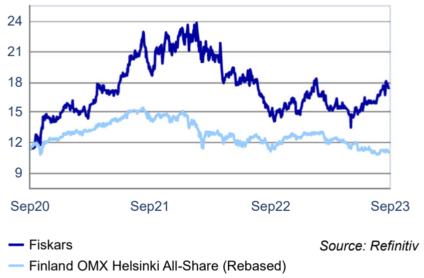
Fiskars

Consumer Goods
Finland

KEY DATA

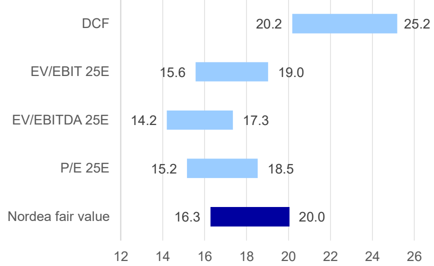
Stock country	Finland
Bloomberg	FIS1V FH
Reuters	FSKRS.HE
Share price (close)	EUR 17.40
Free float	58%
Market cap. (bn)	EUR 1.41/EUR 1.41
Website	fiskarsgroup.com
Next report date	26 Oct 2023

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	5%	13%	14%
EBIT (adj)	-2%	-1%	15%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Joni Sandvall
Analyst

Svante Krokfors
Director

The transformation continues

On top of the EUR 30m cost-savings programme launched in January, Fiskars announced on 13 September that it plans to change its organisational structure, with targeted cost savings of EUR 25m. The next day, the company also announced the acquisition of the luxury brand Georg Jensen, which is expected to close in early Q4 2023. The deal could improve underlying growth via a broader offering, and Fiskars targets material synergies of EUR 18m. The company is steering itself towards its financial targets, but we believe improved market conditions will be needed to reach its mid-teen EBIT margin target by 2025. We maintain our DCF- and multiples-based fair value range of EUR 16.3-20.0 per share.

Market conditions have remained muted

Ahead of the Q3 report, we expect no material changes in market conditions for the quarter. US retailer inventories remain elevated, while consumers remain cautious across key markets in the US and Europe. In China, consumer goods sales growth has remained positive and we expect Fiskars to report double-digit y/y growth in the country for Q3, although below the Q2 level of 50%. We also expect y/y sales growth in own e-commerce sales and the share of direct-to-consumer (DTC) sales to increased. Own production and sourcing volumes have likely remained muted, which has presumably pressured gross margins. Operating cash flow should benefit from lower inventories. We are 3% below Refinitiv consensus on Q3 sales and 7% below on adjusted EBIT. For the full year, we expect EUR 121m adjusted EBIT.

Georg Jensen appears to be a good strategic fit

We incorporate the Georg Jensen acquisition into our estimates with an expected closing at the beginning of Q4. We raise the 2023E top line by 5% and 2024E-25E by 13-14%. Purchase price allocation is expected to burden 2023E-24E EPS. We lower 2023E adjusted EPS by 3%, 2024E by 12%, and raise 2025E by 10%. The acquisition appears to be a good strategic fit and it should improve the group gross margin by ~2%, increase the DTC share of sales and offer a wider luxury portfolio for Fiskars. Targeted EUR 18m synergies, mostly within 24 months, is likely related to the consolidation of sourcing and an optimised manufacturing footprint, in our view. We also think the company is aiming for higher growth, especially with improved growth opportunities in China. Georg Jensen will be reported under Vita, while Crea and Terra will be reported under a new business area, Fiskars, from the beginning of Q4. Fiskars will host a CMD event on 2 November.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	1,090	1,116	1,254	1,248	1,162	1,343	1,417
EBITDA (adj)	137	185	216	210	190	243	264
EBIT (adj)	78	109	154	151	121	146	186
EBIT (adj) margin	7.1%	9.8%	12.3%	12.1%	10.4%	10.9%	13.1%
EPS (adj, EUR)	0.84	0.96	1.20	1.40	1.03	1.17	1.63
EPS (adj) growth	-23.8%	13.9%	24.6%	16.8%	-26.2%	13.3%	39.0%
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	1.6	1.3	1.2
EV/EBIT (adj)	15.3	12.6	13.2	10.5	15.0	11.9	9.1
P/E (adj)	13.3	15.6	19.2	11.0	16.8	14.9	10.7
P/BV	1.2	1.6	2.3	1.5	1.7	1.6	1.5
Dividend yield (ord)	5.0%	4.0%	3.3%	5.2%	4.8%	5.1%	5.3%
FCF Yield bef A&D, lease	3.5%	11.8%	3.4%	-10.6%	10.8%	10.3%	7.7%
Net debt	262	144	145	324	392	315	279
Net debt/EBITDA	2.2	0.8	0.7	1.7	2.2	1.3	1.1
ROIC after tax	6.0%	8.6%	12.8%	11.0%	7.8%	9.4%	12.1%

Source: Company data and Nordea estimates

Fiskars is reforming itself

On top of the EUR 30m cost savings target announced in January 2023, Fiskars has announced a EUR 25m organisational simplification programme. The company has implemented multiple restructuring and cost-cutting programmes over the past ten years. We note its good track record in terms of hitting targeted cost savings with lower than expected total costs. As part of the simplification programme, the company aims to combine the current Terra and Crea business areas into a single business area called Fiskars, which will offer Fiskars and Gerber branded products in the gardening, outdoor, cooking, scissors and creative categories. In addition to the restructuring programmes, the company announced on 14 September that it will expand its portfolio of luxury brands with the acquisition of the renowned Danish luxury lifestyle brand Georg Jensen.

Fiskars has a long history of reforming itself

Over the past decade, Fiskars has implemented multiple restructuring and cost-cutting programmes. We note the company's good track record with higher than targeted costs savings and lower than expected costs. However, we also note the current market conditions, which will likely continue to put pressure on underlying business operations.

Below, we outline the various restructuring programmes that Fiskars has implemented over the past ten years.

EMEA 2015 restructuring

In June 2013, Fiskars announced a restructuring programme for EMEA, aiming to improve the competitiveness and cost structure of Fiskars' end-to-end supply chain and align sales units in the region with the company's new business model.

The EMEA 2015 restructuring prompted cost savings of EUR 13m

Fiskars estimated the total cost of the programme at EUR 25-30m, with investments exceeding EUR 10m and cost savings of EUR 9-11m by 2015. The actual total cost in 2013-15 was EUR 21.3m. In 2015, Fiskars announced that annual cost savings from the programme would reach EUR 13m in 2016.

Supply Chain 2017 programme

In September 2015, Fiskars announced the continuation of its Supply Chain 2017 programme to optimise its global supply chain network in Europe and Asia.

The Supply Chain 2017 programme generated annual cost savings of EUR 8m

Fiskars estimated the total cost of the programme at EUR 20m in 2015-17, and the company targeted EUR 8m in annual costs savings after 2017. Fiskars completed the programme during 2017, at a total cost of EUR 11.2m and with EUR 8m in targeted annual cost savings.

Alignment programme

In November 2016, Fiskars launched its Alignment programme, focusing on structural changes in the organisation. This included a proposed headcount reduction and the full integration of the English & Crystal Living business acquired in 2015. The company estimated the net headcount reduction to total 130 positions globally.

The Alignment programme achieved EUR 14m in annual cost savings

Fiskars estimated the total cost of the programme to be approximately EUR 15m in 2016-17 and it targeted annual cost savings of EUR 14m. The Alignment programme was completed at the end of 2018 at a total cost of EUR 15m. The targeted EUR 14m in annual cost savings was achieved in 2017.

Living transformation programme

In October 2018, Fiskars launched a transformation programme in its former Living business, aimed at increasing efficiency, reducing complexity and accelerating long-term strategic development.

EUR 17m in annual cost savings from the Transformation programme

The initiative targeted annual cost savings of approximately EUR 17m by the end of 2021. Fiskars estimated the total cost of the programme at around EUR 40m in 2018-21. The company reached the targeted cost savings by the end of 2021. The total cost of the programme was EUR 30m.

Restructuring programme

In December 2019, Fiskars announced plans to change its organisational structure, and it launched a company-wide Restructuring programme targeting EUR 20m in annual cost savings. The total cost of the programme was expected to be approximately EUR 30m by the end of 2021.

EUR 20m from the Restructuring programme

The company achieved the targeted cost savings by the end of 2021. The total cost of the programme was EUR 12.5m.

