

## Investments into growth continue

Marimekko delivered good Q4 result. Sales grew by 17% y/y to EUR 34.7m (Evli 34.6m). Sales growth was strong especially in Finland and APAC region. Adj. EBIT was EUR 3.0m (Evli 2.9m). We keep our rating "HOLD" with TP of EUR 44 (39).

### Q4 revenue driven by strong sales in Finland

Marimekko's Q4 net sales amounted to EUR 34.7m (17% y/y) vs. our EUR 34.6m (cons. 34.3m). Sales performance was strong especially in Finland, driven by increased retail and wholesale sales (retail LFL growth 21% y/y). APAC region performed well also, as revenue was boosted by increased wholesale sales and licensing income. Q4 adj. EBIT was EUR 3.0m vs. our EUR 2.9 (cons. 3.0m). Profitability was driven by strong sales but weighed down by increased fixed costs. Proposed '19 dividend of EUR 0.90 was below expectations (Evli/cons EUR 1.14/1.08).

### Expecting a strong year in home market

We expect the good performance in Finland to continue in '20E, driven by broader target audience. Domestic wholesale sales are expected to be substantially higher than in '19, due to nonrecurring promotional deliveries. We expect '20E sales growth of 12% y/y in Finland, representing some 58% of Marimekko's total sales in '20E. We also expect sales to increase in APAC region, though the coronavirus and political uncertainties could have a negative impact on sales. The actions taken to control the grey export cases in APAC region will also have an impact on sales and result. We expect APAC '20E sales growth of 2.5% y/y (H2'19 sales included nonrecurring licensing income of EUR 1.6m).

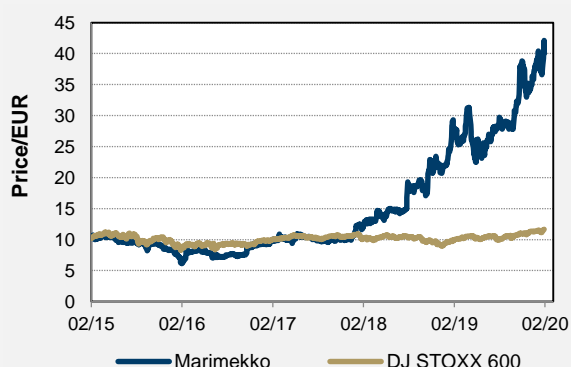
### Increased investments into growth

We expect profitability improvement of ~12-18% y/y in '20E-'21E, supported by strong sales growth and improved gross margin. According to the company, investments into growth will be higher in '20E, resulting in increase in personnel and marketing expenses. Store network will be expanded by ~10 new stores and shop-in-shops and some existing stores will be renewed. The company will also develop further its digital business and IT systems. We expect total OPEX to increase by ~10% y/y, hampering profitability development.

### "HOLD" with TP of EUR 44 (prev. EUR 39.0)

We have slightly increased our '20E sales expectation and expect sales growth of 9.2% y/y (136.9m) while we expect adj. EBIT of EUR 20.1m (17.5% y/y). We see that Marimekko is able to achieve and maintain higher margins than the premium goods peer group, which justifies higher multiples similar to our luxury goods peer group median. On our estimates, Marimekko trades at '20E-'21E EV/EBIT multiple of 16.7x and 14.6x which translates into ~20% discount compared to the luxury peer group. We keep our rating "HOLD" with TP of EUR 44 (EUR 39).

## Rating



Share price, EUR (Last trading day's closing price) 40.00

Target price, EUR 44.0

Latest change in rating 17-May-19

Latest report on company 04-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 325

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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## 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	136.9	20.1	14.7%	9.4	1.89	21.1	2.4	16.7	2.9	1.14
2021E	149.1	22.6	15.1%	14.0	2.14	18.7	2.2	14.6	4.3	1.28
2022E	162.5	24.9	15.3%	13.7	2.37	16.9	2.0	13.1	4.2	1.42
Market cap, EURm			325	Gearing 2020E, %		20.9	CAGR EPS 2019-22, %			13.8
Net debt 2020E, EURm			10	Price/book 2020E		6.9	CAGR sales 2019-22, %			9.0
Enterprise value, EURm			335	Dividend yield 2020E, %		2.8	ROE 2020E, %			35.8
Total assets 2020E, EURm			104	Tax rate 2020E, %		20.1	ROCE 2020E, %			25.4
Goodwill 2020E, EURm			0	Equity ratio 2020E, %		45.1	PEG, P/E 20/CAGR			2.2

