

## Slight uncertainty visible, but growth continues

Marimekko delivered solid Q4 figures despite a challenging domestic market. Q1'23 seems to continue soft in Finland, but on a group level, the company expects to see growth in 2023. We retain our HOLD rating and TP of EUR 10.0.

### Q4 EBIT came in above expectations

Marimekko delivered solid Q4 figures, especially considering the soft domestic wholesale market and strong comparison figures. Q4 net sales grew by 1% y/y to EUR 48.4m. The growth was mostly supported by int'l markets while sales in Finland declined by 2% due to lower non-recurring wholesale deliveries. Moreover, domestic wholesale customers experienced softness which was visible also in Marimekko's Q4 net sales. Higher discounts and lower licensing income pushed the gross margin below the comparison period. In addition, Marimekko accordingly continued its investments in future growth and scalability which resulted in elevated fixed costs. Thus, EBIT fell short of the comparison period but landed above our expectations. Q4 adj. EBIT amounted to EUR 6.9m (8.9% margin). The BoD proposes a DPS of EUR 0.34 for 2022.

### A strong brand provides growth in a challenging market

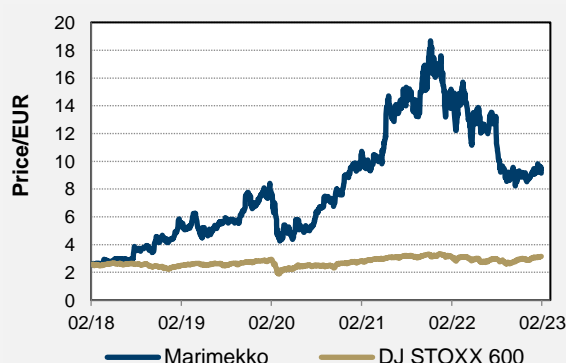
Finland discovered some softness in Q4 which we expect to continue also in Q1'23. The company guides 2023 revenue to grow and an EBIT margin between 16-19% (22: 18.2%). In our view, strong retail growth in 2022 reflects the power of the Marimekko brand and its capability to deliver growth also in a challenging market. In addition, non-recurring wholesale deliveries will support H2 growth in Finland. However, we foresee the growth pace to slow down from levels seen during the past few years. We expect Marimekko to grow by 5.3% in 2023, with domestic growth of 6% and int'l increase of 5%. With 23E gross margin flat and cost pressures arising from fixed costs, we expect no major expansion in 23E EBIT margin, with it amounting to 18.3%.

### HOLD with a target price of EUR 10.0

We made no major changes in our estimates with the company's guidance coming in quite in line with our expectations. The company's 23-24E valuation seems quite modest compared to history and peers, but with uncertainty elevated, we retain our HOLD rating and TP of EUR 10.0. On the other hand, a subdued growth pace also justifies lower multiples.

## Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 9.15  
Target price, EUR 10.0

Latest change in recommendation 13-Feb-23

Latest report on company 13-Feb-23

Research paid by issuer: YES

No. of shares 40,571

No. of shares fully 40,571

Market cap, EURm 371

Free float, % 74.0

Exchange rate 0.000

Reuters code MEKKO.HE

Bloomberg code MEKKO FH

Average daily volume, 0.0

Next interim report 16-May-23

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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
2021	152.2	31.3	20.5%	31.2	0.60	28.3	4.4	21.2	4.5	0.72
2022	166.5	30.4	18.2%	10.3	0.56	15.6	2.1	11.8	2.9	0.34
2023E	175.3	32.0	18.3%	30.1	0.63	14.6	2.0	11.1	8.1	0.38
2024E	190.3	35.5	18.6%	29.4	0.70	13.1	1.8	9.6	7.9	0.42
2025E	202.7	37.5	18.5%	26.7	0.74	12.4	1.6	8.9	7.2	0.48
Market cap, EURm			371	Gearing 2023E, %		-22.5	CAGR EPS 2022-25, %			9.5
Net debt 2023E, EURm			-15	Price/book 2023E		5.5	CAGR sales 2022-25, %			6.8
Enterprise value, EURm			356	Dividend yield 2023E, %		4.1	ROE 2023E, %			41.4
Total assets 2023E, EURm			133	Tax rate 2023E, %		20.0	ROCE 2023E, %			34.3
Goodwill 2023E, EURm			0	Equity ratio 2023E, %		50.5	PEG, P/E 23/CAGR			2.1

