

5 November 2015

marimekko®

Interim Report 1-9/2015

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5 November 2015



Highlights and key events

Q3/2015

Highlights

- + Additional sales from the new stores
- + Increase in outlet and discount-driven online sales in Finland
- + Increase in royalty income in North America
- Decrease in wholesale sales in all market areas except North America
 - change in delivery rhythm
 - significant non-recurring campaign deliveries in the comparison period
- Decrease in relative wholesale margins
- Increase in design and marketing expenses

Key events

Marimekko Spring/Summer 2016 collection was presented in Paris Fashion Week

Updated online store expanded in Europe in September

A company-owned store opened in Helsinki at Forum shopping mall

Key figures

Q3/2015

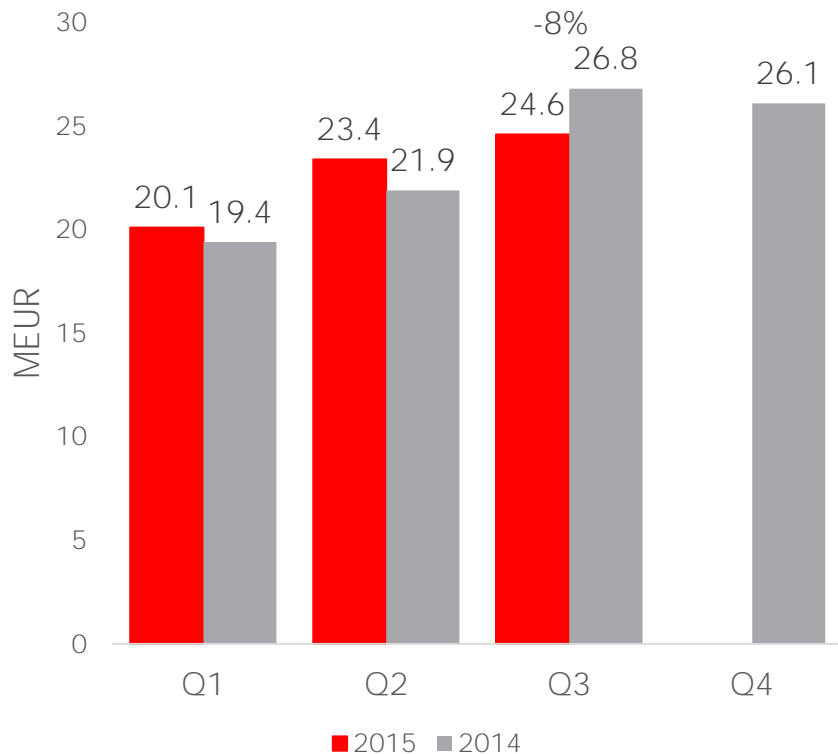
- Net sales EUR 24.6 million (26.8)
- Brand sales EUR 51.1 million (51.6)
- Operating profit excl. NRI EUR 1.2 million (4.9)
- EBITDA excl. NRI EUR 2.4 million (5.9)

1-9/2015

- Net sales EUR 68.2 million (68.1)
- Brand sales EUR 138.7 million (132.9)
- Operating profit excl. NRI EUR 0.2 million (4.3)
- EBITDA excl. NRI EUR 3.5 million (7.5)



Net Sales Q3/2015



Net sales -8% to EUR 24.6 million (26.8);
-15% in comparable fx-rates

- Wholesale sales decreased in all market areas except North America
 - change in delivery rhythm
 - significant non-recurring campaign deliveries in the comparison period

