

Financial statements 2013

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5 February 2014

Agenda

1) **Key events during the period:**

34 Marimekko stores and shop-in-shops were opened in 2013.

Marimekko attended the Stockholm and Copenhagen fashion weeks to support especially the business in the region.

First two stores in mainland China were opened, first stores also in Taiwan and Mexico opened.

2) **Net sales:**

Net sales grew by 6% and international sales by 16%.

Strongest growth in sales was in the Asia-Pacific region.

3) **Operating profit:**

Profitability fell from the previous year. A drag was exerted on operating profit by write-downs on the tangible assets of the company-owned stores in Beverly Hills, Boston and Oslo, totalling EUR 1.5 million. A further drag on operating profit was exerted by the loss posted by the stores in the United States and by a downturn in wholesale sales in Scandinavia, Central and Southern Europe and North America.

4) **Market outlook and growth targets, and financial guidance**

On the basis of general market prospects, the company's growth targets and the planned reorganisation, the Marimekko Group's net sales for 2014 are forecast to grow by 3-8 percent relative to 2013. Operating profit excluding nonrecurring items is estimated at EUR 4-8 million.

5) **Events after the close of the financial year**

Reorganisation of operations was launched with a target of roughly EUR 2.5 million annual savings in costs and an improvement in operating result.



Key events in Q4

In total, three stores opened in Finland. Two company-owned stores opened in the Helsinki metropolitan area and one shop-in-shop in Kuopio.

Hong Kong's second Marimekko store opened in the Elements mall in Kowloon.

The fourth Marimekko store in Osaka opened in the fashion-oriented Namba Parks mall in the Namba district.

The first Marimekko store was opened in Taipei, Taiwan. The objective is to open a total of five Marimekko stores and shop-in-shops in Taiwan by the end of 2018 together with the local partner.



Key events in 2013

A total of 34 new Marimekko stores opened of which 25 outside Finland.

In Finland, nine Marimekko stores opened of which four company-owned.

Company-owned stores opened in Sweden and Denmark and two shop-in-shops in Denmark. Online store expanded to Sweden and Denmark.

Marimekko fashion shows at the Stockholm and Copenhagen fashion weeks to support especially the business in the region.

Six shop-in-shops were opened in Canada and one in the United States in collaboration with EQ3.

The first four shop-in-shops opened in Mexico's leading department store chain El Palacio de Hierro.

The first Marimekko stores in mainland China opened in Beijing and Shanghai while a second store opened in Hong Kong. The store network expanded also to Guam and New Zealand.

Three new stores and one shop-in-shop opened in Japan.

The statutory employer-employee negotiations ended resulting in closing the operations in Sulkava and Kitee.

Marimekko signed an agreement with Banana Republic to collaborate and design a capsule collection for summer 2014.



A total of nine stores opened in Finland in 2013. The first company-owned store opened in the heart of Oulu.



Company-owned stores opened in Sweden and Denmark. In addition, two shop-in-shops opened in Denmark.



HOME > ONLINE STORE > MOODS

New arrivals

Vibrant colours, stripes and geometric forms.

First items of the spring collection are already here!



Manco dress
3 795 kr



Quipu dress
2 455 kr



Leu 63 shirt
2 155 kr



Bamba 90 dress
2 455 kr



Tikat Scarf
695 kr



Kasida jacket
2 995 kr

Marimekko's online store expanded to Sweden and Denmark.



**Marimekko fashion show at the Stockholm fashion week
in January 2013.**



Marimekko fashion show at the Copenhagen fashion week in August 2013.



**Six Marimekko shop-in-shops opened in Canada and one in the United States.
The first four shop-in-shops opened in Mexico.**

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The first Marimekko stores in mainland China opened in Beijing and Shanghai. In addition, Hong Kong's second store opened in 2013.



The expansion of the Marimekko store network in Japan continued with the opening of three new stores and one shop-in-shop.



First Marimekko store opened in Taipei, Taiwan.



