

Upgrade to BUY

Marimekko elaborated the details of its revised strategy in its CMD and increased its targets to a more ambitious level. We left our estimates broadly intact with the uncertain market restricting future visibility. With the declined stock price, Marimekko's valuation seems quite attractive, and we raise our rating to BUY (HOLD) but adjust TP to EUR 12.0 (13.2) reflecting the uncertain market environment.

Long-term targets were raised

In its capital markets day, Marimekko introduced its revised strategy for the period of 2023-27 and opened drivers for its updated long-term financial targets. The company aims for an annual net sales growth of 15% (prev. 10%) and a comparable operating profit of 20% (prev. 15%). Net debt to EBITDA ratio of max. 2x and yearly dividends of 50% of net earnings were left intact. We see the growth target as somewhat ambitious, especially during uncertain times that the western economies are currently facing. Meanwhile, we believe that the margin target is within a reach with the topline growth continuing and investments in efficiency.

Five success factors for scalable growth

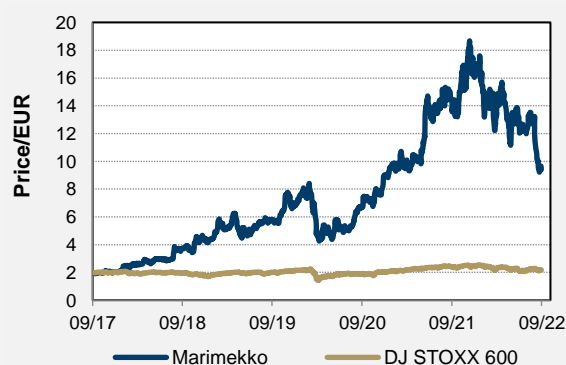
The success of Marimekko's strategy is based on five different pillars of which several relies on megatrends. The company emphasizes sustainability, a creative vision to obtain a wider audience, accelerating growth in Asia, love for the Marimekko brand and people, and end-to-end digitality to boost omnichannel growth and efficiency in order to achieve its ambitious targets. We see that Marimekko is well positioned in sustainability which is an ever-increasing trend in lifestyle products. Moreover, Marimekko's strong brand supports the demand for Marimekko products even during uncertain times.

BUY with a TP of EUR 12.0

With the recent decline in Marimekko's stock price, we see the company's current valuation as quite attractive and upgrade our rating to BUY (prev. HOLD). However, with the uncertainty concerning the market environment and our estimates, we lower our TP to EUR 12.0 (prev. 13.2).

Rating

BUY



Share price, EUR (Last trading day's closing price)	9.41
Target price, EUR	12.0
Latest change in recommendation	14-Sep-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	382
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/
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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	14.8	2.2	11.4	3.4	0.35
2023E	181.0	35.6	19.7%	23.0	0.67	14.1	2.0	10.2	6.0	0.37
2024E	193.3	37.3	19.3%	24.8	0.71	13.2	1.8	9.5	6.5	0.46
Market cap, EURm				382	Gearing 2022E, %		-16.6	CAGR EPS 2021-24, %		5.7
Net debt 2022E, EURm				-11	Price/book 2022E		5.8	CAGR sales 2021-24, %		8.3
Enterprise value, EURm				371	Dividend yield 2022E, %		3.7	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		4.0

CMD notes

In its first-ever capital markets day, Marimekko introduced its revised strategy for the period of 2023–27. At the same time, the company also updated its long-term financial targets; Marimekko aims to achieve an annual net sales growth of 15% (prev. 10%) and comparable operating profit of 20% (prev. 15%). Net debt to EBITDA ratio of max. 2x and yearly dividends of 50% of net earnings were left intact. We see the growth target as somewhat ambitious, especially during uncertain times the western economies are currently experiencing. Meanwhile, we believe an EBIT margin of 20% to be within a reach with the company's strategy execution succeeding.

The company expects to reach its growth targets by

- Accelerating the international growth with improved desirability of brand and collections.
- Gaining market share in Finland.
- Continuing growth in digital and omnichannel retail sales, especially in Asia.
- Exploring new markets in Asia.
- Expanding reach and acquiring new customers.
- Lifestyle assortment catering wide price points which provide continuity also in recession climate.

With the following factors, the company believes it to reach its comparable operating profit margin of 20%:

- Revenue growth.
- Increased pricing power driven by brand awareness and desirability.
- More efficient supply chain.
- Operational efficiency with emphasis on digitalization.
- Sales mix between distribution channels.

