


**marimekko**



15 February 2018  
Tiina Alahuhta-Kasko

Financial Statements 2017





## Q4/2017 in brief

- + Net sales boosted by successful holiday season
- + Positive trend in retail sales, particularly in Finland
- + International sales grew by 15%
- + Increase in relative sales margin and lower depreciation
- Downturn in wholesale sales in Finland
  - nonrecurring promotional deliveries in the comparison period

### Key events

Marimekko and Spinnova started cooperation with the aim of furthering wood-based textiles' commercialisation

Marimekko Spirit exhibitions opened in Tokyo in November and December

New Marimekko store opened in Bangkok, Thailand in December

Satu Maaranen appointed as Marimekko's new Head Designer of ready-to-wear, bags and accessories



# Key figures

## Q4/2017

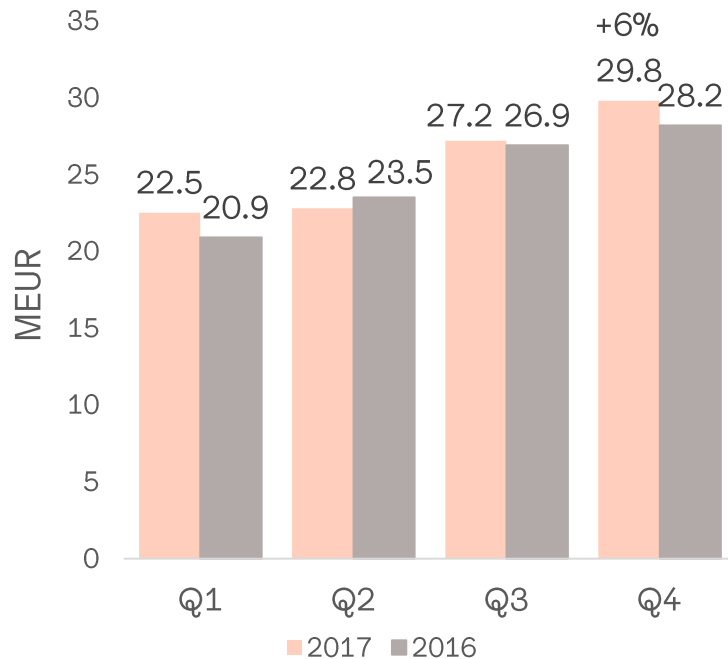
- Net sales EUR 29.8 million (28.2)
- Brand sales EUR 58.0 million (49.9)
- EBITDA EUR 3.2 million (2.7)
- Comparable EBITDA EUR 3.2 million (2.7)
- Operating profit EUR 2.4 million (1.8)
- Comparable operating profit EUR 2.4 million (1.8)
- Earnings per share EUR 0.21 (0.19)

## 2017

- Net sales EUR 102.3 million (99.6)
- Brand sales EUR 192.7 million (199.3)
- Operating profit EUR 8.4 million (5.2)
- Comparable operating profit EUR 8.6 million (6.1)

**Net sales and  
operating result**

# Net sales Q4/2017



Net sales +6% to EUR 29.8 million (28.2);  
+10% in comparable fx-rates

- retail sales +10%
- wholesale sales +1%

International sales +15% to EUR 13.4 million  
(11.7); +20% in comparable fx-rates

- retail sales +6%
- wholesale sales +21%

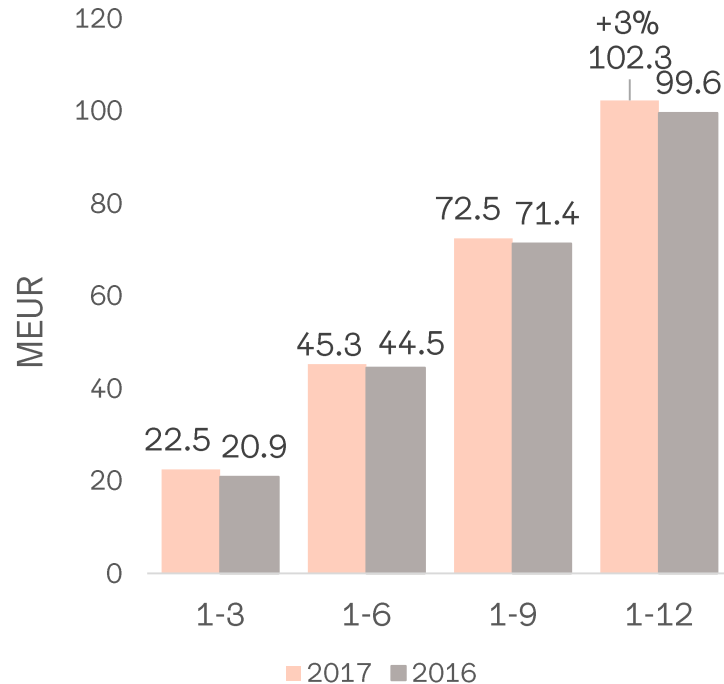
Sales in Finland -1% to EUR 16.4 million  
(16.5)

