

Solid performance continues

Marimekko's Q4 result met the expectations with revenue growth of 8% y/y. Adj. EBIT improved by ~90%. The outlook remains good despite the uncertainties related to the pandemic. We keep our rating "BUY" with TP of EUR 57 (50).

Q4 result met the expectations

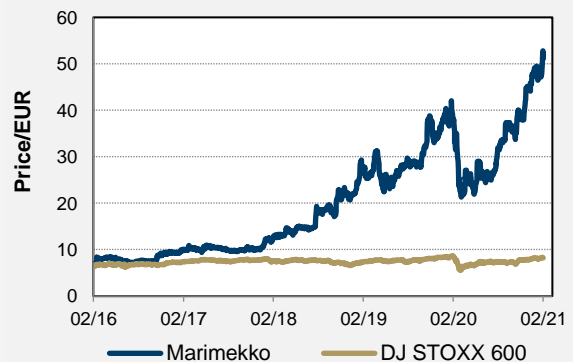
Marimekko's Q4 result was somewhat in line with the expectations. Revenue increased by 8% y/y to EUR 37m (38m/38m Evli/cons.). Revenue was driven by good wholesale sales development in Finland, EMEA and Scandinavia. Customer numbers in stores declined as the pandemic situation worsened towards the end of the year. This impacted negatively on retail sales. On the other hand, retail sales were supported by strong growth in online sales. Adj. EBIT amounted EUR 5.8 (+90% y/y) vs. 5.0m/4.7m Evli/consensus. Profitability was boosted by increased sales and decreased fixed costs but at the same time, gross margin declined, resulting from increased online sales. 2020 dividend proposal is EUR 1.0 (1.2/1.1 Evli/cons.).

The outlook remains bright

Fashion industry has faced enormous losses due to the pandemic but despite the situation, the management of Marimekko has shown good capabilities of being able to adjust to the current environment. This reinforces our view of the company's ability to grow profitably in the future as well. Marimekko is also benefiting from the changed consumer behavior where sustainability plays a big role. Marimekko expects sales in Finland and APAC-region to grow in 2021. Domestic wholesale sales will be boosted by nonrecurring promotional deliveries and a vast majority of those will take place in H2'21. Marimekko expects to open ~5-10 new stores and shop-in-shops in 2021 of which most openings will be in Asia.

"BUY" with TP of EUR 57 (50)

The ongoing pandemic situation is still impacting on Marimekko's sales and we expect the situation to normalize in H2E. Marimekko expects 21E sales to increase from 2020 and adj. EBIT margin to be on a par with the long-term target of 15%. We have slightly increased our estimates and expect 21E sales of EUR 135m (+10% y/y) and adj. EBIT of EUR 20.5m (15.2% margin). On our estimates, the company trades with 21E-22E EV/EBIT multiple of 20.1x and 16.9x which is 50-70% premium compared to the premium peers. We see the premium acceptable due to the strong revenue and profitability development. We keep our rating "BUY" with TP of EUR 57 (50).

