FISKARS

FINANCIAL STATEMENT RELEASE

January 1 – December 31, 2016

FINANCIAL STATEMENT RELEASE 2016: Significant increase in net sales and operating profit

Fourth quarter 2016 in brief:

- Net sales in line with the previous year at EUR 334.1 million (Q4 2015: 333.8)
- Net sales increased by 5.1% on a comparable basis[1)]
- Operating profit increased to EUR 24.1 million (13.0)
- Adjusted operating profit[2)] increased by 96% to EUR 33.0 million (16.8)
- Cash flow from operating activities before financial items and taxes increased to EUR 77.5 million (64.6)
- Earnings per share (EPS) were EUR 0.51 (0.76). Operative earnings per share[3)] amounted to EUR 0.23 (0.05)

January 1–December 31, 2016 in brief:

- Net sales increased by 8.8% to EUR 1,204.6 million (2015: 1,107.1)
- Net sales increased by 1.6% on a comparable basis[4)]
- Operating profit increased to EUR 82.7 million (46.5)
- Adjusted operating profit[2)] increased by 44% to EUR 93.8 million (65.1)
- Cash flow from operating activities before financial items and taxes increased to EUR 120.7 million (50.2)
- Earnings per share (EPS) were EUR 0.78 (1.04). Operative earnings per share[3)] amounted to EUR 0.56 (0.16)
- Fiskars is transitioning to a biannual dividend distribution policy. The Board of Directors proposes a normal dividend of EUR 0.71 per share be paid in March 2017. To facilitate the transition to the new policy, the Board of Directors proposes a dividend of EUR 0.35 per share be paid in September 2017
- Outlook for 2017: Fiskars expects the Group's net sales, excl. net sales of businesses divested in 2016 (2016: EUR 1,180 million) and adjusted EBITA (2016: EUR 107 million) to increase from the previous year
- Fiskars has announced its long-term financial targets after the financial reporting period. The targets cover four areas: growth, profitability, capital structure, and dividend

President and CEO, Fiskars, Kari Kauniskangas:

"The year 2016 was marked by strong progress on our strategic journey, with all-time high net sales and adjusted operating profit. This was a major achievement, especially as the integration of the watering business and the English & Crystal Living business are both on-going. I'm particularly proud of the performance in the fourth quarter, driven by the Scandinavian Living and Functional businesses. While our team was going through many changes, including the introduction of a new organizational structure, new leadership teams and plans to increase efficiencies, our net sales was in line with the previous year despite divestments, and the adjusted operating profit nearly doubled, amounting to EUR 33.0 million during the fourth quarter.

The turnaround of the watering business has progressed faster than originally planned and the business contributed positively to our earnings already in 2016. The English & Crystal Living business is being managed with a strong focus on improving working capital and operational efficiency. We continued to strengthen all of the key international brands and increase our consumer focus.

During 2016, we took several steps in developing Fiskars into a world-class consumer goods company with a family of iconic lifestyle brands. Fiskars is focusing on building businesses and brands that have the potential to grow globally, and in line with this target, we have divested businesses that do not fit into our strategy. In addition, we are continuously seeking ways to operate with more efficiency and agility, and we saw our efforts begin to generate results during the year.

I am pleased with our performance in 2016, and we will continue our strategic journey in 2017 towards our newly launched long-term financial targets. Our new structure will help us to leverage the full potential of our strong brands, build company-wide capabilities and increase speed and alignment. Above all, our focus will be in meeting and surpassing consumer expectations – making the everyday extraordinary – as we continue to invest in our key brands, Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford, and Wedgwood."

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1) Using comparable exchange rates, excluding the divested boats business, the U.S. container gardening business and Spring USA
2) Adjustments 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
4) Using comparable exchange rates, excluding the divested boats business, the U.S. container gardening business, the English & Crystal Living business in the first half of 2016 and Spring USA in Q4 2015

Group key figures

EUR million	Q4 2016	Q4 2015	Change	2016	2015	Change
Net sales	334.1	333.8	0.1%	1,204.6	1,107.1	8.8%
Operating profit (EBIT)	24.1	13.0	86%	82.7	46.5	78%
Adjustments to operating profit[1)]	-8.9	-3.8		-11.1	-18.6	
Adjusted operating profit	33.0	16.8	96%	93.8	65.1	44%
Adjusted EBITA	36.3	20.0	82%	107.1	75.7	42%
Net change in the fair value of investment portfolio	28.4	72.7	-61%	6.1	56.1	-89%
Profit before taxes	55.6	83.2	-33%	92.8	125.5	-26%
Profit for the period	41.7	62.2	-33%	65.4	86.4	-24%
Operative earnings/share, EUR[2)]	0.23	0.05	409%	0.56	0.16	248%
Earnings/share, EUR	0.51	0.76	-33%	0.78	1.04	-25%
Equity per share, EUR				14.91	14.54	3%
Cash flow from operating activities before financial items and taxes	77.5	64.6	20%	120.7	50.2	141%
Equity ratio, %				69%	65%	
Net gearing, %				12%	21%	
Capital expenditure	9.6	7.8	23%	37.6	32.4	16%
Personnel (FTE), average	7,933	8,334	-5%	8,000	6,416	25%

1) The adjustments in Q4 2015 and Q4 2016, full year 2015 and 2016 are listed in a table on page 18 of this interim report.
2) 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

IMPACT OF NEW ESMA GUIDELINES

In accordance with the new guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA) Fiskars Corporation has revised the terminology used in its financial reporting. Alternative Performance Measures (APM) are used to better reflect the operational business performance and to facilitate comparisons between financial periods. APMs should not be considered substitutes for measures of performance in accordance with the IFRS. As of Q1 2016, the term “non-recurring items” (NRI) has been changed to the term “adjustments to operating profit”, however the definition remains the same. As before, adjustments are transactions that are not related to recurring business operations, such as restructuring costs, impairment charges, integration related costs, and the gain or loss from the sale of businesses. Correspondingly, “adjusted EBITA” is calculated from adjusted EBIT by adding back amortization. The adjustments are listed in a table on page 18 of this interim report. Fiskars also uses the APM “operative EPS”, which is earnings per share (EPS) excluding the effects of the dividends from and the change in the fair value of the investment portfolio.

FISKARS FINANCIAL STATEMENT RELEASE FOR 2016

The full-year figures in this release are audited

GROUP PERFORMANCE

Net sales

Net sales, EUR million	Q4 2016	Q4 2015	Change	Comparable change*	2016	2015	Change	Comparable change**
Group	334.1	333.8	0.1%	5.1%	1,204.6	1,107.1	8.8%	1.6%
Europe & Asia-Pacific	230.5	225.4	2.2%	3.3%	769.4	663.6	15.9%	0.5%
Americas	115.7	118.0	-1.9%	3.9%	489.0	451.2	8.4%	-0.1%
Other	1.3	8.8	-85.6%	34.1%	5.7	40.5	-86.0%	10.2%

* Using comparable exchange rates, excluding the divested boats business, the U.S. container gardening business and Spring USA
** Using comparable exchange rates, excluding the divested boats business, the U.S. container gardening business, Spring USA in Q4 2015 and the English & Crystal Living business in the first half of 2016

Fiskars Group net sales in Q4 2016

Fiskars Group's consolidated net sales were in line with the previous year at EUR 334.1 million (Q4 2015: 333.8). Comparable net sales increased by 5.1%, driven by all businesses, with the greatest contribution from the Functional and Scandinavian Living businesses.

