

COVID-19 impacting sales and profit

Marimekko withdrew its guidance for 20E as the consumer demand in all the market areas has dropped due to COVID-19. We now expect 20E sales to decline by 10% y/y and adj. EBIT of EUR 11.7 (-32% y/y) but we note that there are significant uncertainties especially with our short-term estimates. We upgrade to "BUY" ("HOLD") with TP of EUR 28 (44).

Weakened consumer demand outlook due to COVID-19

Marimekko withdrew its 20E guidance as the situation around COVID-19 has clearly weakened the consumer demand outlook in all Marimekko's market areas (prev. 20E sales are expected to increase from the previous year and adj. EBIT is expected to be at the same level or higher than on the previous year). At the current stage, the company doesn't give a guidance for 20E. However, if the situation is prolonged, it will have significant impacts on the company's sales and profitability. As a result of the current situation, Marimekko is planning to adjust its operations and initiates cooperation negotiations. Marimekko has also changed its proposal for the '19 dividend payment (prev. dividend proposition of EUR 0.90) and proposes that the AGM would authorize the Board of Directors to decide on a dividend payment of a max. of EUR 0.90 per share to be distributed in one or several instalments at a later stage when the company is able to make a more reliable estimate on the impacts of COVID-19 to the company's business.

Expecting a significant drop especially in retail sales

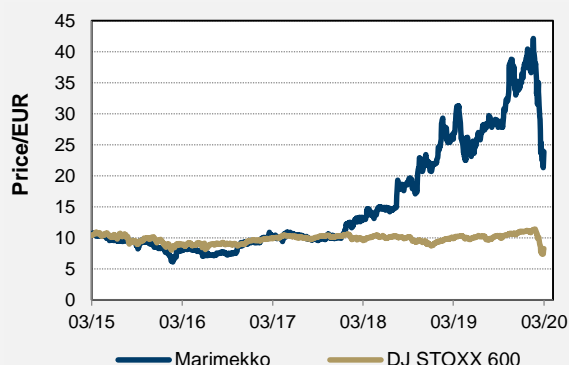
As most of the market areas have some level lockdowns and thus many stores are being closed, we expect negative impacts especially on Q2'20E sales. We have lowered our Q2'20E sales estimate by ~44% and our EBIT estimate by ~82%. We expect retail sales to face the hardest hit due to the rapid drop in consumer numbers. We don't expect as dramatical decline in wholesale sales as the buyers (of distribution channels) should have already ordered the spring/summer lines. However, it is difficult to estimate how the situation will impact on H2'20E sales. We also expect negative impacts on production and supply chain in H1'20E.

"BUY" ("HOLD") with TP of EUR 28 (44)

We've lowered our 20E sales expectation by 17% and adj. EBIT estimate by 42%. We expect 20E sales of EUR 113 (-10% y/y) and adj. EBIT of EUR 11.7 (-32% y/y). We note that there are significant uncertainties with our short-term estimates but we see Marimekko's mid-term investment case unchanged and positive as we see Marimekko is able to achieve higher sales and margins after this shock. In normal circumstances, Marimekko also offers an attractive dividend yield. On our estimates, Marimekko trades at 20E-21E EV/EBIT multiple of 17.6x and 10.2x which translates into 22-40% discount compared to the luxury peers. We upgrade our rating to "BUY" ("HOLD") with TP of EUR 28 (44).

Rating

BUY



Share price, EUR (Last trading day's closing price) 23.90

Target price, EUR 28.0

Latest change in rating 17-May-19

Latest report on company 14-Feb-20

Research paid by issuer: YES

No. of shares outstanding, '000's 8,130

No. of shares fully diluted, '000's 8,130

Market cap, EURm 194

Free float, % 84.0

Exchange rate 0.000

Reuters code MM01V.HE

Bloomberg code MM01V.FH

Average daily volume, EURm na.

Next interim report 14-May-20

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BUY **HOLD** **SELL**

KEY FIGURES

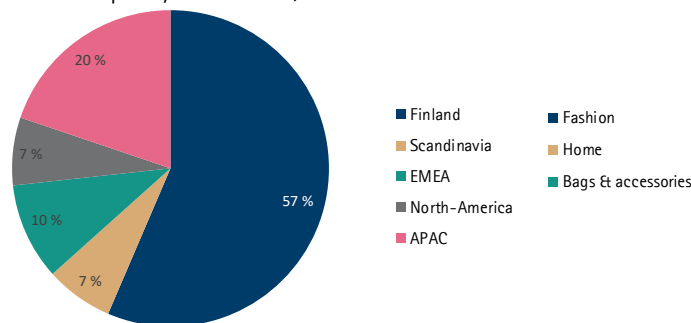
	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	111.9	12.2	10.9%	21.7	1.01	20.5	1.6	14.9	12.9	1.85
2019	125.4	17.1	13.6%	15.9	1.60	22.3	2.4	17.7	5.5	0.90
2020E	113.0	11.7	10.4%	6.8	0.87	27.5	1.8	17.6	3.5	0.52
2021E	137.6	19.7	14.3%	10.8	1.86	12.9	1.5	10.2	5.5	1.11
2022E	150.0	22.2	14.8%	8.3	2.10	11.4	1.3	9.1	4.3	1.26
Market cap, EURm		194	Gearing 2020E, %			32.3	CAGR EPS 2019-22, %			9.4
Net debt 2020E, EURm		12	Price/book 2020E			5.0	CAGR sales 2019-22, %			6.2
Enterprise value, EURm		207	Dividend yield 2020E, %			2.2	ROE 2020E, %			18.2
Total assets 2020E, EURm		91	Tax rate 2020E, %			35.4	ROCE 2020E, %			16.1
Goodwill 2020E, EURm		0	Equity ratio 2020E, %			42.7	PEG, P/E 20/CAGR			0.7

