MARIMEKKO

Consumer Durables/Finland, May 12, 2023

Preview

Expecting a quiet quarter

Marimekko reports its Q1 result on Tuesday, May 16th. We expect a decline in revenue, driven by a top comparison period, soft performance in Finland, and prevailing market uncertainty.

Softness and uncertainty affecting Q1 net sales

We foresee that the uncertainty faced in Q4'22 will persist also into Q1'23, resulting in a 3.5% y/y decline in estimated Q1 net sales to EUR 34.8m. We expect a 5% drop in Finland sales and a slight 1% decline in international sales. This decline in revenue is primarily due to the uncertainty and strong comparison figures, as well as the soft outlook for wholesale and licensing sales in Finland in early 2023. We expect rising material costs, combined with market uncertainty, resulting in a lower gross margin compared to the previous period. Furthermore, with increasing fixed costs, our estimated adj. EBIT for Q1 is significantly lower than the previous year at EUR 4.3m, reflecting a margin of 12.4%.

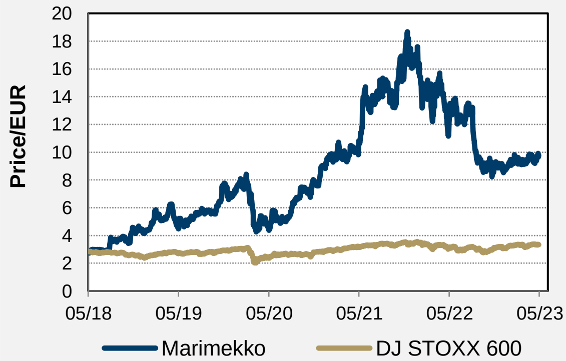
Expecting growth and solid margins for full 2023

Despite the prevailing uncertainty, the fashion market in Finland appears to be performing relatively well, with some double-digit growth in Q1. However, Marimekko's top performance year ago partly explains its expected decline in Q1 sales. Nevertheless, our estimate for net sales in 2023 is EUR 175.3m, indicating a y/y growth of 5.3%. This growth is supported by new store openings in Asia and additional wholesale deliveries in Finland in H2. Marimekko itself anticipates growth in net sales in Finland and the APAC region, as well as internationally, while licensing income is expected to decline in 2023. Despite cost pressures, we expect the 2023 adj. EBIT margin to remain solid at 18.1%, slightly lower than the comparison period. With revenue growth, we expect the cost-base to scale more prominently in H2, leading in improving profitability towards the year-end. Our profitability estimate is close to the upper bound of the company's guidance range of 16-19%.

Valuation neutral ahead of Q1 result

We consider Marimekko's valuation to be neutral, as it currently trades between our luxury (40% discount) and premium goods peer group (20% premium). With our estimates intact, we retain our HOLD rating and target price of EUR 10.0 ahead of Q1 result.

Rating: HOLD



Share price, EUR (Last trading day's closing price)	9.78
Target price, EUR	10.0
Latest change in recommendation	13-Feb-23
Latest report on company	17-Feb-23
Research paid by	YES
No. of shares	40,571
No. of shares fully	40,571
Market cap, EURm	397
Free float, %	74.0
Exchange rate	0.000
Reuters code	MEKKO.HE
Bloomberg code	MEKKO FH
Average daily volume,	0.0
Next interim report	16-May-23
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
2021	152.2	31.3	20.5%	31.2	0.60	28.3	4.4	21.2	4.5	0.72
2022	166.5	30.4	18.2%	10.3	0.56	15.6	2.1	11.8	2.9	0.34
2023E	175.3	32.0	18.3%	30.1	0.63	15.6	2.2	11.9	7.6	0.38
2024E	190.3	35.5	18.6%	29.4	0.70	14.0	1.9	10.4	7.4	0.42
2025E	202.7	37.5	18.5%	26.7	0.74	13.2	1.8	9.5	6.7	0.48

