

70 years old and still in fashion

Marimekko showed its strengths once again and delivered very strong Q1 figures. Development was good internationally but also in Finland. Adj. EBIT was clearly above expectations at EUR 5.6m. We have increased our FY21E-23E estimates and keep our rating "BUY" with TP of EUR 63 (58.2).

Clear estimates beat in Q1

Marimekko delivered a very strong Q1 result. Net sales increased by 17% y/y to EUR 29.1m vs. EUR 27.7m/27.6m Evli/cons. Sales were boosted by good wholesale sales development in APAC region, Finland and Scandinavia as well as increased licensing income in EMEA. Net sales in Finland amounted EUR 14.5m (7% y/y) vs. our EUR 14.0m and international sales were EUR 14.6m (29% y/y) vs. our EUR 13.7m. The continuing pandemic situation continued to hamper customer flows in stores, but retail sales were supported by good growth in online sales. Marimekko's adj. EBIT was 130-140% above expectations at EUR 5.6m. Profitability was supported by increased net sales, improved relative sales margin and reduced fixed costs. EPS was EUR 0.55 vs. EUR 0.21/0.18 Evli/cons.

Aiming to accelerate international growth

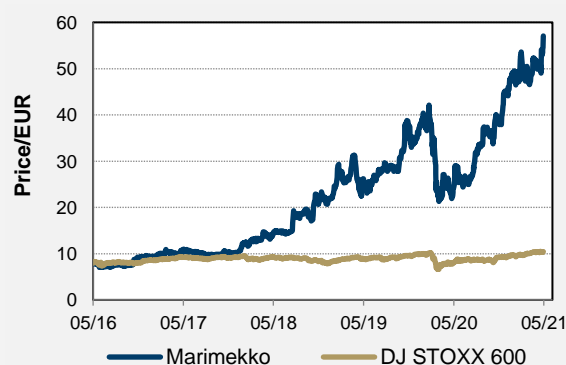
Marimekko has constantly been able to deliver solid results, even during times like this. The company has a strong positioning in Finland, but its brand awareness has increased internationally as well which was shown also in Q1 figures. Marimekko plans to accelerate its long-term international growth in 2021 and to invest especially in digital business, seamless omnichannel customer experience, sustainability and brand awareness. This year, the company turns 70 years old, and this should increase brand visibility even more. Despite the strong performance in Q1, we expect a peak in sales once the vaccination coverage increases and restrictions are being lifted. Even though Marimekko had an excellent start of the year, the company indicated that majority of its net sales and earnings will be generated during H2'21E.

"BUY" with TP of EUR 63 (58.2)

Marimekko expects 2021E adj. EBIT margin to be approx. on a par with last year or higher. Net sales are expected to increase from last year. We expect revenue growth of 12% in 21E and 8% in 22E and adj. EBIT margins of 16.7% and 17.0%. On our estimates, the company trades with 21E-22E EV/EBIT multiple of 19.9x and 17.9x which is 40-50% discount compared to the luxury peers. We keep our rating "BUY" with TP of EUR 63 (58.2).

Rating

BUY



Share price, EUR (Last trading day's closing price) 57.10

Target price, EUR 63.0

Latest change in rating 18-Sep-20

Latest report on company 17-May-21

Research paid by issuer: YES

No. of shares outstanding, '000's 8,110

No. of shares fully diluted, '000's 8,110

Market cap, EURm 463

Free float, % 73.7

Exchange rate na.

Reuters code MEKKO.HE

Bloomberg code MEKKO FH

Average daily volume, EURm na.

Next interim report 19-Aug-21

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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
2019	125.4	17.1	13.6%	15.9	1.60	22.3	2.4	17.7	5.5	0.90
2020	123.6	20.2	16.4%	13.6	1.80	25.3	3.0	18.2	3.7	1.00
2021E	138.5	23.1	16.7%	8.2	2.18	26.1	3.3	19.9	1.8	1.20
2022E	149.8	25.4	17.0%	16.4	2.38	23.9	3.0	17.9	3.6	1.31
2023E	155.8	26.5	17.0%	19.9	2.46	23.2	2.9	16.8	4.3	1.35
Market cap, EURm		463	Gearing 2021E, %			-2.9	CAGR EPS 2020-23, %			10.9
Net debt 2021E, EURm		-2	Price/book 2021E			7.4	CAGR sales 2020-23, %			8.0
Enterprise value, EURm		461	Dividend yield 2021E, %			2.1	ROE 2021E, %			30.8
Total assets 2021E, EURm		119	Tax rate 2021E, %			19.9	ROCE 2021E, %			24.7
Goodwill 2021E, EURm		0	Equity ratio 2021E, %			52.4	PEG, P/E 21/CAGR			5.1

