

A photograph of two women standing close together against a light-colored wooden background. The woman on the left has long, wavy brown hair and is wearing a black dress with large red heart-shaped patterns. She has her arm around the shoulder of the woman on the right. The woman on the right has straight black hair with bangs and is wearing a red dress with large black heart-shaped patterns. She is carrying a black shoulder bag. Both women are looking towards the camera.

6 November 2019
Tiina Alahuhta-Kasko

Marimekko Interim Report 1-9/2019



Q3/2019: net sales +15%, comparable operating profit +24%

- + Net sales rose by 15%, growth generated primarily by Finnish retail and wholesale sales as well as licensing income and wholesale sales in the Asia-Pacific.
- + Sales in Finland grew by 14% and international sales by 17%.
- + Comparable operating profit grew by 24%, boosted by sales growth.
- Results were weakened by higher fixed costs.
- Successful launches of Marimekko Kioski, a unisex streetwear collection, and a new leather bag line.
- Financial guidance for 2019 upgraded on comparable operating profit on 14 October 2019.



Key figures

Q3/2019

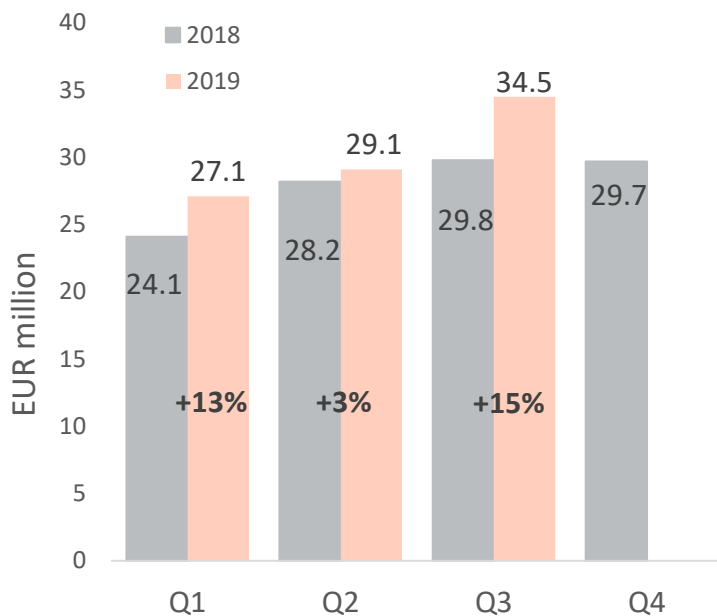
- Net sales EUR 34.5 million (29.8)
- Brand sales EUR 64.4 million (54.9)
- EBITDA EUR 11.0 million (6.8)
- Comparable EBITDA EUR 11.0 million (6.9)
- Operating profit EUR 7.8 million (6.2)
- Comparable operating profit EUR 7.8 million (6.3)
- Earnings per share EUR 0.79 (0.60)
- Comparable earnings per share EUR 0.79 (0.60)

1–9/2019

- Net sales EUR 90.7 million (82.1)
- Brand sales EUR 176.8 million (197.9)
- Operating profit EUR 14.1 million (16.5)
- Comparable operating profit EUR 14.1 million (10.6)

**Net sales and
operating profit**

Net sales Q3/2019: +15% to EUR 34.5 million (29.8)



- retail sales +16%
- wholesale sales +6%

International sales +17% to EUR 14.8 million (12.7)

- retail sales +15%
- wholesale sales +4%
- increased licensing income

Sales in Finland +14% to EUR 19.7 million (17.2)

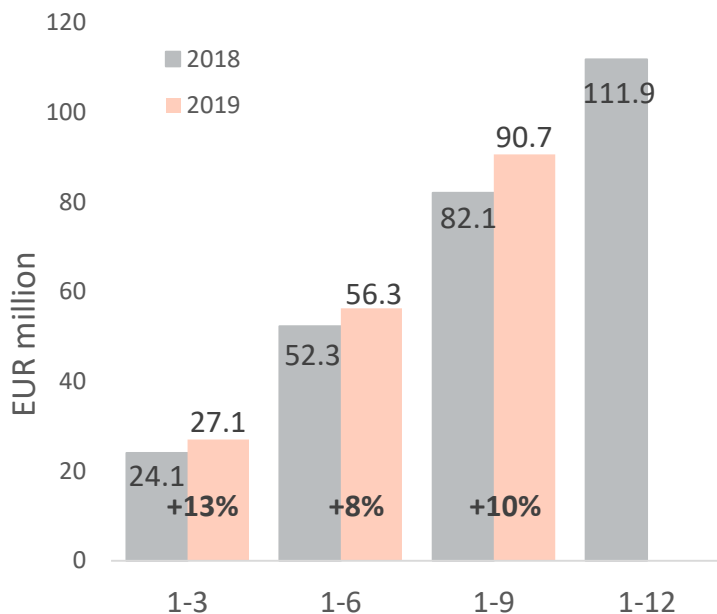
- retail sales +16% (like-for-like +22%*)
- wholesale sales +9%

+ Growth in net sales generated primarily by Finnish retail and wholesale sales as well as licensing income and wholesale sales in the Asia-Pacific region.

| EUR million | Q3/2019 | Q3/2018 | Change, % |
|----------------------------|-------------|-------------|-----------|
| Finland | 19.7 | 17.2 | 14 |
| Scandinavia | 2.5 | 2.3 | 8 |
| EMEA | 2.8 | 2.7 | 5 |
| North America | 2.3 | 2.2 | 4 |
| Asia-Pacific | 7.2 | 5.5 | 31 |
| International sales | 14.8 | 12.7 | 17 |
| TOTAL | 34.5 | 29.8 | 15 |

