

19 August 2015

marimekko®

Interim Report 1-6/2015

Tiina Alahuhta-Kasko
19 August 2015



Highlights and key events

Q2/2015

Highlights

- + New stores add to sales; openings on track
- + Operating result as expected
- Continued weak consumer sentiment in Finland
- Wholesale margins reduced

Key events

Marimekko's expansion in Asia continues. New retailer-owned Marimekko stores opened during Q2:

- Bangkok, Thailand
- Singapore
- Taichung, Taiwan

Pre-introduction of Marimekko's Spring/Summer 2016 RTW Collection in Paris

Marimekko opens two stores in Helsinki in autumn

Key figures



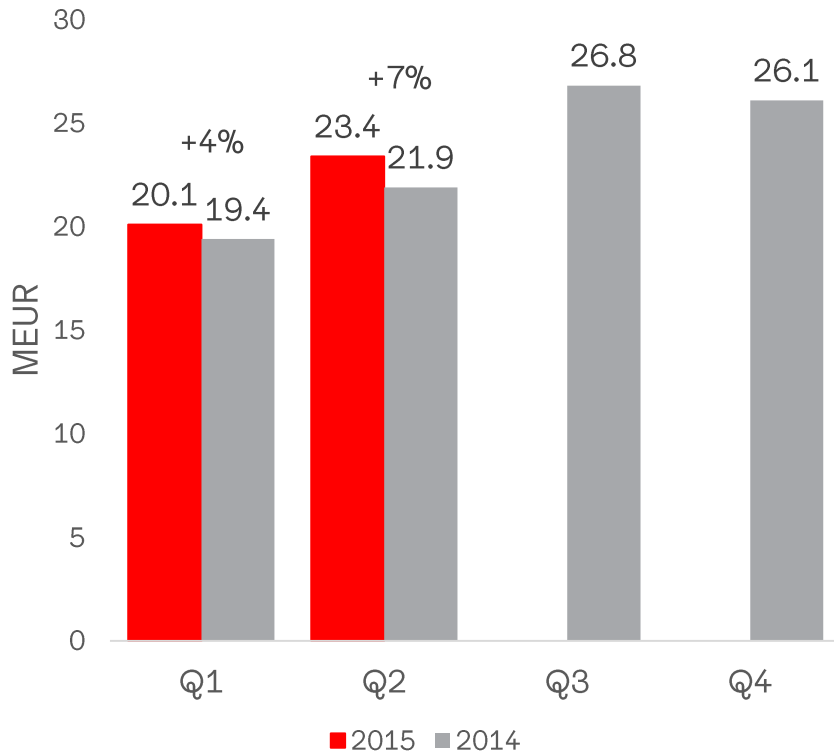
Q2/2015

- Net sales EUR 23.4 million (21.9).
- Brand sales EUR 42.5 million (41.1).
- Operating profit excl. NRI EUR 0.3 million (0.5).
- EBITDA excluding nonrecurring items EUR 1.5 million (1.6).

1-6/2015

- Net sales EUR 43.6 million (41.3).
- Brand sales EUR 87.6 million (81.3).
- Operating result excl. NRI EUR -1.0 million (-0.6).
- EBITDA excluding nonrecurring items EUR 1.2 million (1.6).

Net Sales Q2/2015



Net sales +7% to EUR 23.4 million (21.9); +3% in comparable fx-rates

- additional sales of new stores
- an increase in sales due to discount-driven sales by outlet stores and onlineshop in Finland
- strong dollar

