

Outlook brightens

Marimekko announced a guidance for 2020E and expects net sales to be lower compared to last year and adj. EBIT to be approx. at the same level or lower than last year. Due to the improved outlook we have increased our estimates. We upgrade to "BUY" ("HOLD") with new TP of EUR 42.0 (32.0).

Guidance for 20E announced

Marimekko withdrew its earlier 20E guidance in March, solely due to the estimated impacts of the COVID-19. The company stated during its Q2 result that the coronavirus will have a significant negative impact on sales and profitability in 20E. Now the company has announced a guidance for 20E and expects net sales to be lower than in the previous year (EUR 125.4m) and adj. EBIT to be approx. at the same level or lower than in the previous year (EUR 17.1m).

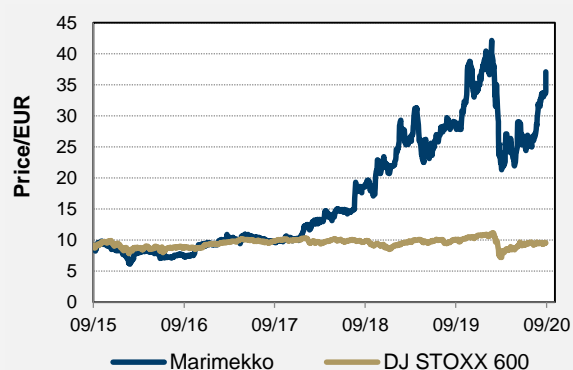
Better than expected trend in sales

According to Marimekko, the improved outlook is mainly due to better than expected trend of Finnish retail sales during the summer and improved outlook of wholesale sales but also due to better fixed cost savings during the rest of 20E. The company however highlights that there are still significant uncertainties caused by the COVID-19. The travel restrictions remained tight throughout the summer thus it is likely that the money normally spent on traveling has now been put into other things. Additionally, during the pandemic, the trend of domesticity has increased among Finnish consumers which should also have a positive impact on domestic sales. According to the company, major portion of its net sales and earnings for H2E will be generated during Q3E.

Upgraded to "BUY" ("HOLD") with TP of EUR 42.0 (32.0)

We have increased our 20E sales expectation by ~2% and our 20E adj. EBIT estimate by ~21%. In our view, Marimekko's mid-term outlook is good despite of the challenging times. On our estimates, the company trades at 20E-21E EV/EBIT multiple of 18.6x and 16.4x which translates into a clear discount (~50%) compared to the luxury peers and at 20E-21E P/E multiple of 25.0x and 21.6x – also a clear discount compared to the luxury peers. We upgrade to "BUY" ("HOLD") with TP of EUR 42.0 (32.0).

Rating

+ BUY


Share price, EUR (Last trading day's closing price) 37.05

Target price, EUR 42.0

Latest change in rating 21-Sep-20

Latest report on company 14-Aug-20

Research paid by issuer: YES

No. of shares outstanding, 8,110

No. of shares fully diluted, 8,110

Market cap, EURm 300

Free float, % 68.4

Exchange rate -

Reuters code MM01V.HE

Bloomberg code MM01V.FH

Average daily volume, EURm na.

Next interim report 04-Nov-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	118.2	16.6	14.1%	10.5	1.48	25.0	2.6	18.6	3.5	0.89
2021E	129.6	18.4	14.2%	14.1	1.72	21.6	2.3	16.4	4.7	1.03
2022E	137.7	19.7	14.3%	8.2	1.84	20.1	2.2	15.4	2.7	1.11
Market cap, EURm	300		Gearing 2020E, %			20.1	CAGR EPS 2019-22, %		4.8	
Net debt 2020E, EURm	9		Price/book 2020E			6.9	CAGR sales 2019-22, %		3.2	
Enterprise value, EURm	309		Dividend yield 2020E, %			2.4	ROE 2020E, %		29.1	
Total assets 2020E, EURm	97		Tax rate 2020E, %			20.6	ROCE 2020E, %		21.8	
Goodwill 2020E, EURm	0		Equity ratio 2020E, %			45.1	PEG, P/E 20/CAGR		2.3	

All the important disclosures can be found on the last pages of this report.

