

Upswing expected to continue in Q4

Marimekko reports its Q4'19 result on 13th of Feb. We expect Q4 sales of EUR 34.6m (16.5% y/y) and adj. EBIT of EUR 2.9m. We have kept our estimates largely intact and expect '19 dividend of EUR 1.14 per share. We keep our rating "HOLD" with TP of EUR 39.0 intact ahead of Q4.

Christmas sales expected to boost revenue growth

Marimekko's upswing has continued in '19 driven by positive sales development in Finland and increased licensing income from APAC region, resulting in two guidance upgrades in July and October. We expect Q4'19E sales to grow by 16.5% y/y (EUR 34.6m), driven by Christmas sales and representing some 28% of total year-end sales while we expect adj. EBIT to nearly double from Q4'18 to EUR 2.9m (Q4'18: 1.6m) due to improved gross profit and lower relative share of fixed costs. We expect good sales performance to continue in Finland (+15% y/y) but also APAC region (+27% y/y).

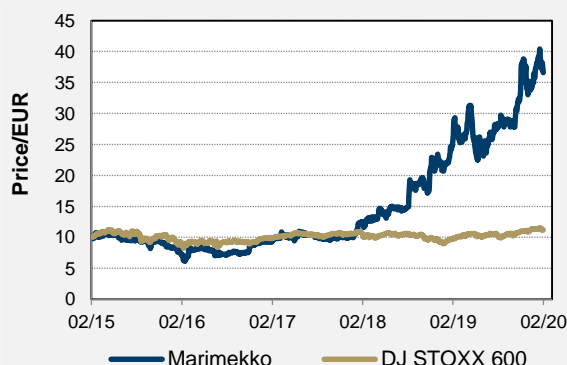
A sequel of the UNIQLO collaboration

Marimekko gave its first positive profit warning for '19E ahead of Q2 due to increased licensing income from APAC region. Licensing income of EUR 1.2m was booked in Q3 and shortly after the result it was revealed that the collaboration was with UNIQLO, a Japanese global apparel retailer, with who Marimekko partnered also in 2018. The new fall/winter collection was launched in late November '19 in all UNIQLO markets except in Japan. We thus see more far reaching positive impacts resulting from the partnership as the collaboration rises Marimekko's brand recognition globally.

"HOLD" with TP of EUR 39.0 intact

Based on the second guidance upgrade given in October, sales are expected to increase from '18 while comparable operating profit is expected to be higher than in '18, amounting approx. EUR 17m. We have made only small adjustments to our estimates and expect 2019E sales of EUR 125.3m (+12% y/y) while our adj. EBIT expectation is in line with the guided EUR 17m (FY18: 12.2m). We expect Marimekko to propose a dividend of EUR 1.14m per share in '19. In '20E, we expect ~8% sales growth and further EBIT improvement (~21% y/y), driven by positive gross margin development. We keep our rating "HOLD" with TP of EUR 39.0 intact ahead of Q4.

Rating HOLD



Share price, EUR (Last trading day's closing price) 36.60
Target price, EUR 39.0

Latest change in rating 16-May-19
Latest report on 7-Nov-19
Research paid by issuer: YES
No. of shares 8,130
No. of shares fully 8,130
Market cap, EURm 298
Free float, % 84.0
Exchange rate 0.000
Reuters code MMO1V.HE
Bloomberg code MMO1V.FH
Average daily volume, na.
Next interim report 13-Feb-20
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BUY HOLD SELL

KEY FIGURES

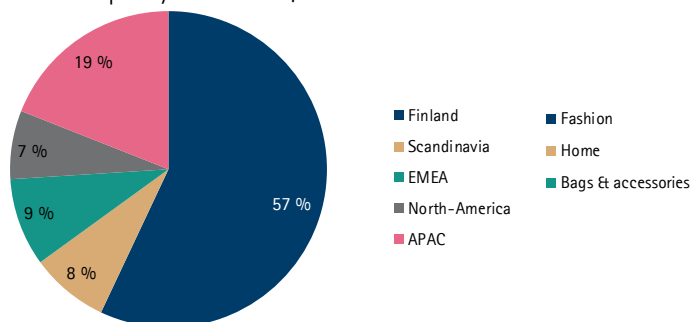
	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2017	102.3	8.6	8.4%	8.8	0.73	13.8	0.8	9.2	10.8	0.50
2018	111.9	12.2	10.9%	21.7	1.01	20.5	1.6	14.9	12.9	1.85
2019E	125.3	17.0	13.6%	12.0	1.62	22.6	2.5	18.4	4.0	1.14
2020E	135.5	20.5	15.1%	12.3	1.92	19.1	2.3	15.2	4.1	1.34
2021E	146.3	22.2	15.2%	15.9	2.11	17.4	2.1	13.7	5.3	1.48
Market cap, EURm		298	Gearing 2019E, %			40.9	CAGR EPS 2018-21, %			27.7
Net debt 2019E, EURm		16	Price/book 2019E			7.6	CAGR sales 2018-21, %			9.4
Enterprise value, EURm		313	Dividend yield 2019E, %			3.1	ROE 2019E, %			33.4
Total assets 2019E, EURm		99	Tax rate 2019E, %			19.2	ROCE 2019E, %			22.1
Goodwill 2019E, EURm		0	Equity ratio 2019E, %			39.4	PEG, P/E 19/CAGR			2.0

