

# Fiskars Group Capital Markets Day 2021

FISKARS  
♦  
GROUP



# Disclaimer

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.

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(i) 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.

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# Agenda



**The Growth Strategy**  
CEO Nathalie Ahlström

**Updated Financial Targets**  
CFO Jussi Siitonen

Q&A session





# We have a strong foundation with a clear growth path ahead

- Fiskars Group has a strong foundation to build on
- Recent solid performance only a first step in our growth journey
- We will ensure long-term improvement through clear strategic focus and transformation levers
- Our growth strategy addresses all the value creation levers, resulting in updated financial targets





Strong foundation to  
build on



# Fiskars Group has several strongholds to build on....

**~40%**  
of Group sales  
from the U.S.

**FISKARS®**  
**#1**  
Gardening brand  
in the U.S.

**Strong and  
profitable local  
brands in the  
Nordic market**

**WEDGWOOD**  
**#1**  
brand in China in  
its category

**4X**  
Net sales growth in  
China last 3 years

**20min**  
Sell out time  
Moomin Day mug

**1/3**  
of BA Vita  
sales from DTC

**Diverse global  
talent pool**



...including a unique portfolio of beloved brands and iconic products

**FISKARS®**



  
**ROYAL COPENHAGEN**  
PURVEYOR TO HER MAJESTY THE QUEEN OF DENMARK



**iittala**

 **GERBER®**



**MOOMIN**  
by ARABIA



**WEDGWOOD**  
ENGLAND 1759



**WATERFORD**  
IRELAND 1783

**ARABIA**  
1873



**Gilmour**



**-HACKMAN®**



  
**ROGASKA**

**ROYAL ALBERT**  
ENGLAND 1904



**ROYAL DOULTON**  
LONDON 1815



  
**Rörstrand**





# Our brands have shown strong momentum in the past quarters...

## BUSINESS AREAS & KEY CATEGORIES



VITA

Tableware Drinkware Interior



TERRA

Gardening Outdoor Watering



CREA

Scissors  
& creating Cooking

## KEY BRANDS

**iittala**   
 ROYAL COPENHAGEN  
 WATERFORD WEDGWOOD  
 MOOMIN  
by ARABIA

**FISKARS®**  **GERBER®**  
**Gilmour.**

**FISKARS®**

LTM\* NET SALES  
GROWTH  
(YOY / vs. 2019)

**+15.6% / +5.6%**

**+4.7% / +16.3%**

**+5.9% / +17.0%**

\*LTM referring to the period Q4 2020 – Q3 2021





...but there continues to be significant performance differences by brand

## BRANDS



## PAST PERFORMANCE

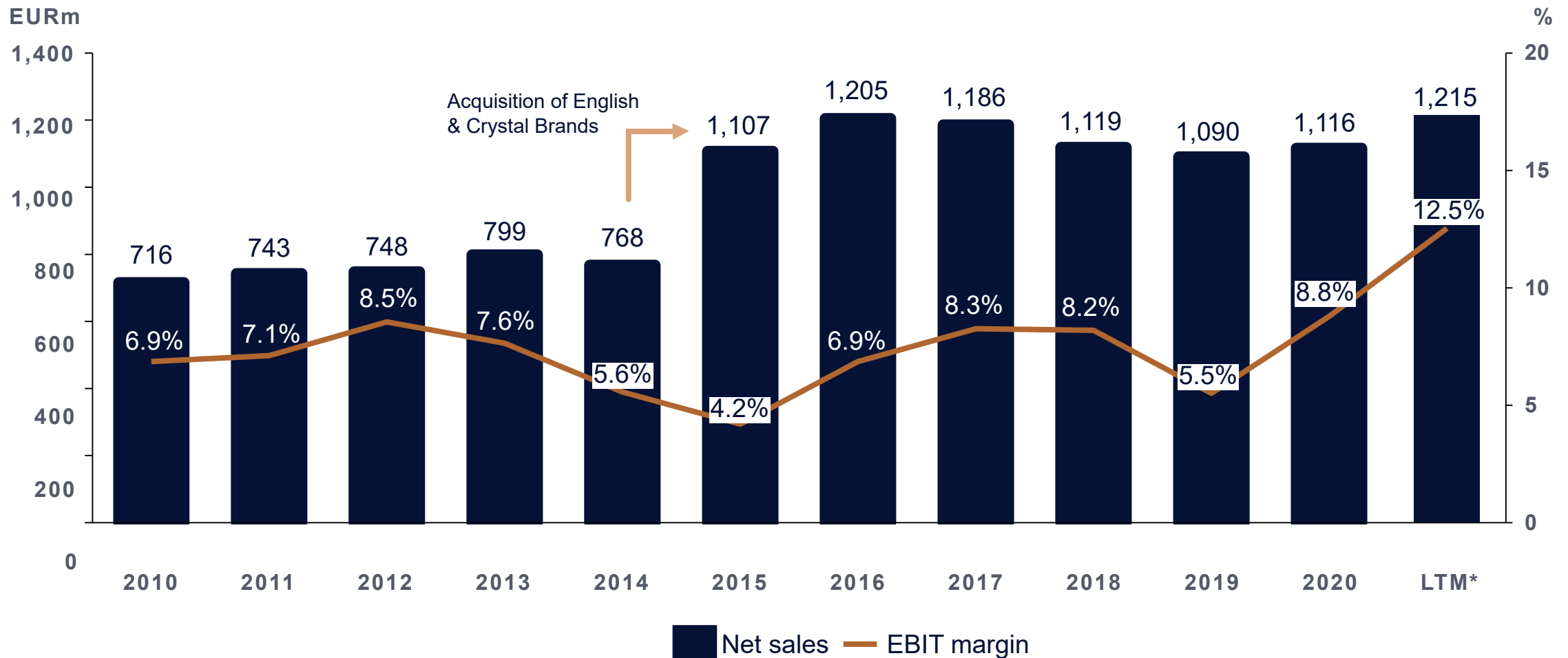
- Solid profitability
- Decent growth

WEDGWOOD WATERFORD  
ROYAL ALBERT ROYAL DOULTON  
**Gilmour**

- Lack of growth
- Profitability challenges;  
significant improvements  
achieved in the past 12 months



The differences have resulted in muted total portfolio performance –  
While profitability has improved, growth has remained a long-term issue



\*LTM referring to the period Q4 2020 – Q3 2021



We are ready to utilize the favorable consumer and market dynamics





Clear growth path ahead



# The Growth Strategy – clear strategic focus and transformation levers



We focus on winning brands, enabled through clear roles across our portfolio

WINNING  
BRANDS

WINNING  
BRANDS

**FIKARS®**

  
**ROYAL COPENHAGEN**  
PURVEYOR TO HER MAJESTY THE QUEEN OF DENMARK

**iittala**

 **GERBER®**

**MOOMIN**  
by ARABIA

TURNAROUND  
BRANDS

**WEDGWOOD**  
ENGLAND 1759

**WATERFORD**  
SINCE 1783

**ROYAL ALBERT**  
ENGLAND 1904

**ROYAL DOULTON**  
LONDON 1815

**Gilmour®**





# Driving Fiskars as our #1 brand

WINNING  
BRANDS

- Global brand with strong recognition
- Strong historical performance
  - 42% of Fiskars Group net sales LTM
  - 7% comp. net sales CAGR 2017-LTM
- Further room to utilize brand stretch and surround the consumer



reddot winner  
2018 2020 2021

*\*LTM referring to the period Q4 2020 – Q3 2021*



# We are building winning brands through new ways of thinking

WINNING  
BRANDS

## Case Moomin

- Story telling translated into collectibles
- Currently net sales over EUR 30 million
- Fiskars Group minority shareholder in Rights & Brands since Sept '21
- Strategic partnership enables global growth beyond our Nordic stronghold



# Strengthening our DTC to address the needs of the modern consumer

WINNING  
CHANNELS

- Win in the channel shift; focus on growing in the direct channel, incl. eCom and own stores
- Invest significantly in digital organization and capabilities
- Optimize store presence, incl. new store openings in China





# Commercial excellence drives our performance improvement across all channels

WINNING  
CHANNELS

## Our Commercial Excellence, examples

- Win with the Winners
- Value-based pricing
- In-store and online excellence
- Distribution and product coverage



# U.S. continues to deliver a majority of our growth

WINNING  
COUNTRIES

- Favorable market dynamics
  - Demand driver for branded consumer products
- Strong platform with scale in place
  - Fiskars leading gardening brand
  - Strong presence at key big-box retailers and e-tailers
- Further improvement in sight
  - Fiskars product portfolio not fully utilized
  - Gerber with untapped potential
  - Vita turnaround well underway

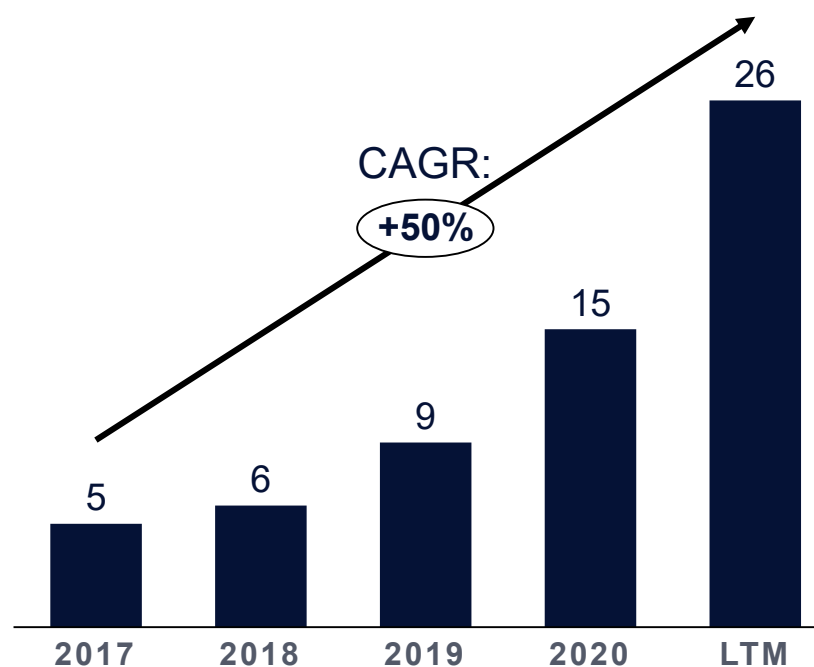


# We have a strong start in China with significant growth opportunities ahead

WINNING  
COUNTRIES

- Strong market demand
- Solid foundation, impressive track-record
  - Capable local team in place
  - 50% net sales CAGR during past 4 years
  - 40% of LTM net sales through direct e-comm
  - Growth driven by Wedgwood, #1 in its category
- Strong net sales growth continues
  - Continued leadership with Wedgwood
  - Further opportunity from other brands in our portfolio (Royal Copenhagen leveraged only since 2021)

