

marimekko

A photograph of a cozy interior space. A wooden bench is positioned against a wall with a grid of brown, padded square panels. The bench is adorned with several cushions: a long, striped one, a black and white checkered one, and a green corduroy one. A black and white checkered blanket is draped over the left side of the bench. On the wooden floor in front of the bench, there is a stack of books, a small round wooden tray with a coffee cup and saucer, and a small glass jar. To the right, there are stacked wooden crates and a vase with greenery. A window with a wooden frame is visible on the left side of the image.

10 August 2017
Tiina Alahuhta-Kasko

Half-year Financial
Report 1-6/2017



Q2/2017 in brief

Highlights

- + Increase in relative sales margin (summer sales more moderate than last year)
- Decrease in net sales and operating result (mostly due to the timing change of a sales campaign in Finland)

Key events

New store in Norway; new shop-in-shops in Japan, Taiwan and Finland

Marimekko online store extended to Switzerland

Marimekko and Microsoft unveiled accessories for Microsoft's Surface devices



Key figures

Q2/2017

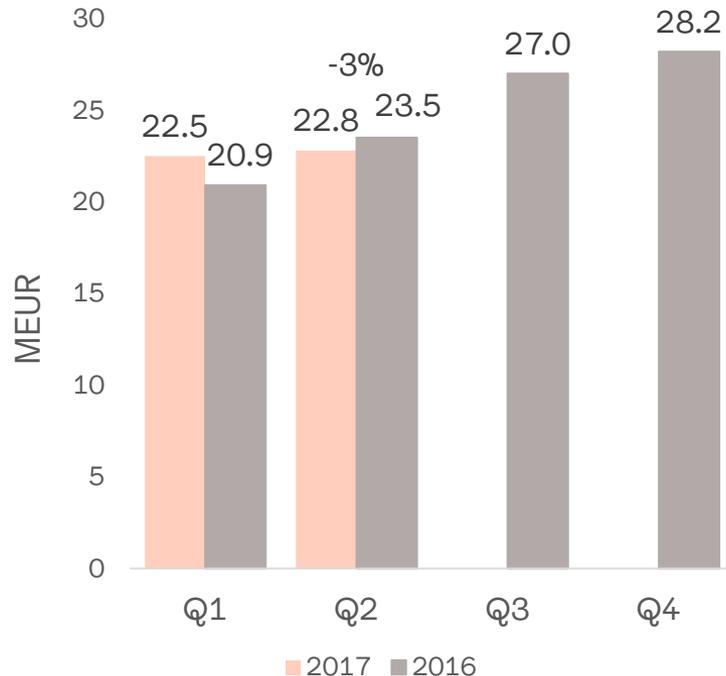
- Net sales EUR 22.8 million (23.5)
- Brand sales EUR 40.9 million (53.4)
- EBITDA EUR 1.5 million (1.9)
- Comparable EBITDA EUR 1.5 million (1.9)
- Operating result EUR 0.7 million (0.9)
- Comparable operating result EUR 0.7 million (0.9)
- Earnings per share EUR 0.01 (0.08)

1-6/2017

- Net sales EUR 45.3 million (44.5)
- Brand sales EUR 85.6 million (97.5)
- Operating result EUR 1.6 million (-0.2)
- Comparable operating result EUR 1.8 million (0.7)

**Net sales and
operating result**

Net Sales Q2/2017



Net sales -3% to EUR 22.8 million (23.5);
-3% in comparable fx-rates

- retail sales -8%
- wholesale sales +5%

International sales +3% to EUR 10.4 million
(10.1); 0% in comparable fx-rates

- retail sales -1%
- wholesale sales +5%

Sales in Finland -8% to EUR 12.4 million
(13.5)

- retail sales -11% (like-for-like -17%*)
- wholesale sales +3%

MEUR	4-6/2017	4-6/2016	Change, %
Finland	12.4	13.5	-8
Scandinavia	1.9	1.9	-3
EMEA	2.3	2.0	10
North America	2.1	2.2	-7
Asia-Pacific	4.2	3.9	8
TOTAL	22.8	23.5	-3

*Includes both bricks-and-mortar and online sales.

