

Q1 result beats our estimates

Marimekko's Q1 revenue increased by 13% and was EUR 27.1m vs. EUR 25.3m Evli view. Adj. EBIT was EUR 2.6m vs. EUR 1.2m Evli view. Revenue was mainly driven by strong wholesale sales in APAC and increased retail sales in Finland. Operating result was boosted by increased sales and improved gross margin. Guidance for 2019E is kept intact.

- Finland: revenue was EUR 12.8m vs. EUR 12.1m our expectation. Revenue grew by 7% y/y, split to 12% own retail and -1% wholesale. Own retail sales growth was driven by well performed regular-priced sales and the favorable trend in the domestic market. Wholesale was lower than last year as wholesale sales for the corresponding period included nonrecurring promotional deliveries, of which there were none this year.
- International: revenue was EUR 14.3m vs. EUR 13.1m our view. Revenue increased by 18% y/y, mainly driven by wholesale sales in APAC region where the increase was 21%, as Q4'18 deliveries were transferred to Q1'19. Net sales increased also in all the other areas. In Japan, net sales grew by 18% of which retail sales growth was 13%.
- Adj. EBIT was EUR 2.6m EUR vs. EUR 1.2m our view. Operating result was impacted by increased sales and improved gross margin. Net effect of IFRS 16 on operating result was +125 thousand. It is notable that our estimates do not reflect the IFRS 16 changes yet.
- Guidance: Marimekko reiterated its guidance and expects 2019E revenue to increase from last year while adj. EBIT is expected to remain flat.

Rating

SELL

Marimekko			
Q1 2019	Actual	Evli	Year ago
Net sales	27,1	25,3	24,1
EBIT ex NRI	2,6	1,2	1,2
EBIT-margin	125 %	4,8 %	4,8
EPS (reported)	0,24	0,12	0,8
Net sales			
	Actual	Evli	Year ago
Finland	12,8	12,1	11,9
Scandinavia	2,1	2,0	1,9
EMEA	3,5	2,7	2,6
North America	1,9	1,7	1,6
Asia Pacific	6,8	6,7	6,1

Share price, EUR (Last trading day's closing price)	22.50
Target price, EUR	22.0
Latest change in rating	28-Feb-19
Latest report on company	28-Feb-19
Research paid by issuer:	Yes
No. of shares outstanding, '000's	8,090
No. of shares fully diluted, '000's	8,090
Market cap, EURm	182
Free float, %	84.0
Exchange rate	0.000
Reuters code	MMO1V.HE
Bloomberg code	MMO1V.FH
Average daily volume, EURm	na.
Next interim report	15-Aug-19
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BUY **HOLD** **SELL**

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	102	9	8.4%	7	0.73	13.8	0.8	7.4	9.2	0.50
2018	112	12	10.9%	12	1.01	20.5	1.3	13.1	11.9	1.85
2019E	117	12	10.6%	12	1.23	18.4	1.4	18.1	13.5	0.70
2020E	122	14	11.6%	14	1.41	15.9	1.3	13.5	11.5	0.80
2021E	126	16	12.5%	16	1.59	14.2	1.2	12.4	10.0	0.90
Market cap, EURm		182	BV per share 2019E, EUR		4.3	CAGR EPS 2018-21, %		16.2		
Net debt 2019E, EURm		-14	Price/book 2019E		5.2	CAGR sales 2018-21, %		4.0		
Enterprise value, EURm		168	Dividend yield 2019E, %		3.1	ROE 2019E, %		26.5		
Total assets 2019E, EURm		54	Tax rate 2019E, %		20.0	ROCE 2019E, %		32.4		
Goodwill 2019E, EURm		0	Equity ratio 2019E, %		64.3	PEG, P/E 19/CAGR		1.8		

All the important disclosures can be found on the last pages of this report.

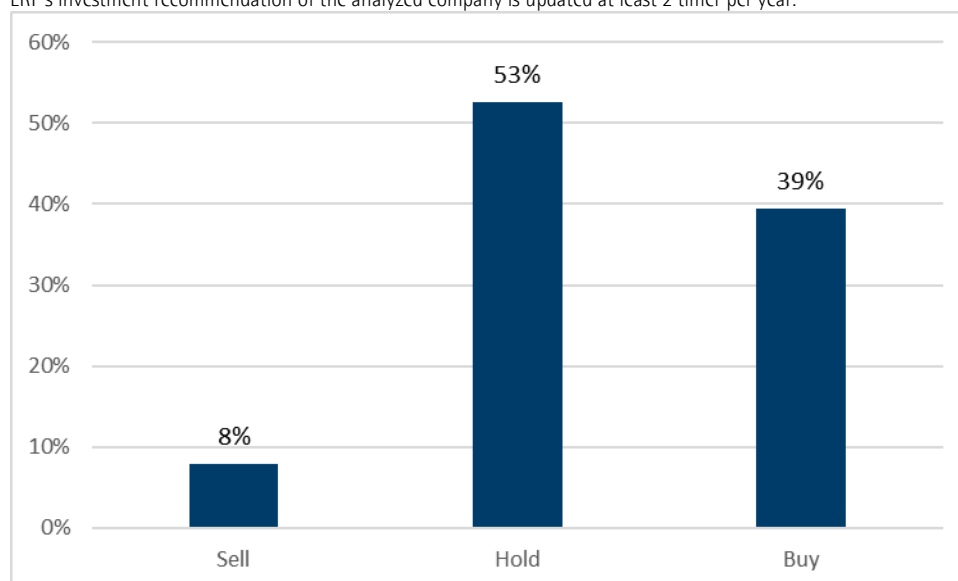
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Investment recommendations are defined as follows:

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

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

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