



STOCKMANN IN 2014

The Stockmann Group's revenue was down by 5.5 per cent at comparable exchange rates, to EUR 1 844.5 million. Operating result, excluding non-recurring items, was EUR -42.9 million. A major strategy process was started in 2014, with the aim of improving Stockmann's long-term competitiveness. Several structural measures will be taken in 2015 to improve profitability.

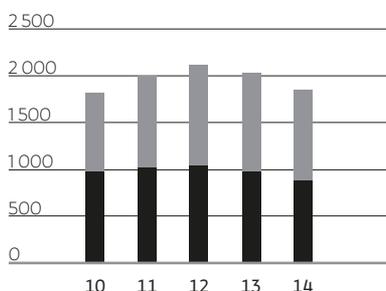
Key figures

	2014	2013	2012	2011	2010
Revenue, EUR mill.	1 844.5	2 037.1	2 116.4	2 005.3	1 821.9
Revenue growth, %	-9.5	-3.7	5.5	10.1	7.3
Gross margin, %	46.6	48.6	49.5	48.7	49.9
Operating result, EUR mill.	-82.2	54.4	87.3	70.1	88.8
Net financial costs, EUR mill.	21.4	27.6	32.4	34.4	14.6
Result before taxes, EUR mill.	-103.6	26.8	54.9	35.7	74.2
Result for the period, EUR mill.	-99.8	48.4	53.6	30.8	78.3
Earnings per share, undiluted, EUR	-1.39	0.67	0.74	0.43	1.10
Equity per share, EUR	10.55	12.42	12.40	12.11	12.45
Dividend paid, EUR mill.	0*	28.8	43.2	35.9	58.3
Dividend per share, EUR	0*	0.40	0.60	0.50	0.82
Cash flow from operating activities, EUR mill.	29.6	125.4	123.7	66.2	91.8
Capital expenditure, EUR mill.	53.8	56.8	60.3	66.0	165.4
Net gearing, %	105.4	87.3	90.9	95.3	87.7
Equity ratio, %	39.3	43.8	42.8	42.2	43.1
Number of shares, undiluted, weighted average, thousands	72 049	72 049	71 945	71 496	71 120
Return on capital employed, %	-4.9	3.4	5.1	4.1	5.8
Personnel, average	14 533	14 963	15 603	15 964	15 165

* Board proposes to the Annual General Meeting that no dividend be paid on the 2014 result.

REVENUE 2010-2014

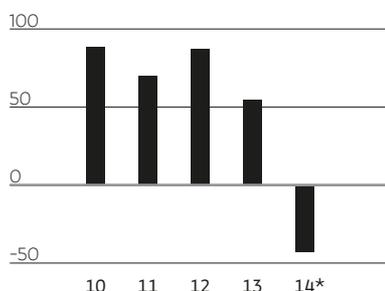
EUR mill.



Finland International operations

OPERATING RESULT 2010-2014

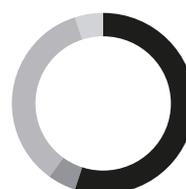
EUR mill.



* Excluding non-recurring items

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REVENUE by division 2014



55% Stockmann Retail
5% Hobby Hall
35% Lindex
5% Seppälä

REVENUE by market 2014



48% Finland
28% Sweden and Norway
15% Russia
9% Baltic countries and Central Europe

REVENUE by merchandise area 2014



68% Fashion and cosmetics
15% Food
8% Leisure
7% Home
2% Books, publications, stationery

THREE DIVISIONS

Stockmann has three business divisions as of the beginning of 2015: Stockmann Retail, Real Estate and Fashion Chains. The Group has a total of 16 department stores and over 650 fashion stores in 16 countries and five online stores. In 2015 the operations will expand to the United Kingdom when Lindex's first store will open in London in March.

Stockmann Retail

Department stores

FINLAND	RUSSIA	BALTICS
Helsinki	St. Petersburg	Tallinn
Jumbo	Moscow	Riga
Itis	Mega South	
Tapiola	Mega North	
Tampere	Mega East	
Turku	Metropolis	
Oulu	Rostokino	
	Ekaterinburg	

Online stores

STOCKMANN.COM
Finland
AKATEEMINEN.COM
Finland
HOBBYHALL.FI
Finland

Real Estate

Properties

FINLAND	RUSSIA	BALTICS
Helsinki	St. Petersburg	Tallinn
		Riga

The new Real Estate division aims at increasing the value of Stockmann's property assets.

Fashion Chains

Lindex

STORES		
Sweden	212	
Norway	101	
Finland	59	
Russia	22	
Estonia	10	
Latvia	7	
Lithuania	9	
Czech Republic	22	
Slovakia	5	
Poland	6	
Iceland	3*	
Bosnia-Herzegovina	5*	
Croatia	2*	
Serbia	3*	
Saudi Arabia	20*	
United Arab Emirates	2*	

Seppälä**

STORES	
Finland	129
Estonia	19
Latvia	9
Lithuania	7
Russia	12

Online stores

LINDEX.COM
EU countries
Norway
SEPPALA.FI
Finland

Purchasing offices

Bangladesh
India
China
Pakistan
Turkey

* Franchising stores.

** Part of the Stockmann Group until 1 April 2015.

Status at 31 December 2014.



For Investors

Stockmann plc shares are listed on NASDAQ Helsinki. The company has approximately 55 000 shareholders.

Annual General Meeting

The 2015 Annual General Meeting of the shareholders of Stockmann plc will be held on Thursday 19 March 2015 at 14.00 in the Concert Hall of Finlandia Hall at the address Mannerheimintie 13, Helsinki, Finland.

The Annual General Meeting approves the company's financial statements, decides on the dividend and the election of members of the Board of Directors, among other things.

Registrations for the meeting must be received no later than on 13 March 2015 at 16.00 on the company's website or by telephone +358 20 770 6891. Those shareholders are entitled to participate in the Annual General Meeting, who have been entered on 9 March 2015 as shareholders in the Shareholder Register kept by Euroclear Finland Ltd.

Financial publications

Stockmann publishes financial releases and the annual report in Finnish, Swedish, and English. The printed annual report will be posted to those who have ordered it specially. The report can also be found as an online version on the company's website.

IR CALENDAR IN 2015

19 March 2015

Annual General Meeting

29 April 2015

January–March interim report

12 August 2015

January–June interim report

28 October 2015

January–September interim report

Read more on matters related to the Annual General Meeting on the company's website,

stockmanngroup.com

- Notice to the Annual General Meeting
- Registration for the Annual General Meeting
- Proposals for the Annual General Meeting

READ MORE >>



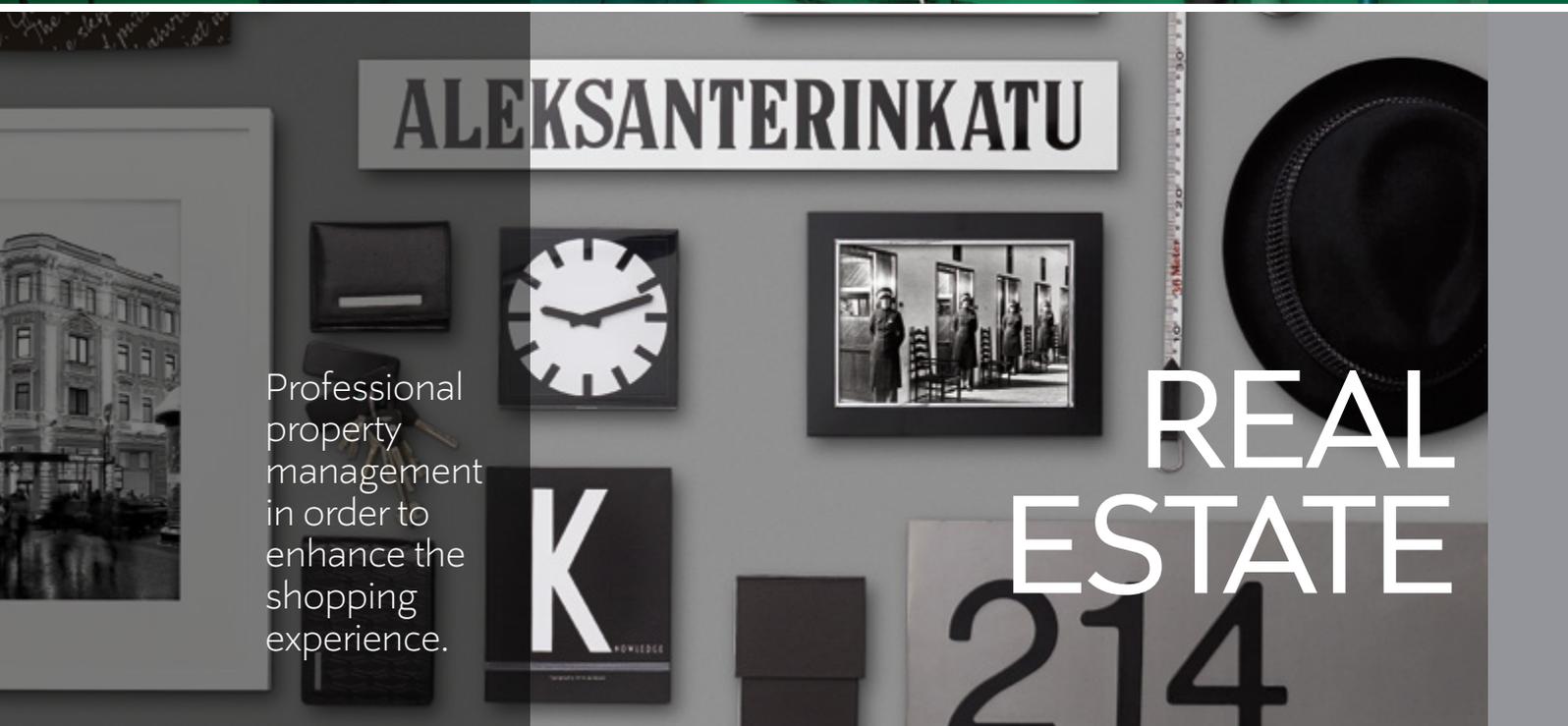
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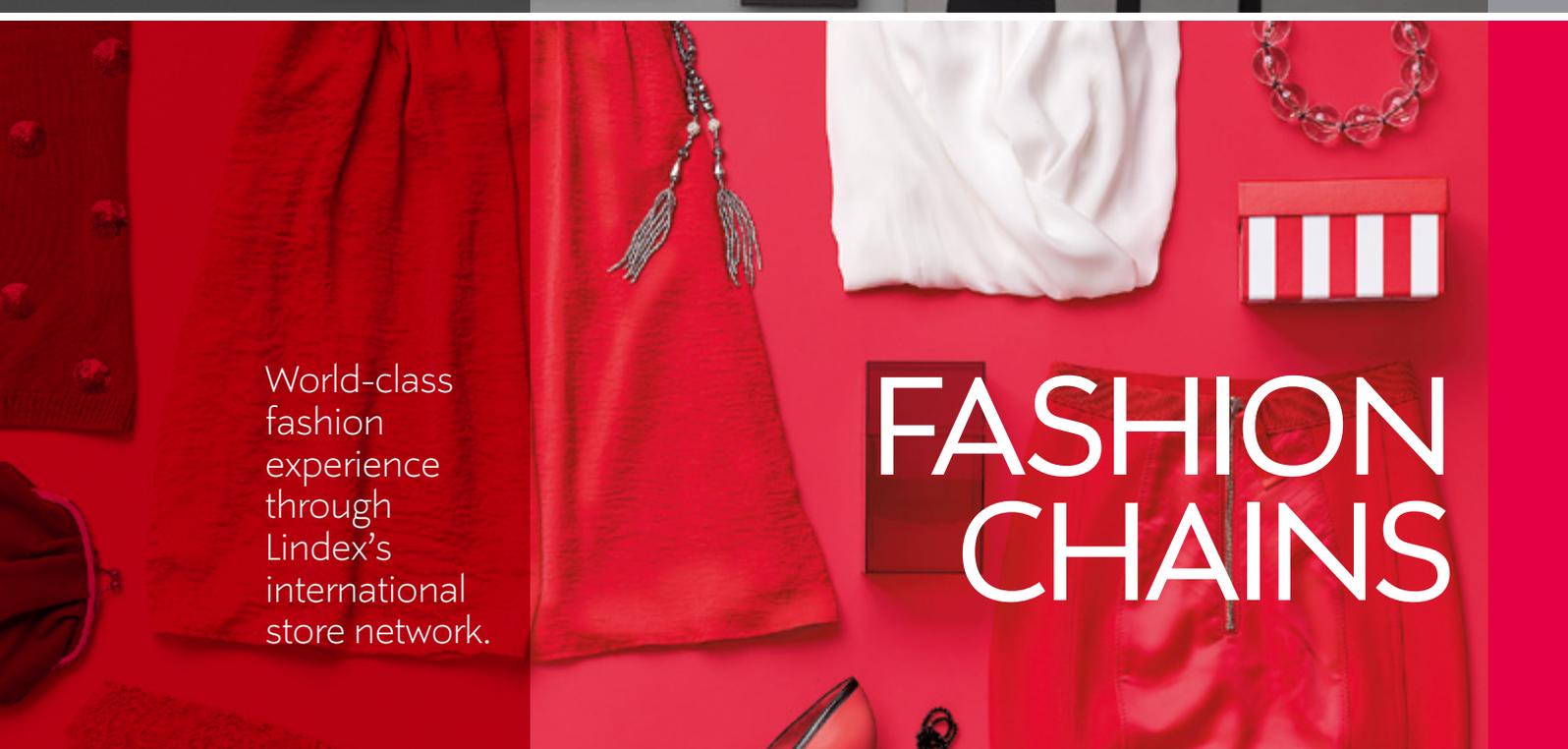
Top-notch shopping experience in inspirational department and online stores.

STOCKMANN RETAIL



Professional property management in order to enhance the shopping experience.

REAL ESTATE



World-class fashion experience through Lindex's international store network.

FASHION CHAINS

A year of change

FEBRUARY
02

Stockmann announced the construction of a **NEW DISTRIBUTION CENTRE** to serve its Finnish and Baltic department stores and its online retail business. The distribution centre will be located at Jussla in Tuusula, Finland, and will be completed in 2016.

JEAN PAUL GAULTIER

Lindex continued its successful collaboration with top international designers. Its partner for autumn 2014 was fashion icon *Jean Paul Gaultier*. The campaign starred top model *Karen Elson*.

APRIL
04

Stockmann continued its *long-term work to improve the transparency and monitoring of its supply chain*. Stockmann published a list of the factories used in making its own brand fashion products.

The Jean Paul Gaultier for Lindex collection included a specially designed bracelet, the proceeds from which were donated in full to breast cancer research. Lindex and its customers collected a record total of

1.4
million euros.

Lindex has been a principal sponsor of the campaign for a total of 12 times already.

MAY
05

Stockmann announced that it had begun a process of *reviewing and revising its strategy*, covering all the Group's activities in all markets. The aim is to improve Stockmann's **LONG-TERM COMPETITIVENESS AND PROFITABILITY**.





AUGUST
08

Stockmann launched its Customer Expert programme, inviting customers to take part in the debate about the future development of the company. The survey attracted around 20 000 responses, and Stockmann's personnel also took part in the development work.



SEPTEMBER
09

Refurbishment of the **WOMEN'S SHOE DEPARTMENT** in Stockmann's Helsinki city centre department store was completed, providing customers with a spacious and bright new department on the 4th floor featuring more than 80 different shoe brands.

A new **OPERATING MODEL FOCUSING ON SALES** was established for the department stores in Finland. In the new model, work hours are focused around the busiest hours of trading and administration and support services are centralised. A centralised customer service centre was also set up.

SEPTEMBER
09

Lindex
60
YEARS

Lindex celebrated its 60th anniversary in September. The occasion was celebrated in Gothenburg, Sweden, with 1 600 invited guests and a wonderful fashion show.



OCTOBER
10

PER THELIN was appointed as Stockmann's new

CEO

in October and took up his duties on 10 November 2014. Stockmann's long-serving CEO *Hannu Penttilä* relinquished his duties in August and he retired on 31 December 2014.

OCTOBER
10

Stockmann announced that it is to examine the strategic alternatives for its *Hobby Hall* and *Seppälä* businesses as part of the company's strategy process.

NOVEMBER
11

The renovated and enlarged Stockmann store in Tampere opened on 14 November. The department store **GAINED AN ADDITIONAL 4 000 SQUARE METRES**, bringing its retail space to a total of 15 000 square metres. The most significant changes are in *women's and men's fashion* and in the *cosmetics and Delicatessen departments*.



DECEMBER
12

Stockmann's new strategic direction was announced. The first actions have been taken and the strategy will be further elaborated during the first half of 2015.



AUGUST
08

Lindex announced in August that it will open its first store in the fashion-focused metropolis of London in March 2015.

LONDON

Updated strategy establishes a new direction



CHAIRMAN KAJ-GUSTAF BERGH

Why did Stockmann's Board of Directors start the strategy work in summer 2014?

Due to rapid changes in the retail market and the weakening performance, Stockmann's Board of Directors decided to introduce a full strategy revision. In this process all of Stockmann's current business operations in all markets were reviewed and their competitive edges and operating models were redefined.

How would you summarize the key challenges and achievements of the strategy work?

The biggest challenge has clearly been the market situation, which has been very difficult for a prolonged period and unfortunately shows no signs of improvement. The strategy revision work started in summer 2014, and since then the market has continued to weaken. The situation is challenging because we are planning for the future and at the same time we also need to take rapid measures to secure the current financial result.

A rewarding achievement has been to see the commitment of the Stockmann employees to the strategy work and the needed changes.

What is the added value of Stockmann's new structure and the new business divisions?

