

FISKARS
EST. GROUP 1649

◆
Half-year
Financial
Report 2023

SALES AND EBIT DECLINED IN A CHALLENGING OPERATING ENVIRONMENT, FOCUS ON CASH FLOW DELIVERED RESULTS



JANUARY–JUNE 2023

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 Q2 2023

SALES AND EBIT
DECLINED IN A
CHALLENGING
MARKET, CASH
FLOW INCREASED
SIGNIFICANTLY

GROSS MARGIN
IMPROVED -
A POSITIVE
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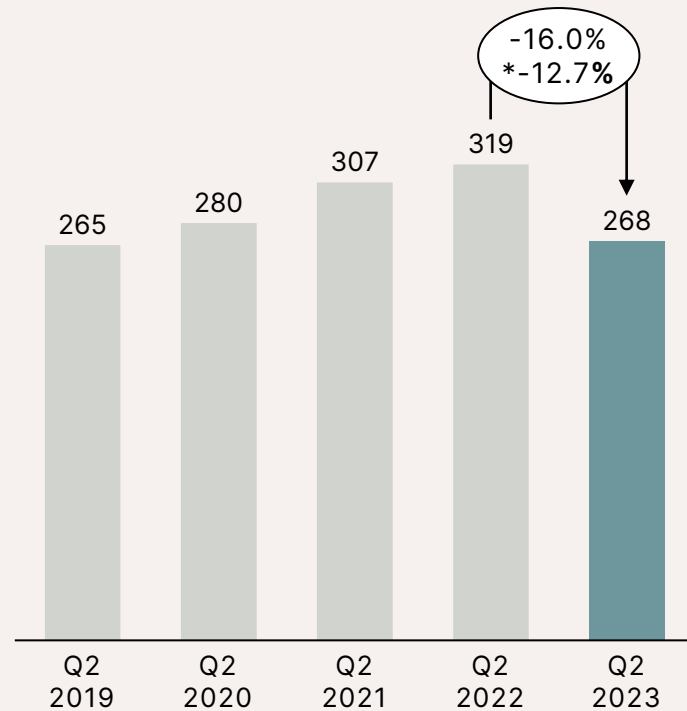
STRATEGIC
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DTC CONTINUED
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2023 GUIDANCE
UPDATED ON
JULY 5:

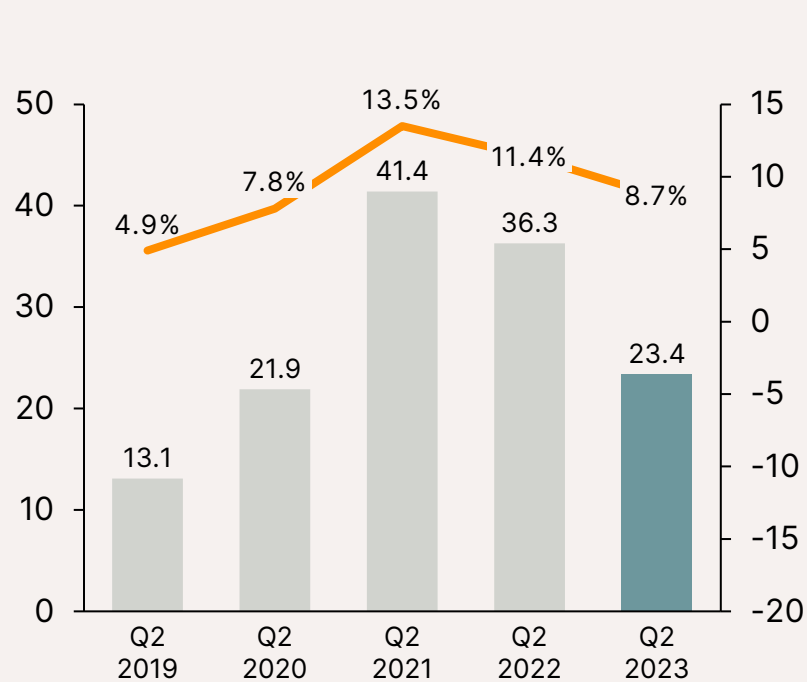
COMPARABLE
EBIT EXPECTED
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RANGE OF EUR
120-130 MILLION

Q2 2023 Group key figures

NET SALES, EUR MILLION



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



GROSS MARGIN %

46.8

Q2/2022: 43.4

FREE CASH FLOW EUR MILLION

41.6

Q2/2022: -3.1

EARNINGS PER SHARE EUR

0.16

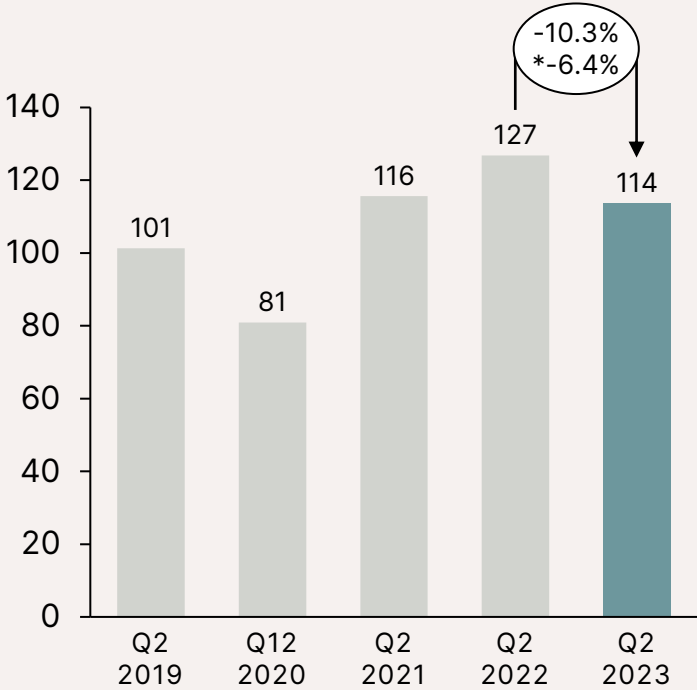
Q2/2022: 0.41

*Comparable change = currency neutral & excl. divestments

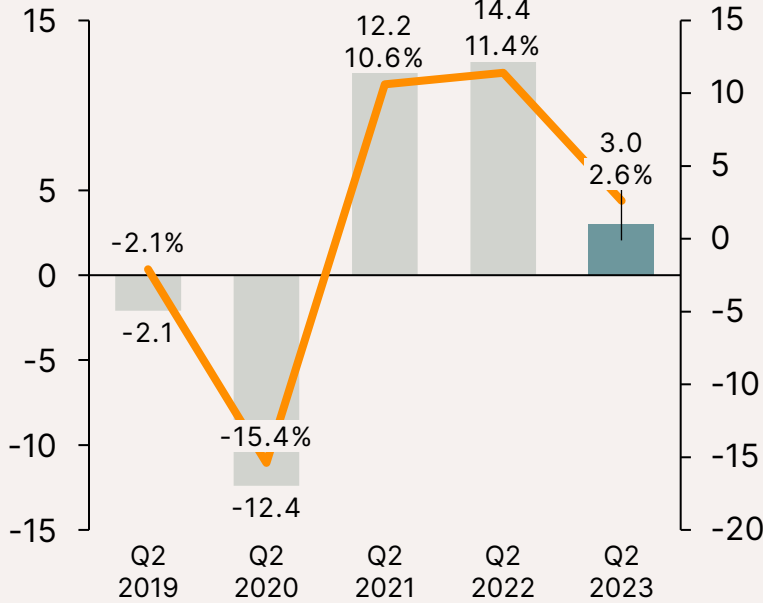


Vita Q2: Sales decreased in the retailer channel, own e-commerce continued to develop positively

NET SALES, EUR MILLION



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



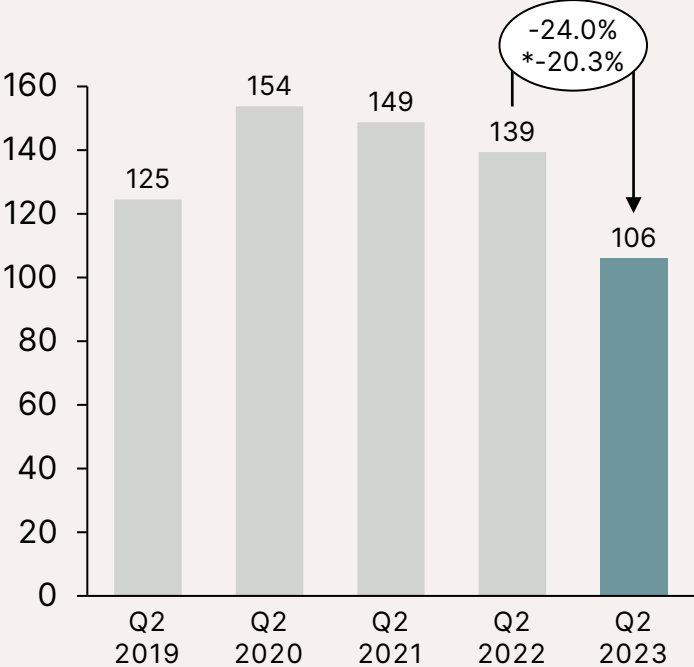
- E-commerce growth driven especially by China and the Wedgwood brand
- EBIT decreased as a result of lower volumes, a decline in gross margin due to capacity downtime and credit losses in the U.S.

