

# **marimekko®**

Financial statements 2015

Tiina Alahuhta-Kasko  
11 February 2016



# Q4/2015 in brief

## Highlights

- + Successful holiday sales through all sales channels in Finland
- + Increase in wholesale sales due to a shift of winter collection deliveries from September to October
- Lower retail sales profitability in North America and Australia
- Deterioration in royalty income

## Key events

Marimekko announced an investment of EUR 1 million in its textile printing factory in Helsinki

Revamped Marimekko Helsinki flagship store opened

New stores opened in Australia, Taiwan and China

# Key figures

## Q4/2015

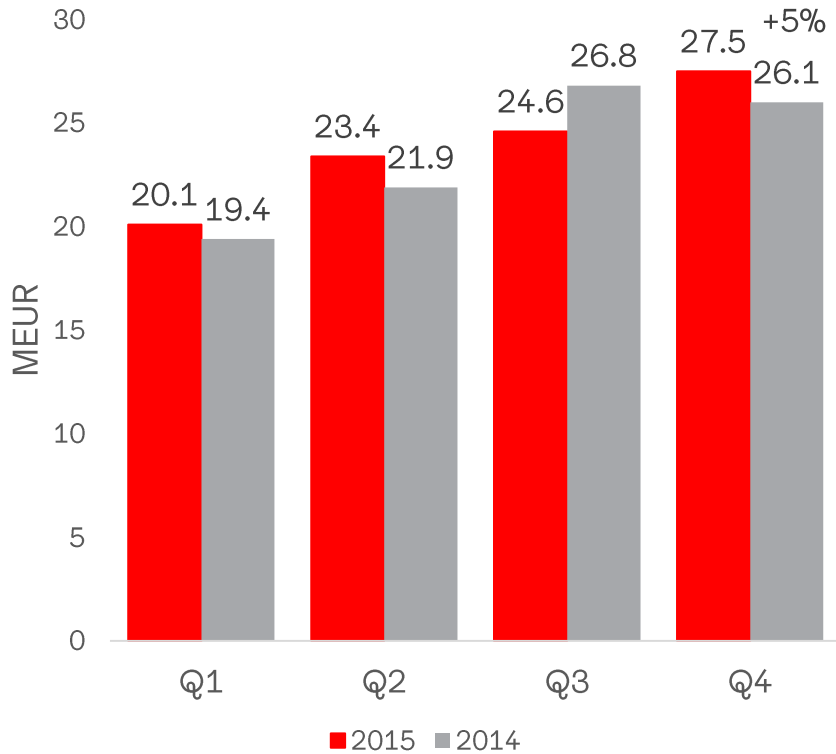
- Net sales EUR 27.5 million (26.1)
- Brand sales EUR 46.9 million (53.9)
- Operating profit EUR 1.3 million (1.9)
- EBITDA EUR 2.5 million (3.0)

## 2015

- Net sales EUR 95.7 million (94.2)
- Brand sales EUR 185.5 million (186.8)
- Operating profit EUR 1.5 million (5.6)
- EBITDA EUR 6.1 million (9.9)



# Net Sales Q4/2015



MEUR	10-12/2015	10-12/2014	Change, %
Finland	15.9	14.8	7
Scandinavia	2.1	2.2	-3
EMEA	2.3	1.7	30
North America	2.7	2.8	-6
Asia-Pacific	4.5	4.5	0
TOTAL	27.5	26.1	5

## Net sales

+5% to EUR 27.5 million (26.1); +3% in comparable fx-rates

- Increase in wholesale sales due to a shift of winter collections deliveries from Q3 to Q4
- Successful holiday sales through all sales channels in Finland

