

# Interim Report 1-9/2012

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30 October 2012

# Agenda

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

The trend of the period was in line with the company's expectations. Eight Marimekko stores were opened in the third quarter. Marimekko was shown first time in New York fashion week.

**2) Net sales:**

Net sales grew by 17% and international sales by no less than 32%. Strongest growth in sales was in North America and in Asia-Pacific. Sales in Finland rose driven by good growth in retail sales.

**3) Operating profit:**

Profitability took a clear turn for the better as forecast. In the July-September period of 2012, operating profit grew by 50%; cumulative growth was 7%.

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

The new stores opened during 2011 and other significant investments in the expansion of the distribution network, generate a substantial increase in sales in 2012. 19 new store openings have been confirmed for 2012. One store were opened in the first quarter three in the second and eight in the third.

Net sales and operating profit forecasts for the full year 2012 remain unchanged.

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

Expansion in North America continues. New company-owned store opened in Palo Alto, in the heart of Silicon Valley, at the end of October. New Beverly Hills store will open its doors mid-November. At the end of October, Marimekko held many big events in Shanghai.



## Key events

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In the third quarter of the year, Marimekko opened company-owned retail store in Boston and outlet in Manchester.

In September, Marimekko presented its Spring/Summer 2013 clothing collection in New York in one of the top international fashion weeks for the first time in the design house's history.

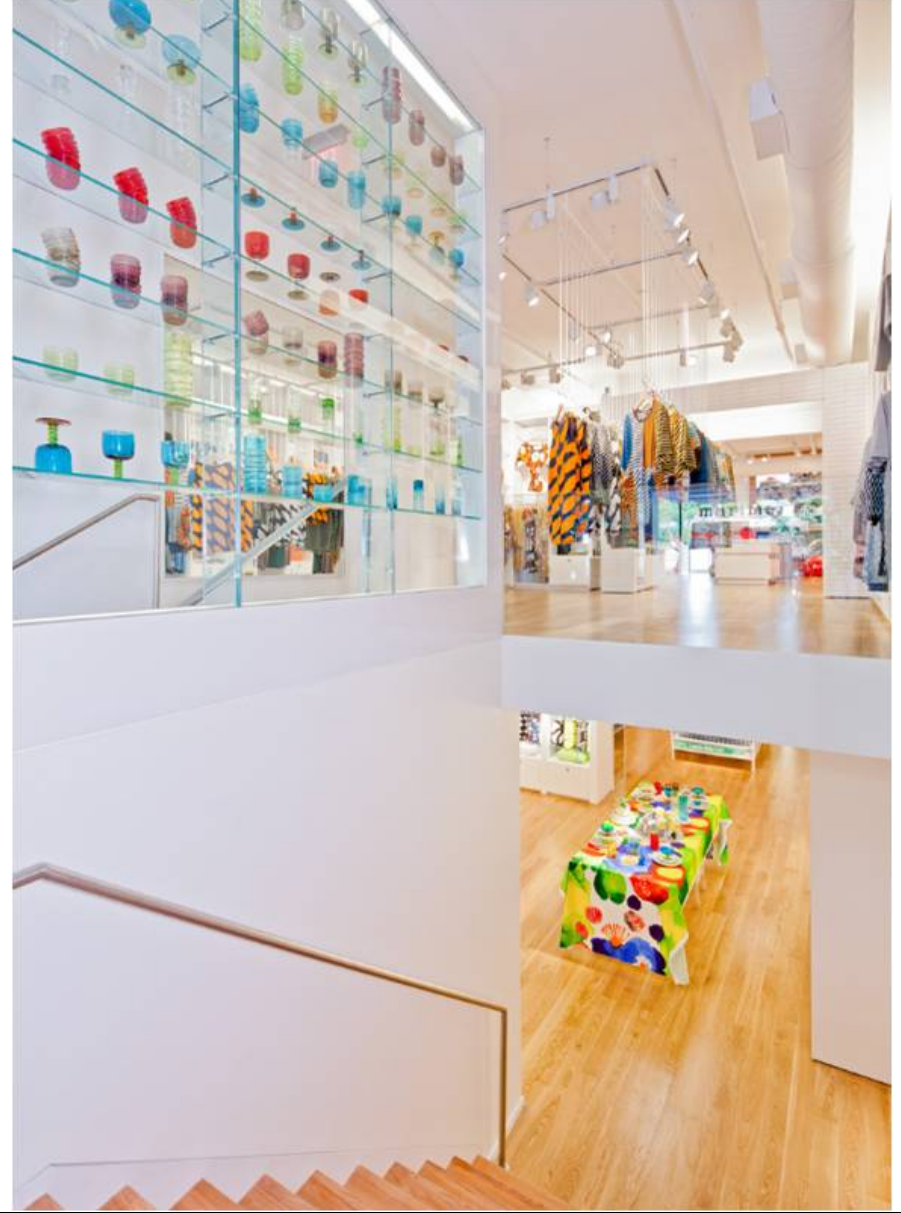
Marimekko has signed an agreement with the Canadian modern furniture company EQ3 for collaboration aimed at opening 10 Marimekko shop-in-shops by the end of 2014. First of them opened in Toronto at the beginning of September.

