

# Interim Report

January–March 2020

Positive start to the year reversed by the COVID-19 pandemic, several measures ongoing to lessen the negative impacts on profitability



**This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Fiskars Group believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.**

**Important factors that may cause such a difference for Fiskars Group include, but are not limited to:**

**(u) the macroeconomic development and consumer confidence in the key markets, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions, (iv) change in interest rate and foreign exchange rate levels, and (v) internal operating factors.**

**This presentation does not imply that Fiskars Group has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.**



## Highlights from the quarter – financial performance



**STRONG START  
TO THE YEAR  
PRIOR TO THE  
COVID-19  
PANDEMIC**



**GUIDANCE FOR  
2020 WITHDRAWN  
ON MARCH 19**



**SEVERAL MEASURES  
ONGOING TO  
LESSEN THE  
NEGATIVE IMPACTS  
ON PROFITABILITY**



**NET SALES  
INCREASED IN  
THE TERRA  
AND CREA  
SEGMENTS**



**COVID-19 HAD  
A SIGNIFICANT  
NEGATIVE  
IMPACT ON THE  
VITA SEGMENT**



# Summary of the implications of COVID-19 on Fiskars Group

## Impact so far

- Consumer confidence and demand decreased in all markets
- Performance of BA Vita has been most impacted
  - Over half of our own stores are located in APAC, challenges in Asia began in January
  - Store closures in Europe and Americas as well
- Main markets for Terra and Crea are in Europe and Americas, where the pandemic started to impact in March
- DIY stores, which is the most important channel for BA Terra, has been kept open in most markets

## Actions taken

- Temporary layoffs or similar measures implemented throughout the group
- Temporary store closures
- Some factories have been temporarily closed
- Other actions
- The business situation will be continuously monitored, and further actions taken as needed

## Key risks going forward

- Visibility is low due to, amongst others, the possibility of new waves in the pandemic and related implications, changes in consumer behavior and the development in different distribution channels
- Development of consumer demand an important factor
- Possible new restrictions in movement and store closures
  - In particular, the development of the pandemic and its consequences to the U.S. market is considered material, as it is the single largest market for Fiskars Group.
- Possible supply chain risks

## Balance sheet and liquidity

- Healthy balance sheet (end of Q1)
  - Net gearing: 44%, equity ratio: 51%
  - Interest-bearing net debt: EUR 331.3 million
- Cash at end of Q1 EUR 109.3 million (Q1 2019: 11.0)
- Liquidity position improved during Q1 by raising new loans
  - EUR 122 million of the company's EUR 400 million commercial paper program in use
  - EUR 300 million of unused long-term committed credit facilities with Nordic banks





