

## Strong outlook ahead

Marimekko delivered good Q3 result, as expected. We saw some concrete actions to reach a wider target audience as the company launched its first streetwear collection KIOSKI. We have slightly increased our estimates for 19E-21E. We keep our rating "HOLD" with TP of EUR 39 (30).

### Q3 earnings supported by increased sales

Marimekko's Q3 result was strong, as expected. Revenue grew by 15% and was EUR 34.5m vs. EUR 34.7m/33.8m Evli/consensus. Comparable operating profit was slightly higher than consensus estimates but in line with our estimate at EUR 7.8m resulting in EBIT margin of 22.7% (vs. EUR 7.8m/7.6m Evli/consensus). Marimekko's sales grew in all the market areas, growth being particularly good in Finland and APAC region. Earnings development was boosted by the good growth in net sales but at the same time profitability was impacted by increased fixed costs.

### Growth strategy to support outlook for 19E-21E

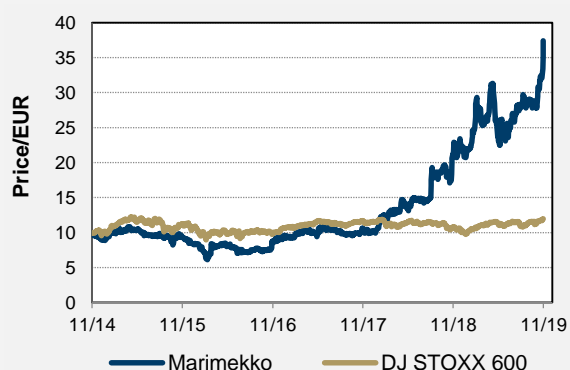
We expect 19E revenue to grow by 10% in Finland and 14% internationally. We expect retail and wholesale sales to develop favorably in the future resulting from increasing global brand awareness and wider customer base. We have slightly increased out 20E-21E outlook by increasing our revenue expectation by some 1% while increasing our 19E-20E EBIT expectation by 0.5% and 5.7%. Marimekko's target is to achieve operating profit margin of 15% which we see achievable given the growth outlook.

### "HOLD" with TP of EUR 39 (30)

We expect Marimekko's 2019E sales to total EUR 125.3m and EBIT of EUR 17.0m, resulting in EBIT margin of 13.6%. We see that Marimekko is able to achieve and maintain higher margins than the premium goods peer group, which justifies higher multiples similar to our luxury goods peer group median. On our estimates, Marimekko trades at 19E-20E EV/EBIT multiple of 18.8x and 15.4x which translates into 14-18% discount compared to the luxury goods peer group median. We keep our rating "HOLD" with TP of EUR 39 (prev. EUR 30).

## Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 37.40

Target price, EUR 39.0

Latest change in rating 17-May-19

Latest report on company 15-Oct-19

Research paid by issuer: YES

No. of shares outstanding, '000's 8,130

No. of shares fully diluted, '000's 8,130

Market cap, EURm 304

Free float, % 84.0

Exchange rate 0.000

Reuters code MM01V.HE

Bloomberg code MM01V.FH

Average daily volume, EURm na.

Next interim report 13-Feb-20

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■ BUY ■ HOLD ■ SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2017	102.3	8.6	8.4%	8.8	0.73	13.8	0.8	9.2	10.7	0.50
2018	111.9	12.2	10.9%	18.8	1.01	20.5	1.6	14.9	11.2	1.85
2019E	125.3	17.0	13.6%	12.0	1.62	23.1	2.6	18.8	4.0	0.70
2020E	135.4	20.4	15.1%	12.3	1.91	19.5	2.3	15.4	4.0	0.80
2021E	146.3	22.2	15.2%	15.9	2.12	17.7	2.1	13.7	5.2	0.90
Market cap, EURm		304	Gearing 2019E, %			41.0	CAGR EPS 2018-21, %			27.8
Net debt 2019E, EURm		16	Price/book 2019E			7.8	CAGR sales 2018-21, %			9.3
Enterprise value, EURm		320	Dividend yield 2019E, %			1.9	ROE 2019E, %			33.4
Total assets 2019E, EURm		99	Tax rate 2019E, %			19.2	ROCE 2019E, %			22.1
Goodwill 2019E, EURm		0	Equity ratio 2019E, %			39.4	PEG, P/E 19/CAGR			2.0

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

**Q3 earnings supported by increased sales both in Finland and international**

Marimekko's Q3 result was strong, as expected. Revenue grew by 15% and was EUR 34.5m vs. EUR 34.7m/33.8m Evli/consensus. Sales in Finland grew by 14% while international sales increased by 17%. Marimekko's sales grew in all the market areas, growth being particularly good in Finland and APAC region. In Finland, growth was driven by retail sales (16% y/y). In APAC region, retail sales increased by 14% and wholesale sales by 9%. Also, increased licensing income boosted sales in APAC. Comparable operating profit was slightly higher than consensus estimates but in line with our estimate at EUR 7.8m resulting in EBIT margin of 22.7% (vs. EUR 7.8m/7.6m Evli/consensus). Earnings development was boosted by the good growth in net sales but at the same time profitability was impacted by increased fixed costs which were partly due to the share-based incentive scheme for management.

