

Top performance

Marimekko delivered strong Q1 figures by showing double-digit growth in all its markets. Although the market environment includes uncertainties, Marimekko is trading with a quite moderate valuation. We upgrade our rating to BUY (HOLD) and adjust TP to EUR 14.5 (12.8).

Strong start for the year

Marimekko's Q1 performance was clearly better than we had anticipated. Topline saw an increase of 24% y/y driven by all markets. A favorable trend of retail and wholesale sales in Finland and good development of int'l sales boosted the revenue to high double-digit growth. The largest segment, Marimekko's home market Finland grew by 27% y/y while int'l sales increased by 20% y/y. Q1 group topline amounted to EUR 36.0m (Evli: 30.4m). Gross margin (63%) was negatively affected by increased logistics costs and higher discounts. Driven by softer gross margin and increased fixed costs, Q1 adj. EBIT margin (18.4%) was below that of the comparison period, adj. EBIT amounting to EUR 6.6m (Evli: 3.9m). EPS totaled EUR 0.12 (Evli: EUR 0.08).

Guidance intact, we made estimate revisions

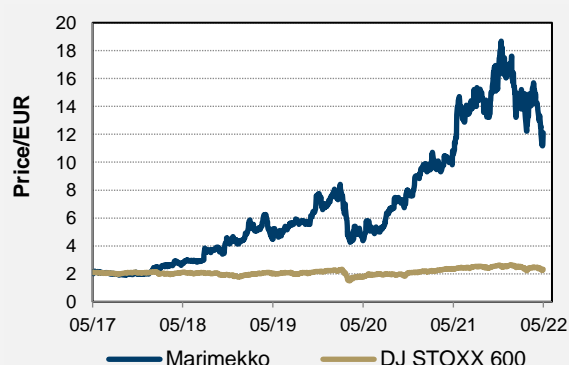
Marimekko reiterated its 2022 guidance: revenue above the 2021 level and adj. EBIT margin between 17-20%. The company also expects the relative growth pace to slow down in H2, which stems from the strong comparison figures as well as lowered consumer confidence to which Marimekko was quite immune in Q1, in our understanding. We raised our 22E EBIT margin estimate near the upper bound of the guidance. Driven by a strong start of the year, we expect the company to face low double-digit growth in 2022 by full-year net sales amounting to EUR 167.7m and adj. EBIT totaling EUR 32.5m (more on page 2).

BUY with a target price of EUR 14.5 (12.8)

The company's share price has fallen from the 2021 highs by some ~50%. Meanwhile, Marimekko's peers have also seen a decline in their valuation. Given the strong start of 2022 and by accepting a 22E EV/EBIT multiple of 18x, we upgrade our recommendation to BUY (HOLD) and adjust TP to EUR 14.5 (12.8).

Rating

BUY



Share price, EUR (Last trading day's closing price)	12.12
Target price, EUR	14.5
Latest change in recommendation	14-May-22
Latest report on company	10-May-22
Research paid by issuer:	YES
No. of shares	40,621
No. of shares fully	40,621
Market cap, EURm	492
Free float, %	73.7
Exchange rate	0.000
Reuters code	MEKKO.HE
Bloomberg code	MEKKO FH
Average daily volume,	0.0
Next interim report	17-Aug-22
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
2020	123.6	18.8	15.2%	13.6	0.33	27.8	3.0	19.6	3.7	0.20
2021	152.2	31.3	20.5%	31.2	0.60	28.3	4.4	21.2	4.5	0.72
2022E	167.7	32.5	19.4%	13.1	0.63	19.3	2.9	14.8	2.7	0.35
2023E	180.2	35.3	19.6%	22.6	0.66	18.4	2.6	13.4	4.6	0.36
2024E	192.3	35.6	18.5%	23.5	0.68	17.9	2.4	13.0	4.8	0.44
Market cap, EURm			492	Gearing 2022E, %		-16.6	CAGR EPS 2021-24, %			4.0
Net debt 2022E, EURm			-11	Price/book 2022E		7.5	CAGR sales 2021-24, %			8.1
Enterprise value, EURm			481	Dividend yield 2022E, %		2.9	ROE 2022E, %			37.8
Total assets 2022E, EURm			146	Tax rate 2022E, %		20.5	ROCE 2022E, %			31.0
Goodwill 2022E, EURm			0	Equity ratio 2022E, %		45.0	PEG, P/E 22/CAGR			5.1

