

Consumer behavior likely to change

Marimekko's Q1 result was below expectations as net sales declined by 8% y/y, amounting to EUR 24.9m (27.9m/25.4m Evli/cons). Adj. EBIT was EUR 1.2m (1.7m/1.4m Evli/cons). The coronavirus hampered sales in all Marimekko's market areas. We downgrade to "HOLD" ("BUY") with TP of EUR 24 (28).

All market areas were impacted by the coronavirus

COVID-19 hampered all Marimekko's market areas which led to a decline in net sales (-8%). Net sales totaled EUR 24.9m (27.9m/25.4m Evli/cons). Finland was the only market area with a positive sales development (+6%) in Q1. Net sales in the second largest market area APAC, declined by 28% y/y. Wholesale sales in APAC fell by -30% y/y not only due to the coronavirus but also as the corresponding figures in the comparison period were high due to an exceptional delivery pattern. Relative sales margin was affected by increased logistics costs and nonrecurring expenses resulting from the relocation of the company's main warehouse. Decline in sales and weakened relative sales margin weighed down adj. EBIT which was EUR 1.2m vs. EUR 1.7m/1.4m Evli/cons.

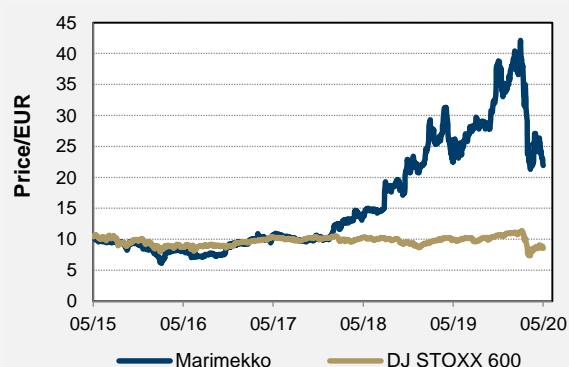
Consumers likely to become more cautious

Our expectations for the upcoming months are not high as the movement restrictions and the temporary closure of stores will no doubt have a significant negative impact on Marimekko's sales and profit. The company's online store supports the business in some level as the online sales have increased significantly, though the management did not provide information regarding the magnitude of this. The outlook for '20 wholesale sales in Asia is affected by the temporary closure of partner-owned stores and changing customer sentiment. At the same time, domestic wholesale sales in '20 are boosted by nonrecurring promotional deliveries, which will be mainly taking place during H2. Going forward, the globally weakening economic outlook and declining purchasing power will have a negative impact on consumer behavior. We expect retail sales and wholesale sales to decline by 12% and 11%, respectively in 20E.

"HOLD" ("BUY") with TP of EUR 24 (28)

We have cut our 20E sales expectation by ~4% and adj. EBIT expectation by ~8%. The company expects COVID-19 to have a significant negative impact on sales and profit in '20 but did not provide more detailed guidance at this point. Due to the weakening economic outlook we have also cut our 21E-22E sales expectation by 7-9% and adj. EBIT expectation by 10-12%. On our estimates, Marimekko trades at 20E-21E EV/EBIT multiple of 17.3x and 10.3x, which translates into 50-60% discount compared to the luxury peers. We downgrade to "HOLD" ("BUY") with TP of EUR 24 (28).

Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 21.90

Target price, EUR 24.0

Latest change in rating 26-Mar-20

Latest report on company 26-Mar-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 178

Free float, % 68.4

Exchange rate 0.000

Reuters code MM01V.HE

Bloomberg code MM01V.FH

Average daily volume, EURm na.