- retail sales +12% (like-for-like +13%\*)
- wholesale sales -25%
  - nonrecurring promotional deliveries in the comparison period

MEUR	10-12/2017	10-12/2016	Change, %
Finland	16.4	16.5	-1
Scandinavia	2.6	2.2	18
EMEA	3.1	2.5	26
North America	2.2	2.0	11
Asia-Pacific	5.5	5.0	11
TOTAL	29.8	28.2	6

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

# Net sales 2017



Net sales +3% to EUR 102.3 million (99.6);  
+5% in comparable fx-rates

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

International sales +6% to EUR 46.6 million  
(43.8); +9% in comparable fx-rates

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

Sales in Finland EUR 55.7 million (55.8)

- retail sales +5% (like-for-like +4%\*)
- wholesale sales -12%
  - nonrecurring promotional deliveries in the third and fourth quarters of the previous year

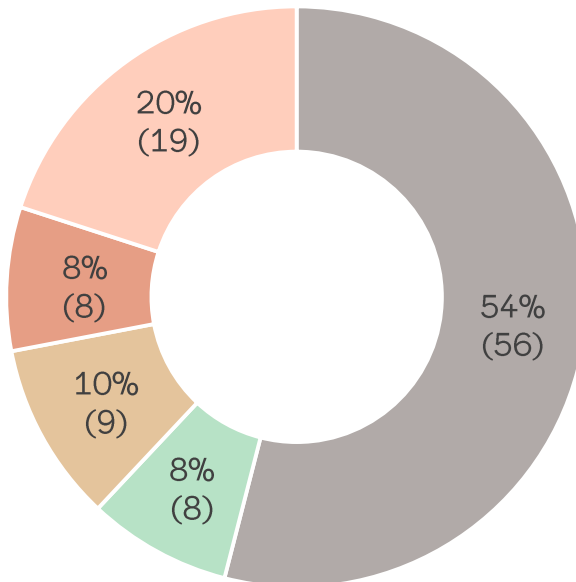
MEUR	2017	2016	Change, %
Finland	55.7	55.8	0
Scandinavia	8.5	7.8	8
EMEA	9.7	9.2	5
North America	8.3	7.9	4
Asia-Pacific	20.2	18.8	7
TOTAL	102.3	99.6	3

