

Very strong Q3; distributes extra dividend; revises financial targets

Marimekko's Q3 headline numbers are very strong for both revenue and profits. The company keeps 2018E guidance intact, but the max EUR 12m limit for adj. EBIT gives room for only EUR 1.4m adj. EBIT in Q4, which would be weaker than what has been reached during the last two years. Extra dividend of EUR 1.25 is proposed, and financial targets are revised.

- Finland: revenue was EUR 17.2m vs. EUR 16.2m our expectation. Revenue grew by +14% y/y, split to +11% own retail (own retail LFL +9%) and +24% wholesale. Strong retail sales growth was implied by the guidance upgrade in Sep 2018. Wholesale growth of 24% was primarily due to non-recurring promotional deliveries.
- International: revenue was EUR 12.7m vs. EUR 12.3m our view. Revenue increased by +4% y/y, driven primarily by growth in EMEA (+20%). Growth in APAC excl. royalties was also strong at 14%.
- Adj. EBITDA was EUR 6.9m (margin 23.2%) vs. EUR 4.5m our view and EUR 5.2m consensus. The beat is driven primarily by stronger than expected revenue, good trend in retail sales in Finland and growth in regular-priced sales.
- Extra dividend: Board proposes of EUR 1.25 per share.
- New financial targets: EBIT margin 15% (prev: 10%), net debt/EBITDA max 2.0x (new), annual sales growth over 10% (intact), dividend at least 50% of EPS (intact).
- 2018 guidance intact: revenue and adj. EBIT will increase y/y. Adj. EBIT will be max EUR 12m. Marimekko expects revenue to grow in Finland and in APAC. License revenues are expected to remain flat in 2018E. Marketing costs will increase.

Rating	+ BUY
Share price, EUR (Last trading day's closing price)	18.35
Target price, EUR	18.0
Latest change in recommendation	15-Feb-18
Latest report on company	
Research paid by issuer:	
No. of shares outstanding, '000's	8,090
No. of shares fully diluted, '000's	8,090
Market cap, EURm	148
Free float, %	84.0
Exchange rate	0.000
Reuters code	MM01V.HE
Bloomberg code	MM01V.FH
Average daily volume, EURm	0.0
Next interim report	01-Nov-18
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+ BUY **o** 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
2016	100	6	6.1%	6	0.60	15.7	0.8	11.6	13.0	0.40
2017	102	9	8.4%	7	0.73	13.8	0.8	7.4	9.2	0.50
2018E	112	11	9.5%	10	0.86	21.3	1.2	18.4	12.7	0.60
2019E	116	11	9.6%	11	1.13	16.2	1.1	12.9	11.8	0.70
2020E	120	12	9.8%	12	1.20	15.2	1.1	12.4	10.9	0.75
Market cap, EURm		148	BV per share 2018E, EUR		4.9	CAGR EPS 2017-20, %		18.2		
Net debt 2018E, EURm		-14	Price/book 2018E		3.7	CAGR sales 2017-20, %		5.6		
Enterprise value, EURm		135	Dividend yield 2018E, %		3.3	ROE 2018E, %		19.8		
Total assets 2018E, EURm		54	Tax rate 2018E, %		33.6	ROCE 2018E, %		29.3		
Goodwill 2018E, EURm		0	Equity ratio 2018E, %		73.8	PEG, P/E 18/CAGR		1.5		

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

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<https://research.evli.com/JasperAllModels.action?authParam=key:461&authParam=x:G3rNagWrtf7K&authType=3>

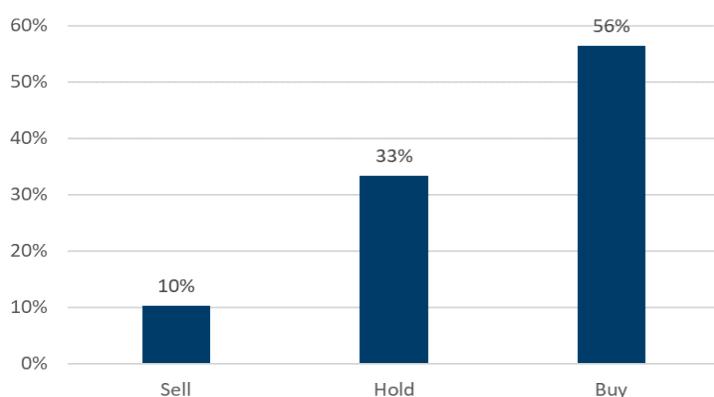
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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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 16th of April 2018. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Häyhä

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