

marimekko®

Interim Report 1-9/2016

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3 November 2016



Q3/2016 in brief

Highlights

- + Lower cost level
- + Nonrecurring promotional wholesale deliveries in Finland
- + Growth in wholesale sales in EMEA
- + Earlier timing of wholesale deliveries compared with the previous year
- Royalty receipts from North America in the comparison period

Key events

Marimekko inaugurated new washing machine in its textile printing factory in Finland

New shop-in-shops opened in Copenhagen and Bangkok



Key figures

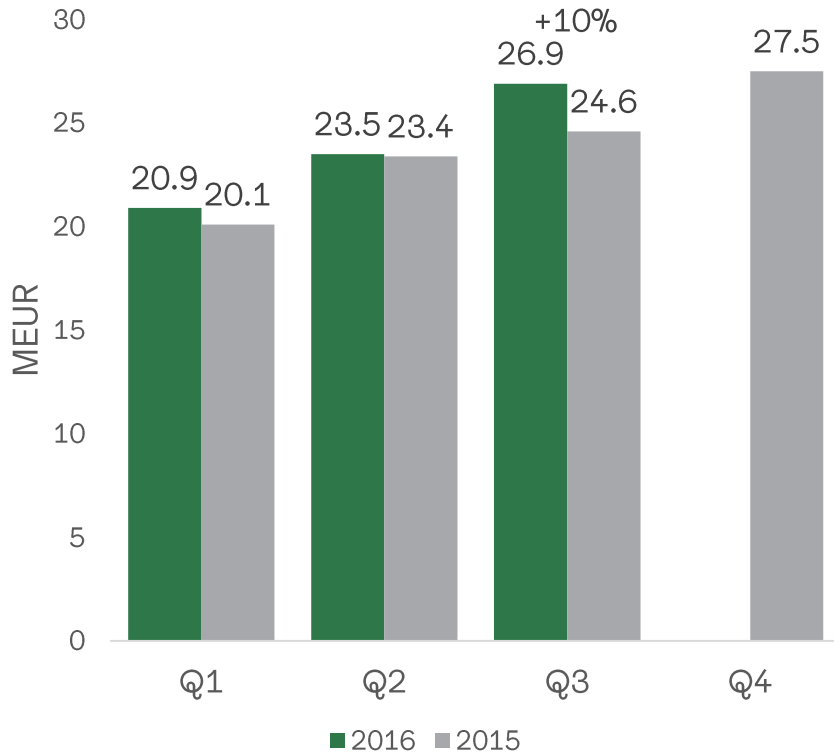
Q3/2016

- Net sales EUR 26.9 million (24.6)
- Brand sales EUR 49.6 million (46.6)
- Operating result EUR 3.7 million (1.2)
- Comparable operating result EUR 3.7 million (1.2)
- EBITDA EUR 4.8 million (2.4)
- Comparable EBITDA EUR 4.8 million (2.4)

1-9/2016

- Net sales EUR 71.4 million (68.2)
- Brand sales EUR 145.6 million (129.7)
- Operating result EUR 3.5 million (0.2), including a restructuring cost of EUR 0.8 million
- Comparable operating profit EUR 4.3 million (0.2)

Net Sales Q3/2016



Net sales

+10% to EUR 26.9 million (24.6); +9% in comparable fx-rates

- retail sales +6%
- wholesale sales +18%
 - positive trend in EMEA
 - nonrecurring promotional deliveries in Finland

