

Q2

HALF YEAR FINANCIAL REPORT
JANUARY–JUNE 2017

FISKARS

FISKARS

HALF YEAR FINANCIAL REPORT JANUARY–JUNE 2017: Good progress in Q2 – comparable net sales and comparable EBITA increased

Second quarter 2017 in brief:

- Net sales decreased by 1.2% to EUR 290.0 million (Q2 2016: 293.5)
- Comparable net sales[1)] increased by 0.6%
- Comparable[2)] EBITA increased by 7% to EUR 22.4 million (20.9)
- EBITA increased to EUR 21.3 million (18.4)
- Cash flow from operating activities before financial items and taxes amounted to EUR 48.6 million (39.1)
- Earnings per share (EPS) were EUR 0.31 (-0.26). Operative earnings per share[3)] totaled EUR 0.14 (0.08)

January–June 2017 in brief:

- Net sales increased by 1.1% to EUR 596.1 million (Q1–Q2 2016: 589.7)
- Comparable net sales[1)] increased by 2.7%
- Comparable[2)] EBITA increased by 18% to EUR 54.4 million (45.9)
- EBITA increased to EUR 52.2 million (45.2)
- Cash flow from operating activities before financial items and taxes amounted to EUR 2.2 million (2.9)
- Earnings per share (EPS) were EUR 1.39 (-0.25). Operative earnings per share[3)] totaled EUR 0.34 (0.19)

Outlook for 2017 unchanged:

Fiskars expects the Group's net sales, excluding the net sales of businesses divested in 2016 (2016: EUR 1,180 million) and comparable EBITA (2016: EUR 107 million) to increase from the previous year.

Interim President and CEO, Fiskars, Teemu Kangas-Kärki:

"Fiskars Group had a good first half of 2017, with comparable net sales and comparable EBITA growing clearly. Despite the tough market conditions in some of our key markets, we have grown our business and taken market share with several of our brands, including Fiskars, Iittala, Royal Copenhagen, Royal Doulton, Rörstrand, and Arabia. After the strong first quarter, we continued to grow our comparable net sales and comparable EBITA during the second quarter of 2017. While the second quarter got off to a slow start due to weather conditions and the challenging trade environment, Fiskars Group made good progress during the quarter.

The growth of comparable net sales was excellent in Europe and Asia-Pacific during the first half of the year. I was particularly pleased to see that the strong performance of the Scandinavian Living business continued and the business demonstrated robust growth during the second quarter, supported by the Finland 100 anniversary products by Arabia and Iittala brands as well as the Royal Copenhagen and Rörstrand brands. Despite the tough weather conditions, the comparable net sales grew in the Functional business during the first half of the year.

The comparable net sales grew in the Functional Americas business during the first half of the year, whereas the comparable net sales in the entire Americas region was adversely impacted by two factors. The premium sales channels in the Living business continued to face headwind in the U.S. and the market for outdoor knives has not recovered in the region. We do not expect the conditions in the premium sales channels for the living products in the U.S. to improve in the short term. Therefore, we continued to invest in brand development in the English & Crystal Living business, supporting future growth opportunities. Furthermore, we are focused on developing our omnichannel approach across the businesses to succeed in the changing business environment.

Fiskars operates globally with a considerable part of the business in the U.S. The U.S. dollar has weakened during the first half of the year, and should the weakening continue, the translation exposure may have a material impact on our reported financial figures. We continue to focus on driving profitable growth and strengthen our capabilities to progress in all the markets where we operate. We are determined to grow our core businesses, build iconic lifestyle brands, and create high quality consumer experiences – by making the everyday extraordinary."

1) Using comparable exchange rates, excluding the divested Spring USA (September 2016) and the divested container gardening businesses in the U.S. (January 2016) and Europe (December 2016)
2) Items affecting comparability include items such as restructuring costs, impairment or provisions charges and releases, integration related costs, and gain and loss from the sale of businesses
3) Operative earnings per share do not include net changes in the fair value of the investment portfolio and dividends received

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Group key figures

EUR million	Q2 2017	Q2 2016	Change	Q1–Q2 2017	Q1–Q2 2016	Change	2016
Net sales	290.0	293.5	-1.2%	596.1	589.7	1.1%	1,204.6
Comparable net sales[1)]	290.0	288.3	0.6%	594.4	579.0	2.7%	1,179.8
EBITA	21.3	18.4	15%	52.2	45.2	15%	96.7
Items affecting comparability in EBITA[2)]	-1.1	-2.5		-2.2	-0.7		-10.4
Comparable EBITA	22.4	20.9	7%	54.4	45.9	18%	107.1
Operating profit (EBIT)	17.8	14.8	20%	45.2	38.5	17%	82.7
Net change in the fair value of investment portfolio	17.4	-34.9		98.7	-60.6		6.1
Profit before taxes	33.9	-22.0		148.2	-18.8		92.8
Profit for the period	25.8	-20.9		114.0	-19.3		65.4
Operative earnings/share, EUR[3)]	0.14	0.08	75%	0.34	0.19	80%	0.56
Earnings/share, EUR	0.31	-0.26		1.39	-0.25		0.78
Equity per share, EUR				15.02	13.69	10%	14.91
Cash flow from operating activities before financial items and taxes	48.6	39.1	24%	2.2	2.9	-24%	120.7
Equity ratio, %				67%	66%		69%
Net gearing, %				19%	20%		12%
Capital expenditure	7.3	10.2	-28%	14.8	18.4	-20%	37.6
Personnel (FTE), average	7,863	8,030	-2%	7,849	8,061	-3%	8,000

1) Using comparable exchange rates, excluding the divested Spring USA (September 2016) and the divested container gardening businesses in the U.S. (January 2016) and Europe (December 2016)
2) In Q2 2017, items affecting comparability consist of net costs related to the Alignment program. In Q2 2016, items include costs from the sale of the boats business as well as net costs related to the Supply Chain 2017 program and Alignment programs.
3) Excluding net change in the fair value of the investment portfolio and dividends received. The comparison period has been restated to also exclude the exchange rate gains related to the investment portfolio

HALF YEAR FINANCIAL REPORT, JANUARY–JUNE 2017

GROUP PERFORMANCE

EUR million	Q2 2017	Q2 2016	Change	Comparable change*	Q1–Q2 2017	Q1–Q2 2016	Change	Comparable change*	2016
Net sales									
Group	290.0	293.5	-1.2%	0.6%	596.1	589.7	1.1%	2.7%	1,204.6
Living	123.1	125.0	-1.6%	0.9%	252.3	253.9	-0.6%	1.6%	598.1
Functional	165.9	167.5	-0.9%	0.4%	342.0	333.9	2.4%	3.5%	602.7
Other	1.0	1.0	0.6%		1.9	1.9	-2.2%		3.8
Comparable EBITA									
Group	22.4	20.9	7%		54.4	45.9	18%		107.1
Living	7.3	-0.6			14.6	3.1	368%		59.4
Functional	18.3	23.8	-23%		45.1	46.8	-4%		57.1
Other	-3.2	-2.3	42%		-5.3	-3.9	34%		-9.5

* Using comparable exchange rates, excluding the divested Spring USA (September 2016) and the divested container gardening businesses in the U.S. (January 2016) and Europe (December 2016)

Fiskars Group in Q2 2017

Fiskars Group's consolidated net sales decreased by 1.2% to EUR 290.0 million (Q2 2016: 293.5, which included EUR 8.4 million from divested businesses). Comparable net sales increased by 0.6%, supported by an increase in both Living and Functional businesses.