MARIMEKKO PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			Div. yield		
		23	24	25	23	24	25	23	24	25	23	24	25
<b>PREMIUM GOODS</b>													
Bjorn Borg	81	7.3x	6.2x		9.1x	7.4x		10.1x	8.2x		7.0 %	7.0 %	
HUGO BOSS	4349	6.9x	6.2x	5.8x	14.2x	11.9x	9.9x	18.9x	15.7x	13.0x	2.1 %	2.6 %	2.8 %
Capri Holdings	5935	8.8x	8.2x	7.8x	10.5x	9.9x	9.4x	7.9x	7.1x	6.4x	0.0 %	0.0 %	0.0 %
Ralph Lauren	7602	9.2x	8.5x	7.1x	11.9x	10.7x	9.2x	13.8x	11.8x	9.4x	2.6 %	2.8 %	3.9 %
Ted Baker													
PVH	4878	7.8x	7.2x	6.0x	10.6x	9.7x	7.8x	9.2x	7.9x	6.4x	0.1 %	0.1 %	0.2 %
Guess	1126	7.5x			9.4x			6.7x					
VF	9858	12.1x	11.1x	9.7x	14.7x	13.3x	11.5x	12.4x	10.9x	9.4x	4.9 %	4.7 %	5.4 %
Peer Group Average	22784	<b>8.5x</b>	<b>7.9x</b>	<b>7.3x</b>	<b>11.5x</b>	<b>10.5x</b>	<b>9.6x</b>	<b>11.3x</b>	<b>10.3x</b>	<b>8.9x</b>	<b>2.8 %</b>	<b>2.9 %</b>	<b>2.5 %</b>
Peer Group Median	5935	<b>7.8x</b>	<b>7.7x</b>	<b>7.1x</b>	<b>10.6x</b>	<b>10.3x</b>	<b>9.4x</b>	<b>10.1x</b>	<b>9.6x</b>	<b>9.4x</b>	<b>2.4 %</b>	<b>2.7 %</b>	<b>2.8 %</b>
Marimekko (Evli est.)	<b>371</b>	<b>8.6x</b>	<b>7.6x</b>	<b>7.0x</b>	<b>11.1x</b>	<b>9.6x</b>	<b>8.9x</b>	<b>14.6x</b>	<b>13.1x</b>	<b>12.4x</b>	<b>4.1 %</b>	<b>4.6 %</b>	<b>5.3 %</b>