## International sales

+3% to EUR 11.5 million (11.3); no change in comparable fx-rates

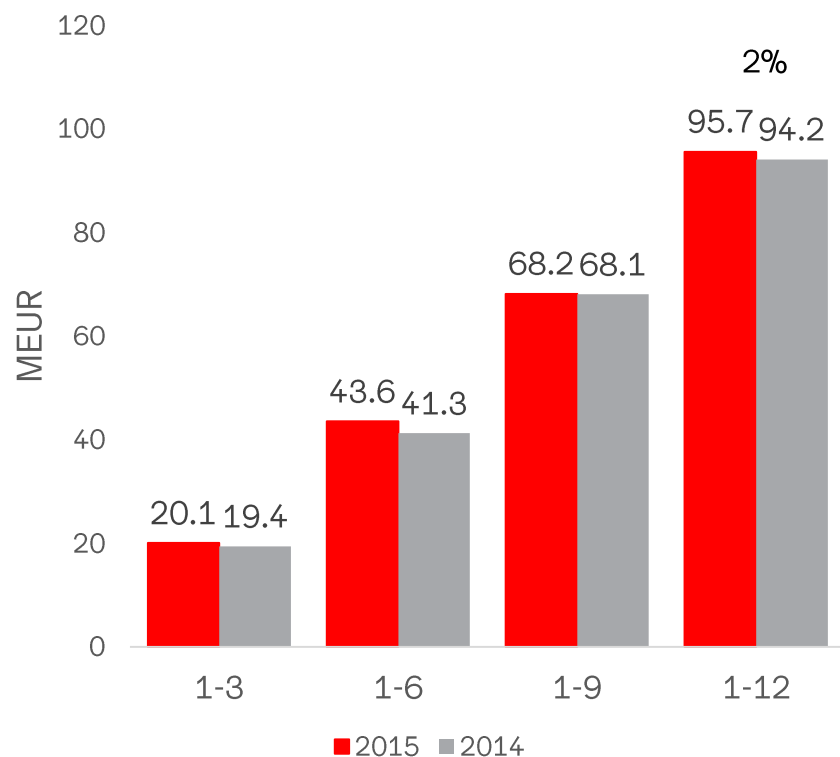
- retail sales -3%
- wholesale sales +13%

## Sales in Finland

+7% to EUR 15.9 million (14.8); +7% in comparable fx-rates

- retail sales +7% (like-for-like +3%, of which prime stores like-for-like -1%)
- wholesale sales +9%

# Net Sales 2015



MEUR	2015	2014	Change, %
Finland	52.7	52.0	1
Scandinavia	7.8	8.5	-8
EMEA	8.3	7.6	10
North America	9.2	8.6	7
Asia-Pacific	17.7	17.5	1
TOTAL	95.7	94.2	2

## Net sales

+2% to EUR 95.7 million (94.2); -1% in comparable fx-rates

- Additional sales of the stores opened in 2014 and 2015
- Increase in discount-driven sales by Finnish outlet stores and online shop
- Increase in royalty income in North America
- In North America, euro-denominated sales were supported by strong US dollar
- Comparable retail sales rose in Finland, were on a par with the previous year in Central Europe, but declined in all other market areas
- Wholesale sales declined in Finland, Scandinavia and the Asia-Pacific region
  - Considerable, nonrecurring promotional deliveries in the comparison period

## International sales

+2% to EUR 43.0 million (42.1); -3% in comparable fx-rates

- retail sales -1%
- wholesale sales +3%
- Increase in royalty income

## Sales in Finland

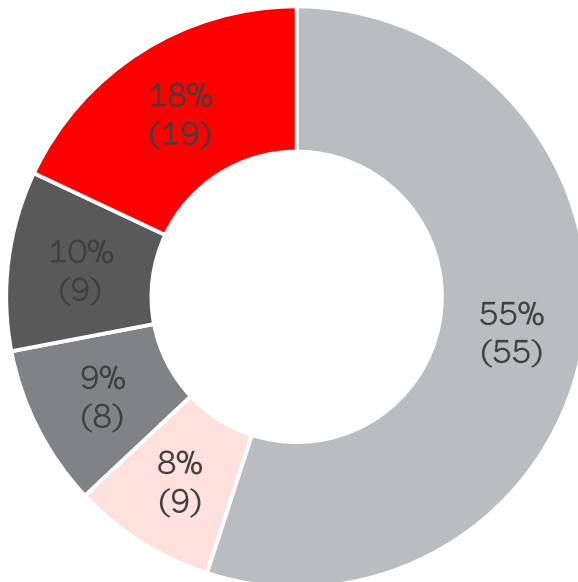
+1% to EUR 52.7 million (52.0); +1% in comparable fx-rates

- retail sales +6% (like-for-like +2%, of which prime stores like-for-like -3%)
- wholesale sales -10%

