

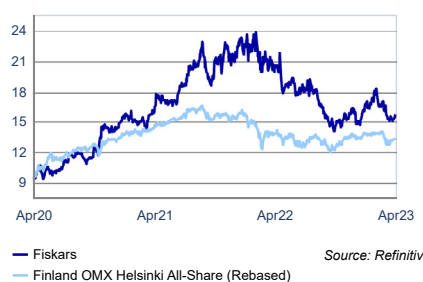
Fiskars

Consumer Goods
Finland

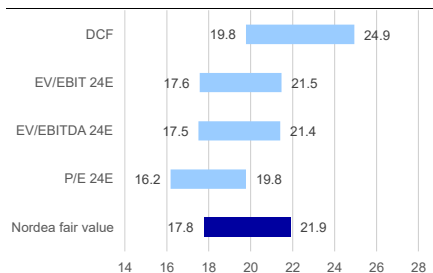
KEY DATA

Stock country	Finland
Bloomberg	FIS1V.FH
Reuters	FSKRS.HE
Share price (close)	EUR 15.94
Free Float	58%
Market cap. (bn)	EUR 1.29/EUR 1.29
Website	fiskarsgroup.com
Next report date	27 Apr 2023

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	-1%	-1%	-1%
EBIT (adj)	-2%	-2%	-2%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

Digesting inventories

Fiskars' H1 2023 is likely to be challenging, with both its own and its customers' inventories being high. The company will likely focus on profitability and cash flow in 2023, while we believe growth in China will support Vita's performance in particular. 2023 looks set to be back-end loaded, with its EUR 30m strategy acceleration programme supporting mainly H2. However, we see potential for gradual improvements from Q2 onwards if the inventory situation eases. Long-term growth and its margin story are intact, aided by improving D2C sales and its expansion in the US and China. We derive a DCF- and multiples-based fair value of EUR 17.8-21.9 (17.6-21.7).

Cautious retail-channel customers to burden Q1 development

We expect Q1 LFL sales to decline 15% y/y, hindered by a broad-based volume decline owing to cautious retail-channel customers optimising their inventories and cash flows. On a positive note, we believe D2C's share of sales has continued to increase and that Fiskars could enjoy positive momentum following the reopening of China. For Q1, we model 39% y/y adjusted EBIT decline, driven by Terra and Crea. Fiskars has imposed temporary lay-offs in its three Finnish factories, starting from February, in order to reduce high inventories. In addition, we believe the company has adjusted its manufacturing and sourcing in other countries. We therefore expect its working capital situation to continue to improve in Q1 and 2023.

Minor estimate revisions – China could offer upside

We make only minor estimate revisions and adjust for FX. We trim 2023E-25E top line by 1% and adjusted EBIT by 2%. China reopening could offer upside to our estimates, through Vita. We expect Chinese sales to increase 25% in 2023, which might turn out to be a conservative assumption depending on the reopening policy's pace. For 2023, we forecast EUR 140m adjusted EBIT, down 7% y/y against guidance of slightly declining adjusted EBIT (EUR 151m in 2022).

We derive a fair value range of EUR 17.8-21.9 per share

We derive a DCF-and multiples-based fair value range of EUR 17.8-21.9 (17.6-21.7). Our peer group suggests a fair value of EUR 16-21, while our DCF valuation suggests a fair value range of EUR 20-25. Fiskars targets mid-single-digit organic growth, with a mid-teens EBIT margin, by 2025, while we model a 1% sales CAGR for 2022-25 and a 13.3% EBIT margin in 2025.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	1,090	1,116	1,254	1,248	1,178	1,234	1,281
EBITDA (adj)	137	185	216	210	198	217	231
EBIT (adj)	78	109	154	151	140	158	170
EBIT (adj) margin	7.1%	9.8%	12.3%	12.1%	11.9%	12.8%	13.3%
EPS (adj, EUR)	0.84	0.96	1.20	1.40	1.31	1.47	1.60
EPS (adj) growth	-23.8%	13.9%	24.6%	16.8%	-6.5%	12.3%	8.6%
DPS (ord, EUR)	0.56	0.60	0.76	0.80	0.84	0.88	0.92
EV/Sales	1.1	1.2	1.6	1.3	1.2	1.1	1.1
EV/EBIT (adj)	15.3	12.6	13.2	10.5	10.4	8.8	7.9
P/E (adj)	13.3	15.6	19.2	11.0	12.2	10.8	10.0
P/BV	1.2	1.6	2.3	1.5	1.5	1.4	1.3
Dividend yield (ord)	5.0%	4.0%	3.3%	5.2%	5.3%	5.5%	5.8%
FCF Yield bef A&D, lease	3.5%	11.8%	3.4%	-10.6%	17.7%	11.1%	8.3%
Net debt	262	144	145	324	160	84	49
Net debt/EBITDA	2.2	0.8	0.7	1.7	0.8	0.4	0.2
ROIC after tax	6.0%	8.6%	12.8%	11.0%	9.9%	12.1%	13.0%

Source: Company data and Nordea estimates

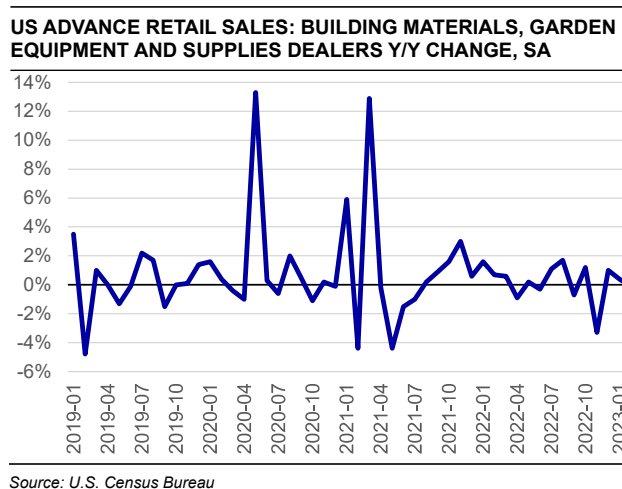
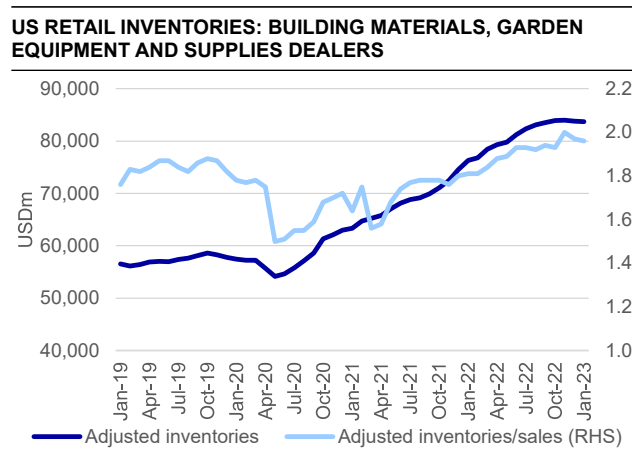
Expectations ahead of the Q1 report

We expect weak US sales development to have continued in Q1, driven by high inventories at customers. Sales in China have likely continued to grow and we expect Fiskars to comment positively on Chinese sales growth for 2023. Given the weak gardening season in 2022, we see room for gradual improvement during Q2 2023, although risks prevail due to eroded consumer confidence and lower disposable income. Its strategy acceleration programme should support earnings development during H2, through streamlined operations and lower warehouse and logistics costs. In addition, we expect higher D2C, lower purchasing prices and increasing sales in China to support gross margin development in 2023.

US inventories continue to be at a high level

For Fiskars, Q1 is normally driven by Terra. Given high inventories at US retailers, we believe that weak volume development has continued in Q1. When looking into retail sales of building materials, garden equipment and supplies dealers, sales growth appears to be flattish. However, we note that the US Sticky Price Consumer Index has been hovering around the level of 6.5% y/y during Q1.

In the event of a warm spring and early summer, we believe inventories, relevant to Fiskars, could shrink fast and leave room for replenishment sales during Q2. In addition, we note the weakened USD that, however, should not have impact on H1 due to hedging. We model Terra sales down 23% y/y in Q1, followed by flat y/y development in Q2.



