

FISKARS  
EST. GROUP 1649

# ◆ Half-year Financial Report 2022

BROAD-BASED SALES GROWTH,  
COMPARABLE EBIT STABLE DESPITE COST INFLATION



JANUARY–JUNE 2022

# 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 rates and foreign exchange rate levels, and (v) internal operating factors.

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# Highlights of Q2 2022



NINTH  
CONSECUTIVE  
QUARTER OF NET  
SALES GROWTH



COST INCREASES  
PARTIALLY  
MITIGATED,  
COMPARABLE EBIT  
DECLINED



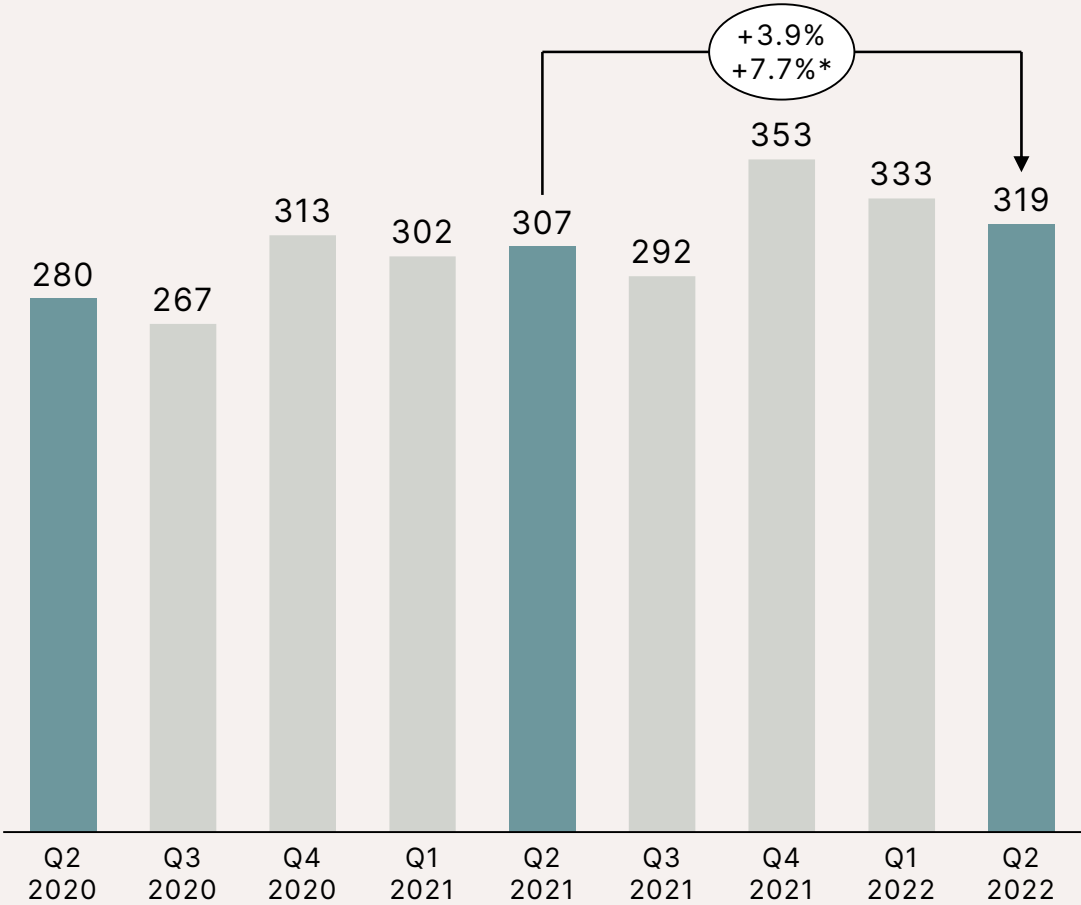
INVESTMENTS IN  
GROWTH  
FUNDAMENTALS  
ARE DELIVERING  
RESULTS



FY OUTLOOK  
UNCHANGED:  
COMPARABLE EBIT  
TO INCREASE  
FROM 2021

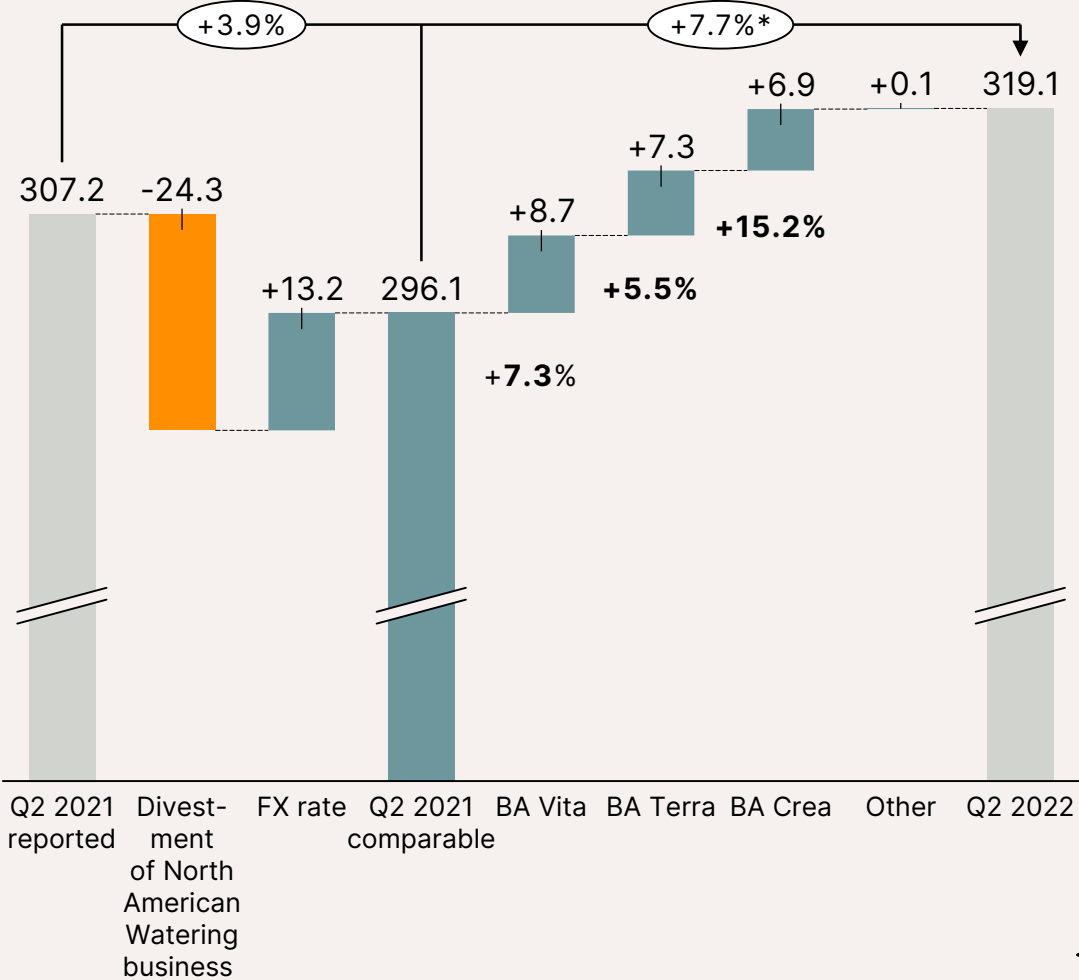
# Fiskars Group Comparable Net Sales in Q2 2022