Next interim report 13-Aug-20

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■ BUY ■ HOLD ■ SELL

KEY FIGURES

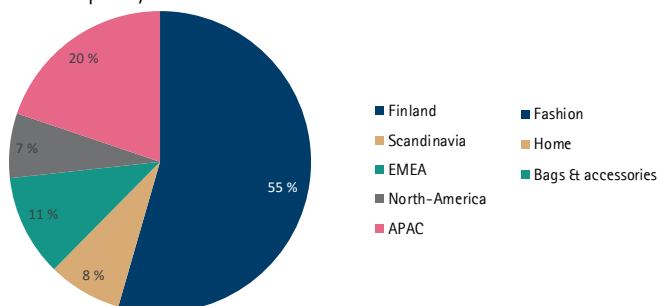
	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	111.9	12.2	10.9%	21.7	1.01	20.5	1.6	14.9	12.9	1.85
2019	125.4	17.1	13.6%	15.9	1.60	22.3	2.4	17.7	5.5	0.90
2020E	108.9	10.8	9.9%	9.5	0.90	24.3	1.7	17.3	5.3	0.54
2021E	128.4	17.7	13.8%	10.3	1.64	13.3	1.4	10.3	5.8	0.98
2022E	136.1	19.5	14.3%	8.2	1.82	12.1	1.3	9.3	4.6	1.09
Market cap, EURm	178			Gearing 2020E, %	25.0			CAGR EPS 2019-22, %	4.2	
Net debt 2020E, EURm	10			Price/book 2020E	4.6			CAGR sales 2019-22, %	2.8	
Enterprise value, EURm	188			Dividend yield 2020E, %	2.5			ROE 2020E, %	18.8	
Total assets 2020E, EURm	88			Tax rate 2020E, %	20.1			ROCE 2020E, %	15.1	
Goodwill 2020E, EURm	0			Equity ratio 2020E, %	44.3			PEG, P/E 20/CAGR	0.8	