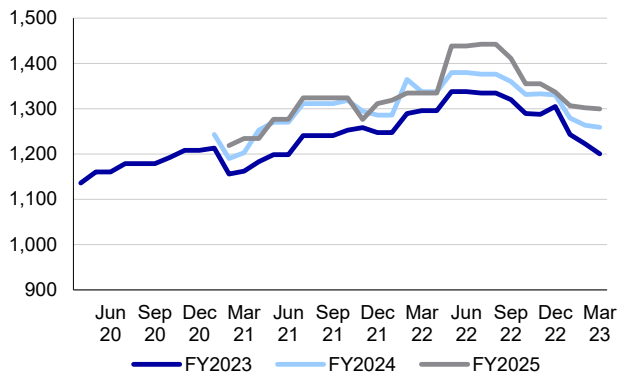
China's reopening likely to support Vita performance in 2023

We highlight China's reopening, as it will likely have a positive impact on Vita's performance. However, January-February growth has likely remained muted in the country due to lockdowns and the lunar new year, although we believe that momentum improved in March. We expect Fiskars' sales in China to increase 25% in 2023, while there could be further upside to our estimate depending on the momentum of the reopening. Based on our estimates, China will be one of Fiskars top three markets by 2025, at the latest.

Consensus expectations

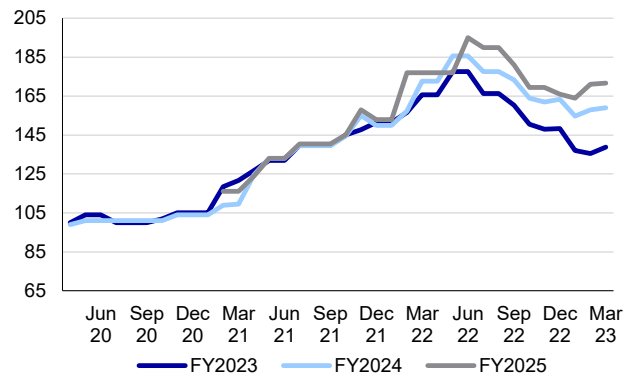
Fiskars will report its Q1 on 27 April at 8.30 EET. Refinitiv consensus expectations have been lowered since summer 2022 and the profit warning in December 2022, while profitability revisions were positive after the Q4 report. We believe this is at least partly driven by the EUR 30m strategy acceleration programme. Based on consensus expectations, Fiskars is trading at around a 15% discount to its five-years average on NTM EV/EBIT and P/E.

CONSENSUS SALES EXPECTATIONS (EURm)



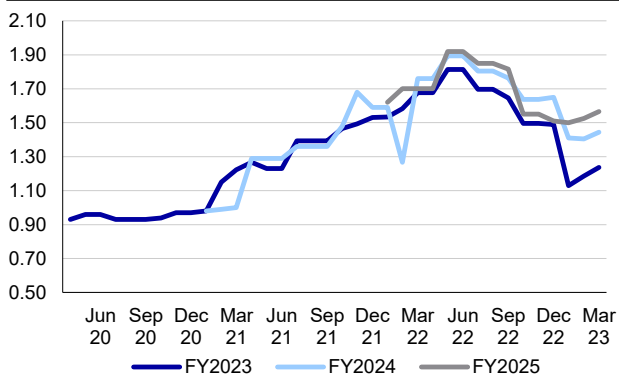
Source: Refinitiv

CONSENSUS EBIT EXPECTATIONS (EURm)



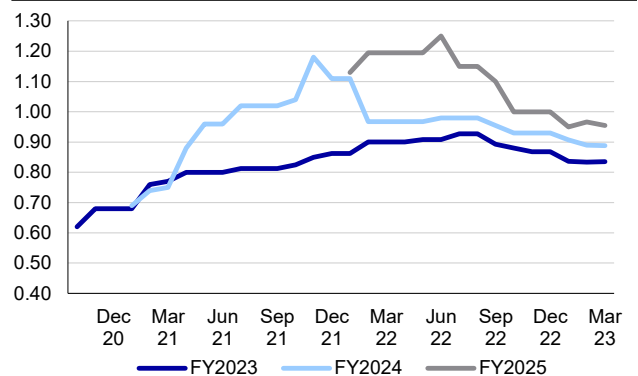
Source: Refinitiv

CONSENSUS EPS EXPECTATIONS (EUR)



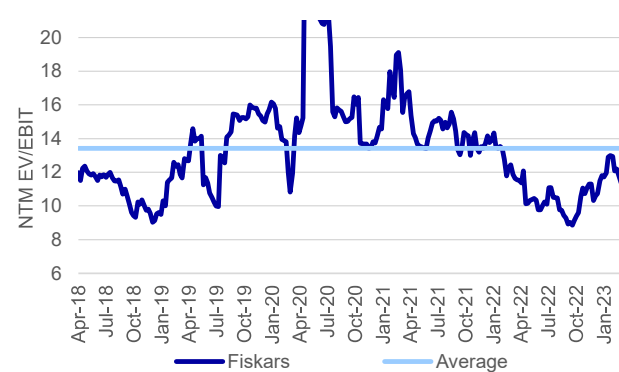
Source: Refinitiv

CONSENSUS DPS EXPECTATIONS (EUR)



Source: Refinitiv

CONSENSUS NTM EV/EBIT (x)



Source: Refinitiv

CONSENSUS NTM P/E (x)



Source: Refinitiv

We are in line with consensus on adjusted EBIT for 2023E-25E

Ahead of the Q1 results, we are in line with Refinitiv consensus on adjusted EBIT for 2023E-25E. We are 1-2% below consensus on sales for 2023E-25E, while we have more positive view on gross margins.

OUR ESTIMATES VERSUS 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	1,178	1,234	1,281	285	1,201	1,259	1,300	-2%	-2%	-2%	-1%
Gross profit	556	124	535	571	599	127	538	567	591	-2%	-1%	1%	1%
Gross margin	44.5%	44.6%	45.4%	46.3%	46.8%	44.6%	44.8%	45.0%	45.5%	0.1pp	0.5pp	1.2pp	1.3pp
EBITDA	194	41	192	217	231	41	199	220	233	-1%	-3%	-1%	-1%
EBITDA margin	15.6%	14.6%	16.3%	17.6%	18.0%	14.4%	16.5%	17.5%	17.9%	0.2pp	-0.3pp	0.1pp	0.2pp
Adj. EBIT	151	32	140	158	170	33	139	159	172	-1%	1%	-1%	-1%
Adj. EBIT margin	12.1%	11.6%	11.9%	12.8%	13.3%	11.5%	11.6%	12.6%	13.2%	0.2pp	0.3pp	0.2pp	0.1pp
EBIT	135	26	134	158	170	33	139	159	172	-19%	-3%	-1%	-1%
EBIT margin	10.8%	9.5%	11.4%	12.8%	13.3%	11.5%	11.6%	12.6%	13.2%	-2.0pp	-0.2pp	0.2pp	0.1pp
PTP	124	24	126	150	163	24	124	148	163	0%	2%	1%	0%
EPS	1.20	0.23	1.23	1.47	1.60	0.29	1.25	1.43	1.55	-19%	-1%	3%	3%
Adj. EPS	1.40	0.30	1.31	1.47	1.60	0.29	1.24	1.44	1.57	7%	6%	2%	2%
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

Estimate revisions

We make only minor revisions to our underlying estimates, and adjust for FX. Owing to geographical mix, we expect Terra to face most headwinds from the weakening of USD.

ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E
Sales	279	1,178	1,234	1,281	279	1,191	1,247	1,295	0%	-1%	-1%	-1%
Gross profit	124	535	571	599	127	547	579	607	-2%	-2%	-1%	-1%
Gross margin	44.6%	45.4%	46.3%	46.8%	45.3%	45.9%	46.4%	46.9%	-0.7pp	-0.5pp	-0.1pp	-0.1pp
Adj. EBIT	32	140	158	170	32	143	161	173	0%	-2%	-2%	-2%
Adj. EBIT margin	11.6%	11.9%	12.8%	13.3%	11.6%	12.0%	12.9%	13.4%	0.0pp	-0.1pp	-0.1pp	-0.1pp
EBIT	26.4	134	158	170	26.5	137	161	173	0%	-2%	-2%	-2%
EBIT margin	9.5%	11.4%	12.8%	13.3%	9.5%	11.5%	12.9%	13.4%	0.0pp	-0.1pp	-0.1pp	-0.1pp
PTP	23.6	126	150	163	23.7	129	153	166	0%	-2%	-2%	-2%
Adj. EPS, EUR	0.30	1.31	1.47	1.60	0.30	1.33	1.50	1.62	0%	-2%	-2%	-2%
EPS, EUR	0.23	1.23	1.47	1.60	0.23	1.26	1.50	1.62	0%	-2%	-2%	-2%
DPS, EUR		0.84	0.88	0.92		0.84	0.88	0.92	0%	0%	0%	0%