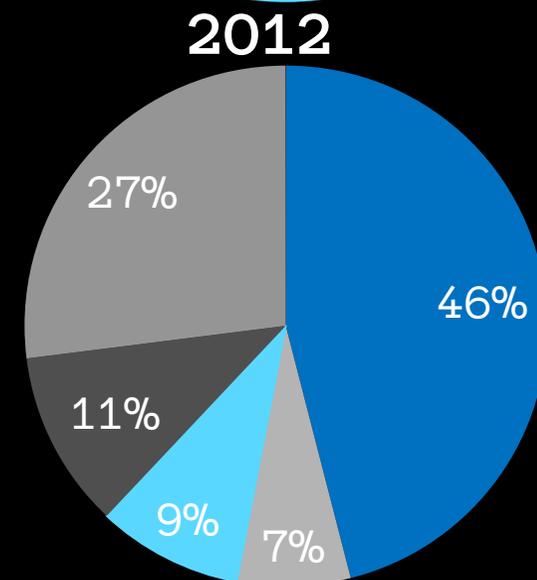
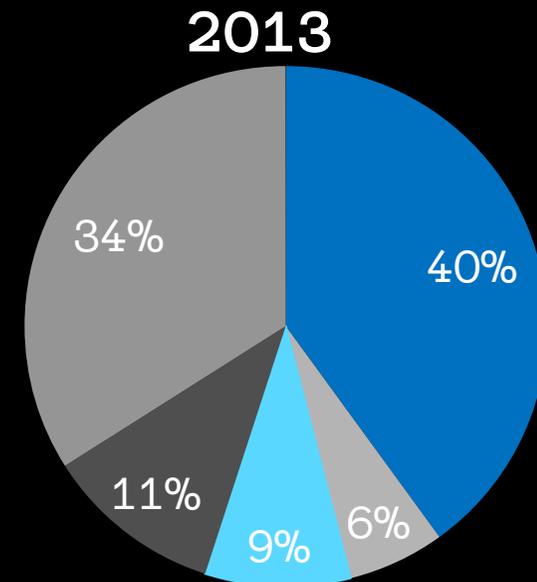
New products in 2013.

Brand sales

In 2013 brand sales* grew by 2% to EUR 191.1 million (187.2).

60% of the sales came from abroad (54%).

	(EUR 1,000)	2013	2012	Change,%
Finland		76,037	86,518	-12
Scandinavia		12,203	12,752	-4
Central and Southern Europe		16,467	16,872	-2
North America		21,282	20,527	4
Asia-Pacific		65,109	50,515	29
TOTAL		191,098	187,184	2



* 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. The figure is not audited.

Net sales

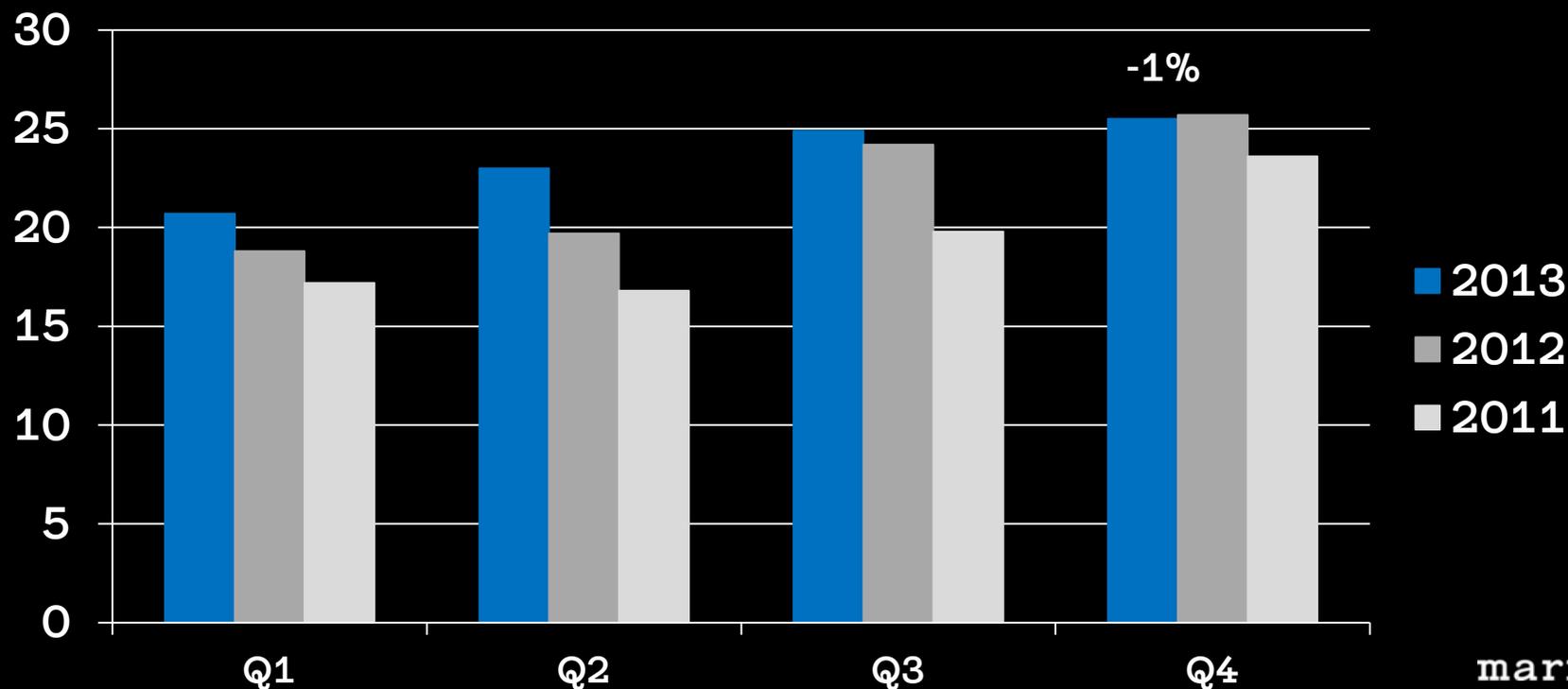
In 2013, net sales were up by 6% to EUR 94.0 million fuelled by the growth in international sales (88.5).