Estimates

Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	2019				FY2019	2020E				FY2020E	FY2021E
							Q1	Q2	Q3	Q4		Q1E	Q2E	Q3E	Q4E		
Finland							8.5	13.3	14.6	15.5	51.9	8.9	7.6	14.3	15.6	46.4	54.3
Retail revenue	35.1	35.4	37.6	38.9	40.8	45.1											
Wholesale revenue	16.5	16.2	14.7	16.6	14.6	18.3	4.2	3.5	5.0	6.4	19.0	4.6	2.8	5.1	6.8	19.3	20.5
License revenue	0.6	0.4	0.4	0.3	0.2	0.2	0.1	0.0	0.0	0.1	0.2	0.0	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	13.6	10.4	19.5	22.5	65.9	75.0
Scandinavia							1.2	1.3	1.5	1.5	5.4	1.0	0.6	1.3	1.4	4.3	5.5
Retail revenue	4.4	5.2	4.8	5.0	5.1	5.3											
Wholesale revenue	3.8	3.3	2.9	2.9	3.4	3.7	1.0	0.8	1.0	1.1	3.9	1.0	0.5	0.8	1.2	3.5	3.9
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	2.1	1.1	2.1	2.6	7.8	9.5
EMEA							0.4	0.4	0.3	0.5	1.6	0.4	0.2	0.2	0.5	1.3	1.9
Retail revenue	1.4	1.5	1.2	1.1	1.1	1.5											
Wholesale revenue	6.2	5.9	6.9	7.8	8.3	8.4	3.0	2.7	2.3	1.9	10.0	2.2	1.9	1.9	1.8	7.8	9.4
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	0.3	0.3
Total	7.7	7.5	8.3	9.2	9.7	10.3	3.5	3.2	2.8	2.6	12.0	2.7	2.1	2.2	2.4	9.5	11.6
North America							1.0	1.5	1.7	1.7	5.8	1.0	0.6	1.6	1.7	4.8	6.0
Retail revenue	5.6	6.0	5.9	5.2	5.3	5.2											
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	0.3	0.5	0.3	1.8	2.0
License revenue	0.4	0.6	1.0	0.5	0.5	0.3	0.3	0.1	0.1	0.0	0.5	0.0	0.0	0.1	0.0	0.1	0.1
Total	8.5	8.6	9.2	7.9	8.3	8.2	1.9	2.0	2.3	2.0	8.3	1.6	0.9	2.1	2.1	6.7	8.2
APAC							1.0	1.0	1.0	1.3	4.4	0.9	0.7	0.8	1.3	3.7	4.8
Retail revenue	2.3	2.7	3.2	3.5	4.0	4.0											
Wholesale revenue	15.2	14.9	14.5	15.4	15.5	16.4	5.8	4.1	5.0	3.8	18.7	4.1	2.9	4.5	3.7	15.1	19.4
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	0.3	0.0	0.0	0.3	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	4.9	3.8	5.3	5.0	19.0	24.2
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	13.6	10.4	19.5	22.5	65.9	75.0
International	41.9	42.1	43.0	43.8	46.6	48.3	14.3	12.4	14.8	12.8	54.3	11.3	7.9	11.8	12.1	43.0	53.4
