

Interim Report 1-6/2013

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15 August 2013

Agenda

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

14 new Marimekko stores opened of which 9 outside Finland.

Statutory employer-employee negotiations resulted to closing the operations in Sulkava and Kitee, Finland.

2) **Net sales:**

Growth in net sales continued: net sales grew by 13% and international sales by 28%.

3) **Operating profit:**

Operating profit excluding the nonrecurring items increased due especially to the growth in wholesale sales outside Finland.

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

The main thrust in expansion during 2013 will be on openings of retailer-owned Marimekko stores and shop-in-shops. In 2013, the aim is to open 30 to 35 Marimekko stores and shop-in-shops, 4 to 6 of which will be company-owned.

Net sales are estimated to grow by over 5 percent and operating profit excluding nonrecurring items is forecast to be, at the most, at the same level as in 2012.

5) **Events after the review period:**

12 new Marimekko stores have opened around the world

Marimekko's President and CEO takes a sick leave of approximately 4-6 weeks. **marimekko®**



Key events in Q2 2013

A total of 14 new Marimekko stores opened.

In Finland, company-owned stores opened in Oulu and Kotka, while three shop-in-shops opened around the country.

In Scandinavia, Marimekko's e-commerce expanded to Sweden and a company-owned store opened in Täby, near Stockholm. A shop-in-shop opened in Copenhagen.

Four shop-in-shops were opened in Mexico.

The first Marimekko store in mainland China opened in Beijing. The store network expanded also to Guam and New Zealand.

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.



Oulu, Finland.

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Kotka, Finland



Three new shop-in-shops in Finland.

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Täby, Sweden

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What to wear?

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SHOP NOW



E-commerce expanded to Sweden.



Shop-in-shop in Copenhagen, Denmark.



Four shop-in-shops in Mexico.

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Beijing, China



Shop-in-shop in Auckland, New Zealand.

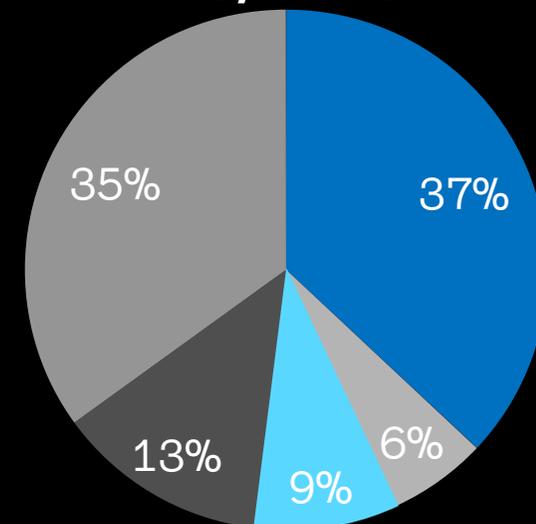
Brand sales

Brand sales* in January-June 2013 grew by 10% to EUR 91.2 million (83.2).

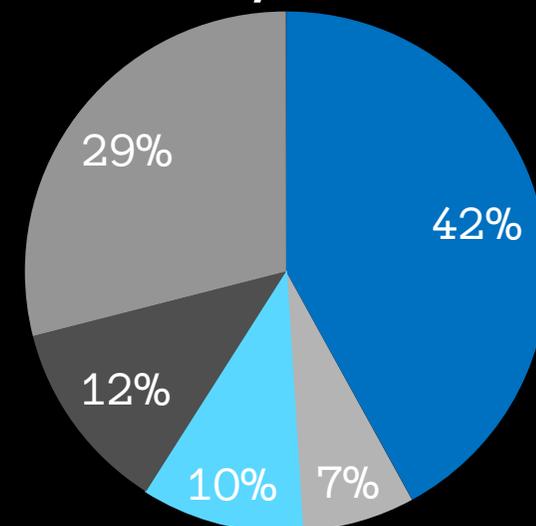
63% of the sales came from abroad (58).

	(EUR 1,000)	1-6/2013	1-6/2012	Change,%
Finland		33,433	34,846	-4
Scandinavia		5,488	6,142	-11
Central and Southern Europe		8,511	8,091	5
North America		11,932	10,372	15
Asia-Pacific		31,872	23,749	34
TOTAL		91,235	83,200	10

1-6/2013



1-6/2012



* 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.