Market cap, EURm	397	Gearing 2023E, %	-22.5	CAGR EPS 2022-25, %	9.5
Net debt 2023E, EURm	-15	Price/book 2023E	5.9	CAGR sales 2022-25, %	6.8
Enterprise value, EURm	382	Dividend yield 2023E, %	3.8	ROE 2023E, %	41.4
Total assets 2023E, EURm	133	Tax rate 2023E, %	20.0	ROCE 2023E, %	34.3
Goodwill 2023E, EURm	0	Equity ratio 2023E, %	50.5	PEG, P/E 23/CAGR	2.3

MARIMEKKO PEER GROUP	MCAP	EV/EBITDA			EV/EBIT			P/E			Div. yield		
PREMIUM GOODS	MEUR	23	24	25	23	24	25	23	24	25	23	24	25
Bjorn Borg	89	7.6x	6.7x	6.4x	10.0x	8.0x	7.3x	11.0x	8.9x	8.1x	5.0 %	5.0 %	5.0 %
HUGO BOSS	4608	7.1x	6.5x	5.9x	14.0x	12.0x	10.3x	18.7x	15.6x	13.2x	2.0 %	2.5 %	3.0 %
Capri Holdings	4390	7.4x	7.0x	6.5x	8.9x	8.4x	7.8x	6.1x	5.5x	4.8x	0.0 %	0.0 %	0.0 %
Ralph Lauren	6708	8.5x	7.8x	6.5x	10.9x	10.0x	8.2x	12.4x	10.8x	8.6x	2.9 %	3.1 %	4.3 %
PVH	4760	7.3x	6.8x	6.5x	9.7x	9.0x	8.4x	8.3x	7.4x	6.7x	0.1 %	0.1 %	0.2 %
Guess	906	7.3x	6.9x		9.2x	8.6x		6.8x	6.1x				
VF	7650	10.7x	9.6x	8.4x	12.9x	11.5x	9.9x	10.0x	8.7x	7.4x	6.3 %	5.9 %	6.8 %
Peer Group Average	50183	**8.0x**	**7.3x**	**6.7x**	**10.8x**	**9.6x**	**8.7x**	**10.5x**	**9.0x**	**8.1x**	**2.7 %**	**2.8 %**	**3.2 %**
Peer Group Median	6215	**7.4x**	**6.9x**	**6.5x**	**10.0x**	**9.0x**	**8.3x**	**10.0x**	**8.7x**	**7.7x**	**2.4 %**	**2.8 %**	**3.7 %**
Marimekko (Evli est.)	**397**	**9.2x**	**8.1x**	**7.5x**	**11.9x**	**10.4x**	**9.5x**	**15.6x**	**14.0x**	**13.2x**	**3.8 %**	**4.3 %**	**4.9 %**
Marimekko prem./disc. to peer median		*23%*	*18%*	*16%*	*20%*	*15%*	*15%*	*57%*	*62%*	*71%*	*59%*	*52%*	*33%*

