

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.

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

(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.

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.



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

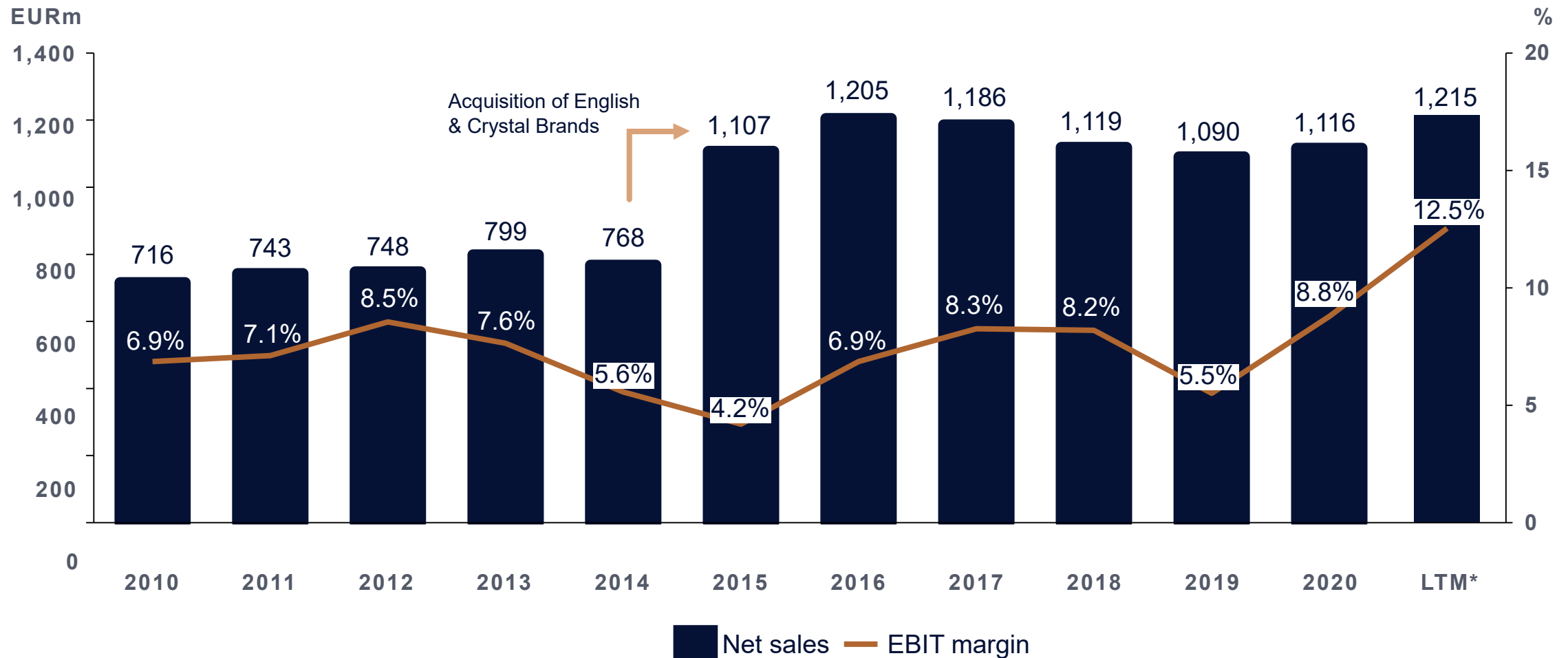
- Solid profitability
- Decent growth

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

FISKARS®


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

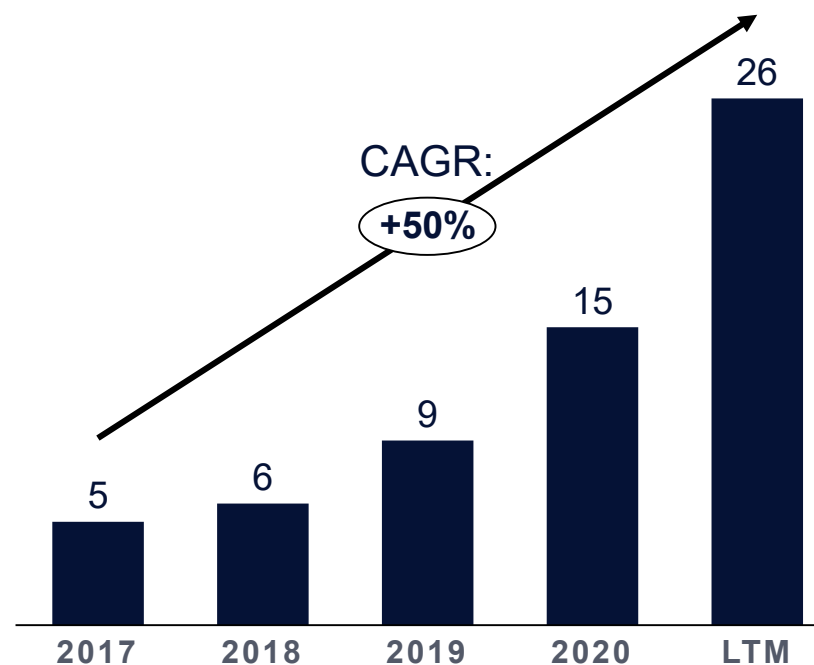


We have a strong start in China with significant growth opportunities ahead

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



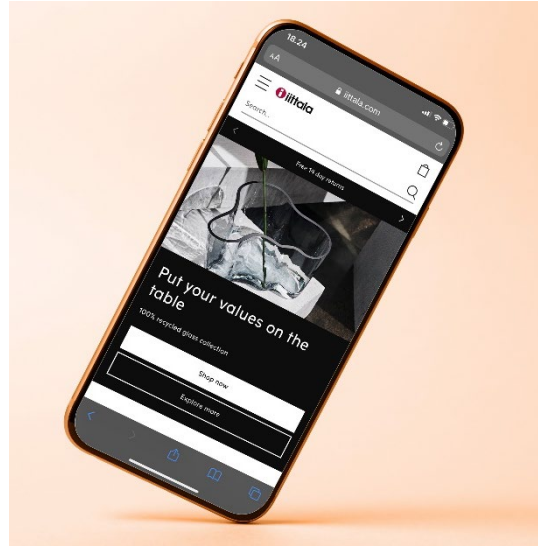
The Growth Strategy – clear strategic focus and transformation levers



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
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The Growth Strategy
CEO Nathalie Ahlström



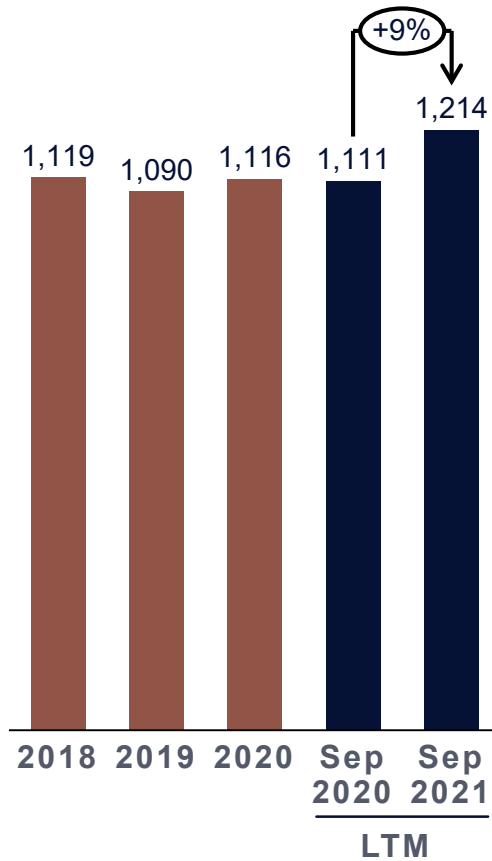
Updated Financial Targets
CFO Jussi Siitonen