International sales +5% to EUR 10.4 million (9.9); +3% in comparable fx-rates

- retail sales +3%
- wholesale sales +6%

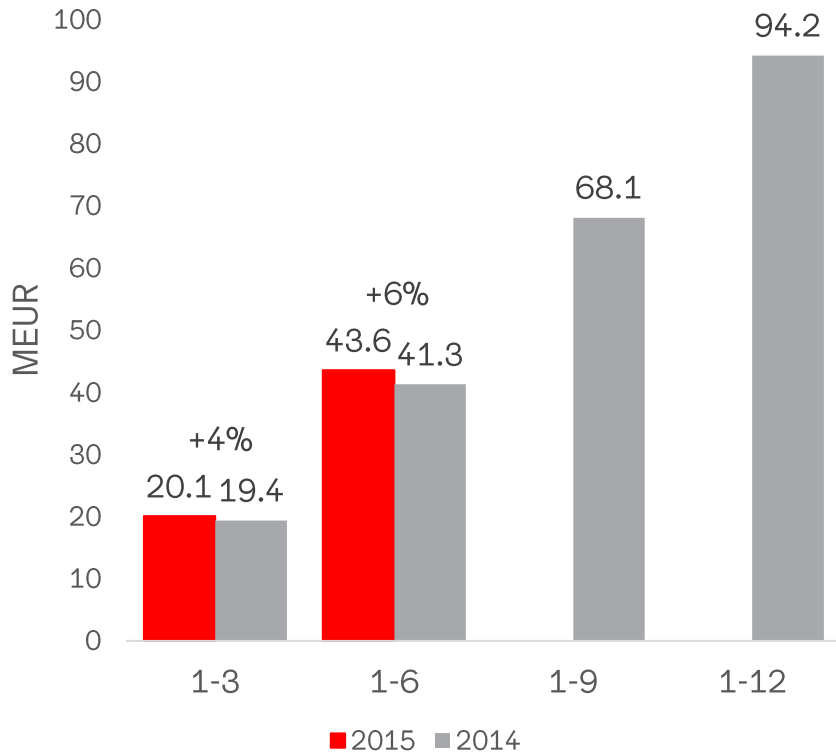
Sales in Finland +9%

- retail sales +12% (like-for-like +8%, of which prime stores like-for-like -0%)
- wholesale sales +2%

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

MEUR	4-6/2015	4-6/2014	Change, %
Finland	13.1	12.0	9
Scandinavia	2.0	2.0	0
EMEA	2.1	1.9	14
North America	2.1	2.0	1
Asia-Pacific	4.2	4.0	4
TOTAL	23.4	21.9	7

Net Sales 1-6/2015



Net sales +6% to EUR 43.6 million (41.3); +3% in comparable fx-rates

- additional sales of stores opened in 2014 and 2015
- an increase in sales due to discount-driven sales by outlet stores and e-commerce in Finland
- strong dollar

International sales +8% to EUR 20.8 million (19.3); +2% in comparable fx-rates

- retail sales +6%
- wholesale sales +7%

Sales in Finland +4%

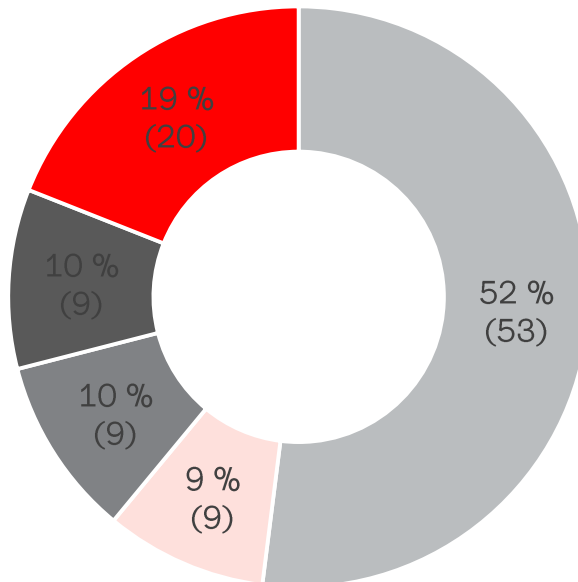
- retail sales +7% (like-for-like +3%, of which prime stores like-for-like -5%)
- wholesale sales -4%

MEUR	1-6/2015	1-6/2014	Change, %
Finland	22.8	22.0	4
Scandinavia	3.8	3.9	-2
EMEA	4.4	3.7	18
North America	4.2	3.6	17
Asia-Pacific	8.4	8.1	4
TOTAL	43.6	41.3	6

