



OY FISKARS AB

Review based on the official
Annual Report of OY FISKARS AB^{x)} for 1971

GENERAL

During the past year the external conditions were not favourable to the business activity of the company. The industrial sector was affected by a country-wide metal workers' strike, which lasted for 7 weeks and directly as well as indirectly led customers at home and abroad to resort to competing sources of supply. During the latter half of the year the economic activities slowed down, and as far as our steel-product markets were concerned, the situation became difficult at the end of 1971. The diversification of the company, however, made it possible to offset some of the negative effects with positive developments in other fields whose principal markets are based on exports.

x) the Oy and Ab stand for Incorporated in Finnish and Swedish respectively.

The Finnish economy experienced a sharp fluctuation from the business boom of 1970 to a »stagflation« in 1971. The demand for the products of wood-processing industry declined and the lively investment activity which had continued for some years, became sluggish. The total industrial output did not increase last year, while its growth in 1970 was 10 per cent. The volume of the metal industry decreased by as much as 7 per cent. Prices and wages increased sharply, and the cost-of-living index in December 1971 was 8.7 per cent up from the preceeding year. The increase in nominal wage level for industrial workers is estimated at 16 per cent and for metal wage earners even higher.

Within the company, the high level of investement acted to confirm an optimism – cautious as it may be – regarding the long-term outlook for the company. New production plants which were inaugurated during the year, stand prepared to meet the eventually increasing demand; at the same time as an improved structure has been achieved within the manufacturing units.

In accordance with the decision taken by the shareholders' annual meeting on April 15th, 1971, the company sold its interests in Kommandiittiyhtiö Åminnefors, Oy Fiskars Ab & Co, Kommanditbolag^{x)} to OVAKO Oy^{xx)} (formerly Oy Vuoksenniska Ab). The company's share in OVAKO Oy is unchanged.

Despite the external conditions and an unusually sharp cost increase, mainly in the form of nominal but also real wage increases, which could not be compensated by a corresponding productivity increase, the company's own industrial activity shows a somewhat improved result.

The company has obtained income from the associated steel operations, though they amounted to less than the year before.

Irrespective of the gloomy outlook for 1972 the company's long-term possibilities to improve, under normal trading conditions, are considered good.

x) Name of a steel plant

xx) Name of a Finnish company presently operating 4 steel plants

SALES

Total external sales amounted to Fmks 127.1 million as compared with 130.0 the previous year. While the domestic market experienced a marked decline in sales, the exports increased consistently, by 16 per cent from the preceeding year. As against 1968 the exports doubled and were directed to the following trade areas: EFTA 62 per cent, EEC 15, USA 13, East group 8 and others 2 per cent.

The development of the trading company in Denmark, Fiskars A/S was favourable.

Total group turnover amounted to Fmks 142.7 million; of this Fmks 39.0 million, or 27 per cent, was export. The total decline was 7 per cent, while the exports increased by 12 per cent. The slow-down in demand, stated already in the previous annual report, continued and orders on hand at the end of the year were 11 per cent down from the year before.

INVESTMENTS

During the year the company was engaged in lively investment activity, and new manufacturing plants have been completed. Capital investments of the Fiskars company reach a total of 14.8 million Fmks. The metal industry's share is roughly 80 per cent of new capital acquisitions.

The investments of the subsidiary companies Salon Sähkö- ja Konetehdas Oy and Turku Boatyard Co. totalled Fmks 1.1 and 0.1 million, respectively.

The following completed investment projects deserve mentioning:

- new production line for scissors
- equipment for the production of high tensile chains
- additional facilities and equipment for screw manufacture including a new galvanizing line
- new plant for cold-heading production, galvanizing, and heat-treatment of bolts
- facilities to accomodate the transfer of the production of two small engineering plants into one (Salo Engineering Works)
- the sawmill (Skogby) acquired one new frame and completed the kiln eliminating the need to use uneconomical handling in yard

PRODUCTION

The employment situation was good up to the end of the year. The personnel turnover was lower than the year before.

The number of employees on December 31st, 1971 was 3278, the corresponding figure being 3314 the year before.

Through the metal workers' strike February 8th – March 25th, a total of 442,000 man-hours were lost. No other disturbances of work peace occurred during the year.

FINANCIAL STATEMENT

Depreciations of Fmks 6,351,665.00 were effected. The stock reserve remained unchanged.

The investment activity and an additional inventory carried has caused an increase of Fmks 3.2 million total debt. Receivables etc. have at the same time decreased by Fmks 9.2 million.

The heavy debt ratio is a burden for the future development of Oy Fiskars Ab, although the company today is equipped with more up-to-date production facilities and a more straight-lined structure to match the financial commitments.