Fiskars Group net sales in 2016

Fiskars Group's consolidated net sales increased by 8.8% to EUR 1,204.6 million (2015: 1,107.1). Comparable net sales increased by 1.6%, driven by the Functional business.

Operating profit

Operating profit (EBIT), EUR million	Q4 2016	Q4 2015	Change	2016	2015	Change
Group	24.1	13.0	86%	82.7	46.5	78%
Europe & Asia-Pacific	18.3	14.7	25%	37.4	34.9	7%
Americas	10.3	1.8	466%	53.2	28.1	90%
Other and eliminations	-4.5	-3.5	28%	-8.0	-16.5	-52%

Fiskars Group operating profit in Q4 2016

Fiskars Group's fourth quarter operating profit totaled EUR 24.1 million (Q4 2015: 13.0). Adjustments to operating profit amounted to EUR -8.9 million (-3.8) during the fourth quarter, resulting in an adjusted operating profit of EUR 33.0 million (16.8). Costs related to the acquisition of the English & Crystal Living business impacted the operating profit and the adjusted operating profit in Q4 2015.

Operating profit for the Europe & Asia-Pacific segment totaled EUR 18.3 million (14.7). The adjusted operating profit for the segment increased by 44%, totaling EUR 25.5 million (17.7), driven by the Scandinavian Living and Functional businesses as well as increased efficiencies. Operating profit for the Americas segment increased, amounting to EUR 10.3 million (1.8). The adjusted operating profit for the segment increased, totaling EUR 11.6 million (2.5), driven by all the businesses in the Americas segment.

Fiskars Group operating profit in 2016

Fiskars Group's operating profit during 2016 totaled EUR 82.7 million (2015: 46.5). Adjustments to operating profit amounted to EUR -11.1 million (-18.6) during 2016, resulting in an adjusted operating profit of EUR 93.8 million (65.1). Costs related to the acquisition of the English & Crystal Living business impacted the operating profit and the adjusted operating profit in 2015.

Operating profit for the Europe & Asia-Pacific segment totaled EUR 37.4 million (34.9) during 2016. The adjusted operating profit for the segment increased by 2%, totaling EUR 46.1 million (45.3), driven by increased efficiencies and the Scandinavian Living and Functional businesses.

Operating profit for the Americas segment increased by 90%, amounting to EUR 53.2 million (28.1). The adjusted operating profit for the segment increased by 60%, totaling EUR 57.8 million (36.1), driven by all businesses in the Americas segment.

REPORTING SEGMENTS AND BUSINESS UNITS

In 2016, Fiskars Group's three reporting segments were Europe & Asia-Pacific, Americas, and Other, and the business was divided into three business units: Living, Functional, and Outdoor. The Living business unit consists of the English & Crystal Living business, including Waterford, Wedgwood, Royal Albert, Royal Doulton, and other brands, and the Scandinavian Living business, which includes Iittala, Rörstrand, Royal Copenhagen, and other brands. The Fiskars, Gilmour, and Leborgne brands belong to the Functional business unit. The Gerber brand belongs to the Outdoor business unit.

Fiskars Group's Other segment contains the Group's investment portfolio, the real estate unit, corporate headquarters, and shared services. Fiskars completed the sale of its boats business, which was previously part of the Other segment, in early January 2016.

Business units

Net sales, EUR million	Q4 2016	Q4 2015	Change	Comparable change*	2016	2015	Change	Comparable change**
Living Products	199.3	198.8	0.3%	2.4%	598.0	450.1	32.9%	1.5%
Functional Products	104.3	97.6	6.8%	11.1%	513.6	524.5	-2.1%	2.9%
Outdoor Products	29.6	29.0	2.1%	2.0%	89.1	93.8	-5.0%	-5.3%

* Using comparable exchange rates, excluding the divested boats business, the U.S. container gardening business and Spring USA
** Using comparable exchange rates, excluding the divested boats business, the U.S. container gardening business, Spring USA in Q4 2015 and the English & Crystal Living business in the first half of 2016

Europe & Asia-Pacific segment

EUR million	Q4 2016	Q4 2015	Change	2016	2015	Change
Net sales	230.5	225.4	2.2%*	769.4	663.6	15.9%**
Operating profit (EBIT)	18.3	14.7	25%	37.4	34.9	7%
Adjusted operating profit	25.5	17.7	44%	46.1	45.3	2%
Capital expenditure	6.6	4.6	46%	21.9	20.2	8%
Personnel (FTE), average	6,541	6,642	-2%	6,603	4,923	34%

* Using comparable exchange rates net sales in the Europe & Asia-Pacific segment increased by 3.3% in Q4 2016
** Using comparable exchange rates and excluding the English & Crystal Living business in the first half of 2016 net sales in the Europe & Asia-Pacific segment increased by 0.5% in 2016

Europe & Asia-Pacific in Q4 2016

The economic situation in Europe improved slightly from the previous quarter. Part of the markets in Europe showed indications of recovery; however, Finland continued to grow more slowly than the rest of the region. Consumer confidence remained stable in Europe, with more optimistic expectations balanced by concerns about unemployment. The trade continued to consolidate in Europe. The challenging department store and distributor environment persisted in Japan, partly balanced by increased levels of tourism in Asia.

Net sales in the Europe & Asia-Pacific segment increased during the fourth quarter of 2016 by 2.2% to EUR 230.5 million (Q4 2015: 225.4), driven by an increase in the Functional and Scandinavian Living businesses, supported by Fiskars, Iittala and Royal Copenhagen branded products. Net sales increased by 3.3% on a comparable basis in the segment. Black Friday sales activities, a successful Christmas season, and the launch of Finland 100 anniversary products contributed to the increase in net sales during the quarter.

The adjusted operating profit for the segment increased year-on-year to EUR 25.5 million (17.7), driven by the Scandinavian Living and Functional businesses as well as increased efficiencies.

Europe & Asia-Pacific in 2016

Net sales in the Europe & Asia-Pacific segment increased by 15.9% to EUR 769.4 million (2015: 663.6) during 2016, primarily driven by the English & Crystal Living business. Net sales increased by 0.5% on a comparable basis.

Net sales of Fiskars, Rörstrand and Royal Copenhagen branded products increased during 2016, supported by successful launches, and campaigns in several categories, including scissors, garden and yard care, and snow tools. A focus on in-store merchandizing and point-of-sale activities in the Functional business contributed to the increase in net sales. After softness earlier in the year, net sales increased in the Scandinavian Living business during the fourth quarter.

The segment recorded an adjusted operating profit of EUR 46.1 million (45.3) during 2016. The increase was primarily driven by the performance of the Scandinavian Living and Functional businesses as well as increased efficiencies.

