

FISKARS  
EST. GROUP 1649

# ◆ Financial Statement Release 2022

SOLID YEAR IN A CHALLENGING  
OPERATING ENVIRONMENT



JANUARY–DECEMBER 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.

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.



# Highlights of Q4 2022



PROFITABILITY  
IMPROVED IN A  
CHALLENGING  
OPERATING  
ENVIRONMENT  
DESPITE A SALES  
DECLINE

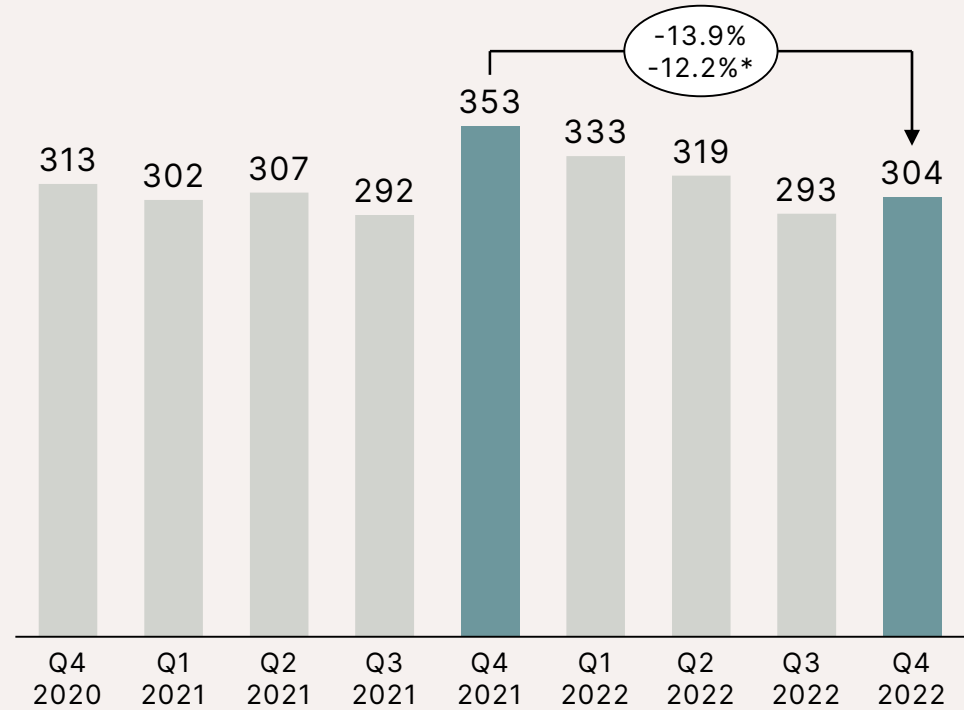
OUR GROWTH  
STRATEGY IS  
DELIVERING  
RESULTS AND  
TRANSFORMING  
THE COMPANY