NET SALES IN CHINA (EURm)



LTM referring to the period Q4 2020 – Q3 2021





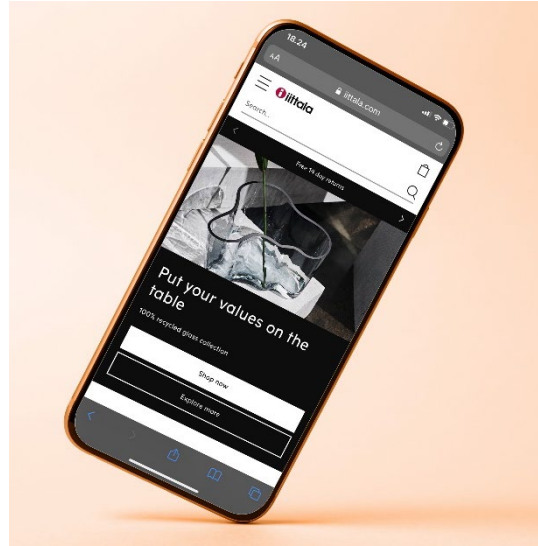
# The Growth Strategy – clear strategic focus and transformation levers



# Our enablers for the future



**PEOPLE**



**DIGITAL**



**INNOVATION  
& DESIGN**



**SUSTAINABILITY**



# We have clear sustainability priorities to drive real impact

ON A MISSION FOR THE

**lasting  
wellbeing**

OF PEOPLE AND PLANET





## Recap: We have a strong foundation with a clear growth path ahead

- Fiskars Group has a strong foundation to build on
- Recent solid performance only a first step in our growth journey
- We will ensure long-term improvement through clear strategic focus and transformation levers
- Our growth strategy addresses all the value creation levers, resulting in updated financial targets



# Agenda

**The Growth Strategy**  
CEO Nathalie Ahlström



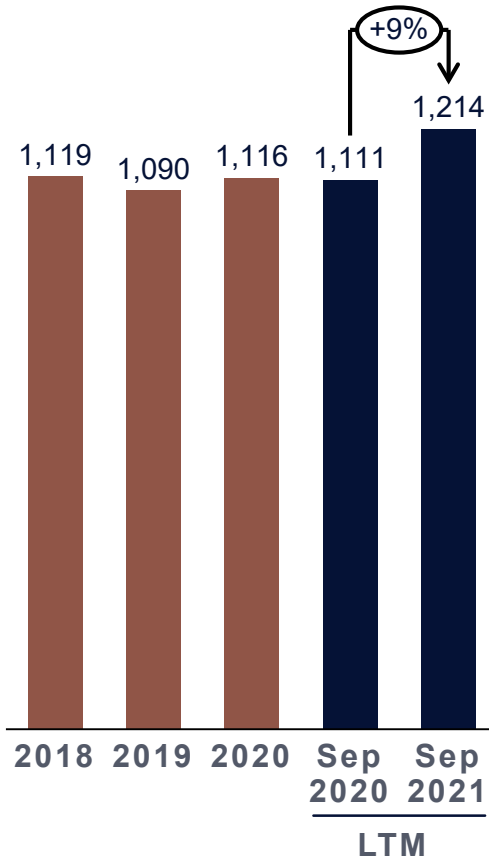
**Updated Financial Targets**  
CFO Jussi Siitonen

Q&A session

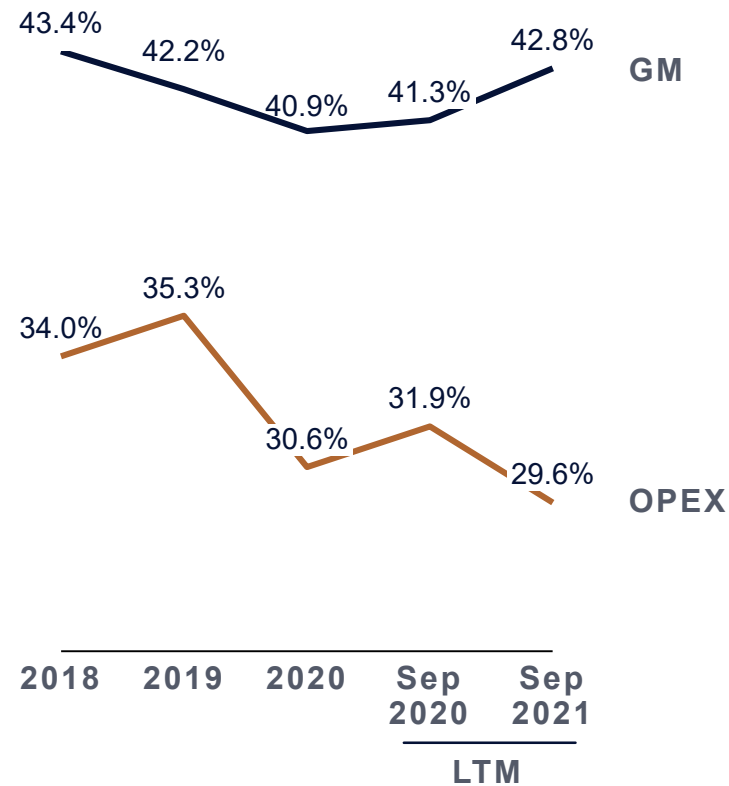


# Historical performance | Solid rebound driven by COVID'19 Pandemic – focus on sustainable improvement

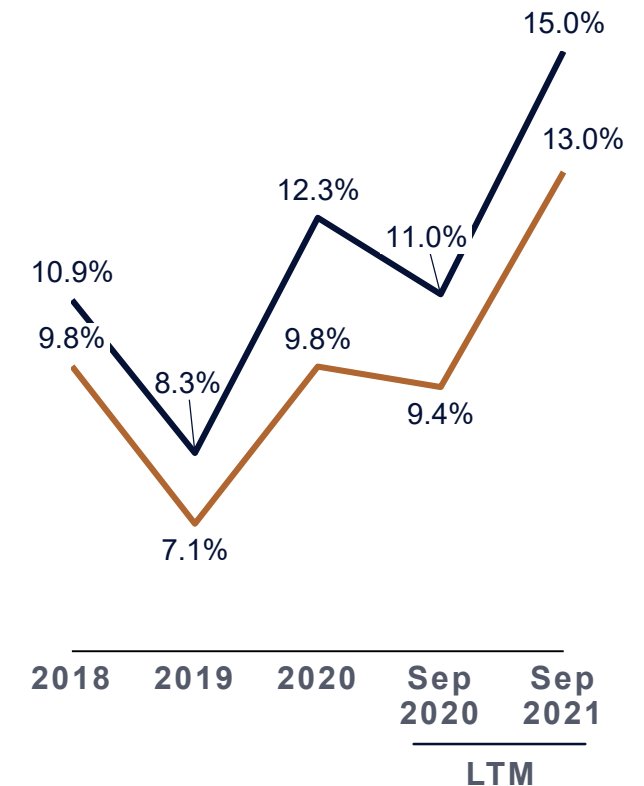
NET SALES (EURm)



GROSS MARGIN, OPEX %



EBITA\*%, EBIT\*%





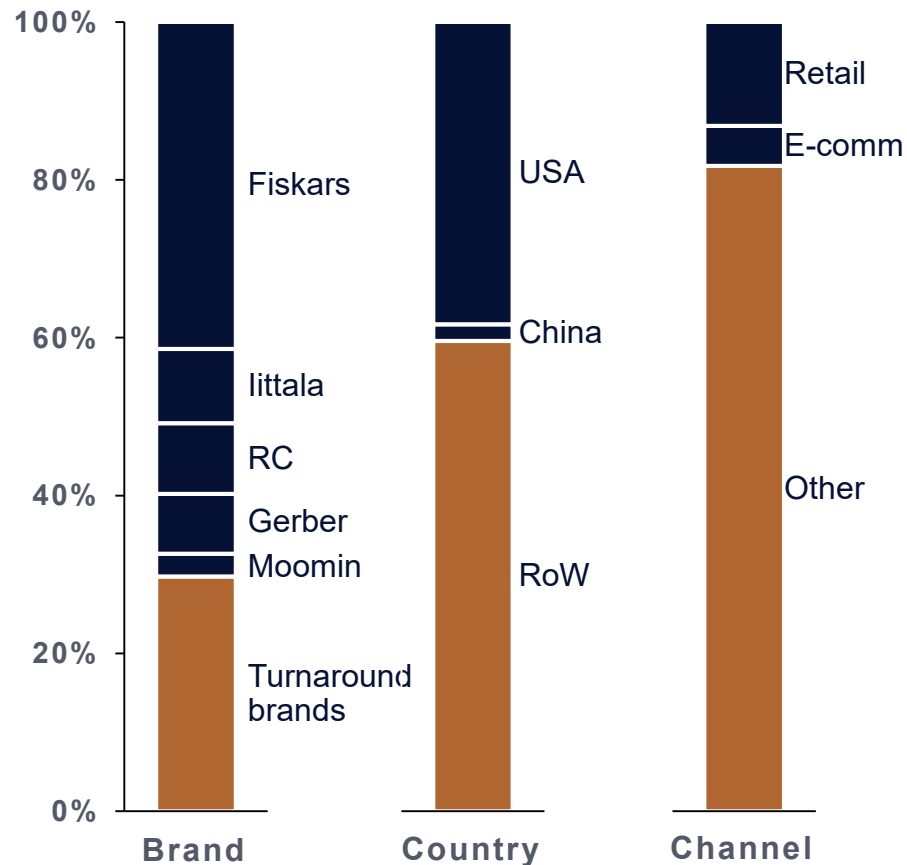
# New financial targets | Driving profitable, asset efficient growth