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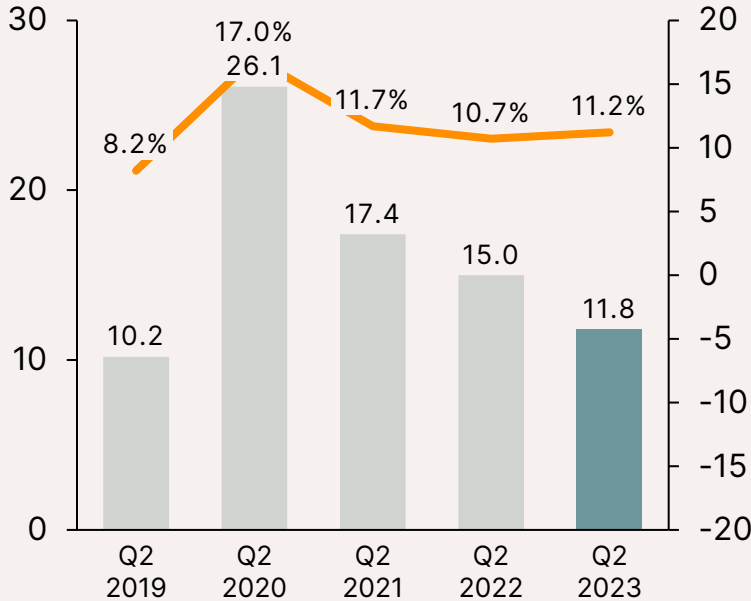


Terra Q2: Clearly lower shipments in the gardening season due to retailers' inventories and cold spring

NET SALES, EUR MILLION



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



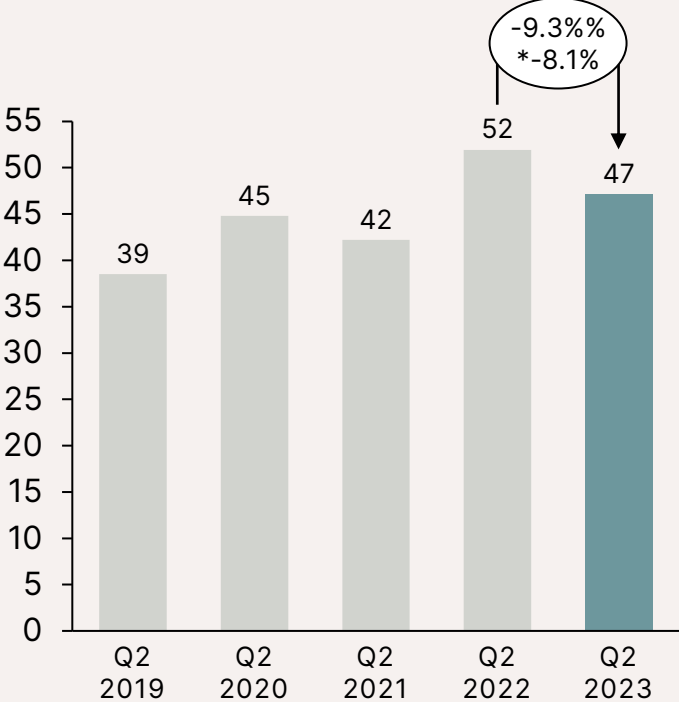
- Similar development in the U.S. and in Europe
- EBIT decreased due to lower volumes – gross margin improved

*Comparable change = currency neutral & excl. divestments

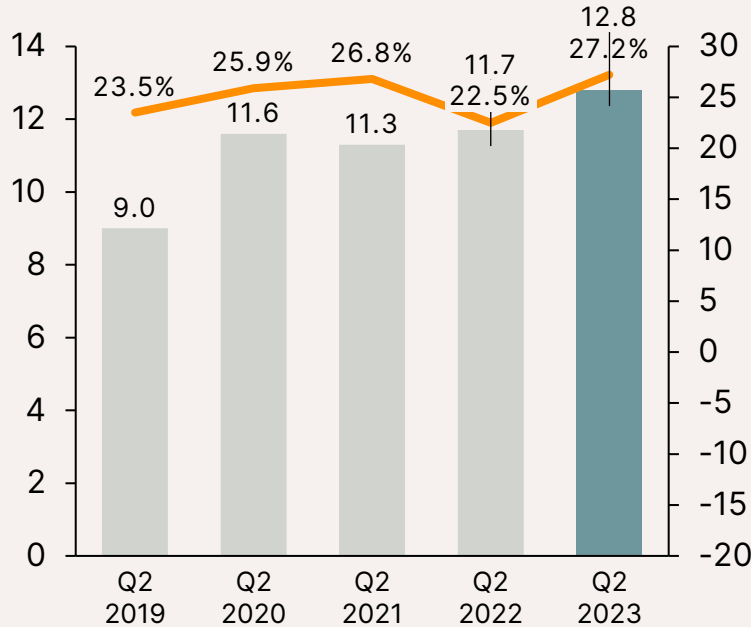


Crea Q2: All-time high second quarter EBIT despite lower volumes

NET SALES, EUR MILLION



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

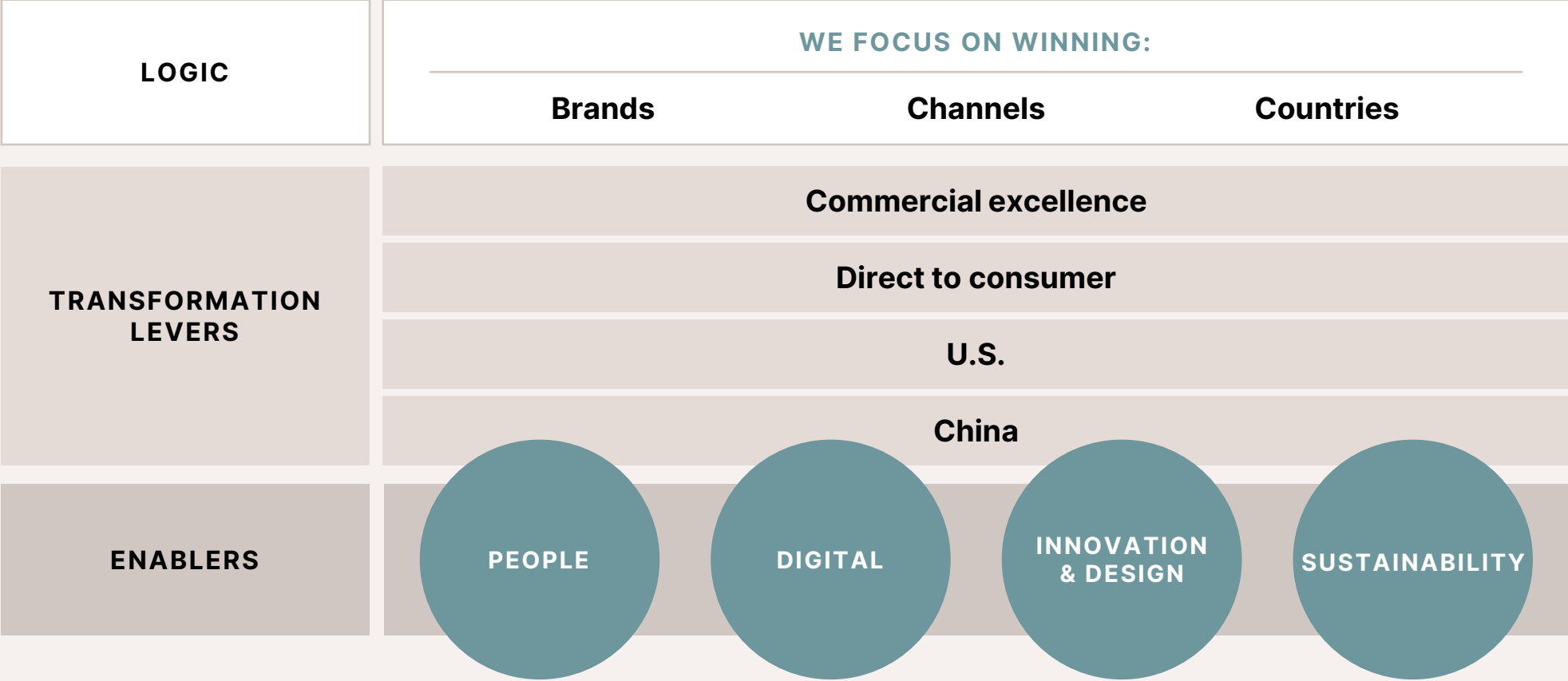


- Sales decreased in Europe - in the U.S., sales were rather stable driven by back-to-school season and timing of shipments
- EBIT increase driven by improved gross margin and prudent cost management

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Our clear Growth Strategy sets the framework for the choices we make



3/4 of transformation levers delivering

Q2 2023

1-6/2023

Commercial excellence

- Gross margin +340 bps

- Gross margin +160 bps

Direct to consumer

- DTC: 8% growth; and 22% of net sales
- E-commerce +31%; own retail network stable

- DTC: 6% growth; and 21% of net sales
- E-commerce +22%; own retail network stable

U.S.