**Successful launches appeal to a wider target audience**

In Jan-Sept, Marimekko's sales development has been good especially in Finland (9% y/y) and APAC region (14% y/y), which are the two main markets for the company but also in EMEA (25% y/y). Marimekko's brand continues strong in Finland and the company has been able to reach new customer groups while keeping the existing customers, resulting in higher sales. Marimekko's first (unisex) streetwear collection KIOSKI, which was launched in Q3 is an example of the actions the company has taken in order to appeal to a wider audience. The launch of the collection was successful and we see the collection to appeal well to a younger customer base in particular. In addition to Marimekko KIOSKI, the new leather bag line supports the company's strategy as bags and accessories (share of net sales ~26%) provide a convenient way to introduce the brand to new customers. In Q3, Marimekko's prints were also part of an anniversary collection by Target, bringing a lot of visibility in the US. During Jan-Sept, most of the company's net sales were generated in Finland (54%) while 21% of net sales came from APAC region. Finland and APAC both represent ~37% of brand sales.

**Growth strategy to support outlook for 19E-21E**

We expect 19E revenue to grow by 10% y/y in Finland and 14% y/y internationally. In our assumptions, Finland represents ~55% of the total revenue in 19E-20E. We expect retail and wholesale sales to develop favorably in the future resulting from increasing global brand awareness and wider customer base. Increasing retail sales should also support gross margin improvement. We have slightly adjusted our 20E-21E outlook by increasing our revenue expectation by some 1% while increasing our 20E-21E EBIT expectation by 0.5% and 5.7%. We foresee revenue growth of ~8% in 20E-21E. Marimekko's target is to achieve operating profit margin of 15% which we see achievable given the growth outlook. We also expect increasing e-commerce to support growth.

**"HOLD" with TP of EUR 39 (30)**

We expect Marimekko's 2019E sales to grow by 12% and to total EUR 125.3m. We have increased our EBIT expectation to EUR 17.0m (prev. EUR 16.8m), resulting in EBIT margin of 13.6% (2018: 10.9%). We see that Marimekko is able to achieve and maintain higher margins than the premium goods peer group, which justifies higher multiples similar to our luxury goods peer group median. On our estimates, Marimekko trades at 19E-20E EV/EBIT multiple of 18.8x and 15.4x which translates into 14-18% discount compared to the luxury goods peer group median. Our target price translates into EV/EBIT multiple of 19.6x and 16.0x on our 19E-20E estimates, which still are below the EV/EBIT multiples of Marimekko's luxury goods peer group. We keep our rating "HOLD" with TP of EUR 39 (prev. EUR 30).

