

Fiskars

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Odotuksia parempaa vastatuulista huolimatta” published on 07/28/2022 at 6:45 pm.

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Better than expected performance in the face of headwinds

Despite several negative factors, Fiskars was able to grow its comparable net sales by almost 8% in Q2, exceeding expectations. This, together with a margin level that weakened less than expected, resulted in a better-than-expected comparable EBIT. However, as expected, the result was weaker than in the previous year. Fiskars maintained its guidance and continues to expect full-year adjusted EBIT to improve from last year. We raised our estimates for the current year. If the company achieves at least the EBIT level of last year, we think the stock seems attractive. With our revised estimates, EV/EBIT is about 10x. We reiterate our Accumulate recommendation and our EUR 20 target price for Fiskars.

Q2 well above our expectations, even though the result fell year-on-year

Fiskars' Q2 net sales grew by 4% and comparable net sales by almost 8%. In the Vita division, we had expected growth, but the good comparable growth in both Terra (+5.5%) and Crea (+15%) came as a surprise. In particular, Terra's performance is strong, considering the weakening consumer demand and the late spring in the US. On the bottom line, both Vita and Terra managed to perform well above our expectations and the group's comparable EBIT was EUR 36 million. This was well above both our forecast of EUR 24 million and the consensus of EUR 33 million, but still below last year's very strong level of EUR 41 million. The result was supported not only by growth but also by a successful response to cost inflation, although the full impact of these measures won't be felt before H2. Fiskars' comparable EBIT in Q2'19 was only EUR 13 million, so the company is in clearly a stronger shape than before COVID.

Guidance on improving full-year EBIT unchanged

Fiskars maintained its guidance and expects comparable EBIT to increase from the 2021 level (154 MEUR) this year. However, Fiskars notes that consumer confidence has fallen in many of its key markets, which may affect demand in the second half of the year. H1'22 comparable operating profit was at last year's level (88 MEUR), so H2 result will have to improve year-on-year for the company to reach the guidance. Our updated estimate for comparable EBIT is EUR 162 million. In other words, we expect a slight increase from last year. However, we wouldn't be surprised to see the guidance reduced to, for example, "at last year's level", even though the performance in H1 has been promising.

Valuation is favorable if earnings remain at least at last year's level

We still consider Fiskars' 2022 valuation to be favorable. Earning-based valuation EV/EBIT: 10x and adjusted P/E: 12.5x) are both clearly below the company's historical levels. We believe that the share price already includes too many negatives considering the company's guidance indicating increasing EBIT, the favorably developing performance and earnings growth estimates in the next few years. If the company achieves at least last year's level of comparable EBIT this year, we think the valuation looks quite attractive. Behind the short-term market challenges, we consider Fiskars' own efforts to improve growth and profitability promising and that they support earnings growth in the coming years.

Recommendation

Accumulate

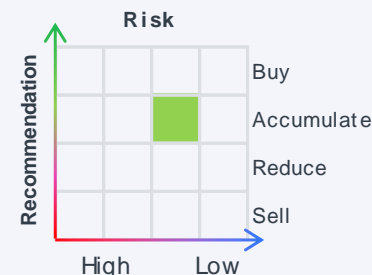
(previous Accumulate)

20.00 EUR

(previous EUR 20.00)

Share price:

18.60



Key figures

| | 2021 | 2022e | 2023e | 2024e |
|--------------------|--------|--------|--------|--------|
| Revenue | 1254 | 1323 | 1359 | 1410 |
| growth-% | 12% | 6% | 3% | 4% |
| EBIT adj. | 154.4 | 161.9 | 168.7 | 182.3 |
| EBIT-% adj. | 12.3 % | 12.2 % | 12.4 % | 12.9 % |
| Net Income | 86.7 | 121.7 | 127.1 | 137.4 |
| EPS (adj.) | 1.21 | 1.58 | 1.56 | 1.69 |

| | | | | |
|-------------------------|-------|-------|-------|-------|
| P/E (adj.) | 19.1 | 11.7 | 11.9 | 11.0 |
| P/B | 2.3 | 1.7 | 1.6 | 1.5 |
| Dividend yield-% | 3.3 % | 4.6 % | 5.2 % | 5.5 % |
| EV/EBIT (adj.) | 12.4 | 9.9 | 9.2 | 8.1 |
| EV/EBITDA | 9.4 | 7.7 | 6.8 | 6.1 |
| EV/S | 1.5 | 1.2 | 1.1 | 1.1 |

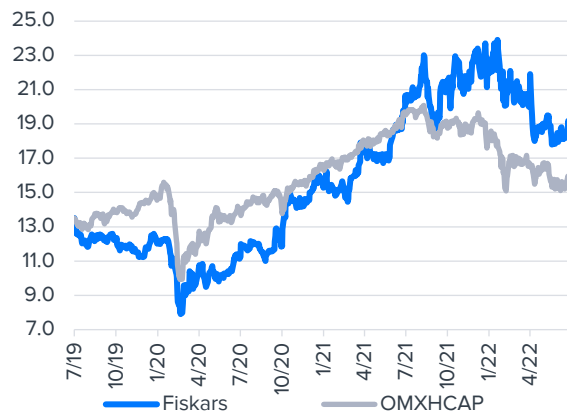
Source: Inderes

Guidance

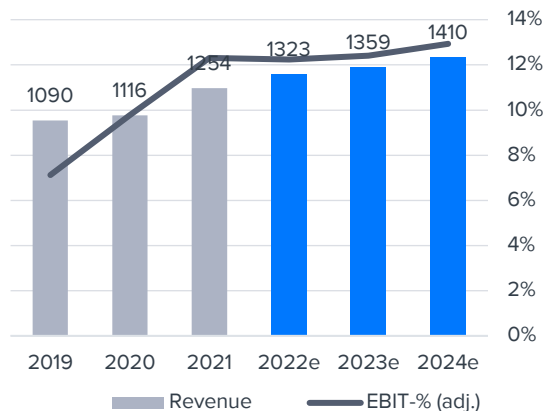
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In 2022, Fiskars expects the group's comparable EBIT to increase (2021: 154.2 MEUR).

