

Raises earnings outlook for FY19E

Marimekko updated its 2019E guidance yesterday. The company expects 2019E comparable operating profit to be higher than in the previous year, approximately of EUR 17m. The company reiterated its guidance for FY19E revenue; revenue is expected to be higher than in the previous year. Marimekko will report its Q3 result on November 6th. We retain our rating HOLD with TP of EUR 30.

Updated guidance for 2019E

Marimekko raised its earnings estimates for FY19E and reiterated its FY19E revenue guidance. According to the updated outlook, Marimekko expects FY19E comparable operating profit to be higher than in the previous year, amounting to approximately EUR 17 million (previous guidance; comparable operating profit is expected to amount maximum of EUR 15 million). This is mainly due to stronger than estimated sales growth and improved sales outlook in Finland but also better than estimated trend in relative gross margin. Marimekko did not provide much information other than that, so we wait for more color in the Q3 report.

We expect increase in sales in H2'19

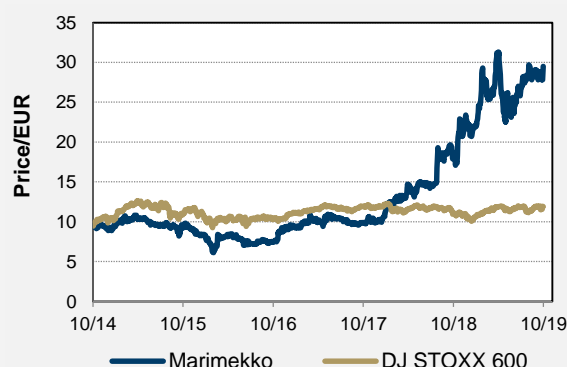
We expect Marimekko's H2'19 net sales to be EUR 69.4 million (16.4% y/y) while we expect H2'19 adj. EBIT to be EUR 10.5 million (H2'18 adj. EBIT of EUR 7.9m), resulting in EBIT margin of 15.1% (H2'18 EBIT margin of 13.3%). We expect sales and profitability to increase especially in Finland and APAC due to stronger sales growth in Finland and higher license revenue from APAC. We also expect the holiday season in the last quarter to have a considerable impact on Marimekko's total sales in 2019E.

We maintain "HOLD" with TP of EUR 30

We have updated our estimates after the updated guidance. We have increased our 2019E revenue expectation and expect 2019E sales to total EUR 125.6m (previous: EUR 123.4m). We expect 2019E adj. EBIT of EUR 16.8m (previous: EUR 14.7m) resulting in EBIT margin of 13.4%. We maintain our rating "HOLD" with TP of EUR 30.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 29.50

Target price, EUR 30.0

Latest change in 17-May-19

Latest report on company 19-Aug-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 240

Free float, % 84.0

Exchange rate na.

Reuters code MM01V.HE

Bloomberg code MM01V.FH

Average daily volume, EURm na.

Next interim report 06-Nov-19

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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	125.6	16.8	13.4%	18.8	1.59	18.6	2.1	15.3	7.8	0.70
2020E	134.1	20.3	15.1%	23.0	1.90	15.6	1.9	12.3	9.6	0.80
2021E	144.8	21.0	14.5%	24.0	1.99	14.8	1.7	11.5	10.0	0.90
Market cap, EURm		240	Gearing 2019E, %			47.1	CAGR EPS 2018-21, %			25.3
Net debt 2019E, EURm		18	Price/book 2019E			6.2	CAGR sales 2018-21, %			9.0
Enterprise value, EURm		258	Dividend yield 2019E, %			2.4	ROE 2019E, %			32.8
Total assets 2019E, EURm		99	Tax rate 2019E, %			19.9	ROCE 2019E, %			21.6
Goodwill 2019E, EURm		0	Equity ratio 2019E, %			38.9	PEG, P/E 19/CAGR			1.9