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

# Net sales by market area and by product line

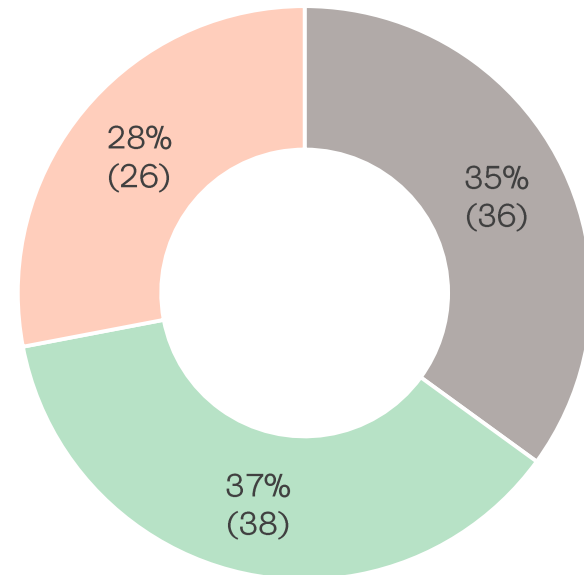
Net sales by market area  
2017

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



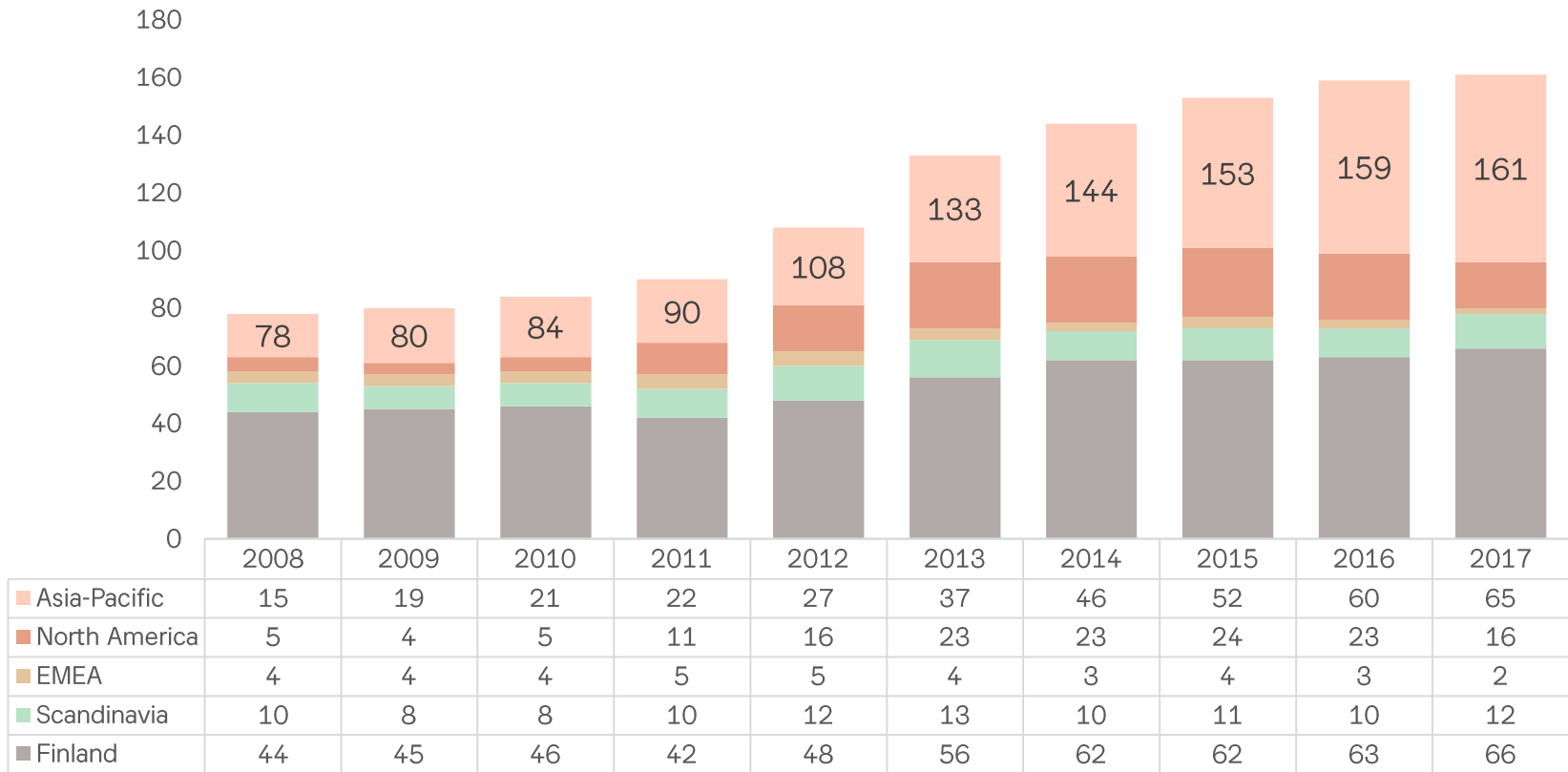
Net sales by product line  
2017

■ Fashion ■ Home ■ Bags & Accessories





# 161 stores\* at the end of 2017

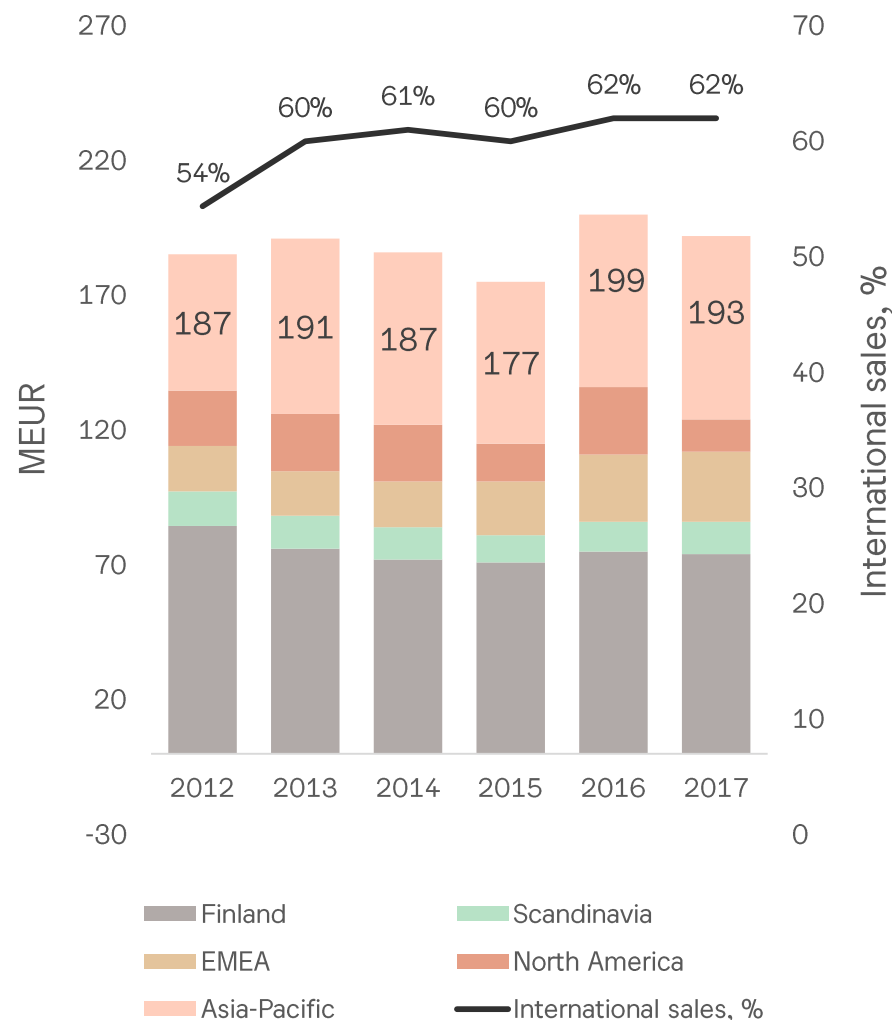