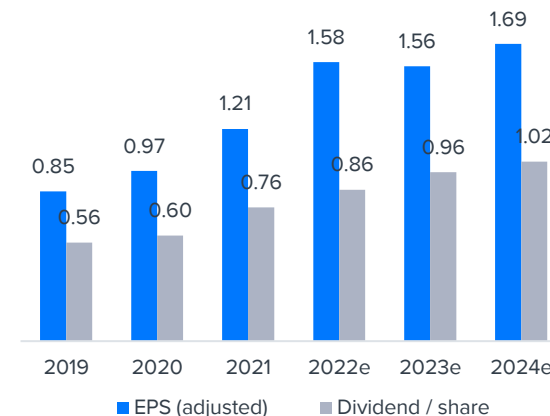
Share price



Revenue and EBIT %



EPS and dividend



Value drivers

- Portfolio's focus on big and most profitable brands
- Organic growth from new markets and/or product categories
- Profitability improvement through sales and channel mix as well as growth and scale
- Earnings improvement through the Vita segment and the group-wide restructuring program
- Strong balance sheet enables inorganic growth



Risk factors

- Shift in consumption from products to services as the home nesting trend slows down
- Weakening of the global economy and consumer confidence
- Rapid transition of the commerce sector to digital channels and increasing price competition
- Unnecessary sprawling and complexity of brand portfolio
- Raw material inflation and challenges in the global logistics chain

| Valuation | 2022e | 2023e | 2024e |
|----------------------------|--------|--------|--------|
| Share price | 18.6 | 18.6 | 18.6 |
| Number of shares, millions | 81.4 | 81.4 | 81.4 |
| Market cap | 1515 | 1515 | 1515 |
| EV | 1609 | 1547 | 1483 |
| P/E (adj.) | 11.7 | 11.9 | 11.0 |
| P/E | 12.4 | 11.9 | 11.0 |
| P/FCF | 30.2 | 11.6 | 10.7 |
| P/B | 1.7 | 1.6 | 1.5 |
| P/S | 1.1 | 1.1 | 1.1 |
| EV/Sales | 1.2 | 1.1 | 1.1 |
| EV/EBITDA | 7.7 | 6.8 | 6.1 |
| EV/EBIT (adj.) | 9.9 | 9.2 | 8.1 |
| Payout ratio (%) | 57.5 % | 61.5 % | 60.5 % |
| Dividend yield-% | 4.6 % | 5.2 % | 5.5 % |

Source: Inderes

Q2 well above our expectations, even though the result fell year-on-year

Comparable net sales developed strongly

Fiskars' Q2 comparable net sales developed strongly, with growth of almost 8%. The divested watering business reduced net sales, reported at 4%. The demand for giftware was strong as expected, thanks to the wedding season in the US, among other things, which supported the growth of the Vita segment. To our surprise, Terra (+5.5%) also grew very well, considering the cool spring in the US and the general decline in consumer confidence. The 15% growth in the Crea segment was also well above our expectations. According to Fiskars, consumer sales of Terra's products in Europe have been good up to now, and it's not a question of increased retail inventories. In the US, however, distributors' inventories are high due to weak demand caused by the cool spring.

As expected, the result was down year-on-year, but exceeded expectations

On the bottom line, both Vita and Terra managed to perform well above our expectations and the group's comparable EBIT was EUR 36.5 million. This was well above both our forecast of EUR 24 million and the consensus of EUR 32.5 million, but still below last year's very strong level of EUR 41 million. Fiskars' comparable EBIT in Q2'19 was only EUR 13 million, so the company is in clearly a stronger shape than before COVID. We believe that the good Q2 result also demonstrates Fiskars' ability to manage rising costs, although actions in this regard (price increases, operational efficiencies) will only become more visible in the second half of the year. Fiskars estimates that in Q2 it was able to offset about half of the cost pressures and the rest is reflected in the margin that's weaker than last year. This resulted in a

2.2 percentage point decrease in comparable gross margin. The reported gross margin improved slightly due to the divestment of the irrigation business.

Cash flow remains a weak spot

Cash flow was weak in both Q2 and H1, mainly due to a large increase in inventories. This is due both to Fiskars' desire to ensure its delivery capacity and cost inflation. Fiskars aims to reduce inventory levels during H2'22, but in some cases, it may have to maintain higher than normal inventory levels in the future. In Europe, Fiskars has production facilities that use natural gas. Ensuring the availability of these products is one of the reasons for excess inventories. Due to weak cash flow, the company's debt has increased, but remains very moderate with a net debt/EBITDA ratio of 1.1x. This is well below the company's own goal to keep the multiple below 2.5x.

