

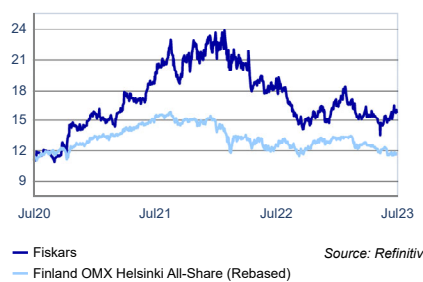
Fiskars

Consumer Goods
Finland

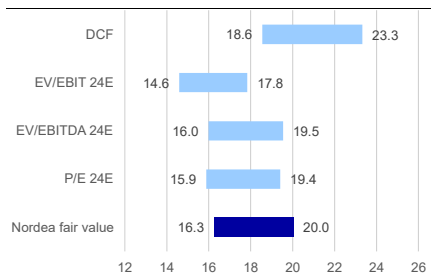
KEY DATA

| | |
|---------------------|-------------------|
| Stock country | Finland |
| Bloomberg | FIS1V.FH |
| Reuters | FSKRS.HE |
| Share price (close) | EUR 15.88 |
| Free float | 58% |
| Market cap. (bn) | EUR 1.29/EUR 1.29 |
| Website | fiskarsgroup.com |
| Next report date | 26 Oct 2023 |

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

| Year | 2023E | 2024E | 2025E |
|------------|-------|-------|-------|
| Sales | -3% | -1% | -1% |
| EBIT (adj) | -4% | -1% | 0% |

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSvante Krokfors
Director

Margin and cash flow protection continues

Fiskars' Q2 2023 adjusted EBIT fell short of Refinitiv consensus expectations, partly due to credit losses. Sales growth remained in the red, and lower own production created some inefficiencies. Direct-to-consumer sales continue to increase, even when adjusting for the strong performance in China, which clearly supports the gross margin development. The company reiterated its lower adjusted EBIT guidance of EUR 120-130m, which we view as achievable. Cost savings from organisational changes will have a more material impact in H2 and the company appeared clearly confident about the path toward its EBIT margin target in the mid-teens. We derive a fair value range of EUR 16.3-20.0 (16.1-19.9) per Fiskars share.

Vita suffering from low production volumes in Q2

Fiskars' Q2 sales fell 7% short of Refinitiv consensus expectations while adjusted EBIT of EUR 23.4m was 14% below. The main deviation to our EBIT estimate came from Vita, where low own production volumes caused inefficiencies. Despite a 15% top-line miss on our estimate, Terra's adjusted EBIT fell only 3% short of our expectation. The gross margin was strong, at 36.8%, above consensus of 45.3%; the company noted a sustainable level of 47-48% while the consensus estimate was 46.2% for 2025. The demand outlook remains uncertain, but an improving gross margin should enable strong operating leverage when wholesale volumes recover. Direct-to-consumer sales increased by 8% y/y in Q2, while China sales were up 50% y/y. The continuing recovery in China bodes well for Vita in H2. Operating cash flow was strong, helped by lower inventories, and the company should improve its trade working capital when own production volumes ramp up (down ~40% y/y in Q2).

We trim our 2023 estimates but leave 2024E-25E largely intact

Fiskars reiterated its lower adjusted EBIT guidance of EUR 120-130m. We trim the 2023E top line by 3% and adjusted EBIT by 4%, and estimate adjusted EBIT of EUR 123m. For 2024E-25E, we make only minor revisions. The 2025 target of an EBIT margin in the mid-teens seems somewhat demanding, owing to the challenging operating environment; we model a 12.9% EBIT margin for 2025E.

We derive a fair value range of EUR 16.3-20.0 per share

We derive a DCF- and multiples-based fair value range of EUR 16.3-20.0 (16.1-19.9). Our peer group suggests a fair value range of EUR 15-20, while our DCF valuation suggests a fair value range of EUR 19-23.

SUMMARY TABLE - KEY FIGURES

| EURm | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--------------------------|--------|-------|-------|--------|--------|-------|-------|
| Total revenue | 1,090 | 1,116 | 1,254 | 1,248 | 1,109 | 1,187 | 1,246 |
| EBITDA (adj) | 137 | 185 | 216 | 210 | 182 | 207 | 224 |
| EBIT (adj) | 78 | 109 | 154 | 151 | 123 | 147 | 161 |
| EBIT (adj) margin | 7.1% | 9.8% | 12.3% | 12.1% | 11.0% | 12.4% | 12.9% |
| EPS (adj, EUR) | 0.84 | 0.96 | 1.20 | 1.40 | 1.06 | 1.33 | 1.48 |
| EPS (adj) growth | -23.8% | 13.9% | 24.6% | 16.8% | -24.3% | 25.4% | 11.1% |
| 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 | 1.3 | 1.2 | 1.1 |
| EV/EBIT (adj) | 15.3 | 12.6 | 13.2 | 10.5 | 12.0 | 9.6 | 8.6 |
| P/E (adj) | 13.3 | 15.6 | 19.2 | 11.0 | 15.0 | 11.9 | 10.7 |
| P/BV | 1.2 | 1.6 | 2.3 | 1.5 | 1.5 | 1.4 | 1.4 |
| 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% | 15.8% | 10.0% | 7.6% |
| Net debt | 262 | 144 | 145 | 324 | 183 | 123 | 97 |
| Net debt/EBITDA | 2.2 | 0.8 | 0.7 | 1.7 | 1.0 | 0.6 | 0.4 |
| ROIC after tax | 6.0% | 8.6% | 12.8% | 11.0% | 8.6% | 11.1% | 12.2% |

