

Accelerating towards year-end

Marimekko's Q2 EBIT came in strong, and the company's current profitability potential seems more robust than we earlier anticipated with increased outlook of licensing income. We adjusted our estimates such that 23E EBIT saw a 5% increase.

Strong profitability in Q2

While Marimekko's Q2 topline was in line with our expectations, the company's profitability came in strong, beating our estimates. Q2 net sales grew by 6% to EUR 40.3m, supported by strong Int'l growth. Soft wholesale sales pushed domestic sales below the comparison period. With higher licensing sales and lower logistics costs, the company's gross margin improved to 63.7% which we view as very strong. Traditionally, a higher share of scalable licensing sales boosts the company's gross margin as the material costs concerning such sales are very minor. By combining solid net sales growth and improved gross margin, Marimekko's Q2 adj. EBIT improved to EUR 6.8m (16.8% margin). Adj. EPS amounted to EUR 0.12, which could have been stronger without increased net financial costs.

Increased ambition with new store openings

Although economic uncertainty is present globally, we expect that the company's visibility to new demand in Asia has improved which is now seen in the increased estimate of new stores (15-20). Most of the store openings happen in Asia, which is one of the main drivers of Marimekko's current strategy. By opening stores in new market areas, such as Singapore, Malesia, and Vietnam, Marimekko starts to build its ecosystem starting from key cities through which it eventually expands also to other cities. This concept has already demonstrated its effectiveness in other Asian countries such as Japan, Thailand, and China. Marimekko's track record makes us confident in believing in the company's success in long-term market expansion, especially when collaborating with competent partners.

Share price rally keeps the valuation neutral

We slightly upgraded our 23-24E EBIT estimates with positive profitability development of Q2 and an improved outlook of licensing sales. In our view, the company's valuation remains neutral with the after-result rally in the share price. We retain our HOLD rating. By valuing Marimekko with the same multiples as earlier (23-24E EV/EBIT 13-11x), our TP is now EUR 10.5 (10.0).

Rating HOLD



Share price, EUR (Last trading day's closing price)	10.30
Target price, EUR	10.5
Latest change in recommendation	13-Feb-23
Latest report on company	14-Aug-23
Research paid by issuer:	YES
No. of shares	40,571
No. of shares fully	40,571
Market cap, EURm	418
Free float, %	74.0
Exchange rate	0.000
Reuters code	MEKKO.HE
Bloomberg code	MEKKO FH
Average daily volume,	0.0
Next interim report	08-Nov-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	178.1	32.9	18.5%	20.0	0.62	16.7	2.3	12.6	4.8	0.37
2024E	193.3	36.9	19.1%	33.6	0.72	14.3	2.0	10.7	8.1	0.43
2025E	203.4	37.6	18.5%	33.1	0.74	13.9	1.9	10.1	7.9	0.48
Market cap, EURm		418	Gearing 2023E, %			-7.5	CAGR EPS 2022-25, %			9.6
Net debt 2023E, EURm		-5	Price/book 2023E			6.3	CAGR sales 2022-25, %			6.9
Enterprise value, EURm		413	Dividend yield 2023E, %			3.6	ROE 2023E, %			41.0
Total assets 2023E, EURm		130	Tax rate 2023E, %			20.0	ROCE 2023E, %			35.1
Goodwill 2023E, EURm		0	Equity ratio 2023E, %			51.4	PEG, P/E 23/CAGR			2.3

Q2 result

Marimekko's Q2 result came in strong and above our expectations. Topline was roughly in line with our expectations while EBIT topped our estimates clearly. Group net sales amounted to EUR 40.3m (Evli: 40.6m). Growth in the APAC region was strong which is in our view an outcome of consistent work on increasing the Marimekko brand's awareness globally. In total, Int'l net sales increased by 21%, driven by strong wholesale sales in the APAC region and North America as well as solid retail development in the EMEA region and Scandinavia. Retail growth in Finland supported domestic sales above the comparison period while a y/y decrease of 19% in wholesale sales pushed the market area's sales to a 4% y/y decline. Soft domestic wholesale development was characterized by weak market demand of Finland.