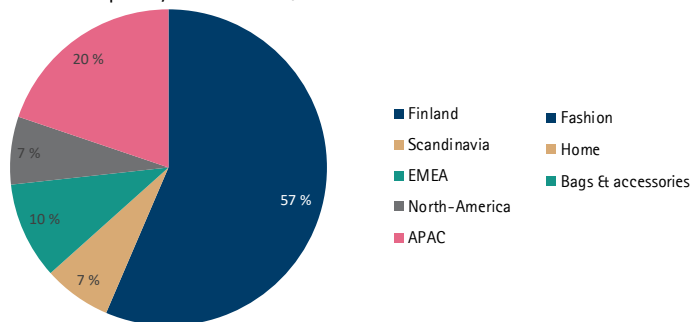
Estimates

Marimekko expects 20E sales to be higher than in the previous year. Comparable EBIT is expected to be at the same level or higher than in the previous year.

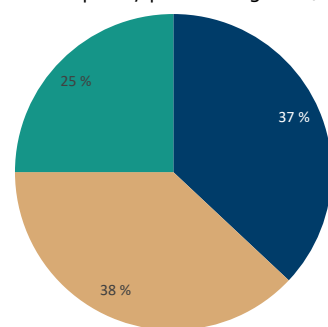
Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	2019E				FY2019	2020E				FY2020E	FY2021E	
							Q1	Q2	Q3	Q4		Q1E	Q2E	Q3E	Q4E			
<b>Finland</b>																		
Retail revenue	35.1	35.4	37.6	38.9	40.8	45.1	8.5	13.3	14.6	15.5	51.9	9.4	14.6	16.1	17.0	57.1	62.2	
Wholesale revenue	16.5	16.2	14.7	16.6	14.6	18.3	4.2	3.5	5.0	6.4	19.0	4.3	3.7	6.2	8.0	22.1	23.2	
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	
<b>Total</b>	<b>52.2</b>	<b>52.0</b>	<b>52.7</b>	<b>55.8</b>	<b>55.7</b>	<b>63.5</b>	<b>12.8</b>	<b>16.8</b>	<b>19.7</b>	<b>21.9</b>	<b>71.2</b>	<b>13.8</b>	<b>18.3</b>	<b>22.3</b>	<b>25.1</b>	<b>79.4</b>	<b>85.6</b>	
<b>Scandinavia</b>																		
Retail revenue	4.4	5.2	4.8	5.0	5.1	5.3	1.2	1.3	1.5	1.5	5.4	1.2	1.4	1.6	1.6	5.7	6.2	
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	0.9	1.1	1.2	4.2	4.4	
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	
<b>Total</b>	<b>8.2</b>	<b>8.5</b>	<b>7.8</b>	<b>7.9</b>	<b>8.5</b>	<b>9.0</b>	<b>2.1</b>	<b>2.1</b>	<b>2.5</b>	<b>2.6</b>	<b>9.3</b>	<b>2.3</b>	<b>2.2</b>	<b>2.6</b>	<b>2.7</b>	<b>9.9</b>	<b>10.6</b>	
<b>EMEA</b>																		
Retail revenue	1.4	1.5	1.2	1.1	1.1	1.5	0.4	0.4	0.3	0.5	1.6	0.5	0.5	0.4	0.7	2.0	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	3.2	2.9	2.5	2.2	10.9	11.7	
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	0.1	0.2	0.4	0.4	
<b>Total</b>	<b>7.7</b>	<b>7.5</b>	<b>8.3</b>	<b>9.2</b>	<b>9.7</b>	<b>10.3</b>	<b>3.5</b>	<b>3.2</b>	<b>2.8</b>	<b>2.6</b>	<b>12.0</b>	<b>3.8</b>	<b>3.5</b>	<b>3.0</b>	<b>3.0</b>	<b>13.3</b>	<b>14.5</b>	
<b>North America</b>																		
Retail revenue	5.6	6.0	5.9	5.2	5.3	5.2	1.0	1.5	1.7	1.7	5.8	1.1	1.6	1.8	1.8	6.3	6.6	
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	0.7	0.3	2.2	2.3	
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	
<b>Total</b>	<b>8.5</b>	<b>8.6</b>	<b>9.2</b>	<b>7.9</b>	<b>8.3</b>	<b>8.2</b>	<b>1.9</b>	<b>2.0</b>	<b>2.3</b>	<b>2.0</b>	<b>8.3</b>	<b>2.1</b>	<b>2.2</b>	<b>2.5</b>	<b>2.2</b>	<b>9.0</b>	<b>9.4</b>	
<b>APAC</b>																		
Retail revenue	2.3	2.7	3.2	3.5	4.0	4.0	1.0	1.0	1.0	1.3	4.4	1.1	1.1	1.2	1.5	4.9	5.5	
Wholesale revenue	15.2	14.9	14.5	15.4	15.5	16.4	5.8	4.1	5.0	3.8	18.7	5.4	4.7	6.0	4.3	20.4	23.5	
