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Interim Report 1-3/2015

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12 May 2015

# Highlights and key events Q1/2015

## Highlights

- + Strong international sales growth
- + Licensing income in North America
- Continued weak consumer sentiment in Finland
- Finland retail like-for-like sales declined
- Beverly Hills store closure
- Wholesale margins reduced

## Key events

Marimekko expands into Southeast Asia and Middle East. New retailer-owned Marimekko stores opened during Q1 in

- Beijing, China, a shop-in-shop
- Kanazawa, Japan
- Dubai, the UAE, a store and café

Marimekko presented its Autumn/Winter 2015 RTW collection in Tokyo during Fashion Week.



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## Key figures in Q1/2015



In January-March:

The net sales EUR 20.1 million (19.4).

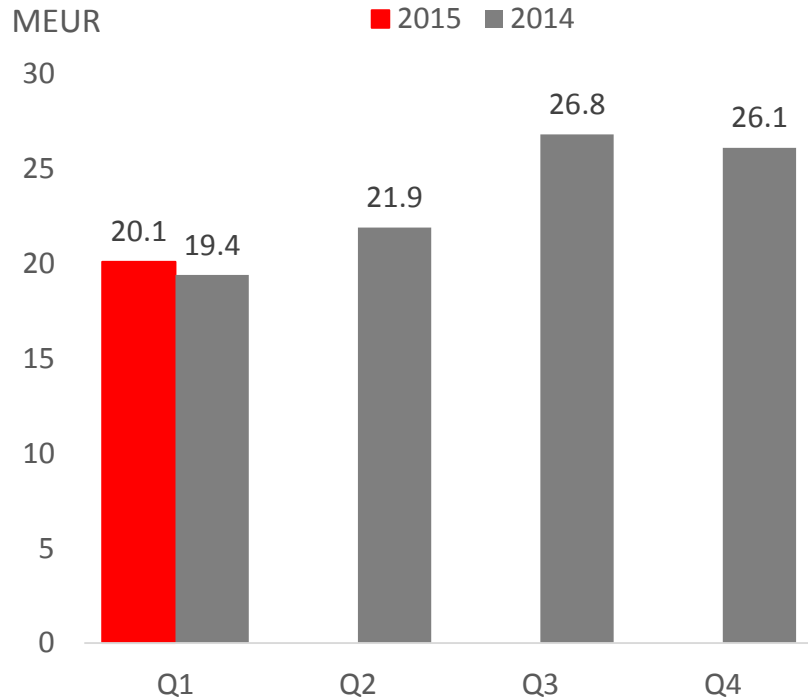
Brand sales EUR 45.0 million (39.7).

Operating result excluding nonrecurring items EUR -1.3 million (-1.1).

EBITDA excluding nonrecurring items EUR -0.3 million (0.0).

Result after taxes EUR -1.1 million (-1.5) and earnings per share were EUR -0.14 (-0.19).

# Net Sales Q1/2015



Net sales +4% to EUR 20.1 million (19.4).

- additional sales of stores opened in 2014 and 2015
- increase in licensing income in North America due to new license agreement
- strong dollar

Net sales at comparable exchange rates were up 2 percent.

International sales +12%

- retail sales +10%
- wholesale sales +7%

Sales in Finland -3%

- retail sales +0% (like-for-like -4%)
- wholesale sales -9%

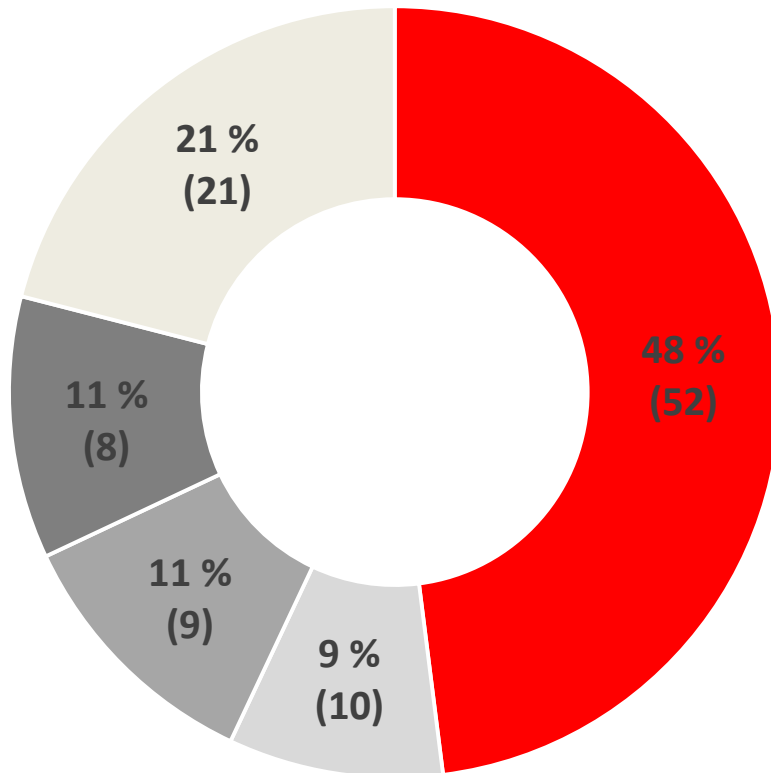
Market conditions continued to be challenging for the retail trade, especially in Finland.