 Rating BUY

 Share price, EUR (Last trading day's closing price) 51.10

 Target price, EUR 57.0

 Latest change in 18-Sep-20

 Latest report on company 11-Dec-20

 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 414

 Free float, % 69.3

 Exchange rate -

 Reuters code MEKKO.HE

 Bloomberg code MEKKO FH

 Average daily volume, EURm -

 Next interim report 20-May-21

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+ BUY □ HOLD - SELL

KEY FIGURES

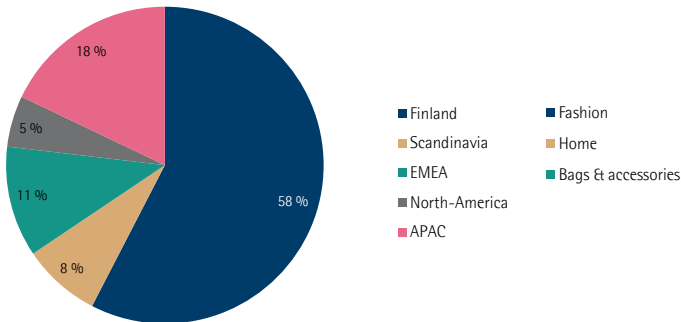
	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	125.4	17.1	13.6%	15.9	1.60	22.3	2.4	17.7	5.5	0.90
2020	123.6	20.2	16.4%	13.6	1.80	25.3	3.0	18.2	3.7	1.00
2021E	135.3	20.5	15.2%	7.3	1.91	26.8	3.1	20.1	1.8	1.05
2022E	146.3	24.0	16.4%	15.4	2.25	22.7	2.8	16.9	3.7	1.24
2023E	152.2	25.0	16.4%	18.7	2.31	22.1	2.6	15.9	4.5	1.27
Market cap, EURm			414	Gearing 2021E, %		-1.5	CAGR EPS 2020-23, %			8.6
Net debt 2021E, EURm			-1	Price/book 2021E		6.9	CAGR sales 2020-23, %			7.2
Enterprise value, EURm			414	Dividend yield 2021E, %		2.1	ROE 2021E, %			27.4
Total assets 2021E, EURm			115	Tax rate 2021E, %		20.0	ROCE 2021E, %			22.3
Goodwill 2021E, EURm			0	Equity ratio 2021E, %		52.1	PEG, P/E 21/CAGR			3.1