The division of operations into Stockmann Retail and Real Estate will enable us to concentrate on our core competence: Stockmann Retail on the department stores and online business and Real Estate on managing and developing the properties. By establishing the Real Estate division Stockmann wants to maximise the value of its property assets and also increase the transparency in the financial reporting.

In the Fashion Chains division we will focus on Lindex, which has big potential for development into a truly world-class fashion brand. Lindex's new operational Board of Directors is strongly focusing on find the resources and actions that are required to develop the brand further.

These strategic decisions are steps in the right direction to improve Stockmann's competitiveness and profitability in the long term.

CEO PER THELIN

What are the next steps in the strategy process?

We are now scaling up the actions to implement the new strategy. The enhanced shopping experience will be visible for our customers in stages from spring 2015 onwards. For example, the future selections of Stockmann department stores and the online store will have a stronger focus on fashion, cosmetics, home products and food. This means that we will withdraw from some product categories, such as electronics, during 2015, and attractive tenants will complement our own product offering.

An important step in implementing the strategy is a review of the current department store network and potential decisions to close some department stores. The market situation is particularly worrying in Russia where the weak development has resulted in losses in our Russian department stores. Operations in Russia have played a key role in Stockmann's strategy. Under these circumstances, we must re-evaluate our future market presence in the country.

What are the key issues that Stockmann needs to achieve to succeed in implementing the strategy?

The cornerstones of Stockmann's strategy renewal are enhanced customer focus, optimised scope of operations, a strong partnership between Stockmann Retail and Real Estate, and an agile, efficient organisation. With these Stockmann's goal is to restore profitable earnings performance, return to a growth track, and produce added value for both customers and shareholders.

Strategy is all about making choices and changes. We will succeed in implementing the strategy if we succeed in maintaining the employees' commitment to making the changes. In this respect, I know that we have a winning team.

When do you think that the turnaround will be achieved?

We have taken many decisions in line with our new strategic direction and all of them focus on securing the turnaround and enabling Stockmann's profitability in the future. I believe that the new strategy and its practical actions will take us in the right direction, although the turnaround will not happen overnight.

What can we expect in 2015?

The year 2015 will continue to be challenging regarding the market situation but also in view of the many changes yet to come in our company. However, I believe that we are on the right track. We have made mistakes, analysed the results, and learned from this.

I would like to thank all our stakeholders and especially our customers and our personnel for your patience and trust in a challenging situation. Our most important goal is to be worthy of your loyalty.

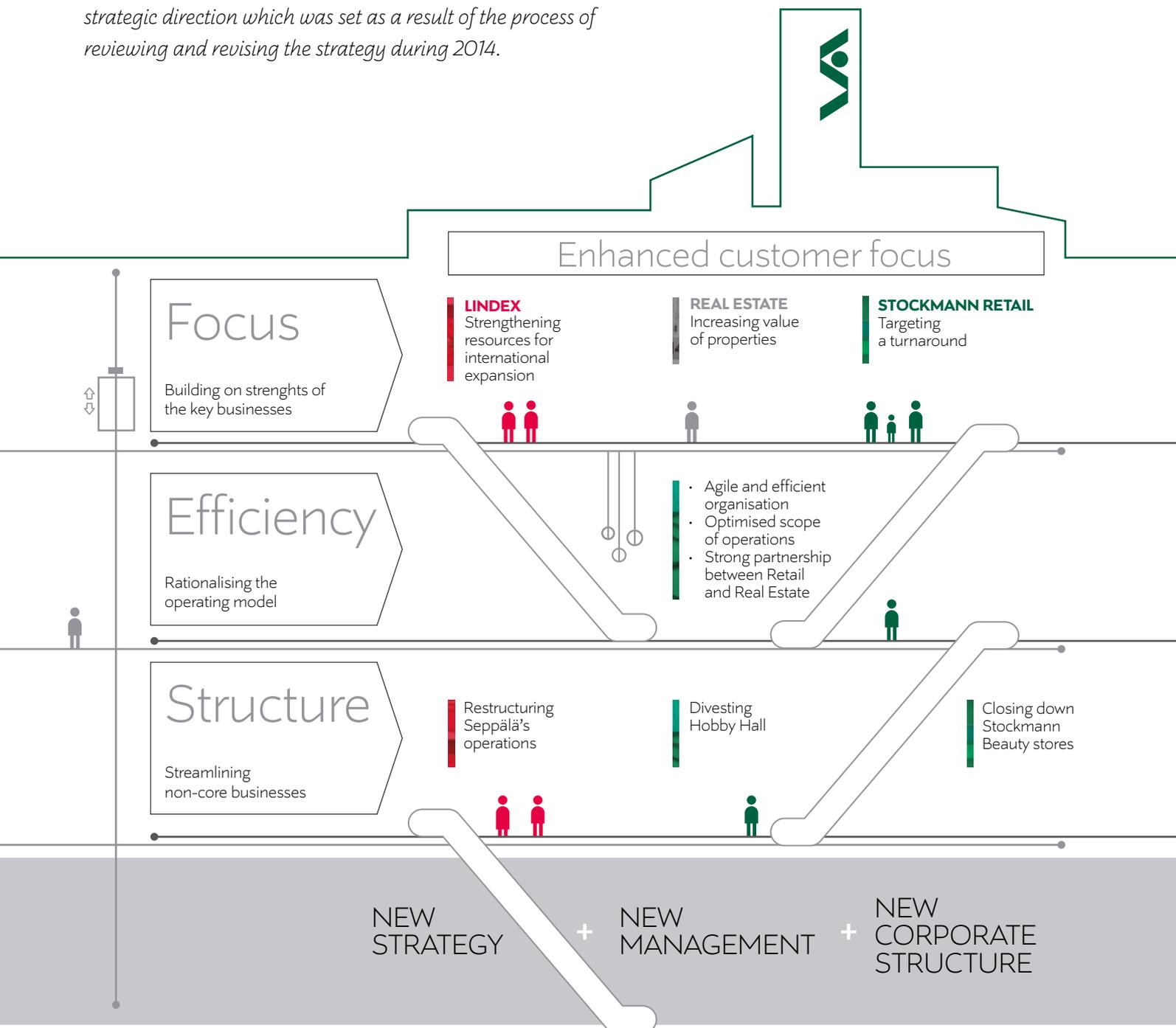
*Strategy is
all about making
choices and
changes.*

Per Thelin



Placing the inspirational customer experience at the core

Stockmann's long-term goal is to offer first-class shopping experiences and to ensure that it is worthy of its customers' trust every day, in all service situations and channels. This is the new strategic direction which was set as a result of the process of reviewing and revising the strategy during 2014.



The retail market, the competitive environment and the behaviour of consumers have all changed significantly during the past years. In the summer 2014 Stockmann launched a strategy process focusing purposefully on renewal and on increasing the company's competitiveness. The strategy renewal covers all of the Group's business activities and all countries of operation. Significant strategic business directions were drafted during the year and the main features of the company's new direction were defined.

New organisational structure

As of the beginning of 2015 the Stockmann Group consists of three divisions: Stockmann Retail, Real Estate and Fashion Chains. The new structure more accurately represents the different operating models of the retail and real estate businesses. The new arrangement will help the units to focus more on their core competence. The aim is to also improve the efficiency of operations and the transparency of

“The new structure more accurately represents the different operating models of the retail and real estate businesses.”

reporting, to clarify decision-making and responsibilities and to enhance the use of space, improving the customer shopping experience.

The Stockmann Retail division comprises the Stockmann department stores, the Academic Bookstore, their online stores (Stockmann.com, Akateeminen.com) and Hobby Hall. The Real Estate division comprises the properties owned by the Group in Helsinki, St Petersburg, Tallinn and Riga. These properties are used by the Stockmann department stores and external tenants. The Fashion Chains division currently comprises Lindex and Seppälä.

Focus on core competence

Stockmann took the decision to discontinue those business operations which are not considered to have the potential for profitable growth as part of the Stockmann Group. In autumn 2014 Stockmann announced that it was seeking a new owner for the distance retailer Hobby Hall.

The measures taken to improve Seppälä's profitability were unsuccessful, so Stockmann decided to considerably downsize the operations in Finland and Estonia, and to discontinue Seppälä's operations in Russia, Latvia and Lithuania by the end of 2015. In early 2005 Stockmann decided to sell Seppälä in a management buyout which is led by Seppälä's current CEO Eveliina Melentjeff. The memorandum of understanding was signed on 2 February 2015 and the transaction is estimated to take place on 1 April.

Stockmann Beauty stores will be closed down during spring 2015, as the chain's sales have declined and the Stockmann online store delivers cosmetics products throughout Finland.

Stockmann will now focus on its strong core competence, which will also create a foundation for new growth. With the restructuring measures, Stockmann is aiming to achieve growth through its key business, namely its department stores and online store, and through the properties it owns. In the Fashion Chains division the focus will increasingly be on supporting Lindex's international growth. Lindex will be developed independently and an operational Board of Directors, containing new independent members, was elected for Lindex for this purpose in October.

New strategy into action in 2015

The process of renewing Stockmann Retail's strategy was begun by analysing Stockmann's current situation. An extensive assessment of operations was carried out, both internally and externally, to ensure Stockmann's competitiveness in the new market conditions.

The cornerstones of Stockmann's strategy renewal are enhanced customer focus, optimised scope of operations, a strong partnership between Stockmann Retail and Real Estate, and an agile and efficient organisation. This will allow Stockmann to turn its earnings performance around, returning it to a growth track, and to produce added value for customers and owners.

The strategy work will continue according to plan and the Group's new strategy will be presented in more detail in spring 2015. Stockmann's long-term financial targets will be redefined during 2015. In the meantime, Stockmann has already established the direction that is expected to offer the best possible success in the next few years in the current market conditions. Actions that are in line with the new strategy, and the results of these activities, will be visible to customers and stakeholders from spring 2015 onwards. Stockmann wishes to continue to offer its customers a first-class shopping experience.

STOCKMANN
RETAIL'S NEW VALUE
PROPOSITION

Best-in-class
SERVICE

Up-to-date
mix of
BRANDS
& choices

Truly
rewarding
LOYALTY

READ MORE  **More information** regarding Stockmann's new strategy and the decisions taken at stockmanngroup.com/strategy

Responsibility work in Stockmann's operations

Corporate Social Responsibility is taken into account along the entire value chain, from responsible supply chain and employee wellbeing to energy and material efficient operations. We are committed to sustainable development, and we offer our customers responsible shopping experiences.

Responsible supply chain

Responsible, transparent and traceable product supply chain



DESIGN & BUYING

6 local purchasing offices in main production countries in Asia provide close communications with production

WE ENGAGE IN RESPONSIBLE BUYING PRACTICES for both own brands and international brand products

MATERIALS

Sustainable materials such as organic cotton and recycled fibers play an increasing role



17.1

million products from sustainable materials



PRODUCTION

Code of Conduct covers all operations, including the supply chain

Member of BSCI initiative to improve working conditions since 2005

Community projects in production countries such as SWAR for water

205

own factory audits to producing factories

216

BSCI factory audits to producing factories

125

additional Accord inspections in Bangladesh

WE ARE TRANSPARENT: our suppliers and factories are listed on our websites



TRANSPORT

Sea freight is the main mode of transport for our own production



STAKEHOLDERS & SOCIETY

Commercial charity campaigns with our customers, resulting in e.g.

1.4
million euro for Pink Ribbon

USE & RECYCLING

See tips for reducing environmental impact at lindex.com

Clothes take-back campaign in
50
Lindex stores in Sweden



See more about the CSR work in the report which will be published in March 2015.

Customer orientation

Over **20 000** responses to Stockmann's customer survey

WE PLACE INSPIRATIONAL CUSTOMER EXPERIENCE AT THE CORE

8.4
million loyal customers

Employment & wellbeing

383.3
million euro paid staff costs

Over **116 500** hours of training and education

Products & product safety

Selection of over **1 700** ORGANIC PRODUCTS in Stockmann Delicatessen

COUNTRY OF MANUFACTURE marked in our own fashion products labeling

WE EXCEEDED OUR TARGET OF 95%

99.2% SORTING RATE in department stores in Finland

Energy & material efficiency

WE SET EMISSION TARGETS to reduce the carbon footprint of our operations

Financial profitability

Corporate governance

Read more about current CSR topics at stockmanngroup.com/CSR



STOCKMANN RETAIL

Inspirational CUSTOMER EXPERIENCE

Stockmann Retail will focus on its omnichannel combination of department stores and the Stockmann online store. Its goal is to offer a top-notch shopping experience for customers by providing best-in-class service, an up-to-date mix of brands and choices and a rewarding Loyal Customer programme. The product selection is targeted particularly at customers who value convenience, quality and inspiration.

REVENUE
EUR mill.

1101.2

1 232.6 (2013)

CAPITAL EXPENDITURE
EUR mill.

28.9

26.9 (2013)

PERSONNEL

8 229

8 955 (31 Dec 2013)

2014 was a difficult year for Stockmann's Department Store Division. The Finnish retail market declined and consumer confidence was low throughout the year. Challenges in Stockmann's own operations meant that the department stores' revenue in Finland declined by more than the market, 10 per cent, despite the growth in Stockmann's online store. In the Baltic countries, it was a relatively good year and revenue grew 2 per cent. In Latvia trade was boosted when the country joined the euro, and the department store in Riga was Stockmann's most successful store in 2014.

Russia's economic growth stagnated in 2014. The rouble sank to a record low, significantly reducing the revenue in euros and weakening the purchasing power of Russian consumers. The revenue of Stockmann's department stores in Russia rose slightly in roubles, but the exchange rate trend meant that the revenue in euros declined by 15 per cent. The division's total revenue fell 11 per cent and was EUR 1101.2 million in total. As a consequence of the decline in revenue, the Department Store Division's operating result, excluding non-recurring items, was a loss of EUR 34.2 million.

New structure for increased transparency and focus

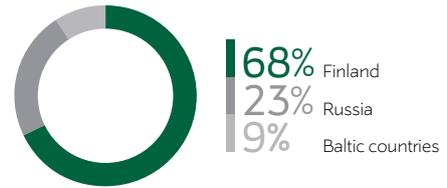
In autumn 2014 a decision was made to split the Stockmann Department Store Division into two parts, Stockmann Retail and Real Estate, as of 1 January 2015. Stockmann is looking for a new owner for its distance retailing company Hobby Hall, which is part of the Department Store Division. Stockmann Retail will focus on developing the department stores and online store, and the key goal of department store operations in the coming years will be to return the company to profitable operation.

The operations of the Nevsky Centre shopping centre in St Petersburg were stable in 2014. In spite of the poor economic conditions, the utilisation rate of the premises was high and rental income grew. The new Real Estate division will manage the shopping centre and develop the tenant mix and concept in the future.

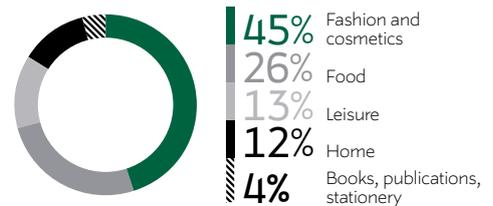
Efficiency with new operating models

During 2014, structural changes were implemented in the Department Store Division. A new sales-oriented operating model was established for the department stores in Finland in early autumn. Administration and support services were centralised, the number of supervisors was reduced and the working hours of sales staff were focused around the busiest hours of trading. A centralised customer contact centre was set up to take care of customer services provided over the telephone and through online channels. The goal of the new operating model is to establish an organisation that is able to focus fully on sales and customer service and achieve cost savings. Stockmann's sup-

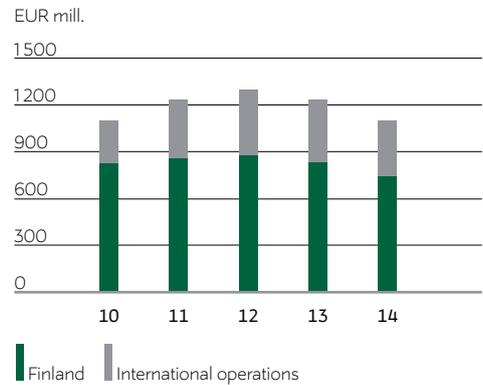
STOCKMANN RETAIL, REVENUE BY MARKET 2014



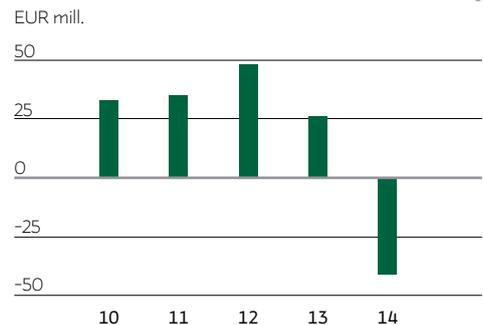
STOCKMANN RETAIL, REVENUE BY MERCHANDISE AREA 2014



STOCKMANN RETAIL, REVENUE 2010–2014



STOCKMANN RETAIL, OPERATING RESULT 2010–2014



port functions were also streamlined during the year with the aim of reducing costs.

The new enterprise resource planning system, which had already been introduced in the Baltic countries, Russia and the Academic Bookstore, was implemented in full during 2014 when the system was introduced in the rest of Finland in May. The introduction posed challenges for the delivery and availability

of products at department stores, particularly in the summer. The system's main shortcomings were resolved during the latter part of the year.

Stockmann has decided to invest in a new, automated distribution centre for its Finnish and Baltic operations, in order to more efficiently serve Stockmann's department and online stores in Finland and the Baltic countries. The centre will be completed in 2016. In addition to operational improvements, the aim is to reduce personnel, delivery and real estate costs.

