



Half year financial report 2017

STOCKMANN

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Improved operating result for Stockmann Retail and Real Estate – a challenging quarter for Lindex

April-June 2017, continuing operations:

- Consolidated revenue was EUR 281.3 million (320.7).
- Revenue in comparable businesses was down by 4.0%.
- Gross margin was 56.1% (57.3).
- Operating result was EUR 14.6 million (17.5).

January-June 2017, continuing operations:

- Consolidated revenue was EUR 498.1 million (563.9).
- Revenue in comparable businesses was down by 2.9%.
- Gross margin was 54.9% (55.4).
- Operating result was EUR -10.5 million (-8.9).
- Earnings per share were EUR -0.42 (-0.36).

- In June, Stockmann signed an agreement on the sale of the Stockmann Delicatessen operations in Finland to S Group's regional cooperatives. If approval is granted by the Finnish Competition and Consumer Authority during 2017, the transaction can be completed at the end of 2017.

- The food operations in Finland have been classified as an asset held for sale and reported as discontinued operations. The comparison figures in the Group and Stockmann Retail income statement and related items have been restated accordingly. The comments in the half year financial report refer only to continuing operations.

- Stockmann Delicatessen in the Baltic countries will remain with Stockmann and is reported as a part of Stockmann Retail's continuing operations.

Guidance for 2017 remains unchanged:

Stockmann expects the Group's revenue for 2017 to decline due to changes in the store network and product mix. Adjusted operating profit is expected to improve, compared with 2016.

KEY FIGURES

		Restated	Restated	Restated	Restated
	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Continuing operations					
Revenue, EUR mill.	281.3	320.7	498.1	563.9	1 175.7
Gross margin, %	56.1	57.3	54.9	55.4	55.8
EBITDA, EUR mill.	29.5	32.0	19.4	19.1	85.6
Adjusted EBITDA*, EUR mill.	29.5	32.0	19.4	19.1	88.2
Operating result (EBIT), EUR mill.	14.6	17.5	-10.5	-8.9	28.3
Adjusted operating result (EBIT)*, EUR mill.	14.6	17.5	-10.5	-8.9	30.9
Net financial items**, EUR mill.	-10.8	-4.7	-15.4	-8.9	-23.1
Result before tax, EUR mill.	3.8	12.8	-25.9	-17.8	5.2
Result for the period, EUR mill.	-1.1	4.6	-28.0	-23.0	-7.5
Earnings per share, undiluted and diluted, EUR	-0.03	0.05	-0.42	-0.36	-0.18
Personnel, average	7 224	8 273	7 217	8 343	8 151
Continuing and discontinued operations***	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Net earnings per share, undiluted and diluted, EUR	-0.09	-0.04	-0.52	-0.35	-0.12
Cash flow from operating activities, EUR mill.	48.2	54.4	-29.9	-20.9	41.5
Capital expenditure, EUR mill.	7.9	13.6	15.7	19.5	44.2
Equity per share, EUR			14.32	14.19	14.99
Net gearing, %			76.5	76.2	68.3
Equity ratio, %			46.9	46.0	48.3
Number of shares, undiluted and diluted, weighted average, 1 000 pc			72 049	72 049	72 049
Return on capital employed, rolling 12 months, %			1.3	-4.6	1.8

* There were no adjustments made in the second quarter, neither in 2017 nor in 2016. For full-year 2016, adjustments affecting operating result were EUR 2.6 million and they were mostly related to ICT outsourcing.

** Includes a write-off of EUR 3.8 million related to Stockmann's investment in Tuko Logistics Cooperative.

*** Discontinued operations include department store operations in Russia which were sold in the first quarter of 2016, and Stockmann Delicatessen food operations in Finland which are expected to be divested at the end of 2017.

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

CEO LAURI VEIJALAINEN:

Stockmann's strategic journey progressed in the second quarter. As the most visible step, we announced the sale of Stockmann Delicatessen in Finland to S Group. In the quarter, I am particularly satisfied that both Stockmann Retail and Real Estate clearly improved their operating profit, by over EUR 10 million in total. However, due to the weakened profitability of Lindex in Sweden, the Group's operating result in the quarter was down on the previous year.

Stockmann Retail delivered a good second quarter. Comparable revenue has now stabilised and we achieved slight sales growth in fashion and cosmetics. The decisions and actions taken are starting to be visible. As a result, Retail's operating result improved significantly. A lot remains to be done, but our direction is definitely the correct one.

Real Estate continued its stable performance, supported by the strengthened Russian rouble which boosted rental income from the Nevsky shopping centre. An investigation into the possible divestment of the property is ongoing according to plan.

For Lindex, revenue and subsequently the result was adversely impacted by the weakening market in Sweden and intensive campaigning. Outside the Nordic countries, Lindex continued to grow its revenue but this was not enough to retain the highest ever operating profit, which Lindex achieved a year ago. Action will be taken to improve sales and profitability. We will also continue to invest in digitalisation and strong campaigns, to succeed during the important autumn season.

We continue to focus on our key businesses and improving profitability in all three divisions. I am confident that we now have the capabilities to drive growth again in our Stockmann Retail business and to make this division profitable in 2018.

STRATEGY

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

Stockmann announced on 30 June 2017 that it had signed an agreement on the sale of the Stockmann Delicatessen business operations in Finland to S Group's regional cooperatives. The Delicatessen operations in the Baltic countries will remain with Stockmann. The Delicatessen stores will continue to provide customers with first-class service and a unique, high-quality selection in all Stockmann department stores. The transaction includes all Stockmann Delicatessen business operations in Finland, i.e. the six stores, chain operations, the Delicatessen kitchen which prepares Stockmann Meals foods, and around 800 employees in Finland. The S Group's regional cooperatives will start as tenants in facilities owned by Stockmann and as a subtenant in facilities rented by Stockmann. The transaction is subject to approval by the Finnish Competition and Consumer Authority. The transaction price, EUR 27 million, will be paid in cash at the time of closing, and the transaction will have a positive cash flow effect of around 20 million. Stockmann will recognise a one-time capital gain of around EUR 3 million on the transaction. (Stock exchange announcement 30 June 2017.)

In June, Stockmann extended its license agreement with AO Stockmann, a company owned by Reviva Holdings Limited, on the usage of the Stockmann brand in Russia in 2018-2023. Following the agreement, Reviva will continue to run stores in existing and new locations in Russia under the Stockmann brand. The license income is not expected to have a significant effect on Stockmann plc's earnings in 2017 or 2018. From 2019 onwards, the license fee will be based on the revenue under the Stockmann brand in Reviva's Russian retail units. (Press release 30 June 2017.)