<i>Finland growth (%)</i>	0%	0%	1%	6%	0%	14%	7%	4%	14%	20%	12%	6%	-38%	-1%	2%	-7%	14%
<i>International growth (%)</i>	16%	1%	2%	2%	6%	4%	18%	2%	17%	12%	12%	-21%	-36%	-20%	-6%	-21%	24%
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	12.1	9.6	18.2	20.6	60.5	72.6
Wholesale	44.2	42.2	41.4	44.9	44.4	49.5	14.5	11.5	13.9	13.6	53.6	12.6	8.3	12.8	13.7	47.4	55.2
License	1.1	1.2	1.6	1.1	1.6	1.3	0.5	0.2	1.4	0.7	2.7	0.1	0.3	0.2	0.3	0.9	0.6
<i>Retail growth (%)</i>	12%	4%	4%	2%	5%	8%	11%	9%	16%	16%	13%	0%	-45%	-5%	1%	-12%	20%
<i>Wholesale growth (%)</i>	1%	-4%	-2%	9%	-1%	12%	15%	-3%	6%	15%	8%	-13%	-28%	-8%	1%	-11%	16%
<i>License growth (%)</i>	-24%	12%	26%	-31%	52%	-22%	-22%	-32%	761%	231%	113%	-71%	81%	-87%	-60%	-66%	-32%
TOTAL REVENUE	94.0	94.2	95.7	99.6	102.3	111.9	27.1	29.1	34.5	34.7	125.4	24.9	18.3	31.2	34.5	108.9	128.4
<i>Growth (%)</i>	6%	0%	2%	4%	3%	9%	12.6%	3.3%	15.5%	16.7%	12%	-8.3%	-37.4%	-9.3%	-0.5%	-13%	18%
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	-11.1	-6.6	-11.5	-12.4	-41.7	-46.9
<i>Growth (%)</i>	14%	-2%	7%	14%	-7%	13%	13%	-12%	16%	4.0%	8%	3.5%	-31.0%	-11.0%	-1.5%	-8%	12%
Gross profit	60.5	61.4	60.4	59.4	64.9	69.8	16.9	19.5	21.5	22.1	80.0	13.8	11.6	19.7	22.1	67.2	81.5
<i>Gross margin</i>	64.3%	65.2%	63.2%	59.6%	63.4%	62.4%	62.4%	67.0%	62.4%	63.7%	63.8%	55.3%	63.6%	63.0%	64.1%	61.7%	63.5%
Total OPEX	-54.4	-51.0	-55.1	-53.4	-54.0	-57.3	-12.1	-12.2	-12.1	-14.9	-51.4	-11.4	-7.9	-11.9	-15.1	-46.3	-52.0
<i>Growth (%)</i>	6%	-6%	8%	-3%	1%	6%	-9%	-12%	-9%	-11%	-10%	-6%	-35%	-2%	1%	-10%	12%
<i>% of revenue</i>	6%	54%	58%	54%	53%	51%	44.8%	41.8%	35.2%	43.0%	41%	45.8%	43.4%	38.0%	43.6%	42%	41%
Adj. EBITDA	8.1	10.6	6.2	10.2	12.0	14.6	5.7	6.8	11.0	6.2	29.7	4.4	3.8	9.5	6.1	23.8	31.5
<i>Adj. EBITDA margin</i>	8.6%	11.2%	6.4%	10.2%	11.7%	13.1%	20.9%	23.4%	31.9%	17.9%	23.7%	17.5%	20.8%	30.5%	17.7%	21.9%	24.6%
Adj. EBIT	1.6	6.2	1.5	6.1	8.6	12.2	2.6	3.7	7.8	3.0	17.1	1.2	0.6	6.2	2.8	10.8	17.7
<i>Adj. EBIT margin</i>	1.7%	6.6%	1.6%	6.1%	8.4%	10.9%	9.6%	12.7%	22.7%	8.7%	13.7%	4.9%	3.2%	19.9%	8.2%	10.0%	13.8%