EUR Million	1-3/2015	1-3/2014	Change,%
Finland	9.7	10.0	-3
Scandinavia	1.8	1.9	-5
EMEA	2.3	1.8	23
North America	2.1	1.5	39
Asia-Pacific	4.2	4.1	4
TOTAL	20.1	19.4	4

# Net sales by market area and by product line

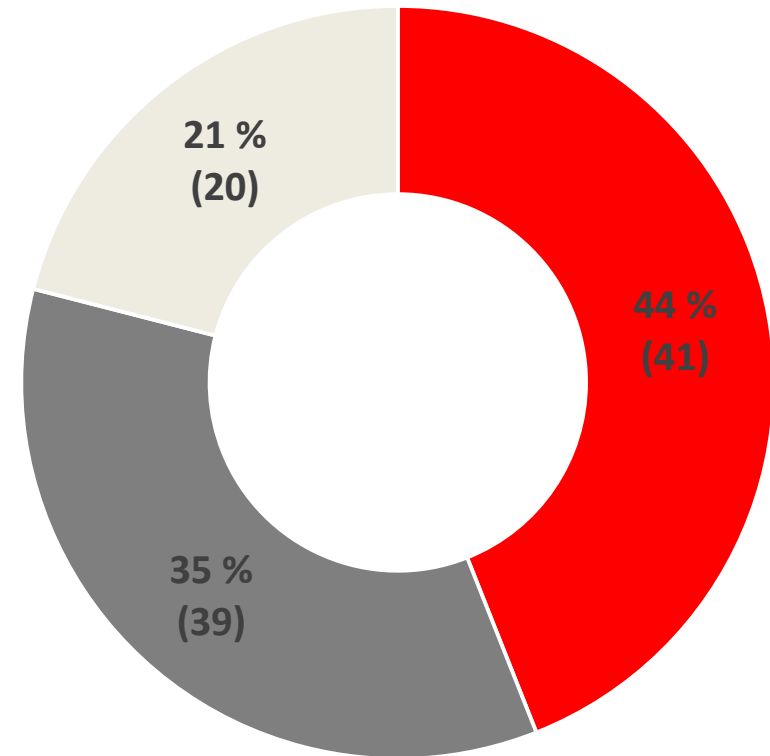
## Net sales by market area Q1/2015

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

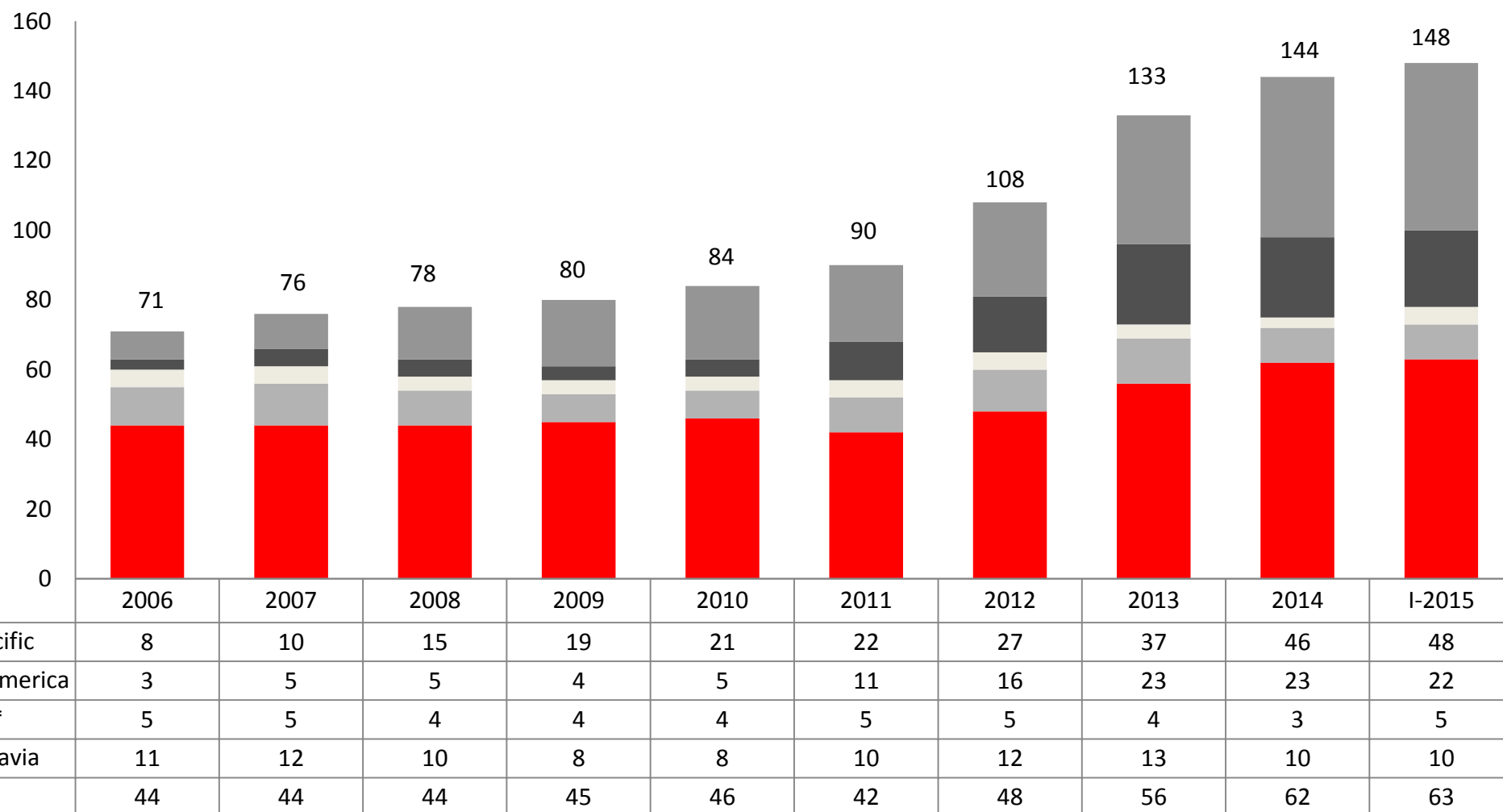


