

Fights victoriously against the virus

Marimekko's Q3 result outpaced the expectations as net sales increased by 10% y/y despite of the challenging times. Adj. EBIT increased by ~35% y/y and totaled EUR 10.5m. We have slightly increased our 20E-22E estimates and keep our rating "BUY" with TP of EUR 43 (42).

Strong growth in Q3

Marimekko delivered extremely strong Q3 result despite of the challenging times. Net sales were EUR 38.0m (+10% y/y) vs. EUR 36.0m/35.3m Evli/cons. Sales growth was driven by good development in wholesale sales in Finland and EMEA. In Finland, wholesale sales included nonrecurring promotional deliveries. Also, retail sales included unrecognized sales from Q2 (EUR ~1m). Further, online sales continued to perform well. Marimekko's Q3 adj. EBIT totaled EUR 10.5m vs. EUR 9.1m/8.4m Evli/cons. Profitability was boosted by good sales growth and decreased fixed costs. Fixed costs were also reduced by subsidies granted in various countries to mitigate the negative business impacts of the COVID-19.

Fighting against the pandemic

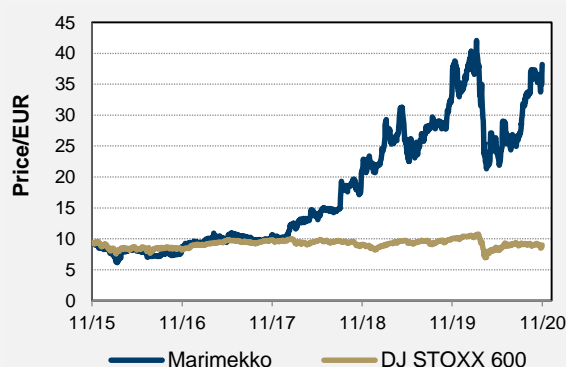
Fashion industry has been suffering from the COVID-19 but so far Marimekko has survived relatively well in the turbulence. The company benefits of having different product lines as the growth in home decor products has been strong in Q3 (+44% y/y) which has compensated the drop in sales in fashion and bags & accessories. The final quarter is important for Marimekko as several sales campaigns take place during the quarter. We expect fairly good development in Finland as currently the household consumption is more focused on domestic purchases. However, sales are dependent on the pandemic situation and the trend in customer numbers in retail stores. International sales are also heavily impacted by the development of the pandemic.

"BUY" with TP of EUR 43 (42)

Marimekko expects 20E net sales to be lower than in the previous year. Adj. EBIT is expected to be approx. at the same level or lower than in 2019. We have made small adjustments to our estimates after the result and expect 20E sales of EUR 121m (-3.5% y/y). We expect adj. EBIT to be in line with last year (EUR 17.3m). In 21E, we expect revenue growth of ~8% y/y and profitability to further improve. On our estimates, the company trades at 20E-21E EV/EBIT multiple of 18.4x and 15.9x which is a clear discount compared to the luxury peers. We keep our rating "BUY" with TP of EUR 43 (42).

Rating

BUY



Share price, EUR (Last trading day's closing price) 38.20

Target price, EUR 43.0

Latest change in rating 21-Sep-20

Latest report on company 21-Sep-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 310

Free float, % 69.3

Exchange rate 0.000

Reuters code MM01V.HE

Bloomberg code MM01V.FH

Average daily volume, EURm na.