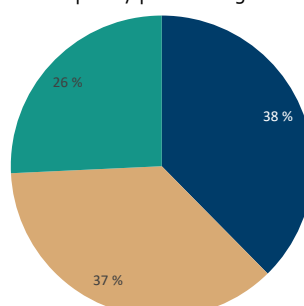
Source: Marimekko, Evli research

Sales split by market area



Source: Marimekko, Jan-Mar'20

Sales split by product segment



Valuation

MARIMEKKO PEERS	MCAP local FX	EV/EBITDA 20	EV/EBITDA 21	EV/EBITDA 22	EV/EBIT 20	EV/EBIT 21	EV/EBIT 22	P/E 20	P/E 21	P/E 22	Equity ratio		
		20	21	22	20	21	22	20	21	22	20	21	22
Premium goods													
Bjorn Borg AB	270	3.1x	2.9x		5.0x	4.7x		4.3x	4.1x				
HUGO BOSS AG	1582	5.8x	4.5x	3.4x	23.9x	11.1x	7.6x	29.8x	11.0x	9.0x	37%	39%	42%
Capri Holdings Limited	1943	5.0x	3.5x		7.9x	4.7x		5.1x	3.5x	2.2x	39%	47%	
Ralph Lauren Corporation Class A	4859	6.0x	4.7x	4.8x	9.3x	6.5x	4.8x	12.5x	9.6x	7.7x	39%	48%	43%
Ted Baker PLC	53	7.8x	5.6x			59.3x							
PVH Corp.	2925	9.4x	5.6x	4.7x	19.3x	8.2x	6.8x	18.2x	6.6x	5.2x	43%	47%	
Guess?, Inc.	471	8.0x	3.5x		32.7x	5.1x			6.0x	5.4x			
Joules Group Plc	113	4.5x	3.8x		10.0x	7.8x		15.9x	12.4x				
Luxury goods													
Brunello Cucinelli S.p.A.	1802	17.6x	13.9x	12.0x	62.0x	34.1x	25.9x	117.5x	47.4x	33.6x	38%	40%	42%
Burberry Group plc	5236	10.5x	8.2x		13.8x	10.6x		21.8x	16.8x	13.1x	48%	56%	
Hermes International SCA	69506	27.6x	22.0x	19.4x	33.3x	25.8x	22.6x	52.9x	41.6x	37.0x	69%	70%	73%
Moncler SpA	7862	12.3x	10.0x	8.7x	18.3x	13.8x	11.9x	30.2x	22.9x	20.1x	58%	60%	61%
Prada S.p.A.	62819	10.2x	8.5x	7.8x	47.5x	26.2x	21.7x	77.7x	37.6x	29.1x	45%	46%	43%
Salvatore Ferragamo S.p.A.	1781	8.2x	5.6x	4.8x	56.9x	16.8x	11.5x	479.0x	35.5x	24.0x	51%	52%	45%
Premium goods median	1763	5.9x	4.6x	4.7x	9.3x	7.4x	6.8x	12.5x	6.6x	6.5x	39%	47%	42%
Luxury goods median		11.4x	9.2x	8.7x	40.4x	21.3x	21.7x	65.3x	36.6x	26.6x	50%	54%	45%
Marimekko (Evli est.)	657	7.9x	5.8x	5.5x	17.3x	10.3x	9.3x	24.3x	13.3x	12.1x	44%	48%	50%
<i>Marimekko premium vs. premium goods median</i>													
		33 %	25 %	18 %	87 %	39 %	38 %	95 %	103 %	86 %	14 %	3 %	18 %
MARIMEKKO PEERS													
	Ticker	Dividend yield			EBIT margin			ROCE-%			ROE-%		
		20	21	22	20	21	22	20	21	22	20	21	22
Premium goods													
Bjorn Borg AB	BORG-SE	18.7%	18.7%		9.7%	9.8%					20.7%	20.7%	
HUGO BOSS AG	BOSS-DE	4.2%	7.7%	9.3%	4.7%	9.0%	10.4%	6.5%	13.2%	15.7%	5.2%	13.1%	14.9%
Capri Holdings Limited	CPRI-US	0.0%	0.0%		9.1%	12.1%	14.5%	7.5%	10.9%		12.2%	15.1%	
Ralph Lauren Corporation Class A	RL-US	3.1%	4.4%	4.9%	8.4%	10.6%	12.2%	7.5%	12.7%	13.7%	12.9%	14.8%	
Ted Baker PLC	TED-GB	0.0%	0.0%		-1.3%	0.7%					-8.2%	-2.7%	
PVH Corp.	PVH-US	0.1%	0.2%	0.3%	3.3%	7.0%	7.8%	2.3%	5.7%		2.8%	7.5%	8.4%
Guess?, Inc.	GES-US	2.4%	3.2%	0.0%	0.9%	4.9%	5.0%				-0.3%	96.3%	
Joules Group Plc	JOUL-GB	1.4%	1.8%		4.5%	5.1%							
Luxury goods													
Brunello Cucinelli S.p.A.	BC-IT	0.7%	1.1%	1.4%	6.7%	10.8%	13.0%	6.5%	11.6%	14.4%	4.9%	11.3%	14.5%
Burberry Group plc	BRBY-GB	2.9%	3.4%		13.0%	15.3%	19.0%	15.5%	22.2%		15.5%	18.4%	
Hermes International SCA	RMS-FR	0.7%	0.8%	1.0%	30.6%	33.5%	34.1%	23.6%	25.4%	24.4%	17.8%	19.2%	18.6%
Moncler SpA	MONC-IT	1.0%	1.6%	1.9%	26.4%	29.6%	30.3%	18.7%	21.7%	22.3%	17.0%	19.4%	19.5%
Prada S.p.A.	1913-HK	1.0%	1.8%	2.2%	6.5%	10.3%	12.0%	3.4%	5.9%	6.4%	3.2%	6.3%	7.8%
Salvatore Ferragamo S.p.A.	SFER-IT	1.3%	1.9%	2.5%	2.5%	7.4%	9.6%	2.7%	8.9%	9.0%	0.5%	6.3%	8.7%
Premium goods median		1.6%	2.3%	4.9%	6.6%	9.4%	11.3%	7.0%	11.8%	14.7%	8.7%	14.0%	11.7%
Luxury goods median		1.0%	1.7%	1.9%	9.9%	13.0%	16.0%	11.0%	16.7%	14.4%	10.2%	14.8%	14.5%
Marimekko (Evli est.)		5.3%	4.5%	5.0%	9.9%	13.8%	14.3%	15.1%	23.9%	23.4%	18.8%	30.8%	28.8%

