

CMD notes

Marimekko's CMD offered more insights into the company's SCALE strategy for 2023–2027 and its progress to date. The long-term financial targets remain unchanged.

Scaling continues, with APAC as the growth generator

Marimekko's long-term annual net sales growth target remains unchanged at 15%. In Finland, its most established market, the company aims to boost its market share further. Additionally, growth is targeted in its smaller Western markets in Scandinavia, EMEA and North America. In APAC, the company continues to grow through the proven loose franchise model. While Marimekko showed new potential markets in APAC (Philippines, Indonesia, Cambodia, India, United Arab Emirates), we understood that the short to mid-term focus remains on scaling the current markets. In terms of profitability, Marimekko aims for a long-term comparable EBIT margin of 20%. The most important factor for margin improvement is the sales growth given the company's substantial operational leverage. While Marimekko aims to improve profitability, it will continue to make OPEX investments, for example into marketing and sustainability.

Our estimates remain below the long-term targets

We keep our estimates for Marimekko unchanged, for 2024E, we expect net sales at EUR 180.1m and adj. EBIT at EUR 31.8m with a margin of 17.7%. Going forward, we estimate that the Finnish market will rebound in 2025E slightly while international growth continues driven by APAC. Our estimates for the coming years remain below the company's long-term targets. For 2025–2027E, we project robust double-digit growth in the APAC region and anticipate domestic net sales to increase at a mid-single-digit rate. We forecast that profitability will enhance, with the EBIT margin increasing to 19.5% by 2027E, bolstered by the company's operational leverage. We believe that to meet the long-term targets, the APAC region needs to accelerate growth further since we expect that increasing domestic sales beyond our projections will be challenging.

HOLD with a TP of EUR 13.0

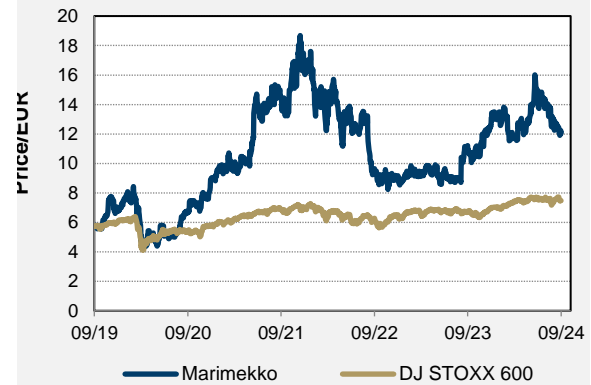
We continue to find the current valuation relatively neutral. The company trades at 15–13x adj. EV/EBIT and 20–17x P/E, in line with our peer group (aggregate of premium and luxury peers).

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	166.5	30.4	18.2%	10.3	0.56	15.6	2.1	11.8	2.9	0.34
2023	174.1	31.4	18.0%	18.7	0.58	22.9	3.1	17.1	3.5	0.37
2024E	180.1	31.5	17.5%	26.6	0.60	19.9	2.6	15.0	5.4	0.36
2025E	194.7	36.7	18.8%	28.2	0.72	16.8	2.4	12.5	5.8	0.47
2026E	204.5	39.9	19.5%	28.8	0.78	15.4	2.2	11.3	5.9	0.51
Market cap, EURm	488			Gearing 2024E, %	-20.9		CAGR EPS 2023–26, %		10.4	
Net debt 2024E, EURm	-16			Price/book 2024E	6.5		CAGR sales 2023–26, %		5.5	
Enterprise value, EURm	473			Dividend yield 2024E, %	3.0		ROE 2024E, %		34.8	
Total assets 2024E, EURm	136			Tax rate 2024E, %	20.6		ROCE 2024E, %		31.1	
Goodwill 2024E, EURm	0			Equity ratio 2024E, %	55.3		PEG, P/E 24/CAGR		1.9	

All the important disclosures can be found on the last pages of this report.