Marimekko prem./disc. to peer median

Source FactSet, Evli Research

MARIMEKKO PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			Div. yield		
		23	24	25	23	24	25	23	24	25	23	24	25
<b>LUXURY GOODS</b>													
Brunello Cucinelli	5505	21.2x	19.4x		40.8x	36.4x	33.0x	57.4x	50.4x	40.1x	0.9 %	1.0 %	1.2 %
Burberry Group	10733	10.7x	9.9x	10.6x	16.4x	15.0x	14.1x	20.5x	18.7x	17.3x	2.4 %	2.6 %	2.9 %
Hermes International	181997	30.5x	27.4x	25.0x	34.5x	30.8x	26.7x	50.5x	45.2x	40.6x	0.7 %	0.8 %	0.9 %
Moncler	15690	14.0x	12.5x	12.2x	18.7x	16.6x	14.9x	26.2x	23.2x	21.0x	1.5 %	1.7 %	1.6 %
Prada	16127	11.2x	10.5x	9.0x	20.7x	18.1x	17.4x	28.5x	25.0x	23.3x	2.2 %	2.4 %	
Salvatore Ferragamo	2961	12.2x	10.1x	9.4x	38.9x	25.4x	18.5x	68.7x	39.3x	28.5x	1.0 %	1.9 %	1.6 %
Kering	72941	10.6x	9.7x	8.9x	13.4x	12.2x	11.3x	18.2x	16.5x	15.1x	2.5 %	2.8 %	3.1 %
Canada Goose Holdings	1970	10.5x	8.9x	6.3x	15.1x	12.0x	10.1x	20.5x	16.2x	15.5x	0.0 %	0.0 %	
Peer Group Average	22784	<b>15.1x</b>	<b>13.5x</b>	<b>11.6x</b>	<b>24.8x</b>	<b>20.8x</b>	<b>18.2x</b>	<b>36.3x</b>	<b>29.3x</b>	<b>25.2x</b>	<b>1.4 %</b>	<b>1.6 %</b>	<b>1.9 %</b>
Peer Group Median	5935	<b>11.7x</b>	<b>10.3x</b>	<b>9.4x</b>	<b>19.7x</b>	<b>17.4x</b>	<b>16.1x</b>	<b>27.4x</b>	<b>24.1x</b>	<b>22.2x</b>	<b>1.2 %</b>	<b>1.8 %</b>	<b>1.6 %</b>
Marimekko (Evli est.)	<b>371</b>	<b>8.6x</b>	<b>7.6x</b>	<b>7.0x</b>	<b>11.1x</b>	<b>9.6x</b>	<b>8.9x</b>	<b>14.6x</b>	<b>13.1x</b>	<b>12.4x</b>	<b>4.1 %</b>	<b>4.6 %</b>	<b>5.3 %</b>

Marimekko prem./disc. to peer median

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	9.15 PV of Free Cash Flow	293 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	18.27 PV of Horizon value	450 WACC, %	7.5 Market risk premium, %
Share price potential, %	99.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	20.1 Marketable securities	33 Minimum WACC, %	7.0 Equity beta coefficient
Minimum value	16.7 Debt - dividend	-34 Maximum WACC, %	8.0 Target debt ratio, %
Horizon value, %	60.6 Value of stock	741 Nr of shares, Mn	40.6 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	167	175	190	203	215	228	239	246	254	261	267	272
<i>Sales growth, %</i>	<i>9.4</i>	<i>5.3</i>	<i>8.6</i>	<i>6.5</i>	<i>6.0</i>	<i>6.0</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	30	32	35	37	39	41	43	44	46	47	48	49
<i>Operating income margin, %</i>	<i>18.2</i>	<i>18.3</i>	<i>18.6</i>	<i>18.5</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>	<i>18.0</i>
+ Depreciation+amort.	10	10	10	10	11	11	12	12	13	13	14	
EBITDA	40	42	45	47	49	52	55	57	59	60	62	
- Paid taxes	6	-5	-7	-7	-8	-8	-9	-9	-9	-9	-10	
- Change in NWC	-11	5	2	-1	-1	-1	-1	-1	-1	-1	0	
<i>NWC / Sales, %</i>	<i>12.6</i>	<i>9.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	
<i>opCAPEX / Sales, %</i>	<i>5.9</i>	<i>6.9</i>	<i>5.7</i>	<i>6.1</i>	<i>6.1</i>	<i>6.1</i>	<i>5.9</i>	<i>5.7</i>	<i>5.7</i>	<i>5.7</i>	<i>5.5</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	-14	0	0	0	0	0	0	0	0	0	0	
= FCFF	20	40	39	37	39	41	44	46	47	48	50	919
= Discounted FCFF		38	34	30	29	29	28	28	27	25	24	450
= DFCF min WACC		38	34	31	30	30	29	29	28	26	25	518
= DFCF max WACC		38	34	30	29	28	28	27	26	24	23	394