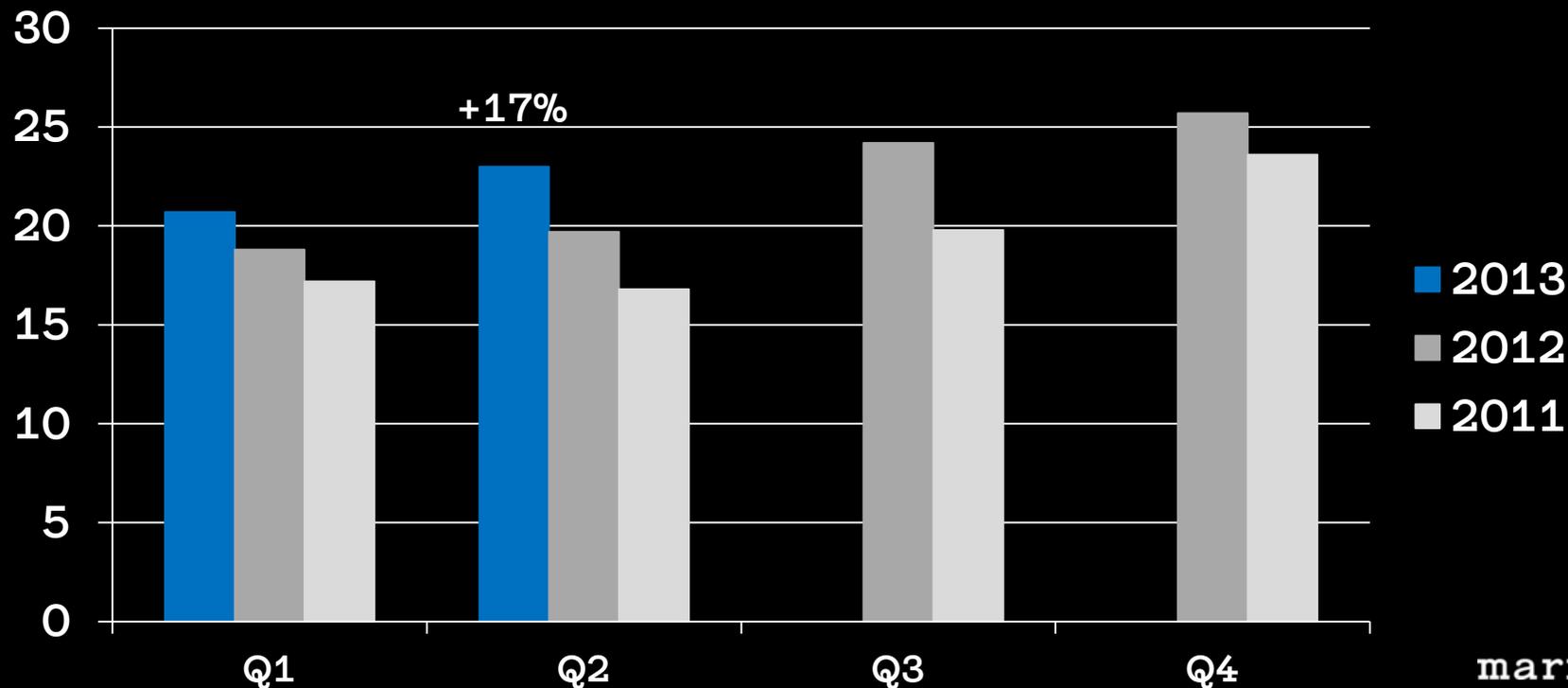
Net sales

In Q2/2013 net sales grew by 17% to EUR 23.0 million (19.7).
International sales +38%.

In January-June net sales grew by 13% to EUR 43.7 million (38.5).
International sales +28%.

The growth in net sales was boosted especially by new stores opened in North America and the Asia-Pacific region during 2012 and Q2/2013.