2023 OUTLOOK:  
COMPARABLE  
EBIT EXPECTED  
TO BE SLIGHTLY  
BELOW THE 2022  
LEVEL

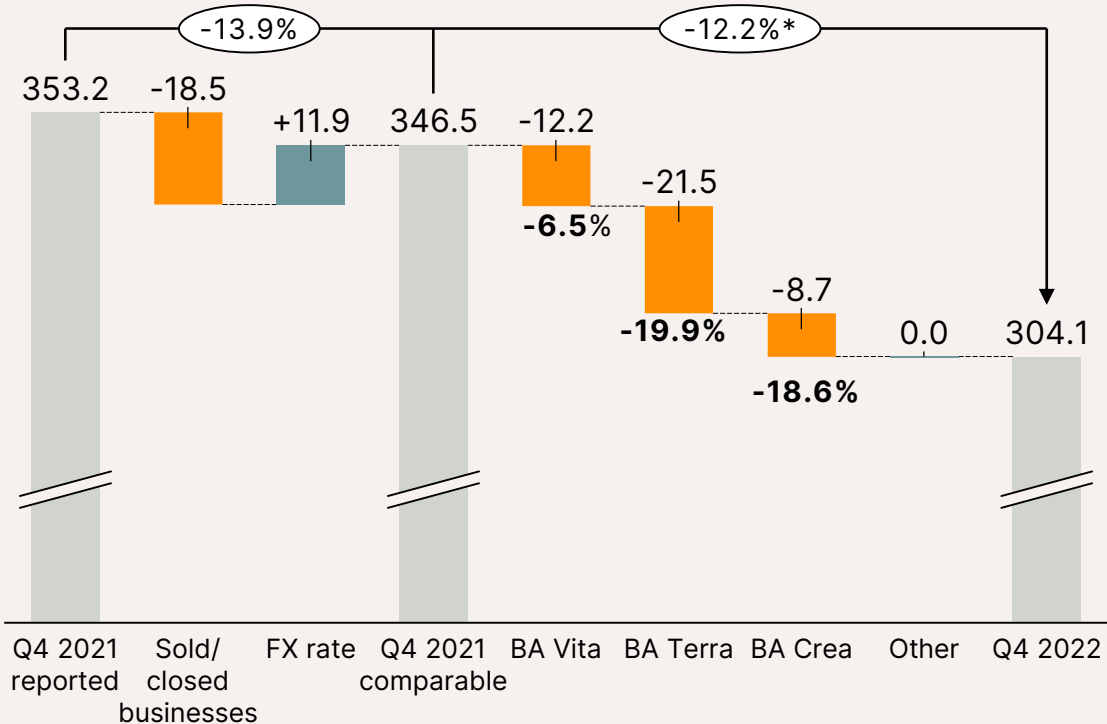
BOARD PROPOSES  
AN INCREASING  
DIVIDEND  
  
EUR 0.80 PER  
SHARE

# Q4 2022 Net sales declined due to lower consumer confidence and retailers' high inventory levels

NET SALES, EUR MILLION



Q4 2022 NET SALES BRIDGE, EUR MILLION

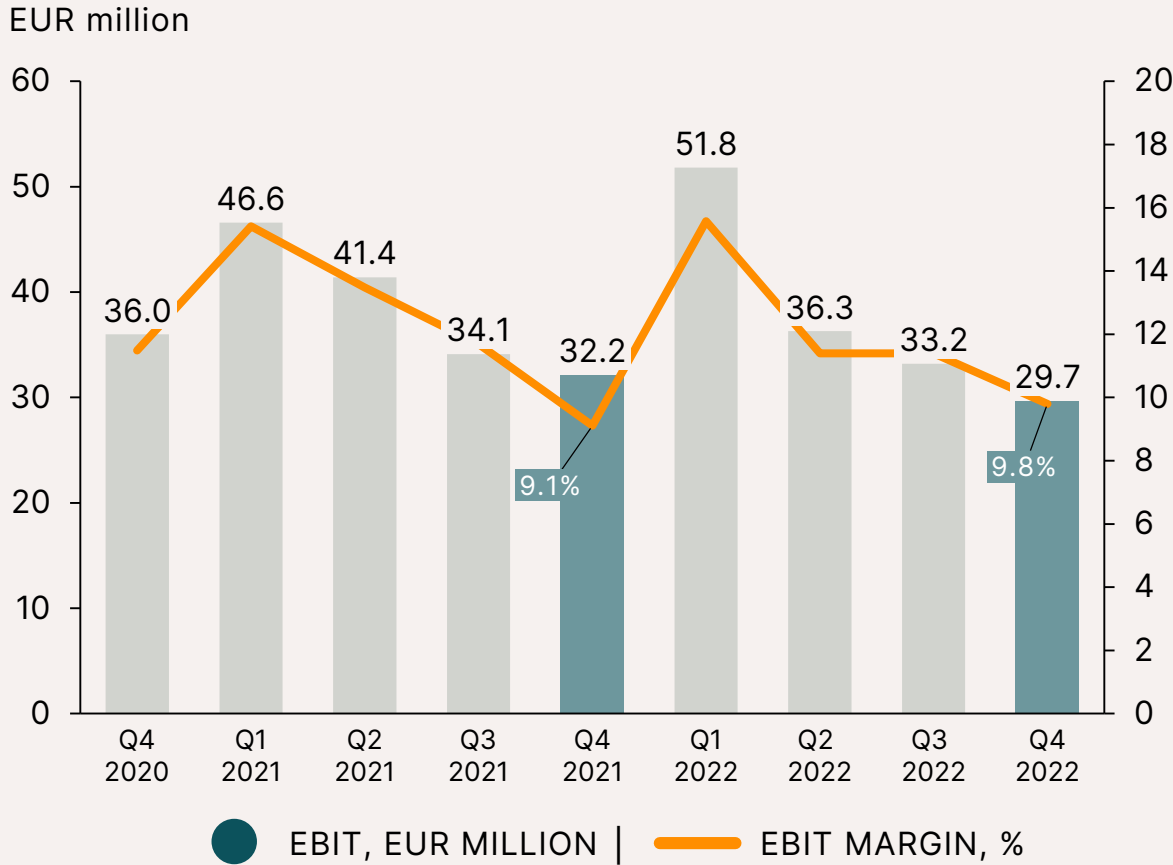


\*Comparable change = currency neutral & excl. divestments

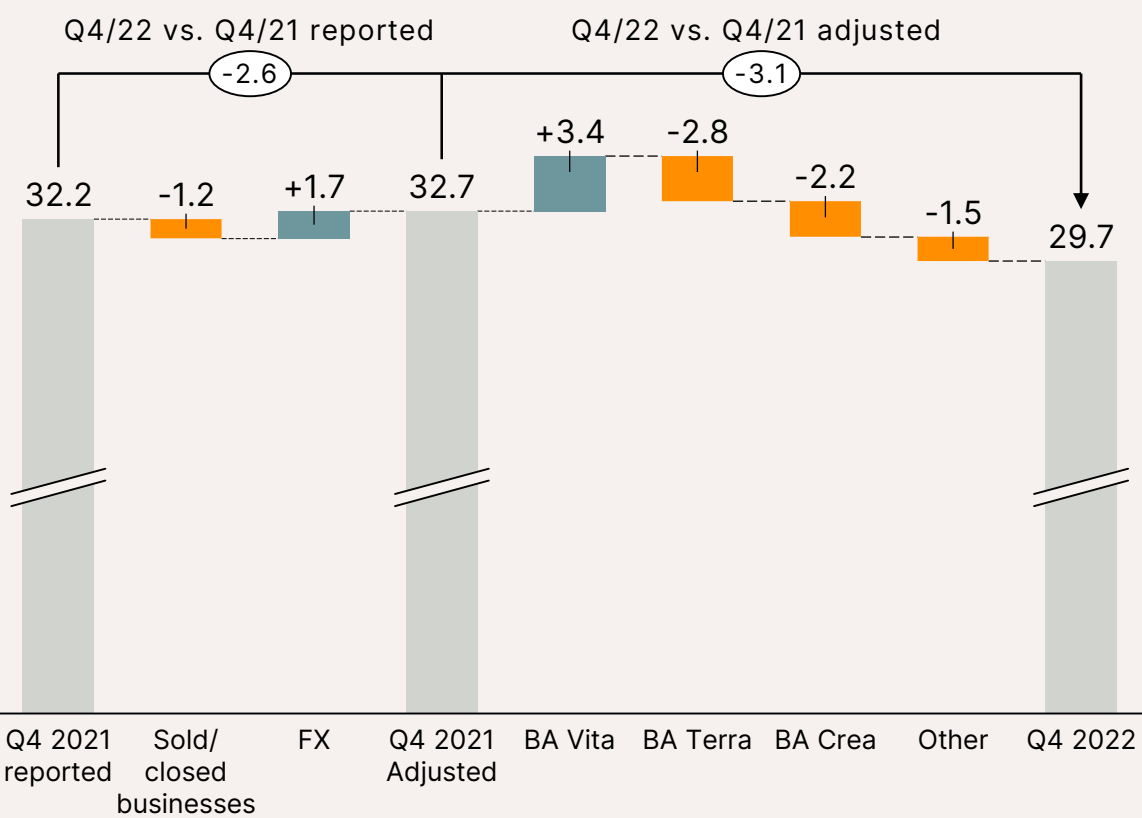


# Q4 2022 Comparable EBIT declined due to volume drop, margin improved

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

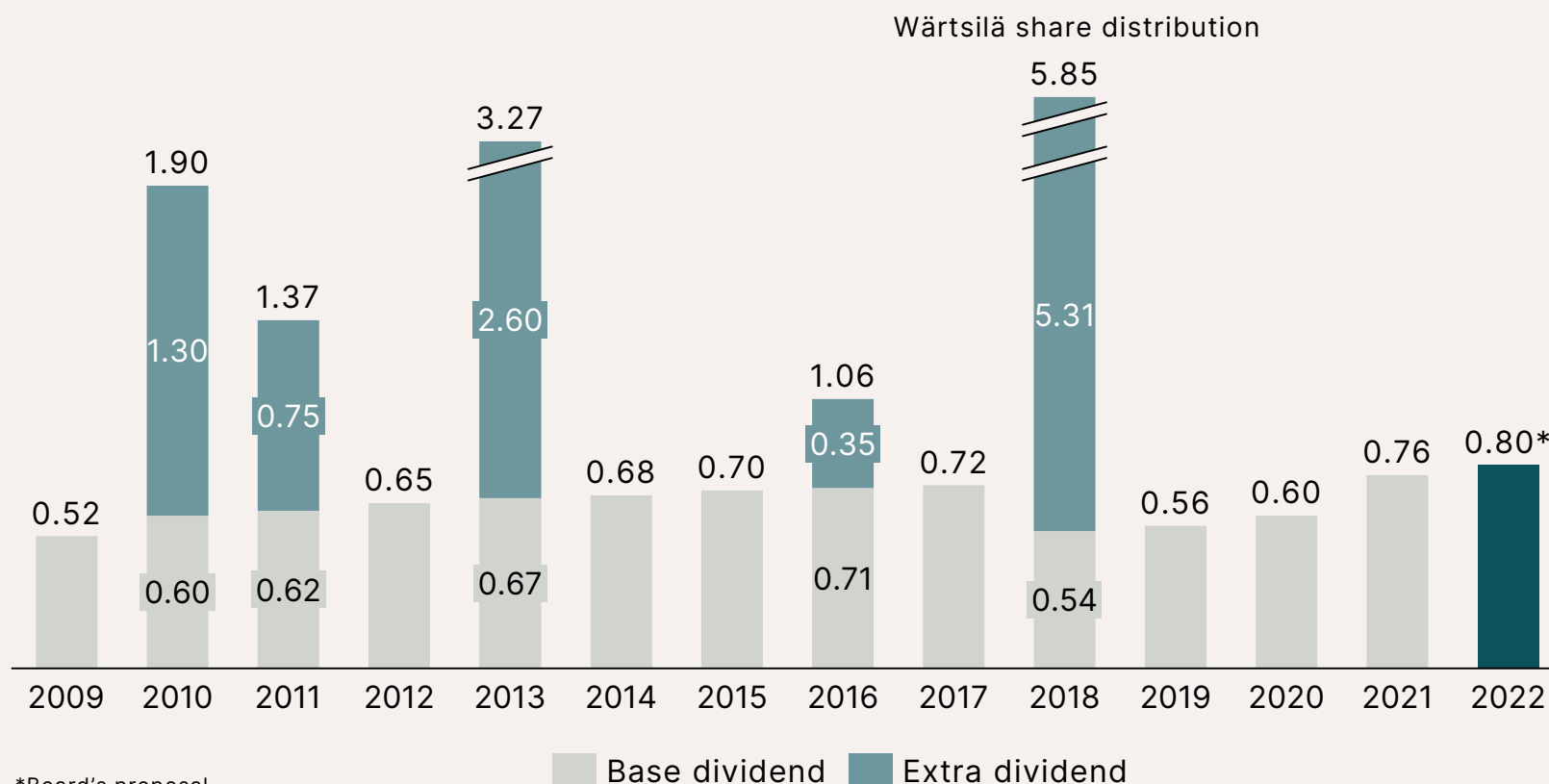


COMPARABLE EBIT BRIDGE, EUR MILLION



# Board proposes an increasing dividend of EUR 0.80 per share

## DIVIDEND PER SHARE, EUR



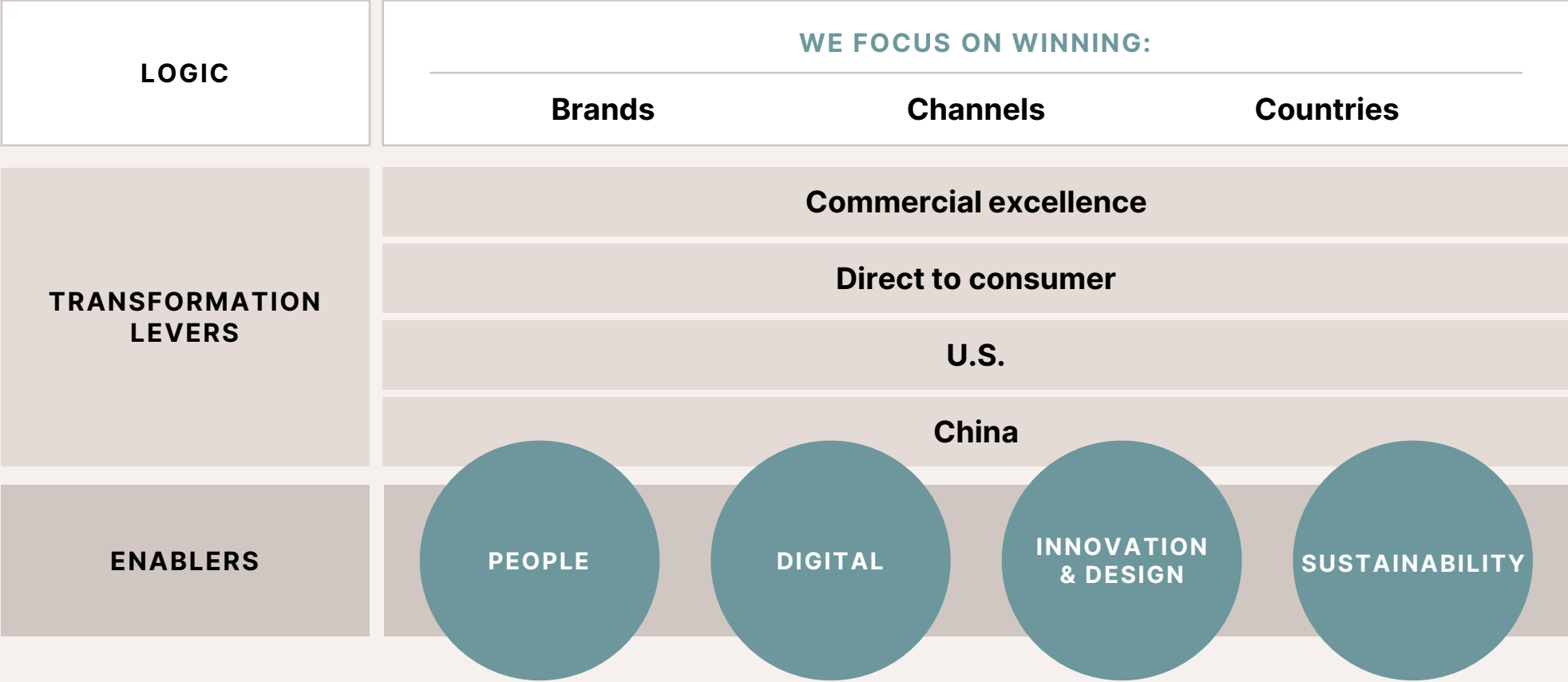
\*Board's proposal

## KEY FACTS:

- **Payout ratio:** 66%\*  
(2021: 71.5%)
- **Dividend yield:** 5.2%\*  
(3.3%)
- **Dividend growth:** 5.3%\*
- **Dividend policy:**  
to distribute a stable, over  
time increasing dividend,  
to be paid biannually



# Our focus is firmly on our Growth Strategy





# 3/4 of transformation levers improving

	Q4 2022	FY 2022