Net sales by market area and by product line

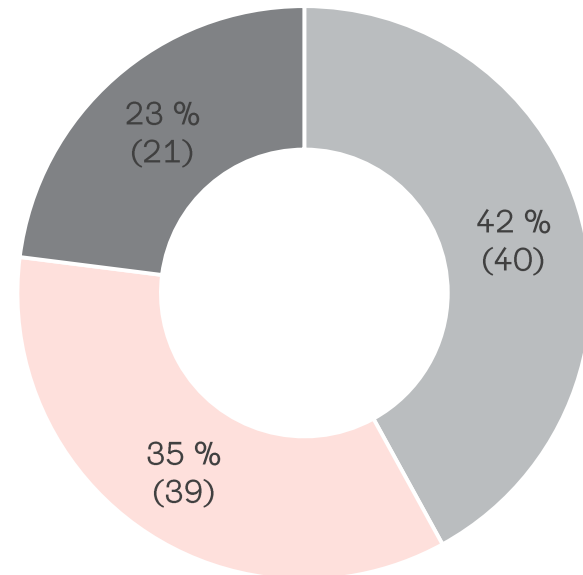
Net sales by market area
1-6/2015

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

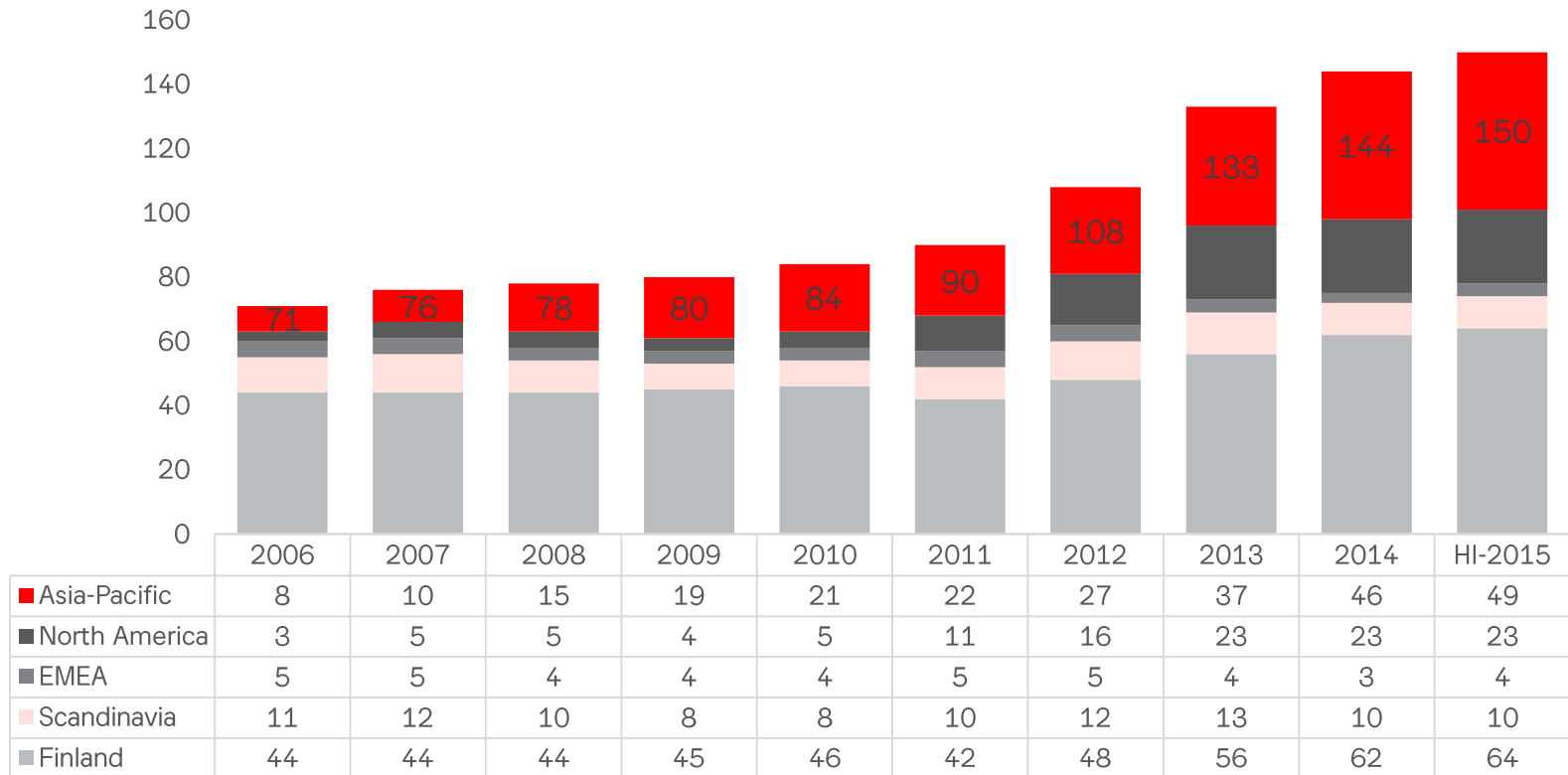


Net sales by product line
1-6/2015

- Fashion
- Home
- Bags & Accessories