Enhanced shopping environment

Stockmann wishes to offer its customers a shopping environment that provides an inspirational customer experience. During the year, refurbishments were carried out at the Finnish department stores, for example in the women's shoe department in the Helsinki flagship store and in the Helsinki Academic Bookstore by opening a colourful world of books for children.

The enlargement and renovation project at the Tampere department store was completed in November. Many new brands were added to the selections and efforts were also made to make shopping easier for customers with the help of clear displays and new escalators and lifts.

The project for constructing new premises for Stockmann's department store in Tapiola, Espoo, proceeded when Espoo's City Board approved the suggested alterations to the town plan in June. According to the latest plans, Stockmann will open a department store, based on its new concept, in Tapiola in 2017.

The Stockmann online store was developed during the year by adding cosmetics products to the product selection and introducing one-time consumer credit as a new payment alternative in the autumn. The store was given a fresh new look and new functions were

added to improve the usability of the website, such as being able to chat with a cosmetics advisor. Online marketing was also increased during the year. In September, online Loyal Customer catalogues were introduced, enabling customers to make online purchases directly through the catalogue.

Defining the future

During autumn 2014 the focus was on creating a new strategy for Stockmann Retail. The strategy renewal started off with a broad analysis of the market and Stockmann's current situation such as customer groups, product selection, service experience, and supply chain. The personnel analysed Stockmann as a working community and provided feedback on the current situation and suggestions for improvement. An important part of the process was the Customer Expert survey for loyal customers in Finland, and its results.

Following the analysis stage, measures to ensure Stockmann's competitiveness in the new market conditions were examined. Several strategy working groups were set up, and later the groups came up with plans to develop operations.

The strategy work is continuing, but the main principles of the future direction have been decided. Stockmann's new product selection will focus more on fashion, cosmetics, home products and Stockmann Delicatessen. In the future tenants will complement the product selection for customers. As a consequence, a decision was made to discontinue Stockmann's own electronics merchandise and start cooperation with an external tenant. Stockmann's goal is to focus on the success factors of its department stores, such as best-in-class customer service, an up-to-date mix of brands and choices and a rewarding Loyal Customer programme.

3.4

MILLION LOYAL CUSTOMERS

Customer analysis and listening to customer wishes was a big part of the strategy analysis, as loyal customers bring

75%

of the department stores' total revenue.

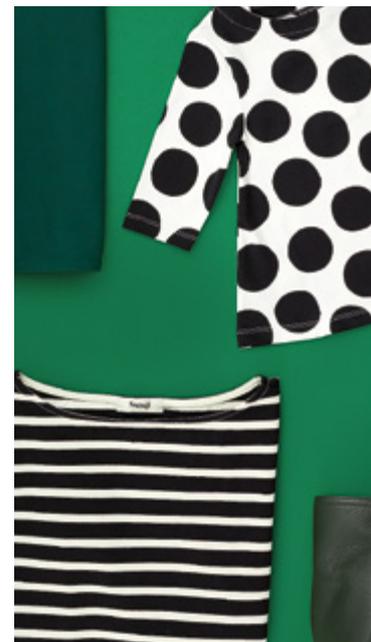
Searching for a new owner for

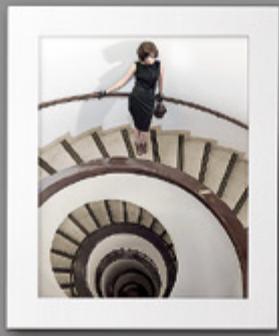
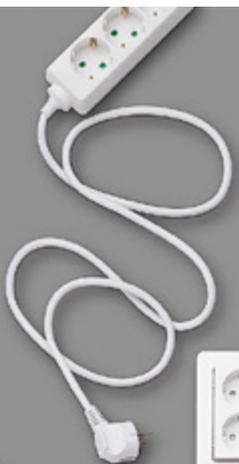
HOBBY HALL

Hobby Hall is one of Finland's leading distance retailers with over half a million loyal customers. Hobby Hall comprises an online store, accounting for about two thirds of total revenue, mail order operations, a customer service centre and a store in Tammisto in Vantaa, Finland. In 2014 Hobby Hall's revenue was EUR 97.6 million.

Over the decades, many of the products that the 50-year-old Hobby Hall has offered to Finnish consumers have become top-sellers. Stockmann acquired Hobby Hall in 1985, and even then it was the country's largest mail order company. In 2010, Hobby Hall was integrated into the Stockmann Department Store Division's distance retailing unit, which also included the stockmann.com and akateeminen.com online stores.

In autumn 2014, during the strategy planning process, Stockmann made a decision to focus on its online store under its own brand in the Stockmann Retail unit. As a consequence, Stockmann is seeking a new owner for Hobby Hall's operations. The divestment process is expected to continue until spring 2015.





ALEKSANTERINKATU

402



214



ALEXANDERSGATAN



REAL ESTATE

Efficient USE OF SPACE

The new Real Estate division started operations on 1 January 2015. The unit is responsible for the properties owned by the Group in Helsinki, St Petersburg, Tallinn and Riga. The properties are used by the Stockmann department stores and external tenants.

The Real Estate division is responsible for the tenant mix in the properties owned by Stockmann, for the administration and development of these properties and for the subletting of leased premises. The division is also responsible for the properties' technical systems and the property services provided to tenants at all department stores.

The goal of the new division is to complement and improve the selection of products and services that Stockmann provides to customers and to significantly enhance the use of space and property administration, thus maximising the value of the properties and the rental income they produce.

MARKET VALUE
EUR mill.

908.3
1 Jan 2015



FASHION CHAINS

Focus ON LINDEX

In 2014, the Fashion Chains division comprised of two fashion chains, Lindex and Seppälä. In the future, the division will focus strongly on Lindex and on its development and growth, while Seppälä's operations will be sold in a management buyout in spring 2015. Lindex offers world-class fashion experiences to a wide range of customers, both through its brick and mortar and online stores. In March 2015 Lindex will expand to United Kingdom where it will open its first store in London.

REVENUE
EUR mill.

743.2

805.2 (2013)

CAPITAL EXPENDITURE
EUR mill.

21.4

24.7 (2013)

PERSONNEL

6 091

6 345 (31 Dec 2013)

The Fashion Chain Division had 666 stores at the end of 2014. The division's revenue was down 8 per cent, to EUR 743.2 million in 2014. Lindex had 491 stores at the end of the year and its revenue in local currencies was on a par with 2013. Due to currency effects, euro-denominated revenue was down 5 per cent, to EUR 650.6 million. The performance was mixed: revenue grew in Norway and the newest markets but declined in Sweden, Finland and Estonia. Seppälä's store network was down by 34 stores during the year, and its revenue was down 21 per cent.

Operating result declined in both fashion chains in 2014. Lindex's operating profit was EUR 30.8 million, while Seppälä made an operating loss of EUR 27.2 million, excluding non-recurring items. Based on its strategy process, Stockmann decided in autumn 2014 to focus its resources on Lindex, which the company considers to have the best development potential.

60th anniversary year

2014 was a significant milestone for Lindex. Since its founding in 1954, the company has continued to grow, develop and set itself challenges, producing successful collections and campaigns. As a result, Lindex has established itself as a leading European fashion chain.

In 2014, Lindex focused on building a foundation for its future. In honour of the anniversary year, its values were renewed and the brand was clarified. The renewed values will guide Lindex towards the goal and vision: to create unique customer experiences and offer customers world-class fashion. These changes have created a solid foundation for the further development of a successful fashion brand.

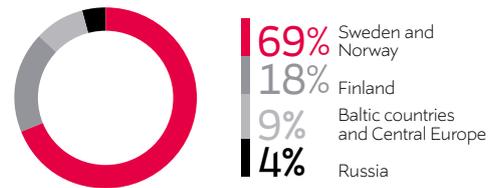
Lindex's anniversary year culminated in a wonderful fashion show held at the 60th anniversary party in September. The anniversary year was promoted with impressive customer campaigns throughout the year, and design collaboration with Jean Paul Gaultier in October.

Attractive fashion concept

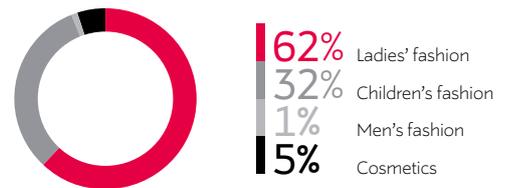
Lindex offers inspiring and affordable fashion to fashion-conscious women through its stores and the online store. The stores are at the core of the Lindex brand. The concept covers stores' interior decoration, customer service, and product display with a wide selection of merchandise. The online store completes the physical stores and offers customers both inspiration and opportunities to shop.

Collections are continuously developed in accordance with the latest trends in fashion and the changing needs of customers. Lindex's selection includes

FASHION CHAINS, REVENUE BY MARKET 2014



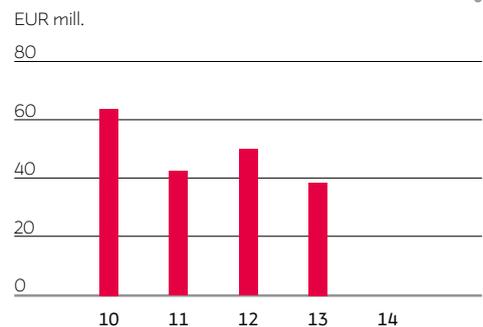
FASHION CHAINS, REVENUE BY MERCHANDISE AREA 2014



FASHION CHAINS, REVENUE 2010–2014



FASHION CHAINS, OPERATING RESULT 2010–2014



women's and children's wear, lingerie and accessories. The men's collection as well as the maternity collection MOM are available in the online store.

In 2014, Lindex focused on developing its lingerie collection. A new lingerie concept, called Bra-volution, was launched during the year. The models in the campaign were Lindex employees, and special attention was paid on how the products were displayed in stores and presented in the campaign. Customer service and improving the expertise of salespersons was also in focus, and achieved very good results. As a result, lingerie was the most successful product category in 2014.

International expansion continues

Lindex's concept has proven successful also internationally and the intention is to continue further expanding the operations both in the existing and new markets. The aim of the chain is to be a truly international world-class brand. Lindex currently has 455 own stores in 10 countries and 36 franchising stores with four franchising partners in six countries and an online store available in 28 European countries. The franchising business model offers Lindex an opportunity to enter new markets at low risk and with efficient use of capital.

In spring 2015 Lindex will enter a new country when it opens its first store in London, one of the world's greatest cities of fashion, in March. The store will be opened in Westfield Stratford City, which is one of Europe's largest shopping centres. The new store is an important step in reinforcing the Lindex brand and continues the international expansion of the fashion chain. The Lindex online store has already been launched in the UK, ensuring that products are available to customers also outside London.

Lindex's franchising partnership with the Chinese company Suning was cancelled in March 2014 but Lindex is still investigating opportunities to enter the Chinese market, either independently or with a franchising partner. In February 2015 Lindex made a decision to withdraw its operations from Russia. Lindex is continuing to survey expansion opportunities in other markets.

In the future, Lindex will be developed independently of the rest of the Stockmann Group. A new operational Board of Directors was appointed for AB Lindex in the autumn 2014. The members of the new Board have very strong experience in retail trade, fashion and internationalisation. Three of the Board's members represent Stockmann and three are independent. The new Board and the chosen strategic direction will support Lindex's goal to be an international fashion brand and expand successfully on international markets.

491

STORES

Lindex has 455 own stores in 10 countries, 36 franchising stores in 6 countries and an online store available in

28

EUROPEAN COUNTRIES

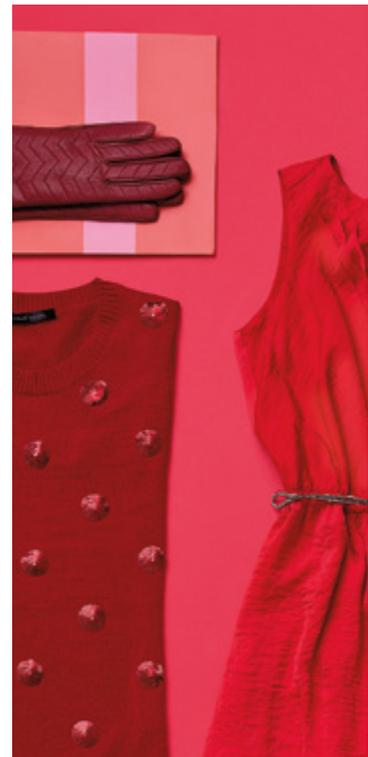
SEPPÄLÄ

will again be a family business

For the past 80 years Seppälä has offered fashion to its customers. Founded in 1930, Seppälä has grown to be one of Finland's biggest fashion chains. In 2014, its revenue was EUR 92.6 million with 175 stores at the end of the year. Despite numerous measures to attract more visitors to its stores, increase sales and improve profitability, Seppälä's operating loss continued to increase in 2014.

To pull Seppälä out of the declining trend, Stockmann decided in autumn 2014 to significantly adjust operations in Seppälä's principal markets. In total 41 stores were decided to close down in Finland, and personnel reductions were made also in the Seppälä headquarters and warehouse. A decision was made to pull out of Latvia, Lithuania and Russia in 2015. As a result, the fashion chain will continue with a network of around 100 stores in Finland and Estonia.

Stockmann decided in early 2015 to sell the business of Seppälä in a management buyout which is led by Seppälä's current CEO Eveliina Melentjeff. The memorandum of understanding was signed on 2 February 2015 and the transaction is estimated to take place on 1 April. The agreement will secure the Seppälä brand's long heritage and sustain a business which employs around 500 people in Finland and around 100 in Estonia. The Seppälä story will continue as a family business, with the Finnish customer in focus.



Corporate Governance Statement of the Stockmann Group

In its decision-making and corporate governance, Stockmann complies with the Finnish Limited Liability Companies Act, the Finnish Corporate Governance Code issued by the Securities Market Association, the rules of the company's Articles of Association, the NASDAQ Helsinki Guidelines for Insiders, and other applicable legislation and rules. The Corporate Governance Code can be accessed on the website of the Securities Market Association at cgfinland.fi. Stockmann complies with all the Code's recommendations.

Stockmann plc's Corporate Governance Statement for the 2014 financial year has been compiled in accordance with recommendation 54 of the Finnish Corporate Governance Code. The statement and up-to-date information on the company's corporate governance are also accessible on the company's website, stockmanngroup.com, under 'Governance'. The Corporate Governance Statement covers the governing bodies of the parent company Stockmann plc, which are responsible for the Group's administration and operations. These governing bodies are the General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer (CEO). The Statement also deals with the election and working processes of the Board of Directors, the Board Committee's duties and responsibilities, Stockmann's management structure, and the remuneration of the Board and senior management. In addition, Stockmann publishes a Remuneration Statement in accordance with the Code's requirements. The

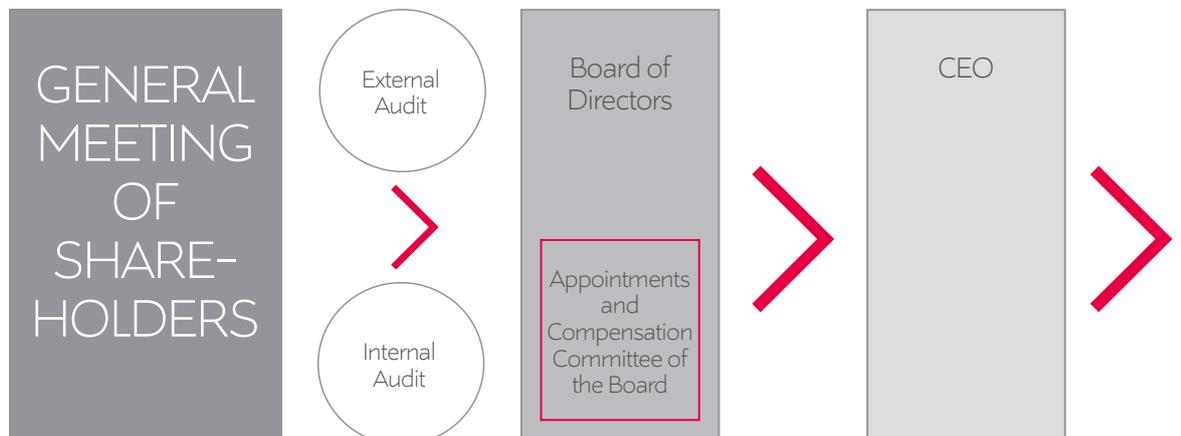
Remuneration Statement is available on the company's website, stockmanngroup.com.

General Meeting of Shareholders

The highest decision-making body of Stockmann plc is the General Meeting of Shareholders. Each year, the company's financial statements are presented to the Annual General Meeting for its approval, and the Meeting decides on the disposal of the profit in the confirmed balance sheet, the election and remuneration of members of the Board of Directors and the release of the members of the Board of Directors and the CEO from liability.

The Annual General Meeting is held each year before the end of June. The Annual General Meeting for 2014 was held on 18 March 2014 in Helsinki. All the members of the Board of Directors and the company's auditors were present at the Annual General Meeting. There were 696 shareholders present

Corporate Governance model of Stockmann



personally or represented by proxy at the Meeting, representing 57.19 per cent of the company’s registered share capital and 69.09 per cent of the votes.

Stockmann has two series of shares: A shares and B shares. Each A share entitles its holder to ten votes at a General Meeting, and each B share to one vote. The Notice of General Meeting, the meeting documents and the Board of Directors’ proposals to be put to the meeting are available to shareholders at least three weeks prior to the meeting at the company’s headquarters and on the company’s website at stockmanngroup.com.

Board of Directors

Under Stockmann’s Articles of Association, the company’s Board of Directors must have at least five and no more than nine members. Board members are elected for a term of one year, starting from the Annual General Meeting in which they are elected and ending at the conclusion of the subsequent Annual General Meeting. The Articles of Association do not contain any restrictions on the election of Board members.

