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Marimekko Corporation, Interim Report, 30 October 2012 at 8.30 a.m.

**During the January-September period of 2012, the Marimekko Group's net sales grew by 17 per cent and international sales by no less than 32 per cent. The trend was strong in the third quarter and profitability took a clear turn for the better as forecast. In July-September 2012, operating profit grew by 50 per cent. Cumulative growth in operating profit was 7 per cent. Net sales and operating profit forecasts for the full year 2012 remain unchanged.**

## January to September

- Net sales grew by 16.5% and were EUR 62.7 million (53.9).
  - International sales grew by 31.8% and were EUR 25.9 million (19.7). The strongest growth in sales was in North America, 75.7%, and in Asia-Pacific, 39.1%.
  - In Finland, the favourable trend in sales continued. Sales rose by 7.6%, driven by good growth in retail sales, reaching EUR 36.8 million (34.2).
- Operating profit grew by 6.5% and was EUR 2.0 million (1.9). Profitability was boosted by growth in net sales and sales margins, but a drag was exerted by increased costs related to business expansion and by a decline in wholesale sales in Finland and the United States.
- Cash flow from operating activities was EUR 2.5 million (-1.8).
- Investments were EUR 5.6 million (5.5).
- Brand sales\* grew by 9.6%, reaching EUR 132.8 million (121.1).

## July to September

- Net sales grew by 22.2% and were EUR 24.2 million (19.8).
- Operating profit grew by 50.2% and was EUR 3.5 million (2.3).
- Cash flow from operating activities was EUR 3.1 million (0.5).

## Market outlook and growth targets

The new stores opened during 2011 will, together with other significant investments in the expansion of the distribution network, generate a substantial increase in sales in 2012. The number of new stores to be opened during this year has been confirmed as 19. One store was opened in the first quarter, three in the second and eight in the third. Seven stores will be opened in the final quarter of the year, two of them flagship stores. This total of new Marimekko stores is divided as follows: 11 company-owned stores, four retailer-owned stores and four shop-in-shops.

The planned total investments for 2012 of the Marimekko Group are estimated at approximately EUR 7 million. The majority of investments will be directed at building new store premises and purchasing new furniture.

## Financial guidance

The forecast for the whole of 2012 remains unchanged: the Marimekko Group's net sales are estimated to grow by over 10% and operating profit is forecast to at least double. The increased share of retail sales adds to the seasonality of the business, and thus the operating profit is generated entirely in the second half of the year.

Key indicators	7-9/ 2012	7-9/ 2011	Change, %	1-9/ 2012	1-9/ 2011	Change, %	1-12/ 2011
Net sales, EUR 1,000	24,214	19,812	22.2	62,723	53,861	16.5	77,442
proportion of international sales, %	41.0	36.3		41.3	36.5		35.8
EBITDA, EUR 1,000	4,416	2,855	54.7	4,535	3,333	36.1	5,744
Operating profit, EUR 1,000	3,486	2,321	50.2	2,006	1,883	6.5	3,528
Operating profit margin, %	14.4	11.7		3.2	3.5		4.6
Profit for the period, EUR 1,000	2,473	1,723	43.5	1,439	1,415	1.7	2,826
Earnings per share, EUR	0.31	0.21		0.18	0.18		0.35
Cash flow from operating activities, EUR 1,000	3,069	481		2,539	-1,816		651
Return on investment (ROI), %	28.9	27.1		6.0	7.2		11.4
Equity ratio, %				54.4	65.5		67.2
Personnel at the end of the period outside Finland				482	405	19.0	434
				77	47	63.8	63
Brand sales*, EUR 1,000	49,569	41,337	19.9	132,768	121,149	9.6	168,557
proportion of international sales, %	55.2	49.8		57.0	48.8		47.5
Number of retail stores**				102	83	22.9	90

\* Estimated sales of Marimekko products at consumer prices. Brand sales are calculated by adding together the company's own retail sales and the estimated retail value of Marimekko products sold by other retailers. The estimate, based on Marimekko's actual wholesale sales to these retailers, is unofficial and does not include VAT. This key figure is not audited.

\*\* 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 43 (30). Information on changes is available in the section Internationalisation and changes in the store network.

**Mika Ihamuotila, President and CEO:**

"In spite of the difficulties in the global economy, Marimekko's net sales grew dynamically. Recently the focus of our new store openings has been outside economically troubled Europe. During the January-September period of 2012, our net sales in Asia-Pacific rose by 39% and in North America by 76%. Growth in Finland has also been strong. I am proud of Marimekko employees' ability to build robust growth in such challenging market conditions. We have also simultaneously succeeded in improving our profitability.

