



marimekko

# Financial Statements 2019

TIINA ALAHUHTA-KASKO, 13 FEBRUARY 2020



## **Net sales +12%, comparable operating profit +40%**

- + Net sales rose by 12% with growth in all market areas.
- + Retail sales in Finland, wholesale sales and licensing income in the Asia-Pacific region as well as wholesale sales in EMEA especially contributed to growth.
- + Sales in Finland and international sales both grew by 12%.
- + Comparable operating profit rose by 40%, boosted by sales growth and improved relative sales margin.
- Results were weakened by higher fixed costs.







Q4/2019

## **Net sales +17%, comparable operating profit +87%**

- + Net sales up by 17%, growth primarily from retail and wholesale sales in Finland as well as increased wholesale sales and licensing income in the Asia-Pacific region. Wholesale sales growth in the Asia-Pacific due to part of the region's Q4 2018 deliveries' timing in Q1 2019.
- + Sales in Finland grew by 20% and international sales by 12%.
- + Comparable operating profit grew by 87%, boosted by sales growth.
- Results were weakened by higher fixed costs.

# Solid financial development

| EUR million                                  | 10-12/2019 | 10-12/2018 | Change, % | 1-12/2019   | 1-12/2018   | Change, % |
|--|------------|------------|-----------|-------------|-------------|-----------|
| Net sales                                    | 34.7       | 29.7       | 17        | 125.4       | 111.9       | 12        |
| International sales                          | 12.8       | 11.4       | 12        | 54.3        | 48.3        | 12        |
| <i>% of net sales</i>                        | <i>37</i>  | <i>38</i>  |           | <i>43</i>   | <i>43</i>   |           |
| Comparable EBITDA *                          | 6.2        | 2.2        | 186       | 29.7        | 14.7        | 102       |
| Operating profit                             | 3.0        | 1.2        | 144       | 17.1        | 17.7        | -3        |
| Comparable operating profit                  | 3.0        | 1.6        | 87        | 17.1        | 12.2        | 40        |
| <i>Comparable operating profit margin, %</i> | <i>8.7</i> | <i>4.2</i> |           | <i>13.6</i> | <i>10.9</i> |           |
| Comparable earnings per share, EUR ***       | 0.26       | 0.15       | 74        | 1.61        | 1.15        | 40        |
| Cash flow from operating activities *        | 7.8        | 5.8        | 36        | 29.0        | 12.2        | 137       |
| <i>Return on investment (ROI), %</i>         |            |            |           | <i>17.9</i> | <i>47.6</i> |           |
| <i>Equity ratio, % *</i>                     |            |            |           | <i>40.2</i> | <i>70.0</i> |           |
| Net debt / EBITDA **                         |            |            |           | 0.35        |             |           |
| Gross investments *                          | 1.3        | 0.2        |           | 2.6         | 1.3         | 103       |
| Personnel at the end of the period           |            |            |           | 450         | 445         | 1         |

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

\*\* Due to the adoption of IFRS 16, the ratio of net debt to EBITDA was reported for the first time at the end of the financial year 2019.

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

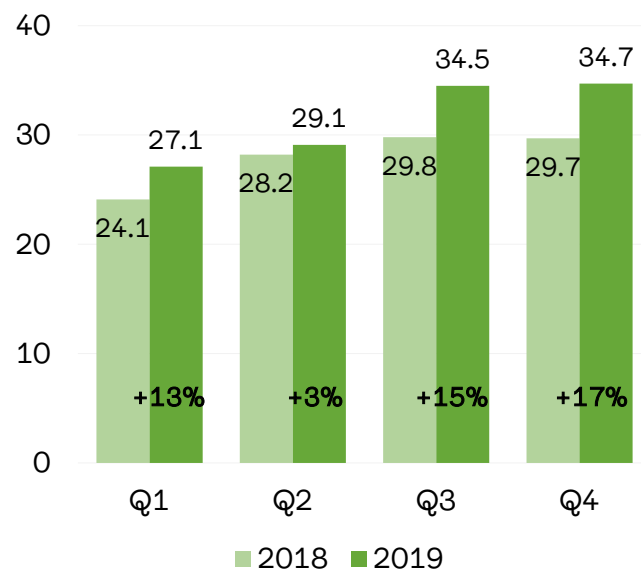


# Net sales and operating profit



# Net sales +17% to EUR 34.7 million (29.7)

Quarterly net sales, EUR million



| EUR million                | Q4 2019     | Q4 2018     | Change %  |
|----------------------------|-------------|-------------|-----------|
| <b>Finland</b>             | <b>21.9</b> | <b>18.3</b> | <b>20</b> |
| Scandinavia                | 2.6         | 2.6         | 0         |
| EMEA                       | 2.6         | 2.8         | -8        |
| North America              | 2.0         | 2.0         | 3         |
| APAC                       | 5.6         | 4.1         | 37        |
| <b>International sales</b> | <b>12.8</b> | <b>11.4</b> | <b>12</b> |
| <b>TOTAL</b>               | <b>34.7</b> | <b>29.7</b> | <b>17</b> |

- retail sales +16%
- wholesale sales +15%

## International sales +12%

- retail sales +6%
- wholesale sales +10%
- licensing income +270%

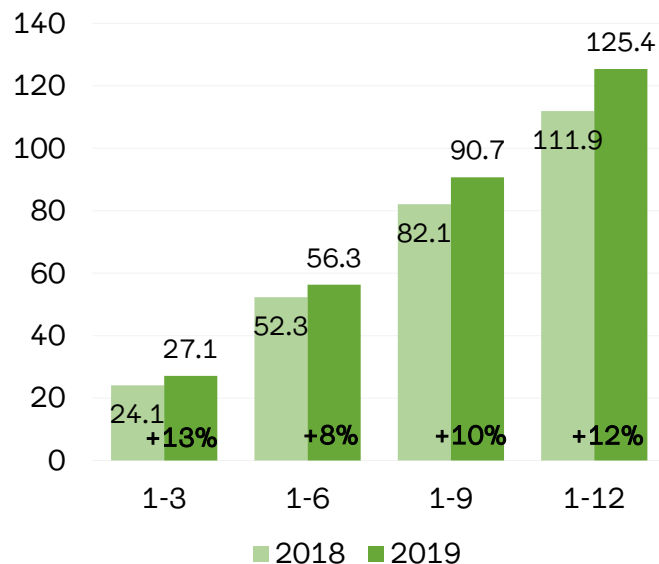
## Sales in Finland +20%

- retail sales +19% (like-for-like +21%\*)
- wholesale sales +21%

+ Growth in net sales primarily from retail and wholesale sales in Finland, as well as increased wholesale sales and licensing income in the Asia-Pacific region. Wholesale sales growth in the Asia-Pacific due to a part of the region's Q4 2018 deliveries' timing in Q1 2019.