Americas segment

EUR million	Q4 2016	Q4 2015	Change	2016	2015	Change
Net sales	115.7	118.0	-1.9%*	489.0	451.2	8.4%**
Operating profit (EBIT)	10.3	1.8	466%	53.2	28.1	90%
Adjusted operating profit	11.6	2.5	362%	57.8	36.1	60%
Capital expenditure	2.2	1.0	133%	9.3	4.0	131%
Personnel (FTE), average	1,237	1,353	-9%	1,235	1,154	7%

* Using comparable exchange rates and excluding the divested container gardening business and Spring USA, net sales in the Americas increased by 3.9% in Q4 2016
** Using comparable exchange rates, excluding the divested container gardening business, excluding Spring USA in Q4 2015, as well as the English & Crystal Living business in the first half of 2016, net sales in the Americas decreased by 0.1% in FY 2016

The Americas in Q4 2016

The economic situation in the Americas continued showing modest growth during the fourth quarter 2016. While the challenges in the retail channel and department stores continued, e-commerce demonstrated growth. Consumer confidence increased, supported by favorable employment reports. The retail environment was driven by promotional campaigns in the quarter.

Net sales in the Americas segment decreased by 1.9% to EUR 115.7 million (Q4 2015: 118.0) in the fourth quarter, due to the divestment of the container gardening business and Spring USA. Net sales increased on a comparable basis, the increase consisting of the Functional and Outdoor businesses. Net sales in the garden, watering, and outdoor categories increased.

The adjusted operating profit of the Americas segment increased to EUR 11.6 million (2.5), driven by all businesses.

The Americas in 2016

Net sales in the Americas segment increased by 8.4% to EUR 489.0 million (2015: 451.2) during 2016, supported by the English & Crystal Living business. Comparable year-on-year net sales were flat in the segment in 2016. Net sales in the garden, watering and school, office and craft categories increased. In addition, the launch of striking tools in the U.S. supported net sales in the building and fixing category.

The segment recorded an adjusted operating profit of EUR 57.8 million (36.1), driven by all the businesses in the Americas segment. In addition, the watering business contributed positively, driven by increased efficiency and exits from several unfavorable sales agreements during the past year.

Other segment

EUR million	Q4 2016	Q4 2015	Change	2016	2015	Change
Net sales*	1.3	8.8	-85.6%	5.7	40.5	-86.0%
Operating profit**	-4.5	-3.5	28%	-8.0	-16.5	-52%
Adjusted operating profit**	-4.1	-3.4	21%	-10.0	-16.3	-39%
Net change in fair value of investments valued at FVTPL***	28.4	72.7	-61%	6.1	56.1	-89%
Investments at FVTPL***				464.4	520.0	-11%
Capital expenditure**	0.7	2.3	-68%	6.4	8.2	-21%
Personnel (FTE), average	155	339	-54%	161	339	-52%

* Using comparable exchange rates and excluding the divested boats business net sales increased by 34.1% in Q4 2016 and by 10.2% in FY 2016
** Including eliminations between segments
*** FVTPL = Fair value through profit or loss

The Other segment contains the Group's investment portfolio, real estate unit, corporate headquarters, and shared services. Fiskars completed the sale of its boats business in early 2016, which had previously been part of the Other segment.

Other in Q4 2016

Net sales in the segment decreased to EUR 1.3 million (Q4 2015: 8.8) in the fourth quarter, and consisted of timber sales and rental income. The decrease was due to the sale of the boats business. The operating profit for the quarter was EUR -4.5 million (-3.5). The adjusted operating profit of the Other segment was EUR -4.1 million (-3.4).

The net change in fair value of investments recorded in the profit and loss statement amounted to EUR 28.4 million (72.7) during the fourth quarter.

Other in 2016

Net sales in the segment decreased to EUR 5.7 million (2015: 40.5) in 2016, and consisted of timber sales and rental income. The decrease is due to the sale of the boats business. The operating profit for the period was EUR -8.0 million (-16.5). The adjusted operating profit of the Other segment was EUR -10.0 million (-16.3).

At the end of the period, the market value of Fiskars' active investments was EUR 464.4 million (December 31, 2015: 520.0), consisting of shares in Wärtsilä valued at EUR 464.4 million (458.7), with a closing price of EUR 42.68 (42.15) per Wärtsilä share. Fiskars no longer has any investments in short-term interest rate funds (December 31, 2015: 61.4).

The net change in fair value of investments recorded in the profit and loss statement amounted to EUR 6.1 million (56.1) during 2016.

Research and development

The Group's research and development expenses totaled EUR 4.9 million (Q4 2015: 5.6) in the fourth quarter of 2016, equivalent to 1.5% (1.7%) of net sales. During 2016, research and development expenses totaled EUR 18.0 million (2015: 18.0), equivalent to 1.5% (1.6%) of net sales.

The Fiskars Waterwheel was awarded the prestigious Red Dot Design Award, with the highest Best of the Best distinction. Red Dot distinctions are given to products with excellent product design features that set them apart from other products in the category. In addition, six Fiskars products from the garden, craft, kids and school categories were awarded the GOOD DESIGN™ 2016 Award. The GOOD DESIGN™ Award is conferred annually by The Chicago Athenaeum: Museum of Architecture and Design together with The European Centre for Architecture, Art, Design and Urban Studies, and the award emphasizes quality design of the highest form, function, and aesthetic.

Personnel

Personnel (FTE), average	Q4 2016	Q4 2015	Change	2016	2015*	Change
Group	7,933	8,334	-5%	8,000	6,416	25%
Europe & Asia-Pacific	6,541	6,642	-2%	6,603	4,923	34%
Americas	1,237	1,353	-9%	1,235	1,154	7%
Other	155	339	-54%	161	339	-52%

* The personnel figures for FY 2015 have been restated to include the FTE figures for the English & Crystal Living for July 2015.

The average number of full-time equivalent employees (FTE) was 7,933 (Q4 2015: 8,334) in the fourth quarter. At the end of the quarter, the Group employed 8,560 (9,003) employees, of whom 1,224 (1,509) were in Finland.

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 journey to become an integrated consumer goods company with a family of iconic lifestyle brands. The company took several steps during 2016 to move this process forward.

Divestment of businesses

In January 2016, Fiskars completed the sale of its boats business, announced on November 11, 2015. The sale included shares in Inha Works Ltd. as well as the Buster brand and related factory real estate in Ähtäri, Finland. Fiskars sold its container gardening business in the U.S in January 2016. The transaction included the container gardening brand American Designer Pottery and related manufacturing and distribution facilities in Florida, U.S. In addition, Fiskars sold Spring USA, a U.S.-based provider of foodservice equipment in September 2016 and completed the sale of its European Ebertsankey container gardening business in December 2016.

These divestments generated a positive effect on cash flow during 2016. They did not have a significant impact on Fiskars' financial position or results during 2016.

Alignment program

In November 2016, Fiskars launched an Alignment program to proceed in this transformation. The program focuses on the structural changes in the organization, proposed headcount reductions announced in November 2016, and the full integration of the English & Crystal Living business, acquired in 2015.

