Fiskars Group

Interim report
January–March 2018

Making the everyday extraordinary.

Fiskars, Gerber, Iittala,
Royal Copenhagen, Waterford,
Wedgwood, Arabia, Gilmour,
Royal Albert, Royal Doulton,
Rörstrand

FISKARS

INTERIM REPORT JANUARY-MARCH 2018: Net sales and comparable EBITA decreased due to weather and timing differences

First quarter 2018 in brief:

- Net sales decreased by 13.1% to EUR 266.1 million (Q1 2017: 306.2)
- Comparable net sales[1)] decreased by 6.2%
- Comparable[2)] EBITA decreased by 26% to EUR 23.6 million (32.0)
- EBITA decreased to EUR 22.0 million (30.9)
- Cash flow from operating activities before financial items and taxes amounted to EUR -39.2 million (-46.4)
- Earnings per share (EPS) were EUR 0.20 (1.07, comparable figure 0.28)[3)]

Outlook for 2018 unchanged:

In 2018, Fiskars expects the Group's comparable net sales[1)] and comparable[2)] EBITA to increase from 2017.

President and CEO, Fiskars, Jaana Tuominen:

"During the first quarter, the weather conditions were challenging, whereas last year the result was supported by more favorable weather. Furthermore, the timing of spring campaigns between the quarters impacted the results. As a consequence, the Fiskars Group had a tough start to the year in both the Living and Functional segments.

Regarding the Functional segment, the exceptionally cold spring in Europe and in the U.S. had an impact on the net sales in the gardening category, which is typically strong in the first half of the year. Comparable net sales increased in Functional Americas thanks to new distribution, however the increase was subdued due to the weather. After a period of weaker sales development, I was pleased to see that the comparable net sales increased in the Outdoor business during the quarter, supported by the expansion to the fishing category.

Net sales decreased in the Living segment, and the lower volumes impacted the comparable EBITA as well. Net sales increased in Finland, but we continued to face challenges in many of our other key markets, especially the U.S., the UK and Australia. Despite these headwinds, we were able to improve the profitability of the English & Crystal Living business, thanks to our consistent actions. In the English & Crystal Living business, we continue to work closely with our customers to create great consumer experiences, focus on improving the operational efficiency and revitalizing our brands.

Despite the performance during the first quarter, we remain confident in our ability to deliver according to our outlook, and we expect to increase our comparable net sales and EBITA in full year 2018."

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1) In 2017, using comparable exchange rates, excluding the net sales reported in 2017 from the divested container gardening business in Europe (December 2016). In the outlook for 2018, comparable net sales excludes the impact of exchange rates, acquisitions and divestments
2) Items affecting comparability in EBITA 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) Earnings per share does not include net changes in the fair value of the investment portfolio. The comparable figure for Q1 2017 has been adjusted accordingly.

Group key figures

EUR million	Q1 2018	Q1 2017	Change	2017
Net sales	266.1	306.2	-13.1%	1,185.5
Comparable net sales[1)]	266.1	283.6	-6.2%	1,184.0
EBITA	22.0	30.9	-29%	113.2
Items affecting comparability in EBITA[2)]	-1.6	-1.1		-5.8
Comparable EBITA	23.6	32.0	-26%	119.0
Operating profit (EBIT)	19.0	27.4	-31%	97.9
Profit before taxes	25.1	114.4		217.8
Profit for the period	16.5	88.2		167.1
Net change in the fair value of investment portfolio	13.6	81.3		107.9
Earnings/share, EUR[3)]	0.20	0.28		0.98
Equity per share, EUR	15.14	14.92	1%	15.53
Cash flow from operating activities before financial items and taxes	-39.2	-46.4	16%	130.5
Equity ratio, %	68%	66%		69%
Net gearing, %	18%	21%		12%
Capital expenditure	8.9	7.4	20%	35.4
Personnel (FTE), average	7,410	7,834	-5%	7,709

1) Using comparable exchange rates, excluding the net sales reported in 2017 from the divested container gardening business in Europe (December 2016)
2) In Q1 2018, items affecting comparability consisted of personnel-related costs and costs related to the Alignment program. In Q1 2017, items affecting comparability include costs related to the Alignment program and the sale of Spring USA.
3) Earnings per share does not include net changes in the fair value of the investment portfolio. The comparable figures for Q1 2017 and full year 2017 have been adjusted accordingly.

CHANGES IN FISKARS REPORTING IN 2018

Based on the new IFRS 9 standard that Fiskars adopted on January 1, 2018, Fiskars Group records the change in fair value of the Wärtsilä holding in other comprehensive income instead of recognizing fair value changes in the income statement.

Compared to the previous reporting principle, this has transferred the change in fair value of such investments from the income statement to other comprehensive income including deferred taxes. The change has not impacted the treatment of those items' balance sheet classification or dividends in the income statement.

From Q1 2018 onwards, Fiskars will not separately report the operative earnings per share, which previously has excluded the net change in the fair value of the investment portfolio and dividends received. Earnings per share (EPS) figures for 2017 have been adjusted accordingly.

More information on reporting changes are explained in the accounting principles section of this Interim Report.

FISKARS

INTERIM REPORT, JANUARY-MARCH 2018

GROUP PERFORMANCE

EUR million	Q1 2018	Q1 2017	Change	Comparable change*	2017
Net sales					
Group	266.1	306.2	-13.1%	-6.2%	1,185.5
Living	112.4	129.2	-13.0%	-7.7%	573.9
Functional	152.8	176.0	-13.2%	-5.1%	607.8
Other	0.9	0.9	-0.6%	-0.6%	3.8
Comparable EBITA					
Group	23.6	32.0	-26%		119.0
Living	3.4	7.2	-53%		70.7
Functional	24.0	26.8	-10%		59.7
Other	-3.8	-2.1	-84%		-11.5

*Using comparable exchange rates, excluding the divested container gardening business in Europe (December 2016)

Fiskars Group in Q1 2018

Fiskars Group's consolidated net sales decreased by 13.1% to EUR 266.1 million (Q1 2017: 306.2, which included EUR 1.7 million from divested businesses). Comparable net sales decreased by 6.2%, impacted by the performance of both the Living and the Functional segments. Comparable net sales decreased in the Functional EMEA business, impacted by the cold spring in Europe and timing related issues. In addition, comparable net sales decreased in the English & Crystal Living business, which continued to face challenges in the U.S., the UK and Australia. Comparable net sales increased in the Functional Americas and the Outdoor businesses.