International sales

+6% to EUR 11.3 million (10.6); +6% in comparable fx-rates

- retail sales +6%
- wholesale sales +11%

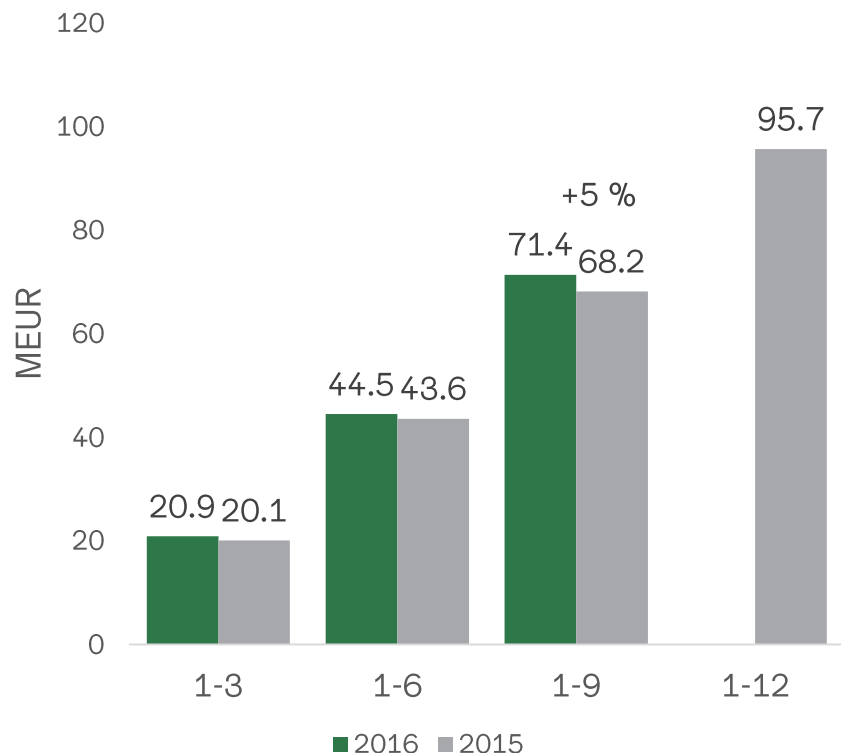
Sales in Finland

+12% to EUR 15.7 million (14.0)

- retail sales +6% (like-for-like +3%, of which prime stores like-for-like -6%)
- wholesale sales +29%
 - nonrecurring promotional deliveries

MEUR	7-9/2016	7-9/2015	Change, %
Finland	15.7	14.0	12
Scandinavia	2.0	1.9	8
EMEA	2.4	1.6	52
North America	2.0	2.4	-16
Asia-Pacific	4.8	4.8	1
TOTAL	26.9	24.6	10

Net Sales 1-9/2016



MEUR	1-9/2016	1-9/2015	Change, %
Finland	39.3	36.8	7
Scandinavia	5.7	5.6	0
EMEA	6.8	6.0	12
North America	5.9	6.6	-10
Asia-Pacific	13.9	13.2	5
TOTAL	71.4	68.2	5

Net sales

+5% to EUR 71.4 million (68.2); +4% in comparable fx-rates

- retail sales +5%
 - positive trend in sales in Finland and Australia
- wholesale sales +6%
 - nonrecurring promotional deliveries in Finland
 - positive trend in sales in EMEA and Asia-Pacific market areas

International sales

+2% to EUR 32.2 million (31.4); +2% in comparable fx-rates

- retail sales +0%
- wholesale sales +5%

Sales in Finland

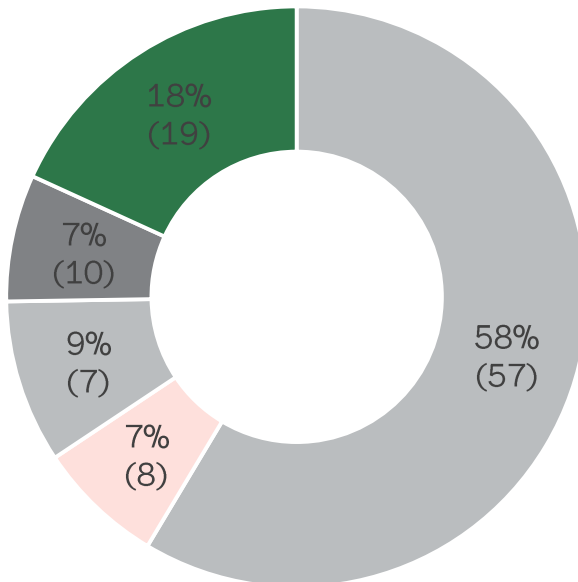
+7% to EUR 39.3 million (36.8)

- retail sales +7% (like-for-like +4%, of which prime stores like-for-like -3%)
- wholesale sales +7%

