

marimekko®

Half-year Financial Report 1-6/2016

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11 August 2016



Q2/2016 in brief

Highlights

- + Reduced cost level
- + Increase in retail sales in Finland and Australia
- + Increase in royalty income in North America
- Decrease in relative wholesale margins
- Timing of large wholesale deliveries in the first quarter of the year, unlike in 2015

Key events

Marimekko strengthened its presence in Australia by opening own online store

New stores opened in Finland, Taiwan and Thailand

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

Key figures

Q2/2016

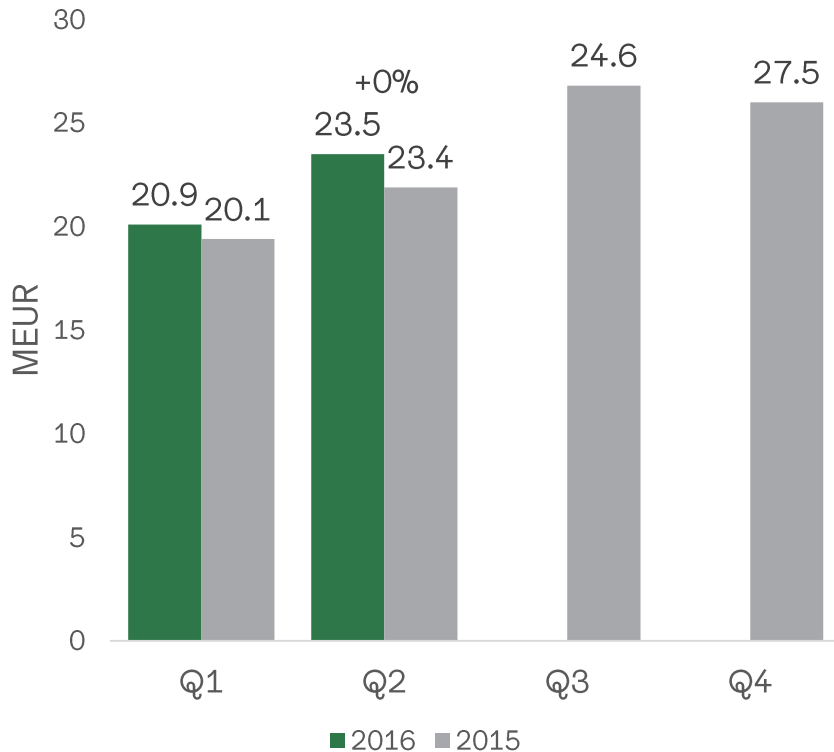
- Net sales EUR 23.5 million (23.4)
- Brand sales EUR 53.0 million (42.7)
- Operating result EUR 0.9 million (0.3)
- Comparable operating result EUR 0.9 (0.3)
- EBITDA EUR 1.9 million (1.4)
- Comparable EBITDA EUR 1.9 (1.4)

1-6/2016

- Net sales EUR 44.5 million (43.6)
- Brand sales EUR 96.0 million (83.0)
- Operating result EUR -0.2 million (-1.0)
- Comparable operating result EUR 0.7 (-1.0)



Net Sales Q2/2016



Net sales

+0% to EUR 23.5 million (23.4); +1% in comparable fx-rates

- retail sales +5%
 - strong retail sales in Finland and Australia
- wholesale sale -9%
 - timing of large wholesale deliveries in the first quarter of the year, unlike in 2015
- Increase in royalty income in North America

International sales

-3% to EUR 10.1 million (10.4); -3% in comparable fx-rates

- retail sales -2%
- wholesale sales -10%

Sales in Finland

+3% to EUR 13.5 million (13.1)

- retail sales +7% (like-for-like +4%, of which prime stores like-for-like -5%)
- wholesale sales -9%

| MEUR | 4-6/2016 | 4-6/2015 | Change, % |
|---------------|----------|----------|-----------|
| Finland | 13.5 | 13.1 | 3 |
| Scandinavia | 1.9 | 2.0 | -3 |
| EMEA | 2.0 | 2.1 | -5 |
| North America | 2.2 | 2.1 | 9 |
| Asia-Pacific | 3.9 | 4.2 | -8 |
| TOTAL | 23.5 | 23.4 | 0 |