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

Figure 1: Estimate revisions

	Q2'22E	Q2'22E previously	Change-%	2022E	2022E previously	Change-%
Net sales	37.0	34.8	6%	167.7	164.9	2%
Adj. EBIT	5.3	4.3	23%	32.5	30.9	5%
Adj. EBIT margin	14.3%	12.4%	2%-p	19.4%	18.7%	1%-p

Source: Evli Research

We made some positive estimate revisions

Driven by a strong start for the year 2022, we slightly upgraded our near-term estimates. With topline growth both in Finland (+9% y/y) and abroad (+13% y/y), we expect the 22E group topline to grow by 10.1% y/y to EUR 167.7m. We expect logistics costs to remain high and 22E gross margin hence to weaken to ~60%. With softer gross margin and OPEX growing faster than net sales, we expect adj. EBIT margin to weaken from the previous year. Our 22E adj. EBIT estimate lands on EUR 32.5m (19.4% margin). Our 22E EBIT margin estimate verges the upper bound of the company's guidance of 17-20% margin. In 2023-24E, we expect revenue growth to continue with growth rates of 7.4% and 6.8% respectively. We emphasize the international growth in our 23-24E estimates while expecting the growth pace in Finland to smoothen. We expect EBIT margin not to exceed 20%, with 2023-24E EBIT margin estimates being 19.6% and 18.5% respectively. With our revised estimates, the company continues moderate earnings growth of ~4% and delivers a dividend yield of ~3%.

Room for an upside

The company's share price has fallen from the 2021 highs and YTD by some ~50% and ~30% respectively, and we see short-term return potential in Marimekko. We also believe in the long-term story of success of the international growth. We expect global collaborations to strengthen Marimekko's brand awareness significantly. Marimekko's profitability is now above our luxury peer group median and further investments into efficiency might even improve it slightly. While we accept a 22E EV/EBIT multiple of 18x, the company currently trades with 22E EV/EBIT and P/E multiples of 15x and 19x respectively. We see that Marimekko should be valued near its luxury peers, whom the company is lagging with a 40% discount. Our DCF model suggests an intrinsic value for Marimekko's share price to be EUR 19.6, which indicates the long-term value add potential. In our view, the recent drop in the share price is over scaled given a solid growth outlook. With Marimekko's valuation moderate, we upgrade our recommendation to BUY (HOLD) and adjust TP to EUR 14.5 (12.8).