MARKET ENVIRONMENT

The general economic situation has begun to recover in Finland. Consumer confidence continued to improve during the second quarter. However, in Stockmann's largest product area, fashion, the market in Finland was continuously down, by 2.9%, in January-June (source: Textile and Fashion Suppliers and Retailers in Finland, TMA).

In Sweden, although the general economic situation has developed strongly, the fashion market was down by 2.1% in January-June, compared with an increase of 1.5% in the previous year (source: Swedish Trade Federation, Stilindex).

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

REVENUE AND EARNINGS IN CONTINUING OPERATIONS**April-June 2017**

The Stockmann Group's second-quarter revenue was EUR 281.3 million (4-6/2016: 320.7). The comparison figure for 2016 includes revenue from the closed and divested units (Hobby Hall, Oulu department store, and Lindex stores in Russia). Revenue in comparable businesses was down by 4.0%.

The revenue in Finland was EUR 108.1 million (137.1). Revenue in comparable businesses was down by 1.4%. Revenue in other countries was EUR 173.2 million (183.6), down by 5.6% in comparable businesses.

The gross profit amounted to EUR 157.9 million (183.8) and the gross margin was 56.1% (57.3). Gross margin was up in Stockmann Retail due to the divestment of Hobby Hall and improvements in department store business, but down in Lindex.

Operating costs were down by EUR 23.4 million and amounted to EUR 128.4 million (151.8). Both personnel costs and other costs declined, due to the efficiency measures initiated in 2016.

The Group's EBITDA was EUR 29.5 million (32.0). Depreciation was EUR 14.9 million (14.5).

Operating result for the quarter was EUR 14.6 million (17.5). Lindex's operating profit decreased, while the Stockmann Retail and Real Estate divisions improved their performance.

January-June 2017

The Stockmann Group's revenue for the period was EUR 498.1 million (1-6/2016: 563.9). The comparison figure for 2016 includes revenue from closed and divested units. Revenue in comparable businesses was down by 2.9%.

The revenue in Finland was EUR 189.4 million (240.0). Revenue in comparable businesses was down by 0.4%. Revenue in other countries was EUR 308.7 million (323.9), down by 4.4% in comparable businesses.

The gross profit amounted to EUR 273.6 million (312.2) and the gross margin was 54.9% (55.4).

Operating costs were down by EUR 38.9 million and amounted to EUR 254.2 million (293.0).

The Group's EBITDA was EUR 19.4 million (19.1). Depreciation was EUR 29.9 million (28.0).

Operating result in the period was EUR -10.5 million (-8.9), with improvements in the Stockmann Retail and Real Estate divisions.

Net financial expenses were EUR 15.4 million (8.9). The expenses include a write-off of EUR 3.8 million related to Stockmann's investment in Tuko Logistics Cooperative. Foreign exchange losses amounted to EUR 1.0 million (1.0). The result before taxes was EUR -25.9 million (-17.8).

The result for the period was EUR -28.0 million (-23.0). The net result for the period, including discontinued operations, was EUR -35.0 million (-22.9 including discontinued operations of Stockmann Delicatessen and Russian department stores).

Earnings per share for the period were EUR -0.42, or EUR -0.52 including discontinued operations (-0.36, or -0.35 including discontinued operations). Equity per share was EUR 14.32 (14.19).

FINANCING AND CAPITAL EMPLOYED

Cash flow from operating activities came to EUR 48.2 million (54.4) in the second quarter and EUR -29.9 million (-20.9) in January-June. Cash and cash equivalents at the end of June totalled EUR 11.3 million, compared with EUR 18.0 million a year earlier.

Inventories were slightly below the previous year's level, at EUR 166.2 million (169.6).

Interest-bearing liabilities at the end of June were EUR 803.9 million (805.9), of which long-term debt amounted to EUR 387.0 million (522.9). Stockmann has a EUR 150 million bond due in March 2018 which was reported as part of the long-term debt until the end of 2016. Most of the other short-term debt has been raised in the commercial paper market. In addition, the Group has undrawn, long-term committed credit facilities of EUR 280.3 million and uncommitted, short-term credit facilities of EUR 353.8 million. Stockmann also has a EUR 84.3 million hybrid bond which is treated as equity.

The equity ratio at the end of June was 46.9% (46.0), and net gearing was 76.5% (76.2).

The Group's capital employed at the end of June was EUR 1 835.8 million (1 828.5). The return on capital employed over the past 12 months was 1.3% (-4.6).

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 7.9 million (13.6) in the second quarter and EUR 15.7 million (19.5) in January-June. Most of the capital expenditure in the second quarter was used for Lindex store refurbishments and digitalisation. Depreciation was EUR 29.9 million (28.0).

Capital expenditure for 2017 is estimated to be approximately EUR 45-50 million, which is less than the estimated depreciation for the year.

REVENUE AND EARNINGS BY DIVISION

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

LINDEX

Lindex	4-6/2017	4-6/2016	1-6/2017	1-6/2016
Revenue, EUR mill.	162.1	175.6	285.3	305.8
Gross margin, %	60.6	65.8	59.1	63.1
Operating result, EUR mill.	12.6	28.1	-2.1	19.6
Capital expenditure, EUR mill.	4.9	4.7	9.3	8.2

April-June 2017

Lindex's revenue for the quarter was down by 7.7%, to EUR 162.1 million (175.6), or, excluding Russian stores, down by 7.6%. In comparable stores, revenue at comparable exchange rates was down by 5.1%. Comparable sales decreased in the Nordic countries and increased in all other markets and in the online store.

The gross margin for the quarter was 60.6% (65.8). The gross margin was down mostly due to higher markdowns. Redefined treatment of inventory obsolescence had a positive impact on the 2016 comparison figure.

Operating costs were down by EUR 1.9 million due to currency exchange rates. Measures have been started to achieve cost savings for the rest of 2017.

Operating profit for the quarter was EUR 12.6 million (28.1), as a result of lower sales and gross margin compared with the previous year.

January-June 2017

Lindex's revenue for the period was down by 6.7%, to EUR 285.3 million (305.8), or, excluding Russian stores, down by 6.4%. In comparable stores, revenue at comparable exchange rates was down by 3.6%.

The gross margin for the period was 59.1% (63.1).

