

Only getting warmed up

Marimekko's Q2 figures came in above estimates. The company is still only laying out the foundation for sustained international expansion, and we believe this underpins earnings growth potential for years to come.

EBIT margin potential will not fully materialize this year

Finland's 61% y/y growth drove Q2 top line to EUR 32.7m, up 40% and above the EUR 29.3m/29.3m Evli/cons. estimates (last year's store closures softened the comparison period). Both Finnish Retail and Wholesale advanced a lot while International, up 20% y/y, was mainly driven by Wholesale. Home wares continued to sell well and in our opinion the offering's breadth is one point that testifies to Marimekko's strengths. Q2 EBIT was EUR 5.5m vs the EUR 2.9m/4.0m Evli/cons. estimates; we find the positive surprise relative to our estimates stemmed from the EUR 2.4m gross profit beat. Digital and omnichannel customer experience projects will add to costs in H2 and Marimekko's guidance moderates estimates for the rest of the year.

We see there is a long earnings runway ahead

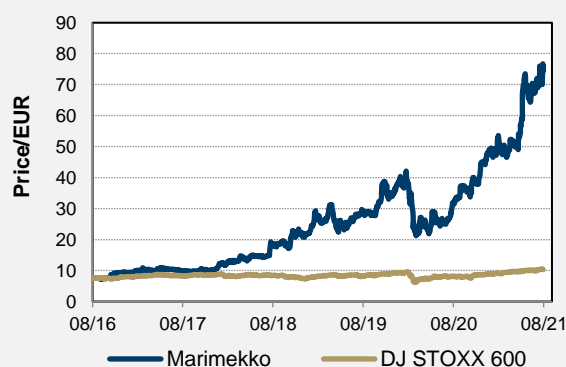
Collaborations like the Adidas one show how the strategy works as the Marimekko brand is enjoying a rejuvenation period. We understand the Adidas deal generated ca. EUR 1m in revenue and profits in Q1; we expect license revenue will remain below EUR 3m this year, but the brand benefits extend beyond direct financial gains. Marimekko doesn't have that much more growth potential in Finland but is still very modest in the global fashion & apparel context; upside potential remains considerable and from this perspective the long-term 10%+ CAGR target doesn't seem very challenging. Marimekko began to gather pace towards long-term ambitions a few years before the pandemic and has already been able to post above 15% EBIT margins. In our view the company should be able to sustain long-term profitability at least a few percentage points above the stated target level.

Valuation remains reasonable considering the potential

Marimekko's earnings-based multiples, roughly in the 19-25x EV/EBIT range on our FY '21-23 estimates, have continued to climb and are now near those of luxury goods peers. Multiples are also high relative to their own historical levels, but we view this justified since the company's profile now stands on a whole new level. Our new TP is EUR 84 (63); we retain our BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price)	74.30
Target price, EUR	84.0

Latest change in	21-Sep-20
Latest report on	21-May-21
Research paid by	YES
No. of shares	8,110
No. of shares fully	8,110
Market cap, EURm	603
Free float, %	73.7
Exchange rate	-
Reuters code	MEKKO.HE
Bloomberg code	MEKKO FH
Average daily volume,	0.5
Next interim report	03-Nov-21
Web site	company.marimekko.com/en/investors/

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	125.4	17.1	13.6%	15.9	1.60	22.3	2.4	17.7	5.5	0.90
2020	123.6	20.2	16.4%	13.6	1.80	25.3	3.0	18.2	3.7	1.00
2021E	143.7	24.5	17.0%	7.2	2.32	32.1	4.2	24.6	1.2	1.27
2022E	159.4	28.1	17.6%	16.9	2.64	28.2	3.7	21.2	2.8	1.45
2023E	173.3	31.2	18.0%	20.8	2.91	25.6	3.4	18.8	3.4	1.60
Market cap, EURm		603	Gearing 2021E, %			-1.2	CAGR EPS 2020-23, %			17.3
Net debt 2021E, EURm		-1	Price/book 2021E			9.5	CAGR sales 2020-23, %			11.9
Enterprise value, EURm		602	Dividend yield 2021E, %			1.7	ROE 2021E, %			32.3
Total assets 2021E, EURm		122	Tax rate 2021E, %			19.8	ROCE 2021E, %			25.7
Goodwill 2021E, EURm		0	Equity ratio 2021E, %			51.9	PEG, P/E 21/CAGR			3.2

