

30 March 2023

Commissioned research: Fiskars – Starts employee consultations in Finland

Marketing material commissioned by Fiskars

Fiskars initiates employee consultations in its littala glass factory and retail network in Finland. Owing to high inventories, Fiskars is aiming to temporarily adjust littala glass factory production through furloughs due to high inventories. We note that the company was building up inventories in 2022 owing to supply chain uncertainties. In addition, Fiskars is planning to re-organise and optimize its retail network in Finland. The planned measures are expected to lead to the possible closure of three stores in Finland. In total, consultations in littala factory and retail network concern around 200 employees (around 3% of the total workforce) of which 26 are within retail network. We believe consultations relate to the strategy acceleration program (launched in January) which aims to EUR 30m annual cost savings, of which around half are expected to be realized during H2 2023. We have anticipated challenging H1 due to high inventories and low consumer confidence. For Q1, we model 16% y/y sales decline and 37% y/y decline in adjusted EBIT. We are 4% below Refinitiv consensus on sales and in line on adjusted EBIT for Q1. We note that possible furloughs and network optimisations relate to Vita segment, while earlier furloughs were related to Crea segment. For Vita, H2 is seasonally more important, while proactive measures could bring inventories to more healthier levels going into H2. This is likely to have positive impact on gross margins, we believe. We have a fair value range of EUR 17.6-21.7 per Fiskars share.

FISKARS: OUR ESTIMATES VS. CONSENSUS

EURm	Actual		Nordea estimates				Consensus estimates				Difference %			
	2022	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E	
Sales	1,248	279	1,191	1,247	1,295	291	1,212	1,260	1,301	-4%	-2%	-1%	0%	
Gross profit	556	127	547	579	607		534	567	591		2%	2%	3%	
Gross margin	44.5%	45.3%	45.9%	46.4%	46.9%		44.1%	45.0%	45.4%		1.8pp	1.4pp	1.4pp	
EBITDA	194	40.7	194	220	234	41.0	197	220	233	-1%	-1%	0%	1%	
EBITDA margin	15.6%	14.6%	16.3%	17.6%	18.1%	14.1%	16.3%	17.4%	17.9%	0.5pp	0.0pp	0.2pp	0.2pp	
Adj. EBIT	151	32.5	143	161	173	32.5	138	159	172	0%	4%	1%	1%	
Adj. EBIT margin	12.1%	11.6%	12.0%	12.9%	13.4%	11.2%	11.4%	12.6%	13.2%	0.5pp	0.6pp	0.2pp	0.2pp	
EBIT	135	26.5	137	161	173	32.5	138	159	172	-19%	-1%	1%	1%	
EBIT margin	10.8%	9.5%	11.5%	12.9%	13.4%	11.2%	11.4%	12.6%	13.2%	-1.7pp	0.1pp	0.2pp	0.2pp	
PTP	124	23.7	129	153	166	23.0	121	148	163	3%	6%	3%	2%	
EPS	1.20	0.23	1.26	1.50	1.62	0.27	1.27	1.43	1.55	-14%	-1%	4%	5%	
Adj. EPS	1.40	0.30	1.33	1.50	1.62	0.27	1.24	1.44	1.57	13%	8%	4%	4%	
DPS	0.80		0.84	0.88	0.92		0.84	0.89	0.96		1%	-1%	-4%	

Source: Company data, Refinitiv, and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	1,116	1,254	1,248	1,191	1,247	1,295
EBITDA (adj)	185	216	210	200	220	234
EBIT (adj)	109	154	151	143	161	173
EBIT (adj) margin	9.8%	12.3%	12.1%	12.0%	12.9%	13.4%
EPS (adj, EUR)	0.96	1.20	1.40	1.33	1.50	1.62
EPS (adj) growth	13.9%	24.6%	16.8%	-4.7%	12.2%	8.6%
DPS (ord, EUR)	0.60	0.76	0.80	0.84	0.88	0.92
EV/Sales	1.2	1.6	1.3	1.2	1.1	1.0
EV/EBIT (adj)	12.6	13.2	10.5	9.9	8.3	7.5
P/E (adj)	15.6	19.2	11.0	11.6	10.3	9.5
P/BV	1.6	2.3	1.5	1.4	1.4	1.3
Dividend yield (ord)	4.0%	3.3%	5.2%	5.4%	5.7%	6.0%
FCF Yield bef A&D, lease adj	11.8%	3.4%	-10.6%	18.2%	11.7%	8.7%
Net debt	144	145	324	160	82	44
Net debt/EBITDA	0.8	0.7	1.7	0.8	0.4	0.2
ROIC after tax	8.6%	12.8%	11.0%	10.1%	12.2%	13.2%

Source: Company data and Nordea estimates

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