Net Sales 1-6/2017



Net sales +2% to EUR 45.3 million (44.5); +1% in comparable fx-rates

- retail sales +1%
- wholesale sales +2%

International sales +1% to EUR 21.0 million (20.9); 0% in comparable fx-rates

- retail sales +1%
- wholesale sales 0%

Sales in Finland +3% to EUR 24.2 million (23.6)

- retail sales +1% (like-for-like -2%*)
- wholesale sales +8%

MEUR	1-6/2017	1-6/2016	Change, %
Finland	24.2	23.6	3
Scandinavia	3.6	3.7	-1
EMEA	4.4	4.3	2
North America	3.8	3.9	-2
Asia-Pacific	9.2	9.1	2
TOTAL	45.3	44.5	2

*Includes both bricks-and-mortar and online sales.

Net sales by market area and by product line

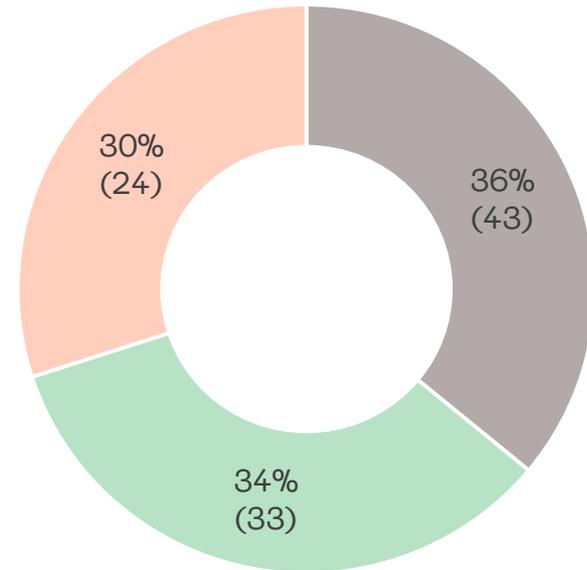
Net sales by market area
Q2/2017

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

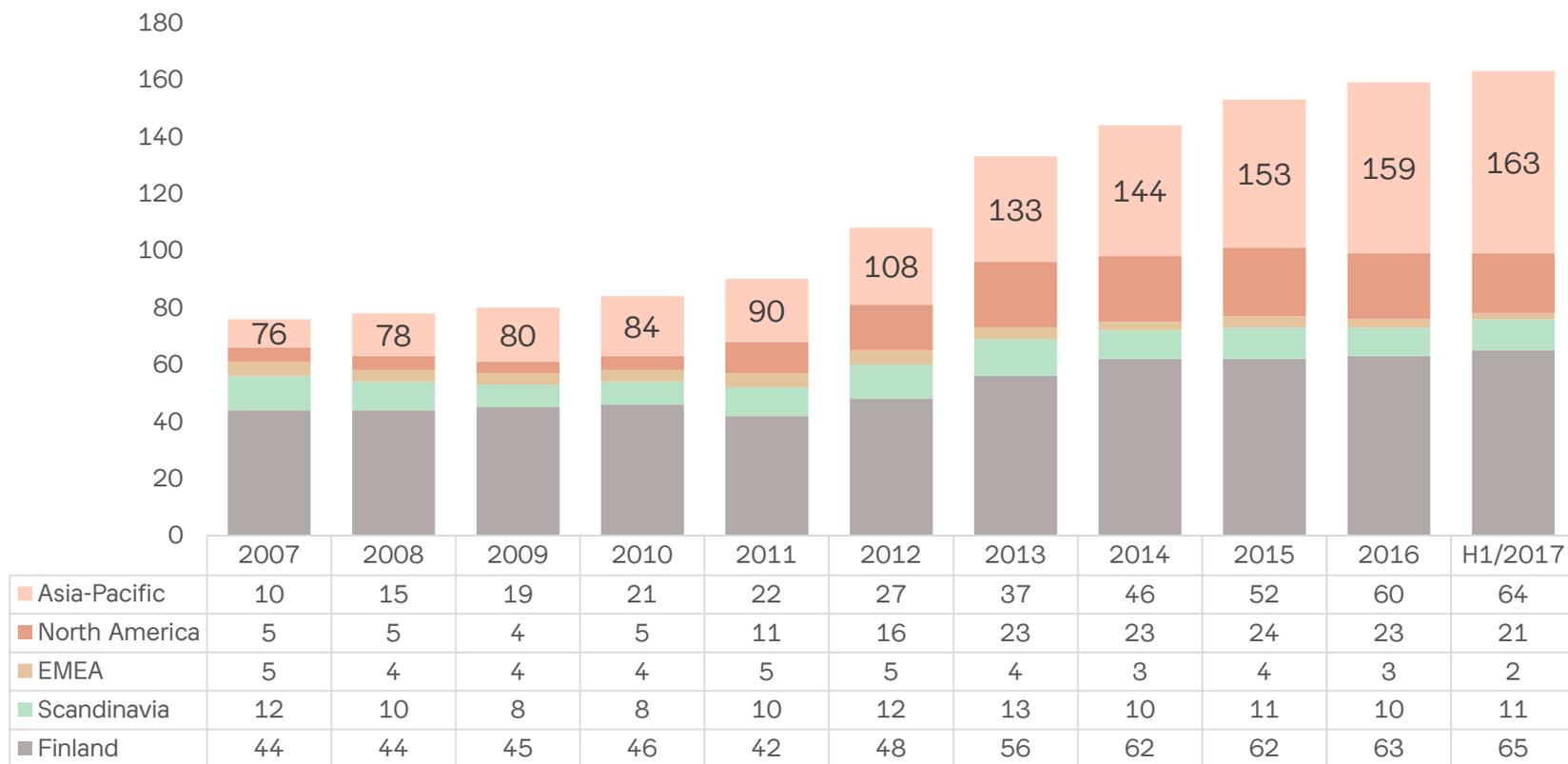


Net sales by product line
Q2/2017

- Fashion
- Home
- Bags & Accessories



163 stores* at the end of June 2017

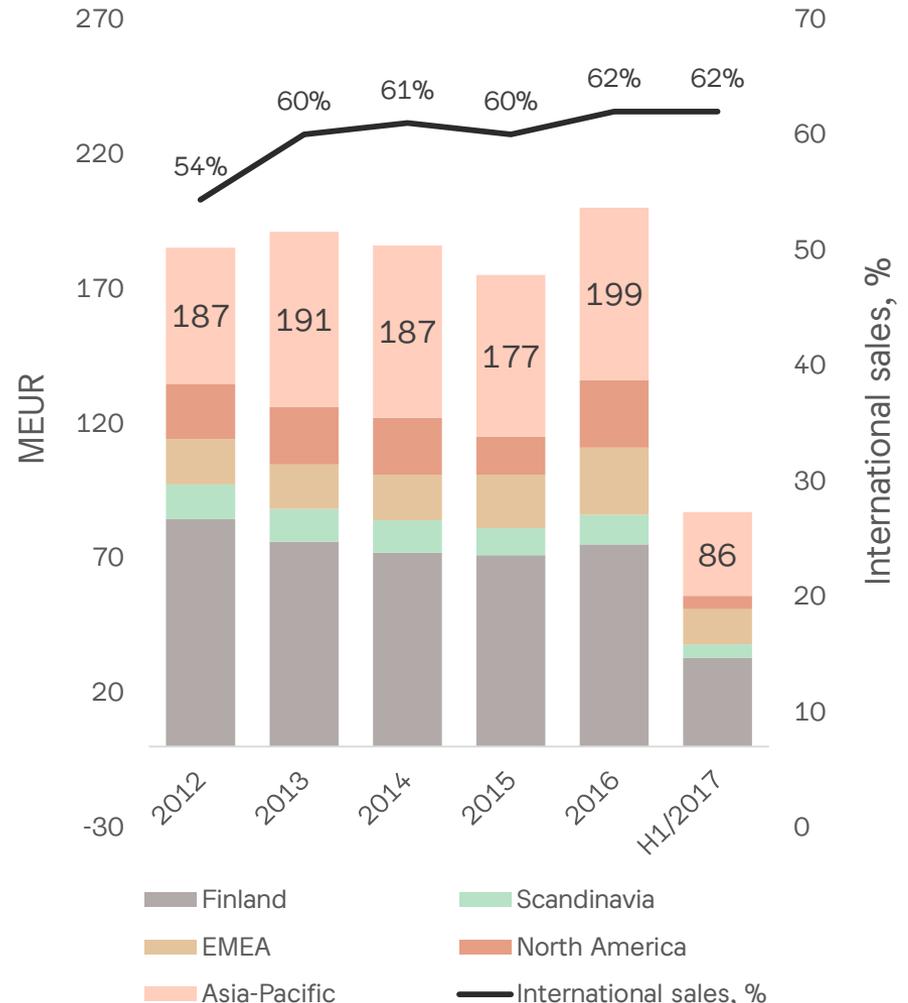
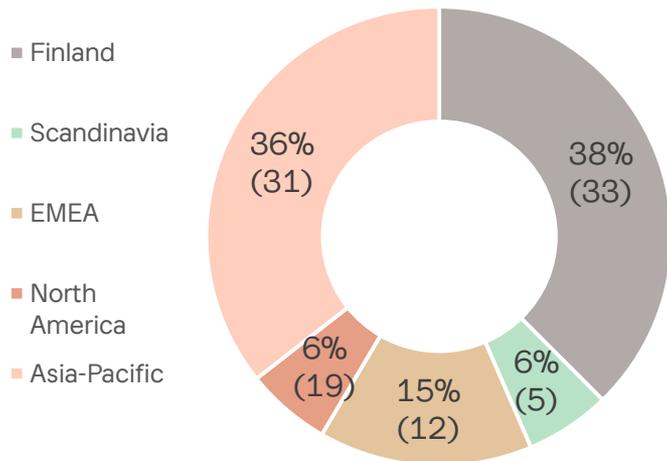