Short-term issues that might stress margin development, given the uncertain market environment:

- Increased material and logistics costs.
- Consumer confidence and purchasing power.

Marimekko splits its strategy's success factors into five different categories. The factors with which the company aims to succeed in its strategy execution are the following:

- 1) **Sustainability** is obtained with
 - Timeless design.
 - Green transition.
 - Sustainable materials.
 - Traced supply chain.
 - Second-hand services.**Sustainability** also provides
 - New business models and opportunities.
- 2) **Creative vision**
 - Marimekko aims to widen its reach and brand awareness with a sharpened creative vision and a new assortment strategy.
 - The assortment strategy is built upon three factors:
 - Timeless archetype silhouettes ensure democracy in shapes and recognizability – such as Marimekko's unique prints.
 - Suitable fits for each product category and market area.
 - With flexibility and modularity of collections, the company can capture market-specific needs more easily.
 - Already established entry-point collections for newcomers to widen Marimekko's customer base also in younger consumers
 - Sustainability is a key factor.
- 3) **Growth in Asia**
 - With a proven franchise partnership model in Asia Marimekko decreases its investments needs. Partners also has an extensive knowledge of each market in Asia which supports Marimekko's growth opportunities.
 - The company aims to widen its presence in its existing markets as well as to expand into new Asian markets.
 - Marimekko aims to tap into the growing Asian middle-class which the company expects to bring more growth opportunities.
- 4) **Love for Marimekko brand and people**
 - Brand awareness is improved by elevating the customer experience, top-tier brand collaborations, social media, and PR.
 - Personnel are engaged with Marimekko's purpose, values, culture, creativity, and internal entrepreneurship. The company also promotes diversity to create a strong foundation for future growth.
- 5) **End-to-end digitality**
 - External (visible for customers) and in-house digitalization increases efficiency to scale the business.
 - Digitalization enables seamless omnichannel customer experience.
 - Brick-and-mortar supports e-commerce and increases brand awareness, especially outside Finland.
 - Investments in technology, e.g., AI, further increase efficiency.

Estimates and valuation

Yet, we left our estimates broadly intact while expecting the company to show growth despite uncertain times. However, our growth estimates are clearly below the company's new target of 15% from 2023 onwards. The current market environment includes several risks that result in low visibility of future development which keeps us somewhat cautious. During H1'22, Marimekko has been quite resilient to decreased consumer confidence and lowered consumer purchasing power in western economies. The company's management is exceedingly confident in Marimekko's future performance even during uncertain times.

During 2022-24E, we expect the company to grow by 10.5%, 7.5%, and 6.8% respectively. The growth is driven by continuing investments in international markets but also capturing some market share in Finland driven by Marimekko's strong brand. However, the domestic growth is quite modest compared to outside Finland. Our net sales estimates for 2022 and 23E are EUR 168.3m and 181.0m.

With a solid track record of improving its profitability and further investments into scalability, we expect the company to near its operating profit target of 20%. Our estimates for 2022-24E adj. EBIT margin are 19.4%, 19.7%, and 19.3%. Our expected EPS CAGR amounts to 5.7% during 2022-24E.

With our estimates intact and 23E valuation being quite moderate, we see a suitable spot to get back on Marimekko's ride. Marimekko is currently trading with a 23E EV/EBIT multiple of 10.0x and P/E of 13.9x which are clearly below the levels seen during 2020-21. Reflecting the increasingly uncertain market environment, we lower our target price to EUR 12.0 (prev. 13.2), which implies a 23E EV/EBIT of 13.1x and P/E of 17.9x. We see that the payoff is currently attracting, and with the support of solid EPS growth and dividend yield, we upgrade our rating to BUY (prev. HOLD).

