

# **marimekko®**

Financial statements 2016

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9 February 2017



# Q4/2016 in brief

## Highlights

- + Lower cost level
- + Nonrecurring promotional wholesale deliveries in Finland
- + Growth in wholesale sales in Japan
- Decrease in retail sales in Finland

## Key events

Marimekko presented its Spring/Summer 2017 ready-to-wear collection at Paris Fashion Week in October

Marimekko's ready-to-wear collection was awarded as the collection of the year at the Finnish Elle Style Awards 2016 in October

New Marimekko store opened in Melbourne, Australia in November



# Key figures

## Q4/2016

- Net sales EUR 28.2 million (27.5)
- Brand sales EUR 48.8 million (46.9)
- Operating profit EUR 1.8 million (1.3)
- EBITDA EUR 2.7 million (2.5)

## 2016

- Net sales EUR 99.6 million (95.7)
- Brand sales EUR 194.4 million (176.7)
- Operating profit EUR 5.2 million (1.5)
- Comparable operating profit EUR 6.1 million (1.5)
- EBITDA EUR 9.4 million (6.1)

# Net Sales Q4/2016



MEUR	10-12/2016	10-12/2015	Change, %
Finland	16.5	15.9	4
Scandinavia	2.2	2.1	3
EMEA	2.5	2.3	10
North America	2.0	2.7	-24
Asia-Pacific	5.0	4.5	11
TOTAL	28.2	27.5	3

## Net sales

+3% to EUR 28.2 million (27.5); +4% in comparable fx-rates

- Increase in wholesale sales due to nonrecurring promotional wholesale deliveries in Finland and growth in Japan
- Decrease in retail sales in Finland

## International sales

+1% to EUR 11.7 million (11.5); +1% in comparable fx-rates

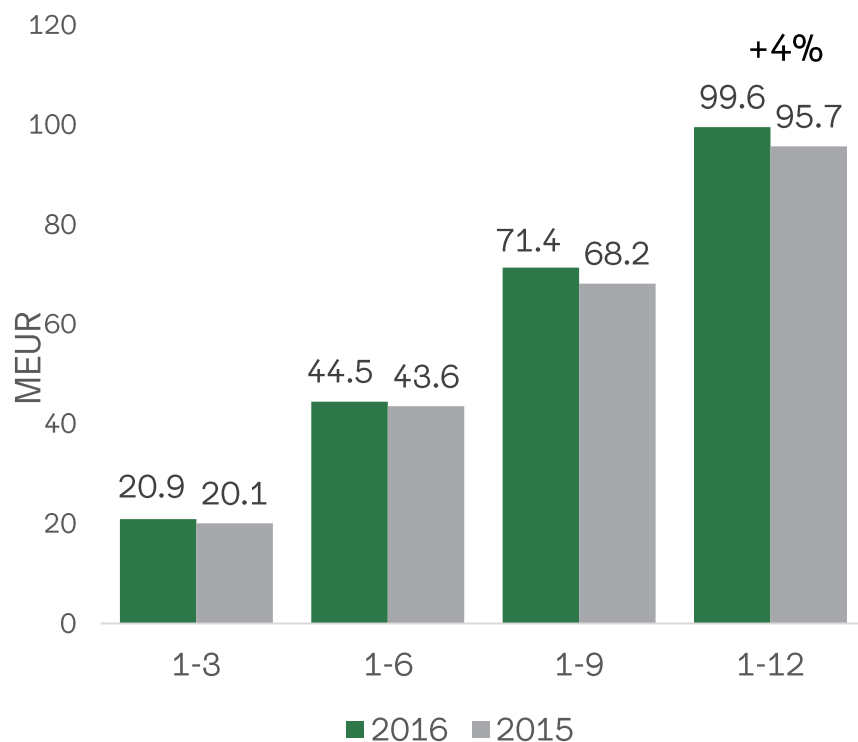
- retail sales -8%
- wholesale sales +7%

## Sales in Finland

+4% to EUR 16.5 million (15.9)

- retail sales -5% (like-for-like -12%, of which outlet stores -7%, prime stores -12%)
- wholesale sales +28%

# Net Sales 2016



MEUR	2016	2015	Change, %
Finland	55.8	52.7	6
Scandinavia	7.8	7.8	1
EMEA	9.2	8.3	12
North America	7.9	9.2	-14
Asia-Pacific	18.8	17.7	7
TOTAL	99.6	95.7	4