Source: Company data and Nordea estimates

Result takeaways

Fiskars' Q2 adjusted EBIT of EUR 23.4m was 14% below Refinitiv consensus. Adjusting for EUR 2m of credit losses in Vita, however, adjusted EBIT only missed consensus by 7%. Net sales of EUR 268m were down 16% y/y (-13% on a comparable basis) and fell 7% short of consensus. The Q2 gross margin of 46.8% came in above the consensus expectation of 45.3%. China sales were up 50% y/y, while US sales declined by 15% y/y. Direct-to-consumer sales rose 8% y/y. On the divisional level, Vita missed our adjusted EBIT estimate clearly, while Terra came in largely in line and Crea beat our expectation by a considerable amount. Q2 operating cash flow improved clearly to EUR 56m (EUR 16m a year ago), supported by a EUR 38m decline in inventories. Net debt/LTM EBITDA was 2.1x (1.7x in 2022). EPS of EUR 0.16 fell short of the consensus estimate of EUR 0.24, affected by the impact of FX on financial items. There were EUR -1.2m of items affecting comparability at the EBIT level. Fiskars lowered its guidance on 5 July and expects adjusted EBIT of EUR 120-130m for 2023. Pre-Q2 consensus calls for adjusted EBIT of EUR 126m. We also note that organisational changes are proceeding according to the company's plan, which should support EBIT in H2.

DEVIATION TABLE

| EURm | Actual | NDA est. | Deviation | | Consensus | Deviation | | Actual | Actual | | |
|---------------------|--------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|
| | Q2 2023 | Q2 2023E | vs. actual | | Q2 2023E | vs. actual | | Q1 2023 | q/q | Q2 2022 | y/y |
| Sales | 268 | 287 | -19 | -7% | 287 | -19 | -7% | 275 | -3% | 319 | -16% |
| Gross profit | 125 | 134 | -8.4 | -6% | 130 | -4.6 | -4% | 128 | -2% | 140 | -11% |
| Gross margin | 46.8% | 46.6% | 0.2pp | | 45.3% | 1.5pp | | 46.4% | 0.4pp | 43.9% | 2.9pp |
| Adj. EBIT | 23.4 | 28.4 | -5.0 | -18% | 27.3 | -3.9 | -14% | 31.4 | -25% | 36 | -36% |
| Adj. EBIT margin | 8.7% | 9.9% | -1.2pp | | 9.5% | -0.8pp | | 11.4% | -2.7pp | 11.4% | -2.6pp |
| EBIT | 22.2 | 27.5 | -5.3 | -19% | 27.3 | -5.1 | -19% | 29.1 | -24% | 40 | -44% |
| EBIT margin | 8.3% | 9.6% | -1.3pp | | 9.5% | -1.2pp | | 10.6% | -2.3pp | 12.4% | -4.1pp |
| PTP | 16.6 | 25.7 | -9.1 | -36% | 24.3 | -7.7 | -32% | 26.6 | -38% | 39 | -58% |
| EPS, EUR | 0.16 | 0.25 | -0.09 | -37% | 0.24 | -0.08 | -34% | 0.26 | -38% | 0.41 | -61% |

| Business areas | Actual | NDA est. | Deviation | | Q1 2023 | q/q | Q2 2022 | y/y |
|-------------------------|--------------|--------------|---------------|-------------|-------------|---------------|-------------|---------------|
| Sales | | | | | | | | |
| Vita | 113.7 | 114.5 | -0.8 | -1% | 107.7 | 6% | 127 | -10% |
| Terra | 105.9 | 125.3 | -19.4 | -15% | 129.5 | -18% | 139 | -24% |
| Crea | 47.1 | 46.2 | 0.9 | 2% | 37.3 | 26% | 52 | -9% |
| Other | 1.1 | 1.0 | 0.1 | 10% | 0.5 | 120% | 1 | 22% |
| TOTAL | 267.9 | 287.1 | -19.2 | -7% | 275 | -3% | 319 | -16% |
| Adj. EBIT | | | | | | | | |
| Vita | 3.0 | 11.2 | -8.2 | -73% | 7.8 | -62% | 14.4 | -79% |
| Terra | 11.8 | 12.1 | -0.3 | -3% | 22.8 | -48% | 15 | -21% |
| Crea | 12.8 | 9.1 | 3.7 | 40% | 7.8 | 64% | 11.7 | 9% |
| Other | -4.2 | -4.0 | -0.2 | 5% | -7.2 | -42% | -4.8 | -13% |
| TOTAL | 23.4 | 28.4 | -5.0 | -18% | 31.2 | -25% | 36.3 | -36% |
| Adj. EBIT margin | | | | | | | | |
| Vita | 2.6% | 9.8% | -7.1pp | | 7% | -4.6pp | 11% | -8.7pp |
| Terra | 11.1% | 9.7% | 1.5pp | | 18% | -6.5pp | 11% | 0.4pp |
| Crea | 27.2% | 19.7% | 7.5pp | | 21% | 6.3pp | 23% | 4.6pp |
| TOTAL | 8.7% | 9.9% | -1.2pp | | 11% | -2.6pp | 11% | -2.6pp |

Source: Company data, Refinitiv and Nordea estimates

Vita missed while Terra beat

- Vita net sales were EUR 114, 1% below our estimate. Comparable sales declined by 6% y/y (we had anticipated -7%), due to the retail customer segment and the execution of Fiskars' channel strategy. Direct-to-consumer sales accounted for 48% of sales (42% a year ago). Adjusted EBIT was EUR 3.0m, 73% below our forecast of EUR 11.2m. There were roughly EUR 2m of credit losses in the US, which burdened Vita's EBIT. The gross margin weakened due to capacity downtime.
- Terra's net sales were EUR 106m, 15% below our forecast. On a comparable basis, sales declined by 20% y/y (we had anticipated -9%), due to clearly low shipments in Europe and the US. Adjusted EBIT of EUR 11.8m came in 3% below our expectation

of EUR 12.1m. The EBIT margin was protected by a higher gross margin and prudent cost control.