Rating HOLD



Share price, EUR (Last trading day's)	12.04
Target price, EUR	13.0

Latest change in	11-Feb-23
Latest report on	16-Aug-24
Research paid by	YES
No. of shares	40,571
No. of shares fully	40,571
Market cap, EURm	488
Free float, %	74.0
Exchange rate	0.000
Reuters code	MEKKO.HE
Bloomberg code	MEKKO FH
Average daily	-
Next interim report	07-Nov-24
Web site	company.marimekko.com/en/investors

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BUY HOLD SELL

CMD Notes

Finland and APAC remain the main geographic markets for growth

Marimekko aims for 15% annual net sales growth in the long-term. Although Finland is the most developed geographic market for Marimekko, it remains a robust home market where the company aims to expand by boosting its market share even more. Marimekko aims to drive domestic growth by increasing the brand desirability further and utilizing the company's proven omnichannel direct to consumer business and serving even wider audience through the wholesale channel. While Marimekko aims to grow also in Finland and other western markets, APAC remains the main growth engine. In APAC, Marimekko continues to utilize its proven loose franchise partnership model where the partner opens and runs the stores in strategic locations coupled with local ecommerce. While the loose franchise sales are wholesale sales for Marimekko, the model offers limited operating costs for the company. The loose franchise partners are typically companies that present multiple different brands in the same region and provide value for Marimekko by offering local market and consumer expertise, contacts and established retailing capabilities in the region. In the Marimekko's most mature APAC market Japan, the company's loose franchise partner is Look Holdings Inc. In China, Marimekko's partner is Sidefame Group and in Thailand and Singapore, Tanachira Group. More recently, Marimekko expanded to Vietnam and Malaysia where it partnered with Jaspal Group. While Marimekko showed new potential markets in APAC (Philippines, Indonesia, Cambodia, India, United Arab Emirates), we understood that the short to mid-term focus remains on scaling the current markets.

The five main drivers for growth for sizing up the company:

- **Direct-to-consumer:** core distribution channel; high scalability of ecommerce, room to grow number of stores especially in APAC.
- **Wholesale (incl. e-tailers):** scaling up sales and brand reach.
- **New markets:** growth opportunities supported by awareness built from example brand collaborations.
- **New customers:** in addition to the current loyal customers, the potential to grow the customer base, including the next generation.
- **New product categories:** expansion to new categories, for example through licensing.

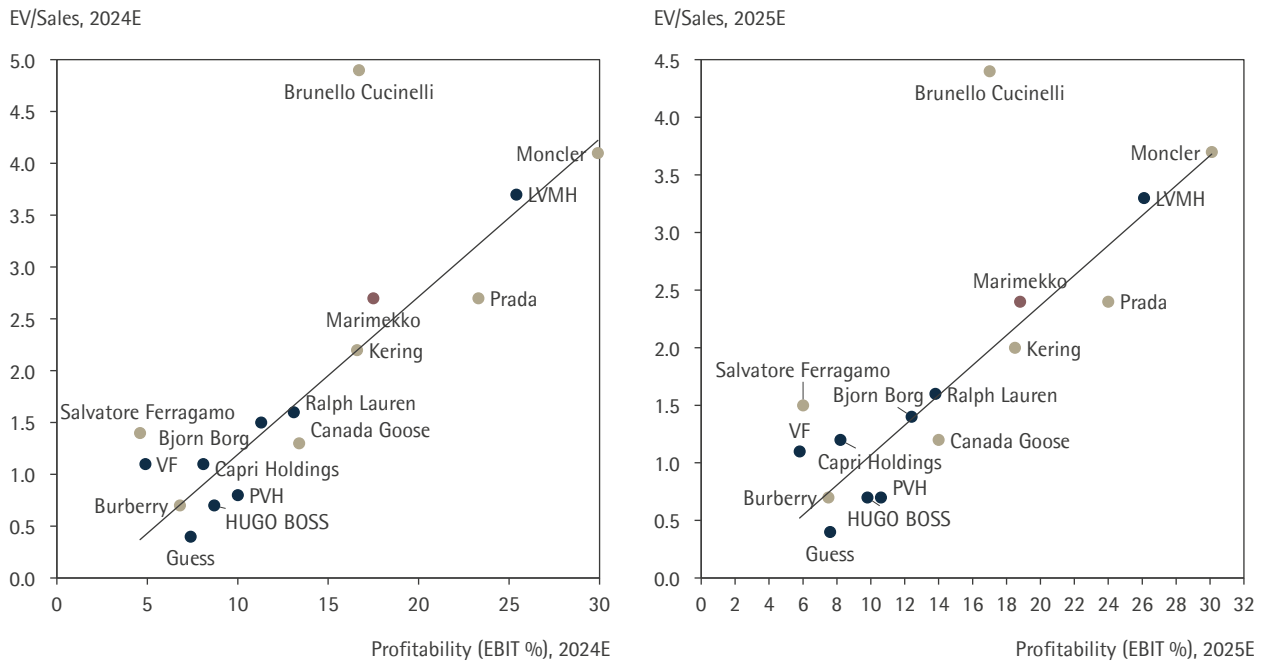
Product relevance and desirability reinforced by sharpened creative vision