Commercial excellence	<ul style="list-style-type: none"><li>Gross margin +120 bps (+90 bps organically)</li></ul>	<ul style="list-style-type: none"><li>Cost increases compensated by mitigation actions, gross margin +160 bps (+60 bps organically)</li></ul>
Direct to consumer	<ul style="list-style-type: none"><li>DTC: 3% growth; and 28% of net sales</li><li>E-commerce +30%; physical retail -8%</li></ul>	<ul style="list-style-type: none"><li>DTC+8% growth; and 21% of net sales</li><li>E-commerce +17%; physical retail +4%</li></ul>
U.S.	<ul style="list-style-type: none"><li>Net sales -26%</li><li>Lower consumer confidence and retailers' high inventories impacted demand</li></ul>	<ul style="list-style-type: none"><li>Net sales -4%</li><li>Demand weakened in H2 after a strong start to the year</li></ul>
China	<ul style="list-style-type: none"><li>Net sales +40% driven by e-commerce</li></ul>	<ul style="list-style-type: none"><li>Net sales +36% despite Covid-19 disruptions in several quarters</li></ul>





# We are transforming the company

5 brands  
>100 MEUR  
in net sales

25%  
of net sales from  
luxury  
brands

DTC >50%  
of net sales in  
Royal Copenhagen  
and Wedgwood

Wedgwood  
to a winning  
brand  
from a turnaround brand

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# Continuing with our ambitious approach to sustainability