Estimates

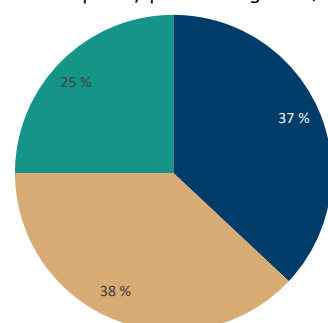
Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	2019E				FY2019	2020E				FY2020E	FY2021E
							Q1	Q2	Q3	Q4		Q1E	Q2E	Q3E	Q4E		
Finland																	
Retail revenue	35.1	35.4	37.6	38.9	40.8	45.1	8.5	13.3	14.6	15.5	51.9	9.0	6.6	14.9	16.3	46.8	59.3
Wholesale revenue	16.5	16.2	14.7	16.6	14.6	18.3	4.2	3.5	5.0	6.4	19.0	4.3	3.1	4.8	6.8	19.0	20.3
License revenue	0.6	0.4	0.4	0.3	0.2	0.2	0.1	0.0	0.0	0.1	0.2	0.1	0.0	0.0	0.1	0.2	0.2
Total	52.2	52.0	52.7	55.8	55.7	63.5	12.8	16.8	19.7	21.9	71.2	13.3	9.8	19.7	23.2	66.0	79.9
Scandinavia																	
Retail revenue	4.4	5.2	4.8	5.0	5.1	5.3	1.2	1.3	1.5	1.5	5.4	1.1	0.5	1.3	1.4	4.3	5.8
Wholesale revenue	3.8	3.3	2.9	2.9	3.4	3.7	1.0	0.8	1.0	1.1	3.9	1.1	0.6	0.8	1.2	3.7	4.1
License revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	8.2	8.5	7.8	7.9	8.5	9.0	2.1	2.1	2.5	2.6	9.3	2.2	1.2	2.1	2.6	8.0	9.9
EMEA																	
Retail revenue	1.4	1.5	1.2	1.1	1.1	1.5	0.4	0.4	0.3	0.5	1.6	0.3	0.2	0.2	0.5	1.2	2.0
Wholesale revenue	6.2	5.9	6.9	7.8	8.3	8.4	3.0	2.7	2.3	1.9	10.0	3.2	2.2	1.9	1.7	9.0	10.2
License revenue	0.1	0.2	0.2	0.3	0.3	0.4	0.1	0.1	0.1	0.2	0.4	0.1	0.0	0.1	0.2	0.4	0.4
Total	7.7	7.5	8.3	9.2	9.7	10.3	3.5	3.2	2.8	2.6	12.0	3.7	2.3	2.2	2.4	10.6	12.6
North America																	
Retail revenue	5.6	6.0	5.9	5.2	5.3	5.2	1.0	1.5	1.7	1.7	5.8	1.0	0.6	1.6	1.8	5.0	6.4
Wholesale revenue	2.5	2.0	2.4	2.2	2.5	2.7	0.6	0.5	0.6	0.3	2.0	0.7	0.4	0.5	0.3	1.9	2.1
License revenue	0.4	0.6	1.0	0.5	0.5	0.3	0.3	0.1	0.1	0.0	0.5	0.3	0.1	0.1	0.0	0.5	0.5
Total	8.5	8.6	9.2	7.9	8.3	8.2	1.9	2.0	2.3	2.0	8.3	2.0	1.0	2.1	2.2	7.4	9.0
APAC																	
Retail revenue	2.3	2.7	3.2	3.5	4.0	4.0	1.0	1.0	1.0	1.3	4.4	0.9	0.6	0.8	1.3	3.6	5.4
Wholesale revenue	15.2	14.9	14.5	15.4	15.5	16.4	5.8	4.1	5.0	3.8	18.7	5.8	3.1	4.5	4.1	17.5	21.0
License revenue	0.0	0.0	0.0	0.0	0.6	0.4	0.0	0.0	1.2	0.4	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Total	17.5	17.5	17.7	18.8	20.2	20.8	6.8	5.1	7.2	5.6	24.7	6.7	3.6	5.3	5.4	21.1	26.3
REVENUE SPLIT																	
Finland	52.2	52.0	52.7	55.8	55.7	63.5	12.8	16.8	19.7	21.9	71.2	13.3	9.8	19.7	23.2	66.0	79.9
International	41.9	42.1	43.0	43.8	46.6	48.3	14.3	12.4	14.8	12.8	54.3	14.6	8.1	11.8	12.6	47.0	57.8
<i>Finland growth (%)</i>	<i>0%</i>	<i>0%</i>	<i>1%</i>	<i>6%</i>	<i>0%</i>	<i>14%</i>	<i>7%</i>	<i>4%</i>	<i>14%</i>	<i>20%</i>	<i>12%</i>	<i>4%</i>	<i>-42%</i>	<i>0%</i>	<i>6%</i>	<i>-7%</i>	<i>21%</i>
<i>International growth (%)</i>	<i>16%</i>	<i>1%</i>	<i>2%</i>	<i>2%</i>	<i>6%</i>	<i>4%</i>	<i>18%</i>	<i>2%</i>	<i>17%</i>	<i>12%</i>	<i>12%</i>	<i>2%</i>	<i>-34%</i>	<i>-20%</i>	<i>-2%</i>	<i>-13%</i>	<i>23%</i>
REVENUE SPLIT																	
Retail	48.8	50.7	52.7	53.6	56.3	61.1	12.1	17.4	19.2	20.4	69.1	12.4	8.4	18.8	21.3	60.9	78.8
Wholesale	44.2	42.2	41.4	44.9	44.4	49.5	14.5	11.5	13.9	13.6	53.6	15.1	9.4	12.4	14.2	51.1	57.7