Estimates

Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	2020				FY2020	2021E				FY2021E	FY2022E
								Q1	Q2	Q3	Q4		Q1E	Q3E	Q4E			
Finland	35.1	35.4	37.6	38.9	40.8	45.1	51.9	8.9	7.8	14.6	14.6	45.9	8.6	10.1	14.9	15.8	49.4	52.9
Retail revenue	16.5	16.2	14.7	16.6	14.6	18.3	19.0	4.6	3.6	8.3	8.5	25.1	5.9	5.0	8.3	8.9	28.2	29.6
Wholesale revenue	0.6	0.4	0.4	0.3	0.2	0.2	0.2	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1
License revenue	52.2	52.0	52.7	55.8	55.7	63.5	71.2	13.6	11.4	23.0	23.2	71.1	14.5	15.1	23.3	24.8	77.7	82.6
Scandinavia	4.4	5.2	4.8	5.0	5.1	5.3	5.4	1.0	0.8	1.3	1.2	4.3	0.7	0.9	1.5	1.4	4.5	4.7
Retail 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	0.0
Wholesale 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	0.0
License revenue	8.2	8.5	7.8	7.9	8.5	9.0	9.3	2.1	1.9	2.8	3.2	9.9	2.4	2.4	2.8	3.4	11.0	11.5
EMEA	1.4	1.5	1.2	1.1	1.1	1.5	1.6	0.4	0.7	0.5	0.6	2.1	0.4	0.6	0.5	0.7	2.3	2.5
Retail revenue	6.2	5.9	6.9	7.8	8.3	8.4	10.0	2.2	2.4	3.4	3.3	11.4	2.7	2.9	3.2	3.1	12.0	12.6
Wholesale revenue	0.1	0.2	0.2	0.3	0.3	0.4	0.4	0.1	0.1	0.1	0.1	0.4	1.0	0.1	0.1	0.1	1.2	1.3
License revenue	7.7	7.5	8.3	9.2	9.7	10.3	12.0	2.7	3.3	4.0	4.0	13.9	4.1	3.6	3.9	3.9	15.5	16.3
North America	5.6	6.0	5.9	5.2	5.3	5.2	5.8	1.0	0.8	1.1	1.1	4.0	1.0	1.1	1.4	1.4	4.9	5.4
Retail revenue	2.5	2.0	2.4	2.2	2.5	2.7	2.0	0.7	0.6	0.5	0.5	2.3	0.3	0.6	0.5	0.6	2.0	2.3
Wholesale revenue	0.4	0.6	1.0	0.5	0.5	0.3	0.5	0.0	0.0	0.1	0.1	0.2	0.1	0.0	0.1	0.1	0.3	0.3
License revenue	8.5	8.6	9.2	7.9	8.3	8.2	8.3	1.6	1.5	1.6	1.7	6.5	1.4	1.7	1.9	2.1	7.2	8.0
APAC	2.3	2.7	3.2	3.5	4.0	4.0	4.4	0.9	0.9	0.7	1.2	3.6	0.9	1.1	1.2	1.7	4.9	5.9
Retail revenue	15.2	14.9	14.5	15.4	15.5	16.4	18.7	4.1	3.4	5.4	3.6	16.5	5.7	5.2	6.4	4.6	21.8	25.1
Wholesale revenue	0.0	0.0	0.0	0.0	0.6	0.4	1.6	0.0	1.0	0.6	0.4	2.0	0.0	0.1	0.1	0.1	0.3	0.4
License revenue	17.5	17.5	17.7	18.8	20.2	20.8	24.7	4.9	5.3	6.6	5.3	22.1	6.6	6.4	7.7	6.3	27.0	31.3
REVENUE SPLIT																		
Finland	52.2	52.0	52.7	55.8	55.7	63.5	71.2	13.6	11.4	23.0	23.2	71.1	14.5	15.1	23.3	24.8	77.7	82.6
International	41.9	42.1	43.0	43.8	46.6	48.3	54.3	11.3	11.9	15.0	14.1	52.4	14.6	14.1	16.4	15.7	60.8	67.2
<i>Finland growth (%)</i>	0%	0%	1%	6%	0%	14%	12%	6%	-32%	17%	6%	0%	7%	33%	1%	7%	9%	6%
<i>International growth (%)</i>	16%	1%	2%	2%	6%	4%	12%	-21%	-3%	2%	11%	-3%	29%	16%	9%	11%	16%	11%