# Net sales +12% to EUR 125.4 million (111.9)

Cumulative net sales, EUR million



| EUR million                | FY 2019      | FY 2018      | Change %  |
|----------------------------|--------------|--------------|-----------|
| <b>Finland</b>             | <b>71.2</b>  | <b>63.5</b>  | <b>12</b> |
| Scandinavia                | 9.3          | 9.0          | 3         |
| EMEA                       | 12.0         | 10.3         | 16        |
| North America              | 8.3          | 8.2          | 1         |
| APAC                       | 24.7         | 20.8         | 19        |
| <b>International sales</b> | <b>54.3</b>  | <b>48.3</b>  | <b>12</b> |
| <b>TOTAL</b>               | <b>125.4</b> | <b>111.9</b> | <b>12</b> |

- retail sales +13%
- wholesale sales +8%

## International sales +12%

- retail sales +7%
- wholesale sales +11%
- licensing income +126%

## Sales in Finland +12%

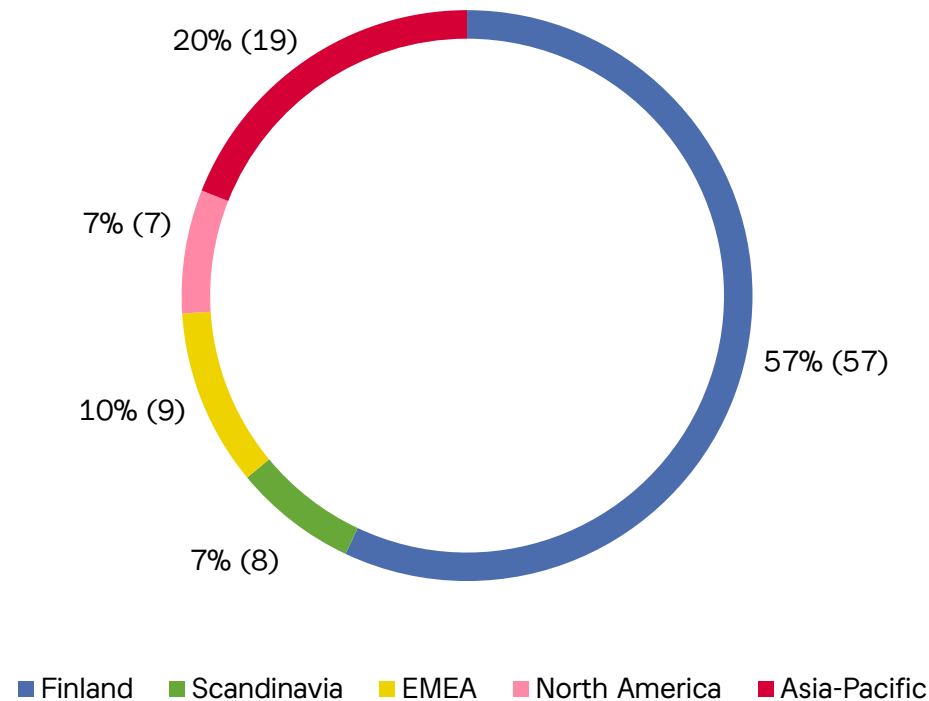
- retail sales +15% (like-for-like +18%\*)
- wholesale sales +4%

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

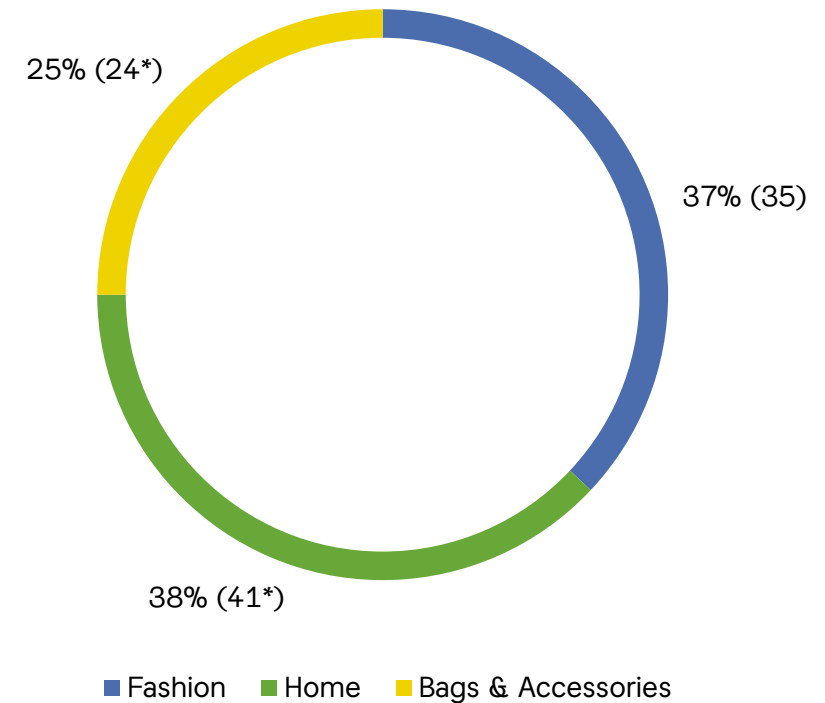
\* Includes both bricks-and-mortar and online sales.

## Sales increased in all market areas, with strongest growth in sales of fashion and bags & accessories

Net sales by market area, 2019 (2018)



Net sales by product line, 2019 (2018)