Marimekko's gross margin saw a robust improvement from that of the comparison period to 63.7% which is a relatively strong level considering the current market environment. Gross margin was positively impacted by increased licensing sales as well as decreased logistic costs. History shows that notable increases in licensing sales tend to have a positive impact on Marimekko's gross margin even though licensing sales represent a minority of the total Marimekko group's sales. This is explained by low material costs.

Higher headcount caused a notable increase in Q2 fixed costs. Our view is that most of the increase in personnel expenses is explained by strategic recruitments although the headcount in Marimekko shops also increased. In total, fixed costs increased by 8% y/y.

With revenue growth and improved gross margin, Marimekko's adj. EBIT improved to EUR 6.8m (16.8% margin) which was clearly above our expectations (Evli: 4.9m). We view Q2 performance as strong, considering the tough market environment. Adj. EPS amounted to EUR 0.12, which could have been stronger without increased net financial costs. Financial items included exchange rate differences amounting to EUR -750k of which EUR -672k were unrealized.

Estimates

By combining Marimekko's strong momentum outside Finland, non-recurring domestic wholesale deliveries significantly higher than in the comparison period, and 15-20 new store openings (most in Asia), we expect the company to show strong growth figures in H2'23. In total, we expect the group to grow by 7% to EUR 178.1m in 2023, which is quite in line with our previous expectations. With new store openings supporting growth outside Finland, we anticipate group net sales of EUR 193.3m (+8.5% y/y) in 2024. We foresee Finland's 24E growth stabilizing to near 5% as uncertainty is still present.

With the company guiding improving licensing sales, we expect Marimekko's 23E gross margin to climb above that of the comparison period to 61.4%. In addition, we foresee decreased logistics costs to have a positive impact on the company's H2 gross margin. In 2024, we expect the increase in material costs to slow down, hence having a positive impact on product margins. Our 24E gross margin is 61.6%.

With a stronger Q2 gross margin and moderate cost development, our adj. EBIT estimate for 2023 saw a 5% increase. For 2023, we expect Marimekko to record adj. EBIT of 32.9m with a margin of 18.5%, which nears the upper bound of the company's guidance. Our view is that Marimekko's consistent work on scalability starts to kick in align with net sales growth in 2024. With that, we expect revenue growth of 8.5% to exceed a 7% increase in fixed costs. Our 24E adj. EBIT amounts to EUR 36.9m with a margin of 19.1%.

Valuation

With our revised EBIT estimates, the company trades with 23-24E EV/EBIT and P/E multiples of 13-11x and 17-14x respectively. Meanwhile, the company's premium goods peers trade with a 10% discount and luxury goods peers with a 30% premium to Marimekko. We consider a valuation between the company's peer groups by valuing Marimekko with 23-24E EV/EBIT and P/E multiples of 13-11x and 18-15x respectively. With strong after-result reaction in the share price, we however see no significant upside potential and view short-term EPS growth already visible in the share price. However, in the longer term, ~4% dividend yield and solid EPS growth provide robust returns for a long-term Marimekko holder. With a neutral valuation, we retain our HOLD rating. Our TP is now EUR 10.5 (10.0), reflecting estimate revisions made.

MARIMEKKO PEER GROUP PREMIUM GOODS	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			Div. yield		
		23	24	25	23	24	25	23	24	25	23	24	25
Bjorn Borg	83	6.9x	6.3x	6.0x	8.8x	7.6x	6.9x	10.0x	8.6x	7.9x	5.1%	5.1%	5.1%
HUGO BOSS	4857	7.3x	6.4x	5.6x	13.9x	11.5x	9.5x	18.6x	14.9x	12.1x	2.0%	2.5%	3.2%
Capri Holdings	5506	9.8x	9.3x	8.5x	11.7x	11.2x	10.3x	8.8x	8.4x	7.8x	0.0%	0.0%	0.0%
Ralph Lauren	6998	8.8x	8.1x	7.5x	11.4x	10.3x	9.4x	12.8x	11.4x	10.0x	2.7%	2.8%	3.0%
PVH	4677	7.1x	6.8x	6.5x	9.5x	8.9x	8.4x	8.2x	7.3x	6.7x	0.2%	0.2%	0.2%
Guess	971	7.9x	7.5x	8.0x	9.8x	9.3x	9.8x	7.1x	6.7x	6.3x		5.9%	6.1%
VF	7249	10.6x	9.9x	9.0x	12.9x	11.8x	10.6x	9.9x	8.9x	7.7x	6.6%	6.1%	6.6%
Peer Group Average	45679	8.3x	7.7x	7.3x	11.1x	10.1x	9.3x	10.8x	9.5x	8.3x	2.8%	3.3%	3.5%
Peer Group Median	6252	7.9x	7.5x	7.5x	11.4x	10.3x	9.5x	9.9x	8.6x	7.8x	2.3%	2.8%	3.2%
Marimekko (Evli est.)	418	9.8x	8.4x	7.9x	12.6x	10.7x	10.1x	16.7x	14.3x	13.9x	3.6%	4.2%	4.7%