Net sales by market area and by product line

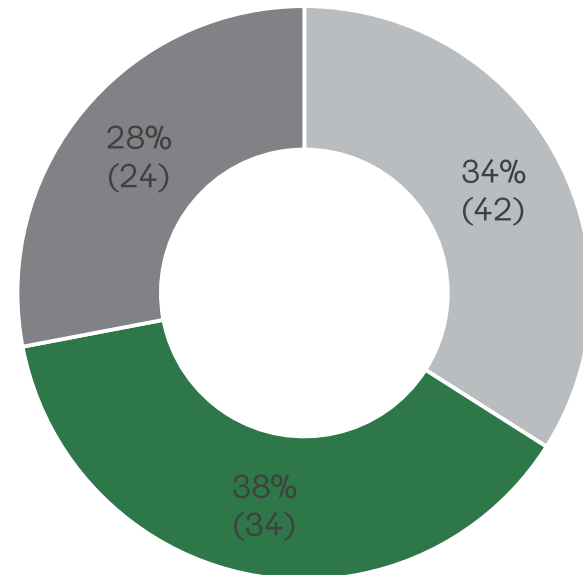
Net sales by market area
Q3/2016

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

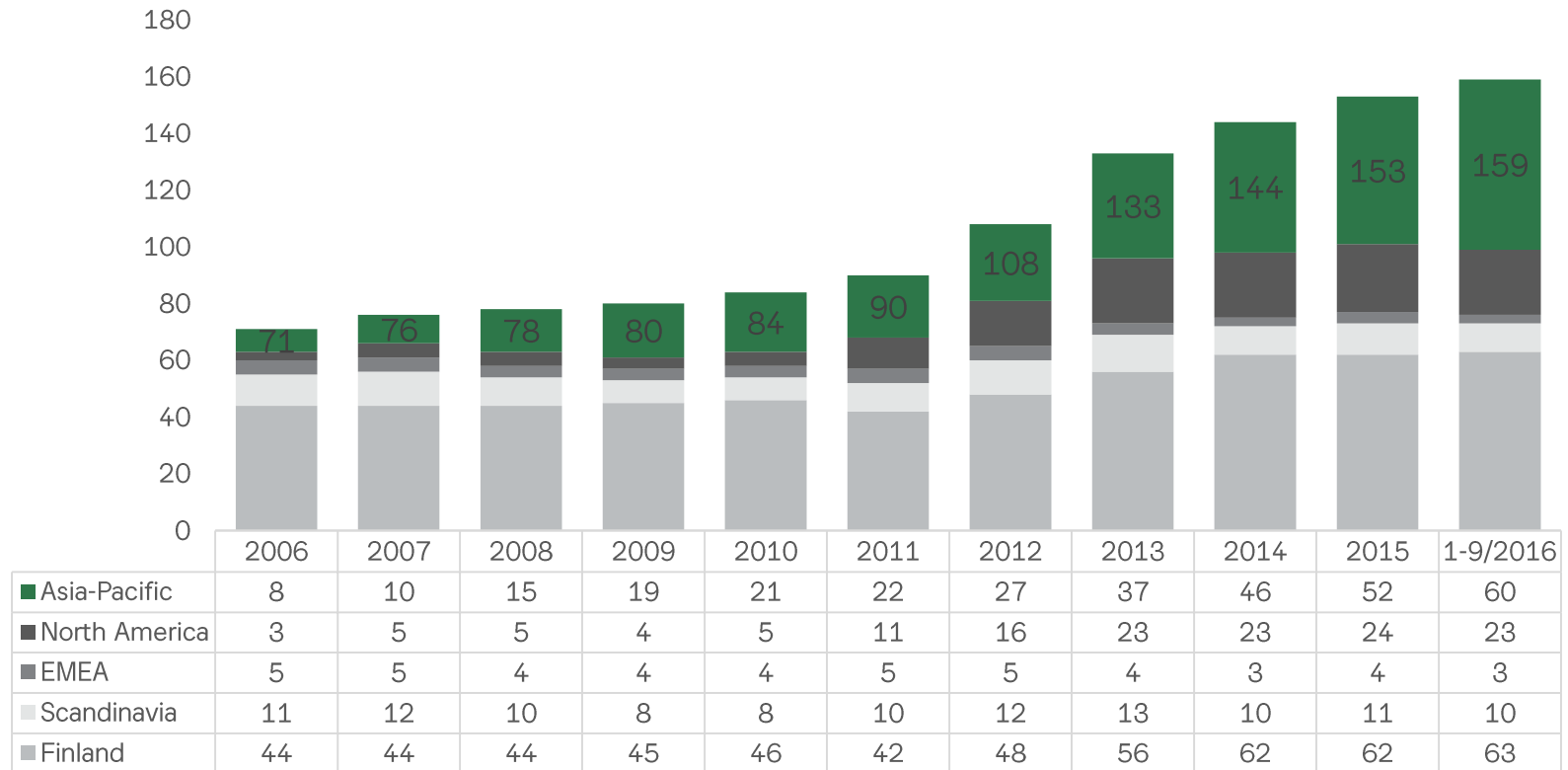


Net sales by product line
Q3/2016

- Fashion
- Home
- Bags & Accessories



