

## Growth rate slowed down as expected

Marimekko delivered solid Q3 figures. Net sales came in with single-digit growth and relative profitability was on a robust level.

- Group result:** Marimekko's net sales came in slightly below expectations and grew by 4% y/y to EUR 44.1m (45.0/45.3m Evli/cons.). The growth was driven by both Int'l sales and retail sales in Finland. Adj. EBIT was clearly below our expectations and amounted to EUR 11.1m (25.2% margin) (13.0/12.3m Evli/cons.). Profitability was negatively affected by elevated fixed costs (increased IT-investments and personnel costs) and weaker gross margin (increased logistics costs and elevated discounts). In turn, the profitability was supported by favorable sales-mix and pricing. EPS amounted to EUR 0.22 (0.25/0.24 Evli/cons.).
- Finland** declined by 7% y/y to EUR 26.7m (Evli: 29.1m) due to weaker wholesale deliveries which the company was already guided. However, retail sales saw solid 10% growth.
- Int'l** grew strongly by 28% y/y to EUR 17.4m and came in above our expectations (Evli: 15.9m). The growth was supported by retail and wholesale sales in the APAC region as well as abnormal wholesale deliveries compared to Q3'21. The growth was also strong in Scandinavia and EMEA region.
- 2022 outlook:** Domestic sales are expected to grow, but wholesale deliveries to be below that of the comparison period. The APAC region and international sales are expected to increase clearly on the comparison period. In total, net sales are expected to grow, but the growth pace to slow down in H2'22. Licensing income is expected to be above comparison period.
- FY22 guidance intact:** expecting net sales to grow and an EBIT margin between 17-20%.
- Analyst comment:** Although the result came in below our expectations, the rate of int'l sales growth surprised us positively which we see crucial for Marimekko's long-term success.

### Rating

BUY

Q3'22	Actual	Evli	Consensus*	Q3'21**
Net sales	44.1	45.0	45.3	42.4
Finland	26.7	29.1	-	28.8
Int'l	17.4	15.9	-	13.6
Adj. EBIT	11.1	13.0	12.3	13.1
Adj. EBIT-margin	25.2%	28.9%	27.2%	31.0%
Adj. EPS	0.22	0.25	0.24	0.26

\* Consensus estimate from FactSet (4 analysts)

\*\* Restated EBIT and EPS due to IFRS accounting change

Share price, EUR (Last trading day's closing price) **9.26**

Target price, EUR **12.0**

Latest change in **14-Sep-22**

Latest report on company **14-Sep-22**

Research paid by issuer: **YES**

No. of shares **40,621**

No. of shares fully **40,621**

Market cap, EURm **376**

Free float, % **73.7**

Exchange rate **0.000**

Reuters code **MEKKO.HE**

Bloomberg code **MEKKO FH**

Average daily volume, **0.0**

Next interim report **02-Nov-22**

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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
2020	123.6	18.8	15.2%	13.6	0.33	27.8	3.0	19.6	3.7	0.20
2021	152.2	31.3	20.5%	31.2	0.60	28.3	4.4	21.2	4.5	0.72
2022E	168.3	32.6	19.4%	13.1	0.63	14.6	2.2	11.2	3.5	0.35
2023E	181.0	35.6	19.7%	23.0	0.67	13.8	2.0	10.0	6.1	0.37
2024E	193.3	37.3	19.3%	24.8	0.71	13.0	1.8	9.3	6.6	0.46

Market cap, EURm **376** BV per share 2022E, EUR **-16.6** CAGR EPS 2021-24, % **5.7**

Net debt 2022E, EURm **-11** Price/book 2022E **5.7** CAGR sales 2021-24, % **8.3**

Enterprise value, EURm **365** Dividend yield 2022E, % **3.8** ROE 2022E, % **38.1**

Total assets 2022E, EURm **139** Tax rate 2022E, % **20.5** ROCE 2022E, % **32.1**

Goodwill 2022E, EURm **0** Equity ratio 2022E, % **47.3** PEG, P/E 22/CAGR **4.0**

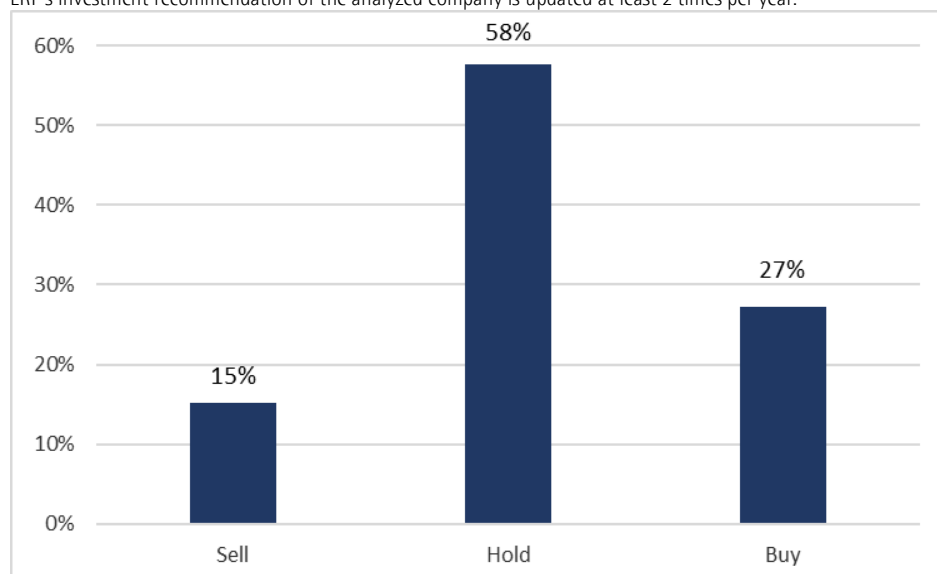
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Investment recommendations are defined as follows:

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): Heikura

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