REVENUE SPLIT																		
Retail	48.8	50.7	52.7	53.6	56.3	61.1	68.1	12.1	11.0	18.2	18.7	59.9	11.6	13.9	19.5	21.0	66.0	71.3
Wholesale	44.2	42.2	41.4	44.9	44.4	49.5	53.6	12.6	11.2	19.0	18.0	60.8	16.3	15.2	19.8	19.1	70.5	76.4
License	1.1	1.2	1.6	1.1	1.6	1.3	2.7	0.1	1.1	0.8	0.7	2.8	1.1	0.2	0.3	0.4	2.1	2.2
<i>Retail growth (%)</i>	12%	4%	4%	2%	5%	8%	13%	0%	-37%	-5%	-9%	-13%	-4%	26%	7%	12%	10%	8%
<i>Wholesale growth (%)</i>	1%	-4%	-2%	9%	-1%	12%	8%	-13%	-3%	37%	32%	13%	30%	36%	-4%	6%	16%	8%
<i>License growth (%)</i>	-24%	12%	26%	-31%	52%	-22%	113%	-71%	501%	-40%	0%	2%	686%	-79%	-60%	-45%	-25%	3%
TOTAL REVENUE	94.0	94.2	95.7	98.8	102.3	111.9	125.4	24.9	23.3	38.0	37.4	123.6	29.1	29.3	39.6	40.5	138.5	148.8
<i>Growth (%)</i>	6%	0%	2%	4%	3%	9%	12%	-8.3%	-20.0%	10.3%	7.6%	-1%	17.0%	25.6%	4.3%	8.4%	12%	8%
Raw materials & consumables	-33.5	-32.8	-35.2	-40.2	-37.4	-42.1	-45.4	-11.1	-13.2	-12.3	-11.6	-48.2	-11.8	-11.9	-13.1	-13.6	-50.4	-54.4
<i>Growth (%)</i>	14%	-2%	7%	14%	-7%	13%	8%	9%	37%	-5%	5.0%	6%	-5.0%	-10.0%	6.0%	17.0%	4%	8%
+/- in inventories of completed and unfinished products	0.5	-0.7	0.4	3.0	0.3	1.2	0.4	1.9	3.8	-2.3	-3.7	-0.4	1.6	0.5	2.0	-2.0	-1.9	-2.0
Gross profit	61.0	60.7	60.5	58.4	64.9	71.0	80.5	15.6	13.9	25.4	22.0	74.9	18.8	17.9	24.6	24.9	86.2	93.4
<i>Gross margin</i>	64.9%	64.5%	63.6%	59.6%	63.4%	63.4%	64.2%	62.8%	59.8%	61.5%	58.9%	60.6%	64.7%	61.1%	62.0%	61.6%	62.2%	62.4%
Total OPEX	-54.4	-51.0	-55.1	-53.4	-54.0	-57.3	-51.4	-11.4	-8.3	-9.8	-14.0	-43.4	-10.2	-11.8	-12.8	-15.3	-50.0	-54.4
<i>Growth (%)</i>	6%	-6%	8%	-3%	1%	6%	-10%	-6%	-32%	-20%	-6%	-16%	-11%	42%	31%	42%	10%	9%
<i>% of Revenue</i>	6%	54%	59%	54%	53%	51%	41%	45.8%	35.6%	25.7%	37.4%	35%	35.0%	40.2%	32.2%	37.8%	36%	38%
<i>DETA adj.</i>	-6.5	-4.4	-4.6	-4.1	-3.4	-2.4	-12.6	-3.2	-3.1	-3.1	-3.2	-12.5	-3.0	-3.3	-3.5	-3.5	-13.4	-14.0
Adj. EBITDA	8.1	10.8	6.2	10.2	12.0	14.8	29.7	4.4	5.8	13.6	9.0	32.8	8.7	6.2	11.9	9.7	36.5	38.4
<i>Adj. EBITDA margin</i>	8.6%	11.2%	6.4%	10.2%	11.7%	13.1%	23.7%	17.9%	24.8%	35.9%	24.0%	26.5%	29.8%	21.3%	30.0%	24.0%	26.4%	26.3%
Adj. EBIT	1.8	6.2	1.5	6.1	8.8	12.2	17.1	1.2	2.7	10.5	5.8	20.2	5.6	2.9	8.4	6.2	23.1	25.4
<i>Adj. EBIT margin</i>	1.7%	6.6%	1.6%	6.1%	8.4%	10.9%	13.6%	4.9%	11.5%	27.7%	15.5%	16.4%	19.3%	10.0%	21.2%	15.3%	16.7%	17.0%