159 stores* at the end of September 2016

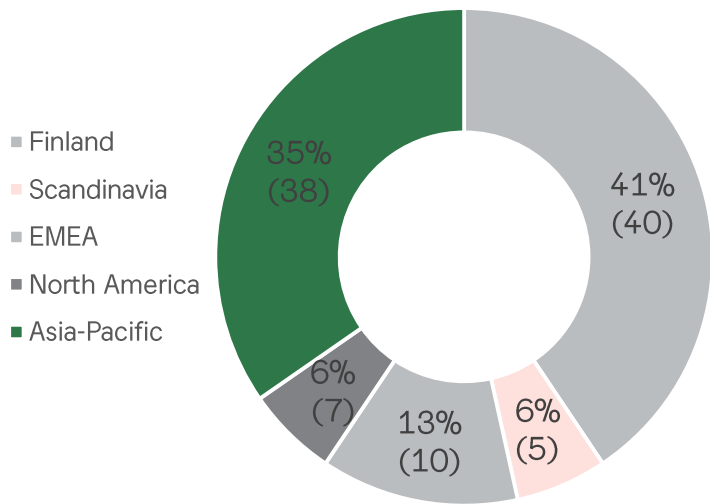


*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 54 at the end of September 2016 (53).

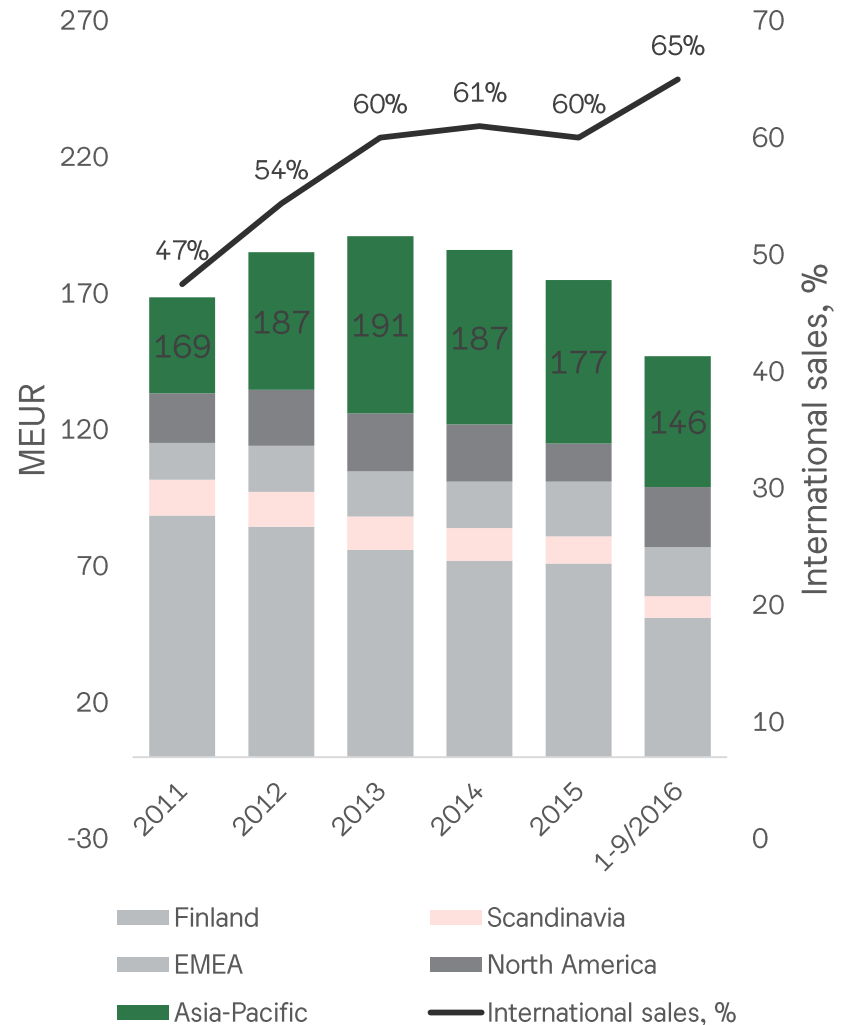
+20 % increase in Marimekko brand sales in 1-9/2011 – 1-9/2016:

In Q3, 59% of the sales came from abroad (60)

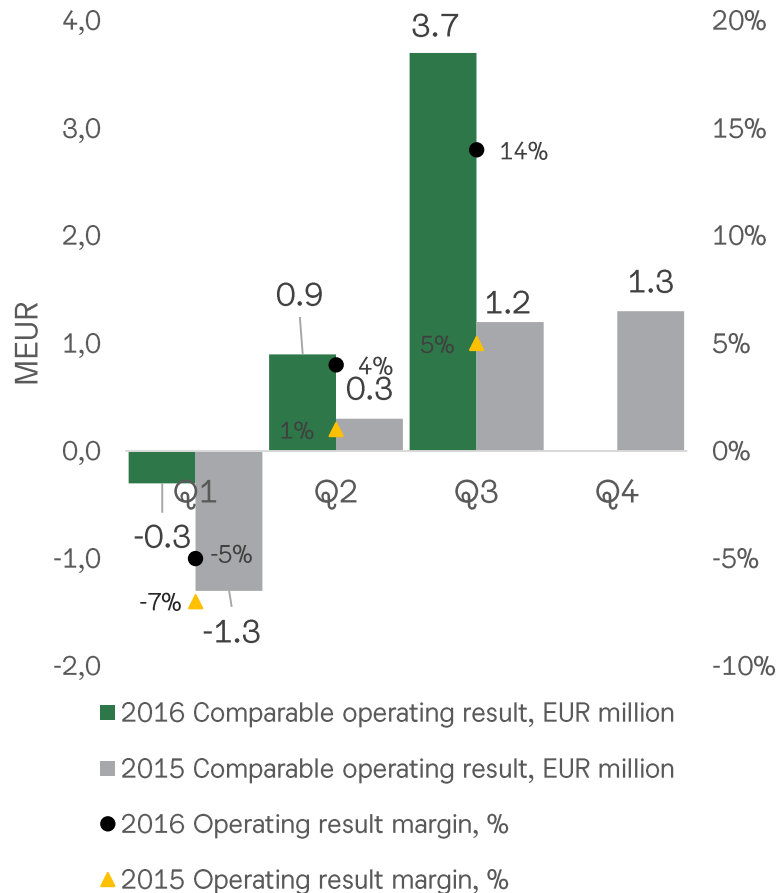
Brand sales by market area
1-9/2016



MEUR	1-9/2016	1-9/2015	Change, %
Finland	50.9	49.8	2
Scandinavia	7.8	7.9	-1
EMEA	17.6	14.7	20
North America	21.6	9.1	136
Asia-Pacific	47.8	48.2	-1
TOTAL	145.6	129.7	12