Estimates

Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	2019				FY2019	2020E				FY2020E	FY2021E
							Q1	Q2	Q3	Q4		Q1	Q2	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	8.9	7.8	14.6	15.5	46.8	54.3
Wholesale revenue	16.5	16.2	14.7	16.6	14.6	18.3	4.2	3.5	5.0	6.4	19.0	4.6	3.6	7.0	6.6	21.8	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	0.0	0.0	0.0	0.1	0.1	0.1
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	11.4	21.7	22.1	68.7	74.7
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	1.0	0.8	1.4	1.4	4.7	5.5
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	1.1	1.3	1.0	4.5	4.7
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	1.9	2.8	2.5	9.2	10.2
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	0.4	0.7	0.6	0.5	2.2	2.4
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	2.4	2.2	1.8	8.7	9.6
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	0.1	0.2	0.2	0.5	0.5
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	3.3	2.9	2.5	11.4	12.5
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	0.8	1.3	1.4	4.5	5.7
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	0.6	0.8	0.3	2.4	2.5
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	0.1	0.2	0.2
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	1.5	2.1	1.8	7.1	8.3
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	0.9	1.1	1.3	4.1	4.8
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	3.4	5.0	3.6	16.1	18.6
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	1.0	0.4	0.2	1.6	0.4
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	5.3	6.4	5.2	21.8	23.8
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	11.4	21.7	22.1	68.7	74.7
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	11.9	14.3	11.9	49.5	54.8
<i>Finland growth (%)</i>	0%	0%	1%	6%	0%	14%	7%	4%	14%	20%	12%	6%	-3%	10%	1%	-3%	9%
<i>International growth (%)</i>	16%	1%	2%	2%	6%	4%	18%	2%	17%	12%	12%	-21%	-3%	-3%	-7%	-9%	11%
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	11.0	19.0	20.2	62.3	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	11.2	16.3	13.3	53.5	55.8
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	1.1	0.6	0.5	2.4	1.2
<i>Retail growth (%)</i>	12%	4%	4%	2%	5%	8%	11%	9%	16%	16%	13%	0%	-3%	-1%	-1%	-10%	16%
<i>Wholesale growth (%)</i>	1%	-4%	-2%	9%	-1%	12%	15%	-3%	6%	15%	8%	-13%	-3%	18%	-2%	0%	4%
<i>License growth (%)</i>	-24%	12%	26%	-31%	52%	-22%	-22%	-32%	761%	231%	113%	-71%	501%	-55%	-27%	-13%	-49%
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	23.3	36.0	34.1	118.2	129.6
<i>Growth (%)</i>	6%	0%	2%	4%	3%	9%	12.6%	3.3%	15.5%	16.7%	12%	-8.3%	-20.0%	4.4%	-1.9%	-6%	10%
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	-13.2	-14.4	-12.5	-51.2	-48.6
<i>Growth (%)</i>	14%	-2%	7%	14%	-7%	13%	13%	-12%	16%	14%	8%	9%	37%	11.0%	-1.0%	13%	-5%
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	10.1	21.6	21.6	67.0	81.0
<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%	43.4%	60.0%	63.4%	56.7%	62.5%
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	-8.3	-11.1	-13.8	-44.6	-50.9
<i>Growth (%)</i>	8%	-6%	8%	-3%	1%	6%	-9%	-12%	-9%	-11%	-10%	-6%	-3%	-8%	-7%	-13%	14%
<i>% of revenue</i>	8%	54%	58%	54%	53%	51%	44.8%	41.8%	35.2%	43.0%	41%	45.8%	35.6%	30.9%	40.5%	38%	39%
<i>D&A adj.</i>	-6.5	-4.4	-4.6	-4.1	-3.4	-2.4	-3.1	-3.1	-3.2	-3.2	-12.6	-3.2	-3.1	-3.1	-3.2	-12.6	-13.8
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	5.8	12.2	6.8	29.2	32.3
<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%	24.8%	34.0%	20.1%	24.7%	24.9%
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	2.7	9.1	3.6	16.6	18.4
<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%	11.5%	25.4%	10.7%	14.1%	14.2%

