Fiskars

Company report

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Inderes corporate customer

This report is a summary translation of the report “Odotamme tuloskasvua loppuvuonna” published on 4/27/2023 at 8:40 pm

We expect earnings growth later this year

Fiskars Q1 performance was weaker than in the strong comparison period as expected. The company repeated its full-year guidance and we believe that the result will turn up in H2. We reiterate our Accumulate recommendation but lower our target price to EUR 17.5 (previous EUR 18) due to slightly lower estimates. The extensive report published in March that is still topical can be found here.

Q1 result clearly below the strong comparison period as expected

Fiskars' Q1 net sales decreased more than expected, i.e. 13% organically and 17% reported. However, the reasons were known, namely destocking by retailers, especially in the US, and a very strong comparison period. Both were especially visible in the Terra division, which due to seasonality is a large part of Fiskars' H1. Comparable EBIT was EUR 31 million and roughly in line with expectations. The margin was slightly better than expected, although the result and margin fell clearly from the strong comparison period. This indicates Fiskars' ability to manage costs in a weaker demand situation, already seen in Q4.

Fiskars' guidance is still that comparable EBIT will decline slightly from 2022

Fiskars repeated its 2023 guidance that comparable EBIT will be slightly below the 2022 level (151 MEUR). If this is assumed to mean, e.g., a 0-10% decrease, it would require an EBIT of some EUR 135-150 million (Inderes: 134 MEUR). The drop we expected year-on-year was already realized in Q1 and we expect Fiskars' result to start growing compared to the comparison period in the second half of the year. This is supported by both lower comparison figures, cost savings and expected recovery of demand. Fiskars' guidance does not include net sales but the company has said it assumes it will decrease in 2023 as customers continue destocking, consumer demand is weaker and the weaker USD hits reported figures. We only made cosmetic estimate changes in this report, and estimates declined by 1-2%.

We feel Fiskars' performance has improved structurally in recent years and there is still potential for improvement

Over the past 15 years, Fiskars has changed from a somewhat confusing holding company to a clear consumer product entity. We believe that the company is structurally performing better than before the COVID pandemic. This is illustrated, e.g., by the adjusted EBIT of EUR 134 million that we expect for this year in a rather difficult market situation, compared to an average pre-COVID level of just under EUR 100 million. Under the current management, i.e. the last two years, the company has also clearly focused more on growth, but at the same time aims to further improve profitability. We see the actions and strategy of the current management as good that we believe will help Fiskars to improve its performance in the coming years and generate a new record result already in 2024. However, we do not believe that the company will achieve the targeted 15% adjusted EBIT margin in 2025.

We still see a positive change story in Fiskars that offers a reasonable expected return

We believe that the strategy launched by the company's current management in 2021 will support 2024-25 the net sales growth and profitability improving to record levels. The earnings-based valuation (EV/EBIT: 11x and adjusted P/E: 13x) for 2023 is at the top end of acceptable multiples but earnings growth from 2024 onwards and the dividend yield of about 5% raises the share's expected return to an adequate level.

Recommendation

Accumulate
(previous Accumulate)

EUR 17.50
(previous EUR 18.00)

Share price:
15.70

Key figures

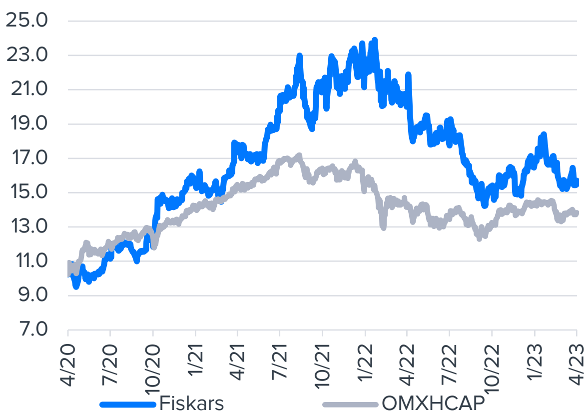
	2022	2023e	2024e	2025e
Revenue	1248	1164	1241	1280
growth-%	0%	-7%	7%	3%
EBIT adj.	151.0	134.4	155.1	167.7
EBIT-% adj.	12.1 %	11.5 %	12.5 %	13.1 %
Net Income	98.2	93.4	113.8	122.1
EPS (adj.)	1.42	1.19	1.41	1.51
P/E (adj.)	10.8	13.2	11.1	10.4
P/B	1.5	1.5	1.4	1.3
Dividend yield-%	5.2 %	5.1 %	5.2 %	5.7 %
EV/EBIT (adj.)	10.4	10.9	9.1	8.0
EV/EBITDA	8.1	7.6	6.5	5.8
EV/S	1.3	1.3	1.1	1.1

Source: Inderes

Guidance (Unchanged)

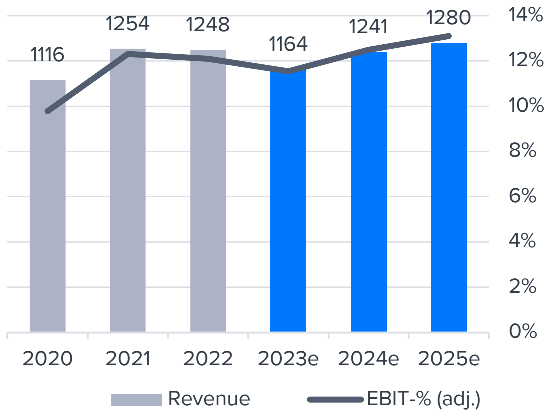
Fiskars expects comparable EBIT to be slightly below the 2022 level (2022: 151 MEUR).