International sales -8% to EUR 10.6 million (11.6); -17% in comparable fx-rates

- retail sales -12%
- wholesale sales -12%

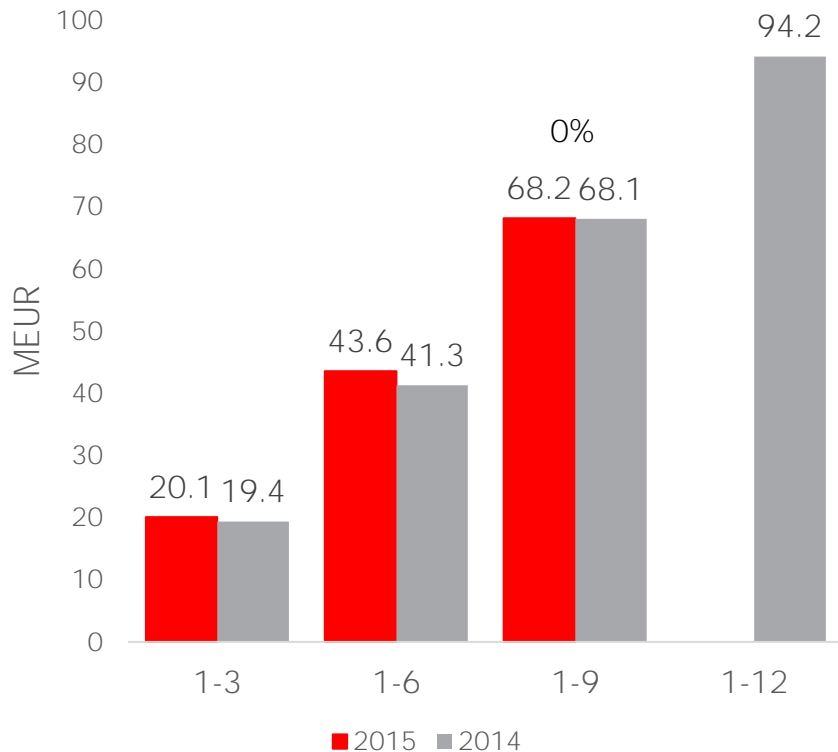
Sales in Finland -8%

- retail sales +4% (like-for-like +0%, of which prime stores like-for-like -6%)
- wholesale sales -31%

Retail market environment continued to be challenging, especially in Finland.

MEUR	7-9/2015	7-9/2014	Change, %
Finland	14.0	15.2	-8
Scandinavia	1.9	2.4	-22
EMEA	1.6	2.1	-23
North America	2.4	2.2	9
Asia-Pacific	4.8	5.0	-4
TOTAL	24.6	26.8	-8

Net Sales 1-9/2015



Net sales +0% to EUR 68.2 million (68.1);
-4% in comparable fx-rates

- Wholesale sales decreased in Finland, Scandinavia and the Asia-Pacific region
 - change in delivery rhythm
 - significant non-recurring campaign deliveries in the comparison period
- Like-for-like sales in prime stores decreased in all market areas
- An increase in outlet and discount-driven online sales in Finland
- Additional sales of stores opened in 2014 and 2015

International sales +2% to EUR 31.4 million (30.9); -5% in comparable fx-rates

- retail sales +0%
- wholesale sales +0%
- licensing income increased to EUR 1.0 million (0.3)

Sales in Finland -1%

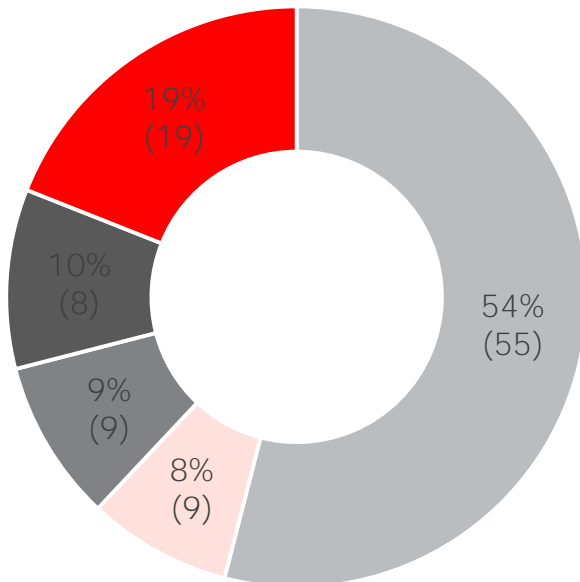
- retail sales +6% (like-for-like +3%, of which prime stores like-for-like -5%)
- wholesale sales -16%

MEUR	1-9/2015	1-9/2014	Change, %
Finland	36.8	37.2	-1
Scandinavia	5.6	6.2	-10
EMEA	6.0	5.8	4
North America	6.6	5.8	14
Asia-Pacific	13.2	13.0	1
TOTAL	68.2	68.1	0