Figure 2: Peer group

	MCAP local FX	EV/EBITDA		EV/EBIT		P/E		Equity ratio	
		22	23	22	23	22	23	22	23
Premium goods									
Bjorn Borg AB	1104	6.6x	6.2x	8.7x	7.5x	11.6x	10.7x	51%	58%
HUGO BOSS AG	3556	6.8x	5.3x	15.8x	11.4x	20.6x	16.6x	37%	40%
Capri Holdings Limited	6347	4.7x	3.7x	5.6x	4.4x	6.5x	6.0x	42%	47%
Ralph Lauren Corporation Class A	7114	6.0x	5.6x	7.7x	7.2x	11.5x	10.1x	33%	33%
Ted Baker PLC	268								
PVH Corp.	4621	4.5x	3.8x	6.0x	5.0x	7.5x	6.5x	47%	49%
Guess?, Inc.	1249	4.1x	4.0x	5.1x	4.8x	6.7x	5.7x		
Joules Group Plc	49	4.0x	3.1x	13.8x	8.7x	11.5x	6.2x	21%	22%
Luxury goods									
Brunello Cucinelli S.p.A.	3214	16.8x	14.4x	36.8x	29.9x	52.2x	44.4x	59%	63%
Burberry Group plc	6236	5.8x	5.7x	9.3x	8.8x	15.4x	14.3x	49%	48%
Hermes International SCA	111969	23.0x	20.4x	26.3x	23.2x	40.8x	36.3x	70%	72%
Moncler SpA	12228	11.6x	10.0x	16.0x	13.7x	24.2x	21.1x	66%	68%
Prada S.p.A.	116426	11.1x	9.6x	23.0x	17.9x	35.0x	27.4x	51%	53%
Salvatore Ferragamo S.p.A.	2630	9.9x	10.2x	24.8x	25.9x	41.3x	41.5x	42%	43%
Premium goods median	2402	4.7x	4.0x	7.7x	7.2x	11.5x	6.5x	39%	43%
Luxury goods median	9232	11.4x	10.1x	23.9x	20.6x	37.9x	31.9x	55%	58%
Marimekko (Evli est.)	492	11.3x	9.8x	14.8x	13.4x	19.3x	18.4x	45%	50%
<i>Marimekko premium vs. premium goods median</i>		141%	144%	92%	87%	68%	183%	14%	15%
<i>Marimekko premium vs. luxury goods median</i>		0%	-3%	-38%	-35%	-49%	-42%	-18%	-14%
	Ticker	Dividend yield		EBIT margin		ROCE-%		ROE-%	
		22	23	22	23	22	23	22	23
Premium goods									
Bjorn Borg AB	BORG-SE	4.6%	4.6%	14.6%	15.2%			15.1%	16.3%
HUGO BOSS AG	BOSS-DE	2.0%	2.6%	8.7%	9.8%	16.0%	17.9%	16.5%	17.7%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	19.2%	19.4%	17.8%	16.8%	27.8%	24.8%
Ralph Lauren Corporation Class A	RL-US	3.1%	3.4%	13.4%	13.8%	12.0%	12.8%	25.0%	26.5%
Ted Baker PLC	TED-GB								
PVH Corp.	PVH-US	0.1%	0.2%	10.2%	10.6%	9.8%	10.4%	11.0%	11.4%
Guess?, Inc.	GES-US			10.5%	11.6%			24.5%	24.2%
Joules Group Plc	JOUL-GB	0.0%	3.8%	2.7%	3.7%	13.3%	19.4%	7.5%	11.6%
Luxury goods									
Brunello Cucinelli S.p.A.	BC-IT	0.9%	1.1%	12.8%	13.4%			17.5%	18.5%
Burberry Group plc	BRBY-GB	3.4%	3.7%	18.5%	19.0%	18.0%	16.9%	22.5%	21.4%
Hermes International SCA	RMS-FR	0.8%	0.9%	37.8%	38.2%	30.2%	28.1%	24.4%	22.8%
Moncler SpA	MONC-IT	1.6%	1.9%	30.0%	30.5%	21.2%	21.5%	17.8%	17.9%
Prada S.p.A.	1913-HK	1.7%	2.2%	16.7%	18.9%	11.1%	13.4%	12.3%	14.5%
Salvatore Ferragamo S.p.A.	SFER-IT	1.7%	1.5%	9.4%	8.4%	8.2%	7.8%	8.1%	7.9%
Premium goods median		1.1%	3.0%	10.5%	11.6%	13.3%	16.8%	16.5%	17.7%
Luxury goods median		1.7%	1.7%	17.6%	19.0%	18.0%	16.9%	17.7%	18.2%
Marimekko (Evli est.)		2.9%	3.0%	19.4%	19.6%	31.0%	30.7%	37.8%	37.1%

Source: FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	12.12 PV of Free Cash Flow	303 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	19.62 PV of Horizon value	496 WACC, %	7.5 Market risk premium, %
Share price potential, %	61.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	21.6 Marketable securities	60 Minimum WACC, %	7.0 Equity beta coefficient
Minimum value	17.9 Debt - dividend	-62 Maximum WACC, %	8.0 Target debt ratio, %
Horizon value, %	62.0 Value of stock	797 Nr of shares, Mn	40.6 Effective tax rate, %