In the creative side, Marimekko focuses on three key initiatives to reinforce the company's product relevance and desirability: hero products and programs, category ownership and modularity and market specific capsules. An example of a hero product is the Marimini dress by Marimekko. The concept is to appeal to a broader global market by varying its prints, materials, and prices each season while maintaining the core product. With category ownership, Marimekko aims to take ownership of product categories, one material at a time. The Maridenim denim clothing line is Marimekko's largest category launch to date. With modularity and market specific capsules, the company can capture market-specific needs more easily such as the Lunar New Year capsule in China.

Sales growth drives margin improvement

Marimekko targets an operating profit margin of 20% in the long term. During the CMD presentation, the company elaborated further on the road to achieving the target. The main enabler for the margin improvement is the targeted net sales growth which drives margin improvement through operational leverage. In addition to sales growth and scale benefits, Marimekko is constantly improving its operational efficiency, for example through developing its end-to-end digitality by optimizing and automating its processes from design to sales and service. While the beforementioned actions are margin enhancing, the company will continue its OPEX investments, for example to marketing and sustainability in a controlled manner. Marimekko's profitability is already quite strong relative to its peers, with the EBIT margin percentage in 2023 being just slightly lower than that of luxury company peers. We argue that enhancing the margin substantially above the 20% mark would require faster growth than we currently expect in addition to improved pricing power.

Figure 1: EV/sales vs. EBIT %, 2024-2025E, Marimekko vs. premium (blue) and luxury (brown) peers



Source: Factset, Evli Research

Table 1: Peer group

MARIMEKKO PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
PREMIUM GOODS										
Bjorn Borg	129	10.6x	9.4x	9.0x	13.5x	11.5x	10.5x	17.3x	13.9x	12.6x
HUGO BOSS	2348	4.8x	4.2x	3.9x	9.5x	8.1x	7.2x	10.5x	8.7x	7.6x
Capri Holdings	4234	13.4x	13.3x	12.7x	20.1x	19.9x	18.6x	14.6x	14.2x	13.7x
Ralph Lauren	9650	11.0x	10.2x	9.4x	13.8x	12.7x	11.5x	15.5x	14.0x	12.3x
LVMH Moet Hennessy Louis Vuitton	303224	12.1x	11.1x	10.3x	15.0x	13.7x	12.7x	20.3x	18.4x	17.0x
PVH	4679	7.2x	7.0x	6.6x	9.7x	9.0x	8.1x	8.0x	7.3x	6.4x
Guess	891	8.6x	7.9x	7.7x	11.0x	10.2x	10.4x	7.4x	6.8x	6.9x
VF	6170	16.5x	15.1x	14.1x	26.7x	22.7x	20.1x	29.0x	19.5x	15.1x
Peer Group Average	41415	10.5x	9.8x	9.2x	14.9x	13.5x	12.4x	15.3x	12.9x	11.5x
Peer Group Median	4456	10.8x	9.8x	9.2x	13.7x	12.1x	11.0x	15.0x	13.9x	12.5x
Marimekko (Evli est.)	488	11.6x	10.0x	9.0x	15.0x	12.5x	11.3x	19.9x	16.8x	15.4x