The comparable EBITA (excluding items affecting comparability) decreased by 26% to EUR 23.6 million (32.0), impacted by the decreased sales volumes in both the Living and the Functional segments. Items affecting comparability in EBITA amounted to EUR -1.6 million (-1.1) and mainly consisted of personnel-related costs and the Alignment program. Fiskars Group's first quarter EBITA totaled EUR 22.0 million (30.9).

OPERATING ENVIRONMENT IN Q1 2018

The operating environment was mixed during the first quarter of 2018. In the U.S., economic growth continued but showed modest signs of easing off after a positive fourth quarter of 2017. Consumer confidence remained at a high level throughout the quarter, however this did not support sales development in relevant retail categories. The cold weather had a major impact in demand in the gardening category and reduced traffic in stores both in the U.S. and Europe.

Consumer confidence in the eurozone was at a high level during the quarter. The growth in retail sales continued, albeit at a slower pace than in the fourth quarter of 2017. Consumer confidence remained somewhat weak in the UK. In the Nordic countries the operating environment continued to improve, especially in Finland.

In Japan, consumer confidence remained at a good level and the economy showed early signs of increasing wage inflation, which however did not materialize in increased consumer spending. The Australian market remained challenging despite a minor pick-up in retail sales.

REPORTING SEGMENTS

This interim report reflects Fiskars' organizational structure that features two Strategic Business Units (SBU): Living and Functional. Fiskars Group's three primary reporting segments are Living, Functional, and Other. In addition, Fiskars reports 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 in Q1 2018

EUR million	Q1 2018	Q1 2017	Change	2017
Net sales*	112.4	129.2	-13.0%	573.9
Comparable EBITA	3.4	7.2	-53%	70.7
Capital expenditure	5.1	2.6	97%	14.0

*Using comparable exchange rates, net sales in the Living segment decreased by 7.7% in Q1 2018

Net sales in the Living segment decreased year-on-year and amounted to EUR 112.4 million (Q1 2017: 129.2). Comparable net sales decreased by 7.7%. This was mainly impacted by the English & Crystal Living business, which faced challenges in the U.S., the UK and Australia, either related to the overall market environment or channel specific challenges. The work has continued in the English & Crystal Living business to create a competitive product offering by streamlining the product portfolio. In addition, focus has been on improving the operational efficiency and revival of the brands. Comparable net sales in the Scandinavian Living business remained flat. In Japan, the distribution of the Iittala brand was transferred from a local distributor to Fiskars Group. Comparable net sales increased in the direct e-commerce channel in the Living segment.

Comparable EBITA for the Living segment decreased by 53% and amounted to EUR 3.4 million (7.2), primarily due to the Scandinavian Living business. The main reason was the product mix and the strong comparison figures from the previous year. The profitability improved in the English & Crystal Living business, due to increased operational efficiency and reduced costs.

Marketing highlights in Q1 2018

In February, Iittala participated in the Stockholm Design Week, which is an important fair for showcasing Scandinavian design. Additionally, both Iittala and Royal Doulton were present at the International Home + Housewares Show in Chicago, where Royal Doulton presented the new Coffee Studio -collection.

An in-house tradeshow for partners, key opinion leaders and press was arranged at the World of Wedgwood in the UK. The tradeshow presented products from the Spring/Summer 2018 collections from Wedgwood, Waterford, Royal Doulton, Royal Albert, Royal Copenhagen and Iittala.

The new tableware series from Arabia, Mainio, started shipping at the beginning of 2018. The series has been positively welcomed by consumers in Finland.

Functional segment in Q1 2018

EUR million	Q1 2018	Q1 2017	Change	2017
Net sales*	152.8	176.0	-13.2%	607.8
Comparable EBITA	24.0	26.8	-10%	59.7
Capital expenditure	3.3	5.1	-36%	19.4

*Using comparable exchange rates and excluding the net sales of the divested container gardening business in Europe (in December 2016), net sales in the Functional segment decreased by 5.1% in Q1 2018

Net sales in the Functional segment decreased year-on-year by 13.2% to EUR 152.8 million (Q1 2017: 176.0). Comparable net sales decreased by 5.1%, mainly due to the development in Functional EMEA, where the unusually late spring delayed sales in the gardening category. The same weather-related challenges impacted Functional Americas, but despite these headwinds comparable net sales grew slightly, supported by new distribution. Comparable net sales increased in the Outdoor business, supported by the launch of the fishing category products.

Comparable EBITA for the Functional segment decreased during the first quarter and amounted to EUR 24.0 million (26.8). The decrease was mainly due to the low sales volumes in the Functional EMEA business.

Marketing highlights in Q1 2018

Fiskars launched its annual product recycling campaign in Finland, and in addition to the cooking category it was also piloted for the gardening category. The “Make an Impact” recycling campaign was used as a pilot for future expansion to other markets. The objective was to give consumers an opportunity to easily recycle their used tools, and the campaign was promoted with a digital and TV campaign.

Fiskars’ new cooking range Norden was introduced at the Ambiente trade fair in Frankfurt. The Norden range will start shipping later in 2018. The redesigned Functional Form cookware range was also launched at Ambiente.

Gilmour launched a new line of watering tools. Additionally, the brand opened its innovative e-commerce service on Gilmour.com for the U.S. market.

Gerber’s new fishing category, which was introduced in the second half of 2017, started shipping in the first quarter of 2018. The products were first introduced in the U.S., Australia, Norway and Finland.

Other segment in Q1 2018

EUR million	Q1 2018	Q1 2017	Change	2017
Net sales	0.9	0.9	-0.6%	3.8
Comparable EBITA	-3.8	-2.1	-84%	-11.5
Capital expenditure	0.5	-0.2		2.0

Net sales in the Other segment remained stable year-on-year and amounted to EUR 0.9 million (Q1 2017: 0.9), consisting of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -3.8 million (-2.1), mainly due to timing of costs. The investments and net change in the fair value of investments through other comprehensive income is explained in the Financial items and net result section.