In Finland, net sales were on a par with previous year. Retail sales rose by 3%. Wholesale sales fell by 6%. International sales rose by 16%, retail sales 44% and wholesale sales 6%. The strongest growth in sales was in Asia-Pacific region , 37%.

During Q4 net sales fell by 1% to EUR 25.5 million (25.7).

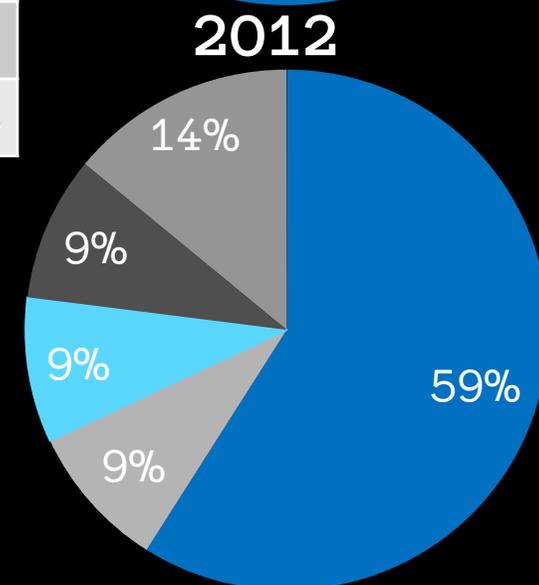
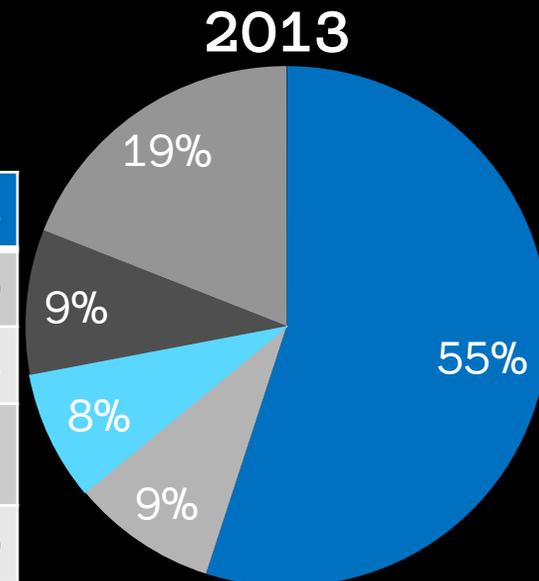
In Finland net sales fell by 5% while international sales grew by 6%.

EUR million



Net sales by market area

	(EUR 1,000)	2013	2012	Change,%
Finland		52,159	52,344	0
Scandinavia		8,152	7,856	4
Central and Southern Europe		7,678	7,783	-1
North America		8,534	7,743	10
Asia-Pacific		17,484	12,745	37
TOTAL		94,007	88,471	6



Net sales by market area in 2013

Finland 0%: retail sales +3%, wholesale sales -6%. Sales were boosted by three company-owned stores opened in 2012 as well as four company-owned stores opened in 2013. Comparable sales by company-owned stores fell by 6 percent.

Scandinavia +4%: retail sales +32%, wholesale sales -17%. Retail sales were boosted by two company-owned stores opened in Sweden in 2012, the extension of Marimekko's e-commerce into Sweden and Denmark, as well as the opening of two company-owned stores in 2013, one in Sweden and the other in Denmark. Comparable sales growth for company-owned stores was 6%. Consumers' purchasing behaviour continued to be cautious, especially in Sweden and Denmark, which affected wholesale sales in particular.

