

Some uncertainty ahead

Marimekko's Q2 result was strong and broadly in line with expectations. The outlook provided for H2 is solid, but the upside potential is in our view restricted.

Growth as expected, EBIT slightly above our estimates

Marimekko delivered solid topline growth in Q2 with net sales amounting to EUR 38.0m (Evli: 37.0m), representing 16% y/y growth. The growth was driven by strong retail sales in Finland and solid development of int'l sales. According to the company, int'l sales were impacted by unusual weightings of wholesale deliveries, partly indicating a strong comparison period. Gross margin remained at the comparison period's level, thanks to a favorable sales-mix. With revenue growing nicely, Q2 EBIT improved to EUR 5.7m (Evli: 5.3m), reflecting an EBIT margin of 15%. However, increased fixed costs restricted the profitability improvement somewhat.

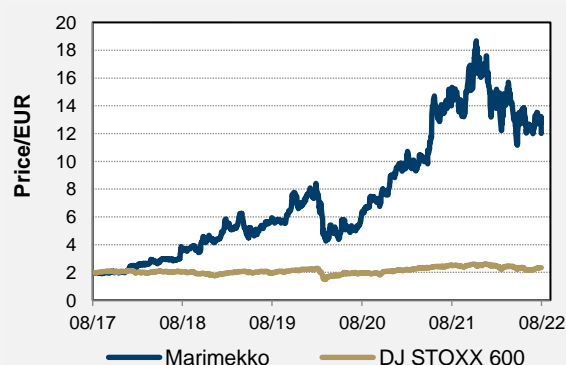
We made some marginal estimate adjustments

We slightly adjusted our near-term estimates mainly driven by the solid outlook provided for H2. We see the sales development strong given the company's outlook and the brands ATH awareness. In 2022, we expect net sales in Finland to grow by 9% y/y to EUR 100.9m while our estimate for int'l sales is EUR 67.4m, reflecting y/y growth of 13%. Our group revenue estimate for 2022 amounts to EUR 168.3m. With increased cost pressures, we expect a 22E EBIT of EUR 32.6m (19.4% margin). In 2023, we expect group revenue to grow by 7% y/y, driven by both Finland (+5%) and int'l sales (+10%). Meanwhile, with gross margin improving slightly and the increase in fixed costs calming down, our 23E EBIT margin estimate is 19.7%.

HOLD with a target price of EUR 13.2 (14.5)

With the increased uncertainty and risks concerning the development of the market environment, we have downgraded our valuation multiples for Marimekko. We approximate Marimekko should be trading with 22-23E EV/EBIT multiples of 16-15x. Now the company trades below our TP, but with the earnings growth being moderate and upside potential not being massive, we retain our HOLD-rating and adjust TP to EUR 13.2 (14.5).

Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 12.02

Target price, EUR 13.2

Latest change in recommendation 14-Aug-22

Latest report on company 14-Aug-22

Research paid by issuer: YES

No. of shares 40,621

No. of shares fully 40,621

Market cap, EURm 488

Free float, % 73.7

Exchange rate 0.000

Reuters code MEKKO.HE

Bloomberg code MEKKO FH

Average daily volume, 0.0

Next interim report 02-Nov-22

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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	168.3	32.6	19.4%	13.1	0.63	19.0	2.8	14.6	2.7	0.35
2023E	180.2	35.5	19.7%	23.1	0.67	18.1	2.6	13.2	4.7	0.37
2024E	192.4	35.6	18.5%	23.5	0.68	17.7	2.4	12.9	4.8	0.44
Market cap, EURm	488			Gearing 2022E, %	-16.6			CAGR EPS 2021-24, %	4.0	
Net debt 2022E, EURm	-11			Price/book 2022E	7.4			CAGR sales 2021-24, %	8.1	
Enterprise value, EURm	477			Dividend yield 2022E, %	2.9			ROE 2022E, %	38.1	
Total assets 2022E, EURm	139			Tax rate 2022E, %	20.5			ROCE 2022E, %	32.1	
Goodwill 2022E, EURm	0			Equity ratio 2022E, %	47.3			PEG, P/E 22/CAGR	5.4	

