

Strong momentum continues

Marimekko issued a positive profit warning yesterday. The company expects 2020E net sales to be approx. at the same level or slightly lower compared to 2019. Adj. EBIT is expected to be higher compared to last year. We have increased our estimates and keep our rating "BUY" with TP of EUR 50 (44).

New guidance due to better than expected sales trend

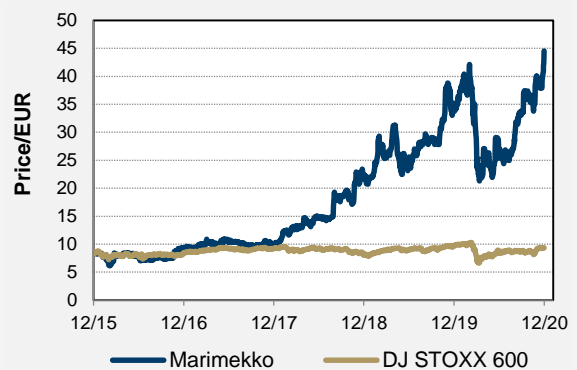
Marimekko raised its 2020E guidance in particular due to better than expected trend and improved outlook in the retail sales in Finland. The company now expects 20E net sales to be approx. at the same level or slightly lower compared to last year (2019: EUR 125m). Adj. EBIT is expected to be higher compared to the previous year (2019: EUR 17.1m). Previously, Marimekko expected 20E net sales to be lower compared to the previous year and adj. EBIT to be approx. at the same level or lower compared to last year. We expected 20E sales to decline by 3.5% y/y to EUR 121m and adj. EBIT of EUR 17.3m.

Appealing to consumers despite the uncertain times

The profit warning didn't come as a total surprise as the company has constantly been able to appeal to consumers, even despite the uncertain times. The company indicated that most of the earnings for H2'20E were generated during Q3. The net sales accrual in H2E is expected to be more balanced between the third and the final quarter. We expect the campaign season has boosted especially Marimekko's domestic sales. In addition, the Christmas season is ongoing, and the household consumption is more focused on domestic purchases this year. We expect this to have a positive impact on Marimekko's domestic sales and expect good demand especially in home décor products. However, there are still uncertainties related to the pandemic situation and the customer flows in retail stores. It is also essential to maintain the operational reliability of the distribution centers and logistics.

"BUY" with TP of EUR 50 (44)

We have increased our 20E sales expectation by ~3% and our adj. EBIT expectation by ~12%. We now expect 20E sales of EUR 124.4m (-0.8% y/y) and adj. EBIT of EUR 19.4m. On our estimates, the company trades with 20E-21E EV/EBIT multiples of 18.7x and 18.0x which is a clear discount compared to the luxury peers. We keep our rating "BUY" with TP of EUR 50 (44).

Rating BUY

 Share price, EUR (Last trading day's closing price) 44.50

 Target price, EUR 50.0

 Latest change in rating 21-Sep-20

 Latest report on company 02-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 361

 Free float, % 69.3

 Exchange rate -

 Reuters code MM01V.HE

 Bloomberg code MM01V.FH

 Average daily volume, EURm -

 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	0.00
2020E	124.4	19.4	15.6%	9.1	1.73	25.7	2.9	18.7	2.5	1.20
2021E	132.9	20.0	15.0%	14.1	1.87	23.8	2.7	18.0	3.9	1.23
2022E	141.2	21.2	15.0%	12.6	1.99	22.3	2.5	16.8	3.5	1.30
Market cap, EURm		361	Gearing 2020E, %			5.3	CAGR EPS 2019-22, %			7.5
Net debt 2020E, EURm		3	Price/book 2020E			6.8	CAGR sales 2019-22, %			4.0
Enterprise value, EURm		364	Dividend yield 2020E, %			2.7	ROE 2020E, %			30.6
Total assets 2020E, EURm		108	Tax rate 2020E, %			20.5	ROCE 2020E, %			23.8
Goodwill 2020E, EURm		0	Equity ratio 2020E, %			49.1	PEG, P/E 20/CAGR			4.1