License	1.1	1.2	1.6	1.1	1.6	1.3	0.5	0.2	1.4	0.7	2.7	0.5	0.1	0.2	0.3	1.1	1.1
<i>Retail growth (%)</i>	<i>12%</i>	<i>4%</i>	<i>4%</i>	<i>2%</i>	<i>5%</i>	<i>8%</i>	<i>11%</i>	<i>9%</i>	<i>16%</i>	<i>16%</i>	<i>13%</i>	<i>2%</i>	<i>-52%</i>	<i>-2%</i>	<i>4%</i>	<i>-12%</i>	<i>29%</i>
<i>Wholesale growth (%)</i>	<i>1%</i>	<i>-4%</i>	<i>-2%</i>	<i>9%</i>	<i>-1%</i>	<i>12%</i>	<i>15%</i>	<i>-3%</i>	<i>6%</i>	<i>15%</i>	<i>8%</i>	<i>4%</i>	<i>-19%</i>	<i>-10%</i>	<i>4%</i>	<i>-5%</i>	<i>13%</i>
<i>License growth (%)</i>	<i>-24%</i>	<i>12%</i>	<i>26%</i>	<i>-31%</i>	<i>52%</i>	<i>-22%</i>	<i>-22%</i>	<i>-32%</i>	<i>761%</i>	<i>231%</i>	<i>113%</i>	<i>0%</i>	<i>-44%</i>	<i>-87%</i>	<i>-60%</i>	<i>-61%</i>	<i>0%</i>
TOTAL REVENUE	94.0	94.2	95.7	99.6	102.3	111.9	27.1	29.1	34.5	34.7	125.4	27.9	17.9	31.5	35.7	113.0	137.6
<i>Growth (%)</i>	<i>6%</i>	<i>0%</i>	<i>2%</i>	<i>4%</i>	<i>3%</i>	<i>9%</i>	<i>12.6%</i>	<i>3.3%</i>	<i>15.5%</i>	<i>16.7%</i>	<i>12%</i>	<i>3.0%</i>	<i>-38.5%</i>	<i>-8.6%</i>	<i>2.9%</i>	<i>-10%</i>	<i>22%</i>
Raw materials & consumables	-33.5	-32.8	-35.2	-40.2	-37.4	-42.1	-10.2	-9.6	-13.0	-12.6	-45.4	-10.6	-6.0	-12.1	-13.0	-41.6	-48.9
<i>Growth (%)</i>	<i>14%</i>	<i>-2%</i>	<i>7%</i>	<i>14%</i>	<i>-7%</i>	<i>13%</i>	<i>13%</i>	<i>-12%</i>	<i>16%</i>	<i>4.0%</i>	<i>8%</i>	<i>3.5%</i>	<i>-38.0%</i>	<i>-7.0%</i>	<i>3.0%</i>	<i>-9%</i>	<i>18%</i>
Gross profit	60.5	61.4	60.4	59.4	64.9	69.8	16.9	19.5	21.5	22.1	80.0	17.4	12.0	19.4	22.7	71.5	88.8
<i>Gross margin</i>	<i>64.3%</i>	<i>65.2%</i>	<i>63.2%</i>	<i>59.6%</i>	<i>63.4%</i>	<i>62.4%</i>	<i>62.4%</i>	<i>67.0%</i>	<i>62.4%</i>	<i>63.7%</i>	<i>63.8%</i>	<i>62.2%</i>	<i>66.7%</i>	<i>61.7%</i>	<i>63.7%</i>	<i>63.2%</i>	<i>64.5%</i>
Total OPEX	-54.4	-51.0	-55.1	-53.4	-54.0	-57.3	-12.1	-12.2	-12.1	-14.9	-51.4	-13.3	-7.8	-11.8	-15.1	-48.0	-56.1
<i>Growth (%)</i>	<i>6%</i>	<i>-6%</i>	<i>8%</i>	<i>-3%</i>	<i>1%</i>	<i>6%</i>	<i>-9%</i>	<i>-12%</i>	<i>-9%</i>	<i>-11%</i>	<i>-10%</i>	<i>10%</i>	<i>-36%</i>	<i>-3%</i>	<i>1%</i>	<i>-7%</i>	<i>17%</i>
<i>% of revenue</i>	<i>6%</i>	<i>54%</i>	<i>58%</i>	<i>54%</i>	<i>53%</i>	<i>51%</i>	<i>44.8%</i>	<i>41.8%</i>	<i>35.2%</i>	<i>43.0%</i>	<i>41%</i>	<i>47.7%</i>	<i>43.4%</i>	<i>37.5%</i>	<i>42.2%</i>	<i>42%</i>	<i>41%</i>
Adj. EBITDA	8.1	10.6	6.2	10.2	12.0	14.6	5.7	6.8	11.0	6.2	29.7	5.0	4.0	9.3	6.7	24.9	33.5
<i>Adj. EBITDA margin</i>	<i>8.6%</i>	<i>11.2%</i>	<i>6.4%</i>	<i>10.2%</i>	<i>11.7%</i>	<i>13.1%</i>	<i>20.9%</i>	<i>23.4%</i>	<i>31.9%</i>	<i>17.9%</i>	<i>23.7%</i>	<i>17.8%</i>	<i>22.2%</i>	<i>29.5%</i>	<i>18.8%</i>	<i>22.1%</i>	<i>24.4%</i>
Adj. EBIT	1.6	6.2	1.5	6.1	8.6	12.2	2.6	3.7	7.8	3.0	17.1	1.7	0.7	6.0	3.4	11.7	19.7
<i>Adj. EBIT margin</i>	<i>1.7%</i>	<i>6.6%</i>	<i>1.6%</i>	<i>6.1%</i>	<i>8.4%</i>	<i>10.9%</i>	<i>9.6%</i>	<i>12.7%</i>	<i>22.7%</i>	<i>8.7%</i>	<i>13.7%</i>	<i>5.9%</i>	<i>3.8%</i>	<i>19.0%</i>	<i>9.6%</i>	<i>10.4%</i>	<i>14.3%</i>