| Estimates | Q2'21 | Q2'22 | Q2'22e | Q2'22e | Consensus | | Difference (%) | 2022e |
|------------------|------------|------------|---------|-----------|-----------|------|------------------|---------|
| MEUR / EUR | Comparator | Actualized | Inderes | Consensus | Low | High | Act. vs. Inderes | Inderes |
| Revenue | 307 | 319 | 284 | 296 | | | 12% | 1323 |
| EBIT (adj.) | 41.4 | 36.3 | 23.6 | 32.5 | | | 53% | 162 |
| EBIT | 38.5 | 39.5 | 23.6 | 32.5 | | | 67% | 155 |
| EPS (reported) | 0.38 | 0.41 | 0.22 | 0.30 | | | 87% | 1.50 |
| | | | | | | | | |
| Revenue growth-% | 9.7 % | 3.8 % | -7.6 % | -3.8 % | | | 11.5 pp | 5.5 % |
| EBIT-% (adj.) | 13.5 % | 11.4 % | 8.3 % | 11.0 % | - | | 3 pp | 12.2 % |

Source: Inderes & Bloomberg (consensus)

Guidance on improving full-year EBIT unchanged

Positive guidance unchanged

Fiskars maintained its guidance and expects comparable EBIT to increase this year from the 2021 level (154 MEUR). However, Fiskars notes that consumer confidence has fallen in many of its key markets, which may affect demand in the second half of the year. However, we note that Fiskars already has known orders for at least Q3 and partly for Q4, so its visibility for the rest of the year is reasonable at this stage of the year. Fiskars' price increases and efficiency measures are also more strongly reflected in H2 than in Q2 figures, which should support the company's profitability and result.

H1'22 comparable operating profit was at last year's level (88 MEUR), so H2 result will have to improve year-on-year for the company to reach the guidance. Our updated estimate for comparable EBIT is EUR

162 million. In other words, we expect a slight increase from last year. However, we wouldn't be surprised to see the guidance reduced to, for example, "last year's level", even though the performance in H1 has been promising.

Estimates increased, especially for this year

As the actual Q2 figures were well above our expectations, and we saw little reason to change our H2 forecasts, our full-year 2022 forecasts were raised by around 6% for comparable EBIT. Our 2023-24 forecasts also increased slightly, mainly due to the impact of a stronger USD, which bolsters the figures that are reported in euros. This is particularly evident in the Terra and Crea segments where the US accounts for a large share of sales.

Fiskars has slightly more purchases than sales in USD, so in the longer term a strong USD will have a

negative impact on the company. However, the company has hedged these USD purchases for about a year ahead, and we believe that during this time it will be able to take compensatory action. As a result, the stronger USD doesn't have a direct positive impact on earnings, unlike on net sales.

| Estimate revisions | 2022e | 2022e | Change | 2023e | 2023e | Change | 2024e | 2024e | Change |
|--------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| MEUR / EUR | Old | New | % | Old | New | % | Old | New | % |
| Revenue | 1279 | 1323 | 3% | 1320 | 1359 | 3% | 1369 | 1410 | 3% |
| EBIT (exc. NRIs) | 153 | 162 | 6% | 166 | 169 | 2% | 180 | 182 | 1% |
| EBIT | 142 | 155 | 9% | 166 | 169 | 2% | 180 | 182 | 1% |
| EPS (excl. NRIs) | 1.45 | 1.58 | 10% | 1.54 | 1.56 | 2% | 1.67 | 1.69 | 1% |
| DPS | 0.86 | 0.86 | 0% | 0.96 | 0.96 | 0% | 1.02 | 1.02 | 0% |

Source: Inderes

Valuation is cheap if the earnings level holds

Valuation starting to look favorable

We still consider Fiskars' 2022 valuation to be favorable. Earning-based valuation EV/EBIT: 10x and adjusted P/E: 12.5x) are both clearly below the company's historical levels. We believe that the share price already includes too many negatives considering the company's guidance indicating increasing EBIT, the favorably developing performance and earnings growth estimates in the next few years.

Fiskars is valued below its peers

Fiskars' earnings-based valuation is below the international peer group with our 2022 estimates, but the difference narrows with 2023 estimates. Fiskars' peer group limits the upside of the share to some extent because we believe that a clear premium pricing would require more evidence of improved performance and guarantees that the company will be able to produce "intact" earnings in the future without launching new transformation and restructuring programs with significant non-recurring costs, which have marked the last ten years.

The share is cheap if the company gets even close to its targets

We believe that there is permanent upside potential in the valuation multiples if Fiskars can achieve higher growth than in previous (pre-COVID) years. Net sales growth has been challenging in recent years, so especially high valuation multiples have not been accepted for the company. The situation has developed in an encouraging direction, as the company has been able to grow quite rapidly for nine successive quarters (even though this has been boosted by COVID-related demand) and the new

financial targets have been set to a very ambitious level.

We believe the market does not have confidence in Fiskars reaching its financial targets and its ability to build on record-strong years. If the company can convince the market of sustainable growth, we feel there is upside in the earnings-based valuation. We also believe the macro situation is currently depressing Fiskars' valuation. Consumer confidence that is being tested, high cost inflation, and wider consumption possibilities enabled by COVID restrictions being lifted are all factors that concern us in the short term. We feel that the elevated short-term risk factors together with rising interest rates give reason to be weary.

However, the flip side is that Fiskars' share offers a very attractive expected return if the company achieves the financial targets of the current strategy period. If we assume that Fiskars could increase its annual turnover by some 5% from the current level until 2025 and raise its EBIT margin to the targeted 15% level, it would mean net sales of EUR ~1.5 billion, EBIT of EUR ~225 million and EPS of EUR ~2.2. If the company would then be priced at 15x P/E, the calculated value of the share would be EUR 33 in 2025. If Fiskars can meet its own financial targets, we think that the share price is currently very cheap as if the targets are met, the expected return considering the dividend would be over 20% p.a.