150 stores* at the end of June 2015

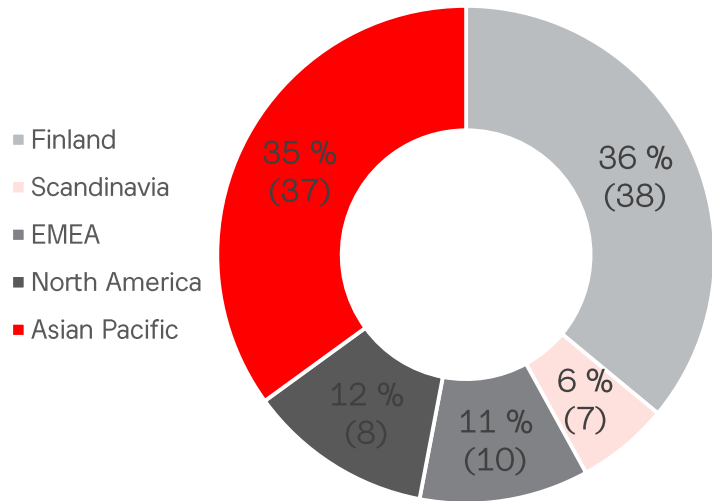


*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 53 at the end of June 2015 (52).

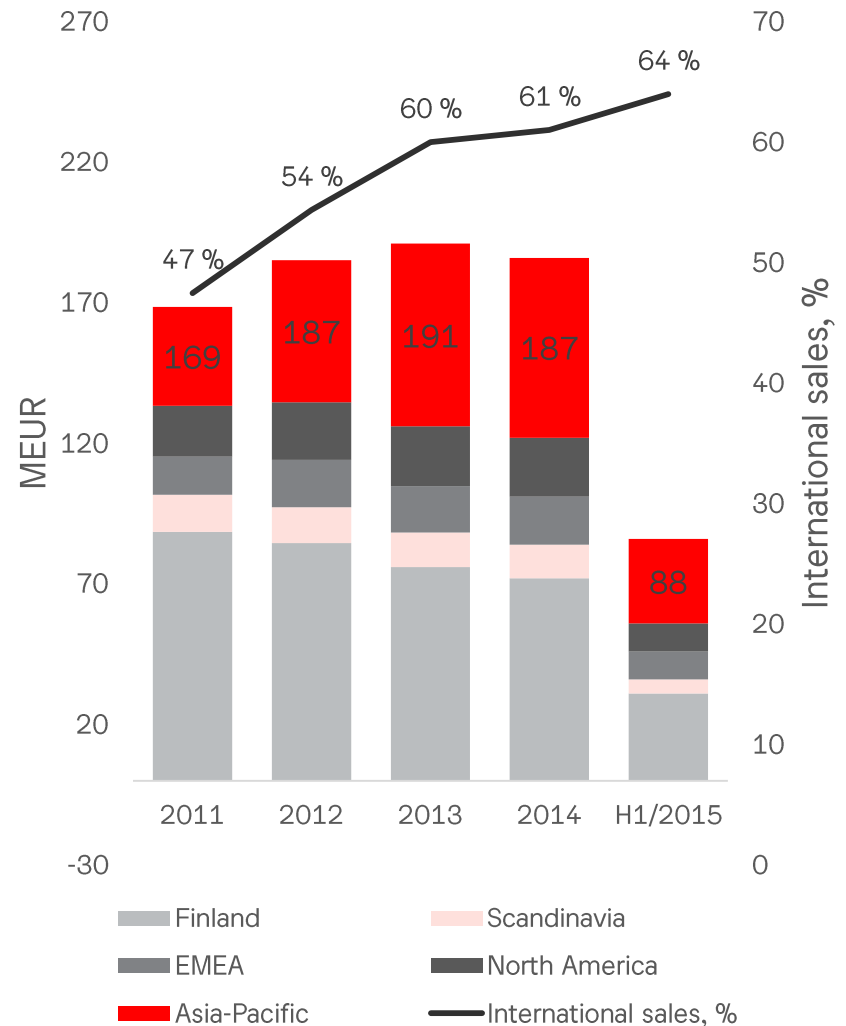
Marimekko brand sales 2011-H1/2015: +10%

64% of the sales came from abroad (62)