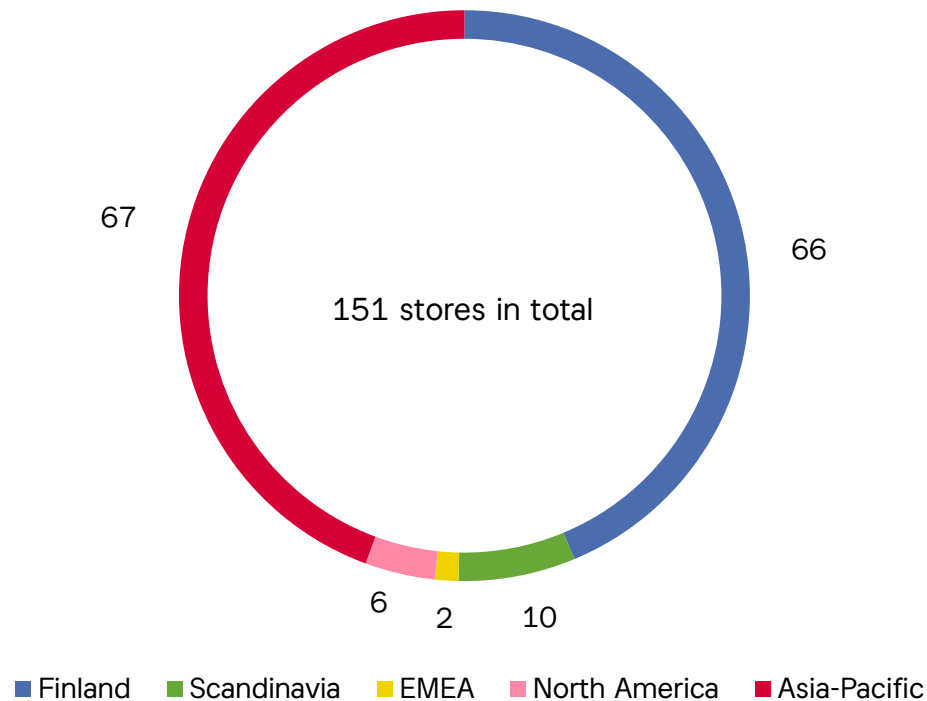
\* As of 2019, cosmetic bags are included in 'Home' product line instead of 'Bags & Accessories'.  
2018 figures have been restated accordingly.



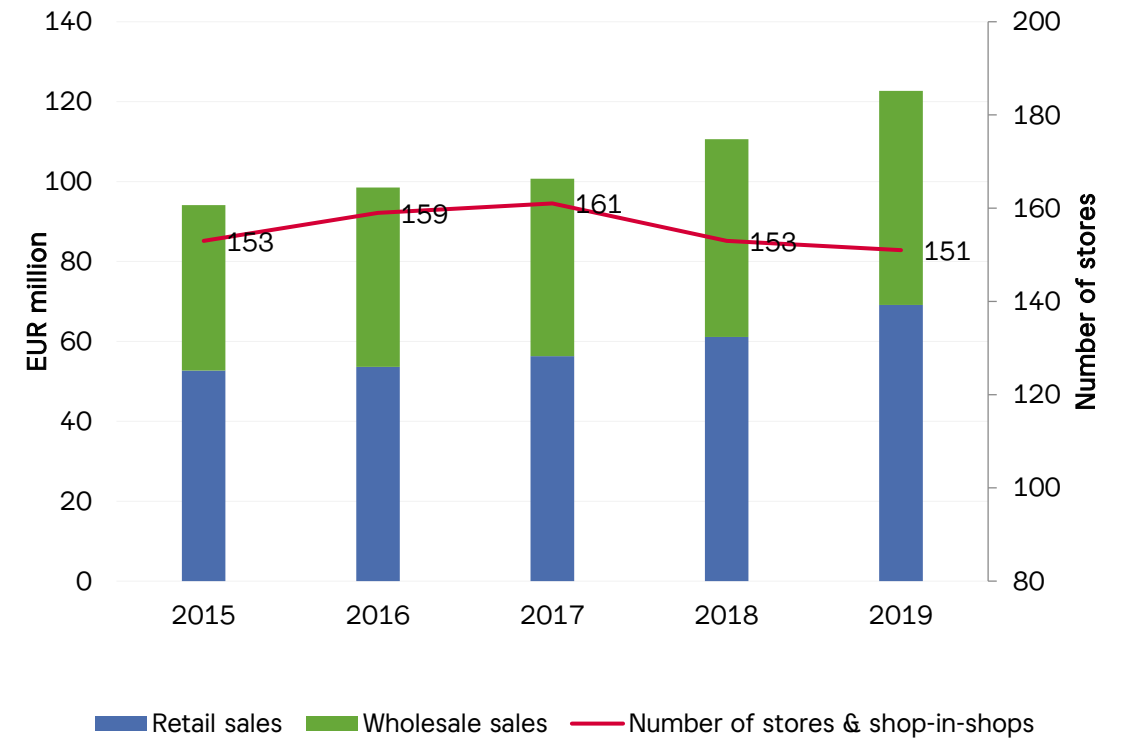
# Global footprint

56% OF MARIMEKKO STORES AND SHOP-IN-SHOPS LOCATED OUTSIDE HOME MARKET FINLAND  
AROUND 150 STORES IN 15 COUNTRIES, E-COMMERCE REACHING CUSTOMERS IN 32 COUNTRIES