Peer group valuation

MARIMEKKO PEERS	MCAP local FX	EV/EBITDA			EV/EBIT			P/E			Equity ratio		
		21	22	23	21	22	23	21	22	23	21	22	23
Premium goods													
Bjorn Borg AB	902	9.9x	7.7x	6.7x	16.1x	11.4x	9.7x	19.1x	14.5x	13.2x	49%	50%	53%
HUGO BOSS AG	3311	8.1x	6.6x	4.9x	25.9x	16.7x	11.2x	36.0x	21.4x	16.9x	32%	35%	37%
Capri Holdings Limited	8055	8.0x	6.6x	5.7x	10.1x	8.0x	7.0x	11.5x	9.9x	8.5x	36%	44%	
Ralph Lauren Corporation Class A	8445	7.6x	7.2x	6.8x	10.4x	9.7x	8.9x	16.2x	14.3x	12.3x	34%		
Ted Baker PLC	268	9.1x	4.2x	3.1x		16.4x	8.5x		18.7x	10.5x	34%	38%	42%
PVH Corp.	7521	8.6x	7.6x	6.9x	12.6x	10.1x	9.1x	15.6x	12.4x	10.6x	39%	42%	
Guess?, Inc.	1485	4.9x	4.0x		6.4x	5.1x		10.0x	8.8x	8.0x			
Joules Group Plc	274	8.9x	6.7x	5.6x	17.3x	11.4x	9.2x	21.3x	13.7x	11.2x	19%	30%	39%
Luxury goods													
Brunello Cucinelli S.p.A.	3339	22.8x	19.4x	16.5x	61.8x	43.3x	35.4x	108.8x	67.6x	55.7x	35%	37%	42%
Burberry Group plc	7324	8.2x	7.3x	7.3x	13.6x	11.7x	11.3x	21.4x	18.6x	17.3x	48%	49%	48%
Hermes International SCA	127615	33.3x	29.8x	26.5x	38.9x	34.8x	30.8x	59.4x	53.2x	47.2x	72%	75%	77%
Moncler SpA	14800	18.2x	15.3x	13.7x	25.9x	20.8x	18.3x	38.4x	30.8x	27.2x	68%	69%	70%
Prada S.p.A.	124359	13.9x	12.0x	10.6x	39.1x	27.0x	21.2x	60.8x	40.1x	33.9x	47%	47%	49%
Salvatore Ferragamo S.p.A.	2794	10.3x	8.5x	7.6x	40.0x	23.5x	17.2x	101.7x	46.2x	32.2x	48%	48%	49%
Premium goods median	2398	8.3x	6.7x	5.7x	12.6x	10.7x	9.1x	16.2x	14.0x	10.9x	34%	40%	41%
Luxury goods median	11062	16.1x	13.7x	12.2x	39.0x	25.2x	19.8x	60.1x	43.1x	33.1x	48%	49%	49%
Marimekko (Evli est.)	603	16.0x	14.0x	12.5x	24.6x	21.2x	18.8x	32.1x	28.2x	25.6x	52%	54%	57%
<i>Marimekko premium vs. premium goods median</i>		<i>92%</i>	<i>110%</i>	<i>120%</i>	<i>95%</i>	<i>98%</i>	<i>107%</i>	<i>98%</i>	<i>101%</i>	<i>135%</i>	<i>52%</i>	<i>37%</i>	<i>39%</i>
<i>Marimekko premium vs. luxury goods median</i>		<i>0%</i>	<i>3%</i>	<i>3%</i>	<i>-37%</i>	<i>-16%</i>	<i>-5%</i>	<i>-47%</i>	<i>-35%</i>	<i>-23%</i>	<i>8%</i>	<i>11%</i>	<i>16%</i>
MARIMEKKO PEERS													
	Ticker	Dividend yield			EBIT margin			ROCE-%			ROE-%		
		21	22	23	21	22	23	21	22	23	21	22	23
Premium goods													
Bjorn Borg AB	BORG-SE				8.5%	10.8%	11.3%	13.4%	17.0%	17.3%	16.4%	19.8%	19.8%
HUGO BOSS AG	BOSS-DE	1.7%	2.6%	3.2%	6.4%	8.7%	10.0%	9.9%	14.1%	15.9%	10.5%	15.3%	16.9%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	0.0%	16.3%	17.3%	17.7%	14.2%	15.7%		25.4%	23.5%	22.4%
Ralph Lauren Corporation Class A	RL-US	2.0%	2.7%	2.9%	12.8%	13.4%	14.2%	12.3%			18.6%	25.8%	23.3%
Ted Baker PLC	TED-GB	0.0%	0.0%	1.7%	-4.0%	3.9%	6.2%	-7.4%	8.3%	13.5%	-17.4%	7.8%	
PVH Corp.	PVH-US	0.1%	0.1%	0.1%	8.1%	9.0%	9.6%	6.7%	7.7%		9.5%	10.9%	11.6%
Guess?, Inc.	GES-US	2.0%	2.0%		8.6%	9.2%	10.0%				22.6%	21.1%	
Joules Group Plc	JOUL-GB	0.4%	0.7%	0.9%	6.3%	8.6%	9.4%	27.7%	31.9%	30.2%	22.2%	26.6%	24.8%
Luxury goods													
Brunello Cucinelli S.p.A.	BC-IT	0.4%	0.7%	0.9%	9.6%	12.4%	13.1%				10.8%	15.0%	16.3%
Burberry Group plc	BRBY-GB	2.7%	2.9%	3.1%	16.8%	17.9%	18.9%	16.7%	17.6%	16.9%	20.3%	21.0%	19.8%
Hermes International SCA	RMS-FR	0.5%	0.6%	0.7%	36.8%	36.4%	36.9%	30.6%	29.3%	28.3%	24.1%	22.6%	21.7%
Moncler SpA	MONC-IT	1.0%	1.2%	1.4%	29.0%	30.4%	30.5%	21.4%	23.5%	23.3%	18.3%	19.8%	19.6%
Prada S.p.A.	1913-HK	0.9%	1.4%	1.7%	11.6%	14.7%	16.9%	7.4%	9.7%	11.4%	7.5%	10.6%	11.6%
Salvatore Ferragamo S.p.A.	SFER-IT	0.6%	1.2%	1.6%	5.7%	8.7%	10.7%	5.2%	8.2%	10.3%	3.7%	7.6%	10.2%
Premium goods median		0.4%	0.7%	1.3%	8.3%	9.1%	10.0%	12.3%	14.9%	16.6%	17.5%	20.5%	21.1%
Luxury goods median		0.7%	1.2%	1.5%	14.2%	16.3%	17.9%	16.7%	17.6%	16.9%	14.5%	17.4%	18.0%
Marimekko (Evli est.)		1.7%	2.0%	2.2%	17.0%	17.6%	18.0%	25.7%	26.3%	26.1%	32.3%	31.0%	29.3%