Business areas	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E	Q1 2023E	2023E	2024E	2025E
Sales												
Vita	112.9	541.5	574.0	602.7	112.9	544.8	577.5	606.3	0%	-1%	-1%	-1%
Terra	133.5	476.5	495.6	510.5	133.8	483.8	503.2	518.3	0%	-2%	-2%	-2%
Crea	31.2	156.4	160.3	164.3	31.3	158.8	162.8	166.8	0%	-2%	-2%	-2%
Other	1.0	4.0	4.0	4.0	1.0	4.0	4.0	4.0	0%	0%	0%	0%
TOTAL	279	1,178.4	1,233.9	1,281.5	279.0	1,191.4	1,247.4	1,295.5	0%	-1%	-1%	-1%
Adj. EBIT												
Vita	9.5	86.2	97.9	106.1	9.5	86.4	98.2	106.5	0%	0%	0%	0%
Terra	21.6	40.3	44.0	47.0	21.7	42.2	45.8	48.9	0%	-4%	-4%	-4%
Crea	4.8	29.2	31.7	33.1	4.8	29.7	32.1	33.5	0%	-2%	-1%	-1%
Other	-3.5	-15.5	-15.7	-15.9	-3.5	-15.5	-15.7	-15.9	0%	0%	0%	0%
TOTAL	32.4	140.2	157.9	170.2	32.5	142.8	160.5	173.0	0%	-2%	-2%	-2%
Adj. EBIT margin												
Vita	8.4%	15.9%	17.1%	17.6%	8.4%	15.9%	17.0%	17.6%	0.0pp	0.0pp	0.0pp	0.0pp
Terra	16.2%	8.5%	8.9%	9.2%	16.2%	8.7%	9.1%	9.4%	0.0pp	-0.2pp	-0.2pp	-0.2pp
Crea	15.5%	18.7%	19.8%	20.1%	15.5%	18.7%	19.7%	20.1%	0.0pp	0.0pp	0.0pp	0.0pp
Other	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
TOTAL	11.6%	11.9%	12.8%	13.3%	11.6%	12.0%	12.9%	13.4%	0.0pp	-0.1pp	-0.1pp	-0.1pp

Source: Nordea estimates

Detailed estimates

QUARTERLY GROUP ESTIMATES (EURm; EPS IN EUR)

EURm	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Net sales	302.1	307.2	291.8	353.2	332.6	319.1	292.6	304.1	278.7	300.5	279.0	320.3
growth y/y	18%	10%	9%	13%	10%	4%	0%	-14%	-16%	-6%	-5%	5%
LFL	23%	14%	10%	11%	14%	8%	0%	-12%	-15%	-4%	0%	8%
Gross profit	131.9	132.4	122.6	152.8	147.9	140.2	133.3	134.6	124.3	135.0	128.7	146.6
Gross margin	43.7%	43.1%	42.0%	43.3%	44.5%	43.9%	45.6%	44.3%	44.6%	44.9%	46.1%	45.8%
Other operating income	0.9	1.2	1.2	0.8	5.2	7	-6.6	0.0	1.2	1.0	1.4	0.0
Sales and marketing	-59.5	-66.1	-58.9	-83.0	-67.9	-71.2	-63.7	-73.4	-59.1	-69.8	-62.4	-71.9
Administration	-23.7	-25.0	-26.1	-42.1	-32.3	-29.2	-28.2	-31.2	-30.8	-28.7	-26.2	-29.2
R&D	-3.7	-3.8	-3.7	-4.4	-5.0	-5.2	-4.8	-5.8	-5.0	-5.0	-5.0	-5.0
Goodwill and trademark	0	0	0	0	0	0	0	0	0	0	0	0
Other operating expenses	0	-0.4	-0.4	-0.3	-6.5	-2.1	-0.5	0.2	-4.3	-1.0	-0.1	-0.6
EBIT	45.9	38.3	34.7	23.8	41.4	39.5	29.5	24.4	26.4	31.6	36.4	39.9
EBIT margin	15.2%	12.5%	11.9%	6.7%	12.4%	12.4%	10.1%	8.0%	9.5%	10.5%	13.0%	12.5%
NRI	-0.7	-2.9	0.6	-8.5	-10.3	3.2	-3.8	-5.3	-6	0	0	0
Adj. EBIT	46.6	41.2	34.1	32.3	51.7	36.3	33.3	29.7	32.4	31.6	36.4	39.9
Adj. EBIT margin	15.4%	13.4%	11.7%	9.1%	15.5%	11.4%	11.4%	9.8%	11.6%	10.5%	13.0%	12.5%
Change in fair value of biological assets	0.3	0.4	0.3	0.2	0.5	0.6	0.9	-0.9	0.2	0.2	0.2	0.2
Financial income and expenses	-4.3	1.5	2.8	0.1	0.7	-0.7	-2.6	-9.0	-3.0	-2.0	-2.0	-2.0
PTP	41.9	40.2	37.8	24.1	42.6	39.4	27.8	14.5	23.6	29.8	34.6	38.1
Taxes	-33.7	-9	-8	-5.9	-11.2	-5.8	-4.9	-3.1	-4.7	-6.0	-6.9	-7.6
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0
Profit for the period	8.2	31.2	29.8	18.2	31.4	33.6	22.9	11.4	18.9	23.8	27.6	30.5
Minority	0.2	0.2	0.2	0.3	0.2	0.1	0.4	0.1	0.2	0.2	0.2	0.2
EPS	0.10	0.38	0.36	0.22	0.38	0.41	0.27	0.14	0.23	0.29	0.34	0.37
Adj. EPS	0.11	0.42	0.36	0.33	0.51	0.37	0.33	0.20	0.30	0.29	0.34	0.38

Source: Company data and Nordea estimates

QUARTERLY BUSINESS AREA ESTIMATES

Business areas, EURm	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Net sales												
Vita	108.2	115.6	133.8	187.0	120.8	126.8	140.3	175.9	112.9	116.8	133.4	178.4
Terra	157.1	148.7	111.5	118.2	173.1	139.4	108.1	86.7	133.5	139.4	105.6	98.0
Crea	35.9	42.2	45.6	46.9	38.1	51.9	43.1	40.3	31.2	43.3	39.1	42.9
Other	0.9	0.8	0.9	1.2	0.7	0.9	1.1	1.2	1.0	1.0	1.0	1.0
GROUP	302.1	307.3	291.8	353.3	332.7	319.0	292.6	304.1	278.7	300.5	279.0	320.3
Adj. EBIT												
Vita	10.6	12.2	24.5	31.9	10.7	14.4	24.6	35.9	9.5	12.1	25.1	39.5
Terra	31.2	17.4	6.2	-3.2	35.5	15.0	5.2	-7.3	21.6	15.5	6.2	-2.9
Crea	8.1	11.3	11.4	5.7	8.1	11.7	10.0	4.5	4.8	7.9	9.1	7.4
Other	-3.4	0.5	-8.0	-2.2	-2.4	-4.8	-6.6	-3.5	-3.5	-4.0	-4.0	-4.0
GROUP	46.5	41.4	34.1	32.2	51.9	36.3	33.2	29.6	32.4	31.6	36.4	39.9
Adj. EBIT margin												
Vita	9.8%	10.6%	18.3%	17.1%	8.9%	11.4%	17.5%	20.4%	8.4%	10.4%	18.8%	22.1%
Terra	19.9%	11.7%	5.6%	-2.7%	20.5%	10.8%	4.8%	-8.4%	16.2%	11.1%	5.8%	-3.0%
Crea	22.6%	26.8%	25.0%	12.2%	21.3%	22.5%	23.2%	11.2%	15.5%	18.4%	23.2%	17.2%
GROUP	15.4%	13.5%	11.7%	9.1%	15.6%	11.4%	11.3%	9.7%	11.6%	10.5%	13.0%	12.5%
Sales growth, %												
Vita	16%	43%	21%	9%	12%	10%	5%	-6%	-7%	-8%	-5%	1%
Terra	22%	-3%	-1%	21%	10%	-6%	-3%	-27%	-23%	0%	-2%	13%
Crea	11%	-6%	10%	8%	6%	23%	-5%	-14%	-18%	-17%	-9%	6%
GROUP	18%	10%	9%	13%	10%	4%	0%	-14%	-16%	-6%	-5%	5%
Sales split, %												
Vita	36%	38%	46%	53%	36%	40%	48%	58%	41%	39%	48%	56%
Terra	52%	48%	38%	33%	52%	44%	37%	29%	48%	46%	38%	31%
Crea	12%	14%	16%	13%	11%	16%	15%	13%	11%	14%	14%	13%