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	
<b>Total</b>	<b>17.5</b>	<b>17.5</b>	<b>17.7</b>	<b>18.8</b>	<b>20.2</b>	<b>20.8</b>	<b>6.8</b>	<b>5.1</b>	<b>7.2</b>	<b>5.6</b>	<b>24.7</b>	<b>6.5</b>	<b>5.8</b>	<b>7.2</b>	<b>5.8</b>	<b>25.3</b>	<b>29.0</b>	
<b>REVENUE SPLIT</b>																		
Finland	52.2	52.0	52.7	55.8	55.7	63.5	12.8	16.8	19.7	21.9	71.2	13.8	18.3	22.3	25.1	79.4	85.6	
International	41.9	42.1	43.0	43.8	46.6	48.3	14.3	12.4	14.8	12.8	54.3	14.7	13.7	15.4	13.7	57.5	63.5	
<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>8%</i>	<i>9%</i>	<i>13%</i>	<i>14%</i>	<i>12%</i>	<i>8%</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>11%</i>	<i>4%</i>	<i>7%</i>	<i>8%</i>	<i>10%</i>	
<b>REVENUE SPLIT</b>																		
Retail	48.8	50.7	52.7	53.6	56.3	61.1	12.1	17.4	19.2	20.4	69.1	13.3	19.1	21.1	22.6	76.0	83.0	
Wholesale	44.2	42.2	41.4	44.9	44.4	49.5	14.5	11.5	13.9	13.6	53.6	14.6	12.7	16.4	15.9	59.7	65.0	
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	0.2	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>10%</i>	<i>10%</i>	<i>10%</i>	<i>10%</i>	<i>10%</i>	<i>9%</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>1%</i>	<i>10%</i>	<i>18%</i>	<i>17%</i>	<i>12%</i>	<i>9%</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>0%</i>	<i>-87%</i>	<i>-60%</i>	<i>-58%</i>	<i>0%</i>	
<b>TOTAL REVENUE</b>	<b>94.0</b>	<b>94.2</b>	<b>95.7</b>	<b>99.6</b>	<b>102.3</b>	<b>111.9</b>	<b>27.1</b>	<b>29.1</b>	<b>34.5</b>	<b>34.7</b>	<b>125.4</b>	<b>28.4</b>	<b>32.0</b>	<b>37.7</b>	<b>38.8</b>	<b>136.9</b>	<b>149.1</b>	
<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>4.9%</i>	<i>9.8%</i>	<i>9.3%</i>	<i>11.7%</i>	<i>9%</i>	<i>9%</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	-10.4	-13.9	-13.6	-48.4	-52.7	
<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>8.0%</i>	<i>6.8%</i>	<i>8.2%</i>	<i>7%</i>	<i>9%</i>	
<b>Gross profit</b>	<b>60.5</b>	<b>61.4</b>	<b>60.4</b>	<b>59.4</b>	<b>64.9</b>	<b>69.8</b>	<b>16.9</b>	<b>19.5</b>	<b>21.5</b>	<b>22.1</b>	<b>80.0</b>	<b>17.9</b>	<b>21.6</b>	<b>23.8</b>	<b>25.1</b>	<b>88.5</b>	<b>96.4</b>	
<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>62.9%</i>	<i>67.5%</i>	<i>63.2%</i>	<i>64.8%</i>	<i>64.6%</i>	<i>64.6%</i>	
<b>Total OPEX</b>	<b>-54.4</b>	<b>-51.0</b>	<b>-55.1</b>	<b>-53.4</b>	<b>-54.0</b>	<b>-57.3</b>	<b>-12.1</b>	<b>-12.2</b>	<b>-12.1</b>	<b>-14.9</b>	<b>-51.4</b>	<b>-13.3</b>	<b>-13.9</b>	<b>-13.2</b>	<b>-15.8</b>	<b>-56.3</b>	<b>-60.8</b>	