## **New ESG strategy** with 5 key targets:

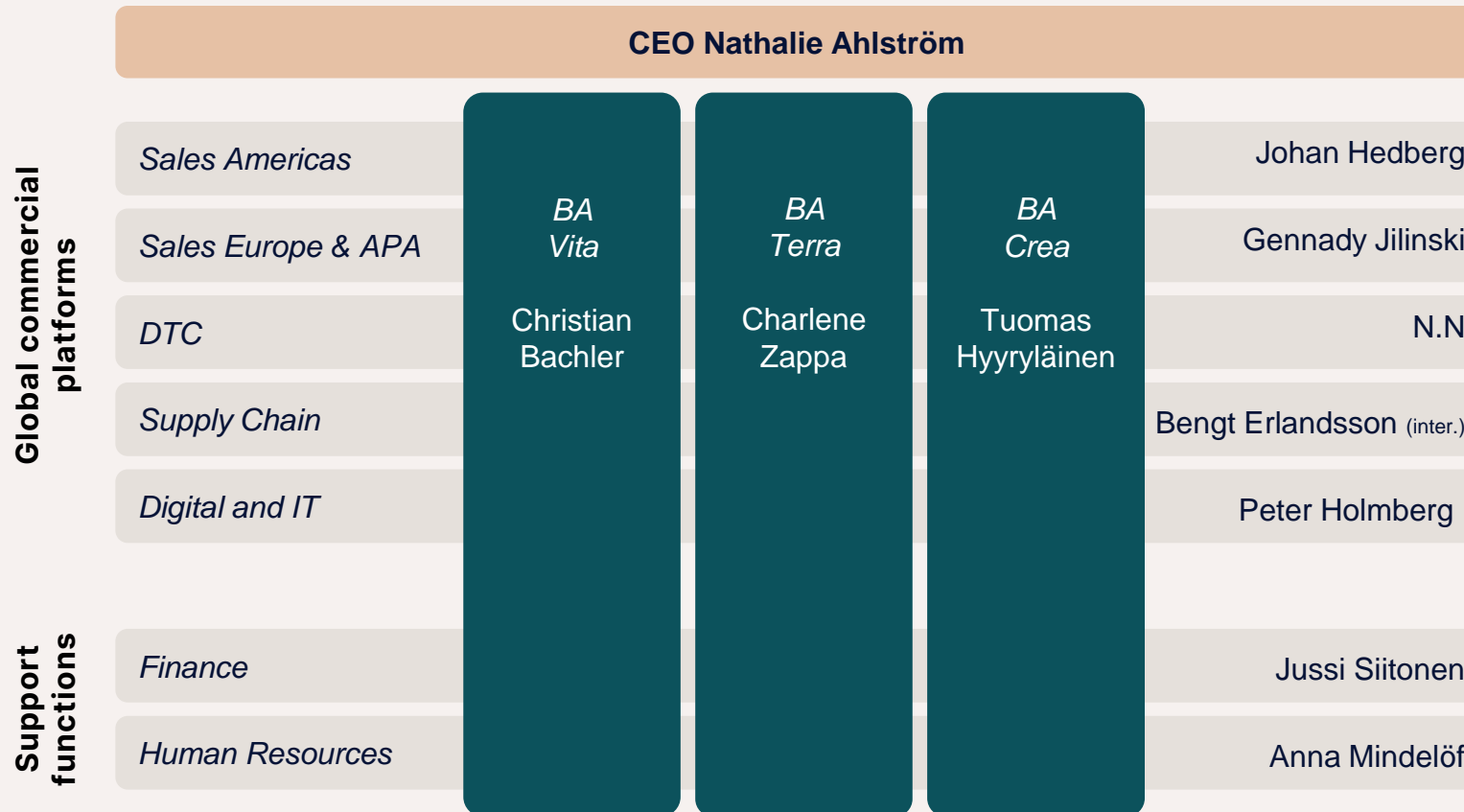
1. majority of net sales from circular products and services by 2030
2. GHG emissions from own operations (Scope 1 & 2) reduced by 60% from a 2017 base year by 2030
3. 60% of Fiskars Group's suppliers by spend covering purchased goods and services will have science-based targets by 2024
4. Zero Lost Time Accident Frequency (LTAF) by 2030
5. Enhancing diversity, equity, and inclusion

Included on **CDP's annual Climate Change A list** for leadership in corporate transparency and performance on climate change





# Accelerating strategy execution and allocating resources to growth drivers



## Changes in the Executive Board

(as of Jan 1, 2023)

- New position of EVP, DTC
- Wholesale organization split into two regions

## Planned organizational changes

- Mainly in the three BAs to simplify their organizations, drive end-to-end accountability and enhance focus on brands and consumers
- Allocating resources to strategic growth drivers - investments in DTC and digital continue



# Outlook for 2023

Fiskars expects comparable EBIT to be slightly below the 2022 level (2022: EUR 151.0 million).

## Key factors impacting the outlook

- expected continued volatility of the market environment and weaker demand especially in H1
- investments into key strategic building blocks
- + savings from the planned targeted organizational changes from H2 onwards















# ♦ Financials



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# Challenging operating environment is reflected in the progress towards our financial targets

## FINANCIAL TARGETS TRACKING

KPI	TARGET	FY 2020	FY 2021	FY 2022
NET SALES	Organic, FX neutral Mid-Single-Digit growth	 3.4%	 14.2%	 1.7%
EBIT	Mid-teen EBIT margin (excl. IAC) by end of 2025	 9.8%	 12.3%	 12.1%
CASH FLOW	Free Cash Flow / Net Profit $\geq$ 80%	 255%	 109%	 Neg.
BALANCE SHEET	Net Debt / LTM EBITDA $\leq$ 2.5X	 0.8X	 0.7X	 1.7X



# Consolidated Q4 and FY2022 income statement

## Q4 AND FY P&L KEY FIGURES, EUR MILLION

	Q4		FY	
	2022	2021	2022	2021
<b>Net sales</b>	<b>304.1</b>	<b>353.2</b>	<b>1,248.4</b>	<b>1,254.3</b>
<b>Comparable gross profit</b>	<b>138.8</b>	<b>156.8</b>	<b>560.1</b>	<b>543.7</b>
Sales and marketing	-73.4	-79.3	-275.2	-261.9
Research and development	-5.8	-4.4	-20.8	-15.5
General admin	-31.2	-41.4	-119.2	-115.0
Other income/expenses, net	1.3	0.5	6.2	3.0
<b>Comparable EBIT</b>	<b>29.7</b>	<b>32.2</b>	<b>151.0</b>	<b>154.2</b>
Items affecting comparability	-5.3	-8.3	-16.3	-11.5
<b>EBIT</b>	<b>24.4</b>	<b>23.8</b>	<b>134.7</b>	<b>142.8</b>
Profit for the period	11.4	18.2	99.1	87.5
Comparable Gross Margin	45.6%	44.4%	44.9%	43.3%
Comparable EBIT Margin	9.8%	9.1%	12.1%	12.3%

## Key Takeaways

### Gross margin up 120bps (Q4) and 160bps (FY) vs. 2021

- Organic GM up +90bps in Q4 and up 60bps in FY

### Operational expenses down EUR 15m in Q4, up EUR 22m in FY vs. 2021

- Q4: Broad-based OPEX efficiency improvement actions delivered results vs. high comparatives LY
- FY: Marketing, DTC and digital each one-third of OPEX growth