*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 56 at the end of June 2017 (54).

Marimekko brand sales

In the second quarter, 60% of the brand sales came from abroad (68)

Brand sales by market area
1-6/2017



MEUR	1-6/2017	1-6/2016	Change, %
Finland	32.5	32.4	1
Scandinavia	4.9	4.9	0
EMEA	12.5	11.3	11
North America	5.1	18.4	-72
Asia-Pacific	30.5	30.6	0
TOTAL	85.6	97.5	-12

The calculation method for 2017 figures has been restated for the coefficients used; to maintain comparability, the change also applies to the figures for 2016.

Operating result Q2/2017



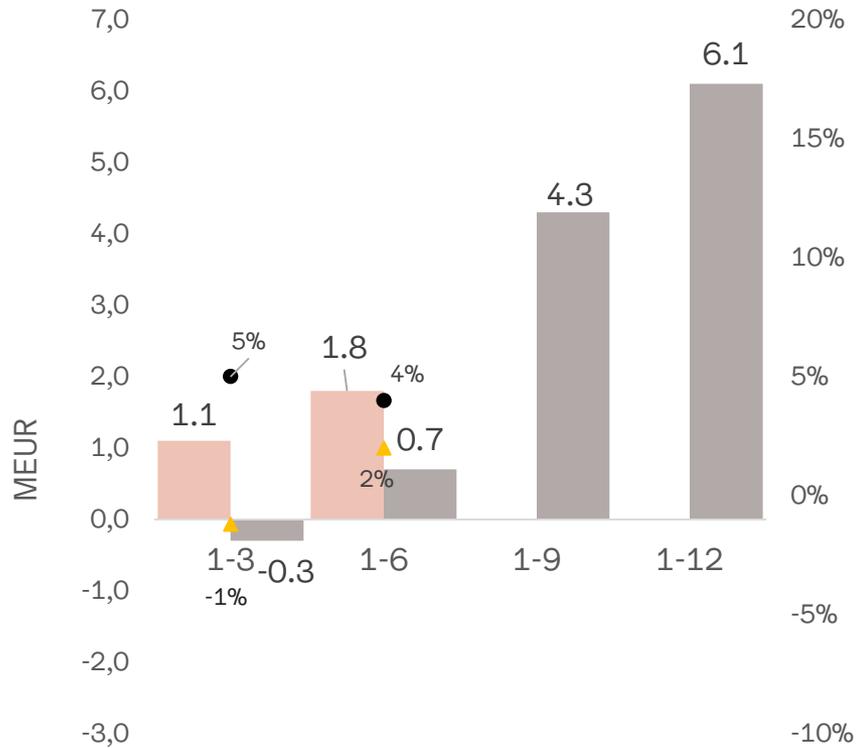
Operating result EUR 0.7 million (0.9)

Comparable operating result EUR 0.7 million (0.9)

- Decrease in retail sales in Finland due to the timing change of a sales campaign
- + Increase in relative sales margin

- 2017 Comparable operating result, EUR million
- 2016 Comparable operating result, EUR million
- 2017 Comparable operating result margin, %
- ▲ 2016 Comparable operating result margin, %