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	152	168	180	192	205	219	232	244	251	259	264	269
<i>Sales growth, %</i>	<i>23.2</i>	<i>10.1</i>	<i>7.4</i>	<i>6.8</i>	<i>6.5</i>	<i>7.0</i>	<i>6.0</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	31	33	35	36	37	38	39	41	43	44	45	46
<i>Operating income margin, %</i>	<i>20.5</i>	<i>19.4</i>	<i>19.6</i>	<i>18.5</i>	<i>18.0</i>	<i>17.5</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>	<i>17.0</i>
+ Depreciation+amort.	12	10	13	14	15	16	17	18	19	19	20	
EBITDA	43	42	48	49	52	54	56	59	61	63	65	
- Paid taxes	-4	-7	-7	-7	-7	-8	-8	-8	-9	-9	-9	
- Change in NWC	-2	-2	-1	-1	-1	-1	-1	-1	-1	-1	0	
<i>NWC / Sales, %</i>	<i>6.4</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</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>3.1</i>	<i>12.1</i>	<i>9.1</i>	<i>8.8</i>	<i>8.7</i>	<i>8.8</i>	<i>8.7</i>	<i>8.5</i>	<i>8.2</i>	<i>8.2</i>	<i>7.8</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	-1	0	0	0	0	0	0	0	0	0	0	
= FCFF	35	31	39	40	42	43	45	48	50	52	54	995
= Discounted FCFF		30	35	33	32	31	30	30	29	28	27	496
= DFCF min WACC		30	35	33	32	32	31	31	30	29	28	570
= DFCF max WACC		30	34	32	31	30	29	29	28	27	26	435

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	29.1	32.7	42.4	48.1	152.2	36.0	37.0	45.1	49.6	167.7	180.2	192.3
EBITDA	8.6	8.0	16.2	10.6	43.3	9.1	7.8	15.0	10.6	42.5	48.5	49.3
<i>EBITDA margin (%)</i>	<i>29.6</i>	<i>24.4</i>	<i>38.1</i>	<i>22.0</i>	<i>28.5</i>	<i>25.3</i>	<i>21.0</i>	<i>33.3</i>	<i>21.3</i>	<i>25.3</i>	<i>26.9</i>	<i>25.6</i>
EBIT	5.6	4.9	13.1	7.6	31.3	6.6	5.3	12.5	8.1	32.5	35.3	35.6
<i>EBIT margin (%)</i>	<i>19.3</i>	<i>14.9</i>	<i>31.0</i>	<i>15.9</i>	<i>20.5</i>	<i>18.4</i>	<i>14.3</i>	<i>27.8</i>	<i>16.4</i>	<i>19.4</i>	<i>19.6</i>	<i>18.5</i>
Net financial items	-0.1	-0.2	0.0	0.0	-0.4	-0.1	-0.1	-0.1	-0.1	-0.4	-1.8	-1.2
Pre-tax profit	5.5	4.7	13.1	7.6	30.8	6.5	5.2	12.4	8.0	32.1	33.4	34.4
Tax	-1.1	-1.0	-2.6	-1.7	-6.4	-1.5	-1.0	-2.5	-1.6	-6.6	-6.7	-6.9
<i>Tax rate (%)</i>	<i>19.6</i>	<i>21.8</i>	<i>19.9</i>	<i>22.6</i>	<i>20.8</i>	<i>22.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.5</i>	<i>20.0</i>	<i>20.0</i>
Net profit	4.4	3.6	10.5	5.9	24.4	5.0	4.1	9.9	6.4	25.5	26.7	27.5
EPS	0.11	0.09	0.26	0.14	0.60	0.12	0.10	0.24	0.16	0.63	0.66	0.68
EPS adjusted (diluted no. of shares)	0.11	0.09	0.26	0.14	0.60	0.12	0.10	0.24	0.16	0.63	0.66	0.68
Dividend per share	0.00	0.00	0.00	0.00	0.72	0.00	0.00	0.00	0.00	0.35	0.36	0.44
SALES, EURm												
Finland	14.5	18.4	28.8	30.6	92.3	18.5	20.5	30.1	31.1	100.2	106.1	109.8
Scandinavia	2.4	2.9	2.9	4.4	12.7	3.0	3.4	3.1	4.3	13.8	14.7	15.7
EMEA	4.1	3.0	2.7	3.1	12.9	5.5	3.4	3.0	3.4	15.2	16.2	17.4
North America	1.4	2.2	2.0	2.7	8.4	1.8	2.5	2.2	2.8	9.3	10.1	11.4
Asia Pacific	6.6	6.3	5.9	7.2	26.0	7.3	7.2	6.6	8.0	29.1	33.1	38.0
Total	29.1	32.7	42.4	48.1	152.2	36.0	37.0	45.1	49.6	167.7	180.2	192.3
SALES GROWTH, Y/Y %												
<i>Finland</i>	<i>6.9</i>	<i>61.5</i>	<i>25.3</i>	<i>31.9</i>	<i>29.7</i>	<i>27.3</i>	<i>11.7</i>	<i>4.7</i>	<i>1.6</i>	<i>8.6</i>	<i>5.9</i>	<i>3.5</i>
<i>Scandinavia</i>	<i>16.0</i>	<i>53.3</i>	<i>4.3</i>	<i>39.6</i>	<i>27.3</i>	<i>22.8</i>	<i>18.0</i>	<i>7.7</i>	<i>-2.5</i>	<i>9.3</i>	<i>6.0</i>	<i>6.8</i>
<i>EMEA</i>	<i>51.5</i>	<i>-9.6</i>	<i>-32.1</i>	<i>-21.1</i>	<i>-7.5</i>	<i>33.5</i>	<i>15.5</i>	<i>9.5</i>	<i>7.3</i>	<i>18.0</i>	<i>6.2</i>	<i>7.9</i>
<i>North America</i>	<i>-9.8</i>	<i>51.0</i>	<i>24.9</i>	<i>56.8</i>	<i>30.8</i>	<i>25.7</i>	<i>9.3</i>	<i>9.4</i>	<i>4.9</i>	<i>10.8</i>	<i>9.0</i>	<i>12.0</i>
<i>Asia Pacific</i>	<i>34.7</i>	<i>17.9</i>	<i>-10.4</i>	<i>36.2</i>	<i>17.5</i>	<i>10.2</i>	<i>15.1</i>	<i>11.8</i>	<i>10.8</i>	<i>11.9</i>	<i>13.8</i>	<i>15.0</i>
Total	16.9	40.3	11.5	28.7	23.2	23.8	13.1	6.4	3.2	10.1	7.4	6.8
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	20.3
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9
EMEA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2
North America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0
Group (EBIT only)	5.6	4.9	13.1	7.6	31.3	6.6	5.3	12.5	8.1	32.5	35.3	0.0
Total	5.6	4.9	13.1	7.6	31.3	6.6	5.3	12.5	8.1	32.5	35.3	35.6
EBIT margin, %												
<i>Finland</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>
<i>Scandinavia</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>
<i>EMEA</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>
<i>North America</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>
<i>Asia Pacific</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>
Total	19.3	14.9	31.0	15.9	20.5	18.4	14.3	27.8	16.4	19.4	19.6	18.5