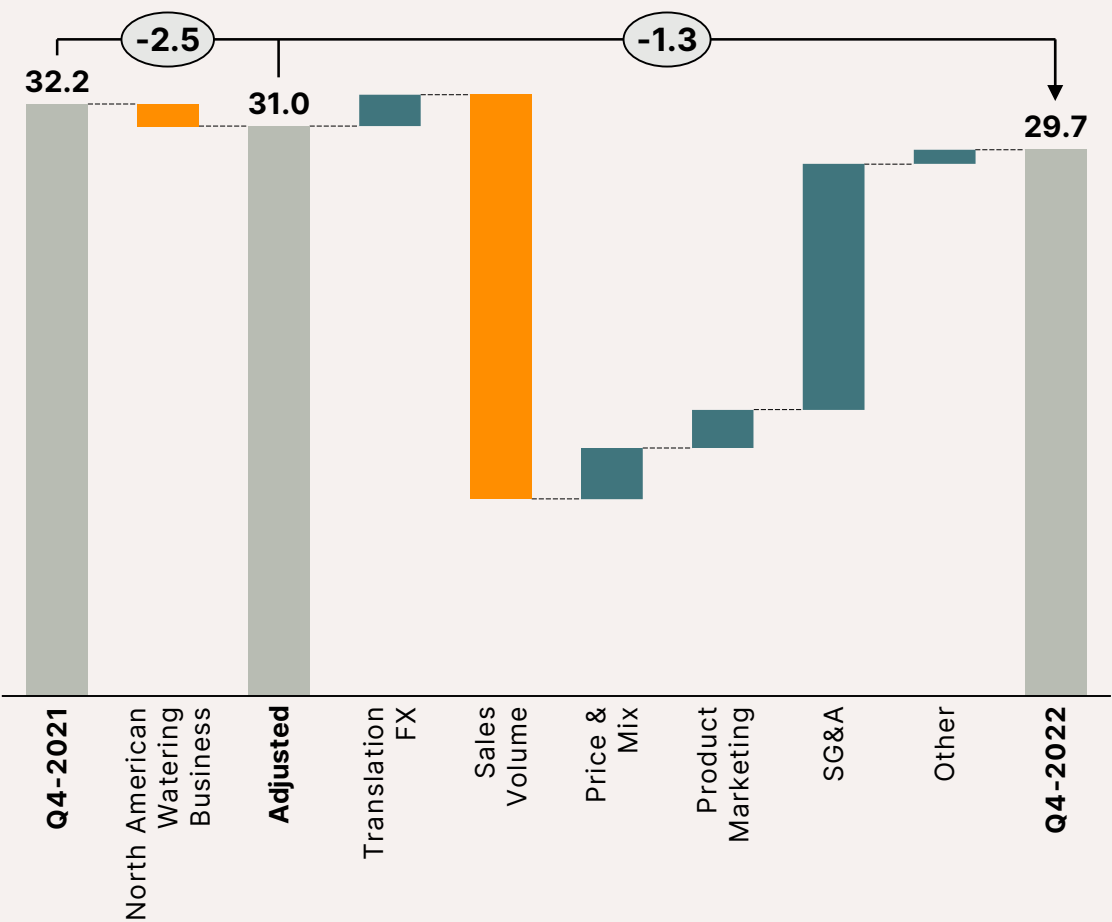
### Comparable Q4 EBIT down EUR 2.5m, FY EBIT down EUR 3.2m vs. 2021





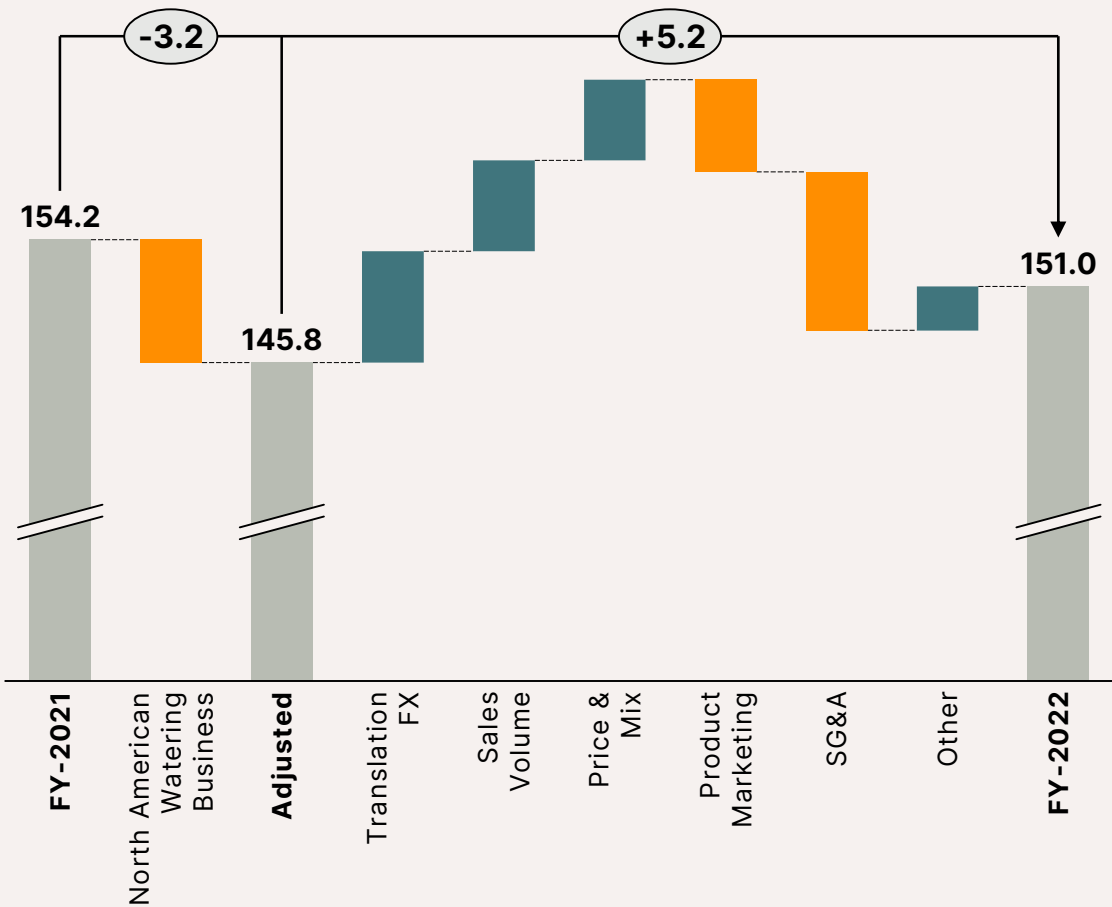
# Q4 and FY 2022 EBIT bridge

Q4 EBIT BRIDGE, EUR MILLION



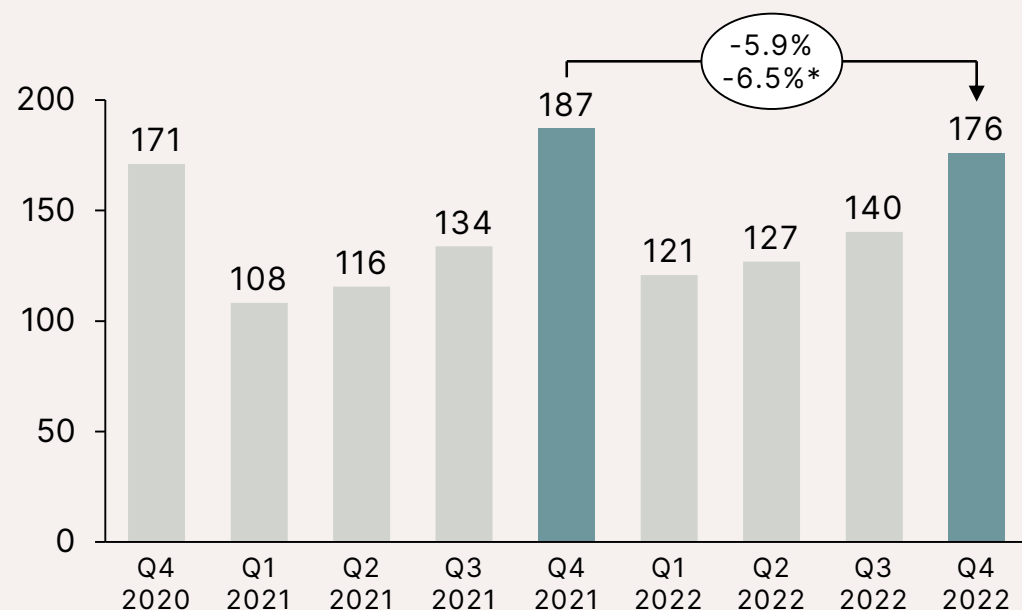
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FY EBIT BRIDGE, EUR MILLION