Net Sales 1-6/2016



Net sales

+2% to EUR 44.5 million (43.6); +2% in comparable fx-rates

- retail sales +4%
 - strong retail sales in Finland
- wholesale sale 0%
- favourable trend in sales in the Asia-Pacific region

International sales

+1% to EUR 20.9 million (20.8); -1% in comparable fx-rates

- retail sales -3%
- wholesale sales +2%

Sales in Finland

+3% to EUR 23.6 million (22.8)

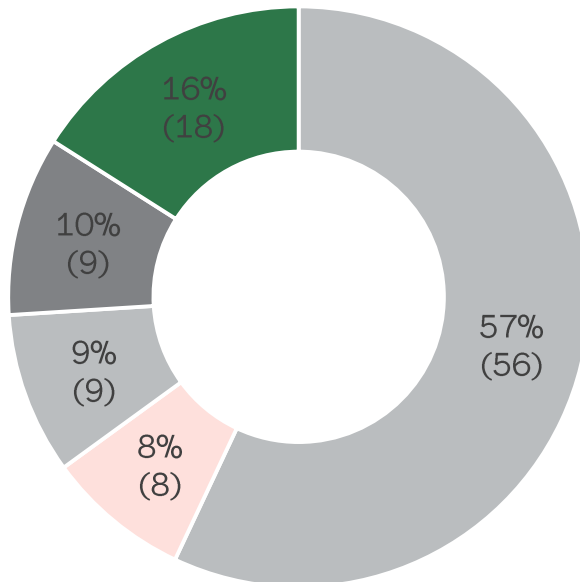
- retail sales +8% (like-for-like +5%, of which prime stores like-for-like -2%)
- wholesale sales -5%

| MEUR | 1-6/2016 | 1-6/2015 | Muutos, % |
|---------------|----------|----------|-----------|
| Finland | 23.6 | 22.8 | 3 |
| Scandinavia | 3.7 | 3.8 | -4 |
| EMEA | 4.3 | 4.4 | -2 |
| North America | 3.9 | 4.2 | -7 |
| Asia-Pacific | 9.1 | 8.4 | 7 |
| TOTAL | 44.5 | 43.6 | 2 |