Q&A session

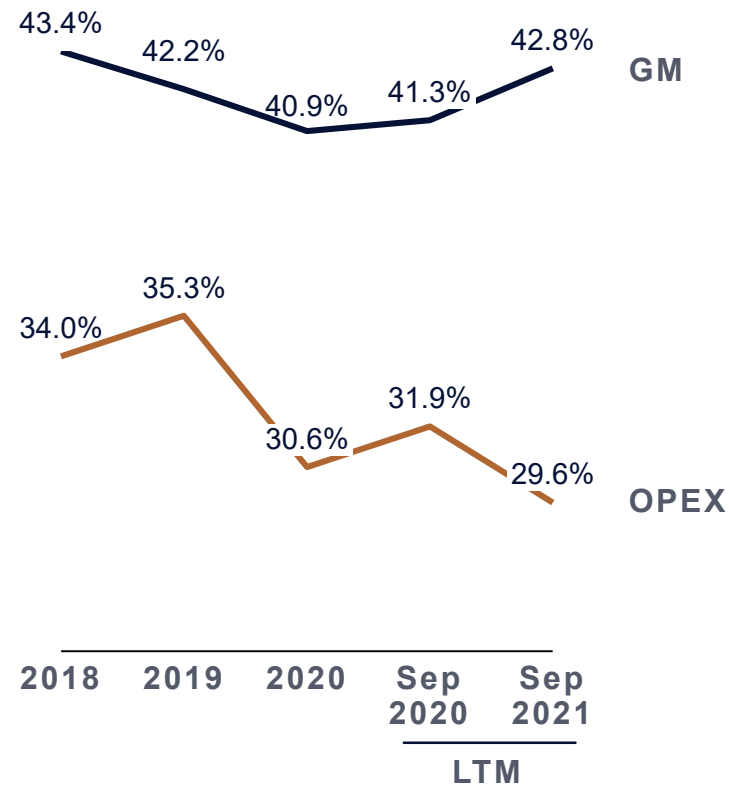


Historical performance | Solid rebound driven by COVID'19 Pandemic – focus on sustainable improvement

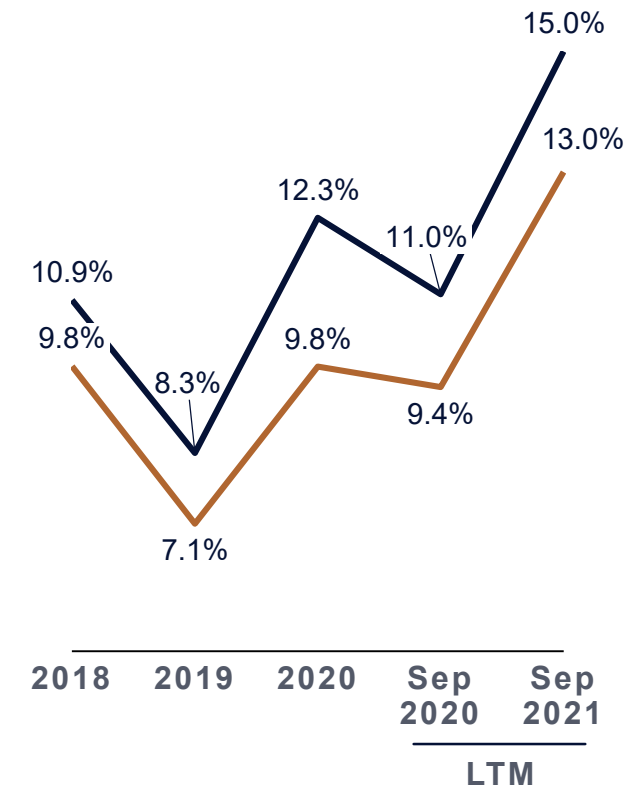
NET SALES (EURm)



GROSS MARGIN, OPEX %



EBITA*%, EBIT*%



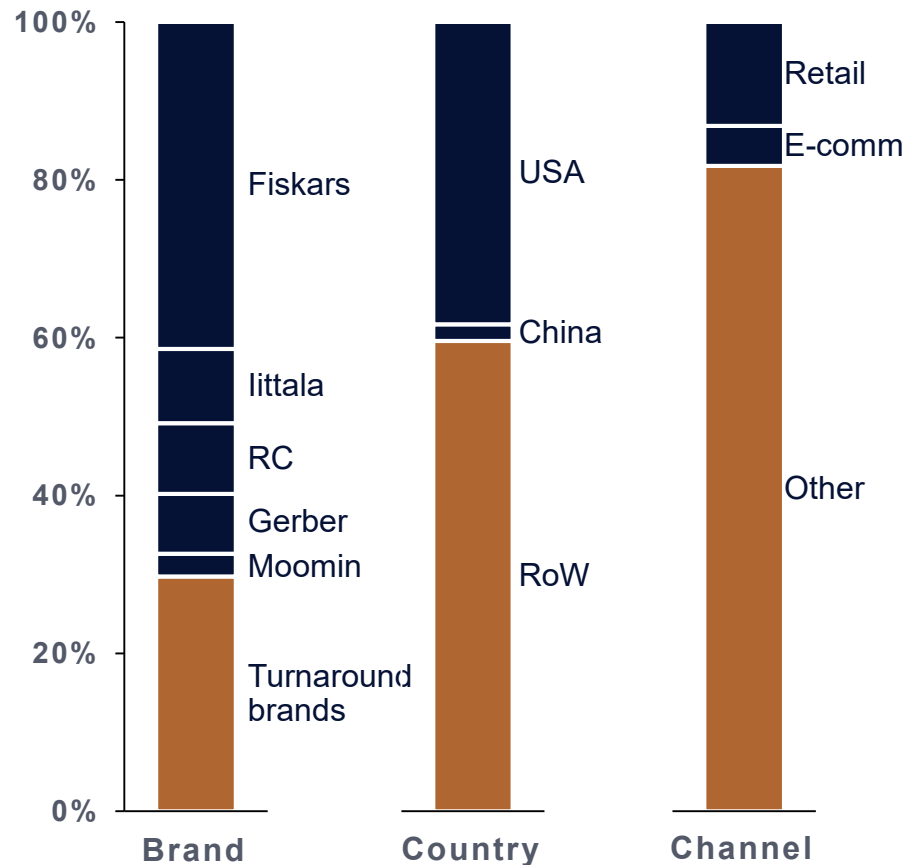
New financial targets | Driving profitable, asset efficient growth

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

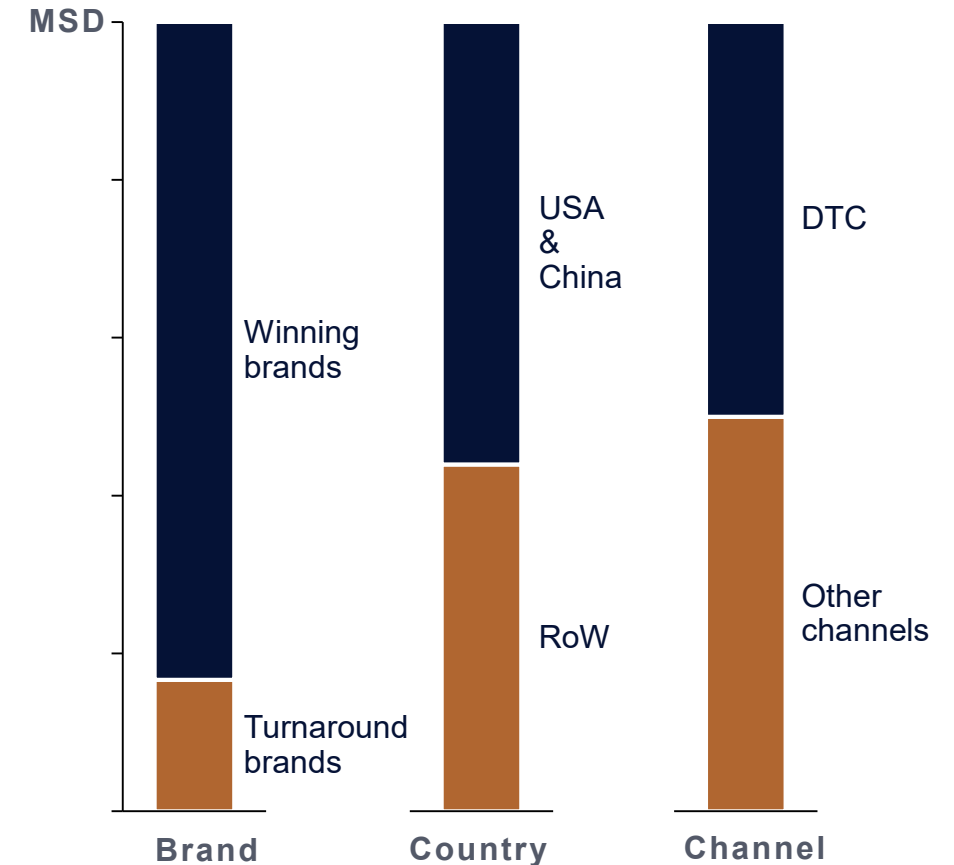


Net Sales | Winning brands, countries and channels are significantly contributing to MSD growth target