# Vita Q4: Own ecom and China helped offset sales decline in the U.S and Nordics, margin reached 20%

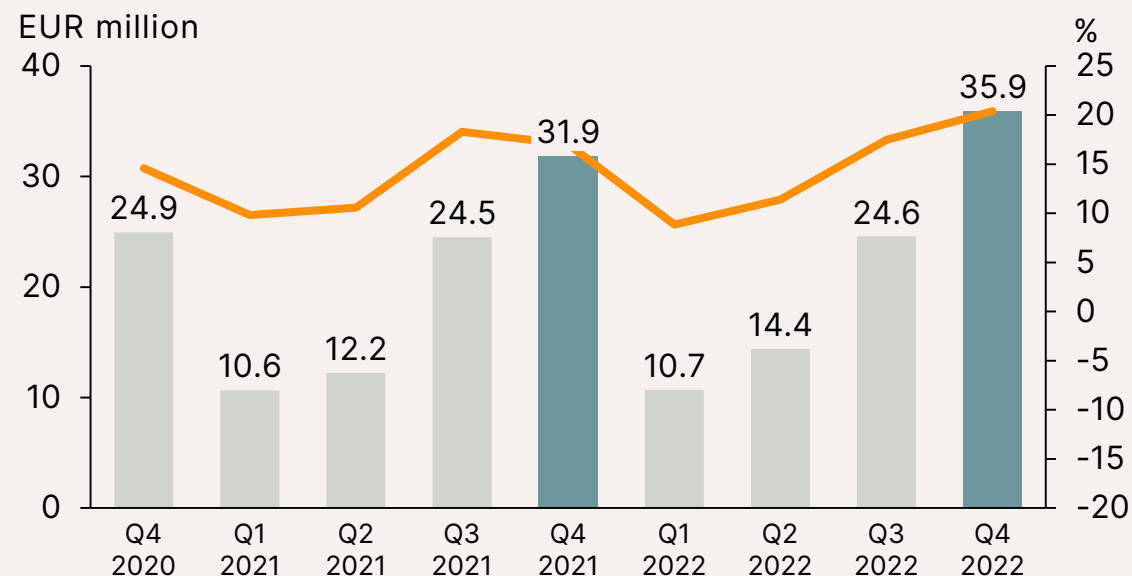
NET SALES, EUR MILLION



\*Comparable change = currency neutral & excl. divestments

- Customers' orders and consumer sales in the holiday season lower than anticipated – sales declined especially in the U.S. and in the Nordics, strong sales growth in China helped offset the declines
- Own e-commerce developed very positively

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



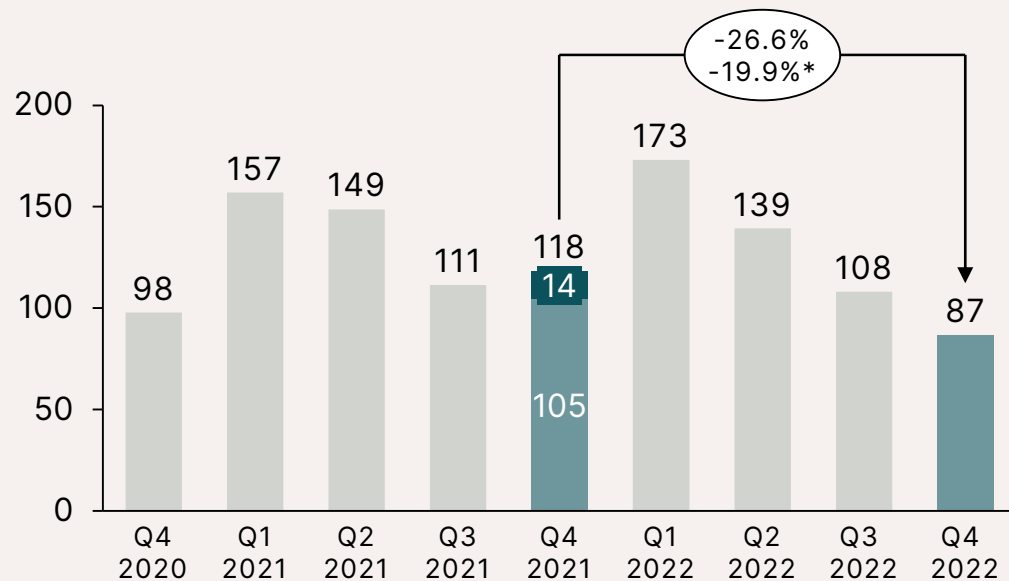
EBIT, EUR MILLION | EBIT MARGIN, %

- Lower volumes offset by an improved gross margin and decreased SG&A spend



# Terra Q4: Sales declined especially in the U.S. due to retailers' high inventories

## NET SALES, EUR MILLION



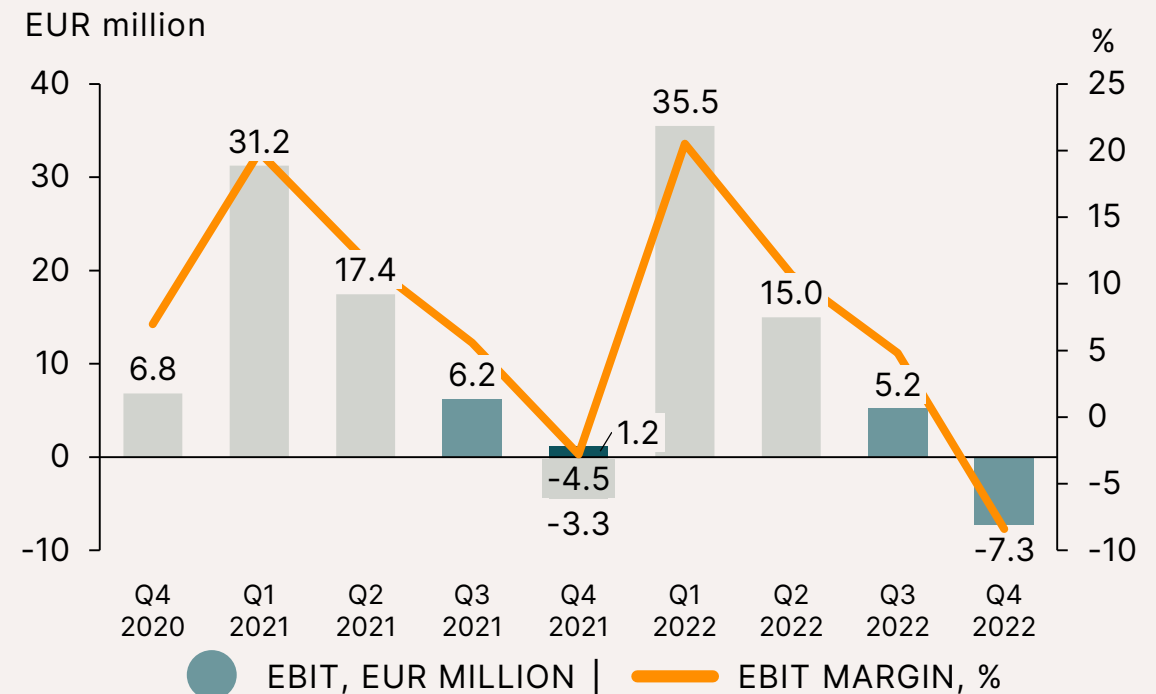
\*Comparable change = currency neutral & excl. divestments