Next interim report 18-Feb-21

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BUY HOLD SELL

KEY FIGURES

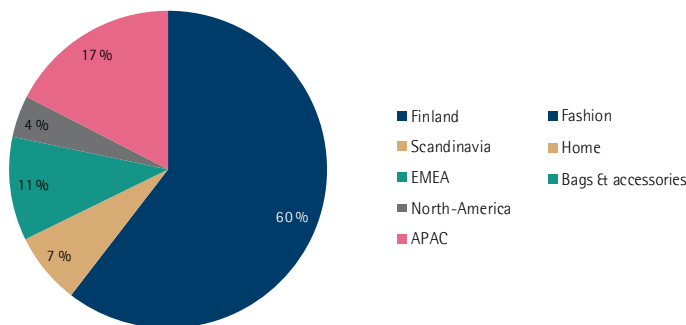
	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	111.9	12.2	10.9%	21.7	1.01	20.5	1.6	14.9	12.9	1.85
2019	125.4	17.1	13.6%	15.9	1.60	22.3	2.4	17.7	5.5	0.90
2020E	121.0	17.3	14.3%	9.7	1.53	25.0	2.6	18.4	3.1	0.92
2021E	131.2	19.5	14.9%	15.6	1.82	20.9	2.4	15.9	5.0	1.09
2022E	139.3	20.9	15.0%	9.1	1.96	19.4	2.2	14.9	2.9	1.18
Market cap, EURm		310	Gearing 2020E, %			21.8	CAGR EPS 2019-22, %			7.0
Net debt 2020E, EURm		10	Price/book 2020E			7.0	CAGR sales 2019-22, %			3.6
Enterprise value, EURm		319	Dividend yield 2020E, %			2.4	ROE 2020E, %			29.9
Total assets 2020E, EURm		98	Tax rate 2020E, %			20.6	ROCE 2020E, %			22.5
Goodwill 2020E, EURm		0	Equity ratio 2020E, %			44.8	PEG, P/E 20/CAGR			2.4

Estimates

Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	2019				FY2019	2020E				FY2020E	FY2021E
							Q1	Q2	Q3	Q4		Q1	Q2	Q3	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	15.4	46.7	54.0
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	8.3	6.7	23.2	20.4
License revenue	0.6	0.4	0.4	0.3	0.2	0.2	0.1	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.1	0.2	0.2
Total	52.2	52.0	52.7	55.8	55.7	63.5	12.8	16.8	19.7	21.9	71.2	13.6	11.4	23.0	22.2	70.1	74.5
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	1.3	1.3	4.5	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	1.4	1.3	4.8	4.9
License revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	8.2	8.5	7.8	7.9	8.5	9.0	2.1	2.1	2.5	2.6	9.3	2.1	1.9	2.8	2.6	9.3	10.4
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	0.5	0.5	2.1	2.3
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	3.4	2.1	10.2	10.5
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	0.5	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	4.0	2.9	12.8	13.4
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	1.1	1.3	4.1	5.5
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	0.5	0.3	2.1	2.2
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	1.6	1.6	6.4	7.9
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	0.7	1.1	3.5	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	5.4	4.0	16.9	19.7
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	0.6	0.4	2.0	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	6.6	5.5	22.4	24.9
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	23.0	22.2	70.1	74.5
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	15.0	12.6	50.9	56.6
Finland growth (%)	0%	0%	1%	6%	0%	14%	7%	4%	14%	20%	12%	6%	-32%	17%	1%	-1%	6%
International growth (%)	16%	1%	2%	2%	6%	4%	18%	2%	17%	12%	12%	-21%	-3%	2%	-1%	-6%	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	18.2	19.6	60.9	72.0
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	19.0	14.4	57.2	57.8
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	0.8	0.8	2.9	1.3
Retail growth (%)	12%	4%	4%	2%	5%	8%	11%	9%	16%	16%	13%	0%	-37%	-5%	-4%	-12%	18%
Wholesale growth (%)	1%	-4%	-2%	9%	-1%	12%	15%	-3%	6%	15%	8%	-13%	-3%	37%	6%	7%	1%
License growth (%)	-24%	12%	26%	-31%	52%	-22%	-22%	-32%	761%	231%	113%	-71%	501%	-40%	13%	5%	-54%
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	38.0	34.8	121.0	131.2
Growth (%)	6%	0%	2%	4%	3%	9%	12.6%	3.3%	15.5%	16.7%	12%	-8.3%	-20.0%	10.3%	0.3%	-4%	8%
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	-12.3	-12.9	-49.5	-47.9
Growth (%)	14%	-2%	7%	14%	-7%	13%	13%	-12%	16%	14%	8%	9%	37%	-5%	2.0%	9%	-3%
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	25.7	22.0	71.5	83.3
Gross margin	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%	67.5%	63.1%	59.1%	63.5%
Total OPEX	-54.4	-51.0	-55.1	-53.4	-54.0	-57.3	-12.1	-12.2	-12.1	-14.9	-51.4	-11.4	-8.3	-9.8	-13.9	-43.3	-51.3
Growth (%)	8%	-6%	8%	-3%	1%	6%	-9%	-12%	-9%	-11%	-10%	-6%	-32%	-20%	-7%	-16%	18%
% of revenue	8%	54%	58%	54%	53%	51%	44.8%	41.8%	35.2%	43.0%	41%	45.8%	35.6%	25.7%	39.9%	36%	39%
D&A adj.	-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	-13.7
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	13.6	6.1	29.9	33.3
Adj. EBITDA margin	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%	35.9%	17.5%	24.7%	25.4%
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	10.5	2.9	17.3	19.5
Adj. EBIT margin	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%	27.7%	8.4%	14.3%	14.9%