Source: Marimekko, Evli research

Valuation

MARIMEKKO PEERS	MCAP local FX	EV/EBITDA			EV/EBIT			P/E			Equity ratio		
		21	22	23	21	22	23	21	22	23	21	22	23
Premium goods													
Bjorn Borg AB	713	8.1x	6.2x	5.3x	13.2x	9.1x	7.7x	14.3x	10.8x	9.9x	49%	50%	53%
HUGO BOSS AG	2953	8.4x	6.8x	5.3x	29.0x	17.8x	12.7x	39.1x	21.5x	17.4x	31%	33%	35%
Capri Holdings Limited	8097	9.5x	7.6x		12.3x	9.6x		14.4x	11.6x	10.6x	39%	43%	
Ralph Lauren Corporation Class A	8913	8.7x	7.9x	8.4x	12.2x	10.8x	11.0x	18.6x	15.6x	13.5x	34%	34%	30%
Ted Baker PLC	342	10.1x	5.4x	4.4x		19.2x	86.1x		31.3x	20.6x	27%	31%	
PVH Corp.	7841	9.7x	9.0x	8.7x	14.8x	12.3x	11.5x	17.9x	14.0x	12.0x	39%	41%	
Guess?, Inc.	1745	7.7x	6.0x		11.4x	8.1x		16.6x	11.7x	10.3x			
Joules Group Plc	294	10.0x	7.2x		19.2x	12.1x		22.7x	14.9x		29%	32%	
Luxury goods													
Brunello Cucinelli S.p.A.	3091	21.7x	18.5x	15.5x	57.7x	41.4x	33.3x	102.2x	64.8x	53.9x	49%	53%	66%
Burberry Group plc	8481	9.8x	8.9x	8.9x	16.3x	14.2x	13.7x	25.4x	22.3x	20.7x	48%	50%	47%
Hermes International SCA	111611	32.4x	28.2x	25.0x	38.4x	33.1x	29.4x	58.8x	51.2x	46.1x	73%	75%	77%
Moncler SpA	14290	18.9x	15.3x	13.7x	26.4x	20.8x	17.9x	38.1x	30.9x	27.1x	68%	69%	72%
Prada S.p.A.	129476	14.4x	12.2x	10.7x	44.3x	29.2x	21.1x	70.0x	44.0x	34.1x	43%	44%	46%
Salvatore Ferragamo S.p.A.	3202	15.6x	12.4x	10.6x	75.3x	35.9x	24.9x	196.6x	57.8x	36.0x	42%	42%	45%
Premium goods median	2349	9.1x	7.0x	5.3x	13.2x	11.4x	11.5x	17.9x	14.4x	12.0x	34%	34%	35%
Luxury goods median	11385	17.3x	13.8x	12.2x	41.4x	31.2x	23.0x	64.4x	47.6x	35.0x	49%	51%	57%
Marimekko (Evli est.)	463	12.7x	11.5x	10.8x	19.9x	17.9x	16.8x	26.1x	23.9x	23.2x	52%	55%	58%
<i>Marimekko premium vs. premium goods median</i>		40 %	64 %	103 %	52 %	57 %	46 %	46 %	66 %	93 %	56 %	63 %	66 %
<i>Marimekko premium vs. luxury goods median</i>		-27 %	-17 %	-12 %	-52 %	-43 %	-27 %	-59 %	-50 %	-34 %	7 %	7 %	1 %
MARIMEKKO PEERS	Ticker	Dividend yield			EBIT margin			ROCE-%			ROE-%		
		21	22	23	21	22	23	21	22	23	21	22	23
Premium goods													
Bjorn Borg AB	BORG-SE				8.5%	10.8%	11.3%	13.4%	17.0%	17.3%	16.4%	19.8%	19.8%
HUGO BOSS AG	BOSS-DE	2.2%	3.6%	4.3%	6.0%	8.8%	10.0%	8.4%	12.9%	14.8%	9.2%	15.2%	17.2%
Capri Holdings Limited	CPRI-US	0.0%	0.0%		14.5%	15.9%	16.0%	11.7%	13.0%		19.4%	19.0%	
Ralph Lauren Corporation Class A	RL-US	1.8%	2.5%	3.1%	11.7%	12.6%	13.5%	10.0%	11.5%	16.6%	17.6%	25.2%	27.2%
Ted Baker PLC	TED-GB	0.0%	0.0%	1.9%	-2.8%	4.2%	0.8%	-5.4%	9.0%		-12.0%	7.4%	
PVH Corp.	PVH-US	0.1%	0.1%	0.1%	7.4%	8.3%	8.8%	6.1%	7.0%		8.8%	10.5%	11.9%
Guess?, Inc.	GES-US	1.7%	1.7%		6.2%	7.7%	8.6%				18.5%	23.3%	
Joules Group Plc	JOUL-GB	0.5%	1.0%		6.5%	8.7%		20.4%	25.2%		20.7%	24.8%	
Luxury goods													
Brunello Cucinelli S.p.A.	BC-IT	0.5%	0.8%	0.9%	9.9%	12.5%	13.3%				10.8%	15.0%	16.2%
Burberry Group plc	BRBY-GB	2.2%	2.3%	2.5%	16.9%	17.8%	18.2%	17.2%	18.2%	16.2%	20.1%	20.7%	19.8%
Hermes International SCA	RMS-FR	0.6%	0.7%	0.7%	34.1%	35.0%	35.7%	27.6%	27.2%	26.2%	21.8%	21.2%	20.2%
Moncler SpA	MONC-IT	1.0%	1.2%	1.4%	28.9%	30.4%	31.0%	21.8%	23.8%	24.1%	17.4%	18.7%	18.4%
Prada S.p.A.	1913-HK	0.8%	1.3%	1.6%	10.9%	14.4%	17.6%	6.1%	8.7%	11.3%	6.6%	9.9%	11.8%
Salvatore Ferragamo S.p.A.	SFER-IT	0.5%	1.1%	1.8%	4.3%	8.1%	10.8%	3.4%	6.9%	9.8%	2.3%	7.3%	11.0%
Premium goods median		0.5%	1.0%	2.5%	6.9%	8.7%	10.0%	10.0%	12.9%	16.6%	17.0%	19.4%	18.5%
Luxury goods median		0.7%	1.1%	1.5%	13.9%	16.1%	17.9%	17.2%	18.2%	16.2%	14.1%	16.8%	17.3%
Marimekko (Evli est.)		2.1%	2.3%	2.4%	16.7%	17.0%	17.0%	24.7%	24.7%	23.6%	30.8%	28.8%	26.0%