Q2 result

Q2 result provided no prominent surprises as the topline came in with nice mid-double-digit growth and margins improved slightly from the comparison period. Q2 revenue was approx. in line with our estimates (Evli: EUR 37.0m) while EBIT topped our expectations (Evli: EUR 5.3m). Group revenue amounted to EUR 38.0m, representing y/y growth of 16%. With favorable sales development in retail sales, the domestic business grew strongly by some 25% y/y, net sales in Finland amounting to EUR 23.0m while with strong comparison figures and unusual weighting of wholesale deliveries, int'l net sales grew only 5% y/y. Intl' net sales amounted to EUR 15.0m and were below our expectations (Evli: 16.5m). Sales in Scandinavia (+4%), the EMEA (+7%), and the APAC region (+9%) increased from the comparison period while North America's sales decreased by some 10% driven by lower wholesale sales due to a one-time campaign in the USA held in Q2'21 as well as some store closures. Despite new planned store opening in New York, we foresee some challenges in the growth in North America, which has been a challenging market for Marimekko before. Growth in fashion sales was a bit soft considering the after-pandemic boosted demand for clothing in general. Fashion sales in Q2 grew by 6% y/y. Meanwhile, the home category continued its strong growth by increasing 11% y/y. In our understanding, Marimekko has strengthened its position in the home category, especially in the APAC region which explains the good sales development of home product lines. Moreover, bags and accessories saw strong revenue growth of 48%. The unofficial measure of Marimekko brand sales increased very strongly by some 36% y/y, which in part reflects strong underlying demand for Marimekko's offering. Moreover, international brand sales increased by 45% y/y, which supports the view of growth stepping back on its track.

In our view, Marimekko has successfully transferred increased material and logistic costs into its product prices and its Q2 gross margin was approx. flat y/y despite increased material and logistics costs. The favorable sales-mix also attributed to the gross margin positively as the share of retail sales was higher than that of the comparison period. Decreased consumer purchasing power is not clearly seen in Marimekko's figures yet, but it might have an impact on the company's performance in H2. With increased net sales and flat gross margin, Marimekko's profitability improved nicely. EBIT amounted to EUR 5.7m, which was above our expectations (Evli: 5.3m). EBIT improvement was restricted by increased marketing costs and investments in IT systems and digital business. Q2 EBIT margin was 15%, and EPS amounted to EUR 0.12 (Evli: 0.10).

Estimates

The company reiterated its guidance for FY'22: expecting revenue to grow on the comparison period and an EBIT margin ranging between 17-20%. In addition, Marimekko expects to see growth through all its sales channels (retail, wholesale, and licensing). Moreover, revenue in the APAC region is expected to increase significantly, the same as in international sales. The company expects its domestic sales to grow in 2022.

A small dent in the magnitude of Q2 international sales growth raises some concerns. According to the company's management, int'l sales growth pace was restricted by an unusual weighting of wholesale sales, which in our understanding mostly means a strong comparison period (Q2'21). However, the company's market outlook provides significant international growth for 2022 which is in favor of the international growth to continue after the soft performance in Q2. In addition, the brand awareness Marimekko is currently enjoying is at its highest level, which in part supports the demand for Marimekko's offering even during uncertain times. In our view, the long-term international growth story remains somewhat unchanged, and we see the company getting back on a stronger growth path in H2. However, we foresee increased cost pressures to restrict the company's profitability development, which is already on a great level (2021 EBIT margin: 20.5%). We expect fixed costs to increase significantly due to increased marketing costs and digital investments. Moreover, further decrease in consumer purchasing power would increase the risk of Marimekko's demand slowing down which in part would harm our already moderate earnings growth expectations and therefore causing pressure on current stock price.

We now expect 22E domestic sales to grow by 9% y/y in 2022 driven by strong H1 while we expect H2 to be a bit softer due to a strong comparison period and lack of one-time wholesale deliveries in 2022. Our 22E net sales estimate for domestic business is EUR 100.9m. Meanwhile, we expect international sales to increase by 13% y/y to EUR 67.4m. The growth is driven by strong Q1 and H2 in all markets but especially in the APAC and EMEA regions. Our 22E group net sales estimate is 168.3m, reflecting y/y growth of 11%. With the estimated revenue growth, we expect Marimekko's 2022E EBIT to improve to EUR 32.6m. However, with fixed costs being elevated, our 22E EBIT margin estimate is below that of the comparison period at 19.4%, but still nearing the upper bound of the company's official guidance.