Estimates

Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	2019				FY2019	2020E				FY2020E	FY2021E
							Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4E		
Finland							8.5	13.3	14.6	15.5	51.9	8.9	7.8	14.6	17.0	48.3	55.0
Retail revenue	35.1	35.4	37.6	38.9	40.8	45.1	4.2	3.5	5.0	6.4	19.0	4.6	3.6	8.3	7.8	24.3	21.0
Wholesale revenue	16.5	16.2	14.7	16.6	14.6	18.3	0.1	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.1	0.2	0.2
License revenue	0.6	0.4	0.4	0.3	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	24.9	72.8	76.2
Scandinavia							1.2	1.3	1.5	1.5	5.4	1.0	0.8	1.3	1.3	4.5	5.5
Retail revenue	4.4	5.2	4.8	5.0	5.1	5.3	1.0	0.8	1.0	1.1	3.9	1.0	1.1	1.4	1.5	5.1	5.0
Wholesale revenue	3.8	3.3	2.9	2.9	3.4	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
License revenue	0.1	0.2	0.3	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	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	2.8	9.6	10.5
EMEA							0.4	0.4	0.3	0.5	1.6	0.4	0.7	0.5	0.5	2.1	2.3
Retail revenue	1.4	1.5	1.2	1.1	1.1	1.5	3.0	2.7	2.3	1.9	10.0	2.2	2.4	3.4	2.5	10.6	10.6
Wholesale revenue	6.2	5.9	6.9	7.8	8.3	8.4	0.1	0.1	0.1	0.2	0.4	0.1	0.1	0.1	0.2	0.5	0.5
License revenue	0.1	0.2	0.3	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	3.3	13.2	13.4
North America							1.0	1.5	1.7	1.7	5.8	1.0	0.8	1.1	1.3	4.1	5.5
Retail revenue	5.6	6.0	5.9	5.2	5.3	5.2	0.6	0.5	0.6	0.3	2.0	0.7	0.6	0.5	0.3	2.1	2.2
Wholesale revenue	2.5	2.0	2.4	2.2	2.5	2.7	0.3	0.1	0.1	0.1	0.5	0.0	0.0	0.1	0.1	0.2	0.2
License revenue	0.4	0.6	1.0	0.5	0.5	0.3	0.5	0.2	1.4	0.7	2.7	0.1	1.1	0.8	0.8	2.9	1.3
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							1.0	1.0	1.0	1.3	4.4	0.9	0.9	0.7	1.1	3.5	4.8
Retail revenue	2.3	2.7	3.2	3.5	4.0	4.0	5.8	4.1	5.0	3.8	18.7	4.1	3.4	5.4	4.0	16.9	19.7
Wholesale revenue	15.2	14.9	14.5	15.4	15.5	16.4	0.0	0.0	1.2	0.4	1.6	0.0	1.0	0.6	0.4	2.0	0.4
License revenue	0.0	0.0	0.0	0.0	0.6	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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							12.8	16.8	19.7	21.9	71.2	13.6	11.4	23.0	24.9	72.8	76.2