## Net sales by product line Q1/2015

■ Fashion ■ Home ■ Bags&Accessories



# 148 stores\* at the end of March 2015



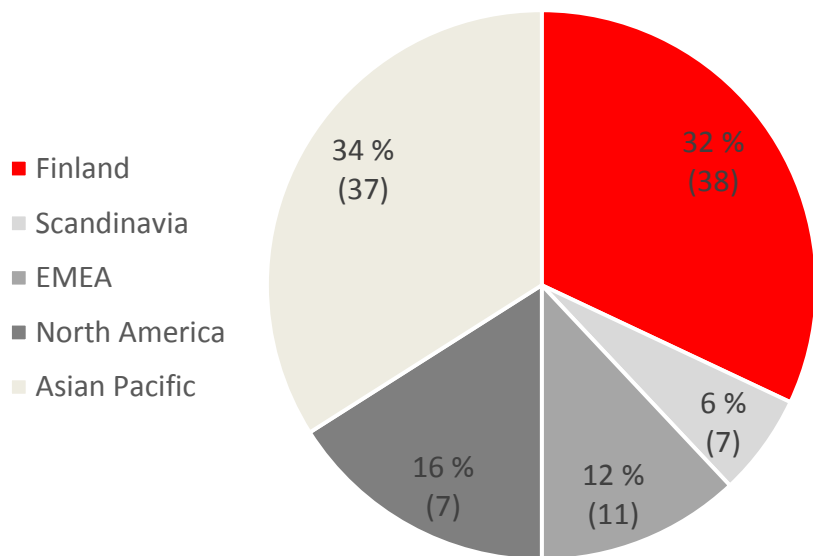
\*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 53 at the end of March 2015 (52).

\*\* The market area of Central and Southern Europe previously referred to in Marimekko's financial disclosures has changed to EMEA (Europe and Middle East Area).

