employees (12 143) in continuing operations of whom 4 455 (6 382) were working in Finland. The number of employees working outside of Finland was 5 279 (5 761) representing 54 per cent (47 per cent) of the total. Stockmann Retail employed 4 471 people (5 918), Real Estate 49 (18) and Lindex 4 733 (4 870), while 459 people (297) were employed in the Group shared services and production offices. Personnel in discontinued operations totalled 2 181 (2 313) at the end of 2015.

The Group's wages and salaries in continuing operations amounted to EUR 251.6 million in 2015, compared with EUR 281.9 million in 2014 and EUR 313.1 million, including discontinued operations, in 2013. The total employee benefits expenses were EUR 321.5 million (EUR 356.3 million), which is equivalent to 22.4 per cent (20.8 per cent) of revenue.

Changes in management

Nora Malin, Director of Corporate Communications, was appointed a member of the Stockmann's Management Team as of 2 April 2015. Petteri Naulapää was appointed Chief Information Officer and as a member of the Management Team as of 1 May 2015. Lauri Veijalainen was appointed Chief Financial Officer as of 12 August 2015 and he continued as a member of the Management Team.

Heini Pirttijärvi, Director of Human Resources, Kjell Sundström, Chief Strategy Officer, and Pekka Vähähyyppä, Executive Vice President and CFO, who were all members of the Management Team, left the company during 2015.

Corporate Social Responsibility

Commitment to responsible operations forms a core part of Stockmann's values and daily operations. Stockmann is committed to the UN's Global Compact and its principles. The company's Code of Conduct defines ways of working for all employees and management staff without exception. In the supply chain for Lindex's and Stockmann's own brands the manufacturers must comply with the Supplier Code of Conduct, which is based on the Business Social Compliance Initiative's (BSCI) Code of Conduct. Further information on Stockmann's CSR activities and results is available at the company's website stockmanngroup.com.

Risk factors

Stockmann is exposed to risks that arise from the operating environment, risks related to the company's own operations and financial risks. The general economic situation is affecting consumers' purchasing behaviour and purchasing power in all of the Group's market areas. Rapid and unexpected movements in markets may influence the behaviour of both the financial markets and consumers. A weak operating environment may also affect operations of Stockmann's tenants and consequently may have a negative impact on rental income and the occupancy rate of Stockmann's properties. These may have an effect on the fair value of the real estate. Uncertainties related to the general economic situation, and particularly those related to consumers' purchasing power are considered to be the principal risks that will continue to affect Stockmann during 2016.

Fashion accounts for over two thirds of the Group's revenue. An inherent feature of the fashion trade is the short lifecycle of products and their dependence on trends, the seasonality of sales and the susceptibility to abnormal changes in weather conditions. Responsible management of the supply chain is important for the Group's brands in order to retain customer confidence in Stockmann. The Group addresses these factors as part of its day-to-day management of operations.

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

The Group's revenue, earnings and balance sheet are affected by changes in exchange rates between the Group's reporting currency, which is the euro, and the Swedish krona, the Norwegian krone, the US dollar, the Russian rouble and certain other currencies. Currency fluctuations may have a significant effect on the Group's business operations. Financial risks, including risks arising from interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors.

Outlook for 2016

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

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

Stockmann will continue operating its shopping centre in St Petersburg. Economic development in Russia is expected to remain weak in 2016. This may have a negative impact on the rental income from tenants in Stockmann's real estate business.

Stockmann's strategy aims at improving the Group's long-term competitiveness and profitability through a comprehensive turnaround of its business. An efficiency programme was launched in February 2015 with an annual cost savings target of EUR 50 million. The programme is progressing according to plan, and its main effects are reflected in Stockmann's performance from 2016 onwards.

Capital expenditure for 2016 is estimated to be approximately EUR 60-65 million which is on a par with the estimated depreciation for 2016.

Stockmann expects the Group's revenue for 2016 to be down on 2015 due to on-going strategic actions in order to improve profitability. Operating result excluding non-recurring items is expected to be slightly positive in 2016. Due to normal seasonal variation, the first-quarter operating result will be significantly negative.