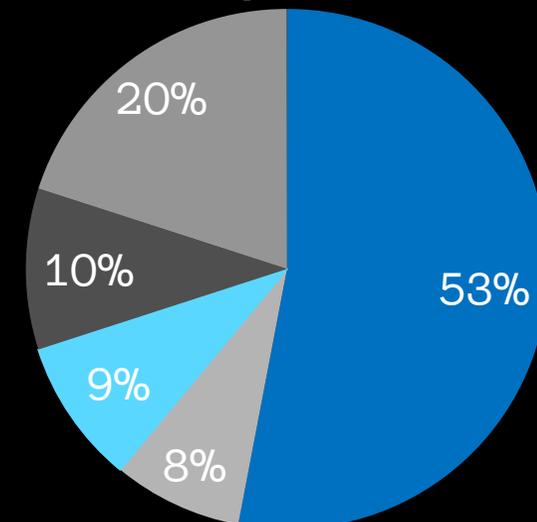
EUR million



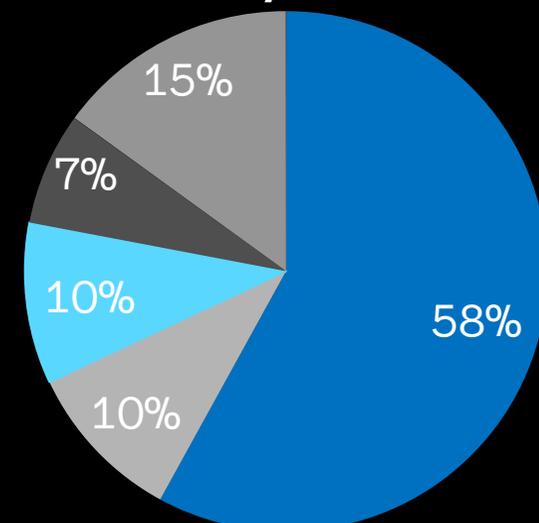
Net sales by market area

(EUR 1,000)	1-6/2013	1-6/2012	Change,%
Finland	23,182	22,511	3
Scandinavia	3,599	3,727	-3
Central and Southern Europe	3,910	3,741	5
North America	4,275	2,720	57
Asia-Pacific	8,700	5,810	50
TOTAL	43,667	38,509	13

1-6/2013



1-6/2012



Net sales by market area H1/2013

In Finland, net sales +3%: retail sales +10% and wholesale sales -8%. Three company-owned stores opened in 2012 and two in Q2/2013 boosted the sales. The comparable sales by company-owned stores fell by 3%.

In Scandinavia, net sales -3%: retail sales +31%, wholesale sales -24%. Retail sales were boosted by two company-owned stores opened in Sweden in 2012, the expansion of e-commerce to Sweden and the company-owned store opened in Sweden in Q2. The comparable sales growth for company-owned stores was +9%. Consumers' purchasing behavior continued to be cautious in especially in Sweden and Denmark reflected mostly in the wholesale sales.

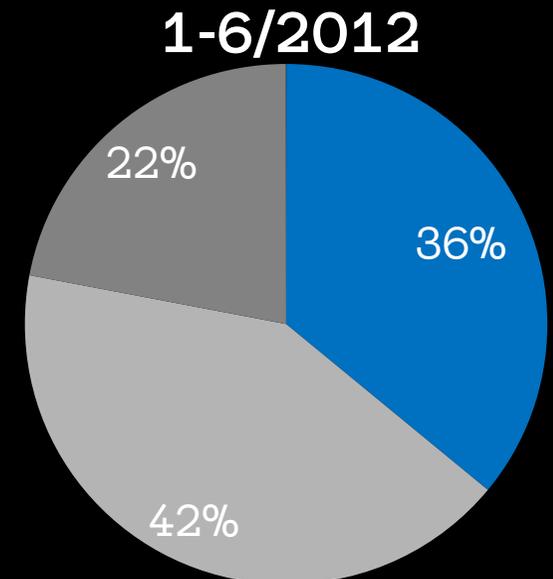
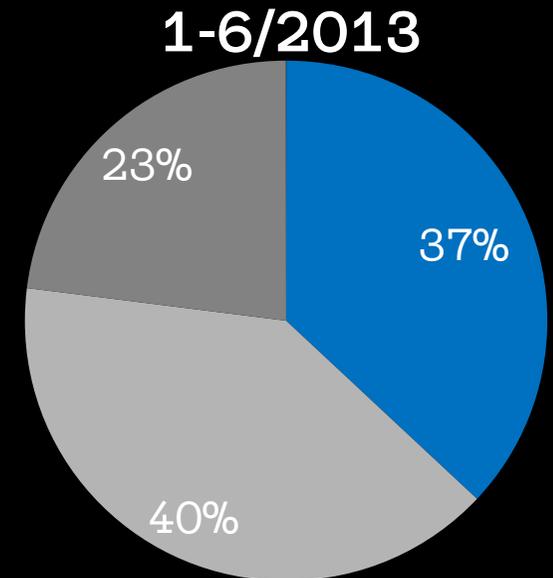
In Central and Southern Europe, net sales grew by 5%: retail sales -10% and wholesale sales +8%. Sales grew in Italy and Switzerland, but fell in the UK, France and Belgium.