Source: Facts&Figures, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	74.30 PV of Free Cash Flow	276 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	91.82 PV of Horizon value	475 WACC, %	7.5 Market risk premium, %
Share price potential, %	23.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	101.3 Marketable securities	41 Minimum WACC, %	7.0 Equity beta coefficient
Minimum value	83.9 Debt - dividend	-47 Maximum WACC, %	8.0 Target debt ratio, %
Horizon value, %	63.3 Value of stock	745 Nr of shares, Mn	8.1 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	124	144	159	173	187	201	215	228	239	246	251	256
<i>Sales growth, %</i>	-1.5	16.3	10.9	8.7	7.8	7.5	7.0	6.0	5.0	3.0	2.0	2.0
Operating income (EBIT)	20	25	28	31	33	35	38	39	38	38	39	40
<i>Operating income margin, %</i>	16.4	17.0	17.6	18.0	17.5	17.5	17.5	17.0	16.0	15.5	15.5	15.5
+ Depreciation+amort.	13	13	14	16	16	18	20	21	22	23	24	
EBITDA	33	38	42	47	48	53	57	60	61	62	63	
- Paid taxes	-6	-5	-6	-6	-7	-7	-8	-8	-8	-8	-8	
- Change in NWC	3	-8	-2	-2	-2	-2	-2	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	6.8	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-2	-3	-2	-6	-4	-5	-5	-5	-5	-4	
- 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	-1	0	0	0	0	0	0	0	0	0	0	
= FCFF	27	22	32	37	35	40	43	46	46	48	51	936
= Discounted FCFF		21	29	31	27	29	29	29	27	26	26	475
= DFCF min WACC		22	29	31	28	30	30	30	28	27	27	546
= DFCF max WACC		21	29	31	27	29	29	28	26	25	25	417

