

marimekko®

Interim Report 1-3/2016

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12 May 2016



Q1/2016 in brief

Highlights

- + Increase in retail sales in Finland
- + Significant wholesale deliveries
- + Reduced cost level
- Decrease in relative wholesale margins
- Deterioration in royalty income in North America

Key events

Marimekko and Target announced partnership for limited-edition design collaboration

Fall/Winter 2016 RTW collection was presented at Paris Fashion Week in March

New stores opened in Japan, South Korea and Thailand

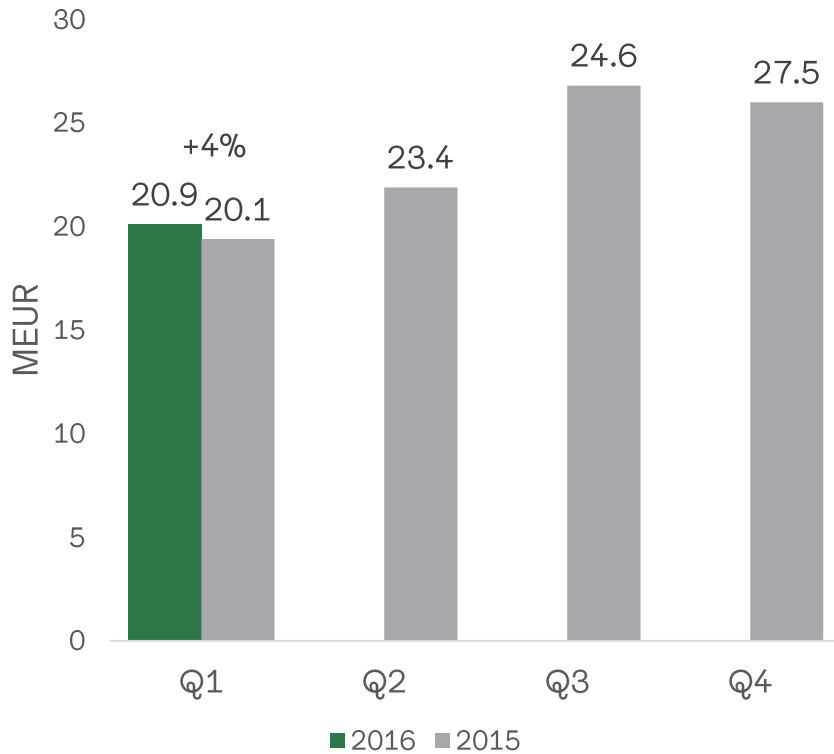
Key figures

Q1/2016

- Net sales EUR 20.9 million (20.1)
- Brand sales EUR 43.0 million (40.4)
- Operating result EUR -1.1 million (-1.3)
- Comparable operating result EUR -0.3 (-1.3)
- EBITDA EUR 0 million (-0.3)
- Comparable EBITDA EUR 0.8 (-0.3)



Net Sales Q1/2016



MEUR	1-3/2016	1-3/2015	Change, %
Finland	10.1	9.7	4
Scandinavia	1.7	1.8	-4
EMEA	2.3	2.3	1
North America	1.6	2.1	-22
Asia-Pacific	5.2	4.2	22
TOTAL	20.9	20.1	4

Net sales

+4% to EUR 20.9 million (20.1); +2% in comparable fx-rates

- retail sales +4%
- wholesale sale +8%
 - significant wholesale deliveries

International sales

+4% to EUR 10.8 million (10.4); +2% in comparable fx-rates

- retail sales -5%
- wholesale sales +14%

Sales in Finland

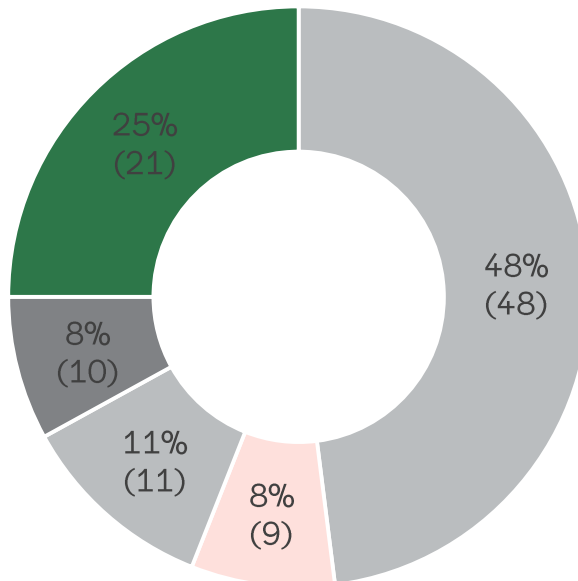
+4% to EUR 10.1 million (9.7); +4% in comparable fx-rates