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	27.1	29.2	34.4	34.7	125.4	24.9	18.3	31.2	34.5	108.9	128.4	136.1
EBITDA	5.7	6.8	11.0	6.2	29.7	4.4	3.8	9.5	6.1	23.8	31.4	33.0
<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>17.7</i>	<i>20.8</i>	<i>30.5</i>	<i>17.7</i>	<i>21.9</i>	<i>24.5</i>	<i>24.2</i>
EBIT	2.6	3.7	7.8	3.0	17.1	1.2	0.6	6.2	2.8	10.8	17.7	19.5
<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>4.8</i>	<i>3.2</i>	<i>19.9</i>	<i>8.2</i>	<i>9.9</i>	<i>13.8</i>	<i>14.3</i>
Net financial items	-0.1	-0.6	0.0	-0.3	-1.0	-1.0	-0.2	-0.2	-0.3	-1.7	-1.0	-1.0
Pre-tax profit	2.5	3.1	7.8	2.7	16.1	0.2	0.4	6.0	2.5	9.2	16.7	18.5
Tax	-0.5	-0.6	-1.4	-0.5	-3.1	-0.1	-0.1	-1.2	-0.5	-1.8	-3.3	-3.7
<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>25.8</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.1</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.0	2.5	6.4	2.2	13.0	0.2	0.3	4.8	2.0	7.3	13.3	14.8
EPS	0.24	0.31	0.78	0.27	1.60	0.02	0.04	0.59	0.25	0.90	1.64	1.82
EPS adjusted (diluted no. of shares)	0.24	0.31	0.78	0.27	1.60	0.02	0.04	0.59	0.25	0.90	1.64	1.82
Dividend per share	0.00	0.00	0.00	0.00	0.90	0.00	0.00	0.00	0.00	0.54	0.98	1.09
SALES, EURm												
Finland	12.8	16.8	19.6	21.9	71.1	13.6	10.4	19.5	22.5	65.9	75.0	79.5
Scandinavia	2.1	2.1	2.5	2.6	9.3	2.1	1.1	2.1	2.6	7.8	9.5	10.1
EMEA	3.5	3.2	2.8	2.6	12.1	2.7	2.1	2.2	2.4	9.5	11.6	12.3
North America	1.9	2.0	2.3	2.0	8.2	1.6	0.9	2.1	2.1	6.7	8.1	8.6
Asia Pacific	6.8	5.1	7.2	5.6	24.7	4.9	3.8	5.3	5.0	19.0	24.2	25.6
Total	27.1	29.2	34.4	34.7	125.4	24.9	18.3	31.2	34.5	108.9	128.4	136.1
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>6.3</i>	<i>-38.2</i>	<i>-0.7</i>	<i>2.6</i>	<i>-7.3</i>	<i>13.8</i>	<i>6.0</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>0.0</i>	<i>-49.4</i>	<i>-16.1</i>	<i>-1.6</i>	<i>-15.9</i>	<i>21.5</i>	<i>6.0</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>-22.9</i>	<i>-33.8</i>	<i>-21.1</i>	<i>-6.5</i>	<i>-21.8</i>	<i>22.4</i>	<i>6.0</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>-15.8</i>	<i>-56.9</i>	<i>-7.6</i>	<i>5.3</i>	<i>-18.4</i>	<i>21.7</i>	<i>6.0</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>-27.9</i>	<i>-25.0</i>	<i>-25.9</i>	<i>-11.2</i>	<i>-22.9</i>	<i>27.0</i>	<i>6.0</i>
Total	12.5	3.5	15.3	16.7	12.1	-8.1	-37.5	-9.2	-0.5	-13.1	17.9	6.0
EBIT, EURm												
Group (EBIT only)	2.6	3.7	7.8	3.0	17.1	1.2	0.6	6.2	2.8	10.8	17.7	19.5
Total	2.6	3.7	7.8	3.0	17.1	1.2	0.6	6.2	2.8	10.8	17.7	19.5
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>4.8</i>	<i>3.2</i>	<i>19.9</i>	<i>8.2</i>	<i>9.9</i>	<i>13.8</i>	<i>14.3</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	95.7	99.6	102.3	111.9	125.4	108.9	128.4	136.1
<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>-13.1</i>	<i>17.9</i>	<i>6.0</i>
EBITDA	6.0	10.2	11.9	14.6	29.7	23.8	31.4	33.0
<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>21.9</i>	<i>24.5</i>	<i>24.2</i>
Depreciation	-4.5	-4.1	-3.3	-2.4	-12.6	-13.0	-13.8	-13.5
EBITA	1.5	6.1	8.6	12.2	17.1	10.8	17.7	19.5
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	10.8	17.7	19.5
<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>9.9</i>	<i>13.8</i>	<i>14.3</i>
Reported EBIT	1.5	5.0	8.4	12.2	17.1	10.8	17.7	19.5
<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>9.9</i>	<i>13.8</i>	<i>14.3</i>
Net financials	0.0	-0.1	-1.2	-0.2	-1.0	-1.7	-1.0	-1.0
Pre-tax profit	1.5	6.0	7.4	12.1	16.1	9.2	16.7	18.5
Taxes	-0.5	-1.1	-1.5	-3.9	-3.1	-1.8	-3.3	-3.7
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	7.3	13.3	14.8
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	6	9
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	37	36	33	32	35
Inventory	18	21	21	22	23	20	23	25
Receivables	6	8	7	7	7	7	8	9
Liquid funds	4	3	6	23	26	23	28	32
Total assets	46	48	47	94	97	88	99	110
Liabilities								
Shareholder's equity	27	28	31	40	39	39	48	55
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	33	32	35
Deferred taxes	0	1	1	1	2	2	2	2
Interest bearing debt	7	6	3	0	2	0	0	0
Non-interest bearing current liabilities	11	13	13	16	18	14	17	18
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	46	48	47	94	97	88	99	110
CASH FLOW, EURm								
+ EBITDA	6	10	12	15	30	24	31	33
- Net financial items	0	0	-1	0	-1	-2	-1	-1
- Taxes	0	-1	-2	-3	-2	-2	-3	-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	20	24	27
- Capex	-4	-3	-1	-1	-12	-10	-14	-19
- 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	10	10	8
+/- New issues/buybacks	0	0	0	5	1	0	0	0
- Paid dividend	-3	-3	-3	-4	-15	-7	-4	-8
+/- Other	0	-2	-3	-6	1	-5	-1	3
Change in cash	0	-1	3	17	3	-3	5	3