Net sales by market area and by product line

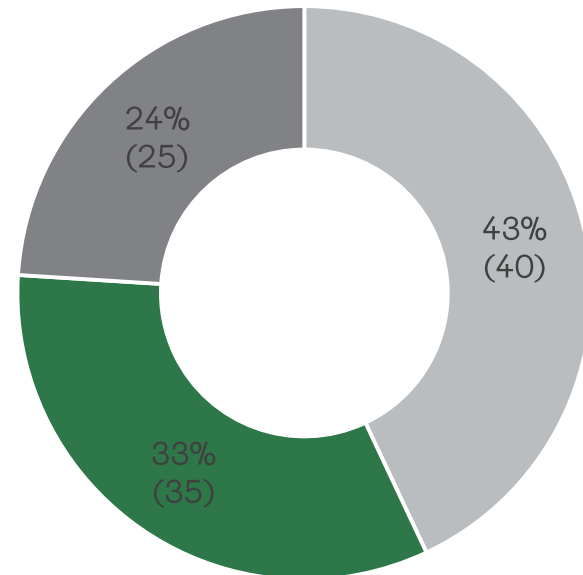
Net sales by market area
Q2/2016

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

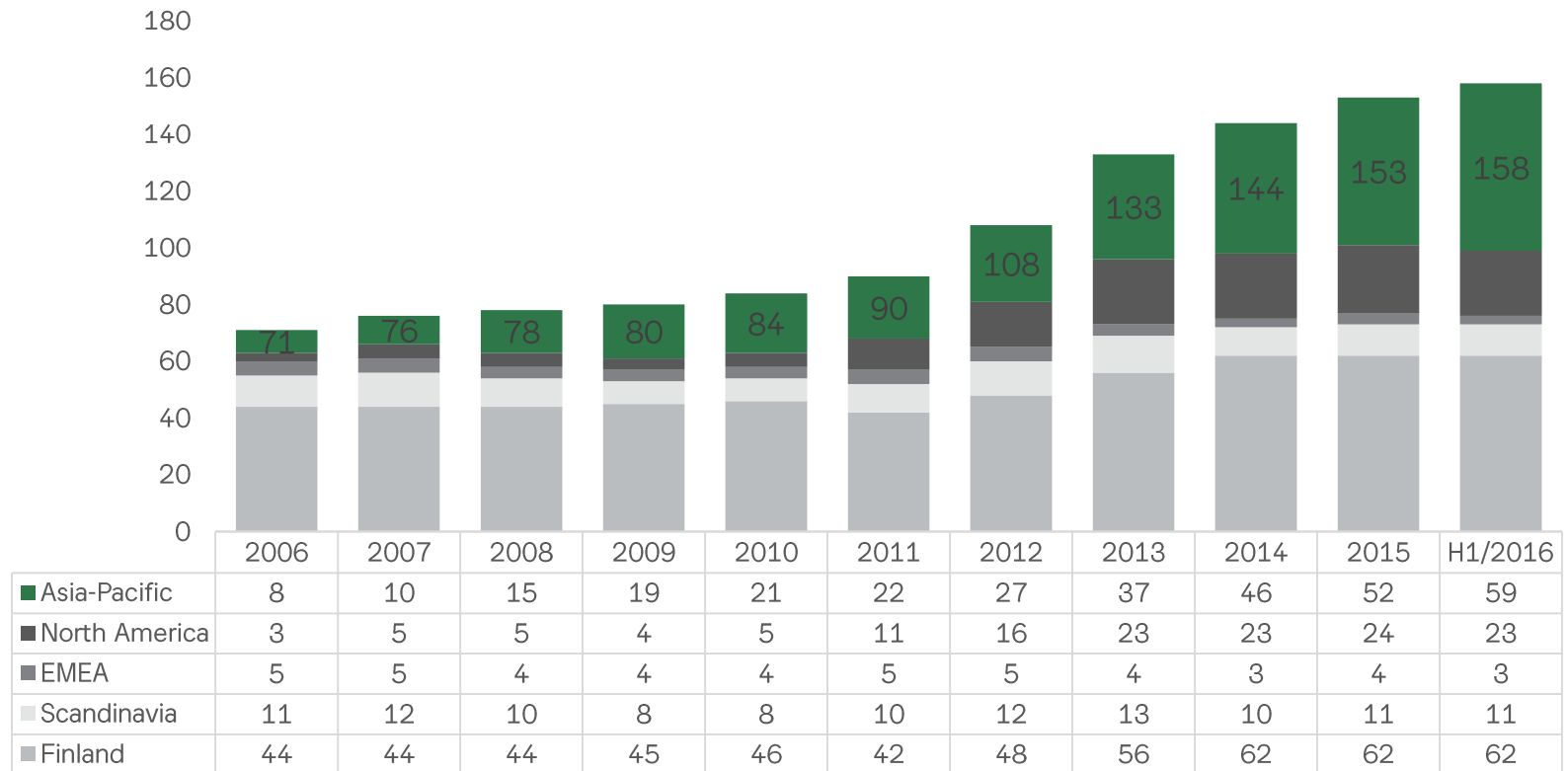


Net sales by product line
Q2/2016

- Fashion
- Home
- Bags & Accessories