Fiskars proposed to reduce headcount in areas where there are overlaps or potential to seek efficiencies. Including the addition of a number of new positions, the net reduction of Fiskars' personnel was estimated to be 130 positions globally. As a conclusion of the employee consultations initiated in Finland in November 2016, the maximum number of headcount being reduced was 19. The process continues in other countries and timelines vary from one country to another. Plans are subject to information and consultation with employees and their representatives according to local legislation.

The total costs of the program are approximately EUR 15 million in 2016–2017. They are recorded as adjustments to the operating profit, of which EUR 8.4 million had been recorded by the end of 2016. 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 in 2015–2017. They are reported as adjustments to operating profit, of which EUR 11.1 million had been recorded in Europe by the end of 2016. 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.

During 2016, as part of the program, Fiskars completed the transfer of manufacturing operations from the Helsinki ceramics factory to a partner network, and decided to centralize the manufacturing of garden cutting tools at Fiskars' manufacturing site in Poland, with the Functional products factory in Billnäs, Finland concentrating on manufacturing axes, scissors, and snow tools.

In addition, Fiskars established a partner-operated Central European distribution center in the Netherlands to drive quality and efficiency, and to support growth initiatives. In 2016, Fiskars started deliveries from the new distribution center, to which the regional distribution center operations had been transferred from Germany and France. Fiskars will also transfer the logistics of Fiskars-branded products from the UK, Poland and Hungary to the Netherlands.

Investment program in Europe

In December 2010, Fiskars launched an investment program to create competitive structures, systems, and processes in Europe, including a new, shared Enterprise Resource Planning (ERP) system. The costs and investment related to the program were updated to EUR 65 million during the first half of 2013, and approximately EUR 65 million had been recorded by the end of 2016.

The entire business volume targeted by the program is running through common systems and processes. The program was completed as planned by the end of 2016. Fiskars continues to invest in IT systems and processes to ensure a competitive infrastructure in building global businesses and brands.

Financial items and net result

Financial items and net result in Q4 2016

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 Q4 2016, Fiskars owned 10,881,781 shares in Wärtsilä (Q4 2015: 10,881,781), representing 5.52% of Wärtsilä's share capital.

The net change in the fair value of investments through profit or loss amounted to EUR 28.4 million (Q4 2015: 72.7) during the fourth quarter of 2016, consisting of Fiskars' holdings in Wärtsilä.

Other financial income and expenses amounted to EUR 2.7 million (-2.9) in the fourth quarter of 2016, including EUR 4.2 million (-2.2) of foreign exchange differences.

Profit before taxes was EUR 55.6 million (83.2) and income taxes were EUR -13.9 million (-21.0) in the fourth quarter of 2016. During the fourth quarter, earnings per share were EUR 0.51 (0.76) and operative earnings per share, excluding the net change in the fair value of the investment portfolio and dividends received were EUR 0.23 (0.05).

Financial items and net result in 2016

The net change in the fair value of investments through profit or loss amounted to EUR 6.1 million (2015: 56.1) during 2016, consisting mainly of Fiskars' holdings in Wärtsilä.

Other financial income and expenses amounted to EUR 4.4 million (23.2) in 2016, including EUR 13.1 million (11.4) of dividends received on Wärtsilä shares and EUR -0.5 million (13.9) of foreign exchange differences.

Profit before taxes was EUR 92.8 million (125.5) and income taxes were EUR -27.4 million (-39.2) for 2016. During 2016 earnings per share were EUR 0.78 (1.04) and operative earnings per share, excluding the net change in the fair value of the investment portfolio and dividends received were EUR 0.56 (0.16).

Cash flow, balance sheet, and financing

Cash flow, balance sheet, and financing in Q4 2016

During the fourth quarter cash flow from operating activities before financial items and taxes amounted to EUR 77.5 million (Q4 2015: 64.6). Cash flow from operating activities amounted to EUR 71.8 million (61.5). Cash flow from investing activities was EUR -9.7 million (4.6). Cash flow from financing activities was EUR -76.2 million (-72.5).

Capital expenditure for the fourth quarter totaled EUR 9.6 million (7.8), mainly relating to replacements, machinery and tooling for new product manufacturing and IT solutions. Depreciation, amortization and impairment were EUR 10.1 million (11.0) in the fourth quarter.

Cash flow, balance sheet, and financing in 2016

During 2016, cash flow from operating activities before financial items and taxes amounted to EUR 120.7 million (2015: 50.2). Cash flow from operating activities amounted to EUR 83.8 million (47.6) including the negative effect of EUR 28.3 million due to the tax reassessment decision in Finland announced in July 2016. Cash flow from investing activities was EUR 78.8 million (-5.9), including the positive cash flow of EUR 61.7 million from the sale of investments in short-term interest rate funds and EUR 46.1 million from the sale of the Spring USA, boats business, and container gardening business in the U.S. and other non-current assets held for sale. Cash flow from financing activities was EUR -164.1 million (-56.0).

Capital expenditure for 2016 totaled EUR 37.6 million (32.4) and depreciation, amortization, and impairment were EUR 37.4 million (42.8). Depreciation, amortization and impairment in 2015 included a goodwill impairment related to the divestment of the container gardening business in the Americas and an impairment related to the Supply Chain 2017 program.

Fiskars' working capital totaled EUR 217.8 million (190.5) at the end of December. The increase in working capital is due to the increase in income tax receivables related to the tax reassessment decision (EUR 28.3 million). Inventories decreased by EUR 9.7 million during 2016. The equity ratio increased to 69% (65%) and net gearing was 12% (21%).

Cash and cash equivalents at the end of the period totaled EUR 17.7 million (19.7). At the end of the period, the shares in Wärtsilä were valued at EUR 464.4 million (458.7).

Short-term borrowing totaled EUR 10.9 million (86.7) and long-term borrowing totaled EUR 182.4 million (182.9). Short-term borrowing consisted mainly of bank overdrafts and in 2015, also of commercial papers issued by Fiskars Corporation. Net interest-bearing debt amounted to EUR 152.4 million (249.4). 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 18, 2016, Ulrik Garde Due was appointed as the President of Living business and a member of the Executive Board.

On October 7, 2016, Matteo Gaeta, President, Asia-Pacific stepped down from the Executive Board.

On November 10, 2016 Fiskars announced plans to change its organizational structure and Group Executive Board effective from January 1, 2017, with the aim of leveraging the full potential of its strong brands, building company-wide capabilities and increasing speed and alignment. Fiskars' new organizational structure features two Strategic Business Units (SBU's): Living and Functional.

Fiskars Executive Leadership Team, previously the Executive Board, is responsible for the Group's strategy and priorities and consists of the following members as of January 1, 2017:

- Kari Kauniskangas, President and CEO, and in his role as the President, SBU Functional
- Teemu Kangas-Kärki, Chief Operating Officer and Chief Financial Officer
- Nina Ariluoma, Senior Vice President, Human Resources
- Ulrik Garde Due, President, SBU Living

Other significant events during the period

New reporting structure

Following the changes in the organizational structure announced on November 10, 2016, Fiskars will revise its financial reporting structure. As of Q1 2017, Fiskars' three primary reporting segments are: Living, Functional, and Other. In addition, Fiskars will report group-level net sales for three secondary reporting segments: Americas, Europe and Asia-Pacific. To provide a basis for comparison, Fiskars will present restated, unaudited financial quarterly 2016 results for segments before the Q1 2017 interim report is published.