KPI	NEW TARGET	WHAT CHANGES
NET SALES	Organic, FX neutral Mid-Single-Digit growth	<ul style="list-style-type: none"> <li>• Organic vs. organic + M&amp;A</li> <li>• MSD range vs. <math>\geq 5\%</math></li> </ul>
PROFIT	Mid-teen EBIT margin (excl. IAC) by end of 2025	<ul style="list-style-type: none"> <li>• EBIT margin vs. EBITA Margin</li> <li>• Timebound vs. open-ended</li> </ul>
CASH FLOW CONVERSION	Free Cash Flow / Net Profit $\geq 80\%$	<ul style="list-style-type: none"> <li>• Allows us to invest in strategic growth building blocks</li> </ul>
NET DEBT / EBITDA	Net Debt / LTM EBITDA $\leq 2.5X$	<ul style="list-style-type: none"> <li>• Maintaining Investment Grade status whilst giving firepower for future acceleration</li> </ul>

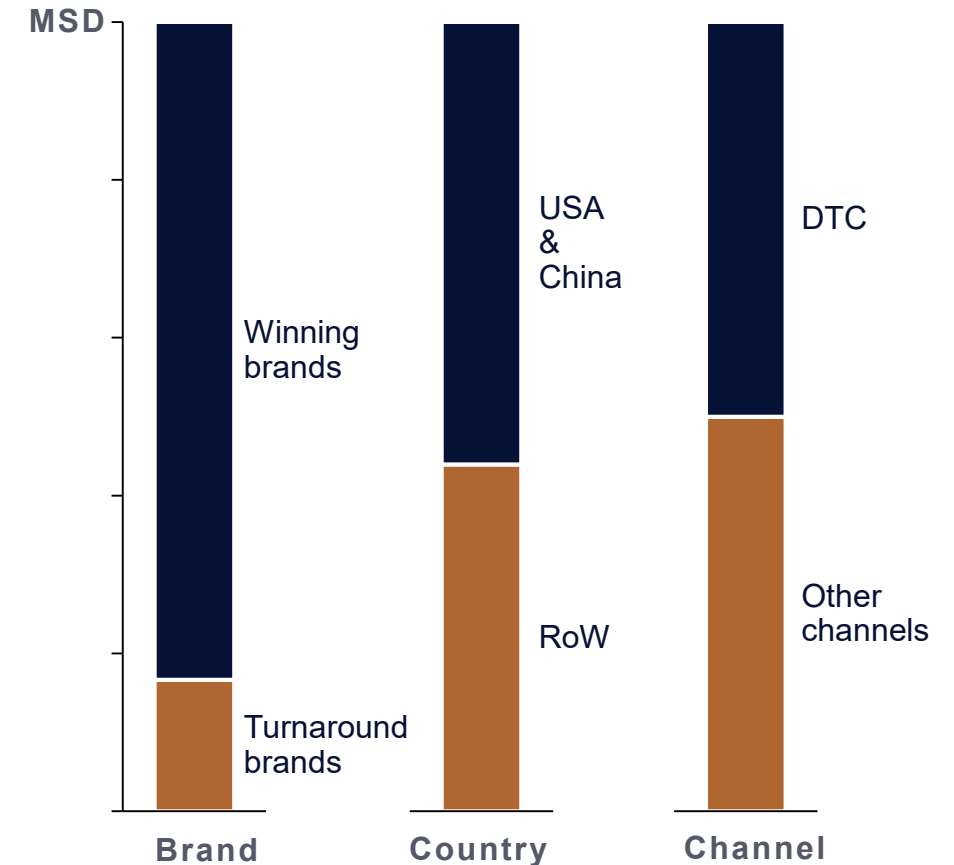


# Net Sales | Winning brands, countries and channels are significantly contributing to MSD growth target

LTM\* NET SALES BY WINNING BRANDS, COUNTRIES AND CHANNELS







AND THEIR CONTRIBUTION TO THE MSD GROWTH TARGET



# Profitability | Future P&L structure

– emphasis on increasing Gross Margin

	AVERAGE 2016–19	FY 2020	LTM* SEP'21		2025 TARGET
<b>GROSS MARGIN</b>	42.9%	40.5%	42.8%		46–47%
<b>MARKETING</b>	4.4%	3.3%	3.6%		4–5%
<b>SG&amp;A</b>	30.3%	27.3%	26.0%		27–28%
<b>EBIT**</b>	8.4%	9.8%	13.0%		Mid-teen

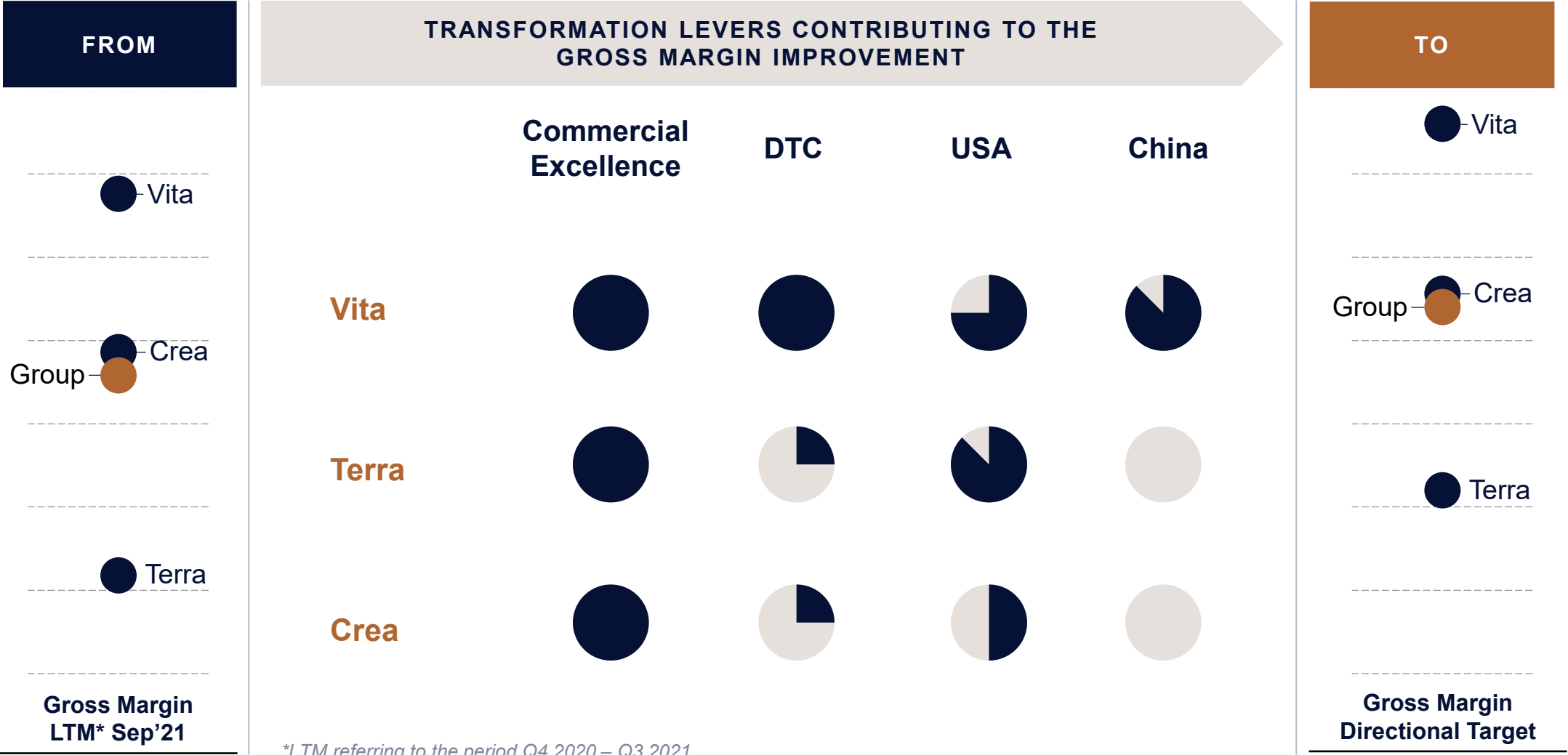
\*LTM referring to the period Q4 2020 – Q3 2021

