Financial statements 2010

February 8 2011
Year 2010

• In 2010, the Marimekko Group’s net sales rose by 1.1% to EUR 73.3 million (EUR 72.5 million).
• Operating profit grew by 29.9% to EUR 8.2 million (EUR 6.3 million).
• Operating profit for 2009 included a non-recurring expense of EUR 0.5 million related to personnel reductions.
• Operating profit excluding non-recurring items stood at EUR 8.2 million (EUR 6.8 million).
• Profit after taxes for the financial year was EUR 6.1 million (EUR 4.7 million).
• Earnings per share were EUR 0.76 (EUR 0.59).
• The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 (EUR 0.45) per share be paid for 2010.
The economic situation in Finland has continued to improve as expected and is anticipated to further improve gradually in the early part of 2011. The outlook for the near future is fairly good.

However, production costs have risen, and they are expected to continue to rise markedly. Although average sales prices have increased, the rise in overall cost levels creates profitability pressures for companies.

The world economy is forecast to grow fairly well in 2011, but the situation varies considerably between different areas and countries.

- Consumer confidence in the United States is low, but economic growth is nevertheless expected to be faster than forecast in the autumn.
- Huge growth in China will continue, and the focus of the world economy will increasingly be on the developing economies. In Asian countries, there is a danger of the economy overheating.
- A strong polarization is evident in the European economy. Optimism in Germany is at a record level, while in the crisis countries in Southern Europe, consumer’s’ and businesses’ confidence in the economy falters seriously.

Retail trade confidence indicator dropped slightly in January, but remained at a high level. In December, the economic trend in the Finnish retail trade was one of the strongest within the EU, and sales have continued to grow at a good pace in the current year.

Source: Confederation of Finnish Industries EK: Business 2011
Net sales 2010

- In 2010, the Marimekko Group’s net sales increased by 1.1% to EUR 73.3 million (EUR 72.5 million).
- Net sales in Finland fell by 1.8% to EUR 51.8 million (EUR 52.7 million).
  - Sales by Marimekko’s own retail shops in Finland fell by 3.8%.
  - Sales to retailers in Finland declined by 1.2%.
- International sales rose by 8.9% to EUR 21.5 million (EUR 19.8 million).
  - International sales represented 29.4% (27.3%) of the Group's net sales.
  - Sales grew vigorously in North America and in the market areas referred to as “the rest of Europe” and “other countries”.
  - New retail stores opened during the year increased sales in these areas.
Net sales October - December 2010

- In the October–December period of 2010, the Marimekko Group’s net sales rose by 6.5% to EUR 22.1 million (EUR 20.7 million).
- In Finland, net sales declined by 1.2% to EUR 16.3 million (EUR 16.5 million).
  - The difference in relation to the comparison period is due to deliveries for an individual promotion in the corresponding period of the previous year.
- International sales grew by 37.1% to EUR 5.7 million (EUR 4.2 million).
  - Sales increased in all markets.
  - In North America and in the market areas referred to as “the rest of Europe” and “other countries”, sales grew vigorously. The opening of new retail stores contributed to the strong growth.

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## Net sales by market area 2010

<table>
<thead>
<tr>
<th>(EUR 1,000)</th>
<th>1-12/ 2010</th>
<th>1-12/ 2009</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>51,768</td>
<td>52,711</td>
<td>-1.8</td>
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<tr>
<td>Other Nordic countries</td>
<td>7,101</td>
<td>7,042</td>
<td>0.8</td>
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<tr>
<td>Rest of Europe</td>
<td>5,284</td>
<td>4,821</td>
<td>9.6</td>
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<tr>
<td>North America</td>
<td>3,814</td>
<td>3,003</td>
<td>27.0</td>
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<tr>
<td>Other countries</td>
<td>5,330</td>
<td>4,896</td>
<td>8.9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>73,297</td>
<td>72,473</td>
<td>1.1</td>
</tr>
</tbody>
</table>

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Net sales by market area 2010

- Finland: 70.6%
- Other Nordic countries: 7.3%
- Rest of Europe: 5.2%
- North America: 7.2%
- Other countries: 9.7%

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## Net sales by product line 2010