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

Estimates

Marimekko estimates	FY2013	FY2014	FY2015	FY2016	FY2017	2018				FY2018	2019E				FY2019E	FY2020E
						Q1	Q2	Q3	Q4		Q1E	Q2E	Q3E	Q4E		
Finland																
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	15,4	15,2	52,5	56,7
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	4,1	5,3	17,1	17,4
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
Total	52,2	52,0	52,7	55,8	55,7	11,9	16,2	17,2	18,3	63,5	12,8	16,8	19,6	20,6	69,7	74,3
Scandinavia																
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	1,4	1,5	5,4	5,7
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	4,3
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
Total	8,2	8,5	7,8	7,9	8,5	1,9	2,2	2,3	2,6	9,0	2,1	2,1	2,4	2,8	9,4	10,0
EMEA																
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	0,4	0,5	1,7	2,1
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	2,5	2,5	10,6	11,2
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
Total	7,7	7,5	8,3	9,2	9,7	2,6	2,3	2,7	2,8	10,3	3,5	3,2	3,0	3,1	12,8	13,7
North America																
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	1,5	1,6	5,5	5,8
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	0,8	0,4	2,4	2,5
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	0,0	0,0	0,4	0,4
Total	8,5	8,6	9,2	7,9	8,3	1,6	2,4	2,2	2,0	8,2	1,9	2,0	2,3	2,1	8,3	8,8
APAC																
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	1,2	1,5	4,8	5,9
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	5,2	3,6	18,6	21,4
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	1,0	1,0	2,0	0,0
Total	17,5	17,5	17,7	18,8	20,2	6,1	5,1	5,5	4,1	20,8	6,8	5,1	7,4	6,1	25,4	27,3
REVENUE SPLIT																
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	19,6	20,6	69,7	74,3
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	15,1	14,1	55,9	59,8
<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>12%</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>19%</i>	<i>23%</i>	<i>16%</i>	<i>7%</i>
REVENUE SPLIT																
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	20,0	20,4	69,9	76,2
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	13,6	13,0	52,7	56,8
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	1,2	1,2	3,1	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>21%</i>	<i>15%</i>	<i>14%</i>	<i>9%</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>3%</i>	<i>10%</i>	<i>6%</i>	<i>8%</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>62%</i>	<i>495%</i>	<i>137%</i>	<i>-65%</i>
TOTAL REVENUE	94,0	94,2	95,7	99,6	102,3	24,1	28,2	29,8	29,7	111,9	27,1	29,1	34,7	34,6	125,6	134,1
<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>16,3%</i>	<i>16,5%</i>	<i>12%</i>	<i>7%</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	-11,6	-11,5	-42,9	-45,0
<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>2%</i>	<i>5%</i>
Gross profit	60,5	61,4	60,4	59,4	64,9	15,1	17,3	18,7	18,7	69,8	16,9	19,5	23,1	23,2	82,7	89,0
<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>66,6%</i>	<i>66,9%</i>	<i>65,8%</i>	<i>66,4%</i>
Total OPEX	-54,4	-51,0	-55,1	-53,4	-54,0	-13,3	-13,8	-13,3	-16,8	-57,3	-12,1	-12,2	-13,6	-17,3	-55,2	-58,2
<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>2%</i>	<i>2%</i>	<i>-4%</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>39,1%</i>	<i>49,8%</i>	<i>44%</i>	<i>43%</i>
Adj. EBITDA	8,1	10,6	6,2	10,2	12,0	1,9	3,7	6,9	2,2	14,6	5,7	6,8	10,9	5,8	29,2	32,3
<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>31,4%</i>	<i>16,8%</i>	<i>23,3%</i>	<i>24,1%</i>
Adj. EBIT	1,6	6,2	1,5	6,1	8,6	1,2	3,1	6,3	1,6	12,2	2,6	3,7	7,8	2,7	16,8	20,3
<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>22,5%</i>	<i>7,9%</i>	<i>13,4%</i>	<i>15,1%</i>

Source: Marimekko, Evli research

Valuation

On our estimates, Marimekko trades at 19E-20E EV/EBITDA multiple of 8.8x and 7.7x which translates into ~55% premium compared to the peer group. We see Marimekko's current valuation as stretched, but we accept the premium as the company is transitioning towards new customer segments and markets, which should accelerate growth and enable the company to reach a new profitability level. The company announced its updated long-term financial targets in Q4/18, which aims at annual revenue growth of over 10% and EBIT% of 15%.