## Net sales

+4% to EUR 99.6 million (95.7); +4% in comparable fx-rates

- Growth in wholesale sales in Finland, EMEA and Asia-Pacific
- Growth in wholesale sales in Finland was due to nonrecurring promotional deliveries taking place in the second half of the year
- Increase in retail sales in Finland and Australia

## International sales

+2% to EUR 43.8 million (43.0); +2% in comparable fx-rates

- retail sales -2%
- wholesale sales +6%

## Sales in Finland

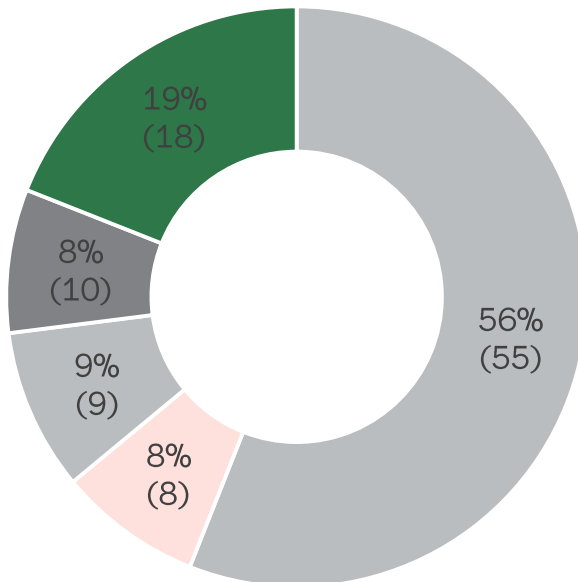
+6% to EUR 55.8 million (52.7); +6% in comparable fx-rates

- retail sales +3% (like-for-like on a par with previous year, of which outlet stores +9%, prime stores -5%)
- wholesale sales +13%