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

Net sales 1–9/2019: +10% to EUR 90.7 million (82.1)



- retail sales +12%
- wholesale sales +6%

International sales +12% to EUR 41.5 million (36.9)

- retail sales +8%
- wholesale sales +11%
- increased licensing income

Sales in Finland +9% to EUR 49.2 million (45.2)

- retail sales +14% (like-for-like +18%*)
- wholesale sales -3%, due to smaller nonrecurring promotional deliveries compared to last year

+ Growth in net sales generated primarily by Finnish retail, wholesale sales in EMEA as well as wholesale sales and licensing income in the Asia-Pacific region.

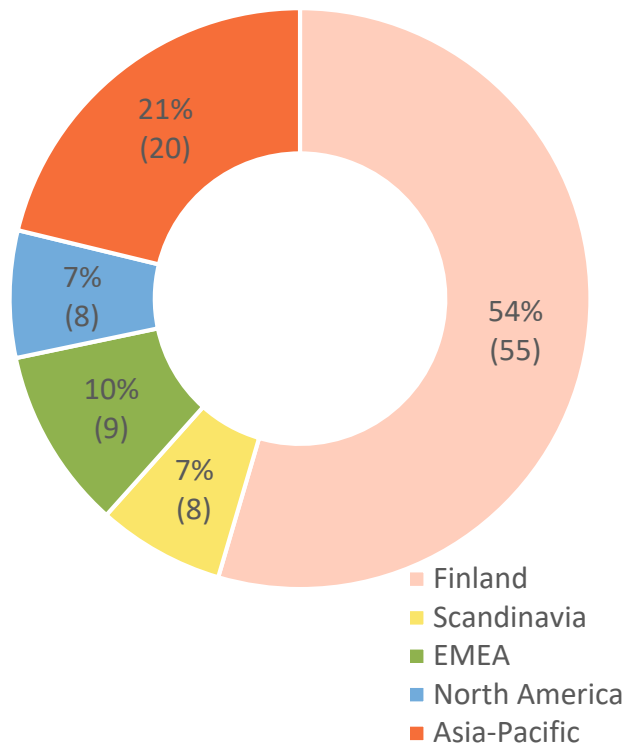
| EUR million | 1-9/2019 | 1-9/2018 | Change, % |
|----------------------------|-------------|-------------|-----------|
| Finland | 49.2 | 45.2 | 9 |
| Scandinavia | 6.7 | 6.4 | 4 |
| EMEA | 9.4 | 7.5 | 25 |
| North America | 6.2 | 6.2 | 0 |
| Asia-Pacific | 19.1 | 16.7 | 14 |
| International sales | 41.5 | 36.9 | 12 |
| TOTAL | 90.7 | 82.1 | 10 |

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

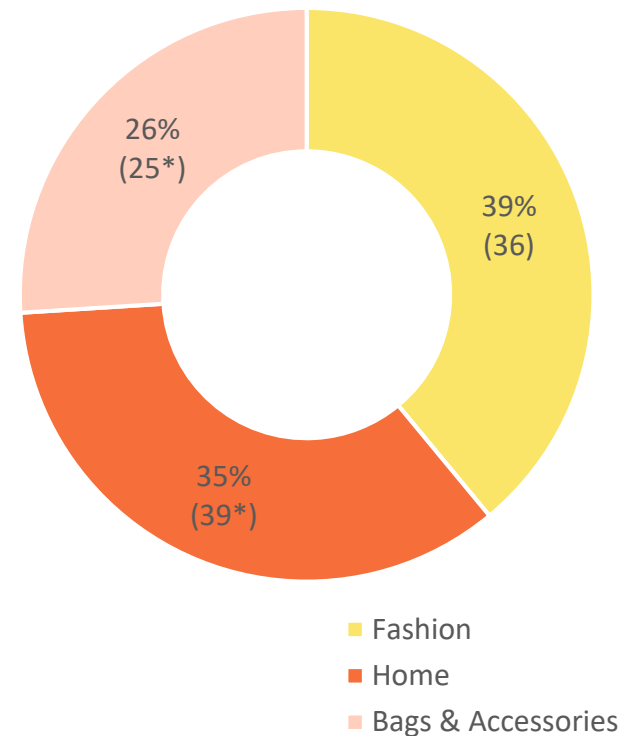
Growth primarily in Finland, the Asia-Pacific region and EMEA, with sales of fashion and bags & accessories increasing

Net sales: EUR 90.7 million (82.1)

Net sales by market area 1-9/2019



Net sales by product line 1-9/2019



*As of the beginning of 2019, the product category of cosmetic bags is included in the home product line instead of bags and accessories. To maintain comparability, the figures for 2018 have been restated accordingly.