Corporate Governance Statement

Stockmann will publish a separate Corporate Governance Statement for 2015 in line with the recommendation by the Finnish Corporate Governance Code. The statement will be published during week 8 in February 2016.

Helsinki, Finland, 17 February 2016

STOCKMANN plc
Board of Directors

ACCOUNTING POLICIES

This Financial Statements Bulletin has been prepared in compliance with IAS 34. The accounting policies and calculation methods applied are the same as those in the 2014 financial statements except the changes described below. The figures are unaudited.

Since 1 January 2015, Stockmann's divisions and reportable segments have been Stockmann Retail, Real Estate and Fashion Chains (Lindex as of 1 January 2016). Previously, Stockmann Retail and Real Estate were reported together as the Department Store Division. The previous year's segment reporting figures used for comparison have been adjusted accordingly.

As of 1 January 2015, Stockmann has applied the revaluation model as prescribed by the IAS 16 standard to its properties, replacing the previously applied cost model. The properties are carried at their revalued amount, which is the fair value at the date of revaluation less accumulated depreciation. The increase in the carrying amount as a result of revaluation, net of tax liability, is recognised in the revaluation reserve in equity. Revaluation is not applied retrospectively but the figures used for comparison in the segment reporting have been adjusted accordingly for illustrative purposes.

The comparison also illustrates the key figures if Stockmann Retail had paid rent to the Real Estate division on the facilities in its use in the properties in the centre of Helsinki in 2014. The comparison figures include the actual rent paid in 2014 on properties in St Petersburg, Tallinn and Riga.

Department store operations in Russia have been classified as discontinued operations in the financial statements for 2015. Comparison figures in the income statement and related items have been restated.

Changes in accounting principles in 2016:

The Russian rouble is used as functional currency for the Russian real estate operations as of 1 February 2016 when the sale of the Russian department store business was completed. The effects of the change of the functional currency will be treated non-retroactively, meaning that all items will be translated from euros to roubles using the exchange rate prevailing on the date when the functional currency was changed. The arising amounts related to non-monetary items will be treated using their original acquisition costs. The change is not expected to have a material impact to the Group's equity.

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

CONDENSED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED INCOME STATEMENT