# Net sales by market area and by product line

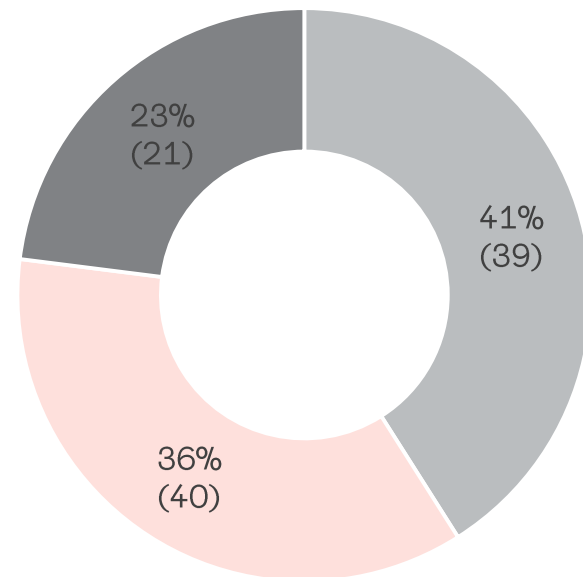
Net sales by market area  
2015

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



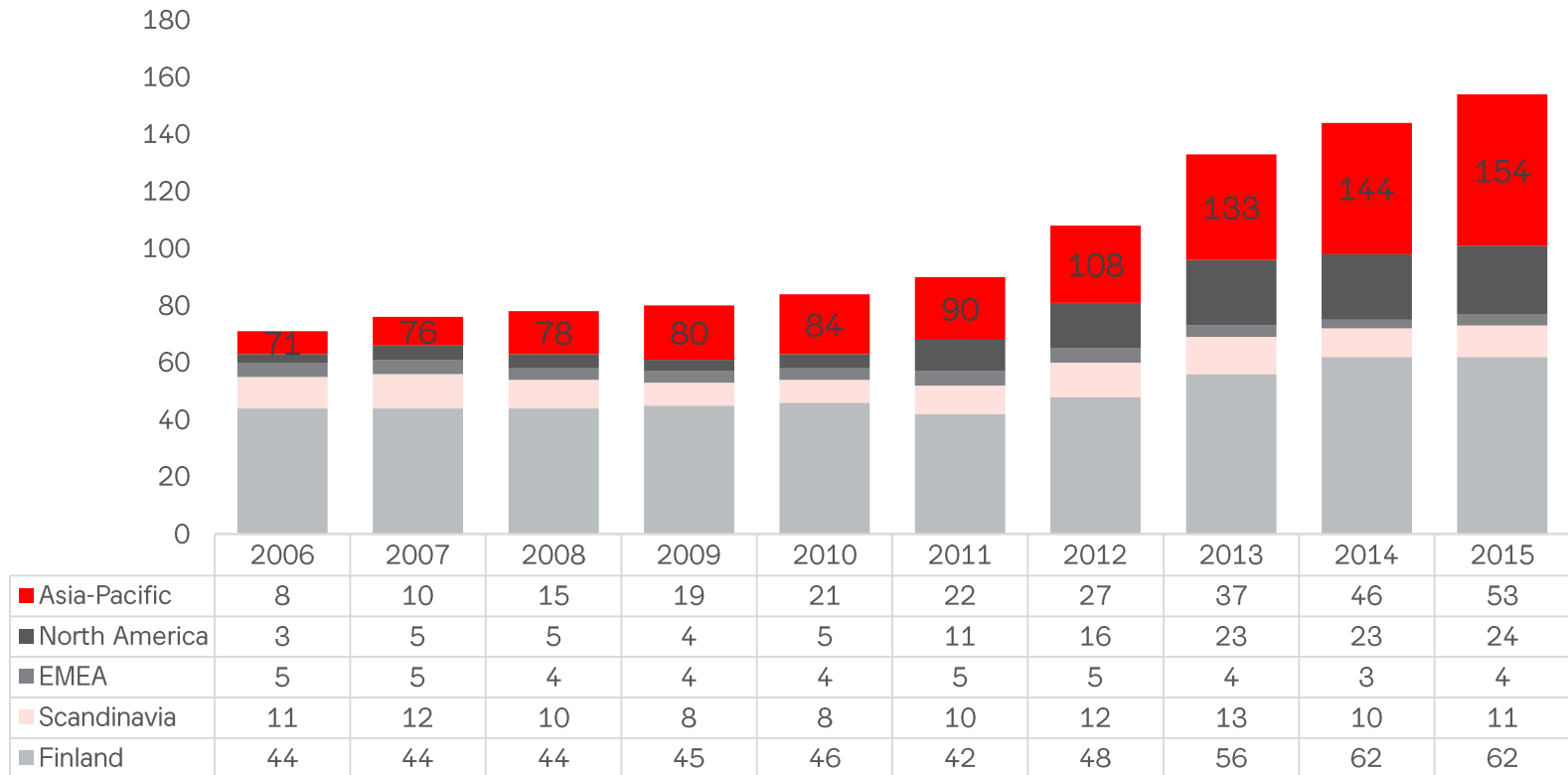
Net sales by product line  
2015

- Fashion
- Home