Share price



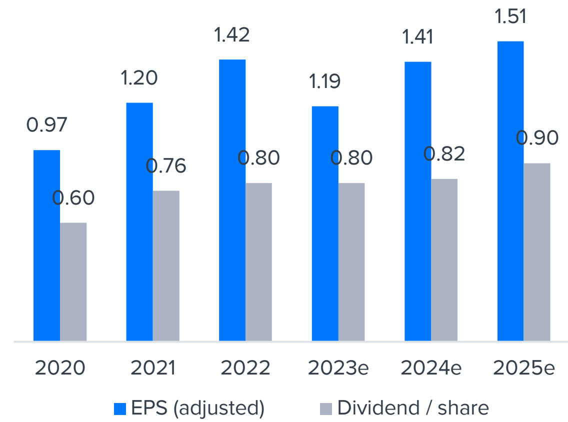
Source: Millistream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Portfolio's focus on big and most profitable brands
- Organic growth from new markets and/or product categories
- Profitability improvement through sales and channel mix as well as growth and scale

Risk factors

- Weakening of the global economy and consumer confidence
- Rapid transition in the retail sector to digital channels and increasing price competition
- Complexity of the brand portfolio

Valuation	2023e	2024e	2025e
Share price	15.7	15.7	15.7
Number of shares, millions	80.7	80.7	80.7
Market cap	1267	1267	1267
EV	1465	1411	1348
P/E (adj.)	13.2	11.1	10.4
P/E	13.6	11.1	10.4
P/FCF	6.1	10.0	9.3
P/B	1.5	1.4	1.3
P/S	1.1	1.0	1.0
EV/Sales	1.3	1.1	1.1
EV/EBITDA	7.6	6.5	5.8
EV/EBIT (adj.)	10.9	9.1	8.0
Payout ratio (%)	69.1 %	58.2 %	59.5 %
Dividend yield-%	5.1 %	5.2 %	5.7 %

Source: Inderes

Net sales below expectations, earnings in line with estimates

Net sales declined more than expected, driven by the US

Fiskars Q1 net sales decreased by 13% in comparable terms and reported by 17%, or some 5% more than expected. However, the reasons were familiar, i.e. US sales decreased by 20%, while retailers continued to decrease purchases sharply due to inventory management (as in Q4) and decreased consumer demand in the Nordic countries weighted on Fiskars. In Finland, Fiskars managed to grow. At division level, the biggest drop came from the Terra division (25%) as expected, where last year there were still very strong pre-orders supported by the good demand of the COVID era, and, on the other hand, Terra is the division where the inventory management of large US retailers was seen most. Terra's drop was higher than we expected, while the drop in Vita and Crea divisions' net sales was as expected.

Declining net sales depressed the margin

As expected, the weakened net sales also depressed earnings and the margin. Adjusted EBIT decreased roughly in line with estimates to EUR 31 million (Q122: 52 MEUR). At division level, Terra's adjusted EBIT fell clearly as expected from the very strong EUR 36 million in the comparison period to EUR 23 million. The Crea division, on the other hand, reached the same earnings level as in the comparison period and was thus better than our estimate. Fiskars reported that the gross margin remained operationally stable (based on the report it increased due to the divestment). We think this is a good performance, given that Fiskars has significantly reduced its production and order volumes. Thus, the margin decrease was mainly due to the negative leverage of lower net sales. Fiskars' non-recurring items were slightly lower than we expected, which supported the reported result.

Cash flow improved, but debt increased further

The company's cash flow improved significantly as free cash flow was EUR 13 million compared to EUR 70 million last year. However, due to dividend payment and increased lease liabilities, net debt rose from the turn of the year. Due to higher debt and lower earnings, the net debt/EBITDA ratio was 2.0x, compared to 1.7x at the end of 2022. It is still within the target (under 2.5x). We believe that cash flow will continue to be good in the coming quarters and that the decline in earnings will stabilize thanks to significantly easier comparison figures, and thus the peak of the net debt/EBITDA figure was probably seen at the end of Q1.

Estimates	Q1'22	Q1'23	Q1'23e	Q1'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	333	275	291	287			-6%	1164
EBIT (adj.)	51.8	31.2	30.5	-			2%	134
EBIT	41.4	28.9	25.5	30.1			13%	132
EPS (reported)	0.39	0.25	0.21	0.24			18%	1.16
Revenue growth-%	10.2 %	-17.4 %	-12.5 %	-13.8 %			-5 pp	-6.7 %
EBIT-% (adj.)	15.6 %	11.3 %	10.5 %		-		0.9 pp	11.5 %

Source: Inderes & Bloomberg, 4 analysts (consensus)

Only minor adjustments to estimates

Full-year guidance on declining EBIT remained unchanged as expected

Fiskars' repeated its guidance that full-year comparable EBIT will be slightly below the 2022 level (151 MEUR). We made only minor changes and we still expect EBIT to fall by about 10% and to be EUR 134 million, which we interpret as being at the bottom end of the guidance. Achieving this requires a slightly improving result toward the end of the year, which we believe the company will be able to achieve, partly due to seasonality. In addition, the effects of the EUR 30 million efficiency program will start to become visible in H2'23 and demand is expected to recover at least slightly as inventory levels in retail fall. The comparison figures are also lower already in Q2 compared to very high figures in Q1, and we believe the company will be able to improve its performance compared to the comparison period in H2'23. In practice, the weakening of the adjusted EBIT we expected this year materialized already in Q1. Our Q2 estimate assumes a more moderate decrease, a marginal improvement in Q3 and a clearer improvement in Q4 compared to a weak comparison period. Q4 is seasonally important for the Vita segment and, therefore, the improvement requires reasonable success for Vita in important Christmas sales.

Only minor changes also for coming years

Our estimate changes even after 2023, are only 1-2% negative and we made no changes to our longer-term estimates. These are discussed in more detail in our recent extensive report.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	1187	1164	-2%	1260	1241	-2%	1300	1280	-2%
EBIT (exc. NRIs)	135	134	-1%	157	155	-1%	169	168	-1%
EBIT	130	132	1%	157	155	-1%	169	168	-1%
EPS (excl. NRIs)	1.20	1.19	-1%	1.43	1.41	-2%	1.53	1.51	-1%
DPS	0.80	0.80	0%	0.82	0.82	0%	0.90	0.90	0%

Source: Inderes

Valuation 1/2

Recommendation and target price

We reiterate our Accumulate recommendation for Fiskars. Our positive view is supported by the estimated annual growth of around 3% and a good dividend yield of 5-6%, which together provide 8-10% expected return for the next few years. This exceeds our some 8% required return for the share.