EUR mill.	1.1.–31.12.2015	Restated 1.1.–31.12.2014
Continuing operations		
REVENUE	**1 434.8**	1 605.5
Other operating income	**0.2**	0.0
Materials and consumables	**–709.3**	–825.3
Wages, salaries and employee benefit expenses	**–321.5**	–356.3
Depreciation, amortisation and impairment losses	**–71.9**	–59.8
Other operating expenses	**–384.8**	–441.3
Total expenses	**–1 487.3**	–1 682.7
OPERATING PROFIT/LOSS	**–52.5**	–77.2
Financial income	**0.9**	0.4
Financial expenses	**–22.1**	–23.8
Total financial income and expenses	**–21.2**	–23.3
PROFIT/LOSS BEFORE TAX	**–73.7**	–100.5
Income taxes	**–15.1**	3.8
PROFIT/LOSS FROM CONTINUING OPERATIONS	**–88.9**	–96.7
Profit/loss from discontinued operations	**–86.1**	–3.1
NET PROFIT/LOSS FOR THE PERIOD	**–175.0**	–99.8
Profit/loss for the period attributable to:		
Equity holders of the parent company	**–175.0**	–99.8
Non-controlling interest	**–0.0**	0.0
Earnings per share for profit attributable to the equity holders of the parent company, EUR		
From continuing operations (undiluted and diluted)	**–1.24**	–1.34
From discontinued operations (undiluted and diluted)	**–1.20**	–0.04
From the net result (undiluted and diluted)	**–2.43**	–1.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	1.1.–31.12.2015	1.1.–31.12.2014
PROFIT/LOSS FOR THE PERIOD	**–175.0**	–99.8
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement gains/losses on defined benefit pension liability, before tax	**0.0**	0.0
Remeasurement gains/losses on defined benefit pension liability, tax	**0.0**	0.0
Remeasurement gains/losses on defined benefit pension liability, net of tax	**0.0**	0.0
Changes in revaluation surplus (IAS 16), before tax	**473.0**	0.0
Changes in revaluation surplus (IAS 16), tax	**–94.5**	0.0
Changes in revaluation surplus (IAS 16), net of tax	**378.5**	0.0
Items that may be subsequently reclassified to profit and loss		
Exchange differences on translating foreign operations, before tax	**1.4**	–9.3
Exchange differences on translating foreign operations, tax	**0.2**	–0.8
Exchange differences on translating foreign operations, net of tax	**1.6**	–10.1
Cash flow hedges, before tax	**–3.6**	5.1
Cash flow hedges, tax	**0.8**	–1.1
Cash flow hedges, net of tax	**–2.8**	4.0
Other comprehensive income for the period, net of tax	**377.2**	–6.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**202.2**	–105.9
Total comprehensive income attributable to:		
Equity holders of the parent company, continuing operations	**288.4**	–102.8
Equity holders of the parent company, discontinued operations	**–86.1**	–3.1
Non-controlling interest	**–0.0**	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	31.12.2015	31.12.2014
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Trademark	**98.9**	96.8
Intangible rights	**48.7**	60.0
Other intangible assets	**3.7**	3.9
Advance payments and construction in progress	**1.9**	3.3
Goodwill	**764.7**	748.1
Intangible assets, total	**917.9**	912.2
Property, plant and equipment		
Land and water	**140.4**	43.1
Buildings and constructions	**777.8**	426.9
Machinery and equipment	**63.2**	80.9
Modification and renovation expenses for leased premises	**5.5**	26.5
Advance payments and construction in progress	**29.3**	13.2
Property, plant and equipment, total	**1 016.2**	590.5
Non-current receivables	**9.7**	3.4
Available-for-sale investments	**5.4**	7.8
Deferred tax assets	**45.2**	25.9
NON-CURRENT ASSETS, TOTAL	**1 994.5**	1 539.7
CURRENT ASSETS		
Inventories	**170.8**	239.3
Current receivables		
Interest-bearing receivables	**1.6**	2.4
Income tax receivables	**0.2**	2.0
Non-interest-bearing receivables	**53.8**	75.7
Current receivables, total	**55.5**	80.1
Cash and cash equivalents	**19.1**	29.3
CURRENT ASSETS, TOTAL	**245.4**	348.8
ASSETS CLASSIFIED AS HELD FOR SALE	**34.0**	48.0
ASSETS, TOTAL	**2 273.9**	1 936.5

EUR mill.	31.12.2015	31.12.2014
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**144.1**	144.1
Share premium fund	**186.1**	186.1
Revaluation surplus	**368.9**	0.0
Invested unrestricted equity fund	**250.4**	250.4
Other funds	**44.6**	47.4
Translation reserve	**−4.3**	−5.9
Retained earnings	**−27.1**	138.3
Hybrid bond	**84.3**	0.0
Equity attributable to equity holders of the parent company	**1 046.9**	760.4
Non-controlling interest		0.0
EQUITY, TOTAL	**1 046.9**	760.4
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**163.9**	62.0
Non-current interest-bearing financing liabilities	**534.7**	613.2
Provisions for pensions	**0.0**	0.0
Non-current non-interest-bearing liabilities and provisions	**4.8**	0.3
NON-CURRENT LIABILITIES, TOTAL	**703.4**	675.5
CURRENT LIABILITIES		
Current interest-bearing financing liabilities	**248.7**	220.7
Current non-interest-bearing liabilities		
Trade payables and other current liabilities	**207.5**	237.2
Income tax liabilities	**20.5**	0.0
Current provisions	**2.5**	30.8
Current non-interest-bearing liabilities, total	**230.5**	268.1
CURRENT LIABILITIES, TOTAL	**479.2**	488.8
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**44.4**	11.8
LIABILITIES, TOTAL	**1 227.0**	1 176.1
EQUITY AND LIABILITIES, TOTAL	**2 273.9**	1 936.5