Source: Marimekko, Evli research

Sales split by market area, 2019



Sales split by product segment, 2019



Valuation

MARIMEKKO PEERS	MCAP local FX	EV/EBITDA			EV/EBIT			P/E			Equity ratio		
		19	20	21	19	20	21	19	20	21	19	20	21
Premium goods													
Bjorn Borg AB	269	6.5x	3.0x	2.9x	11.4x	5.0x	4.7x	4.7x	4.3x	4.1x			
HUGO BOSS AG	1681	5.7x	4.0x	3.7x	11.7x	8.6x	7.6x	8.2x	8.8x	7.6x	37%	38%	38%
Capri Holdings Limited	1925	7.8x	3.4x	2.7x	10.3x	4.8x	3.5x	3.0x	2.9x	2.5x	35%	42%	47%
Ralph Lauren Corporation Class A	5208	8.2x	5.0x	4.3x	11.2x	6.9x	5.8x	9.3x	9.2x	8.0x	40%	39%	42%
Ted Baker PLC	59	7.5x	3.2x	2.8x	30.2x	12.0x	9.0x	10.7x	8.0x	5.6x	34%	35%	37%
PVH Corp.	2733	7.8x	4.6x	4.2x	10.4x	6.4x	5.6x	4.0x	5.1x	4.0x	47%	49%	46%
Guess?, Inc.	538	6.1x	5.7x	3.8x	9.1x	8.1x	4.8x	5.6x	13.0x	6.1x			
Joules Group Plc	65	10.4x	2.1x	1.6x	27.1x	4.6x	3.3x	10.1x	6.5x	5.4x			
Luxury goods													
Brunello Cucinelli S.p.A.	1813	12.8x	11.1x	10.1x	27.3x	25.4x	22.2x	34.6x	42.8x	34.5x	61%	49%	54%
Burberry Group plc	5464	18.7x	8.3x	7.5x	24.2x	11.3x	9.6x	19.2x	16.6x	14.2x	47%	48%	57%
Hermes International SCA	68401	24.1x	23.3x	20.0x	28.4x	27.4x	23.4x	45.1x	44.2x	37.9x	74%	72%	72%
Moncler SpA	8615	14.3x	11.7x	9.8x	19.4x	16.4x	13.4x	24.0x	25.9x	21.7x	55%	60%	62%
Prada S.p.A.	58597	10.8x	7.8x	6.9x	35.2x	28.6x	20.1x	27.3x	44.3x	29.7x	41%	46%	46%
Salvatore Ferragamo S.p.A.	2379	8.8x	7.5x	6.1x	20.2x	20.0x	14.3x	27.3x	40.1x	26.6x	54%	54%	55%
Premium goods median	1803	7.6x	3.7x	3.3x	11.3x	6.6x	5.7x	6.4x	6.6x	4.8x	37%	39%	42%
Luxury goods median	13.5x	9.7x	8.7x	25.7x	22.7x	17.2x	27.3x	41.5x	28.1x	56%	52%	56%	
Marimekko (Evli est.)	697	10.2x	8.3x	6.0x	17.7x	17.6x	10.2x	22.3x	27.5x	12.9x	40%	43%	48%
<i>Marimekko premium vs. premium goods median</i>		34 %	121 %	79 %	57 %	167 %	79 %	246 %	317 %	168 %	9 %	10 %	14 %
MARIMEKKO PEERS	Ticker	Dividend yield			EBIT margin			ROCE-%			ROE-%		
		19	20	21	19	20	21	19	20	21	19	20	21
Premium goods													
Bjorn Borg AB	BORG-SE	18.7%	18.7%	18.7%	8.7%	9.7%	9.8%				18.8%	20.7%	20.7%
HUGO BOSS AG	BOSS-DE	11.3%	10.1%	10.7%	11.9%	11.0%	11.8%	18.6%	20.2%	22.3%	20.6%	18.8%	21.1%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	0.0%	13.3%	13.3%	14.3%	12.2%	12.0%	13.7%	23.4%	19.4%	18.2%
Ralph Lauren Corporation Class A	RL-US	3.4%	3.6%	4.4%	11.4%	11.3%	12.3%	12.1%	12.1%	14.0%	19.6%	19.2%	19.7%
Ted Baker PLC	TED-GB	5.9%	0.0%	0.0%	1.9%	2.4%	3.0%	2.8%	3.7%	4.7%	2.6%	3.3%	4.6%
PVH Corp.	PVH-US	0.4%	0.4%	0.4%	9.5%	7.9%	8.8%	8.6%	6.6%	7.1%	11.7%	8.4%	10.0%
Guess?, Inc.	GES-US	6.8%	2.7%	2.7%	5.6%	3.5%	5.5%				15.6%	10.8%	58.9%
Joules Group Plc	JOUL-GB	3.0%	3.5%	4.2%	3.8%	5.2%	5.6%						
Luxury goods													
Brunello Cucinelli S.p.A.	BC-IT	1.3%	1.3%	1.5%	13.1%	11.8%	12.8%		14.5%	17.4%	17.1%	13.0%	14.9%
Burberry Group plc	BRBY-GB	3.1%	3.3%	3.6%	14.3%	15.6%	17.1%	17.8%	19.6%	25.4%	20.5%	21.6%	22.7%
Hermes International SCA	RMS-FR	0.8%	0.8%	0.9%	33.9%	32.8%	34.1%	33.2%	28.3%	27.9%	23.1%	20.6%	20.7%
Moncler SpA	MONC-IT	1.5%	1.5%	1.7%	30.7%	28.9%	30.1%	26.4%	24.1%	25.5%	27.2%	21.9%	22.5%
Prada S.p.A.	1913-HK	1.1%	1.7%	2.4%	9.6%	8.6%	11.2%	5.1%	5.0%	7.0%	8.4%	5.1%	7.4%
Salvatore Ferragamo S.p.A.	SFER-IT	2.4%	2.0%	2.4%	10.6%	8.3%	10.5%	12.2%	8.9%	11.9%	11.1%	7.5%	10.7%
Premium goods median		4.6%	2.0%	2.4%	10.4%	10.4%	10.8%	12.1%	12.0%	13.7%	19.2%	19.0%	18.9%
Luxury goods median		1.4%	1.6%	2.0%	13.7%	13.7%	14.9%	17.8%	17.1%	21.4%	18.8%	16.8%	17.8%
Marimekko (Evli est.)		5.5%	2.2%	4.7%	13.6%	10.4%	14.3%	22.7%	16.1%	25.5%	33.1%	18.2%	34.3%