Net sales by market area and by product line

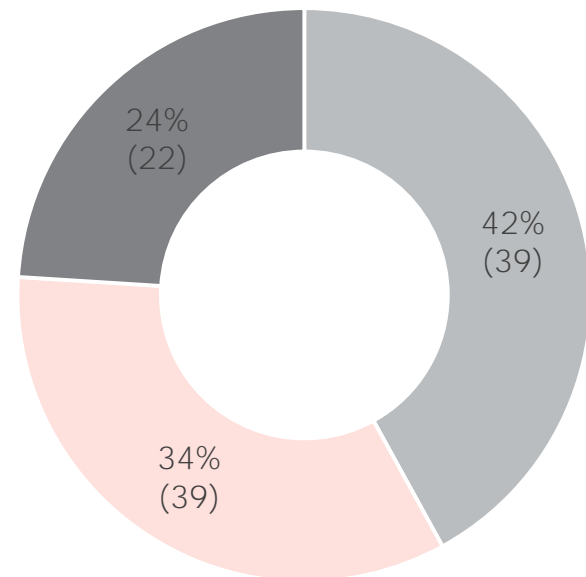
Net sales by market area
1-9/2015

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

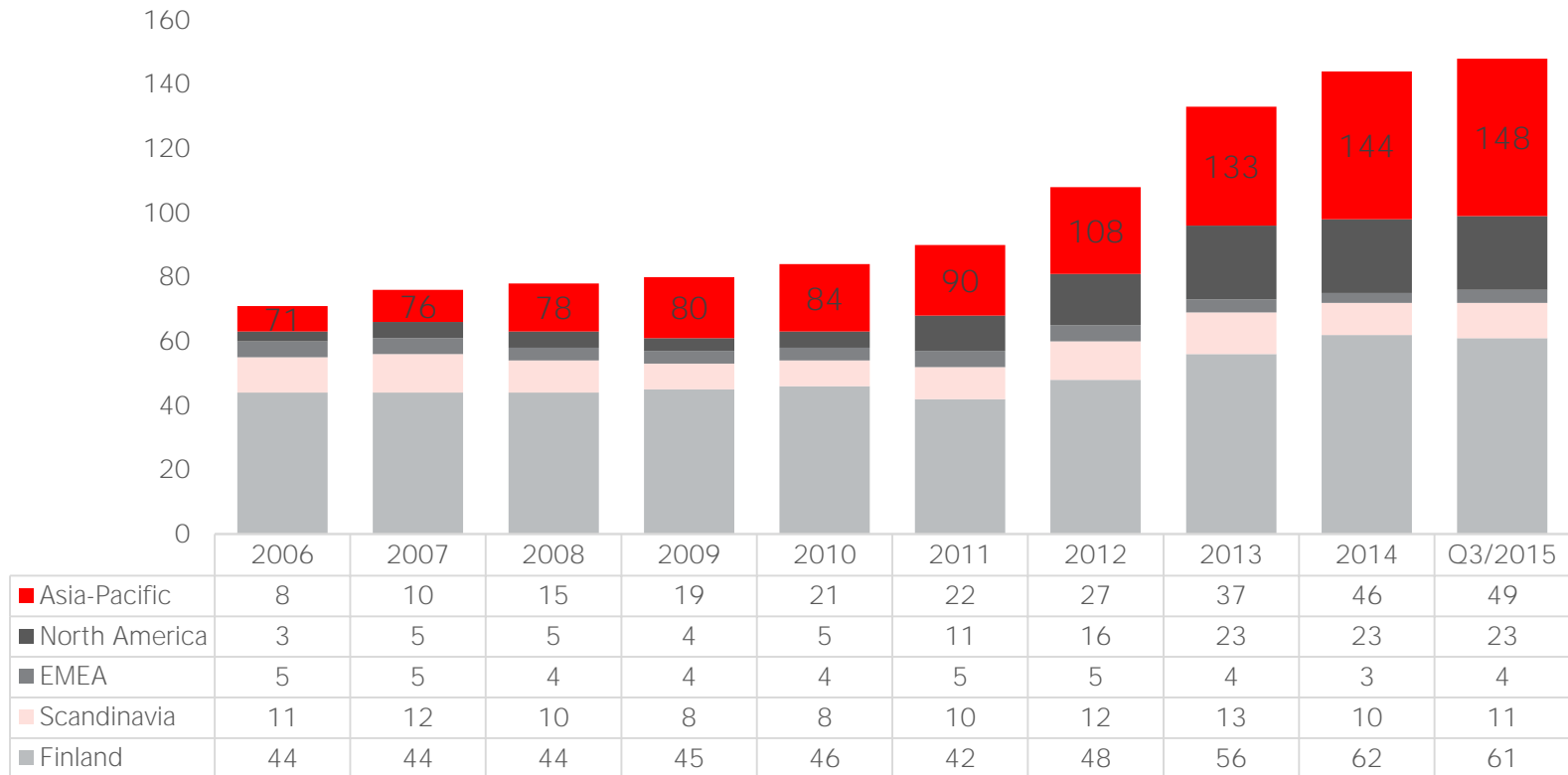


Net sales by product line
1-9/2015

- Fashion
- Home
- Bags & Accessories