	MCAP	EV/Sales	EV/Sales	EV/Sales	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT	Equity ratio		
	local FX	19	20	21	19	20	21	19	20	21	19	20	21
MARIMEKKO PEERS													
Premium goods													
Guess?, Inc.	1106	0,5x	0,4x		5,7x	4,9x		8,4x	7,1x				
HUGO BOSS AG	2595	0,9x	0,9x	0,8x	5,5x	5,1x	4,5x	7,7x	7,0x	6,4x	49%	52%	54%
Joules Group Plc	236	1,0x	0,8x	0,7x	8,7x	7,4x	6,5x	13,2x	11,2x	9,8x			
Capri Holdings Limited	4488	1,1x	1,0x	0,9x	5,6x	4,8x	4,2x	7,1x	6,0x	5,3x	40%	47%	
Ralph Lauren Corporation Class A	7141	1,1x	1,0x	1,0x	6,7x	6,4x	6,0x	9,1x	8,5x	7,8x	47%	46%	42%
Ted Baker PLC	220	0,6x	0,6x	0,6x	5,3x	4,9x	4,6x	10,7x	9,7x	8,9x	37%		
Luxury goods													
Brunello Cucinelli S.p.A.	1821	3,1x	2,8x	2,6x	17,7x	16,0x	14,6x	24,0x	21,7x	19,8x	50%	52%	54%
Burberry Group plc	8182	2,6x	2,4x	2,2x	12,4x	11,2x	9,9x	16,0x	14,4x	12,6x	61%	63%	65%
Hermes International SCA	66108	9,3x	8,4x	7,7x	23,8x	21,4x	19,3x	27,3x	24,6x	22,1x	69%	71%	73%
Moncler SpA	8629	5,0x	4,3x	3,8x	14,3x	12,2x	10,7x	16,5x	14,1x	12,3x	66%	69%	71%
Prada S.p.A.	60132	2,2x	2,1x	2,0x	9,6x	9,0x	8,6x	22,5x	19,1x	16,2x	55%	55%	55%
Salvatore Ferragamo S.p.A.	2748	1,8x	1,7x	1,6x	11,9x	10,6x	9,3x	17,0x	14,7x	12,7x	47%	48%	49%
Premium goods median	1851	0,9x	0,9x	0,8x	5,6x	5,0x	4,6x	8,8x	7,8x	7,8x	43%	47%	48%
Luxury goods median		2,8x	2,6x	2,4x	13,4x	11,7x	10,3x	19,8x	16,9x	14,4x	58%	59%	60%
Marimekko (Evli est.)	536	2,1x	1,9x	1,7x	8,8x	7,7x	7,2x	15,3x	12,3x	11,5x	43%	45%	45%
<i>Marimekko premium vs. premium goods median</i>													
		117 %	118 %	100 %	56 %	55 %	55 %	75 %	58 %	47 %	0 %	-4 %	-7 %
MARIMEKKO PEERS													
	Ticker	Dividend yield			EBIT margin			ROCE-%			ROE-%		
		19	20	21	19	20	21	19	20	21	19	20	21
Premium goods													
Guess?, Inc.	GES-US	2,7%	2,7%		5,4%	5,7%	6,3%				15,9%	26,0%	
HUGO BOSS AG	BOSS-DE	7,2%	7,8%	8,3%	12,1%	12,5%	13,1%	22,7%	23,6%	24,6%	22,2%	22,4%	22,4%
Joules Group Plc	JOUL-GB	1,0%	1,3%	1,4%	7,4%	7,4%	7,4%				2332,6%	2107,9%	1923,6%
Capri Holdings Limited	CPRI-US	0,0%	0,0%	0,0%	15,3%	15,9%	16,4%	14,1%	14,4%		24,4%	20,4%	18,2%
Ralph Lauren Corporation Class A	RL-US	2,9%	3,2%	3,4%	11,9%	12,3%	12,9%	14,3%	15,4%	14,7%	20,0%	21,1%	21,7%
Ted Baker PLC	TED-GB	4,8%	7,4%	5,9%	5,7%	6,0%	6,4%	8,2%	8,8%	9,1%	12,4%	13,0%	10,0%
Luxury goods													
Brunello Cucinelli S.p.A.	BC-IT	1,3%	1,4%	1,6%	12,8%	13,0%	13,1%	17,4%	18,0%	18,5%	16,8%	16,5%	16,6%
Burberry Group plc	BRBY-GB	2,3%	2,4%	2,7%	16,1%	16,8%	17,8%	27,4%	27,8%	28,4%	24,1%	23,8%	23,8%
Hermes International SCA	RMS-FR	0,8%	0,9%	1,0%	34,0%	34,3%	34,7%	30,5%	29,1%	27,6%	23,1%	21,9%	20,7%
Moncler SpA	MONC-IT	1,3%	1,5%	1,7%	30,3%	30,5%	30,7%	31,6%	30,7%	29,7%	27,6%	24,9%	23,6%
Prada S.p.A.	1913-HK	2,8%	2,8%	3,2%	9,8%	11,0%	12,3%	7,0%	8,2%	9,3%	8,3%	7,6%	8,9%
Salvatore Ferragamo S.p.A.	SFER-IT	2,2%	2,5%	2,7%	10,8%	11,7%	12,7%	11,9%	12,8%	13,8%	12,4%	13,4%	14,4%
Premium goods median		2,8%	2,9%	3,4%	9,6%	9,9%	10,1%	14,2%	14,9%	14,7%	21,1%	21,7%	21,7%
Luxury goods median		1,7%	2,0%	2,2%	14,4%	14,9%	15,5%	22,4%	22,9%	23,0%	20,0%	19,2%	18,6%
Marimekko (Evli est.)		2,4%	2,7%	3,1%	13,4%	15,1%	14,5%	21,6%	25,0%	24,7%	32,8%	35,4%	30,4%