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

- Sales declined especially in the U.S., where big box customers' high inventory levels impacted their demand
- In Finland and Sweden, sales grew driven by demand for snow tools

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

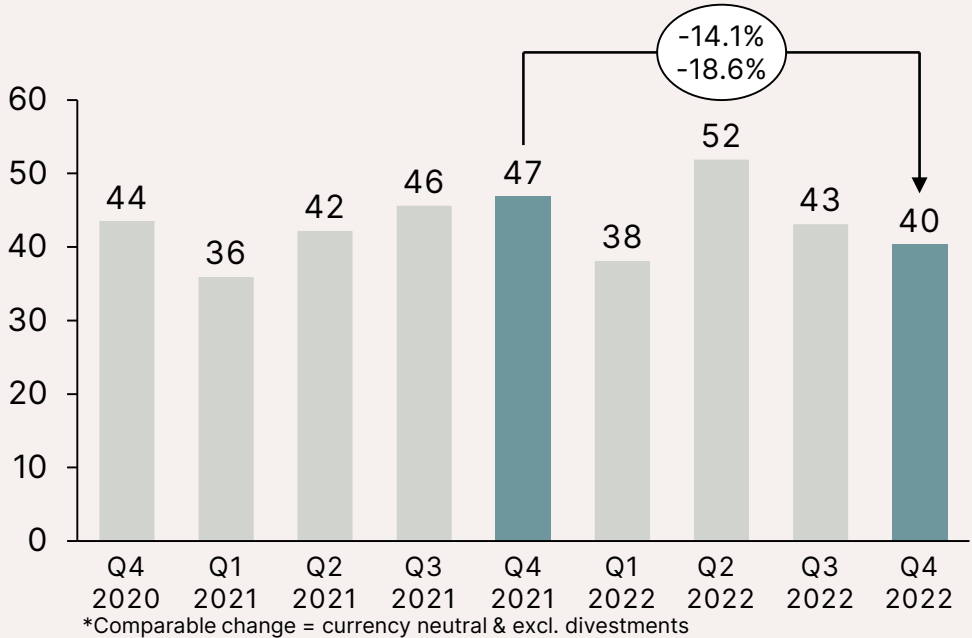


- Significantly lower volumes impacted EBIT



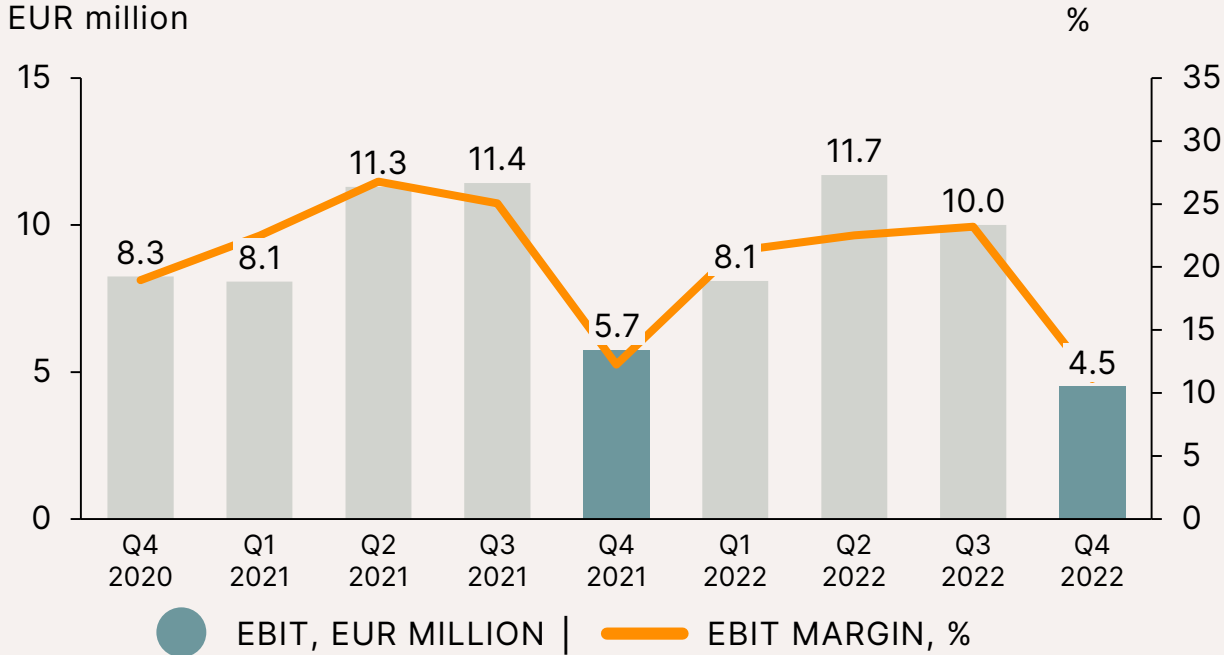
# Crea Q4: Sales declined mainly due to the U.S.

NET SALES, EUR MILLION



- Net sales declined mainly due to a decline in the U.S.