Despite the uncertain market environment, we expect the company to continue its revenue growth also during 2023-24. 23E group revenue growth of 7% is driven by both domestic (+5%) and international sales (+10%). Our 23E net sales estimate amounts to EUR 180.2m. The development of logistics and material costs is quite hard to estimate, but we expect the gross margin to exceed the level of 2021. With improved gross margin and more controlled fixed costs development, we expect EBIT margin to slightly improve to 19.7%. Our 23E EBIT estimate is EUR 35.5m.

Valuation

With the recent decline in Marimekko's stock price, the company trades with 22-23E EV/EBIT multiples of 14-13x and P/E multiples of 19-18x. However, with the uncertainties and increased risks concerning the market environment, i.e., decreased consumer purchasing power and confidence, we find it justified to take a more conservative stand and lower Marimekko's multiples. In addition, the company must show us that the quiet international growth seen in Q2 reverts towards double-digit figures. With our new target price, our 22-23E EV/EBIT and P/E multiples are 16-15x and 21-20x respectively. We estimate earnings growth to remain steadily at a CAGR of ~4% in the coming years and with a dividend yield of ~3%, the expected return remains somewhat moderate. Until we get more evidence of Marimekko's performance during uncertain market environment, we see the upside potential restricted and retain our HOLD-rating. We adjust our TP to EUR 13.2 (prev. 14.5) reflecting decreased valuation multiples and the uncertainty of our estimates.

Table 1: Peer valuation

	MCAP local FX	EV/EBITDA		EV/EBIT		P/E		Equity ratio	
		22	23	22	23	22	23	22	23
Premium goods									
Bjorn Borg AB	1017	6.4x	5.6x	8.4x	6.8x	11.7x	10.2x	51%	54%
HUGO BOSS AG	3991	6.6x	5.5x	14.6x	11.5x	20.4x	17.3x	37%	40%
Capri Holdings Limited	7426	6.4x	5.4x	7.6x	6.5x	7.9x	7.4x	37%	43%
Ralph Lauren Corporation Class A	6842	6.6x	6.3x	8.7x	8.3x	12.6x	11.2x	34%	35%
Ted Baker PLC	200	9.1x					108.6x		
PVH Corp.	4713	5.0x	4.3x	6.6x	5.7x	8.2x	7.1x	46%	48%
Guess?, Inc.	1249	3.4x	3.1x	4.2x	3.7x	7.4x	6.1x		