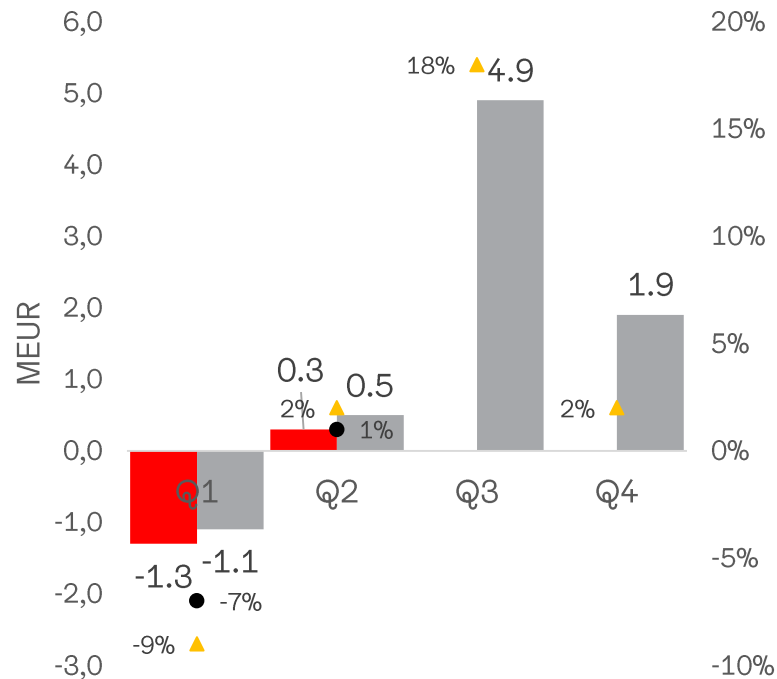
Brand sales by market area
1-6/2015



MEUR	1-6/2015	1-6/2014	Change, %
Finland	31.2	30.9	1
Scandinavia	5.4	5.5	-2
EMEA	10.2	8.3	22
North America	10.4	6.4	63
Asia-Pacific	30.4	30.3	0
TOTAL	87.6	81.3	8



Operating result Q2/2015



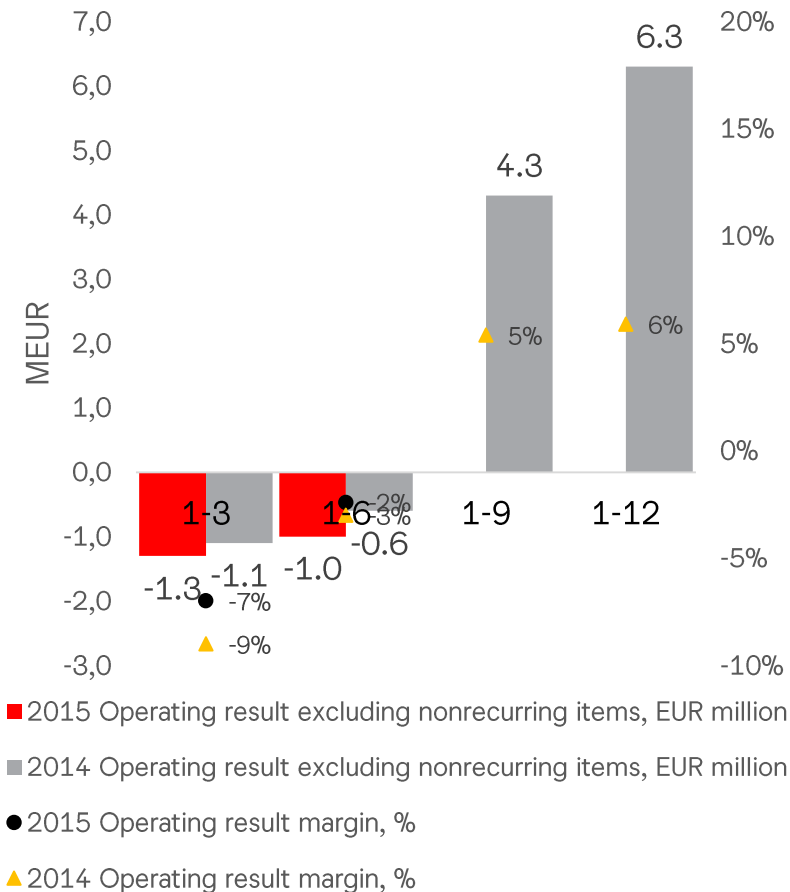
- 2015 Operating result excluding nonrecurring items, EUR million
- 2014 Operating result excluding nonrecurring items, EUR million
- 2015 Operating result margin, %
- ▲ 2014 Operating result margin, %

Operating profit EUR 0.3 million (0.5)

Operating profit excluding nonrecurring items EUR 0.3 million (0.5)

- + Sales of new stores
- + Growth in discount-driven sales by outlet stores and online shop in Finland
- Decline in wholesale sales margins
- Increase in design and marketing expenses

