

marimekko®

ANNUAL GENERAL MEETING 2016

REVIEW BY THE PRESIDENT

Tiina Alahuhta-Kasko
11 April 2016



“To be present in the everyday lives of people and make their secret dreams come true. No more, no less – that is my vision for Marimekko’s future.”

– Armi Ratia, 1978

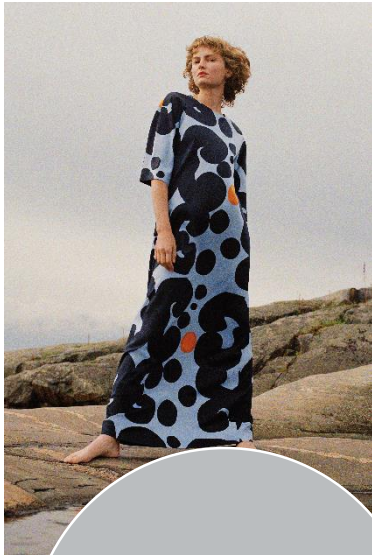


What is Marimekko?

Our mission is to bring joy to everyday life through bold colours and vibrant prints.

Our vision is to be the world's most renowned pattern designer and one of the most inspiring design brands.

The cornerstones of Marimekko's strategy



Unique design
and brand



Product
assortment
based on a
lifestyle
concept

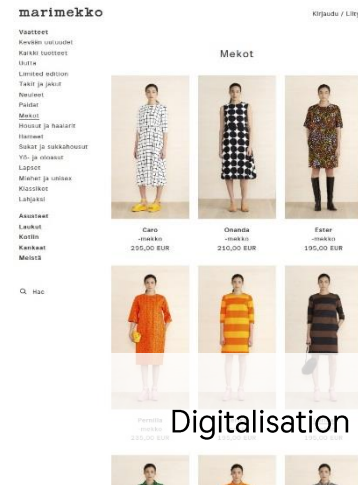
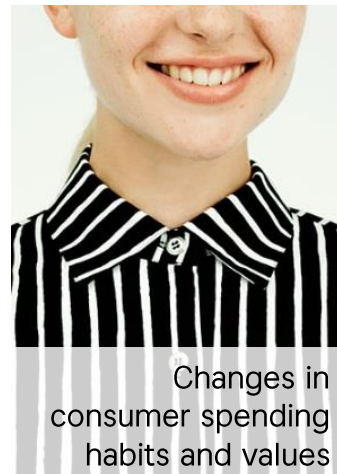
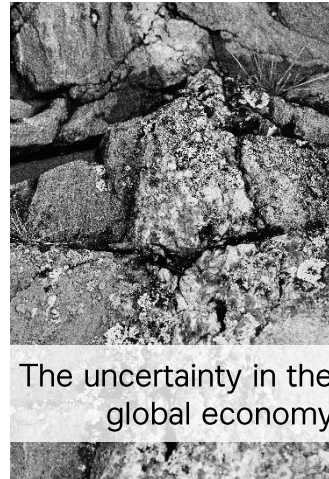


Long-term
international
growth
strategy with a
focus on
Marimekko
stores



Unique
Marimekko spirit
fostering internal
entrepreneurship
and creativity

Our industry's current phenomena



Focus areas of Marimekko's strategy

2014-2018

PROFITABLE AND GLOBAL FASHION & HOME BRAND
WITH STRONG DIGITAL OPERATIONS

- from a "niche design cult brand" to a much broader appeal for selected target customers
- fashion as lifestyle brand spearhead and clarified brand direction
- stronger profitability through recent growth and improved efficiency
- continuing growth with partner-lead retail with special focus on Asia
- digital as driver of future growth

2010-2014

GLOBAL COMPANY

- launch of a global network of stores
- launch of US e-comm and focus on digital communication
- efficiency improvements
- successful global collaborations
- launch of a sustainability and CSR organisation

2008-2012

FOUNDATIONS

- crystallisation of the brand
- building a professional organisation
- corporate culture
- new categories in home products
- store concept
- new stores and teams in Asia and North America