Estimates

Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	2018				FY2018	2019E				FY2019E	FY2020E
						Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4E		
Finland																
Retail revenue	35.1	35.4	37.6	38.9	40.8	7.7	11.8	12.6	13.0	45.1	8.5	13.3	14.6	15.3	51.7	56.2
Wholesale revenue	16.5	16.2	14.7	16.6	14.6	4.2	4.3	4.6	5.2	18.3	4.2	3.5	5.0	5.7	18.4	18.6
License revenue	0.6	0.4	0.4	0.3	0.2	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.0	0.0	0.2	0.2
Total	52.2	52.0	52.7	55.8	55.7	11.9	16.2	17.2	18.3	63.5	12.8	16.8	19.7	21.0	70.3	75.0
Scandinavia																
Retail revenue	4.4	5.2	4.8	5.0	5.1	1.0	1.6	1.3	1.4	5.3	1.2	1.3	1.5	1.6	5.6	5.9
Wholesale revenue	3.8	3.3	2.9	2.9	3.4	0.9	0.7	0.9	1.2	3.7	1.0	0.8	1.0	1.3	4.0	4.2
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
Total	8.2	8.5	7.8	7.9	8.5	1.9	2.2	2.3	2.6	9.0	2.1	2.1	2.5	2.9	9.6	10.1
EMEA																
Retail revenue	1.4	1.5	1.2	1.1	1.1	0.4	0.4	0.3	0.4	1.5	0.4	0.4	0.3	0.5	1.6	1.8
Wholesale revenue	6.2	5.9	6.9	7.8	8.3	2.1	1.8	2.2	2.3	8.4	3.0	2.7	2.3	2.5	10.6	11.4
License revenue	0.1	0.2	0.2	0.3	0.3	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4	0.4
Total	7.7	7.5	8.3	9.2	9.7	2.6	2.3	2.7	2.8	10.3	3.5	3.2	2.8	3.2	12.6	13.6
North America																
Retail revenue	5.6	6.0	5.9	5.2	5.3	1.0	1.4	1.4	1.5	5.2	1.0	1.5	1.7	1.8	5.9	6.0
Wholesale revenue	2.5	2.0	2.4	2.2	2.5	0.5	0.9	0.8	0.4	2.7	0.6	0.5	0.6	0.4	2.1	2.2
License revenue	0.4	0.6	1.0	0.5	0.5	0.1	0.1	0.0	0.0	0.3	0.3	0.1	0.1	0.0	0.5	0.5
Total	8.5	8.6	9.2	7.9	8.3	1.6	2.4	2.2	2.0	8.2	1.9	2.0	2.3	2.3	8.5	8.7
APAC																
Retail revenue	2.3	2.7	3.2	3.5	4.0	0.9	0.9	0.9	1.3	4.0	1.0	1.0	1.0	1.6	4.7	5.8
Wholesale revenue	15.2	14.9	14.5	15.4	15.5	4.8	4.3	4.6	2.7	16.4	5.8	4.1	5.0	3.6	18.4	22.3
License revenue	0.0	0.0	0.0	0.0	0.6	0.4	0.0	0.0	0.0	0.4	0.0	0.0	1.2	0.0	1.2	0.0
Total	17.5	17.5	17.7	18.8	20.2	6.1	5.1	5.5	4.1	20.8	6.8	5.1	7.2	5.2	24.3	28.1
REVENUE SPLIT																
Finland	52.2	52.0	52.7	55.8	55.7	11.9	16.2	17.2	18.3	63.5	12.8	16.8	19.7	21.0	70.3	75.0