Joules Group Plc	48	3.8x	3.1x	12.0x	9.0x	10.3x	6.4x	30%	30%
Luxury goods									
Brunello Cucinelli S.p.A.	3866	18.5x	16.0x	39.2x	32.7x	55.6x	48.2x	40%	42%
Burberry Group plc	7161	6.7x	6.5x	10.3x	10.0x	15.8x	15.0x	42%	45%
Hermes International SCA	145671	28.8x	25.7x	32.8x	29.1x	49.5x	44.4x	65%	68%
Moncler SpA	13108	12.5x	10.7x	16.7x	14.3x	24.0x	22.0x	63%	65%
Prada S.p.A.	117834	10.9x	9.7x	21.5x	17.8x	33.5x	26.9x	46%	48%
Salvatore Ferragamo S.p.A.	2916	11.2x	12.3x	28.0x	38.3x	44.4x	66.9x	44%	44%
Premium goods median	2620	6.4x	5.4x	8.4x	6.8x	10.3x	8.8x	37%	42%
Luxury goods median	10134	11.8x	11.5x	24.8x	23.4x	38.9x	35.6x	45%	46%
Marimekko (Evli est.)	488	11.2x	9.6x	14.6x	13.2x	19.0x	18.1x	47%	50%
<i>Marimekko premium vs. premium goods median</i>		76%	77%	74%	95%	84%	106%	27%	20%
<i>Marimekko premium vs. luxury goods median</i>		-5%	-16%	-41%	-44%	-51%	-49%	5%	9%
	Ticker	Dividend yield		EBIT margin		ROCE-%		ROE-%	
		22	23	22	23	22	23	22	23
Premium goods									
Bjorn Borg AB	BORG-SE	5.8%	5.8%	13.6%	15.1%	23.5%	25.7%	14.5%	16.7%
HUGO BOSS AG	BOSS-DE	1.9%	2.4%	9.1%	9.9%	17.7%	18.8%	18.1%	18.4%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	18.0%	18.4%	16.6%	16.9%	31.8%	27.1%
Ralph Lauren Corporation Class A	RL-US	3.1%	3.2%	12.2%	12.5%	15.2%	15.4%	22.1%	23.5%
Ted Baker PLC	TED-GB	0.0%	0.0%						
PVH Corp.	PVH-US	0.1%	0.2%	9.7%	10.0%	8.8%	9.2%	10.6%	10.9%
Guess?, Inc.	GES-US			10.3%	11.6%			41.4%	41.5%
Joules Group Plc	JOUL-GB	0.0%	3.9%	3.0%	3.6%	14.1%	18.0%	8.2%	11.0%
Luxury goods									
Brunello Cucinelli S.p.A.	BC-IT	0.9%	1.0%	13.5%	13.9%			19.4%	20.0%
Burberry Group plc	BRBY-GB	3.0%	3.2%	19.6%	19.8%	19.2%	18.9%	28.4%	26.1%
Hermes International SCA	RMS-FR	0.7%	0.8%	38.9%	39.2%	28.6%	27.1%	25.8%	23.9%
Moncler SpA	MONC-IT	1.6%	1.8%	30.0%	30.5%	21.0%	21.4%	19.1%	18.5%
Prada S.p.A.	1913-HK	2.0%	2.4%	17.9%	19.6%	12.0%	13.9%	13.3%	15.4%
Salvatore Ferragamo S.p.A.	SFER-IT	1.4%	1.0%	9.3%	6.4%	8.5%	6.3%	8.5%	5.6%
Premium goods median		0.1%	2.4%	10.3%	11.6%	15.9%	17.4%	18.1%	18.4%
Luxury goods median		1.5%	1.4%	18.8%	19.7%	19.2%	18.9%	19.3%	19.3%
Marimekko (Evli est.)		2.9%	3.0%	19.4%	19.7%	32.1%	31.7%	38.1%	37.4%