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	36.0	38.0	44.1	48.4	166.5	35.9	38.9	47.5	53.0	175.3	190.3	202.7
EBITDA	9.1	8.1	13.6	9.3	40.1	8.8	7.9	15.0	10.0	41.6	45.1	47.4
<i>EBITDA margin (%)</i>	<i>25.3</i>	<i>21.4</i>	<i>30.8</i>	<i>19.2</i>	<i>24.1</i>	<i>24.4</i>	<i>20.3</i>	<i>31.6</i>	<i>18.8</i>	<i>23.7</i>	<i>23.7</i>	<i>23.4</i>
EBIT	6.6	5.7	11.1	6.9	30.4	6.4	5.5	12.6	7.6	32.0	35.5	37.5
<i>EBIT margin (%)</i>	<i>18.4</i>	<i>15.0</i>	<i>25.2</i>	<i>14.3</i>	<i>18.2</i>	<i>17.7</i>	<i>14.1</i>	<i>26.5</i>	<i>14.3</i>	<i>18.3</i>	<i>18.6</i>	<i>18.5</i>
Net financial items	-0.1	0.3	0.2	-1.4	-1.1	-0.1	-0.1	-0.1	-0.1	-0.3	-0.2	0.0
Pre-tax profit	6.5	6.0	11.3	5.5	29.3	6.3	5.4	12.5	7.5	31.7	35.3	37.5
Tax	-1.5	-1.2	-2.4	-1.3	-6.4	-1.3	-1.1	-2.5	-1.5	-6.3	-7.1	-7.5
<i>Tax rate (%)</i>	<i>22.6</i>	<i>20.0</i>	<i>21.4</i>	<i>24.4</i>	<i>22.0</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>	<i>20.0</i>
Net profit	5.0	4.8	8.9	4.2	22.9	5.0	4.3	10.0	6.0	25.4	28.3	30.0
EPS	0.12	0.12	0.22	0.10	0.56	0.12	0.11	0.25	0.15	0.63	0.70	0.74
EPS adjusted (diluted no. of shares)	0.12	0.12	0.22	0.10	0.56	0.12	0.11	0.25	0.15	0.63	0.70	0.74
Dividend per share	0.00	0.00	0.00	0.00	0.34	0.00	0.00	0.00	0.00	0.38	0.42	0.48
<b>SALES, EURm</b>												
Finland	18.5	23.0	26.7	30.1	98.2	18.0	22.5	30.2	33.0	103.6	110.5	117.6
Scandinavia	3.0	3.0	3.5	4.5	14.0	3.0	3.2	3.5	4.9	14.6	16.6	17.7
EMEA	5.5	3.2	3.7	3.7	16.0	5.1	3.3	3.5	3.7	15.5	17.4	18.6
North America	1.8	2.0	1.9	2.3	8.0	1.8	2.3	2.1	2.7	8.9	9.6	10.2
Asia Pacific	7.3	6.8	8.3	7.9	30.3	8.0	7.6	8.2	8.7	32.6	36.2	38.5
<b>Total</b>	<b>36.0</b>	<b>38.0</b>	<b>44.1</b>	<b>48.4</b>	<b>166.5</b>	<b>35.9</b>	<b>38.9</b>	<b>47.5</b>	<b>53.0</b>	<b>175.3</b>	<b>190.3</b>	<b>202.7</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Finland</i>	<i>27.3</i>	<i>25.2</i>	<i>-7.3</i>	<i>-1.9</i>	<i>6.4</i>	<i>-2.9</i>	<i>-2.2</i>	<i>13.0</i>	<i>9.8</i>	<i>5.5</i>	<i>6.6</i>	<i>6.5</i>
<i>Scandinavia</i>	<i>22.8</i>	<i>3.7</i>	<i>21.0</i>	<i>0.5</i>	<i>10.2</i>	<i>-0.1</i>	<i>8.1</i>	<i>0.5</i>	<i>9.8</i>	<i>5.0</i>	<i>13.5</i>	<i>6.5</i>
<i>EMEA</i>	<i>33.5</i>	<i>7.1</i>	<i>36.3</i>	<i>17.5</i>	<i>24.2</i>	<i>-6.0</i>	<i>3.9</i>	<i>-6.8</i>	<i>-0.6</i>	<i>-3.0</i>	<i>12.3</i>	<i>6.5</i>
<i>North America</i>	<i>25.7</i>	<i>-10.2</i>	<i>-8.4</i>	<i>-13.8</i>	<i>-4.8</i>	<i>-2.8</i>	<i>14.4</i>	<i>13.3</i>	<i>17.0</i>	<i>11.0</i>	<i>8.3</i>	<i>6.5</i>
<i>Asia Pacific</i>	<i>10.2</i>	<i>9.0</i>	<i>40.1</i>	<i>10.0</i>	<i>16.7</i>	<i>10.4</i>	<i>11.1</i>	<i>-0.7</i>	<i>10.6</i>	<i>7.5</i>	<i>11.0</i>	<i>6.5</i>
<b>Total</b>	<b>23.8</b>	<b>16.2</b>	<b>4.0</b>	<b>0.7</b>	<b>9.4</b>	<b>-0.4</b>	<b>2.4</b>	<b>7.8</b>	<b>9.5</b>	<b>5.3</b>	<b>8.6</b>	<b>6.5</b>
<b>EBIT, EURm</b>												
Finland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.8
Scandinavia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3
EMEA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4
North America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1
Group (EBIT only)	6.6	5.7	11.1	6.9	30.4	6.4	5.5	12.6	7.6	32.0	35.5	0.0