148 stores* at the end of September 2015

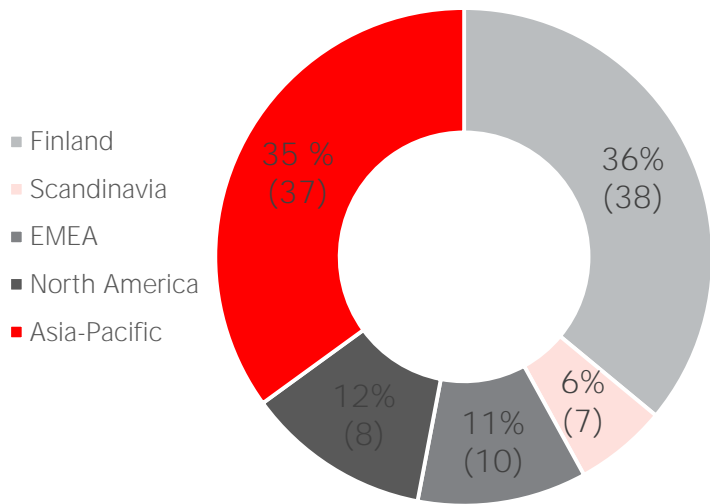


*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 53 at the end of September 2015 (53).

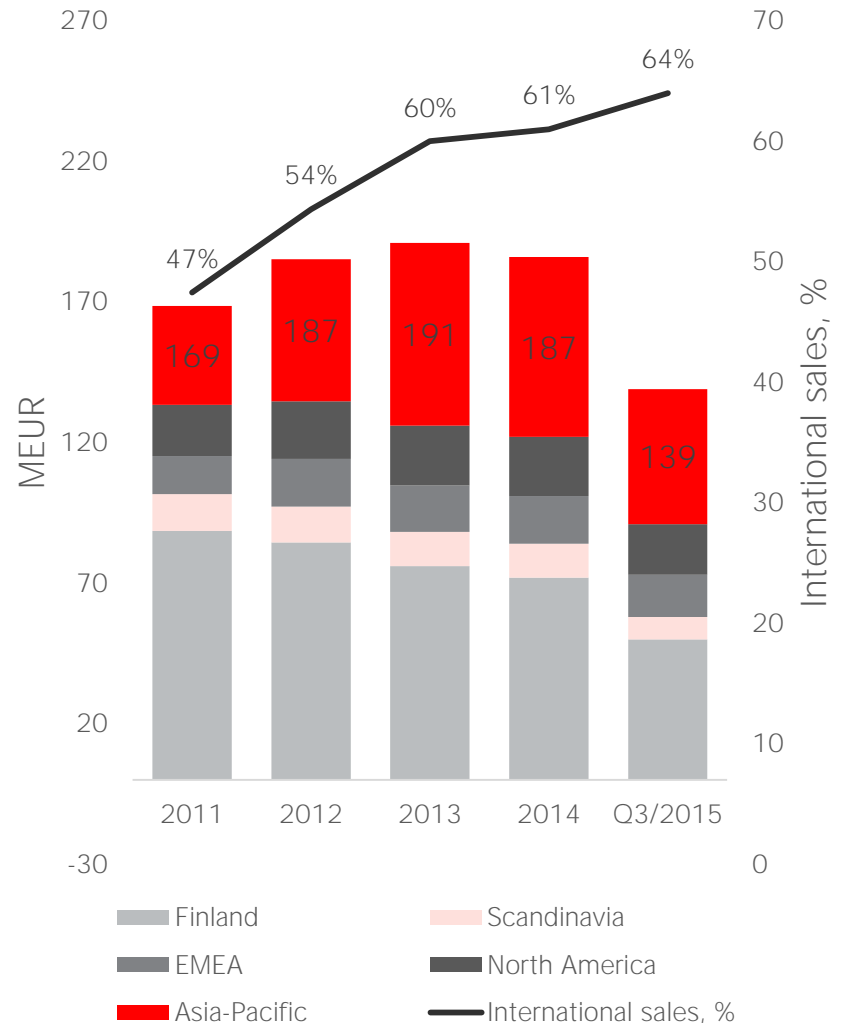
Marimekko brand sales from 1-9/2011 to 1-9/2015: + 14%