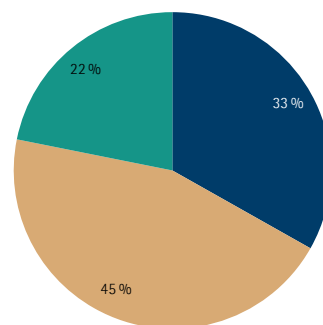
Source: Marimekko, Evli research

Sales split by market area in Q3



Source: Marimekko, Evli Research

Sales split by product segment in Q3



Valuation

MARIMEKKO PEERS	MCAP local FX	EV/EBITDA 20	EV/EBITDA 21	EV/EBITDA 22	EV/EBIT 20	EV/EBIT 21	EV/EBIT 22	P/E 20	P/E 21	P/E 22	Equity ratio		
		20	21	22	20	21	22	20	21	22	20	21	22
Premium goods													
Bjorn Borg AB	390	13.2x	5.8x	4.3x		11.7x	7.7x		10.5x	7.5x	38%	43%	50%
HUGO BOSS AG	1431	8.8x	4.8x	4.1x		15.6x	11.0x		16.0x	10.5x	33%	35%	37%
Capri Holdings Limited	3500	12.1x	5.6x	4.5x	28.0x	7.9x	6.2x	36.0x	7.8x	6.5x	31%	36%	39%
Ralph Lauren Corporation Class A	5020	11.4x	5.5x	5.5x	26.2x	7.7x	7.7x	45.1x	11.2x	10.1x	36%	35%	
Ted Baker PLC	165								98.4x	9.0x	33%	30%	31%
PVH Corp.	4342	93.2x	7.3x	6.2x		11.2x	8.8x		11.0x	8.3x	39%	40%	
Guess?, Inc.	804	28.9x	5.9x			9.5x			10.2x	7.8x			
Joules Group Plc	108	4.8x	3.4x	2.8x	15.8x	8.2x	5.7x	26.7x	15.5x	11.3x	42%	44%	47%
Luxury goods													
Brunello Cucinelli S.p.A.	1820	28.8x	14.7x	12.9x		40.9x	29.2x		69.1x	42.5x	34%	35%	37%
Burberry Group plc	5765	8.3x	7.0x	6.4x	18.0x	12.8x	11.5x	28.8x	20.7x	18.5x	39%	41%	44%
Hermes International SCA	87174	39.1x	29.4x	25.4x	49.2x	35.2x	30.2x	77.9x	56.1x	48.5x	66%	69%	71%
Moncler SpA	9192	18.6x	14.0x	11.8x	29.1x	19.6x	16.5x	44.8x	30.2x	25.3x	55%	58%	60%
Prada S.p.A.	80859	15.2x	10.4x	8.9x	3 315.0x	34.1x	24.8x		53.2x	36.5x	47%	48%	50%
Salvatore Ferragamo S.p.A.	1965	15.0x	7.6x	6.2x		36.6x	18.7x		138.5x	41.7x	46%	45%	45%
Premium goods median	2465	12.1x	5.6x	4.5x	27.1x	11.2x	7.7x	40.6x	11.1x	8.6x	35%	35%	38%
Luxury goods median	16.9x	12.2x	10.3x	39.1x	34.6x	21.8x	44.8x	54.6x	39.1x	46%	47%	47%	