The expansion of the Marimekko store network in Japan continued with the opening of two new stores in Tokyo. There are now seven Marimekko stores in Tokyo.

Also, three new stores were opened in Finland during the third quarter.

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The two-story store in Boston is located in the very heart of the city, an area popular with students and faculty of some of the United States' leading universities, such as Harvard and MIT.

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**The Boston store follows the same concept as the flagship store opened in New York City last year, and its range encompasses all the product lines.**

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**Marimekko took a remarkable step and presented its unique point of view in the world of fashion in New York Fashion Week in September for the first time.**

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The Marimekko Spring/Summer 2013 clothing collection themed “Art of Print Making – Color for a Reason” and was led by Head of Fashion Design Noora Niinikoski.

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**Model Carmen Dell'Orefice, 81, who has been a fixture in the New York fashion world for decades, stunned the audience. Her charming and joyful appearance at Marimekko catwalk was widely recognized by international media.**

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A new Marimekko store opened in the style-conscious Marunouchi district, which is renowned as a centre of Tokyo's financial world and is where a lot of well-known fashion and design brand shops are located.

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Marunouchi, Tokyo

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**New Marimekko shop-in-shop opened in one of Japan's biggest department stores, the famous Seibu in Ikebukuro. The department store is located in the immediate vicinity of Tokyo's second-busiest railway station. Almost three million passengers pass through the station daily.**

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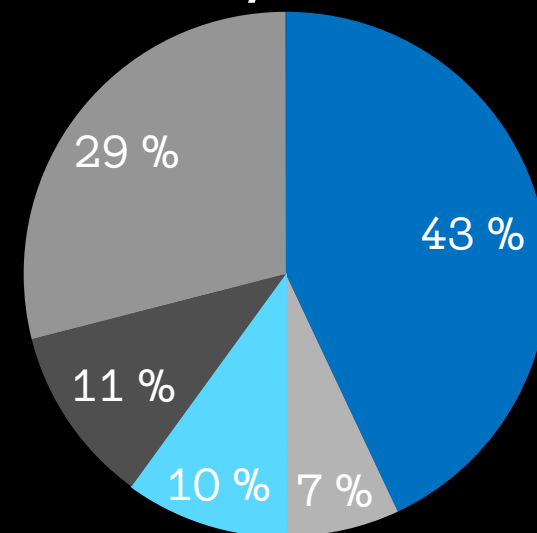
# Brand sales

From January to September 2012 brand sales\* grew by 10% to EUR 132.8 million (121.1). 57% (49%) of the sales came from abroad.

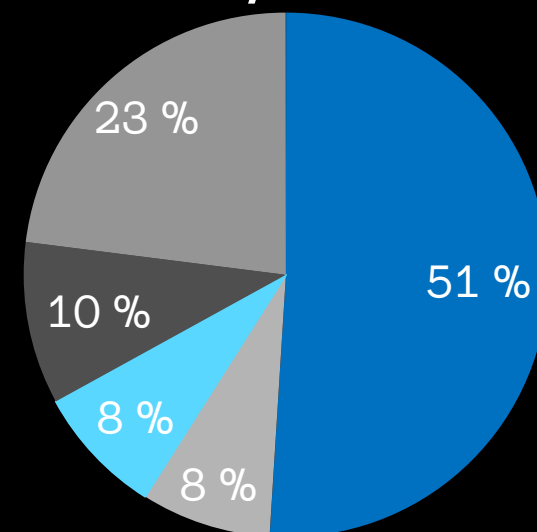
	(EUR 1,000)	1-9/2012	1-9/2011	Change,%
Finland		57,063	62,077	-8.1
Scandinavia		9,498	9,436	0.7
Central and Southern Europe		12,835	9,942	29.1
North America		15,135	11,793	28.3
Asia-Pacific		38,237	27,901	37.0
TOTAL		132,768	121,149	9.6

\* 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 key figure is not audited.

1-9/2012



1-9/2011



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# Net sales grew well

In January-September, net sales were up by 17% to EUR 62.7 million (53.9) fuelled by growth in international sales.

Net sales in Finland grew by 8%. Retail sales +24%; wholesale sales -12%.