## Events after the reporting period



NEW  
ORGANIZATIONAL  
STRUCTURE IN  
PLACE

JAANA TUOMINEN  
RESIGNED AS CEO,  
SARI POHJONEN  
APPOINTED INTERIM  
CEO



## Fiskars Group Leadership Team



**SARI POHJONEN**

Interim CEO &  
Chief Financial Officer



**TINA ANDERSSON**

Chief Consumer Officer



**CHRISTIAN BACHLER**

Executive Vice President,  
BA Vita



**JAMES BROUILLARD**

Executive Vice President,  
BA Terra



**RISTO GAGGL**

Chief Supply Chain Officer



**JOHAN HEDBERG**

Chief Sales Officer



**TUOMAS HYYRYLÄINEN**

Executive Vice President,  
BA Crea



**NIKLAS LINDHOLM**

Chief People Officer



**MAIJA TAIMI**

Chief Communications  
Officer



**PÄIVI TIMONEN**

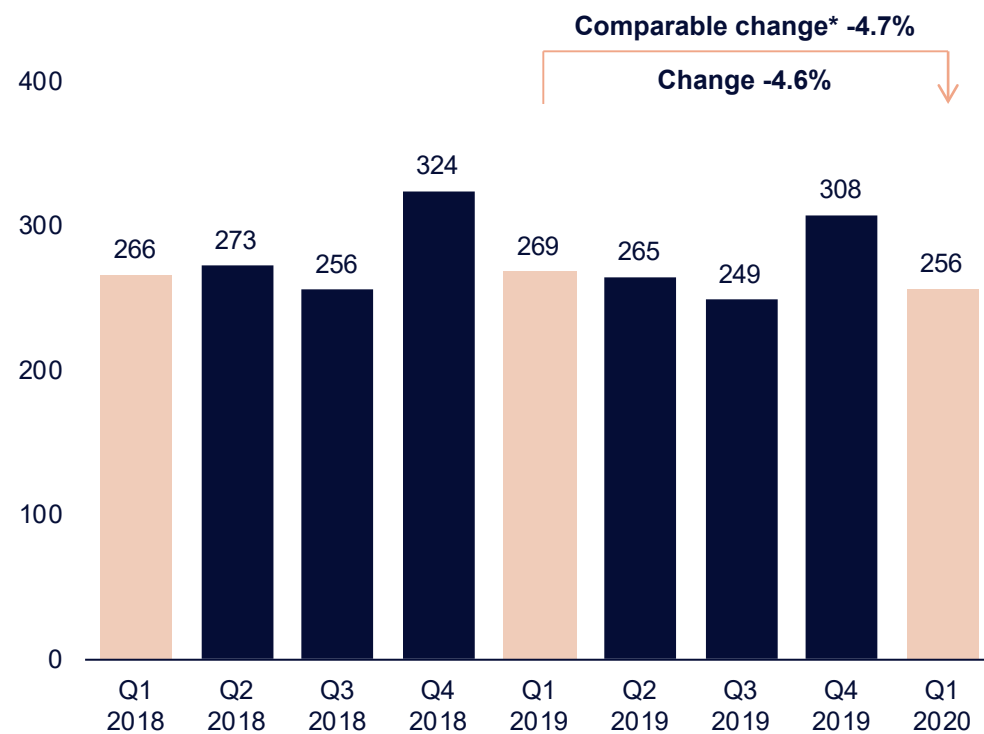
Chief Legal Officer





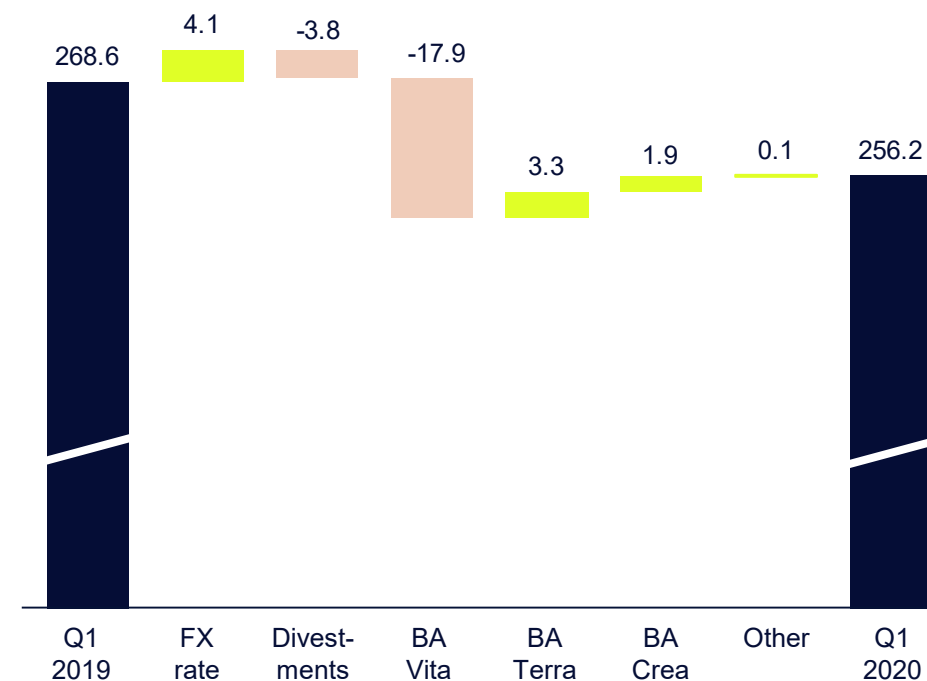
# Fiskars Group comparable net sales in Q1 2020

## NET SALES, EUR MILLION



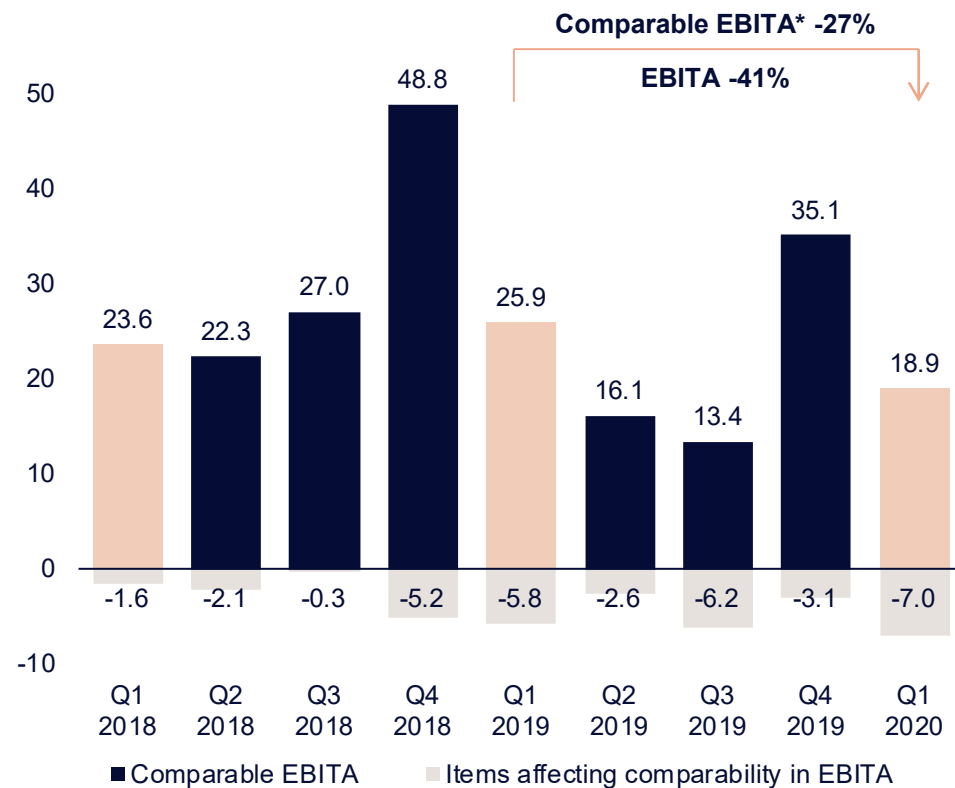
\*Comparable change = currency neutral & excl. divestments