## Estimates

Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	2018				FY2018	2019E				FY2019E	FY2020E
						Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4E		
<b>Finland</b>																
Retail revenue	35.1	35.4	37.6	38.9	40.8	7.7	11.8	12.6	13.0	45.1	8.5	13.3	14.6	15.2	51.6	56.3
Wholesale revenue	16.5	16.2	14.7	16.6	14.6	4.2	4.3	4.6	5.2	18.3	4.2	3.5	5.0	5.5	18.2	18.5
License revenue	0.6	0.4	0.4	0.3	0.2	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.0	0.0	0.2	0.2
<b>Total</b>	<b>52.2</b>	<b>52.0</b>	<b>52.7</b>	<b>55.8</b>	<b>55.7</b>	<b>11.9</b>	<b>16.2</b>	<b>17.2</b>	<b>18.3</b>	<b>63.5</b>	<b>12.8</b>	<b>16.8</b>	<b>19.7</b>	<b>20.8</b>	<b>70.0</b>	<b>75.0</b>
<b>Scandinavia</b>																
Retail revenue	4.4	5.2	4.8	5.0	5.1	1.0	1.6	1.3	1.4	5.3	1.2	1.3	1.5	1.5	5.5	5.8
Wholesale revenue	3.8	3.3	2.9	2.9	3.4	0.9	0.7	0.9	1.2	3.7	1.0	0.8	1.0	1.2	4.0	4.2
License revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>8.2</b>	<b>8.5</b>	<b>7.8</b>	<b>7.9</b>	<b>8.5</b>	<b>1.9</b>	<b>2.2</b>	<b>2.3</b>	<b>2.6</b>	<b>9.0</b>	<b>2.1</b>	<b>2.1</b>	<b>2.5</b>	<b>2.8</b>	<b>9.5</b>	<b>10.1</b>
<b>EMEA</b>																
Retail revenue	1.4	1.5	1.2	1.1	1.1	0.4	0.4	0.3	0.4	1.5	0.4	0.4	0.3	0.4	1.5	1.8
Wholesale revenue	6.2	5.9	6.9	7.8	8.3	2.1	1.8	2.2	2.3	8.4	3.0	2.7	2.3	2.4	10.4	11.5
License revenue	0.1	0.2	0.2	0.3	0.3	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4	0.4
<b>Total</b>	<b>7.7</b>	<b>7.5</b>	<b>8.3</b>	<b>9.2</b>	<b>9.7</b>	<b>2.6</b>	<b>2.3</b>	<b>2.7</b>	<b>2.8</b>	<b>10.3</b>	<b>3.5</b>	<b>3.2</b>	<b>2.8</b>	<b>2.9</b>	<b>12.3</b>	<b>13.7</b>
<b>North America</b>																
Retail revenue	5.6	6.0	5.9	5.2	5.3	1.0	1.4	1.4	1.5	5.2	1.0	1.5	1.7	1.6	5.7	6.0
Wholesale revenue	2.5	2.0	2.4	2.2	2.5	0.5	0.9	0.8	0.4	2.7	0.6	0.5	0.6	0.4	2.1	2.2
License revenue	0.4	0.6	1.0	0.5	0.5	0.1	0.1	0.0	0.0	0.3	0.3	0.1	0.1	0.0	0.5	0.5
<b>Total</b>	<b>8.5</b>	<b>8.6</b>	<b>9.2</b>	<b>7.9</b>	<b>8.3</b>	<b>1.6</b>	<b>2.4</b>	<b>2.2</b>	<b>2.0</b>	<b>8.2</b>	<b>1.9</b>	<b>2.0</b>	<b>2.3</b>	<b>2.1</b>	<b>8.3</b>	<b>8.7</b>
<b>APAC</b>																
Retail revenue	2.3	2.7	3.2	3.5	4.0	0.9	0.9	0.9	1.3	4.0	1.0	1.0	1.0	1.5	4.6	5.7
Wholesale revenue	15.2	14.9	14.5	15.4	15.5	4.8	4.3	4.6	2.7	16.4	5.8	4.1	5.0	3.6	18.4	22.3
License revenue	0.0	0.0	0.0	0.0	0.6	0.4	0.0	0.0	0.0	0.4	0.0	0.0	1.2	1.0	2.2	0.0
<b>Total</b>	<b>17.5</b>	<b>17.5</b>	<b>17.7</b>	<b>18.8</b>	<b>20.2</b>	<b>6.1</b>	<b>5.1</b>	<b>5.5</b>	<b>4.1</b>	<b>20.8</b>	<b>6.8</b>	<b>5.1</b>	<b>7.2</b>	<b>6.1</b>	<b>25.2</b>	<b>28.0</b>
<b>REVENUE SPLIT</b>																
Finland	52.2	52.0	52.7	55.8	55.7	11.9	16.2	17.2	18.3	63.5	12.8	16.8	19.7	20.8	70.0	75.0
International	41.9	42.1	43.0	43.8	46.6	12.2	12.1	12.7	11.4	48.3	14.3	12.4	14.8	13.9	55.3	60.4
<i>Finland growth (%)</i>	<i>0%</i>	<i>0%</i>	<i>1%</i>	<i>6%</i>	<i>0%</i>	<i>1%</i>	<i>30%</i>	<i>14%</i>	<i>12%</i>	<i>14%</i>	<i>7%</i>	<i>4%</i>	<i>14%</i>	<i>14%</i>	<i>10%</i>	<i>7%</i>
<i>International growth (%)</i>	<i>16%</i>	<i>1%</i>	<i>2%</i>	<i>2%</i>	<i>6%</i>	<i>14%</i>	<i>17%</i>	<i>4%</i>	<i>-15%</i>	<i>4%</i>	<i>18%</i>	<i>2%</i>	<i>17%</i>	<i>21%</i>	<i>14%</i>	<i>9%</i>
<b>REVENUE SPLIT</b>																
Retail	48.8	50.7	52.7	53.6	56.3	10.9	16.0	16.5	17.7	61.1	12.1	17.4	19.2	20.3	69.0	75.7
Wholesale	44.2	42.2	41.4	44.9	44.4	12.6	11.9	13.2	11.8	49.5	14.5	11.5	13.9	13.1	53.1	58.7