This year a total of 19 new Marimekko stores will be opened, 12 of them outside Finland. The openings are clearly concentrated in the latter part of the year: eight stores were opened during the third quarter and a further seven stores will be opened in the last quarter. The stores opened during the first half of the year have boosted growth in net sales, but wholesale and comparable sales in company-owned stores also grew well. From January to September, our net sales grew by 17% and international sales by 32%.

Due to the seasonality of our business, the bulk of net sales and profit accumulation tends towards the second half of the year. During the third quarter, there was a clear change for the better in our trend in earnings, as had been expected. Our operating profit grew by 50% in July to September despite the fact that increased expenses for expanding business operations in particular continued to exert a drag on profits. I am pleased that our cash flow was strong in the third quarter and that we succeeded at the same time in reducing our stocks and improving our sales margins. In respect of the last quarter, it must be borne in mind that retail and particularly Christmas sales contribute a considerable proportion of sales.

This autumn, we have also taken important steps forward by appearing in international fashion arenas on a considerably larger scale than before. For the first time, we took part in New York Fashion Week. The purpose of our fashion show was to support both our existing stores in New York, Boston and Cambridge and the new ones in Beverly Hills and Palo Alto. Last week, we staged an unprecedented show in Shanghai's People's Park. The show gave us valuable visibility which we are seeking to use to support our growth strategy in China. Our aim is to open 14 stores there by the end of 2016."

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## MARIMEKKO CORPORATION'S INTERIM REPORT, 1 January – 30 September 2012

### MARKET SITUATION

Overall uncertainty continues in the global economy, and this may impact consumers' purchasing behaviour in all markets. Forecasts of world economic growth have held fairly steady, but the risks have increased. The world economy is forecast to grow, driven by the developing markets, although China's economic trend has flagged somewhat. The economic forecasts for the United States are better than in Europe, but growth is fairly slow. All in all, the outlook is fragmented and no end to the uncertainty can be seen (Confederation of Finnish Industries EK: Business Tendency Survey, 8 August 2012). In the latest international forecasts, the figures for this and next year have deteriorated somewhat. EU states' severe loan crisis is still continuing. The ECB's policy decision on purchasing bonds of indebted countries seems to have bought peace on the market at least temporarily, but it will not solve the debt crisis. This is still the main threat which could turn the global economic trend in a distinctly worse direction. In Finland, the situation is moderate, although public statistics indicate that the Finnish economy is headed towards recession. Consumer confidence took a distinct downturn in the summer (Confederation of Finnish Industries EK: Economic Review, 16 October 2012).

From January to September 2012, the value of Finnish retail sales rose by 4.8%, but the volume of sales, indicating real growth in sales, grew only by 1.2%. In September, the volume of sales fell by 0.9%. (Statistics Finland: Turnover of Trade 2012, advance figures for retail, September). In January-August 2012, clothing retail sales (excluding sportswear) rose by 1.6% (Textile and Fashion Industries TMA). Sales of women's clothing grew by 0.1%, menswear by 2.6% and children's clothing by 5.2%. Sales of bags were up by 3.5%. From January to July 2012, clothing (SITC 84) exports grew by 14% and imports declined by 4%; textile (SITC 65) exports and imports both declined by 2% (National Board of Customs, monthly review, July 2012).

### INTERNATIONALISATION AND CHANGES IN THE STORE NETWORK

On the basis of positive feedback in Northern Europe and the United States, Marimekko is investing more than before in the expansion of its network of company-owned stores. This will change the ratio of wholesale to retail sales somewhat, and it will tie up more of the company's capital and resources.

In February, Marimekko reported it was expanding its operations in all its main market areas and aiming to open 10 to 20 new stores this year. The number of stores to be opened has been confirmed as 19.

Eight Marimekko stores were opened in the third quarter: in Finland a company-owned store in Lappeenranta, a retailer-owned store in Kouvola and a shop-in-shop in Tampere, in North America company-owned stores in Boston and Manchester, Vermont and a shop-in-shop in Toronto, and in Asia-Pacific a retailer-owned store and a shop-in-shop in Tokyo.

Since the end of the period, a company-owned store was opened at the end of October in Palo Alto. In the final quarter of the year, another six stores will be opened, two of them flagship stores. In Helsinki the store on Uudenmaankatu will be closed at the same time as a new Marimekko store is opened in the heart of the city.

In all, the new stores break down as follows: 11 company-owned, four retailer-owned, and four shop-in-shops.

Number of retail stores and shop-in-shops	30 Sept. 2012	31 Dec. 2011
Finland	46	42
Own retail stores	28	26
Scandinavia	12	10
Own retail stores	7	5
Central and Southern Europe	5	5
Own retail stores	4	4
North America	14	11
Own retail stores	4	2
Asia-Pacific	25	22
Own retail stores	-	-
<b>TOTAL</b>	<b>102</b>	<b>90</b>
Own retail stores	43	37

## NET SALES

## January to September

In the January-September period of 2012, the Marimekko Group's net sales, fuelled by growth in international sales, were up by 16.5% to EUR 62,723 thousand (53,861). Net sales in Finland grew by 7.6%, international sales by 31.8%.