Estimates

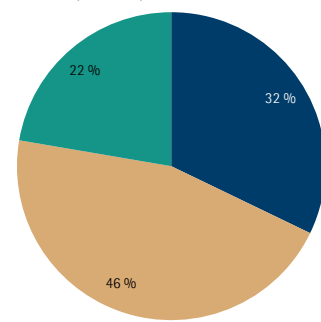
Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	2020				FY2020	2021E				FY2021E	FY2022E
								Q1	Q2	Q3	Q4		Q1E	Q2E	Q3E	Q4E		
Finland	35.1	35.4	37.6	38.9	40.8	45.1	51.9	8.9	7.8	14.6	14.6	45.9	8.9	10.9	14.9	15.8	50.5	54.0
Retail revenue	16.5	16.2	14.7	16.6	14.6	18.3	19.0	4.6	3.6	8.3	8.5	25.1	4.7	3.7	8.3	8.9	25.6	26.9
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	13.7	14.5	23.3	24.8	76.3	81.1
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	1.2	1.2	1.5	1.4	5.3	5.6
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	2.3	2.3	2.8	3.4	10.8	11.4
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	0.5	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	2.3	2.7	3.2	3.1	11.3	11.9
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	0.1	0.1	0.1	0.1	0.4	0.4
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	2.8	3.4	3.9	3.9	14.0	14.8
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	1.1	1.3	1.4	1.4	5.2	5.7
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	0.8	0.6	0.5	0.6	2.4	2.8
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	0.0	0.0	0.1	0.1	0.2	0.2
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	1.8	2.0	1.9	2.1	7.9	8.8
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	1.1	1.1	1.2	1.7	5.0	6.0
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	5.3	4.5	6.4	4.6	20.7	23.8
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	0.2	0.1	0.1	0.1	0.5	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	5.7	7.7	6.3	26.3	30.3
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	13.7	14.5	23.3	24.8	76.3	81.1
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	13.6	13.4	16.4	15.7	59.0	65.2
Finland growth (%)	0%	0%	1%	6%	0%	14%	12%	6%	-32%	17%	6%	0%	1%	2%	1%	7%	7%	6%
International growth (%)	16%	1%	2%	6%	6%	4%	12%	-21%	-3%	2%	11%	-3%	20%	2%	9%	11%	13%	10%
REVENUE SPLIT																		
Retail	48.8	50.7	52.7	53.6	56.3	61.1	69.1	12.1	11.0	18.2	18.7	59.9	12.7	15.1	19.5	21.0	68.4	73.9
Wholesale	44.2	42.2	41.4	44.9	44.4	49.5	53.8	12.6	11.2	19.0	18.0	60.8	14.1	12.6	19.8	19.1	65.7	71.3
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	0.4	0.2	0.3	0.4	1.3	1.2
Retail growth (%)	12%	4%	4%	2%	5%	8%	13%	0%	-37%	-5%	-9%	-13%	5%	3%	7%	12%	14%	8%
Wholesale growth (%)	1%	-4%	-2%	9%	-1%	12%	8%	-13%	-3%	37%	32%	13%	12%	13%	4%	6%	8%	9%
License growth (%)	-24%	12%	26%	-31%	52%	-22%	113%	-71%	501%	-40%	0%	2%	158%	-79%	-60%	-45%	-53%	-10%
TOTAL REVENUE	94.0	94.2	95.7	98.6	102.3	111.9	125.4	24.9	23.3	38.0	37.4	123.6	27.2	27.9	39.6	40.5	135.4	146.3
Growth (%)	6%	0%	2%	4%	3%	9%	12%	-8.3%	-20.0%	10.3%	7.6%	-1%	9.5%	19.9%	4.3%	8.4%	10%	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	-9.8	-9.2	-12.2	-13.6	-44.8	-48.4
Growth (%)	14%	-0.7%	7%	14%	-7%	13%	8%	9%	37%	-5%	5.0%	6%	-12.0%	-30.0%	-1.0%	17.0%	-7%	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	-1.2	-1.2	-1.2	-1.2	-4.8	-4.0
Gross profit	61.0	60.7	60.9	63.4	64.9	71.0	80.5	15.8	13.9	23.4	22.0	74.9	16.3	17.5	26.2	25.7	85.7	93.3
Gross margin	64.9%	64.5%	63.6%	63.9%	63.4%	63.4%	64.2%	62.8%	59.8%	61.5%	58.9%	60.6%	59.7%	62.6%	66.2%	63.6%	63.3%	64.2%
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	-12.0	-11.9	-12.8	-15.3	-52.0	-56.3
Growth (%)	6%	-6%	8%	-3%	1%	6%	-10%	-6%	-32%	-20%	-6%	-16%	5%	43%	31%	10%	20%	8%
% of revenue	58%	54%	58%	54%	53%	51%	41%	45.8%	35.6%	25.7%	37.4%	35%	44.2%	42.5%	32.2%	37.8%	39%	38%
Adj. EBITDA	8.1	10.6	6.2	10.2	12.0	14.6	29.7	4.4	5.8	13.6	9.0	32.8	4.3	5.7	13.6	10.5	34.2	38.0
Adj. EBITDA margin	8.6%	11.2%	6.4%	10.2%	11.7%	13.1%	23.7%	17.5%	24.8%	35.9%	24.0%	26.5%	15.9%	20.5%	34.2%	26.0%	25.2%	26.0%
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	1.0	2.4	10.1	7.0	20.5	24.0
Adj. EBIT margin	1.7%	6.6%	1.6%	6.1%	8.4%	10.9%	13.6%	4.9%	11.5%	27.7%	15.5%	16.4%	3.8%	8.7%	25.4%	17.3%	15.2%	16.4%