PROFIT IMPROVEMENT PROGRAMMES IN 2013-23

Programme	Start	End	Targeted cost savings	Actual cost savings	Expected costs	Realised costs
EMEA 2015	2013	2016	EUR 9-11m	EUR 13m	EUR 25-30m	EUR 21.3m
Supply Chain 2017	2015	2017	EUR 8m	EUR 8m	EUR 20m	EUR 11.2m
Alignment	2016	2018	EUR 14m	EUR 14m	EUR 15m	EUR 15m
Transformation	2018	2021	EUR 17m	EUR 17m	EUR 40m	EUR 30m
Restructuring	2019	2021	EUR 20m	EUR 20m	EUR 30m	EUR 12.5m
Accelerate Growth	**2023**		**EUR 30m**		**EUR 5m**	**EUR 5m**
Simplify structure	**2023**		**EUR 25m**		**EUR 6m**	

Source: Company data

Current transformational programmes

EUR 30m cost savings announced at the beginning of 2023...

In January 2023, Fiskars announced organisational changes to accelerate its strategy execution. As part of the programme, three business areas simplified their organisation in order to further drive end-to-end accountability and enhance the focus on brands and consumers. Fiskars targets annual cost savings of approximately EUR 30m, of which about half are to be realised in H2 2023. The total cost of the programme is approximately EUR 5m (as planned). Organisational changes were completed in Q2 2023 with the reduction of around 100 roles globally (as planned).

...followed by an additional EUR 25m announced in September

In September 2023, Fiskars announced plans to simplify its organisational structure to speed up the continued transformation of the company and to increase efficiency. As part of the programme, the company plans to combine the Terra and Crea business areas into a new business area called Fiskars, which will offer Fiskars and Gerber branded products in the gardening, outdoor, cooking, scissors and creative categories. In addition, the company is planning to simplify its global supply chain organisation in order to increase efficiency and ensure competitiveness. The planned organisational changes are expected to lead to a net reduction of around 400 roles globally, of which the majority are in the global supply chain. Fiskars targets annual cost savings of around EUR 25m, mostly during 2024. One-off costs of around EUR 6m are expected to be booked in Q4 2023.

Acquisition of Georg Jensen

The acquisition of Georg Jensen is expected to be completed in early Q4...

On 14 September, Fiskars announced the acquisition of Georg Jensen, a renowned Danish luxury lifestyle brand with an enterprise value of USD 165m (EUR 151.5m). The deal value corresponds to LTM EV/sales of 1.0x, EV/EBITDA of 5.6x (9.5x excluding IFRS 16) and EV/EBIT of 11.5x. If assuming full synergies (EUR 18m), LTM EV/EBIT would be 5.1x. The acquisition is expected to be completed in early Q4 2023, subject to customary closing conditions.

...and will likely lead to a guidance revision

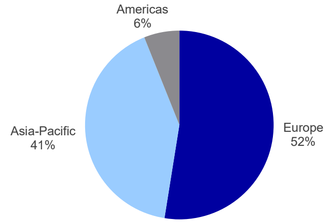
Due to purchase price allocations, Fiskars expects the transaction to be EPS-dilutive in 2023-24. Fiskars' guidance for 2023 does not take the acquisition into account, while the company expects its guidance to be negatively impacted due to PPAs. The current guidance for adjusted EBIT for 2023 is EUR 120-130m, and it will be reviewed when reasonable estimates can be made.

Georg Jensen had LTM net sales of EUR 153.5m and EBIT of EUR 11.5m

Following the acquisition, Fiskars' direct-to-consumer share of sales increases to ~24% (21% in 2022) while the sales split between Vita and Fiskars (according to the new reporting structure effective from the beginning of Q4 2023) will be even. Georg Jensen sales are evenly split between jewellery and home, and Georg Jensen will be another brand for Fiskars with more than EUR 100m in sales.

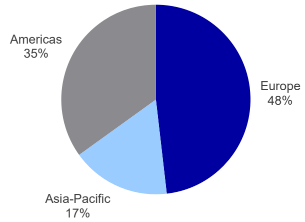
In 2022, Georg Jensen reported net sales of EUR 153.5m with a 62% gross margin, and EBITDA of EUR 30.6m (19.4% margin) and EBIT of EUR 14.9m (9.4% margin). Given the challenging market conditions, Georg Jensen's LTM (until June 2023) net sales were EUR 153.5m, with EBITDA of EUR 26.9m and EBIT of EUR 11.5m.

GEOGRAPHICAL SPLIT OF GEORG JENSEN, 2022



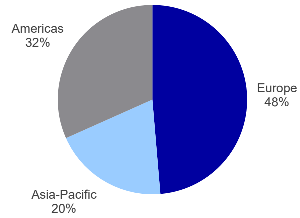
Source: Company data

GEOGRAPHICAL SPLIT OF FISKARS GROUP, 2022



Source: Company data

PRO FORMA GEOGRAPHICAL SPLIT OF FISKARS GROUP, 2022



Source: Company data

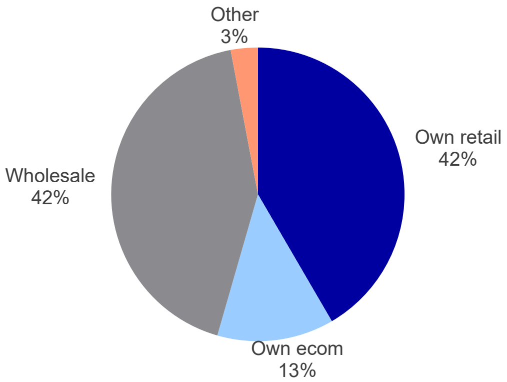
The acquisition introduces a new category, jewellery, to Fiskars' offering

The acquisition introduces a new category, jewellery, to Fiskars' offering. In 2022, own retail made up 42% of Georg Jensen sales, while wholesale represented 43% of sales. Own e-commerce sales accounted for 13% of sales in 2022 (Fiskars 6%).

It also supports a higher share of own retail sales

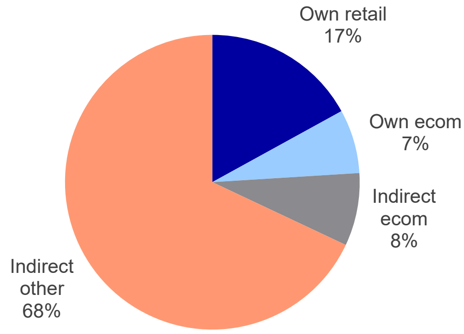
On a pro forma level, Fiskars' own retail share of sales would increase to 17% (14% in 2022) and own e-commerce to 7% (6%) after the acquisition. The share of indirect e-commerce sales remains intact, while other indirect channels decline to 68% of sales (71%). We note that the change in channel mix is in line with Fiskars' strategy and should improve pricing power and the company's ability to direct its sales efforts.

GEORG JENSEN CHANNEL MIX, 2022



Source: Company data

PRO FORMA CHANNEL MIX OF FISKARS GROUP, 2022



Source: Company data

Fiskars expects EUR 18m in annual synergies within the next 24 months

Fiskars expects material synergies of EUR 18m from the acquisition within the next 24 months, mainly through support functions and sourcing. Transaction costs are expected to be EUR 5m (recorded in Q4 2023), while integration costs related to the acquisition are expected by the company to be EUR 10m in 2024-26. Given the scale of synergies, we expect Fiskars to consolidate its sourcing and possibly manufacturing footprint.

Leverage is likely to increase temporarily to around 2.5x

The acquisition will be fully debt financed. At the end of Q2 2023, net debt for Fiskars Group was EUR 342m, with leverage of 2.08x. On a pro forma level, leverage would increase to 2.6x at the end of H2, while we note that the company has been focusing on profit and cash flow protection in 2023. We anticipate strong operating cash flows in H2 and we do not expect temporarily higher leverage to be an issue for Fiskars.

Based on the confidence of Fiskars' management, we expect relatively fast organic deleveraging after the acquisition. Targeted synergies are material and we note that the company has a good track record of achieving its targeted cost savings. The acquisition appears to be a good strategic fit for Fiskars and we expect a smoother integration of the businesses compared to, for example, the English & Crystal Living business acquired in 2015.