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	24.1	28.2	29.8	29.7	111.9	27.1	29.1	34.7	34.6	125.6	134.1	144.8
EBITDA	1.9	3.7	6.9	2.2	14.6	5.7	6.8	10.9	5.8	29.2	32.3	33.5
<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>31.4</i>	<i>16.8</i>	<i>23.3</i>	<i>24.1</i>	<i>23.1</i>
EBIT	1.2	3.1	6.3	1.6	12.2	2.6	3.7	7.8	2.7	16.8	20.3	21.0
<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>22.5</i>	<i>7.9</i>	<i>13.4</i>	<i>15.1</i>	<i>14.5</i>
Net financial items	-0.4	0.2	-0.1	0.0	-0.2	-0.1	-0.6	0.0	0.0	-0.7	-1.0	-0.8
Pre-tax profit	0.8	3.4	6.2	1.7	12.1	2.5	3.1	7.8	2.7	16.1	19.3	20.2
Tax	-0.2	-2.1	-1.2	-0.4	-3.9	-0.5	-0.6	-1.6	-0.5	-3.2	-3.9	-4.0
<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>20.0</i>	<i>20.0</i>	<i>19.9</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	6.2	2.2	12.9	15.4	16.2
EPS	0.08	0.16	0.61	0.16	1.01	0.24	0.31	0.77	0.27	1.59	1.90	1.99
EPS adjusted (diluted no. of shares)	0.08	0.16	0.61	0.16	1.01	0.24	0.31	0.77	0.27	1.59	1.90	1.99
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
SALES, EURm												
Finland	11.9	16.2	17.2	18.3	63.5	12.8	16.8	19.6	20.6	69.7	74.3	80.2
Scandinavia	1.9	2.2	2.3	2.6	9.0	2.1	2.1	2.4	2.8	9.4	10.0	10.8
EMEA	2.6	2.3	2.7	2.8	10.3	3.5	3.2	3.0	3.1	12.8	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	8.8	9.5
Asia Pacific	6.1	5.1	5.5	4.1	20.8	6.8	5.1	7.4	6.1	25.4	27.3	29.5
Total	24.1	28.2	29.8	29.7	111.9	27.1	29.1	34.7	34.6	125.6	134.1	144.8
SALES GROWTH, Y/Y %												
<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>14.1</i>	<i>12.4</i>	<i>9.8</i>	<i>6.5</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>6.2</i>	<i>6.6</i>	<i>4.5</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>12.3</i>	<i>12.5</i>	<i>23.5</i>	<i>7.4</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>6.1</i>	<i>4.9</i>	<i>1.8</i>	<i>5.0</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>33.4</i>	<i>49.7</i>	<i>21.8</i>	<i>7.8</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>16.3</i>	<i>16.5</i>	<i>12.3</i>	<i>6.7</i>	<i>8.0</i>
EBIT, EURm												
Group (EBIT only)	1.2	3.1	6.3	1.6	12.2	2.6	3.7	7.8	2.7	16.8	20.3	21.0
Total	1.2	3.1	6.3	1.6	12.2	2.6	3.7	7.8	2.7	16.8	20.3	21.0
EBIT margin, %												
<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>22.5</i>	<i>7.9</i>	<i>13.4</i>	<i>15.1</i>	<i>14.5</i>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	94.2	95.7	99.6	102.3	111.9	125.6	134.1	144.8
<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>12.3</i>	<i>6.7</i>	<i>8.0</i>
EBITDA	10.6	6.0	10.2	11.9	14.6	29.2	32.3	33.5
<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>23.3</i>	<i>24.1</i>	<i>23.1</i>
Depreciation	-4.3	-4.5	-4.1	-3.3	-2.4	-1.9	-2.0	-2.7
EBITA	6.3	1.5	6.1	8.6	12.2	16.8	20.3	21.0
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	16.8	20.3	21.0
<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>13.4</i>	<i>15.1</i>	<i>14.5</i>
Reported EBIT	5.6	1.5	5.0	8.4	12.2	16.8	20.3	21.0
<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>13.4</i>	<i>15.1</i>	<i>14.5</i>
Net financials	-0.1	0.0	-0.1	-1.2	-0.2	-0.7	-1.0	-0.8
Pre-tax profit	6.2	1.5	6.0	7.4	12.1	16.1	19.3	20.2
Taxes	-1.4	-0.5	-1.1	-1.5	-3.9	-3.2	-3.9	-4.0
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	12.9	15.4	16.2
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
BALANCE SHEET, EURm								
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	9
Liquid funds	4	4	3	6	23	25	24	32
Total assets	47	46	48	47	94	99	101	111
Liabilities								
Shareholder's equity	29	27	28	31	40	39	48	58
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	9	0	0
Non-interest bearing current liabilities	10	11	13	13	16	16	17	19
Other interest-free debt	4	0	0	0	0	0	0	0
Total liabilities	47	46	48	47	94	99	101	111
CASH FLOW, EURm								
+ EBITDA	11	6	10	12	15	29	32	33
- 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	-3	-1	-1
+/- Other	-1	0	-1	0	0	0	0	0
= Cash flow from operations	10	6	5	10	13	22	26	27
- Capex	-2	-4	-2	-1	-3	-3	-3	-3
- 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	19	23	24
+/- 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	-2	-19	-10
Change in cash	1	0	-1	3	17	2	-1	8