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	27.1	29.2	34.4	34.7	125.4	27.9	17.9	31.5	35.7	113.0	137.6	150.0
EBITDA	5.7	6.8	11.0	6.2	29.7	5.0	4.0	9.3	6.7	24.9	33.5	36.3
<i>EBITDA margin (%)</i>	<i>21.0</i>	<i>23.3</i>	<i>32.0</i>	<i>17.9</i>	<i>23.7</i>	<i>17.8</i>	<i>22.2</i>	<i>29.5</i>	<i>18.8</i>	<i>22.1</i>	<i>24.4</i>	<i>24.2</i>
EBIT	2.6	3.7	7.8	3.0	17.1	1.7	0.7	6.0	3.4	11.7	19.7	22.2
<i>EBIT margin (%)</i>	<i>9.6</i>	<i>12.7</i>	<i>22.7</i>	<i>8.6</i>	<i>13.6</i>	<i>5.9</i>	<i>3.8</i>	<i>19.0</i>	<i>9.6</i>	<i>10.4</i>	<i>14.3</i>	<i>14.8</i>
Net financial items	-0.1	-0.6	0.0	-0.3	-1.0	-0.1	-0.2	-0.2	-0.3	-0.8	-0.8	-0.8
Pre-tax profit	2.5	3.1	7.8	2.7	16.1	1.6	0.5	5.8	3.1	10.9	18.9	21.4
Tax	-0.5	-0.6	-1.4	-0.5	-3.1	-1.0	-1.0	-1.0	-1.0	-3.9	-3.8	-4.3
<i>Tax rate (%)</i>	<i>20.6</i>	<i>18.8</i>	<i>18.6</i>	<i>18.7</i>	<i>19.0</i>	<i>62.1</i>	<i>204.1</i>	<i>16.8</i>	<i>31.0</i>	<i>35.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.0	2.5	6.4	2.2	13.0	0.6	-0.5	4.8	2.2	7.1	15.1	17.1
EPS	0.24	0.31	0.78	0.27	1.60	0.07	-0.06	0.59	0.27	0.87	1.86	2.10
EPS adjusted (diluted no. of shares)	0.24	0.31	0.78	0.27	1.60	0.07	-0.06	0.59	0.27	0.87	1.86	2.10
Dividend per share	0.00	0.00	0.00	0.00	0.90	0.00	0.00	0.00	0.00	0.52	1.11	1.26
SALES, EURm												
Finland	12.8	16.8	19.6	21.9	71.1	13.3	9.8	19.7	23.2	66.0	79.9	87.1
Scandinavia	2.1	2.1	2.5	2.6	9.3	2.2	1.2	2.1	2.6	8.0	9.9	10.8
EMEA	3.5	3.2	2.8	2.6	12.1	3.7	2.3	2.2	2.4	10.6	12.6	13.7
North America	1.9	2.0	2.3	2.0	8.2	2.0	1.0	2.1	2.2	7.4	9.0	9.8
Asia Pacific	6.8	5.1	7.2	5.6	24.7	6.7	3.6	5.3	5.4	21.1	26.3	28.7
Total	27.1	29.2	34.4	34.7	125.4	27.9	17.9	31.5	35.7	113.0	137.6	150.0
SALES GROWTH, Y/Y %												
<i>Finland</i>	<i>7.5</i>	<i>4.0</i>	<i>14.1</i>	<i>19.7</i>	<i>11.9</i>	<i>4.2</i>	<i>-41.6</i>	<i>0.5</i>	<i>5.7</i>	<i>-7.2</i>	<i>21.0</i>	<i>9.0</i>
<i>Scandinavia</i>	<i>10.1</i>	<i>-5.2</i>	<i>9.2</i>	<i>-0.2</i>	<i>3.1</i>	<i>2.9</i>	<i>-44.9</i>	<i>-16.1</i>	<i>-1.6</i>	<i>-14.2</i>	<i>24.4</i>	<i>9.0</i>
<i>EMEA</i>	<i>33.9</i>	<i>40.7</i>	<i>5.6</i>	<i>-6.6</i>	<i>17.2</i>	<i>5.1</i>	<i>-27.6</i>	<i>-21.1</i>	<i>-8.8</i>	<i>-12.6</i>	<i>18.7</i>	<i>9.0</i>
<i>North America</i>	<i>20.3</i>	<i>-17.5</i>	<i>4.3</i>	<i>0.9</i>	<i>0.1</i>	<i>7.7</i>	<i>-49.2</i>	<i>-7.6</i>	<i>9.6</i>	<i>-10.0</i>	<i>21.4</i>	<i>9.0</i>
<i>Asia Pacific</i>	<i>11.9</i>	<i>-0.9</i>	<i>30.5</i>	<i>37.6</i>	<i>18.7</i>	<i>-1.5</i>	<i>-28.9</i>	<i>-25.9</i>	<i>-3.0</i>	<i>-14.6</i>	<i>24.8</i>	<i>9.0</i>
Total	12.5	3.5	15.3	16.7	12.1	3.0	-38.6	-8.5	2.9	-9.9	21.8	9.0
EBIT, EURm												