Finland	52.2	52.0	52.7	55.8	55.7	63.5	14.3	12.4	14.8	12.8	54.3	11.3	11.9	15.0	13.2	51.5	56.8
International	41.9	42.1	43.0	43.8	46.6	48.3	7%	4%	14%	20%	12%	6%	-32%	17%	14%	2%	5%
Finland growth (%)	0%	0%	1%	6%	0%	14%	18%	2%	17%	12%	12%	-21%	-3%	2%	4%	-5%	10%
International growth (%)	16%	1%	2%	2%	4%	4%											
REVENUE SPLIT							12.1	17.4	19.2	20.4	69.1	12.1	11.0	18.2	21.3	62.5	73.0
Retail	48.8	50.7	52.7	53.6	56.3	61.1	14.5	11.5	13.9	13.6	53.6	12.6	11.2	19.0	16.1	58.9	58.6
Wholesale	44.2	42.2	41.4	44.9	44.4	49.5	1.3	0.5	0.2	1.4	2.7	0.1	1.1	0.8	0.8	2.9	1.3
License	1.1	1.2	1.6	1.1	1.6	1.3	11%	9%	16%	16%	13%	0%	-37%	-5%	4%	-10%	17%
Retail growth (%)	12%	4%	4%	2%	5%	8%	15%	-3%	6%	15%	8%	-13%	-3%	37%	19%	10%	-1%
Wholesale growth (%)	1%	-4%	-2%	9%	-1%	12%	-22%	-32%	761%	231%	113%	-71%	501%	-40%	13%	5%	-54%
License growth (%)	-24%	12%	26%	-31%	52%	-22%											
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	38.2	124.4	132.9
Growth (%)	6%	0%	2%	4%	3%	9%	12.6%	3.3%	15.5%	16.7%	12%	-8.3%	-20.0%	10.3%	9.9%	-1%	7%
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	-13.2	-49.9	-46.9
Growth (%)	14%	-2%	7%	14%	-7%	13%	13%	-12%	16%	14%	8%	9%	37%	-5%	5.0%	10%	-6%
+/- in inventories of completed and unfinished products	0.5	-0.7	0.4	3.0	0.3	1.2	0.7	-0.7	1.5	-1.0	0.4	1.9	3.8	-2.3	-2.1	1.3	-1.0
Gross profit	61.0	60.7	60.8	59.4	64.9	71.0	17.6	18.8	22.9	21.1	80.5	15.6	13.9	23.4	22.8	75.7	85.0
Gross margin	64.9%	64.5%	63.6%	59.6%	63.4%	63.4%	65.1%	64.6%	66.6%	60.7%	64.2%	62.8%	59.8%	61.5%	59.7%	60.9%	63.9%
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	-14.6	-44.1	-51.7
Growth (%)	6%	-6%	8%	-3%	1%	8%	-9%	-12%	-9%	-17%	-10%	-6%	-32%	-20%	-2%	-14%	17%
% of revenue	6%	54%	58%	54%	53%	51%	44.8%	41.8%	35.2%	43.0%	41%	45.8%	35.6%	25.7%	38.4%	35%	39%
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	8.2	32.0	33.7
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%	21.4%	25.7%	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	5.0	19.4	20.0
Adj. EBIT margin	1.7%	6.6%	1.6%	6.1%	8.4%	10.9%	9.6%	12.7%	22.7%	8.7%	13.6%	4.9%	11.5%	27.7%	13.1%	15.6%	15.0%