- retail sales +8% (like-for-like +6%, of which prime stores like-for-like +2%)
- wholesale sales -2%

Net sales by market area and by product line

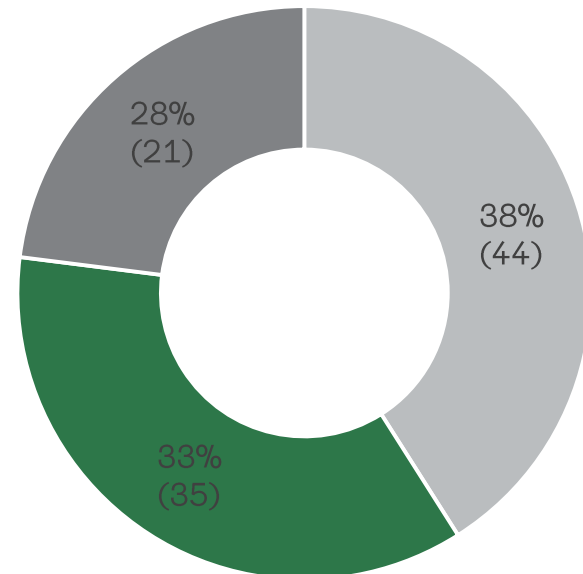
Net sales by market area
Q1/2016

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

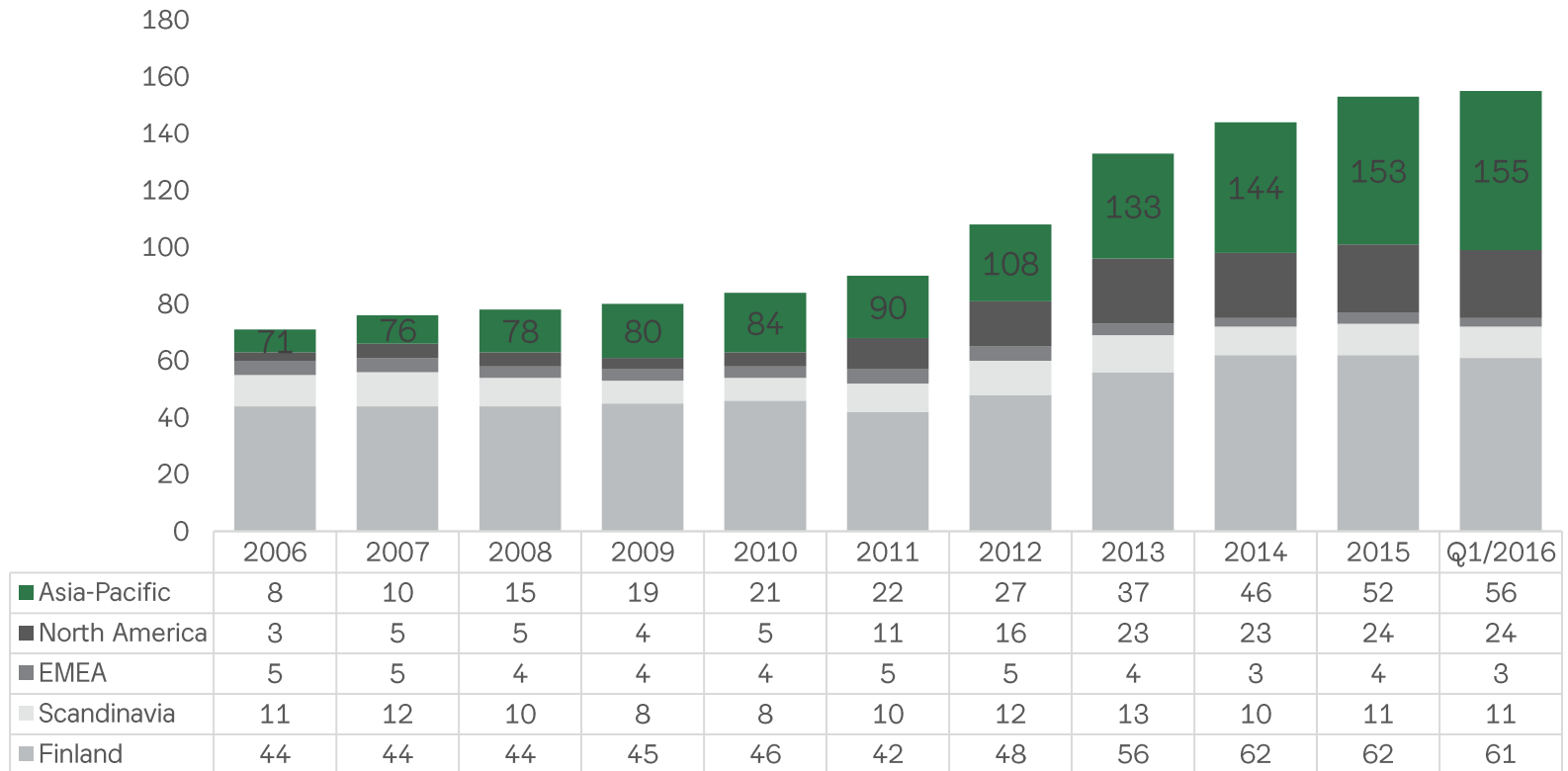