Marimekko prem./disc. to peer median

8 % 2 % -2 % 10 % 4 % 3 % 33 % 21 % 24 %

Source FactSet, Evli Research

MARIMEKKO PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		24	25	26	24	25	26	24	25	26
LUXURY GOODS										
Brunello Cucinelli	5637	17.5x	15.8x	14.8x	29.9x	26.7x	23.8x	45.0x	39.2x	34.4x
Burberry Group	2445	5.9x	5.8x	5.0x	18.3x	16.6x	11.7x	20.8x	18.7x	12.4x
Hermes International	199406	28.3x	25.2x	22.5x	31.6x	27.8x	25.0x	43.6x	39.1x	34.8x
Moncler	13557	10.7x	9.7x	8.8x	14.4x	12.9x	11.6x	20.9x	18.8x	17.0x
Prada	14706	8.4x	7.6x	7.0x	13.4x	11.8x	10.6x	18.3x	16.1x	14.4x
Salvatore Ferragamo	1091	7.0x	6.4x	5.7x	32.9x	23.8x	18.2x	94.2x	39.8x	26.7x
Kering	28171	9.4x	8.2x	7.5x	14.7x	12.5x	10.8x	16.2x	13.5x	11.3x
Canada Goose Holdings	945	7.8x	7.6x	7.7x	12.1x	11.1x	10.1x	12.9x	11.3x	9.7x
Peer Group Average	47150	14.2x	12.8x	11.6x	21.5x	19.2x	16.5x	29.7x	26.4x	22.6x
Peer Group Median	13557	10.7x	9.7x	8.8x	18.3x	16.6x	11.7x	20.9x	18.8x	17.0x
Marimekko (Evli est.)	488	11.6x	10.0x	9.0x	15.0x	12.5x	11.3x	19.9x	16.8x	15.4x

Marimekko prem./disc. to peer median

9 % 3 % 2 % -18 % -25 % -4 % -5 % -11 % -9 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	12.04 PV of Free Cash Flow	296 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	15.57 PV of Horizon value	347 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	29.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	16.8 Marketable securities	37 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	14.5 Debt - dividend	-48 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	54.0 Value of stock	632 Nr of shares, Mn	40.6 Effective tax rate, %	25

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	174	180	195	205	213	222	231	240	247	255	259	262
<i>Sales growth, %</i>	<i>4.6</i>	<i>3.5</i>	<i>8.1</i>	<i>5.0</i>	<i>4.4</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>3.0</i>	<i>3.0</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	31	31	37	40	42	43	44	46	47	48	49	50
<i>Operating income margin, %</i>	<i>18.0</i>	<i>17.5</i>	<i>18.8</i>	<i>19.5</i>	<i>19.5</i>	<i>19.5</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>
+ Depreciation+amort.	9	9	9	10	11	11	12	12	13	13	13	
EBITDA	41	41	46	50	52	54	55	58	60	61	62	
- Paid taxes	-7	-6	-7	-8	-8	-9	-9	-9	-9	-10	-10	
- Change in NWC	-3	3	2	-1	-1	-1	-1	-1	-1	-1	0	
<i>NWC / Sales, %</i>	<i>14.0</i>	<i>12.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	
<i>opCAPEX / Sales, %</i>	<i>5.7</i>	<i>5.6</i>	<i>6.3</i>	<i>5.9</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.7</i>	<i>5.7</i>	<i>5.4</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	29	35	39	39	41	43	44	46	47	49	50	737
= Discounted FCFF		35	35	33	32	30	29	27	26	25	24	347
= DFCF min WACC		35	35	33	32	31	29	28	27	26	25	391
= DFCF max WACC		34	35	32	31	30	28	27	25	24	23	310