## NET SALES BRIDGE, EUR MILLION



# Fiskars Group comparable EBITA in Q1 2020

## COMPARABLE EBITA, EUR MILLION



\*Comparable change = currency neutral & excl. divestments

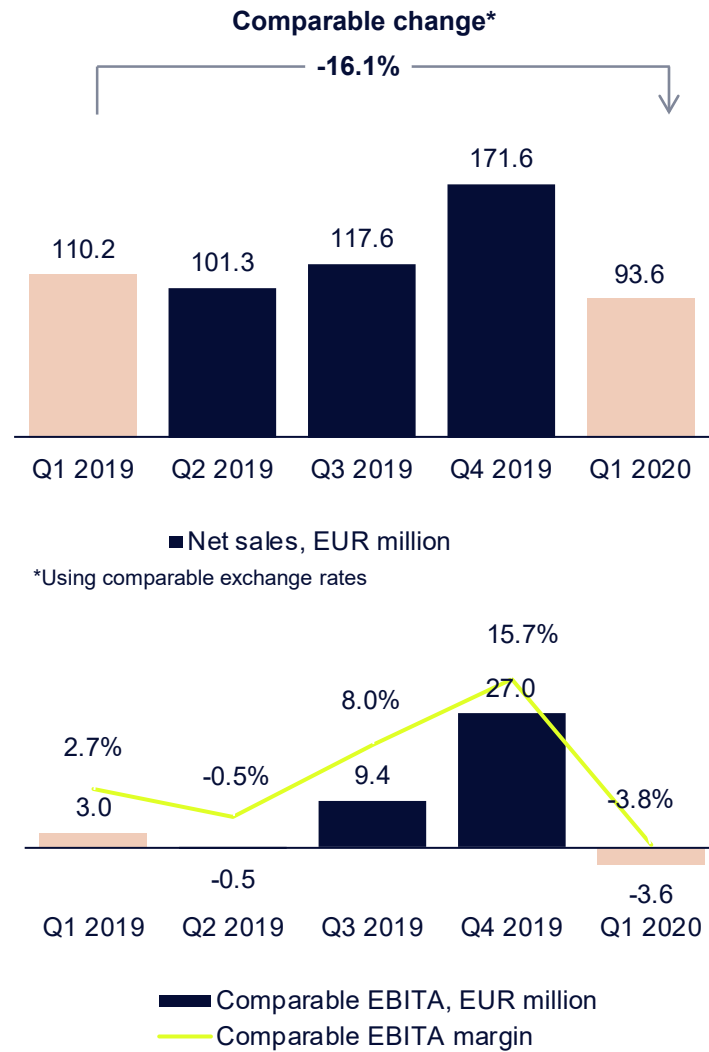
## COMPARABLE EBITA MARGIN







## Vita in Q1 2020



EUR million	Q1 2020	Q1 2019	Change	2019
Net sales	93.6	110.2	-15.0%	500.8
Comparable EBITA	-3.6	3.0		38.8
Capital expenditure	2.0	4.0	-48.9%	18.3

### Comparable net sales decreased

- Decrease in all channels, except the direct e-commerce
- Net sales was at the previous year's level in January-February
  - This despite the fact that a majority of our stores are located in the Asia-Pacific region, many of which had to be temporarily shut already starting from January.
- Starting in March, the pandemic had a material negative impact on net sales in all markets
- Most prominent decrease for Waterford and Wedgwood on brand level

