

25 April 2024

## Commissioned research: Fiskars – Solid Q1 despite soft top line

Marketing material commissioned by Fiskars

Fiskars Q1 adjusted EBIT of EUR 25.1m 13% above LSEG Data & Analytics consensus expectations. Net sales were up 3% y/y to EUR 283m driven by Georg Jensen acquisition and came 5% below consensus. On comparable basis, sales were down 6% y/y (we had modelled -5%, no consensus available). Direct-to-consumer sales were stable y/y driven by 12% increase in e-commerce and 6% decline in own retail network. Comparable gross margin was 48.3%, up 190bp y/y. On divisional level, Vita missed our estimates while Terra beat our estimates. Q1 operating cash flow returned to normal seasonal pattern and was EUR -5.5m (EUR 22m a year ago). Net debt/LTM EBITDA was 2.9x, up from 2.5x in Q4 2023. Fiskars maintained its guidance for 2024 intact and expects adjusted EBIT to improve slightly from EUR 110m in 2023. Low-quality consensus has been expecting EUR 98m adjusted EBIT (-12%) while we have modelled EUR 118m, i.e. 7% increase in 2024E. Initially, we expect consensus to make only minor adjustments to underlying estimates.

### FISKARS: DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
EURm	Q1 2024	Q1 2024E	vs. actual		Q1 2024E	vs. actual		Q4 2023	q/q	Q1 2023	y/y
Sales	283	293	-10	-3%	298	-15	-5%	346	-18%	275	3%
Gross profit	123	126	-2.9	-2%	133	-10.1	-8%	145	-15%	128	-4%
Gross margin	43.4%	43.0%	0.4pp		44.7%	-1.2pp		41.9%	1.6pp	46.4%	-3.0pp
Adj. EBIT	25.1	23.6	1.5	6%	22.2	2.9	13%	37.7	-33%	31	-20%
Adj. EBIT margin	8.9%	8.1%	0.8pp		7.5%	1.4pp		10.9%	-2.0pp	11.4%	-2.5pp
EBIT	6.4	7.9	-1.5	-19%	22.2	-15.8	-71%	34.0	-81%	29	-78%
EBIT margin	2.3%	2.7%			7.5%	-5.2pp		9.8%	-7.6pp	10.6%	-8.3pp
PTP	3.6	2.1	1.5	71%	5.7	-2.1	-36%	25.0	-86%	27	-86%
EPS, EUR	0.03	0.02	0.01	44%	0.20	-0.17	-85%	0.35	-91%	0.26	-88%

  

Business areas	Actual	NDA est.				Q4 2023	q/q	Q1 2023	y/y
Sales									
Vita	125.9	134.2	-8.3	-6%		214.5	-41%	108	17%
Fiskars	156.0	157.4	-1.4	-1%		130	20%	167	-6%
Other	1.0	1.0	0.0	0%		1.2	-17%	1	100%
TOTAL	282.9	292.6	-9.7	-3%		345.7	-18%	275	3%
Adj. EBIT									
Vita	-0.1	3.9	-4.0	-103%		34.7	-100%	7.8	-101%
Fiskars	29.5	25.2	4.3	17%		7.4	299%	30.6	-4%
Other	-4.3	-5.5	1.2	-22%		-4.4	-2%	-7.2	-40%
TOTAL	25.1	23.6	1.5	6%		37.7	-33%	31.2	-20%
Adj. EBIT margin									
Vita	-0.1%	2.9%	-3.0pp			16%	-16.3pp	7%	-7.3pp
Fiskars	18.9%	16.0%	2.9pp			6%	13.2pp	18%	0.6pp
TOTAL	8.9%	8.1%	0.8pp			11%	-2.0pp	11%	-2.5pp

Source: Company data, LSEG and Nordea estimates

### **Q1 headlines a mixed bag – comparable gross margin continues to improve**

- Q1 net sales were EUR 283m, up 3% y/y (-6% y/y on comparable basis), 5% below LSEG consensus expectations.
- Q1 adjusted EBIT was 25.1m, down 20% y/y and 13% above consensus at EUR 22.2m.
- Q1 gross margin of 43.4% came 1.2pp below consensus and 0.4pp above Nordea. We note the impact to inventories from Georg Jensen acquisition. On comparable basis, gross margin was up 190bp y/y to 48.3% and could support earnings development when inventory write-downs are completed during 2024.
- Q1 operating cash flow of EUR -5.5m (EUR 22m a year ago) while free cash flow was EUR -20m (EUR 13m a year ago).
- Net debt/LTM EBITDA was 2.9x slightly up from 2.5x at the end of 2023.

### **Vita BA below our estimates while Fiskars BA beat our estimates**

- Vita BA net sales were EUR 126m, 6% below our expectations. Comparable sales declined 5.7% y/y (we had anticipated -4.5%) due to retail customer segment. Direct-to-consumer sales accounted for 51% of sales (47% a year ago), supported by Georg Jensen acquisition. Adjusted EBIT was -0.1m, below our forecast of EUR EUR 3.9m.
- Fiskars BA net sales were EUR 156m, 1% below our expectations. On comparable basis, sales declined 6.2% y/y (we had anticipated -5%), due to slow sell-out and cautious retail customers'. Adjusted EBIT of EUR 29.5m came 17% above our expectation of EUR 25.2m. Decline in volumes was offset by higher gross margin and prudent cost management.
- Other segment came above our expectations.

### **Fiskars maintained its guidance intact**

Fiskars reiterated its guidance and expects adjusted EBIT to improve slightly in 2024 (EUR 110.3m in 2023). Prior to the Q1, low-quality LSEG consensus was expecting EUR 98m adjusted EBIT in 2024 (-12%) while we have anticipated EUR 118m, i.e. 7% increase in adjusted EBIT in 2024E. 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.

Initially, we expect consensus to make minor revision to its underlying estimates. Underlying gross margin continues to improve which bodes when volumes start to recover.

A webcast on the first quarter results will be held on at 13:00 p.m. (EEST). It will be held in English and can be followed at <https://fiskars.videosync.fi/q1-2024>

**SUMMARY TABLE - KEY FIGURES**

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	1,254	1,248	1,130	1,245	1,314	1,372
EBITDA (adj)	216	210	176	196	236	255
EBIT (adj)	154	151	110	118	157	174
EBIT (adj) margin	12.3%	12.1%	9.8%	9.5%	12.0%	12.7%
EPS (adj, EUR)	1.20	1.40	1.01	1.04	1.39	1.61
EPS (adj) growth	24.6%	16.8%	-28.2%	3.4%	33.3%	16.1%
DPS (ord, EUR)	0.76	0.80	0.82	0.84	0.88	0.92
EV/Sales	1.6	1.3	1.7	1.5	1.3	1.3
EV/EBIT (adj)	13.2	10.5	17.2	15.4	11.2	10.0
P/E (adj)	19.2	11.0	17.7	16.6	12.4	10.7
P/BV	2.3	1.5	1.8	1.8	1.7	1.6
Dividend yield (ord)	3.3%	5.2%	4.6%	4.9%	5.1%	5.3%
FCF Yield bef A&D, lease adj	4.7%	-10.8%	7.5%	6.7%	8.7%	7.4%
Net debt	145	324	447	419	365	331
Net debt/EBITDA	0.7	1.7	2.7	2.8	1.6	1.3
ROIC after tax	12.8%	11.0%	7.0%	7.3%	10.0%	11.0%

Source: Company data and Nordea estimates

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