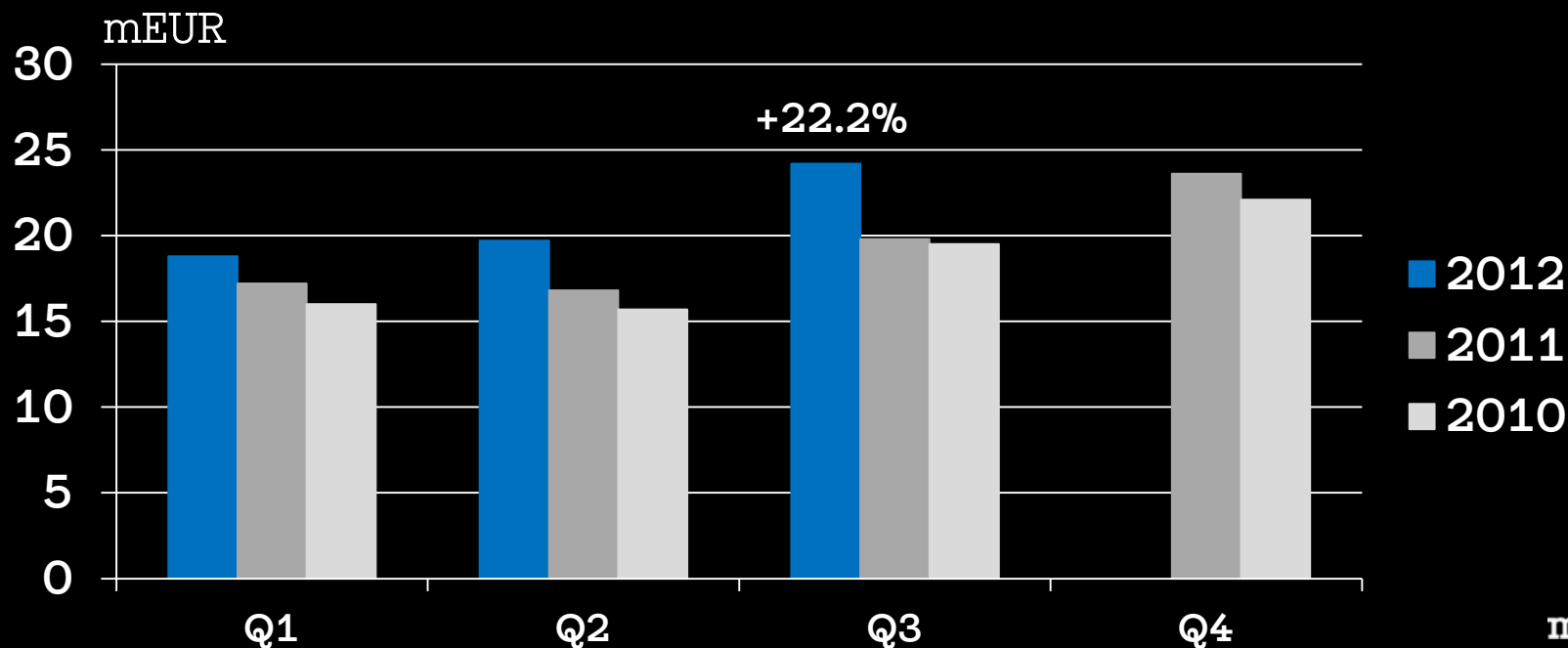
The fall in wholesale sales was partly due to changes effected in the distribution network in accordance with the company's distribution strategy.

International sales grew by 32%. Retail sales +135%; wholesale sales +17%.






The strongest growth in sales was in North America, 76%, and in Asia-Pacific, 39%.

During Q3 net sales grew by 22% to EUR 24.2 million (19.8).

In Finland net sales grew by 13% and international sales by 38%.

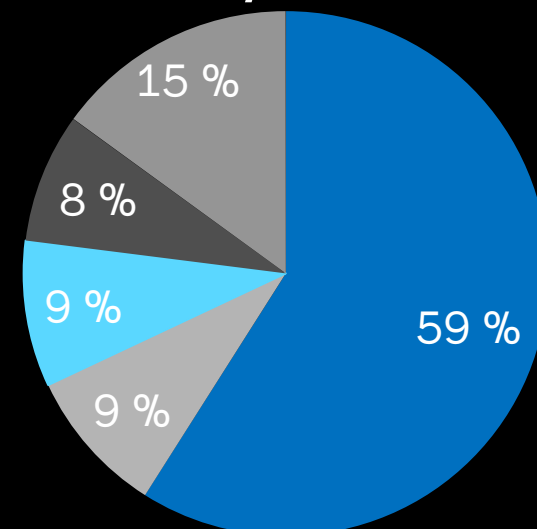


# Net sales by market area

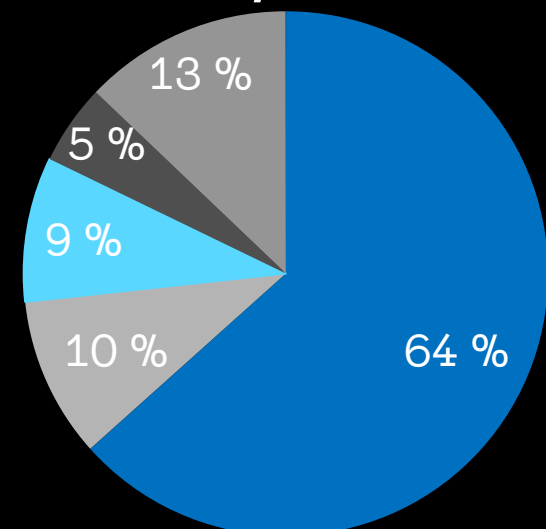
	(EUR 1,000)	1-9/2012	1-9/2011*	Change,%
	Finland	36,789	34,191	7.6
	Scandinavia	5,793	5,308	9.1
	Central and Southern Europe	5,908	4,869	21.3
	North America	4,934	2,808	75.7
	Asia-Pacific	9,299	6,685	39.1
	TOTAL	62,723	53,861	16.5