Marimekko (Evli est.)	798	10.7x	9.3x	9.0x	18.4x	15.9x	14.9x	25.0x	20.9x	19.4x	45%	50%	51%
<i>Marimekko premium vs. premium goods median</i>													
		-12 %	66 %	98 %	-32 %	42 %	93 %	-38 %	88 %	125 %	29 %	41 %	34 %
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	1.1%	5.3%	7.5%	-7.7%	6.8%	8.9%	-9.7%	9.5%	12.6%	-17.1%	9.3%	12.9%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	0.0%	4.6%	11.9%	12.5%	2.9%	9.0%	9.4%	4.3%	16.9%	16.7%
Ralph Lauren Corporation Class A	RL-US	1.5%	3.8%	4.8%	4.1%	11.0%	11.1%	2.8%	8.5%		4.2%	16.4%	26.1%
Ted Baker PLC	TED-GB	0.0%	0.0%	0.0%	-13.7%	1.5%	4.7%	-15.1%	2.6%	8.2%	-34.8%	0.8%	7.8%
PVH Corp.	PVH-US	0.1%	0.1%	0.2%	-3.2%	6.7%	7.8%	-2.0%	5.3%		-4.7%	8.0%	9.4%
Guess?, Inc.	GES-US	1.8%	3.5%	3.5%	-1.0%	5.4%	6.4%				-15.4%	26.4%	
Joules Group Plc	JOUL-GB	0.0%	0.0%	0.0%	2.8%	4.6%	5.7%	10.8%	17.0%	20.0%			
Luxury goods													
Brunello Cucinelli S.p.A.	BC-IT	0.7%	0.7%	1.1%	-3.5%	9.3%	11.8%	-3.5%	10.4%	13.8%	-10.3%	9.2%	13.6%
Burberry Group plc	BRBY-GB	1.4%	2.6%	2.9%	11.9%	14.7%	15.6%	10.2%	13.2%	14.2%	14.9%	18.6%	18.8%
Hermes International SCA	RMS-FR	0.5%	0.6%	0.8%	27.3%	32.3%	33.6%	19.9%	24.2%	24.5%	15.8%	18.7%	18.6%
Moncler SpA	MONC-IT	0.7%	1.3%	1.6%	23.0%	28.1%	29.5%	14.8%	19.1%	20.2%	13.7%	17.6%	18.4%
Prada S.p.A.	1913-HK	0.2%	1.0%	1.7%	0.1%	9.7%	12.1%	0.1%	5.9%	7.7%	-1.6%	5.5%	7.6%
Salvatore Ferragamo S.p.A.	SFER-IT	0.7%	1.1%	2.2%	-6.1%	4.4%	7.8%				-11.0%	2.0%	6.3%
Premium goods median		0.0%	0.1%	0.1%	-1.7%	6.7%	8.7%	-1.0%	8.6%	10.6%	-3.7%	10.9%	13.9%
Luxury goods median		0.7%	1.0%	1.7%	6.0%	12.2%	13.8%	10.2%	13.2%	14.2%	6.1%	13.4%	16.0%
Marimekko (Evli est.)		2.4%	2.9%	3.1%	14.3%	14.9%	15.0%	22.5%	24.3%	23.9%	29.9%	31.1%	29.0%

