

Marimekko Corporation, Financial Statement Bulletin, 10 February 2012 at 8.30 a.m.

## MARIMEKKO CORPORATION'S FINANCIAL STATEMENT BULLETIN, 1 JANUARY - 31 DECEMBER 2011

*During 2011, the Marimekko Group's net sales grew by 6 per cent and international sales by 26 per cent. Investments in expansion bore fruit during the last quarter of the year. Year 2012 will be a time for considerable growth and improved profitability.*

### Financial year 2011

- Net sales grew by 5.7% to EUR 77.4 million (EUR 73.3 million).
  - International sales grew very strongly: net sales rose by 25.9% to EUR 27.7 million (EUR 22.0 million). The growth was driven by the Asia-Pacific region where sales rose by 49.3%. Sales also grew vigorously in Central and Southern Europe as well as North America. The opening of new stores had a positive impact on sales in Scandinavia.
  - Sales in Finland fell by 3.0% to EUR 49.7 million (EUR 51.3 million). The decline was entirely due to changes made in the distribution network in accordance with the company's distribution strategy and a significant decrease in deliveries for promotions. Comparable sales in company-owned retail stores grew by 4.1%.
- Operating profit fell as expected and amounted to EUR 3.5 million (EUR 8.2 million). The result was burdened by changes made in the distribution network in accordance with the company's distribution strategy, a substantial decrease in deliveries for promotions and considerable investments in internationalisation. During the last quarter of the year, however, the situation took a noticeable turn for the better.
- Investments were substantial compared with the previous year, amounting to EUR 9.2 million (EUR 1.5 million).
- Brand sales\* grew briskly, by 12.6%, and amounted to EUR 168.6 million (EUR 149.7 million).
- The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 (EUR 0.55) per share be paid for 2011.

### 4Q of 2011

Net sales grew by 6.8% to EUR 23.6 million (EUR 22.1 million).

- International sales rose by 36.7% to EUR 8.0 million (EUR 5.9 million). Sales grew in all market areas. The strongest growth was seen in North America – sales in the New York store which opened during the quarter exceeded expectations.
- Sales in Finland fell by 4.0% to EUR 15.6 million (EUR 16.2 million). Retail sales rose by 19.9%, while wholesale sales declined by 26.2%.
- Operating profit amounted to EUR 1.6 million (EUR 2.2 million). The trend in earnings took a noticeable turn for the better. The decline in earnings was entirely due to changes made in the distribution network and a significant decrease in deliveries for promotions.

### Market outlook and growth targets

The negative effects of the structural problems of the international financial markets on general economic trends dampen the outlook for retail sales and make it difficult to predict consumers' purchasing behaviour.

The new stores opened during 2011 and other significant investments in the expansion of the distribution network will generate a substantial sales increase in 2012. In addition, the company aims to open 10 to 20 new stores during 2012, about half of which would be owned by Marimekko.

The planned total investments for 2012 of the Marimekko Group are estimated as being in excess of EUR 6 million. The majority of investments will be directed at building new store premises and purchasing new furniture.

## Financial guidance

The Marimekko Group's net sales are estimated to grow by over 10% in 2012 and operating profit is forecast to at least double.

## Key performance indicators

	1-12/2011	1-12/2010	Change, %
Net sales, EUR 1,000	77,442	73,297	5.7
Operating profit, EUR 1,000	3,528	8,169	-56.8
Profit for the financial year, EUR 1,000	2,826	6,072	-53.5
Earnings per share, EUR	0.35	0.76	-53.9
Cash flow from operating activities, EUR 1,000	651	4,559	
Return on investment (ROI), %	11.4	25.0	
Equity ratio, %	67.2	78.8	
Brand sales*, EUR 1,000	168,557	149,717	12.6
Number of retail stores and shop-in-shops**	90	84	7.1

\* Estimated sales of Marimekko products at consumer prices. Brand sales are calculated by adding together the company's own retail sales and the estimated retail value of Marimekko products sold by other retailers. The estimate, based on Marimekko's actual wholesale sales to these retailers, is unofficial and does not include VAT. The key figure is not audited.

\*\* Includes the company's own retail stores, retailer-owned Marimekko stores (previously "concept stores") and shop-in-shops with an area exceeding 30 sqm. The company's own retail stores numbered 37 (28). Information is available in the reviews by business unit on the changes per market area.

Mika Ihamuotila, President and CEO:

"I am very pleased with our progress in 2011: we took several bold steps on the way to international growth. I am proud of our employees because all planned measures, as substantial as they were considering the company's size – such as opening numerous new stores and launching new products, starting e-commerce in the United States and tripling our textile printing capacity in Finland – were completed on schedule. In 2011, we created the prerequisites for considerable sales growth and a significant improvement in earnings in 2012.