NET SALES, EUR MILLION



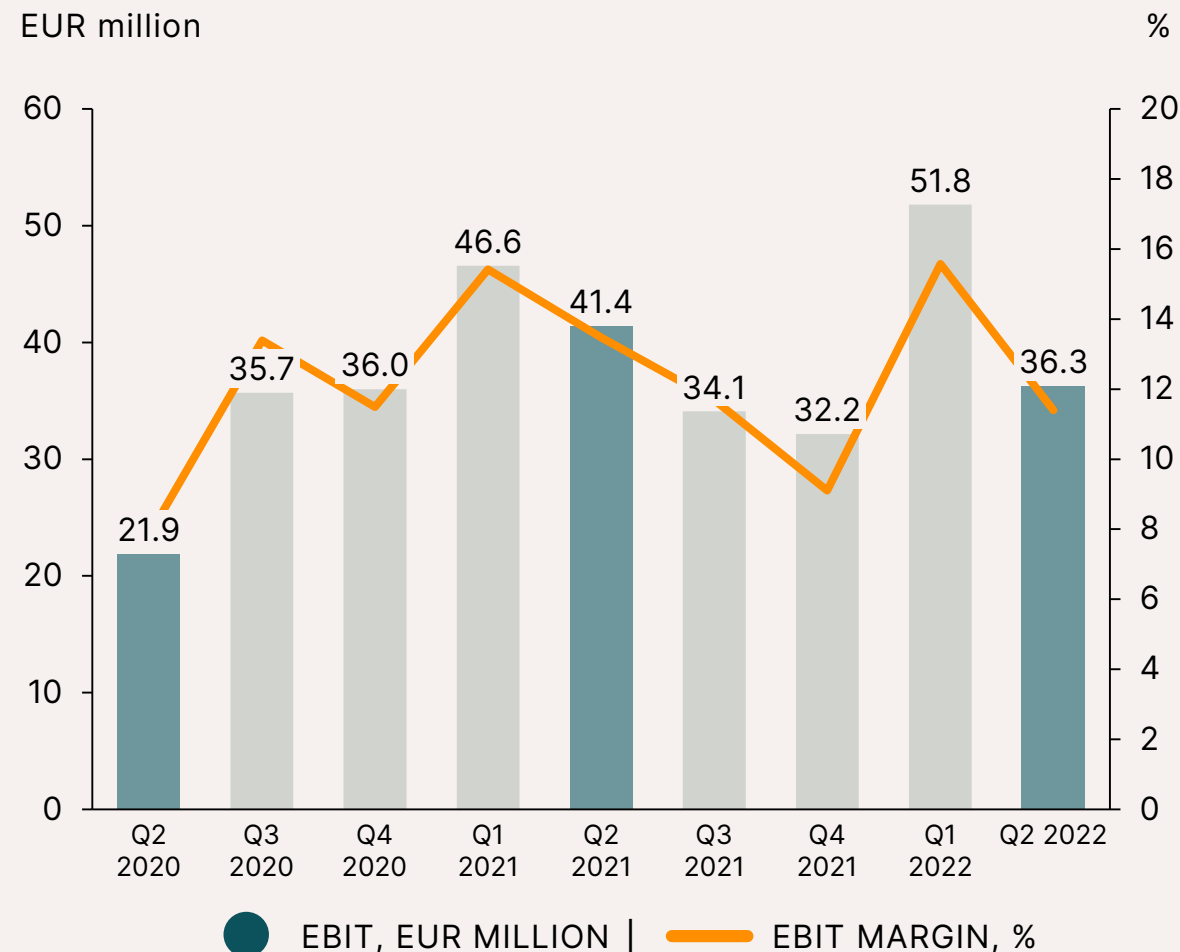
\*Comparable change = currency neutral & excl. divestments