## July to September

In the July-September period of 2012, the Group's net sales grew by 22.2% to EUR 24,214 thousand (19,812), driven by international sales. Net sales in Finland rose by 13.1% and international sales by 38.3%.

## NET SALES BY MARKET AREA

(EUR 1,000)	7-9/2012	7-9/2011	Change,%	1-9/2012	1-9/2011	Change,%	1-12/2011
<b>Finland</b>	<b>14,278</b>	12,628*	13.1	<b>36,789</b>	34,191*	7.6	49,807*
Retail sales	9,768	7,630	28.0	23,904	19,342	23.6	28,267
Wholesale sales	4,350	4,817	-9.7	12,456	14,179	-12.2	20,584
Royalties	160	181	-11.6	429	670	-36.0	956
<b>Scandinavia</b>	<b>2,066</b>	1,967*	5.0	<b>5,793</b>	5,308*	9.1	7,518*
Retail sales	946	581	62.8	2,355	1,446	62.9	2,241
Wholesale sales	1,120	1,386	-19.2	3,435	3,857	-10.9	5,269
Royalties	-	-	-	3	5	-40.0	8
<b>Central and Southern Europe</b>	<b>2,167</b>	1,694*	27.9	<b>5,908</b>	4,869*	21.3	6,691*
Retail sales	366	333	9.9	1,066	976	9.2	1,394
Wholesale sales	1,777	1,333	33.3	4,763	3,807	25.1	5,183
Royalties	24	28	-14.3	79	86	-8.1	114
<b>North America</b>	<b>2,214</b>	1,118*	98.0	<b>4,934</b>	2,808*	75.7	4,960*
Retail sales	1,198	-	-	2,278	-	-	972
Wholesale sales	915	996	-8.1	2,238	2,520	-11.2	3,430
Royalties	101	122	-17.2	418	288	45.1	558
<b>Asia-Pacific</b>	<b>3,489</b>	2,405*	45.1	<b>9,299</b>	6,685*	39.1	8,466*
Retail sales	-	-	-	-	-	-	-
Wholesale sales	3,488	2,397	45.5	9,296	6,677	39.2	8,458
Royalties	1	8	-87.5	3	8	-62.5	8
<b>International sales, total</b>	<b>9,936</b>	7,184*	38.3	<b>25,934</b>	19,670*	31.8	27,635*
Retail sales	2,510	914	174.6	5,699	2,422	135.3	4,607
Wholesale sales	7,300	6,112	19.4	19,732	16,861	17.0	22,340
Royalties	126	158	-20.3	503	387	30.0	688
<b>TOTAL</b>	<b>24,214</b>	19,812	22.2	<b>62,723</b>	53,861	16.5	77,442
Retail sales	12,278	8,544	43.7	29,603	21,764	36.0	32,874
Wholesale sales	11,650	10,929	6.6	32,188	31,040	3.7	42,924
Royalties	286	339	-15.6	932	1,057	-11.8	1,644

\* Due to adjustments made in internal sales reporting structures, the previously reported sales figures by market area have changed.

## Finland

In the January-September period of 2012, sales in Finland rose by 7.6% to EUR 36,789 thousand. Retail sales were up by 23.6%. Sales were boosted by the three stores opened in the last quarter of 2011 as well as two stores opened during the period under review. The comparable growth in sales by company-owned stores was 12.8%. Wholesale sales fell by 12.2%. This was partly due to changes effected in the distribution network in accordance with the company's distribution strategy.

## Scandinavia

Sales in Scandinavia grew by 9.1% to EUR 5,793 thousand. Retail sales were up by 62.9%. Three stores opened in 2011 boosted retail sales. Sales were also stimulated by two stores opened in Sweden in the second quarter of this year. The comparable trend in sales by company-owned stores was -11.1%. Wholesale sales fell by 10.9%. Consumers' purchasing behaviour continued to be cautious in all countries and especially in Sweden.

## Central and Southern Europe

In Central and Southern Europe, net sales rose to EUR 5,908 thousand, up by 21.3% on the previous year. Retail sales grew by 9.2% which was attributable to sales by the small company-owned store opened in London near the end of 2011. The comparable growth in sales by company-owned stores was 0.2%. Wholesale sales were up by 25.1%. Sales were brisk in Belgium, Germany, the UK and France. The weak economic situation in Italy impacted consumer demand and sales took a downturn.

## North America

Net sales in North America grew by 75.7% to EUR 4,934 thousand. Measured in the invoicing currency (mostly the US dollar), growth was roughly 60%. A major share of the growth was generated by the net sales of the flagship store in New York. The opening in August of a store in Boston and an outlet in Manchester, Vermont also increased net sales. Marimekko also expanded its distribution in Canada: in September, a shop-in-shop was opened in EQ3's new flagship store in Toronto. However, wholesale sales were below expectations and declined by 11.2%.