- Crea's net sales were EUR 47m, 2% above our forecast. Comparable sales declined by 8% y/y (we expected -10%). In the US, the top line was supported by the timing of shipments. Adjusted EBIT improved to EUR 12.8m and came in 40% above our forecast of EUR 9.1m, supported by an improved gross margin and prudent cost management.

Guidance intact after the profit warning on 5 July

Fiskars reiterated its guidance (which it lowered on 5 July) for adjusted EBIT of EUR 120-130m in 2023 (EUR 151m in 2022). Prior to the Q2 report, Refinitiv consensus was EUR 126m in adjusted EBIT for 2023. We note that the ongoing profitability programme should support H2 EBIT by EUR ~15m. The company will continue to focus on profit and cash protection in H2.

Estimate revisions

We trim the top line by 3% and adjusted EBIT by 4% for 2023E. For 2024E-25E, we make only minor adjustments, mainly reflecting FX changes. We note high uncertainty regarding when the demand situation will improve. We model negative top-line growth for Q3, but positive momentum in China could push growth into positive territory during Q4 2023E.

ESTIMATE REVISIONS

| EURm | New estimates | | | | Old estimates | | | | Difference % | | | |
|------------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|-------------|------------|------------|
| | Q3 2023E | 2023E | 2024E | 2025E | Q3 2023E | 2023E | 2024E | 2025E | Q3 2023E | 2023E | 2024E | 2025E |
| Sales | 259 | 1,109 | 1,187 | 1,246 | 265 | 1,139 | 1,202 | 1,257 | -2% | -3% | -1% | -1% |
| Gross profit | 121 | 518 | 559 | 592 | 123 | 529 | 563 | 596 | -2% | -2% | -1% | -1% |
| Gross margin | 46.8% | 46.7% | 47.1% | 47.5% | 46.6% | 46.5% | 46.9% | 47.4% | 0.2pp | 0.3pp | 0.3pp | 0.2pp |
| Adj. EBIT | 29 | 123 | 147 | 161 | 31 | 128 | 147 | 162 | -5% | -4% | -1% | 0% |
| Adj. EBIT margin | 11.4% | 11.0% | 12.4% | 12.9% | 11.7% | 11.2% | 12.3% | 12.9% | -0.3pp | -0.2pp | 0.1pp | 0.1pp |
| EBIT | 29.5 | 119 | 147 | 161 | 31.1 | 125 | 147 | 162 | -5% | -5% | -1% | 0% |
| EBIT margin | 11.4% | 10.7% | 12.4% | 12.9% | 11.7% | 11.0% | 12.3% | 12.9% | -0.3pp | -0.2pp | 0.1pp | 0.1pp |
| PTP | 26.7 | 105 | 136 | 151 | 29.3 | 117 | 139 | 154 | -9% | -10% | -2% | -2% |
| Adj. EPS, EUR | 0.26 | 1.06 | 1.33 | 1.48 | 0.29 | 1.18 | 1.36 | 1.51 | -9% | -10% | -2% | -2% |
| EPS, EUR | 0.26 | 1.02 | 1.33 | 1.48 | 0.29 | 1.14 | 1.36 | 1.51 | -9% | -11% | -2% | -2% |
| DPS, EUR | | 0.84 | 0.88 | 0.92 | | 0.84 | 0.88 | 0.92 | | 0% | 0% | 0% |