Operating costs were down by EUR 2.7 million. Operating result for the period was EUR -2.1 million (19.6).

Store network

Lindex opened four and closed two stores during the second quarter. Lindex will continue its store expansion with over 15 new stores in 2017. However, the net increase of stores is expected to be lower, as Lindex is planning to close certain loss-making stores. Lindex will also enter two new franchising markets, Qatar and Tunisia, in 2017.

Lindex store network	Total 31.12.2016	Total 31.3.2017	Closed stores 4-6/2017	New stores 4-6/2017	Total 30.6.2017
Finland	58	59	0	1	60
Sweden	209	210	0	0	210
Norway	102	100	1	1	100
Estonia	10	10	0	0	10
Latvia	9	9	0	0	9
Lithuania	8	8	0	0	8
Czech Republic	25	26	0	0	26
Slovakia	9	9	0	0	9
Poland	4	4	1	0	3
UK	2	2	0	0	2
Iceland*	4	4	0	1	5
Bosnia and Herzegovina*	7	7	0	0	7
Serbia*	3	3	0	1	4
Kosovo*	2	2	0	0	2
Albania*	1	1	0	0	1
Saudi Arabia*	22	22	0	0	22
Total	475	476	2	4	478
Own stores	436	437	2	2	437
Franchising stores (*)	39	39	0	2	41

STOCKMANN RETAIL

		Restated	Restated	Restated
Stockmann Retail	4-6/2017	4-6/2016	1-6/2017	1-6/2016
Revenue, EUR mill.	109.1	136.7	192.8	241.9
Gross margin, %	45.8	43.3	44.2	42.4
Operating result, EUR mill.	-2.6	-14.2	-17.3	-35.5
Operating result, excluding Hobby Hall, EUR mill.	-2.6	-11.8	-17.3	-31.8
Capital expenditure, EUR mill.	0.8	6.8	3.3	8.8

April-June 2017

Stockmann Retail's revenue for the quarter was EUR 109.1 million (136.7). The comparison figure also includes the revenue of the closed and divested units (Hobby Hall, Oulu department store). Revenue in comparable businesses was on a par with the previous year.

Revenue in Finland was EUR 86.2 million (114.6). Revenue in comparable businesses was down by 1.0%. The Itis department store improved its revenue the most, while in Tapiola sales were weaker than expected due to the continuous construction work in the area, which affected the number of visitors. Revenue from international operations was up 3.6%, to EUR 22.9 million (22.1). Revenue grew in both the Tallinn and Riga department stores.

The gross margin for the quarter was 45.8% (45.3, or 43.3 including Hobby Hall). The increase was mainly due to the divestment of Hobby Hall, but the margin also improved in the department store operations.

Operating costs excluding Hobby Hall were down by EUR 15.8 million. Operating costs amounted to EUR 43.6 million (59.4, or 66.0 including Hobby Hall). The decline was due to the efficiency programme which decreased personnel costs in particular.

EBITDA was EUR 1.0 million (-8.4, or -10.7 including Hobby Hall). Operating result for the quarter was EUR -2.6 million (-11.8, or -14.2 including Hobby Hall).

January-June 2017

Stockmann Retail's revenue for the period was EUR 192.8 million (241.9). Revenue in comparable businesses was up by 0.4%.

Revenue in Finland was EUR 150.3 million (200.6). Revenue in comparable businesses was down by 0.3%. Revenue from international operations was up 2.8%, to EUR 42.4 million (41.3).

The gross margin for the period was 44.2% (44.2, or 42.4 including Hobby Hall).

Operating costs excluding Hobby Hall were down by EUR 25.2 million. Operating costs amounted to EUR 84.9 million (110.1, or 121.8 including Hobby Hall).

EBITDA was EUR -10.1 million (-25.4, or -28.9 including Hobby Hall). Operating result for the period was EUR -17.3 million (-31.8, or -35.5 including Hobby Hall).

REAL ESTATE

Real Estate	4-6/2017	4-6/2016	1-6/2017	1-6/2016
Revenue, EUR mill.	16.8	14.7	33.8	29.6
Net operating income, Stockmann-owned properties, EUR mill.	12.9	10.2	25.9	22.3
Operating result, EUR mill.	6.6	5.4	13.0	11.4
Capital expenditure, EUR mill.	1.7	2.1	2.4	2.5

April-June 2017

Real Estate's revenue for the quarter was EUR 16.8 million (14.7). The main reason for the increase was higher rental income, particularly in the Nevsky shopping centre.

Net operating income of the Stockmann-owned properties was EUR 12.9 million (10.2). The average monthly rent from these properties was EUR 37.39 per square metre (33.26).

Operating costs were on the same level as in the previous year. Operating profit for the quarter was EUR 6.6 million (5.4), resulting from the increased revenue.

January-June 2017

Real Estate's revenue for the period was EUR 33.8 million (29.6).

Net operating income of the Stockmann-owned properties was EUR 25.9 million (22.3). The average monthly rent from these properties was EUR 37.48 per square metre (33.35).

Operating costs for the period increased, mostly due to changes in Russian operations. Operating profit for the period was EUR 13.0 million (11.4).

Properties

The five properties owned by Stockmann have a gross leasable area (GLA) of 142 000 m² in total. At the end of June, Stockmann Retail was using 52% (53) of the total GLA. Excluding Nevsky Centre, 76% (77) was being used by Stockmann Retail. The occupancy rate of the properties remained on a high level, at 99.6% (96.7). Net rental yield in the reporting period was 5.5% (4.9).

New summer restaurant terraces opened on the department store roofs in Helsinki in May and in Tallinn in July.

On 1 January 2017 the fair value of Stockmann's properties amounted to EUR 950.1 million. The value of department store properties was EUR 769.1 million and Nevsky Centre's value was EUR 181.0 million. The weighted average market yield requirement used in the fair value calculation was 5.7% (6.0).

During the year, the depreciation of department store properties is deducted from the fair value. Nevsky Centre, which is being treated as an asset held for sale as of 31 March 2017, is not depreciated. At the end of the second quarter, the revalued amount of all own properties was EUR 940.1 million, which is the fair value less the subsequent accumulated depreciation of the department store buildings. An investigation related to the divestment of Nevsky Centre is progressing according to plan.