Corporate Governance

Fiskars complies with the Finnish Corporate Governance Code issued by the Securities Market Association, which came into force on January 1, 2015. Fiskars' Corporate Governance Statement for 2016 in accordance with Reporting requirements of the Code will be published in week 7 of 2017 as a separate report.

Ultimate decision-making power is vested in the Annual General Meeting of shareholders, which elects the members of the Board of Directors. Members of the Board are appointed until the end of the following Annual General Meeting. The Board of Directors is responsible for appointing, and if necessary, dismissing the President and CEO. Fiskars' Articles of Association do not contain matters that could materially affect a public tender offer of the company's securities.

Shares and shareholders

Fiskars Corporation has one share series (FIS1V; as of January 2, 2017: FSKRS). All shares carry one vote and equal rights. The number of shares in the Corporation totals 81,905,242. Fiskars Corporation held 187,828 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 average share price during the fourth quarter was EUR 16.76 (Q4 2015: 18.46) and EUR 16.98 in 2016 (2015:18.69). At the end of December, the closing price was EUR 17.60 (EUR 18.74) per share and Fiskars had a market capitalization of EUR 1,438.2 million (1,534.9). The number of shares traded on Nasdaq Helsinki and in alternative market places from January to December was 3.0 million (6.7), which represents 3.7% (8.1%) of the total number of shares.

The total number of shareholders was 18,643 (18,426) at the end of December 2016.

Flagging notifications

During the review period January–December 2016, Fiskars was informed of the following changes among its shareholders:

On February 10, 2016 Fiskars received a notification that the holdings of the shares and voting rights of Virala Oy Ab had increased above the 15% flagging threshold. At that time, the aggregate holdings of Virala Oy Ab totaled 12,300,000 shares in Fiskars Corporation, corresponding to 15.02% of Fiskars Corporation's shares and voting rights.

On May 26, 2016, Fiskars received a notification that control in Turret Oy Ab was transferred to Paul Ehrnrooth. Paul Ehrnrooth, Turret Ab Oy, Jacob Ehrnrooth and Sophia Ehrnrooth signed a shareholder's agreement where all parties agreed to vote in Fiskars Corporation's General Meetings in accordance with the position of Turret Oy Ab. The parties of the shareholder's agreement agreed on a mutual pre-emption right, if any of the parties plans to sell Fiskars Corporation's shares. The voting rights held by Paul Ehrnrooth increased above the 15% flagging threshold. After passing the threshold for flagging notification, Paul Ehrnrooth's indirect holdings corresponded to 11.39% of the shares and 15.28% of the voting rights in Fiskars Corporation.

Purchase of own shares

The Board of Directors decided on March 9, 2016 to commence acquiring the company's own shares on the basis of the authorization given by the Annual General Meeting. Fiskars held 187,828 of its own shares at the end of the fourth quarter.

Board authorizations

The Annual General Meeting for 2016 decided to authorize the Board to decide on the transfer of a maximum of 4,000,000 of the company's own shares (share issue) held as treasury 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 the company's own shares held as treasury shares. The transfer of the company's own shares may be carried out in deviation from the shareholders' pre-emptive rights to the company's shares (directed issue). The authorization is effective until June 30, 2017.

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Board and Board Committees

The Annual General Meeting for 2016 decided that the Board of Directors shall consist of ten members. Alexander Ehrnrooth, Paul Ehrnrooth, Louise Fromond, Gustaf Gripenberg, Ingrid Jonasson Blank, Inka Mero, Fabian Månsson, Peter Sjölander and Ritva Sotamaa were re-elected. Jyri Luomakoski was elected as a new member. The term of the Board members will expire at the end of the Annual General Meeting in 2017.

In the constitutive meeting of the Board held after the Annual General Meeting 2016, the Board of Directors elected Paul Ehrnrooth as its Chairman and Alexander Ehrnrooth as the Vice Chairman of the Board. Further, the Board decided to renew the previous year's three Board Committees: the Audit Committee, the Compensation Committee and the Nomination and Strategy Committee. The Board decided to establish an Investment Committee.

The Board appointed Jyri Luomakoski (Chairman), Alexander Ehrnrooth, Gustaf Gripenberg, Ingrid Jonasson Blank, Louise Fromond, and Ritva Sotamaa as members of the Audit Committee. Paul Ehrnrooth (Chairman), Inka Mero and Peter Sjölander were appointed as the members of the Compensation Committee. The Board appointed Paul Ehrnrooth (Chairman), Alexander Ehrnrooth and Fabian Månsson as the members of the Nomination and Strategy Committee. Paul Ehnrooth (Chairman), Alexander Ehrnrooth and Jyri Luomakoski were appointed as members of the Investment Committee.

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.

The performance of the world's major economies has been subdued for some time and prolonged low consumer confidence in key markets or an uncertain geopolitical environment could have a material adverse impact on the Group's net sales and profit.

Demand for some of the Group's products, particularly garden tools and watering products, is dependent on the weather during the spring, while demand for snow tools depends on the winter conditions. Unfavorable weather conditions such as cold and rainy weather during the spring or no snow in the winter can have a negative impact on sales of these products.

Sales of living products are heavily geared towards the last quarter of the year, and any negative issues related to product availability or demand during this quarter could affect the full-year result of this business significantly.
By diversifying its manufacturing footprint the company is increasingly exposed to new risks related to its supply chain. The company has its own manufacturing operations in several locations, and most of its suppliers are located outside Fiskars' key markets. Disturbances at the source of supply or in the logistics chain could prevent the orderly delivery of products to customers.

Fiskars is also increasingly exposed to legal, economic, political and regulatory risks related to the countries in which Fiskars and its suppliers have manufacturing facilities, potentially impacting product availability. Failure to meet demands on performance and safety could expose Fiskars to the risk of product recall and even liability for damages in the event that its products cause injury to consumers or damage to property.

Fiskars is exposed to performance, availability and security risks related to common, centralized infrastructure solutions and the increased dependency of operations on centralized platforms. Technical problems or disruption in the access to business-critical information in connection with system implementations or the inability to fully utilize the implemented processes and systems may affect Fiskars' ability to execute essential business processes such as invoicing and deliveries.

Complex and changing tax legislation in multiple jurisdictions where Fiskars operates may create uncertainties relating to tax obligations towards various authorities. Fiskars faces an increasing administrative burden resulting from reporting and disclosure requirements. Increased tax enforcement activity may lead to double taxation and additional costs in the forms of penalties and interest.

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.

A significant part of the Group's operations are located outside of the euro zone. Consolidated financial figures are reported in euros, which means that the Group is exposed to a translation risk. Less than 20% of Fiskars' commercial cash flows are exposed to fluctuations in foreign exchange rates.

Fiskars' financial investment portfolio consists of shares in Wärtsilä and of other financial investments. Other financial investments may include investments in funds, shares, bonds, and other financial instruments. The financial investment portfolio may lose value for several reasons. The most relevant risks are considered to be a decline in stock markets or changes in interest rates.