The Board of Directors elects a chairman and vice chairman from amongst its members.

At the end of 2014, the company’s Board of Directors was composed of eight members elected by the 2014 Annual General Meeting. The members who were re-elected to the Board were Eva Liljeblom, Kari Niemistö, Per Sjödel, Kjell Sundström, Charlotta Tallqvist-Cederberg, Carola Teir-Lehtinen and Dag Wallgren. Managing director Kaj-Gustaf Bergh was elected as a new member, and at the Board’s organisational meeting he was also elected chairman. Christoffer Taxell, LL.M. (b. 1948) was the chairman of the Board until the 2014 Annual General Meeting.

Board member Kjell Sundström has an employment contract with the company and has served as Chief Strategy Officer since 26 May 2014. The other Board members have no employment or service contract with the company. Board Chairman Kaj-Gustaf Bergh acted as Stockmann plc’s temporary CEO in the period 26 August to 9 November 2014, in tandem with his own position.

The company’s Board of Directors also has two personnel representatives. They are not Board members but have the right to be present and to speak at

Board meetings. At the end of 2014 the personnel representatives on the company’s Board of Directors were Rita Löwenhild and Pauli Tikka.

The members of the Board must be qualified for their duties and have sufficient time to carry out their Board work. The majority of Board members must also be independent of the company, and at least two of these members must also be independent of major shareholders of the company. The Board of Directors is considered to have a quorum when more than half of its members are present. Decisions are made by majority vote. In the event of a tie, the chairman has the casting vote.



Additional information on the members of the Board of Directors is available on pages 26–27 of the Annual Report.

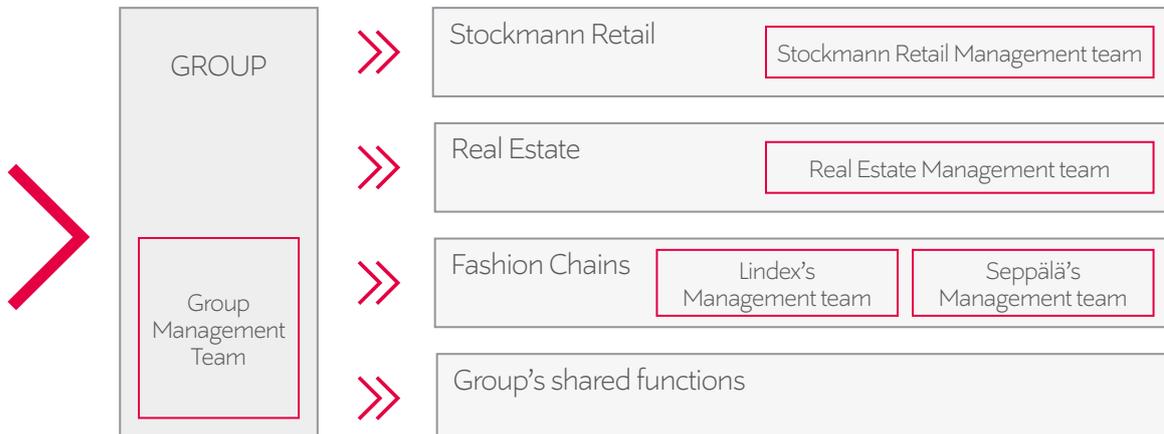
DUTIES OF THE BOARD

The duties and responsibilities of the Board of Directors and its committees are determined by the Articles of Association, the Limited Liability Companies Act and other applicable legislation. The Board of Directors attends to the company’s administration and ensures the appropriate organisation of its operations. The Board must also ensure that supervision of the company’s accounting and financial management is appropriately arranged.

The Board of Directors has adopted rules of procedure, which can be viewed on the company’s website, stockmanngroup.com. The rules of procedure define the principles governing the Board’s composition and method of election, its tasks, decision-making procedure and meeting practices as well as the principles for evaluating the Board’s performance.

It is the Board’s duty to promote the interests of the company and all of its shareholders. In order to carry out its duties, the Board:

- directs and oversees the company’s management
- appoints and discharges the company’s CEO
- approves the CEO’s service agreement and other benefits
- approves the salaries and other benefits of the members of the Group Management Team



- approves the company's risk management principles
- assesses and approves the company's long-term strategic and financial objectives
- approves the business and strategic plans and assesses their implementation
- approves the annual budget
- decides on significant individual investments and corporate and property acquisitions
- decides on the company's dividend distribution policy and makes proposals to the General Meeting of Shareholders concerning the dividend to be paid
- convenes General Meetings of Shareholders

In 2014 the main areas of the Board's work were the assessment of the Group's strategy and working on and approving a new strategy.

In accordance with its rules of procedure, the Board conducts an annual self-evaluation of its operations and working practices under recommendation 7 of the Finnish Corporate Governance Code. The results of the evaluation are used to develop the Board's working processes.

BOARD MEETINGS

The Board of Directors convenes in accordance with a pre-confirmed timetable and when necessary. The meeting timetable is based on the timetable for the company's financial reporting. In addition, the Board convenes for such occasions as a strategy meeting.

The following representatives of the company's management regularly attend Board meetings: the CEO, the Executive Vice President, the Directors of the Stockmann Retail, Real Estate and Fashion Chain Divisions, the Development Director and the Director of Legal Affairs, who acts as secretary at the meeting. Two personnel representatives who are not members of the Board of Directors also attend Board meetings. One of these representatives is elected by the staff representatives of Stockmann's Group Council and the other by the association representing Stockmann's senior salaried employees. The Board of Directors convened 18 times in 2014. The rate of attendance was 98 per cent.

Board committees

The Board has established an Appointments and Compensation Committee from amongst its members. The Committee attends to the duties specified for appointments committees in recommendations 28–30, and for remuneration committees in recommendations 31–33, of the Finnish Corporate Governance Code. The Board of Directors attends to the duties specified for audit committees in recommendations 24–27 of the Code. The Board Committee assists the Board by preparing matters that are within the Board's jurisdiction and reports to the Board annually. The Board has approved rules of procedure for the Committee, defining the Committee's duties and responsibilities. The rules of procedure can be viewed on the company's website at stockmanngroup.com.

The duties of the Appointments and Compensation Committee are the preparation of appointment and remuneration matters concerning the CEO, the Exec-

utive Vice President and the other members of the Group Management Team, and preparations concerning the election and remuneration of members of the Board of Directors for proposal to the General Meeting of Shareholders. The Committee meets as necessary, but at least once a year.

The Board of Directors appoints the members of the Committee and its chairman annually. The Appointments and Compensation Committee comprises four members of the Board of Directors, all of whom are independent of the company. At its meeting of 18 March 2014, the Board of Directors elected managing director Kaj-Gustaf Bergh as the Committee's chairman, and managing director Kari Niemistö, Charlotta Tallqvist-Cederberg, M.Sc.(Econ.), and managing director Dag Wallgren as the other members of the Committee. The CEO is also entitled to attend the Committee's meetings.

In February 2015 the Committee gave the Board its proposals for the Annual General Meeting to be held on 19 March 2015. Under the proposals Managing Director Torborg Chetkovich and M.Sc. (Econ.) Jukka Hienonen would be appointed as new Board members. Professor Eva Liljebloom and Chief Strategy Officer Kjell Sundström are no longer available for membership of the company's Board of Directors. It is proposed that the other members of the Board of Directors be re-elected.

In addition, the Committee proposes that the annual remuneration of the members of the Board of Directors remain at the present level. It is proposed that the Chairman of the Board be paid EUR 1 000 and each Board member be paid EUR 500 as a meeting remuneration for each meeting of the Board of Directors, the Chairman of the Audit Committee be paid EUR 1 000 and each member be paid EUR 700 as a meeting remuneration for each meeting of the Audit Committee, and the Chairman and each member of the Appointments and Compensation Committee be paid EUR 500 as a meeting remuneration for each meeting of the Committee. About 50 per cent of the annual remuneration will be paid in company shares and the rest in cash. There are no special conditions concerning ownership of the shares. Stockmann plc is responsible for the statutory social security and pension costs of non-Finnish members of the Board in accordance with the applicable national law.

In addition, the Committee proposes that Henrik Holmbom, Authorized Public Accountant and Marcus Tötterman, Authorized Public Accountant, be elected as auditors. It is proposed that KPMG Oy Ab, a firm of Authorized Public Accountants, be re-elected as deputy auditor.

In 2014, the Appointments and Compensation Committee convened one time, and the attendance rate was 100 per cent.

The Board of Directors proposes that the 2015 Annual General Meeting appoints a Shareholders' Nomination Board to prepare proposals on the composition and remuneration of the Board of Directors to the next Annual General Meeting in accordance with the following: The Shareholders' Nomination Board would consist of representatives elected by each of the four largest shareholders. In addition, the Chairman of

the Board of Directors would serve as an expert member. The four largest shareholders would be determined by the voting rights of their shareholdings, according to the shareholders' register maintained by Euroclear Finland Ltd., as per the first working day of September preceding the Annual General Meeting. The Shareholders' Nomination Board would be convened by the Chairman of the Board of Directors and it would elect a chairman from among its members.

Chief Executive Officer

Per Thelin, B.Sc.(Econ.), has been Stockmann's CEO since 10 November 2014. Having held the position of CEO since 2001, Hannu Penttilä, LL.M., relinquished his duties on 26 August 2014 and retired on 31 December 2014 as set out in his agreement.

The Board of Directors appoints the company's CEO and decides on the terms and conditions of the post. These terms and conditions are set forth in a written CEO agreement. Information on the CEO's remuneration and the terms and conditions of his post is available on page 25.

The CEO is in charge of the company's governance and operational management in accordance with the instructions and regulations issued by the Board of Directors. He is also responsible for developing general strategic and business plans for presentation to the Board.

Other executives

The Board of Directors appoints the Group's Executive Vice President(s) and the other members of the Group Management Team. Headed by the CEO, the Group Management Team is responsible for directing operations and for preparing strategic and financial plans. The Management Team's main duties are drawing up and implementing the Group strategy and the divisions' strategies, and financial forecasts, earnings development and investments. The Group's divisions have their own management teams that assist the Director of the respective division.

As of 1 November 2014, the Group Management Team has ten members. The Management Team comprises: Per Thelin, CEO; Pekka Vähähyppä, CFO, also Executive Vice President of the company since 6 November 2008; Jouko Pitkänen, Director, Stockmann Retail; Björn Teir, Director, Real Estate; Ingvar Larsson, Director, Fashion Chains, also CEO of Lindex; Lauri Veijalainen, Deputy Director, Real Estate, also Development Director for the Group's international operations; Heini Pirttijärvi, HR Director; Tove Westermarck, Development Director; Kjell Sundström, Chief Strategy Officer; and Jukka Naulapää, Director, Legal Affairs, also secretary of the Management Team. The Management Team members report to the CEO.

The Group Management Team members' personal details, key professional experience and main positions of trust, and the management's remuneration and holdings of shares and share options are presented in the following pages.

Internal control and Internal Audit

The implementation of internal control is the responsibility of the Board of Directors. The objective of internal control is, among other things, to ensure the

efficiency and profitability of operations, the reliability of information and adherence to rules and regulations. Internal control is a part of day-to-day management and the company's administration.

An essential part of internal control is the Internal Audit, which operates as an independent unit under the CEO and reports its observations to the Board of Directors. The Internal Audit unit supports the Group's management in directing operations by evaluating the efficiency of business activities, risk management and internal control, and by providing management with information and recommendations for enhancing efficiency in these areas. Internal Audit also audits the business and financial reporting processes. The Internal Audit Charter has been approved by Stockmann's Board of Directors. Internal Audit's operations are based on risk assessment and an emphasis on the development of business operations.

Risk management

The goal of risk management is to secure the Group's earnings development and to ensure that the company operates without any disturbances by controlling risks in a cost efficient and systematic manner in all divisions. The Board of Directors has approved the company's risk management principles, which concern all of the Stockmann Group's divisions and areas of business.

Stockmann's Board of Directors and the Group Management Team regularly evaluate the risk factors to which business operations are exposed and the sufficiency of risk management actions as part of the strategy process. Risk management is supported by internal control systems and guidelines. Risk management guidelines have been drawn up separately for the following areas, among others: IT and information security, finance operations, environmental issues, malpractice, security and insurance.

Stockmann's business is exposed to various risks that may have an adverse effect on the company's operations. The divisions' management teams are responsible for making financial and strategic plans in their own units; analysing business risks and evaluating actions is a part of strategy planning. Business risks are also analysed outside the strategic process, especially in connection with significant projects and investments, and are reported to the Board of Directors as needed.

The Group has a risk management steering group, whose task is to support business operations in recognising and managing such risks that may endanger or prevent Stockmann from achieving its strategic goals. The steering group, which comprises the company's Head of Internal Audit, Director of Legal Affairs and Group Consolidation Manager, reports its findings and recommendations to the Group Management Team.

Risk factors

Business risks comprise all the factors that may jeopardise or prevent the achievement of the strategic goals of the Group or an entity belonging to it. Stockmann's business risks are divided into three risk areas:

- Strategic risks, which refer to risk factors that are external to the company. Should they materialise,

ADDITIONAL INFORMATION

on the members of the Board of Directors, the CEO and the members of the Group Management Team, and the rules of procedure of the Board of Directors and its Appointments and Compensation Committee are available on the company's website,

stockmanngroup.com

they may have a major impact on the company's ability to operate and on profitability. Such risk factors include fundamental and unexpected changes in the market trend, decreasing purchasing power and the country-specific risk pertaining to Russia.

- Operative and accident risks, which refer to risks related to the company's functions. Should they materialise, they may lead to an interruption of business operations, inefficiency and unprofitability. Such risks include increasing competition, personnel, malpractice, ICT and information security risks, as well as risks related to the information used in decision-making.
- Financial risks, which, should they materialise, would adversely affect the Group's profit, balance sheet and liquidity. Financial risks, including risks arising from exchange rate and interest rate fluctuations, are managed in accordance with the risk policy confirmed by the Board of Directors.

In the current situation, uncertainties related to the general economic conditions and, in particular, consumers' purchasing power, and risks arising from fluctuations in exchange rates are estimated to be the primary risks that have already had an impact on Stockmann's operations. Risk factors and sources of uncertainty are explained in further detail in the Report by the Board of Directors on pages 30–34.

Main features of the risk management systems and internal control pertaining to the financial reporting process

The Board of Directors is responsible for the implementation of internal control in regard to financial reporting and also carries out the duties of an audit committee. The Group's Chief Financial Officer and the Finance and Control Department are responsible for the Group's financial reporting. Group-level directions are complied with in Stockmann's financial reporting. The reporting is based on information from commercial and administrative processes and data produced by the financial management systems. The Group's Finance and Control Department determines the control measures applied to the financial reporting process. These control measures include various

guidelines, process descriptions, reconciliations, and analyses used for ensuring the validity of the information used in the reporting and the validity of the reporting itself.

The financial reporting results are monitored and any anomalies in relation to forecasts or in comparison with the previous year's figures are analysed on a regular basis. Such analyses are used to detect any reporting errors and to produce materially accurate information on the company's finances.

The divisions and the Group's Finance and Control Department are responsible for the effectiveness of internal control within their own sphere of responsibility. The Group's Finance and Control Department is responsible for assessments of the reporting processes. The risk management process includes assessment of the risks pertaining to financial reporting, and the related management measures are determined as a part of the risk management process.

Auditors

The auditors appointed by the General Meeting audit the company's accounting, financial statements and administration. The company has a minimum of one and a maximum of three auditors, who have a minimum of one and a maximum of three deputies. The term of the auditors begins from the Annual General Meeting in which they were appointed, and ends at the close of the next Annual General Meeting.

The Annual General Meeting of 2014 re-appointed as the company's auditors Jari Härmälä, Authorised Public Accountant, who has served as Stockmann's regular auditor since 2007, and Anders Lundin, Authorised Public Accountant, who has served as Stockmann's regular auditor since 2013. Both auditors represent KPMG, Authorised Public Accountants. KPMG, Authorised Public Accountants was appointed as the deputy auditor. Currently, KPMG, Authorised Public Accountants acts as the Stockmann Group's auditor in all countries of operation and in all subsidiaries. In 2014, the fees relating to the auditing process amounted to EUR 0.6 million and the fees for tax counselling and other services to EUR 0.3 million.

Approved by the Board of Directors of Stockmann plc on 12 February 2015

Remuneration of members of the Board of Directors in 2014, EUR and shares

	Fixed annual fees*, EUR	Fees paid for attendance, EUR	Committee attendance fees, EUR	Remuneration in total, EUR	Number of shares	Share value, EUR
Kaj-Gustaf Bergh (Chairman)**	76 000	7 500	500	84 000	3266	36 480.00
Kari Niemistö (Vice Chairman)	49 000	8 500	500	58 000	2915	32 560.50
Eva Liljebloom	38 000	8 000		46 000	1121	12 521.00
Per Sjödel	38 000	8 500		46 500	2211	24 700.00
Kjell Sundström	38 000	2 000		40 000	1769	19 760.00
Charlotta Tallqvist-Cederberg	38 000	8 500	500	47 000	2449	27 360.00
Carola Teir-Lehtinen	38 000	8 500		46 500	1616	18 050.00
Dag Wallgren	38 000	8 000	500	46 500	1361	15 200.00
Christoffer Taxell***	-	1 000		1 000	-	-
Board members, total	353 000	60 500	2 000	415 500	16 708	186 631.50

* Around 50% of the annual fee is paid in company shares. ** Elected as a new member of the Board at the Annual General Meeting of 2014.