The comparable EBITA, i.e. excluding items affecting comparability (IAC), increased by 7% to EUR 22.4 million (20.9), supported by the performance of the Scandinavian Living and Functional Americas businesses. Items affecting comparability in EBITA amounted to EUR 1.1 million (2.5) and were related to the costs from the Alignment program, which was announced in November 2016. Fiskars Group's second quarter EBITA totaled EUR 21.3 million (18.4).

Fiskars Group in January–June 2017

Fiskars Group's consolidated net sales increased by 1.1% to EUR 596.1 million (Q1–Q2 2016: 589.7). Comparable net sales increased by 2.7%, supported by an increase in both Living and Functional businesses.

The comparable EBITA increased by 18% to EUR 54.4 million (45.9), supported by the performance of the Scandinavian Living and Functional Americas businesses during the first half of the year. Items affecting comparability in EBITA amounted to EUR 2.2 million (0.7) during January–June, and were related mainly to the costs from the Alignment program, which was announced in November 2016. Fiskars Group's EBITA totaled EUR 52.2 million (45.2) during the first half of the year.

OPERATING ENVIRONMENT IN Q2 2017

The world economy in general, and the economy in regions where Fiskars primarily operates, have continued to improve, with increasing retail and consumer confidence in many countries, including Finland. In the UK, the decreasing purchasing power and uncertainty around Brexit impacted consumer confidence.

Consumer confidence remained strong in the U.S. However, the positive sentiment did not translate into demand for luxury and premium products in the living category, as the traditional brick and mortar channels continued to decline with consumers moving to online channels. The number of store closures in the brick and mortar retail accelerated in the U.S. during the second quarter, especially in department stores and in the sporting goods sector. The trade introduced new store formats to compete in the changing business environment.

Economic data continued to show modest improvement in Japan and some other Asian countries, with department stores continuing to show signs of recovery in Japan. Consumer confidence continued its decline in Australia, despite the improved signs in retail and employment.

REPORTING SEGMENTS

This half year report reflects Fiskars' organizational structure that features two Strategic Business Units (SBU): Living and Functional. As of January 1, 2017 Fiskars Group's three primary reporting segments are Living, Functional, and Other. In addition, Fiskars reports group-level net sales for three geographical areas: Europe, Americas, and Asia-Pacific.

SBU Living offers premium and luxury products for tabletop, giftware and interior décor. It consists of the English & Crystal Living and Scandinavian Living businesses. English & Crystal Living business includes brands such as Waterford, Wedgwood, Royal Albert, and Royal Doulton. Scandinavian Living business includes brands such as Iittala, Royal Copenhagen, Rörstrand, and Arabia.

SBU Functional provides tools for use in and around the house as well as outdoors. SBU Functional consists of Functional Americas, Functional EMEA and Outdoor businesses, and includes brands such as Fiskars, Gerber, and Gilmour.

The Other segment contains the Group's investment portfolio, the real estate unit, corporate headquarters and shared services.

Living segment

EUR million	Q2 2017	Q2 2016	Change	Q1–Q2 2017	Q1–Q2 2016	Change	2016
Net sales*	123.1	125.0	-1.6%	252.3	253.9	-0.6%	598.1
Comparable EBITA	7.3	-0.6		14.6	3.1	368%	59.4
Capital expenditure	1.7	3.7	-55%	3.6	6.8	-47%	14.9

* Using comparable exchange rates and excluding the net sales of the divested Spring USA (September 2016), net sales in the Living segment increased by 0.9% in Q2 2017 and by 1.6% in Q1–Q2 2017

Living segment in Q2 2017

Net sales in the Living segment decreased year-on-year and amounted to EUR 123.1 million (Q2 2016: 125.0). Comparable net sales increased by 0.9%, supported by the increase in net sales in the Scandinavian Living business, in particular in the Nordics. The increase was driven by the favorable product mix, the Finland 100 anniversary products by Arabia and Iittala brands, as well as the Royal Copenhagen and Rörstrand brands. The increase was partly offset by the decrease in net sales in the English & Crystal Living business, impacted primarily by the conditions in the premium sales channels in the U.S. Net sales grew in own retail, including e-commerce.

The integration of the English & Crystal Living business progressed during the second quarter and going forward, the focus continues to be on revitalizing the positioning of the brands, rationalizing the product portfolio, and improving operational discipline.

Comparable EBITA for the Living segment turned positive and totaled EUR 7.3 million (-0.6), driven by the net sales development in the Scandinavian Living business as well as the product mix and operational efficiency in the segment.

Living segment in January–June 2017

Net sales in the Living segment decreased by 0.6% to EUR 252.3 million (Q1–Q2 2016: 253.9) during the first half of the year. Comparable net sales increased by 1.6%, driven by the Scandinavian Living net sales, partly offset by the decrease in the English & Crystal Living business in the U.S. The English & Crystal Living business developed favorably in the UK despite the declining consumer sentiment in the country.

Comparable EBITA for the Living segment increased by 368% and totaled EUR 14.6 million (3.1) during the first half of the year, driven by the Scandinavian Living business.

Marketing highlights in the Living segment

In May, Wedgwood partnered with the Royal Horticultural Society (RHS) in the UK, representing a milestone in the renewal of Wedgwood into a premium British lifestyle brand. The three-year partnership marks the reunion of two iconic British brands with a shared history and vision. Through this platform, Wedgwood is showcasing its new experiential retail concept, and new product collections across three RHS flower shows: Chelsea, Chatsworth and Tatton Park.

The special edition Moomin mug 2017 by Arabia, a collection of special edition items of Royal Copenhagen, and the celebrations of the 150 year anniversary of diplomatic relations between Japan and Denmark supported the momentum of the Scandinavian Living business during the second quarter.

During the first quarter, the Ambiente fair in Frankfurt, Germany marked an important milestone for the Living business as the English & Crystal Living and Scandinavian Living brands joined forces and the entire Living portfolio was presented to customers for the first time. In addition, the ED Ellen DeGeneres Crafted by Royal Doulton tableware collection was launched globally and Iittala launched a new global range “Teema Tiimi” to complement the classic “Teema” tableware.