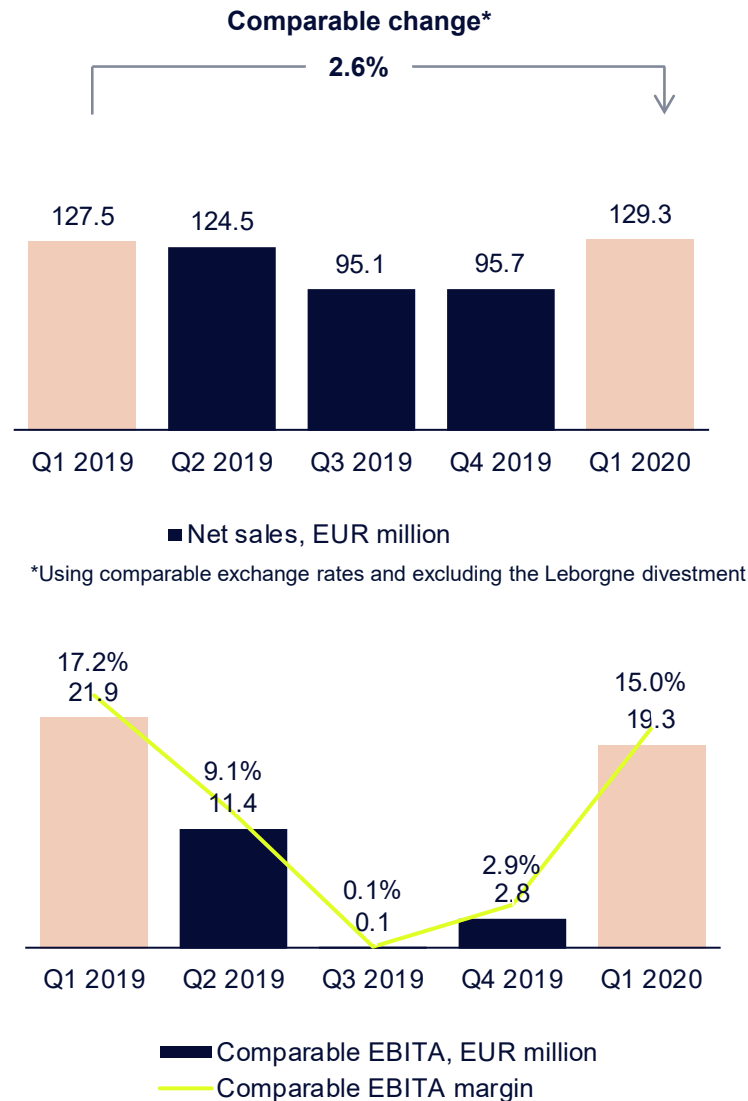
### Comparable EBITA decreased during the quarter, due to:

- Decreased sales volumes and logistics costs





## Terra in Q1 2020



EUR million	Q1 2020	Q1 2019	Change	2019
Net sales	129.3	127.5	1.4%	442.9
Comparable EBITA	19.3	21.9	-11.7%	36.2
Capital expenditure	2.1	2.9	-25.4%	16.6

### Overall, the pandemic started to have a negative impact on net sales in March

- In the US, DIY stores mostly open, many sporting goods stores closed
- In Europe, a larger share of stores closed

### Comparable net sales increased

- Increased in the watering and gardening categories, both in the Americas and Europe
- Snow tool sales decreased due to the mild winter in the Nordics and Baltics
- Decreased in the outdoor category, due to lower government orders

### Comparable EBITA decreased

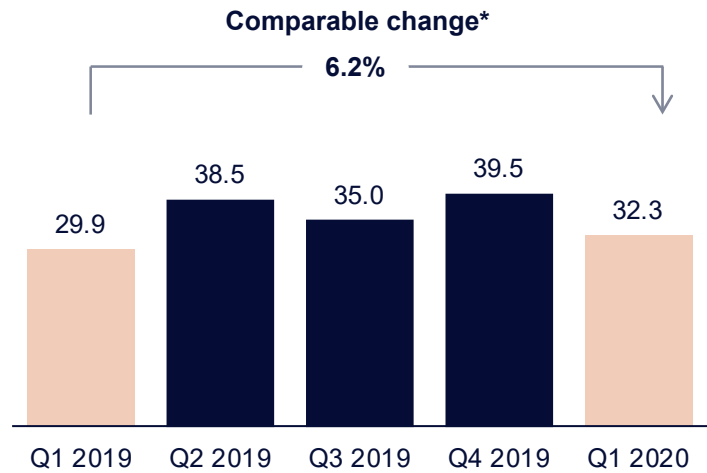
- Increased marketing spending related to the expansion in Central Europe
- Weaker product mix