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	24.9	23.3	38.0	37.4	123.6	29.1	32.7	40.9	41.0	143.7	159.4	173.3
EBITDA	4.4	5.8	13.6	9.0	32.8	8.7	8.6	11.6	8.7	37.6	42.5	46.7
<i>EBITDA margin (%)</i>	<i>17.7</i>	<i>24.8</i>	<i>35.9</i>	<i>24.0</i>	<i>26.5</i>	<i>29.8</i>	<i>26.2</i>	<i>28.4</i>	<i>21.2</i>	<i>26.1</i>	<i>26.6</i>	<i>27.0</i>
EBIT	1.2	2.7	10.5	5.8	20.2	5.6	5.5	8.1	5.3	24.5	28.1	31.2
<i>EBIT margin (%)</i>	<i>4.8</i>	<i>11.5</i>	<i>27.7</i>	<i>15.5</i>	<i>16.4</i>	<i>19.3</i>	<i>16.8</i>	<i>19.9</i>	<i>12.8</i>	<i>17.0</i>	<i>17.6</i>	<i>18.0</i>
Net financial items	-1.0	0.1	-0.6	-0.4	-1.8	-0.1	-0.3	-0.3	-0.3	-1.1	-1.4	-1.7
Pre-tax profit	0.2	2.8	10.0	5.4	18.4	5.5	5.2	7.8	5.0	23.4	26.7	29.5
Tax	-0.1	-0.6	-2.0	-1.1	-3.8	-1.1	-1.0	-1.6	-1.0	-4.7	-5.3	-5.9
<i>Tax rate (%)</i>	<i>25.8</i>	<i>22.7</i>	<i>20.1</i>	<i>20.6</i>	<i>20.7</i>	<i>19.6</i>	<i>19.7</i>	<i>20.0</i>	<i>20.0</i>	<i>19.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.2	2.2	8.0	4.3	14.6	4.4	4.1	6.3	4.0	18.8	21.4	23.6
EPS	0.02	0.27	0.98	0.53	1.80	0.55	0.51	0.77	0.49	2.32	2.64	2.91
EPS adjusted (diluted no. of shares)	0.02	0.27	0.98	0.53	1.80	0.55	0.51	0.77	0.49	2.32	2.64	2.91
Dividend per share	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.27	1.45	1.60
SALES, EURm												
Finland	13.6	11.4	23.0	23.2	71.1	14.5	18.4	25.3	26.1	84.3	90.7	93.4
Scandinavia	2.1	1.9	2.8	3.2	9.9	2.4	2.9	2.8	3.2	11.3	12.2	13.1
EMEA	2.7	3.3	4.0	4.0	13.9	4.1	3.0	3.9	3.9	14.8	16.0	17.2
North America	1.6	1.5	1.6	1.7	6.4	1.4	2.2	1.8	1.9	7.4	8.5	9.6
Asia Pacific	4.9	5.3	6.6	5.3	22.1	6.6	6.3	7.1	5.9	25.9	32.0	40.0
Total	24.9	23.3	38.0	37.4	123.6	29.1	32.7	40.9	41.0	143.7	159.4	173.3
SALES GROWTH, Y/Y %												
<i>Finland</i>	<i>6.3</i>	<i>-32.3</i>	<i>17.2</i>	<i>6.0</i>	<i>0.1</i>	<i>6.9</i>	<i>61.5</i>	<i>10.3</i>	<i>12.4</i>	<i>18.5</i>	<i>7.6</i>	<i>3.0</i>
<i>Scandinavia</i>	<i>0.0</i>	<i>-10.6</i>	<i>11.2</i>	<i>22.6</i>	<i>6.9</i>	<i>16.0</i>	<i>53.3</i>	<i>-0.1</i>	<i>-0.2</i>	<i>13.4</i>	<i>8.4</i>	<i>7.5</i>
<i>EMEA</i>	<i>-22.9</i>	<i>2.1</i>	<i>43.3</i>	<i>52.3</i>	<i>15.2</i>	<i>51.5</i>	<i>-9.6</i>	<i>-3.0</i>	<i>-1.9</i>	<i>6.3</i>	<i>8.3</i>	<i>7.0</i>
<i>North America</i>	<i>-15.8</i>	<i>-25.7</i>	<i>-29.4</i>	<i>-14.5</i>	<i>-21.7</i>	<i>-9.8</i>	<i>51.0</i>	<i>12.7</i>	<i>12.6</i>	<i>15.9</i>	<i>13.9</i>	<i>13.0</i>
<i>Asia Pacific</i>	<i>-27.9</i>	<i>4.0</i>	<i>-8.0</i>	<i>-5.7</i>	<i>-10.5</i>	<i>34.7</i>	<i>17.9</i>	<i>7.1</i>	<i>12.6</i>	<i>17.1</i>	<i>23.5</i>	<i>25.0</i>
Total	-8.1	-20.2	10.5	7.7	-1.5	16.9	40.3	7.7	9.8	16.3	10.9	8.7
EBIT, EURm												
Group (EBIT only)	1.2	2.7	10.5	5.8	20.2	5.6	5.5	8.1	5.3	24.5	28.1	31.2
Total	1.2	2.7	10.5	5.8	20.2	5.6	5.5	8.1	5.3	24.5	28.1	31.2
EBIT margin, %												
Total	4.8	11.5	27.7	15.5	16.4	19.3	16.8	19.9	12.8	17.0	17.6	18.0