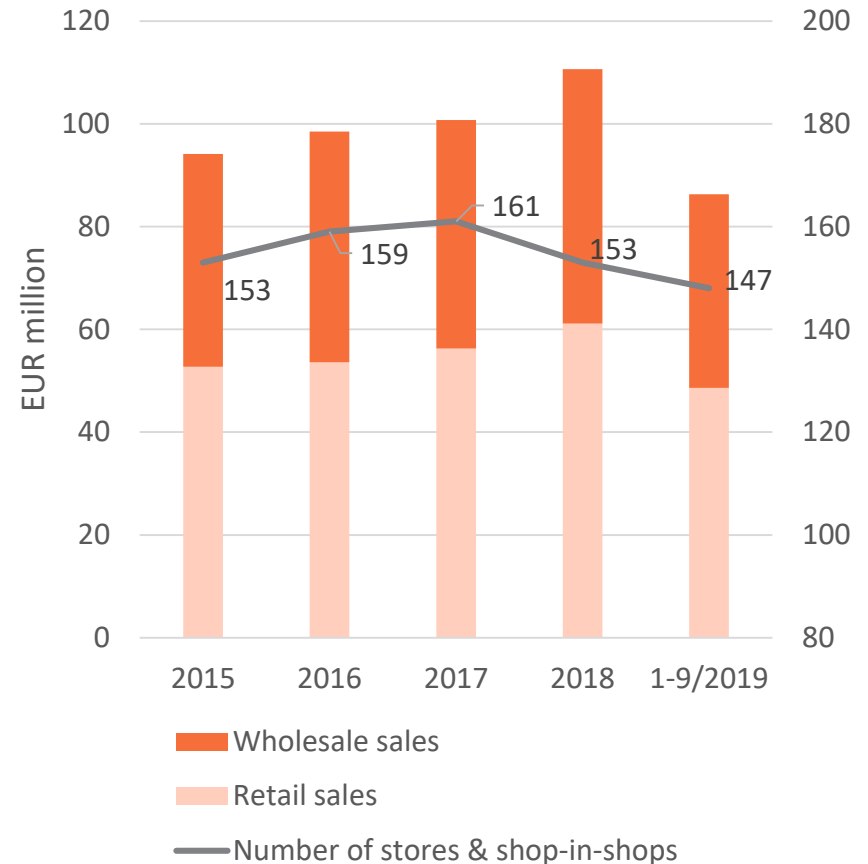
Global footprint

56% of Marimekko stores & shop-in-shops located outside home market
Around 150 stores in 15 countries, e-commerce reaching customers in 32 countries

Global retail footprint 9/2019

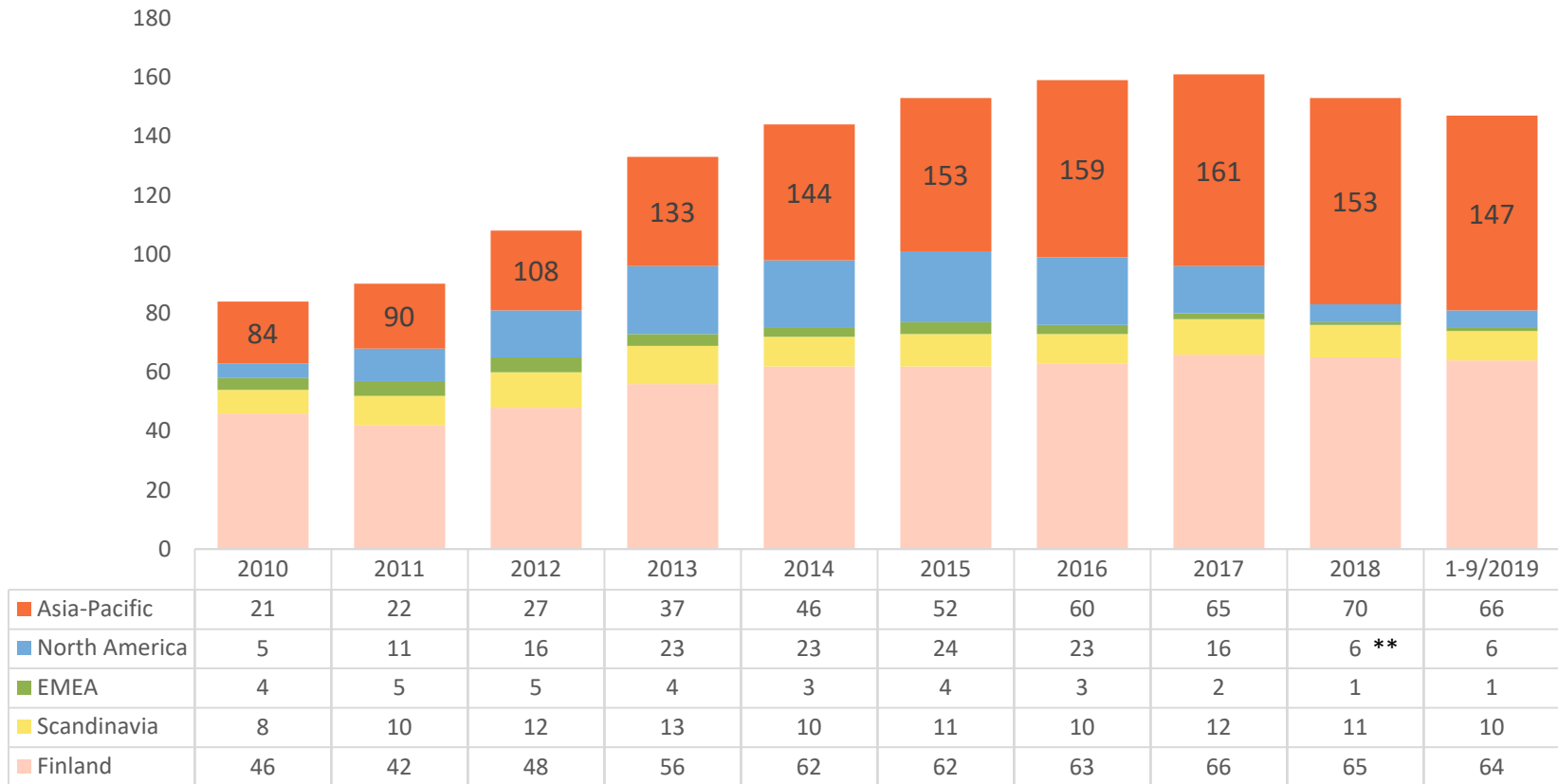


Net sales by channel, incl. e-commerce



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 52 at the end of September 2019 (54).