Source: Factsset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	24.9	23.3	38.0	37.4	123.6	29.1	29.3	39.6	40.5	138.5	149.8	155.8
EBITDA	4.4	5.8	13.6	9.0	32.8	8.7	6.2	11.9	9.7	36.4	39.4	41.2
<i>EBITDA margin (%)</i>	<i>17.7</i>	<i>24.8</i>	<i>35.9</i>	<i>24.0</i>	<i>26.5</i>	<i>29.8</i>	<i>21.3</i>	<i>30.0</i>	<i>23.8</i>	<i>26.3</i>	<i>26.3</i>	<i>26.5</i>
EBIT	1.2	2.7	10.5	5.8	20.2	5.6	2.9	8.4	6.2	23.1	25.4	26.5
<i>EBIT margin (%)</i>	<i>4.8</i>	<i>11.5</i>	<i>27.7</i>	<i>15.5</i>	<i>16.4</i>	<i>19.3</i>	<i>10.0</i>	<i>21.2</i>	<i>15.3</i>	<i>16.7</i>	<i>17.0</i>	<i>17.0</i>
Net financial items	-1.0	0.1	-0.6	-0.4	-1.8	-0.1	-0.3	-0.3	-0.3	-1.0	-1.3	-1.6
Pre-tax profit	0.2	2.8	10.0	5.4	18.4	5.5	2.6	8.1	5.9	22.1	24.2	24.9
Tax	-0.1	-0.6	-2.0	-1.1	-3.8	-1.1	-0.5	-1.6	-1.2	-4.4	-4.8	-5.0
<i>Tax rate (%)</i>	<i>25.8</i>	<i>22.7</i>	<i>20.1</i>	<i>20.6</i>	<i>20.7</i>	<i>19.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>19.9</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.2	2.2	8.0	4.3	14.6	4.4	2.1	6.5	4.7	17.7	19.3	19.9
EPS	0.02	0.27	0.98	0.53	1.80	0.55	0.26	0.80	0.58	2.18	2.38	2.46
EPS adjusted (diluted no. of shares)	0.02	0.27	0.98	0.53	1.80	0.55	0.26	0.80	0.58	2.18	2.38	2.46
Dividend per share	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.20	1.31	1.35
SALES, EURm												
Finland	13.6	11.4	23.0	23.2	71.1	14.5	15.1	23.3	24.8	77.7	82.6	85.9
Scandinavia	2.1	1.9	2.8	3.2	9.9	2.4	2.4	2.8	3.4	11.0	11.5	12.0
EMEA	2.7	3.3	4.0	4.0	13.9	4.1	3.6	3.9	3.9	15.5	16.3	17.0
North America	1.6	1.5	1.6	1.7	6.4	1.4	1.7	1.9	2.1	7.2	8.0	8.3
Asia Pacific	4.9	5.3	6.6	5.3	22.1	6.6	6.4	7.7	6.3	27.0	31.3	32.6
Total	24.9	23.3	38.0	37.4	123.6	29.1	29.3	39.6	40.5	138.5	149.8	155.8
SALES GROWTH, Y/Y %												
<i>Finland</i>	<i>6.3</i>	<i>-32.3</i>	<i>17.2</i>	<i>6.0</i>	<i>0.1</i>	<i>6.9</i>	<i>33.2</i>	<i>1.3</i>	<i>6.9</i>	<i>9.3</i>	<i>6.3</i>	<i>4.0</i>
<i>Scandinavia</i>	<i>0.0</i>	<i>-10.6</i>	<i>11.2</i>	<i>22.6</i>	<i>6.9</i>	<i>16.0</i>	<i>25.9</i>	<i>2.3</i>	<i>5.3</i>	<i>10.6</i>	<i>5.0</i>	<i>4.0</i>
<i>EMEA</i>	<i>-22.9</i>	<i>2.1</i>	<i>43.3</i>	<i>52.3</i>	<i>15.2</i>	<i>51.5</i>	<i>11.5</i>	<i>-3.0</i>	<i>-1.2</i>	<i>11.4</i>	<i>5.0</i>	<i>4.0</i>
<i>North America</i>	<i>-15.8</i>	<i>-25.7</i>	<i>-29.4</i>	<i>-14.5</i>	<i>-21.7</i>	<i>-9.8</i>	<i>16.8</i>	<i>19.3</i>	<i>23.6</i>	<i>12.6</i>	<i>10.9</i>	<i>4.0</i>
<i>Asia Pacific</i>	<i>-27.9</i>	<i>4.0</i>	<i>-8.0</i>	<i>-5.7</i>	<i>-10.5</i>	<i>34.7</i>	<i>20.3</i>	<i>16.6</i>	<i>19.5</i>	<i>22.2</i>	<i>16.0</i>	<i>4.0</i>
Total	-8.1	-20.2	10.5	7.7	-1.5	16.9	25.6	4.3	8.4	12.1	8.2	4.0
EBIT, EURm												
Group (EBIT only)	1.2	2.7	10.5	5.8	20.2	5.6	2.9	8.4	6.2	23.1	25.4	26.5
Total	1.2	2.7	10.5	5.8	20.2	5.6	2.9	8.4	6.2	23.1	25.4	26.5
EBIT margin, %												
Total	4.8	11.5	27.7	15.5	16.4	19.3	10.0	21.2	15.3	16.7	17.0	17.0