Source: Marimekko, Evli research

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	473	8.9x	6.5x	4.4x	18.5x	11.3x	6.6x	15.7x	10.4x	6.7x	45%	50%	56%
HUGO BOSS AG	1864	10.8x	5.7x	4.9x		19.0x	13.1x		22.0x	14.0x	33%	35%	37%
Capri Holdings Limited	5975	15.1x	7.9x	6.7x	27.7x	10.6x	8.7x	34.7x	11.7x	10.0x	32%	36%	41%
Ralph Lauren Corporation Class A	7594	17.3x	7.8x	7.4x	41.7x	11.1x	10.4x	70.9x	16.6x	14.7x	36%	35%	
Ted Baker PLC	212								14.8x	8.4x	32%	28%	30%
PVH Corp.	6728	36.0x	8.7x	7.6x		13.0x	10.5x		14.6x	11.6x	39%	41%	42%
Guess?, Inc.	1264	23.3x	6.5x			10.2x			14.3x	11.3x			
Joules Group Plc	164	8.6x	6.5x	5.1x	27.7x	15.6x	10.2x	32.6x	19.9x	14.2x	52%	53%	55%
Luxury goods													
Brunello Cucinelli S.p.A.	2492	38.0x	19.1x	16.4x		53.0x	37.6x		99.6x	59.7x			
Burberry Group plc	7189	10.2x	8.5x	7.7x	21.8x	15.7x	13.9x	37.0x	25.3x	22.4x	42%	48%	47%
Hermes International SCA	86609	38.6x	28.7x	25.1x	48.6x	34.5x	29.8x	77.3x	55.1x	47.8x	70%	72%	74%
Moncler SpA	11742	22.3x	16.3x	14.4x	35.5x	23.3x	20.2x	57.1x	37.7x	31.3x	57%	62%	64%
Prada S.p.A.	114891	20.0x	13.2x	11.4x	3 409.8x	41.7x	29.7x		64.3x	23.9x	50%	52%	51%
Salvatore Ferragamo S.p.A.	2548	25.4x	13.8x	10.8x		74.9x	32.3x		283.7x	52.1x	45%	44%	44%
Premium goods median	1564	15.1x	6.5x	5.9x	27.7x	11.3x	10.3x	33.6x	14.7x	11.5x	36%	36%	41%
Luxury goods median	9465	23.8x	15.1x	12.9x	42.0x	38.1x	29.8x	57.1x	59.7x	39.6x	50%	52%	51%
Marimekko (Evli est.)	361	11.4x	10.7x	9.8x	18.7x	18.0x	16.8x	25.7x	23.8x	22.3x	49%	51%	53%
<i>Marimekko premium vs. premium goods median</i>		-24 %	64 %	66 %	-32 %	60 %	64 %	-24 %	62 %	95 %	35 %	41 %	28 %
<i>Marimekko premium vs. luxury goods median</i>		-52 %	-29 %	-24 %	-55 %	-53 %	-43 %	-55 %	-60 %	-44 %	-2 %	-2 %	4 %
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	0.8%	3.8%	5.7%	-8.2%	6.6%	8.8%	-10.3%	9.3%	12.6%	-18.1%	8.9%	12.6%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	0.0%	6.5%	13.0%	13.8%	4.2%	9.9%	10.7%	7.4%	18.1%	17.4%
Ralph Lauren Corporation Class A	RL-US	0.9%	2.5%	3.3%	3.8%	11.2%	11.5%	2.5%	8.7%		4.1%	16.6%	27.1%
Ted Baker PLC	TED-GB	0.0%	0.0%	0.0%	-14.1%	3.5%	5.3%	-17.0%	5.9%	9.0%	-31.0%	7.5%	12.6%
PVH Corp.	PVH-US	0.1%	0.1%	0.1%	-0.9%	7.5%	8.5%	-0.6%	6.2%	7.2%	-2.8%	9.0%	10.2%
Guess?, Inc.	GES-US	1.2%	2.3%		-0.2%	6.0%	6.6%				-10.2%	18.7%	
Joules Group Plc	JOUL-GB	0.0%	0.2%	0.4%	3.5%	5.3%	6.9%	12.1%	16.9%	20.0%	10.4%	14.6%	16.5%
Luxury goods													
Brunello Cucinelli S.p.A.	BC-IT	0.6%	0.5%	0.8%	-2.0%	9.4%	12.0%				-10.9%	9.2%	13.8%
Burberry Group plc	BRBY-GB	1.0%	2.0%	2.3%	12.8%	15.4%	16.2%	12.5%	16.0%	15.7%	15.0%	19.0%	18.6%
Hermes International SCA	RMS-FR	0.5%	0.6%	0.8%	27.3%	32.3%	33.5%	21.4%	25.8%	25.9%	15.8%	18.9%	18.9%
Moncler SpA	MONC-IT	0.6%	1.0%	1.3%	22.8%	28.0%	29.5%	14.8%	19.7%	21.0%	13.8%	17.5%	18.4%
Prada S.p.A.	1913-HK	0.1%	0.7%	1.0%	0.2%	10.3%	13.2%	0.1%	6.6%	9.2%	-1.5%	6.2%	8.2%
Salvatore Ferragamo S.p.A.	SFER-IT	0.3%	0.8%	1.5%	-6.7%	3.8%	7.9%	-5.5%	3.7%	8.3%	-11.5%	1.3%	6.6%
Premium goods median		0.0%	0.1%	0.1%	1.6%	7.0%	8.6%	2.5%	9.3%	11.6%	0.6%	14.0%	16.5%
Luxury goods median		0.5%	0.7%	1.1%	6.5%	12.9%	14.7%	12.5%	16.0%	15.7%	6.1%	13.3%	16.1%
Marimekko (Evli est.)		2.7%	2.8%	2.9%	15.6%	15.0%	15.0%	23.8%	22.3%	22.2%	30.6%	27.2%	26.3%