"During 2011, the Marimekko Group's net sales grew by 6% and international sales by 26%. The growth was driven by the Asia-Pacific region, where sales grew by as much as 49%. We are convinced that this enormous market area has plenty more business opportunities – this year we are going to the Chinese market. In 2011, sales also grew well in North America as well as in Central and Southern Europe. We were especially delighted with the enthusiastic reception received by our flagship store in New York, whose sales clearly exceeded our expectations. As a result, this year we will invest even more in opening company-owned stores in the United States.

"In Finland, our net sales decreased by 3% due to the changes we made in the distribution network in accordance with our strategy and a reduction in our participation in promotions. With these changes, we seek sales growth and improved profitability.

"Our operating profit fell as expected and amounted to EUR 3.5 million (EUR 8.2 million). The result was burdened by changes in the distribution network and a decrease in deliveries for promotions as well as considerable investments in internationalisation. During the last quarter of the year, however, the situation took a noticeable turn for the better, although the changes made in the distribution network and the decrease in deliveries for promotions continued to burden profitability. Earnings for the last quarter were improved by the significant increase in sales generated by the new company-owned stores opened in Finland and abroad, especially in the United States, as well as growth in comparable retail sales in Finland. Also, regardless of the rise

in raw material costs, sales margins both in wholesale sales and in our own retail stores improved.

"The clear upturn we saw during the last quarter of 2011 was not only encouraging, but also a sign that our investments in growth have paid off. We will continue those investments in 2012 and expect this year to be a time of considerable growth and improved profitability for us. Our aim is to open 10 to 20 new stores, approximately half of which would be company-owned. That will somewhat change the ratio between wholesale sales and retail sales and also bind the company's equity and resources more than before.

"Regardless of the difficult international economic situation, I am optimistic about Marimekko's future prospects, because it is evident that the substantial investments made in 2010 and 2011 are now starting to bear fruit."

#### Briefing for the media and analysts

A briefing for the media and analysts will be held concerning this financial statement bulletin today at 9 a.m. in Marimekko's flagship store in the Kämp Galleria Shopping Mall, Pohjoisesplanadi 33, Helsinki. The presentation material is available on the company's website at [company.marimekko.com](http://company.marimekko.com) under Releases/Interim reports and financial statements.

#### Corporate governance statement

Corporate governance statement 2011 is available on the company's website at [company.marimekko.com](http://company.marimekko.com) under Investors/Management/Corporate governance.

#### Annual summary 2011

A summary of Marimekko's stock exchange releases published during the 2011 financial year is available on the company's website at [company.marimekko.com](http://company.marimekko.com) under Releases /Annual summaries.

#### Financial calendar 2012

The Annual Report for 2011 will be published in week 12. The Annual General Meeting will be held on 17 April 2012 at 2 p.m. The following interim reports will be published in 2012: January to March, on Wednesday 9 May 2012 at 8:30 a.m.; January to June, on Tuesday 14 August 2012 at 8:30 a.m.; and January to September, on Tuesday 30 October 2012 at 8:30 a.m.

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#### DISTRIBUTION:

NASDAQ OMX Helsinki Ltd

Key media

*Marimekko is a Finnish textile and clothing design company renowned for its original prints and colours. The company designs and manufactures high-quality interior decoration items ranging from furnishing fabrics to tableware as well as clothing, bags and other accessories. When Marimekko was founded in 1951, its unparalleled printed fabrics gave it a strong and unique identity. Marimekko products are sold in approximately 40 countries. In 2011, brand sales of Marimekko products worldwide amounted to approximately EUR 170 million and the company's net sales were EUR 77 million. The number of Marimekko stores totalled 90 at the year end. The key markets are North America, Northern Europe and the Asia-Pacific region. The Group employs around 430 people. The company's share is quoted on NASDAQ OMX Helsinki Ltd. [www.marimekko.com](http://www.marimekko.com).*

MARIMEKKO CORPORATION'S FINANCIAL STATEMENT BULLETIN, 1 January – 31 December 2011

## MARKET SITUATION

The overall uncertainty about the global economy continues in 2012. The serious loan crisis in Europe is still the main threat that can cause the global economy to take a downturn turn. Growth in the European economy is expected to be close to zero. Even though the world economy is estimated to grow by nearly 3%, driven by growth in Asia, and the latest news on the US economy are cautiously optimistic, the uncertainty may impact consumers' purchasing behaviour in all markets,

The current economic situation in Finland is slightly weaker than average, and there are no signs on the horizon of the economy taking a turn for the better. The outlook for the next six months is downbeat, and the general economic situation is expected to continue to weaken. Slow sales growth is anticipated for retail trade. (Confederation of Finnish Industries EK: Business Tendency Survey, February 2012) The Federation of Finnish Commerce estimates that retail sales will grow by 0.5% (the Federation of Finnish Commerce, outlook for 2012-2013).