GEORG JENSEN: KEY FIGURES AND IMPLIED VALUATION MULTIPLES

	H1 2022	H2 2022	H1 2023	2021	2022	LTM (06/23)
Net sales	**63.9**	**94.2**	**59.3**	**149.3**	**158.1**	**153.5**
growth y/y			-7%		6%	
Gross profit	39.7	58.1	36	92.8	97.8	94.1
margin	62.1%	61.7%	60.7%	62.2%	61.9%	61.3%
EBITDA	7.4	23.2	3.7	31.1	30.6	26.9
margin	11.6%	24.6%	6.2%	20.8%	19.4%	17.5%
EBIT	**-0.7**	**15.6**	**-4.1**	**14.6**	**14.9**	**11.5**
margin	-1.1%	16.6%	-6.9%	9.8%	9.4%	7.5%
Net debt			56.3	39.4	39.9	
of which IFRS 16			18.9	28.8	18.9	
FTE				1097	1205	
Number of stores			96	93	96	
EV/S				1.0x	1.0x	1.0x
EV/EBITDA				4.9x	5.0x	5.6x
EV/EBIT				10.4x	10.2x	13.2x

Source: Company data

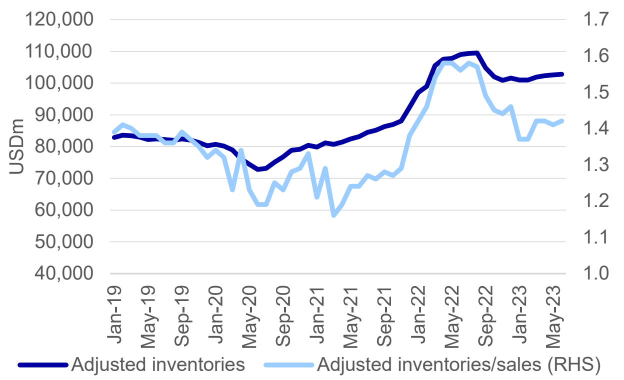
Expectations ahead of the Q3 report

Inventories at US retailers have continued to be at an elevated level, although we note the importance of Vita when considering H2 performance. Sales growth in China has likely continued at a double-digit pace, after having witnessed 30% y/y growth during H1. We highlight the significance of China for H2, which is particularly important for Vita. The strategy acceleration programme should have a positive impact on H2 earnings through streamlined operations and reduced warehouse and logistics costs. We expect the company to ramp up its production volumes later in H2, which, combined with lower inventories, should maintain cash flow at a good level for H2. We expect completion of the Georg Jensen acquisition at the beginning of Q4, which will likely trigger guidance revisions due to a negative impact from purchase price allocations. For Q3, we are 3% below Refinitiv consensus on sales and 7% below on adjusted EBIT. For 2023, we model EUR 121m in adjusted EBIT, 7% below Refinitiv consensus, which does not fully take into account the announced acquisition. Fiskars' guidance is for EUR 120-130m in adjusted EBIT for 2023, which we believe could be downgraded to EUR 115-125m after the completion of the acquisition.

US inventories continue to be at a high level

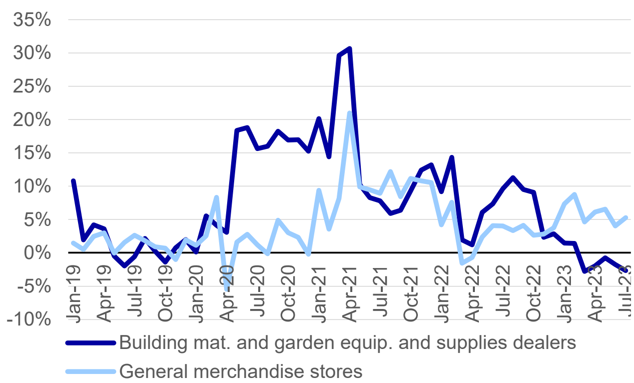
Despite a continued scaling down of inventories, we note elevated inventory levels in the US. This could have a negative impact on Terra's Q4 sales if retailers continue to reduce their inventories, or favour private label or lower price level products.

US RETAIL INVENTORIES: GENERAL MERCHANDISE STORES



Source: U.S. Census Bureau

US RETAIL SALES: Y/Y CHANGE, SEASONALLY ADJUSTED



Source: U.S. Census Bureau

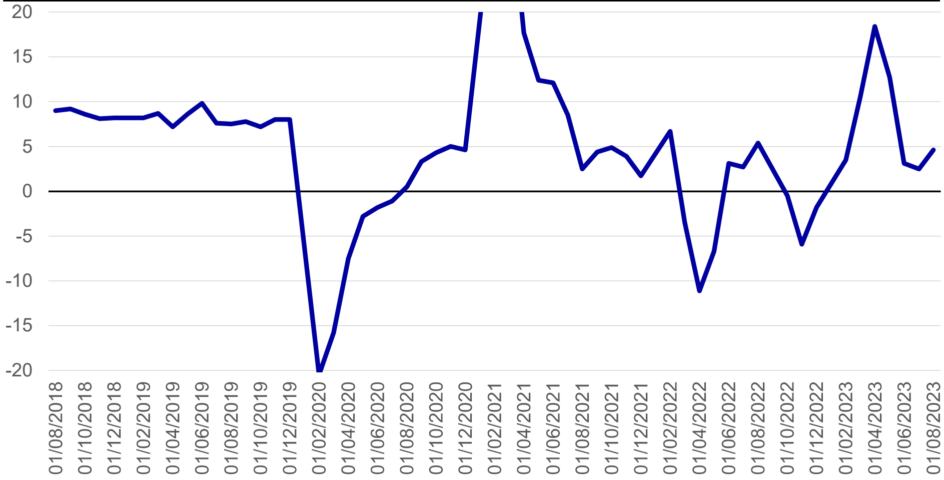
We model Fiskars' organic sales in China increasing by 25% for 2023

Strong performance in China has likely continued

We highlight China's reopening, as it will likely have had a positive impact on Vita's performance. After a soft January-February due to lockdowns, growth in China was +50% y/y in Q2 2023. We expect strong sales growth to continue in China, although at a more moderate double-digit pace, and model Fiskars' sales there increasing by 25% in 2023. Based on our estimates, China will become one of Fiskars' top three markets by 2025, at the latest.

China consumer goods sales growth has remained in positive territory

CHINA: CONSUMER GOODS Y/Y SALES GROWTH, 08/2018-08/2023



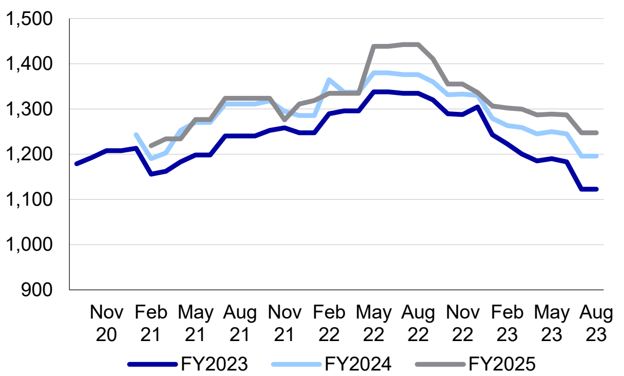
Source: Refinitiv

Consensus does not fully reflect announced acquisition

Consensus expectations

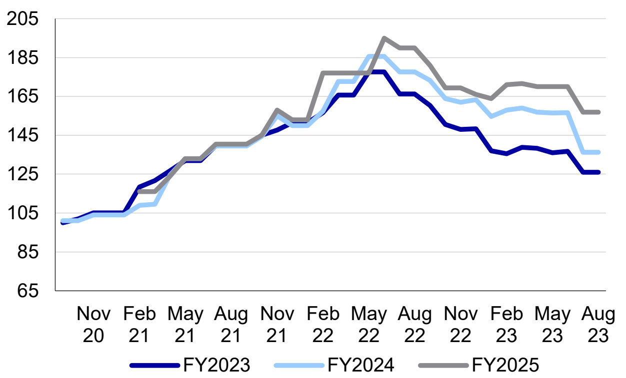
Fiskars will report its Q3 results on 26 October at 8:30 EET. Refinitiv consensus expectations have been lowered since summer 2022 and the profit warning in December 2022, while there were only minor revisions after the Q1 report. Based on consensus expectations, Fiskars is trading at a slight discount to its five-year average on NTM EV/EBIT and P/E.

CONSENSUS SALES EXPECTATIONS (EURm)



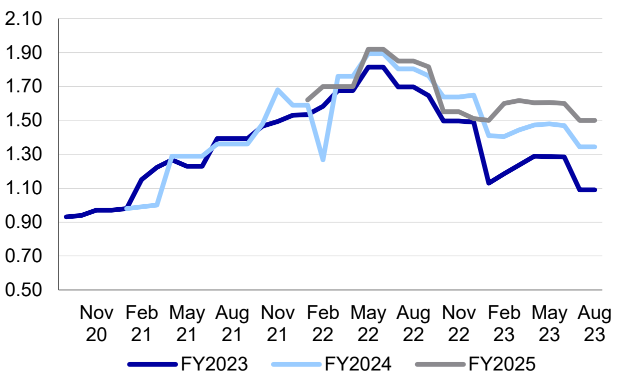
Source: Refinitiv

CONSENSUS EBIT EXPECTATIONS (EURm)



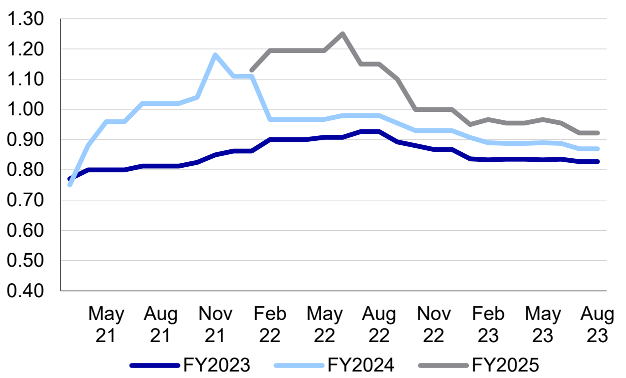
Source: Refinitiv

CONSENSUS EPS EXPECTATIONS (EUR)



