

Upgrades its long-term financial targets

Marimekko raises its long-term financial targets and reveals its focus areas for the new strategy period of 2023–27.

- Marimekko's new long-term financial targets are:
 - Annual growth of 15% in net sales (prev. over 10%)
 - Comparable EBIT margin of 20% (prev. 15%)
 - Net debt/EBITDA ratio max. 2x (unchanged)
 - Intentions to pay a yearly dividend, at least 50% of net income (unchanged).
- In our view, net sales target is somewhat ambitious but well within reach with int'l growth succeeding. However, current macroeconomic trends, especially in western economies, might cause some challenges in achieving annual growth of 15% in the short-term.
- A comparable EBIT margin target of 20% was expected as the company has outpaced its profitability target during the past two years. In 2021, the company recorded an EBIT margin of 20.5% while our margin estimate for 2022 is 19.4%.
- Marimekko intends to focus on scaling its business and growth, especially in international markets during the next strategy period of 2023–27. The success relies on factors such as focus on sustainability, vision to speak to a wider audience, accelerated growth in Asia, love for the Marimekko brand, and increased digitalization to boost omnichannel growth and efficiency.
- The company will elaborate on the strategic direction and the new long-term financial goals in its Capital Markets Day on 14 September. We maintain our estimates and recommendation intact and publish an update on Marimekko after the CMD.

Rating	HOLD
Share price, EUR (Last trading day's closing price)	9.23
Target price, EUR	13.2
Latest change in recommendation	14-Aug-22
Latest report on company	18-Aug-22
Research paid by issuer:	YES
No. of shares	40,621
No. of shares fully	40,621
Market cap, EURm	375
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
Web site	company.marimekko.com/en/investors/
Analyst	Arttu Heikura
E-mail	arttu.heikura@evli.com
Telephone	

BUY HOLD SELL

PRE-REPORT 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	14.6	2.2	11.2	3.5	0.35
2023E	180.2	35.5	19.7%	23.1	0.67	13.9	2.0	10.0	6.2	0.37
2024E	192.4	35.6	18.5%	23.5	0.68	13.6	1.8	9.7	6.3	0.44
Market cap, EURm			375	BV per share 2022E, EUR		-16.6	CAGR EPS 2021–24, %			4.0
Net debt 2022E, EURm			-11	Price/book 2022E		5.7	CAGR sales 2021–24, %			8.1
Enterprise value, EURm			364	Dividend yield 2022E, %		3.8	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			4.1

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

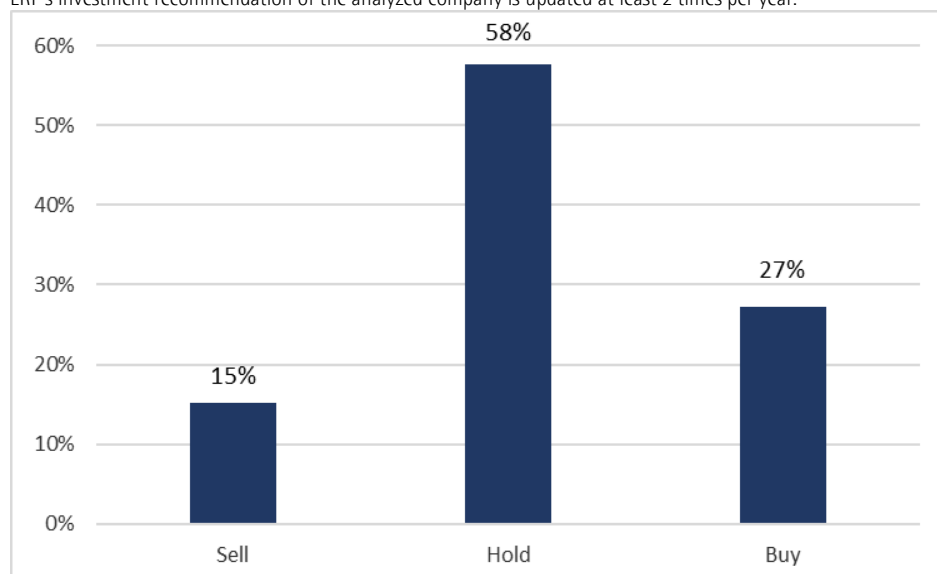
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Arttu Heikura +358 40 082 8098
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000