In 2011, the value of retail sales in Finland rose by 2.4% (Statistics Finland: Turnover of trade 2011, December). Retail sales of clothing (excluding sportswear) grew by 1.6% (Textile and Fashion Industries TMA). Sales of womenswear rose by 1.5% and sales of menswear by 3.4%. Sales of childrenswear fell by 0.7%. Sales of bags rose by 5.9%. In the January-November period of 2011, exports of clothing (SITC 84) rose by 20% and imports by 16%; exports of textiles (SITC 65) grew by 5% and imports by 9% (National Board of Customs, monthly review, November 2011).

## NET SALES

### Financial year 2011

In 2011, the Marimekko Group's net sales increased by 5.7% to EUR 77,442 thousand (EUR 73,297 thousand), thanks to growth in international sales.

In Finland, net sales declined by 3.0% to EUR 49,715 thousand (EUR 51,277 thousand). Retail sales grew by 6.5%; sales were boosted by new stores opened during the year. Comparable retail sales grew by 4.1%. Wholesale sales fell by 16.0%. The decline in wholesale sales was attributable to changes in the distribution network, made in accordance with the company's distribution strategy, and a decrease in deliveries for promotions.

International sales grew very well, by 25.9% to EUR 27,727 thousand (EUR 22,020 thousand). Sales grew vigorously in the Asia-Pacific region (49.3%) and in Central and Southern Europe (27.4%), mainly thanks to a favourable trend in wholesale sales. New stores which opened at the end of 2010 and during 2011 also increased sales significantly in these market areas. Sales in North America grew vigorously, by 24.6%, thanks to unexpectedly good sales in the New York flagship store and the new Marimekko shop-in-shops opened by Crate and Barrel. When measured in the invoicing currency (mainly the US dollar), sales in North America showed growth of about 33%. Sales in Scandinavia grew by 6.6%.

International sales represented 35.8% (30.0%) of the Group's net sales. As for brand sales, 47.5% of the sales came from abroad (44.9%). Net sales by market area were: Finland 64.2%, Scandinavia 9.7%, Central and Southern Europe 8.6%, North America 6.5% and Asia-Pacific 11.0%. The breakdown of the Group's net sales by product line was as follows: clothing 36.6%, interior decoration 43.9% and bags 19.5%.

## 4Q of 2011

In the October–December period of 2011, the Marimekko Group's net sales rose by 6.8% to EUR 23,581 thousand (EUR 22,074 thousand).

In Finland, net sales declined by 4.0% to EUR 15,561 thousand (EUR 16,205 thousand). Retail sales grew by 19.9%; sales were boosted significantly by new company-owned stores opened during the quarter. Comparable sales by Marimekko's own retail stores grew by 10.8%. Wholesale sales fell by 26.2%. The decline was attributable to changes in the distribution network and a decrease in deliveries for promotions.

International sales grew strongly, by 36.7% to EUR 8,020 thousand (EUR 5,869 thousand). The sales trend in Marimekko's own retail stores was convincing in every market: sales rose in all stores and the new stores, especially the flagship store in New York, contributed significantly to the sales growth. Wholesale sales grew particularly well in North America.

## REVIEWS BY BUSINESS UNIT

### Finland

In 2011, sales in Finland decreased by 3.0% to EUR 49,715 thousand (EUR 51,277 thousand). Marimekko's retail sales, i.e. sales by Marimekko's own retail stores in Finland, rose by 6.5%. Three new stores opened during 4Q contributed to the rise in sales. Comparable sales in the company-owned retail stores grew by 4.1%. Wholesale sales decreased by 16.0%. The decline was partly attributable to changes in the distribution network, made in accordance with the company's distribution strategy. Another factor behind the decline in wholesale sales was the fact that the revenues generated from deliveries for individual promotions were very low compared with the previous year. By cutting down on price-led promotions, the company aims to further improve the average sales margin and the brand's pricing power. The factors mentioned above particularly affected sales of interior decoration products, which declined somewhat. Sales of clothing and bags grew slightly.

### Scandinavia

Sales in Scandinavia (previously "the other Nordic countries") grew by 6.6% to EUR 7,512 thousand (EUR 7,045 thousand). During 3Q, new company-owned retail stores were opened in Copenhagen and Stockholm. Marimekko's first own retail store in Oslo was opened in October. Consumers' purchasing behaviour was cautious in all of the countries, but especially in Denmark, where general distrust with regard to development of national economy and government increased. Without the new stores, the trend in sales in Scandinavia would have been considerably weaker. Sales of clothing and bags grew somewhat, while sales of interior decoration products were at the same level as the year before.

### Central and Southern Europe

In Central and Southern Europe (previously "the rest of Europe"), net sales rose to EUR 6,687 thousand, up 27.4% on the previous year (EUR 5,248 thousand). Sales growth was seen in all product lines. Sales were particularly brisk in Germany, Belgium and the UK. The increase in sales was partly accounted for by sales in the retail stores opened in Berlin at the end of 2010. Marimekko's second company-owned retail store in London was opened at the beginning of December. In France and Italy too, the sales trend was positive.