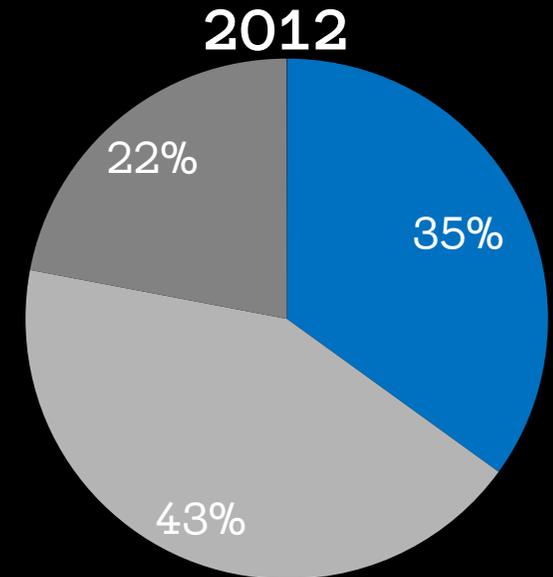
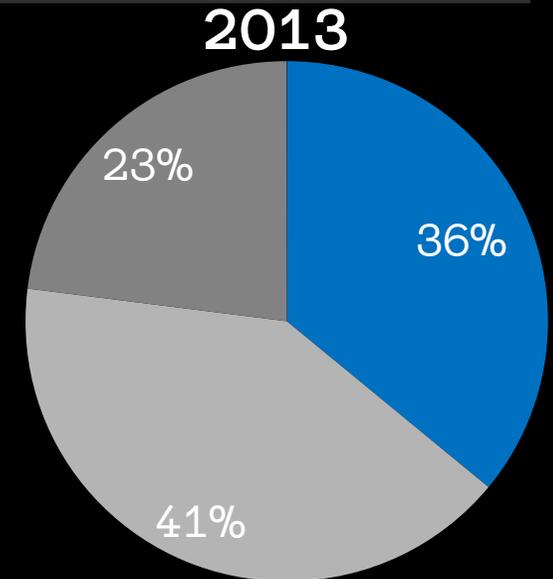
Central and Southern Europe -1%: retail sales -6%, wholesale sales 0%.

North America +10%: retail sales +39%, wholesale sales -21%. The growth in net sales came from the four company-owned stores opened in the United States in the second half of 2012.

Asia-Pacific 37%: retail sales 251%, wholesale sales +26%. Wholesale sales rose by 26 percent. Wholesale sales were improved by the stores opened in 2012, as well as investments in Australia, combined with store openings in China, South Korea, Japan and Taiwan during 2013. Net sales were also boosted by two company-owned stores opened in Australia at the end of 2012.

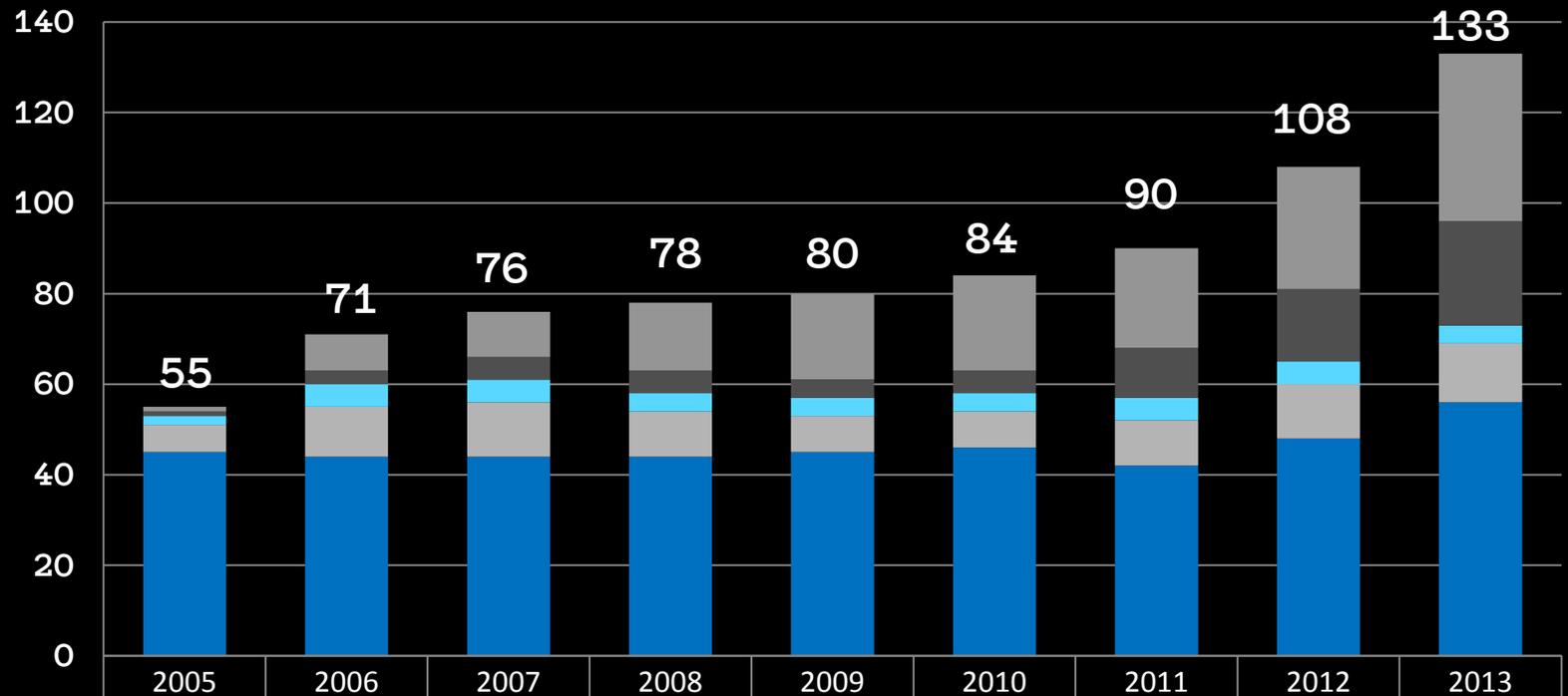
Net sales by product line

	(EUR 1,000)	2013	2012	Change,%
Clothing		33,979	30,936	10
Interior Decoration		38,577	38,122	1
Bags		21,452	19,413	11
TOTAL		94,007	88,471	6



Marimekko stores

133 stores* at the end of December 2013.