158 stores* at the end of June 2016

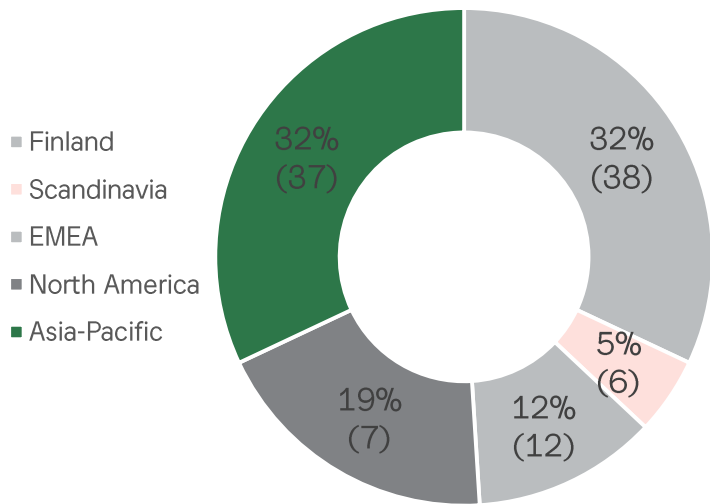


*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 54 at the end of June 2016 (53).

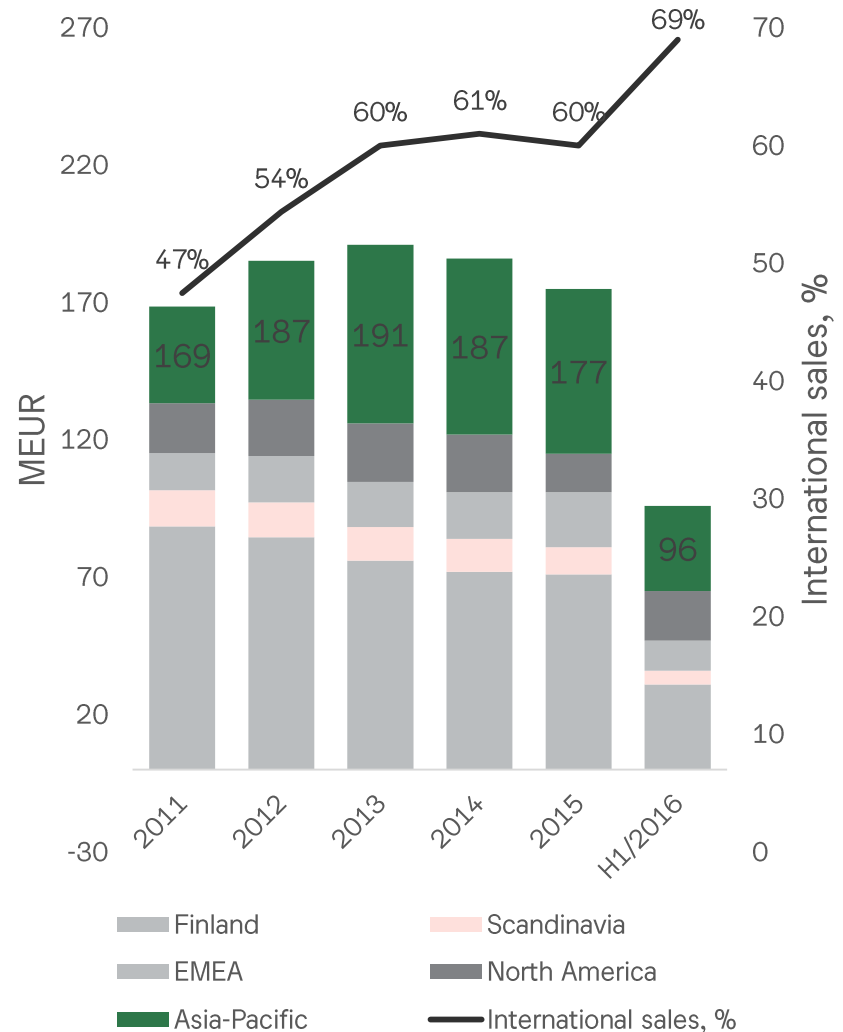
+20 % increase in Marimekko brand sales in H1/2011 – H1/2016

In Q2, 69% of the sales came from abroad (60)