147 Marimekko stores* at the end of September 2019



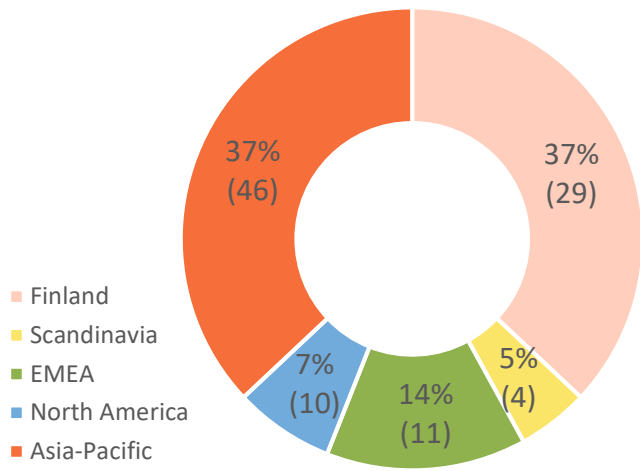
*Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 52 at the end September 2019 (54).

** The company corrected the number of stores in North America in 2018 by reducing 11 shop-in-shops. These shops have an area of less than 30 sqm and so are below the reporting limit. The change had no effect on reported North American wholesale sales.

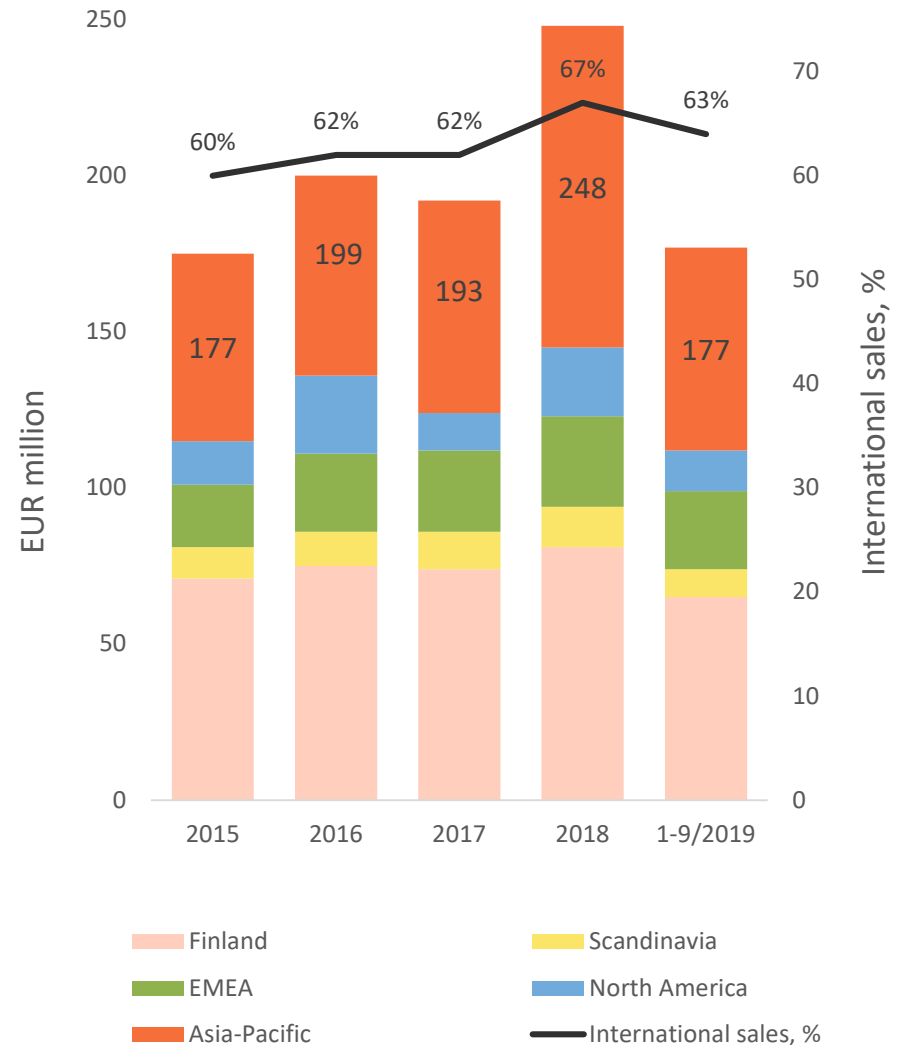
Marimekko brand sales +17% in Q3/2019

In Q3/2019, 61% of the brand sales came from abroad (60).