*** Board member until the Annual General Meeting of 2014.

Shares held by the members of the Board of Directors, 31 December 2014*

	Series A shares	Series B shares
Kaj-Gustaf Bergh (Chairman)*	1 077	11 094
Kari Niemistö (Vice Chairman)	3 168 650	1 030 525
Eva Liljebloom	257	9 942
Per Sjödel		4 327
Kjell Sundström		3 225
Charlotta Tallqvist-Cederberg		9 490
Carola Teir-Lehtinen		12 338
Dag Wallgren		5 350

* Including Stockmann plc shares owned by Board members personally or by related parties.

Kaj-Gustaf Bergh, Chairman of the Board of Directors, was paid a lump sum remuneration of EUR 75 000 for performing the duties of CEO in the period 26 August to 9 November 2014. Board member Kjell Sundström has an employment contract with the company and has served as Chief Strategy Officer since 26 May 2014. He was paid a fixed salary of EUR 216 000, with no fringe benefits, performance pay and supplementary pension cover. He has a fixed-term contract which ends in 2015, and there is no separate severance pay. Board member Per Sjödel was paid EUR 20 054 for acting as the Chairman of the Lindex Board of Directors.

Shares and share options held by the members of the Group Management Team, 31 December 2014*

	Series A shares	Series B shares	2010 A options	2010 B options	2010 C options
Per Thelin (CEO)					
Ingvar Larsson			10 000	6 600	6 600
Jukka Naulapää			12 000	8 000	12 000
Heini Pirttijärvi		2 024	10 000	6 600	6 600
Jouko Pitkänen		80			4 000
Björn Teir		28			
Lauri Veijalainen		1 225	18 000	12 000	12 000
Pekka Vähähyyppä		5 813	24 000	16 000	16 000
Tove Westermarck		1 000	10 000	6 600	6 600

* Including Stockmann plc shares and options owned by the Management Team members personally or by related parties.

Remuneration of the CEO and other Group Management Team members

EUR	2014	2013	EUR	2014	2013
CEO Hannu Penttilä			CEO Per Thelin		
Fixed salary	604 294	587 520	Fixed salary	60 518	
Performance pay	-	30 960*	Performance pay	-	
Fringe benefits	19 492	21 585	Fringe benefits	1 330	
Total	623 786	640 065	Total	61 848	
Voluntary pension contributions	-	87 375	Voluntary pension contributions	4 856	
Other Management Team members					
Fixed salary				2 301 162	1 749 436
Performance pay				-	58 344*
Fringe benefits				66 756	73 570
Total				2 367 918	1 881 350

* Performance pay for 2012 performance.

Terms and conditions of the CEO agreement

The financial benefits under Per Thelin's service agreement are his fixed basic salary, fringe benefits (incl. accommodation-related benefit in Helsinki) and, from 1 January 2015, performance pay tied to personal objectives. The performance pay may amount to no more than 42.5 per cent of the fixed basic salary.

Thelin's retirement age will be determined in accordance with Finnish employment pension legislation. The CEO's pension will accrue on the basis of the Employees' Pensions Act and the separate defined contribution pension insurance taken out by the company. In 2014, the insurance contribution was EUR 4 856.

If the company terminates the CEO agreement, the notice period will be 6 months, in addition to which the CEO will be entitled to a severance payment equivalent to 6 months' pay. If the CEO terminates his agreement, the notice period will be 3 months.

Board of Directors

Kaj-Gustaf Bergh

b. 1955
Finnish citizen
LL.M. B.Sc.(Econ.)



*Managing Director, Föreningen Konstsamfundet rf.
Chairman of the Board 2014–, member of the Board 2007–2013
Chairman of the Board's Appointments and Compensation Committee*

Independent of the company

Principal positions of trust:
Fiskars Corporation, member of the Board 2005–, Ramirent Plc, member of the Board 2004–; Sponda Plc, Chairman of the Board 2013–; Wärtsilä Corporation, member of the Board 2008–; Veritas Pension Insurance Company Ltd, member of the Board 2007–

Eva Liljeblom

b. 1958
Finnish citizen
D.Sc.(Econ.)



*Rector, Professor, Hanken School of Economics
Member of the Board 2000–*

Independent of the company and major shareholders

Principal positions of trust:
Municipality Finance Plc, chairman of the Board 2011–; Fennia Mutual Insurance Company, member of the Board 2003–; Veikkaus Oy, member of the Board 2010–

Kari Niemistö

b. 1962
Finnish citizen
M.Sc.(Econ.)



*Managing Director, Selective Investor Oy Ab
Vice Chairman of the Board 2012–, member of the Board 1998–
Member of the Board's Appointments and Compensation Committee*

Independent of the company and major shareholders

Principal positions of trust:
Ars Fennica Art Foundation, chairman of the Board 2004–; Raisio plc, member of the supervisory Board 2008–

Per Sjözell

b. 1972
Swedish citizen
M.Sc.(Econ.)



*Professional Board member
Member of the Board 2012–*

Independent of the company and major shareholders

Principal positions of trust:
Akademibokhandeln AB, member of the Board 2013–; Identity works, chairman of the Board 2013–; Lindex AB, chairman of the Board 2014–

Kjell Sundström

b. 1960
Finnish citizen
M.Sc.(Econ.)



*Chief Strategy Officer, Stockmann plc
Member of the Board 2013–*

Independent of major shareholders

Principal positions of trust:
Veritas Pension Insurance Company Ltd, chairman of the Board 2005–; Ab Yrkehögskolan vid Åbo Akademi, member of the Board 2006–; Stiftelsen Academica, Stockholm, member of the Board 2005–; Turku Science Park Oy, member of the Board 2011–

Charlotta Tallqvist-Cederberg

*b. 1962
Finnish citizen
M.Sc.(Econ.)*



*Managing Director,
CTC Consulting & Invest
Oy Ab
Member of the Board
2010–
Member of the Board’s
Appointments and
Compensation Committee*

Independent of the company

Principal positions of trust:
Handelsbanken Rahastoyhtiö
Oy, member of the Board
2012–; Hartwall Capital,
member of the Board 2014–

Carola Teir-Lehtinen

*b. 1952
Finnish citizen
M.Sc.*



*Professional
Board member
Member of the Board
2004–*

Independent of the company
and major shareholders

Principal positions of trust:
Sweco AB (publ), member of
the Board 2011–; Yliopiston
Apteekki, member of the Board
2013–; Arcada Foundation, vice
chairman of the Board 2011–;
WWF Finland, member of the
supervisory Board 2011–; The
Finnish Children and Youth
Foundation, member of the
Committee 2004–

Dag Wallgren

*b. 1961
Finnish citizen
M.Sc.(Econ.)*



*Managing Director,
Svenska litteratursällskapet
i Finland r.f.
Member of the Board 2011–
Member of the Board’s
Appointments and
Compensation Committee*

Independent of the company

Principal positions of trust:
Aktia Bank Plc, chairman of
the Board 2013–; Söderströms
& C:o förlags Ab, member of
the Board 2009–; Veritas
Pension Insurance Company
Ltd, member of the supervi-
sory Board 2012–

**Personnel
representatives**

At meetings of the Board of Directors, personnel representatives have the right to attend and to speak. They are not members of the Board of Directors.



Rita Löwenhild

*b. 1952
Finnish citizen
Chief shop steward,
Stockmann*

Personnel representative
elected by Stockmann’s Group
Council.



Pauli Tikka

*b. 1952
Finnish citizen
Project manager,
Group administration*

Personnel representative
elected by Stockmann’s senior
salaried employees.

Management Team

Per Thelin

*b. 1958, Swedish citizen
B.Sc.(Econ.)
CEO 2014-*



Joined Stockmann in 2014

Essential job experience: Actus, consultant, senior advisor 2012–2014; Inflight Service Europe AB, President and CEO 2010–2011; Venue Retail Group AB, President and CEO 2006–2009; MT Owner AB, CEO 2005–2006;

Biltema Sweden AB, President and CEO 2003–2004; Gratot/FM AB (Ecta Resurs AB), President and CEO 2000–2003; Wilkenson Handskmakar'n AB, President and CEO 1998–2000; KD AB/B.A. PRIIX, Business Area Manager 1994–1998; KD AB/Coop, Manager 1992–1993

Ingvar Larsson

*b. 1972, Swedish citizen
M.Sc.(Econ.)
Director, Fashion
Chains 2014–,
CEO, Lindex 2014-*



Joined Stockmann in 2010

Essential job experience: Lindex, Design and Purchasing Director 2013–2014, Country Manager (Sweden) 2010–2013; H&M, Country Manager (Greece) 2007–2010, Regional Manager (Czech Republic, Slovakia, Hungary) 2006–2007

Principal positions of trust: Svensk Handel Stil, member of the Board 2012–

Jukka Naulapää

*b. 1966, Finnish citizen
LL.M.
Director, Legal Affairs
2006-*



Joined Stockmann in 1998

Essential job experience: Stockmann, Secretary to the Management Team and to the Board of Directors 2001–, Company lawyer 1998–2006; Law Firm Hepo-Oja & Lunnas Oy, Attorney 1991–1998

Heini Pirttijärvi

*b. 1966, Finnish citizen
M.Sc.(Econ.)
HR Director 2011-*



Joined Stockmann in 1993

Essential job experience: Stockmann, HR Director, Department Store Division 2009–; Sales Director (Helsinki city centre department store) 2005–2007;

Director, Tapiola department store 2004–2005; Sales Manager (Helsinki city centre department store) 1996–2003; Store Manager (Moscow) 1993–1995; SOK, commercial field training 1991–1993

Jouko Pitkänen

*b. 1971, Finnish citizen
eMBA
Director, Stockmann
Retail 2014-*



Joined Stockmann in 1998

Essential job experience: Stockmann, Director for department stores in Russia and Baltics 2013–2014; Sales Development Director, Department Store Division 2011–2013; Director, Turku department store 2008–2011;

Director, Russian department stores 2008, Commercial Director (St. Petersburg) 2006–2007; Sales Director (department stores in Moscow) 2006; Director, Mega department store, Moscow 2004–2005; Sales Manager (Helsinki city centre department store) 2001–2003

Björn Teir*b. 1969, Finnish citizen**M.Sc.(Pol.)**Director, Real Estate 2014–*

Joined Stockmann in 2014

Essential job experience:

Ab Mercator Oy, Managing Director 2008–2014; Ab Forum Capita Oy, Managing Director 2007–2014; Fastighets Ab Arcada Nova, Managing Director 2002–2007; Samfundet Folkhälsan i svenska Finland rf, Planning Manager 2001–2006

Principal positions of trust:

Ab Forum Capita Oy, member of the Board 2014–; Ab Mercator Oy, member of the Board 2014–; Kelonia Utbildning Ab, member of the Board 2013–; Helsinki region Chamber of Commerce, member of the Board and Chairman of the committee for commerce and services 2013–

Lauri Veijalainen*b. 1968, Finnish citizen**B.Sc., MBA*

Deputy Director, Real Estate 2014–, Development Director for the Group's international operations 2010–



Joined Stockmann in 2010

Essential job experience:

Ikea Russia and CIS, CFO 2003–2010; Skanska Moscow, CFO and Administrative Director 1998–2003

Principal positions of trust:

Veikkaus Oy, deputy chairman of the Board 2013–; Fortrent Oy (JV Cramo-Ramirent), member of the Board 2013–

Pekka Vähähyyppä*b. 1960, Finnish citizen**M.Sc.(Econ.), EMBA*

Executive Vice President 2008–, CFO 2000–



Joined Stockmann in 2000

Essential job experience:

Stockmann, CFO 2000–2008; Svenska Nestlé, CFO 1997–2000; Nestlé Norden, Head of Finance and Control 1997–2000; Suomen Nestlé, CFO 1994–1997; OKO Venture Capital, Director 1990–1994

Principal positions of trust:

Hartela Group, Chairman of the Board 2013–; A-lehdet Oy, Member of the Board 2013–; Leinovalu Oy, Vice chairman of the Board 2010–; Lyy-Invest Oy, Member of the Board 2002–

Tove Westermarck*b. 1968, Finnish citizen**M.Sc.(Econ.)*

Development Director 2014–



Joined Stockmann in 1991

Essential job experience:

Stockmann, Director, Department Store Division's distance retail business 2013–2014, Director, department stores in Russia 2008–2013, Sales Director, department stores in Russia 2007–2008,

Marketing Director, international operations 2005–2007, Director, Tallinn department store 2004–2005, Marketing Manager (Helsinki city centre department store) 2001–2004, Sales Manager (Helsinki city centre department store) 1999–2000

READ MORE 

Information on the members of the Management Committee at 31 December 2014. Information on the remuneration of the management is on page 25 of the Annual Report. Up-to-date information on the ownership of the management and their principal positions of trust is available on the company's website, stockmanngroup.com.

Report by the Board of Directors

The Stockmann Group's consolidated revenue in 2014 was EUR 1 844.5 million (EUR 2 037.1 million), down by 9.5 per cent, or down 5.5 per cent at comparable exchange rates. Operating result excluding non-recurring items (NRI) was EUR -42.9 million (EUR 54.4 million). Result for the period excluding NRI was EUR -63.4 million (EUR 22.1 million). Earnings per share excluding NRI were EUR -0.88 (EUR 0.30). Non-recurring items were EUR -39.3 million or EUR -36.4 million with tax impact (EUR 26.3 million due to Lindex's tax refund). Reported earnings per share were EUR -1.39 (EUR 0.67) including NRI of EUR -0.51 (EUR 0.37). The Board of Directors will propose to the Annual General Meeting that no dividend be paid on the 2014 result.

STRATEGY PROCESS

Stockmann started to revise its strategy in summer 2014 in order to improve the Group's long-term competitiveness. The strategic direction was set in late 2014, and actions are being taken in line with the new direction.

A new operating structure under three divisions – Stockmann Retail, Real Estate and Fashion Chains – was taken into use as of 1 January 2015. Stockmann will start reporting the fair market value of the Group's real estate properties from 2015 onwards. On 1 January 2015, the fair value of the properties in Helsinki, St Petersburg, Tallinn and Riga totalled EUR 908.3 million. Depreciation of the real estate will be calculated on the market value, and therefore the Group's 2015 depreciation will increase compared to 2014.

Stockmann's strategic goal is to change the company's legal structure in line with the new operating structure. As a result, the Board of Directors has decided to investigate the possibility to incorporate Stockmann's real estate and retail operations into separate subsidiaries.

Stockmann Retail will focus on the Stockmann department stores and stockmann.com online store, with the goal of offering a first-class shopping experience. Stockmann's future selection will have a stronger focus on fashion, cosmetics, food in Stockmann Delicatessen and home products. The offering will be aimed more closely at customers who value convenience, quality and inspiration.

Stockmann will gradually withdraw from its non-core businesses. A new owner is being sought for the Hobby Hall distance retail business, as announced earlier. In the Group's balance sheet at 31 December 2014, Hobby Hall's assets and liabilities are classified as assets held for sale. The Stockmann Beauty cosmetics stores will be closed down by the end of May.

The Real Estate division's aim is to increase the value of properties by maximising cash flows from leasing operations, and to enhance the customer experience with goods and services from attractive new retail tenants. Stockmann has agreed to lease retail space in its department stores to Expert ASA Oy. Expert will open its store in the Helsinki city centre store premises in May 2015, in Turku by the end of June and in Tampere during the autumn.

The Fashion Chains division currently includes the Lindex and Seppälä businesses. Seppälä's operations are being downsized and focused on its key markets, Finland and Estonia. On 2 February 2015, Stockmann signed a letter of intent to sell the ownership of Seppälä to Seppälä's current CEO, Eveliina Melentjeff, and her husband. The management buyout will take place on 1 April 2015 and will cover 82 Seppälä stores in Finland and 20 stores in Estonia. In addition, 41 stores in Finland will be closed in 2015. Due to the lease liabilities and other costs related to the store closures, Stockmann recorded EUR 24.7 million as non-recurring expenses in its financial statements.

By focusing on Lindex, Stockmann aims to give it the opportunity to grow into a truly global fashion brand. Lindex will be developed independently, under the governance of an operational Board of Directors, which has members representing Stockmann and external members.

Stockmann has decided to launch an efficiency programme, including four planned department store closures, and the closure of Lindex's operations in Russia, with an annual cost savings target of EUR 50 million.

REVENUE AND EARNINGS

The retail market environment was weak in 2014. In Finland, GDP growth was continuously low, consumer confidence weakened and

purchasing power declined. The Finnish fashion market was down by 6.4 per cent in 2014 (TMA index). In Sweden, the fashion market for the full year was on a par with 2013 (Stilindex). In Russia, economic growth stagnated and the rouble reached all-time low during the fourth quarter of 2014, significantly weakening the purchasing power of Russian consumers. The retail market in the Baltic countries was relatively stable in 2014 and in particular in Latvia where trade was boosted at the beginning of 2014 when the country joined the euro.

The Stockmann Group's revenue for the financial year was down by 9.5 per cent to EUR 1 844.5 million (2013: EUR 2 037.1 million), or down by 5.5 per cent at comparable exchange rates. If the terminated franchising operations are excluded, revenue declined by 9.3 per cent. Revenue was down in both divisions.

Revenue in Finland was down by 10.2 per cent, to EUR 882.8 million (EUR 983.2 million). Excluding the terminated Zara franchising, revenue was down by 9.9 per cent.

Revenue in other countries amounted to EUR 961.7 million (EUR 1 053.9 million). Revenue was down by 0.6 per cent at comparable exchange rates. The Russian rouble, the Swedish krona and the Norwegian krone continued to be weaker than in 2013, and therefore the euro-denominated revenue was down by 8.7 per cent. Operations outside of Finland accounted for 52.1 per cent (51.7 per cent) of the total revenue.

The Group's gross profit for the financial year was down, to EUR 859.9 million (EUR 990.1 million). The gross margin was 46.6 per cent (48.6 per cent).