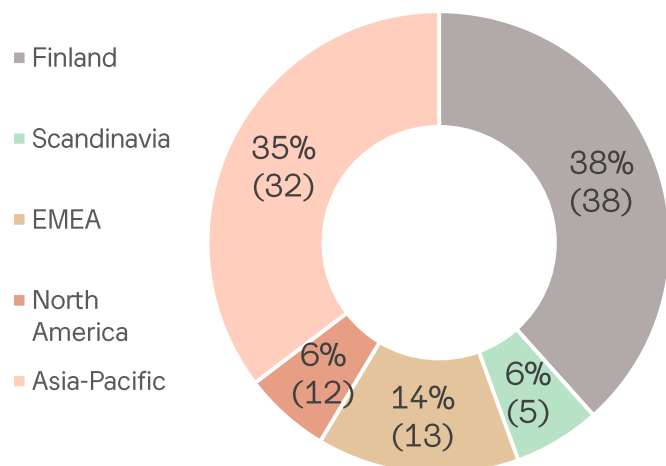


\*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 56 at the end of 2017 (55).

# Marimekko brand sales

In Q4, 62% of the brand sales came from abroad (58)

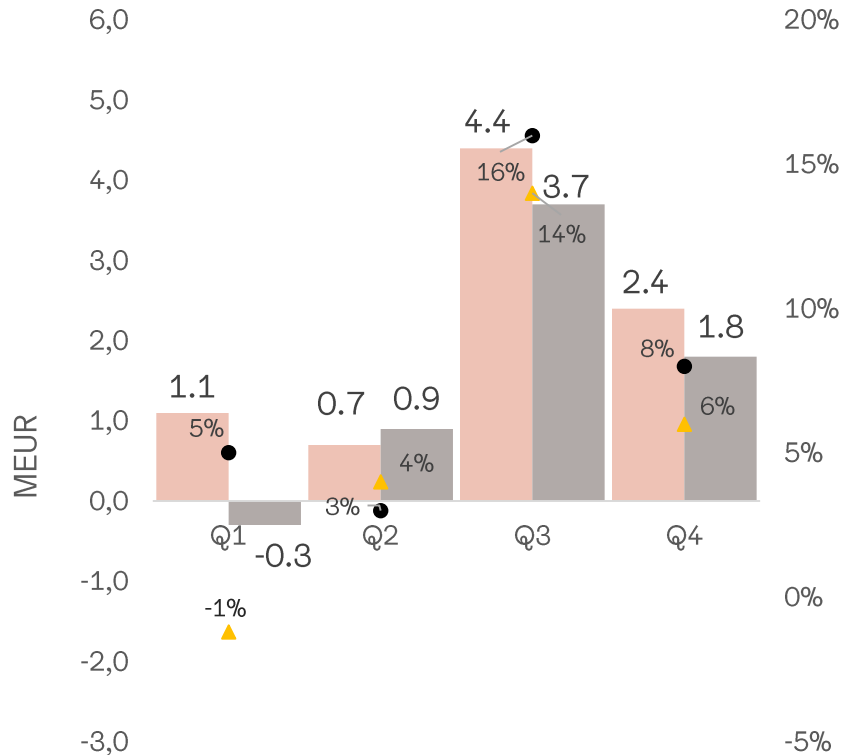
Brand sales by market area  
2017



MEUR	2017	2016	Change, %
Finland	74.2	75.2	-1
Scandinavia	11.7	10.5	11
EMEA	26.5	25.5	4
North America	12.2	24.6	-50
Asia-Pacific	68.2	63.5	7
TOTAL	192.7	199.3	-3