### North America

Net sales in North America rose by 24.6% to EUR 5,008 thousand (EUR 4,020 thousand). When measured in the invoicing currency (mainly the US dollar), sales in North America showed growth of about 33%. Very strong growth was seen in bag sales. Sales of clothes and interior decoration products also grew well. The new flagship store which opened in New York at the beginning of October accounted for a significant proportion of the increase in net sales. Sales were also boosted by seven shop-in-shops which opened in the United States at the end of 2010 and in 2011. The latest opening was in October in the Miami area.

## The Asia-Pacific region

In the Asia-Pacific region (previously “other countries”), net sales grew extremely well, by 49.3% to EUR 8,520 thousand (EUR 5,707 thousand). Strong sales growth in all markets in the region builds faith in increasing interest in the company’s products in this market area. In 2011, the region replaced Scandinavia as the second-largest market for the company. Sales of interior decoration products rose markedly, and bag sales also grew somewhat. Growth was particularly strong in clothing sales, thanks to the positive reception of new collections. The increase in net sales was also partly attributable to the initial inventory purchases by a new store in Japan as well as the purchases by the store which opened in Seoul at the end of 2010.

## Clothing

In 2011, net sales of clothing rose by 10.3% to EUR 28,351 thousand (EUR 25,703 thousand). Sales grew markedly in the Asia-Pacific region, partly due to purchases by new stores and successful collections. Sales in other international markets also grew well. Sales in Finland increased slightly. International sales accounted for 30.7% of net sales of clothing.

## Interior decoration

Net sales of interior decoration products were at the same level as in the previous year, at EUR 34,003 thousand (EUR 34,028 thousand). Sales grew strongly in the Asia-Pacific region. Sales also rose in North America and Central and Southern Europe. Purchases by new stores contributed to the growth. Sales in Scandinavia were at the same level as the year before. In Finland, sales of interior decoration products declined somewhat due to changes in the distribution network and a decrease in deliveries for promotions. International sales accounted for 39.9% of net sales of interior decoration products.

## Bags

Net sales of bags grew by 11.2% to EUR 15,088 thousand (EUR 13,566 thousand). Sales rose in all market areas. Particularly strong growth was seen in North America. Sales also grew well in Central and Southern Europe and the Asia-Pacific region. International sales accounted for 36.0% of net sales of bags.

## Production

During 2011, the output of the Herttoniemi textile printing factory increased by 28%. Increased staff resources, improved production processes and the fact that some previously outsourced textile printing was re-insourced contributed to the rise in output. In October, a new printing machine was introduced, which tripled the output capacity of the printing factory. The added capacity will be rolled out in stages. The production volume of the Sulkava factory was at the same level as in the previous year. The output of the Kitee factory declined substantially due to changes in the production structure.

## EARNINGS

### Financial year 2011

In 2011, the Group’s operating profit decreased as expected and stood at EUR 3,528 thousand (EUR 8,169 thousand). Profit after taxes was EUR 2,826 thousand (EUR 6,072 thousand) and earnings per share were EUR 0.35 (EUR 0.76).

Changes in the distribution network, made in accordance with the company’s distribution strategy, and a significant decrease in deliveries for promotions contributed to the decline in operating profit. Considerable investments in internationalisation, particularly in the United States, also weakened the result. In addition, profitability was burdened by increased personnel and raw material costs and a rise in marketing expenses and the general cost level. The excellent trend in sales in the Asia-Pacific region had a positive impact on the result. Growth in comparable retail sales in Finland and sales increase generated by new stores opened in Finland and abroad also improved the result. During 4Q, the trend in earnings took a noticeable turn for the better.

The Group’s marketing expenses for the year totalled EUR 4,115 thousand (EUR 3,341

thousand), representing 5.3% (4.6%) of net sales. As a result of considerable investments, the Group's depreciation grew to EUR 2,216 thousand (EUR 1,478 thousand), representing 2.9% (2.0%) of net sales. Net financial income totalled EUR 187 thousand (EUR 54 thousand), or 0.2% (0.1%) of net sales.

## 4Q of 2011

In the October-December period of 2011, the Group's operating profit amounted to EUR 1,645 thousand (EUR 2,188 thousand). The decline in operating profit was entirely due to changes made in the distribution network and a significant decrease in deliveries for promotions. Earnings were improved by the substantial increase in sales generated by the new company-owned stores opened in Finland and abroad, especially in the United States, as well as growth in comparable retail sales in Finland. Regardless of the rise in raw material costs, sales margins in both wholesale and retail sales improved. In addition, marketing expenses fell during 4Q. The positive impact of these factors on the result far exceeded the costs of the growing country organisation in the United States.