Property	Gross leasable area, m ² 30.6.2017	Occupancy rate, % 30.6.2017	Usage by Stockmann Retail, % 30.6.2017
Helsinki flagship building	51 000	99.8	77
Book House, Helsinki	9 000	100.0	30
Tallinn department store building	22 000	99.8	84
Riga department store building	15 000	100.0	86
Total, all Stockmann-owned department store properties	97 000	99.8	76
Nevsky Centre, St. Petersburg	46 000	99.0	0
Total, all Stockmann-owned properties	142 000	99.6	52

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

PERSONNEL

The Group's average number of personnel in continuing operations was 7 217 (8 343) in the reporting period. The decline was due to personnel reductions mostly in Stockmann Retail, and the divestment of Hobby Hall. In terms of full-time equivalents, the average number of employees was 5 378 (6 050).

At the end of June, the Group had 7 371 employees (8 253), of whom 2 373 (3 124) were working in Finland. The number of employees working outside Finland was 4 998 (5 129), which represented 68% (62%) of the total. In addition, 797 employees worked in the Stockmann Delicatessen operations in Finland.

The Group's wages and salaries amounted to EUR 88.4 million in the period, compared with EUR 107.2 million in 2016. The total employee benefits expenses were EUR 117.5 million (141.4), which is equivalent to 23.6% (25.1) of revenue.

CHANGES IN MANAGEMENT

M.Sc. (Econ.) Kai Laitinen, born 1970, started as Stockmann's Chief Financial Officer and a member of the Management Team on 1 August 2017.

SHARES AND SHARE CAPITAL

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

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

The share capital remained at EUR 144.1 million during the period. The market capitalisation was EUR 545.7 million (387.8) at the end of the period.

The price of a Series A share was EUR 7.51 at the end of June, compared with 7.09 EUR at the end of 2016, while the price of a Series B share was EUR 7.62, compared with EUR 7.06 at the end of 2016.

A total of 0.4 million (2.4) Series A shares and 5.5 million (6.7) Series B shares were traded during the reporting period on Nasdaq Helsinki. This corresponds to 1.3% (7.7) of the average number of Series A shares and 13.3% (16.2) 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 the review period, Stockmann had 48 210 shareholders, compared with 51 454 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 is affecting consumers' purchasing behaviour and purchasing power in all of the Group's market areas. Consumers' purchasing behaviour is also influenced by digitalisation, increasing competition and changing purchasing trends. Rapid and unexpected movements in markets may influence the behaviour of both the financial markets and consumers. Uncertainties related to purchasing power and behaviour are considered to be the principal risks that could affect Stockmann during 2017.

The operating environment may also affect the operations of Stockmann's tenants and consequently may have a negative impact on rental income and the occupancy rate of Stockmann's properties. These, particularly if related to the biggest tenants of the properties, may have an effect on the fair value of the real estate.

Financial risks, mainly risks arising from interest rate fluctuations due to the Group's high level of debt, may have an effect on the financial costs and the financial position. Interest rate fluctuations may also impact the yield related to the properties owned by the Group, and thus to the fair value of these assets. Financial risks are managed in accordance with the financial risk policy confirmed by the Board of Directors.

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

OUTLOOK FOR 2017

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

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

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

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

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

Capital expenditure for 2017 is estimated to be approximately EUR 45-50 million, which is less than the estimated depreciation for the year.

GUIDANCE FOR 2017

Stockmann expects the Group's revenue for 2017 to decline due to changes in the store network and product mix. Adjusted operating profit is expected to improve, compared with 2016.

Helsinki, Finland, 15 August 2017

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

This Half year financial report has been prepared in compliance with IAS 34. The accounting policies and calculation methods applied are the same as those in the 2016 financial statements. Stockmann Delicatessen food operations in Finland have been classified as assets held for sale and reported as discontinued operations. The change will be in effect from the half year report 2017 onwards and it has effect only on the Stockmann Retail segment. The comparison figures for continuing operations in the income statement and related items are restated accordingly. The figures are unaudited.