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	38.2	124.4	132.9	141.2
EBITDA	5.7	6.8	11.0	6.2	29.7	4.4	5.8	13.6	8.2	32.0	33.7	36.2
<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>17.7</i>	<i>24.8</i>	<i>35.9</i>	<i>21.4</i>	<i>25.7</i>	<i>25.3</i>	<i>25.7</i>
EBIT	2.6	3.7	7.8	3.0	17.1	1.2	2.7	10.5	5.0	19.4	20.0	21.2
<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>13.1</i>	<i>15.6</i>	<i>15.0</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	-1.0	-1.0
Pre-tax profit	2.5	3.1	7.8	2.7	16.1	0.2	2.8	10.0	4.7	17.7	19.0	20.2
Tax	-0.5	-0.6	-1.4	-0.5	-3.1	-0.1	-0.6	-2.0	-0.9	-3.6	-3.8	-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>20.5</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	3.7	14.1	15.2	16.2
EPS	0.24	0.31	0.78	0.27	1.60	0.02	0.27	0.98	0.46	1.73	1.87	1.99
EPS adjusted (diluted no. of shares)	0.24	0.31	0.78	0.27	1.60	0.02	0.27	0.98	0.46	1.73	1.87	1.99
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.20	1.23	1.30
SALES, EURm												
Finland	12.8	16.8	19.6	21.9	71.1	13.6	11.4	23.0	24.9	72.8	76.2	81.1
Scandinavia	2.1	2.1	2.5	2.6	9.3	2.1	1.9	2.8	2.8	9.6	10.5	10.9
EMEA	3.5	3.2	2.8	2.6	12.1	2.7	3.3	4.0	3.3	13.2	13.4	13.7
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	38.2	124.4	132.9	141.2
SALES GROWTH, Y/Y %												
Finland	7.5	4.0	14.1	19.7	11.9	6.3	-32.3	17.2	13.7	2.4	4.6	6.4
Scandinavia	10.1	-5.2	9.2	-0.2	3.1	0.0	-10.6	11.2	9.0	3.1	10.0	3.0
EMEA	33.9	40.7	5.6	-6.6	17.2	-22.9	2.1	43.3	25.3	9.4	1.3	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	10.0	-0.8	6.9	6.2
EBIT, EURm												
Group (EBIT only)	2.6	3.7	7.8	3.0	17.1	1.2	2.7	10.5	5.0	19.4	20.0	21.2
Total	2.6	3.7	7.8	3.0	17.1	1.2	2.7	10.5	5.0	19.4	20.0	21.2
EBIT margin, %												
Total	9.6	12.7	22.7	8.6	13.6	4.8	11.5	27.7	13.1	15.6	15.0	15.0