# Net sales by market area and by product line

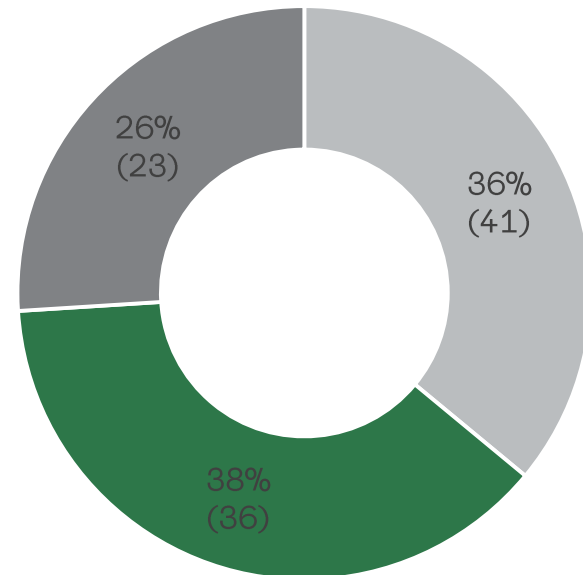
Net sales by market area  
2016

- Finland
- Scandinavia
- EMEA
- North America
- Asia-Pacific

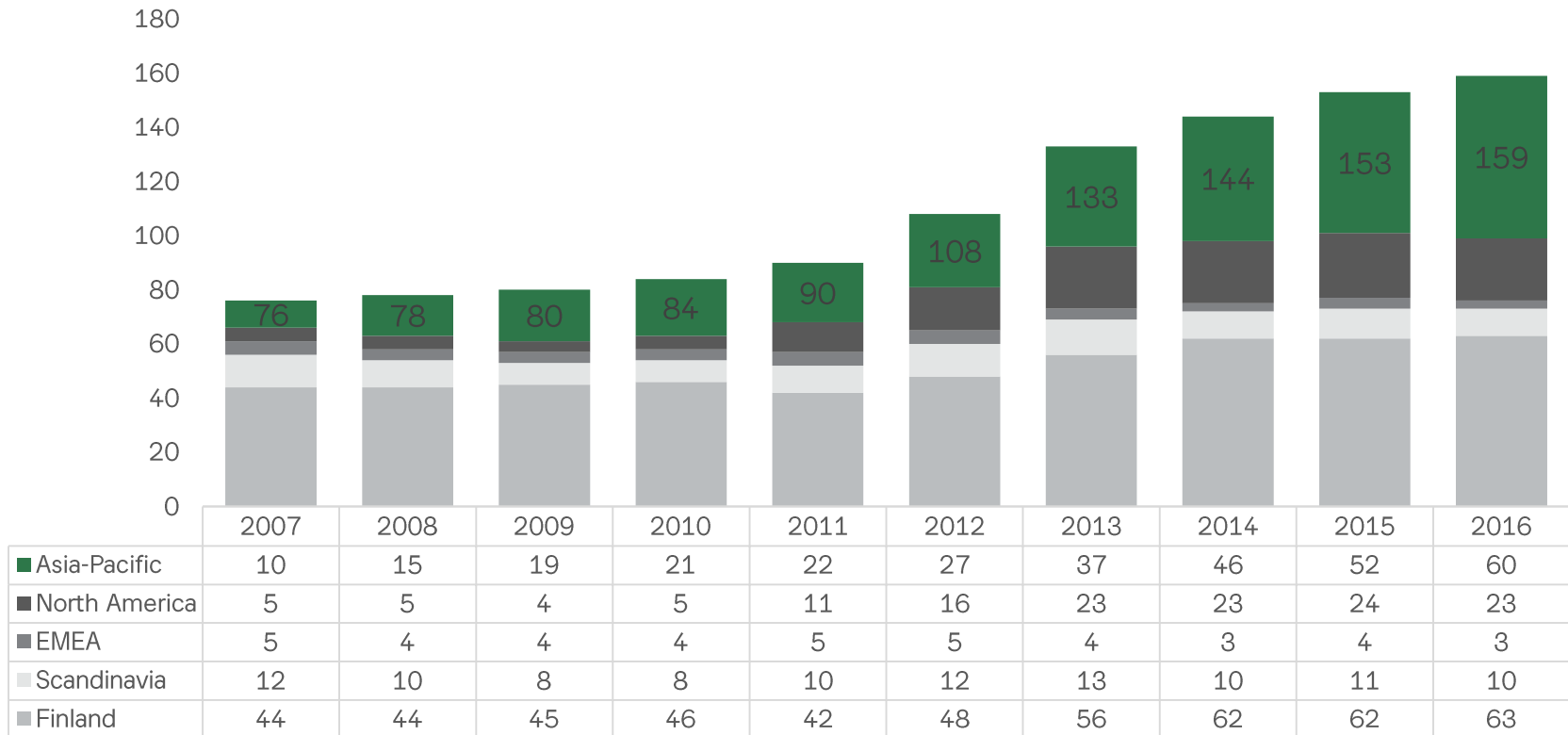


Net sales by product line  
2016

- Fashion
- Home
- Bags & Accessories



# 159 stores\* at the end 2016

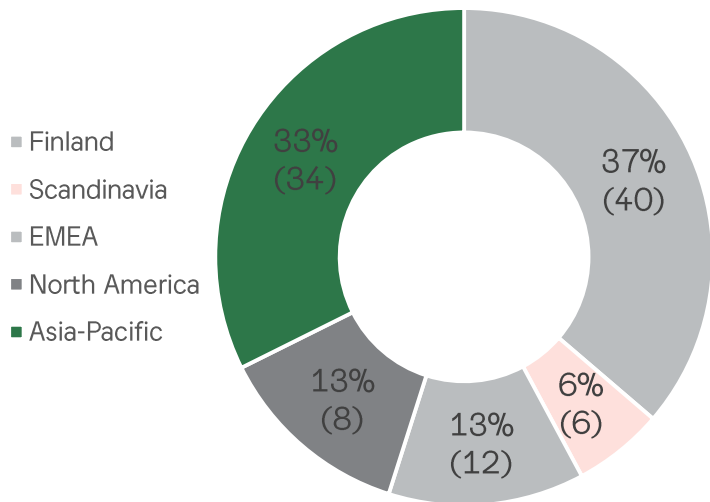


\*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 55 at the end of 2016 (55).