License	1.1	1.2	1.6	1.1	1.6	0.6	0.3	0.2	0.2	1.3	0.5	0.2	1.4	1.2	3.3	1.1
<i>Retail growth (%)</i>	<i>12%</i>	<i>4%</i>	<i>4%</i>	<i>2%</i>	<i>5%</i>	<i>-4%</i>	<i>22%</i>	<i>8%</i>	<i>7%</i>	<i>8%</i>	<i>11%</i>	<i>9%</i>	<i>16%</i>	<i>15%</i>	<i>13%</i>	<i>10%</i>
<i>Wholesale growth (%)</i>	<i>1%</i>	<i>-4%</i>	<i>-2%</i>	<i>9%</i>	<i>-1%</i>	<i>15%</i>	<i>31%</i>	<i>19%</i>	<i>-10%</i>	<i>12%</i>	<i>15%</i>	<i>-3%</i>	<i>6%</i>	<i>11%</i>	<i>7%</i>	<i>11%</i>
<i>License growth (%)</i>	<i>-24%</i>	<i>12%</i>	<i>26%</i>	<i>-31%</i>	<i>52%</i>	<i>293%</i>	<i>-43%</i>	<i>-80%</i>	<i>16%</i>	<i>-22%</i>	<i>-22%</i>	<i>-32%</i>	<i>761%</i>	<i>495%</i>	<i>155%</i>	<i>-67%</i>
<b>TOTAL REVENUE</b>	<b>94.0</b>	<b>94.2</b>	<b>95.7</b>	<b>99.6</b>	<b>102.3</b>	<b>24.1</b>	<b>28.2</b>	<b>29.8</b>	<b>29.7</b>	<b>111.9</b>	<b>27.1</b>	<b>29.1</b>	<b>34.5</b>	<b>34.6</b>	<b>125.3</b>	<b>135.4</b>
<i>Growth (%)</i>	<i>6%</i>	<i>0%</i>	<i>2%</i>	<i>4%</i>	<i>3%</i>	<i>7%</i>	<i>24%</i>	<i>10%</i>	<i>0%</i>	<i>9%</i>	<i>12.6%</i>	<i>3.3%</i>	<i>15.5%</i>	<i>16.4%</i>	<i>12%</i>	<i>8%</i>
Raw materials & consumables	-33.5	-32.8	-35.2	-40.2	-37.4	-9.0	-10.9	-11.2	-11.0	-42.1	-10.2	-9.6	-13.0	-11.5	-44.3	-47.1
<i>Growth (%)</i>	<i>14%</i>	<i>-2%</i>	<i>7%</i>	<i>14%</i>	<i>-7%</i>	<i>6%</i>	<i>18%</i>	<i>25%</i>	<i>3%</i>	<i>13%</i>	<i>13%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>5%</i>	<i>6%</i>
<b>Gross profit</b>	<b>60.5</b>	<b>61.4</b>	<b>60.4</b>	<b>59.4</b>	<b>64.9</b>	<b>15.1</b>	<b>17.3</b>	<b>18.7</b>	<b>18.7</b>	<b>69.8</b>	<b>16.9</b>	<b>19.5</b>	<b>21.5</b>	<b>23.1</b>	<b>81.1</b>	<b>88.3</b>
<i>Gross margin</i>	<i>64.3%</i>	<i>65.2%</i>	<i>63.2%</i>	<i>59.6%</i>	<i>63.4%</i>	<i>62.7%</i>	<i>61.4%</i>	<i>62.6%</i>	<i>62.9%</i>	<i>62.4%</i>	<i>62.4%</i>	<i>67.0%</i>	<i>62.4%</i>	<i>66.8%</i>	<i>64.7%</i>	<i>65.2%</i>
<b>Total OPEX</b>	<b>-54.4</b>	<b>-51.0</b>	<b>-55.1</b>	<b>-53.4</b>	<b>-54.0</b>	<b>-13.3</b>	<b>-13.8</b>	<b>-13.3</b>	<b>-16.8</b>	<b>-57.3</b>	<b>-12.1</b>	<b>-12.2</b>	<b>-12.1</b>	<b>-17.0</b>	<b>-53.4</b>	<b>-56.7</b>
<i>Growth (%)</i>	<i>6%</i>	<i>-6%</i>	<i>8%</i>	<i>-3%</i>	<i>1%</i>	<i>2%</i>	<i>3%</i>	<i>8%</i>	<i>11%</i>	<i>6%</i>	<i>-9%</i>	<i>-12%</i>	<i>-9%</i>	<i>1%</i>	<i>-7%</i>	<i>6%</i>
<i>% of revenue</i>	<i>6%</i>	<i>54%</i>	<i>58%</i>	<i>54%</i>	<i>53%</i>	<i>55.3%</i>	<i>48.9%</i>	<i>44.6%</i>	<i>56.7%</i>	<i>51%</i>	<i>44.8%</i>	<i>41.8%</i>	<i>35.2%</i>	<i>49.0%</i>	<i>43%</i>	<i>42%</i>
<b>Adj. EBITDA</b>	<b>8.1</b>	<b>10.6</b>	<b>6.2</b>	<b>10.2</b>	<b>12.0</b>	<b>1.9</b>	<b>3.7</b>	<b>6.9</b>	<b>2.2</b>	<b>14.6</b>	<b>5.7</b>	<b>6.8</b>	<b>11.0</b>	<b>6.1</b>	<b>29.6</b>	<b>33.2</b>
<i>Adj. EBITDA margin</i>	<i>8.6%</i>	<i>11.2%</i>	<i>6.4%</i>	<i>10.2%</i>	<i>11.7%</i>	<i>8.0%</i>	<i>13.0%</i>	<i>23.0%</i>	<i>7.3%</i>	<i>13.1%</i>	<i>20.9%</i>	<i>23.4%</i>	<i>31.9%</i>	<i>17.6%</i>	<i>23.6%</i>	<i>24.5%</i>
<b>Adj. EBIT</b>	<b>1.6</b>	<b>6.2</b>	<b>1.5</b>	<b>6.1</b>	<b>8.6</b>	<b>1.2</b>	<b>3.1</b>	<b>6.3</b>	<b>1.6</b>	<b>12.2</b>	<b>2.6</b>	<b>3.7</b>	<b>7.8</b>	<b>2.9</b>	<b>17.0</b>	<b>20.4</b>
<i>Adj. EBIT margin</i>	<i>1.7%</i>	<i>6.6%</i>	<i>1.6%</i>	<i>6.1%</i>	<i>8.4%</i>	<i>4.8%</i>	<i>11.1%</i>	<i>21.1%</i>	<i>5.5%</i>	<i>10.9%</i>	<i>9.6%</i>	<i>12.7%</i>	<i>22.7%</i>	<i>8.3%</i>	<i>13.6%</i>	<i>15.1%</i>