<b>Total</b>	<b>6.6</b>	<b>5.7</b>	<b>11.1</b>	<b>6.9</b>	<b>30.4</b>	<b>6.4</b>	<b>5.5</b>	<b>12.6</b>	<b>7.6</b>	<b>32.0</b>	<b>35.5</b>	<b>37.5</b>
<b>EBIT margin, %</b>												
<i>Finland</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>
<i>Scandinavia</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>
<i>EMEA</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>
<i>North America</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>
<i>Asia Pacific</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.5</i>
<b>Total</b>	<b>18.4</b>	<b>15.0</b>	<b>25.2</b>	<b>14.3</b>	<b>18.2</b>	<b>17.7</b>	<b>14.1</b>	<b>26.5</b>	<b>14.3</b>	<b>18.3</b>	<b>18.6</b>	<b>18.5</b>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	111.9	125.4	123.6	152.2	166.5	175.3	190.3	202.7
<i>Sales growth (%)</i>	<i>9.3</i>	<i>12.1</i>	<i>-1.5</i>	<i>23.2</i>	<i>9.4</i>	<i>5.3</i>	<i>8.6</i>	<i>6.5</i>
EBITDA	14.6	29.7	31.3	43.3	40.1	41.6	45.1	47.4
<i>EBITDA margin (%)</i>	<i>13.1</i>	<i>23.7</i>	<i>25.4</i>	<i>28.5</i>	<i>24.1</i>	<i>23.7</i>	<i>23.7</i>	<i>23.4</i>
Depreciation	-2.4	-12.6	-12.6	-12.1	-9.8	-9.6	-9.6	-9.9
EBITA	12.2	17.1	18.8	31.3	30.4	32.0	35.5	37.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	12.2	17.1	18.8	31.3	30.4	32.0	35.5	37.5
<i>EBIT margin (%)</i>	<i>10.9</i>	<i>13.6</i>	<i>15.2</i>	<i>20.5</i>	<i>18.2</i>	<i>18.3</i>	<i>18.6</i>	<i>18.5</i>
Reported EBIT	12.2	17.1	18.0	31.3	30.4	32.0	35.5	37.5
<i>EBIT margin (reported) (%)</i>	<i>10.9</i>	<i>13.6</i>	<i>14.5</i>	<i>20.5</i>	<i>18.2</i>	<i>18.3</i>	<i>18.6</i>	<i>18.5</i>
Net financials	-0.2	-1.0	-1.8	-0.4	-1.1	-0.3	-0.2	0.0
Pre-tax profit	12.1	16.1	17.0	30.8	29.3	31.7	35.3	37.5
Taxes	-3.9	-3.1	-3.7	-6.4	-6.4	-6.3	-7.1	-7.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	8.2	13.0	12.5	24.4	22.9	25.4	28.3	30.0
Cash NRIs	0.0	0.0	-0.8	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	5	5	5	5	6	6	7	7
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	37	36	37	29	30	32	32	34
Inventory	22	23	22	26	34	33	34	36
Receivables	7	7	8	12	12	12	13	14
Liquid funds	23	26	41	60	33	49	63	74
Total assets	94	97	114	133	115	133	151	168
<b>Liabilities</b>								
Shareholder's equity	40	39	52	69	55	67	80	93
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	37	36	37	30	32	32	32	34
Deferred taxes	1	2	1	3	0	3	3	3
Interest bearing debt	0	2	2	2	2	2	2	1
Non-interest bearing current liabilities	16	18	22	28	25	30	34	36
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	94	97	114	133	115	133	151	168
<b>CASH FLOW, EURm</b>								
+ EBITDA	15	30	31	43	40	42	45	47
- Net financial items	0	-1	-2	18	-27	0	0	0
- Taxes	-3	-3	-6	-4	6	-4	-7	-7
- Increase in Net Working Capital	2	3	3	-2	-11	5	2	-1
+/- Other	0	0	0	-19	12	0	0	0
= Cash flow from operations	12	29	27	36	20	42	40	39
- Capex	-1	-11	-14	-5	-10	-12	-11	-12
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	11	0	0	0	0	0	0	0
= Free cash flow	22	18	14	31	10	30	29	27
+/- New issues/buybacks	5	1	8	1	-8	0	0	0
- Paid dividend	-4	-15	-7	-8	-29	-14	-15	-17
+/- Other	-6	-1	0	-5	0	0	0	2
Change in cash	17	3	15	19	-27	16	15	11