Operating result 1-6/2015



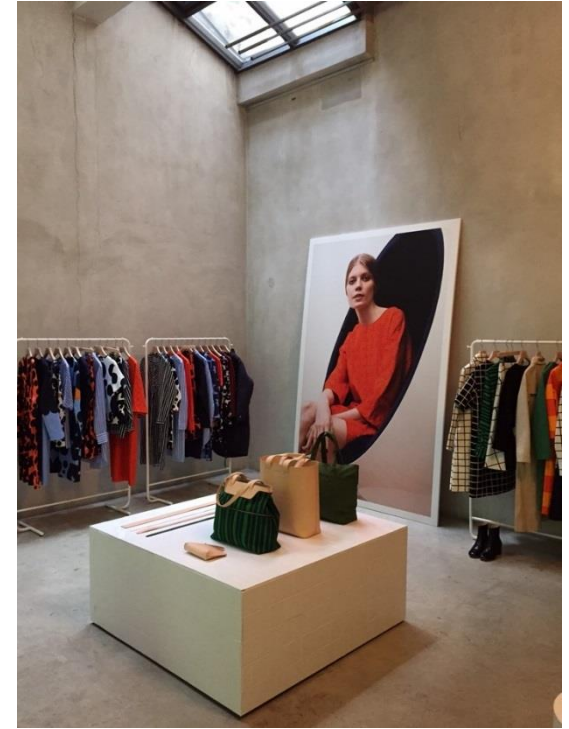
Operating result EUR -1.0 million
(-1.2)

Operating result excluding
nonrecurring items EUR -1.0 million
(-0.6)

- + Increase in royalty earnings in North America in Q1
- + Sales of new stores
- Beverly Hills store closure expenses
- Decline in wholesale sales margins
- Downturn in the profitability of retail sales in Finland due to a decline in the sales of prime stores
- Increase in design and marketing expenses

Key figures

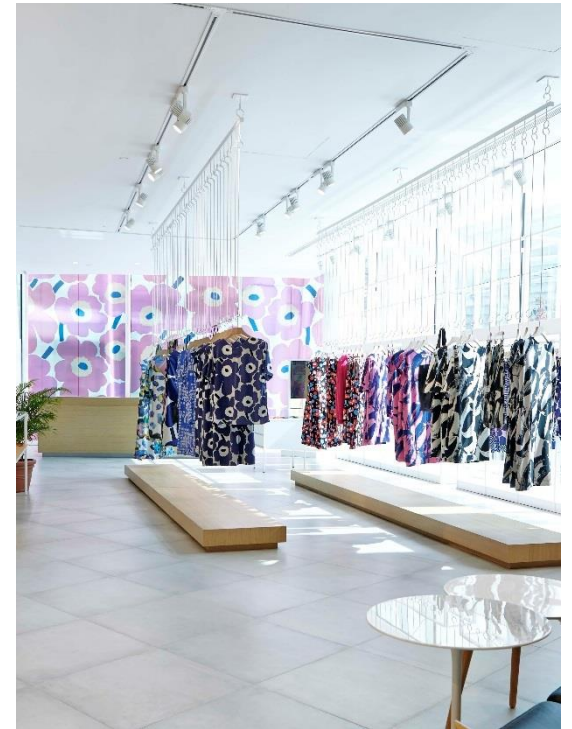
	4-6/ 2015	4-6/ 2014	Change, %	1-6/ 2015	1-6/ 2014	Change, %	1-12/ 2014
Net sales, EUR million	23.4	21.9	7	43.6	41.3	6	94.2
International sales, EUR million	10.4	9.9	5	20.8	19.3	8	42.1
% of net sales	44	45		48	47		45
EBITDA, EUR million	1.4	1.6	-14	1.1	0.9	17	9.9
Operating result, EUR million	0.3	0.5	-43	-1.0	-1.2	16	5.6
Operating result margin, %	1.3	2.4		-2.4	-3.0		5.9
Result for the period, EUR million	0.1	0.4	-75	-1.0	-1.1	12	4.1
Earnings per share, EUR	0.01	0.05	-78	-0.12	-0.14	11	0.51
Cash flow from operating activities, EUR million	1.7	-1.4		0.0	-0.8		9.9
Gross investments, EUR million	0.5	0.3	64	0.8	0.8	1	2.1
Return on investment (ROI), %				-5.6	-6.2		15.6
Equity ratio, %				54.0	49.7		61.6
Gearing, %				27.1	52.0		10.5
Contingent liabilities, EUR million				33.8	35.4	-5	34.3
Personnel at the end of the period				475	485	-2	479
outside Finland				114	114		129



Pre-introduction of Marimekko's Spring/Summer 2016 Ready-to-Wear Collection in Paris in the end of June



Bangkok (Central World) Thailand store opening May 12th



Singapore (Capitol Piazza) store opening June 16th



Taichung (Taiwan) store opening June 27th



Media attention around the store openings

Changes in management

Lasse Lindqvist was appointed the company's Chief Marketing Officer (CMO) and member of the Management Group as of 10 August 2015. He succeeds Tiina Alahuhta-Kasko who, alongside acting as the President of Marimekko, has so far also been in charge of the company's marketing.