Source FactSet, Evli Research

MARIMEKKO PEER GROUP	MCAP	EV/EBITDA			EV/EBIT			P/E			Div. yield		
LUXURY GOODS	MEUR	23	24	25	23	24	25	23	24	25	23	24	25
Brunello Cucinelli	5722	20.7x	18.7x	16.6x	38.9x	34.7x	30.4x	56.3x	48.9x	42.1x	0.9 %	1.0 %	1.2 %
Burberry Group	10862	10.4x	9.7x	10.0x	15.8x	14.4x	12.6x	19.8x	17.9x	15.9x	2.4 %	2.7 %	3.0 %
Hermes International	207900	32.7x	29.0x	26.1x	36.6x	32.4x	29.1x	53.3x	47.2x	42.5x	0.8 %	0.8 %	0.9 %
LVMH Moet Hennessy Louis Vuitton	443682	16.0x	14.6x	13.3x	19.5x	17.6x	16.1x	26.8x	24.2x	22.2x	1.6 %	1.8 %	2.0 %
Moncler	18015	14.7x	13.1x	12.3x	19.6x	17.4x	15.7x	28.7x	25.4x	22.7x	1.6 %	1.8 %	2.0 %
Prada	16526	10.6x	9.9x	9.0x	18.2x	15.9x	14.1x	26.0x	22.5x	19.7x	2.2 %	2.6 %	2.7 %
Salvatore Ferragamo	2569	10.7x	8.9x	7.6x	35.7x	22.7x	17.0x	65.9x	36.5x	26.0x	1.0 %	1.5 %	2.1 %
Kering	66598	10.1x	9.2x	8.4x	12.9x	11.6x	10.5x	17.1x	15.3x	13.8x	2.7 %	3.0 %	3.4 %
Canada Goose Holdings	1946	11.0x	9.1x	6.4x	15.7x	12.3x	8.7x	21.4x	16.5x	12.8x	0.0 %	0.0 %	
Peer Group Average	50183	**15.2x**	**13.6x**	**12.2x**	**23.7x**	**19.9x**	**17.1x**	**35.0x**	**28.3x**	**24.2x**	**1.5 %**	**1.7 %**	**2.1 %**
Peer Group Median	6215	**11.0x**	**9.9x**	**10.0x**	**19.5x**	**17.4x**	**15.7x**	**26.8x**	**24.2x**	**22.2x**	**1.6 %**	**1.8 %**	**2.0 %**
Marimekko (Evli est.)	**397**	**9.2x**	**8.1x**	**7.5x**	**11.9x**	**10.4x**	**9.5x**	**15.6x**	**14.0x**	**13.2x**	**3.8 %**	**4.3 %**	**4.9 %**
Marimekko prem./disc. to peer median		*-16%*	*-17%*	*-24%*	*-39%*	*-40%*	*-39%*	*-42%*	*-42%*	*-40%*	*141%*	*144%*	*140%*

Source FactSet, Evli Research

VALUATION RESULTS		BASE CASE DETAILS		VALUATION ASSUMPTIONS		ASSUMPTIONS FOR WACC	
Current share price	9.78	PV of Free Cash Flow	298	Long-term growth, %	2.0	Risk-free interest rate, %	2.25
DCF share value	18.24	PV of Horizon value	458	WACC, %	7.5	Market risk premium, %	5.8
Share price potential, %	86.5	Unconsolidated equity	0	Spread, %	0.5	Debt risk premium, %	3.3
Maximum value	20.1	Marketable securities	33	Minimum WACC, %	7.0	Equity beta coefficient	0.80
Minimum value	16.7	Debt - dividend	-48	Maximum WACC, %	8.0	Target debt ratio, %	20
Horizon value, %	60.6	Value of stock	740	Nr of shares, Mn	40.6	Effective tax rate, %	25

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	167	175	190	203	215	228	239	246	254	261	267	272
Sales growth, %	*9.4*	*5.3*	*8.6*	*6.5*	*6.0*	*6.0*	*5.0*	*3.0*	*3.0*	*3.0*	*2.0*	*2.0*
Operating income (EBIT)	30	32	35	37	39	41	43	44	46	47	48	49
Operating income margin, %	*18.2*	*18.3*	*18.6*	*18.5*	*18.0*	*18.0*	*18.0*	*18.0*	*18.0*	*18.0*	*18.0*	*18.0*
+ Depreciation+amort.	10	10	10	10	11	11	12	12	13	13	14	
EBITDA	40	42	45	47	49	52	55	57	59	60	62	
- Paid taxes	6	-5	-7	-7	-8	-8	-9	-9	-9	-9	-10	
- Change in NWC	-11	5	2	-1	-1	-1	-1	-1	-1	-1	0	
NWC / Sales, %	*12.6*	*9.0*	*7.0*	*7.0*	*7.0*	*7.0*	*7.0*	*7.0*	*7.0*	*7.0*	*7.0*	
+ 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	
opCAPEX / Sales, %	*5.9*	*6.9*	*5.7*	*6.1*	*6.1*	*6.1*	*5.9*	*5.7*	*5.7*	*5.7*	*5.5*	
- 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	-14	0	0	0	0	0	0	0	0	0	0	
= FCFF	20	40	39	37	39	41	44	46	47	48	50	919
= Discounted FCFF		38	34	31	30	29	29	28	27	26	25	458

= DFCF min WACC	39	35	31	30	30	30	29	28	27	26	526
= DFCF max WACC	38	34	30	29	29	28	27	26	25	24	401