	2005	2006	2007	2008	2009	2010	2011	2012	2013
■ Asia-Pacific	1	8	10	15	19	21	22	27	37
■ North America	1	3	5	5	4	5	11	16	23
■ Central and Southern Europe	2	5	5	4	4	4	5	5	4
■ Scandinavia	6	11	12	10	8	8	10	12	13
■ Finland	45	44	44	44	45	46	42	48	56

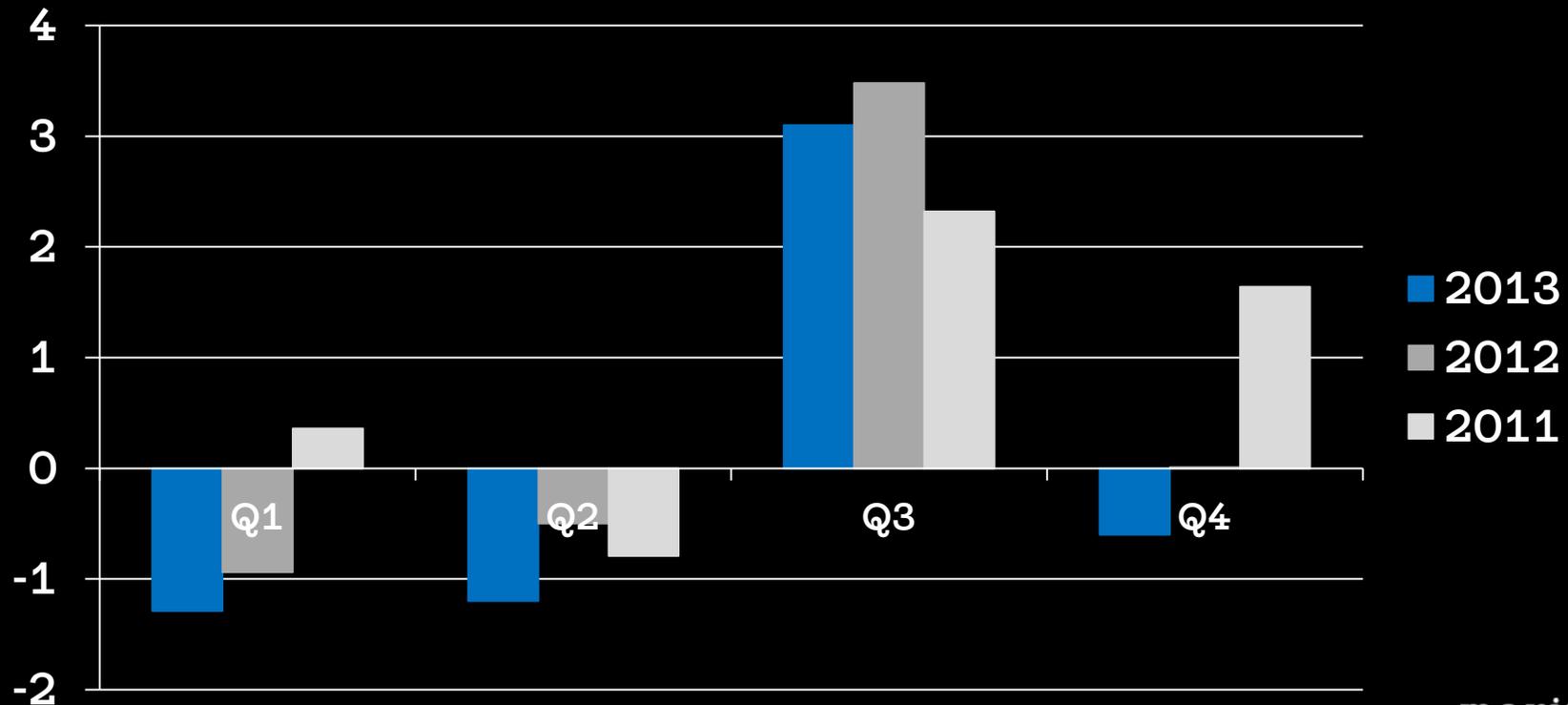
*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 51 at the end of 2013 (47).

Operating result

In 2013, the operating profit was EUR 1.4 million (2.0), excluding nonrecurring items of EUR -1.3 million.

A drag was exerted on operating profit by write-downs on the tangible assets of the company-owned stores in Beverly Hills, Boston and Oslo, totalling EUR 1.5 million. A further drag on operating profit was exerted by the loss posted by the stores in the United States and by a downturn in wholesale sales in Scandinavia, Central and Southern Europe and North America.