International	41.9	42.1	43.0	43.8	46.6	12.2	12.1	12.7	11.4	48.3	14.3	12.4	14.8	13.6	55.1	60.5
<i>Finland growth (%)</i>	0%	0%	1%	6%	0%	1%	30%	14%	12%	14%	7%	4%	14%	15%	11%	7%
<i>International growth (%)</i>	16%	1%	2%	2%	6%	14%	17%	4%	-15%	4%	18%	2%	17%	19%	14%	10%
REVENUE SPLIT																
Retail	48.8	50.7	52.7	53.6	56.3	10.9	16.0	16.5	17.7	61.1	12.1	17.4	19.2	20.9	69.6	75.7
Wholesale	44.2	42.2	41.4	44.9	44.4	12.6	11.9	13.2	11.8	49.5	14.5	11.5	13.9	13.5	53.5	58.7
License	1.1	1.2	1.6	1.1	1.6	0.6	0.3	0.2	0.2	1.3	0.5	0.2	1.4	0.2	2.3	1.1
<i>Retail growth (%)</i>	12%	4%	4%	2%	5%	-4%	22%	8%	7%	8%	11%	9%	16%	18%	14%	9%
<i>Wholesale growth (%)</i>	1%	-4%	-2%	9%	-1%	15%	31%	19%	-10%	12%	15%	-3%	6%	14%	8%	10%
<i>License growth (%)</i>	-24%	12%	26%	-31%	52%	293%	-43%	-80%	16%	-22%	-22%	-32%	761%	0%	77%	-53%
TOTAL REVENUE	94.0	94.2	95.7	99.6	102.3	24.1	28.2	29.8	29.7	111.9	27.1	29.1	34.5	34.6	125.3	135.5
<i>Growth (%)</i>	6%	0%	2%	4%	3%	7%	24%	10%	0%	9%	12.6%	3.3%	15.5%	16.5%	12%	8%
Raw materials & consumables	-33.5	-32.8	-35.2	-40.2	-37.4	-9.0	-10.9	-11.2	-11.0	-42.1	-10.2	-9.6	-13.0	-11.5	-44.3	-47.1
<i>Growth (%)</i>	14%	-2%	7%	14%	-7%	6%	18%	25%	3%	13%	13%	-12%	16%	4.0%	5%	6%
Gross profit	60.5	61.4	60.4	59.4	64.9	15.1	17.3	18.7	18.7	69.8	16.9	19.5	21.5	23.2	81.1	88.4
<i>Gross margin</i>	64.3%	65.2%	63.2%	59.6%	63.4%	62.7%	61.4%	62.6%	62.9%	62.4%	62.4%	67.0%	62.4%	66.9%	64.7%	65.2%
Total OPEX	-54.4	-51.0	-55.1	-53.4	-54.0	-13.3	-13.8	-13.3	-16.8	-57.3	-12.1	-12.2	-12.1	-17.0	-53.4	-56.7
<i>Growth (%)</i>	6%	-6%	8%	-3%	1%	2%	3%	8%	11%	6%	-9%	-12%	-9%	1%	-7%	6%
<i>% of revenue</i>	6%	54%	58%	54%	53%	55.3%	48.9%	44.6%	56.7%	51%	44.8%	41.8%	35.2%	49.0%	43%	42%
Adj. EBITDA	8.1	10.6	6.2	10.2	12.0	1.9	3.7	6.9	2.2	14.6	5.7	6.8	11.0	6.1	29.6	33.3
<i>Adj. EBITDA margin</i>	8.6%	11.2%	6.4%	10.2%	11.7%	8.0%	13.0%	23.0%	7.3%	13.1%	20.9%	23.4%	31.9%	17.6%	23.6%	24.5%
Adj. EBIT	1.6	6.2	1.5	6.1	8.6	1.2	3.1	6.3	1.6	12.2	2.6	3.7	7.8	2.9	17.0	20.5
<i>Adj. EBIT margin</i>	1.7%	6.6%	1.6%	6.1%	8.4%	4.8%	11.1%	21.1%	5.5%	10.9%	9.6%	12.7%	22.7%	8.4%	13.6%	15.1%