Net sales in North America grew by 57%: retail sales +144% and wholesale sales +6%. The growth was generated by the net sales of the four new company-owned stores in the US in the second half of 2012 and the four shop-in-shops opened in Mexico during Q2/2013.

Net sales in the Asia-Pacific region grew by 50%. The wholesale sales grew by 32% boosted by the opening in 2012 of two new stores in Japan, a store opened in Hong Kong, investments in Australia and the orders for opening inventories of the stores opened after the review period. The two company-owned stores opened in Australia in 2012 also showed growth in sales.

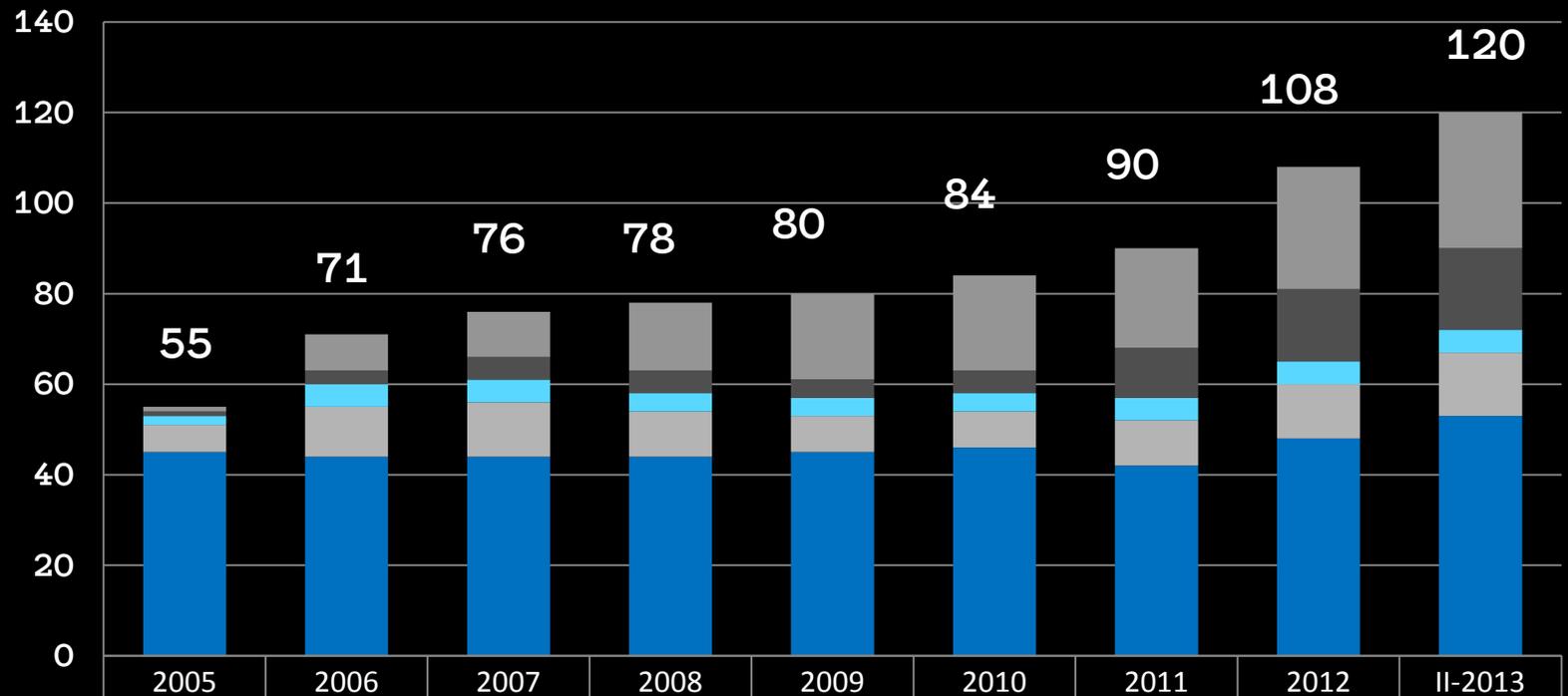
Net sales by product line

	(EUR 1,000)	1-6/2013	1-6/2012	Change,%
Clothing		16.325	13.936	15
Interior Decoration		17.422	16.276	5
Bags		9.920	8.297	13
TOTAL		43.667	38.509	10



Marimekko stores

120 stores* at the end of June 2013.



