



Inside information: Fiskars Group expands its portfolio of luxury brands by acquiring Georg Jensen

Fiskars Corporation

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September 14, 2023, at 08:30. a.m.

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Fiskars Group has signed an agreement with Investcorp to buy the renowned Danish luxury lifestyle brand Georg Jensen by acquiring 100% of the shares of Georg Jensen Investment APS for the debt free, cash free purchase price (enterprise value) of EUR 151.5 million¹. The brand offers iconic products in home and jewellery categories. Having a 120-year heritage and a strong focus on craftsmanship, creativity and design, Georg Jensen fits well in Fiskars Group's luxury home brand portfolio and extends the luxury brands' share of the Group's net sales from 25%² to over one third. In 2022, Georg Jensen's net sales were EUR 158.1 million and EBIT was EUR 14.9 million³.

The transaction will be paid in cash and financed with debt. Enterprise value of EUR 151.5 million represents EV/EBITDA⁴ (LTM) multiples of 9.5x on a stand-alone basis and 4.7x with cost synergies, net of integration costs.

The acquisition supports Fiskars Group's Growth Strategy by expanding the company's luxury home brand portfolio, which already includes the iconic brands of Royal Copenhagen, Waterford and Wedgwood. Furthermore, reuniting the beloved Danish design brands Georg Jensen and Royal Copenhagen offers attractive commercial excellence opportunities. Georg Jensen's position in direct-to-consumer (DTC) channels is strong with over 50% of sales from own retail and e-commerce. In terms of markets, Fiskars Group sees potential to expand the brand's presence in China in particular. Commercial excellence, DTC and China are three of the four transformation levers in Fiskars Group's Growth strategy.

"Being an iconic brand with a strong heritage and focus on pioneering design, Georg Jensen is a perfect fit to Fiskars Group's family of brands both strategically and culturally. We are delighted to welcome Georg Jensen and its employees to Fiskars Group.

With this acquisition, we will reinforce our offering in the luxury home products. At Fiskars Group, we want to build holistic lifestyle brands that surround consumers and Georg Jensen fits this description extremely well. Based on our experience in driving consumer relevance and understanding consumer desire, we see many opportunities to

¹ The enterprise value is defined in USD and amounts to USD 165 million. In this release, it has been converted to EUR based on USD/EUR of 1.0890, and is therefore subject to change based on currency fluctuations and hedging effects.

² Situation in the end of 2022. Includes net sales of Royal Copenhagen, Waterford and Wedgwood brands.

³ Figures converted from DKK to EUR based on average rate in 2022.

⁴ EV/EBITDA excluding IFRS 16 Leases standard impact.

further elevate this renowned lifestyle brand,” describes Nathalie Ahlström, Fiskars Group’s President and CEO.

Closing of the transaction and impact on Fiskars Group’s guidance for 2023

Fiskars Group is expected to consolidate Georg Jensen to its financial reporting, under business area Vita, after the closing of the transaction. Closing of the transaction is expected to be in the beginning of Q4 2023, subject to customary closing conditions.

Fiskars Group’s current guidance for 2023, published 5 July 2023, does not take into account the impact of the now disclosed transaction on the company’s comparable EBIT in 2023. Fiskars Group is conducting a review of Georg Jensen’s accounting policies and will finalize the purchase price allocation only after the transaction is completed. Potential implications on Fiskars Group’s guidance for 2023 will be announced as soon as a reasoned estimate can be made. However, Fiskars Group anticipates its guidance to be negatively affected by the impact of the transaction’s purchase price allocation.

Key transaction details

Enterprise value, financing and financial impact:

The transaction will be paid in cash and financed with debt. Enterprise value of EUR 151.5 million represents EV/EBITDA (LTM) multiples of 9.5x on a stand-alone basis and 4.7x with cost synergies, net of integration costs.

Fiskars Group will finance the transaction with debt and has agreed on bridge financing with Nordea Bank Abp and OP Corporate Bank Plc. The bridge financing will fall due no later than 18 months after the acquisition has been completed. Fiskars Group plans to convert the facility into long-term financing.

On June 30, 2023, Fiskars Group’s net debt was EUR 342.2 million and net debt/EBITDA (last twelve months) ratio was 2.08. The net debt of Fiskars Group will be impacted by the acquisition, but financial ratios are expected to subsequently revert towards target levels. Fiskars Group’s equity ratio is expected to remain solid.

Due to initial expectations of the impact of the purchase price allocation, the transaction is expected to be EPS dilutive in 2023 and 2024. Excluding purchase price allocation and transaction costs, the transaction is expected to be accretive to EPS from closing onwards. In addition, the transaction is expected to have an accretive impact on free cash flow from closing onwards. The company maintains its financial targets regarding organic net sales growth, EBIT margin, Cash Conversion and Net Debt / EBITDA ratio.

Synergies:

The transaction is expected to create significant cost synergies related to, for example, support functions and sourcing. The annual synergies are expected to amount to approximately EUR 18 million, majority of which is expected to be realized by the end of 2025.