Source: Factset, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	12.02 PV of Free Cash Flow	310 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	20.01 PV of Horizon value	505 WACC, %	7.5 Market risk premium, %
Share price potential, %	66.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	22.0 Marketable securities	60 Minimum WACC, %	7.0 Equity beta coefficient
Minimum value	18.3 Debt - dividend	-62 Maximum WACC, %	8.0 Target debt ratio, %
Horizon value, %	62.0 Value of stock	813 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>10.6</i>	<i>7.1</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	40	41	43	44	45	46
<i>Operating income margin, %</i>	<i>20.5</i>	<i>19.4</i>	<i>19.7</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	49	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	996
= Discounted FCFF		30	35	33	33	32	31	30	29	28	27	505
= DFCF min WACC		31	36	34	33	32	32	31	31	29	28	581
= DFCF max WACC		30	35	33	32	31	30	29	29	27	26	444

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	29.1	32.7	42.4	48.1	152.2	36.0	38.0	45.0	49.2	168.3	180.2	192.4
EBITDA	8.6	8.0	16.2	10.6	43.3	9.1	8.1	15.5	9.7	42.5	48.7	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>21.4</i>	<i>34.4</i>	<i>19.8</i>	<i>25.2</i>	<i>27.0</i>	<i>25.6</i>
EBIT	5.6	4.9	13.1	7.6	31.3	6.6	5.7	13.0	7.3	32.6	35.5	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>15.0</i>	<i>28.9</i>	<i>14.8</i>	<i>19.4</i>	<i>19.7</i>	<i>18.5</i>
Net financial items	-0.1	-0.2	0.0	0.0	-0.4	-0.1	0.3	-0.2	-0.2	-0.2	-1.7	-1.2
Pre-tax profit	5.5	4.7	13.1	7.6	30.8	6.5	6.0	12.8	7.1	32.4	33.8	34.4
Tax	-1.1	-1.0	-2.6	-1.7	-6.4	-1.5	-1.2	-2.6	-1.4	-6.7	-6.8	-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	4.8	10.3	5.7	25.8	27.0	27.5
EPS	0.11	0.09	0.26	0.14	0.60	0.12	0.12	0.25	0.14	0.63	0.67	0.68
EPS adjusted (diluted no. of shares)	0.11	0.09	0.26	0.14	0.60	0.12	0.12	0.25	0.14	0.63	0.67	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	0.37	0.44
SALES, EURm												
Finland	14.5	18.4	28.8	30.6	92.3	18.5	23.0	29.1	30.2	100.9	106.3	110.0
Scandinavia	2.4	2.9	2.9	4.4	12.7	3.0	3.0	3.2	4.5	13.6	14.4	15.4
EMEA	4.1	3.0	2.7	3.1	12.9	5.5	3.2	3.2	3.6	15.5	16.4	17.7
North America	1.4	2.2	2.0	2.7	8.4	1.8	2.0	2.2	2.8	8.8	9.6	10.7
Asia Pacific	6.6	6.3	5.9	7.2	26.0	7.3	6.8	7.3	8.1	29.6	33.5	38.6
Total	29.1	32.7	42.4	48.1	152.2	36.0	38.0	45.0	49.2	168.3	180.2	192.4
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>25.2</i>	<i>1.2</i>	<i>-1.3</i>	<i>9.3</i>	<i>5.4</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>3.7</i>	<i>9.3</i>	<i>0.3</i>	<i>7.5</i>	<i>5.7</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>7.1</i>	<i>18.7</i>	<i>15.2</i>	<i>19.9</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>-10.2</i>	<i>6.8</i>	<i>4.2</i>	<i>4.7</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>9.0</i>	<i>23.7</i>	<i>13.3</i>	<i>13.9</i>	<i>13.4</i>	<i>15.0</i>
Total	16.9	40.3	11.5	28.7	23.2	23.8	16.2	6.3	2.4	10.6	7.1	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	20.4
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8
EMEA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3
North America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1
Group (EBIT only)	5.6	4.9	13.1	7.6	31.3	6.6	5.7	13.0	7.3	32.6	35.5	0.0
Total	5.6	4.9	13.1	7.6	31.3	6.6	5.7	13.0	7.3	32.6	35.5	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	15.0	28.9	14.8	19.4	19.7	18.5

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	102.3	111.9	125.4	123.6	152.2	168.3	180.2	192.4
<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>10.6</i>	<i>7.1</i>	<i>6.8</i>
EBITDA	11.9	14.6	29.7	31.3	43.3	42.5	48.7	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>25.2</i>	<i>27.0</i>	<i>25.6</i>
Depreciation	-3.3	-2.4	-12.6	-12.6	-12.1	-9.8	-13.3	-13.7
EBITA	8.6	12.2	17.1	18.8	31.3	32.6	35.5	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	32.6	35.5	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>19.7</i>	<i>18.5</i>
Reported EBIT	8.4	12.2	17.1	18.0	31.3	32.6	35.5	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>19.7</i>	<i>18.5</i>
Net financials	-1.2	-0.2	-1.0	-1.8	-0.4	-0.2	-1.7	-1.2
Pre-tax profit	7.4	12.1	16.1	17.0	30.8	32.4	33.8	34.4
Taxes	-1.5	-3.9	-3.1	-3.7	-6.4	-6.7	-6.8	-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	25.8	27.0	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	52	63	74
Total assets	47	94	97	114	133	139	157	174
Liabilities								
Shareholder's equity	31	40	39	52	69	66	79	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	2	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	139	157	174
CASH FLOW, EURm								
+ EBITDA	12	15	30	31	43	42	49	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	34	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	8	3	2
Change in cash	3	17	3	15	19	-8	12	11