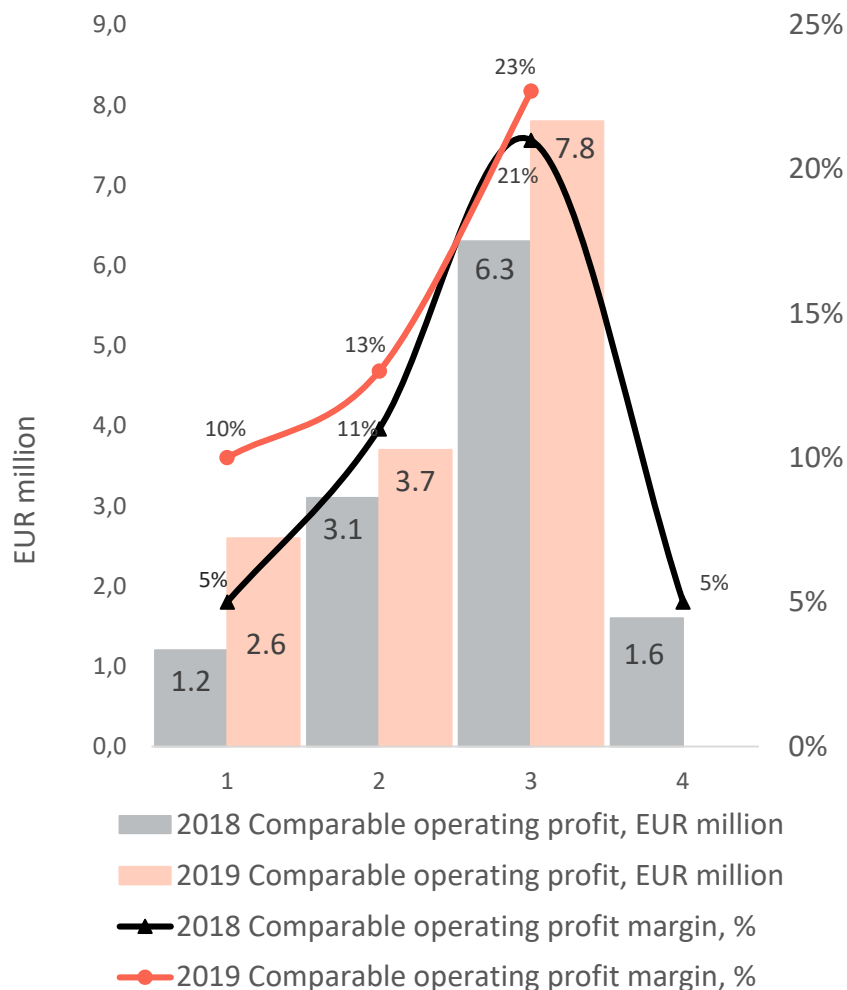
Brand sales by market area 1-9/2019



| EUR million | 1-9/2019 | 1-9/2018 | Change, % |
|----------------------|--------------|--------------|------------|
| Finland | 65.4 | 58.3 | 12 |
| Scandinavia | 9.2 | 8.8 | 5 |
| EMEA | 24.8 | 20.9 | 19 |
| North America | 12.8 | 19.1 | -33 |
| Asia-Pacific | 64.5 | 90.9 | -29 |
| TOTAL | 176.8 | 197.9 | -11 |



Comparable operating profit for Q3/2019 improved, boosted by sales growth

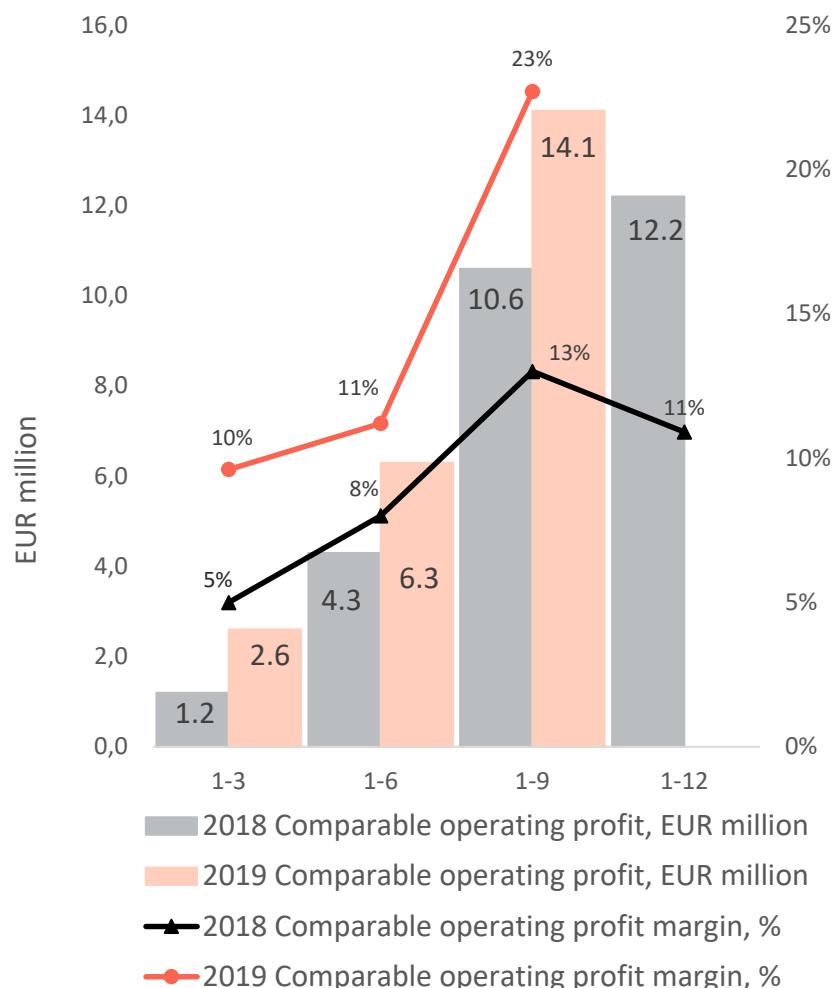


Operating profit EUR 7.8 million (6.2), +26%

Comparable operating profit
EUR 7.8 million (6.3), +24%

- + Growth in net sales, in particular retail and wholesale sales in Finland as well as licensing income and wholesale sales in the Asia-Pacific region.
- Higher fixed costs

Comparable operating profit for 1–9/2019 grew, thanks to increased sales and improved relative sales margin



Operating profit EUR 14.1 million (16.5), -14%

- Operating profit for the comparison period included a nonrecurring taxable capital gain of EUR 6.0 million due to the sale of the company's head office.