In Q3, 64% of the sales came from abroad (59)

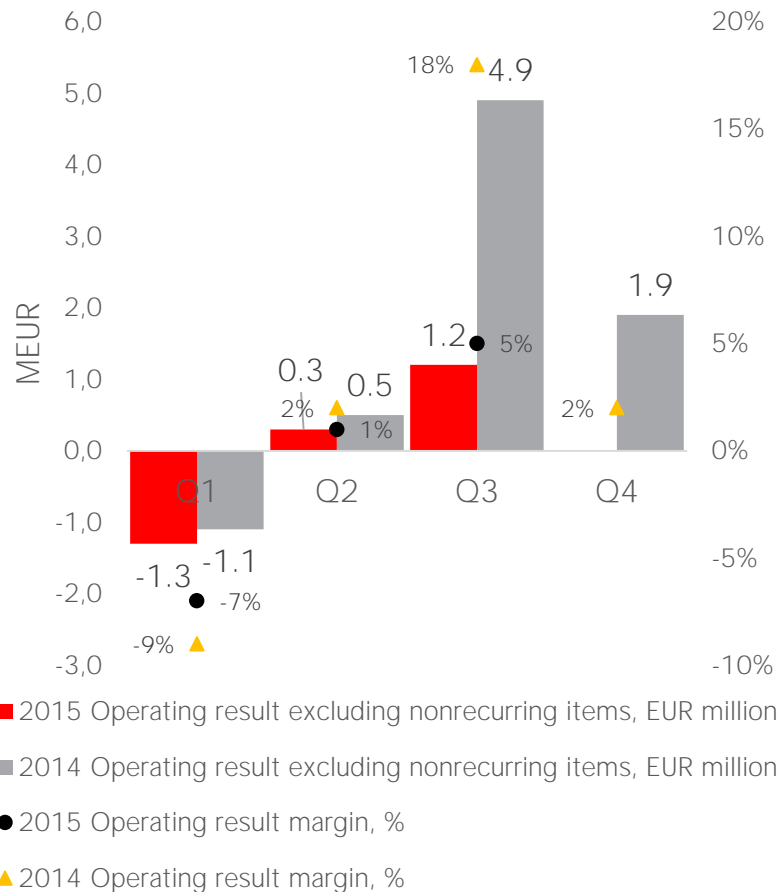
Brand sales by market area
1-9/2015



MEUR	1-9/2015	1-9/2014	Change, %
Finland	49.8	52.0	-4
Scandinavia	7.9	8.9	-11
EMEA	14.7	13.0	13
North America	18.1	10.0	82
Asia-Pacific	48.2	49.1	-2
TOTAL	138.7	132.9	4



