

Solid EBIT despite challenging market

Marimekko's Q4 net sales came in below our expectations while EBIT was stronger than expected. Guidance for 2023 implies growth to continue and profitability to remain on a good level. However, soft market is expected to continue also in Q1'23 in Finland.

- Q4 group result:** Net sales came in below our expectation, by growing by 1% y/ to EUR 48.4m (49.4/48.9m Evli/cons.). Growth was good in int'l markets while domestic sales declined as expected. Adj. EBIT landed at EUR 6.9m (14.3% margin), beating our and cons. expectations (6.4/6.5m Evli/cons.). Although, profitability was negatively impacted by softer gross margin and increased fixed costs. Adj. EPS amounted to EUR 0.10 (0.13/0.13 Evli/cons.).
- Finland:** Net sales amounted to EUR 30.1m (Evli: 29.6m), reflecting y/y decline of 2%. Retail sales developed nicely by growing by 19% y/y while wholesale sales fell short of the comparison period due to a lack of extraordinary deliveries and soft market environment.
- Int'l:** Net sales grew by 5% to EUR 18.4m (Evli: 19.8m). Growth was good in the APAC and EMEA regions while Scandinavia and North America developed more moderately.
- 22 DPS:** The BoD proposes EUR 0.34 dividend per share for the year 2022 (0.38/0.41 Evli/cons.).
- Market outlook for 23:** The company expects Finland to grow with larger extraordinary wholesale sales deliveries than in 2022 as well as both the APAC region and int'l sales to grow. Q1'23 group net sales to fall short of that of the comparison period due to challenging wholesale environment in Finland, lower licensing sales and strong comparison period. 2023 licensing income is expected to come in below the comparison period.
- 23 guidance:** The company expects net sales to grow and an EBIT margin between 16-19%.

Rating 🟡 HOLD

Q4'22	Actual	Evli	Consensus*	Q4'21**
Net sales	48.4	49.4	48.9	48.1
Finland	30.1	29.6	-	30.6
Int'l	18.4	19.8	-	17.4
Adj. EBIT	6.9	6.4	6.5	7.6
Adj. EBIT-margin	14.3%	13.0%	13.3%	15.9%
Adj. EPS	0.10	0.13	0.13	0.14

** Consensus estimate from FactSet (4 analysts)*
*** Restated EBIT and EPS due to IFRS accounting change*

Share price, EUR (Last trading day's closing price)	9.58
Target price, EUR	10.0
Latest change in	13-Feb-23
Latest report on	13-Feb-23
Research paid by	YES
No. of shares	40,621
No. of shares fully	40,621
Market cap, EURm	389
Free float, %	74.0
Exchange rate	0.000
Reuters code	MEKKO.HE
Bloomberg code	MEKKO FH
Average daily volume,	0.0
Next interim report	16-Feb-23
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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	167.5	29.9	17.8%	-1.9	0.59	16.3	2.3	13.2	-0.5	0.38
2023E	179.0	32.5	18.2%	32.4	0.60	15.9	2.1	11.6	8.3	0.33
2024E	192.4	35.6	18.5%	24.8	0.68	14.2	1.9	10.3	6.4	0.44
Market cap, EURm		389	BV per share 2022E, EUR		6.4	CAGR EPS 2021-24, %		3.9		
Net debt 2022E, EURm		4	Price/book 2022E		6.1	CAGR sales 2021-24, %		8.1		
Enterprise value, EURm		393	Dividend yield 2022E, %		4.0	ROE 2022E, %		35.7		
Total assets 2022E, EURm		136	Tax rate 2022E, %		21.1	ROCE 2022E, %		29.6		
Goodwill 2022E, EURm		0	Equity ratio 2022E, %		47.2	PEG, P/E 22/CAGR		2.7		

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): Heikura

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