Source: Company data and Nordea estimates

ANNUAL GROUP ESTIMATES (EURm; EPS IN EUR)

EURm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2022-25E CAGR
Net sales	1204.6	1185.5	1118.5	1090.4	1116.2	1254.3	1248.4	1178.4	1233.9	1281.5	1%
growth y/y	9%	-2%	-6%	-3%	2%	12%	0%	-6%	5%	4%	
LFL	2%	2%	-2%	-4%	4%	14%	2%	-3%	5%	4%	
Gross profit	502.8	512.2	485.0	447.3	452.0	539.7	556.0	534.7	570.9	599.3	3%
Gross margin	41.7%	43.2%	43.4%	41.0%	40.5%	43.0%	44.5%	45.4%	46.3%	46.8%	
Other operating income	18.5	7.1	5.2	1.9	6.4	4.1	5.6	3.6	3.7	3.7	
Sales and marketing	-298.3	-300.2	-281.4	-284.4	-241.4	-267.5	-276.2	-263.2	-280.9	-294.5	2%
Administration	-115.0	-99.9	-90.1	-86.1	-90.4	-116.9	-120.9	-114.9	-112.9	-115.2	-2%
R&D	-18.0	-18.8	-18.4	-18.5	-16.5	-15.5	-20.8	-20.0	-20.0	-20.0	-1%
Goodwill and trademark	0	0	0	0	-11.4	0	0	0	0	0	
Other operating expenses	-7.4	-2.5	-8.8	-0.3	-0.7	-1.1	-8.9	-5.9	-3.0	-3.2	-29%
EBIT	82.6	97.9	91.5	59.9	98.0	142.8	134.8	134.2	157.9	170.2	8%
EBIT margin	6.9%	8.3%	8.2%	5.5%	8.8%	11.4%	10.8%	11.4%	12.8%	13.3%	
NRI	-11.1	-5.8	-9.2	-17.7	-10.9	-11.5	-16.2	-6	0	0	
Adj. EBIT	93.7	103.7	100.7	77.6	108.9	154.3	151.0	140.2	157.9	170.2	4%
Adj. EBIT margin	7.8%	8.7%	9.0%	7.1%	9.8%	12.3%	12.1%	11.9%	12.8%	13.3%	
Change in fair value of biological assets	-0.5	0.7	2	-0.3	0.8	1.3	1.1	0.8	0.5	0.5	
Financial income and expenses	10.5	119.3	9.4	3.4	-8.8	0	-11.6	-9.0	-8.5	-8.0	
PTP	92.6	217.9	102.9	63.0	90.0	144.1	124.3	126.0	149.9	162.7	9%
Taxes	-27.4	-50.8	-21.1	-10.8	-21.4	-56.5	-25.0	-25.2	-30.0	-32.5	
Discontinued operations	0	0	0	0	0	0	0	0	0	0	
Profit for the period	65.2	167.1	81.8	52.2	68.6	87.6	99.3	100.8	119.9	130.2	9%
Minority	1.3	0.7	0.2	0.7	0.7	0.9	0.8	0.8	0.8	0.8	
EPS	0.78	2.03	1.00	0.63	0.83	1.06	1.20	1.23	1.47	1.60	10%
Adj. EPS	0.92	2.10	1.11	0.84	0.96	1.20	1.40	1.31	1.47	1.60	
DPS	1.06	0.72	5.85	0.56	0.60	0.76	0.80	0.84	0.88	0.92	

Source: Company data and Nordea estimates

ANNUAL BUSINESS AREA ESTIMATES

Business areas, EURm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2022-25E CAGR
Net sales											
Vita				501	457	545	564	541	574	603	2%
Terra				443	494	535	507	477	496	510	0%
Crea				143	162	171	173	156	160	164	-2%
Other				4	4	4	4	4	4	4	1%
GROUP				1090	1116	1254	1248	1178	1234	1281	1%
Adj. EBIT											
Vita				38.9	41.0	79.2	85.6	86.2	97.9	106.1	7%
Terra				36.2	67.5	51.6	48.4	40.3	44.0	47.0	-1%
Crea				28.1	41.0	36.5	34.3	29.2	31.7	33.1	-1%
Other				-12.4	-12.9	-13.1	-17.3	-15.5	-15.7	-15.9	-3%
GROUP				77.6	108.9	154.3	151.0	140.2	157.9	170.2	4%
Adj. EBIT margin											
Vita				7.8%	9.0%	14.5%	15.2%	15.9%	17.1%	17.6%	
Terra				8.2%	13.7%	9.6%	9.5%	8.5%	8.9%	9.2%	
Crea				19.7%	25.3%	21.4%	19.8%	18.7%	19.8%	20.1%	
GROUP				7.1%	9.8%	12.3%	12.1%	11.9%	12.8%	13.3%	
Sales growth, %											
Vita					-9%	19%	4%	-4%	6%	5%	
Terra					12%	8%	-5%	-6%	4%	3%	
Crea					13%	5%	2%	-10%	2%	2%	
GROUP					2%	12%	0%	-6%	5%	4%	
Sales split, %											
Vita				46%	41%	43%	45%	46%	47%	47%	
Terra				41%	44%	43%	41%	40%	40%	40%	
Crea				13%	15%	14%	14%	13%	13%	13%	

Source: Company data and Nordea estimates

Valuation

Based on a broad multiples-based approach and a DCF model, we derive a fair value range of EUR 17.8-21.9 per share for Fiskars Group. Our peer group consists of 13 listed peers, of which five are Nordic consumer goods peers and eight are global peers with exposure to at least one of Fiskars' three business areas.

We use a multiples- and DCF-based valuation approach

We derive a fair value range of EUR 17.8-21.9 for Fiskars

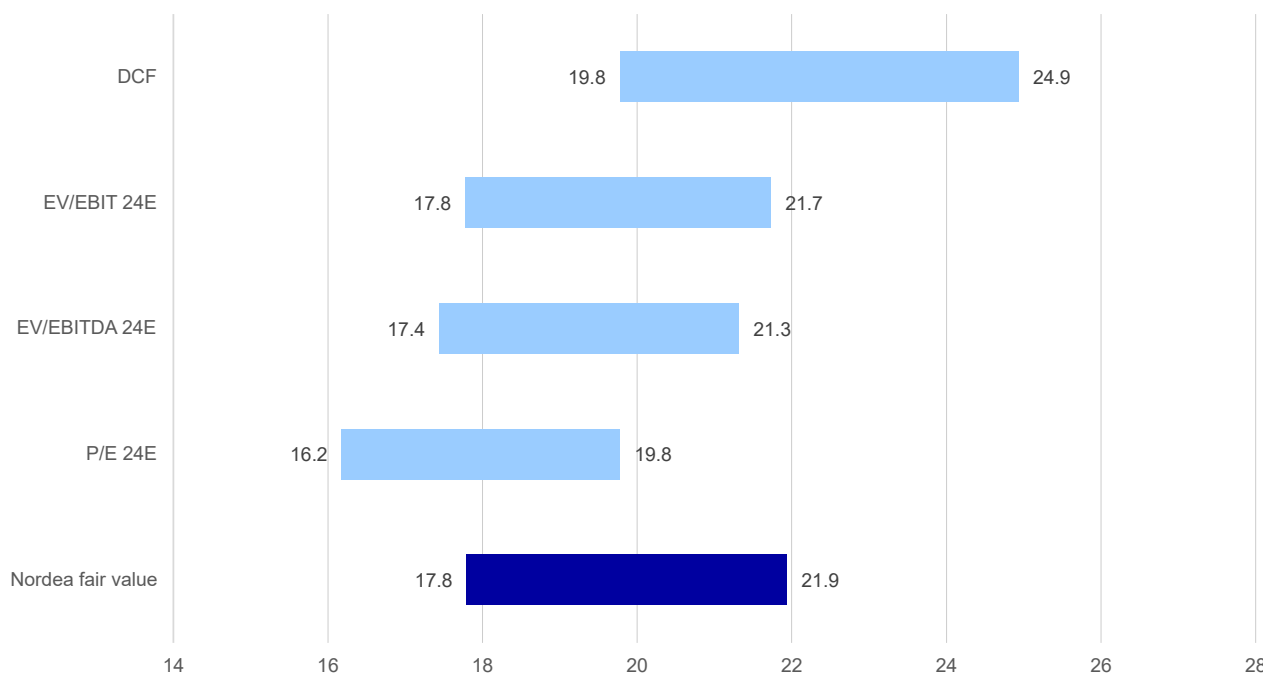
Using a combination of valuation multiples and a DCF model, we derive a fair value range of EUR 17.8-21.9 (17.6-21.7) per share for Fiskars.