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	168	291	369	691	488	488	488
Net debt (excl. convertibles)	14	12	-2	-27	-11	-20	-29
Enterprise value	182	303	368	664	477	468	460
Sales	112	125	124	152	168	180	192
EBITDA	15	30	31	43	42	49	49
EBIT	12	17	19	31	33	35	36
Pre-tax	12	16	17	31	32	34	34
Earnings	8	13	13	24	26	27	28
Equity book value (excl. minorities)	40	39	52	69	66	79	91
Valuation multiples							
EV/sales	1.6	2.4	3.0	4.4	2.8	2.6	2.4
EV/EBITDA	12.4	10.2	11.7	15.3	11.2	9.6	9.3
EV/EBITA	14.9	17.7	19.6	21.2	14.6	13.2	12.9
EV/EBIT	14.9	17.7	19.6	21.2	14.6	13.2	12.9
EV/OCF	14.9	10.5	13.4	18.5	14.2	11.9	11.4
EV/FCFF	8.4	10.7	14.2	18.8	15.2	12.0	11.6
P/FCFE	38.8	82.4	135.3	110.9	37.1	21.1	20.8
P/E	20.5	22.3	27.8	28.3	19.0	18.1	17.7
P/B	4.2	7.5	7.1	10.0	7.4	6.2	5.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.4	10.6	10.3
Target EV/EBIT	0.0	0.0	0.0	0.0	16.1	14.6	14.3
Target EV/FCF	0.0	0.0	0.0	0.0	40.0	22.3	21.6
Target P/B	0.0	0.0	0.0	0.0	8.1	6.8	5.9
Target P/E	0.0	0.0	0.0	0.0	20.8	19.8	19.5
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	0.67	0.68
Operating cash flow per share	0.30	0.71	0.68	0.89	0.83	0.97	0.99
Free cash flow per share	0.54	0.43	0.34	0.77	0.32	0.57	0.58
Book value per share	0.99	0.96	1.29	1.71	1.62	1.94	2.25
Dividend per share	0.37	0.18	0.20	0.72	0.35	0.37	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	3.7
FCF yield, %	12.9	6.1	3.7	4.5	2.7	4.7	4.8
Efficiency measures							
ROE	23.2	33.1	29.2	40.1	38.1	37.4	32.3
ROCE	22.2	22.7	22.9	33.0	32.1	31.7	28.2
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	47.3	50.1	52.5
Gearing, %	34.3	30.7	-3.2	-38.9	-16.6	-25.2	-31.2

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	1,017,700	12.233	2.5%
Varma Mutual Pension Insurance Company	385,388	4.632	0.9%
Enrooth Anna Sophia	330,377	3.971	0.8%
Evli Finnish Small Cap Fund	266,021	3.198	0.7%
Veritas Pension Insurance Company Ltd.	100,000	1.202	0.2%
Oy Talcom Ab	97,420	1.171	0.2%
Oy Etra Invest Ab	85,000	1.022	0.2%
Ten largest	2,281,906	27.429	6%
Residual	38,339,474	460.840	94%
Total	40,621,380	488.269	100%

EARNINGS CALENDAR

November 02, 2022

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

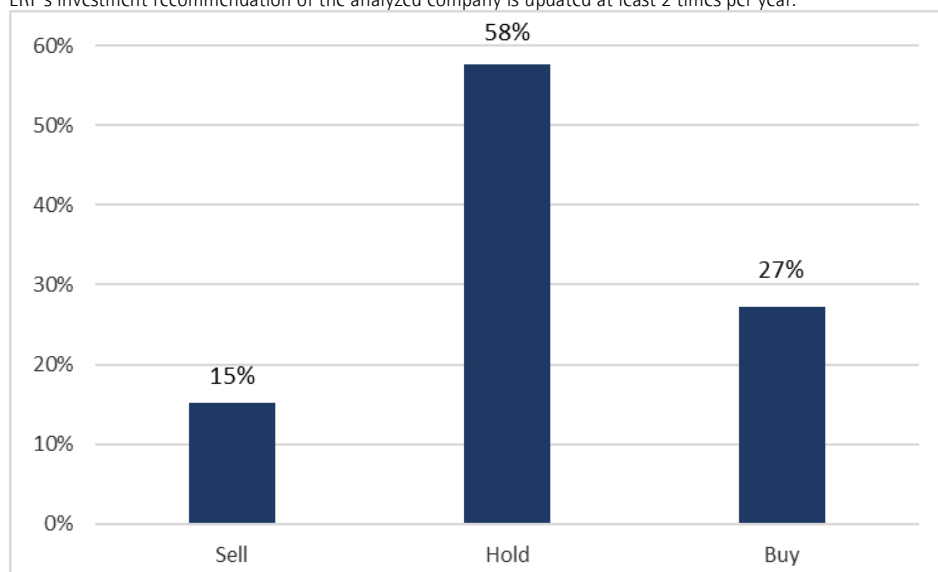
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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