- Net sales -15%
- Decline especially due to Terra: shipments in the gardening season were clearly lower due to retailer's high inventories and cold spring

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- Decline especially due to Terra: shipments in the gardening season were clearly lower due to retailer's high inventories and cold spring

China

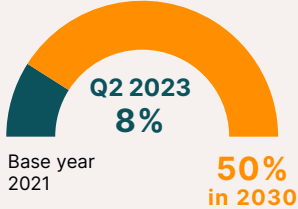
- Net sales +50%
- Strong growth driven by e-commerce and the Wedgwood brand

- Net sales +30%
- Strong growth since February

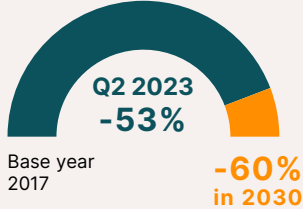


Continued good progress in our ESG strategy and a new target set for Inclusion Experience

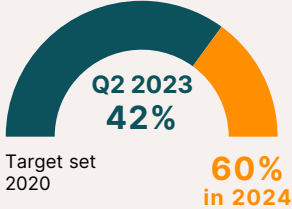
Environmental



Net sales from circular products and services



Emissions from own operations (Scope 1 & 2)*

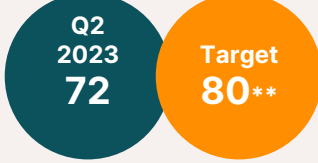


% suppliers by spend have science-based targets

Social



Zero harm with zero LTAF (Lost time accident frequency)



Inclusion Experience within the top 10% of global high-performing companies

* The company also has a target to reduce greenhouse gas emissions from transportation and distribution (Scope 3) by 30% from a 2018 base year by 2030. Progress in this target is reported once a year.
 **the score is updated every six months with the latest data and might change depending on how the global benchmark develops



Other highlights of the second quarter



Creating ownership culture: First enrollment period in employee share savings plan MyFiskars – close to 13% of all employees globally have signed up



Moomin Arabia entered home with bedroom and bathroom textiles



Wedgwood launched its new creative vision and a collaboration with Charles Jeffrey LOVERBOY



Coming soon:
Fiskars LAB



Guidance for 2023

(updated on July 5, 2023)

Fiskars expects comparable EBIT to be in the range of EUR 120-130 million (2022: EUR 151.0 million).

Assumptions behind the guidance

- continued volatility of the market environment; low consumer confidence and retailer focus on inventory management affecting demand and sales negatively
- investments into key strategic building blocks
- + savings from the targeted organizational changes from H2 onward and prudent cost management