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	36.0	38.0	44.1	48.4	166.5	35.9	38.9	47.5	53.0	175.3	190.3	202.7
EBITDA	9.1	8.1	13.6	9.3	40.1	8.8	7.9	15.0	10.0	41.6	45.1	47.4
EBITDA margin (%)	*25.3*	*21.4*	*30.8*	*19.2*	*24.1*	*24.4*	*20.3*	*31.6*	*18.8*	*23.7*	*23.7*	*23.4*
EBIT	6.6	5.7	11.1	6.9	30.4	6.4	5.5	12.6	7.6	32.0	35.5	37.5
EBIT margin (%)	*18.4*	*15.0*	*25.2*	*14.3*	*18.2*	*17.7*	*14.1*	*26.5*	*14.3*	*18.3*	*18.6*	*18.5*
Net financial items	-0.1	0.3	0.2	-1.4	-1.1	-0.1	-0.1	-0.1	-0.1	-0.3	-0.2	0.0
Pre-tax profit	6.5	6.0	11.3	5.5	29.3	6.3	5.4	12.5	7.5	31.7	35.3	37.5
Tax	-1.5	-1.2	-2.4	-1.3	-6.4	-1.3	-1.1	-2.5	-1.5	-6.3	-7.1	-7.5
Tax rate (%)	*22.6*	*20.0*	*21.4*	*24.4*	*22.0*	*20.0*	*20.0*	*20.0*	*20.0*	*20.0*	*20.0*	*20.0*
Net profit	5.0	4.8	8.9	4.2	22.9	5.0	4.3	10.0	6.0	25.4	28.3	30.0
EPS	0.12	0.12	0.22	0.10	0.56	0.12	0.11	0.25	0.15	0.63	0.70	0.74
EPS adjusted (diluted no. of shares)	0.12	0.12	0.22	0.10	0.56	0.12	0.11	0.25	0.15	0.63	0.70	0.74
Dividend per share	0.00	0.00	0.00	0.00	0.34	0.00	0.00	0.00	0.00	0.38	0.42	0.48
SALES, EURm												
Finland	18.5	23.0	26.7	30.1	98.2	18.0	22.5	30.2	33.0	103.6	110.5	117.6
Scandinavia	3.0	3.0	3.5	4.5	14.0	3.0	3.2	3.5	4.9	14.6	16.6	17.7
EMEA	5.5	3.2	3.7	3.7	16.0	5.1	3.3	3.5	3.7	15.5	17.4	18.6
North America	1.8	2.0	1.9	2.3	8.0	1.8	2.3	2.1	2.7	8.9	9.6	10.2
Asia Pacific	7.3	6.8	8.3	7.9	30.3	8.0	7.6	8.2	8.7	32.6	36.2	38.5
Total	36.0	38.0	44.1	48.4	166.5	35.9	38.9	47.5	53.0	175.3	190.3	202.7
SALES GROWTH, Y/Y %												
Finland	*27.3*	*25.2*	*-7.3*	*-1.9*	*6.4*	*-2.9*	*-2.2*	*13.0*	*9.8*	*5.5*	*6.6*	*6.5*
Scandinavia	*22.8*	*3.7*	*21.0*	*0.5*	*10.2*	*-0.1*	*8.1*	*0.5*	*9.8*	*5.0*	*13.5*	*6.5*
EMEA	*33.5*	*7.1*	*36.3*	*17.5*	*24.2*	*-6.0*	*3.9*	*-6.8*	*-0.6*	*-3.0*	*12.3*	*6.5*
North America	*25.7*	*-10.2*	*-8.4*	*-13.8*	*-4.8*	*-2.8*	*14.4*	*13.3*	*17.0*	*11.0*	*8.3*	*6.5*
Asia Pacific	*10.2*	*9.0*	*40.1*	*10.0*	*16.7*	*10.4*	*11.1*	*-0.7*	*10.6*	*7.5*	*11.0*	*6.5*
Total	*23.8*	*16.2*	*4.0*	*0.7*	*9.4*	*-0.4*	*2.4*	*7.8*	*9.5*	*5.3*	*8.6*	*6.5*
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	21.8
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3
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	1.9
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)	6.6	5.7	11.1	6.9	30.4	6.4	5.5	12.6	7.6	32.0	35.5	0.0
Total	6.6	5.7	11.1	6.9	30.4	6.4	5.5	12.6	7.6	32.0	35.5	37.5
EBIT margin, %												
Finland	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*18.5*
Scandinavia	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*18.5*
EMEA	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*18.5*
North America	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*18.5*
Asia Pacific	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*18.5*
Total	*18.4*	*15.0*	*25.2*	*14.3*	*18.2*	*17.7*	*14.1*	*26.5*	*14.3*	*18.3*	*18.6*	*18.5*