Net sales by geography in Q1 2018

EUR million	Q1 2018	Q1 2017	Change	Comparable change*	2017
Europe	125.8	139.2	-9.6%	-7.6%	568.5
Americas	110.3	129.7	-15.0%	-2.5%	463.0
Asia-Pacific	31.4	35.8	-12.2%	-4.4%	152.8
Unallocated**	-1.5	1.5			1.2

*Using comparable exchange rates, excluding the divested container gardening business in Europe (in December 2016)
**Geographically unallocated exchange rate differences

Net sales in Europe decreased by 9.6% and amounted to EUR 125.8 million (Q1 2017: 139.2). Comparable net sales decreased by 7.6%, impacted by the weather-related headwinds in the Functional segment. In the Living segment, the comparable net sales remained flat.

Net sales in Americas decreased by 15.0% to EUR 110.3 million (129.7). Comparable net sales decreased by 2.5%. While the comparable net sales increased in Functional Americas and the Outdoor business, the increase was offset by the decrease in the English & Crystal Living business.

Net sales in Asia-Pacific decreased by 12.2% and amounted to EUR 31.4 million (35.8). Comparable net sales decreased by 4.4%, impacted mainly by the English & Crystal Living business in Australia and Scandinavian Living business in Japan.

Research and development

The Group's research and development expenditure totaled EUR 4.8 million (Q1 2017: 4.6) in the first quarter of 2018, equivalent to 1.8% (1.5%) of net sales.

Personnel

The average number of full-time equivalent employees (FTE) was 7,410 (Q1 2017: 7,834) in the first quarter. At the end of the quarter, the Group employed 7,859 (8,497) employees, of whom 1,092 (1,192) were in Finland. The year-on-year change was mainly related to the Alignment program and unified definitions among retail and manufacturing personnel.

Financial items and net result in Q1 2018

The share ownership in the Wärtsilä Corporation is no longer treated as a financial asset at fair value through profit or loss. At the end of the first quarter of 2018, Fiskars owned 32,645,343 shares in Wärtsilä, representing 5.52% of Wärtsilä's share capital. The number of shares held in Wärtsilä changed due to the split of the Wärtsilä share, no other changes occurred.

The net change in the fair value of investments through other comprehensive income, consisting of the company's holdings in Wärtsilä, amounted to EUR 13.6 million (Q1 2017: 81.3, reported as net change in the fair value of investments through profit and loss) during the first quarter of 2018. The closing share price of Wärtsilä was EUR 17.95 (50.15, not directly comparable due to the split of two new shares for each existing share) at the end of the first quarter.

Other financial income and expenses amounted to EUR 5.8 million (5.5) in the first quarter of 2018, including EUR 7.5 million (7.1) of the first instalment of the dividend received on Wärtsilä shares and EUR -3.0 million (-0,1) of foreign exchange differences. The second instalment of the Wärtsilä dividend will be received in September 2018.

Profit before taxes was EUR 25.1 million (114.4) in the first quarter of 2018. Income taxes for the first quarter were EUR 8.4 million (26.2). The difference is mainly due to the change in the recording of the fair value in the Wärtsilä holding.

Earnings per share were EUR 0.20 (0.28). Earnings per share does not include net changes in the fair value of the investment portfolio. The comparable figure for Q1 2017 has been adjusted accordingly.

Cash flow, balance sheet and financing in Q1 2018

The first quarter cash flow from operating activities before financial items and taxes improved to EUR -39.2 million (Q1 2017: -46.4). The change was primarily due to the reduced inventory levels. Cash flow from financial items and taxes amounted to EUR -10.2 million (-6.3). Cash flow from investing activities was EUR -0.4 million (0.2), including EUR -8.9 million of capital expenditure on fixed assets and EUR 7.5 million from dividends received. Cash flow from financing activities was EUR 29.2 million (48.7), including EUR 68.2 million of change in current debt and EUR 17.3 million of change in current receivables. The comparison figure from Q1 2017 included EUR 79.4 million of changes in current debt and EUR 22.0 million of changes in current receivables.

Capital expenditure for the first quarter totaled EUR 8.9 million (7.4), mainly relating to facility expansions and efficiency investments. Depreciation, amortization and impairment were EUR 8.8 million (9.3) in the first quarter.

Fiskars' working capital totaled EUR 226.6 million (258.1) at the end of March. The decrease was primarily related to reduced inventory levels and decreased trade and other receivables. The equity ratio was 68% (66%) and net gearing was 18% (21%).

Cash and cash equivalents at the end of the period totaled EUR 10.5 million (14.0). Net interest-bearing debt amounted to EUR 226.2 million (256.8). In addition, the shares in Wärtsilä were valued at EUR 586.0 million (545.7) at the end of the quarter.

Short-term borrowing totaled EUR 86.3 million (90.2) and long-term borrowing totaled EUR 151.5 million (181.8). Short-term borrowing mainly consisted of commercial papers. 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 January 11, 2018, the renewal and expansion of the Fiskars Group Leadership Team (FGLT) was announced. At the same time, Fiskars discontinued the Extended Leadership Team and the Corporate Office to simplify its leadership structure. Fiskars appointed Ulla Lettijeff (M.Sc.Tech) as President, SBU Living and a member of the Fiskars Group Leadership Team. In addition, Fiskars will appoint a Chief Growth Officer (CGO) to the Group Leadership Team. The following new members have also been appointed to the Group Leadership Team: Chief Supply Chain Officer Risto Gaggl (M.Sc.Tech), General Counsel Päivi Timonen (LL.M.) and VP, Corporate Communications and Sustainability Maija Taimi (M.Sc.Econ). Fiskars has also appointed CFO Sari Pohjonen as the Deputy to the CEO. On March 15, 2018, Fiskars announced the appointment of Niklas Lindholm (Ph.D. Econ and M.Sc. Econ) as Chief Human Resources Officer and member of the FGLT from August 1, 2018. He will report to Fiskars President and CEO, Jaana Tuominen.

Chief Operating Officer Teemu Kangas-Kärki, Chief Human Resources Officer Nina Ariluoma and President, SBU Living Ulrik Garde Due have left the company.