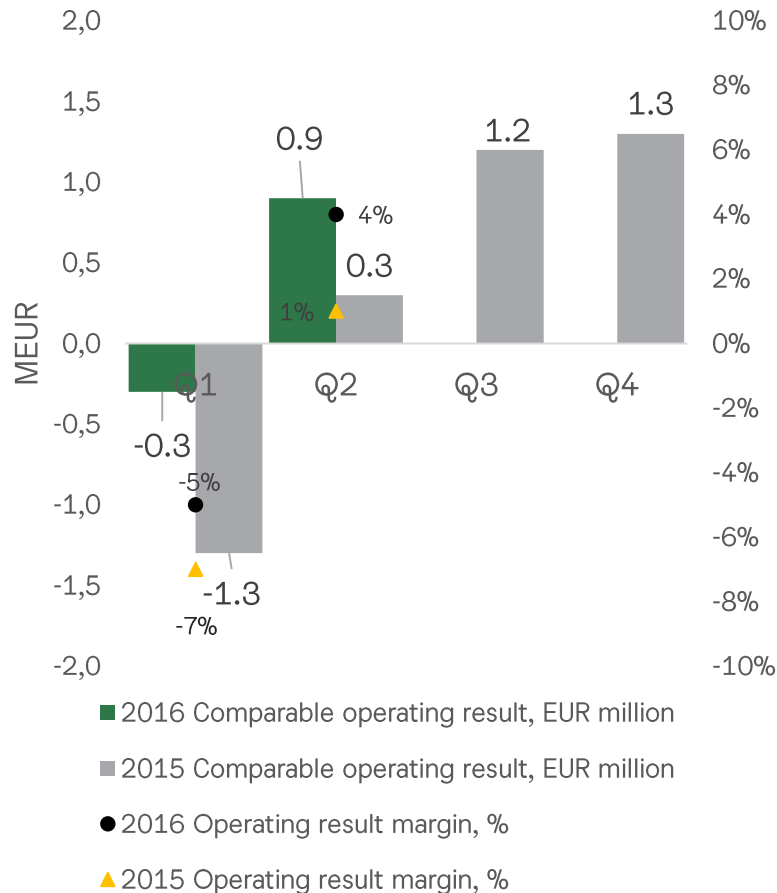
Brand sales by market area
H1/2016



| MEUR | H1/2016 | H1/2015 | Change, % |
|---------------|---------|---------|-----------|
| Finland | 30.7 | 31.2 | -2 |
| Scandinavia | 5.1 | 5.4 | -5 |
| EMEA | 11.2 | 10.2 | 10 |
| North America | 18.4 | 5.9 | |
| Asia-Pacific | 30.6 | 30.4 | 1 |
| TOTAL | 96.0 | 83.0 | 16 |