<table>
<thead>
<tr>
<th>(EUR 1,000)</th>
<th>1-12/ 2010</th>
<th>1-12/ 2009</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing</td>
<td>26,384</td>
<td>27,466</td>
<td>-3.9</td>
</tr>
<tr>
<td>Interior decoration</td>
<td>34,006</td>
<td>32,687</td>
<td>4.0</td>
</tr>
<tr>
<td>Bags</td>
<td>12,907</td>
<td>12,320</td>
<td>4.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>73,297</td>
<td>72,473</td>
<td>1.1</td>
</tr>
</tbody>
</table>
Net sales by product line 2010

- Clothing: 46.4%
- Interior decoration: 36.0%
- Bags: 17.6%
Earnings 2010

• In 2010, the Group’s operating profit rose by 29.9% to EUR 8.2 million (EUR 6.3 million).
• Operating profit as a percentage of net sales amounted to 11.1% (8.7%).
• Operating profit for 2009 included a non-recurring expense of EUR 0.5 million related to personnel reductions. Operating profit excluding non-recurring items stood at EUR 8.2 million (EUR 6.8 million).
• Profit after taxes was EUR 6.1 million (EUR 4.7 million), representing 8.3% (6.5%) of net sales.
• Earnings per share were EUR 0.76 (EUR 0.59).
• Earnings for the year were improved by a distinct increase in average sales margin as well as growth in wholesale sales and royalty earnings.
• On the other hand, earnings were depressed by additional investments in product development and building up the company’s international distribution network. In addition, earnings were weakened by the fact that the revenues generated from deliveries for individual promotions were lower than in the previous year and that, in 2010, the company carried out considerably fewer price-led promotions than the year before. Marketing expenses were also slightly higher than in 2009.
In the October-December period of 2010, the Group’s operating profit fell by 7.0% on the comparison period, amounting to EUR 2.2 million (EUR 2.4 million).

Earnings per share were EUR 0.21 (EUR 0.22).

Earnings for the period were weakened by the fact that revenues generated from an individual promotion were lower than in the corresponding period of the previous year.

Earnings were also depressed by additional investments in product development and building up the company’s international distribution network, and by higher marketing expenses for the period compared to the same period in 2009.

Earnings for the period were boosted by an increase in average sales margin and growth in wholesale sales.
New Marimekko shops

- Marimekko opened its own retail shops in Berlin, Germany and Malmö, Sweden in November.
- The first Marimekko concept store in South Korea was opened in Seoul in October.
- The renowned home furnishings retailer Crate and Barrel opened a Marimekko shop-in-shop in its SoHo store in New York.
Malmö store was opened 15. Nov. 2010

Copyright: Felix Gerlach
Marimekko Berliini

Marimekkos’s shop in Berlin was opened 8 Nov. 2010

Copyright: Mirjam Wählen
Marimekko concept store in Seoul
Marimekko and Converse partner in sneakers

- Marimekko licenses its patterns to Converse’s new women’s-specific collection debuting in spring 2011
- The collection, entitled “Converse ♥ Marimekko”, features Converse’s most popular shoe silhouettes and the following vibrant Marimekko designs: “Tarha” and “Pikkusuomu” by Annika Rimala, and “Kirppu” by Maija and Kristina Isola.
- The collection will hit the stores in February-March 2011
New Marimekko flagship store opens in Helsinki

• Marimekko’s flagship store in the Kämp Galleria mall in Helsinki is being refurbished and will move into new premises on the corner of Pohjoisesplanadi and Mikonkatu. The two-storey shop has a floor area of 620 square metres.

• The shop on Pohjoisesplanadi is particularly important for Marimekko; the company’s first flagship store opened on the same block back in 1974.

• The shop will open to the public on 10 February 2011.