Table 1: Peer group 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	671	6.2x	4.5x	8.9x	5.6x	11.1x	7.4x	49%	52%
HUGO BOSS AG	3843	6.6x	5.4x	14.4x	11.2x	19.3x	16.5x	37%	40%
Capri Holdings Limited	6552	5.8x	4.9x	6.8x	5.8x	7.0x	6.5x	37%	43%
Ralph Lauren Corporation Class A	6395	6.3x	6.0x	8.2x	7.7x	12.1x	10.7x	35%	35%
Ted Baker PLC	202								
PVH Corp.	3786	4.7x	4.3x	6.6x	5.9x	7.2x	6.5x	45%	48%
Guess?, Inc.	886	1.9x	1.6x	2.4x	1.9x	5.6x	5.1x		
Joules Group Plc	8	4.8x	2.8x		41.3x		8.9x	27%	25%
Luxury goods									
Brunello Cucinelli S.p.A.	3590	17.2x	14.8x	35.9x	30.1x	49.3x	44.1x	30%	31%
Burberry Group plc	6897	6.6x	6.7x	10.3x	10.4x	15.6x	14.9x	42%	45%
Hermes International SCA	135374	26.4x	23.5x	30.0x	26.6x	45.2x	40.7x	66%	68%
Moncler SpA	12199	11.6x	10.0x	15.6x	13.4x	22.3x	20.4x	63%	65%
Prada S.p.A.	105807	9.2x	8.0x	18.2x	14.8x	30.3x	24.4x	46%	48%
Salvatore Ferragamo S.p.A.	2469	9.5x	10.5x	23.2x	31.9x	36.6x	53.7x	43%	43%
Premium goods median	2336	5.8x	4.5x	7.5x	5.9x	9.1x	7.4x	37%	42%
Luxury goods median	9548	10.6x	10.2x	20.7x	20.7x	33.4x	32.5x	45%	46%
Marimekko (Evli est.)	378	8.6x	7.3x	11.2x	10.0x	14.7x	13.9x	47%	50%
<i>Marimekko premium vs. premium goods median</i>		50%	63%	50%	70%	61%	87%	28%	20%
<i>Marimekko premium vs. luxury goods median</i>		-18%	-29%	-46%	-51%	-56%	-57%	6%	9%
	Ticker	Dividend yield		EBIT margin		ROCE-%		ROE-%	
		22	23	22	23	22	23	22	23
Premium goods									
Bjorn Borg AB	BORG-SE			10.0%	13.8%	17.6%	24.0%		
HUGO BOSS AG	BOSS-DE	2.0%	2.5%	9.2%	9.9%	18.0%	19.0%	18.3%	18.6%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	18.0%	18.4%	16.6%	16.9%	32.3%	27.4%
Ralph Lauren Corporation Class A	RL-US	3.2%	3.4%	12.2%	12.5%	14.5%	15.5%	22.2%	23.7%
Ted Baker PLC	TED-GB								
PVH Corp.	PVH-US	0.2%	0.2%	8.8%	9.0%	7.9%	8.2%	9.9%	9.8%
Guess?, Inc.	GES-US			9.9%	10.8%			38.9%	43.4%
Joules Group Plc	JOUL-GB	0.0%	23.8%	-2.2%	0.6%	-11.1%	3.0%	-14.1%	2.9%
Luxury goods									
Brunello Cucinelli S.p.A.	BC-IT	1.0%	1.1%	13.7%	14.0%			20.3%	20.2%
Burberry Group plc	BRBY-GB	3.1%	3.3%	19.3%	19.5%	20.1%	19.5%	28.0%	25.5%
Hermes International SCA	RMS-FR	0.8%	0.8%	39.2%	39.4%	28.9%	27.4%	26.1%	24.2%
Moncler SpA	MONC-IT	1.8%	1.9%	30.0%	30.5%	20.8%	21.1%	19.0%	18.5%
Prada S.p.A.	1913-HK	2.2%	2.6%	18.0%	19.6%	12.1%	13.9%	13.4%	15.4%
Salvatore Ferragamo S.p.A.	SFER-IT	1.6%	1.2%	9.5%	6.5%	8.9%	6.6%	8.7%	5.9%
Premium goods median		0.2%	2.5%	9.9%	10.8%	15.5%	16.2%	20.2%	21.1%
Luxury goods median		1.7%	1.5%	18.6%	19.5%	20.1%	19.5%	19.7%	19.3%
Marimekko (Evli est.)		3.7%	4.0%	19.4%	19.7%	32.1%	31.9%	38.1%	37.5%