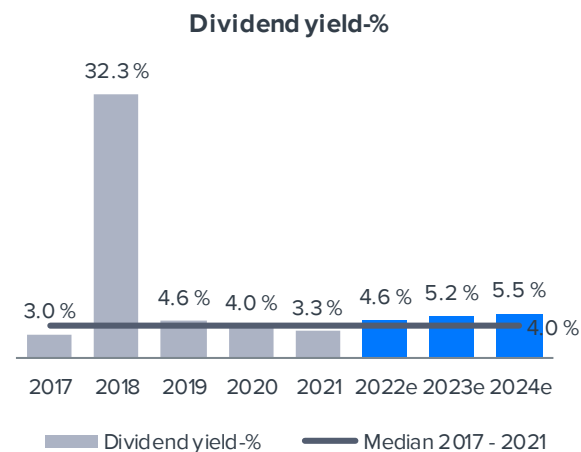
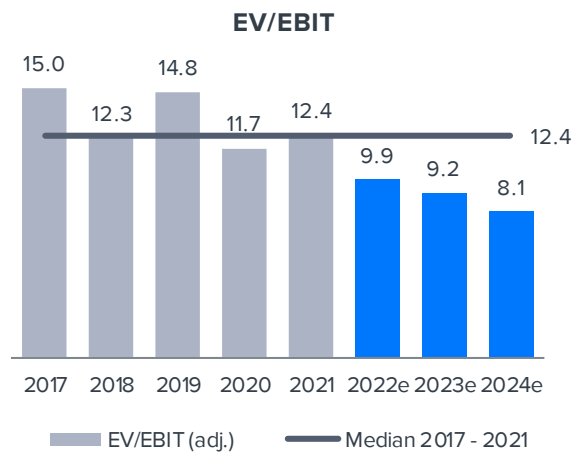
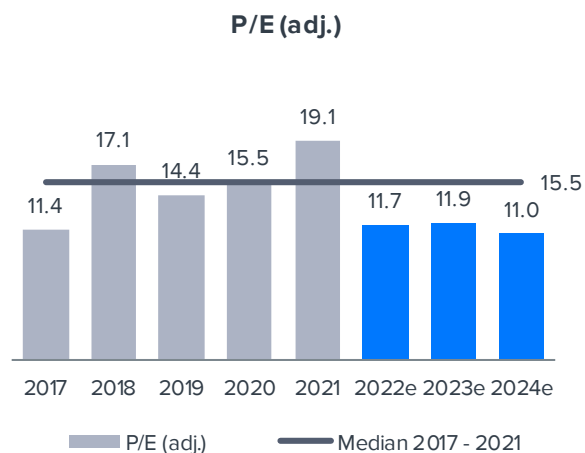
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| P/E | 12.4 | 11.9 | 11.0 |
| P/FCF | 30.2 | 11.6 | 10.7 |
| P/B | 1.7 | 1.6 | 1.5 |
| P/S | 1.1 | 1.1 | 1.1 |
| EV/Sales | 1.2 | 1.1 | 1.1 |
| EV/EBITDA | 7.7 | 6.8 | 6.1 |
| EV/EBIT (adj.) | 9.9 | 9.2 | 8.1 |
| Payout ratio (%) | 57.5 % | 61.5 % | 60.5 % |
| Dividend yield-% | 4.6 % | 5.2 % | 5.5 % |

Source: Inderes

Valuation table

| Valuation | 2017 | 2018 | 2019 | 2020 | 2021 | 2022e | 2023e | 2024e | 2025e |
|----------------------------|--------|---------|--------|--------|--------|--------|--------|--------|--------|
| Share price | 24.0 | 19.0 | 12.2 | 15.0 | 23.0 | 18.6 | 18.6 | 18.6 | 18.6 |
| Number of shares, millions | 81.7 | 81.6 | 81.5 | 81.5 | 81.5 | 81.4 | 81.4 | 81.4 | 81.4 |
| Market cap | 1958 | 1550 | 996 | 1220 | 1874 | 1515 | 1515 | 1515 | 1515 |
| EV | 1559 | 1236 | 1152 | 1276 | 1916 | 1609 | 1547 | 1483 | 1425 |
| P/E (adj.) | 11.4 | 17.1 | 14.4 | 15.5 | 19.1 | 11.7 | 11.9 | 11.0 | 10.6 |
| P/E | 11.8 | 19.0 | 19.3 | 18.0 | 21.6 | 12.4 | 11.9 | 11.0 | 10.6 |
| P/FCF | 12.9 | 24.4 | 28.5 | 6.9 | 24.5 | 30.2 | 11.6 | 10.7 | 10.8 |
| P/B | 1.5 | 1.3 | 1.3 | 1.6 | 2.3 | 1.7 | 1.6 | 1.5 | 1.4 |
| P/S | 1.7 | 1.4 | 0.9 | 1.1 | 1.5 | 1.1 | 1.1 | 1.1 | 1.0 |
| EV/Sales | 1.3 | 1.1 | 1.1 | 1.1 | 1.5 | 1.2 | 1.1 | 1.1 | 1.0 |
| EV/EBITDA | 11.4 | 9.1 | 9.6 | 7.4 | 9.4 | 7.7 | 6.8 | 6.1 | 5.6 |
| EV/EBIT (adj.) | 15.0 | 12.3 | 14.8 | 11.7 | 12.4 | 9.9 | 9.2 | 8.1 | 7.5 |
| Payout ratio (%) | 35.4 % | 613.3 % | 88.4 % | 72.2 % | 71.4 % | 57.5 % | 61.5 % | 60.5 % | 62.6 % |
| Dividend yield-% | 3.0 % | 32.3 % | 4.6 % | 4.0 % | 3.3 % | 4.6 % | 5.2 % | 5.5 % | 5.9 % |