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	67	77	82	168	240	240	240
Net debt (excl. convertibles)	3	2	-3	14	18	10	1
Enterprise value	70	79	79	182	258	250	241
Sales	96	100	102	112	126	134	145
EBITDA	6	10	12	15	29	32	33
EBIT	2	6	9	12	17	20	21
Pre-tax	2	6	7	12	16	19	20
Earnings	1	5	6	8	13	15	16
Equity book value (excl. minorities)	27	28	31	40	39	48	58
Valuation multiples							
EV/sales	0.7	0.8	0.8	1.6	2.1	1.9	1.7
EV/EBITDA	11.7	7.8	6.6	12.4	8.8	7.7	7.2
EV/EBITA	46.8	13.0	9.2	14.9	15.3	12.3	11.5
EV/EBIT	46.8	13.0	9.2	14.9	15.3	12.3	11.5
EV/OCF	11.0	14.5	7.9	14.3	11.8	9.6	8.9
EV/FCFF	-134.6	24.4	8.1	9.6	13.3	10.5	9.8
P/FCFE	24.2	23.3	9.3	9.0	12.8	10.4	10.0
P/E	63.5	15.7	13.8	20.5	18.6	15.6	14.8
P/B	2.5	2.7	2.7	4.2	6.2	5.0	4.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.0	7.9	7.3
Target EV/EBIT	0.0	0.0	0.0	0.0	15.6	12.5	11.7
Target EV/FCF	0.0	0.0	0.0	0.0	14.0	11.0	10.2
Target P/B	0.0	0.0	0.0	0.0	6.3	5.0	4.2
Target P/E	0.0	0.0	0.0	0.0	18.9	15.8	15.1
Per share measures							
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	1.59	1.90	1.99
Operating cash flow per share	0.79	0.68	1.23	1.57	2.70	3.20	3.35
Free cash flow per share	0.34	0.41	1.08	2.32	2.31	2.83	2.96
Book value per share	3.35	3.50	3.79	4.95	4.76	5.95	7.14
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	44.1	42.2	45.2
Dividend yield, %	4.2	4.2	5.0	8.9	2.4	2.7	3.1
FCF yield, %	4.1	4.3	10.7	11.2	7.8	9.6	10.0
Efficiency measures							
ROE	3.8	17.6	20.0	23.2	32.8	35.4	30.4
ROCE	4.7	17.9	25.4	22.2	21.6	25.0	24.7
Financial ratios							
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	6.5	6.5	6.5
Non-interest bearing liabilities as % of sales	11.7	13.2	12.2	13.9	12.8	13.0	13.0
NWC/sales, %	13.9	16.3	14.7	12.0	13.3	13.5	13.5
Operative CAPEX/sales, %	3.8	2.2	1.1	2.6	2.5	2.2	2.2
CAPEX/sales (incl. acquisitions), %	3.8	2.2	1.1	2.6	2.5	2.2	2.2
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	0.6	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	38.9	47.9	52.2
Gearing, %	11.3	8.8	-9.4	34.3	47.1	20.6	2.4