\*\*Excl. Items Affecting Comparability



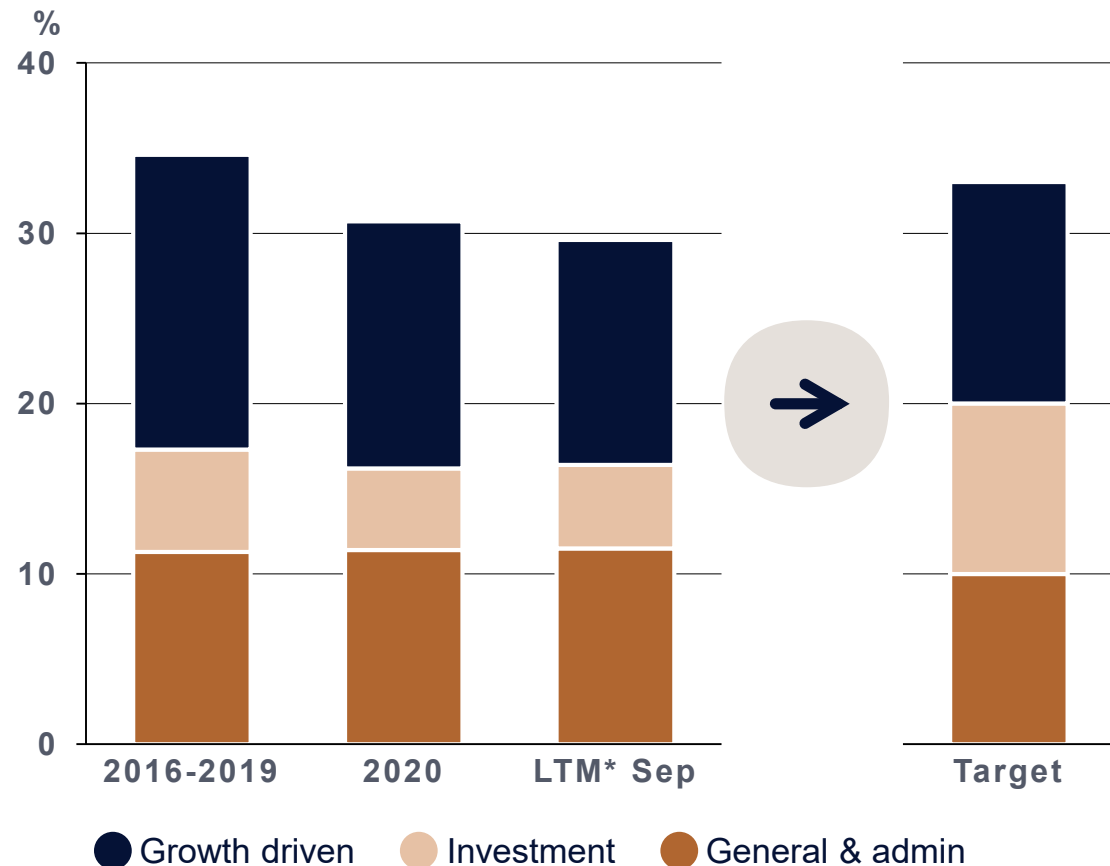


# Profitability – Gross Margin | Transformation levers contributing to the Gross Margin improvement



# Profitability - OPEX I Investments in growth building blocks are funded thru fluidity and Gross Profit improvement. Contingencies in place to protect the bottom line



## OPEX COMPONENTS (% OF NET SALES)



## OPEX LOGIC

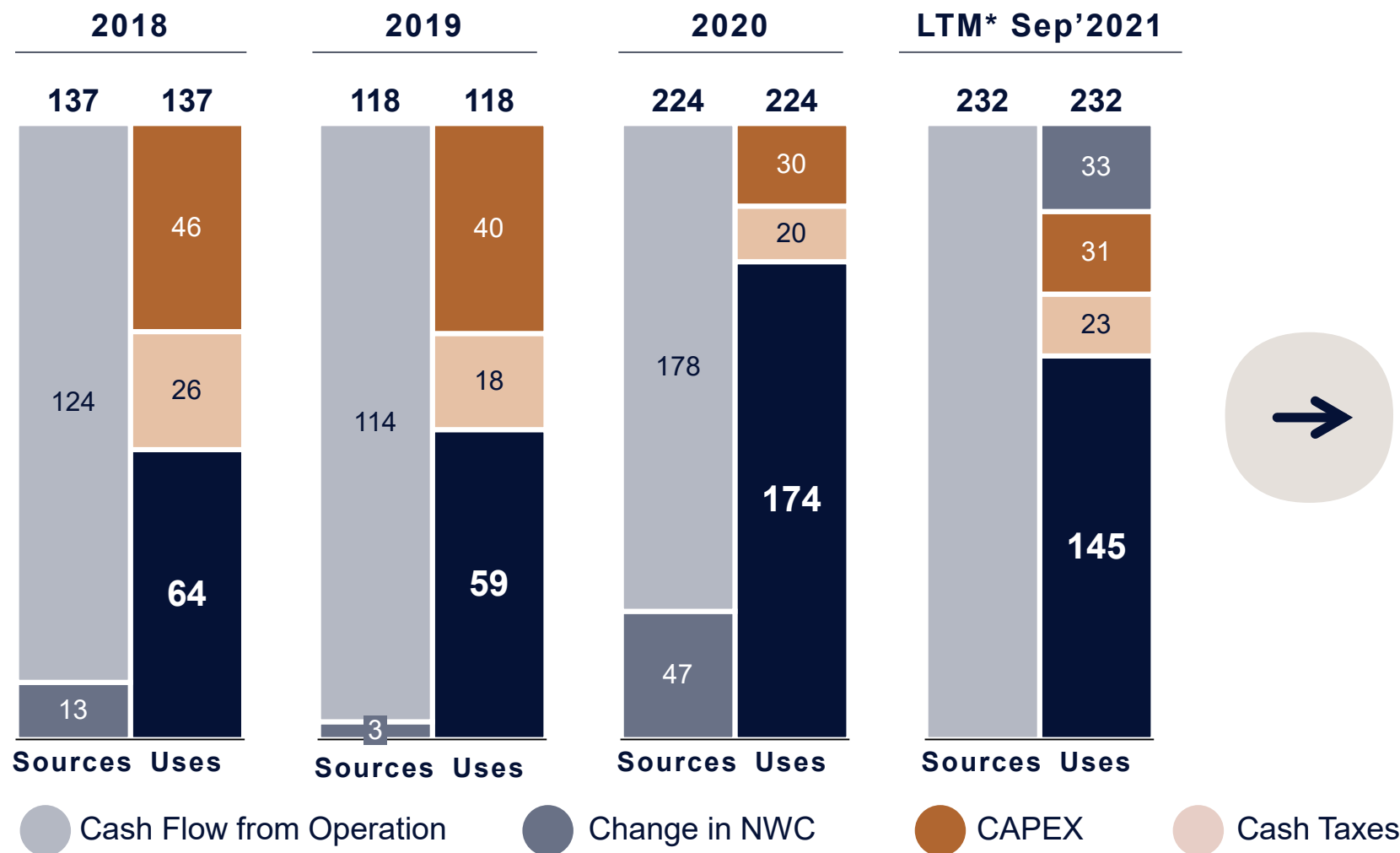
- |                            |   |
|----------------------------|---|
| <b>Growth driven</b>       | <ul style="list-style-type: none"><li>• Sales expenses (incl. DTC)</li><li>• Expected to follow topline growth</li><li>• Sales expenses growth driven by DTC mitigated thru efficiency improvements in other channels</li></ul> |
| <b>Investment</b>          | <ul style="list-style-type: none"><li>• Commercial excellence, product development, product marketing and e-comm/digital</li><li>• Expected to grow faster than topline, driven especially by Digital</li></ul>                 |
| <b>General &amp; admin</b> | <ul style="list-style-type: none"><li>• Corporate functions</li><li>• Expected to grow slower than topline</li><li>• Managing growth thru fluidity</li></ul>  |

# Profitability- OPEX Investments | Enabling sustainable growth from 2022 onwards

			
<b>TARGET</b>	<b>SUSTAINABLE, PROFITABLE GROWTH FROM Q1-22 ONWARDS</b>	<b>ACCELERATE GROWTH</b>	<b>ENABLE GROWTH, DRIVE EFFICIENCY</b>
<b>IMPACT</b>	<ul style="list-style-type: none"> <li>• Stable, sustainable Net Sales growth</li> <li>• Gross Margin improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Growth acceleration</li> <li>• Gross Margin improvement thru channel mix change</li> </ul>	<ul style="list-style-type: none"> <li>• Enabling growth especially in DTC</li> </ul>
<b>INVESTMENT</b>	<ul style="list-style-type: none"> <li>• OPEX light: investments mainly in capabilities and in-store excellence improvements</li> </ul>	<ul style="list-style-type: none"> <li>• OPEX investments in platforms to ensure repeatable growth model</li> </ul>	<ul style="list-style-type: none"> <li>• OPEX investments in digital platforms and capabilities</li> </ul>
<b>TIMING</b>	<ul style="list-style-type: none"> <li>• Q4/2021 onwards</li> </ul>	<ul style="list-style-type: none"> <li>• First building repeatable model, then driving scale and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Q4/2021 onwards</li> </ul>



# Free Cash Flow | Free Cash Flow remains solid



## TARGET

- Increased profit drives up cash flow from operations
- NWC growth expected to be slightly below the topline growth (=NWC efficiency improvement)
- CAPEX to increase back to historical levels (% of sales)
- Free Cash Flow generation remains solid

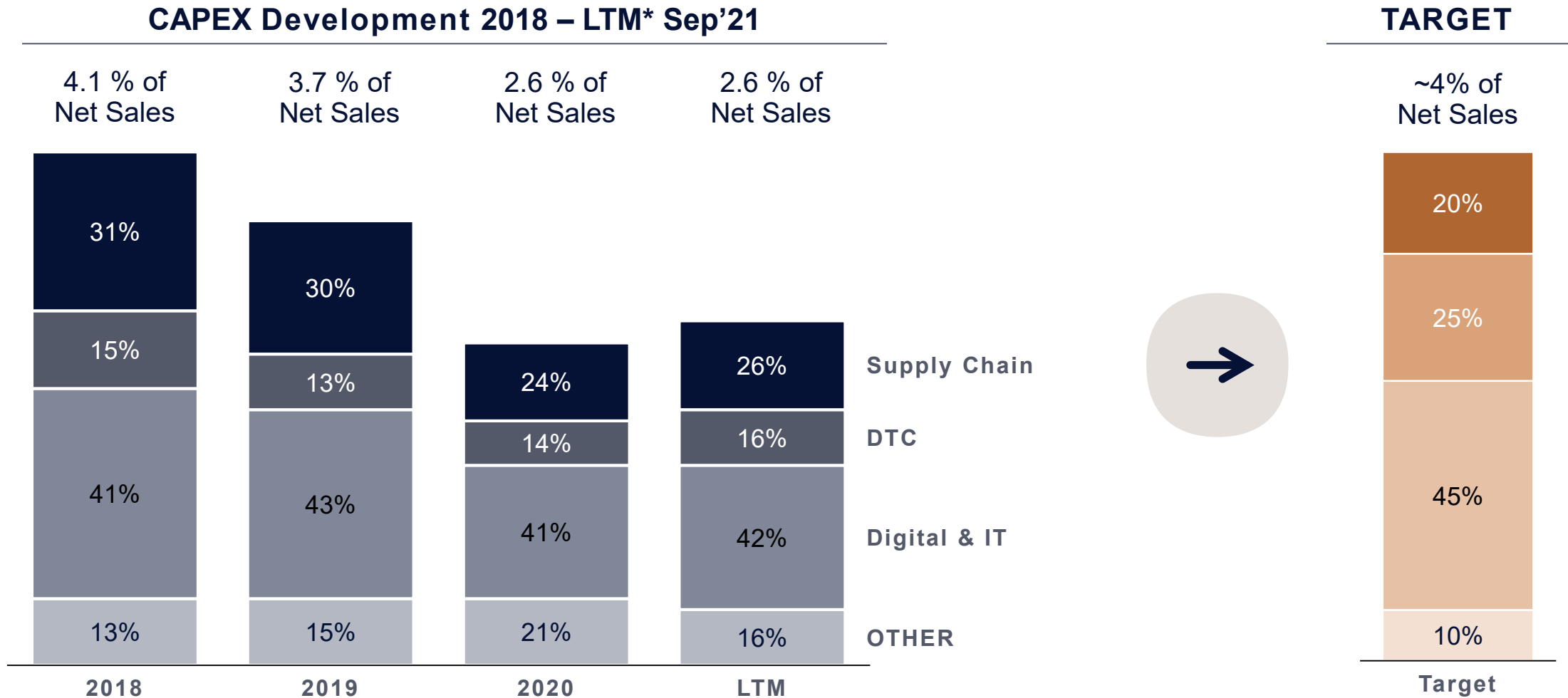
\*LTM referring to the period Q4 2020 – Q3 2021