Source: Factset, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	9.41 PV of Free Cash Flow	312 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	20.08 PV of Horizon value	506 WACC, %	7.5 Market risk premium, %
Share price potential, %	113.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	22.1 Marketable securities	60 Minimum WACC, %	7.0 Equity beta coefficient
Minimum value	18.4 Debt - dividend	-62 Maximum WACC, %	8.0 Target debt ratio, %
Horizon value, %	61.8 Value of stock	816 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	181	193	206	218	231	243	250	258	263	268
<i>Sales growth, %</i>	<i>23.2</i>	<i>10.6</i>	<i>7.5</i>	<i>6.8</i>	<i>6.5</i>	<i>6.0</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	36	37	37	38	39	41	43	44	45	46
<i>Operating income margin, %</i>	<i>20.5</i>	<i>19.4</i>	<i>19.7</i>	<i>19.3</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	51	52	54	56	59	61	63	64	
- 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>8.7</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	41	42	44	45	48	50	52	53	991
= Discounted FCFF		31	36	35	33	32	31	30	30	28	27	506
= DFCF min WACC		31	36	35	33	33	32	31	31	29	28	581
= DFCF max WACC		31	36	34	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	181.0	193.3
EBITDA	8.6	8.0	16.2	10.6	43.3	9.1	8.1	15.5	9.7	42.5	48.9	51.1
<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>26.4</i>
EBIT	5.6	4.9	13.1	7.6	31.3	6.6	5.7	13.0	7.3	32.6	35.6	37.3
<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>19.3</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	34.0	36.1
Tax	-1.1	-1.0	-2.6	-1.7	-6.4	-1.5	-1.2	-2.6	-1.4	-6.7	-6.8	-7.2
<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	25.7	27.2	28.9
EPS	0.11	0.09	0.26	0.14	0.60	0.12	0.12	0.25	0.14	0.63	0.67	0.71
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	0.71
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	0.46
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	10.8
Asia Pacific	6.6	6.3	5.9	7.2	26.0	7.3	6.8	7.3	8.1	29.6	34.2	39.4
Total	29.1	32.7	42.4	48.1	152.2	36.0	38.0	45.0	49.2	168.3	181.0	193.3
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>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>9.7</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>13.1</i>	<i>13.8</i>	<i>15.8</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	7.5	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	21.2
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0
EMEA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4
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	7.6
Group (EBIT only)	5.6	4.9	13.1	7.6	31.3	6.6	5.7	13.0	7.3	32.6	35.6	0.0
Total	5.6	4.9	13.1	7.6	31.3	6.6	5.7	13.0	7.3	32.6	35.6	37.3
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>19.3</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>19.3</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>19.3</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>19.3</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>19.3</i>
Total	19.3	14.9	31.0	15.9	20.5	18.4	15.0	28.9	14.8	19.4	19.7	19.3

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	102.3	111.9	125.4	123.6	152.2	168.3	181.0	193.3
<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>10.6</i>	<i>7.5</i>	<i>6.8</i>
EBITDA	11.9	14.6	29.7	31.3	43.3	42.5	48.9	51.1
<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>26.4</i>
Depreciation	-3.3	-2.4	-12.6	-12.6	-12.1	-9.8	-13.3	-13.8
EBITA	8.6	12.2	17.1	18.8	31.3	32.6	35.6	37.3
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	35.6	37.3
<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>19.3</i>
Reported EBIT	8.4	12.2	17.1	18.0	31.3	32.6	35.6	37.3
<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>19.3</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	34.0	36.1
Taxes	-1.5	-3.9	-3.1	-3.7	-6.4	-6.7	-6.8	-7.2
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	25.7	27.2	28.9
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	42	44
Inventory	21	22	23	22	26	30	33	35
Receivables	7	7	7	8	12	12	13	14
Liquid funds	6	23	26	41	60	52	63	76
Total assets	47	94	97	114	133	139	158	176
Liabilities								
Shareholder's equity	31	40	39	52	69	66	79	93
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	42	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	33	35
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	47	94	97	114	133	139	158	176
CASH FLOW, EURm								
+ EBITDA	12	15	30	31	43	42	49	51
- 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	40	42
- Capex	-1	-1	-11	-14	-5	-20	-17	-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	25
+/- 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	12