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	35.3	40.3	47.9	50.6	174.1	37.7	43.7	47.0	51.7	180.1	194.7	204.5
EBITDA	6.1	8.8	15.2	10.4	40.5	7.4	8.5	14.2	10.6	40.6	46.1	50.0
<i>EBITDA margin (%)</i>	<i>17.4</i>	<i>21.9</i>	<i>31.7</i>	<i>20.6</i>	<i>23.3</i>	<i>19.6</i>	<i>19.4</i>	<i>30.2</i>	<i>20.5</i>	<i>22.6</i>	<i>23.7</i>	<i>24.5</i>
EBIT	3.8	6.6	12.9	8.1	31.4	5.1	6.1	12.0	8.3	31.5	36.7	39.9
<i>EBIT margin (%)</i>	<i>10.8</i>	<i>16.4</i>	<i>27.0</i>	<i>15.9</i>	<i>18.0</i>	<i>13.4</i>	<i>14.0</i>	<i>25.4</i>	<i>16.0</i>	<i>17.5</i>	<i>18.8</i>	<i>19.5</i>
Net financial items	-0.8	-0.5	0.0	-0.2	-1.7	-0.2	0.1	-0.2	-0.2	-0.6	-0.4	-0.2
Pre-tax profit	3.0	6.1	12.9	7.8	29.7	4.9	6.2	11.8	8.1	30.9	36.3	39.7
Tax	-0.5	-1.3	-2.5	-1.7	-6.1	-1.0	-1.4	-2.4	-1.6	-6.4	-7.3	-7.9
<i>Tax rate (%)</i>	<i>18.5</i>	<i>21.6</i>	<i>19.8</i>	<i>22.1</i>	<i>20.6</i>	<i>20.0</i>	<i>23.2</i>	<i>20.0</i>	<i>20.0</i>	<i>20.6</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.4	4.8	10.3	6.1	23.6	3.9	4.7	9.4	6.5	24.5	29.0	31.7
EPS	0.06	0.12	0.25	0.15	0.58	0.10	0.12	0.23	0.16	0.60	0.72	0.78
EPS adjusted (diluted no. of shares)	0.06	0.12	0.25	0.15	0.58	0.10	0.12	0.23	0.16	0.60	0.72	0.78
Dividend per share	0.00	0.00	0.00	0.00	0.37	0.00	0.00	0.00	0.00	0.36	0.47	0.51
SALES, EURm												
Finland	18.0	22.2	28.2	30.5	98.9	19.4	24.5	25.6	30.0	99.6	106.0	109.2
Scandinavia	3.5	3.0	4.3	4.7	15.6	3.0	4.4	4.5	4.9	16.8	17.3	18.1
EMEA	3.8	3.8	3.6	3.5	14.6	2.4	3.4	3.7	4.0	13.5	15.0	15.7
North America	1.6	2.6	2.5	2.8	9.6	2.5	2.5	3.0	3.1	11.0	12.2	12.8
Asia Pacific	8.4	8.8	9.2	9.0	35.4	10.2	8.9	10.3	9.7	39.1	44.3	48.7
Total	35.3	40.3	47.9	50.6	174.1	37.7	43.7	47.0	51.7	180.1	194.7	204.5
SALES GROWTH, Y/Y %												
Finland	-2.7	-3.5	5.7	1.5	0.7	8.0	10.6	-9.2	-1.5	0.7	6.4	3.0
Scandinavia	15.6	0.9	23.8	6.1	11.5	-12.1	45.2	3.6	3.3	8.1	2.7	5.0
EMEA	-30.6	18.7	-3.5	-4.4	-8.5	-35.5	-9.9	1.9	14.4	-7.8	11.0	5.0
North America	-10.6	28.5	35.7	23.1	19.7	55.5	-4.5	17.6	8.5	15.3	10.4	5.0
Asia Pacific	15.6	28.5	11.0	14.1	16.9	21.7	1.5	11.8	7.5	10.5	13.1	10.0
Total	-2.1	6.1	8.6	4.6	4.6	6.8	8.3	-1.8	2.2	3.5	8.1	5.0
EBIT, EURm												
Finland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.3
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5
EMEA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1
North America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5
Group (EBIT only)	3.8	6.6	12.9	8.1	31.4	5.1	6.1	12.0	8.3	31.5	36.7	0.0
Total	3.8	6.6	12.9	8.1	31.4	5.1	6.1	12.0	8.3	31.5	36.7	39.9
EBIT margin, %												
Finland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5
EMEA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5
North America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5
Total	10.8	16.4	27.0	15.9	18.0	13.4	14.0	25.4	16.0	17.5	18.8	19.5