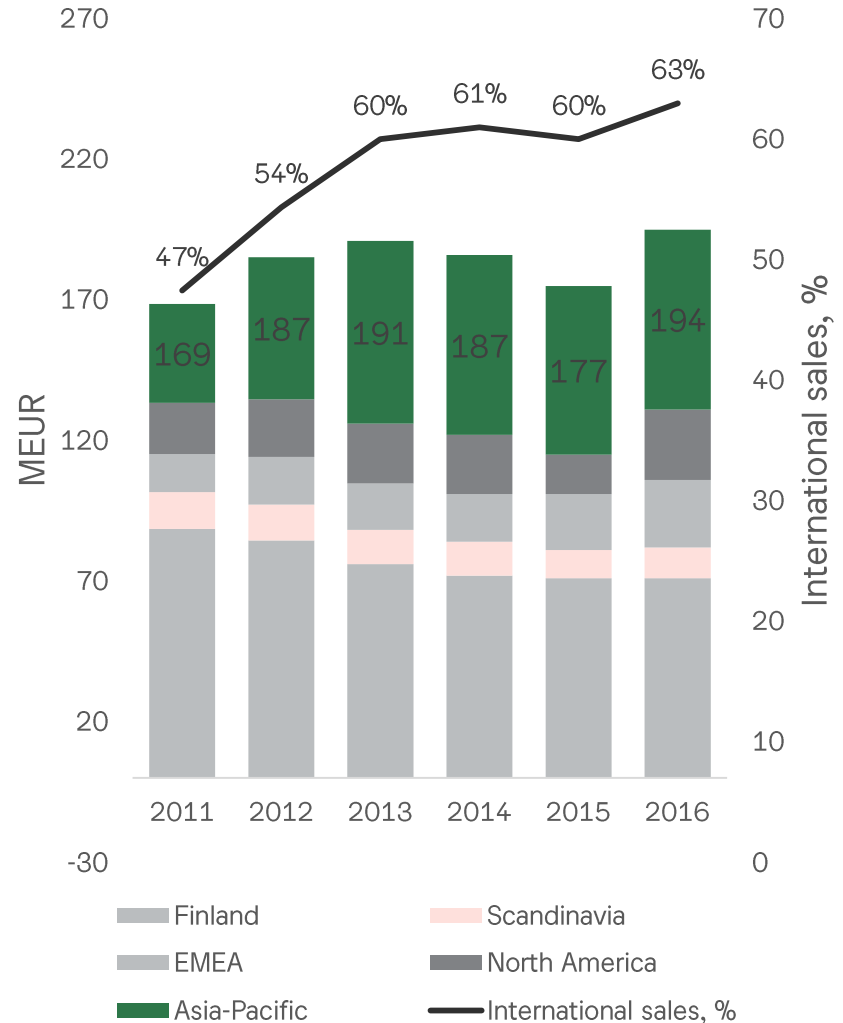
# +15% increase in Marimekko brand sales in 2011-2016 :

In Q4, 59% of the brand sales came from abroad (54)

Brand sales by market area  
2016

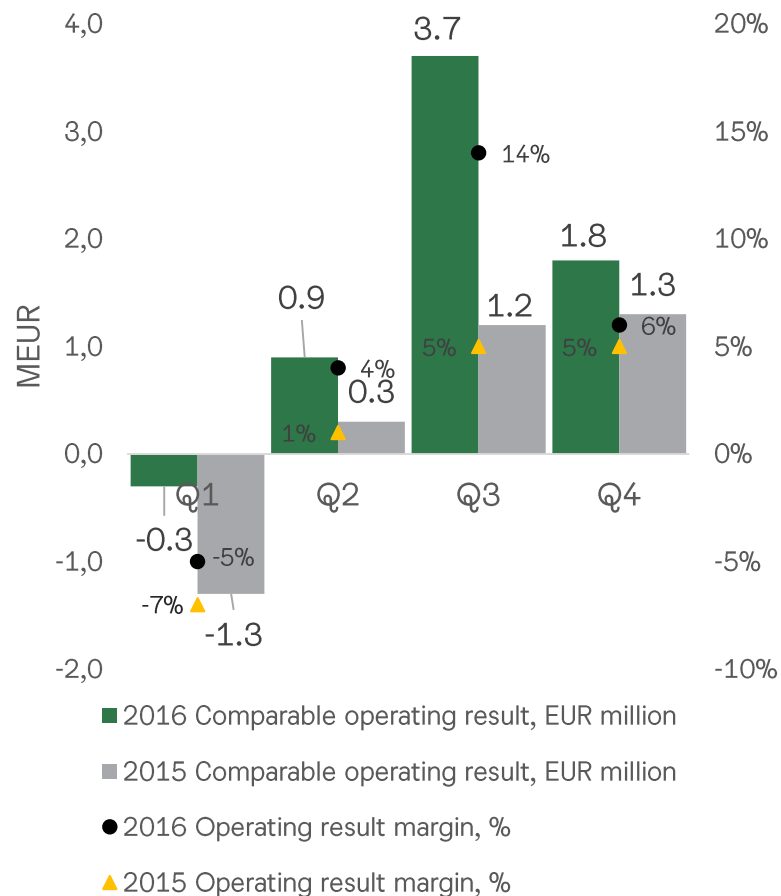


MEUR	2016	2015	Change, %
Finland	71.0	71.3	0
Scandinavia	10.9	10.9	0
EMEA	24.3	20.4	19
North America	24.6	14.1	74
Asia-Pacific	63.6	60.0	6
TOTAL	194.4	176.7	10