Includes continuing and discontinued operations

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1.1.–31.12.2015	1.1.–31.12.2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss for the period	**−175.0**	−99.8
Adjustments for:		
Depreciation, amortisation and impairment losses	**89.1**	71.0
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**1.1**	4.8
Interest and other financial expenses	**27.0**	22.7
Interest income	**−1.1**	−1.3
Income taxes	**15.1**	−3.8
Other adjustments	**−24.1**	30.8
Working capital changes:		
Increase (-) /decrease (+) in inventories	**73.0**	13.7
Increase (-) / decrease (+) in trade and other current receivables	**47.0**	42.5
Increase (+) / decrease (-) in current liabilities	**−11.2**	−19.7
Interest expenses paid	**−17.8**	−20.9
Interest received from operating activities	**0.8**	0.2
Other financing items from operating activities	**−1.5**	−1.6
Income taxes paid from operating activities	**−5.1**	−9.0
Net cash from operating activities	**17.2**	29.6
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intagible assets	**−53.9**	−55.1
Proceeds from sale of tangible and intangible assets	**0.9**	0.0
Acquisition of subsidiaries, net of cash acquired	**−0.3**	0.0
Proceeds from sale of investments	**0.0**	0.0
Loans granted	**−7.0**	0.0
Dividends received from investing activities	**0.1**	0.1
Net cash used in investing activities	**−60.3**	−55.0
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of hybrid bond	**84.3**	0.0
Proceeds from current liabilities	**218.0**	207.4
Repayment of current liabilities	**−207.4**	−332.9
Proceeds from non-current liabilities	**51.2**	478.2
Repayment of non-current liabilities	**−112.9**	−298.9
Payment of finance lease liabilities	**−0.6**	−0.5
Dividends paid	**0.0**	−28.8
Net cash used in financing activities	**32.7**	24.5
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−10.4**	−0.9
Cash and cash equivalents at the beginning of the period	**29.3**	33.9
Cheque account with overdraft facility	**−4.1**	−6.1
Cash and cash equivalents at the beginning of the period	**25.3**	27.8
Net increase/decrease in cash and cash equivalents	**−10.4**	−0.9
Effects of exchange rate fluctuations on cash held	**0.2**	−1.7
Cash and cash equivalents at the end of the period	**19.1**	29.3
Cheque account with overdraft facility	**−4.1**	−4.1
Cash and cash equivalents at the end of the period	**15.0**	25.3

Includes continuing and discontinued operations

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Share premum fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	**Total**	Non-controlling interest	**Total**
EQUITY 1.1.2014	144.1	186.1		−0.5	250.5	43.9	4.1	266.8		**894.9**	0.0	**894.9**
Dividend distribution								−28.8		**−28.8**		**−28.8**
Options exercised								0.2		**0.2**		**0.2**
Share premium					0.0					**0.0**		**0.0**
Other changes								0.0		**0.0**		**0.0**
Profit/loss for the period								−99.8		**−99.8**		**−99.8**
Remeasurement gains/losses on defined benefit pension liability								0.0		**0.0**		**0.0**
Exchange differences on translating foreign operations							−10.1			**−10.1**		**−10.1**
Cash flow hedges				4.0						**4.0**		**4.0**
Total comprehensive income for the period*				4.0			−10.1	−99.8		**−105.9**		**−105.9**
EQUITY 31.12.2014	144.1	186.1		3.4	250.4	43.9	−5.9	138.3		**760.4**	0.0	**760.4**

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

* Adjusted with deferred taxes
Includes continuing and discontinued operations

GROUP'S OPERATING SEGMENTS*

Revenue, EUR mill.	**1.1.–31.12.2015**	Restated 1.1.–31.12.2014
Stockmann Retail	**740.8**	836.4
Fashion Chains	**668.4**	743.2
Real Estate	**59.3**	59.4
Segments, total	**1468.5**	1639.0
Unallocated	**0.3**	0.1
Eliminations	**–34.0**	–33.6
Group total	**1434.8**	1605.5

Operating profit/loss, EUR mill.	**1.1.–31.12.2015**	1.1.–31.12.2014
Stockmann Retail	**–72.9**	–63.5
Fashion Chains	**30.5**	0.0
Real Estate	**16.3**	15.9
Segments, total	**–26.1**	–47.6
Unallocated	**–26.4**	–41.3
Group total	**–52.5**	–88.9
Reconciliation to reported operating profit/loss:		
Change in depreciation (IAS 16)		11.7
Reported Group total	**–52.5**	–77.2
Financial income	**0.9**	0.4
Financial expenses	**–22.1**	–23.8
Group profit/loss before taxes	**–73.7**	–100.5