Source: Marimekko, Evli research

Valuation

MARIMEKKO PEERS	MCAP local FX	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT	P/E	P/E	P/E	Equity ratio		
		20	21	22	20	21	22	20	21	22	20	21	22
Premium goods													
Bjorn Borg AB	427	14.0x	6.1x	4.6x		12.4x	8.3x		11.6x	8.2x	38%	43%	50%
HUGO BOSS AG	1629	7.1x	4.8x	4.1x		13.6x	10.1x		14.3x	10.3x	35%	38%	40%
Capri Holdings Limited	3133	12.7x	5.4x	4.5x	31.7x	7.5x	6.4x	41.5x	7.2x	6.1x	31%	35%	38%
Ralph Lauren Corporation Class A	5540	12.7x	6.1x	6.2x	36.1x	9.0x	8.7x	51.5x	13.0x	11.8x	37%	39%	36%
Ted Baker PLC	205		5.1x	3.8x		17.3x	8.9x		31.5x	11.7x	32%	30%	31%
PVH Corp.	4868	81.9x	7.9x	6.9x		12.2x	9.7x		12.5x	9.4x	39%	40%	43%
Guess?, Inc.	873	26.4x	6.2x			9.9x			10.9x	8.3x			
Joules Group Plc	105	4.6x	3.3x	2.7x	15.3x	7.9x	5.5x	25.8x	15.1x	11.0x	42%	44%	
Luxury goods													
Brunello Cucinelli S.p.A.	1847	26.2x	14.6x	12.5x		39.2x	29.5x		58.7x	40.9x	34%	35%	36%
Burberry Group plc	6355	9.7x	7.9x	7.1x	21.4x	14.6x	12.8x	33.5x	22.8x	20.2x	43%	45%	47%
Hermes International SCA	77823	34.7x	26.4x	23.0x	43.4x	31.7x	27.3x	69.6x	50.7x	44.1x	72%	73%	75%
Moncler SpA	9225	17.1x	12.9x	11.0x	26.4x	17.8x	14.8x	43.6x	29.5x	24.9x	55%	58%	60%
Prada S.p.A.	80731	14.8x	10.2x	8.8x	1 565.5x	34.4x	24.7x		53.1x	36.9x	45%	46%	47%
Salvatore Ferragamo S.p.A.	2145	19.4x	11.2x	9.1x		45.9x	25.8x		99.3x	39.7x	45%	45%	45%
Premium goods median	2381	12.7x	5.8x	4.6x	33.9x	12.3x	8.8x	46.5x	12.7x	9.9x	36%	38%	39%
Luxury goods median		18.2x	12.0x	10.1x	34.9x	33.0x	25.3x	43.6x	51.9x	38.3x	45%	46%	47%
Marimekko (Evli est.)	965	10.6x	9.4x	9.1x	18.6x	16.4x	15.4x	25.0x	21.6x	20.1x	45%	49%	50%
<i>Marimekko premium vs. premium goods median</i>													
		-17 %	62 %	98 %	-45 %	33 %	75 %	-46 %	69 %	103 %	25 %	29 %	30 %
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	0.0%	0.0%	0.0%	-0.1%	6.5%	8.5%	-0.1%	8.8%	11.8%	-2.6%	12.6%	14.9%
HUGO BOSS AG	BOSS-DE	1.6%	5.8%	7.6%	-3.1%	7.7%	9.6%	-4.1%	11.0%	13.8%	-10.3%	11.0%	14.0%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	0.0%	3.9%	11.8%	11.9%	2.4%	8.8%	8.5%	3.3%	16.4%	16.2%
Ralph Lauren Corporation Class A	RL-US	1.7%	3.3%	4.2%	3.2%	10.1%	10.5%	2.3%	8.8%	11.4%	4.2%	15.4%	17.6%
Ted Baker PLC	TED-GB	0.0%	0.0%	0.0%	-12.4%	3.1%	5.1%	-14.9%	5.1%	8.5%	-37.8%	3.6%	8.6%
PVH Corp.	PVH-US	0.1%	0.1%	0.2%	-3.1%	6.6%	7.6%	-2.0%	5.4%	6.9%	-4.5%	7.9%	9.2%
Guess?, Inc.	GES-US	1.7%	3.2%	3.2%	-0.8%	5.4%	6.6%				-14.4%	26.9%	
Joules Group Plc	JOUL-GB	0.0%	0.0%	0.0%	2.8%	4.6%	5.7%	10.8%	17.1%				
Luxury goods													
Brunello Cucinelli S.p.A.	BC-IT	0.7%	0.8%	1.2%	-1.2%	9.6%	11.6%	-1.3%	11.0%	13.7%	-7.2%	10.8%	14.1%
Burberry Group plc	BRBY-GB	1.2%	2.2%	2.6%	11.5%	14.8%	15.8%	11.0%	17.4%	16.7%	14.5%	19.5%	19.1%
Hermes International SCA	RMS-FR	0.6%	0.7%	0.9%	27.9%	32.5%	33.4%	22.4%	26.2%	25.9%	15.7%	18.5%	18.2%
Moncler SpA	MONC-IT	0.7%	1.3%	1.6%	23.4%	28.5%	29.9%	14.8%	18.9%	20.0%	14.1%	18.0%	18.6%
Prada S.p.A.	1913-HK	0.2%	1.0%	1.8%	0.3%	9.4%	11.9%	0.1%	5.4%	7.0%	-1.4%	5.4%	7.5%
Salvatore Ferragamo S.p.A.	SFER-IT	0.6%	1.1%	2.1%	-4.0%	5.2%	8.4%	-3.4%	5.2%	8.9%	-8.7%	2.9%	7.0%
Premium goods median		0.0%	0.1%	0.1%	-1.6%	7.1%	9.0%	-1.0%	8.8%	10.0%	-3.6%	11.8%	14.4%
Luxury goods median		0.7%	1.0%	1.7%	5.9%	12.2%	13.8%	5.6%	14.2%	15.2%	6.3%	14.4%	16.2%
Marimekko (Evli est.)		3.5%	2.8%	3.0%	14.1%	14.2%	14.3%	21.8%	23.3%	23.0%	29.1%	29.7%	27.9%