Operating profit Q3/2016

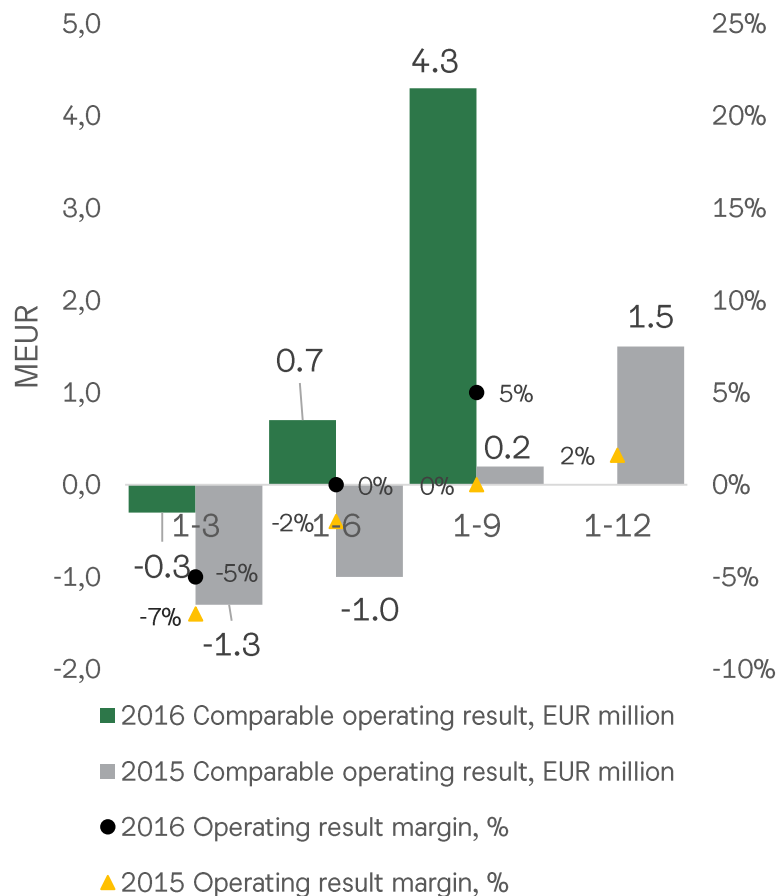


Operating profit EUR 3.7 million (1.2)

Comparable operating profit EUR 3.7 million (1.2)

- + Lower cost level
- + Nonrecurring promotional wholesale deliveries in Finland
- + Growth in wholesale sales in EMEA market area
- + Smaller proportion of marketing expenses posted in Q3 than in the comparison period
- + Earlier timing of wholesale deliveries compared with the previous year
- Royalty receipts from North America in the comparison period

Operating profit 1-9/2016



Operating profit EUR 3.5 million (0.2), including a restructuring cost of EUR 0.8 million

Comparable operating profit EUR 4.3 million (0.2)

- + Lower cost level
- + Growth in retail sales in Finland
- + Increase in wholesale sales in Finland due to nonrecurring promotional deliveries
- Discount-driven retail sales
- Royalty receipts from North America in the comparison period

Key figures

	7-9/ 2016	7-9/ 2015	Change, %	1-9/ 2016	1-9/ 2015	Change, %	2015
Net sales, EUR million	26.9	24.6	10	71.4	68.2	5	95.7
International sales, EUR million	11.3	10.6	6	32.2	31.4	2	43.0
% of net sales	42	43	-	45	46	-	45
EBITDA, EUR million	4.8	2.4	96	6.7	3.5	90	6.1
Operating profit, EUR million	3.7	1.2	199	3.5	0.2	-	1.5
Operating profit margin, %	13.6	5.0	-	4.9	0.3	-	1.6
Profit for the period, EUR million	2.8	0.6	-	2.5	-0.4	-	0.8
Earnings per share, EUR	0.34	0.08	-	0.31	-0.05	-	0.10
Cash flow from operating activities, EUR million	1.4	0.7	99	-1.6	0.7	-	6.3
Gross investments, EUR million	1.0	0.9	8	2.3	1.7	38	3.6
Return on investment (ROI)*, %	-	-	-	12.7	5.4	-	4.5
Equity ratio, %	-	-	-	55.2	54.7	-	59.0
Gearing, %	-	-	-	36.3	27.4	-	11.3
Contingent liabilities, EUR million	-	-	-	31.6	30.6	3	36.3
Personnel at the end of the period	-	-	-	416	444	-6	476
outside Finland	-	-	-	111	114	-3	126

* ROI and ROE are reported as 12 month rolling values as of the first review period of 2016. Values of the comparison periods have been restated accordingly. The change improves comparability between review periods.



Marimekko inaugurated new washing machine in its textile printing factory in Finland in September



New shop-in-shops opened in Copenhagen and Bangkok



Events after the review period

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

Market outlook and growth targets for 2016

Finland

- The situation in retail trade in Marimekko's important domestic market Finland has remained clearly below the normal level.
- In spite of improvement in consumer confidence, weak purchasing power and uncertainty in the labour market are overshadowing prospects in 2016.
- Nonrecurring promotional deliveries will have a positive effect on the company's sales this year.

The Asia-Pacific region

- This year and in the next few years, the trend in sales in Japan is expected to be more moderate than in the previous years. New stores will be opened in Japan at the estimated rate of a few stores per year. In addition, shop-in-shops located mainly in department stores are also planned to be opened in Japan.
- In Australia, the outlook is positive and the market is expected to grow through in-house retailing, quality department stores and own online store.
- Most of the Marimekko stores to be opened in 2016 will be located in the Asia-Pacific region.