Earnings-based valuation on target

Prior to the COVID pandemic, Fiskars' growth and profitability profile was modest. The company was clearly underperforming compared to its potential, but the home nesting trend that COVID sparked supported Fiskars. At the same time, the company has also improved its performance both in terms of growth drivers and profitability. This has been reflected especially as significant earnings growth in the Vita segment in 2020-22. We believe Fiskars has a lower risk profile than Nasdaq Helsinki's average and the company has more potential for stable, albeit quite small growth, and better relative profitability than in the past. On the other hand, the company has not historically been able to achieve much growth and its markets are quite mature (and thus grow slowly), so we feel that pricing significant growth into the share price would be too optimistic.

We determined the acceptable valuation level for Fiskars' share to be P/E 12-14x and EV/EBIT 10-12x. We believe there is upside in the valuation multiples if Fiskars can achieve higher growth than in previous (pre-COVID) years. Increasing net sales has historically been challenging, which is why particularly high valuation multiples have not been accepted for the company. We believe the company has been able to generate structural growth on top of the exceptional demand generated by the COVID era. We expect sustainable growth to resume again in 2024.

DCF valuation

Up to 2026, we expect Fiskars' net sales to grow by an average of 3% per year and from 2027 onwards by 2% per year. We expect the EBIT margin to improve to about 13% by 2027, but to decrease to 11% in the terminal period. In the longer term, we expect the margin to fall back to the current level, which is, however, better than the levels preceding 2019. The weight of the terminal period is around 50% in our model.

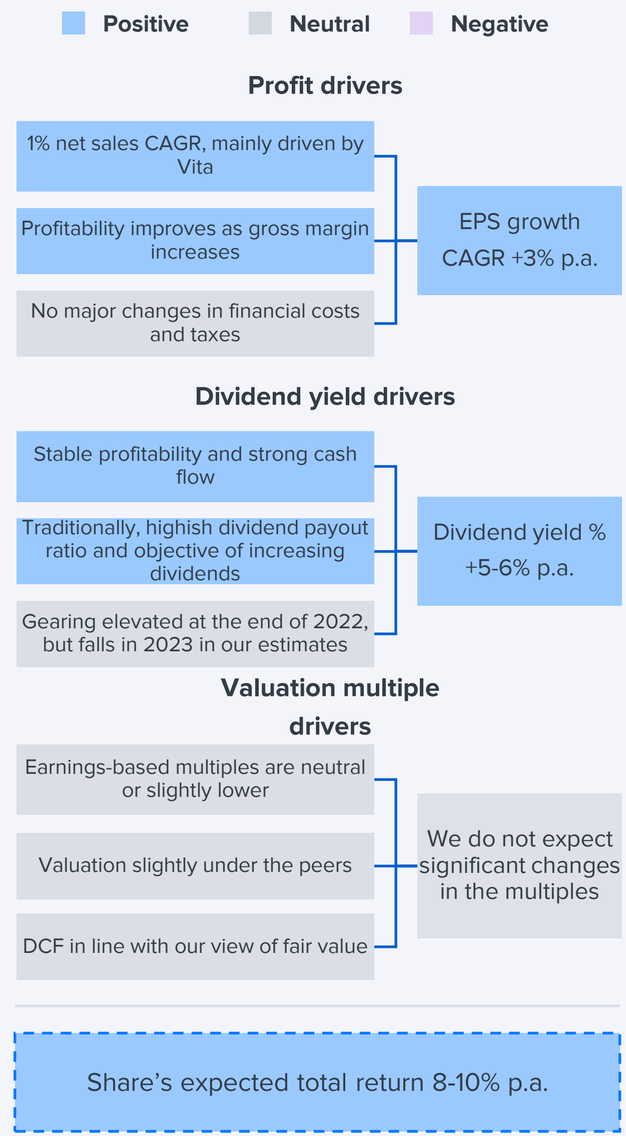
Our required return (WACC) for Fiskars is 8% and the cost of equity is 8.5%. The level is low, but we believe it is justified given Fiskars' strong brands, diversified product portfolio and low risk profile.

Our DCF model indicates that Fiskars debt-free value is about EUR 1.8 billion and the value of the share capital is about EUR 1.45 billion, or about EUR 18 per share.

Balance sheet-based valuation is at an acceptable level

Fiskars' P/B ratio is about 1.4x in the coming years. With the 12-13% return on capital we estimate this means a return of 8-9% (12%/1.4) at the current share price, which is in line with our required return. We believe Fiskars has the potential to improve its return on capital in coming years through more efficient use of the balance sheet and possibly improved profitability. Currently, however, P/B-based valuation appears to be relatively fair.

TSR drivers 2022-2025



Valuation 2/2

Dividend yield expected to remain reasonably good

Fiskars' balance sheet is in shape, and we believe it will strengthen clearly already this year, and performance is stable. The company has also traditionally distributed a significant proportion of its profits as dividends and aims to increase absolute dividends annually.

We expect the company to distribute approximately 60-70% of the earnings adjusted for non-recurring items in the next few years. This means a dividend yield of around 5% over the next few years. In addition, a strong balance sheet also allows for extra dividend distribution within the next 2-3 years if there is no other use for cash assets.

Share price is attractive if the company meets its 2025 targets

The company has ambitious financial targets, which aim at 2025. If we assume that Fiskars would meet its financial targets of growing net sales by around 5% per year in 2022-25 and raise its EBIT margin to the targeted 15%, it will mean net sales of EUR ~1.5 billion, an EBIT of EUR ~225 million and EPS of EUR ~2.2. If the company would then be priced at 12x P/E, the calculated value of the share would be EUR 26 in 2025. If Fiskars can meet its own financial targets, we believe that the share price is currently cheap since if the targets are met, the expected return considering the dividend would be over 25% p.a. As the company's guidance indicates and earnings drop for 2023, we believe that 2025 can come too quickly for the company to reach the targets. These are, however, good target levels and we believe that the company will move toward its targets after a weaker 2023.