<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>14%</i>	<i>9%</i>	<i>6%</i>	<i>10%</i>	<i>8%</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>46.9%</i>	<i>43.6%</i>	<i>35.2%</i>	<i>40.8%</i>	<i>41%</i>	<i>41%</i>	
<b>Adj. EBITDA</b>	<b>8.1</b>	<b>10.6</b>	<b>6.2</b>	<b>10.2</b>	<b>12.0</b>	<b>14.6</b>	<b>5.7</b>	<b>6.8</b>	<b>11.0</b>	<b>6.2</b>	<b>29.7</b>	<b>5.5</b>	<b>7.2</b>	<b>12.2</b>	<b>8.4</b>	<b>33.3</b>	<b>36.4</b>	
<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>19.3%</i>	<i>22.4%</i>	<i>32.5%</i>	<i>21.6%</i>	<i>24.3%</i>	<i>24.4%</i>	
<b>Adj. EBIT</b>	<b>1.6</b>	<b>6.2</b>	<b>1.5</b>	<b>6.1</b>	<b>8.6</b>	<b>12.2</b>	<b>2.6</b>	<b>3.7</b>	<b>7.8</b>	<b>3.0</b>	<b>17.1</b>	<b>2.2</b>	<b>3.9</b>	<b>8.9</b>	<b>5.1</b>	<b>20.1</b>	<b>22.6</b>	
<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>7.6%</i>	<i>12.1%</i>	<i>23.7%</i>	<i>13.1%</i>	<i>14.7%</i>	<i>15.1%</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/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT	P/E	P/E	P/E	Equity ratio		
		19	20	21	19	20	21	19	20	21	19	20	21
<b>Premium goods</b>													
Bjorn Borg AB	615	6.4x	5.7x	5.5x	11.3x	9.4x	8.9x	11.2x	9.8x	9.3x	40%	41%	42%
HUGO BOSS AG	2968	6.4x	6.0x	5.6x	9.1x	8.6x	8.0x	13.5x	12.3x	11.3x	48%	49%	51%
Capri Holdings Limited	4436	7.0x	5.1x	4.4x	9.3x	6.6x	5.5x	6.5x	6.0x	5.5x	37%	44%	48%
Ralph Lauren Corporation Class A	9071	7.8x	8.1x	7.4x	10.6x	10.9x	9.9x	15.4x	14.1x	12.8x	41%	40%	43%
Ted Baker PLC	127	7.1x	4.7x	4.2x	28.5x	17.5x	13.3x	22.9x	17.2x	11.9x	34%	35%	37%
PVH Corp.	6514	7.9x	6.9x	6.6x	10.5x	9.1x	8.7x	9.4x	9.1x	8.2x	47%	49%	46%
Guess?, Inc.	1485	6.6x	6.0x	5.4x	9.8x	8.4x	7.2x	16.7x	13.2x	11.6x			
Joules Group Plc	135	8.4x	4.9x	3.9x	14.3x	8.7x	8.1x	13.0x	11.8x	11.4x			
<b>Luxury goods</b>													
Brunello Cucinelli S.p.A.	2317	20.4x	20.1x	18.7x	27.2x	26.9x	24.8x	43.2x	41.7x	37.8x	48%	52%	57%
Burberry Group plc	8168	13.7x	11.6x	10.5x	16.7x	14.1x	12.3x	23.6x	21.5x	19.2x	52%	55%	58%
Hermes International SCA	74113	24.4x	23.4x	21.2x	28.4x	27.3x	24.7x	48.8x	43.7x	39.9x	73%	75%	76%
Moncler SpA	9764	16.9x	12.3x	10.8x	19.4x	16.9x	14.5x	26.9x	26.5x	23.4x	56%	62%	64%
Prada S.p.A.	73950	9.8x	8.6x	13.5x	32.1x	26.4x	21.9x	37.8x	40.4x	34.1x	46%	46%	45%
Salvatore Ferragamo S.p.A.	2796	14.5x	11.8x	10.9x	20.7x	16.6x	14.8x	31.8x	28.6x	25.1x	52%	53%	54%
<b>Premium goods median</b>	<b>3702</b>	<b>7.1x</b>	<b>5.9x</b>	<b>5.5x</b>	<b>10.6x</b>	<b>9.2x</b>	<b>8.8x</b>	<b>12.3x</b>	<b>11.0x</b>	<b>10.3x</b>	<b>40%</b>	<b>42%</b>	<b>44%</b>