Source: Marimekko, Evli research

Valuation

MARIMEKKO PEERS	MCAP local FX	EV/Sales	EV/Sales	EV/Sales	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT	Equity ratio		
		19	20	21	19	20	21	19	20	21	19	20	21
<b>Premium goods</b>													
Guess?, Inc.	1197	0.5x	0.4x		6.1x	5.3x		9.0x	7.6x				
HUGO BOSS AG	2659	1.0x	0.9x	0.9x	5.7x	5.3x	4.9x	8.2x	7.5x	6.9x	47%	50%	51%
Joules Group Plc	230	1.0x	0.8x		8.5x	7.5x		13.0x	11.0x				
Capri Holdings Limited	5120	1.2x	1.0x	0.9x	6.1x	5.2x	4.5x	7.8x	6.6x	5.7x	37%	44%	
Ralph Lauren Corporation Class A	7792	1.2x	1.2x	1.1x	7.5x	7.1x	6.6x	10.1x	9.4x	8.6x	47%	47%	45%
Ted Baker PLC	189	0.6x	0.5x	0.5x	4.3x	4.0x	4.2x	9.8x	8.9x	8.1x	37%	38%	40%
<b>Luxury goods</b>													
Brunello Cucinelli S.p.A.	1958	3.3x	3.0x	2.8x	19.0x	17.2x	15.7x	25.6x	23.2x	21.3x	50%	52%	54%
Burberry Group plc	8496	2.7x	2.5x	2.4x	12.9x	11.8x	10.5x	16.7x	15.1x	13.3x	62%	64%	66%
Hermes International SCA	67546	9.5x	8.6x	7.8x	23.5x	21.2x	19.1x	27.6x	24.7x	22.1x	70%	72%	73%
Moncler SpA	8931	5.2x	4.5x	3.9x	14.9x	12.8x	11.2x	17.2x	14.7x	12.8x	66%	69%	72%
Prada S.p.A.	65506	2.4x	2.3x	2.2x	10.3x	9.8x	9.4x	24.6x	21.1x	17.9x	55%	55%	55%
Salvatore Ferragamo S.p.A.	2914	2.0x	1.9x	1.7x	13.2x	11.8x	10.5x	19.1x	16.5x	14.2x	52%	53%	54%
<b>Premium goods median</b>	<b>1928</b>	<b>1.0x</b>	<b>0.9x</b>	<b>0.9x</b>	<b>6.1x</b>	<b>5.3x</b>	<b>4.7x</b>	<b>9.4x</b>	<b>8.3x</b>	<b>7.5x</b>	<b>42%</b>	<b>46%</b>	<b>45%</b>
<b>Luxury goods median</b>	<b>697</b>	<b>3.0x</b>	<b>2.8x</b>	<b>2.6x</b>	<b>14.1x</b>	<b>12.3x</b>	<b>10.8x</b>	<b>21.8x</b>	<b>18.8x</b>	<b>16.1x</b>	<b>58%</b>	<b>59%</b>	<b>60%</b>
<b>Marimekko (Evli est.)</b>	<b>697</b>	<b>2.6x</b>	<b>2.3x</b>	<b>2.1x</b>	<b>10.8x</b>	<b>9.4x</b>	<b>8.8x</b>	<b>18.8x</b>	<b>15.4x</b>	<b>13.7x</b>	<b>43%</b>	<b>45%</b>	<b>45%</b>
<i>Marimekko premium vs. premium goods median</i>		<i>168 %</i>	<i>170 %</i>	<i>133 %</i>	<i>77 %</i>	<i>77 %</i>	<i>87 %</i>	<i>99 %</i>	<i>86 %</i>	<i>82 %</i>	<i>3 %</i>	<i>-2 %</i>	<i>0 %</i>
		Dividend yield			EBIT margin			ROCE-%			ROE-%		
<b>MARIMEKKO PEERS</b>	Ticker	19	20	21	19	20	21	19	20	21	19	20	21
<b>Premium goods</b>													
Guess?, Inc.	GES-US	2.5%	2.5%		5.4%	5.7%	6.3%				15.9%	26.0%	
HUGO BOSS AG	BOSS-DE	6.8%	7.3%	7.6%	11.7%	12.2%	12.7%	22.2%	23.1%	24.0%	21.8%	22.5%	22.8%
Joules Group Plc	JOUL-GB	1.0%	1.3%		7.3%	7.3%							
Capri Holdings Limited	CPRI-US	0.0%	0.0%	0.0%	15.2%	15.7%	16.1%	13.9%	14.4%		24.3%	21.1%	19.2%
Ralph Lauren Corporation Class A	RL-US	2.7%	2.9%	3.1%	11.8%	12.2%	12.7%	14.3%	15.4%	14.5%	19.7%	20.2%	20.0%
Ted Baker PLC	TED-GB	5.7%	6.3%	6.9%	5.6%	5.9%	6.3%	8.1%	8.6%	9.0%	11.4%	11.9%	9.6%
<b>Luxury goods</b>													
Brunello Cucinelli S.p.A.	BC-IT	1.2%	1.3%	1.4%	12.9%	13.0%	13.1%	17.6%	18.1%	18.5%	16.8%	16.4%	16.6%
Burberry Group plc	BRBY-GB	2.2%	2.3%	2.6%	16.2%	16.8%	17.7%	27.4%	28.1%	29.1%	24.2%	23.7%	23.6%
Hermes International SCA	RMS-FR	0.8%	0.9%	1.0%	34.2%	34.7%	35.4%	31.6%	30.0%	28.3%	23.2%	21.9%	20.7%
Moncler SpA	MONC-IT	1.2%	1.4%	1.6%	30.3%	30.6%	30.7%	31.8%	31.0%	29.9%	27.1%	24.4%	23.1%
Prada S.p.A.	1913-HK	2.6%	2.6%	2.9%	9.8%	10.9%	12.1%	7.1%	8.1%	9.2%	8.3%	7.4%	8.7%
Salvatore Ferragamo S.p.A.	SFER-IT	2.0%	2.2%	2.4%	10.4%	11.3%	12.3%	12.9%	14.1%	15.3%	11.5%	12.7%	13.8%
<b>Premium goods median</b>		<b>2.6%</b>	<b>2.7%</b>	<b>5.0%</b>	<b>9.5%</b>	<b>9.7%</b>	<b>12.7%</b>	<b>14.1%</b>	<b>14.9%</b>	<b>14.5%</b>	<b>19.7%</b>	<b>21.1%</b>	<b>19.6%</b>
<b>Luxury goods median</b>		<b>1.6%</b>	<b>1.8%</b>	<b>2.0%</b>	<b>14.5%</b>	<b>14.9%</b>	<b>15.4%</b>	<b>22.5%</b>	<b>23.1%</b>	<b>23.4%</b>	<b>20.0%</b>	<b>19.2%</b>	<b>18.6%</b>
<b>Marimekko (Evli est.)</b>		<b>1.9%</b>	<b>2.1%</b>	<b>2.4%</b>	<b>13.6%</b>	<b>15.1%</b>	<b>15.2%</b>	<b>22.1%</b>	<b>25.5%</b>	<b>25.9%</b>	<b>33.4%</b>	<b>35.5%</b>	<b>31.8%</b>