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	102.3	111.9	125.4	123.6	152.2	167.7	180.2	192.3
<i>Sales growth (%)</i>	<i>2.7</i>	<i>9.3</i>	<i>12.1</i>	<i>-1.5</i>	<i>23.2</i>	<i>10.1</i>	<i>7.4</i>	<i>6.8</i>
EBITDA	11.9	14.6	29.7	31.3	43.3	42.5	48.5	49.3
<i>EBITDA margin (%)</i>	<i>11.6</i>	<i>13.1</i>	<i>23.7</i>	<i>25.4</i>	<i>28.5</i>	<i>25.3</i>	<i>26.9</i>	<i>25.6</i>
Depreciation	-3.3	-2.4	-12.6	-12.6	-12.1	-9.9	-13.2	-13.7
EBITA	8.6	12.2	17.1	18.8	31.3	32.5	35.3	35.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.6	12.2	17.1	18.8	31.3	32.5	35.3	35.6
<i>EBIT margin (%)</i>	<i>8.4</i>	<i>10.9</i>	<i>13.6</i>	<i>15.2</i>	<i>20.5</i>	<i>19.4</i>	<i>19.6</i>	<i>18.5</i>
Reported EBIT	8.4	12.2	17.1	18.0	31.3	32.5	35.3	35.6
<i>EBIT margin (reported) (%)</i>	<i>8.2</i>	<i>10.9</i>	<i>13.6</i>	<i>14.5</i>	<i>20.5</i>	<i>19.4</i>	<i>19.6</i>	<i>18.5</i>
Net financials	-1.2	-0.2	-1.0	-1.8	-0.4	-0.4	-1.8	-1.2
Pre-tax profit	7.4	12.1	16.1	17.0	30.8	32.1	33.4	34.4
Taxes	-1.5	-3.9	-3.1	-3.7	-6.4	-6.6	-6.7	-6.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	5.7	8.2	13.0	12.5	24.4	25.5	26.7	27.5
Cash NRIs	-0.2	0.0	0.0	-0.8	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	13	5	5	5	5	6	6	7
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	37	36	37	29	39	41	44
Inventory	21	22	23	22	26	30	32	35
Receivables	7	7	7	8	12	12	13	13
Liquid funds	6	23	26	41	60	59	63	74
Total assets	47	94	97	114	133	146	157	174
Liabilities								
Shareholder's equity	31	40	39	52	69	66	78	91
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	37	36	37	30	39	41	44
Deferred taxes	1	1	2	1	3	3	3	3
Interest bearing debt	3	0	2	2	2	9	2	2
Non-interest bearing current liabilities	13	16	18	22	28	30	32	35
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	47	94	97	114	133	146	157	174
CASH FLOW, EURm								
+ EBITDA	12	15	30	31	43	42	48	49
- Net financial items	-1	0	-1	-2	0	0	-2	-1
- Taxes	-2	-3	-3	-6	-4	-7	-7	-7
- Increase in Net Working Capital	0	2	3	3	-2	-2	-1	-1
+/- Other	1	0	0	0	-1	0	0	0
= Cash flow from operations	10	12	29	27	36	33	39	40
- Capex	-1	-1	-11	-14	-5	-20	-16	-17
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	11	0	0	0	0	0	0
= Free cash flow	9	22	18	14	31	13	23	23
+/- New issues/buybacks	0	5	1	8	1	0	0	0
- Paid dividend	-3	-4	-15	-7	-8	-29	-14	-15
+/- Other	-3	-6	-1	0	-5	15	-4	2
Change in cash	3	17	3	15	19	-1	4	11