	2005	2006	2007	2008	2009	2010	2011	2012	II-2013
■ Asia-Pacific	1	8	10	15	19	21	22	27	30
■ North America	1	3	5	5	4	5	11	16	18
■ Central and Southern Europe	2	5	5	4	4	4	5	5	5
■ Scandinavia	6	11	12	10	8	8	10	12	14
■ Finland	45	44	44	44	45	46	42	48	53

*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 50 at the end of March 2013 (40).

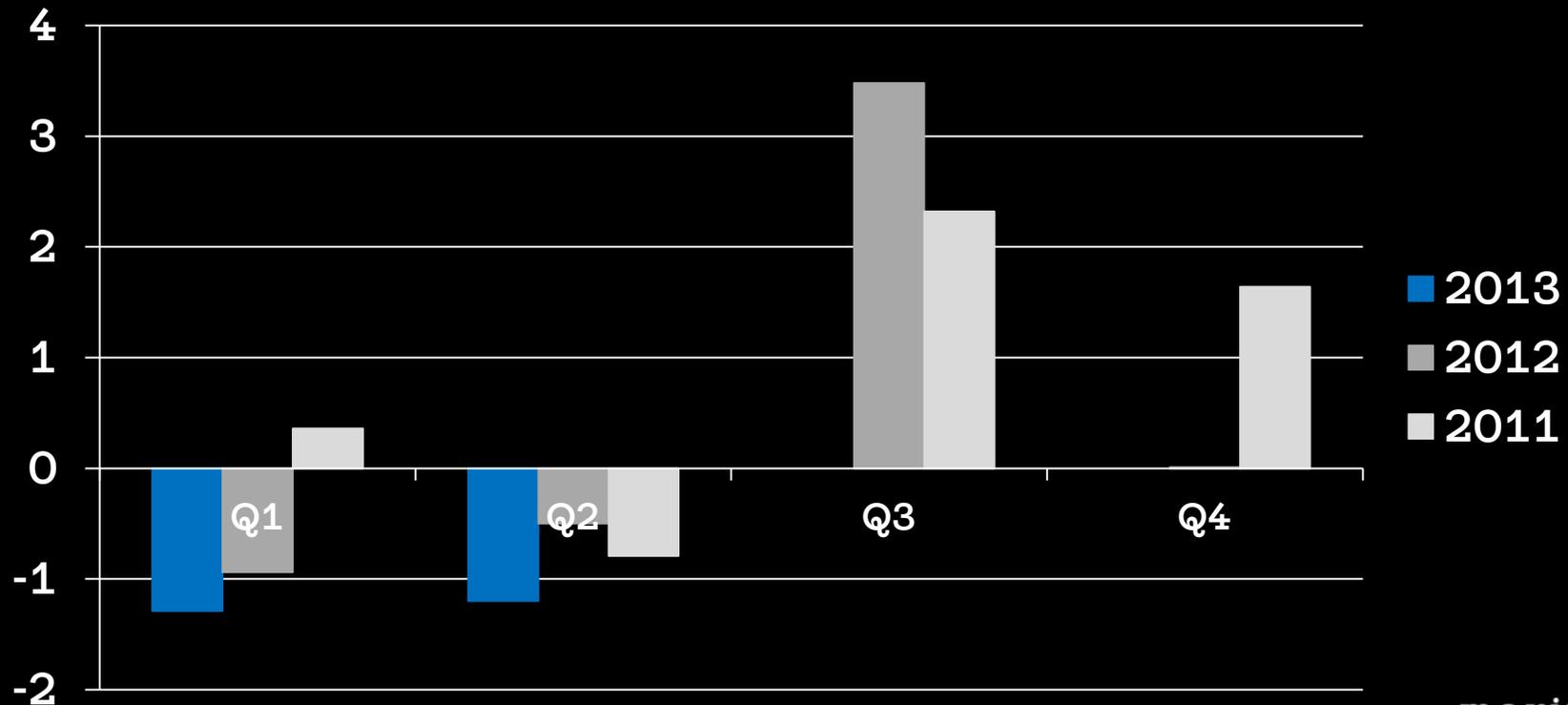
Operating result

During the second quarter of 2013, the operating result was EUR -1.2 million (-0.5), excluding nonrecurring items EUR 0.3 million (-0.5).