Valuation	2023e	2024e	2025e
Share price	15.7	15.7	15.7
Number of shares, millions	80.7	80.7	80.7
Market cap	1267	1267	1267
EV	1465	1411	1348
P/E (adj.)	13.2	11.1	10.4
P/E	13.6	11.1	10.4
P/FCF	6.1	10.0	9.3
P/B	1.5	1.4	1.3
P/S	1.1	1.0	1.0
EV/Sales	1.3	1.1	1.1
EV/EBITDA	7.6	6.5	5.8
EV/EBIT (adj.)	10.9	9.1	8.0
Payout ratio (%)	69.1 %	58.2 %	59.5 %
Dividend yield-%	5.1 %	5.2 %	5.7 %

Source: Inderes

Investment profile 1/2

1. **Wide and well-known brand portfolio**
2. **Clear strategy for creating sustainable growth and improving profitability**
3. **Stable dividend company**
4. **Well-diversified business**
5. **Weak historical growth depresses valuation**
6. **Relatively stable profitability that has improved in recent years**

Potential

- Geographical expansion
- Expanding to new product categories
- Growth in direct consumer sales
- Improved return on capital from growth and margin improvement

Risks

- Digitalization of the commerce sector and growing demands of consumers
- Consumer demand weakening more than expected in the near future and/or slower recovery
- Brand portfolio growing too large and complex
- Restructuring and efficiency programs continuing with non-recurring costs

Source: Inderes

Investment profile 2/2

Broad and well-known brand portfolio decentralizes risk

Fiskars is a family of strong iconic lifestyle brands. Through its wide international brand portfolio, the company has some degree of natural diversification into the success of several different brands. At the same time, this reduces the risk that the Group would be in a difficult position if one of the company's brands lost its competitiveness or prestige. Business diversification into a wide range of product categories (interior decoration, cooking, gardening, outdoor and crafts), over 100 countries and distribution channels also brings stability to performance and lowers the risk profile of the share. Of course, e.g., the Fiskars brand and/or the US market are large and therefore crucial for the company.

A stable dividend payer

Fiskars has a strong balance sheet, stable earnings and good cash flow. Historically, the business has been consistently profitable although rather modest until 2019 and profitability has improved in recent years thanks to increased net sales, portfolio changes and restructuring. Fiskars is known for its shareholder-friendly dividend policy and we believe that the company will continue to be profiled as a stable dividend payer.

Modest historical growth and restructuring programs are a weakness

Fiskars' net sales have been largely stagnant when comparing our 2023 estimate to 2016, which was the first year with the current structure. Since then, the company has sold its watering business, so small organic growth has been achieved, but nothing significant. So growth has been a major challenge for the company for a long time, and earnings growth has mainly come through efficiency measures. The company has been continuously engaged in various restructuring programs that have depressed the reported result. The company's investment profile has been marked by modest growth and restructuring programs continuing year after year in the last decade and to some extent even in recent years.

Positive drivers/potential

Geographical expansion

Fiskars has many high-quality brands that are under-represented in certain geographical areas or not present at all. The company's strategy aims to make more use of brand expansion in new markets. Examples of this in recent years include The expansion of Royal Copenhagen to Australia, or the expansion of Wedgwood and Royal Copenhagen to the Chinese market.

Expanding to new product categories

Fiskars can try to stretch its brands into new product categories. In many of its well-known brands, Fiskars has product categories where it has no products at all, but which the brands could quite naturally fit into.

Negative drivers/risks

Digitalization of the commerce sector and growing demands of consumers

In recent years, many players in commerce have been in serious difficulties in the face of the rapid upheaval in the industry. Consumers have increasingly started to favor purchases via digital channels, which has put new type of pressure on storage capacity, supply chain management, development of own online shops and profitability of own stores. At the same time, the competitive landscape of companies has become more challenging and consumer options have expanded from local brick-and-mortar stores to completely global. Naturally, Fiskars is also trying to take advantage of this trend with its own consumer sales, so to an extent this also opens opportunities.

A complex portfolio is challenging to manage

Fiskars has accumulated dozens of different brands through acquisitions made over the years. While winning brands make up most of net sales, smaller local brands create complexity for production, marketing, warehousing, administration, etc. The company has stated that it will make the biggest investments in winning brands due to their stronger growth and profitability potential, but small brands also have strong regional positions and thus defend their position in the portfolio.

Strategy and financial objectives (1/2)

Fiskars' strategy is to focus on winning brands, channels and countries with the help of the following growth factors:

Commercial excellence

- Commercial excellence is a very broad concept and covers, e.g., pricing, product portfolio, distribution network, focusing on the correct, i.e. growing distribution channels, cooperation with the retail sector and product displays.

Direct consumer sales

- Creating brand experiences in own distribution channels including both physical stores and online stores.
- Increasing sales through own stores

USA

- The US is clearly Fiskars' largest operating country and the company still sees a lot of potential to grow there, e.g., by exploiting its entire product portfolio

China

- China's net sales are still smallish (about 45-50 MEUR in 2022), but growing rapidly, with potential to become the third largest country in 2025 (would require net sales of over 75 MEUR)
- Direct consumer sales are important
- Wedgwood the leading brand

Inderes' comments on Fiskars' growth factors

Commercial excellence

- Commercial excellence is in practice a normal part of any company's business
- However, in Fiskars' current strategy the aim is a clear improvement as the company moves from the old wholesale and demand-driven model to a more value-based model that emphasizes cooperation with distributors
- We believe Fiskars has good preconditions to support both sales and margin development in coming years. Over time, improvements in this area naturally become more difficult

Direct consumer sales

- As e-commerce makes all competition global, companies must differentiate themselves with their brands
- Direct consumer sales are a growing trend in the consumer product world and we find Fiskars' choice to focus on this as good
- Establishing own brand stores typically also supports distributors' sales and sets an example
- Increasing consumer sales will require investments from Fiskars especially in IT and will also change its earnings structure

USA

- As the company's largest country, focusing on the US is an obvious choice for Fiskars
- The company sees a strong market for brand products in the country and we agree, although consumer demand is under pressure in the near term
- Fiskars sees potential, e.g., for the Gerber brand and Vita segment. On the other hand, the market is very competitive, and we do not expect Fiskars to easily gain market shares from others. So, growth in the US requires successful products and choices, e.g., in terms of brands and distribution channels