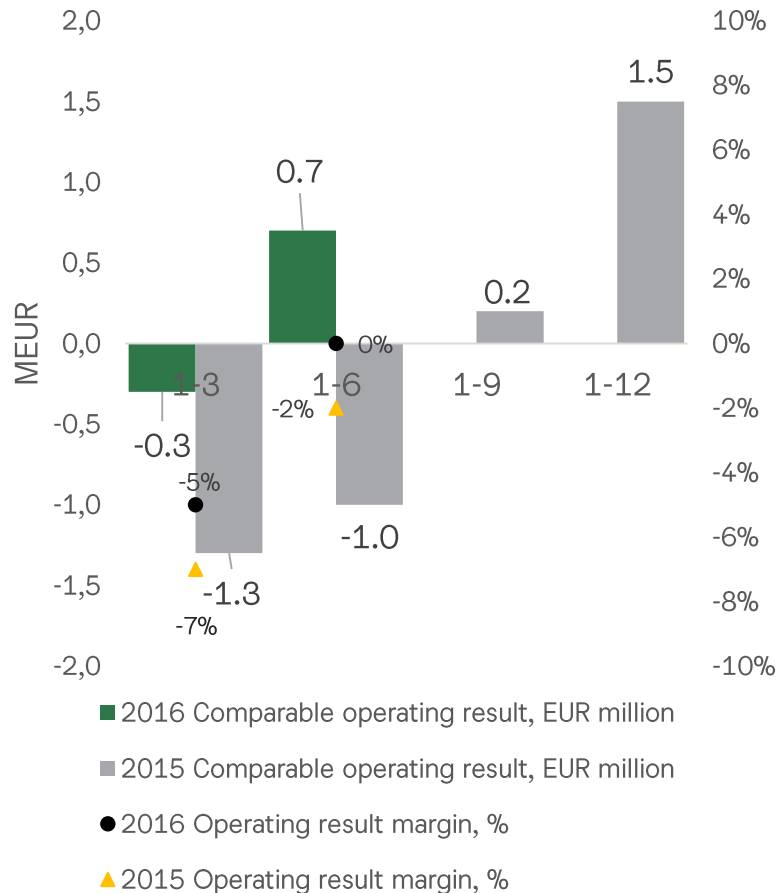
Operating result Q2/2016



Operating result EUR 0.9 million (0.3),
Comparable operating result EUR 0.9 million (0.3)

- + Reduced cost level
- + Increase in retail sales in Finland and Australia
- + Increase in royalty income in North America
- Decrease in relative wholesale margins
- Timing of large wholesale deliveries in the first quarter of the year, unlike in 2015

Operating result 1-6/2016



Operating result EUR -0.2 million (-1.0)

Comparable operating result EUR 0.7 million (-1.0)

- + Reduced cost level
- + Increase in retail sales in Finland and Australia
- + Growth in wholesale sales in the Asia-Pacific region and North America
- Discount-driven retail sales
- Decrease in wholesale sales in Finland
- Reduced retail sales in North America
- Decrease in relative wholesale margins

Key figures

| | 4-6/ 2016 | 4-6/ 2015 | Change, % | 1-6/ 2016 | 1-6/ 2015 | Change, % | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|------|
| Net sales, EUR million | 23.5 | 23.4 | 0 | 44.5 | 43.6 | 2 | 95.7 |
| International sales, EUR million | 10.1 | 10.4 | -3 | 20.9 | 20.8 | 1 | 43.0 |
| % of net sales | 43 | 44 | - | 47 | 48 | - | 45 |
| EBITDA, EUR million | 1.9 | 1.4 | 39 | 1.9 | 1.1 | 75 | 6.1 |
| Operating result, EUR million | 0.9 | 0.3 | 196 | -0.2 | -1.0 | 82 | 1.5 |
| Operating result margin, % | 3.7 | 1.3 | - | -0.4 | -2.4 | - | 1.6 |
| Result for the period, EUR million | 0.7 | 0.1 | - | -0.3 | -1.0 | 73 | 0.8 |
| Earnings per share, EUR | 0.08 | 0.01 | - | -0.03 | -0.12 | 73 | 0.10 |
| Cash flow from operating activities, EUR million | 0.9 | 1.7 | -44 | -3.0 | 0.0 | - | 6.3 |
| Gross investments, EUR million | 1.2 | 0.5 | 123 | 1.4 | 0.8 | 72 | 3.6 |
| Return on investment (ROI)*, % | - | - | - | 6.3 | 16.0 | - | 4.5 |
| Equity ratio, % | - | - | - | 48.3 | 54.0 | - | 59.0 |
| Gearing, % | - | - | - | 44.5 | 27.1 | - | 11.3 |
| Contingent liabilities, EUR million | - | - | - | 33.6 | 33.8 | -1 | 36.3 |
| Personnel at the end of the period | - | - | - | 469 | 475 | -1 | 476 |
| outside Finland | - | - | - | 115 | 114 | 1 | 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.

- Clothing
- Accessories
- Bags
- Home
- Fabrics
- Last Chance
- Marimekko's World
- Store Locator

Q Search



NEW Home

[Update your home with our beautiful new collection >](#)

Marimekko strengthened its presence in Australia by opening own online store in April



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



Limited-edition design collaboration between Marimekko and Target sold for a limited period in the second quarter supports the building of Marimekko's brand recognition in the long term

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Three new stores opened in Finland, Taiwan and Thailand



Shop-in-shop opened in Japan



Marimekko published its sustainability strategy extending to the year 2020

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 than before.
- In spite of slight 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 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.
- 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.