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3	2020Q4E	2020E	2021E	2022E
Net sales	27.1	29.2	34.4	34.7	125.4	24.9	23.3	38.0	34.8	121.0	131.2	139.3
EBITDA	5.7	6.8	11.0	6.2	29.7	4.4	5.8	13.6	6.1	29.9	33.3	34.7
<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>35.9</i>	<i>17.4</i>	<i>24.7</i>	<i>25.4</i>	<i>24.9</i>
EBIT	2.6	3.7	7.8	3.0	17.1	1.2	2.7	10.5	2.9	17.3	19.5	20.9
<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>4.8</i>	<i>11.5</i>	<i>27.7</i>	<i>8.4</i>	<i>14.3</i>	<i>14.9</i>	<i>15.0</i>
Net financial items	-0.1	-0.6	0.0	-0.3	-1.0	-1.0	0.1	-0.6	-0.3	-1.7	-1.1	-1.0
Pre-tax profit	2.5	3.1	7.8	2.7	16.1	0.2	2.8	10.0	2.6	15.6	18.5	19.9
Tax	-0.5	-0.6	-1.4	-0.5	-3.1	-0.1	-0.6	-2.0	-0.5	-3.2	-3.7	-4.0
<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>20.1</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	8.0	2.1	12.4	14.8	15.9
EPS	0.24	0.31	0.78	0.27	1.60	0.02	0.27	0.98	0.26	1.53	1.82	1.96
EPS adjusted (diluted no. of shares)	0.24	0.31	0.78	0.27	1.60	0.02	0.27	0.98	0.26	1.53	1.82	1.96
Dividend per share	0.00	0.00	0.00	0.00	0.90	0.00	0.00	0.00	0.00	0.92	1.09	1.18
SALES, EURm												
Finland	12.8	16.8	19.6	21.9	71.1	13.6	11.4	23.0	22.2	70.1	74.5	79.3
Scandinavia	2.1	2.1	2.5	2.6	9.3	2.1	1.9	2.8	2.6	9.4	10.5	10.8
EMEA	3.5	3.2	2.8	2.6	12.1	2.7	3.3	4.0	2.9	12.8	13.4	13.6
North America	1.9	2.0	2.3	2.0	8.2	1.6	1.5	1.6	1.6	6.4	7.9	8.2
Asia Pacific	6.8	5.1	7.2	5.6	24.7	4.9	5.3	6.6	5.5	22.3	24.9	27.4
Total	27.1	29.2	34.4	34.7	125.4	24.9	23.3	38.0	34.8	121.0	131.2	139.3
SALES GROWTH, Y/Y %												
Finland	7.5	4.0	14.1	19.7	11.9	6.3	-32.3	17.2	1.4	-1.4	6.3	6.4
Scandinavia	10.1	-5.2	9.2	-0.2	3.1	0.0	-10.6	11.2	-0.1	0.6	12.0	3.0
EMEA	33.9	40.7	5.6	-6.6	17.2	-22.9	2.1	43.3	10.4	6.2	4.0	2.0
North America	20.3	-17.5	4.3	0.9	0.1	-15.8	-25.7	-29.4	-17.9	-22.5	24.1	4.0
Asia Pacific	11.9	-0.9	30.5	37.6	18.7	-27.9	4.0	-8.0	-1.5	-9.5	11.5	10.0
Total	12.5	3.5	15.3	16.7	12.1	-8.1	-20.2	10.5	0.4	-3.5	8.4	6.2
EBIT, EURm												
Group (EBIT only)	2.6	3.7	7.8	3.0	17.1	1.2	2.7	10.5	2.9	17.3	19.5	20.9
Total	2.6	3.7	7.8	3.0	17.1	1.2	2.7	10.5	2.9	17.3	19.5	20.9
EBIT margin, %												
Total	9.6	12.7	22.7	8.6	13.6	4.8	11.5	27.7	8.4	14.3	14.9	15.0