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	77	82	168	291	178	178	178
Net debt (excl. convertibles)	2	-3	14	12	10	4	4
Enterprise value	79	79	182	303	188	182	182
Sales	100	102	112	125	109	128	136
EBITDA	10	12	15	30	24	31	33
EBIT	6	9	12	17	11	18	19
Pre-tax	6	7	12	16	9	17	18
Earnings	5	6	8	13	7	13	15
Equity book value (excl. minorities)	28	31	40	39	39	48	55
Valuation multiples							
EV/sales	0.8	0.8	1.6	2.4	1.7	1.4	1.3
EV/EBITDA	7.8	6.6	12.4	10.2	7.9	5.8	5.5
EV/EBITA	13.0	9.2	14.9	17.7	17.3	10.3	9.3
EV/EBIT	13.0	9.2	14.9	17.7	17.3	10.3	9.3
EV/OCF	12.9	8.0	14.9	10.7	9.5	7.5	6.6
EV/FCFF	31.3	8.2	8.4	11.4	10.1	8.3	7.9
P/FCFE	21.5	9.3	7.8	18.3	18.7	17.3	21.7
P/E	15.7	13.8	20.5	22.3	24.3	13.3	12.1
P/B	2.7	2.7	4.2	7.5	4.6	3.7	3.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.6	6.3	6.0
Target EV/EBIT	0.0	0.0	0.0	0.0	18.9	11.2	10.2
Target EV/FCF	0.0	0.0	0.0	0.0	21.5	19.3	24.2
Target P/B	0.0	0.0	0.0	0.0	5.0	4.1	3.6
Target P/E	0.0	0.0	0.0	0.0	26.7	14.6	13.2
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	0.90	1.64	1.82
Operating cash flow per share	0.76	1.21	1.51	3.48	2.43	2.99	3.37
Free cash flow per share	0.44	1.09	2.68	1.96	1.17	1.27	1.01
Book value per share	3.50	3.79	4.95	4.78	4.78	5.89	6.72
Dividend per share	0.40	0.50	1.85	0.90	0.54	0.98	1.09
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	2.5	2.5	4.5	5.0
FCF yield, %	4.6	10.8	12.9	5.5	5.3	5.8	4.6
Efficiency measures							
ROE	17.6	20.0	23.2	33.1	18.8	30.8	28.8
ROCE	17.9	25.4	22.2	22.7	15.1	23.9	23.4
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	9.4	10.9	14.1
CAPEX/sales (incl. acquisitions), %	2.6	1.0	1.0	9.8	9.4	10.9	14.1
FCFF/EBITDA	0.2	0.8	1.5	0.9	0.8	0.7	0.7
Net debt/EBITDA, book-weighted	0.2	-0.2	0.9	0.4	0.4	0.1	0.1
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	44.3	48.4	49.7
Gearing, %	8.8	-9.4	34.3	30.7	25.0	8.0	6.6