Net sales by product line
Q1/2016

- Fashion
- Home
- Bags & Accessories



155 stores* at the end of March 2016

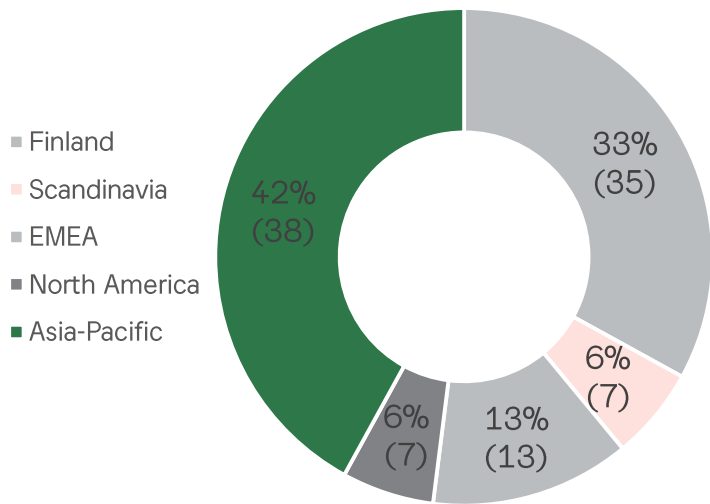


*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 53 at the end of March 2016 (53).

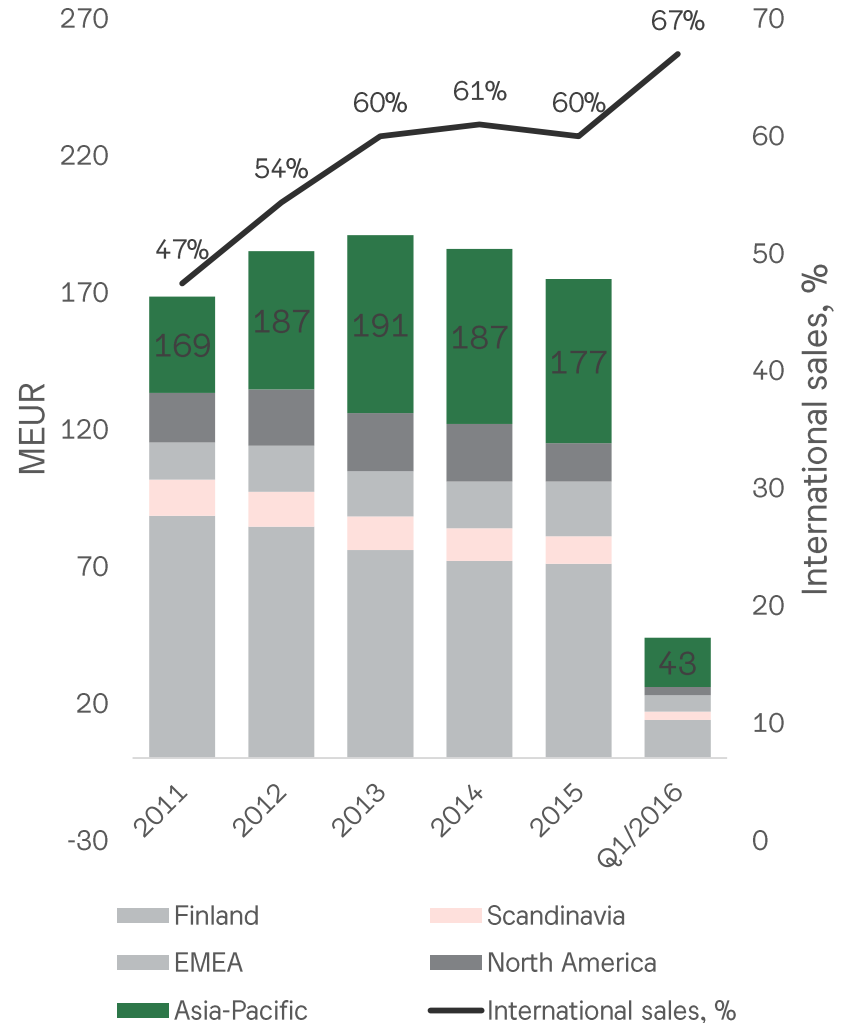
+11 % increase in Marimekko brand sales in 2011-Q1/2016