China

- Fiskars' net sales in China were almost non-existent in 2017-18 (~5 MEUR) but has grown rapidly and it was already a top 10 country in 2022.
- Wedgwood has been a leading brand, but we believe that Fiskars' wide range of brands (mainly in the Vita segment) should also offer other relevant brands for the Chinese market that support growth.
- In China, growth mainly comes from own online stores and partly from own physical stores where the company can also gain expertise for other markets

Strategy and financial objectives (2/2)

Financial objectives 2022-25 (published in November 2021)

Annual organic net sales growth: around 5%

- Historically, Fiskars' growth has been modest and there has in practice been no organic growth for the current Fiskars that focuses on consumer products
- Fiskars aims for growth, especially through winning brands and its own consumer sales
- We believe that after the decrease in the sales of the WWRD brands, the company has a relatively solid base from which to build sales growth, albeit COVID driven demand pushed sales exceptionally high in 2021.
- In 2023, we estimate that consumer demand will keep growth in the red
- We estimate that with the help of the growth factors on the previous page Fiskars will be able to accelerate its growth to the target level in 2024-25

Comparable EBIT margin: around 15% by the end of 2025

- Fiskars' margin has historically been under 10%, although it was over 12% in 2021 supported by COVID demand
- The targeted improvement is mainly based on an improvement in the gross margin. This is supported by the increase in sales of higher-margin products and channels (especially own consumer sales). Fixed costs (% of net sales) grow related to these, but with savings sought elsewhere they should remain unchanged as a whole
- We believe that the margin target relies largely on the growth target being successful
- We do not believe that the company will reach the target in 2025, but we believe that the margin will improve in 2024-25, reaching about 13%.

Cash conversion (free cash flow/profit for the period): at least 80%

- Cash conversion depends mainly on changes in working capital and the amount of investments
- Investments will increase to about 4% of sales, especially related to digitalization, which will depress cash conversion
- In 2021-22, working capital was depressed mainly by an increase in inventories so cash conversion has been weak
- We expect inventories to decrease in 2023 and thus support cash conversion
- After this, we believe the company will be able to achieve roughly its target level in 2024-25

Net debt/ EBITDA: 2.5x or under

- Historically, Fiskars has had a relatively strong balance sheet that it has used for acquisitions
- During 2022, the balance sheet situation has deteriorated as working capital has grown and net debt/EBITDA was 1.7x at the end of the year
- Although the declining result has a negative effect on the indicator in 2023, we believe that the released working capital will support its improvement to 1.0x at the end of 2023
- We believe Fiskars will allocate its free cash flow mainly to dividends and debt reduction in the coming years, and we do not expect any acquisitions
- This will support debt leverage remaining at a modest level in 2024-25

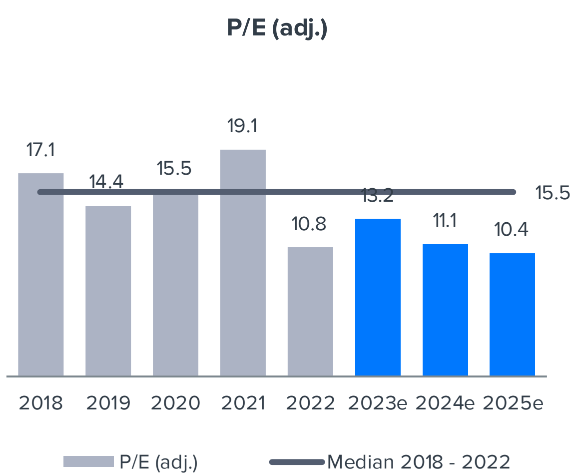
Dividend: The aim is to distribute a stable dividend that increases over time and is paid twice a year

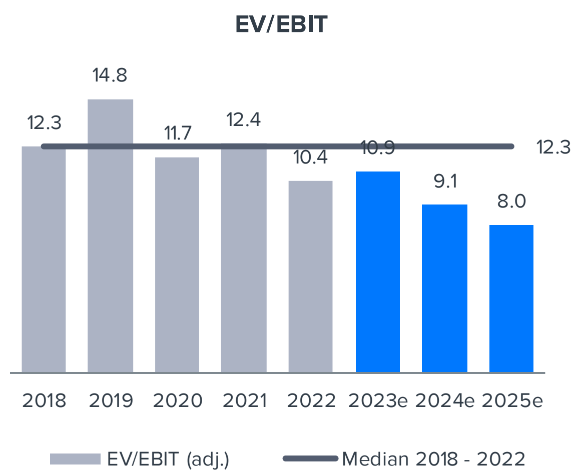
- Fiskars has traditionally paid a relatively high dividend. We expect this to continue in the future. However, we estimate that the weakening earnings development in 2023 will keep the dividend per share unchanged this year and turn to growth again in 2024 with the result