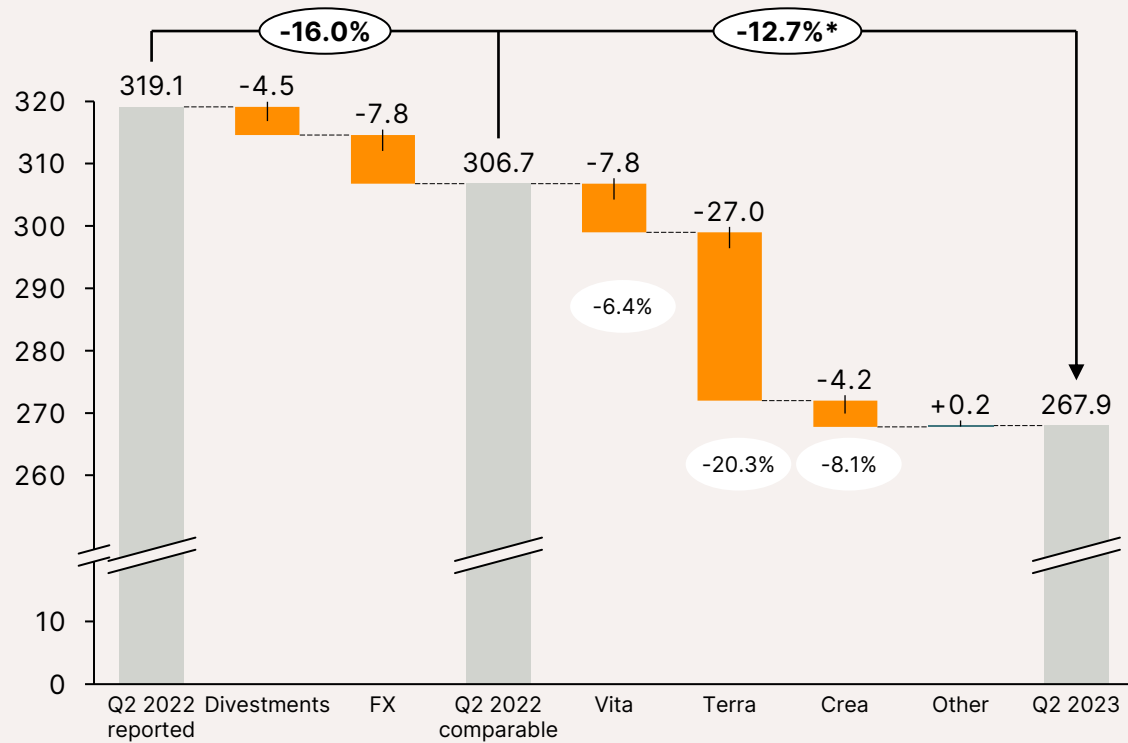


◆ Q2 2023 Financials

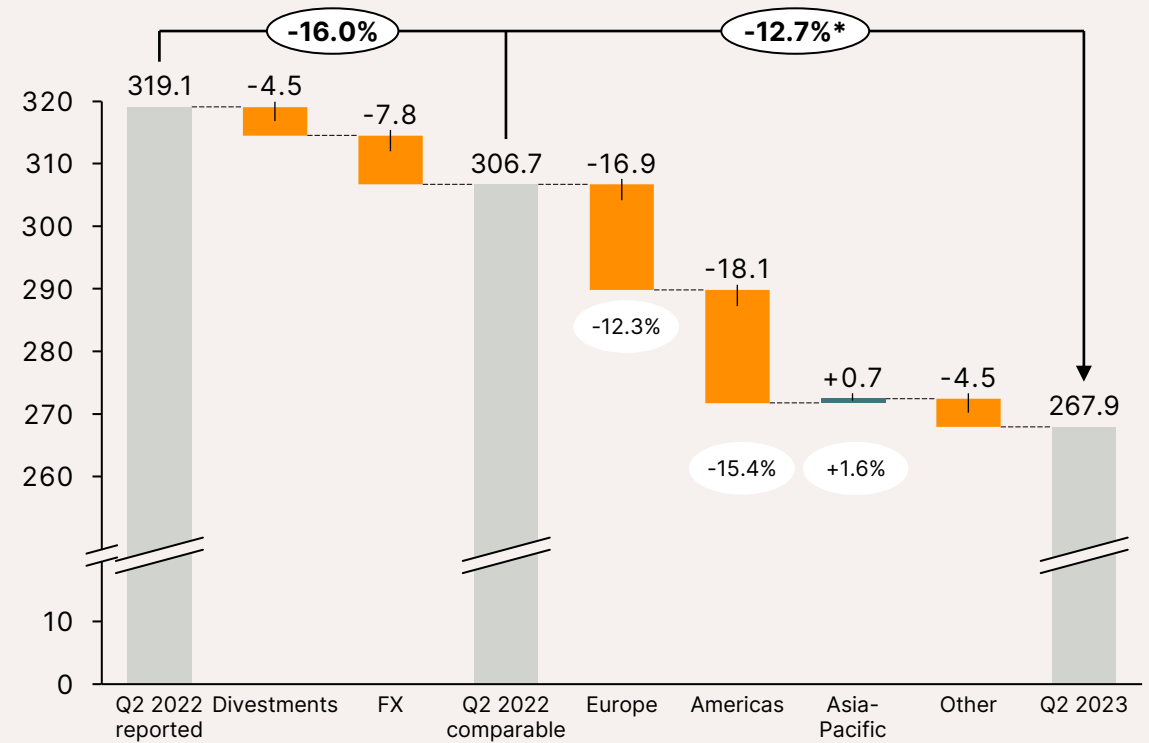


Q2 Net sales decline driven by Terra

Q2 2023 NET SALES BRIDGE BY BUSINESS AREAS, EUR MILLION



Q2 2023 NET SALES BRIDGE BY GEOGRAPHICAL AREAS, EUR MILLION

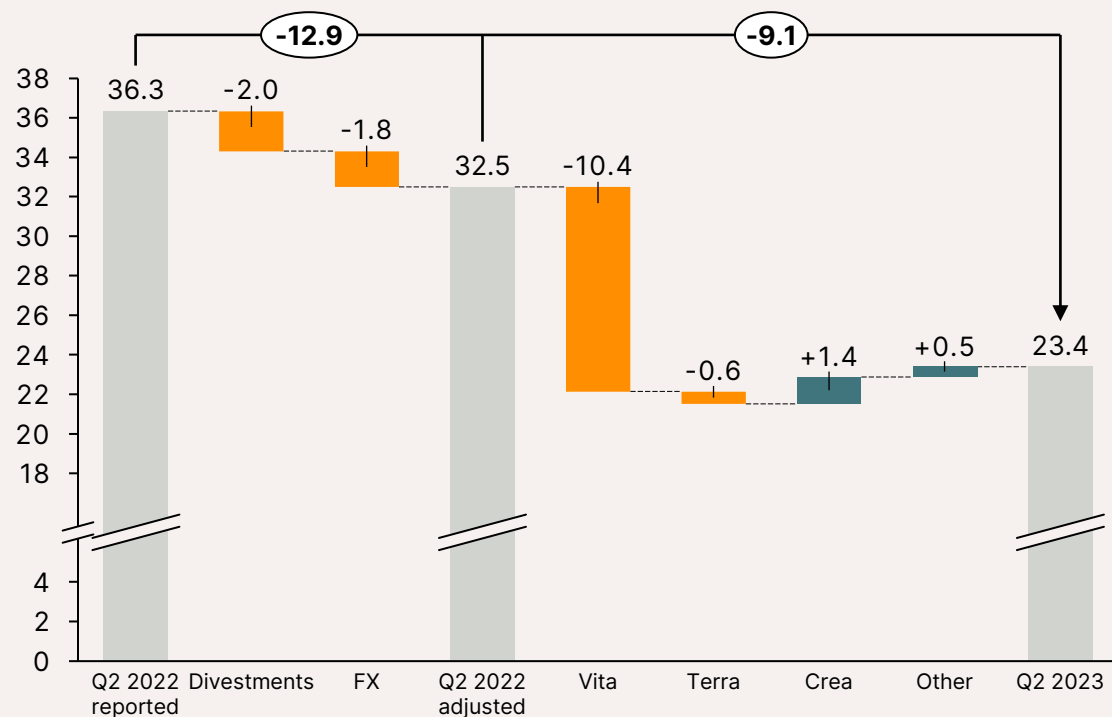


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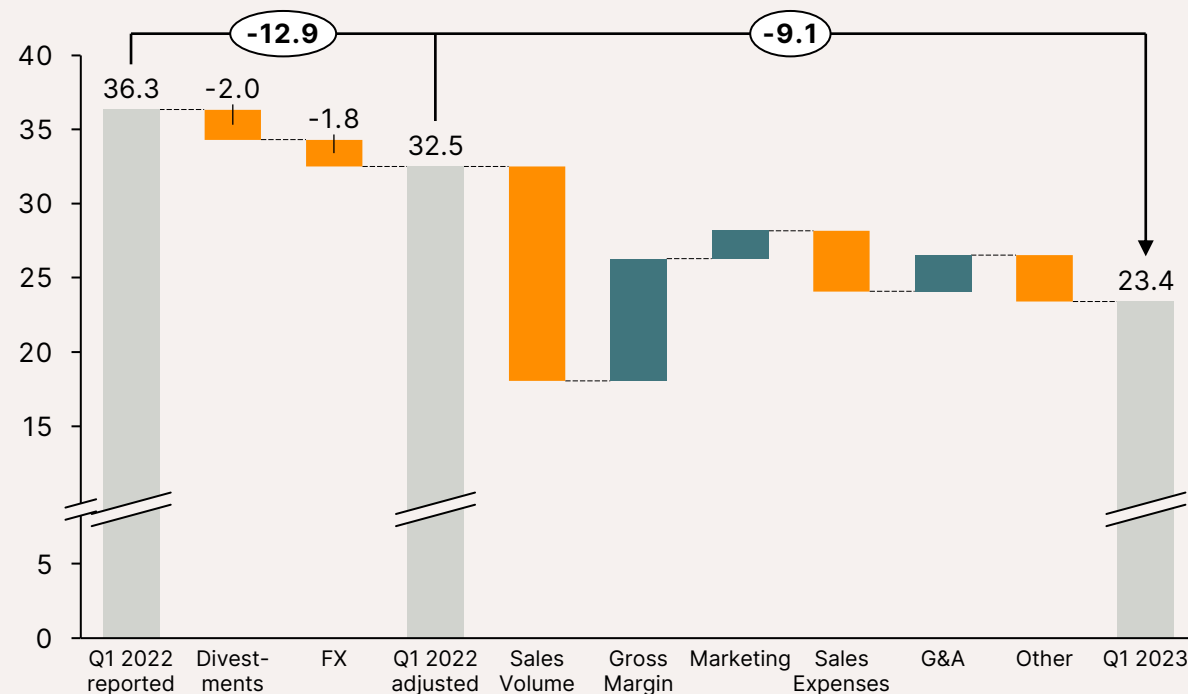