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

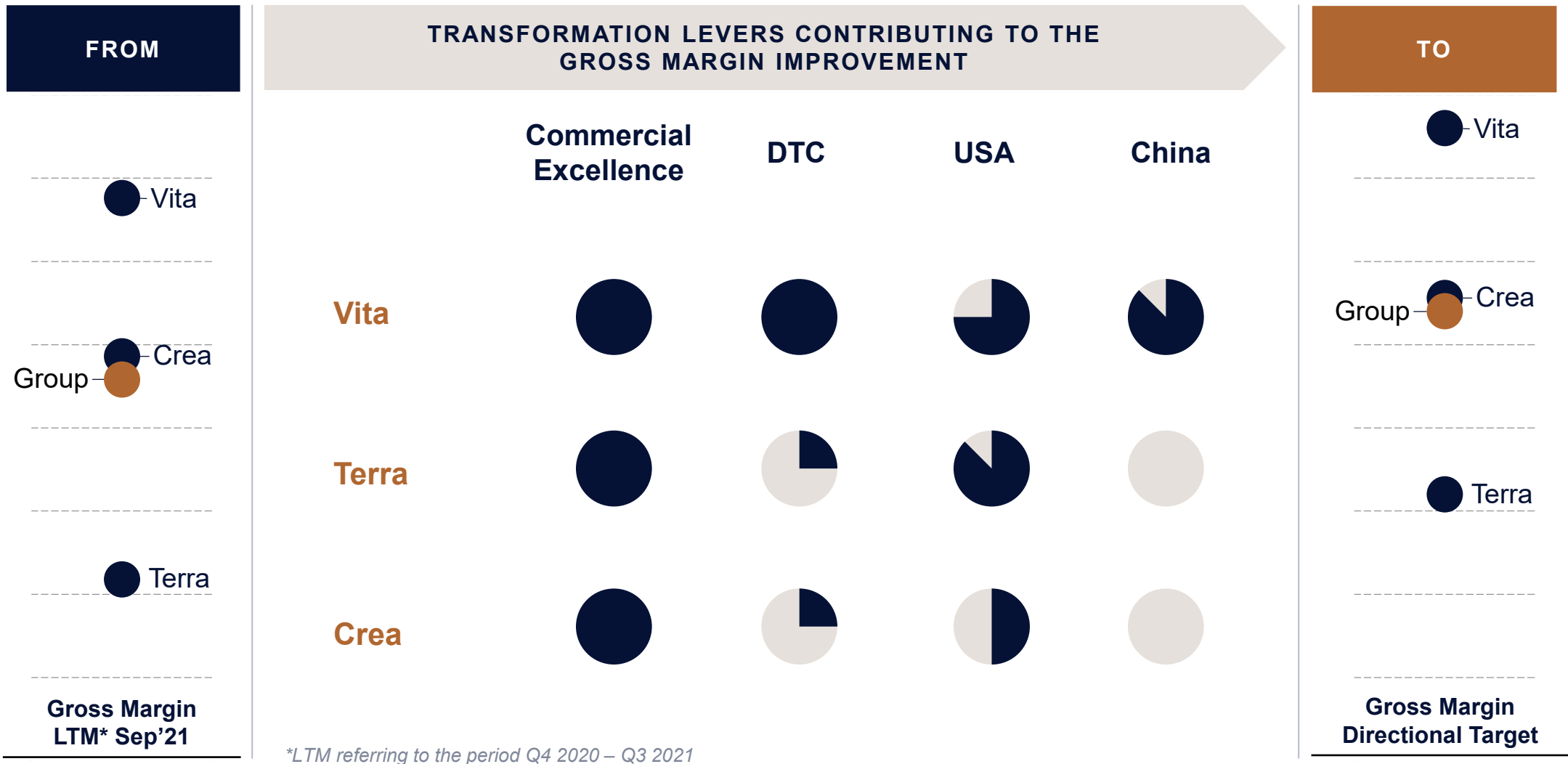
	AVERAGE 2016–19	FY 2020	LTM* SEP'21		2025 TARGET
GROSS MARGIN	42.9%	40.5%	42.8%		46–47%
MARKETING	4.4%	3.3%	3.6%		4–5%
SG&A	30.3%	27.3%	26.0%		27–28%
EBIT**	8.4%	9.8%	13.0%		Mid-teen

*LTM referring to the period Q4 2020 – Q3 2021

**Excl. Items Affecting Comparability

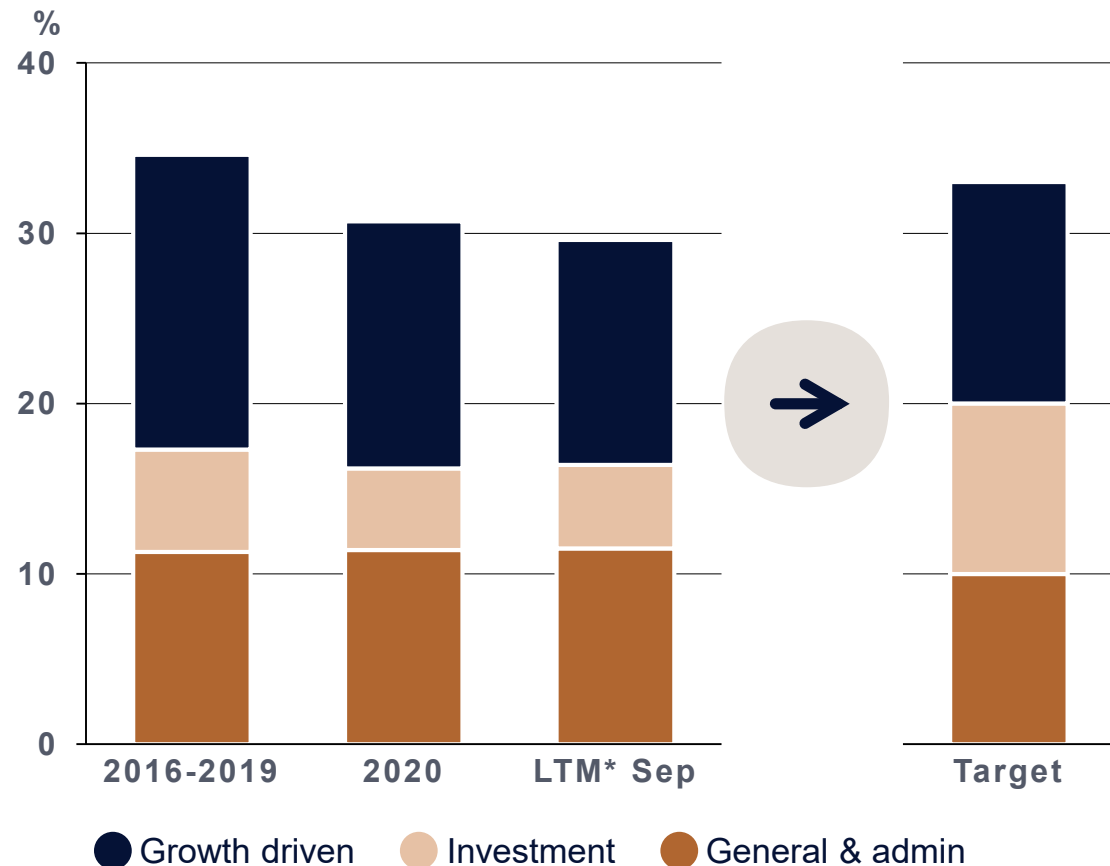


Profitability – Gross Margin | Transformation levers contributing to the Gross Margin improvement