Operating result 1-6/2017



Operating result EUR 1.6 million (-0.2)

A restructuring provision of EUR 0.8 million in the comparison period

Comparable operating result EUR 1.8 million (0.7)

- + Increase in relative sales margin
- + Increase in sales in Finland
- + Lower depreciation than in the comparison period

- 2017 Comparable operating result, EUR million
- 2016 Comparable operating result, EUR million
- 2017 Comparable operating result margin, %
- ▲ 2016 Comparable operating result margin, %

Key figures

	4-6/ 2017	4-6/ 2016	Change, %	1-6/ 2017	1-6/ 2016	Change, %	2016
Net sales, EUR million	22.8	23.5	-3	45.3	44.5	2	99.6
International sales, EUR million	10.4	10.1	3	21.0	20.9	1	43.8
<i>% of net sales</i>	<i>45</i>	<i>43</i>		<i>46</i>	<i>47</i>		<i>44</i>
EBITDA, EUR million	1.5	1.9	-18	3.3	1.9	72	9.4
Comparable operating result, EUR million	0.7	0.9	-23	1.8	0.7	175	6.1
<i>Comparable operating result margin, %</i>	<i>3.1</i>	<i>3.9</i>		<i>4.0</i>	<i>1.5</i>		<i>6.1</i>
Result for the period, EUR million	0.1	0.7	-86	0.7	-0.3		4.0
Earnings per share, EUR	0.01	0.08	-86	0.08	-0.03		0.50
Cash flow from operating activities, EUR million	-1.6	0.9		-2.7	-3.0		6.1
<i>Return on investment (ROI), %</i>				<i>17.4</i>	<i>6.3</i>		<i>15.8</i>
<i>Equity ratio, %</i>				<i>54.0</i>	<i>48.3</i>		<i>58.5</i>
<i>Gearing, %</i>				<i>35.5</i>	<i>44.5</i>		<i>8.8</i>
Gross investments, EUR million	0.4	1.2	-64	0.7	1.4	-50	2.7
Contingent liabilities, EUR million				33.7	33.6	0	32.7
Personnel at the end of the period				452	469	-4	431
outside Finland				109	115	-5	111

**Events during
the period**



New store was opened in Oslo, Norway

- Clothing
- Accessories
- Bags
- Home
- Fabrics
- Sale
- Collections

- About Marimekko
- Finland 100 Years
- Stores

New clothing collection

Simpukka pattern and more

Shop
now



Marimekko online store was extended to Switzerland, now serving 30 countries globally



Marimekko was honoured to be invited to Shinjuku Isetan Stage in Tokyo – the creative pop-up store featured collaboration items combining Marimekko prints with traditional Japanese handcraft



Marimekko and Microsoft unveiled accessories for Microsoft's Surface devices



Esplanadi Fashion Show gathered a vast audience to celebrate the beginning of summer in Helsinki

Market outlook and growth targets for 2017

Finland

- Finland accounts for about half of the company's net sales
- In retailing, a more positive vibe can be seen in Finland – the trend is forecast to be moderate
- Nonrecurring promotional deliveries had a positive impact on the company's sales in 2016, but no similarly large deliveries are in sight for 2017
- Marimekko's sales excluding income from nonrecurring promotional deliveries are expected to be roughly on a par with the previous year

The Asia-Pacific region

- Japan is clearly the most important country in this region to Marimekko; the other countries' combined share of the company's net sales is still relatively small, as operations in these markets are in fairly early stages
- Sales in Japan are supported by enhancing the operations of stores and by optimising the product range
- Sales in the Asia-Pacific region in 2017 are forecast to be roughly on a par with the previous year
- About half of the Marimekko stores and shop-in-shops to be opened in 2017 will be in the Asia-Pacific region, and the company sees growing demand for its products in this region especially in the longer term
- Prospects are expected to continue to be positive in Australia

Also

- Royalty income from North America is forecast to grow slightly due to a licensing agreement concluded with a North American company
- The expenses of marketing operations in 2017 are forecast to be higher than in 2016 (EUR 4.4 million), and the total investments are estimated at approximately EUR 2 million (2.7)