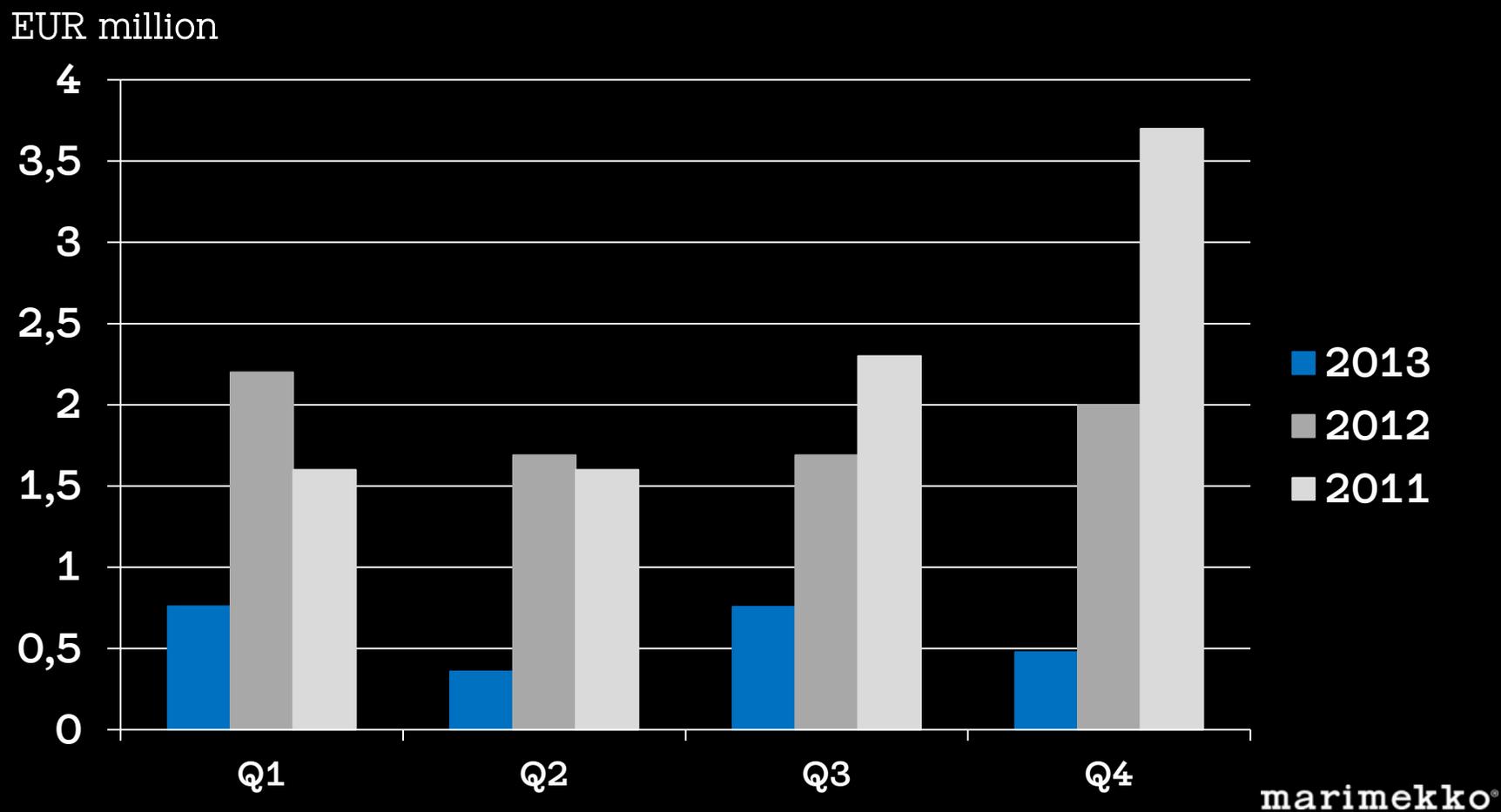
EUR million



Investments considerably lower than in 2012

Gross investments were EUR 2.4 million (7.6) representing 3% of net sales (9%).