NET SALES BRIDGE, EUR MILLION

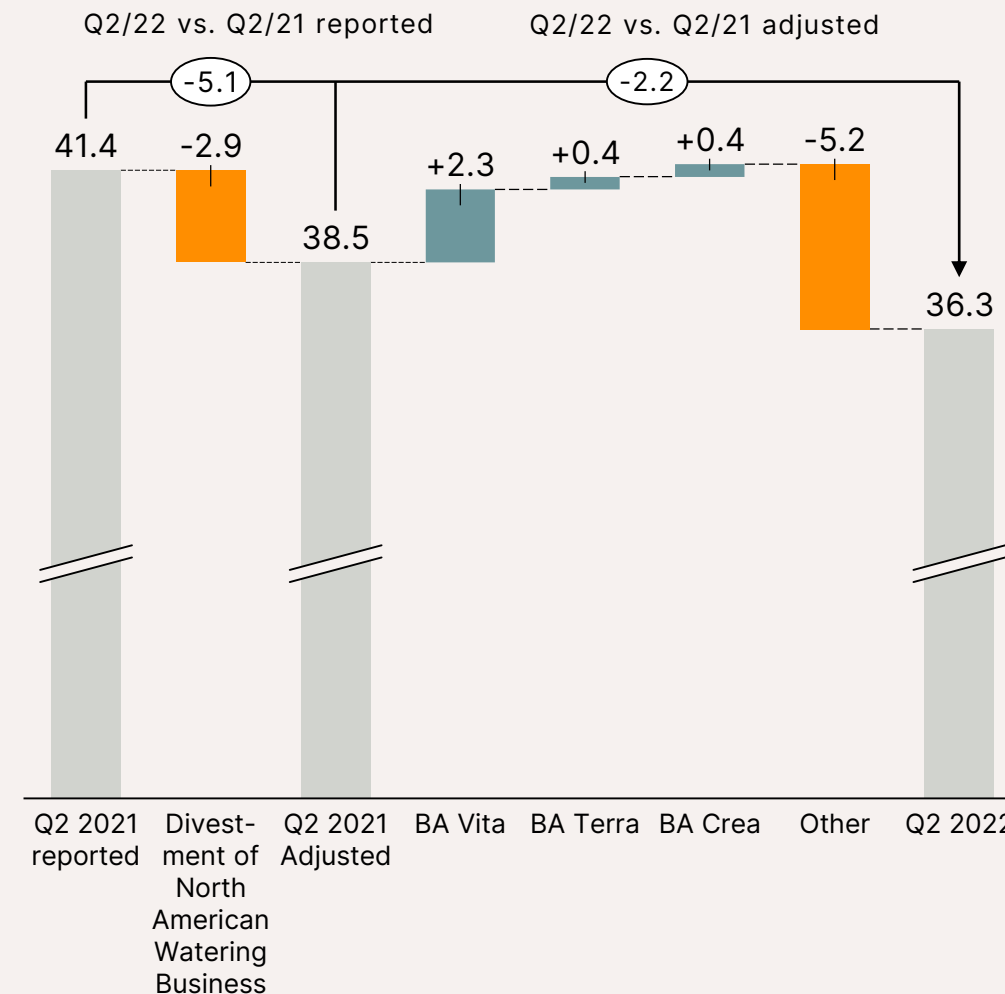


# Fiskars Group Comparable EBIT in Q2 2022

## COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN (%)

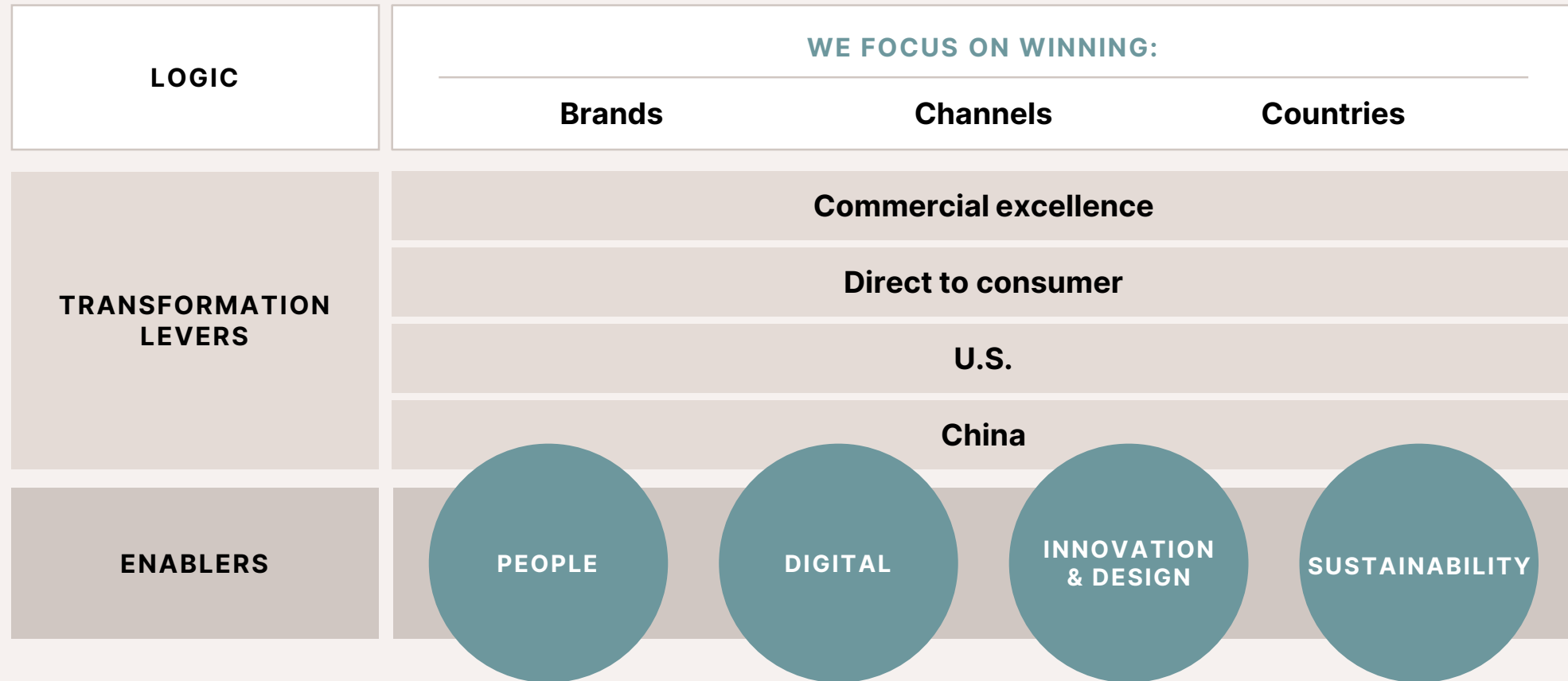


## COMPARABLE EBIT BRIDGE, EUR MILLION



# The Growth Strategy

– clear strategic focus and transformation levers



# Progress in transformation levers

Q2 2022

H1 2022

## Commercial excellence

- Broad-based sales growth in all business areas, good balance with volume and value growth
- Cost increases partially mitigated, underlying gross margin declined