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	24.1	28.2	29.8	29.7	111.9	27.1	29.1	34.5	34.6	125.3	135.4	146.3
EBITDA	1.9	3.7	6.9	2.2	14.6	5.7	6.8	11.0	6.1	29.5	32.9	34.6
<i>EBITDA margin (%)</i>	<i>8.0</i>	<i>13.0</i>	<i>23.0</i>	<i>7.3</i>	<i>13.1</i>	<i>21.0</i>	<i>23.3</i>	<i>31.9</i>	<i>17.6</i>	<i>23.6</i>	<i>24.3</i>	<i>23.7</i>
EBIT	1.2	3.1	6.3	1.6	12.2	2.6	3.7	7.8	2.9	17.0	20.4	22.2
<i>EBIT margin (%)</i>	<i>4.8</i>	<i>11.1</i>	<i>21.1</i>	<i>5.5</i>	<i>10.9</i>	<i>9.6</i>	<i>12.7</i>	<i>22.7</i>	<i>8.3</i>	<i>13.6</i>	<i>15.1</i>	<i>15.2</i>
Net financial items	-0.4	0.2	-0.1	0.0	-0.2	-0.1	-0.6	0.0	0.0	-0.7	-0.9	-0.7
Pre-tax profit	0.8	3.4	6.2	1.7	12.1	2.5	3.1	7.8	2.9	16.3	19.5	21.5
Tax	-0.2	-2.1	-1.2	-0.4	-3.9	-0.5	-0.6	-1.5	-0.6	-3.1	-3.9	-4.3
<i>Tax rate (%)</i>	<i>21.0</i>	<i>61.7</i>	<i>19.8</i>	<i>22.2</i>	<i>32.0</i>	<i>21.0</i>	<i>18.7</i>	<i>18.6</i>	<i>20.0</i>	<i>19.2</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.6	1.3	5.0	1.3	8.2	1.9	2.5	6.4	2.3	13.2	15.6	17.2
EPS	0.08	0.16	0.61	0.16	1.01	0.24	0.31	0.78	0.28	1.62	1.91	2.12
EPS adjusted (diluted no. of shares)	0.08	0.16	0.61	0.16	1.01	0.24	0.31	0.78	0.28	1.62	1.91	2.12
Dividend per share	0.00	0.00	0.00	0.00	1.85	0.00	0.00	0.00	0.00	0.70	0.80	0.90
<b>SALES, EURm</b>												
Finland	11.9	16.2	17.2	18.3	63.5	12.8	16.8	19.7	20.8	70.0	75.0	81.0
Scandinavia	1.9	2.2	2.3	2.6	9.0	2.1	2.1	2.5	2.8	9.5	10.1	10.9
EMEA	2.6	2.3	2.7	2.8	10.3	3.5	3.2	2.8	2.9	12.3	13.7	14.8
North America	1.6	2.4	2.2	2.0	8.2	1.9	2.0	2.3	2.1	8.3	8.7	9.4
Asia Pacific	6.1	5.1	5.5	4.1	20.8	6.8	5.1	7.2	6.1	25.2	28.0	30.3
Total	24.1	28.2	29.8	29.7	111.9	27.1	29.1	34.5	34.6	125.3	135.4	146.3
<b>SALES GROWTH, Y/Y %</b>												
<i>Finland</i>	<i>0.8</i>	<i>30.1</i>	<i>14.1</i>	<i>11.6</i>	<i>14.1</i>	<i>7.3</i>	<i>3.9</i>	<i>14.5</i>	<i>13.5</i>	<i>10.2</i>	<i>7.2</i>	<i>8.0</i>
<i>Scandinavia</i>	<i>7.9</i>	<i>19.7</i>	<i>0.9</i>	<i>0.9</i>	<i>6.5</i>	<i>11.4</i>	<i>-5.5</i>	<i>7.8</i>	<i>6.6</i>	<i>5.0</i>	<i>6.2</i>	<i>8.0</i>
<i>EMEA</i>	<i>21.9</i>	<i>0.8</i>	<i>19.6</i>	<i>-11.0</i>	<i>5.9</i>	<i>33.1</i>	<i>39.2</i>	<i>4.9</i>	<i>4.3</i>	<i>19.5</i>	<i>11.0</i>	<i>8.0</i>
<i>North America</i>	<i>-7.8</i>	<i>16.5</i>	<i>-0.7</i>	<i>-11.7</i>	<i>-0.8</i>	<i>22.4</i>	<i>-18.0</i>	<i>4.0</i>	<i>4.9</i>	<i>1.3</i>	<i>4.5</i>	<i>8.0</i>
<i>Asia Pacific</i>	<i>20.3</i>	<i>23.6</i>	<i>1.1</i>	<i>-25.9</i>	<i>3.2</i>	<i>11.8</i>	<i>-0.8</i>	<i>31.4</i>	<i>49.7</i>	<i>21.3</i>	<i>11.0</i>	<i>8.0</i>
<i>Total</i>	<i>7.1</i>	<i>23.9</i>	<i>9.6</i>	<i>-0.3</i>	<i>9.3</i>	<i>12.6</i>	<i>3.3</i>	<i>15.5</i>	<i>16.4</i>	<i>12.0</i>	<i>8.1</i>	<i>8.0</i>
<b>EBIT, EURm</b>												
Group (EBIT only)	1.2	3.1	6.3	1.6	12.2	2.6	3.7	7.8	2.9	17.0	20.4	22.2
Total	1.2	3.1	6.3	1.6	12.2	2.6	3.7	7.8	2.9	17.0	20.4	22.2
<b>EBIT margin, %</b>												
<i>Total</i>	<i>4.8</i>	<i>11.1</i>	<i>21.1</i>	<i>5.5</i>	<i>10.9</i>	<i>9.6</i>	<i>12.7</i>	<i>22.7</i>	<i>8.3</i>	<i>13.6</i>	<i>15.1</i>	<i>15.2</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	94.2	95.7	99.6	102.3	111.9	125.3	135.4	146.3
<i>Sales growth (%)</i>	<i>0.2</i>	<i>1.6</i>	<i>4.1</i>	<i>2.7</i>	<i>9.3</i>	<i>12.0</i>	<i>8.1</i>	<i>8.0</i>
EBITDA	10.6	6.0	10.2	11.9	14.6	29.5	32.9	34.6
<i>EBITDA margin (%)</i>	<i>11.2</i>	<i>6.3</i>	<i>10.3</i>	<i>11.6</i>	<i>13.1</i>	<i>23.6</i>	<i>24.3</i>	<i>23.7</i>
Depreciation	-4.3	-4.5	-4.1	-3.3	-2.4	-2.0	-2.4	-2.7
EBITA	6.3	1.5	6.1	8.6	12.2	17.0	20.4	22.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	6.3	1.5	6.1	8.6	12.2	17.0	20.4	22.2
<i>EBIT margin (%)</i>	<i>6.7</i>	<i>1.6</i>	<i>6.1</i>	<i>8.4</i>	<i>10.9</i>	<i>13.6</i>	<i>15.1</i>	<i>15.2</i>
Reported EBIT	5.6	1.5	5.0	8.4	12.2	17.0	20.4	22.2
<i>EBIT margin (reported) (%)</i>	<i>5.9</i>	<i>1.6</i>	<i>5.0</i>	<i>8.2</i>	<i>10.9</i>	<i>13.6</i>	<i>15.1</i>	<i>15.2</i>
Net financials	-0.1	0.0	-0.1	-1.2	-0.2	-0.7	-0.9	-0.7
Pre-tax profit	6.2	1.5	6.0	7.4	12.1	16.3	19.5	21.5
Taxes	-1.4	-0.5	-1.1	-1.5	-3.9	-3.1	-3.9	-4.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	4.1	1.1	3.8	5.7	8.2	13.2	15.6	17.2
Cash NRIs	-0.7	0.0	-1.1	-0.2	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	18	17	15	13	5	6	7	8
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	37	35	34	33
Inventory	18	18	21	21	22	24	27	29
Receivables	7	6	8	7	7	8	9	10
Liquid funds	4	4	3	6	23	25	24	33
Total assets	47	46	48	47	94	99	101	113
Liabilities								
Shareholder's equity	29	27	28	31	40	39	49	60
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	37	35	34	33
Deferred taxes	0	0	1	1	1	1	1	1
Interest bearing debt	4	7	6	3	0	6	0	0
Non-interest bearing current liabilities	10	11	13	13	16	18	18	19
Other interest-free debt	4	0	0	0	0	0	0	0
Total liabilities	47	46	48	47	94	99	101	113
<b>CASH FLOW, EURm</b>								
+ EBITDA	11	6	10	12	15	30	33	35
- Net financial items	0	0	0	-1	0	-1	-1	-1
- Taxes	-1	0	-1	-2	-3	-3	-4	-4
- Increase in Net Working Capital	2	1	-3	1	2	-1	-4	-1
+/- Other	-1	0	-1	0	0	0	0	0
= Cash flow from operations	10	6	5	10	13	24	24	28
- Capex	-2	-4	-2	-1	-3	-12	-12	-12
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	9	0	0	0
= Free cash flow	8	3	3	9	19	12	12	16
+/- New issues/buybacks	0	0	0	0	5	1	0	0
- Paid dividend	-2	-3	-3	-3	-4	-15	-6	-7
+/- Other	-4	0	-1	-3	-3	4	-8	-1
Change in cash	1	0	-1	3	17	2	-1	9