Q2 Comparable EBIT declined due to volumes, gross margin improved clearly

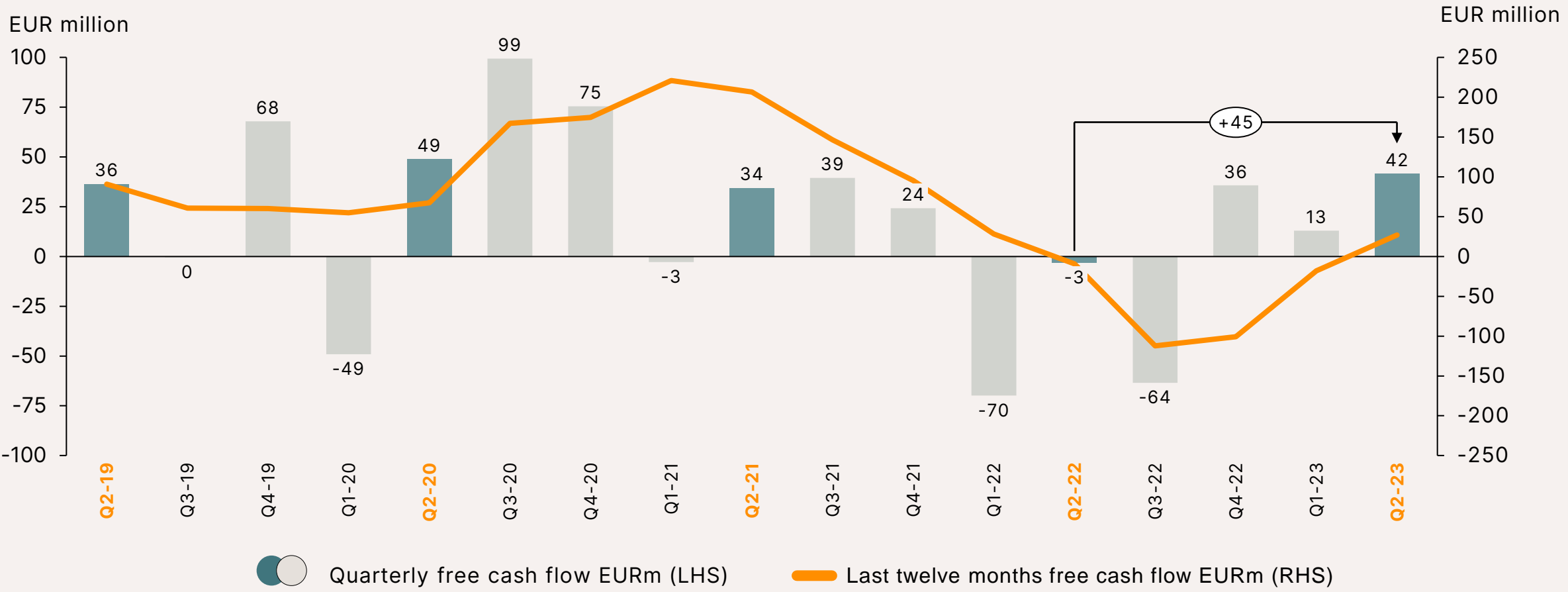
Q2 2023 EBIT BRIDGE BY BUSINESS AREAS, EUR MILLION



Q2 2023 EBIT BRIDGE BY COMPONENTS, EUR MILLION

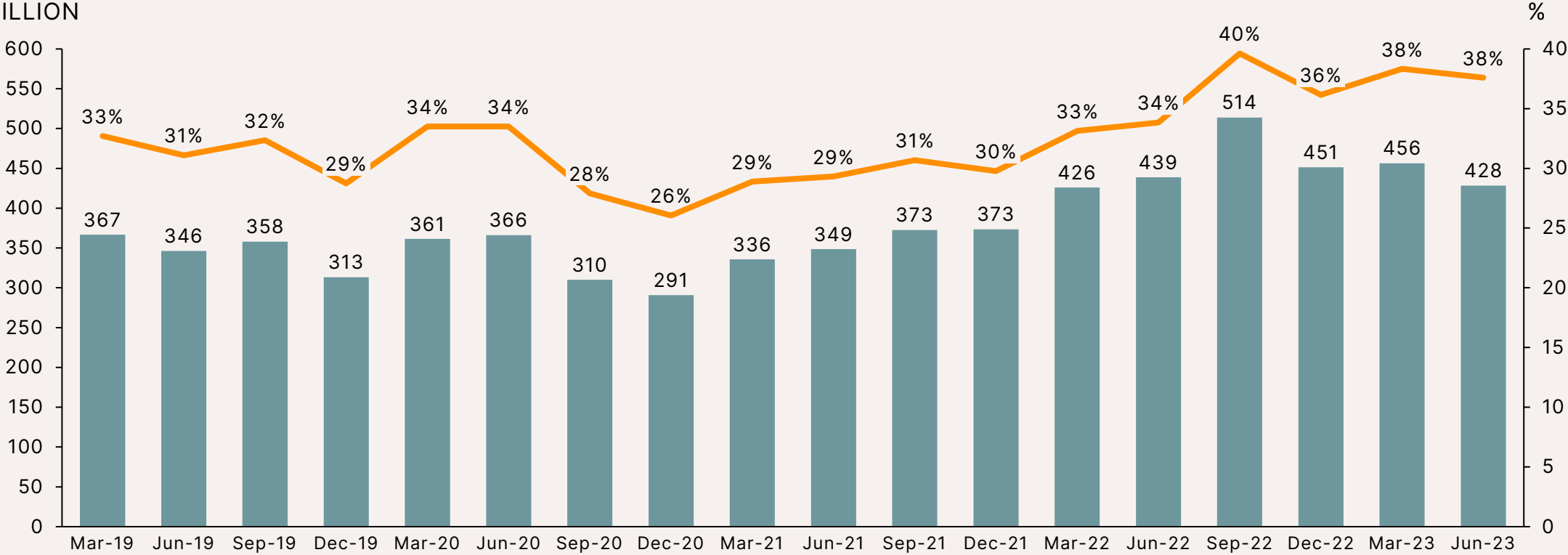


Q2 Cash flow increased significantly driven by continued actions to adjust supply volumes



Trade Working Capital reduced by EUR 23 million vs. year-end driven by Terra inventories

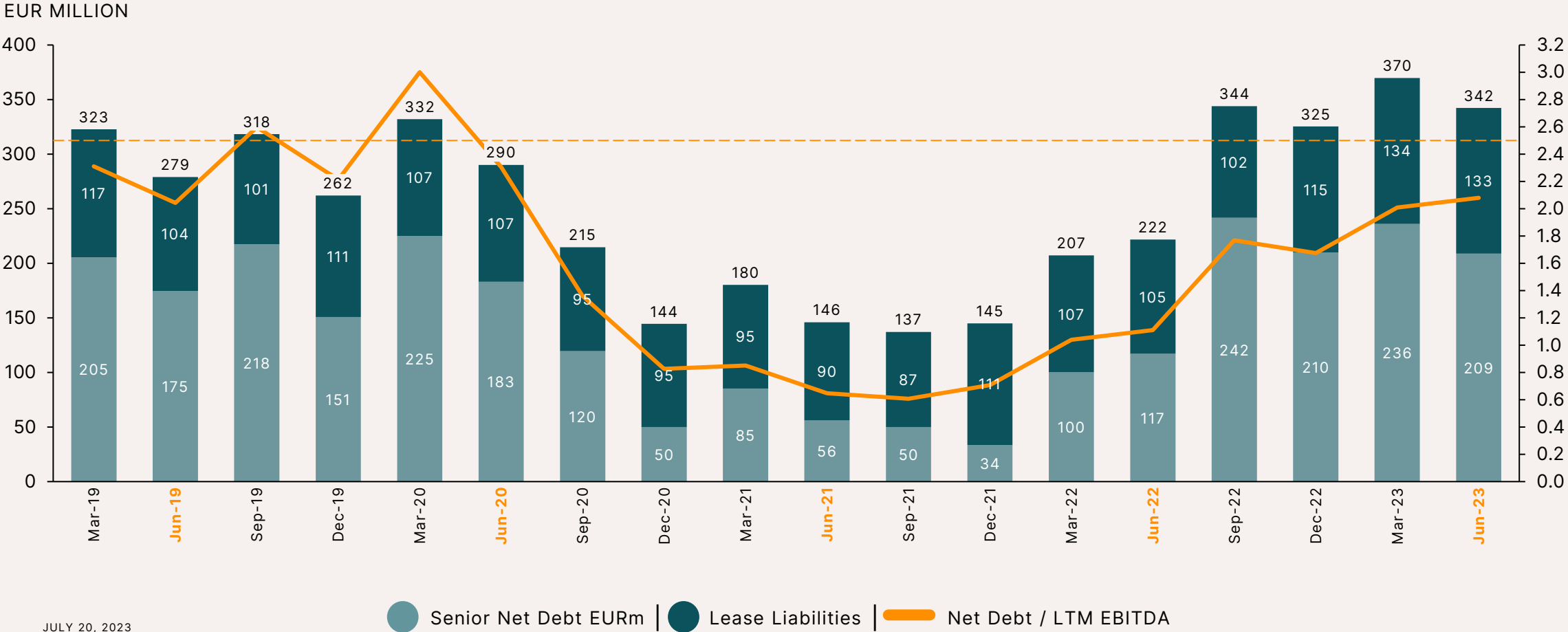
EUR MILLION



	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
Inventories	234.2	240.9	246.5	232.1	241.1	214.6	205.3	207.4	219.9	247.1	277.9	306.3	272.5	368.7	397.6	364.7	347.1	311.7
Trade Rec's	197.0	173.9	164.0	177.4	186.3	221.6	184.4	183.7	220.5	220.3	201.9	206.3	251.1	225.1	209.5	170.5	183.3	176.5
Trade Pbl's	-64.7	-68.6	-52.6	-96.3	-66.2	-69.9	-79.7	-100.2	-104.7	-118.7	-107.2	-139.3	-97.7	-155.0	-93.2	-83.9	-74.1	-59.9
TWC Total	366.5	346.2	357.9	313.3	361.3	366.2	309.9	290.8	335.7	348.6	372.6	373.4	425.8	438.9	513.9	451.3	456.3	428.3



Net debt decreased in Q2 but still above the year-end level due to increased lease liabilities



Capital Employed slightly down from the year-end driven by Trade Working Capital reduction. ROCE down due to both declined profitability and asset efficiency.

Capital Employed (EURm)

	<u>30.06.22</u>	<u>31.12.22</u>	<u>30.06.23</u>
GW and other intangible	497	500	502
PPE and biological assets	195	193	196
Capitalised leases (ROU)	99	111	127
Non-Current Assets	791	803	825
Inventories	369	365	312
Trade receivables	225	170	177
Trade payables	-155	-84	-60
Trade Working Capital	439	451	428
Other int-free receivables	47	55	55
Other int-free payables	-274	-203	-214
Operating Capital	1,003	1,107	1,095
Net tax liabilities	-10	3	-4
Capital Employed	993	1,109	1,091

Funding (EURm)

	<u>30.06.22</u>	<u>31.12.22</u>	<u>30.06.23</u>
Equity	818	824	789
Interest-bearing debt	191	326	251
Lease liabilities	105	115	133
Cash	-74	-116	-42
Net Debt	222	325	342
Financial assets	-46	-40	-41
Financing Total	993	1,109	1,091

Balance Sheet KPI's

	<u>30.06.22</u>	<u>31.12.22</u>	<u>30.06.23</u>
Comparable EBIT margin (LTM)	11.9%	12.1%	10.3%
Capital turnover (average)	1.40	1.22	1.09
ROCE % (LTM)	16.6%	14.8%	11.3%
Cash conversion (LTM)	Negat.	Negat.	40%
Net debt / EBITDA (LTM)	1.11	1.66	2.08
Net debt / equity	27%	39%	43%



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

FINANCIAL TARGETS TRACKING

KPI	TARGET		FY 2021		FY 2022		LTM JUNE 2023
NET SALES	Organic, FX neutral Mid-Single-Digit growth	✓	14.2%	✗	1.7%	✗	-6.3%
EBIT	Mid-teen EBIT margin (excl. IAC) by end of 2025	✓	12.3%	≈	12.1%	✗	10.3%
CASH FLOW	Free Cash Flow / Net Profit ≥ 80%	✓	109%	✗	Neg.	≈	40%
BALANCE SHEET	Net Debt / LTM EBITDA ≤ 2.5X	✓	0.7X	✓	1.7X	✓	2.08X





