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## Commissioned research: Fiskars – Soft top line development continued – profitability holding relatively well thanks to healthy gross margins

Marketing material commissioned by Fiskars

Fiskars Q2 adjusted EBIT of EUR 19.2m came 3% above LSEG Data & Analytics consensus expectations. Net sales were up 5% y/y to EUR 281m driven by Georg Jensen acquisition and came 4% below consensus. On comparable basis, sales were down 5% y/y (we had modelled 0%, no consensus available). Comparable direct-to-consumer sales were down 5% y/y driven by 9% decrease in e-commerce and 2% decline in own retail network. Comparable gross margin was 49.1%, up 230bp y/y. On divisional level, Vita beat our EBIT estimate while Fiskars BA missed. Q2 operating cash flow was strong at EUR 65m (EUR 56m a year ago), supported by NWC. Net debt/LTM EBITDA was 2.7x, down from 2.9x in Q1 2024. Fiskars maintained its guidance for 2024 intact and expects adjusted EBIT to improve slightly from EUR 110m in 2023. LSEG consensus has been expecting EUR 107m adjusted EBIT (-3%) while we have modelled EUR 120m, a 9% 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	Q2 2024	Q2 2024E	vs. actual		Q2 2024E	vs. actual		Q1 2024	q/q	Q2 2023	y/y
<b>Sales</b>	<b>281</b>	<b>300</b>	<b>-19</b>	<b>-6%</b>	<b>294</b>	<b>-13</b>	<b>-4%</b>	<b>283</b>	<b>-1%</b>	<b>268</b>	<b>5%</b>
Gross profit	124	130	-7.0	-5%	134	-10.0	-7%	123	1%	125	-1%
<b>Gross margin</b>	<b>44.0%</b>	<b>43.5%</b>	<b>0.5pp</b>		<b>45.4%</b>	<b>-1.5pp</b>		<b>43.4%</b>	<b>0.5pp</b>	<b>46.8%</b>	<b>-2.8pp</b>
<b>Adj. EBIT</b>	<b>19.2</b>	<b>22.8</b>	<b>-3.6</b>	<b>-16%</b>	<b>18.6</b>	<b>0.6</b>	<b>3%</b>	<b>25.1</b>	<b>-24%</b>	<b>23</b>	<b>-18%</b>
Adj. EBIT margin	6.8%	7.6%	-0.8pp		6.3%	0.5pp		8.9%	-2.0pp	8.7%	-1.9pp
EBIT	0.3	6.6	-6.3	-95%	18.6	-18.3	-98%	6.4	-95%	22	-99%
EBIT margin	0.1%	2.2%			6.3%	-6.2pp		2.3%	-2.2pp	8.3%	-8.1pp
PTP	(7.7)	1.6	-9.3	-583%	0.3	-8.0	-2433%	3.6	-314%	17	-147%
EPS, EUR	(0.08)	0.01	-0.09	-642%	0.02	-0.10	-500%	0.03	-370%	0.15	-152%
<b>Business areas</b>	<b>Actual</b>	<b>NDA est.</b>						<b>Q1 2024</b>	<b>q/q</b>	<b>Q2 2023</b>	<b>y/y</b>
<b>Sales</b>											
Vita	129.9	140.1	-10.2	-7%				125.9	3%	114	14%
Fiskars	150.1	159.0	-8.9	-6%				156	-4%	153	-2%
Other	1.0	1.0	0.0	0%				1	0%	1	-9%
<b>TOTAL</b>	<b>281.0</b>	<b>300.1</b>	<b>-19.1</b>	<b>-6%</b>				<b>282.9</b>	<b>-1%</b>	<b>268</b>	<b>5%</b>
<b>Adj. EBIT</b>											
Vita	1.6	1.2	0.4	37%				-0.1	-1700%	3	-47%
Fiskars	22.3	26.2	-3.9	-15%				29.5	-24%	24.6	-9%
Other	-4.7	-4.6	-0.1	2%				-4.3	9%	-4.2	12%
<b>TOTAL</b>	<b>19.2</b>	<b>22.8</b>	<b>-3.6</b>	<b>-16%</b>				<b>25.1</b>	<b>-24%</b>	<b>23.4</b>	<b>-18%</b>
<b>Adj. EBIT margin</b>											
Vita	1.2%	0.8%		0.4pp				0%	1.3pp	3%	-1.4pp
Fiskars	14.9%	16.5%		-1.6pp				19%	-4.1pp	16%	-1.2pp
<b>TOTAL</b>	<b>6.8%</b>	<b>7.6%</b>		<b>-0.8pp</b>				<b>9%</b>	<b>-2.0pp</b>	<b>9%</b>	<b>-1.9pp</b>