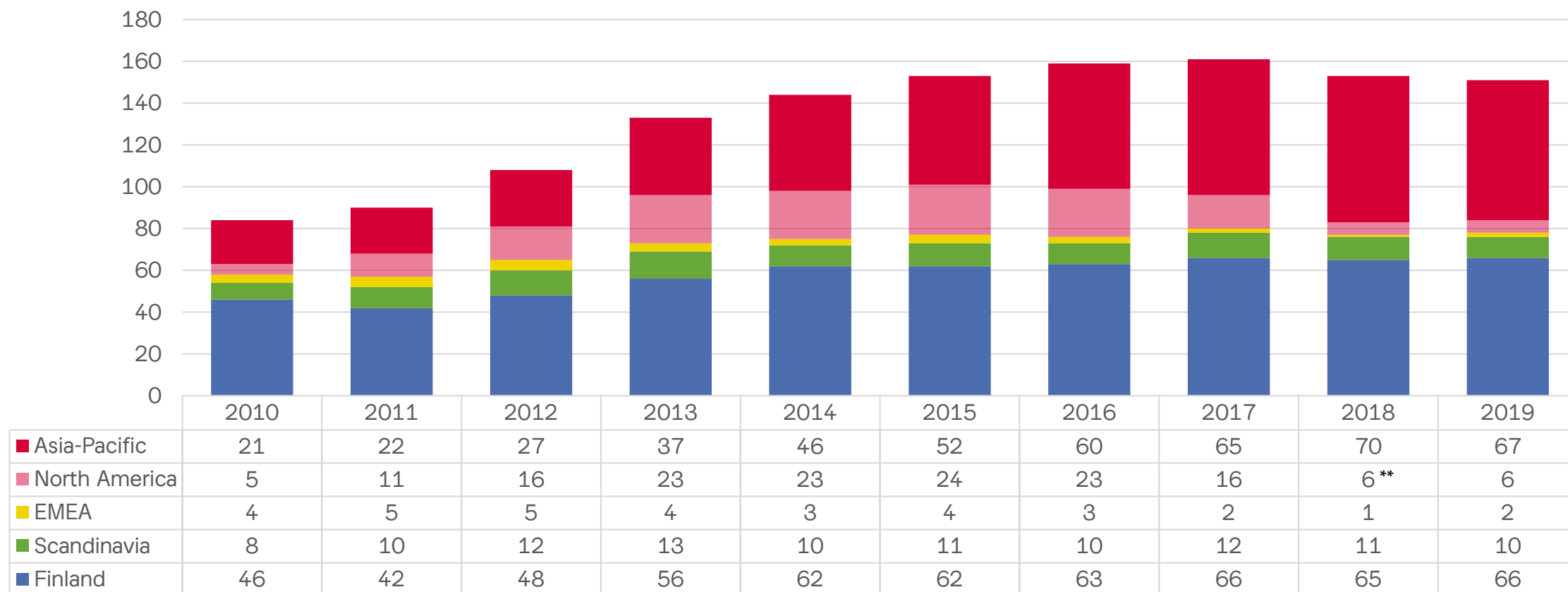
## Global retail footprint 2019



## Net sales by channel, e-commerce included



# 151 Marimekko stores\* at the end of 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 54 at the end of 2019 (53).

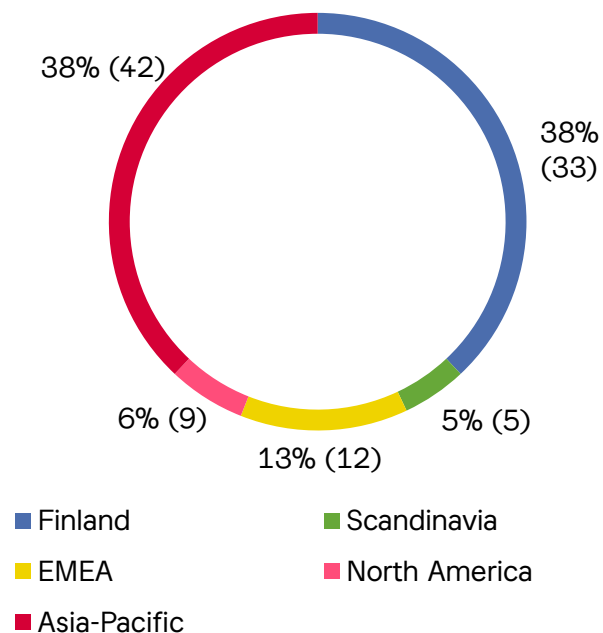
\*\* The company corrected the number of stores in North America in 2018 by reducing 11 shop-in-shops. These shops have an area of less than 30 sqm and so are below the reporting limit. The change had no effect on reported North American wholesale sales.



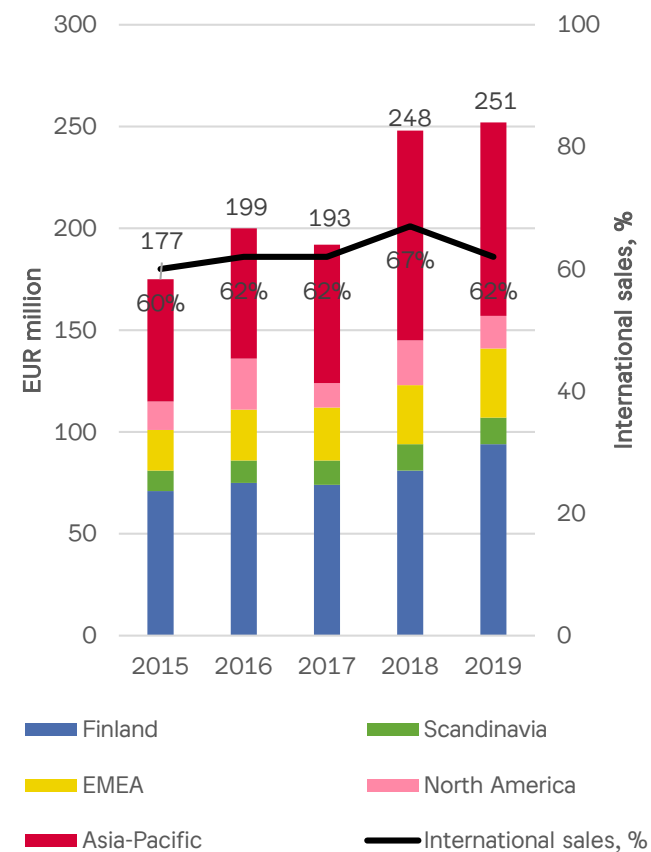
# Marimekko brand sales +1% to EUR 250.8 million (248.4)

IN Q4, 61% OF BRAND SALES FROM OUTSIDE HOME MARKET (55)

Brand sales by market area, 2019 (2018)