Group (EBIT only)	2.6	3.7	7.8	3.0	17.1	1.7	0.7	6.0	3.4	11.7	19.7	22.2
Total	2.6	3.7	7.8	3.0	17.1	1.7	0.7	6.0	3.4	11.7	19.7	22.2
EBIT margin, %												
<i>Total</i>	<i>9.6</i>	<i>12.7</i>	<i>22.7</i>	<i>8.6</i>	<i>13.6</i>	<i>5.9</i>	<i>3.8</i>	<i>19.0</i>	<i>9.6</i>	<i>10.4</i>	<i>14.3</i>	<i>14.8</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	95.7	99.6	102.3	111.9	125.4	113.0	137.6	150.0
<i>Sales growth (%)</i>	<i>1.6</i>	<i>4.1</i>	<i>2.7</i>	<i>9.3</i>	<i>12.1</i>	<i>-9.9</i>	<i>21.8</i>	<i>9.0</i>
EBITDA	6.0	10.2	11.9	14.6	29.7	24.9	33.5	36.3
<i>EBITDA margin (%)</i>	<i>6.3</i>	<i>10.3</i>	<i>11.6</i>	<i>13.1</i>	<i>23.7</i>	<i>22.1</i>	<i>24.4</i>	<i>24.2</i>
Depreciation	-4.5	-4.1	-3.3	-2.4	-12.6	-13.2	-13.8	-14.1
EBITA	1.5	6.1	8.6	12.2	17.1	11.7	19.7	22.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.5	6.1	8.6	12.2	17.1	11.7	19.7	22.2
<i>EBIT margin (%)</i>	<i>1.6</i>	<i>6.1</i>	<i>8.4</i>	<i>10.9</i>	<i>13.6</i>	<i>10.4</i>	<i>14.3</i>	<i>14.8</i>
Reported EBIT	1.5	5.0	8.4	12.2	17.1	11.7	19.7	22.2
<i>EBIT margin (reported) (%)</i>	<i>1.6</i>	<i>5.0</i>	<i>8.2</i>	<i>10.9</i>	<i>13.6</i>	<i>10.4</i>	<i>14.3</i>	<i>14.8</i>
Net financials	0.0	-0.1	-1.2	-0.2	-1.0	-0.8	-0.8	-0.8
Pre-tax profit	1.5	6.0	7.4	12.1	16.1	10.9	18.9	21.4
Taxes	-0.5	-1.1	-1.5	-3.9	-3.1	-3.9	-3.8	-4.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	1.1	3.8	5.7	8.2	13.0	7.1	15.1	17.1
Cash NRIs	0.0	-1.1	-0.2	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	17	15	13	5	5	6	7	10
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	37	36	34	34	39
Inventory	18	21	21	22	23	20	25	27
Receivables	6	8	7	7	7	7	9	10
Liquid funds	4	3	6	23	26	23	28	32
Total assets	46	48	47	94	97	91	104	118
Liabilities								
Shareholder's equity	27	28	31	40	39	39	50	58
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	37	36	34	34	39
Deferred taxes	0	1	1	1	2	2	2	2
Interest bearing debt	7	6	3	0	2	1	0	0
Non-interest bearing current liabilities	11	13	13	16	18	15	18	20
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	46	48	47	94	97	91	104	118
CASH FLOW, EURm								
+ EBITDA	6	10	12	15	30	25	34	36
- Net financial items	0	0	-1	0	-1	-1	-1	-1
- Taxes	0	-1	-2	-3	-2	-4	-4	-4
- Increase in Net Working Capital	1	-3	0	2	2	-1	-3	-1
+/- Other	0	-1	1	0	0	0	0	0
= Cash flow from operations	6	6	10	12	28	19	26	30
- Capex	-4	-3	-1	-1	-12	-12	-15	-22
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	11	0	0	0	0
= Free cash flow	3	4	9	22	16	7	11	8
+/- New issues/buybacks	0	0	0	5	1	0	0	0
- Paid dividend	-3	-3	-3	-4	-15	-7	-4	-9
+/- Other	0	-2	-3	-6	1	-3	-1	5
Change in cash	0	-1	3	17	3	-4	6	4