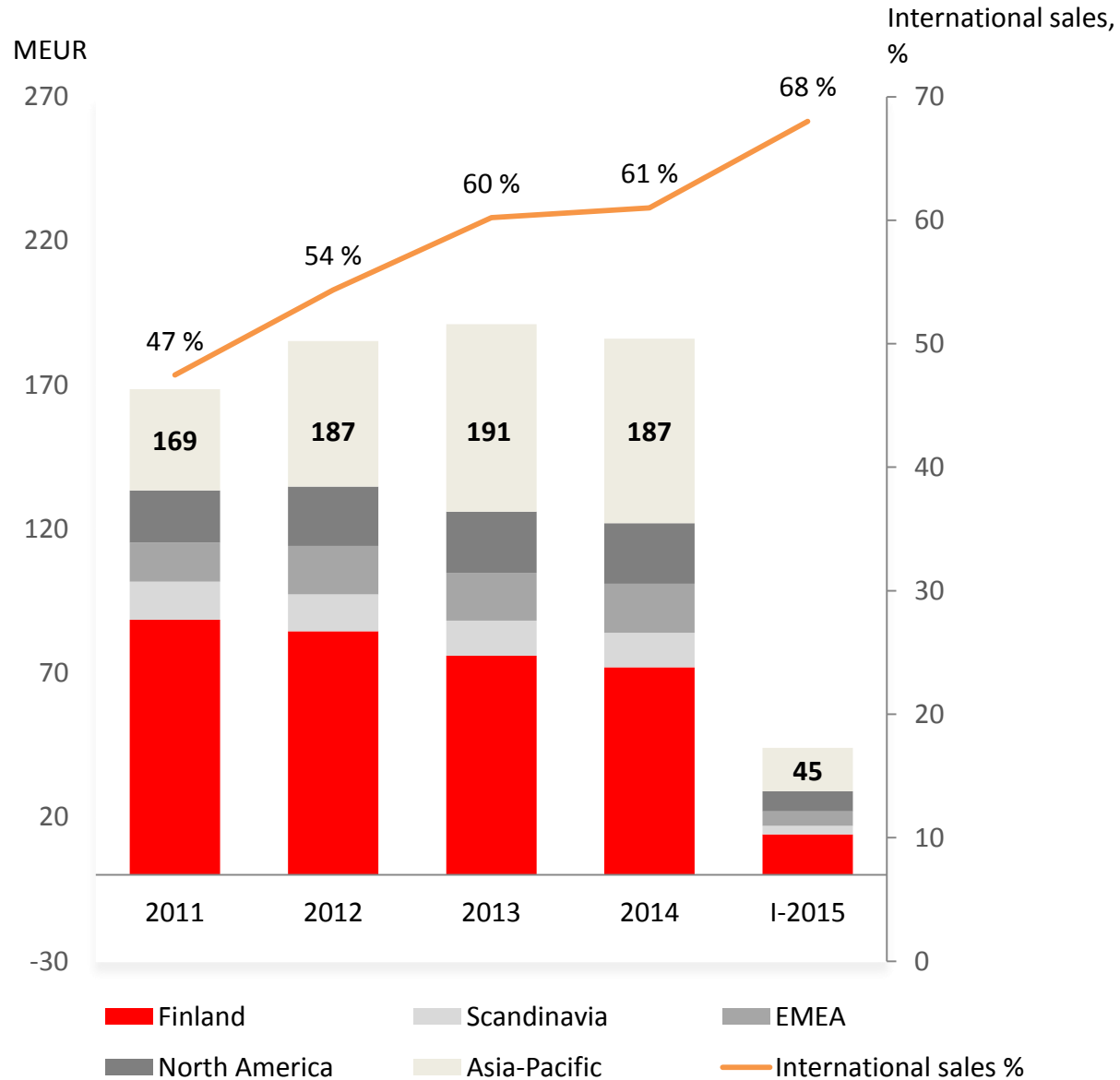
# Marimekko brand sales 2011-Q1/2015: +11%

68% of the sales came from abroad (62)

