

27 April 2023

Commissioned research: Fiskars – Slight Q1 miss due to softness in top line*Marketing material commissioned by Fiskars*

Fiskars Q1 adjusted EBIT of EUR 31.2m came 4% below Refinitiv consensus expectation. Net sales of EUR 275m were down 17% y/y (-13% on comparable basis) and fell 5% below consensus forecast. Q1 gross margin of 46.4% came above consensus expectations of 44.0%. US sales decline 21% y/y due to low gardening shipments while China sales were up 14% y/y with pick up towards end of the quarter. Own ecommerce sales were up 12% y/y and drove direct-to-consumer sales growth of 4% y/y. On divisional level, Vita missed our adjusted EBIT estimate, while Terra and Crea beat our expectations. Q1 operating cash flow recovered clearly and was EUR 22.1m (EUR -55.9m a year ago) supported by EUR 18m decline in inventories. Net debt/LTM EBITDA increased to 2.0x (1.7x in 2022). EPS of EUR 0.25 fell slightly short of consensus expectation of EUR 0.27. There were EUR -2.3m of items affecting comparability on EBIT level. Guidance for slightly declining adjusted EBIT was maintained intact. Pre-Q1 consensus has been expecting EUR 137m adjusted EBIT (or 10% y/y decline from EUR 151m in 2022) while we have modelled EUR 140m, or 7% y/y decline. Initially, we expect consensus estimates to remain largely intact ahead of support from organizational changes that are proceeding according to plan and are expected to support EBIT in H2.

Q1 gross margin at a strong level despite soft top line

- Q1 net sales were EUR 275m, -5%/-1% versus Refinitiv consensus and Nordea, respectively
- Q1 adjusted EBIT was 31.2m, -4% versus Refinitiv consensus and Nordea
- Q1 gross margin of 46.4% came +2.4pp above Refinitiv consensus and 1.8pp above Nordea
- Q1 operating cash flow of EUR 22m (EUR -56m a year ago) was supported by lower net working capital which declined EUR 19m from EUR 337m in Q4 2022 to EUR 319m in Q1 with EUR 18m decline in inventories.
- Net debt/LTM EBITDA was 2.0x, up from 1.7x at the end of 2022 (1.0x a year ago)

Vita missed while Terra and Crea beat

- Vita net sales were EUR 108m, 5% below our expectations. Comparable sales declined 9% y/y (we had anticipated -5%) due to retail customer segment. Direct-to-consumer sales accounted for 47% of sales (41% a year ago). Adjusted EBIT was 7.8m, 17% below our forecast of EUR 9.5m. Improved gross margin and prudent cost control partially mitigated decline in volumes.

- Terra net sales were EUR 130m, 3% below our expectations. On comparable basis, sales decline 19% y/y (we had anticipated -21%) due to low shipments to US with high retailers' inventories. Adjusted EBIT of EUR 22.8m came 6% above our expectation of EUR 21.6m.
- Crea net sales were EUR 37m, 19% above our forecast. Comparable sales decline 3% y/y (we had expected -20%). In US, top line was supported by timing of shipments. Adjusted EBIT declined to EUR 7.8m and came 61% above our forecast of EUR 4.8m.

Guidance intact

Fiskars reiterated its guidance for slightly lower adjusted EBIT in 2023 (EUR 151m in 2022). Prior to the Q1, Refinitiv consensus was expecting EUR 137m adjusted EBIT, corresponding to a 10% y/y decline. We note that 2023 is likely to be back-end loaded due to ongoing profitability programme and weaker demand during H1. Initially, we expect consensus estimates to remain largely intact despite slight miss on adjusted EBIT as gross margin came above expectations.

A webcast on the first quarter results will be held on at 1:00 p.m. (EEST). It will be held in English and can be followed at <https://fiskars.videosync.fi/q1-2023-results>

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	1,116	1,254	1,248	1,178	1,234	1,281
EBITDA (adj)	185	216	210	198	217	231
EBIT (adj)	109	154	151	140	158	170
EBIT (adj) margin	9.8%	12.3%	12.1%	11.9%	12.8%	13.3%
EPS (adj, EUR)	0.96	1.20	1.40	1.31	1.47	1.60
EPS (adj) growth	13.9%	24.6%	16.8%	-6.5%	12.3%	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	10.1	8.5	7.7
P/E (adj)	15.6	19.2	11.0	11.8	10.5	9.7
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%	5.9%
FCF Yield bef A&D, lease adj	11.8%	3.4%	-10.6%	18.2%	11.4%	8.5%
Net debt	144	145	324	160	84	49
Net debt/EBITDA	0.8	0.7	1.7	0.8	0.4	0.2
ROIC after tax	8.6%	12.8%	11.0%	9.9%	12.1%	13.0%

Source: Company data and Nordea estimates

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