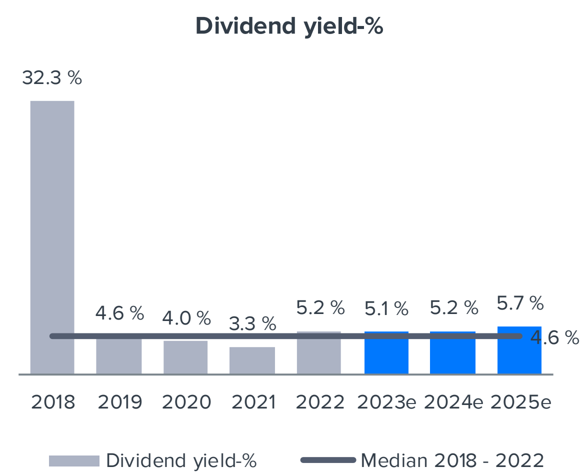
Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	19.0	12.2	15.0	23.0	15.4	**15.7**	**15.7**	**15.7**	**15.7**
Number of shares, millions	81.6	81.5	81.5	81.5	80.6	**80.7**	**80.7**	**80.7**	**80.7**
Market cap	1550	996	1220	1874	1239	**1267**	**1267**	**1267**	**1267**
EV	1236	1152	1276	1916	1570	**1465**	**1411**	**1348**	**1303**
P/E (adj.)	17.1	14.4	15.5	19.1	10.8	**13.2**	**11.1**	**10.4**	**10.0**
P/E	19.0	19.3	18.0	21.6	12.6	**13.6**	**11.1**	**10.4**	**10.0**
P/FCF	24.4	28.5	6.9	24.5	neg.	**6.1**	**10.0**	**9.3**	**10.3**
P/B	1.3	1.3	1.6	2.3	1.5	**1.5**	**1.4**	**1.3**	**1.2**
P/S	1.4	0.9	1.1	1.5	1.0	**1.1**	**1.0**	**1.0**	**1.0**
EV/Sales	1.1	1.1	1.1	1.5	1.3	**1.3**	**1.1**	**1.1**	**1.0**
EV/EBITDA	9.1	9.6	7.4	9.4	8.1	**7.6**	**6.5**	**5.8**	**5.5**
EV/EBIT (adj.)	12.3	14.8	11.7	12.4	10.4	**10.9**	**9.1**	**8.0**	**7.6**
Payout ratio (%)	613.3 %	88.4 %	72.2 %	71.5 %	65.6 %	**69.1 %**	**58.2 %**	**59.5 %**	**70.0 %**
Dividend yield-%	32.3 %	4.6 %	4.0 %	3.3 %	5.2 %	**5.1 %**	**5.2 %**	**5.7 %**	**7.0 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Duni AB	433	596	11.6	9.7	8.3	7.1	0.9	0.8	11.7	9.5	3.3	4.2	1.4
Harvia Oyj	409	441	14.0	11.6	11.6	9.9	2.9	2.6	17.9	14.9	3.0	3.1	3.3
Leifheit AG	162	126	31.5	6.6	10.5	4.7	0.5	0.5	55.9	11.7	4.3	5.6	1.3
Marimekko Oyj	380	366	11.6	10.1	8.9	7.8	2.1	1.9	15.5	13.9	4.3	5.4	4.9
Nokian Tyres plc	1230	1371	14.5	12.4	6.1	6.2	1.0	1.1	19.4	13.5	6.2	6.2	0.9
Orthex Oyj	83	104	13.3	10.2	8.7	7.2	1.3	1.2	17.8	13.3	3.0	3.4	2.3
Rapala VMC Oyj	151	243	17.5	11.0	9.5	7.1	0.9	0.8	22.3	12.2	2.6	5.2	1.0
Stanley Black & Decker Inc	10708	17104	26.4	12.7	17.1	10.1	1.2	1.1	82.3	15.1	4.2	4.3	1.3
Villeroy & Boch AG	567	456	4.9	4.6	3.4	3.3	0.5	0.4	7.8	7.4	6.0	6.4	1.3
Husqvarna	4323	5699	14.1	11.9	8.5	7.7	1.2	1.2	17.3	13.6	3.5	3.7	2.0
Fiskars (Inderes)	**1267**	**1465**	**10.9**	**9.1**	**7.6**	**6.5**	**1.3**	**1.1**	**13.2**	**11.1**	**5.1**	**5.2**	**1.5**
Average			**15.9**	**10.1**	**9.3**	**7.1**	**1.2**	**1.1**	**26.8**	**12.5**	**4.0**	**4.7**	**2.0**
Median			**14.1**	**10.6**	**8.8**	**7.2**	**1.1**	**1.1**	**17.9**	**13.4**	**3.9**	**4.7**	**1.4**
Diff-% to median			***-22%***	***-14%***	***-13%***	***-9%***	***16%***	***5%***	***-26%***	***-17%***	***32%***	***10%***	***7%***

Source: Refinitiv / Inderes

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	**1254**	**333**	**319**	**293**	**304**	**1248**	**275**	**296**	**282**	**312**	**1164.4**	**1241**	**1280**	**1320**
Vita	545	121	127	140	176	564	108	122	132	183	544.2	590	614	638
Terra	535	173	139	108	86.8	507	130	128	106	88.4	452.1	475	487	499
Crea	171	38.1	52.0	43.1	40.3	173	37.3	44.6	42.7	39.9	164.5	173	176	180
Other	3.8	0.9	0.9	1.1	1.0	3.9	0.5	0.9	1.1	1.2	3.7	3.7	3.7	3.7
EBITDA	**204**	**56.5**	**54.4**	**44.2**	**38.4**	**194**	**44.0**	**44.9**	**49.0**	**54.3**	**192.2**	**218**	**232**	**237**
Depreciation	-61.3	-15.1	-14.9	-14.8	-14.0	-58.8	-15.1	-15.0	-15.0	-15.0	-60.1	-62.7	-64.8	-64.8
EBIT (excl. NRI)	**154**	**51.8**	**36.3**	**33.3**	**29.6**	**151**	**31.2**	**29.9**	**34.0**	**39.3**	**134**	**155**	**168**	**172**
EBIT	**143**	**41.4**	**39.5**	**29.4**	**24.4**	**135**	**28.9**	**29.9**	**34.0**	**39.3**	**132**	**155**	**168**	**172**
Vita	79.2	10.7	14.4	24.6	35.9	85.6	7.8	14.6	23.7	38.4	84.6	94.4	101	102
Terra	51.6	35.5	14.9	5.3	-7.3	48.4	22.8	10.9	6.2	-1.8	38.1	45.1	51.1	54.9
Crea	36.5	8.1	11.7	10.0	4.5	34.3	7.8	8.9	8.5	7.2	32.4	34.5	35.2	35.9
Other	-13.1	-2.4	-4.8	-6.6	-3.4	-17.2	-7.2	-4.5	-4.5	-4.5	-20.7	-19.0	-19.9	-20.9
Net financial items	0.0	0.7	-0.8	-2.6	-9.0	-11.7	-3.6	-3.5	-3.0	-3.0	-13.1	-9.9	-9.9	-6.4
PTP	**144**	**42.6**	**39.3**	**27.6**	**14.6**	**124**	**26.3**	**26.4**	**31.0**	**36.3**	**120.0**	**145**	**158**	**166**
Taxes	-56.5	-11.2	-5.8	-4.9	-3.1	-25.0	-5.8	-5.5	-6.5	-7.6	-25.5	-30.5	-34.7	-38.1
Minority interest	-1.0	-0.2	-0.1	-0.4	-0.2	-0.9	-0.3	-0.2	-0.3	-0.3	-1.1	-0.9	-0.9	-0.9
Net earnings	**86.6**	**31.2**	**33.4**	**22.3**	**11.3**	**98.2**	**20.2**	**20.7**	**24.2**	**28.4**	**93.4**	**114**	**122**	**127**
EPS (adj.)	**1.20**	**0.52**	**0.38**	**0.33**	**0.20**	**1.42**	**0.28**	**0.26**	**0.30**	**0.35**	**1.19**	**1.41**	**1.51**	**1.57**
EPS (rep.)	**1.06**	**0.39**	**0.41**	**0.28**	**0.14**	**1.22**	**0.25**	**0.26**	**0.30**	**0.35**	**1.16**	**1.41**	**1.51**	**1.57**