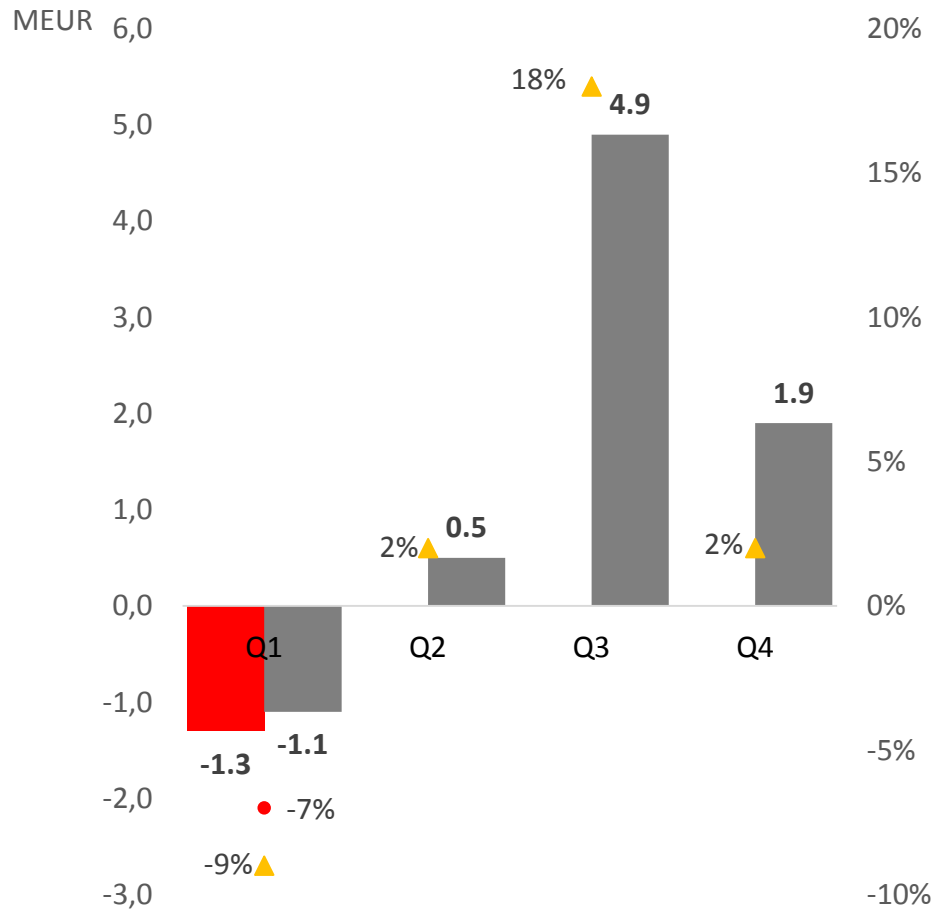
Brand sales by market area  
Q1/2015



EUR Million	1-3/2015	1-3/2014	Change,%
Finland	14.3	15.3	-6
Scandinavia	2.7	2.8	-4
EMEA	5.4	4.2	30
North America	7.3	2.7	169
Asia-Pacific	15.3	14.8	4
<b>TOTAL</b>	<b>45.0</b>	<b>39.7</b>	<b>13</b>



# Operating result Q1/2015



Operating result EUR -1.3 million (-1.7)

Operating result excluding nonrecurring items EUR -1.3 million (-1.1).

- + Increase in licensing income in North America due to new license agreement
- Beverly Hills store closure expenses
- Decline in wholesale sales margins

- 2015 Operating result excluding nonrecurring items, EUR million
- 2014 Operating result excluding nonrecurring items, EUR million
- 2015 Operating result margin, %
- ▲ 2014 Operating result margin, %



## Key figures

	1-3/2015	1-3/2014	Change, %	1-12/2014
Net sales, EUR million	20.1	19.4	4	94.2
International sales, EUR million	10.4	9.3	12	42.1
% of net sales	52	48		45
EBITDA, EUR million	-0.3	-0.7	58	9.9
Operating result, EUR million	-1.3	-1.7	24	5.6
Operating result margin, %	-6.6	-9.0		5.9
Result for the period, EUR million	-1.1	-1.5	27	4.1
Earnings per share, EUR	-0.14	-0.19	29	0.51
Cash flow from operating activities, EUR million	-1.6	-2.2	26	9.9
Gross investments, EUR million	0.3	0.5	-42	2.1
Return on investment (ROI), %	-12.4	-18.1		15.6
Equity ratio, %	60.0	53.4		61.6
Gearing, %	18.2	44.4		10.5
Contingent liabilities, EUR million	33.8	36.8	-8	34.3
Personnel at the end of the period	445	476	-7	479
outside Finland	115	111	4	129

**New fashion focused shop-in-shop opened in Shin Kong Plaza,  
Beijing, China, 1 February**



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## New store opened in Kanazawa, Japan, 7 March



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# Marimekko launches in Middle East

The first Marimekko store and café opened in new Al Wasl shopping mall in Dubai 6 March



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# Marimekko presented its Autumn/Winter 2015 RTW collection in Tokyo during Fashion Week in March

The launch was followed up by press previews in Helsinki, New York, Stockholm, and Sydney



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# Market outlook and growth targets & Financial guidance for 2015

## Market outlook and growth targets

The situation in the retail trade in Finland has remained difficult and this trend seems set to continue.

