

24 October 2024

Commissioned research: Fiskars – In-line Q3 adjusted EBIT – guidance intact*Marketing material commissioned by Fiskars*

Fiskars' Q3 adjusted EBIT of EUR 24.3m came 1% above LSEG Data & Analytics consensus expectations. Net sales were up 6% y/y to EUR 256m driven by Georg Jensen acquisition and came 4% below consensus. On comparable basis, sales were down 7% y/y (we had modelled -4%, no consensus available). Comparable direct-to-consumer sales were down 3% y/y driven by a 9% decrease in own e-commerce. Comparable gross margin was 48.1%, up 90bp y/y. On divisional level, Vita missed our EBIT estimate while Fiskars BA beat. Q3 operating cash flow was soft at EUR -3m (EUR 68m a year ago), driven by EUR 30m negative working capital change. Net debt/LTM EBITDA was 2.8x, up from 2.7x in Q2 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 110m adjusted EBIT while we have modelled EUR 109m, a 2% decline in 2024E. Initially, we expect consensus to make only minor EBIT adjustments while note the risk on the guidance until year-end as the company is some EUR 4m below last year on adjusted EBIT YTD. Following the Georg Jensen acquisition (beginning of Q4 2023), the importance of Q4 has increased.

FISKARS: DEVIATION TABLE

| EURm | Actual Q3 2024 | NDA est. Q3 2024E | Deviation vs. actual | | Consensus Q3 2024E | Deviation vs. actual | | Actual Q2 2024 | q/q | Actual Q3 2023 | y/y |
|------------------|-------------------|----------------------|-------------------------|-------|-----------------------|-------------------------|-------|-------------------|--------|-------------------|--------|
| Sales | 256 | 266 | -10 | -4% | 268 | -12 | -5% | 281 | -9% | 241 | 6% |
| Gross profit | 108 | 119 | -11.3 | -9% | 123 | -15.0 | -12% | 124 | -13% | 114 | -5% |
| Gross margin | 42.2% | 44.9% | -2.7pp | | 45.9% | -3.6pp | | 44.0% | -1.7pp | 47.1% | -4.9pp |
| Adj. EBIT | 24.3 | 24.8 | -0.5 | -2% | 24.1 | 0.3 | 1% | 19.3 | 26% | 18 | 35% |
| Adj. EBIT margin | 9.5% | 9.3% | 0.2pp | | 9.0% | 0.5pp | | 6.9% | 2.6pp | 7.5% | 2.0pp |
| EBIT | (0.5) | 10.1 | -10.6 | -105% | 24.1 | -24.6 | -102% | 0.3 | -267% | 14 | -104% |
| EBIT margin | -0.2% | 3.8% | | | 9.0% | -9.2pp | | 0.1% | -0.3pp | 5.7% | -5.9pp |
| PTP | (4.3) | 5.1 | -9.4 | -185% | 5.7 | -10.0 | -176% | (7.6) | -43% | 12 | -137% |
| EPS, EUR | (0.07) | 0.05 | -0.12 | -243% | 0.05 | -0.12 | -240% | (0.07) | -4% | 0.11 | -164% |

| Business areas | Actual | NDA est. | | | Q2 2024 | q/q | Q3 2023 | y/y |
|-------------------------|--------|----------|--------|------|---------|--------|---------|--------|
| Sales | | | | | | | | |
| Vita | 139.2 | 146.7 | -7.5 | -5% | 129.9 | 7% | 119 | 17% |
| Fiskars | 115.2 | 117.9 | -2.7 | -2% | 150.1 | -23% | 121 | -4% |
| Other | 1.5 | 1.0 | 0.5 | 50% | 1 | 50% | 1 | 25% |
| TOTAL | 255.9 | 265.6 | -9.7 | -4% | 281 | -9% | 241 | 6% |
| Adj. EBIT | | | | | | | | |
| Vita | 12.7 | 18.6 | -5.9 | -32% | 1.6 | 694% | 16.9 | -25% |
| Fiskars | 13.6 | 10.6 | 3.0 | 28% | 22.3 | -39% | 11 | 24% |
| Other | -2.0 | -4.5 | 2.5 | -56% | -4.7 | -57% | -10 | -80% |
| TOTAL | 24.3 | 24.8 | -0.5 | -2% | 19.2 | 27% | 17.9 | 36% |
| Adj. EBIT margin | | | | | | | | |
| Vita | 9.1% | 12.7% | -3.6pp | | 1% | 7.9pp | 14% | -5.0pp |
| Fiskars | 11.8% | 9.0% | 2.8pp | | 15% | -3.1pp | 9% | 2.7pp |
| TOTAL | 9.5% | 9.3% | 0.2pp | | 7% | 2.7pp | 7% | 2.1pp |