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	99.6	102.3	111.9	125.4	123.6	143.7	159.4	173.3
<i>Sales growth (%)</i>	<i>4.1</i>	<i>2.7</i>	<i>9.3</i>	<i>12.1</i>	<i>-1.5</i>	<i>16.3</i>	<i>10.9</i>	<i>8.7</i>
EBITDA	10.2	11.9	14.6	29.7	32.8	37.6	42.5	46.7
<i>EBITDA margin (%)</i>	<i>10.3</i>	<i>11.6</i>	<i>13.1</i>	<i>23.7</i>	<i>26.5</i>	<i>26.1</i>	<i>26.6</i>	<i>27.0</i>
Depreciation	-4.1	-3.3	-2.4	-12.6	-12.6	-13.0	-14.4	-15.5
EBITA	6.1	8.6	12.2	17.1	20.2	24.5	28.1	31.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	6.1	8.6	12.2	17.1	20.2	24.5	28.1	31.2
<i>EBIT margin (%)</i>	<i>6.1</i>	<i>8.4</i>	<i>10.9</i>	<i>13.6</i>	<i>16.4</i>	<i>17.0</i>	<i>17.6</i>	<i>18.0</i>
Reported EBIT	5.0	8.4	12.2	17.1	19.4	24.5	28.1	31.2
<i>EBIT margin (reported) (%)</i>	<i>5.0</i>	<i>8.2</i>	<i>10.9</i>	<i>13.6</i>	<i>15.7</i>	<i>17.0</i>	<i>17.6</i>	<i>18.0</i>
Net financials	-0.1	-1.2	-0.2	-1.0	-1.8	-1.1	-1.4	-1.7
Pre-tax profit	6.0	7.4	12.1	16.1	18.4	23.4	26.7	29.5
Taxes	-1.1	-1.5	-3.9	-3.1	-3.8	-4.7	-5.3	-5.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	3.8	5.7	8.2	13.0	13.8	18.8	21.4	23.6
Cash NRIs	-1.1	-0.2	0.0	0.0	-0.8	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	15	13	5	5	6	6	7	6
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	37	36	37	40	41	43
Inventory	21	21	22	23	22	26	29	31
Receivables	8	7	7	7	8	9	10	11
Liquid funds	3	6	23	26	41	40	49	60
Total assets	48	47	94	97	115	122	137	153
Liabilities								
Shareholder's equity	28	31	40	39	53	63	74	86
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	37	36	37	40	41	43
Deferred taxes	1	1	1	2	1	1	1	1
Interest bearing debt	6	3	0	2	2	0	0	0
Non-interest bearing current liabilities	13	13	16	18	22	19	21	23
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	48	47	94	97	115	122	137	153
CASH FLOW, EURm								
+ EBITDA	10	12	15	30	33	38	42	47
- Net financial items	0	-1	0	-1	-2	-1	-1	-2
- Taxes	-1	-2	-3	-2	-6	-5	-5	-6
- Increase in Net Working Capital	-3	0	2	2	3	-8	-2	-2
+/- Other	-1	1	0	0	-1	0	0	0
= Cash flow from operations	6	10	12	28	27	24	34	37
- Capex	-3	-1	-1	-12	-14	-17	-17	-17
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	11	0	0	0	0	0
= Free cash flow	4	9	22	16	14	7	17	21
+/- New issues/buybacks	0	0	5	1	7	0	0	0
- Paid dividend	-3	-3	-4	-15	-7	-8	-10	-12
+/- Other	-2	-3	-6	1	1	0	2	2
Change in cash	-1	3	17	3	15	-1	9	11