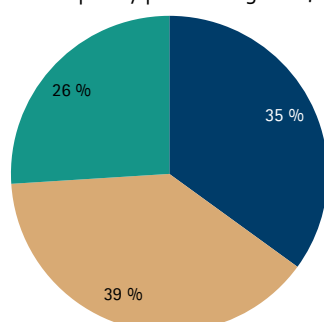
Source: Marimekko, Evli research

Sales split by market area, 2018



Source: Marimekko

Sales split by product segment, 2018



Valuation

MARIMEKKO PEERS	MCAP local FX	EV/EBITDA			EV/EBIT			P/E			Equity ratio		
		19	20	21	19	20	21	19	20	21	19	20	21
Premium goods													
Bjorn Borg AB	625	6.5x	5.8x	5.6x	11.5x	9.5x	9.0x	11.4x	9.9x	9.4x	40%	41%	42%
HUGO BOSS AG	2947	6.4x	6.0x	5.6x	9.1x	8.5x	7.9x	13.4x	12.1x	11.2x	49%	51%	52%
Capri Holdings Limited	4522	6.8x	4.7x	4.0x	8.6x	6.0x	5.1x	6.1x	5.7x	5.2x	37%	45%	48%
Ralph Lauren Corporation Class A	8453	8.0x	7.6x	6.9x	10.9x	10.2x	9.0x	14.6x	13.2x	12.0x	40%	40%	44%
Ted Baker PLC	121	7.2x	4.6x	4.1x	28.9x	17.2x	13.0x	21.9x	16.4x	11.4x	34%	35%	37%
PVH Corp.	6305	8.2x	6.6x	6.4x	10.8x	8.7x	8.3x	9.1x	8.7x	7.9x	47%	49%	46%
Guess?, Inc.	1424	6.7x	5.7x	5.2x	10.0x	8.1x	6.9x	16.0x	12.7x	11.1x			
Joules Group Plc	167	8.6x	6.0x	4.9x	14.6x	10.8x	10.2x	16.1x	14.6x	14.1x			
Luxury goods													
Brunello Cucinelli S.p.A.	2245	20.5x	19.6x	18.2x	27.3x	26.1x	24.2x	41.9x	40.4x	36.6x	48%	52%	57%
Burberry Group plc	7983	13.9x	11.2x	10.1x	17.1x	13.7x	11.9x	22.7x	20.8x	18.6x	52%	55%	58%
Hermes International SCA	70757	24.4x	22.3x	20.1x	28.4x	25.9x	23.5x	46.6x	41.7x	38.1x	73%	75%	76%
Moncler SpA	9949	17.1x	14.5x	12.6x	19.7x	16.6x	14.5x	27.7x	25.8x	23.1x	63%	67%	69%
Prada S.p.A.	74206	18.0x	15.1x	13.1x	31.5x	25.1x	21.0x	37.0x	38.7x	33.3x	49%	48%	47%
Salvatore Ferragamo S.p.A.	2820	14.6x	11.7x	10.8x	20.8x	16.5x	14.9x	32.1x	28.5x	24.6x	52%	53%	54%
Premium goods median	3734	7.0x	5.9x	5.6x	10.8x	9.1x	8.7x	12.4x	11.0x	10.3x	40%	43%	45%
Luxury goods median		17.5x	14.8x	12.9x	24.1x	20.9x	17.9x	34.6x	33.6x	29.0x	52%	54%	58%
Marimekko (Evli est.)	697	10.6x	9.3x	8.8x	18.4x	15.2x	13.7x	22.6x	19.1x	17.4x	39%	46%	49%
<i>Marimekko premium vs. premium goods median</i>		52 %	59 %	58 %	70 %	67 %	59 %	82 %	73 %	68 %	-1 %	8 %	10 %
MARIMEKKO PEERS	Ticker	Dividend yield			EBIT margin			ROCE-%			ROE-%		
		19	20	21	19	20	21	19	20	21	19	20	21
Premium goods													
Bjorn Borg AB	BORG-SE	8.0%	8.0%	8.0%	8.7%	9.7%	9.8%	11.7%	13.4%	13.7%	18.8%	20.7%	20.6%
HUGO BOSS AG	BOSS-DE	6.1%	6.4%	6.7%	11.6%	12.0%	12.3%	24.2%	24.4%	24.7%	21.9%	22.4%	22.8%
Capri Holdings Limited	CPRI-US	0.0%	0.0%	0.0%	14.9%	15.6%	16.0%	13.3%	13.8%	13.5%	24.4%	21.1%	18.8%
Ralph Lauren Corporation Class A	RL-US	2.4%	2.6%	2.8%	11.9%	12.3%	12.8%	13.9%	14.5%	15.3%	20.3%	21.0%	20.4%
Ted Baker PLC	TED-GB	2.9%	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%	9.3%	9.5%	9.6%	8.5%	8.5%	7.9%	11.7%	11.2%	11.2%
Guess?, Inc.	GES-US	2.3%	2.1%	2.1%	5.5%	6.1%	6.6%				15.9%	25.8%	46.6%
Joules Group Plc	JOUL-GB	1.2%	1.4%	1.6%	6.3%	6.3%	5.6%				13.4%	11.4%	
Luxury goods													
Brunello Cucinelli S.p.A.	BC-IT	1.1%	1.2%	1.3%	13.0%	13.1%	13.3%	16.0%	17.9%	20.0%	17.2%	16.5%	16.9%
Burberry Group plc	BRBY-GB	2.2%	2.4%	2.6%	17.0%	17.7%	19.0%	24.2%	25.6%	32.0%	24.0%	23.3%	22.9%
Hermes International SCA	RMS-FR	0.8%	0.9%	1.0%	33.9%	34.2%	34.4%	33.0%	30.8%	28.6%	23.3%	22.1%	20.7%
Moncler SpA	MONC-IT	1.1%	1.2%	1.4%	30.4%	30.7%	30.9%	30.5%	29.9%	29.1%	27.2%	24.4%	23.1%
Prada S.p.A.	1913-HK	2.2%	2.1%	2.4%	9.6%	10.5%	11.8%	6.3%	7.2%	8.4%	7.7%	7.2%	8.1%
Salvatore Ferragamo S.p.A.	SFER-IT	2.0%	2.2%	2.5%	10.4%	11.1%	12.0%	11.1%	11.9%	13.1%	11.2%	11.9%	13.0%
Premium goods median		2.6%	1.4%	1.5%	10.5%	10.9%	11.0%	12.5%	13.6%	13.6%	19.5%	20.8%	19.6%
Luxury goods median		1.5%	1.7%	1.9%	15.0%	15.4%	16.2%	20.1%	21.7%	24.3%	20.2%	19.3%	18.8%
Marimekko (Evli est.)		3.1%	3.7%	4.0%	13.6%	15.1%	15.2%	22.1%	26.1%	27.6%	33.4%	37.0%	35.4%