Marimekko prem./disc. to peer median
 Source FactSet, Evli Research

MARIMEKKO PEER GROUP LUXURY GOODS	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			Div. yield		
		23	24	25	23	24	25	23	24	25	23	24	25
Brunello Cucinelli	5012							47.3x	41.2x	36.2x	1.1%	1.2%	1.4%
Burberry Group	9505	9.2x	8.6x	8.1x	14.1x	13.1x	12.0x	18.3x	16.8x	15.3x	2.8%	3.1%	3.4%
Hermes International	196010	30.3x	27.0x	24.3x	33.8x	30.1x	27.0x	48.4x	43.3x	39.1x	0.8%	0.9%	1.0%
LVMH Moet Hennessy Louis Vuitton	392087	14.5x	13.1x	12.1x	17.7x	16.0x	14.6x	23.7x	21.5x	19.8x	1.8%	2.0%	2.2%
Moncler	16927	14.0x	12.4x	11.3x	18.7x	16.5x	14.8x	26.7x	23.5x	21.1x	1.7%	2.0%	2.1%
Prada	16222	10.3x	9.6x	8.9x	17.5x	15.4x	13.8x	24.6x	21.8x	19.6x	2.4%	2.8%	3.1%
Salvatore Ferragamo	2364							67.7x	38.5x	27.1x	0.9%	1.5%	2.0%
Kering	60940	9.8x	9.0x	8.3x	12.7x	11.5x	10.5x	16.7x	15.0x	13.6x	2.9%	3.2%	3.5%
Canada Goose Holdings	1449	9.7x	8.0x	7.1x	14.1x	11.0x	9.6x	17.0x	13.1x	11.5x	0.0%	0.0%	0.0%
Peer Group Average	45679	14.0x	12.6x	11.4x	18.4x	16.2x	14.6x	32.3x	26.1x	22.6x	1.6%	1.8%	2.1%
Peer Group Median	6252	10.3x	9.6x	8.9x	17.5x	15.4x	13.8x	24.6x	21.8x	19.8x	1.7%	2.0%	2.1%
Marimekko (Evli est.)	418	9.8x	8.4x	7.9x	12.6x	10.7x	10.1x	16.7x	14.3x	13.9x	3.6%	4.2%	4.7%

Marimekko prem./disc. to peer median
 Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	10.30 PV of Free Cash Flow	295 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	17.73 PV of Horizon value	440 WACC, %	7.5 Market risk premium, %
Share price potential, %	72.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	19.5 Marketable securities	33 Minimum WACC, %	7.0 Equity beta coefficient
Minimum value	16.3 Debt - dividend	-48 Maximum WACC, %	8.0 Target debt ratio, %
Horizon value, %	59.9 Value of stock	720 Nr of shares, Mn	40.6 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	167	178	193	203	214	224	235	243	250	257	262	268
<i>Sales growth, %</i>	<i>9.4</i>	<i>7.0</i>	<i>8.5</i>	<i>5.2</i>	<i>5.0</i>	<i>5.0</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	33	37	38	38	38	40	41	42	44	45	46
<i>Operating income margin, %</i>	<i>18.2</i>	<i>18.5</i>	<i>19.1</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	9	10	10	11	11	12	12	13	13	13	
EBITDA	40	42	47	48	49	49	52	54	55	57	58	
- Paid taxes	-7	-5	-7	-8	-8	-8	-8	-8	-8	-9	-9	
- Change in NWC	-11	-4	6	5	-1	-1	-1	0	-1	-1	0	
<i>NWC / Sales, %</i>	<i>12.6</i>	<i>14.0</i>	<i>10.0</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>7.0</i>	<i>5.7</i>	<i>6.0</i>	<i>5.9</i>	<i>5.9</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	-1	0	0	0	0	0	0	0	0	0	0	
= FCFF	20	32	43	44	39	39	41	43	44	45	47	866
= Discounted FCFF		31	39	37	30	28	28	27	26	25	24	440
= DFCF min WACC		31	39	37	31	29	29	28	27	26	25	505
= DFCF max WACC		31	39	36	30	28	27	26	25	24	23	386