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	168	291	369	691	492	492	492
Net debt (excl. convertibles)	14	12	-2	-27	-11	-20	-28
Enterprise value	182	303	368	664	481	473	464
Sales	112	125	124	152	168	180	192
EBITDA	15	30	31	43	42	48	49
EBIT	12	17	19	31	33	35	36
Pre-tax	12	16	17	31	32	33	34
Earnings	8	13	13	24	26	27	28
Equity book value (excl. minorities)	40	39	52	69	66	78	91
Valuation multiples							
EV/sales	1.6	2.4	3.0	4.4	2.9	2.6	2.4
EV/EBITDA	12.4	10.2	11.7	15.3	11.3	9.8	9.4
EV/EBITA	14.9	17.7	19.6	21.2	14.8	13.4	13.0
EV/EBIT	14.9	17.7	19.6	21.2	14.8	13.4	13.0
EV/OCF	14.9	10.5	13.4	18.5	14.4	12.1	11.5
EV/FCFF	8.4	10.7	14.2	18.8	15.4	12.2	11.7
P/FCFE	38.8	82.4	135.3	110.9	37.5	21.8	21.0
P/E	20.5	22.3	27.8	28.3	19.3	18.4	17.9
P/B	4.2	7.5	7.1	10.0	7.5	6.3	5.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	13.6	11.7	11.4
Target EV/EBIT	0.0	0.0	0.0	0.0	17.8	16.2	15.8
Target EV/FCF	0.0	0.0	0.0	0.0	44.1	25.2	23.9
Target P/B	0.0	0.0	0.0	0.0	9.0	7.5	6.5
Target P/E	0.0	0.0	0.0	0.0	23.1	22.0	21.4
Per share measures							
Number of shares	40,448	40,649	40,549	40,549	40,621	40,621	40,621
Number of shares (diluted)	40,448	40,649	40,549	40,549	40,621	40,621	40,621
EPS	0.20	0.32	0.33	0.60	0.63	0.66	0.68
Operating cash flow per share	0.30	0.71	0.68	0.89	0.82	0.96	0.99
Free cash flow per share	0.54	0.43	0.34	0.77	0.32	0.56	0.58
Book value per share	0.99	0.96	1.29	1.71	1.62	1.93	2.25
Dividend per share	0.37	0.18	0.20	0.72	0.35	0.36	0.44
Dividend payout ratio, %	182.6	56.1	60.9	119.6	55.0	55.0	65.0
Dividend yield, %	8.9	2.5	2.2	4.2	2.9	3.0	3.6
FCF yield, %	12.9	6.1	3.7	4.5	2.7	4.6	4.8
Efficiency measures							
ROE	23.2	33.1	29.2	40.1	37.8	37.1	32.4
ROCE	22.2	22.7	22.9	33.0	31.0	30.7	28.3
Financial ratios							
Inventories as % of sales	19.8	18.0	18.2	17.1	18.0	18.0	18.0
Receivables as % of sales	6.2	5.3	6.6	7.9	7.0	7.0	7.0
Non-interest bearing liabilities as % of sales	13.9	14.2	17.9	18.6	18.0	18.0	18.0
NWC/sales, %	12.0	9.1	6.8	6.4	7.0	7.0	7.0
Operative CAPEX/sales, %	1.0	9.0	11.2	3.1	12.1	9.1	8.8
CAPEX/sales (incl. acquisitions), %	1.0	9.0	11.2	3.1	12.1	9.1	8.8
FCFF/EBITDA	1.5	1.0	0.8	0.8	0.7	0.8	0.8
Net debt/EBITDA, book-weighted	0.9	0.4	-0.1	-0.6	-0.3	-0.4	-0.6
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	42.7	40.1	45.7	52.2	45.0	50.0	52.4
Gearing, %	34.3	30.7	-3.2	-38.9	-16.6	-24.9	-31.0