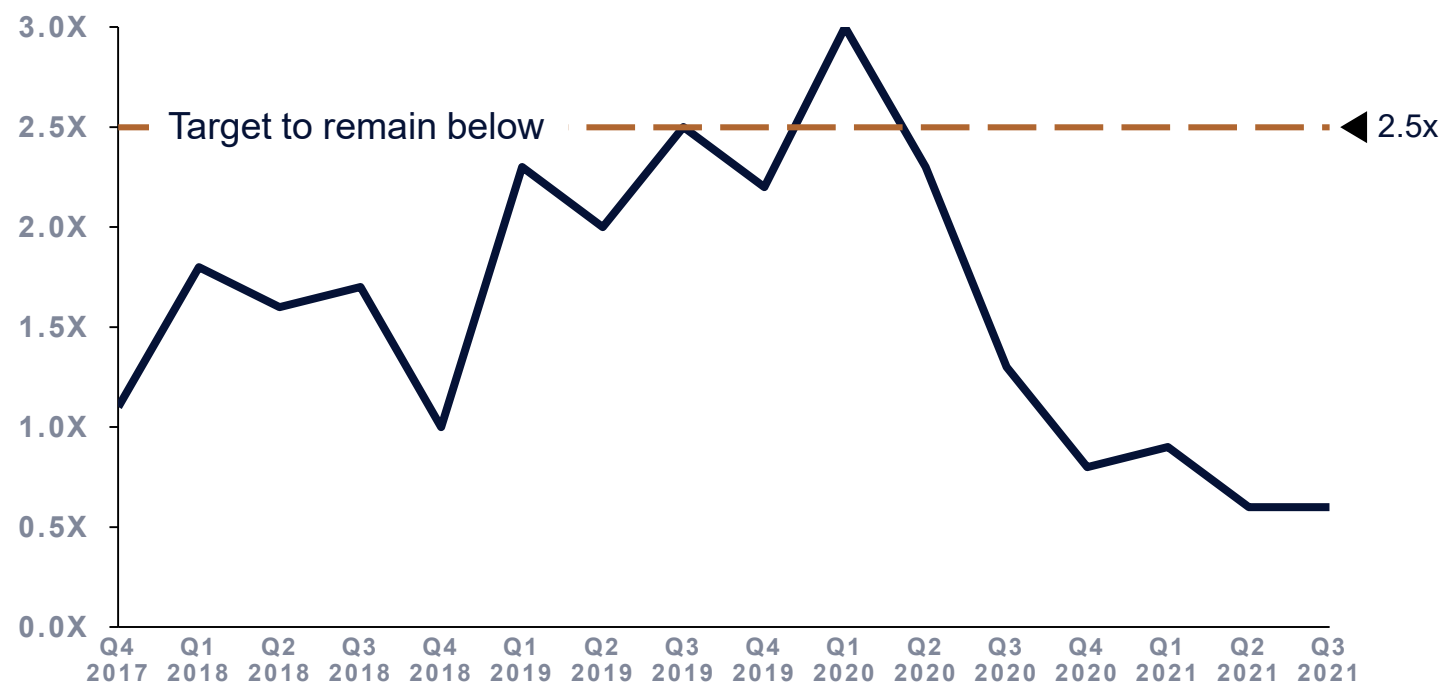
# Capital Expenditure | Fund allocation follows the strategic acceleration

– DTC and Digital share of CAPEX to increase



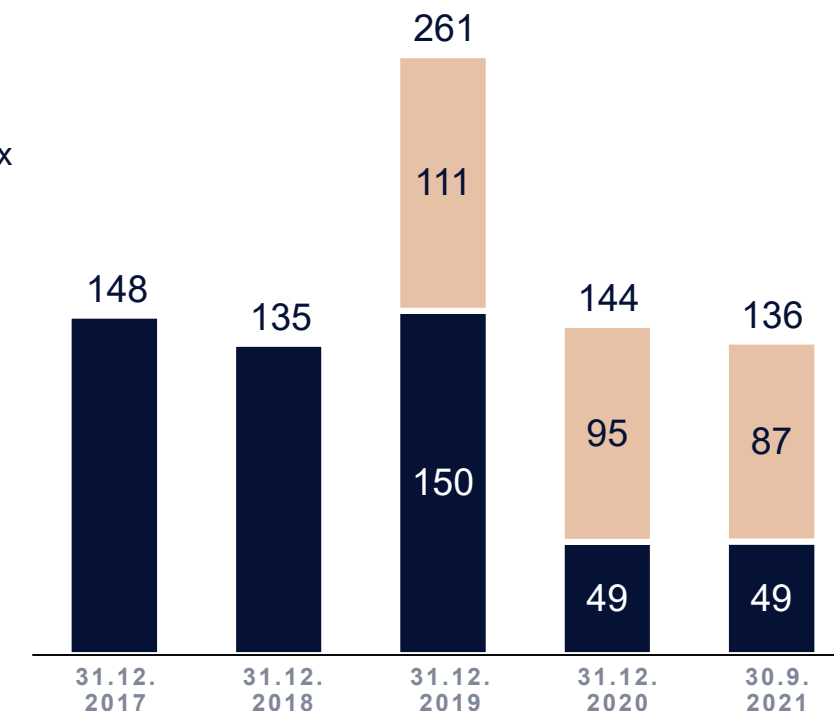
# Balance Sheet | Strong balance sheet enables growth