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	27.1	29.2	34.4	34.7	125.4	24.9	23.3	36.0	34.1	118.2	129.6	137.7
EBITDA	5.7	6.8	11.0	6.2	29.7	4.4	5.8	12.2	6.8	29.2	32.3	33.3
<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>17.7</i>	<i>24.8</i>	<i>34.0</i>	<i>20.1</i>	<i>24.7</i>	<i>24.9</i>	<i>24.2</i>
EBIT	2.6	3.7	7.8	3.0	17.1	1.2	2.7	9.1	3.6	16.6	18.4	19.7
<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>11.5</i>	<i>25.4</i>	<i>10.7</i>	<i>14.1</i>	<i>14.2</i>	<i>14.3</i>
Net financial items	-0.1	-0.6	0.0	-0.3	-1.0	-1.0	0.1	-0.4	-0.3	-1.5	-1.0	-1.0
Pre-tax profit	2.5	3.1	7.8	2.7	16.1	0.2	2.8	8.7	3.3	15.1	17.4	18.7
Tax	-0.5	-0.6	-1.4	-0.5	-3.1	-0.1	-0.6	-1.7	-0.7	-3.1	-3.5	-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>22.7</i>	<i>20.0</i>	<i>20.0</i>	<i>20.6</i>	<i>20.0</i>	<i>20.0</i>
Net profit	2.0	2.5	6.4	2.2	13.0	0.2	2.2	7.0	2.7	12.0	13.9	15.0
EPS	0.24	0.31	0.78	0.27	1.60	0.02	0.27	0.86	0.33	1.48	1.72	1.84
EPS adjusted (diluted no. of shares)	0.24	0.31	0.78	0.27	1.60	0.02	0.27	0.86	0.33	1.48	1.72	1.84
Dividend per share	0.00	0.00	0.00	0.00	0.90	0.00	0.00	0.00	0.00	0.89	1.03	1.11
SALES, EURm												
Finland	12.8	16.8	19.6	21.9	71.1	13.6	11.4	21.7	22.1	68.8	74.8	79.6
Scandinavia	2.1	2.1	2.5	2.6	9.3	2.1	1.9	2.8	2.5	9.2	10.3	10.6
EMEA	3.5	3.2	2.8	2.6	12.1	2.7	3.3	2.9	2.5	11.4	12.5	12.7
North America	1.9	2.0	2.3	2.0	8.2	1.6	1.5	2.1	1.8	7.1	8.3	8.6
Asia Pacific	6.8	5.1	7.2	5.6	24.7	4.9	5.3	6.4	5.2	21.8	23.8	26.2
Total	27.1	29.2	34.4	34.7	125.4	24.9	23.3	36.0	34.1	118.2	129.6	137.7
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>-32.3</i>	<i>10.5</i>	<i>1.0</i>	<i>-3.3</i>	<i>8.8</i>	<i>6.4</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>-10.6</i>	<i>11.1</i>	<i>-5.2</i>	<i>-0.8</i>	<i>11.3</i>	<i>3.0</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>2.1</i>	<i>5.1</i>	<i>-4.7</i>	<i>-5.9</i>	<i>9.6</i>	<i>2.0</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>-25.7</i>	<i>-7.0</i>	<i>-8.0</i>	<i>-13.8</i>	<i>17.3</i>	<i>4.0</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>4.0</i>	<i>-10.7</i>	<i>-7.9</i>	<i>-11.8</i>	<i>9.2</i>	<i>10.0</i>
<i>Total</i>	<i>12.5</i>	<i>3.5</i>	<i>15.3</i>	<i>16.7</i>	<i>12.1</i>	<i>-8.1</i>	<i>-20.2</i>	<i>4.5</i>	<i>-1.8</i>	<i>-5.7</i>	<i>9.6</i>	<i>6.2</i>
EBIT, EURm												
Group (EBIT only)	2.6	3.7	7.8	3.0	17.1	1.2	2.7	9.1	3.6	16.6	18.4	19.7
Total	2.6	3.7	7.8	3.0	17.1	1.2	2.7	9.1	3.6	16.6	18.4	19.7
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>11.5</i>	<i>25.4</i>	<i>10.7</i>	<i>14.1</i>	<i>14.2</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	118.2	129.6	137.7
<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>-5.7</i>	<i>9.6</i>	<i>6.2</i>
EBITDA	6.0	10.2	11.9	14.6	29.7	29.2	32.3	33.3
<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>24.7</i>	<i>24.9</i>	<i>24.2</i>
Depreciation	-4.5	-4.1	-3.3	-2.4	-12.6	-12.6	-13.8	-13.6
EBITA	1.5	6.1	8.6	12.2	17.1	16.6	18.4	19.7
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	16.6	18.4	19.7
<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>14.1</i>	<i>14.2</i>	<i>14.3</i>
Reported EBIT	1.5	5.0	8.4	12.2	17.1	16.6	18.4	19.7
<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>14.1</i>	<i>14.2</i>	<i>14.3</i>
Net financials	0.0	-0.1	-1.2	-0.2	-1.0	-1.5	-1.0	-1.0
Pre-tax profit	1.5	6.0	7.4	12.1	16.1	15.1	17.4	18.7
Taxes	-0.5	-1.1	-1.5	-3.9	-3.1	-3.1	-3.5	-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	12.0	13.9	15.0
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	5	6	9
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	37	36	35	32	36
Inventory	18	21	21	22	23	21	23	25
Receivables	6	8	7	7	7	7	8	9
Liquid funds	4	3	6	23	26	27	31	34
Total assets	46	48	47	94	97	97	102	113
Liabilities								
Shareholder's equity	27	28	31	40	39	44	50	57
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	35	32	36
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	15	17	18
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	46	48	47	94	97	97	102	113
CASH FLOW, EURm								
+ EBITDA	6	10	12	15	30	29	32	33
- Net financial items	0	0	-1	0	-1	-2	-1	-1
- Taxes	0	-1	-2	-3	-2	-3	-3	-4
- Increase in Net Working Capital	1	-3	0	2	2	-2	-2	-1
+/- Other	0	-1	1	0	0	0	0	0
= Cash flow from operations	6	6	10	12	28	23	26	28
- Capex	-4	-3	-1	-1	-12	-13	-12	-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	14	8
+/- New issues/buybacks	0	0	0	5	1	0	0	0
- Paid dividend	-3	-3	-3	-4	-15	-7	-7	-8
+/- Other	0	-2	-3	-6	1	-3	-3	3
Change in cash	0	-1	3	17	3	1	4	3