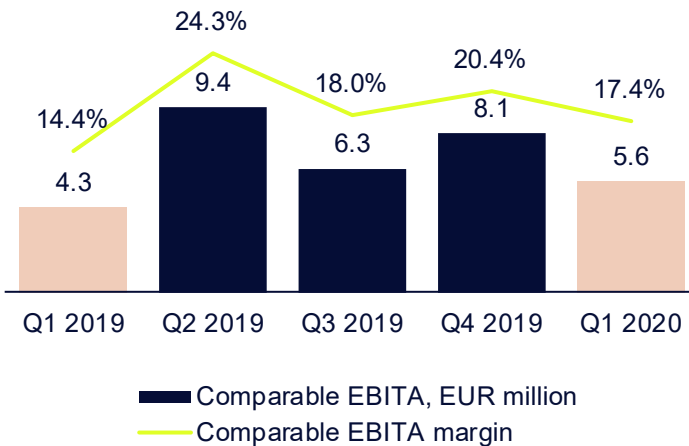




## Crea in Q1 2020



\*Using comparable exchange rates



EUR million	Q1 2020	Q1 2019	Change	2019
Net sales	32.3	29.9	7.8%	142.9
Comparable EBITA	5.6	4.3	30.8%	28.0
Capital expenditure	0.2	0.2	9.8%	0.9

**Overall, the net sales performance was positive in January-February both in our own stores as well as in wholesale**

**In March, net sales weakened clearly due to the pandemic**

### Comparable net sales increased

- Increased particularly in the Americas
- In some markets demand increased as a result of the pandemic, mainly relating to scissors and creating tools

### Comparable EBITA increased

- Increased volumes
- A more favorable product mix



## Net sales by geography in Q1 2020

### Comparable net sales in Europe decreased

- Increased particularly in Germany and Sweden (as a result of good demand in the Vita segment)
- Decreased in France and Finland (due to weak snow tool sales)

### Comparable net sales in the Americas remained unchanged

- Increased in Terra and Crea
- Decreased in Vita

### Comparable net sales in Asia-Pacific decreased

- Decreased in Vita
- Decreased in Japan, China unchanged
- A majority of the Group's stores are located in the region

EUR million	Q1 2020	Q1 2019	Change	Comparable change*	2019
Europe	119.0	130.1	-8.5%	-5.7%	518.9
Americas	108.0	104.4	3.4%	0.0%	427.5
Asia-Pacific	30.7	33.5	-8.4%	-9.9%	143.6
Unallocated**	-1.5	0.6			0.3

\*Using comparable exchange rates and excluding the Leborgne divestment

\*\*Geographically unallocated exchange rate differences



## Our sustainability commitments



### **CIRCULAR PRODUCTS AND SERVICES**

- Design for sustainability
- Create zero waste
- Explore service models



### **CARBON NEUTRAL BUSINESS**

- Improve our energy efficiency
- Invest in renewable energy sources
- Reduce emissions from value chain



### **POSITIVE IMPACT**

- Inspire people through leadership
- Champion safety, diversity and inclusion
- Create positive societal impact





During the quarter,  
Fiskars Group received  
an improved score of  
A- in CDP:s ranking  
of climate-related  
performance.

This puts Fiskars  
Group in the  
leadership level,  
where companies  
are seen as  
implementing  
current best  
practices.



## Marketing highlights in Q1 2020

The redefinition of the Wedgwood and Royal Doulton brands was completed during the first quarter of 2020. The target is to re-position the brands and to broaden their appeal to a wider audience.

Iittala's newest home collection, Kuru by Phillippe Malouin, has been recognized with a design award by Wallpaper Magazine. The collection was introduced during the first quarter of 2020.

Gerber launched Gerber Custom exclusively on [gerbergear.com](https://gerbergear.com). This enables customers to order a customized knife from a wide range of options.

In January, Fiskars presented to international press and influencers its first ever garden wear collection. The collection will be exclusively available on [fiskars.com](https://fiskars.com) from the spring of 2021.





# Q1 2020



## Consolidated income statement

EUR million	Q1 2020	Q1 2019	Change, %	2019
Net sales	256.2	268.6	-5	1,090.4
Cost of goods sold	151.6	156.4	3	643.1
<b>Gross profit</b>	<b>104.7</b>	<b>112.2</b>	<b>-7</b>	<b>447.3</b>
Gross profit margin	40.8%	41.8%		41.0%
Sales and marketing expenses	67.9	69.8	3	284.3
Other expenses	28.3	25.6	11	102.9
<b>Operating profit (EBIT)</b>	<b>8.4</b>	<b>22.7</b>	<b>-50</b>	<b>60.1</b>
Profit for the period	5.1	17.6	-71	52.4
Items affecting comparability	7.0	5.8	21	17.7
<b>Comparable EBITA</b>	<b>18.9</b>	<b>25.9</b>	<b>-27</b>	<b>90.6</b>
Comparable EBITA margin	7.4%	9.7%		8.3%

### Gross profit margin decreased

- Decreased volumes in Vita
- Mix in Terra

### IAC

- Mainly from the organizational changes made in the restructuring program





### **Transformation program, targeted annual cost savings approx. EUR 17 million**

- Subject to the full implementation of the program
- Targeted cost savings would be achieved gradually, and the majority of the savings are expected to materialize after the program is completed (end of 2021)