Operating costs include EUR 39.3 million of non-recurring expenses, of which EUR 24.7 million was due to Seppälä's store closures. These expenses have mainly been allocated to the Stockmann Group's common costs since the closing stores will not be included in Seppälä's planned management buyout. Operating costs excluding non-recurring items (NRI) were down by 3.4 per cent or EUR 29.6 million. Including NRI, costs were EUR 871.1 million (EUR 861.4 million). Operating costs accounted for 47.2 per cent (42.3 per cent) of revenue. Depreciation was EUR 71.0 million (EUR 74.5 million).

The consolidated operating result for 2014, excluding NRI, was EUR -42.9 million. The reported operating result was EUR -82.2 million (EUR 54.4 million). The operating result was weaker than in 2013 in both divisions and declined particularly in Finland.

Net financial expenses for the financial year were down by EUR 6.1 million, to EUR 21.4 million (EUR 27.6 million). The decline was mainly due to low interest rate levels. In 2013, Lindex received non-recurring interest income of EUR 3.5 million from the tax authorities and this is included in the net financial expenses. Non-recurring foreign exchange gains amounted to EUR 0.9 million (2013: losses EUR 1.5 million).

Result before taxes for the financial year, excluding NRI was EUR -64.3 million (EUR 23.3 million) and reported result before taxes was EUR -103.6 million (EUR 26.8 million). A tax credit of EUR 3.8 million was booked for 2014. In 2013, the tax credit was EUR 21.6 million and it included Lindex's tax refund of EUR 22.8 million. Result for the year, excluding NRI, was EUR -63.4 million (EUR 22.1 million) and reported result for the year was EUR -99.8 million (EUR 48.4 million).

Earnings per share for the financial year excluding NRI were EUR -0.88 (EUR 0.30). Reported earnings per share amounted to EUR -1.39 (EUR 0.67), and, diluted for share options, to EUR -1.39 (EUR 0.67). Equity per share was EUR 10.55 (EUR 12.42).

REVENUE AND EARNINGS BY DIVISION

DEPARTMENT STORE DIVISION (STOCKMANN RETAIL AND REAL ESTATE AS OF 1 JANUARY 2015)

The Department Store Division's full-year revenue was down by 10.7 per cent, EUR 1 101.2 million (EUR 1 232.6 million), or down by 7.2 per cent in comparable currency rates.

Revenue in Finland was EUR 745.9 million (EUR 833.5 million) in 2014. Excluding the Zara franchising, revenue was down by 10.2 per cent. Revenue declined at all department stores but revenue from the Stockmann online store was strongly up, by 21.6 per cent. Hobby Hall's revenue in 2014 was EUR 97.6 million (EUR 112.2 million).

Revenue from international operations was EUR 355.2 million (EUR 399.1 million) and accounted for 32.3 per cent (32.4 per cent) of the division's total revenue. Revenue was up in the Baltic countries, by 2.2 per cent to EUR 98.6 million (EUR 96.5 million), and on a par with 2013 in Russia, measured in roubles. Due to the weak Russian rouble, euro-denominated revenue was down by 15.2 per cent to EUR 256.6 million (EUR 302.6 million) in Russia.

The gross margin for the financial year was 37.5 per cent (40.1 per cent). The decline was due to the weakened Russian rouble and price-driven campaigns in Finland. Operating costs excluding NRI decreased by EUR 20.6 million, mostly due to the cost savings programme carried out during the year. Non-recurring items amounted to EUR 6.7 million and they mostly include write-downs of inventory and non-current assets. The operating result excluding NRI was EUR -34.2 million. The reported operating result was EUR -40.9 million (EUR 26.0 million).

FASHION CHAINS

The Fashion Chain Division's full-year revenue was down by 7.7 per cent, to EUR 743.2 million (EUR 805.2 million). Revenue was down by 9.1 per cent in Finland, to EUR 136.7 million (EUR 150.4 million), and down by 7.4 per cent in international operations, to EUR 606.4 million (EUR 654.8 million). Revenue outside Finland accounted for 81.6 per cent (81.3 per cent) of the division's total revenue.

Lindex's full-year euro-denominated revenue was down by 5.4 per cent and totalled EUR 650.6 million (EUR 688.0 million). Revenue in comparable currency rates was on a par with the previous year. The performance was mixed: revenue grew in Norway and the newest markets but declined in Sweden, Finland and Estonia. Seppälä's revenue was down by 21.1 per cent, to EUR 92.6 million (EUR 117.3 million). Seppälä closed 34 stores (net) in 2014, which partly explains the poor performance. The comparable revenue excluding the store closures was down by 11.9 per cent.

The Fashion Chain Division's gross margin for 2014 was 60.4 per cent (61.7 per cent). Lindex's gross margin was 61.9 per cent (62.6 per cent) and Seppälä's gross margin was 50.3 per cent (56.4 per cent).

The division's full-year operating profit was EUR 0.0 million (EUR 38.6 million). Lindex recorded an operating profit of EUR 30.8 million (EUR 52.9 million). Seppälä's operating result was significantly down. Operating result excluding NRI was EUR -27.2 million and reported operating result was EUR -30.8 million (EUR -14.4 million). In addition, EUR 21.0 million of non-recurring items related to store closures have been allocated in the Stockmann Group's common costs.

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 29.3 million at the close of the year, compared with EUR 33.9 million a year earlier. Cash flow from operating activities was EUR 29.6 million (EUR 125.4 million, including Lindex's tax refund of EUR 26.3 million) for the financial year.

Net working capital excluding cash and cash equivalents amounted to EUR 51.3 million at the close of the year, compared with EUR 133.9 million a year earlier.

Inventories were EUR 239.3 million (EUR 285.8 million). Compared with the previous year, the stock levels were down in both divisions.

Current receivables amounted to EUR 80.1 million (120.9 million). The decline was mostly due to classification of Hobby Hall's interest-bearing receivables as part of assets held for sale. Non-interest-bearing liabilities amounted to EUR 268.1 million (EUR 272.8 million).

Interest-bearing liabilities at the close of the year stood at EUR 833.9 million (EUR 814.8 million), of which EUR 613.2 million (EUR 469.4 million) was long-term debt. In addition, the Group had EUR 296.6 million in undrawn, long-term committed credit facilities and EUR 408.7 million in undrawn uncommitted credit facilities. Most of the short-term debt has been acquired in the commercial paper market.

The equity ratio at the close of the year was 39.3 per cent (43.8 per cent), and net gearing was 105.4 per cent (87.3 per cent).

The return on capital employed over the past 12 months was -4.9 per cent (3.4 per cent). The Group's capital employed decreased by EUR 115.6 million and stood at EUR 1 594.6 million (EUR 1 710.2 million) at the end of the year.

DIVIDENDS

In accordance with a resolution of the 2014 Annual General Meeting, a dividend of EUR 0.40 per share was paid on the 2013 financial year, totalling EUR 28.8 million, in April 2014.

At the end of the financial year, on 31 December 2014, the funds available for profit distribution on the parent company's balance sheet amounted to EUR 190.8 million, of which EUR -174.5 million was the net result for the financial year. The funds on the balance sheet declined in 2014 due to the partial write down of investments in the Russian retail operations. The Board of Directors will propose to the Annual General Meeting, to be held on 19 March 2015, that no dividend be paid on the 2014 financial year. EUR 190.8 million would remain in unrestricted equity.

COST SAVINGS PROGRAMME IN 2014

Stockmann carried out structural changes and other cost saving measures across the organisation in 2014. Changes took place in the Department Store Division's marketing at the beginning of the year and in the division's other support functions and Corporate Administration in the autumn.

A new sales organisation model for the department stores in Finland and a centralised centre for customer service were taken into use as of 1 September. In the new model, sales staff focus on selling and customer service, while administration, support services and customer service over the telephone and through online channels are centralised. The comparable annual savings target of these changes is around EUR 10 million and will be fully achieved from 2015 onwards.

In December, Stockmann decided to close down its 11 Stockmann Beauty cosmetic stores in Finland. The stores will be closed by the end of May 2015.

Seppälä decided in August to close its remaining 16 stores in Russia. After codetermination negotiations that ended in December, a decision was made to withdraw from Latvia and Lithuania and to close down 41 stores in Finland during 2015.

A new distribution centre for Stockmann's department stores and online store in Finland and the Baltic countries was decided to take into use in 2016. In addition to operational improvements, Stockmann is targeting an annual cost saving of approximately EUR 6.5 million, excluding depreciation of the automation technology investment. Savings are expected to be achieved in full from 2018 onwards.

CAPITAL EXPENDITURE

Capital expenditure during the financial year totalled EUR 53.8 million (EUR 56.8 million), which was lower than depreciation, which was at EUR 71.0 million (74.4 million).

The Department Store Division's capital expenditure for the financial year totalled EUR 28.9 million (EUR 26.9 million). In 2014 a new enterprise resource planning (ERP) system was fully taken into use. A total of EUR 7.0 million was invested in this project in 2014. The construction of a new distribution centre for Finland and the Baltic countries started during the year. The distribution centre will be located in rented premises, but in 2014, Stockmann invested EUR 5.3 million in automation technology to be used in the centre. The enlarged Tampere department store opened in November 2014. EUR 5.2 million was invested in the project in 2014.

The Fashion Chain Division's capital expenditure for the financial year totalled EUR 21.4 million (EUR 24.7 million). Lindex opened 24 stores and closed 12 stores in 2014. In total there were 491 Lindex stores in 16 countries at the end of the year.

Lindex entered into a franchising partnership with the Chinese company Suning in 2013 with the aim of opening the first Lindex store in China in September 2014. Suning unilaterally withdrew from the franchising agreement at the end of March 2014. Plans to enter the Chinese market will be studied further in 2015.

Seppälä opened three stores and closed 37 stores in 2014. In total there were 175 Seppälä stores in five countries at the end of 2014.

The Group's other capital expenditure totalled EUR 3.5 million (EUR 5.4 million), of which a major part was invested in the Group's new financial management systems.

NEW PROJECTS

Capital expenditure for 2015 is estimated to amount to approximately EUR 70 million. Most of the capital expenditure will be used for the expansion and refurbishment of the Lindex stores, automation technology in Stockmann's new distribution centre, IT system renewals as well as property and store concept renewals.

Lindex will continue to expand, with a net addition of 10-15 (net) stores in 2015, including franchising stores. In March, Lindex will open its first store in the UK, in the Westfield Stratford City shopping centre in London. Lindex is also planning to close down all its stores in Russia.

SHARES AND SHARE CAPITAL

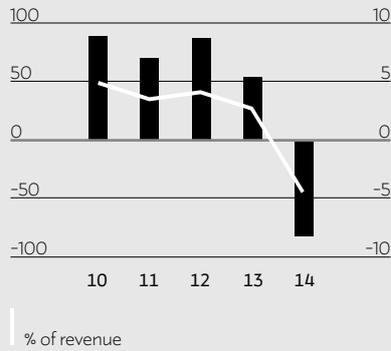
Stockmann has two series of shares. Series A shares each confer 10 votes, while Series B shares each confer one vote. The shares carry an equal right to dividends. The par value is EUR 2.00 per share.

As of the end of 2014, Stockmann had 30 595 765 Series A shares and 41 452 918 Series B shares, or a total of 72 048 683 shares. The number of votes conferred by the shares was 347 410 568.

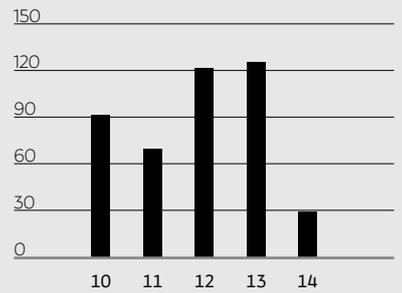
REVENUE 2010–2014
EUR mill.



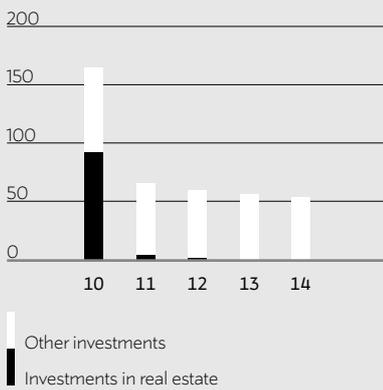
OPERATING RESULT 2010–2014
EUR mill. %



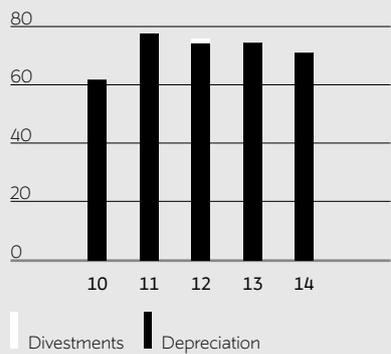
CASH FLOW FROM OPERATING ACTIVITIES 2010–2014
EUR mill.



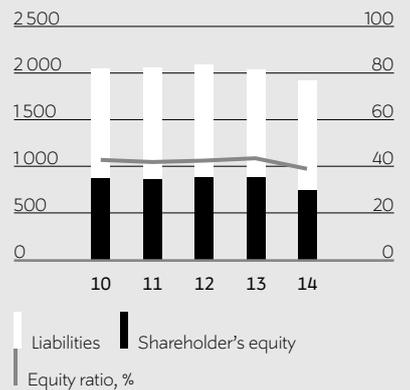
INVESTMENTS 2010–2014
EUR mill.



DEPRECIATION 2010–2014
EUR mill.



EQUITY RATIO 2010–2014
EUR mill. %



ASSETS 2014



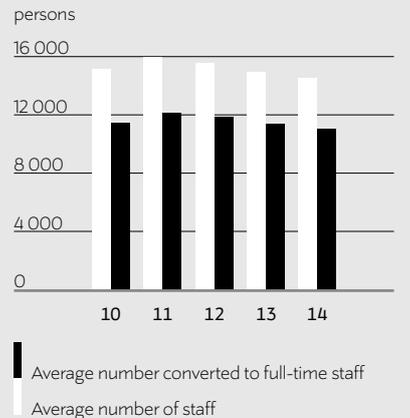
80% Non-current assets
12% Inventories
8% Current assets

EQUITY AND LIABILITIES 2014



39% Equity
43% Interest-bearing liabilities
18% Non-interest-bearing liabilities

STAFF 2010–2014



Store network

Stockmann Group	Total 31.12.2013	New stores in 2014	Closed stores in 2014	Total 31.12.2014
Department stores*	16			16
Stockmann Beauty stores	11			11
Hobby Hall and outlet stores	2			2
Lindex stores	479	24	12	491
of which franchising	35	5	4	36
of which own stores	444	19	8	455
Seppälä stores	209	3	37	175

* Academic Bookstores are part of the department stores in Finland

The share capital remained at EUR 144.1 million in 2014. The market capitalisation at the end of the year was EUR 460.1 million (EUR 796.0 million).

At the close of 2014, the price of a Series A share was EUR 6.42, compared with EUR 11.06 at the end of 2013, while the price of a Series B share was EUR 6.36, compared with EUR 11.04 at the end of 2013. Share performance was below the OMX Helsinki Cap and the OMX Helsinki indexes in 2014. A total of 0.9 million (0.4 million) Series A shares and 17.6 million (14.6 million) Series B shares were traded during the year. This corresponds to 3.0 per cent (1.5 per cent) of the average number of Series A shares and 42.5 per cent (35.1 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 shares of the company or to issue new shares.

At the end of 2014, Stockmann had 55 343 shareholders, compared with 59 475 a year earlier. Stockmann did not receive any flagging announcements arising from changes in major shareholdings during 2014.

PERSONNEL

The Group's average number of personnel in 2014 was 14 533, which is 430 less than in the previous year (14 963 in 2013 and 15 603 in 2012). The decline took place in the Department Store Division and in Seppälä. In terms of full-time equivalents, the average number of employees decreased by 328 to a total of 11 094 (11 422 in 2013 and 11 898 in 2012).

At the end of 2014, the Group had 14 456 employees (15 441) of whom 6 382 (7 033) were working in Finland. The number of employees working outside of Finland was 8 074 (8 408) representing 56 per cent (54 per cent) of the total. The Department Store Division employed 8 229 people (8 955), Lindex 5 031 (4 999) and Seppälä 1 060 (1 346), while 136 people were employed in the Corporate Administration (141).

The Group's wages and salaries amounted to EUR 303.2 million in 2014, compared with EUR 313.1 million in 2013 and EUR 319.4 million in 2012. The total employee benefits expenses were EUR 383.3 million (EUR 397.8 million), which is equivalent to 20.8 per cent (19.5 per cent) of revenue.

CHANGES IN MANAGEMENT

Hannu Penttilä stepped down from his position as the Chief Executive Officer on 26 August 2014 and retired on 31 December 2014, as he had reached the retirement age specified in his service agreement. Kaj-Gustaf Bergh, Chairman of Stockmann's Board of Directors, acted as temporary CEO from 26 August until 10 November when the new CEO, Per Thelin, started in his position.

Board member Kjell Sundström was appointed Chief Strategy Officer as of 23 May 2014. He is heading the strategy process with a fixed-term contract of up to 12 months.

Ingvar Larsson was appointed CEO of Lindex and Director of the Fashion Chain Division as of 6 June 2014, when his predecessor, Göran Bille, resigned from his post.

New directors in the Stockmann Group's Management Committee were appointed as of 1 November 2014: Jouko Pitkänen was appointed Director, Stockmann Retail, Tove Westermarck was appointed Development Director, Björn Teir was appointed Director, Real Estate, and Lauri Veijalainen was appointed Deputy Director, Real Estate. He continues also as Development Director of the Group's international operations. Executive Vice President and Director of the Department Store Division, Maisa Romanainen, resigned from her post in June and left Stockmann in October.