North America

- Marimekko's sales in North America are expected to fall short of the previous year's level.

- Long-lasting construction works in the vicinity of Marimekko's flagship store in New York, which plays a significant part in the company's sales, still ongoing and continue to reduce footfall.
- The design collaboration carried out in the second quarter of the year with the US retail chain Target is expected to support the building of Marimekko's international brand recognition in the long term.

Scandinavia and EMEA

- Sales expectations in Scandinavia are lower than previously estimated. Marimekko's visibility in Sweden has increased and interest in the brand has grown, but this has not turned into sales yet. In Norway and Denmark, an update of the distribution channel structure is still under way. However, these markets are expected to offer potential for the brand in the long term.
- Sales expectations in EMEA are modest.
- In order to raise the global profile of the brand and to promote growth, Marimekko continues to focus on cooperation with well-known department stores and other distribution channels in EMEA market area.

Growth targets for 2016

- The main thrust in expansion in 2016 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 – of these, 1-2 of would be company-owned.
- Marimekko focuses strongly on the operational enhancement and the improvement of profitability of Marimekko stores opened in recent years.

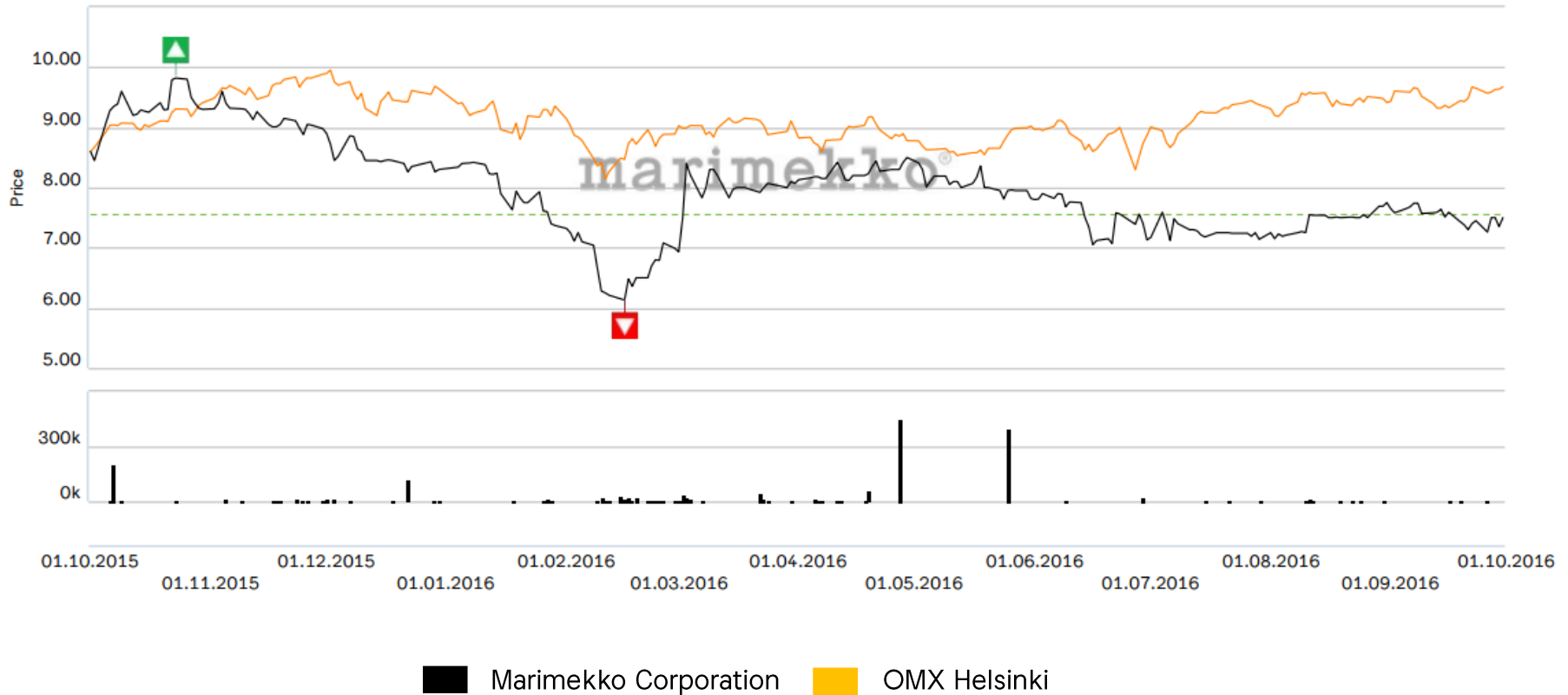


Financial guidance for 2016

The Marimekko Group's net sales for 2016 are forecasted to be at the same level as in 2015.