Depreciation, amortisation and impairment losses, EUR mill.	**1.1.–31.12.2015**	1.1.–31.12.2014
Stockmann Retail	**13.7**	14.2
Fashion Chains	**22.3**	26.7
Real Estate	**27.4**	27.8
Segments, total	**63.4**	68.8
Unallocated	**8.5**	2.8
Change in depreciation (IAS 16)		–11.7
Group total	**71.9**	59.8

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

Capital expenditure, gross, EUR mill.	**1.1.–31.12.2015**	1.1.–31.12.2014
Stockmann Retail	**25.8**	27.2
Fashion Chains	**21.9**	21.4
Real Estate	**4.8**	1.7
Segments, total	**52.5**	50.3
Unallocated	**1.0**	3.5
Group total	**53.4**	53.8

Assets, EUR mill.	**1.1.–31.12.2015**	1.1.–31.12.2014
Stockmann Retail	**209.6**	316.6
Fashion Chains	**1038.4**	1050.2
Real Estate	**917.3**	908.3
Segments, total	**2165.3**	2275.1
Unallocated	**74.6**	51.7
Assets classified as held for sale	**34.0**	48.0
Group total	**2273.9**	2374.8

* Segment information for 2014 is adjusted for comparison purposes
Includes continuing and discontinued operations

INFORMATION ON MARKET AREAS*

Revenue, EUR mill.	1.1.–31.12.2015	Restated 1.1.–31.12.2014
Finland	**743.2**	882.8
Sweden and Norway **	**512.6**	513.7
Baltic countries, Russia and other countries	**179.0**	209.1
Group total	**1 434.8**	1 605.5
Finland %	**51.8%**	55.0%
International operations %	**48.2%**	45.0%
Operating profit/loss, EUR mill.	**1.1.–31.12.2015**	1.1.–31.12.2014
Finland	**−102.9**	−131.4
Sweden and Norway **	**55.4**	38.6
Baltic countries, Russia and other countries	**−5.0**	3.8
Group total	**−52.5**	−88.9
Non-current assets, EUR mill.	**1.1.–31.12.2015**	1.1.–31.12.2014
Finland ***	**771.4**	826.0
Sweden and Norway **	**878.6**	796.0
Baltic countries, Russia and other countries	**299.9**	330.2
Group total	**1 949.9**	1 952.2
Finland %	**39.6%**	42.3%
International operations %	**69.9%**	68.2%

* Segment information for 2014 is adjusted for comparison purposes
** Includes franchising income
*** Includes non-current assets classified as held for sale

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

EUR mill.	31.12.2015	31.12.2014
Discontinued operations		
Profit/loss for the financial period from discontinued operations		
Income	**177.4**	239.7
Expenses	**186.4**	242.9
Profit/loss before and after taxes	**−9.0**	−3.1
Intra-group charges and rent income are eliminated and therefore not included in income or in expenses		
Profit/loss relating to the sale of Retail Russia after income tax	**−77.2**	
Result from discontinued operations	**−86.1**	−3.1
Cash flows from discontinued operations		
Cash flow from operations	**−11.7**	
Cash flow from investments	**1.1**	
Cash flow from financing	**8.3**	
Cash flow total	**−2.3**	
Discontinued operations, assets classified as held for sale and the relating liabilities		
Current receivables	**13.3**	
Current liabilities	**23.4**	
Net assets	**−10.1**	
Other assets classified as held for sale and the relating liabilities		
Intangible assets and property, plant and equipment	**0.6**	0.8
Inventories	**10.9**	13.3
Other receivables	**8.5**	33.8
Cash and cash equivalents	**0.7**	0.0
Other liabilities	**21.0**	11.8
Net assets	**−0.3**	36.2

