

## Result as expected, growth foreseen towards year-end

Marimekko reported Q1 results roughly in line with our expectations. Growth is seen to return and EBIT to improve in H2. We retain our HOLD-rating and TP of EUR 10.0.

### Q1 net sales and EBIT decreased as expected

Q1 was characterized by robust comparative figures and subdued market development in Finland's wholesale deliveries, along with a decline in licensing sales that directly affected the overall scale. In Q1, the group net sales declined by 2% y/y to EUR 35.3m, however coming in slightly above our expectations. The decline was driven by softer sales development in Finland, the EMEA region and North America. Meanwhile, the APAC region and Scandinavia scored strong double-digit sales growth. Decreased licensing sales lowered gross margin below the comparison period despite product margins remaining on a solid level. Furthermore, increased fixed costs pressed Q1 adj. EBIT to EUR 3.8m, implying a margin of 10.9%. Our view is that the result contained no big surprises despite EBIT fell short of consensus quite clearly.

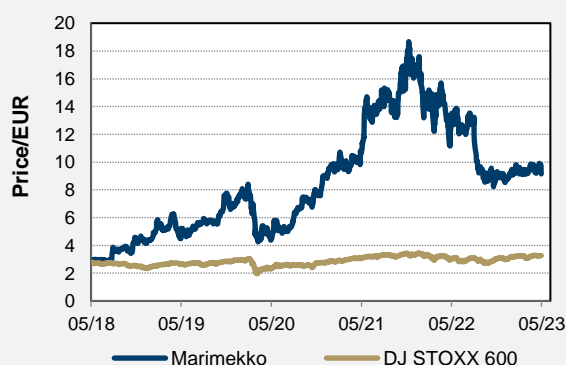
### Tightened grip on Asian shop openings

The company upgraded its outlook on new store openings in 2023 with now expecting to establish 10-15 new stores with most of them located in the Asia. In our view, this provides decent growth prospects for H2'23 and 2024, and consequently we slightly increased our H2 net sales estimates for the APAC region. Marimekko expects its 2023 EBIT margin to range between 16-19% which might imply a relative profitability below that of the comparison period. We however foresee this temporal due to the company's front-loaded investments in its capabilities. In total, our 23E EBIT decreased by 1% while 24E profitability improved by 2%, reflecting enhanced beliefs for the APAC region's growth.

### Valuation not challenging

We foresee Marimekko's valuation as not challenging with it trading above its premium, but below the luxury peer group. Marimekko's earnings growth for 2023-24 will remain subdued due to uncertain market environment and front-loaded OPEX investments. With only minor adjustments made to our estimates, we retain our HOLD-rating and target price of EUR 10.0.

Rating

■ HOLD


Share price, EUR (Last trading day's closing price)	9.15
Target price, EUR	10.0
Latest change in recommendation	13-Feb-23
Latest report on company	12-May-23
Research paid by issuer:	YES
No. of shares	40,571
No. of shares fully	40,571
Market cap, EURm	371
Free float, %	74.0
Exchange rate	0.000
Reuters code	MEKKO.HE
Bloomberg code	MEKKO FH
Average daily volume,	0.0
Next interim report	17-Aug-23
Web site	company.marimekko.com/en/investors/
Analyst	Arttu Heikura
E-mail	arttu.heikura@evli.com
Telephone	

■ 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	178.3	31.3	17.5%	28.0	0.60	15.3	2.0	11.5	7.5	0.36
2024E	193.1	36.4	18.8%	30.3	0.71	12.8	1.8	9.4	8.2	0.43
2025E	203.1	37.6	18.5%	27.4	0.74	12.4	1.6	8.8	7.4	0.48
Market cap, EURm			371	Gearing 2023E, %		-19.7	CAGR EPS 2022-25, %			9.6
Net debt 2023E, EURm			-13	Price/book 2023E		5.6	CAGR sales 2022-25, %			6.8
Enterprise value, EURm			358	Dividend yield 2023E, %		3.9	ROE 2023E, %			39.9
Total assets 2023E, EURm			133	Tax rate 2023E, %		19.8	ROCE 2023E, %			33.6
Goodwill 2023E, EURm			0	Equity ratio 2023E, %		49.6	PEG, P/E 23/CAGR			1.8

## Q1 result

Marimekko's Q1 performance was characterized by robust comparative figures and subdued development in Finland's wholesale deliveries, along with a decline in licensing sales that directly affected the overall scale. Q1 group net sales declined by 2% y/y to EUR 35.3m (34.8/34.1m Evli/cons.). While wholesale sales for the group decreased by 4%, retail sales saw a 9% increase, driven by strong performance in Finland and the APAC region. As anticipated, licensing sales experienced a significant decline of 80% y/y. From a geographical perspective, the APAC region and Scandinavia demonstrated notable growth of 16% each, while North America (-11%), Finland (-3%), and the EMEA region (-31%) experienced declines in Q1. The decline in the EMEA region is partly attributed to measures taken against grey exports.