Consumer Durables & Apparel/Finland, December 11, 2020
Company update

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	95.7	99.6	102.3	111.9	125.4	124.4	132.9	141.2
<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>-0.8</i>	<i>6.9</i>	<i>6.2</i>
EBITDA	6.0	10.2	11.9	14.6	29.7	32.0	33.7	36.2
<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>25.7</i>	<i>25.3</i>	<i>25.7</i>
Depreciation	-4.5	-4.1	-3.3	-2.4	-12.6	-12.6	-13.7	-15.1
EBITA	1.5	6.1	8.6	12.2	17.1	19.4	20.0	21.2
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	19.4	20.0	21.2
<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>15.6</i>	<i>15.0</i>	<i>15.0</i>
Reported EBIT	1.5	5.0	8.4	12.2	17.1	19.4	20.0	21.2
<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>15.6</i>	<i>15.0</i>	<i>15.0</i>
Net financials	0.0	-0.1	-1.2	-0.2	-1.0	-1.7	-1.0	-1.0
Pre-tax profit	1.5	6.0	7.4	12.1	16.1	17.7	19.0	20.2
Taxes	-0.5	-1.1	-1.5	-3.9	-3.1	-3.6	-3.8	-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	14.1	15.2	16.2
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	17	15	13	5	5	5	7	9
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	37	36	37	37	37
Inventory	18	21	21	22	23	25	24	25
Receivables	6	8	7	7	7	7	9	9
Liquid funds	4	3	6	23	26	34	38	41
Total assets	46	48	47	94	97	108	114	122
Liabilities								
Shareholder's equity	27	28	31	40	39	53	58	65
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	37
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	108	114	122
CASH FLOW, EURm								
+ EBITDA	6	10	12	15	30	32	34	36
- Net financial items	0	0	-1	0	-1	-2	-1	-1
- Taxes	0	-1	-2	-3	-2	-4	-4	-4
- Increase in Net Working Capital	1	-3	0	2	2	-5	1	-1
+/- Other	0	-1	1	0	0	0	0	0
= Cash flow from operations	6	6	10	12	28	22	30	30
- Capex	-4	-3	-1	-1	-12	-13	-16	-18
- 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	13
+/- New issues/buybacks	0	0	0	5	1	0	0	0
- Paid dividend	-3	-3	-3	-4	-15	0	-10	-10
+/- Other	0	-2	-3	-6	1	-1	0	0
Change in cash	0	-1	3	17	3	8	4	3

Consumer Durables & Apparel/Finland, December 11, 2020
Company update

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	77	82	168	291	361	361	361
Net debt (excl. convertibles)	2	-3	14	12	3	-2	-4
Enterprise value	79	79	182	303	364	359	357
Sales	100	102	112	125	124	133	141
EBITDA	10	12	15	30	32	34	36
EBIT	6	9	12	17	19	20	21
Pre-tax	6	7	12	16	18	19	20
Earnings	5	6	8	13	14	15	16
Equity book value (excl. minorities)	28	31	40	39	53	58	65
Valuation multiples							
EV/sales	0.8	0.8	1.6	2.4	2.9	2.7	2.5
EV/EBITDA	7.8	6.6	12.4	10.2	11.4	10.7	9.8
EV/EBITA	13.0	9.2	14.9	17.7	18.7	18.0	16.8
EV/EBIT	13.0	9.2	14.9	17.7	18.7	18.0	16.8
EV/OCF	12.9	8.0	14.9	10.7	16.6	12.1	11.8
EV/FCFF	31.3	8.2	8.4	11.4	16.4	13.4	13.9
P/FCFE	21.5	9.3	7.8	18.3	39.6	25.6	28.7
P/E	15.7	13.8	20.5	22.3	25.7	23.8	22.3
P/B	2.7	2.7	4.2	7.5	6.8	6.2	5.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	12.8	12.0	11.1
Target EV/EBIT	0.0	0.0	0.0	0.0	21.0	20.2	18.9
Target EV/FCF	0.0	0.0	0.0	0.0	44.8	28.6	31.9
Target P/B	0.0	0.0	0.0	0.0	7.7	6.9	6.3
Target P/E	0.0	0.0	0.0	0.0	28.8	26.7	25.1
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	1.73	1.87	1.99
Operating cash flow per share	0.76	1.21	1.51	3.48	2.70	3.67	3.73
Free cash flow per share	0.44	1.09	2.68	1.96	1.12	1.74	1.55
Book value per share	3.50	3.79	4.95	4.78	6.53	7.20	7.97
Dividend per share	0.40	0.50	1.85	0.00	1.20	1.23	1.30
Dividend payout ratio, %	66.3	68.6	182.6	0.0	69.0	65.5	65.0
Dividend yield, %	4.2	5.0	8.9	0.0	2.7	2.8	2.9
FCF yield, %	4.6	10.8	12.9	5.5	2.5	3.9	3.5
Efficiency measures							
ROE	17.6	20.0	23.2	33.1	30.6	27.2	26.3
ROCE	17.9	25.4	22.2	22.7	23.8	22.3	22.2
Financial ratios							
Inventories as % of sales	21.4	20.4	19.8	18.0	20.5	18.0	18.0
Receivables as % of sales	8.1	6.5	6.2	5.3	5.5	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	13.0	11.5	11.5
Operative CAPEX/sales, %	2.6	1.0	1.0	9.8	10.2	11.8	12.5
CAPEX/sales (incl. acquisitions), %	2.6	1.0	1.0	9.8	10.2	11.8	12.5
FCFF/EBITDA	0.2	0.8	1.5	0.9	0.7	0.8	0.7
Net debt/EBITDA, book-weighted	0.2	-0.2	0.9	0.4	0.1	0.0	-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	49.1	51.1	53.1
Gearing, %	8.8	-9.4	34.3	30.7	5.3	-2.7	-6.5