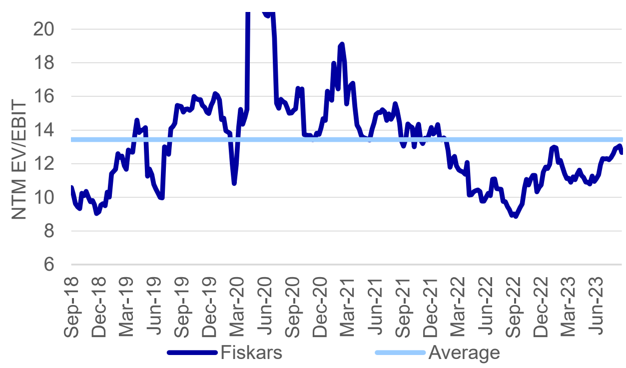
Source: Refinitiv

CONSENSUS DPS EXPECTATIONS (EUR)



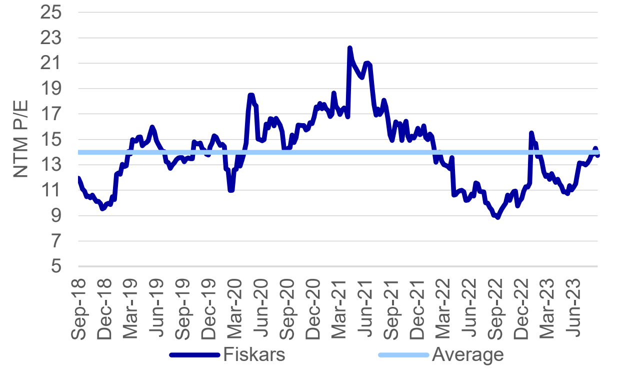
Source: Refinitiv

CONSENSUS NTM EV/EBIT (x)



Source: Refinitiv

CONSENSUS NTM P/E (x)



Source: Refinitiv

We incorporate Georg Jensen in our estimates

Ahead of the Q3 results, we incorporate the Georg Jensen acquisition in to our estimates. We note a dilutive EPS impact from the acquisition for 2023E-24E due to purchase price allocations, which we believe are linked to inventories and will be short-lived. We expect consensus to raise the top line by around 13% for 2024-25 following the acquisition.

OUR ESTIMATES VERSUS CONSENSUS

	Actual	Nordea estimates				Consensus estimates				Difference %			
EURm	**2022**	**Q3 2023E**	**2023E**	**2024E**	**2025E**	**Q3 2023E**	**2023E**	**2024E**	**2025E**	**Q3 2023E**	**2023E**	**2024E**	**2025E**
Sales	**1,248**	**258**	**1,162**	**1,343**	**1,417**	**267**	**1,123**	**1,230**	**1,280**	**-3%**	**4%**	**9%**	**11%**
Gross profit	556	121	542	651	701	123	513	583	614	-1%	6%	12%	14%
Gross margin	**44.5%**	**46.8%**	**46.6%**	**48.5%**	**49.5%**	**45.9%**	**45.7%**	**47.4%**	**47.9%**	**0.9pp**	**0.9pp**	**1.1pp**	**1.6pp**
EBITDA	194	42	175	238	261	45	182	202	231	-5%	-4%	18%	13%
EBITDA margin	15.6%	16.4%	15.1%	17.7%	18.4%	16.7%	16.2%	16.4%	18.0%	-0.3pp	-1.2pp	1.3pp	0.4pp
Adj. EBIT	**151**	**28**	**121**	**146**	**186**	**30**	**127**	**144**	**171**	**-7%**	**-5%**	**1%**	**9%**
Adj. EBIT margin	12.1%	10.7%	10.4%	10.9%	13.1%	11.2%	11.3%	11.7%	13.3%	-0.4pp	-1.0pp	-0.8pp	-0.2pp
EBIT	135	28	106	141	183	30	127	144	171	-7%	-17%	-2%	7%
EBIT margin	10.8%	10.7%	9.1%	10.5%	12.9%	11.2%	11.3%	11.7%	13.3%	-0.4pp	-2.2pp	-1.2pp	-0.4pp
PTP	124	24	89	113	162	27	103	123	146	-9%	-14%	-8%	11%
EPS	1.20	0.24	0.85	1.11	1.59	0.27	1.03	1.30	1.49	-9%	-17%	-14%	7%
Adj. EPS	**1.40**	**0.24**	**1.03**	**1.17**	**1.63**	**0.27**	**1.05**	**1.36**	**1.58**	**-9%**	**-2%**	**-14%**	**3%**
DPS	**0.80**		**0.84**	**0.88**	**0.92**		**0.82**	**0.87**	**0.92**		**2%**	**1%**	**0%**

Source: Company data, Refinitiv and Nordea estimates

Estimate revisions

We incorporate the Georg Jensen acquisition in to our estimates from the beginning of Q4, and offer pro forma figures for the new business area Fiskars (including the current Terra and Crea). Georg Jensen will be accounted for under the Vita business area.

We raise the 2023E top line by 5%, and lower adjusted EBIT by 2% and adjusted EPS by 3%. For 2024E-25E, we raise the top line by 13-14%. Given purchase price allocations, which we believe are highly linked to inventories, and higher interest expenses related to the acquisition, we lower 2024E adjusted EBIT by 1% and adjusted EPS by 12%. For 2025E, we raise adjusted EBIT by 15% and adjusted EPS by 10%. If the company is successful in its synergy extraction, we believe there could be upside to our 2025E adjusted EBIT and EPS estimates.

ESTIMATE REVISIONS

	New estimates				Old estimates				Difference %			
EURm	**Q3 2023E**	**2023E**	**2024E**	**2025E**	**Q3 2023E**	**2023E**	**2024E**	**2025E**	**Q3 2023E**	**2023E**	**2024E**	**2025E**
Sales	**258**	**1,162**	**1,343**	**1,417**	**259**	**1,109**	**1,187**	**1,246**	**0%**	**5%**	**13%**	**14%**
Gross profit	121	542	651	701	121	518	559	592	0%	4%	16%	18%
Gross margin	46.8%	46.6%	48.5%	49.5%	46.8%	46.7%	47.1%	47.5%	0.0pp	-0.1pp	1.4pp	2.0pp
Adj. EBIT	**28**	**121**	**146**	**186**	**29**	**123**	**147**	**161**	**-6%**	**-2%**	**-1%**	**15%**
Adj. EBIT margin	10.7%	10.4%	10.9%	13.1%	11.4%	11.0%	12.4%	12.9%	-0.6pp	-0.7pp	-1.5pp	0.2pp
EBIT	27.8	106	141	183	29.5	119	147	161	-6%	-11%	-4%	13%
EBIT margin	10.7%	9.1%	10.5%	12.9%	11.4%	10.7%	12.4%	12.9%	-0.6pp	-1.6pp	-1.9pp	-0.1pp
PTP	24.5	89	113	162	26.7	105	136	151	-8%	-16%	-16%	8%
Adj. EPS, EUR	0.24	1.03	1.17	1.63	0.26	1.06	1.33	1.48	-8%	-3%	-12%	10%
EPS, EUR	**0.24**	**0.85**	**1.11**	**1.59**	**0.26**	**1.02**	**1.33**	**1.48**	**-8%**	**-16%**	**-17%**	**8%**
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	128.1	576.9	711.5	754.2	128.2	525.2	556.7	584.5	0%	10%	28%	29%
Fiskars	129.3	581.8	627.6	659.3	129.5	580.7	626.5	658.2	0%	0%	0%	0%
Terra	90.3	416.9	458.6	486.1	90.7	416.9	458.6	486.1	0%	0%	0%	0%
Crea	38.9	164.9	169.0	173.2	38.8	163.8	167.9	172.1	0%	1%	1%	1%
Other	1.0	3.6	3.6	3.6	1.0	3.6	3.6	3.6	0%	0%	0%	0%
TOTAL	258	1,162.3	1,342.7	1,417.2	258.8	1,109.5	1,186.8	1,246.3	0%	5%	13%	14%
Adj. EBIT												
Vita	21.6	69.9	85.6	116.4	22.0	72.0	89.6	97.2	-2%	-3%	-4%	20%
Fiskars	10.6	70.9	81.0	90.1	11.5	69.8	76.8	83.9	-7%	2%	5%	7%
Terra	2.1	34.0	42.3	49.2	2.8	33.6	39.9	45.6	-25%	1%	6%	8%
Crea	8.5	37.0	38.7	40.9	8.7	36.2	36.9	38.3	-2%	2%	5%	7%
Other	-4.5	-20.4	-20.6	-20.9	-4.0	-19.4	-19.6	-19.9	13%	5%	5%	5%
TOTAL	27.8	120.5	145.9	185.6	29.5	122.5	146.7	161.3	-6%	-2%	-1%	15%
Adj. EBIT margin												
Vita	16.9%	12.1%	12.0%	15.4%	17.2%	13.7%	16.1%	16.6%	-0.3pp	-1.6pp	-4.1pp	-1.2pp
Fiskars	8.2%	12.2%	12.9%	13.7%	8.8%	12.0%	12.3%	12.8%	-0.6pp	0.2pp	0.6pp	0.9pp
Terra	2.3%	8.1%	9.2%	10.1%	3.1%	8.1%	8.7%	9.4%	-0.7pp	0.1pp	0.5pp	0.7pp
Crea	21.9%	22.4%	22.9%	23.6%	22.4%	22.1%	22.0%	22.3%	-0.5pp	0.3pp	0.9pp	1.3pp
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	10.7%	10.4%	10.9%	13.1%	11.4%	11.0%	12.4%	12.9%	-0.6pp	-0.7pp	-1.5pp	0.2pp