The company did not provide any additional comments regarding material and logistics costs, suggesting that they have eased. Despite the decrease in high-margin licensing sales, the gross margin remained on a solid level at 60.3%. The company emphasized that product margins remained consistently strong, serving as a clear indicator of the company's effective pricing strategies. Personnel costs increased by 9% y/y, attributed to the growth in shop headcount and strategic recruitments, which are essential for Marimekko's future expansion. Additionally, IT costs had a negative impact on fixed costs, resulting in a total increase of 12% y/y, thereby limiting margin expansion.

With the elevated fixed costs, the adjusted EBIT for Q1 amounted to EUR 3.8m (4.3/4.6m Evli/cons.), reflecting a margin of 10.9%. Q1 EPS came in at EUR 0.06 (0.08/0.09 Evli/cons.).

## Estimates

With Marimekko's Q1 result coming in broadly in line with our expectations, we made only minor revisions to our estimates. Our 23E EBIT decreased by some 1% while 24E profitability saw a 2% increase from that of we previously expected. The improved profitability forecast for 2024 is primarily attributed to higher estimates for international net sales, driven by the anticipated opening of new stores, particularly in the Asian market during H2'23.

The company reiterated its guidance with anticipating sales growth in Finland and the APAC region, leading to an overall revenue increase in international markets. However, the company expects a decline in licensing sales, which will directly impact its gross margin. For the year 2023, Marimekko projects an EBIT margin ranging between 16% and 19%.

The company upgraded the number of expected store openings, and now expects to open 10-15 new stores (previously ~5) with most of them locating in Asia. In our view, this accelerated expansion enhances Marimekko's growth prospects in the APAC region for the second half of 2023 and in 2024. Consequently, we have slightly raised our estimates for the APAC region in H2'23. Moreover, we foresee Marimekko to step back on a growth path in Q2, and expect 2023 group net sales to account for EUR 178.3m, with a y/y growth of 7.1%. The growth is driven by Finland's and the APAC region's retail and wholesale sales as well as good sales development of Scandinavia and North America. As per the company's guidance, we expect a y/y decline in group licensing sales. Following a relatively quieter year in 2023, we anticipate a more robust international expansion, leading to an 8.3% y/y increase in 24E net sales. Our estimated net sales for 2024 amounts to EUR 193.1m.

We anticipate 23E gross margin coming in below that of the comparison period at 60.8% with lower licensing sales. However, in 2024, we expect gross margin to improve above that of the 2022, yet to fall short of the level of 2019. Our 24E gross margin accounts for 61.8%, which is supported higher licensing sales as well as pricing actions taken as we expect the market to be less uncertain in 2024.

Compared to 2022, we anticipate a more moderate growth in fixed costs for the year 2023. However, we estimate that fixed costs will increase at a higher rate than the revenue growth rate, which yet limits scalability in 2023. In contrast, for 2024, we expect fixed costs to begin scaling as IT costs start to stabilize in our view.

Our estimated EBIT for 2023 is EUR 31.3m, reflecting a margin of 17.5%. Looking ahead to 2024, we anticipate an expansion in margins, with estimated EBIT reaching EUR 36.4m, corresponding to an 18.8% margin.

## Valuation

Following Marimekko's Q1 report, the company's share price experienced a decline of 7% which in our view might be somewhat exaggerated. Currently, Marimekko is trading at 23-24E EV/EBIT and P/E multiples of 12-9x and 15-13x, respectively. In our valuation, we consider Marimekko deserving a premium compared to its peers in the premium goods group, while still being valued below its luxury goods counterparts. This valuation approach considers Marimekko's strong and growing brand presence, as well as its higher returns on capital, justifying multiples that exceed those of its premium goods peers. With only minor adjustments made to our estimates, we retain our HOLD-rating and target price of EUR 10.0. We note that current valuation is not challenging, but Marimekko's earnings growth for 2023-24 will remain subdued due to uncertain market environment and front-loaded OPEX investments.