In Q1, 67% of the sales came from abroad (65)

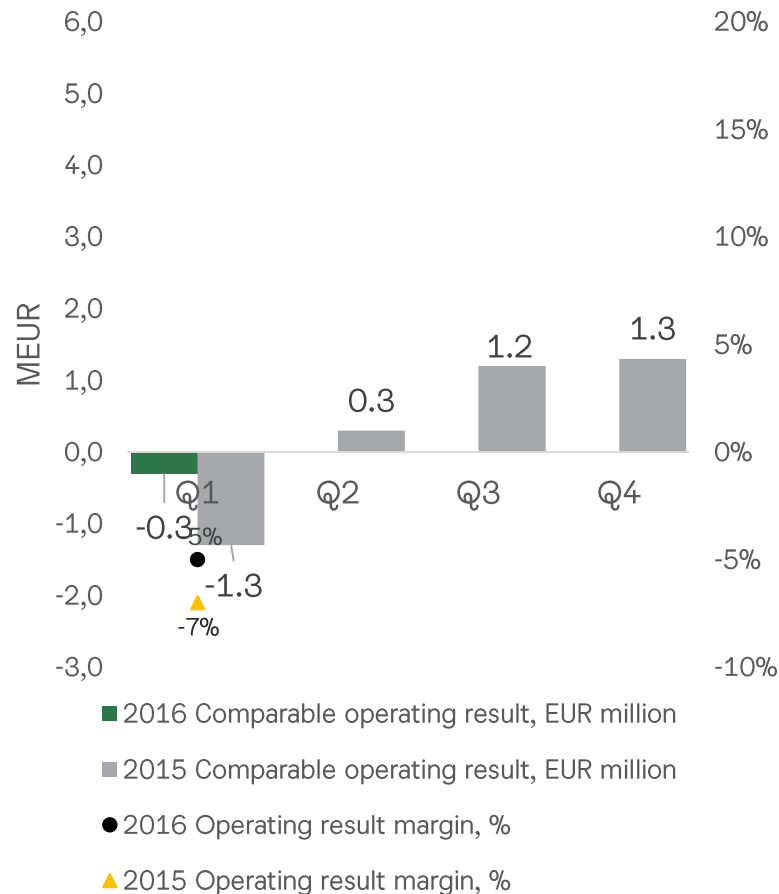
Brand sales by market area
Q1/2016



MEUR	Q1/2016	Q1/2015	Change, %
Finland	14.2	14.3	0
Scandinavia	2.5	2.7	-6
EMEA	5.5	5.4	2
North America	2.5	2.7	-6
Asia-Pacific	18.2	15.3	19
TOTAL	43.0	40.4	6



Operating result Q1/2016



Operating result EUR -1.1 million (-1.3), including a restructuring provision of EUR 0.8 million

Comparable operating result EUR -0.3 million (-1.3)

- + Increase in retail sales in Finland
- + Significant wholesale deliveries
- + Reduced cost level
- Decrease in relative wholesale margins
- Deterioration in royalty income

Key figures

	1-3/ 2016	1-3/ 2015	Change, %	2015
Net sales, EUR million	20.9	20.1	4	95.7
International sales, EUR million	10.8	10.4	4	43.0
% of net sales	52	52		45
EBITDA, EUR million	0	-0.3	103	6.1
Operating result, EUR million	-1.1	-1.3	20	1.5
Operating result margin, %	-5.1	-6.6		1.6
Result for the period, EUR million	-1.0	-1.1	12	0.8
Earnings per share, EUR	-0.12	-0.14	12	0.10
Cash flow from operating activities, EUR million	-4.0	-1.6	-142	6.3
Gross investments, EUR million	0.2	0.4	-53	3.6
Return on investment (ROI)*, %	4.4	17.9		4.5
Equity ratio, %	53.4	60.0		59.0
Gearing, %	28.7	18.2	-	11.3
Contingent liabilities, EUR million	35.1	33.8	4	36.3
Personnel at the end of the period	439	445	-1	476
outside Finland	113	115	-2	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.