CONSOLIDATED INCOME STATEMENT

EUR mill.		Restated	Restated
	1.1.–30.6.2017	1.1.–30.6.2016	1.1.–31.12.2016
Continuing operations			
REVENUE	498.1	563.9	1 175.7
Other operating income	0.0	0.6	1.2
Materials and consumables	-224.6	-252.3	-520.4
Wages, salaries and employee benefit expenses	-117.5	-141.4	-270.4
Depreciation, amortisation and impairment losses	-29.9	-28.0	-57.3
Other operating expenses	-136.7	-151.6	-300.6
Total expenses	-508.7	-573.4	-1 148.7
OPERATING PROFIT/LOSS	-10.5	-8.9	28.3
Financial income	0.3	0.7	0.8
Financial expenses	-15.7	-9.6	-23.9
Total financial income and expenses	-15.4	-8.9	-23.1
PROFIT/LOSS BEFORE TAX	-25.9	-17.8	5.2
Income taxes	-2.1	-5.2	-12.7
PROFIT/LOSS FROM CONTINUING OPERATIONS	-28.0	-23.0	-7.5
Profit/loss from discontinued operations	-7.0	0.1	4.3
NET PROFIT/LOSS FOR THE PERIOD	-35.0	-22.9	-3.2
Profit/loss for the period attributable to:			
Equity holders of the parent company	-35.0	-22.9	-3.2
Earnings per share, EUR:			
From continuing operations (undiluted and diluted)	-0.42	-0.36	-0.18
From discontinued operations (undiluted and diluted)	-0.10	0.00	0.06
From the period's result (undiluted and diluted)	-0.52	-0.35	-0.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.		1.1.–30.6.2016	1.1.–31.12.2016
	1.1.–30.6.2017	1.1.–30.6.2016	1.1.–31.12.2016
PROFIT/LOSS FOR THE PERIOD	-35.0	-22.9	-3.2
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in revaluation surplus (IAS 16), before tax			48.3
Changes in revaluation surplus (IAS 16), tax			-9.7
Changes in revaluation surplus (IAS 16), net of tax			38.6
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	-3.0	-1.5	-2.9
Exchange differences on translating foreign operations, net of tax	-3.0	-1.5	-2.9
Cash flow hedges, before tax	-3.8	0.1	1.1
Cash flow hedges, tax	0.8	0.0	-0.2
Cash flow hedges, net of tax	-3.0	0.1	0.8
Other comprehensive income for the period, net of tax	-5.9	-1.4	36.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-40.9	-24.3	33.4
Total comprehensive income attributable to:			
Equity holders of the parent company, continuing operations	-33.9	-34.7	18.3
Equity holders of the parent company, discontinued operations	-7.0	10.4	15.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	30.6.2017	30.6.2016	31.12.2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	729.0	745.6	735.6
Trademark	94.3	96.5	95.2
Intangible rights	46.7	44.8	45.3
Other intangible assets	3.0	3.5	3.2
Advance payments and construction in progress	1.2	4.6	3.7
Intangible assets, total	874.2	895.0	883.1
Property, plant and equipment			
Land and water	114.3	109.4	114.3
Buildings and constructions	644.8	619.0	654.8
Machinery and equipment	78.7	84.7	81.0
Modification and renovation expenses for leased premises	4.6	4.3	6.1
Advance payments and construction in progress	1.7	5.2	8.7
Property, plant and equipment, total	844.1	822.6	864.9
Investment properties		181.0	181.0
Non-current receivables	6.8	10.0	7.2
Available-for-sale investments	0.3	5.6	5.5
Deferred tax assets	37.8	41.8	38.3
NON-CURRENT ASSETS, TOTAL	1 763.1	1 956.1	1 980.0
CURRENT ASSETS			
Inventories	166.2	169.6	180.7
Current receivables			
Interest-bearing receivables	1.4	1.1	1.6
Income tax receivables	3.4	0.1	0.0
Non-interest-bearing receivables	59.2	69.5	58.7
Current receivables, total	64.0	70.6	60.3
Cash and cash equivalents	11.3	18.0	20.2
CURRENT ASSETS, TOTAL	241.5	258.1	261.2
ASSETS CLASSIFIED AS HELD FOR SALE	195.0	15.7	
ASSETS, TOTAL	2 199.5	2 230.0	2 241.2
EQUITY AND LIABILITIES			
EQUITY			
Share capital	144.1	144.1	144.1
Share premium fund	186.1	186.1	186.1
Revaluation surplus	398.3	368.9	398.3
Invested unrestricted equity fund	250.4	250.4	250.4
Other funds	42.4	44.6	45.4
Translation reserve	-10.2	-5.8	-7.2
Retained earnings	-63.5	-50.0	-21.1
Hybrid bond	84.3	84.3	84.3
Equity attributable to equity holders of the parent company	1 031.9	1 022.6	1 080.3
EQUITY, TOTAL	1 031.9	1 022.6	1 080.3
NON-CURRENT LIABILITIES			
Deferred tax liabilities	164.3	159.6	163.6
Non-current interest-bearing financing liabilities	387.0	522.9	525.3
Non-current non-interest-bearing liabilities and provisions	4.1	3.9	3.1
NON-CURRENT LIABILITIES, TOTAL	555.4	686.4	691.9
CURRENT LIABILITIES			
Current interest-bearing financing liabilities	416.9	283.0	236.5
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	164.8	187.6	203.3
Income tax liabilities	22.9	20.4	24.9
Current provisions	1.1	7.7	4.4
Current non-interest-bearing liabilities, total	188.8	215.7	232.6
CURRENT LIABILITIES, TOTAL	605.7	498.7	469.0
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	6.5	22.3	
LIABILITIES, TOTAL	1 167.6	1 207.4	1 161.0
EQUITY AND LIABILITIES, TOTAL	2 199.5	2 230.0	2 241.2

Includes continuing and discontinued operations

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1.1.–30.6.2017	1.1.–30.6.2016	1.1.–31.12.2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	-35.0	-22.9	-3.2
Adjustments for:			
Depreciation, amortisation and impairment losses	29.9	29.2	59.2
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	0.1	-0.5	-1.1
Interest and other financial expenses	15.7	9.6	23.9
Interest income	-0.3	-0.7	-0.8
Income taxes	2.1	5.2	12.7
Other adjustments	-2.2	-7.2	0.7
Working capital changes:			
Increase (-) / decrease (+) in inventories	9.7	-2.7	-2.8
Increase (-) / decrease (+) in trade and other current receivables	-0.6	-20.5	-4.1
Increase (+) / decrease (-) in current liabilities	-31.4	6.6	-15.5
Interest expenses paid	-12.5	-10.6	-16.6
Interest received from operating activities	0.3	0.5	0.8
Other financing items from operating activities	0.0	-1.4	-1.4
Income taxes paid from operating activities	-5.5	-5.4	-10.3
Net cash from operating activities	-29.9	-20.9	41.5
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets	-16.6	-17.4	-40.2
Proceeds from sale of tangible and intangible assets	0.0	5.7	7.0
Proceeds from sale of investments	0.0		
Dividends received from investing activities	0.0	0.1	0.1
Net cash used in investing activities	-16.6	-11.6	-33.2
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from current liabilities	260.2	247.3	230.5
Repayment of current liabilities	-230.5	-217.9	-217.9
Proceeds from non-current liabilities	69.4		105.7
Repayment of non-current liabilities	-55.1	-0.5	-127.1
Payment of finance lease liabilities		-0.2	-0.2
Interest on hybrid bond	-7.4		
Net cash used in financing activities	36.6	28.8	-8.9
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	-9.9	-3.6	-0.5
Cash and cash equivalents at the beginning of the period	20.2	19.1	19.1
Cheque account with overdraft facility	-5.7	-4.1	-4.1
Cash and cash equivalents at the beginning of the period	14.5	15.0	15.0
Net increase/decrease in cash and cash equivalents	-9.9	-3.6	-0.5
Effects of exchange rate fluctuations on cash held	0.0	0.0	0.0
Cash and cash equivalents at the end of the period	11.3	18.0	20.2
Cheque account with overdraft facility	-6.7	-6.5	-5.7
Cash and cash equivalents at the end of the period	4.6	11.4	14.5

Includes continuing and discontinued operations

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Share premium fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	Total
EQUITY 1.1.2016	144.1	186.1	368.9	0.6	250.4	43.9	-4.3	-27.1	84.3	1 046.9
Profit/loss for the period								-22.9		-22.9
Exchange differences on translating foreign operations							-1.5			-1.5
Cash flow hedges				0.1						0.1
Total comprehensive income for the period, net of tax				0.1			-1.5	-22.9		-24.3
EQUITY 30.6.2016	144.1	186.1	368.9	0.7	250.4	43.9	-5.8	-50.0	84.3	1 022.6