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	258.3	361.2
growth y/y	18%	10%	9%	13%	10%	4%	0%	-14%	-17%	-16%	-12%	19%
LFL	23%	14%	10%	11%	14%	8%	0%	-12%	-13%	-13%	-7%	4%
Gross profit	131.9	132.4	122.6	152.8	147.9	140.2	133.3	134.6	127.7	125.3	120.9	167.7
Gross margin	43.7%	43.1%	42.0%	43.3%	44.5%	43.9%	45.6%	44.3%	46.4%	46.8%	46.8%	46.4%
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	-81.2
Administration	-23.7	-25.0	-26.1	-42.1	-32.3	-29.2	-28.2	-31.2	-30.9	-28.4	-26.2	-41.2
R&D	-3.7	-3.8	-3.7	-4.4	-5.0	-5.2	-4.8	-5.8	-5.6	-4.8	-5.0	-6.0
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	-1.6	-12.2
EBIT	45.9	38.3	34.7	23.8	41.4	39.5	29.5	24.4	29.1	22.1	27.8	27.1
EBIT margin	15.2%	12.5%	11.9%	6.7%	12.4%	12.4%	10.1%	8.0%	10.6%	8.3%	10.7%	7.5%
NRI	-0.7	-2.9	0.6	-8.5	-10.3	3.2	-3.8	-5.3	-2.3	-1.2	0	-11
Adj. EBIT	46.6	41.2	34.1	32.3	51.7	36.3	33.3	29.7	31.4	23.3	27.8	38.1
Adj. EBIT margin	15.4%	13.4%	11.7%	9.1%	15.5%	11.4%	11.4%	9.8%	11.4%	8.7%	10.7%	10.5%
Change infair 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	-3.5	-6.0
PTP	41.9	40.2	37.8	24.1	42.6	39.4	27.8	14.5	26.6	16.5	24.5	21.3
Taxes	-33.7	-9	-8	-5.9	-11.2	-5.8	-4.9	-3.1	-5.8	-4.0	-4.9	-4.3
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	19.6	17.0
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	0.24	0.21
Adj. EPS	0.11	0.42	0.36	0.33	0.51	0.37	0.33	0.20	0.29	0.17	0.24	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	128.1	227.5
Fiskars	193.0	190.9	157.1	165.1	211.2	191.3	151.2	127.0	166.8	153.0	129.3	132.7
Terra	157.1	148.7	111.5	118.2	173.1	139.4	108.1	86.7	129.5	105.9	90.3	91.2
Crea	35.9	42.2	45.6	46.9	38.1	51.9	43.1	40.3	37.3	47.1	38.9	41.5
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	258.3	361.2
Adj. EBIT												
Vita	10.6	12.2	24.5	31.9	10.7	14.4	24.6	35.9	7.8	3.0	21.6	37.5
Fiskars	39.3	28.7	17.6	2.5	43.6	26.7	15.2	-2.8	30.6	24.6	10.6	5.1
Terra	31.2	17.4	6.2	-3.2	35.5	15.0	5.2	-7.3	22.8	11.8	2.1	-2.7
Crea	8.1	11.3	11.4	5.7	8.1	11.7	10.0	4.5	7.8	12.8	8.5	7.9
Other	-3.4	0.5	-8.0	-2.2	-2.4	-4.8	-6.6	-3.5	-7.2	-4.2	-4.5	-4.5
GROUP	46.5	41.4	34.1	32.2	51.9	36.3	33.2	29.6	31.2	23.4	27.8	38.1
Adj. EBIT margin												
Vita	9.8%	10.6%	18.3%	17.1%	8.9%	11.4%	17.5%	20.4%	7.2%	2.6%	16.9%	16.5%
Fiskars	20.4%	15.0%	11.2%	1.5%	20.6%	14.0%	10.1%	-2.2%	18.3%	16.1%	8.2%	3.9%
Terra	19.9%	11.7%	5.6%	-2.7%	20.5%	10.8%	4.8%	-8.4%	17.6%	11.1%	2.3%	-3.0%
Crea	22.6%	26.8%	25.0%	12.2%	21.3%	22.5%	23.2%	11.2%	20.9%	27.2%	21.9%	18.9%
GROUP	15.4%	13.5%	11.7%	9.1%	15.6%	11.4%	11.3%	9.7%	11.3%	8.7%	10.7%	10.5%
Sales growth, %												
Vita	16%	43%	21%	9%	12%	10%	5%	-6%	-11%	-10%	-9%	29%
Fiskars	19%	-4%	2%	17%	9%	0%	-4%	-23%	-21%	-20%	-15%	5%
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%	3%
GROUP	18%	10%	9%	13%	10%	4%	0%	-14%	-17%	-16%	-12%	19%
Sales split, %												
Vita	36%	38%	46%	53%	36%	40%	48%	58%	39%	42%	50%	63%
Fiskars	64%	62%	54%	47%	63%	60%	52%	42%	61%	57%	50%	37%
Terra	52%	48%	38%	33%	52%	44%	37%	29%	47%	40%	35%	25%
Crea	12%	14%	16%	13%	11%	16%	15%	13%	14%	18%	15%	12%

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	1162.3	1342.7	1417.2	4%
growth y/y	9%	-2%	-6%	-3%	2%	12%	0%	-7%	16%	6%	
LFL	2%	2%	-2%	-4%	4%	14%	2%	-7%	7%	6%	
Gross profit	502.8	512.2	485.0	447.3	452.0	539.7	556.0	541.6	651.2	701.5	8%
Gross margin	41.7%	43.2%	43.4%	41.0%	40.5%	43.0%	44.5%	46.6%	48.5%	49.5%	
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	-275.9	-327.0	-345.1	8%
Administration	-115.0	-99.9	-90.1	-86.1	-90.4	-116.9	-120.9	-126.7	-149.7	-147.7	7%
R&D	-18.0	-18.8	-18.4	-18.5	-16.5	-15.5	-20.8	-21.4	-26.4	-26.4	8%
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	-14.2	-9.9	-2.3	-36%
EBIT	82.6	97.9	91.5	59.9	98.0	142.8	134.8	106.0	140.9	182.6	11%
EBIT margin	6.9%	8.3%	8.2%	5.5%	8.8%	11.4%	10.8%	9.1%	10.5%	12.9%	
NRI	-11.1	-5.8	-9.2	-17.7	-10.9	-11.5	-16.2	-14.5	-5	-3	
Adj. EBIT	93.7	103.7	100.7	77.6	108.9	154.3	151.0	120.5	145.9	185.6	7%
Adj. EBIT margin	7.8%	8.7%	9.0%	7.1%	9.8%	12.3%	12.1%	10.4%	10.9%	13.1%	
Change infair 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	-20.2	-28.2	-21.2	
PTP	92.6	217.9	102.9	63.0	90.0	144.1	124.3	88.8	113.2	161.9	9%
Taxes	-27.4	-50.8	-21.1	-10.8	-21.4	-56.5	-25.0	-18.9	-22.6	-32.4	
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	69.9	90.5	129.5	9%
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	0.85	1.11	1.59	10%
Adj. EPS	0.92	2.10	1.11	0.84	0.96	1.20	1.40	1.03	1.17	1.63	
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	577	712	754	10%
Fiskars				586	656	706	681	582	628	659	-1%
Terra				443	494	535	507	417	459	486	-1%
Crea				143	162	171	173	165	169	173	0%
Other				4	4	4	4	4	4	4	-3%
GROUP				1090	1116	1254	1248	1162	1343	1417	4%
Adj. EBIT											
Vita				38.9	41.0	79.2	85.6	69.9	85.6	116.4	11%
Fiskars				59.1	108.5	88.1	82.7	70.9	81.0	90.1	3%
Terra				36.2	67.5	51.6	48.4	34.0	42.3	49.2	1%
Crea				28.1	41.0	36.5	34.3	37.0	38.7	40.9	6%
Other				-12.4	-12.9	-13.1	-17.3	-20.4	-20.6	-20.9	6%
GROUP				77.6	108.9	154.3	151.0	120.5	145.9	185.6	7%
Adj. EBIT margin											
Vita				7.8%	9.0%	14.5%	15.2%	12.1%	12.0%	15.4%	
Fiskars				10.1%	16.5%	12.5%	12.1%	12.2%	12.9%	13.7%	
Terra				8.2%	13.7%	9.6%	9.5%	8.1%	9.2%	10.1%	
Crea				19.7%	25.3%	21.4%	19.8%	22.4%	22.9%	23.6%	
GROUP				7.1%	9.8%	12.3%	12.1%	10.4%	10.9%	13.1%	
Sales growth, %											
Vita					-9%	19%	4%	2%	23%	6%	
Fiskars					12%	8%	-4%	-15%	8%	5%	
Terra					12%	8%	-5%	-18%	10%	6%	
Crea					13%	5%	2%	-5%	2%	2%	
GROUP					2%	12%	0%	-7%	16%	6%	
Sales split, %											
Vita				46%	41%	43%	45%	50%	53%	53%	
Fiskars				54%	59%	56%	55%	50%	47%	47%	
Terra				41%	44%	43%	41%	36%	34%	34%	
Crea				13%	15%	14%	14%	14%	13%	12%	