NET DEBT / LTM\* EBITDA Q4/2017 – Q3/2021



\*LTM referring to the period Q4 2020 – Q3 2021

NET DEBT 31.12.2017 – 30.9.2021

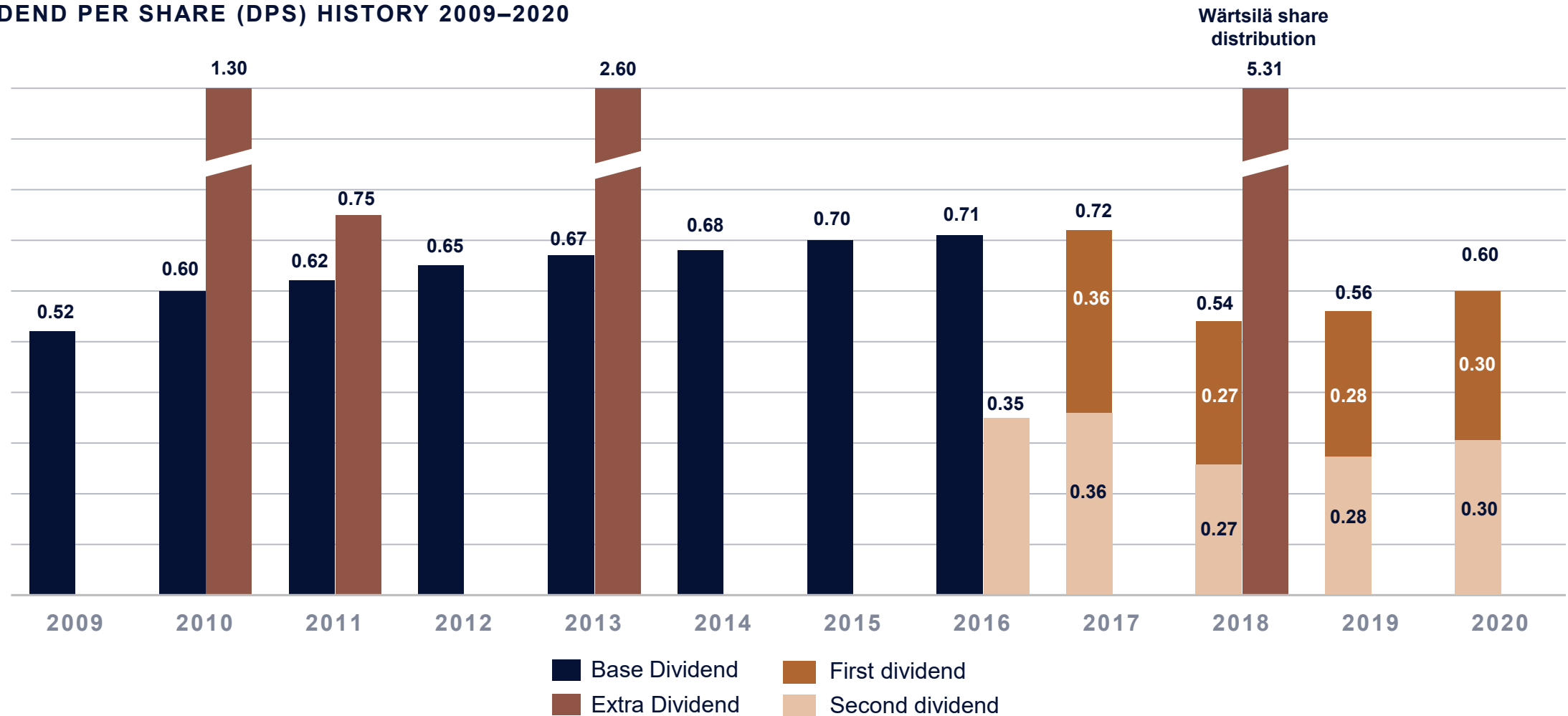


- Net Debt excl lease liabilities
- Lease liabilities



# Dividend Policy I No change – stable, over time increasing dividend, to be paid biannually

DIVIDEND PER SHARE (DPS) HISTORY 2009–2020  
EUR



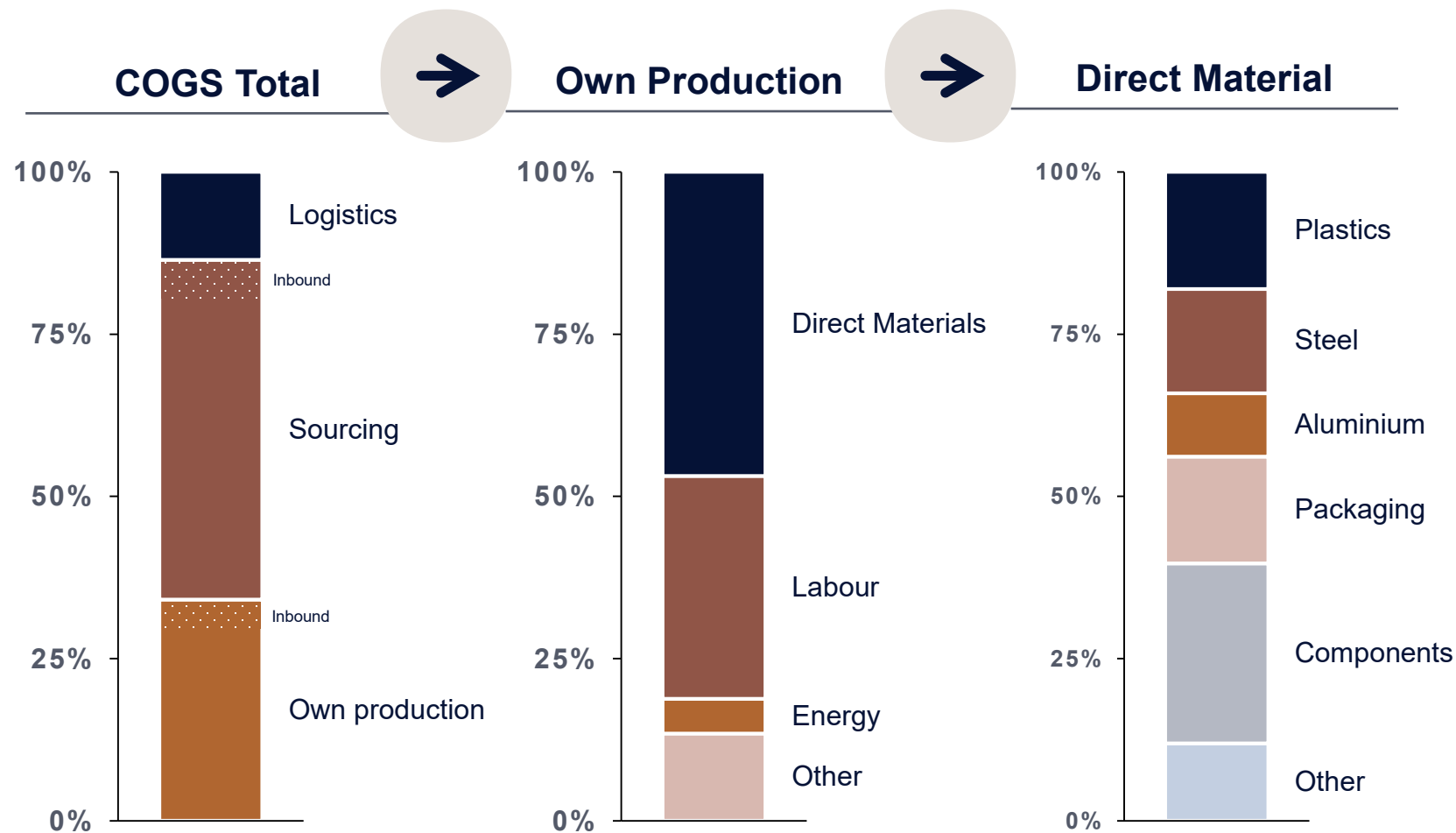
# Value Creation I Growth strategy addresses all value creation levers







# Cost of Goods | Raw material and logistic costs inflation eliminated

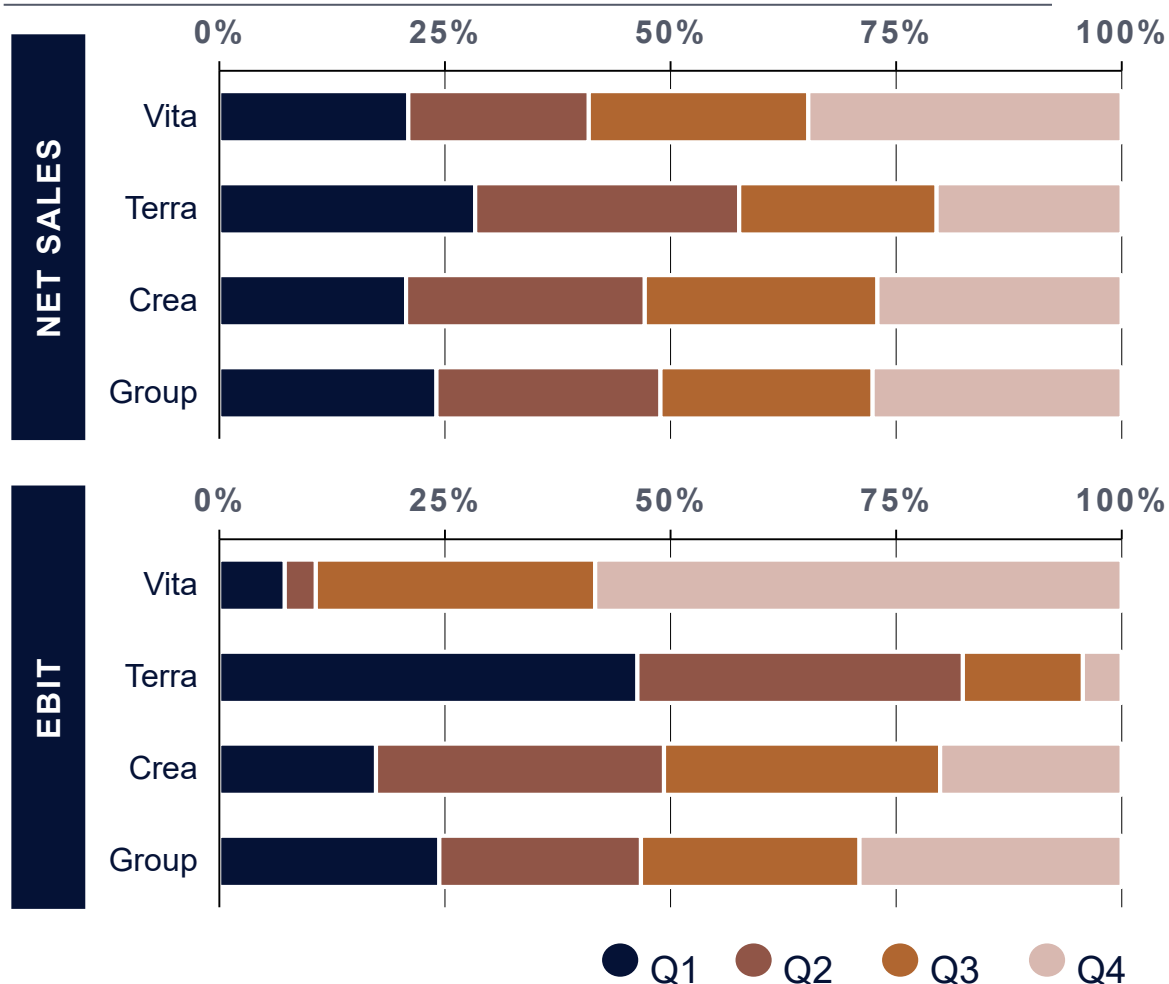


## Key Takeaways

- Full year cost inflation expected to be approx. EUR 35m from inbound logistics (sea freights), raw materials and finished goods price increases.
- Negative Gross Margin impact mitigated thru price increases and internal efficiency improvements.
- Inflation pressure is expected to continue full year 2022. Actions in place to eliminate negative Gross Margin impacts.

# Seasonality I Group seasonality balanced by portfolio

## NET SALES AND EBIT – QUARTERLY SPLIT



## SEASONAL FEATURES BY BUSINESS AREA

### Vita

- Highest season in year-end holiday period
- Seasonal pre-orders approx. one-third of the business; the rest from replenishment and DTC
- Order in-take some 2-3 months in advance

### Terra

- Highest season in spring/summer
- Seasonal pre-orders approx. half of the business both in Europe and USA with replenishment making the rest.
- Order in-take 4-7 months in advance and shipping 1-2 months in advance in Europe; 3-5 months and 2-3 months in USA, respectively.