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	291	369	691	356	371	371	371
Net debt (excl. convertibles)	12	-2	-27	1	-15	-29	-39
Enterprise value	303	368	664	357	356	342	332
Sales	125	124	152	167	175	190	203
EBITDA	30	31	43	40	42	45	47
EBIT	17	19	31	30	32	35	37
Pre-tax	16	17	31	29	32	35	37
Earnings	13	13	24	23	25	28	30
Equity book value (excl. minorities)	39	52	69	55	67	80	93
<b>Valuation multiples</b>							
EV/sales	2.4	3.0	4.4	2.1	2.0	1.8	1.6
EV/EBITDA	10.2	11.7	15.3	8.9	8.6	7.6	7.0
EV/EBITA	17.7	19.6	21.2	11.8	11.1	9.6	8.9
EV/EBIT	17.7	19.6	21.2	11.8	11.1	9.6	8.9
EV/OCF	10.5	13.4	18.5	17.7	8.5	8.5	8.5
EV/FCFF	10.7	14.2	18.8	17.9	8.8	8.8	8.9
P/FCFE	82.4	135.3	110.9	34.6	12.4	12.6	13.9
P/E	22.3	27.8	28.3	15.6	14.6	13.1	12.4
P/B	7.5	7.1	10.0	6.4	5.5	4.6	4.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.4	8.3	7.7
Target EV/EBIT	0.0	0.0	0.0	0.0	12.2	10.6	9.8
Target EV/FCF	0.0	0.0	0.0	0.0	13.0	12.8	13.8
Target P/B	0.0	0.0	0.0	0.0	6.0	5.1	4.4
Target P/E	0.0	0.0	0.0	0.0	16.0	14.4	13.5
<b>Per share measures</b>							
Number of shares	40,649	40,549	40,549	40,621	40,571	40,571	40,571
Number of shares (diluted)	40,649	40,549	40,549	40,621	40,571	40,571	40,571
EPS	0.32	0.33	0.60	0.56	0.63	0.70	0.74
Operating cash flow per share	0.71	0.68	0.89	0.50	1.04	0.99	0.96
Free cash flow per share	0.43	0.34	0.77	0.25	0.74	0.73	0.66
Book value per share	0.96	1.29	1.71	1.36	1.65	1.98	2.30
Dividend per share	0.18	0.20	0.72	0.34	0.38	0.42	0.48
Dividend payout ratio, %	56.1	60.9	119.6	60.4	60.0	60.0	65.0
Dividend yield, %	2.5	2.2	4.2	3.7	4.1	4.6	5.3
FCF yield, %	6.1	3.7	4.5	2.9	8.1	7.9	7.2
<b>Efficiency measures</b>							
ROE	33.1	29.2	40.1	36.6	41.4	38.4	34.6
ROCE	22.7	22.9	33.0	32.4	34.3	33.8	31.8
<b>Financial ratios</b>							
Inventories as % of sales	18.0	18.2	17.1	20.3	19.0	18.0	18.0
Receivables as % of sales	5.3	6.6	7.9	7.2	7.0	7.0	7.0
Non-interest bearing liabilities as % of sales	14.2	17.9	18.6	14.9	17.0	18.0	18.0
NWC/sales, %	9.1	6.8	6.4	12.6	9.0	7.0	7.0
Operative CAPEX/sales, %	9.0	11.2	3.1	5.9	6.9	5.7	6.1
CAPEX/sales (incl. acquisitions), %	9.0	11.2	3.1	5.9	6.9	5.7	6.1
FCFF/EBITDA	1.0	0.8	0.8	0.5	1.0	0.9	0.8
Net debt/EBITDA, book-weighted	0.4	-0.1	-0.6	0.0	-0.4	-0.6	-0.8
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	40.1	45.7	52.2	48.4	50.5	53.2	55.6
Gearing, %	30.7	-3.2	-38.9	2.3	-22.5	-36.6	-41.9