Source: Marimekko, Evli research

Sales split by market area in 2020



Sales split by product segment in 2020



Valuation

MARIMEKKO PEERS	MCAP local FX	EV/EBITDA			EV/EBIT			P/E			Equity ratio		
		20	21	22	20	21	22	20	21	22	20	21	22
Premium goods													
Bjorn Borg AB	500	9.2x	6.7x	4.6x	19.2x	11.7x	6.9x	16.6x	11.1x	7.1x	45%	50%	56%
HUGO BOSS AG	2009	12.1x	6.2x	5.3x		22.0x	14.5x		26.7x	16.0x	31%	33%	35%
Capri Holdings Limited	6682	14.7x	8.1x	6.4x	25.4x	10.6x	8.0x	29.4x	12.1x	9.7x	33%	39%	44%
Ralph Lauren Corporation Class A	8117	21.0x	8.2x	7.7x	77.0x	11.8x	10.6x	198.9x	17.0x	14.3x	36%	33%	34%
Ted Baker PLC	173		6.0x	3.2x		182.0x	7.3x			8.0x	32%	27%	31%
PVH Corp.	6477	35.3x	8.5x	7.4x		12.7x	10.1x		14.2x	11.1x	40%	41%	43%
Guess?, Inc.	1578	25.4x	8.7x			13.8x			18.4x	13.7x			
Joules Group Plc	194	9.7x	7.3x	5.8x	41.8x	17.2x	11.4x	57.1x	20.8x	15.0x	29%	31%	40%
Luxury goods													
Brunello Cucinelli S.p.A.	2322	39.7x	18.7x	16.1x		49.0x	35.2x		85.8x	53.4x	46%	48%	51%
Burberry Group plc	7327	9.8x	8.5x	8.3x	19.9x	15.2x	13.8x	36.0x	24.6x	22.4x	42%	46%	48%
Hermes International SCA	97759	40.7x	32.3x	28.2x	51.2x	39.0x	33.5x	87.5x	61.6x	52.8x	70%	73%	75%
Moncler SpA	12783	23.1x	17.8x	14.8x	37.5x	25.4x	20.7x	63.0x	39.1x	32.3x	57%	61%	62%
Prada S.p.A.	129476	21.5x	14.5x	12.6x	1 419.5x	46.2x	32.3x		77.4x	50.2x	48%	49%	49%
Salvatore Ferragamo S.p.A.	2609	21.0x	10.9x	8.3x		74.8x	25.9x		1 033.3x	58.5x	41%	40%	41%
Premium goods median	1793	14.7x	7.7x	5.8x	33.6x	13.2x	10.1x	43.2x	17.0x	12.4x	33%	33%	40%
Luxury goods median	10055	22.3x	16.2x	13.7x	44.4x	42.6x	29.1x	63.0x	69.5x	51.5x	47%	48%	50%
Marimekko (Evli est.)	414	11.2x	12.1x	10.7x	18.2x	20.1x	16.9x	25.3x	26.8x	22.7x	46%	52%	55%
<i>Marimekko premium vs. premium goods median</i>		-24 %	57 %	83 %	-46 %	52 %	67 %	-42 %	58 %	83 %	38 %	56 %	39 %
<i>Marimekko premium vs. luxury goods median</i>		-50 %	-25 %	-22 %	-59 %	-53 %	-42 %	-60 %	-61 %	-56 %	-2 %	7 %	10 %
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%	5.5%	7.9%	11.3%	7.3%	10.6%	14.9%	10.3%	13.3%	17.2%
HUGO BOSS AG	BOSS-DE	0.7%	3.6%	5.3%	-10.7%	6.2%	8.6%	-12.8%	8.4%	11.9%	-22.1%	8.3%	12.3%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	0.0%	7.6%	14.4%	16.1%	5.0%	11.7%	13.2%	9.7%	19.1%	19.1%
Ralph Lauren Corporation Class A	RL-US	0.3%	1.9%	2.5%	2.1%	11.5%	12.5%	1.4%	9.4%	10.1%	1.6%	17.4%	28.4%
Ted Baker PLC	TED-GB	0.0%	0.0%	0.0%	-19.2%	0.4%	6.7%	-26.3%	0.7%	14.9%	-47.6%	-3.1%	12.9%
PVH Corp.	PVH-US	0.1%	0.1%	0.1%	-0.9%	7.6%	8.6%	-0.6%	6.2%	7.2%	-2.8%	9.0%	10.2%
Guess?, Inc.	GES-US	0.9%	1.8%	1.8%	-0.2%	5.5%	6.9%				-10.1%	18.1%	
Joules Group Plc	JOUL-GB	0.0%	0.2%	0.4%	2.4%	5.4%	7.0%	6.3%	14.6%	17.0%	6.8%	16.1%	17.9%
Luxury goods													
Brunello Cucinelli S.p.A.	BC-IT	0.4%	0.6%	0.9%	-2.7%	9.5%	12.0%				-10.7%	9.6%	14.0%
Burberry Group plc	BRBY-GB	1.1%	2.1%	2.3%	13.5%	16.1%	16.7%	12.7%	15.7%	16.2%	15.5%	19.5%	18.7%
Hermes International SCA	RMS-FR	0.5%	0.6%	0.7%	27.5%	32.5%	33.7%	21.6%	26.0%	26.2%	15.8%	19.1%	19.2%
Moncler SpA	MONC-IT	0.6%	1.0%	1.2%	23.1%	28.3%	29.7%	14.7%	19.3%	20.9%	13.3%	17.3%	18.4%
Prada S.p.A.	1913-HK	0.1%	0.6%	1.0%	0.4%	10.4%	13.2%	0.2%	6.3%	8.5%	-1.7%	5.8%	8.5%
Salvatore Ferragamo S.p.A.	SFER-IT	0.2%	0.7%	1.1%	-7.6%	3.0%	7.5%	-5.4%	2.5%	6.8%	-12.7%	0.4%	6.1%
Premium goods median		0.0%	0.1%	0.2%	1.0%	6.9%	8.6%	1.4%	9.4%	13.2%	-0.6%	14.7%	17.2%
Luxury goods median		0.5%	0.7%	1.0%	7.0%	13.2%	15.0%	12.7%	15.7%	16.2%	5.8%	13.5%	16.2%
Marimekko (Evli est.)		2.2%	2.1%	2.4%	16.4%	15.2%	16.4%	24.5%	22.3%	24.0%	31.9%	27.4%	28.0%