**Costs of the program approx. EUR 40 million in 2018–2021**

**By the end of 2019:**

- EUR 19.8 million of costs had been booked

### **Restructuring program, targeted annual cost savings approx. EUR 20 million**

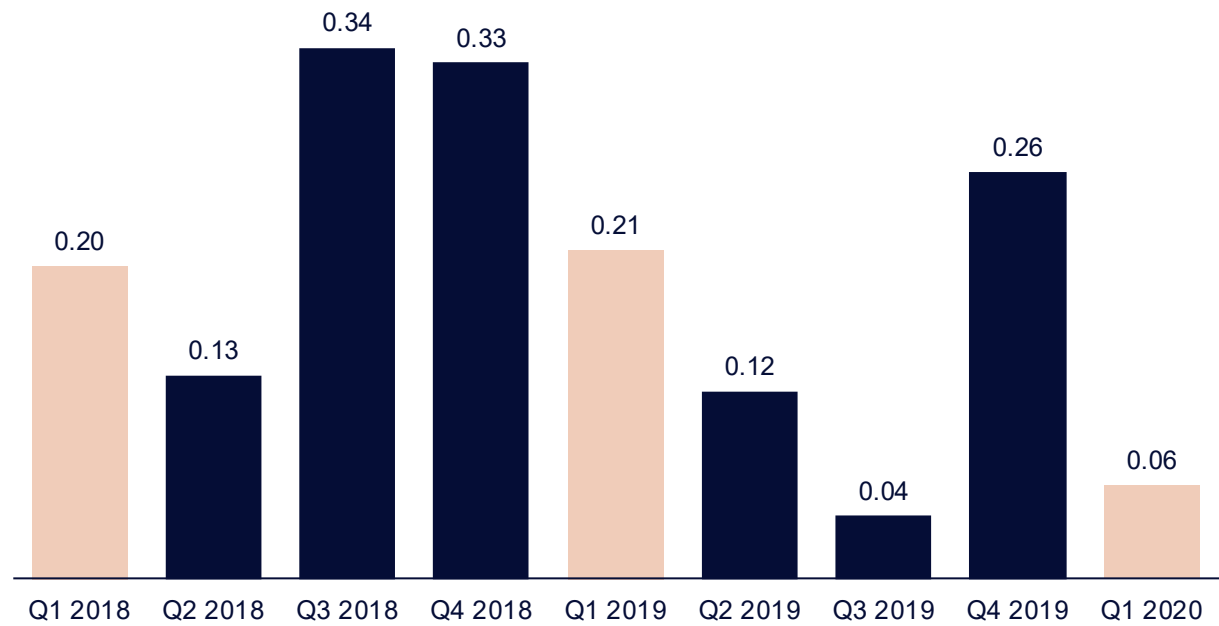
- Subject to the full implementation of the program
- Targeted cost savings would be achieved gradually, and the majority of the savings are expected to materialize after the program is completed (end of 2021)

**Costs of the program approx. EUR 30 million in 2019–2021**

**By the end of 2019:**

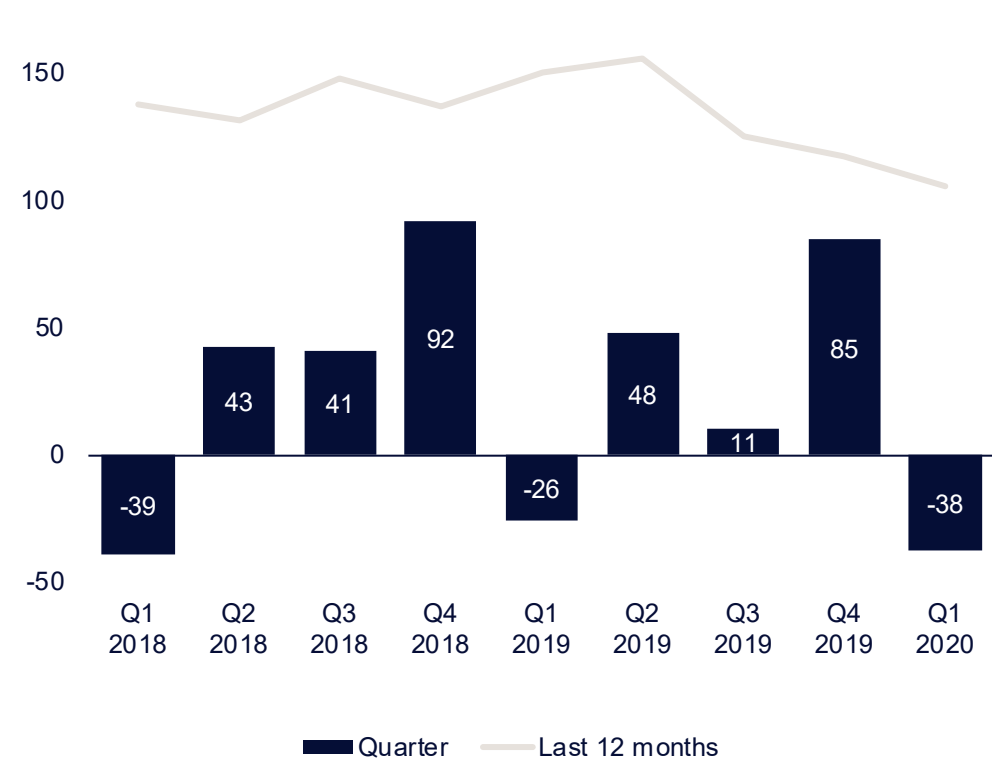
- EUR 7.0 million of costs had been booked