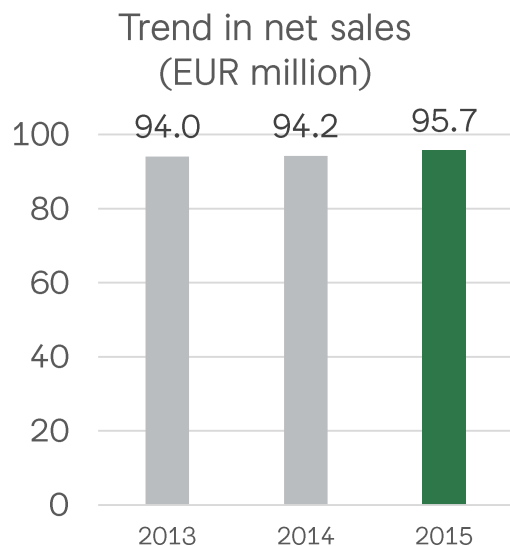
FINANCIAL DEVELOPMENT



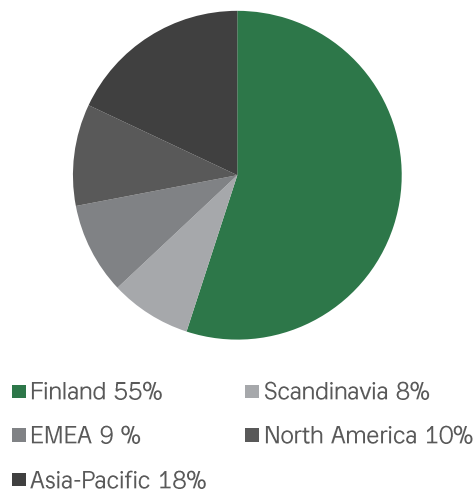
The year 2015 in figures

- The net sales was EUR 95.7 million (94.2).
- Brand sales was EUR 185.5 million (186.8).
- In 2015, the operating profit was EUR 1.5 million (5.6), and the operating profit excluding nonrecurring items was EUR 1.5 million (6.3).
- EBITDA was EUR 6.1 million (9.9).
- Result after taxes was EUR 0.8 million (4.1) and earnings per share were EUR 0.10 (0.51).

Net sales 2015



Net sales by market area
2015

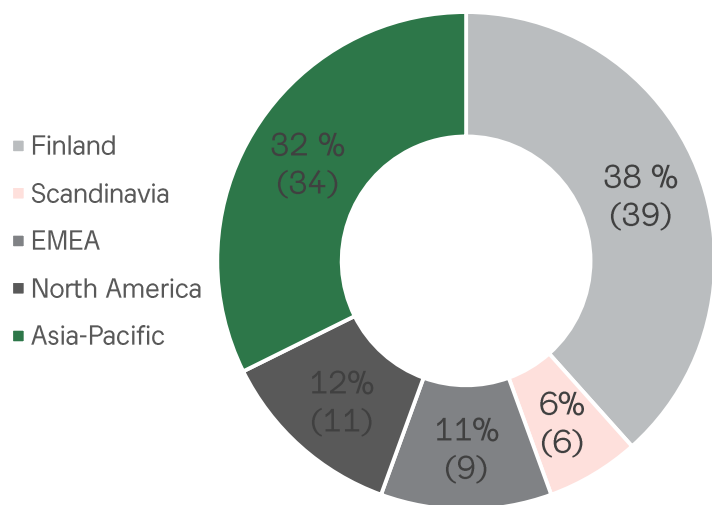


- In 2015, the Marimekko Group's net sales grew on the previous year and were EUR 95.7 million (94.2).
- International sales rose by 2%
 - Retail sales decreased 1%
 - Wholesale sales increased 3%
- Comparable sales were on a par with the previous year in Central Europe, but declined in all other market areas.
- In Finland, retail sales were boosted in particular by a rise in discount-driven sales at outlet stores and the online shop as well as successful holiday campaign sales.