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

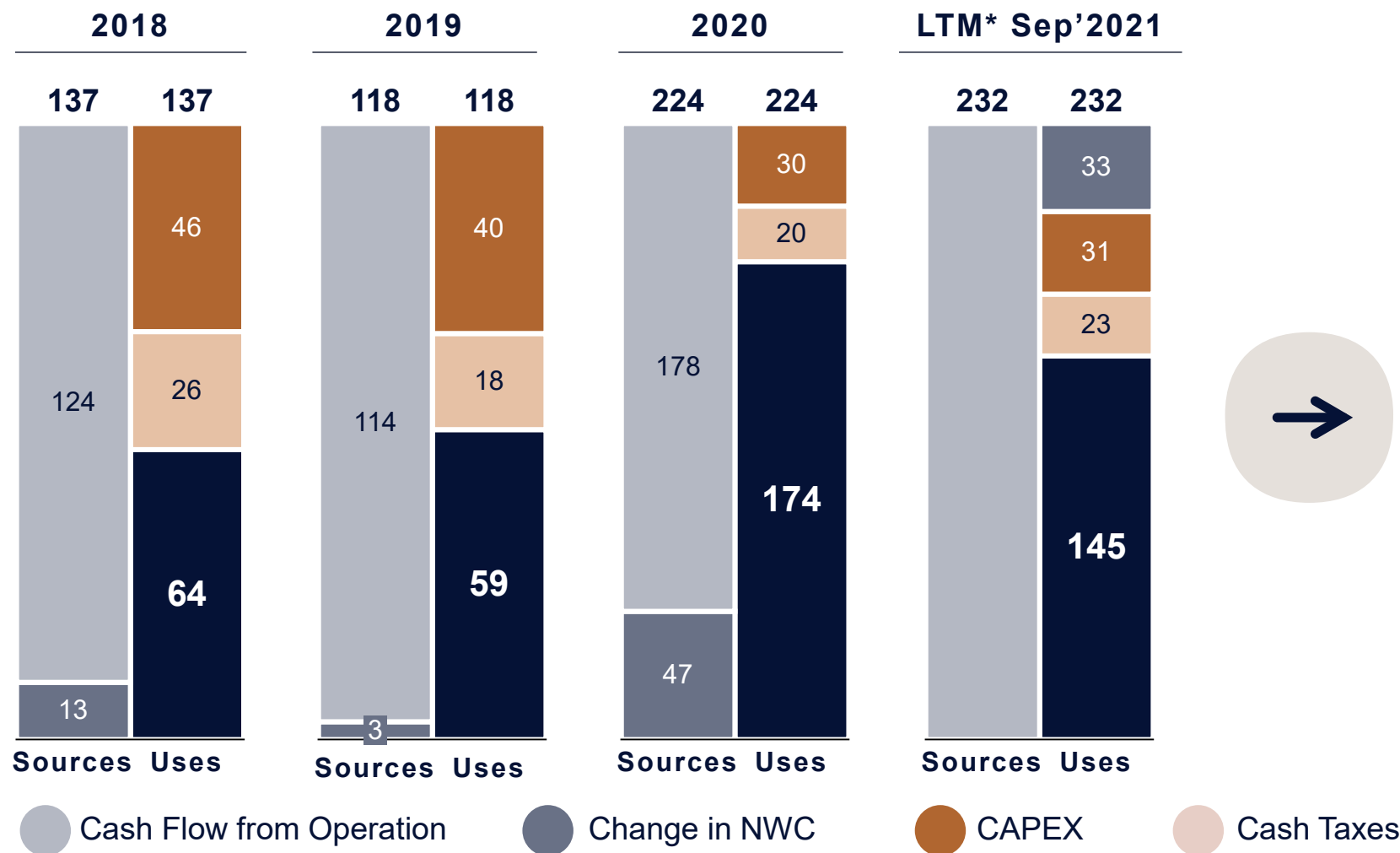
- | | |
|----------------------------|---|
| Growth driven | <ul style="list-style-type: none"> • Sales expenses (incl. DTC) • Expected to follow topline growth • Sales expenses growth driven by DTC mitigated thru efficiency improvements in other channels |
| Investment | <ul style="list-style-type: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

Profitability- OPEX Investments | Enabling sustainable growth from 2022 onwards

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



Free Cash Flow | Free Cash Flow remains solid



TARGET

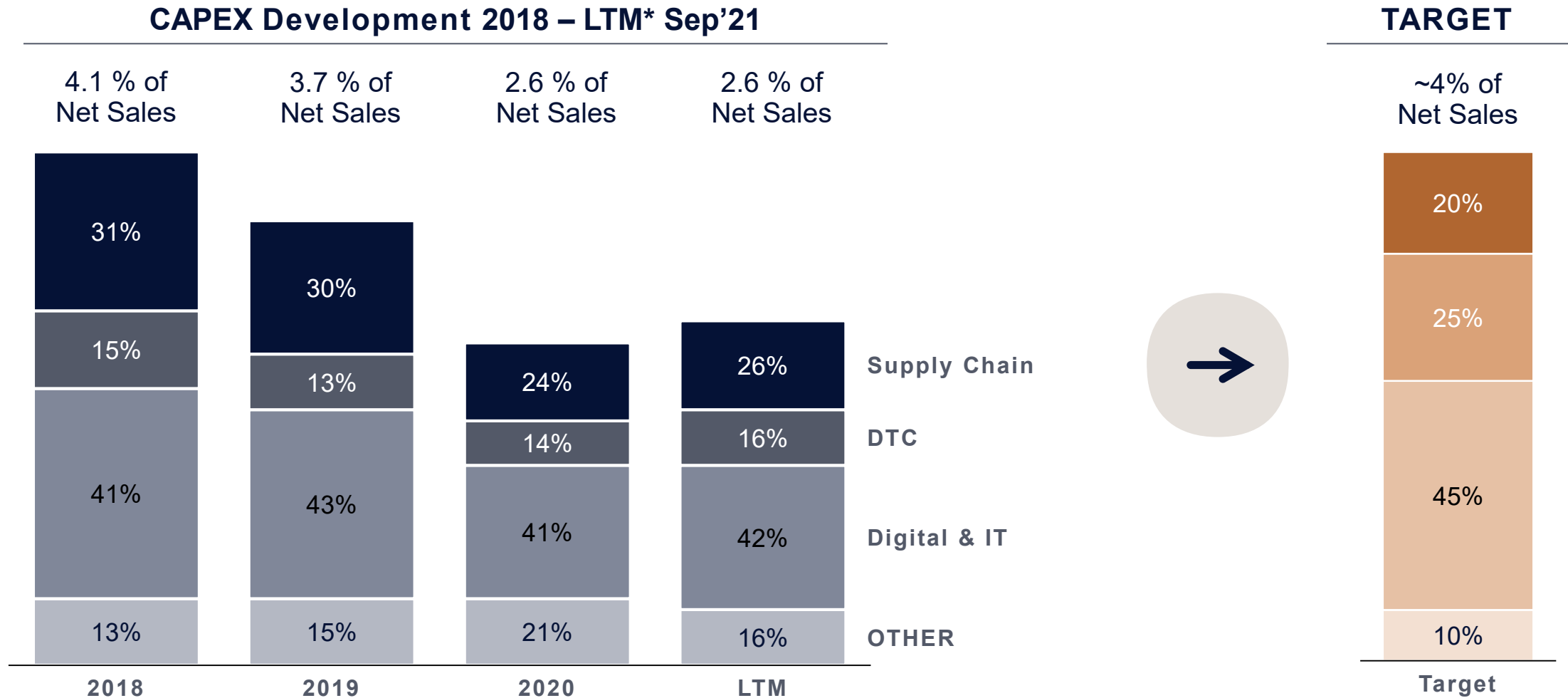
- Increased profit drives up cash flow from operations
- NWC growth expected to be slightly below the topline growth (=NWC efficiency improvement)
- CAPEX to increase back to historical levels (% of sales)
- Free Cash Flow generation remains solid

*LTM referring to the period Q4 2020 – Q3 2021



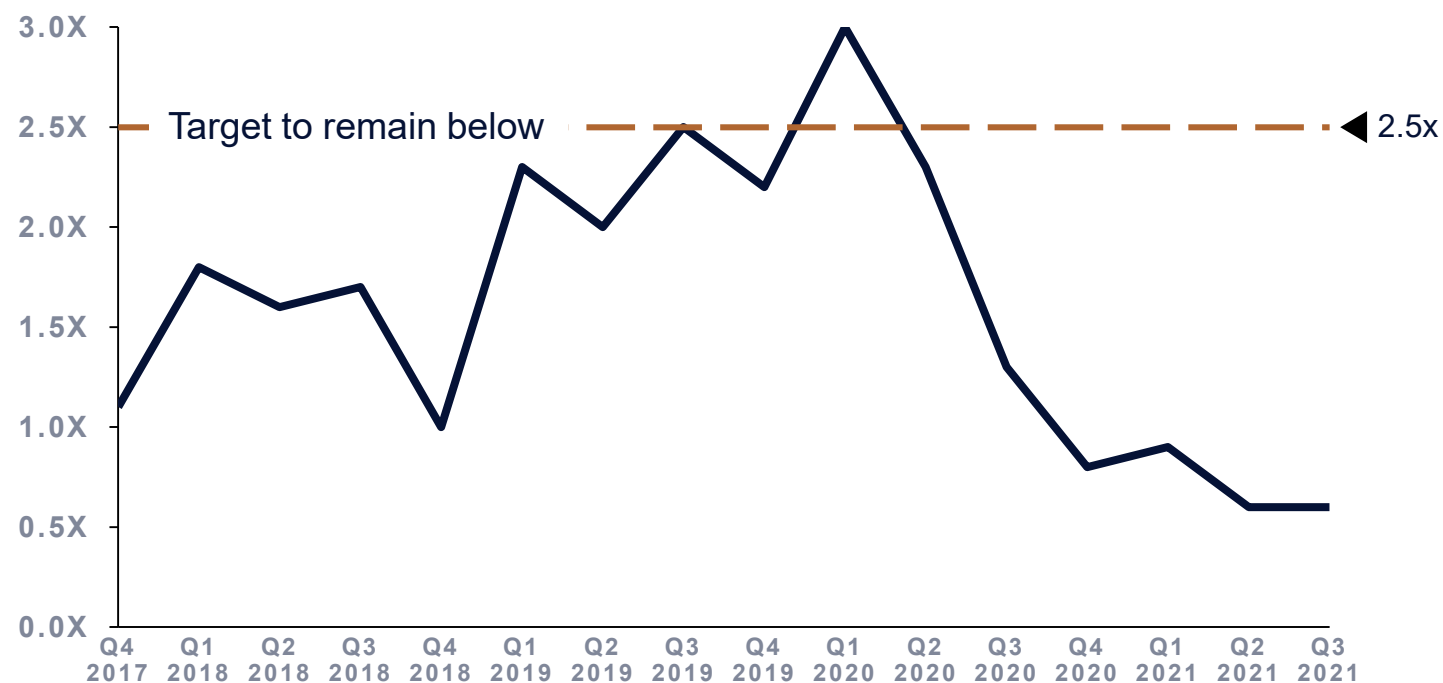
Capital Expenditure | Fund allocation follows the strategic acceleration