EUR mill.	Share capital	Share premium fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	Total
EQUITY 1.1.2016	144.1	186.1	368.9	0.6	250.4	43.9	-4.3	-27.1	84.3	1 046.9
Profit/loss for the period								-3.2		-3.2
Changes in revaluation surplus (IAS 16)			38.6							38.6
Exchange differences on translating foreign operations							-2.9			-2.9
Cash flow hedges				0.8						0.8
Total comprehensive income for the period, net of tax			38.6	0.8			-2.9	-3.2		33.4
Other changes			-9.2					9.2		0.0
Total transactions with the equity owners			-9.2					9.2		0.0
EQUITY 31.12.2016	144.1	186.1	398.3	1.5	250.4	43.9	-7.2	-21.1	84.3	1 080.3

EUR mill.	Share capital	Share premium fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	Total
EQUITY 1.1.2017	144.1	186.1	398.3	1.5	250.4	43.9	-7.2	-21.1	84.3	1 080.3
Profit/loss for the period								-35.0		-35.0
Exchange differences on translating foreign operations							-3.0			-3.0
Cash flow hedges				-3.0						-3.0
Total comprehensive income for the period, net of tax				-3.0			-3.0	-35.0		-40.9
Interest paid on hybrid bond								-7.4		-7.4
Total transactions with the equity owners								-7.4		-7.4
EQUITY 30.6.2017	144.1	186.1	398.3	-1.5	250.4	43.9	-10.2	-63.5	84.3	1 031.9

Includes continuing and discontinued operations

GROUP'S OPERATING SEGMENTS

		Restated	Restated
Revenue, EUR mill.	1.1.–30.6.2017	1.1.–30.6.2016	1.1.–31.12.2016
Lindex	285.3	305.8	633.2
Stockmann Retail	192.8	241.9	508.3
Real Estate	33.8	29.6	60.1
Segments, total	511.9	577.3	1 201.5
Unallocated	0.0	0.0	0.0
Eliminations	-13.8	-13.4	-25.8
Group total	498.1	563.9	1 175.7

		Restated	Restated
Operating profit/loss, EUR mill.	1.1.–30.6.2017	1.1.–30.6.2016	1.1.–31.12.2016
Lindex	-2.1	19.6	54.9
Stockmann Retail	-17.3	-35.5	-39.1
Real Estate	13.0	11.4	21.1
Segments, total	-6.4	-4.4	36.9
Unallocated	-4.1	-4.5	-8.6
Group total	-10.5	-8.9	28.3
Financial income	0.3	0.7	0.8
Financial expenses	-15.7	-9.6	-23.9
Consolidated profit/loss before taxes	-25.9	-17.8	5.2

		Restated	Restated
Depreciation, amortisation and impairment losses, EUR mill.	1.1.–30.6.2017	1.1.–30.6.2016	1.1.–31.12.2016
Lindex	10.1	10.0	19.9
Stockmann Retail	7.2	6.6	12.9
Real Estate	11.6	10.4	21.6
Segments, total	28.8	27.0	54.3
Unallocated	1.1	1.1	3.0
Group total	29.9	28.0	57.3

Capital expenditure, EUR mill.	1.1.–30.6.2017	1.1.–30.6.2016	1.1.–31.12.2016
Lindex	9.3	8.2	17.7
Stockmann Retail	3.3	8.8	21.2
Real Estate	2.4	2.5	5.3
Segments, total	15.0	19.4	44.1
Unallocated	0.7	0.1	0.1
Group total	15.7	19.5	44.2

Assets, EUR mill.	1.1.–30.6.2017	1.1.–30.6.2016	1.1.–31.12.2016
Lindex	993.6	1 019.5	1 008.9
Stockmann Retail	197.0	211.3	217.2
Real Estate	753.3	923.2	947.9
Segments, total	1 943.9	2 154.0	2 174.0
Unallocated	60.7	60.3	67.2
Assets classified as held for sale	195.0	15.7	
Group total	2 199.5	2 230.0	2 241.2

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–30.6.2017	Restated	
		1.1.–30.6.2016	1.1.–31.12.2016
Finland	189.4	240.0	504.4
Sweden*) and Norway	225.0	244.5	503.4
Baltic countries, Russia and other countries	83.7	79.4	167.9
Group total	498.1	563.9	1 175.7
Finland %	38.0%	42.6%	42.9%
International operations %	62.0%	57.4%	57.1%

Operating profit/loss, EUR mill.	1.1.–30.6.2017	Restated	
		1.1.–30.6.2016	1.1.–31.12.2016
Finland	-19.0	-33.5	-39.2
Sweden*) and Norway	3.6	24.8	59.5
Baltic countries, Russia and other countries	4.9	-0.2	7.9
Group total	-10.5	-8.9	28.3

Non-current assets, EUR mill.	1.1.–30.6.2017	Restated	
		1.1.–30.6.2016	1.1.–31.12.2016
Finland	798.4	741.8	801.0
Sweden and Norway	835.5	855.4	843.6
Baltic countries, Russia and other countries	280.5	317.5	297.2
Group total	1 914.4	1 914.7	1 941.7
Finland %	41.7%	38.7%	41.3%
International operations %	58.3%	61.3%	58.7%

*) Includes franchising income

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

EUR mill.	30.6.2017	Restated	
		30.6.2016	31.12.2016
Discontinued operations			
Profit/loss for the financial period from discontinued operations			
Income	57.4	75.2	140.6
Expenses	64.5	85.0	150.9
Profit/loss before and after taxes	-7.0	-9.9	-10.3
Profit/loss relating to the sales of Retail Russia after income tax		10.0	14.6
Result from discontinued operation	-7.0	0.1	4.3
Cash flows from discontinued operations			
Cash flow from operations	-6.3	-9.2	-8.8
Cash flow from investments	-0.9	2.9	1.8
Cash flow from financing			
Cash flow total	-7.2	-6.3	-7.1
Discontinued operations, assets classified as held for sale and relating liabilities			
Intangible assets and property, plant and equipment	6.0		
Inventories	3.9		
Current receivables			
Current liabilities		4.0	
Net assets	9.9	-4.0	
Other assets classified as held for sale and the relating liabilities			
Intangible assets and property, plant and equipment	183.1	0.4	
Inventories		12.3	
Other receivables	0.7	2.9	
Cash and cash equivalents	1.3	0.1	
Other liabilities	6.5	18.3	
Net assets	178.5	-2.6	