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	77	82	168	291	300	300	300
Net debt (excl. convertibles)	2	-3	14	12	9	2	2
Enterprise value	79	79	182	303	309	302	302
Sales	100	102	112	125	118	130	138
EBITDA	10	12	15	30	29	32	33
EBIT	6	9	12	17	17	18	20
Pre-tax	6	7	12	16	15	17	19
Earnings	5	6	8	13	12	14	15
Equity book value (excl. minorities)	28	31	40	39	44	50	57
Valuation multiples							
EV/sales	0.8	0.8	1.6	2.4	2.6	2.3	2.2
EV/EBITDA	7.8	6.6	12.4	10.2	10.6	9.4	9.1
EV/EBITA	13.0	9.2	14.9	17.7	18.6	16.4	15.4
EV/EBIT	13.0	9.2	14.9	17.7	18.6	16.4	15.4
EV/OCF	12.9	8.0	14.9	10.7	13.4	11.7	10.9
EV/FCFF	31.3	8.2	8.4	11.4	13.9	12.9	13.1
P/FCFE	21.5	9.3	7.8	18.3	28.6	21.3	36.6
P/E	15.7	13.8	20.5	22.3	25.0	21.6	20.1
P/B	2.7	2.7	4.2	7.5	6.9	6.0	5.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.0	10.6	10.3
Target EV/EBIT	0.0	0.0	0.0	0.0	21.0	18.6	17.4
Target EV/FCF	0.0	0.0	0.0	0.0	33.3	24.2	41.7
Target P/B	0.0	0.0	0.0	0.0	7.8	6.8	6.0
Target P/E	0.0	0.0	0.0	0.0	28.4	24.4	22.8
Per share measures							
Number of shares	8,090	8,090	8,090	8,130	8,110	8,110	8,110
Number of shares (diluted)	8,090	8,090	8,090	8,130	8,110	8,110	8,110
EPS	0.60	0.73	1.01	1.60	1.48	1.72	1.84
Operating cash flow per share	0.76	1.21	1.51	3.48	2.84	3.19	3.41
Free cash flow per share	0.44	1.09	2.68	1.96	1.29	1.74	1.01
Book value per share	3.50	3.79	4.95	4.78	5.37	6.20	7.02
Dividend per share	0.40	0.50	1.85	0.90	0.89	1.03	1.11
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	2.4	2.8	3.0
FCF yield, %	4.6	10.8	12.9	5.5	3.5	4.7	2.7
Efficiency measures							
ROE	17.6	20.0	23.2	33.1	29.1	29.7	27.9
ROCE	17.9	25.4	22.2	22.7	21.8	23.3	23.0
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	10.6	9.1	14.1
CAPEX/sales (incl. acquisitions), %	2.6	1.0	1.0	9.8	10.6	9.1	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	0.3	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	45.1	49.5	50.5
Gearing, %	8.8	-9.4	34.3	30.7	20.1	3.6	3.5