After these changes the Fiskars Group Leadership Team consists of nine members:

- Jaana Tuominen, President and CEO
- Sari Pohjonen, Chief Financial Officer and Deputy to the CEO
- Risto Gaggl, Chief Supply Chain Officer
- Ulla Lettijeff, President, SBU Living
- Niklas Lindholm Chief Human Resources Officer (from August 1, 2018)
- Maija Taimi, VP, Corporate Communications and Sustainability
- Päivi Timonen, General Counsel
- Paul Tonnesen, President, SBU Functional
- Chief Growth Officer, to be appointed later

Other significant events during the reporting period

New share-based Long-term Incentive Plan for Fiskars Group's key employees

On February 7, 2018, Fiskars announced that the Board of Directors of Fiskars Corporation had decided on a new share-based Long-term Incentive Plan for the Fiskars Group Leadership Team and other key employees. The plan will form a part of Fiskars remuneration program for its key employees, and the aim of the plan is to support the implementation of the company's strategy and to align the objectives of key employees with those of shareholders to increase the value of the company.

The Long-term Incentive Plan has three performance periods of three calendar years each, 2018–2020, 2019–2021 and 2020–2022. The Board of Directors will decide separately for each performance period the participants in the incentive plan and the minimum, target and maximum rewards for each participant, as well as the performance criteria and related targets.

The amount of the reward paid to a key employee depends on achieving the pre-established targets. No reward will be paid if targets are not met or if the participant's employment or service ends before reward payment. For the first performance period, the plan has 48 participants at most and the targets for the Long-term Incentive Plan relate to the company's total shareholder return, Group EBITA and net sales.

If the targets of the plan are reached, rewards will be paid to participants after the end of each performance period. The reward will be paid in the company's shares, after the deduction of the relevant cash proportion that is required for covering taxes and tax-related costs due on the basis of the reward. However, the company has the right to pay the reward fully in cash under certain circumstances. If all maximum targets are reached, the maximum reward payable in shares on the basis of the 2018–2020 performance period would amount to a total gross maximum of 314,321 shares in the company. As a starting point, shares to be awarded to key employees will be paid as existing shares of the company and thus the Long-term Incentive Plan is not expected to have a diluting effect on the ownership of the company's shareholders.

Members of the Fiskars Group Leadership Team participating in the long-term incentive plan are subject to a shareholding requirement and must retain at least 50% of the net shares received based on plan until their share ownership in Fiskars corresponds to at least 50% (and for the President and CEO at least 100%) of their annual gross base salary.

Fiskars Corporation's directed share issue without consideration based on the Long-term Incentive Plan 2015 - 2019

On March 14, 2018 Fiskars announced that the Board of Directors of Fiskars Corporation had decided on a directed share issue without consideration based on Fiskars' Long-term Incentive Plan 2015–2019 in order to pay the share rewards for the performance period 2015–2017.

In the share issue, 15,168 treasury shares were issued without consideration to the key personnel participating in the performance period 2015–2017, in accordance with the terms and conditions of the share based Incentive Plan 2015–2019. Information about the launch and the terms and conditions of the Incentive Plan have been published in a stock exchange release on February 6, 2015.

The decision on the share issue was based on the authorization granted to the Board of Directors by Fiskars Corporation's Annual General Meeting of Shareholders held on March 14, 2018. The shares were delivered to the participants of the Incentive Plan on March 15-16, 2018. After the share delivery, Fiskars Corporation holds a total of 176,299 own shares.

Annual General Meeting 2018

The Annual General Meeting of shareholders of Fiskars Corporation was held at Helsinki Exhibition & Convention Centre, the Conference Center on March 14, 2018. The Annual General Meeting approved the financial statements for 2017 and discharged the members of the Board and the President and CEO from the liability. The Annual General Meeting decided in accordance with the proposal by the Board of Directors to pay a dividend of EUR 0.72 per share for the financial period that ended on December 31, 2017. The dividend will be paid in two instalments. The first instalment of EUR 0.36 per share has been paid to a shareholder who was registered in the shareholders' register of the company maintained by Euroclear Finland Ltd. on the dividend record date March 16, 2018. The payment date for this instalment was March 23, 2018.

The second instalment of EUR 0.36 per share will be paid in September 2018. The second instalment will be paid to a shareholder who is registered in the shareholders' register of the company maintained by Euroclear Finland Ltd on the dividend record date, which, together with the payment date, shall be decided by the Board of Directors in its meeting scheduled for September 7, 2018. The dividend record date for the second instalment would be September 11, 2018 and the dividend payment date September 18, 2018, at the latest.

The Annual General Meeting decided that the Board of Directors shall consist of ten members. Paul Ehrnrooth, Ingrid Jonasson Blank, Louise Fromond, Gustaf Gripenberg, Jyri Luomakoski, Inka Mero, Fabian Månsson, Peter Sjölander and Ritva Sotamaa were re-elected. Albert Ehrnrooth was elected as a new member. The term of the Board members will expire at the end of the Annual General Meeting in 2019. KPMG Oy Ab was elected as auditor for the term that will expire at the end of the Annual General Meeting in 2019. KPMG Oy Ab has announced that the responsible auditor will be Toni Aaltonen, Authorized Public Accountant.

The Annual General Meeting decided to authorize the Board to decide on the acquisition of a maximum of 4,000,000 own shares, in one or several instalments, using the unrestricted shareholders' equity of the company. The company's own shares may be acquired in public trading on Nasdaq Helsinki Ltd at a price formed in public trading on the date of the acquisition. The authorization may be used to acquire shares to be used for the development of the capital structure of the company, as consideration in corporate acquisitions or industrial reorganizations and as part of the company's incentive system and otherwise for further transfer, retention or cancellation. The Board of Directors is authorized to decide on all other terms and conditions regarding the acquisition of the company's own shares. Based on the authorization the acquisition of the company's own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed acquisition).

