

Profitability slightly below expectations

Marimekko's second-quarter results generally met our expectations. The positive effect of non-recurring wholesale sales was higher than expected while on the other hand profitability suffered from lower licensing sales and higher fixed costs more than we estimated.

- **Group result:** driven by continued strong wholesale development in Finland, Q2 net sales grew by 8% to EUR 43.7m (42.4/42.9m Evli/cons.). The domestic wholesale sales grew strongly while the retail sales also fared a touch better than expected (growth of 5% y/y vs. Evli est. 3%). On the top line level, growth in international sales matched our expectations. On a less positive note, the company's growth driver, APAC wholesale, grew by only 1% year-over-year.
- Adj. EBIT amounted to EUR 6.4m (EUR 6.8/7.1m Evli/cons.), reflecting a margin of 14.6%. Profitability was a touch lower than expected. Comparable EBIT margin was affected by higher fixed costs and weakened relative sales margin. EPS came in at EUR 0.12 (0.13/0.13 Evli/cons.).
- **Finland:** topline grew 11% to EUR 24.5m (Evli est. EUR 23.2m) supported by continued strong wholesale sales which grew 30% y/y driven by the timing of non-recurring wholesale deliveries. In addition to wholesale, retail sales grew 5% y/y, which also topped our estimate slightly.
- **Int'l:** Marimekko's international sales grew 6% y/y, in line with our estimates. While APAC faced tough comps, the growth of 2% y/y missed our estimates yet was at least partly explained by the timing of certain wholesale deliveries.
- 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

Q2'24	Actual	Evli	Consensus*	Q2'23
Net sales	43.7	42.4	42.9	40.3
Finland	24.5	23.2	23.0	22.2
Int'l	19.1	19.2	19.9	18.1
Adj. EBIT	6.4	6.8	7.1	6.8
Adj. EBIT-margin	14.6%	16.1%	16.6%	16.8%
Adj. EPS	0.12	0.13	0.13	0.12

* Consensus estimate from FactSet (6 analysts)

Share price, EUR (Last trading day's closing price)	13.00
Target price, EUR	13.0

Latest change in	13-Feb-23
Latest report on	12-Aug-24
Research paid by	YES
No. of shares	40,571
No. of shares fully	40,571
Market cap, EURm	527
Free float, %	74.0
Exchange rate	0.000
Reuters code	MEKKO.HE
Bloomberg code	MEKKO FH
Average daily	0.0
Next interim report	15-May-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	181.0	32.8	18.1%	27.4	0.63	20.6	2.8	15.6	5.2	0.38
2025E	196.1	36.9	18.8%	28.1	0.72	18.2	2.5	13.5	5.3	0.47
2026E	206.2	40.2	19.5%	28.7	0.78	16.6	2.4	12.1	5.5	0.51

Market cap, EURm	527	BV per share 2024E, EUR	-21.6	CAGR EPS 2023-26, %	10.4
Net debt 2024E, EURm	-17	Price/book 2024E	6.9	CAGR sales 2023-26, %	5.8
Enterprise value, EURm	511	Dividend yield 2024E, %	2.9	ROE 2024E, %	36.0
Total assets 2024E, EURm	138	Tax rate 2024E, %	20.0	ROCE 2024E, %	32.3
Goodwill 2024E, EURm	0	Equity ratio 2024E, %	55.5	PEG, P/E 24/CAGR	2.3

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

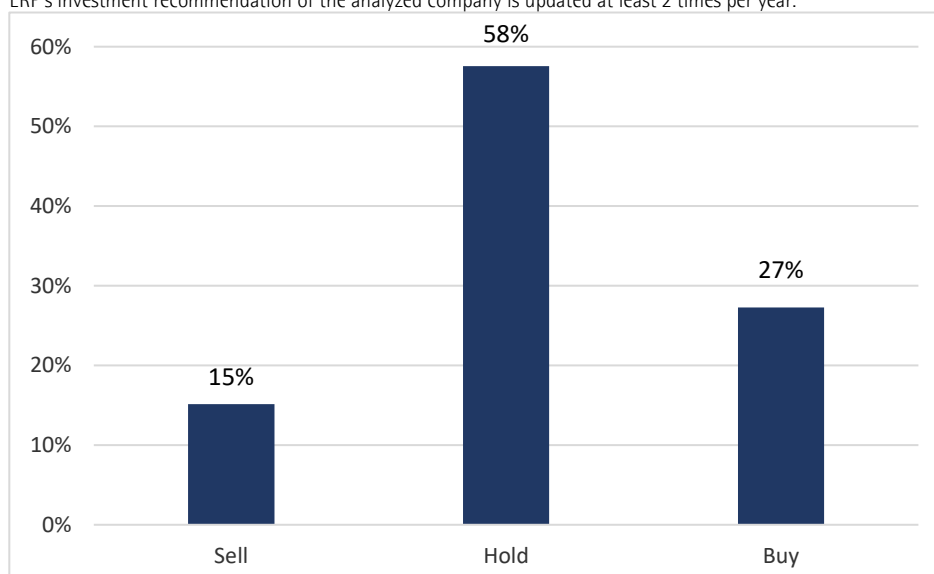
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Investment recommendations are defined as follows:

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

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

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