

A photograph of two women standing outdoors on a city street. They are both wearing black and white checkered shirts, a signature style of Marimekko. The woman on the left is smiling broadly, looking towards the right. The woman on the right is also smiling, looking down. The background shows a street with parked cars and buildings.

marimekko

Annual General Meeting  
17 April 2019

Tiina Alahuhta-Kasko  
17 April 2019

**Review by the  
President and CEO**

**Strategy**

Empower people to be happy  
as they are and bring joy to  
their everyday lives through  
bold prints and colours.

**Purpose.**

## **Vision.**

To be the world's most  
inspiring lifestyle design brand  
renowned for bold prints.

# Long-term international growth strategy



There are some 150 Marimekko stores and shop-in-shops in 15 countries, and online store serves customers in 32 countries.

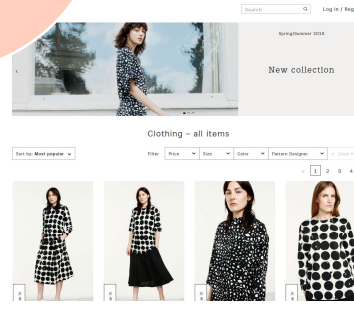
Our flagship stores are located in Helsinki, Stockholm, New York, Tokyo and Sydney.

Our key markets are Northern Europe, North America and the Asia-Pacific region, and we approach them through key cities.



# Business model

Marimekko  
omnichannel  
retail



Department and  
multibrand  
stores &  
e-tailers



Brand collabs &  
licensing



Strong growth opportunities – yet low risk and small capital requirement

Global brand – yet small and flexible company



PURPOSE:  
 EMPOWER PEOPLE TO BE HAPPY AS THEY ARE AND BRING JOY TO THEIR EVERYDAY LIVES THROUGH BOLD PRINTS AND COLOURS

MEGATRENDS:  
 GLOBALISATION  
 CHANGES IN CONSUMER VALUES  
 EMPOWERED WOMAN  
 DIGITALISATION

Growth  
 +10% p.a.

EVEN STRIPES FOR EQUALITY

marimekko

**KEY STRATEGIC SUCCESS FACTORS:**

Build Marimekko lifestyle brand through fashion and bags as spearhead

Maximize sales by building omnichannel ecosystems

Appeal to a broader global target audience

Approach key markets through key cities

Increase awareness and loyalty through value-driven storytelling



**Financial  
development**



## 2018 was a strong and eventful year

During 2016–2017, we focused on improving our profitability and international competitiveness.

In 2018, we began seeking markedly stronger growth: our net sales grew by 9% and our comparable operating profit by 42%.

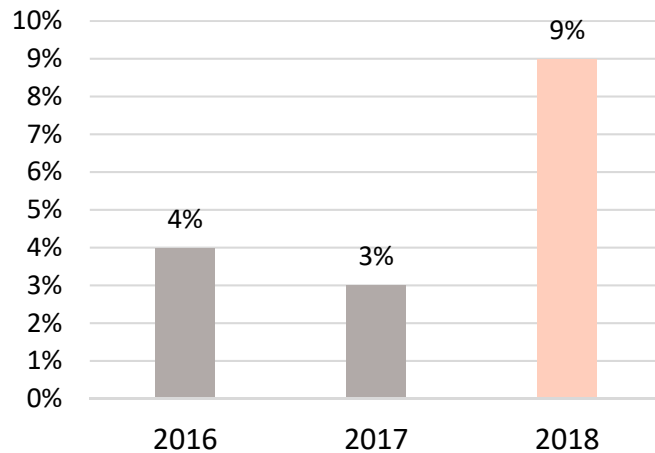
The past year was a clear demonstration of the effectiveness of the new direction in our collections and our brand.

In terms of the number of Marimekko stores, the Asia-Pacific region surpassed our home market, Finland.

Our long-term work to build international success continues.