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	77	82	168	291	194	194	194
Net debt (excl. convertibles)	2	-3	14	12	12	6	7
Enterprise value	79	79	182	303	207	200	201
Sales	100	102	112	125	113	138	150
EBITDA	10	12	15	30	25	34	36
EBIT	6	9	12	17	12	20	22
Pre-tax	6	7	12	16	11	19	21
Earnings	5	6	8	13	7	15	17
Equity book value (excl. minorities)	28	31	40	39	39	50	58
Valuation multiples							
EV/sales	0.8	0.8	1.6	2.4	1.8	1.5	1.3
EV/EBITDA	7.8	6.6	12.4	10.2	8.3	6.0	5.5
EV/EBITA	13.0	9.2	14.9	17.7	17.6	10.2	9.1
EV/EBIT	13.0	9.2	14.9	17.7	17.6	10.2	9.1
EV/OCF	12.9	8.0	14.9	10.7	10.8	7.8	6.7
EV/FCFF	31.3	8.2	8.4	11.4	12.7	8.7	8.2
P/FCFE	21.5	9.3	7.8	18.3	28.6	18.0	23.5
P/E	15.7	13.8	20.5	22.3	27.5	12.9	11.4
P/B	2.7	2.7	4.2	7.5	5.0	3.9	3.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.6	7.0	6.5
Target EV/EBIT	0.0	0.0	0.0	0.0	20.5	11.9	10.6
Target EV/FCF	0.0	0.0	0.0	0.0	35.4	21.7	28.3
Target P/B	0.0	0.0	0.0	0.0	5.9	4.6	4.0
Target P/E	0.0	0.0	0.0	0.0	32.2	15.1	13.3
Per share measures							
Number of shares	8,090	8,090	8,090	8,130	8,130	8,130	8,130
Number of shares (diluted)	8,090	8,090	8,090	8,130	8,130	8,130	8,130
EPS	0.60	0.73	1.01	1.60	0.87	1.86	2.10
Operating cash flow per share	0.76	1.21	1.51	3.48	2.37	3.14	3.66
Free cash flow per share	0.44	1.09	2.68	1.96	0.84	1.32	1.02
Book value per share	3.50	3.79	4.95	4.78	4.75	6.09	7.08
Dividend per share	0.40	0.50	1.85	0.90	0.52	1.11	1.26
Dividend payout ratio, %	66.3	68.6	182.6	56.1	60.0	60.0	60.0
Dividend yield, %	4.2	5.0	8.9	3.8	2.2	4.7	5.3
FCF yield, %	4.6	10.8	12.9	5.5	3.5	5.5	4.3
Efficiency measures							
ROE	17.6	20.0	23.2	33.1	18.2	34.3	32.0
ROCE	17.9	25.4	22.2	22.7	16.1	25.5	25.1
Financial ratios							
Inventories as % of sales	21.4	20.4	19.8	18.0	18.0	18.0	18.0
Receivables as % of sales	8.1	6.5	6.2	5.3	6.0	6.5	6.5
Non-interest bearing liabilities as % of sales	13.2	12.2	13.9	14.2	13.0	13.0	13.0
NWC/sales, %	16.3	14.7	12.0	9.1	11.0	11.5	11.5
Operative CAPEX/sales, %	2.6	1.0	1.0	9.8	11.0	10.7	14.3
CAPEX/sales (incl. acquisitions), %	2.6	1.0	1.0	9.8	11.0	10.7	14.3
FCFF/EBITDA	0.2	0.8	1.5	0.9	0.7	0.7	0.7
Net debt/EBITDA, book-weighted	0.2	-0.2	0.9	0.4	0.5	0.2	0.2
Debt/equity, market-weighted	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	58.4	65.1	42.7	40.1	42.7	47.6	48.7
Gearing, %	8.8	-9.4	34.3	30.7	32.3	12.0	11.7