### Crea

- Highest season in Back-to-School (BTS) and year-end holiday period (Cooking)
- Majority of BTS pre-ordered 2-3 quarters in advance
- Cooking order in-take some 2-3 months in advance, replenishments based on demand



# Agenda

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**Updated Financial Targets**  
CFO Jussi Siitonen



Q&A session



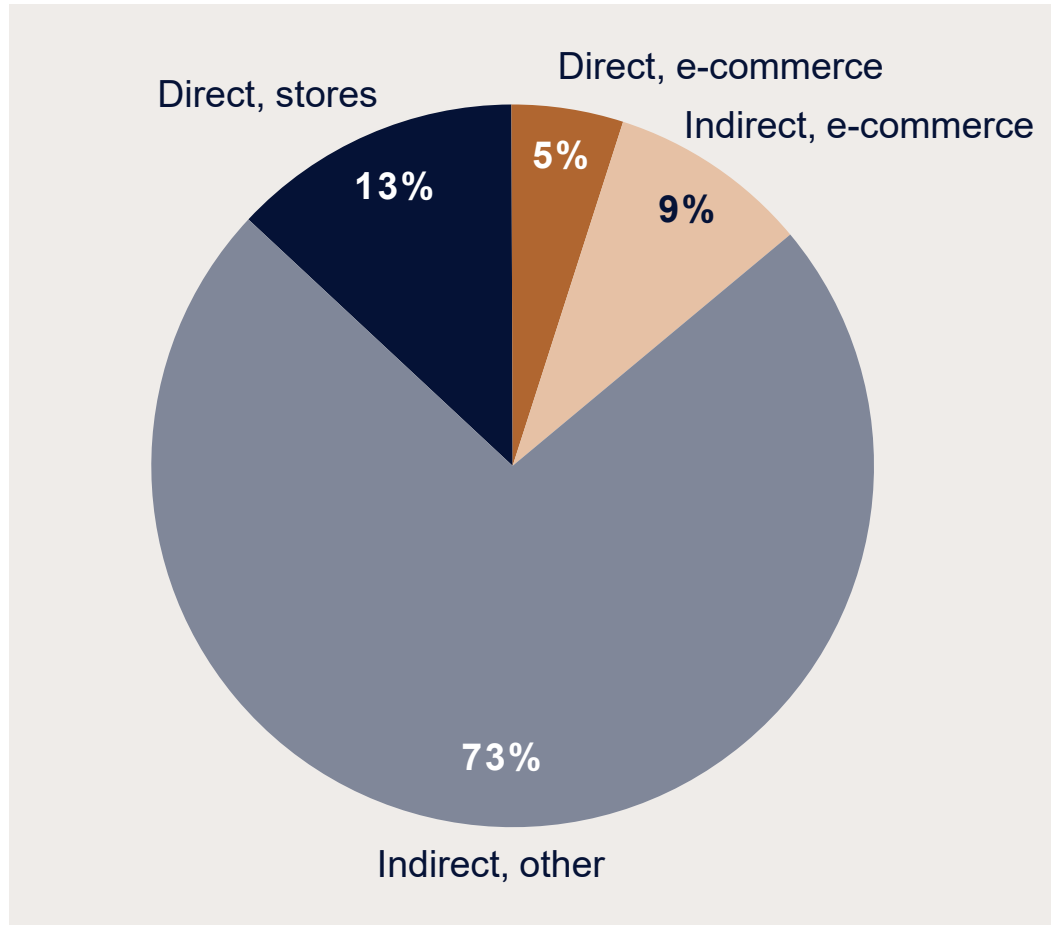


# Appendices

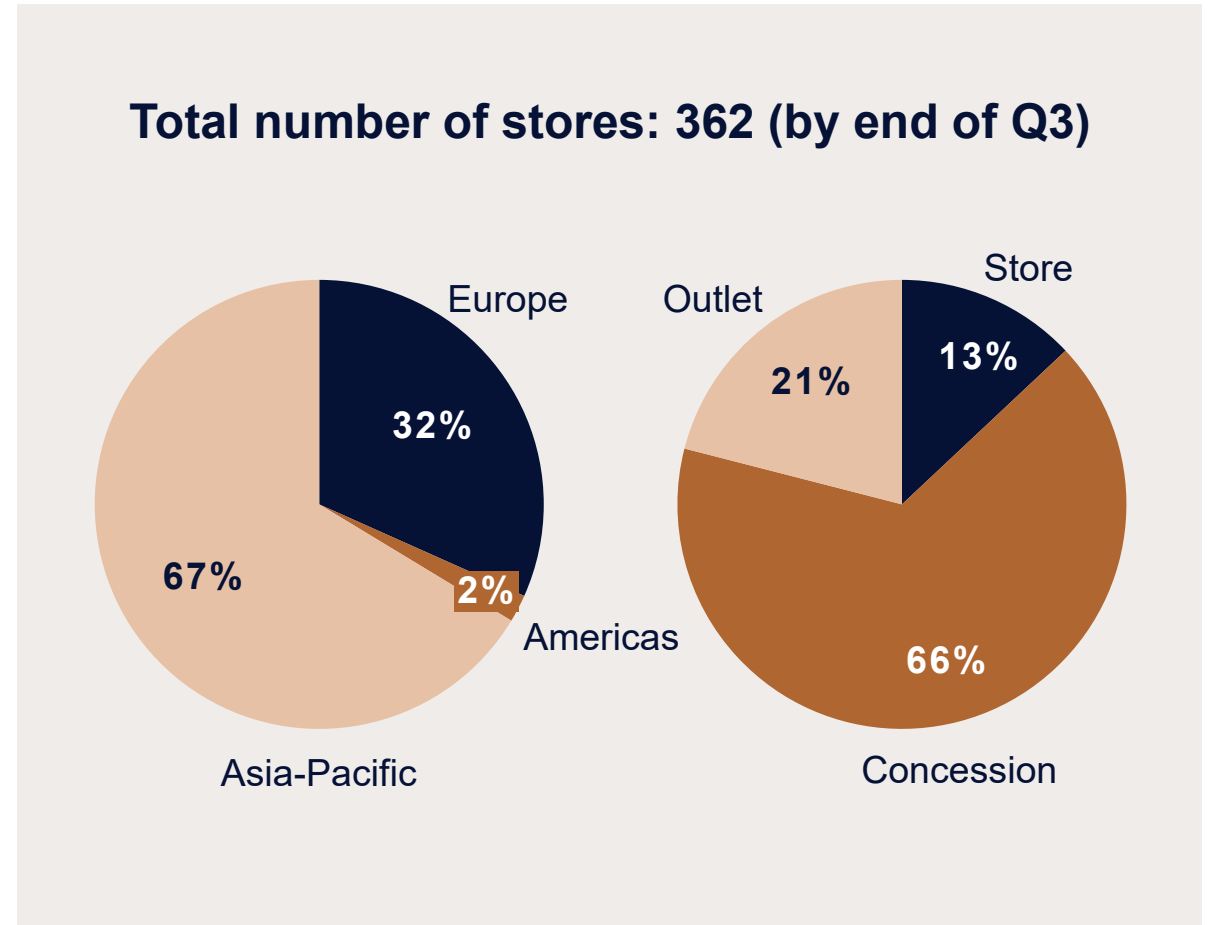


# The direct channel (DTC) increasingly important

GROUP NET SALES BY CHANNEL (LTM\*)