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	99.6	102.3	111.9	125.4	123.6	138.5	149.8	155.8
<i>Sales growth (%)</i>	<i>4.1</i>	<i>2.7</i>	<i>9.3</i>	<i>12.1</i>	<i>-1.5</i>	<i>12.1</i>	<i>8.2</i>	<i>4.0</i>
EBITDA	10.2	11.9	14.6	29.7	32.8	36.4	39.4	41.2
<i>EBITDA margin (%)</i>	<i>10.3</i>	<i>11.6</i>	<i>13.1</i>	<i>23.7</i>	<i>26.5</i>	<i>26.3</i>	<i>26.3</i>	<i>26.5</i>
Depreciation	-4.1	-3.3	-2.4	-12.6	-12.6	-13.3	-14.0	-14.7
EBITA	6.1	8.6	12.2	17.1	20.2	23.1	25.4	26.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	6.1	8.6	12.2	17.1	20.2	23.1	25.4	26.5
<i>EBIT margin (%)</i>	<i>6.1</i>	<i>8.4</i>	<i>10.9</i>	<i>13.6</i>	<i>16.4</i>	<i>16.7</i>	<i>17.0</i>	<i>17.0</i>
Reported EBIT	5.0	8.4	12.2	17.1	19.4	23.1	25.4	26.5
<i>EBIT margin (reported) (%)</i>	<i>5.0</i>	<i>8.2</i>	<i>10.9</i>	<i>13.6</i>	<i>15.7</i>	<i>16.7</i>	<i>17.0</i>	<i>17.0</i>
Net financials	-0.1	-1.2	-0.2	-1.0	-1.8	-1.0	-1.3	-1.6
Pre-tax profit	6.0	7.4	12.1	16.1	18.4	22.1	24.2	24.9
Taxes	-1.1	-1.5	-3.9	-3.1	-3.8	-4.4	-4.8	-5.0
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	3.8	5.7	8.2	13.0	13.8	17.7	19.3	19.9
Cash NRIs	-1.1	-0.2	0.0	0.0	-0.8	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	15	13	5	5	6	6	7	6
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	37	36	37	38	39	39
Inventory	21	21	22	23	22	25	27	28
Receivables	8	7	7	7	8	9	10	10
Liquid funds	3	6	23	26	41	40	47	57
Total assets	48	47	94	97	115	119	131	141
Liabilities								
Shareholder's equity	28	31	40	39	53	62	72	81
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	37	36	37	38	39	39
Deferred taxes	1	1	1	2	1	1	1	1
Interest bearing debt	6	3	0	2	2	0	0	0
Non-interest bearing current liabilities	13	13	16	18	22	18	19	20
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	48	47	94	97	115	119	131	141
CASH FLOW, EURm								
+ EBITDA	10	12	15	30	33	36	39	41
- Net financial items	0	-1	0	-1	-2	-1	-1	-2
- Taxes	-1	-2	-3	-2	-6	-4	-5	-5
- Increase in Net Working Capital	-3	0	2	2	3	-8	-1	-1
+/- Other	-1	1	0	0	-1	0	0	0
= Cash flow from operations	6	10	12	28	27	23	32	34
- Capex	-3	-1	-1	-12	-14	-15	-16	-14
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	11	0	0	0	0	0
= Free cash flow	4	9	22	16	14	8	16	20
+/- New issues/buybacks	0	0	5	1	7	0	0	0
- Paid dividend	-3	-3	-4	-15	-7	-8	-10	-11
+/- Other	-2	-3	-6	1	1	-1	1	0
Change in cash	-1	3	17	3	15	-1	8	9