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	125.4	123.6	152.2	166.5	174.1	180.1	194.7	204.5
<i>Sales growth (%)</i>	<i>12.1</i>	<i>-1.5</i>	<i>23.2</i>	<i>9.4</i>	<i>4.6</i>	<i>3.5</i>	<i>8.1</i>	<i>5.0</i>
EBITDA	29.7	31.3	43.3	40.1	40.5	40.6	46.1	50.0
<i>EBITDA margin (%)</i>	<i>23.7</i>	<i>25.4</i>	<i>28.5</i>	<i>24.1</i>	<i>23.3</i>	<i>22.6</i>	<i>23.7</i>	<i>24.5</i>
Depreciation	-12.6	-12.6	-12.1	-9.8	-9.1	-9.2	-9.4	-10.2
EBITA	17.1	18.8	31.3	30.4	31.4	31.5	36.7	39.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	17.1	18.8	31.3	30.4	31.4	31.5	36.7	39.9
<i>EBIT margin (%)</i>	<i>13.6</i>	<i>15.2</i>	<i>20.5</i>	<i>18.2</i>	<i>18.0</i>	<i>17.5</i>	<i>18.8</i>	<i>19.5</i>
Reported EBIT	17.1	18.0	31.3	30.4	31.4	31.5	36.7	39.9
<i>EBIT margin (reported) (%)</i>	<i>13.6</i>	<i>14.5</i>	<i>20.5</i>	<i>18.2</i>	<i>18.0</i>	<i>17.5</i>	<i>18.8</i>	<i>19.5</i>
Net financials	-1.0	-1.8	-0.4	-1.1	-1.7	-0.6	-0.4	-0.2
Pre-tax profit	16.1	17.0	30.8	29.3	29.7	30.9	36.3	39.7
Taxes	-3.1	-3.7	-6.4	-6.4	-6.1	-6.4	-7.3	-7.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	13.0	12.5	24.4	22.9	23.6	24.5	29.0	31.7
Cash NRIs	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	5	5	5	6	6	6	7	7
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	36	37	29	30	30	31	33	35
Inventory	23	22	26	34	29	31	33	35
Receivables	7	8	12	12	20	20	21	23
Liquid funds	26	41	60	33	37	48	63	74
Total assets	97	114	133	115	123	136	159	174
Liabilities								
Shareholder's equity	39	52	69	55	66	75	90	102
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	36	37	30	32	32	31	33	35
Deferred taxes	2	1	3	0	0	0	0	0
Interest bearing debt	2	2	2	2	1	2	1	0
Non-interest bearing current liabilities	18	22	28	25	25	29	35	37
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	97	114	133	115	123	136	159	174
CASH FLOW, EURm								
+ EBITDA	30	31	43	40	41	41	46	50
- Net financial items	-1	-2	18	-27	-2	-1	0	0
- Taxes	-3	-6	-4	-6	-7	-6	-7	-8
- Increase in Net Working Capital	3	3	-2	-11	-3	3	2	-1
+/- Other	0	0	-19	24	0	0	0	0
= Cash flow from operations	29	27	36	20	29	37	41	41
- Capex	-11	-14	-5	-10	-10	-10	-12	-12
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	18	14	31	10	19	27	28	29
+/- New issues/buybacks	1	8	1	-8	1	0	0	0
- Paid dividend	-15	-7	-8	-29	-14	-15	-15	-19
+/- Other	-1	0	-5	0	-1	-1	2	1
Change in cash	3	15	19	-27	4	11	16	11