# Operating profit Q4/2016

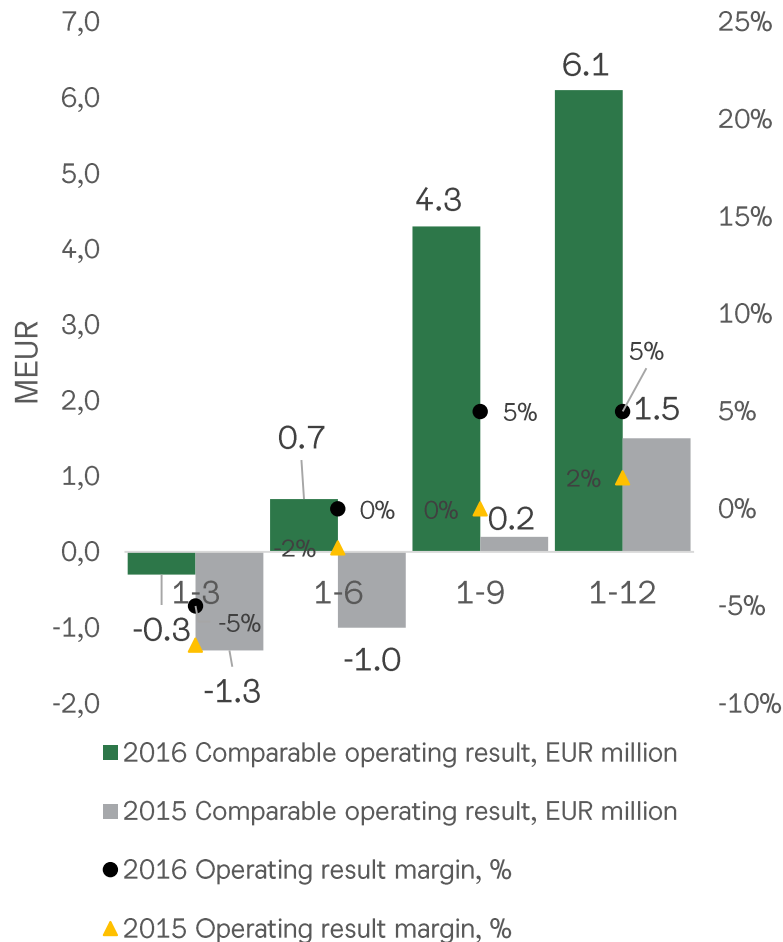


Operating profit EUR 1.8 million (1.3)

Comparable operating profit EUR 1.8 million (1.3)

- + Nonrecurring promotional wholesale deliveries in Finland
- + Growth in wholesale sales in the Asia-Pacific market area
- + Lower cost level
  
- Downturn in retail sales in Finland
- Downturn in retail and wholesale sales in North America

# Operating profit 2016



Operating profit EUR 5.2 million (1.5)

Comparable operating profit EUR 6.1 million (1.5)

- + Lower cost level, including lower marketing expenses than in 2015
- + Growth in wholesale sales in Finland due to nonrecurring promotional deliveries
- + Increase in retail sales in Finland
- + Growth in wholesale sales in EMEA and Asia-Pacific
- + The costs for the comparison year included the considerable expenses associated with the closure of the store in Beverly Hills
- Discount-driven retail sales
- Downturn in relative sales margin
- Royalty income from North America posted in the comparison period