KEY FIGURES OF THE GROUP

	30.6.2017	30.6.2016	31.12.2016
Equity ratio, %	46.9	46.0	48.3
Net gearing, %	76.5	76.2	68.3
Cash flow from operating activities per share, year-to-date, EUR	-0.41	-0.29	0.58
Interest-bearing net debt, EUR mill.	787.9	778.0	736.4
Number of shares at the end of the period, thousands	72 049	72 049	72 049
Weighted average number of shares, undiluted and diluted, thousands	72 049	72 049	72 049
Market capitalisation, EUR mill.	545.7	387.8	509.6
Operating profit/loss, % of turnover *)	-2.1	-1.6	2.4
Equity per share, EUR	14.32	14.19	14.99
Return on equity, rolling 12 months, %	-1.5	-12.6	-0.3
Return on capital employed, rolling 12 months, %	1.3	-4.6	1.8
Average number of employees, converted to full-time equivalents *)	5 378	6 050	5 955
Capital expenditure, year-to-date, EUR mill.	15.7	19.5	44.2

*) Continuing operations, comparison figures restated

DEFINITIONS OF KEY FIGURES:

Equity ratio, %	= 100 x	$\frac{\text{Equity total}}{\text{Total assets} - \text{advance payments received}}$
Net gearing, %	= 100 x	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents} - \text{interest-bearing receivables}}{\text{Equity total}}$
Interest-bearing net debt	=	Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables
Market capitalisation	=	Number of shares multiplied by the quotation for the respective share series on the balance sheet date
Earnings per share	=	$\frac{\text{Result for the period attributable to the parent company's shareholders} - \text{tax-adjusted interest on hybrid bond}}{\text{Average number of shares}}$
Return on equity, %	= 100 x	$\frac{\text{Result for the period (12 months)}}{\text{Equity total (average over 12 months)}}$
Return on capital employed, %	= 100 x	$\frac{\text{Result before taxes} + \text{interest and other financial expenses}}{\text{Capital employed (average over 12 months)}}$
Capital employed	=	Total assets – deferred tax liabilities and other non-interest-bearing liabilities (average over 12 months)
Equity per share	=	$\frac{\text{Equity attributable to the parent company's shareholders}}{\text{Number of shares on the balance sheet date}}$
Cash flow from operating activities per share	=	$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares}}$

EXCHANGE RATES OF EURO

Closing rate for the period	30.6.2017	30.6.2016	31.12.2016
RUB	67.5449	71.5200	64.3000
NOK	9.5713	9.3008	9.0863
SEK	9.6398	9.4242	9.5525
Average rate for the period	1.1.–30.6.2017	1.1.–30.6.2016	1.1.–31.12.2016
RUB	62.7434	78.3784	74.1780
NOK	9.1783	9.4223	9.2919
SEK	9.5964	9.3007	9.4674

INFORMATION PER QUARTER

Consolidated income statement per quarter		Restated	Restated	Restated	Restated	Restated	Restated	Restated
EUR mill.	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Continuing operations								
Revenue	281.3	216.9	348.0	263.9	320.7	243.2	374.5	289.1
Other operating income	0.0	0.0	0.0	0.6	0.6	0.0	0.0	0.0
Materials and consumables	-123.4	-101.2	-153.6	-114.4	-137.5	-114.8	-176.0	-133.5
Wages, salaries and employee benefit expenses	-59.1	-58.4	-68.6	-60.4	-70.8	-70.6	-75.3	-66.2
Depreciation, amortisation and impairment losses	-14.9	-15.0	-15.2	-14.1	-14.5	-13.5	-19.0	-17.0
Other operating expenses	-69.3	-67.4	-78.2	-70.8	-81.0	-70.6	-101.0	-79.6
Operating profit/loss	14.6	-25.1	32.3	4.8	17.5	-26.4	3.2	-7.3
Financial income	-0.3	0.6	-0.1	0.2	0.3	0.4	0.6	-0.2
Financial expenses	-10.5	-5.2	-9.0	-5.3	-5.0	-4.7	-7.7	-4.7
Total financial income and expenses	-10.8	-4.6	-9.1	-5.0	-4.7	-4.3	-7.2	-4.9
Profit/loss before tax	3.8	-29.7	23.2	-0.2	12.8	-30.6	-3.9	-12.2
Income taxes	-4.9	2.8	-2.3	-5.2	-8.2	3.0	-16.3	5.1
Profit/loss from continuing operations	-1.1	-26.9	20.9	-5.4	4.6	-27.6	-20.2	-7.1
Profit/loss from discontinued operations	-4.3	-2.7	6.0	-1.8	-6.3	6.4	-70.2	-9.5
Net profit/loss for the period	-5.4	-29.6	26.9	-7.2	-1.7	-21.2	-90.4	-16.5

Earnings per share per quarter		Restated	Restated	Restated	Restated	Restated	Restated	Restated
EUR	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
From continuing operations (undiluted and diluted)	-0.03	-0.39	0.27	-0.09	0.05	-0.40	-0.28	-0.10
From the period's result (undiluted and diluted)	-0.09	-0.43	0.36	-0.12	-0.04	-0.31	-1.26	-0.23

Segment information per quarter		Restated	Restated	Restated	Restated	Restated	Restated	Restated
EUR mill.	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Revenue								
Lindex	162.1	123.2	171.3	156.1	175.6	130.2	184.6	166.4
Stockmann Retail	109.1	83.7	167.1	99.2	136.7	105.2	183.0	116.3
Real Estate	16.8	17.0	15.7	14.9	14.7	14.8	14.4	15.0
Unallocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Eliminations	-6.9	-7.0	-6.1	-6.3	-6.4	-7.1	-7.5	-8.7
Group total	281.3	216.9	348.0	263.9	320.7	243.2	374.5	289.1
Operating profit/loss								
Lindex	12.6	-14.7	19.6	15.7	28.1	-8.5	20.5	15.3
Stockmann Retail	-2.6	-14.7	12.5	-16.1	-14.2	-21.3	-0.7	-25.5
Real Estate	6.6	6.4	4.6	5.1	5.4	6.0	1.7	4.5
Unallocated	-2.0	-2.1	-4.4	0.2	-1.8	-2.6	-18.2	-1.6
Group total	14.6	-25.1	32.3	4.8	17.5	-26.4	3.3	-7.3