– DTC and Digital share of CAPEX to increase



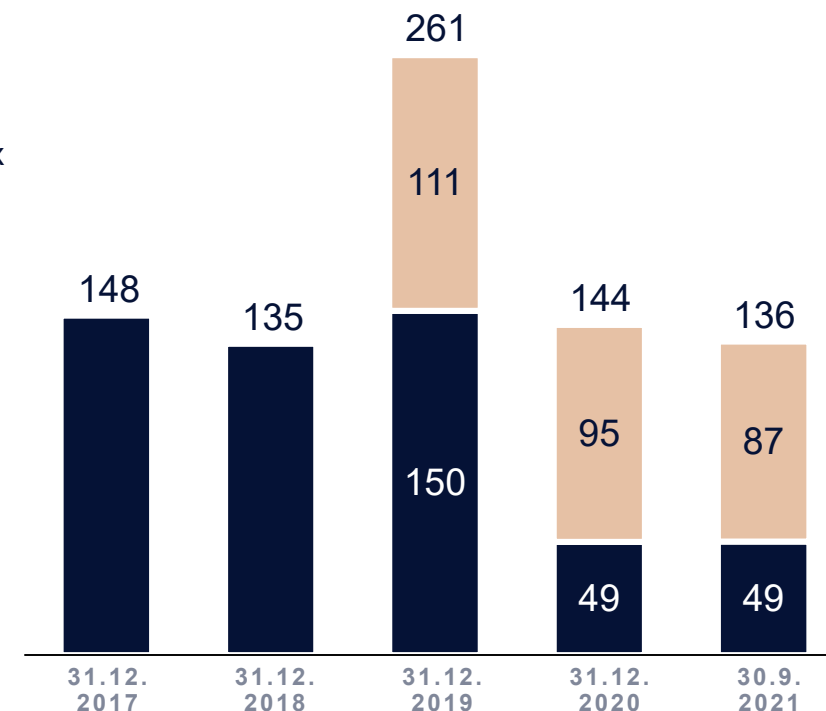
Balance Sheet | Strong balance sheet enables growth