The Annual General Meeting decided to authorize the Board to decide on the transfer of own shares (share issue) held as treasury shares of a maximum of 4,000,000 shares, in one or several instalments, either against or without consideration. The company's own shares held as treasury shares may be transferred for example as consideration in corporate acquisitions or industrial reorganizations or for the development of the capital structure of the company, or as part of its incentive system. The Board of Directors is authorized to decide on all other terms and conditions regarding the transfer of own shares held as treasury shares. The transfer of own shares may also be carried out in deviation from the shareholders' pre-emptive rights to the company's shares (directed issue).

The authorizations are effective until June 30, 2019 and cancel the corresponding authorizations granted to the Board by the Annual General Meeting on March 9, 2017.

Constitutive meeting of the Board and Board Committees

Convening after the Annual General Meeting held on March 14, 2018 the Board of Directors elected Paul Ehrnrooth as its Chairman and Jyri Luomakoski as the Vice Chairman. The Board decided to establish an Audit Committee, a Human Resources and Compensation Committee as well as a Nomination Committee. The Board appointed Jyri Luomakoski (Chairman), Albert Ehrnrooth, Louise Fromond, Gustaf Gripenberg and Ritva Sotamaa as members of the Audit Committee. Paul Ehrnrooth (Chairman), Ingrid Jonasson Blank, Inka Mero and Peter Sjölander were appointed as the members of the Human Resources and Compensation Committee. The Board appointed Paul Ehrnrooth (Chairman), and Fabian Månsson as the members of the Nomination Committee and Alexander Ehrnrooth as an external member of the Nomination Committee.

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 176,299 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 first quarter was EUR 22.78 (Q1 2017: 19.23). At the end of March, the closing price was EUR 20.30 (EUR 19.37) per share and Fiskars had a market capitalization of EUR 1,659.1 million (1,582.8). The number of shares traded on Nasdaq Helsinki and in alternative market places from January to March was 0.6 million (1.0), which represents 0.8% (1.2%) of the total number of shares. The total number of shareholders was 19,559 (19,087) at the end of March 2018.

Flagging notifications

Fiskars was not informed of any 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. The tax reassessment claim raised by the Finnish Large Taxpayers' Office in 2016, which obliged the company to pay a total of EUR 28.3 million in additional tax, interest expenses and punitive tax increases, has been appealed against by the company 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.

In December 2017, the U.S. tax reform was signed into law. The legislation includes, among other things, a reduction in the U.S. federal corporate income tax rate from 35% to 21%. The change is expected to have a slightly positive impact on Fiskars' net result from 2018 onwards.

Fiskars operates globally with a considerable part of its business in the U.S. and in other countries outside of the euro zone. Weakening of the U.S. dollar or other currencies relative to the euro may have a material impact on the reported financial figures due to the translation exposure. Less than 20% of Fiskars' commercial cash flows are exposed to fluctuations in foreign exchange rates.

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 2018

In 2018, Fiskars expects the Group's comparable net sales and comparable EBITA to increase from the year 2017.

The comparable net sales excludes the impact of exchange rates, acquisitions and divestments. Items affecting comparability in EBITA excludes restructuring costs, impairment charges, integration related costs, acquisitions and divestments, and gain and loss from the sale of businesses.

Helsinki, Finland, April 26, 2018

FISKARS CORPORATION
Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR million	Q1 2018	Q1 2017	Change %	Q1–Q4 2017
Net sales	266.1	306.2	-13	1,185.5
Cost of goods sold	-148.6	-173.3	-14	-673.3
Gross profit	117.5	132.8	-12	512.2
Other operating income	0.8	0.5	57	7.1
Sales and marketing expenses	-68.8	-75.5	-9	-300.2
Administration expenses	-25.1	-25.6	-2	-99.9
Research and development costs	-4.8	-4.6	5	-18.8
Other operating expenses	-0.6	-0.2	143	-2.5
Operating profit (EBIT)*	19.0	27.4	-31	97.9
Change in fair value of biological assets	0.3	0.2		0.7
Investments at fair value through profit or loss - net change in fair value**		81.3		107.9
Other financial income and expenses	5.8	5.5		11.4
Profit before taxes	25.1	114.4		217.8
Income taxes	-8.6	-26.2		-50.8
Profit for the period	**16.5**	**88.2**		**167.1**
Attributable to:				
Equity holders of the parent company	16.6	88.0		166.4
Non-controlling interest	-0.0	0.1		0.7
Earnings for equity holders of the parent company per share, euro (basic and diluted)***	0.20	0.28		0.98
*Comparable EBITA (detailed in notes)	23.6	32.0	-26	119.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q1 2018	Q1 2017	Q1–Q4 2017
Profit for the period	**16.5**	**88.2**	**167.1**
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss			
Translation differences	-0.2	-0.8	-29.4
Cash flow hedges	0.2	0.3	0.6
Items that will not be reclassified to profit or loss			
Investments at fair value through comprehensive income - net change in fair value net of tax**	10.9		
Defined benefit plan, actuarial gains (losses) net of tax	-0.3	0.5	0.2
Other comprehensive income for the period net of tax total	10.8	0.0	-28.6
Total comprehensive income for the period	**27.3**	**88.1**	**138.5**
Attributable to:			
Equity holders of the parent company	27.1	87.9	137.8
Non-controlling interest	0.1	0.2	0.7

**Based on the new IFRS 9 standard, adopted January 1, 2018 onwards, the change in fair value of the Wärtsilä holding is presented in other comprehensive income, including deferred taxes, instead of recognizing fair value changes in income statement. Previous period has not been restated.

***Earnings per share does not include net changes in the fair value of the investment portfolio. Reported figures of EUR 1.07 for Q1 2017 and EUR 2.04 for full year 2017 have been adjusted accordingly.