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	36.0	38.0	44.1	48.4	166.5	35.3	40.3	48.5	54.0	178.1	193.3	203.4
EBITDA	9.1	8.1	13.6	9.3	40.1	6.2	9.0	15.0	12.1	42.2	46.7	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>22.3</i>	<i>31.0</i>	<i>22.3</i>	<i>23.7</i>	<i>24.2</i>	<i>23.5</i>
EBIT	6.6	5.7	11.1	6.9	30.4	3.8	6.8	12.6	9.7	32.9	36.9	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>16.8</i>	<i>26.0</i>	<i>17.9</i>	<i>18.5</i>	<i>19.1</i>	<i>18.5</i>
Net financial items	-0.1	0.3	0.2	-1.4	-1.1	-0.8	-0.5	-0.1	-0.1	-1.5	-0.3	-0.1
Pre-tax profit	6.5	6.0	11.3	5.5	29.3	3.0	6.2	12.6	9.6	31.4	36.6	37.6
Tax	-1.5	-1.2	-2.4	-1.3	-6.4	-0.5	-1.3	-2.5	-1.9	-6.3	-7.3	-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>21.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	5.0	4.8	8.9	4.2	22.9	2.5	4.9	10.0	7.7	25.1	29.3	30.1
EPS	0.12	0.12	0.22	0.10	0.56	0.06	0.12	0.25	0.19	0.62	0.72	0.74
EPS adjusted (diluted no. of shares)	0.12	0.12	0.22	0.10	0.56	0.06	0.12	0.25	0.19	0.62	0.72	0.74
Dividend per share	0.00	0.00	0.00	0.00	0.34	0.00	0.00	0.00	0.00	0.37	0.43	0.48
SALES, EURm												
Finland	18.5	23.0	26.7	30.1	98.2	18.0	22.2	29.5	33.5	103.2	108.0	112.3
Scandinavia	3.0	3.0	3.5	4.5	14.0	3.5	3.0	3.7	4.7	14.8	15.8	16.9
EMEA	5.5	3.2	3.7	3.7	16.0	3.8	3.8	3.7	3.8	15.1	17.8	18.9
North America	1.8	2.0	1.9	2.3	8.0	1.6	2.6	2.4	2.6	9.2	9.9	10.6
Asia Pacific	7.3	6.8	8.3	7.9	30.3	8.4	8.8	9.3	9.4	35.9	41.7	44.7
Total	36.0	38.0	44.1	48.4	166.5	35.3	40.3	48.5	54.0	178.1	193.3	203.4
SALES GROWTH, Y/Y %												
<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>-3.5</i>	<i>10.3</i>	<i>11.5</i>	<i>5.0</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>0.9</i>	<i>4.2</i>	<i>4.9</i>	<i>6.2</i>	<i>6.9</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>18.7</i>	<i>0.1</i>	<i>3.6</i>	<i>-5.9</i>	<i>18.0</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>28.5</i>	<i>27.4</i>	<i>13.5</i>	<i>15.0</i>	<i>8.1</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>28.5</i>	<i>12.3</i>	<i>18.8</i>	<i>18.4</i>	<i>16.3</i>	<i>7.0</i>
Total	23.8	16.2	4.0	0.7	9.4	-2.1	6.1	10.1	11.6	7.0	8.5	5.2
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	20.8
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1
EMEA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5
North America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	8.3
Group (EBIT only)	6.6	5.7	11.1	6.9	30.4	3.8	6.8	12.6	9.7	32.9	36.9	0.0
Total	6.6	5.7	11.1	6.9	30.4	3.8	6.8	12.6	9.7	32.9	36.9	37.6
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	18.4	15.0	25.2	14.3	18.2	10.9	16.8	26.0	17.9	18.5	19.1	18.5