| Business areas | Q3 2023E | 2023E | 2024E | 2025E | Q3 2023E | 2023E | 2024E | 2025E | Q3 2023E | 2023E | 2024E | 2025E |
|-------------------------|--------------|----------------|----------------|----------------|--------------|----------------|----------------|----------------|---------------|---------------|--------------|--------------|
| Sales | | | | | | | | | | | | |
| Vita | 128.2 | 525.2 | 556.7 | 584.5 | 128.0 | 527.7 | 559.4 | 587.3 | 0% | 0% | 0% | 0% |
| Terra | 90.7 | 416.9 | 458.6 | 486.1 | 96.2 | 443.8 | 470.4 | 493.9 | -6% | -6% | -3% | -2% |
| Crea | 38.8 | 163.8 | 167.9 | 172.1 | 39.5 | 164.4 | 168.5 | 172.7 | -2% | 0% | 0% | 0% |
| Other | 1.0 | 3.6 | 3.6 | 3.6 | 1.0 | 3.5 | 3.5 | 3.5 | 0% | 3% | 3% | 3% |
| TOTAL | 259 | 1,109.5 | 1,186.8 | 1,246.3 | 264.8 | 1,139.4 | 1,201.8 | 1,257.5 | -2% | -3% | -1% | -1% |
| Adj. EBIT | | | | | | | | | | | | |
| Vita | 22.0 | 72.0 | 89.6 | 97.2 | 22.6 | 80.1 | 91.4 | 99.3 | -2% | -10% | -2% | -2% |
| Terra | 2.8 | 33.6 | 39.9 | 45.6 | 3.7 | 34.7 | 40.6 | 45.8 | -24% | -3% | -2% | 0% |
| Crea | 8.7 | 36.2 | 36.9 | 38.3 | 8.8 | 32.4 | 34.9 | 36.4 | -2% | 12% | 6% | 5% |
| Other | -4.0 | -19.4 | -19.6 | -19.9 | -4.0 | -19.2 | -19.4 | -19.7 | 0% | 1% | 1% | 1% |
| TOTAL | 29.5 | 122.5 | 146.7 | 161.3 | 31.1 | 128.2 | 147.5 | 161.8 | -5% | -4% | -1% | 0% |
| Adj. EBIT margin | | | | | | | | | | | | |
| Vita | 17.2% | 13.7% | 16.1% | 16.6% | 17.6% | 15.2% | 16.3% | 16.9% | -0.5pp | -1.5pp | -0.3pp | -0.3pp |
| Terra | 3.1% | 8.1% | 8.7% | 9.4% | 3.8% | 7.8% | 8.6% | 9.3% | -0.7pp | 0.3pp | 0.1pp | 0.1pp |
| Crea | 22.4% | 22.1% | 22.0% | 22.3% | 22.4% | 19.7% | 20.7% | 21.1% | 0.0pp | 2.4pp | 1.2pp | 1.2pp |
| 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 | 11.4% | 11.0% | 12.4% | 12.9% | 11.7% | 11.2% | 12.3% | 12.9% | -0.3pp | -0.2pp | 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 23 | Q2 23 | Q3 23E | Q4 23E |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| Net sales | 302.1 | 307.2 | 291.8 | 353.2 | 332.6 | 319.1 | 292.6 | 304.1 | 275.0 | 267.8 | 258.8 | 307.9 |
| growth y/y | 18% | 10% | 9% | 13% | 10% | 4% | 0% | -14% | -17% | -16% | -12% | 1% |
| LFL | 23% | 14% | 10% | 11% | 14% | 8% | 0% | -12% | -13% | -13% | -6% | 5% |
| Gross profit | 131.9 | 132.4 | 122.6 | 152.8 | 147.9 | 140.2 | 133.3 | 134.6 | 127.7 | 125.3 | 121.2 | 144.2 |
| Gross margin | 43.7% | 43.1% | 42.0% | 43.3% | 44.5% | 43.9% | 45.6% | 44.3% | 46.4% | 46.8% | 46.8% | 46.8% |
| Other operating income | 0.9 | 1.2 | 1.2 | 0.8 | 5.2 | 7 | -6.6 | 0.0 | 0.5 | 0.7 | 1.4 | 0.0 |
| Sales and marketing | -59.5 | -66.1 | -58.9 | -83.0 | -67.9 | -71.2 | -63.7 | -73.4 | -62.6 | -70.3 | -61.8 | -71.2 |
| Administration | -23.7 | -25.0 | -26.1 | -42.1 | -32.3 | -29.2 | -28.2 | -31.2 | -30.9 | -28.4 | -26.2 | -29.2 |
| R&D | -3.7 | -3.8 | -3.7 | -4.4 | -5.0 | -5.2 | -4.8 | -5.8 | -5.6 | -4.8 | -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 | 0.0 | -0.4 | -0.1 | -0.4 |
| EBIT | 45.9 | 38.3 | 34.7 | 23.8 | 41.4 | 39.5 | 29.5 | 24.4 | 29.1 | 22.1 | 29.5 | 38.4 |
| EBIT margin | 15.2% | 12.5% | 11.9% | 6.7% | 12.4% | 12.4% | 10.1% | 8.0% | 10.6% | 8.3% | 11.4% | 12.5% |
| NRI | -0.7 | -2.9 | 0.6 | -8.5 | -10.3 | 3.2 | -3.8 | -5.3 | -2.3 | -1.2 | 0 | 0 |
| Adj. EBIT | 46.6 | 41.2 | 34.1 | 32.3 | 51.7 | 36.3 | 33.3 | 29.7 | 31.4 | 23.3 | 29.5 | 38.4 |
| Adj. EBIT margin | 15.4% | 13.4% | 11.7% | 9.1% | 15.5% | 11.4% | 11.4% | 9.8% | 11.4% | 8.7% | 11.4% | 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 | 1.1 | 1.5 | 0.2 | 0.2 |
| Financial income and expenses | -4.3 | 1.5 | 2.8 | 0.1 | 0.7 | -0.7 | -2.6 | -9.0 | -3.6 | -7.1 | -3.0 | -3.0 |
| PTP | 41.9 | 40.2 | 37.8 | 24.1 | 42.6 | 39.4 | 27.8 | 14.5 | 26.6 | 16.5 | 26.7 | 35.6 |
| Taxes | -33.7 | -9 | -8 | -5.9 | -11.2 | -5.8 | -4.9 | -3.1 | -5.8 | -4.0 | -5.3 | -7.1 |
| 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 | 20.8 | 12.5 | 21.3 | 28.4 |
| Minority | 0.2 | 0.2 | 0.2 | 0.3 | 0.2 | 0.1 | 0.4 | 0.1 | 0.3 | 0 | 0.2 | 0.2 |
| EPS | 0.10 | 0.38 | 0.36 | 0.22 | 0.38 | 0.41 | 0.27 | 0.14 | 0.25 | 0.15 | 0.26 | 0.35 |
| Adj. EPS | 0.11 | 0.42 | 0.36 | 0.33 | 0.51 | 0.37 | 0.33 | 0.20 | 0.29 | 0.17 | 0.26 | 0.35 |