After the end of the period under review, the company announced the appointment of Elina Aalto as Marimekko's Chief Financial Officer and member of the Management Group as of 11 December 2015.



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. Since the end of the period under review, comparable retail sales have fallen by around 8 percent.

In the Asia-Pacific region, the wholesale sales of the entire market area is expected to decline compared to 2014 due to the expected fall in Japanese wholesale.

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 are expected in like-for-like terms to deteriorate in 2015 on the basis of a weaker than expected trend in sales during the first half of the year. Royalty income is forecast to grow in 2015 due to a licensing agreement concluded with a North American company.

Sales expectations in Scandinavia are modest.

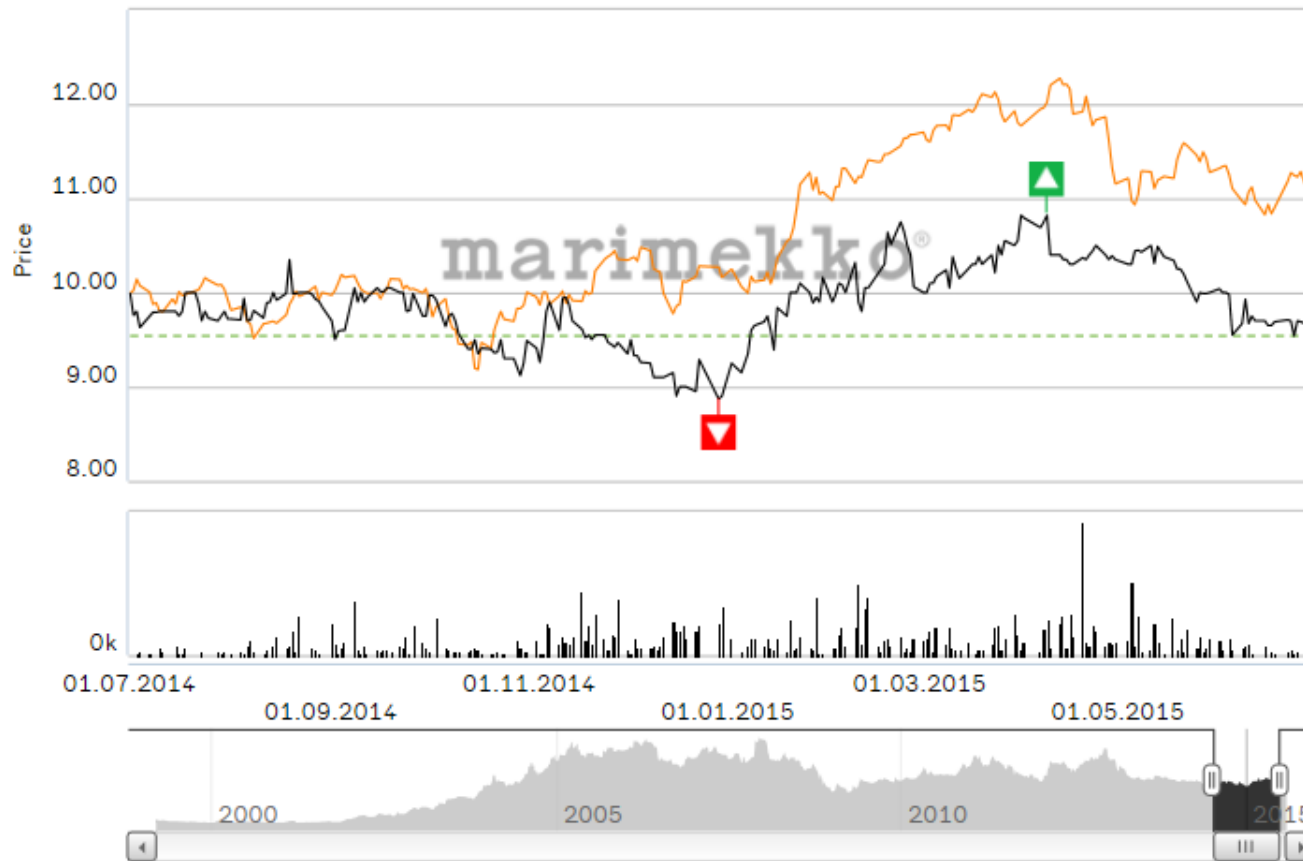
In the EMEA sales are being boosted by deliveries to two new stores opened during the spring and by growth in wholesale deliveries to a few major retailers.