## Direct to consumer

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Direct channel +15%; DTC 18% of net sales</li> <li>• E-commerce growth 16%; retail growth 15%</li> </ul> | <ul style="list-style-type: none"> <li>• Direct channel +15%; DTC 17% of net sales</li> <li>• E-commerce growth 12%; retail growth 16%</li> </ul> |
|---|---|

## U.S.

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Net sales +4%</li> <li>• A decline in Terra offset by growth in Vita and Crea</li> </ul> | <ul style="list-style-type: none"> <li>• Net sales +11% driven by very strong Q1</li> </ul> |
|---|---|

## China

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Net sales +17% despite lockdowns impacting especially in the beginning of the quarter</li> <li>• Very strong June (~1.5X)</li> </ul> | <ul style="list-style-type: none"> <li>• Two quarters of strong growth despite lockdowns, H1 net sales +33%</li> <li>• Underlying demand strong</li> </ul> |
|---|--|





# Progress in sustainability

## GREENHOUSE GAS EMISSIONS REDUCTIONS

**2030 target:** GHG emissions from own operations (Scope 1 and 2) reduced by 60% from a 2017 base year

H1 2022: Scope 1 and 2 GHG emissions decreased by 7% vs. 2021 and by 44% vs. the 2017 base year

## PRODUCTS FROM RECYCLED MATERIALS

**2030 target:** over 50% of net sales will come from circular products and services

H1 2022: 5% of net sales were generated from product ranges made from recycled materials

## COLLABORATION WITH OUTOKUMPU

- Fiskars Group is the first company to make use of their new Circle Green stainless steel - a new product line made from emission-minimized, recycled stainless steel
- The collaboration supports our circular economy target and transformation to a carbon-neutral business





# Full Year Outlook unchanged:

**In 2022, Fiskars expects the comparable EBIT to increase from 2021 (2021: EUR 154.2 million).**

Fiskars closely monitors the development of consumer confidence, which has dropped to low levels in many of the company's key markets and could impact the demand for its products in the second half.

Furthermore, the challenges relating to global supply chains and raw material and energy price inflation continue. While the company has managed to mitigate the impacts of these factors, they continue to pose a risk for 2022 performance. The company expects that there will be volatility between the quarters due to timing differences between cost inflation and the respective mitigating actions.















♦ Q2 2022





# Financial Targets Tracking

WELL ON TRACK WITH SALES GROWTH TARGET, INFLATION AND SUPPLY CHAIN DISRUPTIONS AFFECTING EBIT AND CASH FLOW

KPI	TARGET		FY 2020	FY 2021	LTM JUNE 2022
NET SALES	Organic, FX neutral Mid-Single-Digit growth		3.4%	 14.2%	 10.5%
EBIT	Mid-teen EBIT margin (excl. IAC) by end of 2025		9.8%	 12.3%	 11.9%
CASH FLOW	Free Cash Flow / Net Profit $\geq$ 80%		255%	 109%	 -8%
BALANCE SHEET	Net Debt / LTM EBITDA $\leq$ 2.5X		0.8X	 0.7X	 1.1X



# Consolidated Q2/H1 income statement

## Q2 and H1 P&L Key Figures (EUR million)

	Q2		H1	
	2022	2021	2022	2021
<b>Net sales</b>	<b>319.1</b>	<b>307.2</b>	<b>651.7</b>	<b>609.4</b>
<b>Comparable gross profit</b>	<b>138.5</b>	<b>132.4</b>	<b>290.1</b>	<b>264.5</b>
Sales and marketing	-71.3	-63.9	-135.1	-123.0
Research and development	-5.2	-3.8	-10.2	-7.4
General admin	-29.2	-24.2	-59.8	-47.7
Other income/expenses, net	3.5	0.9	3.1	1.7
<b>Comparable EBIT</b>	<b>36.3</b>	<b>41.4</b>	<b>88.1</b>	<b>88.0</b>
Items affecting comparability	3.2	-2.9	-7.2	-3.7
<b>EBIT</b>	<b>39.5</b>	<b>38.5</b>	<b>80.9</b>	<b>84.3</b>
Profit for the period	33.5	31.4	64.9	39.5
Comparable Gross Margin	43.4%	43.1%	44.5%	43.4%
Comparable EBIT Margin	11.4%	13.5%	13.5%	14.4%

## Key Takeaways

### Gross margin up 30bps (Q2) and 110bps (H1) vs. 2021

- Structural change as main driver; organic GM down 220bps (Q2) and 90bps (H1)
- Inflation impact partially mitigated: Q2 inflation impact approx. -400bps on GM both in Q2 and H1

### Operational expenses up MEUR 14 (Q2) and MEUR 27 (H1) vs. 2021

- DTC 2/3 of sales and marketing expenses growth both in Q2 and H1
- Investment in digital capabilities half of Q2 and H1 general admin expenses growth