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	1,017,700	22.288	12.5%
Moomin Characters Oy Ltd	453,740	9.937	5.6%
Ilmarinen Mutual Pension Insurance Company	395,419	8.660	4.9%
Varma Mutual Pension Insurance Company	385,920	8.452	4.7%
Enrooth Anna Sophia	340,377	7.454	4.2%
Evli Finnish Small Cap Fund	249,269	5.459	3.1%
Oy Etra Invest Ab	233,000	5.103	2.9%
Nordea Nordic Small Cap	199,885	4.377	2.5%
Veritas Pension Insurance Company Ltd.	160,470	3.514	2.0%
Oy Talcom Ab	101,000	2.212	1.2%
Ten largest	3,536,780	77.455	44%
Residual	4,593,054	100.588	56%
Total	8,129,834	178.043	100%

EARNINGS CALENDAR

August 13, 2020

Q2 report

November 04, 2020

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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IR: Elina Anckar

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

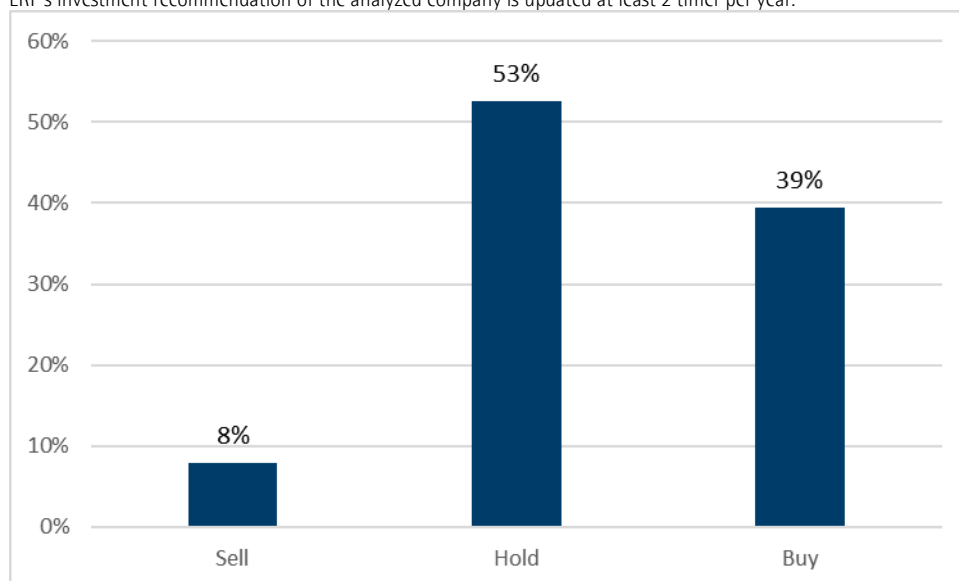
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Investment recommendations are defined as follows:

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

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

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