

Decline in sales in Q1

Marimekko's Q1 result was below expectations as net sales decreased by 8%, amounting EUR 24.9m vs. EUR 27.9m/25.4m Evli/cons. Adj. EBIT was EUR 1.2m vs. EUR 1.7m/1.4m Evli/cons. Marimekko expects the coronavirus to have a significant negative impact on net sales and profitability in 2020. Guidance for '20 was not given at this point.

- Finland: revenue was EUR 13.6m vs. EUR 13.3m Evli view. Revenue increased by 6%.
- International: revenue was EUR 11.3m vs. EUR 14.6m Evli view. Revenue declined by 21%. The decline in wholesale sales in APAC was due to an exceptional delivery pattern in the comparison period but the coronavirus had also a negative impact as some expected reorders were not placed.
- Retail sales were at the same level as in the comparison period but wholesale sales declined by 13% and licensing income by 71%.
- Q1 adj. EBIT was EUR 1.2m (4.6% margin) vs. EUR 1.7m/1.4m (5.9%/1.4% margin) Evli/cons. Lower sales and a decline in relative sales margin had a weakening impact on result whereas lower fixed costs had a positive impact.
- Q1 EPS was 0.02 EUR vs. EUR 0.07/0.10 Evli/cons.
- The company expects the coronavirus to have a significant negative impact on net sales and profitability in 2020. Guidance for '20 was not given at this point.

Rating BUY

Marimekko Q12020	Actual	Evli	Cons	Year ago
Net sales	24.9	27.9	25.4	27.1
EBIT ex NRI	1.2	1.7	1.4	2.6
EBIT-margin	4.6 %	5.9 %	5.5 %	9.6 %
PTP	0.2	1.6	1.3	2.5
EPS (reported)	0.02	0.07	0.10	0.24

**Bloomberg (3-4 estimates mean)*

Share price, EUR (Last trading day's closing price) 22.10

Target price, EUR 28.0

Latest change in rating 26-Mar-20

Latest report on company 26-Mar-20

Research paid by issuer: YES

No. of shares outstanding, '000's 8,130

No. of shares fully diluted, '000's 8,130

Market cap, EURm 180

Free float, % 84.0

Exchange rate 0.000

Reuters code MM01V.HE

Bloomberg code MM01V FH

Average daily volume, EURm na.

Next interim report 14-May-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	113.0	11.7	10.4%	6.8	0.87	25.4	1.7	16.4	3.8	0.52
2021E	137.6	19.7	14.3%	10.8	1.86	11.9	1.3	9.4	6.0	1.11
2022E	150.0	22.2	14.8%	8.3	2.10	10.5	1.2	8.4	4.6	1.26

Market cap, EURm	180	BV per share 2020E, EUR	32.3	CAGR EPS 2019-22, %	9.4
Net debt 2020E, EURm	12	Price/book 2020E	4.6	CAGR sales 2019-22, %	6.2
Enterprise value, EURm	192	Dividend yield 2020E, %	2.4	ROE 2020E, %	18.2
Total assets 2020E, EURm	91	Tax rate 2020E, %	35.4	ROCE 2020E, %	16.1
Goodwill 2020E, EURm	0	Equity ratio 2020E, %	42.7	PEG, P/E 20/CAGR	0.7

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

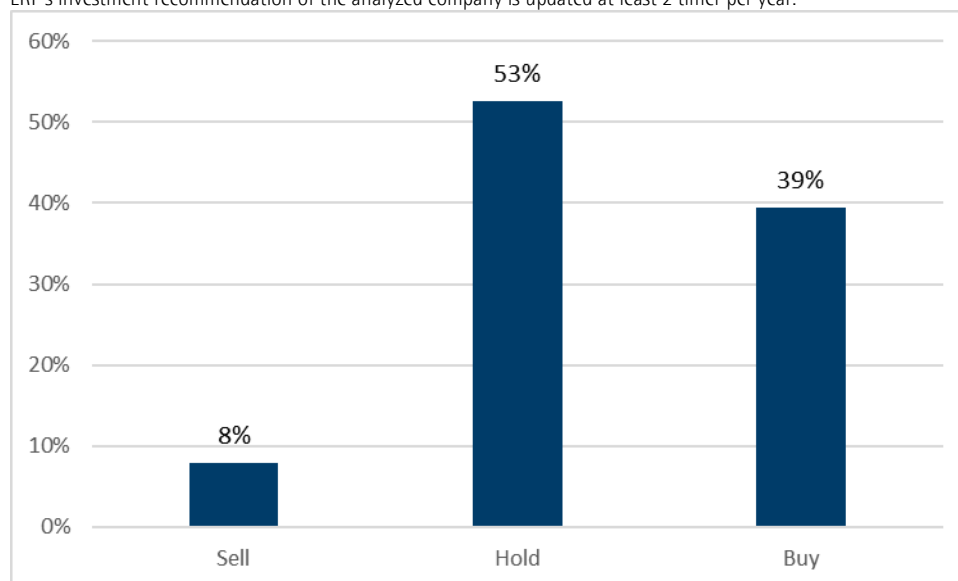
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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