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	88	7.6x	6.6x	6.3x	9.8x	7.9x	7.3x	10.8x	8.8x	8.0x	5.1 %	5.1 %	5.1 %
HUGO BOSS	4583	7.1x	6.5x	5.9x	14.0x	12.0x	10.3x	18.6x	15.5x	13.1x	2.0 %	2.5 %	3.0 %
Capri Holdings	4523	7.6x	7.2x	6.7x	9.2x	8.7x	8.0x	6.3x	5.7x	5.0x	0.0 %	0.0 %	0.0 %
Ralph Lauren	6649	8.4x	7.7x	6.5x	10.8x	9.9x	8.1x	12.3x	10.7x	8.4x	2.9 %	3.2 %	4.4 %
PVH	4801	7.3x	6.8x	6.6x	9.7x	9.0x	8.4x	8.4x	7.4x	6.8x	0.1 %	0.1 %	0.2 %
Guess	902	7.2x	6.8x		9.1x	8.5x		6.7x	6.1x				
VF	7368	10.4x	9.4x	8.2x	12.6x	11.3x	9.7x	9.6x	8.3x	7.0x	6.6 %	6.2 %	7.1 %
Peer Group Average	49769	<b>8.0x</b>	<b>7.3x</b>	<b>6.7x</b>	<b>10.8x</b>	<b>9.6x</b>	<b>8.6x</b>	<b>10.4x</b>	<b>8.9x</b>	<b>8.1x</b>	<b>2.8 %</b>	<b>2.8 %</b>	<b>3.3 %</b>
Peer Group Median	6126	<b>7.6x</b>	<b>6.8x</b>	<b>6.5x</b>	<b>9.8x</b>	<b>9.0x</b>	<b>8.3x</b>	<b>9.6x</b>	<b>8.3x</b>	<b>7.5x</b>	<b>2.4 %</b>	<b>2.8 %</b>	<b>3.7 %</b>
Marimekko (Evli est.)	<b>371</b>	<b>8.8x</b>	<b>7.4x</b>	<b>7.0x</b>	<b>11.5x</b>	<b>9.4x</b>	<b>8.8x</b>	<b>15.3x</b>	<b>12.8x</b>	<b>12.4x</b>	<b>3.9 %</b>	<b>4.7 %</b>	<b>5.3 %</b>

Marimekko prem./disc. to peer median

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	5603	19.9x	17.9x	16.1x	37.4x	33.2x	29.5x	54.8x	47.4x	41.2x	0.9 %	1.1 %	1.2 %
Burberry Group	10947	10.5x	9.7x	10.0x	15.9x	14.4x	12.6x	19.8x	18.0x	15.9x	2.4 %	2.7 %	3.0 %
Hermes International	206562	32.5x	28.8x	25.9x	36.4x	32.2x	28.9x	52.9x	46.9x	42.2x	0.8 %	0.8 %	0.9 %
LVMH Moët Hennessy Louis Vuitton	437884	15.8x	14.4x	13.2x	19.3x	17.4x	15.9x	26.5x	23.9x	21.9x	1.6 %	1.8 %	2.0 %
Moncler	17584	14.4x	12.8x	12.0x	19.1x	17.0x	15.3x	28.0x	24.8x	22.2x	1.7 %	1.9 %	2.0 %
Prada	17515	11.0x	10.3x	9.4x	18.8x	16.4x	14.7x	27.1x	24.0x	21.4x	2.2 %	2.5 %	2.5 %
Salvatore Ferragamo	2579	10.7x	8.9x	7.6x	35.8x	22.7x	17.1x	66.1x	36.6x	26.1x	1.0 %	1.5 %	2.1 %
Kering	66794	10.1x	9.2x	8.4x	12.9x	11.7x	10.6x	17.1x	15.3x	13.8x	2.7 %	3.0 %	3.4 %
Canada Goose Holdings	1928	10.8x	9.0x	6.3x	15.5x	12.1x	8.6x	21.1x	16.3x	12.7x	0.0 %	0.0 %	
Peer Group Average	49769	<b>15.1x</b>	<b>13.4x</b>	<b>12.1x</b>	<b>23.5x</b>	<b>19.7x</b>	<b>17.0x</b>	<b>34.8x</b>	<b>28.1x</b>	<b>24.2x</b>	<b>1.5 %</b>	<b>1.7 %</b>	<b>2.1 %</b>
Peer Group Median	6126	<b>11.0x</b>	<b>10.3x</b>	<b>10.0x</b>	<b>19.1x</b>	<b>17.0x</b>	<b>15.3x</b>	<b>27.1x</b>	<b>24.0x</b>	<b>21.9x</b>	<b>1.6 %</b>	<b>1.8 %</b>	<b>2.1 %</b>
Marimekko (Evli est.)	<b>371</b>	<b>8.8x</b>	<b>7.4x</b>	<b>7.0x</b>	<b>11.5x</b>	<b>9.4x</b>	<b>8.8x</b>	<b>15.3x</b>	<b>12.8x</b>	<b>12.4x</b>	<b>3.9 %</b>	<b>4.7 %</b>	<b>5.3 %</b>