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 23 | Q2 23 | Q3 23E | Q4 23E |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| Net sales | | | | | | | | | | | | |
| Vita | 108.2 | 115.6 | 133.8 | 187.0 | 120.8 | 126.8 | 140.3 | 175.9 | 107.7 | 113.7 | 128.2 | 175.5 |
| Terra | 157.1 | 148.7 | 111.5 | 118.2 | 173.1 | 139.4 | 108.1 | 86.7 | 129.5 | 105.9 | 90.7 | 90.8 |
| Crea | 35.9 | 42.2 | 45.6 | 46.9 | 38.1 | 51.9 | 43.1 | 40.3 | 37.3 | 47.1 | 38.8 | 40.6 |
| Other | 0.9 | 0.8 | 0.9 | 1.2 | 0.7 | 0.9 | 1.1 | 1.2 | 0.5 | 1.1 | 1.0 | 1.0 |
| GROUP | 302.1 | 307.3 | 291.8 | 353.3 | 332.7 | 319.0 | 292.6 | 304.1 | 275.0 | 267.8 | 258.8 | 307.9 |
| Adj. EBIT | | | | | | | | | | | | |
| Vita | 10.6 | 12.2 | 24.5 | 31.9 | 10.7 | 14.4 | 24.6 | 35.9 | 7.8 | 3.0 | 22.0 | 39.2 |
| Terra | 31.2 | 17.4 | 6.2 | -3.2 | 35.5 | 15.0 | 5.2 | -7.3 | 22.8 | 11.8 | 2.8 | -3.7 |
| Crea | 8.1 | 11.3 | 11.4 | 5.7 | 8.1 | 11.7 | 10.0 | 4.5 | 7.8 | 12.8 | 8.7 | 6.9 |
| Other | -3.4 | 0.5 | -8.0 | -2.2 | -2.4 | -4.8 | -6.6 | -3.5 | -7.2 | -4.2 | -4.0 | -4.0 |
| GROUP | 46.5 | 41.4 | 34.1 | 32.2 | 51.9 | 36.3 | 33.2 | 29.6 | 31.2 | 23.4 | 29.5 | 38.4 |
| Adj. EBIT margin | | | | | | | | | | | | |
| Vita | 9.8% | 10.6% | 18.3% | 17.1% | 8.9% | 11.4% | 17.5% | 20.4% | 7.2% | 2.6% | 17.2% | 22.3% |
| Terra | 19.9% | 11.7% | 5.6% | -2.7% | 20.5% | 10.8% | 4.8% | -8.4% | 17.6% | 11.1% | 3.1% | -4.1% |
| Crea | 22.6% | 26.8% | 25.0% | 12.2% | 21.3% | 22.5% | 23.2% | 11.2% | 20.9% | 27.2% | 22.4% | 17.1% |
| GROUP | 15.4% | 13.5% | 11.7% | 9.1% | 15.6% | 11.4% | 11.3% | 9.7% | 11.3% | 8.7% | 11.4% | 12.5% |
| Sales growth, % | | | | | | | | | | | | |
| Vita | 16% | 43% | 21% | 9% | 12% | 10% | 5% | -6% | -11% | -10% | -9% | 0% |
| Terra | 22% | -3% | -1% | 21% | 10% | -6% | -3% | -27% | -25% | -24% | -16% | 5% |
| Crea | 11% | -6% | 10% | 8% | 6% | 23% | -5% | -14% | -2% | -9% | -10% | 1% |
| GROUP | 18% | 10% | 9% | 13% | 10% | 4% | 0% | -14% | -17% | -16% | -12% | 1% |
| Sales split, % | | | | | | | | | | | | |
| Vita | 36% | 38% | 46% | 53% | 36% | 40% | 48% | 58% | 39% | 42% | 50% | 57% |
| Terra | 52% | 48% | 38% | 33% | 52% | 44% | 37% | 29% | 47% | 40% | 35% | 29% |
| Crea | 12% | 14% | 16% | 13% | 11% | 16% | 15% | 13% | 14% | 18% | 15% | 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 | 1109.5 | 1186.8 | 1246.3 | 0% |
| growth y/y | 9% | -2% | -6% | -3% | 2% | 12% | 0% | -11% | 7% | 5% | |
| LFL | 2% | 2% | -2% | -4% | 4% | 14% | 2% | -7% | 7% | 5% | |
| Gross profit | 502.8 | 512.2 | 485.0 | 447.3 | 452.0 | 539.7 | 556.0 | 518.3 | 559.2 | 592.2 | 2% |
| Gross margin | 41.7% | 43.2% | 43.4% | 41.0% | 40.5% | 43.0% | 44.5% | 46.7% | 47.1% | 47.5% | |
| Other operating income | 18.5 | 7.1 | 5.2 | 1.9 | 6.4 | 4.1 | 5.6 | 2.6 | 2.7 | 2.7 | |
| Sales and marketing | -298.3 | -300.2 | -281.4 | -284.4 | -241.4 | -267.5 | -276.2 | -265.9 | -281.8 | -297.3 | 2% |
| Administration | -115.0 | -99.9 | -90.1 | -86.1 | -90.4 | -116.9 | -120.9 | -114.7 | -112.7 | -115.0 | -2% |
| R&D | -18.0 | -18.8 | -18.4 | -18.5 | -16.5 | -15.5 | -20.8 | -20.4 | -20.4 | -20.4 | -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 | -0.9 | -0.2 | -1.0 | -52% |
| EBIT | 82.6 | 97.9 | 91.5 | 59.9 | 98.0 | 142.8 | 134.8 | 119.0 | 146.7 | 161.3 | 6% |
| EBIT margin | 6.9% | 8.3% | 8.2% | 5.5% | 8.8% | 11.4% | 10.8% | 10.7% | 12.4% | 12.9% | |
| NRI | -11.1 | -5.8 | -9.2 | -17.7 | -10.9 | -11.5 | -16.2 | -3.5 | 0 | 0 | |
| Adj. EBIT | 93.7 | 103.7 | 100.7 | 77.6 | 108.9 | 154.3 | 151.0 | 122.5 | 146.7 | 161.3 | 2% |
| Adj. EBIT margin | 7.8% | 8.7% | 9.0% | 7.1% | 9.8% | 12.3% | 12.1% | 11.0% | 12.4% | 12.9% | |
| Change in fair value of biological assets | -0.5 | 0.7 | 2 | -0.3 | 0.8 | 1.3 | 1.1 | 3 | 0.5 | 0.5 | |
| Financial income and expenses | 10.5 | 119.3 | 9.4 | 3.4 | -8.8 | 0 | -11.6 | -16.7 | -11.7 | -11.2 | |
| PTP | 92.6 | 217.9 | 102.9 | 63.0 | 90.0 | 144.1 | 124.3 | 105.3 | 135.5 | 150.6 | 7% |
| Taxes | -27.4 | -50.8 | -21.1 | -10.8 | -21.4 | -56.5 | -25.0 | -22.2 | -27.1 | -30.1 | |
| 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 | 83.1 | 108.4 | 120.4 | 7% |
| Minority | 1.3 | 0.7 | 0.2 | 0.7 | 0.7 | 0.9 | 0.8 | 0.7 | 0.7 | 0.7 | |
| EPS | 0.78 | 2.03 | 1.00 | 0.63 | 0.83 | 1.06 | 1.20 | 1.02 | 1.33 | 1.48 | 7% |
| Adj. EPS | 0.92 | 2.10 | 1.11 | 0.84 | 0.96 | 1.20 | 1.40 | 1.06 | 1.33 | 1.48 | |