The Asia-Pacific region plays an important part in the company's internationalisation, and the company still sees a growing demand for its products in this region.

In the United States, the economy as a whole is growing, but the development in Marimekko's foreign-currency-denominated retail and wholesale sales in North America is expected to be on like-for-like terms roughly on a par with that of the previous year. Royalty income is forecast to grow in 2015 due to a licensing agreement concluded with a North American company.

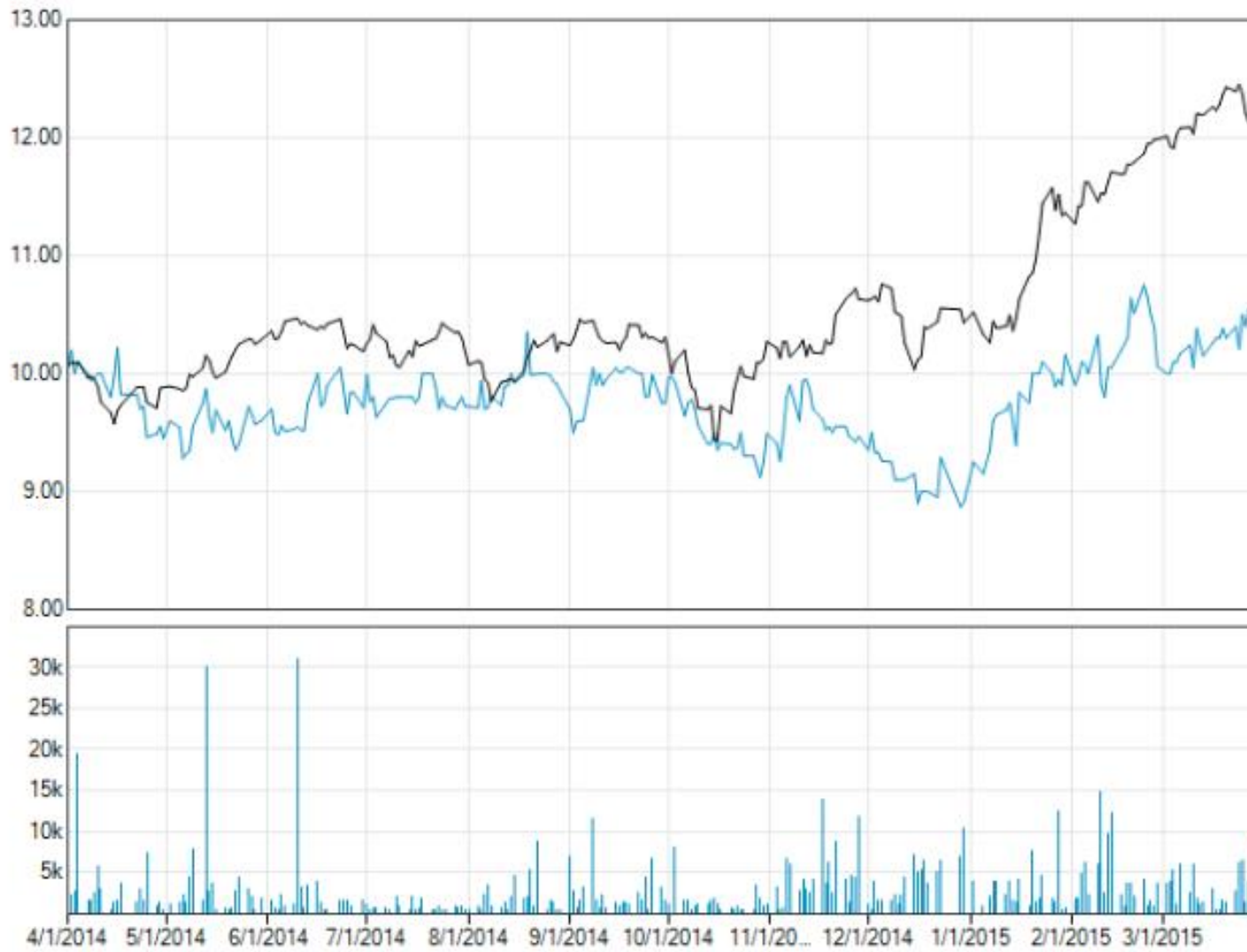
Expectations of sales in Scandinavia and the EMEA market area are moderate.