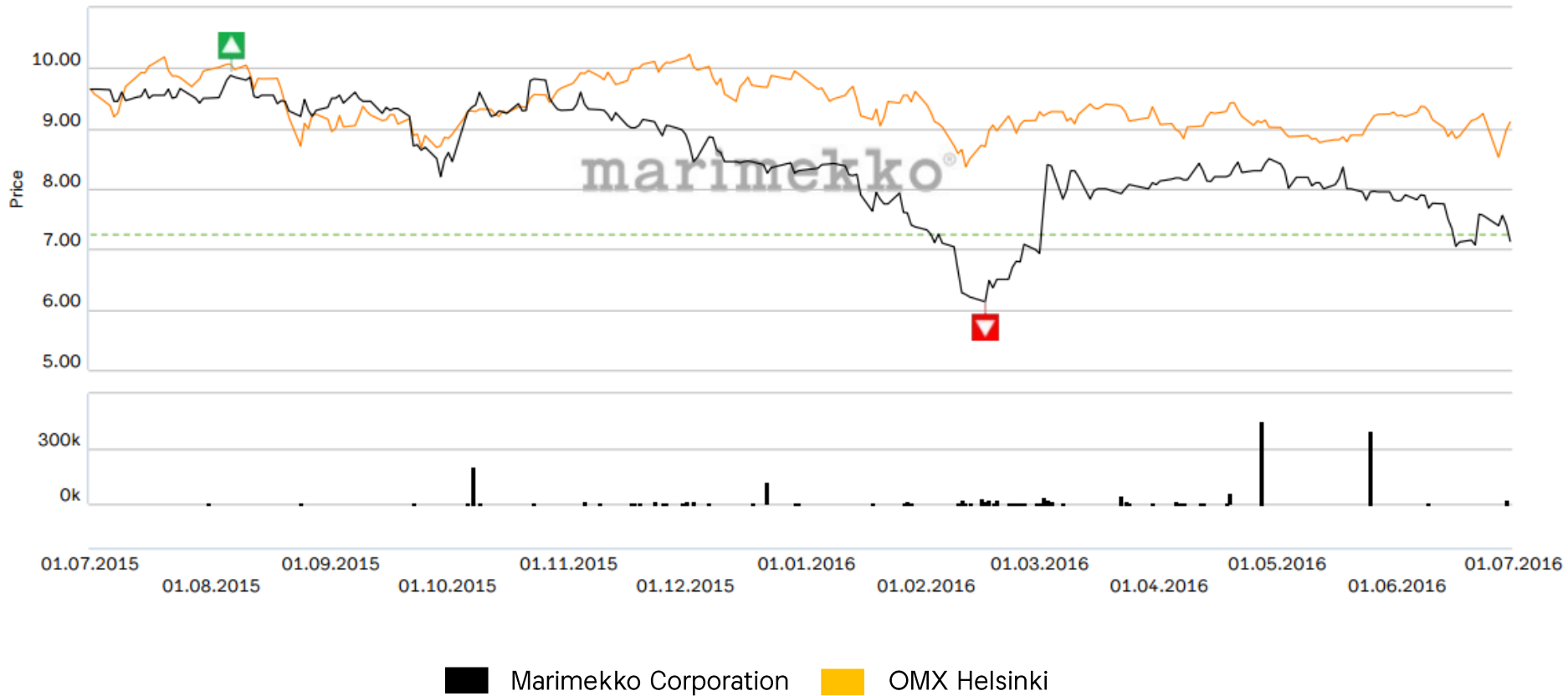
Financial guidance for 2016

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 | 4-6/2016 | 4-6/2015 | 1-6/2016 | 1-6/2015 |
|-----------------------------------|----------|----------|----------|----------|
| NET SALES | 23.5 | 23.4 | 44.5 | 43.6 |
| Other operating income | 0.1 | 0.1 | 0.2 | 0.1 |
| Use of materials and consumables* | -8.8 | -8.4 | -15.9 | -15.1 |
| Employee benefit expenses | -6.0 | -6.6 | -13.5 | -13.3 |
| Depreciation and impairments | -1.0 | -1.1 | -2.1 | -2.1 |
| Other operating expenses | -6.9 | -7.1 | -13.5 | -14.2 |
| OPERATING RESULT | 0.9 | 0.3 | -0.2 | -1.0 |
| Net financial items | 0 | -0.3 | -0.1 | -0.1 |
| RESULT BEFORE TAXES | 0.9 | 0.0 | -0.3 | -1.2 |
| Income taxes | -0.2 | 0.1 | 0.1 | 0.1 |
| NET RESULT | 0.7 | 0.1 | -0.3 | -1.0 |

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

Balance sheet

| MEUR | 30.6.2016 | 30.6.2015 | MEUR | 30.6.2016 | 30.6.2015 |
|---------------------------|-----------|-----------|---|-----------|-----------|
| Non-current assets | 16.5 | 17.4 | Equity | 23.8 | 25.3 |
| Inventories | 22.1 | 18.6 | Financial liabilities and finance lease obligations | 13.9 | 10.5 |
| Other current assets | 8.3 | 7.3 | Other non-current liabilities | 0.3 | 0.2 |
| Cash and cash equivalents | 3.3 | 3.6 | Current liabilities | 15.7 | 10.9 |
| TOTAL ASSETS | 49.4 | 47.0 | SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL | 49.4 | 47.0 |