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CONSOLIDATED BALANCE SHEET

EUR million	Mar 31 2018	Mar 31 2017	Change %	Dec 31 2017
ASSETS				
Non-current assets				
Goodwill	220.9	228.9	-3	221.9
Other intangible assets	283.1	294.1	-4	279.5
Property, plant & equipment	153.7	159.1	-3	155.1
Biological assets	41.9	41.1	2	41.6
Investment property	4.0	5.5	-28	3.9
Financial assets				
Financial assets at fair value through profit or loss	23.6	19.9	19	21.7
Other investments	8.8	8.7	1	8.7
Deferred tax assets	29.5	30.7	-4	29.2
Non-current assets total	765.5	788.1	-3	761.7
Current assets				
Inventories	219.7	233.2	-6	205.2
Trade and other receivables	216.4	241.9	-11	214.4
Income tax receivables	31.0	35.2	-12	33.2
Interest-bearing receivables	0.0	0.0	-15	20.0
Investments at fair value through other comprehensive income	586.0	545.7	7	572.4
Cash and cash equivalents	10.5	14.0	-25	31.1
Current assets total	1,063.6	1,070.1	-1	1,076.3
Non-current assets held for sale				
Assets total	**1,829.1**	**1,858.1**	**-2**	**1,837.9**
EQUITY AND LIABILITIES				
Equity				
Equity attributable to the equity holders of the parent company	1,237.4	1,219.4	1	1,269.4
Non-controlling interest	2.8	2.1	33	2.8
Equity total	1,240.3	1,221.5	2	1,272.1
Non-current liabilities				
Interest-bearing liabilities	151.5	181.8	-17	151.4
Other liabilities	6.8	7.9	-13	7.3
Deferred tax liabilities	76.5	70.0	9	73.2
Pension liability	13.3	14.2	-6	13.3
Provisions	5.6	7.2	-22	6.9
Non-current liabilities total	253.7	281.1	-10	252.0
Current liabilities				
Interest-bearing liabilities	86.3	90.2	-4	48.5
Trade and other payables	232.4	239.5	-3	246.9
Income tax liabilities	8.0	12.7	-37	10.0
Provisions	7.8	13.2	-41	8.4
Current liabilities total	334.6	355.5	-6	313.8
Equity and liabilities total	**1,829.1**	**1,858.1**	**-2**	**1,837.9**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q1 2018	Q1 2017	Q1–Q4 2017
Cash flow from operating activities			
Profit before taxes	25.1	114.4	217.8
Adjustments for			
Depreciation, amortization and impairment	8.8	9.3	38.8
Gain/loss on sale and loss on scrap of non-current assets	0.0	-0.1	-4.3
Investments at fair value through profit or loss - net change in fair value	0.0	-81.3	-107.9
Other financial items	-5.8	-5.5	-11.2
Change in fair value of biological assets	-0.3	-0.2	-0.7
Change in provisions and other non-cash items	0.2	-3.3	-8.5
Cash flow before changes in working capital	**28.0**	**33.3**	**124.0**
Changes in working capital			
Change in current assets, non-interest-bearing	-5.5	-38.0	-23.8
Change in inventories	-17.3	-8.6	8.5
Change in current liabilities, non-interest-bearing	-44.4	-33.1	21.8
Cash flow from operating activities before financial items and taxes	**-39.2**	**-46.4**	**130.5**
Financial income received and costs paid	-1.8	-1.3	-0.7
Taxes paid	-8.4	-5.0	-26.0
Cash flow from operating activities (A)	**-49.4**	**-52.7**	**103.8**
Cash flow from investing activities			
Investments in financial assets			-1.9
Capital expenditure on fixed assets	-8.9	-7.2	-32.8
Proceeds from sale of fixed assets	0.0	0.4	9.5
Proceeds from sale of non-current assets held for sale			-1.3
Proceeds from sale of subsidiary shares	0.0		0.0
Proceeds from sale of investments at fair value through profit or loss	0.0	-0.0	-0.0
Other dividends received	7.5	7.1	14.1
Cash flow from other investments	1.0		0.0
Cash flow from investing activities (B)	**-0.4**	**0.2**	**-12.4**
Cash flow from financing activities			
Purchase of treasury shares		-0.1	-0.1
Change in current receivables	17.3	22.0	2.0
Borrowings of non-current debt	0.2		0.9
Repayment of non-current debt	-30.1	-0.4	-1.3
Change in current debt	68.2	79.4	7.3
Payment of finance lease liabilities	-0.1	-0.2	-0.6
Cash flow from other financing items	0.1	-0.2	0.7
Dividends paid	-26.4	-51.8	-87.0
Cash flow from financing activities (C)	**29.2**	**48.7**	**-78.0**
Change in cash and cash equivalent (A+B+C)	**-20.6**	**-3.8**	**13.5**
Cash and cash equivalent at beginning of period	31.1	17.7	17.7
Translation difference	0.0	0.0	-0.1
Cash and cash equivalent at end of period	10.5	14.0	31.1

Non-cash changes on interest bearing net debt amounted to EUR 0.4 million arising from unrealized foreign exchange differences.

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CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR million	Attributable to the equity holders of the parent company								
	Share capital	Treasury shares	Cumul. transl. diff.	Fair value reserve	Actuarial gains and losses	Financial assets at FVTOCI	Retained earnings	Non-controlling interest	Total
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			-0.9	0.3	0.5		88.0	0.2	88.1
Purchase of treasury shares		-0.1							-0.1
Dividend distribution							-86.6		-86.6
Mar 31, 2017	**77.5**	**-3.2**	**31.5**	**-0.9**	**-4.1**		**1,118.7**	**2.1**	**1,221.5**
Total comprehensive income for the period			-28.5	0.3	-0.3		78.4	0.4	50.4
Capital injected by non-controlling interest								0.7	0.7
Dividend distribution								-0.4	-0.4
Dec 31, 2017	**77.5**	**-3.2**	**3.0**	**-0.6**	**-4.4**		**1,197.1**	**2.8**	**1,272.1**
Adoption of IFRS 9							-1.0		-1.0
Adoption of amendment to IFRS 2							0.5		0.5
Opening Balance Jan 1, 2018	**77.5**	**-3.2**	**3.0**	**-0.6**	**-4.4**		**1,196.5**	**2.8**	**1,271.6**
Total comprehensive income for the period			-0.3	0.2	-0.3	10.9	16.6	0.0	27.3
Disposal of treasury shares		0.3							0.3
Dividend distribution*							-58.8		-58.8
Mar 31, 2018	**77.5**	**-3.0**	**2.7**	**-0.4**	**-4.6**	**10.9**	**1,154.2**	**2.8**	**1,240.3**

*Dividend distribution includes first installment paid in March 2018 and second installment due for payment in September 2018

NOTES TO THE INTERIM REPORT

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.

Figures presented have been rounded and therefore the sum of individual figures might differ from the presented total figure.