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 16.3-20.0 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

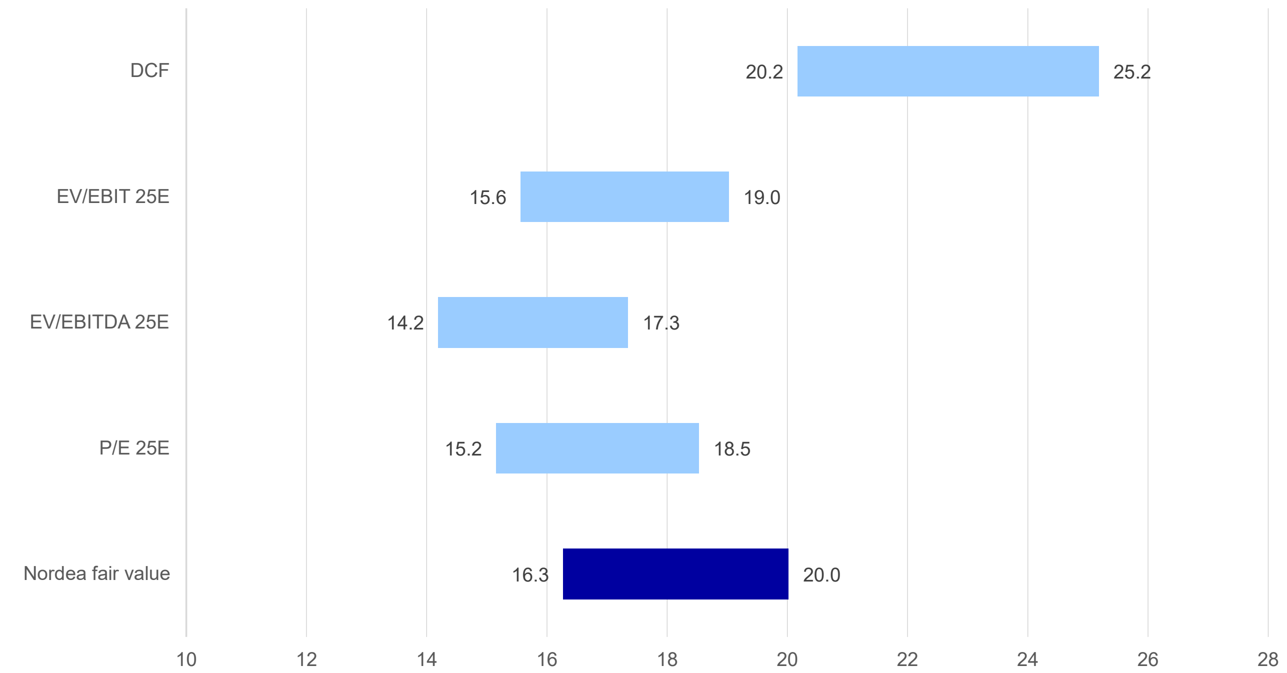
We derive a fair value range of EUR 16.3-20.0 for Fiskars

Using a combination of valuation multiples and a DCF model, we derive a fair value range of EUR 16.3-20.0 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 2025E. We use 2025E multiples, as high PPAs are expected to be a burden, especially for 2025E multiples.

FAIR VALUE RANGE BASED ON DIFFERENT VALUATION METHODS (EUR)



Source: Nordea estimates

Our peer group suggests a fair value range of EUR 14.2-19.0

Looking at peers' 2025E EV/EBITDA, EV/EBIT and P/E multiples, the valuation range is EUR 14.2-19.0 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 17.5 as of 22 September 2023) and our fair value range (EUR 16.3-20.0). 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 22 SEP)

	Share price EUR 16.3			Share price EUR 20			Current share price EUR 16.8		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
EV/sales	1.5x	1.2x	1.1x	1.7x	1.4x	1.3x	1.5x	1.2x	1.2x
EV/EBITDA	9.0x	6.7x	6.1x	10.6x	8.0x	7.2x	9.2x	6.9x	6.2x
EV/EBIT	14.2x	11.2x	8.6x	16.7x	13.3x	10.2x	14.5x	11.5x	8.8x
P/E	15.8x	13.9x	10.0x	19.4x	17.1x	12.3x	16.3x	14.4x	10.3x
FCF yield	11.5%	11.0%	8.2%	9.4%	8.9%	6.7%	11.2%	10.6%	7.9%
Dividend yield	5.2%	5.4%	5.6%	4.2%	4.4%	4.6%	5.0%	5.2%	5.5%

Source: Nordea estimates

Our fair value range corresponds to EV/EBIT of 11.2-13.3x for 2024E and 8.6-10.2x for 2025E

Our fair value range of EUR 16.3-20.0 implies 2024E-25E EV/EBITDA of 6.1-8.0x. Our fair value range corresponds to EV/EBIT multiples of 11.2-13.3x for 2024E and 8.6-10.2x for 2025E.

Our fair value range corresponds to 2024E and 2025E P/E of 13.9-17.1x and 10.0-12.3x, respectively, and FCF yields of 8.9-11.0% and 6.7-8.2% for the same respective years. We note that we expect a high release of working capital due to elevated inventories for 2023-24. The dividend yields on our fair value range are 4.2-5.2% for 2023E and 4.4-5.4% for 2024E, assuming a ~100% payout ratio for 2023E and ~80% for 2024E. 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. Following the acquisition of Georg Jensen, exposure to luxury brands is expected to increase to above one-third 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		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Global Peers												
Hermes International Sca	13.3x	11.9x	10.7x	28.4x	25.0x	22.1x	31.7x	27.8x	24.5x	46.3x	41.3x	37.6x
Leifheit Ag	0.8x	0.7x	0.7x	16.0x	6.8x	5.2x	38.3x	9.6x	7.1x	56.7x	12.5x	9.9x
Lifetime Brands Inc	0.6x	0.5x	0.5x	5.4x	4.4x		7.1x	5.5x		10.0x	5.9x	6.1x
Newell Brands Inc	1.1x	1.1x	1.1x	8.8x	6.9x	6.8x	13.0x	9.1x	8.9x	10.9x	8.6x	7.2x
Seb Sa	0.8x	0.8x	0.8x	6.8x	5.7x	5.1x	9.9x	8.1x	7.0x	12.2x	10.1x	8.9x
Societe Bic Sa	1.0x	1.0x	1.0x	5.3x	4.9x	5.0x	7.2x	6.5x	6.5x	11.8x	10.9x	10.1x
Stanley Black & Decker Inc	1.4x	1.3x	1.3x	14.9x	9.7x	8.0x	24.2x	13.3x	10.4x	80.6x	17.7x	12.6x
Villeroy & Boch Ag	0.4x	0.4x	0.4x	2.7x	2.3x	2.0x	4.1x	3.4x	3.0x	7.5x	7.1x	6.7x
Global Average	**2.4x**	**2.2x**	**2.0x**	**11.0x**	**8.2x**	**7.7x**	**16.9x**	**10.4x**	**9.6x**	**29.5x**	**14.3x**	**12.4x**
Global Median	**0.9x**	**0.9x**	**0.9x**	**7.8x**	**6.2x**	**5.2x**	**11.4x**	**8.6x**	**7.1x**	**12.0x**	**10.5x**	**9.4x**
Nordic Peers												
Husqvarna Ab	1.1x	1.1x	1.0x	7.7x	7.1x	6.1x	12.4x	10.8x	9.1x	15.8x	12.6x	11.1x
Marimekko Oyj	2.4x	2.2x	2.1x	10.4x	9.1x	8.3x	13.4x	11.6x	10.5x	18.3x	15.9x	14.6x
Orthex Oyj	1.3x	1.3x	1.2x	8.3x	7.3x	6.4x	12.2x	10.0x	9.0x	17.9x	13.5x	11.3x
Rapala Vmc Oyj	1.0x	0.9x	0.8x	14.2x	8.4x	6.7x	45.5x	13.0x	10.1x		15.1x	10.4x
Thule Group Ab	3.4x	3.0x	2.8x	16.8x	13.9x	12.4x	19.2x	15.6x	13.7x	24.0x	19.2x	16.8x
Nordic Average	**1.8x**	**1.7x**	**1.6x**	**11.5x**	**9.2x**	**8.0x**	**20.5x**	**12.2x**	**10.5x**	**19.0x**	**15.3x**	**12.8x**
Nordic Median	**1.3x**	**1.3x**	**1.2x**	**10.4x**	**8.4x**	**6.7x**	**13.4x**	**11.6x**	**10.1x**	**18.1x**	**15.1x**	**11.3x**
Total Average	**2.3x**	**2.2x**	**2.0x**	**11.9x**	**9.1x**	**8.4x**	**19.5x**	**11.8x**	**10.6x**	**27.7x**	**15.3x**	**13.1x**
Total Median	**1.1x**	**1.1x**	**1.0x**	**8.8x**	**7.1x**	**6.6x**	**13.0x**	**10.0x**	**9.0x**	**16.8x**	**12.6x**	**10.4x**
Fiskars (NDA)	**1.6x**	**1.3x**	**1.2x**	**9.5x**	**7.1x**	**6.4x**	**15.0x**	**11.9x**	**9.1x**	**17.0x**	**15.0x**	**10.8x**
difference (median)	43%	20%	14%	9%	1%	-2%	16%	18%	1%	1%	19%	4%
Fiskars (cons.)	**1.6x**	**1.4x**	**1.4x**	**8.9x**	**7.8x**	**6.8x**	**12.8x**	**11.0x**	**9.1x**	**16.6x**	**12.9x**	**11.1x**
difference (median)	44%	34%	32%	2%	10%	3%	-1%	10%	1%	-1%	2%	7%