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 profit Q4/2017



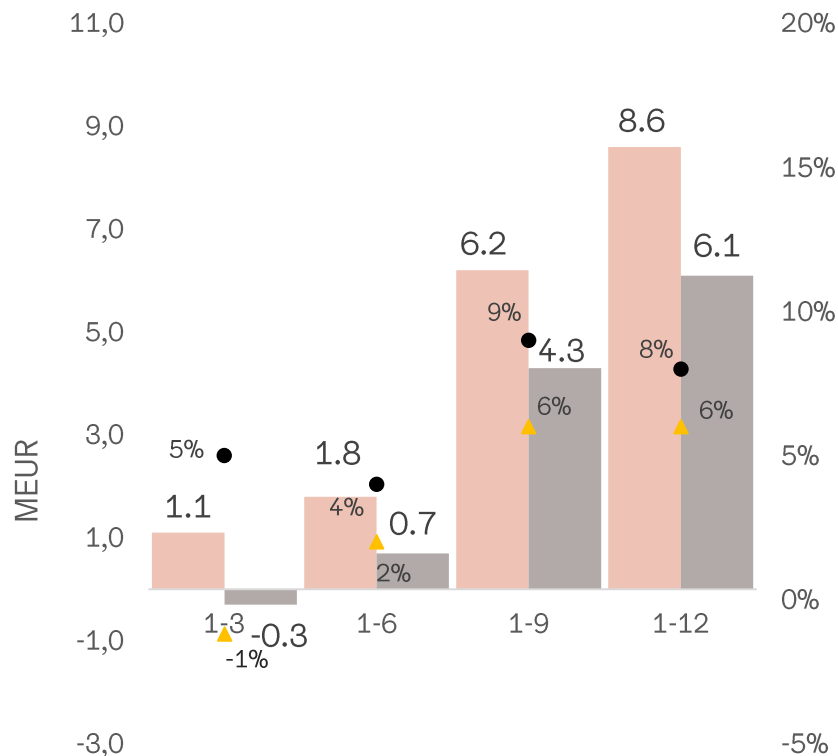
Operating profit EUR 2.4 million (1.8)

Comparable operating profit EUR 2.4 million (1.8)

- + Positive trend in retail sales, particularly in Finland
- + Increase in relative sales margin
- + Lower depreciation
- Downturn in wholesale sales in Finland
  - nonrecurring promotional deliveries 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, %

# Operating profit 2017



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

Operating profit EUR 8.4 million (5.2)

- a restructuring expense of EUR 0.8 million in 2016 and EUR 0.2 million in 2017

Comparable operating profit EUR 8.6 million (6.1)

- + Growth in net sales
- + Higher sales margin
- + Reduced depreciation and personnel expenses
- Downturn in wholesale sales in Finland
  - nonrecurring promotional deliveries in the third and fourth quarters of the previous year
- Increase in other fixed costs

# Key figures

	10-12/ 2017	10-12/ 2016	Change, %	2017	2016	Change, %
Net sales, EUR million	29.8	28.2	6	102.3	99.6	3
International sales, EUR million	13.4	11.7	15	46.6	43.8	6
<i>% of net sales</i>	45	41		46	44	
EBITDA, EUR million	3.2	2.7	19	11.7	9.4	25
Comparable operating result, EUR million	2.4	1.8	35	8.6	6.1	41
<i>Comparable operating result margin, %</i>	8.0	6.3		8.4	6.1	
Result for the period, EUR million	1.7	1.5	12	5.7	4.0	40
Earnings per share, EUR	0.21	0.19	12	0.70	0.50	40
Cash flow from operating activities, EUR million	8.9	7.8	15	9.8	6.1	60
<i>Return on investment (ROI), %</i>				21.6	15.8	
<i>Equity ratio, %</i>				65.2	58.5	
<i>Gearing, %</i>				-9.4	8.8	
Gross investments, EUR million	0.3	0.4	-35	1.2	2.7	-56
Contingent liabilities, EUR million				25.7	32.7	-21
Personnel at the end of the period				446	431	3
outside Finland				122	111	10



# **Key events in 2017**



## Key events in 2017

During the year, a total of 12 new Marimekko stores and shop-in-shops were opened in China, Japan, Thailand, Finland, Norway, and Sweden. Marimekko extended its e-commerce to 17 new countries in Europe, now serving 30 countries globally.

The fall/winter 2017 ready-to-wear collection was presented at Paris Fashion Week in March and the spring/summer 2018 collection in October. Marimekko's bold prints and colours were also shown in Paris in Junya Watanabe's spring/summer 2018 collection for Comme des Garçons.

Marimekko was honoured to be invited to Isetan Shinjuku Stage in Tokyo.

Marimekko and Microsoft unveiled accessories for Microsoft's Surface devices.