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	369	691	356	540	488	488	488
Net debt (excl. convertibles)	-2	-27	1	-4	-16	-29	-39
Enterprise value	368	664	357	536	473	459	449
Sales	124	152	167	174	180	195	205
EBITDA	31	43	40	41	41	46	50
EBIT	19	31	30	31	31	37	40
Pre-tax	17	31	29	30	31	36	40
Earnings	13	24	23	24	25	29	32
Equity book value (excl. minorities)	52	69	55	66	75	90	102
Valuation multiples							
EV/sales	3.0	4.4	2.1	3.1	2.6	2.4	2.2
EV/EBITDA	11.7	15.3	8.9	13.2	11.6	10.0	9.0
EV/EBITA	19.6	21.2	11.8	17.1	15.0	12.5	11.3
EV/EBIT	19.6	21.2	11.8	17.1	15.0	12.5	11.3
EV/OCF	13.4	18.5	17.7	18.7	12.9	11.3	11.0
EV/FCFF	14.2	18.8	17.9	18.7	13.4	11.7	11.4
P/FCFE	135.3	110.9	34.6	28.9	18.4	17.3	17.0
P/E	27.8	28.3	15.6	22.9	19.9	16.8	15.4
P/B	7.1	10.0	6.4	8.2	6.5	5.5	4.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.6	10.8	9.8
Target EV/EBIT	0.0	0.0	0.0	0.0	16.3	13.6	12.2
Target EV/FCF	0.0	0.0	0.0	0.0	19.3	17.6	17.0
Target P/B	0.0	0.0	0.0	0.0	7.0	5.9	5.1
Target P/E	0.0	0.0	0.0	0.0	21.5	18.2	16.6
Per share measures							
Number of shares	40,549	40,549	40,621	40,571	40,571	40,571	40,571
Number of shares (diluted)	40,549	40,549	40,621	40,571	40,571	40,571	40,571
EPS	0.33	0.60	0.56	0.58	0.60	0.72	0.78
Operating cash flow per share	0.68	0.89	0.50	0.71	0.90	1.00	1.01
Free cash flow per share	0.34	0.77	0.25	0.46	0.65	0.70	0.71
Book value per share	1.29	1.71	1.36	1.62	1.86	2.21	2.53
Dividend per share	0.20	0.72	0.34	0.37	0.36	0.47	0.51
Dividend payout ratio, %	60.9	119.6	60.4	63.6	60.0	65.0	65.0
Dividend yield, %	2.2	4.2	3.9	2.8	3.0	3.9	4.2
FCF yield, %	3.7	4.5	2.9	3.5	5.4	5.8	5.9
Efficiency measures							
ROE	29.2	40.1	36.6	39.0	34.8	35.2	33.0
ROCE	22.9	33.0	32.4	33.9	31.1	32.4	31.4
Financial ratios							
Inventories as % of sales	18.2	17.1	20.3	16.8	17.0	17.0	17.0
Receivables as % of sales	6.6	7.9	7.2	11.3	11.0	11.0	11.0
Non-interest bearing liabilities as % of sales	17.9	18.6	14.9	14.1	16.0	18.0	18.0
NWC/sales, %	6.8	6.4	12.6	14.0	12.0	10.0	10.0
Operative CAPEX/sales, %	11.2	3.1	5.9	5.7	5.6	6.3	5.9
CAPEX/sales (incl. acquisitions), %	11.2	3.1	5.9	5.7	5.6	6.3	5.9
FCFF/EBITDA	0.8	0.8	0.5	0.7	0.9	0.8	0.8
Net debt/EBITDA, book-weighted	-0.1	-0.6	0.0	-0.1	-0.4	-0.6	-0.8
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	45.7	52.2	48.4	53.3	55.3	56.4	58.9
Gearing, %	-3.2	-38.9	2.3	-6.3	-20.9	-32.6	-38.2