Information on market areas		Restated	Restated	Restated	Restated	Restated	Restated	Restated
EUR mill.	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Revenue								
Finland	108.1	81.3	161.1	103.3	137.1	102.9	178.3	119.2
Sweden*) and Norway	127.7	97.4	136.2	122.8	140.6	103.9	145.8	129.8
Baltic countries, Russia and other countries	45.5	38.2	50.7	37.8	43.0	36.4	50.4	40.0
Group total	281.3	216.9	348.0	263.9	320.7	243.2	374.5	289.1
Finland %	38.4%	37.5%	46.3%	39.2%	42.8%	42.3%	47.6%	41.2%
International operations %	61.6%	62.5%	53.7%	60.8%	57.2%	57.7%	52.4%	58.8%
Operating profit/loss								
Finland	-3.0	-16.0	6.7	-12.4	-12.0	-21.5	-20.2	-24.0
Sweden*) and Norway	13.1	-9.5	18.7	16.0	27.4	-2.6	22.6	18.6
Baltic countries, Russia and other countries	4.4	0.5	7.0	1.2	2.0	-2.2	1.0	-1.9
Group total	14.6	-25.1	32.3	4.8	17.5	-26.4	3.3	-7.3

*) Includes franchising income

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	30.6.2017	30.6.2016	31.12.2016
Mortgages on land and buildings	1.7	1.7	1.7
Pledges and guarantees	5.3	11.2	11.4
Liabilities of adjustments of VAT deductions made on investments to immovable property	12.4	14.9	15.4
Total	19.3	27.8	28.5
Hybrid bond			
On 17 December 2015 Stockmann issued a hybrid bond of EUR 85 mill. The accrued interest on the bond at the end of period was:	2.7	3.5	6.8
Lease agreements on the Group's business premises, EUR mill.	30.6.2017	30.6.2016	31.12.2016
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	150.0	127.0	127.8
After one year	573.2	617.9	581.2
Total	723.2	744.9	708.9
Group's lease payments, EUR mill.	30.6.2017	30.6.2016	31.12.2016
Within one year	0.7	0.6	0.7
After one year	0.9	1.1	0.9
Total	1.5	1.6	1.6
Group's derivative contracts, EUR mill.	30.6.2017	30.6.2016	31.12.2016
Nominal value			
Currency derivatives	482.8	507.5	469.3
Electricity derivatives	1.4	1.7	1.8
Total	484.2	509.2	471.1

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	30.6.2017	30.6.2016	31.12.2016
Acquisition cost at the beginning of the period	2 361.7	2 331.8	2 331.8
Fair value change from revaluation of the real estates	0.0	-0.1	47.9
Translation difference +/-	-11.1	-23.0	-34.3
Increases during the period	15.7	19.5	44.2
Decreases during the period	-4.1	-11.3	-27.9
Transfers between items during the period	0.0	0.0	0.0
Transfers to non-current assets classified as held for sale	-216.5	1.0	
Acquisition cost at the end of the period	2 145.8	2 317.8	2 361.7
Accumulated depreciation and impairment losses at the beginning of the period	-432.7	-397.6	-397.6
Translation difference +/-	3.0	0.6	-0.3
Depreciation on reductions during the period	3.2	7.8	24.4
Accumulated depreciation on transfers to non-current assets classified as held for sale	28.9	-0.7	
Depreciation, amortisation and impairment losses during the period	-29.9	-29.2	-59.2
Accumulated depreciation and impairment losses at the end of the period	-427.5	-419.1	-432.7
Carrying amount at the beginning of the period	1 929.0	1 934.1	1 934.1
Carrying amount at the end of the period	1 718.2	1 898.7	1 929.0

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

Goodwill, EUR mill.	30.6.2017	30.6.2016	31.12.2016
Acquisition cost at the beginning of the period	735.6	764.7	764.7
Translation difference +/-	-6.7	-19.0	-29.1
Acquisition cost at the end of the period	729.0	745.6	735.6
Carrying amount at the beginning of the period	735.6	764.7	764.7
Carrying amount at the end of the period	729.0	745.6	735.6

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

Financial assets, EUR mill.	Level	Carrying amount 30.6.2017	Fair value 30.6.2017	Carrying amount 30.6.2016	Fair value 30.6.2016	Carrying amount 31.12.2016	Fair value 31.12.2016
Derivative contracts, hedge accounting applied	2	0.0	0.0	1.3	1.3	2.0	2.0
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	2.8	2.8	6.1	6.1	5.5	5.5
Electricity derivatives	1						
Financial assets at amortised cost							
Non-current receivables		6.8	6.8	10.0	10.0	7.2	7.2
Current receivables, interest-bearing		1.4	1.4	1.1	1.1	1.6	1.6
Current receivables, non-interest-bearing		56.4	56.4	62.0	62.0	51.1	51.1
Cash and cash equivalents		11.3	11.3	18.0	18.0	20.2	20.2
Available-for-sale financial assets	3	0.3	0.3	5.6	5.6	5.5	5.5
Financial assets, total		79.0	79.0	104.1	104.1	93.2	93.2

Financial liabilities, EUR mill.	Level	Carrying amount 30.6.2017	Fair value 30.6.2017	Carrying amount 30.6.2016	Fair value 30.6.2016	Carrying amount 31.12.2016	Fair value 31.12.2016
Derivative contracts, hedge accounting applied	2			0.3	0.3	0.1	0.1
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	3.6	3.6	0.5	0.5	2.7	2.7
Electricity derivatives	1	0.1	0.1	0.4	0.4	0.2	0.2
Financial liabilities at amortised cost							
Non-current interest-bearing liabilities	2	387.0	387.3	522.9	523.8	525.3	529.7
Current liabilities, interest-bearing	2	416.9	420.2	283.0	283.7	236.5	237.0
Current liabilities, non-interest-bearing		161.1	161.1	186.6	186.6	200.4	200.4
Financial liabilities, total		968.7	972.2	993.9	995.5	965.1	970.1

The Group uses the following hierarchy of valuation techniques to determine and disclose the fair value of financial instruments:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2: The valuation techniques use as input data quoted market prices which are regularly available from stock exchanges, brokers or pricing services. Level 2 financial instruments are over-the-counter (OTC) derivative contracts which are classified either for recognition at fair value on the income statement or as hedging instruments.

Level 3: Techniques, which require most management's judgment.

There were no transfers between levels during the financial year.

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

Change in fair value of available-for-sale financial assets, EUR mill.	30.6.2017	30.6.2016	31.12.2016
Carrying amount Jan. 1	5.5	5.4	5.4
Translation difference +/-	-0.1	0.2	0.3
Sale of shares	0.0	0.0	-0.2
Write off related to the investment in Cooperative	-3.8		
Transfers to non-current assets held for sale	-1.4	0.0	
Total	0.3	5.6	5.5



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