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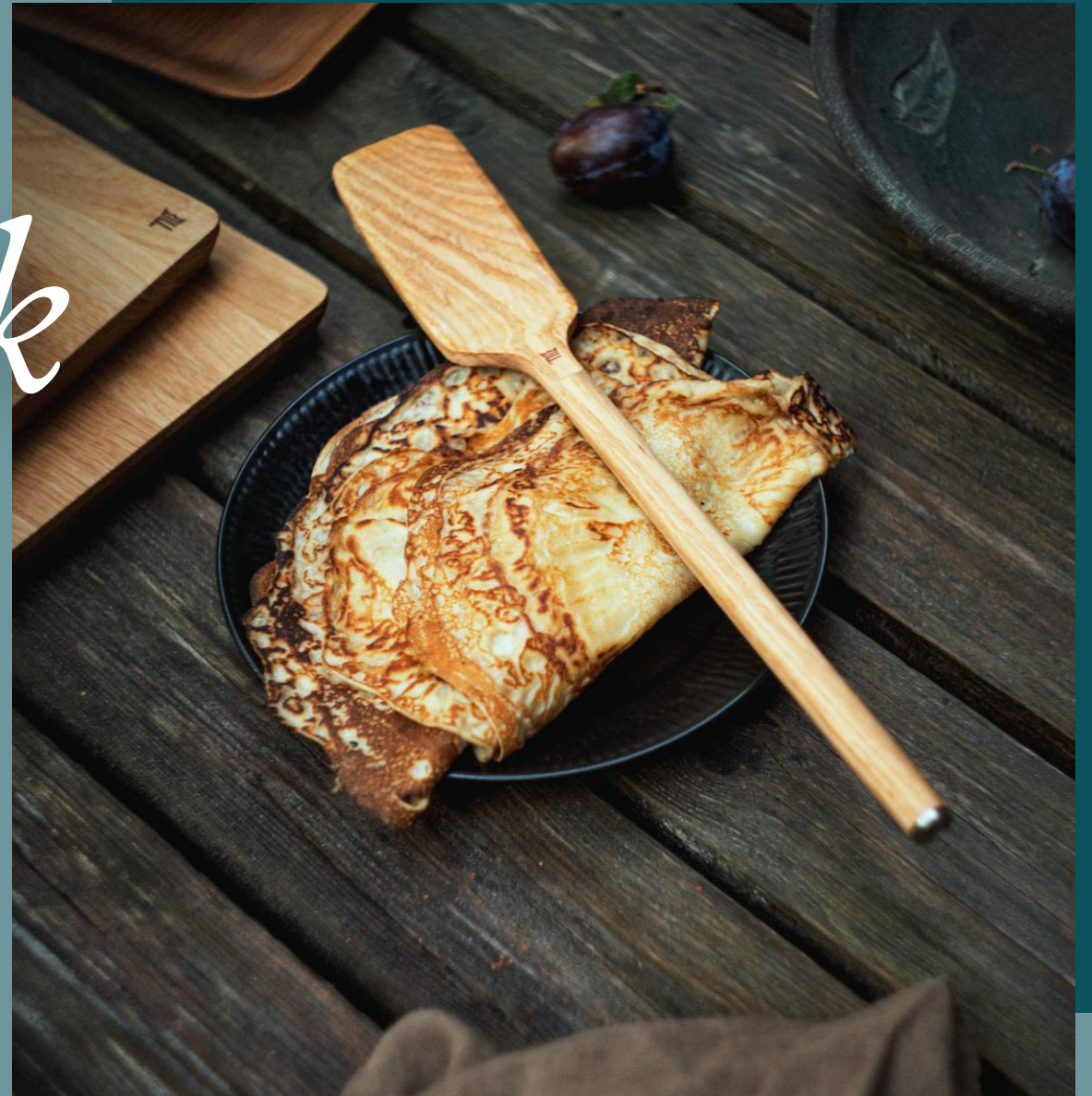
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Fiskars Group 2023



*Thank
you!*



JULY 20, 2023



Appendix

Consolidated Q2/H1 2023 income statement

Q2/H1 P&L KEY FIGURES, EUR MILLION

	Q2		H1	
	2023	2022	2023	2022
Net sales	267.9	319.1	542.8	651.7
Comparable gross profit	125.4	138.5	253.0	290.1
Sales and marketing	-69.3	-71.3	-130.0	-135.0
Research and development	-4.8	-5.2	-10.4	-10.2
General admin	-28.2	-29.2	-58.9	-59.8
Other income/expenses, net	0.4	3.5	1.0	3.1
Comparable EBIT	23.4	36.3	54.7	88.1
Items affecting comparability	-1.2	3.2	-3.5	-7.2
EBIT	22.2	39.5	51.2	80.9
Profit for the period	12.6	33.5	33.1	64.9
Comparable Gross Margin	46.8%	43.4%	46.6%	44.5%
Comparable EBIT Margin	8.7%	11.4%	10.1%	13.5%

Key Takeaways

Gross margin +340bps (Q2), and +210bps (H1) vs. LY

- +160bps organically in H1

Operational expenses down EUR 3.3m (Q2), and EUR 5.7m (H1) vs. LY

- Sales and marketing down EUR 2.0m (Q2) and EUR 5.0m (H1)
- SG&A down EUR 1m (Q2) and EUR 0.9m (H1)

Comparable EBIT down EUR 12.9m (Q2) and EUR 33.4m (H1) vs. LY



Q2/H1 2023 Cash flow

Q2 and H1 Cash Flow vs. LY (EURm)

	Q2		H1	
	2023	vs. LY	2023	vs. LY
EBITDA	37	-17	82	-27
Non-cash adjustments	13	+20	2	+16
Cash Flow from operations	51	+3	85	-11
Change in inventories	38	+127	56	+140
Change in trade rec's	-10	-44	-25	-15
Change in trade Pbl's	-14	-71	-23	-39
Change in TWC	13	+12	8	+86
Change in in other int.free items	-8	+25	-14	+43
Change in NWC	6	+37	-6	+129
CAPEX (net)	-10	+3	-20	+2
Operating Cash Flow	46	+43	58	+120
Taxes paid	-4	+2	-3	+8
Free Cash Flow	42	+45	55	+128

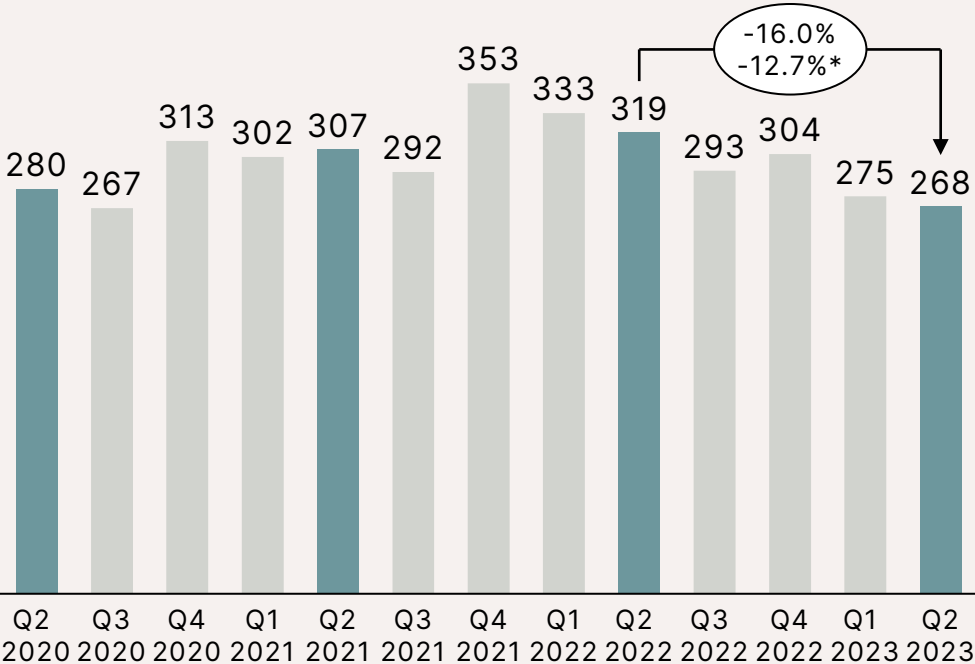
Q2 and H1 Change in Cash vs. LY (EURm)