Operating profit excluding restructuring costs is expected to be higher than in the previous year.

Share price previous 12 months



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Appendix

Income statement

MEUR	7-9/2016	7-9/2015	1-9/2016	1-9/2015
NET SALES	26.9	24.6	71.4	68.2
Other operating income	0.1	0.1	0.3	0.2
Use of materials and consumables*	-9.8	-9.0	-25.7	-24.1
Employee benefit expenses	-5.6	-6.0	-19.1	-19.3
Depreciation and impairments	-1.1	-1.2	-3.2	-3.3
Other operating expenses	-6.8	-7.3	-20.2	-21.5
OPERATING RESULT	3.7	1.2	3.5	0.2
Net financial items	-0.1	-0.3	-0.3	-0.4
RESULT BEFORE TAXES	3.5	1.0	3.2	-0.2
Income taxes	-0.8	-0.4	-0.7	-0.2
NET RESULT	2.8	0.6	2.5	-0.4

*Sum of “increase/decrease in inventories of completed and unfinished products” and “Raw materials and consumables”.

Balance sheet

MEUR	30.9.2016	30.9.2015	MEUR	30.9.2016	30.9.2015
Non-current assets	15.8	17.0	Equity	26.7	26.0
Inventories	23.1	18.9	Financial liabilities and finance lease obligations	8.4	10.4
Other current assets	6.6	8.1	Other non-current liabilities	0.1	0.3
Cash and cash equivalents	2.9	3.6	Current liabilities	13.2	10.9
TOTAL ASSETS	48.5	47.6	SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	48.5	47.6

Cash flow statement

MEUR	7-9/2016	7-9/2015
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	6.7	3.5
Change in net working capital	-7.8	-2.4
CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	-1.1	1.1
Financial items and taxes	-0.5	-0.4
CASH FLOW FROM OPERATING ACTIVITIES	-1.6	0.7
Cash flow from investing activities	-2.1	-1.7
CASH FLOW BEFORE FINANCING ACTIVITIES	-3.7	-0.9
Long-term loans drawn	1.4	3.5
Short-term loans drawn	4.0	-
Payments of long term loans and finance leases	-0.2	-0.2
Dividends paid	-2.8	-2.8
CHANGE IN CASH AND CASH EQUIVALENTS	-1.3	-0.5
Cash and cash equivalents at the beginning of the period	4.2	4.1
Cash and cash equivalents at the end of the period	2.9	3.6

Largest shareholders 30 September 2016

Listed at Nasdaq Helsinki - Consumer goods

- 1999, I-list
- 2002, Main-list

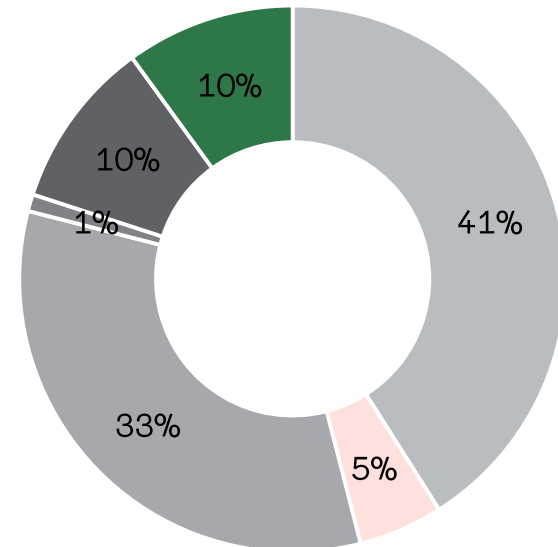
Market-cap ~ EUR 61 million

7,345 shareholders

Largest shareholders, 30 September 2016	Nr. of shares and votes	%
Muotitila Oy	1,297,700	16.04
Moomin Characters Oy Ltd	585,000	7.23
Ehrnrooth 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,
30 September 2016

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





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