Operating profit Q3/2015

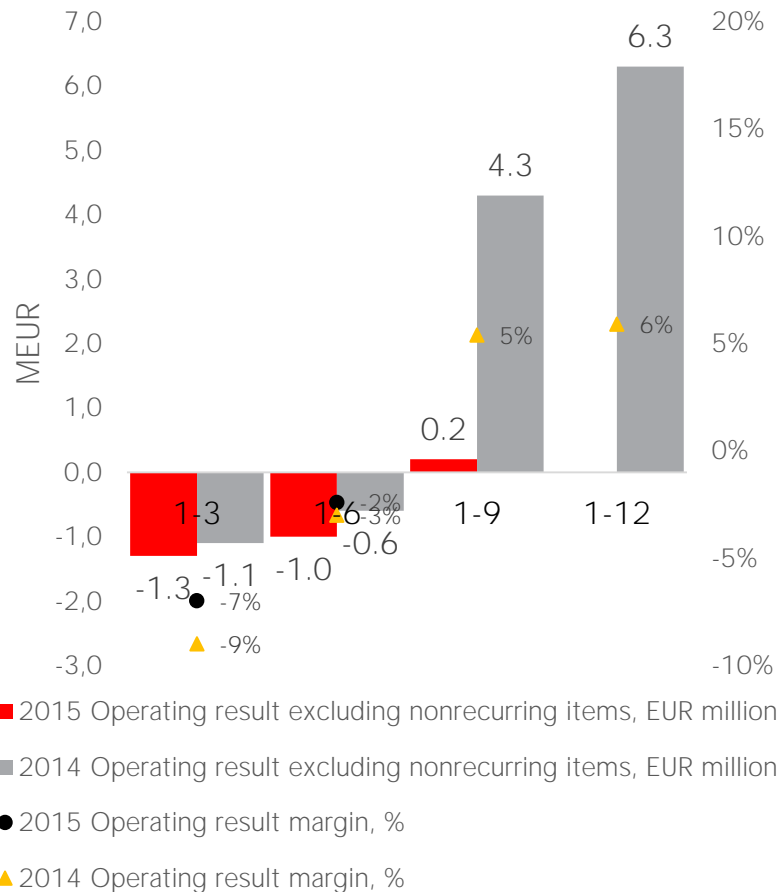


Operating profit EUR 1.2 million (4.9)

Operating profit excl. NRI EUR 1.2 million (4.9)

- Wholesale sales decreased in all market areas except North America
 - change in delivery rhythm
 - significant non-recurring campaign deliveries in the comparison period
- Decrease in relative wholesale margins
- Design and marketing expenses increased
- + Additional sales from the new stores
- + Increase in outlet and discount-driven online sales in Finland
- + Increase in royalty income in North America

Operating profit 1-9/2015



Operating profit EUR 0.2 million (3.6)

Operating profit excl. NRI items EUR 0.2 million (4.3)

- Beverly Hills store closure expenses
- Wholesale sales decreased in Finland, Scandinavia and the Asia-Pacific region
 - change in delivery rhythm
 - significant non-recurring campaign deliveries in the comparison period
- Decrease in relative wholesale margins
- Decrease in the profitability of retail in Finland due to a decline in the sales of prime stores
- Increase in design and marketing expenses
- + Increase in royalty income in North America during Q1 and Q3
- + Additional sales from the new stores

Key figures

	7-9/ 2015	7-9/ 2014	Change, %	1-9/ 2015	1-9/ 2014	Change, %	1-12/ 2014
Net sales, EUR million	24.6	26.8	-8	68.2	68.1	0	94.2
International sales, EUR million	10.6	11.6	-8	31.4	30.9	2	42.1
% of net sales	43	43		46	45		45
EBITDA, EUR million	2.4	5.9	-59	3.5	6.9	-48	9.9
Operating profit, EUR million	1.2	4.9	-75	0.2	3.6	-95	5.6
Operating profit margin, %	5.0	18.2		0.3	5.4		5.9
Result for the period, EUR million	0.6	4.0	-85	-0.4	2.9	-114	4.1
Earnings per share, EUR	0.08	0.49	-84	-0.05	0.35	-114	0.51
Cash flow from operating activities, EUR million	0.7	4.4	-84	0.7	3.5	-79	9.9
Gross investments, EUR million	0.9	0.6	40	1.7	1.4	18	2.1
Return on investment (ROI), %	-	-		0.1	13.8		15.6
Equity ratio, %	-	-		54.7	56.8		61.6
Gearing, %				27.4	31.4		10.5
Contingent liabilities, EUR million				36.1	35.0	3	34.3
Personnel at the end of the period	444	456	-3	444	456	-3	479
outside Finland	114	121	-6	114	121	-6	129



Marimekko Spring/Summer 2016 RTW collection was presented in Paris Fashion Week



Winter home collection

Updated online store launched in September – new countries United Kingdom, Germany, the Netherlands, Belgium, France, Italy, Spain



A new Marimekko store opened at Forum shopping mall in Helsinki

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. In the January-September period, comparable retail sales rose by 3 percent due to dynamic growth in discount-driven sales by outlet stores and the online store during the second and third quarters. In prime stores comparable sales fell by roughly 5 per cent.