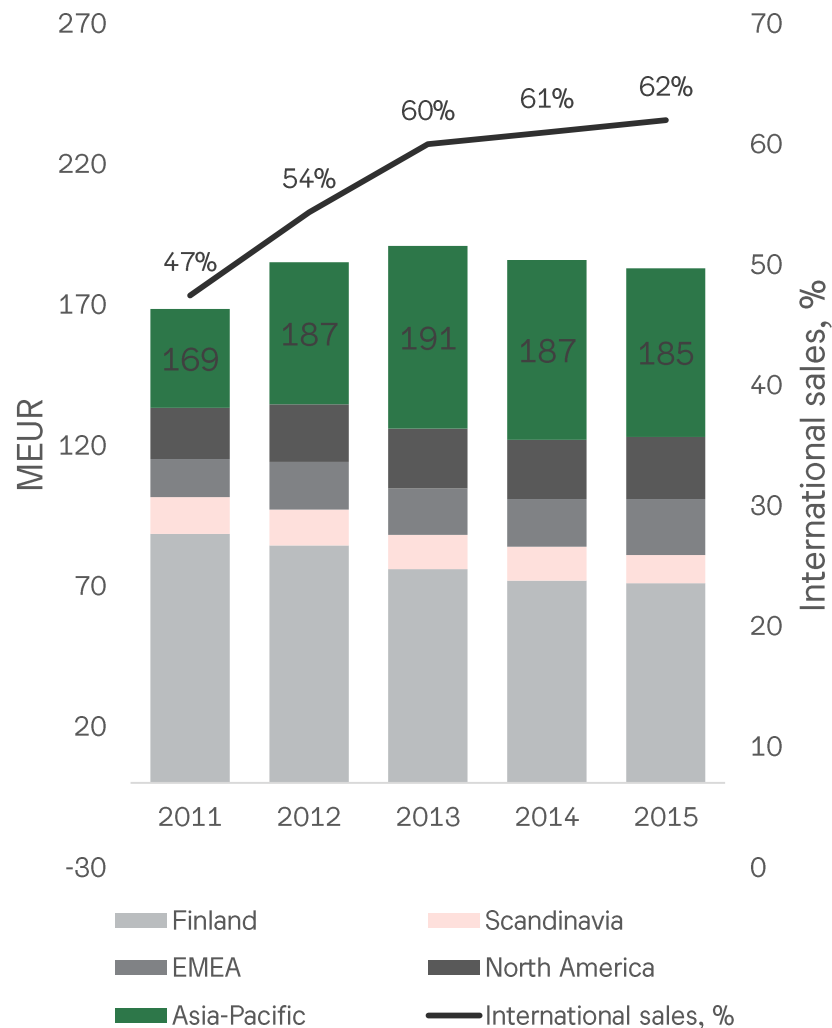
10% increase in Marimekko brand sales in 2011-2015

In 2015, 62% of the sales came from abroad (63)

Brand sales by market area
2015



MEUR	2015	2014	Change, %
Finland	71.3	72.2	-1
Scandinavia	10.9	12.0	-9
EMEA	20.4	17.1	20
North America	22.9	21.5	7
Asia-Pacific	60.0	64.1	-6
TOTAL	185.5	186.8	-1



Operating profit 2015

In 2015, operating profit was EUR 1.5 million (5.6) and operating profit excluding nonrecurring items was EUR 1.5 million (6.3).