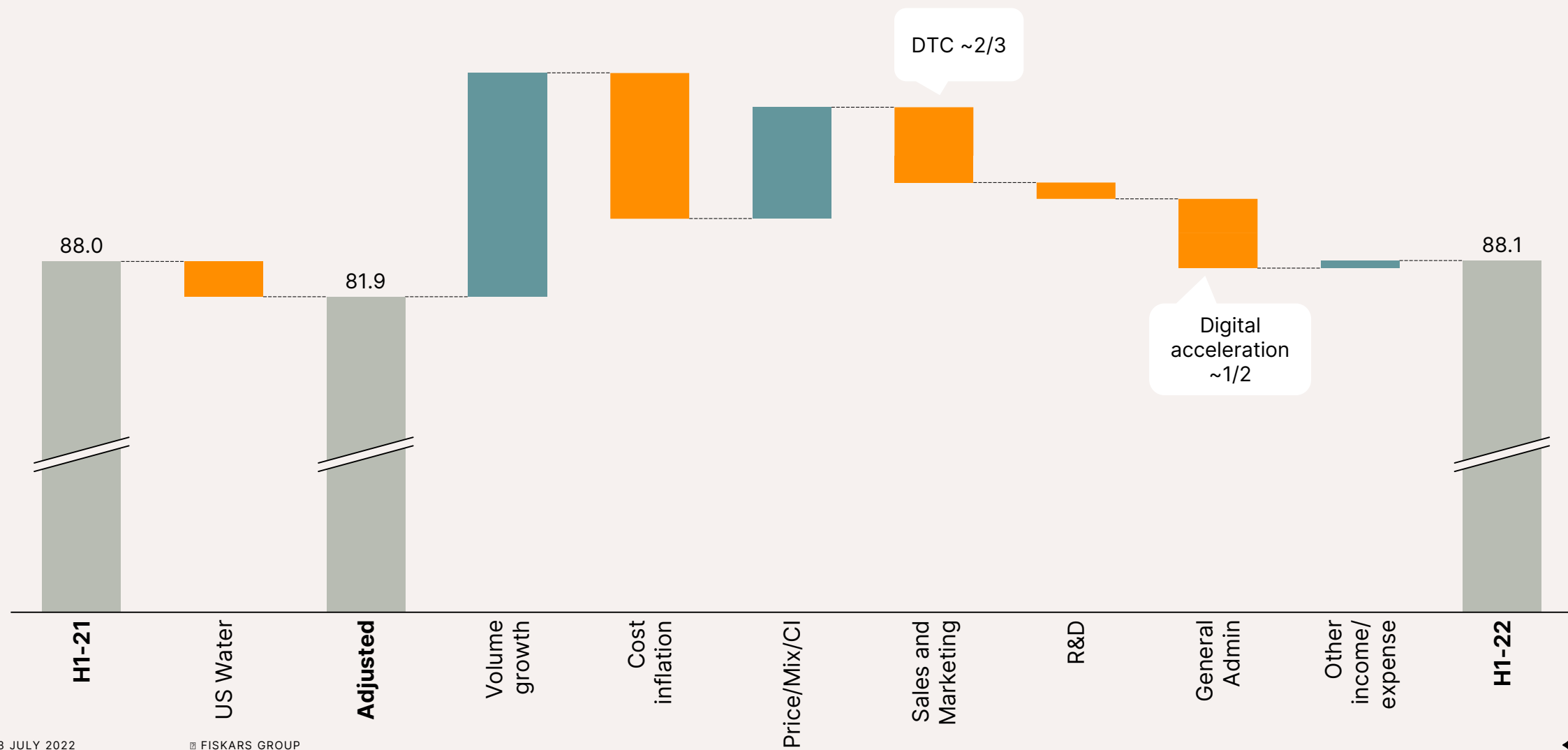
### Comparable Q2 EBIT down EUR 5.1m, H1 EBIT flat vs. 2021

- OPEX growth partially offset by EBIT improvement from increased sales volumes





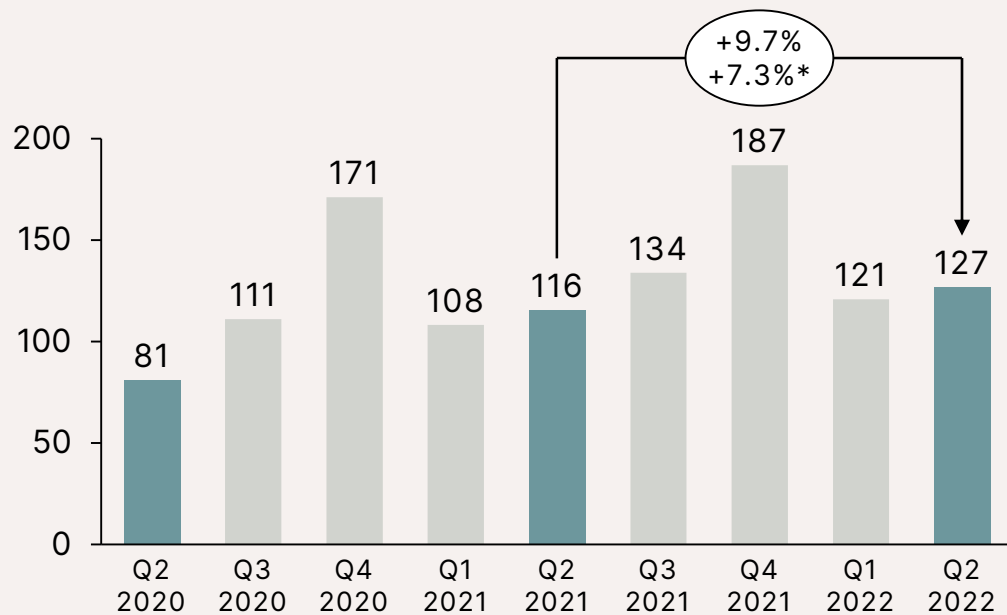
# H1/22 Gross margin ja EBIT bridge by component





