

Clear estimates beat

Marimekko's Q1 result was very strong and it clearly outpaced the expectations. Net sales increased by 17% and were EUR 29.1m vs. EUR 27.7m/27.6m Evli/cons. Sales were driven by good wholesale sales development in APAC region, Finland and Scandinavia as well as increased licensing income in EMEA. Adj. EBIT was EUR 5.6m vs. EUR 2.4m/2.3m Evli/cons.

- Finland: revenue was EUR 14.5m vs. EUR 14.0m Evli view. Revenue increased by 7% y/y and was driven by good wholesale sales development. Nonrecurring promotional deliveries in particular contributed to an increase in wholesale sales in Finland.
- International: revenue increased by 29% y/y and was EUR 14.6m vs. EUR 13.7m Evli view. Sales were driven by good wholesale sales development in APAC region and Scandinavia as well as increased licensing income in EMEA. Sales growth in APAC region was partly due to the transfer of some of the wholesale deliveries for Q4'20 to Q1'21.
- Q1 adj. EBIT was clearly above expectations at EUR 5.6m (19.3% margin) vs. EUR 2.4m/2.3m (8.7%/8.3% margin) Evli/cons. Profitability was boosted by increased sales, improved relative sales margin as well as reduced fixed costs.
- Q1 adj. EPS was EUR 0.55 vs. EUR 0.21/0.18 Evli/cons.
- 2021E guidance: net sales are expected to increase from last year. Adj. EBIT margin is expected to be approx. on a par with last year or higher.

Rating

 BUY

Marimekko Q12021	Actual	Evli	Cons	Year ago
Net sales	29.1	27.7	27.6	24.9
EBIT ex NRI	5.6	2.4	2.3	1.2
EBIT-margin	19.3 %	8.7 %	8.3 %	4.8 %
PTP	5.5	2.1	1.9	0.2
EPS (adj)	0.55	0.21	0.18	0.02

**Infront (4 estimates mean)*

 Share price, EUR (Last trading day's closing price) **54.50**

 Target price, EUR **58.2**

 Latest change in rating **18-Sep-20**

 Latest report on company **17-May-21**

 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 **442**

 Free float, % **69.3**

 Exchange rate **na.**

 Reuters code **MEKKO.HE**

 Bloomberg code **MEKKO FH**

 Average daily volume, EURm **na.**

 Next interim report **20-May-21**

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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
2019	125.4	17.1	13.6%	15.9	1.60	22.3	2.4	17.7	5.5	0.90
2020	123.6	20.2	16.4%	13.6	1.80	25.3	3.0	18.2	3.7	1.00
2021E	135.8	22.4	16.5%	8.6	2.09	26.1	3.2	19.6	1.9	1.15
2022E	146.8	24.6	16.7%	15.9	2.30	23.7	3.0	17.6	3.6	1.27
2023E	152.7	25.5	16.7%	19.1	2.37	23.0	2.8	16.6	4.3	1.30
Market cap, EURm		442		BV per share 2021E, EUR		-3.5	CAGR EPS 2020-23, %			9.5
Net debt 2021E, EURm		-2		Price/book 2021E		7.2	CAGR sales 2020-23, %			7.3
Enterprise value, EURm		440		Dividend yield 2021E, %		2.1	ROE 2021E, %			29.6
Total assets 2021E, EURm		117		Tax rate 2021E, %		20.0	ROCE 2021E, %			24.1
Goodwill 2021E, EURm		0		Equity ratio 2021E, %		52.6	PEG, P/E 21/CAGR			4.4

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

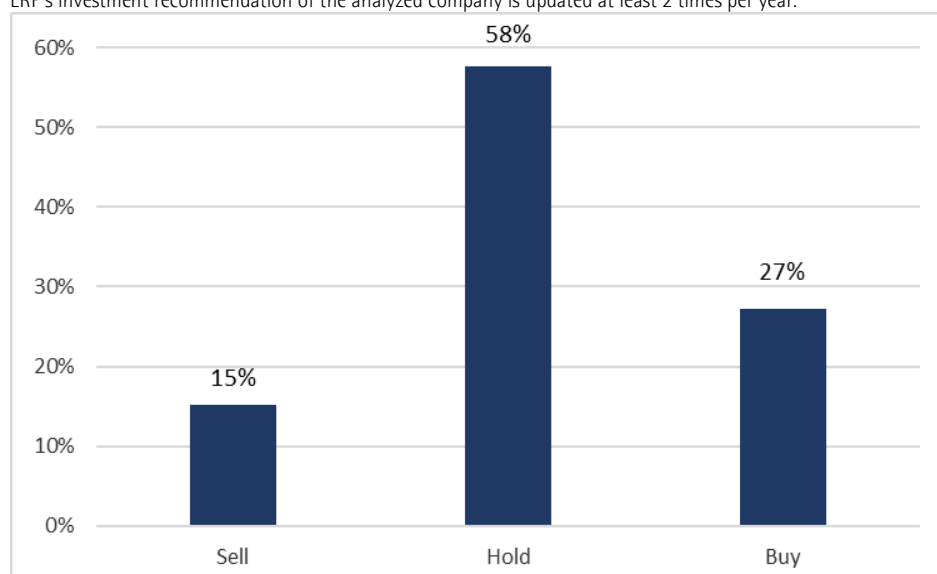
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Investment recommendations are defined as follows:

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

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