In 2015, the main thrust in expansion is on openings of retailer-owned Marimekko stores. The aim is to open a total of 10 - 20 new Marimekko stores and shop-in-shops. Of these, 1 - 3 would be company-owned.

## Financial guidance

The full-year estimate for 2015 is unchanged: owing to the overall market prospects, the estimated trend in sales in the company's various market areas particularly in Finland and on the basis of the growth targets and other estimated factors, the Marimekko Group's net sales are forecast to be on a par with the 2014 figure or lower. Operating result excluding nonrecurring items for 2015 is forecast to be lower than the 2014 figure.

# Share price previous 12 months



■ Marimekko    ■ OMX Helsinki

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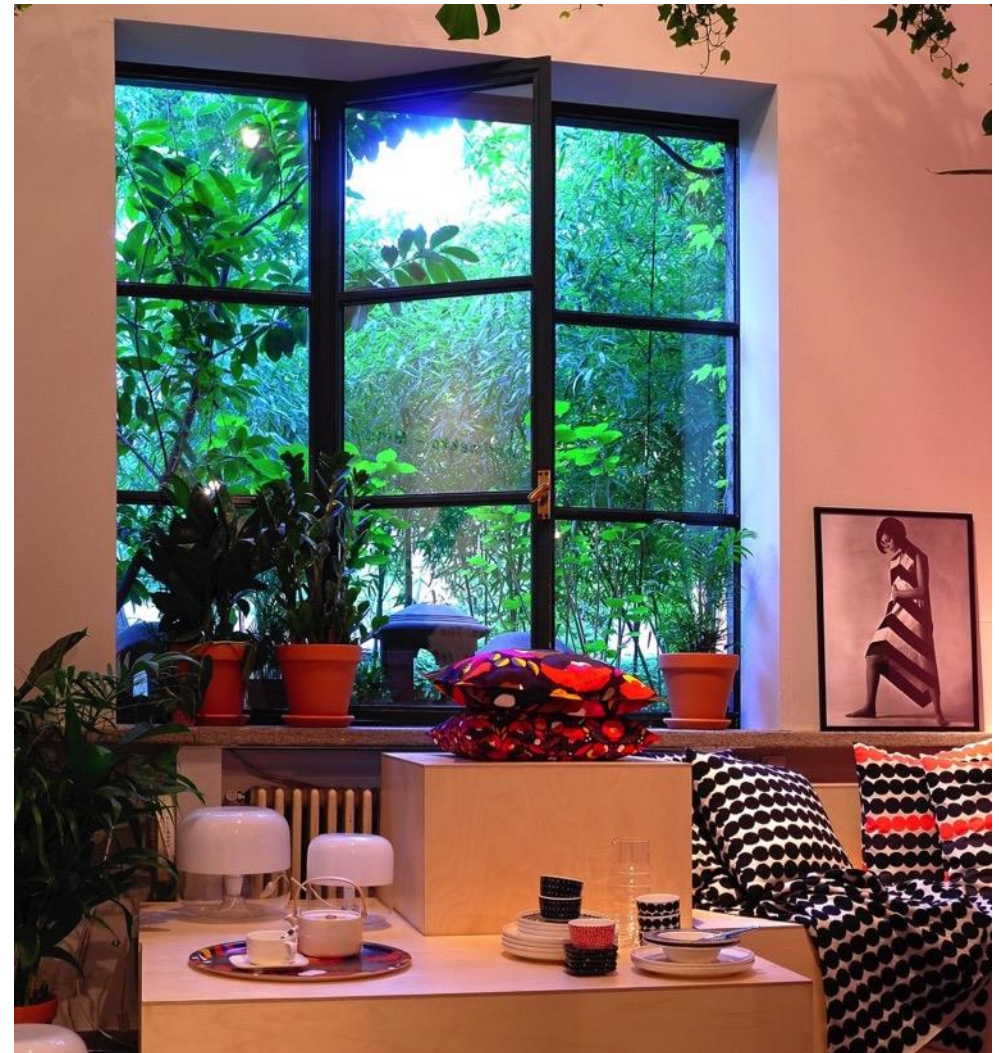
## Events after the review period

The second Marimekko store in Dubai opened in Dubai Mall 1 April. The first Marimekko store in Bangkok opened 10 April and in Singapore 7 May.