Source: Inderes



Peer group valuation

| Peer group valuation | Market cap | EV | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | | P/B |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|------------------|------------|------------|
| Company | MEUR | MEUR | 2022e | 2023e | 2022e | 2023e | 2022e | 2023e | 2022e | 2023e | 2022e | 2023e | 2022e |
| Duni AB | 450 | 618 | 17.1 | 13.0 | 8.5 | 7.6 | 0.9 | 0.9 | 14.9 | 11.4 | 5.0 | 5.3 | 1.6 |
| Harvia Oyj | 376 | 400 | 10.7 | 9.0 | 9.1 | 7.6 | 2.1 | 1.9 | 13.9 | 12.2 | 3.2 | 3.7 | 3.3 |
| Leifheit AG | 178 | 153 | 41.4 | 10.9 | 13.6 | 7.1 | 0.6 | 0.6 | 79.8 | 17.5 | 2.2 | 3.9 | 1.7 |
| Marimekko Oyj | 526 | 510 | 15.1 | 13.2 | 11.5 | 10.2 | 3.0 | 2.7 | 20.2 | 17.8 | 3.3 | 3.7 | 6.6 |
| Nokian Tyres plc | 1500 | 1573 | 6.9 | 8.7 | 4.6 | 4.6 | 1.0 | 1.0 | 8.3 | 10.1 | 5.1 | 5.1 | 0.8 |
| Orthex Oyj | 112 | 136 | 15.8 | 11.7 | 10.7 | 8.4 | 1.5 | 1.4 | 20.6 | 14.1 | 3.0 | 4.1 | 2.9 |
| Rapala VMC Oyj | 220 | 307 | 19.2 | 10.3 | 11.9 | 7.3 | 1.1 | 1.0 | 22.4 | 12.3 | 1.8 | 3.5 | 1.4 |
| Stanley Black & Decker Inc | 17520 | 28218 | 13.3 | 11.8 | 10.8 | 10.0 | 1.5 | 1.5 | 12.2 | 10.6 | 2.6 | 2.8 | 1.8 |
| Villeroy & Boch AG | 499 | 388 | 4.0 | 3.8 | 2.9 | 2.9 | 0.4 | 0.4 | 7.4 | 7.0 | 6.5 | 6.8 | 1.4 |
| Fiskars (Inderes) | 1515 | 1609 | 9.9 | 9.2 | 7.7 | 6.8 | 1.2 | 1.1 | 11.7 | 11.9 | 4.6 | 5.2 | 1.7 |
| Average | | | 15.9 | 10.3 | 9.3 | 7.3 | 1.3 | 1.3 | 22.2 | 12.5 | 3.6 | 4.3 | 2.4 |
| Median | | | 15.1 | 10.9 | 10.7 | 7.6 | 1.1 | 1.0 | 14.9 | 12.2 | 3.2 | 3.9 | 1.7 |
| Diff-% to median | | | -34% | -16% | -28% | -10% | 11% | 10% | -21% | -2% | 44% | 31% | 5% |

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

| Income statement | 2020 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | 2021 | Q1'22 | Q2'22 | Q3'22e | Q4'22e | 2022e | 2023e | 2024e | 2025e |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|
| Revenue | 1116 | 302 | 307 | 292 | 353 | 1254 | 333 | 319 | 304 | 367 | 1323.4 | 1359 | 1410 | 1449 |
| Vita | 457 | 108 | 116 | 134 | 187 | 545 | 121 | 127 | 142 | 196 | 585.7 | 609 | 634 | 653 |
| Terra | 494 | 157 | 149 | 111 | 118 | 535 | 173 | 139 | 109 | 118 | 539.9 | 543 | 562 | 576 |
| Crea | 162 | 35.9 | 42.2 | 45.6 | 46.9 | 171 | 38.1 | 52.0 | 52.5 | 51.6 | 194.1 | 204 | 211 | 217 |
| Other | 3.8 | 0.9 | 0.8 | 0.9 | 1.2 | 3.8 | 0.7 | 0.9 | 0.9 | 1.2 | 3.7 | 3.8 | 3.8 | 3.8 |
| EBITDA | 173 | 61.1 | 53.2 | 50.5 | 39.4 | 204 | 56.5 | 54.4 | 47.0 | 50.2 | 208.1 | 227 | 245 | 254 |
| Depreciation | -75.3 | -15.2 | -14.7 | -15.8 | -15.6 | -61.3 | -15.1 | -14.9 | -11.7 | -11.7 | -53.4 | -58.4 | -62.8 | -64.3 |
| EBIT (excl. NRI) | 109 | 46.6 | 41.4 | 34.1 | 32.3 | 154 | 51.8 | 36.3 | 35.3 | 38.5 | 162 | 169 | 182 | 190 |
| EBIT | 98.1 | 45.9 | 38.5 | 34.7 | 23.8 | 143 | 41.4 | 39.5 | 35.3 | 38.5 | 155 | 169 | 182 | 190 |
| Vita | 11.9 | 10.1 | 9.9 | 25.2 | 24.2 | 69.4 | 10.7 | 14.1 | 21.3 | 31.4 | 77.5 | 79.2 | 83.6 | 88.1 |
| Terra | 60.8 | 31.2 | 17.3 | 6.3 | -3.9 | 50.9 | 35.5 | 9.9 | 5.5 | 0.6 | 51.5 | 59.7 | 67.4 | 69.1 |
| Crea | 38.5 | 8.1 | 11.2 | 11.4 | 5.6 | 36.3 | 8.1 | 11.6 | 11.5 | 9.3 | 40.5 | 42.8 | 44.3 | 45.6 |
| Other | -13.1 | -3.5 | 0.1 | -8.2 | -2.2 | -13.8 | -2.4 | -6.6 | -3.0 | -2.8 | -14.8 | -13.0 | -13.0 | -13.0 |
| Net financial items | -8.9 | -4.3 | 1.4 | 2.8 | 0.1 | 0.0 | 0.7 | -0.8 | 0.5 | 0.5 | 0.9 | 2.0 | 2.1 | 2.1 |
| PTP | 89.9 | 41.9 | 40.4 | 37.9 | 24.1 | 144 | 42.6 | 39.3 | 35.8 | 39.0 | 156.7 | 171 | 184 | 192 |
| Taxes | -21.3 | -33.7 | -9.0 | -8.0 | -5.8 | -56.5 | -11.2 | -5.8 | -8.2 | -9.0 | -34.2 | -42.7 | -46.1 | -48.0 |
| Minority interest | -0.8 | -0.2 | -0.2 | -0.2 | -0.4 | -1.0 | -0.2 | -0.1 | -0.2 | -0.2 | -0.8 | -0.9 | -0.9 | -0.9 |
| Net earnings | 67.7 | 7.9 | 31.2 | 29.7 | 17.9 | 86.7 | 31.2 | 33.4 | 27.3 | 29.8 | 121.7 | 127 | 137 | 143 |
| EPS (adj.) | 0.97 | 0.11 | 0.42 | 0.36 | 0.32 | 1.21 | 0.51 | 0.37 | 0.34 | 0.37 | 1.58 | 1.56 | 1.69 | 1.76 |
| EPS (rep.) | 0.83 | 0.10 | 0.38 | 0.36 | 0.22 | 1.06 | 0.38 | 0.41 | 0.34 | 0.37 | 1.50 | 1.56 | 1.69 | 1.76 |