Events after the reporting period

On February 8, 2017, Fiskars established long-term financial targets that cover four areas: growth, profitability, capital structure, and dividend:

- Growth: The average annual net sales growth to exceed 5%, through a combination of organic growth and targeted acquisitions
- Profitability: EBITA margin to exceed 10%
- Capital structure: Net gearing* below 100%
- Dividend: Fiskars aims to distribute a stable, over time increasing dividend, to be paid biannually

* Net gearing ratio is the ratio of interest-bearing debt, less interest-bearing receivables and cash and bank equivalents, divided by total equity.

Outlook for 2017

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

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 adjusted operating profit. The adjusted EBITA excludes restructuring costs, impairment charges, integration related costs, and gain and loss from the sale of businesses.

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 in the profit and loss statement and thus the volatility of Fiskars' net results and earnings per share.

Proposal for distribution of dividend

Fiskars' aim is to distribute a stable, over time increasing dividend, to be paid biannually. The Board of Directors proposes a normal dividend of EUR 0.71 per share be paid in March 2017. To facilitate the transition to the new policy, the Board of Directors proposes a dividend of EUR 0.35 per share be paid in September 2017

According to the balance sheet of the parent company at the end of the 2016 financial period, the distributable equity of the parent company was EUR 997.1 million (2015: 1,030.8). The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.71 and 0.35 per share shall be paid for the financial period that ended on December 31, 2016. The dividend shall be paid in two instalments. The first instalment of EUR 0.71 per share shall be paid to the shareholders who are registered in the company's shareholders' register maintained by Euroclear Finland Ltd on the dividend record day March 13, 2017. The payment day proposed by the Board for this instalment is March 20, 2017.

The second instalment of EUR 0.35 per share shall be paid in September 2017. The second instalment shall be paid to shareholders who are registered in the company's shareholders' register maintained by Euroclear Finland Ltd. on the dividend record day, which, together with the payment day, shall be decided by the Board of Directors in its meeting scheduled for September 7, 2017. The dividend record day for the second instalment would be September 11, 2017 and the dividend payment day September 18, 2017 at the latest.

On the date of this financial statement release, the number of shares entitling their holders to a dividend was 81,717,414. The proposed distribution of dividends would thus be EUR 86.6 million (57.3). This would leave EUR 910.5 million (973.5) of distributable earnings at the parent company.

No material changes have taken place in the financial position of the company since the end of the financial period. The financial standing of the company is good and, according to the Board of Directors' assessment, distributing the proposed dividend will not compromise the company's solvency.

Helsinki, Finland, February 7, 2017

FISKARS CORPORATION

Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR million	Q4 2016	Q4 2015	Change %	Q1–Q4 2016	Q1–Q4 2015	Change %
Net sales	334.1	333.8	0	1,204.6	1,107.1	9
Cost of goods sold	-185.6	-204.3	-9	-701.8	-687.0	2
Gross profit	148.5	129.5	15	502.9	420.2	20
Other operating income	2.7	2.0	38	18.5	4.9	278
Sales and marketing expenses	-83.8	-84.6	-1	-298.3	-244.5	22
Administration expenses	-33.3	-27.2	22	-115.0	-106.5	8
Research and development costs	-4.9	-5.6	-13	-18.0	-18.0	0
Other operating expenses	-5.1	-1.1	388	-7.4	-4.6	61
Goodwill impairment					-5.0	
Operating profit (EBIT)*	24.1	13.0	86	82.7	46.5	78
Change in fair value of biological assets	0.4	0.4		-0.5	-0.2	
Investments at fair value through profit or loss - net change in fair value	28.4	72.7		6.1	56.1	
Other financial income and expenses	2.7	-2.9		4.4	23.2	
Profit before taxes	55.6	83.2		92.8	125.5	
Income taxes	-13.9	-21.0		-27.4	-39.2	
Profit for the period	**41.7**	**62.2**		**65.4**	**86.4**	
Attributable to:						
Equity holders of the parent company	41.6	61.9		64.1	85.1	
Non-controlling interest	0.1	0.3		1.3	1.2	
Earnings for equity holders of the parent company per share, euro (basic and diluted)	0.51	0.76		0.78	1.04	
*Adjusted operating profit (detailed in notes)	33.0	16.8	96	93.8	65.1	44

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q4 2016	Q4 2015	Q1–Q4 2016	Q1–Q4 2015
Profit for the period	**41.7**	**62.2**	**65.4**	**86.4**
Other comprehensive income for the period				
Items that may be reclassified subsequently to profit or loss				
Translation differences	13.7	5.9	25.1	11.6
Cash flow hedges	0.2	-0.0	-0.3	-0.0
Items that will not be reclassified to profit or loss				
Defined benefit plan, actuarial gains (losses) net of tax	-0.1	-1.3	-0.3	-1.4
Other comprehensive income for the period net of tax total	13.9	4.5	24.5	10.2
Total comprehensive income for the period	**55.6**	**66.8**	**89.9**	**96.5**
Attributable to:				
Equity holders of the parent company	55.4	66.4	88.5	95.2
Non-controlling interest	0.2	0.3	1.4	1.3

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CONSOLIDATED BALANCE SHEET

EUR million	Dec 31 2016	Dec 31 2015	Change %
ASSETS			
Non-current assets			
Goodwill	229.7	237.4	-3
Other intangible assets	296.3	303.2	-2
Property, plant & equipment	159.7	157.4	1
Biological assets	40.9	41.4	-1
Investment property	4.9	4.9	0
Financial assets			
Financial assets at fair value through profit or loss	20.4	14.9	36
Other investments	9.7	7.0	39
Deferred tax assets	30.2	37.7	-20
Non-current assets total	791.7	804.0	-2
Current assets			
Inventories	224.6	234.3	-4
Trade and other receivables	203.6	211.0	-4
Income tax receivables	35.9	2.8	
Interest-bearing receivables	22.0	0.0	
Investments at fair value through profit or loss	464.4	520.0	-11
Cash and cash equivalents	17.7	19.7	-10
Current assets total	968.3	987.9	-2
Non-current assets held for sale		41.4	
Assets total	**1,760.1**	**1,833.3**	**-4**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company	1,218.1	1,190.8	2
Non-controlling interest	1.9	3.3	-41
Equity total	1,220.1	1,194.0	2
Non-current liabilities			
Interest-bearing liabilities	182.4	182.9	0
Other liabilities	9.9	10.7	-7
Deferred tax liabilities	52.7	50.0	5
Pension liability	14.1	13.9	1
Provisions	7.1	4.6	54
Non-current liabilities total	266.2	262.0	2
Current liabilities			
Interest-bearing liabilities	10.9	86.7	-87
Trade and other payables	237.8	237.4	0
Income tax liabilities	8.6	20.3	-58
Provisions	16.6	10.5	59
Current liabilities total	273.8	354.7	-23
Liabilities directly associated with the non-current assets held for sale		22.5	
Equity and liabilities total	**1,760.1**	**1,833.3**	**-4**