# Net sales 2018

Growth in net sales, %

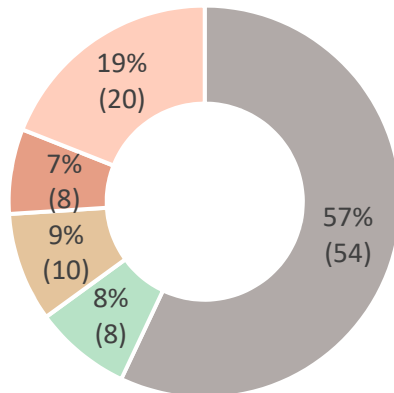


Net sales +9% to EUR 111.9 million (102.3)

- Sales were up in all market areas, except North America where net sales were on a par with the previous year.
- Growth was generated primarily by Finnish retail and wholesale sales as well as wholesale sales in the Asia-Pacific region.

Net sales by market area 2018

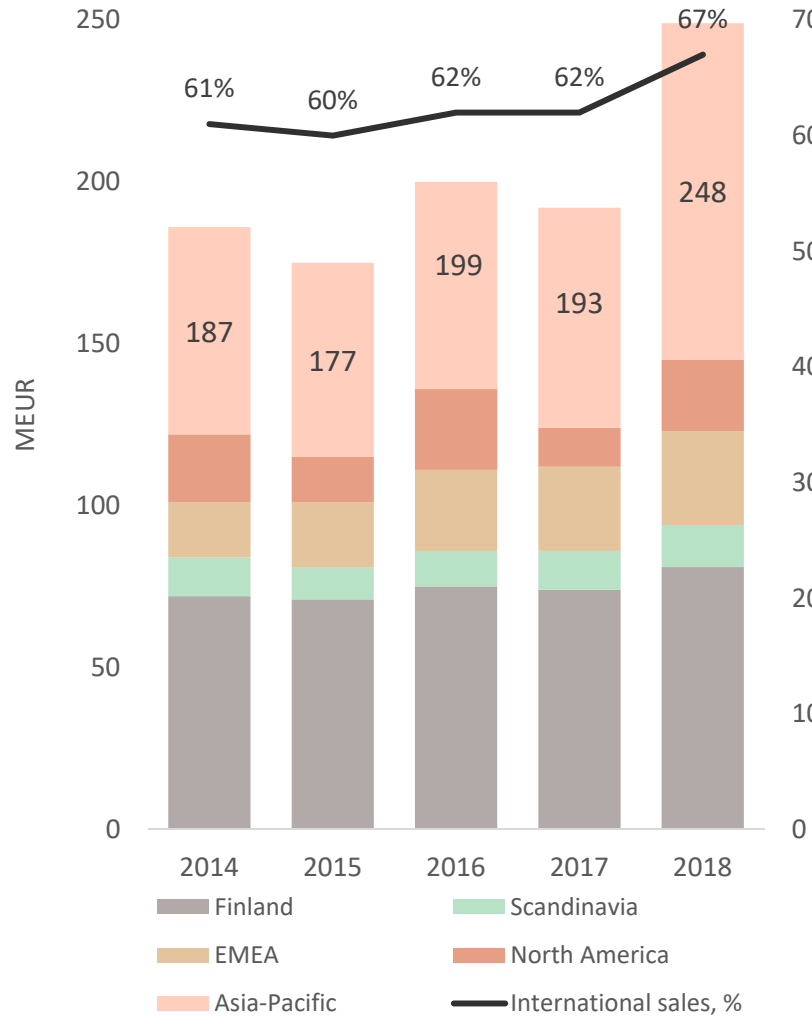
■ Finland ■ Scandinavia ■ EMEA ■ North America ■ Asia-Pacific