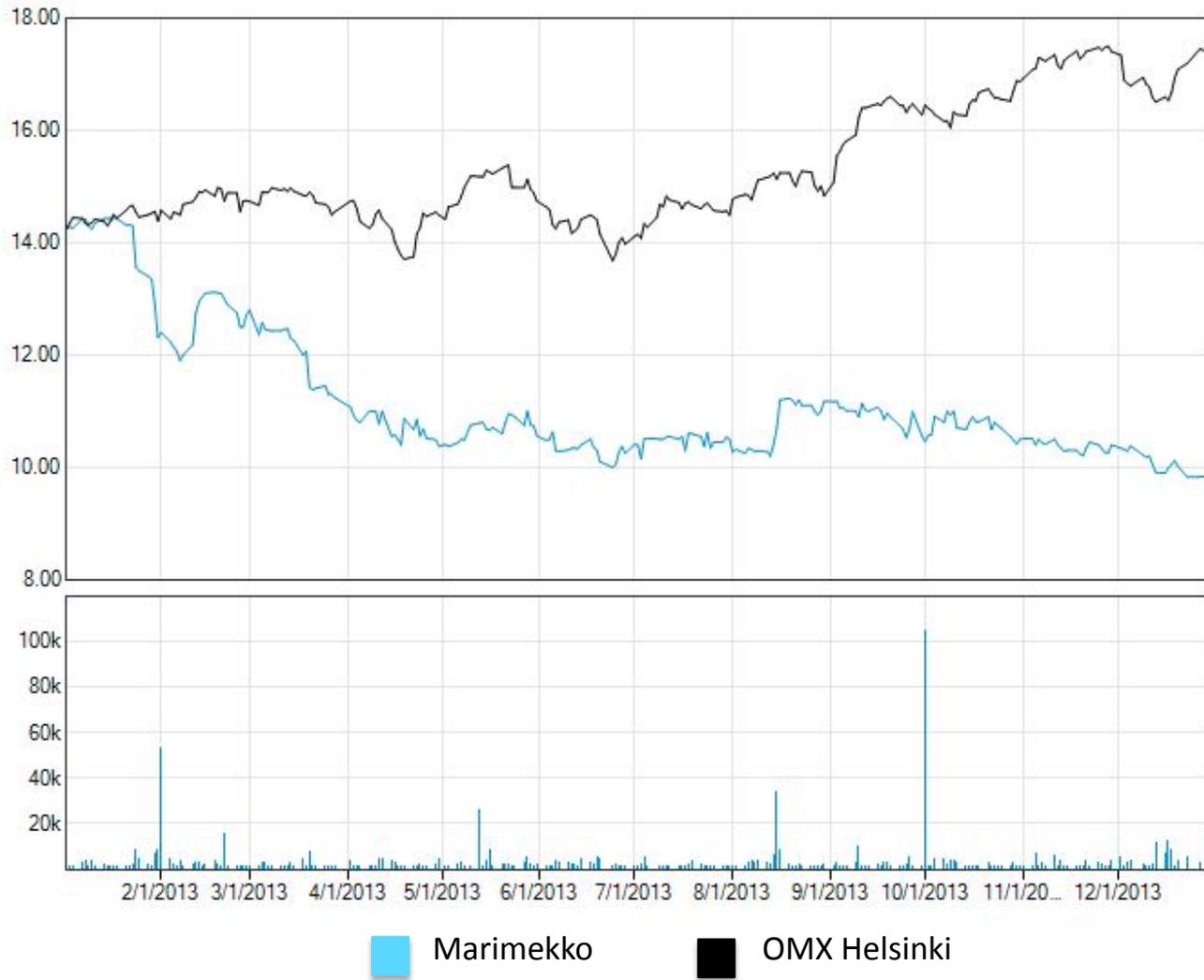
Most of the investments were devoted to building stores and renovating the Herttoniemi property.



Key figures

	2013	2012	Change, %
Net sales, EUR 1,000	94,007	88,471	6
International sales, EUR 1,000	41,848	36,127	16
% of net sales	45	41	
EBITDA, EUR 1,000	6,854	5,573	23
Operating profit, EUR 1,000	82	2,019	-96
Operating profit margin, %	0.1	2.3	
Result for the period, EUR 1,000	-955	1,100	
Earnings per share, EUR	-0.12	0.14	
Cash flow from operating activities, EUR 1,000	5,424	8,605	-37
Gross investments, EUR 1,000	2,353	7,582	-69
Return on investment (ROI), %	-1.1	4.1	
Equity ratio, %	55.5	54.6	
Gearing, %	31.7	32.0	
Contingent liabilities, EUR 1,000	37,365	39,986	-7
Personnel at the end of the period	502	535	-6
outside Finland	124	103	20
Brand sales, EUR 1,000	191,098	187,184	2
outside Finland, EUR 1,000	115,060	100,666	14
proportion of international sales, %	60	54	
Number of retail stores and shop-in-shops	133	108	23

Share price previous 12 months



Proposal for the dividend

A dividend of EUR 0.25 per share was paid for 2012 to a total of EUR 2,022,403. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.25 per share be paid for 2013.

On 31 December 2013, the parent company's distributable funds amounted to EUR 13,090,256.90; result for the financial year was EUR -4,939,160.04.

The Board of Directors will propose 28 April 2014 as the dividend record, and 7 May 2014 as the dividend payout date.