COMPANY DESCRIPTION: Marimekko is a Finnish lifestyle design house founded in 1951. The company is known for its original prints and colors. The company's product categories consist of high-quality clothing, bags and accessories as well as home décor items. Marimekko's products are sold in about 40 different countries, Finland and Asia being the largest market areas. The company has approximately 150 stores worldwide.

INVESTMENT CASE: Marimekko has a strong and unique brand which is enjoying great popularity in Finland and increasingly abroad. The company's growth strategy relies on international expansion and attracting a broader audience, which should support growth and through improved volumes margin improvement. E-commerce and brand collaborations offer further margin expansion potential.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Powerbank Ventures Oy	5,088,500	61.266	12.5%
Ilmarinen Mutual Pension Insurance Company	1,980,440	23.844	4.9%
Varma Mutual Pension Insurance Company	1,929,600	23.232	4.8%
Ehnrooth Sophia	1,651,885	19.889	4.1%
Nordea Nordic Small Cap Fund	999,425	12.033	2.5%
Evli Finnish Small Cap Fund	940,000	11.318	2.3%
Elo Mutual Pension Insurance Company	599,395	7.217	1.5%
Oy Talcom Ab	505,000	6.080	1.2%
Oy Etra Invest Ab	500,000	6.020	1.2%
Alahuhta Matti Juhani	447,750	5.391	1.1%
Ten largest	14,641,995	176.290	36%
Residual	25,929,385	312.190	64%
Total	40,571,380	488.479	100%

EARNINGS CALENDAR

November 07, 2024

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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Tel: +358 9 75 871

IR: Anna Tuominen

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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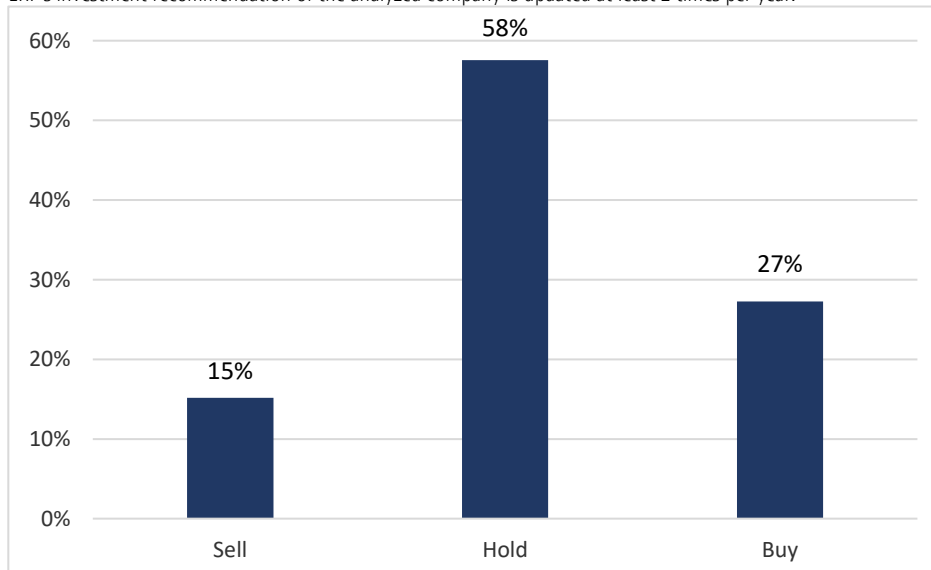
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Jortikka

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