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	95.7	99.6	102.3	111.9	125.4	121.0	131.2	139.3
<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>-3.5</i>	<i>8.4</i>	<i>6.2</i>
EBITDA	6.0	10.2	11.9	14.6	29.7	29.9	33.3	34.7
<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>25.4</i>	<i>24.9</i>
Depreciation	-4.5	-4.1	-3.3	-2.4	-12.6	-12.5	-13.7	-13.8
EBITA	1.5	6.1	8.6	12.2	17.1	17.3	19.5	20.9
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	17.3	19.5	20.9
<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>14.3</i>	<i>14.9</i>	<i>15.0</i>
Reported EBIT	1.5	5.0	8.4	12.2	17.1	17.3	19.5	20.9
<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>14.3</i>	<i>14.9</i>	<i>15.0</i>
Net financials	0.0	-0.1	-1.2	-0.2	-1.0	-1.7	-1.1	-1.0
Pre-tax profit	1.5	6.0	7.4	12.1	16.1	15.6	18.5	19.9
Taxes	-0.5	-1.1	-1.5	-3.9	-3.1	-3.2	-3.7	-4.0
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	12.4	14.8	15.9
Cash NRIs	0.0	-1.1	-0.2	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	17	15	13	5	5	6	7	9
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	37	36	36	33	36
Inventory	18	21	21	22	23	22	24	25
Receivables	6	8	7	7	7	7	9	9
Liquid funds	4	3	6	23	26	27	31	35
Total assets	46	48	47	94	97	98	103	115
Liabilities								
Shareholder's equity	27	28	31	40	39	44	51	58
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	36	33	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	16	17	18
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	46	48	47	94	97	98	103	115
CASH FLOW, EURm								
+ EBITDA	6	10	12	15	30	30	33	35
- Net financial items	0	0	-1	0	-1	-2	-1	-1
- Taxes	0	-1	-2	-3	-2	-3	-4	-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	27	29
- Capex	-4	-3	-1	-1	-12	-13	-11	-20
- 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	16	9
+/- New issues/buybacks	0	0	0	5	1	0	0	0
- Paid dividend	-3	-3	-3	-4	-15	-7	-7	-9
+/- Other	0	-2	-3	-6	1	-2	-4	3
Change in cash	0	-1	3	17	3	1	5	4

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	77	82	168	291	310	310	310
Net debt (excl. convertibles)	2	-3	14	12	10	1	1
Enterprise value	79	79	182	303	319	311	311
Sales	100	102	112	125	121	131	139
EBITDA	10	12	15	30	30	33	35
EBIT	6	9	12	17	17	20	21
Pre-tax	6	7	12	16	16	18	20
Earnings	5	6	8	13	12	15	16
Equity book value (excl. minorities)	28	31	40	39	44	51	58
Valuation multiples							
EV/sales	0.8	0.8	1.6	2.4	2.6	2.4	2.2
EV/EBITDA	7.8	6.6	12.4	10.2	10.7	9.4	9.0
EV/EBITA	13.0	9.2	14.9	17.7	18.4	15.9	14.9
EV/EBIT	13.0	9.2	14.9	17.7	18.4	15.9	14.9
EV/OCF	12.9	8.0	14.9	10.7	13.9	11.6	10.8
EV/FCFF	31.3	8.2	8.4	11.4	14.3	12.8	12.9
P/FCFE	21.5	9.3	7.8	18.3	32.0	19.9	34.0
P/E	15.7	13.8	20.5	22.3	25.0	20.9	19.4
P/B	2.7	2.7	4.2	7.5	7.0	6.0	5.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.0	10.5	10.1
Target EV/EBIT	0.0	0.0	0.0	0.0	20.7	17.9	16.7
Target EV/FCF	0.0	0.0	0.0	0.0	37.0	22.5	38.4
Target P/B	0.0	0.0	0.0	0.0	7.9	6.8	6.0
Target P/E	0.0	0.0	0.0	0.0	28.1	23.6	21.9
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	1.53	1.82	1.96
Operating cash flow per share	0.76	1.21	1.51	3.48	2.84	3.30	3.55
Free cash flow per share	0.44	1.09	2.68	1.96	1.20	1.92	1.12
Book value per share	3.50	3.79	4.95	4.78	5.42	6.33	7.20
Dividend per share	0.40	0.50	1.85	0.90	0.92	1.09	1.18
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	2.9	3.1
FCF yield, %	4.6	10.8	12.9	5.5	3.1	5.0	2.9
Efficiency measures							
ROE	17.6	20.0	23.2	33.1	29.9	31.1	29.0
ROCE	17.9	25.4	22.2	22.7	22.5	24.3	23.9
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	11.0	8.5	14.1
CAPEX/sales (incl. acquisitions), %	2.6	1.0	1.0	9.8	11.0	8.5	14.1
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	0.0	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	44.8	49.7	50.8
Gearing, %	8.8	-9.4	34.3	30.7	21.8	2.8	2.1