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	12.4 %	10.2 %	3.9 %	0.3 %	-14.0 %	-0.5 %	-17.4 %	-7.4 %	-3.8 %	2.8 %	-6.7 %	6.6 %	3.1 %	3.2 %
Adjusted EBIT growth-%	41.4 %	11.1 %	-12.3 %	-2.4 %	-7.9 %	-2.1 %	-39.7 %	-17.6 %	2.0 %	32.7 %	-11.0 %	15.4 %	8.1 %	2.6 %
EBITDA-%	16.3 %	17.0 %	17.0 %	15.1 %	12.6 %	15.5 %	16.0 %	15.2 %	17.4 %	17.4 %	16.5 %	17.6 %	18.2 %	17.9 %
Adjusted EBIT-%	12.3 %	15.6 %	11.4 %	11.4 %	9.7 %	12.1 %	11.3 %	10.1 %	12.1 %	12.6 %	11.5 %	12.5 %	13.1 %	13.0 %
Net earnings-%	6.9 %	9.4 %	10.5 %	7.6 %	3.7 %	7.9 %	7.4 %	7.0 %	8.6 %	9.1 %	8.0 %	9.2 %	9.5 %	9.6 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**898**	**877**	**892**	**904**	**905**
Goodwill	219	221	221	221	221
Intangible assets	270	279	280	281	282
Tangible assets	145	257	271	282	282
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	91.6	84.8	84.8	84.8	84.8
Other non-current assets	145	6.4	6.4	6.4	6.4
Deferred tax assets	27.5	29.0	29.0	29.0	29.0
Current assets	**537**	**709**	**574**	**592**	**657**
Inventories	273	365	279	273	282
Other current assets	2.6	8.9	8.9	8.9	8.9
Receivables	230	219	215	236	243
Cash and equivalents	31.5	116	69.9	74.5	123
Balance sheet total	**1435**	**1586**	**1465**	**1496**	**1561**

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**816**	**836**	**865**	**914**	**970**
Share capital	77.5	77.5	77.5	77.5	77.5
Retained earnings	735	754	783	832	888
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	4.2	4.1	4.1	4.1	4.1
Non-current liabilities	**144**	**275**	**233**	**209**	**202**
Deferred tax liabilities	32.1	34.5	34.5	34.5	34.5
Provisions	3.4	13.2	13.2	13.2	13.2
Long term debt	0.7	223	182	157	150
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	108	4.0	4.0	4.0	4.0
Current liabilities	**475**	**475**	**367**	**374**	**390**
Short term debt	64.4	218	81.0	56.7	50.0
Payables	370	250	279	310	333
Other current liabilities	40.5	6.9	6.9	6.9	6.9
Balance sheet total	**1435**	**1585**	**1465**	**1496**	**1561**

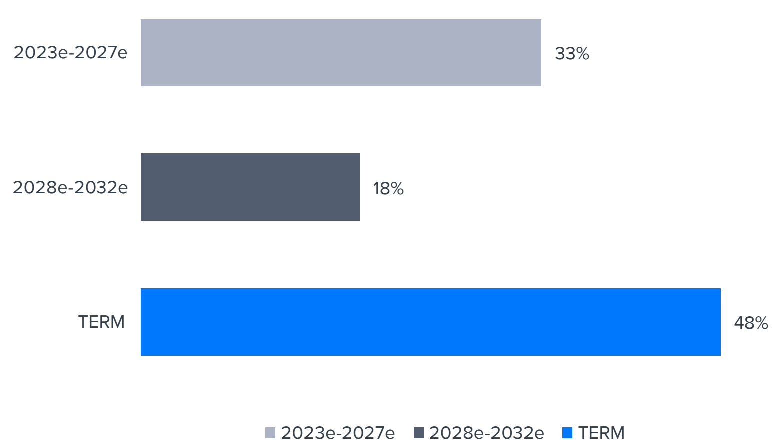
DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	-0.5 %	-6.7 %	6.6 %	3.1 %	3.2 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	10.8 %	11.3 %	12.5 %	13.1 %	13.0 %	13.0 %	12.5 %	12.0 %	11.5 %	11.0 %	11.0 %	11.0 %
EBIT (operating profit)	**135**	**132**	**155**	**168**	**172**	**175**	**172**	**168**	**164**	**160**	**164**	
+ Depreciation	59	60	63	65	65	65	66	67	67	65	66	
- Paid taxes	-24	-25	-30	-35	-38	-39	-38	-38	-37	-36	-38	
- Tax, financial expenses	-2.4	-2.8	-2.1	-2.2	-1.5	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
- Change in working capital	-241	118	16.9	6.6	-6.1	-4.0	-4.0	-4.1	-4.2	-4.3	-4.4	
Operating cash flow	**-74**	**282**	**202**	**202**	**191**	**196**	**194**	**193**	**190**	**185**	**186**	
+ Change in other long-term liabilities	-94	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-36	-75	-75	-65	-68	-72	-73	-67	-74	-70	-78	
Free operating cash flow	**-204**	**207**	**127**	**137**	**123**	**124**	**122**	**126**	**116**	**115**	**108**	
+/- Other	44	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-160	207	127	137	123	124	122	126	116	115	108	1832
Discounted FCFF		**197**	**112**	**111**	**93**	**87**	**78**	**75**	**64**	**59**	**51**	**868**
Sum of FCFF present value		1795	1598	1486	1375	1282	1196	1117	1042	978	920	868
Enterprise value DCF		**1795**										
- Interesting bearing debt		-441										
+ Cash and cash equivalents		116										
-Minorities		-6										
-Dividend/capital return		-32										
Equity value DCF		**1432**										
Equity value DCF per share		**17.7**										