Functional segment

EUR million	Q2 2017	Q2 2016	Change	Q1–Q2 2017	Q1–Q2 2016	Change	2016
Net sales*	165.9	167.5	-0.9%	342.0	333.9	2.4%	602.7
Comparable EBITA	18.3	23.8	-23%	45.1	46.8	-4%	57.1
Capital expenditure	3.6	5.3	-32%	7.9	9.9	-20%	21.8

* Using comparable exchange rates and excluding the net sales of the divested container gardening businesses in the U.S (in January 2016) and Europe (in December 2016), net sales in the Functional segment increased by 0.4% in Q2 2017 and by 3.5% in Q1–Q2 2017

Functional segment in Q2 2017

Net sales in the Functional segment decreased by 0.9% to EUR 165.9 million (Q2 2016: 167.5). Comparable net sales increased by 0.4%, supported by the garden and school, office and craft categories in the U.S., and the launch of the watering products in the Nordic countries, offsetting the decline in the Outdoor business and the watering category in the U.S.

After the favorable weather conditions during the first quarter, the start to the garden season was weak in Europe during the second quarter, impacting the net sales of garden and watering products in the region. The wet conditions impacted the net sales of the watering category in the U.S. In addition, the market for outdoor knives has not recovered as anticipated in the U.S., impacting net sales during the second quarter.

The Functional business has made good progress in expanding business to large customers, and going forward, the focus will be on executing back-to-school and other fall campaigns both in Europe and in the U.S.

Comparable EBITA for the Functional segment decreased by 23% and amounted to EUR 18.3 million (23.8), impacted primarily by marketing spend to accelerate category expansion to new markets and the sluggish market in the outdoor knife category.

Functional segment in January–June 2017

Net sales in the Functional segment increased by 2.4% to EUR 342.0 million (Q1–Q2 2016: 333.9) during the first half of the year. Comparable net sales increased by 3.5%, supported by growth in Functional EMEA and Functional Americas businesses, and increased sales with large customer accounts in Europe, offsetting the decline in the Outdoor business in the U.S.

Comparable EBITA for the Functional segment decreased by 4% and totaled EUR 45.1 million (46.8) during the first half of the year, impacted primarily by the sluggish market in the outdoor knife category as well as marketing spend to accelerate category expansion to new markets.

Marketing highlights in the Functional segment

In one of the world’s largest design competitions, Red Dot Design Award, Fiskars was awarded the title “Red Dot: Best of the Best” for top design quality and ground-breaking design to Fiskars PowerGear™ X Pruners and the title “Red Dot” for high design quality to Fiskars PowerGear™ X Tree Pruners.

Gerber partnered with Jason Aldean, a two-time “Country Music Artist of the Year”, to introduce the brand and the new Center-Drive multi-tool through a digital media program. The engagement is expected to build brand relevance and recognition with a broad audience.

During the first quarter, the Fiskars Waterwheel received an honorary mention in the Fennia Prize awards. In addition, Gerber participated in the Shot Show, the single largest sporting goods trade event in the U.S. The 50th anniversary celebrations of Fiskars iconic orange handled scissors were launched at the Ambiente fair in Germany and Fiskars joined with the National Collegiate Athletic Association (NCAA) in the U.S. for the ninth consecutive year as the official net-cutting scissors during the 2017 NCAA Men's and Women's Basketball Championships.

Other segment

EUR million	Q2 2017	Q2 2016	Change	Q1–Q2 2017	Q1–Q2 2016	Change	2016
Net sales	1.0	1.0	0.6%	1.9	1.9	-2.2%	3.8
Comparable EBITA	-3.2	-2.3	42%	-5.3	-3.9	34%	-9.5
Net change in fair value of investments valued at FVTPL*	17.4	-34.9		98.7	-60.6		6.1
Investments at FVTPL*				563.1	397.7	42%	464.4
Capital expenditure	2.1	1.1	84%	3.2	1.7	89%	0.9

* FVTPL = Fair value through profit or loss

Other segment in Q2 2017

Net sales in the Other segment remained at the same level year-on-year and amounted to EUR 1.0 million (Q2 2016: 1.0), and consisted of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -3.2 million (-2.3). The investments and net change in the fair value of investments through profit or loss is explained in more detail in the Financial items and net results section.

Other segment in January–June 2017

Net sales in the segment remained at the same level year-on-year and amounted to EUR 1.9 million during the first half of the year (Q1–Q2 2016: 1.9), and consisted of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -5.3 million (-3.9).

Net sales by geography

EUR million	Q2 2017	Q2 2016	Change	Comparable change*	Q1–Q2 2017	Q1–Q2 2016	Change	Comparable change*	2016
Europe	132.0	131.9	0.1%	5.9%	271.3	266.9	1.6%	6.9%	555.3
Americas	120.3	128.5	-6.4%	-7.0%	249.9	257.3	-2.9%	-3.2%	489.9
Asia-Pacific	37.0	33.3	11.4%	7.9%	72.8	66.2	10.0%	5.2%	153.3
Unallocated**	0.6	-0.1			2.1	-0.7			6.2

* Using comparable exchange rates, excluding the divested Spring USA (in September 2016), divested.container gardening businesses in the U.S (in January 2016) and Europe (in December 2016)
** Geographically unallocated exchange rate differences

Net sales in Q2 2017

Net sales in Europe increased by 0.1% and amounted to EUR 132.0 million (Q2 2016: 131.9). Comparable net sales increased by 5.9%, driven by the Scandinavian Living and Functional businesses.

Net sales in Americas decreased by 6.4% to EUR 120.3 million (128.5). Comparable net sales decreased by 7.0%, impacted mainly by the English & Crystal Living and Outdoor businesses.

Net sales in Asia-Pacific increased by 11.4% and amounted to EUR 37.0 million (33.3). Comparable net sales increased by 7.9%, driven mainly by the Living business.

Net sales in January–June 2017

Net sales in Europe increased by 1.6% and amounted to EUR 271.3 million (Q1–Q2 2016: 266.9). Comparable net sales increased by 6.9%, driven by both the Functional and Living businesses.

Net sales in Americas decreased by 2.9% to EUR 249.9 million (257.3). Comparable net sales decreased by 3.2%, impacted by the Living business and the conditions in the premium sales channels in the U.S.

Net sales in Asia-Pacific increased by 10.0% and amounted to EUR 72.8 million (66.2). Comparable net sales increased by 5.2%, with growth across all businesses.

Research and development

The Group's research and development expenditure totaled EUR 4.1 million (Q2 2016: 4.8) in the second quarter of 2017, equivalent to 1.4% (1.6%) of net sales. During the first half of the year, research and development expenses totaled EUR 8.7 million (Q1–Q2 2016: 9.2), equivalent to 1.5% (1.6%) of net sales.