Note: Data as of 22 September 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 11.8x for 2024E and a median of 10.0x. The salient multiples for 2025E are 10.6x and 9.0x, respectively.

Our DCF model suggests a fair equity value range of EUR 1.6-2.0bn, or EUR 20.2-25.2 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 7.8-9.4%, our DCF indicates a fair equity value range of EUR 1.6-2.0bn, or EUR 20.2-25.2 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	6.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
EBIT margin, excl associates	12.7%	13.0%	13.0%	13.0%	13.0%	5.0%	
Capex/depreciation, x	1.1	1.0	1.0	1.0	1.0	1.0	
Capex/sales	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	
NWC/sales	17.0%	15.0%	15.0%	15.0%	15.0%	15.0%	
FCFF, CAGR	75.7%	-1.7%	2.5%	2.5%	2.5%	-18.2%	2.5%

Source: Nordea estimates

An estimated 51% of the DCF value is related to the first ten years, and 93% 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 7.8-9.4% 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	1828 - 2235	22.6 - 27.6
(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	133	1.6
DCF Value	**1634 - 2040**	**20.2 - 25.2**

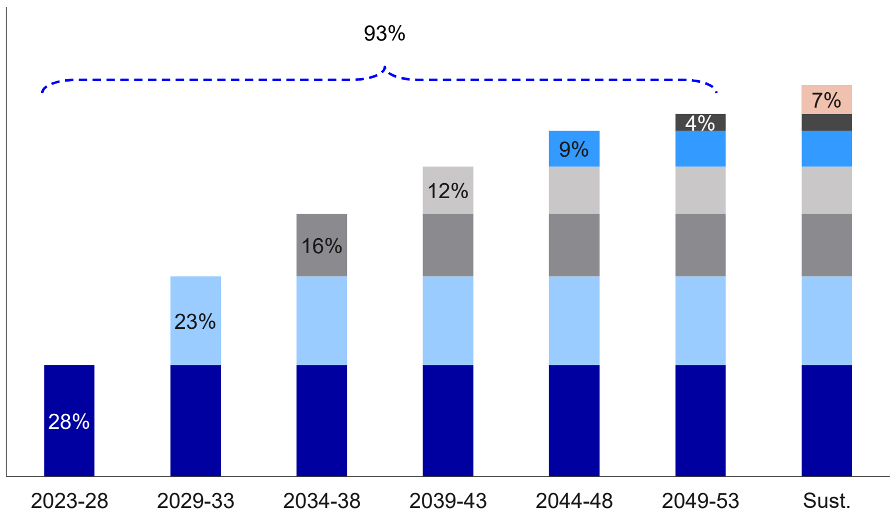
Source: Nordea estimates

WACC BREAKDOWN FOR FISKARS

WACC components	
Risk-free interest rate	3.5%
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	9.7-12.1%
Cost of debt	4.0%
Tax-rate used in WACC	21%
Equity weight	70%
WACC	**7.8-9.4%**

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 20.3-25.5 per share, as shown in the table below.

- A +/-1 pp sales growth change translates to a change of +7%/-6% in the fair value
- A +/-1 pp EBIT margin change translates into a change of +/-7% in the fair value

DCF SENSITIVITY (EUR PER SHARE)

		WACC				
		7.5%	**8.0%**	**8.5%**	**9.0%**	**9.5%**
	+1.0pp	30.8	26.5	24.4	22.5	20.9
EBIT marg. change	**+0.5pp**	27.8	25.5	23.5	21.8	20.2
		26.7	24.6	**22.7**	21.0	19.6
	-0.5pp	25.6	23.6	21.8	20.3	18.9
	-1.0pp	24.5	22.7	21.0	19.5	18.2

		WACC				
		7.5%	**8.0%**	**8.5%**	**9.0%**	**9.5%**
	+1.0pp	28.9	26.4	24.3	22.4	20.8
Sales gr. change	**+0.5pp**	27.8	25.5	23.5	21.7	20.2
		26.7	24.6	**22.7**	21.0	19.6
	-0.5pp	25.7	23.7	21.9	20.4	19.0
	-1.0pp	24.8	22.9	21.3	19.8	18.5

		Sales growth change				
		-1.0pp	**-0.5pp**		**+0.5pp**	**+1.0pp**
	+1.0pp	22.8	23.5	24.4	25.3	26.2
EBIT margin change	**+0.5pp**	22.0	22.7	23.5	24.4	25.3
		21.3	21.9	**22.7**	23.5	24.3
	-0.5pp	20.5	21.2	21.8	22.6	23.3
	-1.0pp	19.8	20.4	21.0	21.7	22.4

Source: Nordea estimates

Risk factors

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

Macroeconomic environment

Macroeconomic uncertainties relate mainly to consumer behaviour and consumer confidence

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.

Political environment

Political risks, e.g. related to China

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.

Supply chain and suppliers

Functioning supply chains are important for Fiskars Group

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.

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.

Interruptions to its own manufacturing

Fiskars has its own manufacturing facilities in Europe, Asia and the US, in addition to its suppliers

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.

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.

Consumer behaviour

Changes in consumer behaviour patterns, e.g. accelerating growth in the share of online sales, could affect Fiskars Group's net sales and profitability

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.

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.

Customers

Consolidation among wholesale and retail customers could result in lower pricing power

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.

Fiskars enjoys a diverse customer base – no single customer accounts for more than 5% of overall revenue.

IT systems and cybersecurity

Fiskars Group depends on centralised IT systems that could be affected, e.g. by cyberattacks

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.

Seasonality

Some product categories are affected by outside forces, such as weather

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

Acquisitions, although not high on Fiskars Group's agenda, could pose a risk

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.