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	111.9	125.4	123.6	152.2	166.5	178.1	193.3	203.4
<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>7.0</i>	<i>8.5</i>	<i>5.2</i>
EBITDA	14.6	29.7	31.3	43.3	40.1	42.2	46.7	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>23.7</i>	<i>24.2</i>	<i>23.5</i>
Depreciation	-2.4	-12.6	-12.6	-12.1	-9.8	-9.4	-9.8	-10.1
EBITA	12.2	17.1	18.8	31.3	30.4	32.9	36.9	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	32.9	36.9	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>18.5</i>	<i>19.1</i>	<i>18.5</i>
Reported EBIT	12.2	17.1	18.0	31.3	30.4	32.9	36.9	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>18.5</i>	<i>19.1</i>	<i>18.5</i>
Net financials	-0.2	-1.0	-1.8	-0.4	-1.1	-1.5	-0.3	-0.1
Pre-tax profit	12.1	16.1	17.0	30.8	29.3	31.4	36.6	37.6
Taxes	-3.9	-3.1	-3.7	-6.4	-6.4	-6.3	-7.3	-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	25.1	29.3	30.1
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	33	35
Inventory	22	23	22	26	34	36	37	37
Receivables	7	7	8	12	12	16	14	14
Liquid funds	23	26	41	60	33	39	58	75
Total assets	94	97	114	133	115	130	149	168
Liabilities								
Shareholder's equity	40	39	52	69	55	67	81	94
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	27	31	37
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	94	97	114	133	115	130	149	168
CASH FLOW, EURm								
+ EBITDA	15	30	31	43	40	42	47	48
- Net financial items	0	-1	-2	18	-27	-2	0	0
- Taxes	-3	-3	-6	-4	-6	-4	-7	-8
- Increase in Net Working Capital	2	3	3	-2	-11	-4	6	5
+/- Other	0	0	0	-19	24	0	0	0
= Cash flow from operations	12	29	27	36	20	32	45	45
- 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	20	34	33
+/- New issues/buybacks	5	1	8	1	-8	0	0	0
- Paid dividend	-4	-15	-7	-8	-29	-14	-15	-18
+/- Other	-6	-1	0	-5	0	0	0	1
Change in cash	17	3	15	19	-27	6	19	17