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	82	168	291	369	463	463	463
Net debt (excl. convertibles)	-3	14	12	-2	-2	-8	-18
Enterprise value	79	182	303	368	461	455	445
Sales	102	112	125	124	139	150	156
EBITDA	12	15	30	33	36	39	41
EBIT	9	12	17	20	23	25	26
Pre-tax	7	12	16	18	22	24	25
Earnings	6	8	13	15	18	19	20
Equity book value (excl. minorities)	31	40	39	53	62	72	81
Valuation multiples							
EV/sales	0.8	1.6	2.4	3.0	3.3	3.0	2.9
EV/EBITDA	6.6	12.4	10.2	11.2	12.7	11.5	10.8
EV/EBITA	9.2	14.9	17.7	18.2	19.9	17.9	16.8
EV/EBIT	9.2	14.9	17.7	18.2	19.9	17.9	16.8
EV/OCF	8.0	14.9	10.7	13.4	19.6	14.2	13.1
EV/FCFF	8.2	8.4	11.4	13.8	21.2	15.1	13.4
P/FCFE	9.3	7.8	18.3	27.2	56.4	28.2	23.3
P/E	13.8	20.5	22.3	25.3	26.1	23.9	23.2
P/B	2.7	4.2	7.5	7.0	7.4	6.4	5.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	14.0	12.7	12.0
Target EV/EBIT	0.0	0.0	0.0	0.0	22.0	19.7	18.6
Target EV/FCF	0.0	0.0	0.0	0.0	62.0	30.5	24.8
Target P/B	0.0	0.0	0.0	0.0	8.2	7.1	6.3
Target P/E	0.0	0.0	0.0	0.0	28.8	26.4	25.6
Per share measures							
Number of shares	8,090	8,090	8,130	8,110	8,110	8,110	8,110
Number of shares (diluted)	8,090	8,090	8,130	8,110	8,110	8,110	8,110
EPS	0.73	1.01	1.60	1.80	2.18	2.38	2.46
Operating cash flow per share	1.21	1.51	3.48	3.38	2.90	3.95	4.19
Free cash flow per share	1.09	2.68	1.96	1.67	1.01	2.03	2.45
Book value per share	3.79	4.95	4.78	6.51	7.69	8.88	10.02
Dividend per share	0.50	1.85	0.90	1.00	1.20	1.31	1.35
Dividend payout ratio, %	68.6	182.6	56.1	55.5	55.0	55.0	55.0
Dividend yield, %	5.0	8.9	2.5	2.2	2.1	2.3	2.4
FCF yield, %	10.8	12.9	5.5	3.7	1.8	3.6	4.3
Efficiency measures							
ROE	20.0	23.2	33.1	31.9	30.8	28.8	26.0
ROCE	25.4	22.2	22.7	24.5	24.7	24.7	23.6
Financial ratios							
Inventories as % of sales	20.4	19.8	18.0	18.2	18.0	18.0	18.0
Receivables as % of sales	6.5	6.2	5.3	6.6	6.5	6.5	6.5
Non-interest bearing liabilities as % of sales	12.2	13.9	14.2	17.9	13.0	13.0	13.0
NWC/sales, %	14.7	12.0	9.1	6.8	11.5	11.5	11.5
Operative CAPEX/sales, %	1.0	1.0	9.8	11.2	11.0	10.4	9.0
CAPEX/sales (incl. acquisitions), %	1.0	1.0	9.8	11.2	11.0	10.4	9.0
FCFF/EBITDA	0.8	1.5	0.9	0.8	0.6	0.8	0.8
Net debt/EBITDA, book-weighted	-0.2	0.9	0.4	-0.1	0.0	-0.2	-0.4
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	65.1	42.7	40.1	46.0	52.4	55.0	57.6
Gearing, %	-9.4	34.3	30.7	-3.2	-2.9	-11.8	-21.8