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

1-9/2012



1-9/2011





# Net sales by market area

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Finland +8%: retail sales +24%, wholesale sales -12%. 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 13%. Fall in wholesale sales was partly due to changes effected in the distribution network in accordance with the company's distribution strategy.

Scandinavia +9%: retail sales +63%, wholesale sales -11%. Three stores opened in 2011 and two stores opened in Sweden in the second quarter of this year boosted retail sales. The comparable trend in sales by company-owned stores was -11%. Consumers' purchasing behavior continued to be cautious in all countries and especially in Sweden.

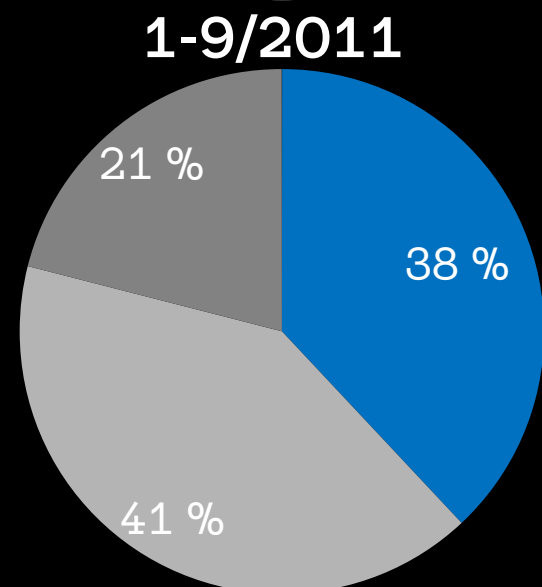
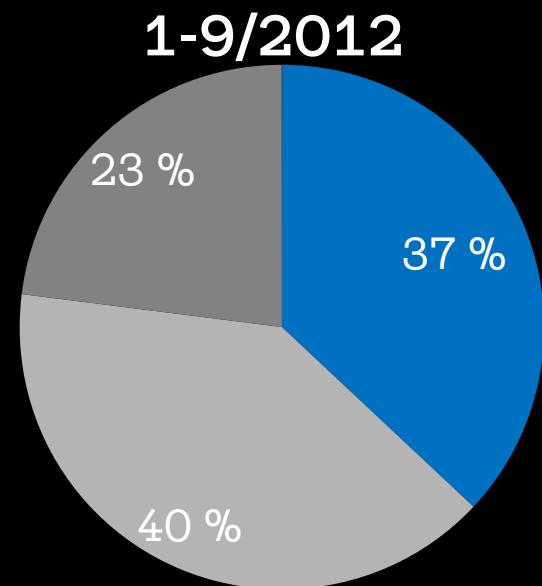
Central and Southern Europe +21%: retail sales +9%, wholesale sales +25%. Growth in retail sales was attributable to sales by the small company-owned store opened in London near the end of 2011. Sales were brisk in Belgium, Germany, the UK and France. The weak economic situation in Italy impacted consumer demand and sales took a downturn.

Net sales in North America grew by 76%. 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 outlet in Manchester, Vermont, also increased net sales. Wholesale sales were below expectations and fell by 11%.

The strong trend in wholesale sales seen in the Asia-Pacific region last year continued throughout the period under review. Sales grew by 39% and were above expectations in all countries. A clear majority of the growth came from Japan. In September, a retailer-owned store and a shop-in-shop were opened in Tokyo. The new store in Hong Kong, opened in the second quarter of this year, also boosted the sales. Efforts deployed in Australia also showed growth in sales.