Transaction and integration costs:

The expected transaction costs of approximately EUR 5 million will be recorded in Q4 2023 and reported as items affecting comparability. The integration related costs are expected to be EUR 10 million and to be realized in 2024-2026.

Georg Jensen in brief

Georg Jensen is a Danish design brand founded in 1904 by silversmith with the same name. The company offers iconic and contemporary products in Home and Jewellery categories, both representing approximately half of Georg Jensen's revenue. Georg Jensen is headquartered in Copenhagen, Denmark and is present in over 10 countries. Europe is Georg Jensen's largest market, accounting for 52% of revenue in 2022, followed by APAC with 41% and North America with 6%. The company's primary sales channels are wholesale, retail and e-commerce. In 2022, direct-to-consumer channels (own retail and e-commerce) represented over 50% of Georg Jensen's revenue.

Georg Jensen has two own production facilities: one in Copenhagen, Denmark for Silver/Hollowware products and another in Chiang Mai, Thailand for Jewellery products. The company complements its own manufacturing with specialist third-party suppliers, to whom the production of Home products is outsourced.

In 2022, Georg Jensen employed 1,205 employees (FTEs). Georg Jensen employees will become Fiskars Group employees after the closing of the transaction.

Georg Jensen has a shared history with Royal Copenhagen, as they were previously both owned by Royal Scandinavia A/S.

Georg Jensen's key figures

As published in Georg Jensen's Consolidated Financial Statements and Interim Financial Reports, in accordance with IFRS⁵

	Last 12 months (June 2023)	1-6/2023	2022	2021
Revenue, EUR million	153.5	59.3	158.1	149.3
Gross profit, EUR million	94.1	36.0	97.8	92.8
Gross margin	61%	61%	62%	62%
EBITDA, EUR million	26.9	3.7	30.6	31.1
EBITDA margin	18%	6%	19%	21%
EBIT, EUR million	11.5	-4.1	14.9	14.6
EBIT margin	8%	-7%	9%	10%
Net debt, including IFRS 16 leases, EUR million	-	56.3	39.9	39.4
Net debt, EUR million	-	37.4	21.0	10.6
Number of employees (FTEs)	-	-	1,205	1,097
Number of stores	-	96	96	93

⁵ Figures have been converted from DKK to EUR based on average rates for each reporting period.

Advisors

Rothschild & Co. is acting as the sole financial advisor in connection with the transaction.

Webcast for analysts, investors and media

Fiskars Group's President and CEO Nathalie Ahlström and CFO Jussi Siitonen will present the acquisition today, September 14, 2023, at 11:15 a.m. EEST in a live webcast.

The webcast will be held in English and can be followed at <https://fiskars.videosync.fi/info>

An on-demand version of the webcast and the presentation materials will be available on the company website. Personal details gathered during the event will not be used for any other purpose.

FISKARS CORPORATION

Nathalie Ahlström
President & CEO

Images for media use: https://fiskars.emmi.fi/l/7_CNvkzMRSvx

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Fiskars Group in brief

Fiskars Group (FSKRS, Nasdaq Helsinki) is the global home of design-driven brands for indoor and outdoor living. Our brands include Fiskars, Gerber, Iittala, Royal Copenhagen, Moomin Arabia, Waterford, and Wedgwood. Our brands are present in more than 100 countries and we have approximately 350 own stores. We have close to 7,000 employees and our global net sales in 2022 were EUR 1.2 billion.

We are driven by our common purpose: Pioneering design to make the everyday extraordinary. Since 1649, we have designed products of timeless, purposeful, and functional beauty, while driving innovation and sustainable growth.

Read more: fiskarsgroup.com

Important information

This release contains forward-looking statements, including, without limitation, statements regarding Fiskars' strategy, business plans and focus. The words "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "project," "potential," "continue," "target" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Any forward-looking statements in this release are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and important factors that may cause actual events or results to differ materially from those expressed or implied by any forward-looking statements contained in this release, including, without limitation, any related to Fiskars' business, operations, strategy, goals, acquisition synergies and anticipated timelines and competition from other companies. Fiskars cautions you not to place undue reliance on

any forward-looking statements, which speak only as of the date they are made. Any forward-looking statements contained in this release represent Fiskars' views only as of the date hereof and should not be relied upon as representing its views as of any subsequent date.



This release also includes estimates relating to the synergy benefits expected to arise from the transaction and the combination of the business operations of Fiskars and Georg Jensen as well as the related integration costs, which have been prepared by Fiskars and are based on a number of assumptions and judgments. The assumptions relating to the estimated synergy benefits and related integration costs are inherently uncertain and are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause the actual synergy benefits, if any, from the transaction and the combination of the business operations and related integration costs to differ materially from the estimates in this release. Furthermore, there can be no certainty that the transaction will be completed in the manner and timeframe described in this release, or at all.