Comparable operating profit EUR 14.1 million (10.6), +33%

- + Growth in net sales, generated primarily by Finnish retail, wholesale sales in EMEA as well as wholesale sales and licensing income in the Asia-Pacific region.
- + Improved relative sales margin
 - Increase in regular-priced sales, more moderate discount promotions and product portfolio optimisation.
- Higher fixed costs

Key figures

| EUR million | 7-9/ 2019 | 7-9/ 2018 | Change, % | 1-9/ 2019 | 1-9/ 2018 | Change, % | 1-12/ 2018 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Net sales | 34.5 | 29.8 | 15 | 90.7 | 82.1 | 10 | 111.9 |
| International sales | 14.8 | 12.7 | 17 | 41.5 | 36.9 | 12 | 48.3 |
| <i>% of net sales</i> | 43 | 42 | | 46 | 45 | | 43 |
| EBITDA ** | 11.0 | 6.8 | 62 | 23.5 | 18.4 | 27 | 20.2 |
| Comparable operating profit | 7.8 | 6.3 | 24 | 14.1 | 10.6 | 33 | 12.2 |
| <i>Comparable operating profit margin, %</i> | 22.7 | 21.2 | | 15.5 | 12.9 | | 10.9 |
| Result for the period | 6.4 | 4.9 | 31 | 10.9 | 12.8 | -15 | 13.7 |
| Earnings per share, EUR | 0.79 | 0.60 | 31 | 1.34 | 1.58 | -15 | 1.70 |
| Comparable earnings per share, EUR * | 0.79 | 0.60 | 31 | 1.34 | 1.04 | 29 | 1.15 |
| Cash flow from operating activities ** | 10.9 | 2.8 | | 21.2 | 6.5 | | 12.2 |
| <i>Return on investment (ROI), %</i> | | | | 17.3 | 48.5 | | 47.6 |
| <i>Equity ratio, % **</i> | | | | 39.8 | 73.3 | | 70.0 |
| <i>Gearing, % **</i> | | | | 40.5 | -46.6 | | -56.9 |
| Gross investments | 0.4 | 0.3 | 31 | 1.3 | 1.1 | 21 | 1.3 |
| Personnel at the end of the period | | | | 437 | 421 | 4 | 445 |
| outside Finland | | | | 100 | 98 | 2 | 102 |

* Taking account of similar items as in comparable operating profit. Tax effect included.

** IFRS 16 had an impact on the change in EBITDA, cash flow from operating activities, equity ratio and gearing. The figures for gross investments do not include the impact of IFRS 16.

**Events during
the period**



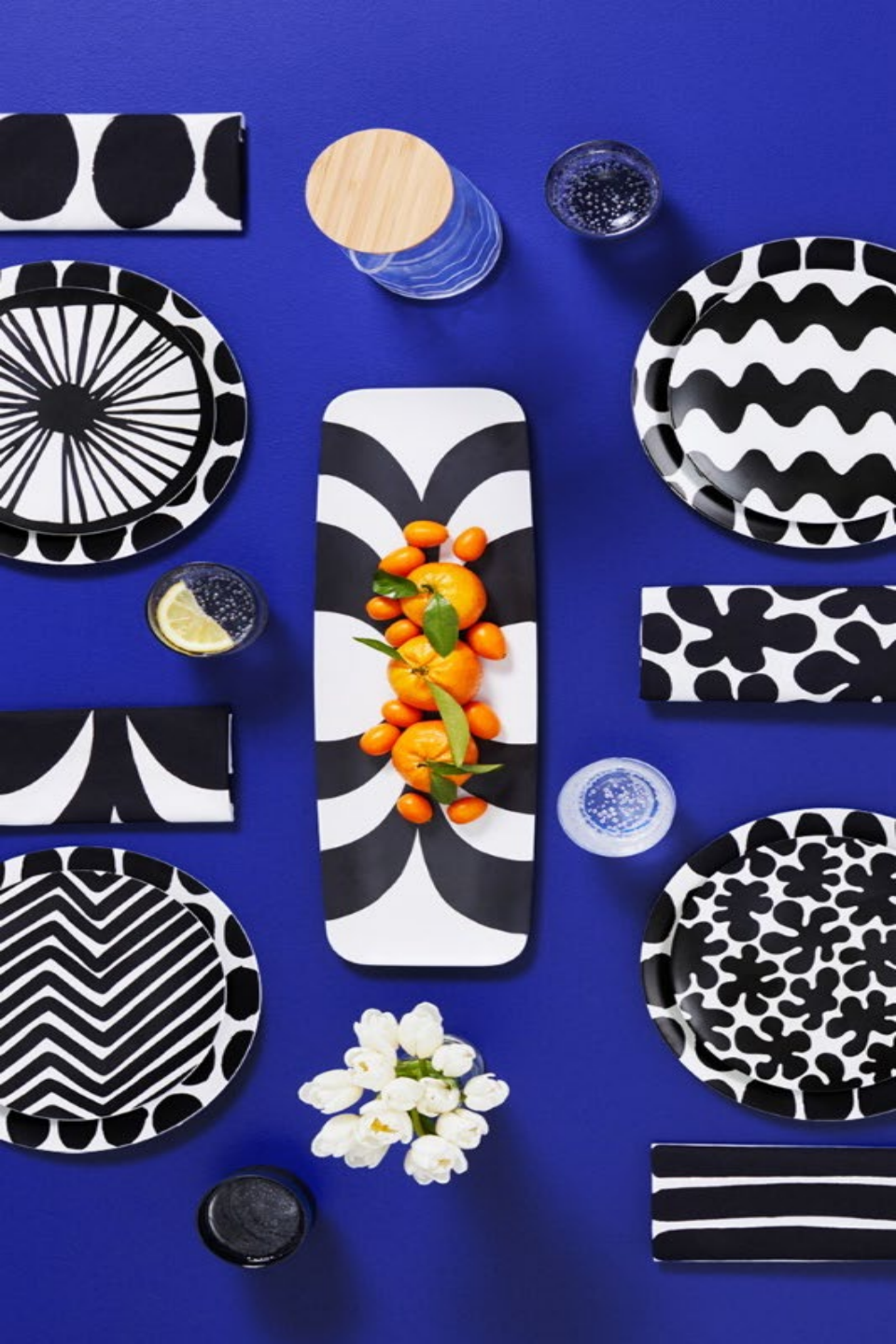
Marimekko Kioski – a unisex streetwear collection