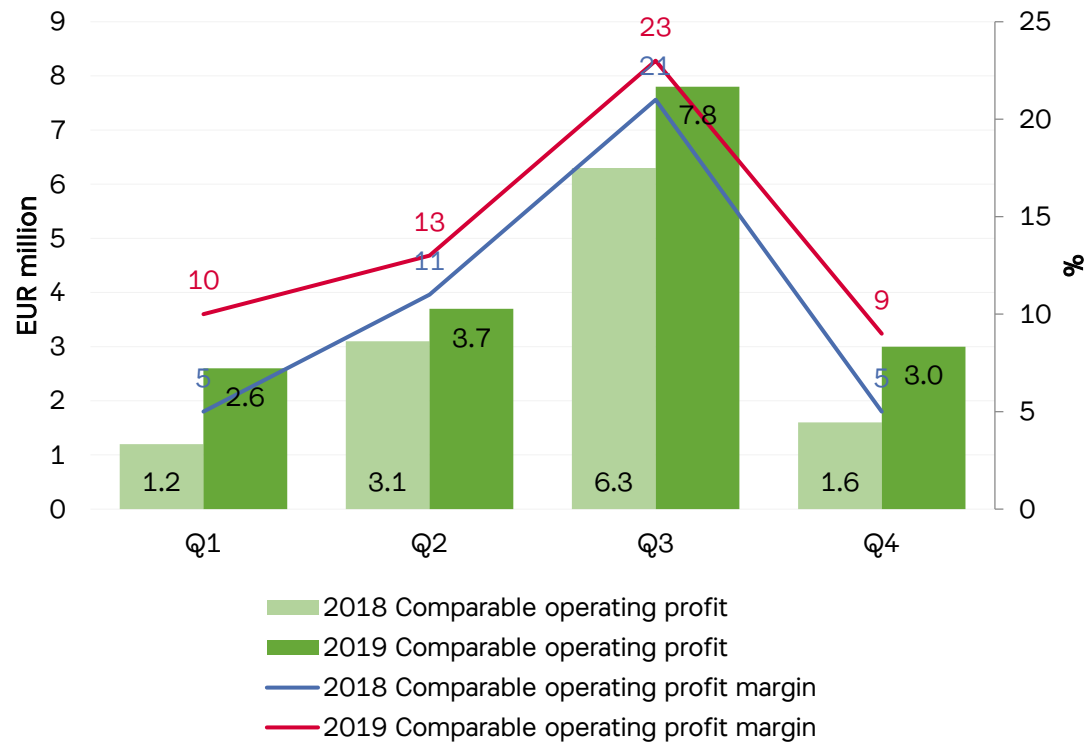


| EUR million         | FY 2019      | FY 2018      | Change % |
|---------------------|--------------|--------------|----------|
| Finland             | 94.1         | 81.2         | 16       |
| Scandinavia         | 12.9         | 12.5         | 3        |
| EMEA                | 33.5         | 29.2         | 15       |
| North America       | 15.7         | 22.0         | -29      |
| APAC                | 94.5         | 103.5        | -9       |
| International sales | 156.6        | 167.2        | -6       |
| <b>TOTAL</b>        | <b>250.8</b> | <b>248.4</b> | <b>1</b> |



# Comparable operating profit for Q4 improved significantly, boosted by sales growth

## Comparable operating profit

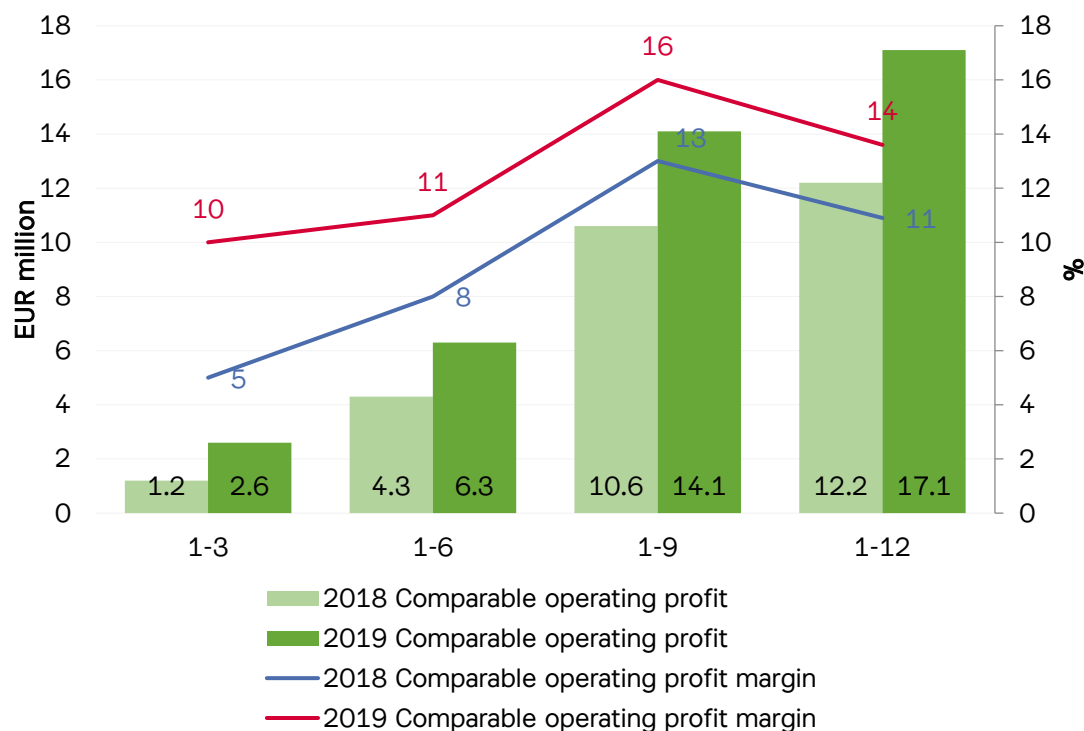


- Operating profit EUR 3.0 million (1.2), +144%
  - Comparable operating profit EUR 3.0 million (1.6), +87%
- + Growth in net sales, primarily from retail and wholesale sales in Finland as well as increased wholesale sales and licensing income in the Asia-Pacific region. Wholesale sales growth in the Asia-Pacific due to part of the region's Q4 2018 deliveries' timing in Q1 2019.
- Higher fixed costs, especially investments in marketing.



# Comparable operating profit for 2019 improved due to sales growth and higher relative sales margin

## Comparable operating profit



- Comparable operating profit EUR 17.1 million (12.2), +40%
- Operating profit EUR 17.1 million (17.7), -3%
  - Operating profit for 2018 included a nonrecurring taxable capital gain of EUR 6.0 million on the sale of the company's head office.
- + Growth in net sales, primarily from retail sales in Finland, increased wholesale sales and licensing income in the Asia-Pacific region as well as wholesale sales in EMEA.
- + Improved relative sales margin: increased regular-priced sales, more moderate discount promotions, product portfolio optimisation and increase in licensing income.
- Higher fixed costs.





# Key events in 2019



# Key events in 2019

- Limited-edition collaboration collection with the Japanese global apparel retailer Uniqlo to build international brand awareness
- Launch of Marimekko Kioski, a unisex streetwear collection
- New leather bag line
- Partial reissue of 2016 limited-edition Marimekko for Target collection
- Personnel share issue
- Piloting a new digitally shoppable home concept in Milan





## New limited-edition collaboration collection with Uniqlo

- As continuation to the success of the first collaboration collection designed jointly by the two companies in spring 2018, a new limited-edition collection for fall/winter 2019 featuring Marimekko's bold prints and colours was launched.
- The fall/winter 2019 limited-edition collaboration collection celebrated Finnish winter traditions and augmented women's offerings with items for girls and babies.
- Sharing Marimekko's design philosophy with a large global audience and strengthening the company's core business through increased brand awareness.



## 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 had an equally enthusiastic reception in other markets as well, appealing to a new, younger customer base.







