



OY FISKARS AB

Review based on the official
Annual Report of OY FISKARS AB*) for 1972

In 1972, the international economic trend turned upwards and its impact was felt in Finland during the last few months of the year. Although the economic growth of Finland's most important trade partners was well below average, the Finnish exports showed an increase of 15 per cent and in respect of the metal industry no less than 39 per cent.

Thus the economic improvement in Finland was achieved mainly by exports, increasing the total production by 5 per cent as compared with 2 per cent the year before. The industrial production increased by 8 per cent and the metal industry's production by an estimated 12 per cent compared to the strike year 1971.

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

The metal industry divisions of our Company, predominantly home market orientated, met demand at a low level and the prices were depressed during the first three quarters of the year, while the total exports of the Company increased by 1/3 during the year. The growing cost pressure, particularly noticeable from the beginning of the second quarter, could not be compensated despite the fact that the sales volume during the last quarter exceeded the budget. From associated steel operations the Company obtained income, however not reaching previous year's level. For these reasons, the net operating income for the year was not wholly satisfactory. But certain property sales transactions improved the total net result, as is more closely explained in the financial statement.

Supported by the light credit market prevailing in 1972, the Company was able to finance its operations without unduly straining its liquidity and furthermore pursue an active investment policy, employing the long-term credits it had received.

The financial position of the company was strengthened during the year by the sales of some industrial properties with adjoining land. Most of the revenues included in the year's figures arise from these transactions.

An agreement of considerable commercial importance was made between Oy W. Rosenlew Ab and Oy Fiskars Ab, according to which Fiskars obtained the manufacturing rights of Sampo-ploughs. After this, the Company has a wider base for developing ploughs and soil-tilling machines.

Although some of the gloomy prospects predicted in the previous Annual Report unfortunately to a certain extent came true, the Management is confident that the Company's long-term goals can be achieved by means of the new facilities becoming operational in 1973, in connection with expected improving demand. This presupposes, however, reasonable conditions for business activities in general.

SALES

Total sales amounted to Fmks 149 million, equivalent of US\$ 36 million (Fmks 129 million in 1971), i.e. an increase of 15 per cent.

It is worth mentioning that almost half of the sales increase emanated from exports. By strengthening its efforts the Company purports to improve its foothold also in the domestic market.

A new central warehouse was completed in December, and it will take over the storage and distribution functions from a number of factories during 1973.

The sales company in Denmark, Fiskars A/S, strengthened its positions volume-wise and achieved good financial results.

Another sales company named Fiskars Marin AB was founded in January 1973 for marketing the products of Turku Boatyard in Sweden.

The Fiskars-group^{*)} turnover for the year totalled Fmks 166 million (equivalent US\$ 40 million), of which Fmks 51 million, i.e. 31 per cent, export.

Group sales rose by 16 per cent and the exports by 32 per cent compared to previous year.

The backlog of orders in respect of the metal industry divisions was at the turn of the year 25 per cent higher than in 1971, while the remaining industry, including the Sawmill, had doubled its orders on hand. This can be attributed mainly to the boatyard's unusually good order inflow.

^{*)} Group stands for Oy Fiskars Ab and its wholly owned subsidiaries

DISTRIBUTION OF GROUP SALES 1972

Metal consumer goods	15 %
" products for the building industry	11 %
" products and machines for the industry and public & municipal institutions	25 %
Agricultural and forestry machinery and equipments	13 %
Agricultural and forestry products, sawmill products	14 %
Other (industrial) products	22 %
	<hr/> 100 %

DISTRIBUTION OF GROUP EXPORTS 1972

EFTA	56 %	East group	7 %
EEC	18 %	Others	3 %
USA	16 %		

PERSONNEL ADMINISTRATION

Generally speaking the employment situation was good during the year, though a shorter work week had to be introduced temporarily at two factories in the spring of 1972. Labour relations were good, no man-hours were lost on account of strikes.

On December 31, 1972, the number of employees in the Company was 3099 (3069 in 1971) and in the Group 3357 (3278).

INVESTMENTS IN FIXED ASSETS

The Company invested Fmks 13.4 million in fixed assets, of this amount 63 per cent in metal industry divisions.

The sales of real estate etc. reduced the value of fixed assets by Fmks 6.3 million.

The investments of the subsidiary company Turku Boatyard Co. totalled Fmks 0.6 million.

FINANCIAL STATEMENT

The financial statement shows a net income for the year of Fmks 2,508,865.79, including the sales profit for sold fixed assets, Fmks 2,126,925.33.

The depreciations in 1972 amounted to Fmks 6,149,608.05 (6,351,665.00 in 1971) and represent half of the maximum tax-deductible depreciations under existing legislation. The stock reserve was maintained at previous year's level.

The short-term borrowing diminished by Fmks 4.3 million and the long-term borrowing increased by Fmks 2.3 million. The net interest cost decreased by Fmks 1.0 million.

SUBSIDIARY COMPANIES

Turku Boatyard Co. shows a net income of Fmks 25,581.08 after maximum depreciations of Fmks 333,427.00. The growing demand for production facilities was met by an addition of 1050 m². The introduction of new boat types caused considerable extra costs which were absorbed in the result for the year. In addition, a prudent amount was transferred to the stock reserve. The financial position of the Boatyard is good, and its marketing prospects are excellent.