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

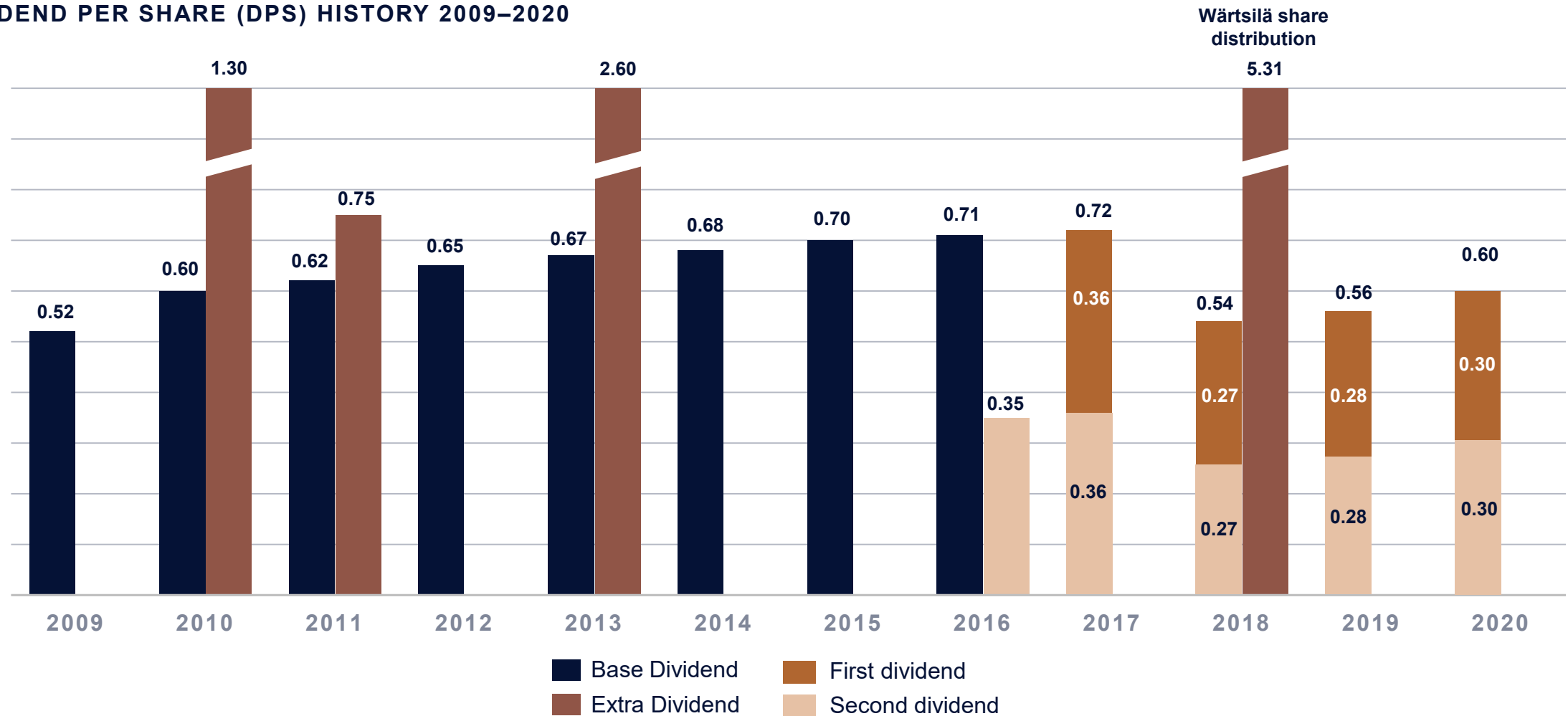


- Net Debt excl lease liabilities
- Lease liabilities



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

DIVIDEND PER SHARE (DPS) HISTORY 2009–2020
EUR

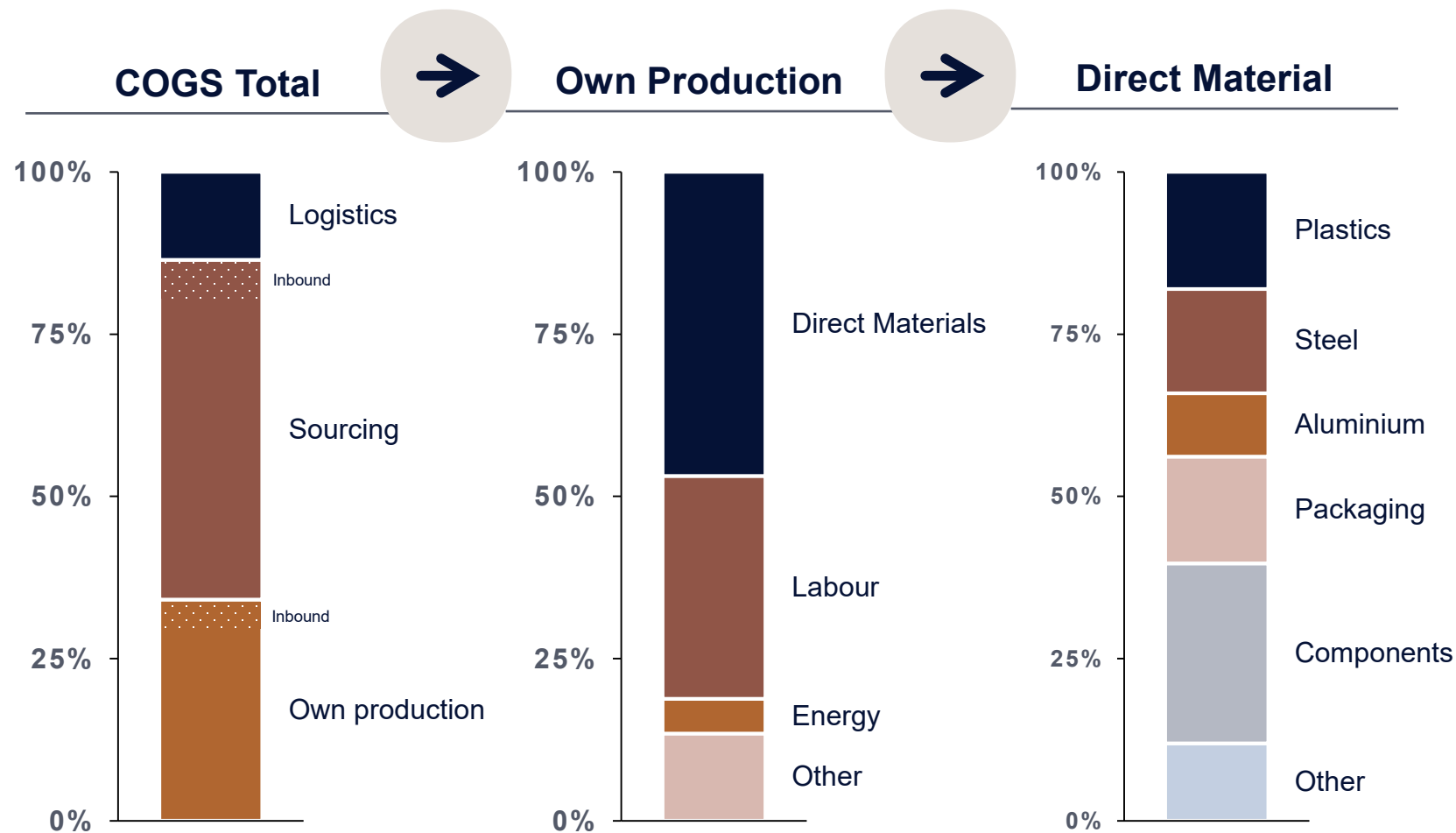


Value Creation I Growth strategy addresses all value creation levers





Cost of Goods | Raw material and logistic costs inflation eliminated