## Asia-Pacific

The strong trend in wholesale sales seen in the Asia-Pacific region last year continued throughout the period under review. Sales grew by 39.1% to EUR 9,299 thousand. Sales were above expectations in all countries, but a clear majority of the growth came from Japan. A retailer-owned Marimekko store and a shop-in-shop were opened in Tokyo in September. Sales were also boosted by a new store in Hong Kong which opened in the second quarter. Efforts deployed in Australia showed results, and sales there also grew.

## FINANCIAL RESULT

### January to September

In the January-September period of 2012, operating profit was EUR 2,006 thousand (1,883). Operating profit was boosted by 16.5 per cent growth in net sales and a rise in sales margins. The average sales margin grew despite a simultaneous reduction in inventory levels. On the other hand, business expansion costs in the United States and Sweden and the increased costs of the head office service organisation eroded profitability. Also, the decline in wholesale sales in Finland and the United States impaired the result.

Marketing expenses during the period were EUR 3,657 thousand (3,476), or 5.8% (6.5) of the Group's net sales.

As a result of considerable investments, the Group's depreciation grew to EUR 2,529 thousand (1,450), which represented 4.0% (2.7) of net sales.

The operating profit margin was 3.2% (3.5).

Net financial expenses were EUR 298 thousand (47), or 0.5% (0.1) of net sales.

Profit for the review period before taxes was EUR 1,708 thousand (1,836). Profit after taxes was EUR 1,439 thousand (1,415) and earnings per share were EUR 0.18 (0.18).

### July to September

In the July-September period of 2012, the Group's operating profit was EUR 3,486 thousand (2,321). Operating profit was improved by a 22.2 per cent increase in net sales and a rise in sales margins. The average sales margin grew despite a simultaneous reduction in inventory levels. On the other hand, business expansion costs in the United States and Sweden and the increased costs of the head office service organisation eroded profitability. Also, the decline in wholesale sales in Finland and the United States impaired the result.

## BALANCE SHEET

The consolidated balance sheet at 30 September 2012 amounted to EUR 54,536 thousand (47,710). Total equity attributable to the equity holders of the parent company was EUR 29,689 thousand (31,235), or EUR 3.69 per share (3.88).

Non-current assets were EUR 24,228 thousand (14,551 on 30 September 2011; 17,418 on 31 December 2011). As of March 2012, tangible assets include the present value of future lease payments for the new 30-year land lease on the property of the Helsinki head office and printing factory. The present value of the future lease payments is EUR 3,460 thousand.

Net working capital at the end of the period totalled EUR 20,209 thousand, which was EUR 792 thousand more than a year previously and EUR 995 thousand more than at the end of 2011. Inventories were EUR 19,777 thousand, which was EUR 1,672 thousand less than a year previously and EUR 1,571 thousand less than at the end of 2011.

## CASH FLOW AND FINANCING

In the January-September period of 2012, cash flow from operating activities was EUR 2,539 thousand (-1,816), representing EUR 0.32 per share (-0.23). Cash flow before financing activities was EUR -3,070 thousand (-7,345).

In the July-September period of 2012, cash flow from operating activities was EUR 3,069 thousand (481), representing EUR 0.38 per share (0.06). Cash flow before financing activities was EUR 1,350 thousand (-1,896).

The Group's financial liabilities were EUR 16,498 thousand at the end of the reporting period, compared to EUR 5,360 thousand a year ago and EUR 4,944 thousand at the end of 2011. As of the end of March, financial liabilities include the present value of future lease payments for the new 30-year land lease on the property of the Helsinki head office and printing factory. The present value of the future lease payments is EUR 3,460 thousand.

Cash and cash equivalents were EUR 2,272 thousand at the end of the period under review (3,260 on 30 September 2011; 1,620 on 31 December 2011). Additionally, the Group had unused committed credit lines amounting to EUR 6,912 thousand (1,640).

The Group's equity ratio was 54.4% at the end of the period (65.5 on 30 September 2011; 67.2 on 31 December 2011). Gearing was 47.9%, while it was 6.7% at the end of the corresponding period of the previous year.

## INVESTMENTS

The Group's gross investments amounted to EUR 5,609 thousand (5,529), representing 8.9% (10.3) of net sales. Most of the investments were devoted to building new stores and renovating the Herttoniemi property.

## PERSONNEL

In the January-September period of 2012, the number of employees averaged 481 (393). At the end of the period, the Group had 482 (405) employees, of whom 77 (47) worked outside Finland. The breakdown of the number of employees working abroad by market area was as follows: Scandinavia 26 (19), Central and Southern Europe 12 (12), North America 37 (16) and Asia-Pacific 2 (0). The personnel of the company's own stores numbered 194 (158) at the end of the period.