Market outlook and growth targets in 2014

The general uncertainty in the global economy is forecast to continue, and this may impact consumers' purchasing behaviour in all of Marimekko's market areas. The prospects for the European economic trend are still poor, although hopes for an improvement have risen slightly recently. In the United States and Asia, economic forecasts are better than in Europe. The United States has seen stronger growth than Europe and the economy is gradually normalising. In Asia, economic growth is forecast to continue to outstrip other regions, although a slowdown in growth in China has stirred concern in the stock market. (Confederation of Finnish Industries EK: Economic Review, December 2013 and January 2014). The Asia-Pacific region was the driving force in Marimekko's sales growth in 2013 and the company sees growing demand for its products in this market area. Japan has 26 retailer-owned Marimekko stores and the company's wholesale sales to Japan have grown for several successive years. The appreciation of the euro relative to the yen and a forthcoming increase in sales tax in Japan in April 2014 could have a negative impact on Marimekko's wholesale sales.

In Finland, the retail market environment is extremely weak at the moment, and no turnaround for the better is in sight. Retail trade confidence indicators levelled out in December 2013 but went back into decline in January 2014. According to economic polls conducted by trade and industry, Finland's economic winter will continue. (Confederation of Finnish Industries EK: Economic Review and Confidence Indicators, January 2014). The extremely weak retail market situation and the negative trend in comparable sales by Marimekko-owned stores in Finland at the end of 2013 cast a shadow over this year's prospects in Finland.

Market outlook and growth targets in 2014

The main thrust in expansion in 2014 will be on openings of retailer-owned Marimekko stores and shop-in-shops. The aim is to open a total of 15-25 new Marimekko stores and shop-in-shops, 1-3 of which would be company-owned. Also, the company will concentrate on enhancing the operations of company-owned stores opened in recent years and on improving the overall profitability of business.

The planned total investments for 2014 of the Marimekko Group are estimated as being approximately EUR 3 million. Most of the investments are devoted to building new retail facilities and purchases of fittings.

Financial guidance for 2014

On the basis of general market prospects, the company's growth targets and the planned reorganisation, the Marimekko Group's net sales for 2014 are forecast to grow by 3-8 percent relative to 2013. Operating profit excluding nonrecurring items is estimated at EUR 4-8 million.

Events after the review period

MARIMEKKO IS TO REORGANISE ITS OPERATIONS IN FINLAND AND THE UNITED STATES

In accordance with its strategy, Marimekko has undergone a dynamic phase of internationalisation and change: in the past three years, the number of Marimekko stores has grown by 60 percent and the number of company-owned stores has almost doubled.

New markets have been opened up in South Korea, China, Hong Kong, Taiwan and Mexico.

The company now moves into the next stage of its strategy, in which it seeks a significant improvement in profitability at the same time as its growth continues.





Reorganisation of operations in Finland and the USA

Marimekko is planning to carry out a reorganisation of its operations, which is expected to result in the elimination of an estimated maximum of 65 jobs in Finland and in the United States.

If implemented to its full extent, the reorganisation will yield annual savings in costs estimated at roughly 2.5 million euros and an improvement in operating result.

Marimekko has also decided to initiate an international recruitment process to seek a new Creative Director for the company.



Reorganisation of operations in Finland

Marimekko will initiate consultative negotiations on all operations in Finland with the exception of the personnel at the textile printing factory in Helsinki.

The need to downsize personnel is estimated at a maximum of 55 employees. In addition, part of the jobs in company-owned stores may be converted to part-time positions or the agreed number of working hours may be reduced as a result of the planned reorganisations.

At the end of 2013, Marimekko had 502 employees, 378 of whom worked in Finland. The stores had 248 employees, 151 of whom were in Finland.



International search for Creative Director

As part of a broader review of operations, Marimekko has made the decision to initiate an international recruitment process for a new Creative Director for the company. The current Creative Director Minna Kemell-Kutvonen resigns her membership of the company's Management Group and continues with the company in other design-related executive duties which will be specified later.

The aim is to reinforce the international competitiveness of Marimekko's design management.

For the duration of the recruitment process, Chief Marketing Officer Tiina Alahuhta-Kasko will handle the duties of the Creative Director with the assistance of Kemell-Kutvonen.

Reorganisation of operations in the United States

The expansion of business in North America and the opening of company-owned stores in the United States made it necessary to establish a new country organisation in 2011. In the initial stage of the expansion, the country organisation was led by the brand management specialist C2Group, whose contract expired at the end of 2013. At the same time, a new country manager started with the company. In the next few years the main thrust will be on expanding wholesale, and the country organisation will be adapted to this goal.

Marimekko has six company-owned stores in the United States which are still partly in the launching phase. Effort was put into developing the stores' business last year, but in some of the stores improving profitability has proven more challenging than forecast and sales have been weaker than expected. Marimekko is negotiating for the termination of the lease on the store in Beverly Hills and examining the possibility of moving the store to a new location with better accessibility for the target public.

The stores have fulfilled their important role as brand builders, have helped open doors to high-class department stores and forge new partnerships both in North America and in other international markets. Marimekko is continuing to develop the business of the stores.

The planned arrangements are estimated to result in eliminating a maximum of 10 jobs in the Beverly Hills store and the country organisation. At the end of 2013, Marimekko had 55 employees in the United States.

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