# Net sales by product line

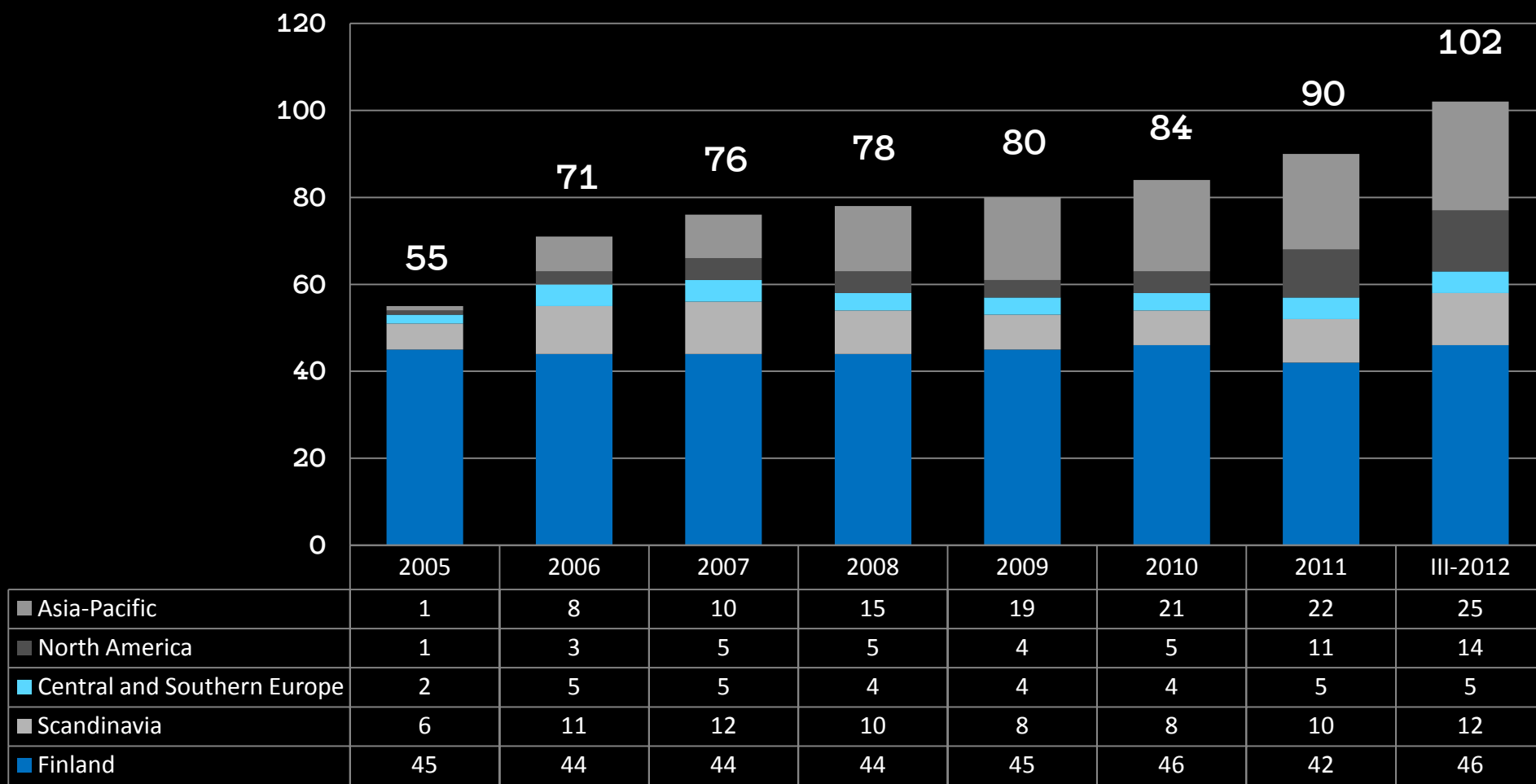
	(EUR 1,000)	1-9/2012	1-9/2011	Change,%
Clothing		23,125	20,534	12.6
Interior Decoration		25,422	22,289	14.1
Bags		14,176	11,038	28.4
TOTAL		62,723	53,861	16.5