## CHANGES IN MANAGEMENT

Marimekko's Marketing Director and member of the Management Group Malin Groop resigned from the company on 15 August 2012 and she has since served the company as a consultant for strategic projects related to brand development. Tiina Alahuhta-Kasko was appointed as the Group's Marketing Director and member of the Management Group as from 15 August 2012. Alahuhta-Kasko has been in the company's employ since 2005.

## SHARES AND SHAREHOLDERS

### Share capital

At the end of the review period, the company's fully paid-up share capital, as recorded in the Trade Register, amounted to EUR 8,040,000 and the number of shares totalled 8,040,000.

### Shareholdings

According to the book-entry register, Marimekko had 6,999 (6,858) shareholders at the end of the period. Of the shares, 12.0% (13.6) were registered in a nominee's name and 5.3% (15.9) were in foreign ownership. The number of shares owned either directly or indirectly by members of the Board of Directors and the President of the company was 1,168,930 (1,150,930), representing 14.5% (14.3) of the total share capital and of the votes conferred by the company's shares.

The largest shareholders according to the book-entry register on 30 September 2012		Number of shares and votes	%
1.	Muotitila Ltd	1,127,700	14.03
2.	Semerca Investments SA	850,377	10.58
3.	ODIN Finland	407,899	5.07
4.	Varma Mutual Employment Pension Insurance Company	385,920	4.80
5.	Ilmarinen Mutual Pension Insurance Company	265,419	3.30
6.	Veritas Pension Insurance Company	217,804	2.71
7.	Keva	127,033	1.58
8.	Danske Fund Finnish Small Cap	105,000	1.31
9.	Nordea Nordic Small Cap Fund	101,500	1.26
10.	Nordea Finland Small Cap Fund	70,897	0.88
	Total	3,659,549	45.52
	Nominee-registered	961,843	11.96
	Others	3,418,608	42.52
	<b>Total</b>	<b>8,040,000</b>	<b>100.00</b>

### Share trading and the company's market capitalisation

During the period, a total of 826,986 Marimekko shares were traded, representing 10.3% of the shares outstanding. The total value of Marimekko's share turnover was EUR 11,005,638. The lowest price of the Marimekko share was EUR 9.92, the highest was EUR 15.04 and the average price was EUR 13.41. At the end of the period, the closing

price of the share was EUR 14.13. The company's market capitalisation on 30 September 2012 was EUR 113,605,200 (86,028,000 on 30 September 2011; 79,435,200 on 31 December 2011).

### **Authorisations**

The Annual General Meeting of 17 April 2012 authorised the Board of Directors to decide on a directed offering of shares to the personnel, in deviation from the shareholders' pre-emptive right, in one or more offerings. The total number of new shares to be offered for subscription pursuant to the authorisation may not exceed 150,000 shares, representing approximately 1.9% of the total number of the company's shares. The authorisation includes the right of the Board of Directors to decide on all the other terms of the share issue. The authorisation is in effect for two years from the date of the Annual General Meeting's decision.

At the end of the period, the Board of Directors had no other valid authorisations to carry out share issues or issue convertible bonds or bonds with warrants, or to acquire or surrender Marimekko shares.

### **Personnel share offering**

Marimekko Corporation's Board of Directors decided on 13 August 2012 on the terms of a personnel share offering. In the personnel share offering, a total of 150,000 new shares in the company were offered, in deviation from the shareholders' pre-emptive right, to the personnel and designers for subscription in Finland. The terms of the personnel share offering are described in more detail in the stock exchange release dated 14 August 2012.

## **EVENTS AFTER THE CLOSE OF THE REVIEW PERIOD**

### **Implementing the personnel share offering**

Marimekko declared in its stock exchange release of 4 October 2012 that the company's Board of Directors had given its approval in the personnel share offering to subscriptions for a total of 49,610 new shares in the company with a total subscription price of EUR 501,449. The approved subscriptions were payable no later than 26 October 2012.

The shares subscribed for in the share issue represent in total 0.62 per cent of the company's existing shares and the voting rights carried by the existing shares before the share issue and 0.61 per cent of the company's existing shares and new shares and the voting rights carried by the existing and new shares after the share issue. The majority of those entitled to subscribe took part in the share issue. Subscriptions were placed by 308 company employees and freelance designers out of a total of 510 who were entitled.

### **E-commerce**

Marimekko began building its e-commerce in the United States last year. The second stage of this is now complete, and online retailing in Finland started on 24 October 2012. International e-commerce augments Marimekko's other distribution channels and is part of the company's long-term growth strategy. The intention is to expand the operation to other countries in stages over the next few years.