- Bags & Accessories





# 154 stores\* at the end 2015

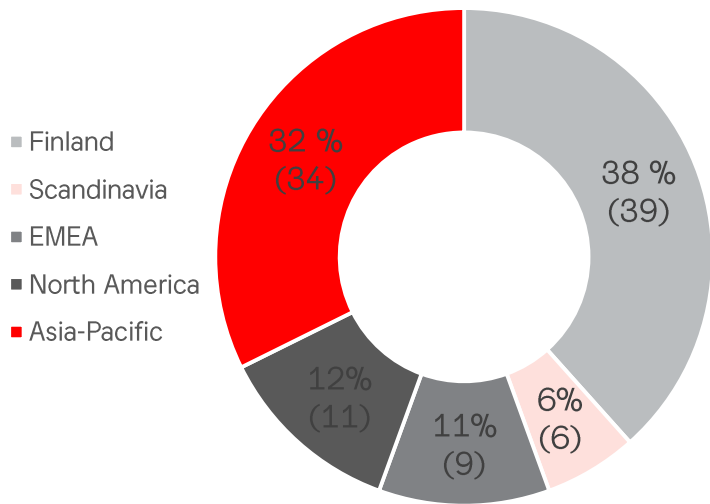


\*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 55 at the end of 2015 (54).

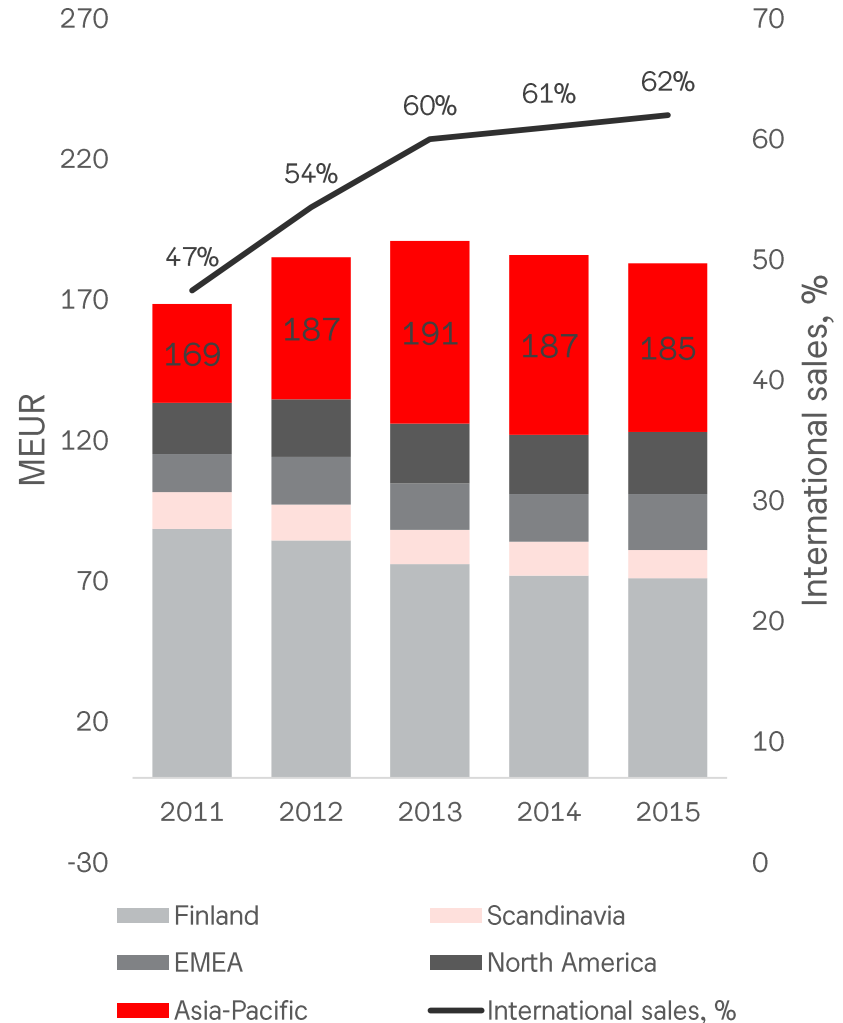
# 10% increase in Marimekko brand sales in 2011-2015