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	38.876	12.5%
Ilmarinen Mutual Pension Insurance Company	395,419	15.105	4.9%
Varma Mutual Pension Insurance Company	385,920	14.742	4.8%
Enrooth Anna Sophia	340,377	13.002	4.2%
Evli Finnish Small Cap Fund	270,000	10.314	3.3%
Nordea Nordic Small Cap Fund	199,885	7.636	2.5%
Veritas Pension Insurance Company Ltd.	160,470	6.130	2.0%
Sijoitusrahasto Taaleritehdas Mikro Markka	120,000	4.584	1.5%
Oy Talcom Ab	101,000	3.858	1.2%
Oy Etra Invest Ab	100,000	3.820	1.2%
Ten largest	3,090,771	118.067	38%
Residual	5,019,063	191.728	62%
Total	8,109,834	309.796	100%

EARNINGS CALENDAR

February 18, 2021	FY 2020 Results
May 20, 2021	Q1 report
August 19, 2021	Q2 report
November 03, 2021	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

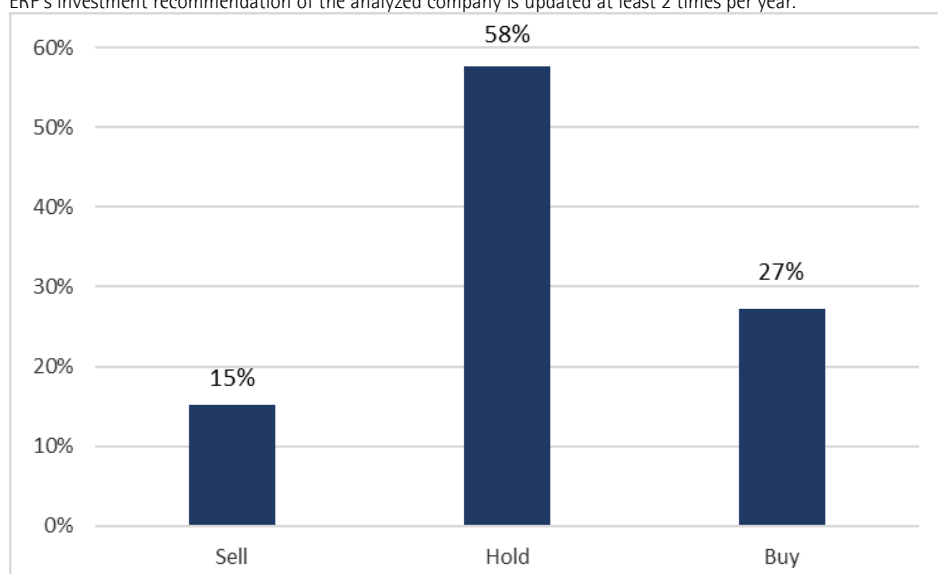
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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