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	24.1	28.2	29.8	29.7	111.9	27.1	29.1	34.5	34.6	125.3	135.5	146.3
EBITDA	1.9	3.7	6.9	2.2	14.6	5.7	6.8	11.0	6.1	29.6	32.9	34.7
<i>EBITDA margin (%)</i>	<i>8.0</i>	<i>13.0</i>	<i>23.0</i>	<i>7.3</i>	<i>13.1</i>	<i>21.0</i>	<i>23.3</i>	<i>31.9</i>	<i>17.6</i>	<i>23.6</i>	<i>24.3</i>	<i>23.7</i>
EBIT	1.2	3.1	6.3	1.6	12.2	2.6	3.7	7.8	2.9	17.0	20.5	22.2
<i>EBIT margin (%)</i>	<i>4.8</i>	<i>11.1</i>	<i>21.1</i>	<i>5.5</i>	<i>10.9</i>	<i>9.6</i>	<i>12.7</i>	<i>22.7</i>	<i>8.4</i>	<i>13.6</i>	<i>15.1</i>	<i>15.2</i>
Net financial items	-0.4	0.2	-0.1	0.0	-0.2	-0.1	-0.6	0.0	0.0	-0.7	-1.0	-0.8
Pre-tax profit	0.8	3.4	6.2	1.7	12.1	2.5	3.1	7.8	2.9	16.3	19.5	21.4
Tax	-0.2	-2.1	-1.2	-0.4	-3.9	-0.5	-0.6	-1.5	-0.6	-3.1	-3.9	-4.3
<i>Tax rate (%)</i>	<i>21.0</i>	<i>61.7</i>	<i>19.8</i>	<i>22.2</i>	<i>32.0</i>	<i>21.0</i>	<i>18.7</i>	<i>18.6</i>	<i>20.0</i>	<i>19.2</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.6	1.3	5.0	1.3	8.2	1.9	2.5	6.4	2.3	13.2	15.6	17.1
EPS	0.08	0.16	0.61	0.16	1.01	0.24	0.31	0.78	0.29	1.62	1.92	2.11
EPS adjusted (diluted no. of shares)	0.08	0.16	0.61	0.16	1.01	0.24	0.31	0.78	0.29	1.62	1.92	2.11
Dividend per share	0.00	0.00	0.00	0.00	1.85	0.00	0.00	0.00	0.00	1.14	1.34	1.48
SALES, EURm												
Finland	11.9	16.2	17.2	18.3	63.5	12.8	16.8	19.7	21.0	70.3	75.0	81.0
Scandinavia	1.9	2.2	2.3	2.6	9.0	2.1	2.1	2.5	2.9	9.6	10.1	10.9
EMEA	2.6	2.3	2.7	2.8	10.3	3.5	3.2	2.8	3.2	12.6	13.6	14.7
North America	1.6	2.4	2.2	2.0	8.2	1.9	2.0	2.3	2.3	8.5	8.7	9.4
Asia Pacific	6.1	5.1	5.5	4.1	20.8	6.8	5.1	7.2	5.2	24.3	28.1	30.3
Total	24.1	28.2	29.8	29.7	111.9	27.1	29.1	34.5	34.6	125.3	135.5	146.3
SALES GROWTH, Y/Y %												
<i>Finland</i>	<i>0.8</i>	<i>30.1</i>	<i>14.1</i>	<i>11.6</i>	<i>14.1</i>	<i>7.3</i>	<i>3.9</i>	<i>14.5</i>	<i>15.0</i>	<i>10.6</i>	<i>6.8</i>	<i>8.0</i>
<i>Scandinavia</i>	<i>7.9</i>	<i>19.7</i>	<i>0.9</i>	<i>0.9</i>	<i>6.5</i>	<i>11.4</i>	<i>-5.5</i>	<i>7.8</i>	<i>12.7</i>	<i>6.7</i>	<i>4.7</i>	<i>8.0</i>
<i>EMEA</i>	<i>21.9</i>	<i>0.8</i>	<i>19.6</i>	<i>-11.0</i>	<i>5.9</i>	<i>33.1</i>	<i>39.2</i>	<i>4.9</i>	<i>14.8</i>	<i>22.3</i>	<i>8.0</i>	<i>8.0</i>
<i>North America</i>	<i>-7.8</i>	<i>16.5</i>	<i>-0.7</i>	<i>-11.7</i>	<i>-0.8</i>	<i>22.4</i>	<i>-18.0</i>	<i>4.0</i>	<i>16.4</i>	<i>4.1</i>	<i>1.6</i>	<i>8.0</i>
<i>Asia Pacific</i>	<i>20.3</i>	<i>23.6</i>	<i>1.1</i>	<i>-25.9</i>	<i>3.2</i>	<i>11.8</i>	<i>-0.8</i>	<i>31.4</i>	<i>26.7</i>	<i>16.8</i>	<i>15.6</i>	<i>8.0</i>
<i>Total</i>	<i>7.1</i>	<i>23.9</i>	<i>9.6</i>	<i>-0.3</i>	<i>9.3</i>	<i>12.6</i>	<i>3.3</i>	<i>15.5</i>	<i>16.5</i>	<i>12.0</i>	<i>8.1</i>	<i>8.0</i>