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	67	77	82	168	304	304	304
Net debt (excl. convertibles)	3	2	-3	14	16	9	0
Enterprise value	70	79	79	182	320	313	304
Sales	96	100	102	112	125	135	146
EBITDA	6	10	12	15	30	33	35
EBIT	2	6	9	12	17	20	22
Pre-tax	2	6	7	12	16	19	21
Earnings	1	5	6	8	13	16	17
Equity book value (excl. minorities)	27	28	31	40	39	49	60
<b>Valuation multiples</b>							
EV/sales	0.7	0.8	0.8	1.6	2.6	2.3	2.1
EV/EBITDA	11.7	7.8	6.6	12.4	10.8	9.5	8.8
EV/EBITA	46.8	13.0	9.2	14.9	18.8	15.4	13.7
EV/EBIT	46.8	13.0	9.2	14.9	18.8	15.4	13.7
EV/OCF	11.0	14.5	7.9	14.3	13.1	12.8	10.8
EV/FCFF	-134.6	24.4	8.1	9.6	14.8	14.5	11.9
P/FCFE	24.2	23.3	9.3	9.0	25.3	24.8	19.1
P/E	63.5	15.7	13.8	20.5	23.1	19.5	17.7
P/B	2.5	2.7	2.7	4.2	7.8	6.2	5.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	11.3	9.9	9.2
Target EV/EBIT	0.0	0.0	0.0	0.0	19.6	16.0	14.3
Target EV/FCF	0.0	0.0	0.0	0.0	27.7	26.6	19.9
Target P/B	0.0	0.0	0.0	0.0	8.1	6.5	5.3
Target P/E	0.0	0.0	0.0	0.0	24.1	20.4	18.4
<b>Per share measures</b>							
Number of shares	8,090	8,090	8,090	8,090	8,130	8,130	8,130
Number of shares (diluted)	8,090	8,090	8,090	8,090	8,130	8,130	8,130
EPS	0.13	0.60	0.73	1.01	1.62	1.91	2.12
Operating cash flow per share	0.79	0.68	1.23	1.57	2.99	3.00	3.46
Free cash flow per share	0.34	0.41	1.08	2.32	1.48	1.51	1.96
Book value per share	3.35	3.50	3.79	4.95	4.79	6.00	7.32
Dividend per share	0.35	0.40	0.50	1.85	0.70	0.80	0.90
Dividend payout ratio, %	267.6	66.3	68.6	182.6	43.2	41.8	42.5
Dividend yield, %	4.2	4.2	5.0	8.9	1.9	2.1	2.4
FCF yield, %	4.1	4.3	10.7	11.2	4.0	4.0	5.2
<b>Efficiency measures</b>							
ROE	3.8	17.6	20.0	23.2	33.4	35.5	31.8
ROCE	4.7	17.9	25.4	22.2	22.1	25.5	25.9
<b>Financial ratios</b>							
Inventories as % of sales	19.3	21.4	20.4	19.8	19.5	20.0	20.0
Receivables as % of sales	6.2	8.1	6.5	6.2	6.2	6.5	6.5
Non-interest bearing liabilities as % of sales	11.7	13.2	12.2	13.9	14.0	13.0	13.0
NWC/sales, %	13.9	16.3	14.7	12.0	11.7	13.5	13.5
Operative CAPEX/sales, %	3.8	2.2	1.1	2.6	9.8	9.0	8.4
CAPEX/sales (incl. acquisitions), %	3.8	2.2	1.1	2.6	9.8	9.0	8.4
FCFF/EBITDA	-0.1	0.3	0.8	1.3	0.7	0.7	0.7
Net debt/EBITDA, book-weighted	0.5	0.2	-0.2	0.9	0.5	0.3	0.0
Debt/equity, market-weighted	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	58.9	58.4	65.1	42.7	39.4	48.3	52.9
Gearing, %	11.3	8.8	-9.4	34.3	41.0	19.2	0.0