| Key figures | 2020 | Q1'21 | Q2'21 | Q3'21 | Q4'21 | 2021 | Q1'22 | Q2'22 | Q3'22e | Q4'22e | 2022e | 2023e | 2024e | 2025e |
|-------------------------------|--------|---------|--------|--------|---------|--------|--------|---------|--------|--------|--------|--------|--------|--------|
| Revenue growth-% | 2.4 % | 17.9 % | 9.7 % | 9.4 % | 12.7 % | 12.4 % | 10.1 % | 3.9 % | 4.3 % | 4.0 % | 5.5 % | 2.7 % | 3.7 % | 2.8 % |
| Adjusted EBIT growth-% | 40.5 % | 202.6 % | 88.1 % | -4.6 % | -10.3 % | 41.5 % | 11.1 % | -12.3 % | 3.5 % | 19.4 % | 4.9 % | 4.2 % | 8.1 % | 4.1 % |
| EBITDA-% | 15.5 % | 20.2 % | 17.3 % | 17.3 % | 11.1 % | 16.3 % | 17.0 % | 17.0 % | 15.4 % | 13.7 % | 15.7 % | 16.7 % | 17.4 % | 17.5 % |
| Adjusted EBIT-% | 9.8 % | 15.4 % | 13.5 % | 11.7 % | 9.1 % | 12.3 % | 15.6 % | 11.4 % | 11.6 % | 10.5 % | 12.2 % | 12.4 % | 12.9 % | 13.1 % |
| Net earnings-% | 6.1 % | 2.6 % | 10.2 % | 10.2 % | 5.1 % | 6.9 % | 9.4 % | 10.5 % | 9.0 % | 8.1 % | 9.2 % | 9.3 % | 9.7 % | 9.9 % |

Source: Inderes

Balance sheet

| Assets | 2020 | 2021 | 2022e | 2023e | 2024e |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Non-current assets | 829 | 898 | 920 | 937 | 939 |
| Goodwill | 214 | 219 | 219 | 219 | 219 |
| Intangible assets | 268 | 270 | 278 | 279 | 275 |
| Tangible assets | 149 | 145 | 159 | 174 | 181 |
| Associated companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other investments | 80.6 | 91.6 | 91.6 | 91.6 | 91.6 |
| Other non-current assets | 90.2 | 145 | 145 | 145 | 145 |
| Deferred tax assets | 27.4 | 27.5 | 27.5 | 27.5 | 27.5 |
| Current assets | 513 | 537 | 664 | 655 | 665 |
| Inventories | 207 | 273 | 331 | 313 | 310 |
| Other current assets | 29.2 | 2.6 | 2.6 | 2.6 | 2.6 |
| Receivables | 214 | 230 | 251 | 258 | 268 |
| Cash and equivalents | 62.5 | 31.5 | 79.4 | 81.6 | 84.6 |
| Balance sheet total | 1342 | 1435 | 1585 | 1592 | 1604 |

Source: Inderes

| Liabilities & equity | 2020 | 2021 | 2022e | 2023e | 2024e |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity | 762 | 816 | 876 | 933 | 992 |
| Share capital | 77.5 | 77.5 | 77.5 | 77.5 | 77.5 |
| Retained earnings | 680 | 735 | 794 | 851 | 911 |
| Hybrid bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revaluation reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minorities | 3.8 | 4.2 | 4.2 | 4.2 | 4.2 |
| Non-current liabilities | 175 | 144 | 160 | 154 | 148 |
| Deferred tax liabilities | 31.2 | 32.1 | 32.1 | 32.1 | 32.1 |
| Provisions | 3.6 | 3.4 | 3.4 | 3.4 | 3.4 |
| Long term debt | 51.2 | 0.7 | 16.8 | 10.8 | 4.8 |
| Convertibles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long term liabilities | 89.4 | 108 | 108 | 108 | 108 |
| Current liabilities | 405 | 475 | 549 | 505 | 464 |
| Short term debt | 61.2 | 64.4 | 151 | 97.3 | 42.9 |
| Payables | 310 | 370 | 357 | 367 | 381 |
| Other current liabilities | 33.9 | 40.5 | 40.5 | 40.5 | 40.5 |
| Balance sheet total | 1342 | 1435 | 1585 | 1592 | 1604 |