<b>Luxury goods median</b>		<b>15.7x</b>	<b>12.0x</b>	<b>12.2x</b>	<b>23.9x</b>	<b>21.6x</b>	<b>18.3x</b>	<b>34.8x</b>	<b>34.5x</b>	<b>29.6x</b>	<b>52%</b>	<b>54%</b>	<b>58%</b>
<b>Marimekko (Evli est.)</b>	<b>697</b>	<b>10.2x</b>	<b>10.1x</b>	<b>10.1x</b>	<b>17.7x</b>	<b>16.7x</b>	<b>14.6x</b>	<b>22.3x</b>	<b>21.1x</b>	<b>18.7x</b>	<b>40%</b>	<b>45%</b>	<b>48%</b>
<i>Marimekko premium vs. premium goods median</i>													
		44%	72%	82%	68%	81%	67%	81%	92%	82%	-1%	7%	10%
<b>MARIMEKKO PEERS</b>													
	Ticker	Dividend yield			EBIT margin			ROCE-%			ROE-%		
		19	20	21	19	20	21	19	20	21	19	20	21
<b>Premium goods</b>													
Bjorn Borg AB	BORG-SE	8.2%	8.2%	8.2%	8.7%	9.7%	9.8%	11.7%	13.4%	13.7%	18.8%	20.7%	20.7%
HUGO BOSS AG	BOSS-DE	6.0%	6.4%	6.7%	11.7%	12.0%	12.3%	23.0%	23.0%	23.5%	21.9%	22.2%	22.6%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	0.0%	13.9%	14.8%	15.1%	13.0%	13.8%	14.7%	23.5%	20.7%	18.7%
Ralph Lauren Corporation Class A	RL-US	2.2%	2.4%	2.6%	11.8%	12.3%	12.8%	13.5%	14.2%	14.9%	20.0%	20.8%	20.8%
Ted Baker PLC	TED-GB	2.7%	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	0.2%	0.2%	0.2%	9.5%	9.4%	9.5%	8.6%	8.4%	7.9%	11.7%	11.1%	11.2%
Guess?, Inc.	GES-US	2.2%	2.0%	2.0%	5.5%	6.1%	6.6%				15.9%	25.8%	46.6%
Joules Group Plc	JOUL-GB	1.5%	1.7%	2.0%	6.3%	6.3%	5.6%				13.4%	11.4%	
<b>Luxury goods</b>													
Brunello Cucinelli S.p.A.	BC-IT	1.0%	1.2%	1.3%	13.0%	13.1%	13.3%	16.0%	17.8%	20.0%	17.2%	16.5%	16.9%
Burberry Group plc	BRBY-GB	2.2%	2.3%	2.5%	17.1%	17.7%	19.1%	24.2%	25.5%	32.0%	23.7%	23.2%	22.9%
Hermes International SCA	RMS-FR	0.7%	0.8%	0.9%	33.9%	34.2%	34.4%	33.0%	30.8%	28.6%	23.3%	22.1%	20.7%
Moncler SpA	MONC-IT	1.3%	1.4%	1.5%	30.7%	30.4%	30.8%	27.0%	27.0%	27.1%	27.5%	23.6%	22.9%
Prada S.p.A.	1913-HK	2.2%	2.0%	2.4%	9.5%	10.4%	11.9%	5.8%	6.6%	8.0%	7.7%	7.1%	8.1%
Salvatore Ferragamo S.p.A.	SFER-IT	2.0%	2.2%	2.4%	10.4%	10.9%	11.8%	11.2%	11.7%	12.9%	11.3%	11.8%	12.7%
<b>Premium goods median</b>		<b>2.5%</b>	<b>1.3%</b>	<b>1.4%</b>	<b>10.6%</b>	<b>10.9%</b>	<b>11.0%</b>	<b>12.3%</b>	<b>13.6%</b>	<b>14.2%</b>	<b>19.4%</b>	<b>20.7%</b>	<b>19.7%</b>
<b>Luxury goods median</b>		<b>1.7%</b>	<b>1.7%</b>	<b>1.9%</b>	<b>15.1%</b>	<b>15.4%</b>	<b>16.2%</b>	<b>20.1%</b>	<b>21.7%</b>	<b>23.6%</b>	<b>20.2%</b>	<b>19.3%</b>	<b>18.8%</b>
<b>Marimekko (Evli est.)</b>		<b>5.5%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>13.6%</b>	<b>14.7%</b>	<b>15.1%</b>	<b>22.7%</b>	<b>25.4%</b>	<b>26.1%</b>	<b>33.1%</b>	<b>35.8%</b>	<b>34.0%</b>