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 | 525 | 557 | 585 | 1% |
| Terra | | | | 443 | 494 | 535 | 507 | 417 | 459 | 486 | -1% |
| Crea | | | | 143 | 162 | 171 | 173 | 164 | 168 | 172 | 0% |
| Other | | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | -3% |
| GROUP | | | | 1090 | 1116 | 1254 | 1248 | 1109 | 1187 | 1246 | 0% |
| Adj. EBIT | | | | | | | | | | | |
| Vita | | | | 38.9 | 41.0 | 79.2 | 85.6 | 72.0 | 89.6 | 97.2 | 4% |
| Terra | | | | 36.2 | 67.5 | 51.6 | 48.4 | 33.6 | 39.9 | 45.6 | -2% |
| Crea | | | | 28.1 | 41.0 | 36.5 | 34.3 | 36.2 | 36.9 | 38.3 | 4% |
| Other | | | | -12.4 | -12.9 | -13.1 | -17.3 | -19.4 | -19.6 | -19.9 | 5% |
| GROUP | | | | 77.6 | 108.9 | 154.3 | 151.0 | 122.5 | 146.7 | 161.3 | 2% |
| Adj. EBIT margin | | | | | | | | | | | |
| Vita | | | | 7.8% | 9.0% | 14.5% | 15.2% | 13.7% | 16.1% | 16.6% | |
| Terra | | | | 8.2% | 13.7% | 9.6% | 9.5% | 8.1% | 8.7% | 9.4% | |
| Crea | | | | 19.7% | 25.3% | 21.4% | 19.8% | 22.1% | 22.0% | 22.3% | |
| GROUP | | | | 7.1% | 9.8% | 12.3% | 12.1% | 11.0% | 12.4% | 12.9% | |
| Sales growth, % | | | | | | | | | | | |
| Vita | | | | | -9% | 19% | 4% | -7% | 6% | 5% | |
| Terra | | | | | 12% | 8% | -5% | -18% | 10% | 6% | |
| Crea | | | | | 13% | 5% | 2% | -6% | 2% | 2% | |
| GROUP | | | | | 2% | 12% | 0% | -11% | 7% | 5% | |
| Sales split, % | | | | | | | | | | | |
| Vita | | | | 46% | 41% | 43% | 45% | 47% | 47% | 47% | |
| Terra | | | | 41% | 44% | 43% | 41% | 38% | 39% | 39% | |
| Crea | | | | 13% | 15% | 14% | 14% | 15% | 14% | 14% | |

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 for 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 its 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 consumers' 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 potentially 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 their 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 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. 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. |
| Some product categories are affected by outside forces, such as weather | Seasonality 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. Fiskars addresses this seasonality by maintaining a broad and diversified product portfolio and a wide geographical footprint. |
| Acquisitions, although not high on Fiskars Group's agenda, could pose a risk | Acquisitions 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. |
| Fiskars Group's financial investments could cause fluctuations in group earnings | Financial investments 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. |