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	45.288	12.5%
Ilmarinen Mutual Pension Insurance Company	395,419	17.596	4.9%
Varma Mutual Pension Insurance Company	385,920	17.173	4.8%
Enrooth Anna Sophia	340,377	15.147	4.2%
Evli Finnish Small Cap Fund	270,000	12.015	3.3%
Nordea Nordic Small Cap Fund	199,885	8.895	2.5%
Veritas Pension Insurance Company Ltd.	160,117	7.125	2.0%
Sijoitusrahasto Taaleritehdas Mikro Markka	120,000	5.340	1.5%
Oy Talcom Ab	101,000	4.495	1.2%
Oy Etra Invest Ab	100,000	4.450	1.2%
Ten largest	3,090,418	137.524	38%
Residual	5,019,416	223.364	62%
Total	8,109,834	360.888	100%

EARNINGS CALENDAR

February 18, 2021	FY 2020 Results
May 20, 2021	Q1 report
August 19, 2021	Q2 report
November 03, 2021	Q3 report

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

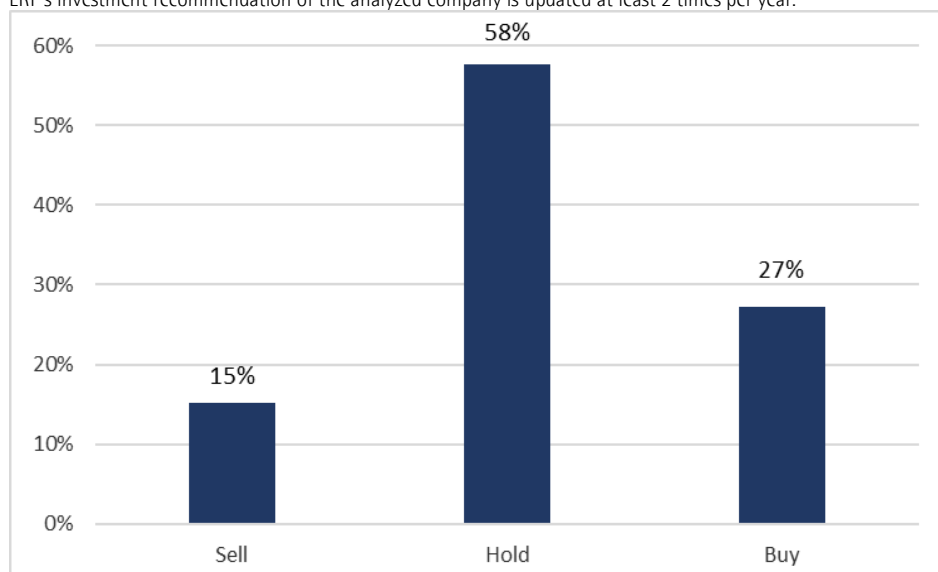
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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