SUBSIDIARY COMPANIES

Salon Sähkö ja Konetehdas Oy, an electrical distribution company, shows a profit of Fmks 25,243.21, after provision for depreciation, amounting to Fmks 1,011,482.00.

Turku Boatyard (Turun Veneveistämö Oy) shows a profit of Fmks 18,076.15, after depreciations of Fmks 286,431.00 and after allocating a reasonable amount to the stock reserve. New marketing contacts have been made, new boat types planned and included in the production programme.

SUPERVISORY BOARD

The Supervisory Board remained unchanged during the year. The term of office of all the members expires on December 31st, 1972, and a new Board will be elected at the shareholders' annual meeting. The Chairman of the Board is Mr. Jacob von Julin and the Managing Director of the company is Mr. Göran J. Ehrnrooth.

FINANCIAL
RESULT

The net income for the year is Fmks 682,271.39. According to the company statutes 4 per cent cash dividend, i.e. Fmks 20.— per share, shall be paid to the shareholders, totalling Fmks 422,240.00, and 10 per cent, or Fmks 68,227.13 will be transferred to the reserve fund.

After the above remain	Fmks 191,804.26
and the retained earnings	
from previous years	Fmks 338,109.01
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at the disposal of the	
shareholders' annual	
meeting	Fmks 529,913.27
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The Board recommends that the amount at the disposal of the shareholders' annual meeting be retained on the Profit and Loss Account.

Helsinki, 17th March 1972

SUPERVISORY BOARD

Jacob von Julin

Jarl Gripenberg

Klaus Ahola

Thomas Tallberg

T. Gunnar Nyström

Roberts G. Ehrnrooth

Johan L von Julin

./. Göran J. Ehrnrooth

OY FISKARS AB

BALANCE SHEET DECEMBER 31,1971

ASSETS

Current assets

Cash	407,864.46	
Notes receivable	988,961.05	
Accounts receivable	<u>27,442,822.77</u>	28,839,648.28
Long term receivable		32,150,607.50
Prepaid expenses		1,027,348.66
Inventories		<u>31,735,188.00</u>
Current assets and long term receivable		<u>93,752,792.44</u>

Fixed assets

Land	25,274,230.00	
Buildings	22,445,747.06	
Machinery and equipment	19,464,479.70	
Other fixed assets	<u>8,076,759.82</u>	<u>75,261,216.58</u>

Fmks 169,014,009.02

LIABILITIES

Current liabilities

Promissory notes	38,278,355.97	
Notes payable	2,642,386.76	
Accounts payable	13,495,692.85	
Current portion of long-term debt	<u>7,542,473.30</u>	61,958,908.88

Long-term debt 77,228,316.27

Current and long-term debt 139,187,225.15

3,750,956.18

Accrued liabilities

Equity

Share capital	10,556,000.00	
General reserve	2,565,830.80	
Other reserves	<u>11,933,616.49</u>	25,055,447.29
Retained earnings at beginning of the year	338,109.01	
Net income for the year	<u>682,271.39</u>	<u>1,020,380.40</u>
Total equity		<u>26,075,827.69</u>

Fmks 169,014,009.02

Mortgages and guaranty agreements

Fmks 17,401,605.00

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STATEMENT OF INCOME

January 1 – December 31, 1971

R e v e n u e s

Net sales and related income	127,132,271.00
Interest income	3,647,706.88
Rents and other income	1,734,688.03
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	132,514,665.91

C o s t s a n d e x p e n s e s

Operating costs	58,630,231.25
Salaries and wages	37,354,946.38
Social security expense etc.	9,752,428.91
Rents	883,673.87
Interest expense	11,238,815.22
Taxes	824,681.90
Depreciation	6,351,665.00
Other expenses	6,795,951.99
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	131,832,394.52

Net income for the year

Fmks 682,271.39

EXTERNAL SALES AND EXPORTS (1000 Fmks) ¹⁾

	1971		1970	
	Total	of which export	Total	of which export
Metal industry	90,025	17,394	98,892	13,811
Other industry	33,469	13,227	26,730	12,532
GROSS SALES	123,494	30,621	125,622	26,343
Raw material sales ./ . annual and company discounts etc.	+ 3,638		+ 4,425	
TURNOVER FOR THE YEAR	127,132	30,621	130,047	26,343
Subsidiary companies Gross sales	15,333	8,393	24,015	8,315
Raw material sales ./ . annual and company discounts etc.	+ 204		+ 123	
TURNOVER FOR THE YEAR	15,537	8,393	24,138	8,315
GROUP TURNOVER	142,669	39,014	154,185	34,658
Equivalent of US\$ (1000)	\$ 34,000	\$ 9,400	\$ 37,000	\$ 8,300

1) 1000 Fmks equals US\$ 240