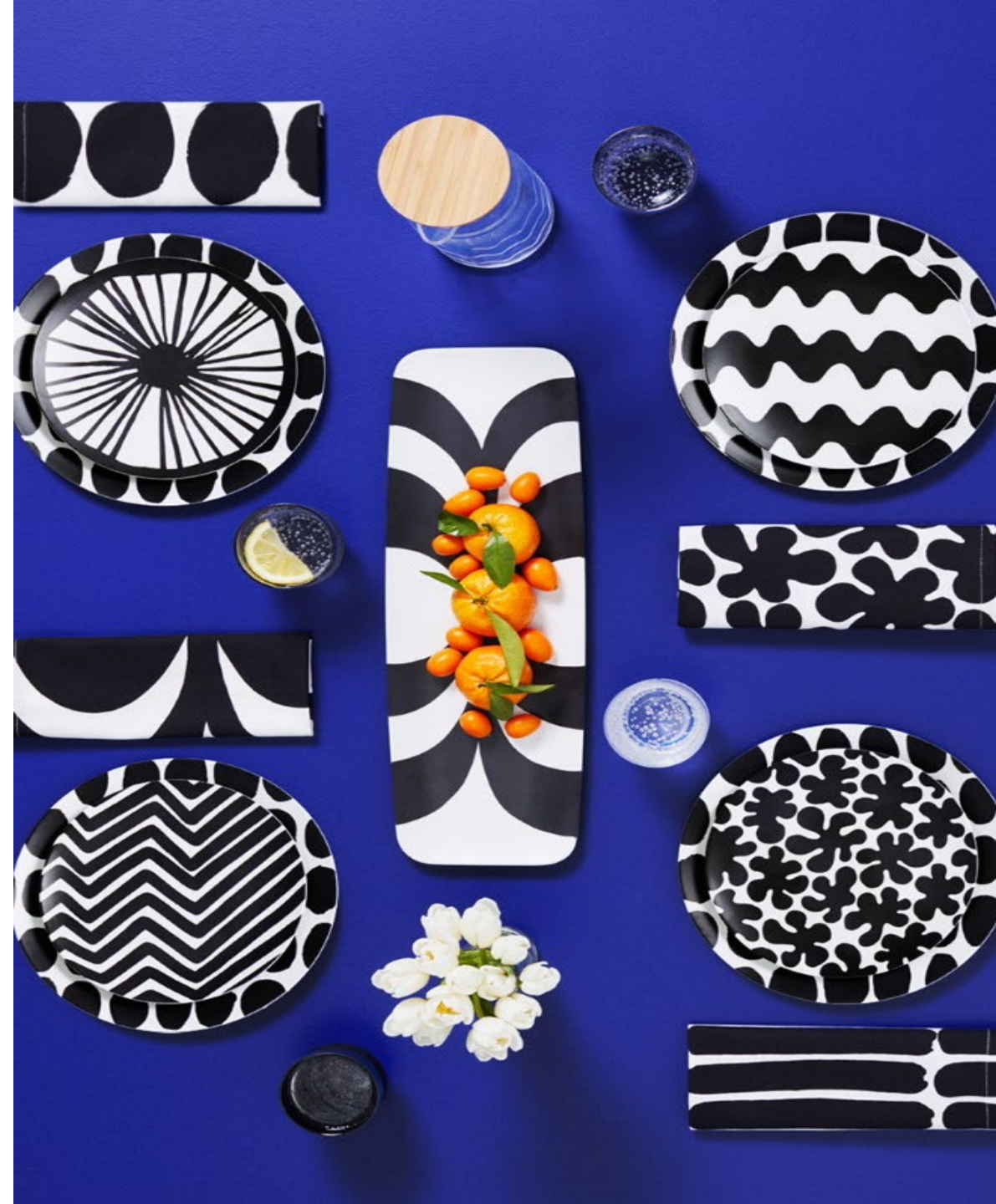
## New leather bag line

- 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.



# Marimekko's bold prints part of Target's 20 Years of Design for All 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.





## Personnel share issue in Finland

- In March, a maximum of 150,000 new shares were offered for subscription to the personnel and to designers employed by the company on a freelance basis.
- Half of those entitled to subscribe took part in the share issue. The terms were favourable.
- A large proportion of Marimekko employees hold shares in the company and thus take part in building Marimekko's future also in the role of shareholders.
- A total of 40,224 subscriptions for new shares were approved.



# Piloting a shoppable Marimekko home in Milan

- Marimekko wants to challenge traditional forms of retail by combining physical and digital worlds into one inspiring and effortless customer experience.
- During Milan Design Week in early April 2019, a new service concept was piloted by bringing a digitally shoppable Marimekko home to the heart of the city.
- In the new concept, a home-like, physical setup was combined with a digital shopping experience.







# Outlook for 2020



# Market outlook for 2020

## 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 2020 will be boosted by nonrecurring promotional deliveries, the total value of which will be substantially higher than last year. A vast majority of the deliveries will take place in the second half of the year.

## The Asia-Pacific region

- The Asia-Pacific region is Marimekko's second-largest market and plays a significant part in the company's internationalisation.
- Japan is clearly the most important country in this region. The other countries' combined share of the company's net sales is still relatively small, as operations in these countries are at an earlier stage than in Japan.
- Japan already has a very comprehensive network of Marimekko stores. Sales growth is supported by developing the operations of existing stores, optimising the product range and increasing online sales.
- The impacts of the coronavirus, at the moment concerning in particular the Asia-Pacific region, are still uncertain, but the epidemic can have a negative impact on sales, profitability and the operational reliability of the global supply chain. Some 15 percent of Marimekko's products are manufactured in China. However, Marimekko currently estimates that net sales in the Asia-Pacific region will continue to grow this year. The company sees increasing demand for its products in this area especially in the longer term.

## Also

- Marimekko has taken due action to control cases of grey exports, which will have a clear weakening impact on the company's sales and earnings.
- Licensing income in 2020 is estimated to be markedly lower than in the previous year.

Marimekko will noticeably heighten its investments from before in order to achieve even stronger growth and profitability in the long term. For this reason, fixed costs are estimated to increase significantly relative to the previous year.

- The company will further strengthen its international business competencies needed for growth, and personnel expenses are expected to be substantially higher than the year before.
- Marketing expenses are estimated to grow (2019: EUR 7.4 million), as the company will increase its investments in raising awareness to speak to a wider global audience.
- Total investments are also expected to be significantly higher than in the previous year (2019: 2.6 million) due to revamping and expanding the store network as well as developing digital business and IT systems in order to strengthen the company's international competitiveness.
- The estimated effects of the long-term bonus system targeted at the company's Management Group will depend on the trend in the price of the company's share during the year.