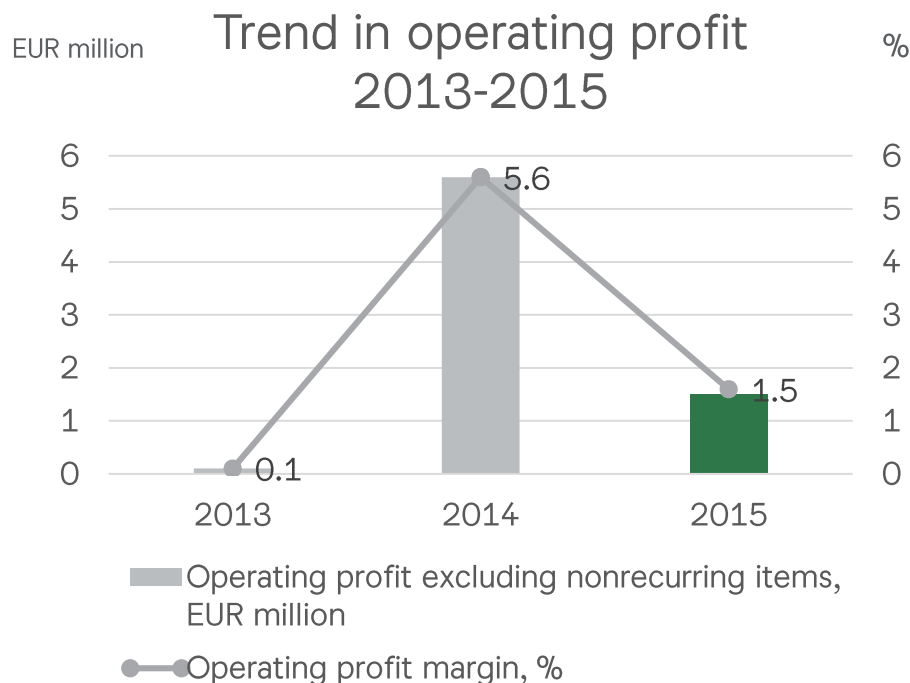
Operation profit was weakened by

- Substantial expenses related to the Beverly Hills store closure
- Decline in wholesale sales in Finland, Scandinavia and the Asia-Pacific region
- Downturn in relative wholesale margins
- Deterioration in the profitability of retail sales
- Increased design and marketing expenses.

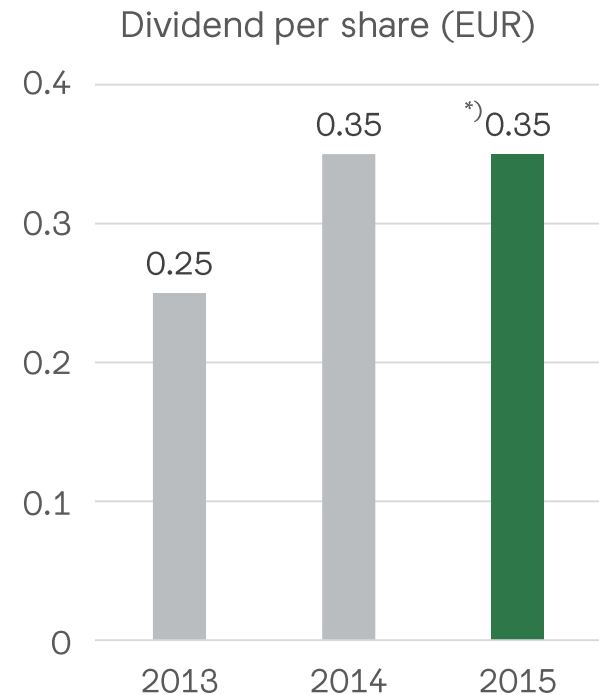
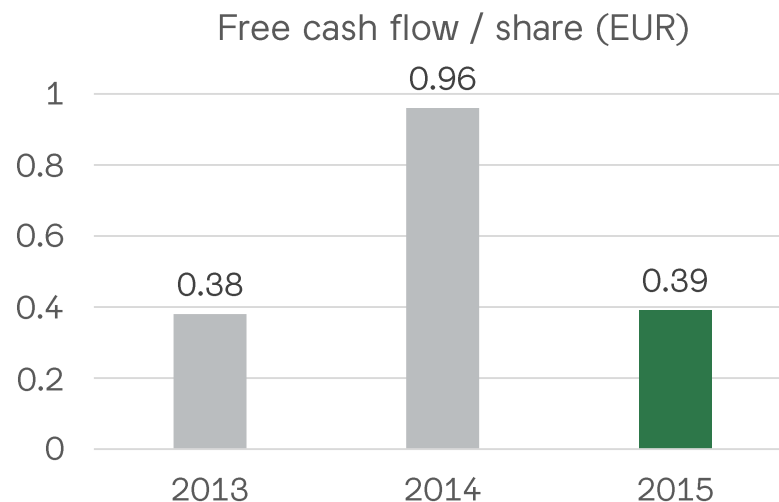
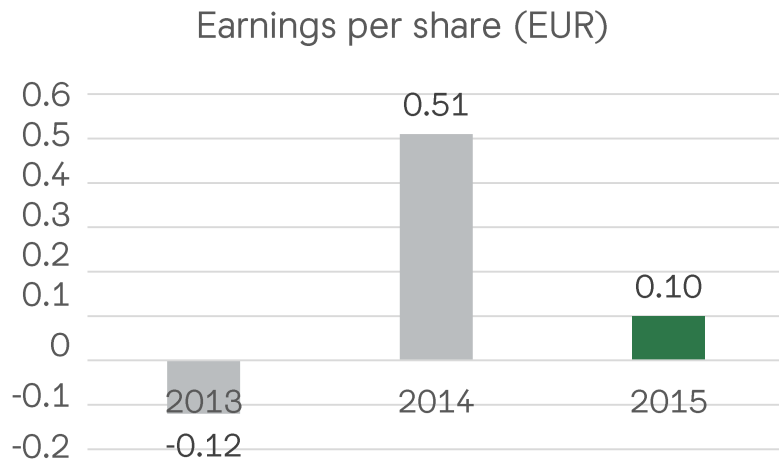
Operating profit was supported by an increase in royalty income in North America in Q1 and Q3, and additional sales of new stores.