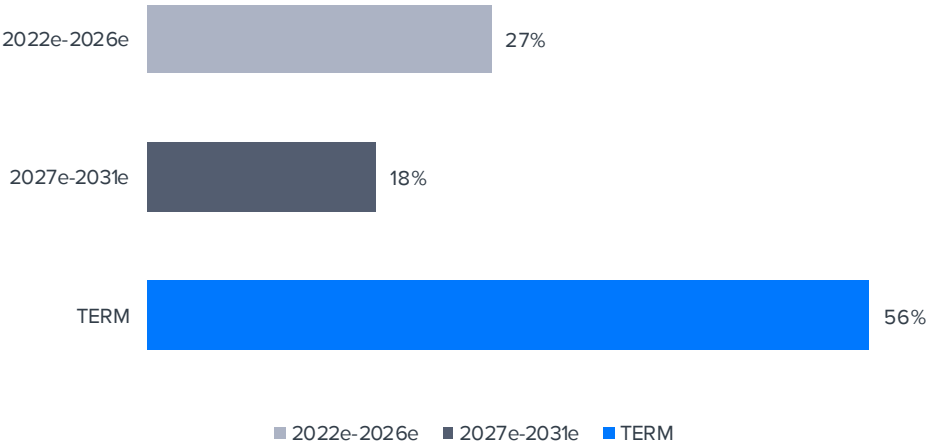
DCF calculation

| DCF model | 2021 | 2022e | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | TERM |
|---|-------------|-------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| EBIT (operating profit) | 143 | 155 | 169 | 182 | 190 | 178 | 167 | 155 | 150 | 153 | 156 | |
| + Depreciation | 61.3 | 53.4 | 58.4 | 62.8 | 64.3 | 64.3 | 65.4 | 66.3 | 67.2 | 68.1 | 70.5 | |
| - Paid taxes | -55.7 | -34.2 | -42.7 | -46.1 | -48.0 | -44.6 | -41.7 | -38.7 | -37.5 | -38.2 | -39.0 | |
| - Tax, financial expenses | 0.0 | 0.2 | 0.5 | 0.5 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| + Tax, financial income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | |
| - Change in working capital | 12.0 | -92.5 | 21.1 | 6.5 | -5.5 | -5.1 | -4.2 | -4.2 | -4.3 | -4.4 | -4.5 | |
| Operating cash flow | 160 | 81.6 | 206 | 206 | 201 | 193 | 186 | 178 | 175 | 178 | 183 | |
| + Change in other long-term liabilities | 18.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Gross CAPEX | -130.4 | -75.3 | -75.0 | -65.0 | -61.2 | -65.2 | -65.7 | -66.8 | -68.0 | -75.8 | -79.7 | |
| Free operating cash flow | 48.2 | 6.3 | 131 | 141 | 140 | 128 | 121 | 111 | 107 | 102 | 103 | |
| +/- Other | 28.3 | 43.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCFF | 76.5 | 50.2 | 131 | 141 | 140 | 128 | 121 | 111 | 107 | 102 | 103 | 1990 |
| Discounted FCFF | | 48.7 | 118 | 119 | 110 | 93.5 | 82.3 | 70.7 | 63.6 | 56.6 | 53.1 | 1026 |
| Sum of FCFF present value | | 1842 | 1793 | 1675 | 1556 | 1446 | 1353 | 1270 | 1199 | 1136 | 1079 | 1026 |
| Enterprise value DCF | | 1842 | | | | | | | | | | |
| - Interesting bearing debt | | -65.1 | | | | | | | | | | |
| + Cash and cash equivalents | | 31.5 | | | | | | | | | | |
| -Minorities | | -7.3 | | | | | | | | | | |
| -Dividend/capital return | | -61.9 | | | | | | | | | | |
| Equity value DCF | | 1741 | | | | | | | | | | |
| Equity value DCF per share | | 21.4 | | | | | | | | | | |

| | |
|--|--------------|
| Wacc | |
| Tax-% (WACC) | 23.0 % |
| Target debt ratio (D/(D+E)) | 10.0 % |
| Cost of debt | 4.0 % |
| Equity Beta | 1.00 |
| Market risk premium | 4.75% |
| Liquidity premium | 1.00% |
| Risk free interest rate | 2.0 % |
| Cost of equity | 7.8 % |
| Weighted average cost of capital (WACC) | 7.3 % |