# Vita in Q2 2022

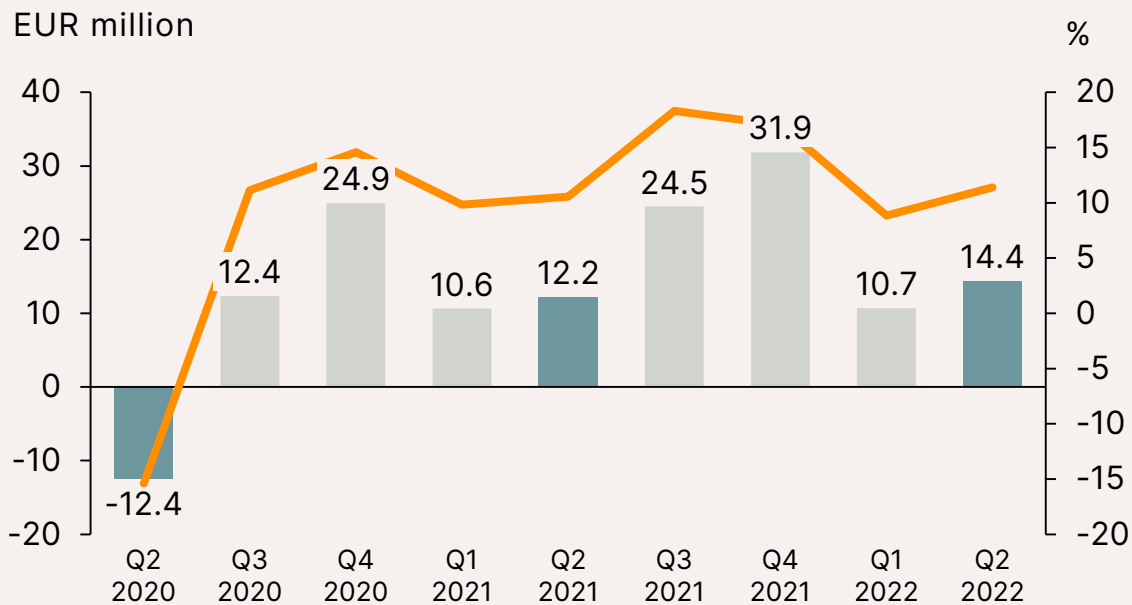
## NET SALES, EUR MILLION



\*Comparable change = currency neutral & excl. divestments

- Good performance by Waterford, Royal Copenhagen, Wedgwood and Moomin by Arabia
- DTC growth a key growth driver, especially in China, Japan and the Americas
- Sales in Finland and Sweden declined, with the Iittala brand in particular having sluggish sales

## COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN (%)



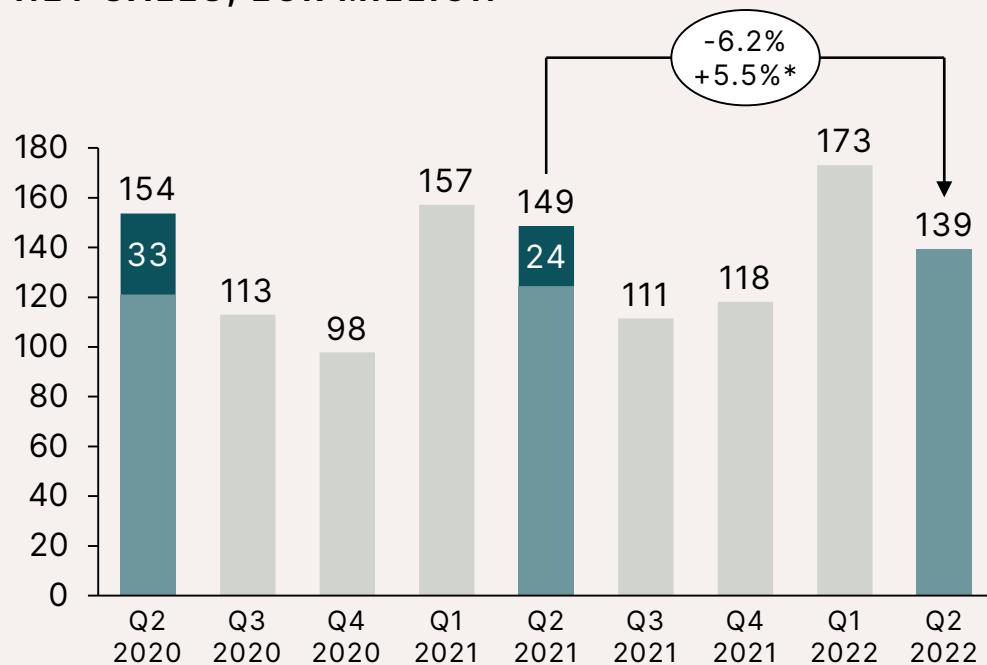
EBIT, EUR MILLION | EBIT MARGIN, %

- EBIT increased driven by higher sales volumes as well as an improved gross margin thanks to a favorable channel and product mix
- DTC acceleration investment continued



# Terra in Q2 2022

## NET SALES, EUR MILLION

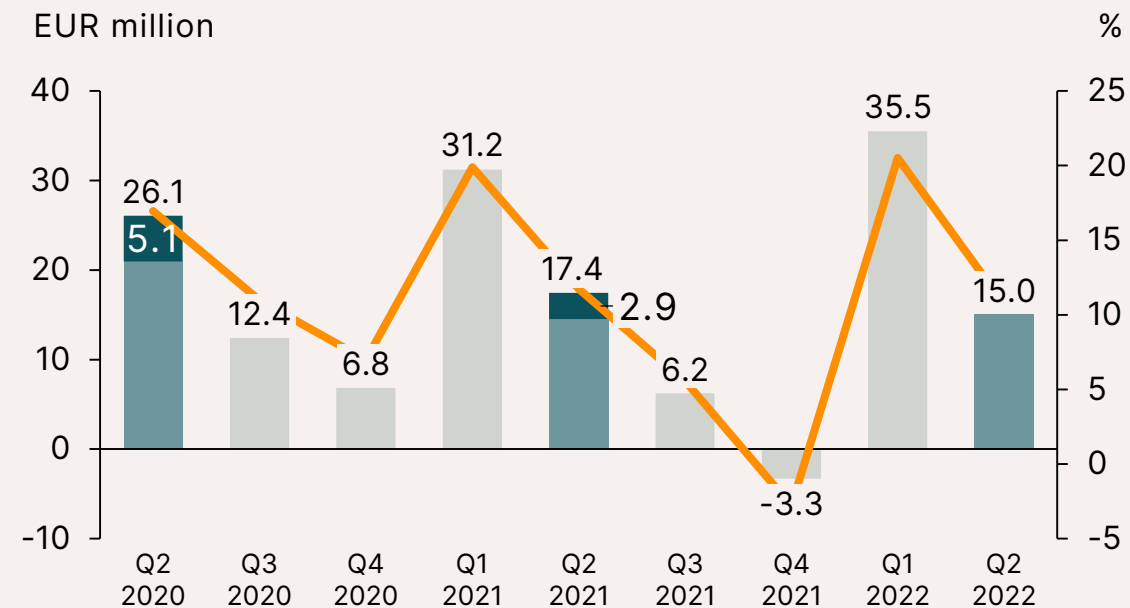


■ North American Watering business (sold Feb 1, 2022)

\*Comparable change = currency neutral & excl. divestments

- Net sales growth driven by double-digit growth in Europe, which offset the decline in net sales in the Americas where the cold spring had an impact on demand and sell-through

## COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN (%)



● EBIT, EUR MILLION | — EBIT MARGIN, %

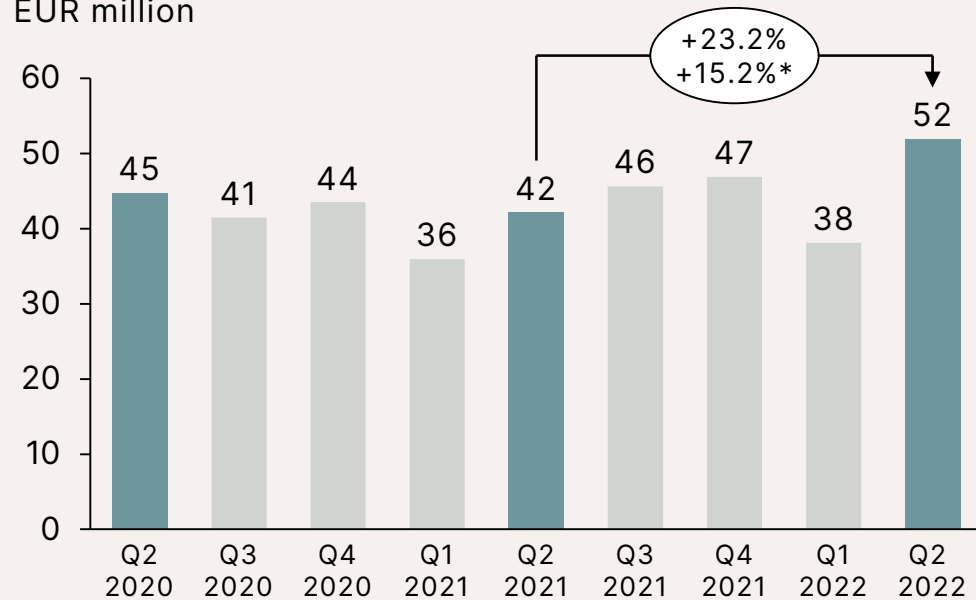
- Higher volumes supported EBIT, gross margin declined due to input cost increases



# ☆ Crea in Q2 2022

## NET SALES, EUR MILLION

EUR million

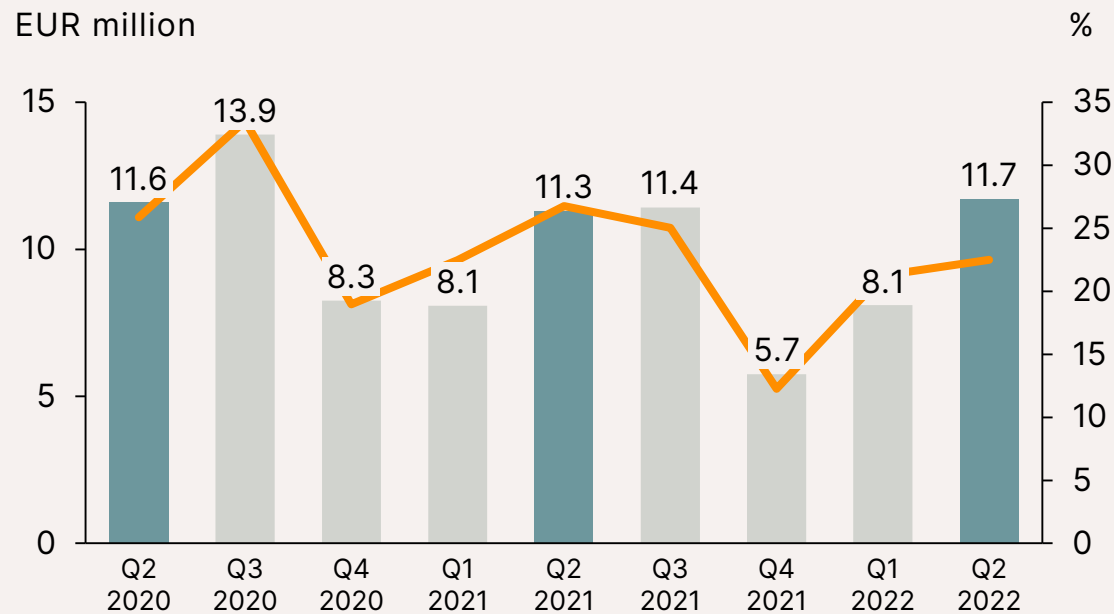


\*Comparable change = currency neutral & excl. divestments

- Net sales growth driven by the Scissors category both in the Americas and in Continental Europe
- In the Americas, back-to-school season had a positive impact

## COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN (%)

EUR million



● EBIT, EUR MILLION | — EBIT MARGIN, %

- EBIT was rather stable with higher sales volumes largely offset by cost inflation





# Net sales by geography in Q2 2022

EUR million	Q2 2022	Q2 2021	CHANGE	COMP. CHANGE*
Europe	145.1	136.6	6.2%	5.9%
Americas	119.0	129.5	-8.1%	6.3%
Asia-Pacific	48.2	42.2	14.3%	11.4%
Unallocated**	6.7	-1.0		