In Q4, 54% of the sales came from abroad (63)

Brand sales by market area  
2015



MEUR	2015	2014	Change, %
Finland	71.3	72.2	-1
Scandinavia	10.9	12.0	-9
EMEA	20.4	17.1	20
North America	22.9	21.5	7
Asia-Pacific	60.0	64.1	-6
TOTAL	185.5	186.8	-1



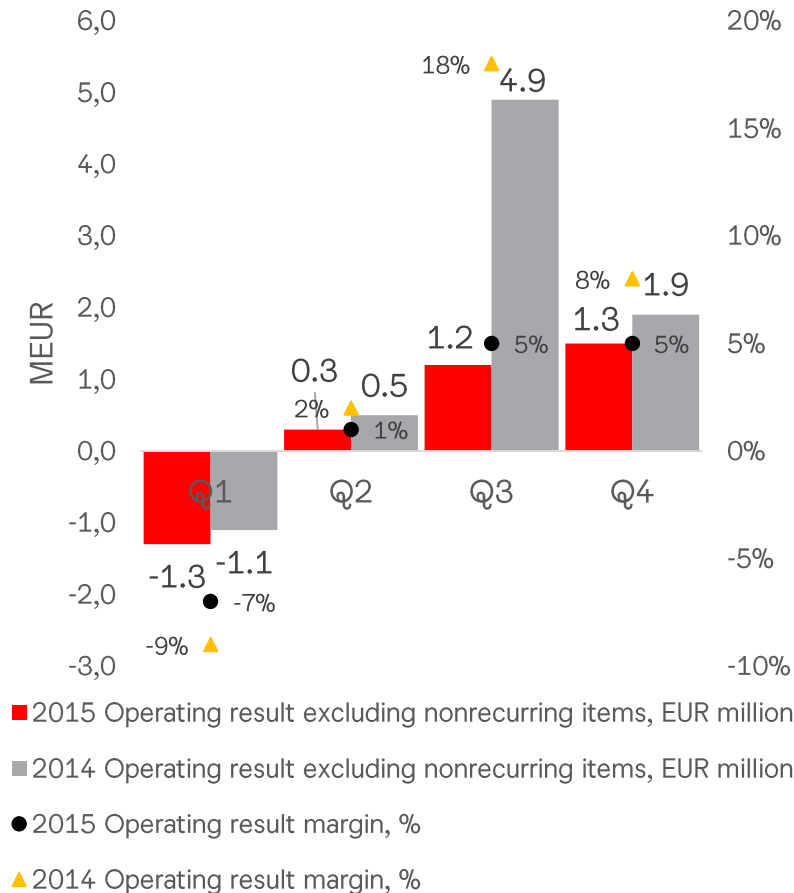


# Operating profit Q4/2015

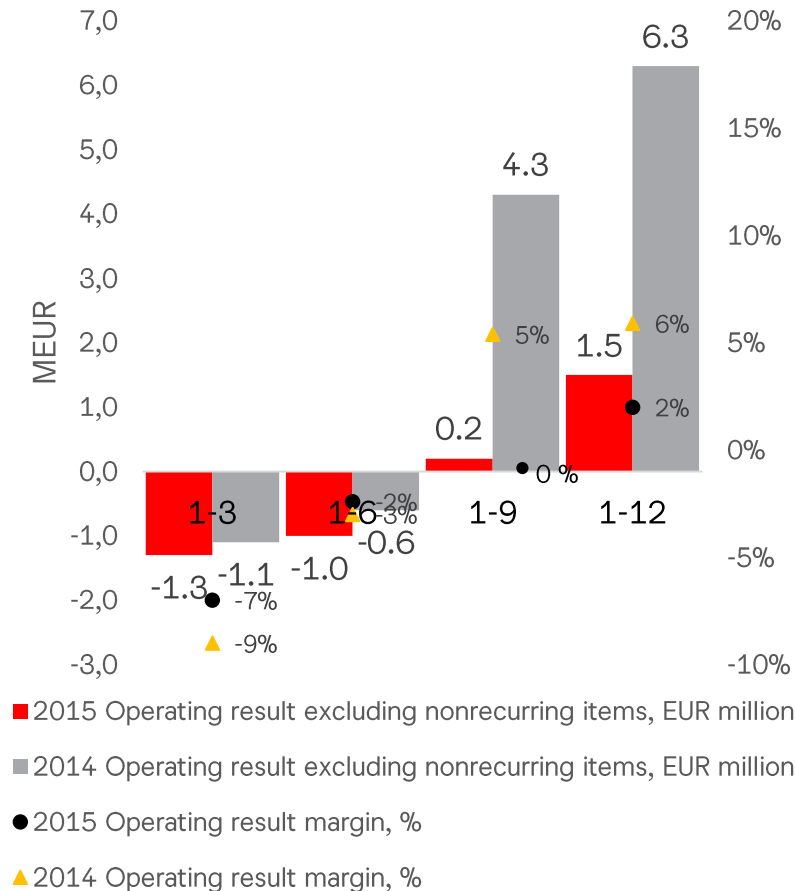
Operating profit EUR 1.3 million (1.9)