Personnel

The average number of full-time equivalent employees (FTE) was 7,863 (Q2 2016: 8,030) in the second quarter. At the end of the quarter, the Group employed 8,462 (8,696) employees, of whom 1,212 (1,233) were in Finland. The year-on-year decrease was mainly related to the divestments and the Alignment program.

Fiskars' transformation process

With the vision to create a positive, lasting impact on the quality of life we live – making the everyday extraordinary, Fiskars is on a transformation journey to become an integrated consumer goods company with a family of iconic lifestyle brands. The company took steps during the second quarter of 2017 to move this process forward.

Alignment program

In November 2016, Fiskars launched the Alignment program to proceed in the transformation. The program focuses on the structural changes in the organization, proposed headcount reductions, and the full integration of the English & Crystal Living business, acquired in 2015. The net headcount reduction was estimated to be 130 positions globally.

The total costs of the program are approximately EUR 15 million in 2016–2017. They are recorded as items affecting comparability in EBITA, of which EUR 10.5 million had been recorded by the end of second quarter of 2017. The targeted annual cost savings are approximately EUR 14 million, subject to the full implementation of the program. The targeted cost savings will be achieved gradually, starting in 2017 and with the full effect in 2018.

Supply Chain 2017 program

During the third quarter of 2015, Fiskars announced a restructuring program to optimize its global supply chain network in Europe and Asia. The Supply Chain 2017 program aims to improve the competitiveness of Fiskars' manufacturing operations and distribution network.

The total costs of the program are approximately EUR 20 million between 2015 and 2017. They are reported as items affecting comparability in EBITA, of which EUR 11.1 million had been recorded by the end of second quarter of 2017. The targeted annual cost savings are approximately EUR 8 million, subject to the full implementation of the program. The targeted cost savings will be achieved gradually, and the majority of the savings are expected to materialize in the Group's results after the program has been completed. The program is expected to be completed by the end of 2017.

Financial items and net result

Financial items and net result in Q2 2017 and January–June 2017

Along with the rest of the Group's active investments, shares in Wärtsilä Corporation are treated as financial assets at fair value through profit or loss, which increases the volatility of Fiskars' net results. At the end of the second quarter of 2017, Fiskars owned 10,881,781 shares in Wärtsilä, representing 5.52% of Wärtsilä's share capital.

The net change in the fair value of investments through profit or loss amounted to EUR 17.4 million (Q2 2016: -34.9) during the second quarter of 2017, and to EUR 98.7 million (Q1–Q2 2016: -60.6) during the first half of the year. The change in the market value of the company's holdings in Wärtsilä amounted to EUR 17.4 million (-35.0) in the second quarter of 2017, and to EUR 98.7 million (-60.9) in the first half of the year, with the closing price of Wärtsilä shares being EUR 51.75 (36.55) at the end of June.

Other financial income and expenses amounted to EUR -1.5 million (-1.8) in the second quarter of 2017, and to EUR 4.0

million (4.0) in the first half of 2017, including EUR 7.1 million (13.1) of the first instalment of the dividend received on Wärtsilä shares, EUR -0.4 million (-3.6) of foreign exchange differences and EUR -2.0 million (-2.3) interest costs. The second instalment of the Wärtsilä dividend will be received in September 2017.

Profit before taxes was EUR 33.9 million (-22.0) in the second quarter of 2017. Income taxes for the second quarter were EUR -8.0 million (+1.1), the difference being mainly due to the change in the market value of the Wärtsilä holding. Earnings per share were EUR 0.31 (-0.26). Operative earnings per share, excluding the net change in the fair value of the investment portfolio and dividends received were EUR 0.14 (0.08). The comparison period figure for operative earnings per share has been restated to also exclude the exchange rate gains related to the investment portfolio.

Profit before taxes for the first half of the year was EUR 148.2 million (-18.8). Income taxes in the first half of the year were EUR -34.2 million (-0.6), the difference being mainly due to the change in the market value of the Wärtsilä holding. Earnings per share were EUR 1.39 (-0.25). Operative earnings per share, excluding the net change in the fair value of the investment portfolio and dividends received were EUR 0.34 (0.19).

Cash flow, balance sheet and financing

Cash flow, balance sheet and financing in Q2 2017 and January–June 2017

The second-quarter cash flow from operating activities before financial items and taxes amounted to EUR 48.6 million (Q2 2016: 39.1). The increase was primarily a result of higher business volume during the first quarter 2017. Cash flow from financial items and taxes amounted to EUR -9.9 million (-3.8). Cash flow from investing activities was EUR -5.6 million (52.6). Cash flow from financing activities was EUR -32.5 million (-58.2), the change being mainly due to decrease in current debt.

During the first half of the year cash flow from operating activities before financial items and taxes amounted to EUR 2.2 million (Q1–Q2 2016: 2.9). Cash flow from financial items and taxes amounted to EUR -16.1 million (-1.1). Cash flow from investing activities was EUR -5.3 million (80.0, including the positive cash flow of EUR 61.7 million from the sale of investments in short term interest rate funds and EUR 25.8 million from the sale of non-current assets held for sale). Cash flow from financing activities was EUR 16.2 million (-46.7) during the first half of the year 2017, including the positive cash flow of EUR 22.0 million from the money market investments, EUR 58.4 million (58.1) payment of dividends and EUR 53.4 million (13.5) increase in current debt.

Capital expenditure for the second quarter totaled EUR 7.3 million (10.2), mainly relating to replacements and expansions. Depreciation, amortization and impairment were EUR 9.4 million (9.3) in the second quarter. Capital expenditure for the first half of the year totaled EUR 14.8 million (18.4) and depreciation, amortization, and impairment were EUR 18.7 million (18.2).

Fiskars' working capital totaled EUR 231.6 million (233.2) at the end of June. The equity ratio increased to 67% (66%) and net gearing was 19% (20%).

Cash and cash equivalents at the end of the period totaled EUR 14.6 million (54.3). Net interest-bearing debt amounted to EUR 228.2 million (227.4). In addition, the shares in Wärtsilä were valued at EUR 563.1 million (397.7) at the end of the period.

Short-term borrowing totaled EUR 92.4 million (100.5) and long-term borrowing totaled EUR 151.5 million (182.6). Short-term borrowing mainly consisted of commercial papers issued by Fiskars Corporation. In addition, Fiskars had EUR 300.0 million (300.0) in unused, committed long-term credit facilities with Nordic banks.

Changes in organization and management

On June 20, 2017 Fiskars announced that the Board of Directors of Fiskars Corporation had appointed M.Sc. (Chem. Eng) Jaana Tuominen as President and CEO of Fiskars Corporation. Jaana Tuominen will start in the position on January 1, 2018, at the latest. She joins Fiskars from Paulig Group where she has worked since 2008 as Chief Executive Officer. Prior to that, she held global leadership positions at GE Healthcare. Jaana Tuominen is also a member of the Board of Directors at Finnair Plc and Suominen Corporation.

