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Commissioned research: Fiskars – Bang in line Q4 – guides for slightly improving EBIT in 2024

Marketing material commissioned by Fiskars

Fiskars Q4 adjusted EBIT of EUR 37.7m came bang in line with LSEG consensus expectations. Net sales were up 14% y/y to EUR 346m driven by Georg Jensen acquisition. On comparable basis, sales were flat y/y. Comparable direct-to-consumer sales were stable y/y driven by 5% increase in e-commerce and 3% decline in own retail network. On divisional level, Vita missed our estimates slightly while Terra beat our estimates clearly. Q4 operating cash flow improved clearly and was EUR 101m (EUR 61m a year ago). Net debt/LTM EBITDA was 2.5x despite the acquisition of Georg Jensen. Dividend proposal of EUR 0.82 came ahead of consensus expectation of EUR 0.76 and up from EUR 0.80 a year ago. Fiskars guidance for 2024 expects adjusted EBIT to improve slightly. Pre-Q4 consensus has been expecting EUR 124m adjusted EBIT (+12%). Hence we see slight pressure in consensus estimates for 2024, while we note strong cash flows and higher-than-expected dividend proposal.

Q4 headlines bang in line with consensus expectations – strong cash flows

- Q4 net sales were EUR 346m, up 14% y/y (flat y/y on comparable basis), in line with LSEG consensus expectations.
- Q4 adjusted EBIT was 37.7m, up 27% y/y and in line with consensus at EUR 38m.
- Q4 gross margin of 41.9% came 1.3pp above consensus and 0.6pp below Nordea. We note the impact to inventories from Georg Jensen acquisition. On comparable basis, gross margin was up 120bp y/y to 46.8% and could support earnings development when inventory write-downs are completed during 2024.
- Q4 operating cash flow of EUR 101m (EUR 61m a year ago) while free cash flow was EUR 78m (EUR 36m a year ago).
- Net debt/LTM EBITDA was 2.5x within the targeted level despite the acquisition of Georg Jensen.
- Dividend proposal of EUR 0.82 came ahead of consensus of EUR 0.76 and was up from EUR 0.80 from 2022.

FISKARS: DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
	Q4 2023	Q4 2023E	vs. actual		Q4 2023E	vs. actual		Q3 2023	q/q	Q4 2022	y/y
Sales	346	339	7	2%	345	1	0%	241	43%	304	14%
Gross profit	145	144	0.8	1%	140	4.8	3%	114	27%	135	8%
Gross margin	41.9%	42.5%	-0.6pp		40.6%	1.3pp		47.1%	-5.2pp	44.3%	-2.4pp
Adj. EBIT	37.7	37.0	0.7	2%	37.7	0.0	0%	18.0	109%	30	27%
Adj. EBIT margin	10.9%	10.9%	0.0pp		10.9%	0.0pp		7.5%	3.4pp	9.8%	1.1pp
EBIT	34.0	32.7	1.3	4%	37.7	-3.7	-10%	13.7	148%	24	39%
EBIT margin	9.8%	9.7%			10.9%	-1.1pp		5.7%	4.2pp	8.0%	1.8pp
PTP	25.0	26.9	-1.9	-7%	30.0	-5.0	-17%	11.7	114%	15	72%
EPS, EUR	0.35	0.27	0.08	32%	0.30	0.05	15%	0.11	219%	0.14	151%
DPS, EUR	0.82	0.80	0.0	2%	0.76	0.06	8%			0.80	2%