# Marimekko stores

102 (83) stores\* at the end of September 2012

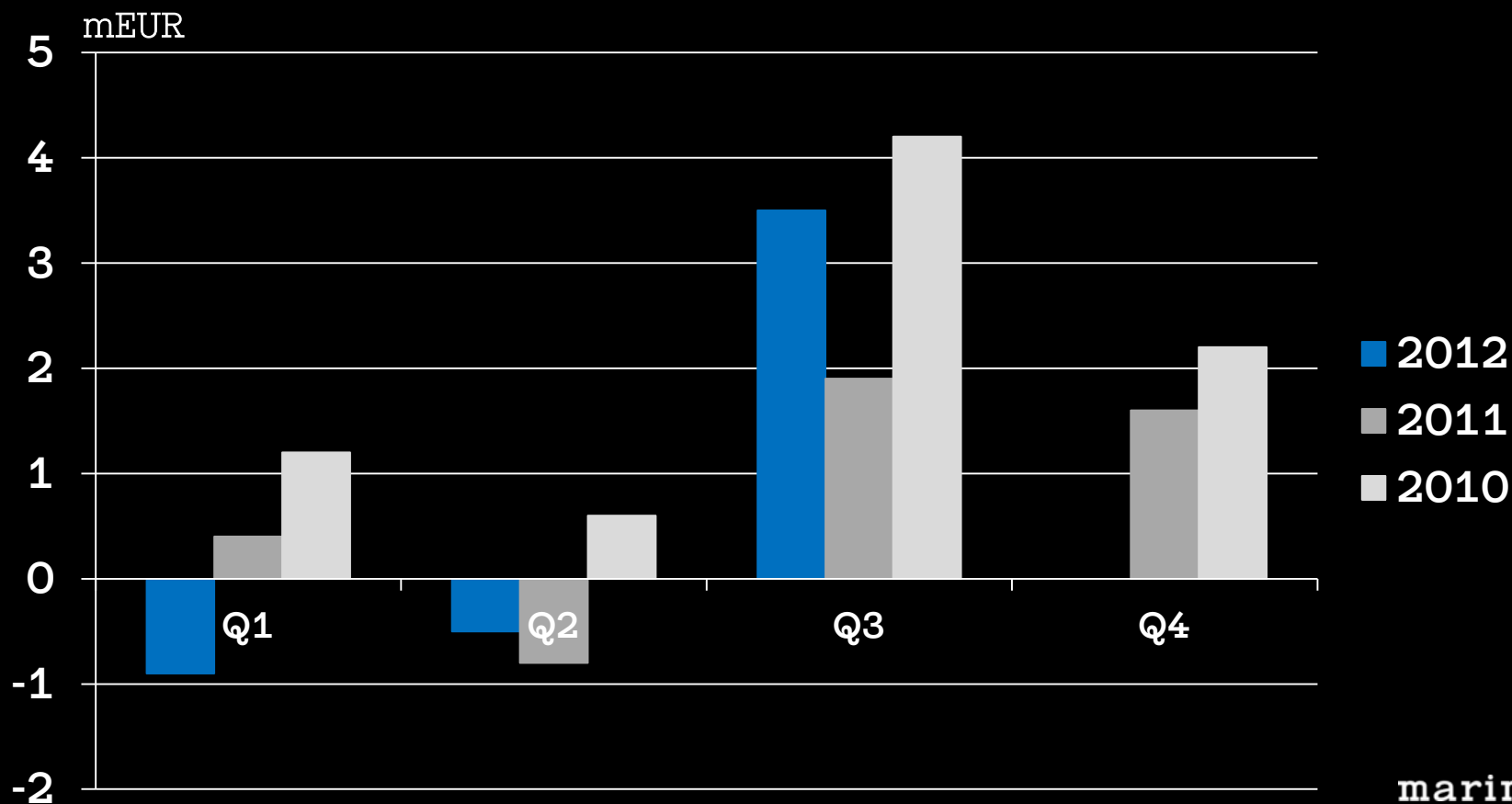


\*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 m<sup>2</sup>.  
There were 43 (30) own retail stores.

# Operating result turns for the better as expected

The operating result was EUR 2.0 million (1.9) during January-September 2012.

During the third quarter of the year, the operating profit took a noticeable turn for the better, growing by 50% and causing the cumulative profit to rise by 7%. The operating profit was improved by a 17% growth in net sales and a increase 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.