In January-June, the operating result was EUR -2.4 million (-1.5), excluding nonrecurring items EUR -1.0 million (-1.5).

The operating result excluding nonrecurring items was improved by growth in wholesale sales in the Asia-Pacific region and in Central and Southern Europe, an improvement in the profitability of company-owned stores in Finland in spite of a fall in comparable sales, and by growth in the company's textile printing factory's output as well as enhanced operational efficiency.

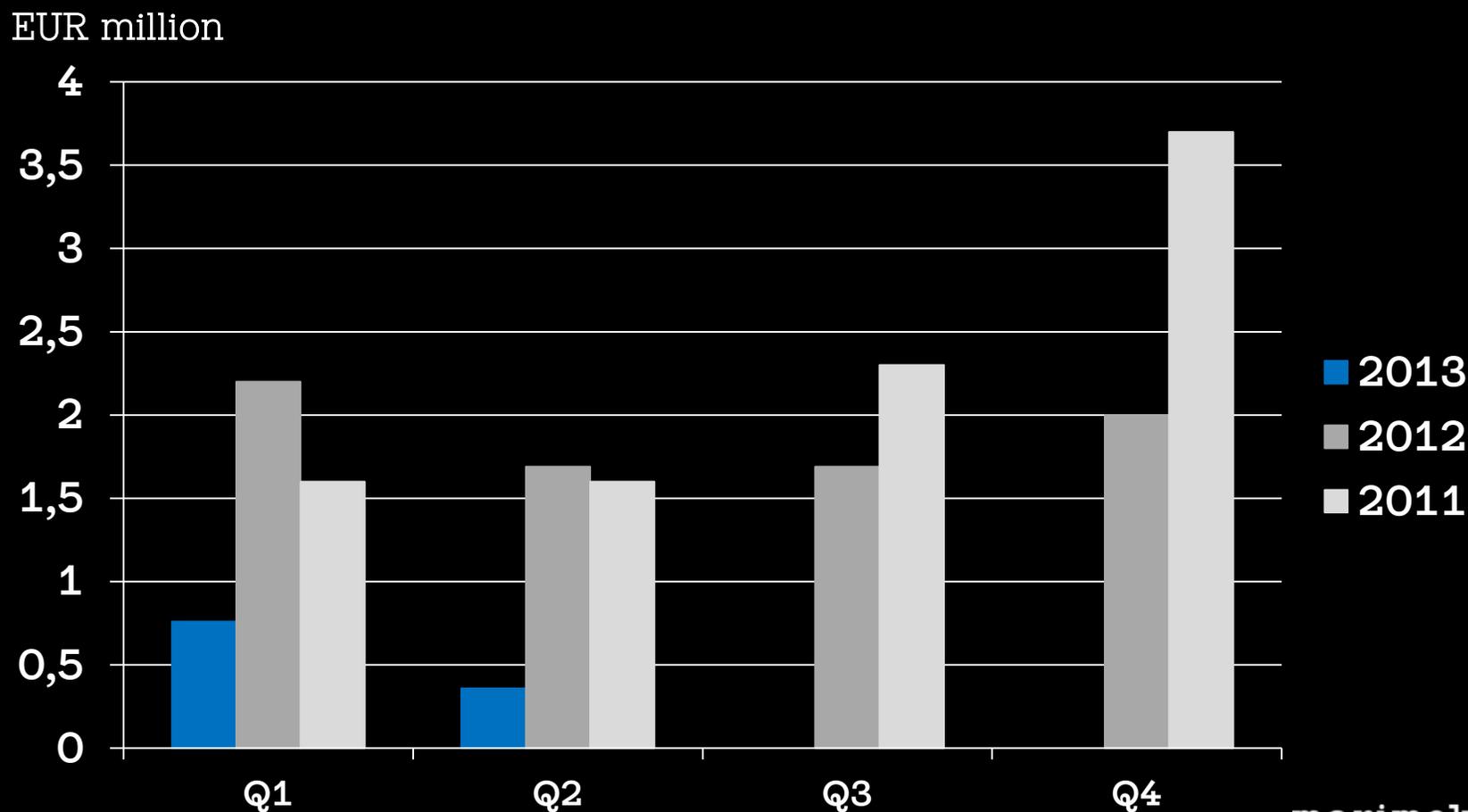
EUR million



Investments considerably lower than in 2012

In January-June 2013 gross investments were EUR 1.1 million (3.9) representing 3% of net sales (10%).