Streamlining and reorganising operations

- In January, Marimekko announced its plans to streamline its operations and improve profitability
- As a part of the streamlining operations, Marimekko initiated consultative negotiations that were concluded in March 2016
- Annual savings from streamlining operations and reorganisations are approximately EUR 2.1 million



Fall/Winter 2016 RTW collection was presented at Paris Fashion Week in March



Marimekko and Target announced partnership for limited-edition design collaboration



Two new stores opened in Japan



Three shop-in-shops opened in Japan, South Korea and Thailand



Events after the review period

Marimekko strengthened its presence in Australia by opening an online store

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

Kari Härkönen started as Marimekko's Chief Digital Officer on 11 April 2016

Fall/Winter 2016 Home collection was presented during Milan Design Week

Marimekko for Target collaboration arrived in Target stores and Target.com in the United States on 17 April 2016

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, but the outlook for the next six months is more positive.
- However, consumer confidence below the long-term average, 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 remain approximately at the same level as in the previous year.
- Long-lasting construction works in the vicinity of some Marimekko stores continue to reduce footfall. The design partnership announced in March 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 and EMEA market area are modest.
- A positive trend can be seen in the Swedish market.
- 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.

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.

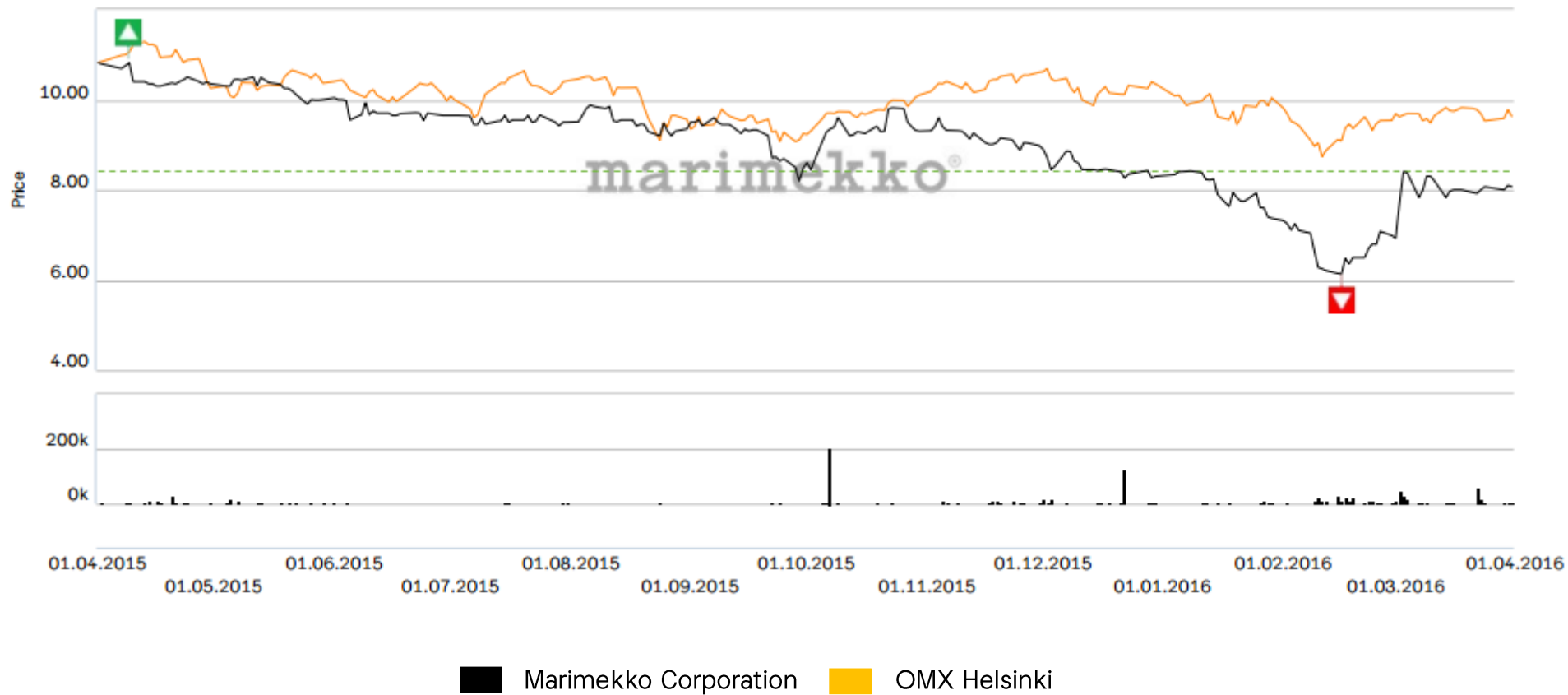


Financial guidance for 2016

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	1-3/2016	1-3/2015
NET SALES	20.9	20.1
Other operating income	0.1	0.1
Use of materials and consumables*	-7.1	-6.7
Employee benefit expenses	-7.5	-6.7
Depreciation and impairments	-1.1	-1.0