\*Excluding the impact of exchange rates, acquisitions and divestments

\*\*Geographically unallocated exchange rate differences

## Comparable net sales in Europe up 5.9% vs. LY

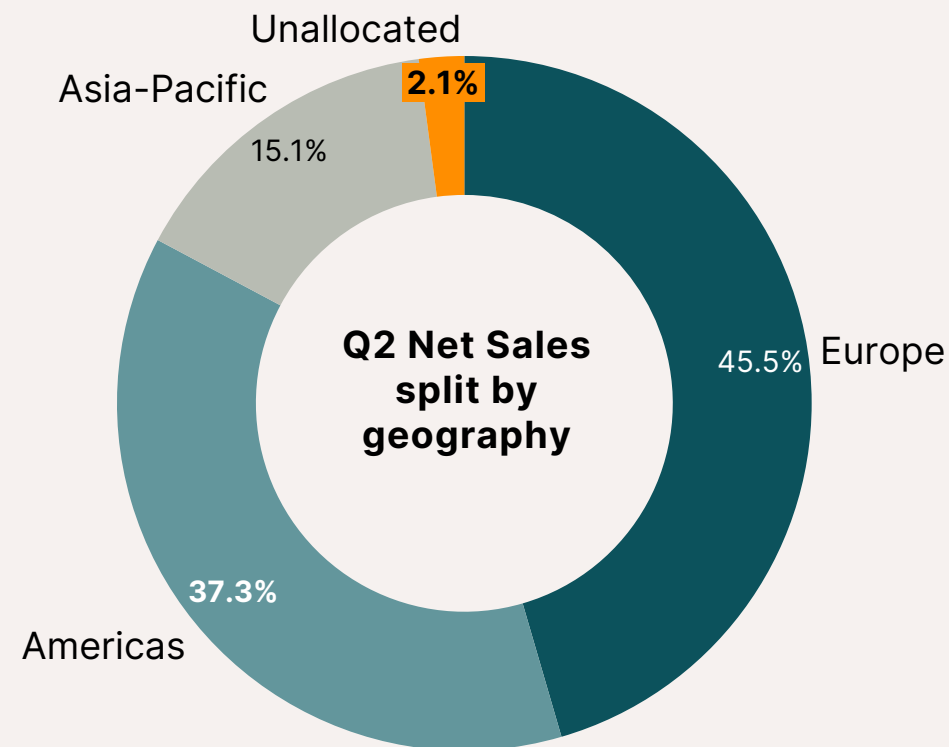
- Positive development in several countries, e.g. Poland and the U.K.
- Decline in Finland, Sweden and Germany

## Comparable net sales in the Americas up 6.3%

- Decline in Terra offset by growth in Vita and Crea
- Divestment impacting reported figures

## Comparable net sales in Asia-Pacific up 11.4%

- Growth driven by China and Japan



# Q2/H1 Cash Flow

HIGHER INVENTORIES IMPACTING CASH FLOW NEGATIVELY, LIQUIDITY REMAINED HEALTHY

## DISTRIBUTABLE CASH FLOW (EURm)

	Q2		H1	
	2022	2021	2022	2021
<b>EBITDA</b>	54	54	111	115
Non-cash adjustments	-6	1	-15	-1
<b>Cash Flow from operations</b>	<b>48</b>	<b>54</b>	<b>96</b>	<b>114</b>
Change in inventories	-90	-28	-84	-36
Change in trade rec's	34	-1	-9	-33
Change in trade Pbl's	57	14	16	17
<b>Change in TWC</b>	<b>1</b>	<b>-15</b>	<b>-78</b>	<b>-51</b>
Change in in other int.free items	-33	7	-58	-5
<b>Change in NWC</b>	<b>-32</b>	<b>-8</b>	<b>-135</b>	<b>-57</b>
CAPEX (net)	-13	-8	-22	-13
<b>Operating Cash Flow</b>	<b>3</b>	<b>39</b>	<b>-62</b>	<b>44</b>
Taxes paid	-6	-4	-11	-13
<b>Free Cash Flow</b>	<b>-3</b>	<b>34</b>	<b>-73</b>	<b>32</b>
Paid interests, net	-7	1	-7	-3
<b>Distributable Cash Flow</b>	<b>-10</b>	<b>35</b>	<b>-80</b>	<b>29</b>

## CHANGE IN LIQUIDITY (EURm)

	Q2		H1	
	2022	2021	2022	2021
<b>Cash Balance period opening</b>	<b>48</b>	<b>31</b>	<b>32</b>	<b>63</b>
Translation difference	4	0	5	1
Distributable Cash Flow	-10	35	-80	29
Dividends/ share buy-backs	-7	-	-41	-24
M&A and Divestments	-	-	44	-
Change in L-T debt	-0	-0	-0	-0
Payments of lease liabilities	-6	-7	-13	-13
Change in other S-T debt	41	-33	124	-30
Other non-operational changes	4	-0	4	1
<b>Cash Balance, period closing</b>	<b>74</b>	<b>26</b>	<b>74</b>	<b>26</b>



# Q2 Balance Sheet

## CAPITAL EMPLOYED (EUR million)

	<u>30.6.22</u>	<u>30.6.21</u>	<u>31.12.21</u>
GW and other intangible	497	486	489
PPE and biological assets	195	191	195
Capitalised leases (ROU)	99	85	107
<b>Non-Current Assets</b>	<b>791</b>	<b>762</b>	<b>791</b>
Inventories	369	247	306
Trade receivables	225	220	206
Trade payables	-155	-119	-139
<b>Trade Working Capital</b>	<b>439</b>	<b>349</b>	<b>373</b>
Other int-free receivables	47	27	30
Other int-free payables	-274	-258	-268
<b>Operating Capital</b>	<b>1,003</b>	<b>880</b>	<b>927</b>
Net tax liabilities	-10	-16	-5
<b>Capital Employed</b>	<b>993</b>	<b>864</b>	<b>922</b>

## FUNDING (EUR million)

	<u>30.6.22</u>	<u>30.6.21</u>	<u>31.12.21</u>
<b>Equity</b>	818	759	816
Interest-bearing debt	191	82	65
Lease liabilities	105	90	111
Cash	-74	-26	-32
<b>Net Debt</b>	<b>222</b>	<b>146</b>	<b>145</b>
Financial assets	-46	-41	-39
<b>Financing Total</b>	<b>993</b>	<b>864</b>	<b>922</b>

## BALANCE SHEET KPIs

	<u>30.6.22</u>	<u>30.6.21</u>	<u>31.12.21</u>
Comparable EBIT margin (LTM)	11.9%	13.4%	12.3%
Capital turnover (average)	1.40	1.27	1.36
<b>ROCE % (LTM)</b>	<b>16.6%</b>	<b>17.1%</b>	<b>16.7%</b>
<b>Cash conversion (LTM)</b>	<b>-8%</b>	<b>225%</b>	<b>109%</b>
<b>Net debt / EBITDA (LTM)</b>	<b>1.11</b>	<b>0.65</b>	<b>0.71</b>
Net debt / equity	27%	19%	18%



# Highlights of Q2 2022



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*Thank  
you!*