Operating profit excl. NRI EUR 1.3 million (1.9)

- + Successful holiday sales through all sales channels in Finland
- + Shift of winter collection's wholesale sales deliveries from September to October
- Lower retail sales profitability in North-America and Australia
- Deterioration in royalty income



# Operating profit 2015



Operating profit EUR 1.5 million (5.6)

Operating profit excl. NRI items EUR 1.5 million (6.3)

- + Increase in royalty income in North America in Q1 and Q3
- + Additional sales of new stores
- Substantial expenses related to the Beverly Hills store closure
- Decline in wholesale sales in Finland, Scandinavia and the Asia-Pacific region
- Downturn in relative wholesale margins
- Deterioration in the profitability of retail sales
- Increased design and marketing expenses

Considerable, nonrecurring promotional deliveries improved the result in comparison period

Despite the marked decrease in operating profit, we were able to retain our cash flow at a moderate level thanks to better management of net working capital

# Key figures

	10-12/ 2015	10-12/ 2014	Change, %	2015	2014	Change, %
Net sales, EUR million	27.5	26.1	5	95.7	94.2	2
International sales, EUR million	11.5	11.3	3	43.0	42.1	2
% of net sales	42	43	-	45	45	-
EBITDA, EUR million	2.5	3.0	-17	6.1	9.9	-39
Operating profit, EUR million	1.3	1.9	-31	1.5	5.6	-72
Operating profit margin, %	4.9	7.5	-	1.6	5.9	-
Result for the period, EUR million	1.2	1.3	-4	0.8	4.1	-80
Earnings per share, EUR	0.15	0.15	-1	0.10	0.51	-81
Cash flow from operating activities, EUR million	5.6	6.3	-12	6.3	9.9	-36
Gross investments*, EUR million	1.5	0.6	-	3.2	2.1	54
Return on investment (ROI), %	-	-	-	4.5	15.6	-
Equity ratio, %	-	-	-	59.0	61.6	-
Gearing, %	-	-	-	11.3	10.5	-
Contingent liabilities, EUR million	-	-	-	36.3	28.9	25
Personnel at the end of the period	-	-	-	476	479	-1
outside Finland	-	-	-	126	129	-2

\* Excluding finance lease investments



Marimekko invests in washing machine in its textile printing factory in Helsinki, Finland





Revamped Marimekko Helsinki flagship store opened in Finland





Company-owned new store opened in Melbourne, Australia



marimekko



New stores opened in Taichung and Tainan, Taiwan





New store opened in Joycity mall in Shanghai, China



# Key events in 2015

Marimekko expanded into new markets in Southeast Asia and Middle East – new stores opened in Bangkok, Singapore and Dubai

Tiina Alahuhta-Kasko was appointed as President of Marimekko as of 9 April 2015 – Mika Ihamuotila continues as CEO and Chairman of the Board

Lasse Lindqvist was appointed as Chief Marketing Officer (CMO) and member of the Management Group as of 10 August 2015, and Elina Aalto as Chief Financial Officer (CFO) and member of the Management Group as of 11 December 2015

Updated online store expanded in Europe in September

Spring/Summer 2016 RTW collection was presented at Paris Fashion Week in October

New store concept launched in November





# Events after the review period

In January, Marimekko announced its plans to streamline its operations and improve profitability. The planned actions are estimated to result in the reduction of a maximum of 55 jobs at the company's different functions at its Herttoniemi headquarters and factory in Finland.