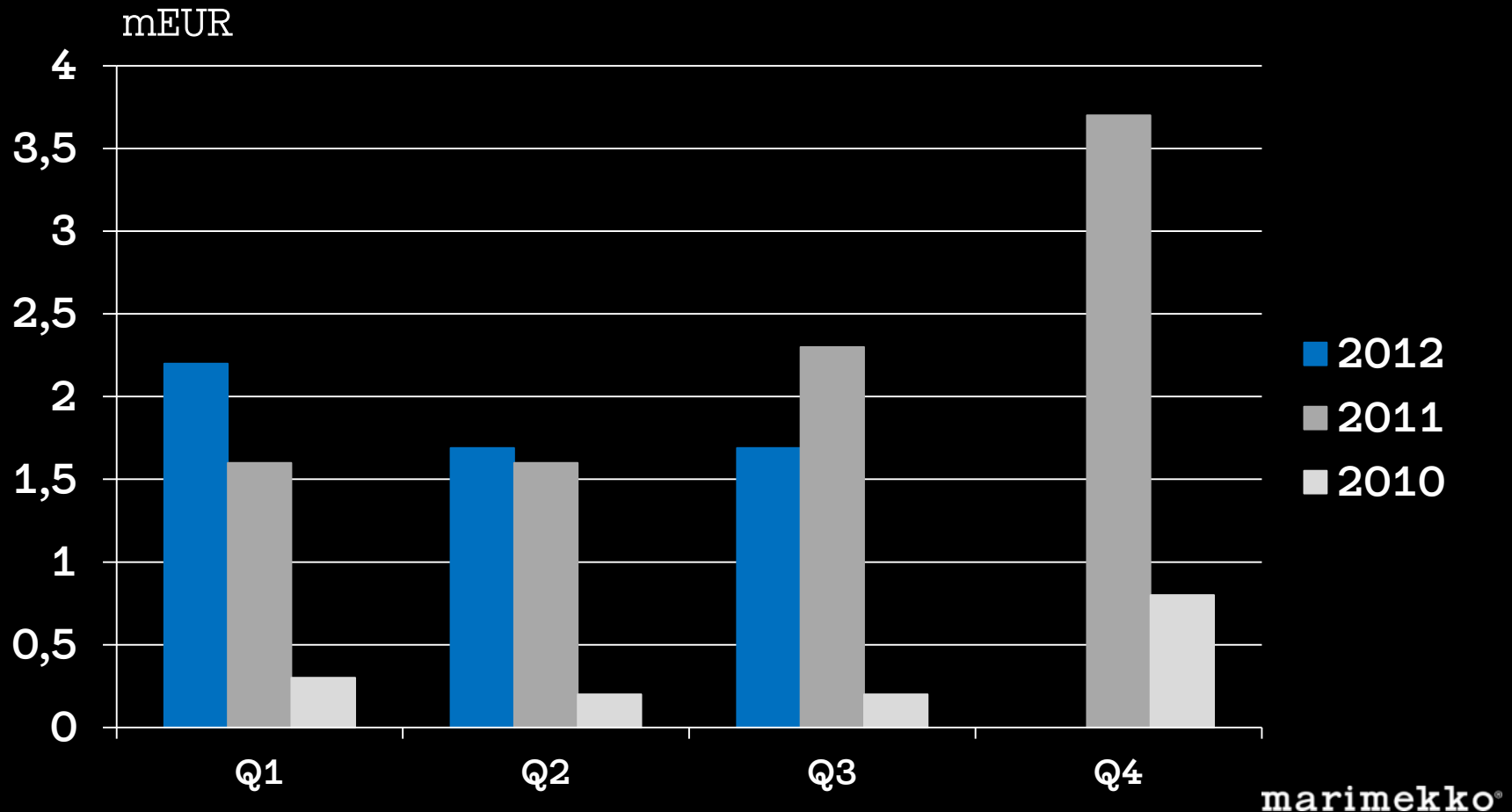


# Investments at previous year's level

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Gross investments were EUR 5.6 million (5.5) representing 9% (10%) of net sales.

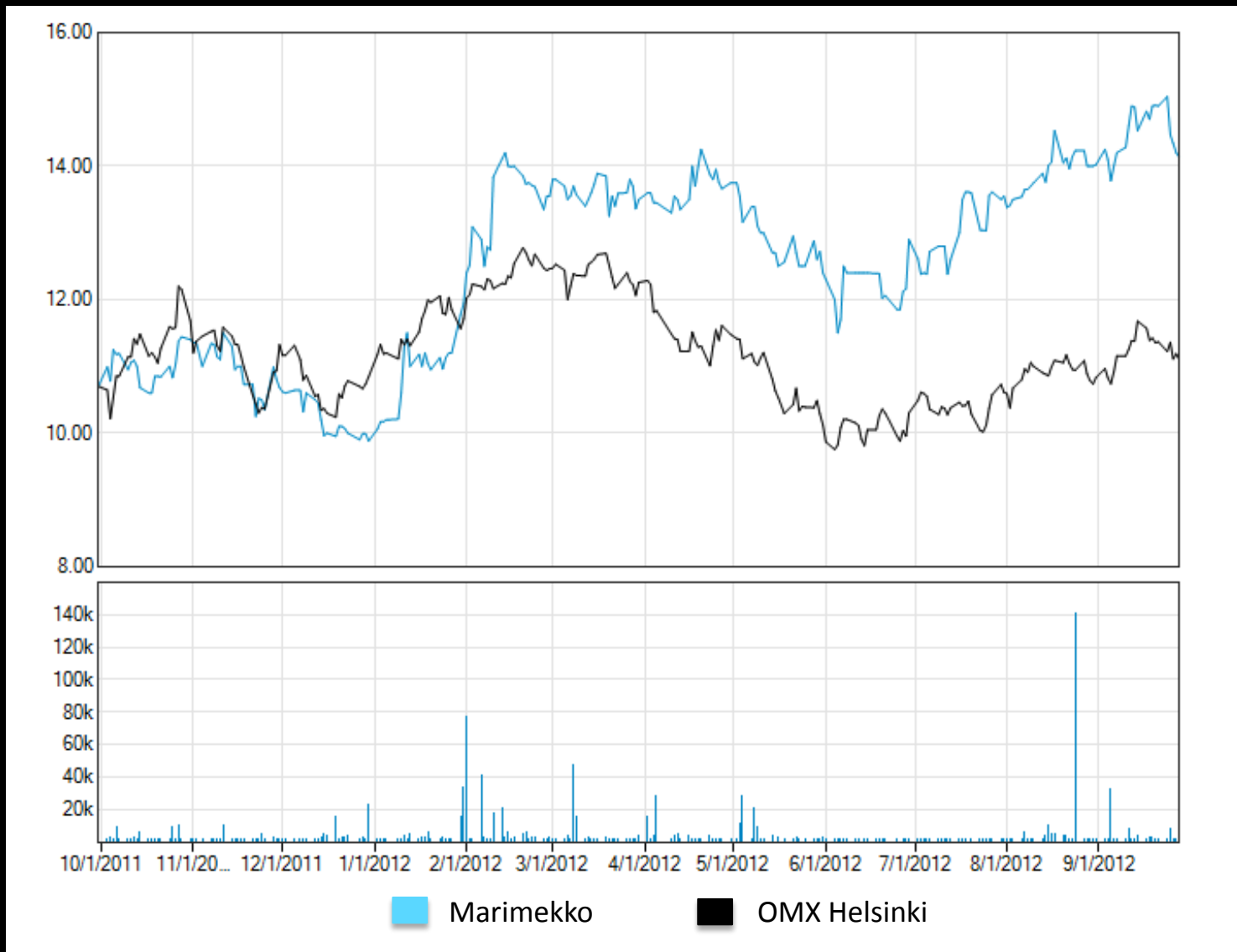
Most of the investments were devoted to building new stores and renovating the Herttoniemi property.