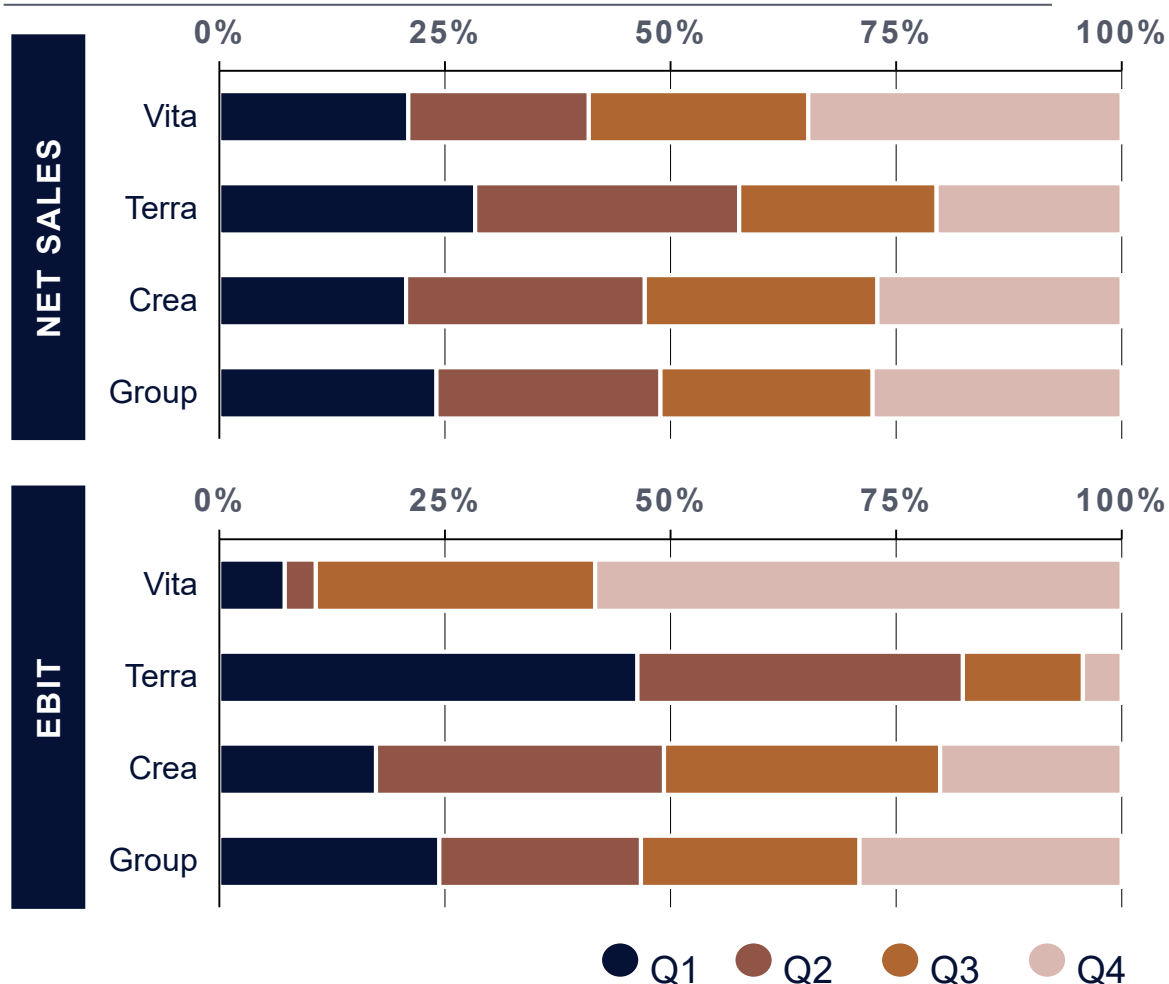


Key Takeaways

- 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

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CFO Jussi Siitonen



Q&A session

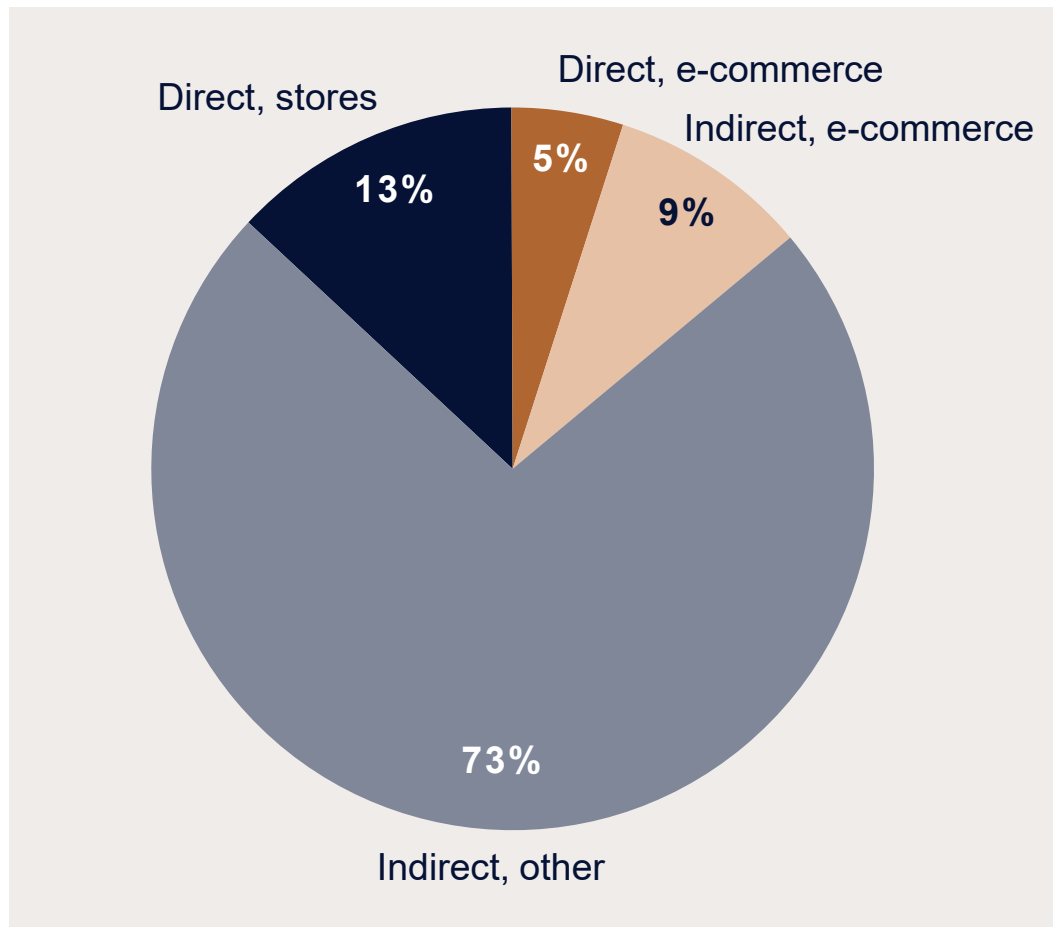


Appendices

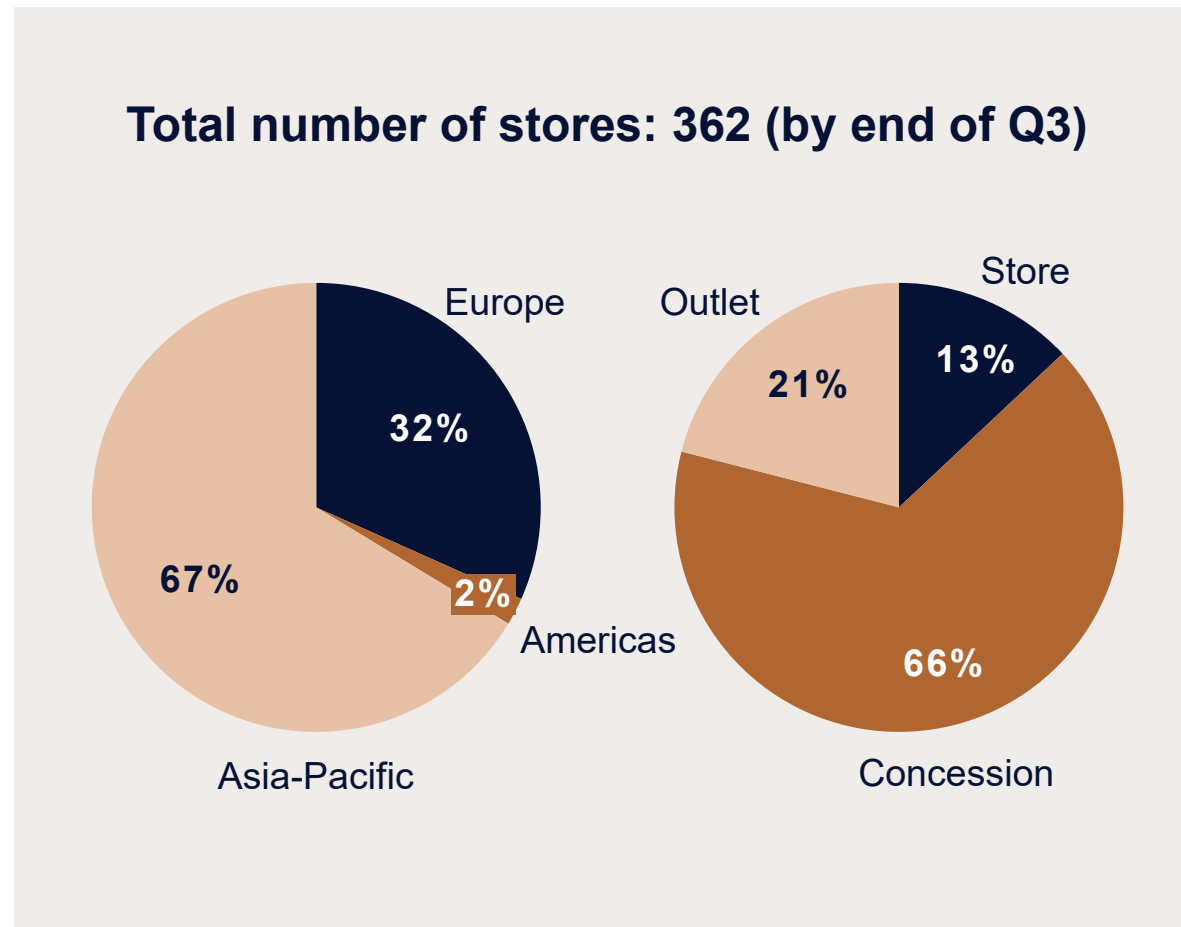


The direct channel (DTC) increasingly important

GROUP NET SALES BY CHANNEL (LTM*)