The Group applies, as from January 1, 2018, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments, and amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions.

As required by IAS 34, the nature and effect of these changes on the Group's accounting policies are disclosed below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 has superseded the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the good or service underlying the particular performance obligation is transferred to the customer. The principles in IFRS 15 are applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the full retrospective method of adoption. There are no changes impacting the comparative information and therefore, no restatements have been made in the Group's financial statements.

The Group is in the business of supplying of consumer products and the main revenue stream is sale of goods. The Group is acting as a principal in all of the customer contracts as the Group provides the good itself to a customer and controls the specified goods before they are transferred to a customer. In addition, Fiskars receives royalty fees from customers. The fee relating to royalties is recognised as income based on reported sales from counter parties.

Sale of goods
The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The exact timing of the transfer of control is analyzed contract by contract taking into account the delivery terms, customer acceptance clauses and customer's ability to benefit from the goods delivered. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Warranty obligations
The Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, most warranties are assurance-type warranties under IFRS 15, which the Group accounts for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its practice prior to the adoption of IFRS 15. If any other warranties, like warranties with extended warranty period, are provided, the impact of those is considered as immaterial.

Variable consideration
The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. Some contracts for the sale of goods provide customers with a right of return, discounts and volume rebates. The variable consideration is estimated using expected value method at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration does not impact the comparative information and therefore, no restatements have been made in the Group's financial statements.

Royalties
Fiskars receives sales-based royalties mainly from UK. Fiskars applies the method where the fixed part (minimum guarantee) is recorded as revenue over time applying a measure of progress to the fixed amount on a cumulative basis. The sales based part of the royalty is recorded based on reported sales from counter parties. Sales from royalties is not significant part of the net sales.

IFRS 9 Financial Instruments and subsequent amendments

The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting and replaces current IAS 39. The impairment model in IFRS 9 is based on the premise of providing for expected losses.

The new standard primarily causes changes in the accounting principles of financial items and the evaluation of their impairment according to the new expected credit loss model (ECL). It enables to book the change in fair value of investments at fair value, consisting of Fiskars' holdings in Wärtsilä, either in income statement or in other comprehensive income, and from these two options, Fiskars has chosen to start applying reporting the change in fair value of investments at fair value in other comprehensive income. This change compared to previous reporting manner has transferred the change in fair value of such investments from the income statement to other comprehensive income including deferred taxes. The change has not impacted the treatment of those items' balance sheet classification or dividends in the income statement.

In addition, the standard change has moderate impacts on the bad debt provisions of trade receivables because of the expected credit loss model introduced by standard. Fiskars has designed an ECL model where the largest customers globally, representing a significant portion of trade receivables, are aggregated and separately valued with credit rating data and the rest are valued with an average rating data. For aging receivables, the percentages are rising based on best estimates regarding the increased risk of expected credit loss and for the receivables over 180 days past due, 100% are written off. Previous periods have not been restated. Expected credit loss model has increased the bad debt provision by EUR 1 million, which has been recognized in retained earnings.

IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments to IFRS 2 are intended to eliminate diversity in three main areas: the effects of vesting conditions on the measurement of a cash-settled share based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. According to the amendments of the standard, Fiskars classifies the share-based arrangements with net settlement features as equity-settled. No restatement of prior periods is made.

On January 1st, 2019, the Group will adopt IFRS 16 Leases

According to the current Leases standard, IAS17, a lessee must separate leases into finance lease agreements booked on the balance sheet and operating lease agreements classified as off-balance sheet items. According to the forthcoming standard IFRS16, all of the lessees' lease agreements will be booked as fixed assets in the balance sheet, except short-term contracts under 12 months and immaterial contracts. The new standard transfers off-balance sheet commitments to the balance sheet, which results in an increase of fixed assets and liabilities and moves former lease expenses to Depreciation and Interest expenses. The amount of commitments was EUR 90 million on 31 March 2018. Agreements treated as commitments however differ from the lease agreements determined by IFRS16 and thus the amount of agreements that will be booked on balance sheet can differ from these commitments.

Based on Fiskars' industry and business model, it acts mostly as lessee in numerous contracts. Major part of the contracts that will be booked on balance sheet are consisting of the lease contracts of stores, offices and warehouses as well as some machinery and equipment. Fiskars has continued with standard workshops and impact analysis during the first quarter and will continue with the needed actions during 2018 to be ready by January 1st, 2019. It has been observed that the variety of contracts in the scope of the standard is comprehensive. Fiskars expects that there will be an impact on both accounting principles and reported figures. This change will also impact financial indicators which are based on the balance sheet, such as gearing. Fiskars is planning to use Cumulative Catch-up as its transition method to IFRS 16.

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	Q1 2018	Q1 2017	Change %	Q1–Q4 2017
Net sales				
Living	112.4	129.2	-13	573.9
Functional	152.8	176.0	-13	607.8
Other	0.9	0.9	-1	3.8
Group total	**266.1**	**306.2**	**-13**	**1185.5**

EUR million	Q1 2018	Q1 2017	Change %	Q1–Q4 2017
Operating profit (EBIT)				
Living	0.9	5.1	-82	58.4
Functional	22.9	25.2	-9	52.9
Other	-4.8	-2.8	73	-13.4
Group total	**19.0**	**27.4**	**-31**	**97.9**
Depreciation, amortization and impairment				
Living	5.1	5.1	0	21.3
Functional	3.4	4.0	-14	16.5
Other	0.2	0.2	7	1.0
Group total	**8.8**	**9.3**	**-6**	**38.8**
Capital expenditure				
Living	5.1	2.6	97	14.0
Functional	3.3	5.1	-36	19.4
Other	0.5	-0.2		2.0
Group total	**8.9**	**7.4**	**20**	**35.4**

NET SALES BY GEOGRAPHY

EUR million	Q1 2018	Q1 2017	Change %	Q1–Q4 2017
Net sales				
Europe	125.8	139.2	-10	568.5
Americas	110.3	129.7	-15	463.0
Asia-Pacific	31.4	35.8	-12	152.8
Unallocated	-1.5	1.5		1.2
Group total	**266.1**	**306.2**	**-13**	**1,185.5**