Teemu Kangas-Kärki has acted as Interim President and CEO since February 2017 and will continue in this role until Jaana Tuominen assumes her duties as CEO. Teemu Kangas-Kärki will then continue in his role as Chief Operating Officer, member of the Executive Leadership team and as Deputy to the CEO.

Shares and shareholders

Fiskars Corporation has one share series (FSKRS). All shares carry one vote and equal rights. The number of shares in the Corporation totals 81,905,242. Fiskars Corporation held 191,467 of its own shares at the end of the quarter. The share capital remained unchanged at EUR 77,510,200.

Fiskars shares are traded in the Large Cap segment of Nasdaq Helsinki. The volume weighted average share price during the second quarter was EUR 21.56 (Q2 2016: 16.63). At the end of June, the closing price was EUR 21.50 (EUR 16.30) per share and Fiskars had a market capitalization of EUR 1,756.8 million (1,333,5). The number of shares traded on Nasdaq Helsinki and in alternative market places from April to June was 1.0 million (0.9), which represents 1.2% (1.1%) of the total number of shares.

The total number of shareholders was 18,894 (18,696) at the end of June 2017.

Flagging notifications

Fiskars was not informed of significant changes among its shareholders during the quarter.

Risks and business uncertainties

Fiskars' business, net sales, and financial performance may be affected by several uncertainties. Fiskars Group has detailed the overall business risks and risk management in its Annual Report and on the company's website www.fiskarsgroup.com/investors.

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to reassessment of taxes. In July 2016 Fiskars received a tax reassessment decision from the Finnish Large Taxpayers' Office, which obliged the company to pay a total of EUR 28.3 million in additional tax, interest expenses and punitive tax increases as a result of a tax audit carried out in 2014. Fiskars and its external advisors consider the decision unfounded and did not recognize the related taxes and other costs in the income statement. Fiskars has appealed the decision to the Board of Adjustment in the Finnish Large Taxpayers' Office. Fiskars will continue the appeal process in court, if necessary, in which case the process may take years. The dispute concerns intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years.

Fiskars operates globally with a considerable part of the business in the U.S. The U.S. dollar has weakened during the first half of the year, and should the weakening continue, the translation exposure may have a material impact on reported financial figures. Fiskars' currency position is split between its transaction position and translation position, both of which are managed separately. The transaction position is explained in more detail in the table section under the heading Exchange rate sensitivity of the operations.

Otherwise, no new or changed material risks and uncertainty factors have been identified during the quarter.

Events after the reporting period

There were no significant events after the reporting period.

Outlook for 2017

Fiskars expects the Group's net sales, excluding net sales of businesses divested in 2016 (2016: EUR 1,180 million) and comparable EBITA (2016: EUR 107 million) to increase from the previous year. The comparable EBITA excludes restructuring costs, impairment charges, integration related costs, and gain and loss from the sale of businesses.

Fiskars operates globally with a considerable part of the business in the U.S. Translation exposure may have a material impact on reported financial figures. The fourth quarter is significant both in terms of net sales and profitability.

Fiskars' Other segment includes investments, which are treated as financial assets at fair value through profit or loss. This increases the volatility of Fiskars' financial items and taxes in the profit and loss statement and thus the volatility of Fiskars' net results and earnings per share.

Helsinki, Finland, July 31, 2017

FISKARS CORPORATION
Board of Directors

FISKARS

CONSOLIDATED INCOME STATEMENT

EUR million	Q2 2017	Q2 2016	Change %	Q1–Q2 2017	Q1–Q2 2016	Change %	Q1–Q4 2016
Net sales	290.0	293.5	-1	596.1	589.7	1	1,204.6
Cost of goods sold	-165.2	-175.0	-6	-338.5	-348.1	-3	-701.8
Gross profit	124.8	118.5	5	257.6	241.6	7	502.9
Other operating income	2.5	0.2		3.0	9.3	-67	18.5
Sales and marketing expenses	-78.1	-70.0	12	-153.6	-146.8	5	-298.3
Administration expenses	-26.5	-28.5	-7	-52.1	-55.1	-5	-115.0
Research and development costs	-4.1	-4.8	-13	-8.7	-9.2	-5	-18.0
Other operating expenses	-0.8	-0.7	13	-1.0	-1.4	-25	-7.4
Operating profit (EBIT)*	17.8	14.8	20	45.2	38.5	17	82.7
Change in fair value of biological assets	0.1	-0.1		0.3	-0.7		-0.5
Investments at fair value through profit or loss - net change in fair value	17.4	-34.9		98.7	-60.6		6.1
Other financial income and expenses	-1.5	-1.8		4.0	4.0		4.4
Profit before taxes	33.9	-22.0		148.2	-18.8		92.8
Income taxes	-8.0	1.1		-34.2	-0.6		-27.4
Profit for the period	**25.8**	**-20.9**		**114.0**	**-19.3**		**65.4**
Attributable to:							
Equity holders of the parent company	25.7	-21.2		113.7	-20.2		64.1
Non-controlling interest	0.1	0.3		0.2	0.8		1.3
Earnings for equity holders of the parent company per share, euro (basic and diluted)	0.31	-0.26		1.39	-0.25		0.78
*Comparable EBITA (detailed in notes)	22.4	20.9	7	54.4	45.9	18	107.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2 2017	Q2 2016	Q1–Q2 2017	Q1–Q2 2016	Q1–Q4 2016
Profit for the period	**25.8**	**-20.9**	**114.0**	**-19.3**	**65.4**
Other comprehensive income for the period					
Items that may be reclassified subsequently to profit or loss					
Translation differences	-18.4	10.3	-19.2	8.3	25.1
Cash flow hedges	0.1	-0.2	0.4	-0.7	-0.3
Items that will not be reclassified to profit or loss					
Defined benefit plan, actuarial gains (losses) net of tax	0.2	0.1	0.7	0.4	-0.3
Other comprehensive income for the period net of tax total	-18.1	10.2	-18.1	8.0	24.5
Total comprehensive income for the period	**7.7**	**-10.7**	**95.8**	**-11.3**	**89.9**
Attributable to:					
Equity holders of the parent company	7.7	-11.1	95.7	-12.1	88.5
Non-controlling interest	0.0	0.4	0.2	0.8	1.4