Marimekko prem./disc. to peer median

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	9.15 PV of Free Cash Flow	291 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	17.64 PV of Horizon value	439 WACC, %	7.5 Market risk premium, %	5.8
Share price potential, %	92.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	19.4 Marketable securities	33 Minimum WACC, %	7.0 Equity beta coefficient	0.80
Minimum value	16.1 Debt - dividend	-48 Maximum WACC, %	8.0 Target debt ratio, %	20
Horizon value, %	60.1 Value of stock	715 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	178	193	203	215	228	240	247	254	262	267	272
<i>Sales growth, %</i>	<i>9.4</i>	<i>7.1</i>	<i>8.3</i>	<i>5.2</i>	<i>6.0</i>	<i>6.0</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	30	31	36	38	39	39	41	42	43	45	45	46
<i>Operating income margin, %</i>	<i>18.2</i>	<i>17.5</i>	<i>18.8</i>	<i>18.5</i>	<i>18.0</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>	<i>17.0</i>
+ Depreciation+amort.	10	10	10	10	11	11	12	13	13	13	14	
EBITDA	40	41	46	48	49	50	53	54	56	58	59	
- Paid taxes	6	-4	-7	-8	-8	-8	-8	-8	-9	-9	-9	
- Change in NWC	-11	5	3	-1	-1	-1	-1	-1	-1	-1	0	
<i>NWC / Sales, %</i>	<i>12.6</i>	<i>9.0</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>5.9</i>	<i>7.1</i>	<i>5.7</i>	<i>5.9</i>	<i>6.1</i>	<i>6.1</i>	<i>5.9</i>	<i>5.7</i>	<i>5.7</i>	<i>5.7</i>	<i>5.5</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	-14	0	0	0	0	0	0	0	0	0	0	
= FCFF	20	39	40	38	39	39	42	44	45	46	48	882
= Discounted FCFF		38	35	31	30	28	28	27	26	25	24	439
= DFCF min WACC		38	36	32	30	29	29	28	27	26	25	505
= DFCF max WACC		37	35	31	29	28	27	26	25	24	23	385