Marimekko for Finnair design collaboration continued with Finnair's A350 aircraft featuring Marimekko's Kivet (stones) pattern.

Marimekko Designathon combined design and technology to find new innovative solutions using virtual and augmented reality technologies.

Marimekko and Spinnova started cooperation with the aim of furthering wood-based textiles' commercialisation.

Marimekko Spirit exhibitions opened in Tokyo in November and December.

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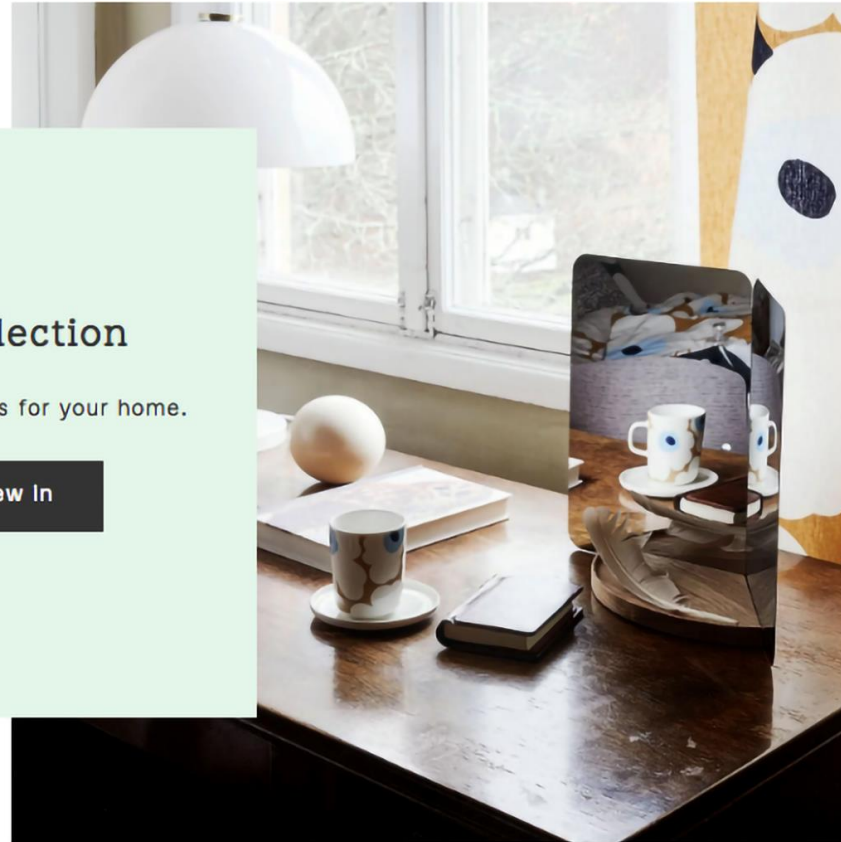
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#GrowthStories  
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## New collection

Blossoming patterns for your home.

Shop new in



New in

Bold patterns

The significance and role of digital business in Marimekko's internationalisation strategy is continuously increasing. During 2017, Marimekko extended its e-commerce to 17 new countries in Europe.





Marimekko successfully presented its ready-to-wear collections at Paris Fashion Week in March and October 2017





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





Marimekko and Microsoft unveiled accessories for Microsoft's Surface devices



Marimekko for Finnair design collaboration continued when Finnair's A350 aircraft featuring Marimekko's Kivet (stones) livery started flying from Helsinki to Finnair destinations in Asia



Marimekko Designathon, an international hackathon organised together with Slush, Europe's leading event for technology and start-ups, and Junction, the largest hackathon in Europe, gathered 50 younger generation creators at Marimekko headquarters to challenge the traditional conventions of the textile and clothing industry





Photo credit: Spinnova

Marimekko and the Finnish fibre technology company Spinnova begun cooperating on the development and commercialisation of new, wood-based textiles





The Marimekko Spirit exhibitions showcasing Marimekko's contemporary art of print making to celebrate the centenary of Finland's independence opened in Tokyo in November and December 2017



# marimekko



Thailand's fifth Marimekko store was opened in Central Bangna, Bangkok in December 2017

## Events after the review period



Marimekko for Clinique Limited Edition Collection – Marimekko and prestige cosmetic brand Clinique announced a collaboration offering new, print-centric beauty products to customers around the world.

The Marimekko for Clinique Limited Edition Collection was launched on Clinique.com in January 2018, and in-store at Clinique retailers at the beginning of February 2018.

Marimekko and UNIQLO, a Japanese global apparel retailer, announced their partnership on a special edition collaboration collection which will be available for a limited time only – from the end of March 2018.

The brand collaboration relates to the royalty income from a licensing agreement with a Japanese company referred to in Marimekko's January-September interim report in November 2017.