# Key figures

	1-9/2012	1-9/2011	Change, %	1-12/2011
Net sales, EUR 1,000	62,723	53,861	16.5	77,442
Proportion of international sales, %	41.3	36.5		35.8
EBITDA, EUR 1,000	4,535	3,333	36.1	5,744
Operating profit, EUR 1,000	2,006	1,883	6.5	3,528
Operating profit margin, %	3.2	3.5		4.6
Profit for the period, EUR 1,000	1,439	1,415	1.7	2,826
Earnings per share, EUR	0.18	0.18		0.35
Cash flow from operating activities, EUR 1,000	2,539	-1,816		651
Gross investments, EUR 1,000	5,609	5,529	1.4	9,220
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
Contingent liabilities, EUR 1,000	37,321	19,555	90.9	27,610
Personnel at the end of the period	482	405	19.0	434
outside Finland	77	47	63.8	63
Brand sales, EUR 1,000	132,768	121,149	9.6	168,557
Proportion of international sales, %	57.0	48.8		47.5
Number of retail stores and shop-in-shops	102	83	22.9	90

# Share price previous 12 months





# Market outlook and growth targets

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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

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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.



## Events after the review period

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New company-owned store opened in Palo Alto, in the heart of Silicon Valley, at the end of October. Marimekko's flagship in the West Coast, the new Beverly Hills store will open its doors mid-November.

At the end of October, Marimekko had many big events in Shanghai. Marimekko fashion show was presented in Shanghai's People's Park. Design Colours Life - Contemporary Finnish Design and Marimekko exhibition was opened in MoCa Shanghai. Also, Marimekko and Finnair launched their collaboration during Shanghai's Radical Design Week.

In Finland, Marimekko's online store launched at the end of October. Also, several new stores will open by the end of the year.

Most of Marimekko's employees subscribed for shares in the company's share issue directed to the personnel.





Marimekko showcased its Autumn/Winter 2012 clothing collection in Shanghai's People's Park in collaboration with the renowned Jin Xing Dance Theatre, bringing together two art forms, fashion and dance.

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## Exhibition at MoCa Shanghai

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Worldwide renowned Museum of Contemporary Art, MoCa Shanghai, opened Design Colours Life - Contemporary Finnish Design and Marimekko exhibition at the end of October. It will run until 7 December 2012.

Marimekko opens the topic as a forerunner and example of the inclusive, democratic approach of Finnish design thinking.

The exhibition is a unique opportunity to lift the lid on the insights behind the Finnish design tradition and inspire people. It is the main event of Shanghai's Radical Design Week, an exposition of Finnish future-oriented design and innovation.

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# Finnair design collaboration

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Marimekko and Finnair are teaming up to enhance the air travel experience with a new design partnership.

In addition to adding value to the customer experience, both companies look forward to the collaboration helping build more awareness of their brands. Marimekko and Finnair both have a long established presence in Japan but are growing rapidly in other Asian markets, China in particular.

From spring 2013 all Finnair aircraft will feature a Marimekko for Finnair collection of textiles and tableware, featuring Marimekko's classic patterns.

Two of Finnair's long-haul aircraft will wear livery based on Marimekko designs.

During the three-year collaboration, an exclusive selection of Marimekko design products are also available for Finnair customers in in-flight sales and Finnair Plus Shop.





Finnair's Airbus A340 featuring Maija Isola's iconic Unikko print is operating between Helsinki and Finnair's Asian destinations. It will be followed by another aircraft in Marimekko design in spring 2013.

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## Vaatteet

Anna Marimekon pukea sinut. Päästä varpasiin tai pienin yksityiskohdin. Sävyjä on satoja, kuvioita kymmeniä – jokaiselle jotakin ja monelle jopa monenmoista.

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Marimekko's online store opened in Finland

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