# Key drivers for growth in 2020

- The key drivers of the company's growth are e-commerce, increasing the sales per square metre of existing stores in all markets and partner-led retail in Asia.
- Nonrecurring promotional deliveries also have a significant impact on the company's growth.
- The aim is to open approximately 10 new Marimekko stores and shop-in-shops in 2020. The main thrust in new openings is on retailer-owned Marimekko stores.





# Seasonality in 2020

Because of 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, and this is expected to be the case in 2020 as well, to a particularly large extent especially for earnings due also to the timing of growth investments. In the final quarter of the year, holiday sales make up a significant share of net sales.







# Financial guidance for 2020

The Marimekko Group's net sales for 2020 are forecasted to be higher than in the previous year.

Comparable operating profit is estimated to be approximately at the same level as or higher than the year before.

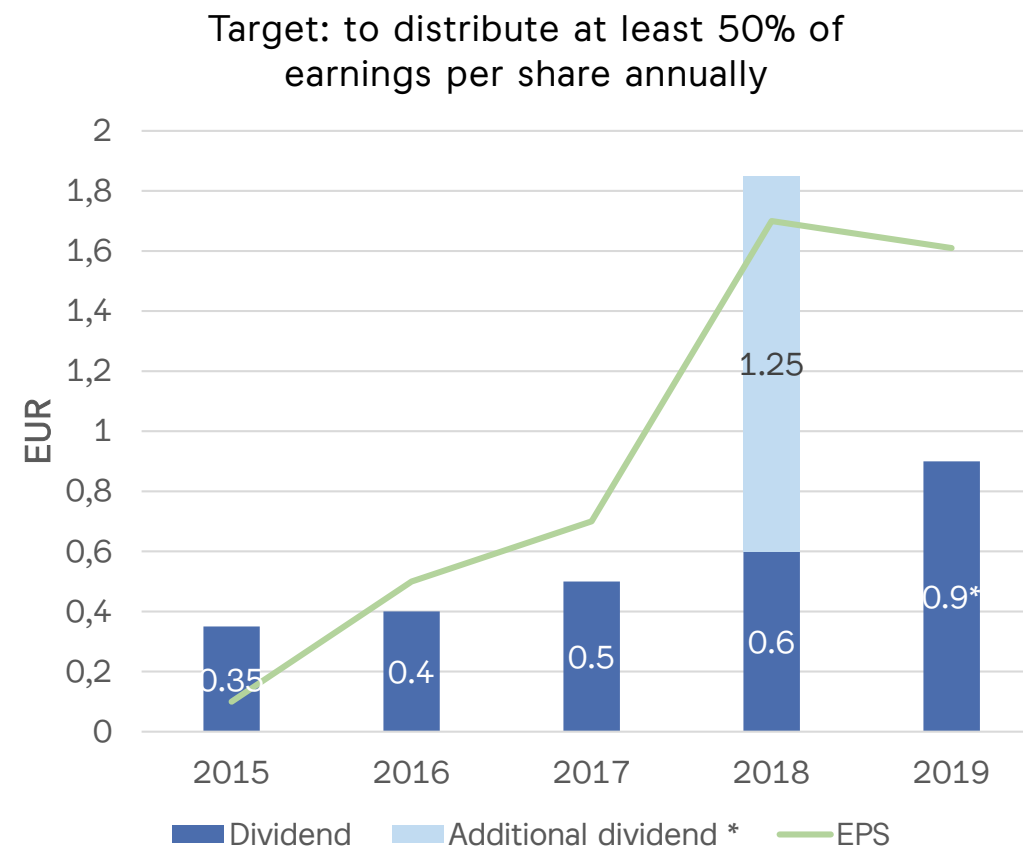


# Proposal for the 2019 dividend

On 31 December 2019, the parent company's distributable funds amounted to EUR 30,513,318.98; profit for the financial year was EUR 14,830,616.17.

The Board of Directors will propose to the Annual General Meeting that **a dividend of EUR 0.90 per share** be paid for 2019.

The Board will propose 14 April 2020 as the dividend record date and 21 April 2020 as the dividend payout date.



\* Proposal for the AGM.  
 \*\* The dividend for 2018 includes a regular dividend of EUR 0.60 per share and an additional dividend of EUR 1.25 per share.  
 The additional dividend was paid because the sale of Marimekko's head office in spring 2018 strengthened the company's financial position.

# Appendices



# Income statement

| EUR million  | 10-12/2019  | 10-12/2018  | 1-12/2019    | 1-12/2018    |
|--|-------------|-------------|--------------|--------------|
| <b>Net sales</b>   | <b>34.7</b> | <b>29.7</b> | <b>125.4</b> | <b>111.9</b> |
| Other operating income                                       | 0.1         | 0.2         | 0.6          | 6.5          |
| Change in inventories of finished goods and work in progress | -1.0        | -0.3        | 0.4          | 1.2          |
| Raw materials and consumables                                | -12.6       | -11.0       | -45.4        | -42.1        |
| Employee benefit expenses                                    | -7.6        | -7.6        | -27.8        | -26.2        |
| Depreciation and impairments                                 | -3.2        | -0.5        | -12.5        | -2.5         |
| Other operating expenses                                     | -7.3        | -9.3        | -23.6        | -31.1        |
| <b>Operating profit</b>                                      | <b>3.0</b>  | <b>1.2</b>  | <b>17.1</b>  | <b>17.7</b>  |
| Net financial items  | -0.3        | 0.0         | -1.0         | -0.2         |
| <b>Result before taxes</b>                                   | <b>2.7</b>  | <b>1.3</b>  | <b>16.2</b>  | <b>17.6</b>  |
| Income taxes   | -0.6        | -0.4        | -3.1         | -3.9         |
| <b>Net result</b>  | <b>2.1</b>  | <b>0.9</b>  | <b>13.0</b>  | <b>13.7</b>  |