• Our remodelled flagship store will become an experiential meeting place where Marimekko’s rich colours and design idiom will take the customer from one inspiring mood to the next. The selection will cover all product lines, and it is intended that the shop will serve as a stage for our new products in particular.
Marimekko tripling the output capacity of its textile printing factory

- Marimekko is investing in a new printing machine and screen-making equipment at the company’s textile printing factory in Helsinki.
- The value of the investment will be roughly 1.5 million Euros.
- The investment will triple the textile printing factory’s output capacity compared to present levels.
- In 2010, Marimekko’s printing factory produced 1.1 million meters of fabric. The new machinery will come online towards the end of the year 2011, and the added capacity will be deployed in stages.
- The investment will also enable the company to prepare for higher demand in the long term.
Collaboration with Crate and Barrel expands in the USA

- Marimekko is expanding its distribution and reinforcing its position in the United States by extending its collaboration with Crate and Barrel, a prestigious home furnishings retailer.
- Crate and Barrel plans to open 22 new Marimekko shop-in-shops by the end of the year 2013.
- Crate and Barrel will have exclusive rights to retail Marimekko interior decoration products in the US and Canada in the home specialty and department store chain category; these exclusive rights will not apply to clothes, bags or accessories.
- In addition to furnishing products imported from Finland, the product range for Crate and Barrel’s stores will also include Marimekko products made under licence such as bedding and bath textiles.
Management Group’s long-term bonus system

• The Board of Directors of Marimekko Corporation has agreed on establishing a new long-term bonus system targeted to the company’s Management Group. The purpose of the bonus system is to encourage the Management Group to operate with a business mentality and to add the company’s value in the long-term in particular. The aim is to combine the owners’ and the Management Group’s targets in order to increase the company’s value and to elicit the Management Group’s commitment to the company in the span of several years.

• The system is composed of two earning periods, which are 1 January 2011 – 31 October 2014 and 1 January 2011 – 28 February 2015. The possible bonus for each earnings period will be based on the total yield on Marimekko Corporation’s shares, including dividends. The possible bonus will be paid in cash in two batches, one in autumn 2014 and the other in spring 2015. Earning the bonus requires that the person still work for the company at the time of the payment. When receiving the bonus the person in question commits to use 50% of the net value of the bonus for acquiring the company’s shares in transaction price within six months from receiving the bonus. The shares acquired with the bonus cannot be surrendered prior to two years from the time of acquiring the shares. The annual maximum value of the bonus paid to a member of the Management Group in the bonus system cannot exceed the approximate value of fixed annual salary. Marimekko’s Management Group comprises of six persons at the moment.
Outlook for 2011

• In 2011, sales are forecast to continue on their growth track, and openings of new shops and other actions to develop the distribution network are expected to accelerate sales, particularly in the second half of the year. The planned measures and considerable investments in internationalisation, particularly in the United States, and in developing business operations and the distribution network are so extensive that they will make themselves felt in the form of a significant increase in fixed costs and they will exert a substantial drag on earnings this year. With these measures and investments, of which many occur predominantly during this year, the structure of Marimekko’s business is transformed and a more solid foundation for long term growth and improved profitability is laid.

• Moreover, increases in the costs of raw materials and in particular the record price of cotton put the company under pressure to raise prices. Revenues generated from deliveries for individual promotions are expected to be very low. By cutting down on price-led promotions, the company aims further to improve the average sales margin and the brand’s pricing power.
Outlook for 2011

• The total investments planned by the Marimekko Group for 2011 are estimated at roughly EUR 5 million. This includes the investment in machinery for the Helsinki textile printing factory, amounting to approximately EUR 1.5 million, the purpose of which is to secure capacity in line with currently foreseeable demand and also to prepare for higher demand in the long term.

• The Marimekko Group’s net sales in 2011 are estimated to grow by roughly 5-10%, but operating profit is forecast to decline by some 40-60% compared with the previous year.
Reviews by business units
Sales in Finland

• In 2010, Marimekko’s retail sales, i.e. sales by Marimekko’s own retail shops in Finland, declined by 3.8%.
  • The decrease was partly due to changes in sales areas in the Helsinki shops.
• Wholesale sales in Finland fell by 1.2%.
  • The difference relative to the previous year is due to a decrease in revenues from individual promotions.
• Both retail and wholesale sales in Finland were adversely affected by the extensive price-led promotion organised in the first quarter of 2009 in order to reduce inventories.
International sales