## Earnings per share in Q1 2020

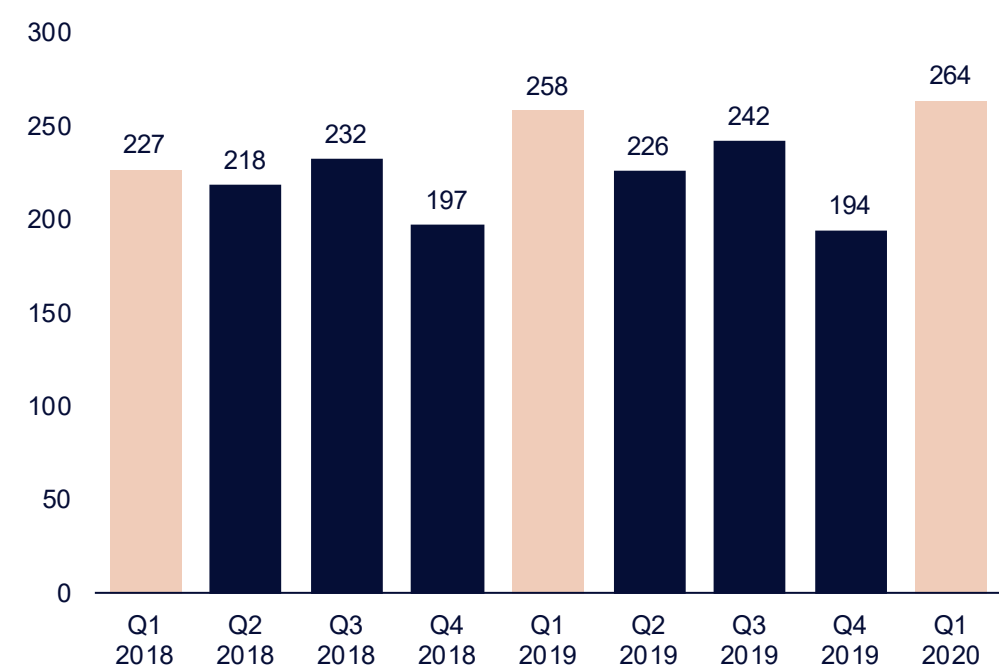


Cash flow decreased from previous year's level

CASH FLOW FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS AND TAXES, EUR MILLION



WORKING CAPITAL, EUR MILLION



## Balance sheet

EUR million	Q1 2020	Q1 2019	2019
Goodwill and other intangible assets	506.9	503.4	508.2
Other non-current assets	370.1	384.0	382.5
Inventories	241.1	234.2	232.1
Trade receivables	211.4	232.9	203.2
Other current assets	32.3	501.8	28.8
Cash and cash equivalents	109.3	11.0	9.4
<b>Total assets</b>	<b>1,471.0</b>	<b>1,867.3</b>	<b>1,364.3</b>
Equity	745.5	1,222.9	764.5
Total interest-bearing liabilities	334.2	216.4	160.1
Lease liabilities	107.1	117.2	111.3
Trade and other payables	217.5	237.4	267.7
Other current & non-current liabilities	66.6	73.4	60.7
<b>Total equity and liabilities</b>	<b>1,471.0</b>	<b>1,867.3</b>	<b>1,364.3</b>