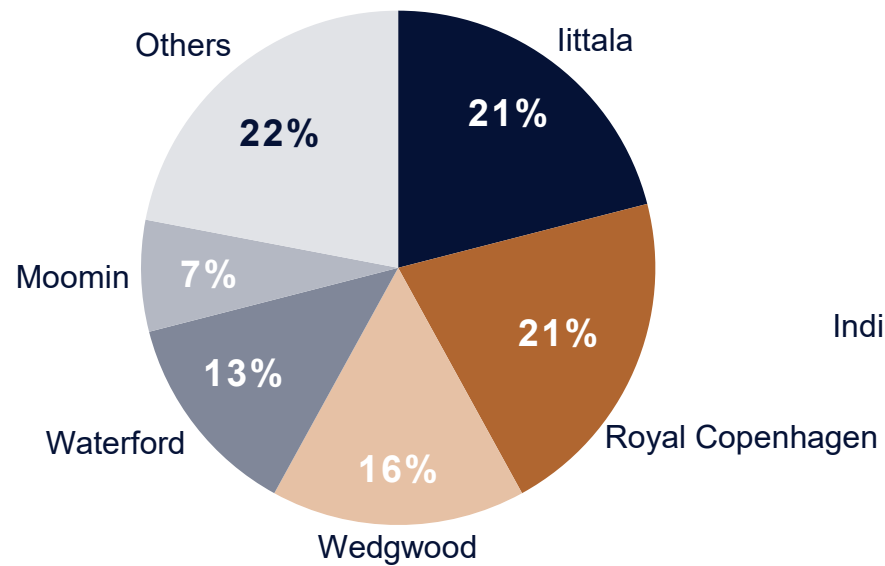


NUMBER OF STORES INCREASING IN ASIA-PACIFIC

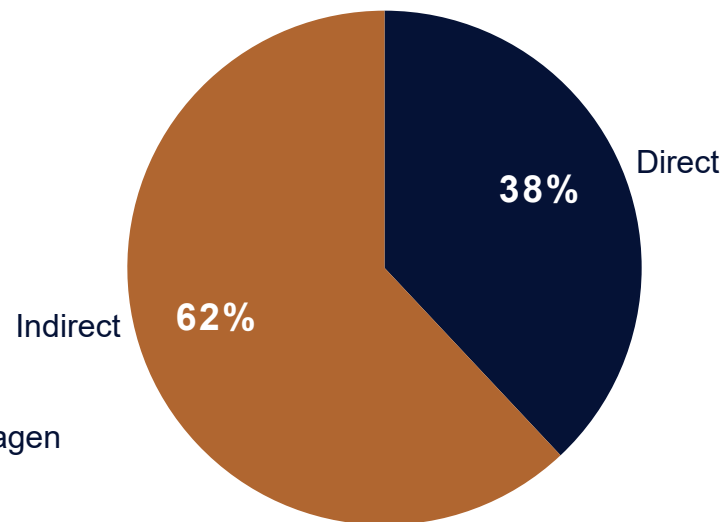


Business Area details – Vita LTM* sales splits

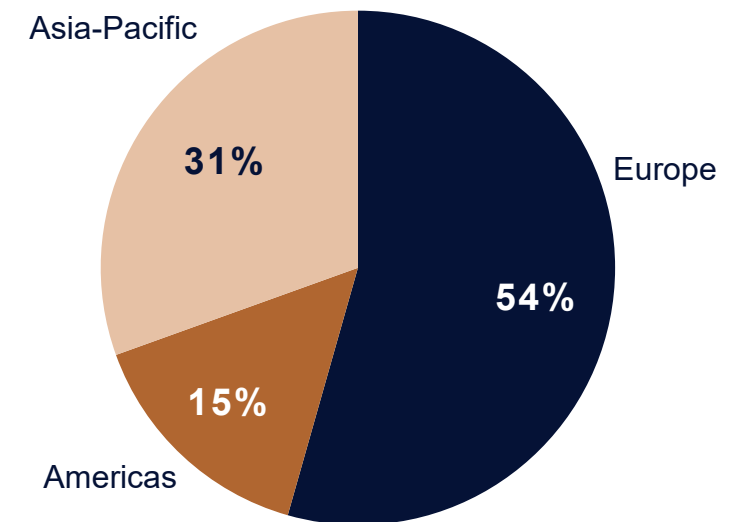
SALES SPLIT BY BRAND



SALES SPLIT BY CHANNEL

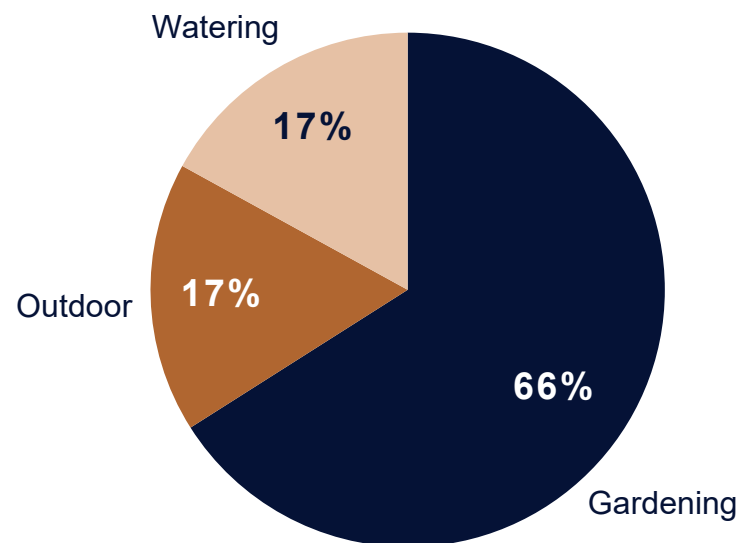


SALES SPLIT BY GEOGRAPHY

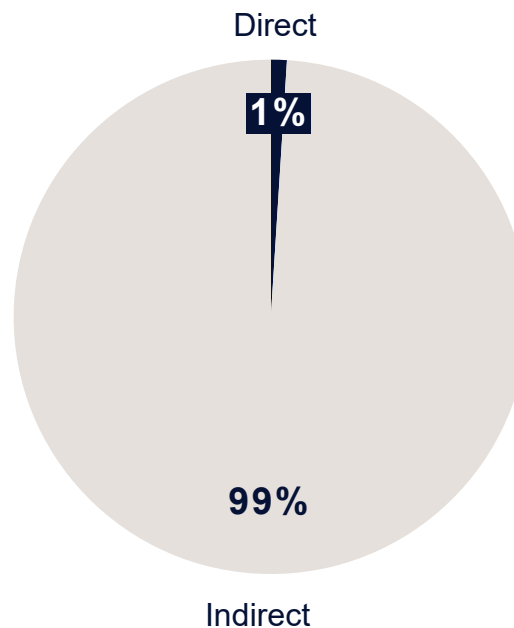


Business Area details – Terra LTM* sales splits

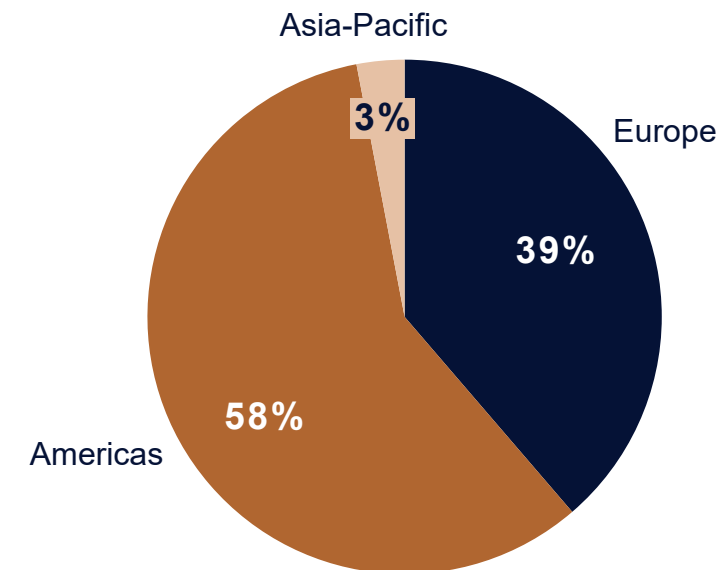
SALES SPLIT BY CATEGORY



SALES SPLIT BY CHANNEL

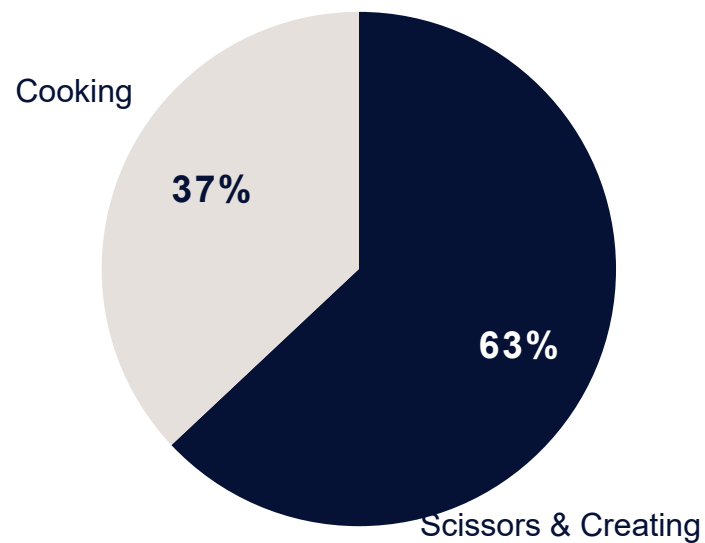


SALES SPLIT BY GEOGRAPHY

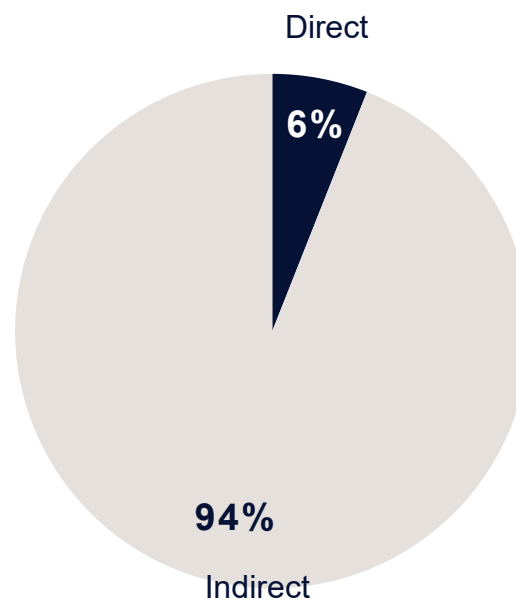


Business Area details – Crea LTM* sales splits

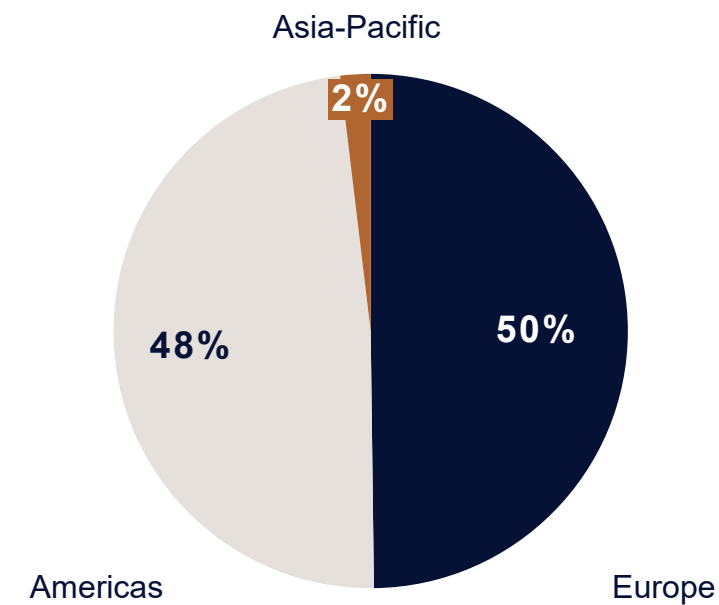
SALES SPLIT BY CATEGORY



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



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