KEY FIGURES OF THE GROUP

	31.12.2015	31.12.2014
Equity ratio, per cent	**46.1**	39.3
Net gearing, per cent	**72.1**	105.4
Cash flow from operating activities per share, EUR	**0.24**	0.41
Interest-bearing net debt, EUR mill.	**753.6**	799.4
Number of shares at the end of the period, thousands	**72 049**	72 049
Weighted average number of shares, thousands	**72 049**	72 049
Weighted average number of shares, diluted, thousands	**72 049**	72 049
Market capitalization, EUR mill.	**449.4**	460.1
Operating profit/loss, per cent of turnover *	**−3.7**	−4.8
Equity per share, EUR	**14.53**	10.55
Return on equity, rolling 12 months, per cent	**−19.4**	−12.1
Return on capital employed, rolling 12 months, per cent	**−7.6**	−4.9
Average number of employees, converted to full-time equivalents *	**7 643**	8 916
Capital expenditure, EUR mill.	**53.4**	53.8

* Continuing operations, comparison figures restated

DEFINITIONS OF KEY FIGURES:

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

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

Interest-bearing net debt = Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables

Market capitalization = Number of shares multiplied by the quotation for the respective share series on the balance sheet date

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

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

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

* Without own shares owned by the company

EXCHANGE RATES OF EURO

Closing rate for the period	**31.12.2015**	31.12.2014
RUB	**80.6736**	72.3370
NOK	**9.6030**	9.0420
SEK	**9.1895**	9.3930
Average rate for the period	**1.1.–31.12.2015**	1.1.–31.12.2014
RUB	**67.9919**	51.0421
NOK	**8.9442**	8.3561
SEK	**9.3532**	9.0980

INFORMATION PER QUARTER

Consolidated income statement per quarter (2014 and 2015 figures restated)

EUR mill.	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Continuing operations								
Revenue	**420.0**	317.9	351.0	345.8	476.3	358.6	427.9	342.7
Other operating income	**0.0**	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Materials and consumables	**−205.9**	−153.1	−166.1	−184.1	−257.5	−174.4	−214.6	−178.8
Wages, salaries and employee benefit expenses	**−81.9**	−71.7	−81.0	−86.9	−93.7	−80.9	−91.6	−90.1
Depreciation, amortisation and impairment losses	**−19.4**	−17.5	−17.4	−17.6	−14.6	−14.4	−15.5	−15.4
Other operating expenses	**−108.5**	−86.2	−90.7	−99.3	−138.6	−100.4	−105.2	−97.0
Operating profit/loss	**4.3**	−10.6	−4.1	−42.0	−28.1	−11.6	1.1	−38.6
Financial income	**0.6**	−0.2	−0.4	0.9	0.1	0.1	0.0	0.2
Financial expenses	**−7.7**	−4.7	−4.6	−5.0	−5.5	−5.5	−7.3	−5.6
Total financial income and expenses	**−7.2**	−4.9	−5.0	−4.1	−5.4	−5.3	−7.2	−5.3
Profit/loss before tax	**−2.9**	−15.5	−9.1	−46.2	−33.5	−16.9	−6.1	−44.0
Income taxes	**−16.3**	5.1	−3.0	−1.0	−7.0	5.9	−4.3	9.2
Profit/loss from continuing operations	**−19.1**	−10.4	−12.1	−47.2	−40.5	−11.0	−10.4	−34.7
Profit/loss from discontinued operations	**−71.3**	−6.1	0.2	−8.9	2.4	−2.6	2.4	−5.4
Net profit/loss for the period	**−90.4**	−16.5	−11.9	−56.2	−38.1	−13.6	−8.1	−40.1

Earnings per share per quarter

EUR	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
From continuing operations (undiluted and diluted)	**−0.27**	−0.14	−0.17	−0.66	−0.56	−0.15	−0.14	−0.48
From the net result (undiluted and diluted), EUR	**−1.26**	−0.23	−0.16	−0.78	−0.53	−0.19	−0.11	−0.56