**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	5,088,500	46.560	12.5%
Keskinäinen Työeläkevakuutusyhtiö Varma	1,929,600	17.656	4.8%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,926,940	17.632	4.7%
Ehnröth Anna Sophia	1,651,885	15.115	4.1%
Sijoitusrahasto Nordea Nordic Small Cap	999,425	9.145	2.5%
Sijoitusrahasto Evli Suomi Pienyhtiöt	877,500	8.029	2.2%
Oy Talcom Ab	505,500	4.625	1.2%
Oy Etra Invest Ab	500,000	4.575	1.2%
Alahuhta Matti	411,650	3.767	1.0%
Eläkevakuutusosakeyhtiö Veritas	375,000	3.431	0.9%
Ten largest	14,266,000	130.534	35%
Residual	26,305,380	240.694	65%
Total	40,571,380	371.228	100%

**EARNINGS CALENDAR**

May 16, 2023	Q2 report
November 08, 2023	Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

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



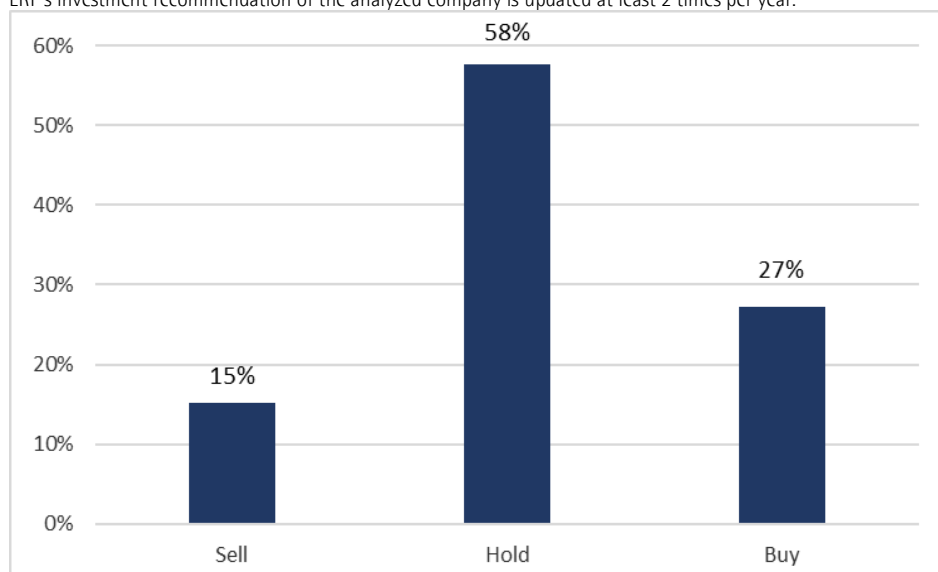
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Investment recommendations are defined as follows:

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

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

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