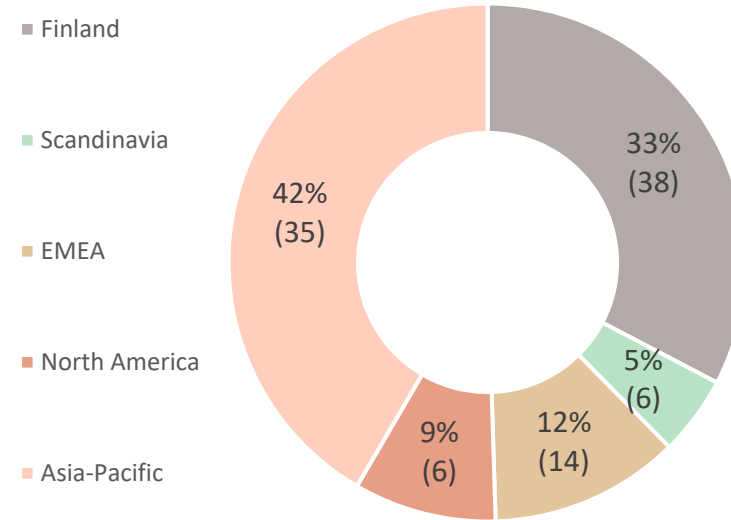
Sales in Finland +14%. Retail sales rose by 10% and growth was stronger than the overall trend for the sector. The 25% increase in Finnish wholesale sales was mostly due to nonrecurring promotional deliveries.

International sales +4%. In the Asia-Pacific region, part of the fourth quarter's wholesale deliveries took place after the start of 2019.

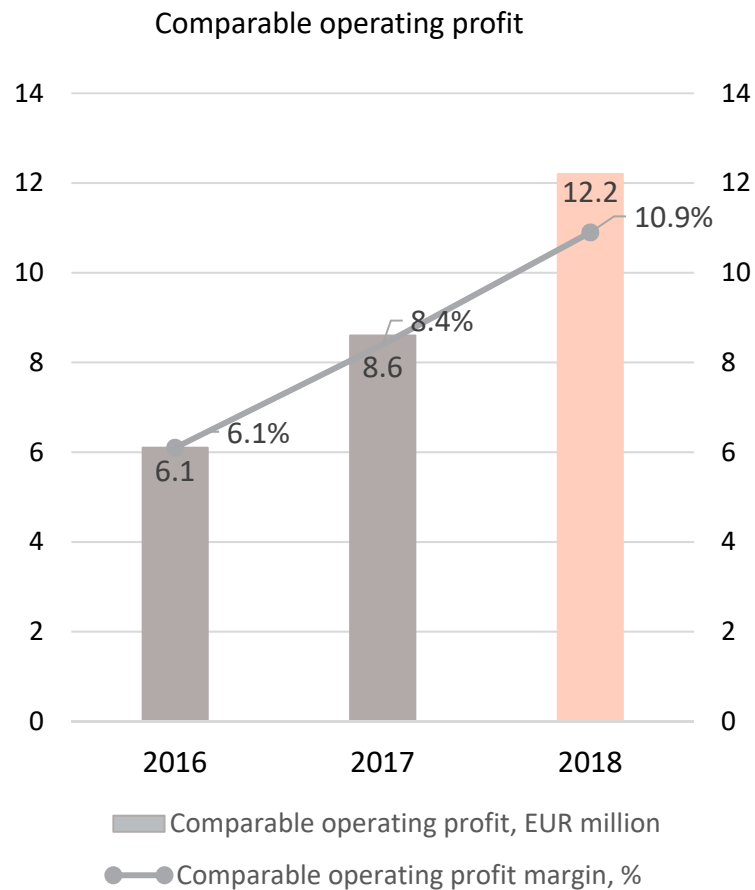
# Marimekko brand sales



Brand sales by market area 2018



# Operating profit 2018



Operating profit EUR 17.7 million (8.4)

- operating profit included a non-recurring taxable capital gain of EUR 6.0 million due to the sale of the company's head office