## INVESTMENTS

The Group's gross investments amounted to EUR 9.2 million (EUR 1.5 million), representing 11.9% (2.1%) of net sales. This amount includes investments in a new printing machine and renovations of printing facilities (some EUR 1.5 million), the company's e-commerce project (some EUR 1.0 million), building new store premises and purchasing new furniture, and acquiring and improving information systems. The total investments of the Group were estimated to stand at approximately EUR 6.5 million. The estimate was exceeded due to higher-than-anticipated building costs for some of the new stores, earlier-than-planned implementation of some projects and renovation costs for the Herttoniemi property.

## EQUITY RATIO AND FINANCING

The Group's equity ratio was 67.2% at the end of the year (78.8% on 31 December 2010). The ratio of interest-bearing liabilities minus financial assets to shareholders' equity (gearing) was 10.2%, while it was -28.2% at the end of the previous year.

The Group's financial liabilities stood at EUR 4,944 thousand (EUR 0) at the end of the financial year. The Group's financial assets at the end of the year amounted to EUR 1,620 thousand (EUR 9,667 thousand).

## SHARES AND SHARE PRICE TREND

### Share capital

At the end of the year, the company's fully paid-up share capital, as recorded in the Trade Register, amounted to EUR 8,040,000 and the number of shares totalled 8,040,000.

### Shareholdings

According to the book-entry register, Marimekko had 6,898 (6,673) shareholders at the end of the year 2011. Of the shares, 13.6% (15.0%) were registered in a nominee's name and 15.9% (15.9%) were in foreign ownership. The number of shares owned either directly or indirectly by members of the Board of Directors and the President of the company was 1,150,930 (1,086,440), representing 14.3% (13.5%) of the total share capital and of the votes conferred by the company's shares.

The largest shareholders according to the book-entry register on 31 December 2011

		Number of shares and votes	Percentage of holding and votes
1.	Muotitila Ltd	1,127,700	14.03
2.	Semerca Investment Ltd	850,377	10.58
3.	ODIN Finland	406,087	5.05
4.	Varma Mutual Employment Pension Insurance Company	385,920	4.80
5.	Keva	330,395	4.11
6.	Ilmarinen Mutual Pension Insurance Company	265,419	3.30
7.	Veritas Pension Insurance Company	218,468	2.72
8.	Mutual Fund Tapiola Finland	66,395	0.82
9.	Foundation for Economic Education	50,000	0.62
10.	Investment Fund SEB Gyllenberg Small Firm	50,000	0.62
	Total	3,750,761	46.65
	Nominee-registered	1,092,098	13.58
	Others	3,197,141	39.77
	Total	8,040,000	100.00

## Flaggings

SEB Asset Management S.A.'s share of Marimekko Corporation's share capital and voting rights declined to 2.05%, or 164,560 shares, due to a stock loan on 19 April 2011, and reverted to 5.77%, or 464,152 shares at the termination of the stock loan on 10 May 2011.

## Authorisations

At the end of the financial year, the Board of Directors had no valid authorisations to carry out share issues or issue convertible bonds or bonds with warrants, or to acquire or surrender Marimekko shares.

## Share trading

During 2011, a total of 1,103,125 Marimekko shares were traded, representing 13.7% of the shares outstanding. The total value of Marimekko's share turnover was EUR 14,398,456. The lowest price of the Marimekko share was EUR 9.62, the highest was EUR 15.90 and the average price was EUR 12.97. At the end of the year, the final price of the share was EUR 9.88. The company's market capitalisation on 31 December 2011 was EUR 79,435,200 (EUR 115,776,000 on 31 December 2010).

## PERSONNEL

During 2011, the number of employees averaged 402 (376). At the end of the year, the Group employed 434 (388), of whom 63 (26) worked outside Finland.

## MAJOR RISKS AND FACTORS OF UNCERTAINTY

Key strategic risks assessed by Marimekko are associated with general economic development and the consequent uncertainty in the operating environment as well as the management of expansion. Trends in the world economy and factors of uncertainty affect consumers' purchasing behaviour and buying power in all of the company's market areas. In 2011, the severe problems of the international financial markets dampened the outlook for retail sales as well as Marimekko's growth and earnings outlook. Consumers' purchasing behaviour was cautious, especially in Scandinavia.

Marimekko is undergoing a phase of extensive internationalisation and change. The distribution of products is being expanded in all key market areas, with an emphasis on North America and the Asia-Pacific region. Unlike before, the focus of growth lies increasingly in opening company-

owned stores outside Finland. This calls for larger or brand new country organisations in the market areas, which will exert a substantial drag on the cost-effectiveness of the company, especially in the early stages. Moreover, expanding the network of company-owned stores will raise the company's investments, rental costs of business premises and inventories. Important partnership agreements and selection of partners in the company's key market areas also contain risks.