- Marimekko Kioski features some of our most iconic prints on unisex streetwear which currently enjoys growing popularity in the fashion world.
- Pre-launch at Dover Street Market in Ginza, Tokyo, with many of the items selling out in just hours.
- The collection has had an equally enthusiastic reception in other markets as well, appealing to a new, younger customer base.



New leather bag line

- New leather bag collection launched in August, inspired by the timeless design language of our classic bag styles.
- The new range enables us to offer even more complete looks and outfits from our collections to our customers, expressing the Marimekko style to the fullest.
- The leather bag line supports our goal to reach a wider target audience as bags and accessories provide a convenient way to acquaint new customers with the Marimekko brand.
- Bags and accessories play an important role in the fashion business, often generating a significant proportion of a brand's net sales.



Target's 20 Years of Design for All

Marimekko's bold prints part of the Anniversary Collection

- Marimekko was featured as one of the 20 brand collaboration partners in the US retailer Target's Anniversary Collection celebrating 20 years of designer partnerships.
- The original 2016 limited-edition Marimekko for Target collection, part of which was now reissued, was inspired by the Finnish summer and featured iconic Marimekko prints designed by Maija Isola.
- Brand collaborations have a significant role in building Marimekko's international brand awareness and reaching a broader target audience.

Outlook

Market outlook and growth targets for 2019 (1/2)

Finland

- Finland represents about half of the company's net sales.
- Sales in Finland are expected to grow on the previous year.
- Domestic wholesale sales in 2018 were boosted by nonrecurring promotional deliveries. In 2019, the total value of promotional deliveries will be substantially lower than last year, and the major deliveries will occur in the final quarter of the year.

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 in this region to Marimekko. The other countries' combined share of the company's net sales is still relatively small, as operations in these countries are at an early stage compared with Japan.
- Sales growth is supported by developing the operations of existing stores, optimising the product range and increasing online sales.
- This year, net sales in the Asia-Pacific region are forecast to grow.
- The company sees increasing demand for its products in this area especially in the longer term.

Also

- Marimekko has become aware of cases of grey exports and has taken due action. The control of the cases has a weakening impact on the company's sales and earnings.
- Licensing income in 2019 is estimated to be markedly higher than in the previous year.
- More costs than in 2018 are expected to occur in the remainder of the year.
- The expenses of marketing operations in 2019 are forecast to be higher than in 2018 (EUR 6.3 million*).
- Total investments are estimated to grow significantly relative to the previous year (EUR 1.3 million). Most of the investments will be used to revamp the company's headquarter premises and the store network as well as to improve IT systems to underpin digital business.
- The estimated effects of the long-term bonus system targeted at the company's Management Group are also expected to exert a drag on the company's results. The effects will depend on the trend in the price of the company's share during the year.
- Due to the seasonal nature of Marimekko's business, the major portion of the company's net sales and earnings have historically been generated during the last two quarters of the year. In 2018, contrary to the historical trend, most of the company's earnings were generated during the second and third quarters of the year, which according to Marimekko's revised outlook is expected to be the case in 2019 as well. In the final quarter, holiday sales make up a significant share of net sales.

*The classification method for marketing expenses has changed in 2019; to maintain comparability, the figures for 2018 have been restated accordingly.



Market outlook and growth targets (2/2)

- The key drivers of the company's growth are
 - its own e-commerce and other online sales channels
 - partner-led retail in Asia
 - increasing the sales per square metre of existing stores in Finland and the international markets.
- The main thrust in new openings is on retailer-owned Marimekko stores and other wholesale channels.
 - The aim is to open approximately 5 new Marimekko stores and shop-in-shops in 2019.