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	28.4	32.0	37.7	38.8	136.9	149.1	162.5
EBITDA	5.7	6.8	11.0	6.2	29.7	5.5	7.2	12.2	8.4	33.3	36.3	40.2
<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>19.3</i>	<i>22.4</i>	<i>32.5</i>	<i>21.6</i>	<i>24.3</i>	<i>24.4</i>	<i>24.7</i>
EBIT	2.6	3.7	7.8	3.0	17.1	2.2	3.9	8.9	5.1	20.1	22.6	24.9
<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>7.6</i>	<i>12.1</i>	<i>23.7</i>	<i>13.1</i>	<i>14.7</i>	<i>15.1</i>	<i>15.3</i>
Net financial items	-0.1	-0.6	0.0	-0.3	-1.0	-0.1	-0.2	-0.2	-0.3	-0.8	-0.9	-0.8
Pre-tax profit	2.5	3.1	7.8	2.7	16.1	2.1	3.7	8.7	4.8	19.3	21.7	24.0
Tax	-0.5	-0.6	-1.4	-0.5	-3.1	-1.0	-1.0	-1.0	-1.0	-3.9	-4.3	-4.8
<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>46.7</i>	<i>26.4</i>	<i>11.1</i>	<i>20.3</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	1.1	2.7	7.8	3.8	15.4	17.4	19.2
EPS	0.24	0.31	0.78	0.27	1.60	0.14	0.33	0.95	0.47	1.89	2.14	2.37
EPS adjusted (diluted no. of shares)	0.24	0.31	0.78	0.27	1.60	0.14	0.33	0.95	0.47	1.89	2.14	2.37
Dividend per share	0.00	0.00	0.00	0.00	0.90	0.00	0.00	0.00	0.00	1.14	1.28	1.42
<b>SALES, EURm</b>												
Finland	12.8	16.8	19.6	21.9	71.1	13.8	18.3	22.3	25.1	79.4	85.6	93.3
Scandinavia	2.1	2.1	2.5	2.6	9.3	2.3	2.2	2.6	2.7	9.9	10.6	11.5
EMEA	3.5	3.2	2.8	2.6	12.1	3.8	3.5	3.0	3.0	13.3	14.5	15.8
North America	1.9	2.0	2.3	2.0	8.2	2.1	2.2	2.5	2.2	9.0	9.4	10.3
Asia Pacific	6.8	5.1	7.2	5.6	24.7	6.5	5.8	7.2	5.8	25.3	29.0	31.6
<b>Total</b>	<b>27.1</b>	<b>29.2</b>	<b>34.4</b>	<b>34.7</b>	<b>125.4</b>	<b>28.4</b>	<b>32.0</b>	<b>37.7</b>	<b>38.8</b>	<b>136.9</b>	<b>149.1</b>	<b>162.5</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Finland</i>	<i>7.5</i>	<i>4.0</i>	<i>14.1</i>	<i>19.7</i>	<i>11.9</i>	<i>7.5</i>	<i>8.8</i>	<i>13.6</i>	<i>14.5</i>	<i>11.7</i>	<i>7.9</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>8.2</i>	<i>6.3</i>	<i>5.3</i>	<i>5.2</i>	<i>6.2</i>	<i>6.9</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>8.9</i>	<i>8.9</i>	<i>7.5</i>	<i>14.9</i>	<i>9.9</i>	<i>9.1</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>10.4</i>	<i>9.1</i>	<i>10.0</i>	<i>9.6</i>	<i>9.8</i>	<i>4.7</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>-4.6</i>	<i>14.2</i>	<i>0.3</i>	<i>3.3</i>	<i>2.5</i>	<i>14.6</i>	<i>9.0</i>
<b>Total</b>	<b>12.5</b>	<b>3.5</b>	<b>15.3</b>	<b>16.7</b>	<b>12.1</b>	<b>4.9</b>	<b>9.6</b>	<b>9.5</b>	<b>11.7</b>	<b>9.2</b>	<b>8.9</b>	<b>9.0</b>
<b>EBIT, EURm</b>												
Group (EBIT only)	2.6	3.7	7.8	3.0	17.1	2.2	3.9	8.9	5.1	20.1	22.6	24.9
<b>Total</b>	<b>2.6</b>	<b>3.7</b>	<b>7.8</b>	<b>3.0</b>	<b>17.1</b>	<b>2.2</b>	<b>3.9</b>	<b>8.9</b>	<b>5.1</b>	<b>20.1</b>	<b>22.6</b>	<b>24.9</b>
<b>EBIT margin, %</b>												
<i>Total</i>	<i>9.6</i>	<i>12.7</i>	<i>22.7</i>	<i>8.6</i>	<i>13.6</i>	<i>7.6</i>	<i>12.1</i>	<i>23.7</i>	<i>13.1</i>	<i>14.7</i>	<i>15.1</i>	<i>15.3</i>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	95.7	99.6	102.3	111.9	125.4	136.9	149.1	162.5
<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>9.2</i>	<i>8.9</i>	<i>9.0</i>
EBITDA	6.0	10.2	11.9	14.6	29.7	33.3	36.3	40.2
<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>24.3</i>	<i>24.4</i>	<i>24.7</i>
Depreciation	-4.5	-4.1	-3.3	-2.4	-12.6	-13.2	-13.8	-15.3
EBITA	1.5	6.1	8.6	12.2	17.1	20.1	22.6	24.9
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	20.1	22.6	24.9
<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>14.7</i>	<i>15.1</i>	<i>15.3</i>
Reported EBIT	1.5	5.0	8.4	12.2	17.1	20.1	22.6	24.9
<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>14.7</i>	<i>15.1</i>	<i>15.3</i>
Net financials	0.0	-0.1	-1.2	-0.2	-1.0	-0.8	-0.9	-0.8
Pre-tax profit	1.5	6.0	7.4	12.1	16.1	19.3	21.7	24.0
Taxes	-0.5	-1.1	-1.5	-3.9	-3.1	-3.9	-4.3	-4.8
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	15.4	17.4	19.2
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	17	15	13	5	5	6	7	8
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	37	36	37	37	41
Inventory	18	21	21	22	23	25	27	29
Receivables	6	8	7	7	7	8	10	11
Liquid funds	4	3	6	23	26	27	32	39
Total assets	46	48	47	94	97	104	114	128
<b>Liabilities</b>								
Shareholder's equity	27	28	31	40	39	47	55	64
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	37	37	41
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	18	19	21
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	46	48	47	94	97	104	114	128
<b>CASH FLOW, EURm</b>								
+ EBITDA	6	10	12	15	30	33	36	40
- Net financial items	0	0	-1	0	-1	-1	-1	-1
- Taxes	0	-1	-2	-3	-2	-4	-4	-5
- Increase in Net Working Capital	1	-3	0	2	2	-4	-2	-2
+/- Other	0	-1	1	0	0	0	0	0
= Cash flow from operations	6	6	10	12	28	25	29	33
- Capex	-4	-3	-1	-1	-12	-15	-15	-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	9	14	14
+/- New issues/buybacks	0	0	0	5	1	0	0	0
- Paid dividend	-3	-3	-3	-4	-15	-7	-9	-10
+/- Other	0	-2	-3	-6	1	-1	0	3
Change in cash	0	-1	3	17	3	1	5	7