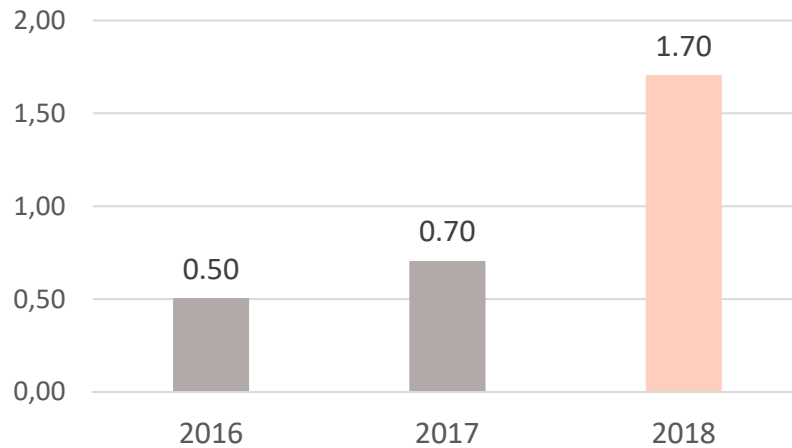
Comparable operating profit EUR 12.2 million (8.6)

- + Growth in net sales
- + Good relative sales margin
- + Reduced depreciation
- Increased fixed costs, especially personnel, marketing and rental expenses

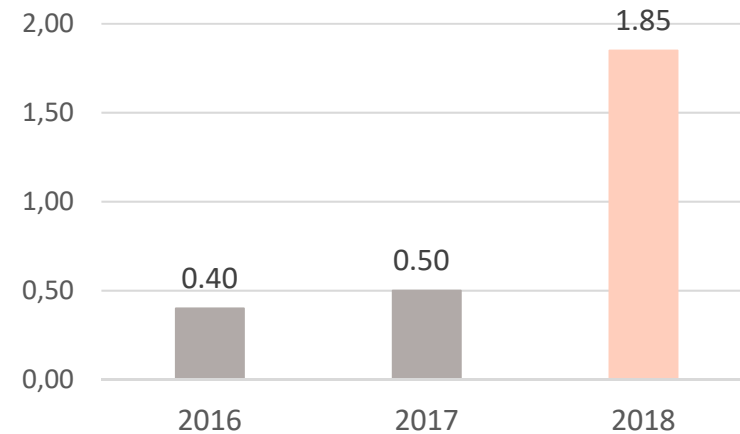


# Earnings per share, free cash flow per share and dividend per share

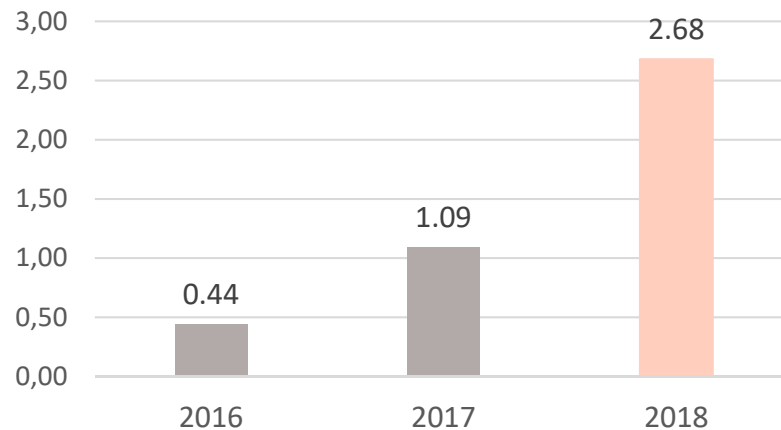
Earnings per share (EUR)



Dividend per share (EUR)



Free cash flow per share (EUR)



2018: The Board of Directors' proposal to the Annual General Meeting. The proposed dividend includes a regular dividend of EUR 0.60 per share and an additional dividend of EUR 1.25 per share.

# Events in 2018



## Sale and leaseback of head office

In April 2018, Marimekko announced that it has sold its head office building in Herttoniemi, Helsinki to the Finnish Real Estate Fund Finland III Ky, a fund of OP Financial Group. Marimekko also signed a long-term lease agreement and remained as a tenant in the building.

As a result of the transaction, Marimekko booked a non-recurring taxable capital gain of EUR 6.0 million in the second quarter of 2018 and the cash flow impact before taxes was EUR 10.5 million. In addition, OP has committed to invest in renovating the building.

As a result of the transaction, Marimekko's expenses will increase by about EUR 1 million and depreciation will decrease by about EUR 0.5 million annually.