Considerable, nonrecurring promotional deliveries improved the result in comparison period.

Despite the marked decrease in operating profit, we were able to retain our cash flow at a moderate level thanks to better management of net working capital.



Earnings per share, Free cash flow/share, and Dividend per share



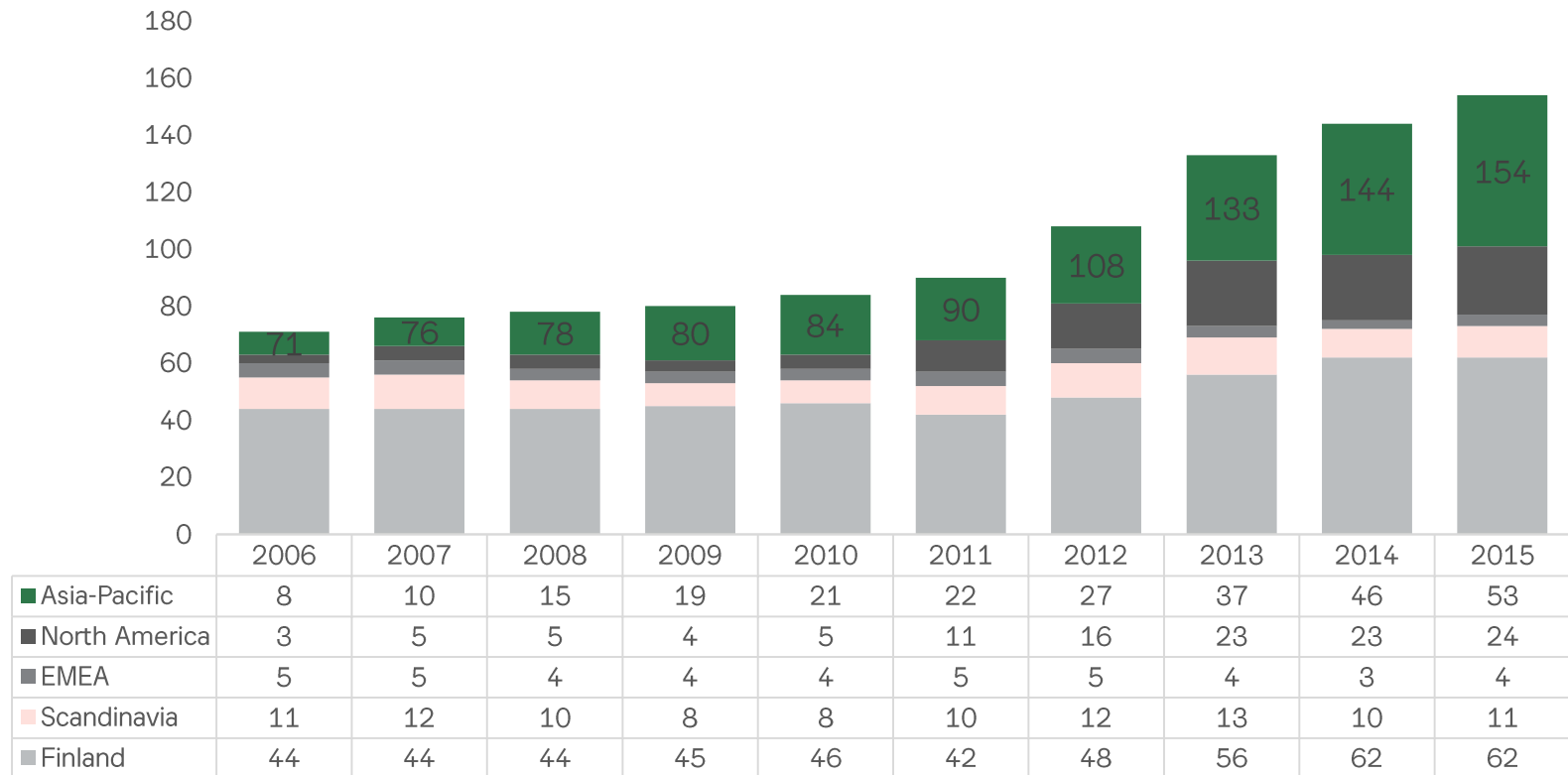
*) The Board of Director's proposal to the Annual General Meeting