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	24.9	23.3	38.0	37.4	123.6	27.2	27.9	39.6	40.5	135.3	146.3	152.2
EBITDA	4.4	5.8	13.6	9.0	32.8	4.4	5.8	13.5	10.5	34.2	38.0	39.3
<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>16.3</i>	<i>20.7</i>	<i>34.1</i>	<i>25.8</i>	<i>25.3</i>	<i>26.0</i>	<i>25.9</i>
EBIT	1.2	2.7	10.5	5.8	20.2	1.0	2.4	10.1	7.0	20.5	24.0	25.0
<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>3.8</i>	<i>8.7</i>	<i>25.4</i>	<i>17.3</i>	<i>15.2</i>	<i>16.4</i>	<i>16.4</i>
Net financial items	-1.0	0.1	-0.6	-0.4	-1.8	-0.3	-0.3	-0.3	-0.3	-1.2	-1.3	-1.5
Pre-tax profit	0.2	2.8	10.0	5.4	18.4	0.7	2.1	9.8	6.7	19.3	22.8	23.4
Tax	-0.1	-0.6	-2.0	-1.1	-3.8	-0.1	-0.4	-2.0	-1.3	-3.9	-4.6	-4.7
<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>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.2	2.2	8.0	4.3	14.6	0.6	1.7	7.8	5.4	15.5	18.2	18.7
EPS	0.02	0.27	0.98	0.53	1.80	0.07	0.21	0.96	0.66	1.91	2.25	2.31
EPS adjusted (diluted no. of shares)	0.02	0.27	0.98	0.53	1.80	0.07	0.21	0.96	0.66	1.91	2.25	2.31
Dividend per share	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.05	1.24	1.27
SALES, EURm												
Finland	13.6	11.4	23.0	23.2	71.1	13.7	14.5	23.3	24.8	76.3	81.1	84.4
Scandinavia	2.1	1.9	2.8	3.2	9.9	2.3	2.3	2.8	3.4	10.8	11.4	11.8
EMEA	2.7	3.3	4.0	4.0	13.9	2.8	3.4	3.9	3.9	14.0	14.8	15.4
North America	1.6	1.5	1.6	1.7	6.4	1.8	2.0	1.9	2.1	7.9	8.8	9.1
Asia Pacific	4.9	5.3	6.6	5.3	22.1	6.6	5.7	7.7	6.3	26.3	30.3	31.5
Total	24.9	23.3	38.0	37.4	123.6	27.2	27.9	39.6	40.5	135.3	146.3	152.2
SALES GROWTH, Y/Y %												
Finland	6.3	-32.3	17.2	6.0	0.1	0.5	28.0	1.3	6.9	7.2	6.3	4.0
Scandinavia	0.0	-10.6	11.2	22.6	6.9	10.4	23.4	2.3	5.3	8.9	5.0	4.0
EMEA	-22.9	2.1	43.3	52.3	15.2	5.4	4.1	-3.0	-1.2	0.8	5.3	4.0
North America	-15.8	-25.7	-29.4	-14.5	-21.7	14.8	33.5	19.3	23.6	22.6	11.2	4.0
Asia Pacific	-27.9	4.0	-8.0	-5.7	-10.5	34.0	7.4	16.6	19.5	18.9	15.2	4.0
Total	-8.1	-20.2	10.5	7.7	-1.5	9.4	19.9	4.3	8.4	9.5	8.1	4.0
EBIT, EURm												
Finland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.8
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9
EMEA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5
North America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.2
Group (EBIT only)	1.2	2.7	10.5	5.8	20.2	1.0	2.4	10.1	7.0	20.5	24.0	0.0
Total	1.2	2.7	10.5	5.8	20.2	1.0	2.4	10.1	7.0	20.5	24.0	25.0
EBIT margin, %												
Finland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.4
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.4
EMEA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.4
North America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.4
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.4
Total	4.8	11.5	27.7	15.5	16.4	3.8	8.7	25.4	17.3	15.2	16.4	16.4