## Acceleration of profitable growth, improvement of capital efficiency, additional dividend and revised financial goals

In its stock exchange release of 1 November 2018, Marimekko announced the following:

- The sale of Marimekko's head office in spring 2018 strengthened the company's financial position and, during the autumn, the Board of Directors examined various options to use the funds obtained from the transaction.
- In its evaluation, the Board focused on accelerating profitable growth and improving capital efficiency.
- The Board decided that
  - part of the funds will be used for the development of strategically important business areas
  - a proposal for the payment of an additional dividend of EUR 1.25 per share be made to the Annual General Meeting to be held in spring 2019.
- At the same time, the Board examined the company's long-term financial goals and decided to revise the goals related to profitability and capital structure.



## Revised long-term financial goals

- Annual growth in net sales over 10% (unchanged)
- Operating profit margin 15% (earlier: 10%)
- Ratio of net debt to EBITDA at year end max. 2 (new)
- The intention is to pay a yearly dividend; percentage of earnings per share allocated to dividends at least 50% (unchanged)





Limited-edition collaboration collections with the clothing brand Uniqlo and the cosmetics brand Clinique conferred exceptionally broad international visibility and increased brand sales during the first of half the year.



Marimekko flagship store,  
Omotesando

## Revamped Marimekko flagship stores in Stockholm, Tokyo and Sydney

- Revamped Marimekko flagship stores opened in Stockholm's Norrmalmstorg in February, in Tokyo's Omotesando district in August, and in Sydney's Westfield shopping centre in November.
- As the most prominent embodiment of the Marimekko brand, flagship stores play a significant role globally.





Marimekko successfully presented its ready-to-wear collections at Paris Fashion Week in March and September 2018.

**Events after the end of  
the financial year**





## Share issue directed to personnel

In its stock exchange release of 1 November 2018, the company announced that Marimekko Corporation's Board of Directors had, pursuant to the authorisation granted by the Annual General Meeting of 12 April 2018, decided to arrange a personnel share issue in Finland, in which a maximum of 150,000 new shares in the company are offered for subscription to the personnel and to designers employed by the company on a freelance basis.

In its stock exchange release of 1 April 2019, Marimekko announced that half of those entitled to subscribe took part in the share issue. The terms of the personnel share issue 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. The Board of Directors approved a total of 40,224 subscriptions for new shares.

The new shares were entered into the Trade Register on 11 April 2019 and the number of shares in the company increased to 8,129,834. The total subscription price of EUR 725,988 is recorded in the company's reserve for invested non-restricted equity.



首页 宝贝 新品 活动



盛大开幕



连衣裙



上衣



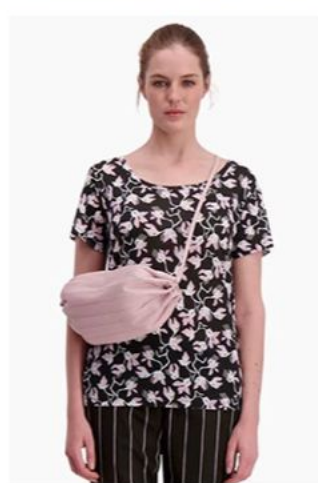
长裤



包袋



Clothing  
服饰



Bags  
包袋



Accessories  
配饰

## Current events

### Online sales in China

- We are devoting greater efforts to marketing and boosting brand awareness in China.
- We have taken the first steps to launch online sales of Marimekko products in WeChat and Tmall.
- China is a strategically important market for us and
  - our aim is to improve the availability of our products and, together with our local partner, to offer an omnichannel experience to our customers
  - our partner is responsible for the operation of the Marimekko stores in China and we ourselves are responsible for online sales
  - we will gain valuable lessons in the future of digital business.
- As online sales are still very much in the early stages, it will incur expenses for us in 2019.



## Current events

### **Piloting the new *Shoppable Marimekko Home* concept in Milan**

- We want to challenge traditional forms of retail and investigate combining physical and digital worlds into one inspiring and effortless customer experience.
- During Milan Design Week in early April, we piloted a new service concept by bringing a 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.

**Thank you!**

**marimekko**