- In 2010, the trend in Marimekko’s international sales (previously “exports and international operations”) took a marked turn for the better. Sales rose by 8.9% to EUR 21.6 million (EUR 19.8 million).
- The major countries for exports were Japan, Sweden, the United States, Denmark and Germany.
- In the market area referred to as “the other Nordic countries”, clothing sales increased, while sales of interior decoration products and bags declined. Net sales rose to EUR 7.1 million, which was 0.8% up on the previous year (EUR 7.0 million). The opening of a new company-owned retail shop in Malmö, Sweden and the rise in the value of the Swedish krona contributed to the increase in sales.
- In the market area referred to as “the rest of Europe”, net sales rose by 9.6% to EUR 5.3 million (EUR 4.8 million). The growth in net sales was partly attributable to the opening of a new company-owned retail shop in Berlin, Germany.
- In North America, net sales rose by 27.0% to EUR 3.8 million (EUR 3.0 million). Initial inventory purchases and sales by a new shop-in-shop in the United States and an increase in royalty earnings accounted for a significant share of the growth.
- In the market area referred to as “other countries”, net sales rose by 8.9% to EUR 5.3 million (EUR 4.9 million). The growth was generated by Japan and South Korea where a new concept store was opened in Seoul.
Net sales - clothing

• In 2010, net sales of clothing decreased by 3.9% to EUR 26.4 million (EUR 27.5 million).
• Sales in Finland and the market area referred to as "the rest of Europe" declined, while sales in other markets increased.
• International sales accounted for 24.7% of net sales of clothing.
Net sales – Interior decoration

• Net sales of interior decoration products increased by 4.0% to EUR 34.0 million (EUR 32.7 million).
• The growth came from North America and the market areas referred to as “the rest of Europe” and “other countries”.
• In Finland and the other Nordic countries, sales remained at the same level as in the previous year.
• International sales accounted for 32.2% of net sales of interior decoration products.
Net sales - Bags

- Net sales of bags increased by 4.8% to EUR 12.9 million (EUR 12.3 million).
- Sales grew in Finland, North America and the market area referred to as “the rest of Europe”. Sales in other market areas decreased slightly.
- International sales accounted for 31.4% of net sales of bags.
Production

- The output of the Herttoniemi textile printing factory increased by 1.5% in 2010.
- The production volume of the Sulkava factory decreased slightly compared to the previous year.
- The output of the Kitee factory declined substantially due to changes implemented in the production structure in 2009.
Key figures
Operating result

EUR million

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Gross investments

EUR million

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Equity ratio

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1-12/2010 8.2.2011
## Key indicators

<table>
<thead>
<tr>
<th></th>
<th>1-12/2010</th>
<th>1-12/2009</th>
<th>Change, %</th>
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<tbody>
<tr>
<td>Earnings per share, EUR</td>
<td>0.76</td>
<td>0.59</td>
<td>28.8</td>
</tr>
<tr>
<td>Equity per share, EUR</td>
<td>4.26</td>
<td>3.96</td>
<td>7.6</td>
</tr>
<tr>
<td>Return on equity (ROE), %</td>
<td>18.4</td>
<td>14.8</td>
<td></td>
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<tr>
<td>Return on investment (ROI), %</td>
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<tr>
<td>Equity ratio, %</td>
<td>78.8</td>
<td>77.7</td>
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<tr>
<td>Gearing, %</td>
<td>-28.2</td>
<td>-32.2</td>
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</tr>
<tr>
<td>Gross investments, EUR 1,000</td>
<td>1,519</td>
<td>1,202</td>
<td>26.4</td>
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<tr>
<td>Gross investments, % of net sales</td>
<td>2.1</td>
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<td>Contingent liabilities, EUR 1,000</td>
<td>11,147</td>
<td>11,306</td>
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<tr>
<td>Average personnel</td>
<td>375</td>
<td>400</td>
<td>-6.3</td>
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<tr>
<td>Personnel at the end of the period</td>
<td>388</td>
<td>370</td>
<td>4.9</td>
</tr>
<tr>
<td>Number of share at the end of the period (1,000)</td>
<td>8,040</td>
<td>8,040</td>
<td></td>
</tr>
<tr>
<td>Number of shares outstanding, average (1,000)</td>
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