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	77	82	168	291	325	325	325
Net debt (excl. convertibles)	2	-3	14	12	10	5	2
Enterprise value	79	79	182	303	335	330	327
Sales	100	102	112	125	137	149	163
EBITDA	10	12	15	30	33	36	40
EBIT	6	9	12	17	20	23	25
Pre-tax	6	7	12	16	19	22	24
Earnings	5	6	8	13	15	17	19
Equity book value (excl. minorities)	28	31	40	39	47	55	64
<b>Valuation multiples</b>							
EV/sales	0.8	0.8	1.6	2.4	2.4	2.2	2.0
EV/EBITDA	7.8	6.6	12.4	10.2	10.1	9.1	8.1
EV/EBITA	13.0	9.2	14.9	17.7	16.7	14.6	13.1
EV/EBIT	13.0	9.2	14.9	17.7	16.7	14.6	13.1
EV/OCF	12.9	8.0	14.9	10.7	13.4	11.4	9.9
EV/FCFF	31.3	8.2	8.4	11.4	15.2	12.6	10.9
P/FCFE	21.5	9.3	7.8	18.3	34.5	23.2	23.7
P/E	15.7	13.8	20.5	22.3	21.1	18.7	16.9
P/B	2.7	2.7	4.2	7.5	6.9	5.9	5.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	11.1	10.0	8.9
Target EV/EBIT	0.0	0.0	0.0	0.0	18.3	16.1	14.5
Target EV/FCF	0.0	0.0	0.0	0.0	39.0	25.9	26.2
Target P/B	0.0	0.0	0.0	0.0	7.6	6.5	5.6
Target P/E	0.0	0.0	0.0	0.0	23.3	20.6	18.6
<b>Per share measures</b>							
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	1.89	2.14	2.37
Operating cash flow per share	0.76	1.21	1.51	3.48	3.07	3.57	4.06
Free cash flow per share	0.44	1.09	2.68	1.96	1.16	1.72	1.69
Book value per share	3.50	3.79	4.95	4.78	5.78	6.78	7.86
Dividend per share	0.40	0.50	1.85	0.90	1.14	1.28	1.42
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	2.3	2.8	3.2	3.5
FCF yield, %	4.6	10.8	12.9	5.5	2.9	4.3	4.2
<b>Efficiency measures</b>							
ROE	17.6	20.0	23.2	33.1	35.8	34.0	32.3
ROCE	17.9	25.4	22.2	22.7	25.4	26.1	25.8
<b>Financial ratios</b>							
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	11.3	10.1	11.9
CAPEX/sales (incl. acquisitions), %	2.6	1.0	1.0	9.8	11.3	10.1	11.9
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	0.3	0.1	0.0
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	48.4	50.0
Gearing, %	8.8	-9.4	34.3	30.7	20.9	9.2	2.7