Marimekko store openings 2015 – 18 new Marimekko stores



In 2015, the main thrust in the Marimekko store network expansion was on openings of retailer-owned Marimekko stores, especially in the Asia-Pacific region. During the year, a total of 18 new Marimekko stores were opened: four company-owned and nine retailer-owned, and five shop-in-shops.

154 stores* at the end 2015



*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 55 at the end of 2015 (54).

Key figures

	2015	2014	Change, %
Net sales, EUR 1,000	95,652	94,150	2
International sales, EUR 1,000	42,962	42,116	2
% of net sales	45	45	-
EBITDA, EUR 1,000	6,053	9,875	-39
Operating profit, EUR 1,000	1,542	5,592	-72
Operating profit margin, %	1.6	5.9	-
Result of the period, EUR 1,000	803	4,114	-80
Earnings per share, EUR	0.10	0.51	-81
Cash flow from operating activities, EUR 1,000	6,313	9,851	-36
Gross investments*, EUR 1,000	3,171	2,063	54
Return on investment (ROI), %	4.5	15.6	-
Equity ratio, %	59.0	61.6	-
Gearing, %	11.3	10.5	-
Contingent liabilities, EUR 1,000	36,252	28,889	25
Personnel at the end of the period	476	479	-1
outside Finland	126	129	-2
Brand sales, EUR 1,000	185,539	186,787	-1
outside Finland, EUR 1,000	114,283	114,595	0
proportion of international sales, %	62	61	-
Number of retail stores and shop-in-shops	154	144	7

* Excluding finance lease investments



Tiina Alahuhta-Kasko was appointed as President of Marimekko as of 9 April 2015 – Mika Ihamuotila continues as CEO and Chairman of the Board



Lasse Lindqvist was appointed as Chief Marketing Officer (CMO) and member of the Management Group as of 10 August 2015, and Elina Aalto as Chief Financial Officer (CFO) and member of the Management Group as of 11 December 2015



Marimekko expanded into new markets in Southeast Asia and Middle East – new stores opened in Bangkok, Singapore and Dubai