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 | 1,109 | 1,187 | 1,246 |
| Revenue growth | 44.0% | 9.0% | -1.6% | -5.7% | -2.5% | 2.4% | 12.4% | -0.5% | -11.1% | 7.0% | 5.0% |
| of which organic | 3.7% | 1.6% | 1.5% | -2.4% | -3.9% | 3.8% | 14.2% | 1.7% | -7.1% | 7.0% | 5.0% |
| 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 | 178 | 207 | 224 |
| Depreciation and impairments PPE | -43 | -37 | -39 | -44 | -60 | -76 | -62 | -59 | -59 | -61 | -63 |
| of which leased assets | 0 | 0 | 0 | 0 | -24 | -24 | -24 | -24 | -24 | -24 | -25 |
| EBITA | 47 | 83 | 98 | 92 | 60 | 98 | 143 | 135 | 119 | 147 | 161 |
| Amortisation and impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBIT | 47 | 83 | 98 | 92 | 60 | 98 | 143 | 135 | 119 | 147 | 161 |
| 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 | -17 | -12 | -11 |
| 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 | 3 | 1 | 1 |
| Pre-tax profit | 126 | 93 | 218 | 103 | 63 | 90 | 144 | 124 | 105 | 136 | 151 |
| Reported taxes | -39 | -27 | -51 | -21 | -11 | -21 | -57 | -25 | -22 | -27 | -30 |
| Net profit from continued operations | 86 | 65 | 167 | 82 | 52 | 69 | 88 | 99 | 83 | 108 | 120 |
| 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 | 82 | 108 | 120 |
| EPS, EUR | 1.05 | 0.78 | 2.03 | 1.00 | 0.63 | 0.83 | 1.06 | 1.20 | 1.02 | 1.33 | 1.48 |
| 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% | 16.1% | 17.5% | 18.0% |
| EBITA | 4.2% | 6.9% | 8.3% | 8.2% | 5.5% | 8.8% | 11.4% | 10.8% | 10.7% | 12.4% | 12.9% |
| EBIT | 4.2% | 6.9% | 8.3% | 8.2% | 5.5% | 8.8% | 11.4% | 10.8% | 10.7% | 12.4% | 12.9% |

Adjusted earnings

| | | | | | | | | | | | |
|----------------|------|------|------|------|------|------|------|------|------|------|------|
| EBITDA (adj) | 108 | 131 | 143 | 145 | 137 | 185 | 216 | 210 | 182 | 207 | 224 |
| EBITA (adj) | 65 | 94 | 104 | 101 | 78 | 109 | 154 | 151 | 123 | 147 | 161 |
| EBIT (adj) | 65 | 94 | 104 | 101 | 78 | 109 | 154 | 151 | 123 | 147 | 161 |
| EPS (adj, EUR) | 1.28 | 0.92 | 2.10 | 1.11 | 0.84 | 0.96 | 1.20 | 1.40 | 1.06 | 1.33 | 1.48 |

Adjusted profit margins in percent

| | | | | | | | | | | | |
|--------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| EBITDA (adj) | 9.8% | 10.9% | 12.0% | 12.9% | 12.6% | 16.6% | 17.2% | 16.9% | 16.4% | 17.5% | 18.0% |
| EBITA (adj) | 5.9% | 7.8% | 8.7% | 9.0% | 7.1% | 9.8% | 12.3% | 12.1% | 11.0% | 12.4% | 12.9% |
| EBIT (adj) | 5.9% | 7.8% | 8.7% | 9.0% | 7.1% | 9.8% | 12.3% | 12.1% | 11.0% | 12.4% | 12.9% |

Performance metrics

| | | | | | | | | | | | |
|-----------------------|--------|--------|-------|-------|--------|-------|-------|--------|--------|-------|-------|
| CAGR last 5 years | | | | | | | | | | | |
| Net revenue | 9.1% | 10.2% | 9.7% | 7.0% | 7.3% | 0.2% | 0.8% | 1.0% | -0.2% | 1.7% | 2.2% |
| EBITDA | 1.2% | 10.1% | 9.8% | 8.4% | 10.9% | 14.3% | 11.2% | 7.3% | 5.7% | 11.7% | 5.1% |
| EBIT | -1.1% | 9.4% | 8.9% | 8.4% | 7.0% | 16.1% | 11.6% | 6.6% | 5.4% | 19.6% | 10.5% |
| EPS | -1.7% | -16.4% | -1.4% | -2.8% | -41.8% | -4.7% | 6.3% | -10.0% | 0.4% | 16.2% | 12.3% |
| 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% | 9.5% | 10.8% | 11.7% |
| Average EBITDA margin | 9.9% | 9.9% | 10.0% | 10.3% | 10.5% | 12.0% | 13.4% | 14.2% | 15.0% | 16.2% | 16.7% |

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 | 15.0 | 11.9 | 10.7 |
| EV/EBITDA (adj) | 8.1 | 6.0 | 7.4 | 4.2 | 8.7 | 7.4 | 9.4 | 7.5 | 8.1 | 6.8 | 6.2 |
| EV/EBITA (adj) | 13.4 | 8.4 | 10.2 | 6.0 | 15.3 | 12.6 | 13.2 | 10.5 | 12.0 | 9.6 | 8.6 |
| EV/EBIT (adj) | 13.4 | 8.4 | 10.2 | 6.0 | 15.3 | 12.6 | 13.2 | 10.5 | 12.0 | 9.6 | 8.6 |