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

In the United States, the economy as a whole has been growing, but Marimekko's comparable foreign-currency-denominated retail and wholesale sales in North America are estimated to fall in 2015 on the basis of a weaker than expected trend in sales during the January-September period. Royalty income has grown substantially in the market area in 2015 due to a licensing agreement concluded with a North American company. No significant royalty income is expected from the North American market area during the last quarter.

Sales expectations in Scandinavia are modest. Wholesale and retail sales for the whole year 2015 are forecast to decline.

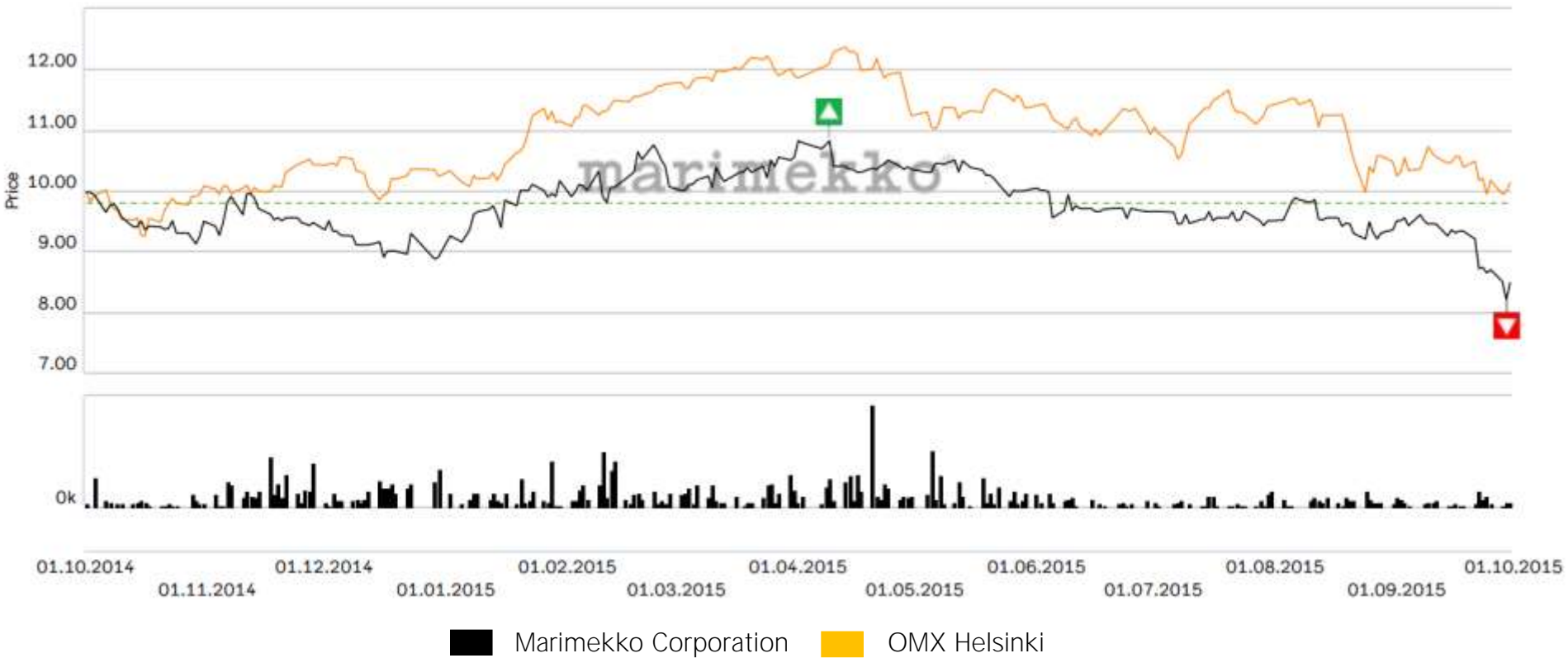
In the EMEA sales are being boosted by deliveries to two new stores opened during the spring and by growth in wholesale deliveries to a few major retailers in Belgium and France.