In 2011, several projects related to product development were carried out. The company's ability to develop and commercialise new products that meet consumers' expectations whilst maintaining profitable and effective in-house production has an impact on the company's sales and profitability.

Among the company's key operational risks are those related to the management of expansion projects, the operational reliability of procurement and logistics processes, and changes in cost of raw materials and other procurement items. As a result of introducing new products, the share of in-house production has diminished, and Marimekko uses subcontractors to an increasing extent. Therefore, the company's dependence on the supply chain has increased. Any delays or disturbances in supply or fluctuations in the quality of products may have a temporary harmful impact on business. As the operations are being expanded and diversified, risks related to the management of inventories also increase.

Among the company's economic risks, those related to the structure of sales, increased investments, price trends for factors of production, customers' liquidity and changes in exchange rates may have an impact on the company's financial status.

## RESEARCH AND DEVELOPMENT

Marimekko's product planning and development costs arise from the design of collections. Design costs are recorded in expenses.

## THE ENVIRONMENT, HEALTH AND SAFETY

Responsibility for the environment and nature is an integral aspect of Marimekko's business. In environmental matters, the company's business supervision is largely based on legislation and other regulations. The Herttoniemi textile printing factory has a valid environmental permit and the production operations comply with its terms. Marimekko's production processes do not generate any waste that is classified as hazardous or detrimental to health. In the interest of monitoring the environmental impact of production and other business operations, the company develops its operating models and conducts regular tests on the materials used in products. Cooperation agreements require Marimekko's subcontractors and other partners to commit themselves to shouldering their environmental responsibilities. The company seeks to save energy by developing its production methods, investing in energy-efficient machinery and equipment, and monitoring energy consumption. Safety and well-being in the workplace are actively monitored and improved at Marimekko, in collaboration with the workplace safety committee and occupational healthcare.

In 2011, Marimekko continued the long-term development of a corporate social responsibility management system. The company has chosen sourcing and design as the key areas for the next few years. Marimekko's Annual Report contains a more extensive report on environmental, health and safety issues. A summary is also included in each interim report. The framework for reporting is provided by the G3 guidelines of the Global Reporting Initiative (GRI).

## MANAGEMENT GROUP'S LONG-TERM BONUS SYSTEM

The Board of Directors of Marimekko Corporation agreed on 7 February 2011 on establishing a new long-term bonus system targeted at 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 to 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 over the span of several years.

## DECISIONS OF THE ANNUAL GENERAL MEETING

The decisions of Marimekko Corporation's Annual General Meeting are reported in the stock exchange release dated 19 April 2011 as well as in the interim report dated 3 May 2011.

## MARIMEKKO TUOTANTO OY'S STATUTORY EMPLOYER-EMPLOYEE NEGOTIATIONS

In spring 2011, Marimekko Corporation's subsidiary Marimekko Tuotanto Oy conducted statutory employer-employee negotiations concerning the reorganisation of its warehousing operations in the Herttoniemi district of Helsinki. Enhancing the efficiency of the warehousing operations and their consolidation in a single location resulted in the elimination of 11 positions.

## MERGER OF SUBSIDIARIES

Marimekko Corporation's fully-owned subsidiaries Marimekko Tuotanto Oy, Marimekko Kitee Oy and Decembre Oy were merged into the parent company on 31 December 2011.

## THE BOARD OF DIRECTORS' PROPOSAL FOR THE DIVIDEND FOR THE 2011 FINANCIAL YEAR

A dividend of EUR 0.55 per share was paid for 2010 to a total of EUR 4,422,000. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid for 2011. The proposed dividends represent 157.1% of the Group's earnings per share for the financial year. On 31 December 2011, the parent company's distributable funds amounted to EUR 22,014,358.16. The Board will propose 20 April 2012 as the dividend record date, and 3 May 2012 as the dividend payout date.

## MAJOR EVENTS AFTER THE CLOSE OF THE REVIEW PERIOD

### Several new stores in China

On 30 January 2012, Marimekko announced a partnership agreement with Hong Kong-based Sidefame Ltd who specialises in retailing a range of fashion and lifestyle brands. The aim of the partnership is to open 15 Marimekko stores in China and Hong Kong by the end of 2016. The first store will be opened in Hong Kong this year and the next in Shanghai as soon as suitable store premises are found. According to the agreement, Sidefame will have exclusive rights to import and retail Marimekko products in China and Hong Kong. Marimekko will, however, retain rights to e-commerce. Marimekko has had excellent experience with a similar business model in Japan and South Korea, where there are currently 22 stores in all.

## MARKET OUTLOOK AND GROWTH TARGETS

The negative effects of the structural problems of the international financial markets on general economic trends dampen the outlook for retail sales and make it difficult to predict consumers' purchasing behaviour.

The new stores opened during 2011 and other significant investments in the expansion of the distribution network will generate a substantial sales increase in 2012. In addition, the company aims to open 10 to 20 new stores during 2012, about half of which would be owned by Marimekko.