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	82	168	291	369	603	603	603
Net debt (excl. convertibles)	-3	14	12	-2	-1	-7	-16
Enterprise value	79	182	303	368	602	595	586
Sales	102	112	125	124	144	159	173
EBITDA	12	15	30	33	38	42	47
EBIT	9	12	17	20	25	28	31
Pre-tax	7	12	16	18	23	27	29
Earnings	6	8	13	15	19	21	24
Equity book value (excl. minorities)	31	40	39	53	63	74	86
Valuation multiples							
EV/sales	0.8	1.6	2.4	3.0	4.2	3.7	3.4
EV/EBITDA	6.6	12.4	10.2	11.2	16.0	14.0	12.5
EV/EBITA	9.2	14.9	17.7	18.2	24.6	21.2	18.8
EV/EBIT	9.2	14.9	17.7	18.2	24.6	21.2	18.8
EV/OCF	8.0	14.9	10.7	13.4	25.4	17.5	15.6
EV/FCFF	8.2	8.4	11.4	13.8	27.3	18.6	15.9
P/FCFE	9.3	7.8	18.3	27.2	83.7	35.6	29.0
P/E	13.8	20.5	22.3	25.3	32.1	28.2	25.6
P/B	2.7	4.2	7.5	7.0	9.5	8.1	7.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	18.1	15.9	14.2
Target EV/EBIT	0.0	0.0	0.0	0.0	27.8	24.0	21.3
Target EV/FCF	0.0	0.0	0.0	0.0	94.5	39.8	32.0
Target P/B	0.0	0.0	0.0	0.0	10.7	9.1	7.9
Target P/E	0.0	0.0	0.0	0.0	36.2	31.9	28.9
Per share measures							
Number of shares	8,090	8,090	8,130	8,110	8,110	8,110	8,110
Number of shares (diluted)	8,090	8,090	8,130	8,110	8,110	8,110	8,110
EPS	0.73	1.01	1.60	1.80	2.32	2.64	2.91
Operating cash flow per share	1.21	1.51	3.48	3.38	2.92	4.19	4.62
Free cash flow per share	1.09	2.68	1.96	1.67	0.89	2.09	2.56
Book value per share	3.79	4.95	4.78	6.51	7.83	9.19	10.64
Dividend per share	0.50	1.85	0.90	1.00	1.27	1.45	1.60
Dividend payout ratio, %	68.6	182.6	56.1	55.5	55.0	55.0	55.0
Dividend yield, %	5.0	8.9	2.5	2.2	1.7	2.0	2.2
FCF yield, %	10.8	12.9	5.5	3.7	1.2	2.8	3.4
Efficiency measures							
ROE	20.0	23.2	33.1	31.9	32.3	31.0	29.3
ROCE	25.4	22.2	22.7	24.5	25.7	26.3	26.1
Financial ratios							
Inventories as % of sales	20.4	19.8	18.0	18.2	18.0	18.0	18.0
Receivables as % of sales	6.5	6.2	5.3	6.6	6.5	6.5	6.5
Non-interest bearing liabilities as % of sales	12.2	13.9	14.2	17.9	13.0	13.0	13.0
NWC/sales, %	14.7	12.0	9.1	6.8	11.5	11.5	11.5
Operative CAPEX/sales, %	1.0	1.0	9.8	11.2	11.5	10.7	9.6
CAPEX/sales (incl. acquisitions), %	1.0	1.0	9.8	11.2	11.5	10.7	9.6
FCFF/EBITDA	0.8	1.5	0.9	0.8	0.6	0.8	0.8
Net debt/EBITDA, book-weighted	-0.2	0.9	0.4	-0.1	0.0	-0.2	-0.4
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	65.1	42.7	40.1	46.0	51.9	54.3	56.5
Gearing, %	-9.4	34.3	30.7	-3.2	-1.2	-9.9	-19.0