### Decrease in net sales visible

- Inventories increased somewhat
- Trade receivables decreased

### Production and sourcing accommodated to the decrease in demand

### New loans raised during the quarter, leading to higher level of cash

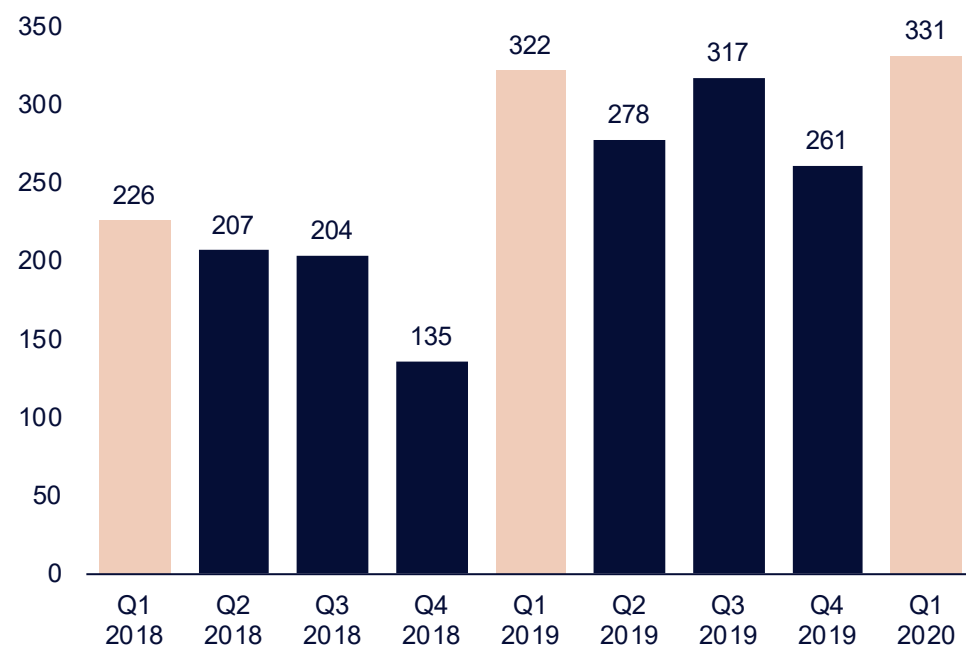
### Equity decreased mainly due to the Wärtsilä share dividend paid in June 2019





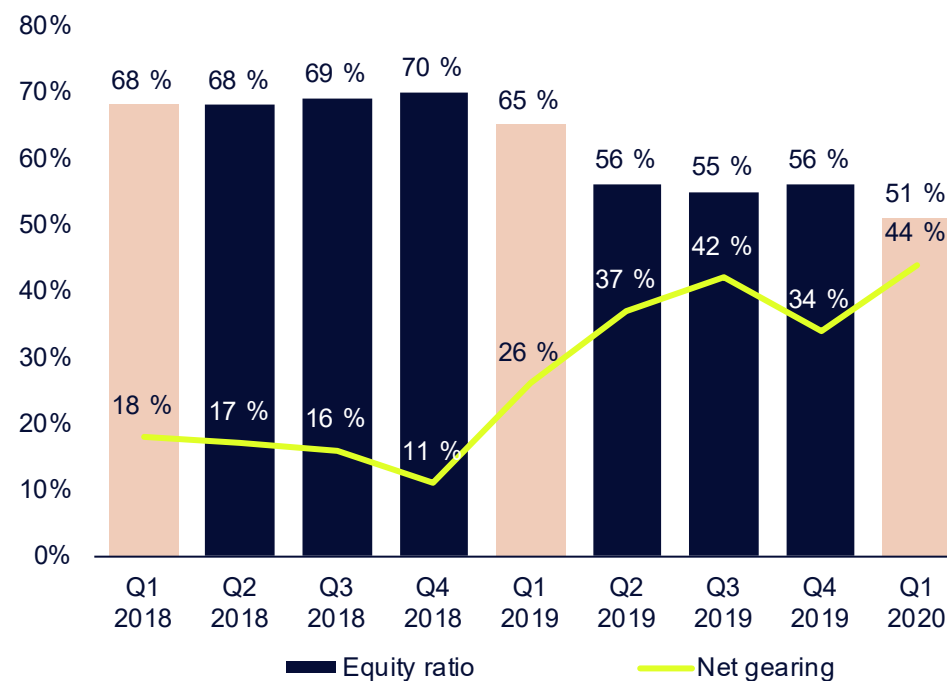
## Net debt increased somewhat

### NET DEBT, EUR MILLION



*Impact from the application of the IFRS 16 accounting standard visible from Q1 2019 onwards*

### EQUITY RATIO AND NET GEARING



*Equity ratio and net gearing impacted by the distribution of the Wärtsilä share dividend during Q2 2019*



## Long-term financial targets unchanged



### GROWTH

The average annual net sales growth to exceed 5%, through a combination of organic growth and targeted acquisitions



### PROFITABILITY

EBITA margin to reach 12%



### CAPITAL STRUCTURE

Net gearing\* below 100%



### DIVIDEND

Fiskars aims to distribute a stable, over time increasing dividend, to be paid biannually

**2019**

-2.5% YoY  
-3.9% YoY (comparable)

6.7%  
8.3% (comparable)

34%

EUR 0.56 per share, paid in two installments of 0.28 each

\*\*Net gearing ratio is the ratio of interest-bearing debt, less interest-bearing receivables and cash and bank equivalents, divided by total equity





Making  
the everyday  
**extraordinary**