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	99.6	102.3	111.9	125.4	123.6	135.3	146.3	152.2
<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>9.5</i>	<i>8.1</i>	<i>4.0</i>
EBITDA	10.2	11.9	14.6	29.7	32.8	34.2	38.0	39.3
<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>25.3</i>	<i>26.0</i>	<i>25.9</i>
Depreciation	-4.1	-3.3	-2.4	-12.6	-12.6	-13.6	-14.0	-14.4
EBITA	6.1	8.6	12.2	17.1	20.2	20.5	24.0	25.0
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	20.5	24.0	25.0
<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>15.2</i>	<i>16.4</i>	<i>16.4</i>
Reported EBIT	5.0	8.4	12.2	17.1	19.4	20.5	24.0	25.0
<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>15.2</i>	<i>16.4</i>	<i>16.4</i>
Net financials	-0.1	-1.2	-0.2	-1.0	-1.8	-1.2	-1.3	-1.5
Pre-tax profit	6.0	7.4	12.1	16.1	18.4	19.3	22.8	23.4
Taxes	-1.1	-1.5	-3.9	-3.1	-3.8	-3.9	-4.6	-4.7
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	15.5	18.2	18.7
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	37	38	38
Inventory	21	21	22	23	22	24	26	27
Receivables	8	7	7	7	8	9	10	10
Liquid funds	3	6	23	26	41	38	46	54
Total assets	48	47	94	97	115	115	127	137
Liabilities								
Shareholder's equity	28	31	40	39	53	60	70	79
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	37	38	38
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	115	127	137
CASH FLOW, EURm								
+ EBITDA	10	12	15	30	33	34	38	39
- 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	-7	-1	-1
+/- Other	-1	1	0	0	-1	0	0	0
= Cash flow from operations	6	10	12	28	27	22	31	32
- 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	7	15	19
+/- New issues/buybacks	0	0	5	1	7	0	0	0
- Paid dividend	-3	-3	-4	-15	-7	-8	-9	-10
+/- Other	-2	-3	-6	1	1	-2	1	0
Change in cash	-1	3	17	3	15	-3	8	9