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



- EBIT declined mainly due to significantly lower volumes



# Q4 Net sales by geography: DTC growth in Europe and America bright spots of the quarter

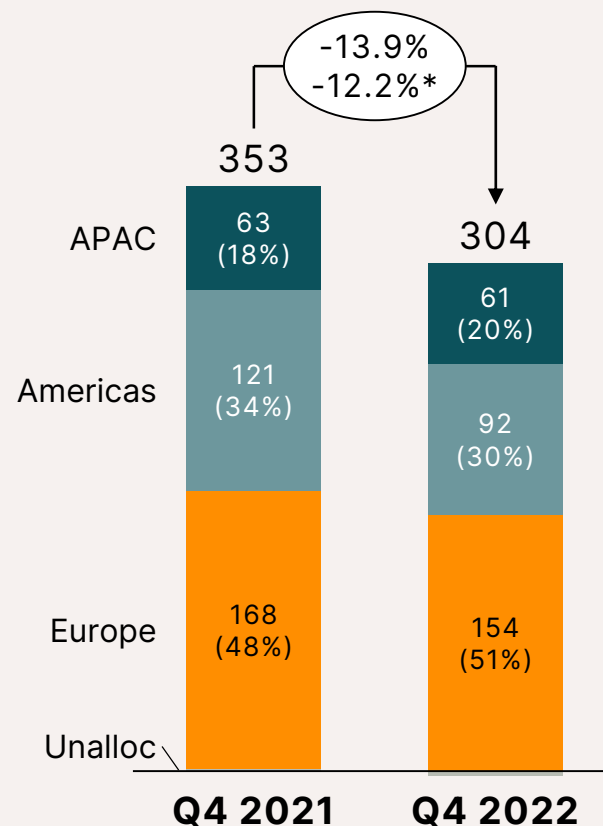
NET SALES BY REGION, EUR MILLION

	Q4 2022	Q4 2021	Change	Comp. Change*
Europe	154.3	167.9	-8.1%	-3.8%
<i>Of which DTC</i>	<i>34.9</i>	<i>32.6</i>	<i>+7.1%</i>	<i>+9.6%</i>
Americas	91.9	121.4	-24.3%	-25.7%
<i>Of which DTC</i>	<i>10.9</i>	<i>8.3</i>	<i>+30.4%</i>	<i>+24.0%</i>
APAC	61.0	62.6	-2.6%	-0.2%
<i>Of which DTC</i>	<i>40.2</i>	<i>42.7</i>	<i>-5.8%</i>	<i>-3.7%</i>
Unallocated**	-3.0	1.3		

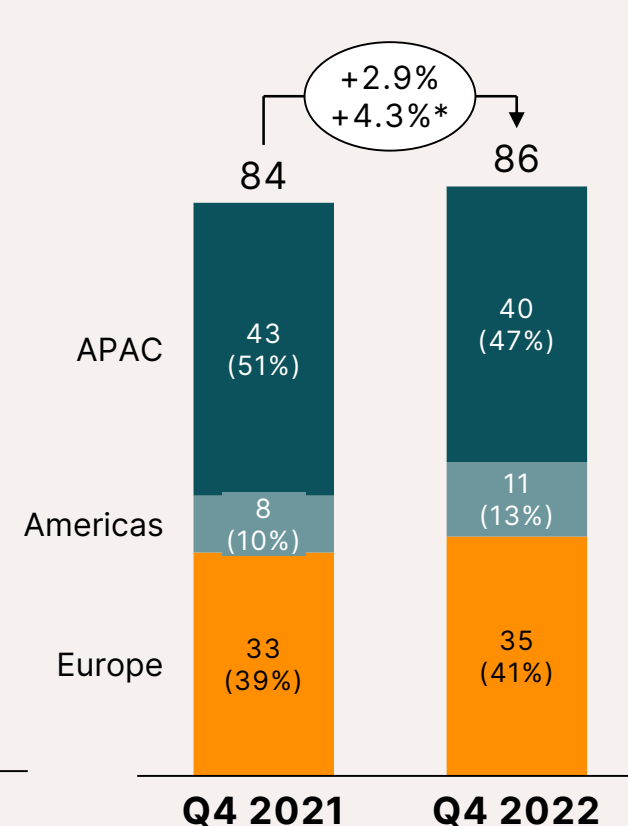
\*Excluding the impact of exchange rates, acquisitions and divestments

\*\*Geographically unallocated exchange rate differences

SALES TOTAL, EUR MILLION



DTC, EUR MILLION



# Q4 Free Cash Flow improved as a result of actions taken

## FREE CASH FLOW, EUR MILLION

	Q4		FY	
	2022	2021	2022	2021
<b>EBITDA</b>	39	39	196	205
Non-cash adjustments	4	7	-12	16
<b>Cash Flow from operations</b>	<b>44</b>	<b>47</b>	<b>184</b>	<b>221</b>
Change in inventories	16	-25	-90	-96
Change in trade rec's	32	-1	43	-14
Change in trade Pbl's	-24	31	-71	37
<b>Change in TWC</b>	<b>24</b>	<b>5</b>	<b>-118</b>	<b>-74</b>
Change in in other int.free items	-8	3	-91	17
<b>Change in NWC</b>	<b>17</b>	<b>8</b>	<b>-209</b>	<b>-57</b>
CAPEX (net)	-14	-12	-47	-33
<b>Operating Cash Flow</b>	<b>47</b>	<b>43</b>	<b>-71</b>	<b>132</b>
Taxes paid	-11	-18	-29	-36
<b>Free Cash Flow</b>	<b>36</b>	<b>24</b>	<b>-101</b>	<b>95</b>

## CHANGE IN CASH POSITION, EUR MILLION

	Q4		FY	
	2022	2021	2022	2021
<b>Cash Balance period opening</b>	<b>54</b>	<b>24</b>	<b>32</b>	<b>63</b>
Translation difference	0	2	4	3
Free cash flow	36	24	-101	95
Dividends/ share buy-backs	-2	-	-81	-49
Financial Items, net	4	-3	-7	-5
M&A and Divestments	-	-	35	-
Change in L-T debt	130	-	130	-0
Payments of lease liabilities	-6	-7	-27	-26
Change in other S-T debt	-98	-10	129	-47
Other non-operational changes	-2	-1	2	-2
<b>Cash Balance, period closing</b>	<b>116</b>	<b>32</b>	<b>116</b>	<b>32</b>



# Balance Sheet remains strong, but efficiency declined

## CAPITAL EMPLOYED, EUR MILLION

	<u>31.12.22</u>	<u>31.12.21</u>	<u>Change</u>
GW and other intangible	500	489	+ 11
PPE and biological assets	193	195	- 3
Capitalised leases (ROU)	111	107	+ 4
<b>Non-Current Assets</b>	<b>803</b>	<b>791</b>	<b>+ 12</b>
Inventories	365	306	+ 58
Trade receivables	170	206	- 36
Trade payables	-69	-139	+ 70
<b>Trade Working Capital</b>	<b>466</b>	<b>373</b>	<b>+ 93</b>
Other int-free receivables	55	30	+ 25
Other int-free payables	-203	-268	+ 65
<b>Operating Capital</b>	<b>1,121</b>	<b>927</b>	<b>+ 194</b>
Net tax liabilities	-0	-5	+ 5
<b>Capital Employed</b>	<b>1,121</b>	<b>922</b>	<b>+ 199</b>

## FUNDING, EUR MILLION

	<u>31.12.22</u>	<u>31.12.21</u>	<u>Change</u>
<b>Equity</b>	<b>836</b>	<b>816</b>	<b>+ 19</b>
Interest-bearing debt	326	65	+ 260
Lease liabilities	115	111	+ 4
Cash	-116	-32	- 84
<b>Net Debt</b>	<b>325</b>	<b>145</b>	<b>+ 180</b>
Financial assets	-40	-39	- 1
<b>Financing Total</b>	<b>1,121</b>	<b>922</b>	<b>+ 199</b>

## BALANCE SHEET KPIs

	<u>31.12.22</u>	<u>31.12.21</u>	<u>Change</u>
Comparable EBIT margin (LTM)	12.1%	12.3%	-20bps
Capital turnover (average)	1.22	1.39	-0.17
<b>ROCE % (LTM)</b>	<b>14.8%</b>	<b>17.1%</b>	<b>-230bps</b>

<b>Cash conversion (LTM)</b>	<b>Negat.</b>	<b>109%</b>	<b>N/A</b>
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<b>Net debt / EBITDA (LTM)</b>	<b>1.66</b>	<b>0.71</b>	<b>+ 0.96</b>
Net debt / equity	39%	18%	+210bps





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*Thank  
you!*



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