Source: Company data, LSEG and Nordea estimates

### **Q2 top line on a soft side – improving comparable gross margin supportive**

- Q2 net sales were EUR 281m, up 5% y/y (-5% y/y on comparable basis), 4% below LSEG consensus expectations.
- Q2 adjusted EBIT was 19.2m, down 18% y/y and 3% above consensus at EUR 18.6m.
- Q2 gross margin of 44% came 1.5pp below consensus and 0.5pp above Nordea. We note the impact to inventories from Georg Jensen acquisition. On comparable basis, gross margin was up 230bp y/y to 49.1% and could support earnings development when end demand returns.
- Q2 operating cash flow of EUR 65m (EUR 56m a year ago) while free cash flow was EUR 49m (EUR 42m a year ago). Cash flow was supported by EUR 40m delta in NWC.
- Net debt/LTM EBITDA was 2.7x down from 2.9x at the end of Q1 2024 (2.5x in 2023).

### **Vita BA above our estimate while Fiskars BA missed**

- Vita BA net sales were EUR 130m, 7% below our expectations. Comparable sales declined 8.7% y/y (we had anticipated -3%) 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 1.6m, slightly above our forecast of EUR EUR 1.2m.
- Fiskars BA net sales were EUR 150m, 6% below our expectations. On comparable basis, sales declined 2.7% y/y (we had anticipated +3%), due to some softness sell-out and cautious retail customers' in US and Continental Europe. Adjusted EBIT of EUR 22.3m came 15% below our expectation of EUR 26.2m. Decline in volumes was partially offset by prudent cost management.
- Other segment came in line with 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 Q2, LSEG consensus was expecting EUR 107m adjusted EBIT in 2024 (-3%) while we have anticipated EUR 120m, a 9% 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 also in H2.

Initially, we expect consensus to make minor revision to its underlying estimates. We note successful inventory management supporting cash flows and improving underlying gross margins which bodes well 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/q2-2024>**

## SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	1,254	1,248	1,130	1,229	1,304	1,361
EBITDA (adj)	216	210	176	201	241	259
EBIT (adj)	154	151	110	120	159	175
EBIT (adj) margin	12.3%	12.1%	9.8%	9.8%	12.2%	12.9%
EPS (adj, EUR)	1.20	1.40	1.01	1.09	1.44	1.65
EPS (adj) growth	24.6%	16.8%	-28.2%	8.0%	32.1%	15.0%
DPS (ord, EUR)	0.76	0.80	0.82	0.84	0.88	0.92
EV/Sales	1.6	1.3	1.7	1.4	1.3	1.2
EV/EBIT (adj)	13.2	10.5	17.2	14.7	10.7	9.5
P/E (adj)	19.2	11.0	17.7	15.3	11.6	10.1
P/BV	2.3	1.5	1.8	1.7	1.6	1.5
Dividend yield (ord)	3.3%	5.2%	4.6%	5.0%	5.3%	5.5%
FCF Yield bef A&D, lease adj	4.7%	-10.8%	7.5%	7.4%	9.6%	8.4%
Net debt	145	324	447	410	347	304
Net debt/EBITDA	0.7	1.7	2.7	2.7	1.5	1.2
ROIC after tax	12.8%	11.0%	7.0%	7.5%	10.2%	11.3%

Source: Company data and Nordea estimates

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