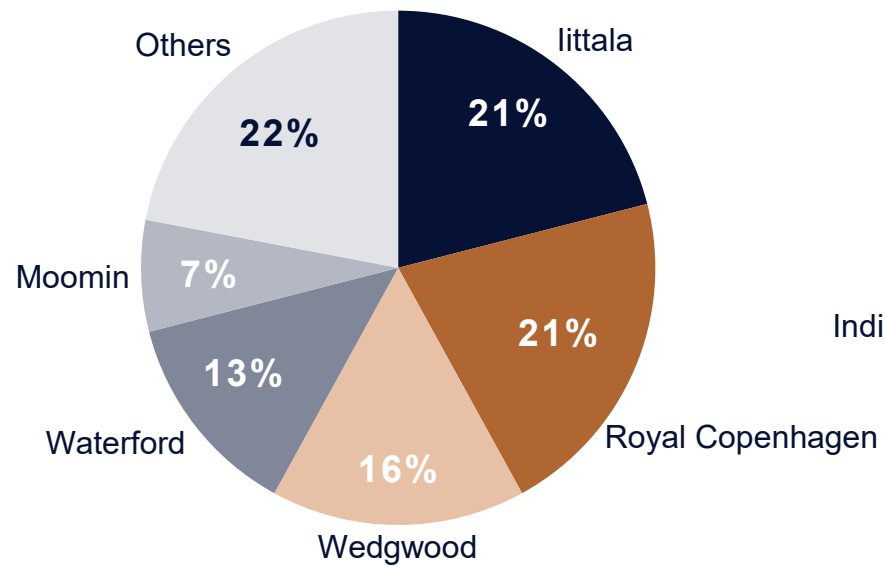


NUMBER OF STORES INCREASING IN ASIA-PACIFIC

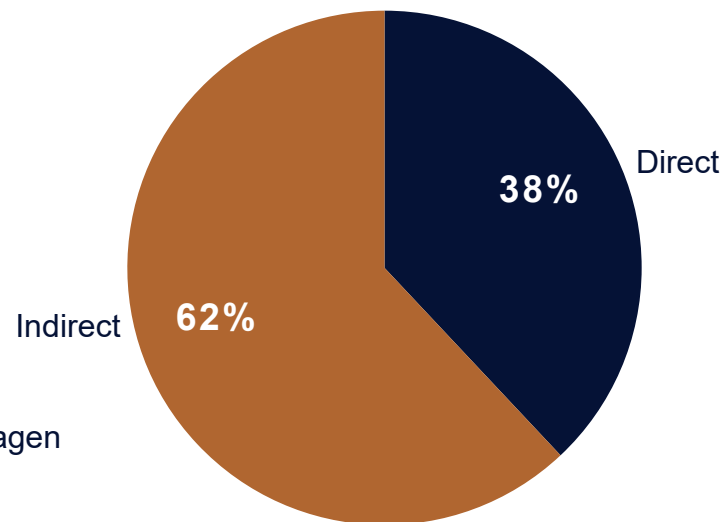


# Business Area details – Vita LTM\* sales splits

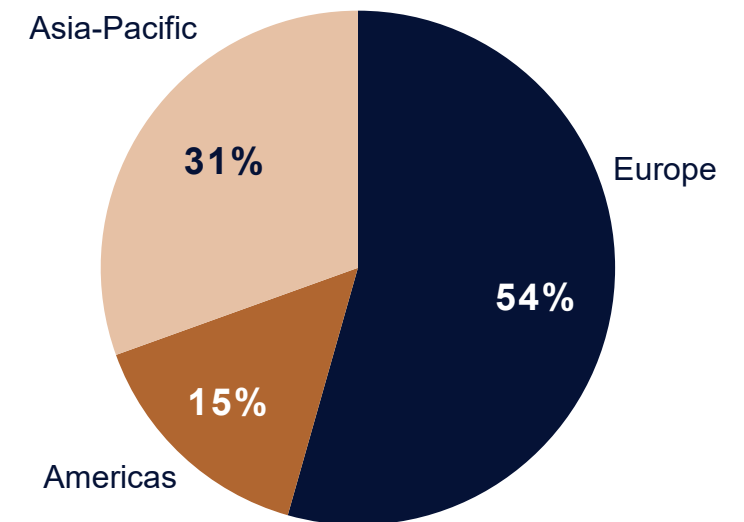
## SALES SPLIT BY BRAND



## SALES SPLIT BY CHANNEL

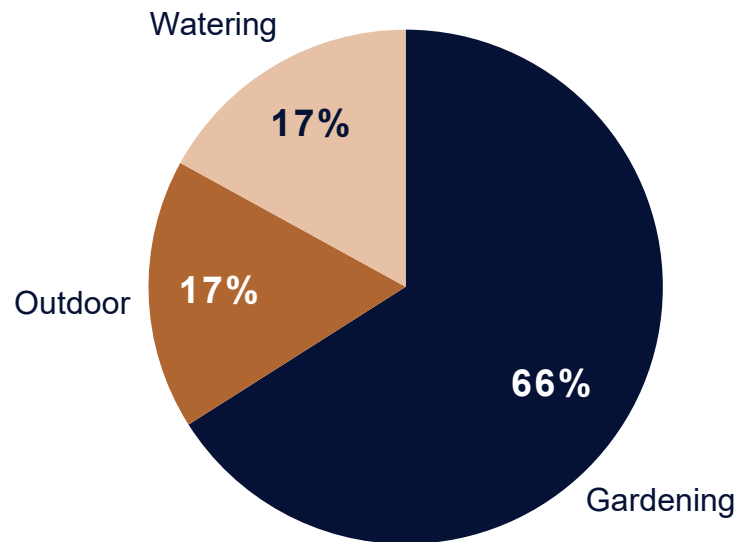


## SALES SPLIT BY GEOGRAPHY

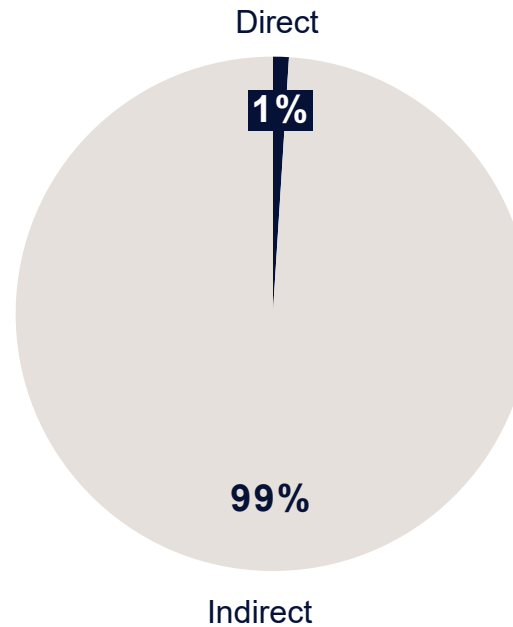


# Business Area details – Terra LTM\* sales splits

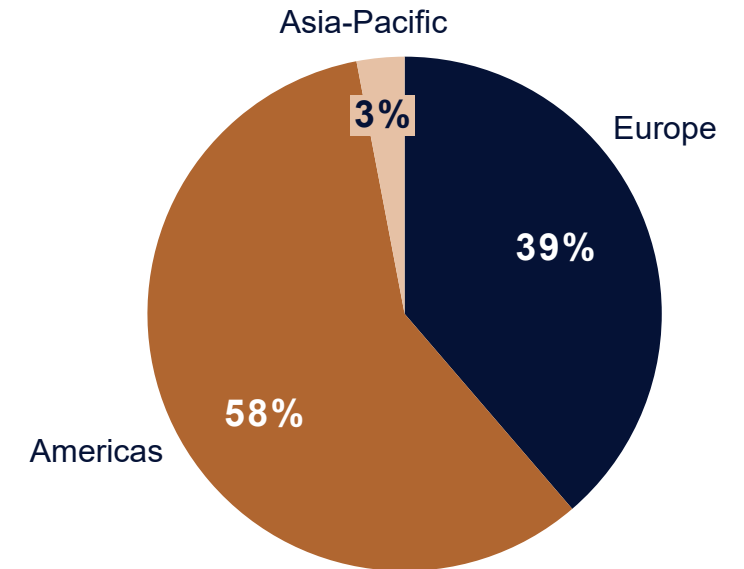
## SALES SPLIT BY CATEGORY



## SALES SPLIT BY CHANNEL



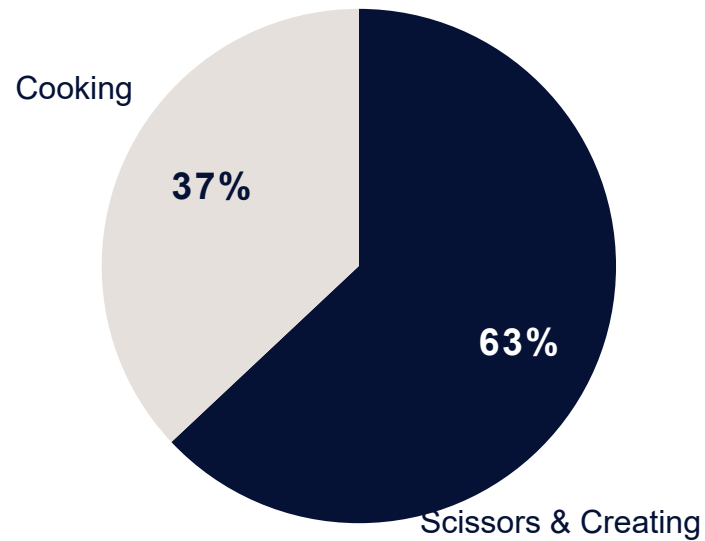
## SALES SPLIT BY GEOGRAPHY



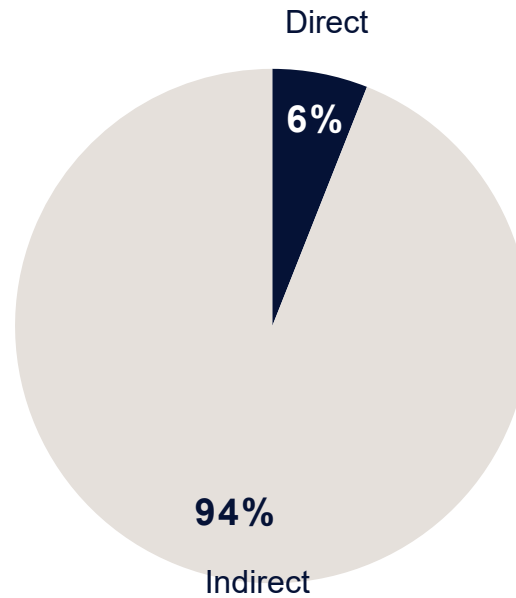


# Business Area details – Crea LTM\* sales splits

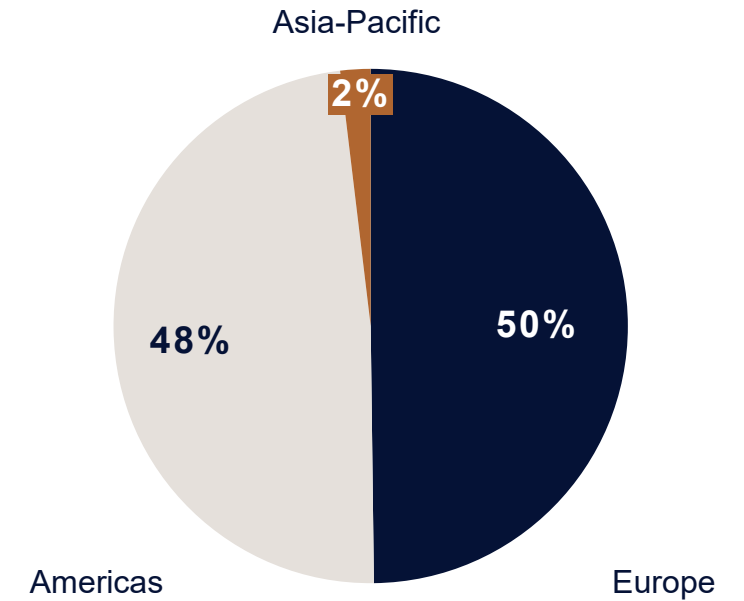
## SALES SPLIT BY CATEGORY



## SALES SPLIT BY CHANNEL



## SALES SPLIT BY GEOGRAPHY



# The ongoing programs to be completed by the end of the year – expected savings to materialize with lower costs

## TARGETED COST SAVINGS WILL BE REALIZED

- Transformation program app. EUR 17 million
- Restructuring program app. EUR 20 million
- The majority of the benefits are already being visible by the end of 2021

## COSTS WILL BE SIGNIFICANTLY LOWER THAN ORIGINALLY ANTICIPATED

- Originally anticipated to be a total of EUR 70 million
- Transformation program app. EUR 40 million (lowered by EUR 5 million in the Q2 2021 report)
- Restructuring program app. EUR 30 million
- **Total costs for both programs now expected to be app. EUR 45 million**
- EUR 34.2 million in costs recorded by the end of Q3 2021



# Calculation of financial indicators

INDICATOR	DEFINITION
EBITDA	EBIT + depreciation and amortization
Free Cash Flow	EBITDA + change in provisions + non-cash adjustments – capital expenditure +/- change in inventories, trade receivables and trade payables – cash taxes
Cash conversion	Free cash flow / net income for the period
Capital employed	Non-current assets + trade working capital + Other interest-free receivables and payables +/- net tax liabilities
Capital turnover	Net sales / Capital employed
ROCE	Capital turnover * EBIT margin



# Fiskars Group Capital Markets Day 2021

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