EBIT, EURm												
Group (EBIT only)	1.2	3.1	6.3	1.6	12.2	2.6	3.7	7.8	2.9	17.0	20.5	22.2
Total	1.2	3.1	6.3	1.6	12.2	2.6	3.7	7.8	2.9	17.0	20.5	22.2
EBIT margin, %												
<i>Total</i>	<i>4.8</i>	<i>11.1</i>	<i>21.1</i>	<i>5.5</i>	<i>10.9</i>	<i>9.6</i>	<i>12.7</i>	<i>22.7</i>	<i>8.4</i>	<i>13.6</i>	<i>15.1</i>	<i>15.2</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	94.2	95.7	99.6	102.3	111.9	125.3	135.5	146.3
<i>Sales growth (%)</i>	<i>0.2</i>	<i>1.6</i>	<i>4.1</i>	<i>2.7</i>	<i>9.3</i>	<i>12.0</i>	<i>8.1</i>	<i>8.0</i>
EBITDA	10.6	6.0	10.2	11.9	14.6	29.6	32.9	34.7
<i>EBITDA margin (%)</i>	<i>11.2</i>	<i>6.3</i>	<i>10.3</i>	<i>11.6</i>	<i>13.1</i>	<i>23.6</i>	<i>24.3</i>	<i>23.7</i>
Depreciation	-4.3	-4.5	-4.1	-3.3	-2.4	-12.6	-12.5	-12.4
EBITA	6.3	1.5	6.1	8.6	12.2	17.0	20.5	22.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	6.3	1.5	6.1	8.6	12.2	17.0	20.5	22.2
<i>EBIT margin (%)</i>	<i>6.7</i>	<i>1.6</i>	<i>6.1</i>	<i>8.4</i>	<i>10.9</i>	<i>13.6</i>	<i>15.1</i>	<i>15.2</i>
Reported EBIT	5.6	1.5	5.0	8.4	12.2	17.0	20.5	22.2
<i>EBIT margin (reported) (%)</i>	<i>5.9</i>	<i>1.6</i>	<i>5.0</i>	<i>8.2</i>	<i>10.9</i>	<i>13.6</i>	<i>15.1</i>	<i>15.2</i>
Net financials	-0.1	0.0	-0.1	-1.2	-0.2	-0.7	-1.0	-0.8
Pre-tax profit	6.2	1.5	6.0	7.4	12.1	16.3	19.5	21.4
Taxes	-1.4	-0.5	-1.1	-1.5	-3.9	-3.1	-3.9	-4.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	4.1	1.1	3.8	5.7	8.2	13.2	15.6	17.1
Cash NRIs	-0.7	0.0	-1.1	-0.2	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	18	17	15	13	5	6	7	8
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	37	35	34	33
Inventory	18	18	21	21	22	24	27	29
Receivables	7	6	8	7	7	8	9	10
Liquid funds	4	4	3	6	23	25	21	25
Total assets	47	46	48	47	94	99	98	105
Liabilities								
Shareholder's equity	29	27	28	31	40	39	45	52
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	37	35	34	33
Deferred taxes	0	0	1	1	1	1	1	1
Interest bearing debt	4	7	6	3	0	6	0	0
Non-interest bearing current liabilities	10	11	13	13	16	18	18	19
Other interest-free debt	4	0	0	0	0	0	0	0
Total liabilities	47	46	48	47	94	99	98	105
CASH FLOW, EURm								
+ EBITDA	11	6	10	12	15	30	33	35
- Net financial items	0	0	0	-1	0	-1	-1	-1
- Taxes	-1	0	-1	-2	-3	-3	-4	-4
- Increase in Net Working Capital	2	1	-3	0	2	-1	-4	-1
+/- Other	-1	0	-1	1	0	0	0	0
= Cash flow from operations	10	6	6	10	12	24	24	28
- Capex	-2	-4	-3	-1	-1	-12	-12	-12
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	11	0	0	0
= Free cash flow	8	3	4	9	22	12	12	16
+/- New issues/buybacks	0	0	0	0	5	1	0	0
- Paid dividend	-2	-3	-3	-3	-4	-15	-9	-11
+/- Other	-4	0	-2	-3	-6	4	-8	-1
Change in cash	1	0	-1	3	17	2	-5	4