# Market outlook and growth targets for 2018

## Finland

- Finland represents about half of the company's net sales.
- Growth in retail trade in Finland is forecast to be at a fairly good level.
- Nonrecurring promotional deliveries will have a positive impact on the company's sales in 2018.
- Marimekko's sales in Finland are expected to grow in 2018.

## The Asia-Pacific region

- The Asia-Pacific region, Marimekko's second-biggest market, plays a significant part in the company's internationalisation.
- Japan is clearly the most important country to Marimekko in this region; 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 2018 are forecast to grow, and the company sees increasing demand for its products in this area especially in the longer term.

## Also

- Royalty income in 2018 is expected to be roughly on a par with the previous year.
- The expenses of marketing operations in 2018 are forecast to be higher than in 2017 (EUR 4.5 million); the total investments are estimated to grow relative to the previous year (EUR 1.2 million).
- Due to the seasonal nature of Marimekko's business, the major portion of the company's net sales and earnings are traditionally generated during the last two quarters of the year. The share of holiday sales, in particular, of the company's net sales for the last quarter is considerable and the outcome of the holiday season has a significant impact on results for the whole year.

## Growth targets for 2018

- The main thrust in expansion remains on openings of retailer-owned Marimekko stores.
- The company's own e-commerce and other online sales channels are forecast to continue to grow.
- The aim is to open around 10–15 new Marimekko stores and shop-in-shops.
- The company will continue the enhancement of the operations of Marimekko stores opened in recent years.

# Financial guidance for 2018

The Marimekko Group's net sales and comparable operating profit for 2018 are forecast to be at the same level as or higher than in the previous year.





## **Proposal for the dividend for 2017**

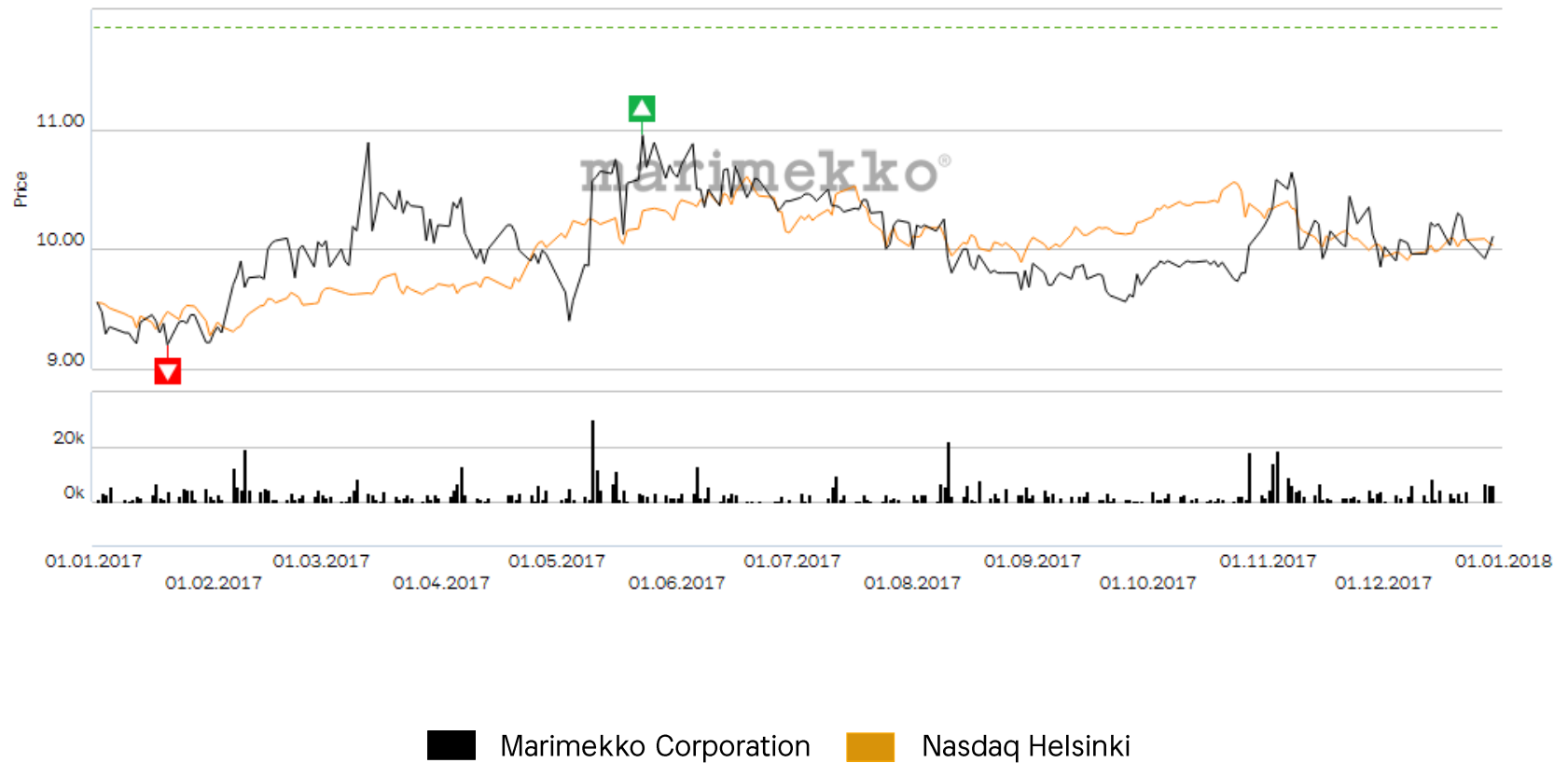
The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid for 2017.