# Key figures

	10-12/ 2016	10-12/ 2015	Change, %	2016	2015	Change, %
Net sales, EUR million	28.2	27.5	3	99.6	95.7	4
International sales, EUR million	11.7	11.5	1	43.8	43.0	2
% of net sales	41	42		44	45	
EBITDA, EUR million	2.7	2.5	6	9.4	6.1	55
Operating profit, EUR million	1.8	1.3	31	5.2	1.5	
Operating profit margin, %	6.3	4.9		5.3	1.6	
Profit for the period, EUR million	1.5	1.2	27	4.0	0.8	
Earnings per share, EUR	0.19	0.15	27	0.50	0.10	
Cash flow from operating activities, EUR million	7.7	5.6	39	6.1	6.3	-3
Gross investments, EUR million	0.4	1.9	-79	2.7	3.6	-24
Return on investment (ROI), %				15.8	4.5	
Equity ratio, %				58.5	59.0	
Gearing, %				8.8	11.3	
Contingent liabilities, EUR million				32.7	36.3	-10
Personnel at the end of the period				431	476	-9
outside Finland				111	126	-12



# Key events in 2016

In January, Marimekko announced its plans to streamline its operations and improve profitability – consultative negotiations were concluded in March.

Fall/Winter 2016 ready-to-wear collection was presented in March and Spring/Summer 2017 in October at Paris Fashion Week.

Marimekko strengthened its presence in Australia by opening an online store in April.

Change in Marimekko's governance model took place on 11 April 2016 – the role of Tiina Alahuhta-Kasko now incorporates the duties of both the President and the CEO.

Limited-edition collection of Marimekko and Target was sold in the second quarter, supporting the building of Marimekko's brand recognition in the long term.

Marimekko inaugurated new washing machinery in its textile printing factory in Finland in September.

Of the 14 new Marimekko stores opened during the year, 11 are located in the Asia-Pacific region.





Limited-edition collection of Marimekko and Target hit the stores in April





Successful presentations at Paris Fashion Week gained a lot of media attention in March and October 2016





New washing machinery in Marimekko's textile printing factory was inaugurated in September





In October, Marimekko's ready-to-wear collection designed under Creative Director Anna Teurnell was awarded as the collection of the year at the Finnish Elle Style Awards 2016





Australia's fifth Marimekko store was opened in Chadstone, Melbourne in November



# Events after the review period

In January, Marimekko extended its e-commerce to 16 new countries in Europe.

The new countries for Marimekko's online retailing are Austria, Croatia, the Czech Republic, Estonia, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

Currently, Marimekko's e-commerce serves customers in 29 countries.

# Market outlook and growth targets for 2017

## Finland

- Finland accounts for about half of the company's net sales
- In retailing, a more positive vibe can be seen in Finland – the trend is forecast to be moderate
- Nonrecurring promotional deliveries had a positive impact on the company's sales in 2016, but no similarly large deliveries are in sight for 2017
- Marimekko's sales excluding income from nonrecurring promotional deliveries are expected to be roughly on a par with the previous year

## The Asia-Pacific region

- Japan is clearly the most important country in this region to Marimekko; the other countries' combined share of the company's net sales is still relatively small, as operations in these markets are in fairly early stages
- Sales in Japan are supported by enhancing the operations of stores and by optimising the product range
- Sales in the Asia-Pacific region in 2017 are forecast to be roughly on a par with the previous year
- Most of the Marimekko stores and shop-in-shops to be opened in 2017 will be in the Asia-Pacific region, and the company sees growing demand for its products in this region especially in the longer term
- Prospects are expected to continue to be positive in Australia

## Also

- Royalty income from North America is forecast to grow slightly due to a licensing agreement concluded with a North American company
- The expenses of marketing operations in 2017 are forecast to be higher than in 2016 (EUR 4.4 million), and the total investments are estimated at approximately EUR 2 million (2.7)

## Growth targets for 2017

- The main thrust in expansion in 2017 will continue to be on openings of retailer-owned Marimekko stores
- The aim is to open around 10-20 new Marimekko stores and shop-in-shops, the majority of which will be shop-in-shops
- Furthermore, the company will continue the enhancement of the operations of Marimekko stores opened in recent years
- The company's own e-commerce and other online sales channels are forecast to continue to grow



# Financial guidance for 2017

The Marimekko Group's net sales and comparable operating profit for 2017 are forecast to be at the same level as in the previous year.





# Proposal for the dividend for 2016

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.40 per share be paid for 2016.

On 31 December 2016, the parent company's distributable funds amounted to EUR 17,482,078.62; profit for the financial year was EUR 5,576,900.81.

The Board will propose 10 April 2017 as the dividend record date, and 19 April 2017 for the dividend payout.