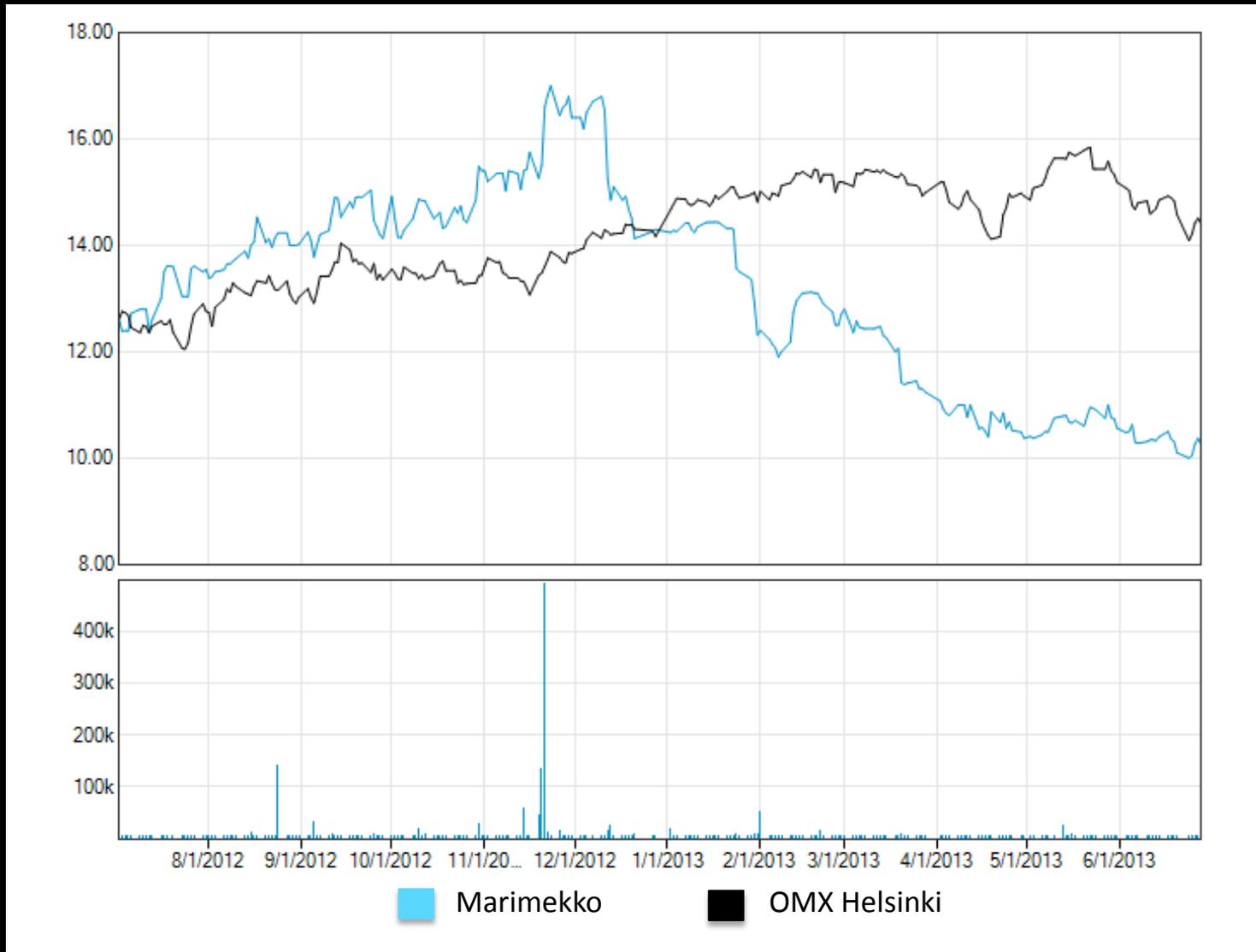
Most of the investments were devoted to building stores and renovating the Herttoniemi property.