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 | 15.6 | 11.9 | 10.7 |
| EV/Sales | 0.79 | 0.65 | 0.89 | 0.54 | 1.09 | 1.23 | 1.62 | 1.27 | 1.33 | 1.19 | 1.11 |
| EV/EBITDA | 9.8 | 6.5 | 7.7 | 4.4 | 9.9 | 7.9 | 9.9 | 8.2 | 8.3 | 6.8 | 6.2 |
| EV/EBITA | 18.8 | 9.5 | 10.8 | 6.6 | 19.8 | 14.0 | 14.2 | 11.8 | 12.4 | 9.6 | 8.6 |
| EV/EBIT | 18.8 | 9.5 | 10.8 | 6.6 | 19.8 | 14.0 | 14.2 | 11.8 | 12.4 | 9.6 | 8.6 |
| 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% | 17.7% | 11.9% | 9.5% |
| FCF Yield bef A&D, lease adj | 1.3% | 4.3% | 4.9% | 6.5% | 3.5% | 11.8% | 3.4% | -10.6% | 15.8% | 10.0% | 7.6% |
| Payout ratio | 54.6% | 115.8% | 34.2% | 527.7% | 66.3% | 62.4% | 63.4% | 57.1% | 79.2% | 66.2% | 62.2% |

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 | 295 | 307 | 320 |
| 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 | 827 | 839 | 852 |
| Inventory | 234 | 225 | 205 | 220 | 232 | 207 | 273 | 365 | 291 | 275 | 289 |
| Accounts receivable | 211 | 204 | 214 | 220 | 203 | 214 | 206 | 171 | 185 | 221 | 233 |
| 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 | 28 | 30 | 31 |
| Cash and bank | 540 | 482 | 604 | 478 | 9 | 63 | 32 | 118 | 159 | 119 | 146 |
| Total current assets | 988 | 968 | 1,076 | 950 | 496 | 536 | 560 | 731 | 686 | 671 | 724 |
| 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 | 1,513 | 1,509 | 1,576 |
| Shareholders equity | 1,191 | 1,218 | 1,269 | 1,207 | 761 | 758 | 812 | 832 | 848 | 888 | 937 |
| 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 | 6 |
| Total Equity | 1,194 | 1,220 | 1,272 | 1,210 | 765 | 762 | 816 | 836 | 853 | 894 | 943 |
| 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 | 4 | 5 | 5 |
| Accounts payable | 237 | 238 | 247 | 268 | 268 | 310 | 139 | 69 | 117 | 161 | 169 |
| 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 | 163 | 174 | 183 |
| 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 | 404 | 409 | 427 |
| 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 | 1,513 | 1,509 | 1,576 |
| Balance sheet and debt metrics | | | | | | | | | | | |
| Net debt | -270 | -289 | -404 | -317 | 262 | 144 | 145 | 324 | 183 | 123 | 97 |
| 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 | 224 | 192 | 201 |
| Invested capital | 994 | 1,032 | 978 | 966 | 1,062 | 942 | 969 | 1,193 | 1,050 | 1,031 | 1,053 |
| Capital employed | 1,464 | 1,413 | 1,472 | 1,371 | 1,036 | 969 | 993 | 1,277 | 1,195 | 1,136 | 1,185 |
| ROE | 7.4% | 5.3% | 13.4% | 6.6% | 5.2% | 8.9% | 11.0% | 12.0% | 9.8% | 12.4% | 13.1% |
| ROIC | 6.5% | 7.3% | 8.2% | 8.2% | 6.0% | 8.6% | 12.8% | 11.0% | 8.6% | 11.1% | 12.2% |
| ROCE | 4.7% | 6.5% | 7.2% | 7.1% | 6.4% | 10.9% | 15.7% | 13.3% | 9.9% | 12.6% | 13.9% |
| Net debt/EBITDA | -3.0 | -2.4 | -3.0 | -2.3 | 2.2 | 0.8 | 0.7 | 1.7 | 1.0 | 0.6 | 0.4 |
| 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% | 56.1% | 58.8% | 59.4% |
| Net gearing | -22.6% | -23.7% | -31.7% | -26.2% | 34.3% | 19.0% | 17.8% | 38.7% | 21.4% | 13.7% | 10.2% |

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 | 178 | 207 | 224 |
| Paid taxes | -18 | -60 | -26 | -26 | -18 | -20 | -36 | -29 | -22 | -27 | -30 |
| Net financials | 15 | 23 | -1 | -5 | -3 | -4 | -5 | -7 | -17 | -12 | -11 |
| Change in provisions | 11 | 9 | -9 | -5 | -2 | 1 | 9 | -13 | -14 | 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 | 157 | 169 | 183 |
| Change in NWC | -51 | 29 | 7 | 13 | 4 | 46 | -57 | -209 | 115 | 32 | -10 |
| Cash flow from operations (CFO) | 47 | 84 | 104 | 106 | 97 | 199 | 123 | -61 | 272 | 201 | 173 |
| Capital expenditure | -32 | -38 | -33 | -46 | -40 | -30 | -34 | -48 | -45 | -48 | -50 |
| Free cash flow before A&D | 15 | 46 | 71 | 60 | 57 | 169 | 88 | -110 | 227 | 153 | 123 |
| 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 | 227 | 153 | 123 |
| Free cash flow bef A&D, lease adj | 15 | 46 | 71 | 60 | 33 | 145 | 64 | -134 | 203 | 128 | 98 |
| 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 | -21 | -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 | 41 | -39 | 27 |
| Cash flow metrics | | | | | | | | | | | |
| Capex/D&A | 75.7% | n.m. | 84.5% | n.m. | 67.2% | 39.4% | 55.8% | 81.0% | 76.3% | 79.4% | 80.8% |
| 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 | 1,286 | 1,286 | 1,286 |
| Enterprise value | 873 | 784 | 1,057 | 601 | 1,188 | 1,375 | 2,033 | 1,587 | 1,474 | 1,415 | 1,389 |
| 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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