BOARD OF DIRECTORS OF LINDE X

At an extraordinary shareholders' meeting in October, a new operational Board of Directors was chosen for AB Lindex. Stockmann's Board member Per Sjödel was elected as Chairman of the Board. Kjell Sundström, Board member and Chief Strategy Officer of Stockmann, Rossana Mariano, CEO and founder of PR agency RMPR, Tracy Stone, Global Sales Director of GANT, and Pekka Vähähyyppä, CFO of Stockmann, were elected as members of the Board. Caroline Kull Magnusson and Ann-Britt Neckvall will continue as employee representatives.

In December, an extraordinary shareholders' meeting further elected Eva Hamilton, former CEO of Sveriges Television (SVT), and Per Thelin, Stockmann's CEO, as new members of the Board. Thelin replaced Stockmann's CFO Pekka Vähähyyppä in the Board and also serves as the Vice Chairman.

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 initiative, and 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, Seppälä'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 Code of Conduct.

In April, Stockmann was the first fashion seller in Finland to disclose its factory list for suppliers that produce the major part of Stockmann's own fashion brands. Lindex disclosed its supplier and factory list already in 2013. Seppälä published its corresponding list in late 2014.

In October, the international climate initiative CDP (Carbon Disclosure Project) published its report on Nordic companies' reporting and management of carbon emissions. Stockmann received a score of 93 B, which was a significant improvement on the previous year (84 C).

Further information on Stockmann's CSR activities and results will be available in the CSR report, which will be published later in the spring 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. Uncertainties related to the general economic situation, particularly those related to consumers' purchasing power, and currency fluctuations are considered to be the principal risks that will continue to affect Stockmann during 2015.

Business risks in Russia are greater than in the Nordic countries or the Baltic countries. The operating environment is unstable and the crisis in Ukraine has considerably increased geopolitical tensions. Trade sanctions against Russia by the EU and the USA and counter-measures by Russia may further affect Stockmann's operations. A significant share of the products, that Stockmann sells in Russia, are imported, so trade sanctions would weaken Stockmann's business in the country. The weakening Russian rouble will continue to have a negative impact on consumers' purchasing power.

Fashion accounts for over two thirds of the Group's revenue. An inherent feature of the fashion trade is the short life cycle 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 Russian rouble, the US dollar 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 2015

The Russian rouble has weakened considerably and economic growth in Russia is expected to remain at a low level in 2015, having a continuously negative impact on consumers' purchasing power. The weakening purchasing power is also expected to decrease the number of Russian shoppers in Finland and in the Baltic countries. The crisis in Ukraine, sanctions against Russia and their counter-measures may further affect the Russian economy during the year. As a consequence, the outlook for the Russian retail market remains very uncertain.

In Finland, no growth is expected in the retail market in 2015. The demand for non-food products, in particular, remains uncertain. Purchasing power is estimated to remain low, which will have a negative effect on consumer purchasing behaviour.

The affordable fashion market in Sweden and the retail market in the Baltic countries are expected to remain relatively stable. Low consumer confidence may, however, affect consumers' willingness to make purchases in all market areas.

Stockmann's new strategy aims at improving the Group's long-term competitiveness and profitability. An efficiency programme is being launched with planned store closures and an annual cost savings target of EUR 50 million. The effects will start to be reflected in Stockmann's performance mostly beginning in 2016.

Capital expenditure for 2015 is estimated to amount to approximately EUR 70 million. The operating result will be adversely affected by the increase in depreciation due to the fair market valuation of the real estate.

Due to planned structural changes, Stockmann expects the Group's revenue in 2015 to be down on 2014. Operating result excluding non-recurring items is expected to improve, but to remain negative in 2015 due to the performance of the Stockmann Retail division. Operating results for the Real Estate and Fashion Chains divisions are expected to be positive.

CORPORATE GOVERNANCE STATEMENT

Stockmann will publish a separate Corporate Governance Statement for 2014 in line with the recommendation by the Finnish Corporate Governance Code. The statement will be published on the company's website and as part of Annual Report 2014 in February.

Helsinki, Finland, 12 February 2015

STOCKMANN plc
Board of Directors

Shares and share capital

The share capital of Stockmann plc is divided into Series A and Series B shares. Series A shares carry ten votes and Series B shares one vote. The par value of both series of shares is EUR 2.00 and the shares of both series entitle their holders to an equal dividend.

The company's shares are in the book-entry system and they are listed on NASDAQ Helsinki. The trading code for the Series A share is STCAS and for the Series B share STCBV. The number of registered shareholders at 31 December 2014 was 55 343 (59 475 shareholders at 31 December 2013).

The company's market capitalization at 31 December 2014 was EUR 460.1 million (EUR 796.0 million at 31 December 2013).

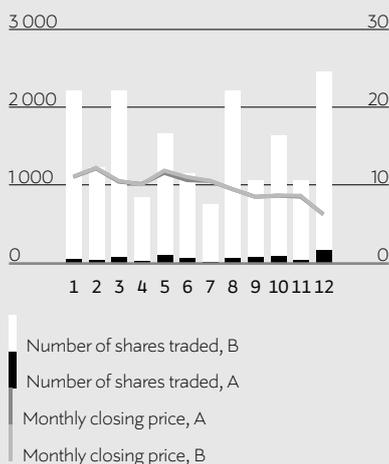
SHARE OPTION PROGRAMMES

Stockmann has two option programmes on-going; Loyal Customer share option programme 2012 for Loyal Customers and Key employee share option programme 2010 for key employees in the Stockmann Group. More information about the option programmes will be found at the address stokmanngroup.com.

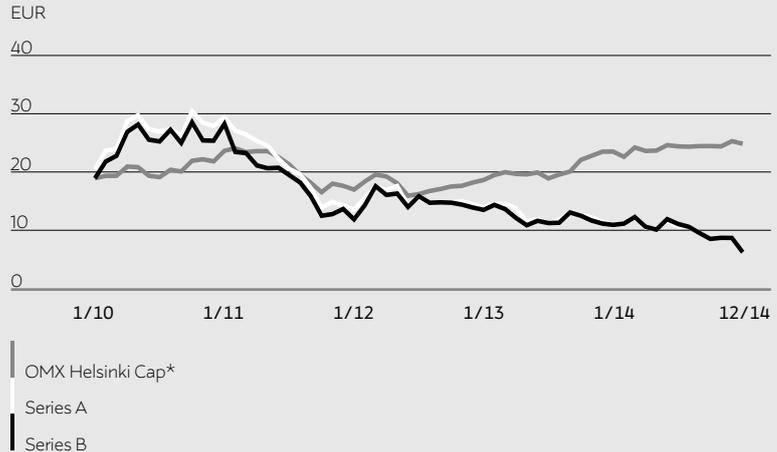
OWN SHARES

At 31 December 2014, the company did not hold any of its own shares, and the Board of Directors had no valid authorisations to purchase shares of the company.

TURNOVER AND PRICE TREND OF SERIES A AND SERIES B SHARES 2014
thousands EUR



PRICE TREND OF SERIES A AND SERIES B SHARES COMPARED WITH OMX HELSINKI CAP INDEX 2010-2014
EUR



* The weighting of each company in the index is limited to a maximum of 10 per cent.

Price trend of shares

	Closing prices 31 Dec 2014 EUR	Closing prices 31 Dec 2013 EUR	Change %
Series A	6.42	11.06	-42.0
Series B	6.36	11.04	-42.4

Share capital, 31 December 2014

Series A	30 595 765	shares at EUR 2 each	61 191 530	EUR
Series B	41 452 918	shares at EUR 2 each	82 905 836	EUR
Total	72 048 683		144 097 366	EUR

Turnover of shares on NASDAQ Helsinki, 2014

	Number of shares	% of total shares outstanding	EUR	Average price EUR
Series A	932 730	3.0	9 115 027	9.76
Series B	17 624 725	42.5	178 194 935	10.00
Total	18 557 455		187 309 962	

Major shareholders, 31 December 2014

		Percentage of shares %	Percentage of votes %
1	HTT STC Holding Oy Ab	11.7	10.7
2	Föreningen Konstsamfundet Grouping	9.4	15.1
3	Society of Swedish Literature in Finland	7.6	15.7
4	Niemistö Grouping	5.8	9.4
5	Varma Mutual Pension Insurance Company	4.4	0.9
6	Stiftelsen för Åbo Akademi	4.3	6.7
7	Etola Group	4.2	6.1
8	Samfundet Folkhälsan i Svenska Finland r.f.	2.2	2.7
9	Jenny ja Antti Wihuri Foundation	1.9	2.1
10	The State Pension Fund	1.6	0.3
11	Inez och Julius Polins Fond	1.5	0.8
12	Sigrid Jusélius Foundation	1.3	2.7
13	Ilmarinen Mutual Pension Insurance Company	1.3	0.8
14	Wilhelm och Else Stockmanns Stiftelse	1.1	2.2
15	Etera Mutual Pension Insurance Company	0.9	0.2
16	Helene och Walter Grönqvists Stiftelse	0.8	1.4
17	Stiftelsen Bensows Barnhem Granhyddan r.s.	0.8	1.0
18	Oslo Pensjonsforsikring AS	0.6	0.1
19	Nordea Pro Finland Fund	0.6	0.1
20	OP-Finland Value Fund	0.5	0.1
	Other	37.5	20.9
	Total	100.0	100.0

Ownership structure, 31 December 2014

	Number	Shareholders %	Percentage of shares %	Percentage of votes %
Households	53 731	97.1	21.8	16.5
Private and public corporations	972	1.8	24.6	25.1
Foundations and associations	410	0.7	43.1	55.6
Nominee registrations (incl. foreign shareholders)	180	0.3	6.5	1.9
Financial and insurance companies	50	0.1	4.0	0.9
Unregistered shares		0.0	0.0	0.0
Total	55 343	100.0	100.0	100.0

Number of shares, 31 December 2014

	Number	Shareholders %	Percentage of shares %	Percentage of votes %
1-100	35 613	64.3	1.9	0.7
101-1 000	16 413	29.7	7.7	5.0
1 001-10 000	3 061	5.5	10.3	6.2
10 001-100 000	212	0.4	7.8	3.8
100 001-1 000 000	31	0.1	17.3	19.1
1 000 001-	13	0.0	55.0	65.2
Total	55 343	100.0	100.0	100.0

Changes in the share capital as from 1 January 2010

Subscribed	Entered in the Trade Register	Subscription price EUR	Number of new shares	Additional share capital EUR million	New total share capital EUR million
2010 With the 2006 Loyal Customer options	2010	27.93	52 047 B	0.1	142.3
2011 With the 2008 Loyal Customer options	2011	8.79	694 829 B	1.4	143.7
2012 With the 2008 Loyal Customer options	2012	8.29	207 854 B	0.4	144.1

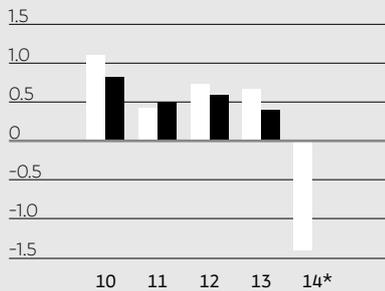
Per-share data

		2014	2013	2012	2011	2010
Earnings per share	EUR	-1.39	0.67	0.74	0.43	1.10
Earnings per share, diluted	EUR	-1.39	0.67	0.74	0.43	1.09
Equity per share	EUR	10.55	12.42	12.40	12.11	12.45
Dividend per share *	EUR	0.00	0.40	0.60	0.50	0.82
Dividend per earnings *	%	0.00	59.54	80.60	116.20	74.46
Cash flow per share	EUR	0.41	1.74	1.72	0.93	1.29
Effective dividend yield *	%					
A share		0.0	3.6	4.3	3.7	2.8
B share		0.0	3.6	4.4	4.2	2.9
P/E ratio of shares**						
A share**		-4.6	16.5	18.9	31.9	26.7
B share**		-4.6	16.4	18.3	28.0	25.7
Share quotation at 31 December	EUR					
A share		6.42	11.06	14.08	13.65	29.40
B share		6.36	11.04	13.60	11.98	28.30
Highest price during the period	EUR					
A share		12.40	15.20	19.50	29.85	31.50
B share		12.58	14.92	18.68	28.48	30.50
Lowest price during the period	EUR					
A share		6.20	11.00	13.40	13.44	20.60
B share		6.21	10.75	12.12	11.60	18.85
Average price during the period	EUR					
A share		12.40	12.51	15.57	18.71	26.97
B share		10.00	12.50	15.19	18.68	25.41
Share turnover	thousands					
A share		933	447	436	476	1 022
B share		17 625	14 564	11 308	15 402	14 582
Share turnover	%					
A share		3.0	1.5	1.4	1.6	3.3
B share		42.5	35.1	27.3	37.4	36.0
Market capitalization at 31 December	EUR mill.	460.1	796.0	994.6	911.8	2 047.1
Number of shares at 31 December	thousands	72 049	72 049	72 0489	71 841	71 146
A share		30 596	30 596	30 628	30 628	30 628
B share		41 453	41 453	41 421	41 213	40 518
Weighted average number of shares	thousands	72 049	72 049	71 945	71 496	71 120
A share		30 596	30 601	30 628	30 628	30 628
B share		41 453	41 448	41 318	40 868	40 493
Weighted average number of shares, diluted	thousands	72 049	72 049	71 945	71 789	71 897
Total number of shareholders at 31 December	no	55 343	59 475	59 283	56 116	44 596

* The Board of Directors proposes to the AGM that no dividend be paid.

** The dilution effect of options has been taken into account in the 2011 figures.

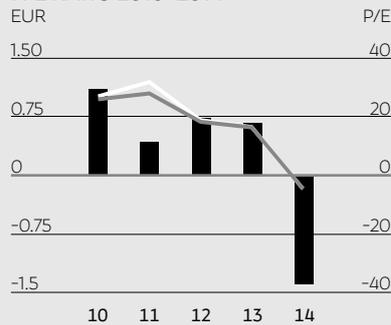
EARNINGS PER SHARE AND DIVIDEND PER SHARE 2010–2014
EUR



█ Earnings per share
█ Dividend per share

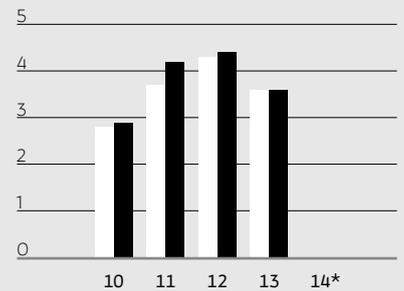
* Dividend according to the Board's proposal

EARNINGS PER SHARE AND P/E RATIO 2010–2014



█ Earnings per share
█ Profit coefficient (A)
█ Profit coefficient (B)

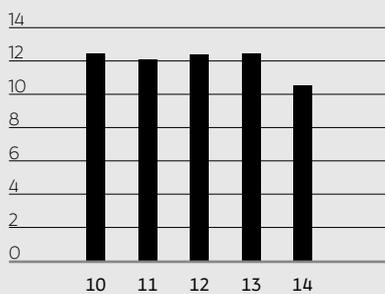
EFFECTIVE DIVIDEND YIELD 2010–2014
%



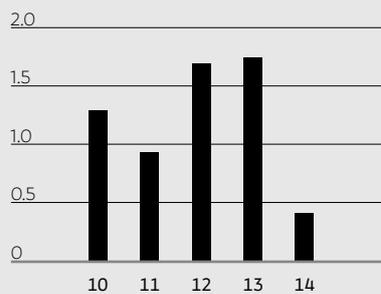
█ A share
█ B share

* Dividend according to the Board's proposal

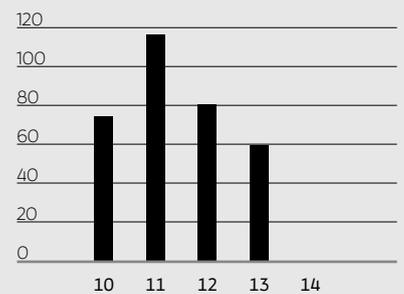
EQUITY PER SHARE 2010–2014
EUR



CASH FLOW PER SHARE 2010–2014
EUR



DIVIDEND PER EARNINGS 2010–2014
%



Definition of per-share data

Earnings per share = $\frac{\text{Profit before taxes less non-controlling interest less income taxes}}{\text{Average number of shares, adjusted for share issues}^1}$

Equity per share = $\frac{\text{Equity less fund for own shares}}{\text{Number of shares on the balance sheet date}}$

Dividend per share = Dividend per share

Dividend per earnings, % = $\frac{\text{Dividend per share}}{\text{Earnings per share, adjusted for share issues}^1} \times 100$

Cash flow per share = $\frac{\text{Cash flow from operating activities}}{\text{Average number of shares, adjusted for share issues}^1}$

Effective dividend yield, % = $\frac{\text{Dividend per share}}{\text{Share quotation at 31 December, adjusted for share issues}} \times 100$

P/E ratio of shares = $\frac{\text{Share quotation at 31 December, adjusted for share issues}}{\text{Earnings per share, adjusted for share issues}^1}$

Share quotation at 31 December = Share quotation on the balance sheet date

Highest share price during the period = Highest price of the company's shares during the period

Lowest share price during the period = Lowest price of the company's shares during the period

Average share price over the period = Share turnover in euro terms divided by the number of shares traded during the period

Share turnover = Quantitative share turnover, adjusted for share issues

Market capitalization at 31 December = Number of shares multiplied by the quotation for the respective share series on the balance sheet date

1) Without the own shares owned by the company

Key figures

		2014	2013	2012	2011	2010
Revenue	EUR mill.	1 844.5	2 037.1	2 116.4	2 005.3	1 821.9
Change on the previous year	%	-9.5	-3.7	5.5	10.1	7.3
Operating profit/loss	EUR mill.	-82.2	54.4	87.3	70.1	88.8
Change on the previous year	%	-251.2	-37.7	24.6	-21.0	4.4
Share of revenue	%	-4.5	2.7	4.1	3.5	4.9
Profit/loss before taxes	EUR mill.	-103.6	26.8	54.9	35.7	74.2
Change on the previous year	%	-486.9	-51.2	54.0	-51.9	21.5
Share of revenue	%	-5.6	1.3	2.6	1.8	4.1
Profit/loss for the period		-99.8	48.4	53.6	30.8	78.3
Share capital	EUR mill.	144.1	144.1	144.1	143.7	142.3
A share	EUR mill.	61.2	61.3	61.3	61.3	61.3
B share	EUR mill.	82.9	82.8	82.8	82.4	81.0
Dividends*	EUR mill.	0	28.8	43.2	35.9	58.3
Return on equity	%	-12.1	5.4	6.1	3.5	9.0
Return on capital employed	%	-4.9	3.4	5.1	4.1	5.8
Capital employed	EUR mill.	1 657.9	1 725.8	1 737.1	1 715.7	1 668.5
Capital turnover rate		1.1	1.2	1.2	1.2	1.1
Inventories rate		4.1	3.7	3.8	3.9	3.8
Equity ratio	%	39.3	43.8	42.8	42.2	43.1
Net gearing	%	105.4	87.3	90.9	95.3	87.7
Investment in fixed assets	EUR mill.	53.8	56.9	60.3	66.0	165.4
Share of net turnover	%	2.9	2.8	2.8	3.3	9.1
Interest-bearing debtors **	EUR mill.	5.2	43.2	43.8	45.6	41.4
Interest-bearing liabilities	EUR mill.	833.9	814.8	848.5	862.5	813.3
Interest-bearing net debt **	EUR mill.	799.4	737.8	768.6	783.7	735.1
Total assets	EUR mill.	1 936.5	2 044.6	2 087.1	2 062.7	2 053.8
Staff expenses	EUR mill.	383.3	397.8	405.1	390.0	361.9
Share of net turnover	%	20.8	19.5	19.1	19.4	19.9
Personnel, average	persons	14 533	14 963	15 603	15 964	15 165
Net turnover per person	EUR thousands	126.9	136.1	135.6	125.6	120.1
Operating profit/loss per person	EUR thousands	-5.7	3.6	5.6	4.4	5.9
Staff expenses per person	EUR thousands	26.4	26.6	26.0	24.4	23.9

*) The Board of Directors proposes to the AGM that no dividend be paid.