Cash flow statement

| MEUR | 1-6/2016 | 1-6/2015 |
|--|----------|----------|
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL | 1.9 | 1.1 |
| Change in net working capital | -4.5 | -0.8 |
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES | -2.6 | 0.3 |
| Financial items and taxes | -0.4 | -0.2 |
| CASH FLOW FROM OPERATING ACTIVITIES | -3.0 | 0.0 |
| Cash flow from investing activities | -1.6 | -0.8 |
| CASH FLOW BEFORE FINANCING ACTIVITIES | -4.6 | -0.8 |
| Long-term loans drawn | 2.6 | 3.3 |
| Short-term loans drawn | 4.0 | - |
| Payments of long term loans and finance leases | -0.2 | -0.1 |
| Dividends paid | -2.8 | -2.8 |
| CHANGE IN CASH AND CASH EQUIVALENTS | -1.0 | -0.4 |
| | | |
| Cash and cash equivalents at the beginning of the period | 4.2 | 4.1 |
| Cash and cash equivalents at the end of the period | 3.3 | 3.6 |

Largest shareholders 30 June 2016

Listed at Nasdaq Helsinki - Consumer goods

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

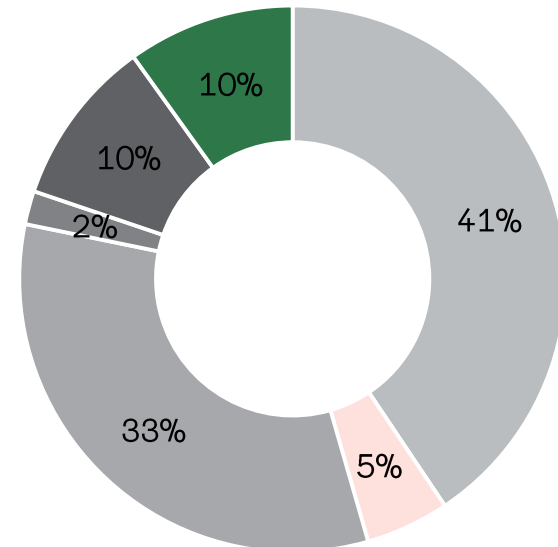
Market-cap ~ EUR 58 million

7,350 shareholders

| Largest shareholders, 30 June 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 | 163,000 | 2.01 |
| Mutual Fund Tapiola Finland | 129,595 | 1.60 |

Ownership by sector,
30 June 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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