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	111.9	125.4	123.6	152.2	166.5	175.3	190.3	202.7
Sales growth (%)	*9.3*	*12.1*	*-1.5*	*23.2*	*9.4*	*5.3*	*8.6*	*6.5*
EBITDA	14.6	29.7	31.3	43.3	40.1	41.6	45.1	47.4
EBITDA margin (%)	*13.1*	*23.7*	*25.4*	*28.5*	*24.1*	*23.7*	*23.7*	*23.4*
Depreciation	-2.4	-12.6	-12.6	-12.1	-9.8	-9.6	-9.6	-9.9
EBITA	12.2	17.1	18.8	31.3	30.4	32.0	35.5	37.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	12.2	17.1	18.8	31.3	30.4	32.0	35.5	37.5
EBIT margin (%)	*10.9*	*13.6*	*15.2*	*20.5*	*18.2*	*18.3*	*18.6*	*18.5*
Reported EBIT	12.2	17.1	18.0	31.3	30.4	32.0	35.5	37.5
EBIT margin (reported) (%)	*10.9*	*13.6*	*14.5*	*20.5*	*18.2*	*18.3*	*18.6*	*18.5*
Net financials	-0.2	-1.0	-1.8	-0.4	-1.1	-0.3	-0.2	0.0
Pre-tax profit	12.1	16.1	17.0	30.8	29.3	31.7	35.3	37.5
Taxes	-3.9	-3.1	-3.7	-6.4	-6.4	-6.3	-7.1	-7.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	8.2	13.0	12.5	24.4	22.9	25.4	28.3	30.0
Cash NRIs	0.0	0.0	-0.8	0.0	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	5	5	5	5	6	6	7	7
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	37	36	37	29	30	32	32	34
Inventory	22	23	22	26	34	33	34	36
Receivables	7	7	8	12	12	12	13	14
Liquid funds	23	26	41	60	33	49	63	74
Total assets	94	97	114	133	115	133	151	168
Liabilities								
Shareholder's equity	40	39	52	69	55	67	80	93
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	37	36	37	30	32	32	32	34
Deferred taxes	1	2	1	3	0	3	3	3
Interest bearing debt	0	2	2	2	2	2	2	1
Non-interest bearing current liabilities	16	18	22	28	25	30	34	36
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	94	97	114	133	115	133	151	168
CASH FLOW, EURm								
+ EBITDA	15	30	31	43	40	42	45	47
- Net financial items	0	-1	-2	18	-27	0	0	0
- Taxes	-3	-3	-6	-4	6	-4	-7	-7
- Increase in Net Working Capital	2	3	3	-2	-11	5	2	-1
+/- Other	0	0	0	-19	12	0	0	0
= Cash flow from operations	12	29	27	36	20	42	40	39
- Capex	-1	-11	-14	-5	-10	-12	-11	-12
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	11	0	0	0	0	0	0	0
= Free cash flow	22	18	14	31	10	30	29	27
+/- New issues/buybacks	5	1	8	1	-8	0	0	0
- Paid dividend	-4	-15	-7	-8	-29	-14	-15	-17
+/- Other	-6	-1	0	-5	0	0	0	2
Change in cash	17	3	15	19	-27	16	15	11