Marimekko announced it will present its Fall/Winter 2016 collection and original lifestyle thinking at Paris Fashion Week in March.

# Market outlook and growth targets for 2016

## Finland

- The situation in the retail trade has become even more difficult especially in Finland
- Consumer confidence being lower than the long-term average, weak purchasing power, and uncertainty in the labour market continue to cast a shadow over Marimekko's prospects for 2016
- Potential nonrecurring promotional deliveries could have a positive effect on the company's sales this year

## The Asia-Pacific region

- Sales in Japan are forecast to take a more modest trend than in recent years and they are expected to be generated increasingly by organic growth. New stores will be opened in Japan at the estimated rate of few stores per year. Shop-in-shops 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 online channels

## The United States

- The US economy has been growing as a whole, and Marimekko's foreign-currency-denominated retail and wholesale sales in North America are expected to increase slightly
- Cooperation based on a licensing agreement concluded in 2015 is expected to support the company in building international recognition for its brand during the current year

## 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.



# Proposal for the dividend for 2015

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.35 per share be paid for 2015.

On 31 December 2015, the parent company's distributable funds amounted to EUR 14,736,541.31; profit for the financial year was EUR 1,403,845.22.

The Board will propose 13 April 2016 as the dividend record date, and 20 April 2016 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-lead 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