Our fair value range is based on 13 peers and a DCF model

Fiskars has no direct listed peers in the Nordics or globally. We therefore select a peer group that reflects Fiskars' offering and company profile. We categorise the companies into global and Nordic peers. Our global group consists of eight peers with exposure to at least one of Fiskars' three business areas. The Nordic group includes five consumer goods peers.

We base our valuation on a DCF model, with peer group valuation multiples for 2024E.

FAIR VALUE RANGE BASED ON DIFFERENT VALUATION METHODS (EUR)



Source: Nordea estimates

Our peer group suggests a fair value range of EUR 16.2-21.7

Looking at peers' 2024E EV/EBITDA, EV/EBIT and P/E multiples, the valuation range is EUR 16.2-21.7 (16.1-21.4) per Fiskars share.

We focus mainly on EV/EBIT in our peer multiple valuation

The table below illustrates the valuation multiples that we derive for Fiskars based on the current share price (EUR 15.9 as of 13 April 2023) and our fair value range (EUR 17.8-21.9). We believe investors will focus mainly on EV/EBIT multiples.

FISKARS: DERIVED VALUATION MULTIPLES USING OUR FAIR VALUE RANGE AND THE CURRENT SHARE PRICE (AS OF 13 APRIL)

	Share price EUR 17.8			Share price EUR 21.9			Current share price EUR 15.9		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
EV/sales	1.4x	1.4x	1.2x	1.7x	1.6x	1.5x	1.3x	1.2x	1.1x
EV/EBITDA	8.5x	8.1x	7.0x	10.1x	9.8x	8.6x	7.7x	7.3x	6.3x
EV/EBIT	11.8x	11.4x	9.7x	14.0x	13.8x	11.8x	10.8x	10.3x	8.7x
P/E	12.7x	13.6x	12.1x	15.6x	16.7x	14.9x	11.3x	12.1x	10.8x
FCF yield	-9.2%	15.8%	9.9%	-7.4%	12.9%	8.1%	-10.3%	17.8%	11.1%
Dividend yield	4.5%	4.7%	4.9%	3.7%	3.8%	4.0%	5.0%	5.3%	5.5%

Source: Nordea estimates

Our fair value range corresponds to 2023E EV/EBIT of 11.4-13.8x and 9.7-11.8x for 2024E

Our fair value range of EUR 17.8-21.9 implies 2023E-24E EV/EBITDA of 7.0-9.8x. Our fair value range corresponds to an EV/EBIT multiple of 11.4-13.8x for 2023E and 9.7-11.8x for 2024E.

Our fair value range corresponds to a 2023E and 2024E P/E of 13.6-16.7x and 12.1-14.9x, respectively, and FCF yield of 12.9-15.8% and 8.1-9.9%, for the same respective years. We note that we expect a high release of working capital due to elevated inventories, especially for 2023. The dividend yield on our fair value range is 3.8-4.7% for 2023E and 4.0-4.9% for 2024E, where we assume a ~65% payout ratio. The company's dividend policy is to distribute a stable dividend, increasing over time.

Relative valuation

There are no direct peers for Fiskars, so we use a blended peer group

As noted earlier, there are no direct listed peers for Fiskars in the Nordics or globally. Among the Nordic companies, Husqvarna is a relevant peer for the Terra business area, while among global peers, Villeroy & Boch AG and Groupe SEB are relevant for Vita. Luxury brand Hermès is included on our global peers list to reflect Fiskars Group's exposure to luxury brands, representing ~25% of group sales.

We use a broad peer group

In our approach, we use a broad peer group to calculate the relevant average and median valuation multiples, as presented in the table below.

PEER GROUP VALUATION MULTIPLES

	EV / SALES			EV / EBITDA			EV / EBIT			P/E		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
Global Peers												
Hermes International Sca	17.1x	14.9x	13.4x	36.1x	31.9x	28.5x	41.7x	36.0x	32.1x	60.3x	53.5x	48.0x
Leifheit Ag	0.8x	0.8x	0.7x	19.4x	11.3x	6.2x	61.5x	33.8x	8.8x	130.8x	58.6x	12.2x
Lifetime Brands Inc	0.4x	0.4x	0.4x	5.9x	5.9x	4.0x	9.8x	8.5x	6.1x	15.8x	9.1x	4.8x
Newell Brands Inc	0.9x	1.1x	1.1x	8.1x	9.6x	8.0x	10.3x	12.2x	10.2x	7.1x	11.8x	9.0x
Seb Sa	0.9x	0.9x	0.8x	8.6x	7.4x	6.3x	12.7x	10.7x	8.7x	16.7x	14.3x	12.0x
Societe Bic Sa	1.0x	0.9x	0.9x	4.7x	4.6x	4.2x	6.8x	6.3x	5.6x	11.0x	10.7x	9.7x
Stanley Black & Decker Inc	0.9x	1.0x	1.0x	11.3x	16.3x	9.5x	16.5x	24.3x	12.0x	16.3x	78.3x	15.1x
Villeroy & Boch Ag	0.6x	0.6x	0.5x	3.3x	3.3x	2.9x	4.6x	4.7x	4.0x	8.1x	8.4x	8.0x
Global Average	2.8x	2.6x	2.3x	12.2x	11.3x	8.7x	20.5x	17.1x	10.9x	33.3x	30.6x	14.8x
Global Median	0.9x	0.9x	0.8x	8.3x	8.5x	6.2x	11.5x	11.5x	8.7x	16.0x	13.0x	10.9x
Nordic Peers												
Husqvarna Ab	1.0x	1.0x	1.0x	9.4x	9.3x	7.5x	18.8x	15.1x	11.6x	23.2x	19.6x	14.0x
Marimekko Oyj	2.4x	2.3x	2.1x	9.7x	9.3x	8.3x	12.8x	12.1x	10.8x	17.5x	16.0x	14.5x
Orthex Oyj	1.3x	1.3x	1.2x	11.9x	8.4x	7.6x	20.7x	12.1x	10.7x	40.1x	15.2x	12.1x
Rapala Vmc Oyj	1.0x	1.0x	1.0x	9.0x	11.1x	8.4x	13.8x	20.5x	12.9x	26.7x	24.9x	13.5x
Thule Group Ab	2.8x	3.3x	3.0x	14.7x	18.9x	15.0x	16.3x	22.0x	17.0x	20.0x	27.5x	20.7x
Nordic Average	1.7x	1.8x	1.6x	10.9x	11.4x	9.4x	16.5x	16.4x	12.6x	25.5x	20.6x	15.0x
Nordic Median	1.3x	1.3x	1.2x	9.7x	9.3x	8.3x	16.3x	15.1x	11.6x	23.2x	19.6x	14.0x
Total Average	2.5x	2.4x	2.2x	12.4x	12.0x	9.5x	20.2x	17.8x	12.2x	32.1x	28.3x	15.5x
Total Median	1.0x	1.0x	1.0x	9.4x	9.3x	7.6x	13.8x	12.2x	10.7x	17.5x	16.0x	12.2x
Fiskars (NDA)	1.3x	1.2x	1.1x	7.5x	7.3x	6.3x	10.4x	10.3x	8.7x	11.0x	12.1x	10.8x
<i>difference (median)</i>	31%	19%	15%	-20%	-21%	-17%	-24%	-16%	-19%	-37%	-24%	-12%
Fiskars (cons.)	1.3x	1.4x	1.3x	6.7x	7.4x	6.5x	9.4x	10.7x	8.9x	10.7x	13.2x	11.1x
<i>difference (median)</i>	34%	31%	33%	-28%	-21%	-15%	-32%	-13%	-16%	-39%	-17%	-9%

Note: Data as of 13 April 2023

Source: Refinitiv and Nordea estimates

We expect the main valuation multiple to be EV/EBIT

The total peer group is trading at an average EV/EBIT of 17.8x for 2023E and a median of 12.2x. The salient multiples for 2024E are 12.2x and 10.7x, respectively.

Our DCF model suggests a fair equity value range of EUR 1.6-2bn, or EUR 19.8-24.9 per share

DCF valuation

On top of our relative valuation, we use a standard DCF model in our valuation of Fiskars. Below, we illustrate our general assumptions for calculating our DCF value range. Based on a WACC of 7.4-9.0%, our DCF indicates a fair equity value range of EUR 1.6-2bn or EUR 19.8-24.9 per share. The valuation model is built upon a stringent DCF framework, in which our ROIC-WACC modelling prevents above-market returns in perpetuity.