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	291	369	691	356	418	418	418
Net debt (excl. convertibles)	12	-2	-27	1	-5	-24	-39
Enterprise value	303	368	664	357	413	394	379
Sales	125	124	152	167	178	193	203
EBITDA	30	31	43	40	42	47	48
EBIT	17	19	31	30	33	37	38
Pre-tax	16	17	31	29	31	37	38
Earnings	13	13	24	23	25	29	30
Equity book value (excl. minorities)	39	52	69	55	67	81	94
Valuation multiples							
EV/sales	2.4	3.0	4.4	2.1	2.3	2.0	1.9
EV/EBITDA	10.2	11.7	15.3	8.9	9.8	8.4	7.9
EV/EBITA	17.7	19.6	21.2	11.8	12.6	10.7	10.1
EV/EBIT	17.7	19.6	21.2	11.8	12.6	10.7	10.1
EV/OCF	10.5	13.4	18.5	17.7	12.7	8.8	8.4
EV/FCFF	10.7	14.2	18.8	17.9	13.0	9.1	8.7
P/FCFE	82.4	135.3	110.9	34.6	20.9	12.4	12.6
P/E	22.3	27.8	28.3	15.6	16.7	14.3	13.9
P/B	7.5	7.1	10.0	6.4	6.3	5.2	4.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.0	8.6	8.1
Target EV/EBIT	0.0	0.0	0.0	0.0	12.8	10.9	10.3
Target EV/FCF	0.0	0.0	0.0	0.0	21.1	12.0	11.7
Target P/B	0.0	0.0	0.0	0.0	6.4	5.3	4.6
Target P/E	0.0	0.0	0.0	0.0	17.0	14.5	14.2
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	0.62	0.72	0.74
Operating cash flow per share	0.71	0.68	0.89	0.50	0.80	1.10	1.12
Free cash flow per share	0.43	0.34	0.77	0.25	0.49	0.83	0.82
Book value per share	0.96	1.29	1.71	1.36	1.65	2.00	2.31
Dividend per share	0.18	0.20	0.72	0.34	0.37	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	3.6	4.2	4.7
FCF yield, %	6.1	3.7	4.5	2.9	4.8	8.1	7.9
Efficiency measures							
ROE	33.1	29.2	40.1	36.6	41.0	39.6	34.4
ROCE	22.7	22.9	33.0	32.4	35.1	34.8	31.6
Financial ratios							
Inventories as % of sales	18.0	18.2	17.1	20.3	20.0	19.0	18.0
Receivables as % of sales	5.3	6.6	7.9	7.2	9.0	7.0	7.0
Non-interest bearing liabilities as % of sales	14.2	17.9	18.6	14.9	15.0	16.0	18.0
NWC/sales, %	9.1	6.8	6.4	12.6	14.0	10.0	7.0
Operative CAPEX/sales, %	9.0	11.2	3.1	5.9	7.0	5.7	6.0
CAPEX/sales (incl. acquisitions), %	9.0	11.2	3.1	5.9	7.0	5.7	6.0
FCFF/EBITDA	1.0	0.8	0.8	0.5	0.8	0.9	0.9
Net debt/EBITDA, book-weighted	0.4	-0.1	-0.6	0.0	-0.1	-0.5	-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	51.4	54.5	55.6
Gearing, %	30.7	-3.2	-38.9	2.3	-7.5	-29.1	-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 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	52.412	12.5%
Varma Mutual Pension Insurance Company	1,929,600	19.875	4.8%
Ilmarinen Mutual Pension Insurance Company	1,926,940	19.847	4.7%
Ehmrooth Sophia	1,651,885	17.014	4.1%
Nordea Nordic Small Cap Fund	999,425	10.294	2.5%
Evli Finnish Small Cap Fund	869,121	8.952	2.1%
Oy Talcom Ab	505,000	5.201	1.2%
Oy Etra Invest Ab	500,000	5.150	1.2%
Alahuhta Matti	423,650	4.364	1.0%
Veritas Pension Insurance Company Ltd.	375,000	3.863	0.9%
Ten largest	14,269,121	146.972	35%
Residual	26,302,259	270.913	65%
Total	40,571,380	417.885	100%

EARNINGS CALENDAR

November 08, 2023

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

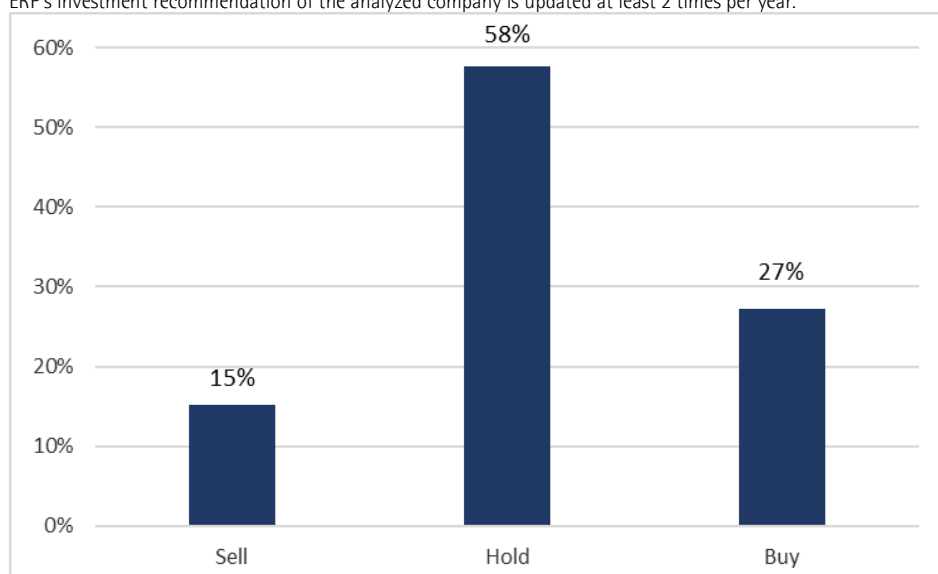
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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