Marimekko will strengthen its presence in central Helsinki by opening two downtown stores in autumn 2015. Marimekko's flagship store in the Galleria Esplanade mall will be updated and moved into a new, single-storey space within the shopping centre. The other new store will open in the recently renewed Forum mall.

Tiina Alahuhta-Kasko was appointed as President of Marimekko - Mika Ihamuotila continues as CEO and as Chairman of the Board.

Marimekko presented its Autumn/Winter 2015 Home collection at Spazio Rossana Orlandi during Milan Design Week 14-19 April.



# First Marimekko stores in Singapore and Bangkok

The store in Bangkok opened 10 April in Central World shopping center, while the new Capitol Piazza mall saw the first Marimekko store opening in Singapore 7 May. Both stores are operated by local Marimekko partners.



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APPENDIX

# Income statement

EUR Million	1-3/2015	1-3/2014
NET SALES	20.1	19.4
Other operating income	0.1	0.1
Use of materials and consumables*	-6.7	-7.1
Employee benefit expenses	-6.7	-6.8
Depreciation and impairments	-1.0	-1.1
Other operating expenses	-7.1	-6.2
OPERATING RESULT	-1.3	-1.7
Net financial items	0.1	-0.1
RESULT BEFORE TAXES	-1.2	-1.8
Income taxes	0.1	0.3
NET RESULT	-1.1	-1.5

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

## Balance sheet

EUR Million	1-3/2015	1-3/2014	EUR Million	1-3/2015	1-3/2014
Non-current assets	17.8	20.0	Equity	28.0	25.5
Inventories	19.5	18.7	Financial liabilities and finance lease obligations	8.0	13.1
Other current assets	6.4	7.2	Other non-current liabilities	0.2	0.2
Cash and cash equivalents	3.1	1.9	Current liabilities	10.6	9.0
<b>TOTAL ASSETS</b>	<b>46.8</b>	<b>47.8</b>	<b>TOTAL LIABILITIES</b>	<b>18.8</b>	<b>22.3</b>

# Cash flow statement

EUR Million	1-3/2015	1-3/2014
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	-0.3	-0.6
Change in net working capital	-1.2	-1.4
CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	-1.5	-2.0
Financial items and taxes	-0.1	-0.2
CASH FLOW FROM OPERATING ACTIVITIES	-1.6	-2.2
Cash flow from investing activities	-0.3	-0.5
CASH FLOW BEFORE FINANCING ACTIVITIES	-1.9	-2.7
Payments of long term loans and finance leases	0.9	1.6
Dividends paid	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	-1.0	-1.1
Cash and cash equivalents at the beginning of the period	4.1	3.0
Cash and cash equivalents at the end of the period	3.1	1.9

# Largest shareholders 31.3.2015

Listed at OMX Helsinki - Consumer goods

- 1999, I-list

- 2002, Main-list

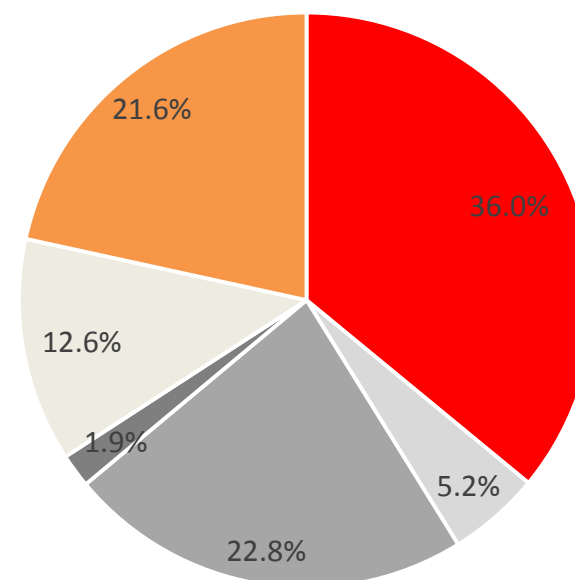
Market-cap ~ EUR 85 million

7,151 shareholders (March 2015)

Largest shareholders, 31 March 2015	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
Odin Finland	344,251	4.26
Veritas Pension Insurance Company Ltd.	220,000	2.72
Ilmarinen Mutual Pension Insurance Company	215,419	2.66
Keva	197,754	2.44
OP-Finland Small Firms Fund	151,197	1.87
Mutual Fund Tapiola Finland	136,395	1.69
Drumbo Oy	85,000	1.05

## Ownership by sector (March 2015)

- 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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