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	1,017,700	75.615	12.5%
Ilmarinen Mutual Pension Insurance Company	395,419	29.380	4.9%
Varma Mutual Pension Insurance Company	385,920	28.674	4.8%
Enrooth Anna Sophia	340,377	25.290	4.2%
Evli Finnish Small Cap Fund	267,000	19.838	3.3%
Nordea Nordic Small Cap Fund	199,885	14.851	2.5%
Veritas Pension Insurance Company Ltd.	150,390	11.174	1.9%
Sijoitusrahasto Taaleritehdas Mikro Markka	113,000	8.396	1.4%
Oy Talcom Ab	101,000	7.504	1.2%
Oy Etra Invest Ab	100,000	7.430	1.2%
Ten largest	3,070,691	228.152	38%
Residual	5,039,143	374.408	62%
Total	8,109,834	602.561	100%

EARNINGS CALENDAR

November 03, 2021

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Elina Anckar

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
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

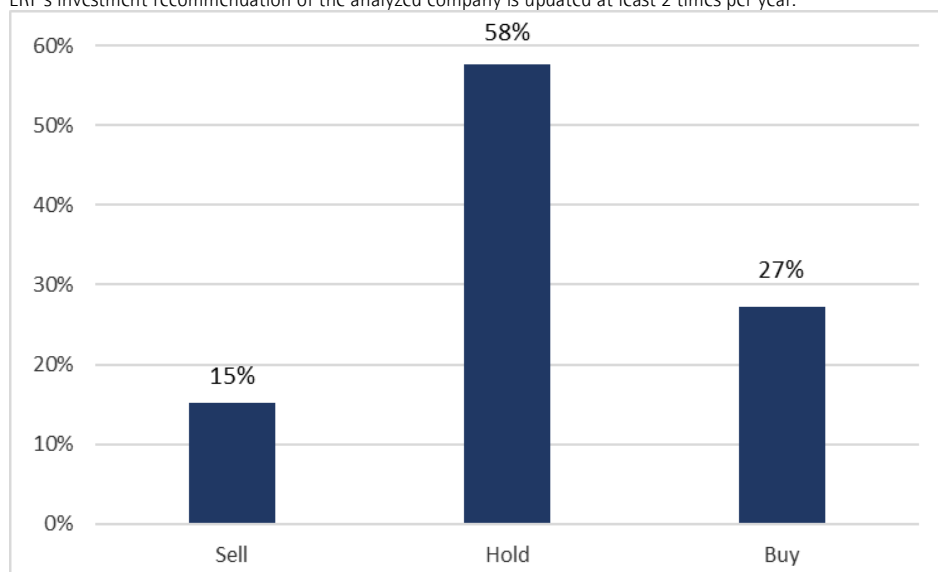
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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