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	67	77	82	168	298	298	298
Net debt (excl. convertibles)	3	2	-3	14	16	13	8
Enterprise value	70	79	79	182	313	310	306
Sales	96	100	102	112	125	135	146
EBITDA	6	10	12	15	30	33	35
EBIT	2	6	9	12	17	20	22
Pre-tax	2	6	7	12	16	19	21
Earnings	1	5	6	8	13	16	17
Equity book value (excl. minorities)	27	28	31	40	39	45	52
Valuation multiples							
EV/sales	0.7	0.8	0.8	1.6	2.5	2.3	2.1
EV/EBITDA	11.7	7.8	6.6	12.4	10.6	9.4	8.8
EV/EBITA	46.8	13.0	9.2	14.9	18.4	15.2	13.7
EV/EBIT	46.8	13.0	9.2	14.9	18.4	15.2	13.7
EV/OCF	11.0	12.9	8.0	14.9	12.9	12.7	10.9
EV/FCFF	-134.6	31.3	8.2	8.4	14.5	14.3	12.0
P/FCFE	24.2	21.5	9.3	7.8	24.7	24.2	18.8
P/E	63.5	15.7	13.8	20.5	22.6	19.1	17.4
P/B	2.5	2.7	2.7	4.2	7.6	6.6	5.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	11.3	10.0	9.4
Target EV/EBIT	0.0	0.0	0.0	0.0	19.6	16.1	14.6
Target EV/FCF	0.0	0.0	0.0	0.0	27.7	26.9	20.5
Target P/B	0.0	0.0	0.0	0.0	8.1	7.0	6.2
Target P/E	0.0	0.0	0.0	0.0	24.0	20.3	18.5
Per share measures							
Number of shares	8,090	8,090	8,090	8,090	8,130	8,130	8,130
Number of shares (diluted)	8,090	8,090	8,090	8,090	8,130	8,130	8,130
EPS	0.13	0.60	0.73	1.01	1.62	1.92	2.11
Operating cash flow per share	0.79	0.76	1.21	1.51	3.00	3.01	3.45
Free cash flow per share	0.34	0.44	1.09	2.68	1.48	1.51	1.95
Book value per share	3.35	3.50	3.79	4.95	4.79	5.57	6.34
Dividend per share	0.35	0.40	0.50	1.85	1.14	1.34	1.48
Dividend payout ratio, %	267.6	66.3	68.6	182.6	70.0	70.0	70.0
Dividend yield, %	4.2	4.2	5.0	8.9	3.1	3.7	4.0
FCF yield, %	4.1	4.6	10.8	12.9	4.0	4.1	5.3
Efficiency measures							
ROE	3.8	17.6	20.0	23.2	33.4	37.0	35.4
ROCE	4.7	17.9	25.4	22.2	22.1	26.1	27.6
Financial ratios							
Inventories as % of sales	19.3	21.4	20.4	19.8	19.5	20.0	20.0
Receivables as % of sales	6.2	8.1	6.5	6.2	6.2	6.5	6.5
Non-interest bearing liabilities as % of sales	11.7	13.2	12.2	13.9	14.0	13.0	13.0
NWC/sales, %	13.9	16.3	14.7	12.0	11.7	13.5	13.5
Operative CAPEX/sales, %	3.8	2.6	1.0	1.0	9.8	9.0	8.4
CAPEX/sales (incl. acquisitions), %	3.8	2.6	1.0	1.0	9.8	9.0	8.4
FCFF/EBITDA	-0.1	0.2	0.8	1.5	0.7	0.7	0.7
Net debt/EBITDA, book-weighted	0.5	0.2	-0.2	0.9	0.5	0.4	0.2
Debt/equity, market-weighted	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	58.9	58.4	65.1	42.7	39.4	46.4	49.3
Gearing, %	11.3	8.8	-9.4	34.3	40.9	28.4	15.4