# Balance sheet

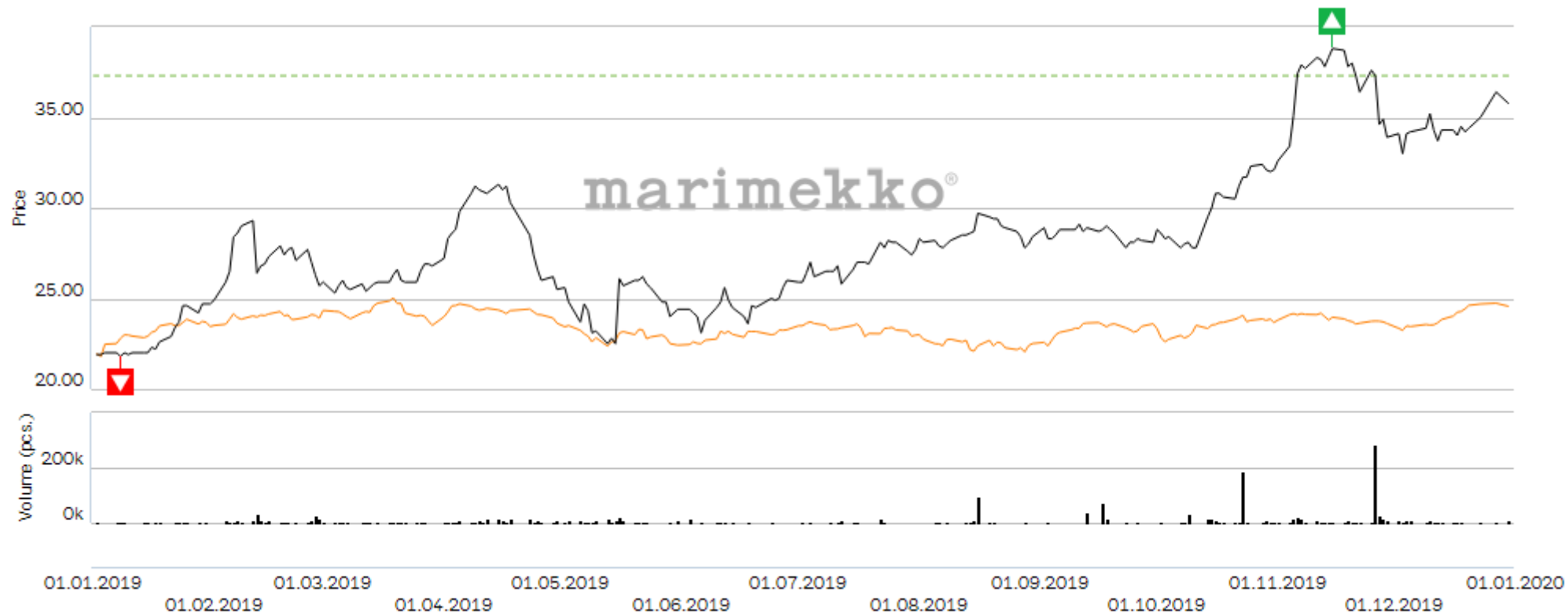
| EUR million               | 31.12.<br>2019 | 31.12.<br>2018 | EUR million  | 31.12.<br>2019 | 31.12.<br>2018 |
|---------------------------|----------------|----------------|--|----------------|----------------|
| Non-current assets        | 41.6           | 4.9            | Equity   | 38.9           | 40.0           |
| Inventories               | 22.6           | 22.1           | Financial liabilities                              | 26.0           | 0.2            |
| Other current assets      | 6.6            | 6.9            | Other non-current liabilities                      | 1.6            | 0.4            |
| Cash and cash equivalents | 26.1           | 23.2           | Current liabilities                                | 30.4           | 16.5           |
| <b>Assets, total</b>      | <b>96.9</b>    | <b>57.1</b>    | <b>Shareholders' equity and liabilities, total</b> | <b>96.9</b>    | <b>57.1</b>    |



# Cash flow statement

| EUR million  | 1-12/2019   | 1-12/2018   |
|--|-------------|-------------|
| Cash flow from operating activities before change in working capital | 29.7        | 14.1        |
| Change in working capital  | 2.9         | 1.5         |
| Cash flow from operating activities before financial items and taxes | 32.5        | 15.7        |
| Financial items and taxes  | -3.6        | -3.5        |
| <b>Cash flow from operating activities</b>                           | <b>29.0</b> | <b>12.2</b> |
| Cash flow from investing activities                                  | -1.6        | 9.4         |
| <b>Cash flow before cash flow from financing activities</b>          | <b>27.4</b> | <b>21.7</b> |
| Acquisition of treasury shares                                       | -           | -0.3        |
| Shortterm loans drawn  | 0.3         | -           |
| Personnel share issue  | 0.7         | -           |
| Leasing payments   | -10.4       | -           |
| Finance lease liabilities paid                                       | -           | -0.3        |
| Dividends paid   | -15.0       | -4.0        |
| <b>Change in cash and cash equivalents</b>                           | <b>3.0</b>  | <b>17.0</b> |
| Cash and cash equivalents at the beginning of the period             | 23.2        | 6.2         |
| Cash and cash equivalents at the end of the period                   | 26.1        | 23.2        |

# Share price trend 2019





# Largest shareholders

AS AT 31 DECEMBER 2019

Quoted on Nasdaq Helsinki

Consumer goods

- 1999, I list

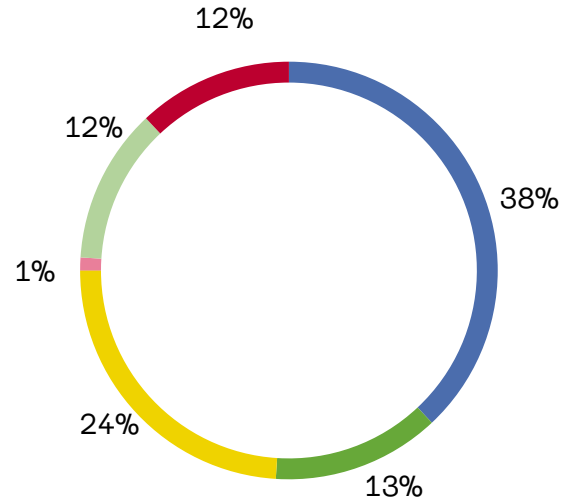
- 2002, main list

Market cap:

~ EUR 290.3 million

11,511 shareholders

Ownership structure by sector, %



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

| Shareholder                                | No. of shares and votes | %     |
|--|-------------------------|-------|
| PowerBank Ventures Ltd (Mika Ihamuotila)   | 1,017,700               | 12.52 |
| Moomin Characters Oy Ltd                   | 453,740                 | 5.58  |
| Ilmarinen Mutual Pension Insurance Company | 395,419                 | 4.86  |
| Varma Mutual Pension Insurance Company     | 385,920                 | 4.75  |
| Ehrnrooth Anna Sophia                      | 369,024                 | 4.54  |
| Evli Finnish Small Cap Fund                | 245,894                 | 3.03  |
| Oy Etra Invest Ab                          | 233,000                 | 2.87  |
| Nordea Nordic Small Cap Fund               | 199,885                 | 2.46  |
| Odin Norden                                | 195,594                 | 2.41  |
| Veritas Pension Insurance Company          | 160,470                 | 1.97  |

# For more information

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