The planned total investments for 2012 of the Marimekko Group are estimated as being in excess of EUR 6 million. The majority of investments will be directed at building new store premises and purchasing new furniture.

## FINANCIAL GUIDANCE

The Marimekko Group's net sales are estimated to grow by over 10% in 2012 and operating profit is forecast to at least double.

Helsinki, 10 February 2012

MARIMEKKO CORPORATION  
Board of Directors

Information presented in the financial statement bulletin has not been audited.

## APPENDICES

Accounting principles

Consolidated income statement and comprehensive consolidated income statement

Consolidated balance sheet

Consolidated cash flow statement

Consolidated statement of changes in shareholders' equity

Key figures

Consolidated net sales by market area and product line

Segment information

Quarterly trend in net sales and earnings

Accounting principles

This financial statement bulletin was prepared in accordance with IAS 34: Interim Financial Reporting. The same accounting principles were applied as in the 2010 financial statement. The new or amended standards and interpretations that have become effective in 2011 and whose contents are presented in the financial statements for 2010 have had no effect on the information in the financial statement bulletin.

## FORMULAS FOR THE KEY FIGURES

Earnings per share (EPS), EUR:

$(\text{Profit before taxes} - \text{income taxes}) / \text{Number of shares (average for the financial period)}$

Equity per share, EUR:

$\text{Shareholders' equity} / \text{Number of shares, 31 December}$

Return on equity (ROE), %:

$(\text{Profit before taxes} - \text{income taxes}) \times 100 / \text{Shareholders' equity (average for the financial period)}$

Return on investment (ROI), %:

$(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100 / (\text{Balance sheet total} - \text{non-interest-bearing liabilities (average for the financial period)})$

Equity ratio, %:

$\text{Shareholders' equity} \times 100 / (\text{Balance sheet total} - \text{advances received})$

Gearing, %:

$\text{Interest-bearing net debt} \times 100 / \text{Shareholders' equity}$

## CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	10-12/ 2011	10-12/ 2010	1-12/ 2011	1-12/ 2010
NET SALES	23,581	22,074	77,442	73,297
Other operating income	-	3	2	16
Increase or decrease in inventories of completed and unfinished products	809	-101	-2,353	-1,173
Raw materials and consumables	7,478	8,636	30,287	28,496
Employee benefit expenses	5,885	4,852	20,030	17,311
Depreciation	766	370	2,216	1,478
Other operating expenses	6,998	6,132	23,736	19,032
OPERATING PROFIT	1,645	2,188	3,528	8,169
Financial income	203	74	246	83
Financial expenses	31	-8	-59	-29
	234	66	187	54
PROFIT BEFORE TAXES	1,879	2,254	3,715	8,223
Income taxes	468	603	889	2,151
NET PROFIT FOR THE PERIOD	1,411	1,651	2,826	6,072
Distribution of net profit to equity holders of the parent company	1,411	1,651	2,826	6,072
Basic and diluted earnings per share calculated on the profit attributable to equity holders of the parent company, EUR	0,18	0.21	0.35	0.76

## COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	10-12/ 2011	10-12/ 2010	1-12/ 2011	1-12/ 2010
Net result for the period	1,411	1,651	2,826	6,072
Other comprehensive income				
Change in translation difference	17	13	-28	8
COMPREHENSIVE RESULT FOR THE PERIOD	1,428	1,664	2,798	6,080
Distribution of net result to equity holders of the parent company	1,428	1,664	2,798	6,080

## CONSOLIDATED BALANCE SHEET

(EUR 1,000)	30.12.2011	31.12.2010
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Tangible assets	14,966	9,390
Intangible assets	2,296	869
Available-for-sale financial assets	16	16
Deferred tax assets	140	-
	17,418	10,275
<b>CURRENT ASSETS</b>		
Inventories	21,348	17,172
Trade and other receivables	7,680	6,437
Current tax assets	514	-
Cash and cash equivalents	1,620	9,667
	31,162	33,276
<b>ASSETS, TOTAL</b>	<b>48,580</b>	<b>43,551</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		
Share capital	8,040	8,040
Translation differences	-18	10
Retained earnings	24,641	26,237
Shareholders' equity, total	32,663	34,287
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	630	651
Financial liabilities	4,994	-
	5,574	651
<b>CURRENT LIABILITIES</b>		
Trade and other payables	10,328	8,583
Current tax liabilities	15	30
	10,343	8,613
<b>Liabilities, total</b>	<b>15,917</b>	<b>9,264</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>	<b>48,580</b>	<b>43,551</b>

The Group has no liabilities resulting from derivative contracts, and there are no outstanding guarantees or any other contingent liabilities which have been granted on behalf of the management of the company or its shareholders.

## CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	2,826	6,072
Adjustments		
Depreciation according to plan	2,216	1,478
Unrealised exchange rate gains	-416	-
Financial income and expenses	-187	-54
Taxes	890	2,151
Cash flow before change in working capital	5,329	9,647
Change in working capital	-3,454	-2,452
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-969	-1,193
Increase (-) / decrease (+) in inventories	-4,175	-1,943
Increase (-) / decrease (+) in current non-interest-bearing liabilities	1,690	684
Cash flow from operating activities before financial items and taxes	1,875	7,195
Paid interest and payments on other financial expenses	129	-30
Interest received	66	81
Taxes paid	-1,419	-2,687
CASH FLOW FROM OPERATING ACTIVITIES	651	4,559
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-9,220	-1,519
CASH FLOW FROM INVESTING ACTIVITIES	-9,220	-1,519
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans drawn	4,944	-
Dividends paid	-4,422	-3,618
CASH FLOW FROM FINANCING ACTIVITIES	522	-3,618
Change in cash and cash equivalents	-8,047	-578
Cash and cash equivalents at the beginning of the period	9,667	10,245
Cash and cash equivalents at the end of the period	1,620	9,667

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1,000)	Equity attributable to equity holders of the parent company			
	Share capital	Translation differences	Retained earnings	Shareholders' equity, total
Shareholders' equity 1 Jan. 2010	8,040	2	23,783	31,825
Comprehensive result for the period		8	6,072	6,080
Dividends paid			-3,618	-3,618
Shareholders' equity 31 Dec. 2010	8,040	10	26,237	34,287
Shareholders' equity 1 Jan. 2011	8,040	10	26,237	34,287
Comprehensive result for the period		-28	2,826	2,798
Dividends paid			-4,422	-4,422
Shareholders' equity 31 Dec. 2011	8,040	-18	24,641	32,663

### KEY FIGURES

	1-12/2011	1-12/2010	Change, %
Earnings per share, EUR	0.35	0.76	-53.9
Equity per share, EUR	4.06	4.26	-4.7
Return on equity (ROE), %	8.4	18.4	
Return on investment (ROI), %	11.4	25.0	
Equity ratio, %	67.2	78.8	
Gearing, %	10.2	-28.2	
Gross investments, EUR 1,000	9,220	1,519	
Gross investments, % of net sales	11.9	2.1	
Contingent liabilities, EUR 1,000	27,610	11,147	147.7
Average personnel	402	375	6.9
Personnel at the end of the period	434	388	11.9
Number of shares at the end of the period (1,000)	8,040	8,040	
Number of shares outstanding, average (1,000)	8,040	8,040	

## NET SALES BY MARKET AREA

(EUR 1,000)	10-12/ 2011	10-12/ 2010*	Change, %	1-12/ 2011	1-12/ 2010*	Change, %
Finland	15,561	16,205	-4.0	49,715	51,277	-3.0
Scandinavia	2,218	1,761	26.0	7,512	7,045	6.6
Central and Southern Europe	1,821	1,421	28.1	6,687	5,248	27.4
North America	2,173	1,341	62.0	5,008	4,020	24.6
Asia-Pacific	1,808	1,346	34.3	8,520	5,707	49.3
<b>TOTAL</b>	<b>23,581</b>	<b>22,074</b>	<b>6.8</b>	<b>77,442</b>	<b>73,297</b>	<b>5.7</b>

\* Due to adjustments made in the review period in internal sales reporting structures, the previously reported sales figures by market area have changed.

## NET SALES BY PRODUCT LINE

(EUR 1,000)	10-12/ 2011	10-12/ 2010*	Change, %	1-12/ 2011	1-12/ 2010*	Change, %
Clothing	7,817	6,316	23.8	28,351	25,703	10.3
Interior decoration	11,714	12,109	-3.3	34,003	34,028	-0.1
Bags	4,050	3,649	11.0	15,088	13,566	11.2
<b>TOTAL</b>	<b>23,581</b>	<b>22,074</b>	<b>6.8</b>	<b>77,442</b>	<b>73,297</b>	<b>5.7</b>

\* Due to adjustments made in the review period in internal sales reporting structures, the previously reported sales figures by product line have changed.

## SEGMENT INFORMATION

(EUR 1,000)	2011	2010
Marimekko business		
Net sales	77,442	73,297
Operating profit	3,528	8,169
Assets	48,580	43,551

## QUARTERLY TREND IN NET SALES AND EARNINGS

(EUR 1,000)	10-12/2011	7-9/2011	4-6/2011	1-3/2011
Net sales	23,581	19,812	16,815	17,234
Operating result	1,645	2,321	-798	360
Earnings per share, EUR	0.18	0.21	-0.07	0.04
(EUR 1,000)	10-12/2010	7-9/2010	4-6/2010	1-3/2010
Net sales	22,074	19,468	15,747	16,008
Operating result	2,188	4,170	588	1,223
Earnings per share, EUR	0.21	0.38	0.05	0.12