	Q2		H1	
	2023	vs. LY	2023	vs. LY
Cash Balance period opening	76	+28	116	+84
Translation difference	-1	-5	-1	-6
Free cash flow	42	+45	55	+128
Dividends/ share buy-backs	-0	+7	-32	+9
Financial Items, net	-5	+2	-6	+0
M&A and Divestments	-	-	0	-44
Change in L-T debt	-0	+0	-0	-0
Payments of lease liabilities	-7	-1	-14	+0
Change in other S-T debt	-64	-105	-77	-201
Other non-operational changes	1	-3	2	-2
Cash Balance, period closing	42	-32	42	-32

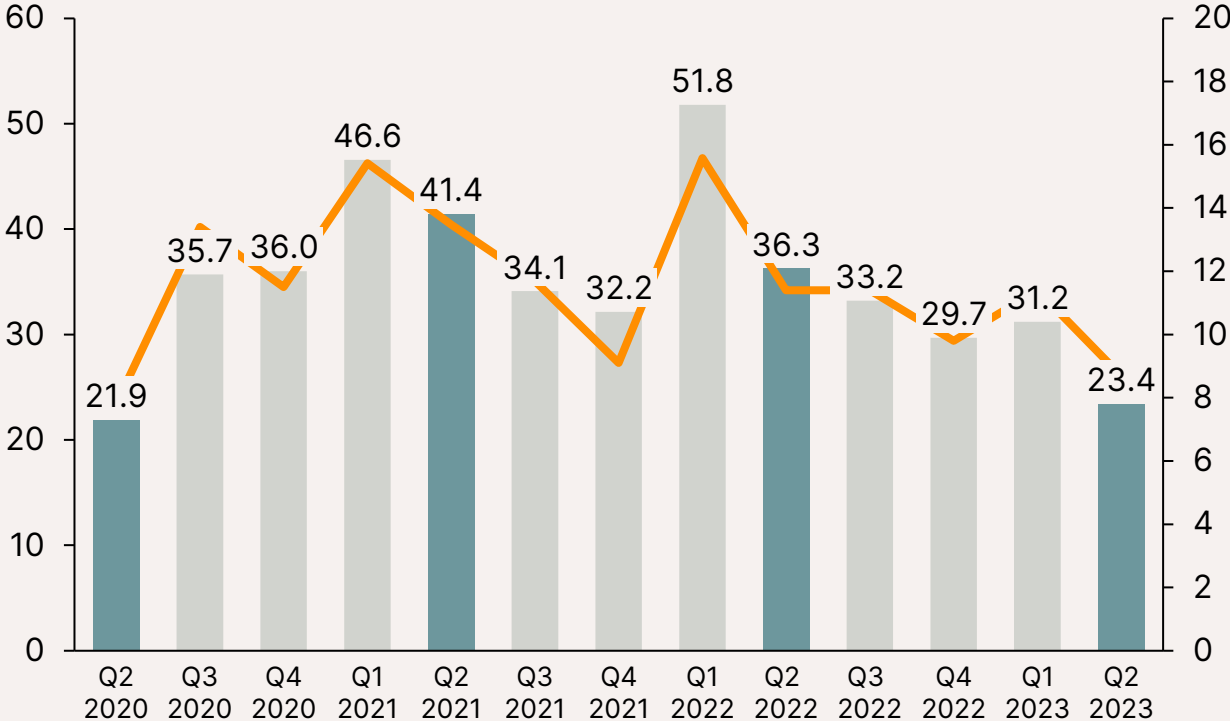


Fiskars Group's quarterly development – last 3 years

NET SALES, EUR MILLION



COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN, %

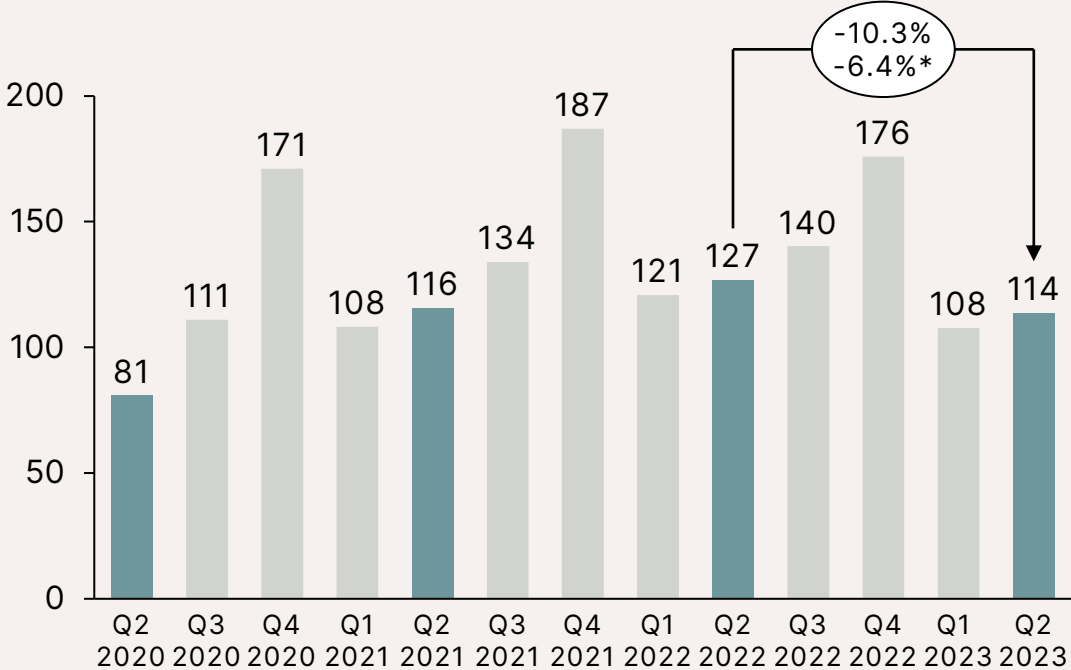


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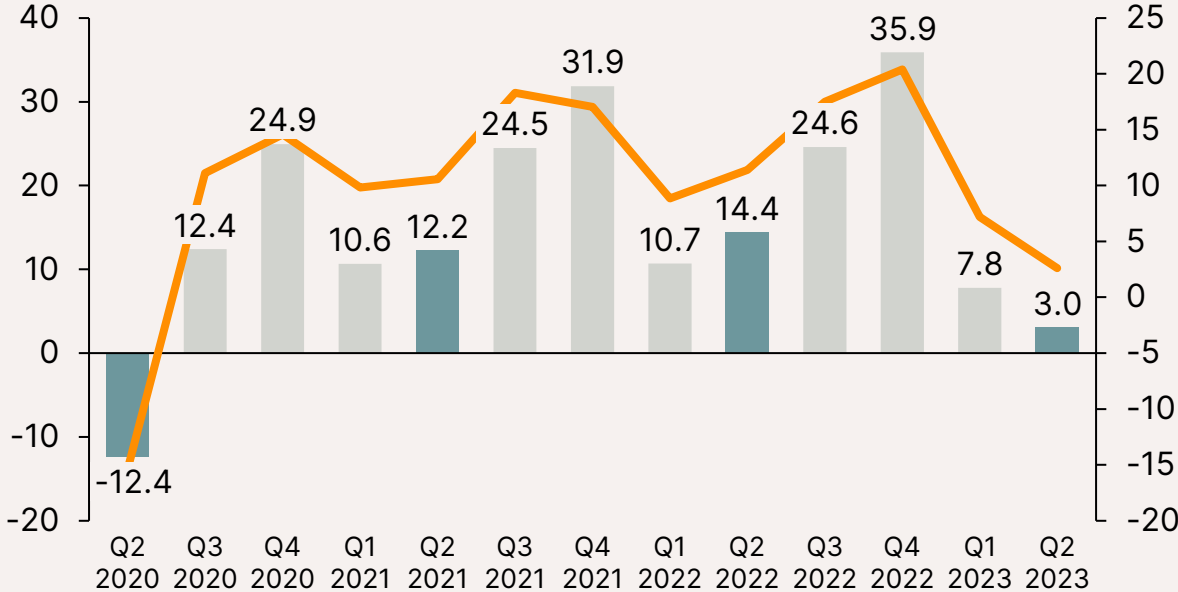