# Focus areas of Marimekko's strategy

2014-2018

PROFITABLE AND GLOBAL FASHION & HOME BRAND  
WITH STRONG DIGITAL OPERATIONS

- from a "niche design cult brand" to a much broader appeal for selected target customers
- fashion as lifestyle brand spearhead and clarified brand direction
- stronger profitability through recent growth and improved efficiency
- continuing growth with partner-led retail with special focus on Asia
- digital as driver of future growth

2010-2014

GLOBAL COMPANY

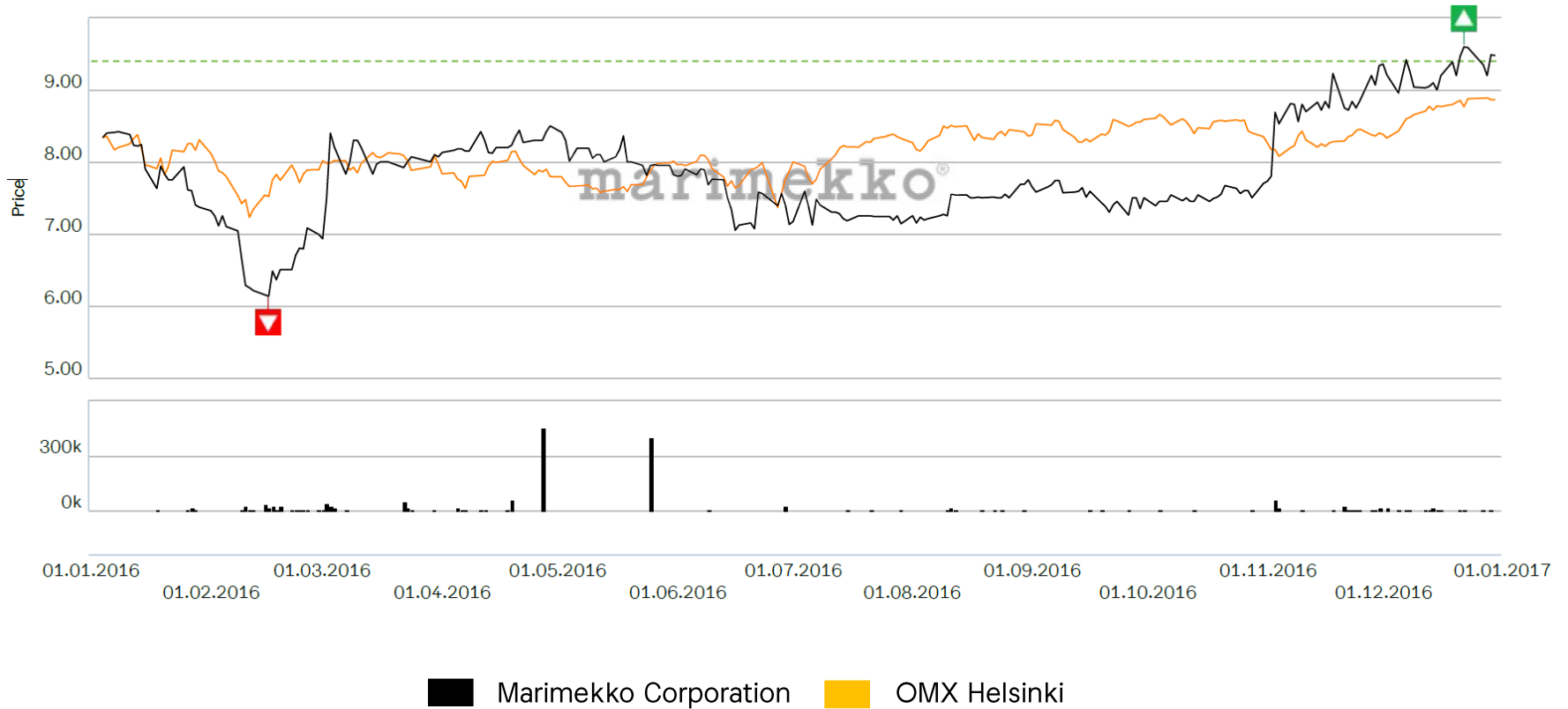
- launch of a global network of stores
- launch of US e-comm and focus on digital communication
- efficiency improvements
- successful global collaborations
- launch of a sustainability and CSR organisation

2008-2012

FOUNDATIONS

- crystallisation of the brand
- building a professional organisation
- corporate culture
- new categories in home products
- store concept
- new stores and teams in Asia and the Americas