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	36.0	38.0	44.1	48.4	166.5	35.3	40.6	48.8	53.6	178.3	193.1	203.1
EBITDA	9.1	8.1	13.6	9.3	40.1	6.2	7.3	15.1	12.3	40.8	46.2	47.7
<i>EBITDA margin (%)</i>	<i>25.3</i>	<i>21.4</i>	<i>30.8</i>	<i>19.2</i>	<i>24.1</i>	<i>17.4</i>	<i>17.9</i>	<i>30.9</i>	<i>22.9</i>	<i>22.9</i>	<i>23.9</i>	<i>23.5</i>
EBIT	6.6	5.7	11.1	6.9	30.4	3.8	4.9	12.7	9.9	31.3	36.4	37.6
<i>EBIT margin (%)</i>	<i>18.4</i>	<i>15.0</i>	<i>25.2</i>	<i>14.3</i>	<i>18.2</i>	<i>10.9</i>	<i>12.0</i>	<i>26.0</i>	<i>18.4</i>	<i>17.5</i>	<i>18.8</i>	<i>18.5</i>
Net financial items	-0.1	0.3	0.2	-1.4	-1.1	-0.8	-0.1	-0.1	-0.1	-1.1	-0.2	0.0
Pre-tax profit	6.5	6.0	11.3	5.5	29.3	3.0	4.8	12.6	9.8	30.2	36.2	37.5
Tax	-1.5	-1.2	-2.4	-1.3	-6.4	-0.5	-1.0	-2.5	-2.0	-6.0	-7.2	-7.5
<i>Tax rate (%)</i>	<i>22.6</i>	<i>20.0</i>	<i>21.4</i>	<i>24.4</i>	<i>22.0</i>	<i>18.3</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>19.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	5.0	4.8	8.9	4.2	22.9	2.5	3.8	10.1	7.8	24.2	28.9	30.0
EPS	0.12	0.12	0.22	0.10	0.56	0.06	0.09	0.25	0.19	0.60	0.71	0.74
EPS adjusted (diluted no. of shares)	0.12	0.12	0.22	0.10	0.56	0.06	0.09	0.25	0.19	0.60	0.71	0.74
Dividend per share	0.00	0.00	0.00	0.00	0.34	0.00	0.00	0.00	0.00	0.36	0.43	0.48
<b>SALES, EURm</b>												
Finland	18.5	23.0	26.7	30.1	98.2	18.0	24.2	30.5	33.5	106.1	111.1	115.6
Scandinavia	3.0	3.0	3.5	4.5	14.0	3.5	3.2	3.7	4.7	15.0	16.0	17.0
EMEA	5.5	3.2	3.7	3.7	16.0	3.8	3.5	3.6	3.8	14.7	17.1	18.2
North America	1.8	2.0	1.9	2.3	8.0	1.6	2.2	2.3	2.5	8.6	9.4	10.0
Asia Pacific	7.3	6.8	8.3	7.9	30.3	8.4	7.5	8.9	9.0	33.8	39.5	42.3
<b>Total</b>	<b>36.0</b>	<b>38.0</b>	<b>44.1</b>	<b>48.4</b>	<b>166.5</b>	<b>35.3</b>	<b>40.6</b>	<b>48.8</b>	<b>53.6</b>	<b>178.3</b>	<b>193.1</b>	<b>203.1</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Finland</i>	<i>27.3</i>	<i>25.2</i>	<i>-7.3</i>	<i>-1.9</i>	<i>6.4</i>	<i>-2.7</i>	<i>5.0</i>	<i>14.1</i>	<i>11.5</i>	<i>8.0</i>	<i>4.7</i>	<i>4.0</i>
<i>Scandinavia</i>	<i>22.8</i>	<i>3.7</i>	<i>21.0</i>	<i>0.5</i>	<i>10.2</i>	<i>15.6</i>	<i>7.0</i>	<i>4.2</i>	<i>4.9</i>	<i>7.5</i>	<i>6.5</i>	<i>6.5</i>
<i>EMEA</i>	<i>33.5</i>	<i>7.1</i>	<i>36.3</i>	<i>17.5</i>	<i>24.2</i>	<i>-30.6</i>	<i>11.1</i>	<i>-4.0</i>	<i>3.6</i>	<i>-8.3</i>	<i>16.3</i>	<i>6.5</i>
<i>North America</i>	<i>25.7</i>	<i>-10.2</i>	<i>-8.4</i>	<i>-13.8</i>	<i>-4.8</i>	<i>-10.6</i>	<i>10.1</i>	<i>22.0</i>	<i>9.9</i>	<i>8.1</i>	<i>8.2</i>	<i>6.5</i>
<i>Asia Pacific</i>	<i>10.2</i>	<i>9.0</i>	<i>40.1</i>	<i>10.0</i>	<i>16.7</i>	<i>15.6</i>	<i>10.3</i>	<i>6.9</i>	<i>14.1</i>	<i>11.6</i>	<i>16.9</i>	<i>7.0</i>
<b>Total</b>	<b>23.8</b>	<b>16.2</b>	<b>4.0</b>	<b>0.7</b>	<b>9.4</b>	<b>-2.1</b>	<b>6.9</b>	<b>10.8</b>	<b>10.7</b>	<b>7.1</b>	<b>8.3</b>	<b>5.2</b>
<b>EBIT, EURm</b>												
Finland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.4
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1
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	1.8
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.8
Group (EBIT only)	6.6	5.7	11.1	6.9	30.4	3.8	4.9	12.7	9.9	31.3	36.4	0.0
<b>Total</b>	<b>6.6</b>	<b>5.7</b>	<b>11.1</b>	<b>6.9</b>	<b>30.4</b>	<b>3.8</b>	<b>4.9</b>	<b>12.7</b>	<b>9.9</b>	<b>31.3</b>	<b>36.4</b>	<b>37.6</b>
<b>EBIT margin, %</b>												
<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>
<b>Total</b>	<b>18.4</b>	<b>15.0</b>	<b>25.2</b>	<b>14.3</b>	<b>18.2</b>	<b>10.9</b>	<b>12.0</b>	<b>26.0</b>	<b>18.4</b>	<b>17.5</b>	<b>18.8</b>	<b>18.5</b>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	111.9	125.4	123.6	152.2	166.5	178.3	193.1	203.1
<i>Sales growth (%)</i>	<i>9.3</i>	<i>12.1</i>	<i>-1.5</i>	<i>23.2</i>	<i>9.4</i>	<i>7.1</i>	<i>8.3</i>	<i>5.2</i>
EBITDA	14.6	29.7	31.3	43.3	40.1	40.8	46.2	47.7
<i>EBITDA margin (%)</i>	<i>13.1</i>	<i>23.7</i>	<i>25.4</i>	<i>28.5</i>	<i>24.1</i>	<i>22.9</i>	<i>23.9</i>	<i>23.5</i>
Depreciation	-2.4	-12.6	-12.6	-12.1	-9.8	-9.5	-9.8	-10.1
EBITA	12.2	17.1	18.8	31.3	30.4	31.3	36.4	37.6
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	31.3	36.4	37.6
<i>EBIT margin (%)</i>	<i>10.9</i>	<i>13.6</i>	<i>15.2</i>	<i>20.5</i>	<i>18.2</i>	<i>17.5</i>	<i>18.8</i>	<i>18.5</i>
Reported EBIT	12.2	17.1	18.0	31.3	30.4	31.3	36.4	37.6
<i>EBIT margin (reported) (%)</i>	<i>10.9</i>	<i>13.6</i>	<i>14.5</i>	<i>20.5</i>	<i>18.2</i>	<i>17.5</i>	<i>18.8</i>	<i>18.5</i>
Net financials	-0.2	-1.0	-1.8	-0.4	-1.1	-1.1	-0.2	0.0
Pre-tax profit	12.1	16.1	17.0	30.8	29.3	30.2	36.2	37.5
Taxes	-3.9	-3.1	-3.7	-6.4	-6.4	-6.0	-7.2	-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	24.2	28.9	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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
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	33	35
Inventory	22	23	22	26	34	34	35	37
Receivables	7	7	8	12	12	12	14	14
Liquid funds	23	26	41	60	33	47	63	74
Total assets	94	97	114	133	115	133	152	168
<b>Liabilities</b>								
Shareholder's equity	40	39	52	69	55	66	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	33	35
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	35	37
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	94	97	114	133	115	133	152	168
<b>CASH FLOW, EURm</b>								
+ EBITDA	15	30	31	43	40	41	46	48
- Net financial items	0	-1	-2	18	-27	-1	0	0
- Taxes	-3	-3	-6	-4	6	-4	-7	-8
- Increase in Net Working Capital	2	3	3	-2	-11	5	3	-1
+/- Other	0	0	0	-19	12	0	0	0
= Cash flow from operations	12	29	27	36	20	41	41	39
- Capex	-1	-11	-14	-5	-10	-13	-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	28	30	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	1
Change in cash	17	3	15	19	-27	14	16	11

