

## Q2 result better than anticipated

Marimekko's Q2 result beat the consensus expectations. Net sales were EUR 23.3m (-20% y/y) vs. EUR 18.3m/19.8m Evli/cons. Adj. EBIT was clearly above estimates at EUR 2.7m vs. EUR 0.6m/0.5m Evli/cons. Marimekko expects the coronavirus to have a significant negative impact on net sales and profitability in 2020. Guidance for '20E was not given at this point.

- Finland: revenue was EUR 11.4m vs. EUR 10.4m Evli view. Revenue decreased by 32% (retail sales -41% y/y).
- International: revenue declined by 3% y/y and was EUR 11.9m vs. EUR 7.9m Evli view. Retail sales declined especially in North America and Scandinavia. Wholesale sales decreased especially in the APAC region. On the other hand, increased licensing income in the Asia-Pacific region boosted sales.
- Q2 adj. EBIT was EUR 2.7m (11.4% margin) vs. EUR 0.6m/0.5m (3.2%/2.7% margin) Evli/cons. Decreased net sales and weaker relative sales margin had a negative impact on profitability. On the other hand, fixed costs decreased significantly, resulting from the saving program.
- Q2 EPS was EUR 0.27 vs. EUR 0.04/0.03 Evli/cons.
- Marimekko is also planning to reorganize its operations and initiates cooperation procedure as the company seeks to achieve annual costs savings of approx. EUR 1.5m.
- The company expects the coronavirus to have a significant negative impact on net sales and profitability in 2020 but guidance for '20 was not given.

**Rating** 🟡 HOLD

Marimekko Q22020	Actual	Evli	Cons	Year ago
Net sales	23.3	18.3	19.8	29.1
EBIT ex NRI	2.7	0.6	0.5	3.7
EBIT-margin	11.4 %	3.2 %	2.7 %	12.7 %
PTP	2.8	0.4	0.3	3.2
EPS (reported)	0.27	0.04	0.03	0.32

*\*Bloomberg (3-4 estimates mean)*

 Share price, EUR (Last trading day's closing price) 28.40

 Target price, EUR 24.0

Latest change in rating	15-May-20
Latest report on company	15-May-20
Research paid by issuer:	YES
No. of shares outstanding,	8,130
No. of shares fully diluted,	8,130
Market cap, EURm	231
Free float, %	68.4
Exchange rate	0.000
Reuters code	MM01V.HE
Bloomberg code	MM01V FH
Average daily volume, EURm	na.
Next interim report	13-Aug-20
Web site	marimekko.com/en/investors

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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	108.9	10.8	9.9%	9.5	0.90	31.6	2.2	22.2	4.1	0.54
2021E	128.4	17.7	13.8%	10.3	1.64	17.3	1.8	13.3	4.5	0.98
2022E	136.1	19.5	14.3%	8.2	1.82	15.6	1.7	12.0	3.6	1.09

Market cap, EURm	231	BV per share 2020E, EUR	25.0	CAGR EPS 2019-22, %	4.2
Net debt 2020E, EURm	10	Price/book 2020E	5.9	CAGR sales 2019-22, %	2.8
Enterprise value, EURm	241	Dividend yield 2020E, %	1.9	ROE 2020E, %	18.8
Total assets 2020E, EURm	88	Tax rate 2020E, %	20.1	ROCE 2020E, %	15.1
Goodwill 2020E, EURm	0	Equity ratio 2020E, %	44.3	PEG, P/E 20/CAGR	1.0

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

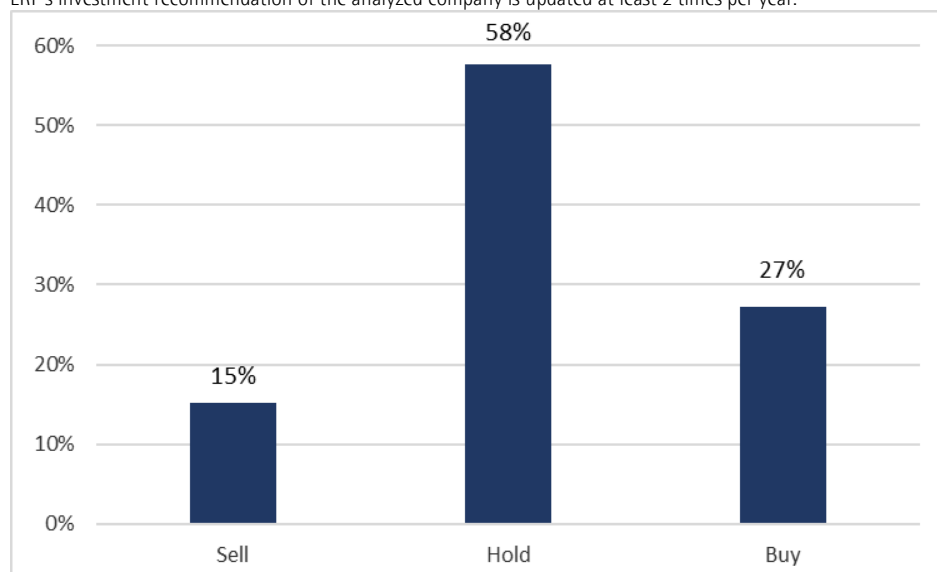
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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