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	%
Muotitila Oy	1,297,700	31.015	16.0%
Moomin Characters Oy Ltd	615,240	14.704	7.6%
Ehrnrooth Anna Sophia	400,377	9.569	4.9%
Varma Mutual Pension Insurance Company	385,920	9.223	4.7%
Oy Etra Invest Ab	233,000	5.569	2.9%
Odin Finland	231,301	5.528	2.8%
Ilmarinen Mutual Pension Insurance Company	215,419	5.149	2.6%
Nordea Small Cap	199,885	4.777	2.5%
Veritas Pension Insurance Company Ltd.	160,470	3.835	2.0%
Evli Finnish Small Cap Fund	101,787	2.433	1.3%
Ten largest	3,841,099	91.802	47%
Residual	4,288,735	102.501	53%
Total	8,129,834	194.303	100%

EARNINGS CALENDAR

May 14, 2020	Q1 report
August 13, 2020	Q2 report
November 04, 2020	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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

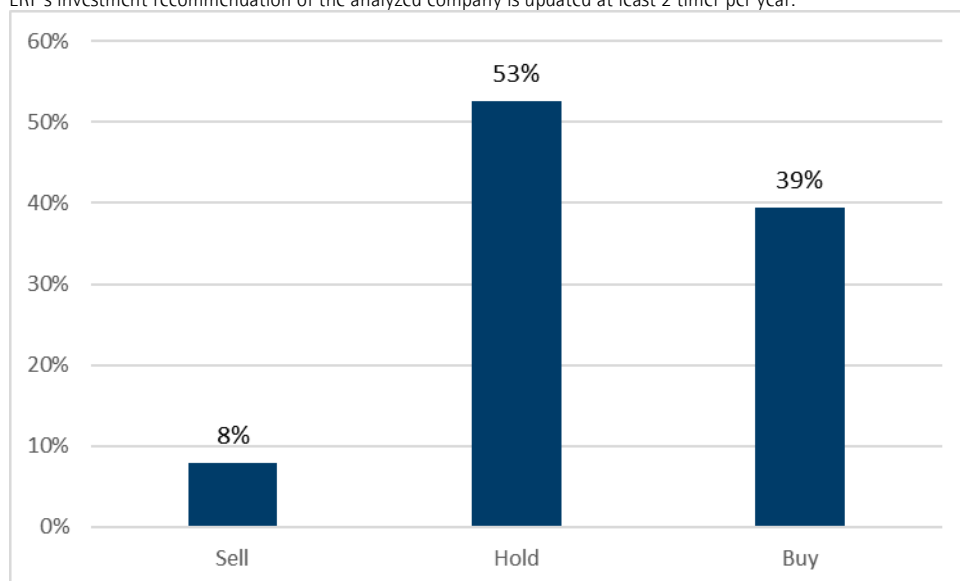
Important Disclosures

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Investment recommendations are defined as follows:

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

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



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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