## **MAJOR RISKS AND FACTORS OF UNCERTAINTY**

The key strategic risks are associated with overall economic trends and the consequent uncertainty in the operating environment as well as the management of expansion. Factors of uncertainty and trends in the world economy affect consumers' purchasing behaviour and buying power in all of the company's market areas. The severe problems of the international financial markets dampen the prospects for retail sales as well as Marimekko's growth and earnings outlook. Consumers' purchasing behaviour has been cautious, especially in Scandinavia.

Marimekko is undergoing a phase of extensive internationalisation and change. The distribution of products is being expanded in all key market areas, particularly North America and the Asia-Pacific region. Unlike before, the focus of growth lies increasingly in opening company-owned stores outside Finland. This calls for larger or brand-new country organisations in these market areas, which will exert a substantial drag on the cost-effectiveness of the company, especially in the early stages of expansion. Moreover, expanding the network of company-owned stores will increase the company's investments, lease liabilities of store premises, and inventories, and it will raise the company's fixed costs. It follows from this that a larger portion of Group net sales will come from sales by the company's own retail stores, which will add to the seasonality of the business and shift the bulk of net sales and profit accumulation to the last quarter, thus having a negative impact on profitability in the first half of the year. Furthermore, partnerships and the choice of partners in the company's key market areas also involve risks.

The company's ability to develop and commercialise new products that meet consumers' expectations while maintaining profitable and effective in-house production has an impact on the company's sales and profitability.

The company's key operational risks prominently include those related to the management of expansion projects, the operational reliability of procurement and logistics processes, and changes in cost of raw materials and other procurement items. As a result of new products, the share of in-house production has diminished, and Marimekko uses subcontractors to an increasing extent. Therefore, the company's dependence on the supply chain has increased. Any delays or disturbances in supply or fluctuations in the quality of products may have a temporary harmful impact on



business. As the operations are being expanded and diversified, risks related to the management of inventories also increase.

Among the company's economic risks, those related to the structure of sales, increased investments, price trends for factors of production, customers' liquidity, and changes in exchange rates may have an impact on the company's financial status.

## MARKET OUTLOOK AND GROWTH TARGETS

The negative effects of the structural problems of the international financial markets on general economic trends continue to dampen the outlook for retail sales and make it difficult to predict consumers' purchasing behaviour in different market areas.

The new stores opened during 2011 will, together with other significant investments in the expansion of the distribution network, generate a substantial increase in sales in 2012. The number of new stores to be opened this year has been confirmed as 19. One store was opened in the first quarter, three in the second and eight in the third. In the last quarter of this year, seven stores will be opened, two of which will be flagship stores. This total of new Marimekko stores is divided as follows: 11 company-owned stores, four retailer-owned stores and four shop-in-shops.

The planned total investments for 2012 of the Marimekko Group are estimated at approximately EUR 7 million. The majority of investments will be directed at building new store premises and purchasing new furniture.

## FINANCIAL GUIDANCE

The forecast for the whole of 2012 remains unchanged: the Marimekko Group's net sales are estimated to grow by over 10% and operating profit is forecast at least to double. The increased share of retail sales adds to the seasonality of the business, and thus the operating profit is generated entirely in the second half of the year.

Helsinki, 30 October 2012

MARIMEKKO CORPORATION  
Board of Directors

Information presented in the interim report has not been audited.

## APPENDICES

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Quarterly trend in net sales and earnings

## ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with IAS 34: Interim Financial Reporting. The same accounting principles were applied as in the 2011 financial statements.

## FORMULAS FOR THE KEY FIGURES

Earnings per share (EPS), EUR:  
 $(\text{Profit before taxes} - \text{income taxes}) / \text{Number of shares (average for the financial period)}$

Equity per share, EUR:  
 $\text{Shareholders' equity} / \text{Number of shares, 30 September}$

Return on equity (ROE), %:  
 $(\text{Profit before taxes} - \text{income taxes}) \times 100 / \text{Shareholders' equity (average for the financial period)}$

Return on investment (ROI), %:  
 $(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100 / (\text{Balance sheet total} - \text{non-interest-bearing liabilities (average for the financial period)})$

Equity ratio, %:

Shareholders' equity X 100 / (Balance sheet total - advances received)

Gearing, %:

Interest-bearing net debt X 100 / Shareholders' equity

Net working capital:

Inventories + trade and other receivables + current tax assets - trade and other payables

## CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	7-9/2012	7-9/2011	1-9/2012	1-9/2011	1-12/2011
<b>NET SALES</b>	<b>24,214</b>	19,812	<b>62,723</b>	53,861	77,442
Other operating income	33	-	42	2	2
Increase or decrease in inventories of completed and unfinished products	977	-1,181	1,452	-3,162	-2,353
Raw materials and consumables	7,522	8,392	20,764	22,809	30,287
Employee benefit expenses	5,443	4,530	17,064	14,145	20,030
Depreciation	930	534	2,529	1,450	2,216
Other operating expenses	5,889	5,216	18,950	16,738	23,736
<b>OPERATING PROFIT</b>	<b>3,486</b>	2,321	<b>2,006</b>	1,883	3,528
Financial income	-107	2	31	43	246
Financial expenses	-196	-32	-329	-90	-59
	-303	-30	-298	-47	187
<b>PROFIT BEFORE TAXES</b>	<b>3,183</b>	2,291	<b>1,708</b>	1,836	3,715
Income taxes	710	568	269	421	889
<b>NET PROFIT FOR THE PERIOD</b>	<b>2,473</b>	1,723	<b>1,439</b>	1,415	2,826
Distribution of net result to equity holders of the parent company	2,473	1,723	1,439	1,415	2,826
Basic and diluted earnings per share calculated on the profit attributable to equity holders of the parent company, EUR	0.31	0.21	0.18	0.18	0.35

## COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	7-9/2012	7-9/2011	1-9/2012	1-9/2011	1-12/2011
Net result for the period	2,473	1,723	1,439	1,415	2,826
Other comprehensive income					
Change in translation difference	40	-67	9	-45	-28
<b>COMPREHENSIVE RESULT FOR THE PERIOD</b>	<b>2,513</b>	1,656	<b>1,448</b>	1,370	2,798
Distribution of net result to equity holders of the parent company	2,513	1,656	1,448	1,370	2,798

## CONSOLIDATED BALANCE SHEET

(EUR 1,000)	30.9.2012	30.9.2011	31.12.2011
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Tangible assets	21,202	11,798	14,966
Intangible assets	2,515	2,540	2,296
Available-for-sale financial assets	16	16	16
Deferred tax assets	495	197	140
	<b>24,228</b>	14,551	17,418
<b>CURRENT ASSETS</b>			
Inventories	19,777	21,449	21,348
Trade and other receivables	7,480	7,884	7,680
Current tax assets	779	566	514
Cash and cash equivalents	2,272	3,260	1,620
	<b>30,308</b>	33,159	31,162
<b>ASSETS, TOTAL</b>	<b>54,536</b>	47,710	48,580
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
Share capital	8,040	8,040	8,040
Translation differences	-9	-35	-18
Retained earnings	21,658	23,230	24,641
Shareholders' equity, total	<b>29,689</b>	31,235	32,663
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	522	633	630
Financial liabilities	16,435	5,360	4,944
	<b>16,957</b>	5,993	5,574
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7,827	10,482	10,328
Current tax liabilities	-	-	15
Financial liabilities	63	-	-
	<b>7,890</b>	10,482	10,343
Liabilities, total	<b>24,847</b>	16,475	15,917
<b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>	<b>54,536</b>	47,710	48,580

The Group has no liabilities resulting from derivative contracts, and there are no outstanding guarantees or any other contingent liabilities which have been granted on behalf of the management of the company or its shareholders.

## CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	1-9/2012	1-9/2011	1-12/2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit for the period	1,439	1,415	2,826
Adjustments			
Depreciation according to plan	2,529	1,450	2,216
Unrealised exchange rate gains	-	-	-416
Financial income and expenses	298	47	-187
Taxes	269	421	890
Cash flow before change in working capital	4,535	3,333	5,329
Change in working capital	-210	-4,086	-3,454
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	688	-1,646	-969
Increase (-) / decrease (+) in inventories	1,571	-4,276	-4,175
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-2,469	1,836	1,690
Cash flow from operating activities before financial items and taxes	4,325	-753	1,875
Paid interest and payments on other financial expenses	-188	-90	129
Interest received	-93	44	66
Taxes paid	-1,505	-1,017	-1,419
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,539</b>	<b>-1,816</b>	<b>651</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in tangible and intangible assets	-5,609	-5,529	-9,220
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-5,609</b>	<b>-5,529</b>	<b>-9,220</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long-term loans drawn	8,144	5,360	4,944
Dividends paid	-4,422	-4,422	-4,422
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>3,722</b>	<b>938</b>	<b>522</b>
<b>Change in cash and cash equivalents</b>	<b>652</b>	<b>-6,407</b>	<b>-8,047</b>
Cash and cash equivalents at the beginning of the period	1,620	9,667	9,667
Cash and cash equivalents at the end of the period	2,272	3,260	1,620