Segment information per quarter *

EUR mill.	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue								
Stockmann Retail	**228.5**	145.1	169.2	197.9	273.3	161.2	219.6	182.3
Fashion Chains	**184.6**	166.4	175.2	142.3	196.9	190.9	201.6	153.8
Real Estate	**14.4**	15.0	15.2	14.6	15.0	14.8	15.2	14.9
Unallocated	**0.0**	0.1	0.1	0.0	−0.1	0.1	0.1	0.1
Eliminations	**−7.5**	−8.7	−8.8	−9.0	−8.8	−8.3	−8.5	−8.4
Group total	**420.0**	317.9	351.0	345.8	476.3	358.6	427.9	342.7
Operating profit/loss								
Stockmann Retail	**0.4**	−28.9	−21.8	−22.6	−2.9	−20.3	−16.5	−23.6
Fashion Chains	**20.5**	15.3	17.7	−23.0	2.9	4.2	13.2	−20.3
Real Estate	**1.7**	4.5	5.5	4.6	3.9	3.6	4.4	3.9
Unallocated	**−18.2**	−1.6	−5.5	−1.0	−34.9	−2.1	−2.8	−1.5
Group total	**4.3**	−10.6	−4.1	−42.0	−30.9	−14.7	−1.7	−41.5
Reconciliation to reported operating profit/loss:								
Change in depreciation (IAS 16)	**0.0**	0.0	0.0	0.0	2.9	3.1	2.9	2.9

Information on market areas per quarter *

EUR mill.	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue								
Finland	**223.8**	148.1	166.2	205.1	262.6	180.1	231.2	208.9
Sweden and Norway **	**145.8**	129.8	137.4	99.6	137.8	129.0	142.4	104.5
Baltic countries, Russia and other countries	**50.4**	40.0	47.4	41.2	76.0	49.5	54.3	29.3
Group total	**420.0**	317.9	351.0	345.8	476.3	358.6	427.9	342.7
Finland %	**53.3%**	46.6%	47.4%	59.3%	55.1%	50.2%	54.0%	61.0%
International operations %	**46.7%**	53.4%	52.6%	40.7%	44.9%	49.8%	46.0%	39.0%
Operating profit/loss								
Finland	**−19.2**	−27.3	−24.1	−32.2	−42.7	−29.2	−21.0	−38.4
Sweden and Norway **	**22.6**	18.6	18.7	−4.5	12.9	10.2	19.9	−4.5
Baltic countries, Russia and other countries	**1.0**	−1.9	1.3	−5.3	−1.2	4.3	−0.6	1.4
Group total	**4.3**	−10.6	−4.1	−42.0	−31.0	−14.6	−1.7	−41.5

* Segment information for 2014 is adjusted for comparison purposes
** Includes franchising income
Comparison figures related to the income statement have been restated due to the Retail Russia being classified as discontinued operations.

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	**31.12.2015**	31.12.2014
Mortgages on land and buildings	**1.7**	1.7
Pledges and guarantees	**8.0**	7.9
Liabilities of adjustments of VAT deductions made on investments to immovable property	**17.6**	19.9
Total	**27.3**	29.5
On 17 December 2015, Stockmann issued a hybrid bond of EUR 85 mill. The accrued interest on the bond was EUR 0.3 mill at 31 December 2015.		

Lease agreements on the Group's business premises, EUR mill.	**31.12.2015**	31.12.2014
Minimum rents payable on the basis of binding lease agreements on business premises		
Within one year	**158.7**	180.1
After one year	**726.6**	758.9
Total	**885.3**	939.0
Including Retail Russia as per 31.12.2015 EUR 94.0 mill (EUR 114.7 mill).		

Group's lease payments, EUR mill.	**31.12.2015**	31.12.2014
Within one year	**0.7**	0.6
After one year	**1.0**	1.3
Total	**1.7**	1.9

Group's derivate contracts, EUR mill.	**31.12.2015**	31.12.2014
Nominal value		
Currency derivatives	**523.3**	432.5
Electricity derivates	**1.8**	1.5
Total	**525.1**	434.1