FISKARS

CONSOLIDATED BALANCE SHEET

EUR million	Jun 30 2017	Jun 30 2016	Change %	Dec 31 2016
ASSETS				
Non-current assets				
Goodwill	224.6	233.1	-4	229.7
Other intangible assets	288.4	297.3	-3	296.3
Property, plant & equipment	152.8	156.5	-2	159.7
Biological assets	41.2	40.7	1	40.9
Investment property	5.4	4.8	14	4.9
Financial assets				
Financial assets at fair value through profit or loss	18.8	15.5	22	20.4
Other investments	9.2	9.0	3	9.7
Deferred tax assets	31.0	36.8	-16	30.2
Non-current assets total	771.5	793.6	-3	791.7
Current assets				
Inventories	236.8	238.4	-1	224.6
Trade and other receivables	209.1	205.7	2	203.6
Income tax receivables	39.0	4.5		35.9
Interest-bearing receivables	0.0	0.0		22.0
Investments at fair value through profit or loss	563.1	397.7	42	464.4
Cash and cash equivalents	14.6	54.3	-73	17.7
Current assets total	1,062.6	900.6	18	968.3
Non-current assets held for sale		5.4		
Assets total	**1,834.1**	**1,699.6**	**8**	**1,760.1**
EQUITY AND LIABILITIES				
Equity				
Equity attributable to the equity holders of the parent company	1,227.2	1,119.9	10	1,218.1
Non-controlling interest	1.6	3.2	-51	1.9
Equity total	1,228.8	1,123.1	9	1,220.1
Non-current liabilities				
Interest-bearing liabilities	151.5	182.6	-17	182.4
Other liabilities	6.9	9.6	-28	9.9
Deferred tax liabilities	71.1	39.1	82	52.7
Pension liability	13.4	13.4	0	14.1
Provisions	6.6	8.0	-18	7.1
Non-current liabilities total	249.5	252.7	-1	266.2
Current liabilities				
Interest-bearing liabilities	92.4	100.5	-8	10.9
Trade and other payables	241.0	203.8	18	237.8
Income tax liabilities	12.3	11.5	7	8.6
Provisions	10.1	7.9	28	16.6
Current liabilities total	355.8	323.8	10	273.8
Equity and liabilities total	**1,834.1**	**1,699.6**	**8**	**1,760.1**

FISKARS

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q2 2017	Q2 2016	Q1–Q2 2017	Q1–Q2 2016	Q1–Q4 2016
Cash flow from operating activities					
Profit before taxes	33.9	-22.0	148.2	-18.8	92.8
Adjustments for					
Depreciation, amortization and impairment	9.4	9.3	18.7	18.2	37.4
Gain/loss on sale and loss on scrap of non-current assets	-2.2	0.4	-2.3	-4.2	-8.2
Investments at fair value through profit or loss - net change in fair value	-17.4	34.9	-98.7	60.6	-6.1
Other financial items	1.5	1.8	-4.0	-4.0	-4.4
Change in fair value of biological assets	-0.1	0.1	-0.3	0.7	0.5
Change in provisions and other non-cash items	-5.2	-6.9	-8.5	-10.7	-20.5
Cash flow before changes in working capital	**19.8**	**17.5**	**53.1**	**41.8**	**91.4**
Changes in working capital					
Change in current assets, non-interest-bearing	25.5	20.5	-12.4	1.0	7.2
Change in inventories	-12.2	4.4	-20.8	-0.9	24.0
Change in current liabilities, non-interest-bearing	15.4	-3.3	-17.7	-39.1	-1.9
Cash flow from operating activities before financial items and taxes	**48.6**	**39.1**	**2.2**	**2.9**	**120.7**
Financial income received and costs paid	1.2	4.7	0.0	19.0	23.2
Taxes paid	-11.1	-8.5	-16.1	-20.1	-60.2
Cash flow from operating activities (A)	**38.7**	**35.3**	**-14.0**	**1.8**	**83.8**
Cash flow from investing activities					
Investments in financial assets	-0.1	0.3	-0.1	-3.5	-6.6
Capital expenditure on fixed assets	-9.2	-10.1	-16.4	-18.4	-37.6
Proceeds from sale of fixed assets	3.6	0.8	3.9	1.2	2.1
Proceeds from sale of non-current assets held for sale	0.0		0.0	25.8	34.1
Proceeds from sale of subsidiary shares					12.0
Proceeds from sale of investments at fair value through profit or loss	0.2	61.7	0.2	61.7	61.7
Other dividends received	0.0		7.1	13.1	13.1
Cash flow from other investments					0.0
Cash flow from investing activities (B)	**-5.6**	**52.6**	**-5.3**	**80.0**	**78.8**
Cash flow from financing activities					
Purchase of treasury shares	0.0	-1.4	-0.1	-1.5	-3.2
Change in current receivables	-0.0	-0.0	22.0	-0.0	-22.0
Borrowings of non-current debt	0.8	0.5	0.8	0.0	0.0
Repayment of non-current debt	-0.9		-1.3	-0.4	-0.9
Change in current debt	-26.1	-50.8	53.4	13.5	-78.0
Payment of finance lease liabilities	0.0	-0.1	-0.2	-0.2	-1.4
Cash flow from other financing items	0.3	-0.0	0.1	0.1	0.0
Dividends paid	-6.6	-6.5	-58.4	-58.1	-58.7
Cash flow from financing activities (C)	**-32.5**	**-58.2**	**16.2**	**-46.7**	**-164.1**
Change in cash and cash equivalent (A+B+C)	**0.7**	**29.7**	**-3.1**	**35.1**	**-1.5**
Cash and cash equivalent at beginning of period	17.7	24.5	17.7	19.7	19.7
Translation difference	-3.9	0.1	-0.1	-0.5	-0.5
Cash and cash equivalent at end of period	14.6	54.3	14.6	54.3	17.7

CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Attributable to the equity holders of the parent company							
EUR million	**Share capital**	**Treasury shares**	**Cumul. transl. diff.**	**Fair value reserve**	**Actuarial gains and losses**	**Retained earnings**	**Non-controlling interest**	**Total**
Dec 31, 2015	**77.5**		**7.3**	**-1.0**	**-4.3**	**1,111.2**	**3.3**	**1,194.0**
Total comprehensive income for the period			8.3	-0.7	0.4	-20.2	0.8	-11.3
Changes due to divestments					0.0	0.1	-0.1	0.0
Purchase of treasury shares		-1.5						-1.5
Dividend distribution						-57.3	-0.7	-58.1
Jun 30, 2016	**77.5**	**-1.5**	**15.7**	**-1.7**	**-3.9**	**1,033.7**	**3.2**	**1,123.1**
Total comprehensive income for the period			16.7	0.4	-0.7	84.2	0.6	101.2
Changes due to divestments						-0.7	-1.2	-1.8
Purchase of treasury shares		-1.7						-1.7
Dividend distribution							-0.8	-0.8
Dec 31, 2016	**77.5**	**-3.2**	**32.3**	**-1.2**	**-4.6**	**1,117.3**	**1.9**	**1,220.1**
Total comprehensive income for the period			-19.2	0.4	0.7	113.7	0.2	95.8
Purchase of treasury shares		-0.1						-0.1
Dividend distribution*						-86.6	-0.4	-87.0
Jun 30, 2017	**77.5**	**-3.2**	**13.1**	**-0.8**	**-3.9**	**1,144.5**	**1.6**	**1,228.8**

*Dividend distribution includes first installment paid in March 2017 and second installment due for payment in September 2017

NOTES TO THE FINANCIAL STATEMENT RELEASE

ACCOUNTING PRINCIPLES

This unaudited interim report is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the previous annual financial statements.