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1,000)	Equity attributable to equity holders of the parent company			
	Share capital	Translation differences	Retained earnings	Shareholders' equity, total
Shareholders' equity 1 Jan. 2011	8,040	10	26,237	34,287
<b>Comprehensive result</b>				
Net result for the period			1,415	1,415
Translation differences		-45		-45
<b>Total comprehensive result for the period</b>		<b>-45</b>	<b>1,415</b>	<b>1,370</b>
<b>Transactions with owners</b>				
Dividends paid			-4,422	-4,422
<b>Shareholders' equity 30 Sept. 2011</b>	<b>8,040</b>	<b>-35</b>	<b>23,230</b>	<b>31,235</b>
Shareholders' equity 1 Jan. 2012	8,040	-18	24,641	32,663
<b>Comprehensive result</b>				
Net result for the period			1,439	1,439
Translation differences		9		9
<b>Total comprehensive result for the period</b>		<b>9</b>	<b>1,439</b>	<b>1,448</b>
<b>Transactions with owners</b>				
Dividends paid			-4,422	-4,422
<b>Shareholders' equity 30 Sept. 2012</b>	<b>8,040</b>	<b>-9</b>	<b>21,658</b>	<b>29,689</b>

## KEY FIGURES

	1-9/2012	1-9/2011	Change, %	1-12/2011
Earnings per share, EUR	0.18	0.18	-	0.35
Equity per share, EUR	3.69	3.88	-4.9	4.06
Return on equity (ROE), %	6.2	5.8		8.4
Return on investment (ROI), %	6.0	7.2		11.4
Equity ratio, %	54.4	65.5		67.2
Gearing, %	47.9	6.7		10.2
Gross investments, EUR 1,000	5,609	5,529	1.4	9,220
Gross investments, % of net sales	8.9	10.3		11.9
Contingent liabilities, EUR 1,000	37,321	19,555	90.9	27,610
Average personnel	481	393	22.4	402
Personnel at the end of the period	482	405	19.0	434
Number of shares at the end of the period (1,000)	8,040	8,040		8,040
Number of shares outstanding, average (1,000)	8,040	8,040		8,040

## SEGMENT INFORMATION

(EUR 1,000)	1-9/2012	1-9/2011	Change, %	1-12/2011
Marimekko business				
Net sales	62,723	53,861	16.5	77,442
Operating result	2,006	1,883	6.5	3,528
Assets	54,536	47,710	14.3	48,580

QUARTERLY TREND IN NET SALES BY MARKET AREA

(EUR 1,000)	7-9/2012	4-6/2012	1-3/2012	10-12/2011	7-9/2011
<b>Finland</b>	<b>14,278</b>	12,283	10,228	15,617*	12,628*
Retail sales	9,768	8,320	5,816	8,926	7,630
Wholesale sales	4,350	3,836	4,270	6,405	4,817
Royalties	160	127	142	286	181
<b>Scandinavia</b>	<b>2,066</b>	1,825	1,902	2,210*	1,967*
Retail sales	946	873	536	795	581
Wholesale sales	1,120	952	1,363	1,412	1,386
Royalties	-	-	3	3	-
<b>Central and Southern Europe</b>	<b>2,167</b>	1,693	2,048	1,821*	1,694*
Retail sales	366	360	340	418	333
Wholesale sales	1,777	1,306	1,680	1,375	1,333
Royalties	24	27	28	28	28
<b>North America</b>	<b>2,214</b>	1,468	1,252	2,152*	1,118*
Retail sales	1,198	614	466	972	-
Wholesale sales	915	646	677	910	996
Royalties	101	208	109	270	122
<b>Asia-Pacific</b>	<b>3,489</b>	2,432	3,378	1,781*	2,405*
Retail sales	-	-	-	-	-
Wholesale sales	3,488	2,432	3,376	1,781	2,397
Royalties	1	-	2	-	8
<b>TOTAL</b>	<b>24,214</b>	19,701	18,808	23,581	19,812

\* Due to adjustments made in internal sales reporting structures, the previously reported sales figures by market area have changed.

NET SALES BY PRODUCT LINE

(EUR 1,000)	7-9/2012	7-9/2011	Change, %	1-9/2012	1-9/2011	Change, %	1-12/2011
Clothing	9,189	7,571	21.4	23,125	20,534	12.6	28,351
Interior decoration	9,146	7,782	17.5	25,422	22,289	14.1	34,003
Bags	5,879	4,459	31.8	14,176	11,038	28.4	15,088
<b>TOTAL</b>	<b>24,214</b>	19,812	22.2	<b>62,723</b>	53,861	16.5	77,442

QUARTERLY TREND IN NET SALES AND EARNINGS

(EUR 1,000)	7-9/2012	4-6/2012	1-3/2012	10-12/2011
Net sales	24,214	19,701	18,808	23,581
Operating result	3,486	-545	-935	1,645
Earnings per share, EUR	0.31	-0.03	-0.10	0.18

  

(EUR 1,000)	7-9/2011	4-6/2011	1-3/2011	10-12/2010
Net sales	19,812	16,815	17,234	22,074
Operating result	2,321	-798	360	2,188
Earnings per share, EUR	0.21	-0.07	0.04	0.21