OPERATING PROFIT AND COMPARABLE EBITA

EUR million	Q1 2018	Q1 2017	Change %	Q1–Q4 2017
Operating profit (EBIT)	**19.0**	**27.4**	**-31**	**97.9**
Amortization	-3.0	-3.5		-15.3
EBITA	**22.0**	**30.9**	**-29**	**113.2**
Items affecting comparability in EBITA				
Sale of boats business				-1.2
Personnel-related costs	1.2			
Sale of Spring USA	0.0	0.1		0.0
Ebertsankey related provisions and impairments				0.7
Alignment program	0.4	1.0		5.7
Other adjustments to operating profit				0.6
Total items affecting comparability in EBITA	**1.6**	1.1		5.8
Comparable EBITA	**23.6**	**32.0**	**-26**	**119.0**

INTANGIBLE AND TANGIBLE ASSETS

EUR million	Mar 31 2018	Mar 31 2017	Dec 31 2017
Intangible assets and goodwill			
Book value, Jan 1	501.5	526.0	526.0
Currency translation adjustment	1.7	-2.0	-17.6
Additions	3.5	2.1	6.9
Amortization and impairment	-2.9	-3.1	-13.6
Decreases and transfers	0.3	0.1	-0.3
Book value at end of period	**504.0**	**523.0**	**501.5**
Investment commitments for intangible assets	6.8	1.2	2.5
Tangible assets and investment property			
Book value, Jan 1	159.0	164.6	164.6
Currency translation adjustment	-0.8	-19.6	-4.4
Additions	5.5	5.7	28.2
Depreciation and impairment	-5.7	-5.9	-23.0
Decreases and transfers	-0.4	19.8	-6.4
Book value at end of period	**157.6**	**164.7**	**159.0**
Investment commitments for property, plant and equipment	5.8	6.0	9.1

CONTINGENCIES AND PLEDGED ASSETS

EUR million	Mar 31 2018	Mar 31 2017	Dec 31 2017
As security for own commitments			
Lease commitments	90.0	116.5	96.4
Guarantees	19.8	20.9	19.9
Other contingencies*	11.2	14.6	11.8
Contingencies and pledged assets total	**121.0**	**152.0**	**128.1**

*Other contingencies include a commitment of USD 13 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. The tax reassessment claim raised by the Finnish Large Taxpayers' Office in 2016, which obliged the company to pay a total of EUR 28.3 million in additional tax, interest expenses and punitive tax increases, has been appealed against by the company 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	Mar 31 2018	Mar 31 2017	Dec 31 2017
Nominal amounts of derivatives			
Foreign exchange forwards and swaps	160.7	222.5	184.9
Interest rate swaps	80.0	80.0	80.0
Electricity forward agreements	1.0	0.4	1.0
Fair value of derivatives			
Foreign exchange forwards and swaps	-0.1	-0.9	-0.4
Interest rate swaps	0.2	-1.2	-0.9
Electricity forward agreements	-0.7	0.0	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 depreciation of SEK, AUD and JPY. The following table presents the estimated annual net commercial cash flows in the most significant currencies:

EUR million	THB	SEK	AUD	JPY	CAD	IDR	USD	NOK
Operational currency position	-38.4	23.3	22.4	15.7	14.8	-13.3	-12.8	8.6
Exchange rate sensitivity of the operations*	3.8	-2.4	-2.2	-1.6	-1.5	1.3	1.3	-0.9

*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

Mar 31, 2018

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss			23.6	23.6
Investments at fair value through other comprehensive income	586.0			586.0
Other investments	0.4		8.3	8.7
Derivative assets		0.2		0.2
Total assets	**586.4**	**0.2**	**31.9**	**618.5**
Derivative liabilities		0.8		0.8
Total liabilities		**0.8**		**0.8**

Mar 31, 2017

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	545.7		19.9	565.6
Other investments	0.4		8.3	8.7
Derivative assets		0.1		0.1
Total assets	**546.1**	**0.1**	**28.2**	**574.4**
Derivative liabilities		2.1		2.1
Total liabilities		**2.1**		**2.1**

Dec 31, 2017

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	572.4		21.7	594.1
Other investments	0.4		8.5	8.9
Derivative assets		0.1		0.1
Total assets	**572.8**	**0.1**	**30.2**	**603.1**
Derivative liabilities		1.3		1.3
Total liabilities		**1.3**		**1.3**

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	**FVTOCI**	**FVTPL**	**Other**		
EUR million	**Level 1**	**Level 3**	**Level 1**	**Level 3**	**Total**
Book value, Dec 31, 2016	**464.4**	**20.4**	**0.4**	**9.3**	**494.4**
Additions		7.2		-1.0	6.2
Decreases		-0.7			-0.7
Change in fair value	81.3	-7.0	-0.0		74.3
Book value, Mar 31, 2017	**545.7**	**19.9**	**0.4**	**8.3**	**574.3**
Additions		2.3			2.3
Decreases					
Change in fair value	26.6	-0.5	-0.0	0.2	26.3
Book value, Dec 31, 2017	**572.4**	**21.7**	**0.4**	**8.5**	**602.9**
Additions		0.0			0.0
Decreases					
Change in fair value	13.6	1.9	0.0	-0.2	15.3
Book value, Mar 31, 2018	**586.0**	**23.6**	**0.4**	**8.3**	**618.3**

Investments at fair value through other comprehensive income (FVTOCI) comprise listed shares and investments at fair value through profit or loss (FVTPL) comprise 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 32,645,343 shares in Wärtsilä with a fair value of EUR 586.0 million. A 10% change in the Wärtsilä share price would have an impact of EUR 46.9 million in the total comprehensive income for the period. Based on the new IFRS 9 standard that Fiskars adopted from January 1, 2018 onwards, Fiskars Group will report the change in fair value in other comprehensive income instead of recognizing fair value changes in income statement. The fair value of unlisted funds is based on the market value reported by the fund (level 3). Changes in the fair value of these are recognized in the income statement as earlier.

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

Acquisitions and divestments in Q1 2018

There were no acquisitions or divestments during the first quarter 2018.

Acquisitions and divestments in 2017

There were no acquisitions or divestments during the year 2017.