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	1,017,700	58.111	12.5%
Ilmarinen Mutual Pension Insurance Company	395,419	22.578	4.9%
Varma Mutual Pension Insurance Company	385,920	22.036	4.8%
Enrooth Anna Sophia	340,377	19.436	4.2%
Evli Finnish Small Cap Fund	275,000	15.703	3.4%
Nordea Nordic Small Cap Fund	199,885	11.413	2.5%
Veritas Pension Insurance Company Ltd.	150,470	8.592	1.9%
Sijoitusrahasto Taaleritehdas Mikro Markka	113,000	6.452	1.4%
Oy Talcom Ab	101,000	5.767	1.2%
Oy Etra Invest Ab	100,000	5.710	1.2%
Ten largest	3,078,771	175.798	38%
Residual	5,031,063	287.274	62%
Total	8,109,834	463.072	100%

EARNINGS CALENDAR	
August 19, 2021	Q2 report
November 03, 2021	Q3 report

COMPANY MISCELLANEOUS	
CEO: Tiina Alahuhta-Kasko	Puusepänkatu 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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

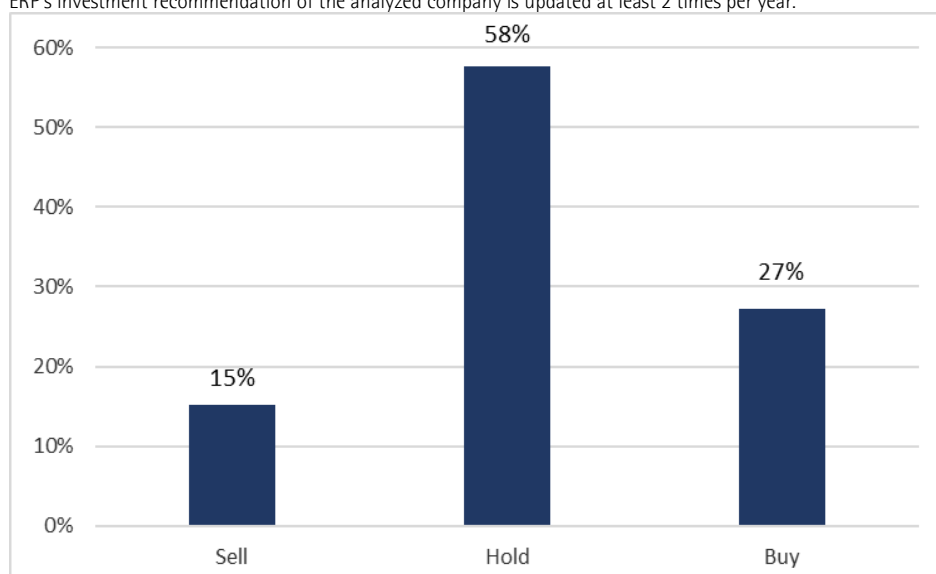
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Investment recommendations are defined as follows:

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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