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	291	369	691	356	397	397	397
Net debt (excl. convertibles)	12	-2	-27	1	-15	-29	-39
Enterprise value	303	368	664	357	382	367	358
Sales	125	124	152	167	175	190	203
EBITDA	30	31	43	40	42	45	47
EBIT	17	19	31	30	32	35	37
Pre-tax	16	17	31	29	32	35	37
Earnings	13	13	24	23	25	28	30
Equity book value (excl. minorities)	39	52	69	55	67	80	93
Valuation multiples							
EV/sales	2.4	3.0	4.4	2.1	2.2	1.9	1.8
EV/EBITDA	10.2	11.7	15.3	8.9	9.2	8.1	7.5
EV/EBITA	17.7	19.6	21.2	11.8	11.9	10.4	9.5
EV/EBIT	17.7	19.6	21.2	11.8	11.9	10.4	9.5
EV/OCF	10.5	13.4	18.5	17.7	9.1	9.1	9.2
EV/FCFF	10.7	14.2	18.8	17.9	9.5	9.5	9.6
P/FCFE	82.4	135.3	110.9	34.6	13.2	13.5	14.9
P/E	22.3	27.8	28.3	15.6	15.6	14.0	13.2
P/B	7.5	7.1	10.0	6.4	5.9	5.0	4.3
Target EV/EBITDA	*0.0*	*0.0*	*0.0*	*0.0*	*9.4*	*8.3*	*7.7*
Target EV/EBIT	*0.0*	*0.0*	*0.0*	*0.0*	*12.2*	*10.6*	*9.8*
Target EV/FCF	*0.0*	*0.0*	*0.0*	*0.0*	*13.0*	*12.8*	*13.8*
Target P/B	*0.0*	*0.0*	*0.0*	*0.0*	*6.0*	*5.1*	*4.4*
Target P/E	*0.0*	*0.0*	*0.0*	*0.0*	*16.0*	*14.4*	*13.5*
Per share measures							
Number of shares	40,649	40,549	40,549	40,621	40,571	40,571	40,571
Number of shares (diluted)	40,649	40,549	40,549	40,621	40,571	40,571	40,571
EPS	0.32	0.33	0.60	0.56	0.63	0.70	0.74
Operating cash flow per share	0.71	0.68	0.89	0.50	1.04	0.99	0.96
Free cash flow per share	0.43	0.34	0.77	0.25	0.74	0.73	0.66
Book value per share	0.96	1.29	1.71	1.36	1.65	1.98	2.30
Dividend per share	0.18	0.20	0.72	0.34	0.38	0.42	0.48
Dividend payout ratio, %	56.1	60.9	119.6	60.4	60.0	60.0	65.0
Dividend yield, %	2.5	2.2	4.2	3.9	3.8	4.3	4.9
FCF yield, %	6.1	3.7	4.5	2.9	7.6	7.4	6.7
Efficiency measures							
ROE	33.1	29.2	40.1	36.6	41.4	38.4	34.6
ROCE	22.7	22.9	33.0	32.4	34.3	33.8	31.8
Financial ratios							
Inventories as % of sales	18.0	18.2	17.1	20.3	19.0	18.0	18.0
Receivables as % of sales	5.3	6.6	7.9	7.2	7.0	7.0	7.0
Non-interest bearing liabilities as % of sales	14.2	17.9	18.6	14.9	17.0	18.0	18.0
NWC/sales, %	9.1	6.8	6.4	12.6	9.0	7.0	7.0
Operative CAPEX/sales, %	9.0	11.2	3.1	5.9	6.9	5.7	6.1
CAPEX/sales (incl. acquisitions), %	9.0	11.2	3.1	5.9	6.9	5.7	6.1
FCFF/EBITDA	1.0	0.8	0.8	0.5	1.0	0.9	0.8
Net debt/EBITDA, book-weighted	0.4	-0.1	-0.6	0.0	-0.4	-0.6	-0.8
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	40.1	45.7	52.2	48.4	50.5	53.2	55.6
Gearing, %	30.7	-3.2	-38.9	2.3	-22.5	-36.6	-41.9