Other operating expenses	-6.5	-7.1
OPERATING RESULT	-1.1	-1.3
Net financial items	-0.1	0.1
RESULT BEFORE TAXES	-1.2	-1.2
Income taxes	0.2	0.1
NET RESULT	-1.0	-1.1

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

Balance sheet

MEUR	31.3.2016	31.3.2015	MEUR	31.3.2016	31.3.2015
Non-current assets	16.7	17.8	Equity	26.2	28.0
Inventories	21.5	19.5	Financial liabilities and finance lease obligations	11.9	8.2
Other current assets	6.5	6.4	Other non-current liabilities	0.2	0.2
Cash and cash equivalents	4.4	3.1	Current liabilities	10.9	10.4
TOTAL ASSETS	49.1	46.8	SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	49.1	46.8

Cash flow statement

MEUR	1-3/2016	1-3/2015
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	0	-0.3
Change in net working capital	-3.7	-1.2
CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	-3.7	-1.5
Financial items and taxes	-0.3	-0.1
CASH FLOW FROM OPERATING ACTIVITIES	-4.0	-1.6
Cash flow from investing activities	-0.4	-0.3
CASH FLOW BEFORE FINANCING ACTIVITIES	-4.4	-1.9
Long-term loans drawn	4.6	1.0
Payments of long term loans and finance leases	-0.1	-0.1
Dividends paid	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	0.1	-1.0
Cash and cash equivalents at the beginning of the period	4.2	4.1
Cash and cash equivalents at the end of the period	4.4	3.1

Largest shareholders 31 March 2016

Listed at Nasdaq Helsinki - Consumer goods

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

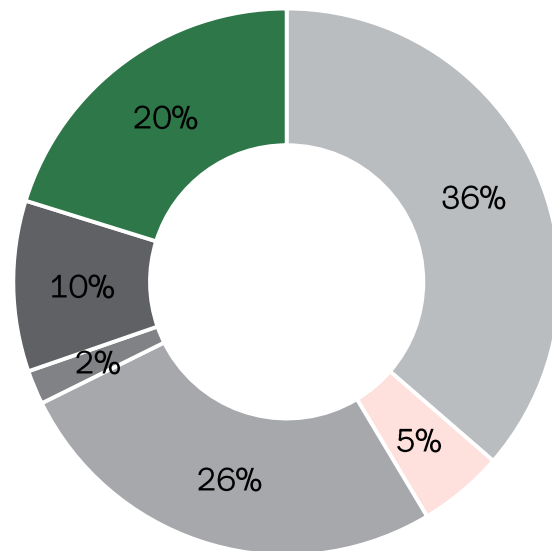
Market-cap ~ EUR 65 million

7,364 shareholders

Largest shareholders, 31 March 2016	Nr. of shares and votes	%
Muotitila Oy	1,297,700	16.04
Semerca Investments SA	850,377	10.51
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.	220,000	2.72
Ilmarinen Mutual Pension Insurance Company	215,419	2.66
Sijoitusrahasto Aktia Europe Small Cap	149,255	1.85
Mutual Fund Tapiola Finland	129,595	1.60
Sijoitusrahasto Taaleritehdas Mikro Markka	100,000	1.24

Ownership by sector,
31 March 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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