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**31.12.2015**	31.12.2014
Acquisition cost at the beginning of the period	**1 960.6**	2 060.6
Fair value valuation of the real estates 1.1.	**438.3**	
Acquisition cost at the beginning of the period total	**2 398.9**	2 060.6
Fair value change from revaluation of the real estates 31.12.	**34.7**	
Translation difference +/-	**19.0**	−59.8
Increases during the period	**53.4**	53.8
Decreases during the period	**−46.3**	−92.6
Transfers between items during the period		0.0
Transfers to non-current assets classified as held for sale	**−128.0**	−1.5
Acquisition cost at the end of the period	**2 331.8**	1 960.6
Accumulated depreciation and impairment losses at the beginning of the period	**−457.9**	−482.3
Translation difference +/-	**0.2**	6.9
Depreciation on reductions during the period	**39.4**	87.7
Accumulated depreciation on transfers to non-current assets classified as held for sale	**109.7**	0.6
Depreciation, amortisation and impairment losses during the period	**−89.1**	−71.0
Accumulated depreciation and impairment losses at the end of the period	**−397.6**	−457.9
Carrying amount at the beginning of the period	**1 502.7**	1 578.3
Carrying amount at the end of the period	**1 934.1**	1 502.7

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

Goodwill, EUR mill.	**31.12.2015**	31.12.2014
Acquisition cost at the beginning of the period	**748.1**	793.2
Translation difference +/-	**16.6**	−45.1
Acquisition cost at the end of the period	**764.7**	748.1
Carrying amount at the beginning of the period	**748.1**	793.2
Carrying amount at the end of the period	**764.7**	748.1

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES CLASSIFIED ACCORDING TO IAS 39, AND HIERARCHICAL CLASSIFICATION OF FAIR VALUES

Financial assets, EUR mill.	Level	**Carrying amount 31.12.2015**	**Fair value 31.12.2015**	Carrying amount 31.12.2014	Fair value 31.12.2014
Derivative contracts, hedge accounting applied	2	**1.2**	**1.2**	4.4	4.4
Financial assets at fair value through profit or loss					
Derivative contracts, hedge accounting not applied					
Currency derivatives	2	**0.5**	**0.5**	6.6	6.6
Electricity derivatives	1				
Financial assets at amortised cost					
Non-current receivables		**9.7**	**9.7**	3.4	3.4
Current receivables, interest-bearing		**1.6**	**1.6**	2.4	2.4
Current receivables, non-interest-bearing		**52.1**	**52.1**	64.7	64.7
Cash and cash equivalents		**19.1**	**19.1**	29.3	29.3
Available-for-sale financial assets	3	**5.4**	**5.4**	7.8	7.8
Financial assets, total		**89.6**	**89.6**	118.6	118.6

Financial liabilities, EUR mill.	Level	**Carrying amount 31.12.2015**	**Fair value 31.12.2015**	Carrying amount 31.12.2014	Fair value 31.12.2014
Derivative contracts, hedge accounting applied	2	**0.3**	**0.3**		
Financial liabilities at fair value through profit or loss					
Derivative contracts, hedge accounting not applied					
Currency derivatives	2	**5.3**	**5.3**	0.4	0.4
Electricity derivatives	1	**0.5**	**0.5**	0.2	0.2
Financial liabilities at amortised cost					
Non-current interest-bearing liabilities	2	**534.7**	**534.9**	613.2	607.2
Current liabilities, interest-bearing	2	**248.7**	**249.4**	220.7	221.0
Current liabilities, non-interest-bearing		**201.6**	**201.6**	236.7	236.7
Financial liabilities, total		**991.2**	**992.1**	1071.2	1065.6

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

There were no transfers between levels during the financial year.

Financial assets on level 3 are investments in shares of unlisted companies. The fair value of the shares is determined by techniques based on the management's judgment. Profits or losses from the investments are recorded to other operating income or expenses in the income statement, because acquisition and divestment decisions on the investments are made for business reasons. The following calculation illustrates changes in financial assets valuated at fair value during the reporting period.

Change in fair value of available-for-sale financial assets, EUR mill.	**31.12.2015**	31.12.2014
Carrying amount Jan. 1	**7.8**	7.9
Translation difference +/-	**0.0**	0.0
Sale of shares	**−0.1**	0.0
Fair value change	**−1.6**	0.0
Transfers to non-current assets held for sale	**−0.6**	0.0
Total	**5.4**	7.8

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