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	47.496	16.0%
Moomin Characters Oy Ltd	615,240	22.518	7.6%
Ehrnrooth Anna Sophia	400,377	14.654	4.9%
Varma Mutual Pension Insurance Company	385,920	14.125	4.7%
Oy Etra Invest Ab	233,000	8.528	2.9%
Odin Finland	231,301	8.466	2.8%
Ilmarinen Mutual Pension Insurance Company	215,419	7.884	2.6%
Nordea Small Cap	199,885	7.316	2.5%
Veritas Pension Insurance Company Ltd.	160,470	5.873	2.0%
Evli Finnish Small Cap Fund	101,787	3.725	1.3%
Ten largest	3,841,099	140.584	47%
Residual	4,288,735	156.968	53%
Total	8,129,834	297.552	100%

EARNINGS CALENDAR

February 13, 2020	FY 2019 Results
May 14, 2020	Q1 report
August 13, 2020	Q2 report
November 04, 2020	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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

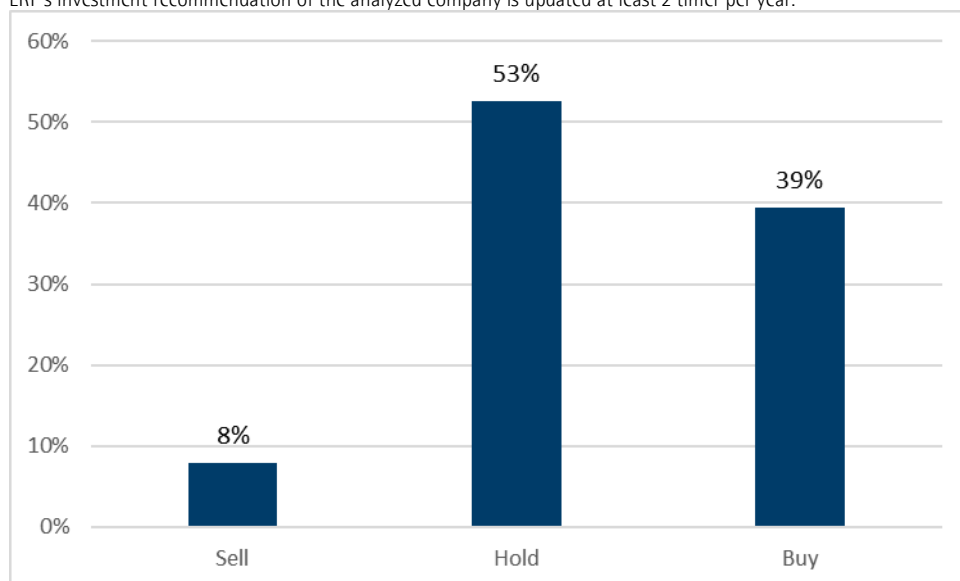
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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