OWNERSHIP STRUCTURE	SHARES	EURm	%
Muotitila Oy	1,297,700	48.534	16.0%
Moomin Characters Oy Ltd	615,240	23.010	7.6%
Ehrnrooth Anna Sophia	400,377	14.974	4.9%
Varma Mutual Pension Insurance Company	385,920	14.433	4.7%
Oy Etra Invest Ab	233,000	8.714	2.9%
Odin Finland	231,301	8.651	2.8%
Ilmarinen Mutual Pension Insurance Company	215,419	8.057	2.6%
Nordea Small Cap	199,885	7.476	2.5%
Veritas Pension Insurance Company Ltd.	160,470	6.002	2.0%
Evli Finnish Small Cap Fund	101,787	3.807	1.3%
Ten largest	3,841,099	143.657	47%
Residual	4,288,735	160.399	53%
Total	8,129,834	304.056	100%

EARNINGS CALENDAR	
February 13, 2020	FY 2019 Results
May 14, 2020	Q1 report
August 13, 2020	Q2 report
November 04, 2020	Q3 report
OTHER EVENTS	

COMPANY MISCELLANEOUS	
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CFO: Elina Aalto	Tel: +358 9,75,871
IR: Elina Aalto	



## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

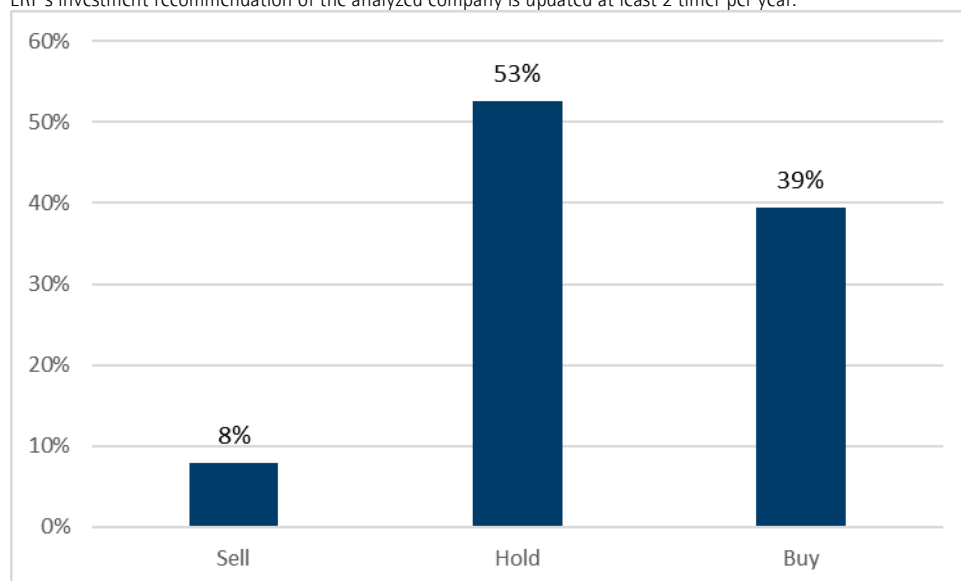
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Investment recommendations are defined as follows:

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

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

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