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	37.706	12.5%
Ilmarinen Mutual Pension Insurance Company	395,419	14.650	4.9%
Varma Mutual Pension Insurance Company	385,920	14.298	4.8%
Enrooth Anna Sophia	340,377	12.611	4.2%
Evli Finnish Small Cap Fund	249,697	9.251	3.1%
Nordea Nordic Small Cap Fund	199,885	7.406	2.5%
Veritas Pension Insurance Company Ltd.	159,192	5.898	2.0%
Oy Etra Invest Ab	148,000	5.483	1.8%
Sijoitusrahasto Taaleritehdas Mikro Markka	120,000	4.446	1.5%
Oy Talcom Ab	101,000	3.742	1.2%
Ten largest	3,117,190	115.492	38%
Residual	4,992,644	184.977	62%
Total	8,109,834	300.469	100%

EARNINGS CALENDAR

November 04, 2020

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

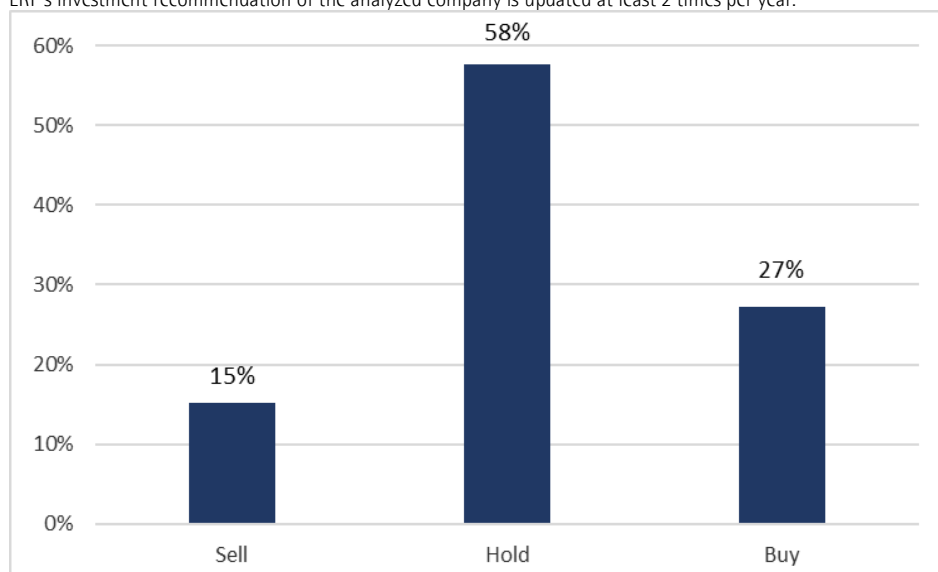
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Investment recommendations are defined as follows:

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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