OWNERSHIP STRUCTURE	SHARES	EURm	%
Muotitila Oy	1,297,700	38.282	16.0%
Moomin Characters Oy Ltd	615,000	18.142	7.6%
Ehrnrooth Anna Sophia	400,377	11.811	4.9%
Varma Mutual Pension Insurance Company	385,920	11.385	4.7%
Skandinaviska Enskilda Banken AB	302,909	8.936	3.7%
Svenska Handelsbanken AB (publ), Branch Operation in Finland	247,313	7.296	3.0%
Oy Etra Invest Ab	236,823	6.986	2.9%
Odin Finland	231,301	6.823	2.8%
Veritas Pension Insurance Company Ltd.	220,000	6.490	2.7%
Ilmarinen Mutual Pension Insurance Company	215,419	6.355	2.6%
Ten largest	4,152,762	122.506	51%
Residual	3,977,072	117.324	49%
Total	8,129,834	239.830	100%

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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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

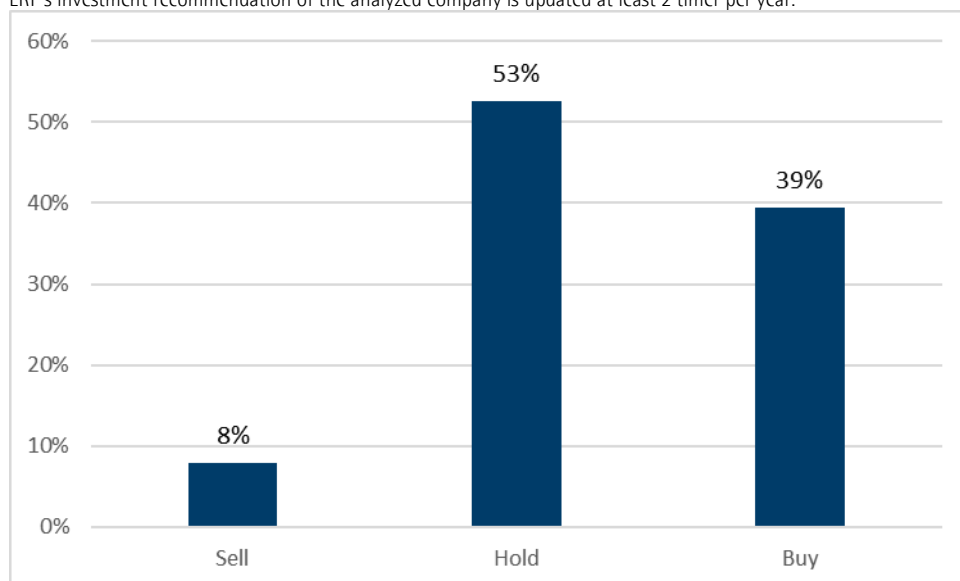
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Name(s) of the analyst(s): Rissanen

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