WACC	
Tax-% (WACC)	24.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	5.0 %
Equity Beta	1.05
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	**8.5 %**
Weighted average cost of capital (WACC)	**8.0 %**

Source: Inderes

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e
Revenue	1116.2	1254.3	1248.4	**1164.4**	**1241.0**
EBITDA	173.4	204.1	193.5	**192.2**	**217.8**
EBIT	98.1	142.8	134.7	**132.1**	**155.1**
PTP	89.9	144.1	124.1	**120.0**	**145.1**
Net Income	67.7	86.6	98.2	**93.4**	**113.8**
Extraordinary items	-11.0	-11.5	-16.3	**-2.3**	**0.0**

Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	1342.0	1435.4	1585.6	**1465.5**	**1496.2**
Equity capital	761.7	816.3	835.7	**864.7**	**913.9**
Goodwill	213.7	219.1	221.2	**221.2**	**221.2**
Net debt	49.9	33.6	325.2	**192.8**	**139.0**

Cash flow	2020	2021	2022	2023e	2024e
EBITDA	173.4	204.1	193.5	**192.2**	**217.8**
Change in working capital	60.7	12.0	-241.3	**118.5**	**16.9**
Operating cash flow	209.6	160.4	-74.3	**282.4**	**202.1**
CAPEX	-14.3	-130.4	-35.8	**-75.0**	**-75.0**
Free cash flow	178.2	76.4	-160.0	**207.4**	**127.1**

Valuation multiples	2020	2021	2022	2023e	2024e
EV/S	1.1	1.5	1.3	**1.3**	**1.1**
EV/EBITDA (adj.)	7.4	9.4	8.1	**7.6**	**6.5**
EV/EBIT (adj.)	11.7	12.4	10.4	**10.9**	**9.1**
P/E (adj.)	15.5	19.1	10.8	**13.2**	**11.1**
P/B	1.6	2.3	1.5	**1.5**	**1.4**
Dividend-%	4.0 %	3.3 %	5.2 %	**5.1 %**	**5.2 %**

Source: Inderes

Per share data	2020	2021	2022	2023e	2024e
EPS (reported)	0.83	1.06	1.22	**1.16**	**1.41**
EPS (adj.)	0.97	1.20	1.42	**1.19**	**1.41**
OCF / share	2.57	1.97	-0.92	**3.50**	**2.50**
FCF / share	2.19	0.94	-1.99	**2.57**	**1.57**
Book value / share	9.30	9.97	10.32	**10.66**	**11.27**
Dividend / share	0.60	0.76	0.80	**0.80**	**0.82**

Growth and profitability	2020	2021	2022	2023e	2024e
Revenue growth-%	2%	12%	0%	**-7%**	**7%**
EBITDA growth-%	45%	18%	-5%	**-1%**	**13%**
EBIT (adj.) growth-%	40%	41%	-2%	**-11%**	**15%**
EPS (adj.) growth-%	14%	25%	18%	**-16%**	**19%**
EBITDA-%	15.5 %	16.3 %	15.5 %	**16.5 %**	**17.6 %**
EBIT (adj.)-%	9.8 %	12.3 %	12.1 %	**11.5 %**	**12.5 %**
EBIT-%	8.8 %	11.4 %	10.8 %	**11.3 %**	**12.5 %**
ROE-%	8.9 %	11.0 %	11.9 %	**11.0 %**	**12.9 %**
ROI-%	11.0 %	16.4 %	12.6 %	**11.1 %**	**13.8 %**
Equity ratio	56.8 %	56.9 %	52.7 %	**59.0 %**	**61.1 %**
Gearing	6.6 %	4.1 %	38.9 %	**22.3 %**	**15.2 %**

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Buy The 12-month risk-adjusted expected shareholder return of the share is very attractive

Accumulate The 12-month risk-adjusted expected shareholder return of the share is attractive

Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
19-03-20	Accumulate	9.00 €	7.91 €
07-05-20	Reduce	10.00 €	10.38 €
31-07-20	Reduce	11.50 €	12.00 €
14-10-20	Accumulate	13.00 €	12.14 €
02-11-20	Accumulate	14.00 €	12.88 €
07-01-21	Accumulate	16.00 €	15.26 €
08-02-21	Reduce	15.00 €	15.60 €
20-04-21	Accumulate	18.00 €	16.80 €
29-04-21	Accumulate	19.00 €	17.58 €
29-07-21	Accumulate	22.00 €	20.20 €
01-11-21	Accumulate	23.00 €	21.25 €
10-11-21	Accumulate	24.00 €	21.10 €
28-12-21	Accumulate	24.00 €	22.75 €
Analyytikko vaihtuu			
05-02-22	Accumulate	24.00 €	22.05 €
02-05-22	Accumulate	24.00 €	21.90 €
19-07-22	Accumulate	20.00 €	18.40 €
Analyytikko vaihtuu			
29-07-22	Accumulate	20.00 €	18.60 €
26-09-22	Accumulate	18.00 €	15.20 €
31-10-22	Accumulate	18.00 €	15.22 €
23-12-22	Accumulate	17.00 €	15.22 €
16-01-23	Accumulate	17.50 €	16.80 €
08-02-23	Accumulate	18.00 €	17.10 €
15-03-23	Accumulate	18.00 €	16.62 €
28-04-23	Accumulate	17.50 €	15.70 €

Inderes connects investors and listed companies. We help over 400 listed companies to better serve their investors. Our community is home to over 70 000 active investors.

Our social objective is to democratize information in the financial markets.

We build solutions for listed companies that enable seamless and effective investor relations. Majority of our revenue comes from services to listed companies, including Commissioned Research, Virtual Events, AGM services, and IR technology and consultation.

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Mikael Rautanen
2014, 2016, 2017, 2019

Sauli Vilén
2012, 2016, 2018, 2019, 2020

Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020

Olli Koponen
2020

Joni Grönqvist
2019, 2020

Erkki Vesola
2018, 2020

Petri Gostowski
2020

Atte Riikola
2020

Research belongs
to everyone.