Source: Inderes

Cash flow distribution



Summary

| Income statement | 2019 | 2020 | 2021 | 2022e | 2023e | Per share data | 2019 | 2020 | 2021 | 2022e | 2023e |
|---------------------------|--------|--------|--------|--------|--------|--------------------------|--------|--------|--------|--------|--------|
| Revenue | 1090.4 | 1116.2 | 1254.3 | 1323.4 | 1359.3 | EPS (reported) | 0.63 | 0.83 | 1.06 | 1.50 | 1.56 |
| EBITDA | 119.5 | 173.4 | 204.2 | 208.1 | 227.0 | EPS (adj.) | 0.85 | 0.97 | 1.21 | 1.58 | 1.56 |
| EBIT | 60.0 | 98.1 | 142.9 | 154.7 | 168.7 | OCF / share | 1.53 | 2.57 | 1.97 | 1.00 | 2.53 |
| PTP | 63.2 | 89.9 | 144.2 | 156.7 | 170.7 | FCF / share | 0.43 | 2.19 | 0.94 | 0.62 | 1.61 |
| Net Income | 51.6 | 67.7 | 86.7 | 121.7 | 127.1 | Book value / share | 9.33 | 9.30 | 9.97 | 10.71 | 11.41 |
| Extraordinary items | -17.7 | -11.0 | -11.5 | -7.2 | 0.0 | Dividend / share | 0.56 | 0.60 | 0.76 | 0.86 | 0.96 |
| Balance sheet | 2019 | 2020 | 2021 | 2022e | 2023e | Growth and profitability | 2019 | 2020 | 2021 | 2022e | 2023e |
| Balance sheet total | 1364.3 | 1342.0 | 1435.4 | 1584.6 | 1592.0 | Revenue growth-% | -3% | 2% | 12% | 6% | 3% |
| Equity capital | 764.5 | 761.7 | 816.3 | 876.1 | 933.2 | EBITDA growth-% | -12% | 45% | 18% | 2% | 9% |
| Goodwill | 219.6 | 213.7 | 219.1 | 219.1 | 219.1 | EBIT (adj.) growth-% | -23% | 40% | 41% | 5% | 4% |
| Net debt | 150.7 | 49.9 | 33.6 | 88.1 | 26.6 | EPS (adj.) growth-% | -24% | 14% | 25% | 31% | -1% |
| Cash flow | 2019 | 2020 | 2021 | 2022e | 2023e | EBITDA-% | 11.0 % | 15.5 % | 16.3 % | 15.7 % | 16.7 % |
| EBITDA | 119.5 | 173.4 | 204.2 | 208.1 | 227.0 | EBIT (adj.)-% | 7.1 % | 9.8 % | 12.3 % | 12.2 % | 12.4 % |
| Change in working capital | 24.2 | 60.7 | 12.0 | -92.5 | 21.1 | EBIT-% | 5.5 % | 8.8 % | 11.4 % | 11.7 % | 12.4 % |
| Operating cash flow | 124.7 | 209.6 | 160.5 | 81.6 | 206.0 | ROE-% | 5.2 % | 8.9 % | 11.0 % | 14.5 % | 14.1 % |
| CAPEX | -183.1 | -14.3 | -130.4 | -75.3 | -75.0 | ROI-% | 5.2 % | 11.0 % | 16.4 % | 16.2 % | 16.2 % |
| Free cash flow | 34.9 | 178.2 | 76.5 | 50.2 | 131.0 | Equity ratio | 56.0 % | 56.8 % | 56.9 % | 55.3 % | 58.6 % |
| | | | | | | Gearing | 19.7 % | 6.6 % | 4.1 % | 10.1 % | 2.8 % |
| Valuation multiples | 2019 | 2020 | 2021 | 2022e | 2023e | | | | | | |
| EV/S | 1.1 | 1.1 | 1.5 | 1.2 | 1.1 | | | | | | |
| EV/EBITDA (adj.) | 9.6 | 7.4 | 9.4 | 7.7 | 6.8 | | | | | | |
| EV/EBIT (adj.) | 14.8 | 11.7 | 12.4 | 9.9 | 9.2 | | | | | | |
| P/E (adj.) | 14.4 | 15.5 | 19.1 | 11.7 | 11.9 | | | | | | |
| P/E | 1.3 | 1.6 | 2.3 | 1.7 | 1.6 | | | | | | |
| Dividend-% | 4.6 % | 4.0 % | 3.3 % | 4.6 % | 5.2 % | | | | | | |

Source: Inderes

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| | |
|------------|--|
| Buy | The 12-month risk-adjusted expected shareholder return of the share is very attractive |
| Accumulate | The 12-month risk-adjusted expected shareholder return of the share is attractive |
| Reduce | The 12-month risk-adjusted expected shareholder return of the share is weak |
| Sell | The 12-month risk-adjusted expected shareholder return of the share is very weak |

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Recommendation history (>12 mo)

| Date | Recommendation | Target price | Share price |
|-------------------|----------------|--------------|-------------|
| 7/31/2020 | Reduce | 11.50 € | 12.00 € |
| 10/14/2020 | Accumulate | 13.00 € | 12.14 € |
| 11/2/2020 | Accumulate | 14.00 € | 12.88 € |
| 1/7/2021 | Accumulate | 16.00 € | 15.26 € |
| 2/8/2021 | Reduce | 15.00 € | 15.60 € |
| 4/20/2021 | Accumulate | 18.00 € | 16.80 € |
| 4/29/2021 | Accumulate | 19.00 € | 17.58 € |
| 7/29/2021 | Accumulate | 22.00 € | 20.20 € |
| 11/1/2021 | Accumulate | 23.00 € | 21.25 € |
| 11/10/2021 | Accumulate | 24.00 € | 21.10 € |
| 12/28/2021 | Accumulate | 24.00 € | 22.75 € |
| Change of analyst | | | |
| 2/5/2022 | Accumulate | 24.00 € | 22.05 € |
| 5/2/2022 | Accumulate | 24.00 € | 21.90 € |
| 7/19/2022 | Accumulate | 20.00 € | 18.40 € |
| Change of analyst | | | |
| 7/29/2022 | Accumulate | 20.00 € | 18.60 € |



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