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	12.335	2.5%
Varma Mutual Pension Insurance Company	385,388	4.671	0.9%
Enrooth Anna Sophia	330,377	4.004	0.8%
Evli Finnish Small Cap Fund	266,021	3.224	0.7%
Veritas Pension Insurance Company Ltd.	100,000	1.212	0.2%
Oy Talcom Ab	97,420	1.181	0.2%
Oy Etra Invest Ab	85,000	1.030	0.2%
Ten largest	2,281,906	27.657	6%
Residual	38,339,474	464.674	94%
Total	40,621,380	492.331	100%

EARNINGS CALENDAR

August 17, 2022	Q2 report
November 02, 2022	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
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

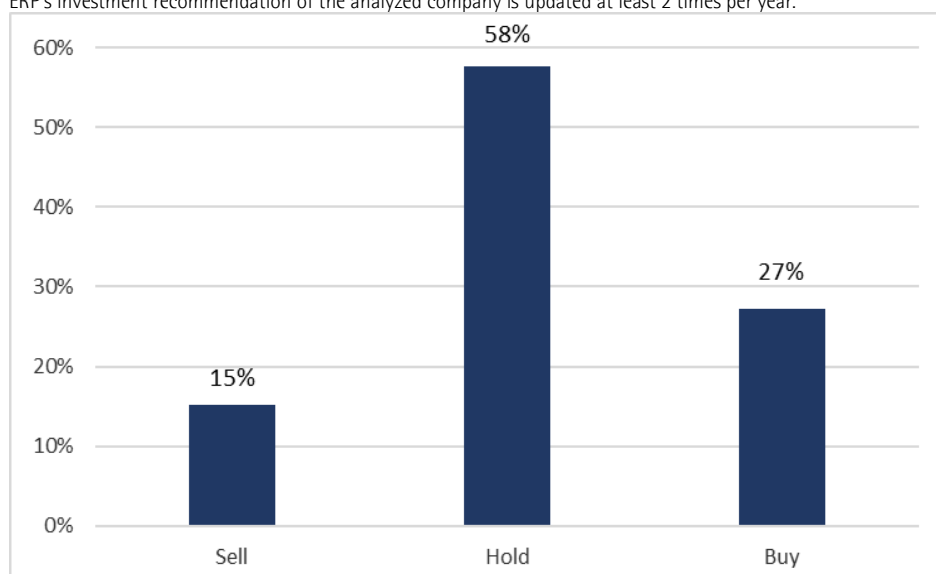
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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