All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

The Group has implemented these new or amended IAS/IFRS standards and interpretations mandatory as of 1 January 2017:
- Annual Improvements to IFRS standards

On 1 January 2018, the Group will adopt IFRS 15 and IFRS 9 and on 1 January 2019 the Group will adopt IFRS 16, providing these is approved by the EU by the planned date of adoption.

IFRS 15 Revenue from Contracts with Customers. Fiskars expects the standard to cause changes in the accounting principles with certain items, but material changes in reported figures are not expected as major revenue types will not be significantly affected. The group has continued evaluating the effects of the standard during Q2 and it has been observed that in some instances the standard affects timing of recognizing license and royalty income, services purchased from customers where distinct services are expected to be separately recognized as selling costs based on fair value of the service and service-type warranties in circumstances where extra warranties or long guarantee periods are provided by Fiskars. The IFRS 15 project and the impact evaluation will continue during the rest of the year 2017 but no major changes in Fiskars financial reporting are to be expected.

IFRS 16 Leases. The group will continue evaluating the effects of the standard during 2017.

IFRS 9 Financial Instruments and subsequent amendments. Fiskars expects the standard to cause changes in the accounting principles, but material changes in reported figures are not expected. The group is currently further evaluating the effects of the standard.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

FISKARS

REPORTING SEGMENTS

EUR million	Q2 2017	Q2 2016	Change %	Q1–Q2 2017	Q1–Q2 2016	Change %	Q1–Q4 2016
Net sales							
Living	123.1	125.0	-2	252.3	253.9	-1	598.1
Functional	165.9	167.5	-1	342.0	333.9	2	602.7
Other	1.0	1.0	1	1.9	1.9	-2	3.8
Group total	**290.0**	**293.5**	**-1**	**596.1**	**589.7**	**1**	**1,204.6**

EUR million	Q2 2017	Q2 2016	Change %	Q1–Q2 2017	Q1–Q2 2016	Change %	Q1–Q4 2016
Operating profit (EBIT)							
Living	5.1	-3.8		10.2	-3.1		49.0
Functional	17.2	22.1	-22	42.4	42.8	-1	40.3
Other	-4.6	-3.5	30	-7.3	-1.2		-6.7
Group total	**17.8**	**14.8**	**20**	**45.2**	**38.5**	**17**	**82.7**
Depreciation, amortization and impairment							
Living	5.1	5.4	-6	10.2	10.4	-2	20.9
Functional	4.0	3.6	12	8.0	7.2	12	15.4
Other	0.2	0.3	-24	0.4	0.6	-28	1.2
Group total	**9.4**	**9.3**	**1**	**18.7**	**18.2**	**3**	**37.4**
Capital expenditure							
Living	1.7	3.7	-55	3.6	6.8	-47	14.9
Functional	3.6	5.3	-32	7.9	9.9	-20	21.8
Other	2.1	1.1	84	3.2	1.7	89	0.9
Group total	**7.3**	**10.2**	**-28**	**14.8**	**18.4**	**-20**	**37.6**

NET SALES BY GEOGRAPHY

EUR million	Q2 2017	Q2 2016	Change %	Q1–Q2 2017	Q1–Q2 2016	Change %	Q1–Q4 2016
Net sales							
Europe	132.0	131.9	0	271.3	266.9	2	555.3
Americas	120.3	128.5	-6	249.9	257.3	-3	489.9
Asia-Pacific	37.0	33.3	11	72.8	66.2	10	153.3
Unallocated	0.6	-0.1		2.1	-0.7		6.2
Group total	**290.0**	**293.5**	**-1**	**596.1**	**589.7**	**1**	**1,204.6**

OPERATING PROFIT AND COMPARABLE EBITA

EUR million	Q2 2017	Q2 2016	Change %	Q1–Q2 2017	Q1–Q2 2016	Change %	Q1–Q4 2016
Operating profit (EBIT)	**17.8**	**14.8**	**20**	**45.2**	**38.5**	**17**	**82.7**
Amortization	-3.5	-3.6		-6.9	-6.7		-14.0
EBITA	**21.3**	**18.4**	**15**	**52.2**	**45.2**	**15**	**96.7**
Items affecting comparability in EBITA							
Sale of boats business		0.5			-3.8		-3.8
Supply Chain 2017 program		0.3			3.7		4.7
Sale of container gardening business and related goodwill impairment					-2.1		-2.1
Sale of Spring USA	0.0			0.1			-6.0
Ebertsankey related provisions and impairments							4.4
Alignment program	1.1	1.7		2.1	3.0		14.5
Other adjustments to operating profit							-1.4
Total items affecting comparability in EBITA	**1.1**	2.5		**2.2**	0.7		10.4
Comparable EBITA	**22.4**	**20.9**	**7**	**54.4**	**45.9**	**18**	**107.1**

INTANGIBLE AND TANGIBLE ASSETS

EUR million	Jun 30 2017	Jun 30 2016	Dec 31 2016
Intangible assets and goodwill			
Book value, Jan 1	526.0	540.6	540.6
Currency translation adjustment	-10.9	-6.6	-1.3
Additions	4.3	2.9	6.3
Divestments			-5.9
Amortization and impairment	-6.2	-6.7	-13.9
Decreases and transfers	-0.2	0.1	0.1
Book value at end of period	**513.0**	**530.4**	**526.0**
Investment commitments for intangible assets	1.1	1.4	
Tangible assets and investment property			
Book value, Jan 1	164.6	162.4	162.4
Currency translation adjustment	-23.1	-3.7	-2.7
Divestments			-0.1
Additions	10.4	15.5	33.4
Depreciation and impairment	-11.6	-11.5	-23.7
Decreases and transfers	18.0	-1.4	-4.6
Book value at end of period	**158.3**	**161.2**	**164.6**
Investment commitments for property, plant and equipment	6.3	10.5	7.4

NON-CURRENT ASSETS HELD FOR SALE

There were no non-current assets held for sale at the end of June 2017 and December 2016. Non-current assets held for sale at the end of June 2016 amounting to EUR 5,4 million included land sold in the acquired English & Crystal Living business during 2016.

CONTINGENCIES AND PLEDGED ASSETS

EUR million	Jun 30 2017	Jun 30 2016	Dec 31 2016
As security for own commitments			
Lease commitments	118.6	90.3	116.6
Guarantees	20.3	19.0	19.1
Other contingencies*	14.1	17.8	15.3
Contingencies and pledged assets total	**153.0**	**127.1**	**151.0**

*Other contingencies include a commitment of USD 15 million to invest in private equity funds.