DCF VALUATION ASSUMPTIONS

Averages and assumptions	2023-28	2029-33	2034-38	2039-43	2044-48	2049-53	Sust.
Sales growth, CAGR	3.9%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBIT margin, excl associates	13.3%	13.0%	13.0%	13.0%	13.0%	13.0%	5.0%
Capex/depreciation, x	1.3	1.0	1.0	1.0	1.0	1.0	1.0
Capex/sales	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
NWC/sales	14.8%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
FCFF, CAGR	-9.8%	3.0%	2.5%	2.5%	2.5%	-18.2%	2.5%

Source: Nordea estimates

An estimated 54% of the DCF value is related to the first ten years, and 92% falls into our 30-year estimate cycle, according to the table below. We apply a 2.5% terminal growth rate, which is in line with Nordea's standard assumption. The applied WACC of 7.4-9% is based on Nordea's standard assumption of the risk-free rate and risk premium, as well as a beta of 1.6-2.1x and a 70% equity weighting.

DCF VALUE BREAKDOWN FOR FISKARS (EUR/SHARE)

DCF value	Value	Per share
NPV FCFF	1880 - 2297	23.2 - 28.4
(Net debt)	-324	-4.0
Market value of associates	0	0.0
(Market value of minorities)	-4	-0.1
Surplus values	0	0.0
(Market value preference shares)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	50	0.6
DCF Value	1602 - 2020	19.8 - 24.9

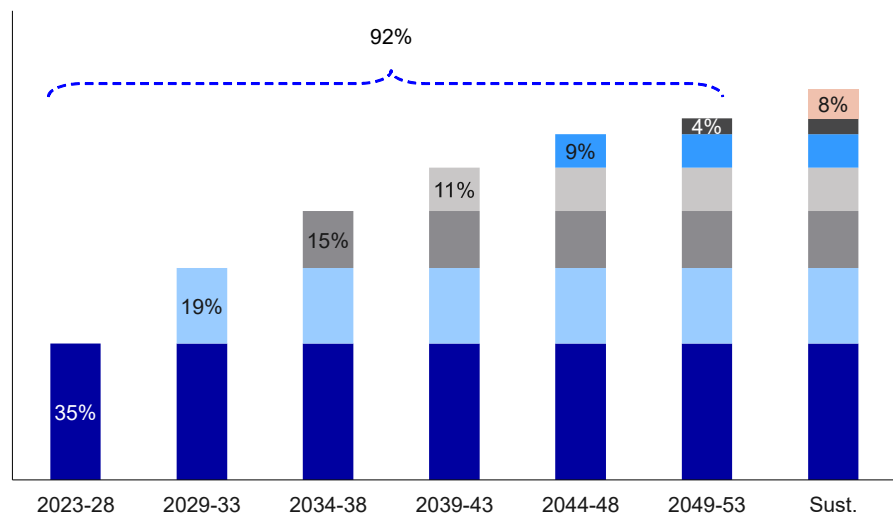
Source: Nordea estimates

WACC BREAKDOWN FOR FISKARS

WACC components	
Risk-free interest rate	3.0%
Market risk premium	4.0%
Forward looking asset beta	n.m.
Beta debt	0.0
Forward looking equity beta	1.6-2.1
Cost of equity	9.2-11.6%
Cost of debt	4.0%
Tax-rate used in WACC	21%
Equity weight	70%
WACC	7.4-9%

Source: Nordea estimates

DCF VALUE BREAKDOWN FOR FISKARS, 2023E-53E



Source: Nordea estimates

DCF sensitivity

In the table below, we provide a DCF sensitivity analysis of the equity value, with varying levels of sales growth, EBIT margins and WACC. Using changes of ± 0.5 pp for WACC, ± 0.5 pp for sales growth, and ± 0.5 pp for the EBIT margin, our DCF model yields a value range of EUR 20.2-25.1 per share, as shown in the table below.

DCF SENSITIVITY (EUR PER SHARE)

		WACC				
		7.1%	7.6%	8.1%	8.6%	9.1%
EBIT marg. change	+1.0pp	28.2	25.9	23.9	22.2	20.7
	+0.5pp	27.2	25.0	23.1	21.5	20.1
		26.1	24.1	22.4	20.8	19.5
	-0.5pp	25.1	23.2	21.6	20.1	18.8
	-1.0pp	24.1	22.3	20.8	19.4	18.2
		WACC				
		7.1%	7.6%	8.1%	8.6%	9.1%
Sales gr. change	+1.0pp	28.2	25.9	23.9	22.1	20.6
	+0.5pp	27.1	25.0	23.1	21.5	20.0
		26.1	24.1	22.4	20.8	19.5
	-0.5pp	25.2	23.3	21.7	20.2	18.9
	-1.0pp	24.4	22.6	21.0	19.7	18.4
		Sales growth change				
		-1.0pp	-0.5pp		+0.5pp	+1.0pp
EBIT margin change	+1.0pp	22.4	23.1	23.9	24.8	25.7
	+0.5pp	21.7	22.4	23.1	23.9	24.8
		21.0	21.7	22.4	23.1	23.9
	-0.5pp	20.3	20.9	21.6	22.3	23.0
	-1.0pp	19.7	20.2	20.8	21.4	22.1

Source: Nordea estimates

What if Fiskars could achieve a 5% sales CAGR with a 15% EBIT margin?

In addition to our base case, in which we expect a 1% sales CAGR for 2022-25 and a 13.3% adjusted EBIT margin for 2025, we provide a what-if scenario.

In our scenario, we assume Fiskars will reach a 5% sales CAGR for 2022-25, reaching EUR 1.45bn in sales for 2025.

Similarly, we assume a roughly 1 pp annual EBIT margin improvement for 2023-25, leading to a 15% adjusted EBIT margin for 2025. Given our EUR 1.45bn top-line projection, a 15% EBIT margin would yield EUR 217m in adjusted EBIT for 2025E.

We assume similar net financial expenses (EUR 8-9m annually), minority interest (EUR 0.8m annually) and tax rate (20%) as in our base case. The number of shares is 81 million from 2023 onwards.

If we assume a dividend payment in line with our base case, higher profitability would bring EUR 88m in additional cash flow for 2023-25 compared to our base case, we calculate. We adjust our net debt assumptions accordingly in our what-if-scenario.

Based on our what-if scenario, 2025E EV/EBIT would be 5.8x and P/E 7.7x.

If we use 12-14x EV/EBIT and a 10% cost of equity as a discount factor, this would yield a fair value range of EUR 25.6-30.1 per Fiskars share when discounted to the end of 2023.

WHAT-IF SCENARIO WITH A 5% SALES CAGR AND 15% EBIT MARGIN FOR 2025E (EURm AND EPS IN EUR)

Base case	2022	2023E	2024E	2025E
Net sales	1,248	1,178	1,234	1,281
sales growth, y/y	0%	-6%	5%	4%
Adj. EBIT margin	151 12.1%	140 11.9%	158 12.8%	170 13.3%
Net financials	-11.6	-9.0	-8.5	-8.0
PTP	124	126	150	163
Taxes	-25	-25	-30	-33
Tax rate	20%	20%	20%	20%
Net profit	99	101	120	130
EPS	1.20	1.23	1.47	1.60
EV/EBIT (adj.)	10.5x	10.3x	8.7x	7.8x
P/E	12.8x	12.9x	10.8x	9.9x
What-if-scenario	2022	2023E	2024E	2025E
Net sales	1248	1311	1376	1445
sales growth, y/y	0%	5%	5%	5%
Adj. EBIT margin	151 12.1%	170 13%	193 14%	217 15%
Net financials	-11.6	-9.0	-8.5	-8.0
PTP	124	155	184	209
Taxes	-25	-31	-37	-42
Tax rate	20%	20%	20%	20%
Net income	99	124	147	167
EPS	1.20	1.53	1.81	2.05
EV/EBIT	10.5x	8.3x	6.8x	5.8x
P/E	12.8x	10.4x	8.8x	7.7x

Source: Company data and Nordea estimates

Risk factors

Below, we introduce the key risk factors that we believe could affect Fiskars' operations and financial performance.

<p>Macroeconomic uncertainties relate mainly to consumer behaviour and consumer confidence</p>	<p>Macroeconomic environment</p> <p>The current macroeconomic environment creates uncertainties for Fiskars, due to possible changes in consumer behaviour and possibly lower consumer demand. On a global scale, economic growth is expected to be slower in 2023 than in previous years. Exchange rates could also exert pressure on net sales and profitability, although we note that Fiskars has diversified its commercial footprint.</p>
<p>Political risks, e.g. related to China</p>	<p>Political environment</p> <p>Given the rise in global political tensions, there is risk of trade disputes, sanctions, import restrictions and other geopolitical conflict, all of which could have a material adverse impact on the net sales and profits for Fiskars. Because China is one of the key supplier countries and a strategic focus for Fiskars, any sanctions or import restrictions would have a negative impact on the company.</p>
<p>Functioning supply chains are important for Fiskars Group</p>	<p>Supply chain and suppliers</p> <p>As seen during COVID-19, any disturbances to the global supply chain could have a negative impact on the net sales and profitability of Fiskars. Given the current macroeconomic environment, the company may face significant fluctuations in prices, as well as issues related to the availability or quality of raw materials, energy, components and finished products from suppliers.</p> <p>Fiskars manages the price, availability and quality risks inherent in contracts with multiple suppliers and by continuously seeking alternative sustainable materials. The company also holds extensive business interruption insurance.</p>
<p>Fiskars has own manufacturing facilities in Europe, Asia and the US, in addition to its suppliers</p>	<p>Interruptions to its own manufacturing</p> <p>In addition to its supply partners, Fiskars has its own manufacturing facilities in Europe, Asia and the US. Most of these suppliers are located in Asia. Any interruptions to its own manufacturing efforts could have a negative impact on the net sales and profitability of Fiskars. If not met, the high sustainability and quality requirements from customers could have a negative impact on the company's employer or brand reputation, and on consumer trust in the brands.</p> <p>Fiskars strives to build strong and long-term relationships with trusted suppliers to mitigate any risks before they arise. Suppliers are required to follow the Fiskars Supplier Code of Conduct, which sets out non-negotiable minimum standards.</p>
<p>Changes in consumer behaviour patterns, e.g. accelerating growth in the share of online sales, could affect Fiskars Group's net sales and profitability</p>	<p>Consumer behaviour</p> <p>In addition to possible lower demand caused by the macroeconomic environment, longer-term changes in consumer behaviour could materialise. An increase in online sales could burden physical store sales and have a negative impact on Fiskars' sales and profitability. Digitalisation may also cause faster changes in consumer preferences or introduce new competition to the market.</p> <p>Fiskars focuses on increasing its direct sales, including via its online and own store channels, as well as sustainability, by innovating circular designs and new business models to address the needs of the modern consumer.</p>
<p>Consolidation among wholesale and retail customers could result in lower pricing power</p>	<p>Customers</p> <p>Fiskars' main customers are wholesale and retail customers, so it is exposed to changes in the retail landscape. Any consolidation of the market could lead to lower pricing power. Retailers may also switch focus in favour of private label items, heralding lower sales for Fiskars' products.</p> <p>Fiskars enjoys a diverse customer base – no single customer accounts for more than 5% of overall revenue.</p>

Fiskars Group depends on centralised IT systems that could be affected, e.g. by cyberattacks	IT systems and cyber security <p>Fiskars, like most other large companies, increasingly depends on centralised IT systems and suppliers that hold and process critical business information. Breaches or cyberattacks could hurt Fiskars' reputation and in turn hit sales and profits. The development of IT systems typically requires a large investment, while rapid developments within IT could lead them to become obsolete sooner than anticipated.</p> <p>Fiskars integrates risk management into its decision-making. The security and capabilities of its IT systems are underpinned by various security technologies including network, endpoint and cloud detection and response, firewalls, threat intelligence and security operations.</p>
Some product categories are affected by outside forces, e.g. weather	Seasonality <p>Fiskars' product categories have seasonal patterns and negative events relating to product availability, demand or increased manufacturing or logistics costs during the high season can have a substantial bearing on full-year sales and profits. Due to the seasonality of some product categories, weather can have a significant impact on the demand for gardening or snow tools.</p> <p>Fiskars addresses this seasonality by maintaining a broad and diversified product portfolio and a wide geographical footprint.</p>
Acquisitions, although not high on Fiskars Group's agenda, could pose a risk	Acquisitions <p>Although acquisitions are not central to its strategy, the company could grow via acquisitions. Acquired businesses may not perform as expected, key individuals may quit and integration costs may top expectations. Synergies could also disappoint.</p>
Fiskars Group's financial investments could cause fluctuations in group earnings	Financial investments <p>Fiskars' financial investments centre on unlisted private equity funds. The value of its investments may fluctuate with the financial markets and their fair value can be impacted by changing profits and losses.</p>

Reported numbers and forecasts

INCOME STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	1,105	1,205	1,186	1,119	1,090	1,116	1,254	1,248	1,178	1,234	1,281
Revenue growth	44.0%	9.0%	-1.6%	-5.7%	-2.5%	2.4%	12.4%	-0.5%	-5.6%	4.7%	3.9%
of which organic	3.7%	1.6%	1.5%	-2.4%	-3.9%	3.8%	14.2%	1.7%	-3.0%	4.7%	3.9%
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	89	120	137	135	119	174	204	194	192	217	231
Depreciation and impairments PPE	-43	-37	-39	-44	-60	-76	-62	-59	-57	-59	-61
of which leased assets	0	0	0	0	-24	-24	-24	-24	-24	-24	-25
EBITA	47	83	98	92	60	98	143	135	134	158	170
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	47	83	98	92	60	98	143	135	134	158	170
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	23	11	11	9	3	-9	0	-12	-9	-9	-8
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	56	-1	109	2	0	1	1	1	1	1	1
Pre-tax profit	126	93	218	103	63	90	144	124	126	150	163
Reported taxes	-39	-27	-51	-21	-11	-21	-57	-25	-25	-30	-33
Net profit from continued operations	86	65	167	82	52	69	88	99	101	120	130
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	-1	-1	0	-1	-1	-1	-1	-1	-1	-1
Net profit to equity	86	64	166	82	52	68	87	99	100	119	129
EPS, EUR	1.05	0.78	2.03	1.00	0.63	0.83	1.06	1.20	1.23	1.47	1.60
DPS, EUR	0.70	1.06	0.72	5.85	0.56	0.60	0.76	0.80	0.84	0.88	0.92
of which ordinary	0.70	1.06	0.72	5.85	0.56	0.60	0.76	0.80	0.84	0.88	0.92
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Profit margin in percent

EBITDA	8.1%	10.0%	11.5%	12.1%	11.0%	15.6%	16.3%	15.6%	16.3%	17.6%	18.0%
EBITA	4.2%	6.9%	8.3%	8.2%	5.5%	8.8%	11.4%	10.8%	11.4%	12.8%	13.3%
EBIT	4.2%	6.9%	8.3%	8.2%	5.5%	8.8%	11.4%	10.8%	11.4%	12.8%	13.3%

Adjusted earnings

EBITDA (adj)	108	131	143	145	137	185	216	210	198	217	231
EBITA (adj)	65	94	104	101	78	109	154	151	140	158	170
EBIT (adj)	65	94	104	101	78	109	154	151	140	158	170
EPS (adj, EUR)	1.28	0.92	2.10	1.11	0.84	0.96	1.20	1.40	1.31	1.47	1.60

Adjusted profit margins in percent

EBITDA (adj)	9.8%	10.9%	12.0%	12.9%	12.6%	16.6%	17.2%	16.9%	16.8%	17.6%	18.0%
EBITA (adj)	5.9%	7.8%	8.7%	9.0%	7.1%	9.8%	12.3%	12.1%	11.9%	12.8%	13.3%
EBIT (adj)	5.9%	7.8%	8.7%	9.0%	7.1%	9.8%	12.3%	12.1%	11.9%	12.8%	13.3%

Performance metrics

CAGR last 5 years											
Net revenue	9.1%	10.2%	9.7%	7.0%	7.3%	0.2%	0.8%	1.0%	1.0%	2.5%	2.8%
EBITDA	1.2%	10.1%	9.8%	8.4%	10.9%	14.3%	11.2%	7.3%	7.2%	12.7%	5.8%
EBIT	-1.1%	9.4%	8.9%	8.4%	7.0%	16.1%	11.6%	6.6%	8.0%	21.4%	11.7%
EPS	-1.7%	-16.4%	-1.4%	-2.8%	-41.8%	-4.7%	6.3%	-10.0%	4.4%	18.5%	14.0%
DPS	-18.1%	23.4%	2.1%	12.3%	n.m.	-3.0%	-6.4%	2.1%	-32.2%	9.5%	8.9%
Average last 5 years											
Average EBIT margin	6.4%	6.4%	6.5%	6.7%	6.6%	7.5%	8.5%	9.0%	9.7%	11.1%	11.9%
Average EBITDA margin	9.9%	9.9%	10.0%	10.3%	10.5%	12.0%	13.4%	14.2%	15.0%	16.3%	16.8%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	10.9	14.3	8.5	10.1	13.3	15.6	19.2	11.0	12.2	10.8	10.0
EV/EBITDA (adj)	8.1	6.0	7.4	4.2	8.7	7.4	9.4	7.5	7.4	6.4	5.8
EV/EBITA (adj)	13.4	8.4	10.2	6.0	15.3	12.6	13.2	10.5	10.4	8.8	7.9
EV/EBIT (adj)	13.4	8.4	10.2	6.0	15.3	12.6	13.2	10.5	10.4	8.8	7.9

VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	13.2	16.8	8.8	11.2	17.9	18.1	21.7	12.8	12.9	10.8	10.0
EV/Sales	0.79	0.65	0.89	0.54	1.09	1.23	1.62	1.27	1.24	1.12	1.05
EV/EBITDA	9.8	6.5	7.7	4.4	9.9	7.9	9.9	8.2	7.6	6.4	5.8
EV/EBITA	18.8	9.5	10.8	6.6	19.8	14.0	14.2	11.8	10.8	8.8	7.9
EV/EBIT	18.8	9.5	10.8	6.6	19.8	14.0	14.2	11.8	10.8	8.8	7.9
Dividend yield (ord.)	5.0%	8.1%	4.0%	52.4%	5.0%	4.0%	3.3%	5.2%	5.3%	5.5%	5.8%
FCF yield	-27.4%	8.2%	5.3%	6.7%	5.4%	13.7%	4.6%	-5.9%	19.6%	13.0%	10.2%
FCF Yield bef A&D, lease adj	1.3%	4.3%	4.9%	6.5%	3.5%	11.8%	3.4%	-10.6%	17.7%	11.1%	8.3%
Payout ratio	54.6%	115.8%	34.2%	527.7%	66.3%	62.4%	63.4%	57.1%	64.2%	59.9%	57.6%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	541	526	501	498	508	482	489	500	500	500	500
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	303	296	280	281	289	268	270	279	279	279	279
of which goodwill	237	230	222	217	220	214	219	221	221	221	221
Tangible assets	204	206	201	207	295	265	278	286	299	315	331
of which leased assets	0	0	0	0	86	68	84	88	86	86	86
Shares associates	22	30	30	34	29	24	32	29	29	29	29
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	38	30	29	30	28	27	28	29	0	0	0
Other non-IB non-current assets	0	0	0	0	8	8	4	4	4	4	4
Other non-current assets	0	0	0	0	0	0	7	6	0	0	0
Total non-current assets	804	792	762	770	868	807	838	854	831	847	863
Inventory	234	225	205	220	232	207	273	365	309	286	297
Accounts receivable	211	204	214	220	203	214	206	171	185	218	226
Short-term leased assets	0	0	0	0	23	23	23	23	24	25	25
Other current assets	3	58	53	31	29	29	26	56	29	31	32
Cash and bank	540	482	604	478	9	63	32	118	182	158	194
Total current assets	988	968	1,076	950	496	536	560	731	729	717	775
Assets held for sale	41	0	0	0	0	0	38	0	n.a.	n.a.	n.a.
Total assets	1,833	1,760	1,838	1,719	1,364	1,342	1,435	1,585	1,560	1,564	1,638
Shareholders equity	1,191	1,218	1,269	1,207	761	758	812	832	866	917	975
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	3	2	3	3	4	4	4	4	5	6	7
Total Equity	1,194	1,220	1,272	1,210	765	762	816	836	871	923	982
Deferred tax	50	53	73	44	33	31	32	35	35	35	35
Long term interest bearing debt	183	182	151	151	51	51	1	130	130	80	80
Pension provisions	14	14	13	13	13	13	13	11	0	0	0
Other long-term provisions	5	7	7	5	4	4	3	2	0	0	0
Other long-term liabilities	11	10	7	7	4	5	6	4	0	0	0
Non-current lease debt	0	0	0	0	88	72	89	93	91	91	91
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	262	266	252	220	194	175	144	275	256	206	206
Short-term provisions	11	17	8	5	4	6	15	5	5	5	5
Accounts payable	237	238	247	268	268	310	139	69	136	179	186
Current lease debt	0	0	0	0	23	23	23	23	24	25	25
Other current liabilities	20	9	10	7	2	6	234	183	173	181	188
Short term interest bearing debt	87	11	49	10	109	61	64	195	95	45	45
Total current liabilities	355	274	314	290	406	405	475	475	433	435	450
Liabilities for assets held for sale	23	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	1,834	1,760	1,838	1,719	1,364	1,342	1,436	1,585	1,560	1,564	1,638
Balance sheet and debt metrics											
Net debt	-270	-289	-404	-317	262	144	145	324	160	84	49
of which lease debt	0	0	0	0	111	95	112	115	116	116	117
Working capital	190	240	216	197	194	135	132	339	214	175	181
Invested capital	994	1,032	978	966	1,062	942	969	1,193	1,045	1,022	1,044
Capital employed	1,464	1,413	1,472	1,371	1,036	969	993	1,277	1,212	1,165	1,224
ROE	7.4%	5.3%	13.4%	6.6%	5.2%	8.9%	11.0%	12.0%	11.8%	13.4%	13.7%
ROIC	6.5%	7.3%	8.2%	8.2%	6.0%	8.6%	12.8%	11.0%	9.9%	12.1%	13.0%
ROCE	4.7%	6.5%	7.2%	7.1%	6.4%	10.9%	15.7%	13.3%	11.3%	13.3%	14.3%
Net debt/EBITDA	-3.0	-2.4	-3.0	-2.3	2.2	0.8	0.7	1.7	0.8	0.4	0.2
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	64.9%	69.2%	69.1%	70.2%	55.8%	56.5%	56.6%	52.5%	55.5%	58.6%	59.5%
Net gearing	-22.6%	-23.7%	-31.7%	-26.2%	34.3%	19.0%	17.8%	38.7%	18.4%	9.2%	5.0%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA (adj) for associates	89	120	137	135	119	174	204	194	192	217	231
Paid taxes	-18	-60	-26	-26	-18	-20	-36	-29	-25	-30	-33
Net financials	15	23	-1	-5	-3	-4	-5	-7	-9	-9	-8
Change in provisions	11	9	-9	-5	-2	1	9	-13	-13	0	0
Change in other LT non-IB	-7	7	-2	-2	-8	0	-1	-3	31	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	8	-44	-2	-4	5	2	9	6	0	0	0
Funds from operations (FFO)	98	55	97	93	93	153	180	148	175	179	191
Change in NWC	-51	29	7	13	4	46	-57	-209	125	39	-7
Cash flow from operations (CFO)	47	84	104	106	97	199	123	-61	300	218	184
Capital expenditure	-32	-38	-33	-46	-40	-30	-34	-48	-48	-50	-52
Free cash flow before A&D	15	46	71	60	57	169	88	-110	252	168	132
Proceeds from sale of assets	4	48	8	3	1	1	3	36	0	0	0
Acquisitions	-331	-7	-2	-1	-8	-2	-4	0	0	0	0
Free cash flow	-312	88	77	62	50	169	87	-74	252	168	132
Free cash flow bef A&D, lease adj	15	46	71	60	33	145	64	-134	228	143	107
Dividends paid	-79	-59	-87	-60	-51	-46	-49	-63	-66	-68	-71
Equity issues / buybacks	0	-3	0	-3	-1	0	0	-18	0	0	0
Net change in debt	22	-79	7	-43	-1	-45	-48	259	-100	-100	0
Other financing adjustments	354	75	14	17	10	1	2	5	-23	-24	-24
Other non-cash adjustments	-245	-79	110	-99	-475	-26	-23	-23	0	0	0
Change in cash	-261	-58	121	-126	-469	53	-31	86	64	-24	36
Cash flow metrics											
Capex/D&A	75.7%	n.m.	84.5%	n.m.	67.2%	39.4%	55.8%	81.0%	83.6%	84.8%	85.4%
Capex/Sales	2.9%	3.1%	2.8%	4.1%	3.7%	2.7%	2.7%	3.9%	4.1%	4.1%	4.1%
Key information											
Share price year end (/current)	14	13	18	11	11	15	23	15	16	16	16
Market cap.	1,140	1,071	1,458	915	922	1,227	1,884	1,260	1,291	1,291	1,291
Enterprise value	873	784	1,057	601	1,188	1,375	2,033	1,587	1,456	1,381	1,346
Diluted no. of shares, year-end (m)	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.0	81.0	81.0

Source: Company data and Nordea estimates

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