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	82	168	291	369	414	414	414
Net debt (excl. convertibles)	-3	14	12	-2	-1	-8	-16
Enterprise value	79	182	303	368	414	407	398
Sales	102	112	125	124	135	146	152
EBITDA	12	15	30	33	34	38	39
EBIT	9	12	17	20	21	24	25
Pre-tax	7	12	16	18	19	23	23
Earnings	6	8	13	15	15	18	19
Equity book value (excl. minorities)	31	40	39	53	60	70	79
Valuation multiples							
EV/sales	0.8	1.6	2.4	3.0	3.1	2.8	2.6
EV/EBITDA	6.6	12.4	10.2	11.2	12.1	10.7	10.1
EV/EBITA	9.2	14.9	17.7	18.2	20.1	16.9	15.9
EV/EBIT	9.2	14.9	17.7	18.2	20.1	16.9	15.9
EV/OCF	8.0	14.9	10.7	13.4	18.8	13.1	12.3
EV/FCFF	8.2	8.4	11.4	13.8	20.3	14.0	12.6
P/FCFE	9.3	7.8	18.3	27.2	56.7	26.9	22.2
P/E	13.8	20.5	22.3	25.3	26.8	22.7	22.1
P/B	2.7	4.2	7.5	7.0	6.9	5.9	5.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	13.5	12.0	11.3
Target EV/EBIT	0.0	0.0	0.0	0.0	22.5	18.9	17.9
Target EV/FCF	0.0	0.0	0.0	0.0	63.2	29.5	23.9
Target P/B	0.0	0.0	0.0	0.0	7.7	6.6	5.9
Target P/E	0.0	0.0	0.0	0.0	29.9	25.4	24.7
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	1.91	2.25	2.31
Operating cash flow per share	1.21	1.51	3.48	3.38	2.71	3.82	4.00
Free cash flow per share	1.09	2.68	1.96	1.67	0.90	1.90	2.30
Book value per share	3.79	4.95	4.78	6.51	7.42	8.61	9.69
Dividend per share	0.50	1.85	0.90	1.00	1.05	1.24	1.27
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	2.0	2.1	2.4	2.5
FCF yield, %	10.8	12.9	5.5	3.7	1.8	3.7	4.5
Efficiency measures							
ROE	20.0	23.2	33.1	31.9	27.4	28.0	25.3
ROCE	25.4	22.2	22.7	24.5	22.3	24.0	22.9
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	10.8	10.6	9.1
CAPEX/sales (incl. acquisitions), %	1.0	1.0	9.8	11.2	10.8	10.6	9.1
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	52.1	54.8	57.4
Gearing, %	-9.4	34.3	30.7	-3.2	-1.5	-11.1	-20.9

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	52.004	12.5%
Ilmarinen Mutual Pension Insurance Company	395,419	20.206	4.9%
Varma Mutual Pension Insurance Company	385,920	19.721	4.8%
Enrooth Anna Sophia	340,377	17.393	4.2%
Evli Finnish Small Cap Fund	269,000	13.746	3.3%
Nordea Nordic Small Cap Fund	199,885	10.214	2.5%
Veritas Pension Insurance Company Ltd.	160,458	8.199	2.0%
Sijoitusrahasto Taaleritehdas Mikro Markka	113,000	5.774	1.4%
Oy Talcom Ab	101,000	5.161	1.2%
Oy Etra Invest Ab	100,000	5.110	1.2%
Ten largest	3,082,759	157.529	38%
Residual	5,027,075	256.884	62%
Total	8,109,834	414.413	100%

EARNINGS CALENDAR

May 20, 2021	Q1 report
August 19, 2021	Q2 report
November 03, 2021	Q3 report

COMPANY MISCELLANEOUS

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DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

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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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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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