**) Excluding Hobby Hall's interest-bearing debtors, which are classified as assets held for sale.

Definition of key figures

Profit before taxes	=	Operating profit + financial income less financial expenses	Inventories rate	=	$\frac{365}{\text{Inventories turnover time}}$
Return on equity, %	=	$\frac{\text{Profit for the period}}{\text{Equity + non-controlling interest (average over the year)}} \times 100$	Equity ratio, %	=	$\frac{\text{Equity + non-controlling interest}}{\text{Total assets less advance payments received}} \times 100$
Return on capital employed, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed}} \times 100$	Net gearing, %	=	$\frac{\text{Interest-bearing liabilities less cash and cash equivalents}}{\text{Equity total}} \times 100$
Capital employed	=	Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)	Interest-bearing net debt	=	Interest-bearing liabilities less cash and cash equivalents less interest-bearing liabilities
Capital turnover rate	=	$\frac{\text{Revenue}}{\text{Total assets less deferred tax liability and other non-interest-bearing liabilities (average over the year)}}$			

Consolidated income statement

EUR mill.	1.1.-31.12.2014	1.1.-31.12.2013
REVENUE	1 844.5	2 037.1
Other operating income	0.0	0.0
Materials and consumables	-984.6	-1 046.9
Wages, salaries and employee benefits expenses	-383.3	-397.8
Depreciation, amortisation and impairment losses	-71.0	-74.4
Other operating expenses	-487.8	-463.6
Total expenses	-1 926.7	-1 982.7
OPERATING PROFIT/LOSS	-82.2	54.4
Finance income	1.3	4.5
Finance expenses	-22.7	-32.1
Total finance income and expenses	-21.4	-27.6
PROFIT/LOSS BEFORE TAX	-103.6	26.8
Income taxes	3.8	21.6
PROFIT/LOSS FOR THE PERIOD	-99.8	48.4
Profit/loss for the period attributable to:		
Equity holders of the parent company	-99.8	48.4
Non-controlling interest	0.0	0.0
EPS, undiluted, adjusted for share issue, EUR	-1.39	0.67
EPS, diluted, adjusted for share issue, EUR	-1.39	0.67

Consolidated statement of comprehensive income

EUR mill.	1.1.-31.12.2014	1.1.-31.12.2013
PROFIT/LOSS FOR THE PERIOD	-99.8	48.4
Net other comprehensive income which will not be reclassified to profit or loss in subsequent periods		
Remeasurement gains/losses on defined benefit pension liability	-0.0	0.1
Net other comprehensive income which will be reclassified to profit or loss in subsequent periods		
Exchange differences on translating foreign operations	-10.1	-5.8
Cash flow hedges	4.0	0.5
Other comprehensive income for the period, net of tax	-6.1	-5.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-105.9	43.1
Total comprehensive income attributable to:		
Equity holders of the parent company	-105.9	43.1
Non-controlling interest	0.0	0.0

The financial statements including the notes are available on the company's website, stockmanngroup.com.

Consolidated statement of financial position

EUR mill.	31.12.2014	31.12.2013
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Trademark	96.8	102.6
Intangible rights	60.0	38.8
Other intangible assets	3.9	3.1
Advance payments and construction in progress	3.3	24.0
Goodwill	748.1	793.2
Intangible assets, total	912.2	961.8
Property, plant and equipment		
Land and water	43.1	42.1
Buildings and constructions	426.9	440.4
Machinery and equipment	80.9	95.8
Modification and renovation expenses for leased premises	26.5	32.4
Advance payments and construction in progress	13.2	5.8
Property, plant and equipment, total	590.5	616.5
Non-current receivables	3.4	0.5
Available-for-sale investments	7.8	7.9
Deferred tax asset	25.9	17.3
NON-CURRENT ASSETS, TOTAL	1 539.7	1 604.0
CURRENT ASSETS		
Inventories	239.3	285.8
Current receivables		
Interest-bearing receivables	2.4	43.1
Income tax receivables	2.0	0.8
Non-interest-bearing receivables	75.7	76.9
Current receivables, total	80.1	120.9
Cash and cash equivalents	29.3	33.9
CURRENT ASSETS, TOTAL	348.8	440.6
ASSETS CLASSIFIED AS HELD FOR SALE	48.0	0.0
ASSETS, TOTAL	1 936.5	2 044.6

EUR mill.	31.12.2014	31.12.2013
EQUITY AND LIABILITIES		
EQUITY		
Share capital	144.1	144.1
Share premium fund	186.1	186.1
Invested unrestricted equity fund	250.4	250.5
Other funds	47.4	43.4
Translation reserve	-5.9	4.1
Retained earnings	138.3	266.8
Equity attributable to equity holders of the parent company	760.4	894.9
Non-controlling interest	0.0	0.0
EQUITY, TOTAL	760.4	894.9
NON-CURRENT LIABILITIES		
Deferred tax liabilities	62.0	61.5
Non-current interest-bearing financing liabilities	613.2	469.4
Provisions for pensions	0.0	0.1
Non-current non-interest-bearing liabilities and provisions	0.3	0.4
NON-CURRENT LIABILITIES, TOTAL	675.5	531.4
CURRENT LIABILITIES		
Current interest-bearing financing liabilities	220.7	345.4
Current non-interest-bearing liabilities		
Trade payables and other current liabilities	237.2	269.4
Income tax liabilities	0.0	3.3
Current provisions	30.8	0.2
Current non-interest-bearing liabilities, total	268.1	272.8
CURRENT LIABILITIES, TOTAL	488.8	618.3
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	11.8	0.0
LIABILITIES, TOTAL	1 176.1	1 149.7
EQUITY AND LIABILITIES, TOTAL	1 936.5	2 044.6

Consolidated cash flow statement

EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss for the period	-99.8	48.4
Adjustments for:		
Depreciation, amortisation and impairment losses	71.0	74.4
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	4.8	0.6
Interest and other financial expenses	22.7	32.1
Interest income	-1.3	-4.5
Income taxes	-3.8	-21.6
Other adjustments	30.8	0.5
Working capital changes:		
Increase (-)/decrease (+) in inventories	13.7	6.8
Increase (-)/decrease (+) in trade and other current receivables	42.5	0.5
Increase (+)/decrease (-) in current liabilities	-19.7	-4.8
Interest expenses paid	-20.9	-26.4
Interest received from operating activities	0.2	4.3
Other financing items from operating activities	-1.6	-1.8
Income taxes paid from operating activities	-9.0	17.0
Net cash from operating activities	29.6	125.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	-55.1	-61.1
Proceeds from sale of investments	0.0	0.0
Dividends received from investing activities	0.1	0.2
Net cash used in investing activities	-55.0	-60.9
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	0.0	0.0
Proceeds from current liabilities	207.4	324.0
Repayment of current liabilities	-332.9	-316.2
Proceeds from non-current liabilities	478.2	86.4
Repayment of non-current liabilities	-298.9	-114.9
Payment of finance lease liabilities	-0.5	-4.7
Dividends paid	-28.8	-43.1
Net cash used in financing activities	24.5	-68.5
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	-0.9	-4.0
Cash and cash equivalents at the beginning of the period	33.9	36.1
Cheque account with overdraft facility	-6.1	-3.9
Cash and cash equivalents at the beginning of the period	27.8	32.2
Net increase/decrease in cash and cash equivalents	-0.9	-4.0
Effects of exchange rate fluctuations on cash held	-1.7	-0.4
Cash and cash equivalents at the end of the period	29.3	33.9
Cheque account with overdraft facility	-4.1	-6.1
Cash and cash equivalents at the end of the period	25.3	27.8

Consolidated statement of changes in equity

EUR mill.	Share capital	Share premium fund	Hedging reserve*	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interest	Total
SHAREHOLDERS' EQUITY 1.1.2013	144.1	186.1	-1.0	250.5	43.9	10.0	259.7	893.3	0.0	893.3
Dividend distribution							-43.2	-43.2		-43.2
Options exercised							1.9	1.9		1.9
Other changes	0.0	0.0					-0.1	-0.1		-0.1
Comprehensive income for the period										
Profit/loss for the period							48.4	48.4		48.4
Remeasurement gains/losses on defined benefit pension liability							0.1	0.1		0.1
Exchange differences on translating foreign operations						-5.8		-5.8		-5.8
Cash flow hedges			0.5					0.5		0.5
Total comprehensive income for the period*			0.5			-5.8	48.5	43.1		43.1
SHAREHOLDERS' EQUITY 31.12.2013	144.1	186.1	-0.5	250.5	43.9	4.1	266.8	894.9	0.0	894.8

EUR mill.	Share capital	Share premium fund	Hedging reserve*	Reserve for unrestricted equity	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interest	Total
SHAREHOLDERS' 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
Comprehensive income for the period										
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
SHAREHOLDERS' EQUITY 31.12.2014	144.1	186.1	3.4	250.4	43.9	-5.9	138.3	760.4	0.0	760.4

* Adjusted with deferred tax

Proposal for profit distribution

The parent company's distributable funds according to the balance sheet at 31 December 2014 were EUR 190.8 million. The Board of Directors proposes that no dividend will be paid on the company's shares and the net result of financial year 2014 will be carried further in the retained earnings.

Helsinki, 12 February 2015

Signatures of the Board of Directors and the CEO to the report by the Board of Directors and the Financial Statements:

Kaj-Gustaf Bergh, Chairman
Eva Liljebom
Charlotta Tallqvist-Cederberg

Kari Niemistö
Carola Teir-Lehtinen

Per Sjödel
Dag Wallgren

Kjell Sundström

Per Thelin, CEO

Auditors' report

TO THE ANNUAL GENERAL MEETING OF STOCKMANN PLC

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Stockmann plc for the year ended December 31, 2014. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 23 February 2015

Jari Härmälä
Authorized Public Accountant

Anders Lundin
Authorized Public Accountant

Information per quarter

Consolidated income statement per quarter

EUR mill.	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	548.5	405.0	495.3	395.6	607.8	454.4	543.6	431.3
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and consumables	-308.3	-203.9	-256.8	-215.5	-307.1	-229.6	-276.5	-233.7
Wages, salaries and employee benefits expenses	-99.7	-87.3	-98.9	-97.5	-106.2	-89.6	-101.7	-100.3
Depreciation, amortisation and impairment losses	-17.3	-17.2	-18.2	-18.2	-19.2	-18.4	-18.3	-18.6
Other operating expenses	-150.3	-111.4	-117.8	-108.3	-127.0	-106.2	-117.0	-113.4
Operating profit/loss	-27.1	-14.8	3.5	-43.9	48.3	10.7	30.1	-34.6
Finance income	0.8	0.2	0.1	0.1	0.3	3.8	-1.0	1.4
Finance expenses	-4.8	-4.9	-7.4	-5.6	-9.3	-7.9	-7.5	-7.4
Total financial income and expenses	-4.0	-4.7	-7.3	-5.5	-9.0	-4.1	-8.5	-6.0
Profit/loss before tax	-31.1	-19.5	-3.8	-49.3	39.3	6.5	21.6	-40.7
Income taxes	-7.0	5.9	-4.3	9.2	-2.8	22.4	-2.1	4.1
Profit/loss for the period	-38.1	-13.6	-8.1	-40.1	36.5	28.9	19.5	-36.5

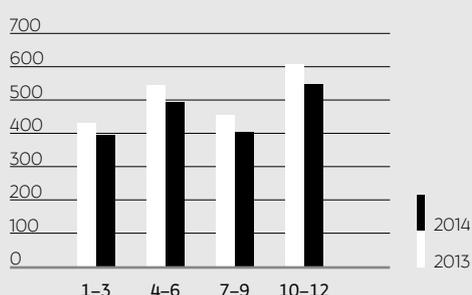
Earnings per share per quarter

EUR	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Undiluted	-0.53	-0.19	-0.11	-0.56	0.51	0.40	0.27	-0.51
Diluted	-0.53	-0.19	-0.11	-0.56	0.51	0.40	0.27	-0.51

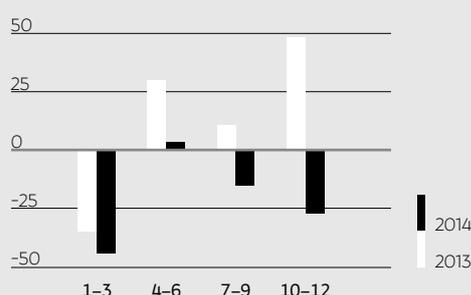
Segment information per quarter

EUR mill.	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue								
Department Store Division	351.7	214.0	293.7	241.7	392.1	245.2	325.1	270.2
Fashion Chain Division	196.9	190.9	201.6	153.8	215.9	209.4	218.7	161.3
Unallocated	-0.1	0.1	0.1	0.1	-0.1	-0.2	-0.2	-0.2
Group total	548.5	405.0	495.3	395.6	607.8	454.4	543.6	431.3
Operating profit/loss								
Department Store Division	4.9	-16.8	-6.9	-22.1	34.0	-3.6	11.6	-15.9
Fashion Chain Division	2.9	4.2	13.2	-20.3	17.6	16.1	22.3	-17.4
Unallocated	-34.9	-2.1	-2.8	-1.5	-3.3	-1.8	-3.8	-1.3
Group total	-27.1	-14.8	3.5	-43.9	48.3	10.7	30.1	-34.6

REVENUE BY QUARTER 2013–2014
EUR mill.



OPERATING RESULT BY QUARTER 2013–2014
EUR mill.



Information on segments and market areas

Segments

EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
Revenue		
Department Store Division	1 101.2	1 232.6
Fashion Chain Division	743.2	805.2
Segments, total	1 844.4	2 037.8
Unallocated	0.1	-0.8
Group total	1 844.5	2 037.1
Operating profit/loss		
Department Store Division	-40.9	26.0
Fashion Chain Division	-0.0	38.6
Segments, total	-40.9	64.6
Unallocated	-41.3	-10.2
Group total	-82.2	54.4

Market areas

EUR mill.	1.1.–31.12.2014	1.1.–31.12.2013
Revenue		
Finland ¹⁾	882.8	983.2
Sweden and Norway ²⁾	513.7	548.2
Baltic countries and Central Europe ^{1) *}	161.0	159.9
Russia ¹⁾	286.9	345.7
Group total	1 844.5	2 037.1
Finland %	47.9%	48.3%
International operations %	52.1%	51.7%
Operating profit/loss **		
Finland ¹⁾	-91.2	-0.9
Sweden and Norway ²⁾	38.6	59.0
Baltic countries and Central Europe ^{1) *}	-0.9	2.7
Russia ¹⁾	-28.7	-6.4
Group total	-82.2	54.4

1) Department Store Division, Fashion Chain Division

2) Fashion Chain Division

* Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland

** Includes re-allocation of purchasing office costs

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Changes in name and address

We kindly request shareholders to report changes of address to the bank or to Euroclear Finland Ltd in accordance with the place where the shareholder's book-entry account is kept. If you have ordered a printed copy of Stockmann's Annual Report, please also inform Stockmann's Corporate Communications.

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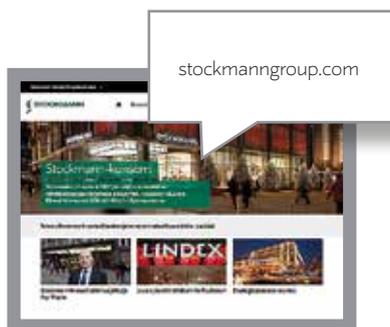
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