

## Q3 result outpaced expectations

Marimekko's Q3 result outpaced the expectations. Net sales were EUR 38.0m (10% y/y) vs. EUR 36.0m/35.3m Evli/cons. Adj. EBIT was EUR 10.5m vs. EUR 9.1m/8.4m Evli/cons. Marimekko expects 20E net sales to be lower than in the previous year and comparable operating profit is estimated to be approx. at the same level or lower than in the previous year.

- Finland: revenue was EUR 23.0m vs. EUR 21.7m Evli view. Revenue increased by 17% y/y. Revenue was boosted by increased wholesale sales. The increase in wholesale sales was partly due to nonrecurring promotional deliveries.
- International: revenue increased by 2% y/y and was EUR 15.0m vs. EUR 14.3m Evli view. Wholesale sales developed well also in EMEA.
- Q3 adj. EBIT was EUR 10.5m (27.7% margin) vs. EUR 9.1m/8.4m (25.3%/23.8% margin) Evli/cons. Profitability was boosted by increased sales and decreased fixed costs. Fixed costs were also reduced by subsidies granted in various countries to mitigate the negative business impacts of the coronavirus pandemic. On the other hand, relative sales margin declined.
- Q3 EPS was EUR 0.98 vs. EUR 0.86/0.81 Evli/cons.
- 2020E guidance: group net sales are expected to be lower than in the previous year and comparable operating profit is estimated to be approx. at the same level or lower than in the previous year.

### Rating

 BUY

Marimekko Q32020	Actual	Evli	Cons	Year ago
Net sales	38.0	36.0	35.3	34.5
EBIT ex NRI	10.5	9.1	8.4	7.8
EBIT-margin	27.7 %	25.3 %	23.8 %	22.6 %
PTP	10.0	8.7	8.2	7.8
EPS (reported)	0.98	0.86	0.81	0.79

*\*Infront (4 estimates mean)*

Share price, EUR (Last trading day's closing price) 36.55

Target price, EUR 42.0

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 296

Free float, % 68.4

Exchange rate 0.000

Reuters code MM01V.HE

Bloomberg code MM01V.FH

Average daily volume, EURm na.

Next interim report 04-Nov-20

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 BUY  HOLD  SELL

### PRE-REPORT 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	118.2	16.6	14.1%	10.5	1.48	24.7	2.6	18.3	3.5	0.89
2021E	129.6	18.4	14.2%	14.1	1.72	21.3	2.3	16.2	4.8	1.03
2022E	137.7	19.7	14.3%	8.2	1.84	19.8	2.2	15.2	2.8	1.11

Market cap, EURm	296	BV per share 2020E, EUR	20.1	CAGR EPS 2019-22, %	4.8
Net debt 2020E, EURm	9	Price/book 2020E	6.8	CAGR sales 2019-22, %	3.2
Enterprise value, EURm	305	Dividend yield 2020E, %	2.4	ROE 2020E, %	29.1
Total assets 2020E, EURm	97	Tax rate 2020E, %	20.6	ROCE 2020E, %	21.8
Goodwill 2020E, EURm	0	Equity ratio 2020E, %	45.1	PEG, P/E 20/CAGR	2.2

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

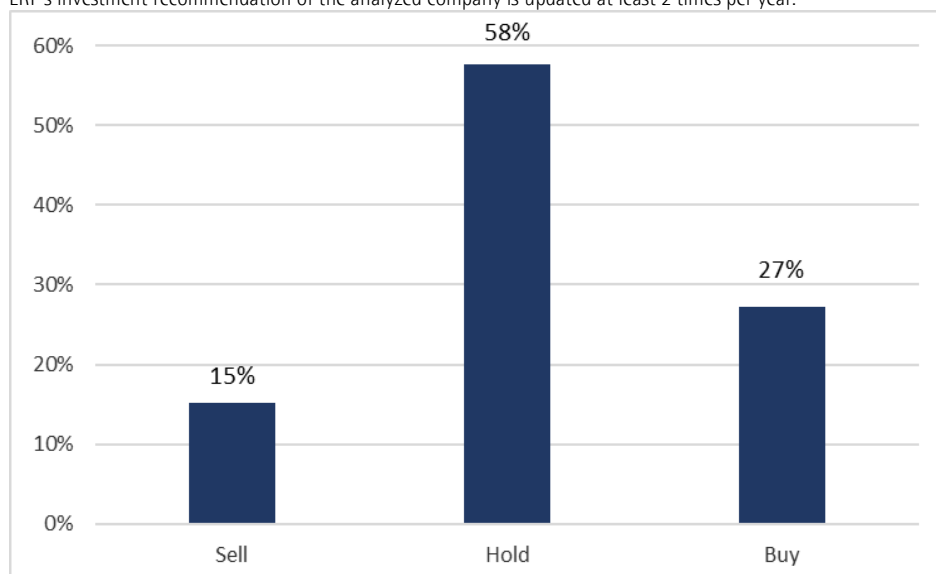
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Investment recommendations are defined as follows:

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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