# Share price previous 12 months



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Appendices



# Income statement

MEUR	10-12/2016	10-12/2015	2016	2015
NET SALES	28.2	27.5	99.6	95.7
Other operating income	0.1	0.2	0.4	0.3
Use of materials and consumables*	-11.5	-10.8	-37.2	-34.8
Employee benefit expenses	-6.6	-7.0	-25.7	-26.2
Depreciation and impairments	-0.9	-1.2	-4.1	-4.5
Other operating expenses	-7.5	-7.4	-27.7	-28.9
OPERATING PROFIT	1.8	1.3	5.2	1.5
Net financial items	0.2	0.1	-0.1	-0.2
RESULT BEFORE TAXES	2.0	1.5	5.2	1.3
Income taxes	-0.4	-0.3	-1.1	-0.5
NET RESULT	1.5	1.2	4.0	0.8

\*Sum of "Increase/decrease in inventories of completed and unfinished products" and "Raw materials and consumables".

# Balance sheet

MEUR	31.12.2016	31.12.2015	MEUR	31.12.2016	31.12.2015
Non-current assets	15.6	17.4	Equity	28.3	27.1
Inventories	21.4	18.5	Financial liabilities and finance lease obligations	5.8	7.1
Other current assets	8.0	6.0	Other non-current liabilities	0.1	0.2
Cash and cash equivalents	3.5	4.2	Current liabilities	14.3	11.7
TOTAL ASSETS	48.5	46.1	SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	48.5	46.1

# Cash flow statement

MEUR	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	9.4	6.1
Change in net working capital	-2.6	1.5
CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	6.8	7.6
Financial items and taxes	-0.7	-1.2
CASH FLOW FROM OPERATING ACTIVITIES	6.1	6.3
Cash flow from investing activities	-2.6	-3.2
CASH FLOW BEFORE CASH FLOW FROM FINANCING ACTIVITIES	3.6	3.1
Short-term loans drawn	4.0	-
Payment of short-term loans	-4.0	-
Net change in long-term loans and payment of finance lease liabilities	-1.5	-0.1
Dividends paid	-2.8	-2.8
CHANGE IN CASH AND CASH EQUIVALENTS	-0.8	0.2
Cash and cash equivalents at the beginning of the period	4.2	4.1
Cash and cash equivalents at the end of the period	3.5	4.2

# Largest shareholders 31 December 2016

Quoted on Nasdaq Helsinki - Consumer goods  
 - 1999, I-list  
 - 2002, Main-list

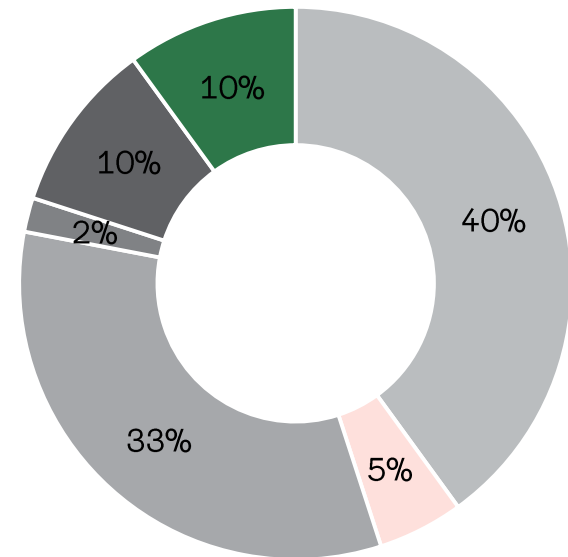
Market-cap ~ EUR 77 million

7,270 shareholders

Largest shareholders, 31 December 2016	Nr. of shares and votes	%
Muotitila Oy	1,297,700	16.04
Moomin Characters Oy Ltd	585,000	7.23
Ehnrooth Anna Sophia	400,377	4.95
Varma Mutual Pension Insurance Company	385,920	4.77
Oy Etra Invest Ab	236,823	2.93
Odin Finland	231,601	2.86
Veritas Pension Insurance Company Ltd.	219,217	2.71
Ilmarinen Mutual Pension Insurance Company	215,419	2.66
Sijoitusrahasto Aktia Europe Small Cap	168,900	2.09
Sijoitusrahasto Taaleritehdas Mikro Markka	100,000	1.24

Ownership by sector,  
 31 December 2016

- Households
- Financial and insurance corporations
- Non-financial corporations and housing corporations
- Non-profit institutions
- General government
- Nominee-registered and non-Finnish holders





## For more information

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