Financial guidance for 2019

(as revised on 14 October 2019)

The Marimekko Group's net sales for 2019 are forecast to be higher than in the previous year and comparable operating profit is also expected to be higher than in the previous year, amounting to approximately EUR 17 million.

In its half-year financial report of 15 August 2019, the company estimated that the Group's net sales for 2019 would be higher than in the previous year and that comparable operating profit would also be higher than in the previous year, amounting at the most to approximately EUR 15 million.

Share price, previous 12 months

(as per 30 September 2019)



Appendices

Income statement

| EUR million | 7-9/2019 | 7-9/2018 | 1-9/2019 | 1-9/2018 |
|-----------------------------------|----------|----------|----------|----------|
| NET SALES | 34.5 | 29.8 | 90.7 | 82.1 |
| Other operating income | 0.2 | 0.1 | 0.5 | 6.3 |
| Use of materials and consumables* | -11.5 | -9.9 | -31.3 | -29.6 |
| Employee benefit expenses | -6.5 | -6.0 | -20.2 | -18.6 |
| Depreciation and impairments | -3.2 | -0.6 | -9.4 | -2.0 |
| Other operating expenses | -5.6 | -7.3 | -16.3 | -21.8 |
| OPERATING PROFIT | 7.8 | 6.2 | 14.1 | 16.5 |
| Net financial items | 0.0 | -0.1 | -0.7 | -0.2 |
| RESULT BEFORE TAXES | 7.8 | 6.1 | 13.5 | 16.3 |
| Income taxes | -1.5 | -1.2 | -2.6 | -3.5 |
| NET RESULT | 6.4 | 4.9 | 10.9 | 12.8 |

*Sum of "Change in inventories of finished goods and work in progress" and "Raw materials and consumables".

Balance sheet

| EUR million | 30.9.2019 | 30.9.2018 | EUR million | 30.9.2019 | 30.9.2018 |
|---------------------------|-----------|-----------|---|-----------|-----------|
| Non-current assets | 40.4 | 5.2 | Equity | 36.7 | 39.0 |
| Inventories | 23.9 | 22.5 | Financial liabilities | 25.6 | 0.2 |
| Other current assets | 7.0 | 8.4 | Other non-current liabilities | - | - |
| Cash and cash equivalents | 20.9 | 17.7 | Current liabilities | 29.9 | 14.6 |
| TOTAL ASSETS | 92.3 | 53.9 | SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL | 92.3 | 53.9 |

Cash flow statement

| EUR million | 1-9/2019 | 1-9/2018 |
|--|----------|----------|
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL | 23.5 | 12.3 |
| Change in working capital | 0.7 | -3.3 |
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES | 24.2 | 9.1 |
| Financial items and taxes | -3.0 | -2.6 |
| CASH FLOW FROM OPERATING ACTIVITIES | 21.2 | 6.5 |
| Cash flow from investing activities | -1.4 | 9.7 |
| CASH FLOW BEFORE CASH FLOW FROM FINANCING ACTIVITIES | 19.8 | 16.2 |
| Acquisition of treasury shares | - | -0.3 |
| Proceeds from share issue | 0.7 | - |
| Leasing payments | -7.8 | -0.3 |
| Dividends paid | -15.0 | -4.0 |
| CHANGE IN CASH AND CASH EQUIVALENTS | -2.3 | 11.5 |
| Cash and cash equivalents at the beginning of the period | 23.2 | 6.2 |
| Cash and cash equivalents at the end of the period | 20.9 | 17.7 |

Largest shareholders

Quoted on Nasdaq Helsinki - Consumer goods

- 1999, I list
- 2002, main list

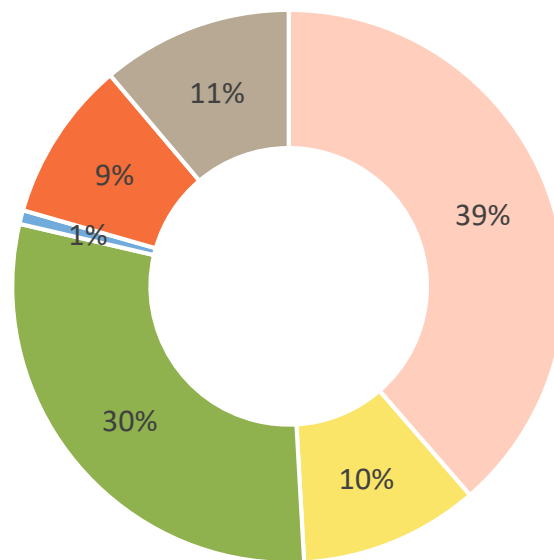
Market cap ~ EUR 227.9 million

10,682 shareholders

| Largest shareholders, 30 September 2019 | No. of shares and votes | % |
|--|-------------------------|-------|
| PowerBank Ventures Ltd (Mika Ihamuotila) | 1,297,700 | 15.96 |
| Moomin Characters Oy Ltd | 615,240 | 7.57 |
| Ehrnrooth Anna Sophia | 400,377 | 4.93 |
| Varma Mutual Pension Insurance Company | 385,920 | 4.75 |
| Oy Etra Invest Ab | 233,000 | 2.87 |
| Odin Finland | 231,301 | 2.85 |
| Ilmarinen Mutual Pension Insurance Company | 215,419 | 2.65 |
| Nordea Nordic Small Cap Fund | 199,885 | 2.46 |
| Veritas Pension Insurance Company Ltd. | 160,470 | 1.97 |
| Evli Finnish Small Cap Fund | 101,787 | 1.25 |

Ownership by sector,
30 September 2019

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





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