Key figures

	1-6/2013	1-6/2012	Change, %	1-12/2012
Net sales, EUR 1,000	43,667	38,509	13	88,471
International sales, EUR 1,000	20,485	15,998	28	36,127
% of net sales	47	42		40
EBITDA, EUR 1,000	43	119	-64	5,573
Operating result, EUR 1,000	-2,448	-1,480	-65	2,019
Operating result margin, %	-5.6	-3.8		2.3
Result for the period, EUR 1,000	-2,203	-1,034	-113	1,100
Earnings per share, EUR	-0.27	-0.13	-108	0.14
Cash flow from operating activities, EUR 1,000	-2,254	-530	-325	8,605
Gross investments, EUR 1,000	1,120	3,890	-71	7,572
Return on investment (ROI), %	-12.1	-6.4		4.1
Equity ratio, %	46.3	49.7		54.6
Gearing, %	58.1	57.1		32.0
Contingent liabilities, EUR 1,000	40,425	26,029	55	39,986
Personnel at the end of the period	559	493	13	535
outside Finland	109	75	45	103
Brand sales, EUR 1,000	91,235	83,200	10	187,184
outside Finland, EUR 1,000	57,803	48,354	20	100,666
proportion of international sales, %	63	58		54
Number of retail stores and shop-in-shops	120	94	28	108

Share price previous 12 months



Market outlook and growth targets

The widespread uncertainty over the global economy is forecast to continue, and this may influence consumers' purchasing behaviour in all of Marimekko's market areas. The prospects for the economic trend in Europe still continue gloomy, and growth in the region will be slow. In the United States and Asia, economic forecasts are markedly better than in Europe, but growth is fairly slow. Market conditions in Finland are moderate, but the economic prospects for the business community have deteriorated. Economic conditions are expected to remain weak, and retail sales are forecast to decline. (Confederation of Finnish Industries EK: Business Tendency Survey, August 2013). The sluggish trend in Marimekko's own stores in Finland at the end of 2012 and a decline in comparable retail sales during the first half of 2013, combined with poor consumer confidence, cast a shadow over prospects in Finland for this year.

The stores opened in 2012 and the other considerable investments made in the expansion of the distribution network will generate a marked increase in sales in 2013. The main thrust in expansion during 2013 will be on openings of retailer-owned Marimekko stores and shop-in-shops. Furthermore, the company will invest in developing the business of the stores it opened in 2012. The aim is to open 30 to 35 Marimekko stores and shop-in-shops this year, 4 to 6 of which will be company-owned.

The planned total investments for 2013 of the Marimekko Group are estimated as being in excess of EUR 3 million. The majority of investments will be directed at building new store premises and purchasing new furniture.

Financial guidance

Due to the current market conditions and the change undergone by the company recently, it is very difficult to forecast the financial result for 2013.

Marimekko revised its estimate of the 2013 operating profit on 16 May 2013 due to the nonrecurring expenses arising from the statutory employer-employee negotiations conducted by the company.

The financial guidance for the whole of 2013 is as follows: the Marimekko Group's net sales are estimated to grow by over 5% and operating profit excluding nonrecurring items is forecast to be, at the most, at the same level as in 2012. The increased proportion of retail sales will further boost the seasonal nature of business, so the major portion of operating profit will, as is typical, accrue in the second half of the year.

Events after the review period

Marimekko showcased its spring and summer 2014 collection at Copenhagen Fashion Week.

11 new stores have been opened after the review period: a company-owned store in Copenhagen, Denmark, retailer-owned stores in Hämeenlinna, Finland, Shanghai, China, Pangyo near Seoul, South Korea, and Kagoshima, Japan, and six shop-in-shops, five of which are in Canada and one in the United States.

Marimekko Corporation's President and CEO Mika Ihamuotila underwent a minor repeat neurosurgical procedure in 2011. The post-operative symptoms associated with such procedures sometimes include epileptic symptoms which are treated with regular preventive medication. For approximately 4-6 weeks from 6 August 2013 onwards, Ihamuotila will be on sick leave for the period of adjustment to his anti-epileptic medication. During this time, the duties of president will be taken over by the company's CFO Thomas Ekström, while Ihamuotila will participate in the company's decision-making part-time.





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



Copenhagen, Denmark.

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Shop-in-shop in Galgary, Canada.



Pangyo near Seoul, South Korea.



Kagoshima, Japan.

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