Through a change in the Company Statutes, recorded on October 27, 1972 the subsidiary company Salon Sähkö- ja Konetehdas Oy's fiscal year was extended until June, 1973. For this reason no official financial statement was made, but for the sake of comparison the turnover figures have been included in the sales statistics of the Group.

MANAGEMENT

The members of the supervisory board of directors are listed below:

Mr. Jacob von Julin (elected until the shareholders' annual general meeting in 1974), chairman; Mr. Jarl Gripenberg (1974) deputy chairman; Mr. T Gunnar Nyström (1975); Mr. Klaus Ahola (1974); Mr. Robert G Ehrnrooth (1975); Mr. Thomas Tallberg (1973); Mr. Johan L von Julin (1973); Mr. Lauri Kalima (1975).

The Managing Director is Mr. Göran J Ehrnrooth.

DIVIDENDS AND RETAINED EARNINGS

The net income for the year is Fmks 2,508,865.79. In accordance with the company statutes 4 per cent interest, i.e. Fmks 20 per share shall be paid to the shareholders, totalling Fmks 422,240.00, and 10 per cent, or Fmks 250,886.58 will be transferred to the reserve fund.

After the above remain	Fmks 1,835,739.21
and the retained earnings	
from the previous year	<u>Fmks 529,913.27</u>
at the disposal of the	
shareholders' annual	
general meeting	<u>Fmks 2,365,652.48</u>

The Board recommends that the amount at the disposal of the shareholders' annual general meeting be allocated as follows:

-	that in addition to above, 2 per cent or Fmks 10 per share be paid to the shareholders	<u>Fmks 211,120.00</u>
-	that the rest be retained on the Profit and Loss Account	<u>Fmks 2,154,532.48</u> =====

Helsinki 9th March, 1973

SUPERVISORY BOARD

Jacob von Julin

Jarl Gripenberg

Klaus Ahola

Thomas Tallberg

Lauri Kalima

T Gunnar Nyström

Robert G Ehrnrooth

Johan L von Julin

./.. Göran J Ehrnrooth

OY FISKARS AB BALANCE SHEET DECEMBER 1972

ASSETS

Current assets

Cash	1,080,172.91	
Notes receivable	1,302,729.69	
Accounts receivable	<u>25,915,480.53</u>	28,298,383.13
Long term receivable		32,704,174.80
Prepaid expenses		1,148,377.32
Inventories		<u>33,958,504.00</u>

Current assets and long-term receivable		<u>96,109,439.25</u>
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Fixed assets

Land	25,169,504.00	
Buildings	20,853,459.00	
Machinery and equipm.	23,126,157.00	
Other fixed assets	<u>6,214,392.59</u>	75,363,512.59

Fmks 171,472,951.84

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LIABILITIES

Current liabilities

Current account	1,309,849.04	
Promissory notes	30,365,000.00	
Notes payable	1,128,734.22	
Accounts payable	16,359,918.75	
Current portion of long-term debt	<u>11,153,552.00</u>	60,317,054.01

Long-term debt		<u>79,586,263.48</u>
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Current and long-term debt		<u>139,903,317.49</u>
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Accrued liabilities		<u>3,406,891.87</u>
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Equity

Share capital	10,556,000.00	
General reserve	2,634,057.93	
Other reserves	<u>11,933,905.49</u>	25,123,963.42

Retained earnings at beginning of the year	529,913.27	
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Net income for the year	<u>2,508,865.79</u>	<u>3,038,779.06</u>
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Total equity		<u>28,162,742.48</u>
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Fmks 171,472,951.84

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Mortgages and guaranty agreements	Fmks	14,255,073.00
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OY FISKARS AB

STATEMENT OF INCOME

January 1 - December 31, 1972

Revenues

Net sales and related income	149,082,358.00
Interest income	3,948,032.62
Rents and other income	3,344,016.63
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	156,374,407.25
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Costs and expenses

Operating costs	71,991,269.86
Salaries and wages	43,257,836.54
Social security expense etc.	12,455,443.33
Rents	842,551.98
Interest expense	10,528,642.70
Taxes	897,681.25
Depreciation	6,149,608.05
Other expenses	7,742,507.75
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	153,865,541.46
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Net income for the year	Fmks	2,508,865.79
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1)

EXTERNAL SALES AND EXPORTS (1000 Fmks)

	1972		1971	
	Total	of which export	Total	of which export
Metal industry	103,256	24,042	90,025	17,394
Other industry	38,616	15,697	33,469	13,227
GROSS SALES	141,872	39,739	123,494	30,621
Raw material sales ./.. annual and company discounts etc.	+ 4,335		+ 3,638	
NET SALES	146,207	39,739	127,132	30,621
Subsidiary companies Gross sales	19,726	11,997	15,333	8,393
Raw material sales ./.. annual and company discounts etc.	+ 115		+ 204	
NET SALES	19,841	11,997	15,537	8,393
GROUP TURNOVER	166,048	51,736	142,669	39,014
Equivalent of US\$ (1000)	40,000	12,500	34,000	9,400

1) 1000 Fmks equals US\$ 240 at the end of the year