Source: Company data, LSEG and Nordea estimates

Q3 top line on a soft side – Profit improvement measures and gross margin supportive

- Q3 net sales were EUR 256m, up 6% y/y (-7% y/y on comparable basis), 5% below LSEG consensus expectations.
- Q3 adjusted EBIT was 24.3m, up 36% y/y and 1% above consensus at EUR 24.1m. There were EUR -25m of items affecting comparability while we anticipated EUR -15m. Delta is driven by PPA changes in Georg Jensen acquisition (EUR -6m) and organizational changes (EUR -4m)
- Q3 gross margin of 42.2% came 3.6pp below consensus and 2.7pp below Nordea. We note the impact to inventories from Georg Jensen acquisition. On comparable basis, gross margin was up 90bp y/y to 48.1%. Nevertheless, gross margin came below our expectations, while operating costs were EUR 6m lower than we had anticipated.
- Q3 operating cash flow of EUR -2.5m (EUR 68m a year ago) while free cash flow was EUR -17m (EUR 53m a year ago). Cash flow was burdened by EUR -30m delta in NWC.
- Net debt/LTM EBITDA was 2.8x down from 2.7x at the end of Q2 2024 (2.5x in 2023).

Fiskars BA above our estimate while Vita BA missed

- Vita BA net sales were EUR 139m, 5% below our expectations. Comparable sales declined 10.1% y/y (we had anticipated -5%) due to retail customer segment. Direct-to-consumer sales accounted for 50% of sales (45% a year ago), supported by Georg Jensen acquisition. Adjusted EBIT was 12.7m, below our forecast of EUR EUR 18.6m.
- Fiskars BA net sales were EUR 115m, 2% below our expectations. On comparable basis, sales declined 4.9% y/y (we had anticipated -2%), due to some softness sell-out and cautious retail customers. Adjusted EBIT of EUR 13.6m came 28% above our expectation of EUR 10.6m. Decline in volumes was offset by all-time high Q3 gross margin and lower SG&A costs.
- 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 Q3, LSEG consensus was expecting EUR 110m adjusted EBIT in 2024 while we have anticipated EUR 109m, a 2% decline 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 Q4. Hence, we continue to believe that guidance remains at risk until late 2024.

Initially, we expect consensus to make only minor revision to its underlying estimates. We note continuing improvement of underlying gross margins which bodes well when volumes start to recover.

A webcast on the first quarter results will be held on at 11:00 p.m. (EEST). It will be held in English and can be followed at <https://fiskars.videosync.fi/q3-2024>

SUMMARY TABLE - KEY FIGURES

| EURm | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|------------------------------|-------|--------|--------|-------|-------|-------|
| Total revenue | 1,254 | 1,248 | 1,130 | 1,165 | 1,216 | 1,275 |
| EBITDA (adj) | 216 | 210 | 176 | 192 | 227 | 249 |
| EBIT (adj) | 154 | 151 | 110 | 109 | 143 | 163 |
| EBIT (adj) margin | 12.3% | 12.1% | 9.8% | 9.3% | 11.8% | 12.8% |
| EPS (adj, EUR) | 1.20 | 1.40 | 1.01 | 0.98 | 1.23 | 1.46 |
| EPS (adj) growth | 24.6% | 16.8% | -28.2% | -2.7% | 25.2% | 19.5% |
| 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 | 15.0 | 11.0 | 9.5 |
| P/E (adj) | 19.2 | 11.0 | 17.7 | 15.4 | 12.3 | 10.3 |
| P/BV | 2.3 | 1.5 | 1.8 | 1.6 | 1.5 | 1.4 |
| Dividend yield (ord) | 3.3% | 5.2% | 4.6% | 5.6% | 5.8% | 6.1% |
| FCF Yield bef A&D, lease adj | 4.7% | -10.8% | 7.5% | 8.7% | 9.9% | 8.5% |
| Net debt | 145 | 324 | 447 | 403 | 349 | 315 |
| Net debt/EBITDA | 0.7 | 1.7 | 2.7 | 2.9 | 1.6 | 1.3 |
| ROIC after tax | 12.8% | 11.0% | 7.0% | 6.8% | 9.4% | 10.7% |

Source: Company data and Nordea estimates

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