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	291	369	691	356	371	371	371
Net debt (excl. convertibles)	12	-2	-27	1	-13	-29	-39
Enterprise value	303	368	664	357	358	342	332
Sales	125	124	152	167	178	193	203
EBITDA	30	31	43	40	41	46	48
EBIT	17	19	31	30	31	36	38
Pre-tax	16	17	31	29	30	36	38
Earnings	13	13	24	23	24	29	30
Equity book value (excl. minorities)	39	52	69	55	66	80	93
<b>Valuation multiples</b>							
EV/sales	2.4	3.0	4.4	2.1	2.0	1.8	1.6
EV/EBITDA	10.2	11.7	15.3	8.9	8.8	7.4	7.0
EV/EBITA	17.7	19.6	21.2	11.8	11.5	9.4	8.8
EV/EBIT	17.7	19.6	21.2	11.8	11.5	9.4	8.8
EV/OCF	10.5	13.4	18.5	17.7	8.8	8.3	8.4
EV/FCFF	10.7	14.2	18.8	17.9	9.1	8.6	8.8
P/FCFE	82.4	135.3	110.9	34.6	13.3	12.3	13.6
P/E	22.3	27.8	28.3	15.6	15.3	12.8	12.4
P/B	7.5	7.1	10.0	6.4	5.6	4.6	4.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.6	8.2	7.7
Target EV/EBIT	0.0	0.0	0.0	0.0	12.6	10.4	9.8
Target EV/FCF	0.0	0.0	0.0	0.0	14.0	12.4	13.4
Target P/B	0.0	0.0	0.0	0.0	6.2	5.0	4.4
Target P/E	0.0	0.0	0.0	0.0	16.8	14.0	13.5
<b>Per share measures</b>							
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	0.60	0.71	0.74
Operating cash flow per share	0.71	0.68	0.89	0.50	1.00	1.02	0.97
Free cash flow per share	0.43	0.34	0.77	0.25	0.69	0.75	0.67
Book value per share	0.96	1.29	1.71	1.36	1.63	1.98	2.29
Dividend per share	0.18	0.20	0.72	0.34	0.36	0.43	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	3.9	4.7	5.3
FCF yield, %	6.1	3.7	4.5	2.9	7.5	8.2	7.4
<b>Efficiency measures</b>							
ROE	33.1	29.2	40.1	36.6	39.9	39.5	34.6
ROCE	22.7	22.9	33.0	32.4	33.6	34.6	31.7
<b>Financial ratios</b>							
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	7.1	5.7	5.9
CAPEX/sales (incl. acquisitions), %	9.0	11.2	3.1	5.9	7.1	5.7	5.9
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	-0.3	-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	49.6	52.9	55.5
Gearing, %	30.7	-3.2	-38.9	2.3	-19.7	-35.8	-41.7