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	168	291	369	691	382	382	382
Net debt (excl. convertibles)	14	12	-2	-27	-11	-20	-30
Enterprise value	182	303	368	664	371	362	353
Sales	112	125	124	152	168	181	193
EBITDA	15	30	31	43	42	49	51
EBIT	12	17	19	31	33	36	37
Pre-tax	12	16	17	31	32	34	36
Earnings	8	13	13	24	26	27	29
Equity book value (excl. minorities)	40	39	52	69	66	79	93
Valuation multiples							
EV/sales	1.6	2.4	3.0	4.4	2.2	2.0	1.8
EV/EBITDA	12.4	10.2	11.7	15.3	8.7	7.4	6.9
EV/EBITA	14.9	17.7	19.6	21.2	11.4	10.2	9.5
EV/EBIT	14.9	17.7	19.6	21.2	11.4	10.2	9.5
EV/OCF	14.9	10.5	13.4	18.5	11.1	9.2	8.4
EV/FCFF	8.4	10.7	14.2	18.8	11.9	9.2	8.6
P/FCFE	38.8	82.4	135.3	110.9	29.1	16.6	15.4
P/E	20.5	22.3	27.8	28.3	14.8	14.1	13.2
P/B	4.2	7.5	7.1	10.0	5.8	4.8	4.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	11.2	9.6	9.0
Target EV/EBIT	0.0	0.0	0.0	0.0	14.6	13.1	12.3
Target EV/FCF	0.0	0.0	0.0	0.0	36.3	20.3	18.4
Target P/B	0.0	0.0	0.0	0.0	7.4	6.2	5.2
Target P/E	0.0	0.0	0.0	0.0	18.9	17.9	16.9
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	0.71
Operating cash flow per share	0.30	0.71	0.68	0.89	0.83	0.97	1.03
Free cash flow per share	0.54	0.43	0.34	0.77	0.32	0.57	0.61
Book value per share	0.99	0.96	1.29	1.71	1.62	1.94	2.29
Dividend per share	0.37	0.18	0.20	0.72	0.35	0.37	0.46
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	3.7	3.9	4.9
FCF yield, %	12.9	6.1	3.7	4.5	3.4	6.0	6.5
Efficiency measures							
ROE	23.2	33.1	29.2	40.1	38.1	37.5	33.6
ROCE	22.2	22.7	22.9	33.0	32.1	31.9	29.3
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	47.3	50.1	52.7
Gearing, %	34.3	30.7	-3.2	-38.9	-16.6	-25.0	-31.9

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	9.577	2.5%
Varma Mutual Pension Insurance Company	385,388	3.627	0.9%
Enrooth Anna Sophia	330,377	3.109	0.8%
Evli Finnish Small Cap Fund	266,021	2.503	0.7%
Veritas Pension Insurance Company Ltd.	100,000	0.941	0.2%
Oy Talcom Ab	97,420	0.917	0.2%
Oy Etra Invest Ab	85,000	0.800	0.2%
Ten largest	2,281,906	21.473	6%
Residual	38,339,474	360.774	94%
Total	40,621,380	382.247	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

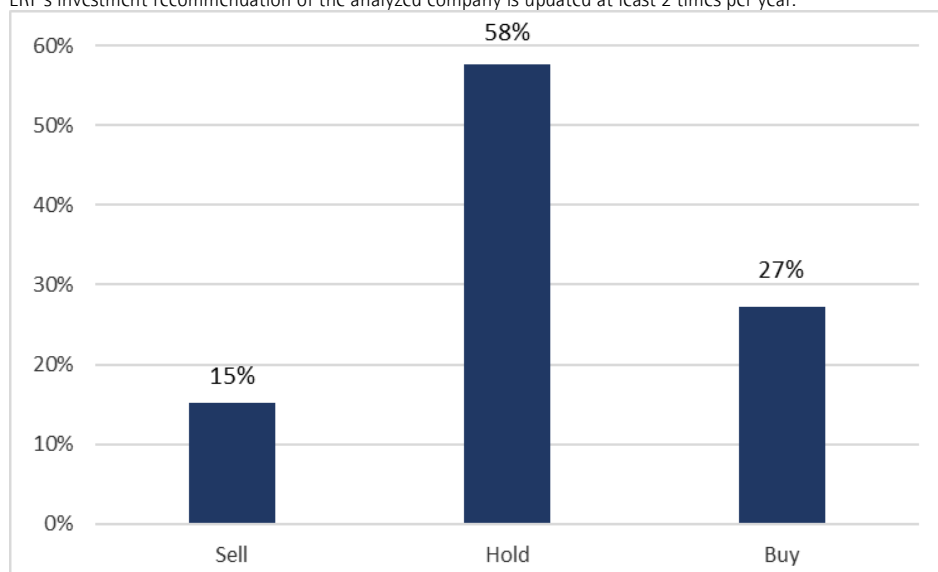
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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