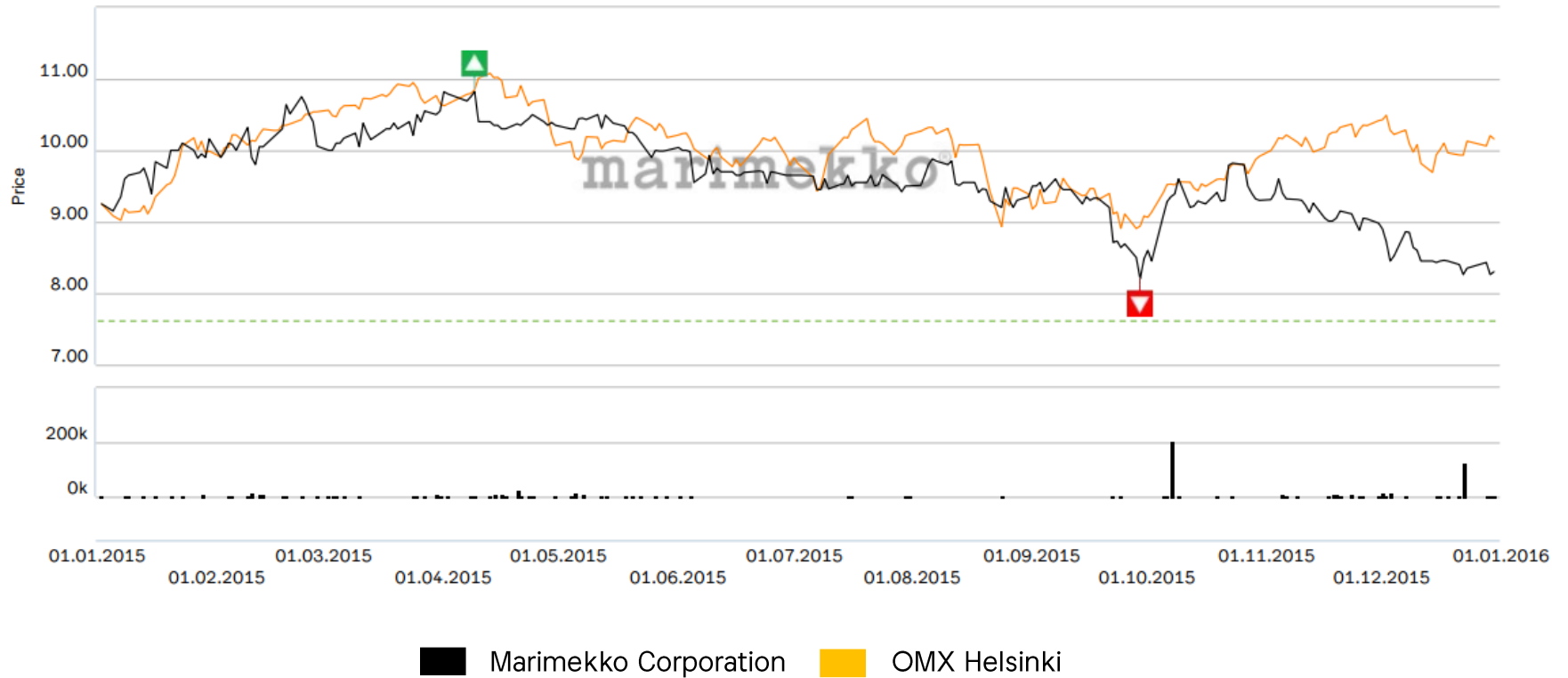
2008-2012

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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Appendix

# Income statement

MEUR	10-12/2015	10-12/2014	2015	2014
NET SALES	27.5	26.1	95.7	94.2
Other operating income	0.2	0.1	0.3	0.2
Use of materials and consumables*	-10.8	-9.4	-34.8	-33.5
Employee benefit expenses	-7.0	-6.8	-26.2	-25.5
Depreciation and impairments	-1.2	-1.1	-4.5	-4.3
Other operating expenses	-7.4	-6.9	-28.9	-25.5
OPERATING PROFIT	1.3	1.9	1.5	5.6
Net financial items	0.1	-0.2	-0.2	-0.1
RESULT BEFORE TAXES	1.5	1.7	1.3	5.5
Income taxes	-0.3	-0.5	-0.5	-1.4
NET RESULT	1.2	1.3	0.8	4.1

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

# Balance sheet

MEUR	31.12.2015	31.12.2014	MEUR	31.12.2015	31.12.2014
Non-current assets	17.4	18.3	Equity	27.1	29.0
Inventories	18.5	17.6	Financial liabilities and finance lease obligations	7.1	7.0
Other current assets	6.0	7.3	Other non-current liabilities	0.2	0.2
Cash and cash equivalents	4.2	4.1	Current liabilities	11.7	11.0
TOTAL ASSETS	46.1	47.2	SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	46.1	47.2

# Cash flow statement

MEUR	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	6.1	10.0
Change in net working capital	1.5	0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	7.6	10.0
Financial items and taxes	-1.2	-0.2
CASH FLOW FROM OPERATING ACTIVITIES	6.3	9.9
Cash flow from investing activities	-3.2	-2.1
CASH FLOW BEFORE FINANCING ACTIVITIES	3.1	7.8
Short-term loans drawn	-	-
Long-term loans drawn	0.1	-
Payments of long term loans and finance leases	-0.3	-4.7
Dividends paid	-2.8	-2.0
CHANGE IN CASH AND CASH EQUIVALENTS	0.2	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	4.2	4.1

# Largest shareholders 31 December 2015

Listed at NASDAQ Helsinki - Consumer goods

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

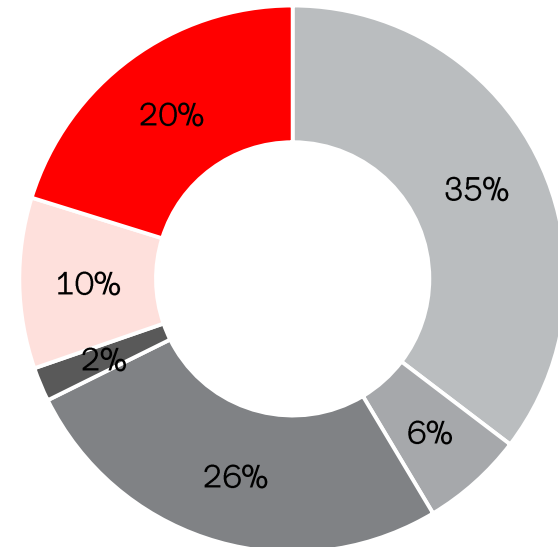
Market-cap ~ EUR 67 million

7,084 shareholders

Largest shareholders, 31 December 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	231,601	2.86
Oy Etra Invest Ab	222,754	2.75
Veritas Pension Insurance Company Ltd	220,000	2.72
Ilmarinen Mutual Pension Insurance Company	215,419	2.66
Mutual Fund Tapiola Finland	136,395	1.69
Sijoitusrahasto Aktia Europe Small Cap	120,000	1.48
OP-Finland Small Firms Fund	110,266	1.36

Ownership by sector,  
31 December 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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