**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	51.908	16.0%
Moomin Characters Oy Ltd	615,240	24.610	7.6%
Ehrnrooth Anna Sophia	400,377	16.015	4.9%
Varma Mutual Pension Insurance Company	385,920	15.437	4.7%
Oy Etra Invest Ab	233,000	9.320	2.9%
Odin Finland	231,301	9.252	2.8%
Ilmarinen Mutual Pension Insurance Company	215,419	8.617	2.6%
Nordea Small Cap	199,885	7.995	2.5%
Veritas Pension Insurance Company Ltd.	160,470	6.419	2.0%
Evli Finnish Small Cap Fund	101,787	4.071	1.3%
Ten largest	3,841,099	153.644	47%
Residual	4,288,735	171.549	53%
Total	8,129,834	325.193	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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CFO: Elina Anckar

Tel: +358 9 75 871

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



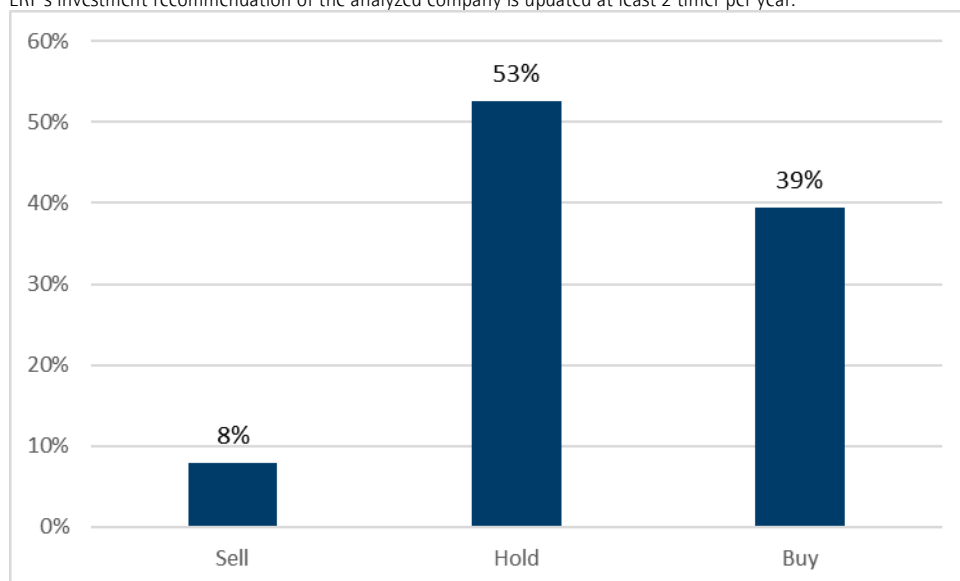
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Investment recommendations are defined as follows:

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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