Growth targets for 2017

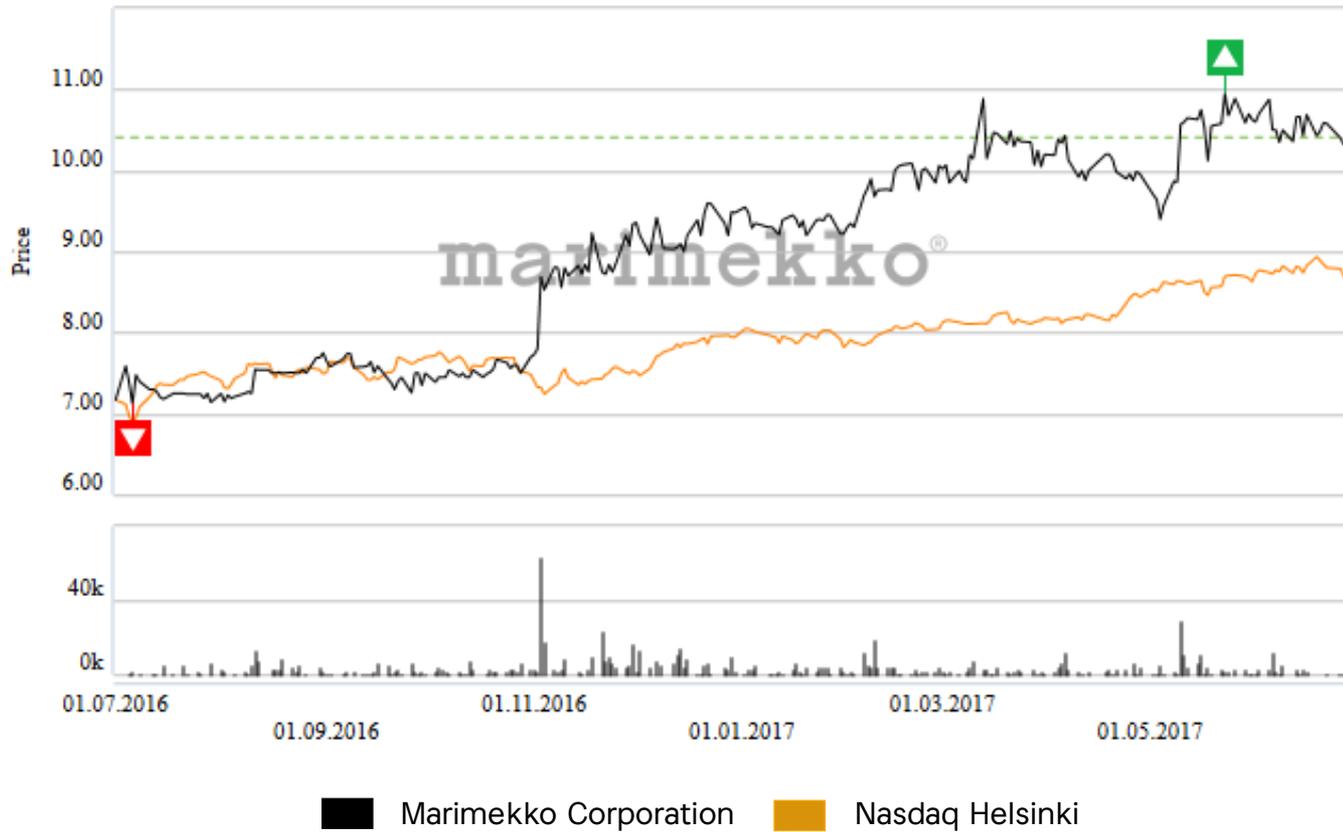
- The main thrust in expansion in 2017 will continue to be on openings of retailer-owned Marimekko stores
- The aim is to open around 10-20 new Marimekko stores and shop-in-shops, the majority of which will be shop-in-shops
- Furthermore, the company will continue the enhancement of the operations of Marimekko stores opened in recent years
- The company's own e-commerce and other online sales channels are forecast to continue to grow



Financial guidance for 2017 (unchanged)

The Marimekko Group's net sales and comparable operating profit for 2017 are forecast to be at the same level as in the previous year.