Tax risks

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to reassessment of taxes.

In July 2016 Fiskars received a tax reassessment decision from the Finnish Large Taxpayers' Office, which obliged the company to pay in total EUR 28.3 million in additional tax, interest expenses and punitive tax increases as a result of a tax audit carried out in 2014.

Fiskars and its external advisors consider the decision unfounded and did not recognize the related taxes and other costs in the income statement. Fiskars has appealed the decision to the Board of Adjustment in the Finnish Large Taxpayers' Office. Fiskars will continue the appeal process in court, if necessary, in which case the process may take years. The dispute concerns intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years.

DERIVATIVES

EUR million	Jun 30 2017	Jun 30 2016	Dec 31 2016
Nominal amounts of derivatives			
Foreign exchange forwards and swaps	197.4	362.6	212.0
Interest rate swaps	80.0	93.4	80.0
Electricity forward agreements	0.4	1.3	0.4
Fair value of derivatives			
Foreign exchange forwards and swaps	0.4	-0.8	1.3
Interest rate swaps	-1.1	-2.4	-1.6
Electricity forward agreements	0.0	-0.3	0.1

Derivatives have been valued at market value.

EXCHANGE RATE SENSITIVITY OF THE OPERATIONS

Less than 20% of Fiskars' commercial cash flows are exposed to fluctuations in foreign exchange rates. The most significant transaction risks relate to the appreciation of THB and GBP against EUR and depreciation of JPY, AUD and SEK against EUR. The following table presents the estimated annual net commercial cash flows in the most significant currencies:

EUR million	THB	JPY	AUD	SEK	CAD	IDR	GBP	USD
Operational currency position	-37.7	24.6	26.0	23.2	16.7	-15.3	-10.8	1.5
Exchange rate sensitivity of the operations*	3.8	-2.5	-2.6	-2.3	-1.7	1.5	1.1	-0.2

*Illustrates the impact of 10% depreciation of the currency against EUR on the Group's annual profit before taxes had the cash flows not been hedged.

Most of the foreign exchange transaction risks related to the commercial cash flows are hedged primarily through the use of currency forwards and swaps. As Fiskars does not apply hedge accounting to these currency derivatives, both the realized and unrealized gains and losses on the derivatives are included in the income statement.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Jun 30, 2017

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	563.1		18.8	581.9
Other investments	0.3		8.2	8.5
Derivative assets		0.4		0.4
Total assets	**563.5**	**0.4**	**27.0**	**590.9**
Derivative liabilities		1.1		1.1
Total liabilities		**1.1**		**1.1**

Jun 30, 2016

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	397.7		15.5	413.2
Other investments	0.5		8.5	9.0
Total assets	**398.2**		**24.0**	**422.2**
Derivative liabilities		3.5		3.5
Total liabilities		**3.5**		**3.5**

Dec 31, 2016

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	464.4		20.4	484.8
Other investments	0.4		9.3	9.7
Derivative assets		1.4		1.4
Total assets	**464.8**	**1.4**	**29.7**	**495.8**
Derivative liabilities		1.6		1.6
Total liabilities		**1.6**		**1.6**

Fair value categories

Hierarchy level 1 includes financial assets that are publicly quoted in an active market. Level 2 includes financial assets and liabilities measured using directly observable market inputs. All interest-bearing debts and derivatives fall within this category. Level 3 includes financial assets and liabilities measured using non-market observable inputs. The asset classes in this category are unlisted equity investments and funds.

Investments	At fair value through profit or loss		Other		
EUR million	Level 1	Level 3	Level 1	Level 3	Total
Book value, Dec 31, 2015	**520.0**	**14.9**	**0.4**	**6.6**	**541.9**
Additions		3.9		2.0	5.9
Decreases	-61.7	-0.7			-62.4
Change in fair value	-60.6	-2.6	0.1		-63.2
Book value, Jun 30, 2016	**397.7**	**15.5**	**0.5**	**8.5**	**422.2**
Additions		3.3		0.7	4.0
Decreases					0.0
Change in fair value	66.7	1.5	-0.1		68.1
Book value, Dec 31, 2016	**464.4**	**20.4**	**0.4**	**9.3**	**494.4**
Additions		0.1			0.1
Decreases		0.0		-1.1	-1.1
Change in fair value	98.7	-1.7	-0.1	-0.0	96.9
Book value, Jun 30, 2017	**563.1**	**18.9**	**0.3**	**8.2**	**590.4**

Investments at fair value through profit or loss comprise listed shares and unlisted funds. Listed shares have been recognized at their fair value based on quotation at the end of the reporting period (fair value hierarchy level 1). Level 1 investments consist mainly of 10,881,781 shares in Wärtsilä with a fair value of EUR 563.1 million. A 10% change in the Wärtsilä share price would have an impact of EUR 56.3 million in the results before taxes. The fair value of unlisted funds is based on the market value reported by the fund (level 3). Changes in the fair value are recognized in the income statement.

Other financial assets comprise listed and unlisted shares as well as non-current receivables. Listed shares have been recognized at their fair value based on quotation at the end of the reporting period (level 1). Unlisted shares and other investments are measured at the lower of cost and fair value (level 3).

ACQUISITIONS AND DIVESTMENTS

The following acquisitions and divestments have an impact on the comparability of figures.

Acquisitions and divestments in Q1-Q2 2017

There were no acquisitions or divestments during Q1-Q2 2017.

Sale of the boats business in 2016

Fiskars sold its boats business to Yamaha Motor Europe N.V on 4 January 2016. The transaction included the sale of shares in Inha Works Ltd. as well as the sale of the Buster brand and related factory real estate in Ähtäri, Finland. In 2015, boats business net sales amounted to EUR 35

Sale of the container gardening business in the U.S. in 2016

Fiskars Brands, Inc. sold its container gardening business in the U.S. to Bloem, LLC on 22 January 2016. The transaction included the sale of the container gardening brand American Designer Pottery and related manufacturing and distribution facilities in Apopka, Florida, U.S. In 2015, container gardening net sales amounted to EUR 23 million.

Divestment of two businesses in September 2016

In September 2016, Fiskars entered into an agreement to divest its European Ebertsankey container gardening business to Good(s) Factory BV, a member of the Elho Group, European market leader in synthetic pottery and related products. The divestment was completed in December 2016. In addition, Fiskars sold Spring USA, the U.S. based provider of foodservice equipment, to an affiliate of ShoreView Industries.

In the full year 2015, the net sales of Spring USA and Ebertsankey were in the aggregate EUR 26 million and operating profit EUR 3 million. The divestment of Spring USA generated a positive effect on cash flow during the third quarter of 2016. The divestments did not have a significant impact on Fiskars' financial position or result during 2016.