Spring patterns for the home

Now 15% off all fabrics and cushion covers. Explore the campaign >

Online store experience was updated and expanded in Europe in Autumn



Spring/Summer 2016 RTW collection premiered at Marimekko's historical first ever Paris Fashion Week presentation in October



Launch of the new global store concept – Marimekko's Helsinki flagship store opened as the first store to represent the new concept



Marimekko invests in washing machine in its textile printing factory in Helsinki, Finland

EVENTS AFTER THE REVIEW PERIOD



Streamlining and reorganising operations

- In January, Marimekko announced its plans to streamline its operations and improve profitability.
- As a part of the streamlining operations, Marimekko initiated consultative negotiations that were concluded in March 2016.
- Annual savings from streamlining operations and reorganisations are approximately EUR 2.1 million.



Prominent limited-edition design partnership with an American retailer Target



Fall/Winter 2016 RTW collection revealed with an overall lifestyle experience
at Paris Fashion Week in March

- Clothing
- Accessories
- Bags
- Home
- Fabrics
- Marimekko's World

Search

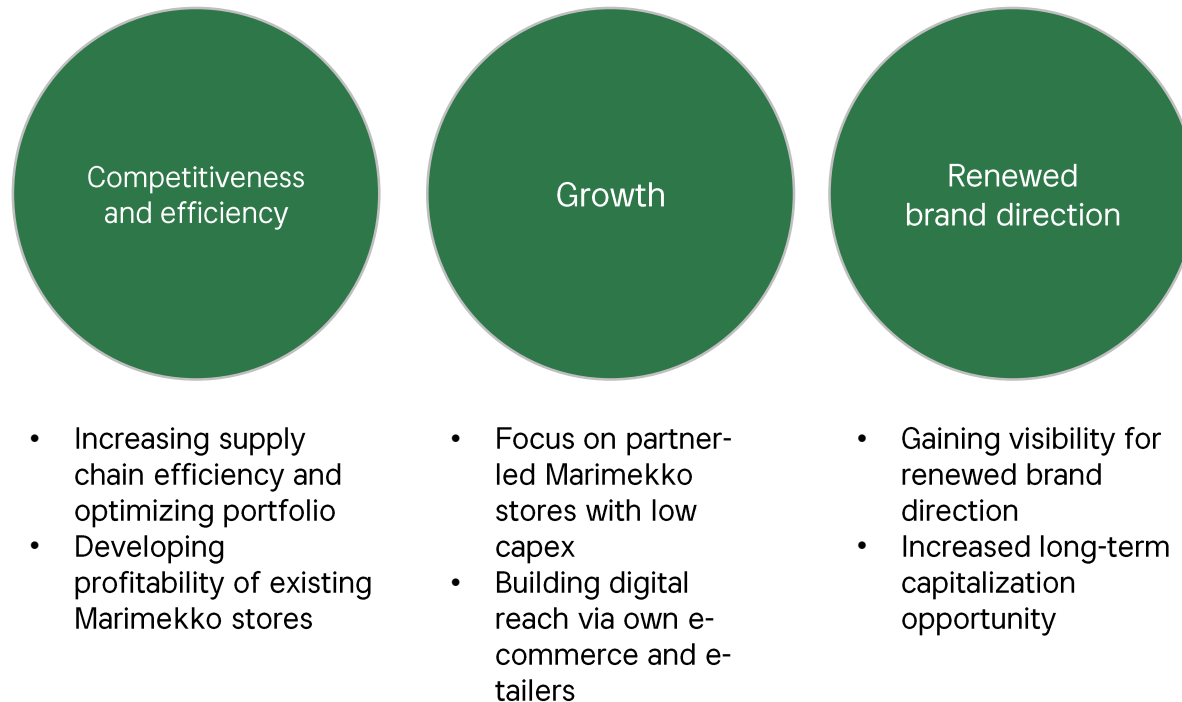


Our online store is now open in Australia!

Celebrate by taking 15% off your first order with code LOVEAU at checkout. See more >

Marimekko’s online store rolled out in Australia in April

Year 2016: fixing efficiency to secure long-term growth with renewed brand direction



THANK YOU.

marimekko®