**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	5,088,500	46.560	12.5%
Varma Mutual Pension Insurance Company	1,929,600	17.656	4.8%
Ilmarinen Mutual Pension Insurance Company	1,926,940	17.632	4.7%
Ehnröth Sophia	1,651,885	15.115	4.1%
Nordea Nordic Small Cap Fund	999,425	9.145	2.5%
Evli Finnish Small Cap Fund	869,121	7.952	2.1%
Oy Talcom Ab	505,000	4.621	1.2%
Oy Etra Invest Ab	500,000	4.575	1.2%
Alahuhta Matti	423,650	3.876	1.0%
Veritas Pension Insurance Company Ltd.	375,000	3.431	0.9%
Ten largest	14,269,121	130.562	35%
Residual	26,302,259	240.666	65%
Total	40,571,380	371.228	100%

**EARNINGS CALENDAR**

August 17, 2023 Q2 report  
November 08, 2023 Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

CEO: Tiina Alahuhta-Kasko

Puusepätkatu 4, 00880 Helsinki, Finland

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

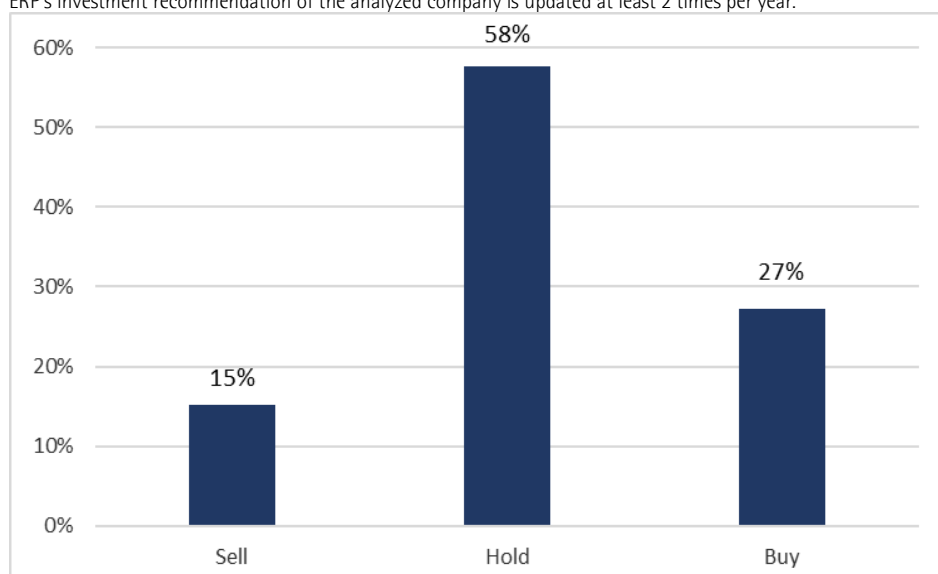
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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**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