On 31 December 2017, the parent company's distributable funds amounted to EUR 19,194,424.94; profit for the financial year was EUR 4,948,190.32.

The Board will propose 16 April 2018 as the dividend record date, and 23 April 2018 for the dividend payout.



# Share price, previous 12 months



# Appendices

# Income statement

MEUR	10-12/2017	10-12/2016	2017	2016
NET SALES	29.8	28.2	102.3	99.6
Other operating income	0.1	0.1	0.4	0.4
Use of materials and consumables*	-11.6	-11.5	-37.1	-37.2
Employee benefit expenses	-6.8	-6.6	-24.5	-25.7
Depreciation and impairments	-0.8	-0.9	-3.3	-4.1
Other operating expenses	-8.4	-7.5	-29.4	-27.7
OPERATING PROFIT	2.4	1.8	8.4	5.2
Net financial items	-0.2	0.2	-1.2	-0.1
RESULT BEFORE TAXES	2.2	2.0	7.1	5.2
Income taxes	-0.5	-0.4	-1.5	-1.1
NET RESULT	1.7	1.5	5.7	4.0

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

# Balance sheet

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MEUR	31.12.2017	31.12.2016	MEUR	31.12.2017	31.12.2016
Non-current assets	13.3	15.6	Equity	30.7	28.3
Inventories	20.9	21.4	Financial liabilities and finance lease liabilities	3.1	5.8
Other current assets	6.6	8.0	Other non-current liabilities	-	0.1
Cash and cash equivalents	6.2	3.5	Current liabilities	13.3	14.3
ASSETS, TOTAL	47.1	48.5	SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	47.1	48.5

# Cash flow statement

MEUR	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL	11.7	9.4
Change in working capital	0.4	-2.6
CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES	12.1	6.8
Financial items and taxes	-2.3	-0.7
CASH FLOW FROM OPERATING ACTIVITIES	9.8	6.1
Cash flow from investing activities	-1.0	-2.6
CASH FLOW BEFORE FINANCING ACTIVITIES	8.8	3.6
Short-term loans drawn	2.0	4.0
Short-term loans paid	-2.0	-4.0
Net change in long-term loans, and finance lease liabilities paid	-2.9	-1.5
Dividends paid	-3.2	-2.8
CHANGE IN CASH AND CASH EQUIVALENTS	2.7	-0.8
Cash and cash equivalents at the beginning of the period	3.5	4.2
Cash and cash equivalents at the end of the period	6.2	3.5

# Largest shareholders, 31 December 2017

Quoted on Nasdaq Helsinki - Consumer goods

- 1999, I list
- 2002, main list

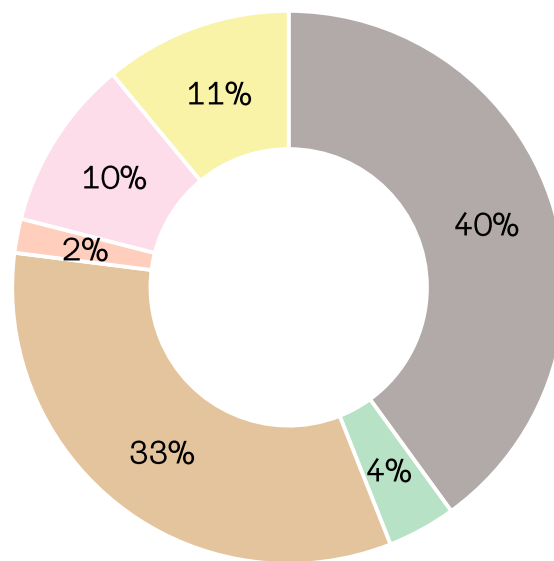
Market cap ~ EUR 82 million

7,575 shareholders

Largest shareholders, 31 December 2017	No. of shares and votes	%
Muotitila Oy	1,297,700	16.04
Moomin Characters Oy Ltd	585,000	7.23
Ehnröth 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	231,301	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

Ownership by sector,  
31 December 2017

- 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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