

Profitability below estimates

Marimekko's third quarter revenue was in line with our estimates, yet profitability fell a tad short due to higher-than-expected fixed costs. Main driver behind the higher fixed costs were planned marketing investments.

- Group result: net sales fell slightly short of tough comparison period at EUR 47.2m (EUR 47.0/47.9m Evli/cons.). As expected, Finnish wholesale sales decreased notably due to the timing effect of non-recurring promotional deliveries. International sales grew in line with our estimates.
- Adj. EBIT amounted to EUR 11.1m (EUR 12.0/12.4m Evli/cons.), reflecting a margin of 23.5%. Profitability was lower than expected. Profitability was affected by higher fixed costs due to planned investments in the brand marketing of the 60th anniversary of the Unikko print and increased personnel expenses, among other factors. EPS came in at EUR 0.21 (EUR 0.23/0.23 Evli/cons.).
- Finland: topline fell 9% to EUR 25.7m (Evli est. EUR 25.6m). The wholesale sales decreased slightly more than we estimated (-33% y/y vs. Evli est. -30%) while retail sales grew at faster pace than expected (8% y/y vs. Evli est. 5%).
- Int'l: Marimekko's international sales grew 9% y/y, in line with our estimates. APAC growth missed our estimates slightly as the important market area grew 9% y/y (Evli est. 11.8%). On the other hand, net sales grew 23% y/y in Scandinavia.
- Marimekko continues to expect that the sales in Finland will be roughly at the level of last year in 2024 and international sales are estimated to grow in 2024.
- Financial guidance unchanged: net sales expected to grow from the previous year, comparable EBIT margin to be 16-19%.

Rating Hold

Q3'24	Actual	Evli	Consensus*	Q3'23
Net sales	47.2	47.0	47.9	47.9
Finland	25.7	25.6	26.4	28.2
Int'l	21.5	21.4	21.5	19.7
Adj. EBIT	11.1	12.0	12.4	13.1
Adj. EBIT-margin	23.5%	25.4%	25.9%	27.4%
Adj. EPS	0.21	0.23	0.23	0.26

* Consensus estimate from FactSet (4-6 analysts)

Share price, EUR (Last trading day's closing price)	13.02
Target price, EUR	13.0
Latest change in recommendation	13-Feb-23
Latest report on company	31-Oct-24
Research paid by issuer:	YES
No. of shares outstanding, '000's	40 571
No. of shares fully diluted, '000's	40 571
Market cap, EURm	528
Free float, %	74.0 %
Exchange rate	
Reuters code	MEKKO.HE
Bloomberg code	MEKKO FH
Average daily volume, EURm	
Next interim report	06-Nov-24
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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
2022	166.5	30.4	18.2%	10.3	0.56	15.6	2.1	11.8	2.9%	0.34
2023	174.1	31.4	18.0%	18.7	0.58	22.9	3.1	17.1	3.5%	0.37
2024E	180.1	31.5	17.5%	26.6	0.60	21.5	2.8	16.3	5.0%	0.39
2025E	194.7	36.7	18.8%	28.2	0.72	18.2	2.6	13.6	5.4%	0.46
2026E	204.5	39.9	19.5%	28.8	0.78	16.7	2.4	12.3	5.5%	0.51
Market cap, EURm		528		Gearing 2024E, %		-20.9 %		CAGR EPS 2023-26, %		10.4 %
Net debt 2024E, EURm		-16		Price/book 2024E		7.0		CAGR Sales 2023-26, %		5.5 %
Enterprise value, EURm		513		Dividend yield 2024E, %		3.0 %		ROE 2024E, %		34.8 %
Total assets 2024E, EURm		136		Tax rate 2024E, %		20.6 %		ROCE 2024E, %		31.2 %
Goodwill 2024E, EURm		0		Equity ratio 2024E, %		55.3 %		PEG, P/E 24/CAGR		2.0

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

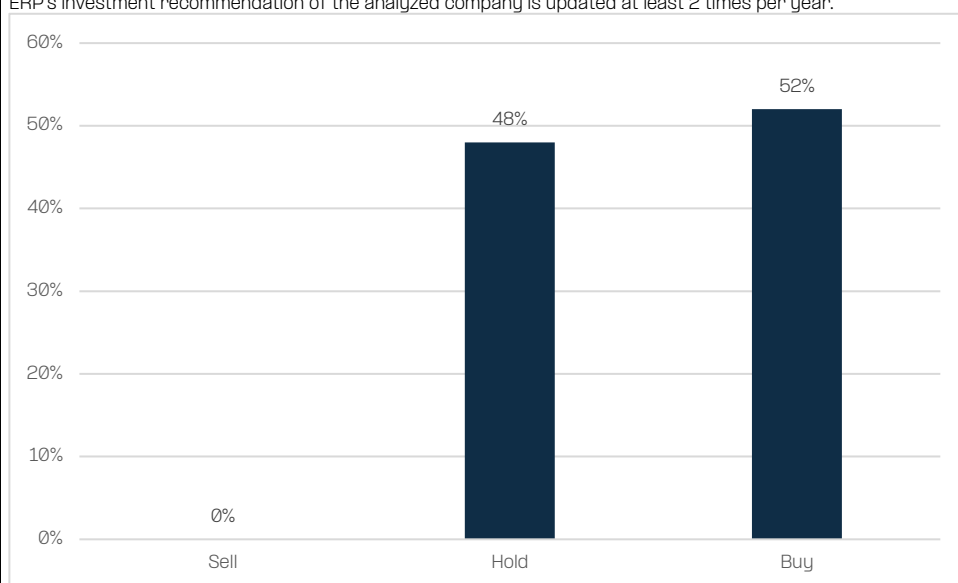
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Atte Jortikka

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