Share price previous 12 months



Appendices

Income statement

MEUR	4-6/2017	4-6/2016	1-6/2017	1-6/2016
NET SALES	22.8	23.5	45.3	44.5
Other operating income	0.1	0.1	0.2	0.2
Use of materials and consumables*	-7.9	-8.8	-15.8	-15.9
Employee benefit expenses	-6.1	-6.0	-12.4	-13.5
Depreciation and impairments	-0.8	-1.0	-1.7	-2.1
Other operating expenses	-7.3	-6.9	-14.1	-13.5
OPERATING RESULT	0.7	0.9	1.6	-0.2
Net financial items	-0.6	0	-0.7	-0.1
RESULT BEFORE TAXES	0.1	0.9	0.9	-0.3
Income taxes	0	-0.2	-0.2	0.1
NET RESULT	0.1	0.7	0.7	-0.3

*Sum of "Increase/decrease in inventories of completed and unfinished products" and "Raw materials and consumables".

Balance sheet

MEUR	30.6.2017	30.6.2016	MEUR	30.6.2017	30.6.2016
Non-current assets	14.5	16.5	Equity	25.8	23.8
Inventories	22.4	22.1	Financial liabilities and finance lease obligations	9.8	9.6
Other current assets	8.1	7.5	Other non-current liabilities	-	0.3
Cash and cash equivalents	2.9	3.3	Current liabilities	12.3	15.7
TOTAL ASSETS	47.9	49.4	SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	47.9	49.4

Cash flow statement

MEUR	1-6/2017	1-6/2016
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL	3.3	1.9
Change in working capital	-4.7	-4.5
CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	-1.4	-2.6
Financial items and taxes	-1.3	-0.4
CASH FLOW FROM OPERATING ACTIVITIES	-2.7	-3.0
Cash flow from investing activities	-0.6	-1.6
CASH FLOW BEFORE FINANCING ACTIVITIES	-3.3	-4.6
Net change in long-term loans and payment of finance lease liabilities	3.9	2.5
Dividends paid	-3.2	-2.8
CHANGE IN CASH AND CASH EQUIVALENTS	-0.6	-1.0
Cash and cash equivalents at the beginning of the period	3.5	4.2
Cash and cash equivalents at the end of the period	2.9	3.3

Largest shareholders 30 June 2017

Quoted on Nasdaq Helsinki - Consumer goods
 - 1999, I-list
 - 2002, Main-list

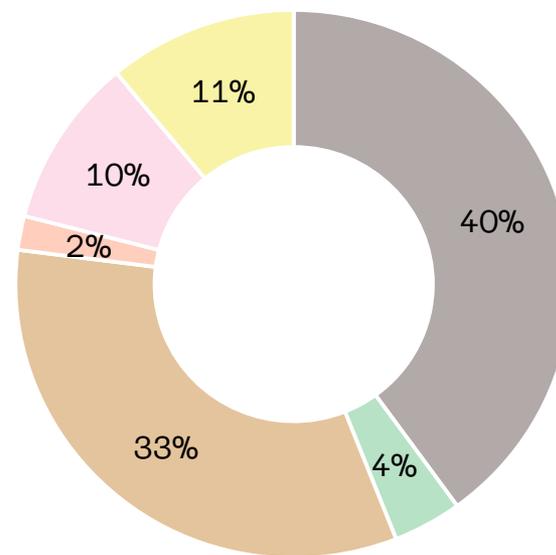
Market-cap ~ EUR 84 million

7,320 shareholders

Ownership by sector,
30 June 2017

- Households
- Financial and insurance corporations
- Non-financial corporations and housing corporations
- Non-profit institutions
- General government
- Nominee-registered and non-Finnish holders

Largest shareholders, 30 June 2017	No. of shares and votes	%
Muotitila Oy	1,297,700	16.04
Moomin Characters Oy Ltd	585,000	7.23
Ehnrooth 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.	220,000	2.72
Ilmarinen Mutual Pension Insurance Company	215,419	2.66
Aktia Europe Small Cap Equity Fund	168,900	2.09
Taaleri Micro Markka Equity Fund	100,000	1.24





For more information

Tiina Alahuhta-Kasko, President and CEO

Phone +358 9 758 71

tiina.alahuhta-kasko@marimekko.com

Elina Aalto, CFO

Phone +358 9 758 7261

elina.aalto@marimekko.com

Piia Kumpulainen,
Communications Director

Phone +358 9 758 7293

piia.kumpulainen@marimekko.com

marimekko.com

company.marimekko.com

facebook.com/marimekkodesignhouse

instagram.com/marimekkodesignhouse

twitter.com/marimekkoglobal

pinterest.com/marimekkodesign

youtube.com/marimekkovideo

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