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CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q4 2016	Q4 2015	Q1–Q4 2016	Q1–Q4 2015
Cash flow from operating activities				
Profit before taxes	55.6	83.2	92.8	125.5
Adjustments for				
Depreciation, amortization and impairment	10.1	11.0	37.4	42.8
Gain/loss on sale and loss on scrap of non-current assets	2.4	-1.6	-8.2	-2.7
Investments at fair value through profit or loss - net change in fair value	-28.4	-72.7	-6.1	-56.1
Other financial items	-2.8	2.9	-4.4	-23.2
Change in fair value of biological assets	-0.4	-0.4	0.5	0.2
Change in provisions and other non-cash items	-8.9	12.3	-20.5	14.5
Cash flow before changes in working capital	**27.7**	**34.8**	**91.4**	**101.2**
Changes in working capital				
Change in current assets, non-interest-bearing	-7.0	16.6	7.2	-22.1
Change in inventories	16.4	8.3	24.0	16.4
Change in current liabilities, non-interest-bearing	40.5	5.0	-1.9	-45.3
Cash flow from operating activities before financial items and taxes	**77.5**	**64.6**	**120.7**	**50.2**
Financial income received and costs paid	0.8	-1.6	23.2	15.4
Taxes paid	-6.5	-1.6	-60.2	-18.0
Cash flow from operating activities (A)	**71.8**	**61.5**	**83.8**	**47.6**
Cash flow from investing activities				
Acquisition of subsidiaries		4.7		-289.4
Investments in financial assets	-3.4	-5.0	-6.6	-41.8
Capital expenditure on fixed assets	-9.6	-7.8	-37.6	-32.4
Proceeds from sale of fixed assets	0.3	2.7	2.1	4.0
Proceeds from sale of non-current assets held for sale	3.0		34.1	
Proceeds from sale of subsidiary shares			12.0	
Proceeds from sale of investments at fair value through profit or loss	-0.0	10.0	61.7	340.5
Other dividends received	0.0	0.0	13.1	11.4
Cash flow from other investments			0.0	1.8
Cash flow from investing activities (B)	**-9.7**	**4.6**	**78.8**	**-5.9**
Cash flow from financing activities				
Purchase of treasury shares	-1.1		-3.2	
Change in current receivables	-22.0	-5.0	-22.0	2.2
Borrowings of non-current debt		99.8	0.0	149.9
Repayment of non-current debt	-0.5	-15.1	-0.9	-23.5
Change in current debt	-51.9	-151.7	-78.0	-104.6
Payment of finance lease liabilities	-0.9	0.0	-1.4	-0.8
Cash flow from other financing items	0.1	-0.2	0.0	-0.5
Dividends paid	0.1	-0.2	-58.7	-78.7
Cash flow from financing activities (C)	**-76.2**	**-72.5**	**-164.1**	**-56.0**
Change in cash and cash equivalent (A+B+C)	**-14.1**	**-6.4**	**-1.5**	**-14.4**
Cash and cash equivalent at beginning of period	31.8	25.2	19.7	33.6
Translation difference	0.1	0.9	-0.5	0.5
Cash and cash equivalent at end of period	17.7	19.7	17.7	19.7

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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, 2014	**77.5**		**-4.2**	**-1.0**	**-2.2**	**1,081.7**	**1.3**	**1,153.2**
Total comprehensive income for the period			11.5	-0.0	-1.4	85.1	1.3	96.5
Changes due to acquisitions					-0.7		1.3	0.6
Dividends paid						-55.7	-0.6	-56.3
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			25.0	-0.3	-0.3	64.1	1.4	89.9
Changes due to divestments					0.0	-0.6	-1.3	-1.9
Purchase of treasury shares		-3.2						-3.2
Dividends paid						-57.3	-1.5	-58.8
Dec 31, 2016	**77.5**	**-3.2**	**32.3**	**-1.2**	**-4.6**	**1,117.3**	**1.9**	**1,220.1**

NOTES TO THE FINANCIAL STATEMENT RELEASE

ACCOUNTING PRINCIPLES

This financial statement release 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, except for a reclassification of royalty income in the income statement from other operating income to net sales. Figures for the comparison periods have been restated to correspond the changed accounting principles, and as a result, net sales increased and other operating income decreased by EUR 1.0 million for Q4 2015 and EUR 2.1 million for the full year 2015. The full-year figures in this release are audited.
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 January 1, 2016:
- Annual Improvements to IFRSs 2012–2014 cycle
- Amendments to IAS 1 Presentation of Financial Statements - Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities – Applying the consolidation Exception
- Amendments to IAS 27 Equity Method in Separate Financial Statements
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IFRS 11 Accounting for Acquisition of Interests in Joint Operations

The adoption of the changed standards above had no material impact on the reported results or financial position.

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.

OPERATING SEGMENTS

EUR million	Q4 2016	Q4 2015	Change %	Q1–Q4 2016	Q1–Q4 2015	Change %
Net sales						
Europe & Asia-Pacific	230.5	225.4	2	769.4	663.6	16
Americas	115.7	118.0	-2	489.0	451.2	8
Other	1.3	8.8	-86	5.7	40.5	-86
Inter-segment sales*	-13.4	-18.4	-27	-59.4	-48.2	23
Group total	**334.1**	**333.8**	**0**	**1,204.6**	**1,107.1**	**9**
*Inter-segment sales						
Europe & Asia-Pacific	-11.7	-16.8		-52.7	-41.5	
Americas	-1.2	-1.1		-4.9	-4.9	
Other	-0.5	-0.5		-1.8	-1.8	

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EUR million	Q4 2016	Q4 2015	Change %	Q1–Q4 2016	Q1–Q4 2015	Change %
Operating profit (EBIT)						
Europe & Asia-Pacific	18.3	14.7	25	37.4	34.9	7
Americas	10.3	1.8	466	53.2	28.1	90
Other and eliminations	-4.5	-3.5	28	-8.0	-16.5	-52
Group total	**24.1**	**13.0**	**86**	**82.7**	**46.5**	**78**
Depreciation, amortization and impairment						
Europe & Asia-Pacific	5.3	6.8	-22	20.9	21.7	-4
Americas	1.8	2.1	-14	6.9	12.7	-45
Other and eliminations	2.9	2.1	43	9.6	8.4	14
Group total	**10.1**	**11.0**	**-8**	**37.4**	**42.8**	**-13**
Capital expenditure						
Europe & Asia-Pacific	6.6	4.6	46	21.9	20.2	8
Americas	2.2	1.0	133	9.3	4.0	131
Other and eliminations	0.7	2.3	-68	6.4	8.2	-21
Group total	**9.6**	**7.8**	**23**	**37.6**	**32.4**	**16**

BUSINESS UNITS

EUR million	Q4 2016	Q4 2015	Change %	Q1–Q4 2016	Q1–Q4 2015	Change %
Net sales						
Living Products	199.3	198.8	0	598.0	450.1	33
Functional Products	104.3	97.6	7	513.6	524.5	-2
Outdoor Products	29.6	29.0	2	89.1	93.8	-5
Other	0.9	8.4	-89	3.9	38.8	-90
Group total	**334.1**	**333.8**	**0**	**1,204.6**	**1,107.1**	**9**