In 2015, the main thrust in expansion has been 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. In the January-September period, 12 new stores and shop-in-shops were opened, of which 2 were 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



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Appendix

Income statement

MEUR	7-9/2015	7-9/2014	1-9/2015	1-9/2014
NET SALES	24.6	26.8	68.2	68.1
Other operating income	0.0	0.0	0.2	0.2
Use of materials and consumables*	-9.8	-9.2	-25.1	-24.4
Employee benefit expenses	-6.0	-5.6	-19.3	-18.7
Depreciation and impairments	-1.2	-1.1	-3.3	-3.2
Other operating expenses	-7.3	-5.8	-21.5	-18.6
OPERATING PROFIT	1.2	4.9	0.2	3.6
Net financial items	-0.3	0.2	-0.4	0.1
RESULT BEFORE TAXES	1.0	5.1	-0.2	3.8
Income taxes	-0.4	-1.1	-0.2	-0.9
NET RESULT	0.6	4.0	-0.4	2.9

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

Balance sheet

MEUR	30.9.2015	30.9.2014	MEUR	30.9.2015	30.9.2014
Non-current assets	17.0	18.7	Equity	26.0	27.6
Inventories	19.0	18.4	Financial liabilities and finance lease obligations	10.5	8.2
Other current assets	8.1	9.0	Other non-current liabilities	0.3	0.3
Cash and cash equivalents	3.6	2.7	Current liabilities	10.9	12.7
TOTAL ASSETS	47.6	48.8	TOTAL LIABILITIES	21.6	21.1

Cash flow statement

MEUR	1-9/2015	1-9/2014
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN NET WORKING CAPITAL	3.5	6.9
Change in net working capital	-2.4	-2.8
CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	1.1	4.2
Financial items and taxes	-0.4	-0.6
CASH FLOW FROM OPERATING ACTIVITIES	0.7	3.6
Cash flow from investing activities	-1.7	-1.4
CASH FLOW BEFORE FINANCING ACTIVITIES	-0.9	2.1
Short-term loans drawn		3.0
Long-term loans drawn	3.5	
Payments of long term loans and finance leases	-0.2	-3.4
Dividends paid	-2.8	-2.0
CHANGE IN CASH AND CASH EQUIVALENTS	-0.5	-0.3
Cash and cash equivalents at the beginning of the period	4.1	3.0
Cash and cash equivalents at the end of the period	3.6	2.7

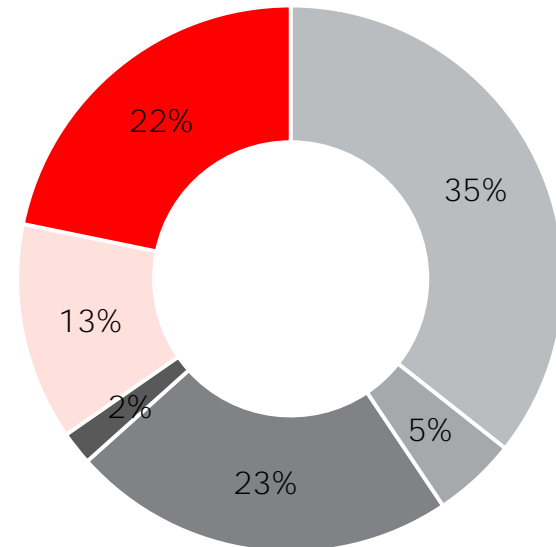
Largest shareholders 30 September 2015

Listed at OMX Helsinki - Consumer goods
 - 1999, I-list
 - 2002, Main-list
 Market-cap ~ EUR 69 million
 7,111 shareholders (September 2015)

Largest shareholders, 30 September 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	100,000	1.24

Ownership by sector,
30 September 2015

- 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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