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 product 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	5,088,500	49.766	12.5%
Varma Mutual Pension Insurance Company	1,929,600	18.871	4.8%
Ilmarinen Mutual Pension Insurance Company	1,926,940	18.845	4.7%
Ehrnrooth Sophia	1,651,885	16.155	4.1%
Nordea Nordic Small Cap Fund	999,425	9.774	2.5%
Evli Finnish Small Cap Fund	869,121	8.500	2.1%
Oy Talcom Ab	505,000	4.939	1.2%
Oy Etra Invest Ab	500,000	4.890	1.2%
Alahuhta Matti	423,650	4.143	1.0%
Veritas Pension Insurance Company Ltd.	375,000	3.668	0.9%
Ten largest	14,269,121	139.552	35%
Residual	26,302,259	257.236	65%
Total	40,571,380	396.788	100%

EARNINGS CALENDAR	
May 16, 2023	Q2 report
November 08, 2023	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS	
CEO: Tiina Alahuhta-Kasko	Puusepänkatu 4, 00880 Helsinki, Finland
CFO: Elina Anckar	Tel: +358 9 ,75 ,871
IR: Anna Tuominen	

DEFINITIONS

Term	Definition
P/E	Price per share / Earnings per share
EPS	(Profit before extraord. items and taxes– income taxes + minority interest) / Number of shares
P/BV	Price per share / (Shareholders' equity + 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	Enterprise value / Sales
FCF yield, %	Free cash flow / Market cap
EV/EBITDA	Enterprise value / Earnings before interest, tax, depreciation and amortization
Operative CAPEX/sales	(Capital expenditure – divestments – acquisitions) / Sales
EV/EBIT	Enterprise value / Operating profit
Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets
Capital employed/Share	(Total assets – non-interest bearing debt) / Number of shares
Total assets	Balance sheet total
Gearing	Net debt / Equity
Div yield, %	Dividend per share / Price per share
Debt/Equity, %	Interest bearing debt / (Shareholders' equity + minority interest + taxed provisions)
Payout ratio, %	Total dividends / (Earnings before extraordinary items and taxes – income taxes + minority interest)
Equity ratio, %	(Shareholders' equity + minority interest + taxed provisions) / (Total assets – interest-free loans)
ROCE, %	(Profit before extraordinary items + interest expenses+ other financial costs) / (Balance sheet total – non-interest bearing debt (average))
CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	(Profit before extraordinary items and taxes – income taxes) / (Shareholder's equity + minority interest + taxed provisions (average))

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Investment recommendations are defined as follows:

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

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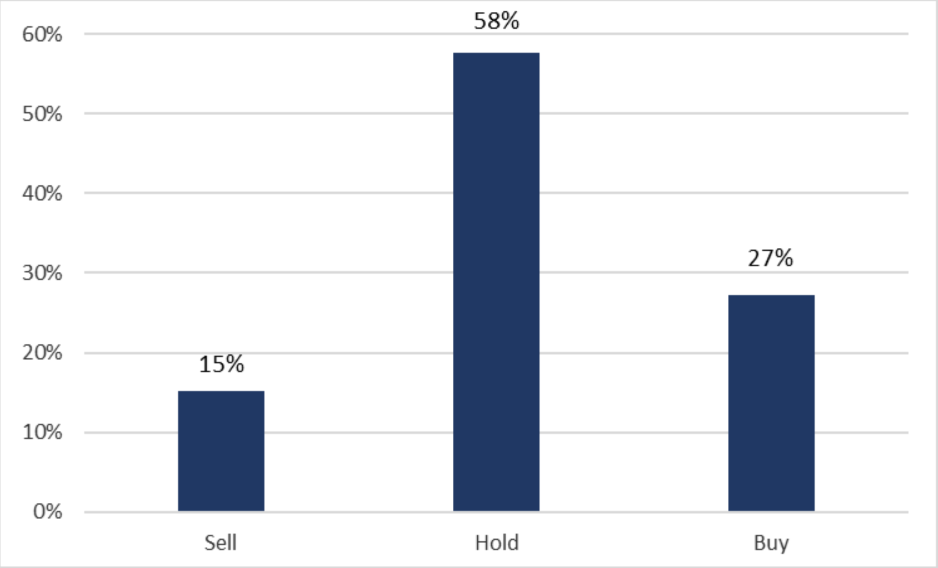

The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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