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: based on the overall market outlook, estimated sales development in the company's market areas, especially in Finland, the company's growth targets as well as other estimated factors, the Marimekko Group's year 2015 net sales are forecast to be at the same level as in 2014 or lower. Operating profit excluding nonrecurring items in 2015 is estimated to be lower than in 2014.

Share price previous 12 months



Marimekko Corporation OMX Helsinki

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Appendix

Income statement

MEUR	4-6/2015	4-6/2014	1-6/2015	1-6/2014
NET SALES	23.4	21.9	43.6	41.3
Other operating income	0.05	0.06	0.1	0.1
Use of materials and consumables*	-8.4	-7.4	-15.1	-14.5
Employee benefit expenses	-6.6	-6.4	-13.3	-13.2
Depreciation and impairments	-1.1	-1.1	-2.1	-2.2
Other operating expenses	-7.1	-6.5	-14.2	-12.8
OPERATING RESULT	0.3	0.5	-1.0	-1.2
Net financial items	-0.3	-0.04	-0.1	-0.1
RESULT BEFORE TAXES	0.04	0.5	-1.2	-1.3
Income taxes	0.05	-0.1	0.1	0.2
NET RESULT	0.1	0.4	-1.0	-1.1

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

Balance sheet

MEUR	30.6.2015	30.6.2014	MEUR	30.6.2015	30.6.2014
Non-current assets	17.4	19.3	Equity	25.3	23.8
Inventories	18.6	18.6	Financial liabilities and finance lease obligations	10.3	11.4
Other current assets	7.3	8.0	Other non-current liabilities	0.2	0.2
Cash and cash equivalents	3.6	2.2	Current liabilities	11.2	12.6
TOTAL ASSETS	47.0	48.0	TOTAL LIABILITIES	47.0	48.0

Cash flow statement

MEUR	1-6/2015	1-6/2014
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	1.1	1.0
Change in net working capital	-0.8	-1.5
CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	0.3	-0.5
Financial items and taxes	-0.2	-0.4
CASH FLOW FROM OPERATING ACTIVITIES	0.0	-0.8
Cash flow from investing activities	-0.8	-0.8
CASH FLOW BEFORE FINANCING ACTIVITIES	-0.8	-1.6
Short-term loans drawn	-	3.0
Long-term loans drawn	3.3	-
Payments of long term loans and finance leases	-0.1	-0.2
Dividends paid	-2.8	-2.0
CHANGE IN CASH AND CASH EQUIVALENTS	-0.4	-0.8
Cash and cash equivalents at the beginning of the period	4.1	3.0
Cash and cash equivalents at the end of the period	3.7	2.2

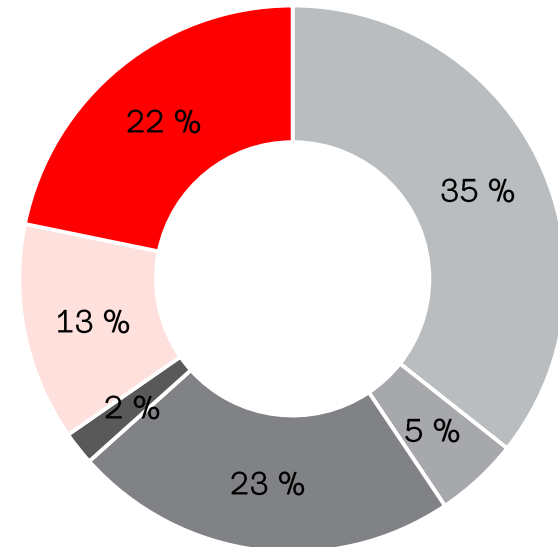
Largest shareholders 30 June 2015

Listed at OMX Helsinki - Consumer goods
 - 1999, I-list
 - 2002, Main-list
 Market-cap ~ EUR 79 million
 7,120 shareholders (June 2015)

Largest shareholders, 30 June 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
Mutual Fund Tapiola Finland	136,395	1.69
OP-Finland Small Firms Fund	120,656	1.49
Sijoitusrahasto Taaleritehdas Mikro Markka	95,551	1.18

Ownership by sector,
30 June 2015

- 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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