Business areas	Actual	NDA est.			Q3 2023	q/q	Q4 2022	y/y
Sales								
Vita	214.5	217.5	-3.0	-1%	119.4	80%	176	22%
Fiskars	130.0	120.3	9.7	8%	120.6	8%	127	2%
Other	1.2	1.0	0.2	20%	1.2	0%	1	0%
TOTAL	345.8	338.8	7.0	2%	241.2	43%	304	14%
Adj. EBIT								
Vita	34.7	38.7	-4.0	-10%	16.9	105%	35.9	-3%
Fiskars	7.4	3.3	4.1	124%	11	-33%	-2.8	-364%
Other	-4.4	-5.0	0.6	-12%	-10	-56%	-3.5	26%
TOTAL	37.7	37.0	0.7	2%	17.9	111%	29.6	27%
Adj. EBIT margin								
Vita	16.2%	17.8%	-1.6pp		14%	2.0pp	20%	-4.2pp
Fiskars	5.7%	2.7%	2.9pp		9%	-3.4pp	-2%	7.9pp
TOTAL	10.9%	10.9%	0.0pp		7%	3.5pp	10%	1.2pp

Source: Company data, LSEG and Nordea estimates

Vita BA below our estimates while Fiskars BA beat our estimates

- Vita BA net sales were EUR 215m, 1% below our expectations. Comparable sales declined 4.5% y/y (we had anticipated -3%) due to retail customer segment and the execution of Fiskars' channel strategy. Direct-to-consumer sales accounted for 48% of sales (46% a year ago), supported by Georg Jensen acquisition. Adjusted EBIT was 34.7m, 10% below our forecast of EUR EUR 38.7m. Gross margin declined y/y.
- Fiskars BA (formerly Terra BA and Crea BA) net sales were EUR 130m, 8% above our expectations. On comparable basis, sales increased 6.4% y/y (we had anticipated -3%), especially due to US where comps were easy. In addition, phasing has a positive impact in the US. Adjusted EBIT of EUR 7.4m came 124% above our expectation of EUR 3.3m. Improved volumes and gross margin, and prudent cost management supported profitability in Q4.
- Other segment came largely in line with our expectations.

Fiskars expects slightly improving adjusted EBIT in 2024

Fiskars issued a new guidance and expects adjusted EBIT to improve slightly in 2024 (EUR 110.3m in 2022). Prior to the Q4, LSEG consensus was expecting EUR 124m adjusted EBIT in 2024 (+12%). We note the ongoing profitability programmes that should support 2024 earnings although those are partially offset by wage inflation. Guidance is based on assumption of challenging operating environment, especially in H1 2024.

Initially, we expect consensus to make slightly negative EBIT revisions for 2024, although this could be driven by allocations related to Georg Jensen acquisition. However, we note strong cash flows and higher-than-anticipated DPS. In addition, underlying gross margin continues to improve which bodes well when volumes start to recover.

A webcast on the first quarter results will be held on at 14:00 p.m. (EEST). It will be held in English and can be followed at <https://fiskars.videosync.fi/q4-results>

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	1,116	1,254	1,248	1,123	1,241	1,318
EBITDA (adj)	185	216	210	173	202	237
EBIT (adj)	109	154	151	110	132	165
EBIT (adj) margin	9.8%	12.3%	12.1%	9.8%	10.6%	12.5%
EPS (adj, EUR)	0.96	1.20	1.40	0.93	1.14	1.43
EPS (adj) growth	13.9%	24.6%	16.8%	-33.5%	21.9%	25.9%
DPS (ord, EUR)	0.60	0.76	0.80	0.80	0.84	0.88
EV/Sales	1.2	1.6	1.3	1.6	1.4	1.3
EV/EBIT (adj)	12.6	13.2	10.5	16.6	13.5	10.6
P/E (adj)	15.6	19.2	11.0	18.3	15.0	11.9
P/BV	1.6	2.3	1.5	1.7	1.7	1.6
Dividend yield (ord)	4.0%	3.3%	5.2%	4.7%	4.9%	5.2%
FCF Yield bef A&D, lease adj	11.8%	3.4%	-10.6%	9.5%	7.5%	7.5%
Net debt	144	145	324	441	402	367
Net debt/EBITDA	0.8	0.7	1.7	2.7	2.6	1.6
ROIC after tax	8.6%	12.8%	11.0%	7.0%	8.2%	10.4%

Source: Company data and Nordea estimates

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