ADJUSTED OPERATING PROFIT AND EBITA

EUR million	Q4 2016	Q4 2015	Change %	Q1–Q4 2016	Q1–Q4 2015	Change %
Operating profit (EBIT)	**24.1**	**13.0**	**86**	**82.7**	**46.5**	**78**
Adjustments to operating profit						
Sale of boats business		0.2		-3.8	0.2	
Supply Chain 2017 program	0.0	0.1		4.7	6.4	
Sale of container gardening business and related goodwill impairment				-2.1	5.0	
Sale of Spring USA	0.4			-6.0		
Ebertsankey related provisions and impairments	1.1	1.5		5.2	1.5	
Integration activities	8.8	0.7		14.5	3.0	
EMEA 2015 restructuring program	-0.0	1.4			2.6	
Other adjustments to operating profit	-1.4			-1.4		
Total adjustments to operating profit	**8.9**	**3.8**	**133**	**11.1**	**18.6**	**-40**
Adjusted operating profit	**33.0**	**16.8**	**96**	**93.8**	**65.1**	**44**
Amortization	3.3	3.2	4	13.3	10.6	25
Adjusted EBITA	**36.3**	**20.0**	**82**	**107.1**	**75.7**	**42**

INTANGIBLE AND TANGIBLE ASSETS

EUR million	Dec 31 2016	Dec 31 2015
Intangible assets and goodwill		
Book value, Jan 1	540.6	284.6
Currency translation adjustment	-1.3	3.1
Acquisitions		262.5
Additions	6.3	6.8
Divestments	-5.9	
Amortization and impairment	-13.9	-15.7
Decreases and transfers	0.1	-0.6
Book value at end of period	**526.0**	**540.6**
Investment commitments for intangible assets		2.7
Tangible assets and investment property		
Book value, Jan 1	162.4	109.6
Currency translation adjustment	-2.7	2.0
Acquisitions		59.4
Additions	33.4	25.6
Divestments	-0.1	
Depreciation and impairment	-23.7	-27.4
Decreases and transfers	-4.6	-6.8
Book value at end of period	**164.6**	**162.4**
Investment commitments for property, plant and equipment	7.4	9.2

NON-CURRENT ASSETS HELD FOR SALE

EUR million	Dec 31 2016	Dec 31 2015
Tangible and intangible assets		18.7
Inventories		11.5
Other assets		11.2
Total non-current assets held for sale		**41.4**
Interest-bearing liabilities		12.8
Provisions		0.3
Other non-interest bearing liabilities		9.4
Total liabilities directly associated with the non-current assets held for sale		**22.5**

There were no non-current assets held for sale at the end of December 2016. Non-current assets held for sale at the end of December 2015 included land sold in the acquired WWRD business during 2016 together with the assets and liabilities of the boats business and the assets of the container gardening business in Americas.

CONTINGENCIES AND PLEDGED ASSETS

EUR million	Dec 31 2016	Dec 31 2015
As security for own commitments		
Lease commitments	116.6	91.3
Guarantees	19.1	26.2
Other contingencies*	15.3	21.7
Contingencies and pledged assets total	**151.0**	**139.2**

*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	Dec 31 2016	Dec 31 2015
Nominal amounts of derivatives		
Foreign exchange forwards and swaps	212.0	375.9
Interest rate swaps	80.0	93.4
Electricity forward agreements	0.4	1.5
Fair value of derivatives		
Foreign exchange forwards and swaps	1.3	0.0
Interest rate swaps	-1.6	-1.8
Electricity forward agreements	0.1	-0.3

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 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	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 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

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
Total assets	**464.8**		**29.7**	**494.4**
Derivative liabilities		1.6		1.6
Total liabilities		**1.6**		**1.6**

Dec 31, 2015

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	520.0		14.9	534.9
Other investments	0.4		6.6	7.0
Total assets	**520.4**		**21.5**	**541.9**
Derivative liabilities		2.1		2.1
Total liabilities		**2.1**		**2.1**

FISKARS

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, 2014	**766.7**	**11.1**	**0.3**	**4.7**	**782.8**
Additions	37.8	4.0			41.8
Acquisitions				1.9	1.9
Decreases	-340.5	-1.8			-342.3
Change in fair value	56.1	1.5	0.1	-0.0	57.6
Book value, Dec 31, 2015	**520.0**	**14.9**	**0.4**	**6.6**	**541.9**
Additions		7.2		2.7	10.0
Decreases	-61.7	-0.7			-62.4
Change in fair value	6.1	-1.1	-0.0		4.9
Book value, Dec 31, 2016	**464.4**	**20.4**	**0.4**	**9.3**	**494.4**

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 464.4 million. A 10% change in the Wärtsilä share price would have an impact of EUR 46.4 million in the results before taxes. Risk associated to investments into short interest rate funds are considered to be low. 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 acquisition and divestments have an impact on the comparability of figures.

Sale of the boats business in 2016

Fiskars sold its boats business to Yamaha Motor Europe N.V on January 4, 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 million.

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 January 22, 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. 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. Fiskars Corporation has completed the sale of its European Ebertsankey plastics pottery business to Good(s) Factory BV, a member of the Elho Group, European market leader in synthetic pottery and related products, announced on September 13, 2016. The divestments did not have a significant impact on Fiskars' financial position or result during 2016.

Acquisition of WWRD (English & Crystal Living business) in 2015

On 1 July 2015, Fiskars purchased the shares in KPS LuxCo S.à.r.l., the holding company of the WWRD group, including its brands and business operations from the U.S. based private equity firm KPS Capital Partners.

The purchase price payable was USD 437 million, equaling EUR 391 million, subject to a post completion adjustment based upon the level of net working capital and cash and debt in the acquired business on the closing date. The consideration transferred amounted to USD 345 million (EUR 308 million). Additionally, Fiskars repaid WWRD's interest-bearing debt of USD 114 million (EUR 102 million).

The goodwill of EUR 128 million arising from the acquisition is not deductible for income tax purposes. Intangible assets also include trademarks and customer relationships.

EUR million	
Non-current assets	
Intangible assets	134.0
Property, plant & equipment	59.4
Deferred tax assets	6.8
Other non-current assets	1.5
Non-current assets total	**201.7**
Current assets	
Inventories	93.4
Trade and other receivables	56.8
Cash and cash equivalents	15.0
Current assets total	**165.2**
Non-current assets held for sale*	**12.9**
Assets total	**379.8**
Non-current liabilities	
Interest bearing liabilities	105.0
Other non-current liabilities	9.3
Non-current liabilities total	**114.3**
Current liabilities	
Interest bearing debt	0.6
Trade and other current liabilities	81.0
Current liabilities total	**81.6**
Liabilities directly associated with the non-current assets held for sale*	**2.9**
Non-controlling interest**	**1.3**
Net assets	**179.6**
Consideration transferred	308.1
Goodwill	**128.5**

*Relates to land to be sold in Europe & Asia-Pacific

**Non-controlling interest is recognized and measured based on the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets.