

17 May 2023

## Commissioned research: Fiskars – Read-across from Home Depot Q1

Marketing material commissioned by Fiskars

Home Depot reported its Q1 yesterday and trimmed its full year guidance due to lumber deflation, weather and further softening demand relative to the company expectations. The company notes continued uncertainty regarding consumer demand. Home Depot cut its top line guidance from flat growth in 2023 and now expects sales and comparable sales to decline 2-5% in 2023 with 14.0-14.3% operating margin (from earlier ~14.5%). When considering read-across to Fiskars, we note that the Home Depot commented on good gardening demand and smaller ticket items performing above high ticket items. According to the company, consumer price sensitivity has increased. We have modelled Fiskars' Terra sales to be flat y/y on comparable basis in Q2 with replenish sales picking up during the quarter. Home Depot inventories were flat y/y in Q1, while the company commented that first two weeks of May have performed in line with full year guidance (i.e. down 2-5% y/y on comparable basis) with continued negative impact from lumber deflation. Home Depot Q1 sales were down 4.5% y/y on comparable basis with March being the weakest month in terms of sales growth. Overall, we still expect replenish sales to occur in Q2, while softening demand creates some uncertainties over Fiskars Q2 sales development, especially within Terra. For Q2, we are 2% above Refinitiv consensus on sales and 6% above on adjusted EBIT. We have a fair value range of EUR 17.5-21.6 per Fiskars share.

### FISKARS: OUR ESTIMATES VS. CONSENSUS

EURm	Actual		Nordea estimates			Consensus estimates				Difference %			
	2022	Q2 2023E	2023E	2024E	2025E	Q2 2023E	2023E	2024E	2025E	Q2 2023E	2023E	2024E	2025E
<b>Sales</b>	<b>1,248</b>	<b>300</b>	<b>1,176</b>	<b>1,231</b>	<b>1,278</b>	<b>294</b>	<b>1,190</b>	<b>1,250</b>	<b>1,289</b>	<b>2%</b>	<b>-1%</b>	<b>-2%</b>	<b>-1%</b>
Gross profit	556	139	543	573	602	129	530	565	590	7%	2%	1%	2%
<b>Gross margin</b>	<b>44.5%</b>	<b>46.1%</b>	<b>46.2%</b>	<b>46.6%</b>	<b>47.1%</b>	<b>43.9%</b>	<b>44.5%</b>	<b>45.2%</b>	<b>45.7%</b>	<b>2.3pp</b>	<b>1.6pp</b>	<b>1.4pp</b>	<b>1.3pp</b>
EBITDA	194	46	198	220	234	45	199	219	231	3%	-1%	0%	1%
EBITDA margin	15.6%	15.4%	16.8%	17.9%	18.3%	15.3%	16.7%	17.5%	17.9%	0.1pp	0.1pp	0.4pp	0.3pp
<b>Adj. EBIT</b>	<b>151</b>	<b>32</b>	<b>141</b>	<b>158</b>	<b>170</b>	<b>31</b>	<b>136</b>	<b>157</b>	<b>170</b>	<b>6%</b>	<b>3%</b>	<b>1%</b>	<b>0%</b>
Adj. EBIT margin	12.1%	10.7%	12.0%	12.8%	13.3%	10.4%	11.4%	12.5%	13.2%	0.3pp	0.5pp	0.3pp	0.1pp
EBIT	135	31	137	158	170	31	136	157	170	3%	1%	1%	0%
EBIT margin	10.8%	10.4%	11.7%	12.8%	13.3%	10.4%	11.4%	12.5%	13.2%	0.0pp	0.3pp	0.3pp	0.1pp
PTP	124	29	130	149	162	27	123	147	162	9%	5%	2%	0%
EPS	1.20	0.29	1.26	1.46	1.59	0.27	1.22	1.44	1.56	10%	3%	2%	2%
<b>Adj. EPS</b>	<b>1.40</b>	<b>0.30</b>	<b>1.30</b>	<b>1.46</b>	<b>1.59</b>	<b>0.27</b>	<b>1.19</b>	<b>1.40</b>	<b>1.53</b>	<b>14%</b>	<b>10%</b>	<b>4%</b>	<b>4%</b>
<b>DPS</b>	<b>0.80</b>		<b>0.84</b>	<b>0.88</b>	<b>0.92</b>		<b>0.83</b>	<b>0.89</b>	<b>0.97</b>		<b>1%</b>	<b>-1%</b>	<b>-5%</b>

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	1,176	1,231	1,278
EBITDA (adj)	185	216	210	201	220	234
EBIT (adj)	109	154	151	141	158	170
EBIT (adj) margin	9.8%	12.3%	12.1%	12.0%	12.8%	13.3%
EPS (adj, EUR)	0.96	1.20	1.40	1.30	1.46	1.59
EPS (adj) growth	13.9%	24.6%	16.8%	-7.1%	12.4%	8.5%
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	12.0	10.7	9.8
P/BV	1.6	2.3	1.5	1.5	1.4	1.3
Dividend yield (ord)	4.0%	3.3%	5.2%	5.4%	5.6%	5.9%
FCF Yield bef A&D, lease adj	11.8%	3.4%	-10.6%	18.6%	11.6%	8.7%
Net debt	144	145	324	153	75	35
Net debt/EBITDA	0.8	0.7	1.7	0.8	0.3	0.2
ROIC after tax	8.6%	12.8%	11.0%	9.9%	12.1%	13.1%

Source: Company data and Nordea estimates

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