Financial investments

Fiskars Group's financial investments could cause fluctuations in group earnings

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**	**1,162**	**1,343**	**1,417**
Revenue growth	44.0%	9.0%	-1.6%	-5.7%	-2.5%	2.4%	12.4%	-0.5%	-6.9%	15.5%	5.5%
of which organic	3.7%	1.6%	1.5%	-2.4%	-3.9%	3.8%	14.2%	1.7%	-7.5%	6.9%	5.5%
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	175	238	261
Depreciation and impairments PPE	-43	-37	-39	-44	-60	-76	-62	-59	-69	-97	-78
of which leased assets	0	0	0	0	-24	-24	-24	-24	-26	-33	-33
EBITA	47	83	98	92	60	98	143	135	106	141	183
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	47	83	98	92	60	98	143	135	106	141	183
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	-20	-28	-21
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**	**89**	**113**	**162**
Reported taxes	-39	-27	-51	-21	-11	-21	-57	-25	-19	-23	-32
Net profit from continued operations	86	65	167	82	52	69	88	99	70	91	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	69	90	129
EPS, EUR	**1.05**	**0.78**	**2.03**	**1.00**	**0.63**	**0.83**	**1.06**	**1.20**	**0.85**	**1.11**	**1.59**
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%	15.1%	17.7%	18.4%
EBITA	4.2%	6.9%	8.3%	8.2%	5.5%	8.8%	11.4%	10.8%	9.1%	10.5%	12.9%
EBIT	4.2%	6.9%	8.3%	8.2%	5.5%	8.8%	11.4%	10.8%	9.1%	10.5%	12.9%
Adjusted earnings											
EBITDA (adj)	108	131	143	145	137	185	216	210	190	243	264
EBITA (adj)	65	94	104	101	78	109	154	151	121	146	186
EBIT (adj)	65	94	104	101	78	109	154	151	121	146	186
EPS (adj, EUR)	1.28	0.92	2.10	1.11	0.84	0.96	1.20	1.40	1.03	1.17	1.63
Adjusted profit margins in percent											
EBITDA (adj)	9.8%	10.9%	12.0%	12.9%	12.6%	16.6%	17.2%	16.9%	16.3%	18.1%	18.6%
EBITA (adj)	5.9%	7.8%	8.7%	9.0%	7.1%	9.8%	12.3%	12.1%	10.4%	10.9%	13.1%
EBIT (adj)	5.9%	7.8%	8.7%	9.0%	7.1%	9.8%	12.3%	12.1%	10.4%	10.9%	13.1%
Performance metrics											
CAGR last 5 years											
Net revenue	9.1%	10.2%	9.7%	7.0%	7.3%	0.2%	0.8%	1.0%	0.8%	4.3%	4.9%
EBITDA	1.2%	10.1%	9.8%	8.4%	10.9%	14.3%	11.2%	7.3%	5.3%	14.8%	8.4%
EBIT	-1.1%	9.4%	8.9%	8.4%	7.0%	16.1%	11.6%	6.6%	3.0%	18.7%	13.3%
EPS	-1.7%	-16.4%	-1.4%	-2.8%	-41.8%	-4.7%	6.3%	-10.0%	-3.0%	12.0%	13.9%
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%	9.2%	10.2%	11.0%
Average EBITDA margin	9.9%	9.9%	10.0%	10.3%	10.5%	12.0%	13.4%	14.2%	14.8%	16.1%	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	16.8	14.9	10.7
EV/EBITDA (adj)	8.1	6.0	7.4	4.2	8.7	7.4	9.4	7.5	9.5	7.1	6.4
EV/EBITA (adj)	13.4	8.4	10.2	6.0	15.3	12.6	13.2	10.5	15.0	11.9	9.1
EV/EBIT (adj)	13.4	8.4	10.2	6.0	15.3	12.6	13.2	10.5	15.0	11.9	9.1

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	20.4	15.7	10.9
EV/Sales	0.79	0.65	0.89	0.54	1.09	1.23	1.62	1.27	1.55	1.29	1.20
EV/EBITDA	9.8	6.5	7.7	4.4	9.9	7.9	9.9	8.2	10.3	7.3	6.5
EV/EBITA	18.8	9.5	10.8	6.6	19.8	14.0	14.2	11.8	17.0	12.3	9.3
EV/EBIT	18.8	9.5	10.8	6.6	19.8	14.0	14.2	11.8	17.0	12.3	9.3
Dividend yield (ord.)	5.0%	8.1%	4.0%	52.4%	5.0%	4.0%	3.3%	5.2%	4.8%	5.1%	5.3%
FCF yield	-27.4%	8.2%	5.3%	6.7%	5.4%	13.7%	4.6%	-5.9%	1.9%	12.6%	10.0%
FCF Yield bef A&D, lease adj	1.3%	4.3%	4.9%	6.5%	3.5%	11.8%	3.4%	-10.6%	10.8%	10.3%	7.7%
Payout ratio	54.6%	115.8%	34.2%	527.7%	66.3%	62.4%	63.4%	57.1%	81.3%	75.2%	56.5%

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	627	627	627
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	331	331	331
of which goodwill	237	230	222	217	220	214	219	221	296	296	296
Tangible assets	204	206	201	207	295	265	278	286	310	296	305
of which leased assets	0	0	0	0	86	68	84	88	84	84	84
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	29	29	29
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	998	985	994
Inventory	234	225	205	220	232	207	273	365	305	312	329
Accounts receivable	211	204	214	220	203	214	206	171	194	251	264
Short-term leased assets	0	0	0	0	23	23	23	23	33	33	34
Other current assets	3	58	53	31	29	29	26	56	29	33	35
Cash and bank	540	482	604	478	9	63	32	118	106	83	20
Total current assets	988	968	1,076	950	496	536	560	731	666	712	683
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**	**1,663**	**1,696**	**1,676**
Shareholders equity	1,191	1,218	1,269	1,207	761	758	812	832	835	857	915
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	840	863	921
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	30
Pension provisions	14	14	13	13	13	13	13	11	11	11	11
Other long-term provisions	5	7	7	5	4	4	3	2	2	2	2
Other long-term liabilities	11	10	7	7	4	5	6	4	4	4	4
Non-current lease debt	0	0	0	0	88	72	89	93	89	89	89
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	272	222	172
Short-term provisions	11	17	8	5	4	6	15	5	4	5	5
Accounts payable	237	238	247	268	268	310	139	69	99	182	192
Current lease debt	0	0	0	0	23	23	23	23	33	33	34
Other current liabilities	20	9	10	7	2	6	234	183	170	197	208
Short term interest bearing debt	87	11	49	10	109	61	64	195	245	195	145
Total current liabilities	355	274	314	290	406	405	475	475	552	612	584
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**	**1,663**	**1,696**	**1,676**
Balance sheet and debt metrics											
Net debt	-270	-289	-404	-317	262	144	145	324	392	315	279
of which lease debt	0	0	0	0	111	95	112	115	122	123	123
Working capital	190	240	216	197	194	135	132	339	258	217	229
Invested capital	994	1,032	978	966	1,062	942	969	1,193	1,255	1,201	1,223
Capital employed	1,464	1,413	1,472	1,371	1,036	969	993	1,277	1,338	1,261	1,220
ROE	7.4%	5.3%	13.4%	6.6%	5.2%	8.9%	11.0%	12.0%	8.3%	10.6%	14.5%
ROIC	6.5%	7.3%	8.2%	8.2%	6.0%	8.6%	12.8%	11.0%	7.8%	9.4%	12.1%
ROCE	4.7%	6.5%	7.2%	7.1%	6.4%	10.9%	15.7%	13.3%	9.2%	11.2%	15.0%
Net debt/EBITDA	-3.0	-2.4	-3.0	-2.3	2.2	0.8	0.7	1.7	2.2	1.3	1.1
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%	50.2%	50.5%	54.6%
Net gearing	-22.6%	-23.7%	-31.7%	-26.2%	34.3%	19.0%	17.8%	38.7%	46.6%	36.5%	30.2%

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**	**175**	**238**	**261**
Paid taxes	-18	-60	-26	-26	-18	-20	-36	-29	-19	-23	-32
Net financials	15	23	-1	-5	-3	-4	-5	-7	-20	-28	-21
Change in provisions	11	9	-9	-5	-2	1	9	-13	0	1	0
Change in other LT non-IB	-7	7	-2	-2	-8	0	-1	-3	6	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**	**142**	**188**	**207**
Change in NWC	-51	29	7	13	4	46	-57	-209	81	41	-12
Cash flow from operations (CFO)	**47**	**84**	**104**	**106**	**97**	**199**	**123**	**-61**	**224**	**228**	**195**
Capital expenditure	-32	-38	-33	-46	-40	-30	-34	-48	-45	-51	-54
Free cash flow before A&D	**15**	**46**	**71**	**60**	**57**	**169**	**88**	**-110**	**178**	**177**	**141**
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	-152	0	0
Free cash flow	-312	88	77	62	50	169	87	-74	26	177	141
Free cash flow bef A&D, lease adj	15	46	71	60	33	145	64	-134	152	145	108
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	50	-100	-100
Other financing adjustments	354	75	14	17	10	1	2	5	-23	-32	-33
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	-12	-23	-63
Cash flow metrics											
Capex/D&A	75.7%	n.m.	84.5%	n.m.	67.2%	39.4%	55.8%	81.0%	65.3%	52.7%	69.2%
Capex/Sales	2.9%	3.1%	2.8%	4.1%	3.7%	2.7%	2.7%	3.9%	3.9%	3.8%	3.8%
Key information											
Share price year end (/current)	14	13	18	11	11	15	23	15	17	17	17
Market cap.	1,140	1,071	1,458	915	922	1,227	1,884	1,260	1,409	1,409	1,409
Enterprise value	873	784	1,057	601	1,188	1,375	2,033	1,587	1,806	1,730	1,694
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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