BA Vita's quarterly development – last 3 years

NET SALES, EUR MILLION



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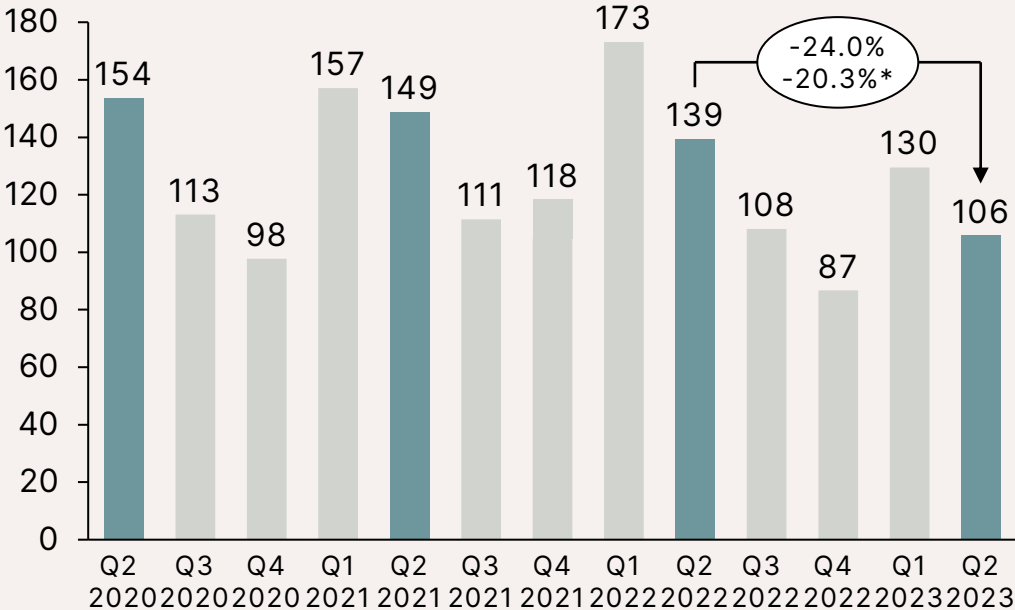


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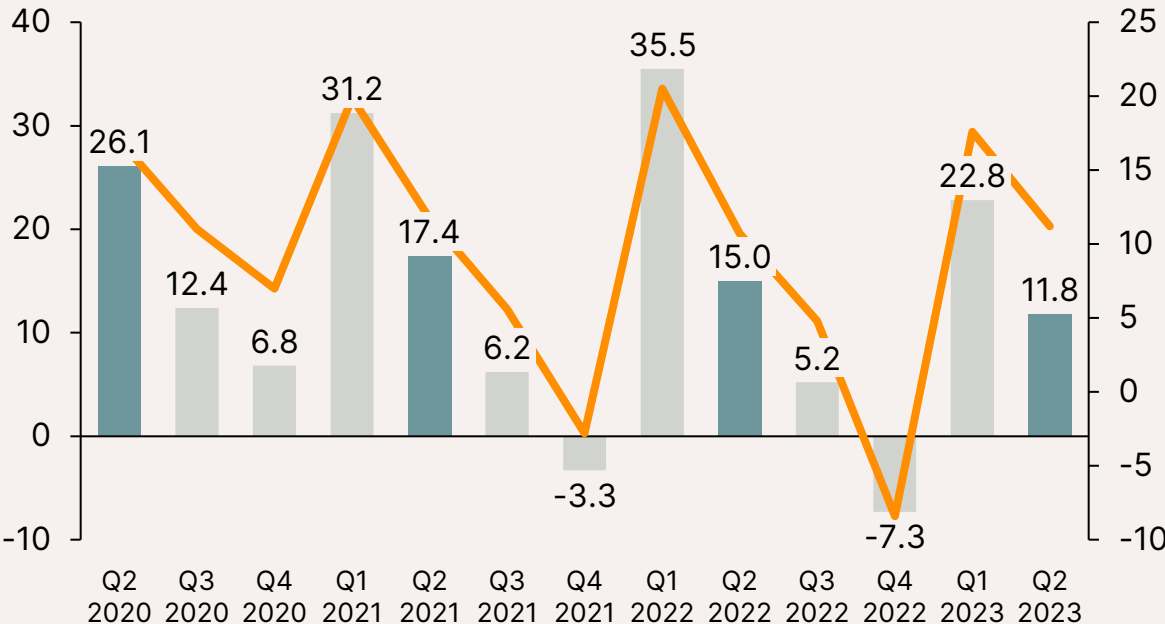


BA Terra's quarterly development – last 3 years

NET SALES, EUR MILLION



COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN, %

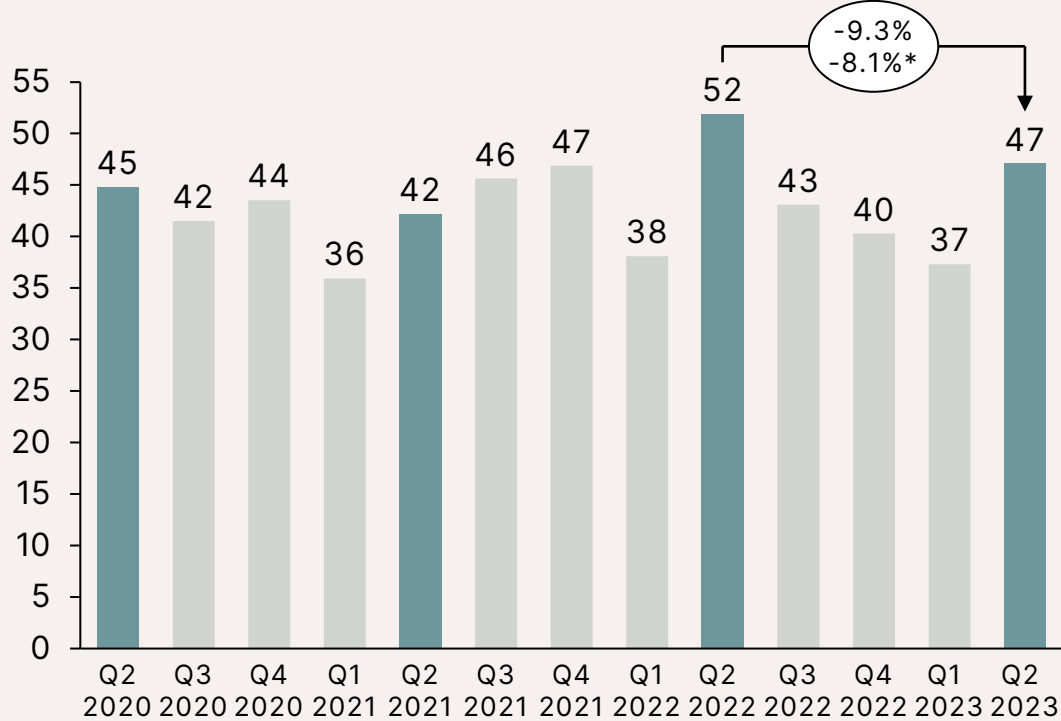


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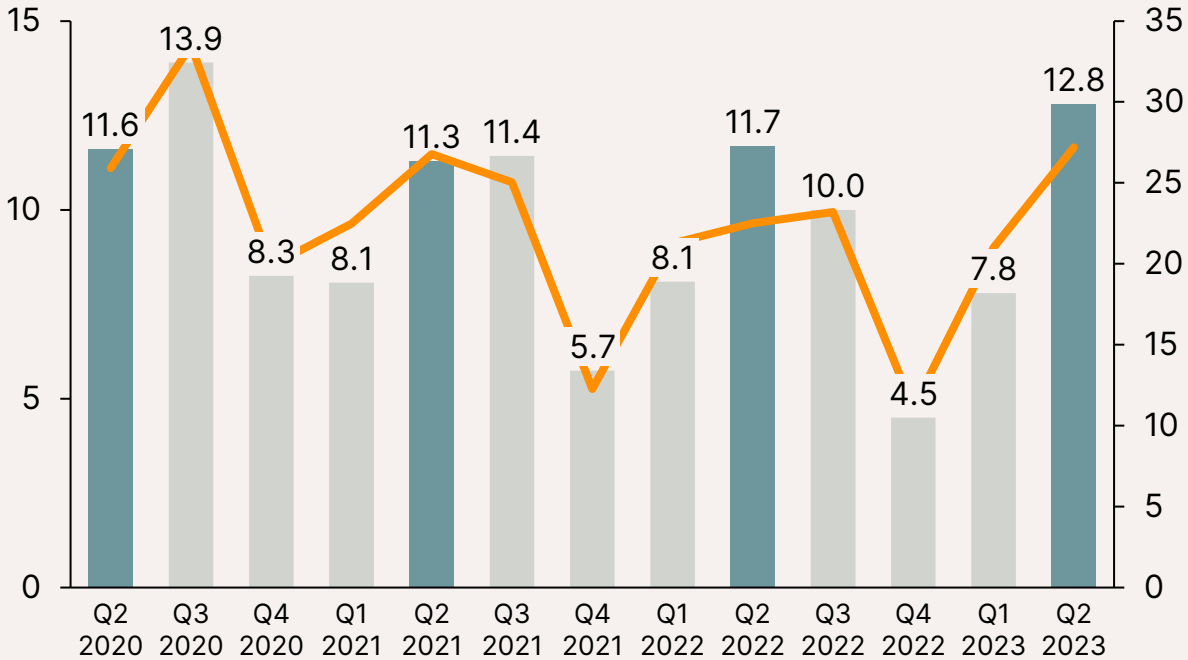


BA Crea's quarterly development – last 3 years

NET SALES, EUR MILLION



COMPARABLE EBIT (EUR MILLION) AND EBIT MARGIN, %



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